STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

Notice of Maintenance of Privilege

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Date: 6 April, 2016

Frederick Headen
Legal Advisor to the State Treasurer

4425 (8-08)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

Date: August 8, 2011

To: Cary Vaughn
Audit Manager

From: Bob Reamer
Auditor

Subject: **CITY OF FLINT** **MuniCode 25-2-040**
TIER III REVIEW **FYE 6/30/10**

EXECUTIVE SUMMARY

Key Financial Data

Overall Financial Condition	Critical
General Fund Cash and Investments	$15,064
Unrestricted GF Fund Balance	($14,621,546)
General Fund Quick Ratio	0.3:1
Total Government LT Debt / Net Assets	0.5:1

Background

A Tier III Review was completed following a Tier II recommendation in addition to other concerns noted from review of the City's 2010 audit report:

- Reporting an unrestricted general fund deficit of $14.6 million,
- Reporting interfund payables of $18 million for negative equity in pooled cash,
- Reporting a net pension obligation of $8.9 million,
- Court ordered judgment levy of 8.3 million was entered subsequent to year end,
- Not filing its Single Audit report with the Department of Treasury on a timely basis, and
- Not complying with a Water Fund bond covenant.

The City submitted a deficit elimination plan to the Department of Treasury in May 2011 which is presently under review. The proposed plan includes issuance of $20 million in Fiscal Stabilization Bonds in order to

eliminate the General Fund deficit in FYE 2013.

Background (continued)

In January 2011, the Flint Journal reported that the City Council approved a resolution to request the State Administrative Board approve issuance of $20 million of Fiscal Stabilization Bonds. The Department of Treasury approved issuance of $8 million in bonds in March 2011 and agreed to reconsider an additional $12 million in 2013.

In July 2011, the Flint Journal reported that the federal government suspended the City's two energy grants as a result of an investigation into its stimulus-funded energy grant programs dating back to April 2009. The Mayor cited possible problems with compliance and allowable costs as the reason for the federal government's action.

The City's 2010 Single Audit has not been filed with the Department of Treasury. The City's 2009 Single Audit was qualified by Plante Moran due to non-compliance with the suspension and disbarment compliance provisions applicable to its CDBG. Management responded by indicating that it had implemented corrective actions to eliminate this deficiency.

Operating Results

The City's General Fund has incurred cumulative operating deficits of $21 million since 2007 which has resulted in its unrestricted fund balance decreasing from a surplus of $6.4 million at FYE 2007 to a deficit of $14.6 million at FYE 2010. The losses have been reduced by the City's decision in 2009 to begin transferring $3 million of equity from its Water and Sewer funds each year. The primary reason for the decrease in fund balance is attribuatable to the loss of revenues due to the economy and City officials inability to adjust its cost structure appropriately.

The City's website reports preliminary results for its 2011 fiscal year end. The preliminary results indicate the City's General Fund will report an operating surplus of $4 million which does not appear to include $1.4 million of transfers to other funds, as proposed in its DEP and which was a part of the approval to issue Fiscal Stabiliazation Bonds. The operating surplus includes $8 million of revenue related to the Fiscal Stabilization Bonds and $3 million of transfers from the Water and Sewer funds.

The City's website reports that a $49.9 million budget was approved for the General Fund for fiscal year 2012. Budgeted revenues include $3 million in transfers from the Water and Sewer funds. Expenditures were budgeted to decrease approximately $9 million from FYE 2011. The decrease in expenditures appears to be primaily related to cuts in public safety costs, specifically the police department. Police department expenditures are budgeted to be $15.1 million in FYE 2012 which is 50% of the cost incurred in FYE 2008. Total police department expenditures were $31.5 million in FYE 2008 and $24.7 million in FYE 2010.

In 2009, the City appears to have made the decision to make annual transfers totaling $3 million from its Water and Sewer funds to assist the General Fund, and has facrtored continuing transfers from these fund into its Gneral Fund's DEP. The Water Fund had an unrestricted deficit of $5.8 million and the Sewer Fund had unrestricted Net Assets of $9.3 million at FYE 2010.

The City's sewer fund has incurred a significant decrease in net assets since 2006. The fund has incurred a cumlative net decrease in net assets of $47.9 million over this period ($28.6 million net of depreciation). The decrease in net assets includes $4 million transferred to the General Fund and a net amount of $13 million charged for the settlement of a sewer back claim with residents.

Serious Deficiencies Noted in Audit Report

- Material year end adjustments to the OPEB liability and to transfer delinquent water and sewer receivables to the tax rolls, and

- Non-compliance with the suspension and disbarment provisions of the CDBG.

Other Significant Issues

- Federal investigation and suspension energies grants.

- City has not filed its Single Audit report with the Department of Treasury.

- The City failed to comply with a water bond covenant which requires water rates to equal at least

125% of the principal and interest on the bonds, plus any other legal requirements.

- Moody's rated a 2010 revenue bond issue by Hurley Medical Facility Ba1.

Conclusion

The City's overall financial condition is very good. The primary issue identified as part of this review are the deficiencies noted in the City's Single Audit and its controls over federal grant programs.

The City's controls over administration of its federal grant programs deteriorated in FYE 2010 as compared to 2009. Plante Moran qualified its opinion on the 2010 Single Audit due to the City's non-compliance with OMB Circular A-133 and cited a total of 15 significant and material deficiencies in its internal control over grant programs.

Based on the number and seriousness of the deficiencies noted by its CPA firm, it appears as though the City has little, if any, procedures and controls in place to properly administer and comply with the requirements of OMB Circular A-133.

Recommendations

- Insist that the City file its FYE 2010 Single Audit with the department of treasury,

- Consider requiring the City to provide a detailed corrective action plan that requires installation of procedures insuring compliance with OMB Circular A-133.

- Consider performing an Internal Control Review of the City's procedures over federal award programs.

3500 (Rev. 4-08)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

August 26, 2011

BY ELECTRONIC AND UNITED STATES MAIL

Dayne Walling, Mayor
City of Flint
1101 South Saginaw Street
Flint, Michigan 48502

Jacqueline Poplar, President
Flint City Council
1101 South Saginaw Street
Flint, Michigan 48502

The purpose of this letter is to notify you that the Department of Treasury will commence a preliminary review of the financial condition of the City of Flint pursuant to Public Act 4 of 2011, the Local Government and School District Fiscal Accountability Act.[1] The Department intends to commence the preliminary review on Monday August 29, 2011.

Section 12(1) of the Act authorizes this Department to commence a preliminary review if one, or more, of the enumerated conditions occur. To date, the conditions contained in subdivisions (j), (m), (o) and (r) have occurred within the City. [2]

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[1] Section 12(2) of the Act provides as follows:

> If the state financial authority [State Treasurer] determines that a preliminary review is appropriate under this section, before commencing the preliminary review the state financial authority shall give the local government specific written notification of the review. The preliminary review shall be completed within 30 days following its commencement. Elected and appointed officials of a local government shall promptly and fully provide the assistance and information requested by the state financial authority for that local government in conducting the preliminary review.

[2] Subdivision (j) provides that "[t]he local government has violated a requirement of sections 17 to 20 of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.437 to 141.440." Subdivision (m) provides that "[a] local government is in breach of its obligations under a deficit elimination plan or an agreement entered into pursuant to a deficit elimination plan." Subdivision (o) provides that "[a] municipal government has ended a fiscal year in a deficit condition as defined in section 21 of the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.921, or has failed to comply with the requirements of that section for filing or instituting a financial plan to correct the deficit condition." Subdivision (r) provides that a preliminary review may be commenced due to "[t]he existence of other facts or circumstances that in the state treasurer's sole discretion for a municipal government are indicative of municipal financial stress, or, that in the superintendent of public instruction's sole discretion for a school district are indicative of school district financial stress."

In respect to subdivision (r), I note the confluence of several interrelated factors. Notably, City officials were authorized to issue $8.0 million in fiscal stabilization bonds in February. At that time, City officials indicated that the foregoing amount would be sufficient to keep the City in a positive cash position for approximately 24 months. However, a recently prepared cash flow analysis indicates the City may have insufficient cash to pay current obligations in a much shorter period.

Additionally, several steps City officials committed to take to reduce the City's financial stress and to address recurring structural operating deficits, such as securing labor concessions, have not been implemented. Accordingly, you are receiving this notice of our planned preliminary review.

I trust that this information will be of assistance. If I may be of further assistance, let me know.

Sincerely,

Andy Dillon
State Treasurer

cc: Governor Rick Snyder

Lamphier, Wendy (Treasury)

Subject:	Meeting with Rep Hammel and Genesee Co Drain CommissionerJeff Wright regarding the new water pipeline for Genesse, Lapeer and Sanilac Counties.
Location:	Capitol Building, H-167
Start:	Wed 11/9/2011 12:15 PM
End:	Wed 11/9/2011 12:45 PM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	Hichez, Amy (Treasury)
Required Attendees:	Dillon, Andy (Treasury); Stibitz, Brom (Treasury)
Optional Attendees:	Cousineau, Sara (Treasury); Hichez, Amy (Treasury)

When: Wednesday, November 09, 2011 12 15 PM-12 45 PM (GMT-05:00) Eastern Time (US & Canada)
Where: Capitol Building, H-167

Note The GMT offset above does not reflect daylight saving time adjustments

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Confirmed with Lauryn in Rep Hammel's office on 10/19/11--517-373-7557.
TOPIC: Construction of the new water pipeline for Genesee, Lapeer, and Sanilac Counties. Commissioner Jeff Wright will be discussing the cost of the pipeline, the savings and benefit it will provide to the constituents of that region.

2012

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
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RICK SNYDER
GOVERNOR

R KEVIN CLINTON
STATE TREASURER

Flint Water/KWA Decision Points and Timeline

In November 2012, all major stakeholders (city officials, EM Kurtz, county officials, DWSD, DEQ & Treasury) met to discuss a regional effort to build a new water pipeline from Lake Huron to Genesee County.

Flint and Genesee Co. had been getting water from DWSD under a 30-year contract that, at that time had expired.

Genesee Co. was planning to build a new pipeline from Lake Huron (Karegnondi Water Authority, KWA) and eventually provide service to the City of Lapeer, Lapeer County, and Sanilac County.

County officials believed that continuing to buy water from DWSD would cost the region more than $2.1 billion over the next 25 years but that building a pipeline and developing the KWA would reduce regional cost by approximately $200 million over that time.

Genesee County officials said it was cheaper to build their own system than to continue to pay more each year to the DWSD and the proposal was about delivering the best quality water to residents in the least expensive way.

EM Ed Kurtz had been exploring options for water since his appointment in August 2012 (to replace Mike Brown).

Mayor Walling and City Council were fully supportive of the move to KWA, though under the emergency manager Act, the State Treasurer had to approve deals >$50,000.

Prior to the meeting, Treasury suggested a high-level response to media inquiries about the meeting:

Treasury officials will be meeting with Genesee County and Detroit officials tomorrow to get the details of the proposed pipeline plan. Until the ultimate costs

are known and the various studies have been conducted, the benefits to the citizens of Flint and Genesee County cannot be determined.

In December of 2012, then State Treasurer Andy Dillon requested an independent review of the KWA proposal. Consulting engineers Tucker, Young, Jackson, and Tull, Inc. conducted a review that supported the County and City preference to join KWA (I'M AWAITING A COPY OF THIS REPORT TO ENSURE ACCURACY ON THIS POINT).

In March of 2013, the City was pushing for a decision, given the need to hit tight construction season timelines/deadlines.

In late March, Kurtz submitted a resolution to join KWA to the State Treasurer. It was received on March 29, 2013. The Treasurer and DEQ staff thoroughly reviewed the resolution (Under PA 436, the Treasurer must approve contracts >$50K that were not competitively bid).

DWSD was allowed an opportunity to make a "last, best offer" to keep Flint with the DWSD.

On April 11, 2013, the Treasurer sent his approval to Flint (attached). The effective date for the approval was April 16, 2013 as a condition of the approval was Mr. Kurtz's consideration of the final DWSD offer.

On April 16, 2013, Flint EM Kurtz sent a letter to the State Treasurer, indicating that the DWSD last best offer was not sufficient (attached).

Following Mr. Kurtz announcement of the City's decision to join KWA, Treasury worked from the following talking points.

- This is a decision made by the City of Flint and its elected leaders and is a local decision that affects the local water supply.
- Flint EM Ed Kurtz kept the city's elected officials involved throughout the decision-making process and all agree this is best for the citizens and businesses in Flint.
- The change is expected to save Flint ~$100m over the next 25 years, and possibly as much as $300m.
- The Departments of Treasury and Environmental Quality have approved the financial and environmental soundness of KWA's plan.
- Flint accounts for only 2% of DWSD's capacity.

City of Flint, Michigan

BUDGET

for Fiscal Year 2012-2013

Michael K. Brown, Emergency Manager

City of Flint
FY13 Budget

It is well known that the City of Flint is confronted with a financial emergency. It has been in state receivership since November 2011. The City is projected to have more than an $18 million deficit by June 30, 2012. Cash flow is extremely narrow, and any major unexpected expense or revenue loss at this time could be catastrophic.

The Emergency Manager is committed to seeing Flint not only return to financial solvency, but become the thriving municipality it once was, attracting residents, businesses, and visitors.

The challenge is great – financial insolvency; a population base reduced by 50%; declining property values; high numbers of vacant houses and persons in poverty, crumbling infrastructure, and high crime.

The first step to recovery is to stabilize the City's finances, in order to provide basic services to our citizens. With a focus on a next year's budget that is realistically balanced on attainable revenue estimates, and with assistance from the state to address the accumulated deficits from past years, our journey into the future can begin.

It will not be easy. The current level of expenses for city services significantly exceeds the current amount of revenues which will be received, and choices for new revenues are limited. Consequently, while efforts continue to identify new sources of revenue, current services and workforce will be reduced significantly. Where new sources of revenue are found and implemented, it will mean increased costs to taxpayers. There is no other choice – expenses must be reduced, revenues must be increased, or a combination of both must occur.

This budget is based on conservative assumptions regarding revenues and expenses. If there is uncertainty about a revenue stream, it is not included. When projecting expense items over which the City has little direct control, they have been projected on the high side. The result can be characterized as a "worst case" budget. However, since the budget is a flexible plan, new developments –such as additional revenue sources – can be added if and when they become available.

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THE FY13 BUDGET

The FY13 Budget for the City of Flint totals $195 million for all funds, including $58 million for the General Fund plus Special Revenue Funds, Capital Improvement and Enterprise Funds. It provides for a workforce of 539 employees. The amount of funds available, and the size of the workforce afforded by those revenues, are significantly less than in the current and prior years.

As this budget process began, there was a projected gap of some $25 million between the amount of funds projected to be received and the cost of continuing all services and positions in the same manner as currently done. This gap has been closed by a mixture of revenue increases and expenditure decreases.

REVENUES

City services are funded by a mix of property taxes, income taxes, state and federal shared revenues, and fees, charges, and assessments. The current property tax rate for city services is 15.5 mills, or $15.50 for each $1,000 of taxable value. Residents and businesses also pay a 1% income tax, while non-residents pay one-half that amount, the limit set by state law.

The revenue stream supporting city services in this budget is different from the current year's in some significant ways:

- With property values continuing to decrease, property tax revenues are decreased by more than 20%. These revenues are decreased even further as the 3 mill levy for waste collection is eliminated in favor of a new waste collection fee designed to cover the entire cost of that service.

- State shared revenue remains at the reduced level legislated by the state beginning in FY12.

- Revenues from some major grant sources – the SAFER grant for firefighters and the MOTT grant for community policing – are not included, as there is no certainty those funds will be received.

- Revenues from a new city-wide special assessment will reduce the cost burden on the City's General Fund while providing funding for the operation, maintenance, and improvement of the City's street lighting system.

- Additionally, it is necessary to increase water and sewer rates significantly in order to have sufficient funds to operate the system. A system capable of serving more than 200,000 users is now utilized by less than half that number. The systems are old, in need of repair, and costly to maintain. Costs from the primary supply source - the Detroit Water System – have also increased significantly over the past several years. While there have been significant increases in rates over the past few years, they have not been sufficient to cover the operating costs of the systems. While there are currently significant and positive efforts being made to make the systems more efficient and cost effective, they will not affect the cost of operating the systems this year.

The impact of these changes in the revenue stream will vary on taxpayers, businesses and residents. Compared to the current year, many taxpayers will see an increase in their total payments for city services, with the amount varying to the extent that their property values have reduced.

However, when compared to total payments for city services made in 2005 – before the precipitous drop in property values began - many taxpayers will still be paying less. It appears that owners of property with a taxable value of more than $53,450 in 2005 will still pay less for city services in FY13 than they paid in FY2005. Property owners with a taxable value of less than $53,450 in 2005, however, will pay more for city services in FY13 than they paid even in FY2005.

Unfortunately, with the tools at hand for raising revenues at this time, it is not possible to spread the impact differently. Alternatives such as raising the property tax millage or the income tax rate require voter approval and, in the case of the income tax, state legislative approval as well. However, these alternatives are being evaluated for future use.

EXPENSES

The revenues collected pursuant to this budget will be used to provide a very basic level of services in the areas traditionally provided by the City. Police and fire protection and other public safety services, water and sewer service, trash collection, street maintenance and lighting, parks maintenance, building inspection, code compliance, demolition and other community development activities, will all be continued, although in different ways and at reduced levels. Citizens can expect that response times for certain services or requests for information will be slowed.

The City's workforce will be reduced by more than 20% and, unfortunately, layoffs will occur. The extent of these reductions has been lessened significantly with concessions obtained from employee bargaining units.

Reductions equivalent to 20% of the wage base have been negotiated with three of the six city bargaining units (IAFF, FPOA Sgts, and FPOA Command), and a final vote on similar concessions with AFSCME 1799 is pending. Concession discussions with AFSCME 1600 and FPOA Patrol continue, but no agreements have been achieved. This budget assumes implementation of similar concessions across all bargaining units and exempt employees.

Similarly, reductions in the cost of retiree health care are also anticipated. The cost for the City's 1,500 retirees is projected at nearly $25 million for FY13, an amount which severely constrains the ability of the City to provide services to its residents. The City has determined that there are alternative means by which health care can be provided to retirees but at a significantly reduced cost. The City intends to implement the less costly alternative and has incorporated more than $4 million in anticipated cost reductions savings into this budget. Without such cost reductions, the City's workforce will be reduced even further.

Within the context of these revenue constraints and overall expense reductions, a very basic level of services will be provided to the residents and businesses in Flint in 2013:

PUBLIC SAFETY

Police – With the continued loss of tax and grant revenue, the Police Department will be minimally staffed at a level of 108 sworn officers and 21 non-sworn personnel. This represents the current level of staffing less 19 officers funded by grants which have expired. Requests for continuation funding are in process but have not been approved at this time.

Given the financial condition of the City, funding at this level represents a significant commitment to pubic safety, but it is recognized that more must be done. In the ensuing year, the department will be transitioning to 12 hour shifts. This transition will reduce overtime expenses

and should increase the number of officers on patrol at any one time. The efforts of the FPD will continue to be assisted with continuing support from the Michigan State Police, and contracted services from Hurley Hospital and Kettering University. Aggressive efforts will be made to seek the renewal of grants and to seek additional permanent funding for this essential service.

911 - 911 Dispatch will continue at current staffing, while efforts continue to consolidate City and County dispatch operations. Communications with and between officers will be enhanced with the projected move to the 800 MHz system on July 1, 2012.

Fire - With the expiration of the federal SAFER grant, funding for 39 firefighters would be lost, potentially reducing total staffing in the Fire Department to 54. However, with the reductions in costs attributable to union concessions, and an assessment of the impact this would have on the ability of the City to provide virtually any level of fire response, staffing in this budget is at 62.

Given the staffing constraints, three of the current five stations will remain open pending the decision on the SAFER grant. In addition, with Genesee County now providing paramedic response, the City's paramedic personnel will be assigned to suppression.

The City is aggressively pursuing renewal of the SAFER grant and, should it be received, the number of stations in operation could be increased.

Court - As required by law, the City will continue to financially support the operation of the 68th District Court. Recognizing the financial circumstances of the City, along with the court's decreased caseload and offsetting revenues, court funding is reduced in this budget.

Lock-up – The City has been aggressively working to receive funding from the State of Michigan for re-opening the City Lock-up. At this time an operational plan is being developed as a condition for receiving consideration for funding. There are no City funds allocated in this budget for operation of the Lock-Up.

INFRASTRUCTURE

Water and Sewer - The expenses of the Water and Sewer system can be viewed in three categories – operations and maintenance, capital improvements, and purchase of water. Operational costs, in terms of personnel, have been reduced to the minimum necessary to operate the collection and distribution systems, but ongoing increases in compensation-related costs, such as pension and healthcare, make significant dollar reductions difficult.

Ongoing capital expenses are a necessity, as significant repair and replacement activities such as replacing broken water meters and keeping pump stations operational and in regulatory compliance, are necessary on an ongoing basis. Improvements are also necessary to improve the efficiency of operations, such as implementing remote monitoring of pump stations.

Finally, the purchase of water at ever-increasing rates is a significant cost of the operations, and while efforts to contain these costs are ongoing, they will not likely affect the cost of operations in FY13.

The costs of operations for water and sewer are projected at $85 million, with projected revenues at current rates totaling approximately $65 million. Recent rate increases do not generate sufficient revenues to cover the total costs of operations. Thus, in order to keep the systems financially solvent and provide funds for operation and maintenance, the overall rates for water and sewer will be increased in total by an average of 25%. Sewer rates are projected to increase by 45% while water rates are projected to increase by 12.5%. Even with this increase, it is not possible to set aside funds for pre-funding retiree health care, so formal balance sheets will still show deficits.

Waste Collection – The City has historically provided weekly trash pick-up for all residents, with the costs presumably paid from a special 3 mill property tax levy. However, the amount collected from the levy has reduced as property values have fallen, and costs of collection – personnel costs being a significant portion - have increased. As a result, the City's General Fund has subsidized the difference, by as much as $1.5 million in the past year.

Consequently, the 3 mill levy for waste collection will be discontinued, and a collection fee on residential properties will be implemented. It is anticipated that in the first year (starting July 1, 2012) the waste collection process will continue on a weekly pick-up schedule and will include composting. Fall leaf pick up will be restored. In the second year, it is expected that the waste collection service will be expanded to include recycling, and by that time a thorough evaluation of the means by which the service is carried out will be completed.

The fee for this service will be added to the property tax bill for owners of residential property, and is currently projected to be $143 in FY13, based on the projected cost of the service as reflected in the budget and the number of property owners billed. The amount will be adjusted on an annual basis to assure that it is reflecting the cost of the service.

Streets and Transportation – Funding for streets and transportation activities – with the notable exception of street lighting – is provided primarily from the state collected gas and weight tax allocated by formula to the City. That amount has been decreasing over the past years, making the ability to maintain local and major streets, sidewalks, and traffic control mechanisms very difficult. As with sewer and water, the City's road system is built to accommodate more than 200,000, and the City's population is now 102,000. This population drop has also contributed to the City's reduced level of gas and weight tax. As a result, the City's road system is currently rated a "3" on a scale of 1-10, demonstrating the effect of the lack of maintenance. The road maintenance activities for FY13 are focused primarily on preventive maintenance rather than targeted resurfacing, and will be chosen on the basis of most critical need and best return on investment.

Financing of infrastructure in the FY13 budget and beyond will be aided by use of a special assessment for street lighting, which is currently a general fund cost of nearly $3 million. The implementation of a city-wide special assessment district will provide for the operational costs of the current system and will enable upgrades and improvements to street lighting throughout the City. The assessment will be added to the property tax bill for all property owners, and is currently projected to be less than $100 per property in FY13. The amount to be assessed will be adjusted annually to reflect the projected cost for the operational, maintenance and improvement costs, and the number of property owners.

Parks - Maintenance of the City's 64 parks and its many trees in the rights of way will be funded primarily from the .5 mill special parks millage. Maintenance of the City-owned recreation/ community centers are also supported by the General Fund. Maintenance of parks, including play equipment, rights of way, and trees is minimal, and consists primarily of mowing, paying utilities, and responding to emergencies. There has not been any significant investment or maintenance of play structures in the parks for several years. Unfortunately, this level of investment will at best continue with the funds provided in this budget. Efforts will continue, as they have this year with golf courses, to find alternative ways to sustain the City's recreational assets. Continuing efforts will also be made to engage volunteers, neighborhood groups, and others to support specific parks and recreation centers.

Development - Building Inspection and Code Compliance activities will continue to the extent funds are available. Grant funds are budgeted at a reduced level to continue demolition activities and building inspection and code compliance fees are being reviewed again to see if the level and type of fees and fines are sufficient to cover costs and encourage voluntary compliance. In FY13, demolition activities will be done primarily by contractors in order that full cost recovery can be obtained from grant funds.

Planning and zoning activities will continue to the extent funds are available. Grant funds are budgeted to continue the upgrade to the City's master plan.

Community and Economic Development – Minimal ongoing financial support of economic development, in the form of CDBG funds, is also continued. Administration of the City's CDBG and NSP programs will continue, although grant funds are reduced. Evaluation of the administrative structure has resulted in reduced costs to the General Fund.

FINANCE AND ADMINISTRATION

All organizations have internal functions which support the delivery of services to the organization's constituency. In the City of Flint, these functions include assessing, accounting and budgeting, human resources, purchasing, information technology, risk management, fleet, facilities, treasury, and tax collections. Some of these functions are scalable to the size of the organization (such as human resources and risk management); others are not (such as tax billing and assessing). Regardless, with a decreasing base of business, and a corresponding reduction in workforce delivering services externally, there is compelling pressure to reevaluate processes and workforce numbers involved in all of these processes.

Changes are reflected in the size of the workforce appropriate to the current financial situation. It is also necessary to change internal processes to reflect an organization closer in size to 500 employees rather than 1,500. Changes beginning or planned include:

- Streamlined purchasing processes, including use of procurement cards for smaller purchases
- Simplification of processes for approving purchases
- Use of electronic means for processing payables and purchase orders
- Elimination of staffed stock rooms

- Changes in pension system administration and performance
- More reliance on Third Party Administration for workers' compensation related activities
- Elimination of manned security cameras where appropriate
- Evaluation of costs associated with custodial services
- More reliance on computer access for customer inquiries
- Consolidation of customer service functions
- More investment in technology to enhance productivity
- Commitment to funding necessary capital improvements which provide the workforce with proper equipment and facilities
- Implementation of a performance measurement system
- Commitment to rebuilding financial reserves by annual appropriation to a Budget Stabilization Fund

PUBLIC IMPROVEMENT FUND

The City Charter requires setting aside the proceeds of a 2.5 mill levy for the purposes of capital improvements and debt service. For the foreseeable future, these funds will be dedicated solely to current and anticipated debt service. A significant increase is expected as the City recognizes the need to increase its share of debt service for the downtown parking ramp debt, for making its required debt service of the initial Fiscal Stabilization Bonds, and for incurring future debt associated with additional bonding to alleviate the accumulated General Fund deficit. For FY13, it is projected that approximately $1 million will be available for the new debt service associated with additional Fiscal Stabilization bonds; in FY14 the amount available for debt service is projected to grow to approximately $1.5 million as current debt service for equipment ends.

GOVERNANCE AND OVERSIGHT

Core offices associated with governance and oversight traditionally include Council, Mayor, Administrator, City Attorney, City Clerk, Ombudsman, and Civil Service. Under receivership, there is also an Emergency Manager.

Several changes resulting in cost reductions were implemented by the Emergency Manager. These include: a reduction in salaries for the Council and Mayor, elimination of funding for the Ombudsman and Civil Service Commission, and the appointment of personnel to assist, either paid only on an hourly basis without fringe benefits, or loaned from another source. These cost reductions are continued in the FY13 budget.
Additionally, the costs of issuing business permits through the City Clerk's Office indicate that the costs of administration appear to significantly exceed the revenues collected. It will be necessary in the future to either reduce costs or increase permit fees to offset this imbalance.

CONCLUSION

The financial decisions made in this budget are significant but unavoidable. The budget reflects difficult decisions on the part of administrators and employees made to enable the City to provide services in FY13 at the levels its resources allow. The service levels will be low and not at a level anyone finds acceptable over the long term.

These decisions, however, provide the basis for going forward in a positive way. The budget is realistically balanced, with full expectation that when June 30, 2013 arrives, the City will not have once again spent more than it has taken in. It will have also put into place the financing to address the accumulated deficits of the past. Significant progress is being made to achieve financial solvency.

While there will certainly be financial challenges, decisions made in this process will assist in going forward. The decisions regarding employee compensation not only helped to address the short term financial challenge, but will assist in controlling expenses in the future, as the growth in future unfunded liabilities is slowed.

If the City government of Flint is to be a positive force in making Flint a safe and attractive place for residents, businesses, and visitors, it must have its own house in order. It cannot teeter on the edge of financial insolvency and hope to lead the way.

BUILDING THE FUTURE

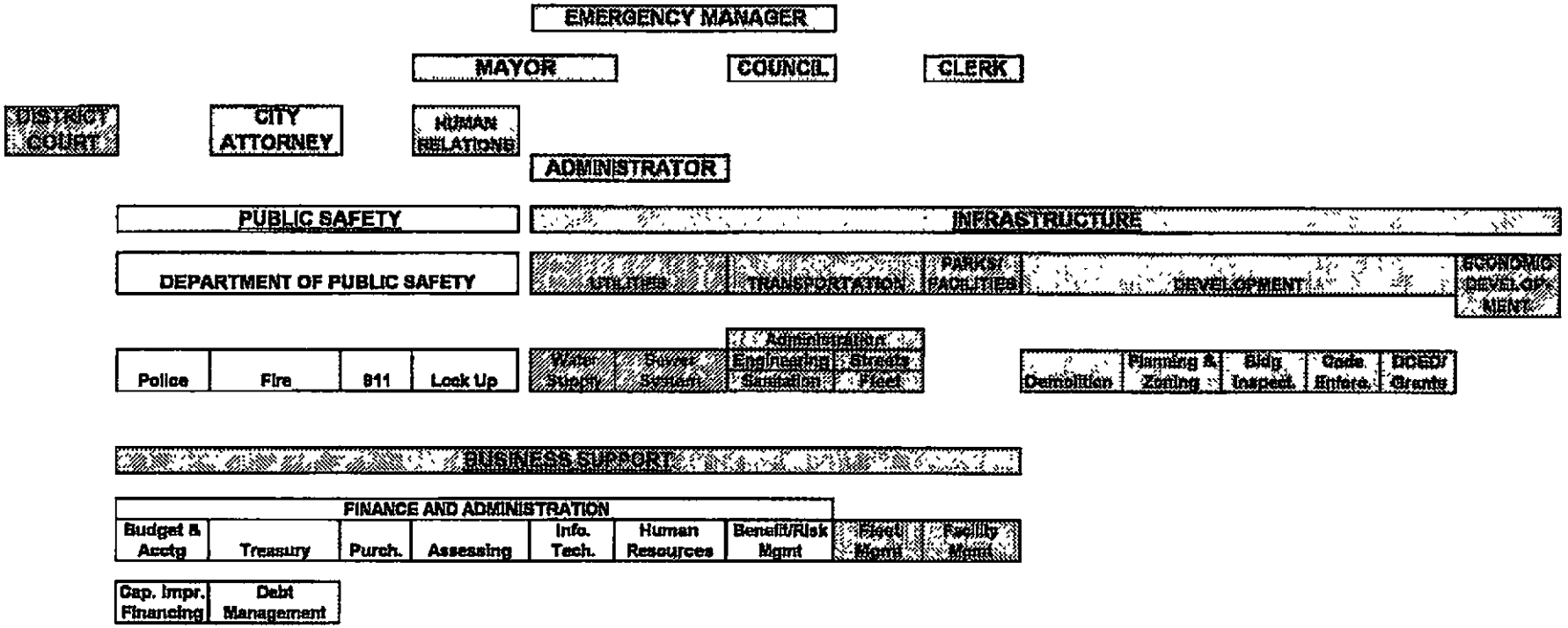
The focus of the 2013 budget process remains on the future of Flint. While this budget includes sharp reductions in both revenues and expenses, WE SEE HOPE FOR THE FUTURE.

These hopes are based on some very tangible and promising factors:

- Expense reductions are designed to live with current realistic revenue projections;
- New revenue options for fiscal year 2014 and beyond will include actual fees for services, special assessment districts and other revenue options;
- Partnership with the State Police and other law enforcement agencies will be expanded to create a safer environment for our citizens;
- Additional resources will be secured to house individuals who are continually abusing our residents in the neighborhoods; the City Lock-up will open and remain open;
- New public and private partnerships will be developed to provide waste collection services, senior citizen services, youth employment and training programs;
- Internal City operations will be improved in regard to finance and accounting, more efficient operation of licensing and permitting, and expanded training for our employees, including supervisory training;
- The City's information and technology capability will be improved, enhancing the capacity throughout the City, from paying bills on time to public safety issues faced by our police and fire operations.

As the City moves beyond the 2013 budget year, and the management of our affairs improves, citizens will see better response times from police, removal of individuals who are harming our children and seniors from our neighborhoods, improved code enforcement at homes owned by absentee landlords and expanded opportunities for our young people.

CITY OF FLINT - ORGANIZATIONAL CHART



FY13
Expenditures

		General Fund	Dedicated Millage Funds	Other Funds	TOTAL
Governance					
Mayor		$ 185,578			$ 185,578
Council		$ 352,899			$ 352,899
Clerk-records		$ 423,573			$ 423,573
Clerk-elections		$ 424,324			$ 424,324
Administrator		$ 711,981			$ 711,981
City Attorney		$ 1,057,484			$ 1,057,484
Human Relations Commission		$ 40,103			$ 40,103
	Total	$ 3,195,942			$ 3,195,942
Public Safety					
District Court		$ 5,358,479			$ 5,358,479
Police		$ 21,026,009	$ 1,962,180		$ 22,988,189
Drug Forfeiture		$ -		$ 216,472	$ 216,472
Fire		$ 10,916,429			$ 10,916,429
911		$ 3,314,413			$ 3,314,413
	Total	$ 40,615,330	$ 1,962,180	$ 216,472	$ 42,793,982
Infrastructure					
Water and Sewer				$ 82,220,420	$ 82,220,420
Sanitation/Waste Collection				$ 4,901,202	$ 4,901,202
Major/Local Streets				$ 10,419,564	$ 10,419,564
Major/Local Streets - Streetlights		$ 2,850,000			$ 2,850,000
Parks/Golf		$ 546,841	$ 389,400	$ 6,743	$ 942,984
Development -Building Inspection, Planning		$ 1,085,639		$ 3,366,835	$ 4,452,474
Dept of Community and Economic Dev.		$ 1,890,694		$ 29,029,314	$ 30,920,008
	Total	$ 6,373,174	$ 389,400	$ 129,944,078	$ 136,706,652
Finance and Administration					
Accounting and Budgeting		$ 1,033,341			$ 1,033,341
Assessing		$ 1,109,772			$ 1,109,772
Budget Stabilization Fund		$ 100,000			$ 100,000
Capital Improvements/Debt Service		$ -	$ 2,104,906		$ 2,104,906
Facilities		$ 1,263,526			$ 1,263,526
Human Resources		$ 670,428			$ 670,428
Purchasing and Stockrooms		$ 155,204			$ 155,204
Risk		$ 66,500			$ 66,500
Treasury and Collections		$ 2,772,338			$ 2,772,338
	Total	$ 7,171,109	$ 2,104,906	$ -	$ 9,276,015
General Government		$ 161,751			$ 161,751
TOTAL EXPENSES		$ 57,517,306	$ 4,456,486	$ 130,160,550	$ 192,134,342

FY13

Revenues

REVENUE SOURCE	General Fund Services	Police Millage	Drug Forfeiture	Parks Millage	Senior Center	Major Streets	Local Streets	Building Inspection	Trash Collection	Sewer	Water	Public Improv.	Budget Stabil.	Community Development	TOTAL
Property Tax	$ 5,720,000	$1,644,000		$389,400								$ 1,830,400			$ 9,583,800
Income tax	$ 14,950,000														$ 14,950,000
Special Assessments	$ 2,855,000														$ 2,855,000
Federal Revenues	$ 694,324						$ 400 000	$1,500,000			$ 400,000			$ 28,301,892	$ 31,196,216
State Revenues	$ 357,000					$ 6,399,412	$1,816,765							$ 300,000	$ 8,872,177
State Revenue Sharing	$ 13,140,685														$ 13,140,685
Licensing and Permits	$ 1,287,931							$1,853,703							$ 3,141,634
Fines and Forfeits	$ 1,394,811		$ 150,000												$ 1,544,811
Charges for Services	$ 11,858,695					$ 125,000		$ 258,400	$5,000,000	$ 31,333,816	$ 50,400,736			$ 1,625	$ 99,076,272
Loan Proceeds	$ -														$ -
Other	$ 5,259,160	$ 418,180	$ 8,000		$ 56,913	$ 334,652	$1,047,222	$ -	$ -	$ 40,000	$ 45,867	$ 389,480	$ 100,000	$ 620,416	$ 8,317,890
TOTAL REVENUES	$ 57,517,306	$1,962,180	$ 158,000	$389,400	$ 56,913	$ 6,859,064	$3,262,987	$3,612,103	$5,000,000	$ 31,373,816	$ 50,846,603	$2,319,880	$ 100,000	$ 29,223,933	$ 192,980,169
TOTAL EXPENSES	$ 57,517,306	$1,962,180	$ 218,472	$389,400	$ 6,743	$ 6,957,106	$3,462,458	$3,368,835	$4,991,202	$ 31,373,816	$ 50,846,603	$2,104,906	$ -	$ 29,029,314	$ 192,134,341
REVENUES- EXPENSES	$ -	$ -	$ (60,472)	$ -	$ 50,170	$ (98,042)	$ (199,471)	$ 245,268	$ 98,798	$ -	$ -	$ 214,974	$ 100,000	$ 194,619	$ 845,844
Unassigned Fund Balance	$ (9,129,188)	$ 10,526	$ 871,734	$ 11,048	$ 81,265	$ 877,686	$1,100,858	$ 250,608	$ 104,580	$(14,711,469)	$(20,308,803)	$1,326,921	$ 100,000	$ 875,073	$ (38,959,551)

SUMMARY OF REVENUES AND EXPENDITURES-MAJOR FUNDS

	FY 11 ACTUAL			FY12 PROJECTED			FY13 BUDGET		
	Revenues	Expenses	Difference	Revenues	Expenses	Difference	Revenues	Expenses	Difference
General Fund	$ 70,169,069	$ 70,823,662	$ (654,593)	$ 55,202,299	$ 64,468,351	$ (9,266,052)	$ 57,517,306	$ 57,517,306	$ -
Police Millage	$ 2,468,866	$ 2,497,087	$ (28,221)	$ 3,055,890	$ 3,505,890	$ (450,000)	$ 1,962,180	$ 1,962,180	$ -
Drug Forfeiture	$ 201,576	$ 71,628	$ 129,948	$ 128,765	$ 110,491	$ 18,274	$ 156,000	$ 216,472	$ (60,472)
Parks Millage	$ 587,894	$ 618,147	$ (30,253)	$ 609,393	$ 944,393	$ (335,000)	$ 389,400	$ 389,400	$ -
Parks Senior Center	$ 248,525	$ 248,467	$ 58	$ 310,094	$ 310,094	$ -	$ 56,913	$ 6,743	$ 50,170
Major Streets	$ 7,650,057	$ 7,985,392	$ (335,335)	$ 7,261,815	$ 7,254,916	$ 6,899	$ 6,859,064	$ 6,957,106	$ (98,042)
Local Streets	$ 3,161,985	$ 3,139,751	$ 22,234	$ 2,983,574	$ 3,161,533	$ (177,959)	$ 3,262,987	$ 3,462,458	$ (199,471)
Building Inspection	$ 6,928,996	$ 7,266,055	$ (337,059)	$ 5,975,112	$ 7,071,442	$ (1,096,330)	$ 3,612,103	$ 3,366,835	$ 245,268
Trash Collection	$ 3,391,059	$ 4,405,114	$ (1,014,055)	$ 2,900,885	$ 4,534,513	$ (1,633,628)	$ 5,000,000	$ 4,901,202	$ 98,798
Sewer	$ 17,684,609	$ 27,075,322	$ (9,390,713)	$ 21,930,134	$ 28,468,248	$ (6,538,114)	$ 31,373,816	$ 31,373,816	$ -
Water	$ 36,842,470	$ 39,974,925	$ (3,132,455)	$ 46,349,053	$ 46,964,592	$ (615,539)	$ 50,846,604	$ 50,846,604	$ -
Public Improvement Fund	$ 3,499,011	$ 4,105,965	$ (606,954)	$ 2,846,200	$ 3,392,698	$ (546,498)	$ 2,319,880	$ 2,104,906	$ 214,974
Budget Stabilization	$ -	$ -	$ -	$ -	$ -	$ -	$ 100,000	$ -	$ 100,000
Total w/o Community Development	$ 152,834,117	$ 168,211,515	$ (15,377,398)	$ 149,553,214	$ 170,187,161	$ (20,633,947)	$ 163,456,253	$ 163,105,028	$ 351,225
Community Development	$ 15,188,603	$ 15,468,130	$ (279,527)	$ 37,075,470	$ 37,284,853	$ (209,383)	$ 29,223,933	$ 29,029,314	$ 194,619
Total w/Community Development	$ 168,022,720	$ 183,679,645	$ (15,656,925)	$ 186,628,684	$ 207,472,014	$ (20,843,330)	$ 192,680,186	$ 192,134,342	$ 545,844

Staffing in the FY13 Budget

As of April, 2012, the City of Flint has 686 permanent full-time employees. In this budget, that number will be 539, a reduction of 147 employees. Reductions are virtually in every area of city service. The distribution of positions for FY13 will be as follows:

Governance (including the offices of Mayor, Council, Clerk, Emergency Manager, City Attorney, and Human Relations Commission) – Permanent full-time staffing will be 18, a reduction of 3 from the current 21.

Public Safety (including District Court, Police, Fire, and 911) – Permanent full-time staffing will be 245, a reduction of 55 from the current 300. The reductions are exclusively related to the loss of grant funding for police officers and fire fighters.

Infrastructure (including Water and Sewer operations, Waste Collection, Street Maintenance and Engineering, Parks, Development, DCED, Facilities, and Fleet) – Permanent full-time staffing will be 222, a reduction of 54 from the current 275.

Finance and Administration (including Finance, Treasury, Purchasing, Assessing, Information Services, Human Resources, and Risk Management) – Permanent full-time staffing will be 54, a reduction of 36 from the current 90.

ESTIMATED IMPACT OF FINANCING CHANGES

The FY13 Budget contains changes in the financing of city services.

The overall property tax levy for city services is reduced by 3 mills as the levy for trash pick up is removed. However, there is a new fee implemented for trash pick-up which will reflect the actual cost of the service.

There is also a special assessment district covering the entire city which will assess the costs of maintaining and improving street lighting throughout the City

Additionally, water and sewer rates are increased in order that the systems remain financially solvent.

In the upcoming tax year, most property owners will pay more in total for property taxes, street lighting, trash pick-up and water and sewer charges than they paid in 2011.

However, property owners whose property had a taxable value of more than $53,450 in 2005 will pay less in the upcoming year than they paid in 2005.

Property owners whose property had a taxable value of less than $53,450 in 2005 will pay more in the upcoming year than they paid in 2005

TAX LEVIES, FEES AND CHARGES ON TAX BILL: JULY 2012 - JUNE 2013

Tax year:		2005	2011	2012
Property Value:		Market:	Market:	Market:
Tax year 2012		$ 106,900	$ 74,039	$ 59,971
Taxable Values are 56.1% of 2005 Values		Taxable	Taxable	Taxable
Tax year 2011		$ 53,450	$ 37,019	$ 29,985
Taxable Values are 69.3% of 2005 Values				
Type	(Mills)	Total Cost	Total Cost	Total Cost
Property tax - General	7.5	$ 401	$ 278	$ 225
Property tax- Police	2.0	$ 107	$ 74	$ 60
Property tax- Garbage (levy in 2005 & 2011 only)	3.0	$ 160	$ 111	$ -
Property tax - Parks	0.5	$ 27	$ 19	$ 15
Property tax - Public Improvement	2.5	$ 134	$ 93	$ 75
Propert tax - County, schools, etc in 2005	41.5	$ 2,218	-	-
Property tax - County,schools,etc in 2011 and 2012	47.4	-	$ 1,755	$ 1,421
Total tax millage in 2005 was 57 mills, including 15.5 city		$ 3,047	$ 2,329	$ 1,796
Total tax millage in 2011 was 62.9 mills, including 15.5 city				
Total tax millage in 2012 will be 59.9 mills, including 12.5 City				
	($)			
Special Assessment - Lights (new in 2012)		$ -	$ -	$ 100
Waste Collection Fee (new in 2012)		$ -	$ -	$ 165
Water & Sewer Charges (est average charge)		$ 685	$ 990	$ 1,670
TOTAL TAXES, ASSESSMENTS, & FEES:		**$ 3,732**	**$ 3,319**	**$ 3,731**

DEFICIT REDUCTION PROGRESS

	Deficit FY11	Projected Deficit FY12	Projected Deficit FY13
General Fund	$ (16,863,133)	$ (18,129,186)	$ (9,129,186)
Fiscal Stabilization Bonds*	$ 8,000,000	$ 9,000,000	$ 10,000,000
Net General Fund Deficit	**$ (8,863,133)**	**$ (9,129,186)**	**$ 870,814**
Police Millage	$ 6,017	$ 10,826	$ 10,826
Drug Forfeiture	$ 913,932	$ 932,206	$ 871,734
Parks Millage	$ 163,096	$ 41,651	$ 11,048
Parks Senior Center	$ 11,095	$ 11,095	$ 61,265
Major Streets	$ 768,828	$ 775,727	$ 677,686
Local Streets	$ 1,478,308	$ 1,300,329	$ 1,100,858
Building Inspection	$ 1,666	$ 5,336	$ 250,606
Trash Collection	$ 119,711	$ 6,082	$ 104,880
Community Development	$ 689,838	$ 480,454	$ 675,073
Sewer Operating Deficit	$ (9,390,713)	$ (5,961,459)	$ -
Water Operating Deficit	$ (3,132,455)	$ (615,539)	$ -
Public Improvement Fund	$ 1,657,445	$ 1,110,947	$ 1,325,921
Budget Stabilization	$ -	$ -	$ 100,000
	$ (15,576,365)	**$ (11,031,531)**	**$ 6,060,711**
Sewer OPEB Liability	$ (16,449,351)	$ (21,199,351)	$ (26,199,351)
Water OPEB Liability	$ (12,092,943)	$ (15,592,943)	$ (19,342,943)
	$ (44,118,659)	$ (47,823,825)	$ (39,481,583)

* *Fiscal Stabilization Bonds Issued in 2011 in the amount of $8 million*
Request has been made as part of the FY11 Deficit Elimination Plan to borrow an additional $9 million in 2012
City also anticipates a final borrowing of up to $10 million in FY13 to address the final portion of the deficit
Assuming the FY13 budget is implemented as planned, the deficit should be eliminated
The Public Improvement Fund is being reserved for debt service for the 3 borrowings, but additional sources of funds - primarily the General Fund - will also be used.

Stanton, Terry A. (Treasury)

From: Fraser, Roger (Treasury)
Sent: Tuesday, January 31, 2012 1:59 PM
To: Hichez, Amy (Treasury)
Cc: Stibitz, Brom (Treasury); Stanton, Terry A. (Treasury)
Subject: RE: Flint & DWSD

I will handle this.

From: Hichez, Amy (Treasury)
Sent: Tuesday, January 31, 2012 10:48 AM
To: Fraser, Roger (Treasury)
Cc: Stibitz, Brom (Treasury); Stanton, Terry A. (Treasury)
Subject: FW: Flint & DWSD

Amy Hichez
Executive Administrator to State Treasurer Andy Dillon
Richard H Austin Building
430 West Allegan Street
Lansing MI 48922
517-241-2624-Direct
248-770-0924-Cell
E-MAIL hicheza@michigan.gov

From: Fausone, Jim [mailto:JFausone@fb-firm.com]
Sent: Tuesday, January 31, 2012 10:09 AM
To: Hichez, Amy (Treasury)
Subject: Flint & DWSD

Amy - another issue I spoke to Mr. Dillon about was the DWSD relationship with Flint & KWA. He was going to think about talking to the Flint EM for us. This is a blog posted today on the subject and the Flint Journal article is hyperlinked.

"The Flint Journal is reporting (here) that Michael Brown, the City of Flint's Emergency Manager, is considering the sale of Flint's water and sewer system. Shaky finances and the need to raise cash are part of the reason Brown is considering "all options."

The sale of Flint's water and sewer system would complicate plans by the Karegnondi Water Authority, which has urged Flint to break ties with the Detroit Water and Sewerage Department. KWA officials recently have been lobbying Flint's Emergency Manager to join the new authority.
No word about who might be interested in buying Flint's water and sewer system or who will foot the bill for the $61.5 million worth of upgrades to Flint's water treatment plant that will be required, according to Rowe Engineering (here and here); KWA would only be furnishing Flint with raw water, not the finished water currently supplied by DWSD."

The full Flint Journal article is found at :
http://www.mlive.com/news/flint/index.ssf/2012/01/water.html .

I would ask Mr. Dillon to arrange a meeting with Mr. Michael Brown and me & DWSD Director Sue Brown. I would be glad to discuss this item with him. Jim

James G. Fausone

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Check out our Legal Help for Veterans practice group at www legalhelpforveterans.com or www youtube com/legalhelpforveterans

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CITY OF FLINT

Infrastructure and Development

Dayne Walling
Mayor

Michael K. Brown
Emergency Financial Manager

Howard Croft
Director

TO: Jeffrey Wright
Genesee County Drain Commissioner

FROM Michael Brown
City of Flint Emergency Manager

DATE: February 13, 2012

RE: **COMMITMENT TO PURCHASE RAW WATER FROM THE KAREGNONDI WATER AUTHORITY**

This letter serves as a commitment from the City of Flint to purchase 20 MGD of **raw water** from the Karegnondi Water Authority based on the following agreements and understandings contained within this letter.

- ✓ It is understood that the Genesee County Drain Commission will purchase and reserve an additional 5 MGD from the KWA above its needed capacity volume and will make that available to Flint at a later date.

- ✓ It is understood that Flint will be exempt from any payment involved in the final "go/nogo" engineering study that will be performed to determine final costs and details of the Karegnondi project.

- ✓ It is agreed that the City of Flint will have 60 days to review the final engineering report prior to signing the actual KWA master contract.

- ✓ It is understood that the KWA master contract will be amended such that there is no "one-time lump sum payment".

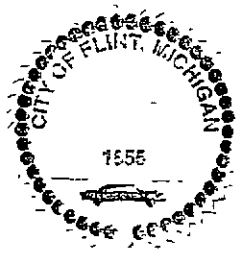
- ✓ It is agreed that the City of Flint will begin monthly payments to the KWA in accordance with the purchase of 20 MGD of raw water from the KWA Authority within 30 days of signing the KWA master contract.

- ✓ It is understood that that the Genesee County Drain Commission will assist the City of Flint with any licensed individuals or technical expertise needed by Flint to complete upgrades to Flints Water Treatment Plant or the operational management and Maintenance of the plant for a length of time to be determined by the City of Flint administration.

- ✓ It is understood that the City of Flint will receive at its treatment plant, "raw water" from KWA **within a 24 month to 36 month timeframe** beginning with the signing of the KWA master contract.

- ✓ * It is understood that all verbal and written agreements by the City of Flint are subject to approval from the State of Michigan prior to becoming factual.

*** Due to the fact that the city of Flint is in State Receivership under Public Act 4, final approval to enter into a contract of more than $50K must be authorized by the State Treasurer.**



CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
MICHAEL K. BROWN

Presentation to State Treasurer
by Michael K. Brown, Emergency Manager
and the Flint Team
February 13, 2012

City Hall
1101 S Saginaw Street - Flint, Michigan 48502
810-766-7346 FAX: 810-766-7218 www.cityofflint.com

Presentation to Treasurer Dillon

Monday, February 13, 2012

Path to Recovery for Flint has begun

I. 45 day plan submitted to Treasurer on January 15, 2012

II. Deficit Elimination Plan being drafted for February 27, 2012

III. Necessary Support from State:

- Fiscal Stabilization Bonds ($13 to $15M range) We are seeking assistance and approval to borrow money.
- 1 year funding for City Lock-up (range $1M depending on who operates the facility.) We need multi-year commitment here but on a declining basis over three years. We are very concerned about liability exposure. If privatization helps with this concern, then it makes sense especially if it is less expensive to operate.
- Labor Counsel support ($200K)
- Support for Organizational Analysis by functional area (utilize state pool of vendors and resources) $TBD (See handout)
- State Police and financial support for hiring FPD officers. There are two parts to this ask. First, we welcome continued assistance of State Police. Second, the Chief estimates need for

50 additional Flint police officers. He believes we can positively impact the crime rate with additional State Police support and the 50 additional officers. ($Estimate for FPD is $4M)

- EVIP implementation support in following areas:

  1. Kerognondi Water Pipeline: We are seeking support through the DWRF with 50% principal forgiveness for this project. In addition, if EVIP dollars are available, we will pursue these grant resources to assist this multi-county and city authority.

  2. Consolidation of 67th and 68th district court (Chief Judge Yuille is taking the lead on this project.) We are unsure of the cost but we are hopeful that state support would be available to assist in the implementation process.

  3. Merger of Genesee County 911 w Flint 911 (includes 800MHZ transition) The cost estimate is in the range of $2M for the 800MHZ issue alone. This is a critical part of the overall Criminal Justice Plan as the present communication technology used by FPD goes silent on Jan. 1, 2013.

  4. Cooperative agreement with County Road Commission on fleet management and facility sharing. These discussions are underway with the Director of the Road Commission. The cost estimate for just the study is in the range of $60K.

  5. Cooperative agreements on various opportunities with Genesee County are in early discussion stage. An example is with County Treasurer on tax collection, investments, assessing and information technology.

Another example is in the Criminal Justice area, where discussions have taken place to add county prosecutors.

6. Cooperative agreement with County Metropolitan planning commission on Master Plan development, as well as general support for planning and zoning functions.

7. Cooperative agreement with Genesee County Land Bank on blight elimination, tax reverted properties and marketing of vacant housing. We have been cooperating on weed abatement for three years due to the high volume of houses and properties owned by the Genesee County Land Bank.

8. Public private partnership with Swedish Bio-Gas, Flint Twp., Genesee County Drain Commissioner and Mott Foundation to shut-down incinerator, manage Waste Water Treatment Plant, develop composting and recycling of waste. This is a project the State of Michigan invested in back in 2009. There is opportunity to expand this public-private partnership.

9. Consolidation and merger of Genesee County and City of Flint Park sites. There are also discussions with the private sector on park maintenance.

10. Cooperative Agreement with County, Genesee Intermediate School District, Genesee Regional Chamber of Commerce and other municipalities in forming purchasing collaborative.

IV. Implementation of 15 strategies to achieve financial stabilization (See Attached)

V. Continue Community Outreach and Involvement Strategy

- Monthly meetings with City Council
- Monthly meetings with 5 member Advisory Committee
- Reconvene 5 citizen advisory groups for June update of plan:

1. Legacy committee
2. Community and Economic Development Committee
3. Public Safety Committee
4. Finance Committee
5. Infrastructure Committee

VI. Criminal Justice Policy Council: Development and Implementation of plan to improve cooperation among courts, prosecutor, sheriff, state and federal law enforcement agencies, Flint and county police agencies and appropriate support agencies such as: probation, alternatives to incarceration and citizen groups.

VII. Infrastructure and Development plan

Water, sewer, roads and bridges, Fleet, Sanitation, Parks, and other related buildings and properties owned and operated by the city.

Please see attachments that provide further detail on our strategies to implement the necessary changes, restructuring and creation of public private partnerships to help us achieve our goals.

We are also in discussions with the Charles Stewart Mott Foundation regarding funding for:

1. Community Policing ($1.3M) We have submitted a revised version of this grant to support our Criminal Justice Policy Council in cooperation with Genesee County criminal justice partners.
2. Master Plan ($500K this is match for $1.5M HUD Sustainability grant)
3. $250K for shutting down incinerator at Sewage Treatment Plant. This is coupled with a DOE grant for $800K that we have been able to renegotiate with the federal government. This grant was pulled away from the Walling administration due to management and other issues.
4. Genesee Towers $3M for acquisition and demolition as part of a downtown redevelopment project involving the MSU College of Human Medicine expansion in the City of Flint.
5. Organizational Analysis support in the range of $1M for a number of projects within city departments.
6. Support for selected team positions to accomplish the task at hand. This request is in the range of $500K to $750K over the next two years.

Please note that our request to the State of Michigan is urgent. We are putting together a comprehensive strategy to address the pressing budget issues. However, there are significant immediate challenges in the areas of Finance, Public Safety and Infrastructure that must be tackled immediately.

PRELIMINARY DRAFT - FLINT DEFICIT ELIMINATION ACTION PLAN

2/13/2012

THE CHALLENGE:

Eliminate actual and projected deficits incurred by the City of Flint and adopt a spending plan for FY13 and beyond which is based on credible revenue estimates and expenditure projections, while positioning the City to be a sustainable and financially viable community in the future

THE DEFICITS:

The current and projected deficits total $22 million as of June 30, 2011, with nearly an additional $20 million anticipated to be added by June 30, 2012:

	FY 11 Actual	FY12 Projected	Cumulative
General Fund:	$ 8,863,133	$ 3.557,692	$ 12,420,825
Water Fund	$ 12,443,265	$ 4,265,539	$ 16,708,803
Sewer Fund	$ 423,349	$ 11,761,622	$ 12,184,967
Garage	$ 364,112	(prior year resolved)	
	$22,093,859	$ 19,584,853	$ 41,639,955

HOWEVER, the deficits in the Water and Sewer Funds are due primarily to the inclusion of OPEB liabilities, which began to be reflected in the financial statements for these enterprise funds beginning in 2008. If the deficit projections are revised to exclude OPEB liabilities, the deficits to be addressed are significantly less:

	FY 11 & FY12	FY 08 – FY12
General Fund:	$ 12,420,825	$ 12,420,825
Water Fund	$ 9,759,762	$ 1,115,861
Sewer Fund	$ 1,901,683	$ -0- (positive $9.9 mil)
	$ 24,082,270	$ 13,536,686
		28,103,269

It is not possible, given the City's precarious financial position, to begin to fully fund the City's OPEB liabilities. It is the City's intent to address the projected $13.5 million deficit, and to also reduce OPEB liabilities by changing current labor contracts.

PRELIMINARY DRAFT - FLINT DEFICIT ELIMINATION ACTION PLAN

2/13/2012

THE REVENUES:

Preliminary projections for Fiscal Year 13 (July 1, 2012 – June 30,2103) show $XXX in funds available for city services, based on current tax rates, fees and charges:

	Revenues		
	FY 11 actual	FY 12 Proj.	FY13 Proj.
Operating Funds			
General Fund			
Neighborhood Police			
Parks			
Waste Collection			
Major Streets			
Local Streets			
Building Inspection			
Sewer			
Water			
Public Improvement			

PRELIMINARY DRAFT - FLINT DEFICIT ELIMINATION ACTION PLAN
2/13/2012

PLAN OBJECTIVES

1. Address the FY11 and FY12 deficits by issuing additional Financial Stabilization Bonds, payable from dedicated millage funds and increases in water and sewer rates
2. Reduce the projected FY12 deficit as possible and prepare for achieving higher revenues and lower cost bases in development of the FY13 budget
3. Implement the FY13 budget based on credible revenue and expense projections, including debt service for FSB funds, and addressing most critical public safety and infrastructure needs.
4. Take steps as necessary to assure that the changes made during the tenure of the Emergency Manager continue into the future

PLAN STRATEGIES

1. Implement new labor contracts which reduce short and long term compensation costs, including health and pension, and which give more employer flexibility in managing operations
2. Transfer administration of the Flint Employees Retirement System to the Municipal Employees Retirement System, and modify retiree health care in order to reduce annual costs and future OPEB liability
3. Restructure Trash Pick-up Service to keep costs within the 3 mill levy or implement alternatives which do not rely on any millage support
4. Restructure Water Supply delivery system to reduce costs, including concentrated effort to reduce water leakage, and implementing additional fees as necessary to keep system solvent, including deficit bond repayment
5. Reduce costs of operating the Sewer System to stay within current revenues, while making critical capital improvements and repaying deficit bonds
6. Reduce costs of operating the Park System to stay within current revenues generated by the parks millage
7. Implement new fee schedules, in particular where increased revenues can be used for code compliance and blight enforcement
8. Invest in necessary improvements to the City's public safety, utility, road, and technology infrastructure
9. Restructure the City organization to reduce costs and increase efficiency
10. Analyze potential City/County collaborations and consolidations, as well as public/private partnerships
11. Utilize and manage grants to the fullest extent possible
12. Inventory City assets and dispose of those identified as surplus.
13. Identify other sources of increased revenues, including increased property tax millages and increased income tax limits. Establish Budget Stabilization Fund
14. Support economic development and community development activities which improve Flint's ability to attract and retain residents, businesses, and visitors
15. Identify and advocate for City Charter revisions that will modernize city operations and clarify governance roles. Implement necessary agreements with state to assure continued operations of the City after the exit of the Emergency Manager.

OBJECTIVE AND STRATEGIES DETAILS

1. Issuance of additional Financial Stabilization Bonds: Request will be made to the State of Michigan for approval to issue Financial Stabilization Bonds to address the documented FY11 deficit and the projected FY12 deficit. It is not otherwise possible, given the financial constraints of the City, to alleviate these deficits. With less than six months remaining in the fiscal year, it is not possible to significantly further reduce the projected FY12 deficit. It is possible, when constructing the FY13 budget, to begin to prepare for repayment of all Financial Stabilization Bonds. This approach allows for full energies to be spent on developing a sustainable Flint City organization for the future.
2. Reduce the projected FY12 deficit as possible: Since the appointment of the Emergency Manager, steps have been taken to reduce current expenses and improve efficiencies. These steps, including personnel cost reductions of more than $600,000, were detailed in the January 15, 2012 plan submitted to the State Treasurer. A revised method of prescription drug administration for retirees is also being implemented on March 1, 2012, which is anticipated to reduce costs by more than $1 million annually. A detailed review of the FY12 budget is in the process of completion, and decisions will be made as to any additional cost cutting actions at that time.
3. Preparing the FY13 budget: Work is underway to achieve higher revenues and lower cost bases for preparation of the FY13 budget. This budget will be the spending plan which begins to put the City of Flint onto firm financial footing and to provide the most basic of city services to its residents. Providing a basic level of public safety remains the top priority in preparation of this budget.
4. Foster sustainable organizational changes, including changes to the City Charter: It is critical to identify and advocate for City Charter and ordinance revisions that will modernize city operations and clarify governance roles so that the City can continue in a financial and sustainable manner after the exit of the Emergency Manager. Building an advocacy base of support will be necessary. Consideration should also be given to maintaining the state's involvement through a consent agreement for some period of time after the Emergency Manager's tenure.

PREPARATION OF FY 13 BUDGET

Preparing the spending plan for FY13 will be the primary vehicle for establishing the City's financial viability for the future. In preparation of the upcoming budget, the following approach for forecasting revenue and expenses will be undertaken:

1. Revenue projections will be reviewed and vetted by departments, finance staff, and administration prior to incorporation into the budget. Past history of unrealistic projections is recognized as a problem not to be repeated. Particular attention will be paid to net property tax and income tax projections, as well to grant revenues and interfund transfers.
2 Expense projections will be reviewed and vetted in a similar manner, with specific attention to expenditure items not subject to the control of departments.

Again, past history of unrealistic projections for utilities, fuel, and personnel are problems not to be repeated. A strict personnel control count will be in place as well as controls on the hiring of temporary and contract employees.

3. Critical capital needs will be addressed, with appropriate cost impacts included in the budget. Debt service will likewise be included to assure that the City's debt obligations are met.
4. The potential of issuing Fiscal Stabilization Bonds will be fully examined, including identification of the amount needed and the dedicated source of repayment, and amount of debt service to be included.

what will be the source of repayment?

The plan strategies identified earlier will be incorporated into the process of developing the FY13 budget, and the entire organization will be reviewed to determine what services, within its financial constraints, will be provided and at what level:

Labor contracts (Strategy #1) - New labor contracts are being developed for all unions along with new personnel policies for exempt employees. The goals are to reduce short and long term compensation costs, including health and pension, and to give the City more flexibility in managing operations. It is anticipated that these revisions will put health and retirement benefits into compliance with state laws, and, for new employees, may substitute a health retirement savings account for employer provided retiree health care. For active employees, consideration is being given to implementing the hard cap provision with respect to employer provided health care.

potential savings from Health care changes? Deadline for ability 8/421

Retirement administration (Strategy #2) - Discussions are underway with MERS with respect to their assumption of FERS. Initial review of the system indicates that the City's administrative costs are high, and that investment performance is low. MERS would be a credible alternative. In addition, the extent possible, health care for retirees will be modified to reduce city costs while continuing to provide adequate coverage.

Plan B

Trash pick-up (Strategy #3) – Waste collection is carried out by City employees for all residents, and is based on funding provided by a statutorily allowed 3 mill property tax levy. However, the cost of collection is more than $4 million annually, compared to the $3 million generated from the millage. Either the cost of the collection will be reduced to the amount of funds provided by the millage, or other alternatives will be implemented. Possibilities include privatization, franchising, or licensing waste haulers within the City.

just with recycling of yard waste

Restructure Water Supply delivery system (Strategy #4) - Action will be taken to assure that the system is returned to a financially stable position. Consideration is being given to utilizing the Flint River and Flint's water treatment plant as a short term alternative to water purchase from Detroit. Preliminary indications are that this alternative may cost significantly less than the net $11 million spent annually by the City on water purchase. If so, this would allow for funds to upgrade the plant, provide funds to enable a concentrated effort on reducing water leakage, and make debt service payments on the Financial Stabilization Bonds. An annual review and adjustment of fees would also be made to assure the system is financially solid; however, the relatively high rates currently paid by users are a complicating factor.

NEGOTIATIONS w/ DSWA

Eliminate Sewer System deficit (Strategy #5) – Costs of operating the Sewer System will be reduced and fees increased in order to return the system to a financially stable

position, while critical capital improvements will also be made to assure that the system remains serviceable.

Limiting the City's cost of operating the Park system (Strategy #6) – The .5 mill property tax levy for park operations has regularly been supplemented by a General Fund appropriation. The supplemental appropriation will be eliminated and costs reduced accordingly. Actions taken to implement this are anticipated to include turning operation of Senior Centers to a subcontractor; turning management of the City golf courses over to a subcontractor; and utilizing subcontractors to mow most if not all of the City's parks.

Review of fees and charges for City services (Strategy #7) – All fees and charges for City services will be reviewed and appropriate changes implemented no later than July 1. Past history shows than implementation of approved fees has been inconsistent and untimely, and revenue estimates have been unrealistic. Consequently, there will be specific attention paid to avoiding this in the future. Within the context of setting fees and charges, particular attention will be paid to establishing fees and fee levels which will enable the enforcement of building codes and blight prevention codes.

Invest in necessary improvements to the City's public safety, utility, technology, and road infrastructure (Strategy #8) – Major investments in the City's infrastructure are necessary if the City is to be sustainable and efficient in the future. These improvements include improvements to the Water Treatment Plant ($30 million); improvements to the Sewer system ($14 million); conversion of the 911 backbone to an 800MHz system ($2.5 million); and an upgrade to the City's Information technology infrastructure ($1 million). Implementation will require incorporation of future debt service into the City's financial plans and dedication of personnel to accomplish them.

Restructure the City organization to reduce costs and increase efficiency (Strategy #9) - Several cost saving strategies have already been implemented, including the elimination of the Civil Service Commission and the Ombudsman Office. For operational purposes, the City is being reorganized into 3 major divisions: Public Safety, Infrastructure, and Finance/Administration. Within this context, further organizational changes are being evaluated, including consolidation of Human Resources and Risk Management; Treasury and Income Tax; and Human Relations and Mayor's Office. Operations within the Finance Department will be restructured as necessary to address internal control issues identified in the recent audit.

Evaluate City services and delivery systems within the context of collaboration and consolidation (Strategy #10) – The location of City offices in such close proximity to County offices begs for a thorough evaluation of collaboration and consolidations. Areas which have been broached in recent times include consolidation of 911 services; collaboration in water delivery and provision of paramedic services; consolidation treasury and collection functions; information technology; purchasing; building inspection and code compliance; and fleet management. Regular meetings have been established with County Commissioners, the Emergency Manager, and others to explore these potentials. The potential of EVIP funding and the interest of the Mott Foundation may make it possible to fully explore these potentials in a short period of time.

PRELIMINARY DRAFT - FLINT DEFICIT ELIMINATION ACTION PLAN

2/13/2012

Utilize and manage grants to the fullest extent possible (Strategy #11) – Grant administration has been an ongoing area of concern. New leadership has been designated and new processes for monitoring are being implemented to assure that grants are appropriately managed and that the City is actually receiving the funds to which it is entitled. Beyond current grant administration, however, there is a need for a resource dedicated solely to searching out and applying for potential grants to assist the City in its recovery and in establishing its path to continued sustainability.

GRANT MATCH?

NO DEFICIT ELIMINATION GRANTS!

Inventory City assets and dispose of those identified as surplus (Strategy #12) - Little direct attention has been paid to disposing or repurposing surplus assets owned by the City. Continuing to maintain them for no purpose takes City resources and forestalls the use of their value for other purposes. Dedicated attention to disposing of such assets, such as the Genesee Towers property, and the apparently oversized fleet, will provide a revenue source for other critical capital projects.

ONE-TIME REVENUE,

WHO IS THE MARKET

Identify sources for increased revenue streams (Strategy #13) – It is clear that the City's revenue stream, composed primarily of property tax, income tax, and state shared revenues, will not be sufficient – at least for the foreseeable future - to enable the City to provide the level of services desperately needed to once again become a sustainable community. An evaluation of unlevered taxing authority will be undertaken to determine if millage rates can be increased to offset falling assessments. Consideration will be given to whether or not to seek legislative approval to increase the local income tax rate, and discussions will continue with the state to determine in what areas the state can provide programmatic and financial assistance.

← WHAT IS THE LEVEL OF SUSTAINABLE

Support economic development and community development activities which improve Flint's ability to attract and retain residents, businesses, and visitors (Strategy #14) – It is not likely that the City will have much in the way of funds to support these types of efforts. It does not mean that, however, that City officials cannot devote some of their time towards these efforts, and that the City cannot work to foster others to continue this essential effort. This is also an area where state assistance can be extremely valuable.

COMM. DEV. POSSIBLE

IMPLEMENTING THE PLAN

Each of the objectives and strategies identified above will help define the spending plan for FY13. As the process of developing the FY13 budget progresses, the financial and programmatic implications of potential decisions will become clearer. This section will track those implications and their feasibility as to incorporation into the budget.

1 Issue Fiscal Stabilization Bonds:
2. Reduce FY12 deficit
3. Establish base revenue and expense projections for FY13
4. Define basic and affordable level of public safety
5. Identify potential Charter and ordinance revisions
6 Implement new labor contracts
7. Transfer administration of FERS to MERS
8. Restructure trash pick-up
9. Restructure water supply delivery system
10. Reduce costs of operating the sewer system
11. Reduce costs of operating the park system
12. Implement new/increased fee schedules
13. Implement new/increased fees to support code compliance and blight enforcement
14. Invest in infrastructure improvements
15. Restructure the city organization
16. Establish new City/County partnerships
17. Establish new public/private partnerships
18. Utilize and manage more grants
19. Inventory city assets and dispose of surplus
20. Assess potential of new or increased sources of revenue for city services
21. Establish Budget Stabilization Fund
22. Support economic development activities
23. Support community development activities

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Tuesday, February 14, 2012 4:37 PM
To: Boyne, David (Treasury)
Subject: FW: Flint KWA

I think there was a bond buyer article about the Flint water sys. Can you try to track it down.

From: Chris Brown [mailto:CBrown@detroitmi.gov]
Sent: Tuesday, February 14, 2012 3:22 PM
To: Saxton, Thomas (Treasury); Stibitz, Brom (Treasury)
Cc: Shalena Garrett
Subject: Fwd: Flint KWA

Hi Tom and Brom
I dealt with #1 and told him its in the works.
Pls help with #2
thx
Chris

Chris Brown
Chief Operating Officer
City of Detroit
Office of Mayor Dave Bing
1126 Coleman A. Young Municipal Center
Detroit, Michigan 48226
(313) 224-0766 (Office)
(313) 224-7255 (Fax)
CBrown@detroitmi.gov
>>> "Fausone, Jim" <JFausone@fb-firm.com> 2/14/2012 2:57 PM >>>
Chris - (1) Where are discussions on the sewer bonds w Dillon & Saxton?

(2) Fyi - *http://www.mlive.com/news/flint/index.ssf/2012/02/flint_emergency_manager_michae_14.html*

Flint EM & Andy Dillon have had discussions per the article.

James G. Fausone

FAUSONE BOHN, LLP

41700 West Six Mile Road, Suite 101
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(248) 380-3434 fax
jfausone@fb-firm.com
www.fb-firm.com

Check out our Legal Help for Veterans practice group at www.legalhelpforveterans.com or
www.youtube.com/legalhelpforveterans

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Friday, February 17, 2012 4:37 PM
To: Dillon, Andy (Treasury)
Cc: Stibitz, Brom (Treasury)
Subject: Detroit Water & Sewer - also from the Freep...
Attachments: Flint Water Bond Buyer 011312.pdf

This proposal/study by Flint (which I assume you guys are aware of) could impact DWS future deals. It could be a disclosure issue on the deal coming up. Is this a real possibility ?

Brace for water rate boost

February 17, 2012 |
6 Comments

HOW YOUR WATER RATE COULD CHANGE

Here are the percentage changes in water rates released Thursday by the Detroit Water and Sewerage Department. The figures are preliminary and still must be approved by the Detroit Board of Water Commissioners before taking effect July 1. The Detroit figure is the change in the retail rate. Suburban figures represent the change in the wholesale rate that a community pays Detroit. Suburban customers also pay additional charges levied by their communities to fund the local water system.

COMMUNITY	Proposed water rate percentage change
Detroit	10.3%
Average suburban wholesale rate	7.9
Allen Park	8.5
Ash Township	8.5
Auburn Hills	8.3
Belleville	7.2
Berlin Twp.	8.5
Brownstown Twp.	8.0
Canton	8.3
Center Line	7.4
Chesterfield Twp.	9.0
Clinton Twp.	9.2
Commerce Twp.	3.8
Dearborn	8.6
Dearborn Heights	8.7
Eastpointe	7.9
Ecorse	0.4%
Farmington	8.3
Farmington Hills	7.9
Ferndale	5.2
Flat Rock	1.1
Flint	9.0
Fraser	8.5
Garden City	8.2
Gibraltar	11.1
Greater Lapeer	8.1
Grosse Ile Twp.	7.4
Grosse Pte. Park	11.2
Grosse Pte. Shores	28.9
Grosse Pte. Woods	9.6
Hamtramck	6.7
Harper Woods	-1.8
Harrison Twp.	13.0
Hazel Park	-12.7%
Huron Twp.	8.7
Inkster	13.0
Keego Harbor	7.4
Lenox Twp.	6.7
Lincoln Park	8.6
Livonia	8.9
Macomb Twp.	9.1
Madison Heights	6.0
Melvindale	7.9
New Haven	0.7
Northville	8.3
Northville Twp.	8.2
Novi	4.4
Oak Park	9.0
Oakland Co. Drain	7.0
Orion Twp.	9.9
Plymouth	8.1
Plymouth Twp.	-24.2
Pontiac	18.9
Redford Twp.	8.0
River Rouge	2.0
Riverview	7.6
Rochester Hills	8.1
Rockwood	8.3
Romeo	-3.1
Romulus	7.3
Roseville	8.1%
Royal Oak Twp.	3.6
Southeastern Oakland Co. Water Authority*	8.9
Shelby Twp.	9.0
South Rockwood	7.4
Southgate	8.0
St. Clair-Burtchville	29.8
St. Clair-Greenwood	9.7
St. Clair Shores	8.5
Sterling Heights	9.0
Sumpter Twp.	-11.9
Sylvan Lake	16.6
Taylor	8.9
Trenton	10.3
Troy	8.3
Utica	8.2
Van Buren Twp.	28.4
Walled Lake	7.7
Warren	8.9
Washington Twp.	8.4
Wayne	9.4
West Bloomfield	8.4
Westland	8.4
Wixom	7.9
Woodhaven	8.8
Ypsilanti Authority	8.7

Note: Percentages have been rounded.

*The Southeastern Oakland County Water Authority includes member communities of Berkley, Beverly Hills, Bingham Farms, Birmingham, Clawson, Huntington Woods, Lathrup Village, Pleasant Ridge, Royal Oak, Southfield and Southfield Township and the contract communities of Bloomfield Hills and Bloomfield Township.

SOURCE Detroit Water and Sewerage Department

MARTHA THIERRY/DETROIT FREE PRESS

By Eric D. Lawrence

Detroit Free Press Staff Writer

- Filed Under

- Local News
- Metro Detroit
- Grosse Pointe

SEWAGE DISPOSAL SYSTEM RATE CHANGES

COMMUNITY	Proposed rate percentage change
Detroit	9.9%
Average suburban wholesale rate	6.7
Allen Park	12.2
Center Line	6.2
Dearborn East	4.6
Dearborn West	2.9
Dearborn E.*	-1.2
Dearborn N.E.*	7.3
Evergreen-Farmington	6.6
Farmington	8.4
George W. Kuhn Drainage Dist.	3.5
Grosse Pte. City*	2.9
Grosse Pte. Farms*	3.9
Grosse Pte. Park	-1.8
Hamtramck*	5.5
Harper Woods*	9.7
Highland Park*	3.0
Oakland-Macomb Interceptor Drain	10.9
Melvindale	8.8
N.E. Wayne County	4.9
Rouge Valley	6.5
Redford Township*	4.2
Wayne County #3*	4.9
Wayne County #6*	3.9

*Denotes system meters.

SOURCE: Detroit Water and Sewerage Department

MARTHA THIERRY/DETROIT FREE PRESS

ZOOM

More

Harrison Township Supervisor Kenneth Verkest contemplated a proposed 13% water rate increase for his Macomb County community from the Detroit Water and Sewerage Department on Thursday.

"Thirteen percent seems kind of heavy," he said.

Harrison Township, like dozens of other metro Detroit communities, is reviewing the rates the department proposed for the 2012-13 fiscal year that begins in July. The department hosted a meeting Thursday to discuss the changes.

Suburban wholesale rates would average a 7.9% hike and Detroit retail rates would increase by 10.3%. The Board of Water Commissioners is expected to decide on the rates in March.

Within the averages is wide variation, with rate hike recommendations at 28.9% in Grosse Pointe Shores and 28.4% in Van Buren Township to rate decreases of 12.7% in Hazel Park and 24.2% in Plymouth Township.

Plymouth Township Supervisor Richard Reaume noted that the change followed a massive 40% increase last year. In addition to negotiating with the department on system improvements, credit should go to residents, he said.

"Residents took heed that they should use water in off-peak hours," Reaume said.

Because of the change, the township might be able to pass on a double-digit water rate decrease to its customers, he said.

That potential decrease highlights the way in which the water rates translate into customer bills. Although Detroit sets rates for communities based on their projected usage and investment costs, the individual communities set the final total. Officials said that, in general, Detroit Water and Sewerage rates represent about half the actual bill a residential customer receives, with individual communities adding fees.

The overall increase in water rates is caused by factors such as increased operating costs and a lower volume of water sales.

Sewer rates also are increasing for most areas, although two areas would see modest decreases. The system as a whole would see an overall 8.5% increase, while City of Detroit retail customers should see a 9.9% hike and suburban wholesale customer rates are expected to increase overall by 6.7%.

State Rep. Kurt Heise, R-Plymouth Township, said Detroit's system was built decades ago for a population and an industrial base that no longer exist.

"It could have been worse, but it's going to be unacceptably high for many customers in the region," Heise said. "More needs to be done to control costs to create greater efficiencies, to reduce legacy costs and possibly sell off the system."

Heise introduced a bill last year that would abolish the Board of Water Commissioners and have the system run by a regional authority. That bill remains in committee.

Bart Foster, who works as a consultant to the department, said that suburban communities currently help shape the way rates are determined.

"The folks in this room ... not only get it," Foster said of the people at Thursday's meeting, "they were involved in developing the philosophy."

Goodrich, Harlan G. (Treasury)

From: Barton, John (Treasury)
Sent: Friday, March 02, 2012 8:14 AM
To: Goodrich, Harlan G. (Treasury)
Subject: FW: City of Flint Part I application for DWRF loan#7310-01: 4Q FY2012

Harlan,

Please see the note below from DEQ regarding Flint. Do you foresee any issues?

Thanks
John

From: Worthington, David (DEQ)
Sent: Thursday, March 01, 2012 4:15 PM
To: Barton, John (Treasury); Barton, John; Bowman, Matthew (Treasury)
Cc: Mahnke, Bettie (Treasury); Butler, Sonya (DEQ); Worthington, David (DEQ)
Subject: FW: City of Flint Part I application for DWRF loan#7310-01: 4Q FY2012

John or Matt,
Just double-checking to see if you got this earlier note reprinted below. Do you foresee a concern about the LAFD etc. for Flint that would require extra early attention? Let me know if you have any questions, but please respond to me or Sonya if you can. If there might be a problem, perhaps it could be discussed at a future MFA/DEQ joint meeting?
Thanks, David

David J Worthington, Project Manager
Department of Environmental Quality
Resource Management Division
Revolving Loan Section
Phone: (517) 373-4728
Fax: (517) 335-0743
E-mail: worthingtond@michigan.gov

From: Worthington, David (DEQ)
Sent: Thursday, February 23, 2012 10:40 AM
To: Barton, John (Treasury)
Cc: Butler, Sonya (DEQ); Jansma, Wendy (DEQ); Worthington, David (DEQ)
Subject: City of Flint Part I application for DWRF loan#7310-01: 4Q FY2012

Hi John;

Just a heads-up that another financially-strapped community, the city of Flint, is coming in with an application for a DWRF loan and "principal forgiveness" in the 4th quarter of 2012. Although my project schedule (see attached copy) with Flint does not require a Part I submittal until May 24, 2012, Wendy warned me that the city could need extra time to get LAFD approval and that they will need to be fully aware of the need for early submittal of a "long form" LAFD application as well as a budget "deficit reduction plan." As you probably know, the governor appointed Michael K. Brown as the emergency financial manager for the city of Flint, and he is acting as the authorized representative for the DWRF loan project as well. Perhaps you know who the city's bond attorney is and can alert him/her of the early deadlines for LAFD. What would you recommend we tell the city as far as anticipated deadlines for the "long form" and deficit reduction plans? I'll be happy to pass the word on for you once I know your expectations. We are trying really hard to get Flint to jump through all the right hoops and get this project off the ground with a big chunk of "forgiveness" as a bonus.

Thanks!
Note: the attached DWRF schedule is an unsigned draft copy, but Mr. Brown and DEQ have signed it and the dates have not changed.

David J Worthington, Project Manager
Department of Environmental Quality
Resource Management Division
Revolving Loan Section
Phone: (517) 373-4728
Fax: (517) 335-0743
E-mail: worthingtond@michigan.gov

Pleyte, Beth (Treasury)

From: Fraser, Roger (Treasury)
Sent: Monday, March 19, 2012 10:37 AM
To: Barrett, Thomas (Treasury); Dillon, Andy (Treasury); Hichez, Amy (Treasury); Koryzno, Edward (Treasury); Headen, Frederick (Treasury); Stibitz, Brom (Treasury); Saxton, Thomas (Treasury); Schafer, Suzanne K. (Treasury); Dempkowski, Angela (Treasury)
Subject: RE: Local Government 3-19
Attachments: Local Government Agenda for 3-19.doc

The attached agenda is an updated version of what Tom sent out. Ed was looking at the Hamtramck and Allen Park sections for updates.

From: Barrett, Thomas (Treasury)
Sent: Monday, March 19, 2012 9:59 AM
To: Dillon, Andy (Treasury); Hichez, Amy (Treasury); Koryzno, Edward (Treasury); Headen, Frederick (Treasury); Stibitz, Brom (Treasury); Saxton, Thomas (Treasury); Fraser, Roger (Treasury); Schafer, Suzanne K. (Treasury); Dempkowski, Angela (Treasury)
Subject: Local Government 3-19

Attached is the agenda for today's meeting.

Tom Barrett
517-241-2840

Local Government Meeting Agenda, Tuesday March 13th

Allen Park

On Tuesday, March 13th, City Council voted to have the City Attorney, Finance Director and Administrator create a letter requesting that the Michigan Department of Treasury send in a preliminary review team. Approval could be made at the next meeting on March 20th.

City of Benton Harbor

Meeting scheduled for March 29st – Andy attending; preparation; other staff?

Benton Harbor Area Schools

City of Dearborn Heights

City of Detroit – Update - Brom

Detroit Public Schools

East Detroit Schools

Ecorse

Flint

TRO – Mike Brown off duty. Hearing this week.
Labor issues being worked – Meet and Confer sessions for 5 of 7 contracts ongoing.
Karegnondi Water Authority – Request for Flint participation in Engineering study paused.
Revised DEP due April 6, along with FY12-13 budget.
New Public Safety Administrator due around April 1.

Highland Park City

Substantial Accounts Payable situation
Long term Strategy-Roger
Police alternatives – Discussion with Col. Etue
Staff support

Highland Park Schools

Hamtramck

Fiscal analysis arrangement
Revenue Sharing Advance and TAN; agreement on spending reductions
The proposed March 13, 2012 Hamtramck city council agenda has the following under "New Business":

7. RESOLUTION TO SUBMIT A REQUEST FOR STATE OF MICHIGAN FINANCIAL REVIEW FOR HAMTRAMCK. Placed on the agenda by Councilmember Zwolak.

Inkster
Emergency Loan Board meeting scheduled for the week of March 19th
Call ahead to other board members-Andy

Muskegon Heights Public Schools

City of Pontiac
Judgment levy impact on fiscal condition
Note from Lou on Pontiac Schools
Feedback on Public Safety employees

Pontiac School District
Tom Saxton recommended to MDE to approve the DEP and begin PA 4 review immediately
Note from Lou

City of River Rouge

Wayne County
DEP submitted; T.A.N. needed - Suzanne
Ability to delay tax auctions to preserve property values?

One Page Reports
Pontiac- tweak to include Judgment Levy in 2011
Add projection about when each local unit could or is expected to break even
Include Index on cover page
Tom Saxton and Brom to update schools on watch list
Add East Detroit Schools to the list

Additional
EM transition law update
Signature count progress-Brom
Open ended Statement of Work regarding fiscal analysis of struggling local units-Brom and Fred

Watch List:

Bedford Township

City of Jackson

City of Muskegon Heights – update from Ed

Royal Oak Township

Harper Woods

Pleyte, Beth (Treasury)

From: Fraser, Roger (Treasury)
Sent: Monday, March 26, 2012 2:19 PM
To: Barrett, Thomas (Treasury); Dillon, Andy (Treasury); Hichez, Amy (Treasury); Koryzno, Edward (Treasury); Headen, Frederick (Treasury); Stibitz, Brom (Treasury); Saxton, Thomas (Treasury); Schafer, Suzanne K. (Treasury); Dempkowski, Angela (Treasury)
Subject: RE: Proposed Local Government agenda for March 27th

See below.

From: Barrett, Thomas (Treasury)
Sent: Monday, March 26, 2012 12:53 PM
To: Dillon, Andy (Treasury); Hichez, Amy (Treasury); Koryzno, Edward (Treasury); Headen, Frederick (Treasury); Stibitz, Brom (Treasury); Saxton, Thomas (Treasury); Fraser, Roger (Treasury); Schafer, Suzanne K. (Treasury); Dempkowski, Angela (Treasury)
Subject: Proposed Local Government agenda for March 27th

Please email me back with any updates or changes and I can send out a final draft ahead of tomorrow's meeting.

Local Government Meeting Agenda, Tuesday March 27th

Allen Park
City council voted March 20th to request a preliminary review under PA 4. Allen Park is also asking voters to approve a Headlee override in May. This review request should not be considered timely until after the May election.

City of Benton Harbor
Meeting scheduled for March 29st – Andy attending

Benton Harbor Area Schools

City of Dearborn Heights

City of Detroit – Update – Brom and Andy

Detroit Public Schools

East Detroit Schools

Ecorse

The City of Ecorse experienced three events in 2011 that resulted in a surplus in the general fund of $1,049,706:

Issuance of Judgment levy	$9,315,146
Receipt of Emergency Loan	$2,000,000
Charge off of an Interfund Payable	$5,364,984
Total	$16,680,130

The judgment levy is for two more years. It was issued to pay other local units for property tax collections Ecorse "borrowed" rather than distribute to the other units. Joyce anticipates a balanced budget even after these one-time receipts expire.

Flint

Status of appeal on Aquilina's order? Court of Appeals required plaintiff response by 9:30 this morning. Seems to signal early consideration by COA.

Mayor and City Council in charge. Possible effects on:

- Karegnondi Water Authority – Still on hold.
- Revised DEP due April 6, along with FY12-13 budget.
- New Public Safety Administrator due around April 1

Highland Park City

Long term Strategy-Roger

Police alternatives – Discussion with Wayne County Sheriff (for Hamtramck also)

Highland Park Schools

Hamtramck

Potential for partnership with Highland Park for Wayne County sheriffs

City council meeting last week: RESOLUTION TO PLACE A PUBLIC SAFETY MILLAGE ON THE AUGUST 2012 PRIMARY and RESOLUTION TO SUBMIT A REQUEST FOR STATE OF MICHIGAN FINANCIAL REVIEW FOR HAMTRAMCK. The first item failed because there was no second for the motion and the other was voted down.

Inkster

Emergency loan. Ed and I met last week with Skuldreyer who expressed concern with the compliance with the Consent Decree. Ed and I will be in Inkster on Thursday to meet with key officials to try to assess and improve circumstances as needed.

Muskegon Heights Public Schools

City of Pontiac

Judgment levy impact on fiscal condition. Lou Schimmel believes he needed this year's levy to keep from adding to the deficit. Will have enough spending cuts in place to avoid a levy next year.

Pontiac School District

Partnership with Waterford schools? Lou contacted Waterford Schools last week advising that we thought it was a good thing to do. Today, Lou was under the impression that Waterford had not done anything with the information and would call to encourage them.

City of River Rouge

Wayne County

Revenue Sharing advance

Delinquent tax revenue?

Last week, the approvals were made on a conditional DEP and for the TAN. An escrow account is part of the deal, as planned. The audit came in as scheduled, showing the County's GF deficit increasing by $53 million, as compared to their $20 million forecast.

Additional

One page reports update

Watch List:

Bedford Township

City of Jackson

City of Muskegon Heights – update from Ed

Royal Oak Township

Harper Woods - Ed visited Harper Woods last week. He will report details. No payroll crisis was found, but near term financial issues are likely.

Stanton, Terry A. (Treasury)

From: Dawn Jones <dfjones@cityofflint.com>
Sent: Thursday, March 29, 2012 3:11 PM
To: Stanton, Terry A. (Treasury)
Subject: News story regarding Flint water deal

Hi Terry:

I hope this correspondence finds you well. I just wanted to send you a note, on behalf of Mike, to let you know that today's newspaper headline is a little misleading. We have not "inked" THE water deal (Keregnondi). Of course, this will not and can not be done without the State's approval.

Today's article is about a longstanding agreement with the county to provide back-up water services in case of an emergency for present day use, not any future use. This agreement had been in place, but never executed. Now that Mike has signed off on it, the city will generate revenue from the agreement.
http://www.freep.com/article/20120328/NEWS06/120328011/Genesee-County-Flint-River-water

On another note, tomorrow is my last day with the City of Flint. I am returning to television. It has been a pleasure working with you and I hope our paths cross again in the future.

Now that I will soon be a working member of the media again, I would like for you to add my e-mail address to your media distribution list [redacted]. My cell number is (810)[redacted]

--
Flint: Strong and Proud
****
Dawn Jones
Public Information Officer
phone [redacted]
e-mail dfjones@cityofflint.com
[redacted]
website www.cityofflint.com
blog www.flintem.blogspot.com

Pleyte, Beth (Treasury)

From: Barton, John (Treasury)
Sent: Tuesday, May 22, 2012 9:30 AM
To: Saxton, Thomas (Treasury)
Subject: FW: Local Government agenda & Updates

Tom,

Did you plan on having me join the local gov't meeting tomorrow?

I did talk with Brom this morning and I have Andrea looking at how to reconcile the City of Detroit reports from Rick Drumb and E&Y. I am not sure we can actually reconcile them, but we will try. If we cannot, did you want me to work with Rick to figure it out?

I also gave Brom an update on Pontiac schools. I spoke with Paul Bryant and he is working with MDE this morning to get the April and May state aid payments released. The District did submit another draw for the TAN which I left with Beth. Perhaps we can spend a few minutes today reviewing the draw and latest update from the District. Also, I have a call Thursday with the Key Bank, the purchaser of the TAN to discuss the issues. My guess is Key Bank will not provide credit in the future and it will be difficult for the District to secure another TAN.

Andrea and I have a good first draft of projected cash flows for Benton Harbor Schools through August 2013, I am pretty stacked up today, but should be able to have it ready for review sometime tomorrow.

Thank you
John

From: Stibitz, Brom (Treasury)
Sent: Tuesday, May 22, 2012 8:07 AM
To: Barrett, Thomas (Treasury); Dillon, Andy (Treasury); Hichez, Amy (Treasury); Koryzno, Edward (Treasury); Headen, Frederick (Treasury); Saxton, Thomas (Treasury); Fraser, Roger (Treasury); Schafer, Suzanne K. (Treasury); Dempkowski, Angela (Treasury); Buhs, Caleb (Treasury); Stanton, Terry A. (Treasury); Barton, John (Treasury)
Subject: RE: Local Government agenda for Wednesday- Please review

Some suggestions

From: Barrett, Thomas (Treasury)
Sent: Monday, May 21, 2012 4:17 PM
To: Dillon, Andy (Treasury); Hichez, Amy (Treasury); Koryzno, Edward (Treasury); Headen, Frederick (Treasury); Stibitz, Brom (Treasury); Saxton, Thomas (Treasury); Fraser, Roger (Treasury); Schafer, Suzanne K. (Treasury); Dempkowski, Angela (Treasury); Buhs, Caleb (Treasury); Stanton, Terry A. (Treasury); Barton, John (Treasury)
Subject: Local Government agenda for Wednesday- Please review
Importance: High

Please review these items below and advise of any changes ASAP:

Allen Park
City council did not approve the Emergency Loan Application last week and city administrator resigned effective May 31st
Preliminary review tentatively scheduled to begin on May 29

City is required to submit an updated DEP that does not include revenues from the millage, which failed earlier this month

City of Benton Harbor
Charter Amendment plan
Legislator contact- Fred
Millage Issue, Financial Crisis
EM Transition

Benton Harbor Area Schools
Met with the Superintendent and Plante Moran on May 17th to review cash flow and outstanding district liabilities
Updated cash flows to be sent June 1
Indicated the request to borrow 70% of their state school aid is not acceptable
Assessing long- term restructuring of the District's state aid note

City of Dearborn Heights
Deficit elimination plan approved. The plan is a combination of a successful Headlee override and 10% salary reductions.

City of Detroit
Has submitted a new application for borrowing (a continuation of the previous borrowing). Staff is working with the City to obtain all the necessary documents.
Delay in appointing certain positions
Financing issues

Detroit Public Schools
PA-72 concerns, possible removal of academic appointees
District has completed the refinancing of the 2005B bonds
Detroit has indicated a possible need for a proposed cash flow borrowing in August/September
They have been advised of our concerns and that it needs to be documented
School Board status

East Detroit Schools
Continue to monitor cash flow, should be okay through the end of school year

Ecorse
Long term transition plan

Flint
The City is projecting an $18M accumulated deficit for the fiscal year ending June 30, 2012 and has submitted a deficit elimination plan. The City plans to issue $19M in fiscal stabilization bonds over a two year period ($9M in 2012 and $10M in 2013). The city is reducing its workforce by 21% (147 employees) and is projecting a $4M savings from changing health care benefits. The City bluntly states that it cannot eliminate its deficit in the water/sewer fund, i.e. it

cannot raise its rates high enough. The water and sewer funds are not making their OPEB payments, which results in an increasing deficit. But for the water/sewer fund deficit, the DEP is reasonable.
Privatization and Consolidation efforts
EM succession issue
Universal Retirement Healthcare product

Highland Park City
Tony Saunders is working under state contract with the Mayor and city staff on several projects: moving water system to DWSD, negotiating collective bargaining agreements, balancing the GF budget and reducing health care expenses.

Highland Park Schools
Developing financial plan and related documents to implement charter district
Scheduling weekly conference calls
Cash appears to be good through July/August

Hamtramck
Pierce Monroe study completed. City projected to have $2.5-$3.0 million deficit by year-end.
City Council expected to request PA 4 review this week.

Harper Woods
City council at their May 7, 2012 meeting approved moving forward with a Special Assessment District for police and fire operations.

Inkster
Stout, Risius & Ross presented operational evaluation report to city council on May 9, 2012.
City Council approved exploring consolidation of police force with Wayne County, Garden City or others at the May 11, 2012 meeting.

City of Muskegon Heights
City manager recently contacted and their financial condition is stable.

Muskegon Heights Public Schools
Developing financial plan and related documents to implement charter district
Scheduling weekly conference calls
State Aid Advance of $193,000 was made on May 8th
Cash flow remains a challenge

City of Pontiac

Pontiac School District
Labor contract negotiations
MDE withheld April and May state aid payments due to insufficient reporting related to the DEP
Preliminary Review began on May 7th and is due June 5th

City of River Rouge

Royal Oak Township

Board appointed former Supervisor Jerry Sadler, as interim Supervisor on May 7, and he will serve until November election. Per the Treasurer and Clerk, township finances are adequate with the extra voted millage approved in November 2011.

Wayne County

The County has submitted its commission approved DEP. It is under review by staff- it is likely the plan will need to be revised by the County. So far the County has complied with all of the Department's requirements for additional reporting. The monthly financial report shows that of the 17 funds with deficits, only 9 have met the projections. The general fund had a projected deficit on March 31, 2012 of $70.8M, but the actual was $80.5M. The health fund projected a deficit of $0.1M but actual is $5.2M. The general fund cash position appears to be getting worse. The deficit elimination plan includes $58M in grant administration fees. Staff is reviewing financial information for unauthorized borrowing or other significant items in the audit. Staff is also preparing SOW for financial review of County records.

Additional

Sylvan Township
Genoa Township
Garden City
Ypsilanti
Melvindale

City of Flint

Water Forum

5/31/2012

City Of Flint Water Forum

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City Of Flint Water History Facts

Current Treatment Plant was put into service in 1954.

Current 72" main pipeline was completed in 1970.

Flint signed a 30 year contract with Detroit Water and Sewer Department in the mid 1960's.

The contract with DWSD has expired and we are currently operating on a yearly extension.

In 2006 Flint completed a $48,000,000 upgrade of the existing Water Plant (required by the MDEQ & for backup only).

Flint's Water & Sewer System is approximately a $300,000,000 Enterprise.

Flint's Water & Sewer System is designed to deliver water to over 200,000 people with over 1,500 miles of infrastructure.

Flint's most recent census count shows a population of approximately 102,000 in 2010.

Flint's census population in 2000 was approximately 124,000.

The water system had over 45,000 customers in June of 1999.

The water system had just over 36,000 customers by June 2011

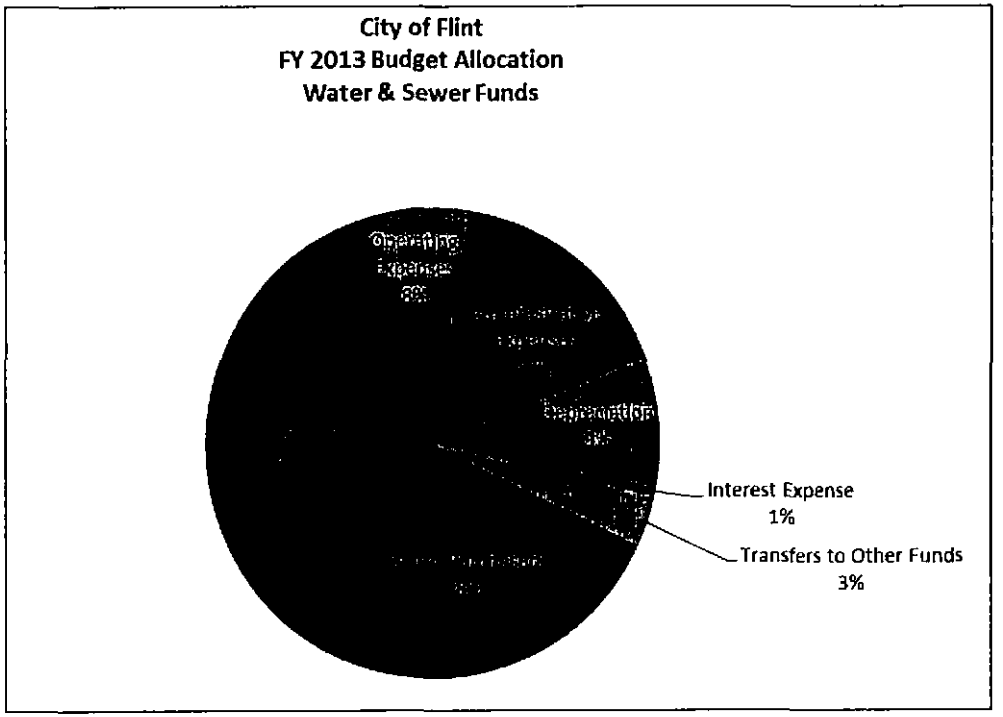
The "Fixed Costs" that must be covered to maintain the system and deliver quality water have increased over time.

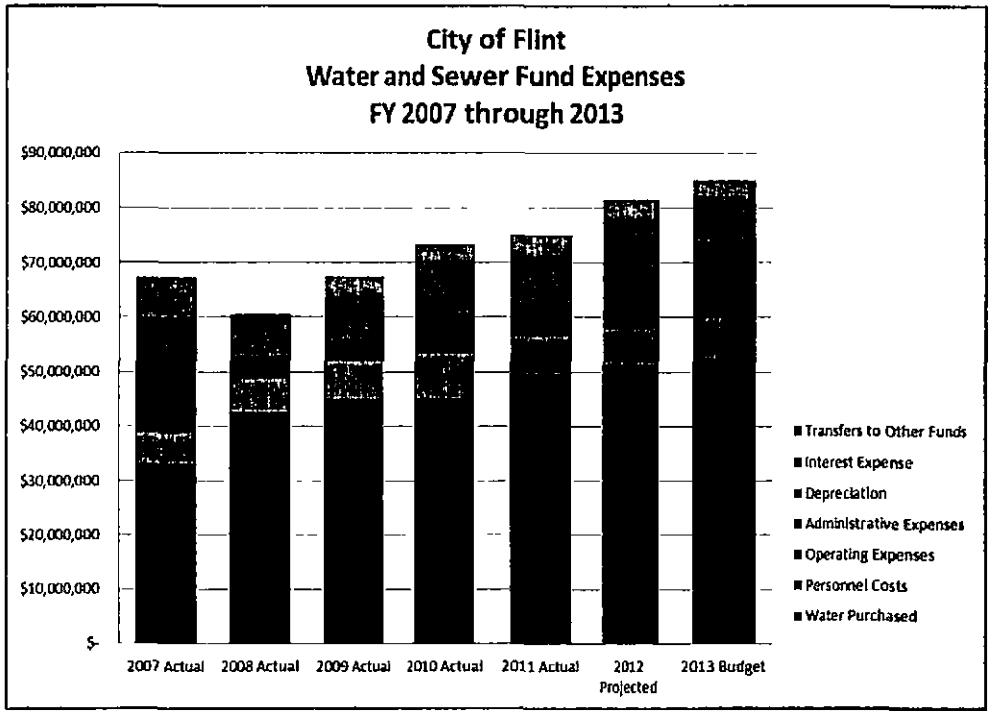
City Of Flint
Most Frequently Asked Questions about Water

- ❑ Why are the water rates so high ?
- ❑ How does my water bill work (Explanation of charges) ?
- ❑ Why do others in the area pay less for the same amount of water ?
- ❑ Where has all of the water and sewer fund money gone ?
- ❑ What do I do if I think my bill is incorrect ?
- ❑ What effect does leakage or theft have on my bill ?
- ❑ How can I report water theft ?
- ❑ Why don't we go back to using the Flint River like we once did ?

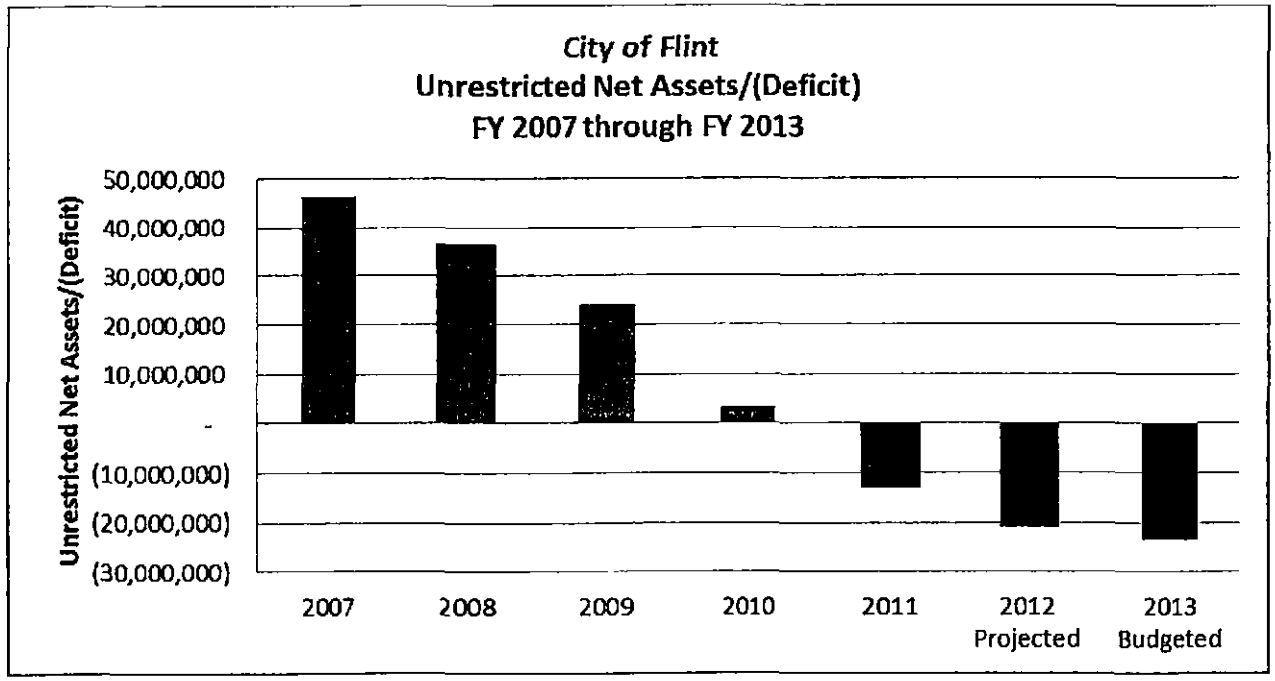
City of Flint

Budget Allocation and Fund Expenses





	Audited						
	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Projected	2013 Budget
Operating Revenues	51,090,679	51,100,332	51,906,553	47,926,589	54,385,644	67,983,044	81,734,552
Other Revenues	2,627,939	3,274,450	1,442,383	764,886	68,645	126,670	455,867
Annual Revenues	53,718,618	54,374,782	53,348,936	48,691,475	54,454,289	68,109,714	82,190,419
Water Purchased	16,052,006	16,297,871	17,421,663	17,103,752	20,919,987	21,756,787	24,031,417
Personnel Costs	17,292,444	26,302,590	27,591,206	28,149,946	28,618,817	29,640,499	28,546,350
Operating Expenses	5,355,638	6,145,119	6,950,534	8,146,390	6,917,964	6,420,260	7,259,290
Administrative Expenses	21,300,900	4,229,382	3,403,231	7,327,630	6,221,627	11,465,462	14,140,047
Depreciation	7,217,142	7,132,870	8,364,022	8,854,889	8,689,809	8,615,000	7,500,000
Interest Expense	86,632	485,499	868,031	812,270	754,890	705,150	644,314
Transfers to Other Funds	-	-	2,990,000	2,990,000	2,990,000	2,990,000	2,990,000
Annual Expenses	67,304,762	60,593,331	67,588,687	73,384,877	75,113,094	81,593,158	85,111,418



	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Projected	2013 Budget
Revenues	53,718,618	54,374,782	53,348,936	48,691,475	54,454,289	68,109,714	82,190,419
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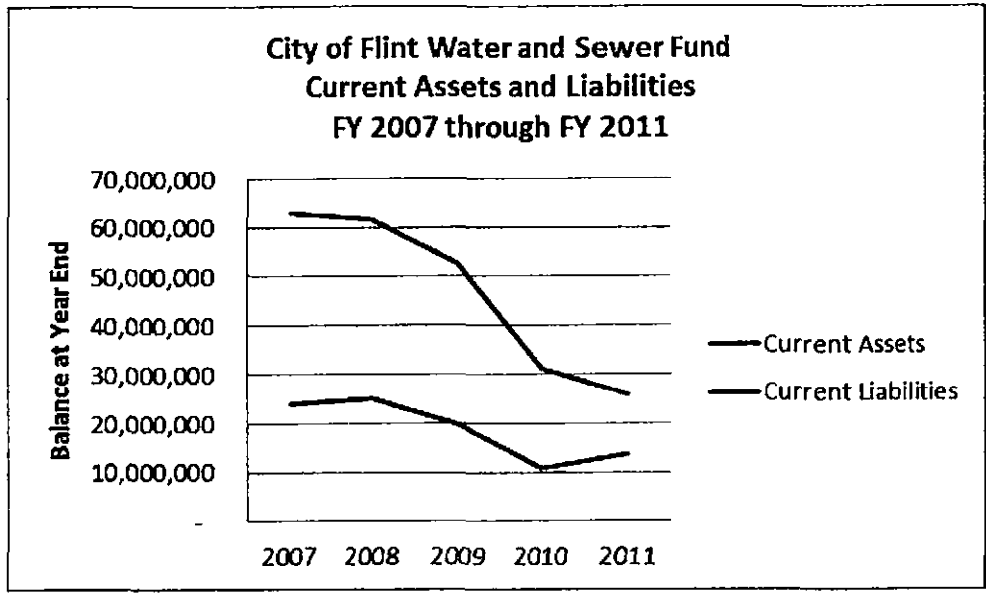
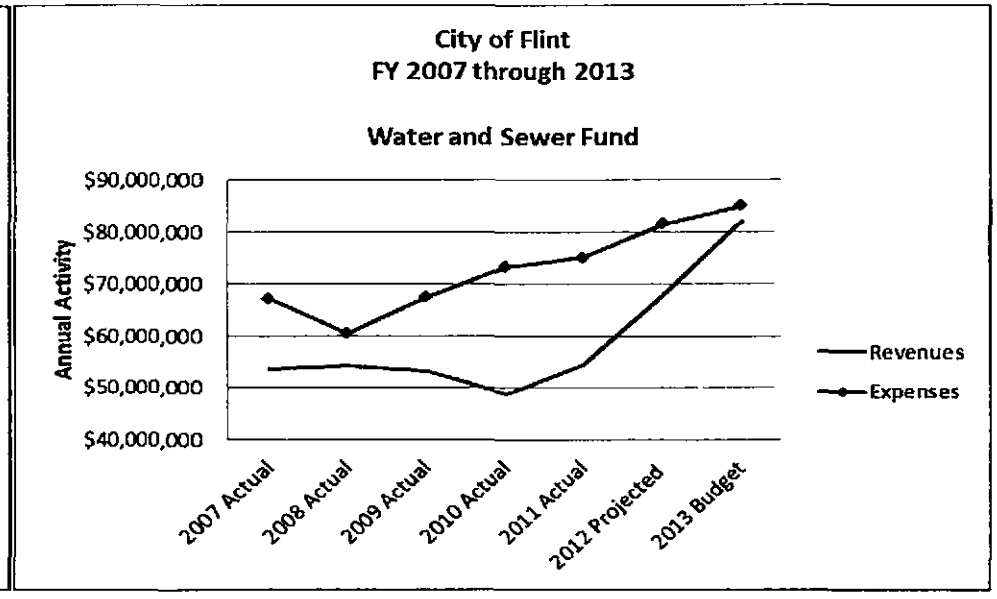
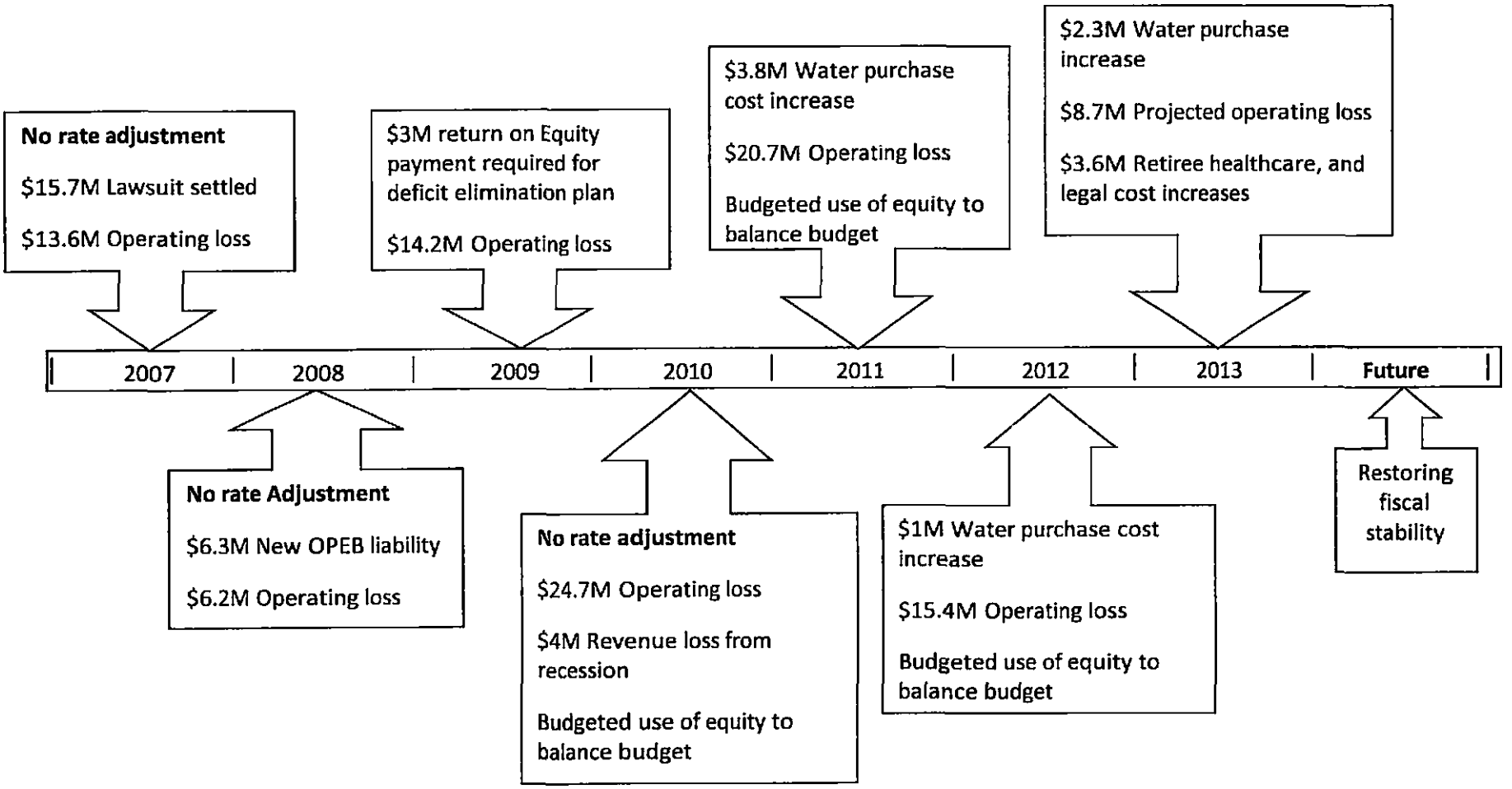




City of Flint

Recent Timeline of Water and Sewer Funds

FY 2007 through 2013



City of Flint- Water and Sewer System Additional Asset / Revenue Data

The average annual residential water sewer bill in FY2005 was less than $700 annually
The average annual residential water/ sewer bill in FY13 will be nearly $1,700

Expenses have exceeded revenues every year since 2006:

FISCAL YEAR	Rate Base	Revenues	Expenses	Revenues Minus Expenses	Unreserved System Equity	FACTORS IMPACTING SOLVENCY			COST IMPACT
2006	2005	$55,204,242	$50,933,792	**$4,270,450**	**$60,340,013**				
									(millions)
2007	2005	$53,856,857	$67,442,993	($13,586,136)	$46,399,452	No rate adjustment			??
						$15.7 million lawsuit settlement	15.7	0	$15.7
2008	2005	$54,374,781	$60,593,331	($6,218,550)	$36,482,488	No rate adjustment			??
						OPEB liabilities added	3.6	2.7	$6.3
2009	2009	$53,488,463	$67,728,218	($14,239,755)	$24,023,065	ROE payment added as part of City [	1 9	1.1	$3.0
2010	2009	$48,820,329	$73,513,725	($24,693,396)	$3,531,768	No rate adjustment			??
						Use of retained earnings budgeted	12.5	0.5	$13.0
						Revenue lost due to recession	2	2	$4.0
2011	2011	$54,527,079	$75,185,879	($20,658,800)	($12,866,607)	Use of retained earnings budgeted	7.1	3.5	$10.6
	2011					Water purchase cost increase	0	3.8	$3.8
2012		$68,279,187	$83,682,840	($15,403,653)	($20,884,122)	Use of retained earnings budgeted	5.1	0	$5.1
						Water purchase cost increase	0	0.8	$0 8
2013	2013	$82,220,420	$90,970,420	**($8,750,000)**	**($23,379,690)**	Water purchase cost increase	0	2.3	$2 3
						RHC/Legal/Admin Cost Allocation	2.1	1.5	$3 6
				($99,279,840)					$68.2

Calculation of Water and Sewer Rates for FY13 Budget

March, 2012:

	Expense Projection Based on FY12 Costs	Revenue Projection Based on FY12 Receipts	Difference Between Projected Revenues and Expenses	Rate Increase Necessary To Close Gap
Water	$49.9	$44.4	-$5.5	12.4%
Sewer	$31.0	$21.4	-$9.6	44.9%
TOTAL	$80.9	$65.8	-$15.1	22.9%

CITY of FLINT, MICHIGAN
WATER &/OR SEWER BILL

Service at: 5810 BALDWIN BLVD

TREASURER
CITY OF FLINT
P.O. BOX 1950
FLINT, MI 48501

PRESORTED
FIRST CLASS MAIL
US POSTAGE PAID
CITY OF FLINT

3419 Active

ACCOUNT NUMBER	DUE DATE
BALD-005810-0000-01	02/28/2012

NET AMOUNT DUE
147.85

Seq=3138

**AUTO [redacted]

RETURN THIS STUB WITH YOUR PAYMENT

00000376810000014785022820120000014913777O6

KEEP THIS PORTION FOR YOUR RECORDS

LAST READ/DATE/TYPE		NEW READ/DATE/TYPE		CONS	SERVICE	CHARGE
361	01/05/2012 A	383	02/03/2012 A	2	Sewer Non-metered	6.62
					Sewer Svc Chrg	22.07
					Water	13.36
					Water Svc Chrg	19.36

Prev. Balance	161.08
Payments	-75.00
Adjustments	0.00
Current Penalty	0.36
New Charges	61.41
Total Due	147.85
Due Date	02/28/2012

ACCOUNT: BALD-005810-0000-01 SERVICE AT: 5810 BALDWIN BLVD

PENALTY ASSESSED 30 DAYS AFTER DUE DATE

CITY OF FLINT
DEPARTMENT OF FINANCE

Customer Service Center

Dayne Walling
Mayor

Douglas Bingaman
Treasurer

CITY OF FLINT
WATER NON-PAYMENT TURN-OFF POLICY

1. Water services to any customer may be shut off if the account is not paid until after 30 days after the due date. (City ordinance 46-52 (h))

2. Non-payment turn-offs are done only Monday through Thursday. The Customer Service Center does not schedule non-payment turn-offs on Fridays, Saturdays, Sundays, or most recognized holidays.

3. Illegal usage, broken payment arrangements and NSF (non-sufficient funds) turn-offs are done at any time without additional notice.

4. Turn-off notices are mailed to delinquent customers fifteen (15) days before actual turn-off.

5. The water customer is responsible for maintenance of all plumbing in the premises including connection to City water mains or sewer lines.

6. If a customer disputes a water bill and is unable to resolve the issue with Customer Service personnel, the customer may request an administrative review. Further information on any water account may be obtained by calling (810) 766-7015 or visiting the Customer Service Center at 1st Floor, City Hall, 1101 S. Saginaw St.

Preliminary Options for Future City of Flint Water Sources

Consider a New Negotiated Contract with Detroit Water and Sewer Department

PROS	CONS
No upfront capital costs	Lack of control over new / fixed changes
Possibility to negotiate a lower rate	Past practices
Ability to "Blend" water sources to further control costs	

Consider a Contract with the Karegnondi Water Authority

PROS	CONS
Voting member of KWA board	Capital cost (debt service)
Ability to "Blend" water sources to further control costs	Uncertainty of final costs
Raw water is an asset for attracting new buisnesses	

Blended Use of the Flint River

PROS	CONS
Helps control cost of water	

*** CURRENTLY NO DECISIONS HAVE BEEN MADE REGARDING THE FUTURE WATER SOURCE

Improvements for City of Flint Water System

Reduce Leakage

- **Finalize a Preventative Maintenance Plan**
  - (Planning started in January 2012, requires funding, … part of Operational Costs)
  - Will help identify repair area's

- **Reduce water theft**

- **Replace water meters**
  - We currently have an eighteen month plan to replace all meters with more efficient *"Smart Meters"*

- **Encourage routine household checks**
  - "Faulty" toilets are a significant reason for household water loss. and unexpected larger bills.

Other Leakage concerns

- ✓ Transmission Loss
- ✓ Fire Hydrants
- ✓ Incorrect water bills
- ✓ Non-Payment

City of Flint Water Fund

Proprietary Funds Revenues, Expenditures, and Changes in Net Assets
Fiscal Year Ended June 30

	2007	2008	2009	2010	2011	2012 Projected	2013 Budget
Current Assets	17,248,277	16,155,282	13,213,411	9,092,746	9,295,966		
Current Liabilities	7,053,131	7,039,015	6,796,178	8,287,409	11,736,286		
Capital Assets, net of accumulated depreciation	34,453,626	57,264,585	55,977,802	54,419,070	52,253,233		
Revenue Bonds, long-term portion	33,759,432	31,804,432	30,156,259	28,116,259	25,925,336		
Unrestricted Net Assets/(Deficit)	12,183,661	8,396,496	2,694,056	(5,795,973)	(12,443,265)	(13,237,665)	(12,733,233)

City of Flint Sewer Fund

Proprietary Funds Revenues, Expenditures, and Changes in Net Assets
Fiscal Year Ended June 30

	2007	2008	2009	2010	2011	2012 Projected	2013 Budget
Current Assets	45,805,754	45,515,711	39,299,954	22,199,959	16,496,427		
Current Liabilities	17,117,109	18,000,968	12,928,688	2,570,710	1,894,249		
Capital Assets, net of accumulated depreciation	76,913,051	73,794,673	74,719,675	70,200,627	65,736,675		
Revenue Bonds, long-term portion	-	-	-	-	-		
Unrestricted Net Assets/(Deficit)	34,215,792	28,085,991	21,329,011	9,327,738	(423,349)	(7,646,457)	(10,646,457)

Water and Sewer Combined

	2007	2008	2009	2010	2011	2012 Projected	2013 Budgeted
Current Assets	63,054,031	61,670,993	52,513,365	31,292,705	25,792,393		
Current Liabilities	24,170,240	25,039,983	19,724,866	10,858,119	13,630,535		

CITY OF FLINT

Infrastructure and Development

Dayne Walling
Mayor

Michael K. Brown
Emergency Manager

Howard D. Croft
Director

June 26, 2012

Sue F. McCormick
Director DWSD
735 Randolph St.
Detroit, MI 48226

Dear Ms. McCormick,

In cooperation with the Michigan Department of Environmental Quality (MDEQ) and city engineers, the City of Flint has undertaken a review of the regulatory requirements necessary to supply water to our residential and commercial customers. As part of our evaluation it was determined that the Flint Water Treatment Plant is capable of successfully "blending" or "co-mingling" water sources while continuing to provide quality drinking water to citizens.

The Flint Water Treatment Plant would require approximately $1.3 million dollars in increased expenses in order to blend as much as one third (1/3) of treated river water with two thirds (2/3) of treated DWSD water. Using the 2013 DWSD rates this would result in savings of between two and three million dollars annually based on current usage data. The MDEQ has provided Flint with written documentation supporting our blending of water sources and the potential benefit.

Given this information we respectfully request written permission from DWSD to proceed with blending treated Flint River Water with treated DWSD water.

It should be understood that our goal is to deliver both high quality and economically viable water to our customers. This goal has led us to fully consider all available options including purchasing water from the Karegnondi Water Authority and use of the Flint River. We believe that in order for an option with DWSD to be successful it is essential that along with the proposed authorization to blend water that there is a guaranteed containment of the new "fixed costs" that exist in the current fee structure. The new DWSD fixed charge of $707,000 each month regardless of amount of water used is five times the original $143,000 each month instituted only two years ago. This has resulted in the cost of water from DWSD dropping in recent years as the overall fee has increased annually by millions although our usage has continued to decline. The continuation of this trend would render our request and goals invalid.

With the current Emergency Manager condition in Flint we believe that limiting an agreement to only three years is appropriate. This time frame would also serve as an evaluation period prior to any proposed long term agreement being considered.
We appreciate your consideration and look forward to working together.

Sincerely,

Michael K. Brown
Emergency Financial Manager Flint, Mi.

CITY OF FLINT

Infrastructure and Development

Dayne Walling
Mayor

Michael K Brown
Emergency Manager

Howard D Croft
Director

June 26, 2012

Roger Fraser
Deputy State Treasurer
Lansing, MI 48226

Dear Mr. Fraser,

For the last six months the City of Flint has aggressively pursued a more economically viable way to provide quality drinking water to its customers, one of which is Genesee County. In recent years our 40 year contract to purchase treated drinking water from the Detroit Water and Sewer Department (DWSD) has expired but Flint continues to purchase water from DWSD without a signed contract or agreement.

There are several water source options currently available to Flint, each with pro's and con's which we have carefully worked to evaluate. The Flint River, the Karegnondi Water Authority (KWA) and DWSD are all options which have been given significant consideration. We have solicited information and advice from the Department of Environmental Quality (MDEQ), Oakland County officials, DWSD officials, the Genesee County Drain Commissioner, and engineering firms to assist in making this significant decision.

Briefly;

The Flint River – Using the river would require costly upgrades to our water plant (up to $60 million dollars) and would only be able to provide water to the City of Flint.

The KWA – A regional project which stands to bring raw water into the area for potential industrial growth and is expected to significantly reduce water bills but requires a yet to be determined 20 year bond commitment.

The DWSD – Negotiating a new agreement here would not require an investment but recent pricing trends, growing infrastructure problems, and cost restructuring by DWSD have all but assured this to be the most costly option.

The MDEQ has supported means such as blending water sources which offers the ability to have a measure of control over water (commodity) costs regardless of which primary source is used, but still leaves rising infrastructure costs as a concern. Given the steps we have taken, we believe that submitting a non-committal "capacity amount" to KWA in order to determine the actual construction costs of this project is the logical next step. The capacity amount is the maximum amount of water Flint anticipates using over the next 30 years and would be used to calculate Flint's percentage of construction cost.

We have included in this submission drafts of letters written to both DWSD, and KWA in which we have detailed our requests and intentions of each entity, to help further our evaluation. We would also like for the treasury to review each document and support our decision to pursue final construction costs pertaining to purchasing water from the KWA.

It should also be noted that the City of Flint is actively looking at various City/County partnerships which could have a positive impact on both the efficiency and the cost of providing quality drinking water to citizens. The discussions being held are designed to aid in the overall scope of water delivery, maintenance, infrastructure, and service throughout the County and could potentially help the current economic condition.

We appreciate your tie and attention,

Sincerely,

Michael K. Brown
Emergency Financial Manager Flint, Mi.

FLINT WATER SUPPLY FUTURE

1. Based on all our analysis, KWA presents the best opportunity for Flint for the following reasons:
    a. Because approximately 40% of Michigan's population is served by the Detroit Water and Sewer District (DWSD) system, it is in Flint's, as well as the State's, best interest for a second pipeline to be built.
    b. It is the least expensive of the alternatives and provides for relatively fixed rates for water to the Flint citizens for the next 25 years. In the first year of operations (Fiscal Year 16), the City should be able to deliver water for about the same costs as today with annual increases of less than 3%.
    c. Flint can use the Flint River for its backup and that cost is factored into the above projections.
    d. It eliminates the need to update the dams at a substantial savings to the city. A Riverfront Restoration Plan exists which deals with the elimination/replacement of the dams.
2. Use of the Flint River while feasible is risky and very expensive
    a. Significant upgrades would need to be made to the dams to insure adequate water levels during both high and low water events
    b. The cost of treating river water is more expensive than treating lake water
    c. In a study of the Flint River in 2011 it was estimated that the up front cost of Flint using the river would be $61.5 million.
3. If Flint does not participate with Karegnondi Water Authority (KWA) it will be a hostage of Detroit or the Flint River for the next 40 years.
4. The estimated cost of continuing to use DWSD water would be $19 million more than KWA over the next eight years conservatively. It is our belief that based on everything we read and hear about Detroit the rates will increase substantially more than our forecast.

5. Concerns
    a. KWA would consist of five Incorporating Board Members
        i. Genesee County
        ii. City of Flint
        iii. City of Lapeer
        iv. Lapeer County
        v. Sanilac County

    b. Only two, possibly three, municipalities would sign capacity agreements to buy water, though all would have a vote.
    c. In addition an additional ten board members will be appointed on the basis of water purchased.
    d. It is concerning that members not purchasing water could make decisions affecting those that are paying the costs.

e. In any event, Flint would be a minority voting member, with Genesee County having a majority. (The Five member incorporating board can override the decisions of the total board on some matters such as incurring debt and selling the system).
f. In the event of cost overruns after contracts are signed, the Board could vote to incur additional debt even if Flint was opposed.
g. Flint would have the option to opt out if the bids exceed the projected costs ($355,000/unit per year).
h. Based on cost estimates by KWA Flint would have to pay a one time fee of $581,400 upon signing a capacity contract and then $48,450 per month until the bonds have been sold. (Estimated to be 3 years) A total of $2.3 million will be recovered in the first year of operations under KWA.
i. At the end of the contract (40 years) KWA owns the system and has no obligation to deliver water to Flint.
j. If construction costs exceeded projections by 15% and if constructions was to be delayed by one year and the city was obligated to make its first year debt service before KWA begins operations, the city's up front costs would exceed $10 million. Given the City's precarious financial position it would be necessary to find a source of capital for this until operating savings covers it.

6. Funding sources for:
    a. $2.3 million got up front operating costs.
    b. $7,100,000 for upgrades to the water treatment plant.
    c. $8.2 million additional up front cost if there are significant cost overruns and a one year delay in water supply delivery from KWA. (This would require an additional source of capital.)

7. Next steps
    a. Finalizing a contract with KWA
    b. Continue to explore options for the operation of the Flint Water System
        i. $25,000,000 in bond debt and high legacy costs limit options

FLINT WATER SYSTEM OPTIONS

DWSD OPTION: Continue to purchase water from DWSD. Some blending with River Water.

Potential Positives:

- Purchases from DWSD are the cheapest option at the onset.
- In the event that the City experiences unexpected growth, DWSD could provide more water above current projections. The maximum MGD DWSD can provide needs to be determined.
- If the City buys water from DWSD, could the City use KWA as a backup?
- A plan to address water loss within the system needs to be developed.
- Requires no bonding by the City.
- Use of the 72" Line will lower water rates.
- No duplication of service lines.
- Flint could try to negotiate better terms with DWSD.

Potential Negatives:

- DWSD is the most expensive option by 2042.
- Not a member of the Board of Directors.
- It is unclear what the current rate Flint is paying to DWSD for water? It is also unclear how many MGD is Flint currently purchasing?
- Flint needs to determine the amount of water that the system is currently losing (estimated at 25%). How losses impact current or future purchases from DWSD needs to be determined.
    - *Flint may have begun a water meter replacement program to begin to identify some of these losses.*
- A projected cost and funding for system repairs to reduce water loss needs to be prepared.
- Overall expenditures required to cover the outlined options are going to require water rates to rise almost annually. An analysis of what rates might look like and what the capacity of the public to pay these rates might be should be performed.
- The December 21st letter from DWSD to Flint outlines some different options for Flint than what was presented by TYJT. What are the potential impacts?

KWA OPTION: Purchase Lake Huron water through the KWA Authority.

Potential Positives:

- Lower costs than DWSD in 2042.
- Excellent water quality. Requires less treatment.
- Has a management position in the authority.
- Bonding can be done through the County.
- In the event that the City experiences unexpected growth, KWA could provide more water above current projections. The maximum MGD KWA can provide needs to be determined.
- Could the City partner with KWA to increase the size of their water plant and purchase 100% of water from them and mothball the Water Plant?
- If the City buys water from KWA, could the City use DWSD as a backup?
    - *TYJT states that the MDEQ will require Flint to have a redundant water supply.*
- Could KWA purchase or lease Flint's water plant for redundancy?
- Flint could try to negotiate better terms with KWA.
- Allows cooperation with other communities via KWA.

Potential Negatives:

- Most expensive option at the onset.
- Need to determine who maintains the supply line into Flint.
- Requires 2 bond issues.
- Flint needs to determine the amount of water that the system is currently losing (estimated at 25%). How losses impact current or future purchases from KWA needs to be determined.
    - *Flint may have begun a water meter replacement program to begin to identify some of these losses.*
- A projected cost and funding for system repairs to reduce water loss needs to be prepared.
- Overall expenditures required to cover the outlined options are going to require water rates to rise almost annually. An analysis of what rates might look like and what the capacity of the public to pay these rates might be should be performed.

FLINT WATER PLANT OPTION: Utilize Water Plant for 100% of needs.

Potential Positives:

- Cheapest option in 2042.
- Water source is the river; not required to purchase water.
- Could use KWA or DWSD as back-up.
- What is the budget surplus of the City's Water Fund? Are any funds available for additional repairs, staffing, capital improvements, etc.?
- What is the current maximum production capability of the Flint Water Plant?

Potential Negatives:

- River water requires more treatment.
- Is the City's current repair/maintenance budget for the water system sufficient?
- How old is the Flint Water Plant? What is its projected lifespan?
- What is the current annual cost to run the plant?
- How large is the current staff at the Water Plant? What staffing level would be required to run the plant at full capacity?
- Does the Water Plant have the capacity to provide more MGD if Flint experiences growth?
- Given the current financial situation, does the City have the ability to sell $85.5-million bonds necessary to make the improvements being proposed for the Water Plant?
- If decline continues in Flint, there could be operational and financial impacts. What this would do to water purchases and debt payments should be determined.
- Is there sufficient river water available over the next 30-years to supply Flint's needs?
- Limited ability to sell water to others. Surrounded by KWA and DWSD.
- Hard to compete against KWA's new infrastructure.
- How will OPEB liability be addressed?

UPDATE TO TREASURY REGARDING THE CITY OF FLINT EVALUATION OF WATER SERVICE DELIVERY

1. It is the goal of the City of Flint to assure the delivery of water to its residents and businesses at the lowest cost possible over the long term. City officials have expended considerable amounts of time over the past many months evaluating three primary options: water service delivery by KWA, continued water service delivery by DWSD, and sole reliance on the Flint River. At this time we continue to consider the KWA and DWSD options, but do not believe that sole reliance on the Flint River would be in the best interests of the City.
2. We have previously provided Treasury with an analysis of the KWA and DWDS options. At this time, depending on the final outcome of negotiations regarding future costs, either option could be the best for the City.
3. Treasury engaged the services of Tucker, Young Jackson, Tull, Inc. (TYJT) of Detroit to review the assumptions underlying the KWA option. Their assessment was recently presented to City officials and raised several questions as to the credibility of the KWA option. City officials shared the TYJT assessment with Rowe Engineering and the Genesee County Water and Waste Services and requested their response to the TYJT analysis.
4. Rowe Engineering met with City Officials to review their response to the TYJT assessment and provided the attached report. In our judgment, Rowe adequately addressed the significant concerns raised by TYJT, including those related to pump station costs, land acquisition costs, legal, engineering and contingency estimates, and bonding costs. Consequently, it is our belief that the KWA proposal as outlined in October, 2012, is credible, and should continue to be used in evaluating the City's options.
5. Further, our review of the proposal from DWSD (December 21, 2012) raises questions which must be addressed. For example, the DWSD proposal indicates that the cost reductions would be phased in over five years. Further, no actual projected dollar amounts for the first year or subsequent years were included in the proposal. The City has asked DWSD, based on a projected water usage, to supply the City with projected dollar and unit costs over the next five years. The Detroit proposal also does not address projected future rate increases. (See attached Proposal and Rate information)
6. Based on the Proposal from Detroit along with projected rates for FY13 provided November 9, 2012 by DWSD, The City has developed a cost analysis of the following options:
    a. Detroit Proposal 1 with a 6.8% annual rate of increase
    b. Detroit Proposal 1 with a 4.4% annual rate of increase
    c. KWA based on the Rowe study

    It is important to note that a review of the City's records reflects a 10.5% average increase over the past 10 years. For the entire history of our contract with DWSD the average annual increase has been 6.7%. Note that the TYJT's analysis was based on the 2004 through 2014 years which showed a -7.4% rate increase in the first year (2004), while ignoring the 2003 year which showed a 38.1% rate

increase. The time period of 2002 through 2012 was used to calculate Genesee County' rate. (See attached Rate Analysis)

The City's projections for the above referenced options over the 30 year life is as follows: (See attached Cost Analysis)

a. Detroit Proposal 1 with a 6.8% annual rate of increase—$890,513,917
b. Detroit Proposal 1 with a 4.4% annual rate of increase—$705,602,181
c. KWA based on the Rowe study--$649,241,254

7. One of the options provided by TYJT on page 9 of their slides projects a rate of $11.11/MCF. If DWSD can provide that rate along with a guarantee of future rates not to exceed their projection of 4.4% over the life of the contract, the City would sign a contract with Detroit. It is the City's belief that the WSW would also sign a contract.
8. If the City of Flint signs a contract with Detroit the following provisions should also be agreed upon:
    a. The City would have a seat on the Technical Advisory Board
    b The City would have a seat on the DWSD board
    c. That the City could opt out if the conditions as Proposed by DWSD are not agreed to
9. All things being equal the City believes the following are also important:
    a. The availability of raw water to the City and County for economic development in heavy/light industry, food processing and agriculture
    b. The possibility of creating a Mid-Michigan Regional Water/Sewer Authority
10. For the sake of regional integrity, it would also be a step backwards for the City of Flint and Genesee County to be on different water supply systems. It is in the City's best interest to be able to pursue shared services with nearby municipalities and counties
11. The City would also reiterate the critical nature of long term costs. The City is not well served with decisions that work for the short term but not the long.

REVENUES

City services are funded by a mix of property taxes, income taxes, state and federal shared revenues, and fees, charges, and assessments. The current property tax rate for city services is 15.5 mills, or $15.50 for each $1,000 of taxable value. Residents and businesses also pay a 1% income tax, while non-residents pay one-half that amount, the limit set by state law.

The revenue stream supporting city services in this budget is different from the current year's in some significant ways:

- With property values continuing to decrease, property tax revenues are decreased by more than 20%. These revenues are decreased even further as the 3 mill levy for waste collection is eliminated in favor of a new waste collection fee designed to cover the entire cost of that service.

- State shared revenue remains at the reduced level legislated by the state beginning in FY12.

- Revenues from some major grant sources – the SAFER grant for firefighters and the MOTT grant for community policing – are not included, as there is no certainty those funds will be received.

- Revenues from a new city-wide special assessment will reduce the cost burden on the City's General Fund while providing funding for the operation, maintenance, and improvement of the City's street lighting system.

- Additionally, it is necessary to increase water and sewer rates significantly in order to have sufficient funds to operate the system. A system capable of serving more than 200,000 users is now utilized by less than half that number. The systems are old, in need of repair, and costly to maintain. Costs from the primary supply source - the Detroit Water System – have also increased significantly over the past several years. While there have been significant increases in rates over the past few years, they have not been sufficient to cover the operating costs of the systems. While there are currently significant and positive efforts being made to make the systems more efficient and cost effective, they will not affect the cost of operating the systems this year.

The impact of these changes in the revenue stream will vary on taxpayers, businesses and residents. Compared to the current year, many taxpayers will see an increase in their total payments for city services, with the amount varying to the extent that their property values have reduced.

However, when compared to total payments for city services made in 2005 – before the precipitous drop in property values began - many taxpayers will still be paying less. It appears that owners of property with a taxable value of more than $53,450 in 2005 will still pay less for city services in FY13 than they paid in FY2005. Property owners with a taxable value of less than $53,450 in 2005, however, will pay more for city services in FY13 than they paid even in FY2005.

Unfortunately, with the tools at hand for raising revenues at this time, it is not possible to spread the impact differently. Alternatives such as raising the property tax millage or the income tax rate require voter approval and, in the case of the income tax, state legislative approval as well. However, these alternatives are being evaluated for future use.

EXPENSES

The revenues collected pursuant to this budget will be used to provide a very basic level of services in the areas traditionally provided by the City. Police and fire protection and other public safety services, water and sewer service, trash collection, street maintenance and lighting, parks maintenance, building inspection, code compliance, demolition and other community development activities, will all be continued, although in different ways and at reduced levels. Citizens can expect that response times for certain services or requests for information will be slowed.

The City's workforce will be reduced by more than 20% and, unfortunately, layoffs will occur. The extent of these reductions has been lessened significantly with concessions obtained from employee bargaining units.

Reductions equivalent to 20% of the wage base have been negotiated with three of the six city bargaining units (IAFF, FPOA Sgts, and FPOA Command), and a final vote on similar concessions with AFSCME 1799 is pending. Concession discussions with AFSCME 1600 and FPOA Patrol continue, but no agreements have been achieved. This budget assumes implementation of similar concessions across all bargaining units and exempt employees.

Similarly, reductions in the cost of retiree health care are also anticipated. The cost for the City's 1,500 retirees is projected at nearly $25 million for FY13, an amount which severely constrains the ability of the City to provide services to its residents. The City has determined that there are alternative means by which health care can be provided to retirees but at a significantly reduced cost. The City intends to implement the less costly alternative and has incorporated more than $4 million in anticipated cost reductions savings into this budget. Without such cost reductions, the City's workforce will be reduced even further.

Within the context of these revenue constraints and overall expense reductions, a very basic level of services will be provided to the residents and businesses in Flint in 2013:

PUBLIC SAFETY

Police – With the continued loss of tax and grant revenue, the Police Department will be minimally staffed at a level of 108 sworn officers and 21 non-sworn personnel. This represents the current level of staffing less 19 officers funded by grants which have expired. Requests for continuation funding are in process but have not been approved at this time.

Given the financial condition of the City, funding at this level represents a significant commitment to pubic safety, but it is recognized that more must be done. In the ensuing year, the department will be transitioning to 12 hour shifts. This transition will reduce overtime expenses

and should increase the number of officers on patrol at any one time. The efforts of the FPD will continue to be assisted with continuing support from the Michigan State Police, and contracted services from Hurley Hospital and Kettering University. Aggressive efforts will be made to seek the renewal of grants and to seek additional permanent funding for this essential service.

911 - 911 Dispatch will continue at current staffing, while efforts continue to consolidate City and County dispatch operations. Communications with and between officers will be enhanced with the projected move to the 800 MHz system on July 1, 2012.

Fire - With the expiration of the federal SAFER grant, funding for 39 firefighters would be lost, potentially reducing total staffing in the Fire Department to 54. However, with the reductions in costs attributable to union concessions, and an assessment of the impact this would have on the ability of the City to provide virtually any level of fire response, staffing in this budget is at 62.

Given the staffing constraints, three of the current five stations will remain open pending the decision on the SAFER grant. In addition, with Genesee County now providing paramedic response, the City's paramedic personnel will be assigned to suppression.

The City is aggressively pursuing renewal of the SAFER grant and, should it be received, the number of stations in operation could be increased.

Court - As required by law, the City will continue to financially support the operation of the 68th District Court. Recognizing the financial circumstances of the City, along with the court's decreased caseload and offsetting revenues, court funding is reduced in this budget.

Lock-up – The City has been aggressively working to receive funding from the State of Michigan for re-opening the City Lock-up. At this time an operational plan is being developed as a condition for receiving consideration for funding. There are no City funds allocated in this budget for operation of the Lock-Up.

INFRASTRUCTURE

Water and Sewer - The expenses of the Water and Sewer system can be viewed in three categories – operations and maintenance, capital improvements, and purchase of water. Operational costs, in terms of personnel, have been reduced to the minimum necessary to operate the collection and distribution systems, but ongoing increases in compensation-related costs, such as pension and healthcare, make significant dollar reductions difficult.

Ongoing capital expenses are a necessity, as significant repair and replacement activities such as replacing broken water meters and keeping pump stations operational and in regulatory compliance, are necessary on an ongoing basis. Improvements are also necessary to improve the efficiency of operations, such as implementing remote monitoring of pump stations.

Finally, the purchase of water at ever-increasing rates is a significant cost of the operations, and while efforts to contain these costs are ongoing, they will not likely affect the cost of operations in FY13.

The costs of operations for water and sewer are projected at $85 million, with projected revenues at current rates totaling approximately $65 million. Recent rate increases do not generate sufficient revenues to cover the total costs of operations. Thus, in order to keep the systems financially solvent and provide funds for operation and maintenance, the overall rates for water and sewer will be increased in total by an average of 25%. Sewer rates are projected to increase by 45% while water rates are projected to increase by 12.5%. Even with this increase, it is not possible to set aside funds for pre-funding retiree health care, so formal balance sheets will still show deficits.

Waste Collection – The City has historically provided weekly trash pick-up for all residents, with the costs presumably paid from a special 3 mill property tax levy. However, the amount collected from the levy has reduced as property values have fallen, and costs of collection – personnel costs being a significant portion - have increased. As a result, the City's General Fund has subsidized the difference, by as much as $1.5 million in the past year.

Consequently, the 3 mill levy for waste collection will be discontinued, and a collection fee on residential properties will be implemented. It is anticipated that in the first year (starting July 1, 2012) the waste collection process will continue on a weekly pick-up schedule and will include composting. Fall leaf pick up will be restored. In the second year, it is expected that the waste collection service will be expanded to include recycling, and by that time a thorough evaluation of the means by which the service is carried out will be completed.

The fee for this service will be added to the property tax bill for owners of residential property, and is currently projected to be $143 in FY13, based on the projected cost of the service as reflected in the budget and the number of property owners billed. The amount will be adjusted on an annual basis to assure that it is reflecting the cost of the service.

Streets and Transportation – Funding for streets and transportation activities – with the notable exception of street lighting – is provided primarily from the state collected gas and weight tax allocated by formula to the City. That amount has been decreasing over the past years, making the ability to maintain local and major streets, sidewalks, and traffic control mechanisms very difficult. As with sewer and water, the City's road system is built to accommodate more than 200,000, and the City's population is now 102,000. This population drop has also contributed to the City's reduced level of gas and weight tax. As a result, the City's road system is currently rated a "3" on a scale of 1-10, demonstrating the effect of the lack of maintenance. The road maintenance activities for FY13 are focused primarily on preventive maintenance rather than targeted resurfacing, and will be chosen on the basis of most critical need and best return on investment.

Financing of infrastructure in the FY13 budget and beyond will be aided by use of a special assessment for street lighting, which is currently a general fund cost of nearly $3 million. The implementation of a city-wide special assessment district will provide for the operational costs of the current system and will enable upgrades and improvements to street lighting throughout the City. The assessment will be added to the property tax bill for all property owners, and is currently projected to be less than $100 per property in FY13. The amount to be assessed will be adjusted annually to reflect the projected cost for the operational, maintenance and improvement costs, and the number of property owners.

Parks - Maintenance of the City's 64 parks and its many trees in the rights of way will be funded primarily from the .5 mill special parks millage. Maintenance of the City-owned recreation/ community centers are also supported by the General Fund. Maintenance of parks, including play equipment, rights of way, and trees is minimal, and consists primarily of mowing, paying utilities, and responding to emergencies. There has not been any significant investment or maintenance of play structures in the parks for several years. Unfortunately, this level of investment will at best continue with the funds provided in this budget. Efforts will continue, as they have this year with golf courses, to find alternative ways to sustain the City's recreational assets. Continuing efforts will also be made to engage volunteers, neighborhood groups, and others to support specific parks and recreation centers.

Development - Building Inspection and Code Compliance activities will continue to the extent funds are available. Grant funds are budgeted at a reduced level to continue demolition activities and building inspection and code compliance fees are being reviewed again to see if the level and type of fees and fines are sufficient to cover costs and encourage voluntary compliance. In FY13, demolition activities will be done primarily by contractors in order that full cost recovery can be obtained from grant funds.

Planning and zoning activities will continue to the extent funds are available. Grant funds are budgeted to continue the upgrade to the City's master plan.

Community and Economic Development – Minimal ongoing financial support of economic development, in the form of CDBG funds, is also continued. Administration of the City's CDBG and NSP programs will continue, although grant funds are reduced. Evaluation of the administrative structure has resulted in reduced costs to the General Fund.

FINANCE AND ADMINISTRATION

All organizations have internal functions which support the delivery of services to the organization's constituency. In the City of Flint, these functions include assessing, accounting and budgeting, human resources, purchasing, information technology, risk management, fleet, facilities, treasury, and tax collections. Some of these functions are scalable to the size of the organization (such as human resources and risk management); others are not (such as tax billing and assessing). Regardless, with a decreasing base of business, and a corresponding reduction in workforce delivering services externally, there is compelling pressure to reevaluate processes and workforce numbers involved in all of these processes.

Changes are reflected in the size of the workforce appropriate to the current financial situation. It is also necessary to change internal processes to reflect an organization closer in size to 500 employees rather than 1,500. Changes beginning or planned include:

- Streamlined purchasing processes, including use of procurement cards for smaller purchases
- Simplification of processes for approving purchases
- Use of electronic means for processing payables and purchase orders
- Elimination of staffed stock rooms

- Changes in pension system administration and performance
- More reliance on Third Party Administration for workers' compensation related activities
- Elimination of manned security cameras where appropriate
- Evaluation of costs associated with custodial services
- More reliance on computer access for customer inquiries
- Consolidation of customer service functions
- More investment in technology to enhance productivity
- Commitment to funding necessary capital improvements which provide the workforce with proper equipment and facilities
- Implementation of a performance measurement system
- Commitment to rebuilding financial reserves by annual appropriation to a Budget Stabilization Fund

PUBLIC IMPROVEMENT FUND

The City Charter requires setting aside the proceeds of a 2.5 mill levy for the purposes of capital improvements and debt service. For the foreseeable future, these funds will be dedicated solely to current and anticipated debt service. A significant increase is expected as the City recognizes the need to increase its share of debt service for the downtown parking ramp debt, for making its required debt service of the initial Fiscal Stabilization Bonds, and for incurring future debt associated with additional bonding to alleviate the accumulated General Fund deficit. For FY13, it is projected that approximately $1 million will be available for the new debt service associated with additional Fiscal Stabilization bonds; in FY14 the amount available for debt service is projected to grow to approximately $1.5 million as current debt service for equipment ends.

GOVERNANCE AND OVERSIGHT

Core offices associated with governance and oversight traditionally include Council, Mayor, Administrator, City Attorney, City Clerk, Ombudsman, and Civil Service. Under receivership, there is also an Emergency Manager.

Several changes resulting in cost reductions were implemented by the Emergency Manager. These include: a reduction in salaries for the Council and Mayor, elimination of funding for the Ombudsman and Civil Service Commission, and the appointment of personnel to assist, either paid only on an hourly basis without fringe benefits, or loaned from another source. These cost reductions are continued in the FY13 budget.
Additionally, the costs of issuing business permits through the City Clerk's Office indicate that the costs of administration appear to significantly exceed the revenues collected. It will be necessary in the future to either reduce costs or increase permit fees to offset this imbalance.

CONCLUSION

The financial decisions made in this budget are significant but unavoidable. The budget reflects difficult decisions on the part of administrators and employees made to enable the City to provide services in FY13 at the levels its resources allow. The service levels will be low and not at a level anyone finds acceptable over the long term.

These decisions, however, provide the basis for going forward in a positive way. The budget is realistically balanced, with full expectation that when June 30, 2013 arrives, the City will not have once again spent more than it has taken in. It will have also put into place the financing to address the accumulated deficits of the past. Significant progress is being made to achieve financial solvency.

While there will certainly be financial challenges, decisions made in this process will assist in going forward. The decisions regarding employee compensation not only helped to address the short term financial challenge, but will assist in controlling expenses in the future, as the growth in future unfunded liabilities is slowed.

If the City government of Flint is to be a positive force in making Flint a safe and attractive place for residents, businesses, and visitors, it must have its own house in order. It cannot teeter on the edge of financial insolvency and hope to lead the way.

BUILDING THE FUTURE

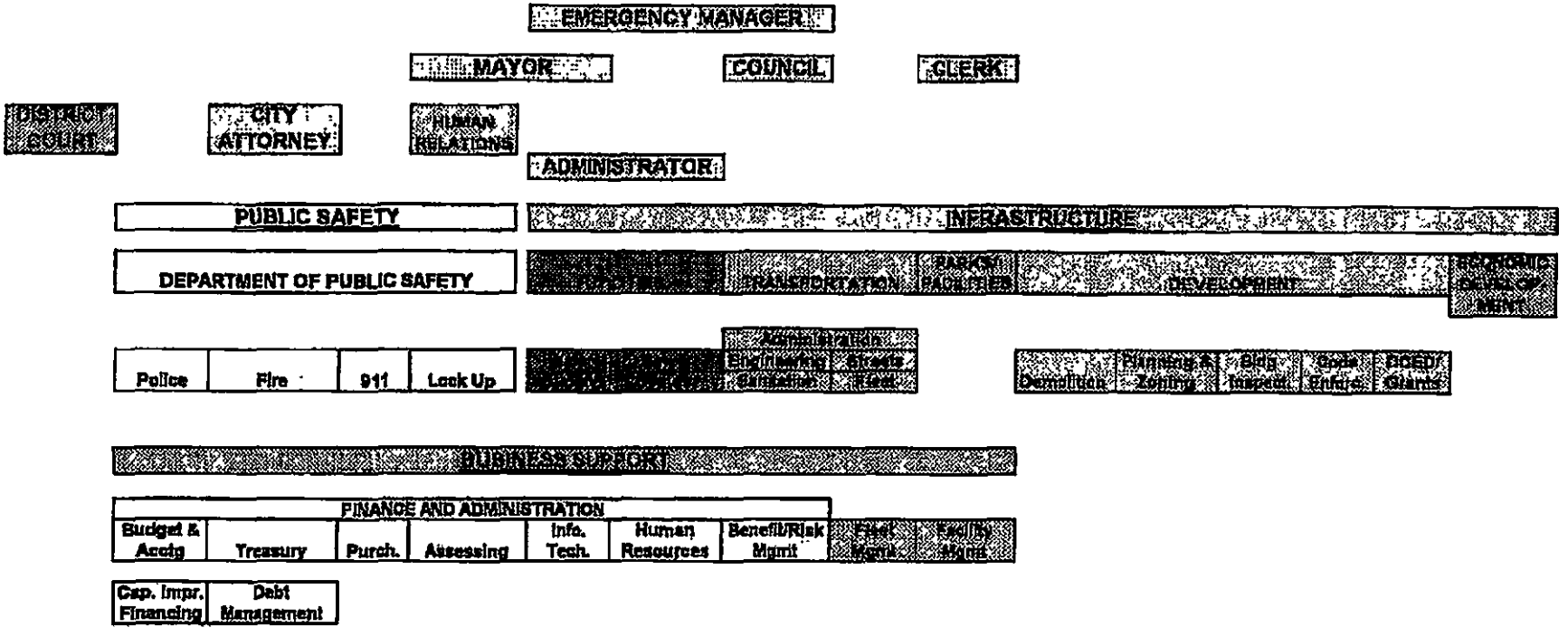
The focus of the 2013 budget process remains on the future of Flint. While this budget includes sharp reductions in both revenues and expenses, WE SEE HOPE FOR THE FUTURE.

These hopes are based on some very tangible and promising factors:

- Expense reductions are designed to live with current realistic revenue projections;
- New revenue options for fiscal year 2014 and beyond will include actual fees for services, special assessment districts and other revenue options;
- Partnership with the State Police and other law enforcement agencies will be expanded to create a safer environment for our citizens;
- Additional resources will be secured to house individuals who are continually abusing our residents in the neighborhoods; the City Lock-up will open and remain open;
- New public and private partnerships will be developed to provide waste collection services, senior citizen services, youth employment and training programs;
- Internal City operations will be improved in regard to finance and accounting, more efficient operation of licensing and permitting, and expanded training for our employees, including supervisory training;
- The City's information and technology capability will be improved, enhancing the capacity throughout the City, from paying bills on time to public safety issues faced by our police and fire operations.

As the City moves beyond the 2013 budget year, and the management of our affairs improves, citizens will see better response times from police, removal of individuals who are harming our children and seniors from our neighborhoods, improved code enforcement at homes owned by absentee landlords and expanded opportunities for our young people.

CITY OF FLINT - ORGANIZATIONAL CHART



Cost Calculation Methodology per Unit for KWA Debt Service - ALL PAYMENTS ARE ESTIMATED

		years 2017 through 2038		years 2039 through approx. 2041		year 2042 and later
Payment on 2013 Intake Bonds		2,528,000		0		0
Payment on 2014 A KWA Bonds		15,165,200		15,168,788		15,165,250
Payment on 2014 B KWA Bonds		5,210,000		7,229,450		7,234,575
Total Payments		20,375,200		22,398,238		22,399,825
Genesee County Share	42	70.00%		70.00%		70.00%
City of Flint Share	18	30.00%		30.00%		30.00%
Total Units	60					
County Share of KWA Bonds	70.00%	14,262,640	70.00%	15,678,766	70.00%	15,679,878
Less Credit for 30% of Intake Bonds Debt Service		-758,400		-733,980 [1]		0
County Adjusted Share of KWA Bonds	66.28%	13,504,240	66.72%	14,944,786	70.00%	15,679,878
Units of Capacity		42		42		42
KWA Cost per Unit		321,530		355,828		373,330
Flint Share of KWA Bonds	30.00%	6,112,560	30.00%	6,719,471	30.00%	6,719,948
Plus 30% Share of Intake Bonds Debt Service		758,400		733,980 *		0
Flint Adjusted Share of KWA Bonds [2]	33.72%	6,870,960	33.28%	7,453,451	30.00%	6,719,948
Units of Capacity		18		18		18
KWA Cost per Unit		381,720		414,081		373,330

[1] Equal to 1/37th of 30% of first 3 year's and 1 month debt service on Genesee water intake bonds multiplied times 12 months ($7,543,648 x 30% / 37 = $61,165 per month x 12 months) until # of months is reached from intake bonds Oct 1, 2013 issuance to date KWA begins supplying raw water.
[2] The total of Flint's payments for intake bonds will be $18,955,726.17 which is 30% of the intake bond's debt service

Formulas for the above calculations follow

Years 2017-38 - A Year is defined as payments due May and November of each calendar year
Intake Bonds Credit Calculation. (30% of Intake Bonds Debt Service)
County Cost per Unit Calculation: ((70% of KWA Debt Service minus Intake Bonds Credit) divided by 42 units)
City Cost per Unit Calculation: ((30% of KWA Debt Service plus Intake Bonds Credit) divided by 18 units)

Years 2039 through Approximately 2041 - A Year is defined as payments due May and November of each calendar year
Intake Bonds Credit Calculation. (See note 1 above)
County Cost per Unit Calculation: ((70% of KWA Debt Service minus $61,165/month Intake Bonds Credit) divided by 42 units)
City Cost per Unit Calculation: ((30% of KWA Debt Service plus $61,165/month Intake Bonds Credit) divided by 18 units)
Intake Bonds credit will be $61,165 per month or $733,980 per year until Flint's total debt service obligation of $18,955,726.17 has been satisfied.

Years 2042 and beyond - A Year is defined as payments due May and November of each calendar year
If the City's obligation on the Intake Bonds is not entirely satisfied, continue as above Otherwise:
County Cost per Unit Calculation: (70% of KWA Debt Service divided by 42 units)
City Cost per Unit Calculation: (30% of KWA Debt Service divided by 18 units)

The above methodology depicts recovery of Flint's 30% of debt service on the 2013 water intake bonds from January 1, 2039 through the number of months Genesee County made intake bond payments on Flint's behalf before KWA becoming operational. Initially, Genesee County will pay 100% of the intake bonds debt service. At the time KWA becomes operational, the City of Flint will begin paying 30% of the intake bonds debt service and continue making payments after the intake bonds have been repaid for the number of months from October 1, 2013 when the intake bonds were issued until the KWA system becomes operational. The above calculations are for illustration only. Actual payments will be determined after the KWA bonds have been issued and when the project becomes operational with regard to Flint's contributions for the Intake Bonds which begin in 2039 and will continue until the obligation is satisfied.

Contractual payments from Genesee County and the City of Flint will be due to KWA in 12 monthly installments beginning on the November 1 prior to the following calendar year's bond payments, and continuing through October 1 such that each year's annual KWA bond payment obligation (due May 1 and November 1) is on hand at least one month prior to KWA's bond payment dates.

DEFICIT REPORTING FORM

Last Updated May 1, 2014

Unit No. 25-2-040
Name City of Flint
Fiscal Yr. 06/30/2014

Approvals	Reviewer	Manager
Initials	JPS	
Date	1/26/2015	1-29-15

Reviewer	Manager

The Deficit Reporting Form should be the top sheet in the file reconciling the other documents to it.

		Preliminary Review												Submitted Plan Review	
		ALL FUNDS					EN, IS, CU, & TR FUNDS ONLY								
Fund Type	Fund Name	Unrestricted Net Position Deficit	Deferred Inflows of Resources	Taxes and Special Assessments Receivable	Audit Page(s)	DIOR minus TASAR	Total Net Position Deficit	Audit Page	Current Assets	Current Liabilities	Audit Page(s)	CA-CL Deficit	Deficit To Be Eliminated	Reviewer Recommendation	Letter Sent Date or N/A	Reviewer Recommendation	Letter Sent Date or N/A
GE	General Fund	(8 961,427)	0	0	3-5	0							(8 961,427)	Monitor...			
CU	EDC	(119 234)	0	0	3-19	0	1,541 416	3-19	845,872	696,466		149 406	0	NPN			

Plan was certified 7-16-14. JPS

Fund Types: GE=General EN=Enterprise DS=Debt Service CU=Component Unit SR=Special Revenue IS=Internal Service CP=Capital Projects TR=Trust Agency

The Unrestricted Net Position Deficit is the sum of the Committed, Assigned, and Unassigned balances. The Total Net Position Deficit and CA-CL Deficit is only utilized for Enterprise, Internal Service, Component Unit, and Trust Agency Funds. The Deferred Inflows of Resources and Taxes and Special Assessments is not utilized for General Funds. See Numbered Letter 2014-1 for further explanation.

Comments

REFERENCE TABS
A Balance Sheet and Income Statement from audit
B Formal Deficit Elimination Plan
C Board Resolution signed by clerk.
D Verbiage stating specifically how the deficit will be eliminated.

* Projected Deficit $7,000,000; Actual $8,961,427

Reduction of deficit was from Transfers to GF from Sewer Fund ($2,660,000), Water Fund ($1,130,000) Internal Service Fund ($1,071,543) and Non-Major Govt Funds ($110,000). Refer to AFS page 3-38

~~Plan submitted as positive~~

Edward J. Kurtz
Emergency Financial Manager

Dayne Walling
Mayor

September 20, 2012

Sue F. McCormick & DWSD Board
Director DWSD
735 Randolph Street
Detroit, MI 48226

Dear DWSD Board:

During the past nine months we have had several discussions with DWSD representatives regarding future water rates and other options including permission for Flint to blend treated water from DWSD. Flint currently has received written documentation from the state regulatory agency DEQ supporting the ability for Flint to safely blend treated water from Detroit.

In an effort to move forward we must have a written response from the DWSD Board that clearly states the following:

Will DWSD allow Flint to blend treated water from Detroit?

What are the rates given an estimated usage by Flint and Genesee County of:

- 23 MGD Average Daily Usage
- 40 MGD Maximum Day Usage

We are requesting this information be delivered to Flint no later than **October 1, 2012** so that we may evaluate all of our options and begin moving forward.

Sincerely,

Edward J. Kurtz
Emergency Financial Manager

City Hall
1101 S. Saginaw Street - Flint, Michigan 48502
810-766-7346 FAX: 810-766-7218 www.cityofflint.com

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Tuesday, September 25, 2012 5:52 PM
To: Fraser, Roger (Treasury); Muchmore, Dennis (GOV); Rustem, William (GOV)
Cc: Stibitz, Brom (Treasury); Roberts, John (GOV)
Subject: Genesee Water Project - City of Flint

Follow Up Flag: Follow up
Flag Status: Flagged

Rick Hammel just called to find out if Flint will participate in this project. I think we owe it to the proponents to give them an answer. Concern I had/have was based on what the engineering firm Tucker Young told me, i.e., that all the costs were not put into the analysis that supported the project. I think we should ask Tucker Young to help us review the rationale and get one of our CPAs to crunch some numbers. I saw we recently hired TY and suspect they will do some preliminary analysis pro bono.

Dennis, I understand Dept of AG may support this project so we may consider having them at the table as we work through this.

Sent from my iPad

Lake Huron Water Supply Study

Karegnondi Water Authority

- City of Flint
- Genesee County

Appendix 20
October 2012 Preliminary Engineering Report Update
Final Report

October 4, 2012

DRAFT

42

ROWE PROFESSIONAL SERVICES COMPANY
540 S. Saginaw Street Suite 200 P.O. Box 3748 Flint, MI 48502

20.1 Introduction

The September 2009 Preliminary Engineering Report – Lake Huron Water Supply (2009 Study) compared alternatives for a new regional water supply. Since the 2009 Study, Genesee County and the City of Flint have continued planning and confirmed the capacities to be provided for each. This memorandum updates the capital costs for the proposed new water supply based on the confirmed capacities.

20.2 KWA Water Supply

Ongoing planning has resulted in modifications to the preliminary design developed in the 2009 Study. This cost update is based on the modified preliminary design. For this update, the KWA water supply is assumed to include the following primary components:

- Water Supply Intake
- Lake Huron Pumping Station (LHPS)
- Transmission Mains (Segment 1, Segment 2, and Flint Segment)
- Intermediate Pumping Station (IPS)

It is assumed that the new KWA supply will deliver raw water to a new WTP constructed and operated by Genesee County in western Lapeer County and to the City of Flint's existing WTP. Construction of the new GCDC-WWS WTP and needed upgrades to the Flint WTP will be the responsibility of each agency and these costs are not included in KWA costs.

20.3 Economics

Costs are based on the following criteria:

- Assume construction occurs in 2013 through 2015
- Assume construction is financed by 25 year bonds at a rate of 5%
- Assume engineering, legal, administration, and contingencies are 25% of construction cost
- Adjust construction costs to the current Engineering News-Record Construction Cost Index (ENR CCI) which in August 2012 had a value of 9351

Costs for pump stations and the intake have been updated based on the current design concepts. New material costs for pipe have been obtained from pipe suppliers. Pipe sizes and lengths are revised from the 2009 Study based on providing service only to GCDC-WWS and the City of Flint.

20.4 Capacities

This update is based on providing the following Maximum Day Demands:

GCDC-WWS:	42 mgd
City of Flint:	18 mgd
Total:	60 mgd

Maximum day demands include WTP process water.

20.5 Design Criteria

Based on current market conditions, it is assumed that ductile iron pipe will be used for pipe sizes smaller than 48" diameter and that pipe having a diameter of 48" or more is steel pipe. Pipe is designed assuming a Hazen Williams coefficient of 120 and a maximum operating pressure of 200 psi.

20.6 Reliability

It is assumed that the KWA will provide only the primary raw water supply to each agency's WTP. GCDC-WWS and the City of Flint will each be responsible for their backup water supply for reliability.

20.7 Water Supply Details

Following is a summary of the primary components of the planned KWA water supply. Revised construction costs are based on the following assumptions regarding the planned water supply.

- *78" diameter intake pipeline, extending about one mile into Lake Huron* – Two timber crib intakes are provided each having a capacity of 60 mgd and located in 25 deep water. The intake pipeline has provisions for extension and designed for a capacity of 85 mgd. Both intakes are provided with chemical feed provisions to control zebra mussels.
- *Lake Huron Pump Station (LHPS)* – Four 14,000 gpm vertical turbine pumps with constant speed motors are planned. Pumps will draw from one of two clear wells, each provided with separate screens. No backup power is planned for the pumps; a redundant power supply from the utility is planned to maintain lights and controls in the event of loss of the primary power supply.
- *Transmission Main Segment 1* – 121,000 lf 60' pipeline will convey water from the LHPS to the Intermediate Pumping Station (IPS) reservoir, located midway between Lake Huron and a new water treatment plant (WTP).
- *Intermediate Pumping Station (IPS)* – The IPS is assumed to provide four 14,000 gpm constant speed horizontal split case pumps to pump water from the IPS reservoir to the GCDC-WWS WTP. The IPS reservoir is planned to be an open top, 5 million gallon ground storage tank. The reservoir will allow for balancing of variations in the pumping rates between the two pump stations. No backup power is planned for pumping. A generator is planned to provide lights and maintain controls in the event of loss of power from the utility company.
- *Transmission Main Segment 2* – The IPS will pump water to the GCDC-WWS WTP through 148,000 lf of 60" pipeline.
- *Transmission Main Flint Segment* – 96,000 Lf of 36" transmission main will be provided to convey water past the GCDC-WWS WTP to the City of Flint's existing WTP.

20.8 Project Cost

The updated project cost for the proposed water supply is $272,000,000. Figure 1 provides a summary of the costs. Annual principal and interest payments for the project are estimated to be $19,300,000 for a total of $483,000,000 over the life of the 25 year bond period. The annual unit cost is estimated to be $322,000 per each 1 mgd of total capacity.

Figure 1 - KWA Water Supply Project Cost

	Unit Cost	Quantity	Total
Intake			
Timber Crib	$1,050,000 Each	2 Each	$2,100,000
Intake Pipe - Marine Construction	$2,120 / LF	5,655 LF	$11,988,600
Intake Pipe - Tunnelled	$2,200 / LF	1,235 LF	$2,717,000
Shorewell	$3,500,000 Each	1 Each	$3,500,000
Zebra Mussel Control	$75 / LF	10,800 LF	$810,000
Site Work		1 LS	$961,250
Intake Subtotal			$22,076,850
Pumping Stations			
Structure	$3,338,300 / Each	2 Each	$6,676,600
Pumps & Equipment	$1,716,840 / Each	2 Each	$3,433,680
Piping & Valves	$1,812,220 / Each	2 Each	$3,624,440
Electrical	$4,387,480 / Each	2 Each	$8,774,960
5 MG Reservoir	$1,606,400 / Each	1 Each	$1,606,400
Reservoir Sitework / Appurtenances	$502,000 / Each	1 Each	$502,000
Pumping Station - Subtotal			$24,618,080
Lake Huron Transmission - Segment 1			
60" Pipe	$360 / LF	117,955 LF	$42,463,800
Excavation, Pipelaying, & Bedding	$66 / LF	117,435 LF	$7,804,679
Backfill & Restoration - OCAR	$38 / LF	34,263 LF	$1,287,031
Backfill & Restoration - OCCC	$29 / LF	17,499 LF	$499,111
Backfill & Restoration - OCGR	$35 / LF	65,673 LF	$2,297,251
Backfill - Hauled Sand	$21 / CY	91,990 CY	$1,920,793
Backfill - Native Materials	$7 / CY	110,990 CY	$794,408
Paved Road Crossings	$17,221 / Each	7 Each	$120,547
Drain Crossings	$9,687 / Each	35 Each	$339,038
Tunneling	$2,419 / Each	520 LF	$1,257,895
Valves & Hydrants	$2,976,904 / LS	1 Each	$2,976,904
Lake Huron Transmission - Segment 1 Subtotal			$61,761,458
Lake Huron Transmission - Segment 2			
60" Pipe	$360 / LF	135,491 LF	$48,776,760
Excavation, Pipelaying, & Bedding	$66 / LF	134,821 LF	$8,963,443
Backfill & Restoration - OCAR	$38 / LF	58,584 LF	$2,200,608
Backfill & Restoration - OCCC	$29 / LF	12,604 LF	$359,495
Backfill & Restoration - OCGR	$35 / LF	55,733 LF	$1,949,548
Backfill & Restoration - OCPR	$72 / LF	7,900 LF	$565,441
Backfill - Hauled Sand	$21 / CY	22,440 CY	$468,557
Backfill - Native Materials	$7 / CY	55,120 CY	$394,520
Paved Road Crossings	$17,221 / Each	8 Each	$137,768
Drain Crossings	$9,687 / Each	10 Each	$96,868
Tunneling	$2,419 / LF	670 LF	$1,620,750
Valves & Hydrants	$4,093,233 / Each	1 Each	$4,093,233
Lake Huron Transmission - Segment 2 Subtotal			$69,626,991
Flint Transmission			
36" Pipe	$205 / LF	96,467 LF	$19,795,028
Excavation, Pipelaying, & Bedding	$55 / LF	95,767 LF	$5,261,371
Backfill & Restoration - OCAR	$38 / LF	40,309 LF	$1,514,139
Backfill & Restoration - OCCC	$29 / LF	25,559 LF	$729,001
Backfill & Restoration - OCGR	$35 / LF	18,190 LF	$636,289
Backfill & Restoration - OCPR	$72 / LF	11,709 LF	$838,069
Backfill - Hauled Sand	$21 / CY	29,640 CY	$618,897
Backfill - Native Materials	$7 / CY	48,420 CY	$346,565
Paved Road Crossings	$17,221 / Each	6 Each	$103,326
Drain Crossings	$9,687 / Each	4 Each	$38,747
Utility Relocations	$341,191 / LS	1 LS	$341,191
Tunneling	$968 / LF	700 LF	$677,328
Valves & Hydrants	$1,906,593 / Each	1 Each	$1,906,593
Flint Transmission Subtotal			$32,806,544
System Control & Monitoring	$2,007,322 / LS	1 LS	$2,007,323
Construction Subtotal			$212,897,247
Engineering, Legal, Admin, & Contingency	25%		$53,224,312
Land			$2,300,000
Power			$4,000,000
Project total		→	$272,421,558
Annual P&I			$19,328,979
Total P&I			$483,224,474

Flint's = $81 million

18/60 ≈ 30%

Project Summary

ROWE
10/5/2012

AGENDA

October 15, 2012

I. The City has made substantial progress – see attached file

II. Law suits and Labor charges
   a. Outsourcing
   b. Water
   c. Retiree Health care
   d. Surviving spouse health care

III. Continuing decline in revenue (four year projection)

IV. On-going Concerns
   a. $16.7 million General Fund deficit – remains unaddressed
   b. OPEB unfunded liability reduced to $350 million
   c. Pension under-funding of $450 million

V. Surprises
   a. HUD paybacks, CDBG
   b. County charge back

VI. Assistance Needed from State
   a. Continued funding for the City lock-up
   b. Statutory authority to raise City income tax

VI. Plans for outcome of November election

MAJOR PRIORITIES OF THE CITY OF FLINT

1. Implement Waste Collection Contract **November 1**

Received three responses to the RFP and currently negotiating with two of the three. Expect to have a contract signed by November 1 for implementation to begin January 1, 2013

2. Implement Demolition Plan/Contracts **October 15**

Bids were received on October 10. Between The City and the Land Bank we plan to demolish 600 to 700 properties by February 10, 2013. Plan to sign contracts the week of October 15th. The City is concerned about meeting the HUD deadline.

3. Start New Construction at Smith Village **October 1**

Negotiated a final settlement with the second developer and have received the deeds for Phase I. A new (3rd) developer has been contracted and construction on Phase II has begun. Phase I which consisted of 29 homes has many code violations that prevent occupancy. A detailed list of each property's violation has been compiled and developer three is in the process of correcting these problems. There are 10 purchase agreements and the City hopes to have the buyers' in their homes by the end of the year. Had a very good meeting with HUD on October 11, and they are in agreement with the City's direction. The plan is to have 39 homes completed by February 12, 2013. Expect that within two weeks to take this off the priority list.

4. Budget Review and Amendment **October 1**

Completed a first quarter review of the FY13 budget to actual and did not need to make a budget adjustment. The areas of concern are softer than expected income tax revenue and overtime in the fire department. (See attached Financial Progress Report)

5. Chevy in the Hole **January 1, 2013**

For the past several years, the City has been dumping its compost at a site known as "Chevy in the Hole". It is a contaminated former GM location which has now been cited by the EPA and the DEQ. We must now submit plans to deal with the water run off and implement corrective action. There is a plan for the 130 acre site and funds available from GM for the process.

6. Contract/Commit All HUD Funds **October 15**
(DCED, NSP2 and 3 focus)

The CDBG area within the City can best be described as struggling. Under previous administrations many of the HUD funds have been spent on ineligible expenses and the City entered into an agreement with HUD to pay back slightly more than one million dollars.

7. 800 MHZ/911 Merger **November 1**

All police and fire mobile and portable radios have been purchased, received and templating is being finalized. The Flint 911 Center will transition to 800 MHz operation with consolettes before December 31. The microwave point to point installation will be

completed in 2013. The currently available towers failed structural testing. A new tower needs to be purchased and installed. This is delayed due to funding, NEPA studies and FAA approvals.

The potential for 911 reconsolidation is being studied by the Training and Advisory Team from MSU College of Criminal Justice, paid through a Mott Foundation grant. This study is expected to be complete by the end of 2013.

8. Open Lockup **October 1**
The lockup was opened on October 1 with management by the Genesee County Sheriff and appears to be operating smoothly. (Note: Occupancy rates are lower than anticipated)

9. Complete FERS to MERS/ Retiree Healthcare Changes **October 1**
The FERS to MERS transfer has been mostly completed. The last check from the City was October 1 and the first check from MERS will be on October 18. There is still an outstanding lawsuit challenging this transition.

Retiree Healthcare changes have been implemented. There is also an outstanding lawsuit challenging this as well.

10. SBI Decision **September 15**
Swedish Biogas International was turned down by the Mott Foundation for financing to expand their operations. The City has a contract with SBI to treat waste and convert it into gas. However, as the price of gas fell dramatically and the level of sludge was less than anticipated the SBI operation has not been profitable. SBI has sought additional financing to expand their operations and thereby to allow the City to eliminate the need to incinerate sludge. Right now the relationship between the City and SBI is untenable.

11. Weekly Press Briefings **September 12 and each Wednesday after**
Briefings began as planned and are ongoing.

12. Decision on Water/KWA **November 1**
This is the number one priority for the City. The City has entered into a series of Friday afternoon meetings with the Drain Commissioner on this issue. The first decision is whether or not the City will become a partner in Karagnondi Water Authority (KWA) for the delivery of raw water. If so, will the City also partner with the County on the construction of a water treatment plant in the eastern section of the County or use its existing plant to treat water? Also, as part of that decision, what will happen to the Flint water treatment plant, etc? The City is still waiting for a final answer from the Detroit Water and Sewerage Department on the issue of blending water with Flint River water.

13. Senior Center Plan **November 1**
The City has not done a very good job of operating the Senior Centers. To that end, the City has put out an RFP seeking independent operators of the Centers.

OTHER ISSUES

1. Street Light Assessment District (*Completed*)
2. Indigent fund for water (no action)
3. EVIP Dashboard, Citizens guide, Projected 2014 budget due Oct 1 (*Completed*)
4. Labor Contract implementation (complete but with many grievances and an unfair labor practice charge pending)
5. Boards and Commissions (Mayor)
6. MSU Med School (Genesee County Chamber of Commerce)
7. Quarterly Report to Treasury (*Completed*)
8. Next step on Genesee Towers (Demolition)
9. Impound Lot Evaluation (*Completed*)
10. Criminal Justice Policy Council Meeting (complete and ongoing)
11. Neighborhood Projects with Metro (Contract in Law Office)
12. Neighborhood Safety/Blight Elimination Officers (no action)
13. Golf Courses (under contract with independent operators, plan to extend contracts for five years)

The City of Flint in Receivership: A Progress Report, October, 2012

For the second time, the City of Flint is in receivership due to its financial condition and is being managed under the direction of a state appointed manager. Pursuant to PA4, Mr. Michael K. Brown was appointed in December, 2011 as the Emergency Manager. When PA 4 was suspended in August, 2012 as a referendum on the question of the continuation of PA was certified, Mr. Edward Kurtz was appointed as the Emergency Financial Manager pursuant to PA72.

In spite of the controversy surrounding the use of PA4 and the subsequent reversion to PA72, significant progress has been made in addressing the City's financial situation. Cash flow is currently stable, although marginal, and city operations are operating at the end of the first quarter of FY13, consistent with the adopted budget, which was constructed and balanced on the basis of realistic revenue and expense projections. However, the projected accumulated General Fund deficit of $16.7 million as of June 30, 2012 has yet to be addressed.

The necessary steps taken to reduce the City's deficit spending and to implement a balanced FY13 budget have included organizational changes and more than $42 million in combined revenue increases and expenditure decreases. City taxpayers are paying more, the workforce has been reduced by 20%, compensation for the remaining employees has been reduced by the equivalent of 20% of wages, and health care and retirement benefits have been restructured for both active employees and retirees. Of particular note is that the City's OPEB liability – one of the highest in the state – has been reduced by more than 50%. Health care costs for employees and retirees are now below the caps set by state law.

Public safety has consistently been of paramount concern to Mr. Brown and Mr. Kurtz. In spite of these changes, it has been possible to retain the FY12 level of police and fire staffing, to re-open the city lock-up and to make progress towards improving the capabilities of the 911 Dispatch Center.

The changes now in place have not been without controversy. Lawsuits are pending with respect to changes in retiree health benefits, the restructuring of the pension system, and the imposition of increases in water and sewer rates. Unfavorable rulings on some or all of these lawsuits (total exposure of some $30 million) will create a financial crisis which will be difficult, if not impossible, to resolve and still continue to provide even the most basic of city services.

Even without the prospect of unfavorable decisions with respect to lawsuits, the financial challenges will continue. Property values –and thus property tax revenues- are projected to continue to decline, with a 15% reduction currently forecast for FY14. However, the steps taken to date provide a firm base from which to address these future challenges and enable the City government to become a positive force in restoring the community of Flint.

Overview: The City of Flint in Receivership: A Progress Report

The City of Flint has been in a precarious financial situation for many years. In 2002, the City was in receivership, and was managed for several years under a state appointed Emergency Financial Manager. Finances were stabilized briefly by 2004, but declined again as population continued to decrease; as an increasing number of residents saw incomes drop below the poverty level; as employment reduced significantly due to General Motors workforce reductions; as property values (and thus tax revenues) declined significantly; as the State reduced revenue sharing; and as the effects of the Great Recession hit Flint.

These realities significantly impacted city revenues while the costs of city operations (employment related costs in particular) continued to increase. In spite of significant cost reductions, including staffing reductions, the City's financial situation declined to a point where in 2011 the City was again placed into receivership and a state appointed Emergency Manager was assigned to manage the City.

At the time that an Emergency Manager was appointed, the City's accumulated general fund deficit was $8.8 million. The accumulated deficit from the prior year (June 30, 2010), was $14.6 million, and was reduced to $8.8 million by June 30, 2011 only because of the borrowing of $8 million in Fiscal Stabilization Bonds.

Upon taking managerial control of the City in December 2011, the EM quickly discovered that the Council approved FY12 budget was faced with significant problems, due to inaccuracies in projecting both revenues and expenses. As a result, it was determined that the City would likely have an accumulated deficit of $18.2 million as of 6/30/12.

With the FY12 half complete at the time the Emergency Manager was appointed, it was clear that significant long term solutions to the City's financial condition could not be achieved in the remainder of that fiscal year. Addressing any significant reductions in January, 2012, would have required unthinkable reductions in the level of public safety and other essential city services, and would have been done in an atmosphere of crisis. As a result, it was determined to contain spending as much as possible for the balance of FY12, while building a credible spending plan for FY13 and laying the necessary groundwork for substantially reducing the City's cost base for FY13 and beyond.

At this time, the FY12 fiscal year has ended and the city is in the process of closing its books. Preliminary statements show that the accumulated deficit of $8.8 million as of June 30, 2011 will be increased as a result of expenses in FY12 exceeding revenues, but short of the $18.2 million projected earlier in the year. The preliminary accumulated deficit as of June 30, 2012 is projected to be $16.7 million.

Addressing the City's financially distressed situation required that the FY13 spending plan be balanced with realistic revenue projections and realistic calculations of expenses.

As the process of developing the FY13 spending plan began, the preliminary estimate of the gap between revenues from current sources and the cost of existing positions and services was projected to be more than $25 million. Plans were developed to bring spending into line with revenues, while at the same time continuing to provide the current (but inadequate) level of public safety resources, and containing the FY12 deficit as much as possible; as a result, it was necessary to develop both significant revenue increases and expenditure reductions. This included the imposition of increased and new fees, elimination of positions, imposition of wage and benefit reductions, and restructuring of active and retiree health care insurance. These steps were necessary to keep the City of Flint from becoming financially insolvent and unable to provide even the most basic of city services.

The necessary steps taken to reduce the City's deficit spending since December, 2011 and to implement a balanced budget for FY13 include a total of more than $42 million in combined revenue increases and cost reductions. They include:

Expenditure reductions of $22.75 million:

- $650,000 annual savings from the elimination of administrative positions (implemented in December, 2011)
- $8.6 million in annual savings from negotiated and implemented employee concessions (Implemented in June, 2012 following negotiations)
- $10.0 million in annual savings from the elimination of 115 positions (20% of the workforce, implemented in the FY13 budget)
- $3.5 million in annual savings from changes in the structure of retiree health care (implemented beginning in August, 2013)

Revenue Increases of $19.35 million:

- $15 million from imposition of increased fees for water and sewer
- $1.5 million from imposition of increased fees for garbage collection in lieu of a 3 mill property tax levy
- $2.85 million from imposition of a city-wide street light assessment

Other changes include a reshaping of the City's organizational structure, a transfer of the City's retirement system to the Municipal Employees Retirement System, and a decision that new employees will not be offered employer paid retiree health insurance. The organizational changes will enable more efficient administration of city functions and the transfer of the retirement system will result in administrative cost reductions, increased investment income, and improved service to retirees.

The FY13 budget is balanced on realistic revenue and income expenses, but does not address the elimination of the accumulated deficit, now totaling $16.7 million. Any significant reduction in anticipated revenues or the occurrence of unplanned expenses will create a crisis, as the city has no reserves. For example, being required to restore the previous structure of health care for retirees will result in an unplanned increase in health insurance costs of $3.5 million, and would require immediate staffing reductions. Likewise, a rollback of the increased fees for water and sewer would necessitate an approximate 20% decrease in the expenses of the water and sewer system or an unplanned appropriation of $15 million from the City's General Fund.

Either of these occurrences would be devastating and would no doubt significantly impair the ability of the City to provide the most basic of City services, public safety in particular. With public safety costs consuming 70% of the City's $60 million General Fund Budget, it would be virtually impossible to eliminate $3.5 million or $15 million in expenditures without reductions in police and fire. The 115 positions eliminated in the FY13 budget came from virtually every department of city services except police and fire, so further reductions in those areas would no doubt require the virtual elimination in services such as code compliance, blight inspection, and parks. It is questionable whether the City government, in these situations, could continue to operate.

While these changes have made substantial and significant progress in restoring the City of Flint's financial solvency, the struggle is not over. Continuing declines in property values are forecast for the next several years, with a 15% decrease currently projected for the next budget year. While other revenue sources may remain stable, assuming the economy remains stable; the City will be faced with cost increases exceeding available revenues. Regressing from current steps taken to contain and reduce costs will only worsen an already challenging situation. And while the City government itself continues to face it's most pressing and immediate financial challenges, it is less able to take any substantive role in returning the community of Flint to a healthy condition.

EM/EFM Achievements to restore financial solvency to the City of Flint

December, 2011 - October, 2012

Achievements	Status	Achievement	Challenges
FY 11 audit completed	Complete	Completed by statutory deadline	Progress of addressing auditors recommendations will be reviewed as part of FY12 audit; staffing reductions have hindered progress.
FY11 Deficit Elimination Plan developed and approved	Complete	Approved by state	No state authorization for borrowing, although contained in the approved DEP. The accumulated deficit cannot be addressed without additional borrowing
FY12 budget managed to initial expectations	Complete	FY12 deficit is projected to be $16.7 million, which is $1.5 million less than the initially projected $18.2 million	Final results not yet available; audit completion scheduled for early December. Potential of significant adjustments exists, but not likely. The General fund has significant negative cash, reflecting the accumulated deficit condition of the City.
Employee compensation costs reduced	Labor contract changes implemented	Employee compensation costs reduced by an equivalent of 20% of wages	While some cost reductions were negotiated, others were imposed under authority of PA4. Some of the changes may become subject to legal challenge. Numerous grievances have been filed with respect to the changes made.
Employee and retiree health care costs reduced	Restructured health care plans for employees and retirees implemented	Average health insurance contract cost to City reduced 24.5%, from $12,202 to $9,218; cost is less than state cap	While some cost reductions were negotiated, others were imposed under authority of PA4. Some of the changes are currently the subject of lawsuits. There may additional legal challenges depending on the voter decision on PA4.
OPEB liability reduced	Restructured benefit structure implemented and new OPEB valuation completed	City's OPEB liability reduced by nearly 60%, from $885m to $350 million. ARC reduced from $63.6 million to $24.4 million.	While many of the employee healthcare changes were negotiated, others, including changes in retiree health care were imposed under authority of PA4. Retiree health care changes are currently the subject of lawsuits. There may be additional legal challenges depending on the voter decision on PA4.

Flint Employees Retirement System transferred to Municipal Employees Retirement System	The majority of assets of FERS have been transferred to MERS, and MERS will make its first payment to Flint retirees on October 18.	The transfer is projected to significantly reduce administrative costs, improve investment return, and improve service to Flint retirees	While the FERS Board officially authorized the transfer, some members had been replaced by the EM under his authority granted by PA4. The transfer of the system is currently in litigation.
FY13 budget developed and implemented	FY13 began July 1, 2012. First quarter complete with most indicators in line with expectations.	FY13 budget balanced at $192 million, utilizing a mixture of revenue increases ($19.4 million) and expenditure reductions ($22.8 million) while maintaining current level of police and fire staffing. Total workforce reduced by 115 FTE;s, or 20%	$12.1 million in cost reductions associated with employee concessions and retiree health care are incorporated in to the budget. So too is $15 million in water and sewer rate increases, $2.85 million in a new street lighting assessment fee, and $5 million in a new waste collection fee. All are or may be subject to legal challenge, with potential results devastating to the City's budget. There are current legal challenges pending with regards to retiree healthcare changes ($3.5 million) and the water and sewer rate increases ($15 million).
Cash flow stabilized	Cash flow monitored monthly, and is stable	Cash flow stabilized with addition of new non-property tax based revenue sources	Successful legal challenges to revenue and expense changes will negatively affect cash flow, which while currently stable, is minimal. The city has no reserves and the General Fund cash position is negative.
Water and sewer finances stabilized	New rates and staffing levels implemented. Evaluation of alternative means of purchasing water underway	Water/sewer rates and expenditure reductions result in balanced financial operations.	Successful legal challenges to the increase in rates could take away $15 million in revenues, and would destroy the financial solvency of the system.
Waste collection finances stabilized	New rates implemented. Decision to be made before end of October on potential use of outside vendor	Insufficient property tax millage replaced with fee reflecting actual costs. Service expanded to provide recycling and composting	Successful legal challenge to the new fee could result in a $5 million revenue loss to the City, and would eliminate the ability of the City to provide this service.

Scope of Ineligible grant expenses assessed and addressed	City has negotiated the potential repayment of more than $2 million in ineligible grant expenditures	The FY12 financial statements include the City's General Fund obligation for repayments, currently projected at $1 million; the remainder is being repaid by returning unspent grant funds	Findings of any additional ineligible grant expenses requiring a General Fund appropriation will negatively affect the City, since there are no funds budgeted for such event and no reserves. Given the current history of unanticipated findings, it would not be a total surprise to receive additional notices.
Police and fire staffing levels stabilized	Continuation of FY12 staffing levels contained in FY13 Amended Budget. A request for voter approval of a 6 mill property tax increase dedicated to police and fire is on the November ballot.	FY13 budget, with addition of SAFER grant and COPS funding, provides for continuation of current staffing. Changes in work schedules to 12 hour shifts increases response time. Commitment of additional MSP resources also assists.	Successful legal challenges affecting the revenues of the City will affect the ability of the City to maintain the current level of staffing. Lack of voter approval of the 6 mill increase will mean reductions in staffing, beginning in January, 2013. With further property value declines expected in future years (15% in FY14, 10% in FY15, 7% in FY16), the ability of the City to even maintain the most basis of city services is in question.
City Lock-up re-opened	City Lock-up opened first of October	Re-opening of lock-up provides FDP officers with space to house arrestees.	Re-opening of the lock-up was made possible only by the financial assistance from the state. It will not be possible for the City to operate the lock-up with its own resources for many years.
Genesee Towers Sold	Complete	Although sold for $1, with a pledge of committing $775,000 in grant funds towards demolition, the City received commitment that the structure would be demolished at an estimated cost of $4 million.	Part of the consideration in selling the property was for its potential future use in promoting economic development, and in having the building demolished in the near future. The success of this is subject to many factors outside of the direct control of the City, and progress could be slower than anticipated

City of Flint Police and Fire Budget 2012 – 2017
Securing Stable Funding

What is the City's objective?
We want to reduce crime in the Flint community. To accomplish this, the city must stabilize and then strengthen its police and fire staffing levels. We want more police officers on the street and we want to maintain our fire department staffing.

How are you going to improve police and fire protection?
To improve police and fire protection for the citizens of Flint, it is necessary to obtain additional funding. There are two potential sources of funding available: a property tax and an income tax. The two taxes jointly implemented would create a stable revenue stream that would sustain the current staffing levels and leave room for expansion. An ordinance which commits 55.5 percent of all future General Fund revenues to support police and fire budgets would be adopted.

On November 6 voters will be asked to approve a 6 mill property tax increase, with the new funds guaranteed for the exclusive use for public safety. In January 2013 the state legislature will be asked to approve legislation giving Flint voters the right to vote on increasing the local income tax. The tax would increase from its current 1 percent for residents and 0.5 percent for non-residents to 1.5 percent for residents and .75 percent for non-residents.

What will a 6 mill property tax increase cost the average homeowner?
The average taxable value of a residential property in Flint is currently $13,131. Therefore, a 6 mil increase would cost the average taxpayer approximately $79. To determine specific costs for your property, check your Notice of Assessment, Taxable Valuation and Property Classification document received from the City. For each $1,000 of taxable value multiply by $6; that will be the cost for your property.

What happens financially if we work with current funds only?
To maintain a balanced budget the current staffing for police and fire would fall up to 30 percent from its current combined level of 233 to 166 by 2017. This is unacceptable.

What has the City done so far to improve police and fire protection?
Over the past several months the City has implemented several items in the Public Safety Plan. For example, police officers' redesigned schedules have increased the number of officers on patrol throughout the day. As a result, 911 response times have decreased. In cooperation with the Michigan State Police there are more road patrols in the City and we now have doubled the number of detectives assigned to investigations. The City's lock-up facility is scheduled to reopen at the end of September. The 911 technology is being upgraded along with the police and fire communications system which will now be compatible with all other Genesee County public safety agencies.

Finance Department Analysis

Staffing for Flint Police and Fire Departments currently totals 233. This number is significantly reduced from past years and is clearly inadequate for a city with Flint's challenges. Even maintaining current staffing, let alone increasing staffing to acceptable levels, is costly. Over the next five years, current revenues supporting police and fire budgets are projected to decrease, while the cost of maintaining current staffing, in spite of actions taken to contain them, is projected to increase.

What will it cost us just to continue the current level of staffing and services?

Even with the cost containment measures recently enacted, the costs of maintaining the current staffing levels will continue to increase.

	Budget FY 13 (in millions)	*Projected* FY14 (in millions)	*Projected* FY15 (in millions)	*Projected* FY16 (in millions)	*Projected* FY17 (in millions)
Current General Fund Police (94 sworn, 21 civilian)	$ 21.03	$ 21.66	$ 22.31	$ 23.42	$ 24.59
Current General Fund Fire (47 sworn, 7 civilian)	10.92	11.24	11.58	12.16	12.77
Current Special Police Millage (14 sworn)	1.54	1.59	1.64	1.72	1.81
Current Staffing - SAFER Grant (39 sworn)	3.45	3.55	3.66	3.84	4.04
Current Staffing - Mott Grant (11 sworn)	1.10	1.13	1.17	1.23	1.29
Current Staffing - COPS Grant (6 sworn included in GF)					
TOTAL POLICE AND FIRE STAFFING OF 233 (140 POLICE;93FIRE;SWORN AND CIVILIAN)	**$ 38.04**	**$ 39.18**	**$ 40.35**	**$ 42.37**	**$ 44.49**

What revenues will we have to just continue the current level of staffing and services?

The budgets for police and fire currently consume 55.5% of the City's General Fund. In addition, the budgets for police have been supplemented with the proceeds of a voter approved 2 mill property tax levy and various grants, including a grant from the Mott Foundation. The budget for fire has been supplemented with the federal SAFER grant for the past several years. With property values continuing to decline, other General fund revenue sources remaining stagnant, and grants projected to decline if not disappear, revenues projected to be available to support police and fire budgets will be significantly inadequate to maintain current staffing.

		Budget FY 13 (in millions)	*Projected* FY14 (in millions)	*Projected* FY15 (in millions)	*Projected* FY16 (in millions)	*Projected* FY17 (in millions)
Revenue Projected		$ 36.92	$ 37.34	$ 35.63	$ 35.51	$ 35.46
Expense Projected		38.04	39.18	40.35	42.37	44.49
Difference between Costs and Revenues		$ (1.12)	$ (1.83)	$ (4.72)	$ (6.86)	$ (9.03)
	Current					
Staffing Impact	233	222	203	193	183	166
Change from current		(11)	(30)	(40)	(50)	(67)

A continuation of the status quo in terms of current millages and revenue sources is projected to result in the need to reduce staffing for police and fire by nearly 30% or some 67 positions over the next 4 years.

What financing alternatives do we have?

In order to avoid continuing pressure to reduce the staffing for police and fire, it will be necessary to find other sources of revenue. With funding for public safety (police, fire, 911, and the courts) now absorbing nearly 70% of the City's General Fund, it is not possible to find sufficient additional funds within the General Fund.

The primary additional sources of revenue are additional property tax millages and additional income tax levies. Both can and should be supplemented with a continuing effort to solicit and obtain grants from federal, state, and local sources, but grants should not be seen as a long term funding solution.

Here are preliminary projections on the financial and staffing level impacts of 1) increasing the income tax; 2) increasing the property tax, and 3) doing both. All alternatives assume some continuation of grant funding. In addtion, proceeds from the alternative revenue sources are used in a manner that stabilizes staffing over the next 5 years.

Increase the Income Tax beginning in 2014 from the current 1% resident / .5% non-resident to 1.5% resident / .75% non-resident. This will need action by the state legislature as well as voter approval.

		Budget FY 13 (in millions)	*Projected* FY14 (in millions)	*Projected* FY15 (in millions)	*Projected* FY16 (in millions)	*Projected* FY17 (in millions)
Revenue Projected		$ 38.02	$ 41.55	$ 39.76	$ 38.56	$ 38.56
Expense Projected		38.04	39.18	40.35	42.37	44.49
Difference between Costs and Revenues		$ (0.02)	$ 2.37	$ (0.60)	$ (3.81)	$ (5.92)
	Current					
Staffing Impact	233	233	233	233	233	208
Change from current		0	0	0	0	(25)

Increase the Property Tax by 6 mills in December 2012. This will require voter approval in the November, 2012 election, and is on the ballot.

		Budget FY 13 (in millions)	*Projected* FY14 (in millions)	*Projected* FY15 (in millions)	*Projected* FY16 (in millions)	*Projected* FY17 (in millions)
Revenue Projected		$ 43.40	$ 42.02	$ 39.75	$ 38.25	$ 38.20
Expense Projected		38.04	39.18	40.35	42.37	44.49
Difference between Costs and Revenues		$ 5.36	$ 2.84	$ (0.60)	$ (4.12)	$ (6.29)
	Current					
Staffing Impact	233	243	243	218	218	218
Change from current		10	10	(15)	(15)	(15)

Increase the Property Tax in 2012 and the Income Tax in 2013. This will require the approvals noted above.

		Budget FY 13 (in millions)	*Projected* FY14 (In millions)	*Projected* FY15 (in millions)	*Projected* FY16 (in millions)	*Projected* FY17 (in millions)
Revenue Projected		$ 43.40	$ 46.13	$ 43.88	$ 42.39	$ 42.28
Expense Projected		38.04	39.18	40.35	42.37	44.49
Difference between Costs and Revenues		$ 5.36	$ 6.95	$ 3.52	$ 0.02	$ (2.21)
	Current					
Staffing Impact	**233**	**243**	**260**	**260**	**260**	**260**
Change from current		**10**	**27**	**27**	**27**	**27**

It is clear that neither the new property tax levy nor the income tax increase alone will provide the resources necessary to sustain current staffing for the next 5 years. However, both individually, along with continued efforts to obtain grant funding, will provide needed resources, which if deployed appropriately, can maintain (and possibly increase) staffing for the next few years.

Together, however, these additional revenue sources can enable not only a continuation of current staffing, but an increase as well. And, should the economy improve more quickly than anticipated, and efforts at cost containment continue, staffing increases can become sustainable.

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Wednesday, October 24, 2012 4:18 PM
To: Wyant, Dan (DEQ)
Subject: Fwd: Briefing on Karegnondi Project/City of Flint

Follow Up Flag: Follow up
Flag Status: Flagged

Sent from my iPad

Begin forwarded message:

> **From:** "Fraser, Roger (Treasury)" <FraserR1@michigan.gov>
> **To:** "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>, "Stibitz, Brom (Treasury)" <StibitzB@michigan.gov>, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>, "Mike Brown (mbrown@reinvestflint.org)" <mbrown@reinvestflint.org>
> **Cc:** "Hichez, Amy (Treasury)" <HichezA@michigan.gov>, "Cousineau, Sara (Treasury)" <CousineauS@michigan.gov>, "'mmurray@cityofflint.com'" <mmurray@cityofflint.com>
> **Subject: Briefing on Karegnondi Project/City of Flint**
>
> Discussion: Brief Treasury on pros and cons of Karegnondi project. There are concerns about cost and engineering constraints. Report for Flint in late 90's....suggested this project was not financially feasible.
>
> Attendees:
>
> State of Michigan
> Andy Dillon - Treasurer
> Brom Stibitz – Policy Advisor
> Roger Fraser – Deputy Treasurer
> Ed Koryzno – Office of Fiscal Responsibility
>
> City of Flint – (confirmed attendance with Maxine Murray)
> Mike Brown – City Administrator
> Jerry Ambrose, Finance Director
> Howard Croft, Director of Infrastructure & Development
>
> Genesee County – (confirmed attendance with Maxine Murray)
> Jeff Wright, Genesee County Drain Commissioner
> John OBrian, Chief Deputy Drain Commissioner
> Dave Jansen, Assistant Director, Genesee County Drain Commission
> Rick Freeman, Rowe Professional Service
>
> Tucker, Young, Jackson & Tull – (confirmed attendance with David Guastella)
> George Karmo, President

Stanton, Terry A. (Treasury)

From: Buhs, Caleb (Treasury)
Sent: Wednesday, October 31, 2012 11:39 AM
To: Wurfel, Sara (GOV); Stanton, Terry A. (Treasury)
Subject: RE: Genesee Co water supply project TODAY's FLINT JOURNAL

Follow Up Flag: Follow up
Flag Status: Completed

The article is correct, we will be meeting with both proponents and opponents of the potential pipeline project. There isn't much to say at this point, Treasury does not have an opinion yet, as we will be getting the full briefing tomorrow.

Here is what we know:
-A group is proposing a water pipeline from Lake Huron to the Flint Metro area, which would eliminate the need to purchase water from Detroit Water and Sewer Department (DWSD).

-The design and cost estimates have yet to be completed.

-The City of Flint has contributed about $25-30k towards the costs of the studies.

-DWSD is opposed to the plan for the obvious reason that they would lose customers. DWSD officials have pointed out that a study was done in the 90's that concluded that a project of this nature would not be cost effective.

-This would allow Flint to control their own water costs and quality and provide opportunities for industrial growth.

Since Treasury officials have not been briefed on all the information yet, I would keep the statement from the Governor rather high-level, something like:

Treasury officials will be meeting with Genesee County and Detroit officials tomorrow to get the details of the proposed pipeline plan. Until the ultimate costs are known and the various studies have been conducted, the benefits to the citizens of Flint and Genesee County cannot be determined.

Feel free to call me if you have any questions.

Caleb

From: Wurfel, Sara (GOV)
Sent: Wednesday, October 31, 2012 11:10 AM
To: Buhs, Caleb (Treasury); Stanton, Terry A. (Treasury)
Subject: FW: Genesee Co water supply project TODAY's FLINT JOURNAL
Importance: High

Per our quick conversation, Caleb. Any update you can provide ASAP from Treasury role and perspective will be great.

From: Wurfel, Brad (DEQ)
Sent: Wednesday, October 31, 2012 11:03 AM
To: Wurfel, Sara (GOV)
Subject: RE: Genesee Co water supply project TODAY's FLINT JOURNAL

Officials from Flint, Genesee County, Detroit to meet with state treasury on region's water future, officials say

By **Kristin Longley | klongley1@mlive.com**
on October 31, 2012 at 7 16 AM, updated October 31, 2012 at 7 17 AM
Email **Print**

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Flint water treatment plant *Ryan Garza | MLive com file photo*

GENESEE COUNTY, MI -- In a meeting of all the major stakeholders, the city of Flint is expected to make its case to the state Thursday that joining a regional effort to build **a new pipeline from Lake Huron** is the best option for Flint's future water.

The meeting is expected to include representatives from Flint emergency financial manager Ed Kurtz's administration as well as the Genesee County Drain Commissioner's Office, Detroit Water and Sewerage Department and thr Michigan Treasury department, Flint officials said this week.

"The state is looking to bring all the parties to one place to look at the numbers," said Howard Croft, Flint's director of infrastructure. "All the pros and cons and all the people involved will be in the room."

Flint and Genesee County have been getting water from Detroit under a 30-year contract that is now expired, and are looking to break away because of continuing price increases.

Officials with the Flint emergency manager's office have been exploring several options for water

since the city was taken over by the state in December. The options included treated Flint River water as well as blending Detroit water with Flint River water.

Now, Flint authorities say joining with Genesee County officials on **building a new pipeline from Lake Huron** is the best bet in order to stabilize Flint water rates over the long term.

The pipeline would service a wider region that could also include Lapeer, Sanilac County and Lapeer County, called the Karegnondi Water Authority.

"We're comfortable with the work we've done. We believe the numbers bear out," Croft said. "This is taking it to the next level, taking it to the state and saying these are our options."

Kurtz said that, under the emergency financial manager law, the state treasurer has to sign off on any deal more than $50,000 -- which certainly applies to the pipeline project that's expected to cost the three-county region up to $300 million.

The Genesee County Board of Commissioners **took steps last week to borrow** up to $35 million to cover the initial construction costs for the pipeline.

Genesee County Drain Commissioner Jeff Wright said he was asked to attend the meeting Thursday in Lansing. He said his office will be glad to be there to answer any questions about the KWA proposal.

County officials claim that continuing to buy water from the city of Detroit will cost the region $2.1 billion during the next 25 years. By building a pipeline, that cost would no more than $1.9 billion over the same period.

"It's cheaper to build our own system than to continue to pay more and more to the city of Detroit," Wright said. "This is about the least expensive way for our people to get the best quality water."

Croft said the Flint River isn't the best option for Flint's primary source because of concerns about capacity during drought conditions and questions about what the city and county would rely on as their state-required backup source, which is currently the river.

If the city were to make the Flint River its primary source, major upgrades would have to be made to the dams and other infrastructure, Croft said.

Blending river water with Detroit water would still leave Flint vulnerable to future rate increases from Detroit, he said.

Going with the KWA pipeline, on the other hand, would mean a fixed water cost, Croft said.

"A lot of things are conditional (with blending)," Croft said. "That's not a good scenario for us. We're looking for a long-term solution not a short-term one."

Still, no decisions have been finalized, he said.

"The state has to support any decision of this magnitude," he said. "This is about us making the best-informed decision we can make

Brad Wurfel
Communications Director
Michigan Department of Environmental Quality
517-241-7395 - office
517-230-8006 - cell

From: Milne, James (DEQ)
Sent: Wednesday, October 31, 2012 10:11 AM
To: Wurfel, Brad (DEQ)
Cc: Fisher, Brant (DEQ); LeBaron, Andrew (DEQ)
Subject: Genesee Co water supply project

See if the attached files give you what you need. Brant Fisher & Andy LeBaron are probably the best people to talk to about this project.

Jim Milne, Great Lakes Shorelands Unit Chief
Water Resources Division
MI Dept. of Environmental Quality
ph: 517-373-4608 fax: 517-373-6917
e-mail: milnej@michigan.gov

CITY OF FLINT, MICHIGAN
Department of Finance

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Dayne Walling
Mayor

Edward J. Kurtz
Emergency Financial Manager

Michael K. Brown
City Administrator

Gerald Ambrose
Finance Director

October 31, 2012

Edward J Kurtz
Emergency Financial Manager
City Of Flint Municipal Center
1101 S. Saginaw Street
Flint, MI 48502

RE: Cost Comparison, KWA v DWSD

Mr. Kurtz:

The City of Flint is considering whether joining the Karegnondi Water Authority (KWA) is a better alternative for the residents and businesses of Flint than continuing to purchase water from the Detroit Water and Sewer District (DWSD).

An important part of this consideration is the relative cost of the alternatives. We have compared the current projected costs of continuing to purchase water from DWSD to the projected costs of purchasing water from KWA.

The projected costs of purchasing water from DWSD come from our current and past experience, as well as statements from DWSD about their future costs. The costs of purchasing water from KWA are based on the KWA Lake Huron Water Supply Study, as updated by its October 2012 Preliminary Engineering Report Update, Appendix 20, dated October 4, 2012.

Based on the current contract with DWSD, the FY13 cost of purchasing water for the City of Flint only (excluding the sale of water to Genesee County) is budgeted at $14.4 million. Past experience indicates that it is reasonable to assume a 10% increase annually in the capacity charge from DWSD and a 5% increase in the commodity cost. It is also reasonable to assume a 5% increase in operational costs for the Flint Water Treatment Plant. Consequently, it appears that the costs for continuing to purchase water from DWSD will increase to $22.7 million by FY20.

Conversely, joining KWA and participating in the construction of infrastructure to receive water will require an up-front cost to the City of $2.3 million, to be paid over the first three years of joining. This would be paid by the City during the construction period while the City continues to purchase its water from DWSD. However, once the construction is complete and water delivery commences, the City's capacity charge will be fixed, based on the debt service necessary to finance construction. Operational costs for KWA water delivery and the Flint WTP are projected to increase by 5% annually.

Based on the assumptions in this comparison, the annual projected cost of purchasing water for the City of Flint is 15% or $2.6 million LESS using the KWA option in the first year of operation, increasing to 27% or $6.1 million LESS in the fifth year of operation. The only caveat is that in order to achieve this, the City will need to upfront KWA $3.25 million over 3 years prior to KWA beginning water delivery.

Concerns have been raised about the potential of cost overruns and delays in construction. These are reasonable concerns. An additional analysis, assuming a 15% cost overrun, and a one-year delay in construction, indicates that the gain to be achieved from participating in KWA is lessened (from $2.6 million in the first year to $2.3 million) and the City's upfront contribution is increased to $10.4 million if the City is required to make its first year's debt service payment before operations begin. The City's gain from participating in KWA is delayed, but once operations begin, the City's annual costs are less than continuing with DWSD, becoming net positive in FY20. However, given the City's precarious financial position, it is likely that the City would need to find some source of capital if such an up-front payment were necessary.

Finally, we have also analyzed what constraints DWSD would need to impose on its contract with the City of Flint in order to be a positive financial option. It would appear that if the capacity costs to Flint were to be fixed at the FY13 level and if annual operating cost increases were capped at 2.25%, then the cost to the City of Flint could be less than KWA.

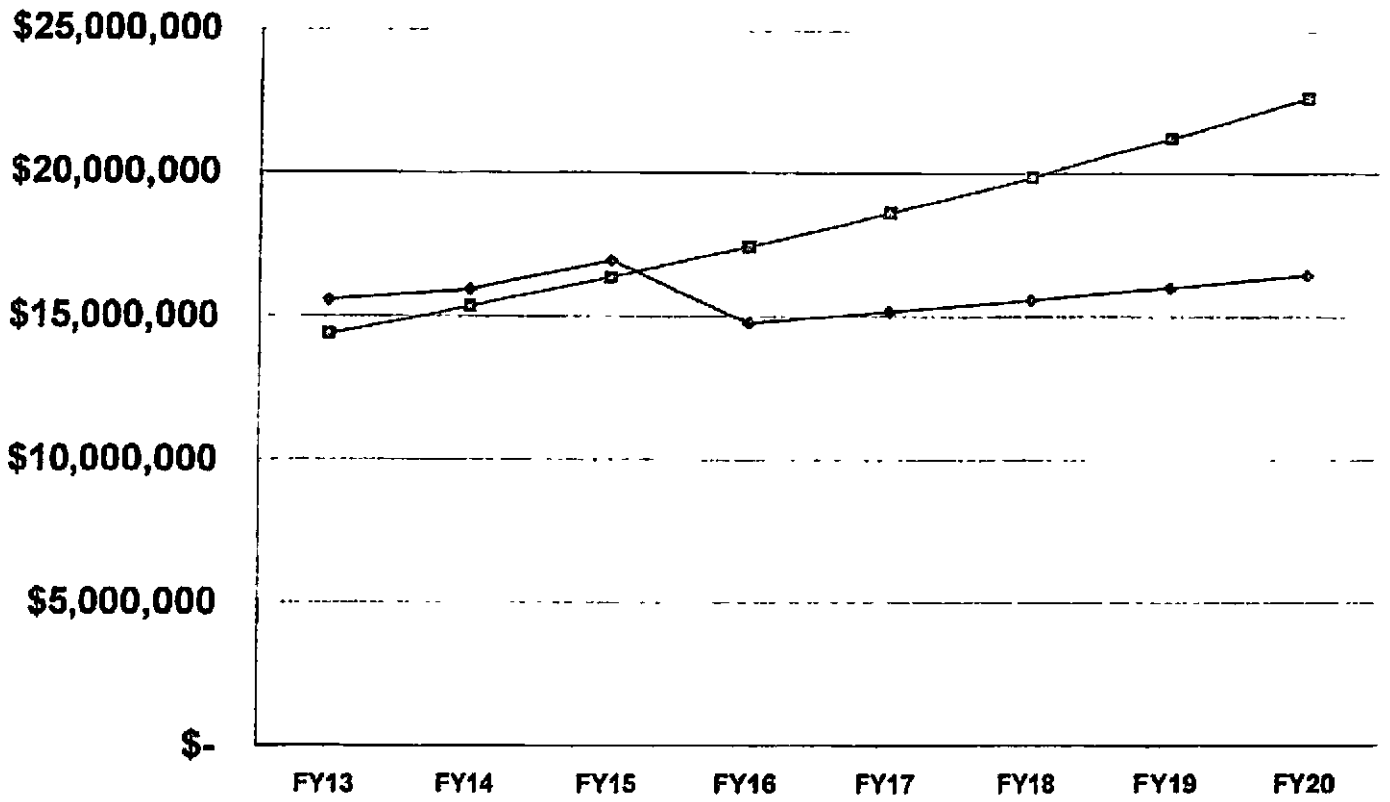
Attached are the three projections summarized above. First is the "Original Projection" utilizing the KWA Study. Second is the "Worse Case Projection" with cost increases and construction delays. Third is the reduced DWSD costs associated with fixed capacity costs and capped increases in operational costs.

Please contact me if you have any questions.

Gerald Ambrose
Director of Finance

GA:js
Attachments

Original Projection - Summary Comparison: KWA vs DWSD



$272M investment system
7.1M upgrade Flint Plant

- Delivering raw water to Flint plant & new plant by G.C.

FINAL 10/31/2012

ORIGINAL PROJECTION
SUMMARY COMPARISON: KWA V DWSD

Water and Sewer Cash Flow with KWA

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,355,135	$ 16,365,534	$ -	$ -	$ -	$ -	$ -
KWA Entry Fee $2,325,600	$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
KWA Debt Service	$ -	$ -	$ -	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155
FWTP Debt Service	$ -	$ -	$ -	$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
KWA operations	$ -	$ -	$ -	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
FWTP operations w KWA	$ -	$ -	$ -	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Total Costs	$ 15,576,658	$ 15,936,535	$ 16,946,934	$ 14,888,149	$ 15,274,260	$ 15,679,676	$ 16,105,363	$ 16,552,334

Water and Sewer Cash Flow with DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,355,135	$ 16,365,534	$ 17,450,717	$ 18,616,851	$ 19,870,660	$ 21,219,438	$ 22,671,186

6.5%

Cash Flow Difference: KWA and DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Annual Cost: DWSD - KWA	$ (1,162,800)	$ (581,400)	$ (581,400)	$ 2,562,568	$ 3,342,591	$ 4,190,974	$ 5,114,072	$ 6,118,851
Cumulative Gain with KWA	$ (1,162,800)	$ (1,744,200)	$ (2,325,600)	$ 236,968	$ 3,579,559	$ 7,770,533	$ 12,884,605	$ 19,003,456

(1) This projection assumes that KWA begins delivery of water to Flint starting in July, 2016. Any interest on the bonds will be capitalized until that period. The City will be obligated to begin paying its $2,325,600 entry fee in FY13 - 2 payments of $581,400 in FY13, 1 payment in FY14 and 1 payment in FY15.

(2) The cost of the KWA option is projected to be $2,562,568 or 15% LESS than DWSD in the first year of operation (Year 4). This gain offsets the upfront costs of $2,325,600 by $236,968.

(3) The cost of the KWA option is projected to be $6.1 million or 27% LESS than DWSD in the 5th year of operation (Year 8)

(4) The cumulative savings by the 8th year from the beginning of the project are projected to be $19 million.

Detail of Original Cost Projections FINAL 10/31/2012

Cost Comparisons: Water Supply to City of Flint from DWSD and proposed KWA project

Cost of water to City of Flint (excluding Genesee) using continued service from DWSD

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Fixed Cost (1)	$ 4,411,680	$ 4,852,848	$ 5,338,133	$ 5,871,946	$ 6,459,141	$ 7,105,055	$ 7,815,560	$ 8,597,116
Escalator	1.10	1.10	1.10	1.10	1.10	1.10	1.10	
Commodity Cost (2)	$ 7,276,640	$ 7,640,472	$ 8,022,496	$ 8,423,620	$ 8,844,801	$ 9,287,041	$ 9,751,394	$ 10,238,963
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
Flint WTP Operating Cost (3)	$ 2,725,538	$ 2,861,815	$ 3,004,906	$ 3,155,151	$ 3,312,909	$ 3,478,554	$ 3,652,482	$ 3,835,106
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL	$ 14,413,859	$ 15,355,135	$ 16,365,534	$ 17,450,717	$ 18,616,851	$ 19,870,650	$ 21,219,436	$ 22,671,185

(1) Per FY13 Budget and DWSD Contract, fixed charge from DWSD for FY13 is $707,000 per month or $8.5 million total. Flint's cost is 52% or $4.4 million total.

(2) Per FY13 Budget and DWSD Contract, and based on 12 million gallons per day (mgd), cost is $7.3 million, based on $12.46/unit ($12.46x1600unitsx365).

(3) Per FY13 Budget, annual cost of WTP is $4.1 million. Genesee County pays $1,386,000 for emergency back up service.

Cost of water to City of Flint using proposed KWA project for water supply to Flint WTP

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
KWA Entry Costs (1)	$ 1,162,800	$ 581,400	$ 581,400		$ -	$ -	$ -	$ -
Fixed KWA Construction Cost (2)				$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155
Escalator				1.00	1.00	1.00	1.00	
Fixed Flint WTP Construction Cost (3)				$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
Escalator				1.00	1.00	1.00	1.00	
Flint WTP Operating Cost (4)	$ 5,911,538	$ 6,207,115	$ 6,517,471	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
KWA Commodity Charge (5)	$ 759,200	$ 797,160	$ 837,018	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL	KWA NOT AVAILABLE			$ 14,888,149	$ 15,274,260	$ 15,679,676	$ 16,105,363	$ 16,552,334

(1) The City will, upon joining, be required to pay an initial fee of $32,300 per MGD plus the same amount for each year until bonding for the project is obtained. At 18MGD, the City's cost is $581,400 annually. Since it is projected that fee will be assessed for 3 years, the City's upfront cost is projected at $2,325,600.

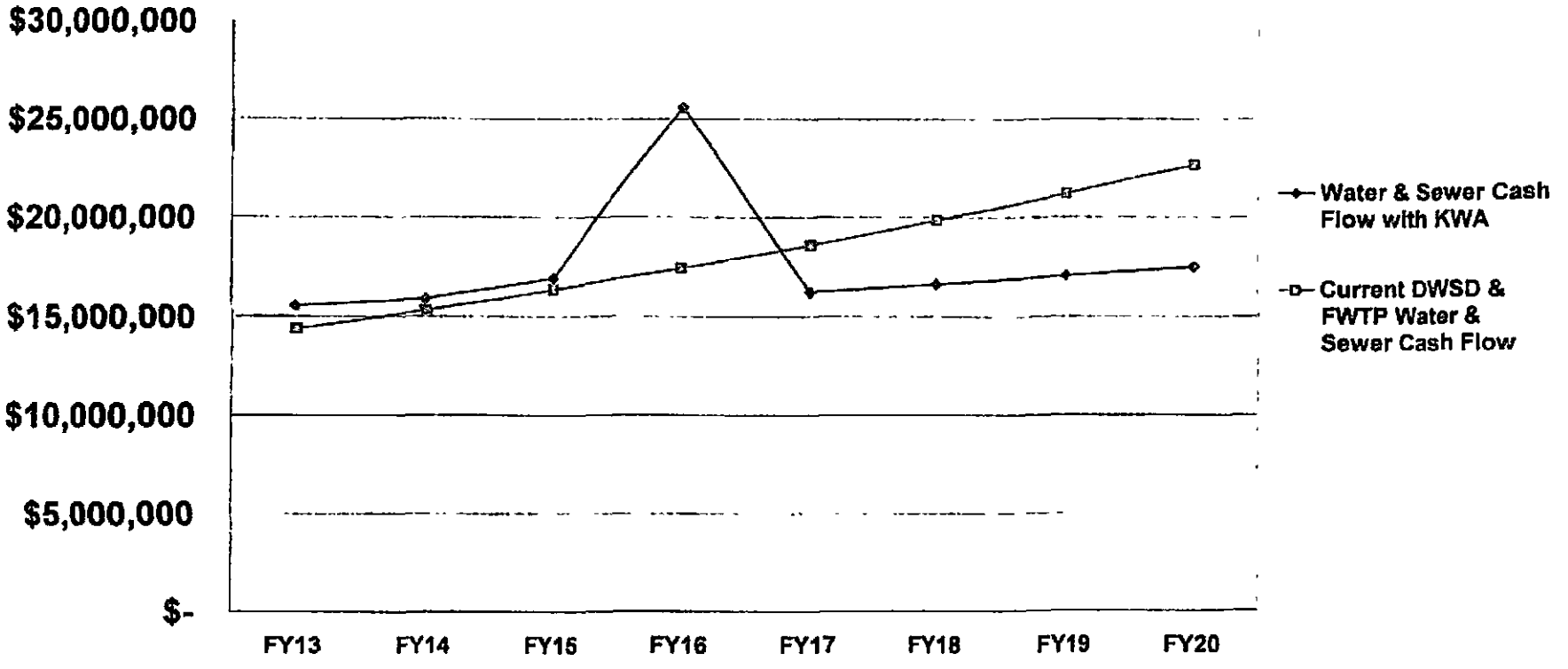
(2) Per KWA proposal, project cost is $272 million. City's fixed cost would be 30% of debt service, based on capacity design of 60mgd, of which 18MGD is for Flint. Debt service is based on 5% interest rate @ 25 years; 5% added to principal for capitalized interest for FY13, FY14, and FY15. ($272,421,588 plus $13,621,078 for 3 years = $313,284,782)

(3) Per KWA proposal, the cost of upgrading the Flint is $7.1 million. City's fixed cost would be100% of debt service based on 5% interest rate @ 25 years), with 5% added to cover capitalized interest for FY13, FY14, and FY15 (total principal = $8.165 million)

(4) Per FY13 Budget annual cost of WTP is $4,111,538. $1.6 million for electricity and chemicals & 2 FTE's are added. 100% City cost. 100%

(5) Per KWA proposal, initial commodity charge would be based on $1.30/unit or 7,500 gallons. Charge is based on 12MGD.

Worst Case Scenario - Summary Comparison KWA vs DWSD (15% Cost Overrun; One year delay in Water Supply delivery)



FINAL 10/31/2012

WORSE CASE PROJECTION
SUMMARY COMPARISON: KWA V DWSD
(15% Cost Overrun; One year delay in Water Supply delivery)

Water and Sewer Cash Flow with KWA

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,355,135	$ 16,385,534	$ 17,450,717	$ -	$ -	$ -	$ -
KWA Entry Fee	$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
KWA Debt Service	$ -	$ -	$ -	$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,129
FWTP Debt Service	$ -	$ -	$ -	$ 658,698	$ 658,698	$ 658,698	$ 658,698	$ 658,698
KWA operations	$ -	$ -	$ -	$ -	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
FWTP operations w KWA	$ -	$ -	$ -	$ -	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Total Costs	$ 15,576,658	$ 15,936,535	$ 16,966,934	$ 25,691,544	$ 16,349,150	$ 16,754,566	$ 17,180,253	$ 17,627,225

Water and Sewer Cash Flow with DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,658	$ 15,355,135	$ 16,385,534	$ 17,450,717	$ 18,616,861	$ 19,870,660	$ 21,219,435	$ 22,671,185

Cash Flow Difference: KWA and DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Annual KWA - DWSD	$ (1,162,800)	$ (581,400)	$ (581,400)	$ (8,240,826)	$ 2,267,700	$ 3,116,094	$ 4,039,182	$ 5,043,960
Cumulative	$ (1,162,800)	$ (1,744,200)	$ (2,325,600)	$ (10,566,426)	$ (8,298,726)	$ (5,182,642)	$ (1,143,460)	$ 3,900,500

"Worse Case" scenario differs from Original in these respects:

(1)	Delivery of water to Flint from KWA is delayed by one year and construction costs are 15% above the original projection. Consequently, the City is required to begin paying for debt service one year before KWA begins delivery of water. This is in addition to its obligation to pay its initial entry fee of $581,400 plus $581,400 annually for the first 5 years.
(2)	Once KWA begins delivering water in year 5, the annual operating costs are less than DWSD by 12%. Considering $10.6 million in upfront costs in the first 4 years prior to KWA operation, the cumulative cost of KWA exceeds the cost of DWSD until year 8.
(3)	Cumulative savings by Year 8 are projected to be $3.9 million, compared to $19 million in the original projection.

Detail of Worse Case Cost Projections — FINAL — 10/31/2013

Worse Case Scenario

Cost Comparisons: Water Supply to City of Flint from DWSD and proposed KWA project

Cost of water to City of Flint (excluding Genesee) using continued service from DWSD

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Fixed Cost (1)	$ 4,411,880	$ 4,852,848	$ 5,338,133	$ 5,871,946	$ 6,459,141	$ 7,105,055	$ 7,815,560	$ 8,597,116
Escalator	1.10	1.10	1.10	1.10	1.10	1.10	1.10	
Commodity Cost (2)	$ 7,276,640	$ 7,640,472	$ 8,022,496	$ 8,423,620	$ 8,844,801	$ 9,287,041	$ 9,751,394	$ 10,238,963
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
Flint WTP Operating Cost (3)	$ 2,725,538	$ 2,861,815	$ 3,004,906	$ 3,155,151	$ 3,312,908	$ 3,478,554	$ 3,652,482	$ 3,835,106
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL	$ 14,413,958	$ 15,355,135	$ 16,365,534	$ 17,450,717	$ 18,616,851	$ 19,870,650	$ 21,219,436	$ 22,671,185

(1) Per FY13 Budget and DWSD Contract, fixed charge from DWSD for FY13 is $707,000 per month or $8 5 million total. Flint's cost is 52% or $4.4 million total.

(2) Per FY13 Budget and DWSD Contract, and based on 12 million gallons per day (mgd), cost is $7.3 million, based on $12.46/unit ($12.46x1600unitsx365).

(3) Per FY13 Budget, annual cost of WTP is $4.1 million Genesee County pays $1,355,000 for emergency back up service.

Cost of water to City of Flint using proposed KWA project for water supply to Flint WTP

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
KWA Entry Costs (1)	$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
Fixed KWA Construction Cost (2)				$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128
Escalator						1.00	1.00	
Fixed Flint WTP Construction Cost (3)				$ 658,698	$ 658,698	$ 658,698	$ 658,698	$ 658,698
Escalator								
Flint WTP Operating Cost (4)	$ 5,911,538	$ 6,207,115	$ 6,517,471	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
KWA Commodity Charge (5)	$ 759,200	$ 797,160	$ 837,018	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL	KWA NOT AVAILABLE				$ 16,349,150	$ 16,754,566	$ 17,180,253	$ 17,627,226

(1) The City will, upon joining, be required to pay a, initial fee of $32,300 per MGD plus the same amount for each year until bonding for the project is obtained. At 18MGD, the City's cost is $581,000, for a total of $2,325,600..

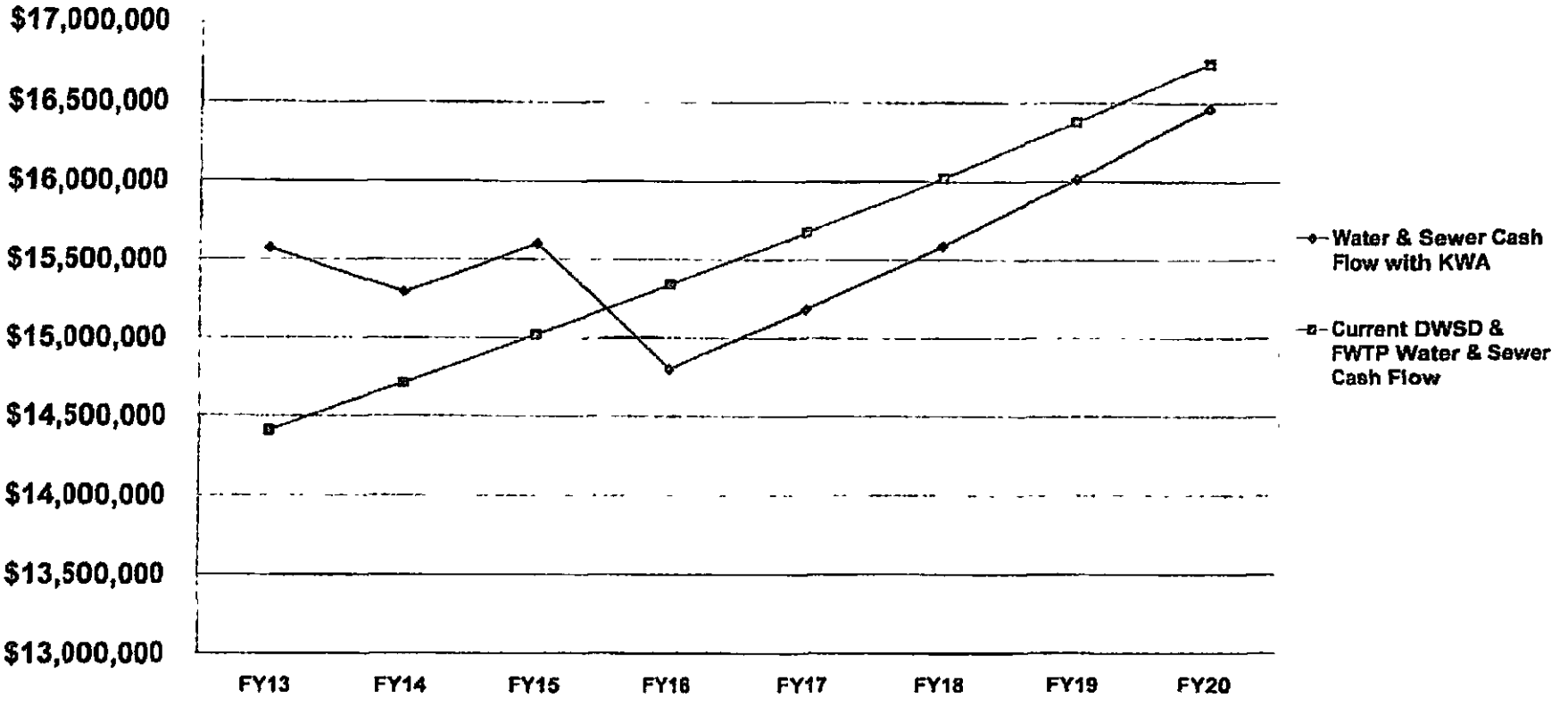
(2) Per KWA proposal, original project cost is $272 million. City's fixed cost would be 30% of debt service, based on capacity design of 60mgd, of which 18MGD is for Flint Debt service is based on 5% interest rate @ 25 years, 5% added to principal for capitalized interest for FY13, FY14, and FY15. ($272,421,566 plus $13,621,078 for 3 years = $313,284,782). The costs here are increased by 15%; debt service starts in FY16 but water is not available until FY17.

(3) Per KWA proposal, the cost of upgrading the Flint is $7.1 million. City's fixed cost would be100% of debt service based on 5% interest rate @ 25 years), with 5% added to cover capitalized interest for FY13, FY14, and FY15 (total principal = $8.165 million). Again, costs here are increased by 15%; debt service starts in FY16 but water is not available until FY17. Debt service is now on $9.4 million.

(4) Per FY13 Budget annual cost of WTP is $4,111,538. $1 6 million for electricity and chemicals & 2 FTE's are added. 100% City cost

(5) Per KWA proposal, initial commodity charge would be based on $1.30/unit or 7,500 gallons. Charge is based on 12MGD

ALTERNATE PROJECTION - SUMMARY COMPARISON: KWA V DWSD WITH DWSD COSTS REDUCED (Fixed Costs held constant; Commodity Costs Increased by 2.25% Annually)



FINAL 10/31/2012

ALTERNATE PROJECTION
SUMMARY COMPARISON: KWA V DWSD WITH DWSD COSTS REDUCED
(FIXED COSTS HELD CONSTANT; COMMODITY COSTS INCREASED BY 2.25% ANNUALLY)

Water and Sewer Cash Flow with KWA

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 14,713,859	$ 15,024,358	$ -	$ -	$ -	$ -	$ -
KWA Entry Fee	$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
KWA Debt	$ -	$ -	$ -	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155
FWTP Debt	$ -	$ -	$ -	$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
KWA operations	$ -	$ -	$ -	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
FWTP operations w KWA	$ -	$ -	$ -	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Total Costs	$ 15,576,658	$ 15,295,259	$ 15,605,758	$ 14,888,149	$ 15,274,260	$ 15,679,676	$16,105,363	$ 16,552,334

Water and Sewer Cash Flow with DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 14,713,859	$ 15,024,358	$ 15,345,778	$ 15,678,562	$ 16,023,172	$16,380,091	$ 16,749,823

Cash Flow Difference: KWA and DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Annual Cost: DWSD - KWA	$ (1,162,800)	$ (581,400)	$ (581,400)	$ 457,629	$ 404,302	$ 343,496	$ 274,728	$ 197,489
Cumulative Gain with KWA	$ (1,162,800)	$ (1,744,200)	$ (2,325,600)	$ (1,867,971)	$ (1,463,669)	$ (1,120,173)	$ (845,445)	$ (647,956)

(1) This projection assumes that DWSD fixed costs remain at 2013 levels and that operating costs increase by 2.25% annually

(2) KWA costs are as in the Original Projection.

(3) In this comparison, KWA costs are still less once operations begin (by 2.9%), and cumulative gain does not occur until after year 8. Over time, DWDS costs could be less with these limitations on cost increases.

Detail of Cost Projections

FINAL 10/31/2012

Cost Comparisons: Water Supply to City of Flint from DWSD and proposed KWA project
(FIXED COSTS HELD CONSTANT; COMMODITY COSTS INCREASED BY 2.25% ANNUALLY)

Cost of water to City (excluding Genesee) using continued service from DWSD with modified escalator

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Fixed Cost (1)	$ 4,411,680	$ 4,411,680	$ 4,411,680	$ 4,411,680	$ 4,411,680	$ 4,411,680	$ 4,411,680	$ 4,411,680
Escalator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
Commodity Cost (2)	$ 7,276,640	$ 7,440,364	$ 7,607,773	$ 7,778,947	$ 7,953,974	$ 8,132,938	$ 8,315,929	$ 8,503,038
Escalator	1.0225	1.0225	1.0225	1.0225	1.0225	1.0225	1.0225	
Flint WTP Operating Cost (3)	$ 2,725,538	$ 2,861,815	$ 3,004,906	$ 3,155,151	$ 3,312,908	$ 3,478,554	$ 3,652,482	$ 3,835,106
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL	$ 14,413,858	$ 14,713,859	$ 15,024,358	$ 15,345,778	$ 15,678,562	$ 16,023,172	$16,380,091	$ 16,749,823

Cost of water to City of Flint using proposed KWA project for water supply to Flint WTP

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
KWA Entry Costs (1)	$ 1,162,800	$ 581,400	$ 581,400		$ -	$ -	$ -	$ -
Fixed KWA Construction Cost (2)				$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155
Escalator				1.00	1.00	1.00	1.00	
Fixed Flint WTP Construction Cost (3)				$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
Escalator				1.00	1.00	1.00	1.00	
Flint WTP Operating Cost (4)	$ 5,911,538	$ 6,207,115	$ 6,517,471	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
KWA Commodity Charge (5)	$ 759,200	$ 797,160	$ 837,018	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL	KWA NOT AVAILABLE			$ 14,888,149	$ 15,274,260	$ 15,679,676	$16,105,363	$ 16,552,334

Detroit Water and Sewerage Department
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Flint Transmission System

Summary of Construction Cost

[1]Facilities	Base Cost	Contingency	Subtotal	GC, Insurance, Bonds, Mob/Demob., Allowances	Escalation	Cost
South Transmission Main	$ 180,552,670	$ 18,055,267	$ 198,607,937	$ 36,446,873	$ 28,206,577	$ 263,261,387
North Transmission Main	$ 152,354,260	$ 15,235,428	$ 167,589,708	$ 32,284,868	$ 23,984,949	$ 223,859,525
Grand Blanc Pumping Station	$ 29,171,593	$ 2,917,159	$ 32,088,752	$ 8,738,638	$ 4,899,287	$ 45,726,677
[2][3] Total Cost	$ 362,078,543	$ 36,207,854	$ 398,286,397	$ 77,470,379	$ 57,090,813	$ 532,847,589

[1] The Transmission Main and Grand Blanc Pumping Station shall be constructed under 3 separate construction contracts as follows:

1. Construction Contract No. 1 shall include the construction of the Transmission Main from the connection to the NOTS in Orion Township to the Oakland/Genesee County line (approximately 121,100 lft). The total Contract 1 construction cost is estimated to be $ 263,261,387.

2. Construction Contract No. 2A shall include the construction of the Transmission Main from the Oakland/Genesee County line to the connection to the DWSD system near the Potter Road/Baxter Road intersection in Davison Township (approx. 120,500 lft). The total Contract 2 construction cost is estimated to be $ 223,859,525.

3 Construction Contract No. 2B shall include the construction of the Grand Blanc Pumping Station. The total Contract 3 construction cost is estimated to be $ 45,726,677.

[2] Construction duration of the project is appoximately 3 years. An escalation @ 6% per year is added to cover second and thrid year of construction.

[3] CM fee is not included in this cost estimate.

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The Flint Transmission System

Construction Cost Estimate - South Transmission Main - Contract No. 1

Item	Unit	Quantity	Unit Cost	Total Cost
Division 1: GENERAL REQUIREMENTS				
01100 Traffic Control				
Signs	SF	6,650	$ 25	$ 166,250
Movable Message Boards	EA	4	$ 25,000	$ 100,000
Barricades	FT	16,000	$ 75	$ 1,200,000
Cones	EA	2,500	$ 20	$ 50,000
Truck-Mounted Attenuator	MO	24	$ 42,000	$ 1,008,000
Temporary Roads	SY	175,000	$ 10	$ 1,750,000
01140 Soil Erosion and Sedimentation Control				
Silt Fence	LF	138,000	$ 5	$ 690,000
Hay Bales	LF	2,000	$ 10	$ 20,000
			Subtotal Division 1 =	$ 5,294,250
Division 2: SITE WORK				
02100 Site Clearing				
Medium Brush	AC	36	$ 500	$ 18,000
Light Trees	AC	8	$ 4,000	$ 32,000
Topsoil Stripping	CY	55,750	$ 8	$ 446,000
02140 Dewatering				
Pumping - Operation	MO	18	$ 45,000	$ 810,000
Well Point System - Install/Remove	LF Hdr	60,000	$ 100	$ 6,000,000
02221 Trenching, Backfilling and Compacting				
Pavement Sawcutting and Removal	SY	22000	$ 8	$ 176,000
Pavement Milling	SY	22000	$ 2	$ 44,000
Excavation - Pipeline	CY	844,800	$ 5	$ 4,224,000
Granular Material	CY	17,500	$ 30	$ 525,000
Backfill and Compaction	CY	683,000	$ 5	$ 3,415,000
02238 Pipe Boring and Jacking				
Tunnel Casing	LF	6,250	$ 7,250	$ 45,325,000
Launching and Receiving Pits	EA	29	$ 150,000	$ 4,350,000
Soil Pre-Conditioning	LF	615	$ 3,600	$ 2,214,000
Mining Setup	EA	29	$ 100,000	$ 2,900,000
Cofferdams	SF	6,600	$ 40	$ 264,000
Sheeting	SF	345,000	$ 40	$ 13,800,000
02600 Manholes				
6' Dia Manhole	EA	250	$ 2,500	$ 625,000
Frame and Cover	EA	310	$ 500	$ 155,000
02628 Prestressed Concrete Cylinder Pipe				
PCCP	LF	126,720	$ 550	$ 69,696,000
02675 Disinfection of Water Main				
Flushing and Testing	MI	24	$ 36,000	$ 864,000
Disinfection	MI	24	$ 5,000	$ 120,000
02730 Aggregate Base and Surface Course				
Base Course Drainage Layer	CY	19,000	$ 100	$ 1,900,000
02740 Bituminous Paving				
Binder - 2-1/2"	SY	39,526	$ 10	$ 395,260
Wearing - 1-1/2"	SY	52,000	$ 6	$ 312,000
02755 - Concrete Curbs, Gutters and Sidewalks				
Concrete Curb and Gutter	LF	3,430	$ 11	$ 37,730
02760 - Sidewalks, Sidewalk Ramps and Driveways				
Driveway Replacement - Asphalt	SY	3,800	$ 9	$ 34,200
Driveway Replacement - Concrete	SF	3,150	$ 5	$ 15,750
02820 - Chain Link Fences and Gates				
Fencing	LF	20,000	$ 20	$ 400,000
02900 - Landscaping				
Topsoil	CY	19,337	$ 20	$ 386,740
Trees	EA	7,700	$ 50	$ 385,000
Grading	SY	440,000	$ 2	$ 880,000
Seeding	SY	440,000	$ 2	$ 880,000
			Subtotal Division 2 =	$ 161,260,670
Division 3: CONCRETE				
Mud Mat	CY	591	$ 350	$ 206,850
Floor Slab	CY	985	$ 600	$ 591,000
Walls	CY	3,377	$ 600	$ 2,026,200
Top Slab	CY	1,312	$ 600	$ 787,200
Pipe Encasement	CY	2,300	$ 400	$ 920,000
			Subtotal Division 3 =	$ 4,531,250

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Construction Cost Estimate - South Transmission Main - Contract No. 1

Item	Unit	Quantity	Unit Cost	Total Cost
Division 5: METALS				
05530 - Access Hatches				
Floor Doors	EA	4	$ 2,500	$ 10,000
			Subtotal Division 5 =	$ 10,000
Division 15: MECHANICAL				
15060 - Misc. Piping and Pipe				
Harnessed Couplings - 60"	EA	2	$ 12,000	$ 24,000
Duplex Sump Pumps	EA	8	$ 5,000	$ 40,000
15062 - Steel Pipe				
8" Blowoff	LF	1,200	$ 60	$ 72,000
15104 - Metal Seated Gate Valves				
8" Gate Valves - Blowoff	EA	80	$ 1,000	$ 80,000
16" Gate Valves - Outlets	EA	6	$ 10,000	$ 60,000
36" Gate Valves	EA	0	$ 10,000	$ -
60" Gate Valves	EA	30	$ 275,000	$ 8,250,000
36" Cone Valves	EA	0	$ 150,000	$ -
15108 - Air Release and Combination Air Valves				
Manual Air Release Valves - 1-1/2"	EA	60	$ 1,000	$ 60,000
Automatic Air Release Valves - 1"	EA	80	$ 2,000	$ 160,000
Combination Air/Vacuum and Air Release - 8"	EA	2	$ 10,000	$ 20,000
Piping and Vents	EA	82	$ 1,500	$ 123,000
15140 - Pipe Supports				
Concrete Pipe Supports	EA	31	$ 2,500	$ 77,500
			Subtotal Division 15 =	$ 8,886,500
Division 16: ELECTRICAL				
Vault Electrical	LS	8	$ 20,000	$ 160,000
			Subtotal Division 16 =	$ 160,000
Division 17: INSTRUMENTATION AND CONTROLS				
17200 - Computer Systems Hardware				
Hardware, Software and Integration	EA	8	$ 15,000	$ 120,000
17350 - Multiple Address Radio Equipment				
Remote Telemetry Unit	EA	8	$ 7,500	$ 60,000
17520 - Flow Instruments				
Magnolic Flow Meters	EA	2	$ 75,000	$ 150,000
17530 - Pressure and Level Instruments				
Pressure Transmitters	EA	8	$ 5,000	$ 40,000
			Subtotal Division 17 =	$ 370,000
			Subtotal Division 2 through 17 =	$ 160,832,670
Contingency			10%	$ 16,054,267
Subtotal - I				$ 169,007,937
General Conditions	LS		5%	$ 9,930,397
Mobilization/Demobilization, Bonds & Insurance	LS		6%	$ 11,916,476
Cash Allowance - Electric Utility Connections	LS			$ 400,000
Cash Allowance - Gas Line Relocations	LS			$ 400,000
Cash Allowance - Data Programming	LS			$ 1,500,000
Cash Allowance - MDOT - TMP	LS			$ 300,000
Cash Allowance - MDEQ/MDOT Permits and Inspection	LS			$ 1,500,000
Cash Allowance - RCOC Permit Compliance	LS			$ 1,500,000
Cash Allowance - Spare Parts	LS			$ 250,000
Provisionary Allowance - Unforeseen Conditions	LS			$ 9,750,000
Subtotal - II				$ 38,446,873
			Total Construction Cost (2008)	$ 235,054,810
Escalation to Mid-Point of Construction			12%	$ 28,206,577
			Total Construction Cost (2011)	$ 263,261,387

Construction cost estimate does not include CM fee
Contractor's overhead and profit is included in the Unit Cost

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The Flint Transmission System
Construction Cost Estimate - North Transmission Main - Contract No. 2

Item	Unit	Quantity	Unit Cost	Total Cost
Division 1: GENERAL REQUIREMENTS				
01100 Traffic Control				
Signs	SF	6,650	$ 25	$ 166,250
Movable Message Boards	EA	4	$ 25,000	$ 100,000
Barricades	FT	16,000	$ 75	$ 1,200,000
Cones	EA	2,500	$ 20	$ 50,000
Truck-Mounted Attenuator	MO	24	$ 42,000	$ 1,008,000
Temporary Roads	SY	42,240	$ 10	$ 422,400
01140 Soil Erosion and Sedimentation Control				
Silt Fence	LF	198,000	$ 5	$ 990,000
Hay Bales	LF	4,000	$ 10	$ 40,000
			Subtotal Division 1 =	**$ 3,976,650**
Division 2: SITE WORK				
02100 Site Clearing				
Medium Brush	AC	38	$ 500	$ 19,000
Light Trees	AC	7	$ 4,000	$ 28,000
Topsoil Stripping	CY	7,500	$ 8	$ 60,000
02140 Dewatering				
Pumping - Operation	MO	18	$ 45,000	$ 810,000
Well Point System - Install/Remove	LF Hdr	60,000	$ 100	$ 6,000,000
02221 Trenching, Backfilling and Compacting				
Pavement Sawcutting and Removal	SY	176000	8	$ 1,408,000
Pavement Milling	SY	176000	2	$ 352,000
Excavation - Pipeline	CY	844,800	$ 5	$ 4,224,000
Granular Material	CY	17,500	$ 30	$ 525,000
Backfill and Compaction	CY	683,000	$ 5	$ 3,415,000
02236 Pipe Boring and Jacking				
Tunnel Casing	LF	2,510	$ 7,250	$ 18,197,500
Launching and Receiving Pits	EA	12	$ 150,000	$ 1,800,000
Soil Pre-Conditioning	LF	350	$ 3,600	$ 1,260,000
Mining Setup	EA	12	$ 100,000	$ 1,200,000
Cofferdams	SF	6,600	$ 40	$ 264,000
Sheeting	SF	270,000	$ 40	$ 10,800,000
02600 Manholes				
6' Dia Manhole	EA	228	$ 2,500	$ 570,000
Frame and Cover	EA	276	$ 500	$ 138,000
02628 Prestressed Concrete Cylinder Pipe				
PCCP	LF	126,720	$ 550	$ 69,696,000
02675 Disinfection of Water Main				
Flushing and Testing	MI	24	$ 36,000	$ 864,000
Disinfection	MI	24	$ 5,000	$ 120,000
02730 Aggregate Base and Surface Course				
Base Course Drainage Layer	CY	60,150	$ 100	$ 6,015,000
02740 Bituminous Paving				
Binder - 2-1/2"	SY	127,750	$ 10	$ 1,277,500
Wearing - 1-1/2"	SY	214,250	$ 6	$ 1,285,500
02755 - Concrete Curbs, Gutters and Sidewalks				
Concrete Curb and Gutter	LF	13,720	$ 11	$ 150,920
02760 - Sidewalks, Sidewalk Ramps and Driveways				
Driveway Replacement - Asphalt	SY	4,000	$ 9	$ 36,000
Driveway Replacement - Concrete	SF	4,320	$ 5	$ 21,600
02820 - Chain Link Fences and Gates				
Fencing	LF	20,000	$ 20	$ 400,000
02900 - Landscaping				
Topsoil	CY	18,338	$ 20	$ 366,760
Trees	EA	1,925	$ 50	$ 96,250
Grading	SY	440,000	$ 2	$ 880,000
Seeding	SY	440,000	$ 2	$ 880,000

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Construction Cost Estimate - North Transmission Main - Contract No. 2

Item	Unit	Quantity	Unit Cost	Total Cost
			Subtotal Division 2 =	$ 133,160,030
Division 3: CONCRETE				
Mud Mat	CY	656	$ 350	$ 229,600
Floor Slab	CY	1,410	$ 600	$ 846,000
Walls	CY	3,828	$ 600	$ 2,296,800
Top Slab	CY	1,379	$ 600	$ 827,400
Pipe Encasement	CY	2,775	$ 400	$ 1,110,000
			Subtotal Division 3 =	$ 5,309,800
Division 6: METALS				
05830 - Access Hatches				
Floor Doors	EA	2	$ 2,500	$ 5,000
			Subtotal Division 6 =	$ 5,000
Division 15: MECHANICAL				
15060 - Misc. Piping and Pipe				
Dismantling Joints - 60"	EA	2	$ 12,000	$ 24,000
Dismantling Joints - 30"	EA	10	$ 7,500	$ 75,000
Wall Sleeves - 48"	EA	4	$ 7,500	$ 30,000
48" D.I. Pipe	LF	36	$ 2,300	$ 82,800
30" D.I. Pipe	LF	105	$ 1,500	$ 157,500
48" x 30" Cross	EA	2	$ 40,000	$ 80,000
48" x 30" Reducer	EA	2	$ 40,000	$ 80,000
30" x 20" Reducer	EA	12	$ 30,000	$ 360,000
30" - 90 Bend	EA	4	$ 22,000	$ 88,000
Duplex Sump Pumps	EA	9	$ 5,000	$ 45,000
15062 - Steel Pipe				
6" Blowoff	LF	1,200	$ 60	$ 72,000
15104 - Metal Seated Gate Valves				
6" Gate Valves - Blowoff	EA	80	$ 1,000	$ 80,000
16" Gate Valves - Outlets	EA	6	$ 10,000	$ 60,000
30" Gate Valves	EA	4	$ 50,000	$ 200,000
48" Gate Valves	EA	4	$ 100,000	$ 400,000
60" Gate Valves	EA	24	$ 275,000	$ 6,600,000
20" Cone Valves	EA	6	$ 75,000	$ 450,000
15108 - Air Release and Combination Air Valves				
Manual Air Release Valves - 1-1/2"	EA	75	$ 1,000	$ 75,000
Automatic Air Release Valves - 1"	EA	75	$ 2,000	$ 150,000
Combination Air/Vacuum and Air Release - 8"	EA	1	$ 10,000	$ 10,000
Piping and Vents	EA	76	$ 1,500	$ 114,000
15140 - Pipe Supports				
Concrete Pipe Supports	EA	51	$ 2,500	$ 127,500
			Subtotal Division 15 =	$ 9,360,800
Division 16: ELECTRICAL				
PRV Electrical	LS	1	$ 32,000	$ 32,000
Vault Electrical	LS	7	$ 20,000	$ 140,000
			Subtotal Division 16 =	$ 172,000
Division 17: INSTRUMENTATION AND CONTROLS				
17200 - Computer Systems Hardware				
Hardware, Software	EA	8	$ 15,000	$ 120,000
17350 - Multiple Address Radio Equipment				
Remote Telemetry Unit	EA	8	$ 7,500	$ 60,000
17520 - Flow Instruments				
Magnetic Flow Meters	EA	2	$ 75,000	$ 150,000
17530 - Pressure and Level Instruments				

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The Flint Transmission System
Construction Cost Estimate - North Transmission Main - Contract No. 2

Item	Unit	Quantity	Unit Cost	Total Cost
Pressure Transmitters	EA	8	$ 5,000	$ 40,000
			Subtotal Division 17 =	**$ 370,000**
			Subtotal Division 2 through 17 =	**$ 162,364,280**
Contingency			10%	$ 15,236,428
Subtotal - I				**$ 167,599,708**
General Conditions	LS		5%	$ 8,379,485
Mobilization/Demobilization, Bonds & Insurance	LS		6%	$ 10,055,382
Cash Allowance - Electric Utility Connections	LS			$ 400,000
Cash Allowance - Gas Line Relocations	LS			$ 400,000
Cash Allowance - Data Programming	LS			$ 1,500,000
Cash Allowance - MDOT - TMP	LS			$ 300,000
Cash Allowance - MDEQ/MDOT Permits and Inspection	LS			$ 750,000
Cash Allowance - GCRC Permit Compliance	LS			$ 1,500,000
Cash Allowance - Spare Parts	LS			$ 250,000
Provisionary Allowance - Unforeseen Conditions	LS			$ 8,750,000
Subtotal - II				**$ 32,284,868**
			Total Construction Cost (2008)	**$ 199,874,576**
Escalation to Mid-Point of Construction			12%	$ 23,984,949
			Total Construction Cost (2011)	**$ 223,859,525**

Construction cost estimate does not include CM fee
Contractor's overhead and profit is included in the Unit Cost

Detroit Water and Sewage Department
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The Flint Transmission System
Construction Cost Estimate - Grand Blanc Pumping Station

Item	Unit	Quantity	Unit Cost	Total Cost
Division 1: GENERAL REQUIREMENTS				
01100 Traffic Control				
Maintaining Traffic allowance	LS	1	$ 35,000	$ 35,000
01140 Soil Erosion and Sedimentation Control				
Construction Entrance	LS	1	$ 5,000	$ 5,000
Silt Fence	LF	5,000	$ 1	$ 5,000
			Subtotal Division 1 =	**$ 45,000**
Division 2: SITE WORK				
02200 Earthwork and Backfill				
Excavation for Pumping Station	CY	7,650	$ 16	$ 122,400
Backfill for Pumping Station	CY	2,500	$ 20	$ 50,000
02012 Soil Boring and Testing	LS	1	$ 10,000	$ 10,000
02050 Demolition	LS	1	$ 10,000	$ 10,000
02100 Site Clearing				
Clear brush, trees	LS	1	$ 20,000	$ 20,000
topsoil, strip and stack	cy	5,000	$ 10	$ 50,000
02140 Dewatering				
Well Points & Pumping	LS	1	$ 50,000	$ 50,000
02221 Trenching, Backfilling and Compacting				
Undercut unstable soil allowance	LS	800	$ 7	$ 5,600
Structural fill	CY	3,000	$ 30	$ 90,000
02530 Sanitary sewers				
8" dia San	LF	2,500	$ 40	$ 100,000
02600 Manholes	Each	7	$ 2,500	$ 17,500
02628 Water Main				
72-inch Suction and Discharge lines	LF	1,200	$ 750	$ 900,000
60-inch Gate Valves	Each	3	$ 275,000	$ 825,000
8-inch Gate Valve (Blow-off)	Each	2	$ 1,000	$ 2,000
8-inch water	LF	2,000	$ 60	$ 120,000
Hydrant	Each	2	$ 3,000	$ 6,000
02630 Storm Drainage & Pipe Culverts				
12" dia Storm	LF	1,000	$ 40	$ 40,000
15" dia Storm	LF	400	$ 50	$ 20,000
Culvert	LF	40	$ 25	$ 1,000
Manholes and catch basins	Each	7	$ 2,000	$ 14,000
Detention Basin	Each	1	$ 25,000	$ 25,000
02640 Natural Gas	LS	1	$ 8,000	$ 8,000
02740 Bituminous Paving	SY	8,000	$ 38	$ 304,000
02750 Concrete Pavement	SY	3,000	$ 60	$ 180,000
02760 Sidewalks, Sidewalks & Driveways				
Curb and Gutter	LF	3,000	$ 16	$ 48,000
Granular Material	cy	4,000	$ 20	$ 80,000
Backfill and Compaction	cy	3,000	$ 12	$ 36,000
02820 Chainlink Fence and Gates				
8' high security fence w/ barbed wire	LF	3,600	$ 53	$ 190,800
Cantilever sliding gates, motorized	Each	1	$ 18,000	$ 18,000
02900 Landscaping				
Topsoil	CY	4,000	$ 20	$ 80,000
Grading	SY	20,000	$ 2	$ 40,000
Seeding	SY	12,000	$ 2	$ 24,000
Trees & Shrubs	LS	1	$ 15,000	$ 15,000
General Contractor's Mark-up (10%)	LS	1	$ 350,230	$ 350,230
			Subtotal Division 2 =	**$ 3,852,630**
Division 3: CONCRETE				
Pumping Station				

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Construction Cost Estimate - Grand Blanc Pumping Station

Foundation	CY	1,213	$ 300	$ 363,900
Walls (East & West)	CY	100	$ 400	$ 40,000
Walls (North & South)	CY	29	$ 400	$ 11,600
Flow Meter Vault Walls (East & West)	CY	13	$ 400	$ 5,200
Flow Meter Vault Walls (North & South)	CY	9	$ 400	$ 3,600
Vault Walls (East & West)	CY	19	$ 400	$ 7,600
Vault Walls (North & South)	CY	14	$ 400	$ 5,600
Footings (East & West)	CY	225	$ 300	$ 67,500
Footings (North & South)	CY	65	$ 300	$ 19,500
Column Pillasters	CY	21	$ 750	$ 15,750
Column Pillasters Foundation	CY	24	$ 750	$ 18,000
Vaults for 60-inch Gate Valves				
Walls (East & West)	CY	150	$ 400	$ 60,000
Walls (North & South)	CY	100	$ 400	$ 40,000
Floor (Roof Plan)	CY	100	$ 300	$ 30,000
Floor (Floor Plan)	CY	17	$ 300	$ 5,100
Slab	CY	25	$ 500	$ 12,500
72" Pipe Encasement				
Concrete	CY	529	$ 400	$ 211,600
Pipe Encasement	CY	12	$ 400	$ 4,800
Electrical Room				
AHU Concrete Pad (Typ of 4)	CY	11	$ 400	$ 4,400
VFD Concrete Pad (Typ of 5)	CY	8	$ 400	$ 3,200
Double Ended Substation Concrete Support Pad (Typ)	CY	3	$ 400	$ 1,200
Primary Switch Gear Concrete Support Pad (Typ)	CY	5	$ 400	$ 2,000
6" Hollowcore (Office/Restroom Roof)	SF	250	$ 32	$ 8,000
Pump Room				
Valve Support Concrete Pad (Typ of 5) (Motor)	CY	5	$ 400	$ 2,000
Valve Support Concrete Pad (Typ of 5) (Pump)	CY	7	$ 400	$ 2,800
Valve Support Concrete Support Pad (Typ of 5)	CY	3	$ 400	$ 1,200
Valve Support Concrete Support Pad (Typ of 5)	CY	2	$ 400	$ 800
Valve Support Concrete Support Pad (Typ of 10)	CY	1	$ 400	$ 400
Thrust Restraint	CY	333	$ 400	$ 133,200
			Subtotal Division 3 =	**$ 1,081,450**
Division 4: MASONRY				
Exterior Masonry Wall (12" CMU, 4" face brick, cavity,	SF	16,950	$ 38	$ 644,100
12" interior masonry walls (Sound and Burnished block)	SF	4,050	$ 25	$ 101,250
8" interior masonry walls (Burnished Block)	SF	638	$ 22	$ 14,036
			Subtotal Division 4 =	**$ 759,386**
Division 5: METALS				
W14x90	LF	2,160	$ 140	$ 302,400
W12x40	LF	160	$ 60	$ 9,600
Cross Brace (2L3 $^1/_2$ x3x $^1/_2$)	LF	320	$ 50	$ 16,000
W6x15	LF	45	$ 35	$ 1,575
W10x33	LF	99	$ 60	$ 5,940
20LH09 Steel Joists	LF	1,295	$ 30	$ 38,850
Engineered Steel Truss	LF	3,240	$ 100	$ 324,000
Cross Bracing (L6X3 $^1/_2$x $^1/_2$)	LF	688	$ 35	$ 24,080
3" Metal Decking	SF	13,200	$ 20	$ 264,000
2" Metal Decking	SF	7,500	$ 15	$ 112,500
Grating				
Removable St. Grating (Pump Room)	SF	930	$ 30	$ 27,900
Aluminum Grating (Valve Vault) - (Typ of 3)	SF	27	$ 30	$ 810
Removable painted St. Handrail (around removable	LF	150	$ 55	$ 8,250
Painted steel railing (Stairways)	LF	40	$ 55	$ 2,200
Metal stair (2 stairs)	Riser	40	$ 550	$ 22,000

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The Flint Transmission System
Construction Cost Estimate - Grand Blanc Pumping Station

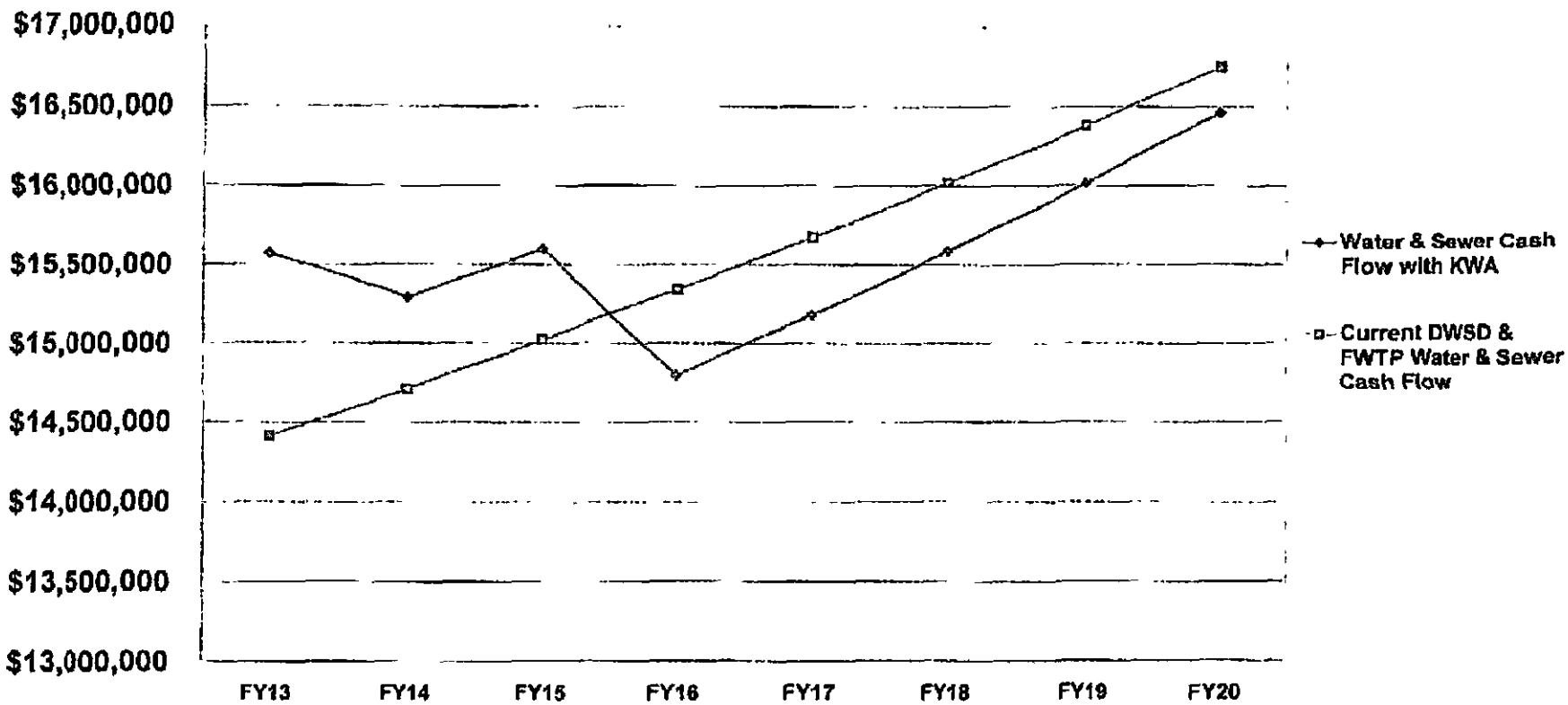
			Subtotal Division 5 =	**$ 1,160,105**
Division 6: WOOD AND PLASTIC				
Rough carpentry	LS	1	$ 9,200	$ 9,200
			Subtotal Division 6 =	**$ 9,200**
Division 7: THERMAL AND MOISTURE PROTECTION				
Built Up Roofing	SF	7,700	$ 9	$ 69,300
Standing seam roofing	SF	16,900	$ 14	$ 236,600
			Subtotal Division 7 =	**$ 236,600**
Division 8: DOORS AND WINDOWS				
Exterior HM doors	EA	6	$ 2,530	$ 15,180
Interior HM doors	EA	4	$ 1,840	$ 7,360
Overhead Door	EA	2	$ 11,200	$ 22,400
Aluminum Windows	SF	98	$ 50	$ 4,900
Translucent Panels	SF	996	$ 45	$ 44,820
			Subtotal Division 8 =	**$ 94,660**
Division 9: FINISHES				
Painting				
			Subtotal Division 9 =	**$ 337,252**
Division 10: SPECIALTIES				
Louvers	LS	1	30,000	$ 30,000
xx	x	0	$ -	$ -
			Subtotal Division 11 =	**$ -**
Division 12: FURNISHINGS				
Control room furniture	LS	1	$ 3,450	$ 3,450
			Subtotal Division 12 =	**$ 3,450**
Division 13: SPECIAL CONSTRUCTION				
xx	x	0	$ -	$ -
			Subtotal Division 13 =	**$ -**
Division 14: CONVEYING SYSTEMS				
15 Ton Crane 60' Span	LS	1	$ 265,810	$ 265,810
			Subtotal Division 14 =	**$ 265,810**
Division 16: MECHANICAL				
Pumps - w/2250 HP Motors and VFD's	each	5	$ 1,410,000	$ 7,050,000
30 inch Piping	l.f.	200	$ 1,200	$ 240,000
30 inch 90° Bends	each	10	$ 22,000	$ 220,000
30 inch Coupling	each	10	$ 6,300	$ 63,000
30 inch Gate Valve w/Manual Operator	each	10	$ 115,000	$ 1,150,000
20 inch Cone Valve w/EH Operator	each	5	$ 135,000	$ 675,000
72 inch Header Piping	l.f.	520	$ 3,000	$ 1,560,000
72 inch Tees	each	12	$ 114,000	$ 1,368,000
72 inch 90° Bends	each	2	$ 90,000	$ 180,000
Magnetic Flow Meter	each	1	$ 57,000	$ 57,000
72 & 60 inch Bypass Piping	l.f.	100	$ 1,450	$ 145,000
48" Gate Valve w/Manual Operator	each	2	$ 167,500	$ 335,000
36 inch Cone Valve w/EH Operator	each	1	$ 305,000	$ 305,000
72 inch Couplings	each	4	$ 6,900	$ 27,600
Supply Water System	each	1	$ 54,000	$ 54,000
Drain Pumping Station (Interior)	each	1	$ 25,200	$ 25,200
Air/Vacuum Relief Valves	each	10	$ 1,500	$ 15,000
Plumbing	s.f.	18,000	$ 20	$ 360,000

Detroit Water and Sewage Department
CS-1486
The Flint Transmission System
Construction Cost Estimate - Grand Blanc Pumping Station

Mechanical Start-up, Testing and Disinfection	each	1	$ 100,000	$ 100,000
HVAC	s.f.	18,000	$ 35	$ 630,000
General Contractor's Mark-up (10%)	LS	1	$ 1,455,980	$ 1,455,980
			Subtotal Division 15 =	**$ 16,015,780**
Division 16: ELECTRICAL				
15 KV Metal Enclosed Switchgear W/DTE Meter	Each	1	$ 80,000	$ 80,000
Primary Power Transformer	Each	1	$ 850,000	$ 850,000
Neutral Grounding Resistor	Each	1	$ 50,000	$ 50,000
5 KV Metal Clad Switchgear Lineup	Each	1	$ 850,000	$ 850,000
Distribution Equipment	LS	1	$ 250,000	$ 250,000
Lighting System	LS	1	$ 125,000	$ 125,000
Grounding - Building & Equipment	LS	1	$ 50,000	$ 50,000
MV Cables	LS	1	$ 75,000	$ 75,000
Wiring and Control Devices	LS	1	$ 50,000	$ 50,000
Cable and Wires	LS	1	$ 150,000	$ 150,000
Installation	LS	1	$ 1,155,250	$ 1,155,250
Startup, testing and training	LS	1	$ 150,000	$ 150,000
Short Circuit & Coordination Study	LS	1	$ 75,000	$ 75,000
Gate/Card Access	LS	1	$ 11,000	$ 11,000
Network Video Recorder and Cameras	LS	1	$ 13,000	$ 13,000
Interior Motion/door contracts	LS	1	$ 10,000	$ 10,000
Documentation and Manuals	LS	1	$ 55,000	$ 55,000
General Contractor's Mark-up (10%)	LS	1	$ 399,925	$ 399,925
			Subtotal Division 16 =	**$ 4,399,175**
Division 17: INSTRUMENTATION AND CONTROLS				
Control System - with Remote Operator Station (ROS)	LS	1	$ 450,000	$ 450,000
Radio System	LS	1	$ 53,000	$ 53,000
Field Instruments- Flow, Pressure, etc	LS	1	$ 59,400	$ 59,400
Progamming - Control System including upgrade to SCC	LS	1	$ 57,500	$ 57,500
Start-up/Phase-over and Testing	LS	1	$ 140,000	$ 140,000
Documentation and Manuals	LS	1	$ 45,000	$ 45,000
Network/Comminication Equipment	LS	1	$ 19,800	$ 19,800
General Contractor's Mark-up (10%)	LS	1	$ 82,470	$ 82,470
			Subtotal Division 17 =	**$ 907,170**
			Subtotal Division 2 through 17 =	***$ 29,171,593***
Contingency			10%	$ 2,917,159
Subtotal - I				***$ 32,088,752***
General Conditions	1		5%	$ 1,604,438
Mobilization/Demobilization, Bonds & Insurance	1		6%	$ 1,925,325
Allowance for Primary Feed To Station	LS		$ 2,000,000	$ 2,000,000
Provisionary Allowance - Unforeseen Conditions	1		10%	$ 3,208,875
Subtotal - II				**$ 8,738,638**
			Total Construction Cost (2008)	**$ 40,827,390**
Escalation to Mid-Point of Construction			12%	$ 4,899,287
			Total Construction Cost (2011)	***$ 45,726,677***

Construction cost estimate does not include CM fee
Contractor's overhead and profit is included in the Unit Cost

ALTERNATE PROJECTION - SUMMARY COMPARISON: KWA V DWSD WITH DWSD COSTS REDUCED (Fixed Costs held constant; Commodity Costs Increased by 2.25% Annually)



FINAL 10/31/2012

ALTERNATE PROJECTION
SUMMARY COMPARISON: KWA V DWSD WITH DWSD COSTS REDUCED
(FIXED COSTS HELD CONSTANT; COMMODITY COSTS INCREASED BY 2.25% ANNUALLY)

Water and Sewer Cash Flow with KWA

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 14,713,859	$ 15,024,358	$ -	$ -	$ -	$ -	$ -
KWA Entry Fee	$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
KWA Debt	$ -	$ -	$ -	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155
FWTP Debt	$ -	$ -	$ -	$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
KWA operations	$ -	$ -	$ -	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
FWTP operations w KWA	$ -	$ -	$ -	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Total Costs	$ 15,576,658	$ 15,295,259	$ 15,605,758	$ 14,888,149	$ 15,274,260	$ 15,679,678	$16,105,363	$16,562,334

Water and Sewer Cash Flow with DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 14,713,859	$ 15,024,358	$ 15,345,778	$ 15,678,562	$ 16,023,172	$16,380,091	$16,749,823

Cash Flow Difference: KWA and DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Annual Cost: DWSD - KWA	$ (1,162,800)	$ (581,400)	$ (581,400)	$ 457,628	$ 404,302	$ 343,498	$ 274,728	$ 197,489
Cumulative Gain with KWA	$ (1,162,800)	$ (1,744,200)	$ (2,325,600)	$ (1,867,971)	$ (1,463,669)	$ (1,120,173)	$ (845,445)	$ (647,956)

(1) This projection assumes that DWSD fixed costs remain at 2013 levels and that operating costs increase by 2.25% annually

(2) KWA costs are as in the Original Projection.

(3) In this comparison, KWA costs are still less once operations begin (by 2.9%), and cumulative gain does not occur until after year 8. Over time, DWDS costs could be less with these limitations on cost increases.

Detail of Worse Case Cost Projections — FINAL — 10/31/2012

Worse Case Scenario

Cost Comparisons: Water Supply to City of Flint from DWSD and proposed KWA project

Cost of water to City of Flint (excluding Genesee) using continued service from DWSD

		FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Fixed Cost (1)		$ 4,411,880	$ 4,852,848	$ 5,338,133	$ 5,871,946	$ 6,459,141	$ 7,105,055	$ 7,815,560	$ 8,597,116
	Escalator	1.10	1.10	1.10	1.10	1.10	1.10	1.10	
Commodity Cost (2)		$ 7,276,640	$ 7,640,472	$ 8,022,496	$ 8,423,620	$ 8,844,801	$ 9,287,041	$ 9,751,394	$ 10,238,963
	Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
Flint WTP Operating Cost (3)		$ 2,725,538	$ 2,861,815	$ 3,004,906	$ 3,155,151	$ 3,312,908	$ 3,478,554	$ 3,652,482	$ 3,835,106
	Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL		$ 14,413,858	$ 15,355,135	$ 16,365,534	$ 17,460,717	$ 18,616,851	$ 19,870,650	$ 21,219,435	$ 22,671,185

(1) Per FY13 Budget and DWSD Contract, fixed charge from DWSD for FY13 is $707,000 per month or $8.5 million total. Flint's cost is 52% or $4.4 million total.

(2) Per FY13 Budget and DWSD Contract, and based on 12 million gallons per day (mgd), cost is $7.3 million, based on $12.46/unit ($12.46x1600units x365)

(3) Per FY13 Budget, annual cost of WTP is $4.1 million. Genesee County pays $1,388,000 for emergency back up service.

Cost of water to City of Flint using proposed KWA project for water supply to Flint WTP

		FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
KWA Entry Costs (1)		$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
Fixed KWA Construction Cost (2)					$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128
	Escalator						1.00	1.00	
Fixed Flint WTP Construction Cost (3)					$ 658,698	$ 658,698	$ 658,698	$ 658,698	$ 658,698
	Escalator								
Flint WTP Operating Cost (4)		$ 5,811,538	$ 6,207,115	$ 6,617,471	$ 6,643,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
	Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
KWA Commodity Charge (5)		$ 759,200	$ 797,160	$ 837,018	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
	Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL		KWA NOT AVAILABLE				$ 16,349,150	$ 16,754,566	$ 17,160,253	$ 17,627,225

(1) The City will, upon joining, be required to pay a, initial fee of $32,300 per MGD plus the same amount for each year until bonding for the project is obtained. At 18MGD, the City's cost is $581,000, for a total of $2,325,600..

(2) Per KWA proposal, original project cost is $272 million. City's fixed cost would be 30% of debt service, based on capacity design of 90mgd, of which 18MGD is for Flint. Debt service is based on 5% interest rate @ 25 years; 5% added to principal for capitalized interest for FY13, FY14, and FY15. ($272,421,588 plus $13,621,078 for 3 years = $313,284,782). The costs here are increased by 15%; debt service starts in FY16 but water is not available until FY17.

(3) Per KWA proposal, the cost of upgrading the Flint is $7.1 million. City's fixed cost would be100% of debt service based on 5% interest rate @ 25 years), with 5% added to cover capitalized interest for FY13, FY14, and FY15. (total principal = $8.165 million) Again, costs here are increased by 15%; debt service starts in FY16 but water is not available until FY17. Debt service is now on $9.4 million.

(4) Per FY13 Budget annual cost of WTP is $4,111,538. $1.6 million for electricity and chemicals & 2 FTE's are added. 100% City cost.

(5) Per KWA proposal, initial commodity charge would be based on $1.30/unit or 7,500 gallons. Charge is based on 12MGD

FINAL 10/31/2012

WORSE CASE PROJECTION
SUMMARY COMPARISON: KWA V DWSD
(15% Cost Overrun; One year delay in Water Supply delivery)

Water and Sewer Cash Flow with KWA

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,355,135	$ 16,366,534	$ 17,450,717	$ -	$ -	$ -	$ -
KWA Entry Fee	$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
KWA Debt Service	$ -	$ -	$ -	$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128
FWTP Debt Service	$ -	$ -	$ -	$ 658,698	$ 658,698	$ 658,698	$ 658,698	$ 658,698
KWA operations	$ -	$ -	$ -	$ -	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
FWTP operations w KWA	$ -	$ -	$ -	$ -	$ 7,185,811	$ 7,544,787	$ 7,922,026	$ 8,318,128
Total Costs	$ 15,576,658	$ 15,936,535	$ 16,946,934	$ 25,691,544	$ 16,349,150	$ 16,754,566	$ 17,180,253	$ 17,627,225

Water and Sewer Cash Flow with DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,355,135	$ 16,366,534	$ 17,450,717	$ 18,616,851	$ 19,870,660	$ 21,219,436	$ 22,671,185

Cash Flow Difference: KWA and DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Annual KWA - DWSD	$ (1,162,800)	$ (581,400)	$ (581,400)	$ (8,240,828)	$ 2,267,700	$ 3,116,094	$ 4,039,182	$ 5,043,960
Cumulative	$ (1,162,800)	$ (1,744,200)	$ (2,325,600)	$ (10,566,428)	$ (8,298,728)	$ (5,182,642)	$ (1,143,460)	$ 3,900,500

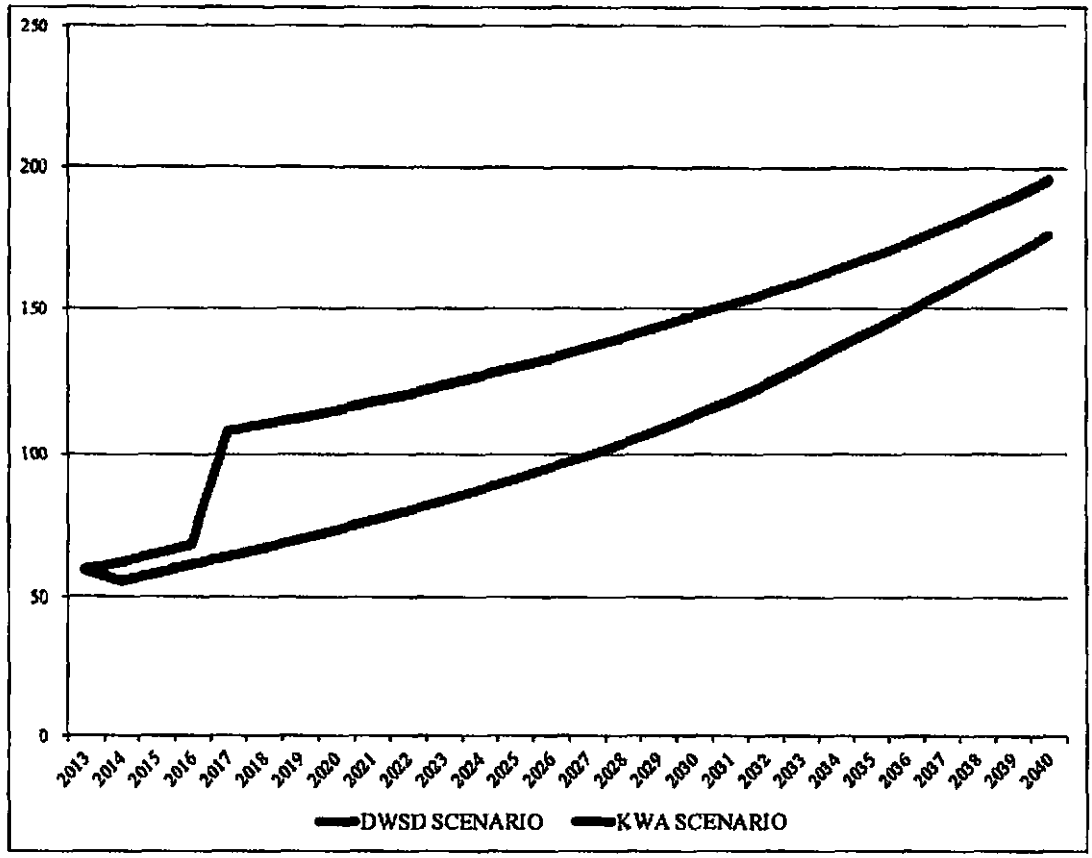
"Worse Case" scenario differs from Original in these respects:

(1) Delivery of water to Flint from KWA is delayed by one year and construction costs are 15% above the original projection. Consequently, the City is required to begin paying for debt service one year before KWA begins delivery of water. This is in addition to its obligation to pay its initial entry fee of $581,400 plus $581,400 annually for the first 3 years

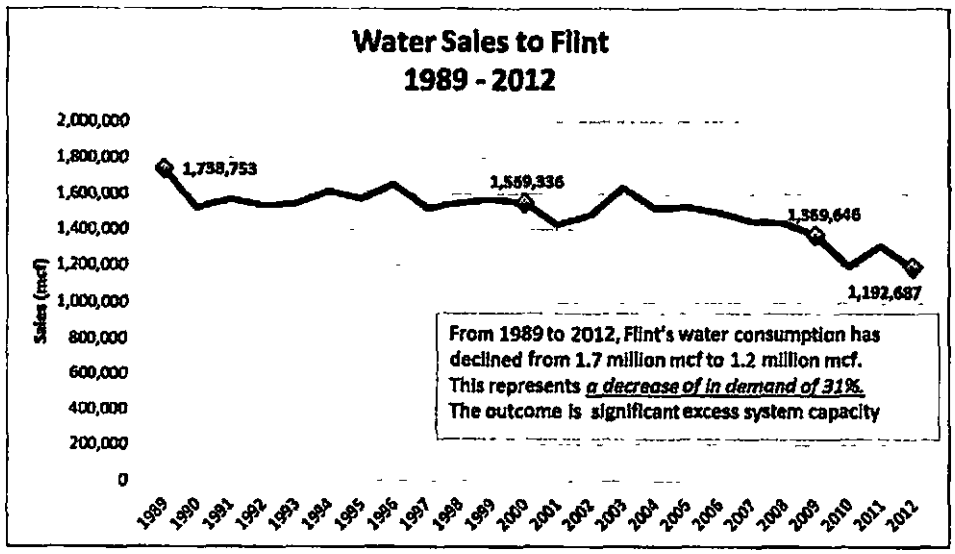
(2) Once KWA begins delivering water in year 6, the annual operating costs are less than DWSD by 12%. Considering $10.8 million in upfront costs in the first 4 years prior to KWA operation, the cumulative cost of KWA exceeds the cost of DWSD until year 8

(3) Cumulative savings by Year 8 are projected to be $3.9 million, compared to $19 million in the original projection.

SUMMARY OF TOTAL PROJECTED WATER COSTS TO FLINT/GCDC - SCENARIO COMPARISON *($ millions)*



Attachment 3



Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT
SAMPLE PROJECT PLAN

November 2012

1. Scope of Work

Tucker, Young, Jackson, Tull, Inc. (TYJT), at the request of the State Treasurer is providing a proposal to perform an analysis of the water supply options being considered by the City of Flint. The work would be completed as an authorized task under the reference contract, Contract No. 00383. This proposal provides a background of our understanding of the issues, our approach, schedule dates, and the level of effort to perform the task

2. Background

The City of Flint is presently supplied potable water from the Detroit Water and Sewerage Department (DWSD). This supply is from a single 72-inch water main that terminates at a master meter located at Potter and Baxter. Additionally, downstream of the DWSD master meter, Flint supplies its customer Genesee County. The City of Flint also operates a water treatment plant that uses the Flint River as its source of supply to provide back up and redundancy to the DWSD supply as required by MDEQ

The Karegnondi Water Authority (KWA) is planning on constructing a raw water supply system that could provide Lake Huron water to the Flint's Water Treatment Plant. Flint's existing plant would be upgraded to treat the new raw water source.

The State Treasurer has appointed an emergency financial manager for the City of Flint. As such the Treasurer has requested TYJT to provide an analysis of the water supply options to assist the Treasurer in determining the best course going forward for the City of Flint.

3. Scope of Work

The proposed scope of work summarizes TYJT's approach to perform the analysis. The work includes data collection and review, an engineering evaluation, and recommendations. The recommendations would be provided in a report that would also include a description of all the work performed under this task.

3.1. Data Collection and Review

To perform an analysis of competing proposals it is important to provide a relative or "apples-to-apples" comparison. As example, DWSD's cost of service includes all capital, financing, and operation and maintenance costs to deliver the water to Flint's system. Therefore, it will be necessary for an assessment of KWA's proposal to also include all of these costs in the comparison.

Additionally, DWSD is proposing other alternatives to its existing agreement with Flint that will also need to be evaluated. The options currently proposed include:

- Using DWSD's new model contract that provides reduction in cost for communities with their own storage,
- Moving the location of supply from Potter and Baxter to the Imlay Pumping Station to reduce fees associated with elevation and distance from DWSD's water plants,
- Providing finished (potable) non-pumped water from the Lake Huron Water Treatment Plant, and
- Providing raw (not treated) non-pumped water from the Lake Huron Water Treatment Plant.

This phase of the work would include the collection and review of the following documents:

- The Lake Huron Water Supply Karegnondi Water Authority Preliminary Engineering Report, dated September 2009 and the 2012 update by Rowe Engineering;
- The Analysis of the Flint River as a Permanent Water Supply for the City of Flint Report, dated July 2011;
- Proposed or draft contract agreements that would be used between the KWA and the City of Flint;
- DWSD's contract rates based on the new model contracts;
- Information related to other DWSD proposals for service to Flint; and
- Other letters, minutes, etc. from all parties that provide information that could be used in the evaluation.

All information provided would be evaluated and subsequent meetings would be held with the DWSD, Flint and the KWA to address any data gaps or clarifications that may be required. These meetings would be coordinated with the Treasurer so that its representatives can be present at the meetings. For the purpose of this proposal, TYJT has assumed a total of two meetings for both the DWSD and KWA.

3.2. Engineering Evaluation

The City of Flint Emergency Financial Manager has indicated that he believes the determination of who supplies water to the City's system should mainly be based on the following criteria (in order of importance):

- Cost,
- System redundancy/reliability, and
- The recognized limitation of the Flint River as a source to supplying all of Flint's water needs.

In consultation with the Treasurer, these factors plus additional ones that may be identified in the evaluation process would be used.

An analysis will be performed for the options identified and a comparison will be made based on cost, reliability of supply, and any limitations that may identified by both suppliers in providing the needed service.

TYJT will draft a report for the Treasurer that identifies the information collected, the analysis process, our findings, and the recommendations made. Our recommendations will be based on the risks to Flint associated with the options identified. TYJT will then incorporate comments from the Treasury's review and submit a final document to the Department of Treasury for their use.

Furthermore, as is done as a standard of practice at TYJT for quality control and quality assurance (QA/QC), an independent review will be completed by staff or outside consultants not directly involved in the project. These reviewers will have noted experience in the field necessary to complete the QA/QC reviews. Two reviews are envisioned; one to review the evaluation process and the other to review the findings and recommendations.

4. Schedule

At the meeting between all interested parties on November 1, 2012, two dates were identified by the Treasurer. The first date identified was December 20, 2012 for the preliminary evaluation to be provided to the State. The second date was January 15, 2013 for the Treasury to make a decision on the City of Flint water supply. TYJT proposes to complete the draft report for submittal on December 20th. This will provide a two week review period by the Treasury. The final report would then be completed and submitted one week prior to the January 15th deadline. TYJT will also be available, if requested by the Treasurer, to attend a general meeting with all parties involved at the conclusion of the work.

Koryzno, Edward (Treasury)

Subject:	Briefing on Karegnondi Project/City of Flint
Location:	Treas_Confrm_StateTreasurersBrdRm
Start:	Thu 11/1/2012 10:00 AM
End:	Thu 11/1/2012 11:30 AM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	Fraser, Roger (Treasury)
Required Attendees:	Dillon, Andy (Treasury); Stibitz, Brom (Treasury); Koryzno, Edward (Treasury); Mike Brown (mbrown@reinvestflint.org)
Optional Attendees:	Hichez, Amy (Treasury); Cousineau, Sara (Treasury); 'mmurray@cityofflint.com'; 'mking@dwsd.org'; 'Fausone, Jim'

Please note – location change AND additional attendees:

Discussion: Brief Treasury on pros and cons of Karegnondi project. There are concerns about cost and engineering constraints. Report for Flint in late 90's....suggested this project was not financially feasible.

Attendees:

State of Michigan
Andy Dillon - Treasurer
Brom Stibitz – Policy Advisor
Roger Fraser – Deputy Treasurer
Ed Koryzno – Office of Fiscal Responsibility

City of Flint – (confirmed attendance with Maxine Murray)
Mike Brown – City Administrator
Jerry Ambrose, Finance Director
Howard Croft, Director of Infrastructure & Development
Bob Emerson – CEO Lawrence Moon Funeral Home
Bob Emerson – Former State Senator
John Matonich, EDO Rowe Professional Svcs.

Genesee County – (confirmed attendance with Maxine Murray)
Jeff Wright, Genesee County Drain Commissioner
John OBrian, Chief Deputy Drain Commissioner
Dave Jansen, Assistant Director, Genesee County Drain Commission
Rick Freeman, Rowe Professional Service

Tucker, Young, Jackson & Tull – (confirmed attendance with David Guastella)
George Karmo, President
David Guastella
Awni Qaqish

Detroit – (confirmed with Marian King-Bell)
James Fauson – DWSB Chair
Sue McCormick – DWS Director
Matt Schenk – DWS COO

11/1/12 Kerrigan Mtg

Andy Roger Brown, Sue McConnell, Mike Brown, Ed Kenty, Jerry Canhoso, Ron Coviello, Principals of FY&T, Howard Croft, Rick Hansel, Bill Lenz, Rowe Engler Lansing, Jim Fossum, Terry Moon Fuhr, Amanda MDAG, Ron Fawson, John Obern, Bob Evans

Kenty (handout)

KWA provides best options for the City

1. Cost
2. Reliability
3.

Embrace optimal Cost Conguum KWA (handout)

DWSD $14.4 mm (H2O cost) move to $20+ by 2020

KWA 15% or $2.6 mm less versus to 27% by year 5,

City 9 keys)
SYRACUSE
LAFAYETTE
GRAND RAPIDS
FLINT

Proposes for storage, Prop Status, options under

57 mm + proposed pipe costs all be in KWA

Consum cost $35 mm but for water

Deadline for City Items: end of Dec/early Jan 2013.

1000 gal - 6.00 (2003) → $21.00 (2012)

Pg 2

Karenyorde

pt. of delivery cost.

Fl. to customs of DWSD detail, not subj. to ~~use~~ customs

revised avg day cost

Alternatives ↳ peak hr. reqmts

distance for system costs Plant.

1) transfer of pipe from Imlay City

2) parallel pipe for Utica Plant upstream of water customs of Lat Utica plant (treated water)

treatment cost $21 (3⁻), $18 Transmission cost.

KWA = Fix Costs for 25 yrs.

- pk day
- max day
- elevation
- distance for plant

Blended = treated DWSD w/ treated Flint Raw H2O

1 meet

2 critique for DWSD & KWA

3. Report to Gov

4. TYFEI comments

KWA Study, 2009, 5 consultant workers, spend lots in each study

Decision Date 1/15/13

- Deadline for Utica 12/20/12

11/1/12 — KWA - Briefing →

Flint decision needed by ~~Dec.~~ Jan 15 — end — determines Pipe Size →

Summary of rel. cost to Gray by 12/20 —

DWSD — Flint could see rate adj. for chging peak load —

— Use Pt. Huron as service pt. reduce delivery Cost —

—

Edward J. Kurtz
Emergency Financial Manager

Dayne Walling
Mayor

RECEIVED
NOV 8 2012
OFFICE OF THE STATE TREASURER

November 6, 2012

Mr Andy Dillon, Treasurer
Michigan Department of Treasury
430 W Allegan Street
Lansing, MI 48922

Dear Treasurer Dillon

First, thank you for giving us the opportunity to present our plan for the "Flint Water Supply Future" with you. We have already had initial contact with DWSD about scheduling meetings as well as what information is needed by them to make a proposal to us. Our understanding from the meeting is that DWSD needs to make a proposal to us for consideration along with the KWA proposal by the 20th of December We would then make a recommendation to you for the Governor's consideration A final recommendation will be made by the Governor's office by January 15, 2013

I assure you, that we will work diligently with DWSD to provide them with whatever they need, so they can meet that deadline. We will give serious consideration to their proposal

As I stated at the meeting, I am not an advocate for KWA but for the best cost option for the next 30 to 40 years for the people of the City of Flint. However, in our analysis of the options, KWA does several things that I think are in the best interest of our city, our region (Mid Michigan) and the State of Michigan They are

1. It provides a second source of water from Lake Huron Currently over 40% of the people of the state are served by DWSD

2. DWSD does not provide water services to the Thumb area, namely Sanilac and Lapeer Counties

3. It affords the opportunity for the region to form a water and sewer authority in the future Genesee County, the Genesee County Drain Commission, the Cities of Flint and Lapeer, Lapeer and Sanalac Counties as well as other regional municipalities could come together to form a Mid Michigan Water and Sewer Authority to the benefit of the entire region

4. It gives the City of Flint "ownership" in a water distribution system and the ability, along with its partners, to control its own water resource destiny

5. It offers additional economic development opportunities for the region by providing businesses with a source of low cost water

I think it is also important to again indicate that Genesee County intends to go ahead with the pipe line with or without Flint The County Board of Commissioners has already approved bonding for the first stage of the project

Again, let me assure you that we in the City of Flint have an open mind relative to the outcome.

Sincerely,

Edward Kurtz
Emergency Financial Manager

Byrne, Randall (TREASURY)

From: Cline, Richard (Treasury)
Sent: Friday, November 16, 2012 4:14 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (TREASURY)
Subject: Flint Water Analysis Statement of Work (SOW) #271Q3209
Attachments: 271Q3209 Flint Water Supply Assessment SOW 11-14-12 (3).pdf; RE. Statement of Work (SOW) #271Q3209

Importance: High

can they perform the work in this

Ed/Randy,

Attached is the submitted proposal from TYJT to perform the water system analysis for Flint.

I received this from Tom Falik today. I am not sure to whom this needs to be reviewed by but I have noticed that their submitted price is $45,000; their original information estimated a cost of $39,000.

Regards,

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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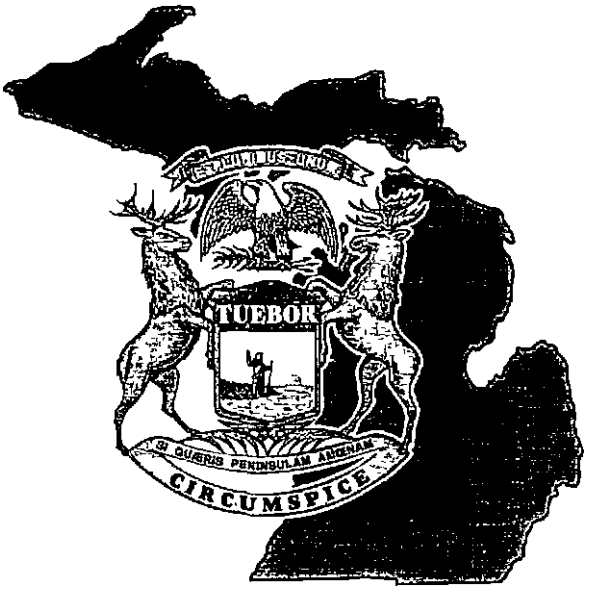
billing limit to

route to Mary McDowell in this absence

financial approval by

$1.5 million in 2013 has to go through emergency



STATE OF MICHIGAN
Department of Treasury
Purchasing Section

Statement of Work (SOW) No. 271Q3209
Municipal Water Supply Assessment

Buyer Name. Thomas Falik
Telephone Number: 517-373-3185
E-Mail Address: FalikT@michigan.gov

Estimated Timeline:

Key Milestone:	Date:
Issue Date	11/14/2012
Questions Due	11/16/2012
Bid Due Date	11/21/2012
Anticipated Contract Start Date	11/26/2012

SOW Checklist for Contractor Proposal Contents and Responsiveness

This checklist is provided for your convenience to help remind Contractors of the important requirements of the SOW. The list may not be all inclusive. The Contractor is responsible to read the SOW and submit all the required responses. If Contractors have any questions concerning these requirements please contact the Buyer listed on the front page of this SOW document.

Article 1 and Attachment A:

____X_____ Responses have been provided for all items requested in Article 1, Statement of Work, as requested. Technical Proposal Requirements have been met and responses are included within the format designated by the State in Article 3.

____X_____ Price Proposal, Article 1, Section 1.061, for the proposal has been included in Contractor's proposal, according to the instructions laid out in Article 3 and using the format in Attachment A (if required in 1.061).

Article 3:

____X_____ The complete proposal was submitted to the appropriate location and on time in an electronic format.

____X_____ Responses have been provided for all items requested in Article 3 and includes signature by an individual authorized to legally bind Contractor's company.

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Attachment A, Pricing

Article 1 – Statement of Work (SOW)

Note to Contractors: Proposals must include detailed responses to all tasks as requested in Article 1. Contractors should provide thorough responses to each task, or, when appropriate, state their agreement that the Contractor will provide the requested services. Contractors are encouraged to provide detailed responses in order to allow the State to fully evaluate the Contractor's capabilities.

Throughout this SOW, language referring to Contract or Contractor(s) refers to any Contract awarded from this SOW. This SOW in itself is not to be construed as a Contract.

1.010 Project Identification

1.011 Project Request

This is an SOW for a Municipal Water Supply Assessment on behalf of the Department of Treasury and the City of Flint in Genesee County. This is a formal request to prospective Contractors to solicit bids or price quotations. Contractors must submit written proposals according to the instructions contained within this document, discussing how they will meet the specific requirements.

Any awarded Purchase Order(s) between the State and any awarded Contractor(s) is a separate document, whose terms are limited by the Contract.

1.012 Background

The Treasury Department is charged with monitoring, oversight and provision of assistance to local units of government under various statutes, including but not limited to, the Home Rule City Act (Act 279 of 1909), the Uniform Budgeting and Accounting Act (Act 2 of 1968), and the Glenn Steil State Revenue Sharing Act (Act 140 of 1971). In providing such monitoring and assistance to local units of government, the Treasury Department strives to preserve the capacity of local units to provide those services essential to the public health, safety and welfare of the citizens of this State.

The City of Flint is currently supplied potable water from the Detroit Water and Sewerage Department (DWSD). This supply is provided through a single 72-inch water main that terminates at a master meter. The City of Flint's water treatment plant uses the Flint River as a back-up and redundancy supply source to the DWSD supply, as required by the Michigan Department of Environmental Quality (MDEQ). The City of Flint also provides potable water to Genesee County downstream of the DWSD master meter.

The newly formed Karegnondi Water Authority (KWA) plans to construct a raw water supply system that will feed Flint's water treatment plant with water directly from Lake Huron. The Flint water treatment plant could be upgraded to accommodate and treat this new raw water source. DWSD has also proposed alternatives to the existing agreement with the City of Flint that could also be pursued.

A Contractor is needed to provide services to the Department of Treasury and the City of Flint upon request of the Treasury Department. The Department of Treasury is requesting a Contractor provide an analysis of the water supply options for the City of Flint to assist the Department of Treasury and the City of Flint in determining the best available option.

1.020 Scope of Work and Deliverables

1.021 In Scope

The Contractor must provide Water Supply Assessment as requested by the Department of Treasury. These services will include data collection and review, an engineering evaluation and the generation of recommendations.

Bidder Response:

Agreed; our attached Sample Project Plan describes our approach for these services

1.022 Work and Deliverable

Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

A. **Data Collection and Review:**

1. Provide all labor, materials and equipment to fully perform the work of data collection and review for an assessment of water supply options for the City of Flint.

Bidder Response:

Our Price Proposal in Attachment A includes all labor, materials and equipment to perform the base work described in our Sample Project Plan.

2. Perform an analysis and comparison of the KWA and DWSD proposals that includes all capital, financing, operational and maintenance costs.

Bidder Response:

Agreed; our attached Sample Project Plan describes our approach for these services.

3. Prepare and submit for Department of Treasury and City of Flint review a preliminary report on the findings by Thursday, December 20, 2012; additionally, a final inspection report of findings and recommendations must be presented no later than January 8, 2013 (also see Section 1.022.E).

Bidder Response:

Agreed; however, meeting these dates are predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012.

B. Data collection and analysis services must include the following:

1. DWSD's proposed contract with the City of Flint.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan.

2. DWSD's proposed water rates with the City of Flint.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan.

3. Other relevant DWSD documents or information regarding the provision of municipal water to the City of Flint.

Bidder Response:

Agreed.

4. KWA's proposed contract with the City of Flint.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan.

5. Any engineering or environmental reports that evaluate KWA's proposal to provide municipal water to the City of Flint.

Bidder Response:

Agreed.

6. Other relevant KWA documents or information regarding the provision of municipal water to the City of Flint.

Bidder Response:

Agreed.

C. **Engineering Evaluation:**

1. Evaluation and recommendation of a potential water supply for the City of Flint must be based upon: 1) Cost; 2) System redundancy and reliability; and 3) The capacity for the Flint River to supply all of the City of Flint's water needs.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan.

2. Evaluation and recommendation of a potential water supply for the City of Flint will also be based upon any additional criteria mutually agreed upon by the Department of Treasury, the City of Flint and the Contractor.

Bidder Response:

Agreed.

D. The Contractor must carry out its operations in strict accordance with local, state, federal regulations.

Bidder Response:

Agreed.

E. Provide electronic copies (in the most suitable format) of the final inspection report of findings and recommendations to the City of Flint and the Department of Treasury, Office of Fiscal Responsibility by January 8, 2013:

Bidder Response:

Agreed.

1. Describe format of findings and recommendations. Format should also include a description of all work performed.

Bidder Response:

Our attached Sample Project Plan describes our approach for the findings and recommendations. TYJT will draft a report for the Treasurer that identifies the information collected, the analysis process, our findings, and the recommendations made. Our recommendations will be based on the risks to Flint associated with the options identified.

a) Preliminary inspection report of findings and recommendations must be presented by December 20, 2012.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan and the date is predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012.

b) Final inspection report of findings and recommendations must be presented no later than January 8, 2013.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan and the date is predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012.

2. Describe electronic formats available.

Bidder Response:

Document formats would include PDF's or in their initial format (Word, Excel, GIS/CAD, etc.).

F. Submit findings and recommendations to an independent Quality Control and Quality Assurance (QA/QC) review process for validation.

Bidder Response:

Agreed; the independent QA/QC approach is included in our attached Sample Project Plan.

1. Provide electronic copies (in the most suitable format) of the independent QA/QC review to the City of Flint and the Department of Treasury, Office of Fiscal Responsibility by January 8, 2013, with the final inspection report.

Bidder Response:

Agreed; however, meeting this date are predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012.

1.030 Roles and Responsibilities

1.031 Contractor Staff, Roles, and Responsibilities

1. Contractor must identify staff who will be involved in the project, including the name of each individual, work locations, and detailed descriptions of their roles and responsibilities.

   Note: If an overall organization chart has been developed, provide a reference to that chart as well. Note any part-time personnel.

   Bidder Response:

The staff will be comprised of our senior management: Messrs. David Guastella and Awni Qaqish. Also, we will be supported by our part-time staff member, former Finance Director of Redford. Their roles will include meeting with Flint, KWA, and DWSD; estimating capital costs of all options; estimating all operation and maintenance costs of all options, a financial analysis for funding capital; and all other issues related to the costs of service.

2. Specific work schedules for this project are Monday through Friday, 8:00 a.m. to 5:00 p.m. Eastern Time; however, possible night and weekend hours may be required.

   Bidder Response:

Agreed.

1.032 State Staff, Roles, and Responsibilities

1. Contract Compliance Inspector (CCI): The State's CCI provides oversight and monitoring of the selected Contractor's adherence to the terms and conditions of this project and the Contract.

2. Project Manager: The State's Project Manager will monitor the project activities.

1.040 Project Plan

1.041 Project Plan Management

1. The Contractor will carry out this project under the direction and control of the CCI or designee.

2. Although there will be continuous liaison with the Contractor team, the CCI or designee will meet quarterly as a minimum, or as requested by the CCI or designee, with the Contractor's Project Manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.

3. Contractors must provide a sample project plan with proposal for the deliverables proposed in section 1.022. The plan must include the details noted in section 1.041.4.

   Contractor Response:

Agreed; the Sample Project Plan is attached.

4. Within five working days of Contract or purchase order award, the Contractor must submit to the CCI or designee for final approval a detailed project plan. This final project plan must be in agreement with the Contractor's proposal and accepted by the State for Contract, and must include the following:

   a. The Contractor's project organizational structure.

   b. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions

due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.

c. The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each (e.g., estimated levels of effort for each level of personnel for Contractor personnel, including any contractual employees, and State personnel).

1.042 Reports

1. The Contractor must submit written bi-weekly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the CCI; and notification of any significant deviation from previously agreed-upon work plans.

1.050 Acceptance – Deleted – N/A

1.060 Proposal Pricing

1.061 Proposal Pricing

1. For authorized Services and Price List, see Attachment A (Price Proposal). Please complete Attachment A and submit with proposal.

2. Bidders are encouraged to offer quick payment terms (i.e. _0__% discount off invoice if paid within _____ days). This information can be noted on the Bidders price proposal (see Attachment A). This may be a factor considered in the award decision.

3. Contractor's out-of-pocket expenses are not separately reimbursable by the State or local unit of government unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates. See www.michigan.gov/dtmb for current rates.

4. Invoicing and payment must occur per Article 2 (Compensation) of Indefinite Scope Indefinite Delivery Contract No. 263 (Discretionary Contract Number 00263) and Attachment A.

1.070 Additional Requirements – Deleted – N/A

Article 2, Terms and Conditions

The terms and conditions of Indefinite Scope Indefinite Delivery Contract No. 263 (Discretionary Contract Number 00263) and apply to this SOW and any resulting Contract or purchase order.

Article 3 – Proposal Process

3.010 Introduction

3.011 Pre Bid Meetings – Deleted – N/A

3.012 Communications – Deleted – N/A

3.013 Questions

Questions concerning the SOW are to be submitted, in writing, no later than 3:00 p.m. Eastern Time on November 16, 2012 to:

Thomas Falik
Michigan Department of Treasury
430 West Allegan
Lansing, MI 48922
Email: FalikT@michigan.gov.

All questions must be submitted in writing and sent as an attachment in Microsoft Word or Rich Text Format (RTF). Changes to the SOW and answers to questions will be prepared as an addendum and issued to Contractors. Any issued addendum officially revises and supersedes the original SOW. Any addenda will be issued approximately November 19, 2012.

3.020 Award Process

3.021 Reservations

(a) The State reserves the right to award by item, part or portion of an item, group of items or total proposal, to reject any and all proposals in whole or in part, if, the best interest of the State will be so served.

3.022 Award Decision

Award recommendation will be made to the Administrator of Office of Departmental Services. Pending award recommendation approval, a purchase order will be issued authorizing services to commence.

3.030 Proposal Details

3.031 Complete Proposal

To be considered, each Contractor must submit a COMPLETE proposal in response to this SOW, using the format specified. No other distribution of proposals is to be made by the Contractor. The proposal must state how long it remains valid. This period must be at least 15 days from the due date for responses to this SOW.

3.032 Efficient Proposal

Each proposal should be prepared simply and economically, providing a straightforward, concise description of the Contractor's ability to meet the requirements of the SOW. Emphasis should be on completeness and clarity of content in the format specified.

3.033 Proposal Format

The following information must be included in all proposals. Contractors must respond to all sections of the SOW. Proposals should be formatted to include each of the following sections, which should be clearly identified using the same format as the SOW is written in and with the appropriate headings:

Article 1 – Statement of Work – Contractor must respond to each section. **Proposal must include detailed responses to all tasks as requested in Article 1. Contractors must copy these sections, and provide Contractor's response in the area specified for "Contractor Response". This area has been designed to expand as necessary**

3.040 Submitting Bids and Proposals

3.041 Proposal Submission

Proposal is due November 21, 2012 at 3:00 p.m. Eastern Time or as soon as possible. Submit an electronic copy of your proposal via e-mail to FalikT@michigan.gov in a Microsoft Office format. If an electronic copy of the proposal is not available, it can be mailed to the following address:

Michigan Department of Treasury
Purchasing Section
Attn: Thomas Falik
430 West Allegan
Lansing, MI 48922.

SIGNATURE AUTHORITY

I/We certify that the undersigned is authorized to submit bids/quotations on behalf of Tucker, Young, Jackson, Tull, Inc.(TYJT). The information provided about the attached response, pricing and sample project plan and TYJT's ability to provide the goods and/or services outlined in this SOW document is true and accurate I/We understand that our product and/or service offerings must be in compliance with all requirements of this SOW document.

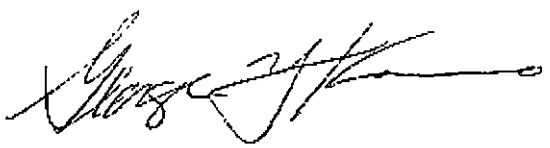
Name of Contractor/Supplier

Tucker, Young, Jackson, Tull, Inc.
565 East Larned, Suite 300
Detroit, Michigan 48226

Address of Contractor/Supplier
313-963-0612
313-963-2156 (fax)

Telephone and Fax No. of Contractor/Supplier
gkarmo@tyjt.com

E-mail Address of Contractor/Supplier



George Y. Karmo, BCEE, P.E.

Signature of Contractor/Supplier's Authorized Representative
President

Title of Supplier Representative
11/15/12

Date

Additional Signature
Contractor/Supplier's Authorized Representative

Title of Supplier Representative

Date

Attachment A, Price Proposal

Bidders are encouraged to offer quick payment terms (i.e. __0__% discount off invoice if paid within _____ days). This information can be noted on the price proposal. This may be a factor considered in the award decision.

Provide the price per deliverable for the proposed services in section 1.022.	
Deliverable	**Price**
A. Municipal Water Supply Assessment	
1. Data Collection and Review	$ 7,000
2. Engineering Evaluation	$ 30,000
3. Provide Results of QA/QC Review	$ 5,000
4. Provide Copies of Findings and Review Findings	$ 3,000
Grand Total	$ 45,000
B. Optional Services	
1.	$
2.	$
3.	$
4.	$
5.	$

39,500

On a Town & Material Do we have a not to exceed clause in our amount?

Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT
SAMPLE PROJECT PLAN

November 2012

1. Scope of Work

Tucker, Young, Jackson, Tull, Inc. (TYJT), at the request of the State Treasurer is providing a proposal to perform an analysis of the water supply options being considered by the City of Flint. The work would be completed as an authorized task under the reference contract, Contract No. 00383. This proposal provides a background of our understanding of the issues, our approach, schedule dates, and the level of effort to perform the task.

2. Background

The City of Flint is presently supplied potable water from the Detroit Water and Sewerage Department (DWSD). This supply is from a single 72-inch water main that terminates at a master meter located at Potter and Baxter. Additionally, downstream of the DWSD master meter, Flint supplies its customer Genesee County. The City of Flint also operates a water treatment plant that uses the Flint River as its source of supply to provide back up and redundancy to the DWSD supply as required by MDEQ

The Karegnondi Water Authority (KWA) is planning on constructing a raw water supply system that could provide Lake Huron water to the Flint's Water Treatment Plant. Flint's existing plant would be upgraded to treat the new raw water source.

The State Treasurer has appointed an emergency financial manager for the City of Flint. As such the Treasurer has requested TYJT to provide an analysis of the water supply options to assist the Treasurer in determining the best course going forward for the City of Flint.

3. Scope of Work

The proposed scope of work summarizes TYJT's approach to perform the analysis. The work includes data collection and review, an engineering evaluation, and recommendations. The recommendations would be provided in a report that would also include a description of all the work performed under this task.

3.1. Data Collection and Review

To perform an analysis of competing proposals it is important to provide a relative or "apples-to-apples" comparison. As example, DWSD's cost of service includes all capital, financing, and operation and maintenance costs to deliver the water to Flint's system. Therefore, it will be necessary for an assessment of KWA's proposal to also include all of these costs in the comparison.

Additionally, DWSD is proposing other alternatives to its existing agreement with Flint that will also need to be evaluated. The options currently proposed include:

TUCKER, YOUNG,
JACKSON, TULL INC.
CONSULTING ENGINEERS-PLANNERS
565 E. Larned Suite 300
Detroit, Michigan 48226
(313)963-0612 FAX (313)963-2156

Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT

DWSD Discussion/Questions for the November 19, 2012 Meeting

1. Verify that the four options presented at the November 1, 2012 meeting are still available for consideration:
    c. Supplied from Potter & Baxter using the new model contract (assume a Maximum Day Customer),
    d. Supplied from Imlay Station,
    e. Finished un-pumped supply from Lake Huron WTP, and
    f. Raw un-pumped supply from Lake Huron WTP.
2. What additional capital improvements will be required for each option?
3. Are there other options being presented that should be considered (e.g., blending)?
4. To evaluate each option over the 25 year planning period, provide:
    g. Annual water rate for Flint for 2002 through 2012, and the
    h. Projected annual rate adjustment for each option. What are the proposed measures to keep the rate adjustments down in the future?
5. Flint stated a 10% increase in the capacity charge. What number did DWSD provide Flint?
6. Flint financial comparison is based on the initial Cost of $14,413,858, which includes $2,725,538 for Flint WTP operating cost, i.e DWSD charge is $11,688,320. How good is this number?
7. KWA's initial charge to Flint is based on 12 MGD. Is DWSD charge based on 12 MGD?

Comments: Meeting minutes were recorded based on the understanding of the author. Please contact the author within three days if you have any different understanding of the meeting. These minutes will be considered approved unless comments are provided within three days.

Summary of DWSD Cost Allocations to Flint Under Various Scenarios

Flint Only

	Revenue Requirement	Rates and Charges: Fixed	Rates and Charges: Commodity	Rates and Charges: Avg Unit Cost
1 **Status Quo**	11,461,700	357,271	12.46	19.91
2 **Model Contract**	9,732,100	275,517	11.16	16.90
3 Change	(1,729,600)	(81,754)	(1.30)	(3.00)
4 % Change	*-15.1%*	*-22.9%*	*-10.4%*	*-15.1%*
5 **Max Day Only**	9,424,700	271,010	10.72	16.37
6 Change	(307,400)	(4,507)	(0.44)	(0.53)
7 % Change	*-3.3%*	*-1 7%*	*-4.1%*	*-3.3%*
8 **Allow Blending**	6,302,800	182,369	10.72	16.42
9 Change	(3,121,900)	(88,641)	0.00	0.05
10 % Change	*-49.5%*	*-48.6%*	*0.0%*	*0 3%*
11 **Imlay City Connections**	5,800,700	170,912	9.77	15.11
12 Change	(502,100)	(11,457)	(0.95)	(1.31)
13 % Change	*-8.7%*	*-6.7%*	*-9 7%*	*-8 7%*
14 Cumulative Change	(5,661,000)	(186,359)	(2.69)	(4.80)
15 Cumulative %Change	*-49 4%*	*-52.2%*	*-21.6%*	*-24.1%*

	Assumptions: Avg Day	Max Day	Peak Hour	Distance	Elevation	Sales
	mgd	*mgd*	*mgd*	*miles*	*feet*	*mgd*
1 **Status Quo**	11.8	21.6	22.6	52.0	866	**11.8**
2 **Model Contract**	11.8	**17.9**	**18.8**	52.0	866	11.8
3 **Max Day Only**	11.8	17.9	**17.9**	52.0	866	11.8
4 **Allow Blending**	7.9	**11.9**	**11.9**	52.0	866	7.9
5 **Imlay City Connections**	7.9	11.9	11.9	**45.2**	**866**	7.9

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			Average
	Fixed	Commodity	Avg Unit Cost	Fixed	Commodity	Avg Unit Cost	Annual Change
	$/mo	*$/Mcf*	*$/Mcf*	*$/mo*	*$/Mcf*	*$/Mcf*	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12.46	19.12	59.6%	-6.7%	9.1%	**6.3%**
Hypothetical Model Contract							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		***13.96***	***13.96***			6.8%	
2011	***145,918***	***13.74***	***15.28***		-1.6%	9.5%	
2012	***378,968***	***12.58***	***16.57***	159.7%	-8.4%	8.4%	
2013	***597,323***	***11.63***	***17.93***	57.6%	-7.6%	8.2%	**5.5%**

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			*Average*
	Fixed	Commodity	Avg Unit Cost	Fixed	Commodity	Avg Unit Cost	*Annual Change*
	$/mo	*$/Mcf*	*$/Mcf*	*$/mo*	*$/Mcf*	*$/Mcf*	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5 0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12.46	19.12	59.6%	-6.7%	9.1%	**6.3%**
*Hypothetical Model Contract - **Flint Only***							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		***11.73***	***11.73***			-10.3%	
2011	***70,060***	***12.45***	***13.89***		6.1%	18.4%	
2012	***175,882***	***11.47***	***15.08***	151.0%	-7.9%	8.6%	
2013	***272,923***	***10.65***	***16.24***	55.2%	-7.1%	7.7%	**4.4%**

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			*Average Annual Change*
	Fixed *$/mo*	Commodity *$/Mcf*	Avg Unit Cost *$/Mcf*	Fixed *$/mo*	Commodity *$/Mcf*	Avg Unit Cost *$/Mcf*	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12.46	19.12	59.6%	-6.7%	9.1%	**6.3%**
*Hypothetical Model Contract - **Flint Only @ Imlay***							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		***11.16***	***11.16***			-14.6%	
2011	***65,919***	***10.88***	***12.23***		-2.5%	9.6%	
2012	***165,275***	***9.89***	***13.28***	150.7%	-9.1%	8.6%	
2013	***255,580***	***9.09***	***14.32***	54.6%	-8.1%	7.8%	**2.9%**

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CONSULTING ENGINEERS-PLANNERS
565 E. Larned Suite 300
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MEETING MINUTES

IN ATTENDANCE: Ed Kurtz; Flint Emergency Financial Manager, City of Flint
Dayne Walling; Mayor, City of Flint
Mike Brown, City of Flint
John O'Brien, Genesee County
Howard Croft, City of Flint
Dwayne "Duffy" Johnson, City of Flint
Brent Wright, City of Flint
Awni Qaqish, TYJT
Dave Guastella, TYJT

DATE: November 24, 2012

PURPOSE OF MEETING: Meeting with the City of Flint for the Indefinite-scope, Indefinite-delivery Contract Number 00383, 2012 Professional General Architectural/Engineering Services – City of Flint Water Supply Assessment

PREPARED BY: Dave Guastella

A meeting was held at the City of Flint Municipal Center on November 20, 2012 to discuss the water supply option being presented by the Karegnondi Water Authority (KWA) to the City of Flint. The main items discussed generally followed the attached KWA Discussion/Questions that were provided to City prior to the meeting. A summary of the key points discussed are provided below.

The questions submitted are repeated in the Discussion Items for easy reference. A summary of the action items generated from the meeting follow the Discussion Items.

DISCUSSION ITEMS

1. Question/Discussion Item: Is the maximum day demand of 18 MGD for Flint the maximum day demand (MDD) throughout the 25 year planning period? If not, what is the 25 year projected MDD?

   KWA would supply up to 18 MGD. 18 MGD has been assumed as the maximum day demand and 12 MGD is assumed as the average day demand throughout the 25 year planning period.

2. Question/Discussion Item: Copy of the intake contract documents and engineer's estimate.

   The intake contract documents are approximately 90% complete and are not available for distribution. However, the updated Appendix 20, dated October 4, 2012 includes the most recent cost estimate of the intake based on the current design in process.

Comments: Meeting minutes were recorded based on the understanding of the author. Please contact the author within three days if you have any different understanding of the meeting. These minutes will be considered approved unless comments are provided within three days.

3. Question/Discussion Item: Documentation of the Flint WTP improvements required and cost estimate.

   The costs are approximately $7M as presented in the September 2009 Preliminary Engineering Report. However, this estimate has been updated. Some processes have been eliminated. John O'Brien will provide the updated costs and the description of the planned improvements to the plant.

4. Question/Discussion Item: Confirm Flint's allocated percentage of the KWA capital improvements (30%?).

   Yes, the allocation is based on 18 MGD/60 MGD total capacity.

5. Question/Discussion Item: Copy of the proposed KWA operating agreement for Flint.

   John O'Brien will provide the operating agreement as well as the Capacity Contract and Articles of Incorporation.

6. Question/Discussion Item: What is the annual operating agreement adjustment projected for the 25 year planning period?

   This information is provided in Appendix 14, Table 14.2 of the September 2009 Preliminary Engineering Report. Operating cost based on Table 1. Used 12 MGD as average day demand (ADD). Assumed 5% as the annual increase in operating costs. John O'Brien indicated that these operating costs were based on Genesee County's operating costs. John O'Brien will provide the last 10 years of audited financial statements for the water fund.

   To assess operating and maintenance costs for the Flint WTP, Duffy will provide multiple years of financial statements for the water fund. Duffy did not believe they had 10 years, but they will provide what they have.

   Regarding operation and maintenance costs, Flint believes that these costs will increase by 2/3 of what they are now.

7. Question/Discussion Item: Need the route of the pipelines and the locations of the facilities proposed. Purpose is to identify constraints that impact costs (i.e., utilities, environmental (e.g. wetlands), easements, etc.).

   KWA will not release the route due to concerns regarding speculation of land and easements. John O'Brien did indicate that the Lake Huron pump station would be at Fisher and M-25. The intermediate pump station site is near a location of the Lapeer/Sanilac/St. Clair border; where all three meet.

8. Question/Discussion Item: KWA's initial charge to Flint is based on a 12 MGD average day demand. What is the basis of this number? Are there population projections and water use figures available that were used to determine the Flint demand for the 25 year planning period?

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This was answered in Question No. 1 above.

9. Question/Discussion Item: Is there a transition plan and cost during construction of the KWA system identified?

   Flint is looking for an agreement with DWSD for back-up supply from the 72-inch main at the Genesee border.

10. Question/Discussion Item: The October 4, 2012 Preliminary Engineering Report Update states: "no backup power is planned for the pumps" (LHPS) and "No backup power is planned for pumping" (IPS). In case of power loss, how would Flint supply its customers?

    Flint indicated that they have adequate storage to supply the system for 6 to 7 days. Flint has 55 MG of storage and Genesee County has 65 MG for 2.5 days.

11. Question/Discussion Item: The latest plan shows only a 5 million gallon ground reservoir is planned for balancing between LHPS and IPS. How is redundancy maintained?

    In cases of emergency, Flint indicated that the back-up for the KWA system will be the same as it is now with DWSD; they will use the Flint River as the source water. Flint currently operates their plant four times a year.

    When questioned as to whether the WTP will be able to treat both lake water from the KWA system and river water Flint indicated that once the improvements identified in the September 2009 Preliminary Engineering Report are completed they will be able to accomplish both treatment processes. Flint will provide a schematic of the treatment trains at the WTP and a copy of the Flint transmission system.

    Genesee County indicated that additional redundancy would also be provided from the new Genesee County WTP.

    Regarding hydraulic transients; Genesee County indicated that a model analysis has not been included, but capital costs for mitigating transients have been included.

12. Question/Discussion Item: Related to the construction cost:

    a. Does it include an additional traffic lane since the construction will occupy half the right of way? *Not required, all roads are county roads; however, there are a few State road crossings.*

    b. Does it include costs/fees for permit requirements such as inspection cost by the jurisdictional authorities? As a point of reference, the permit fee costs for the Flint Transmission System came out to be $5.8 million. *Not required; all of the counties have waived any fees.*

    c. Does the cost of the steel pipe segments include corrosion protection measures such as

anode stations and related O&M? *Yes; however, the KWA has not settled on using steel pipe. PCCP pipe may be used. Steel shown in estimate because it is highest in cost and therefore the pricing is conservative.*

d. SCADA monitoring stations require power. Is the cost of bring power to the SCADA stations included? Again, as a point of reference for the Flint Transmission System we estimated $800,000 for power to SCADA and valve operators. *Yes, Genesee County did emphasize that the SCADA system will be simple and straightforward because a lot of controls are not required.*

e. Other items discussed at the meeting included:

- The 2009 plant improvement cost is still good; however, there will be some reduction, such as a sulfuric chloride feed system that was eliminated. Plant capacity now is 36MGD, but will be 18 MGD.
- The KWA Lake Huron Pumping Station (LHPS) is now only high lift pump station.
- Genesee County will provide the distance of the intake pipe from the crib to the LHPS.
- The intake project is almost ready to bid; waiting for the COE permit.
- Genesee County is estimating the construction for the pipe lines and pump stations will begin July 2013.
- The route has been flown for survey.
- Genesee County is estimating construction will be complete and the project will be placed in service by Jan 2016.
- Genesee County to provide a list of assumptions that the $272 million cost estimate is based on since the route is now known.

13. The Flint River is identified as a backup: At what capacity? MDD or emergency supply?

    The Flint River would serve as a back up supply.

14. Where did the 40 years come from (Flint hostage to Detroit)? DWSD's new contracts are 30 years with openers to revise terms of supply (volume and pressure) after the first two years, then three years, and then in five year increments thereafter.

    The 40 years was stated in error. The reference was to DWSD's requirement to sign a 30 year contract.

    After 40 years Flint will own 30% of the project and can sell their share of ownership if they want. Conversely, with DWSD, they continue to pay for the capital projects but have no ownership. Flint believes they will know what they will be charged for the next 25 years versus DWSD that can't commit to a fixed escalation.

Comments: Meeting minutes were recorded based on the understanding of the author. Please contact the author within three days if you have any different understanding of the meeting. These minutes will be considered approved unless comments are provided within three days.

Action Items for Follow-up		
Items:	***Assigned To:***	***Date to Complete***
1. Updated Costs for the Flint WTP Improvements and a description of the improvements.	John O'Brien	11/21/12
2. KWA Operating Agreement, Capacity Contract and Articles of Incorporation.	John O'Brien	11/20/12
3. Provide the last 10 years of audited financial statements for the Genesee water fund.	John O'Brien	11/20/12
4. Provide multiple years of financial statements for the City of Flint water fund.	Duffy Johnson	11/26/12
5. Provide schematic of the Flint WTP and a map of the Flint transmission system.	Brent Wright	11/26/12
6. Provide the length of the intake pipe from the crib to the pump station.	John O'Brien	11/20/12
7. Provide a list of assumptions that the $272 million cost estimate is based on since the route is now known.	John O'Brien	11/26/12

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Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT

KWA Discussion/Questions for the November 20, 2012 Meeting

1. Is the maximum day demand of 18 MGD for Flint the maximum day demand (MDD) throughout the 25 year planning period? If not, what is the 25 year projected MDD?
2. Copy of the intake contract documents and engineer's estimate.
3. Documentation of the Flint WTP improvements required and cost estimate.
4. Confirm Flint's allocated percentage of the KWA capital improvements (30%?).
5. Copy of the proposed KWA operating agreement for Flint.
6. What is the annual operating agreement adjustment projected for the 25 year planning period?
7. Need the route of the pipelines and the locations of the facilities proposed. Purpose is to identify constraints that impact costs (i.e., utilities, environmental (e.g. wetlands), easements, etc.).
8. KWA's initial charge to Flint is based on a 12 MGD maximum day demand. What is the basis of this number? Are there population projections and water use figures available that were used to determine the Flint demand for the 25 year planning period?
9. Is there a transition plan and cost during construction of the KWA system identified?
10. The October 4, 2012 Preliminary Engineering Report Update states: "no backup power is planned for the pumps" (LHPS) and "No backup power is planned for pumping" (IPS). In case of power loss, how would Flint supply its customers?
11. The latest plan shows only a 5 million gallon ground reservoir is planned for balancing between LHPS and IPS. How is redundancy maintained?
12. Related to the construction cost:
    a. Does it include an additional traffic lane since the construction will occupy half the right of way?
    b. Does it include costs/fees for permit requirements such as inspection cost by the jurisdictional authorities? As a point of reference, the permit fee costs for the Flint Transmission System came out to be $5.8 million.

Comments: Meeting minutes were recorded based on the understanding of the author. Please contact the author within three days if you have any different understanding of the meeting. These minutes will be considered approved unless comments are provided within three days.

c. Does the cost of the steel pipe segments include corrosion protection measures such as anode stations and related O&M?
d. SCADA monitoring stations require power. Is the cost of bring power to the SCADA stations included? Again, as a point of reference the for the Flint Transmission System we estimated $800,000 for power to SCADA and valve operators.

13. The Flint River is identified as a backup: At what capacity? MDD or emergency supply?
14. Where did the 40 years come from (Flint hostage to Detroit)? DWSD's new contracts are 30 years with openers to revise terms of supply (volume and pressure) after the first two years, then three years, and then in five year increments thereafter.

Comments: Meeting minutes were recorded based on the understanding of the author Please contact the author within three days if you have any different understanding of the meeting. These minutes will be considered approved unless comments are provided within three days.

STATE OF MICHIGAN CONTRACT NO. 271N3200089

CITY OF FLINT WATER SUPPLY ASSESSMENT

State of Michigan, Department of Treasury

Appendix B: Cost Worksheets

DWSD Worksheet : 18 MGD Maximum Day Customer with Model Contract at Potter & Baxter

Capacity

Flint ADD.	0.80	MGD	81 MCF/Day
DWSD ADD	12	MGD	1,604 MCF/Day

Annual Volume

Flint	29,412	MCF
DWSD	585,561	MCF

2013 Cost of Supply

Flint WTP O&M	120.30	/MCF	$ 3,538,214	/Yr
DWSD	$ 16.37	/MCF	$ 9,585,642	/Yr

Escalation/Inflation Rate

Flint	4.51% /Yr
DWSD	4.7% /Yr

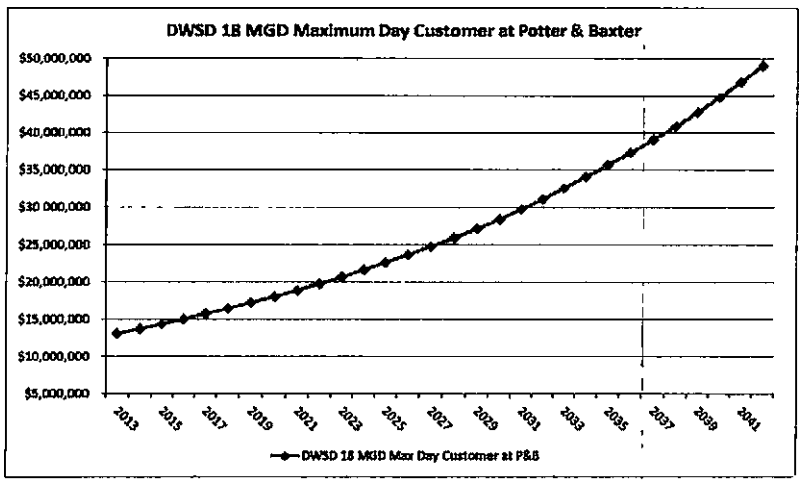
Capital Expenditure

Amount	$ -			
Reserve:	$ -	0%	Reserve Rate	0.00%
Amount plus Reserve.	$ -			
Revenue Bond Rate.	5%			
Number of Years.	25			
Annual Cost	$0			

	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 3,538,214	9,585,642		-	$ 13,123,856
2	2014	$ 3,697,788	10,036,167		-	$ 13,733,955
3	2015	$ 3,864,558	10,507,867		-	$ 14,372,425
4	2016	$ 4,038,850	11,001,736	-	-	$ 15,040,586
5	2017	$ 4,221,002	11,518,818	-	-	$ 15,739,820
6	2018	$ 4,411,369	12,060,203	-	-	$ 16,471,571
7	2019	$ 4,610,322	12,627,032	-	-	$ 17,237,354
8	2020	$ 4,818,247	13,220,503	-	-	$ 18,038,750
9	2021	$ 5,035,550	13,841,866	-	-	$ 18,877,416
10	2022	$ 5,262,653	14,492,434		-	$ 19,755,087
11	2023	$ 5,499,999	15,173,578	-	-	$ 20,673,577
12	2024	$ 5,748,049	15,886,736	-	-	$ 21,634,785
13	2025	$ 6,007,286	16,633,413	-	-	$ 22,640,699
14	2026	$ 6,278,215	17,415,183	-	-	$ 23,693,398
15	2027	$ 6,561,362	18,233,697	-	-	$ 24,795,059
16	2028	$ 6,857,279	19,090,681	-	-	$ 25,947,960
17	2029	$ 7,166,543	19,987,943	-	-	$ 27,154,486
18	2030	$ 7,489,754	20,927,376		-	$ 28,417,130
19	2031	$ 7,827,542	21,910,963	-	-	$ 29,738,505
20	2032	$ 8,180,564	22,940,778	-	-	$ 31,121,342
21	2033	$ 8,549,507	24,018,995		-	$ 32,568,502
22	2034	$ 8,935,090	25,147,887	-	-	$ 34,082,977
23	2035	$ 9,338,069	26,329,838	-	-	$ 35,667,901
24	2036	$ 9,759,209	27,567,841	-	-	$ 37,326,550
25	2037	$ 10,199,350	28,863,006	-	-	$ 39,062,355
	2038	$ 10,659,340	30,219,567	-	-	$ 40,878,907
	2039	$ 11,140,076	31,639,886	-	-	$ 42,779,963
	2040	$ 11,642,494	33,126,961	-	-	$ 44,769,455
	2041	$ 12,167,570	34,683,928	-	-	$ 46,851,499
	2042	$ 12,716,328	36,314,073	-	-	$ 49,030,401
		$ 216,222,171				

25 Yrs Cummulative	
$	596,916,044

30 Yrs Cummulative	
$	821,226,268



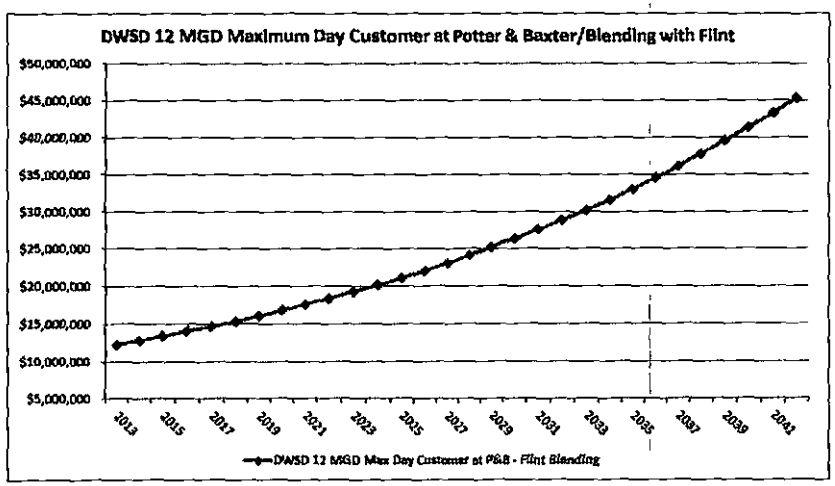
DWSD Worksheet : 12 MGD Maximum Day Customer with Model Contract at Potter & Baxter/Blending with Flint

Capacity					
Flint ADD.	4	MGD	535	MCF/Day	
DWSD ADD	8	MGD	1,070	MCF/Day	
Annual Volume					
Flint.	195,187	MCF			195187 1658
DWSD.	390,374	MCF			
					5895097 471
2013 Cost of Supply					
Flint WTP O&M	$ 30.20	/MCF	$ 5,895,097	/Yr	
DWSD	$ 16.31	/MCF	$ 6,367,005	/Yr	
Escalation/Inflation Rate					
Flint	4 51%	/Yr			
DWSD	4 7%	/Yr			
Capital Expenditure					
Amount	$ -				
Reserve	$ -	0%	Reserve Rate.	0.00%	
Amount plus Reserve	$ -				
Revenue Bond Rate	5%				
Number of Years.	25				
Annual Cost:	$0				

	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895,097	6,367,005		-	$ 12,262,103
2	2014	$ 6,160,966	6,666,255		-	$ 12,827,221
3	2015	$ 6,438,826	6,979,569		-	$ 13,418,395
4	2016	$ 6,729,217	7,307,608		-	$ 14,036,825
5	2017	$ 7,032,705	7,651,066	-	-	$ 14,683,771
6	2018	$ 7,349,880	8,010,666	-	-	$ 15,360,546
7	2019	$ 7,681,359	8,387,167	-	-	$ 16,068,527
8	2020	$ 8,027,789	8,781,364	-	-	$ 16,809,153
9	2021	$ 8,389,842	9,194,088		-	$ 17,583,930
10	2022	$ 8,768,224	9,626,210	-	-	$ 18,394,434
11	2023	$ 9,163,671	10,078,642	-	-	$ 19,242,313
12	2024	$ 9,576,952	10,552,338		-	$ 20,129,291
13	2025	$ 10,008,873	11,048,298	-	-	$ 21,057,171
14	2026	$ 10,460,273	11,567,568	-	-	$ 22,027,841
15	2027	$ 10,932,031	12,111,244	-	-	$ 23,043,275
16	2028	$ 11,425,066	12,680,473	-	-	$ 24,105,538
17	2029	$ 11,940,336	13,276,455	-	-	$ 25,216,791
18	2030	$ 12,478,845	13,900,448	-		$ 26,379,294
19	2031	$ 13,041,641	14,553,769	-	-	$ 27,595,410
20	2032	$ 13,629,819	15,237,796	-	-	$ 28,867,616
21	2033	$ 14,244,524	15,953,973	-	-	$ 30,198,497
22	2034	$ 14,886,952	16,703,810	-	-	$ 31,590,762
23	2035	$ 15,558,354	17,488,889	-	-	$ 33,047,242
24	2036	$ 16,260,035	18,310,866	-	-	$ 34,570,902
25	2037	$ 16,993,363	19,171,477	-	-	$ 36,164,840
	2038	$ 17,759,764	20,072,537	-		$ 37,832,300
	2039	$ 18,560,729	21,015,946	-		$ 39,576,675
	2040	$ 19,397,818	22,003,695	-	-	$ 41,401,513
	2041	$ 20,272,660	23,037,869			$ 43,310,528
	2042	$ 21,186,956	24,120,649			$ 45,307,605

25 Yrs Cummulative	
$	554,681,686

30 Yrs Cummulative	
$	762,110,308



DWSD Worksheet : 8 MGD Maximum Day Customer with Model Contract at Potter & Baxter/Blending with Flint

Capacity

Flint ADD	4	MGD	535	MCF/Day
DWSD ADD	8	MGD	1,070	MCF/Day

Annual Volume

Flint	195,187	MCF
DWSD	390,374	MCF

2013 Cost of Supply

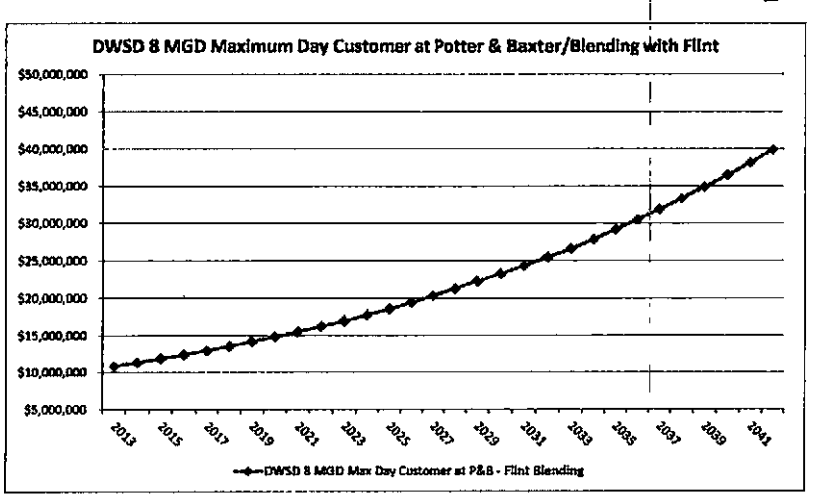
Flint WTP O&M.	$ 30.20	/MCF	$ 5,895,097	/Yr
DWSD	$ 12 68	/MCF	$ 4,949,947	/Yr

Escalation/Inflation Rate

Flint	4 51% /Yr
DWSD:	4 7% /Yr

Capital Expenditure

Amount:	$ -			
Reserve:	$ -	0%	Reserve Rate	0 00%
Amount plus Reserve.	$ -			
Revenue Bond Rate	5%			
Number of Years	25			
Annual Cost.	$0			



	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895,097	4,949,947		-	$ 10,845,044
2	2014	$ 6,160,966	5,182,594			$ 11,343,560
3	2015	$ 6,438,826	5,426,176			$ 11,865,002
4	2016	$ 6,729,217	5,681,206	-		$ 12,410,423
5	2017	$ 7,032,705	5,948,223	-	-	$ 12,980,928
6	2018	$ 7,349,880	6,227,789	-	-	$ 13,577,669
7	2019	$ 7,681,359	6,520,495	-		$ 14,201,855
8	2020	$ 8,027,789	6,826,959	-	-	$ 14,854,747
9	2021	$ 8,389,842	7,147,826	-	-	$ 15,537,668
10	2022	$ 8,768,224	7,483,774	-		$ 16,251,997
11	2023	$ 9,163,671	7,835,511	-	-	$ 16,999,182
12	2024	$ 9,576,952	8,203,780	-	-	$ 17,780,732
13	2025	$ 10,008,873	8,589,358	-		$ 18,598,230
14	2026	$ 10,460,273	8,993,057	-	-	$ 19,453,330
15	2027	$ 10,932,031	9,415,731	-	-	$ 20,347,762
16	2028	$ 11,425,066	9,858,271	-	-	$ 21,283,336
17	2029	$ 11,940,336	10,321,609	-	-	$ 22,261,945
18	2030	$ 12,478,845	10,806,725	-		$ 23,285,570
19	2031	$ 13,041,641	11,314,641	-	-	$ 24,356,282
20	2032	$ 13,629,819	11,846,429		-	$ 25,476,248
21	2033	$ 14,244,524	12,403,211	-		$ 26,647,735
22	2034	$ 14,886,952	12,986,162	-	-	$ 27,873,114
23	2035	$ 15,558,354	13,596,512	-	-	$ 29,154,866
24	2036	$ 16,260,035	14,235,548	-		$ 30,495,583
25	2037	$ 16,993,363	14,904,619	-	-	$ 31,897,982
	2038	$ 17,759,764	15,605,136	-	-	$ 33,364,899
	2039	$ 18,560,729	16,338,577	-		$ 34,899,306
	2040	$ 19,397,818	17,106,490	-		$ 36,504,308
	2041	$ 20,272,660	17,910,495			$ 38,183,155
	2042	$ 21,186,956	18,752,288			$ 39,939,245

25 Yrs Cummulative
$ 489,780,792

30 Yrs Cummulative
$ 672,571,705

DWSD Worksheet : 12 MGD Maximum Day Customer with Model Contract at Imlay/Blending with Flint

Capacity

Flint ADD	4	MGD	535 MCF/Day
DWSD ADD	8	MGD	1,070 MCF/Day

Annual Volume

Flint	195,187	MCF
DWSD	390,374	MCF

2013 Cost of Supply

Flint WTP O&M	$ 30.20	/MCF	$ 5,895,097	/Yr
DWSD	$ 14.38	/MCF	$ 5,613,583	/Yr

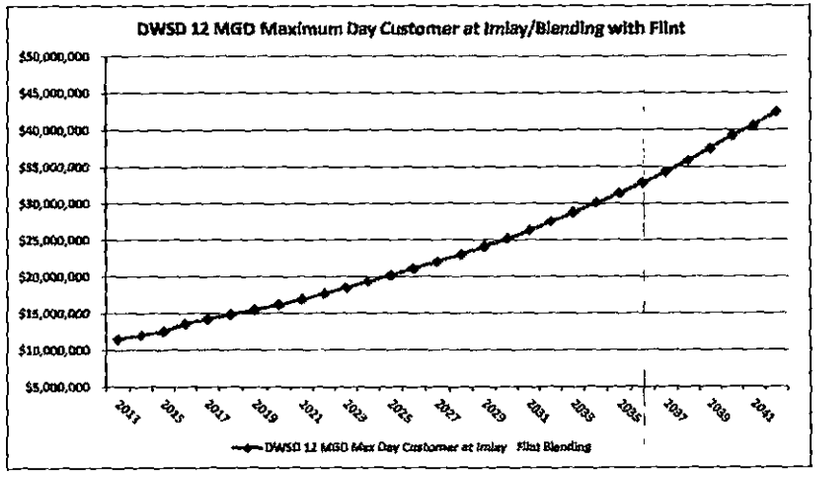
Escalation/Inflation Rate

Flint	4.51% /Yr
DWSD	4.7% /Yr

Capital Expenditure

Capital	$ 4,700,000		
Bond Issuance (3% of Total)	195,000	Check	3.0%
3 Years of Capitalized Interest	975,000	Check	5.0% /Yr (Bond Interest on Total)
Reserve (10% of Total)	650,000	Check	10.0%
Total	$ 6,520,000		

Revenue Bond Rate	5%
Number of Years	25
Annual Cost:	$462,610
Interest on Reserve	3%



	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895,097	5,613,583		19,500	$ 11,489,180
2	2014	$ 6,160,966	5,877,421		19,500	$ 12,018,888
3	2015	$ 6,438,826	6,153,660		19,500	$ 12,572,986
4	2016	$ 6,729,217	6,442,882	462,610	19,500	$ 13,615,209
5	2017	$ 7,032,705	6,745,698	462,610	19,500	$ 14,221,512
6	2018	$ 7,349,880	7,062,745	462,610	19,500	$ 14,855,735
7	2019	$ 7,681,359	7,394,694	462,610	19,500	$ 15,519,164
8	2020	$ 8,027,789	7,742,245	462,610	19,500	$ 16,213,144
9	2021	$ 8,389,842	8,106,131	462,610	19,500	$ 16,939,082
10	2022	$ 8,768,224	8,487,119	462,610	19,500	$ 17,698,452
11	2023	$ 9,163,672	8,886,013	462,610	19,500	$ 18,482,794
12	2024	$ 9,576,952	9,303,656	462,610	19,500	$ 19,323,718
13	2025	$ 10,008,873	9,740,928	462,610	19,500	$ 20,192,910
14	2026	$ 10,460,273	10,198,751	462,610	19,500	$ 21,102,134
15	2027	$ 10,932,031	10,678,093	462,610	19,500	$ 22,059,234
16	2028	$ 11,425,066	11,179,963	462,610	19,500	$ 23,048,139
17	2029	$ 11,940,336	11,705,421	462,610	19,500	$ 24,088,867
18	2030	$ 12,478,845	12,255,576	462,610	19,500	$ 25,177,531
19	2031	$ 13,041,641	12,831,588	462,610	19,500	$ 26,316,339
20	2032	$ 13,629,819	13,434,673	462,610	19,500	$ 27,507,602
21	2033	$ 14,244,524	14,066,102	462,610	19,500	$ 28,753,736
22	2034	$ 14,886,952	14,727,209	462,610	19,500	$ 30,057,271
23	2035	$ 15,558,354	15,419,388	462,610	19,500	$ 31,420,852
24	2036	$ 16,260,035	16,144,099	462,610	19,500	$ 32,847,245
25	2037	$ 16,993,363	16,902,872	462,610	19,500	$ 34,339,345
	2038	$ 17,759,764	17,697,307	462,610	19,500	$ 35,900,181
	2039	$ 18,560,729	18,529,080	462,610	19,500	$ 37,532,919
	2040	$ 19,397,818	19,399,947	462,610	19,500	$ 39,260,875
	2041	$ 20,272,660	20,311,745			$ 40,584,404
	2042	$ 21,186,956	21,266,397			$ 42,453,353

25 Yrs Cummulative
$ 529,865,071

30 Yrs Cummulative
$ 725,575,803

DWSD Worksheet : 8 MGD Maximum Day Customer with Model Contract at Imlay/Blending with Flint

Capacity

Flint ADD.	4	MGD	535	MCF/Day
DWSD ADD	8	MGD	1,070	MCF/Day

Annual Volume

Flint	195,187	MCF
DWSD	390,374	MCF

2013 Cost of Supply

Flint WTP O&M	$ 50.20	/MCF	$ 5,895,097	/Yr
DWSD	$ 11.11	/MCF	$ 4,337,059	/Yr

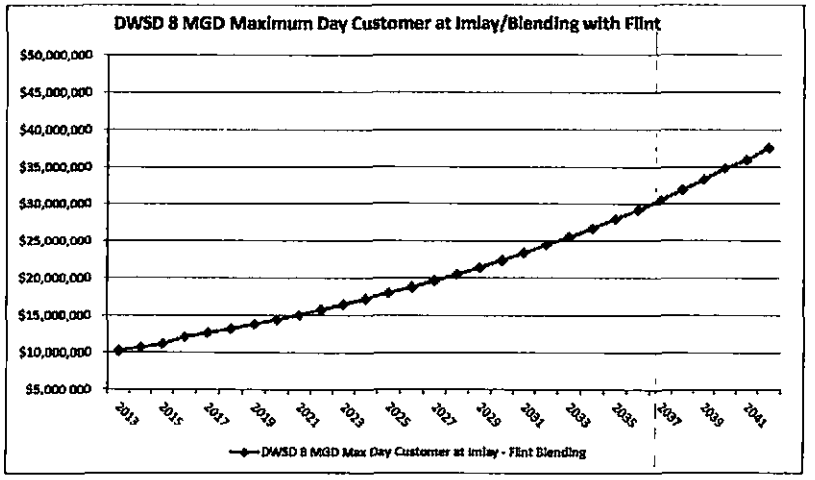
Escalation/Inflation Rate

Flint.	4.51% /Yr
DWSD*	4.7% /Yr

Capital Expenditure

Capital	$ 4,700,000		
Bond Issuance (3% of Total)	195,000	Check:	3.0%
3 Years of Capitalized Interest:	975,000	Check	5.0% /Yr (Bond Interest on Total)
Reserve (10% of Total)	650,000	Check:	10.0%
Total.	$ 6,520,000		

Revenue Bond Rate	5%
Number of Years.	25
Annual Cost.	$462,610
Interest on Reserve	3%



	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895,097	4,337,059		19,500	$ 10,212,656
2	2014	$ 6,160,966	4,540,901		19,500	$ 10,682,367
3	2015	$ 6,438,826	4,754,323		19,500	$ 11,173,649
4	2016	$ 6,729,217	4,977,776	462,610	19,500	$ 12,150,103
5	2017	$ 7,032,705	5,211,732	462,610	19,500	$ 12,687,546
6	2018	$ 7,349,880	5,456,683	462,610	19,500	$ 13,249,673
7	2019	$ 7,681,359	5,713,147	462,610	19,500	$ 13,837,616
8	2020	$ 8,027,789	5,981,665	462,610	19,500	$ 14,452,564
9	2021	$ 8,389,842	6,262,803	462,610	19,500	$ 15,095,755
10	2022	$ 8,768,224	6,557,155	462,610	19,500	$ 15,768,489
11	2023	$ 9,163,671	6,865,341	462,610	19,500	$ 16,472,122
12	2024	$ 9,576,952	7,188,012	462,610	19,500	$ 17,208,074
13	2025	$ 10,008,873	7,525,849	462,610	19,500	$ 17,977,832
14	2026	$ 10,460,273	7,879,564	462,610	19,500	$ 18,782,947
15	2027	$ 10,932,031	8,249,903	462,610	19,500	$ 19,625,044
16	2028	$ 11,425,066	8,637,649	462,610	19,500	$ 20,505,824
17	2029	$ 11,940,336	9,043,618	462,610	19,500	$ 21,427,064
18	2030	$ 12,478,845	9,468,668	462,610	19,500	$ 22,390,624
19	2031	$ 13,041,641	9,913,696	462,610	19,500	$ 23,398,447
20	2032	$ 13,629,819	10,379,639	462,610	19,500	$ 24,452,569
21	2033	$ 14,244,524	10,867,482	462,610	19,500	$ 25,555,117
22	2034	$ 14,886,952	11,378,254	462,610	19,500	$ 26,708,316
23	2035	$ 15,558,354	11,913,032	462,610	19,500	$ 27,914,496
24	2036	$ 16,260,035	12,472,945	462,610	19,500	$ 29,176,090
25	2037	$ 16,993,363	13,059,173	462,610	19,500	$ 30,495,646
	2038	$ 17,759,764	13,672,954	462,610	19,500	$ 31,875,828
	2039	$ 18,560,729	14,315,583	462,610	19,500	$ 33,319,422
	2040	$ 19,397,818	14,988,415	462,610	19,500	$ 34,829,343
	2041	$ 20,272,660	15,692,871			$ 35,965,530
	2042	$ 21,186,956	16,430,436			$ 37,617,392

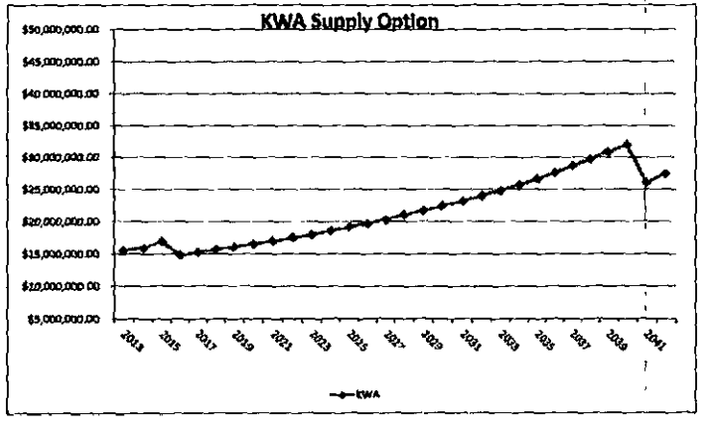
25 Yrs Cummulative	
$	493,069,801

30 Yrs Cummulative	
$	634,795,488

KWA Supply Option Worksheet
KWA 10/31/12 No Overruns

	Year	DWSD & Flint WTP Costs	KWA Entry Fee	KWA Debt service	Flint WTP Debt Service	KWA Operations	Flint WTP Operations with KWA	TOTAL
1	2013	$ 14,413,858	1,162,800					$ 15,576,658
2	2014	$ 15,355,135	581,400					$ 15,936,535
3	2015	$ 16,365,534	581,400					$ 26,945,934
4	2016			6,593,155	572,781	878,869	6,843,344	$ 14,888,149
5	2017			6,593,155	572,781	922,812	7,185,511	$ 15,274,260
6	2018			6,593,155	572,781	968,953	7,544,787	$ 15,679,675
7	2019			6,593,155	572,781	1,017,401	7,922,026	$ 16,105,363
8	2020			6,593,155	572,781	1,068,271	8,318,127	$ 16,552,334
9	2021			6,593,155	572,781	1,121,684	8,734,034	$ 17,021,654
10	2022			6,593,155	572,781	1,177,769	9,170,735	$ 17,514,440
11	2023			6,593,155	572,781	1,236,657	9,629,272	$ 18,031,865
12	2024			6,593,155	572,781	1,298,490	10,110,736	$ 18,575,162
13	2025			6,593,155	572,781	1,363,414	10,616,273	$ 19,145,623
14	2026			6,593,155	572,781	1,431,585	11,147,085	$ 19,744,607
15	2027			6,593,155	572,781	1,503,164	11,704,441	$ 20,373,541
16	2028			6,593,155	572,781	1,578,322	12,289,663	$ 21,033,921
17	2029			6,593,155	572,781	1,657,239	12,904,146	$ 21,727,320
18	2030			6,593,155	572,781	1,740,101	13,549,353	$ 22,455,390
19	2031			6,593,155	572,781	1,827,106	14,226,821	$ 23,219,862
20	2032			6,593,155	572,781	1,918,461	14,938,162	$ 24,022,559
21	2033			6,593,155	572,781	2,014,384	15,685,070	$ 24,865,890
22	2034			6,593,155	572,781	2,115,103	16,469,323	$ 25,750,362
23	2035			6,593,155	572,781	2,220,858	17,292,789	$ 26,679,584
24	2036			6,593,155	572,781	2,331,901	18,157,429	$ 27,655,266
25	2037			6,593,155	572,781	2,448,496	19,065,300	$ 28,679,733
	2038			6,593,155	572,781	2,570,921	20,018,565	$ 29,755,422
	2039			6,593,155	572,781	2,699,467	21,019,494	$ 30,884,897
	2040			6,593,155	572,781	2,834,440	22,070,468	$ 32,070,845
	2041					2,976,162	23,173,992	$ 26,150,154
	2042					3,124,970	24,332,691	$ 27,457,662

25 Yrs Cummulative	30 Yrs Cummulative
$ $29,486,186	$ $49,775,186



KWA Supply Option Worksheet
KWA-1

Capacity

Flint ADD:	12	MGD	1,604 MCF/Day
KWA ADD:	12	MGD	1 604 MCF/Day

Annual Volume

Flint:	585,561	MCF
KWA.	585,561	MCF

2018 Cost of Supply

Flint WTP O&M.		13.51	/MCF	$ 7 918,118 /Yr
KWA.	$	1.50	/MCF	$ 878,569 /Yr

Escalation/Inflation Rate

Flint:	4 51% /Yr
KWA.	6.0% /Yr

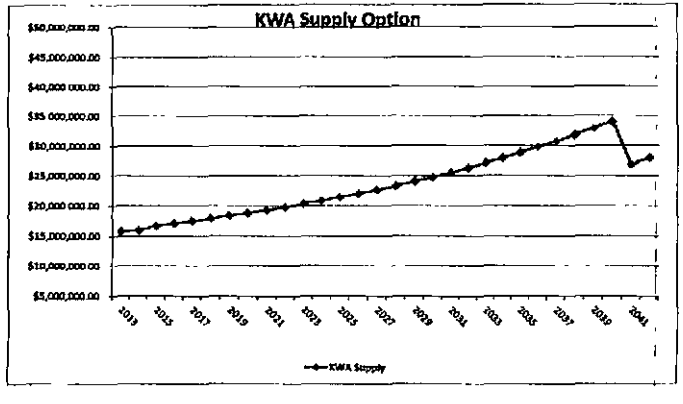
Capital Expenditure

David Gesatallas: Assumes Bond Issuance and Reserves are not included

Capital	$ 272,421,958			
Bond Issuance (2.25% of Total).	8,440,000	Check:	2.25%	
3 Years of Capitalized Interest:	66,000,000	Check.	3.0%	/Yr (Bond interest on Total)
Reserve (10% of Total).	97,500,000	Check:	10.0%	
Total:	$ 374,361,958			
Flint's Share (30%)	$ 112,308,467			
Revenue Bond Rate.	5%			
Number of Years:	25			
Annual Cost:	$7,968,562			
Interest on Reserve.	5%			

David Gesatallas: Increased by 3%/Yr in 2013 $'s

Capital.	$ 7,758 152			
Bond Issuance (3% of Total):	240,000	Check:	2.25%	
3 Years of Capitalized Interest:	1,500,000	Check:	3.0%	/Yr (Bond interest on Total)
Reserve (10% of Total):	1,070,000	Check:	10.0%	
Total:	$ 10,568,562			
Revenue Bond Rate.	5%			
Number of Years:	25			
Annual Cost:	$756 948			
Interest on Reserve	5%			



David Gesatallas: Flint bond water from DWSD for bond years during KWA construction at current rate (assumes 5% increase each year)

David Gesatallas: Highlighted portion is Flint's Entry Fee in KWA

Year	Flint WTP O&M	Water Purchase	KWA Revenue Pre-bond Entry Fee & Bond Payment	Flint Revenue Bond Payment	Interest on Reserve	TOTAL
2013	$ 8,839,214	11,481,700	1,162,800		359 600	$ 15,793,114
2014	$ 8,697,789	12,054,785	581,400		359,600	$ 15,944,878
2015	$ 8,864,158	12,656,524	581,400		359 600	$ 16,712,882
2016	$ 7,913,118	878,889	7,968 562	756 946	569,600	$ 17,147,896
2017	$ 8,270,000	922,811	7,968,562	756,946	359 600	$ 17,848,721
2018	$ 8,642,877	968,953	7,968,562	756,946	359,600	$ 17,967,853
2019	$ 9 032,775	1,017,401	7,968,562	756,946	359,600	$ 18,406,084
2020	$ 9 440,151	1,068,271	7,968,562	756,946	359,600	$ 18,884,332
2021	$ 9,865,004	1,121,684	7,968,562	756,946	359,600	$ 19,343,497
2022	$ 10,310 857	1,177,769	7,968,562	756 946	359,600	$ 19,844,533
2023	$ 10,775,876	1,236,657	7,968,562	756,946	359,600	$ 20,368,641
2024	$ 11,261,868	1,298 490	7,968,562	756,946	359,600	$ 20,918,266
2025	$ 11,769,779	1,363,414	7,968,562	756,946	359 600	$ 21,489,101
2026	$ 12,300,596	1,431,585	7,968,562	756,946	359,600	$ 22,088,089
2027	$ 12,855,352	1,503,164	7,968,562	756,946	359,600	$ 22,714,428
2028	$ 13,435,129	1,578 321	7,968,562	756,946	359 600	$ 23,369,359
2029	$ 14,041,053	1,657,219	7,968,562	756,946	359 600	$ 24,054,280
2030	$ 14,674,905	1,740,101	7,968,562	756,946	359,600	$ 24,770,313
2031	$ 15,336,116	1,827,106	7,968,562	756,946	359,600	$ 25,519,190
2032	$ 16,027,775	1,918,461	7,968,562	756,946	359,600	$ 26,303,144
2033	$ 16,750,627	2,014,334	7,968,562	756,946	359 600	$ 27,120,919
2034	$ 17,506,080	2,115,103	7,968,562	756,946	359,600	$ 27,977,092
2035	$ 18,295 605	2,220 858	7,968,562	756 946	359,600	$ 28,872,871
2036	$ 19,120 787	2,331,901	7,968,562	756,946	359,600	$ 29,808,846
2037	$ 19,983 082	2,448,496	7,968,562	756,946	359,600	$ 30,787,686
2038	$ 20,884,519	2,570,921	7,968,562	756,946	359 600	$ 31,811,148
2039	$ 21,826,201	2,699 467	7,968,562	756,946	359,600	$ 32,851,977
2040	$ 22,810,563	2,834,440	7,968,562	756,946	359,600	$ 34,000,912
2041	$ 23 839,320	2,976 162				$ 26,815,482
2042	$ 24,914,478	3,124,970				$ 28,039,448

20 Yr Commulative
$ 353,731,183

30 Yr Commulative
$ 707,279,715

KWA Supply Option Worksheet
KWA-2

Capacity

Flint ADD	12	MGD	1,604 MCF/Day
KWA ADD	12	MGD	1,604 MCF/Day

Annual Volume

Flint:	585,561	MCF
KWA:	585,561	MCF

2018 Cost of Supply

Flint WTP O&M:	$ 13.51	/MCF	$ 7,913,118	/Yr
KWA:	$ 1.50	/MCF	$ 878,869	/Yr

Escalation/Inflation Rate

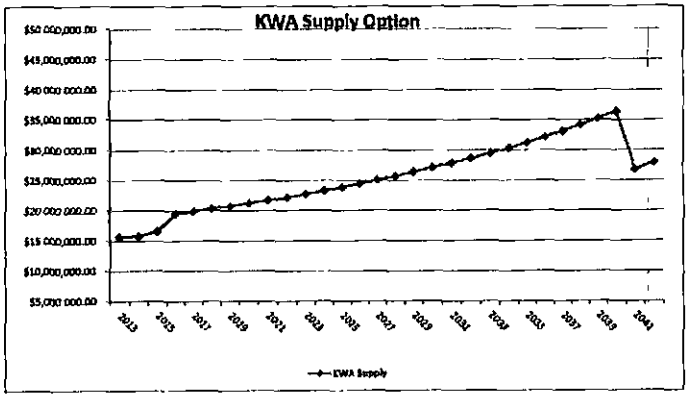
Flint:	4.51% /Yr
KWA:	5.0% /Yr

Capital Expenditures

Capital:	$ 357,378,060			
Bond Issuance (2.25% of Total):	13,050,000	Check:	2.25%	
3 Years of Capitalized Interest:	74,000,000	Check:	5.0%	/Yr (Bond Interest on Total)
Reserve (10% of Total):	49,000,000	Check	10.0%	
Total	$ 491,628,060			
Flint's Share (30%)	$ 147,488,418			
Revenue Bond Rate	5%			
Number of Years:	25			
Annual Cost:	$10,464,666			
Interest on Reserve:	5%			

Capital	$ 7,758,562			
Bond Issuance (5% of Total)	240,000	Check:	2.25%	
3 Years of Capitalized Interest:	1,600,000	Check:	5.0%	/Yr (Bond Interest on Total)
Reserve (10% of Total):	1,070,000	Check:	10.0%	
Total:	$ 10,568,862			
Revenue Bond Rate:	5%			
Number of Years:	25			
Annual Cost:	$756,946			
Interest on Reserve:	3%			

	Year	Flint WTP O&M	Water Purchase	KWA Revenue Pre-bond Entry Fee & Bond Payment	Flint Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,538,214	11,461,700	1,162,800		478,100	$ 18,589,814
2	2014	$ 3,697,788	12,084,788	581,400		478,100	$ 16,840,876
3	2015	$ 5,884,858	12,636,624	581,400		478,100	$ 19,609,382
4	2016	$ 7,913,118	878,869	10,464,666	756,946	478,100	$ 20,540,500
5	2017	$ 8,270,000	922,812	10,464,666	756,946	478,100	$ 20,841,525
6	2018	$ 8,642,077	968,953	10,464,666	756,946	478,100	$ 20,850,642
7	2019	$ 9,032,775	1,017,401	10,464,666	756,946	478,100	$ 20,798,888
8	2020	$ 9,440,153	1,068,271	10,464,666	756,946	478,100	$ 21,256,956
9	2021	$ 9,865,904	1,121,684	10,464,666	756,946	478,100	$ 21,716,101
10	2022	$ 10,310,857	1,177,769	10,464,666	756,946	478,100	$ 22,237,197
11	2023	$ 10,775,876	1,236,657	10,464,666	756,946	478,100	$ 22,761,045
12	2024	$ 11,261,868	1,298,490	10,464,666	756,946	478,100	$ 23,302,870
13	2025	$ 11,769,779	1,363,414	10,464,666	756,946	478,100	$ 23,831,705
14	2026	$ 12,300,596	1,431,585	10,464,666	756,946	478,100	$ 24,480,693
15	2027	$ 12,855,352	1,503,164	10,464,666	756,946	478,100	$ 25,107,029
16	2028	$ 13,435,129	1,578,322	10,464,666	756,946	478,100	$ 25,781,965
17	2029	$ 14,041,053	1,657,238	10,464,666	756,946	478,100	$ 26,446,804
18	2030	$ 14,674,305	1,740,101	10,464,666	756,946	478,100	$ 27,182,917
19	2031	$ 15,336,116	1,827,106	10,464,666	756,946	478,100	$ 27,911,733
20	2032	$ 16,027,775	1,918,461	10,464,666	756,946	478,100	$ 28,696,748
21	2033	$ 16,750,627	2,014,384	10,464,666	756,946	478,100	$ 29,515,525
22	2034	$ 17,506,080	2,115,103	10,464,666	756,946	478,100	$ 30,369,696
23	2035	$ 18,295,605	2,220,858	10,464,666	756,946	478,100	$ 31,264,975
24	2036	$ 19,120,737	2,331,901	10,464,666	756,946	478,100	$ 32,201,150
25	2037	$ 19,983,082	2,448,496	10,464,666	756,946	478,100	$ 33,180,090
	2038	$ 20,884,819	2,570,921	10,464,666	756,946	478,100	$ 34,203,752
	2039	$ 21,826,201	2,699,467	10,464,666	756,946	478,100	$ 35,174,181
	2040	$ 22,810,569	2,834,440	10,464,666	756,946	478,100	$ 36,839,515
	2041	$ 23,839,320	2,976,162				$ 26,815,482
	2042	$ 24,914,473	3,124,970				$ 28,039,443



25 Yrs Cummulative	
$	606,057,940

50 Yrs Cummulative	
$	764,784,815

David Guastella

From: Darryl A. Latimer <latimer@dwsd.org>
Sent: Tuesday, November 20, 2012 2:43 PM
To: David Guastella
Subject: Flint
Attachments: Flint Rate Hist.pdf; Flint Rate Hist Imlay.pdf

Flint / Genesee (Page 1)
My original assessment was slightly off – the benefit is more gradual than I anticipated, probably because of the movement with all of the other customers in their exhibit Bs. Bottom line – average annual rate increase to Flint over the last 10 years has been 6.3% - it would be 5.5% had they contracted at 23mgd/40mgd with the second wave for FY 2010. (I left the FY 2009 figures alone to indicate the impact they got from the first wave).

Flint Only (Page 2)
Historical rates unchanged until hypothetical switch to negotiated contract for Flint only in FY 2010. The lower (relative to the combined Flint / Gen CO customer) max day results in a large decrease from the Page 1 figures, similar to what we showed last week. Bottom line – average annual rate increase to Flint over the last 10 years has been 6.3% - it would be 4.4% had they contracted at 12mgd/18mgd wit the second wave for FY 2010.

Flint rate if Imlay Station was point of connection.

--
Darryl A. Latimer
Deputy Director
Detroit Water and Sewerage Department
506 Water Board Building
(313) 224-4784 (Office)
(313) 224-6067 (Fax)
latimer@dwsd.org

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			*Average*
	Fixed	Commodity	Avg Unit Cost	Fixed	Commodity	Avg Unit Cost	*Annual Change*
	$/mo	*$/Mcf*	*$/Mcf*	*$/mo*	*$/Mcf*	*$/Mcf*	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12.46	19.12	59.6%	-6.7%	9.1%	**6.3%**
Hypothetical Model Contract							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		***13.96***	***13.96***			6.8%	
2011	***145,918***	***13.74***	***15.28***		-1.6%	9.5%	
2012	***378,968***	***12.58***	***16.57***	159.7%	-8.4%	8.4%	
2013	***597,323***	***11.63***	***17.93***	57.6%	-7.6%	8.2%	**5.5%**

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			*Average*
	Fixed	Commodity	Avg Unit Cost	Fixed	Commodity	Avg Unit Cost	*Annual Change*
	$/mo	*$/Mcf*	*$/Mcf*	*$/mo*	*$/Mcf*	*$/Mcf*	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12.46	19.12	59.6%	-6.7%	9.1%	**6.3%**
*Hypothetical Model Contract - **Flint Only***							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		*11.73*	*11.73*			-10.3%	
2011	*70,060*	*12.45*	*13.89*		6.1%	18.4%	
2012	*175,882*	*11.47*	*15.08*	151.0%	-7.9%	8.6%	
2013	*272,923*	*10.65*	*16.24*	55.2%	-7.1%	7.7%	**4.4%**

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			*Average*
	Fixed	Commodity	Avg Unit Cost	Fixed	Commodity	Avg Unit Cost	*Annual Change*
	$/mo	*$/Mcf*	*$/Mcf*	*$/mo*	*$/Mcf*	*$/Mcf*	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12.46	19.12	59.6%	-6.7%	9.1%	**6.3%**
*Hypothetical Model Contract - **Flint Only @ Imlay***							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		***11.16***	***11.16***			-14.6%	
2011	***65,919***	***10.88***	***12.23***		-2.5%	9.6%	
2012	***165,275***	***9.89***	***13.28***	150.7%	-9.1%	8.6%	
2013	***255,580***	***9.09***	***14.32***	54.6%	-8.1%	7.8%	**2.9%**

sent to Agenda – 21 sent by Kurtz 12/5
Questells – 26
on KWA website.

11/21/12 get info from O'Brien updates

Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT

Action Items for Follow-up

Items:	*Assigned To:*	*Date to Complete*	*Status as of 11/29/12*
Requests Made at 11/20/12 Meeting			
1. Updated Costs for the Flint WTP Improvements and a description of the improvements.	John O'Brien	11/21/12	*Not Received* $7.1 mm
2. KWA Operating Agreement, Capacity Contract and Articles of Incorporation.	John O'Brien	11/20/12	*Not Received*
3. Provide the last 10 years of audited financial statements for the Genesee water fund.	John O'Brien	11/20/12	Received 11/29/12
4. Provide multiple years of financial statements for the City of Flint water fund.	Duffy Johnson	11/26/12	Received 11/26/12
5. Provide schematic of the Flint WTP and a map of the Flint transmission system.	Brent Wright	11/26/12	Received 11/21/12
6. Provide the length of the intake pipe from the crib to the pump station.	John O'Brien	11/20/12	Received 11/29/12
7. Provide a list of assumptions that the $272 million cost estimate is based on since the route is now known.	John O'Brien	11/26/12 12/5/12 talk to Dan. Comm Ed will send	*Not Received* engr today
Email request to D. Johnson 11/26/12			
8. Copy of the labor agreements for the Flint WTP sent Links 12/1/12	Duffy Johnson		*Not Received*
Email to E. Kurtz 11/28/12			
9. Please identify the type of bonds, KWA is anticipating on using. If they are municipal bonds, whose credit rating will be used for the KWA work?	Ed Kurtz Ed - Revenue bonds		*Not Received* TBD lab Tue
10. Please provide the most recent credit ratings for the appropriate enterprise fund applicable for the Flint work at the WTP and the KWA transmission system.	Ed Kurtz Ed will send		*Not Received*
11. If the bonds are revenue bonds, please identify the percent reserve assumed and the percent coverage anticipated.	Ed Kurtz per Ed must be negotiated	have not been set	*Not Received*
12. In the 09' KWA report 37% was assumed for engineering, contingencies, and bonding. In the 2012 update the percentage dropped to 25% for engineering and contingencies; bonding was not shown as part of the percentage. Does the 25% include bonding issuance costs? What percentage is assumed in either case for the issuance of bonds?	Ed Kurtz Per Ed he said yes 0% negotiated		*Not Received*

eng contingency 22%

313 402 0354

13. Please provide the last three years of water purchased and water billed. This will help us to determine the water loss amount. If the water loss is high, a proactive water audit program could reduce the total volume needed from the KWA. This could reduce the size of the pipeline and pumping needs.	Ed Kurtz Ed signed 12/4/17		*Not Received* — Did not receive it —

X

Form No. DTMB-3522 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
PURCHASING
P.O. BOX 30791, LANSING, MI 48909
OR
430 W. ALLEGAN, LANSING, MI 48933

NOTICE OF CONTRACT NO. 271N3200089
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Tucker, Young, Jackson, Tull, Inc.	George Y. Karmo, BCEE, P.E	gkarmo@tyjt.com
565 East Larned, Suite 300	TELEPHONE	CONTRACTOR #, MAIL CODE
Detroit, Michigan 48226	313-963-0612	On-file

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	Treasury	Eric Cline	517-373-4415	cliner1@michigan.gov
BUYER:	Treasury	Thomas Falik	517-373-3185	falikt@michigan.gov

CONTRACT SUMMARY:

DESCRIPTION:

Municipal Water Supply Assessment

INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
Two Months	11/28/2012	01/31/2013	0
PAYMENT TERMS	**F.O.B**	**SHIPPED**	**SHIPPED FROM**
NET30	Destination	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			**AVAILABLE TO MIDEAL PARTICIPANTS**
☐ P-card ☐ Direct Voucher (DV) ☐ Other			☐ YES ☒ NO

MINIMUM DELIVERY REQUIREMENTS:

N/A

MISCELLANEOUS INFORMATION:

The terms and conditions of Indefinite-Scope, Indefinite-Delivery Contract No. 00383 (Discretionary Contract Number 00263), Statement of Work (SOW) #271Q3209 and clarification dated November 21, 2012 apply to this Contract.

CONTRACT VALUE: $39,500.00

This Contract Agreement is awarded on the basis of our inquiry bearing solicitation #271Q3208.

Form No. DTMB-3522 (Rev 4/2012)

Notice of Contract #: 271N3200089

FOR THE CONTRACTOR:	FOR THE STATE:
Tucker, Young, Jackson, Tull, Inc.	
Firm Name	Signature
Authorized Agent Signature	Thomas Falik/Purchasing Manager
GEORGE Y. KARMO	Name/Title
Authorized Agent (Print or Type)	Department of Treasury
11-28-2012	Enter Name of Agency 11-28-12
Date	Date

Article 1 – Statement of Work (SOW)

Note to Contractors: Proposals must include detailed responses to all tasks as requested in Article 1. Contractors should provide thorough responses to each task, or, when appropriate, state their agreement that the Contractor will provide the requested services. Contractors are encouraged to provide detailed responses in order to allow the State to fully evaluate the Contractor's capabilities.

Throughout this SOW, language referring to Contract or Contractor(s) refers to any Contract awarded from this SOW. This SOW in itself is not to be construed as a Contract.

1.010 Project Identification

1.011 Project Request

This is an SOW for a Municipal Water Supply Assessment on behalf of the Department of Treasury and the City of Flint in Genesee County. This is a formal request to prospective Contractors to solicit bids or price quotations. Contractors must submit written proposals according to the instructions contained within this document, discussing how they will meet the specific requirements.

Any awarded Purchase Order(s) between the State and any awarded Contractor(s) is a separate document, whose terms are limited by the Contract.

1.012 Background

The Treasury Department is charged with monitoring, oversight and provision of assistance to local units of government under various statutes, including but not limited to, the Home Rule City Act (Act 279 of 1909), the Uniform Budgeting and Accounting Act (Act 2 of 1968), and the Glenn Steil State Revenue Sharing Act (Act 140 of 1971). In providing such monitoring and assistance to local units of government, the Treasury Department strives to preserve the capacity of local units to provide those services essential to the public health, safety and welfare of the citizens of this State.

The City of Flint is currently supplied potable water from the Detroit Water and Sewerage Department (DWSD). This supply is provided through a single 72-inch water main that terminates at a master meter. The City of Flint's water treatment plant uses the Flint River as a back-up and redundancy supply source to the DWSD supply, as required by the Michigan Department of Environmental Quality (MDEQ). The City of Flint also provides potable water to Genesee County downstream of the DWSD master meter.

The newly formed Karegnondi Water Authority (KWA) plans to construct a raw water supply system that will feed Flint's water treatment plant with water directly from Lake Huron. The Flint water treatment plant could be upgraded to accommodate and treat this new raw water source. DWSD has also proposed alternatives to the existing agreement with the City of Flint that could also be pursued.

A Contractor is needed to provide services to the Department of Treasury and the City of Flint upon request of the Treasury Department. The Department of Treasury is requesting a Contractor provide an analysis of the water supply options for the City of Flint to assist the Department of Treasury and the City of Flint in determining the best available option.

1.020 Scope of Work and Deliverables

1.021 In Scope

The Contractor must provide Water Supply Assessment as requested by the Department of Treasury. These services will include data collection and review, an engineering evaluation and the generation of recommendations.

Bidder Response:

Agreed; our attached Sample Project Plan describes our approach for these services.

1.022 Work and Deliverable

Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

A. **Data Collection and Review:**

1. Provide all labor, materials and equipment to fully perform the work of data collection and review for an assessment of water supply options for the City of Flint.

Bidder Response:

Our Price Proposal in Attachment A includes all labor, materials and equipment to perform the base work described in our Sample Project Plan.

2. Perform an analysis and comparison of the KWA and DWSD proposals that includes all capital, financing, operational and maintenance costs.

Bidder Response:

Agreed; our attached Sample Project Plan describes our approach for these services.

3. Prepare and submit for Department of Treasury and City of Flint review a preliminary report on the findings by Thursday, December 20, 2012; additionally, a final inspection report of findings and recommendations must be presented no later than January 8, 2013 (also see Section 1.022.E).

Bidder Response:

Agreed; however, meeting these dates are predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012.

B. Data collection and analysis services must include the following:

1. DWSD's proposed contract with the City of Flint.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan.

2. DWSD's proposed water rates with the City of Flint.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan.

3. Other relevant DWSD documents or information regarding the provision of municipal water to the City of Flint.

Bidder Response:

Agreed.

4. KWA's proposed contract with the City of Flint.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan.

5. Any engineering or environmental reports that evaluate KWA's proposal to provide municipal water to the City of Flint.

Bidder Response:

Agreed.

6. Other relevant KWA documents or information regarding the provision of municipal water to the City of Flint.

Bidder Response.

Agreed.

C. **Engineering Evaluation**:

1. Evaluation and recommendation of a potential water supply for the City of Flint must be based upon: 1) Cost; 2) System redundancy and reliability; and 3) The capacity for the Flint River to supply all of the City of Flint's water needs.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan.

2. Evaluation and recommendation of a potential water supply for the City of Flint will also be based upon any additional criteria mutually agreed upon by the Department of Treasury, the City of Flint and the Contractor.

Bidder Response:

Agreed.

D. The Contractor must carry out its operations in strict accordance with local, state, federal regulations.

Bidder Response:

Agreed.

E. Provide electronic copies (in the most suitable format) of the final inspection report of findings and recommendations to the City of Flint and the Department of Treasury, Office of Fiscal Responsibility by January 8, 2013:

Bidder Response:

Agreed.

1. Describe format of findings and recommendations. Format should also include a description of all work performed.

Bidder Response:

Our attached Sample Project Plan describes our approach for the findings and recommendations. TYJT will draft a report for the Treasurer that identifies the information collected, the analysis process, our findings, and the recommendations made. Our recommendations will be based on the risks to Flint associated with the options identified.

a) Preliminary inspection report of findings and recommendations must be presented by December 20, 2012.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan and the date is predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012.

b) Final inspection report of findings and recommendations must be presented no later than January 8, 2013.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan and the date is predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012.

2. Describe electronic formats available.

Bidder Response:

Document formats would include PDF's or in their initial format (Word, Excel, GIS/CAD, etc.).

F. Submit findings and recommendations to an independent Quality Control and Quality Assurance (QA/QC) review process for validation

Bidder Response:

Agreed; the independent QA/QC approach is included in our attached Sample Project Plan.

1. Provide electronic copies (in the most suitable format) of the independent QA/QC review to the City of Flint and the Department of Treasury, Office of Fiscal Responsibility by January 8, 2013, with the final inspection report.

Bidder Response:

Agreed; however, meeting this date are predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012.

1.030 Roles and Responsibilities

1.031 Contractor Staff, Roles, and Responsibilities

1. Contractor must identify staff who will be involved in the project, including the name of each individual, work locations, and detailed descriptions of their roles and responsibilities.

   Note: If an overall organization chart has been developed, provide a reference to that chart as well. Note any part-time personnel.

   Bidder Response:

The staff will be comprised of our senior management: Messrs. David Guastella and Awni Qaqish. Also, we will be supported by our part-time staff member, former Finance Director of Redford. Their roles will include meeting with Flint, KWA, and DWSD; estimating capital costs of all options; estimating all operation and maintenance costs of all options, a financial analysis for funding capital; and all other issues related to the costs of service.

2 Specific work schedules for this project are Monday through Friday, 8:00 a.m. to 5:00 p.m. Eastern Time; however, possible night and weekend hours may be required.

Bidder Response:

Agreed.

1.032 State Staff, Roles, and Responsibilities

1. Contract Compliance Inspector (CCI): The State's CCI provides oversight and monitoring of the selected Contractor's adherence to the terms and conditions of this project and the Contract.

2. Project Manager: The State's Project Manager will monitor the project activities.

1.040 Project Plan

1.041 Project Plan Management

1. The Contractor will carry out this project under the direction and control of the CCI or designee.

2 Although there will be continuous liaison with the Contractor team, the CCI or designee will meet quarterly as a minimum, or as requested by the CCI or designee, with the Contractor's Project Manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.

3. Contractors must provide a sample project plan with proposal for the deliverables proposed in section 1.022. The plan must include the details noted in section 1.041.4.

   Contractor Response:

Agreed; the Sample Project Plan is attached.

4. Within five working days of Contract or purchase order award, the Contractor must submit to the CCI or designee for final approval a detailed project plan. This final project plan must be in agreement with the Contractor's proposal and accepted by the State for Contract, and must include the following:

   a. The Contractor's project organizational structure.

   b. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions

due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.

c. The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each (e.g., estimated levels of effort for each level of personnel for Contractor personnel, including any contractual employees, and State personnel).

1.042 Reports

1. The Contractor must submit written bi-weekly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the CCI; and notification of any significant deviation from previously agreed-upon work plans.

1.050 Acceptance – Deleted – N/A

1.060 Proposal Pricing

1.061 Proposal Pricing

1. For authorized Services and Price List, see Attachment A (Price Proposal). Please complete Attachment A and submit with proposal.

2. Bidders are encouraged to offer quick payment terms (i.e. _0__% discount off invoice if paid within _____ days). This information can be noted on the Bidders price proposal (see Attachment A). This may be a factor considered in the award decision.

3. Contractor's out-of-pocket expenses are not separately reimbursable by the State or local unit of government unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates. See **www.michigan.gov/dtmb** for current rates.

4. Invoicing and payment must occur per Article 2 (Compensation) of Indefinite Scope Indefinite Delivery Contract No. 263 (Discretionary Contract Number 00263) and Attachment A.

1.070 Additional Requirements – Deleted – N/A

Attachment A, Price Proposal

Bidders are encouraged to offer quick payment terms (i.e. __0__% discount off invoice if paid within _____ days). This information can be noted on the price proposal. This may be a factor considered in the award decision

Provide the price per deliverable for the proposed services in section 1.022.	
Deliverable	**Price**
A. Municipal Water Supply Assessment	
1. Data Collection and Review	$ 6,500
2. Engineering Evaluation	$ 30,000
3. Provide Copies of Findings and Review Findings	$ 3,000
Grand Total	$ 39,500
B. Optional Services	
1.	$
2.	$
3.	$
4.	$
5.	$

Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT
SAMPLE PROJECT PLAN

November 2012

1. Scope of Work

Tucker, Young, Jackson, Tull, Inc. (TYJT), at the request of the State Treasurer is providing a proposal to perform an analysis of the water supply options being considered by the City of Flint. The work would be completed as an authorized task under the reference contract, Contract No. 00383. This proposal provides a background of our understanding of the issues, our approach, schedule dates, and the level of effort to perform the task.

2. Background

The City of Flint is presently supplied potable water from the Detroit Water and Sewerage Department (DWSD). This supply is from a single 72-inch water main that terminates at a master meter located at Potter and Baxter. Additionally, downstream of the DWSD master meter, Flint supplies its customer Genesee County. The City of Flint also operates a water treatment plant that uses the Flint River as its source of supply to provide back up and redundancy to the DWSD supply as required by MDEQ

The Karegnondi Water Authority (KWA) is planning on constructing a raw water supply system that could provide Lake Huron water to the Flint's Water Treatment Plant. Flint's existing plant would be upgraded to treat the new raw water source.

The State Treasurer has appointed an emergency financial manager for the City of Flint. As such the Treasurer has requested TYJT to provide an analysis of the water supply options to assist the Treasurer in determining the best course going forward for the City of Flint.

3. Scope of Work

The proposed scope of work summarizes TYJT's approach to perform the analysis. The work includes data collection and review, an engineering evaluation, and recommendations. The recommendations would be provided in a report that would also include a description of all the work performed under this task.

3.1. Data Collection and Review

To perform an analysis of competing proposals it is important to provide a relative or "apples-to-apples" comparison. As example, DWSD's cost of service includes all capital, financing, and operation and maintenance costs to deliver the water to Flint's system. Therefore, it will be necessary for an assessment of KWA's proposal to also include all of these costs in the comparison.

Additionally, DWSD is proposing other alternatives to its existing agreement with Flint that will also need to be evaluated. The options currently proposed include:

- Using DWSD's new model contract that provides reduction in cost for communities with their own storage,
- Moving the location of supply from Potter and Baxter to the Imlay Pumping Station to reduce fees associated with elevation and distance from DWSD's water plants,
- Providing finished (potable) non-pumped water from the Lake Huron Water Treatment Plant, and
- Providing raw (not treated) non-pumped water from the Lake Huron Water Treatment Plant.

This phase of the work would include the collection and review of the following documents:

- The Lake Huron Water Supply Karegnondi Water Authority Preliminary Engineering Report, dated September 2009 and the 2012 update by Rowe Engineering;
- The Analysis of the Flint River as a Permanent Water Supply for the City of Flint Report, dated July 2011;
- Proposed or draft contract agreements that would be used between the KWA and the City of Flint;
- DWSD's contract rates based on the new model contracts;
- Information related to other DWSD proposals for service to Flint; and
- Other letters, minutes, etc. from all parties that provide information that could be used in the evaluation.

All information provided would be evaluated and subsequent meetings would be held with the DWSD, Flint and the KWA to address any data gaps or clarifications that may be required. These meetings would be coordinated with the Treasurer so that its representatives can be present at the meetings. For the purpose of this proposal, TYJT has assumed a total of two meetings for both the DWSD and KWA.

3.2. Engineering Evaluation

The City of Flint Emergency Financial Manager has indicated that he believes the determination of who supplies water to the City's system should mainly be based on the following criteria (in order of importance):

- Cost,
- System redundancy/reliability, and
- The recognized limitation of the Flint River as a source to supplying all of Flint's water needs.

In consultation with the Treasurer, these factors plus additional ones that may be identified in the evaluation process would be used.

An analysis will be performed for the options identified and a comparison will be made based on cost, reliability of supply, and any limitations that may identified by both suppliers in providing the needed service.

TYJT will draft a report for the Treasurer that identifies the information collected, the analysis process, our findings, and the recommendations made. Our recommendations will be based on the risks to Flint associated with the options identified. TYJT will then incorporate comments from the Treasury's review and submit a final document to the Department of Treasury for their use.

Furthermore, as is done as a standard of practice at TYJT for quality control and quality assurance (QA/QC), an independent review will be completed by staff or outside consultants not directly involved in the project. These reviewers will have noted experience in the field necessary to complete the QA/QC reviews. Two reviews are envisioned; one to review the evaluation process and the other to review the findings and recommendations.

4. Schedule

At the meeting between all interested parties on November 1, 2012, two dates were identified by the Treasurer. The first date identified was December 20, 2012 for the preliminary evaluation to be provided to the State. The second date was January 15, 2013 for the Treasury to make a decision on the City of Flint water supply. TYJT proposes to complete the draft report for submittal on December 20th. This will provide a two week review period by the Treasury. The final report would then be completed and submitted one week prior to the January 15th deadline. TYJT will also be available, if requested by the Treasurer, to attend a general meeting with all parties involved at the conclusion of the work.

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MEETING MINUTES

IN ATTENDANCE:	Ed Kurtz; Flint Emergency Financial Manager, City of Flint Dayne Walling; Mayor, City of Flint Mike Brown, City of Flint John O'Brien, Genesee County Howard Croft, City of Flint Dwayne "Duffy" Johnson, City of Flint Brent Wright, City of Flint Awni Qaqish, TYJT Dave Guastella, TYJT
DATE:	November 24, 2012
PURPOSE OF MEETING:	Meeting with the City of Flint for the Indefinite-scope, Indefinite-delivery Contract Number 00383, 2012 Professional General Architectural/Engineering Services – City of Flint Water Supply Assessment
PREPARED BY:	Dave Guastella

A meeting was held at the City of Flint Municipal Center on November 20, 2012 to discuss the water supply option being presented by the Karegnondi Water Authority (KWA) to the City of Flint. The main items discussed generally followed the attached KWA Discussion/Questions that were provided to City prior to the meeting. A summary of the key points discussed are provided below.

The questions submitted are repeated in the Discussion Items for easy reference. A summary of the action items generated from the meeting follow the Discussion Items.

DISCUSSION ITEMS

1. Question/Discussion Item: Is the maximum day demand of 18 MGD for Flint the maximum day demand (MDD) throughout the 25 year planning period? If not, what is the 25 year projected MDD?

   KWA would supply up to 18 MGD. 18 MGD has been assumed as the maximum day demand and 12 MGD is assumed as the average day demand throughout the 25 year planning period.

2. Question/Discussion Item: Copy of the intake contract documents and engineer's estimate.

   The intake contract documents are approximately 90% complete and are not available for distribution. However, the updated Appendix 20, dated October 4, 2012 includes the most recent cost estimate of the intake based on the current design in process.

Comments: Meeting minutes were recorded based on the understanding of the author Please contact the author within three days if you have any different understanding of the meeting. These minutes will be considered approved unless comments are provided within three days.

3. Question/Discussion Item: Documentation of the Flint WTP improvements required and cost estimate.

   The costs are approximately $7M as presented in the September 2009 Preliminary Engineering Report. However, this estimate has been updated. Some processes have been eliminated. John O'Brien will provide the updated costs and the description of the planned improvements to the plant.

4. Question/Discussion Item: Confirm Flint's allocated percentage of the KWA capital improvements (30%?).

   Yes, the allocation is based on 18 MGD/60 MGD total capacity.

5. Question/Discussion Item: Copy of the proposed KWA operating agreement for Flint.

   John O'Brien will provide the operating agreement as well as the Capacity Contract and Articles of Incorporation.

6. Question/Discussion Item: What is the annual operating agreement adjustment projected for the 25 year planning period?

   This information is provided in Appendix 14, Table 14.2 of the September 2009 Preliminary Engineering Report. Operating cost based on Table 1. Used 12 MGD as average day demand (ADD). Assumed 5% as the annual increase in operating costs. John O'Brien indicated that these operating costs were based on Genesee County's operating costs. John O'Brien will provide the last 10 years of audited financial statements for the water fund.

   To assess operating and maintenance costs for the Flint WTP, Duffy will provide multiple years of financial statements for the water fund. Duffy did not believe they had 10 years, but they will provide what they have.

   Regarding operation and maintenance costs, Flint believes that these costs will increase by 2/3 of what they are now.

7. Question/Discussion Item: Need the route of the pipelines and the locations of the facilities proposed. Purpose is to identify constraints that impact costs (i.e., utilities, environmental (e.g. wetlands), easements, etc.).

   KWA will not release the route due to concerns regarding speculation of land and easements. John O'Brien did indicate that the Lake Huron pump station would be at Fisher and M-25. The intermediate pump station site is near a location of the Lapeer/Sanilac/St. Clair border; where all three meet.

8. Question/Discussion Item: KWA's initial charge to Flint is based on a 12 MGD average day demand. What is the basis of this number? Are there population projections and water use figures available that were used to determine the Flint demand for the 25 year planning period?

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This was answered in Question No. 1 above.

9. Question/Discussion Item: Is there a transition plan and cost during construction of the KWA system identified?

   Flint is looking for an agreement with DWSD for back-up supply from the 72-inch main at the Genesee border.

10. Question/Discussion Item: The October 4, 2012 Preliminary Engineering Report Update states: "no backup power is planned for the pumps" (LHPS) and "No backup power is planned for pumping" (IPS). In case of power loss, how would Flint supply its customers?

    Flint indicated that they have adequate storage to supply the system for 6 to 7 days. Flint has 55 MG of storage and Genesee County has 65 MG for 2.5 days.

11. Question/Discussion Item: The latest plan shows only a 5 million gallon ground reservoir is planned for balancing between LHPS and IPS. How is redundancy maintained?

    In cases of emergency, Flint indicated that the back-up for the KWA system will be the same as it is now with DWSD; they will use the Flint River as the source water. Flint currently operates their plant four times a year.

    When questioned as to whether the WTP will be able to treat both lake water from the KWA system and river water Flint indicated that once the improvements identified in the September 2009 Preliminary Engineering Report are completed they will be able to accomplish both treatment processes. Flint will provide a schematic of the treatment trains at the WTP and a copy of the Flint transmission system.

    Genesee County indicated that additional redundancy would also be provided from the new Genesee County WTP.

    Regarding hydraulic transients; Genesee County indicated that a model analysis has not been included, but capital costs for mitigating transients have been included.

12. Question/Discussion Item: Related to the construction cost:

    a. Does it include an additional traffic lane since the construction will occupy half the right of way? *Not required, all roads are county roads; however, there are a few State road crossings.*

    b. Does it include costs/fees for permit requirements such as inspection cost by the jurisdictional authorities? As a point of reference, the permit fee costs for the Flint Transmission System came out to be $5.8 million. *Not required; all of the counties have waived any fees.*

    c. Does the cost of the steel pipe segments include corrosion protection measures such as

anode stations and related O&M? *Yes; however, the KWA has not settled on using steel pipe. PCCP pipe may be used. Steel shown in estimate because it is highest in cost and therefore the pricing is conservative.*

d. SCADA monitoring stations require power. Is the cost of bring power to the SCADA stations included? Again, as a point of reference for the Flint Transmission System we estimated $800,000 for power to SCADA and valve operators. *Yes, Genesee County did emphasize that the SCADA system will be simple and straightforward because a lot of controls are not required.*

e. Other items discussed at the meeting included:

- The 2009 plant improvement cost is still good; however, there will be some reduction, such as a sulfuric chloride feed system that was eliminated. Plant capacity now is 36MGD, but will be 18 MGD.
- The KWA Lake Huron Pumping Station (LHPS) is now only high lift pump station.
- Genesee County will provide the distance of the intake pipe from the crib to the LHPS.
- The intake project is almost ready to bid; waiting for the COE permit.
- Genesee County is estimating the construction for the pipe lines and pump stations will begin July 2013.
- The route has been flown for survey.
- Genesee County is estimating construction will be complete and the project will be placed in service by Jan 2016.
- Genesee County to provide a list of assumptions that the $272 million cost estimate is based on since the route is now known.

13. The Flint River is identified as a backup: At what capacity? MDD or emergency supply?

    The Flint River would serve as a back up supply.

14. Where did the 40 years come from (Flint hostage to Detroit)? DWSD's new contracts are 30 years with openers to revise terms of supply (volume and pressure) after the first two years, then three years, and then in five year increments thereafter.

    The 40 years was stated in error. The reference was to DWSD's requirement to sign a 30 year contract.

    After 40 years Flint will own 30% of the project and can sell their share of ownership if they want. Conversely, with DWSD, they continue to pay for the capital projects but have no ownership. Flint believes they will know what they will be charged for the next 25 years versus DWSD that can't commit to a fixed escalation.

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Action Items for Follow-up		
Items:	***Assigned To:***	***Date to Complete***
1. Updated Costs for the Flint WTP Improvements and a description of the improvements.	John O'Brien	11/21/12
2. KWA Operating Agreement, Capacity Contract and Articles of Incorporation.	John O'Brien	11/20/12
3. Provide the last 10 years of audited financial statements for the Genesee water fund.	John O'Brien	11/20/12
4. Provide multiple years of financial statements for the City of Flint water fund.	Duffy Johnson	11/26/12
5. Provide schematic of the Flint WTP and a map of the Flint transmission system.	Brent Wright	11/26/12
6. Provide the length of the intake pipe from the crib to the pump station.	John O'Brien	11/20/12
7. Provide a list of assumptions that the $272 million cost estimate is based on since the route is now known.	John O'Brien	11/26/12

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Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT

KWA Discussion/Questions for the November 20, 2012 Meeting

1. Is the maximum day demand of 18 MGD for Flint the maximum day demand (MDD) throughout the 25 year planning period? If not, what is the 25 year projected MDD?
2. Copy of the intake contract documents and engineer's estimate.
3. Documentation of the Flint WTP improvements required and cost estimate.
4. Confirm Flint's allocated percentage of the KWA capital improvements (30%?).
5. Copy of the proposed KWA operating agreement for Flint.
6. What is the annual operating agreement adjustment projected for the 25 year planning period?
7. Need the route of the pipelines and the locations of the facilities proposed. Purpose is to identify constraints that impact costs (i.e., utilities, environmental (e.g. wetlands), easements, etc.).
8. KWA's initial charge to Flint is based on a 12 MGD maximum day demand. What is the basis of this number? Are there population projections and water use figures available that were used to determine the Flint demand for the 25 year planning period?
9. Is there a transition plan and cost during construction of the KWA system identified?
10. The October 4, 2012 Preliminary Engineering Report Update states: "no backup power is planned for the pumps" (LHPS) and "No backup power is planned for pumping" (IPS). In case of power loss, how would Flint supply its customers?
11. The latest plan shows only a 5 million gallon ground reservoir is planned for balancing between LHPS and IPS. How is redundancy maintained?
12. Related to the construction cost:
    a. Does it include an additional traffic lane since the construction will occupy half the right of way?
    b. Does it include costs/fees for permit requirements such as inspection cost by the jurisdictional authorities? As a point of reference, the permit fee costs for the Flint Transmission System came out to be $5.8 million.

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c. Does the cost of the steel pipe segments include corrosion protection measures such as anode stations and related O&M?
d. SCADA monitoring stations require power. Is the cost of bring power to the SCADA stations included? Again, as a point of reference the for the Flint Transmission System we estimated $800,000 for power to SCADA and valve operators.

13. The Flint River is identified as a backup: At what capacity? MDD or emergency supply?
14. Where did the 40 years come from (Flint hostage to Detroit)? DWSD's new contracts are 30 years with openers to revise terms of supply (volume and pressure) after the first two years, then three years, and then in five year increments thereafter.

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STATE OF MICHIGAN CONTRACT NO. 271N3200089

CITY OF FLINT WATER SUPPLY ASSESSMENT

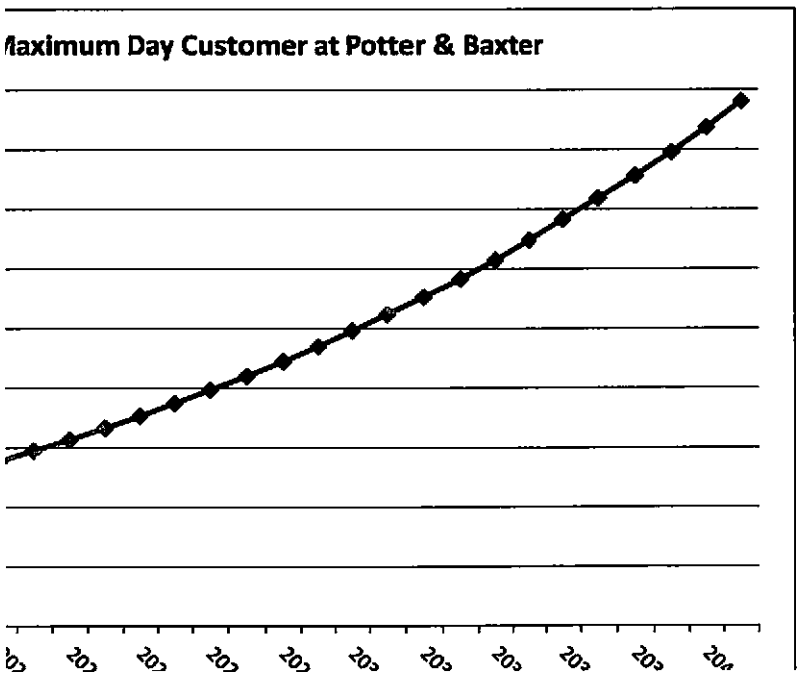
State of Michigan, Department of Treasury

Appendix B: Cost Worksheets

0.60	MGD	81	MCF/Day		Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
12	MGD	1,604	MCF/Day	1	2013	$ 3,538,214	9,585,642		-	$ 13,123,856
				2	2014	$ 3,697,788	10,036,167		-	$ 13,733,955
				3	2015	$ 3,864,558	10,507,867		-	$ 14,372,425
				4	2016	$ 4,038,850	11,001,736	-	-	$ 15,040,586
29,412	MCF			5	2017	$ 4,221,002	11,518,818	-	-	$ 15,739,820
585,561	MCF			6	2018	$ 4,411,369	12,060,203	-	-	$ 16,471,571
				7	2019	$ 4,610,322	12,627,032	-	-	$ 17,237,354
				8	2020	$ 4,818,247	13,220,503	-	-	$ 18,038,750
120.30	/MCF	$ 3,538,214	/Yr	9	2021	$ 5,035,550	13,841,866	-	-	$ 18,877,416
16.37	/MCF	$ 9,585,642	/Yr	10	2022	$ 5,262,653	14,492,434	-	-	$ 19,755,087
				11	2023	$ 5,499,999	15,173,578	-	-	$ 20,673,577
				12	2024	$ 5,748,049	15,886,736	-	-	$ 21,634,785
				13	2025	$ 6,007,286	16,633,413	-	-	$ 22,640,699
4.51%	/Yr			14	2026	$ 6,278,215	17,415,183	-	-	$ 23,693,398
4.7%	/Yr			15	2027	$ 6,561,362	18,233,697	-	-	$ 24,795,059
				16	2028	$ 6,857,279	19,090,681	-	-	$ 25,947,960
				17	2029	$ 7,166,543	19,987,943	-	-	$ 27,154,486
				18	2030	$ 7,489,754	20,927,376	-	-	$ 28,417,130
-				19	2031	$ 7,827,542	21,910,963	-	-	$ 29,738,505
-	0%	Reserve Rate:	0.00%	20	2032	$ 8,180,564	22,940,778	-	-	$ 31,121,342
-				21	2033	$ 8,549,507	24,018,995	-	-	$ 32,568,502
5%				22	2034	$ 8,935,090	25,147,887	-	-	$ 34,082,977
25				23	2035	$ 9,338,063	26,329,838	-	-	$ 35,667,901
$0				24	2036	$ 9,759,209	27,567,341	-	-	$ 37,326,550
				25	2037	$ 10,199,350	28,863,006	-	-	$ 39,062,355
					2038	$ 10,659,340	30,219,567	-	-	$ 40,878,907
					2039	$ 11,140,076	31,639,886	-	-	$ 42,779,963
					2040	$ 11,642,494	33,126,961	-	-	$ 44,769,455
					2041	$ 12,167,570	34,683,928	-	-	$ 46,851,499
					2042	$ 12,716,328	36,314,073	-	-	$ 49,030,401
						$ 216,222,171				

25 Yrs Cummulative
$ 596,916,044

30 Yrs Cummulative
$ 821,226,268



4	MGD	535	MCF/Day							
8	MGD	1,070	MCF/Day							
195,187	MCF		195187.1658							
390,374	MCF									
			5895097.471							
30.20	/MCF	$ 5,895,097	/Yr							
16.31	/MCF	$ 6,367,005	/Yr							
4.51%	/Yr									
4.7%	/Yr									
-										
-	0%	Reserve Rate:	0.00%							
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5%										
25										
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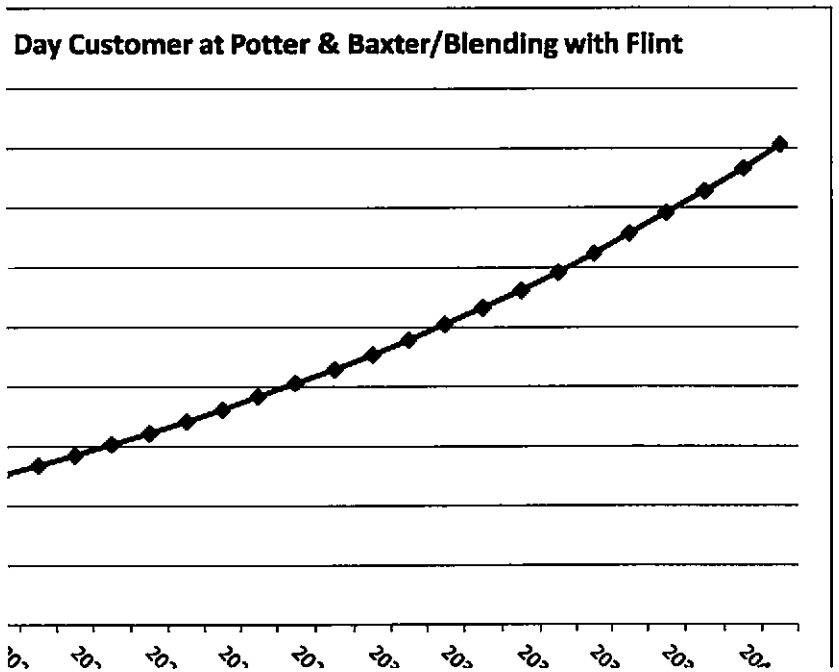
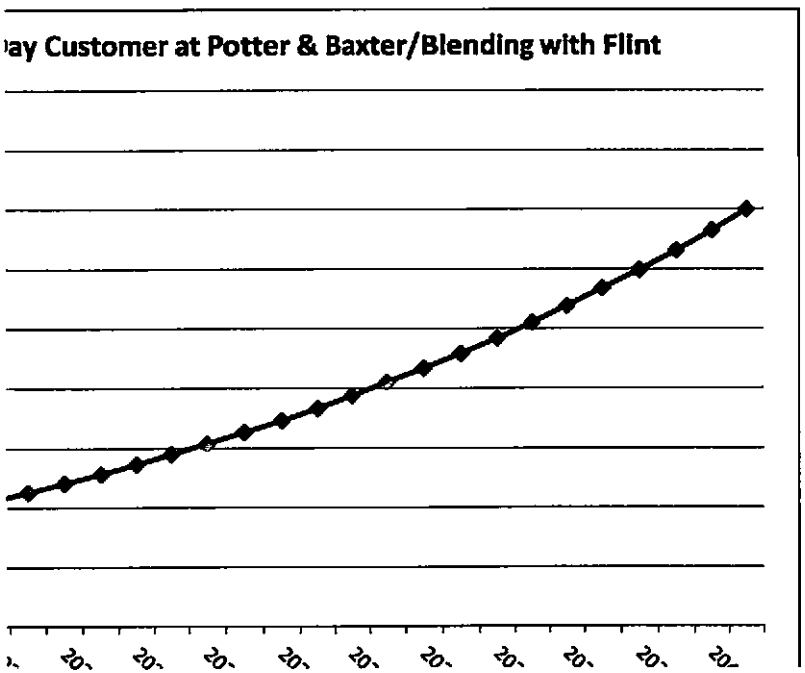


	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895,097	6,367,005		-	$ 12,262,103
2	2014	$ 6,160,966	6,666,255		-	$ 12,827,221
3	2015	$ 6,438,826	6,979,569		-	$ 13,418,395
4	2016	$ 6,729,217	7,307,608	-	-	$ 14,036,825
5	2017	$ 7,032,705	7,651,066	-	-	$ 14,683,771
6	2018	$ 7,349,880	8,010,666	-	-	$ 15,360,546
7	2019	$ 7,681,359	8,387,167	-	-	$ 16,068,527
8	2020	$ 8,027,789	8,781,364	-	-	$ 16,809,153
9	2021	$ 8,389,842	9,194,088	-	-	$ 17,583,930
10	2022	$ 8,768,224	9,626,210	-	-	$ 18,394,434
11	2023	$ 9,163,671	10,078,642	-	-	$ 19,242,313
12	2024	$ 9,576,952	10,552,338	-	-	$ 20,129,291
13	2025	$ 10,008,873	11,048,298	-	-	$ 21,057,171
14	2026	$ 10,460,273	11,567,568	-	-	$ 22,027,841
15	2027	$ 10,932,031	12,111,244	-	-	$ 23,043,275
16	2028	$ 11,425,066	12,680,473	-	-	$ 24,105,538
17	2029	$ 11,940,336	13,276,455	-	-	$ 25,216,791
18	2030	$ 12,478,845	13,900,448	-	-	$ 26,379,294
19	2031	$ 13,041,641	14,553,769	-	-	$ 27,595,410
20	2032	$ 13,629,819	15,237,796	-	-	$ 28,867,616
21	2033	$ 14,244,524	15,953,973	-	-	$ 30,198,497
22	2034	$ 14,886,952	16,703,810	-	-	$ 31,590,762
23	2035	$ 15,558,354	17,488,889	-	-	$ 33,047,242
24	2036	$ 16,260,035	18,310,866	-	-	$ 34,570,902
25	2037	$ 16,993,363	19,171,477	-	-	$ 36,164,840
	2038	$ 17,759,764	20,072,537	-	-	$ 37,832,300
	2039	$ 18,560,729	21,015,946	-	-	$ 39,576,675
	2040	$ 19,397,818	22,003,695	-	-	$ 41,401,513
	2041	$ 20,272,660	23,037,869			$ 43,310,528
	2042	$ 21,186,956	24,120,649			$ 45,307,605

25 Yrs Cummulative	
$	554,681,686

30 Yrs Cummulative	
$	762,110,308

4	MGD	535	MCF/Day							
8	MGD	1,070	MCF/Day							
195,187	MCF									
390,374	MCF									
30.20	/MCF	$ 5,895,097	/Yr							
12.68	/MCF	$ 4,949,947	/Yr							
4.51%	/Yr									
4.7%	/Yr									
-										
-	0%	Reserve Rate:	0.00%							
-										
5%										
25										
$0										

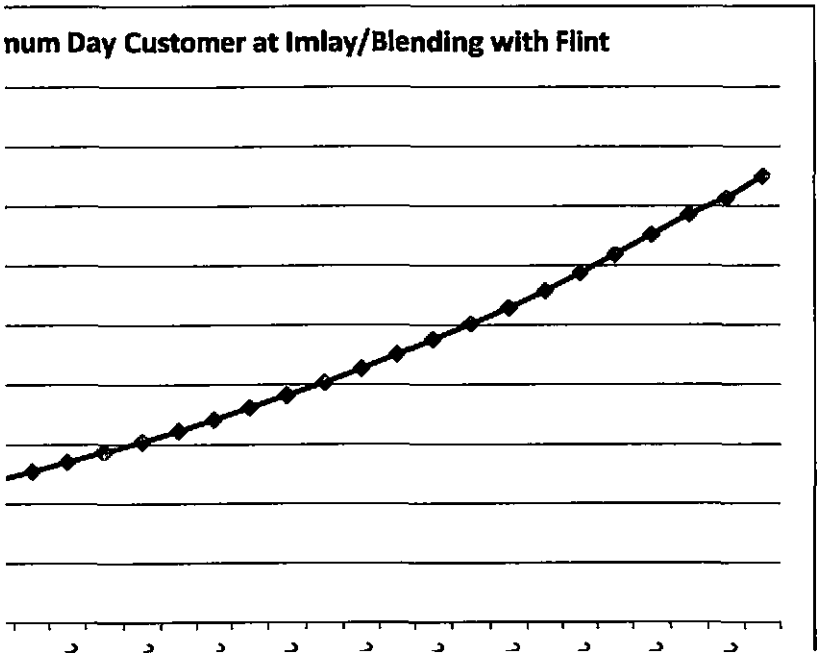


	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895,097	4,949,947		-	$ 10,845,044
2	2014	$ 6,160,966	5,182,594		-	$ 11,343,560
3	2015	$ 6,438,826	5,426,176		-	$ 11,865,002
4	2016	$ 6,729,217	5,681,206	-	-	$ 12,410,423
5	2017	$ 7,032,705	5,948,223	-	-	$ 12,980,928
6	2018	$ 7,349,880	6,227,789	-	-	$ 13,577,669
7	2019	$ 7,681,359	6,520,495	-	-	$ 14,201,855
8	2020	$ 8,027,789	6,826,959	-	-	$ 14,854,747
9	2021	$ 8,389,842	7,147,826	-	-	$ 15,537,668
10	2022	$ 8,768,224	7,483,774	-	-	$ 16,251,997
11	2023	$ 9,163,671	7,835,511	-	-	$ 16,999,182
12	2024	$ 9,576,952	8,203,780	-	-	$ 17,780,732
13	2025	$ 10,008,873	8,589,358	-	-	$ 18,598,230
14	2026	$ 10,460,273	8,993,057	-	-	$ 19,453,330
15	2027	$ 10,932,031	9,415,731	-	-	$ 20,347,762
16	2028	$ 11,425,066	9,858,271	-	-	$ 21,283,336
17	2029	$ 11,940,336	10,321,609	-	-	$ 22,261,945
18	2030	$ 12,478,845	10,806,725	-	-	$ 23,285,570
19	2031	$ 13,041,641	11,314,641	-	-	$ 24,356,282
20	2032	$ 13,629,819	11,846,429	-	-	$ 25,476,248
21	2033	$ 14,244,524	12,403,211	-	-	$ 26,647,735
22	2034	$ 14,886,952	12,986,162	-	-	$ 27,873,114
23	2035	$ 15,558,354	13,596,512	-	-	$ 29,154,866
24	2036	$ 16,260,035	14,235,548	-	-	$ 30,495,583
25	2037	$ 16,993,363	14,904,619	-	-	$ 31,897,982
	2038	$ 17,759,764	15,605,136	-	-	$ 33,364,899
	2039	$ 18,560,729	16,338,577	-	-	$ 34,899,306
	2040	$ 19,397,818	17,106,490	-	-	$ 36,504,308
	2041	$ 20,272,660	17,910,495			$ 38,183,155
	2042	$ 21,186,956	18,752,288			$ 39,939,245

25 Yrs Cummulative
$ 489,780,792

30 Yrs Cummulative
$ 672,671,705

4	MGD	535	MCF/Day		Year	Flint WTP O&M	Water Purchase	Bond Payment	on Reserve	TOTAL
8	MGD	1,070	MCF/Day	1	2013	$ 5,895,097	5,613,583		19,500	$ 11,489,180
				2	2014	$ 6,160,966	5,877,421		19,500	$ 12,018,888
				3	2015	$ 6,438,826	6,153,660		19,500	$ 12,572,986
				4	2016	$ 6,729,217	6,442,882	462,610	19,500	$ 13,615,209
195,187	MCF			5	2017	$ 7,032,705	6,745,698	462,610	19,500	$ 14,221,512
390,374	MCF			6	2018	$ 7,349,880	7,062,745	462,610	19,500	$ 14,855,735
				7	2019	$ 7,681,359	7,394,694	462,610	19,500	$ 15,519,164
				8	2020	$ 8,027,789	7,742,245	462,610	19,500	$ 16,213,144
30.20	/MCF	$ 5,895,097	/Yr	9	2021	$ 8,389,842	8,106,131	462,610	19,500	$ 16,939,082
14.38	/MCF	$ 5,613,583	/Yr	10	2022	$ 8,768,224	8,487,119	462,610	19,500	$ 17,698,452
				11	2023	$ 9,163,671	8,886,013	462,610	19,500	$ 18,492,794
				12	2024	$ 9,576,952	9,303,656	462,610	19,500	$ 19,323,718
				13	2025	$ 10,008,873	9,740,928	462,610	19,500	$ 20,192,910
4.51%	/Yr			14	2026	$ 10,460,273	10,198,751	462,610	19,500	$ 21,102,134
4.7%	/Yr			15	2027	$ 10,932,031	10,678,093	462,610	19,500	$ 22,053,234
				16	2028	$ 11,425,066	11,179,963	462,610	19,500	$ 23,048,139
				17	2029	$ 11,940,336	11,705,421	462,610	19,500	$ 24,088,867
1,700,000				18	2030	$ 12,478,845	12,255,576	462,610	19,500	$ 25,177,531
195,000	Check:	3.0%		19	2031	$ 13,041,641	12,831,588	462,610	19,500	$ 26,316,339
975,000	Check:	5.0%	/Yr (Bond Interest on Total)	20	2032	$ 13,629,819	13,434,673	462,610	19,500	$ 27,507,602
650,000	Check:	10.0%		21	2033	$ 14,244,524	14,066,102	462,610	19,500	$ 28,753,736
5,520,000				22	2034	$ 14,886,952	14,727,209	462,610	19,500	$ 30,057,271
5%				23	2035	$ 15,558,354	15,419,388	462,610	19,500	$ 31,420,852
25				24	2036	$ 16,260,035	16,144,099	462,610	19,500	$ 32,847,245
$462,610				25	2037	$ 16,993,363	16,902,872	462,610	19,500	$ 34,339,345
3%					2038	$ 17,759,764	17,697,307	462,610	19,500	$ 35,900,181
					2039	$ 18,560,729	18,529,080	462,610	19,500	$ 37,532,919
					2040	$ 19,397,818	19,399,947	462,610	19,500	$ 39,240,875
					2041	$ 20,272,660	20,311,745			$ 40,584,404
					2042	$ 21,186,956	21,266,397			$ 42,453,353



25 Yrs Cummulative	
$	529,865,071

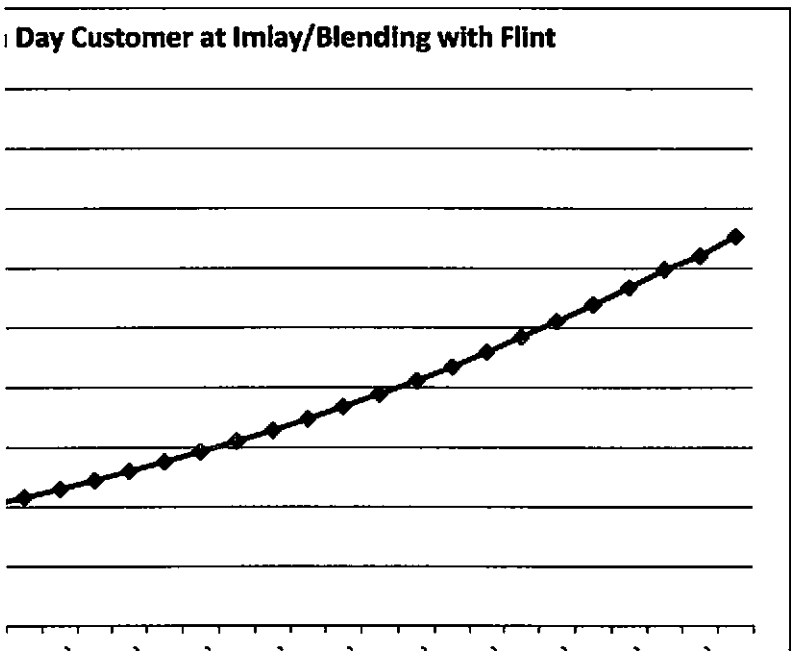
30 Yrs Cummulative	
$	725,576,803

4	MGD	535	MCF/Day	
8	MGD	1,070	MCF/Day	
195,187	MCF			
390,374	MCF			
30.20	/MCF	$ 5,895,097	/Yr	
11.11	/MCF	$ 4,337,059	/Yr	
4.51%	/Yr			
4.7%	/Yr			
700,000				
195,000	Check:	3.0%		
975,000	Check:	5.0%	/Yr (Bond Interest on Total)	
550,000	Check:	10.0%		
520,000				
5%				
25				
462,610				
3%				

	Year	Flint WTP O&M	Water Purchase	Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895,097	4,337,059		19,500	$ **10,212,656**
2	2014	$ 6,160,966	4,540,901		19,500	$ **10,682,367**
3	2015	$ 6,438,826	4,754,323		19,500	$ **11,173,649**
4	2016	$ 6,729,217	4,977,776	462,610	19,500	$ **12,150,103**
5	2017	$ 7,032,705	5,211,732	462,610	19,500	$ **12,687,546**
6	2018	$ 7,349,880	5,456,683	462,610	19,500	$ **13,249,673**
7	2019	$ 7,681,359	5,713,147	462,610	19,500	$ **13,837,616**
8	2020	$ 8,027,789	5,981,665	462,610	19,500	$ **14,452,564**
9	2021	$ 8,389,842	6,262,803	462,610	19,500	$ **15,095,755**
10	2022	$ 8,768,224	6,557,155	462,610	19,500	$ **15,768,489**
11	2023	$ 9,163,671	6,865,341	462,610	19,500	$ **16,472,122**
12	2024	$ 9,576,952	7,188,012	462,610	19,500	$ **17,208,074**
13	2025	$ 10,008,873	7,525,849	462,610	19,500	$ **17,977,832**
14	2026	$ 10,460,273	7,879,564	462,610	19,500	$ **18,782,947**
15	2027	$ 10,932,031	8,249,903	462,610	19,500	$ **19,625,044**
16	2028	$ 11,425,066	8,637,649	462,610	19,500	$ **20,505,824**
17	2029	$ 11,940,336	9,043,618	462,610	19,500	$ **21,427,064**
18	2030	$ 12,478,845	9,468,668	462,610	19,500	$ **22,390,624**
19	2031	$ 13,041,641	9,913,696	462,610	19,500	$ **23,398,447**
20	2032	$ 13,629,819	10,379,639	462,610	19,500	$ **24,452,569**
21	2033	$ 14,244,524	10,867,482	462,610	19,500	$ **25,555,117**
22	2034	$ 14,886,952	11,378,254	462,610	19,500	$ **26,708,316**
23	2035	$ 15,558,354	11,913,032	462,610	19,500	$ **27,914,496**
24	2036	$ 16,260,035	12,472,945	462,610	19,500	$ **29,176,090**
25	2037	$ 16,993,363	13,059,173	462,610	19,500	$ **30,495,646**
	2038	$ 17,759,764	13,672,954	462,610	19,500	$ **31,875,828**
	2039	$ 18,560,729	14,315,583	462,610	19,500	$ **33,319,422**
	2040	$ 19,397,818	14,988,415	462,610	19,500	$ **34,829,343**
	2041	$ 20,272,660	15,692,871			$ **35,965,530**
	2042	$ 21,186,956	16,430,436			$ **37,617,392**

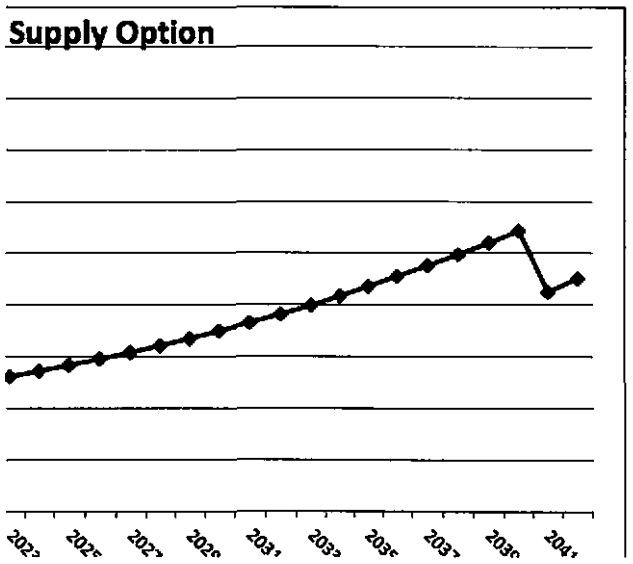
25 Yrs Cummulative
$ **493,063,801**

30 Yrs Cummulative
$ **634,795,488**



KWA Debt service	Plant with Debt Service	Operations	Operations with KWA	TOTAL
				$ 15,576,658
				$ 15,936,535
				$ 16,946,934
6,593,155	572,781	878,869	6,843,344	$ 14,888,149
6,593,155	572,781	922,812	7,185,511	$ 15,274,260
6,593,155	572,781	968,953	7,544,787	$ 15,679,676
6,593,155	572,781	1,017,401	7,922,026	$ 16,105,363
6,593,155	572,781	1,068,271	8,318,127	$ 16,552,334
6,593,155	572,781	1,121,684	8,734,034	$ 17,021,654
6,593,155	572,781	1,177,769	9,170,735	$ 17,514,440
6,593,155	572,781	1,236,657	9,629,272	$ 18,031,865
6,593,155	572,781	1,298,490	10,110,736	$ 18,575,162
6,593,155	572,781	1,363,414	10,616,273	$ 19,145,623
6,593,155	572,781	1,431,585	11,147,086	$ 19,744,607
6,593,155	572,781	1,503,164	11,704,441	$ 20,373,541
6,593,155	572,781	1,578,322	12,289,663	$ 21,033,921
6,593,155	572,781	1,657,239	12,904,146	$ 21,727,320
6,593,155	572,781	1,740,101	13,549,353	$ 22,455,390
6,593,155	572,781	1,827,106	14,226,821	$ 23,219,862
6,593,155	572,781	1,918,461	14,938,162	$ 24,022,559
6,593,155	572,781	2,014,384	15,685,070	$ 24,865,390
6,593,155	572,781	2,115,103	16,469,323	$ 25,750,362
6,593,155	572,781	2,220,858	17,292,789	$ 26,679,584
6,593,155	572,781	2,331,901	18,157,429	$ 27,655,266
6,593,155	572,781	2,448,496	19,065,300	$ 28,679,733
6,593,155	572,781	2,570,921	20,018,565	$ 29,755,422
6,593,155	572,781	2,699,467	21,019,494	$ 30,884,897
6,593,155	572,781	2,834,440	22,070,468	$ 32,070,845
		2,976,162	23,173,992	$ 26,150,154
		3,124,970	24,332,691	$ 27,457,662

30 Yrs Cummulative
$ 649,775,166



2 MGD 1,604 MCF/Day
2 MGD 1,604 MCF/Day

MCF
MCF

1 /MCF $ 7,913,118 /Yr
/MCF $ 878,869 /Yr

6 /Yr
6 /Yr

David Guastella:
Assumes Bond Issuance and Reserves are not included

Check: 2 25%
Check: 5.0% /Yr (Bond Interest on Total)
Check: 10.0%

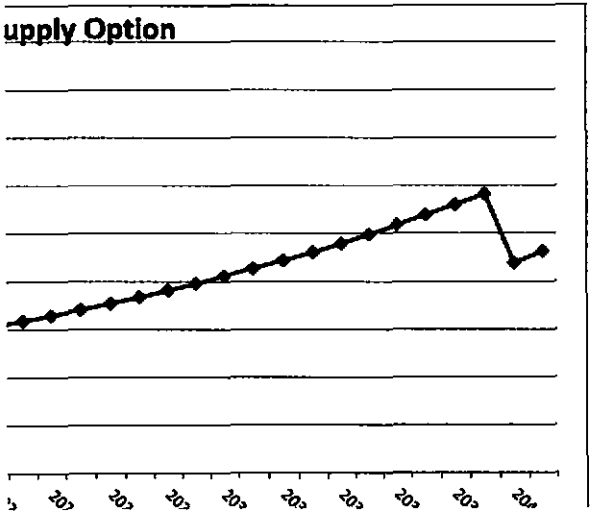
6
5
2
6

David Guastella:
Increased by 3%/Yr to 2012 $'s

Check: 2.25%
Check: 5 0% /Yr (Bond Interest on Total)
Check: 10.0%

6
5
3
6

	Year	Flint WTP O&M	Water Purchase	Pre-bond Entry Fee & Bond Payment	Flint Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ *3,538,214*	*11,461,700*	1,162,800		369,600	$ 15,793,114
2	2014	$ *3,697,788*	*12,034,785*	581,400		369,600	$ 15,944,373
3	2015	$ *3,864,558*	*12,636,524*	581,400		369,600	$ 16,712,882
4	2016	$ 7,913,118	878,869	7,968,562	756,946	369,600	$ 17,147,896
5	2017	$ 8,270,000	922,812	7,968,562	756,946	369,600	$ 17,548,721
6	2018	$ 8,642,977	968,953	7,968,562	756,946	369,600	$ 17,967,838
7	2019	$ 9,032,775	1,017,401	7,968,562	756,946	369,600	$ 18,406,084
8	2020	$ 9,440,153	1,068,271	7,968,562	756,946	369,600	$ 18,864,332
9	2021	$ 9,865,904	1,121,684	7,968,562	756,946	369,600	$ 19,343,497
10	2022	$ 10,310,857	1,177,769	7,968,562	756,946	369,600	$ 19,844,533
11	2023	$ 10,775,876	1,236,657	7,968,562	756,946	369,600	$ 20,368,441
12	2024	$ 11,261,868	1,298,490	7,968,562	756,946	369,600	$ 20,916,266
13	2025	$ 11,769,779	1,363,414	7,968,562	756,946	369,600	$ 21,489,101
14	2026	$ 12,300,596	1,431,585	7,968,562	756,946	369,600	$ 22,088,089
15	2027	$ 12,855,352	1,503,164	7,968,562	756,946	369,600	$ 22,714,425
16	2028	$ 13,435,129	1,578,322	7,968,562	756,946	369,600	$ 23,369,359
17	2029	$ 14,041,053	1,657,239	7,968,562	756,946	369,600	$ 24,054,200
18	2030	$ 14,674,305	1,740,101	7,968,562	756,946	369,600	$ 24,770,313
19	2031	$ 15,336,116	1,827,106	7,968,562	756,946	369,600	$ 25,519,130
20	2032	$ 16,027,775	1,918,461	7,968,562	756,946	369,600	$ 26,302,144
21	2033	$ 16,750,627	2,014,384	7,968,562	756,946	369,600	$ 27,120,919
22	2034	$ 17,506,080	2,115,103	7,968,562	756,946	369,600	$ 27,977,092
23	2035	$ 18,295,605	2,220,858	7,968,562	756,946	369,600	$ 28,872,371
24	2036	$ 19,120,737	2,331,901	7,968,562	756,946	369,600	$ 29,808,546
25	2037	$ 19,983,082	2,448,496	7,968,562	756,946	369,600	$ 30,787,486
	2038	$ 20,884,319	2,570,921	7,968,562	756,946	369,600	$ 31,811,148
	2039	$ 21,826,201	2,699,467	7,968,562	756,946	369,600	$ 32,881,577
	2040	$ 22,810,563	2,834,440	7,968,562	756,946	369,600	$ 34,000,912
	2041	$ 23,839,320	2,976,162				$ 26,815,482
	2042	$ 24,914,473	3,124,970				$ 28,039,443



25 Yrs Cummulative
$ 553,731,153

30 Yrs Cummulative
$ 707,279,715

			Year	Flint WTP O&M	Water Purchase	Fee & Bond Payment	Flint Revenue Bond Payment	Interest on Reserve	TOTAL
12 MGD	1,604	MCF/Day	1	2013	$ *3,538,214*	*11,461,700*	1,162,800		473,100	$ 15,689,614
12 MGD	1,604	MCF/Day	2	2014	$ *3,697,788*	*12,034,785*	581,400		473,100	$ 15,840,873
			3	2015	$ 3,864,558	12,636,524	581,400		473,100	$ 16,609,382
			4	2016	$ 7,913,118	878,869	10,464,666	756,946	473,100	$ 19,540,500
1 MCF			5	2017	$ 8,270,000	922,812	10,464,666	756,946	473,100	$ 19,941,325
1 MCF			6	2018	$ 8,642,977	968,953	10,464,666	756,946	473,100	$ 20,360,442
			7	2019	$ 9,032,775	1,017,401	10,464,666	756,946	473,100	$ 20,798,688
			8	2020	$ 9,440,153	1,068,271	10,464,666	756,946	473,100	$ 21,256,936
1 /MCF	$ 7,913,118	/Yr	9	2021	$ 9,865,904	1,121,684	10,464,666	756,946	473,100	$ 21,736,101
0 /MCF	$ 878,869	/Yr	10	2022	$ 10,310,857	1,177,769	10,464,666	756,946	473,100	$ 22,237,137
			11	2023	$ 10,775,876	1,236,657	10,464,666	756,946	473,100	$ 22,761,045
			12	2024	$ 11,261,868	1,298,490	10,464,666	756,946	473,100	$ 23,308,870
			13	2025	$ 11,769,779	1,363,414	10,464,666	756,946	473,100	$ 23,881,705
% /Yr			14	2026	$ 12,300,596	1,431,585	10,464,666	756,946	473,100	$ 24,480,693
% /Yr			15	2027	$ 12,855,352	1,503,164	10,464,666	756,946	473,100	$ 25,107,029
			16	2028	$ 13,435,129	1,578,322	10,464,666	756,946	473,100	$ 25,761,963
			17	2029	$ 14,041,053	1,657,239	10,464,666	756,946	473,100	$ 26,446,804
			18	2030	$ 14,674,305	1,740,101	10,464,666	756,946	473,100	$ 27,162,917
0			19	2031	$ 15,336,116	1,827,106	10,464,666	756,946	473,100	$ 27,911,733
0 Check:	2.25%		20	2032	$ 16,027,775	1,918,461	10,464,666	756,946	473,100	$ 28,694,748
0 Check:	5.0%	/Yr (Bond Interest on Total)	21	2033	$ 16,750,627	2,014,384	10,464,666	756,946	473,100	$ 29,513,523
0 Check:	10.0%		22	2034	$ 17,506,080	2,115,103	10,464,666	756,946	473,100	$ 30,369,696
0			23	2035	$ 18,295,605	2,220,858	10,464,666	756,946	473,100	$ 31,264,975
8			24	2036	$ 19,120,737	2,331,901	10,464,666	756,946	473,100	$ 32,201,150
%]			25	2037	$ 19,983,082	2,448,496	10,464,666	756,946	473,100	$ 33,180,090
5				2038	$ 20,884,319	2,570,921	10,464,666	756,946	473,100	$ 34,203,752
6				2039	$ 21,826,201	2,699,467	10,464,666	756,946	473,100	$ 35,274,181
%]				2040	$ 22,810,563	2,834,440	10,464,666	756,946	473,100	$ 36,393,516
				2041	$ 23,839,320	2,976,162				$ 26,815,482
2				2042	$ 24,914,473	3,124,970				$ 28,039,443
0 Check:	2.25%									
0 Check:	5.0%	/Yr (Bond Interest on Total)								
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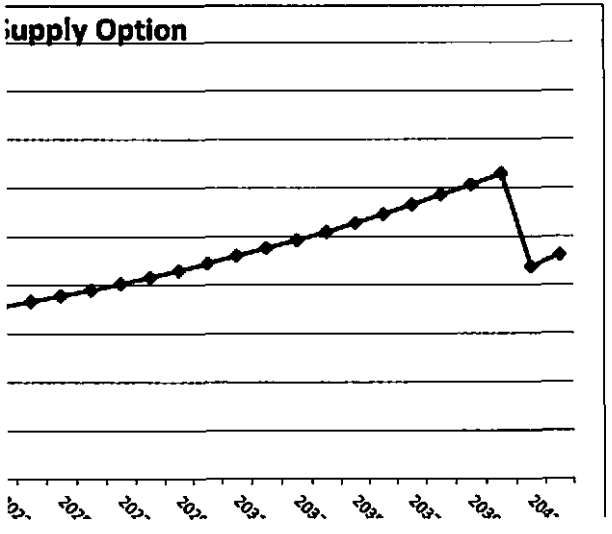
2										
%]										
5										
6										
%]										



25 Yrs Cummulative
$ 606,057,940

30 Yrs Cummulative
$ 766,784,313

STATE OF MICHIGAN
Department of Treasury
Purchasing Section

Statement of Work (SOW) No. 271Q3209
Municipal Water Supply Assessment

Buyer Name: Thomas Falik
Telephone Number: 517-373-3185
E-Mail Address: FalikT@michigan.gov

Estimated Timeline:

Key Milestone:	Date:
Issue Date	11/14/2012
Questions Due	11/16/2012
Bid Due Date	11/21/2012
Anticipated Contract Start Date	11/26/2012

SOW Checklist for Contractor Proposal Contents and Responsiveness

This checklist is provided for your convenience to help remind Contractors of the important requirements of the SOW. The list may not be all inclusive. The Contractor is responsible to read the SOW and submit all the required responses. If Contractors have any questions concerning these requirements please contact the Buyer listed on the front page of this SOW document.

Article 1 and Attachment A:

____X_____ Responses have been provided for all items requested in Article 1, Statement of Work, as requested. Technical Proposal Requirements have been met and responses are included within the format designated by the State in Article 3.

____X_____ Price Proposal, Article 1, Section 1.061, for the proposal has been included in Contractor's proposal, according to the instructions laid out in Article 3 and using the format in Attachment A (if required in 1.061).

Article 3:

____X_____ The complete proposal was submitted to the appropriate location and on time in an electronic format.

____X_____ Responses have been provided for all items requested in Article 3 and includes signature by an individual authorized to legally bind Contractor's company.

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Attachment A, Pricing

Article 1 – Statement of Work (SOW)

Note to Contractors: Proposals must include detailed responses to all tasks as requested in Article 1. Contractors should provide thorough responses to each task, or, when appropriate, state their agreement that the Contractor will provide the requested services. Contractors are encouraged to provide detailed responses in order to allow the State to fully evaluate the Contractor's capabilities.

Throughout this SOW, language referring to Contract or Contractor(s) refers to any Contract awarded from this SOW. This SOW in itself is not to be construed as a Contract.

1.010 Project Identification

1.011 Project Request

This is an SOW for a Municipal Water Supply Assessment on behalf of the Department of Treasury and the City of Flint in Genesee County. This is a formal request to prospective Contractors to solicit bids or price quotations. Contractors must submit written proposals according to the instructions contained within this document, discussing how they will meet the specific requirements.

Any awarded Purchase Order(s) between the State and any awarded Contractor(s) is a separate document, whose terms are limited by the Contract.

1.012 Background

The Treasury Department is charged with monitoring, oversight and provision of assistance to local units of government under various statutes, including but not limited to, the Home Rule City Act (Act 279 of 1909), the Uniform Budgeting and Accounting Act (Act 2 of 1968), and the Glenn Steil State Revenue Sharing Act (Act 140 of 1971). In providing such monitoring and assistance to local units of government, the Treasury Department strives to preserve the capacity of local units to provide those services essential to the public health, safety and welfare of the citizens of this State.

The City of Flint is currently supplied potable water from the Detroit Water and Sewerage Department (DWSD). This supply is provided through a single 72-inch water main that terminates at a master meter. The City of Flint's water treatment plant uses the Flint River as a back-up and redundancy supply source to the DWSD supply, as required by the Michigan Department of Environmental Quality (MDEQ). The City of Flint also provides potable water to Genesee County downstream of the DWSD master meter.

The newly formed Karegnondi Water Authority (KWA) plans to construct a raw water supply system that will feed Flint's water treatment plant with water directly from Lake Huron. The Flint water treatment plant could be upgraded to accommodate and treat this new raw water source. DWSD has also proposed alternatives to the existing agreement with the City of Flint that could also be pursued.

A Contractor is needed to provide services to the Department of Treasury and the City of Flint upon request of the Treasury Department. The Department of Treasury is requesting a Contractor provide an analysis of the water supply options for the City of Flint to assist the Department of Treasury and the City of Flint in determining the best available option.

1.020 Scope of Work and Deliverables

1.021 In Scope

The Contractor must provide Water Supply Assessment as requested by the Department of Treasury. These services will include data collection and review, an engineering evaluation and the generation of recommendations.

Bidder Response:

Agreed; our attached Sample Project Plan describes our approach for these services.

1.022 Work and Deliverable

Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

A. **Data Collection and Review:**

1. Provide all labor, materials and equipment to fully perform the work of data collection and review for an assessment of water supply options for the City of Flint.

Bidder Response:

Our Price Proposal in Attachment A includes all labor, materials and equipment to perform the base work described in our Sample Project Plan.

2. Perform an analysis and comparison of the KWA and DWSD proposals that includes all capital, financing, operational and maintenance costs.

Bidder Response:

Agreed; our attached Sample Project Plan describes our approach for these services.

3. Prepare and submit for Department of Treasury and City of Flint review a preliminary report on the findings by Thursday, December 20, 2012; additionally, a final inspection report of findings and recommendations must be presented no later than January 8, 2013 (also see Section 1.022.E).

Bidder Response:

Agreed; however, meeting these dates are predicated on receiving a notice to proceed (purchase order) the Treasury Department by November 26, 2012 by 5 p.m.

B. Data collection and analysis services must include the following:

1. DWSD's proposed contract with the City of Flint.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan.

2. DWSD's proposed water rates with the City of Flint.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan.

3. Other relevant DWSD documents or information regarding the provision of municipal water to the City of Flint.

Bidder Response:

Agreed.

4. KWA's proposed contract with the City of Flint.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan.

5. Any engineering or environmental reports that evaluate KWA's proposal to provide municipal water to the City of Flint.

Bidder Response:

Agreed.

6. Other relevant KWA documents or information regarding the provision of municipal water to the City of Flint.

Bidder Response:

Agreed.

C. **Engineering Evaluation**:

1. Evaluation and recommendation of a potential water supply for the City of Flint must be based upon: 1) Cost; 2) System redundancy and reliability; and 3) The capacity for the Flint River to supply all of the City of Flint's water needs.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan.

2. Evaluation and recommendation of a potential water supply for the City of Flint will also be based upon any additional criteria mutually agreed upon by the Department of Treasury, the City of Flint and the Contractor.

Bidder Response:

Agreed.

D. The Contractor must carry out its operations in strict accordance with local, state, federal regulations.

Bidder Response:

Agreed.

E. Provide electronic copies (in the most suitable format) of the final inspection report of findings and recommendations to the City of Flint and the Department of Treasury, Office of Fiscal Responsibility by January 8, 2013:

Bidder Response:

Agreed.

1. Describe format of findings and recommendations. Format should also include a description of all work performed.

Bidder Response:

Our attached Sample Project Plan describes our approach for the findings and recommendations. TYJT will draft a report for the Treasurer that identifies the information collected, the analysis process, our findings, and the recommendations made. Our recommendations will be based on the risks to Flint associated with the options identified.

a) Preliminary inspection report of findings and recommendations must be presented by December 20, 2012.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan and the date is predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012.

b) Final inspection report of findings and recommendations must be presented no later than January 8, 2013.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan and the date is predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012.

2. Describe electronic formats available.

Bidder Response:

Document formats would include PDF's or in their initial format (Word, Excel, GIS/CAD, etc.).

F. Submit findings and recommendations to an independent Quality Control and Quality Assurance (QA/QC) review process for validation.

Bidder Response:

This has been deleted per the Treasury's request dated 11/20/12.

1. Provide electronic copies (in the most suitable format) of the independent QA/QC review to the City of Flint and the Department of Treasury, Office of Fiscal Responsibility by January 8, 2013, with the final inspection report.

Bidder Response:

Agreed; however, meeting this date are predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012.

1.030 Roles and Responsibilities

1.031 *Contractor Staff, Roles, and Responsibilities*

1. Contractor must identify staff who will be involved in the project, including the name of each individual, work locations, and detailed descriptions of their roles and responsibilities.

   Note: If an overall organization chart has been developed, provide a reference to that chart as well. Note any part-time personnel.

   Bidder Response:

The staff will be comprised of our senior management: Messrs. David Guastella and Awni Qaqish. Also, we will be supported by our part-time staff member, former Finance Director of Redford. Their roles will include meeting with Flint, KWA, and DWSD; estimating capital costs of all options; estimating all operation and maintenance costs of all options, a financial analysis for funding capital; and all other issues related to the costs of service.

2. Specific work schedules for this project are Monday through Friday, 8:00 a.m. to 5:00 p.m. Eastern Time; however, possible night and weekend hours may be required.

   Bidder Response:

Agreed.

1.032 State Staff, Roles, and Responsibilities

1. Contract Compliance Inspector (CCI): The State's CCI provides oversight and monitoring of the selected Contractor's adherence to the terms and conditions of this project and the Contract.

2. Project Manager: The State's Project Manager will monitor the project activities.

1.040 Project Plan

1.041 Project Plan Management

1. The Contractor will carry out this project under the direction and control of the CCI or designee.

2. Although there will be continuous liaison with the Contractor team, the CCI or designee will meet quarterly as a minimum, or as requested by the CCI or designee, with the Contractor's Project Manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.

3. Contractors must provide a sample project plan with proposal for the deliverables proposed in section 1.022. The plan must include the details noted in section 1.041.4.

   Contractor Response:

Agreed; the Sample Project Plan is attached.

4. Within five working days of Contract or purchase order award, the Contractor must submit to the CCI or designee for final approval a detailed project plan. This final project plan must be in agreement with the Contractor's proposal and accepted by the State for Contract, and must include the following:

   a. The Contractor's project organizational structure.

   b. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions

due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.

c. The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each (e.g., estimated levels of effort for each level of personnel for Contractor personnel, including any contractual employees, and State personnel).

1.042 Reports

1. The Contractor must submit written bi-weekly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the CCI; and notification of any significant deviation from previously agreed-upon work plans.

1.050 Acceptance – Deleted – N/A

1.060 Proposal Pricing

1.061 Proposal Pricing

1. For authorized Services and Price List, see Attachment A (Price Proposal). Please complete Attachment A and submit with proposal.

2. Bidders are encouraged to offer quick payment terms (i.e. _0__% discount off invoice if paid within _____ days). This information can be noted on the Bidders price proposal (see Attachment A). This may be a factor considered in the award decision.

3. Contractor's out-of-pocket expenses are not separately reimbursable by the State or local unit of government unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates. See **www.michigan.gov/dtmb** for current rates.

4. Invoicing and payment must occur per Article 2 (Compensation) of Indefinite Scope Indefinite Delivery Contract No. 263 (Discretionary Contract Number 00263) and Attachment A.

1.070 Additional Requirements – Deleted – N/A

Article 2, Terms and Conditions

The terms and conditions of Indefinite Scope Indefinite Delivery Contract No. 263 (Discretionary Contract Number 00263) and apply to this SOW and any resulting Contract or purchase order.

Article 3 – Proposal Process

3.010 Introduction

3.011 Pre Bid Meetings – Deleted – N/A

3.012 Communications – Deleted – N/A

3.013 Questions
Questions concerning the SOW are to be submitted, in writing, no later than 3:00 p.m. Eastern Time on November 16, 2012 to:

Thomas Falik
Michigan Department of Treasury
430 West Allegan
Lansing, MI 48922
Email: FalikT@michigan.gov.

All questions must be submitted in writing and sent as an attachment in Microsoft Word or Rich Text Format (RTF). Changes to the SOW and answers to questions will be prepared as an addendum and issued to Contractors. Any issued addendum officially revises and supersedes the original SOW. Any addenda will be issued approximately November 19, 2012.

3.020 Award Process

3.021 Reservations
(a) The State reserves the right to award by item, part or portion of an item, group of items or total proposal, to reject any and all proposals in whole or in part, if, the best interest of the State will be so served.

3.022 Award Decision
Award recommendation will be made to the Administrator of Office of Departmental Services. Pending award recommendation approval, a purchase order will be issued authorizing services to commence.

3.030 Proposal Details

3.031 Complete Proposal
To be considered, each Contractor must submit a COMPLETE proposal in response to this SOW, using the format specified. No other distribution of proposals is to be made by the Contractor. The proposal must state how long it remains valid. This period must be at least 15 days from the due date for responses to this SOW.

3.032 Efficient Proposal
Each proposal should be prepared simply and economically, providing a straightforward, concise description of the Contractor's ability to meet the requirements of the SOW. Emphasis should be on completeness and clarity of content in the format specified.

3.033 Proposal Format

The following information must be included in all proposals. Contractors must respond to all sections of the SOW. Proposals should be formatted to include each of the following sections, which should be clearly identified using the same format as the SOW is written in and with the appropriate headings:

Article 1 – Statement of Work – Contractor must respond to each section. **Proposal must include detailed responses to all tasks as requested in Article 1. Contractors must copy these sections, and provide Contractor's response in the area specified for "Contractor Response". This area has been designed to expand as necessary**

3.040 Submitting Bids and Proposals

3.041 Proposal Submission

Proposal is due November 21, 2012 at 3:00 p.m. Eastern Time or as soon as possible. Submit an electronic copy of your proposal via e-mail to FalikT@michigan.gov in a Microsoft Office format. If an electronic copy of the proposal is not available, it can be mailed to the following address:

Michigan Department of Treasury
Purchasing Section
Attn: Thomas Falik
430 West Allegan
Lansing, MI 48922.

SIGNATURE AUTHORITY

I/We certify that the undersigned is authorized to submit bids/quotations on behalf of Tucker, Young, Jackson, Tull, Inc.(TYJT). The information provided about the attached response, pricing and sample project plan and TYJT's ability to provide the goods and/or services outlined in this SOW document is true and accurate. I/We understand that our product and/or service offerings must be in compliance with all requirements of this SOW document.

Name of Contractor/Supplier

Tucker, Young, Jackson, Tull, Inc.
565 East Larned, Suite 300
Detroit, Michigan 48226

Address of Contractor/Supplier
313-963-0612
313-963-2156 (fax)

Telephone and Fax No. of Contractor/Supplier
gkarmo@tyjt.com

E-mail Address of Contractor/Supplier

George Y. Karmo, BCEE, P.E.

Signature of Contractor/Supplier's Authorized Representative
President

Title of Supplier Representative
11/15/12

Date

Additional Signature
Contractor/Supplier's Authorized Representative

Title of Supplier Representative

Date

Attachment A, Price Proposal

Bidders are encouraged to offer quick payment terms (i.e. __0__% discount off invoice if paid within _____ days). This information can be noted on the price proposal. This may be a factor considered in the award decision.

Provide the price per deliverable for the proposed services in section 1.022.	
Deliverable	**Price**
A. Municipal Water Supply Assessment	
1. Data Collection and Review	$ 7,000
2. Engineering Evaluation	$ 28,800
3. Provide Results of QA/QC Review	$ 5,000
4. Provide Copies of Findings and Review Findings	$ 3,000
Grand Total	$ 43,800
B. Optional Services	
1.	$
2.	$
3.	$
4.	$
5.	$

Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT
SAMPLE PROJECT PLAN

November 2012

1. Scope of Work

Tucker, Young, Jackson, Tull, Inc. (TYJT), at the request of the State Treasurer is providing a proposal to perform an analysis of the water supply options being considered by the City of Flint. The work would be completed as an authorized task under the reference contract, Contract No. 00383. This proposal provides a background of our understanding of the issues, our approach, schedule dates, and the level of effort to perform the task.

2. Background

The City of Flint is presently supplied potable water from the Detroit Water and Sewerage Department (DWSD). This supply is from a single 72-inch water main that terminates at a master meter located at Potter and Baxter. Additionally, downstream of the DWSD master meter, Flint supplies its customer Genesee County. The City of Flint also operates a water treatment plant that uses the Flint River as its source of supply to provide back up and redundancy to the DWSD supply as required by MDEQ

The Karegnondi Water Authority (KWA) is planning on constructing a raw water supply system that could provide Lake Huron water to the Flint's Water Treatment Plant. Flint's existing plant would be upgraded to treat the new raw water source.

The State Treasurer has appointed an emergency financial manager for the City of Flint. As such the Treasurer has requested TYJT to provide an analysis of the water supply options to assist the Treasurer in determining the best course going forward for the City of Flint.

3. Scope of Work

The proposed scope of work summarizes TYJT's approach to perform the analysis. The work includes data collection and review, an engineering evaluation, and recommendations. The recommendations would be provided in a report that would also include a description of all the work performed under this task.

3.1. Data Collection and Review

To perform an analysis of competing proposals it is important to provide a relative or "apples-to-apples" comparison. As example, DWSD's cost of service includes all capital, financing, and operation and maintenance costs to deliver the water to Flint's system. Therefore, it will be necessary for an assessment of KWA's proposal to also include all of these costs in the comparison.

Additionally, DWSD is proposing other alternatives to its existing agreement with Flint that will also need to be evaluated. The options currently proposed include:

- Using DWSD's new model contract that provides reduction in cost for communities with their own storage,
- Moving the location of supply from Potter and Baxter to the Imlay Pumping Station to reduce fees associated with elevation and distance from DWSD's water plants,
- Providing finished (potable) non-pumped water from the Lake Huron Water Treatment Plant, and
- Providing raw (not treated) non-pumped water from the Lake Huron Water Treatment Plant.

This phase of the work would include the collection and review of the following documents:

- The Lake Huron Water Supply Karegnondi Water Authority Preliminary Engineering Report, dated September 2009 and the 2012 update by Rowe Engineering;
- The Analysis of the Flint River as a Permanent Water Supply for the City of Flint Report, dated July 2011;
- Proposed or draft contract agreements that would be used between the KWA and the City of Flint;
- DWSD's contract rates based on the new model contracts;
- Information related to other DWSD proposals for service to Flint; and
- Other letters, minutes, etc. from all parties that provide information that could be used in the evaluation.

All information provided would be evaluated and subsequent meetings would be held with the DWSD, Flint and the KWA to address any data gaps or clarifications that may be required. These meetings would be coordinated with the Treasurer so that its representatives can be present at the meetings. For the purpose of this proposal, TYJT has assumed a total of two meetings for both the DWSD and KWA.

3.2. Engineering Evaluation

The City of Flint Emergency Financial Manager has indicated that he believes the determination of who supplies water to the City's system should mainly be based on the following criteria (in order of importance):

- Cost,
- System redundancy/reliability, and
- The recognized limitation of the Flint River as a source to supplying all of Flint's water needs.

In consultation with the Treasurer, these factors plus additional ones that may be identified in the evaluation process would be used.

An analysis will be performed for the options identified and a comparison will be made based on cost, reliability of supply, and any limitations that may identified by both suppliers in providing the needed service.

TYJT will draft a report for the Treasurer that identifies the information collected, the analysis process, our findings, and the recommendations made. Our recommendations will be based on the risks to Flint associated with the options identified. TYJT will then incorporate comments from the Treasury's review and submit a final document to the Department of Treasury for their use.

4. Schedule

At the meeting between all interested parties on November 1, 2012, two dates were identified by the Treasurer. The first date identified was December 20, 2012 for the preliminary evaluation to be provided to the State. The second date was January 15, 2013 for the Treasury to make a decision on the City of Flint water supply. TYJT proposes to complete the draft report for submittal on December 20th. This will provide a two week review period by the Treasury. The final report would then be completed and submitted one week prior to the January 15th deadline. TYJT will also be available, if requested by the Treasurer, to attend a general meeting with all parties involved at the conclusion of the work.

Koryzno, Edward (Treasury)

From: John O'Brien <jobrien@gcdcwws.com>
Sent: Thursday, November 29, 2012 11:48 AM
To: David Guastella; ekurtz@cityofflint.com; mbrown@reinvestflint.org; mayor@cityofflint.com; bwright@cityofflint.com
Cc: George Karmo; Awni Qaqish; John Cubba; Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Subject: RE: City of Flint Water Supply
Attachments: SKMBT_65212112912240.pdf.pdf; 00400 Attach Bid Form.doc.doc

David
Find enclosed our last 10 years of audited operations cost and the bid form for our Lake intake project John O'Brien

-----Original Message-----
From: David Guastella [mailto:DGuastel@tyjt.com]
Sent: Wednesday, November 28, 2012 3:58 PM
To: ekurtz@cityofflint.com; John O'Brien; mbrown@reinvestflint.org; mayor@cityofflint.com; bwright@cityofflint.com
Cc: George Karmo; Awni Qaqish; John Cubba; fraserR1@michigan.gov; Edward Koryzno (Treasury)
Subject: Re: City of Flint Water Supply

Ed

Please provide an update to the requested information in the minutes. All of the information was supposed to have been provided by this past Monday.

Additionally, we also need a response to the following:

1. Please identify the type of bonds, KWA is anticipating on using. If they are municipal bonds, whose credit rating will be used for the KWA work?
2. Please provide the most recent credit ratings for the appropriate enterprise fund applicable for the Flint work at the WTP and the KWA transmission system.
3. If the bonds are revenue bonds, please identify the percent reserve assumed and the percent coverage anticipated.
4. In the 09' KWA report 37% was assumed for engineering, contingencies, and bonding. In the 2012 update the percentage dropped to 25% for engineering and contingencies; bonding was not shown as part of the percentage. Does the 25% include bonding issuance costs? What percentage is assumed in either case for the issuance of bonds?
5. Please provide the last three years of water purchased and water billed. This will help us to determine the water loss amount. If the water loss is high, a proactive water audit program could reduce the total volume needed from the KWA. This could reduce the size of the pipeline and pumping needs.

Let me know if you have any questions.

Dave

Sent from my iPhone

On Nov 24, 2012, at 8:07 AM, "David Guastella" <DGuastel@tyjt.com> wrote:

> Gentlemen
>
> Attached are the minutes from our meeting held on November 20, 2012. Please review and let me know if you have any comments or questions. I did not have emails for all who were in attendance, so please forward as necessary.
>
> Thank you,
>
> Dave Guastella
> Tucker, Young, Jackson, Tull
> <Flint Supply Meeting with City of Flint.pdf>

This message contains confidential information and is intended only for the individual named. If you are not the named addressee you should not disseminate, distribute or copy this e-mail. Please notify the sender immediately by e-mail if you have received this e-mail by mistake and delete this e-mail from your system. E-mail transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. If verification is required please request a hard-copy version. Genesee County Drain Commissioner's Office ("GCDC"), G-4610 Beecher Road, Flint, Michigan 48532, U.S.A.

www.gcdcwws.com

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Genesee County Drain Commissioner
Division of Water and Waste Services

Statement of Revenue, Expenses, and Changes in Net Assets
(Divisional Detail) - Enterprise Fund

	Year Ended December 31					
	2011					2010
	Interceptor and Treatment Facilities	Sewage Disposal Systems: District No. 3	Sewage Disposal Systems: District No. 7	Water Supply Systems	Total	Total
Operating Revenue						
Sewage disposal service	$ 22,014,199	$ 3,286,223	$ 728,424	$ -	$ 26,028,846	$ 26,597,823
Billing services	-	-	-	-	-	162,455
Sewer and pumping station - Operation and maintenance	1,197,219	-	-	-	1,197,219	1,197,151
Inspection fees	5,003	-	-	-	5,003	9,951
Water sales	-	-	-	21,697,903	21,697,903	21,202,820
Water meter sales	-	-	-	64,662	64,662	65,757
Other operating revenue	300,538	77,252	-	497,659	875,449	609,652
Total operating revenue	23,516,959	3,363,475	728,424	22,260,224	49,869,082	49,845,609
Operating Expenses						
Personnel services	8,257,104	1,466,560	235,475	1,977,060	11,936,199	11,020,014
Administration	2,225,905	284,158	94,718	2,131,189	4,735,970	4,514,280
Contractual services	245,498	87,705	15,550	273,867	622,620	983,960
Sludge disposal service	917,399	181,498	-	-	1,098,897	1,031,330
Cost of water	-	-	-	12,947,738	12,947,738	10,835,456
Repairs and maintenance	1,388,331	209,064	146,326	623,712	2,367,433	2,754,390
Utilities	3,072,481	488,743	164,598	563,135	4,288,957	3,328,468
Other supplies and expenses	719,590	99,356	30,958	183,585	1,033,489	1,069,845
Insurance claims and expenses	131,220	23,695	3,153	78,992	237,060	223,608
Depreciation	3,663,996	673,546	22,616	1,782,145	6,142,303	5,879,881
Total operating expenses	20,621,524	3,514,325	713,394	20,561,423	45,410,666	41,641,232
Operating Income	2,895,435	(150,850)	15,030	1,698,801	4,458,416	8,204,377
Nonoperating Revenue (Expenses)						
Interest and investment revenue	240,506	1,128,210	-	21,315	1,390,031	1,493,378
Miscellaneous revenue	246,845	3,087	-	385,757	635,689	670,596
Interest expense	(1,032,263)	(1,359,258)	-	(1,875,505)	(4,267,026)	(4,296,163)
Miscellaneous expense	(135,302)	(1,176)	(20)	(21,617)	(158,115)	(6,456)
Total nonoperating expenses	(680,214)	(229,137)	(20)	(1,490,050)	(2,399,421)	(2,138,645)
Income (Loss) - Before capital contributions and operating transfer	2,215,221	(379,987)	15,010	208,751	2,058,995	6,065,732
Capital Contributions	266,907	1,321	-	-	268,228	29,853,229
Operating Transfer	696,921	(74,880)	(74,880)	(650,912)	(103,751)	(110,100)
Change in Net Assets	3,179,049	(453,546)	(59,870)	(442,161)	2,223,472	35,808,861
Net Assets - Beginning of year	126,687,135	23,347,806	504,897	32,100,151	182,639,989	146,831,128
Net Assets - End of year	$ 129,866,184	$ 22,894,260	$ 445,027	$ 31,657,990	$ 184,863,461	$ 182,639,989

Genesee County Drain Commissioner
Division of Water and Waste Services

Statement of Revenue, Expenses, and Changes in Net Assets (Divisional Detail) - Enterprise Fund

	Year Ended December 31					
	2010					2009
	Interceptor and Treatment Facilities	Sewage Disposal Systems: District No. 3	Sewage Disposal Systems: District No. 7	Water Supply Systems	Total	Total
Operating Revenue						
Sewage disposal service	$ 22,596,773	$ 3,272,101	$ 728,949	$ -	$ 26,597,823	$ 26,517,499
Billing services	81,102	30	4,497	76,826	162,455	173,974
Sewer and pumping station - Operation and maintenance	1,197,151	-	-	-	1,197,151	1,191,575
Inspection fees	9,951	-	-	-	9,951	1,400
Water sales	-	-	-	21,202,820	21,202,820	19,809,718
Water meter sales	-	-	-	65,757	65,757	53,352
Other operating revenue	394,055	413	305	214,879	609,652	801,119
Total operating revenue	24,279,032	3,272,544	733,751	21,560,282	49,845,609	48,548,637
Operating Expenses						
Personnel services	6,880,398	1,448,174	251,881	2,439,561	11,020,014	10,575,999
Administration	2,158,878	284,150	87,184	1,984,068	4,514,280	4,469,628
Contractual services	434,336	133,085	21,646	394,893	983,960	1,209,957
Sludge disposal service	842,920	188,010	400	-	1,031,330	1,495,535
Cost of water	-	-	-	10,835,456	10,835,456	10,028,035
Repairs and maintenance	1,970,359	276,759	96,573	410,699	2,754,390	2,783,898
Utilities	2,303,414	416,224	168,620	440,210	3,328,468	3,975,457
Other supplies and expenses	650,606	128,339	35,912	254,988	1,069,845	847,819
Insurance claims and expenses	122,634	26,176	3,297	71,501	223,608	410,692
Depreciation	3,706,869	376,235	14,648	1,782,129	5,879,881	5,414,322
Total operating expenses	19,070,414	3,277,152	680,161	18,613,505	41,641,232	41,211,342
Operating Income (Loss)	5,208,618	(4,608)	53,590	2,946,777	8,204,377	7,337,295
Nonoperating Revenue (Expenses)						
Interest and investment revenue	254,459	1,219,622	(601)	19,898	1,493,378	1,618,402
Miscellaneous revenue	355,290	3,061	-	312,245	670,596	164,951
Interest expense	(1,164,902)	(1,218,718)	-	(1,912,543)	(4,296,163)	(4,519,657)
Miscellaneous expense	(4,149)	(1,247)	(1,060)	-	(6,456)	(56,413)
Total nonoperating (expenses) revenue	(559,302)	2,718	(1,661)	(1,580,400)	(2,138,645)	(2,792,717)
Income (Loss) - Before capital contributions and operating transfer	4,649,316	(1,890)	51,929	1,366,377	6,065,732	4,544,578
Capital Contributions	10,105,392	19,347,837	400,000	-	29,853,229	7,912,927
Operating Transfer	(55,050)	-	-	(55,050)	(110,100)	(463,951)
Change in Net Assets	14,699,658	19,345,947	451,929	1,311,327	35,808,861	11,993,554
Net Assets - Beginning of year	111,987,477	4,001,859	52,968	30,788,824	146,831,128	134,837,574
Net Assets - End of year	$ 126,687,135	$ 23,347,806	$ 504,897	$ 32,100,151	$ 182,639,989	$ 146,831,128

Genesee County Drain Commissioner
Division of Water and Waste Services

Statement of Revenue, Expenses, and Changes in Net Assets (Divisional Detail) - Enterprise Fund

	Year Ended December 31					
	2009					2008
	Interceptor and Treatment Facilities	Sewage Disposal Systems: District No. 3	Sewage Disposal Systems: District No. 7	Water Supply Systems	Total	Total
Operating Revenue						
Sewage disposal service	$ 22,579,898	$ 3,204,002	$ 733,599	$ -	$ 26,517,499	$ 22,343,717
Billing services	88,606	3	4,505	80,860	173,974	122,583
Sewer and pumping station - Operation and maintenance	1,191,575	-	-	-	1,191,575	1,062,154
Inspection fees	1,400	-	-	-	1,400	1,200
Water sales	-	-	-	19,809,718	19,809,718	17,377,540
Water meter sales	-	-	-	53,352	53,352	44,508
Other operating revenue	643,039	3,825	-	154,255	801,119	781,983
Total operating revenue	24,504,518	3,207,830	738,104	20,098,185	48,548,637	41,733,685
Operating Expenses						
Personnel services	6,644,377	1,416,041	251,947	2,263,634	10,575,999	13,202,140
Administration	2,136,841	282,510	86,049	1,964,228	4,469,628	-
Contractual services	536,463	73,291	12,725	587,478	1,209,957	1,469,131
Sludge disposal service	1,261,398	234,137	-	-	1,495,535	1,225,297
Cost of water	-	-	-	10,028,035	10,028,035	9,244,126
Repairs and maintenance	1,966,795	230,599	214,704	371,800	2,783,898	3,527,650
Utilities	2,885,842	485,136	168,520	435,959	3,975,457	3,737,769
Other supplies and expenses	598,173	78,655	43,359	127,632	847,819	2,296,277
Insurance claims and expenses	224,294	49,720	5,720	130,958	410,692	403,947
Depreciation	3,564,886	69,198	4,265	1,775,973	5,414,322	4,090,441
Total operating expenses	19,819,069	2,919,287	787,289	17,685,697	41,211,342	39,196,778
Operating Income (Loss)	4,685,449	288,543	(49,185)	2,412,488	7,337,295	2,536,907
Nonoperating Revenue (Expense)						
Interest and investment revenue	290,791	1,303,691	(353)	24,273	1,618,402	2,392,401
Miscellaneous revenue	50,334	4,392	-	110,225	164,951	1,706,147
Loss on sale of capital asset	-	-	-	-	-	(110,233)
Interest expense	(1,266,465)	(1,298,237)	-	(1,954,955)	(4,519,657)	(5,659,457)
Miscellaneous expense	(54,206)	-	-	(2,207)	(56,413)	(271,827)
Total nonoperating (expense) revenue	(979,546)	9,846	(353)	(1,822,664)	(2,792,717)	(1,942,969)
Income (Loss) - Before capital contributions and operating transfer	3,705,903	298,389	(49,538)	589,824	4,544,578	593,938
Capital Contributions	6,509,512	-	-	1,403,415	7,912,927	5,188,831
Operating Transfer	(258,923)	19,472	30,637	(255,137)	(463,951)	(136,372)
Change in Net Assets	9,956,492	317,861	(18,901)	1,738,102	11,993,554	5,646,397
Net Assets - Beginning of year	102,030,985	3,683,998	71,869	29,050,722	134,837,574	129,191,177
Net Assets - End of year	$ 111,987,477	$ 4,001,859	$ 52,968	$ 30,788,824	$ 146,831,128	$ 134,837,574

Genesee County Drain Commissioner
Division of Water and Waste Services

Statement of Revenue, Expenses, and Changes in Net Assets (Divisional Detail) - Enterprise Fund

	Year Ended December 31					
	2008					2007
	Interceptor and Treatment Facilities	Sewage Disposal Systems District No. 3	Sewage Disposal Systems District No. 7	Water Supply Systems	Total	Total
Operating Revenue						
Sewage disposal service	$ 18,129,302	$ 3,347,676	$ 866,739	$ -	$ 22,343,717	$ 20,928,508
Billing services	62,081	3	3,620	56,879	122,583	162,808
Sewer and pumping station - Operation and maintenance	1,062,154	-	-	-	1,062,154	1,232,537
Inspection fees	1,200	-	-	-	1,200	2,500
Water sales	-	-	-	17,377,540	17,377,540	16,336,861
Water meter sales	-	-	-	44,508	44,508	88,207
Other operating revenue	467,874	3,218	1,060	309,831	781,983	1,154,483
Total operating revenue	19,722,611	3,350,897	871,419	17,788,758	41,733,685	39,905,904
Operating Expenses						
Personnel services	7,731,397	1,523,424	362,477	3,584,842	13,202,140	12,856,893
Contractual services	661,733	68,636	26,793	711,969	1,469,131	1,783,105
Sludge disposal service	1,084,309	140,988	-	-	1,225,297	1,541,002
Cost of water	-	-	-	9,244,126	9,244,126	10,759,793
Repairs and maintenance	2,098,517	318,569	307,795	802,769	3,527,650	2,700,085
Utilities	2,565,881	611,602	159,890	400,396	3,737,769	3,329,689
Other supplies and expenses	781,017	95,398	33,472	1,386,390	2,296,277	1,076,221
Insurance claims and expenses	275,737	49,506	11,405	67,299	403,947	593,362
Depreciation	3,064,020	42,764	1,766	981,891	4,090,441	3,096,331
Total operating expenses	18,262,611	2,850,887	903,598	17,179,682	39,196,778	37,736,481
Operating Income (Loss)	1,460,000	500,010	(32,179)	609,076	2,536,907	2,169,423
Nonoperating Revenue (Expense)						
Interest and investment revenue	474,489	1,719,099	5,259	193,554	2,392,401	2,274,752
Miscellaneous revenue	869,510	14,633	500	821,504	1,706,147	1,853,250
Loss on sale of capital asset	(110,233)	-	-	-	(110,233)	-
Interest expense	(1,647,102)	(1,664,440)	(5,000)	(2,342,915)	(5,659,457)	(5,316,252)
Miscellaneous expense	(68,733)	-	-	(203,094)	(271,827)	(316,661)
Total nonoperating (expense) revenue	(482,069)	69,292	759	(1,530,951)	(1,942,969)	(1,504,911)
Income (Loss) - Before capital contributions and operating transfer	977,931	569,302	(31,420)	(921,875)	593,938	664,512
Capital Contributions	293,733	3,095,093	-	1,800,005	5,188,831	1,875,976
Operating Transfer	(1,637,475)	3,401,359	(77,840)	(1,822,416)	(136,372)	(70,439)
Change in Net Assets	(365,811)	7,065,754	(109,260)	(944,286)	5,646,397	2,470,049
Net Assets (Deficit) - Beginning of year	102,396,796	(3,381,756)	181,129	29,995,008	129,191,177	126,721,128
Net Assets - End of year	$ 102,030,985	$ 3,683,998	$ 71,869	$ 29,050,722	$ 134,837,574	$ 129,191,177

Genesee County Drain Commissioner
Division of Water and Waste Services

Statement of Revenue, Expenses, and Changes in Net Assets
(Divisional Detail) - Enterprise Fund

	Year Ended December 31					
	2007					2006
	Interceptor and Treatment Facilities	Sewage Disposal Systems: District No. 3	Sewage Disposal Systems: District No. 7	Water Supply Systems	Total	Total
Operating Revenue						
Sewage disposal service	$ 16,833,208	$ 3,351,491	$ 743,809	$ -	$ 20,928,508	$ 16,758,576
Billing services	82,653	2	3,346	76,807	162,808	97,127
Sewer and pumping station - Operation and maintenance	1,232,537	-	-	-	1,232,537	630,323
Inspection fees	2,500	-	-	-	2,500	6,550
Water sales	-	-	-	16,336,861	16,336,861	14,375,301
Water meter sales	-	-	-	88,207	88,207	115,745
Other operating revenue	917,200	23,388	186	213,709	1,154,483	1,256,709
Total operating revenue	19,068,098	3,374,881	747,341	16,715,584	39,905,904	33,240,331
Operating Expenses						
Personnel services	8,413,422	1,143,845	379,406	2,920,220	12,856,893	12,017,862
Contractual services	838,881	178,818	17,888	747,518	1,783,105	1,681,622
Sludge disposal service	1,418,322	122,680	-	-	1,541,002	1,319,089
Cost of water	-	-	-	10,759,793	10,759,793	7,875,096
Repairs and maintenance	1,882,238	165,346	105,632	546,869	2,700,085	3,435,933
Utilities	2,317,255	425,025	130,368	457,041	3,329,689	2,964,778
Other supplies and expenses	659,717	80,293	34,368	301,843	1,076,221	1,504,550
Insurance claims and expenses	389,002	59,083	10,281	134,996	593,362	402,778
Depreciation	2,860,833	25,792	1,766	207,940	3,096,331	2,947,534
Total operating expenses	18,779,670	2,200,882	679,709	16,076,220	37,736,481	34,149,242
Operating Income (Loss)	288,428	1,173,999	67,632	639,364	2,169,423	(908,911)
Nonoperating Revenue (Expense)						
Interest and investment revenue	418,421	1,604,408	10,223	241,700	2,274,752	2,608,931
Miscellaneous revenue	949,575	-	-	903,675	1,853,250	2,658,100
Interest expense	(1,752,068)	(1,547,558)	(8,300)	(2,008,326)	(5,316,252)	(4,891,651)
Miscellaneous expense	(152,259)	(93,538)	-	(70,864)	(316,661)	-
Total nonoperating revenue	(536,331)	(36,688)	1,923	(933,815)	(1,504,911)	375,380
Income (Loss) - Before capital contributions	(247,903)	1,137,311	69,555	(294,451)	664,512	(533,531)
Capital Contributions	1,875,976	-	-	-	1,875,976	-
Operating Transfer	(40,051)	(1,783)	(3,537)	(25,068)	(70,439)	(174,233)
Change in Net Assets	1,588,022	1,135,528	66,018	(319,519)	2,470,049	(707,764)
Net Assets (Deficit) - Beginning of year	100,808,774	(4,517,284)	115,111	30,314,527	126,721,128	127,428,892
Net Assets (Deficit) - End of year	$ 102,396,796	$ (3,381,756)	$ 181,129	$ 29,995,008	$ 129,191,177	$ 126,721,128

Genesee County Drain Commissioner
Division of Water and Waste Services

Statement of Revenue, Expenses, and Changes in Net Assets (Deficit)
(Divisional Detail) - Enterprise Fund

	Year Ended December 31					
	2006					2005
	Interceptor and Treatment Facilities	Sewage Disposal Systems: District No. 3	Sewage Disposal Systems: District No. 7	Water Supply Systems	Total	Total
Operating Revenue						
Sewage disposal service	$ 13,389,967	$ 2,692,432	$ 676,177	$ -	$ 16,758,576	$ 16,420,098
Billing services	68,575	1,356	1,917	25,279	97,127	79,592
Sewer and pumping station - Operation and maintenance	630,323	-	-	-	630,323	522,110
Inspection fees	6,550	-	-	-	6,550	17,808
Water sales	461,021	-	-	13,914,280	14,375,301	14,923,675
Water meter sales	-	-	-	115,745	115,745	153,417
Other operating revenue	961,385	22,180	6,095	267,049	1,256,709	973,294
Total operating revenue	15,517,821	2,715,968	684,189	14,322,353	33,240,331	33,089,994
Operating Expenses						
Personnel services	8,639,489	1,221,367	293,877	1,863,129	12,017,862	11,768,203
Contractual services	921,706	307,279	13,036	439,601	1,681,622	1,250,314
Sludge disposal service	935,344	368,342	15,403	-	1,319,089	1,093,821
Cost of water	-	-	-	7,875,096	7,875,096	9,159,871
Repairs and maintenance	2,464,600	187,709	137,987	645,637	3,435,933	2,654,518
Utilities	2,242,377	299,481	93,094	329,826	2,964,778	2,885,422
Other supplies and expenses	1,017,162	128,181	37,841	321,366	1,504,550	2,122,091
Insurance claims and expenses	303,928	46,766	5,797	46,287	402,778	480,410
Depreciation	2,733,867	25,582	1,766	186,319	2,947,534	2,075,382
Total operating expenses	19,258,473	2,584,707	598,801	11,707,261	34,149,242	33,490,032
Operating Income (Loss)	(3,740,652)	131,261	85,388	2,615,092	(908,911)	(400,038)
Nonoperating Revenue (Expense)						
Interest and investment revenue	611,172	1,656,373	11,830	329,556	2,608,931	877,949
Miscellaneous revenue	1,393,025	-	-	1,265,075	2,658,100	5,055,885
Interest expense	(1,411,040)	(1,630,716)	(11,550)	(1,838,345)	(4,891,651)	(2,807,236)
Total nonoperating revenue (expense)	593,157	25,657	280	(243,714)	375,380	3,126,598
Income (Loss) - Before capital contributions and operating transfers	(3,147,495)	156,918	85,668	2,371,378	(533,531)	2,726,560
Capital Contributions	-	-	-	-	-	575,416
Operating Transfer	3,589,988	(3,662,987)	(788)	(100,446)	(174,233)	(215,504)
Change in Net Assets	442,493	(3,506,069)	84,880	2,270,932	(707,764)	3,086,472
Net Assets (Deficit) - Beginning of year	100,366,281	(1,011,215)	30,231	28,043,595	127,428,892	124,342,420
Net Assets (Deficit) - End of year	$ 100,808,774	$ (4,517,284)	$ 115,111	$ 30,314,527	$ 126,721,128	$ 127,428,892

Genesee County Drain Commissioner
Division of Water and Waste Services

Statement of Revenue, Expenses, and Changes in Net Assets
(Divisional Detail) - Enterprise Fund

	Year Ended December 31					
	2005					2004
	Interceptor and Treatment Facilities	Sewage Disposal Systems: District No. 3	Sewage Disposal Systems: District No. 7	Water Supply Systems	Total	Total
Operating Revenue						
Sewage disposal service	$ 13,635,931	$ 2,160,171	$ 623,996	$ -	$ 16,420,098	$ 15,994,472
Billing services	47,725	680	1,407	29,780	79,592	79,257
Sewer and pumping station - Operation and maintenance	522,110	-	-	-	522,110	599,580
Inspection fees	17,808	-	-	-	17,808	14,920
Water sales	322,915	-	-	14,600,760	14,923,675	13,776,788
Water meter sales	-	-	-	153,417	153,417	145,294
Other operating revenue	498,411	201,050	1,500	272,333	973,294	660,466
Total operating revenue	15,044,900	2,361,901	626,903	15,056,290	33,089,994	31,270,777
Operating Expenses						
Personnel services	8,417,163	1,527,664	243,461	1,579,915	11,768,203	10,624,753
Contractual services	776,027	124,645	24,418	325,224	1,250,314	879,864
Sludge disposal service	827,540	266,281	-	-	1,093,821	976,889
Cost of water	-	-	-	9,159,871	9,159,871	8,272,341
Repairs and maintenance	1,756,278	289,185	114,752	494,303	2,654,518	2,516,839
Utilities	2,142,771	335,542	108,518	298,591	2,885,422	2,616,654
Other supplies and expenses	1,457,000	155,451	31,413	478,227	2,122,091	2,014,149
Insurance claims and expenses	352,870	47,460	10,471	69,609	480,410	767,342
Depreciation	1,910,881	15,212	926	148,363	2,075,382	1,823,126
Total operating expenses	17,640,530	2,761,440	533,959	12,554,103	33,490,032	30,491,957
Operating Income (Loss)	(2,595,630)	(399,539)	92,944	2,502,187	(400,038)	778,820
Nonoperating Revenue (Expense)						
Interest and investment revenue	261,267	24,133	118	592,431	877,949	599,110
Miscellaneous revenue	2,746,068	-	-	2,309,817	5,055,885	3,829,353
Interest expense	(889,390)	-	-	(1,917,846)	(2,807,236)	(2,225,577)
Total nonoperating revenue	2,117,945	24,133	118	984,402	3,126,598	2,202,886
Income (Loss) - Before capital contributions	(477,685)	(375,406)	93,062	3,486,589	2,726,560	2,981,706
Capital Contributions	1,264,804	(689,388)	-	-	575,416	499,734
Operating Transfer	(111,810)	(3,255)	(1,706)	(98,733)	(215,504)	(277,836)
Change in Net Assets	675,309	(1,068,049)	91,356	3,387,856	3,086,472	3,203,604
Net Assets (Deficit) - Beginning of year	99,690,972	56,834	(61,125)	24,655,739	124,342,420	121,138,816
Net Assets (Deficit) - End of year	$ 100,366,281	$ (1,011,215)	$ 30,231	$ 28,043,595	$ 127,428,892	$ 124,342,420

Genesee County Drain Commissioner
Division of Water and Waste Services

Statement of Revenue, Expenses, and Changes in Net Assets
(Divisional Detail) - Enterprise Fund

	Year Ended December 31					
	2004					2003
	Interceptor and Treatment Facilities	Sewage Disposal Systems District No. 3	Sewage Disposal Systems District No. 7	Water Supply Systems	Total	Total
Operating Revenue						
Sewage disposal service	$ 13,206,695	$ 2,172,921	$ 614,856	$ -	$ 15,994,472	$ 15,800,023
Billing services	47,407	1,278	1,372	29,200	79,257	79,792
Sewer and pumping station - Operation and maintenance	599,580	-	-	-	599,580	575,691
Inspection fees	14,920	-	-	-	14,920	18,047
Water sales	-	-	-	13,776,788	13,776,788	12,223,273
Water meter sales	-	-	-	145,294	145,294	115,150
Other operating revenue	478,640	1,084	400	180,342	660,466	688,631
Total operating revenue	14,347,242	2,175,283	616 628	14,131,624	31,270,777	29,500,607
Operating Expenses						
Personnel services	6,864,984	1,727,020	279,089	1,753,660	10,624,753	9,420,703
Contractual services	484,885	79,057	16,379	299,543	879,864	939,436
Sludge disposal service	851,537	125,352	-	-	976,889	953,984
Cost of water	-	-	-	8,272,341	8,272,341	8,338,065
Repairs and maintenance	1,533,724	231,543	229,059	522,513	2,516,839	1,968,650
Utilities	2,171,173	307,419	98,230	39,832	2,616,654	2,490,473
Other supplies and expense	1,254,541	190,192	44,793	524,623	2,014,149	1,819,689
Insurance claims and expenses	445,933	66,076	47,101	208,232	767,342	472,112
Depreciation	1,690,593	2,296	-	130,237	1,823,126	1,540,181
Total operating expenses	15,297,370	2,728,955	714,651	11,750,981	30,491,957	27,943,293
Operating Income (Loss)	(950,128)	(553,672)	(98,023)	2,380,643	778,820	1,557,314
Nonoperating Revenue (Expense)						
Interest and investment revenue	315,328	974	291	282,517	599,110	591,229
Miscellaneous revenue	1,937,031	-	-	1,892,322	3,829,353	3,977,442
Interest expense	(973,077)	-	-	(1,252,500)	(2,225,577)	(904,035)
Total nonoperating revenue	1,279,282	974	291	922,339	2,202,886	3,664,636
Income (Loss) - Before capital contributions	329,154	(552,698)	(97,732)	3,302,982	2,981,706	5,221,950
Capital Contributions	499,734	-	-	-	499,734	-
Operating Transfer	(157,647)	(8,326)	(1,510)	(110,353)	(277,836)	-
Change in Net Assets	671,241	(561,024)	(99,242)	3,192,629	3,203,604	5,221,950
Net Assets - Beginning of year	99,019,731	617,858	38,117	21,463,110	121,138,816	115,916,866
Net Assets (Deficit) - End of year	$ 99,690,972	$ 56,834	$ (61,125)	$24,655,739	$ 124,342,420	$ 121,138,816

Genesee County Drain Commissioner
Division of Water and Waste Services

Statement of Revenue, Expenses, and Changes in Net Assets (Divisional Detail) - Enterprise Fund

	Year Ended December 31					
	2003					2002
	Interceptor and Treatment Facilities	Sewage Disposal Systems District No. 3	Sewage Disposal Systems District No. 7	Water Supply Systems	Total	Total
Operating Revenue						
Sewage disposal service	$ 13,021,390	$ 2,184,143	$ 594,490	$ -	$ 15,800,023	$ 15,397,896
Billing services	48,135	1,613	1,336	28,708	79,792	77,989
Sewer and pumping station - Operation and maintenance	575,691	-	-	-	575,691	567,215
Inspection fees	18,047	-	-	-	18,047	20,167
Water sales	100,000	-	-	12,123,273	12,223,273	11,205,098
Water meter sales	-	-	-	115,150	115,150	133,233
Other operating revenue	539,421	2,262	1,625	145,323	688,631	735,317
Total operating revenue	14,302,684	2,188,018	597,451	12,412,454	29,500,607	28,136,915
Operating Expenses						
Personnel services	5,986,157	1,527,940	289,766	1,616,840	9,420,703	8,304,517
Contractual services	644,395	43,125	18,538	233,378	939,436	749,429
Sludge disposal service	749,081	204,903	-	-	953,984	1,165,595
Cost of water	-	-	-	8,338,065	8,338,065	5,991,493
Repairs and maintenance	1,177,718	273,168	153,987	363,777	1,968,650	2,997,357
Utilities	1,792,502	323,707	99,239	275,025	2,490,473	2,549,546
Other supplies and expense	1,017,559	198,672	48,471	554,987	1,819,689	1,890,042
Insurance claims and expenses	291,583	37,874	17,774	124,881	472,112	407,412
Depreciation	1,433,345	693	-	106,143	1,540,181	1,415,570
Total operating expenses	13,092,340	2,610,082	627,775	11,613,096	27,943,293	25,470,961
Operating Income (Loss)	1,210,344	(422,064)	(30,324)	799,358	1,557,314	2,665,954
Nonoperating Revenue (Expense)						
Interest and investment revenue	439,164	7,728	507	143,830	591,229	671,762
Miscellaneous revenue	2,253,742	-	-	1,723,700	3,977,442	3,960,719
Interest expense	(796,609)	-	-	(107,426)	(904,035)	(538,916)
Total nonoperating revenue	1,896,297	7,728	507	1,760,104	3,664,636	4,093,565
Income (Loss) - Before special item	3,106,641	(414,336)	(29,817)	2,559,462	5,221,950	6,759,519
Special Item - Charge for water used in prior years	-	-	-	-	-	(1,534,938)
Change in Net Assets	3,106,641	(414,336)	(29,817)	2,559,462	5,221,950	5,224,581
Net Assets - Beginning of year	95,913,090	1,032,194	67,934	18,903,648	115,916,866	110,692,285
Net Assets - End of year	$ 99,019,731	$ 617,858	$ 38,117	$ 21,463,110	$ 121,138,816	$ 115,916,866

LAKE HURON WATER SUPPLY INITIATIVE
CONTRACT S-4000
WATER INTAKE SUPPLY

BID FORM

GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE
DIVISION OF WATER AND WASTE SERVICES
G-4610 BEECHER ROAD
FLINT, MICHIGAN 48532-2617

DATE: _____, 20____

This Bid is submitted by _____, ("Bidder") to Genesee County, County Agency, the Genesee County Drain Commissioner's Office – Division of Water and Waste Services pursuant to Public Act 342 of the Michigan Public Acts of 1939, as amended ("GCDC-WWS").

The Bidder proposes and agrees to enter into an Agreement (including executing the Contract Documents) with GCDC-WWS in the form included in the Bidding Documents, to perform and furnish all Work as specified or indicated in the Contract Documents for the Bid price and within the times indicated in this Bid and in accordance with the other terms and conditions in the Contract Documents.

Bidder accepts all of the terms and conditions of the Invitation to Bid and Instructions to Bidders including, but not limited to, those dealing with the disposition of Bid security. This Bid shall remain subject to acceptance for ninety (90) days after the day of the Bid opening or for such longer period of time that Bidder may agree to in writing. Bidder shall sign and deliver the required number of counterparts of the Agreement with the bonds and other documents required by the Bidding Documents within twenty (20) days after the issuance date of the Notice of Award.

In submitting this Bid, Bidder represents and warrants to GCDC-WWS, as more fully set forth in the Agreement and Contract Documents, that:

1. Bidder has examined and carefully studied the Bidding Documents, the other related data identified in the Bidding Documents and the following Addenda, and receipt of all such documents is hereby acknowledged by Bidder.

Addendum No.	Addendum Date

2. Bidder has visited the Site and become familiar with and is satisfied as to the general, local and Site conditions that may affect cost, progress, performance and furnishing of the Work.

3. Bidder is familiar with and is satisfied as to all federal, state and local Laws and Regulations that may affect cost, progress and performance of the Work.

4. Bidder has carefully studied all: (A) reports of explorations and tests of subsurface conditions at or contiguous to the Site and all drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the Site (except Underground Facilities) which have been identified in the Supplementary Conditions as provided in Paragraph 4.02 of the General Conditions; and (B) reports and drawings of a Hazardous Environmental Conditions, if any, which have been identified in the Supplementary Conditions as provided in Paragraph 4.06 of the General Conditions.

5. Bidder has obtained and carefully studied all such additional or supplementary examinations, investigations, explorations, tests, studies and data concerning conditions (surface, subsurface and Underground Facilities) at or contiguous to the Site which may affect cost, progress or performance of the Work or which relate to any aspect of the means, methods, techniques, sequences and procedures of construction to be employed by Bidder, including applying the specific means, methods, techniques, sequences and procedures of construction expressly required by the Agreement and Contract Documents to be employed by Bidder and the safety precautions and programs incident thereto.

6. Bidder does not consider that any further examinations, investigations, explorations, tests, studies or data are necessary for the determination of this Bid for performance of the Work at the price(s), within the times and in accordance with other terms and conditions in the Agreement and Contract Documents.

7. Bidder is aware of the general nature of work to be performed by GCDC-WWS and others at the Site that relates to Work for which this Bid is submitted as indicated in the Agreement and Contract Documents.

8. Bidder has correlated the information known to Bidder, information and observations obtained from visits to the Site, reports and drawings identified in the Contract Documents and all additional examinations, investigations, explorations, tests, studies and data with the Contract Documents.

9. Bidder has given GCDC-WWS and Engineer written notice of all conflicts, errors, ambiguities or discrepancies that Bidder has discovered in the Agreement and Contract Documents, and the written resolution thereof by GCDC-WWS is acceptable to Bidder. Bidder acknowledges by submitting a Bid that if a conflict, error, ambiguity or discrepancy exists in the Bidding Documents, such conflict, error, ambiguity or discrepancy between the higher and lower price will be resolved in favor of the higher price.

10. The Agreement and Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performing and furnishing the Work for which the Bid is submitted.

11. Bidder further affirms this Bid is genuine and not made in the interest of or on behalf of any undisclosed individual or entity and is not submitted in conformity

with any agreement or rules of any group, association, organization, person or entity. Bidder has not directly or indirectly induced or solicited any other Bidder to submit a false or sham Bid. Bidder has not solicited or induced any individual or entity to refrain from bidding. Bidder has not sought by collusion to obtain for itself any advantage over any other Bidder or over GCDC-WWS.

1.01 Base Bid

Bidder shall complete the Work in accordance with the Contract Documents for the following price(s):

BASE BID (Bidders must provide prices for each item)

Item #	Item of Work	Qty	Unit	Unit Price	Subtotal
1	Mobilization	1	LS	$_____	$_____
2	Clearing	1	LS	$_____	$_____
3	Site Grading	1	LS	$_____	$_____
4	Owner's and Engineer's Project Office	1	LS	$_____	$_____
5	Access Gate	1	EA	$_____	$_____
6	Aggregate (Access Road & Parking Area Construction)	1650	TON	$_____	$_____
7	Aggregate (Access Road & Parking Area Maintenance)	300	TON	$_____	$_____
8	18" Culvert	138	LF	$_____	$_____
9	18" Culvert End Section & Rip Rap	4	EA	$_____	$_____
10	Electrical Service	1	LS	$_____	$_____
11	8" DI Water Main	150	LF	$_____	$_____
12	Hydrant Assembly	1	EA	$_____	$_____
13	Junction Chamber	1	LS	$_____	$_____
14	4" X 8" Dual Containment HDPE Pipe, HDD	3200	LF	$_____	$_____
15	4" X 8"Dual Dual Containment Pipe, Open Cut Marine	7600	LF	$_____	$_____
16	60" PCCP Intake Pipe, Open Cut Marine	350	LF	$_____	$_____
17	78" RCP Intake Pipe, Sta. 8+50 to 19+50, Tunneling	1100	LF	$_____	$_____
18	78" Intake Pipe, Sta. 19+50 to 22+50, RCP Tunneled or PCCP Open Cut Marine (Contractor's Choice)	1600	LF	$_____	$_____
19	Boulder Removal	80	HR	$_____	$_____
20	78" PCCP Intake Pipe, Sta. 22+50 to POE, Open Cut Marine	4975	LF	$_____	$_____
21	Intake Pipe Access Manhole	4	EA	$_____	$_____

Item #	Item of Work	Qty	Unit	Unit Price	Subtotal
22	Intake Crib	2	EA	$_____	$_____
23	78" X 78" Stop Log Chamber	1	EA	$_____	$_____
24	78" X 60" Stop Log Chamber	1	EA	$_____	$_____
25	Stop Log Bulkhead	1	EA	$_____	$_____
26	Chemical Pipe Vault	1	EA	$_____	$_____
27	Soil Erosion and Sedimentation Control	1	LS	$_____	$_____
28	Restoration	1	LS	$_____	$_____
29	Post Construction Intake Video Inspection	1	LS	$_____	$_____

Total (written in figures): **$**_____

Total (written in words): _____

1.02 Major Suppliers

The Bidder has based the base bid on materials and products supplied by the following suppliers. Bidders must list the supplier of the following major materials or products:

78" Gate Supplier:_____
RCP Supplier: _____
PCCP Supplier: _____
Timber Supplier:_____

1.03 Alternative Bid Items

Bidders may provide bids for one or more alternatives listed below. Bidders are not required to provide bids for any of the alternatives. Where bids for alternatives are provided the information describing alternative materials, suppliers, and designs shall be provided.

The Bidder expressly agrees to the following provisions:

A. The base bid stated hereinbefore includes the furnishing and installation of materials listed on the base bid;
B. GCDC-WWS may select alternative materials as listed in the following tabulation, that the undersigned agrees to furnish and install such materials as selected and at the contract price equal to the base bid, adjusted by the difference between the sum of the installed prices for the items selected by GCDC-WWS as stated in the following tabulation;
C. The installed price stated in the following tabulation on all alternatives includes the preparation and submission to the Engineer by the Bidder of detailed Drawings showing all modifications, if any, of the Drawings necessary to accommodate the alternatives;
D. The installed cost stated in the following tabulation of alternatives includes a complete installation, including the furnishing and installation of any changes or modifications to the details presented in the drawings to accommodate the alternative material; and

E. All items offered in the following tabulation, if any, fully comply with the Specifications.

Item No. Alternative(s) offered by Bidder

13A Junction Chamber – Alternative design provided by contractor
Brief description of alternative design and construction method:

_____

_____

Lump Sum Price: $_____

16A 60" Intake Pipe, Open Cut Marine
Alternative Pipe Material Proposed:_____
Pipe Supplier: _____
Unit Price: $_____ per LF

17A 78" Intake Pipe, STA 8+50 to 19+50, Tunneling
Alternative Pipe Material Proposed:_____
Pipe Supplier: _____
Unit Price: $_____ per LF

18A 78" Intake Pipe, STA 19+50 to 22+50, Tunneling or Open Cut Marine (Contractor's Choice)

Pipe Material Proposed for tunneling installation _____

Pipe Supplier for tunneled pipe _____

Pipe Material Proposed for open cut marine installation _____

Pipe Supplier for marine pipe _____

Unit price for alternative proposed by bidder: $_____ Per LF

20A 78" Intake Pipe, STA 22+50 to POE, Open Cut Marine
Alternative Pipe Material Proposed:_____
Pipe Supplier: _____
Unit Price: $_____ per LF

The Bidder understands and agrees that the Owner may consider the Alternative Bid Items in determining the lowest responsive bidder. The decision to consider the Alternative Bid Items is the Owner's sole decision. Alternative Bid Items will be considered only when there is potential for the alternative to provide the Owner with greater or equal value than established by the Base Bid. The Owner will consider the likely impact of the time and Owner's additional costs for review of an alternative when determining whether to consider an alternative.

Bidders proposing on Alternatives are responsible to submit design details and sufficient supporting documentation to demonstrate that the proposed alternative is sound and provides the owner with equal or greater value than the "base bid items". Alternatives must meet the requirements of the plans and specifications. The documentation is not required at the time bids are submitted, but may be requested by the Owner following the bid opening if the Owner decides to consider a particular alternative. If requested, design details and supporting documentation shall be provided to the Owner within ten calendar days. Bidders shall identify the impacts of the proposed alternative(s) to any other portions of the project, including changes in schedule or cost.

The decision whether or not to accept an alternative following the owner's review and evaluation will be the sole decision of the owner. The best value to the owner and that the alternative provides an equal or better standard than established by the base bid item.

1.04 Award of the contract will be to lowest responsive, responsible bidder based on the Base Bid, any alternatives reviewed and acceptable to the Owner, and bid that is considered to be in the best interest of GCDC-WWS.

2.01 **BID CONDITIONS.** Bidder has carefully checked the Bid against the Agreement and Contract Documents before preparing the Bid and accepts the items listed in the Bid as substantially correct, both as to classification and amount and as correctly listing the complete Work to be done in accordance with the Agreement and Contract Documents.

3.02 Bidder agrees that the Work shall be Substantially Completed and finally completed and ready for final payment on or before the dates or within the number of days indicated in Section 4.02 of the Agreement.

3.03 Bidder agrees to the provisions of the Agreement as to liquidated damages (as set forth in Section 4.03 of the Agreement) in the event of failure to complete the Work within the times specified in Section 4.02 of the Agreement.

4.01 The following documents are attached to and made a part or condition of this Bid:

A. Legal status of Bidder shall be included (Attachment A). If Bidder is an entity, the authorization of appropriate officers, managers, members or partners as the case may be, authorizing the person signing the Bid to obligate the entity for a contract shall be submitted;

B. Non-collusion Affidavit of prime Bidder (Attachment B);

C. A tabulation of Subcontractors, Suppliers and other individuals and entities required to be identified in this Bid (Attachment C);

D. Required Bidder's Qualification Statement with supporting data (Attachment D; 48 hours after request to do so);

E. Bidder Certification (Attachment E);

F. Required Bid security in the form of a certified check or cashier's check or Bid bond (Attachment F);

G. Certification of Debarment (Attachment G);

H. Safety Questionnaire (Attachment H; 48 hours after request to do so);

J. Bidder shall acknowledge receipt of any Addenda by noting the Addenda on the first page of the Bid and by return of the signed affidavit enclosed with each Addenda;

K The name of Bidder and its official or registered address, telephone number, fax number and e-mail address shall be set forth on the last sheet of the Bid; and

L. All items in the Bid shall be completed as noted in writing.

5.01 The capitalized words used in this Bid, shall have the meaning indicated in the General Conditions and the Supplementary Conditions.

6.01 Communications concerning this Bid shall be addressed to the following person or such other person as who may subsequently be identified by GCDC-WWS:

NAME	Matthew T. Raysin, P.E.
PHONE	(810) 732-7870
ADDRESS	Genesee County Drain Commissioner's Office Division of Water & Waste Services G-4610 Beecher Road Flint, Michigan 48532
FAX	(810) 732-9773

Submitted on _____, 20_____

Michigan Contractor License No. _____

If Bidder is:

Individual/Sole Proprietorship

Name (typed or printed): _____

By: _____
(Individual's signature)

Doing business as (d/b/a): _____

Business Address: _____

_____

Telephone No.: _____ FAX No.: _____

E-Mail Address: _____

Partnership

Partnership Name: _____

By: _____

(Signature of partner – attach evidence of authority to sign)

Name (typed or printed): _____

_____

Business Address: _____

_____

Telephone No.: _____ FAX No.: _____

E-Mail Address: _____

Corporation

Corporation Name: _____

State of Incorporation: _____

By: _____

(Signature of officer – attach evidence of authority to sign)

Name (typed or printed): _____

Title: _____

Business Address: _____

_____

Telephone No.: _____ FAX No.: _____

E-Mail Address: _____

A Limited Liability Company

Limited Liability Company Name: _____

State of Formation: _____

By: _____

(Signature of manager or member – attach evidence of authority to sign)

Name (typed or printed): _____

Title: _____

Business Address: _____

Telephone No.: _____ FAX No.: _____

E-Mail Address: _____

Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT

November 2012

1. Scope of Work

Tucker, Young, Jackson, Tull, Inc. (TYJT), at the request of the State Treasurer is providing a proposal to perform an analysis of the water supply options being considered by the City of Flint. The work would be completed as an authorized task under the reference contract, Contract No. 00383. This proposal provides a background of our understanding of the issues, our approach, schedule dates, and the level of effort to perform the task.

2. Background

The City of Flint is presently supplied potable water from the Detroit Water and Sewerage Department (DWSD). This supply is from a single 72-inch water main that terminates at a master meter located at Potter and Baxter. Additionally, downstream of the DWSD master meter, Flint supplies its customer Genesee County. The City of Flint also operates a water treatment plant that uses the Flint River as its source of supply to provide back up and redundancy to the DWSD supply as required by MDEQ

The Karegnondi Water Authority (KWA) is planning on constructing a raw water supply system that could provide Lake Huron water to the Flint's Water Treatment Plant. Flint's existing plant would be upgraded to treat the new raw water source.

The State Treasurer has appointed an emergency financial manager for the City of Flint. As such the Treasurer has requested TYJT to provide an analysis of the water supply options to assist the Treasurer in determining the best course going forward for the City of Flint.

3. Scope of Work

The proposed scope of work summarizes TYJT's approach to perform the analysis. The work includes data collection and review, an engineering evaluation, and recommendations. The recommendations would be provided in a report that would also include a description of all the work performed under this task.

3.1. Data Collection and Review

To perform an analysis of competing proposals it is important to provide a relative or "apples-to-apples" comparison. As example, DWSD's cost of service includes all capital, financing, and operation and maintenance costs to deliver the water to Flint's system. Therefore, it will be necessary for an assessment of KWA's proposal to also include all of these costs in the comparison.

Additionally, DWSD is proposing other alternatives to its existing agreement with Flint that will also need to be evaluated. The options currently proposed include:

- Using DWSD's new model contract that provides reduction in cost for communities with their own storage,
- Moving the location of supply from Potter and Baxter to the Imlay Pumping Station to reduce fees associated with elevation and distance from DWSD's water plants,
- Providing finished (potable) non-pumped water from the Lake Huron Water Treatment Plant, and
- Providing raw (not treated) non-pumped water from the Lake Huron Water Treatment Plant.

This phase of the work would include the collection and review of the following documents:

- The Lake Huron Water Supply Karegnondi Water Authority Preliminary Engineering Report, dated September 2009 and the 2012 update by Rowe Engineering;
- The Analysis of the Flint River as a Permanent Water Supply for the City of Flint Report, dated July 2011;
- Proposed or draft contract agreements that would be used between the KWA and the City of Flint;
- DWSD's contract rates based on the new model contracts;
- Information related to other DWSD proposals for service to Flint; and
- Other letters, minutes, etc. from all parties that provide information that could be used in the evaluation.

All information provided would be evaluated and subsequent meetings would be held with the DWSD, Flint and the KWA to address any data gaps or clarifications that may be required. These meetings would be coordinated with the Treasurer so that its representatives can be present at the meetings. For the purpose of this proposal, TYJT has assumed a total of two meetings for both the DWSD and KWA.

3.2. Engineering Evaluation

The City of Flint Emergency Financial Manager has indicated that he believes the determination of who supplies water to the City's system should mainly be based on the following criteria (in order of importance):

- Cost,
- System redundancy/reliability, and
- The recognized limitation of the Flint River as a source to supplying all of Flint's water needs.

In consultation with the Treasurer, these factors plus additional ones that may be identified in the evaluation process would be used.

An analysis will be performed for the options identified and a comparison will be made based on cost, reliability of supply, and any limitations that may identified by both suppliers in providing the needed service.

TYJT will draft a report for the Treasurer that identifies the information collected, the analysis process, our findings, and the recommendations made. Our recommendations will be based on the risks to Flint associated with the options identified. TYJT will then incorporate comments from the Treasury's review and submit a final document to the Department of Treasury for their use.

Furthermore, as is done as a standard of practice at TYJT for quality control and quality assurance (QA/QC), an independent review will be completed by staff or outside consultants not directly involved in the project. These reviewers will have noted experience in the field necessary to complete the QA/QC reviews. Two reviews are envisioned; one to review the evaluation process and the other to review the findings and recommendations.

4. Schedule

At the meeting between all interested parties on November 1, 2012, two dates were identified by the Treasurer. The first date identified was December 20, 2012 for the preliminary evaluation to be provided to the State. The second date was January 15, 2013 for the Treasury to make a decision on the City of Flint water supply. TYJT proposes to complete the draft report for submittal on December 20th. This will provide a two week review period by the Treasury. The final report would then be completed and submitted one week prior to the January 15th deadline. TYJT will also be available, if requested by the Treasurer, to attend a general meeting with all parties involved at the conclusion of the work.

5. Level of Effort and Cost

TYJT estimates the level of effort to be $39,500. The work would be billed on a time and material basis using the rates in the reference contract, Contract No. 00383.

Koryzno, Edward (Treasury)

From: David Guastella <DGuastel@tyjt.com>
Sent: Tuesday, December 04, 2012 1:08 PM
To: Koryzno, Edward (Treasury)
Subject: FW: water questions
Attachments: Flint Informational Request.docx

Ed

Attached is the list summarizing where we are at regarding collection of the information. The email below is in response to what Ed Kurtz provided this morning.

Thanks,
Dave

From: David Guastella
Sent: Tuesday, December 04, 2012 11:00 AM
To: 'Ed Kurtz'
Cc: jwells@gcdcwws.com; mbrown@reinvestflint.org; fraserR1@michigan.gov; Koryzno, Edward (Treasury) (KoryznoE@michigan.gov); George Karmo; Awni Qaqish
Subject: RE: water questions

Good morning Ed,

We will review the links you provided for Action Item No. 8; however, we still do not have information from the other items. Below is a description of the outstanding items. I have also attached the action item list once again for your use.

Please respond as soon as possible as this is delaying our ability to complete our evaluation.

Thank you,

Dave

Action Item No. 1: Below is the email from Brent. We have requested a breakdown of the cost estimate and what the improvements are for; this information was not received.

Also, John O'Brien indicated that the cost has changed (reference Discussion Item No. 3 of our minutes on 11/21/12). Mr. O'Brien was to provide the updated costs and a description of the planned improvements to the plant.

The proposed back up to the KWA line is for the Flint WTP to change over from treating lake water to treating river water. A treatment train schematic would show how this is to be done and what treatment processes are required for each. Our concern is how easily this can be done and if there would be any potential water quality issues with mixing the two sources.

Action Item No. 2: I checked with Awni Qaqish and he did not receive the operating agreement from John O'Brien on November 20th. Please forward as soon as possible.

Action Item No. 7: Please let us know when we can anticipate getting this information from Genesee County.

Action Items No. 9 through 12: Please let us know when we can anticipate getting this information from you.

From: Ed Kurtz [mailto:ekurtz@cityofflint.com]
Sent: Tuesday, December 04, 2012 8:16 AM
To: David Guastella
Cc: jwells@gcdcwws.com
Subject: water questions

Attached is the response to your last set of questions. With the exception of question 7 which will be provided by the Genesee County Drain Commission, I believe we have answered all your questions. If you need more information please contact me. Ed

Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT

Action Items for Follow-up			
Items:	***Assigned To:***	***Date to Complete***	***Status as of 11/29/12***
Requests Made at 11/20/12 Meeting			
1. Updated Costs for the Flint WTP Improvements and a description of the improvements.	John O'Brien	11/21/12	*Not Received*
2. KWA Operating Agreement, Capacity Contract and Articles of Incorporation.	John O'Brien	11/20/12	*Not Received*
3. Provide the last 10 years of audited financial statements for the Genesee water fund.	John O'Brien	11/20/12	Received 11/29/12
4. Provide multiple years of financial statements for the City of Flint water fund.	Duffy Johnson	11/26/12	Received 11/26/12
5. Provide schematic of the Flint WTP and a map of the Flint transmission system.	Brent Wright	11/26/12	Received 11/21/12
6. Provide the length of the intake pipe from the crib to the pump station.	John O'Brien	11/20/12	Received 11/29/12
7. Provide a list of assumptions that the $272 million cost estimate is based on since the route is now known.	John O'Brien	11/26/12	*Not Received*
Email request to D. Johnson 11/26/12			
8. Copy of the labor agreements for the Flint WTP	Duffy Johnson		*Not Received*
Email to E. Kurtz 11/28/12			
9. Please identify the type of bonds, KWA is anticipating on using. If they are municipal bonds, whose credit rating will be used for the KWA work?	Ed Kurtz		*Not Received*
10. Please provide the most recent credit ratings for the appropriate enterprise fund applicable for the Flint work at the WTP and the KWA transmission system.	Ed Kurtz		*Not Received*
11. If the bonds are revenue bonds, please identify the percent reserve assumed and the percent coverage anticipated.	Ed Kurtz		*Not Received*
12. In the 09' KWA report 37% was assumed for engineering, contingencies, and bonding. In the 2012 update the percentage dropped to 25% for engineering and contingencies; bonding was not shown as part of the percentage. Does the 25% include bonding issuance costs? What percentage is assumed in either case for the issuance of bonds?	Ed Kurtz		*Not Received*

13. Please provide the last three years of water purchased and water billed. This will help us to determine the water loss amount. If the water loss is high, a proactive water audit program could reduce the total volume needed from the KWA. This could reduce the size of the pipeline and pumping needs.	Ed Kurtz		*Not Received*

Summary of FY 2013-14 DWSD Cost Allocations to Flint Under Various Scenarios

Flint Only

		Revenue Requirement	Rates and Charges		
			Fixed	Commodity	*Avg Unit Cost*
1	**Status Quo *(Flint Portion)***	12,574,900	379,304	13.01	*20.39*
2	**Suggested Cct *(Flint Portion)***	11,281,100	351,661	12.06	*19.27*
3	Change	(1,293,800)	(27,643)	(0.95)	*(1.12)*
4	% Change	-10.3%	-7.3%	-7.3%	*-5.5%*
5	**Max Day Only**	9,904,300	294,542	10.87	*16.91*
6	Change	(1,376,800)	(57,119)	(1.19)	*(2.36)*
7	% Change	-13.9%	-19.4%	-10.9%	*-14.0%*
8	**Add CTA Line to BP**	10,093,100	310,271	10.87	*17.23*
9	Change	188,800	15,729	0.00	*0.32*
10	% Change	1.9%	5.1%	0.0%	*1.9%*
11	**CTA to BP / Flint only to FWTP**	12,446,300	506,371	10.87	*21.25*
12	Change	2,353,200	196,100	0.00	*4.02*
13	% Change	18.9%	38.7%	0.0%	*18.9%*
14	**Add CTA Line to FWTP**	10,191,200	318,450	10.87	*17.40*
15	Change	(2,255,100)	(187,921)	0.00	*(3.85)*
16	% Change	-22.1%	-59.0%	0.0%	*-22.1%*
17	**CTA to FWTP / Buy existing 72**	10,009,600	303,315	10.87	*17.08*
18	Change	(181,600)	(15,135)	0.00	*(0.32)*
19	% Change	-1.8%	-5.0%	0.0%	*-1.9%*
20	Cumulative Change	(2,565,300)	(75,989)	(2.14)	*(3.31)*
21	Cumulative % Change	-20.4%	-20.0%	-16.4%	-16.2%

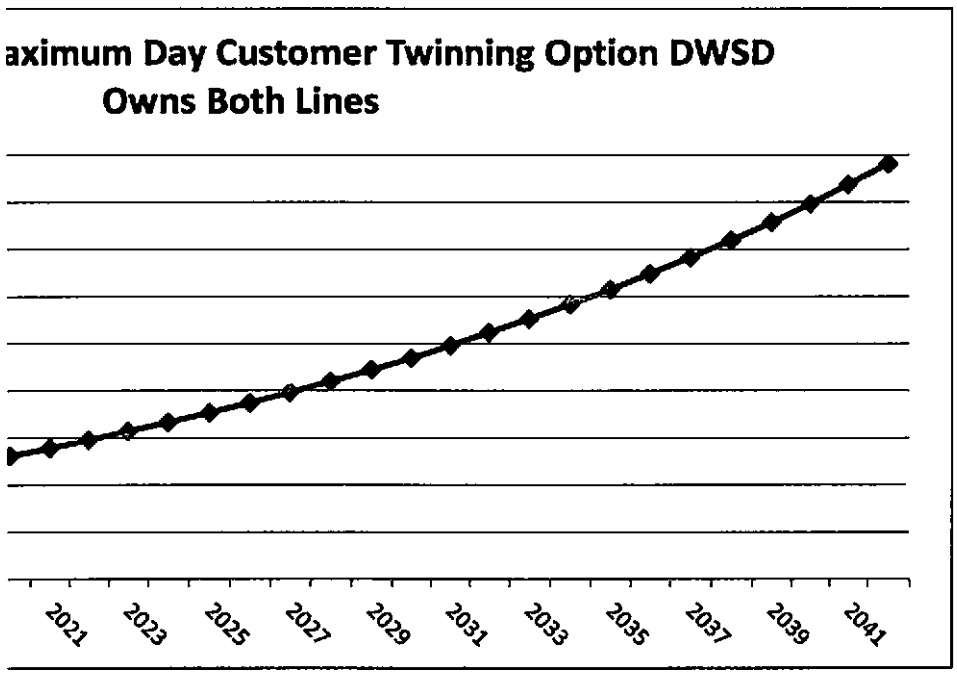
		Assumptions			DWSD Investment	
		Avg Day *mgd*	Max Day *mgd*	Peak Hour *mgd*	CTA *$*	Flint Only *$*
1	**Status Quo**	24.6	45.6	47.7	0	0
2	**Suggested Contract**	23.4	**40.6**	**42.4**	0	0
3	**Max Day Only**	**12.0**	**18.0**	**18.0**	0	0
4	**Add CTA Line to BP**	12.0	18.0	18.0	62,290,800	0
5	**CTA to BP / Flint only to FWTP**	12.0	18.0	18.0	62,290,800	32,391,300
6	**Add CTA Line to FWTP**	12.0	18.0	18.0	94,682,100	0
7	**CTA to FWTP / Buy existing 72**	12.0	18.0	18.0	94,682,100	(2,500,000)

Flint ADD:	0.00	MGD	-	MCF/Day
NSD ADD:	12	MGD	1,604	MCF/Day
Flint:	-	MCF		
DWSD:	585,561	MCF		
VTP O&M:	-	/MCF	$ -	/Yr
DWSD:	$ 17.08	/MCF	$ 10,001,390	/Yr

te

Flint:	4.51%	/Yr
DWSD:	4.7%	/Yr

Amount:	$ -			
Reserve:	$ -	0%	Reserve Rate:	0.00%
s Reserve:	$ -			
ond Rate:	5%			
r of Years:	25			
nual Cost:	$0			



1	2013	$	-	10,001,390	-	-	$ 10,001,390
2	2014	$	-	10,471,456	-	-	$ 10,471,456
3	2015	$	-	10,963,614	-	-	$ 10,963,614
4	2016	$	-	11,478,904	-	-	$ 11,478,904
5	2017	$	-	12,018,412	-	-	$ 12,018,412
6	2018	$	-	12,583,278	-	-	$ 12,583,278
7	2019	$	-	13,174,692	-	-	$ 13,174,692
8	2020	$	-	13,793,902	-	-	$ 13,793,902
9	2021	$	-	14,442,216	-	-	$ 14,442,216
10	2022	$	-	15,121,000	-	-	$ 15,121,000
11	2023	$	-	15,831,687	-	-	$ 15,831,687
12	2024	$	-	16,575,776	-	-	$ 16,575,776
13	2025	$	-	17,354,838	-	-	$ 17,354,838
14	2026	$	-	18,170,515	-	-	$ 18,170,515
15	2027	$	-	19,024,529	-	-	$ 19,024,529
16	2028	$	-	19,918,682	-	-	$ 19,918,682
17	2029	$	-	20,854,860	-	-	$ 20,854,860
18	2030	$	-	21,835,039	-	-	$ 21,835,039
19	2031	$	-	22,861,286	-	-	$ 22,861,286
20	2032	$	-	23,935,766	-	-	$ 23,935,766
21	2033	$	-	25,060,747	-	-	$ 25,060,747
22	2034	$	-	26,238,602	-	-	$ 26,238,602
23	2035	$	-	27,471,816	-	-	$ 27,471,816
24	2036	$	-	28,762,992	-	-	$ 28,762,992
25	2037	$	-	30,114,852	-	-	$ 30,114,852
	2038	$	-	31,530,250	-	-	$ 31,530,250
	2039	$	-	33,012,172	-	-	$ 33,012,172
	2040	$	-	34,563,744	-	-	$ 34,563,744
	2041	$	-	36,188,240	-	-	$ 36,188,240
	2042	$	-	37,889,088	-	-	$ 37,889,088
		$	-				

25 Yrs Cummulative
$ 458,060,853

30 Yrs Cummulative
$ 631,244,349

Flint ADD:	0.00	MGD	-	MCF/Day
DWSD ADD:	12	MGD	1,604	MCF/Day

Flint:	-	MCF
DWSD:	585,561	MCF

ply

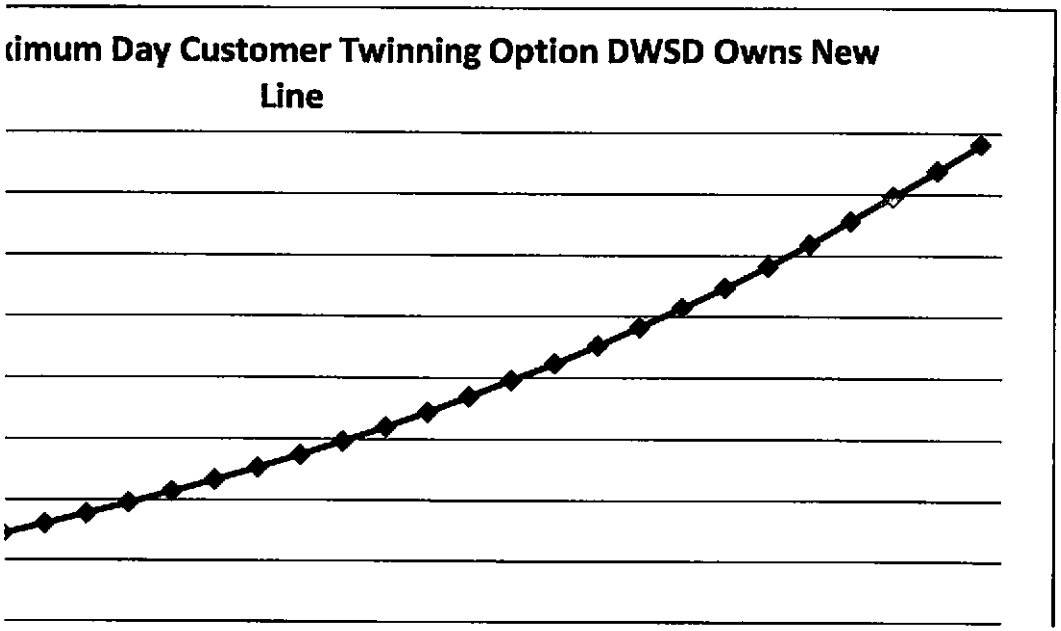
t WTP O&M:	-	/MCF	$ -	/Yr
DWSD:	$ 17.40	/MCF	$ 10,188,770	/Yr

Rate

Flint:	4.51%	/Yr
DWSD:	4.7%	/Yr

ire

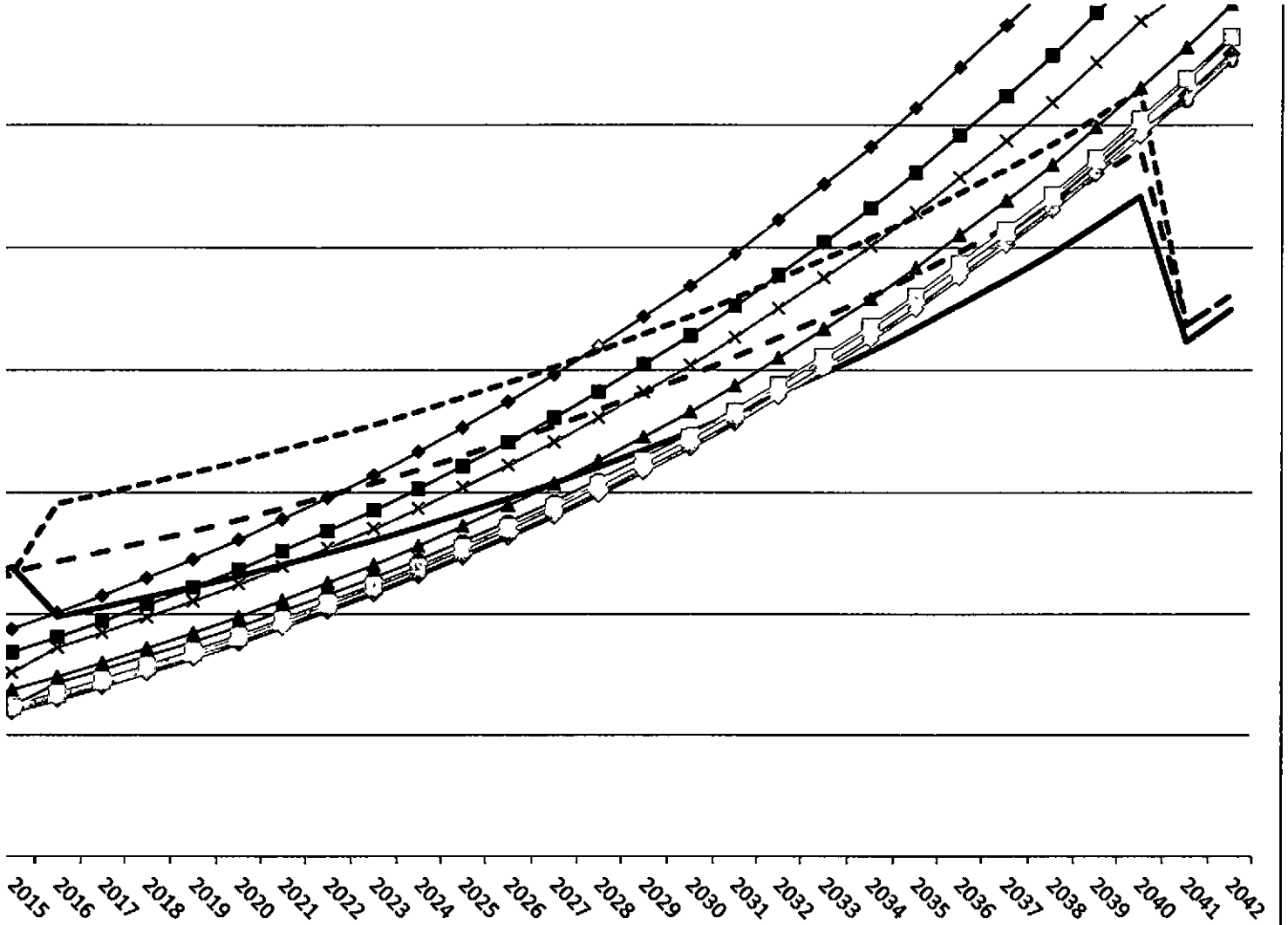
Amount:	$ -			
Reserve:	$ -	0%	Reserve Rate:	0.00%
olus Reserve:	$ -			
e Bond Rate:	5%			
ber of Years:	25			
Annual Cost:	$0			



	Year	Flint WTP O&M	Purchase	Payment	Reserve
1	2013	$ -	10,188,770		-
2	2014	$ -	10,667,642		-
3	2015	$ -	11,169,021		-
4	2016	$ -	11,693,965	-	-
5	2017	$ -	12,243,582	-	-
6	2018	$ -	12,819,030	-	-
7	2019	$ -	13,421,525	-	-
8	2020	$ -	14,052,336	-	-
9	2021	$ -	14,712,796	-	-
10	2022	$ -	15,404,297	-	-
11	2023	$ -	16,128,299	-	-
12	2024	$ -	16,886,330	-	-
13	2025	$ -	17,679,987	-	-
14	2026	$ -	18,510,946	-	-
15	2027	$ -	19,380,961	-	-
16	2028	$ -	20,291,866	-	-
17	2029	$ -	21,245,584	-	-
18	2030	$ -	22,244,126	-	-
19	2031	$ -	23,289,600	-	-
20	2032	$ -	24,384,211	-	-
21	2033	$ -	25,530,269	-	-
22	2034	$ -	26,730,192	-	-
23	2035	$ -	27,986,511	-	-
24	2036	$ -	29,301,877	-	-
25	2037	$ -	30,679,065	-	-
	2038	$ -	32,120,981	-	-
	2039	$ -	33,630,667	-	-
	2040	$ -	35,211,309	-	-
	2041	$ -	36,866,240	-	-
	2042	$ -	38,598,953	-	-
		$ -			

25 Yrs Cummulative
$ 466,642,790

30 Yrs Cummulative
$ 643,070,941



Option
Flint WTP Only
DWSD 8 MGD Max Day at Imlay
KWA 10/31/12 Update
DWSD 8 MGD Max Day at P&B
KWA-1
DWSD 12 MGD Max Day at Imlay
DWSD 12 MGD Max Day at P&B
KWA -2
DWSD 18 MGD Max Day at P&B
DWSD 18 MGD Max Twin Own Both
DWSD 18 MGD Max Own New Line

STATE OF MICHIGAN CONTRACT NO. 271N3200089

CITY OF FLINT WATER SUPPLY ASSESSMENT

At the request of the Treasurer, Tucker, Young, Jackson, Tull, Inc. (TYJT) makes the following recommendation to the Department of Treasury concerning Flint's water supply alternatives. Based on the financial analysis performed of the various options presented by DWSD to continue treated water service to Flint compared to Flint being supplied by the new KWA untreated water system, TYJT believes that several of the options presented by DWSD are lower in cost currently and over the long run than the one offered by KWA. TYJT also believes that DWSD's most recent offer (subsequent to the submittal of our report) to build a smaller parallel water main from Imlay to Flint, funded by the entire DWSD base of customers, is the best solution offering the least cost alternative and the required redundancy by MDEQ.

Furthermore, since a majority of the KWA system has not been designed and none of the system has been constructed, there is an additional risk that the cost of the KWA system may actually be higher than estimated due to potential construction delays and unforeseen conditions. This risk to Flint could be substantial since the city is responsible for 30 percent of the KWA design and construction costs while still having to purchase water from DWSD during the construction period.

Finally, there are other issues that were identified in our report that may result in risks to Flint if it were to join KWA that should be considered by the Treasury in determining how Flint's potable water should be supplied. These issues are related to redundancy and reliability, other items affecting cost, and Flint's desire to control its own destiny related to its water supply. These are described further below.

- DWSD's supply to Flint is via a 72-inch water main from Imlay City. This main also supplies Imlay City, Mayfield and the Greater Lapeer County Utilities Authority (GLCUA). The volume of water contained within the 72-inch main is approximately 30 million gallons. If Genesee and Flint move to KWA then the three remaining communities' consumption would most likely not be large enough to maintain fresh water in DWSD's pipeline (due to loss of chlorine residual). DWSD may consider shutting down the 72-inch line completely due to the water quality concerns, which would then create an additional burden for Imlay, Mayfield and GLCUA to finance treated water supplies.
- The KWA supply option is counter to the Treasury's Competitive Grant Assistance Program (Formerly EVIP Grant). This program has been put in place to allow for communities to consolidate their services and save money. Two existing customers of DWSD (Flint and Genesee County) along with the potential of others customers (GLCUA, Mayfield, Imlay City) separating from another water system is in contradiction to the program.
- There is a concern over the ability of smaller systems (KWA) over larger systems (DWSD) to pay for future unfunded mandates and regulations. Obviously, identifying regulation requirements over 30 years is hard to determine. However, it is widely accepted that a large system has greater ability to respond to unfunded mandates because the cost can be distributed over a large customer base.
- Although Flint will be responsible for 30 percent of the construction cost, they will only have a minority vote on the KWA board. Furthermore, there are other communities (Lapeer County, the City of Lapeer, and Sanilac County) that sit on the board and vote. However, they are not purchasing water nor contributing to the construction costs. Their position on the KWA Board will not provide them an ability to "control their own destiny," as they have stated to the Treasury.

Project Costs - TYJT Slides 26 through 30

	KWA	TYJT
Intake and Crib		
Construction	$22,076,850	$22,076,850
ELAC	$5,519,213	$5,519,213
Property	$2,300,000	$2,300,000
Pumping Stations		
Construction	$24,618,080	$54,573,314
Land		$75,000
ELAC	$6,154,520	$16,394,494
Transmission Mains		
Construction	$166,202,316	$167,419,530
ELAC	$41,550,579	$50,225,859
Easements		$1,166,170
Engineering		
Design Engineering		$16,939,581
Construction Management		$14,434,609
Administration		$349,440
Legal / Easements / Contracts		$831,000
Power	$4,000,000	$4,000,000
Redundant Power		$1,273,200
Total Construction	$212,897,246	$244,069,694
Total ELAC	$53,224,312	$104,694,196
Total Land / Property / Easements	$2,300,000	$3,541,170
Total Power	$4,000,000	$4,000,000
Total Redundant Power	$0	$1,273,200
Total	$272,421,558	$357,578,260
ELAC as % of Construction	25.0%	42.9%

UPDATE TO TREASURY REGARDING THE CITY OF FLINT EVALUATION OF WATER SERVICE DELIVERY

1. It is the goal of the City of Flint to assure the delivery of water to its residents and businesses at the lowest cost possible over the long term. City officials have expended considerable amounts of time over the past many months evaluating three primary options: water service delivery by KWA, continued water service delivery by DWSD, and sole reliance on the Flint River. At this time we continue to consider the KWA and DWSD options, but do not believe that sole reliance on the Flint River would be in the best interests of the City.
2. We have previously provided Treasury with an analysis of the KWA and DWDS options. At this time, depending on the final outcome of negotiations regarding future costs, either option could be the best for the City.
3. Treasury engaged the services of Tucker, Young Jackson, Tull, Inc. (TYJT) of Detroit to review the assumptions underlying the KWA option. Their assessment was recently presented to City officials and raised several questions as to the credibility of the KWA option. City officials shared the TYJT assessment with Rowe Engineering and the Genesee County Water and Waste Services and requested their response to the TYJT analysis.
4. Rowe Engineering met with City Officials to review their response to the TYJT assessment and provided the attached report. In our judgment, Rowe adequately addressed the significant concerns raised by TYJT, including those related to pump station costs, land acquisition costs, legal, engineering and contingency estimates, and bonding costs. Consequently, it is our belief that the KWA proposal as outlined in October, 2012, is credible, and should continue to be used in evaluating the City's options.
5. Further, our review of the proposal from DWSD (December 21, 2012) raises questions which must be addressed. For example, the DWSD proposal indicates that the cost reductions would be phased in over five years. Further, no actual projected dollar amounts for the first year or subsequent years were included in the proposal. The City has asked DWSD, based on a projected water usage, to supply the City with projected dollar and unit costs over the next five years. The Detroit proposal also does not address projected future rate increases. (See attached Proposal and Rate information)
6. Based on the Proposal from Detroit along with projected rates for FY13 provided November 9, 2012 by DWSD, The City has developed a cost analysis of the following options:
    a. Detroit Proposal 1 with a 6.8% annual rate of increase
    b. Detroit Proposal 1 with a 4.4% annual rate of increase
    c. KWA based on the Rowe study

    It is important to note that a review of the City's records reflects a 10.5% average increase over the past 10 years. For the entire history of our contract with DWSD the average annual increase has been 6.7%. Note that the TYJT's analysis was based on the 2004 through 2014 years which showed a -7.4% rate increase in the first year (2004), while ignoring the 2003 year which showed a 38.1% rate

increase. The time period of 2002 through 2012 was used to calculate Genesee County' rate. (See attached Rate Analysis)

The City's projections for the above referenced options over the 30 year life is as follows: (See attached Cost Analysis)

a. Detroit Proposal 1 with a 6.8% annual rate of increase---$890,513,917
b. Detroit Proposal 1 with a 4.4% annual rate of increase---$705,602,181
c. KWA based on the Rowe study--$649,241,254 - P1

7. One of the options provided by TYJT on page 9 of their slides projects a rate of $11.11/MCF. If DWSD can provide that rate along with a guarantee of future rates not to exceed their projection of 4.4% over the life of the contract, the City would sign a contract with Detroit. It is the City's belief that the WSW would also sign a contract.
8. If the City of Flint signs a contract with Detroit the following provisions should also be agreed upon:
    a. The City would have a seat on the Technical Advisory Board
    b. The City would have a seat on the DWSD board
    c. That the City could opt out if the conditions as Proposed by DWSD are not agreed to
9. All things being equal the City believes the following are also important:
    a. The availability of raw water to the City and County for economic development in heavy/light industry, food processing and agriculture
    b. The possibility of creating a Mid-Michigan Regional Water/Sewer Authority
10. For the sake of regional integrity, it would also be a step backwards for the City of Flint and Genesee County to be on different water supply systems. It is in the City's best interest to be able to pursue shared services with nearby municipalities and counties
11. The City would also reiterate the critical nature of long term costs. The City is not well served with decisions that work for the short term but not the long.

David Guastella

From:	Bart Foster <bfoster@fostergroupllc.com>
Sent:	Tuesday, December 11, 2012 9:27 AM
To:	David Guastella
Cc:	Raphael Chirolla; Sue McCormick; Darryl Latimer; George Karmo; Awni Qaqish; CUBBAJOHN@GMAIL.COM
Subject:	Re: Indefinite-scope, Indefinite-delivery Contract Number 00383: City of Flint Water Supply Assessment
Attachments:	TYJT Response Exhibit.pdf

Dave - please see attachment, which summarizes the information you are seeking. You should be aware of several items:

- The allocated costs of service and rates computed in the attachment follow an "all else being equal" application of the current (FY 2012-13) DWSD unit costs. This is consistent with the figures we've been discussing with Flint representatives in one on one meetings. Whenever these service requirements actually get applied in a proposed rate, the lower SYSTEM units associated with lower FLINT units (blending, max day, Genesee, etc.) will raise the unit costs for ALL customers, creating a moderate impact for ALL customers. We've acknowledged this to Flint representatives in our discussions. Frankly, with all of the other moving parts (associated with other customer contract renegotiations, changing revenue requirements from the new organization structure, etc.) - we are of the opinion that this approach is the most appropriate option.
- As such, in our discussions with Flint we've taken care to identify these figures as hypothetical results indicative of rate calculations, as opposed to firm offers.
- Scenarios 3 and 4 (average day service only) have not been part of our discussions with Flint to date.
- As Sue mentioned, our most recent discussions with Flint have introduced a potential rate "credit" for them providing their own redundancy and/or for DWSD reserving wheeling rights in the event that Flint elects to move their delivery point to Imlay. These elements are not part of the existing DWSD rate structure and are less easily quantified.
- We've not included any "rate" impact of the sale of the 72-inch main to Flint, nor have we been definitive with how that would work in our discussions with Flint. We contemplate that the transaction could be negotiated in a manner that takes the items mentioned in the prior bullet into consideration. We are scheduled to have further conversations with Flint on these concepts tomorrow.

I trust that this information is responsive to your requests. Let me know if you have any questions.

--
Bart Foster
President
THE FOSTER GROUP
(913) 345-1410
(913) 345-1640 fax
(913) [redacted] cell
bfoster@fostergroupllc.com <mailto:bfoster@fostergroupllc.com>

Please note that the information in this message along with any attachments are intended for the exclusive use of the addressee and may contain confidential or privileged information. If you are not the intended recipient, please do not forward, copy or print the message or its attachments: notify me at the above address and delete this message and any attachments.
Thank you.

From: Raphael Chirolla <chirolla@dwsd.org>
Date: Tuesday, December 11, 2012 9:42 AM
To: Bart Foster <bfoster@fostergroupllc.com>
Subject: Fwd: Indefinite-scope, Indefinite-delivery Contract Number 00383: City of Flint Water Supply Assessment

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From: "David Guastella" <DGuastel@tyjt.com>
To: "Raphael Chirolla" <chirolla@dwsd.org>
Cc: latimer@dwsd.org, mccormick@dwsd.org, "George Karmo" <GKarmo@tyjt.com>, "Awni Qaqish" <aqaqish@tyjt.com>, "John Cubba" <CUBBAJOHN@GMAIL.COM>
Sent: Tuesday, December 11, 2012 9:03:46 AM
Subject: RE: Indefinite-scope, Indefinite-delivery Contract Number 00383: City of Flint Water Supply Assessment

Raphael

Per our conversation please run the following two scenarios for supplying only Flint from Potter/Baxter and from Imlay. The first assumes that DWSD will provide 2/3 rds of the average and maximum day demands, while the second option assumes that the Flint WTP will supply anything above the average day demand requirements.

1. Annual Volume: 390,374 MCF (8 MGD Average Day Demand)
   Maximum Day: 12 MGD
   Peak Hour: 12 MGD
2. Annual Volume: 390,374 MCF (8 MGD Average Day Demand)
   Maximum Day: 8 MGD
   Peak Hour: 8 MGD

Let me know if you have any questions.

Dave

From: Raphael Chirolla [mailto:chirolla@dwsd.org]
Sent: Tuesday, December 11, 2012 8:45 AM
To: David Guastella
Cc: latimer@dwsd.org; mccormick@dwsd.org; George Karmo; Awni Qaqish; John Cubba
Subject: Re: Indefinite-scope, Indefinite-delivery Contract Number 00383: City of Flint Water Supply Assessment

Shown below are the fiscal year volumes requested in 4 (1 through 3 will follow):

Water Volume 10 Year History		
WATER_DISTRICT	YEAR	SumOfVOLUME
Flint	2003	1636751

Water Volume 10 Year History		
WATER_DISTRICT	YEAR	SumOfVOLUME
Flint	2004	1522280.1
Flint	2005	1524720.5
Flint	2006	1494296.6
Flint	2007	1449577.6
Flint	2008	1437360.6
Flint	2009	1369646.1
Flint	2010	1194396.1
Flint	2011	1310873
Flint	2012	1192686.8

SOCWA added Bloomfield Hills to their service area in 2010 and Bloomfield Township in 2012.

Water Volume 10 Year History		
WATER_DISTRICT	YEAR	SumOfVOLUME
Southeastern Oakland County Water Authority	2003	1482551.5
Southeastern Oakland County Water Authority	2004	1334995.7
Southeastern Oakland County Water Authority	2005	1333539.4
Southeastern Oakland County Water Authority	2006	1297214.8
Southeastern Oakland County Water Authority	2007	1275240.7
Southeastern Oakland County Water Authority	2008	1245255.5
Southeastern Oakland County Water Authority	2009	1133789.8
Southeastern Oakland County Water Authority	2010	1148863.2
Southeastern Oakland County Water Authority	2011	1177239.1
Southeastern Oakland County Water Authority	2012	1496550.2

Water Volume 10 Year History		
WATER_DISTRICT	YEAR	SumOfVOLUME
Ypsilanti Communities Utilities Authority	2003	713830.4
Ypsilanti Communities Utilities Authority	2004	668886.6
Ypsilanti Communities Utilities Authority	2005	685447.3
Ypsilanti Communities Utilities Authority	2006	659786.7
Ypsilanti Communities Utilities Authority	2007	637748.2
Ypsilanti Communities Utilities Authority	2008	628582.6
Ypsilanti Communities Utilities Authority	2009	593256.6
Ypsilanti Communities Utilities Authority	2010	547256.9
Ypsilanti Communities Utilities Authority	2011	514036.1
Ypsilanti Communities Utilities Authority	2012	530966

From: "David Guastella" <DGuastel@tyjt.com>
To: "Raphael Chirolla" <chirolla@dwsd.org>
Cc: latimer@dwsd.org, mccormick@dwsd.org, "George Karmo" <GKarmo@tyjt.com>, "Awni Qaqish" <aqaqish@tyjt.com>, "John Cubba" <CUBBAJOHN@GMAIL.COM>
Sent: Thursday, December 6, 2012 2:48:21 PM
Subject: Indefinite-scope, Indefinite-delivery Contract Number 00383: City of Flint Water Supply Assessment

Raphael

Thanks for meeting with us regarding the Flint supply project we are working on for the Treasury. I have a few additional requests to help us evaluate Flint being supplied by DWSD or KWA. Please provide the following:

1. A FY 2012-13 Proposed Rate Calculation summary sheet for DWSD supplying 8 MGD using the new contract assuming that Flint would be a Maximum Day Customer of 8 MGD from their current master meter at Potter/Baxter.
2. A FY 2012-13 Proposed Rate Calculation summary sheet for DWSD supplying 8 MGD using the new contract assuming that Flint would be a Maximum Day Customer of 8 MGD from Imlay Station.
3. A FY 2012-13 Proposed Rate Calculation summary sheet for DWSD supplying 8 MGD using the new contract assuming that Flint would be a Maximum Day Customer of 8 MGD from Imlay Station with the purchase of the 72-inch main worked into the water rate (assume $4.7M for the purchase).
4. The annual water sold to YUCA, SOCWA, and Flint for the past 10 years. This information is being used to validate KWA's proposed O&M escalation. We believe that YUCA and SOCWA would be similar enough to get a unitized cost for operations and maintenance. Flint is needed in case we are unable to get the GCDC water purchase from Flint.

Please feel free to contact me any time if you have questions. We are finishing up our cost comparison next week, so the sooner we can get this information would be much appreciated.

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Summary of DWSD Cost Allocations to Flint Under Various Scenarios
Identified by TYJT

		Revenue Requirement	Rates and Charges		
			Fixed	Commodity	*Avg Unit Cost*
		$	*$/mo*	*$/Mcf*	*$/Mcf*
1	**Flint MD Baxter Potter Blend**	6,361,000	183,637	10.66	*16.31*
2	**Flint MD Imlay Blend**	5,610,100	172,081	9.09	*14.38*
3	**Flint AD Baxter Potter Blend**	4,945,800	132,649	8.60	*12.68*
4	**Flint AD Imlay Blend**	4,331,600	123,714	7.30	*11.11*

		Assumptions					
		Avg Day	Max Day	Peak Hour	Distance	Elevation	Sales
		mgd	*mgd*	*mgd*	*miles*	*feet*	*mgd*
1	**Flint MD Baxter Potter Blend**	8.0	12.0	12.0	52.0	866	8.0
2	**Flint MD Imlay Blend**	8.0	12.0	12.0	45.2	804	8.0
3	**Flint AD Baxter Potter Blend**	8.0	8.0	8.0	52.0	866	8.0
4	**Flint AD Imlay Blend**	8.0	8.0	8.0	45.2	804	8.0

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, December 12, 2012 9:32 AM
To: Fraser, Roger (Treasury)
Subject: TJY&T Presentation of KWA Analysis

TJY&T will present their preliminary findings, per the RFP, on 12/21/12. Eric is working on a "guest list and location for the meeting. I suggested the Treasurer's Board room and I am proposing the following list for your consideration:

Andy
Roger
Brom
Ed
Eric
Ed Kurtz
Jerry Ambrose
Mike Brown

Have I missed anyone?

When I spoke to Ed Kurtz yesterday he asked to receive a copy of the findings before the meeting.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
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Thank you

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, December 12, 2012 11:27 AM
To: Fraser, Roger (Treasury)
Subject: FW: Flint Water Assessment Conference Call Report

Below are preliminary findings from TYJ&T.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
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Thank you

From: Cline, Richard (Treasury)
Sent: Wednesday, December 12, 2012 9:49 AM
To: Koryzno, Edward (Treasury); Byrne, Randall (TREASURY)
Subject: Flint Water Assessment Conference Call Report

Ed/Randy,

I just completed a phone conference with Dave Guastella regarding the status of the Flint Water Assessment. Here is a brief summary.

- **TYJT** is analyzing cost and inflation factors for the **DWSD** and **KWA** options.
- **DWSD** has an option of using their Model Contract option, which would lower Flint's rates.
- **DWSD** also has the Blended Water option. This could also lower Flint's rates, but would require the City to make some investment upgrades in their Water Plant.
- Another option would be to move the water supply point further east to the Imlay City area. This would lower rates but **DWSD** would also be interested in selling the 72" water main to Flint.
- **TYJT** is evaluating the cost model created by **KWA**, but there are some unknowns that make precise projections difficult.
- **TYJT** believes that **KWA** needs to increase the percentage of their Engineering Contingency to account for some of these unknowns.
- A Bonding Reserve of around 10% is apparently lacking.
- There appears to be insufficient capitalization of the principal and interest over the first 3-years of construction.

- **TYJT** is also evaluating projected Operation & Maintenance costs and projected escalation costs for each proposal.
- **TYJT** is also evaluating projected O&M costs for the Flint Water Plant as it would go into full-time operation.

These are preliminary findings and are still be evaluated. We will also be organizing the December 21st preliminary report presentation over the next week.

If you have any questions on this, please let me know.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
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Review of TYJT December 21, 2012 Presentation
City of Flint Water Supply Assessment
Prepared by Rowe Professional Services Company

DWSD Supply (Slides 7 through 9)

1. The 8 mgd maximum day supply by DWSD options can result in periods during the summer when most of the water to meet demands will be supplied by the City from the river. To aid in maintaining a consistent water quality, softening of the water from the river should be provided with this option, greatly increasing the City's costs.

2. Upgrades to Flint's WTP and dams will be needed for options requiring blending, since the WTP will be required to provide continuous, reliable service and compliance with recent surface water treatment regulations.

3. The rates for the options analyzed are shown on Slide 9 as "TYJT Estimates". Options and rates shown are different than presented by DWSD previously.

	DWSD 11/29/2012	TYJT Estimates
18 mgd Maximum Day - P&B	$16.24	$16.37
12 mgd Maximum Day - P&B	$16.30	$16.31
8 mgd Maximum Day -P&B		$12.68
12 mgd Maximum Day - Imlay	$14.38	$14.38
8 mgd Maximum Day - Imlay		$11.11

4. Since the rates used in the analyses are shown as estimates, are they actual offers or just presented as "what if" scenarios?

5. We assume that the Imlay options are based on transfer of the 72" main through Lapeer County to Flint. The analyses show a capital cost of $4.7 million; we assume that this is the proposed purchase / lease cost to Flint. This should be clarified along with pertinent details.

6. If the transmission main is transferred to Flint, what are Flint's responsibilities regarding service to the Lapeer County customers? If they remain DWSD customers, then Flint should receive some revenue for the use the main. It does not appear this is included in the TYJT analyses.

7. If the transmission main is transferred to Flint, we assume that the city will be responsible for the maintenance of the 50 year old main. The TYJT analysis did not include this.

8. Do the rates shown include the credit for "reliability" which had been discussed with DWSD?

9. If the point of commerce is changed from Baxter and Potter to Imlay, a new meter pit will be required. The cost of this does not appear to be included in the TYJT cost analyses.

Flint River Supply (Slide 10)

1. If any of the "blending" options are chosen, it will be necessary to upgrade the Flint WTP and dams to provide reliable, continuous service and compliance with recent surface water treatment regulations.

Data Collected (Slide 14)

1. The slide notes that Flint blending is based on DWSD supplying 2/3 and Flint supplying 1/3 of 12 MGD ADD. For the maximum day demand (18 mgd), if DWSD supplies a maximum of 8 mgd, Flint will supply 10 mgd or 56% of the total. However, such a large portion will make it more difficult to blend and achieve consistent water quality. Flint will need to soften water for these options.

Benchmarking Comparisons (Slide 16)

1. The slide subtitles are "KWA O&M Inflation Factor" and "DWSD and Flint Rate Inflation Factor". It seems appropriate to benchmark O&M costs for the KWA, because future costs of service will be dependent on how operating costs are impacted by inflation. For Flint, it does not seem appropriate that "rate inflation" from other utilities be used to determine the impact of inflation on future cost of service. Rates are impacted by inflation, but also by other factors such as debt and customer base. O&M expenses and rates are different and care should be exercised not to mix the two during analyses. The TYJT analyses apply an inflation factor (based on rates from other utilities) to the Flint WTP operating expenses, which does not seem to be consistent.

2. The KWA will supply raw water; SOCWA and YUCA both supply finished water. Regulations impact the O&M for finished water suppliers but should not impact the KWA O&M. The use of data from SOCWA and YUCA does not seem like a comparable comparison with the KWA. Finished water suppliers will have increased costs due to regulatory compliance, which really are not due to "inflation" of the costs of wages, power, chemicals, etc.

3. DWSD has a history of rates to Flint and other suburban wholesale customers. Rates tend to be quite specific to each utility, based on much more than just the costs of operating and maintenance. It appears that DWSD historical rates have not been considered in projecting future DWSD rate increases.

Capital Financing (Slide 17)

1. KWA bonds are planned to be general obligation bonds, backed by member counties.

O&M Inflation Factor (Slide 20)

1. SOCWA and YUCA are finished water suppliers; ever-changing regulatory requirements will impact their operating costs more than a raw water supplier, such as KWA.
2. KWA will be a supplier of raw water. O&M costs should primarily be limited to power and labor, with a little chemical use for zebra mussel control. KWA will not provide treatment of the water.

3. The KWA study assumed power, labor, and chemical costs increase at an annual average of 3%. TYJT indicated this is too low and suggested 5%.

4. Following are examples of historical inflation, which support the 3% as a reasonable assumption for O&M expenses (not rates)
    a. Labor- GCDC-WWS labor costs have increased at an annual average rate of 2.5% since 2003
    b. Electricity Rates in Michigan (per U.S. Energy Information Administration) have increased an average of 3.2% since 1999.
    c. The U.S. Bureau of Labor Statistics indicates that the inflation rate over the last 30 years has been an average of 2.8%.

Finished Water Rate Inflation (Slide 21)

1. TYJT bases their assumptions for rate inflation on a survey of rates from three other water suppliers, but ignored the actual rate history of DWSD. TYJT assumed DWSD rate increases of 4.4% annually (if water is purchased from P&B) and 2.9% annually (if water is purchased from Imlay). Based on the actual charges by DWSD to Flint. DWSD historical rates are as follows:
    a. 10 year increase in DWSD rates to Flint:: 10.5% annually
    b. Average annual increase through 45 year history: 6.7%

2. Note that for the KWA analyses, an inflation factor has just been applied to power, labor, and chemicals. Although higher prices for labor, power, and chemicals impacts utility rates; rates are impacted by many other factors, many of which are not related to inflation. Rate inflation will likely be different than O&M inflation. Other factors impacting rates:
    a. Debt – the amount of debt varies widely between utilities
    b. Number of customers / quantity of water sold – there are many fixed expenses with a utility, that if are distributed amongst more users/more gallons sold will result in lower rates. Conversely, if there are fewer users or less water sold, the rates are higher. Assumptions regarding future water consumption will have a great impact on "rate inflation".

3. Unlike KWA and Flint operating expenses which will increase over time based on inflation, the cost of continued DWSD service should be based on the inflation of DWSD rates, to include the increasing cost of other DWSD expenses such as debt and the impact of reduced customers / demands in addition to increasing O&M expenses.

4. Even though there could be a one-time reduction in DWSD rates through adopting the model contract, limiting peak demands, and or changing the point of commerce; it doesn't seem reasonable to assume that subsequent annual increases will only average 4.4% through the 30 year period of analysis. This is significantly less than historical performance (yet TYJT suggests that inflation for KWA O&M expenses will increase at almost double the rate of historical indicators).

Capital Financing with Revenue Bonds (Slide 24)

1. Note that the KWA bonds will be general obligation bonds backed by the member counties.

2. The 2009 KWA Study assumed 6%, 25 year financing. The interest rate for planning was reduced in the 2012 Study update to 5%, which is still higher than if bonds were sold today.

3. Financial consultants determined the charges for purchasing capacity in the KWA supply based on the estimated project cost plus appropriate financing costs. Based on 60 units of capacity, $538,764,000 will be generated for repayment of debt and project costs using the capacity charges in the KWA capacity agreement.

25 years * 60 units * $355,300 / unit =	$532,950,000
3 years * 60 units * $32,300 / unit =	$ 5,814,000
	$538,764,000

4. For a KWA project cost of $272,421,558, total P&I is $483 million. The difference of $55,500,000 is available for financing expenses (capitalized interest, bond issuance costs, etc.) and additional contingencies.

5. Bond holder reserve is not a requirement for general obligation bonds.

6. TYJT assumed that 3% interest would be earned on the bond holder reserve during the 25 year bond period. Current interest rates are less than 1% and it seems inappropriate to assume such a high rate will be earned on retained funds.

7. Bondholder reserve, if provided, should be applied against the last couple of P&I payments. The TYJT did not apply it. This will reduce their project costs.

KWA Construction (Slides 26 through 29)

TYJT has indicated that the KWA construction cost estimate is too low. The primary differences in cost estimates for the project appear to be the following components:

1. Pump Stations (Slide 27) – The TYJT estimate for the pump stations is more than double that used by the KWA ($54,573,314 vs. $24,618,080). KWA estimates were based on actual construction costs from recent projectd completed by Genesee County within the last eight years.
   a. 32mgd water pump station including two-10 MG ground storage tanks - $13.4 million
   b. 80 mgd wastewater pump station, 50 feet deep wetwell – $8.3 million
   c. 30 mgd wastewater pump station, 50 feet deep wetwell – $9.4 million

   The KWA budgeted amount seems reasonable for two pumping stations as currently planned and to be constructed in rural areas (not southeast Michigan).

2. Redundant Power – There is no need for redundant power; other provisions will provide reliability of supply.

3. Land – Preliminary engineering has continued so earlier budgets established for planning for land acquisition can be greatly reduced. Options have been obtained on all properties which must be

purchased, so purchase prices are known. It will be necessary to obtain easements for only two miles of pipeline construction. All land costs are now estimated at $1.25 million.

4. Engineering, Legal, Administration & Contingencies
   a. The October 2012 KWA estimate provided an allowance of 25% of construction cost to cover engineering, legal, administration, and contingencies (ELAC). This was reduced from the 38% allowance used in the 2009 Study because ongoing planning and design have firmed up many of the details of the project, including:
      i. The intake design has been completed and all regulatory permits obtained.
      ii. The transmission main route has been determined. Meetings with road agencies have firmed up the requirements for construction and restoration within rights-of-way. Environmental review and permitting are in process.

   b. TYJT costs for Intake Crib, Pump Stations, and Transmission Mains (Slide 30) include a 30% allowance for ELAC. These allowances (from Slides 26 through 28) total $72,139,566. In addition, Slide 30 provides the following additional ELAC costs in the project total:

Design Engineering / Pump Stations	$16,939,581
Construction Management	$14,434,410
Administration	$ 349,440
Legal	$ 831,000
Total	$32,554,431

   c. Combining this with the $72,139,566 totals $104,693,997 or 43% of the estimated construction cost. We believe that such a high allowance for ELAC is not appropriate for a project of this magnitude where preliminary engineering and some design have already been completed.

Cost Comparison (Slide 30)

1. The TYJT pump station price is too high based on costs of similar projects; costs used by KWA are based on costs of recent local projects. The KWA estimate is believed to be sufficient for the proposed pumping stations.

2. Redundant power is not required; this does not need to be included in the TYJT estimate.

3. Land for LHPS – actual price is $360,000

4. Design Engineering / PS and Transmission – KWA included engineering in the 25% ELAC allowance included in the $207,752,895 estimated cost of transmission mains; TYJT included engineering in their 30% ELAC allowance included in the $218,811,559 estimated cost. By adding $16,939,581 for design engineering, $14,434,609 for construction administration, $349,440 for administration, and $831,000; it seems that ELAC is being "double-counted". The TYJT 43% allowance for ELAC seems unwarranted for a project with a great deal of preliminary and design engineering completed. The 25% KWA allowance is believed to be sufficient.

5. Easements and land (other than LHPS) should total $1,140,000, based on current options and specific needs for easements.

Other Considerations – Redundancy / Reliability (Slide 33)

1. Unfunded Mandates/ Future Regulations
    a. The proposed KWA supply will deliver raw water; it is not anticipated to be affected by future changes to regulations. Regulations will impact the City of Flint with respect to treatment and/or distribution of finished water. The City will be subject to these requirements with any of the DWSD blending options, just as they will be responsible for them if supplied by KWA. Some compliance costs may actually be less with the higher quality Lake Huron water rather than Flint River water as the source.

2. State Goals
    a. The TYJT presentation indicates that creation of a new raw water supply is contrary to the governor's goals as suggested. However, the development of a new raw water supply provides new opportunities. Communities in Sanilac, St. Clair, and Lapeer counties will have the option to join a regional water supply and replace their small local supplies where limited supplies and high concentrations of arsenic have been a concern. The new water supply also provides great economic development opportunities. The raw water supplied by KWA will make a new commodity, raw water, available to the region. A large, low-cost supply of raw water can be a valuable resource for industries and agri-businesses. The development of a new water supply will also create construction jobs through the short term period of building the new water supply and subsequently over a longer period as new businesses and industries are developed in the area.
    b. The City of Flint and area communities will benefit as permanent jobs are created for operating and maintaining the local treatment facilities.

3. Redundancy
    a. We agree that the KWA and DWSD options are similar with respect to redundancy. Both provide the primary water supply; customers are responsible for their backup supply.

Other Considerations – Cost Slide 34

1. TYJT indicates that the DWSD 8 mgd supply option is the least cost alternative.
    a. The TYJT analysis does not include the cost of needed upgrades to the City's WTP or increased operating costs in their analysis. During summer months, water from the river will need to be softened before blending. More than half of the water supplied will be provided from the river. When the cost of upgrades to the WTP and the increased operating costs (for softening) are added to the TYJT analysis, the KWA option is less than the DWSD 8 mgd option.

2. For any of the DWSD "blending" options, upgrades will need to be made at the WTP to provide for continuous, reliable operation and compliance with new surface water treatment rules. Increased capital and operating costs for treating water from the river should be added to the TYJT costs for comparison with the other options.

3. Water from the river will require greater effort to treat than water from Lake Huron (more chemicals, power, and residuals). The TYJT analysis shows about the same O&M costs for the Flint WTP, regardless of water source. It seems that the WTP O&M costs for the KWA options should be reduced to reflect the savings from treating Lake Huron water.

4. The TYJT presentation noted that the KWA analysis did not include allowances for mechanical and process improvements within the planning period. The KWA will supply raw water. The facilities consist of pipe, pumps, and a tank. There are no treatment facilities which would be susceptible to future regulatory changes. The only improvements that seem likely would be the need to provide additional capacity. Capacity expansion is planned to be financed through capacity charges to new users.

5. The provision for redundant connections between the City's water system and the GCDC system was included in the most recent water supply agreement between the two, in 2011. Although not a KWA cost, the cost of the redundant connections should be considered with all options.

6. The $2.3 million budgeted for land by KWA was intended to cover all land requirements. Since the October update, options have been obtained on all land to be purchased and the locations of easements needed has been finalized. Total land costs are now estimated to be about $1.5 million.

7. The 2004 study included a 47% allowance for engineering, legal, administration, and contingencies (ELAC). The 2009 study reduced the allowance for ELAC to 37% because many of the details since the 2004 conceptual study had been better defined. For the October 2012 update, the allowance for ELAC was reduced to 25% because continued planning and preliminary engineering further addressed details from the earlier concepts.
    a. The detailed design (plans and specifications) and permitting have been completed.
    b. The transmission main route has been finalized. Meetings with road agencies have established requirements for construction and restoration within road rights-of-way. Environmental permitting is in process. The primary remaining unknown is pipe sizing, which is largely dependent on Flint's participation.

    It is our experience that the 25% ELAC allowance is appropriate for a project of this magnitude at this stage in the planning / design stage. The 43% ELAC allowance recommended by TYJT is excessive for a project in the design phase.

8. Flint's WTP as a backup to the KWA will be less difficult to provide for than the current arrangement as a backup to DWSD. We believe there is potential for challenges with chemistry and treatment for the proposed DWSD blending options, too.

9. It doesn't seem that oversizing the KWA capacity is a good solution for the city's water loss problems, if that is what is being suggested.

10. Yes, it would be nice if the KWA system could be constructed to firmly determine its cost and time to complete before making a decision about water supply alternatives. However, a decision is needed regarding Flint's participation so that the sizing and design can be completed, before it can be built.

Lamphier, Wendy (Treasury)

From: Sue McCormick <mccormick@dwsd.org>
Sent: Friday, December 21, 2012 12:07 PM
To: Ed Kurtz; Michael Brown
Cc: dillona; DGuastel@tyjt.com
Subject: DWSD Proposals for Water Service to Flint
Attachments: City_of_Flint_Water_Service_Proposalcover letter.pdf; Flint Proposals12.20.2012.docx

Follow Up Flag: Follow up
Flag Status: Flagged

Gentlemen,

Please find attached DWSD's proposals for Water Service to Flint. Two proposals are offerred based on the needs and interests of the City of Flint. Hard copies are in the mail.
There remain some unknowns on the timing of various factors affecting the relationship between Flint and Genessee so while the rate proposals are firm, the illustrations remain subject to negotiations.

We are pleased to advance either proposal through further negotiation to a contract.

Happy Holidays!

Best regards,

Sue

Sue F. McCormick, Director
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Office (313)224-4701
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December 21, 2012

Mr. Ed Kurtz, Emergency Financial Manager
City of Flint
1101 S. Saginaw Street
Flint, Michigan 48502

Dear Mr. Kurtz:

RE: Water Service Proposals to the City of Flint

Thank you for the conversations over the most recent months that have allowed the Detroit Water and Sewerage Department (DWSD) to understand and appreciate the needs and concerns of the City of Flint as you approach your decision regarding the future water supply for the City. I am pleased to offer two (2) alternative proposals for continued service with DWSD.

I hope that our conversations have demonstrated that DWSD is an organization that has been undergoing substantial change since the new Board of Commissioners was seated in April of 2011, and new authority granted them since. We continue to evolve on the path of operational and financial independence, and that movement has positioned us to be more responsive to our customers and demonstrate our ability to be more effective and efficient.

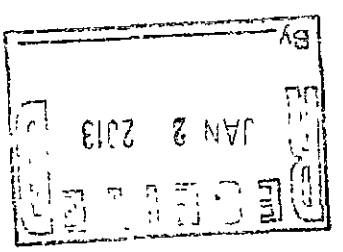
While we acknowledge and appreciate the past, we are positive that our present and future are, and will be decidedly different, and that our customers and customer communities alike have begun to appreciate that over the past year.

Please review the proposals attached. We remain prepared to evolve the proposals based on the City of Flint's specific requirements, and take the City of Flint's requirements to a final contract on a expedited timeline.

Best regards,

Sue F. McCormick
Director

SFM
Cc : State of Michigan, Department of Treasury
Michael Brown, City of Flint
Tucker Young Jackson & Tull
Bart Foster, The Foster Group



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DWSD Water Service to Flint
12/20/2012 Proposal

General Concept: Flint would enter a 30-year contract with service commitments and usage definitions negotiated in the same manner as employed to result in new contracts for other customers. The parties recognize that the contractual service definitions for Flint are "in flux" and that the contract implementation plan and reopener schedule may require a slightly different approach than followed for most negotiations given the potential changes in demand, usage and point of service and associated timing of each.

Standard Approach: Flint will establish service conditions for full contract implementation:

- As a max day customer @ 12 mgd average day and 18 mgd max day
- With delivery of service ("point of commerce") at the existing location at Baxter and Potter roads at the Genesee County line.

DWSD will establish the rate structure for Flint using the existing water rate methodology applied to these service conditions.

Special Considerations:

- Flint will contract initially as a supplier to Genesee County. The initial demands and usage values are subject to negotiation and have not yet been determined. The assumptions in the proposal reflect DWSD assumed adjustments and that the service to Genesee County will end early in the contract period, necessitating a rather volatile projection of demands and reopener opportunities. Though this is assumed for the purpose of illustrating rate change impacts, DWSD does not require that Flint discontinue service to Genesee County.
- Flint may exercise an option to moving the service delivery point from the existing location at Baxter and Potter roads to Imlay City. The new "point of commerce" would have beneficial impacts to Flint's water rate under the existing water rate methodology, by lowering the allocated delivery costs to Flint. In order to move the point of commerce to Imlay, Flint must assume responsibility for the DWSD 72-inch line between Imlay Station and the current delivery point at Baxter/Potter. The proposal reflects a capital lease approach during the term of the agreement.
    - DWSD would reserve the right to serve existing DWSD customers on the 72-inch line. A wheeling charge, payable to Flint, would take into consideration the portion of the line reserved to provide service to existing DWSD customers, the line capacity reserved and the contractual obligations for maintenance and replacement of the line. DWSD would commit to providing emergency response at DWSD's cost on that portion of the line serving other DWSD customers. Though the wheeling charge is negotiable, the provisions to consider in calculating that charge have been agreed upon and the value of that in the proposal is based on those provisions.
- Flint is making investments in its own system to allow it to meet a portion of its demands from its own water plant. This "blending" approach will reduce the contractual demands and service conditions. Contractually the blending must occur prior to the distribution system so as to provide a water of a singular quality under the control and responsibility of Flint.

D2

- Flint, through the use of its treatment plant and other assets, will provide for any required supply or transmission redundancy and will relieve DWSD of further redundancy considerations including studies and evaluations, design and construction of new facilities to provide redundancy to Flint. Proper maintenance, rehabilitation and replacement of DWSD assets as necessary to assure reliable service to the point of connection continue to be a DWSD responsibility.
- The proposal to Flint includes rate recognition of the avoided cost to the DWSD system based on Flint's allocated share of a hypothetical DWSD investment designed to result in redundant service to Flint. In the figures presented in the proposal, this credit reflects a reduction to Flint of approximately 5 percent.

Implementation Challenges:

- Flint's decision regarding its long-term water supplier is likely to occur on or about January 15, 2013. Recognizing the new service arrangement in the FY 2013-14 rates would is challenging with DWSD standard protocol with customer communities requiring formal contract approval by January 18 to achieve this. A "waiver" of this protocol may need to be considered by the DWSD BOWC to provide first year benefits beginning July 1, 2013.

The attached exhibits illustrate potential implementation scenarios under the circumstances outlined below. The figures are consistent with those that have been shared previously. All figures are in FY 2013 unit costs and dollars and do not reflect changes in DWSD revenue requirements, nor in changes in System cost allocations associated with the changing Flint service characteristics, nor with changes in other customer use.

Based on our conversations, two proposals are offerred, separated by the "point of commerce" designation discussed above.

Proposal 1 – Continued Service at Baxter/Potter

- **FY 2014** – First year of new contract with Flint. Rate savings are similar to those experienced by other customers in their first year under the model contract.

- **FY 2015** – Rate structure modified to reflect "redundancy" credit.

- **FY 2016** – No Change.

- **FY 2017** – Service no longer provided to Genesee County. Flint demands reflect ability to achieve status as "max day" customer.

- **FY 2018** – Flint completes investment necessary to begin "blending" arrangement.

Proposal 2 – Switch Point of Commerce to Imlay City Station

- **FY 2014** – First year of new contract with Flint. Rate savings are similar to those experienced by other customers in their first year under the model contract.

- **FY 2015** – Rate structure modified to reflect "redundancy" credit.

- **FY 2016** – Transaction to transfer 72-inch line is completed, and Flint rate structure is changed to reflect new point of commerce at Imlay City. Estimated rate structure assumes that the wheeling arrangement will offset approximately 25% of the lease/purchase price of the line.

- **FY 2017** – Service no longer provided to Genesee County. Flint demands reflect ability to achieve status as "max day" customer.

- **FY 2018** – Flint completes investment necessary to begin "blending" arrangement.

The schedule is for illustrative purposes only. Other schedules and events are possible. This schedule was selected to illustrate the relative impact of each of the various changes.

Summary of DWSD Cost Allocations to Flint Under Various Scenarios (a)
Flint Only

		Revenue Requirement	Rates and Charges: Fixed	Rates and Charges: Commodity	Rates and Charges: *Avg Unit Cost*
1	**Status Quo**	11,534,200	363,315	12.46	*20.03*
2	**Model Contract**	9,851,800	277,932	11 13	*16 83*
3	Change	(1,682,400)	(85,383)	(1.33)	*(3 21)*
4	% Change	-14.6%	-23.5%	-10.7%	*-16 0%*
5	**Max Day Only**	9,510,700	272,923	10.65	*16.24*
6	Change	(341,100)	(5,009)	(0.48)	*(0.58)*
7	% Change	-3.6%	-1.8%	-4.5%	*-3 6%*
8	**Allow Blending**	6,360,300	183,637	10.65	*16 30*
9	Change	(3,150,400)	(89,286)	0.00	*0 05*
10	% Change	-49.5%	-48 6%	0.0%	*0.3%*
11	**Imlay City Connection**	5,612,800	172,081	9.09	*14.38*
12	Change	(747,500)	(11,556)	(1.56)	*(1 92)*
13	% Change	-13 3%	-6.7%	-17.2%	*-13.3%*
14	***Special Non-Redundancy Rate? (b)***	*5,204,800*	*138,081*	*9.09*	*13 34*
15	Change	(408,000)	(34,000)	0.00	*(1 05)*
16	% Change	-7.8%	-24.6%	0.0%	*-7 8%*
17	Cumulative Change	(6,329,400)	(225,234)	(3.37)	*(6 70)*
18	Cumulative % Change	-54.9%	-62.0%	-27.0%	-33 4%

		Assumptions: Avg Day *mgd*	Max Day *mgd*	Peak Hour *mgd*	Distance *miles*	Elevation *feet*	Sales *mgd*
1	**Status Quo**	12.0	21.8	22.8	52 0	866	**12.0**
2	**Model Contract**	12.0	**18.0**	**19.0**	52 0	866	12 0
3	**Max Day Only**	12.0	18.0	**18.0**	52 0	866	12.0
4	**Allow Blending**	8.0	**12.0**	**12.0**	52 0	866	**8.0**
5	**Imlay City Connection**	8.0	12.0	12.0	**45.2**	**804**	8.0
6	***Special Non-Redundancy Rate? (b)***	8.0	12.0	12.0	45 2	804	8 0

(a) Figures in this exhibit are based on application of FY 2012-13 Unit Costs from the existing DWSD Water Rates

(b) Hypothetical - the current DWSD Water Rate Methodology does not provide for such a rate. These figures reflect preliminary analyses that must be vetted prior to becoming a firm commitment.

COMPARISON	KWA FLINT 6.8%	DETROIT PROPOSAL NO. 1 6.8%	NET
FY13	$ 15,422,538.00	$ 14,187,238.00	$ (1,235,300.00)
FY14	$ 15,761,739.00	$ 13,383,537.00	$ (2,378,202.00)
FY15	$ 16,742,490.00	$ 13,680,245.00	$ (3,062,245.00)
FY16	$ 14,888,139.00	$ 14,556,434.00	$ (331,705.00)
FY17	$ 15,274,249.00	$ 14,999,430.00	$ (274,819.00)
FY18	$ 15,679,665.00	$ 14,779,480.00	$ (900,185.00)
FY19	$ 16,105,351.00	$ 15,668,304.00	$ (437,047.00)
FY20	$ 16,552,322.00	$ 16,611,757.00	$ 59,435.00
FY21	$ 17,021,641.00	$ 17,613,267.00	$ 591,626.00
FY22	$ 17,514,426.00	$ 18,676,475.00	$ 1,162,049.00
FY23	$ 18,031,851.00	$ 19,805,257.00	$ 1,773,406.00
FY24	$ 18,575,147.00	$ 21,003,734.00	$ 2,428,587.00
FY25	$ 19,145,607.00	$ 22,276,294.00	$ 3,130,687.00
FY26	$ 19,744,591.00	$ 23,627,603.00	$ 3,883,012.00
FY27	$ 20,373,524.00	$ 25,062,628.00	$ 4,689,104.00
FY28	$ 21,033,903.00	$ 26,568,651.00	$ 5,534,748.00
FY29	$ 21,727,301.00	$ 28,205,296.00	$ 6,477,995.00
FY30	$ 22,455,370.00	$ 29,924,546.00	$ 7,469,176.00
FY31	$ 23,219,841.00	$ 31,750,771.00	$ 8,530,930.00
FY32	$ 24,022,537.00	$ 33,690,746.00	$ 9,668,209.00
FY33	$ 24,865,367.00	$ 35,751,686.00	$ 10,886,319.00
FY34	$ 25,750,338.00	$ 37,941,268.00	$ 12,190,930.00
FY35	$ 26,679,558.00	$ 40,267,665.00	$ 13,588,107.00
FY36	$ 27,655,239.00	$ 42,739,577.00	$ 15,084,338.00
FY37	$ 28,679,705.00	$ 45,366,263.00	$ 16,686,558.00
FY38	$ 29,755,393.00	$ 48,157,585.00	$ 18,402,192.00
FY39	$ 30,884,865.00	$ 51,124,037.00	$ 20,239,172.00
FY40	$ 32,070,812.00	$ 54,276,795.00	$ 22,205,983.00
FY41	$ 26,150,120.00	$ 57,627,757.00	$ 31,477,637.00
FY42	$ 27,457,625.00	$ 61,189,591.00	$ 33,731,966.00
TOTAL	$ 649,241,254.00	$ 890,513,917.00	$ 241,272,663.00

DWSD WATER COSTS 6.8% ANNUAL INCREASE
FY13 NO CHANGE
FY14 MODEL CONTRACT REDUCED COST BY 15%
FY15 RATE REDUCED BY 5% FOR REDUNDANCY
FY16 NO CHANGE
FY17 RATE REDUCED TO REFLECT MAX DAY
FY18 BLENDING IMPLEMENTED
FY19 THEREAFTER NO CHANGE

DETROIT PROPOSAL NO. 1 4.4%	NET
$ 14,187,238.00	$ (1,235,300.00)
$ 13,147,094.00	$ (2,614,645.00)
$ 13,205,845.00	$ (3,536,645.00)
$ 13,804,932.00	$ (1,083,207.00)
$ 14,064,374.00	$ (1,209,875.00)
$ 13,941,277.00	$ (1,738,388.00)
$ 14,593,420.00	$ (1,511,931.00)
$ 15,276,194.00	$ (1,276,128.00)
$ 15,991,044.00	$ (1,030,597.00)
$ 16,739,481.00	$ (774,945.00)
$ 17,523,091.00	$ (508,760.00)
$ 18,343,534.00	$ (231,613.00)
$ 19,202,547.00	$ 56,940.00
$ 20,101,952.00	$ 357,361.00
$ 21,043,656.00	$ 670,132.00
$ 22,029,655.00	$ 995,752.00
$ 23,062,042.00	$ 1,334,741.00
$ 24,143,009.00	$ 1,687,639.00
$ 25,274,849.00	$ 2,055,008.00
$ 26,459,968.00	$ 2,437,431.00
$ 27,700,884.00	$ 2,835,517.00
$ 29,000,234.00	$ 3,249,896.00
$ 30,360,781.00	$ 3,681,223.00
$ 31,785,418.00	$ 4,130,179.00
$ 33,277,178.00	$ 4,597,473.00
$ 34,839,235.00	$ 5,083,842.00
$ 36,474,916.00	$ 5,590,051.00
$ 38,187,705.00	$ 6,116,893.00
$ 39,981,251.00	$ 13,831,131.00
$ 41,859,377.00	$ 14,401,752.00
$ 705,602,181.00	$ 56,360,927.00

COMPARISON MODEL	KWA FLINT 6.8%	DETROIT PROPOSAL NO. 1 6.8%	NET
FY13	$ 13,740,138.00	$ 14,187,238.00	$ 447,100.00
FY14	$ 13,728,944.00	$ 13,383,537.00	$ (345,407.00)
FY15	$ 14,324,137.00	$ 13,680,245.00	$ (643,892.00)
FY16	$ 14,888,139.00	$ 14,556,434.00	$ (331,705.00)
FY17	$ 15,274,249.00	$ 14,999,430.00	$ (274,819.00)
FY18	$ 15,679,665.00	$ 14,779,480.00	$ (900,185.00)
FY19	$ 16,105,351.00	$ 15,668,304.00	$ (437,047.00)
FY20	$ 16,552,322.00	$ 16,611,757.00	$ 59,435.00
FY21	$ 17,021,641.00	$ 17,613,267.00	$ 591,626.00
FY22	$ 17,514,426.00	$ 18,676,475.00	$ 1,162,049.00
FY23	$ 18,031,851.00	$ 19,805,257.00	$ 1,773,406.00
FY24	$ 18,575,147.00	$ 21,003,734.00	$ 2,428,587.00
FY25	$ 19,145,607.00	$ 22,276,294.00	$ 3,130,687.00
FY26	$ 19,744,591.00	$ 23,627,603.00	$ 3,883,012.00
FY27	$ 20,373,524.00	$ 25,062,628.00	$ 4,689,104.00
FY28	$ 21,033,903.00	$ 26,568,651.00	$ 5,534,748.00
FY29	$ 21,727,301.00	$ 28,205,296.00	$ 6,477,995.00
FY30	$ 22,455,370.00	$ 29,924,546.00	$ 7,469,176.00
FY31	$ 23,219,841.00	$ 31,750,771.00	$ 8,530,930.00
FY32	$ 24,022,537.00	$ 33,690,746.00	$ 9,668,209.00
FY33	$ 24,865,367.00	$ 35,751,686.00	$ 10,886,319.00
FY34	$ 25,750,338.00	$ 37,941,268.00	$ 12,190,930.00
FY35	$ 26,679,558.00	$ 40,267,665.00	$ 13,588,107.00
FY36	$ 27,655,239.00	$ 42,739,577.00	$ 15,084,338.00
FY37	$ 28,679,705.00	$ 45,366,263.00	$ 16,686,558.00
FY38	$ 29,755,393.00	$ 48,157,585.00	$ 18,402,192.00
FY39	$ 30,884,865.00	$ 51,124,037.00	$ 20,239,172.00
FY40	$ 32,070,812.00	$ 54,276,795.00	$ 22,205,983.00
FY41	$ 26,150,120.00	$ 57,627,757.00	$ 31,477,637.00
FY42	$ 27,457,625.00	$ 61,189,591.00	$ 33,731,966.00
TOTAL	$ 643,107,706.00	$ 890,513,917.00	$ 247,406,211.00

DWSD WATER COSTS 6.8% ANNUAL INCREASE
FY13 NO CHANGE
FY14 MODEL CONTRACT REDUCED COST BY 15%
FY15 RATE REDUCED BY 5% FOR REDUNDANCY
FY16 NO CHANGE
FY17 RATE REDUCED TO REFLECT MAX DAY
FY18 BLENDING IMPLEMENTED
FY19 THEREAFTER NO CHANGE

DETROIT PROPOSAL NO. 1 4.4%	NET
$ 14,187,238.00	$ 447,100.00
$ 13,147,094.00	$ (581,850.00)
$ 13,205,845.00	$ (1,118,292.00)
$ 13,804,932.00	$ (1,083,207.00)
$ 14,064,374.00	$ (1,209,875.00)
$ 13,941,277.00	$ (1,738,388.00)
$ 14,593,420.00	$ (1,511,931.00)
$ 15,276,194.00	$ (1,276,128.00)
$ 15,991,044.00	$ (1,030,597.00)
$ 16,739,481.00	$ (774,945.00)
$ 17,523,091.00	$ (508,760.00)
$ 18,343,534.00	$ (231,613.00)
$ 19,202,547.00	$ 56,940.00
$ 20,101,952.00	$ 357,361.00
$ 21,043,656.00	$ 670,132.00
$ 22,029,655.00	$ 995,752.00
$ 23,062,042.00	$ 1,334,741.00
$ 24,143,009.00	$ 1,687,639.00
$ 25,274,849.00	$ 2,055,008.00
$ 26,459,968.00	$ 2,437,431.00
$ 27,700,884.00	$ 2,835,517.00
$ 29,000,234.00	$ 3,249,896.00
$ 30,360,781.00	$ 3,681,223.00
$ 31,785,418.00	$ 4,130,179.00
$ 33,277,178.00	$ 4,597,473.00
$ 34,839,235.00	$ 5,083,842.00
$ 36,474,916.00	$ 5,590,051.00
$ 38,187,705.00	$ 6,116,893.00
$ 39 981,251.00	$ 13,831,131.00
$ 41,859,377.00	$ 14,401,752.00
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$ 705,602,181.00	$ 62,494,475.00

DWSD PROPOSAL 1	WTP OPERATING FLINT	DWSD COSTS	TOTAL
FY13	$ 2,725,538.00	$ 11,461,700.00	$ 14,187,238.00
FY14 +6.8%	$ 2,861,814.90	$ 10,521,722.40	$ 13,383,537.30
FY15	$ 3,004,905.65	$ 10,675,339.55	$ 13,680,245.19
FY16	$ 3,155,150.93	$ 11,401,262.64	$ 14,556,413.56
FY17	$ 3,312,908.47	$ 11,686,522.23	$ 14,999,430.70
FY18	$ 6,454,516.00	$ 8,324,964.23	$ 14,779,480.23
FY19	$ 6,777,241.80	$ 8,891,061.80	$ 15,668,303.60
FY20	$ 7,116,103.89	$ 9,495,654.00	$ 16,611,757.89
FY21	$ 7,471,909.08	$ 10,141,358.47	$ 17,613,267.55
FY22	$ 7,845,504.54	$ 10,830,970.85	$ 18,676,475.38
FY23	$ 8,237,779.77	$ 11,567,476.86	$ 19,805,256.63
FY24	$ 8,649,668.75	$ 12,354,065.29	$ 21,003,734.04
FY25	$ 9,082,152.19	$ 13,194,141.73	$ 22,276,293.92
FY26	$ 9,536,259.80	$ 14,091,343.37	$ 23,627,603.17
FY27	$ 10,013,072.79	$ 15,049,554.72	$ 25,062,627.51
FY28	$ 10,513,726.43	$ 16,072,924.44	$ 26,586,650.87
FY29	$ 11,039,412.75	$ 17,165,883.30	$ 28,205,296.05
FY30	$ 11,591,383.39	$ 18,333,163.36	$ 29,924,546.75
FY31	$ 12,170,952.56	$ 19,579,818.47	$ 31,750,771.03
FY32	$ 12,779,500.19	$ 20,911,246.13	$ 33,690,746.31
FY33	$ 13,418,475.20	$ 22,333,210.86	$ 35,751,686.06
FY34	$ 14,089,398.96	$ 23,851,869.20	$ 37,941,268.16
FY35	$ 14,793,868.90	$ 25,473,796.31	$ 40,267,665.21
FY36	$ 15,533,562.35	$ 27,206,014.46	$ 42,739,576.81
FY37	$ 16,310,240.47	$ 29,056,023.44	$ 45,366,263.91
FY38	$ 17,125,752.49	$ 31,031,833.03	$ 48,157,585.52
FY39	$ 17,982,040.12	$ 33,141,997.68	$ 51,124,037.79
FY40	$ 18,881,142.12	$ 35,395,653.52	$ 54,276,795.64
FY41	$ 19,825,199.23	$ 37,802,557.96	$ 57,627,757.19
FY42	$ 20,816,459.19	$ 40,373,131.90	$ 61,189,591.09
TOTAL	$ 323,115,640.90	$ 567,416,262.17	$ 890,531,903.07

DWSD WATER COSTS 6.8% ANNUAL INCREASE
FY13 NO CHANGE
FY14 MODEL CONTRACT REDUCED COST BY 15%
FY15 RATE REDUCED BY 5% FOR REDUNDANCY
FY16 NO CHANGE
FY17 RATE REDUCED TO REFLECT MAX DAY
FY18 BLENDING IMPLEMENTED
FY19 THEREAFTER NO CHANGE

DWSD PROPOSAL 1	WTP OPERATING FLINT	DWSD COSTS	TOTAL
FY13	$ 2,725,538.00	$ 11,461,700.00	$ 14,187,238.00
FY14 +4.4%	$ 2,861,814.90	$ 10,285,279.20	$ 13,147,094.10
FY15	$ 3,004,905.65	$ 10,200,939.91	$ 13,205,845.56
FY16	$ 3,155,150.93	$ 10,649,781.27	$ 13,804,932.19
FY17	$ 3,312,908.47	$ 10,751,465.38	$ 14,064,373.85
FY18	$ 6,454,516.00	$ 7,486,761.41	$ 13,941,277.41
FY19	$ 6,777,241.80	$ 7,816,178.92	$ 14,593,420.72
FY20	$ 7,116,103.89	$ 8,160,090.79	$ 15,276,194.68
FY21	$ 7,471,909.08	$ 8,519,134.78	$ 15,991,043.87
FY22	$ 7,845,504.54	$ 8,893,976.71	$ 16,739,481.25
FY23	$ 8,237,779.77	$ 9,285,311.69	$ 17,523,091.45
FY24	$ 8,649,668.75	$ 9,693,865.40	$ 18,343,534.16
FY25	$ 9,082,152.19	$ 10,120,395.48	$ 19,202,547.67
FY26	$ 9,536,259.80	$ 10,565,692.88	$ 20,101,952.68
FY27	$ 10,013,072.79	$ 11,030,583.37	$ 21,043,656.16
FY28	$ 10,513,726.43	$ 11,515,929.04	$ 22,029,655.47
FY29	$ 11,039,412.75	$ 12,022,629.91	$ 23,062,042.67
FY30	$ 11,591,383.39	$ 12,551,625.63	$ 24,143,009.02
FY31	$ 12,170,952.56	$ 13,103,897.16	$ 25,274,849.72
FY32	$ 12,779,500.19	$ 13,680,468.63	$ 26,459,968.82
FY33	$ 13,418,475.20	$ 14,282,409.25	$ 27,700,884.45
FY34	$ 14,089,398.96	$ 14,910,835.26	$ 29,000,234.22
FY35	$ 14,793,868.90	$ 15,566,912.01	$ 30,360,780.92
FY36	$ 15,533,562.35	$ 16,251,856.14	$ 31,785,418.49
FY37	$ 16,310,240.47	$ 16,966,937.81	$ 33,277,178.28
FY38	$ 17,125,752.49	$ 17,713,483.07	$ 34,839,235.56
FY39	$ 17,982,040.12	$ 18,492,876.33	$ 36,474,916.44
FY40	$ 18,881,142.12	$ 19,306,562.89	$ 38,187,705.01
FY41	$ 19,825,199.23	$ 20,156,051.65	$ 39,981,250.88
FY42	$ 20,816,459.19	$ 21,042,917.93	$ 41,859,377.11
TOTAL	$ 323,115,640.90	$ 382,486,549.90	$ 705,602,190.80

DWSD WATER COSTS 4,4% ANNUAL INCREASE
FY13 NO CHANGE
FY14 MODEL CONTRACT REDUCED COST BY 15%
FY15 RATE REDUCED BY 5% FOR REDUNDANCY
FY16 NO CHANGE
FY17 RATE REDUCED TO REFLECT MAX DAY
FY18 BLENDING IMPLEMENTED
FY19 THEREAFTER NO CHANGE

Representative Genesee County Water and Wastewater Projects

Project	Description	All Engineering Fees	Engineer's Estimate	Bid Price	Final Construction Cost	Engineering & Contingency %
Fox Pump Station	30 mgd wastewater pump station & forcemain	$1,829,259		$12,394,273	$12,074,223	
		15.2%				
NEES Project	60" Relief Sewer - included tunneled sections		$54,707,212	$55,985,672	$69,999,429	
					28.0%	
North Water Loop	23 miles 36" and 48" transmission main, pump station, & 20 MG Reservoir	$4,102,610	$29,200,000	$23,570,110	$25,798,529	2.4%
		15.9%			-11.6%	
Henderson Road PS	32 MGD Water Pump Station & Two-10 MG Tanks		$12,046,368	$12,846,077	$13,517,582	
					12.2%	
Pump Station #1	80 MGD wastewater pump station	$1,735,063	$10,269,000	$8,225,400	$8,292,277	-2.4%
		20.9%			-19.2%	

Notes:

Engineering Fees include all planning, soils investigation, design, construction inspection & testing, and construction management costs

Engineering Fees % is based on final construction cost

Engineering and Contengency % is based on engineering fees + amount final construction cost exceeds estimate

Final Construction Cost % is based on difference between final construction cost and engineer's estimate

NEES Project Contractor went out of business during project - increasing cost to finish project

Projects constructed within last ten years

Summary of DWSD Cost Allocations to Flint Under Various Scenarios

Potential Implementation Plan for New Contract - PRELIMINARY

PROPOSAL 1 - Continued Service @ Baxter/Potter

		Current Status *FY 2013*	New Contract *FY 2014*	Year 2 *FY 2015 Redundancy*	Year 3 *FY 2016 No Change*	Year 4 *FY 2017 Flint Max Day Gen Co Walks*	Full Cct Implemented *FY 2018 Flint Blends*
	Customer Usage						
1	Average Day - mgd	26.1	23.3	23 3	23 3	**12.0**	**8.0**
2	Flint	13.4	12 0	12 0	12 0	**12.0**	**8.0**
3	Genesee County	12.7	11.3	11.3	11.3	**0.0**	0.0
4	Max Day - mgd	47.7	**40.6**	40 6	40.6	**18.0**	**12.0**
5	Flint	21.8	**18.0**	12 0	12.0	**18.0**	**12.0**
6	Genesee County	25.9	**22.6**	28 6	28.6	**0.0**	0 0
7	Peak Hour - mgd	49.8	**42.4**	42.4	42 4	**18.0**	**12.0**
8	Flint	22.8	**18.0**	18.0	18 0	**18.0**	**12.0**
9	Genesee County	27 0	**24.4**	24 4	24.4	**0.0**	0 0
10	Point of Commerce	Baxter/Potter	Baxter/Potter	Baxter/Potter	Baxter/Potter	Baxter/Potter	Baxter/Potter
	Rate Considerations						
11	Redundancy Credit	No	No	Yes	Yes	Yes	Yes
12	Line Purchase	No	No	No	No	No	No
13	Wheeling Agreement	No	No	No	No	No	No
	Rates / Charges / Revenue						
14	Fixed Monthly Charge - $/mo	707,000	606,566	582,966	582,966	249,323	160,037
15	Commodity Charge - $/Mcf	12.46	12.09	12 09	12.09	10.64	10.66
16	*Average Unit Cost - $/Mcf*	*19 12*	*18.48*	*18.24*	*18.24*	*15 75*	*15.59*
17	**Annual Billed Rev** - *$millions*	**24.37**	**21.05**	**20.77**	**20.77**	**9.23**	**6.08**
18	**Flint**	**12.53**	**10.82**	**10.67**	**10.67**	**9.23**	**6.08**
19	**Genesee County**	**11.84**	**10.23**	**10.09**	**10.09**	**0.00**	**0.00**
20	**Relative Chg from SQ** - *$mill*		(3.32)	(3 60)	(3 60)	(15.14)	(18.29)
21	**Flint**		(1.71)	(1 85)	(1 85)	(3.30)	(6 45)
22	**Genesee County**		(1 61)	(1.75)	(1 75)	(11 84)	(11.84)
23	**Relative Chg from SQ** - *%*		-13.6%	-14 8%	-14.8%	-62.1%	-75.1%
24	**Flint**		-13.6%	-14.8%	-14.8%	-26.3%	-51.5%
25	**Genesee County**		-13.6%	-14 8%	-14.8%	-100.0%	-100.0%

19.12 + 1.068 x .85 = 17.35

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Thursday, December 27, 2012 9:20 AM
To: Dempkowski, Angela (Treasury)
Subject: Re: TYJ & T KWA Report

Thanks!

Sent from my iPhone

On Dec 27, 2012, at 9:18 AM, "Dempkowski, Angela (Treasury)" <DempkowskiA@michigan.gov> wrote:

> ekurtz@cityofflint.com - Ed: this is Ed Kurtz correct email address. Please make a note of it.
>
> Angela Dempkowski
> Senior Executive Management Assistant
> Michigan Department of Treasury
> dempkowskia@michigan.gov
> (517) 373-4415
>
>
> -----Original Message-----
> From: Ed Kurtz [mailto:Ed.Kurtz@baker.edu]
> Sent: Monday, December 17, 2012 11:18 AM
> To: Dempkowski, Angela (Treasury)
> Subject: Re: TYJ & T KWA Report
>
> Angela, we can attend the meeting. I did leave you a voice mial this
> morning, indicating I would like to talk to Roger about the purpose
> of the meeting and who I should invite to attend from our end. In the
> future, can you send emails to my Flint account at
> ekurtz@cityofflint.com. Thanks, Ed Edward J. Kurtz,Chair Baker
> College System
> 1050 W. Bristol Rd.
> Flint, MI 48507
> 810-766-4224
>
>
> ---- Original message ----
>> Date: Wed, 12 Dec 2012 13:22:28 -0500
>> From: "Dempkowski, Angela (Treasury)"
> <DempkowskiA@michigan.gov>
>> Subject: TYJ & T KWA Report
>> To: "ed.kurtz@baker.edu" <ed.kurtz@baker.edu>
>>
>> Mr. Kurtz: The meeting to discuss the above subject with the
>> Michigan Department of Treasury is scheduled for Friday, December
>> 21, 2012 at 11 am at the Richard H. Austin Building, 430 W. Allegan,
>> Lansing. The meeting will be held in the Treasury Board Room.

>> Please check in at the security desk upon your arrival. Also,
>> please pass along this information to Jerry Ambrose and Mike Brown.
>> Please confirm. Thank you.
>>
>>
>>
>> Angela Dempkowski | Senior
>> Executive Management
>> Assistant/Treasury
>>
>> State of Michigan | 430
>> W. Allegan Street, 1st
>> cid:image001.gif@01CC89B6.2075B560 Floor | Lansing, MI 48922
>>
>> (517) 373-4415 | (517)
>> 373-0633 (fax)
>>
>> dempkowskia@michigan.gov
>>
>>
>>
>>
>>
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>>
>>
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>> intended recipient, please contact the sender by
>> reply e-mail, and delete/destroy all copies of the
>> original message and attachments.
>> Thank you.
>>
>>

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, December 27, 2012 2:59 PM
To: Koryzno, Edward (Treasury)
Subject: RE: Follow-up to Flint Water Assessment Meeting

Done!

From: Koryzno, Edward (Treasury)
Sent: Thursday, December 27, 2012 2:58 PM
To: Cline, Richard (Treasury)
Subject: RE: Follow-up to Flint Water Assessment Meeting

Yes.

From: Cline, Richard (Treasury)
Sent: Thursday, December 27, 2012 2:56 PM
To: Koryzno, Edward (Treasury)
Subject: RE: Follow-up to Flint Water Assessment Meeting

I don't think it was intended to include them. My understanding was it was to be between Flint and Treasury to discuss and evaluate the options. I thought Flint was going to get answers from the County on specific questions and this was, partially, to follow-up on those answers.

I could prep them and we could conference call them in if necessary.

Would you like me to proceed without them?

From: Koryzno, Edward (Treasury)
Sent: Thursday, December 27, 2012 2:46 PM
To: Cline, Richard (Treasury)
Subject: RE: Follow-up to Flint Water Assessment Meeting

I don't recall if there was an expectation to invite TYJ&T to the next meeting. Do you remember?

From: Cline, Richard (Treasury)
Sent: Thursday, December 27, 2012 2:43 PM
To: Koryzno, Edward (Treasury)
Subject: RE: Follow-up to Flint Water Assessment Meeting

Yes. I will work with Angela to set-up the meeting.

Here is my list to invite. Anyone else we need to include?

Attendees:
Andy Dillon
Roger Fraser
Ed Koryzno
Brom Stibitz

Randall Byrne
Eric Cline
Ed Kurtz, City of Flint
Jerry Ambrose, City of Flint
Mike Brown, City of Flint

From: Koryzno, Edward (Treasury)
Sent: Friday, December 21, 2012 5:11 PM
To: Cline, Richard (Treasury)
Subject: FW: Follow-up to Flint Water Assessment Meeting

Is this sufficient direction for you to proceed?

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Fraser, Roger (Treasury)
Sent: Friday, December 21, 2012 4:53 PM
To: Koryzno, Edward (Treasury)
Cc: Cline, Richard (Treasury)
Subject: RE: Follow-up to Flint Water Assessment Meeting

Andy needs to be in the meeting. I anticipate a few more questions from him. Your office can make the arrangements. Unless Andy wants one, or if there is something from KWA that we can't figure out, then simply submitting the final report should be enough.

From: Koryzno, Edward (Treasury)
Sent: Friday, December 21, 2012 4:42 PM
To: Fraser, Roger (Treasury)
Cc: Cline, Richard (Treasury)
Subject: FW: Follow-up to Flint Water Assessment Meeting

Looking for your direction on the two items below from Eric.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Cline, Richard (Treasury)
Sent: Friday, December 21, 2012 3:19 PM
To: Koryzno, Edward (Treasury)
Cc: Byrne, Randall (TREASURY)
Subject: FW: Follow-up to Flint Water Assessment Meeting

Ed,

Regarding today's meeting on the Flint project:

- I think we finally agreed on a January 10 meeting with the group from Flint. Who do you want to organize this?
- The final report from TYJT is due January 15. Are we going to want a final presentation from them or do we just accept the report?

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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-----Original Message-----
From: David Guastella [mailto:DGuastel@tyjt.com]
Sent: Wednesday, December 05, 2012 12:11 PM
To: Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: RE: R. Eric Cline

Eric

I will be copying you on the email communications as needed now that I know you're the PM. Please let me know if you would like to meet so that I can fill you in on the status of things.

Regarding, information from Flint, it has been challenging to get all the information we have requested. I don't yet know the impact on the schedule, but I will keep you updated.

Please email or call me (313-402-0354) if you have any questions.

Dave

From: Koryzno, Edward (Treasury) [KoryznoE@michigan.gov]
Sent: Tuesday, December 04, 2012 1:16 PM
To: David Guastella
Subject: FW: R. Eric Cline

Dave

Below is Eric's contact information:

Ph: 517-373-2078

Cliner1@michigan.gov<mailto:Cliner1@michigan.gov>

[cid:image001.jpg@01CDD221.A329ED00]

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov<mailto:KoryznoE@michigan.gov>

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Thank you

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, December 27, 2012 4:35 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (TREASURY)
Subject: FW: Flint Supply Assessment 12-21-12
Attachments: 12-21-12 Flint Water Supply Assessment.pdf; Flint Supply Cost Comparison 12-21-12.xlsx

Importance: High

Received from TYJT.

-----Original Message-----
From: David Guastella [mailto:DGuastel@tyjt.com]
Sent: Saturday, December 22, 2012 9:21 AM
To: gambrose@cityofflint.com
Cc: Fraser, Roger (Treasury); Cline, Richard (Treasury); ekurtz@cityofflint.com; George Karmo; Awni Qaqish
Subject: Flint Supply Assessment 12-21-12

Jerry

Per our discussion yesterday, please find attached our presentation information.

Dave

STATE OF MICHIGAN
Department of Treasury

Indefinite-scope, Indefinite-delivery Contract No. 00383

City of Flint Water Supply Assessment
PRELIMINARY FINDINGS

Tucker, Young, Jackson, Tull, Inc.

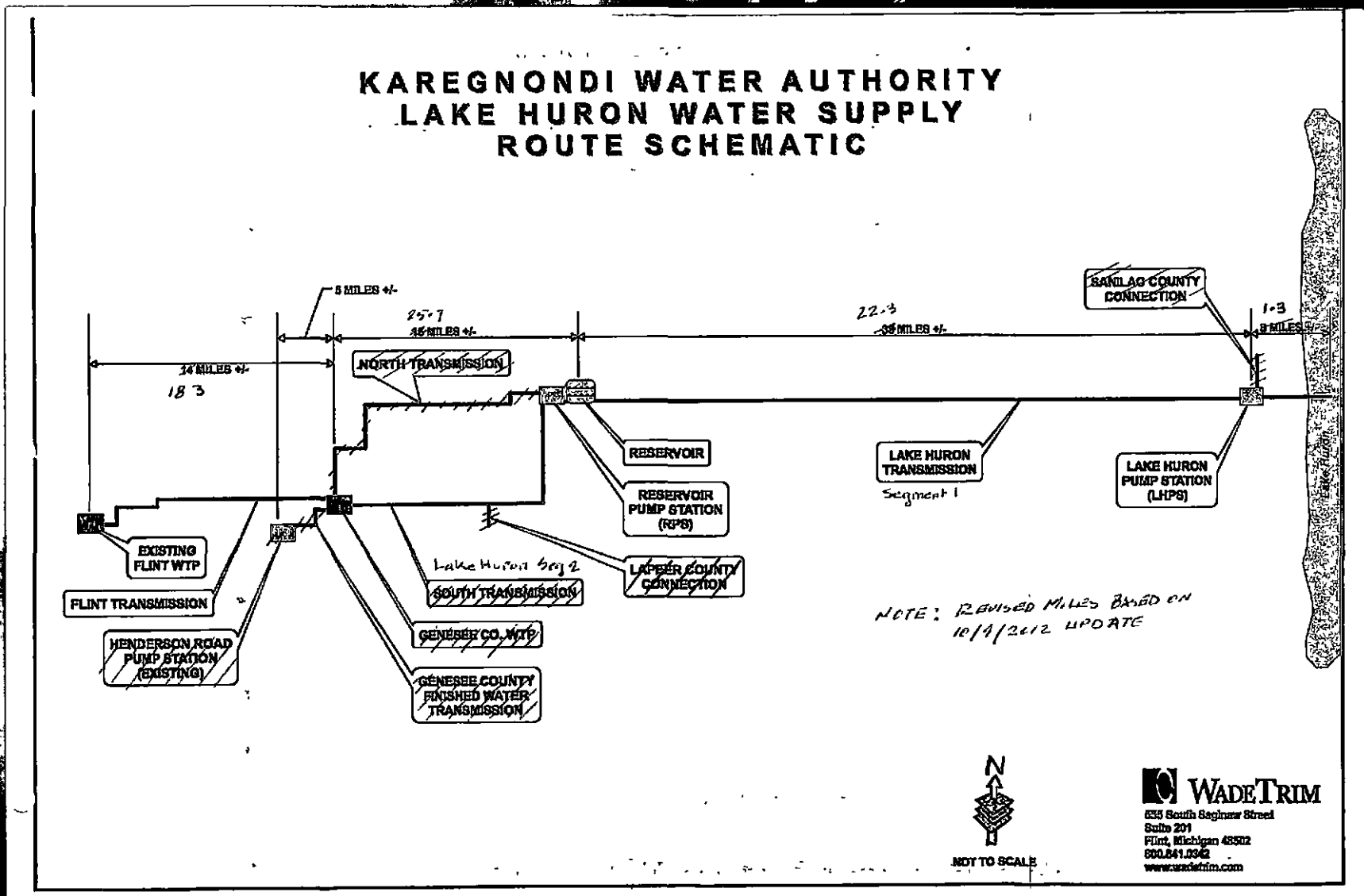
December 21, 2012

Presentation Outline

- Flint Water Supply Options
- Data Collection
- Basis of Analysis
- Operation & Maintenance
- Financial Evaluation
- Other Considerations

Flint Water Supply Options

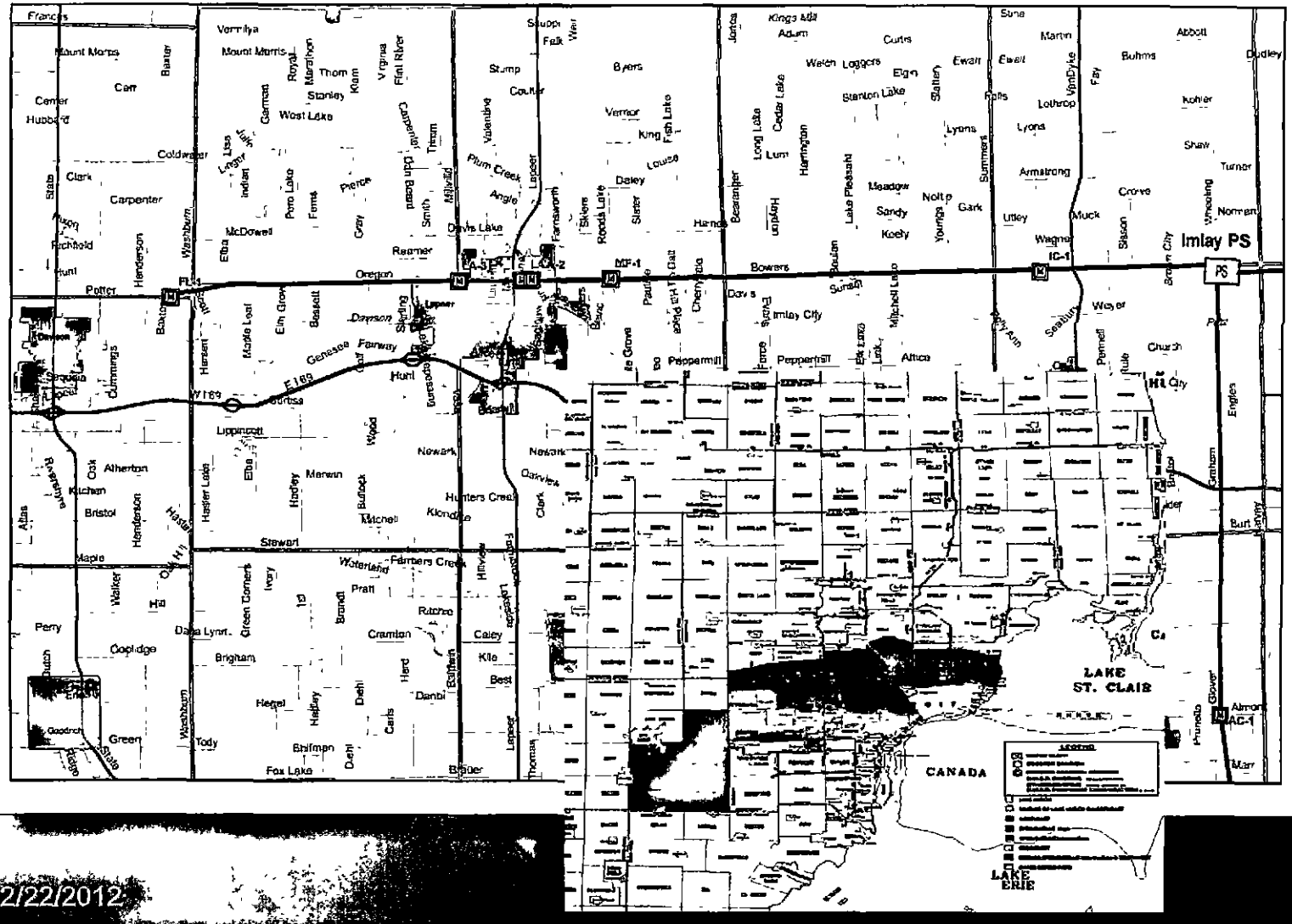
KWA Supply


KAREGNONDI WATER AUTHORITY
LAKE HURON WATER SUPPLY
ROUTE SCHEMATIC
5 MILES +/-
25.7
15 MILES +/-
22.3
35 MILES +/-
1.3
3 MILES +/-
14 MILES +/-
18.3
SANILAC COUNTY CONNECTION
NORTH TRANSMISSION
RESERVOIR
RESERVOIR PUMP STATION (RPS)
LAKE HURON TRANSMISSION
Segment 1
LAKE HURON PUMP STATION (LHPS)
EXISTING FLINT WTP
FLINT TRANSMISSION
HENDERSON ROAD PUMP STATION (EXISTING)
Lake Huron Segment 2
SOUTH TRANSMISSION
LAPEER COUNTY CONNECTION
GENESEE CO. WTP
GENESEE COUNTY FINISHED WATER TRANSMISSION
NOTE: REVISED MILES BASED ON 10/4/2012 UPDATE
N
NOT TO SCALE
WADE TRIM
635 South Saginaw Street
Suite 201
Flint, Michigan 48502
810.341.0342
www.wadetrim.com

KWA Supply

- 60 MGD Raw Water Transmission System
- Flint WTP Treatment Capacity:
  - 18 MGD Maximum Day
  - 12 MGD Average Day

DWSD Supply



DWSD Supply

- Multiple Supply Options Offered
- Supply for current Master Meter at Potter and Baxter
  - 18 MGD Maximum Day Customer
  - 12 MGD Maximum Day Customer/ Flint WTP Capacity: 6 MGD Maximum Day, 4 MGD Average Day (Blending)
  - 8 MGD Maximum Day Customer/ Flint WTP Capacity: 10 MGD Maximum Day, 4 MGD Average Day (Blending)

DWSD Supply

- Supply from Master Meter at Imlay Station
  - 12 MGD Maximum Day Customer/ Flint WTP Capacity: 6 MGD Maximum Day, 4 MGD Average Day (Blending)
  - 8 MGD Maximum Day Customer/ Flint WTP Capacity: 10 MGD Maximum Day, 4 MGD Average Day (Blending)

DWSD Supply Options

2013 – Model Contract

Description	Average Day Demand	TYJT Estimate
18 MGD Maximum Day Customer - P&B	12 MGD	$16.37/MCF
12 MGD Maximum Day Customer – P&B	8 MGD	$16.31/MCF
8 MGD Maximum Day Customer – P&B	8 MGD	$12.68/MCF
12 MGD Maximum Day Customer - Imlay	12 MGD	$14.38/MCF
8 MGD Maximum Day Customer - Imlay	12 MGD	$11.11/MCF

Flint River Supply

- Flint Upgrades Existing WTP
- Supply from Flint River
- Infrastructure Improvements Required for the Dams and WTP

Data Collection

Data Collected

- Meetings
  - DWSD November 19, 2012
  - Flint/KWA November 20, 2012
  - Minutes/information requests provided

Data Collected

- KWA/Flint
  - Lake Huron Water Supply Karegnondi Water Authority (KWA) 9/09
  - Analysis of the Flint River as a Permanent Water Supply for the City of Flint 7/11
  - Cost Comparison, KWA vs. DWSD Letter to Mr. Kurtz, 10/31/12
  - Lake Huron Supply KWA, Appendix 20 Update 10/4/12
  - KWA Articles of Incorporation
  - KWA Bylaws
  - KWA Raw Water Supply Contract
  - Flint WTP Statement of Revenues and Expenditures 09′ – 12′
  - GCDC Division of Water and Waste Services Financial Statements 03′ – 11′
  - Assorted emails with further clarification of questions and documentation

Data Collected

- DWSD
  - Historical Rates and Charges to Flint 04′ – 13′
  - Historical Rates and Charges to Flint with Hypothetical Model Contract 10′ – 13′
  - 2013 Rates and Charges for the following options:
    - 18 MGD Maximum Day Customer at Potter & Baxter
    - 12 MGD Maximum Day Customer at Potter & Baxter (Flint Blending*)
    - 8 MGD Maximum Day Customer at Potter & Baxter (Flint Blending*)
    - 12 MGD Maximum Day Customer at Imlay (Flint Blending*)
    - 8 MGD Maximum Day Customer at Imlay (Flint Blending*)

    *Flint Blending based on DWSD supplying 2/3 and Flint 1/3 of 12 MGD ADD
  - Assorted emails with further clarification of questions and documentation

Basis of Analysis

Benchmarking Comparisons

- KWA O&M Inflation Factor
  - Southeastern Oakland County Water Authority (SOCWA)
  - Ypsilanti Community Utility Authority (YUCA)
- DWSD and Flint WTP Rate Inflation Factor
  - Lansing
  - Grand Rapids
  - Saginaw

Capital Financing

- Revenue Bonds
  - Checked Rating Agencies
  - Identification of Bondholder Requirements

Cost of Construction

- KWA October 2012 Preliminary Engineering Report
- Construction Contractors
- Comparison of KWA Estimate with Other Projects
  - Pumping Stations
  - Transmission Mains
  - Engineering Fee

Operations & Maintenance

Analysis Process – O&M Inflation KWA

- KWA Evaluation: 5% Annually
- GCDC: 10.5%
- SOCWA: -- %
- YUCA: 0.73%
- Annual Inflation Factor Used for KWA: 5%

Analysis Process – Finished Water Rate Inflation DWSD

- DWSD – From Potter/Baxter: 4.4%
  - From Imlay (hypothetical): 2.9%
- Lansing: 4.63% 2005-2012
- Grand Rapids: 1.57% 2004-2011
- Saginaw: 6.96% 2004-2011

- Annual Rate Inflation Factor Used for DWSD at Potter/Baxter or Imlay: 4.4%

Analysis Process – O&M Inflation Flint WTP

- Analyzed Major O&M Costs
  - Labor
  - Power
  - Chemicals
  - Residuals
- Evaluated Power, Chemicals, Residuals, Others
  - Actual Flint WTP O&M
  - Flint River Report 7/11
  - KWA Report 2/09
- Labor Increased by 67% per Flint WTP
- Annual Inflation Rate Used: 4.51%

Financial Evaluation

Capital Financing with Revenue Bonds

- 25 year term with level debt service
- 5% Interest Rate
- 3 Years Capitalized Interest
- 10% Reserve for Bondholders
- 3% Interest on Reserve
- S&P Rating A Without Insurance
- Bond Issuance Costs
  - KWA 2.25% of Principal Borrowed
  - Flint 3.0% of Principal Borrowed

KWA Construction

- Project Elements
  - Intake & Crib
  - Two Pumping Stations
  - Transmission system
    - 48 Miles of 60-inch
    - 18.3 Miles of 36-inch

KWA Construction

- Intake and Crib
  - October 2012 KWA Estimate: $22,076,850
  - Engr./Legal/Admin/Contingency @ 25%: $5,519,213 (Design 90% complete)
  - Property: $2,300,000
  - Total Cost: $29,896,063

KWA Construction

Pumping Stations

Description		KWA Estimate		TYJT Estimate
Pumping Stations		$ 24,618,080		$ 54,573,314
Land for IPS & Reservoirs		--		75,000
Subtotal		$ 24,618,080		$ 54,648,314
Engineering, Legal, Admin. & Contingency	25%	6,154,520	30%	16,394,494
Pumping Stations Subtotal		$ 30,772,600		$ 71,046,808

KWA Construction

Transmission Mains

Description	KWA Estimate		TYJT Estimate	
Transmission Mains		$ 166,202,316		$ 167,419,530
Engineering Legal, Admin & Contingency for construction	25%	41,550,579	30%	50,225,859
Subtotal		$ 207,752,895		$ 217,645,389
Easements				1,166,170
Transmission Subtotal		**$ 207,752,895**		**$ 218,811,559**

KWA Construction

Engineering

Description	KWA Estimate	TYJT Estimate
Design Engineering/PS and Transmission		$ 16,939,581
Construction Management @5% of Project Cost Estimate of $217,645,389		14,434,609
Administration		349,440
Legal/Easement/Contract Documents		831,000
Engineering Subtotal		**$ 32,554,63**

KWA Construction
Cost Comparison

Description	KWA Estimate	TYJT Estimate
Intake/Crib	$ 27,596,063	$ 27,596,063
Pump Stations	$ 30,772,600	$ 71,042,808
Transmission Mains	$ 207,752,895	$ 217,645,389
Power	$ 4,000,000	$ 4,000,000
Redundant Power for PS		$ 1,273,200
Land for LHPS	$ 2,300,000	$ 2,300,000
Design Engineering/PS and Transmission		$ 16,939,581
Construction Management		$ 14,434,410
Administration		$ 349,440
Legal/Easement/Contract Documents		$ 831,000
Easements		$ 1,166,170
Total	**$ 272,421,558**	**$ 357,578,060**
Flint Share @30%	**$81,726,467**	**$107,273,418**

Findings

Other Considerations

Other Considerations - Redundancy / Reliability

- Unfunded mandates/future regulations are more difficult to fund for smaller systems
- Separating the water systems appears to run counter to the Treasury's efforts of consolidating services (EVIP)
- The KWA and DWSD option offer nearly the same redundancy

Other Considerations - Cost

- Over the 25-year Planning Period:
  - DWSD 8 MGD supply option is less cost than the KWA supply per their analysis
  - Four DWSD options are less cost per TYJT's evaluation of the KWA cost analysis (8 MGD & 12 MGD Customer from Imlay and P&B)
- Cost analysis does not include future capital needs such as mechanical and process improvements within the period of analysis
- KWA cost estimate does not appear to include cost of redundant connections between Flint & Genesee WTPs as indicated in Flint River study
- KWA cost estimate does not appear to include IPS land and easement costs for system

Other Considerations - Cost

- KWA cost estimate does not appear to include engineering design cost and other management and administrative costs
- The emergency back up to the KWA supply requires the Flint WTP to maintain two separate treatment trains (further evaluation required to see if there are any water chemistry issues during conversions)
- Flint has indicated that they have a high water loss – this should be addressed first before sizing the KWA system for Flint's needs

Other Considerations - Cost

- The design of the KWA supply and the construction of the system has not been completed; final costs and time to complete are unknown – both can negatively impact Flint's final cost
- There is a high negative impact if the project is not completed within the three year period – payment on the bonds will be due, but revenue source is unknown

Other Considerations - Flint's Autonomy

- Flint and Genesee County are not represented on the DWSD Board of Water Commissioners
- The KWA will supply only Flint and GCDC, however Flint will have a minority vote on the KWA Board and Genesee County will have a majority vote (Board includes members not buying water to have voting authority)
- Under the DWSD option supplying Flint from Imlay will require an agreement with Flint and other DWSD customers off of the 72-inch main (Imlay, Mayfield, Lapeer)

Flint WTP: 18 MGD Max

Capacity

Flint ADD:	12.00	MGD	1,604	MCF/Day
DWSD ADD:	0	MGD	-	MCF/Day

Annual Volume

Flint:	585,561	MCF
DWSD:	-	MCF

2013 Cost of Supply

Flint WTP O&M:	$ 13.46	/MCF	$ 7,881,320	/Yr	
DWSD:	$ -	/MCF	$ -	/Yr	

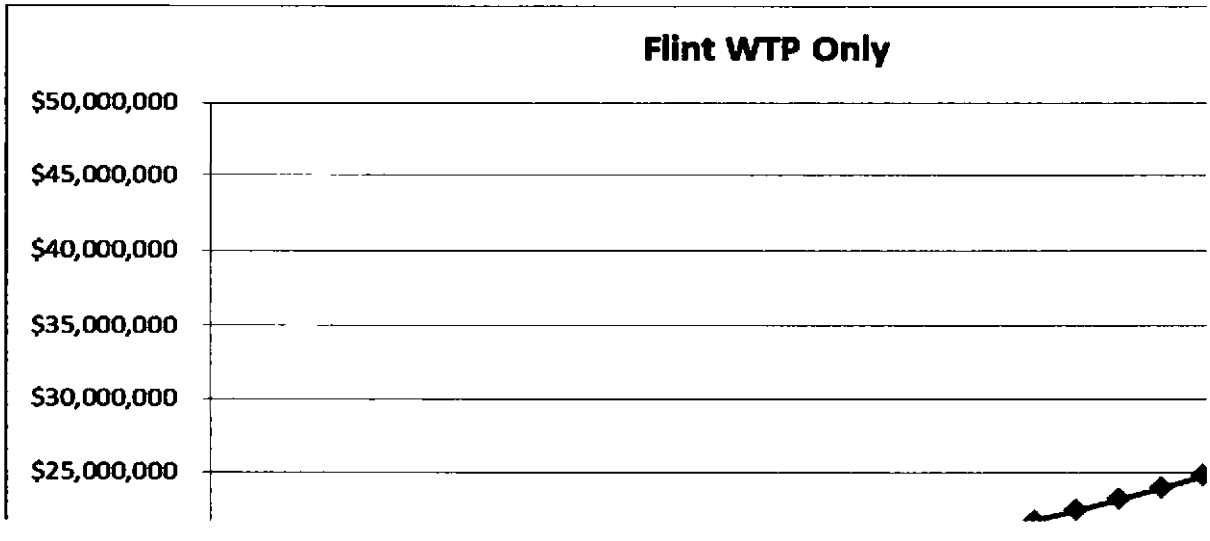
Escalation/Inflation Rate

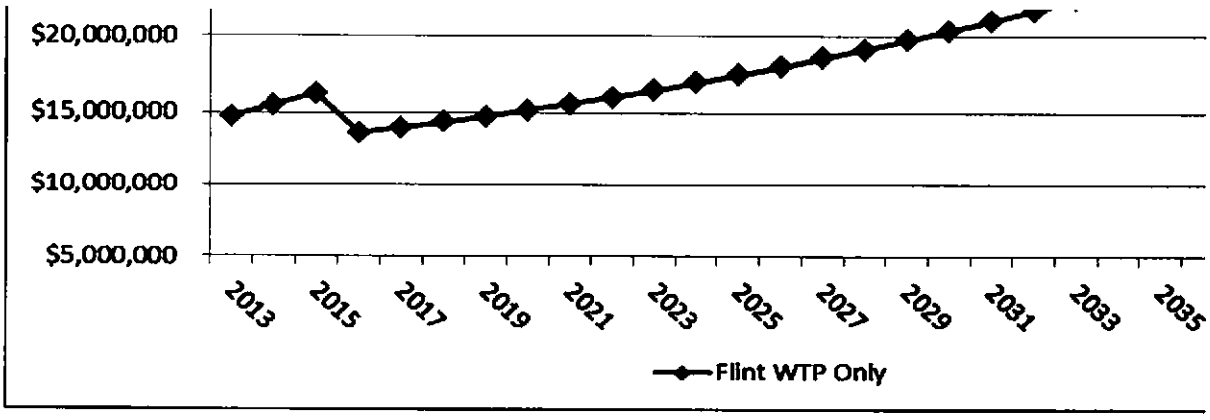
Flint:	4.51%	/Yr
DWSD:	0.0%	/Yr

Capital Expenditure

Capital:	$ 61,458,000			
Bond Issuance (2.25% of Total):	1,900,000	Check:	2.25%	
3 Years of Capitalized Interest:	12,750,000	Check:	5.0%	/Yr (Bond Inter
Reserve (10% of Total):	8,500,000	Check:	10.0%	
Total:	$ 84,608,000			

Revenue Bond Rate:	5%
Number of Years:	25
Annual Cost:	$6,003,146
Interest on Reserve:	3%

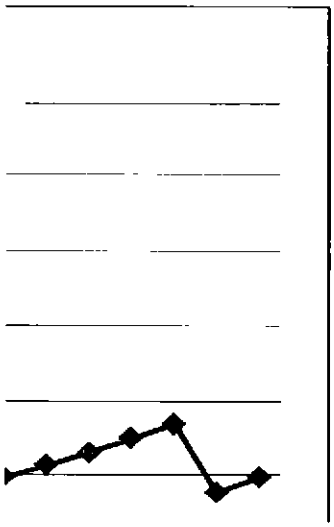



$20,000,000
$15,000,000
$10,000,000
$5,000,000
2013
2015
2017
2019
2021
2023
2025
2027
2029
2031
2033
2035
Flint WTP Only

timum Day /12 MGD Average Day

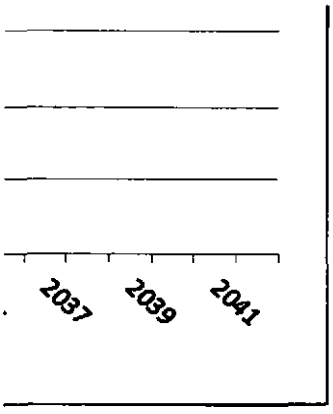
	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	*$ 3,538,214*	*11,461,700*		255,000	**$ 14,744,914**
2	2014	*$ 3,697,788*	*12,034,785*		255,000	**$ 15,477,573**
3	2015	*$ 3,864,558*	*12,636,524*		255,000	**$ 16,246,082**
4	2016	$ 7,881,320		$6,003,146	255,000	**$ 13,629,465**
5	2017	$ 8,236,767		$6,003,146	255,000	**$ 13,984,913**
6	2018	$ 8,608,246		$6,003,146	255,000	**$ 14,356,391**
7	2019	$ 8,996,478		$6,003,146	255,000	**$ 14,744,623**
8	2020	$ 9,402,219		$6,003,146	255,000	**$ 15,150,364**
9	2021	$ 9,826,259		$6,003,146	255,000	**$ 15,574,404**
10	2022	$ 10,269,423		$6,003,146	255,000	**$ 16,017,568**
11	2023	$ 10,732,574		$6,003,146	255,000	**$ 16,480,719**
12	2024	$ 11,216,613		$6,003,146	255,000	**$ 16,964,759**
13	2025	$ 11,722,482		$6,003,146	255,000	**$ 17,470,628**
14	2026	$ 12,251,166		$6,003,146	255,000	**$ 17,999,312**
15	2027	$ 12,803,694		$6,003,146	255,000	**$ 18,551,839**
16	2028	$ 13,381,140		$6,003,146	255,000	**$ 19,129,286**
17	2029	$ 13,984,630		$6,003,146	255,000	**$ 19,732,775**
18	2030	$ 14,615,337		$6,003,146	255,000	**$ 20,363,482**
19	2031	$ 15,274,488		$6,003,146	255,000	**$ 21,022,634**
20	2032	$ 15,963,368		$6,003,146	255,000	**$ 21,711,513**
21	2033	$ 16,683,316		$6,003,146	255,000	**$ 22,431,461**
22	2034	$ 17,435,733		$6,003,146	255,000	**$ 23,183,879**
23	2035	$ 18,222,085		$6,003,146	255,000	**$ 23,970,230**
24	2036	$ 19,043,901		$6,003,146	255,000	**$ 24,792,046**
25	2037	$ 19,902,781		$6,003,146	255,000	**$ 25,650,926**
	2038	$ 20,800,396		$6,003,146	255,000	**$ 26,548,542**
	2039	$ 21,738,494		$6,003,146	255,000	**$ 27,486,639**
	2040	$ 22,718,900		$6,003,146	255,000	**$ 28,467,046**
	2041	$ 23,743,522				**$ 23,743,522**
	2042	$ 24,814,355				**$ 24,814,355**

est on Total)



25 Yrs Cummulative	
$	459,381,789

30 Yrs Cummulative	
$	590,441,893


2037
2039
2041

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Friday, December 28, 2012 8:41 AM
To: R. Eric Cline (cliner1@michigan.gov)
Cc: byrneR1@michigan.gov
Subject: FW: DWSD Proposal for Flint

Eric, Please contact Dave Guestella and determine if they included DWSD's items in their analysis. If not, we need to know what impact they would have. Ed

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From: Stibitz, Brom (Treasury)
Sent: Friday, December 28, 2012 8:38 AM
To: Koryzno, Edward (Treasury); Fraser, Roger (Treasury)
Cc: Dillon, Andy (Treasury)
Subject: RE: DWSD Proposal for Flint

Can you guys please touch base with the City and Tucker to make sure that their analysis takes into account the details from DWSD?

-----Original Message-----
From: Koryzno, Edward (Treasury)
Sent: Thursday, December 27, 2012 4:28 PM
To: Stibitz, Brom (Treasury); Fraser, Roger (Treasury)
Cc: Dillon, Andy (Treasury)
Subject: RE: DWSD Proposal for Flint

Below is Eric's initial observations of the preliminary TYJ&T report and what DWSD' current offer:

I have compared the written proposal received from DWSD to the Charts and PowerPoint provided by TYJT. As the DWSD proposal is written and contains more detail than the graphic summary provided by TYJT, it is difficult to completely determine if all points are covered in both presentation formats.

However, here is what stands out to me.

- The DWSD proposals state that the first year of a contract with Flint would be 2014. TYJT states 2013 as Year One.
- The DWSD proposals discuss a "redundancy credit" to Flint that will result from the blending option by Flint. I do not see this identified in the TYJT information.
- The DWSD proposals make no reference to the 12 or 8 MGD Maximum Day options outlined by TYJT.
- The information provided by TYJT makes no mention of DWSD reserving the right to serve existing customers on the 72" pipeline, if purchased). Nor is there a mention of the wheeling charge (paid to Flint) in the TYJT information.
- DWSD estimates Flint would not begin utilizing a blending option until 2018. Until then, it is assumed that DWSD would provide 100% of water to Flint. This is not referenced in the TYJT information.

This is my first analysis. If you wish additional analysis to be done, please let me know.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility State of Michigan | Michigan Department of Treasury

430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

From: Stibitz, Brom (Treasury)
Sent: Thursday, December 27, 2012 12:14 PM
To: Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Cc: Dillon, Andy (Treasury)
Subject: DWSD Proposal for Flint

This came in the mail from DWSD on the Friday before Christmas. I have not reviewed it to know whether the proposals it contains match up to those presented by TYJT last week.

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Friday, December 28, 2012 11:32 AM
To: Stibitz, Brom (Treasury); Fraser, Roger (Treasury)
Cc: Dillon, Andy (Treasury)
Subject: RE: DWSD Proposal for Flint

Categories: follow-up

I spoke to Mike Brown and he has asked an engineer from Rowe who is associated with the KWA project to determine the impact of the DWSD proposal. Mike's intent is to have the analysis in his hands by January 3. Eric is contacting Dave Guestella from TYJ&T to determine if the proposal contains information absent from their preliminary report.

From: Stibitz, Brom (Treasury)
Sent: Friday, December 28, 2012 8:38 AM
To: Koryzno, Edward (Treasury); Fraser, Roger (Treasury)
Cc: Dillon, Andy (Treasury)
Subject: RE: DWSD Proposal for Flint

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To: Stibitz, Brom (Treasury); Fraser, Roger (Treasury)
Cc: Dillon, Andy (Treasury)
Subject: RE: DWSD Proposal for Flint

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This is my first analysis. If you wish additional analysis to be done, please let me know.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

From: Stibitz, Brom (Treasury)
Sent: Thursday, December 27, 2012 12:14 PM
To: Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Cc: Dillon, Andy (Treasury)
Subject: DWSD Proposal for Flint

This came in the mail from DWSD on the Friday before Christmas. I have not reviewed it to know whether the proposals it contains match up to those presented by TYJT last week.

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Friday, December 28, 2012 1:14 PM
To: Byrne, Randall (TREASURY); Koryzno, Edward (Treasury)
Subject: RE: Draft Flint Supply Assessment.Questions

Importance: High

Dave,

Good afternoon. I hope you had a good holiday and are planning on a good New Year.

Thanks for the presentation information. Just to follow-up, it appears that no additional presentation on the 15th is being asked for. Should that change, I will let you know.

I have some additional questions I want to clarify with you. Some of these are just internal questions we have and want to make sure we are interpreting your presentation information correctly. I have highlighted my specific questions for clarity.

- You should have received a copy of a letter from DWSD to Flint dated December 21st. As I review the options that they provide Flint, I note some differences with what you outlined as the DWSD options for Flint. **Have you taken these changes into account? If not, what is the impact these "latest" proposals will have?**

Overall, I have some broad, "strategic" questions:

- Anticipating a return of future growth to the City, **what is the maximum MGD DWSD could provide to Flint? What about KWA?** The overall question is whether either entity could provide more water to Flint than is anticipated if they needed to.
- On the flip-side, if decline continues in Flint, **what happens if Flint needs less water than projected? What would that do to the financial projections?**
- **Given Flint's current financial situation, did you analyze the City's ability to actually sell bonds to make any of these improvements?**
- It appears that the overall expenditures required to cover any of the outlined options are going to require water rates to rise almost annually. **Has there been any analysis on what rates might look like and/or what the capacity of the public to pay these rates might be?**

Specifically:

- **What is the total cost for Flint to buy the 72" line from DWSD?** I see a capital cost on that option of $4.7-million. **Does that include the 72" line?** Related to this, **do we know what the projected lifespan of that line is? What would the replacement cost be?** A question we are having is whether Flint would have the financial and/or operational ability to maintain this line. Also, **I am unsure as to what the overall benefit of Flint owning that line is if they remain with DWSD.**
- It appears to me that the O&M costs for the Flint Water Plant are very high. **If Flint were to continue to buy water from DWSD, other than for a back-up, is there any reason they could not avoid those costs by mothballing the plant and having DWSD provide 100% finished water to them?**
- Regarding KWA, perhaps I missed this explanation, but **why are the options for KWA for 12 MGD as opposed to the option for 18 MGD?**

-----Original Message-----
From: David Guastella [mailto:DGuastel@tyjt.com]

Sent: Saturday, December 22, 2012 9:21 AM
To: gambrose@cityofflint.com
Cc: Fraser, Roger (Treasury); Cline, Richard (Treasury); ekurtz@cityofflint.com; George Karmo; Awni Qaqish
Subject: Flint Supply Assessment 12-21-12

Jerry

Per our discussion yesterday, please find attached our presentation information.

Dave

Review of TYJT December 21, 2012 Presentation
City of Flint Water Supply Assessment
Prepared by Rowe Professional Services Company

DWSD Supply (Slides 7 through 9)

1. The 8 mgd maximum day supply by DWSD options can result in periods during the summer when most of the water to meet demands will be supplied by the City from the river. To aid in maintaining a consistent water quality, softening of the water from the river should be provided with this option, greatly increasing the City's costs.

2. Upgrades to Flint's WTP and dams will be needed for options requiring blending, since the WTP will be required to provide continuous, reliable service and compliance with recent surface water treatment regulations.

3. The rates for the options analyzed are shown on Slide 9 as "TYJT Estimates". Options and rates shown are different than presented by DWSD previously.

	DWSD 11/29/2012	TYJT Estimates
18 mgd Maximum Day - P&B	$16.24	$16.37
12 mgd Maximum Day - P&B	$16.30	$16.31
8 mgd Maximum Day -P&B		$12.68
12 mgd Maximum Day - Imlay	$14.38	$14.38
8 mgd Maximum Day - Imlay		$11.11

4. Since the rates used in the analyses are shown as estimates, are they actual offers or just presented as "what if" scenarios?

5. We assume that the Imlay options are based on transfer of the 72" main through Lapeer County to Flint. The analyses show a capital cost of $4.7 million; we assume that this is the proposed purchase / lease cost to Flint. This should be clarified along with pertinent details.

6. If the transmission main is transferred to Flint, what are Flint's responsibilities regarding service to the Lapeer County customers? If they remain DWSD customers, then Flint should receive some revenue for the use the main. It does not appear this is included in the TYJT analyses.

7. If the transmission main is transferred to Flint, we assume that the city will be responsible for the maintenance of the 50 year old main. The TYJT analysis did not include this.

8. Do the rates shown include the credit for "reliability" which had been discussed with DWSD?

9. If the point of commerce is changed from Baxter and Potter to Imlay, a new meter pit will be required. The cost of this does not appear to be included in the TYJT cost analyses.

Flint River Supply (Slide 10)

1. If any of the "blending" options are chosen, it will be necessary to upgrade the Flint WTP and dams to provide reliable, continuous service and compliance with recent surface water treatment regulations.

Data Collected (Slide 14)

1. The slide notes that Flint blending is based on DWSD supplying 2/3 and Flint supplying 1/3 of 12 MGD ADD. For the maximum day demand (18 mgd), if DWSD supplies a maximum of 8 mgd, Flint will supply 10 mgd or 56% of the total. However, such a large portion will make it more difficult to blend and achieve consistent water quality. Flint will need to soften water for these options.

Benchmarking Comparisons (Slide 16)

1. The slide subtitles are "KWA O&M Inflation Factor" and "DWSD and Flint Rate Inflation Factor". It seems appropriate to benchmark O&M costs for the KWA, because future costs of service will be dependent on how operating costs are impacted by inflation. For Flint, it does not seem appropriate that "rate inflation" from other utilities be used to determine the impact of inflation on future cost of service. Rates are impacted by inflation, but also by other factors such as debt and customer base. O&M expenses and rates are different and care should be exercised not to mix the two during analyses. The TYJT analyses apply an inflation factor (based on rates from other utilities) to the Flint WTP operating expenses, which does not seem to be consistent.

2. The KWA will supply raw water; SOCWA and YUCA both supply finished water. Regulations impact the O&M for finished water suppliers but should not impact the KWA O&M. The use of data from SOCWA and YUCA does not seem like a comparable comparison with the KWA. Finished water suppliers will have increased costs due to regulatory compliance, which really are not due to "inflation" of the costs of wages, power, chemicals, etc.

3. DWSD has a history of rates to Flint and other suburban wholesale customers. Rates tend to be quite specific to each utility, based on much more than just the costs of operating and maintenance. It appears that DWSD historical rates have not been considered in projecting future DWSD rate increases.

Capital Financing (Slide 17)

1. KWA bonds are planned to be general obligation bonds, backed by member counties.

O&M Inflation Factor (Slide 20)

1. SOCWA and YUCA are finished water suppliers; ever-changing regulatory requirements will impact their operating costs more than a raw water supplier, such as KWA.
2. KWA will be a supplier of raw water. O&M costs should primarily be limited to power and labor, with a little chemical use for zebra mussel control. KWA will not provide treatment of the water.

3. The KWA study assumed power, labor, and chemical costs increase at an annual average of 3%. TYJT indicated this is too low and suggested 5%.

4. Following are examples of historical inflation, which support the 3% as a reasonable assumption for O&M expenses (not rates)
    a. Labor- GCDC-WWS labor costs have increased at an annual average rate of 2.5% since 2003
    b. Electricity Rates in Michigan (per U.S. Energy Information Administration) have increased an average of 3.2% since 1999.
    c. The U.S. Bureau of Labor Statistics indicates that the inflation rate over the last 30 years has been an average of 2.8%.

Finished Water Rate Inflation (Slide 21)

1. TYJT bases their assumptions for rate inflation on a survey of rates from three other water suppliers, but ignored the actual rate history of DWSD. TYJT assumed DWSD rate increases of 4.4% annually (if water is purchased from P&B) and 2.9% annually (if water is purchased from Imlay). Based on the actual charges by DWSD to Flint, DWSD historical rates are as follows:
    a. 10 year increase in DWSD rates to Flint:: 10.5% annually
    b. Average annual increase through 45 year history: 6.7%

2. Note that for the KWA analyses, an inflation factor has just been applied to power, labor, and chemicals. Although higher prices for labor, power, and chemicals impacts utility rates; rates are impacted by many other factors, many of which are not related to inflation. Rate inflation will likely be different than O&M inflation. Other factors impacting rates:
    a. Debt – the amount of debt varies widely between utilities
    b. Number of customers / quantity of water sold – there are many fixed expenses with a utility, that if are distributed amongst more users/more gallons sold will result in lower rates. Conversely, if there are fewer users or less water sold, the rates are higher. Assumptions regarding future water consumption will have a great impact on "rate inflation".

3. Unlike KWA and Flint operating expenses which will increase over time based on inflation, the cost of continued DWSD service should be based on the inflation of DWSD rates, to include the increasing cost of other DWSD expenses such as debt and the impact of reduced customers / demands in addition to increasing O&M expenses.

4. Even though there could be a one-time reduction in DWSD rates through adopting the model contract, limiting peak demands, and or changing the point of commerce; it doesn't seem reasonable to assume that subsequent annual increases will only average 4.4% through the 30 year period of analysis. This is significantly less than historical performance (yet TYJT suggests that inflation for KWA O&M expenses will increase at almost double the rate of historical indicators).

Capital Financing with Revenue Bonds (Slide 24)

1. Note that the KWA bonds will be general obligation bonds backed by the member counties.

2. The 2009 KWA Study assumed 6%, 25 year financing. The interest rate for planning was reduced in the 2012 Study update to 5%, which is still higher than if bonds were sold today.

3. Financial consultants determined the charges for purchasing capacity in the KWA supply based on the estimated project cost plus appropriate financing costs. Based on 60 units of capacity, $538,764,000 will be generated for repayment of debt and project costs using the capacity charges in the KWA capacity agreement.

25 years * 60 units * $355,300 / unit =	$532,950,000
3 years * 60 units * $32,300 / unit =	$ 5,814,000
	$538,764,000

4. For a KWA project cost of $272,421,558, total P&I is $483 million. The difference of $55,500,000 is available for financing expenses (capitalized interest, bond issuance costs, etc.) and additional contingencies.

5. Bond holder reserve is not a requirement for general obligation bonds.

6. TYJT assumed that 3% interest would be earned on the bond holder reserve during the 25 year bond period. Current interest rates are less than 1% and it seems inappropriate to assume such a high rate will be earned on retained funds.

7. Bondholder reserve, if provided, should be applied against the last couple of P&I payments. The TYJT did not apply it. This will reduce their project costs.

KWA Construction (Slides 26 through 29)

TYJT has indicated that the KWA construction cost estimate is too low. The primary differences in cost estimates for the project appear to be the following components:

1. Pump Stations (Slide 27) – The TYJT estimate for the pump stations is more than double that used by the KWA ($54,573,314 vs. $24,618,080). KWA estimates were based on actual construction costs from recent projectd completed by Genesee County within the last eight years.
   a. 32mgd water pump station including two-10 MG ground storage tanks - $13.4 million
   b. 80 mgd wastewater pump station, 50 feet deep wetwell – $8.3 million
   c. 30 mgd wastewater pump station, 50 feet deep wetwell – $9.4 million

   The KWA budgeted amount seems reasonable for two pumping stations as currently planned and to be constructed in rural areas (not southeast Michigan).

2. Redundant Power – There is no need for redundant power; other provisions will provide reliability of supply.

3. Land – Preliminary engineering has continued so earlier budgets established for planning for land acquisition can be greatly reduced. Options have been obtained on all properties which must be

purchased, so purchase prices are known. It will be necessary to obtain easements for only two miles of pipeline construction. All land costs are now estimated at $1.25 million.

4. Engineering, Legal, Administration & Contingencies
   a. The October 2012 KWA estimate provided an allowance of 25% of construction cost to cover engineering, legal, administration, and contingencies (ELAC). This was reduced from the 38% allowance used in the 2009 Study because ongoing planning and design have firmed up many of the details of the project, including:
      i. The intake design has been completed and all regulatory permits obtained.
      ii. The transmission main route has been determined. Meetings with road agencies have firmed up the requirements for construction and restoration within rights-of-way. Environmental review and permitting are in process.

   b. TYJT costs for Intake Crib, Pump Stations, and Transmission Mains (Slide 30) include a 30% allowance for ELAC. These allowances (from Slides 26 through 28) total $72,139,566. In addition, Slide 30 provides the following additional ELAC costs in the project total:

Design Engineering / Pump Stations	$16,939,581
Construction Management	$14,434,410
Administration	$ 349,440
Legal	$ 831,000
Total	$32,554,431

   c. Combining this with the $72,139,566 totals $104,693,997 or 43% of the estimated construction cost. We believe that such a high allowance for ELAC is not appropriate for a project of this magnitude where preliminary engineering and some design have already been completed.

Cost Comparison (Slide 30)

1. The TYJT pump station price is too high based on costs of similar projects; costs used by KWA are based on costs of recent local projects. The KWA estimate is believed to be sufficient for the proposed pumping stations.

2. Redundant power is not required; this does not need to be included in the TYJT estimate.

3. Land for LHPS – actual price is $360,000

4. Design Engineering / PS and Transmission – KWA included engineering in the 25% ELAC allowance included in the $207,752,895 estimated cost of transmission mains; TYJT included engineering in their 30% ELAC allowance included in the $218,811,559 estimated cost. By adding $16,939,581 for design engineering, $14,434,609 for construction administration, $349,440 for administration, and $831,000; it seems that ELAC is being "double-counted". The TYJT 43% allowance for ELAC seems unwarranted for a project with a great deal of preliminary and design engineering completed. The 25% KWA allowance is believed to be sufficient.

5. Easements and land (other than LHPS) should total $1,140,000, based on current options and specific needs for easements.

Other Considerations – Redundancy / Reliability (Slide 33)

1. Unfunded Mandates/ Future Regulations
    a. The proposed KWA supply will deliver raw water; it is not anticipated to be affected by future changes to regulations. Regulations will impact the City of Flint with respect to treatment and/or distribution of finished water. The City will be subject to these requirements with any of the DWSD blending options, just as they will be responsible for them if supplied by KWA. Some compliance costs may actually be less with the higher quality Lake Huron water rather than Flint River water as the source.

2. State Goals
    a. The TYJT presentation indicates that creation of a new raw water supply is contrary to the governor's goals as suggested. However, the development of a new raw water supply provides new opportunities. Communities in Sanilac, St. Clair, and Lapeer counties will have the option to join a regional water supply and replace their small local supplies where limited supplies and high concentrations of arsenic have been a concern. The new water supply also provides great economic development opportunities. The raw water supplied by KWA will make a new commodity, raw water, available to the region. A large, low-cost supply of raw water can be a valuable resource for industries and agri-businesses. The development of a new water supply will also create construction jobs through the short term period of building the new water supply and subsequently over a longer period as new businesses and industries are developed in the area.
    b. The City of Flint and area communities will benefit as permanent jobs are created for operating and maintaining the local treatment facilities.

3. Redundancy
    a. We agree that the KWA and DWSD options are similar with respect to redundancy. Both provide the primary water supply: customers are responsible for their backup supply.

Other Considerations – Cost Slide 34

1. TYJT indicates that the DWSD 8 mgd supply option is the least cost alternative.
    a. The TYJT analysis does not include the cost of needed upgrades to the City's WTP or increased operating costs in their analysis. During summer months, water from the river will need to be softened before blending. More than half of the water supplied will be provided from the river. When the cost of upgrades to the WTP and the increased operating costs (for softening) are added to the TYJT analysis, the KWA option is less than the DWSD 8 mgd option.

2. For any of the DWSD "blending" options, upgrades will need to be made at the WTP to provide for continuous, reliable operation and compliance with new surface water treatment rules. Increased capital and operating costs for treating water from the river should be added to the TYJT costs for comparison with the other options.

3. Water from the river will require greater effort to treat than water from Lake Huron (more chemicals, power, and residuals). The TYJT analysis shows about the same O&M costs for the Flint WTP, regardless of water source. It seems that the WTP O&M costs for the KWA options should be reduced to reflect the savings from treating Lake Huron water.

4. The TYJT presentation noted that the KWA analysis did not include allowances for mechanical and process improvements within the planning period. The KWA will supply raw water. The facilities consist of pipe, pumps, and a tank. There are no treatment facilities which would be susceptible to future regulatory changes. The only improvements that seem likely would be the need to provide additional capacity. Capacity expansion is planned to be financed through capacity charges to new users.

5. The provision for redundant connections between the City's water system and the GCDC system was included in the most recent water supply agreement between the two, in 2011. Although not a KWA cost, the cost of the redundant connections should be considered with all options.

6. The $2.3 million budgeted for land by KWA was intended to cover all land requirements. Since the October update, options have been obtained on all land to be purchased and the locations of easements needed has been finalized. Total land costs are now estimated to be about $1.5 million.

7. The 2004 study included a 47% allowance for engineering, legal, administration, and contingencies (ELAC). The 2009 study reduced the allowance for ELAC to 37% because many of the details since the 2004 conceptual study had been better defined. For the October 2012 update, the allowance for ELAC was reduced to 25% because continued planning and preliminary engineering further addressed details from the earlier concepts.
    a. The detailed design (plans and specifications) and permitting have been completed.
    b. The transmission main route has been finalized. Meetings with road agencies have established requirements for construction and restoration within road rights-of-way. Environmental permitting is in process. The primary remaining unknown is pipe sizing, which is largely dependent on Flint's participation.

    It is our experience that the 25% ELAC allowance is appropriate for a project of this magnitude at this stage in the planning / design stage. The 43% ELAC allowance recommended by TYJT is excessive for a project in the design phase.

8. Flint's WTP as a backup to the KWA will be less difficult to provide for than the current arrangement as a backup to DWSD. We believe there is potential for challenges with chemistry and treatment for the proposed DWSD blending options, too.

9. It doesn't seem that oversizing the KWA capacity is a good solution for the city's water loss problems, if that is what is being suggested.

10. Yes, it would be nice if the KWA system could be constructed to firmly determine its cost and time to complete before making a decision about water supply alternatives. However, a decision is needed regarding Flint's participation so that the sizing and design can be completed, before it can be built.

Cousineau, Sara (Treasury)

From:	MIStateTreasurer
Sent:	Monday, April 01, 2013 1:36 PM
To:	Stibitz, Brom (Treasury); Dillon, Andy (Treasury); Fraser, Roger (Treasury)
Cc:	Hichez, Amy (Treasury); Cousineau, Sara (Treasury)
Subject:	FW: Karegnondi Water Authority - Oakland County opposition
Attachments:	2013 03 28 Dillion re Flint.docx

FYI

Faith Rodriguez

General Office Assistant

Executive Office - Department of Treasury

(517)241-2840 - direct

(517) 373-3223 - main

From: Nash, Jim [mailto:nashj@oakgov.com]
Sent: Monday, April 01, 2013 11:19 AM
To: MIStateTreasurer
Subject: Karegnondi Water Authority - Oakland County opposition

Treasurer Dillon;

Please find the attached letter in opposition to Flint/Genesee County contract with the Karegnondi Water Authority. We in Oakland County do not see the business case for this project and the result could cause higher rates for our customers.

Thank you for your consideration.

Jim Nash
Oakland County Water Resources Commissioner
One Public Works Drive
Building 95 West
Waterford. MI 48328
(248) 858-0968

April 1, 2013

Andy Dillon, State Treasurer
State of Michigan
Department of Treasury
PO Box 30716
Lansing, Michigan 48909

Re: DWSD Water Services and the City of Flint

Dear Treasurer Dillon:

I am writing to express my concerns with the City of Flint's recent action to pursue a 25-year contract for water supply with the Karegnondi Water Authority. We believe that the business case for the Karegnondi Water Authority has not been sufficiently validated, whereas the savings to the City and Genesee County ratepayers, if the City were to continue its relationship with the City of Detroit, is more immediate and calculable. The City of Detroit maintains that the City and Genesee County ratepayers would save approximately $4 Million annually with a new water supply contract, which is basically the same savings predicted by the KWA. Simply put, it does not make economic sense for the City of Flint to separate itself from the Detroit regional water supply system.

Sincerely,

Jim Nash

Cc: Sue McCormick, DWSD Director

Stanton, Terry A. (Treasury)

From: Wurfel, Brad (DEQ)
Sent: Tuesday, April 02, 2013 9:45 AM
To: Stanton, Terry A. (Treasury); Buhs, Caleb (GOV); Wurfel, Sara (GOV); Silfven, Ken (GOV)
Subject: RE: Flint Water System Update

The permits for KWA are already issued.
I've got our folks working up some talking points on the DEQ-related issues this week, but our role here is not what the news really cares about.
b

Brad Wurfel
Communications Director
Michigan Department of Environmental Quality
517-241-7395 - office
517-230-8006 - cell

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, April 02, 2013 9:18 AM
To: Buhs, Caleb (GOV); Wurfel, Sara (GOV)
Cc: Wurfel, Brad (DEQ)
Subject: Fwd: Flint Water System Update

All,

Steve Carmody has asked for some information on this.

I will follow up with him based on the general info below. Any other "updates" at this point?

Thanks, Terry

Begin forwarded message:

> **From:** "Buhs, Caleb (GOV)" <BuhsC2@michigan.gov>
> **Date:** March 29, 2013, 1:12:05 PM EDT
> **To:** "Wurfel, Brad (DEQ)" <WurfelB@michigan.gov>, "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>
> **Cc:** "Wurfel, Sara (GOV)" <Wurfels@michigan.gov>, "Silfven, Ken (GOV)" <silfvenk@michigan.gov>, "Weiss, Kurt (GOV)" <WeissK5@michigan.gov>
> **Subject: Flint Water System Update**
>
> After speaking with Andy, Dan, Dennis and John, we have a plan for the next steps in Flint's request to participate in the KWA with Genesee County. Here is what we can confirm publicly, although unless it's a permitting question, we should have Treasury (Terry or I) answer any inquiries.
>
> Ed Kurtz will submit a resolution to join the Karegnondi Water Authority (KWA) to the Treasurer, likely today. Once I receive word that we have officially received, we can confirm that we have it and the Treasurer will thoroughly review the resolution and perform due diligence before making a decision. Under PA 436, the State Treasurer must approve contracts over $50,000 that were not competitively bid.

No date has been set for the Treasurer to complete his review, but, he is fully aware of the tight timelines necessary to get approvals for the upcoming construction season, and will conduct his review accordingly.

That is all we can confirm publicly through next week. Just so you are aware, **and not for public consumption**, a call was placed to DWSD to let them know that Ed Kurtz was submitting his request and that if they have a final best offer that they should submit it very soon. This may prompt them to go to the media, or not, but be prepared if you get a call from that angle.

We need to develop some talking points for the following week, when Andy makes his determination. I will try to put together a draft by the end of the day and send it around for review. If anyone has anything they would like me to add, feel free to send it my way.

Let me know if you have any questions.

-Caleb

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, April 02, 2013 2:00 PM
To: Stephen Carmody
Subject: RE: a question about the Flint-Detroit 'water wars' issue

Steve,

Flint Emergency Manager Ed Kurtz has submitted a resolution to join the Karegnondi Water Authority (KWA) to the State Treasurer, it was received late last week. As you are likely aware, under PA 436, the State Treasurer must approve contracts over $50,000, if not competitively bid.

The Treasurer will thoroughly review the resolution before making a decision. No date has been set for the Treasurer to complete the review, but, he is fully aware of the timelines necessary to get approvals for the upcoming construction season, and will conduct the review accordingly.

Terry

From: Stephen Carmody [sgcarmod@umich.edu]
Sent: Tuesday, April 02, 2013 8:09 AM
To: Stanton, Terry A. (Treasury)
Subject: a question about the Flint-Detroit 'water wars' issue

Good Morning,

I'm looking for an interview or information about the state's opinion on the city of Flint taking part in the KWA pipeline project and the
DWSD's opposition. There was a very interesting article about the
dispute between KWA and DWSD in the Flint Journal.

Steve Carmody
Michigan Radio
517-962-4771

Stanton, Terry A. (Treasury)

From: Stibitz, Brom (Treasury)
Sent: Wednesday, April 03, 2013 1:04 PM
To: Stanton, Terry A. (Treasury)
Subject: RE: Flint & DWSD water

I am checking with AD

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, April 03, 2013 1:01 PM
To: Stibitz, Brom (Treasury); Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Cc: Buhs, Caleb (Treasury); Buhs, Caleb (GOV)
Subject: FW: Flint & DWSD water
Importance: High

Do we have a sense on "when" review will be complete?

At last word, Caleb was working up talking points to be used after the review is complete...but hoping to have a sense of when it all could shake out...

From: Wurfel, Sara (GOV)
Sent: Wednesday, April 03, 2013 12:51 PM
To: Stanton, Terry A. (Treasury); Buhs, Caleb (GOV)
Cc: Muchmore, Dennis (GOV); Roberts, John (GOV); Stibitz, Brom (Treasury); Weiss, Kurt (GOV); Silfven, Ken (GOV); Holyfield, Jeff (GOV); Wisniewski, Wendy (GOV)
Subject: Flint & DWSD water

Hi guys –

Just wanted to loop back and check in re: timing on this issue. Last understanding was that was under close review by state treasurer and that soonest decision would be made is end of this week, beginning of next.

As you're both out this week (☹), just want to make sure we have a mechanism in place to coordinate with us in Gov's comm office as soon as know timing and plan so we can be ready with messaging and any outreach that may be needed. Sounds like this will be contentious one way or the other regardless of the determination so just trying to make sure we're prepared as possible.

Please advise. Thanks!
SW

Sara Wurfel, APR
Press Secretary | Executive Office of Governor Rick Snyder
wurfels@michigan.gov
517-335-6397, office
517-599-3470, mobile
Twitter:@SaraLW

Stanton, Terry A. (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Thursday, April 04, 2013 9:44 AM
To: Stanton, Terry A. (Treasury); Stibitz, Brom (Treasury); Wurfel, Sara (GOV)
Cc: Buhs, Caleb (GOV); Roberts, John (GOV)
Subject: RE: Flint & DWSD water

I told the Gov about this again today. Let's make sure we sit on this until Tuesday or so, and do you have a comms plan in place?

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, April 03, 2013 3:24 PM
To: Stibitz, Brom (Treasury); Wurfel, Sara (GOV)
Cc: Buhs, Caleb (GOV); Muchmore, Dennis (GOV); Roberts, John (GOV)
Subject: RE: Flint & DWSD water

Caleb is working on TPs to follow the review/determination. We will be sure to coordinate, etc., to ensure we are prepared.

From: Stibitz, Brom (Treasury)
Sent: Wednesday, April 03, 2013 3:01 PM
To: Wurfel, Sara (GOV)
Cc: Stanton, Terry A. (Treasury); Buhs, Caleb (GOV); Muchmore, Dennis (GOV); Roberts, John (GOV)
Subject: Re: Flint & DWSD water

Assuming we don't get different direction, I suspect Andy would sign early next week. He is on vacation this week.

Sent from my iPad

On Apr 3, 2013, at 12:51 PM, "Wurfel, Sara (GOV)" <Wurfels@michigan.gov> wrote:

> Hi guys –
>
> Just wanted to loop back and check in re: timing on this issue. Last understanding was that was under close review by state treasurer and that soonest decision would be made is end of this week, beginning of next.
>
> As you're both out this week (☹), just want to make sure we have a mechanism in place to coordinate with us in Gov's comm office as soon as know timing and plan so we can be ready with messaging and any outreach that may be needed. Sounds like this will be contentious one way or the other regardless of the determination so just trying to make sure we're prepared as possible.
>
> Please advise. Thanks!
> SW

Sara Wurfel, APR
Press Secretary | Executive Office of Governor Rick Snyder
wurfels@michigan.gov
517-335-6397, office

Koryzno, Edward (Treasury)

From: Ed Kurtz <ekurtz@cityofflint.com>
Sent: Wednesday, April 10, 2013 9:31 AM
To: Stibitz, Brom (Treasury)
Cc: Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Subject: Letter to DWSD
Attachments: April 8letter to dwsd.doc

Brom,, attached is a copy of the letter I will be sending to DWSD this morning. First, let me apologize for the tenor of the original draft. However, I hope you can sense our frustration with DWSD. Instead of talking to us, DWSD chose to have a consultant issue press releases in our media market and then conduct live interviews on our local radio stations. This has caused the perception in the community that maybe we don't know what we are doing and have been "reckless" in our analysis of the options. Those releases also include language that makes it appear as though they have provided additional options to us that are less expensive than KWA, again giving the perception that we are not being completely truthful with the public. DWSD needs to understand that this is not helpful in creating a viable working relationship. I can also say in relation to the 'bad blood" comment that there is a certain amount of mistrust on the part of the City as it relates to DWSD from the past. Finally, I do appreciate your comments and advise, and am only interested in getting the best long term deal for the City residents. Ed

ELECTRONIC LETTER

April 8, 2013

Sue F. McCormick, Director
Detroit Water and Sewerage Department
735 Randolph, Room 506
Detroit MI 48226

Dear Ms. McCormick:

The City of Flint is in receipt of your email of April 8. In it you indicate you would like to meet to discuss DWSD's recent proposals to Flint. The Emergency Manager, the Mayor and the Genesee County Drain Commissioner are not aware of any "recent proposals". We do see mention of other proposals in the media, but we have received nothing new in writing. In particular Flint takes offense to comments such as "effectively launched the greatest water war in Michigan's history", "reckless push" and a continued reference to "a credible state-sponsored study"that we indicated to you contained several inaccuracies.

It is the City's belief that you made your best offer to us in December of last year. However, having said that, the City of Flint would be willing to review any new options that would be in the best interest of our citizens. Any offer must be in writing, complete in detail, including projected costs over the life of the contract, and provided prior to any meeting. Any offer must also be endorsed by the office of the Detroit Emergency Manager.

Finally, time is of the essence. Please email any of the proposals you referenced in your email to me today.

Sincerely,

Edward Kurtz
Emergency Manager

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, April 09, 2013 11:45 AM
To: 'Pardo, Steven'
Subject: RE: Flint participation in the KWA

Still under review...a decision is likely soon.

From: Pardo, Steven [mailto:SPardo@detroitnews.com]
Sent: Tuesday, April 09, 2013 11:42 AM
To: Stanton, Terry A. (Treasury)
Subject: Flint participation in the KWA

Terry;

Can you give me an update/status of the Treasurer's take on Flint's participation in the Karegnondi Water Authority. Is that still "under review" and is a decision or ruling expected to be made soon?

Thanks.

Steve Pardo
Reporter
The Detroit News
(313) 222-2112
cell: [redacted]

You can now find us at http://detroitnews.com, the home of Michigan's latest breaking news, sports, business, features and commentary. Our email addresses have changed, as well. Please update my email address in your contacts to reflect the @detroitnews.com.

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, April 10, 2013 3:17 PM
To: 'Adams, Dominic'
Subject: RE: possibility of Flint joining Karegnondi Water Authority

Not for attribution to me:

Likely this week but nothing is set in stone.

From: Adams, Dominic [mailto:DADAMS5@mlive.com]
Sent: Wednesday, April 10, 2013 2:57 PM
To: Stanton, Terry A. (Treasury)
Subject: Re: possibility of Flint joining Karegnondi Water Authority

Terry:
Not being smart, but when does forthcoming soon mean? Today? This week?

Thanks,

Dominic Adams | The Flint Journal | dadams5@mlive.com | 810-241-8803 | www.twitter.com/dominicadams | www.facebook.com/dominic.adams.1865

On Apr 10, 2013, at 2:16 PM, "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov> wrote:

> The issue is still being reviewed. A decision will be forthcoming soon.
>
> **From:** Adams, Dominic [mailto:DADAMS5@mlive.com]
> **Sent:** Wednesday, April 10, 2013 12:23 PM
> **To:** Stanton, Terry A. (Treasury)
> **Subject:** possibility of Flint joining Karegnondi Water Authority
>
> Terry:
>
> Dominic Adams with MLive-Flint Journal here. I would like to know what the decision from treasury about Flint joining the Karegnondi Water Authority. Emergency Manager Ed Kurtz supports the measure, so what's the state's ruling? I am working on deadline so if you could let me know as soon as possible, I would really appreciate it.
>
> Thanks,
>
> Dominic Adams | police reporter |The Flint Journal | 810-241-8803 | dadams5@mlive.com | On Twitter |On Facebook|

Stanton, Terry A. (Treasury)

From: Stibitz, Brom (Treasury)
Sent: Thursday, April 11, 2013 5:31 PM
To: Fraser, Roger (Treasury); Koryzno, Edward (Treasury); Headen, Frederick (Treasury); Stanton, Terry A. (Treasury); Buhs, Caleb (GOV)
Subject: FW: KWA Approval Letter
Attachments: Flint - KWA Approval.pdf; Ed Kurtz ltr.pdf

From: Stibitz, Brom (Treasury)
Sent: Thursday, April 11, 2013 5:25 PM
To: Ed Kurtz (ekurtz@cityofflint.com); mbrown@reinvestflint.org
Cc: Dillon, Andy (Treasury)
Subject: KWA Approval Letter

Ed,

Attached, please find the Treasurer's approval for Flint to move ahead with the KWA project. As you will see, the effective date of the approval is Tuesday, April 16. Further, as you will see in the letter, Treasury will expect a written notice from the City indicating that one of two conditions has been met: DWSD has not presented an additional offer, or that the offer was received and was rejected in good faith.

Please let me know if I can be of further assistance in this matter.

Regards,

Brom Stibitz
Senior Policy Advisor
Michigan Department of Treasury
517-373-3223
stibitzb@michigan.gov

89 (Rev 02-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

April 11, 2013

Mr. Edward Kurtz
Emergency Manager
City of Flint
1101 South Saginaw Street
Flint, MI 48502

Dear Mr. Kurtz:

Thank you for your March 29, 2013 letter, which is attached for reference. As the Emergency Manager for the City of Flint ("Flint" or "City"), you have asked for my concurrence, pursuant to Public Act 436 of 2012, the Local Financial Stability and Choice Act, to authorize a contract in excess of $50,000.00 not subject to competitive bidding. This request was related to the City entering into an agreement with the Karegnondi Water Authority (KWA) for provision of raw water for the City.

In considering your request, I took note of the following facts in support of Flint joining KWA. First, there is widespread support in the City for this move, including the support of the Mayor, the City Council, and the Emergency Manager. Second, this move will provide a unique opportunity for the City and County to partner on an important project, which will hopefully lead to future regional collaboration. Third, the Department of Environmental Quality is supportive of the City participating in the KWA project. Finally, your representations that this deal will lead to substantial savings for the City over the coming decades, savings that are desperately needed to help with the turnaround of the City of Flint.

It is my understanding that the Detroit Water and Sewer Department is making a final best offer to Genesee County and the City of Flint next Monday, April 15, 2013. As such, this approval will be effective at 5 pm on April 16, 2013 after receiving written notice from the City that either no such offer was presented to the county and the City or that an offer was received and was rejected in good faith based upon specified objections.

For the reasons described above and subject to the conditions set forth herein, pursuant to Section 12 (3) of PA 436 of 2012, I am authorizing you to proceed with adopting the resolution and entering into a contract with KWA.

Sincerely,

Andy Dillon
State Treasurer

Edward J. Kurtz
Emergency Financial Manager

Dayne Walling
Mayor

March 29, 2013

RECEIVED
MAR 29 2013
OFFICE OF THE STATE TREASURER

Andy Dillon, Treasurer
Michigan Department of Treasury
Lansing, MI 48922

Dear Treasurer Dillon:

As per Section 12 (3) "Except as otherwise provided in this subsection, any contract involving a cumulative value of $50,000.00 or more is subject to competitive bidding by an emergency manager. However, if a potential contract involves a cumulative value of $50,000.00 or more, the emergency manager may submit the potential contract to the state treasurer for review and the state treasurer may authorize that the potential contract is not subject to competitive bidding".

KWA needs commitment from its members regarding the capacity that each member will purchase in the pipeline. Capacity is available to members in increments of 1 million gallons per day know as units. For each unit of a capacity that a member purchases, the buyer shall pay to the KWA a one time fee of $32,300.00. Additionally, the buyer shall pay to the KWA not less then $32,300 per unit per year until such time as water is made available to the buyer. After water is made available, the buyer shall pay to the KWA an estimated amount not to exceed $335,300.00 per unit per year until such time as the bonds are paid in full. If it is determined that the costs per unit will exceed $355,300.00 the buyer has a right to cancel the contract".

Therefore, the Emergency Manager (EM) is asking Treasury to authorize the EM to adopt a resolution to and enter into a contract with KWA for up to 18 MDGS based on the above terms.

If you need additional information, please contact me.

Sincerely,

Edward J. Kurtz
Emergency Manager

City Hall
1101 S. Saginaw Street - Flint, Michigan 48502
810-766-7346 FAX 810-766-7218 www.cityofflint.com

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Saturday, April 13, 2013 3:45 PM
To: Muchmore, Dennis (GOV); Wyant, Dan (DEQ)
Cc: Stibitz, Brom (Treasury); Roberts, John (GOV)
Subject: KWA

Follow Up Flag: Follow up
Flag Status: Flagged

The DetNews article suggests we may have a lot on our plate on this issue Monday and Tuesday. Dan, I suspect we may need your help to review and evaluate the "last best offer".

Sent from my iPad

Headen, Frederick (Treasury)

From: Stibitz, Brom (Treasury)
Sent: Monday, April 15, 2013 11:56 AM
To: Headen, Frederick (Treasury)
Cc: Monticello, Frank (AG)
Subject: FW: KWA Approval Letter
Attachments: Water Service Agreement City of Detroit-City of Flint.pdf; Amendment No.1 Water Service Agreement 12201965.pdf

Fred – The City of Flint believes that if (when) they move ahead with KWA, that DWSD will sue over the issue. See his email below.

DWSD has been in the media talking about a "termination penalty" which the City of Flint does not believe exists in anything they have signed. Attached are the historical agreements.

Can you blast through and see if there is anything you see that would suggest a termination penalty would be allowed?

Frank – this is just FYI for you.

From: Ed Kurtz [mailto:ekurtz@cityofflint.com]
Sent: Friday, April 12, 2013 10:19 AM
To: Stibitz, Brom (Treasury)
Subject: Re: KWA Approval Letter

Thanks, looking forward to seeing the offer from DWSD. Front page article in the Detroit News this morning on the greatest water war in the history of Michigan. In the article they do make reference to substantial termination penalties. Our contract with DWSD goes back to 1965 and does not contain any language relative to termination fees. After 35 years (2000) it only requires a one year notice by either party to terminate the contract. I believed the new "model contracts" which we have not signed do contain termination penalties. I believe this is probably the first volley in what will probably be a legal attempt to delay the process if we go with KWA. Ed

On Thu, Apr 11, 2013 at 5:25 PM, Stibitz, Brom (Treasury) <StibitzB@michigan.gov> wrote:

Ed,

Attached, please find the Treasurer's approval for Flint to move ahead with the KWA project. As you will see, the effective date of the approval is Tuesday, April 16. Further, as you will see in the letter, Treasury will expect a written notice from the City indicating that one of two conditions has been met: DWSD has not presented an additional offer, or that the offer was received and was rejected in good faith.

Please let me know if I can be of further assistance in this matter.

Regards,

Brom Stibitz

Senior Policy Advisor

Michigan Department of Treasury

517-373-3223

stibitzb@michigan.gov

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Monday, April 15, 2013 1:16 PM
To: 'Kirk Pinho'
Subject: RE: Flint and the Karegnondi Water Authority
Attachments: Flint - KWA Approval.pdf

See attached Kirk.

From: Kirk Pinho [mailto:kpinho@crain.com]
Sent: Monday, April 15, 2013 1:12 PM
To: Stanton, Terry A. (Treasury)
Subject: Flint and the Karegnondi Water Authority
Importance: High

Hi, Terry:

Can you shoot me any official documentation/ruling by Treasurer Dillon that determined that the city of Flint has the option of joining the Karegnondi Water Authority? I understand that one was issued on Friday.

Thanks.

Kirk Pinho
Reporter: Real estate, Detroit
Crain's Detroit Business
www.crainsdetroit.com
Office: 313-446-0412 | **Cell:** 248-520-6695
E-mail: kpinho@crain.com
Twitter: @kirkpinhoCDB
My blog: Big City, Big Deals

Stanton, Terry A. (Treasury)

From: Ferretti, Christine <CFerretti@detroitnews.com>
Sent: Monday, April 15, 2013 5:58 PM
To: Stanton, Terry A. (Treasury)
Subject: RE: DWSD proposal

As far as I can tell, DWSD hasn't sent anything yet to the city or county or the KWA.

If they fail to do so today, what happens? The treasurer would have to consider a possible extension?

From: Stanton, Terry A. (Treasury) [StantonT@michigan.gov]
Sent: Monday, April 15, 2013 2:03 PM
To: Ferretti, Christine
Subject: RE: DWSD proposal

See the attached, which was sent to the city last week (I sent a copy to Pardo as he had been following)...

If the DWSD offers a proposal, it would go to the city (or Genesee County) for consideration.

Terry

-----Original Message-----
From: Ferretti, Christine [mailto:CFerretti@detroitnews.com]
Sent: Monday, April 15, 2013 1:55 PM
To: Stanton, Terry A. (Treasury)
Subject: DWSD proposal

Hello,

I'm working on the follow up story about the proposal that's expected from DWSD today in reference to Flint's plans to leave Detroit's system and participate instead in the KWA pipeline.

What happens after the state receives the proposal, what information are they looking for from DWSD and how soon could a decision be made on this issue?

Thank you,

Christine Ferretti
The Detroit News
(313) 600-5953
cferretti@detroitnews.com<mailto:cferretti@detroitnews.com>

Stanton, Terry A. (Treasury)

From: Stibitz, Brom (Treasury)
Sent: Tuesday, April 16, 2013 8:40 AM
To: Stanton, Terry A. (Treasury); Buhs, Caleb (GOV)
Subject: FW: KWA and City of Flint
Attachments: KWA and City of Flint.pdf

http://www.mlive.com/news/flint/index.ssf/2013/04/detroit_delivers_proposal_for.html#incart_river

Ed Kurtz indicates they are looking at the proposal seriously, and that it is "not without merit."

From: Ed Kurtz [mailto:ekurtz@cityofflint.com]
Sent: Monday, April 15, 2013 6:28 PM
To: Stibitz, Brom (Treasury)
Subject: Fwd: KWA and City of Flint

---------- Forwarded message ----------
From: **Debra Ragland** <dragland@dwsd.org>
Date: Mon, Apr 15, 2013 at 6:08 PM
Subject: KWA and City of Flint
To: ekurtz@cityofflint.com
Cc: jwright@co.genesee.mi.us, dillona@michigan.gov, James Fausone <fausone@dwsd.org>, orrk@detroitmi.gov, Sue McCormick <mccormick@dwsd.org>

Please see attached on behalf of Sue F. McCormick.

Faxed copy forwarded to Mayor Dayne Walling and Jeff Wright.

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226
WWW.DETROITMI.GOV

April 15, 2013

Karengondi Water Authority
4160 Beecher Rd.
Flint, Michigan 48532-2617

Ed Kurtz, Emergency Manager
City of Flint
1101 South Saginaw Street
Flint, Michigan

Gentlemen:

Over the last several months, governed by a process laid out by the State of Michigan, the Detroit Water and Sewerage Department (DWSD) has proposed a number of alternatives for long term water supply to the City of Flint. Each alternative was offered in the spirit of working in earnest to address the needs, priorities and concerns of the City of Flint and each provided an immediate cost reduction when compared to the current costs of water purchased from DWSD. In the final analysis conducted by Flint, these proposals did not overcome the desire for the Flint/Genesee region to be served by the same system and to have a voice in the future decisions governing the provision of water to this region.

Many of the proposals DWSD has made to Flint during this period are applicable to Flint/Genesee County or KWA with adjustments to demand and use requirements and would provide similar overall benefit. These options remain available for further discussion should the parties' desire. These prior proposals are included in summary form in Attachment 1 as an expanded table 6-1 from the February 2013 State of Michigan Contract No. 271N3200089, City of Flint Water Supply Assessment, submitted by Tucker, Young, Jackson, Tull, Inc. For comparison purposes only, DWSD's new proposal (Flint's 30% allocated share) is inserted.

The proposal scenarios outlined today offer a public/public partnership with options tailored to Flint/Genesee County or KWAs interests. For ease of writing, the remainder of this memo will present this proposal to KWA. Two basic scenarios are presented for consideration, both of which contemplate that KWA would enter a multi-year contract. Service commitments and usage definitions would be negotiated in the same manner as employed that have resulted in new contracts for other customers.

In brief, the proposal provides a unique opportunity to reserve capacity at DWSD's Lake Huron Water Treatment Plant and to participate in decision making for facility operation and capital investment through a joint operating committee. The proposal envisions that KWA would enter into a 30-year contract to purchase treated water directly onsite at DWSD's Lake Huron Water Treatment Plant.

In Scenario 1 the purchased water can either be pressurized or unpressurized. This first scenario results in a "supply only" rate schedule, with a "standby delivery" component to provide for emergency service at the existing Baxter / Potter connection. This scenario provides KWA the ability to construct new transmission owned and operated by KWA.

Scenario 2 maintains the public/public partnership concept and extends it to transmission facilities through which the Lake Huron Water Treatment Plant provides water. This scenario results in a "full service" rate schedule. The standby delivery component is eliminated, since the rate structure to KWA includes costs associated with the transmission system between the Lake Huron Water Plant and the Baxter / Potter connection.

DWSD proposes a modified rate schedule for the customers currently served through the contract with the City of Flint, which includes Flint and Genesee County. This modified schedule is intended to facilitate negotiations for a new water service agreement with the Karegnondi Water Authority (KWA). The scenarios presented herein represent the innovative thinking that DWSD and its new leadership are bringing to the table. Our goal is to provide the lowest cost water solution for the KWA service area.

The potential rate structures are introduced in summary form herein, with preliminary calculations using the proposed rate structures with FY 2013-14 as a baseline. These calculations and the accompanying discussion are based on the assumptions regarding contract terms that approximate recent discussions amongst the parties.

The proposal introduces the concepts, but does not definitively present all of the specifics, appreciating that such specifics are best addressed through negotiations designed to produce a new contractual agreement satisfactory to all parties.

[Remainder of page intentionally left blank]

Scenario 1 – Lake Huron Direct Supply Purchase:

- KWA enters into a long term partnering arrangement with DWSD to purchase all of its primary water supply directly at the DWSD Lake Huron water treatment plant.
- Supply rate schedule is designed to recover only water treatment revenue requirements. This rate schedule does not contain any delivery costs (pumping, transmission, storage, etc.).
- Supply rate schedule is computed based on specific costs associated with the Lake Huron Plant. No other DWSD revenue requirements, including those associated with other DWSD water plants, are included in the rate to KWA.
- Revenue requirements are separated into capital recovery and operation and maintenance expense elements. Baseline revenue requirement data (including operating budget, rate of return, depreciation assumptions, etc.) are identical to those developed for all other wholesale customers.
- KWA is allocated Lake Huron Plant capital revenue requirements based on the proportion of their contracted max day demand (assumed in these calculations at 40.6 mgd) relative to the total capacity at the Lake Huron Plant (400 mgd). The resulting revenue requirements are recovered through a fixed monthly charge.
- KWA is allocated Lake Huron Plant operating revenue requirements based on the proportion of their contracted average daily usage (assumed in these calculations at 24 mgd) relative to the total average daily usage at the Lake Huron Plant (assumed at 125 mgd in these calculations).
- Calculations are conducted for two alternatives. Purchase of *pressurized* water (after high lift pumping) and *unpressurized* water (KWA takes directly from clearwell.)
- Contract includes an arrangement for emergency service at the existing Baxter / Potter connection, and computes a standby charge related to such service.
- The standby charge is computed in the manner set for the by the American Water Works Association (AWWA) in its Manual of Water Supply Practices M1 - "Principles of Water Rates, Fees, and Charges" Manual M1.
    - KWA is allocated one day's worth of transmission related capital revenue requirements.

Scenario 2 – "Full Service" Lake Huron System

- Same as the "pressurized" option in Scenario 1, except that concept is extended to the pumping, storage, and transmission facilities directly served by the Lake Huron Plant
- Transmission rate schedule is computed based on specific costs associated with these facilities. No other DWSD revenue requirements, including those associated with other DWSD transmission mains, etc, are included in the rate to KWA.
- Revenue requirements are separated into capital recovery and operation and maintenance expense elements. Baseline revenue requirement data (including operating budget, rate of return, depreciation assumptions, etc.) are identical to those developed for all other wholesale customers.
- KWA is allocated Lake Huron "transmission system" capital revenue requirements based on the proportion of their contracted max day demand (assumed in these calculations at 40.6 mgd) relative to the total capacity at the Lake Huron Plant (400 mgd). The resulting revenue requirements are recovered through a fixed monthly charge.

- KWA is allocated Lake Huron "transmission system" operating revenue requirements based on the proportion of their contracted average daily usage (assumed in these calculations at 24 mgd) relative to the total average daily usage at the Lake Huron Plant (assumed at 125 mgd in these calculations).
- Standby charge is eliminated.

The resulting potential proposed rate structures under both Scenarios are summarized below.

Potential Proposed DWSD Water Rate to KWA
Lake Huron Direct Scenario

	1 - Supply Rate @ LH Plant		2 - Full Service
	Unpressurized	Pressurized	Wholesale Rate
Supply Rate			
Fixed Monthly Capital Charge - $	219,900	316,600	503,200
Commodity Rate - $/Mcf	2.60	4.16	5.31
Average Unit Cost - $/Mcf	*4.85*	*7.40*	*10.46*
Monthly Standby Charge	167,500	110,300	0
Total Monthly Charge	387,400	426,900	503,200
Total Average Unit Cost - $/Mcf	*6.57*	*8.53*	*10.46*

The direct comparison over the period 2013-2042 is demonstrated in Attachment 2.

As KWA considers this proposal, I offer the following observations for consideration:

- The Public Partnership requires the least near term capital investment and preserves the economy of scale associated with operation of a large regional system resulting in an immediate reduction in the cost of water supply for Flint/Genesee, making the identified and necessary near term investment in local water infrastructure more feasible.
- The Public Partnership provides the opportunity to optimize service level and efficiency through collaborative asset management decision making.
- The Public Partnership provides representation for critical decision making consistent with DWSD newly demonstrated interest in engaging our customers in critical decisions impacting them. This formalizes that interest in contractual terms.
- The Public Partnership reduces the risks identified with a 'go alone' solution, including further declines in use/sales (see graph), project cost overruns or schedule delays and other unforeseen costs inherent in starting a new venture. See Attachment 3
- The DWSD Board of Commissioners has previously approved sale of raw water from the Lake Huron facilities for raw water end use. We remain open to further discussion about the raw water capacity needs and stand ready to provide an affordable commodity option.

DWSD is an organization in transformation. In April of 2011, a new Board of Commissioners was seated with additional autonomy and more direct customer representation. In the past year we have demonstrated the ability to reduce costs, resolve long standing compliance issues and have gained support for establishing a new legal and operational model for DWSD that could enable broadened representation for Flint/Genesee on the Governing Board.

I remain available to discuss this proposal to assure that each of the issues critical to Flint/Genesee are addressed.

Best regards,

Sue McCormick, Director
Detroit Water and Sewerage Department

Cc: Andy Dillon, State Treasurer
Dayne Walling, Mayor – City of Flint
Kevyn Orr, City of Detroit Emergency Financial Manager
Jeff Wright, Genesee County Drain Commissioner
James Fausone, Chair – Detroit Board of Water Commissioners

Attachment 1

DWSD Water Supply Costs Estimates to Flint

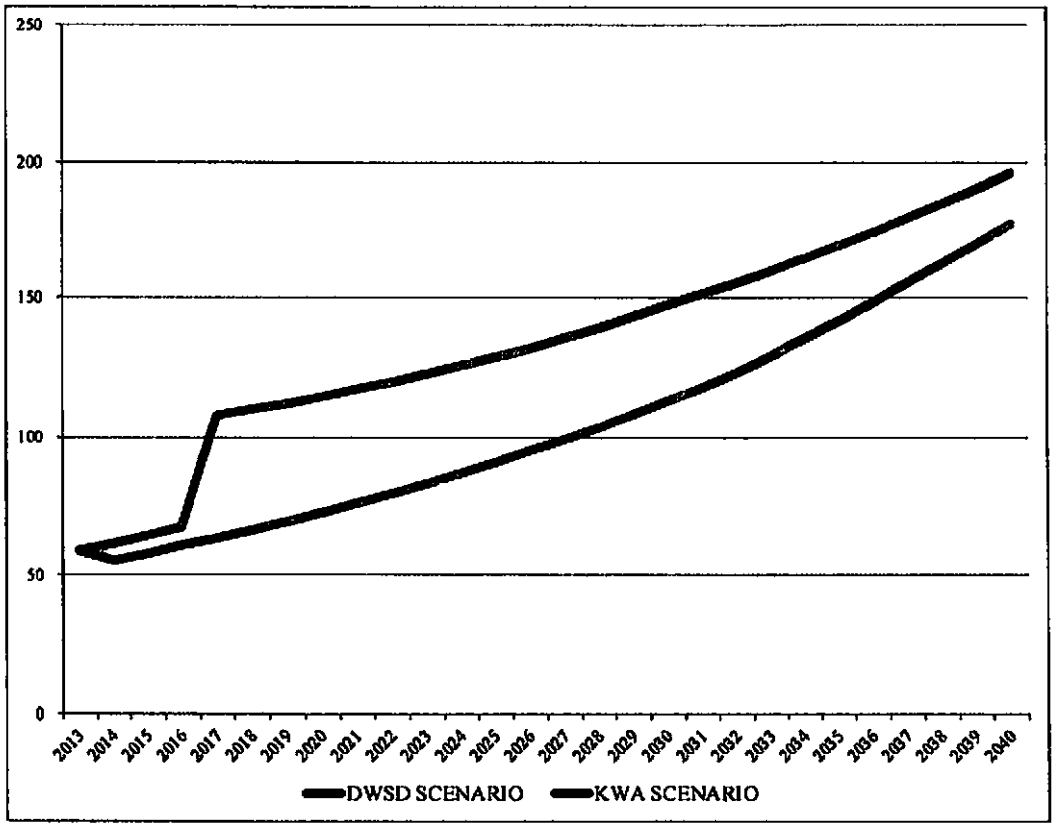
Option	Water Supply Costs ($) through 2042	Ranking by Cost
DWSD 4/15/2013 Scenario 2	587,990,650	1
DWSD 8 MGD Max Day @ Imlay	634,795,488	2
*KWA (10/31/12 No Overruns, As Provided) **	649,775,166	3
DWSD 8 MGD Max Day @ Baxter / Potter	672,671,705	4
KWA-1 (10/31/12 No Overruns with Financing Costs)	707,279,715	5
DWSD 12 MGD Max Day @ Imlay	725,576,803	6
DWSD 12 MGD Max Day @ Baxter / Potter	762,110,308	7
KWA-2 (Treasury Estimate)	766,784,313	8
DWSD 12 mgd Twin Line Proposal / No blending	818,092,150	9
DWSD 18 MGD Max Day @ Baxter / Potter	821,226,268	10

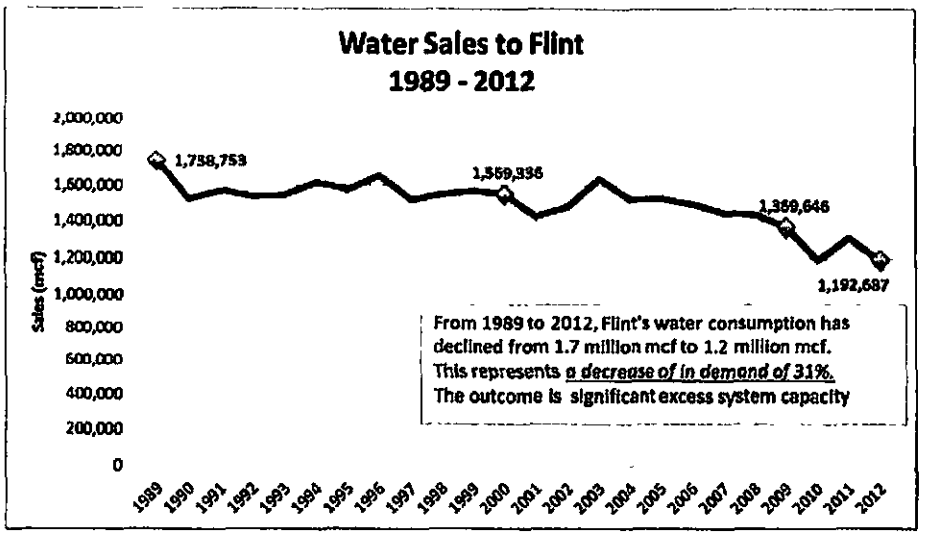
Italicized Options as presented in TYJT Report

DWSD Water Supply Costs Estimates to Flint / GCDC
$ millions

Option	All Water Costs ($) through 2042	Ranking by Cost
DWSD 4/15/2013 Scenario 2	3,282.00	1
Estimate of KWA	4,090.06	2

SUMMARY OF <u>TOTAL</u> PROJECTED WATER COSTS TO FLINT/GCDC - SCENARIO COMPARISON *($ millions)*




Water Sales to Flint
1989 - 2012
Sales (mcf)
2,000,000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
1,758,753
1,559,336
1,359,646
1,192,687
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
From 1989 to 2012, Flint's water consumption has declined from 1.7 million mcf to 1.2 million mcf.
This represents a decrease of in demand of 31%.
The outcome is significant excess system capacity

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, April 16, 2013 11:14 AM
To: Koryzno, Edward (Treasury)
Cc: Byrne, Randall (Treasury); Vandegrift, Drew (TREASURY)
Subject: RE: KWA and City of Flint

Importance: High

Ed/Randy,

Here are some observations and comments regarding the "Final Offer" from DWSD to Flint.

- The proposal is for 30 years, which is standard for DWSD.
- While the letter from DWSD is addressed to the City of Flint, the entire proposal seems addressed more to KWA and appears designed to apply to KWA as a collective entity.
- The proposal offers to allow the purchase of treated water directly from DWSD's Lake Huron WTP.
- It is unclear if the rates proposed by DWSD remain in-effect for 30-years.
- There is a statement in the cover letter "*Service commitments and usage definitions would be negotiated in the same manner as employed that have resulted in new contracts for other customers.*" This is very vague and implies further negotiation after approval of DWSD's offer. This raises concerns as to if additional costs might become a point of negotiation.
- There is an ill-defined comment that KWA can participate in facility operation and capital investment through a joint committee. More information would be needed on this prior to making a final decision.
- Broadened representation for Flint/Genesee County on the DWSD Governing Board is also implied but not defined. More information would be needed on this prior to making a final decision.

DWSD provides two scenario's for consideration.

- Scenario 1
  - Water purchases can be either *pressurized* or *unpressurized*. These terms are not defined and the impact of selecting an option could potentially impact delivery/transmission costs. I have concerns about proceeding without more clarity on the potential impacts of these options.
  - DWSD indicates that this scenario is a "supply only" rate schedule. Only water treatment costs would be recovered. DWDS would absorb all other delivery costs. It is not clear if this would remain in-effect for 30-years.
  - Capital and operating revenue charges are calculated based upon KWA's usage relative to the entire demand upon the Lake Huron WTP. Again, it is unclear if this is a fixed cost for 30-years.

- Emergency water service would be provided via the Potter and Baxter connection. It is assumed, but not specified, that the primary connection would be via the Imlay City connection.

- KWA would have the ability to construct and own its own transmission lines. It is assumed, but not specified, that no new connection points would need to be constructed to implement Scenario 1.

- Scenario 2

  - This is a "full service" rate option. DWSD provides all production and transmission services through the Potter/Baxter connection. It should be noted that this connection was determined to be more expensive than the Imlay City connection by TYJT.

  - Transmission rates will be calculated only on those costs necessary to supply KWA. No additional transmission rates will be charged. Again, it is unclear if this extends for 30-years.

  - Capital and operating revenue charges are calculated based upon KWA's usage relative to the entire demand upon the Lake Huron WTP. Again, it is unclear if this is a fixed cost for 30-years.

  - Emergency water services are not identified under this scenario.

DWSD provides a summary table of their unit costs but how these figures are arrived at are not clear, so analysis is difficult.

Attachment 1 lists the rank-ordered options (from cheapest to most expensive) identified by TYJT. DWSD Scenario 2 is listed as the least expensive option.

- How the total cost of this option is arrived at is unclear.
- It should be noted that Scenario 1 is *not listed* in *Attachment 1*.
- The previously identified, but unexamined, parallel line option raised by TYJT is listed as the 9th most expensive option. This option is not discussed in the DWSD proposal, so it is unclear how the total cost was arrived at.

The scenarios provided by DWSD could be cheaper than the KWA option, but this proposal lacks specificity and without delaying a final decision and conducting more analysis it is difficult to determine.

It is worth noting that if DWSD is able to provide these "advantageous rates" to Flint/KWA and expand decision-making representation to them, then it should be expected that other DWSD customers will desire similar terms.

It is peculiar that Scenario 1 notes that KWA would have the option to build and own its transmission lines. If no additional connection points are needed to implement this scenario, then why would KWA need to construct new lines (unless this refers to future expansion).

Scenario 2 seems to make KWA a "standard" DWSD customer with, perhaps, some more favorable rates and terms.

Scenario 1 references using the Potter/Baxter connection as an emergency connection. Given the history of back-up connections to DWSD, why is this point presented as almost a "non-issue?" Why then was it not previously implemented for Flint before this time? Also, why is the issue not addressed in Scenario 2?

A complete analysis of this proposal likely will require more information and additional time to complete.

If there are questions on the above comments, please let me know.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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From: Byrne, Randall (Treasury)
Sent: Tuesday, April 16, 2013 8:47 AM
To: Cline, Richard (Treasury)
Subject: FW: KWA and City of Flint

Eric:

Please review and comment.

Thanks,
Randy,

From: Koryzno, Edward (Treasury)
Sent: Tuesday, April 16, 2013 8:32 AM
To: Byrne, Randall (Treasury)
Subject: FW: KWA and City of Flint

I anticipate this will be discussed at this afternoon's local government meeting. Have Eric take a look at this and offer his comments.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Stibitz, Brom (Treasury)
Sent: Tuesday, April 16, 2013 8:17 AM
To: Headen, Frederick (Treasury); Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Subject: FW: KWA and City of Flint

Received by Flint yesterday evening.

From: Ed Kurtz [mailto:ekurtz@cityofflint.com]
Sent: Monday, April 15, 2013 6:28 PM
To: Stibitz, Brom (Treasury)
Subject: Fwd: KWA and City of Flint

---------- Forwarded message ----------
From: **Debra Ragland** <dragland@dwsd.org>
Date: Mon, Apr 15, 2013 at 6:08 PM
Subject: KWA and City of Flint
To: ekurtz@cityofflint.com
Cc: jwright@co.genesee.mi.us, dillona@michigan.gov, James Fausone <fausone@dwsd.org>, orrk@detroitmi.gov, Sue McCormick <mccormick@dwsd.org>

Please see attached on behalf of Sue F. McCormick.

Faxed copy forwarded to Mayor Dayne Walling and Jeff Wright.

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Tuesday, April 16, 2013 3:27 PM
To: Stibitz, Brom (Treasury)
Cc: Cousineau, Sara (Treasury)
Subject: FW: KWA and City of Flint
Attachments: KWA and City of Flint.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

FYI

Amy Hichez
Executive Administrator to State Treasurer Andy Dillon
Richard H. Austin Building
430 West Allegan Street
Lansing, MI 48922
Office: 517-241-2624
Cell: [redacted]
Fax: 517-335-1785

From: Fausone, Jim [mailto:JFausone@fb-firm.com]
Sent: Tuesday, April 16, 2013 9:07 AM
To: Walsh, John J.; Dillon, Andy (Treasury); Robert Ficano; william.misterovich@macombgov.org; orrk; Craig Hupp; Jaye Quadrozzi (Quadrozzi@youngpc.com; cpugh313; Gary Brown; Jack Martin; bkenoyer@ford.com; blackmm@mail.resa.net; Fausone, Jim; fredtheengineer@comcast.net; jamjomar@msn.com; jwilliams@dickinsonwright.com; ldforte@comerica.com; Mary Blackmon
Cc: Sue McCormick; Matthew Schenk
Subject: KWA and City of Flint

Folks - This proposal saves Flint./Genessee essentially 50% TODAY and 20% when compared to KWA over 30 years.

If the decision is about economics or engineering, I don't see how F/G proceeds with KWA. Call the Director or me if you have questions. Jim

James G Fausone
Fausone Bohn, LLP
(248) 380-1818 tel
jfausone@fb-firm.com

From: Sue McCormick [mailto:mccormick@dwsd.org]
Sent: Monday, April 15, 2013 6:20 PM
To: Fausone, Jim
Cc: William Wolfson; billjohnson
Subject: Fwd: KWA and City of Flint

Gentlemen,

The cliffnotes version:

Proposal offers a today rate of water for Flint/Genesee of $10.46 as compared to $20.00 paid currently per Mcf - 48% less that could be realized nearly imediately and even more when compared to the increases coming with KWA.
When compared over the 30 year horizon the DWSD proposal saves $800 million dollars or said differently - saves 20% over the KWA proposal.

Sue

Sue F. McCormick, Director
Detroit Water and Sewerage Department
735 Randolph, Room 506
Detroit, Michigan 48226
Office (313)224-4701
Fax (313)224-6067
McCormic@dwsd.org

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, April 16, 2013 1:39 PM
To: 'Pardo, Steven'
Subject: RE: KWA question
Attachments: Flint - KWA Approval (2).pdf

As noted in the letter sent to the city last week (see attached), the approval is effective at 5p on 4-16-13, after receiving written notice from the city...

From: Pardo, Steven [mailto:SPardo@detroitnews.com]
Sent: Tuesday, April 16, 2013 1:32 PM
To: Stanton, Terry A. (Treasury)
Subject: KWA question

Is the final approval for Flint to join the KWA scheduled to take place this week? You gave "tentative" approval last week. Is that the correct way to word it?

Thanks.

Steve Pardo
Reporter
The Detroit News
(313) 222-2112
cell: [redacted]

You can now find us at http://detroitnews.com, the home of Michigan's latest breaking news, sports, business, features and commentary. Our email addresses have changed, as well. Please update my email address in your contacts to reflect the @detroitnews.com.

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Tuesday, April 16, 2013 5:19 PM
To: ken.buckfire@millerbuckfire.com; Orr, Kevyn (Treasury)
Cc: Headen, Frederick (Treasury); Stibitz, Brom (Treasury); Saxton, Thomas (Treasury)
Subject: Fwd: DWSD Rates

Follow Up Flag: Follow up
Flag Status: Flagged

Ken,

I thought this would be helpful for Jones Day. Didn't know who to send it to on their end. Can you forward?

Thanks.

Andy

Sent from my iPad

Begin forwarded message:

> **From:** "Headen, Frederick (Treasury)" <HeadenF@michigan.gov>
> **Date:** April 16, 2013, 4:38:12 PM EDT
> **To:** "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>, "Stibitz, Brom (Treasury)" <StibitzB@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> **Subject: DWSD Rates**
>
> Andy;
>
> The rate setting process used by the Detroit Water and Sewer Department (DWSD) is as follows:
>
> (1) DWSD has a series of internal meetings with the other governmental units to which it supplies water. These meetings are not required, but have become customary. This series of meetings occur on an annual basis.
>
> (2) Based upon these meetings, DWSD recommends proposed water rates for the ensuing year (July 1 to June 30) to the Board of Water Commissioners. In turn, the Board of Water Commissioners recommends proposed water rates to the City Council, which has final approval.
>
> (3) Rates tend to be based upon factors such as usage, distance, and peak usage levels. If the contract with the City of Flint is characteristic, termination would require one-year's advance notice for a governmental unit to leave. Since rates are set annually, the departure of any governmental unit would result in rates for the next rate setting cycle being adjusted commensurately among remaining customers.
>
> Valerie Brader, with whom I spoke this morning, was very helpful and provided much of this information.

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
EDWARD J. KURTZ

ELECTRONIC LETTER

April 16, 2013

Andy Dillon
State Treasurer
P. O. Box 30716
Lansing, MI 48909

Dear Treasurer Dillon:

Flint, Genesee County and KWA received an eight page letter from Detroit Water and Sewerage Department (DWSD) offering a framework for a long-term agreement with our region. Two scenarios were presented;

Scenario 1: Water from the Lake Huron Plant.

This offer was dismissed immediately because Flint would still be responsible for their share of the KWA water pipeline delivery system estimated to be $79 million. In addition Flint would not be able to operate the Flint Water Plant in which we have invested over $40 million per MDEQ mandates over the past ten years. Finally, although DWSD shows this as an option and supplied a per month cost projection for the first year, no total costs over the life of the contract were provided.

Scenario 2: "Full Service" Water Supply

This offer was also rejected. DWSD would supply water to Flint/Genesee the same way they currently are today. They would change the method of calculating our bill. The offer would provide a $1.00 per ccf reduction on our usage for the first year, providing a 30 year contract is signed.

After review of the offer, Flint/Genesee has the following concerns:

1. DWSD's offer is a framework subject to negotiations and is not a firm offer.

2. DWSD's offer is based on 40.6 mgd, the KWA plan is based on 60 mgd. Flint/Genesee last summer hit the peak of 40.6 mgd and this DWSD offer provides no room for growth. Growth would result in penalties or added cost.

3. DWSD's offer does not include a guaranteed rate for years two through thirty, nor does it provide a maximum annual increase.

4. DWSD's offer does not provide a redundant supply for GCDC.

5. DWSD's offer does not allow for the use of Flint's existing water plant.

6. The offer indicates that the total cost to Flint over the life of the contract would be $587,990,665. No indication of what annual rate of increase was used in this projection. Flint can only assume it is 4.4% based on the Tucker Young report. It is also based on 40.6 mgds. KWA's proposal is for $649,775,166 based on 60mgds (33% more). Based on 60 mgds DWSD's proposal would be $868,950,738.

On a final note, Flint/Genesee has great concern over the accuracy of the figures provided by DWSD. Attachment 1 indicates that our joint annual cost to DWSD is $50 million; actual cost is less than $25 million. Attachment 2 indicates $800 million in savings over the next 30 years. That is greater than the total cost we would pay DWSD.

Therefore, I will sign the resolution to join KWA at the close of business today.

Sincerely,

Edward J. Kurtz
Emergency Manager

Stanton, Terry A. (Treasury)

From: Stibitz, Brom (Treasury)
Sent: Wednesday, April 17, 2013 7:56 AM
To: Stanton, Terry A. (Treasury); Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Subject: FW: DEQ Position - KWA

Background information from DEQ on KWA. They also believe that KWA remains the best option, even in light of the most recent offer by DWSD.

From: Dillon, Andy (Treasury)
Sent: Tuesday, April 16, 2013 5:12 PM
To: Wyant, Dan (DEQ)
Cc: Stibitz, Brom (Treasury); Saxton, Thomas (Treasury); Muchmore, Dennis (GOV); Roberts, John (GOV)
Subject: DEQ Position - KWA

Thanks Dan.

Sent from my iPad

On Apr 16, 2013, at 4:17 PM, "Wyant, Dan (DEQ)" <WyantD@michigan.gov> wrote:

> Andy,
>
> I have checked with multiple staff from both the Drinking Water Program and the Water Resource Division today. Their comments to me today are the same as before. KWA saves money if they separate.
>
> Dan Wyant, Director
> Department of Environmental Quality
> 517-373-7917
>
> **From:** Creal, William (DEQ)
> **Sent:** Tuesday, April 16, 2013 1:27 PM
> **To:** Wyant, Dan (DEQ); Sygo, Jim (DEQ)
> **Cc:** Verona, Laura (DEQ); Shekter Smith, Liane (DEQ)
> **Subject:** Fwd: KWA and City of Flint
>
> Here are Wrd comments.
>
> Begin forwarded message:
>
> > **From:** "Verona, Laura (DEQ)" <VERONAL@michigan.gov>
> > **Date:** April 16, 2013, 12:00:29 PM EDT
> > **To:** "Creal, William (DEQ)" <CREALW@michigan.gov>
> > **Cc:** "Alexander, Christine (DEQ)" <ALEXANDERC2@michigan.gov>, "Smith, Laura (DEQ)" <SMITHL16@michigan.gov>
> > **Subject: RE: KWA and City of Flint**
> >
> > Hi Bill,

From a capacity standpoint, supplying KWA is completely feasible under either proposal with no adverse impact to the rest of the DWSD supply network. The proposal lists KWAs contracted max day demand at 40.6 mgd, the design and rated capacity of the Lake Huron Plant is 400 mgd. The DWSD service area average and max day are about 650 and 950 mgd; the other four water plants combined have a rated capacity of over 1100 mgd.

I don't know the details of the cost analysis other than what has been reported by DWSD. It is my understanding that over the 30 year pay back period that full service water provided from DWSD would be more a lot more expensive than what KWA has projected if they separate. Several intermediate proposals of varying cost estimates have been presented without success. KWA was issued a permit last fall for constructing an intake (independent of DWSDs) and I think the plan is to start construction as early as this fall. Then a treatment plant would be constructed to treat the water. Flint has a water plant that draws raw water from the Flint River, but the plan would be to purchase raw water from the KWA intake and treat at their plant, using the River as a backup source. KWA has estimated a project cost of $274 million, DWSD estimated the project cost at $375 million; but I don't know exactly what the scope of work was for those estimates so I'm not sure that it's an apples to apples comparison.

Overall, besides the know impacts to DWSD for loss of revenue and increased cost to the rest of the system users to cover fixed cost, debt, etc., there could be other systems revisiting their proposals to separate. Grosse Ile and a few surrounding communities had looked into forming a water authority and building a plant to serve them; Grosse Pointe Park had submitted incomplete plans a few years back to build their own microfiltration plant. At one point, Grosse Pointe Shores was considering a study to see if they could re-work the Grosse Pointe Farms network to purchase water from them rather than DWSD through GP Woods.

Let me know if you want to discuss this further.

thanks,
Laura

From: Creal, William (DEQ)
Sent: Tuesday, April 16, 2013 8:02 AM
To: Verona, Laura (DEQ)
Cc: Alexander, Christine (DEQ); Smith, Laura (DEQ)
Subject: FW: KWA and City of Flint
Importance: High

Laura, please take a look at this and let me know if you have any comments. Need quickly. This appears to be mainly a drinking water issue right now. Thanks.

From: Wyant, Dan (DEQ)
Sent: Tuesday, April 16, 2013 6:51 AM
To: Sygo, Jim (DEQ); Creal, William (DEQ); Shekter Smith, Liane (DEQ)
Cc: Anderson, Madhu (DEQ)
Subject: FW: KWA and City of Flint

Bill and Liane,

Can you have your staff's take a quick look at this and let me know today if they think this changes their thoughts and comments to me last week.

Dan Wyant, Director
Department of Environmental Quality
517-373-7917

From: Dillon, Andy (Treasury)
Sent: Monday, April 15, 2013 7:55 PM
To: Wyant, Dan (DEQ); Dennis Muchmore; Roberts, John (GOV)
Cc: Stibitz, Brom (Treasury); Saxton, Thomas (Treasury)
Subject: Fwd: KWA and City of Flint

FYI

Dan, any thoughts re the attached?

We gave dwsd until today to put best offer on table. Flint is to get back to us tmrw. I want to make sure their expected rejection is made in good faith.

Sent from my iPad

Begin forwarded message

> **From:** "Debra Ragland" <dragland@dwsd.org>
> **To:** "ekurtz@cityofflint.com" <ekurtz@cityofflint.com>
> **Cc:** "jwright@co.genesee.mi.us" <jwright@co.genesee.mi.us>, "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>, "James Fausone" <fausone@dwsd.org>, "orrk@detroitmi.gov" <orrk@detroitmi.gov>, "Sue McCormick" <mccormick@dwsd.org>
> **Subject: KWA and City of Flint**
>
> Please see attached on behalf of Sue F. McCormick.
>
> Faxed copy forwarded to Mayor Dayne Walling and Jeff Wright.

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Wednesday, April 17, 2013 8:43 AM
To: Muchmore, Dennis (GOV)
Cc: Stibitz, Brom (Treasury); Roberts, John (GOV)
Subject: Re: KWA and City of Flint. URGENT

Follow Up Flag: Follow up
Flag Status: Flagged

That is the $64,000 question. DEQ is firm that KWA is better. Are they an honest broker? I have to admit the engineering firm Treasury hired (Tucker Young) didn't make their case. No one on our side (DEQ or Treasury) sided with DWSD. I was the lone hold out but I couldn't argue against the defense Flint put forward against the TY report.

Sent from my iPad

On Apr 17, 2013, at 8:37 AM, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov> wrote:

> So, if the last DWSD proposal saves so much money, why are we moving ahead with KWA? I take it that Flint doesn't trust them and is just fed up? Does Kurtz have his head on straight here?
>
> **From:** Dillon, Andy (Treasury)
> **Sent:** Wednesday, April 17, 2013 8:33 AM
> **To:** Stibitz, Brom (Treasury); Saxton, Thomas (Treasury); Muchmore, Dennis (GOV); Roberts, John (GOV); Headen, Frederick (Treasury); Brader, Valerie (GOV)
> **Cc:** Snyder, Rick (GOV)
> **Subject:** Fwd: KWA and City of Flint. URGENT
>
> Interesting threat here. They will seek to recover sunk costs through rates in last two years. My guess is this will be a wildly huge increase. We cannot ignore the threat. We need legal advice asap. This needs immediate attention.
>
> Fred please work with the AG and Valerie.
>
> Brom, please advise Kurtz.
>
> Note threat to HP. The two were never connected but this is a nail in the decayed coffin of HP.
>
> Sent from my iPad
>
> Begin forwarded message:
>
> > **From:** "Fausone, Jim" <JFausone@fb-firm.com>
> > **Date:** April 17, 2013, 8:08:55 AM EDT
> > **To:** "Walsh, John J." <jwalsh@fb-firm.com>, "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>, Robert Ficano <IMSheriff2you@aol.com>, "william.misterovich@macombgov.org" <william.misterovich@macombgov.org>, orrk <orrk@detroitmi.gov>,

"bkenoyer@ford.com" <bkenoyer@ford.com>, "blackmm@mail.resa.net" <blackmm@mail.resa.net>, "Fausone, Jim" <JFausone@fb-firm.com>, "fredtheengineer@comcast.net" <fredtheengineer@comcast.net>, "jamjomar@msn.com" <jamjomar@msn.com>, "jwilliams@dickinsonwright.com" <jwilliams@dickinsonwright.com>, "ldforte@comerica.com" <ldforte@comerica.com>, Mary Blackmon <blackmm@att.net>
Cc: Sue McCormick <mccormick@dwsd.org>, Matthew Schenk <schenk@dwsd.org>
Subject: FW: KWA and City of Flint

Folks - I am disappointed to report that Flint/Genesee rejected the offer last night by press release to the Flint Journal.

The next step will be to send Flint a termination letter. Flint plans on buying water from DWSD for the next 3 years. Under the old contract, a termination letter is sent and then 12 months later DWSD can set new rates for the water delivered in year 2 and 3. The new rates will recover all sunk costs.

I am convinced the DWSD team acted in good faith and put forth an attractive offer. The local politics trumped reason, economics and engineering. I wish the people of Genesee County good luck and that the project saves them all the money promised by the politicians.

DWSD will move on. Our next big issue is the regional authority. I would also expect now that the State Treasurer has indicated there is no Flint/Highland Park linkage, the Department will sue Highland Park for the $12.5 million it owes.

Jim

From: Fausone, Jim
Sent: Tuesday, April 16, 2013 9:06 AM
To: Walsh, John J.; DillonA2@michigan.gov; Robert Ficano; william.misterovich@macombgov.org; orrk; Craig Hupp; Jaye Quadrozzi (Quadrozzi@youngpc.com; cpugh313; Gary Brown; Jack Martin; bkenoyer@ford.com; blackmm@mail.resa.net; Fausone, Jim; fredtheengineer@comcast.net; jamjomar@msn.com; jwilliams@dickinsonwright.com; ldforte@comerica.com; Mary Blackmon
Cc: Sue McCormick; Matthew Schenk
Subject: KWA and City of Flint

Folks - This proposal saves Flint./Genessee essentially 50% TODAY and 20% when compared to KWA over 30 years.

If the decision is about economics or engineering, I don't see how F/G proceeds with KWA. Call the Director or me if you have questions. Jim

James G Fausone
Fausone Bohn, LLP
(248) 380-1818 tel.
jfausone@fb-firm.com

From: Sue McCormick [mailto:mccormick@dwsd.org]
Sent: Monday, April 15, 2013 6:20 PM

To: Fausone, Jim
Cc: William Wolfson; billjohnson
Subject: Fwd: KWA and City of Flint

Gentlemen,

The cliffnotes version:

Proposal offers a today rate of water for Flint/Genesee of $10.46 as compared to $20.00 paid currently per Mcf - 48% less that could be realized nearly imediately and even more when compared to the increases coming with KWA.
When compared over the 30 year horizon the DWSD proposal saves $800 million dollars or said differently - saves 20% over the KWA proposal.

Sue

Sue F. McCormick, Director
Detroit Water and Sewerage Department
735 Randolph, Room 506
Detroit, Michigan 48226
Office (313)224-4701
Fax (313)224-6067
McCormic@dwsd.org

Pleyte, Beth (Treasury)

From:	Brader, Valerie (GOV)
Sent:	Wednesday, April 17, 2013 5:33 PM
To:	Dillon, Andy (Treasury)
Cc:	Headen, Frederick (Treasury); Stibitz, Brom (Treasury); Saxton, Thomas (Treasury); Muchmore, Dennis (GOV); Roberts, John (GOV)
Subject:	Re: KWA and City of Flint. URGENT

Fausone chairs the DWSD Board of Water Commissioners, which is actually a body that exists under the Detroit Charter and is appointed by the Mayor. Fausone's appointment to the board was facilitated by the federal court, as a suburban representative (Bing agreed to name suburban reps; I can't remember if he did it to avoid an order or if Cox ended up issuing one on the matter). The Board's decisions in almost all key matters (rates, contracts) are subject to approval by the City Council, so KO does not need to listen to them.

All members of the board are mayoral appointees who serve at his pleasure, so in theory, KO could even fire Fausone if he tried this. the only potential obstacle is the potential federal court order, which if it exists, would arguably require him to ask Wayne County for a new name. I would need to refresh myself on Cox's orders on this to be sure of the process. Even if Cox technically ordered this, the federal court would likely avoid getting involved if the issue (as this is) was unrelated to the sewer system. I can't see any appeals court upholding a judge's order with that as the basis, and the 6th Circuit made it pretty clear in 07 or 08 that the federal court in this case had no authority over the water side of the system, and the argument that the water and sewer systems are linked via shared management is DOA.

Sent from my iPad

On Apr 17, 2013, at 8:59 AM, "Dillon, Andy (Treasury)" <DillonA2@michigan.gov> wrote:

> He chairs the oversight board the federal judge put in place. Point well taken though. We need to understand to what extent KO needs to listen to this board.
>
> Sent from my iPad
>
> On Apr 17, 2013, at 8:54 AM, "Headen, Frederick (Treasury)" <HeadenF@michigan.gov> wrote:
>
> > Andy:
> >
> > I forwarded this information to Frank Monticello, at the Attorney General's Office, and will keep Valerie apprised as to any developments at that end. I do not know what role Mr. Fausone plays in this matter, but his sentiments would seem to be idle threats given that the Emergency Manager now has statutory control over DWSD.
> >
> > Fred

From: Dillon, Andy (Treasury)
Sent: Wednesday, April 17, 2013 8:33 AM
To: Stibitz, Brom (Treasury); Saxton, Thomas (Treasury); Muchmore, Dennis (GOV); Roberts, John (GOV); Headen, Frederick (Treasury); Brader, Valerie (GOV)
Cc: Snyder, Rick (GOV)
Subject: Fwd: KWA and City of Flint. URGENT

Interesting threat here. They will seek to recover sunk costs through rates in last two years. My guess is this will be a wildly huge increase. We cannot ignore the threat. We need legal advice asap. This needs immediate attention.

Fred please work with the AG and Valerie.

Brom, please advise Kurtz.

Note threat to HP. The two were never connected but this is a nail in the decayed coffin of HP.

Sent from my iPad

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> **Date:** April 17, 2013, 8:08:55 AM EDT
> **To:** "Walsh, John J." <jwalsh@fb-firm.com>, "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>, Robert Ficano <IMSheriff2you@aol.com>, "william.misterovich@macombgov.org" <william.misterovich@macombgov.org>, orrk <orrk@detroitmi.gov>, "bkenoyer@ford.com" <bkenoyer@ford.com>, "blackmm@mail.resa.net" <blackmm@mail.resa.net>, "Fausone, Jim" <JFausone@fb-firm.com>, "fredtheengineer@comcast.net" <fredtheengineer@comcast.net>, "jamjomar@msn.com" <jamjomar@msn.com>, "jwilliams@dickinsonwright.com" <jwilliams@dickinsonwright.com>, "ldforte@comerica.com" <ldforte@comerica.com>, Mary Blackmon <blackmm@att.net>
> **Cc:** Sue McCormick <mccormick@dwsd.org>, Matthew Schenk <schenk@dwsd.org>
> **Subject: FW: KWA and City of Flint**
>
> Folks - I am disappointed to report that Flint/Genesee rejected the offer last night by press release to the Flint Journal.
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> The next step will be to send Flint a termination letter. Flint plans on buying water from DWSD for the next 3 years. Under the old contract, a termination letter is sent and then 12 months later DWSD can set new rates for the water delivered in year 2 and 3. The new rates will recover all sunk costs.
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engineering. I wish the people of Genesee County good luck and that the project saves them all the money promised by the politicians.

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To: Walsh, John J.; DillonA2@michigan.gov; Robert Ficano; william.misterovich@macombgov.org; orrk; Craig Hupp; Jaye Quadrozzi (Quadrozzi@youngpc.com; cpugh313; Gary Brown; Jack Martin; bkenoyer@ford.com; blackmm@mail.resa.net; Fausone, Jim; fredtheengineer@comcast.net; jamjomar@msn.com; jwilliams@dickinsonwright.com; ldforte@comerica.com; Mary Blackmon
Cc: Sue McCormick; Matthew Schenk
Subject: KWA and City of Flint

Folks - This proposal saves Flint./Genessee essentially 50% TODAY and 20% when compared to KWA over 30 years.

If the decision is about economics or engineering, I don't see how F/G proceeds with KWA. Call the Director or me if you have questions. Jim

James G Fausone
Fausone Bohn, LLP
(248) 380-1818 tel
jfausone@fb-firm.com

From: Sue McCormick [mailto:mccormick@dwsd.org]
Sent: Monday, April 15, 2013 6:20 PM
To: Fausone, Jim
Cc: William Wolfson; billjohnson
Subject: Fwd: KWA and City of Flint

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The cliffnotes version:

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When compared over the 30 year horizon the DWSD proposal saves $800 million dollars or said differently - saves 20% over the KWA proposal.

Sue

Sue F. McCormick, Director
Detroit Water and Sewerage Department
735 Randolph, Room 506
Detroit, Michigan 48226
Office (313)224-4701
Fax (313)224-6067
McCormic@dwsd.org

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, April 17, 2013 9:18 AM
To: Fraser, Roger (Treasury)
Subject: RE: Flint/KWA

Thanks!

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Fraser, Roger (Treasury)
Sent: Wednesday, April 17, 2013 9:17 AM
To: Koryzno, Edward (Treasury)
Subject: RE: Flint/KWA

I will do the letter.

From: Koryzno, Edward (Treasury)
Sent: Wednesday, April 17, 2013 8:03 AM
To: Fraser, Roger (Treasury)
Subject: FW: Flint/KWA

How do you want to handle this?

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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sender by reply e-mail, and delete/destroy all copies of the original message and attachments.
Thank you

From: Stibitz, Brom (Treasury)
Sent: Wednesday, April 17, 2013 7:49 AM
To: Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Subject: FW: Flint/KWA

Please prepare a response to "Fred the Engineer" to be signed by Roger on behalf of Andy.

Will you please let me know today how long it will take to get a response out and then also CC me on the letter once it does go?

Thanks.

From: Muchmore, Dennis (GOV)
Sent: Tuesday, April 16, 2013 6:12 PM
To: Dillon, Andy (Treasury); Stibitz, Brom (Treasury); Headen, Frederick (Treasury); Saxton, Thomas (Treasury)
Cc: Roberts, John (GOV)
Subject: RE: Flint/KWA

I thought we had settled all these questions. If so, we need to answer his email with an explanation.

From: Dillon, Andy (Treasury)
Sent: Monday, April 15, 2013 11:11 AM
To: Stibitz, Brom (Treasury); Headen, Frederick (Treasury); Saxton, Thomas (Treasury)
Cc: Muchmore, Dennis (GOV); Roberts, John (GOV)
Subject: Fwd: Flint/KWA

I don't know who Fred the Engineer is.

I spoke to Brooks Patterson Sat night. He won't get in middle of this despite Det News story.

I think we need to understand if the legacy liability issue raised twice now presents a real risk to Flint. Also, Fred were you able to sort thru rate issue we discussed?

Thanks.

Andy

Sent from my iPhone

Begin forwarded message:

> **From:** fredtheengineer <fredtheengineer@comcast.net>
> **Date:** April 15, 2013, 10:46:35 AM EDT
> **To:** "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>
> **Subject: Flint/KWA**
>
> Dear Mr. Dillon:
> The report produced, at your direction, by TYJT, indicated the most economical option for Flint water is to maintain a contract with DWSD. The KWA option will cost more money. Since

some of the funds for the KWA solution will come from State grants and State Revolving Fund loans, that solution will cost me more money in the form of taxes. The best solution from the economic and engineering perspective is DWSD. A purely political decision that ignores economics is not in the public interest.
Sincerely,

Fred W. Barnes, PE

Sent from my iPhone

Stanton, Terry A. (Treasury)

From: Dillon, Andy (Treasury)
Sent: Wednesday, April 17, 2013 10:50 AM
To: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Stibitz, Brom (Treasury)
Cc: Muchmore, Dennis (GOV); Roberts, John (GOV); Wyant, Dan (DEQ)
Subject: Fwd: KWA and City of Flint

May not be a bad idea to have this available for public consumption seeing as the two sides like to negotiate in the media.

Sent from my iPad

Begin forwarded message:

> **From:** "Wyant, Dan (DEQ)" <WyantD@michigan.gov>
> **Date:** April 17, 2013, 10:45:45 AM EDT
> **To:** "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>
> **Subject: FW: KWA and City of Flint**
>
> Andy,
>
> More DEQ staff comments attached from this morning. Our analysis has not changed.
>
> Dan Wyant, Director
> Department of Environmental Quality
> 517-373-7917
>
> **From:** Thelen, Mary Beth (DEQ)
> **Sent:** Wednesday, April 17, 2013 10:43 AM
> **To:** Wyant, Dan (DEQ)
> **Subject:** FW: KWA and City of Flint
>
> **From:** Busch, Stephen (DEQ)
> **Sent:** Wednesday, April 17, 2013 9:51 AM
> **To:** Sygo, Jim (DEQ); Shekter Smith, Liane (DEQ); Thelen, Mary Beth (DEQ)
> **Cc:** Shaler, Karen (DEQ); Benzie, Richard (DEQ); Prysby, Mike (DEQ)
> **Subject:** RE: KWA and City of Flint
>
> Director Wyant, Deputy Director Sygo, and Liane,
>
> A response at this point may be moot as Flint and Genesee Co. already held a press conference yesterday rejecting the DWSD offer.
>
> It is also unclear whether DWSD provided its offer directly to Flint and Genesee Co. by the deadline in Treasurer Dillon's letter. However, Flint and Genesee Co. still took the offer under consideration.
>
> Our office concurs with both Flint and Genesee Co. that the offers provided by DWSD were incomplete.
>
> Of the two scenarios provided by DWSD it appeared that only Scenario 2 was listed as potentially being more cost effective. However, this scenario did not address the following:

1. The DWSD scenarios are based on 40 MGD of service capacity. However, the KWA project is providing 60 MGD of initial capacity with potential expansion to 75 MGD in the future. Therefore, in order for a more direct comparison the DWSD scenario would need to increase capacity to 60 MGD, which would increase fixed rate commodity costs as well as the capital costs for the Huron Plant that DWSD was planning to allocate to Flint and Genesee Co., presumably by as much as 50%.

2. DWSD proposals cover a 30 year period to 2042, but fail to recognize that after this period bond payments for the KWA project will be complete and result in a significant reduction in costs for the KWA option.

3. While DWSD indicates that Flint and Genesee Co. would be given "broadened representation", it remains unclear exactly what this means in terms of actual control in the decision making process.

4. This scenario continues to rely on a single transmission system and would require the City of Flint to maintain its WTP for emergency purposes and these costs do not appear to be included. In addition, use of the Flint WTP as an emergency backup would leave Genesee Co. without an adequate backup supply to meet their 30 year needs.

Again, without DWSD providing the specific details of these proposals, it is difficult to provide a true comparative analysis, and as such Flint and Genesee Co. appear to be justified in their rejection of these proposals.

Please let me know if you require any further response.

Stephen Busch, P E
Lansing and Jackson District Supervisor
Office of Drinking Water and Municipal Assistance
MDEQ
517-643-2314

From: Sygo, Jim (DEQ)
Sent: Tuesday, April 16, 2013 9:59 AM
To: Busch, Stephen (DEQ); Prysby, Mike (DEQ); Benzie, Richard (DEQ)
Cc: Shekter Smith, Liane (DEQ); Shaler, Karen (DEQ); Thelen, Mary Beth (DEQ)
Subject: FW: KWA and City of Flint

Steve, Mike and Richard,

Please take a look at DWSD's last best offer to the City of Flint and provide your collective perspective to the Director through Liane by the end of the week. Copy me in as well. I'll be out of the office but would like to know if you think this is worth considering.

Thank you for your expedited review.

From: Wyant, Dan (DEQ)
Sent: Tuesday, April 16, 2013 6:52 AM
To: Sygo, Jim (DEQ)
Subject: FW: KWA and City of Flint

Jim,

Liane is out of the office today, Can you forward this directly to her staff that worked on this with us.

Dan Wyant, Director
Department of Environmental Quality
517-373-7917

From: Wyant, Dan (DEQ)
Sent: Tuesday, April 16, 2013 6:51 AM
To: Sygo, Jim (DEQ); Creal, William (DEQ); Shekter Smith, Liane (DEQ)
Cc: Anderson, Madhu (DEQ)
Subject: FW: KWA and City of Flint

Bill and Liane,

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Cc: Stibitz, Brom (Treasury); Saxton, Thomas (Treasury)
Subject: Fwd: KWA and City of Flint

FYI

Dan, any thoughts re the attached?

We gave dwsd until today to put best offer on table. Flint is to get back to us tmrw. I want to make sure their expected rejection is made in good faith.

Sent from my iPad

Begin forwarded message

> **From:** "Debra Ragland" <dragland@dwsd.org>
> **To:** "ekurtz@cityofflint.com" <ekurtz@cityofflint.com>
> **Cc:** "jwright@co.genesee.mi.us" <jwright@co.genesee.mi.us>, "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>, "James Fausone" <fausone@dwsd.org>, "orrk@detroitmi.gov" <orrk@detroitmi.gov>, "Sue McCormick" <mccormick@dwsd.org>
> **Subject: KWA and City of Flint**
>
> Please see attached on behalf of Sue F. McCormick.
>
> Faxed copy forwarded to Mayor Dayne Walling and Jeff Wright.

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226
WWW.DETROITMI.GOV

April 17, 2013

2013 APR 18 AM 11:33

Via Certified Mail and Electronic Delivery

Ms. Inez M. Brown
City Clerk
City of Flint
2nd Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502

Dear Ms. Brown:

Regarding: Termination of Contract for the Provision of Water Services by the City of Detroit, Water and Sewerage Department

On December 20, 1965, the City of Detroit, through its Board of Water Commissioners, (DWSD) and the City of Flint, Michigan (Flint) entered into a contract for the provision of DWSD treated water to Flint and the distribution by flint of that water to other Genesee County communities. Section 18 of that Agreement[1] provides:

18. The Board [DWSD] shall supply and sell water to the City [Flint] from the water system of the City of Detroit, and the City shall receive and purchase such water in accordance with the terms of this Agreement for an indefinite period of time but at least for a period of thirty-five (35) years from the date hereof. This Agreement may be terminated by either party after expiration of said 35-year period, upon one year's written notice served upon the other party by delivering the same to the Secretary of the Board or to the Clerk of the City as the case may be, or at any time upon mutual consent of both parties.

Please take notice that pursuant to this section, 18, of the above-referenced Agreement, DWSD is terminating this Agreement one year from today's date (April 17, 2014).

Sincerely yours,

Sue F. McCormick
Director

[1] Although the Agreement between DWSD has been subsequently amended, Section 18 remains unchanged and in full effect.

Lamphier, Wendy (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Wednesday, April 17, 2013 5:46 PM
To: Dillon, Andy (Treasury)
Subject: RE: Water meeting with Gov, Orr plus others

Importance: High

Follow Up Flag: Follow up
Flag Status: Flagged

That's probably enough. I'll come and probably Rustem. We can use the 15th floor.

From: Dillon, Andy (Treasury)
Sent: Wednesday, April 17, 2013 4:12 PM
To: Hichez, Amy (Treasury)
Cc: Stibitz, Brom (Treasury); Muchmore, Dennis (GOV); Roberts, John (GOV); Scott, Allison (GOV)
Subject: Re: Water meeting with Gov, Orr plus others

Ok to book during that window. Can it be in Detroit? This delay likely means Flint will be pregnant w KWA by then.

We let Kurtz come w he and two or three and DWSD Fausone w same # as Flint.

Also, invite Wyant and Key engineer. One from Tucker Young.

Dennis, I didn't send Governor report from DEQ (email I sent you) but will now. Is there a max # of people for this?

Sent from my iPad

On Apr 17, 2013, at 4:04 PM, "Hichez, Amy (Treasury)" <HichezA@michigan.gov> wrote:

> The Governor would like to do this meeting next week. The Governor as well as Mr. Orr are available on Wed April 24th from 1-4pm. Andy, you requested a hold from 12-5 for a meeting with Mr. Buckfire on this day. Please clarify what you would like to do and WHO are the attendees/contacts for DWSD and KWA?
>
> -----Original Message-----
> From: Dillon, Andy (Treasury)
> Sent: Wednesday, April 17, 2013 2:19 PM
> To: Muchmore, Dennis (GOV)
> Cc: Stibitz, Brom (Treasury); Scott, Allison (GOV); Roberts, John (GOV); Hichez, Amy (Treasury)
> Subject: Re: KWA & DWSD
>
> Ok. Amy, please get available times and dates from Governor. We should ask Wyant and one of his engineers.
>
> Isn't Gov in Flint Friday? Maybe we could do it then in Flint if his schedule permits.

Sent from my iPad

On Apr 17, 2013, at 1:44 PM, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov> wrote:

> The Gov would like you to call together Orr, Kurtz, DWSD, KWA and talk the situation through. He will participate. If something is resolved it will be good, if not, so be it.

Amy Hichez
Executive Administrator to State Treasurer Andy Dillon
Richard H. Austin Building
430 West Allegan Street
Lansing, MI 48922
Office: 517-241-2624
Cell: [redacted]
Fax: 517-335-1785

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Thursday, April 18, 2013 11:50 AM
To: GovCalendar
Subject: Accepted: FW: Time TBD - KWA & DWSD Meeting

Lamphier, Wendy (Treasury)

Subject: FW: RDS/GT/VB - KWA & DWSD (Water) Meeting
Location: Governor's SE MI Office

Start: Fri 4/19/2013 3:00 PM
End: Fri 4/19/2013 4:30 PM

Recurrence: (none)

Meeting Status: Accepted

Organizer: GovCalendar

-----Original Appointment-----
From: GovCalendar
Sent: Wednesday, April 17, 2013 3:58 PM
To: GovCalendar; Hichez, Amy (Treasury); Muchmore, Dennis (GOV); Wisniewski, Wendy (GOV); Rustem, William (GOV); Brader, Valerie (GOV); Tedder, Greg (GOV)
Cc: Clayton, Stacie (GOV); Thelen, Mary Beth (DEQ)
Subject: RDS/GT/VB - KWA & DWSD (Water) Meeting
When: Friday, April 19, 2013 3:00 PM-4:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Governor's SE MI Office

[redacted]

Host: [redacted] – SClayton to dial in as Host

Attendees:
RDS/GT in person, Val Brader by phone
Mr. Orr by phone
Harvey Hollins by phone or in person
Attending from DWSD: Jim Fausone, Sue McCormick (Director), Nikki Bateson (CFO)
Attending from Flint: Ed Kurtz and Flint Mayor Dayne Walling
Attending from Treasury: Andy Dillon, Amy Hichez
Attending from DEQ: Dan Wyant
George Karmo from Tucker Young Jackson Tull Inc

89 (Rev 02-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

SUMMARY REPORT

TO: Brom Stibitz, Senior Policy Advisor; Department of Treasury

FROM: Eric Cline. Unit Operations Specialist

SUBJECT: Flint Water System Summary

DATE: April 18, 2013

Summary

In November 2012 the Department of Treasury commissioned the firm of Tucker, Young, Jackson & Tull, Inc. (TYJT) to analyze options for the City of Flint to either remain a customer of the Detroit Water & Sewer Department (DWSD) or to join the Karegnondi Water Authority (KWA) in Genesee County. The purpose of this study was to provide objective analyses to the State Treasurer and Flint's Emergency Financial Manager (EFM) in order to secure future potable drinking water for the City.

In December 2012, staff from TYJT met with representatives from the Department of Treasury and the City of Flint to provide a preliminary report on their findings. At this meeting, five options were presented: These options ranged from the Flint Water Plant providing 100% water, to 100% provision of untreated Lake Huron Water by KWA, to 100% provision of treated drinking water by DWSD, or provision of variable amounts of water from DWSD using a combination of blended DWSD water and Flint River water.

From the presentation of the preliminary report in December 2012 to the submission of the final report by TYJT in January 2013, a number of developments made arriving at a final decision very difficult.

- DWSD provided the City of Flint with at least two modified proposals to consider.
- A debate ensued between TYJT and KWA's principal engineering firm regarding the others' conclusions and estimates for construction of the KWA pipeline.
- The Flint EFM eliminated all options except the 100% DWSD option or joining KWA.

In January 2013, the OFR provided a comprehensive report to the State Treasurer analyzing three questions: 1) The projected construction costs and why Treasury believed the projections provided by Flint/KWA were acceptable; 2) Identification of the construction contingencies; and 3) Identification of the options Flint will utilize in the event of a construction cost overrun or a delay in construction. At the end of this report, the OFR recommended to the State Treasurer that KWA presented the best future option for future potable water. The OFR also concluded that KWA appeared to be the cheaper option; the quality of water would improve; Genesee County appeared willing to assist the City in securing the financing for their portion of the project; the KWA project could signify the beginning of better collaboration between the City of Flint and Genesee County; and the KWA project had both political and popular support.

Between January and April, intense scrutiny of the various proposals was undertaken by Treasury and Flint officials. Treasury officials met with officials from Genesee County to gain a better understanding of the KWA project. In February 2013, Genesee County opened bids for construction of the Lake Huron intakes. This bid opening represented the first meaningful step toward commencing construction of the KWA system. The bid was $3-million less than projected.

In March 2013, Treasury was notified that DWSD had contacted Flint to negotiate with the City to retain them as a customer. On April 12, 2013, the State Treasurer authorized the Flint EFM to join KWA, pending review of any final offer from DWSD. A final offer was received from DWSD on April 15, 2013.

DWSD's final offer provided two options. The first option was for a "supply only" rate schedule. Only water treatment costs would be recovered and DWDS would absorb all other delivery costs. Capital and operating revenue charges would be calculated based upon KWA's usage relative to the entire demand upon DWSD's Lake Huron WTP. KWA would also have the ability to construct and own its own transmission lines.

The second option was a "full service" rate option. DWSD would provide all production and transmission services. Transmission rates would be calculated only on those costs necessary to supply KWA and no additional transmission rates would be charged. Capital and operating revenue charges would be calculated based upon KWA's usage relative to the entire demand upon the Lake Huron WTP.

Independent analyses of DWSD's final offer by the OFR, the Flint EFM, and the Department of Environmental Quality (DEQ) generally reached the same conclusions:

- DWSD's offer was a framework subject to negotiations and was not a firm offer.
- The offer provided by DWSD was incomplete.
- DWSD's offer did not include a guaranteed rate beyond year one, nor did it limit maximum annual rate increases.
- The DWSD scenarios were based on 40 MGD of service capacity. However, the KWA project provides 60 MGD of initial capacity with potential expansion to 75 MGD.
- DWSD indicates that Flint/ Genesee County would be given "broadened representation," it is unclear exactly what this means in terms of actual control in the decision making processes.
- The DWSD offer relies on a single transmission system and would require the City of Flint to maintain its WTP for emergency purposes. In addition, it would leave Genesee County without an adequate backup supply to meet their needs.
- DWSD's offer included an attachment that listed the rank-ordered options (from cheapest to most expensive). DWSD Scenario 2 is listed as the least expensive option (but it is unclear how the total cost of this option was arrived at). DWSD Scenario 1 was not listed.
- DWSD provided a summary table of their unit costs but how these figures are arrived at was not clear, so analysis proved difficult.

Without specific details from DWSD on this proposal, a true comparative analysis is difficult to provide. As such the Flint EFM rejected the DWSD proposal and agreed to join KWA.

If further information on this issue is needed, please let me know.

Copy: Roger Fraser, Deputy State Treasurer; Bureau of Local Government Services
Edward Koryzno, Administrator; Office of Fiscal Responsibility
Randall Byrne, State Administrative Manager; Office of Fiscal Responsibility

Pleyte, Beth (Treasury)

From:	Saxton, Thomas (Treasury)
Sent:	Friday, April 19, 2013 2:09 PM
To:	Hichez, Amy (Treasury)
Subject:	Fwd: DWSD / KWA Clark Hill letter
Attachments:	image002.jpg; ATT00001.htm; 1581_001.pdf; ATT00002.htm

Sent from my iPhone

Begin forwarded message:

> **From:** "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>
> **Date:** April 19, 2013, 2:06:47 PM EDT
> **To:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Stibitz, Brom (Treasury)" <StibitzB@michigan.gov>
> **Subject: Fwd: DWSD / KWA Clark Hill letter**
>
> Tom please read.
>
> Sent from my iPad
>
> Begin forwarded message:
>
> > **From:** "Fausone, Jim" <JFausone@fb-firm.com>
> > **To:** "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>, "Stibitz, Brom (Treasury)" <StibitzB@michigan.gov>
> > **Subject: DWSD / KWA Clark Hill letter**
> >
> > Andy - I asked for thoughts from bond counsel on issues raised in the Tucker Young February 2013 report related to debt service and operating reserves. There are also some Act 436 procedural issues discussed in the letter. I just received this and want to send it to you in advance of the meeting today. Jim
> >
> > James G. Fausone
> >
> > [cid:image002.jpg@01CE3D00.51F07310]
> >
> > 41700 West Six Mile Road, Suite 101
> > Northville, Michigan 48168-3460
> > (248) 380-0000 tel. ext. 1818

(248) 380-3434 fax

jfausone@fb-firm.com<mailto:jfausone@fb-firm.com>

www.fb-firm.com<http://www.fb-firm.com/>

Check out our Legal Help for Veterans practice group at www.legalhelpforveterans.com<http://www.legalhelpforveterans.com/> or www.youtube.com/legalhelpforveterans<http://www.youtube.com/legalhelpforveterans>

This message is intended only for the use of the individual or entity to which it is addressed, and may contain information that is privileged, confidential and/or exempt from disclosure under applicable laws. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and/or reply to the e-mail message. Thank you.

CLARK HILL

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T 248 642 9692
F 248 642 2174

clarkhill.com

Robert L. Schwartz
T 248 988 5847
F 248 988 1834
Email rschwartz@clarkhill.com

April 19, 2013

Mr. James Fausone
Chair
Board of Water Commissioners
Detroit Water and Sewerage Department
Detroit, Michigan

Re: KWA Proposal

Dear Mr. Fausone:

This is in response to your request for our advice regarding certain financial and procedural aspects relating to the proposal made by the Karegnondi Water Authority ("KWA") to the City of Flint ("Flint") to replace the Detroit Water and Sewerage Department ("DWSD") as Flint's water supplier.

As bond counsel for the City of Detroit (the "City") in connection with the issuance by the City, on behalf of DWSD, of over $650 million in sewer system bonds last year, we are familiar with DWSD, the water and sewerage systems and those matters most important to the successful financing of system improvements.

For purposes of this letter, we have reviewed, among other documents and correspondence, the City of Flint Water Supply Assessment, "*Preliminary Findings*," of Tucker, Young, Jackson, Tull, Inc., dated December 21, 2012 (the "Tucker Young Report"). We understand that the Tucker Young Report has been central to the discussion regarding whether or not the proposed KWA proposal should be pursued.

In our view, the financial analysis of the transaction and its consequences require reference to two subjects not materially considered by the Tucker Young Report or otherwise in connection with the KWA proposal. Among the most important are the effects on system debt service coverage and operating reserves. The Tucker Young Report notes that, among others, debt service coverage ratios and the funding of operating reserves were not specifically analyzed. The result could be a very significant understatement of costs. In this regard, we also note that the interest rates suggested for future Flint or system debt are, at best, purely speculative, if not considerably understated.

Debt Service Coverage

The debt service coverage ratio of any governmental body is a major consideration in the credit analysis of our national rating agencies. In this regard, one of the City's major underwriting firms, Siebert Brandford Shank & Co., LLC, has provided a comparative analysis of the credit ratings and debt service coverage ratios of several water systems, including the DWSD water system. The ability of a governmental body to pay its indebtedness is succinctly reflected in its debt service coverage ratio. National rating agencies have different credit criteria in this regard. Standard & Poor's Ratings Services requires a 1.5 debt service coverage ratio to assign a "strong" credit rating, while Fitch Ratings demands a debt service coverage ratio above 2.0.

The Ordinance governing the issuance of indebtedness for DWSD requires that the ratio of rates and charges to expenses be no less than 1.2 for senior debt.

In contrast, the KWA data reflects debt service coverage only in its financial proforma, which translates to a debt service coverage ratio of only 1.0, based on expectations, not experience. That ratio is extremely poor and unlikely to support any meaningful debt at any rate other than an unreasonably high one. This subject demands considerably more attention before a determination regarding the viability of the KWA proposal should be made.

Operating Reserves

In addition to the need for more analysis of the debt service coverage potential in connection with the KWA proposal, the strength of the potential operating reserves of the system must be considered. Our national rating agencies consider cash on hand as an indication of financial strength or weakness. The absence of cash to withstand negative unforeseen circumstances is a major negative factor in the rating analysis. Evidence of a three to twelve month operating reserve is extremely important. To our knowledge, there is no evidence of the means by which a meaningful operating reserve will be developed under the KWA proposal.

Act 436 Procedural Issue

Another issue of major importance is the procedure by which the KWA proposal has been or will be considered. The Local Financial Stability and Choice Act, Act 436, Michigan Public Acts of 2012 ("Act 436"), requires, in Section 12(3) thereof, that contracts with a cumulative value of $50,000 or more be subject to competitive bidding, absent authorization by the State Treasurer to abandon bidding.

The circumstances under which Flint is considering the KWA proposal are totally unclear as to whether this provision has been satisfied. To our knowledge, based on correspondence we have seen to date, the State Treasurer has not specifically waived the competitive bidding process. Moreover, we are not aware that any specific bidding requirements were published or

any information regarding evaluation criteria (of which, in complete disregard of customary and accepted governmental policy and practice, there appear to be none) disseminated. On what basis, then, can Flint legally proceed, particularly in view of the chronology of proposals submitted. No meaningful review of the DWSD's proposal viz-a-viz the KWA proposal conceivably could have been performed. Consequently, it can be concluded that the technical requirements of Act 436 were not satisfied and that a fair and intelligent analysis of competing contracts was clearly not made.

Public Policy

Finally, matters of public policy must be considered under circumstances as significant as these. Among such considerations are the existence of substantial public infrastructure with excess capacity, demographic data showing shrinking demand in the service area, the enthusiastic momentum behind the creation of a regional authority of which DWSD would be the structural foundation and the reduction in customer costs by a substantial percentage as reflected in the DWSD proposal, all of which militate substantially in favor of the DWSD proposal.

We have endeavored to summarize only a few of the more salient points relating to the analysis of the proposed KWA proposal in light of the proposals made by DWSD to continue the current relationship with Flint. Certainly, other matters of significance can and should be considered which may further affect the credibility of the KWA proposal.

Very truly yours,

CLARK HILL PLC

Robert L. Schwartz

RLS/jmh

Headen, Frederick (Treasury)

From: Dillon, Andy (Treasury)
Sent: Wednesday, April 24, 2013 8:48 AM
To: Wyant, Dan (DEQ)
Cc: Stibitz, Brom (Treasury); Tedder, Greg (GOV); Saxton, Thomas (Treasury)
Subject: Fwd: DWSD Proposal
Attachments: Flint04.23.13proposalfinal_(1)__Signed[2].pdf; ATT00001.htm; Specification_Sheet_for_Evaluating_Water_Service_Options_to.doc; ATT00002.htm; EXH 1.pdf; ATT00003.htm; EXH 3.pdf; ATT00004.htm; EXH 2.pdf; ATT00005.htm

FYI. Thanks for all of your help on this.

Sent from my iPad

Begin forwarded message:

> **From:** "Debra Ragland" <dragland@dwsd.org>
> **To:** "ekurtz@cityofflint.com" <ekurtz@cityofflint.com>
> **Cc:** "James Fausone" <jfausone@fb-firm.com>, "orrk" <orrk@detroitmi.gov>, "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>
> **Subject: Fwd: DWSD Proposal**
>
> This email is being sent on behalf of Sue McCormick - Director, Detroit Water and Sewerage Department.
>
> Please replace prior email with this one.
>
> ---
>
> From: "Sue McCormick" <mccormick@dwsd.org>
> To: "Ed Kurtz" <ekurtz@cityofflint.com>
> Cc: "Jim Fausone" <JFausone@fb-firm.com>, "orrk" <orrk@detroitmi.gov>, "dillona" <dillona@michigan.gov>
> Sent: Wednesday, April 24, 2013 8:15:18 AM
> Subject: DWSD Proposal
>
> Good morning Mr. Kurtz,
>
> Please find attached DWSD's proposal for continued service to Flint and Genesee County. Within the hour I will also send a power point file that provides a summary level presentation of the proposal.
> I look forward to answering any questions you may have and supporting the conversation between you and Mr. Orr over the next few days.
>
> Sue

Sue F. McCormick, Director
Detroit Water and Sewerage Department
735 Randolph, Room 506
Detroit, Michigan 48226
Office (313)224-4701
Fax (313)224-6067
McCormic@dwsd.org

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226-2830
WWW.DETROITMI.GOV

April 24, 2013

Ed Kurtz, Emergency Manager
City of Flint
1101 South Saginaw Street
Flint, Michigan

Dear Mr. Kurtz,

I am pleased to offer this Water Supply proposal for continued long-term water supply service to the City of Flint and Genesee County. DWSD is committed to becoming the provider of choice for Water service in Southeast Michigan and looks forward to the opportunity to partner with the City of Flint/Genesee County as the region moves forward. The proposal herein offers Flint the immediate opportunity for a 45% reduction in the cost of water supply saves the Flint/Genesee region over $900 million dollars as compared to the KWA alternative over the 30 year contract period.

On December 20, 1965, the Cities of Detroit and Flint entered into a Water Service Agreement (Agreement) for the City of Detroit Water & Sewerage Department (DWSD) to provide treated water to Flint and for Flint to provide DWSD water to other areas of Genesee County. That Agreement had a 35-year minimum and an indefinite maximum term and is currently in effect. There has been one Amendment to that Agreement dated July 18th, 1990. That amendment addressed a Flint request to reduce the minimum consumption requirement in the agreement by changing "Article 8 (A and B)". This amendment resulted in significantly lower costs to Flint. All other provisions of the Agreement remained unchanged. For over a decade the cities of Detroit and Flint have been in discussions for a successor Water Service Agreement to replace the Agreement currently in place. During the course of those discussions many different service alternatives have been considered but the cities have been unable to agree on terms that would allow their current Agreement to be replaced by a successor water service agreement.

In recent months, via a process largely governed by the State of Michigan, DWSD has proposed a number of alternative approaches for long-term water supply to the Flint/Genesee region. During a meeting with the State on April 19th a process and schedule was outlined that provided DWSD the opportunity to deliver a final proposal to Flint for continued service to the Flint/Genesee region. The proposal herein provides a public/public partnership approach in response to the water service requirements set forth by Flint / Genesee County / KWA as of April 22, 2013 (attached).

The following discussion and exhibits are designed to present the highlights of our submittal, and specifically respond to the points set forth in the request. In summary, our proposal reflects a public/public partnership approach with Flint that is designed to launch a cooperative arrangement toward solving water supply challenges in the Flint/Genesee region in a manner that best meets the interests of Flint and is equitable across the DWSD service area. Our proposed approach is responsive to the specification and has direct benefits to Flint/Genesee. Notably:

- Provides Flint, as partner with a capacity share in the Lake Huron Water Treatment Plant, the advantage of treatment costs calculated from a facility that has a lower cost of production compared to DWSDs other treatment plants; this capacity obligation is secured by a contractual obligation to successors and assigns;
- Effectively negates the distance and elevation factor that exists in the current rate structure to Flint, calculating transmission costs based on the line from the Lake Huron plant to the Baxter/Potter connection;
- Provides redundant (back-up) water supply at the Imlay City Pump Station and reflects fair recognition that Flint will provide a level of "reliability" on its own that DWSD currently provides to other wholesale customers, through construction and ownership of redundant transmission from the Imlay pump station West to Baxter/Potter or other point of connection as determined by Flint further maximizing Flint's interest in ownership of assets.

Highlights of our proposal:

Contract Structure – It is proposed that Flint would enter into a public/public partnership with DWSD that would reflect more input into and control over system investments and cost variables. The contract between Flint and DWSD would include "purchased capacity rights" in the "Lake Huron System" (defined below) based on the specific demands in an Exhibit B to the new contract, presumably the demands would be those included in the specifications attached. This is consistent in nature to DWSD's model contract that has been in place since 2008.

Revenue Requirement Responsibility – Limited to the costs associated with the "Lake Huron System", which includes the Lake Huron Water Treatment Plant and Intake and the transmission, pumping and storage facilities between the Lake Huron Plant and the delivery to Flint at the Baxter/Potter connection. Baseline revenue requirement data (including operating budget, rate of return, etc.) are identical to those developed for all other wholesale customers. No other DWSD costs will be allocable to Flint.

Proposed Rate Structure – Revenue requirements for the Lake Huron System will be recovered through a fixed monthly charge to recover allocated capital revenue requirements, plus a commodity charge to recover annual operating expenses. A separate fixed monthly charge is recovers the allocated "emergency standby" capital revenue requirements.

Redundancy Solution – Emergency backup supply is provided to the Imlay pump station, with the associated standby charge. A second transmission water main from the Imlay City Pumping Station west to either the current connection at Baxter/Potter roads or to another location to be determined by Flint, as necessary to meet the full redundancy requirements specified is assumed for comparison purposes. To maximize Flint's interest in ownership, it is proposed that this line will be constructed by Flint or KWA, and owned and operated by Flint or KWA. No costs associated with this transmission line are included in the proposed rate structure summarized in Exhibit 1. For the purposes of comparison of alternatives we have included an estimated annual revenue requirement for constructing such line, and these costs are reflected in the projections summarized in Exhibits 2 and 3. The costs for the second line included herein are consistent with those identified by TYJT in a follow-on effort to their report dated February 2013 on the

"twinned" line approach. Should Flint decide that it is not their preference to own this new transmission line, DWSD is receptive to other approaches, including DWSD financing and ownership.

Representation on the DWSD Board of Commissioners – DWSD is receptive to this concept and will pursue modification of the current governance structure to accommodate it.

Rate Increase "Guarantee" - DWSD proposes a guarantee that the capital portion of the Lake Huron System rate structure (the fixed monthly charge) will not increase for the life of the contract, unless additional capital investment is made in current and future Lake Huron System facilities. The only project in the current Capital Improvement Plan for the Lake Huron System is replacement of one low lift pump that is included in the fixed cost calculation. (Throughout this proposal the O&M escalation for the various revenue requirements are consistent with those applied in the TYJT evaluation conducted for the state.) In addition to the governance representation noted above and additionally through contractual treatment as a "partner" in a Lake Huron Operating Committee (proposed to have two Flint representatives and two DWSD representatives) Flint will have a level of control of such investments, and therefore a level of control over future capital revenue requirements included in the Flint rate structure. At Flint's option, an independent audit of the Lake Huron System costs can be requested annually and conducted by a mutually agreed upon firm and at a mutually agreeable cost.

Capacity - Flint will be entering a unique partnering agreement, initially purchasing capacity rights of 40 MGD in the Lake Huron Facility. The initial contract capacity would be set at 40 MGD per the specification. In addition, the contract will provide a reopener process every five years during which KWA may increase the contracted demands. DWSD will then allocate costs to Flint based on the new capacity requirement in the same manner as the initial allocation. This provision will accommodate potential growth in the KWA region without requiring Flint to encumber the full cost of projected future demands in early stages of the contract.

Proposed Rate Calculation

The annual revenue requirements are calculated (using FY 2013-14 as the baseline) as those that are allocable to the Lake Huron System. For purposes of this proposal, the Lake Huron System is defined as including:

- The Lake Huron Water Treatment Plant and related structures (intake, etc.)
- The 120" water main from the Lake Huron Plant to the Imlay City Pumping Station
- The Imlay City Pumping Station and related structures (reservoir, etc.)
- The 72" main from the Imlay City Pumping Station to the connection to Flint at Baxter/Potter Road

The Flint relative shares of the allocated Lake Huron System revenue requirement are based on the specifications provided by Flint. Capital costs have been allocated based on relative max day demands (for the plant) and peak hour demands (for the transmission facilities). Operation and Maintenance expenses have been allocated based on relative average day demands for all facilities.

The rate structure proposed herein recovers the allocated FY 2013-14 revenue requirements. All capital revenue requirements are proposed to be recovered through a fixed monthly charge. All operation and maintenance revenue requirements are proposed to be recoverable through a commodity rate applied to actual water purchases. An "average unit cost" per Mcf has been calculated based on the specification provided to illustrate the total revenue requirement expressed as a unit cost of projected water sales.

The analytical results of the proposal are illustrated in the attached table (Exhibit 1). Page 1 of this table shows the calculation of the proposed rate structure for FY 2013-14. As mentioned above, the fixed monthly charge associated with current capital costs of the Lake Huron System (shown on Line 1) will never increase so long as the purchased capacity requirement stays constant. Changes to the fixed monthly charge can increase only with (a) additional purchased capacity through the contract re-opener process (permissive to Flint), or (b) additional investment in Lake Huron System facilities for which Flint has both partnership input at the operating committee level and governance representation on the Board.

Page 2 of Exhibit 1 provides background to the rate structure calculation and illustrates the allocation of FY 2013-14 revenue requirements associated with the Lake Huron System facilities to Flint based on the contract demands set forth in the specifications document. It also illustrates the calculation of the emergency standby charge. This charge is designed to reflect the reservation of one day's worth of average daily capacity in the portions of the DWSD "backbone" (treatment and major transmission) system from which Flint will not receive "regular" service - and in which it will not be a "partner".

TYJT's report on the City of Flint Water Supply Assessment from February of this year included a number of tables and charts that compare revenue requirements to Flint under various alternatives. Attached herein is an updated Table 6.1 (Exhibit 2) which compares the cumulative annual cost of each option from the TYJT report with the new proposal included. We've also included an Exhibit 3 which is similar in format to Figure 6.1 in the TYJT report. However the data in this exhibit is a bit more inclusive, as it accumulates ALL of the annual utility costs for the KWA service area. DWSD submits that these exhibits illustrate the comparative advantage of DWSD's current proposal to the KWA proposal, and demonstrate the significant cost advantage provided with the innovative public/public partnership approach we are proposing.

In the nature of an executive summary or overview, we have submitted a companion power point presentation that calls out many of the significant features of this proposal. This is firm offer that is available with the rate season beginning July 1, 2014, however we remain open to discussion and negotiation.

Best regards,

Sue McCormick, Director
Detroit Water & Sewerage Department

Specification Sheet for Evaluating Water Service Options to Flint and/or KWA/Genesee County (KWA/GC) Service Area

Issued: April 22, 2013

Purpose: The purpose of this document is to 1) clarify the water service requirements so that DWSD may submit a proposal responsive to the current requirements of Flint and/or KWA/GC and 2) provide a framework for a comparable and equitable analysis of water service proposals from DWSD, KWA/GC, and/or any other parties.

- **Scope**: DWSD's proposal will be evaluated based on water service delivery to(select one):

  Flint only **or** Flint and KWA/GCC

2. **Objectives**: Identify the outcomes and criteria that serve as the basis for evaluating water service based on the scope defined in Q. 1 above.

- **Maintain current supply standards**
- **Reduce our cost share of DWSD system we don't use**
- **Stabilize rate**
- **Increase control over cost variables (be an owner, not a user)**
- **Redundant service at Baxter Potter**

3A. Treated Water Capacity Worksheet (5 Year Increments 2013-2042)

		2013	2018	2023	2028	2032	2037	2042
	Flint							
	Pressure Range							
	Max Day(MGD)							
	Peak Hour(MGD)							
	Avg Day (MGD)							
	KWA/GC							
	Pressure Range	**50 PSI Winter 65 PSI Summer**						
	Max Day(MGD)	**40**	**43**	**47**	**50**	**53**	**57**	**60**
	Peak Hour(MGD)	**44**	**47**	**52**	**55**	**58**	**63**	**66**
	Avg Day (MGD)	**25**	**27**	**29**	**31**	**33**	**35**	**35**
	Total							
	Pressure Range							
	Max Day(MGD)							
	Peak Hour(MGD)							
	Avg Day (MGD)							

3B. Raw Water (End Use) Capacity Worksheet (5 Year Increments 2013-2042) in excess of the specified treated water requirements

		2013	2018	2023	2028	2032	2037	2042
	Flint							
	Pressure Range							
	Max Day(MGD)							
	Peak Hour(MGD)							
	Avg Day (MGD)							
	KWA/GC							
	Pressure Range	0						
	Max Day(MGD)	0						
	Peak Hour(MGD)	0						
	Avg Day (MGD)	0						
	Total							
	Pressure Range	0						
	Max Day(MGD)	0						
	Peak Hour(MGD)	0						
	Avg Day (MGD)	0						

4. **Provide Redundancy/Reliability alternatives for Treated Water?** Circle yes or no for each

For Flint: Yes or No For KWA/GC **Yes**

Option 1 -Full redundancy-2nd source (specify delivery point)

--Baxter Potter or second point into Genesee County

Option 2 – Redundancy via storage (specify location point and volume)

--Not Applicable

5. **Permission to blend?** **No**

If Yes, specify any operating requirements/limitations to blending.

6. **Representation:**

On DWSD Board? **Yes**

On DWSD Operating Committee? **Yes**

7. **Capital Costs:** Capital improvements/upgrades requested to achieve water service objectives.

--See No. 4

8. **Pricing**: Cost of service based on a rate model specific to named facilities and auditable account structure.

Alternative 1: **Annual rate** proposed based on budget and estimated usage, billed monthly based on metered usage.
Electable option: Subject to annual audit and true up in the next full rate year after close of audit. **NA**

Alternative 2: Annual fixed amount proposed based on budget and estimated usage; billed monthly in 12 equal monthly bills. Subject to annual audit and true up in the next full rate year after close of audit. **NA**

Alternative 3: Customer specified pricing requirement(s)
- Redundant service as a separate fixed rate

- Annual fixed amount with a commodity charge based on service from Port Huron and pipeline only.

- Capital cost and O & M for Port Huron operations only

9. **Other Criteria:** Identify any other criteria or materials that DWSD should provide for an objective evaluation of DWSD provided service compared to non-DWSD options.

- All current and future costs not to increase by more than 4.7% annually over the life of the contract

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Wednesday, April 24, 2013 10:11 AM
To: David Guastella; George Karmo
Cc: Stibitz, Brom (Treasury); Saxton, Thomas (Treasury)
Subject: Fwd: Flint/GC Presentation
Attachments: Proposal Presentation 4 24 2013 to Flint GC.pdf; ATT00001.htm

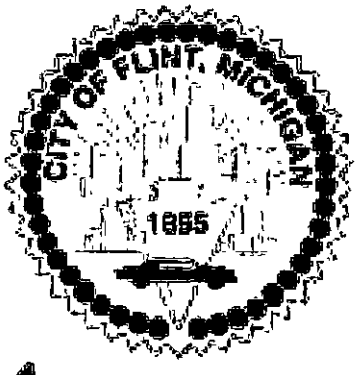
Follow Up Flag: Follow up
Flag Status: Flagged

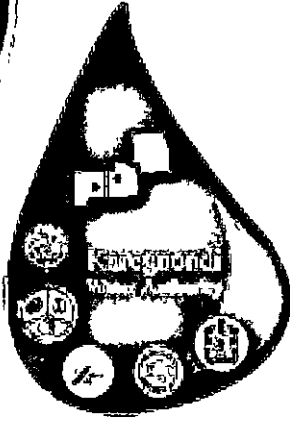
FYI.

Sent from my iPad

Begin forwarded message:

> **From:** Sue McCormick <mccormick@dwsd.org>
> **Date:** April 24, 2013, 9:22:17 AM EDT
> **To:** Ed Kurtz <ekurtz@cityofflint.com>
> **Cc:** Jim Fausone <JFausone@fb-firm.com>, orrk <orrk@detroitmi.gov>, "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>
> **Subject: Fwd: Flint/GC Presentation**
>
> Good morning again Mr. Kurtz,
>
> Please find attached a pdf version of the power point presentation noted in today's proposal sent earlier. This document provides an executive summary level view of the proposal.
>
> Best regards,
>
> Sue
>
> Sue F. McCormick, Director
> Detroit Water and Sewerage Department
> 735 Randolph, Room 506
> Detroit, Michigan 48226
> Office (313)224-4701
> Fax (313)224-6067
> McCormic@dwsd.org





A Public/Public Partnership to Provide Water Service to Flint/KWA

Submitted by City of Detroit Water & Sewerage Department
April 24, 2013

Water Service Process

- April 22, 2013 – Flint Emergency Financial Manager (EFM) provides specifications to DWSD
- April 24, 2013 – DWSD submits proposal to Flint EFM
- April 25, 2013 – Flint/Detroit EFMs confer
- April 26, 2013 – Target date for decision

Water Service Objectives

Flint and Genesee County's Objectives

1. Be a system owner, not a user
2. Reduce cost
3. Stabilize rates for the long term
4. Obtain service redundancy
5. Maintain water quality standards

1. Be a system owner, not a user

This proposal provides for:

A. A partnership with DWSD for a capacity share in the Lake Huron Water Treatment Plant
B. A Lake Huron System operating committee to control facility investment and O&M costs
C. Introduction to modifying current DWSD's governance structure to provide board representation for Flint/Genesee County

2. Reduce Cost

This proposal provides for:

A. Water Supply costs based solely on Lake Huron System
B. Eliminating the distance and elevation factor
C. A **fixed** monthly charge for allocated capital revenue requirements
D. A **commodity charge** to recover annual O&M expenses based on actual water purchases
E. A **fixed** monthly charge for "emergency standby" capital costs to accommodate reliability from other DWSD assets

2. Reduce Cost (continued)

The proposal provides for significant cost reduction over the life of the contract when compared to both the current DWSD rate structure and the KWA Scenario.

Projected Annual Flint / GCDC Purchased Water Costs
$ millions

	Current Rate Structure	Proposed Rate Structure	Variance	% Variance
2015	25 55	14 18	(11 37)	-45%
2020	32 14	17 55	(14 59)	-45%
2025	40 44	22 00	(18 44)	-46%
2030	50 87	27 59	(23 29)	-46%
2035	64 00	34 82	(29 18)	-46%
2040	80.53	44 48	(36 05)	-45%

The proposal results in immediate and continuing reduction in DWSD rates of 45%.

Projected TOTAL Water Costs to the Flint/GCDC Service Area
FY 2016-17 - $ millions

	KWA Scenario	DWSD Proposal	Variance
DWSD Purchased Water	0 00	14 97	14 97
KWA Operating and Capital Costs	43 94	0 00	(43 94)
Flint/GCDC Op and Capital Costs	64 15	50 74	(13 41)
TOTAL	108 09	65.71	(42 38)

The proposal is less costly than the KWA Scenario throughout the contract. Total savings to the Flint region are over $900 million.

3. Stabilize rates for the long term

This proposal provides for:

A. No increase in the Lake Huron System fixed capital monthly charge for the life of the contract unless new capital investment incurred
B. No capital investment is made unless recommended by a new Lake Huron Operating Committee (proposed to have two Flint representatives and two DWSD representatives).
C. An independent audit of the Lake Huron System costs can be requested annually

3. Stabilize rates for the long term
(continued)

D. No increase in capital and standby costs as long as purchased capacity requirement is constant
E. If increased capacity requested through contract re-opener process (permissive to Flint), change in costs based on new allocated share

3. Stabilize rates for the long term
(continued)

F. Initial contract based on purchasing capacity rights of 40 MGD in the Lake Huron Facility

G. Contract reopener every five years to accommodate potential growth of KWA region

4. Obtain Service Redundancy

This proposal provides for:

A. Redundant supply provided by DWSD at the Imlay City Pump Station
B. KWA constructs redundant transmission (from the Imlay pump station West to Baxter/Potter or other)
C. Existing investment in Flint water treatment plant continues to be utilized

5. Maintain water quality standards

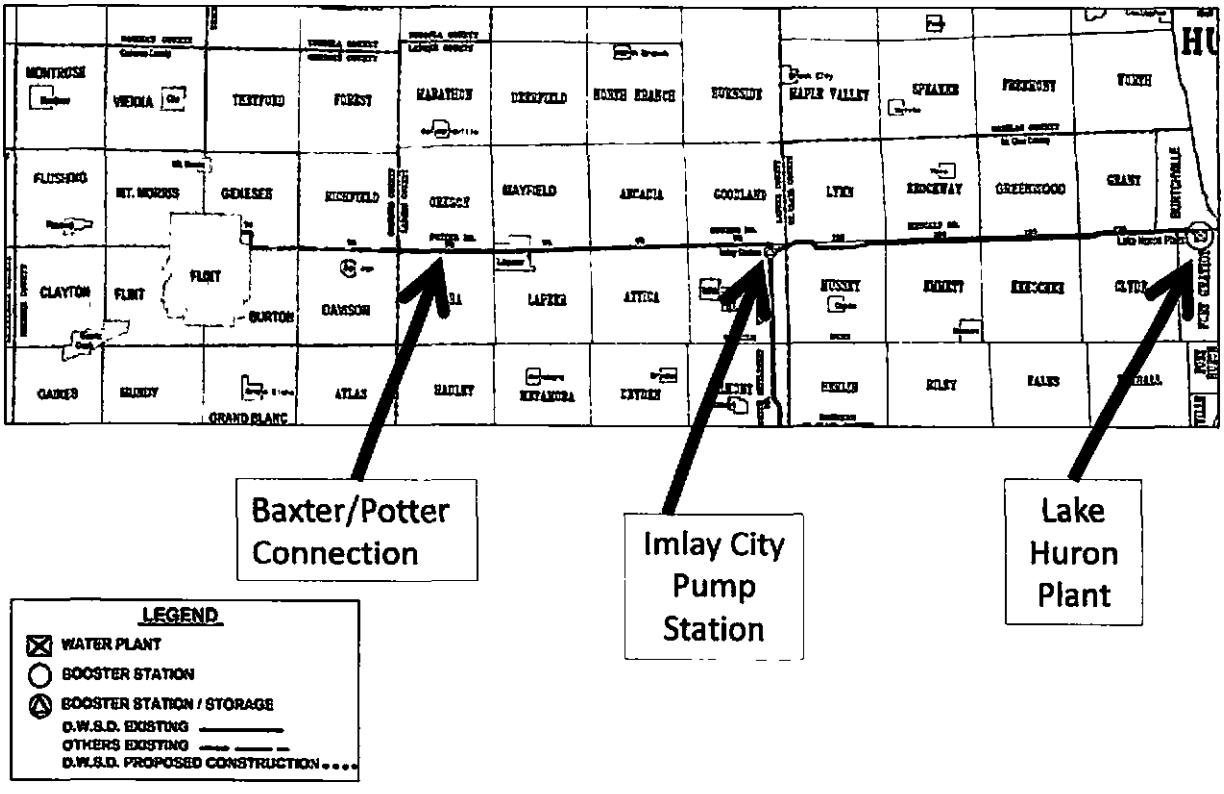
This proposal provides for:

A. Ongoing access to DWSD's water which meets or surpasses all federal and state standards for quality and safety
B. Meets pressure requirements requested in Flint/Genesee County proposal specifications
C. As a partner, Genesee County will have DWSD's experience and customer community resources to ensure water quality standards

"Lake Huron System" Defined

- ✓The Lake Huron Water Treatment Plant and related structures (intake, etc.)
- ✓The 120" water main from the Lake Huron Plant to the Imlay City Pumping Station
- ✓The Imlay City Pumping Station and related structures (reservoir, etc.)
- ✓The 72" main from the Imlay City Pumping Station to the connection to Flint at Baxter/Potter Road

Lake Huron System Map



Rate History – Past & Future

Flint/DWSD Rate Adjustments, Ten Year History

Fiscal Year	Unit Cost Rate	% Change
2004	$ 11.06	
2005	10.24	-7.4%
2006	10.56	3.1%
2007	11.09	5.0%
2008	11.35	2.3%
2009	13.07	15.2%
2010	14.32	9.6%
2011	15.85	10.7%
2012	17.53	10.6%
2013	19.12	9.1%
2014	20.39	6.6%
Ten Year Geometric Average		**6.31%**

Future

- ✓ Fixed capital costs
- ✓ Fixed emergency standby costs
- ✓ Commodity charge based on allocated share of Lake Huron System
- ✓ Voice in capital and O&M cost levels
- ✓ Ability to audit cost detail

Next Steps

- This presentation highlights key points of proposal presented April 24, 2013. See proposal for complete explanation.

- Proposal review proposal process – DWSD welcomes opportunity to address questions and clarifications

DWSD H2O offer to Flint

Wednesday, April 24 2013 11:14 AM

Subject	**FW: DWSD Proposal**
From	Stibitz, Brom (Treasury)
To	Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Sent	Wednesday, April 24, 2013 8:49 AM
Attachments	Flint04.23.13proposal... ATT00001 Specification_Sheet_f... ATT00002 EXH 1 ATT00003 EXH 3 ATT00004 EXH 2

EXHIBIT 1
Calculation of DWSD Water Rate to KWA
Hypothetical FY 2013-14 Rate Structure

		Annual Rev Req't (millions)	Unit Basis	Units	Avg Unit Cost	Rate Structure	
1	Capital Revenue Requirements	$ 6.09	months	12		$ 507,600	per month
2	Operating Revenue Requirements	$ 4.40	Mcf	1.220		$ 3.61	per Mcf
3	Subtotals / Avg Unit Cost	$ 10.49		*1.220*	*$ 8.60*		per Mcf
4	Standby Charge	$ 3.32		12		$ 276,900	per month
5	Totals / Avg Unit Cost	$ 13.81		*1.220*	*$ 11.32*		per Mcf
6	Total Monthly Charge					**$ 784,500**	**per month**
7	Total Commodity Rate					**$ 3.61**	**per Mcf**
8	*plus· Redundancy Solution (a)*	*$ 8.59*		*Not a DWSD Cost*			

(a) Redundancy Solution Calculations

9	*Cost of Redundant Line*	*$ 94.68*
10	*Issuance Expenes, etc*	*$ 2.18*
11	*Required Financing*	*$ 96.86*
12	*Finance Rate*	*5%*
13	*Finance Term*	*25*
14	*Annual Payment*	*$ 6.87*
15	*Debt Svc Coverage*	*125%*
16	*Annual Revenue Requirement*	*$ 8.59*

EXHIBIT 1

Allocation of FY 2013-14 Revenue Requirements

		"LH System"		KWA Communities		
		Revenue Req't *$ millions*	Capacity / Usage *mgd*	Capacity / Usage *mgd*	Relative Share *%*	Revenue Req't *$ millions*
	Capital Cost Recovery					
1	Treatment - LH WTP	30.35	400	40	10.0%	3.04
2	Pipeline - LH to Imlay	1.35	440	44	10.0%	0.14
3	Imlay Station	6.85	440	44	10.0%	0.68
4	Pipeline - Imlay to Baxter/Potter	0.74	44	44	100.0%	0.74
5	Other (Meters, Outreach, etc.)	7.50	125	25	20.0%	1.50
6	Total Capital Cost Recovery	46.79			*13.0%*	6.09
	Operating Costs					
7	Treatment - LH WTP	15.02	125	25	20.0%	3.00
8	Pipeline - LH to Imlay	0.29	125	25	20.0%	0.06
9	Imlay Station	4.51	125	25	20.0%	0.90
10	Pipeline - Imlay to Baxter/Potter	0.23	25	25	100.0%	0.23
11	Other (Meters, Outreach, etc.)	1.02	125	25	20.0%	0.20
12	Total Operation and Maintenance	21.07			*20.9%*	4.40
	Annual Revenue Req't					
13	Treatment - LH WTP	45.37				6.04
14	Pipeline - LH to Imlay	1.64				0.19
15	Imlay Station	11.36				1.59
16	Pipeline - Imlay to Baxter/Potter	0.96				0.96
17	Other (Meters, Outreach, etc.)	8.52				1.70
18	Subtotal DWSD Revenue Req't	67.87				10.49

Calculation of Standby Charge

		Total	LH System	Other
19	Capacity - mgd	1,760	400	1,360
20	Total "Backbone" Capital Costs - $millions	227.54	46.79	180.75
21	Unit Capital Costs	0.129	0.117	0.133
22	Standby Requirements = Average Day			25
23	Standby Revenue Requirement - $millions			3.32

EXHIBIT 2
DWSD Water Supply Costs Estimates to Flint

Option	**Water Supply** Costs ($) through 2042	Ranking by Cost
DWSD 4/23/2013 Proposal	322,409,500	1
DWSD 8 MGD Max Day @ Imlay	634,795,500	2
*KWA (10/31/12 No Overruns, As Provided) **	649,775,200	3
DWSD 8 MGD Max Day @ Baxter / Potter	672,671,700	4
KWA-1 (10/31/12 No Overruns with Financing Costs)	707,279,700	5
DWSD 12 MGD Max Day @ Imlay	725,576,800	6
DWSD 12 MGD Max Day @ Baxter / Potter	762,110,300	7
KWA-2 (Treasury Estimate)	766,784,300	8
DWSD 12 mgd Twin Line Proposal / No blending	818,092,200	9
DWSD 18 MGD Max Day @ Baxter / Potter	821,226,300	10

Italicized Options as presented in TYJT Report
Only reflects estimated WATER SUPPLY Costs.

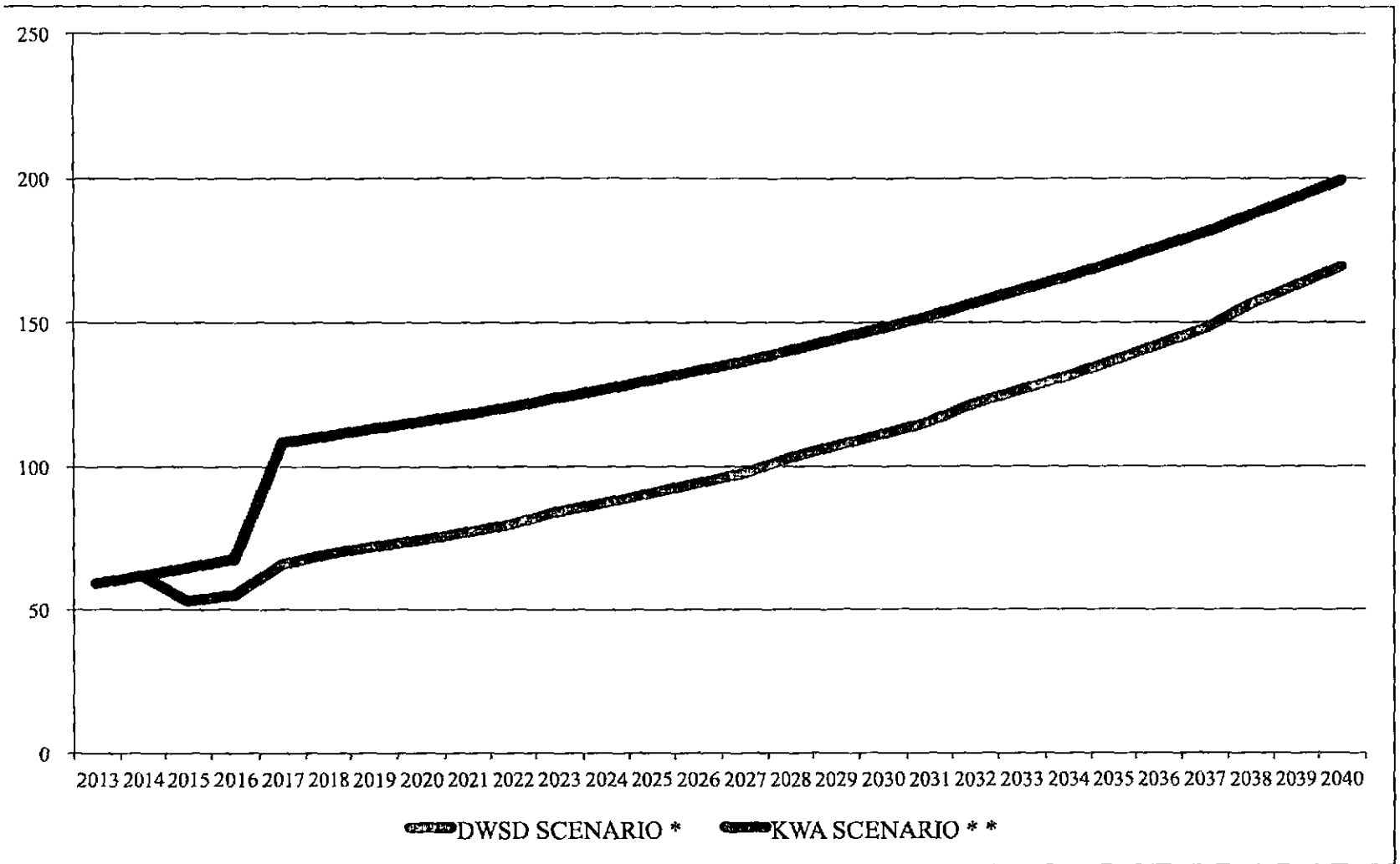
DWSD Water Supply Costs Estimates to Flint / GCDC
$ millions

	Total Water Costs ($) through 2042	
DWSD 4/23/2013 Proposal	3,202.18	1
Estimate of KWA Scenario	4,123.89	2

Reflects ALL WATER UTILTY costs, including local Flint / GCDC requirements.

EXHIBIT 3

SUMMARY OF **TOTAL** PROJECTED WATER COSTS TO FLINT/GCDC - SCENARIO COMPARISON *($ millions)*



NOTE - This chart reflects estimated TOTAL water utility costs for the KWA Service Area, including local requirements of the Flint and GCDC Systems.

* Includes current annual capital costs for purchase of capacity in current LH System, based on escalated capacity from specifications. Does not include any additional future LH System capital costs. Includes LH System operating costs and standby charges for the rest of the System.

** It has come to our attention that the KWA Scenario will require construction of 14 days of raw water storage. Costs associated with such a project have not been published and are not included in this comparison.

Headen, Frederick (Treasury)

From: George Karmo <GKarmo@tyjt.com>
Sent: Wednesday, April 24, 2013 1:28 PM
To: Dillon, Andy (Treasury); David Guastella
Cc: Stibitz, Brom (Treasury); Saxton, Thomas (Treasury); Awni Qaqish
Subject: RE: Flint/GC Presentation

Mr. Dillon:

We have reviewed DWSD's final offer to Flint/ Genesee County of April 24, 2013 and find it responsive to Flint's concerns and their water demand requirements. The offer appears to mitigate all the potential risks to Flint (joining KWA) identified by TYJT in our February 2013 Report to you and our subsequent meetings.

We have one recommendation for consideration related to service redundancy (refer to bottom of page 2 and top of page 3 & Item 4, page 10 of the power point presentation material of DWSD's offer document): TYJT would recommend that Flint asks DWSD to construct the second redundant line from Imlay Station to Flint and possibly purchase the existing 72 inch Flint- Owned line from Baxter/Potter (FL-1) to the Flint WTP. This redundant line cost could either be allocated to the entire DWSD water system (common to all allocations) or the cost could be included under the new water rate to Flint (should push to be included in the common to all allocations). TYJT believes that this would result in the following benefits:

1. Since Flint is unable to cost- effectively bond capital, the cost of financing could be easily obtained by DWSD;
2. DWSD has detailed and unique engineering experience for large and lengthy transmission mains design and construction; and
3. Long term operation and maintenance of the piping would be the responsibility of one entity, thus mitigating in the future who may be responsible for water main failures (breaks, leaks, hydraulic transients, etc.).

With the twin line, redundancy will be afforded to Flint's supply which will help in eliminating the dependency on the WTP/Flint River (except for the use of the high lift pumps) and thus generating tremendous O&M savings.

Please let us know if need any additional support.

Regards,
George Karmo, P.E., BCEE
TYJT/President
[redacted](direct office)
[redacted] (cell)
gkarmo@tyjt.com

-----Original Message-----
From: Dillon, Andy (Treasury) [mailto:DillonA2@michigan.gov]
Sent: Wednesday, April 24, 2013 10:11 AM
To: David Guastella; George Karmo
Cc: Stibitz, Brom (Treasury); Saxton, Thomas (Treasury)

Headen, Frederick (Treasury)

From: Ed Kurtz <ekurtz@cityofflint.com>
Sent: Friday, April 26, 2013 9:52 AM
To: Stibitz, Brom (Treasury)
Subject: Re: Detroit proposal

I have a phone conference frp, 12:15 to 1:30. Am available after that. Just let me know when. Ed

On Fri, Apr 26, 2013 at 9:45 AM, Stibitz, Brom (Treasury) <StibitzB@michigan.gov> wrote:
Do you have 10 minutes later this afternoon so you can discuss (over the phone) your response with Kevyn Orr? It would be good if the two of you could talk before we get back to the Governor. He would appreciate you both coming to him, even though you might not accept their offer.

Sent from my iPad

On Apr 26, 2013, at 9:43 AM, "Ed Kurtz" <ekurtz@cityofflint.com> wrote:

> Just wanted to let you know that I received a call from the Flint Journal today. They have a copy of Detroit's latest proposal and wanted my comments on it. I have not returned there call nor do I intend to. Don't know where they got it from. Don't think it was from us,Ed

Headen, Frederick (Treasury)

From:	Matthew Schenk <schenk@dwsd.org>
Sent:	Friday, April 26, 2013 10:25 AM
To:	ekurtz; hcroft@cityofflint.com
Cc:	orrk; Dillon, Andy (Treasury); jfausone; Nicolette Bateson; Sue McCormick; Scott, Allison (GOV); William Wolfson; Stibitz, Brom (Treasury)
Subject:	Fwd: DWSD's responses to Flint's Questions
Attachments:	DWSD KWA Background.pdf

Mr. Croft and Mr. Kurtz,

Attached is the back-up data that we believe is responsive to your request below. Please keep in mind that the information provided was developed in order to provide Flint with an "apples to apples" comparison of rates between the DWSD and KWA scenarios based upon current rate assumptions under the contract in place through April 2014.

As always, please feel free to call with any questions.

Matt

From: "Howard Croft" <hcroft@cityofflint.com>
To: "Sue McCormick" <mccormick@dwsd.org>
Cc: "Ed Kurtz" <ekurtz@cityofflint.com>
Sent: Thursday, April 25, 2013 2:24:32 PM
Subject: DWSD's responses to Flint's Questions

Good Afternoon Ms. McCormick,

We appreciate your response to our additional questions, Mr. Kurtz would like to know if you could provide a quick summary to the following inquiry.

On page two, in paragraph one, it is stated that "the total Water Utility Costs through 2042 are only $3,215.04 million, or $908.85 million less than the KWA scenario."

We are curious what formula DWSD used to calculate the $908.85 million dollars less than KWA?

We are meeting this afternoon to review your responses and any additional information on this issue would be greatly appreciated.

Thank you,

--

DWSD / KWA Executive Summary Outline

Premise and Approach

- Review most recent audited financial statements to establish baseline water revenues from Flint and Genesee County (GCDC), and how such revenues are applied.
- Estimate how baseline will be impacted under two scenarios
  - Continued purchase of treated water from DWSD
  - Construction of new KWA raw water supply system and treated water supply system for Genesee County and construction of modifications to Flint Water Treatment Plant
- Compare estimated short, mid, and long term financial projections for each scenario

Assumptions – common to both scenarios

- Current application of revenues is most accurately depicted by published audited financial statements for most recently fiscal years
  - FY ended December 31, 2011 for Genesee County Drain Commission (GCDC)
  - FY ended June 30, 2012 for City of Flint
- Most recently audited figures for Flint / Genesse County operating expenses, capital expenses, etc. are representative – inflate at 4.51%, ***consistent with TYJT report***

Assumptions – DWSD Scenario

- DWSD water rate schedule
  - DWSD rate structure to Flint / Genesee County is amended to reflect 4/24/2013 DWSD proposal, adjusted to reflect immediate reservation of 60 mgd capacity
  - DWSD rate escalation (for commodity and standby elements) at 4.7%, ***consistent with TYJT Report***

Assumptions – KWA Scenario

- KWA scenario begins in FY 2017, at which time purchased water from DWSD would cease
- Other than normal rate adjustments DWSD does not amend rate structure to Flint / GCDC
- KWA scenario costs
  - KWA Raw Water Pipeline and Appurtenances Construction = $357.58 million, ***consistent with TYJT report***
  - Flint Water Treatment Plant Construction Improvements = $7.1 million, ***consistent with TYJT report***
  - GCDC Water Treatment Plant Construction Improvements = $110 million, ***consistent with 2009 KWA Preliminary Engineering Report***
  - All construction costs are financed in terms set forth in the TYJT Report
    - 3 years of capitalized interest
    - Fully funded bond reserve account
    - Bond issuance expenses at 2.25%
  - In addition, revenues are assumed to need to generate 1.20x coverage of annual debt service
  - Flint Water Treatment Plant Operating costs = $8.27 million starting in 2017, ***consistent with TYJT report***
  - GCDC Water Treatment Plant Operating costs = $1.82 million starting in 2017, ***consistent with unit costs from the 2009 KWA Preliminary Engineering Report***

Headen, Frederick (Treasury)

From: Ed Kurtz <ekurtz@cityofflint.com>
Sent: Friday, April 26, 2013 11:58 AM
To: Stibitz, Brom (Treasury)
Subject: Re: dwsd

Brom, I hope the Governor's office and Treasury share the same "outrage" that I have over this article. The Governor specifically asked all parties not to talk to the press. I am not sure the State understands the kind of issues these articles create in our community. I have honored the Governor's request and will continue to do so until Monday. It is this exact kind of behavior that has occurred over the past 12 years, and frankly, we cannot work with people that have so little respect for and lack of professionalism in this matter. Again, let me say I am not taking this personally, and can handle the heat that will come from this, but it is flat out wrong. Ed

On Fri, Apr 26, 2013 at 11:15 AM, Stibitz, Brom (Treasury) <StibitzB@michigan.gov> wrote:
Understood. You should mention this when you talk with Kevyn today. I suspect he won't have a lot of patience for this kind of behavior by DWSD.

Sent from my iPad

On Apr 26, 2013, at 11:11 AM, "Ed Kurtz" <ekurtz@cityofflint.com> wrote:

> Brom, there is now an MLive article in the journal, saying that according to Detroit, DWSD has now offered a 45% reduction in water costs to Flint and will save the City and the County over $900 million over 30 years. I am now more than upset, particularly in light of the governor's request about talking to the media. Ed

Headen, Frederick (Treasury)

From: Stibitz, Brom (Treasury)
Sent: Friday, April 26, 2013 4:51 PM
To: Muchmore, Dennis (GOV); Roberts, John (GOV); Dillon, Andy (Treasury)
Cc: Buhs, Caleb (GOV); Wurfel, Sara (GOV); Stanton, Terry A. (Treasury)
Subject: Flint/DWSD
Attachments: Kevyn Orr - April 26, 2013.pdf

Ed Kurtz and Kevyn Orr spoke this afternoon. Ed indicated that Flint will not accept the last offer from DWSD. His formal letter is attached.

I spoke with both (separately) after the call. They both indicated that they had a good conversation, and that they sincerely look forward to working with the other in good faith over the next couple years.

Kevyn indicated that he would follow up with Sue McCormack, and that his direction will be that there be no more talking to the press about the issue. Ed plans to stay silent on the deal until Monday, at which time he will address the issue in a matter of fact matter, and stay away from any divisive language regarding the issue.

Brom Stibitz
Senior Policy Advisor
Michigan Department of Treasury
517-373-3223
stibitzb@michigan.gov

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
EDWARD J. KURTZ

ELECTRONIC LETTER

April 26, 2013

Mr. Kevyn Orr
Emergency Manager
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 1126
Detroit, MI 48226

RE: DWSD Offer Evaluation

Dear Mr. Orr:

DWSD's offer of a Public/Public Partnership appears on the surface to offer significant cost of water savings, particularly in the near-term. However, further analysis exposes several flaws and weaknesses with the offer that reduce any potential appeal. First, the offer continues to use a grossly inaccurate estimate of the KWA operating and capital costs over the next thirty years. This one estimate is off by at least $800 million and perhaps by as much as $1 billion over that timeframe. And since DWSD claims "total savings to the Flint region are over $900 million", they have relied on this flawed estimate of KWA cost to make this claim. This offer also relies on a projection based on very little capital expenditures, no repairs on a system that is past its life expectancy, and annual rate increases of 4.7% over the next 30 years.

Secondly, and of much greater concern to Flint and GCDC, DWSD's offer of partnership would not so much foster a true collaborative relationship, but instead contractually transfers significant liability and risk for the next thirty years. DWSD's offer states the contract "would reflect more input into and control over system investments and cost variables." Unfortunately, these future investments and cost variables are not contained in the DWSD cost estimates. DWSD has included a fixed monthly charge to recover allocated capital revenue requirements, but this number is largely for past expenditures and debt costs, and does not include the significant future capital costs which will be required to maintain their nearly 50 year-old system. Once again quoting from the

DWSD April 24th offer letter under the Rate Increase Guarantee section – "DWSD proposes a guarantee that the capital portion of the Lake Huron System rate structure (the fixed monthly charge) will not increase for the life of the contract, unless additional capital investment is made in current and future Lake Huron System facilities." No one disputes that additional capital costs will be required that will total in the millions of dollars.

The DWSD offer is able to appear to offer savings on the surface since they have offloaded much of the above future capital costs. But to do so, DWSD has had to gloss over or simply ignore these large future expenditures. If these unaccounted for capital costs were to be calculated and added to the 30 year Flint and GCDC cost of water estimates, the DWSD offer becomes one in which the savings swing far to the advantage of the Karegnondi Water Authority.

Sincerely,

Edward J. Kurtz

ATTACHMENT 1

This offer has more risk involved than previous proposals. KWA would be responsible for between 20% and 100% of the repair costs on the pipeline and related assets from Port Huron

The numbers in the offer do not make sense. DWSD indicates savings of over $900 million while KWA's total cost over 30 years is less than $650 million.

Offer is based on very little capital improvements, no repairs and a 4.7% annual increase over the life of the contract.

There are no rate guarantees after the first year for capital, O & M or consumption.

KWA would be responsible for redundancy at a cost of $94.68 million per DWSD's estimate.

Does not guarantee a rate structure if system regionalizes or DWSD regionalizes, or Detroit enters bankruptcy.

Flint and Genesee County could have a connected waste/water system that serves all or part of five counties.

The potential for further consolidation of services between the city and the county i.e...water, wastewater, 911, etc,

This partnership will give Flint ownership of its own water supply system with real representation on its board of directors, making all treatment and delivery system decisions.

Flint's participation allows them to utilize its own water treatment facility that it has invested 50 million into and only currently exercises four days per year.

The investment gives us a new pipeline with a life expectancy of 75 years, as well as a 2nd product, untreated water. Under DWSD we would have no ownership after the end of the contract, and a new pipeline would still need to be built.

A 30 year contract with DWSD keeps us on a system that is 48 years old with a design life of 75 years. There will be necessary major investments or replacement costs that are not accounted for in this DWSD proposal.

KWA guarantees its capitol rate for 25 years. The capitol rate is 90 % of the total costs.

The commodity charge of $1.30 per mcf is mainly driven by energy costs. The whole operation will employ 5-7 people.

A thirty year contract with DWSD will lock Flint into hundreds of employees, labor costs and legacy costs.

The combination of low financing, labor and material make this the optimal time for this investment. At our meeting with the governor on April 19th Detroit acknowledged a second pipeline had to be built.

KWA could be used as a backup emergency supply for the existing 48 year old pipeline.

It brings a total economic package to our community i.e. We have the I-69 corridor, I-75 interchange, the rail system connected to Port Huron, and one of the busiest airports in the state. Owning our own water supply completes that package and keeps $25 million in our community.

Mr. Fausone's continued insistence on a 12 month timeline to calculate the termination fees leaves a question mark on the costs.

Construction Costs

- Rowe/AECOM/J & H $272,000,000
- TYJT $357,000,000

  Include: 10% bond coverage (dispelled)

  30% additional engineering (dispelled)

  Back-up power (dispelled)

- DWSD Starts at: $357,000,000 and adds:

  $134,630,000 for bond sizing

  $11,074,500 for bond sale cost

  For a total of: $503,274,500

  Plus need to collect $6,984,000 per year extra for bond coverage (20%)

  Now we need:

  20% bond coverage

  30% additional engineering

  38% bond sizing

We dispelled TYJT numbers; now DWSD starts with those numbers and adds more They add the same costs to Flint and GCDC construction costs (baseline figures and assumptions – KWA)

Baseline Figures and Assumptions - KWA Scenario

	DWSD Water Rate Structure			
	Fixed	Standby	Commodity	
2014	738,006	#N/A	13.01	Service ceases after 2016

Total Water Service Costs for Flint / Genesee County Drain Commission

Costs of Current Facilities / Operations

Same as DWSD scenario

Costs of Future Facilities / Operations

Financing Costs for New Projects	Flint WTP Improvements	GCDC WTP and Other	KWA System (a)
Project Cost	7,100,000	110,038,554	357,578,060
Bond Sizing Factor	37.65%	37.65%	37.65%
Additional Bond Proceeds Needed	2,670,000	41,430,000	134,630,000
Bond Sale Size	9,800,000	151,500,000	492,200,000
Bond Issuance Expenses - %	2.25%	2.25%	2.25%
Bond Issuance Expenses	220,500	3,408,800	11,074,500
Finance Rate	5.00%	5.00%	5.00%
Finance Term	25	25	25
Bond Reserve Size - %	10.00%	10.00%	10.00%
Bond Reserve Size	980,000	15,150,000	49,220,000
Capitalized Interest term - years	3	3	3
Capitalized Interest	1,470,000	22,725,000	73,830,000
Net Bond Proceeds	7,129,500	110,216,200	358,075,500
Annual Debt Service Payment	695,300	10,749,300	34,922,800
Debt Service Coverage Requirement	120.00%	120.00%	120.00%
Annual Debt Service Coverage	139,100	2,149,900	6,984,600
Replacement?	144,900	2,251,600	(b)
Total Capital Financing Revenue Req't	979,300	15,150,800	41,907,400
Operating Cost Estimate Starting in FY 2017	8,270,000	1,819,900	(c)

(a) excludes raw water reservoir
(b) assume no annual replacement required for pipeline
(c) $1.30 per Mcf inflated to 2017

Headen, Frederick (Treasury)

From: David G. Heiman <dgheiman@JonesDay.com>
Sent: Friday, April 26, 2013 5:06 PM
To: Orr, Kevyn (Treasury); Dillon, Andy (Treasury); Sue McCormic; Ken Buckfire
Subject: RE: Fwd: DWSD Offer Evaluation

Kevyn--perhaps I am not knowledgeable enough on the specific facts here, but I find this to be a strange letter because he only attacks the calculations without offering his own assessment, proposing an alternative or threatening to pull out. Maybe that is a good sign rather than a bad one. You, I, Ken and Heather should discuss on Monday, or when we see you.
I am anxious to hear what Sue thinks.

***This e-mail (including any attachments) may contain information that is private, confidential, or protected by attorney-client or other privilege.
If you received this e-mail in error, please delete it from your system without copying it and notify sender by reply e-mail, so that our records can be corrected.***

-------- Original Message --------

From : "Orr, Kevyn (Treasury)" <OrrK2@michigan.gov>
To : "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>, "Sue McCormick <mccormick@dwsd.org>", Ken Buckfire <ken.buckfire@millerbuckfire.com>, "David G. Heiman"
<dgheiman@JonesDay.com>
Cc :
Sent on : 04/26 04:29:00 PM EDT
Subject : Fwd: DWSD Offer Evaluation

FYI.

Sent from my iPhone

Begin forwarded message:

From: "Maxine Murray"
<mmurray@cityofflint.com<mailto:mmurray@cityofflint.com>>
To: "Orr, Kevyn (Treasury)"
<OrrK2@michigan.gov<mailto:OrrK2@michigan.gov>>,
"orrk@detroitmi.gov<mailto:orrk@detroitmi.gov>"
<orrk@detroitmi.gov<mailto:orrk@detroitmi.gov>>
Cc: "Stibitz, Brom (Treasury)"

<StibitzB@michigan.gov<mailto:StibitzB@michigan.gov>>, "Dayne Walling"
<dwalling@cityofflint.com<mailto:dwalling@cityofflint.com>>
Subject: DWSD Offer Evaluation

Good afternoon Mr. Orr:

Please find attached a communication from Ed Kurtz.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Edward J. Kurtz, Emergency Manager
Michael K. Brown, City Administrator
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax
(See attached file: Kevyn Orr - April 26, 2013.pdf)(See attached file:
ATT00001.htm)

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226
WWW.DETROITMI.GOV

RECEIVED
APR 29 2013
OFFICE OF THE STATE TREASURER

April 24, 2013

Mr. Andy Dillon, Treasurer
Michigan Department of Treasury
Lansing, Michigan 48922

Dear Mr. Dillon:

Regarding: Rate Proposal for Flint / Genesee County

As you are aware, during our meeting on Friday, April 20, 2013, the Detroit Water and Sewerage Department (DWSD) was requested to provide a rate proposal to Flint and Genesee County by today based upon the specifications that Flint provided to DWSD on Monday, April 22, 2013. Early this morning, DWSD responded to that request with several documents that were also provided to your office by electronic communication.

In addition to the proposal document, the State of Michigan requested that DWSD include cost figures concerning DWSD's stranded costs associated with capital investment made by DWSD over the years related to serving both Flint and Genesee County as water customers. This issue of "stranded costs" has received significant media attention over the past several months, and my impression is that the State was looking for a clear figure so that there could be subsequent discussion and negotiation over all costs associated with Flint's decision on whether to join Karegondi Water Authority (KWA).

As you may know, State law requires that public utilities such as DWSD must base their rates upon the actual cost of service to particular customers. Additionally, state law limits the length of utility contracts to thirty years, while the useful life of capital assets in the water utility can greatly exceed that thirty year term.

Unfortunately, the computation of stranded costs for DWSD's capital investments in capacity and transmission attributable to Flint's and Genesee's consumption of DWSD water, is a complex calculation that cannot be performed with any level of certainty over the short time period provided by the State of Michigan for this analysis. Further, I have been advised by DWSD's General Counsel that it would not be prudent to engage in a process of trying to guestimate a price range for such a complex computation.

RECEIVED
5/1/2013

Based upon DWSD's termination of Flint's existing water contract last week, DWSD has roughly twelve months to determine the appropriate cost structure for Flint and Genesee's water consumption over the remaining term of their non-contracted water service from DWSD. DWSD will, however, endeavor to finalize the rate impact of the stranded costs by the end of the current calendar year.

Please rest assure that DWSD's computation will be in accordance with State Law which dictates that such rates will not result in a rate structure that would generate a profit for DWSD. Our intent is simply to compute the rates so that costs properly attributable to Flint and Genesee County will not be borne by the remaining DWSD water customers.

Sincerely,

Sue McCormick
Director

xc: The Honorable Rick Snyder, Governor State of Michigan
Ed Kurtz, Emergency Financial Manager, City of Flint
Kevyn Orr, Emergency Financial Manager, City of Detroit
James Fausone, Chairman, Board of Water Commissioners
William Wolfson, DWSD General Counsel
Nicolette Bateson, DWSD Chief Financial Officer

From: Dillon, Andy (Treasury)
Sent: Monday, April 29, 2013 5:40 PM
To: George Karmo; Stibitz, Brom (Treasury)
Cc: David Guastella
Subject: Re: Responses to Questions from Flint received last evening

Brom, can u follow up?

Sent from my iPad

On Apr 29, 2013, at 12:25 PM, "George Karmo" <GKarmo@tyjt.com> wrote:

> Mr. Dillon:
> We understand that Flint/Genesee County rejected DWSD's Final Offer. Was there anything in writing from Flint to that effect? If yes, is it possible to forward that to us?
>
> Regards,
> George Karmo
> -----Original Message-----
> From: Dillon, Andy (Treasury) [mailto:DillonA2@michigan.gov]
> Sent: Thursday, April 25, 2013 1:08 PM
> To: Stibitz, Brom (Treasury); Saxton, Thomas (Treasury); Muchmore, Dennis (GOV); Roberts, John (GOV); Wyant, Dan (DEQ); George Karmo; David Guastella
> Subject: Fwd: Responses to Questions from Flint received last evening
>
>
>
> Sent from my iPad
>
> Begin forwarded message:
>
> From: Matthew Schenk <schenk@dwsd.org<mailto:schenk@dwsd.org>>
> Date: April 25, 2013, 11:27:13 AM CDT
> To: "ekurtz@cityofflint.com<mailto:ekurtz@cityofflint.com>" <ekurtz@cityofflint.com<mailto:ekurtz@cityofflint.com>>, "Dillon, Andy (Treasury)" <DillonA2@michigan.gov<mailto:DillonA2@michigan.gov>>, "Scott, Allison (GOV)" <scotta12@michigan.gov<mailto:scotta12@michigan.gov>>, "orrk@detroitmi.gov<mailto:orrk@detroitmi.gov>" <orrk@detroitmi.gov<mailto:orrk@detroitmi.gov>>
> Cc: jfausone <jfausone@fb-firm.com<mailto:jfausone@fb-firm.com>>, Sue McCormick <mccormic@dwsd.org<mailto:mccormic@dwsd.org>>, Nicolette Bateson <bateson@dwsd.org<mailto:bateson@dwsd.org>>, William Wolfson <wolfson@dwsd.org<mailto:wolfson@dwsd.org>>
> Subject: Responses to Questions from Flint received last evening
>
> Mr. Kurtz,
>
> Please find attached responses to the 11 questions sent by Flint last evening to DWSD. Also, attached are revised exhibits to reflect the proposed change to reserve 60MGD of capacity beginning in year 1 of the prposed contract.
>

> Please advise if you have any additional questions. We look forward to continue working with Flint on this important issue.
>
>
> --
> Matthew Schenk
> Chief Operating Officer/
> Chief Compliance Officer
> DWSD
> City of Detroit
> Dave Bing, Mayor
> (313) 224-4707
>
>

DWSD's responses to Flint's Questions

April 25, 2013

Question 1: How does this proposal conflict with Article 14 ("Ensuring Equality of Contract Terms") of the existing contracts, which will result in a re-shuffling of cost and bring Flint/GCDC back to its original costs?

Response: This proposal is fully consistent with Article 14 of the Model Water Contract. Specifically, Article 14 provides that any existing customer can receive the benefit of a future contract provided to a different customer *provided that the existing customer assumes all of the new contract terms.* In other words, an existing customer cannot select one or two more preferable provisions without accepting the remaining terms that could be viewed as less preferable.

DWSD's proposal to Flint/KWA is unique in several aspects that would likely not be attractive to other existing customers of the system. Most notably, DWSD's proposal to Flint/KWA not only relieves DWSD of any financial obligation to provide redundancy for water service, but it also requires the customer to maintain its own treatment plant for redundancy. Additionally, the Flint/KWA proposal develops a fixed cost for the customer to guarantee a minimum capacity over the life of the contract. DWSD's other contracts allow for adjustments both up and down based upon changes in demand.

Question 2a: To compare apples to apples, KWA provides 60 mgd capacity. DWSD only provides 40 mgd. Will DWSD require purchase of 60 mgd capacity today or can we purchase 40 mgd today and reserve 20 mgd for later? Is there a premium penalty or no additional cost?

Response: The DWSD Proposal provides 60 MGD capacity in a stepped fashion consistent with the specification, providing Flint/GC the ability to adjust for actual growth rather than incur a larger initial obligation. Given the excess capacity in the system, there is little likelihood that capacity would not be available if and when it is needed by Flint/GC. However, Flint/GC may reserve 60 MGD capacity throughout the contract term. The new exhibits attached and dated 4/25/13 have been revised to reflect a contract reservation of 60 MGD throughout the term of the contract and would replace Exhibit 1 and Exhibit 3 previously provided.

Even with the reservation of this additional capacity, the total Water Utility Costs through 2042 are only $3,215.04 million, or $908.85 million less than the KWA scenario. This would result in a 37% decrease in rates for Flint in year one from current rates. This relative decrease would grow over the life of the contract.

Question 2b: Will DWSD stipulate that our cost cannot be increased due to regionalization?

Response: This broad question covers a number of topics. First, DWSD has proposed a contract cost structure that includes fixed charges to the greatest extent possible consistent with State Law. This structure provides significant protection from future rate increases. As was indicated by Mr. Kevyn Orr during our meeting on Friday, April 19, 2013, it is the view of DWSD and the City of Detroit that there will be a strong business case to justify suburban wholesale customers participating in any payment stream to the City of Detroit based on finance cost improvements associated with DWSD becoming a regional authority. Additionally, if Flint participates in the governance structure of the new Authority, it will be part of the deliberative process to agree upon the payment stream.

Question 3: DWSD indicated that the current capital improvement plan only includes replacement of one low lift pump. It has also come to our attention that the DWSD is contracting for a new capital improvement plan as of April 24, 2013.

Response: DWSD's CIP is updated annually. On April 24, 2013 the Board of Water Commissioner's (BOWC) approved a contract for an update to the Water Master Plan. The Water Master Plan is anticipated to provide insight relevant to future CIP's including asset management strategies that would extend the life of existing assets for the lowest NPV, however, the CIP is a separate and distinct effort.

Question 4: How old is the current CIP? Will Flint have input on the CIP? Please provide a better definition of "level of control" as used in your letter.

Response: The CIP is updated annually and on a schedule that is timed to run concurrent with development of the Annual Budget. The current CIP was adopted by the BOWC on January 23, 2013.

Question 5: What happens if substantial changes occur to the Port Huron Plant/Pipeline for the benefit of other customers?

Response: DWSD acknowledges that it is possible that there are investments in the Lake Huron system that might be made solely for the benefit of other customers of the DWSD system. Should investments of this nature be made, their cost would be excluded from the calculation of Flint's obligations. It is also possible that investments in the Lake Huron system might only benefit the Flint/GC Back up supply. Should this occur, any such adjustment would affect a minor component of the overall costs to Flint.

Question 6: Please explain why we are 20% of "other" (meters, outreach etc. – 7.5, 125, 25, 20%, 1.5).

Response: The 20% allocation of cost is a flow proportional allocation.

Question 7: If Lapeer is not part of the system, are we 100% of pipeline?

Response: Yes, if the GLCUA flow is removed from the line, Flint's flow requirement is 100% of the flow on the section of transmission main west of Imlay City.

Question 8: If we are responsible for 100% of the capital of the pipeline and 100% of the operations of the pipeline, why not turn it over to Flint? What would be the sale price?

Response: While it is not totally clear to DWSD what the question envisions in terms of the definition of the "pipeline" proposed to be sold to Flint, DWSD has in prior proposals and continues today to be open to discussing the opportunities to sell infrastructure to Flint/KWA as part of a long-term public/public partnership contractual arrangement. In prior proposals, offers specific to the 72 inch transmission main envisioned such a potential sale subject to more specific negotiations which might include reservation of wheeling rights to DWSD to service additional customers, address issues of competition associated with the use of the asset, etc.

While DWSD remains open to discussion, given the nature of the transaction, it is not possible to specify a purchase price or other terms at this time.

Question 9: When would this rate become effective, July 1, 2013 or July 1, 2014?

Response: The proposal indicates that these rates and charges are available as early as July 1, 2014. Rates and Charges for the FY beginning July 1, 2013 have already been adopted by the Board of Water Commissioners as necessary to meet the system's overall revenue requirements.

Question 10: As part of the discussions on Friday, April 19, 2013, should Flint/GCDC separate from Detroit, would DWSD be willing to enter into a contract extension for water supply during the construction period (3 years)? At what cost or premium would DWSD charge? And what is the basis for that charge?

Response: Again, this is a rather difficult question to answer with any specificity. As you may be aware, pursuant to Judge Sean F. Cox's order of November 4, 2011, the Board of Water Commissioners has full and final authority to approve rates for all suburban customers of DWSD. DWSD would certainly be willing to provide interim service to Flint during the construction phase of KWA on terms and rates as established by the Board of Water Commissioners. To the extent that your question is seeking clarification on the portion of charges that would be attributable to "stranded costs," I would refer you back to the letter dated April 24, 2013 that I sent to State Treasurer Dillon, with a copy to Ed Kurtz. Please keep in mind that the rates charged during the interim period would be consistent with state law requirements that would prohibit DWSD from charging rates that would generate a "profit" for DWSD.

Question 11: Would DWSD be willing to sell the section of pipeline from Imlay to Baxter and Potter if Lapeer also joins KWA? What would the cost be? If DWSD is willing to sell the pipeline, would they be willing to sell water to KWA on a standby basis? If so, what would be the cost?

Response: As stated previously, DWSD would be willing to look at opportunities to sell certain sections of pipeline to Flint as part of a public/public partnership arrangement.

Should Flint opt to join KWA and no longer be a customer of DWSD, DWSD would still be willing to look at opportunities to sell existing pipeline to Flint, with appropriate reservations of wheeling rights and non-compete clause language.

With regards to DWSD's interest in entering negotiation for potential standby service to KWA, should Flint leave the DWSD system, DWSD has previously indicated that we are open to discussion. Pricing of standby service in this proposal for a public/public partnership is on a significantly discounted basis as reflected in the attached Exhibit 1, page 2. DWSD has not calculated what a standby charge might be as related to the unspecified requirements to another utility.

Attachments

EXHIBIT 1
Calculation of DWSD Water Rate to KWA
Hypothetical FY 2013-14 Rate Structure

		Annual Rev Req't (millions)	Unit Basis	Units	Avg Unit Cost	Rate Structure	
1	Capital Revenue Requirements	$ 7.98	months	12		$ 665,100	per month
2	Operating Revenue Requirements	$ 4.40	Mcf	1.220		$ 3.61	per Mcf
3	Subtotals / Avg Unit Cost	$ 12.38		*1.220*	*$ 10.15*		per Mcf
4	Standby Charge	$ 3.32		12		$ 276,900	per month
5	Totals / Avg Unit Cost	$ 15.70		*1 220*	*$ 12.87*		per Mcf
6	Total Monthly Charge					**$ 942,000**	**per month**
7	Total Commodity Rate					**$ 3.61**	**per Mcf**
8	*plus: Redundancy Solution (a)*	*$ 8.59*		*Not a DWSD Cost*			

(a) Redundancy Solution Calculations

9	*Cost of Redundant Line*	*$ 94.68*
10	*Issuance Expenes, etc.*	*$ 2.18*
11	*Required Financing*	*$ 96.86*
12	*Finance Rate*	*5%*
13	*Finance Term*	*25*
14	*Annual Payment*	*$ 6.87*
15	*Debt Svc Coverage*	*125%*
16	*Annual Revenue Requirement*	*$ 8.59*

EXHIBIT 1

Allocation of FY 2013-14 Revenue Requirements

		"LH System"		KWA Communities		
		Revenue Req't *$ millions*	Capacity / Usage *mgd*	Capacity / Usage *mgd*	Relative Share *%*	Revenue Req't *$ millions*
	Capital Cost Recovery					
1	Treatment - LH WTP	30.35	400	60	15.0%	4.55
2	Pipeline - LH to Imlay	1.35	440	64	14.5%	0.20
3	Imlay Station	6.85	440	64	14.5%	1.00
4	Pipeline - Imlay to Baxter/Potter	0.74	64	64	100.0%	0.74
5	Other (Meters, Outreach, etc.)	7.50	125	25	20.0%	1.50
6	Total Capital Cost Recovery	46.79			*17.1%*	7.98
	Operating Costs					
7	Treatment - LH WTP	15.02	125	25	20.0%	3.00
8	Pipeline - LH to Imlay	0.29	125	25	20.0%	0.06
9	Imlay Station	4.51	125	25	20.0%	0.90
10	Pipeline - Imlay to Baxter/Potter	0.23	25	25	100.0%	0.23
11	Other (Meters, Outreach, etc.)	1.02	125	25	20.0%	0.20
12	Total Operation and Maintenance	21.07			*20.9%*	4.40
	Annual Revenue Req't					
13	Treatment - LH WTP	45.37				7.56
14	Pipeline - LH to Imlay	1.64				0.25
15	Imlay Station	11.36				1.90
16	Pipeline - Imlay to Baxter/Potter	0.96				0.96
17	Other (Meters, Outreach, etc.)	8.52				1.70
18	Subtotal DWSD Revenue Req't	67.87				12.38

Calculation of Standby Charge

		Total	LH System	Other
19	Capacity - mgd	1,760	400	1,360
20	Total "Backbone" Capital Costs - $millions	227.54	46.79	180.75
21	Unit Capital Costs	0.129	0.117	0.133
22	Standby Requirements = Average Day			25
23	Standby Revenue Requirement - $millions			3.32

EXHIBIT 2
DWSD Water Supply Costs Estimates to Flint

Option	Water Supply Costs ($) through 2042	Ranking by Cost
DWSD 4/23/2013 Proposal	328,669,100	1
DWSD 8 MGD Max Day @ Imlay	634,795,500	2
*KWA (10/31/12 No Overruns, As Provided) **	649,775,200	3
DWSD 8 MGD Max Day @ Baxter / Potter	672,671,700	4
KWA-1 (10/31/12 No Overruns with Financing Costs)	707,279,700	5
DWSD 12 MGD Max Day @ Imlay	725,576,800	6
DWSD 12 MGD Max Day @ Baxter / Potter	762,110,300	7
KWA-2 (Treasury Estimate)	766,784,300	8
DWSD 12 mgd Twin Line Proposal / No blending	818,092,200	9
DWSD 18 MGD Max Day @ Baxter / Potter	821,226,300	10

Italicized Options as presented in TYJT Report
Only reflects estimated WATER SUPPLY Costs.

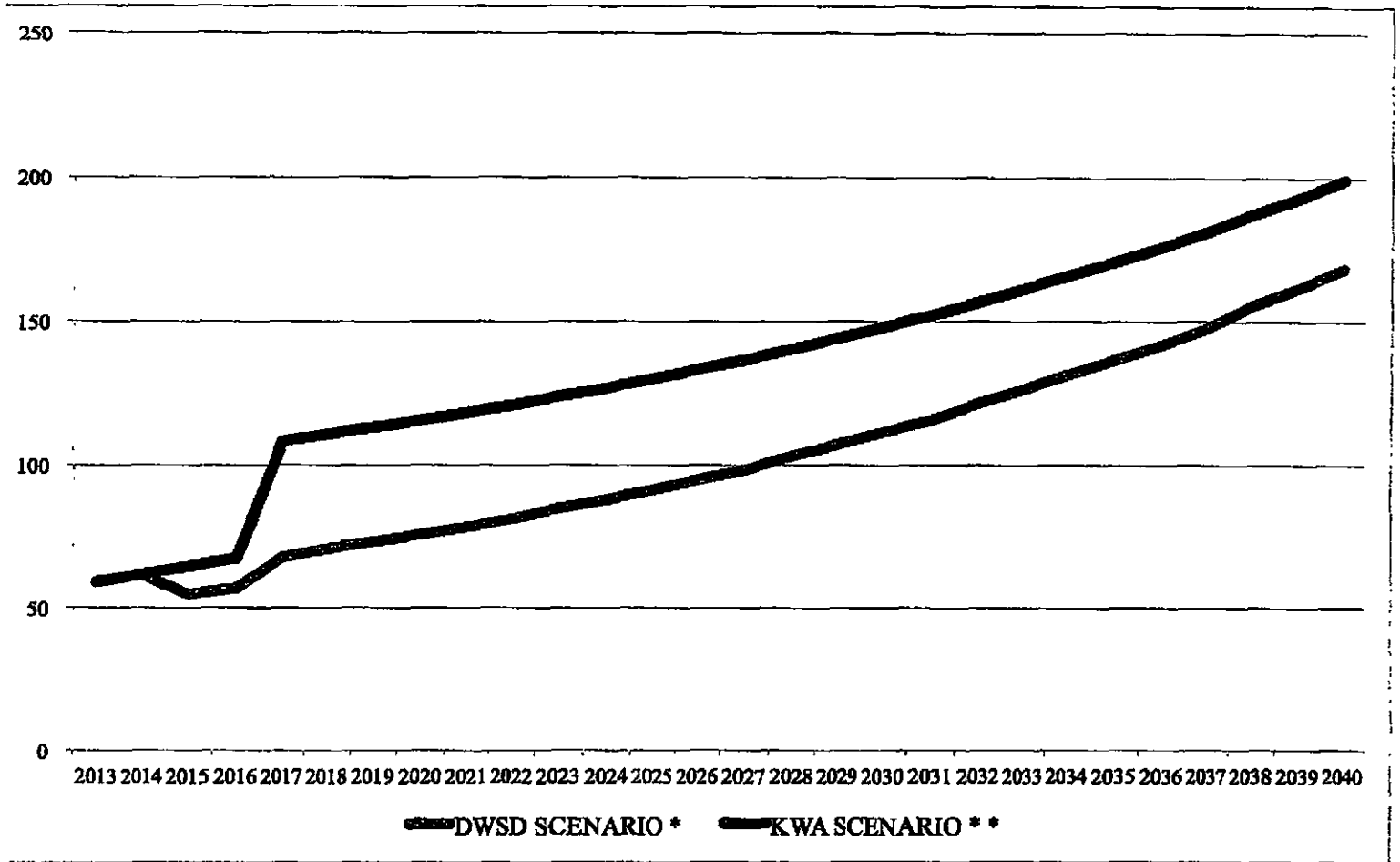
DWSD Water Supply Costs Estimates to Flint / GCDC
$ millions

	Total Water Costs ($) through 2042	
DWSD 4/23/2013 Proposal	3,215.04	1
Estimate of KWA Scenario	4,123.89	2

Reflects ALL WATER UTILTY costs, including local Flint / GCDC requirements.

EXHIBIT 3

SUMMARY OF TOTAL PROJECTED WATER COSTS TO FLINT/GCDC - SCENARIO COMPARISON *($ millions)*



NOTE - This chart reflects estimated TOTAL water utility costs for the KWA Service Area, including local requirements of the Flint and GCDC Systems.

* Includes current annual capital costs for purchase of capacity in current LH System, based on escalated capacity from specifications. Does not include any additional future LH System capital costs. Includes LH System operating costs and standby charges for the rest of the System.

** It has come to our attention that the KWA Scenario will require construction of 14 days of raw water storage. Costs associated with such a project have not been published and are not included in this comparison.

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, April 30, 2013 4:27 PM
To: Stibitz, Brom (Treasury)
Subject: FW: Flint/KWA

From: Wurfel, Brad (DEQ)
Sent: Tuesday, April 30, 2013 4:24 PM
To: Stanton, Terry A. (Treasury); Buhs, Caleb (Treasury); Wurfel, Sara (GOV); Silfven, Ken (GOV)
Subject: Fwd: Flint/KWA

Sent from my iPhone

Begin forwarded message:

> **From:** "Busch, Stephen (DEQ)" <BUSCHS@michigan.gov>
> **Date:** April 30, 2013, 3:55:36 PM EDT
> **To:** "Wurfel, Brad (DEQ)" <WurfelB@michigan.gov>
> **Subject: Flint/KWA**
>
> Brad,
>
> FYI. The press release on Flint's decision regarding KWA and DWSD is being postponed until tomorrow. Jeff Wright, Genesee Co., is in Chicago today and Kurtz wanted him to be available to answer questions.
>
> If something comes up my number is listed below.
>
> Stephen Busch, P.E.
> Lansing and Jackson District Supervisor
> Office of Drinking Water and Municipal Assistance
> MDEQ
> 517-643-2314

Stanton, Terry A. (Treasury)

From: Buhs, Caleb (Treasury)
Sent: Tuesday, April 30, 2013 5:03 PM
To: Stanton, Terry A. (Treasury); Wurfel, Sara (GOV); Stibitz, Brom (Treasury)
Subject: Flint sticking with KWA water pipeline, spokesman for Gov. Rick Snyder says

FYI ... I spoke with Fonger this morning and this is his story. I had asked him to confirm with Ed Kurtz, but apparently he didn't want to wait.

http://www.mlive.com/news/flint/index.ssf/2013/04/spokesman_for_gov_rick_snyder.html

Koryzno, Edward (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Wednesday, December 04, 2013 8:48 AM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Muchmore, Dennis (GOV); Saxton, Thomas (Treasury); Baird, Richard (GOV); Hollins, Harvey (GOV); Elizabeth Murphy; Jerry Ambrose; Larkin, Brian (GOV); Roberts, John (GOV)
Cc: Darnell Earley
Subject: Weekly Telephone Conference Call Agenda
Attachments: Weekly Phone Conference Agenda December 4, 2013 (1).doc

Good morning,

Please find attached the agenda for the Wednesday, December 4, 10:00 am conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Weekly 10am Phone Conference Agenda

1) Budget Update
   FY 13 – Audit
   FY 14 – current status
   FY 15 – plan

2) Model Labor Contracts – status

3) KWA, Water Plant Preparation

4) City Ordinance Review

5) Deficit Elimination Plan – Treasury

6) Master Plan Implementation Activity
   Zoning Ordinance Revision

7) Retiree Law Suit Status

8) Public Safety Activity

9) Status Report on the Flint City Council

10) Governance Revision

11) 9-1-1 Reconsolidation Plan

12) BS&A Upgrade

13) Other

Created on 11/12/2013

- HARVEY
- DARNELL, LIZ, JERRY
- BRIAN

12/4/13

888-557-8511

3389106

- City of Flint Weekly 10am Phone Conference Agenda

1) Budget Update
   FY 13 – Audit FINAL #'s by 12/6/13 CAFR READY IN 1 WK.
   FY 14 – current status
   FY 15 – plan BUDGET & AUDIT PROCESSES WORKING WELL, DEP. FIN. DIR IS GROWING, GOOD SUCCESSION PLANNING STORY TO HIGHLAND ABOUT DRAFT DEP
2) Model Labor Contracts – status COST estimate to Darnell FPOA INITIAL MTG MTG AGAIN ON 12/16, MTG W/ AFSCME MTG 12/4, FIRE HOUSE COMPLEX
3) KWA, Water Plant Preparation PROCEEDING AS PLANNED
4) City Ordinance Review NOTHING NEW
5) Deficit Elimination Plan – Treasury BUDGET AMENDMENT OF H2O/sewer forth WILL BE MTG w/ Council RE: H2O/WW
6) Master Plan Implementation Activity
   Zoning Ordinance Revision SAME
7) Retiree Law Suit Status NOTHING NEW
8) Public Safety Activity PLEASED W/ PROGRESS, LEVEL OF LEADERSHIP, ENGAGED IN THE COMMITTEE
9) Status Report on the Flint City Council
10) Governance Revision RETIRED, MML PRESENTATION, ROLE POST EM ED KURTZ ORDER, PART OF DARNELL'S FINAL EM ORDER, BLUE RIBBON GOVERNANCE COMMITTEE
11) 9-1-1 Reconsolidation Plan NOTHING NEW
12) BS&A Upgrade PROCEEDING AS PLANNED
13) Strong Cities, Strong Community Update
14) 45 Day Financial and Operating Plan UNDER REVIEW
15) Other

Created on 11/12/2013

Cline, Richard (Treasury)

From:	Dempkowski, Angela (Treasury)
Sent:	Thursday, December 05, 2013 4:36 PM
To:	Cline, Richard (Treasury)
Subject:	FW: One Resolution #EME0682013 for State Approval
Attachments:	EME0682013.PDF

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Thursday, December 05, 2013 4:09 PM
To: Dempkowski, Angela (Treasury)
Subject: One Resolution #EME0682013 for State Approval

Good afternoon Angela,

I am submitting the following resolution for State approval:

EME0682013 - Resolution to McNaughton-McKay Electrical for Outdoor Lighting Upgrade at Water Pollution Control Facilities - $159,063.00 (Sewer Fund)

Please see attached.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

Pleyte, Beth (Treasury)

Subject:	Brief Director Clinton on DWSD and SAW Applications (with Director Dan Wyant and DEQ Staff)
Location:	Director Clinton's Office Treasury 1st Floor - Executive Conf Room
Start:	Tue 12/10/2013 2:15 PM
End:	Tue 12/10/2013 3:00 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Thelen, Mary Beth (DEQ)
Required Attendees:	Clinton, Kevin (TREASURY); Wyant, Dan (DEQ); Shekter Smith, Liane (DEQ); Creal, William (DEQ); Butler, Sonya (DEQ); Anderson, Madhu (DEQ); Saxton, Thomas (Treasury) (SaxtonT@michigan.gov)
Optional Attendees:	Willard, Veronica (DEQ); Doyle, Maureen (Treasury); Shaler, Karen (DEQ); Sygo, Jim (DEQ); Smith, Laura (DEQ); Patterson, Leigh (DEQ)
Importance:	High

Adding Tom Saxton to the list of attendees. Thank you.

Update: Director Clinton's office has confirmed Tuesday, December 10, 2:15-3:00 at the Treasury Bldg, 1st Floor.

Hi Mary Beth-
We are on the 1st floor; please ask for me or Treasurer Clinton at the Security Desk.
Yes, I have reserved our Executive Conference room (1st floor) for this meeting.

Maureen Doyle
Executive Assistant to the Treasurer
Department of Treasury
430 West Allegan Street
Lansing, MI 48922
(517) 241-2624

Note: See below for participants. Jim Sygo, FYI.

This is a placeholder date – Director Clint's office to confirm date/time.
Maureen, please let me know if this date/time works for Director Clinton. Director Wyant asked that a meeting be scheduled this week if possible. He can meet on Tuesday, Wednesday as I can adjust his schedule in some areas or before 10:00 on Thursday. He is out of town after 10:00 on Thursday and out of town on Friday. I picked this date and date for now as it looked pretty good for most of our staff on Outlook as well as possibly Director Clinton.

Dear Director Clinton,

Per your conversation with Director Dan Wyant on Friday evening, December 6, he has asked that I schedule ½ hour to 40 minutes with you to brief you on DWSD and SAW Applications. Outlook calendar appears to be good for Tuesday, December 10, 2;15-3:00 for you but I'll wait for Maureen to confirm that with me.

Note to DEQ Staff:
Bill Creal, Director asked that you attend with him on the water side of issues.
Liane or Sonya: Director asked that one of you attend on the drinking water side of issues. If this date is selected, Liane, you appear to be out of town, Sonya, can you change your schedule or have someone else handle the conference call that is on your schedule?
Madhu, Director asked that you attend as the Policy Director.

Maureen, I will be in a lot of meetings on Monday but Karen Shaler will also be checking my emails as well.

We can come to the Treasurer's office – we want to make it convenient for you.

Thank you.

Mary Beth

Koryzno, Edward (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Wednesday, December 11, 2013 8:47 AM
To: Baird, Richard (GOV); Muchmore, Dennis (GOV); Roberts, John (GOV); Larkin, Brian (GOV); Darnell Earley; Koryzno, Edward (Treasury); Elizabeth Murphy; Hollins, Harvey (GOV); Jerry Ambrose; Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); Clement, Elizabeth (GOV); Etue, Kriste (MSP); Sands, Thomas (MSP); Dempkowski, Angela (Treasury); Bolger, Matt (MSP); James Tolbert; Klotz, Josephine (MSP); Byrne, Randall (Treasury); O'Neill, Stephen (MSP)
Subject: Weekly Conference Call Agenda
Attachments: Weekly Phone Conference Agenda Dec..doc

Please find attached the agenda correcting the time of the call.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Weekly 9:00 am Phone Conference Agenda

1) Chief Tolbert's Update – Stats, initiatives, other

2) Fire Department Issues (if any)

3) Michigan State Police – checklist, comments, concerns

4) Budget Update
   FY 13 – Audit
   FY 14 – current status
   FY 15 – plan

5) Model Labor Contracts – status

6) KWA, Water Plant Preparation, Water/Sewer Rate Study

7) City Ordinance Review

8) Deficit Elimination Plan – Treasury

9) Master Plan Implementation Activity
   Zoning Ordinance Revision

10) Retiree Law Suit Status

11) Status Report on the Flint City Council

12) Governance Revision

13) 9-1-1 Reconsolidation Plan

14) BS&A Upgrade

15) Strong Cities, Strong Community Update

16) 45 Day Financial and Operating Plan

17) MEDC – Transportation Economic Development Fund - Application/Waiver

18) Other

Created on 12/4/2013

Pleyte, Beth (Treasury)

Subject:	Weekly Flint Meetings
Location:	1-888-808-6929; 5378343 [redacted]- Host is BC)
Start:	Wed 12/11/2013 9:00 AM
End:	Wed 12/11/2013 10:00 AM
Show Time As:	Tentative
Recurrence:	Weekly
Recurrence Pattern:	every Wednesday from 9:00 AM to 10:00 AM
Meeting Status:	Not yet responded
Organizer:	West, Samantha (GOV)
Required Attendees:	Clement, Elizabeth (GOV); Klotz, Josephine (MSP); Maxine Murray (mmurray@cityofflint.com); Dempkowski, Angela (Treasury); Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury); 'gambrose@cityofflint.com'; O'Neill, Stephen (MSP); Kapp, Gene (MSP); Deasy, Thomas (MSP); dearly@cityofflint.com; Baird, Richard (GOV); Larkin, Brian (GOV); Hollins, Harvey (GOV); Saxton, Thomas (Treasury)
Optional Attendees:	Etue, Kriste (MSP); Sands, Thomas (MSP); Pekrul, Daniel (MSP); Lee, Nichole (MSP); Sipes, Stephen (MSP); 'Elizabeth Murphy'; 'James Tolbert'

Conference Call
[redacted]
Access [redacted]
Host [redacted] Beth Clement

Participants:
Beth Clement
Rich Baird
Harvey Hollins
Brian Larkin
Tom Saxton
Wayne Workman, Deputy State Treasurer
Edward Koryzno, Acting Bureau Director, Local Government Services
Lt. Colonel Tom Sands
F/Lt. Matt Bolger
Colonel Etue and others from MSP
Jerry Ambrose, City of Flint
Darnell Early, City of Flint
Others from City of Flint

Pleyte, Beth (Treasury)

From: Barton, John (Treasury)
Sent: Thursday, December 12, 2013 10:20 AM
To: Koryzno, Edward (Treasury)
Cc: Saxton, Thomas (Treasury); Kulcsar, Jeanet (TREASURY)
Subject: RE: Flint Update for Governor.Version III.12-11-13
Attachments: Flint Update for Governor Version 4 12-11-13 JB comments.doc

Ed,

Attached is the Governor's updated including information for Flint Schools. Tom and Jeanet will likely have additional edits once they have reviewed.

Thank you
John

From: Koryzno, Edward (Treasury)
Sent: Thursday, December 12, 2013 8:40 AM
To: Barton, John (Treasury)
Subject: FW: Flint Update for Governor.Version III.12-11-13
Importance: High

FYI

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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Thank you

From: Dempkowski, Angela (Treasury)
Sent: Wednesday, December 11, 2013 4:30 PM
To: Koryzno, Edward (Treasury); Workman, Wayne (TREASURY)
Subject: FW: Flint Update for Governor.Version III.12-11-13
Importance: High

Please use this version.

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury

dempkowskia@michigan.gov
(517) 373-4415

From: Cline, Richard (Treasury)
Sent: Wednesday, December 11, 2013 4:22 PM
To: Koryzno, Edward (Treasury); Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: Flint Update for Governor.Version III.12-11-13
Importance: High

Update III.

I have "brightened" the closing paragraph.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

Bullet Points – City of Flint

Recent developments within the City of Flint have been reviewed. A number of positive changes continue or are planned to be occurring in the City. These accomplishments are identified as:

- Darnell Early has become Flint's new Emergency Manager, taking over for Mike Brown in early October.
- Four new members were elected to the Flint City Council in November.
- On Saturday, December 14, 2013, the Michigan Municipal League will be conducting a training session for all Flint City Council members. This training is to help facilitate and prepare City officials for a transition back to local control.
- A 21-member Blue Ribbon Commission, consisting of stakeholders, residents, and business and civic leaders, has been appointed to study the City's governance methods and make recommendations to improvements once local control is restored.
- The City has adopted its first new Master Plan since 1960. This plan will help address the City's urban blight, the allocation of resources to raze derelict properties and help improve residents' overall quality of life.
- James Tolbert has been appointed the new City Police Chief.
- Violent crime has been reduced by 30% from one year ago.
- Construction has begun on the Karegnondi Water Authority pipeline, which will provide new, reliable drinking water to City residents at a lower cost.
- The Emergency Manager has ordered an outside party to review the City's water rates for the first time in over ten years.
- The City is partnering with the State of Michigan, the Michigan State Housing Development Authority (MSHDA), the U.S. Department of Treasury, the Genesee County Land Bank and neighborhood leaders to implement a $20.1 million initiative to help demolish more than 1,600 vacant and foreclosed residential properties. This is the largest residential blight removal project in the City's history.
- The Genesee Towers, the tallest building in the City, is scheduled for demolition on December 22, 2013 after being vacant since 2001 and condemned in 2004.

- The City's GM Assembly Plant is moving forward with an 850,000 square foot paint shop expansion, which will add or retain 150 jobs.

- The financial planning company Oliver LaGore VanValin Investment Group will be relocating into the City, moving into the historic Durant Building.

- The City's abandoned Buick City facility will see its first new activity in over ten years when American Cast Iron Pipe launches a new production operation at the facility, which will create at least 50 jobs.

- The City has received its first application for the development of a commercial district in over a decade. The Universal Group plans on relocating Universal EMS and a home health care company to Flint and expanding its operations as the headquarters for five additional Universal companies.

Unfortunately, the City of Flint remains burdened by a significant accumulated deficit, which city officials are working to eliminate, very high retiree legacy costs, reduced grant revenues, and hundreds of millions of dollars in unmet capital infrastructure needs. Despite this, the City continues to make progress on multiple fronts. The City's accumulated deficit has been reduced from $19 million to $12.5 million as of June 30, 2013, crime rates are dropping, systemic blight is being addressed, and economic development projects are moving forward.

We are available for additional research into this matter.

Bullet Points – Flint Community Schools

Recent developments with Flint Community Schools are being monitored and reviewed on a weekly basis. A number of concerns have arisen in recent weeks which are identified below:

- As of June 30, 2013, the District's deficit was ($10.4 million) up from the ($3.7 million) deficit as of June 30, 2011. Without additional budget cuts, the deficit is expected to grow to ($11.4 million) this year.

- Not included in the deficit is approximately $8.6 million of funds transferred from the Genesee Area Skill Center to the District's general fund. The audit identified the transfers as a violation of Michigan law and the contract with the Genesee ISD.

- The District's most recent Deficit Elimination Plan submitted to MDE does not eliminate the deficit as required by law and is predicated on an 18% wage reduction for teaching staff and outsourcing of all functions except teaching and administration; both initiatives are speculative at this point.

- As of June 30, 2013, the District was delinquent approximately $10.7 million in its MPSERS retirement payments and remains delinquent approximately $1.6 million.

- Since the 2006-2007 school year when the District showed a $15.1 million positive fund balance, the District has lost nearly 57% of its student population (16,825 for 2006-2007 vs. an estimated 7,280 for 2013-2014).

- The District expects to experience a recurring cash shortfall beginning late December or early January. The District is currently holding checks and not entering accounts payable in order to remain cash positive. The cash shortfall will

- The District has made a request to issue $15.2 million in additional state aid notes to shore up its cash position and pay outstand obligations to MPSERS, MSC and other current operating expenditures. Currently the District has not found a bank willing to make the loan.

- The Mott Foundation is providing financial support by paying for various consultants who are assisting the District in developing plans to 'right size' and balance operating expenditures with available revenues.

72 (Rev. 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: December 11, 2014

TO: Kevin Clinton, State Treasurer

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: City of Flint Sole Source Contract Approval – Water Meters

On December 04, 2014 the City of Flint requested approval to purchase 594 residential and commercial water meters in the amount of $110,811 from Metron-Farnier, LLC. Public Act 436 of 2012 requires that any no-bid contract with a value exceeding $50,000 must receive approval from the State Treasurer.

Justification by the City

Follow-up from the City indicates that the residential and commercial water meters from Metron-Farnier, LLC are compatible with the City's current Automatic Meter Reading (AMR) system. These new water meters are required to process requests for water turn-ons and to replace nonfunctioning older meters. The City's current stock of residential water meters is at a critically low level with approximately 40 water meters on hand.

Recommended Action

Approval of this EM Resolution is being requested. The City has indicated funding for this purchase is available. No adverse impacts resulting from this purchase have been identified.

Attached for review is a copy of the Emergency Manager Resolution that authorizes this purchase.

If additional information is desired, please let me know.

14-0400

(Bid No. 15000059)

EM SUBMISSION NO.: EME6432014

PRESENTED: 12-5-14

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO METRON-FARNIER FOR RESIDENTIAL AND COMMERCIAL WATER METERS

BY THE EMERGENCY MANAGER

RESOLUTION

The Utilities/Water Service Center has requested the immediate need to purchase 594 each residential and commercial water meters to process requests for water turn-ons and to replace non-functioning older meters; and

Metron-Farnier, LLC, 5661 Airport Blvd., Suite B, Boulder Colorado is the manufacturer for said meters supported by its current delivery system. Funding will come from the following account number 590-540.207-726.000 ($110,811.00); and

IT IS RESOLVED, that the Department of Purchases and Supplies, upon the Emergency Manager's approval, is hereby authorized to issue a purchase order to Metron-Farnier, LLC for 594 each residential and commercial water meters in the amount of $110,811.00 (Sewer Fund)

APPROVED-PURCHASING DEPT:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

EM DISPOSITION:

ENACT _____ REFER TO COUNCIL _____ FAIL _____

_____ DATED: _____

Darnell Earley, Emergency Manager

2014-12-03 BDB

RESOLUTION STAFF REVIEW

DATE: 11-17-14

Agenda Item Title: Water Meters

Prepared By: Cheri Priest, WSC Administrative Manager

Background/Summary of Proposed Action: The City of Flint has nearly 36,000 water meters, in which approximately 30% of said meters are well past their expected life cycle and are overdue for replacement. The City is currently in the process of obtaining bids to determine the most feasible and cost effective solution for replacing meters. At this time, Metron-Farnier is the sole source that will still be able to meet all of our requirements. The current stock of residential water meters is at a critically low level with approximately 40 water meters on hand. The Water Service Center is requesting the purchase of 594 residential & commercial meters, 560 5/8" meters, 30 1" meters & 4 2" meters.

The City also faces challenges in seeking new meters that adhere to the NSF/ANSI Standard 61 (which requires no lead in meters), prevent theft of water and scrapping of meters, while maintaining compatibility of the current remote reading system. It is not feasible to change what brand/type of meter that we use every time a meter order is placed. This would cause the City to have to have separate remote reading systems for different meters. Not only would this be cost prohibitive, it would also be extremely labor intensive.

Financial Implications: Adequate funding exists in the below listed accounts

Budgeted Expenditure? Yes ☒ No☐ Please explain if no:

Account No.: 590-540.207-726.000 $110,811.00

Pre-encumbered? Yes ☒ No☐ Requisition # 140001214

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: Robert Bunish

(Dept Head or other authorized staff)

72 (Rev. 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: December 10, 2014

TO: Kevin Clinton, State Treasurer

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: City of Flint Sole Source Contract Approval – Water Meters

On December 04, 2014 the City of Flint requested approval to purchase 594 each residential and commercial water meters in the amount of $110,811 from Metron-Farnier, LLC. These models are compatible with the City's current Automatic Meter Reading (AMR) system and are required to process requests for water turn-ons and to replace nonfunctioning older meters. The City's current stock of residential water meters is at a critically low level with approximately 40 water meters on hand.

As the monetary value of this proposal exceeds $50,000, section 12(3) of P.A. 436 is implicated. To satisfy this section, the State Treasurer must approve this request. Because the purchase of these meters is necessary in order for the City to provide services to its residents, I recommend that this contract be approved.

If additional information is desired, please let me know.

72 (Rev. 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

December 11, 2014

Darnell Earley, Emergency Manager
City of Flint
1101 South Saginaw Street
Flint, MI 48502

Mr. Earley:

I am in receipt of your request received December 04, 2014 in which you are requesting approval to purchase 594 residential and commercial water meters in the amount of $110,811 from Metron-Farnier, LLC to replace older, nonfunctioning models.

Pursuant to PA 436 of 2012, any no-bid contract with a value exceeding $50,000 must receive approval from the State Treasurer. I am approving this request based on the City's need for meters to provide basic services to the community.

State Treasurer Approval:

I, R. Kevin Clinton, State Treasurer for the State of Michigan, pursuant to the authority assigned by Public Act 436 of 2012, do hereby:

__✓__ Approve Submitted Recommendation

_____ Deny Submitted Recommendation

Sincerely,

R. Kevin Clinton, State Treasurer
Michigan Department of Treasury

12/16/14
Date

Pleyte, Beth (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, December 17, 2013 9:31 AM
To: Baird, Richard (GOV); BymeR1@michigan.gov; Deasy, Thomas (MSP); Etue, Kriste (MSP); Kapp, Gene (MSP); Lee, Nichole (MSP); Muchmore, Dennis (GOV); Roberts, John (GOV); Sands, Thomas (MSP); Sipes, Stephen (MSP); West, Samantha (GOV); Dempkowski, Angela (Treasury); Larkin, Brian (GOV); Darnell Earley; Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Weekly Conference Call Agenda - December 18, 2013
Attachments: Weekly Phone Conference Agenda Dec..doc

Good morning,

Attached is the agenda for the Wednesday, December 18, 9:00 am conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Weekly 9:00 am Phone Conference Agenda

1) Chief Tolbert's Update – Stats, initiatives, other

2) Fire Department Issues (if any)

3) Michigan State Police – checklist, comments, concerns

4) Budget Update
   FY 13 – Audit
   FY 14 – current status
   FY 15 – plan

5) Model Labor Contracts – status

6) KWA, Water Plant Preparation, Water/Sewer Rate Study

7) City Ordinance Review

8) Deficit Elimination Plan – Treasury

9) Master Plan Implementation Activity
   Zoning Ordinance Revision

10) Retiree Law Suit Status

11) Status Report on the Flint City Council

12) Governance Revision

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14) BS&A Upgrade

15) Strong Cities, Strong Community Update

16) 45 Day Financial and Operating Plan

17) MEDC – Transportation Economic Development Fund - Application/Waiver

18) Other

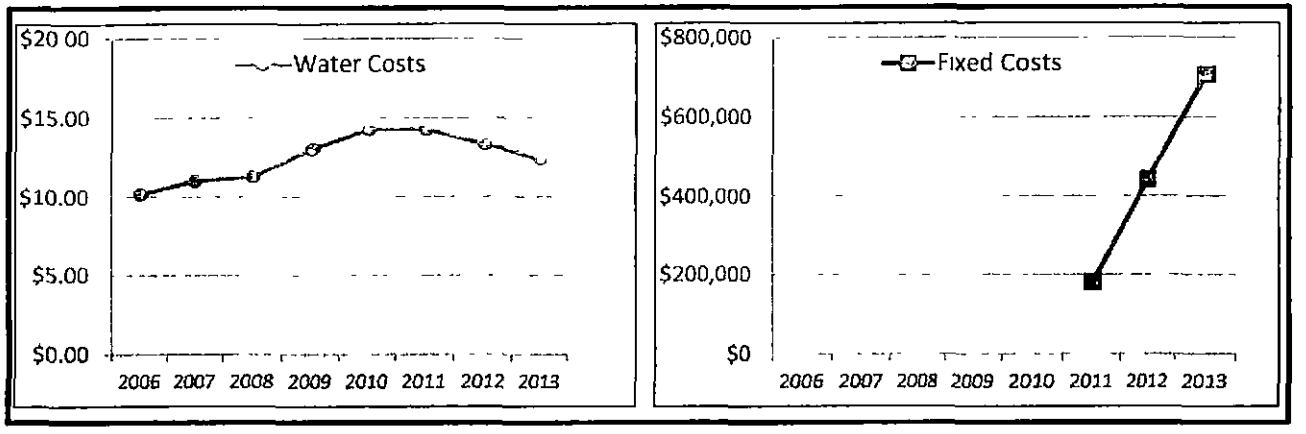
Created on 12/4/2013

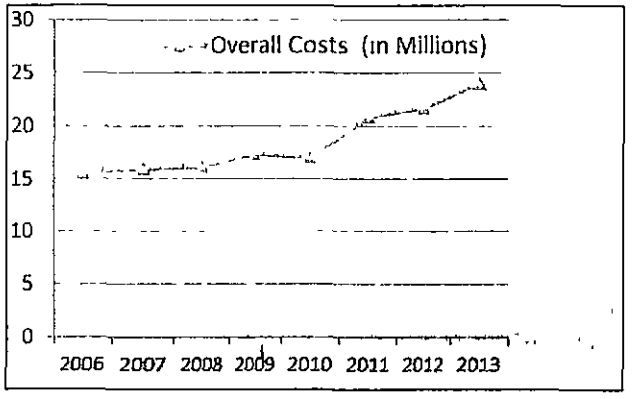
12.30.2013

DWSD Rates from 2006 to 2013

FY	Flint / County Usage (Mcf)	Rate / Mcf	Fixed Cost / Month **	Total Cost
2006	1,541,000	$10.24	$0	[illegible]
2007	1,447,431	$11.09	$0	[illegible]
2008	1,435,936	$11.35	$0	[illegible]
2009	1,332,950	$13.07	$0	[illegible]
2010	1,194,396	$14.32	$0	[illegible]
2011	1,308,100	$14.32	$182,301	[illegible]
2012	1,230,500	$13.36	$443,096	[illegible]
2013	1,150,000	$12.46	$707,000	[illegible] - Projected

Water Bill Makeup





- Treated Water (Commodity)

- Infrastructure Maintenance
- Capital Improvements
- Wages
- Fringes
- OPEB
- Chemicals

Cline, Richard (Treasury)

Subject:	City of Flint 2013
Start Date:	Tuesday, September 11, 2012
Due Date:	Tuesday, December 31, 2013
Status:	Completed
Percent Complete:	100%
Date Completed:	Thursday, January 09, 2014
Total Work:	0 hours
Actual Work:	0 hours
Owner:	Cline, Richard (Treasury)
Categories:	!!!Emergency Manager, Cities

EMERGENCY MANAGER CITY
EM DARNELL EARLY ~~EM MIKE BROWN~~ ~~EFM ED KURTZ~~
~~CITY ADMINISTRATOR MIKE BROWN~~
GF DEFICIT - $19.1-MILLION
WATER FUND DEFICIT - $8.8-MILLION

12-17-13: Three EM Resolutions reviewed. Two recommended for Approval. Follow-up to City on 1 Resolution (Engineering). Information received from City. Approval recommended.

- ***EM Spending Resolutions – December 17 (~~One Pending~~);***.

12-16-13: Two EM Resolutions reviewed. Approval recommended.

- ***EM Spending Resolutions – December 16***.
- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4; October 11; October 16; October 24; October 29; November 6; November 15; November 22; December 6; December 16***.
- **Governor Talking Points.**
- ***Removal of Elected Officials***.
- ***45-Day Plan Analysis***.
- ***Income Tax Analysis***.
- ***EFM Reports – Q3;*** **Q4**.
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;*** **MSUE Study.**
- **Outstanding Issues.**
  - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013.
  - The **$8-million Water Fund deficit** needs to be monitored given the issues related to the water system.
  - The level of **Tax Revenue** needs to be monitored given its apparent tenuous levels.
  - **Overtime** in the **Fire Department** is excessive and needs to be monitored.
  - The status of **ongoing litigation** should be monitored. **Also, I find no record of receiving any quarterly litigation reports.**
  - Monitoring should be conducted to ensure the anticipated **DEP** is filed in a timely manner.
  - The **OPEB** debt needs to be monitored.

- The development of **a 5-year Strategic Plan** and multi-year budgets is a positive step. This process should be monitored and it is possible that the OFR could also assist.
- Monitoring of the **Bank Reconciliation** process should occur to ensure improvement.
- Monitoring of the **MERS** transition should be monitored to ensure no additional issues develop.
- Regarding **Unplanned Transfers Out**:
  - 2 of the 7 transfers were **over $1-million**.
  - 6 of the 7 transfers were **over $100,000**.
  - **Sanitation** required a transfer of **$1.8-million**. It is unclear what the reasons were or how this will be corrected moving forward.
  - **Building Safety** required a transfer of **$1.1-million**. It is unclear what the reasons were or how this will be corrected moving forward.
- Regarding **Departmental Over-Expenditures**:
  - 2 of the 7 departments overspent by **over $2-million.**
  - 5 of the 7 departments overspent by **over $300,000**
  - **Public Safety** overspent by **$6-million**.
  - **Community Development** overspent by **$2-million**.
  - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

12-11-13: Talking Points for Governor drafted and transmitted to OFR SAM and OFR Admin.

- **Governor Talking Points.**

12-06-13: 3 EM Spending Resolutions reviewed. Approval recommended. EM calls upon Councilmember Mays to resign in-light of recent arrest and subsequent conduct.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4; October 11; October 16; October 24; October 29; November 6; November 15; November 22; December 6.***
- ***Removal of Elected Officials.***
- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4; October 11; October 16; October 24; October 29; November 6; November 15; November 22; December 6.***
- ***Removal of Elected Officials.***
- ***45-Day Plan Analysis.***
- ***Income Tax Analysis.***
- ***EFM Reports – Q3;*** **Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;*** **MSUE Study.**
- **Outstanding Issues.**
  - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013.
  - The **$8-million Water Fund deficit** needs to be monitored given the issues related to the water system.
  - The level of **Tax Revenue** needs to be monitored given its apparent tenuous levels
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  - The **OPEB** debt needs to be monitored.
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  - Monitoring of the **Bank Reconciliation** process should occur to ensure improvement.
  - Monitoring of the **MERS** transition should be monitored to ensure no additional issues develop.
  - Regarding **Unplanned Transfers Out**:
    - 2 of the 7 transfers were **over $1-million.**

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        - **Sanitation** required a transfer of **$1.8-million**. It is unclear what the reasons were or how this will be corrected moving forward.
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    - Regarding **Departmental Over-Expenditures**:
        - 2 of the 7 departments overspent by **over $2-million**.
        - 5 of the 7 departments overspent by **over $300,000**.
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        - **Community Development** overspent by **$2-million**.
        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

12-05-13: Meeting with DT and OFR Admin regarding potential removal of elected officials. Research into City Charter, PA 436, Election Law, City Code, Council Rules, EM Orders and Oath of Office.

- **Removal of Elected Officials**.

12-04-13: Review of 45-Day Plan. Concerns over long term deficits.

- ***45-Day Plan Analysis***.
- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4; October 11; October 16; October 24; October 29; November 6; November 15; November 22***.
- ***45-Day Plan Analysis***.
- ***Income Tax Analysis***.
- ***EFM Reports – Q3***; Q4.
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing***.
- ***TAB – Summary Report;*** **MSUE Study.**
- **Outstanding Issues.**
    - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013.
    - The **$8-million Water Fund deficit** needs to be monitored given the issues related to the water system.
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    - Regarding **Departmental Over-Expenditures**:
        - 2 of the 7 departments overspent by **over $2-million**.
        - 5 of the 7 departments overspent by **over $300,000**.
        - **Public Safety** overspent by **$6-million**.
        - **Community Development** overspent by **$2-million**.

- **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

11-27-13: Received updated 45-Day Plan for review.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4; October 11; October 16; October 24; October 29; November 6; November 15; November 22.***
- **45-Day Plan Analysis.**
- ***Income Tax Analysis.***
- ***EFM Reports – Q3;* Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;* MSUE Study.**
- **Outstanding Issues.**
  - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013.
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    - 2 of the 7 departments overspent by **over $2-million.**
    - 5 of the 7 departments overspent by **over $300,000.**
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    - **Community Development** overspent by **$2-million.**
    - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

11-25-13: Review of EM Order #2. Renewed by EM Early. Provides limited salary to Council. Requires MML Level One education certificate. Recommend for all EM communities.

11-22-13: Review of 1 EM Spending Resolution for E&Y Contract. Approval recommended.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4; October 11; October 16; October 24; October 29; November 6; November 15; November 22.***

11-21-13: Follow-up received from City on resolutions submitted on November 15, 2013. Approval recommended.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4; October 11; October 16; October 24; October 29; November 6; November 15.***

11-15-13: Review and recommendation for approval of 4 EM Resolutions.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4; October 11; October 16; October 24; October 29; November 6;*** **November 15.**

11-06-13: Review of 1 EM Resolution and 1 EM Order. Approval recommended.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4; October 11; October 16; October 24; October 29;*** **November 6;.**

11-05-13: Response received from City regarding EM resolutions. 1 Resolution rescinded. Approval recommended for remaining resolution.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4; October 11; October 16; October 24; October 29;.***
- ***Income Tax Analysis.***
- ***EFM Reports – Q3;*** **Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;*** **MSUE Study.**
- **Outstanding Issues.**
  - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013.
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  - The level of **Tax Revenue** needs to be monitored given its apparent tenuous levels
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  - The status of **ongoing litigation** should be monitored. **Also, I find no record of receiving any quarterly litigation reports.**
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    - 2 of the 7 transfers were **over $1-million.**
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    - 2 of the 7 departments overspent by **over $2-million.**
    - 5 of the 7 departments overspent by **over $300,000.**
    - **Public Safety** overspent by **$6-million.**
    - **Community Development** overspent by **$2-million.**
    - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

10-29-13: Informed that City has adopted new Master Plan. Informed OFR. Review of 3 EM Resolutions. Recommended approval for 1 resolution. Follow-up to City on remaining 2.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4; October 11; October 16; October 24;*** **October 29 (Parks Engineering; Pump Station).**

- ~~Master Plan Analysis.~~
- ***Income Tax Analysis.***
- ***EFM Reports – Q3;*** **Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;*** **MSUE Study.**
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    - The development of **a 5-year Strategic Plan** and multi-year budgets is a positive step. This process should be monitored and it is possible that the OFR could also assist.
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        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

10-24-13: Review of EM Spending Resolution. Approval recommended.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4; October 11; October 16;*** **October 24.**
- ***Master Plan Analysis.***
- ***Income Tax Analysis.***
- ***EFM Reports – Q3;*** **Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;*** **MSUE Study.**
- **Outstanding Issues.**
    - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013.
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    - *The* **OPEB** *debt needs to be monitored.*
    - The development of **a 5-year Strategic Plan** and multi-year budgets is a positive step. This process should be monitored and it is possible that the OFR could also assist.

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  - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

10-16-13: Review of EM Spending Resolution. Approval recommended.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4; October 11;*** **October 16.**
- ***Master Plan Analysis.***
- ***Income Tax Analysis.***
- ***EFM Reports – Q3;*** **Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;*** **MSUE Study.**
- **Outstanding Issues.**
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    - 2 of the 7 departments overspent by **over $2-million.**
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    - **Community Development** overspent by **$2-million.**
    - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

10-11-13: Review of EM Spending Resolution.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4;*** **October 11.**
- ***Master Plan Analysis.***
- ***Income Tax Analysis.***
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        - **Community Development** overspent by **$2-million.**
        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

10-09-13: Master Plan information analyzed and transmitted to OFR SAM.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4.***
- ***Master Plan Analysis.***
- ***Income Tax Analysis.***
- ***EFM Reports – Q3;*** **Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
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  - 2 of the 7 departments overspent by **over $2-million**.
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  - **Community Development** overspent by **$2-million**.
  - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

10-08-13: Informed that Master Plan will be presented to VC by October 15, 2013. Informed OFR.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3; October 4.***
- **Master Plan Analysis.**
- ***Income Tax Analysis.***
- ***EFM Reports – Q3;* Q4.**
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        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

10-04-13: EM Spending Resolutions received and analyzed. Approval recommended.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4; September 16; September 19; September 27; October 3;*** **October 4.**
- ***Income Tax Analysis.***
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        - 2 of the 7 transfers were **over $1-million.**
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        - **Sanitation** required a transfer of **$1.8-million.** It is unclear what the reasons were or how this will be corrected moving forward.
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    - Regarding **Departmental Over-Expenditures**:
        - 2 of the 7 departments overspent by **over $2-million.**
        - 5 of the 7 departments overspent by **over $300,000.**
        - **Public Safety** overspent by **$6-million.**
        - **Community Development** overspent by **$2-million.**
        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

10-03-13: EM Spending Resolution received and analyzed for Utility Billing. New company selected at cost of $64,000. Approval recommended.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4*** ~~(Level One)~~***; September 16; September 19; September 27;*** **October 3.**
- ***Income Tax Analysis.***
- ***EFM Reports – Q3;*** **Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;*** **MSUE Study.**
- **Outstanding Issues.**
    - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013.
    - The **$8-million Water Fund deficit** needs to be monitored given the issues related to the water system.
    - The level of **Tax Revenue** needs to be monitored given its apparent tenuous levels.

- **Overtime** in the **Fire Department** is excessive and needs to be monitored.
- The status of **ongoing litigation** should be monitored. **Also, I find no record of receiving any quarterly litigation reports.**
- Monitoring should be conducted to ensure the anticipated **DEP** is filed in a timely manner.
- The **OPEB** debt needs to be monitored.
- The development of **a 5-year Strategic Plan** and multi-year budgets is a positive step. This process should be monitored and it is possible that the OFR could also assist.
- Monitoring of the **Bank Reconciliation** process should occur to ensure improvement.
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  - 2 of the 7 transfers were **over $1-million.**
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  - **Community Development** overspent by **$2-million.**
  - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

10-01-13: Information received regarding September 16 resolution. Approval recommended. Informed that Vehicle Purchase issue from September 4 approved. Utility Billing remains pending. Two EM Spending Resolutions from September 27, 2013 reviewed. Approval recommended on NSP I home renovations and contract extension and for 911 Maintenance Contract. Recommendation for Denial made for September 4, 2013 Resolution for Utility Billing (Level One).

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4 (Level One); September 16; September 19; September 27;.***
- ***Income Tax Analysis.***
- ***EFM Reports – Q3;*** **Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;*** **MSUE Study.**
- **Outstanding Issues.**
  - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013.
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        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

09-26-13: Analysis of Model CBA Contract with Police Union. Comments provided to OFR Admin.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4;* September 16; September 19.**
- ***Income Tax Analysis.***
- ***EFM Reports – Q3; Q4.***
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    - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013.
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        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

09-24-13: Follow-up reviewed on EM Proposal from July 18, 2013 for Ace-Saginaw Paving. Recommendation to approve. Review of two Spending Resolutions for $174,302 for Smith Village and $63,000 for Berston Center. Recommend approval for Smith Village. Follow-up to City on Berston Center. Review of 7 EM Resolutions from September 19, 2013: 1) Tree Trimming (Approval); 2) Paving Materials (Approval); 3) Compost Management (Approval); 4) Demolition of 19 structures (Approval); 5) Demolition of 25 structures (Approval); 6) Demolition of 26 structures (Approval); 7) Operation

of City Holding Facility (Approval with Conditions). Discussion with OFR Admin and DT regarding outstanding September 4 EM Spending Resolution issues. Information provided to EA for meeting with City officials.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4;*** **September 16; September 19.**
- ***Income Tax Analysis.***
- ***EFM Reports – Q3;*** **Q4.**
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        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

09-12-13: Follow-up to City officials on Vehicle purchases. How being purchased and if like replaces like. Information received on Level One LLC. Contract expired June 30, 2013. Recommendation to OFR SAM to move forward with other resolutions while vehicles and Level One addressed.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4.***
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  - ***Transportation*** *and* ***Parks & Recreation*** *overspent by nearly $1-million each;* **$922,669** *and* **$871,250** respectively.

09-11-13: Informed that Saginaw CM will become new Flint EM upon resignation of Mike Brown. Received Vehicle Purchase List from City. 60 vehicles being purchased.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4.***
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        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

09-10-13: Follow-up on EM resolutions received from City. Clarifies most questions but follow-up takes place. Informed OFR SAM and EA.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27; September 4.***
- ***Income Tax Analysis.***
- ***EFM Reports – Q3;* Q4.**
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        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

09-05-13: Directed to issue all follow-ups to Cities on EM Spending Resolutions. Follow-up to Flint on 2 of 3 resolutions.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27;* September 4**
- ***Income Tax Analysis.***
- ***EFM Reports – Q3;* Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
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09-04-13: Review of 3 EM Spending Resolutions.

- ***EM Spending Resolutions – July 18, July 25, August 2, August 14, August 27*; September 4.**
- ***Income Tax Analysis*.**
- ***EFM Reports – Q3*; Q4.**
- ***Consent Judgment - $507,350 Delphi*; *$79,212 Herald Publishing*.**
- ***TAB – Summary Report;* MSUE Study.**
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    - **Community Development** overspent by **$2-million**.

        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

08-28-13: Summary of analyses of EM Spending Resolutions provided to OFR SAM.

- ***EM Spending Resolutions* – July 18, July 25, August 2, August 14, August 27.**
- ***Income Tax Analysis*.**
- ***EFM Reports – Q3*; Q4.**
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08-27-13: EM Spending Resolutions reviewed.

- ***Income Tax Analysis*.**
- ***EFM Reports – Q3*; Q4.**
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  - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

08-14-13: EM Spending Resolution reviewed. New insurance coverage with very high SIR and many exclusions. No option but to approve.

- ***Income Tax Analysis.***
- ***EFM Reports – Q3;*** **Q4.**
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08-02-13: Analysis of EM Spending Resolutions. No significant issues.

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- ***EFM Reports – Q3; Q4.***
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    - The level of **Tax Revenue** needs to be monitored given its apparent tenuous levels.
    - **Overtime** in the **Fire Department** is excessive and needs to be monitored.
    - The status of **ongoing litigation** should be monitored. **Also, I find no record of receiving any quarterly litigation reports.**
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    - The **OPEB** debt needs to be monitored.
    - The development of **a 5-year Strategic Plan** and multi-year budgets is a positive step. This process should be monitored and it is possible that the OFR could also assist.
    - Monitoring of the **Bank Reconciliation** process should occur to ensure improvement.
    - Monitoring of the **MERS** transition should be monitored to ensure no additional issues develop.
    - Regarding **Unplanned Transfers Out:**
        - 2 of the 7 transfers were **over $1-million.**
        - 6 of the 7 transfers were **over $100,000.**
        - **Sanitation** required a transfer of **$1.8-million.** It is unclear what the reasons were or how this will be corrected moving forward.
        - **Building Safety** required a transfer of **$1.1-million.** It is unclear what the reasons were or how this will be corrected moving forward.
    - Regarding **Departmental Over-Expenditures:**
        - 2 of the 7 departments overspent by **over $2-million.**
        - 5 of the 7 departments overspent by **over $300,000.**
        - **Public Safety** overspent by **$6-million.**
        - **Community Development** overspent by **$2-million.**
        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

07-24-13: Draft 14 of Combined Recommendation generated.

- ***Income Tax Analysis.***
- ***EFM Reports – ~~Q2~~; Q3; Q4.***
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;* MSUE Study.**
- **Outstanding Issues.**
    - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013.
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  - **Community Development** overspent by **$2-million**.
  - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

07-19-13: Informed of completion of analysis of Q2 EM Report by Analyst.

- ***Income Tax Analysis***.
- ***EFM Reports – ~~Q2~~; Q3; Q4***.
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing***.
- ***TAB – Summary Report;* MSUE Study.**
- **Outstanding Issues.**
  - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013.
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    - **Community Development** overspent by **$2-million**.
    - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

07-18-13: Review of EM Expenditure Resolutions. 3 comments submitted to OFR Admin.

- ~~EM Status – Mike Brown New EM July 8, 2013~~.
- ***Income Tax Analysis***.
- ***EFM Reports – Q2; Q3; Q4***.

- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;* MSUE Study.**
- **Outstanding Issues.**
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        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

07-17-13: Flint EM Report received. Forwarded to Analyst for review.

- ***EM Status – Mike Brown New EM July 8, 2013.***
- ***Income Tax Analysis.***
- ***EFM Reports – ~~Q1~~; Q2;* Q3; Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
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07-15-13: Draft X of Combined Recommendation for Flint, HP, Hamtramck and Wayne County submitted to Treasurer for Governor.

- ***EM Status – Mike Brown New EM July 8, 2013***.
- ***Income Tax Analysis***.
- ***EFM Reports*** – **Q1; Q2; Q3; Q4**.
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;*** **MSUE Study.**
- **Outstanding Issues.**
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        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

07-08-13: Mike Brown becomes EM for Flint.

- ***EM Status*** – ~~Retirement July 3, 2013~~; ***Mike Brown New EM July 8, 2013***.
- ***Income Tax Analysis***.
- ***EFM Reports*** – **Q1; Q2; Q3; Q4**.
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***

- ***TAB – Summary Report;*** **MSUE Study.**
- **Outstanding Issues.**
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        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

06-26-13: Informed that Governor has reappointed Mike Brown EM effective July 8, 2013 after retirement of Ed Kurtz.

- ***EM Status – Retirement July 3, 2013;*** **Mike Brown New EM July 8, 2013.**
- ***Income Tax Analysis.***
- ***EFM Reports*** **– Q1; Q2; Q3; Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
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        - **Community Development** overspent by **$2-million**.
        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

06-20-13: Compiled Income Tax Analysis and Recommendations provided.

- **EM Status – Retirement June 1, 2013**.
- ***Income Tax Analysis***.
- ***EFM Reports* – Q1; Q2; Q3; Q4**.
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;* MSUE Study.**
- **Outstanding Issues.**
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        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

06-19-13: Directed to compile Income Tax Analysis and provide recommendations.

- **EM Status – Retirement June 1, 2013**.
- **Income Tax Analysis**.
- ***EFM Reports* – Q1; Q2; Q3; Q4**.
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
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- **Outstanding Issues.**
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06-12-13: Directed to modify Income Tax Analysis and add additional criteria as requested by State Treasurer. Analysis updated and transmitted.

- **EM Status – Retirement June 1, 2013.**
- ***EFM Reports* – Q1; Q2; Q3; Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;* MSUE Study.**
- **Outstanding Issues.**
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06-10-13: Income Tax Analysis modified and retransmitted.

- **EM Status – Retirement June 1, 2013.**
- ***EFM Reports* – Q1; Q2; Q3; Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
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- **Outstanding Issues.**
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        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

06-07-13: Analysis of City projections to raise City Income Tax and generate additional health care and pension savings. If projections stand then likely eliminate deficit by FY 2016.

- ~~2014 Budget Analysis.~~
- **EM Status – Retirement June 1, 2013.**
- ***EFM Reports* – Q1; Q2; Q3; Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
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05-07-13: Draft Budget Analysis received from FHS. Changes made and transmitted to OFR Admin and SAM.

- ***2014 Budget Analysis***.
- **EM Status – Retirement June 1, 2013**.
- ***EFM Reports*** **– Q1; Q2; Q3; Q4**.
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing***.
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  - The development of **a 5-year Strategic Plan** and multi-year budgets is a positive step. This process should be monitored and it is possible that the OFR could also assist.
  - Monitoring of the **Bank Reconciliation** process should occur to ensure improvement.
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  - Regarding **Unplanned Transfers Out**:
    - 2 of the 7 transfers were **over $1-million**.
    - 6 of the 7 transfers were **over $100,000**.
    - **Sanitation** required a transfer of **$1.8-million**. It is unclear what the reasons were or how this will be corrected moving forward.
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- Regarding **Departmental Over-Expenditures**:
  - 2 of the 7 departments overspent by **over $2-million**.
  - 5 of the 7 departments overspent by **over $300,000**.
  - **Public Safety** overspent by **$6-million**.
  - **Community Development** overspent by **$2-million**.
  - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

05-06-13: Directed to work with FHS to review 2014 Budget and 5-Year Financial Plan. Draft Analysis prepared and transmitted to FHS.

- **2014 Budget Analysis**.
- **EM Status – Retirement June 1, 2013.**
- ***EFM Reports* – Q1; Q2; Q3; Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;* MSUE Study.**
- **Outstanding Issues.**
  - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013.
  - The **$8-million Water Fund deficit** needs to be monitored given the issues related to the water system.
  - The level of **Tax Revenue** needs to be monitored given its apparent tenuous levels.
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05-03-13: Informed that EM will retire effective June 1, 2013.

- **EM Status – Retirement June 1, 2013.**
- ***EFM Reports* – Q1; Q2; Q3; Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;* MSUE Study.**
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  - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

05-01-13: Summary analysis of Flint 2014 Budget and Five Year Financial Plan provided to OFR Admin for report to Governor.

- ***EFM Reports*** **– Q1; Q2; Q3; Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;*** **MSUE Study.**
- **Outstanding Issues.**
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        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

04-01-13: Informed by DT of probable MSUE Analysis of Flint for potential transition. FHS likely will assist MSUE on study. TAB analysis resent to DT.

- ***EFM Reports* – Q1; Q2; Q3; Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report;* MSUE Study.**
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        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

03-26-13: Analysis of EFM Six-Month Report finalized and transmitted to OFR Admin and SAM. Request from OFR Admin for all millage rates in Genesee County. Information provided.

- ***EFM Reports* – Q1; Q2; Q3; Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report.***
- **Outstanding Issues.**
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  - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

03-13-13: Analysis of MTT Stipulation. Informed OFR.

- ***EFM Reports* – Q1; Q2; Q3; Q4.**
- ***Consent Judgment - $507,350 Delphi; $79,212 Herald Publishing.***
- ***TAB – Summary Report.***
- **Outstanding Issues.**
  - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013.
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03-12-13: Summary Report regarding TAB issue provided to OFR Admin. Recommendation that City retain an EFM.

- ***EFM Reports* – Q1; Q2; Q3; Q4.**
- ***Consent Judgment - $507,350 Delphi*; Herald Publishing.**
- ***TAB – Summary Report.***
- **Outstanding Issues.**
    - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013.
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03-11-13: Directed to develop Summary Report on Fiscal Condition of City to respond to indication by the City they are ready for a TAB. Received MTT Stipulation from Property Services.

- ***EFM Reports* – Q1; Q2; Q3; Q4.**
- ***Consent Judgment - $507,350 Delphi*; Herald Publishing.**
- **TAB – Summary Report.**
- **Outstanding Issues.**
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        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively.

02-04-13: MTT Analysis completed and transmitted to OFR.

- ***EFM Reports*** **– Q1; Q2; Q3; Q4.**
- ***Consent Judgment*** **- $507,350.**
- **Outstanding Issues.**
    - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013.
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01-25-13: Consent Judgment received from Property Services. Multiple Parcels. Tax Years 2010, 2011, and 2012.

- ***EFM Reports*** **– Q1; Q2; Q3; Q4.**
- **Consent Judgement.**
- **Outstanding Issues.**
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01-17-13: Q4 2012 EFM report analyzed.

- ***EFM Reports*** **– ~~Q4 2012~~; Q1; Q2; Q3; Q4.**
- **Outstanding Issues.**
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01-15-13: Received Q4 EFM Report.

- **EFM Reports – Q4 2012; Q1; Q2; Q3; Q4.**

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Thursday, January 03, 2013 2:02 PM
To: Fraser, Roger (Treasury)
Subject: Accepted: Follow Up Mtg re City of Flint KWA Water Report

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Thursday, January 03, 2013 5:02 PM
To: Byrne, Randall (TREASURY); Cline, Richard (Treasury); Dube, Mathieu (Treasury)
Subject: FW: DWSD Proposal for Flint

Please disregard if I have previously forwarded this info.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

-----Original Message-----
From: Stibitz, Brom (Treasury)
Sent: Friday, December 28, 2012 8:38 AM
To: Koryzno, Edward (Treasury); Fraser, Roger (Treasury)
Cc: Dillon, Andy (Treasury)
Subject: RE: DWSD Proposal for Flint

Can you guys please touch base with the City and Tucker to make sure that their analysis takes into account the details from DWSD?

-----Original Message-----
From: Koryzno, Edward (Treasury)
Sent: Thursday, December 27, 2012 4:28 PM
To: Stibitz, Brom (Treasury); Fraser, Roger (Treasury)
Cc: Dillon, Andy (Treasury)
Subject: RE: DWSD Proposal for Flint

Below is Eric's initial observations of the preliminary TYJ&T report and what DWSD' current offer:

I have compared the written proposal received from DWSD to the Charts and PowerPoint provided by TYJT. As the DWSD proposal is written and contains more detail than the graphic summary provided by TYJT, it is difficult to completely determine if all points are covered in both presentation formats.

However, here is what stands out to me.

- The DWSD proposals state that the first year of a contract with Flint would be 2014. TYJT states 2013 as Year One.

- The DWSD proposals discuss a "redundancy credit" to Flint that will result from the blending option by Flint. I do not see this identified in the TYJT information.
- The DWSD proposals make no reference to the 12 or 8 MGD Maximum Day options outlined by TYJT.
- The information provided by TYJT makes no mention of DWSD reserving the right to serve existing customers on the 72" pipeline, if purchased). Nor is there a mention of the wheeling charge (paid to Flint) in the TYJT information.
- DWSD estimates Flint would not begin utilizing a blending option until 2018. Until then, it is assumed that DWSD would provide 100% of water to Flint. This is not referenced in the TYJT information.

This is my first analysis. If you wish additional analysis to be done, please let me know.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

From: Stibitz, Brom (Treasury)
Sent: Thursday, December 27, 2012 12:14 PM
To: Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Cc: Dillon, Andy (Treasury)
Subject: DWSD Proposal for Flint

This came in the mail from DWSD on the Friday before Christmas. I have not reviewed it to know whether the proposals it contains match up to those presented by TYJT last week.

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Friday, January 04, 2013 4:41 PM
To: Cline, Richard (Treasury); Fraser, Roger (Treasury)
Cc: Byrne, Randall (TREASURY)
Subject: RE: Questions Regarding the City of Flint's Decision about KWA vs. DWSD

See Comments below

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Cline, Richard (Treasury)
Sent: Friday, January 04, 2013 2:28 PM
To: Koryzno, Edward (Treasury); Fraser, Roger (Treasury)
Cc: Byrne, Randall (TREASURY)
Subject: Questions Regarding the City of Flint's Decision about KWA vs. DWSD
Importance: High

Ed/Roger,

Per your request, here are some questions regarding the proposals by both KWA and DWSD that our review of the information provided in the preliminary report from TYJT has raised. I believe it beneficial for the EFM team in Flint to review these questions prior to our January 10 meeting. We are also trying to organize an internal meeting on Monday to discuss this entire issue before we meeting with Flint.

- What is the current rate Flint is paying to DWSD for water? How many MGD is Flint currently purchasing? What is the current cost for water that Flint is currently paying?
- Is there an estimated amount that the Flint water system is currently losing? How is this loss impacting current or future purchases from either DWSD or KWA? My recollection from our meeting with Flint officials and TYJ&T, the estimated loss is 25%
- Is there a plan to address water loss? Is there a projected cost for these repairs? From the same meeting I recall Flint officials stating that they have replaced 3,000+ of a total 4,000+ water meters.
- What is the City's current repair/maintenance budget for the water system?

- How old is the Flint Water Plant? What is its projected lifespan?
- How large is the current staff at the Water Plant? What staffing level would be required to run the plant at full capacity?
- Does the City's Water Fund have a budget surplus? Are any funds available for additional repairs, staffing, capital improvements, etc.?
- What is the current maximum production capability of the Flint Water Plant? What is the current annual cost to run the plant?
- Given the current financial situation, does the City have the ability to sell the bonds necessary to make the improvements being proposed for the Water Plant?
- It appears that the overall expenditures required to cover any of the outlined options are going to require water rates to rise almost annually. Has there been any analysis on what rates might look like and/or what the capacity of the public to pay these rates might be?
- The December 21st letter from DWSD to Flint outlines some different options for Flint than what was presented by TYJT. Is the EFM team aware of these changes? What are the potential impacts?
- Is the projected cost to acquire the 72" Line from DWSD $4.7-million? The December 21st Letter discusses a "lease" of this line. Is this a true lease or a lease-to-own situation?
- What is the projected lifespan of this line? What is the annual maintenance cost? What is the replacement cost? Does Flint have the capability to maintain this line?
- Has any consideration been given to if any of the options can provide Flint with water above the current projections in the event that the City experiences unexpected growth? Do we know the maximum MGD DWSD can provide? Do we know the maximum MGD KWA can provide?
- Has any consideration been given to the operational or financial impacts if decline continues in Flint and what this will do to water purchases and debt payments?
- Given the very high O&M costs for the Flint Water Plant, could the City "mothball" the Water Plant and have DWSD provide 100% finished water?
- Could the City partner with KWA to increase the size of their water plant and purchase 100% of water from them? Could the City use DWSD as a backup? Could KWA purchase or lease Flint's water plant for redundancy?
- Has any consideration been given by Flint to negotiate better terms with either KWA or DWSD?

If there are any additional questions or you wish to discuss this further, please let me know.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
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ROWE PROFESSIONAL SERVICES COMPANY

Large Firm Resources. Personal Attention.℠

January 7, 2013

Mr Edward Kurtz, Emergency Financial Manager
City of Flint
1101 S Saginaw Street
Flint, MI 48502

Subject Review of December 21, 2012 Presentation – City of Flint Water Supply Assessment

Dear Mr. Kurtz

As requested, we have reviewed the analysis of water supply alternatives for the City of Flint which was presented to the State Department of Treasury by Tucker, Young, Jackson, and Tull, Inc (TYJT) on December 21, 2012 Our review is attached and summarizes the primary differences between the TYJT assessment and our previous studies and provides explanations of why we believe there are differences

We have also reviewed the options for continued DWSD supply included in the TYJT presentation. It is not clear whether these are presented as specific offers on behalf of DWSD or included as examples for analysis, but we have noted some items which we believe should be addressed and considered as these options are compared.

If there are questions, please contact me

Sincerely,
ROWE Professional Services Company

James E. Redding, P.E.
Vice President / Director of Engineering

Attachment

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Review of TYJT December 21, 2012 Presentation
City of Flint Water Supply Assessment
Prepared by Rowe Professional Services Company

DWSD Supply (Slides 7 through 9)

1. The 8 mgd maximum day supply by DWSD options can result in periods during the summer when most of the water to meet demands will be supplied by the City from the river. To aid in maintaining a consistent water quality, softening of the water from the river should be provided with this option, greatly increasing the City's costs.

2. Upgrades to Flint's WTP and dams will be needed for options requiring blending, since the WTP will be required to provide continuous, reliable service and compliance with recent surface water treatment regulations.

3. The rates for the options analyzed are shown on Slide 9 as "TYJT Estimates". Options and rates shown are different than presented by DWSD previously.

	DWSD 11/29/2012	**TYJT Estimates**
18 mgd Maximum Day - P&B	$16.24	$16.37
12 mgd Maximum Day - P&B	$16.30	$16 31
8 mgd Maximum Day -P&B		$12.68
12 mgd Maximum Day - Imlay	$14.38	$14.38
8 mgd Maximum Day - Imlay		$11.11

4. Since the rates used in the analyses are shown as estimates, are they actual offers or just presented as "what if" scenarios?

5. We assume that the Imlay options are based on transfer of the 72" main through Lapeer County to Flint. The analyses show a capital cost of $4.7 million; we assume that this is the proposed purchase / lease cost to Flint. This should be clarified along with pertinent details.

6. If the transmission main is transferred to Flint, what are Flint's responsibilities regarding service to the Lapeer County customers? If they remain DWSD customers, then Flint should receive some revenue for the use the main. It does not appear this is included in the TYJT analyses.

7. If the transmission main is transferred to Flint, we assume that the city will be responsible for the maintenance of the 50 year old main. The TYJT analysis did not include this.

8. Do the rates shown include the credit for "reliability" which had been discussed with DWSD?

9. If the point of commerce is changed from Baxter and Potter to Imlay, a new meter pit will be required. The cost of this does not appear to be included in the TYJT cost analyses.

Flint River Supply (Slide 10)

1. If any of the "blending" options are chosen, it will be necessary to upgrade the Flint WTP and dams to provide reliable, continuous service and compliance with recent surface water treatment regulations.

Data Collected (Slide 14)

1. The slide notes that Flint blending is based on DWSD supplying 2/3 and Flint supplying 1/3 of 12 MGD ADD. For the maximum day demand (18 mgd), if DWSD supplies a maximum of 8 mgd, Flint will supply 10 mgd or 56% of the total. However, such a large portion will make it more difficult to blend and achieve consistent water quality. Flint will need to soften water for these options

Benchmarking Comparisons (Slide 16)

1. The slide subtitles are "KWA O&M Inflation Factor" and "DWSD and Flint Rate Inflation Factor". It seems appropriate to benchmark O&M costs for the KWA, because future costs of service will be dependent on how operating costs are impacted by inflation. For Flint, it does not seem appropriate that "rate inflation" from other utilities be used to determine the impact of inflation on future cost of service. Rates are impacted by inflation, but also by other factors such as debt and customer base. O&M expenses and rates are different and care should be exercised not to mix the two during analyses. The TYJT analyses apply an inflation factor (based on rates from other utilities) to the Flint WTP operating expenses, which does not seem to be consistent.

2. The KWA will supply raw water; SOCWA and YUCA both supply finished water. Regulations impact the O&M for finished water suppliers but should not impact the KWA O&M. The use of data from SOCWA and YUCA does not seem like a comparable comparison with the KWA. Finished water suppliers will have increased costs due to regulatory compliance, which really are not due to "inflation" of the costs of wages, power, chemicals, etc.

3. DWSD has a history of rates to Flint and other suburban wholesale customers. Rates tend to be quite specific to each utility, based on much more than just the costs of operating and maintenance. It appears that DWSD historical rates have not been considered in projecting future DWSD rate increases.

Capital Financing (Slide 17)

1. KWA bonds are planned to be general obligation bonds, backed by member counties.

O&M Inflation Factor (Slide 20)

1. SOCWA and YUCA are finished water suppliers; ever-changing regulatory requirements will impact their operating costs more than a raw water supplier, such as KWA.
2. KWA will be a supplier of raw water. O&M costs should primarily be limited to power and labor, with a little chemical use for zebra mussel control. KWA will not provide treatment of the water.

3. The KWA study assumed power, labor, and chemical costs increase at an annual average of 3%. TYJT indicated this is too low and suggested 5%.

4. Following are examples of historical inflation, which support the 3% as a reasonable assumption for O&M expenses (not rates)
    a. Labor- GCDC-WWS labor costs have increased at an annual average rate of 2.5% since 2003
    b. Electricity Rates in Michigan (per U.S. Energy Information Administration) have increased an average of 3.2% since 1999.
    c The U.S. Bureau of Labor Statistics indicates that the inflation rate over the last 30 years has been an average of 2.8%.

Finished Water Rate Inflation (Slide 21)

1. TYJT bases their assumptions for rate inflation on a survey of rates from three other water suppliers, but ignored the actual rate history of DWSD. TYJT assumed DWSD rate increases of 4.4% annually (if water is purchased from P&B) and 2.9% annually (if water is purchased from Imlay). Based on the actual charges by DWSD to Flint, DWSD historical rates are as follows:
    a. 10 year increase in DWSD rates to Flint:: 10.5% annually
    b. Average annual increase through 45 year history: 6.7%

2. Note that for the KWA analyses, an inflation factor has just been applied to power, labor, and chemicals. Although higher prices for labor, power, and chemicals impacts utility rates; rates are impacted by many other factors, many of which are not related to inflation. Rate inflation will likely be different than O&M inflation. Other factors impacting rates:
    a. Debt – the amount of debt varies widely between utilities
    b. Number of customers / quantity of water sold – there are many fixed expenses with a utility, that if are distributed amongst more users/more gallons sold will result in lower rates. Conversely, if there are fewer users or less water sold, the rates are higher. Assumptions regarding future water consumption will have a great impact on "rate inflation".

3. Unlike KWA and Flint operating expenses which will increase over time based on inflation, the cost of continued DWSD service should be based on the inflation of DWSD rates, to include the increasing cost of other DWSD expenses such as debt and the impact of reduced customers / demands in addition to increasing O&M expenses.

4. Even though there could be a one-time reduction in DWSD rates through adopting the model contract, limiting peak demands, and or changing the point of commerce; it doesn't seem reasonable to assume that subsequent annual increases will only average 4.4% through the 30 year period of analysis. This is significantly less than historical performance (yet TYJT suggests that inflation for KWA O&M expenses will increase at almost double the rate of historical indicators).

Capital Financing with Revenue Bonds (Slide 24)

1. Note that the KWA bonds will be general obligation bonds backed by the member counties.

2 The 2009 KWA Study assumed 6%, 25 year financing. The interest rate for planning was reduced in the 2012 Study update to 5%, which is still higher than if bonds were sold today.

3 Financial consultants determined the charges for purchasing capacity in the KWA supply based on the estimated project cost plus appropriate financing costs. Based on 60 units of capacity, $538,764,000 will be generated for repayment of debt and project costs using the capacity charges in the KWA capacity agreement.

25 years * 60 units * $355,300 / unit =	$532,950,000
3 years * 60 units * $32,300 / unit =	$ 5,814,000
	$538,764,000

4. For a KWA project cost of $272,421,558, total P&I is $483 million. The difference of $55,500,000 is available for financing expenses (capitalized interest, bond issuance costs, etc.) and additional contingencies

5. Bond holder reserve is not a requirement for general obligation bonds.

6. TYJT assumed that 3% interest would be earned on the bond holder reserve during the 25 year bond period. Current interest rates are less than 1% and it seems inappropriate to assume such a high rate will be earned on retained funds.

7. Bondholder reserve, if provided, should be applied against the last couple of P&I payments. The TYJT did not apply it. This will reduce their project costs.

KWA Construction (Slides 26 through 29)

TYJT has indicated that the KWA construction cost estimate is too low The primary differences in cost estimates for the project appear to be the following components:

1. Pump Stations (Slide 27) – The TYJT estimate for the pump stations is more than double that used by the KWA ($54,573,314 vs. $24,618,080). KWA estimates were based on actual construction costs from recent projectd completed by Genesee County within the last eight years.
   a. 32mgd water pump station including two-10 MG ground storage tanks - $13.4 million
   b. 80 mgd wastewater pump station, 50 feet deep wetwell – $8.3 million
   c. 30 mgd wastewater pump station, 50 feet deep wetwell – $9.4 million

   The KWA budgeted amount seems reasonable for two pumping stations as currently planned and to be constructed in rural areas (not southeast Michigan).

2. Redundant Power – There is no need for redundant power, other provisions will provide reliability of supply.

3. Land – Preliminary engineering has continued so earlier budgets established for planning for land acquisition can be greatly reduced. Options have been obtained on all properties which must be

purchased, so purchase prices are known. It will be necessary to obtain easements for only two miles of pipeline construction. All land costs are now estimated at $1.25 million.

4. Engineering, Legal, Administration & Contingencies
   a. The October 2012 KWA estimate provided an allowance of 25% of construction cost to cover engineering, legal, administration, and contingencies (ELAC). This was reduced from the 38% allowance used in the 2009 Study because ongoing planning and design have firmed up many of the details of the project, including:
      i. The intake design has been completed and all regulatory permits obtained.
      ii. The transmission main route has been determined. Meetings with road agencies have firmed up the requirements for construction and restoration within rights-of-way. Environmental review and permitting are in process.

   b. TYJT costs for Intake Crib, Pump Stations, and Transmission Mains (Slide 30) include a 30% allowance for ELAC. These allowances (from Slides 26 through 28) total $72,139,566. In addition, Slide 30 provides the following additional ELAC costs in the project total:

Design Engineering / Pump Stations	$16,939,581
Construction Management	$14,434,410
Administration	$ 349,440
Legal	$ 831,000
Total	$32,554,431

   c. Combining this with the $72,139,566 totals $104,693,997 or 43% of the estimated construction cost. We believe that such a high allowance for ELAC is not appropriate for a project of this magnitude where preliminary engineering and some design have already been completed.

Cost Comparison (Slide 30)

1. The TYJT pump station price is too high based on costs of similar projects; costs used by KWA are based on costs of recent local projects. The KWA estimate is believed to be sufficient for the proposed pumping stations.

2. Redundant power is not required; this does not need to be included in the TYJT estimate.

3. Land for LHPS – actual price is $360,000

4. Design Engineering / PS and Transmission – KWA included engineering in the 25% ELAC allowance included in the $207,752,895 estimated cost of transmission mains; TYJT included engineering in their 30% ELAC allowance included in the $218,811,559 estimated cost. By adding $16,939,581 for design engineering, $14,434,609 for construction administration, $349,440 for administration, and $831,000; it seems that ELAC is being "double-counted". The TYJT 43% allowance for ELAC seems unwarranted for a project with a great deal of preliminary and design engineering completed. The 25% KWA allowance is believed to be sufficient.

5. Easements and land (other than LHPS) should total $1,140,000, based on current options and specific needs for easements.

Other Considerations – Redundancy / Reliability (Slide 33)

1. Unfunded Mandates/ Future Regulations
    a The proposed KWA supply will deliver raw water; it is not anticipated to be affected by future changes to regulations. Regulations will impact the City of Flint with respect to treatment and/or distribution of finished water. The City will be subject to these requirements with any of the DWSD blending options, just as they will be responsible for them if supplied by KWA. Some compliance costs may actually be less with the higher quality Lake Huron water rather than Flint River water as the source.

2. State Goals
    a. The TYJT presentation indicates that creation of a new raw water supply is contrary to the governor's goals as suggested However, the development of a new raw water supply provides new opportunities. Communities in Sanilac, St. Clair, and Lapeer counties will have the option to join a regional water supply and replace their small local supplies where limited supplies and high concentrations of arsenic have been a concern. The new water supply also provides great economic development opportunities. The raw water supplied by KWA will make a new commodity, raw water, available to the region. A large, low-cost supply of raw water can be a valuable resource for industries and agri-businesses. The development of a new water supply will also create construction jobs through the short term period of building the new water supply and subsequently over a longer period as new businesses and industries are developed in the area.
    b. The City of Flint and area communities will benefit as permanent jobs are created for operating and maintaining the local treatment facilities.

3. Redundancy
    a. We agree that the KWA and DWSD options are similar with respect to redundancy. Both provide the primary water supply; customers are responsible for their backup supply.

Other Considerations – Cost Slide 34

1. TYJT indicates that the DWSD 8 mgd supply option is the least cost alternative.
    a The TYJT analysis does not include the cost of needed upgrades to the City's WTP or increased operating costs in their analysis. During summer months, water from the river will need to be softened before blending. More than half of the water supplied will be provided from the river. When the cost of upgrades to the WTP and the increased operating costs (for softening) are added to the TYJT analysis, the KWA option is less than the DWSD 8 mgd option.

2. For any of the DWSD "blending" options, upgrades will need to be made at the WTP to provide for continuous, reliable operation and compliance with new surface water treatment rules. Increased capital and operating costs for treating water from the river should be added to the TYJT costs for comparison with the other options.

3. Water from the river will require greater effort to treat than water from Lake Huron (more chemicals, power, and residuals). The TYJT analysis shows about the same O&M costs for the Flint WTP, regardless of water source. It seems that the WTP O&M costs for the KWA options should be reduced to reflect the savings from treating Lake Huron water.

4. The TYJT presentation noted that the KWA analysis did not include allowances for mechanical and process improvements within the planning period The KWA will supply raw water. The facilities consist of pipe, pumps, and a tank. There are no treatment facilities which would be susceptible to future regulatory changes. The only improvements that seem likely would be the need to provide additional capacity. Capacity expansion is planned to be financed through capacity charges to new users.

5. The provision for redundant connections between the City's water system and the GCDC system was included in the most recent water supply agreement between the two, in 2011. Although not a KWA cost, the cost of the redundant connections should be considered with all options.

6. The $2.3 million budgeted for land by KWA was intended to cover all land requirements. Since the October update, options have been obtained on all land to be purchased and the locations of easements needed has been finalized. Total land costs are now estimated to be about $1.5 million.

7. The 2004 study included a 47% allowance for engineering, legal, administration, and contingencies (ELAC). The 2009 study reduced the allowance for ELAC to 37% because many of the details since the 2004 conceptual study had been better defined. For the October 2012 update, the allowance for ELAC was reduced to 25% because continued planning and preliminary engineering further addressed details from the earlier concepts.
    a. The detailed design (plans and specifications) and permitting have been completed.
    b. The transmission main route has been finalized. Meetings with road agencies have established requirements for construction and restoration within road rights-of-way. Environmental permitting is in process. The primary remaining unknown is pipe sizing, which is largely dependent on Flint's participation.

    It is our experience that the 25% ELAC allowance is appropriate for a project of this magnitude at this stage in the planning / design stage. The 43% ELAC allowance recommended by TYJT is excessive for a project in the design phase.

8. Flint's WTP as a backup to the KWA will be less difficult to provide for than the current arrangement as a backup to DWSD. We believe there is potential for challenges with chemistry and treatment for the proposed DWSD blending options, too

9. It doesn't seem that oversizing the KWA capacity is a good solution for the city's water loss problems, if that is what is being suggested.

10. Yes, it would be nice if the KWA system could be constructed to firmly determine its cost and time to complete before making a decision about water supply alternatives. However, a decision is needed regarding Flint's participation so that the sizing and design can be completed, before it can be built.

Project Costs - TYJT Slides 26 through 30

	KWA	TYJT
Intake and Crib		
Construction	$22,076,850	$22,076,850
ELAC	$5,519,213	$5,519,213
Property	$2,300,000	$2,300,000
Pumping Stations		
Construction	$24,618,080	$54,573,314
Land		$75,000
ELAC	$6,154,520	$16,394,494
Transmission Mains		
Construction	$166,202,316	$167,419,530
ELAC	$41,550,579	$50,225,859
Easements		$1,166,170
Engineering		
Design Engineering		$16,939,581
Construction Management		$14,434,609
Administration		$349,440
Legal / Easements / Contracts		$831,000
Power	$4,000,000	$4,000,000
Redundant Power		$1,273,200
Total Construction	$212,897,246	$244,069,694
Total ELAC	$53,224,312	$104,694,196
Total Land / Property / Easements	$2,300,000	$3,541,170
Total Power	$4,000,000	$4,000,000
Total Redundant Power	$0	$1,273,200
Total	$272,421,558	$357,578,260
ELAC as % of Construction	25.0%	42.9%

	Option	TYJT Total Cost	TYJT minus additional costs of river treatment	TYJT minus additional costs of river treatment plus redundant Flint-GCDC connections	TYJT minus additional costs of river treatment plus redundant connections less KWA reserve	TYJT minus additional costs of river treatment plus redundant connections less TYJT financing	TYJT plus Flint WTP		Adjusted Total Cost	Ranking
1	Flint WTP Only	$590,441,893							$590,441,893	3
2	DWSD 8 MGD Max Day at Imlay	$621,211,298					$771,289,948		$771,289,948	5
3	KWA 10/31/12 Update	$649,775,166	$534,615,996	$554,555,960					$554,555,960	1
4	DWSD 8 MGD Max Day at P&B	$657,167,877					$807,246,527		$807,246,527	6
5	KWA-1	$707,279,715	$592 120 545	$612,060,509		$572,731,459			$572,731,459	2
6	DWSD 12 MGD Max Day at Imlay	$707,994,386					$858,073,036		$858,073,036	8
7	DWSD 12 MGD Max Day at P&B	$742,168,081					$892,246,731		$892,246,731	9
8	KWA - 2	$766,784,313	$651,625,143	$671,565,107	$654,706,341				$654,706,341	4
9	DWSD 18 MGD Max Day at P&B	$791,202,885						$812,337,848	$812,337,848	7

b

	Option for Water Supply	TYJT Projected 30 Year Total Cost	30 Year O&M Reduction for Treating Lake Huron Water	25 Year Bond Cost for Redundant Connections	Eliminate KWA Reserve	Use KWA 25 Year Capital Charge $355,300 / MGD	25 Year Bond Cost for Flint WTP Upgrades	Adjusted 30 Year Total Cost	Rank (Least to Highest Cost)
1	Flint WTP Only	$590,441,893		Included				$590,441,893	3
2	DWSD 8 MGD Max Day at Imlay	$621,211,298		Note 1			$150,078,650	$771,289,948	5
3	KWA 10/31/12 Update	$649,775,166	-$115,159,170	$21,134,963				$555,750,960	1
4	DWSD 8 MGD Max Day at P&B	$657,167,877		Note 1			$150,078,650	$807,246,527	6
5	KWA-1	$707,279,715	-$115,159,170	$21,134,963		-$39,329,050		$573,926,459	2
6	DWSD 12 MGD Max Day at Imlay	$707,994,386		Note 1			$150,078,650	$858,073,036	8
7	DWSD 12 MGD Max Day at P&B	$742,168,081		Note 1			$150,078,650	$892,246,731	9
8	KWA - 2	$766,784,313	-$115,159,170	$21,134,963	-$16,858,766			$655,901,341	4
9	DWSD 18 MGD Max Day at P&B	$791,202,885		$21,134,963				$812,337,848	7

DWSD Rate Inflation

	$ / MCF	
2002	$8.01	
2003	$11.06	38.1%
2004	$10.24	-7.4%
2005	$10.56	3.1%
2006	$11.09	5.0%
2007	$11.35	2.3%
2008	$13.07	15.2%
2009	$14.32	9.6%
2010	$16.19	13.1%
2011	$18.50	14.3%
2012	$20.70	11.9%
		10.5%

Note: prior to 2010 commodity charge only; 2010 and later, unit shown is composite RTS + commodity

Note: Average increase over 45 year history from GCDC spreadsheet

R 1

Historical Water Rates to Flint

cost of water

annual increase

average 10 year increase

Rate t Flint

rates for the year		cost per M cf	% annual change	10 - year increase	cumulative increase	average of annual increase %	
1967		$ 1.303	0			0	
1968		1.303	0		0	0	
1969		1.303	0		0	0	
1970		1 383	6 14%		6 14%	1.5%	
1971		1.383	0%		6.14%	1 2%	
1972		1.614	16.70%		23 87%	3.8%	
1973		1 614	0		23.87%	3.3%	
1974		1 614	0		23.87%	2.9%	
1975		1 614	0		23.87%	4 2%	
1976		2.245	39 10%		72.29%	6 2%	
1977		2.245	0	72.29%	72.29%	5 6%	
1978		2.245	0		72 29%	5 2%	
1979		2.245	0		72.29%	4.8%	
1980		2.82	25.61%		116.42%	6.3%	
1981		2.82	0		116.42%	5.8%	
1982		3.09	9.57%		137.15%	6.1%	
1983		3.12	0.97%		139.45%	5.8%	
1984		3.38	8.33%		159.40%	5.9%	
1985		3.47	2.66%		166.31%	5 7%	
1986		3.9	12.39%		199.31%	6.1%	
1987		3.71	-4.87%	65.26%	184.73%	5.6%	
1988		3.89	4.85%		198.54%	5.5%	
1989		3.89	0.00%		198.54%	5.3%	
1990		4.18	7.46%		220 80%	5.4%	
1991		4 55	8.85%		249 19%	5.5%	
1992		5.01	10.11%		284.50%	5 7%	
1993		5 01	0.00%		284.50%	5 5%	
1994		5 18	3.39%		297.54%	5.4%	
1995		5.43	4.83%		316.73%	5.4%	
1996		5.65	4.05%		333.61%	5 3%	
1997		5.83	3.19%	57 14%	347 43%	5.3%	
1998		6.04	3.60%		363 55%	5 2%	
1999		6.29	4.14%		382.73%	5.2%	
2000		6 31	0 32%		384.27%	5.0%	
2001		6.86	8.72%		426.48%	5.1%	
2002		8.01	16.76%		514.74%	5 5%	
2003		11.06	38 08%		748 81%	6.4%	
2004		10.24	-7.41%		685.88%	6.0%	
2005		10.56	3.13%		710.44%	5 9%	
2006		11.09	5.02%		751.11%	5.9%	
2007		11.35	2.34%	94.68%	771.07%	5.8%	
2008		13.07	15.15%		903 07%	6.0%	
2009		14.32	9.56%	127.66%	999.00%	6.1%	
2010	see note	16.19 *	13.06%	136%	1142.52%	6.4%	*$14.29 + RTS $1 00 @ 1 4 MMCF
2011		18.50 ~~19.69~~	11.30%	162.68%	1276 82%	6 7%	* commodity plus FIXED FEE
2012		20.70 ~~21.89~~					12 mgd ? no 20% markup

Rg

PAYMENTS BY CITY OF FLINT TO DWSD - MAY 1, 2002 - OCTOBER

	FY02		FY03		FY04		FY05		FY06		FY07		FY08	
Month	MCF	Total Charge	MCF	Total Charge	MCF	Total Charge	MCF	Total Charge	MCF	Total Charge	MCF	Total Charge	MCF	Total Charge
July			157 326	$1 260 181	157,902	$1 545 881	134 983	$1,376,924	141 187	$1,460,932	95 488	$1 533 129	88,763	$1 874 57
August			148 551	$1 173 874	138,873	$1 359 567	150 485	$1 535 868	145 538	$1 538,877	123 946	$1 374 568	140,112	$1,590 27
September			142,591	$1 142 154	138 329	$1 354 241	137,518	$1 403 088	132,153	$1 395 536	112,906	$1 252 123	121,885	$1,381 23
October			126,409	$1 004,527	121,043	$1,185,011	120,041	$1,224,121	117 272	$1,238,392	109,030	$1,209,148	112,868	$1,278,76
YTD	0	$0	571,877	$4,580,736	556,147	$5,444,680	543,007	$5,539,999	535,150	$5,661,737	441,350	$5,368,966	461,236	$5,924,84
November			102,307	$819,479	112,788	$1 104 205	107 852	$1,099,299	112,223	$1 185,077	104,013	$1 153,505	103 518	$1 174 90
December			127,376	$1,020 282	116,128	$1 136 839	120 445	$1,228,257	122 455	$1 293,124	109 843	$1 218 157	109 840	$1 246 69
January			132 278	$1 059 531	122,752	$1 201 742	128 608	$1 291 374	118 112	$1 247 288	109,482	$1 214 153	112 622	$1 278 25
February			143 633	$1 150 500	122,354	$1 197 843	113 079	$1,152 834	108 400	$1 144 704	117 273	$1,300,581	108,481	$1 242 80
March			153,788	$1 231 682	120,780	$1,182 532	121 798	$1 242,115	117 649	$1 242 370	129,186	$1 432 787	118,641	$1,346,57
April			127 022	$1,017 448	116 612	$1 161 209	119,558	$1 219 177	110,416	$1 165,998	115 415	$1 279 949	110 350	$1 252 47
May	121 675	$834 691	130 182	$1,042,598	123,716	$1,211 183	126,417	$1 309 868	127 826	$1 349 844	127,184	$1,410,568	120,050	$1 362 57
June	128,682	$882,759	148,330	$1,188,123	128,993	$1,262,840	143,854	$1,488,994	141,065	$1,489,653	141,088	$1,489,853	129,423	$1,468,84
Annual Total	250,357	$1,717,450	1,636,781	$13,110,377	1,622,251	$14,903,123	1,624,718	$16,851,935	1,494,297	$15,779,773	1,394,832	$15,868,317	1,376,159	$15,297,87
	Average Cost per MCF $14.32		Average Cost per MCF $14.32		Average Cost per MCF $14.32		Average Cost per MCF $14.32		Average Cost per MCF $14.32		Average Cost per MCF $14.32		Average Cost per MCF $14.3	
COST PER MCF (ANNUAL BASIS)	MCF $ 6 86		MCF $ 8 01		MCF $ 9 79		MCF $ 10 20		MCF $ 10 56		MCF $ 11 38		MCF $ 11 8	
	$ Difference		$ Difference $ 1 15		$ Difference $ 1 78		$ Difference $ 0 41		$ Difference $ 0 36		$ Difference $ 0 82		$ Difference $ 0 4	
	% Difference		% Difference 17%		% Difference 22%		% Difference 4%		% Difference 4%		% Difference 8%		% Difference 4	
COST PER MCF (YTD)	MCF		MCF $ 8 01		MCF $ 9 79		MCF $ 10 20		MCF $ 10 56		MCF $ 12 18		MCF $ 12 8	
	$ Difference		$ Difference		$ Difference $ 1 78		$ Difference $ 0 41		$ Difference $ 0 36		$ Difference $ 1 60		$ Difference $ 0 6	
	% Difference		% Difference		% Difference 22%		% Difference 4%		% Difference 4%		% Difference 15%		% Difference 6	

R3

Rarely any questions?

Ed will send KWA response to TVT&T questions.

1/8/13 Flint KWA

5 votes on vote to go w KWA (including Mich Rpt of Agriculture)

1. Est of eng, proj status

2. - 10% reserve not necessary (per Bartlett) backed by full faith & credit
   - did not apply to the last 3 years of bond payments
   - inflation

3. DWSD rate increase 4.4% (2004-14)
   last 10 yr 10.7% rate increase
   per unit cost

KWA not charged Detroit for 7 yrs.

DV
2004 (7.7)% MCF

Resolution to Royce to approve selection of Cost of Regulation

Gr. Lak 2002-~~2008~~ 2012

Local cost $3.2 million

Overseer county cost

actual cost $320,000 ← KWA cost

Cost of contingencies 25% reasonable proj line

Detroit will not give Flint unit or rate costs

15% prem = legal challenge

KWA 3 years build out

Start yr-1 year FY 19-20

Water loss
1) water leaks
2) fires (5-7 pr. day)
3) bad debts
+) Dept

13 communities not signed model contract

$3 mill = delqt H2O bills / collect 3%

$11.3 + 5% increase/yr

34% house non homestead

20% delinquent

* who is legal expert on model contract

510 - [redacted]

2/8/13 Ed Kurtz

1. H_2O letter sent to Reyes
What is time frame to discuss as Tues rec'd info needed, or adopt a resolution by council

2. Trash Outsourcing
- Regulus mtg cancelled on 2/9/13 will have sewer clean engineers per day test passage to CDL.
Regulus buys 3/4/13 Trucks needed by city 3/1/13. Same workers. SAVINGS * 1 million
* 1.5 m for city trucks
54,000 lots ± Thanksgiving, 11K vacant, need to get or extend cents of # of units, new company, cost less than family members

3 Police lawsuit
Hearing 2/8/13 city for ~~motion~~ motion to reinstate contract given to Police change Fire Terms ~~Fired~~ moved timely last time.

4. Discuss of county-wide 1 mill for police safety for pending requested report.

5 Fire Engines / Fire Chief
Coordinator to Interview, Assistance or substitute for PD

(2)

2/8/13 ED KURTZ

Moth Foundation —
Will allow them to use the remaining grant $

MDOT
Reading I-69 from Port to Center, noted $575K because only has gap greater than 50K must pay 12%, given 1 of 4 Total cost 60K $1-475, 15 1-69 175K 16 [EQ will sub info.)

Local Streets
$ will be used for maintenance, no capital investments. Williams spot fix balance on crappy local roads, No paving until update a replaced

New Hires
Hiring officers for passage of millage
Only white officers qualified, ~~exist~~ went for entry entry officers, black officers applied but didn't make cut. 70% of black females today,

5yr. budget, steady pace

Updated name DEQ
$14m deposit, borrow $12m elevates $7m over 5yr. can't pay back or more than $2m/yr

3

2/8/13 Ed Kurtz

12-13 Budgets put family comfort to w/ less gens budgets. STILL pay high ~~long~~ large pending will take a hard look at reducing rtc

- Water/Sewer Rpts
  $4.5 million for return heatherne

- Prepared to issue bonds for
  world quarter $7 million, Sewer construction
  property tax change, no impact on 13-14
  budget, on schedule 11/13

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, January 08, 2013 12:54 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (TREASURY)
Subject: FW: Draft Flint Supply Assessment.Questions

FYI.

From: David Guastella [mailto:DGuastel@tyjt.com]
Sent: Tuesday, January 08, 2013 11:39 AM
To: Cline, Richard (Treasury)
Subject: RE: Draft Flint Supply Assessment.Questions

Eric

I ran some rough numbers and I would say that the twin pipe for Flint's 18 MGD demand next to the 72-inch main would probably be a 24 or 30-inch pipe and approximately cost $50M. I hope this helps.

Dave

From: Cline, Richard (Treasury) [mailto:cliner1@michigan.gov]
Sent: Thursday, January 03, 2013 1:25 PM
To: David Guastella
Subject: RE: Draft Flint Supply Assessment.Questions

Dave,

Thanks for the information. I will be in-touch.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
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From: David Guastella [mailto:DGuastel@tyjt.com]
Sent: Wednesday, January 02, 2013 1:29 PM
To: Cline, Richard (Treasury)
Cc: Byrne, Randall (TREASURY); George Karmo; Cubba, John; Awni Qaqish; Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Subject: RE: Draft Flint Supply Assessment.Questions

Eric

Sorry for the delayed response; in addition to the holidays we also moved our office. We are just getting things organized.

Below is my response to your questions. Please review and let me know if you have any questions.

Additionally, as we discussed at the presentation. We will wait to hear back from you regarding the January 10th meeting with Flint and what adjustments will be needed to the schedule. However, we will begin drafting the report.

Dave

From: Cline, Richard (Treasury) [mailto:cliner1@michigan.gov]
Sent: Friday, December 28, 2012 2:13 PM
To: David Guastella
Cc: Byrne, Randall (TREASURY)
Subject: Draft Flint Supply Assessment.Questions
Importance: High

Dave,

Good afternoon. I hope you had a good holiday and are planning on a good New Year.

Thanks for the presentation information. Just to follow-up, it appears that no additional presentation on the 15th is being asked for. Should that change, I will let you know.

I have some additional questions I want to clarify with you. Some of these are just internal questions we have and want to make sure we are interpreting your presentation information correctly. I have highlighted my specific questions for clarity.

- You should have received a copy of a letter from DWSD to Flint dated December 21st. As I review the options that they provide Flint, I note some differences with what you outlined as the DWSD options for Flint. **Have you taken these changes into account? If not, what is the impact these "latest" proposals will have?**

  Yes, we did receive a copy from the Director dated, December 21st. The proposals appear to be similar to what we presented for the 18 MGD maximum day customer from P&B and from Imlay. However, the attached exhibits referenced were not attached for us to review the specific rates.

Overall, I have some broad, "strategic" questions:

- Anticipating a return of future growth to the City, **what is the maximum MGD DWSD could provide to Flint? What about KWA?** The overall question is whether either entity could provide more water to Flint than is anticipated if they needed to.

Regarding the KWA, we do not have specifics on the route and profile so we can't do a hydraulic analysis to determine the additional capacity that could be provided by their proposed system. However, prior hydraulic analyses of the existing 72-inch main has shown that in excess of 90 MGD can be supplied to Flint by DWSD.

- On the flip-side, if decline continues in Flint, **what happens if Flint needs less water than projected? What would that do to the financial projections?**

Regarding both proposals we need to know the volume of water purchased to do a reasonable estimate. With regards to KWA, since the percentage of the water supplied would be reduced, we would need to confirm that their capital investment obligation would be reduced accordingly based on Flint's percentage of the total volume.

- **Given Flint's current financial situation, did you analyze the City's ability to actually sell bonds to make any of these improvements?**

As we indicated in our presentation, this is a concern. It has been assumed that the KWA bonds would be backed by Genesee County; however, Flint would still need to bond for the improvements at their WTP.

- It appears that the overall expenditures required to cover any of the outlined options are going to require water rates to rise almost annually. **Has there been any analysis on what rates might look like and/or what the capacity of the public to pay these rates might be?**

We were not requested to analyze the capacity of the public to pay the water rates, so I can't respond to that question. However, we did include the rate increase in all of our scenarios. It is shown on our spreadsheets as, "Escalation/Inflation Rate."

Specifically:

- **What is the total cost for Flint to buy the 72" line from DWSD?** I see a capital cost on that option of $4.7-million. **Does that include the 72" line?** Related to this, **do we know what the projected lifespan of that line is? What would the replacement cost be?** A question we are having is whether Flint would have the financial and/or operational ability to maintain this line. Also, **I am unsure, once you account for O&M costs and bond payments, if there is enough overall benefit to Flint owning that line is if they remain with DWSD.**

The $4.7M shown is for the purchase of the 72-inch line. It is the best estimate DWSD has provided so far, but the actual cost would be dependent on negotiations between DWSD and Flint. The bond payments are included in our analysis. DWSD has also offered to "role" the cost into the annual Flint water rate. Our analysis did indicate that the Imlay option was less expensive than for most of the other options.

The pipe itself is a pre-stressed concrete cylinder pipe (PCCP) that has excellent life expectancy. Assuming that the water main was installed in the late 60's I would suspect that the life expectancy to be beyond the planning period we analyzed.

- It appears to me that the O&M costs for the Flint Water Plant are very high. **If Flint were to continue to buy water from DWSD, other than for a back-up, is there any reason they could not avoid those costs by mothballing the plant and having DWSD provide 100% finished water to them?**

The issue has been related to MDEQ requiring that Flint have a backup supply in case their service is interrupted by a loss of the 72-inch main. Flint is supplied off a single line and that is why the redundancy is required.

- Regarding KWA, perhaps I missed this explanation, but **why are the options for KWA for 12 MGD as opposed to the option for 18 MGD?**

The 12 MGD is the daily average. KWA has indicated that their system can provide the maximum day demand to Flint as well.

- **Is there any financial sense for Flint to close its plant and KWA builds theirs bigger to accommodate them?**

That option was not investigated and we do not know the associated cost of the Genesee County plant. However, each community was pointing to an inter-agency agreement that would allow them each to provide a backup supply to the other. That would not be possible with just one plant.

- Regarding your spreadsheet for the KWA Proposal 2, I note that it appears you are using numbers ($7.758-million) from Proposal 1 in calculating some of the capital costs. **Is this correct?**

Yes, this is the $7.1M projected in the 2009 report that was adjusted for inflation at 3%/year for three years.

I recognize what you provided was a preliminary report, but these are some questions I noted as your information was reflected upon. I would appreciate your comments on these questions.

Please note that I will not be in the office again until January 3, so please copy Randall Byrne, OFR Manager, on any responses.

Regards,

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
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(517) 335-2078 | cliner1@michigan.gov

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-----Original Message-----
From: David Guastella [mailto:DGuastel@tyjt.com]
Sent: Saturday, December 22, 2012 9:21 AM
To: gambrose@cityofflint.com
Cc: Fraser, Roger (Treasury); Cline, Richard (Treasury); ekurtz@cityofflint.com; George Karmo; Awni Qaqish
Subject: Flint Supply Assessment 12-21-12

Jerry

Per our discussion yesterday, please find attached our presentation information.

Dave

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, January 08, 2013 5:07 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (TREASURY); Dube, Mathieu (Treasury)
Subject: RE: Rowe review

Importance: High

I have reviewed this and, personally, I don't think I would want to base my justification to make final decisions about the better option based upon this. One could get the impression that KWA is the better option because Rowe says that it is.

This report appears to be primarily a rebuttal of TYJT's preliminary report; though there are a couple of possibly valid points that could be checked out. No supporting data is provided.

Two significant things jump out at me after reading this:

1) There are a number of references to data that is not included, so it is very difficult to determine whose numbers are accurate.

2) It is very unlikely that KWA completed all of the activities that they list as lowering costs (permits, land purchases, easements, preliminary engineering, etc.) since our December meeting with Flint. Then why was TYJT not provided some of this information when they were doing their analysis. They appear to be faulted for not taking some of these items into account, but it seems like they should have received this data in order to make a sound analysis.

We can discuss this further tomorrow.

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From: Koryzno, Edward (Treasury)
Sent: Tuesday, January 08, 2013 3:07 PM
To: Byrne, Randall (TREASURY); Cline, Richard (Treasury); Dube, Mathieu (Treasury)
Subject: FW: Rowe review

FYI

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
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Thank you

From: Ed Kurtz [mailto:ekurtz@cityofflint.com]
Sent: Tuesday, January 08, 2013 2:27 PM
To: Koryzno, Edward (Treasury)
Subject: Rowe review

Attached is the review from Rowe, Ed

Review of TYJT December 21, 2012 Presentation
City of Flint Water Supply Assessment
Prepared by Rowe Professional Services Company

DWSD Supply (Slides 7 through 9)

1. The 8 mgd maximum day supply by DWSD options can result in periods during the summer when most of the water to meet demands will be supplied by the City from the river. To aid in maintaining a consistent water quality, softening of the water from the river should be provided with this option, greatly increasing the City's costs.

2. Upgrades to Flint's WTP and dams will be needed for options requiring blending, since the WTP will be required to provide continuous, reliable service and compliance with recent surface water treatment regulations.

3. The rates for the options analyzed are shown on Slide 9 as "TYJT Estimates". Options and rates shown are different than presented by DWSD previously.

	DWSD 11/29/2012	TYJT Estimates
18 mgd Maximum Day - P&B	$16.24	$16.37
12 mgd Maximum Day - P&B	$16.30	$16.31
8 mgd Maximum Day -P&B		$12.68
12 mgd Maximum Day - Imlay	$14.38	$14.38
8 mgd Maximum Day - Imlay		$11.11

4. Since the rates used in the analyses are shown as estimates, are they actual offers or just presented as "what if" scenarios?

5. We assume that the Imlay options are based on transfer of the 72" main through Lapeer County to Flint. The analyses show a capital cost of $4.7 million; we assume that this is the proposed purchase / lease cost to Flint. This should be clarified along with pertinent details.

6. If the transmission main is transferred to Flint, what are Flint's responsibilities regarding service to the Lapeer County customers? If they remain DWSD customers, then Flint should receive some revenue for the use the main. It does not appear this is included in the TYJT analyses.

7. If the transmission main is transferred to Flint, we assume that the city will be responsible for the maintenance of the 50 year old main. The TYJT analysis did not include this.

8. Do the rates shown include the credit for "reliability" which had been discussed with DWSD?

9. If the point of commerce is changed from Baxter and Potter to Imlay, a new meter pit will be required. The cost of this does not appear to be included in the TYJT cost analyses.

Flint River Supply (Slide 10)

1. If any of the "blending" options are chosen, it will be necessary to upgrade the Flint WTP and dams to provide reliable, continuous service and compliance with recent surface water treatment regulations.

Data Collected (Slide 14)

1. The slide notes that Flint blending is based on DWSD supplying 2/3 and Flint supplying 1/3 of 12 MGD ADD. For the maximum day demand (18 mgd), if DWSD supplies a maximum of 8 mgd, Flint will supply 10 mgd or 56% of the total. However, such a large portion will make it more difficult to blend and achieve consistent water quality. Flint will need to soften water for these options.

Benchmarking Comparisons (Slide 16)

1. The slide subtitles are "KWA O&M Inflation Factor" and "DWSD and Flint Rate Inflation Factor". It seems appropriate to benchmark O&M costs for the KWA, because future costs of service will be dependent on how operating costs are impacted by inflation. For Flint, it does not seem appropriate that "rate inflation" from other utilities be used to determine the impact of inflation on future cost of service. Rates are impacted by inflation, but also by other factors such as debt and customer base. O&M expenses and rates are different and care should be exercised not to mix the two during analyses. The TYJT analyses apply an inflation factor (based on rates from other utilities) to the Flint WTP operating expenses, which does not seem to be consistent.

2. The KWA will supply raw water; SOCWA and YUCA both supply finished water. Regulations impact the O&M for finished water suppliers but should not impact the KWA O&M. The use of data from SOCWA and YUCA does not seem like a comparable comparison with the KWA. Finished water suppliers will have increased costs due to regulatory compliance, which really are not due to "inflation" of the costs of wages, power, chemicals, etc.

3. DWSD has a history of rates to Flint and other suburban wholesale customers. Rates tend to be quite specific to each utility, based on much more than just the costs of operating and maintenance. It appears that DWSD historical rates have not been considered in projecting future DWSD rate increases.

Capital Financing (Slide 17)

1. KWA bonds are planned to be general obligation bonds, backed by member counties.

O&M Inflation Factor (Slide 20)

1. SOCWA and YUCA are finished water suppliers; ever-changing regulatory requirements will impact their operating costs more than a raw water supplier, such as KWA.
2. KWA will be a supplier of raw water. O&M costs should primarily be limited to power and labor, with a little chemical use for zebra mussel control. KWA will not provide treatment of the water.

3. The KWA study assumed power, labor, and chemical costs increase at an annual average of 3%. TYJT indicated this is too low and suggested 5%.

4. Following are examples of historical inflation, which support the 3% as a reasonable assumption for O&M expenses (not rates)
    a. Labor- GCDC-WWS labor costs have increased at an annual average rate of 2.5% since 2003
    b. Electricity Rates in Michigan (per U.S. Energy Information Administration) have increased an average of 3.2% since 1999.
    c. The U.S. Bureau of Labor Statistics indicates that the inflation rate over the last 30 years has been an average of 2.8%.

Finished Water Rate Inflation (Slide 21)

1. TYJT bases their assumptions for rate inflation on a survey of rates from three other water suppliers, but ignored the actual rate history of DWSD. TYJT assumed DWSD rate increases of 4.4% annually (if water is purchased from P&B) and 2.9% annually (if water is purchased from Imlay). Based on the actual charges by DWSD to Flint, DWSD historical rates are as follows:
    a. 10 year increase in DWSD rates to Flint:: 10.5% annually
    b. Average annual increase through 45 year history: 6.7%

2. Note that for the KWA analyses, an inflation factor has just been applied to power, labor, and chemicals. Although higher prices for labor, power, and chemicals impacts utility rates; rates are impacted by many other factors, many of which are not related to inflation. Rate inflation will likely be different than O&M inflation. Other factors impacting rates:
    a. Debt – the amount of debt varies widely between utilities
    b. Number of customers / quantity of water sold – there are many fixed expenses with a utility, that if are distributed amongst more users/more gallons sold will result in lower rates. Conversely, if there are fewer users or less water sold, the rates are higher. Assumptions regarding future water consumption will have a great impact on "rate inflation".

3. Unlike KWA and Flint operating expenses which will increase over time based on inflation, the cost of continued DWSD service should be based on the inflation of DWSD rates, to include the increasing cost of other DWSD expenses such as debt and the impact of reduced customers / demands in addition to increasing O&M expenses.

4. Even though there could be a one-time reduction in DWSD rates through adopting the model contract, limiting peak demands, and or changing the point of commerce; it doesn't seem reasonable to assume that subsequent annual increases will only average 4.4% through the 30 year period of analysis. This is significantly less than historical performance (yet TYJT suggests that inflation for KWA O&M expenses will increase at almost double the rate of historical indicators).

Capital Financing with Revenue Bonds (Slide 24)

1. Note that the KWA bonds will be general obligation bonds backed by the member counties.

2. The 2009 KWA Study assumed 6%, 25 year financing. The interest rate for planning was reduced in the 2012 Study update to 5%, which is still higher than if bonds were sold today.

3. Financial consultants determined the charges for purchasing capacity in the KWA supply based on the estimated project cost plus appropriate financing costs. Based on 60 units of capacity, $538,764,000 will be generated for repayment of debt and project costs using the capacity charges in the KWA capacity agreement.

25 years * 60 units * $355,300 / unit =	$532,950,000
3 years * 60 units * $32,300 / unit =	$ 5,814,000
	$538,764,000

4. For a KWA project cost of $272,421,558, total P&I is $483 million. The difference of $55,500,000 is available for financing expenses (capitalized interest, bond issuance costs, etc.) and additional contingencies.

5. Bond holder reserve is not a requirement for general obligation bonds.

6. TYJT assumed that 3% interest would be earned on the bond holder reserve during the 25 year bond period. Current interest rates are less than 1% and it seems inappropriate to assume such a high rate will be earned on retained funds.

7. Bondholder reserve, if provided, should be applied against the last couple of P&I payments. The TYJT did not apply it. This will reduce their project costs.

KWA Construction (Slides 26 through 29)

TYJT has indicated that the KWA construction cost estimate is too low. The primary differences in cost estimates for the project appear to be the following components:

1. Pump Stations (Slide 27) – The TYJT estimate for the pump stations is more than double that used by the KWA ($54,573,314 vs. $24,618,080). KWA estimates were based on actual construction costs from recent projectd completed by Genesee County within the last eight years.
   a. 32mgd water pump station including two-10 MG ground storage tanks - $13.4 million
   b. 80 mgd wastewater pump station, 50 feet deep wetwell – $8.3 million
   c. 30 mgd wastewater pump station, 50 feet deep wetwell – $9.4 million

   The KWA budgeted amount seems reasonable for two pumping stations as currently planned and to be constructed in rural areas (not southeast Michigan).

2. Redundant Power – There is no need for redundant power; other provisions will provide reliability of supply.

3. Land – Preliminary engineering has continued so earlier budgets established for planning for land acquisition can be greatly reduced. Options have been obtained on all properties which must be

purchased, so purchase prices are known. It will be necessary to obtain easements for only two miles of pipeline construction. All land costs are now estimated at $1.25 million.

4. Engineering, Legal, Administration & Contingencies
   a. The October 2012 KWA estimate provided an allowance of 25% of construction cost to cover engineering, legal, administration, and contingencies (ELAC). This was reduced from the 38% allowance used in the 2009 Study because ongoing planning and design have firmed up many of the details of the project, including:
      i. The intake design has been completed and all regulatory permits obtained.
      ii. The transmission main route has been determined. Meetings with road agencies have firmed up the requirements for construction and restoration within rights-of-way. Environmental review and permitting are in process.

   b. TYJT costs for Intake Crib, Pump Stations, and Transmission Mains (Slide 30) include a 30% allowance for ELAC. These allowances (from Slides 26 through 28) total $72,139,566. In addition, Slide 30 provides the following additional ELAC costs in the project total:

Design Engineering / Pump Stations	$16,939,581
Construction Management	$14,434,410
Administration	$ 349,440
Legal	$ 831,000
Total	$32,554,431

   c. Combining this with the $72,139,566 totals $104,693,997 or 43% of the estimated construction cost. We believe that such a high allowance for ELAC is not appropriate for a project of this magnitude where preliminary engineering and some design have already been completed.

Cost Comparison (Slide 30)

1. The TYJT pump station price is too high based on costs of similar projects; costs used by KWA are based on costs of recent local projects. The KWA estimate is believed to be sufficient for the proposed pumping stations.

2. Redundant power is not required; this does not need to be included in the TYJT estimate.

3. Land for LHPS – actual price is $360,000

4. Design Engineering / PS and Transmission – KWA included engineering in the 25% ELAC allowance included in the $207,752,895 estimated cost of transmission mains; TYJT included engineering in their 30% ELAC allowance included in the $218,811,559 estimated cost. By adding $16,939,581 for design engineering, $14,434,609 for construction administration, $349,440 for administration, and $831,000; it seems that ELAC is being "double-counted". The TYJT 43% allowance for ELAC seems unwarranted for a project with a great deal of preliminary and design engineering completed. The 25% KWA allowance is believed to be sufficient.

5. Easements and land (other than LHPS) should total $1,140,000, based on current options and specific needs for easements.

Other Considerations – Redundancy / Reliability (Slide 33)

1. Unfunded Mandates/ Future Regulations
    a. The proposed KWA supply will deliver raw water; it is not anticipated to be affected by future changes to regulations. Regulations will impact the City of Flint with respect to treatment and/or distribution of finished water. The City will be subject to these requirements with any of the DWSD blending options, just as they will be responsible for them if supplied by KWA. Some compliance costs may actually be less with the higher quality Lake Huron water rather than Flint River water as the source.

2. State Goals
    a. The TYJT presentation indicates that creation of a new raw water supply is contrary to the governor's goals as suggested. However, the development of a new raw water supply provides new opportunities. Communities in Sanilac, St. Clair, and Lapeer counties will have the option to join a regional water supply and replace their small local supplies where limited supplies and high concentrations of arsenic have been a concern. The new water supply also provides great economic development opportunities. The raw water supplied by KWA will make a new commodity, raw water, available to the region. A large, low-cost supply of raw water can be a valuable resource for industries and agri-businesses. The development of a new water supply will also create construction jobs through the short term period of building the new water supply and subsequently over a longer period as new businesses and industries are developed in the area.
    b. The City of Flint and area communities will benefit as permanent jobs are created for operating and maintaining the local treatment facilities.

3. Redundancy
    a. We agree that the KWA and DWSD options are similar with respect to redundancy. Both provide the primary water supply; customers are responsible for their backup supply.

Other Considerations – Cost Slide 34

1. TYJT indicates that the DWSD 8 mgd supply option is the least cost alternative.
    a. The TYJT analysis does not include the cost of needed upgrades to the City's WTP or increased operating costs in their analysis. During summer months, water from the river will need to be softened before blending. More than half of the water supplied will be provided from the river. When the cost of upgrades to the WTP and the increased operating costs (for softening) are added to the TYJT analysis, the KWA option is less than the DWSD 8 mgd option.

2. For any of the DWSD "blending" options, upgrades will need to be made at the WTP to provide for continuous, reliable operation and compliance with new surface water treatment rules. Increased capital and operating costs for treating water from the river should be added to the TYJT costs for comparison with the other options.

3. Water from the river will require greater effort to treat than water from Lake Huron (more chemicals, power, and residuals). The TYJT analysis shows about the same O&M costs for the Flint WTP, regardless of water source. It seems that the WTP O&M costs for the KWA options should be reduced to reflect the savings from treating Lake Huron water.

4. The TYJT presentation noted that the KWA analysis did not include allowances for mechanical and process improvements within the planning period. The KWA will supply raw water. The facilities consist of pipe, pumps, and a tank. There are no treatment facilities which would be susceptible to future regulatory changes. The only improvements that seem likely would be the need to provide additional capacity. Capacity expansion is planned to be financed through capacity charges to new users.

5. The provision for redundant connections between the City's water system and the GCDC system was included in the most recent water supply agreement between the two, in 2011. Although not a KWA cost, the cost of the redundant connections should be considered with all options.

6. The $2.3 million budgeted for land by KWA was intended to cover all land requirements. Since the October update, options have been obtained on all land to be purchased and the locations of easements needed has been finalized. Total land costs are now estimated to be about $1.5 million.

7. The 2004 study included a 47% allowance for engineering, legal, administration, and contingencies (ELAC). The 2009 study reduced the allowance for ELAC to 37% because many of the details since the 2004 conceptual study had been better defined. For the October 2012 update, the allowance for ELAC was reduced to 25% because continued planning and preliminary engineering further addressed details from the earlier concepts.
    a. The detailed design (plans and specifications) and permitting have been completed.
    b. The transmission main route has been finalized. Meetings with road agencies have established requirements for construction and restoration within road rights-of-way. Environmental permitting is in process. The primary remaining unknown is pipe sizing, which is largely dependent on Flint's participation.

    It is our experience that the 25% ELAC allowance is appropriate for a project of this magnitude at this stage in the planning / design stage. The 43% ELAC allowance recommended by TYJT is excessive for a project in the design phase.

8. Flint's WTP as a backup to the KWA will be less difficult to provide for than the current arrangement as a backup to DWSD. We believe there is potential for challenges with chemistry and treatment for the proposed DWSD blending options, too.

9. It doesn't seem that oversizing the KWA capacity is a good solution for the city's water loss problems, if that is what is being suggested.

10. Yes, it would be nice if the KWA system could be constructed to firmly determine its cost and time to complete before making a decision about water supply alternatives. However, a decision is needed regarding Flint's participation so that the sizing and design can be completed, before it can be built.

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Wednesday, January 09, 2013 7:20 AM
To: Stibitz, Brom (Treasury)
Subject: KWA and DWSD. Flint.

Follow Up Flag: Follow up
Flag Status: Flagged

Curious what is status of that situation.

Sent from my iPad

Lamphier, Wendy (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, January 09, 2013 8:22 AM
To: Dillon, Andy (Treasury); Fraser, Roger (Treasury); Stibitz, Brom (Treasury); Byrne, Randall (TREASURY); Cline, Richard (Treasury)
Subject: Follow Up Mtg re City of Flint KWA Water Report

Follow Up Flag: Follow up
Flag Status: Flagged

FYI – Mike Brown called to say that Mayor Walling will be joining Ed Kurtz, Mike Brown and Jerry Ambrose for this afternoon's meeting.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
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Thank you

Koryzno, Edward (Treasury)

Subject:	Follow Up Mtg re City of Flint KWA Water Report
Location:	Treas_Confrm_Local Govt Large
Start:	Wed 1/9/2013 2:00 PM
End:	Wed 1/9/2013 3:00 PM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	Fraser, Roger (Treasury)
Required Attendees:	Dillon, Andy (Treasury); Koryzno, Edward (Treasury); Stibitz, Brom (Treasury); Byrne, Randall (TREASURY); Cline, Richard (Treasury)
Optional Attendees:	Hichez, Amy (Treasury); Cousineau, Sara (Treasury)

Final list of attendees confirmed.

Attendees:
Andy Dillon
Roger Fraser
Brom Stibitz
Ed Koryzno
Randy Byrne
Ed Kurtz, City of Flint
Jerry Ambrose, City of Flint
Mike Brown, City of Flint
Howard Croft, City of Flint

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CONSULTING ENGINEERS-PLANNERS
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Detroit, Michigan 48226
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January 14, 2013

Mr. Eric Cline
Unit Operations Specialist
430 West Allegan Street
Lansing, Michigan 48922

Dear Mr. Cline,

RE: SOW No. 271Q3209, Flint Municipal Water Supply Assessment

Subject: Response to Rowe Professional Services Company Comments on TYJT's December 20, 2012 Presentation

The purpose of this letter is to respond to the subject comments provided to TYJT on January 9, 2013. The comments are provided below followed by our response. The presentation is provided as an attachment for reference.

It should be noted that due to the time constraints identified, our evaluation was completed in a very short duration. Our analysis is therefore based on the limited information that was provided. We believe that the assumptions made are valid, however; if further analysis is required, TYJT suggests that more information such as the KWA route including topography and easement information, pump station siting, condition of the Flint WTP, and water chemistry information related to blending is obtained.

Furthermore, per the Treasury's direction, Flint has indicated that they do not want to pursue the stand-alone option of only using their plant nor do they want to consider being supplied from the Imlay Station because they are concerned with long-term costs associated with the 72" line. Therefore, responses to comments specific to these options are not provided.

DWSD Supply (Slides 7 through 9)

Rowe Comment No. 1: The 8 mgd maximum day supply by DWSD options can result in periods during the summer when most of the water to meet demands will be supplied by the City from the river. To aid in maintaining a consistent water quality, softening of the water from the river should be provided with this option, greatly increasing the City's costs.

TYJT's Response: Flint's email dated 12/6/12 indicates that the average production rate when they operate the plant is 11 MGD. It was assumed that plant water quality produced was sufficient to meet the necessary water quality requirements since it is to serve as a backup to the DWSD supply.

If softening is required then its cost required for maximum flow rate analyzed would need to be included. Another question that should be addressed is if softening is required, why it is not part of the current treatment for the backup supply.

Furthermore, from the meeting on November 20, 2012, KWA indicated that the Flint River would serve as a backup supply to the KWA system. This would mean that the Flint WTP would have to maintain two treatment trains; one for lake water and one for river water. Depending on how long the plant would have to operate as a backup could trigger the need under the KWA option to improve the river infrastructure as the Flint WTP would need to produce up to 18 MGD.

Rowe Comment No. 2: Upgrades to Flint's WTP and dams will be needed for options requiring blending, since the WTP will be required to provide continuous, reliable service and compliance with recent surface water treatment regulations.

TYJT's Response: As indicated in our previous response; it was assumed that the plant has capacity to supply up to 11 MGD. Furthermore, per the LAN/Rowe report on the Flint River dated July 2011, the summary on Page 12 states that without making any modifications to the river infrastructure, the water plant is limited to 11.6 MGD. Therefore, if the maximum needed from the plant under the various scenarios presented is 10 MGD, no additional work to the dams should be required.

Rowe Comment No. 3: The rates for the options analyzed are shown on Slide 9 as "TYJT Estimates". Options and rates shown are different than presented by DWSD previously.

	DWSD 11/29/2012	**TYJT Estimates**
18 mgd Maximum Day - P&B	$16.24	$16.37
12 mgd Maximum Day - P&B	$16.30	$16.31
8 mgd Maximum Day -P&B		$12.68
12 mgd Maximum Day - Imlay	$14.38	$14.38
8 mgd Maximum Day - Imlay		$11.11

TYJT's Response: The rates presented were provided by DWSD and are provided as an attachment to this response.

Rowe Comment No. 4: Since the rates used in the analyses are shown as estimates, are they actual offers or just presented as "what if" scenarios?

TYJT's Response: Per DWSD, the allocated costs of service and rates computed for Flint follow an "all else being equal" application of the current (FY 2012-13) DWSD unit costs. This is consistent with the figures used in discussions with Flint representatives previously. Whenever the actual service requirements get applied, the lower DWSD System units associated with lower Flint units will raise the unit costs for all customers, creating a moderate impact for all customers. This has been described to Flint representatives.

As such, in DWSD's discussions with Flint they've identified these figures as hypothetical results indicative of rate calculations, as opposed to firm offers. So, while the rates are still estimates until the volume and type of the purchase is determined, it can be assumed that the actual rates will be similar to the estimates shown.

Rowe Comment No. 5: We assume that the Imlay options are based on transfer of the 72" main through Lapeer County to Flint. The analyses show a capital cost of $4.7 million; we assume that this is the proposed purchase / lease cost to Flint. This should be clarified along with pertinent details.

TYJT's Response: In the Treasurer's email to TYJT, dated January 9, 2013, this option is no longer being considered by Flint. Therefore, a response is not required.

Rowe Comment No. 6: If the transmission main is transferred to Flint, what are Flint's responsibilities regarding service to the Lapeer County customers? If they remain DWSD customers, then Flint should receive some revenue for the use the main. It does not appear this is included in the TYJT analyses.

TYJT's Response: In the Treasurer's email to TYJT, dated January 9, 2013, this option is no longer being considered by Flint. Therefore, a response is not required.

Rowe Comment No. 6: If the transmission main is transferred to Flint, we assume that the city will be responsible for the maintenance of the 50 year old main. The TYJT analysis did not include this.

TYJT's Response: In the Treasurer's email to TYJT, dated January 9, 2013, this option is no longer being considered by Flint. Therefore, a response is not required.

Rowe Comment No. 6: Do the rates shown include the credit for "reliability" which had been discussed with DWSD?

TYJT's Response: TYJT has not been party to the discussions regarding a reliability credit, so we assume that the rates used in our presentation do not include the credit.

Rowe Comment No. 9: If the point of commerce is changed from Baxter and Potter to Imlay, a new meter pit will be required. The cost of this does not appear to be included in the TYJT cost analyses.

TYJT's Response: In the Treasurer's email to TYJT, dated January 9, 2013; this option is no longer being considered by Flint. Therefore, a response is not required.

Flint River Supply (Slide 10)

Rowe Comment No. 1: If any of the "blending" options are chosen, it will be necessary to upgrade the Flint WTP and dams to provide reliable, continuous service and compliance with recent surface water treatment regulations.

TYJT's Response: Please refer to our response to Comments No. 1 and No. 2 for Slides 7 through 9.

Data Collected (Slide 14)

Rowe Comment No. 1: The slide notes that Flint blending is based on DWSD supplying 2/3 and Flint supplying 1/3 of 12 MGD ADD. For the maximum day demand (18 mgd), if DWSD supplies a maximum of 8 mgd, Flint will supply 10 mgd or 56% of the total. However, such a large portion will make it more difficult to blend and achieve consistent water quality. Flint will need to soften water for these options.

TYJT's Response: Please refer to our response to Comments No. 1 for Slides 7 through 9.

Benchmarking Comparisons (Slide 16)

Rowe Comment No. 1: The slide subtitles are "KWA O&M Inflation Factor" and "DWSD and Flint Rate Inflation Factor". It seems appropriate to benchmark O&M costs for the KWA, because future costs of service will be dependent on how operating costs are impacted by inflation. For Flint, it does not seem appropriate that "rate inflation" from other utilities be used to determine the impact of inflation on future cost of service. Rates are impacted by inflation, but also by other factors such as debt and customer base. O&M expenses and rates are different and care should be exercised not to mix the two during analyses. The TYJT analyses apply an inflation factor (based on rates from other utilities) to the Flint WTP operating expenses, which does not seem to be consistent.

TYJT's Response: It is widely acceptable to compare O&M costs of similar facilities and communities and Benchmarking the Flint WTP rate was one item used in determining the best way to account for inflation associated with O&M costs for the planning period. Based on our analysis, we believe that the 4.51% is appropriate. It is also worth noting that in the letter to Mr. Kurtz from the Flint Finance Director, Mr. Ambrose, he used and inflation factor of 5% for the Flint WTP operations with the KWA system.

Rowe Comment No. 2: The KWA will supply raw water; SOCWA and YUCA both supply finished water. Regulations impact the O&M for finished water suppliers but should not impact the KWA O&M. The use of data from SOCWA and YUCA does not seem like a comparable comparison with the KWA. Finished water suppliers will have increased costs due to regulatory compliance, which really are not due to "inflation" of the costs of wages, power, chemicals, etc.

TYJT's Response: Benchmarking the KWA rate was one item used in determining the best way to account for inflation associated with O&M costs for the planning period. Additionally, per Mr. O'Brien's statement in our meeting on November 20, 2012, he suggested that we use GC-WWS inflation rate. Over the last 10 years, GC-WWS increase was 10.5%.

Based on our analysis, we believe that the 5% is appropriate. It is also worth noting that in the letter to Mr. Kurtz from the Flint Finance Director, Mr. Ambrose, he used and inflation factor of 5% for the KWA system.

Rowe Comment No. 3: DWSD has a history of rates to Flint and other suburban wholesale customers. Rates tend to be quite specific to each utility, based on much more than just the costs of operating and maintenance. It appears that DWSD historical rates have not been considered in projecting future DWSD rate increases.

TYJT's Response: This is incorrect. Please see the attachment provided by DWSD that shows the historical rates for Flint.

Capital Financing (Slide 17)

Rowe Comment No. 1: KWA bonds are planned to be general obligation bonds, backed by member counties.

TYJT's Response: Reference is made to an email from Mr. Kurtz, dated 12/4/12 that indicated revenue bonds would be used to finance the capital needs of KWA and this has been our basis of analysis. We would need to recalculate the capital cost if general obligation bonds are used.

It is worth noting that general obligation bonds are backed by the full faith and credit of the issuer. Our previous discussions with Flint indicated that they were not even sure if they could get a bond rating. Furthermore, Genesee County indicated that they would not back Flint's share of the obligations. We are surprised that general obligation bonds are now being considered.

O&M Inflation Factor (Slide 20)

Rowe Comment No. 1: SOCWA and YUCA are finished water suppliers; ever-changing regulatory requirements will impact their operating costs more than a raw water supplier, such as KWA.

TYJT's Response: Please refer to our response to Slide 16, Comment No. 2.

Rowe Comment No. 2: KWA will be a supplier of raw water. O&M costs should primarily be limited to power and labor, with a little chemical use for zebra mussel control. KWA will not provide treatment of the water.

TYJT's Response: Please refer to our response to Slide 16, Comment No. 2.

Rowe Comment No. 3: The KWA study assumed power, labor, and chemical costs increase at an annual average of 3%. TYJT indicated this is too low and suggested 5%.

TYJT's Response: Please refer to our response to Slide 16, Comment No. 2.

Rowe Comment No. 4: Following are examples of historical inflation, which support the 3% as a reasonable assumption for O&M expenses (not rates)

a. Labor- GCDC-WWS labor costs have increased at an annual average rate of 2.5% since 2003

b. Electricity Rates in Michigan (per U.S. Energy Information Administration) have increased an average of 3.2% since 1999.

c. The U.S. Bureau of Labor Statistics indicates that the inflation rate over the last 30 years has been an average of 2.8%.

TYJT's Response: Please refer to our response to Slide 16, Comment No. 2.

Finished Water Rate Inflation (Slide 21)

Rowe Comment No. 1: TYJT bases their assumptions for rate inflation on a survey of rates from three other water suppliers, but ignored the actual rate history of DWSD. TYJT assumed DWSD rate increases of 4.4% annually (if water is purchased from P&B) and 2.9% annually (if water is purchased from Imlay). Based on the actual charges by DWSD to Flint, DWSD historical rates are as follows:

a. 10 year increase in DWSD rates to Flint: 10.5% annually

b. Average annual increase through 45 year history: 6.7%

TYJT's Response: Please provide documentation of the referenced increases. Per our response to Slide 7 through 9, Comment No. 3, DWSD has provided their historic rates over the past 10 years. It could also be argued that these rate increases are skewed higher than they will be in the future since a dramatic reduction in water sales due to the recession required DWSD's fixed costs to be distributed over less units.

Rowe Comment No. 2: Note that for the KWA analyses, an inflation factor has just been applied to power, labor, and chemicals. Although higher prices for labor, power, and chemicals impacts utility rates; rates are impacted by many other factors, many of which are not related to inflation. Rate inflation will likely be different than O&M inflation. Other factors impacting rates:

a. Debt – the amount of debt varies widely between utilities

b. Number of customers / quantity of water sold – there are many fixed expenses with a utility, that if are distributed amongst more users/more gallons sold will result in lower rates. Conversely, if there are fewer users or less water sold, the rates are higher. Assumptions regarding future water consumption will have a great impact on "rate inflation".

TYJT's Response: Rowe's comment is noted.

Rowe Comment No. 3: Unlike KWA and Flint operating expenses which will increase over time based on inflation, the cost of continued DWSD service should be based on the inflation of DWSD rates, to include the increasing cost of other DWSD expenses such as debt and the impact of reduced customers / demands in addition to increasing O&M expenses.

TYJT's Response: DWSD's rates do include these variables as their rates are inclusive of their total costs; operations and fixed. It is also worth noting that once the KWA construction begins, Flint fixed costs will be set regardless of their actual water use.

Rowe Comment No. 4: Even though there could be a one-time reduction in DWSD rates through adopting the model contract, limiting peak demands, and or changing the point of commerce; it doesn't seem reasonable to assume that subsequent annual increases will only average 4.4% through the 30 year period of analysis. This is significantly less than historical performance (yet TYJT suggests that inflation for KWA O&M expenses will increase at almost double the rate of historical indicators).

TYJT's Response: Please see our response to Slide 16, Comment No. 3.

Capital Financing with Revenue Bonds (Slide 24)

Rowe Comment No.1: Note that the KWA bonds will be general obligation bonds backed by the member counties.

TYJT's Response: Please refer to our response to Slide 17, Comment No. 1.

Rowe Comment No. 2: The 2009 KWA Study assumed 6%, 25 year financing. The interest rate for planning was reduced in the 2012 Study update to 5%, which is still higher than if bonds were sold today.

TYJT's Response: We believe that it was prudent to use 5% as a conservative assumption. This is consistent with the KWA study.

Rowe Comment No. 3: Financial consultants determined the charges for purchasing capacity in the KWA supply based on the estimated project cost plus appropriate financing costs. Based on 60 units of capacity, $538,764,000 will be generated for repayment of debt and project costs using the capacity charges in the KWA capacity agreement.

25 years * 60 units * $355,300 / unit =	$532,950,000
3 years * 60 units * $32,300 / unit =	$ 5,814,000
	$538,764,000

TYJT's Response: Please refer to our response to Slide 17, Comment No. 1.

Rowe Comment No. 4: For a KWA project cost of $272,421,558, total P&I is $483 million. The difference of $55,500,000 is available for financing expenses (capitalized interest, bond issuance costs, etc.) and additional contingencies.

TYJT's Response: Please refer to our response to Slide 17, Comment No. 1.

Rowe Comment No. 5: Bond holder reserve is not a requirement for general obligation bonds.

TYJT's Response: Please refer to our response to Slide 17, Comment No. 1.

Rowe Comment No. 6: TYJT assumed that 3% interest would be earned on the bond holder reserve during the 25 year bond period. Current interest rates are less than 1% and it seems inappropriate to assume such a high rate will be earned on retained funds.

TYJT's Response: Although the current interest rate is less than 1% it was assumed that current fiscal policy could not be sustained for 30 years. Therefore 3% was assumed. Note that this is interest coming back to KWA and actually reduces the total cost.

Rowe Comment No. 7: Bondholder reserve, if provided, should be applied against the last couple of P&I payments. The TYJT did not apply it. This will reduce their project costs.

TYJT's Response: The reserve was only applied over the duration of the loan.

KWA Construction (Slides 26 through 29)

TYJT has indicated that the KWA construction cost estimate is too low. The primary differences in cost estimates for the project appear to be the following components:

Rowe Comment No. 1: Pump Stations (Slide 27) – The TYJT estimate for the pump stations is more than double that used by the KWA ($54,573,314 vs. $24,618,080). KWA estimates were based on actual construction costs from recent projects completed by Genesee County within the last eight years.

a. 32 mgd water pump station including two-10 MG ground storage tanks - $13.4 million
b. 80 mgd wastewater pump station, 50 feet deep wetwell – $8.3 million
c. 30 mgd wastewater pump station, 50 feet deep wetwell – $9.4 million

The KWA budgeted amount seems reasonable for two pumping stations as currently planned and to be constructed in rural areas (not southeast Michigan).

TYJT's Response: Of the three projects identified only the first one is a water system project; the other two are wastewater lift stations. Since these estimates are based on a preliminary design, TYJT believes that our estimate is a more prudent representation of cost.

Rowe Comment No. 2: Redundant Power – There is no need for redundant power; other provisions will provide reliability of supply.

TYJT's Response: TYJT disagrees with this statement. Backup power is a standard practice in the water industry. Furthermore, a loss of power at either pumping facility will prevent the supply of water to both Flint and Genesee County. TYJT is not aware of what "other provisions" are being provided.

Rowe Comment No. 3: Land – Preliminary engineering has continued so earlier budgets established for planning for land acquisition can be greatly reduced. Options have been obtained on all properties which must be purchased, so purchase prices are known. It will be necessary to obtain easements for only two miles of pipeline construction. All land costs are now estimated at $1.25 million.

TYJT's Response: Our analysis has been based on the information provided to us. Revising and changing numbers will require another analysis.

Rowe Comment No. 4: Engineering, Legal, Administration & Contingencies:

a. The October 2012 KWA estimate provided an allowance of 25% of construction cost to cover engineering, legal, administration, and contingencies (ELAC). This was reduced from the 38% allowance used in the 2009 Study because ongoing planning and design have firmed up many of the details of the project, including:

   i. The intake design has been completed and all regulatory permits obtained.

   ii. The transmission main route has been determined. Meetings with road agencies have firmed up the requirements for construction and restoration within rights-of- way. Environmental review and permitting are in process.

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Total	$32,554,431

c. Combining this with the $72,139,566 totals $104,693,997 or 43% of the estimated construction cost. We believe that such a high allowance for ELAC is not appropriate for a project of this magnitude where preliminary engineering and some design have already been completed.

TYJT's Response: In an email from Mr. O'Brien on December 5, 2012, the design is less than 15% complete on the pipeline and the final route is only 90% confirmed. Since these estimates are based on a preliminary design, TYJT believes that our estimate is a more prudent representation of cost.

The $72,139,566 is for construction contingencies only. This figure includes $5,519,213 for ELAC of 25% per KWA's cost estimate for the intake construction which is reasonable for a project at the 90% design completion. The balance of the construction contingency of $66,620,335 is based on 30% contingency since the design for the transmission mains and the IPS is at only 15% preliminary design.

The $32,554,431 is a budget for:

a. completing the design of the IPS and transmission mains to 100% bidding stage,

b. construction management fee for the firm responsible to oversee the construction startup and commissioning of the project,

c. legal and survey fee to acquire the land and 277 easements (per KWA 2009 report), and

d. for the KWA staff to administer the project.

In summary the $72 million is for construction contingency and the $32 million is for the engineering and administration of the project.

Cost Comparison (Slide 30)

Rowe Comment No. 1: The TYJT pump station price is too high based on costs of similar projects; costs used by KWA are based on costs of recent local projects. The KWA estimate is believed to be sufficient for the proposed pumping stations.

TYJT's Response: Please see our response to Slide 26 through 29, Comment No. 1.

Rowe Comment No. 2: Redundant power is not required; this does not need to be included in the TYJT estimate.

TYJT's Response: Please see our response to Slide 26 through 29, Comment No. 2.

Rowe Comment No. 3: Land for LHPS – actual price is $360,000

TYJT's Response: The $2.3 million for land came from the KWA Preliminary Engineering Report, dated September 2009 and Appendix 20 the updated report, dated October 4, 2012. Paragraph 2.3.2 (page 3) of Appendix 2 of the Preliminary Engineering Report dated September 2009 states, "Genesee County purchased 230 acres of land in Worth Township, Sanilac County in 2002. The land was purchased for the potential use as a water supply facility. The land was purchased for $2.3 million." This same $2.3 million is shown as the cost for the land (Figure 1-KWA Water Supply Project Cost) in, Appendix 20 October 2012 Preliminary Engineering Report Update- Final Report.

Rowe Comment No. 4: Design Engineering / PS and Transmission – KWA included engineering in the 25% ELAC allowance included in the $207,752,895 estimated cost of transmission mains; TYJT included engineering in their 30% ELAC allowance included in the $218,811,559 estimated cost. By adding 16,939,581 for design engineering, $14,434,609 for construction administration, $349,440 for administration, and $831,000; it seems that ELAC is being "double-counted". The TYJT 43% allowance for ELAC seems unwarranted for a project with a great deal of preliminary and design engineering completed. The 25% KWA allowance is believed to be sufficient.

TYJT's Response: TYJT did not double count the ELAC. TYJT broke down the ELAC into engineering fee for design, legal cost to acquire easements and land for the project, KWA administrative and management cost, and construction management fee. These cost amount to approximately $32.5 million. The 30% contingency listed in TYJT's cost estimate is a construction contingency since the design is at 15% (other than the intake) according to John O'Brien's statement during the meeting with the City of Flint on November 20, 2012.

Rowe Comment No. 5: Easements and land (other than LHPS) should total $1,140,000, based on current options and specific needs for easements.

TYJT's Response: Appendix 5 of the KWA 2009 report listed the cost for land acquisition for the Lake Huron Transmission at $615, 740, for the North Transmission Main at $214,300, and the Flint Transmission at $336,130 for a total of $1,166,170. TYJT estimated the land cost for the IPS and

reservoir only at $75,000 since the LHPS land has already been purchased by Genesee County. TYJT estimate for easements and land (not the LHPS) to be $1,241,170 versus Rowe's recent information of $1,140,000 for a difference of $101,000. For all practical matter TYJT and KWA estimates are the same.

Other Considerations – Redundancy / Reliability (Slide 33)

Rowe Comment No. 1: Unfunded Mandates/ Future Regulations

a. The proposed KWA supply will deliver raw water; it is not anticipated to be affected by future changes to regulations. Regulations will impact the City of Flint with respect to treatment and/or distribution of finished water. The City will be subject to these requirements with any of the DWSD blending options, just as they will be responsible for them if supplied by KWA. Some compliance costs may actually be less with the higher quality Lake Huron water rather than Flint River water as the source.

TYJT's Response: This is obviously hard to quantify since identifying regulation requirements over 30 years is hard to determine. However, it is widely understood that a large system has greater ability to respond to unfunded mandates because the cost can be distributed over a large customer base.

Rowe Comment No. 2: State Goals:

a. The TYJT presentation indicates that creation of a new raw water supply is contrary to the governor's goals as suggested. However, the development of a new raw water supply provides new opportunities. Communities in Sanilac, St. Clair, and Lapeer counties will have the option to join a regional water supply and replace their small local supplies where limited supplies and high concentrations of arsenic have been a concern. The new water supply also provides great economic development opportunities. The raw water supplied by KWA will make a new commodity, raw water, available to the region. A large, low-cost supply of raw water can be a valuable resource for industries and agri-businesses. The development of a new water supply will also create construction jobs through the short term period of building the new water supply and subsequently over a longer period as new businesses and industries are developed in the area.

b. The City of Flint and area communities will benefit as permanent jobs are created for operating and maintaining the local treatment facilities.

TYJT's Response: Reference is made to the Treasury policy that promotes consolidation of resources and services. Therefore, two existing customers of DWSD (Flint and Genesee County) along with the potential of others customers (Lapeer, Mayfield, Imlay City) separating to form another water system is counter to the initiative.

Rowe Comment No. 3: Redundancy:

a. We agree that the KWA and DWSD options are similar with respect to redundancy. Both provide the primary water supply; customers are responsible for their backup supply.

TYJT's Response: Agreed; however, from the meeting on November 20, 2012, KWA indicated that the Flint River would serve as a backup supply to the KWA system. This would mean that the Flint WTP would have to maintain two treatment trains; one for lake water and one for river water. Whether there is sufficient space or additional capital required for the WTP was not investigated as part of this study.

Other Considerations – Cost Slide 34

Rowe Comment No. 1: TYJT indicates that the DWSD 8 mgd supply option is the least cost alternative.

a. The TYJT analysis does not include the cost of needed upgrades to the City's WTP or increased operating costs in their analysis. During summer months, water from the river will need to be softened before blending. More than half of the water supplied will be provided from the river. When the cost of upgrades to the WTP and the increased operating costs (for softening) are added to the TYJT analysis, the KWA option is less than the DWSD 8 mgd option.

TYJT's Response: Please see our response to Slide 7 through 9, Comment No. 1. Furthermore, our operating costs for the Flint WTP were increased per the analysis provided to KWA for review.

Rowe Comment No. 2: For any of the DWSD "blending" options, upgrades will need to be made at the WTP to provide for continuous, reliable operation and compliance with new surface water treatment rules. Increased capital and operating costs for treating water from the river should be added to the TYJT costs for comparison with the other options.

TYJT's Response: Please see our response to Slide 7 through 9, Comment No. 1 and No. 2.

Rowe Comment No. 3: Water from the river will require greater effort to treat than water from Lake Huron (more chemicals, power, and residuals). The TYJT analysis shows about the same O&M costs for the Flint WTP, regardless of water source. It seems that the WTP O&M costs for the KWA options should be reduced to reflect the savings from treating Lake Huron water.

TYJT's Response: Please see our response to Slide 7 through 9, Comment No. 1. Additionally, we used the chemical costs from February 2009 preliminary design report adjusted for inflation.

Rowe Comment No. 4: The TYJT presentation noted that the KWA analysis did not include allowances for mechanical and process improvements within the planning period. The KWA will supply raw water. The facilities consist of pipe, pumps, and a tank. There are no treatment facilities which would be susceptible to future regulatory changes. The only improvements that seem likely would be the need to provide additional capacity. Capacity expansion is planned to be financed through capacity charges to new users.

TYJT's Response: The point made here is that replacement costs of equipment were not included; e.g., pumps, motors, etc.

Rowe Comment No. 5: The provision for redundant connections between the City's water system and the GCDC system was included in the most recent water supply agreement between the two, in 2011. Although not a KWA cost, the cost of the redundant connections should be considered with all options.

TYJT's Response: Noted, but the redundancy is limited since both of the water systems would be supplied by KWA and a loss of power to one of the pumping facilities without backup power would interrupt the supply.

Rowe Comment No. 6: The $2.3 million budgeted for land by KWA was intended to cover all land requirements. Since the October update, options have been obtained on all land to be purchased and the locations of easements needed has been finalized. Total land costs are now estimated to be about $1.5 million.

TYJT's Response: Please see our response to Slide 7 through 9, Comment No. 1.

Rowe Comment No. 7: The 2004 study included a 47% allowance for engineering, legal, administration, and contingencies (ELAC). The 2009 study reduced the allowance for ELAC to 37% because many of the details since the 2004 conceptual study had been better defined. For the October 2012 update, the allowance for ELAC was reduced to 25% because continued planning and preliminary engineering further addressed details from the earlier concepts.

a. The detailed design (plans and specifications) and permitting have been completed.

b. The transmission main route has been finalized. Meetings with road agencies have established requirements for construction and restoration within road rights-of-way. Environmental permitting is in process. The primary remaining unknown is pipe sizing, which is largely dependent on Flint's participation.

It is our experience that the 25% ELAC allowance is appropriate for a project of this magnitude at this stage in the planning / design stage. The 43% ELAC allowance recommended by TYJT is excessive for a project in the design phase.

TYJT's Response: Please see our response to Slide 30, Comment No. 4.

Rowe Comment No. 8: Flint's WTP as a backup to the KWA will be less difficult to provide for than the current arrangement as a backup to DWSD. We believe there is potential for challenges with chemistry and treatment for the proposed DWSD blending options, too.

TYJT's Response: Please see our response to Slide 33, Comment No. 3.

Rowe Comment No. 9: It doesn't seem that oversizing the KWA capacity is a good solution for the city's water loss problems, if that is what is being suggested.

TYJT's Response: It would be recommended to determine what the water loss is in Flint and what the implication would be on sizing the KWA pipe. A determination could then be made once this analysis was performed.

Rowe Comment No. 10: Yes, it would be nice if the KWA system could be constructed to firmly determine its cost and time to complete before making a decision about water supply alternatives. However, a decision is needed regarding Flint's participation so that the sizing and design can be completed, before it can be built.

TYJT's Response: Noted.

Please let us know how we should proceed. Should you have any questions or need any additional information, please contact me.

Sincerely,
TUCKER, YOUNG, JACKSON, TULL, INC.

David Guastella, P.E.
Project Manager

Attachments

Lamphier, Wendy (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, January 09, 2013 10:09 AM
To: Dillon, Andy (Treasury); Fraser, Roger (Treasury); Stibitz, Brom (Treasury); Byrne, Randall (TREASURY); Cline, Richard (Treasury)
Subject: FW: Attached Document
Attachments: Scan314.PDF

Follow Up Flag: Follow up
Flag Status: Flagged

A document for discussion at this afternoon's meeting from Ed Kurtz regarding Flint water system options.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Wednesday, January 09, 2013 10:05 AM
To: Koryzno, Edward (Treasury)
Cc: Ed Kurtz
Subject: Attached Document

Good morning Mr. Koryzno:

Ed Kurtz asked me to send you the attached document which will be presented at today's meeting. He wanted you to have it prior to the meeting.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Edward J. Kurtz, Emergency Financial Manager
Michael K. Brown, City Administrator
1101 S. Saginaw Street
Flint, MI 48502

UPDATE TO TREASURY REGARDING THE CITY OF FLINT EVALUATION OF WATER SERVICE DELIVERY

1. It is the goal of the City of Flint to assure the delivery of water to its residents and businesses at the lowest cost possible over the long term. City officials have expended considerable amounts of time over the past many months evaluating three primary options: water service delivery by KWA, continued water service delivery by DWSD, and sole reliance on the Flint River. At this time we continue to consider the KWA and DWSD options, but do not believe that sole reliance on the Flint River would be in the best interests of the City.
2. We have previously provided Treasury with an analysis of the KWA and DWDS options. At this time, depending on the final outcome of negotiations regarding future costs, either option could be the best for the City.
3. Treasury engaged the services of Tucker, Young Jackson, Tull, Inc. (TYJT) of Detroit to review the assumptions underlying the KWA option. Their assessment was recently presented to City officials and raised several questions as to the credibility of the KWA option. City officials shared the TYJT assessment with Rowe Engineering and the Genesee County Water and Waste Services and requested their response to the TYJT analysis.
4. Rowe Engineering met with City Officials to review their response to the TYJT assessment and provided the attached report. In our judgment, Rowe adequately addressed the significant concerns raised by TYJT, including those related to pump station costs, land acquisition costs, legal, engineering and contingency estimates, and bonding costs. Consequently, it is our belief that the KWA proposal as outlined in October, 2012, is credible, and should continue to be used in evaluating the City's options.
5. Further, our review of the proposal from DWSD (December 21, 2012) raises questions which must be addressed. For example, the DWSD proposal indicates that the cost reductions would be phased in over five years. Further, no actual projected dollar amounts for the first year or subsequent years were included in the proposal. The City has asked DWSD, based on a projected water usage, to supply the City with projected dollar and unit costs over the next five years. The Detroit proposal also does not address projected future rate increases. (See attached Proposal and Rate information)
6. Based on the Proposal from Detroit along with projected rates for FY13 provided November 9, 2012 by DWSD, The City has developed a cost analysis of the following options:
    a. Detroit Proposal 1 with a 6.8% annual rate of increase
    b. Detroit Proposal 1 with a 4.4% annual rate of increase
    c. KWA based on the Rowe study

    It is important to note that a review of the City's records reflects a 10.5% average increase over the past 10 years. For the entire history of our contract with DWSD the average annual increase has been 6.7%. Note that the TYJT's analysis was based on the 2004 through 2014 years which showed a -7.4% rate increase in the first year (2004), while ignoring the 2003 year which showed a 38.1% rate

increase. The time period of 2002 through 2012 was used to calculate Genesee County' rate. (See attached Rate Analysis)

The City's projections for the above referenced options over the 30 year life is as follows: (See attached Cost Analysis)

a. Detroit Proposal 1 with a 6.8% annual rate of increase---$890,513,917
b. Detroit Proposal 1 with a 4.4% annual rate of increase---$705,602,181
c. KWA based on the Rowe study--$649,241,254

7. One of the options provided by TYJT on page 9 of their slides projects a rate of $11.11/MCF. If DWSD can provide that rate along with a guarantee of future rates not to exceed their projection of 4.4% over the life of the contract, the City would sign a contract with Detroit. It is the City's belief that the WSW would also sign a contract.
8. If the City of Flint signs a contract with Detroit the following provisions should also be agreed upon:
    a. The City would have a seat on the Technical Advisory Board
    b. The City would have a seat on the DWSD board
    c. That the City could opt out if the conditions as Proposed by DWSD are not agreed to
9. All things being equal the City believes the following are also important:
    a. The availability of raw water to the City and County for economic development in heavy/light industry, food processing and agriculture
    b. The possibility of creating a Mid-Michigan Regional Water/Sewer Authority
10. For the sake of regional integrity, it would also be a step backwards for the City of Flint and Genesee County to be on different water supply systems. It is in the City's best interest to be able to pursue shared services with nearby municipalities and counties
11. The City would also reiterate the critical nature of long term costs. The City is not well served with decisions that work for the short term but not the long.

Koryzno, Edward (Treasury)

From: Byrne, Randall (TREASURY)
Sent: Monday, January 14, 2013 8:11 AM
To: Cline, Richard (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: FW: KWA/DWSD

Eric:

Could you answer these questions? Please discuss with me.

Thanks,
Randy,

From: Koryzno, Edward (Treasury)
Sent: Friday, January 11, 2013 5:15 PM
To: Byrne, Randall (TREASURY); Cline, Richard (Treasury)
Cc: Lutz, Shannon (TREASURY)
Subject: FW: KWA/DWSD

Another additions to Monday's Team agenda.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Stibitz, Brom (Treasury)
Sent: Friday, January 11, 2013 3:34 PM
To: Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Cc: Dillon, Andy (Treasury)
Subject: KWA/DWSD

Andy asked for a little followup on our conversations. Can you guys have someone put together a written response to these questions ASAP?

1) Please show the different projected construction costs provided by TYJT and in the presentation by Flint this week. If different, please indicate why we believe the Flint #s are acceptable projections.
2) Please show the contingency on construction included in both projections.

3) What are the protections that Flint has in the case of a) cost overruns on construction, and b) a delay in the construction timeline that forces Flint to use DWSD water longer.

Thanks.

Brom Stibitz
Senior Policy Advisor
Michigan Department of Treasury
517-373-3223
stibitzb@michigan.gov

Koryzno, Edward (Treasury)

From: David Guastella <DGuastel@tyjt.com>
Sent: Tuesday, January 15, 2013 9:29 AM
To: Cline, Richard (Treasury)
Cc: Fraser, Roger (Treasury); Koryzno, Edward (Treasury); Byrne, Randall (TREASURY); George Karmo; Awni Qaqish
Subject: Flint Supply Assessment

Eric

To follow up on our discussion yesterday about Flint now not wanting to blend their water, I took a look at the rates assuming a parallel line was installed along the 72-inch route. If DWSD agrees that it is a Common to All (CTA) cost then there should be no impact on Flint's rate directly. With this assumption I took out the cost of operating the Flint WTP, since it would no longer be needed for back up to the 72-inch line. The summary is shown below. As you can see, the 18 MGD option from DWSD would then be less cost than the KWA costs (their estimate or ours).

Dave

Option	Costs through 2042	Ranking
Flint WTP Only	$ 590,441,893	1
DWSD 18 MGD Max Day at P&B	$ 605,004,098	2
DWSD 8 MGD Max Day at Imlay	$ 634,795,488	3
KWA 10/31/12 Update	$ 649,775,166	4
DWSD 8 MGD Max Day at P&B	$ 672,671,705	5
KWA-1	$ 707,279,715	6
DWSD 12 MGD Max Day at Imlay	$ 725,576,803	7
DWSD 12 MGD Max Day at P&B	$ 762,110,308	8
KWA -2	$ 766,784,313	9

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Tuesday, January 15, 2013 11:50 AM
To: Byrne, Randall (TREASURY)
Cc: Cline, Richard (Treasury)
Subject: RE: Flint Water

The Local government meeting for today has disappeared from my calendar. Stay tuned!

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
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Thank you

From: Byrne, Randall (TREASURY)
Sent: Tuesday, January 15, 2013 11:31 AM
To: Koryzno, Edward (Treasury)
Cc: Cline, Richard (Treasury)
Subject: Flint Water

Ed:

We left a message for Ed Kurtz to call us regarding water questions. Eric is preparing a response to the Treasurer's questions with the information that we have. Would you like to discuss his report with us?

Randy,

Randall D. Byrne, Manager, Office of Fiscal Responsibility
State of Michigan 430 W. Allegan St., Lansing, MI 48922
ByrneR1@michigan.gov (517) 355-2521

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CITY OF FLINT CONFERENCE CALL NOTES

WATER ASSESSMENT PROJECT

JANUARY 16, 2013

PARTICIPANTS: Randall Byrne, Eric Cline, Ed Kurtz, Howard XXX

System Leaks:

- A plan is being developed to address leaks within the system.
- Currently 100 leaks are known and awaiting repair. Estimated cost of $50,000.
- System loss is estimated at 20%. Two prior leaks in major transmission lines have "skewed" losses.
- System improvement is a major budget priority for next fiscal year.
- Repairs are a staffing and overtime issue within the Water Services Department. Timely response has been a persistent issue.
- Active hydrant replacement program.
- $1.5-million spent on replacement of 4,900 meters; 1/3 of total.

Blending:

- Remains a viable option, but only if DWSD becomes cheaper than KWA.
- City cannot acquire future rate projections from DWSD
- DWSD only provides short-term cost savings.

Plant Operations:

- Confident in longevity of the Water Plant. Majority of equipment <10 years old.
- Plant needs a minimum of $200,000 in upgrades; $3.5-million capital upgrades planned if KWA selected.
- No need to soften water unless an 8 MGD option with DWSD is selected; will add $5.00/mcf to treatment costs.
- MEDQ had effectively condemned two (2) dams.
- No analysis of TYJT's cost analysis on sole reliance on Flint River and the Water Plant. Rowe indicated that projections are inaccurate.
- Consulting Engineer is Rick Freeman from Rowe.

Bond Issuance:

- County will sell all bonds (G.O. bonds) for all KWA construction.
- SRF/DWRF loans will be necessary for upgrades if DWSD is selected.

KWA Deal:

- The EFM has an upcoming meeting with KWA to negotiate a way to prevent short-term rate increases.
- Flint would buy into approximately 30% of the KWA system.

Declining Usage:

- Water costs would decline if usage drops because the City only pays for what it uses.
- Fixed costs under the KWA option remain even if usage drops because Flint is buying a fixed % of the system.

Contingency:

- Flint would likely pay 30% of any cost overruns because they are buying a 30% "stake" in the KWA system.

City of Flint Water Analysis

Options/Issues

1. Issues:
    a. TYJT v. ROWE
    b. DWSD information on rates
    c. Insufficient analysis of DWSD December 21st Proposal
    d. Flint ability to efficiently operate water plant into the future
    e. Analysis of system/plan to address water loss
    f. Long term ability to finance and future rates
2. Options:
    a. Delay-60 days
        i. Independent Consultant?

Byrne, Randall (TREASURY)

From: Lutz, Shannon (TREASURY)
Sent: Thursday, January 17, 2013 8:16 AM
To: Cline, Richard (Treasury); Byrne, Randall (TREASURY)
Subject: FW: Flint Water Discussion

Here is the response that I received from Mike this morning regarding our conversation yesterday.

Shannon Lutz| Executive Secretary-Office of Fiscal Responsibility
Department of Treasury
430 W Allegan Street, 3rd Floor, Lansing, MI 48922
(517) 335-2439

From: Prysby, Mike (DEQ)
Sent: Thursday, January 17, 2013 7:33 AM
To: Lutz, Shannon (TREASURY)
Subject: RE: Flint Water Discussion

Shannon,

As we discussed, I will need a meeting agenda or list of items or questions that your staff wish to discuss in order to determine who from our staff, in addition to me, may need to attend. Thanks.

Michael Prysby, P.E.
District Engineer
Office of Drinking Water and Municipal Assistance
517 335-6122

From: Lutz, Shannon (TREASURY)
Sent: Wednesday, January 16, 2013 3:53 PM
To: Prysby, Mike (DEQ)
Subject: Flint Water Discussion

Mike,
I spoke with you a few moments ago and told you that I would be blocking off your calendar. Please stay tuned.
Thank you,

Shannon Lutz| Executive Secretary-Office of Fiscal Responsibility
Department of Treasury
430 W Allegan Street, 3rd Floor, Lansing, MI 48922
(517) 335-2439

Cline, Richard (Treasury)

From: Cline, Richard (Treasury) <cliner1@michigan.gov>
Sent: Thursday, January 17, 2013 3:28 PM
To: Cline, Richard (Treasury)
Subject: City of Flint

Importance: Low

EMERGENCY MANAGER CITY
EFM ED KURTZ
CITY ADMINISTRATOR MIKE BROWN
GF DEFICIT - $19.1-MILLION
WATER FUND DEFICIT - $8.8-MILLION

01-17-13: Q4 2012 EFM report analyzed.

- ***EFM Reports*** – ~~Q4 2012~~; **Q1; Q2; Q3; Q4.**
- **Outstanding Issues.**

    - The **$19-million GF deficit** needs to be monitored to ensure that projected declines occur in FY 2013
    - The **$8-million Water Fund deficit** needs to be monitored given the issues related to the water system.
    - The level of **Tax Revenue** needs to be monitored given its apparent tenuous levels.
    - **Overtime** in the **Fire Department** is excessive and needs to be monitored.
    - The status of **ongoing litigation** should be monitored. **Also, I find no record of receiving any quarterly litigation reports.**
    - Monitoring should be conducted to ensure the anticipated **DEP** is filed in a timely manner.
    - The **OPEB** debt needs to be monitored.
    - The development of **a 5-year Strategic Plan** and multi-year budgets is a positive step. This process should be monitored and it is possible that the OFR could also assist.
    - Monitoring of the **Bank Reconciliation** process should occur to ensure improvement.
    - Monitoring of the **MERS** transition should be monitored to ensure no additional issues develop.
    - Regarding **Unplanned Transfers Out:**

        - 2 of the 7 transfers were **over $1-million.**
        - 6 of the 7 transfers were **over $100,000**
        - **Sanitation** required a transfer of **$1.8-million** It is unclear what the reasons were or how this will be corrected moving forward.
        - **Building Safety** required a transfer of **$1.1-million.** It is unclear what the reasons were or how this will be corrected moving forward.

    - Regarding **Departmental Over-Expenditures:**

        - 2 of the 7 departments overspent by **over $2-million.**
        - 5 of the 7 departments overspent by **over $300,000.**
        - **Public Safety** overspent by **$6-million.**
        - **Community Development** overspent by **$2-million.**
        - **Transportation** and **Parks & Recreation** overspent by nearly $1-million each; **$922,669** and **$871,250** respectively

01-15-13: Received Q4 EFM Report.

- **EFM Reports – Q4 2012; Q1; Q2; Q3; Q4**

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Monday, January 21, 2013 10:18 AM
To: Stibitz, Brom (Treasury); Fraser, Roger (Treasury)
Subject: RE: Flint/KWA

I believe Ed Kurtz stated that the Flint City Council is 100% in favor of the KWA option.

-----Original Message-----
From: Stibitz, Brom (Treasury)
Sent: Friday, January 18, 2013 6:20 PM
To: Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Subject: Flint/KWA

Andy is pretty reluctant to have an unelected EM/EFM make the decision on the KWA. Do we have any sense where the council is on this issue? I think he would feel much better if we had a supportive resolution from the Council.

Can you please inquire?

Sent from my iPad

89 (Rev 02-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

ANALYSIS

TO: Edward Koryzno, Administrator; Office of Fiscal Responsibility

FROM: Eric Cline. Unit Operations Specialist

SUBJECT: Flint Water System Status Assessment

DATE: January 22, 2013

On November 26, 2012, the Department of Treasury commissioned the firm of Tucker, Young, Jackson & Tull, Inc. (TYJT) to analyze options for the City of Flint to either remain a customer of the Detroit Water & Sewer Department (DWSD) or to join the Karegnondi Water Authority (KWA) in Genesee County. The overarching purpose of this study was to provide objective analysis to the State Treasurer and to Flint's Emergency Financial Manager (EFM) in order to secure potable drinking water for the City for the foreseeable future. The Office of Fiscal Responsibility (OFR) has been the lead office representing Treasury on this project.

On December 21, 2012, staff from TYJT met with representatives from the Department of Treasury and the City of Flint to provide a preliminary report on their findings. At this meeting, TYJT outlined 5 options that they had analyzed. These options were: 1) 100% water provision by the City of Flint Water Plant from its water source of the Flint River; 2) 100% provision of untreated Lake Huron Water by KWA (which would require treatment by the Flint Water Plant); 3) Effective 100% provision of treated drinking water by DWSD; 4) Provision of variable amounts of water from DWSD through the existing Potter & Baxter mains (this option called for Flint to treat and *blend* river water into DWSD water in order to reach their daily needs); and 5) Provision of variable amounts of water from DWSD through the 72" Imlay City main (this option also called for Flint to treat and *blend* river water into DWSD water in order to reach their daily needs). Each of the blending options looked at Flint purchasing 4, 8, or 12 Million Gallons per Day (MGD) from DWSD and blending the balance in river water to achieve their maximum daily water needs of 18 MGD. The Imlay City option also provided for DWSD to sell the 72" main to the City of Flint, which would then become the operational and maintenance responsibility of Flint.

From the presentation of the preliminary report on December 21 to the planned submission of the final report to the State by TYJT, a number of developments have occurred that have resulted in a final decision becoming more complex to make. First, the City of Flint received slightly modified proposals from DWSD; one on December 21, 2012, and the second on January 10, 2013.

On January 8, 2013, the OFR received, via the City of Flint, a written response from Rowe Professional Services Company (Rowe), the principal engineering firm for KWA, disputing a number of the conclusions reached by TYJT regarding the construction of the KWA pipeline. It should be noted that

Rowe Professional Services Company is the consulting engineering firm for KWA and they also provide engineering services to Genesee County and the City of Flint.

The Flint EFM also provided information to the Department of Treasury at a January 10, 2013, meeting disputing several of TYJT's conclusions. A written rebuttal to the Rowe report was received from TYJT on January 14, 2013. A follow-up conference call was also held with Flint officials on January 16, 2013.

Also on January 14, 2013, the State Treasurer requested information to three questions. The three questions are summarized as follows: 1) Show the different projected construction costs provided by TYJT and by the City of Flint/KWA. If these costs are different, explain why Treasury believes that the projects provided by Flint/KWA are acceptable; 2) identify the construction contingencies included in the TYJT and Flint/KWA projections; and 3) identify the options Flint will utilize in the event of a construction cost overrun or a delay in construction by KWA. For purposes of this analysis, all responses have been organized to respond to the questions posed by the State Treasurer.

Projected Construction Costs:

Based upon the provided construction estimates, TYJT estimates the KWA construction costs at **$357.6-million**. KWA estimates construction costs at **$272.4-million**. There is a lack of agreement on which of these estimates is more accurate.

Given all of the available information to the OFR, the following details make arriving at a clear recommendation difficult. Below is a summary of these details.

City of Flint Water System

- At a January 10, 2013, meeting with Treasury, Flint officials eliminated the 100% Water Plant option, using the Flint River as a 100% water source (which was cheapest option, as determined by TYJT).
- According to Flint officials, their water system experiences water losses, at a minimum, between 20-30%. Despite assurances that a plan is being developed to address losses, the true condition of the water system is not clearly known. Percentage losses of this size would suggest an impact upon current (and future) water purchases if not addressed. Further, it is logical to conclude that water loss has some impact upon making future usage and cost projections.
- Funding sources for any City water system upgrades are unclear. TYJT based many of their cost models on the issuance of revenue bonds. At the January 10, 2013, meeting, Flint officials indicated that the County would issue G.O. bonds for all KWA-related work. The January 8 report from Rowe also indicated that G.O. bonds would be issued.
- Flint officials also indicated that approximately $3.5-million in capital upgrades is needed for the Water Plant if the KWA option is selected. It is unclear if this cost would be part of any County G.O. bond issuance.
- Flint officials have also indicated that if DWSD is selected as a final option then any needed plant upgrades will likely require SRF/DWRF loans to complete.

DWSD Options

- At the January 10 meeting, Flint officials eliminated all of the DWSD Imlay City options (which were the cheapest DWSD options) over concerns of owning and maintaining the 72" water main.
- It is also the understanding of the OFR that Flint officials will only consider any of the blending options originally proposed to DWSD if they are certain that it is a cheaper option than KWA.

Blending was one of the initial criteria that TYJT was asked to evaluate by Treasury and was an option raised by the City of Flint.

- Further, the blending options to purchase only 8 MGD from DWSD and blend the balance of water from the Flint River appear to be no longer viable. According to Flint officials, blending more than 1/3 of the total water volume will require water softening to be added to the process; adding approximately $5.00/mcf (one-thousand cubic feet). One million gallons of water is approximately 133.7mcf, so treatment costs could raise $669/MGD.
- There is no agreement on the estimates used to project future water rates that will be charged by DWSD. The information provided by DWSD regarding water rates they charged Flint over the past 10-years does not appear to match the rates Flint officials stated that they have paid. TYJT maintains that DWSD rates are a matter of public record and rate information was provided directly by DWSD. Flint officials state that invoices received from DWSD indicate higher rates.

KWA Options

- There is a complete lack of agreement regarding the most accurate cost estimates for construction.
- KWA has made no provisions for redundant power at the pumping facilities. TYJT included the provision of redundant power in their estimates and notes that this is an industry standard. TYJT estimates that adding redundant power adds $1.3-million to the total project cost.
- TYJT based many of their cost models on the issuance of Revenue Bonds. Revenue bonds were initially being considered over concerns that Flint would not have the capacity to issue General Obligation bonds. At the January 10, 2013, meeting, Flint officials indicated that Genesee County would issue G.O. bonds for any system upgrades related to the KWA option. The January 8 report from Rowe also indicated that G.O. bonds would be issued.

Given the above points, it appears that the only options remaining under consideration by Flint are the 100% DWSD option (which TYJT estimated to be more expensive than either of the KWA cost options) and joining KWA.

Given the above information, additional discussions among all parties might be necessary to further refine project details and arrive at a conclusion on which option to pursue.

Project Contingency:

Construction contingency costs, also known as Engineering, Land, Administration, and Contingency costs (ELAC) are summarized in an attached chart developed by Rowe for the City of Flint. KWA/Rowe estimates total construction at $272.4-million, with **$53.2-million** (25%) for ELAC contingencies. TYJT estimates total construction at $357.6-million, with **$104.6-million** (42.9%) for ELAC contingencies.

Construction Cost Overrun/Construction Delay Options:

The OFR is not aware of any contingency plans developed by either KWA or the City of Flint to address construction cost overruns or significant construction delays. As the City of Flint would purchase approximately 30% of the KWA system, any additional debt levied to complete the project would likely require the City to assume 30% of that cost.

If further analysis on this issue is needed, please let me know.

From: Cline, Richard (Treasury)
Sent: Tuesday, January 22, 2013 5:14 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (TREASURY)
Subject: Flint Water Parallel Line Option
Importance: High

Ed/Randy,

I spoke with Dave Guastella regarding the DWSD Parallel Line option. Here is what our conversation covered.

- DWSD open to constructing a parallel line as Common-to-All cost. It would run from Imlay City through Potter & Baxter. Approximately 30 miles.
- DWSD would roll the cost into all customer rates over 30-years. Flint, thereby, would avoid capital costs. DWSD said that they could calculate impact on rates about one day after an estimated cost of construction is developed.
- Dave indicated that the line could be built to bypass failures. It would also contain interconnects so water could be transferred between the lines.
- Flint will probably have to construct line from the Water Plant (about 2 miles) to connect to the new line for true redundancy.

Let me know how you wish to proceed with this new information.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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Koryzno, Edward (Treasury)

From: Byrne, Randall (TREASURY)
Sent: Wednesday, January 23, 2013 7:53 AM
To: Cline, Richard (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: RE: Flint Supply Assessment Additional Service

Eric:

Please discuss with me.

Randy,

From: Cline, Richard (Treasury)
Sent: Tuesday, January 22, 2013 5:21 PM
To: Koryzno, Edward (Treasury)
Cc: Byrne, Randall (TREASURY)
Subject: FW: Flint Supply Assessment Additional Service
Importance: High

Ed,

I received this from TYJT this afternoon.

Please advise on this.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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From: David Guastella [mailto:DGuastel@tyjt.com]
Sent: Tuesday, January 22, 2013 4:12 PM
To: Cline, Richard (Treasury)
Subject: FW: Flint Supply Assessment Additional Service

Eric

The purpose of this email is to request compensation for the effort that is in addition to the original scope of work. We have identified additional tasks below to describe the work and the level of effort required. The estimated fees for each task would be billed on a time and material basis, not to exceed the total shown for the work described.

Task 3.3: This task would include the effort that has been expended thus far in analyzing and responding to additional comments and options presented by the KWA and DWSD. The work has included consultation with Treasury personnel,

analyzing comments provided by KWA to the December 20th presentation, and our detailed response to the KWA comments. All documentation of this work has been provided to Treasury.

Estimated Level of Effort: $7,000

Task 3.4: The Treasury has requested that TYJT perform a site visit of the Flint WTP and evaluate the plant as it relates to its capacity to sufficiently treat river water and proposed lake water. This effort would include the services of a process engineer and chemist with expertise in water treatment (see bio below). Work would include review of pertinent reports and documentations as well as monthly operating reports and water quality data. The scheduled site visit would be completed and then a memorandum of findings would be produced and provided to the Treasury.

Estimated Level of Effort: $8,500

Task 3.5: This task would be used to cover other services that may be required until the determination is made by the Treasury regarding the best solution for supplying the City of Flint with potable water. This work would be as required and approved by the Treasury to include additional consultation, participation in meetings, and documentation of findings.

Estimated Level of Effort: $10,000

Per the contract TYJT will continue to charge services on a time and material basis in accordance with the approved rate schedule. Approval of this additional work is requested.

Thank you,

Dave

Ms. Janice Skadsen's Bio:

Ms. Skadsen is an environmental scientist and project manager with extensive experience in water quality issues, particularly as they relate to drinking water systems, including water treatment processes, source water issues, distribution water quality, and regulatory development and compliance.
She was a water quality manager for the City of Ann Arbor for 13 years and has a thorough knowledge of water quality needs from the client's perspective. As Ann Arbor's water quality manager,

Ms. Skadsen works for the national firm, CDM Smith and provides her expertise to their clients for projects throughout the country.

Council

1/23/13 Phone Call Ed Kurtz.

1. Signed Agenda w/ ABSENCE
outcome of solid waste collection
Roger must sign resolution
Ken will ext VLP & Grievance
Vote by ABSENTEE verbally necessary
Resolution signed off MOU

8. Police - tech
Lots discussion
to verbally: potential
- 64 applicants of
11 open -
- candidates
critiqued on
interview
only Feb on
short.

2. PM to speak out to Council with next
budget, no police/fire layoff reduction $20M
1/28/13

3 HUD / USF I & II
2/8/13 Deadline
Fully to depend to spend
Most knowledge person is a hospital
Probably will not draw down $400K
Spent by Sept - GOAL

4 H2O Next Monday

5 Fire another w/ scheduled
- getting news of potential chief candidate

6. Study 5 year budget process / DEP

* 7. Conversation w/ Town / Gov.
Not sure the plan, know they will try to go on
December Skilled 10/14 / start until 6/13.

Flint Water Supply Questions

Office of Fiscal Responsibility

January 24, 2013

1. Please describe your latest cost estimate of construction. When will the intake be let for bids? Is it still estimated to cost $23,000,000? Why is KWA the most cost effective option for the City of Flint? Please describe.

2. Identify the construction contingencies included in the project and why you believe your estimate is accurate than Tucker, Youngs?

3. How will Flint pay for any costs, overruns, or a delay in construction by KWA?

4. IF Flint joins KWA, do you still intend on purchasing Flint's 72" main to supply the Genesee County System?

5. Will Flint be able to finance its water plant capital upgrades of approximately $5,000,000 by using Genesee County G.O. bonds? Will Flint's share of KWA financing be provided by Genesee County G.O. Bonds?

6. What emergency power backup is provided by the KWA project?

7. Does Flint need to purchase 30% of the KWA capacity if Flint repairs the water leakage in other their distribution system (estimated at 30%)?

8. What does Genesee County believe will be their finished water cost to customers once its treatment plant is complete and online? How much cheaper is this than Detroit?

9. Can Flint's water plant, if joined with KWA, treat both lake water and river water, which is extremely important if it is provided as emergency backup water to KWA? Will KWA provide funding for this?

10. Would KWA purchase Detroit's 72" main if given the opportunity? If so, why?

11. How does Flint plan on paying the premium charge for water from DWSD while the KWA system is under construction?

Cline, Richard (Treasury)

From: Cline, Richard (Treasury) <cliner1@michigan.gov>
Sent: Tuesday, September 11, 2012 9:06 AM
To: Cline, Richard (Treasury)
Subject: City of Flint KWA Assessment

Importance: High

EMERGENCY MANAGER CITY

01-25-13: Meeting with OFR SAM regarding status of discussions Meeting with SAM and Purchasing to discuss response to request for additional funds. Purchasing directed to negotiate with TYJT. Conference call with SAM and OFR Admin regarding project

- ***KWA Water Supply Assessment –Final Report January 15, 2013*; CCI Role.**
- ***Flint Meeting –Scenarios*; *Meeting with Rowe on January 28*.**
- ***TYJT – Flat Fee vs. Time & Material*; Purchasing Negotiation.**
- ***MDEQ – Redundancy of Flint Water Plant; Mothballing Plant;* Blend with KWA; Capable Staff; Plant Capability.**
- ***Parallel Line Option* – Cheaper than KWA?**
    - **DWSD open to constructing line as Common-to-All cost.**
    - **Roll into all rates over 30-years.**
    - **Build bypass with interconnects.**
    - **Flint must connect to Plant for true redundancy.**
- **Needed Information.**
    - **New DWSD Information – Included?**
    - **Maximum MGD – 1) KWA; 2) DWSD; Use of More Water?; Use of Less Water.**
    - **Ability of Flint to Issue Bonds Given Current Financial Situation?**
    - **Potential Raising of Water Rates – How High? Ability to Collect those Payments?**
    - **Water Plant – Mothball and buy from DWSD Directly? Mothball and Join KWA with a Bigger Plant?**
    - **KWA – 12 MGD vs. 18 MGD for DWSD.**
    - **Spreadsheet Error?**

01-22-13: Report to Treasurer updated and transmitted Update received from TYJT regarding Parallel Line DWSD open to constructing line as Common-to-All cost. Roll into all rates over 30-years Build bypass with interconnects. Flint must connect to Plant for true redundancy. Updated OFR. Informed by OFR SAM that he has spoken with MDEQ. River water likely not a good option; Flint has capable staff and capacity in plant. Formal Request received from TYJT for Fee Modification. Transmitted to OFR management.

- ***KWA Water Supply Assessment –Final Report January 15, 2013*; CCI Role.**
- ***Flint Meeting –Scenarios*; *Meeting with Rowe on January 28*.**
- ***TYJT – Flat Fee vs. Time & Material*; ~~Review of Numbers~~.**
- ***MDEQ – Redundancy of Flint Water Plant; Mothballing Plant;* ~~Blend River Water with DWSD;~~ Blend with KWA; Capable Staff; Plant Capability.**
- ***Parallel Line Option* – Cheaper than KWA?**
    - **DWSD open to constructing line as Common-to-All cost.**

- **Roll into all rates over 30-years.**
- **Build bypass with interconnects.**
- **Flint must connect to Plant for true redundancy.**

- **Needed Information.**

  - **New DWSD Information – Included?**
  - **Maximum MGD – 1) KWA; 2) DWSD; Use of More Water?; Use of Less Water.**
  - **Ability of Flint to Issue Bonds Given Current Financial Situation?**
  - **Potential Raising of Water Rates – How High? Ability to Collect those Payments?**
  - **Water Plant – Mothball and buy from DWSD Directly? Mothball and Join KWA with a Bigger Plant?**
  - **KWA – 12 MGD vs. 18 MGD for DWSD.**
  - **Spreadsheet Error?**

01-18-13: Discussion with TYJT regarding fees. Received original KWA Report and 2012 update. Update and Executive Summary provided to OFR.

- ***KWA Water Supply Assessment –Final Report January 15, 2013*; CCI Role.**
- ***Flint Meeting –Scenarios; Meeting with Rowe on January 28.***
- ***TYJT – Flat Fee vs. Time & Material; Review of Numbers.***
- ***MDEQ – Redundancy of Flint Water Plant; Mothballing Plant; Blend River Water with DWSD; Blend with KWA.***
- ***Parallel Line Option* – Cheaper than KWA?**
- **Needed Information.**

  - **New DWSD Information – Included?**
  - **Maximum MGD – 1) KWA; 2) DWSD; Use of More Water?; Use of Less Water.**
  - **Ability of Flint to Issue Bonds Given Current Financial Situation?**
  - **Potential Raising of Water Rates – How High? Ability to Collect those Payments?**
  - **Water Plant – Mothball and buy from DWSD Directly? Mothball and Join KWA with a Bigger Plant?**
  - **KWA – 12 MGD vs. 18 MGD for DWSD.**
  - **Spreadsheet Error?**

01-17-13: Invite to TYJT to Flint Meeting on January 28. Discussion with TYJT regarding Parallel Line concept.

- ***KWA Water Supply Assessment –Final Report January 15, 2013*; CCI Role.**
- ***Flint Meeting –Scenarios; Meeting with Rowe on January 28.***
- ***TYJT* – Flat Fee vs. Time & Material; *Review of Numbers.***
- ***MDEQ – Redundancy of Flint Water Plant; Mothballing Plant; Blend River Water with DWSD; Blend with KWA.***
- ***Parallel Line Option* – Cheaper than KWA?**
- **Needed Information.**

  - **New DWSD Information – Included?**
  - **Maximum MGD – 1) KWA; 2) DWSD; Use of More Water?; Use of Less Water.**
  - **Ability of Flint to Issue Bonds Given Current Financial Situation?**
  - **Potential Raising of Water Rates – How High? Ability to Collect those Payments?**
  - **Water Plant – Mothball and buy from DWSD Directly? Mothball and Join KWA with a Bigger Plant?**
  - **KWA – 12 MGD vs. 18 MGD for DWSD.**
  - **Spreadsheet Error?**

01-16-13: Conference call with OFR SAM and Flint EFM. Follow-up questions discussed. Notes compiled. Report to Treasurer modified. Work with EA to schedule conference call with MDEQ.

- ***KWA Water Supply Assessment –Final Report January 15, 2013*; CCI Role.**
- ***Flint Meeting –Scenarios*; Meeting with Rowe.**
- ***TYJT* – Flat Fee vs. Time & Material; *Review of Numbers*.**
- ***MDEQ – Redundancy of Flint Water Plant; Mothballing Plant; Blend River Water with DWSD; Blend with KWA*.**
- **Parallel Line Option – Cheaper than KWA?**
- **Needed Information.**

    - **New DWSD Information – Included?**
    - **Maximum MGD – 1) KWA; 2) DWSD; Use of More Water?; Use of Less Water.**
    - **Ability of Flint to Issue Bonds Given Current Financial Situation?**
    - **Potential Raising of Water Rates – How High? Ability to Collect those Payments?**
    - **Water Plant – Mothball and buy from DWSD Directly? Mothball and Join KWA with a Bigger Plant?**
    - **KWA – 12 MGD vs. 18 MGD for DWSD.**
    - **Spreadsheet Error?**

01-15-13: Meeting with SAM to review response to Treasurer. Call to Flint EFM. Message left. Response finalized and transmitted to OFR. New option received from TYJT to lay parallel line from DWSD to Flint to create redundancy.

- ***KWA Water Supply Assessment –Final Report January 15, 2013*; CCI Role.**
- ***Flint Meeting –Scenarios*; Meeting with Rowe.**
- ***TYJT* – Flat Fee vs. Time & Material; *Review of Numbers*.**
- ***MDEQ – Redundancy of Flint Water Plant; Mothballing Plant; Blend River Water with DWSD; Blend with KWA*.**
- **Parallel Line Option – Cheaper than KWA?**
- **Needed Information.**

    - **New DWSD Information – Included?**
    - **Maximum MGD – 1) KWA; 2) DWSD; Use of More Water?; Use of Less Water.**
    - **Ability of Flint to Issue Bonds Given Current Financial Situation?**
    - **Potential Raising of Water Rates – How High? Ability to Collect those Payments?**
    - **Water Plant – Mothball and buy from DWSD Directly? Mothball and Join KWA with a Bigger Plant?**
    - **KWA – 12 MGD vs. 18 MGD for DWSD.**
    - **Spreadsheet Error?**

01-14-13: Questions received from Treasurer regarding final direction of Flint. Meeting with OFR Admin and SAM to discuss response. Rebuttal from TYJT received and transmitted to OFR. Response to Treasurer drafted.

- ***KWA Water Supply Assessment –Final Report January 15, 2013*; CCI Role.**
- ***Flint Meeting –Scenarios*; Meeting with Rowe.**
- ***TYJT* – Flat Fee vs. Time & Material; *Review of Numbers*.**
- ***MDEQ – Redundancy of Flint Water Plant; Mothballing Plant; Blend River Water with DWSD; Blend with KWA*.**
- **Needed Information.**

    - **New DWSD Information – Included?**
    - **Maximum MGD – 1) KWA; 2) DWSD; Use of More Water?; Use of Less Water.**
    - **Ability of Flint to Issue Bonds Given Current Financial Situation?**
    - **Potential Raising of Water Rates – How High? Ability to Collect those Payments?**
    - **Water Plant – Mothball and buy from DWSD Directly? Mothball and Join KWA with a Bigger Plant?**
    - **KWA – 12 MGD vs. 18 MGD for DWSD.**
    - **Spreadsheet Error?**

01-09-13: Meeting with OFR Admin and OFR SAM. Issues identified and recommendation prepared to suggest delay. Information received from Flint. Suggests leaning toward KWA. Discussion with TYJT. Informed them of Rowe report. Report transmitted. TYJT

will review numbers. TYJT requests consideration of charging fee or time and material. Follow-up. Meeting with DT, Admin, SAM, Brom and Flint contingent. Flint states not interested in Imlay City due to potential costs of 72" line. DT states his support for KWA. Information received from Flint. Plans to travel to Flint to meet with Rowe.

- ***KWA Water Supply Assessment –Final Report January 15, 2013*; CCI Role.**
- ***Flint Meeting*** – ~~January 10, 2013~~; ***Scenarios*; Meeting with Rowe.**
- ***TYJT*** – **Flat Fee vs. Time & Material; *Review of Numbers*.**
- ***MDEQ – Redundancy of Flint Water Plant; Mothballing Plant; Blend River Water with DWSD; Blend with KWA.***
- **Needed Information.**

    - **New DWSD Information – Included?**
    - **Maximum MGD – 1) KWA; 2) DWSD; Use of More Water?; Use of Less Water.**
    - **Ability of Flint to Issue Bonds Given Current Financial Situation?**
    - **Potential Raising of Water Rates – How High? Ability to Collect those Payments?**
    - ~~72" Line – 1) Total Cost to Buy?; 2) Lifespan? 3) Replacement Cost? 4) Benefit to Owning?~~
    - **Water Plant – Mothball and buy from DWSD Directly? Mothball and Join KWA with a Bigger Plant?**
    - **KWA – 12 MGD vs. 18 MGD for DWSD.**
    - **Spreadsheet Error?**

01-08-13: Meeting with SAM. Additional questions for MDEQ, TYJT, and Flint developed. Conference call with TYJT. Call to MDEQ. Message left. Conference call with Admin, SAM, and Flint. Flint Plant option out. Flint has analysis from KWA engineers. Complete disagreement with TYJT analysis. Discussion with MDEQ. Blending not an issue with either DWSD or KWA provided standards maintained. Redundancy required. Informed OFR Admin. Report from KWA engineers received and review transmitted to OFR.

- ***KWA Water Supply Assessment* –Final Report January 15, 2013; CCI Role.**
- ***Flint Meeting – January 10, 2013*; Scenarios.**
- ***MDEQ – Redundancy of Flint Water Plant; Mothballing Plant; Blend River Water with DWSD; Blend with KWA.***
- **Needed Information.**

    - **New DWSD Information – Included?**
    - **Maximum MGD – 1) KWA; 2) DWSD; Use of More Water?; Use of Less Water.**
    - **Ability of Flint to Issue Bonds Given Current Financial Situation?**
    - **Potential Raising of Water Rates – How High? Ability to Collect those Payments?**
    - **72" Line – 1) Total Cost to Buy?; 2) Lifespan? 3) Replacement Cost? 4) Benefit to Owning?**
    - **Water Plant – Mothball and buy from DWSD Directly? Mothball and Join KWA with a Bigger Plant?**
    - **KWA – 12 MGD vs. 18 MGD for DWSD.**
    - **Spreadsheet Error?**

01-07-13: Discussion with OFR SAM and OFR Admin. Develop Pro/Con chart for meeting with DT. Meeting with DT, OFR Admin and OFR SAM. Contact MDEQ and Flint prior to January 10 meeting Develop Scenarios for recommendation to Treasurer.

- ***KWA Water Supply Assessment* –Final Report January 15, 2013; CCI Role.**
- ***Flint Meeting – January 10, 2013*; Scenarios.**
- **MDEQ – Redundancy of Flint Water Plant; Mothballing Plant; Blend River Water with DWSD; Blend with KWA.**
- ~~Analysis Questions to DT/OFR Admin~~.
- **Needed Information.**

    - **New DWSD Information – Included?**
    - **Maximum MGD – 1) KWA; 2) DWSD; Use of More Water?; Use of Less Water.**
    - **Ability of Flint to Issue Bonds Given Current Financial Situation?**
    - **Potential Raising of Water Rates – How High? Ability to Collect those Payments?**
    - **72" Line – 1) Total Cost to Buy?; 2) Lifespan? 3) Replacement Cost? 4) Benefit to Owning?**
    - **Water Plant – Mothball and buy from DWSD Directly? Mothball and Join KWA with a Bigger Plant?**

- **KWA – 12 MGD vs. 18 MGD for DWSD.**
- **Spreadsheet Error?**

01-04-13: Analysis questions summarized and transmitted to OFR Admin, OFR SAM, and DT.

- ***KWA Water Supply Assessment*** **–Final Report January 15, 2013; CCI Role.**
- ***Flint Meeting*** **– January 10, 2013.**
- ***Analysis Questions to DT/OFR Admin.***
- **Needed Information.**

    - **New DWSD Information – Included?**
    - **Maximum MGD – 1) KWA; 2) DWSD; Use of More Water?; Use of Less Water.**
    - **Ability of Flint to Issue Bonds Given Current Financial Situation?**
    - **Potential Raising of Water Rates – How High? Ability to Collect those Payments?**
    - **72" Line – 1) Total Cost to Buy?; 2) Lifespan? 3) Replacement Cost? 4) Benefit to Owning?**
    - **Water Plant – Mothball and buy from DWSD Directly? Mothball and Join KWA with a Bigger Plant?**
    - **KWA – 12 MGD vs. 18 MGD for DWSD.**
    - **Spreadsheet Error?**

01-03-13: Response to questions received from TYJT. Discussion with OFR SAM regarding TYJT answers. New questions formulated. Discussion with OFR Admin. Provide questions to Admin and DT.

- ***KWA Water Supply Assessment*** **–Final Report January 15, 2013; CCI Role.**
- ***Flint Meeting*** **– January 10, 2013.**
- **Analysis Questions to DT/OFR Admin.**
- **Needed Information.**

    - **New DWSD Information – Included?**
    - **Maximum MGD – 1) KWA; 2) DWSD; Use of More Water?; Use of Less Water.**
    - **Ability of Flint to Issue Bonds Given Current Financial Situation?**
    - **Potential Raising of Water Rates – How High? Ability to Collect those Payments?**
    - **72" Line – 1) Total Cost to Buy?; 2) Lifespan? 3) Replacement Cost? 4) Benefit to Owning?**
    - **Water Plant – Mothball and buy from DWSD Directly? Mothball and Join KWA with a Bigger Plant?**
    - **KWA – 12 MGD vs. 18 MGD for DWSD.**
    - **Spreadsheet Error?**

12-28-12: Directed by OFR Admin to follow-up with TYJT on whether differences with DWSD letter is included in analysis. Meeting with OFR SAM. Additional questions raised. Conference call with OFR Admin regarding questions. Questions transmitted to TYJT. Review of Water Budget information. Analysis provided to OFR

- ***KWA Water Supply Assessment*** **–Final Report January 15, 2013; CCI Role.**
- ***Flint Meeting*** **– January 10, 2013.**
- **Needed Information –** ~~**1) Bond Rating;**~~**.**

    - **New DWSD Information – Included?**
    - **Maximum MGD – 1) KWA; 2) DWSD; Use of More Water?; Use of Less Water.**
    - **Ability of Flint to Issue Bonds Given Current Financial Situation?**
    - **Potential Raising of Water Rates – How High? Ability to Collect those Payments?**
    - **72" Line – 1) Total Cost to Buy?; 2) Lifespan? 3) Replacement Cost? 4) Benefit to Owning?**
    - **Water Plant – Mothball and buy from DWSD Directly? Mothball and Join KWA with a Bigger Plant?**
    - **KWA – 12 MGD vs. 18 MGD for DWSD.**
    - **Spreadsheet Error?**

12-27-12: Directed to organize meeting with Flint and State Treasurer. Requested assistance from EA. Received and analyzed updated proposal from DWSD. Differences noted. Informed OFR Admin.

- ***KWA Water Supply Assessment*** **—Final Report January 15, 2013; CCI Role.**
- ***Flint Meeting*** **– January 10, 2013.**
- **Needed Information – 1) Bond Rating;.**

12-21-12: Meeting with TYJT, DT, OFR Admin, OFR SAM, Flint EFM, Flint CM, FD, and DPW to review Preliminary Water Assessment Report. Follow-up meeting with Flint in early January 2013. Message to OFR Admin on Follow-up meeting and meeting for Final Report on January 15.

- ***KWA Water Supply Assessment*** **–** ~~**Initial Report December 20, 2012**~~**; Final Report January 15, 2013; CCI Role.**
- **Flint Meeting – January 10, 2013.**
- **Needed Information – 1) Bond Rating;.**
- ~~**December 21 Presentation**~~**.**

12-12-12: Conference Call with TYJT. Summary submitted to OFR. Discussion with OFR Admin regarding December 21 presentation.

- ***KWA Water Supply Assessment*** **– Initial Report December 20, 2012; Final Report January 15, 2013; CCI Role.**
- **Needed Information – 1) Bond Rating;.**
- **December 21 Presentation.**
- ~~**Conference Call – December 10, 2012**~~**.**

12-07-12: Conference Call organized with TYJT to discuss project.

- ***KWA Water Supply Assessment*** **– Initial Report December 20, 2012; Final Report January 15, 2013; CCI Role.**
- **Needed Information – 1) Bond Rating; .**
- **Conference Call – December 10, 2012.**

12-06-12: Message to TYJT regarding status of project.

- ***KWA Water Supply Assessment*** **– Initial Report December 20, 2012; Final Report January 15, 2013; CCI Role.**
- **Needed Information – 1) Bond Rating; .**

12-04-12: Informed by OFR Admin that Flint not providing needed information as quickly as need to TYJT OFR Admin to follow-up with EFM.

- ***KWA Water Supply Assessment*** **– Initial Report December 20, 2012; Final Report January 15, 2013; CCI Role.**
- **Needed Information – 1) Bond Rating; .**

11-28-12: Contract Executed with Tucker Young Jackson Tull. Informed that designated as CCI for Contract. Follow-up with OFR Admin.

- ***KWA Water Supply Assessment*** **– Initial Report December 20, 2012; Final Report January 15, 2013; CCI Role.**

11-26-12: Received copies of minutes from meetings between vendor and DWSD and KWA. Informed that DT has approved authorization of Proposal. Informed that signed SOW transmitted to Vendor.

- ***KWA Water Supply Assessment* – Initial Report December 20, 2012; Final Report January 15, 2013.**
- ~~Bids Due – Proposal Received.~~
- ~~Start Date – November 26, 2012.~~

11-21-12: Informed by Purchasing that TYJT revised proposal and lowered cost by $1,200 for deletion of QA/QC as opposed to listed $5,000. OFR Admin informed. Deadline for Proposals. Updated Price received from Vendor. New cost $39,900.

- ***Bids Due – ~~November 21, 2012~~; Proposal Received.***
- **Start Date – November 26, 2012.**

11-20-12: Comments received from OFR Admin to confirm timeline, approval date, validity of Proposal, Number of meetings and cancel QA/QC Review. Discussion of comments with OFR MGR. Meeting with OFR MGR and Purchasing. Purchasing confirms deadline for award is 5 p.m. November 26, 2012; only two meetings necessary and that QA/QC process cancelled.

- ***Bids Due – November 21, 2012; Proposal Received.***
- **Start Date – November 26, 2012.**

11-19-12: Concerns received from Purchasing regarding Proposal. Analysis of concerns provided to OFR MGR.

- ***Bids Due – November 21, 2012; Proposal Received.***
- **Start Date – November 26, 2012.**

11-16-12: Questions Due from Bidder. Received complete proposal from Vendor. Transmitted to OFR. Noted that projected cost has increased from $39,000 to $45,000.

- ~~Questions Due - November 16, 2012.~~
- ***Bids Due – November 21, 2012; Proposal Received.***
- **Start Date – November 26, 2012.**

11-14-12: Water Analysis SOW issued.

- ~~Issue – November 14, 2012.~~
- ***Questions Due - November 16, 2012.***
- **Bids Due – November 21, 2012.**
- **Start Date – November 26, 2012.**

11-13-12: Draft IV received from Purchasing. Draft V generated and transmitted to OFR Admin and OFR MGR for review. OFR Admin approves Draft V. Final Working Draft generated and transmitted to Purchasing for distribution.

- ***Issue – November 14, 2012.***
- **Questions Due - November 16, 2012.**
- **Bids Due – November 21, 2012.**
- **Start Date – November 26, 2012.**

11-09-12: Draft II received from Purchasing. Draft III generated and transmitted to Purchasing, OFR Admin and OFR MGR.

11-08-12: No changes from OFR Admin. Meeting with DT, OFR Admin, OFR MGR, and TYJT VP. Draft II generated. Draft transmitted to Purchasing.

11-07-12: Draft I of SOW developed and transmitted to OFR Mgr and OFR Admin for review. Minor comments from OFR MGR.

11-05-12: Directed by OFR Admin to develop SOW for Water Assessment for possible City participation in Karegnondi Water Authority.

09-12-12: Informed that Flint CoC is aiding City Council in EM Lawsuit and paying for legal counsel.

09-11-12: Flint City Council members individually sue EM and State claiming that PA 72 is not automatically revived with suspension of PA 4.

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Friday, January 25, 2013 4:41 PM
To: Byrne, Randall (TREASURY)
Subject: RE: TYJT request for additional compensation

Go for it!

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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Thank you

From: Byrne, Randall (TREASURY)
Sent: Friday, January 25, 2013 3:02 PM
To: Koryzno, Edward (Treasury)
Subject: FW: TYJT request for additional compensation

Ed:

This is what Tom would like to send to Dave at TYJT. Please give me a call to discuss.

Thanks,
Randy,

From: Falik, Tom A. (Treasury)
Sent: Friday, January 25, 2013 2:30 PM
To: Byrne, Randall (TREASURY); Cline, Richard (Treasury)
Subject: FW: TYJT request for additional compensation

Randy and Eric,

A draft response for issuance per our meeting follows (just let me know if/when it should be issued):

"Mr. Guastella,

Treasury Purchasing recently received a request to increase the current Municipal Water Supply Assessment contract. The request was is in the amount of $7,000. It is unclear if the additional amount is outside the contract's scope.

Please provide the following:

1. A detailed work breakdown of the $7,000 (e.g., task or deliverable being performed that is out-of-scope)
2. Section of DTMB contract where the $110/hour Senior Financial Advisor rate is identified
3. Section of DTMB contract where the $214.68/hour Principal-in-Charge rate is identified.

I will follow-up with a phone call. Contact me with any questions.

Thanks,

Tom Falik
State of Michigan
Department of Treasury
Purchasing Section
Phone: (517) 373-3185"

From: Falik, Tom A. (Treasury)
Sent: Thursday, January 24, 2013 5:11 PM
To: Byrne, Randall (TREASURY)
Cc: Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: RE: TYJT request for additional compensation

Randy,

Per our phone discussion, general comments follow:

1. Out-of-scope work is not normally allowed unless prior approval and the contract is updated
2. A detailed breakdown of the $7,000 should be received (e.g., how much for 4-hour Flint trip and how much for out-of-scope work, if any?)
3. It is not clear at this point if the contract allows these extra charges without sufficient detail to determine if its in-scope or out-of-scope from the contract
4. At this time, it does not appear we should be liable for additional charges due to the following:
   A. The final report has not been provided per section 1.022A.3
   B. Contractor recognized the importance and necessity of including all applicable costs for a relative comparison (Sample Project Plan attachment, section 3.1)
   C. How many Data Collection and Review meetings did Contractor attend with both DWSD and KWA? Two for both were assumed in Sample Project Plan attachment, section 3.1
   D. Contractor understood additional evaluation criteria/factors may need to be identified and used in consultation with Treasurer (Sample Project Plan attachment, section 3.2). An additional cost was not identified
   E. Contractor anticipated incorporating comments from Treasury's review and submit a final document for use (Sample Project Plan attachment, section 3.2). An additional cost was not identified
   F. Contractor did not note an additional cost for general meetings at conclusion of work (Sample Project Plan attachment, section 4).
   G. Contractor acknowledged analysis was based on limited info in January 14 letter. Did they identify limited information available before evaluation?
   H. Some of the information appears to be collected before the actual contract start date per January 14 letter (reference to November 20, 2012 meeting for various responses.

Contact me with any questions.

Tom
Phone. (517) 373-3185

Koryzno, Edward (Treasury)

Subject:	flint meeting/water discussions
Location:	Flint City Hall, Mayor's Office large conf room
Start:	Mon 1/28/2013 3:00 PM
End:	Mon 1/28/2013 5:00 PM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	Dempkowski, Angela (Treasury)
Required Attendees:	Fraser, Roger (Treasury); Koryzno, Edward (Treasury); Byrne, Randall (TREASURY); Cline, Richard (Treasury)

Confirmed with Maxine.
Attendees:
City of Flint
Ed Kurtz
Mike Brown
Mayor Walling
Jerry Ambrose
Howard Croft
Daugherty Johnson
Brent Wright
Genesee County Drain Commission
Commissioner Jeff Wright
John O'Brien
Rowe Professional Services
John Matonich
Jim Redding

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Wednesday, January 30, 2013 10:03 AM
To: Stibitz, Brom (Treasury)
Cc: Koryzno, Edward (Treasury); Byrne, Randall (TREASURY)
Subject: RE: Flint Questions

Brom,

I drafted a report and sent it to Ed and Randy to review. However, based upon Monday's meeting, Randy has asked me to update it and resend to them. I will be working on this today.

If you have further questions, please let me know.

Regards,

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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From: Stibitz, Brom (Treasury)
Sent: Wednesday, January 30, 2013 7:47 AM
To: Cline, Richard (Treasury)
Subject: Flint Questions

Eric,

I had sent some questions a couple weeks ago to Ed regarding Flint's decision between KWA and DWSD. Do you by any chance know what the status of those answers is? I believe Ed said you were working on them.

Brom Stibitz
Senior Policy Advisor
Michigan Department of Treasury
517-373-3223
stibitzb@michigan.gov

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

ANALYSIS

TO: Edward Koryzno, Administrator; Office of Fiscal Responsibility

FROM: Eric Cline. Unit Operations Specialist

SUBJECT: Updated Flint Water System Status Assessment

DATE: January 31, 2013

On November 26, 2012, the Department of Treasury commissioned the firm of Tucker, Young, Jackson & Tull, Inc. (TYJT) to analyze options for the City of Flint to either remain a customer of the Detroit Water & Sewer Department (DWSD) or to join the Karegnondi Water Authority (KWA) in Genesee County. The overarching purpose of this study was to provide objective analysis to the State Treasurer and to Flint's Emergency Financial Manager (EFM) in order to secure potable drinking water for the City for the foreseeable future. The Office of Fiscal Responsibility (OFR) has been the lead office representing Treasury on this project.

On December 21, 2012, staff from TYJT met with representatives from the Department of Treasury and the City of Flint to provide a preliminary report on their findings. At this meeting, TYJT outlined 5 options that they had analyzed. These options were: 1) 100% water provision by the City of Flint Water Plant from its water source of the Flint River; 2) 100% provision of untreated Lake Huron Water by KWA (which would require treatment by the Flint Water Plant); 3) Effective 100% provision of treated drinking water by DWSD; 4) Provision of variable amounts of water from DWSD through the existing Potter & Baxter mains (this option called for Flint to treat and *blend* river water into DWSD water in order to reach their daily needs); and 5) Provision of variable amounts of water from DWSD through the 72" Imlay City main (this option also called for Flint to treat and *blend* river water into DWSD water in order to reach their daily needs). Each of the blending options looked at Flint purchasing 4, 8, or 12 Million Gallons per Day (MGD) from DWSD and blending the balance in river water to achieve their maximum daily water needs of 18 MGD. The Imlay City option also provided for DWSD to sell the 72" main to the City of Flint. which would then become the operational and maintenance responsibility of Flint.

From the presentation of the preliminary report on December 21 to the planned submission of the final report to the State by TYJT, a number of developments have occurred that resulted in making a final decision more difficult. These developments were:

- The City of Flint received slightly modified proposals from DWSD; one on December 21, 2012, and the second on January 10, 2013.
- On January 8, 2013, the OFR received, via the City of Flint, a written response from Rowe Professional Services Company (Rowe), the principal engineering firm for KWA, disputing a number

of the conclusions reached by TYJT regarding the construction of the KWA pipeline. It should be noted that Rowe Professional Services Company is the consulting engineering firm for KWA and they also provide engineering services to Genesee County and the City of Flint.

- The Flint EFM also provided information to the Department of Treasury at a January 10, 2013, meeting disputing several of TYJT's conclusions. A written rebuttal to the Rowe report was received from TYJT on January 14, 2013. A follow-up conference call was also held with Flint officials on January 16, 2013 to further discuss these issues.

Also on January 14, 2013, the State Treasurer requested information to three questions. The three questions are summarized as follows: 1) Show the different projected construction costs provided by TYJT and by the City of Flint/KWA. If these costs are different, explain why Treasury believes that the projects provided by Flint/KWA are acceptable; 2) identify the construction contingencies included in the TYJT and Flint/KWA projections; and 3) identify the options Flint will utilize in the event of a construction cost overrun or a delay in construction by KWA.

On January 28, 2013, Deputy Treasurer Roger Fraser, State Administrative Manager Randall Byrne and I met with Flint Officials (Mayor Dane Walling, Emergency Financial Manager Ed Kurtz, City Administrator Mike Brown, Flint Finance Director Jerry Ambrose, Public Works Administrator Howard Croft, and Flint Utility Administrator Duffy Robinson) and representatives from KWA Water Authority that included Genesee County Drain Commissioner Jeff Wright, Genesee County Water and Sewer Administrator John O'Brien, and Jim Redding of Rowe Engineering.

Some clarifications to ongoing questions were provided at this meeting. Also, at this meeting, EFM Kurtz stated that he believes the KWA option is the cheaper alternative over time. He also stated that he believes that the Mayor and City Council will support the KWA Project.

On January 29, 2013, the OFR received a preliminary copy of the Final Report of the analysis performed by TYJT. This report is currently under review, but some relevant information has been highlighted below.

For purposes of this analysis, all responses have been organized to respond to the questions posed by the State Treasurer on January 14, 2013.

Projected Construction Costs:

Based upon the provided construction estimates, TYJT estimates the KWA construction costs at **$357.6-million**. KWA estimates construction costs at **$272.4-million**. There is a lack of agreement on which of these estimates is more accurate.

Given all of the available information to the OFR, the following details make arriving at a clear recommendation difficult. Below is a summary of these details.

City of Flint Water System

- At a January 10, 2013, meeting with Treasury, Flint officials eliminated the 100% Water Plant option, using the Flint River as a 100% water source (which was cheapest option, as determined by TYJT).
- According to Flint officials, their water system experiences water losses, at a minimum, between 20-30%. Despite assurances that a plan is being developed to address losses, the true condition of the water system is not clearly known. Percentage losses of this size would suggest an impact upon current (and future) water purchases if not addressed. However, at the January 28 meeting, it was stated that Flint is billing for 85% of the water is distributes and the majority of loss comes from fires,

deficient water meters, and theft. It is reasonable to conclude that at this time verification of true system losses is likely difficult to achieve. Further, it is logical to conclude that water loss will have some impact upon making future usage and cost projections.

- Funding sources for any City water system upgrades are unclear. TYJT based many of their cost models on the issuance of revenue bonds. At the January 10, 2013, meeting, Flint officials indicated that the County would issue G.O. bonds for all KWA-related work. The January 8 report from Rowe also indicated that G.O. bonds would be issued. However, at the January 28 meeting, KWA officials emphatically stated that revenue bonds would be issued for this project.
- Flint officials indicated that approximately $3.5-million in capital upgrades is needed for the Water Plant if the KWA option is selected. At the January 28, 2013 meeting, it was stated that Genesee County will permit Flint to participate in its revenue bond sale for KWA for Flint's 30% share of capacity in the KWA System and for plant upgrades. Given Flint's current financial situation, were this participation to occur, it will be a positive development for the City because it is likely Flint would have a very difficult time issuing bonds on the strength of its own credit rating.
- Flint officials have also indicated that if DWSD is selected as a final option then any needed plant upgrades will likely require SRF/DWRF loans to complete.

DWSD Options

- At the January 10 meeting, Flint officials eliminated all of the DWSD Imlay City options (which were the cheapest DWSD options) over concerns of owning and maintaining the 72" water main.
- It is also the understanding of the OFR that Flint officials will only consider any of the blending options originally proposed to DWSD if they are certain that it is a cheaper option than KWA. Blending was one of the initial criteria that TYJT was asked to evaluate by Treasury and was an option raised by the City of Flint.
- Further, the blending options to purchase only 8 MGD from DWSD and blend the balance of water from the Flint River appear to be no longer viable. According to Flint officials, blending more than 1/3 of the total water volume will require water softening to be added to the process; adding approximately $5.00/mcf (one-thousand cubic feet). One million gallons of water is approximately 133.7mcf, so treatment costs could raise $669/MGD.
- There is no agreement on the estimates used to project future water rates that will be charged by DWSD. The information provided by DWSD regarding water rates they charged Flint over the past 10-years does not appear to match the rates Flint officials stated that they have paid. TYJT maintains that DWSD rates are a matter of public record and rate information was provided directly by DWSD. Flint officials state that invoices received from DWSD indicate higher rates. At the January 28, 2013 meeting, EFM Kurtz stated that DWSD is charging Flint and Genesee County between $24- and $25-million per year for water purchases.
- Even if Flint was to continue with DWSD supplying water, it is understood that the MDEQ will likely require DWSD to address the issue of redundancy for Flint during the term of the new water contract by constructing an additional water main from Oakland County to the City of Flint. This project has been in conceptual stages for many years but never implemented.

KWA Options

- There is a complete lack of agreement between the KWA and TYJT analyses regarding the most accurate cost estimates for construction.

- As previously indicated, there was some dispute on whether General Obligation or revenue bonds would be issued for construction of KWA. At the January 28, 2013 meeting it was clarified that revenue bonds will be issued for this project.
- It was announced at the recent January 28 meeting that bids will be opened for construction of the KWA lake water intake on February 26, 2013. Interest in the construction of the intake has apparently been very high. County Water and Sewer Administrator O'Brien noted that the size of the intake will be the same whether Flint joins KWA or not. It was also noted that the construction of the pipeline will be done by multiple contractors. This will save time and allow more Michigan contractors to bid on the project.
- County Drain Commissioner Wright also indicated at the January 28 meeting a willingness to discuss how KWA might mitigate the $7- to $8-million cost of the "premium" rate that would be charged to the City of Flint by DWSD for the City to purchase water while KWA was being constructed. These costs are of great concern to Flint officials if the KWA option is selected.
- KWA has made no provisions for redundant power at the pumping facilities. TYJT included the provision of redundant power in their estimates and notes that this is an industry standard. TYJT also notes that DWSD currently has redundant power for all of the major facilities currently supplying Flint.

  Standby power was discussed at the January 28 meeting and KWA officials clarified that the water plant will have redundant power but that the pumping stations will not. The stated reasons for not including redundant power were cost containment, that Flint can use the Flint River as a backup water supply in the event of an extended power outage and that the KWA systems' water storage capacity will allow for 7 days of reserve supply. County Drain Commissioner Wright stated that KWA will look at installing standby power later but can utilize portable generators at the pumping stations, if necessary. TYJT estimates that adding redundant power adds $1.3-million in new costs.

Given the above points, it appears that the only options remaining under consideration by Flint are the 100% DWSD option (which TYJT estimated to be more expensive than either of the KWA cost options) or joining KWA.

Project Contingency:

Construction contingency costs, also known as Engineering, Land, Administration, and Contingency costs (ELAC) are summarized in an attached chart developed by Rowe for the City of Flint. KWA/Rowe estimates total construction at $272.4-million, with **$53.2-million** (25%) for ELAC contingencies. County Water and Sewer Administrator O'Brien clarified at the January 28, 2013 meeting that there is a 15% contingency for unforeseen issues and 10% "extra." TYJT estimates total construction at $357.6-million, with **$104.6-million** (42.9%) for ELAC contingencies.

Construction Cost Overrun/Construction Delay Options:

The OFR is not aware of any contingency plans developed by either KWA or the City of Flint to address construction cost overruns or significant construction delays. The final TYJT Water Supply Assessment Report does reference an October 31, 2012 letter from KWA to EFM Kurtz in which KWA estimates that a 15% cost overrun and a one-year operational delay is possible. The OFR is verifying this reference. How a delay of this magnitude would financially impact Flint's participation in this project is uncertain.

County Drain Commissioner Wright stated at the January 28 meeting that, if necessary, KWA has the authority to borrow more funds to complete the project in the event that delays or cost overruns necessitate the borrowing of more funds. As the City of Flint would purchase approximately 30% of the

KWA system, any additional debt levied to complete the project would likely require the City to assume 30% of that cost. However, Mr. O'Brien also stated that the January 28 meeting that KWA expects to purchase an insurance policy to insure against delays to the project. Drain Commission Wright also indicated that if construction bids come-in significantly higher than estimated that KWA will likely reassess its approach to this project.

Summary:

Overall, comparing these two options is very difficult because they are very different types of operations. DWSD is a "known" entity and the system is already in-place and in operation. DWSD may also be the cheaper option in the short term. However, selecting DWSD requires a 30-year commitment, the unknown aspect of future rate increases is very concerning to Flint officials and there appears to be considerable local resistance to continuing with DWSD.

KWA is a new venture and the "unknowns" exist at the initial phases of the project. KWA has the potential to be the cheaper, long-term cost for the City of Flint after the bond debt for construction is retired. The upfront costs and the premium water charges assessed by DWSD while KWA is being constructed are of great concern to City officials. The potential inclusion of Flint in the issuance of revenue bonds by Genesee County and the potential for KWA to assist the City in mitigating some of these premium charges could greatly reduce those concerns. Significant construction delays and/or cost overruns could greatly add to the cost of this project, which could add to the financial burden on Flint. However, there appears to be good cooperation between City and County officials in discussing this project and there also appears to be community support for the City of Flint joining KWA. It should also be noted that this level of engagement and dialogue between city and county officials because of this project could continue to grow and lead to additional areas of cooperation and collaboration.

If further analysis on this issue is needed, please let me know.

Copy: Randall Byrne, State Administrative Manager; Office of Fiscal Responsibility

Attachment

S:\OFR\Cities\City of Flint\KWA Water Authority\UPDATED FLINT DWSD KWA ASSESSMENT Version VI.01-31-13 doc

2/1/13 ED KURTZ - FLINT

Solid Waste - Union notification vote 2/1 @ 11:00 AM
Strike vote set for 2/4, replace first Monday in March, Gary spoke 2/6. Flint is finalizing terms, application. Assembled decent severance package

KWA - Roger asked for info to resolve "sq foot" issues (+ professional services) 2.3 million to KWA, $5 million express water carries DWSD (for buying out of wholesale contract) $530K dollar of current system, approx $50K per month until completion. W.M told Flint hardass to of "hi-ways" Selecting $2.3 million, Flint owns 72" of pipe from Baxter (Potter) Road, serves southern county for Oran Comm. County of fund to buy line for $2.3 million ($530K lease + $50K per month) Flint city attny Dan Hacky could see changing for more than cost of water. Line began to Potter/Baxter 72" line, Detroit agreed to sell line to Flint, Also agreed to sell to to the County. (County will buy Flint line). KWA will buy line for DWSD. Proposal would include DWSD buy back of for City & County, depends upon price / using wholesale contract price

FPOA - filed lawsuit, asking for reinstatement of pension benefits cut by Mike Brown told FPOA

(2)

2/1/13

ED KURTZ – FLINT

will not negotiate & defend lawsuit, Unions did not disclose lawsuit to 312 Arbitrator,

- ~~MCSWA~~ – hooky @ Model Center - Hang Jury Anthrax same a Committee

Fire Union – MZ ~~was~~ here today, on track to be $300K over budget in OT. Hiring then, Interviewing either get OT in Jan or 3/27 when 12 hr. shift, part-time fire fighters, can't reduce staff because of SAFER grant,

Fire Chief – interviewing candidates next week, candidates come from inside by Tues, from hiring chief, from Flint FF

Regional Concept – KWA partnership, follow up as what can we do together, expand w Dixie Commerce to discuss sewer County run treatment plant, cut & plug regains, water report/reading turn ons/offs, ~~can~~ invest to sewer, ~~to~~ Lapeer water by 7/1/13. Major issues 1) bond debt, 2) legacy costs

Sheriff Issues – Task force issue, Ed not w Sheriff dept, not w MSP Citizen Council, very good rep w MSP, disagrees w Sheriff, Sheriff is not [illegible] task force

(3)

2/1/13

ED KURTZ — FLINT

Went from 60 detectives to 12 detectives now on high profile violent crime. Many terminated contract w/ Sheriff to run book

Police Dept - problems w/ procedures, work w/ neighborhood Bennett Jones (Mott Grant expires 6/13 fund for Burton urges, no city fund + 10 police officers, 1 sergeant, will pay for bldg upgrades & Neal Chapman Criminal Coordinator Council Director

10 officers on the street

Budget — Assembly 5 yr budget, Jerry not w/ Snyder or the DEP, Treas. Dr recovery to will respond in 2 weeks, not in dire need of cash, problem occurs in April/May, can't borrow $19 mill, inability to repay to

NSP I & II — work done down $400K, down from $5 million. Bought 8 D.C. HUD parks, demolition of 600, Smith Village 39 units occupancy went 20, prob sold right west

Land Bank Properties - $9K, $6K w/ structures LB as your partner, real estate performed by LB, City got $400K / LB got $500K 22%. Many stock went 72% to 6.4% poor condition substandard West & North of Flint River, most dem. for NW neighborhood still stable.

City of Flint Wednesday 9:00 am Phone Conference Agenda

1) Public Safety Update – FPD, MSP (FFD if needed)

2) Governor's Office Update

3) Retiree Lawsuit – Status, Issues

4) Budget Status

5) Model Labor Contracts – Status

6) Water Transition Plan, Negotiations, Communications

7) Hardest Hit Funds, MHSDA process

8) MDOT/GCRC snow assistance

9) Other Items

Created on: 02/04/13

1-888 - [redacted] access code [redacted]

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

DATE: February 1, 2013

TO: Andy Dillon, State Treasurer

FROM: Brom Stibitz, Senior Policy Advisor

SUBJECT: Flint Background Information

This memorandum summarizes the recent financial history of the City of Flint, as well as more recent efforts by the Emergency Financial Manager to rectify the financial emergency.

Background

On August 29th through September 12th, 2011, the Department of Treasury conducted a preliminary review (under the former PA 4 of 2011) of the finances of the City of Flint to determine whether or not probable financial stress existed. On September 12, 2011, the State Treasurer concluded that probably financial stress existed in the City of Flint and recommended the appointment of a Review Team. On September 30, 2011, the Governor appointed a Review Team, which met during the months of October and November. In its written report to the Governor on November 7, 2011, the Review Team confirmed the findings of the preliminary review and concluded that a financial emergency existed in the City of Flint and that no satisfactory plan existed to resolve the emergency. Because of this finding, the Review Team recommended the appointment of an Emergency Manager.

These reviews found, or confirmed, the following:

- The City had incurred cumulative deficits in many of its funds over several years. The following are fund deficits from 2007 to 2011:

Fund	2007	2008	2009	2010	Unaudited 2011
General	--	$(7,046,820)	$(10,113,744)	$(14,621,546)	$(11,149,907)
Building Department	--	(1,550,369)	--	(576,276)	(1,251,459)
Central Maintenance	$(226,349)	(4,233,859)	(3,183,144)	(1,922,489)	*(2,029,230)
Data Processing	(778,458)	(245,488)	(72,773)	--	--
EDC	(26,772)	(10,721)	(58)	(7,404)	--
EDC Oak Business Ctr	(28,403)	(19,843)	(5,285)	(24,898)	--
Garbage Collection	--	--	--	(909,283)	(1,444,581)
Golf Course	(473,294)	(1,909,377)	--	(282,670)	*(576,861)
Self Insurance	--	--	--	--	(33,580)
Parks & Recreation	--	--	--	(163,096)	(185,255)
Senior Citizens	--	--	--	--	(26,709)
Water Supply	--	--	--	(5,795,973)	*(9,009,825)
Total	$(1,533,276)	$(15,016,477)	$(13,375,004)	$(24,303,635)	$(25,707,407)

*Estimated

- General fund expenditures exceeded revenues since 2007 and fund deficits had existed since 2008, as follows:

	6/30/2007	6/30/2008	6/30/2009	6/30/2010	Unaudited 6/30/2011
Revenues	$69,212,013	$66,823,137	$63,937,302	$57,189,454	$52,201,018
Expenditures	70,908,742	79,475,612	66,703,149	64,741,451	58,969,882
Excess/Deficiency	(1,696,729)	(12,652,475)	(2,765,847)	(7,551,997)	(6,768,864)
Other Sources (Uses	(866,831)	(568,589)	(478,527)	3,044,195	10,598,701
Net Change	(2,563,560)	(13,221,064)	(3,244,374)	(4,507,802)	3,829,837
Beginning Fund Balance	8,915,254	6,351,694	(6,869,370)	(10,113,744)	(14,621,546)
Ending Fund Balance	$6,351,694	$(6,869,370)	$(10,113,744)	$(14,621,546)	$(10,791,709)

- The City relied upon transfers from the water supply fund and the sewage disposal fund for general City operations. In 2009, City officials increased overhead charges from the water supply fund and the sewage disposal fund from $1 million to $2.4 million. Also in 2009, City officials began charging a return upon investments against the water supply fund and the sewage disposal fund of $2.9 million. Combined, City officials had been utilizing $5.3 million of water supply and the sewage disposal money for general fund operations annually. This amount of annual appropriation was not a loan and was not expected to be repaid to these funds.

- In addition to the foregoing activity, City officials had borrowed from other funds to compensate for cash shortages. For example, at June 30, 2010, the general fund owed other funds a total of $18,002,907, of which $11,698,376 was owed to the sewage disposal fund, $1,059,914 was owed to the local street fund, $1,683,733 was owed to the public improvement fund, and $2,139,590 was owed to the self-insurance fund.

- The City continued to experience a cash shortage. In early 2011, the City borrowed $8.0 million in fiscal stabilization bonds, pursuant to Public Act 80 of 1981, the Fiscal Stabilization Act, to assist with cash flow shortfalls. However, there remained many negative cash balances in the City's records as of June 30, 2011.

- The City's pension system was less than 60 percent funded. Benefits were based upon factors ranging from 1.7 to 2.6 of final average compensation. As of June 30, 2008, which was the last actuarial report for the 2010 audit period, there were 1,676 active members compared to 2,820 retirees. The unfunded accrued pension liability was over $39 million, with a one-year increase in the net pension obligation of $1,202,047. Additionally, the 2010 audited financial records indicate that the City had over $860 million in unfunded other post-employment benefit (OPEB) liabilities.

- Between 2001 and 2010, City officials reduced staffing from total full-time equivalent positions of 1,525.8 to 767. Many of these reductions came from Police (336 to 122) and Fire (216 to 110). The City continued to reduce staff.

- Interviews with City staff painted a picture of elected officials who were unwilling to make the decisions necessary to align expenditures with revenues. Examples included the adoption of budgets with knowingly overestimated revenues, knowingly underestimated expenditures, or both; reluctance to amend the budget in a timely fashion to account for revenue reductions; and lack of follow-through on cost saving initiatives.

Emergency (Financial) Manager Actions

Since the declaration of financial emergency in November of 2011, Emergency Manager Mike Brown and Emergency Financial Manager Ed Kurtz have worked to return the city to financial solvency. The first step was stabilizing the finances of the City in order to provide basic services to citizens. Facing a projected gap of $25 million between projected revenues and expenditures, the Managers worked to close the gap through a mixture of revenue increases and expenditure decreases. Accomplishments over the last 14 months include:

- Adoption and implementation of a balanced FY 13 budget. Mid-year projections from the City indicate that the budget remains in balance, and is expected to end the year without adding to the accumulated deficit.
- SAFER grant of $6.9 million and 21st Century Community Policing grant of $743,000 awarded, helping to stabilize fire and police operations in the City.
- An ongoing partnership with the State on public safety issues included partnerships between Flint police and the MSP as well as funding to support reopening the City lockup.
- New labor agreements implemented which reduced employee expenses by the equivalent of 20% of wages.
- Reduction of unfunded OPEB liabilities from $900 million to roughly $400 million. This reduced the Annual Required Contribution (ARC) from $60 million to $22 million.
- Substantial reduction of the City workforce.
- Voter approval of a 5 year 6 mill millage to support police and fire operations.
- Creation of a City-wide lighting authority reduced general fund subsidy of operation, maintenance and improvement of the City's lights.
- Implementation of a residential waste collection fee (replacing a 3 mill levy) and contracting out of solid waste removal and recycling have reduced general fund subsidy of waste operations.
- Outsourcing of the City's golf courses.
- Water and sewer rates adjusted to stabilize operations of the operation.
- Transfer of the Flint Employee Retirement System to Municipal Employee Retirement System (MERS).
- Improvement of the pooled cash position by over $12 million compared to the previous year.

Next Steps

Though the managers have been able to stabilize the finances and operations in the City, much work remains to be done. The audited financial information for the year ending June 30, 2012 shows a $19.2 million general fund deficit. Given the substantial level of cuts already implemented, the EFM does not believe that it is possible for the City to implement the level of cuts that would be necessary to eliminate this deficit over a 5 year period.

The plan to eliminate the deficit, as laid out in the draft Deficit Elimination Plan (DEP), relies on Treasury approval for the City to borrow $12 million, either through an Emergency Loan from the State, or through another appropriate mechanism such as a fiscal stabilization bond. (This borrowing would also help stave off an impending cash crisis, which is expected to be an issue in April or May.) The remaining $7.2 million would be eliminated through as yet to be identified spending cuts over the next 5 years in the following amounts: $1 million, $1 million, $1.45 million, $1.75 million, and $1.9 million.

Treasury still has some concerns with the DEP as proposed. The primary concern is that the City has not identified additional cuts or revenues to cover the appropriation for deficit reduction over the next 5 years. Without this detail, it is impossible for Treasury to assess the feasibility of actually setting aside enough money to reduce the deficit. This is especially true given that the City expects further reductions in property tax revenues over that same time period.

The EFM has laid out a process by which the City will develop the budget for FY 14. Through this same process, he will also come up with a second year planning budget and a rough projection of the next three years that will include detail on how the deficit will be eliminated. At a high level, the plan includes the following steps, and is expected to be completed over the next 8 weeks:

- The budget development starts with the 5 year strategic plan that has already been developed by the leadership team at the City. This plan identifies the most important elements of City service that must be provided for the City to survive.

- Based on the details of the strategic plan, the EFM will work with a core management team of department heads and supervisors to determine the core functions that are to be continued, as well as objections, strategies, and metrics to measure success. The budget will be based on these core functions, and the manager expects that they will be forced to look at the absolute minimum services a City can provide.

- The EFM expects that the functional areas that will continue will be police, fire, roads, water, and sewer, as well as some services required by statute such as planning, zoning, and building safety.

- Once the core team puts together the draft budget, it will be presented to a larger group which includes the Mayor, Council, and community representatives.

- After 2 or 3 sessions with this larger group, they will present the proposed budget to the public.

Treasury will remain involved with the City throughout this process. Based on the outcome, Treasury will be in a better position to approve or reject the proposed DEP.

Other Issues

- The EFM is nearing a decision on whether to join the Karegnondi Water Authority (KWA) or continuing with the Detroit Water and Sewer Department (DWSD). Treasury has been consulted throughout this process. A decision is expected in the coming weeks.

- On March 28, the effective date of the replacement emergency manager legislation (PA 436 of 2012), Mike Brown will once again be eligible to be the Emergency Manager. A decision will need to be made. Ed Kurtz, the current EFM, is not interested in remaining in the role.

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Monday, February 04, 2013 4:55 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (TREASURY)
Subject: RE: Flint Supply Assessment

It is and I agree.

I told Dave that if he had ideas to discuss to submit in writing so we had no additional issues.

Wanted everyone to be aware that this came in.

Regards,

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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-----Original Message-----
From: Koryzno, Edward (Treasury)
Sent: Monday, February 04, 2013 4:49 PM
To: Cline, Richard (Treasury); Byrne, Randall (TREASURY)
Subject: RE: Flint Supply Assessment

If this is the option of Flint constructing another water line, I suggest doing nothing.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

-----Original Message-----
From: Cline, Richard (Treasury)
Sent: Monday, February 04, 2013 4:44 PM
To: Byrne, Randall (TREASURY); Koryzno, Edward (Treasury)
Subject: FW: Flint Supply Assessment

FYI. I received this from TYJT regarding the Parallel Line option.

Please review and let me know how you wish to proceed.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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-----Original Message-----
From: David Guastella [mailto:DGuastel@tyjt.com]
Sent: Thursday, January 31, 2013 3:57 PM
To: Cline, Richard (Treasury)
Subject: Flint Supply Assessment

Eric

In recent discussions with the DWSD Director, the new option of twinning the 72-inch main with another main was discussed. DWSD believes that that twinned line from the Imlay Station to FL-1 (master meter at Potter and Baxter) would be a Commont to All (CTA) cost and therefore allocated over the entire customer base.

However, from FL-1 to the WTP would probably not count as a CTA cost. DWSD would consider rolling the cost of the extension from FL-1 to the WTP into Flint's rate.

DWSD stated that for them to assess the rate impact of twinning the 72-inch water main, they would need an estimate of the engineering and construction cost. If you would like us to put together this estimate, please let me know. I believe we have the 72-inch pipeline profile in house and that will help us to better estimate the cost associated with river crossings, tunneling, etc. of the actual route.

Dave

Koryzno, Edward (Treasury)

From: Byrne, Randall (TREASURY)
Sent: Tuesday, February 05, 2013 7:59 AM
To: Cline, Richard (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: RE: Flint Supply Assessment

Eric:

I think at this time we need to find out if anyone has any comments on your analysis. It mentioned this additional option.

Thanks,
Randy,

-----Original Message-----
From: Cline, Richard (Treasury)
Sent: Monday, February 04, 2013 4:44 PM
To: Byrne, Randall (TREASURY); Koryzno, Edward (Treasury)
Subject: FW: Flint Supply Assessment

FYI. I received this from TYJT regarding the Parallel Line option.

Please review and let me know how you wish to proceed.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
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From: David Guastella [mailto:DGuastel@tyjt.com]
Sent: Thursday, January 31, 2013 3:57 PM
To: Cline, Richard (Treasury)
Subject: Flint Supply Assessment

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Dave

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, February 06, 2013 10:25 AM
To: Dempkowski, Angela (Treasury)
Subject: RE: Weekly call with Ed Kurtz

Thank you!

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

-----Original Message-----
From: Dempkowski, Angela (Treasury)
Sent: Wednesday, February 06, 2013 10:15 AM
To: Koryzno, Edward (Treasury)
Subject: Weekly call with Ed Kurtz

Done. Rescheduled for 10 am on Friday, 2/8. I also declined your Talent Bank meeting so they would know that you will not be there today.

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

-----Original Message-----
From: Dempkowski, Angela (Treasury)
Sent: Wednesday, February 06, 2013 10:09 AM
To: Koryzno, Edward (Treasury)
Subject: RE: Weekly call with Ed Kurtz

I will do this as Shannon is also out sick.

Angela Dempkowski

Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

-----Original Message-----
From: Koryzno, Edward (Treasury)
Sent: Wednesday, February 06, 2013 10:07 AM
To: Lutz, Shannon (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: Weekly call with Ed Kurtz

Please reschedule today's phone call with Ed to perhaps Friday morning.

Sent from my iPhone

THOUGHTS FROM THE EFM AFTER 6 MONTHS ON THE JOB

There are many significant issues facing the city going forward. Let me reflect on some of the more obvious ones.

LAND USE AND PROPERTY TAXES

1. Property taxes will continue to decline over the next three to four years with the projected decline in 2014 estimated to be 17%.
2. Much of the redevelopment is being done by the non-profit sector and will not be subject to property taxes.
3. The neighborhoods continue to decline with another 1,700 parcels turned over to the Land Bank and now exempt from taxes. (Note: we were able to demo 600 homes this fiscal year but added another 1,700 to the potential list of demos.) The City would need $50 to $60 million dollars for demo alone.
4. With a few exceptions, Wards 3 and five could effectively be renamed "Land Bank City".
5. Approximately 36% of the city's housing stock is either vacant, or in poor to substandard condition.
6. In addition to the residential properties there are a significant number of commercial properties that need to be demoed.
7. The proposed elimination of the personal property tax will also have a negative impact on the cities revenue. Other than public safety, only 80% of the lost revenue will be recovered.
8. Banks are now doing what they accused their customers of doing. They are walking away from foreclosed properties that they own and dumping them on the City and eventually the land bank.
9. It costs the City and the Land Bank approximately $1.2 million per year to mow all the vacant property twice.
10. By the time the Land Bank receives the properties (3 years), they are basically stripped of all electrical, plumbing, etc and are not salvageable
11. The people of the City passed a 6 mil property tax increase exclusively for public safety. However, by the end of the six years it will be offset by the continued decline in property values.

IN SUMMARY, PROPERTY MANAGEMENT WILL HAVE TO BE A TOP PRIORITY FOR THE CITY OVER THE NEXT SEVERAL YEARS.

INCOME TAX

1. Income taxes which we initially projected to increase slightly, will now, with the announced closing of Delphi East probably decline.
2. The City is considering the possibility of raising the income tax. But this process requires legislative action and a vote of the people. This could be the straw that breaks the Camel's back.

FEES

1. The City has implemented fees for street lighting and garbage pick up. (The Garbage fee replaced a 3 mil property tax for that purpose. If a property was

1. The city continues to operate its own 911 center that is funded by a surcharge on phone service. As more and more people rely on methods other than land lines, the revenue continues to decline. The center is currently being subsides by more than $500,000 from the general fund annually.

COURTS

1. The 68th District court continues to be a significant cost factor to the city and is extremely busy.

IN SUMMARY, PUBLIC SAFTETY CONSUMES 71% OF THE GENERAL FUND REVENUE PLUS THE TWO MILLAGE, ONE FOR 2MILS (POLICE ONLY) AND ONE FOR 6 MILS (POLICE AND FIRE ONLY). IT IS PROJECTED THAT STAFFING LEVELS WILL DECREASE BY 15 IN FISCAL 15, UNLESS THERE IS ADDITIONAL REVENUE CREATED. THIS PROJECTION IS BASED ON THE PREMISE THAT THE CITY WILL CONTINUE TO RECEIVE $3 MILLION ANNUALY IN GRANT ASSISTANCE FROM VARIOUS SOURCES. BARING THAT, THE NUMBER OF EMPLOYEE REDUCTIONS WILL BE LARGER. THE 911 SYSTEM SHOULD BE MERGED WITH THE COUNTY AND THE 67TH DISTRICT COURT SHOULD BE MERGED WITH THE 68TH. THE POTENTIAL FOR COMBINED SERVICES IN POLICE AND FIRE SHOULD BE CONSIDERED.

INFRASTRUCTURE

STREETS

1. In a recent assessment 26% of the City's streets received the lowest grades while only 10% received the highest. Regardless of the condition, the City will, by policy, use all of its Local Street Funds to maintain the current status as much as is possible. That means all funds will be used for sealing cracks, fixing potholes, etc. No replacement of existing roads will be done.
2. Our Major Street Fund dollars will be used mostly to meet our required match for MDOT projects projected to be $575,000 in 2014.

IN SUMMARY, UNLESS ADDITIONAL REVENUE BECOMES AVAILABLE, OUR ROADS WILL AT BEST BE STABALIZED, BUT PROBABLY CONTINUE TO DETERIORATE

WATER AND SEWER

1. The charges for water and waste have increased by over 100% in the last 18 months, to the point that the average charge for a City of Flint resident is about double that of a Genesee county resident.
2. Currently there are over 8,000 accounts 60 days or more past due with at total dollar value of just under $3 million.

3. The condition of our water and sewer infrastructure is, to say the least, not very good. Our treatment plants, both water and sewer are in good shape because of the continued mandates from DEQ for upgrades. However, this has also created significant bond debt to go with it, and, has resulted in limited capability of providing improvements to the in-city water delivery network and sanitary network
4. There is a constant backlog of unrepaired water main leaks, defective meters, turn ons/turnoffs, with insufficient staff to deal with them
5. Both funds are in deficit and have little money to address infrastructure.
6. Significant bond debt as well as legacy costs make partnering or selling of the system difficult
7. The City is finalizing a decision on its water supply for the next 30 years. Although it appears that KWA will be significantly less costly over the life of the contract, costs will continue to go up regardless of which option we take. A significant concern is that because a significant portion of the cost associated with KWA is fixed, with the continued exodus from the city, fewer and fewer customers will pay increased rates to cover bond costs. A draft of s study on the sewer system indicated it will take an estimated $20 to $30 million to repair the system.
8. There is currently over $2 million of past due water bills attached to the affidavit process. The relatively small deposit required $100.00 for a renter to get an affidavit results in many renters simply walking away and forfeiting their deposit, because the water bill is significantly more than the deposit. In addition on many occasions a new tenant moves in without filing an affidavit and the water continues to be billed to the former tenant, resulting in large amounts of bad debts. With an affidavit, the landlord is not responsible for the cost of water. In addition, there are individuals/companies that will illegally turn a persons water back on or in some cases actually bypass the meter. One of the largest causes of unbilled water is theft, along with fires and leakage. Again, there is a lack of staff to monitor and enforce. The City is increasing the water deposit amount to $350.
9. The current water charge policy basically does not reward someone for conserving water. The fixed charge is a significant part of the cost. Maybe, the City should look at the potential for a consumption only charge.

IN SUMMARY, WATER RATES WILL CONTINUE TO GO UP FOR RESIDENTS OF THE CITY, BUT HOPEFULLY AT A MUCH LOWER RATE THAN IN THE PAST. IT WILL BE VERY DIFFICULT TO GENEREATE REVENUE FOR INFRASTRUCTURE UNTIL RATES BECOME MORE COMPETITIVE WITH THE COUNTY.

PARKS AND SENIOR CENTERS AND GOLF COURSES

1. The City currently has over 60 parks as well as dozens of boulevards, triangles, etc to maintain. The parks are supported by a property tax levy that now produces less than $400,000 per year. In addition forestry is included in the parks budget. Basically with the exception of a few parks that have been adopted, they are not

well maintained. In addition, several of the parks are not much more than a small piece of land that is underutilized.

2. The City can not operate Senior Centers effectively or economically. Centers will have to be outsourced, operated by Senior Center Boards, or closed. The only funds available will be funds obtained from the county wide millage for that purpose.
3. The City currently owns four golf courses. Three have been leased to a provider, who operated two of them in summer 2012. Though the lease has not been without concerns, the coursed will continue to be leased again this year. This group does intend to open the third course, possibly this season. The fourth course has been leased to a different group and is not operating and in bad condition. The City should probably look to sell the golf courses.

IN SUMMARY, ADDITIONAL REVENUE WILL HAVE TO BE FOUND, OR SEVERAL PARKS WILL HAVE TO BE ADOPTED OR CLOSED, SENIOR CENTERS MUST BE SELF SUFFICIENT OR CLOSE AND THE GOLF COURSES SHOULD BE SOLD.

STAFF

1. The City is currently functioning with a shared Assessor, part time Treasurer, contracted Risk Management and IT Directors. The Finance Director, Infrastructure Director, City Administrator, as well as others, are independent contractors. All departments are probably understaffed, but Human Resources, which is where everything starts, including labor relations, is probably the most apparent.

LEGACY COSTS

1. Although tremendous strides have been made in reducing the unfunded liability, retiree health care costs still have an unfunded balance of approximately $350 million.
2. Even though the City's pension fund has consistently under performed most municipal plans, it had remained under the direction of a local pension board. In fiscal 2013, the plan was moved from FERS to MERS, which saved the City significant dollars in administration and fees. However, the pension fund is currently funded at less than 50%, with an unfunded liability of approximately $450 million.

IN SUMMARY, LEGACY COSTS WILL BE A SIGNIFICANT ISSUE GOING FORWARD. AS GENERAL FUNDS DECREASE, AND FEWER EMPLOYEE'S CONTRIBUTE TO THE FUND. THE CITY COULD FACE CHOICES OF FUNDING LEGACY COSTS OR PROVIDING SERVICES.

LAWSUITS

1. The City still has several pending lawsuits that could have a significant negative financial impact on the City such as health care and water charges. The Health care lawsuit could cost the city upwards of $3 million. The water charge lawsuit, filed by the President of the City Council, would either put the water department effectively out of business, or if covered with General Funds, cause the City to no longer be viably and probably forced to file for bankruptcy.

IN SUMMARY, A NEGATIVE OUTCOME IN ANY OF THE LAW SUITS WOULD HAVE A DEVISTATING IMPACT ON THE CITY.

GOVERANCE

MAYOR

1. He is trying. Although the mayor talks a good show and writes well, he has blinders on as it relates to the true financial condition of the City as referenced by his recent State of the City address. He has done a decent job with economic development, a role to which we assigned him. Financially, I think he believes if he says it often enough, it will happen.

COUNCIL

1. All I can think of saying about the council is "Are we really going to turn the City back over to them?" In my view, they are basically dysfunctional, and not capable of acting responsibly or timely. Their meetings tend to be unprofessional and confrontational with each other.

assessed at less than $50,000 the cost to the owner went up. If more than $50,000 the cost went down. I am not sure either fee, because of vacant properties will, at the current assessment, generate enough income to cover the costs. Based on statistics from the Land Bank and the Master Planning process, there could be as many as 14,000 unlicensed rentals in the City. If licensed and inspected, it could generate and additional $1 million in revenue. However, it has to be determined if the revenue would cover the costs of the program. There also appears to be hundreds maybe thousands of unlicensed business in the City. This also represents unrealized revenue as well as a disservice to those to do apply and pay for an annual license. Again, revenue versus expenses would need to be evaluated.

2. In addition the City is now billing for such things as fire runs, police response to accidents, etc. None of these charges are well received by the public, and have had significant administrative issues.

IN SUMMARY AS IT RELATES TO REVENUE, THERE ARE FEW ADDITIONAL PLACES THE CITY CAN LOOK FOR INCREASED REVENUE, WITH THE INCOME TAX BEING THE MOST LIKELY. WHETHER OR NOT FEES FOR THINGS LIKE RENTAL INSPECTIONS AND BUSINESS LICESNSE WOULD EXCEED THE COST OF COLLECTION NEEDS TO BE ADDRESSED.

PUBLIC SAFETY

POLICE

1. By almost any measurement the police department is understaffed. We currently have a total of 140 employees in our police department including both sworn and civilian. Even with the passage of the 6 mil increase in property taxes exclusively for "public safety" and the commitment by ordinance of 55.5% of general fund revenues to police and fire, the number of officers will decline beginning in Fiscal 15. The department has been reorganized and significant improvements in response time, etc have been made. The State's help in providing funding to reopen the lockup and the addition of several state troopers to the city have helped significantly. Currently, eleven of the officers are paid for by a Mott grant that expires June 30, 2013 and will not be renewed..

FIRE

1. The city currently has 93 total employees, staffing five stations. The EMT service has been discontinued. Thirty nine of the current employees are paid for by a SAFER grant that expires in the spring of 2014. The city is currently setting aside some of the funds from the new millage to cover that loss. It is possible that the city by Fiscal 15 will be reduced to a maximum of three stations, possible two.

911 CENTER

3500 (Rev 01-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

DATE: February 8, 2013

TO: Governor Rick Snyder

FROM: Andy Dillon, State Treasurer

SUBJECT: Status of Financially Distressed Local Governments

	JANUARY			DECEMBER		
	Cities	Schools	**Total**	Cities	Schools	**Total**
EM/EFM	5	3	**8**	5	3	**8**
Consent Agreement	3	0	**3**	3	0	**3**
Watch List	7	2	**9**	6	2	**8**

Per your request, this memorandum summarizes the status of selected financially distressed units of local government. The following units of local government now are subject to Public Act 72 of 1990, the Local Government Fiscal Responsibility Act.

GENERAL ISSUES

Cities Close to an Exit by EFM:

- Ecorse – While most of the financial issues are resolved, the City Council without the State's involvement, has the authority, through practice and a loosely worded city charter, to meddle in the day-to-day operations of the City, including supervising staff and setting their pay. Efforts to obtain an Inter Local Agreement have been frustrated by the unwillingness of a majority of Council to see the need for the oversight contemplated by the ILA. While we continue to work on a compromise, worst case is that we will impose a transition advisory board (TAB) under PA 436 in late March.

- Pontiac – As explained below, Mr. Schimmel has a short list of projects to complete before he leaves this summer. Imposition of a TAB will be recommended.

Retiree Health Care – In most of the EFM cities, and certainly in those cities that are struggling but not yet in receivership, the cost of promised retiree health care is a major concern. In Pontiac and Flint where changes in retiree health care were imposed under PA 4, lawsuits are pending leaving the effects of those changes uncertain. In Pontiac, the annual liability is about $6.0 million, which is also the amount of the City's current annual operating deficit. Allen Park's annual liability is approxi-

mately $2.5 million and Flint's is nearly $20 million, half of which is in the general fund. While Flint and Pontiac have each taken steps to reduce the annual expense of the health coverage the retirees enjoy, those changes are being challenged. In most of our EFM cities, this issue is a difficult obstruction to fiscal balance. Pontiac, our most extreme case, currently has 52 current employees in the health care system compared to approximately 1200 retirees receiving health care. Treasury is working to develop a standard process to use when addressing retiree health care spending.

Law Enforcement – Based on the recent meeting with the Michigan State Police, it has become clear that increased coordination between Treasury and MSP is necessary. This is especially true in cities such as Flint and Detroit, where the City is both under some level of Treasury supervision and also has increased MSP presence. Treasury will initiate these discussions.

EMERGENCY MANAGER – Cities

City of Allen Park

- Update: Joyce Parker was appointed Emergency Financial Manager by the Emergency Loan Board on October 25, 2012, with duties beginning October 29. She also serves, part-time, as the Emergency Financial Manager for the City of Ecorse.

- For fiscal year ending June 30, 2012, the City had an operating surplus of $2,973,862, or 18% of general fund revenues of $16,202,731. However, when transfers out of the general fund are taken into account, the financial picture is much worse. The City transferred $4.7 million (net of transfers in) from the general fund, including a $2.4 million transfer associated with studio debt and a $2.5 million transfer to cover retirement health care. Based on these numbers, the City's unrestricted accumulated general fund deficit is $1,090,225 or 6.7% of revenues.

- In the audit for fiscal year ending June 30, 2012, the City's audit firm expressed doubts of the City's ability to continue as a going concern.

- The EFM has submitted an application for an emergency loan. The Department is reviewing the application to assure the City's request is consistent with their financial needs, but Treasury is not inclined to approve the loan until other options have been explored.

- A two year operating millage was on the November 6 ballot, which was for four mills and was defeated. Treasury is exploring the potential to restructure the studio debt. The EFM has listed the movie studio property for sale and is preparing a detailed Deficit Elimination Plan. The City's financial distress is exacerbated by the minimum staffing requirements contained in the public safety collective bargaining agreements and the cost of retiree health care.

- The Road Out: With our recent entrance into Allen Park, several general strategies are in play. As noted above, the budget is in deficit primarily because of the movie studio debt and the retiree health care obligations. However, labor contracts have minimum manning provisions that need to be resolved, and there are several areas of ongoing expense that can be reduced. Among other things, the EFM's draft deficit elimination plan also includes personnel reductions (including police and fire), wage reductions, pension plan changes, active and retiree health care changes, reduction in sick days and holiday payouts, and revenue enhancements for rubbish and lights. Ms. Parker believes that it may be possible to balance these financial issues short of bankruptcy. However, that option is also being explored.

City of Benton Harbor

- Joe Harris was appointed Emergency Financial Manager on August 8, 2012. He was first appointed Emergency Financial Manager on April 1, 2010. The Emergency Loan Board terminated Mr. Harris' contract effective January 31, 2013 and appointed Mr. Tony R. Saunders II as the new EFM effective February 1, 2013. Prior to taking this appointment, Mr. Saunders worked on the staff of City Council Members in Detroit and, for the last year, has been assisting the City of Highland Park on behalf of the Department of Treasury.

- For the fiscal year ending June 30, 2012, Benton Harbor had an operating shortfall of $1,125,798, exceeding general fund revenues of $6,555,653 by 17%. The unrestricted accumulated general fund deficit is $2,285,483 or 34% of general fund revenues. The unrestricted deficit increased slightly over 2011 by approximately $56,000.

- The previous Emergency Financial Manager submitted an application for an emergency loan in the amount of $3,900,000. Along with the application, the previous EFM included an updated deficit elimination plan, FY 2013 budget, a cash flow statement, and an accounts payable listing. Based on these reports, the City will experience a cash shortage in the general fund by April 2013 and has outstanding payables, as of December 31, 2012, of $2.6 million. The Department has asked the incoming EFM to review the financial data to determine if the amount of the loan request is appropriate.

- Update: All City issues on the November 6 ballot were defeated including a charter amendment to restructure Council's reporting relationships with staff. A 10 mill operating levy that expired in 2011 was defeated, as was a proposed 2.0694 mill Headlee override. Absence of these revenues would mean the $1.4 million reduction in annual revenues which began in July, 2012, will continue for the cash strapped City. In response to this shortfall the EFM approved, with City commission support, a 10 mill special assessment Public Safety millage which was levied with the winter taxes. It is expected that another effort will be made in the coming months to obtain approval of the 10 mill operating levy that would replace the special assessment.

- The Road Out: Mr. Saunders will review all City operational expenses in an effort to rationalize annual expenses and eliminate deficit spending. The large amount of accounts payable

is a near-term focus. The water plant is a major liability, particularly since users in Benton and St. Joseph Townships have withdrawn from the system due to ongoing political and financial management concerns. The City charter needs to be updated, the performance of City Council needs to be improved, and ongoing liabilities for retiree health care are also an issue. Treasury had anticipated that withdrawal from the City would be a near-term possibility if charter issues could be overcome. However, these recent revenue issues and the demise of the water system customer base, make a near-term exit more challenging. The new EM understands our desire to make our exit as soon as possible.

City of Ecorse

- Joyce Parker was appointed Emergency Financial Manager on August 8, 2012 by the Emergency Loan Board. She was first appointed Emergency Financial Manager on October 30, 2009. She continues to serve Ecorse on a part-time basis while she also serves as Emergency Financial Manager for the City of Allen Park.

- City Council is cool toward an interlocal agreement proposed by Treasury that would create an advisory board under the Urban Cooperation Act, PA 7 of 1967 (Ex. Session) and create a seamless transition process away from an EFM, allowing Ms. Parker to end her service there. A majority of Council believe such an advisory board is unnecessary. Treasury staff is redrafting the ILA to address some of the suggestions made by Council. After AG review, the revised agreement will be reviewed with the Council.

- For the fiscal year ending June 30, 2012 the City had a general fund balance of $2,419,220 or 18.8% of general fund revenues of $12,904,604 and experienced an operating surplus for the first time in several years.

- The Emergency Financial Manager's assignment is essentially complete and she is working part-time.

- The Road Out: The work of the EFM is essentially done. The remaining concern is with the City Council and the City charter language which allows substantial day-to-day involvement of the City Council. Discussions continue on an interlocal agreement to establish a Transition Advisory Board, as explained above. If this voluntary approach is not successful, a TAB can be imposed with the advent of PA 436 in late March.

City of Flint

- Edward Kurtz was appointed Emergency Financial Manager on August 8, 2012 by the Emergency Loan Board. He succeeded Mike Brown who was appointed Emergency Manager on November 29, 2011. The Emergency Financial Manager is anticipated to be in Flint for more than one year. Mr. Kurtz is taking a minimal salary as EFM, while Mike Brown now works as City Administrator, appointed by Mr. Kurtz. It is assumed that Mike Brown will be reappointed as EM in late March, and that Mr. Kurtz will be retained until June to consult with the City on the FY 2014 budget.

- For fiscal year ending June 30, 2012, the City incurred a general fund operating shortfall of $10,169,828 exceeding general fund revenues of $51,497,686 by 20%. This resulted in an unrestricted accumulated general fund deficit of $19,184,850, which is 37% of general fund revenues.

- Update: The City of Flint has been participating with Genesee County on the feasibility of the City's use of a planned water pipe line from Lake Erie that would serve a large portion of Genesee County as an alternative to water supplied by DWSD. An engineering firm selected by Treasury to conduct an independent evaluation of Flint's choices for water supply presented their findings on December 18th. This is a critical long-term decision for Flint and the region. The economics show that but for the excess cost of DWSD water during the three year period of the Karegnondi Water Authority (KWA) pipeline construction, the City will be benefitted by lower water costs in the long term by using the KWA water and treating the water in Flint at their own, existing, water treatment plant. A recent proposal shows that with cooperative efforts with the County, those excess costs can be minimized.

- The Budget for the current fiscal year encompasses both revenue increases and expenditure reductions in an effort to achieve a balanced budget. For example, the budget includes assessments for waste collection, for the operation, maintenance, and improvement of street lights, and a 25 percent increase in water and sewer rates. Voters overwhelmingly approved a 6 mill public safety millage in November that will substantially improve the FY 14 budget. On the expenditure reduction side, the budget reduces the City's workforce by 150 positions (20 percent), and includes employee concessions and a restructuring of employee health care benefits. Retiree health care has been eliminated for future employees. Litigation is pending in federal court to preclude changes to retiree health care. The Emergency Financial Manager estimates that retiree health care costs will increase by $3.5 million during the current fiscal year if he is prevented from implementing the planned changes.

- The City has recently submitted a five year deficit elimination plan that anticipates submittal of an emergency loan application of $12 million to address the accumulated deficit. The remainder of the unrestricted accumulated general fund deficit will be eliminated through $7.1 million in reductions. The City has not yet identified specific cuts but will do so as it works through the development of its fiscal year 2014 budget. The Department is assisting the City with the identification of possible reductions.

- The City's plan to contract for the first time with a private contractor to provide solid waste removal and recycling services was delayed because of an Unfair Labor Practice (ULP) filed by AFSCME. The union presented an alternate plan, which the EFM evaluated and deemed economically unsatisfactory. The City is required to meet with the union to discuss the impacts of the proposed change. The anticipated savings from this initiative is $1 million and the contractor is willing to hire former Flint employees who previously performed this service.

- The Road Out: This is the first year of the EFM's balanced budget and they are currently on track with the budget. Major remaining issues are resolving public safety staffing and effectiveness; establishing new and cooperative approaches to water and sewer services; funding and maintaining infrastructure; defining and sustaining blight eradication strategies; funding OPEB liabilities.

City of Pontiac

- Lou Schimmel was appointed Emergency Financial Manager by the Emergency Loan Board on August 8, 2012. He was first appointed Emergency Manager on October 6, 2011. The Emergency Financial Manager is anticipated to complete his work by mid-2013, but a viable oversight mechanism, such as a Transition Advisory Board (TAB) under PA 436 of 2012, will be necessary for this to happen.

- For fiscal year ending June 30, 2012, the City had an operating shortfall of $1,249,049 exceeding general fund revenues of $38,709,018 by 3%. This resulted in an unrestricted accumulated general fund deficit of $4,748,117 or 12% of general fund revenues. For fiscal year 2013, the City's financial position will benefit from the transfer of the Pontiac Wastewater Treatment Plant. From the assets received, $8.4 million was used to pay off a loan to the general fund from the water/sewer fund; $6 million was used for retiree healthcare bringing the 2013 budget into balance; $3.4 million will be applied to the accumulated deficit from fiscal year 2012.

- The EFM reports that FY2014 would be balanced except for the $6.0 million required for health care costs associated with retired non-public safety employees, and those who are still active employees. Retired public safety employees (there are no active Pontiac public safety employees) are covered by an existing VEBA.

- The Emergency Financial Manager continues to minimize the number of unused vacant properties in the City that are city-owned. The demolition of the Phoenix Center and sale of land project remains on hold after Oakland County Circuit Court Judge Michael Warren issued an injunction barring the City from demolishing the Phoenix Center. Settlement negotiations are proceeding.

- The announced partnership with Oakland County for a restructuring of the ownership of the Pontiac Wastewater Treatment Plant is essentially complete. The capitalization of assets created by the transfer generated approximately $55 million, which was used to reduce bond debt related to Fiscal Stabilization bonds, Water Supply system, Sewage Disposal system, and Building Authority. The transaction has dramatically improved the City's cash position while also eliminating most of the City's outstanding debt, and preserving a reasonable fund for infrastructure maintenance within the City. It is also projected that Pontiac users of the system will enjoy significant reductions in their costs for sewer services in future years.

- Update: The EFM continues to reduce general fund expenses. He has successfully negotiated cost reductions with the City's waste pickup contractor; secured agreement from, the Chief Judge to control the City's subsidy to the 50th District Court by having the Court process its own employee payroll and pay court employees out of its own account instead of the City's general fund account; and he contracted out all remaining DPW services including the snow plowing of major streets with the Oakland County Road Commission.

- The Road Out: Mr. Schimmel expects to leave this summer and strongly supports the use of a transition advisory board. His list of tasks remaining are: Phoenix Center Demolition; sale of DPW building to Consumers Energy; auction of surplus stuff; provide for the redevelopment of the Hayes Jones Community Center; sale of various properties, including golf course; and substantially reduce the $6.0 million annual deficit related to retiree health care.

EMERGENCY MANAGER - SCHOOLS

Detroit Public Schools

- Roy Roberts was appointed Emergency Manager on May 16, 2011 and Emergency Financial Manager on August 8, 2012.

- For fiscal year ending June 30, 2012, the District incurred a general fund operating shortfall of $41,865,408 exceeding general fund revenues of $892,452,098 by 4%. This resulted in an unrestricted accumulated general fund deficit of $83,465,550, which is 9% of general fund revenues. The deficit was significantly reduced by issuance of long-term debt.

- A second $6 million State aid note transaction closed on February 1st to assist in covering the costs associated with the transfer of DPS schools to the Education Achievelment Authority (EAA). The note will mature on July 22, 2013.

- Treasury staff has begun meeting with the EAA to gain not only a better understanding of the EAA's financial & cash situation but how those risks may impact DPS's financial situation. This effort will focus initially on the impact of possible additional school transfers to the EAA (with the loss of enrollment to DPS), the transition of Title I funds, & the "lease – management" MOU between the EAA & DPS. (Concerning the latter item, the $10 million EAA obligation may not be paid when due this August. While this may not have an accounting impact it would impact DPS's cash flow.)

Highland Park Schools

- Update: Don Weatherspoon was appointed Emergency Financial Manager on October 29, 2012.

- The District has not filed its financial audit for its fiscal year ending June 30, 2012 which was due November 15th. The audit is taking longer than expected due to the lack of sufficient record keeping and staff continuity. We have been advised the audit should be complete in the next two weeks

- On August 16, the Emergency Loan Board approved an emergency loan for the School District in the amount of $4.41 million in order for the School District to repay its August 2011 State aid note and meet other short-term expenses. To date, the District has drawn $3.98 million of the loan proceeds.

- On January 18th, the Emergency Loan Board approved a 2nd emergency loan for the School District in the amount of $3.0 million. The issuance of a second emergency loan was anticipated as the first loan was used primarily to repay the District's outstanding State Aid Note in order to avoid a default. The proceeds of the second emergency loan will be used to pay critical vendors and it is expected the EFM would obtain vendor discounts in exchange for quick payment.

- It is anticipated the role of the Emergency Financial Manager will be greatly reduced in the next 12-18 months as prior liabilities are settled and processes are put in place to manage current operations including oversight of the charter school system.

Muskegon Heights Public Schools

- Don Weatherspoon was appointed Emergency Financial Manager on August 8, 2012.

- The District has not filed its financial audit report for fiscal year ending June 30, 2012 which was due November 15th. The audit is taking longer than expected due to the lack of sufficient record keeping and staff continuity. We have been advised the audit should be complete in the next two weeks.

- On August 16, the Emergency Loan Board approved an emergency loan for the School District in the amount of $7.6 million in order for the School District to repay its August 2011 State aid note and meet other short-term expenses. To date, the District has drawn all of the loan proceeds.

- On January 18th, the Emergency Loan Board approved a 2nd emergency loan for the School District in the amount of $3.5 million. The issuance of a second emergency loan was anticipated as the first loan was used primarily to repay the District's outstanding State Aid Note in order to avoid a default. The proceeds of the second emergency loan will be used to pay critical vendors and it is expected the EFM would obtain vendor discounts in exchange for quick payment.

- It is anticipated the role of the Emergency Financial Manager will be greatly reduced in the next 12-18 months as prior liabilities are settled and processes are put in place to manage current operations including oversight of the charter school system.

CONSENT AGREEMENT - CITIES

City of Detroit

- For fiscal year ending June 30, 2012, the City had an operating surplus of $105,842,769. However, when transfers out of the general fund are taken into account, the City's financial position is much worse. The City transferred $236,542,790 with the largest transfer going to the transportation fund for $87.2 million, $61.2 million to the debt service fund, and $80.9 million for interest payments on the pension obligation certificates. This resulted in an unrestricted accumulated deficit of $327,956,700 or 30% of general fund revenues of $1,100,342,313.

- Update: The cash position of the City has continued to deteriorate through the first half of the 2013 fiscal year. After the City's projection of its cash position at the June 30, 2013 year end deteriorated over $60 million over the course of three months (roughly September – November), a renewed emphasis was placed on cash preservation (discussed further below). Absent any further actions, current City projections indicate a negative cash position of roughly $110 million at the June 30 year end. In the past, the City has temporarily "managed" negative cash by postponing property tax distributions to debt service funds and other taxing jurisdictions.

- Update: The plan developed by the City and its advisors, with input from Treasury, includes measures that are estimated to net approximately $117 million in improvements by June 30. This includes roughly $33 million of changes that result in permanent savings, $63 million of short term cash opportunities (including many items that simply defer payments), and release of $20 million in escrow proceeds currently controlled by Treasury. Included among the "permanent savings" are employee furloughs, headcount reductions, suspension of pension accrual (non-union employees), health care premium sharing increased to 30% (non-union employees), vendor cuts, and increase of fees. If implemented on a timely basis, these countermeasures should allow the City to maintain a positive cash position through the end of the year.

- Update: The City is in substantial compliance with the terms of the Milestone Agreement negotiated to control the terms of withdrawal of escrowed funds. This gives the City access to an additional $20 million for which the draw request was received today. The Treasurer has indicated the desire to maintin a $50 million reserve, which means that further draws are unlikely.

- Update: The operational and restructuring firms have all had contracts approved by City Council and have begun work. On February 1, a first draft of the 5 year plan for the City was presented to the Review Team. The plan would eliminate the deficit within 5 years

by significantly lowering employee costs. Changes include a reduction of an additional 500 FTEs, freezing all pension vesting for one year, moving all employees to a defined contribution plan after that, and capping health care expenditures at $125 million a year (compared to a current spend of roughly $190 million). Other potential savings being considered include additional headcount reductions/furloughs, asset sales, debt restructuring, and revenues.

- Update: The Financial Review Team appointed under PA 72 continues its work. The report is due to the Governor on February 16 and there are no plans to ask for an extension as of this date.

- Update: After City Council once again failed to approve the State lease for Belle Isle, Mayor Bing announced the closure of 50 parks and reductions to recreation operations to make up for the foregone cost savings the lease would have provided.

City of Inkster

- The City of Inkster operates under a Consent Agreement which was implemented effective February 28, 2012.

- For fiscal year ending June 30, 2012, the City had a general fund operating shortfall of $3,171,524 or 19% of general fund revenues of $15,859,971. The FY12 shortfall increased the City's general fund unrestricted accumulated deficit to $3,604,783 or 22% of general fund revenues.

- For FY13, the City reduced staffing by 20% and made other expenditure reductions. Current budget forecasts suggest a year end deficit of $1.7 million, consistent with the DEP. The City's deficit elimination plan anticipates the FY14 budget will be balanced. Staff from OFR regularly visit with Inkster and finds them holding their own.

City of River Rouge

- The City of River Rouge operates under a consent agreement which was implemented effective December 15, 2009.

- For fiscal year ending June 30, 2012, the City had a general fund operating surplus of $1,302,690 or 11% of general fund revenues of $11,989,601. The surplus has reduced the unrestricted accumulated general fund deficit to $1,039,067 or 8.6% of general fund revenues of $11,989,601. The 2012 accumulated deficit is approximately half of the previous year's deficit so progress is evident. However, the 2012 operating surplus is a result of the receipt of approximately $1.9 million in legal settlements. Had the legal settlements not occurred, the 2012 accumulated deficit would be an estimated $2,900,000. OFR staff visits with River Rouge and feels comfortable that their ongoing efforts to reduce costs, such as the recent implementation of a public safety officer model for combined police

and fire services will help the City achieve its FY14 budget objective of balanced revenues and expenditures.

LOCAL UNITS OF INTEREST

City of Hamtramck

- For fiscal year ending June 30, 2012, the City had a general fund operating shortfall of $3,303,385 which is 22% of general fund revenues of $14,827,148. This deficit eliminated the general fund balance and resulted in an unrestricted accumulated deficit of $753,733 or 5% of general fund revenues. The cause of the imbalance was the result of the loss of revenue due to the expiration of the Poletown tax increment financing agreement and the failure of the City to reduce its expenditures accordingly.

- The City has submitted an application for an emergency loan for $3 million. The Department is reviewing the application to determine if the City qualifies. In addition to the emergency loan, the City is pursuing the issuance of a tax anticipation note to address its cash shortage expected to occur in March 2013.

- Late last year, the City Council voted to request a financial review by the State. Prior to initiating the requested review, Treasury asked for and the City has submitted a deficit elimination plan (DEP). The plan relies heavily on the receipt of an emergency loan, an increase in rental inspection fees, and an increase in traffic violation revenues. Given the inadequacy of the DEP, Treasury is initiating a preliminary review on Monday, February 11.

City of Highland Park[1]

- For fiscal year ending June 30, 2012, the City had a general fund operating surplus of $1,293,462 or 12% of general fund revenues of $10,718,332. This increased the City's unrestricted general fund balance to $2,199,762 or 20% of general fund revenues. The positive fund balance is a result of the restatement of accrued state revenue from the fiscal year 2011 financial statements and, in large part, the forgiveness of a $4 million payable due to DTE in 2011.

- The City's updated general fund projections indicate the City will reach a deficit situation during FY 2018. Should the City resolve the financial issues related to the Water system the

[1] Several EFMs have been appointed in Highland Park. While the financial emergency in the City remains in effect, no replacement EFM has been appointed. Treasury is working with the Mayor and Council, without an EFM appointment, to get the City out of the business of providing public services.

2018 date could be extended. Office of Fiscal Responsibility staff is working with local officials to develop and implement cost savings.

- Update: The Mayor has announced the City's intent to discontinue using their water treatment plant after attempting to implement MDEQ mandated improvements to the plant. Initial improvements were estimated at $340,000, but escalated to an estimated $5.9 million after valves and other essential parts of the system were found to be inoperable. The estimated cost to demolish the facility is $3.6 million. Currently, the City is purchasing water from DWSD. Negotiations continue between the City and DWSD with the intent of DWSD operating the City's utility systems. One challenge to finalizing this arrangement is the $8 million the City owes DWSD for sewage treatment. Treasury and City officials expect a proposal from DWSD which contains the prerequisites for a cooperative venture to proceed and also addresses the amortization of the City's sewer debt to the DWSD.

- On January 4, 2013, a Quo Warranto request to have Mayor DeAndre Windom, City Council President Chris Woodard, and City Councilman Rodney Patrick removed from office was dismissed. The request is based on the allegation that their oaths of office were not filed in a timely fashion, and that each of these individuals is "in default" to the City, which, under the City Charter, would preclude them from holding office.

- The Road Out: Highland Park's broken water system needs multiple strategies for resolution. DWSD is the major focus here for delivery of treated water and administration of water and sewer bills. The City's existing water treatment facilities are in need of demolition, which will be expensive. In addition to typical OPEB liabilities, H.P. also has a major, bank-funded debt because of a court order related to delinquent payments to police pension funds. That debt will need restructuring in the next 24 months. The continuing effort to minimize the services the City provides makes the City a prime candidate for participation in regional public safety.

The following units of local government are not currently subject to Public Act 72 of 1990, the Local Government Fiscal Responsibility Act:

Royal Oak Township

- The township had an operating deficit of $132,358 and an unrestricted general fund balance of a negative $34,821 at year end 2011. The unrestricted deficit was 3.6% of general fund revenues. However, the operating deficit is 14% of general fund revenues. The unrestricted deficit decreased significantly from 2010 to 2011; a negative $284,416 in 2010 to a negative $34,821. This appears to be related, in part to a 2011 interfund transfer between the Parks and Recreation Fund (dedicated millage) and the Senior /Transportation fund. There is no money budgeted to repay the loan. There is also a loan with a local bank that was not obtained in accordance with regulations, as well as accusations of credit card misuse. A new Supervisor, Clerk, and Treasurer were elected in November and the Treasurer contacted Treasury for assistance. Staff from the Office of Fiscal Responsibility has met with the new Treasurer, in response to her request as well

as the new Clerk. Staff is continuing its discussions with both individuals to assist in improving the Township's financial practices.

City of Taylor

- For fiscal year ending June 30, 2012, the City had a general fund operating shortfall of $3,905,004 exceeding general fund revenues of $40,444,430 by 9.6%. This excessive spending eliminated the prior year general fund balance and resulted in a general fund unrestricted accumulated deficit of $5,359,732. The general fund borrowed $2 million from the water and sewer funds with no apparent commitment for repayment within a prescribed time period.

- The City fell short of its deficit elimination projections by a minimum of $1.0 million. The majority of this can be attributed to Public Safety, which exceeded its budget expenditures by $881,610. Consequently, the City has submitted an updated deficit elimination plan. Staff is reviewing the updated plan to determine if it is reasonable and achievable and will require the City to submit monthly reports to monitor its adherence to the new plan

- The relationship between the Mayor and City Council remains contentious. Rather than work together to solve the City's fiscal dilemmas, the City Council tends to make emotional decisions that seem intended to confront the Mayor. Sometimes, those decisions result in further aggravation of the City's financial condition.

County of Wayne

- Because the County's fiscal year corresponds to the calendar year, current audited financial results are not yet available for FY2012. Based on recent unaudited financial data provided by the County for its 2012 fiscal year, it appears the County will have an increase in the general fund deficit of $21 million, for an accumulated total deficit of $148 million.

- A revised deficit elimination plan has been submitted. Staff is working with the County to resolve several issues within the plan such as the transfer of assets from other funds and unsupported reductions to eliminate the general fund deficit.

- Update: Phase II of the State's consulting engagement contract with Pierce, Monroe & Associates to examine the funds of elected officials and other select departments is expected to be completed by the February deadline. The examination of the substantial balance amount in the Treasurer's Delinquent Tax Revolving Fund should also be completed by February. Anticipated future County borrowing, if any, will be conditioned to require changes in the financial behavior within County government. Treasury remains very concerned about the probability of jail construction cost overruns.

SCHOOL DISTRICTS OF INTEREST

Benton Harbor Area Schools

- On September 17, the Emergency Loan Board approved an emergency loan for the School District in the amount of $2.0 million to assist the District in making payroll and meeting other short term obligations. The note proceeds have been escrowed and are being released upon approval from the Treasurer. While the district had originally indicated a desire for a larger emergency loan, Treasury agreed to the smaller number, with the option to renew the discussion once the district could demonstrate that the budget was in structural balance. As of late January, the District is in compliance with loan reporting requirements. Roughly $100,000 of loan proceeds remains in escrow.

- The District has made substantial progress toward bringing expenses in line with revenues. This includes contracting out services, closing buildings, and negotiating employee savings. Despite these actions, it is still unclear that the budget has been brought to structural balance. The Michigan Department of Education is currently reviewing the newest deficit elimination plan, in consultation with Treasury.

- On January 31st, the District submitted a request for a second emergency loan in the amount of $4.0 million to pay aged payables. The application is currently being reviewed, however current projections reviewed by Treasury show that the District can survive on a cash basis through the end of the school year, but this may leave Accounts Payable in an untenable situation, with the risk of critical vendors discontinuing service. Treasury is currently working with the District on options for tax anticipation notes (which the district has utilized in previous years) and potentially a second emergency loan. As noted previously, a second emergency loan is predicated upon this being the last step toward a structurally balanced budget.

- A preliminary review completed on December 20, 2011 by the Michigan Department of Education found probable financial stress in the District. However, based on actions taken by the District to reduce costs, the State Superintendent of Public Instruction did not recommend appointment of a Review Team

- The School District closed FY 12 with a general fund deficit of $16.1 million on total revenues of $31.9 million. For FY 13 revenues are expected to decrease more than $2 million.

- The District borrowed $9.8 million through the Michigan Finance Authority's August 2012 SAN program. This represents 62.5% of their projected FY13 state school aid. The statutory maximum borrowing amount is 70% of state school aid.

Inkster Schools

- The District's pupil count dropped from 3,173 in 2010 to 2,294 for the current year; a 27% drop in enrollment.
- The District's deficit was $9.3 million in 2010 increasing to $12.8 million in 2012.
- The District borrowed $12.3 million in August 2012 for cash flow purposes; the note matures August 20, 2013. An emergency loan would be needed before August 20 in order to repay the note and avoid a default; however, in the interim, approximately $103,000 of state school aid will be intercepted each month (February – July) to offset the outstanding balance on the note.
- Updated cash flows were received on January 31st and it still appears the District can operate through June although payables have grown from a little over $1 million to $2.7 million.
- The District submitted its board approved deficit elimination plan to MDE on January 21st which outlines a K-8 District with a potential charter of the high school effective July 1st. We will work with MDE to review the plan, however we have noted the following:
    - The plan does not cash flow and fails to take into account repayment of the outstanding state aid note resulting in a $7 + million cash shortfall in August.
    - The proposed DEP does not eliminate the GF deficit until sometime after 2017, likely not until 2021.
    - The plan assumes all the current K-8 students will remain in the District.
- Discussions have been held with MDE regarding initiating a preliminary review under P.A 72 and a meeting is being has been scheduled next week for February 13th with Dennis Muchmore to discuss options.

LITIGATION SUMMARY

1. *AFSCME 25, et al* v *Governor, et al.* This action was filed in United States District Court (Eastern District). The claim is that modifications by the Emergency Manager for Detroit Public Schools to collective bargaining agreements violated various constitutional provisions (e.g., the Contracts Clause and Takings Clause).

   Status: Cross motions for summary disposition were pending. A motion hearing was held on November 1, 2012, and the Court took the matter under advisement.

2. *Bland* v *Brown, Kurtz, et al.* This action was filed in Genesee County Circuit Court. This is an action for declaratory and injunctive relief and mandamus. The claim is that the Emergency Manager transferred the assets of the Flint Retirement System to the Municipal Employees Retirement System of Michigan (MERS) in violation of Act 4. Section 19(1)(m)(iii) of the Act authorizes such a transfer provided the recipient pension fund is actuarially funded at a level of 80 percent or more. The claim is that MERS as of December 31, 2010 was funded at only 76 percent.

   Status: A pre-trial conference was held the last week of October 2012.

3. *Brown* v *Snyder.* This action was filed in Ingham County Circuit Court. The claim is that Act 4 is unconstitutional, facially and as applied. The State sought a protective order in regards to discovery which the trial court denied. On appeal, the Court of Appeals vacated the denial of the requested protective order and remanded. The trial court hearing on remand is September 26, 2012.

   Status: The case was dismissed. The parties on November 19, 2012, signed stipulations and a voluntary dismissal.

4. *Citizens United Against Corrupt Government, et al* v *City of Detroit, et al.* This action was filed in Ingham County Circuit Court. The claim is that a contract by Mayor with an outside law firm violates City charter.

   Status: Awaiting a hearing date.

5. *Citizens United Against Corrupt Government,* et al v *Detroit Financial Advisory Board.* This action was filed in the Court of Appeals. This is an action for *quo warranto*. The claim is that, among other things, no portion of the Financial Stability Agreement, including the Financial Advisory Board, survived the disapproval of Act 4 by the voters.

   Status: The case is pending having been filed on December 10, 2012.

6. *Citizens United Against Corrupt Government,* et al v *Detroit Financial Review Team.* This action was filed in Ingham County Circuit Court. The claim is that negotiation of the Fi-

nancial Stability Agreement, as well as two provisions of the Financial Stability Agreement, violated Act 4. The case was dismissed by the Ingham County Circuit Court.

Status: Plaintiff filed a claim of appeal with the Court of Appeals and plaintiff's brief is due on December 26, 2012.

7. *Coletta et al* v *David Clark et al.* This action was filed in Wayne County Circuit Court and has been certified as a class action involving approximately 9,000 plaintiffs. This is an action for declaratory and injunctive relief and damages. The claim is that trustees of the City of Detroit's General Employees Retirement system and the Police and Fire Retirement system violated various laws and breached certain fiduciary duties in regards to the investment of pension assets.

8. *Davis* v *Detroit Financial Advisory Board.* This action was filed in Ingham County Circuit Court. The claim was that the Board violated the Open Meetings Act.

   Status: The case was dismissed.

9. *Davis* v *Detroit Financial Review Team, et al.* This action was filed in Ingham County Circuit Court. The claims were that review teams were subject to the Open Meetings Act and that the Detroit Financial Review Team had acted in violation of a trial court order. The Court of Appeals held on May 21, 2012, that review teams are not subject to the Open Meetings Act, but remanded to the trial court for an evidentiary hearing on the issue whether defendants should be held in contempt. Subsequently, the trial court declined to hold an evidentiary hearing and plaintiff appealed that decision to the Court of Appeals.

   Status: Payment of plaintiff's costs and attorney fees rendered moot the need for an evidentiary hearing.

10. *Davis* v *Highland Park Financial Review Team* (referred to as *Highland Park II* to distinguish it from the first Highland Park case which claimed that review teams were subject to the Open Meetings Act). This action was filed in Ingham County Circuit Court. The claims are that the terms of review team members expire 60 day (90 day with an extension) after appointment and that Act 4 violated Section 29 of the Headlee Amendment. The trial court dismissed the former claim, but held that Act 4 did violate the Headlee Amendment.

    Status: Plaintiff failed to file a brief.

11. *Davis* v *Parker.* This is an action for *quo warranto*. This action was filed in the Court of Appeals after the foregoing case was filed in Ingham County Circuit Court. The claims are that the Emergency Financial Manager has no entitlement to her office because the statutory process of Act 72 was not followed and that Act 72 is not revived because it was repealed by Act 4.

Status: The Court of Appeals denied application for leave to proceed by *quo warranto*.

12. *Davis* v *Rick Snyder, Michael Flanagan, and Joyce Parker*. This action was filed in Ingham County Circuit Court. This is an action for declaratory judgment. The claims are that the statutory process of Act 72 was not followed, that Act 72 does not authorize the grandfathering of actions taken under Act 4, and that the criteria for appointment of emergency managers under Act 4 and emergency financial managers under Act 72 differ.

    Status: A motion hearing is scheduled on January 30, 2013.

13. Davis v Roberts. This action was filed with the Michigan Supreme Court. The action is for quo warranto. The claims are that the Emergency Financial Manager has no entitlement to his office because the statutory process of Act 72 was not followed and that Act 72 is not revived because it was repealed by Act 4. The Court of Appeals previously denied relief and held that Act was revived.

14. *Davis* v *State of Michigan, City of Detroit, et al.* This action was filed in Ingham County Circuit Court. The claim is that the financial stability agreement violates the Headlee Amendment. The trial court denied plaintiff's motion for an evidentiary hearing, but allowed depositions. The Court of Appeals granted the State's application for leave to appeal. Defendants filed a reply brief on September 27, 2012.

    Status: The Court of Appeals held oral arguments on December 5, 2012. The matter is awaiting decision.

15. *DPOA* v City of Detroit. This action was filed in Wayne County Circuit Court. This was an action for injunctive relief. The claim was that duty to engage in Act 312 arbitration survived the duty to bargain under the Public Employment Relations Act. On August 30, 2012, the Court granted the State's motion to intervene, dissolved a previously entered temporary restraining order, refused to enter a preliminary injunction, and determined that the City's employment terms are controlling until a new agreement is reached. The Court dismissed the case.

    Status: DPOA filed with the Court of Appeals a claim of appeal and motion to stay, the latter of which the Court denied.

16. *DPOA* v *City of Detroit*. This action was filed in the Court of Claims (Ingham County Circuit Court). The claim is that the duty to engage in Act 312 arbitration survived the duty to bargain under the Public Employment Relations Act.

    Status: Supplemental briefs have been filed by all parties who are awaiting a decision.

17. *FPOA* v *City of Flint*. This action was filed in Genesee County Circuit Court. This is an action for injunctive relief. The claim is that an Emergency Manager order which im-

posed a labor contract should be invalidated because the statute under which it was issued, Act 4 of 2011, no longer is in effect.

18. *Kincaid* v *Kurtz*. This action was filed in Genesee County Circuit Court. This is an action for *quo warranto* against the Flint Emergency Financial Manager. The claim is that the appointment of the Emergency Financial Manager is unconstitutional because Act 72 was repealed by Act 4 and, per the anti-revival statute (MCL 8.4), Act 72 was not revived upon the suspension of Act 4. Plaintiff's amended complaint and brief as requested by the Court were due on November 19, 2012. A hearing was scheduled on November 26, 2012. The Court granted a motion to adjourn the November 26, 2012, hearing which was rescheduled for December 20, 2012.

    Status: The case was dismissed on December 20, 2012.

19. *NCO Acquisitions, LLC, et al* v *Governor, et al*. This action was filed in United States District Court (Eastern District). The claim is that termination lease by Emergency Manager for Detroit Public Schools violated the Contracts Clause and Takings Clause of the federal Constitution.

    Status: The parties have filed cross motions for summary disposition and a hearing has been scheduled for January 9, 2013.

20. *Roberts* v *Murray, et al, and Detroit Board of Education*. This action was filed in Wayne County Circuit Court. This was an action for injunctive relief filed by the Emergency Financial Manager with a cross claim for injunctive relief by the School Board. The Court adopted the position set out in Attorney General Opinion No. 7267 that Act 72 is revived during the suspension of Act 4. The Court also held that actions taken under Act 4 prior to the time of its suspension remained valid.

    Status: Not available.

21. *Sutton v Brown*. This action was filed in Ingham County Circuit Court. The claim was that the appointment of Mike Brown as Emergency Manager for the City of Flint violated the Headlee Amendment. On August 8, 2012, the trial court dismissed the complaint due to lack of service by plaintiff.

    Status: The case was dismissed.

22. *Valenti* v *Snyder, et al*. This action was filed in United States District Court (Eastern District). The claim is that the Detroit financial stability agreement violated the contracts clause, procedural due process, and amounted to a tortious interference with contractual relations. The Court concluded that the suspension of Act 4 rendered the case moot, but that the case could be revisited depending upon the outcome of the Act 4 referendum.

Status: The case was dismissed, but on January 24, 2013, plaintiffs filed a motion with the court to reopen the case.

23. *Watkins, et al* v *the Governor, State Treasurer, and Attorney General.* This action was filed in Ingham County Circuit Court on behalf of two members of the Pontiac City Council, four members of the Benton Harbor City Commission, and all nine members of the Flint City Council. This is an action for mandamus or, in the alternative, declaratory, and injunctive relief. The plaintiffs seek to have the reappointments of the seven existing emergency financial managers declared invalid on grounds that the suspension of Act 4 did not revive Act 72.

    Status: The case was dismissed. At a motion hearing on December 5, 2012, the Ingham County Circuit Court denied plaintiffs' requested relief and granted summary disposition in favor of the State.

24. *Welch et al* v *Brown, Kurtz, et al.* This action was filed in United States District Court (Eastern District). This is a class action for injunctive relief and damages. The claim is that changes implemented by the Emergency Manager under Act 4 and to be implemented under Act 72 to retiree healthcare violate certain constitutional and contractual rights of retirees. At a hearing on September 6, 2012, the Court declined to grant an injunction. Instead, the Court directed the parties to meet. The Court was of the opinion that plaintiffs appeared to misunderstand the nature of changes to their coverage and should first meet with city representatives to discuss those changes.

    Status: The meeting between plaintiff's counsel and City's counsel was held and plaintiffs are expected to continue litigation.

Propsal

Wednesday, February 13, 2013 8:48 AM

Subject	**FW: Proposal to Address Short Term Funding Issues Associated with KWA**
From	Fraser, Roger (Treasury)
To	Koryzno, Edward (Treasury); Byrne, Randall (TREASURY); Cline, Richard (Treasury)
Sent	Monday, February 04, 2013 11:04 AM
Attachments	Proposal to Address S...

Please review and share your thoughts with me.

Thanks!

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, February 01, 2013 2:51 PM
To: Fraser, Roger (Treasury)
Cc: Ed Kurtz; Dempkowski, Angela (Treasury); Michael Brown
Subject: Proposal to Address Short Term Funding Issues Associated with KWA

Good afternoon Mr. Fraser:

Per Ed Kurtz, please find attached the City of Flint's proposal to address the short term funding issues associated with choosing KWA as the city's water source.

Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Edward J. Kurtz, Emergency Financial Manager
Michael K. Brown, City Administrator
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

Edward J. Kurtz
Emergency Financial Manager

Dayne Walling
Mayor

Proposal to Address Short-Term Funding Issues Associated With Choosing KWA as the City of Flint's Water Source

Flint officials have spent numerous hours considering the options of securing quality water at an affordable price for city residents and businesses. There have been many discussions with KWA and County officials, state officials, and representatives of the Detroit Water and Sewer System. Our conclusion is that participation in the KWA project will be in the best interests of the City of Flint, both in financial terms and in the future development of the region. Over the next 30 years, we project that participation in KWA will be less costly than continued participation with DWDS by at least $58 million and as much as $293 million.

The one issue of concern is the short term costs associated with joining KWA while continuing as a customer of DWSD who is paying a 15% penalty for failure to enter into a 30 year contract with DWSD. The issue is significant financially:

1. The up front cost of KWA during the 3 year construction period is projected to be $2,325,600.
2. The costs associated with continuing to pay DWSD an approximate 15% premium for not signing a 30 year model contract is projected to be $5,504,524, assuming an annual rate increase of 4.4% for each of the three years.

I am pleased that we have identified a strategy which will mitigate this concern:

1. With respect to the up front costs of KWA, the City and the Genesee County Water and Waste Services (GCWWS) have agreed in principal that the City's six miles of 72" pipeline located in Genesee County will be transferred to GCWWS in lieu of the projected $2.3 million up front payment. While this is subject to documentation of value, we believe that the value of the pipeline to GCWWS is at least $2.3 million. It would be our intent to lease that pipeline to the GCWWS for three years for $2.3 million and then deed it to GCWWS for one dollar when the pipeline is completed and KWA is delivering water to Flint. Once the City is part of KWA, the pipeline has no value to the City.

2. With respect to the ongoing penalty costs imposed by DWSD, it would be KWA's intent to enter into negotiations with DWSD to purchase their 72 inch pipeline which runs from Lapeer to Genesee County. This pipeline would have no value to DWSD when KWA is operational with Flint as a partner. In principle, the KWA offer would include contracting with DWSD at a reasonable rate to be the backup for KWA, including the elimination of the 15% penalty to Flint for the 3 years that KWA construction is underway and Flint is purchasing water from DWSD. The elimination of this penalty has the potential to reduce the cost of water to Flint during the three year construction period by some $5 million.

We believe that this strategy has long term benefits to Flint, KWA, and DWSD. First, it makes use of existing infrastructure which would otherwise be abandoned as KWA goes forward. Secondly, it reduces the current projected costs of building KWA. And finally, it benefits DWSD by providing them a continuing revenue stream as the provider of redundancy. However, should we be unsuccessful in negotiating an equitable arrangement with DWSD, we will pursue an alternative strategy.

Development of this proposal has opened the possibility of additional cooperative arrangements between the City of Flint and the GCWWS. We have agreed to begin discussions on the possibility of the GCWWS contracting to operate the Flint Water System. The plan would be to reach a conclusion before the start of the next fiscal year. If an agreement is reached, then negotiations would begin immediately on waste water treatment as well. This could be the start of a regional water and sewer authority.

KPMG

City of Flint

Water Supply Project
Key Considerations

November 2012

AUDIT • TAX • ADVISORY

The City of Flint Water Supply Project

Project Needs

- **Protecting public interest** – the City should articulate, protect and promote public policy objectives and interest while obtaining the best long-term solution.
- **Explore all options** – with respect to the options already considered, the City should understand the financial impact over the long-term of those options (KWA vs. DWSA); and which option provides a long-term cost effective solution to meet water demands.
- **Balance project risks and costs** – the City of Flint should identify and analyze project risks and develop an optimal risk allocation and procurement strategy that balances risk and cost to the City.
- **Minimize financial impact** – the City should evaluate the financial implication of the procurement options on all of the requisite infrastructure on the City's credit rating, balance sheet and water rates with a view to obtaining a lifecycle cost based solution.
- **Governance** – the City should assess various governance elements – e.g., voting rights, operation and maintenance requirements and associated costs, water entitlements, future expansion/contraction, binding vs. non-binding decisions, etc.
- **Procurement process** – the City should develop a project scope and procurement strategy that maximizes competitive interest in the project.

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Unique Challenges

- A thorough understanding of and experience with key contractual issues are critical:
  - Multi-jurisdictional project and inter-relationship with stakeholder goals;
  - Access to financing instruments;
  - Performance requirements;
  - Operational considerations;
  - Insurance and bonding requirements;
  - Warranties and guarantees of work products;
  - Environmental approvals and regulatory permits;
  - Procurement method;
  - Payment mechanism; and
  - Potential impact on the water rates.

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Project Risks

- The Lake Huron Water Supply Project involves a risk profile and procurement considerations that are different from a typical capital project.
- An appropriate and acceptable balance of risk and control is required after careful consideration of tradeoffs:
  - Demand and offtake risk;
  - Planning, design, engineering;
  - Regulatory approvals and permits;
  - Geotechnical / Site conditions;
  - Hazardous substances;
  - Financing risk;
  - Project costs and schedule delays;
  - Construction and materials;
  - Construction defects;
  - Contractor insolvency;
  - Operations risk; and
  - Performance risk

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Allocating Project Risks

- The Lake Huron Water Supply Project can be procured under a range of different contract models.
- The contract model defines the roles of public and private sector partners and how project risks are shared.

	Design	Construction	Operate & Maintain	Finance
Design Bid Build (DBB)	○	○	○	○
Design Build (DB)	●	●	○	○
Design Build Operate/ Maintain (DBOM)	●	●	●	○
Design Build Finance Operate/Maintain (DBFOM)	●	●	●	●

○ Risk retained by The City of Flint ● Risk transferred to Private Sector

- The long term risks for the City of Flint in implementing the Lake Huron Water Supply Project can be very different depending upon how the procurement is structured.

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Lessons Learned from Other Projects

- Issue that will need to be considered based on our experience (we understand that a number of these already are under consideration) include consideration of:
  - Authority (KWA) membership and voting rights;
  - Clear articulation of funding options and implementation, including membership responsibility apportionment
  - Facilities ownership and management, including competing facility (e.g., DWSA)
  - Governance – board membership, terms, responsibilities, and officers
  - Taxing authority on local jurisdictions
  - Water supply needs for developing areas vs. developed areas
  - Cost allocation for future capital projects – e.g. based on usage, entitlements, etc.
  - Rate setting methodology – e.g. based on actual usage, capacity, fixed capital costs and variable O&M costs, etc.
  - Financing structure for major capital project (e.g., tax-exempt bond funding, PayGO, alternative or private finance etc.)
  - Consideration of the whole of life management and costs of the options being considered including what happens at the end of the useful life of the capital assets

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Key success factors

- Strong project leadership
- Clearly defined project scope and objectives
- Availability of internal public sponsor resources and external advisory support
- Thorough planning and risk assessment in the early stages
- Project solution that takes operational requirements into consideration
- Well defined, fair and transparent procurement process
- Committed project timeline
- Proactive communication with senior staff, elected officials and stakeholders
- Early and meaningful dialogue with the industry
- Political and public support
- Long term service level to consumers

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Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, February 13, 2013 2:18 PM
To: Cline, Richard (Treasury); Byrne, Randall (TREASURY)
Subject: RE: UPDATED FLINT DWSD KWA ASSESSMENT

Importance: High

Roger has reviewed this and he had the following comments:

- We dodged the question of why TYJ&T costs estimates were double KWA.
- We need to reconcile the difference adequately.
- Recommendations "rings hollow" without more detail.
- If TYJ&T is "full of %&#%, there is a lack of substance to justify it
- Report is Too Bland!
- Andy's questions should be early in the report and there should be a direct linkage.

I want you to revisit the report given Roger's comments and make the necessary changes.

Let me know if you have any questions.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Cline, Richard (Treasury)
Sent: Wednesday, January 30, 2013 2:00 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (TREASURY)
Subject: UPDATED FLINT DWSD KWA ASSESSMENT
Importance: High

Ed/Randy,

Here is an update to my January 22 report on DWSD/KWA. I have rewritten large sections of this so please review carefully and let me know how you wish to proceed.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

ANALYSIS REPORT

TO: Edward Koryzno, Administrator; Office of Fiscal Responsibility

FROM: Eric Cline. Unit Operations Specialist

SUBJECT: Updated Flint Water System Status Assessment

DATE: February 15, 2013

Analysis Summary

On November 26, 2012, the Department of Treasury commissioned the firm of Tucker, Young, Jackson & Tull, Inc. (TYJT) to analyze options for the City of Flint to either remain a customer of the Detroit Water & Sewer Department (DWSD) or to join the Karegnondi Water Authority (KWA) in Genesee County. The overarching purpose of this study was to provide objective analyses to the State Treasurer and to Flint's Emergency Financial Manager (EFM) in order to secure potable drinking water for the City for the foreseeable future. The Office of Fiscal Responsibility (OFR) has been the lead office representing Treasury in this project.

On January 14, 2013, the State Treasurer requested responses to three questions: 1) Show the different, projected construction costs provided by TYJT and by the City of Flint/KWA. If these costs are different, explain why Treasury believes that the projects provided by Flint/KWA are acceptable; 2) identify the construction contingencies included in the TYJT and Flint/KWA projections; and 3) identify the options Flint will utilize in the event of a construction cost overrun or a delay in construction by KWA.

This has been a very difficult project to analyze because of the number of proposals to consider, differences of opinion about the conclusions of various engineering analyses that have been conducted, the fact that the analyses are comparing an existing, operational water system with one that has not yet been designed, and conditions within the City of Flint that make it difficult to assess their true water needs.

However, despite these difficulties, I believe that **KWA** presents the best future option to provide potable water for the City of Flint in the future. Long-term, KWA appears to be the cheaper option; the quality of water will almost certainly improve; Genesee County appears willing to assist the City securing the financial resources for their portion of the project; this project could signify the beginning of better collaboration between the City of Flint and Genesee County; the KWA project has both political and popular support.

The following details how this recommendation was arrived at:

Background:

On December 21, 2012, staff from TYJT met with representatives from the Department of Treasury and the City of Flint to provide a preliminary report on their findings. At this meeting, TYJT outlined 5 options that they had analyzed. These options were: 1) 100% water provision by the City of Flint Water Plant from its water source of the Flint River; 2) 100% provision of untreated Lake Huron Water by KWA (which would require treatment by the Flint Water Plant); 3) Effective 100% provision of treated drinking water by DWSD; 4) Provision of variable amounts of water from DWSD through the existing Potter & Baxter mains (this option called for Flint to treat and *blend* river water into DWSD water in order to reach their daily needs); and 5) Provision of variable amounts of water from DWSD through the 72" Imlay City main (this option also called for Flint to treat and *blend* river water into DWSD water in order to reach their daily needs). Each of the blending options looked at Flint purchasing 4, 8, or 12 Million Gallons per Day (MGD) from DWSD and blending the balance in river water to achieve their maximum daily water needs of 18 MGD. The Imlay City option also provided for DWSD to sell the 72" main to the City of Flint, which would then become the operational and maintenance responsibility of Flint.

From the presentation of the preliminary report on December 21 to the submission of the final report to the State by TYJT on January 29, 2013, a number of developments occurred that made analysis and arriving at a final decision very difficult. They were:

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Conclusions:

It is likely that TYJT's estimates are overly conservative. Their own analysis concludes that KWA's projections are cheaper than their estimate of the KWA project. Even with a 15% cost overrun and a one-year delay (Worst-case scenario), KWA's estimate is still lower than TYJT. All estimates for KWA are cheaper than the 100% DWSD option (all other DWSD options were eliminated from consideration by the EFM).

That is not to say that the KWA estimates are without fault. KWA is a new venture and the "unknowns" exist at the initial phases of the project. KWA has the potential to be the cheaper, long-term cost for the City of Flint after the bond debt for construction is retired. Significant construction delays and/or cost overruns could greatly add to the cost of this project, which could add to the financial burden on Flint.

Realistically, the true cost for this project will likely be in the middle of the two estimates. The bids for construction of the KWA lake water intake will be opened on February 26, 2013. Comparison of the bids and the estimates for intake construction could be an indicator of the more valid estimate.

There are also some additional factors that are outside of the three questions asked by the State Treasurer that influence a final recommendation on this project. The first is DWSD. DWSD is a "known" entity and the system is already in-place and in operation. DWSD may also be the cheaper option in the short term. However, selecting them requires a 30-year commitment and the unknown aspect of future rate increases is very concerning to Flint officials. All estimates show KWA being cheaper to Flint than DWSD after capital costs are retired. There also appears to be considerable local resistance to continuing a relationship with DWSD.

The upfront costs and the premium water charges assessed by DWSD while KWA is being constructed are of great concern to City officials. Flint officials have indicated that approximately **$3.5-million** in capital upgrades is needed for the Water Plant if the KWA option is selected. However, at a January 28, 2013 meeting, County Drain Commissioner Wright indicated that Genesee County will permit Flint to participate in its revenue bond sale for KWA for Flint's 30% share of capacity in the KWA System and for plant upgrades. Given Flint's current financial situation, were this participation to occur, it will be a positive development for the City because it is likely Flint would have a very difficult time issuing bonds on the strength of its own credit rating. The Drain Commissioner also indicated a willingness to discuss how KWA might mitigate the $7- to $8-million cost of the "premium" rate that would be charged to the City of Flint by DWSD for the City to purchase water while KWA was being constructed.

Recommendation:

A recommendation is being made to support the City of Flint joining KWA. Given, the conservatism of TYJT's estimates and the fact that all KWA estimates are cheaper than the 100% DWSD option, KWA appears to be the logical choice. EFM Kurtz has stated that he believes the KWA option is the cheaper alternative over time. There appears to be public support for the KWA project and EFM Kurtz has also stated that he believes that the Flint Mayor and City Council will support the KWA Project.

Also, the potential inclusion of Flint in the issuance of revenue bonds by Genesee County and the potential for KWA to assist the City in mitigating some of the DWSD premium charges could greatly reduce Flint's financial concerns.

There also appears to be good cooperation between City and County officials in discussing this project and this level of engagement and dialogue between city and county officials because of this project could continue to grow and lead to additional areas of cooperation and collaboration.

If further analysis on this issue is needed, please let me know.

Copy: Randall Byrne, State Administrative Manager; Office of Fiscal Responsibility

Attachment

S:\OFR\Cities\City of Flint\KWA Water Authority\UPDATED FLINT DWSD KWA ASSESSMENT Version VII.02-13-13.doc

Koryzno, Edward (Treasury)

From: Fraser, Roger (Treasury)
Sent: Saturday, February 16, 2013 9:43 AM
To: Koryzno, Edward (Treasury)
Subject: Re: TYJT & DWSD - FW: Friday Meeting On

Let's not close any doors on the discussion about this issue. If we need to pay for their time, so be it.

Sent from Roger's iPad

On Feb 15, 2013, at 10:31 AM, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov> wrote:

FYI – Not sure what Andy discussed with Mr. Fausone. Eric will be directed not to talk to TYJ&T.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

From: Cline, Richard (Treasury)
Sent: Friday, February 15, 2013 11:26 AM
To: Byrne, Randall (TREASURY); Koryzno, Edward (Treasury)
Subject: TYJT & DWSD - FW: Friday Meeting On
Importance: High

Please advise. Dave wants to speak with me prior to 1:30.

From: David Guastella [mailto:DGuastel@tyjt.com]
Sent: Friday, February 15, 2013 11:15 AM
To: Cline, Richard (Treasury)
Subject: FW: Friday Meeting On

From: Fausone, Jim [mailto:JFausone@fb-firm.com]
Sent: Thursday, February 14, 2013 2:59 PM
To: David Guastella
Subject: Friday Meeting On

David - This is to confirm Friday's 130pm meeting. Please send me the location. I met with Mr. Dillon today and he said to get with TYJT and discuss the Flint issue. I believe he was giving you and me full authority to meet and discuss. Feel free to call or email him. So , I would like to bring Director McCormick with me tomorrow and see the new digs and talk about Flint. Does that work? Jim

James G. Fausone

41700 West Six Mile Road, Suite 101
Northville, Michigan 48168-3460
(248) 380-0000 tel ext. [redacted]
(248) 380-3434 fax
jfausone@fb-firm com
www.fb-firm com

Check out our Legal Help for Veterans practice group at www.legalhelpforveterans com or www youtube com/legalhelpforveterans

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Local Government Continuing Agenda
Please submit updates at least one hour before meetings begin

Discussion Points:
Governor's Monthly Memo update
Real estate transfer tax
Increased reporting requirements triggers
Act 72: Have all cities submitted their requirement since the switch to PA 72?
DEP reporting requirements
Wayne County DTRF
Cities that require Pension and OPEB analysis - We have received 11 actuarial reports from Benton Harbor, Ecorse, Flint, Highland Park, Harper Woods, Inkster, Muskegon Heights, Pontiac, River Rouge, Taylor and Wayne County. Detroit and Hamtramck have not submitted information and a follow up letter will be sent. (ek 1/7/13)
EFM salaries
Dashboard Software-Two meetings with DTMB scheduled

Local Units:
Allen Park – Discussed emergency loan with Joyce Parker. A.P. will need loan by the end of Feb. Joyce would like to be approved for $6M and will need $2M immediately to address cash flow. The remaining $4M can be held in escrow if they need it. Joyce is putting together DEP and is looking at the sale of movie studio as well as options to reduce retiree healthcare costs (ss 1/8)

Joyce is discussing shared services with Taylor's Mayor Lamarand. Initial focus is on fire. Meeting is scheduled with Andy for 11:30 a.m. Friday, 2.1.13. Joyce plans a review of her DEP and financial plan with OFR and Roger during the week of Feb. 4. (rf 1.30)

City of Benton Harbor – Tony Saunders has had positive discussions with the Mayor and a majority of the Commission members. Tony has met with Joe Harris and spent about five hours talking about Joe's efforts. Pending his start at the end of this week, Tony has been doing impressive due diligence on the City and meeting with many folks. (rf 1.30)

The latest emergency loan amount remains uncertain. Tony wants to evaluate the near-term needs before a loan app is finalized.

Benton Harbor Area Schools

City of Dearborn Heights

City of Detroit – After Roger and Ed met with Steve Hilfinger, it appears the three of us are not impressed with the proposal prepared for and submitted by Kriss Andrews. We are arranging to meet with Chris Gannon of Conway MacKenzie to strategize about the proposals and what an execution plan would look like.

MEDC is interested in the status of Treasury's discussions with the City on their plans for PDD, and more broadly, the Treasurer's bigger picture views on the City's plans for PDD. This would include what if

anything is included in any agreements relating to milestones for draws on the escrow funds as it relates to PDD reforms. (ek 1/14)

Detroit Public Schools –

Ecorse – A revised version of the ILA will be presented to Ecorse next week. (RF 1.30)

Village of Elberta

Flint – Roger, Randy and Eric met with City officials, County Drain Commissioner and staff, and Rowe Engineering for talk about the KWA. Details were shared regarding the status of the project; the history of the City and the County in dealing with DWSD; opportunities for additional collaboration with the County on water and sewer projects; and how the County could help the City with the higher costs of DWSD water during the first three years of the KWA project (construction). Staff sees KWA as the better long-term solution to the City's water issues, with the one caveat being the higher DWSD costs. Ed Kurtz is optimistic that those higher costs can be addressed in ways that will not compromise the City's finances. City staff are convinced that they must plan for no more increases in water rates. (rf 1.30)

Handy Township

Highland Park City – L.G. is working on a long term plan for the City to have submitted by 2.15.13. (rf 1.30)

Highland Park Schools

Hamtramck – A preliminary review is recommended. Suzanne will explain. (rf 1.30)

Harper Woods –

Inkster – MDEQ is requiring the city to install CSO improvements as part of an order by Judge Fiekens and estimated to cost $20+ million. OFR staff attended a meeting on 12/17 with city staff and MDEQ staff to assess the necessity of the improvements given the city's current financial condition. (ek 12/17)

City of Muskegon Heights –

Muskegon Heights Public Schools

City of Pontiac – Lou submitted an updated project list. Should be able to go to a TAB in summer. (rf 1.08)

Pontiac School District

The preliminary review by the Department of Education found the existence of probable financial stress, but recommended that a financial review team not be appointed. As with Benton Harbor Schools, this recommendation is inconsistent with Section 12 of Act 4. (FH)

City of River Rouge – OFR staff is conducting an analysis of the PPT legislation's impact to the City. (ek 1/14)

Royal Oak Township – Staff was contacted by the newly elected Treasurer re: possible violations of PA 2 and Pa 33. Staff is reviewing documents provided by the Treasurer. (ek 1/8)

The FY 2013 budget has not been adopted and there are questions about authorizing payroll on 1/17/13; confidence in township attorney and financial consultant is low. (ek 1/14)

City of Taylor – The City has inappropriately borrowed from other funds to cover up cash flow issues. The deficit is $5M and the feeling is that the council won't take the deficit seriously but the mayor doesn't seem able to come up with a reasonable plan either. (ss 1/8)

Joyce and Roger will be meeting with the Mayor to discuss service sharing. (rf 1.08)

Wayne County – Roger, Ed and OFR staff met with Community Mental Health personnel during December to discuss CMH's desire to participate in Phase II via an MOU similar to the one with DHS. OFR staff is preparing both a Statement of Work and a corresponding MOU. (ek 1/8)

Phase II contract -The majority of fieldwork required in the contract has been completed. Most of the contract items are more than 90% complete. The Contractor believes that a draft of the report will be completed by the end of the month. The addendum for the delinquent tax revolving fund is approximately 90% complete according to the Contractor. (ek 1/8)

Carla Sledge has submitted a draft DEP eliminating the deficit by 2017. DEP is limited on details so will need to discuss its acceptance. The County is also submitting an application for a TAN this month (ss 1/8)

Webber Township – OFR staff met with Township Supervisor and OFR staff is preparing an engagement proposal to prepare multiyear forecast for consideration by Township Board. (ek 1/14)

Treasury intervened in this case in July and is working with the Township and the property owners toward a settlement. Our perception is that the current assessed values will not be sustained. (RF 11.13)

Prior Approval Applications (ss 12/11)
Mount Clemens ($5.7M) – under review by LAFD
Lansing Township DDA ($7.5M)-under review by LAFD
Village of Prescott ($690,000) – under review by LAFD
City of Flint Hospital Building Authority ($71M) – Incomplete application

Emergency Loan Applications- cannot exceed $35 million total (ss 9.25)
Allen Park-$2 million (application received and under review)

Benton Harbor-$3 million (application received and under review)
Hamtramck - $3 million (application received and under review)

Additional

Melvindale – Cash flow shortage, budget violations (ss 12/11). OFR staff had a phone conference with the Administrator, City Attorney and Finance Director on 1/11, as part of enhanced DEP reporting requirements. Staff is preparing a proposal for an engagement.(ek 1/14)
Lincoln Park – Contacted by the City Manager on 1/11 who stated the city will be out of cash in April. OFR staff is examining most recent audit for possible causes. (ek 1/14)

Action Items 12-11

Suzanne is going to send Cary to talk to the Wayne County Prosecutor regarding cuts and TAN conditions
Suzanne is reviewing the Brownstown Township DDA audit
Tom Saxton and John Barton will notify Jack Martin about the need for a draw request. Releasing $10 million to Detroit after verifying November milestones have been met.
John Barton is sending some bullet points about Pontiac to Andy
Benton Harbor- Andy meeting with Governor on Wednesday, talking to Ed and Roger Wednesday morning about how to resolve toxic environment before Andy meets with the Governor.
I am calling Phil Pierce regarding the Wayne County DTRF
I am also adding the necessary agenda items to our land bank conference call agenda

Additional:
Adding Real Estate Transfer Tax to the next meeting agenda
Adding Increased Reporting Requirements triggers to the next meeting agenda

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

ANALYSIS REPORT

TO: Edward Koryzno, Administrator; Office of Fiscal Responsibility

FROM: Eric Cline. Unit Operations Specialist

SUBJECT: Updated Flint Water System Status Assessment

DATE: February 21, 2013

Analysis Summary

On November 26, 2012, the Department of Treasury commissioned the firm of Tucker, Young, Jackson & Tull, Inc. (TYJT) to analyze options for the City of Flint to either remain a customer of the Detroit Water & Sewer Department (DWSD) or to join the Karegnondi Water Authority (KWA) in Genesee County. The overarching purpose of this study was to provide objective analyses to the State Treasurer and to Flint's Emergency Financial Manager (EFM) in order to secure potable drinking water for the City for the foreseeable future. The Office of Fiscal Responsibility (OFR) has been the lead office representing Treasury in this project.

On January 14, 2013, the State Treasurer requested responses to three questions: 1) Show the different, projected construction costs provided by TYJT and by the City of Flint/KWA. If these costs are different, explain why Treasury believes that the projects provided by Flint/KWA are acceptable; 2) identify the construction contingencies included in the TYJT and Flint/KWA projections; and 3) identify the options Flint will utilize in the event of a construction cost overrun or a delay in construction by KWA.

This has been a very difficult project to analyze because of the number of proposals to consider, differences of opinion about the conclusions of various engineering analyses that have been conducted, the fact that the analyses are comparing an existing, operational water system with one that has not yet been designed, and conditions within the City of Flint that make it difficult to assess their true water needs.

However, despite these difficulties, I believe that **KWA** presents the best future option to provide potable water for the City of Flint in the future. Long-term, KWA appears to be the cheaper option; the quality of water will almost certainly improve; Genesee County appears willing to assist the City in securing the financial resources for their portion of the project; this project could signify the beginning of better collaboration between the City of Flint and Genesee County; the KWA project has both political and popular support.

The following details how this recommendation was arrived at:

Background:

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County Drain Commissioner Jeff Wright stated at a January 28 meeting that, if necessary, KWA has the authority to borrow more funds to complete the project in the event that delays or cost overruns necessitate the borrowing of more funds. However, Mr. O'Brien also stated that the January 28 meeting that KWA expects to purchase insurance policies to insure against delays to the project. It has been suggested that a one-year delay in completion could increase project costs by as much as $20-million. Further discussion with Mr. O'Brien reveals that KWA is looking into purchasing a "wrap-around" policy against construction delays and a builders' risk policy; the costs of which are still being determined by KWA. Drain Commission Wright also indicated at the January 28 meeting that if construction bids come-in significantly higher than estimated that KWA will likely reassess its approach to this project.

Conclusions:

It is likely that TYJT's estimates are overly conservative. Their own analysis concludes that KWA's projections are cheaper than their estimate of the KWA project. Even with a 15% cost overrun and a one-year delay (Worst-case scenario), KWA's estimate is still lower than TYJT. All estimates for KWA are cheaper than the 100% DWSD option (all other DWSD options were eliminated from consideration by the EFM).

That is not to say that the KWA estimates are without fault. KWA is a new venture and the "unknowns" exist at the initial phases of the project. KWA has the potential to be the cheaper, long-term cost for the City of Flint after the bond debt for construction is retired. Significant construction delays and/or cost overruns could greatly add to the cost of this project, which could add to the financial burden on Flint.

Realistically, the true cost for this project will likely be in the middle of the two estimates. The bids for construction of the KWA lake water intake will be opened on February 26, 2013, with the expectation of presenting a recommendation for bid award on March 20. Comparison of the bids and the estimates for intake construction could be an indicator of the more valid estimate.

There are also some additional factors that are outside of the three questions asked by the State Treasurer that influence a final recommendation on this project. The first is DWSD. DWSD is a "known" entity and the system is already in-place and in operation. DWSD may also be the cheaper option in the short term. However, selecting DWSD requires a 30-year commitment and the unknown aspect of future rate increases is very concerning to Flint officials. EFM Kurtz has stated that the City has experienced rate volatility over the history of its relationship with DWSD. According to the EFM, the average historical annual rate increase for the City is **6.7%**, but over the past 10-years the average annual rate increase has been **10.5%**.

All estimates show KWA being cheaper to Flint than DWSD after capital costs are retired. There also appears to be considerable local resistance to continuing a relationship with DWSD.

The upfront costs and the premium water charges assessed by DWSD while KWA is being constructed are of great concern to City officials. Flint officials have indicated that approximately **$3.5-million** in capital upgrades is needed for the Water Plant if the KWA option is selected. However, at a January 28,

2013 meeting, County Drain Commissioner Wright indicated that Genesee County will permit Flint to participate in its revenue bond sale for KWA for Flint's 30% share of capacity in the KWA System and for plant upgrades. Given Flint's current financial situation, were this participation to occur, it will be a positive development for the City because it is likely Flint would have a very difficult time issuing bonds on the strength of its own credit rating. The Drain Commissioner also indicated a willingness to discuss how KWA might mitigate the $5- to $6-million cost of the "premium" rate that would be charged to the City of Flint by DWSD for the City to purchase water while KWA was being constructed.

On February 4, 2013, a proposal was received from EFM Kurtz that outlined a two-phased approach to resolve the cost of this premium charge. First, the City will transfer six miles of 72" water main owned by the City that extends into Genesee County in lieu of the **$2.3-million** up-front payment the City would have to make for construction of the KWA system. The second phase involves KWA entering into negotiations with DWSD to purchase their 72" water main that runs from Imlay City to Genesee County and agreeing to purchase water from DWSD for redundant purposes in-exchange for DWSD eliminating the **15%** premium rate to Flint during the three-year KWA construction period.

Recommendation:

A recommendation is being made to support the City of Flint joining KWA. Given, the conservatism of TYJT's estimates and the fact that all KWA estimates are cheaper than the 100% DWSD option, KWA appears to be the logical choice. EFM Kurtz has stated that he believes the KWA option is the cheaper alternative over time. There appears to be public support for the KWA project and EFM Kurtz has also stated that he believes that the Flint Mayor and City Council will support the KWA Project.

Also, the potential inclusion of Flint in the issuance of revenue bonds by Genesee County and the potential for KWA to assist the City in mitigating some of the DWSD premium charges could greatly reduce Flint's financial concerns.

There also appears to be good cooperation between City and County officials in discussing this project and this level of engagement and dialogue between city and county officials because of this project could continue to grow and lead to additional areas of cooperation and collaboration.

If further analysis on this issue is needed, please let me know.

Copy: Randall Byrne, State Administrative Manager; Office of Fiscal Responsibility

Attachment

S \OFR\Cities\City of Flint\KWA Water Authority\UPDATED FLINT DWSD KWA ASSESSMENT.Version VIII 02-21-13.doc

City of Flint Water Rate History

Year (Date Effective)	Average Monthly Water/Sewer Bill*	Percentage Change in Water/Sewer Rates	Water Fund** Total Operating Revenue	Water Fund** Unrestricted Net Position	Water Fund** Capital Improvements
2010	$64	12%	$31,956,754	-$5,795,973	$2,091,160
1/15/2011	$82	29%	$36,762,663	-$12,443,265	$1,403,916
9/16/2011	$111	35%			
7/1/2012	$111	26%	$44,854,439	-$8,758,091	$755,681
2013	$140	0%	$49,903,868	$834,447	$147,462
07/01/13 to 06/30/14	$140	0%	$43,552,152	$760,745	$3,301,700
07/01/14 to 06/30/15	$149***	6%	N/A	N/A	N/A

Note* Water rate information is based on average usage of 7 units per month with a 5/8" residential remote meter.

Note** Water fund information was compiled from the City of Flint's CAFR filed with the Michigan Department of Treasury.

Note*** Billing breakdown contained in attached memo.

City Operations – An initial review of several departments across the City indicates a significant need for a comprehensive IT infrastructure upgrade and City-wide integration of its centralized processes

Function	Observations
IT	▪ The technology infrastructure, support capabilities and governance appear to be in very poor condition ▪ The IT function is currently in a stage of transition in terms of people and investment. There is heavy reliance on third party advisors and little ownership by the departments utilizing the function ▪ The existing systems are antiquated and inefficient in structure. As an example, the Police system is run off of dozens of Access databases – which are relied upon to track critical data such as crime and intelligence data. Moreover, the ability to assess the patrol/arrest process time allocation is limited ▪ Police have received grants that make possible a system upgrade. However, the grant funding does not adequately cover the cost of process redesign, which will be a critical step in getting value from the IT upgrade ▪ It is apparent that the basic infrastructure and resources would need to be stabilized prior to optimizing specific systems. This includes a long term IT governance, disaster recovery and management / resource plan ▪ Telecommunication contracts appear to provide an opportunity for improvement. The current cost is in excess of $1M projected for FY14. It is possible that the restructuring of these contracts to match the needs of the City may result in savings as much as 40%
Purchasing/ Accounting	▪ The current process and tools limit the ability to empower the department heads to track and manage budget / actual accountability and impacting also the ability to encumber current funds and limit multi-year rollovers. There is some expectation that the new accounting systems will provide the tools to improve these processes ▪ Vendor management, IFB and RFP process needs to be enhanced to ensure that Bid to Delivery process is tracked
Water and Sewer	▪ The City is experiencing significant issues surrounding the large increases in water costs. Water rates have more than doubled in the past 2 years and that has resulted in declining collections. The City has more than 8,000 or ~25% customers past due and does not yet have a strategy / process / resources to address this issue ▪ The City only has the capacity to perform 150 shut-offs a week. Given the level of delinquencies, it is clear there are not resources to properly enforce collections ▪ The City has also identified a growing issue surrounding unbilled water. This is a result of both fire department usage (driven by high number of fires) and theft.

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, February 21, 2013 10:19 AM
To: Byrne, Randall (TREASURY)
Subject: Flint Water Parallel Line Option.Update

Importance: High

Randy,

Per your request, here is an update on this parallel line option as it relates to the Flint Water System Analysis.

- Below is a summary of the initial conversation I had with TYJT on this issue. This information was sent on January 22, 2013.

- On pages 17-18 of the Final Report provided by TYJT, this option was referenced. The report states the following:

Additionally, in recent conversations with the Treasury another option was discussed that could potentially be the most cost-effective solution.
Currently the Flint WTP serves as a backup if service is lost through either the DWSD or KWA pipeline. If the a twin pipe paralleling the DWSD 72-inch water main were constructed with interconnects with the 72-inch line, then the new water main could serve as the backup to Flint and the Flint WTP could be abandoned or potentially sold to Genesee County for their use.

The construction of the parallel pipeline would be considered in the DWSD capital expenditure as a Common to All (CTA) cost. This means that the capital cost of the pipeline would be shared by all DWSD customers and not just by Flint.
Preliminary analysis of this option appears to be the most cost-effective of all the options discussed. However, a more thorough cost analysis is warranted and this approach would require an agreement between Flint and DWSD.

- On February 15, 2013, I was informed of a meeting between DWSD and TYJT regarding this option. Apparently, this meeting was authorized by the State Treasurer. The DWSD Director and Chair of the Board met with Dave Guastella, Vice President of TYJT. Mr. Guastella informed me that DWSD was inquiring how the Flint issue will move forward. They also, apparently, repeated their openness to the parallel line option and indicated willingness, were this option to move forward, to relocate the master meter from Potter & Baxter to the Flint WTP. This would eliminate the need for Flint to construct a connecting line to the master meter. DWSD also indicated that relocating this master meter could also be completed as a Common-to-all-Cost project.

This is all of the additional information I have at this point.

Please advise me on how you wish me to proceed.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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Koryzno, Edward (Treasury)

From: Fraser, Roger (Treasury)
Sent: Thursday, February 21, 2013 6:15 PM
To: Stibitz, Brom (Treasury); Koryzno, Edward (Treasury)
Subject: RE: Treasury Flint Water Supply Assessment

We've been working on the final touches to our KWA report, which includes our recommendation. However, we learned within the past few days that Tucker Young apparently met with Andy and is exploring another alternative. Do you have any information about that?

I asked for some additional edits on the Highland Park plan, which has been evolving along with the KWA report.

From: Stibitz, Brom (Treasury)
Sent: Thursday, February 21, 2013 3:30 PM
To: Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Subject: FW: Treasury Flint Water Supply Assessment

Did we ever track down the responses to Andy's KWA questions?

What about the Highland Park plan?

From: David Guastella [mailto:DGuastel@tyjt.com]
Sent: Thursday, February 21, 2013 1:07 PM
To: jfausone@fb-firm.com
Cc: mccormick@dwsd.org; George Karmo; Awni Qaqish; Dillon, Andy (Treasury); Cline, Richard (Treasury); Stibitz, Brom (Treasury); Koryzno, Edward (Treasury)
Subject: FW: Treasury Flint Water Supply Assessment

Jim

The purpose of this email is to summarize our discussion from our meeting on February 15th for the Treasury who was not in attendance. They are copied on the email along with the Director and our staff who were present at the meeting. Please review the bullet items below and "Reply to All" if you have any revisions. TYJT is prepared to assist in any way possible to resolve the Flint supply issue.

- TYJT provided DWSD with a copy of the final report titled, "City of Flint Water Supply Assessment, February 2013."
- In addition to the options presented in the report, TYJT discussed the possibility of moving the metering point for Flint to Flint's WTP and twinning the existing pipeline so that the Flint WTP could be abandoned. The second line would serve as the required redundancy to Flint.

  Moving the metering point to the Flint WTP would potentially allow for the entire cost of twinning the existing 72-inch main to be covered in DWSD's rate calculations as a Common to All cost that would get allocated as capital over the entire DWSD wholesale customer base. Since DWSD costs by customer are based on distance and elevation components it was recognized that moving the supply point west would increase the distance, but that the elevation of the plant appeared to be lower than the current supply point at Potter & Baxter. Therefore, the distance component may be off set in some degree by the elevation component. TYJT provided preliminary costs for twinning the pipeline to DWSD to aid in their calculation. DWSD indicated that they would estimate the rate impacts to Flint and get back with TYJT.

There was a brief discussion related to whether DWSD would buy the existing Flint main between the existing metering point at Potter & Baxter and the Flint WTP. It was found that a better understanding related to the condition of this main and its value would need to be evaluated.

- The DWSD Board of Water Commissioners is comprised of Detroit representatives and representatives from Oakland, Macomb, and Wayne Counties. Adding a representative from Genesee County was discussed. DWSD needs to look at charter restrictions and the judge's ruling to determine how this issue could be addressed.
- There was concern expressed as to whether KWA representatives are representing the actual opinions of the individual communities within the counties being supplied by DWSD. A discussion of possibly holding presentations of the Treasury findings to the individual communities was discussed.
- In general, the meeting was very positive with DWSD willing to address the issues Flint has identified so that the Department can retain Flint as a customer.

Dave

From: Fausone, Jim [mailto:JFausone@fb-firm.com]
Sent: Thursday, February 14, 2013 2:59 PM
To: David Guastella
Subject: Friday Meeting On

David - This is to confirm Friday's 130pm meeting. Please send me the location. I met with Mr. Dillon today and he said to get with TYJT and discuss the Flint issue. I believe he was giving you and me full authority to meet and discuss. Feel free to call or email him. So , I would like to bring Director McCormick with me tomorrow and see the new digs and talk about Flint. Does that work? Jim

James G. Fausone

FAUSONE BOHN, LLP

41700 West Six Mile Road, Suite 101
Northville, Michigan 48168-3460
(248) 380-0000 tel ext. [redacted]
(248) 380-3434 fax
jfausone@fb-firm.com
www.fb-firm com

Check out our Legal Help for Veterans practice group at www legalhelpforveterans com or www youtube com/legalhelpforveterans

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Koryzno, Edward (Treasury)

From: Byrne, Randall (TREASURY)
Sent: Friday, February 22, 2013 7:39 AM
To: Koryzno, Edward (Treasury)
Subject: FW: Flint water supply

Ed:

It sounds as if Roger has not received the email from Dave G. Do you want me to send it to him?

Randy,

From: Fraser, Roger (Treasury)
Sent: Thursday, February 21, 2013 6:21 PM
To: Byrne, Randall (TREASURY)
Cc: Koryzno, Edward (Treasury)
Subject: RE: Flint water supply

Do you know what, if any, traction there is on this idea?

From: Byrne, Randall (TREASURY)
Sent: Thursday, February 21, 2013 5:23 PM
To: Fraser, Roger (Treasury)
Subject: RE: Flint water supply

Roger:

The parallel line that DWSD would construct is from Imlay City to Flint. The benefit to Flint is that they may be able to abandon their water plant because the 2nd line would provide the redundancy that is required as per TYJT. The benefit to DWSD is that they would retain the City of Flint as a customer.

Randy,

From: Fraser, Roger (Treasury)
Sent: Thursday, February 21, 2013 3:22 PM
To: Byrne, Randall (TREASURY); Koryzno, Edward (Treasury)
Subject: FW: Flint water supply

The updated assessment appears fine. Thanks for the additional work.

The Flint parallel water line option is not one I understand. It is not clear why construction of a new line paralleling the 72" line from Port Huron would be of interest to DWSD and a benefit, not only to Flint, but also to the metro area users of the DWSD water services. Do we have any confirmation of DWSD's interest is this approach?

From: Byrne, Randall (TREASURY)
Sent: Thursday, February 21, 2013 10:52 AM
To: Fraser, Roger (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: Flint water supply

Roger:

I am forwarding to you the updated KWA Assessment and a question regarding another option that was not included in this Assessment. It was discussed by Tucker Young and DWSD last Friday, but we have nothing in writing from DWSD committing them to this proposal, nor do we have any engineering data to compare this option with the others. Please review Eric's comments to me and advise as to the best course of action.

Thanks,
Randy,

Randall D. Byrne, Manager, Office of Fiscal Responsibility
State of Michigan 430 W. Allegan St. , Lansing, MI 48922
ByrneR1@michigan.gov (517) 355-2521

Think Green! Don't print this e-mail unless you need to.

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Koryzno, Edward (Treasury)

From: Fraser, Roger (Treasury)
Sent: Friday, February 22, 2013 8:07 AM
To: Stibitz, Brom (Treasury)
Cc: Koryzno, Edward (Treasury); Byrne, Randall (TREASURY); Cline, Richard (Treasury)
Subject: FW: Flint water supply
Attachments: Flint Water Parallel Line Option.Update; UPDATED FLINT DWSD KWA ASSESSMENT.Version VIII.02-21-13.doc

Attached is our assessment of the KWA issue in Flint. The questions Andy raised are specifically addressed.

As you may recall, while receiving water from DWSD, an ongoing requirement, imposed by DEQ, is for a backup water system in Flint in case of failure of the DWSD service. To that end, Flint has been required to maintain their water plant, even though it rarely has been used. In the parallel line option, Tucker Young suggests that the need for Flint to maintain their water plant while receiving water from DWSD, might be resolved by running a parallel line from Imlay City that would provide a second means of delivery for DWSD treated water. That parallel line could, in the thoughts of Tucker Young, also resolve certain backup issues for other parts of the DWSD system.

We are unaware of any discussions with DWSD on this issue. An obvious concern would be where the cost for the parallel line fits in DWSD capital planning. From Flint's perspective, the value proposition has to be concerning as the City spent approximately $45 million upgrading the plant recently, still has debt to pay related to those improvements, and would be faced with the longer term issue of what to do with the plant. Use by the County was suggested. Because of the low geographic elevation of the Flint plant, its use as other than a backup for the Genesee County water services would be difficult.

Based on what we understand of the somewhat dynamic circumstances around this decision, the KWA option still seems best for Flint.

From: Byrne, Randall (TREASURY)
Sent: Thursday, February 21, 2013 10:52 AM
To: Fraser, Roger (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: Flint water supply

Roger:

I am forwarding to you the updated KWA Assessment and a question regarding another option that was not included in this Assessment. It was discussed by Tucker Young and DWSD last Friday, but we have nothing in writing from DWSD committing them to this proposal, nor do we have any engineering data to compare this option with the others. Please review Eric's comments to me and advise as to the best course of action.

Thanks,
Randy,

Randall D. Byrne, Manager, Office of Fiscal Responsibility
State of Michigan 430 W. Allegan St., Lansing, MI 48922
ByrneR1@michigan.gov (517) 355-2521

Headen, Frederick (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, February 21, 2013 10:19 AM
To: Byrne, Randall (Treasury)
Subject: Flint Water Parallel Line Option.Update

Importance: High

Randy,

Per your request, here is an update on this parallel line option as it relates to the Flint Water System Analysis.

- Below is a summary of the initial conversation I had with TYJT on this issue. This information was sent on January 22, 2013.

- On pages 17-18 of the Final Report provided by TYJT, this option was referenced. The report states the following:

Additionally, in recent conversations with the Treasury another option was discussed that could potentially be the most cost-effective solution.
Currently the Flint WTP serves as a backup if service is lost through either the DWSD or KWA pipeline. If the a twin pipe paralleling the DWSD 72-inch water main were constructed with interconnects with the 72-inch line, then the new water main could serve as the backup to Flint and the Flint WTP could be abandoned or potentially sold to Genesee County for their use.

The construction of the parallel pipeline would be considered in the DWSD capital expenditure as a Common to All (CTA) cost. This means that the capital cost of the pipeline would be shared by all DWSD customers and not just by Flint.
Preliminary analysis of this option appears to be the most cost-effective of all the options discussed. However, a more thorough cost analysis is warranted and this approach would require an agreement between Flint and DWSD.

- On February 15, 2013, I was informed of a meeting between DWSD and TYJT regarding this option. Apparently, this meeting was authorized by the State Treasurer. The DWSD Director and Chair of the Board met with Dave Guastella, Vice President of TYJT. Mr. Guastella informed me that DWSD was inquiring how the Flint issue will move forward. They also, apparently, repeated their openness to the parallel line option and indicated willingness, were this option to move forward, to relocate the master meter from Potter & Baxter to the Flint WTP. This would eliminate the need for Flint to construct a connecting line to the master meter. DWSD also indicated that relocating this master meter could also be completed as a Common-to-all-Cost project.

This is all of the additional information I have at this point.

Please advise me on how you wish me to proceed.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
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From: Cline, Richard (Treasury)
Sent: Tuesday, January 22, 2013 5:14 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (TREASURY)
Subject: Flint Water Parallel Line Option
Importance: High

Ed/Randy,

I spoke with Dave Guastella regarding the DWSD Parallel Line option. Here is what our conversation covered.

- DWSD open to constructing a parallel line as Common-to-All cost. It would run from Imlay City through Potter & Baxter. Approximately 30 miles.
- DWSD would roll the cost into all customer rates over 30-years. Flint, thereby, would avoid capital costs. DWSD said that they could calculate impact on rates about one day after an estimated cost of construction is developed.
- Dave indicated that the line could be built to bypass failures. It would also contain interconnects so water could be transferred between the lines.
- Flint will probably have to construct line from the Water Plant (about 2 miles) to connect to the new line for true redundancy.

Let me know how you wish to proceed with this new information.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
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Headen, Frederick (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, February 21, 2013 10:36 AM
To: Byrne, Randall (Treasury)
Subject: UPDATED FLINT DWSD KWA ASSESSMENT.Version VIII.02-21-13.doc
Attachments: UPDATED FLINT DWSD KWA ASSESSMENT.Version VIII.02-21-13.doc

Importance: High

Per your request.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

ANALYSIS REPORT

TO: Edward Koryzno, Administrator; Office of Fiscal Responsibility

FROM: Eric Cline. Unit Operations Specialist

SUBJECT: Updated Flint Water System Status Assessment

DATE: February 21, 2013

Analysis Summary

On November 26, 2012, the Department of Treasury commissioned the firm of Tucker, Young, Jackson & Tull, Inc. (TYJT) to analyze options for the City of Flint to either remain a customer of the Detroit Water & Sewer Department (DWSD) or to join the Karegnondi Water Authority (KWA) in Genesee County. The overarching purpose of this study was to provide objective analyses to the State Treasurer and to Flint's Emergency Financial Manager (EFM) in order to secure potable drinking water for the City for the foreseeable future. The Office of Fiscal Responsibility (OFR) has been the lead office representing Treasury in this project.

On January 14, 2013, the State Treasurer requested responses to three questions: 1) Show the different, projected construction costs provided by TYJT and by the City of Flint/KWA. If these costs are different, explain why Treasury believes that the projects provided by Flint/KWA are acceptable; 2) identify the construction contingencies included in the TYJT and Flint/KWA projections; and 3) identify the options Flint will utilize in the event of a construction cost overrun or a delay in construction by KWA.

This has been a very difficult project to analyze because of the number of proposals to consider, differences of opinion about the conclusions of various engineering analyses that have been conducted, the fact that the analyses are comparing an existing, operational water system with one that has not yet been designed, and conditions within the City of Flint that make it difficult to assess their true water needs.

However, despite these difficulties, I believe that **KWA** presents the best future option to provide potable water for the City of Flint in the future. Long-term, KWA appears to be the cheaper option; the quality of water will almost certainly improve; Genesee County appears willing to assist the City in securing the financial resources for their portion of the project; this project could signify the beginning of better collaboration between the City of Flint and Genesee County; the KWA project has both political and popular support.

The following details how this recommendation was arrived at:

Background:

On December 21, 2012, staff from TYJT met with representatives from the Department of Treasury and the City of Flint to provide a preliminary report on their findings. At this meeting, TYJT outlined 5 options that they had analyzed. These options were: 1) 100% water provision by the City of Flint Water Plant from its water source of the Flint River; 2) 100% provision of untreated Lake Huron Water by KWA (which would require treatment by the Flint Water Plant); 3) Effective 100% provision of treated drinking water by DWSD; 4) Provision of variable amounts of water from DWSD through the existing Potter & Baxter master meter (this option called for Flint to treat and *blend* river water into DWSD water in order to reach their daily needs); and 5) Provision of variable amounts of water from DWSD through the 72" Imlay City main (this option also called for Flint to treat and *blend* river water into DWSD water in order to reach their daily needs). Each of the blending options looked at Flint purchasing 4, 8, or 12 Million Gallons per Day (MGD) from DWSD and blending the balance in river water to achieve their maximum daily water needs of 18 MGD. The Imlay City option also provided for DWSD to sell the 72" main to the City of Flint, which would then become the operational and maintenance responsibility of Flint.

From the presentation of the preliminary report on December 21 to the submission of the final report to the State by TYJT on January 29, 2013, a number of developments occurred that made analysis and arriving at a final decision very difficult. They were:

- DWSD provided the City of Flint with at least two modified proposals to consider.
- TYJT and Rowe Professional Services Company (Rowe), the principal engineering firm for KWA (and Genesee County and the City of Flint), began disputing the others' conclusions and estimates regarding the construction of the KWA pipeline.
- The Flint EFM also disputed several of TYJT's conclusions. At a January 10, 2013, meeting with Treasury, the EFM also eliminated the 100% Water Plant option, using the Flint River as a 100% water source (which was cheapest option, as determined by TYJT).
- At a January 10, 2013 meeting, Flint officials eliminated all of the DWSD Imlay City options (which were the cheapest DWSD options) over concerns of owning and maintaining the 72" water main. They also eliminated consideration of any of the blending options originally proposed to DWSD, in part over concerns of added costs to soften the water. This effectively left the only options remaining under consideration by Flint to be the 100% DWSD option (which TYJT estimated to be more expensive than either of the KWA cost options) or joining KWA.

I believe that TYJT's analysis was hampered by the very short timeframe in which they attempted to conduct this analysis; which, may have led to be being more conservative in some of their estimates. I believe that some of the comparable systems used in their analysis may not have been the best options but given that KWA is still in the design phase, may represent the best selection of comparable. I also believe, for whatever reasons, that all of the information (from both DWSD and KWA) TYJT needed to effectively analyze these options was not provided to them.

Projected Construction Costs:

Based upon the provided construction estimates, TYJT estimates the KWA construction costs at **$357.6-million**. KWA estimates construction costs at **$272.4-million**. TYJT states in their final report that they received "limited information" from KWA, which might have resulted in more conservative estimates.

The primary differences between the two estimates center around 1) the cost of constructing the pumping stations; 2) land acquisition costs; 3) contingency costs (discussed below); 4) the provision of

construction management services; 5) design costs; and 6) redundant power at the pumping stations. Cost estimates were reasonably similar by both firms in other areas except for those noted above.

The cost of constructing the pumping stations is the biggest difference between the two estimates (**$24.6-million vs. $54.5-million**). TYJT stated that they believe KWA had not designed the pumping stations to the point where more accurate numbers could be achieved. TYJT also stated that their estimates were based on construction costs for a similar project in SE Michigan. KWA maintains that construction costs in Genesee County are much lower than in SE Michigan and that they have extensive experience in construction projects that will help keep costs in-line. KWA has also stated that the construction of the transmission pipeline will be done by multiple contractors in order to save time and allow more Michigan contractors to bid on the project.

TYJT added **$1.2-million** to their estimates for land and easement acquisition. KWA has stated that they have already secured nearly all of the land and easement accesses needed for this project. It is likely that TYJT was unaware of this when they developed their estimates.

TYJT also added 5% (**$14.4-million**) to their estimated base cost for construction management services. TYJT has stated that KWA has not taken these costs into account. KWA maintains that they have accounted for them and these costs will not be that high.

Nearly **$18-million** was added to TYJT's estimates for design costs and legal work for the design of both the pumping stations and the transmission pipeline. KWA maintains that they have accounted for these expenses.

TYJT also included **$1.3-million** in new costs for standby power at the pumping stations. KWA has made no provisions for redundant power at the pumping facilities. TYJT included the provision of redundant power in their estimates and notes that this is an industry standard. KWA officials have stated that the new water plant will have redundant power but that the pumping stations will not. The stated reasons for not including redundant power were cost containment, that Flint can use the Flint River as a backup water supply in the event of an extended power outage and that the KWA systems' water storage capacity will allow for 7 days of reserve supply. KWA has also stated that they will look at installing standby power later but can utilize portable generators at the pumping stations, if necessary.

If the additional costs are not included, then the TYJT and the KWA estimates are within 5% of each other. This may/may not be acceptable differences, but I believe the only way to verify the accuracy of either estimate would be to utilize a third engineering firm to independently review both TYJT and KWA's estimates.

Project Contingency:

Construction contingency costs, also known as Engineering, Land, Administration, and Contingency costs (ELAC) are summarized in an attached chart developed by Rowe for the City of Flint. KWA/Rowe estimates total construction at $272.4-million, with **$53.2-million** (25%) for ELAC contingencies. County Water and Sewer Administrator John O'Brien clarified at a January 28, 2013 meeting that there is a 15% contingency for unforeseen issues and 10% "extra." TYJT estimates total construction at $357.6-million, with **$107.3-million** (30%) for ELAC contingencies.

TYJT stated that they believe that 25% ELAC for a project of this scope that is (at the time of the final report) less than 15% designed is insufficient; hence the more conservative estimate. The 5% difference in ELAC costs adds nearly $40-million to the TYJT estimate.

Construction Cost Overrun/Construction Delay Options:

The OFR is not aware of any contingency plans developed by either KWA or the City of Flint to address construction cost overruns or significant construction delays. The final TYJT Water Supply Assessment Report does reference an October 31, 2012 letter from KWA to EFM Kurtz in which KWA anticipates a "worse-case scenario" of a 15% cost overrun and a one-year operational delay. KWA projects, under this scenario, that water from DWSD would be cheaper than KWA until 2020 as opposed to 2016; reducing projected cumulative savings from $19-million to $3.9-million by Year 8 (2020).

County Drain Commissioner Jeff Wright stated at a January 28 meeting that, if necessary, KWA has the authority to borrow more funds to complete the project in the event that delays or cost overruns necessitate the borrowing of more funds. However, Mr. O'Brien also stated that the January 28 meeting that KWA expects to purchase insurance policies to insure against delays to the project. It has been suggested that a one-year delay in completion could increase project costs by as much as $20-million. Further discussion with Mr. O'Brien reveals that KWA is looking into purchasing a "wrap-around" policy against construction delays and a builders' risk policy; the costs of which are still being determined by KWA. Drain Commission Wright also indicated at the January 28 meeting that if construction bids come-in significantly higher than estimated that KWA will likely reassess its approach to this project.

Conclusions:

It is likely that TYJT's estimates are overly conservative. Their own analysis concludes that KWA's projections are cheaper than their estimate of the KWA project. Even with a 15% cost overrun and a one-year delay (Worst-case scenario), KWA's estimate is still lower than TYJT. All estimates for KWA are cheaper than the 100% DWSD option (all other DWSD options were eliminated from consideration by the EFM).

That is not to say that the KWA estimates are without fault. KWA is a new venture and the "unknowns" exist at the initial phases of the project. KWA has the potential to be the cheaper, long-term cost for the City of Flint after the bond debt for construction is retired. Significant construction delays and/or cost overruns could greatly add to the cost of this project, which could add to the financial burden on Flint.

Realistically, the true cost for this project will likely be in the middle of the two estimates. The bids for construction of the KWA lake water intake will be opened on February 26, 2013, with the expectation of presenting a recommendation for bid award on March 20. Comparison of the bids and the estimates for intake construction could be an indicator of the more valid estimate.

There are also some additional factors that are outside of the three questions asked by the State Treasurer that influence a final recommendation on this project. The first is DWSD. DWSD is a "known" entity and the system is already in-place and in operation. DWSD may also be the cheaper option in the short term. However, selecting DWSD requires a 30-year commitment and the unknown aspect of future rate increases is very concerning to Flint officials. EFM Kurtz has stated that the City has experienced rate volatility over the history of its relationship with DWSD. According to the EFM, the average historical annual rate increase for the City is **6.7%**, but over the past 10-years the average annual rate increase has been **10.5%**.

All estimates show KWA being cheaper to Flint than DWSD after capital costs are retired. There also appears to be considerable local resistance to continuing a relationship with DWSD.

The upfront costs and the premium water charges assessed by DWSD while KWA is being constructed are of great concern to City officials. Flint officials have indicated that approximately **$3.5-million** in capital upgrades is needed for the Water Plant if the KWA option is selected. However, at a January 28,

2013 meeting, County Drain Commissioner Wright indicated that Genesee County will permit Flint to participate in its revenue bond sale for KWA for Flint's 30% share of capacity in the KWA System and for plant upgrades. Given Flint's current financial situation, were this participation to occur, it will be a positive development for the City because it is likely Flint would have a very difficult time issuing bonds on the strength of its own credit rating. The Drain Commissioner also indicated a willingness to discuss how KWA might mitigate the $5- to $6-million cost of the "premium" rate that would be charged to the City of Flint by DWSD for the City to purchase water while KWA was being constructed.

On February 4, 2013, a proposal was received from EFM Kurtz that outlined a two-phased approach to resolve the cost of this premium charge. First, the City will transfer six miles of 72" water main owned by the City that extends into Genesee County in lieu of the **$2.3-million** up-front payment the City would have to make for construction of the KWA system. The second phase involves KWA entering into negotiations with DWSD to purchase their 72" water main that runs from Imlay City to Genesee County and agreeing to purchase water from DWSD for redundant purposes in-exchange for DWSD eliminating the **15%** premium rate to Flint during the three-year KWA construction period.

Recommendation:

A recommendation is being made to support the City of Flint joining KWA. Given, the conservatism of TYJT's estimates and the fact that all KWA estimates are cheaper than the 100% DWSD option, KWA appears to be the logical choice. EFM Kurtz has stated that he believes the KWA option is the cheaper alternative over time. There appears to be public support for the KWA project and EFM Kurtz has also stated that he believes that the Flint Mayor and City Council will support the KWA Project.

Also, the potential inclusion of Flint in the issuance of revenue bonds by Genesee County and the potential for KWA to assist the City in mitigating some of the DWSD premium charges could greatly reduce Flint's financial concerns.

There also appears to be good cooperation between City and County officials in discussing this project and this level of engagement and dialogue between city and county officials because of this project could continue to grow and lead to additional areas of cooperation and collaboration.

If further analysis on this issue is needed, please let me know.

Copy: Randall Byrne, State Administrative Manager; Office of Fiscal Responsibility

Attachment

S \OFR\Cities\City of Flint\KWA Water Authority\UPDATED FLINT DWSD KWA ASSESSMENT Version VIII 02-21-13 doc

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Sunday, February 24, 2013 3:01 PM
To: Stibitz, Brom (Treasury)
Subject: Re: Flint water supply

Follow Up Flag: Follow up
Flag Status: Flagged

Let's discuss Monday.

Sent from my iPad

On Feb 22, 2013, at 2:33 PM, "Stibitz, Brom (Treasury)" <StibitzB@michigan.gov> wrote:

> Andy – attached is the Local Government analysis on KWA/DWSD.
>
> From: Fraser, Roger (Treasury)
> Sent: Friday, February 22, 2013 8:07 AM
> To: Stibitz, Brom (Treasury)
> Cc: Koryzno, Edward (Treasury); Byrne, Randall (TREASURY); Cline,
> Richard (Treasury)
> Subject: FW: Flint water supply
>
> Attached is our assessment of the KWA issue in Flint. The questions Andy raised are specifically addressed.
>
> As you may recall, while receiving water from DWSD, an ongoing requirement, imposed by DEQ, is for a backup water system in Flint in case of failure of the DWSD service. To that end, Flint has been required to maintain their water plant, even though it rarely has been used. In the parallel line option, Tucker Young suggests that the need for Flint to maintain their water plant while receiving water from DWSD, might be resolved by running a parallel line from Imlay City that would provide a second means of delivery for DWSD treated water. That parallel line could, in the thoughts of Tucker Young, also resolve certain backup issues for other parts of the DWSD system.
>
> We are unaware of any discussions with DWSD on this issue. An obvious concern would be where the cost for the parallel line fits in DWSD capital planning. From Flint's perspective, the value proposition has to be concerning as the City spent approximately $45 million upgrading the plant recently, still has debt to pay related to those improvements, and would be faced with the longer term issue of what to do with the plant. Use by the County was suggested. Because of the low geographic elevation of the Flint plant, its use as other than a backup for the Genesee County water services would be difficult.
>
> Based on what we understand of the somewhat dynamic circumstances around this decision, the KWA option still seems best for Flint.
>
> _____
> From: Byrne, Randall (TREASURY)
> Sent: Thursday, February 21, 2013 10:52 AM
> To: Fraser, Roger (Treasury)
> Cc: Koryzno, Edward (Treasury)
> Subject: Flint water supply

> Roger:
>
> I am forwarding to you the updated KWA Assessment and a question regarding another option that was not included in this Assessment. It was discussed by Tucker Young and DWSD last Friday, but we have nothing in writing from DWSD committing them to this proposal, nor do we have any engineering data to compare this option with the others. Please review Eric's comments to me and advise as to the best course of action.
>
> Thanks,
> Randy,
>
>
>
>
>
> Randall D. Byrne, Manager, Office of Fiscal Responsibility [cid:image001.gif@01CE101D.E29B5610]
> State of Michigan 430 W. Allegan St. , Lansing, MI 48922
> ByrneR1@michigan.gov<mailto:ByrneR1@michigan.gov> (517) 355-2521
>
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> Thank you.
>
>
> <Flint Water Parallel Line Option.Update.eml> <UPDATED FLINT DWSD KWA
> ASSESSMENT.Version VIII.02-21-13.doc.eml> <UPDATED FLINT DWSD KWA
> ASSESSMENT Version VIII 02-21-13.pdf> <image001.gif>

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Tuesday, February 26, 2013 4:54 PM
To: Fraser, Roger (Treasury)
Subject: RE: KWA

Very good news indeed!

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Fraser, Roger (Treasury)
Sent: Tuesday, February 26, 2013 4:29 PM
To: Ed Kurtz (ekurtz@cityofflint.com)
Cc: Koryzno, Edward (Treasury)
Subject: FW: KWA

Thanks. Helpful! Good news.

From: Ed Kurtz [mailto:ekurtz@cityofflint.com]
Sent: Tuesday, February 26, 2013 3:02 PM
To: Fraser, Roger (Treasury)
Subject: KWA

Roger, the county opened the bids today for the KWA intake construction in Lake Huron. The low bid, from a "very reputable" contractor came in at $24,622,000, about $3,000,000 less than the Tucker Young estimate in the study they did for Treasury. The County authorized the borrowing up up to $35,000,000 for the project. It is now estimated that the total cost with engineering, legal and contingencies will be less than $31,000,000. Good news for KWA and the county. Just as an aside, four of the five bids were less than the Tucker Young projection. Ed

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Thursday, February 28, 2013 6:58 PM
To: Muchmore, Dennis (GOV)
Cc: Stibitz, Brom (Treasury); Hichez, Amy (Treasury)
Subject: Re: Flint water bills

Follow Up Flag: Follow up
Flag Status: Flagged

Dennis, we will get back to you on this.

Sent from my iPad

On Feb 28, 2013, at 6:55 PM, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov> wrote:

> Just another example.
>
> **From:** Corrigan, Maura (DHS)
> **Sent:** Thursday, February 21, 2013 1:00 PM
> **To:** Muchmore, Dennis (GOV)
> **Cc:** Berger, Duane (DHS); Yager, Steve (DHS)
> **Subject:** FW: Flint water bills
>
> Can we do anything at all about this gouging?
>
> **From:** Yager, Steve (DHS)
> **Sent:** Thursday, February 21, 2013 12:00 PM
> **To:** Berger, Duane (DHS); Corrigan, Maura (DHS)
> **Cc:** Beurer, Terrence (DHS)
> **Subject:** FW: Flint water bills
>
> See below—is this something we might mention to Dennis M. ? This is a legitimate concern in my estimation.
>
> **From:** Rauch, Randy (DHS)
> **Sent:** Wednesday, February 20, 2013 3:18 PM
> **To:** Yager, Steve (DHS)
> **Subject:** Flint water bills

Steve,

I am wondering, if somehow, I could send a letter to the Governor regarding the water bills in the City of Flint. Effective 3-1-13, the City will now require a $350 service fee for turning on water to a home. Shut off accounts and new water applications. Plus a $75 deposit on top of that.

The fee was $100. This is on top of a change that took effect just a few months ago of increasing the water fee to $53 per month just to have water in the home. Then the usage is on top of that. This is the city managers way of trying to balance their budget.

People in Flint cannot afford this. DHS cannot afford this. It is hurting our SER funding and my CP/CP funding. People in Flint cannot live with these rates. I feel somehow the Governor needs to hear about this.

I have asked numerous times to meet with the City manager with no luck. My own Board member is an advisor to the city manager and I have asked him to set up a meeting and he has not.

What can we do to get the Governor's ear?

Randy Rauch

Child Welfare Director

Genesee Co. DHS

810-760-2648

Koryzno, Edward (Treasury)

From: Fraser, Roger (Treasury)
Sent: Monday, March 04, 2013 4:07 PM
To: Koryzno, Edward (Treasury)
Subject: FW: FW: Flint water bills
Attachments: Water Forum - Final.ppt; WATER RATES deposits.doc

FYI

From: Stibitz, Brom (Treasury)
Sent: Monday, March 04, 2013 3:33 PM
To: Fraser, Roger (Treasury)
Subject: FW: FW: Flint water bills

Just FYI. I will work with G's office on this.

From: Ed Kurtz [mailto:ekurtz@cityofflint.com]
Sent: Monday, March 04, 2013 10:44 AM
To: Stibitz, Brom (Treasury)
Subject: Re: FW: Flint water bills

Good morning Brom. In response to your email I have attached the following: 1. A narrative of water related issues, and 2. a copy of the slides used in presentations to the community in May/June 2012. If you need additional information, please let me know. Ed

On Mon, Mar 4, 2013 at 7:24 AM, Stibitz, Brom (Treasury) <StibitzB@michigan.gov> wrote:

Mike & Ed,

The Governor's office has been hearing from Department of Human Services workers with concerns for what the recent changes in water policy (rates, hookup deposits, etc) are doing to low income residents in the City.

We need to get them something in writing on why the recent changes were necessary. Also, if there is anything we are doing to help the low income population in the rules, can you please point that out.

Can you guys help us put something together?

A call to Randy Rauch to discuss the situation might help too.

Randy Rauch

Child Welfare Director

Genesee Co. DHS

810-760-2648

Thanks.

Brom

City of Flint

Water Forum

5/31/2012

City Of Flint Water Forum

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City Of Flint Water History Facts

Current Treatment Plant was put into service in 1954.

Current 72" main pipeline was completed in 1970.

Flint signed a 30 year contract with Detroit Water and Sewer Department in the mid 1960's.

The contract with DWSD has expired and we are currently operating on a yearly extension.

In 2006 Flint completed a $48,000,000 upgrade of the existing Water Plant (required by the MDEQ & for backup only).

Flint's Water & Sewer System is approximately a $300,000,000 Enterprise.

Flint's Water & Sewer System is designed to deliver water to over 200,000 people with over 1,500 miles of infrastructure.

Flint's most recent census count shows a population of approximately 102,000 in 2010.

Flint's census population in 2000 was approximately 124,000.

The water system had over 45,000 customers in June of 1999.

The water system had just over 36,000 customers by June 2011.

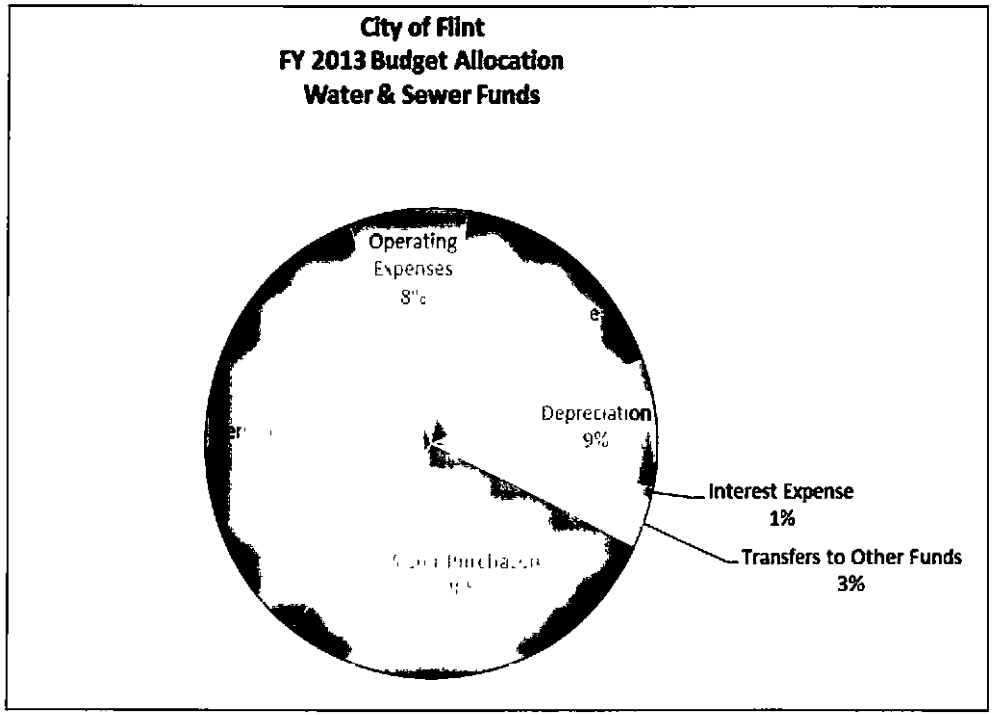
The "Fixed Costs" that must be covered to maintain the system and deliver quality water have increased over time.

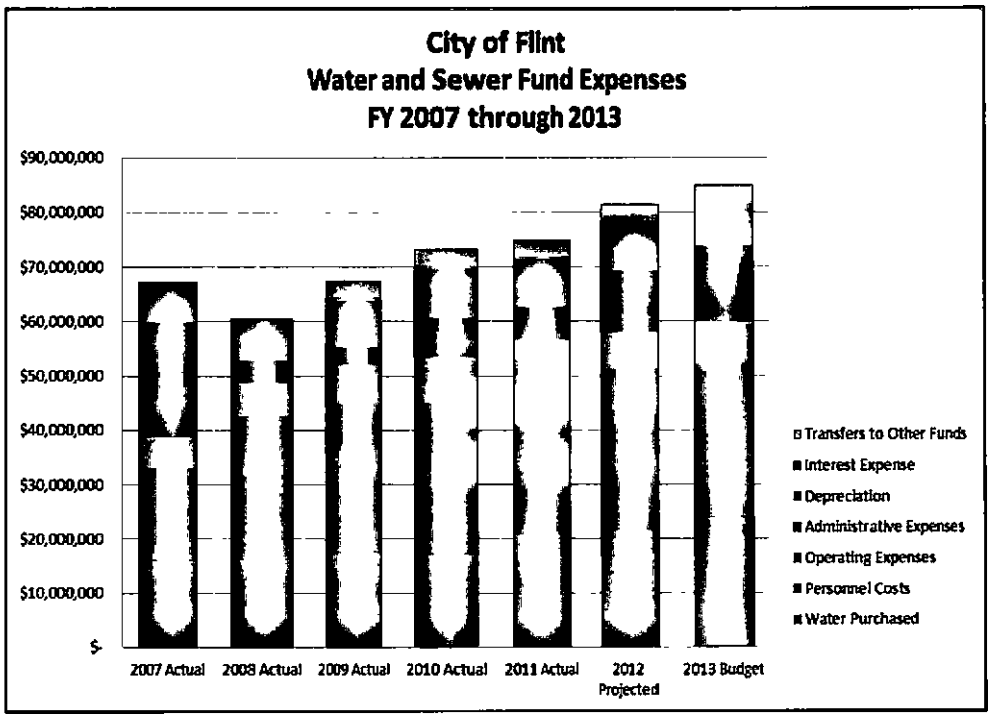
City Of Flint
Most Frequently Asked Questions about Water

- ❑ **Why are the water rates so high ?**
- ❑ **How does my water bill work (Explanation of charges) ?**
- ❑ **Why do others in the area pay less for the same amount of water ?**
- ❑ **Where has all of the water and sewer fund money gone ?**
- ❑ **What do I do if I think my bill is incorrect ?**
- ❑ **What effect does leakage or theft have on my bill ?**
- ❑ **How can I report water theft ?**
- ❑ **Why don't we go back to using the Flint River like we once did ?**

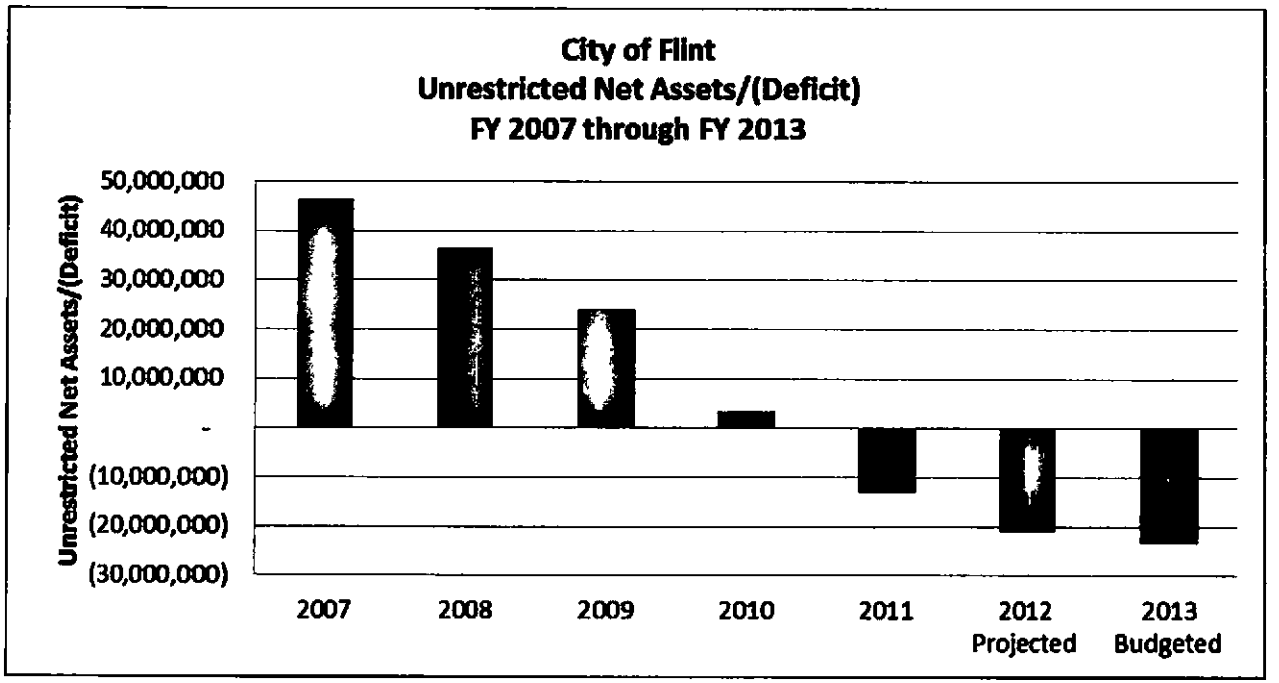
City of Flint

Budget Allocation and Fund Expenses

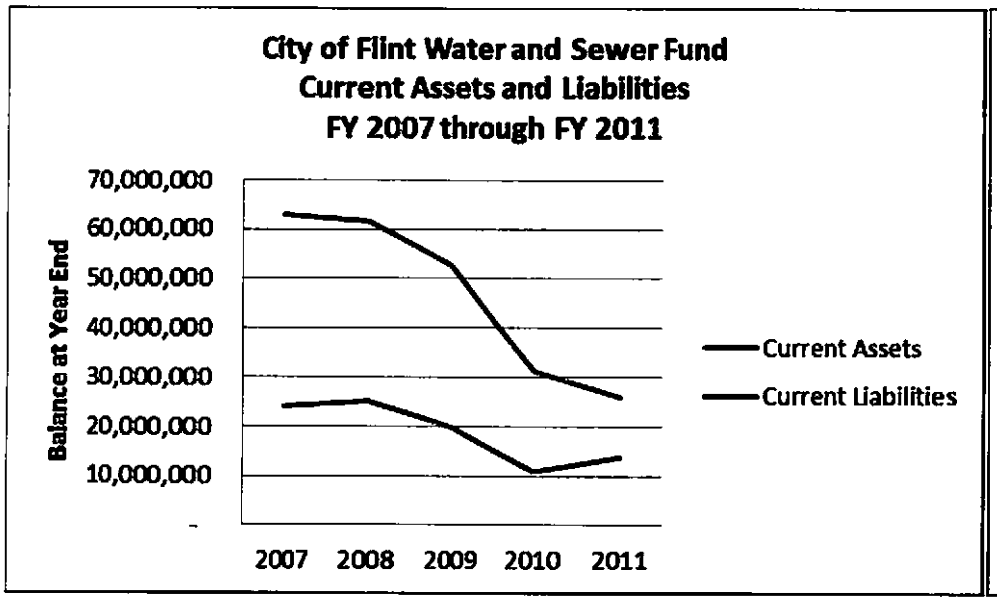


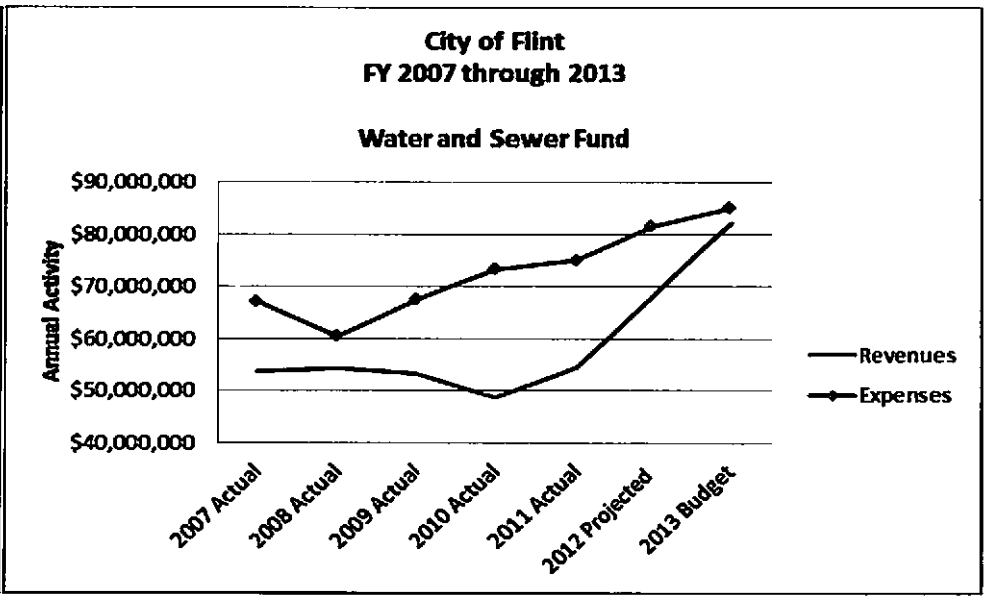


	Audited						
	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Projected	2013 Budget
Operating Revenues	51,090,679	51,100,332	51,906,553	47,926,589	54,385,644	67,983,044	81,734,552
Other Revenues	2,627,939	3,274,450	1,442,383	764,886	68,645	126,670	455,867
Annual Revenues	53,718,618	54,374,782	53,348,936	48,691,475	54,454,289	68,109,714	82,190,419
Water Purchased	16,052,006	16,297,871	17,421,663	17,103,752	20,919,987	21,756,787	24,031,417
Personnel Costs	17,292,444	26,302,590	27,591,206	28,149,946	28,618,817	29,640,499	28,546,350
Operating Expenses	5,355,638	6,145,119	6,950,534	8,146,390	6,917,964	6,420,260	7,259,290
Administrative Expenses	21,300,900	4,229,382	3,403,231	7,327,630	6,221,627	11,465,462	14,140,047
Depreciation	7,217,142	7,132,870	8,364,022	8,854,889	8,689,809	8,615,000	7,500,000
Interest Expense	86,632	485,499	868,031	812,270	754,890	705,150	644,314
Transfers to Other Funds	-	-	2,990,000	2,990,000	2,990,000	2,990,000	2,990,000
Annual Expenses	67,304,762	60,593,331	67,588,687	73,384,877	75,113,094	81,593,158	85,111,418



	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Projected	2013 Budget
Revenues	53,718,618	54,374,782	53,348,936	48,691,475	54,454,289	68,109,714	82,190,419
Expenses	67,304,762	60,593,331	67,588,687	73,384,877	75,113,094	81,593,158	85,111,418

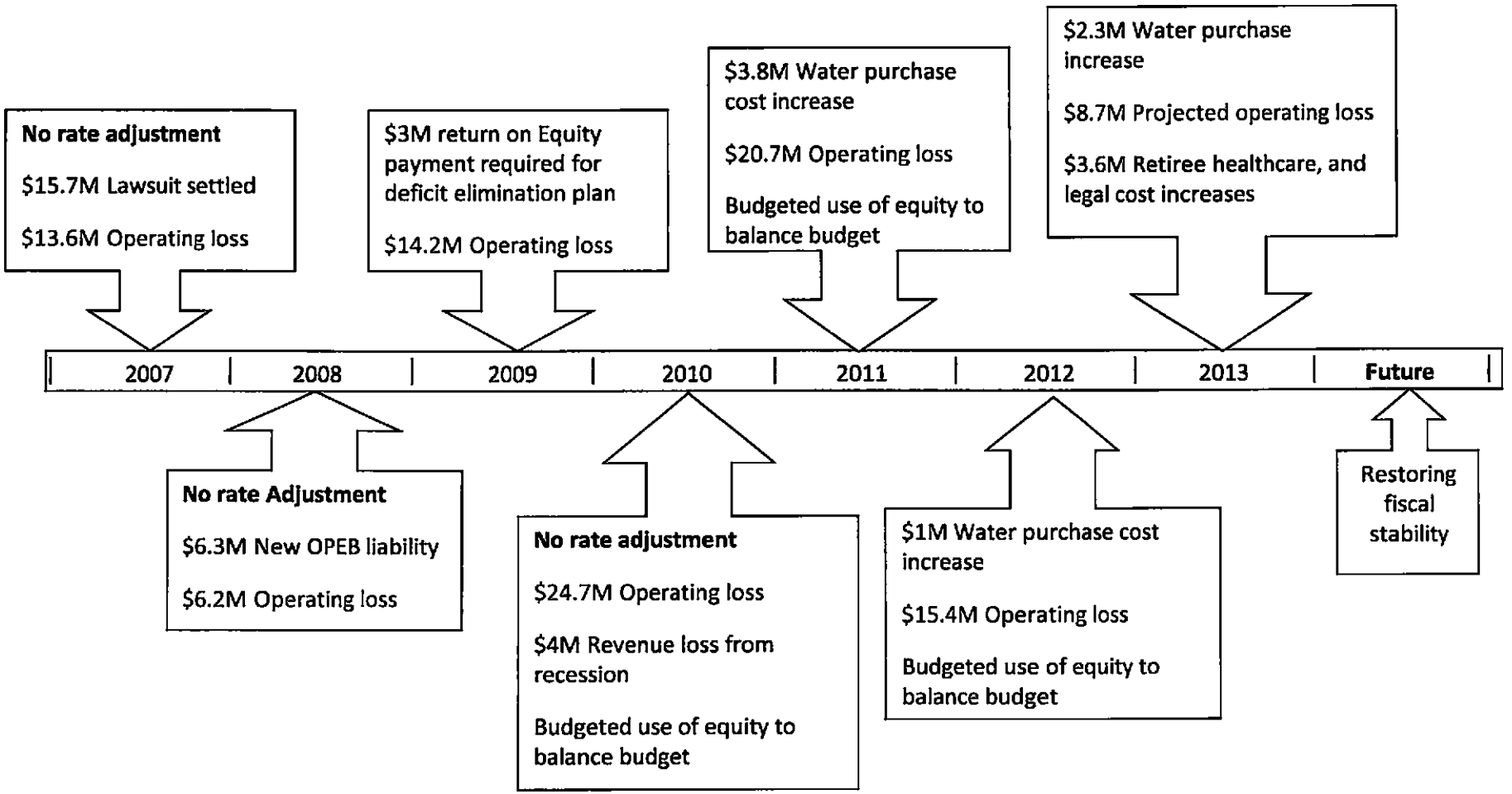




City of Flint

Recent Timeline of Water and Sewer Funds

FY 2007 through 2013



City of Flint- Water and Sewer System Additional Asset / Revenue Data

The average annual residential water sewer bill in FY2005 was less than $700 annually
The average annual residential water/ sewer bill in FY13 will be nearly $1,700

Expenses have exceeded revenues every year since 2006:

FISCAL YEAR	Rate Base	Revenues	Expenses	Revenues Minus Expenses	Unreserved System Equity	FACTORS IMPACTING SOLVENCY			COST IMPACT
2006	2005	$55,204,242	$50,933,792	**$4,270,450**	**$60,340,013**				
									(millions)
2007	2005	$53,856,857	$67,442,993	($13,586,136)	$46,399,452	No rate adjustment			??
						$15.7 million lawsuit settlement	15.7	0	$15.7
2008	2005	$54,374,781	$60,593,331	($6 218 550)	$36,482,488	No rate adjustment			??
						OPEB liabilities added	3 6	2 7	$6.3
2009	2009	$53,488,463	$67,728,218	($14,239,755)	$24,023,065	ROE payment added as part of City [	1 9	1 1	$3.0
2010	2009	$48,820,329	$73,513,725	($24,693,396)	$3,531,768	No rate adjustment			??
						Use of retained earnings budgeted	12 5	0.5	$13.0
						Revenue lost due to recession	2	2	$4.0
2011	2011	$54,527,079	$75,185,879	($20,658,800)	($12,866,607)	Use of retained earnings budgeted	7.1	3.5	$10.6
	2011					Water purchase cost increase	0	3.8	$3.8
2012		$68,279,187	$83,682,840	($15,403,653)	($20,884,122)	Use of retained earnings budgeted	5 1	0	$5.1
						Water purchase cost increase	0	0.8	$0.8
2013	2013	$82,220,420	$90,970,420	**($8,750,000)**	**($23,379,690)**	Water purchase cost increase	0	2 3	$2.3
						RHC/Legal/Admin Cost Allocation	2.1	1.5	$3.6
				($99,279,840)					$68.2

Calculation of Water and Sewer Rates for FY13 Budget

March, 2012:

	Expense Projection Based on FY12 Costs	Revenue Projection Based on FY12 Receipts	Difference Between Projected Revenues and Expenses	Rate Increase Necessary To Close Gap
Water	$49.9	$44.4	-$5.5	12.4%
Sewer	$31.0	$21.4	-$9.6	44.9%
TOTAL	$80.9	$65.8	-$15.1	22.9%

CITY of FLINT, MICHIGAN
WATER &/OR SEWER BILL

Service at: 5810 BALDWIN BLVD

TREASURER
CITY OF FLINT
P.O. BOX 1950
FLINT, MI 48501

PRESORTED
FIRST CLASS MAIL
US POSTAGE PAID
CITY OF FLINT

3419 Active

ACCOUNT NUMBER	DUE DATE
BALD-005810-0000-01	02/28/2012

NET AMOUNT DUE
147.85

RETURN THIS STUB WITH YOUR PAYMENT

Seq=3138

**AUTO [redacted]

00000376810000014785022820120000014913770 6

KEEP THIS PORTION FOR YOUR RECORDS

LAST READ/DATE/TYPE		NEW READ/DATE/TYPE		CONS	SERVICE	CHARGE
381	01/05/2012 A	383	02/03/2012 A	2	Sewer Non-metered	6.62
					Sewer Svc Chg	22.07
					Water	13.38
					Water Svc Chg	19.38

Prev. Balance	161.08
Payments	-75.00
Adjustments	0.00
Current Penalty	0.36
New Charges	61.41
Total Due	147.85
Due Date	02/28/2012

ACCOUNT: BALD-005810-0000-01 SERVICE AT: 5810 BALDWIN BLVD

PENALTY ASSESSED 30 DAYS AFTER DUE DATE

CITY OF FLINT
DEPARTMENT OF FINANCE

Customer Service Center

Dayne Walling
Mayor

Douglas Bingaman
Treasurer

CITY OF FLINT
WATER NON-PAYMENT TURN-OFF POLICY

1. Water services to any customer may be shut off if the account is not paid until after 30 days after the due date. (City ordinance 46-52 (h))

2. Non-payment turn-offs are done only Monday through Thursday. The Customer Service Center does not schedule non-payment turn-offs on Fridays, Saturdays, Sundays, or most recognized holidays.

3. Illegal usage, broken payment arrangements and NSF (non-sufficient funds) turn-offs are done at any time without additional notice.

4. Turn-off notices are mailed to delinquent customers fifteen (15) days before actual turn-off.

5. The water customer is responsible for maintenance of all plumbing in the premises including connection to City water mains or sewer lines.

6. If a customer disputes a water bill and is unable to resolve the issue with Customer Service personnel, the customer may request an administrative review. Further information on any water account may be obtained by calling (810) 766-7015 or visiting the Customer Service Center at 1st Floor, City Hall, 1101 S. Saginaw St.

Preliminary Options for Future City of Flint Water Sources

Consider a New Negotiated Contract with Detroit Water and Sewer Department

PRO'S	CON'S
No upfront capital costs	Lack of control over new / fixed changes
Possibility to negotiate a lower rate	Past practices
Ability to "Blend" water sources to further control costs	

Consider a Contract with the Karegnondi Water Authority

PRO'S	CON'S
Voting member of KWA board	Capital cost (debt service)
Ability to "Blend" water sources to further control costs	Uncertainty of final costs
Raw water is an asset for attracting new buisnesses	

Blended Use of the Flint River

PRO'S	CON'S
Helps control cost of water	

*** CURRENTLY NO DECISIONS HAVE BEEN MADE REGARDING THE FUTURE WATER SOURCE

Improvements for City of Flint Water System

Reduce Leakage

- **Finalize a Preventative Maintenance Plan**
  - (Planning started in January 2012, requires funding, … part of Operational Costs)
  - Will help identify repair area's

- **Reduce water theft**

- **Replace water meters**
  - We currently have an eighteen month plan to replace all meters with more efficient "*Smart Meters*"

- **Encourage routine household checks**
  - "Faulty" toilets are a significant reason for household water loss. and unexpected larger bills.

Other Leakage concerns

- ✓ Transmission Loss
- ✓ Fire Hydrants
- ✓ Incorrect water bills
- ✓ Non-Payment

City of Flint Water Fund

Proprietary Funds Revenues, Expenditures, and Changes in Net Assets
Fiscal Year Ended June 30

	2007	2008	2009	2010	2011	2012 Projected	2013 Budget
Current Assets	17,248,277	16,155,282	13,213,411	9,092,746	9,295,966		
Current Liabilities	7,053,131	7,039,015	6,796,178	8,287,409	11,736,286		
Capital Assets, net of accumulated depreciation	34,453,626	57,264,585	55,977,802	54,419,070	52,253,233		
Revenue Bonds, long-term portion	33,759,432	31,804,432	30,156,259	28,116,259	25,925,336		
Unrestricted Net Assets/(Deficit)	12,183,661	8,396,496	2,694,056	(5,795,973)	(12,443,265)	(13,237,665)	(12,733,233)

City of Flint Sewer Fund

Proprietary Funds Revenues, Expenditures, and Changes in Net Assets
Fiscal Year Ended June 30

	2007	2008	2009	2010	2011	2012 Projected	2013 Budget
Current Assets	45,805,754	45,515,711	39,299,954	22,199,959	16,496,427		
Current Liabilities	17,117,109	18,000,968	12,928,688	2,570,710	1,894,249		
Capital Assets, net of accumulated depreciation	76,913,051	73,794,673	74,719,675	70,200,627	65,736,675		
Revenue Bonds, long-term portion	-	-	-	-	-		
Unrestricted Net Assets/(Deficit)	34,215,792	28,085,991	21,329,011	9,327,738	(423,349)	(7,646,457)	(10,646,457)

Water and Sewer Combined

	2007	2008	2009	2010	2011	2012 Projected	2013 Budgeted
Current Assets	63,054,031	61,670,993	52,513,365	31,292,705	25,792,393		
Current Liabilities	24,170,240	25,039,983	19,724,866	10,858,119	13,630,535		

Response to Treasury regarding water rates, etc.

The cost of water and sewer in the City of Flint has become one of the most vexing issues facing the Emergency Financial Manager. When the Emergency Manager was appointed in December 2011 the water system had a $20 million deficit. In order to address this deficit the EM was forced to increase water and sewer rates by over a combined 120% in the past 18 months.

When the previous EFM left the City in 2004, the water system has a reserve of approximately $60 million. In the intervening years several things occurred: for three of five years (2007-2011) no rate increases were passed along to customers even though Detroit charged increases of over 10% per year; in the years when increases were passed along those amounts did not equal the actual cost of the system; the City chose to use the equity built up in the Water and Sewer funds until that was no longer available; a large lawsuit was settled; the City must pay for the $48 million MDEQ upgrades required at the Water Treatment Plant; and unbilled or unpaid water and sewer charges increased significantly.

In the past 18 months water and sewer rates have been increased to reflect the actual costs to operate the water and sewer system. Major leaks in the distribution system have been repaired. Unpaid water and sewer usage is now being addressed and the water affidavit process is part of this problem.

The City of Flint currently allows landlords to put the water and sewer billing in the name of the renter. This affidavit process holds the landlord harmless for any water costs. The deposit for the affidavit has been set at $100, which is the lowest in the County. The deposit fees in the County range from a low of $100 to a high of $500. The City is raising its rate to $350, which puts us about in the middle of the range. Depending on usage, this will cover 60 to 90 days' water charges and reduce the amount of uncollected billing. Keep in mind, any water not paid for is eventually charged to those who do pay through increased rates.

Because the deposit is so low in relation to the current charges, renters quickly owe more than the deposit, and find it easier to simply walk away from the rental and forfeit the deposit. This results in the City being on the hook for the unpaid bills. Currently there are 4,893 affidavits, and 4029 of them (82%) past due. This facctor alone totals to just under $3 million. In addition, when the renter walks away, the City has no way of knowing that the property is vacant. Many times the landlord rents the property again, without filing an affidavit, and the water continues to be charged to the former renter, again adding uncollected bills to the City. In the past the collection rate for past due accounts, when turned over to a collection agency, has been about 3% on average. Keep in mind that this is a deposit, not a fee, and can be refunded when the renter leaves the property. Also, the landlord can avoid the renter's deposit requirement by keeping the water and sewer billing in his name.

The City is also studying the potential to hold the landlord accountable for the water charges under certain conditions, such as failure to notify the City when a renter leaves and then renting the property again without filiing a new affidavit.

The City recognizes that the high cost of water is a factor which is causing low income residents to choose to leave the City and the increase in the deposit fee might accelerate that choice. However, many of the surrounding communities charge a higher deposit than does the City o Flint. Renters are leaving the City because they can get better housing for less money, live in safer neighborhoods with better schools, have their water charges decrease by about half, and have their insurance rates reduced by approximately 50%.

Water and sewer costs have resulted in about 8,000 current customers to be more than 60 days past due. Many are senior citizens who have lived in Flint their entire life, paid their taxes, etc. and now find themselves unable to pay their water bill. This concerns the City more than the issue of deposits. We have put in place for this year the ability for citizens to direct a part of their city tax refund to help people with their water bills, and we are reviewing other options as well as scheduled meetings with agencies involved in helping low income people with their bills.

We further recognize that we have staffing issues and water theft to address. The City is able to complete about 120 water shut-offs per week. At that rate we can not keep up with delinquent account shut-offs. The city also reconginzes that water theft through meter by-pass or unauthorized turn-on must be resolved.

Ultimately, the City must find a way to hold down future increases in the cost of water, to bring them more in line with the Genesee County water customers. To this end the City has recommended to Treasury, that the City leave the Detroit Water System and join KWA with Genesee County, Lapeer and Sanilac Counties and the City of Lapeer. We believe this is the most significant long term factor in stabilizing costs to the water customers in the City of Flint.

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, March 06, 2013 2:05 PM
To: Fraser, Roger (Treasury)
Subject: RE: Important Items from weekly call w/ Ed Kurtz

Thanks, I will share this info with Ed

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
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KoryznoE@michigan.gov

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Thank you

From: Fraser, Roger (Treasury)
Sent: Wednesday, March 06, 2013 1:56 PM
To: Koryzno, Edward (Treasury)
Subject: RE: Important Items from weekly call w/ Ed Kurtz

I will press Brom on #1.

There is no conversation of which I am aware regarding a TAB in the near term for Flint. In his state of the city speech, Walling made his position clear that he and the Council could manage this.

From: Koryzno, Edward (Treasury)
Sent: Wednesday, March 06, 2013 11:34 AM
To: Fraser, Roger (Treasury)
Subject: Important Items from weekly call w/ Ed Kurtz

FYI - Ed shared a couple of items that I thought you should be aware of:

1. KWA – The County is sending Bids for engineering services to size the pipeline on 3/22/13. Per Ed this is the absolute deadline for making a decision to participate Obviously he would like Treasury to share a decision with him ASAP. He also asked me to share with you that PA 72 does not appear to have a $50k spending limit that PA 4 had and he is willing to proceed with the Project, independent of Treasury, if you desire.

2. Mayor Walling meeting w/ Governor – The Mayor is meeting with the Governor on 3/8/13 to discuss the TAB. Ed said that If Treasury is contemplating moving in this direction please let him know because it impacts the budget he will prepare. They are currently preparing a five-year budget. Appointment of a TAB only requires two year budget and certain charter provisions will increase costs to the City.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
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Thank you

Stanton, Terry A. (Treasury)

From: Fraser, Roger (Treasury)
Sent: Wednesday, March 06, 2013 3:50 PM
To: Buhs, Caleb (Treasury)
Cc: Stanton, Terry A. (Treasury)
Subject: FW: Flint EM Achievements
Attachments: EFM Achievements and Progress.pdf

Since the first of the year, the major issue in Flint has been the decision regarding long term water service in Flint. The choice is to maintain service with treated water from DWSD, or to participate with Genesee County in the construction of a raw water pipeline from Lake Huron to Flint (the KWA or Karegnondi project). City officials are clearly inclined toward the local project. A decision is needed in the next two weeks and is being held up, primarily, because of expressed State concerns about the benefits of one approach versus the other.

From: Fraser, Roger (Treasury)
Sent: Wednesday, March 06, 2013 3:42 PM
To: Buhs, Caleb (Treasury)
Cc: Stanton, Terry A. (Treasury)
Subject: Flint EM Achievements

Caleb, attached is a fairly detailed document we received in January that describes EM achievements since day one.

EM/EFM Achievements & Progress

Major Events:

December, 2011:

- Immediate reduction in administrative expenses of more than $600,000.
- Establishment of new budgetary guidelines calling for more discretion in departmental spending and ways in which to operate the City more efficiently at a reduced cost.
- Establishment of an EM Advisory Council for the purpose of gathering input and suggestions from members of the community.
- Creation of 5 volunteer advisory committees, one each centered on public safety, finance, infrastructure, legacy and community development for the purpose of helping to develop a business and operational plan for the State Treasurer.

January, 2012:

- Business and Operational Plan submitted and approved by the Treasurer of the State of Michigan.
- Continual reorganization and elimination of departments to improve efficiency and reduce costs.

February, 2012:

- Held Ward Forums to gather input from the community and share the primary focus of the business and operational plan in each of Flint's nine wards by the Emergency Manager.
- Deficit Elimination Plan for FY 2011 submitted and approved by the Treasurer of the State of Michigan.

March, 2012:

- Development and implementation adjustments in retiree health care to reduce costs while preserving their benefits.

- Grant agreement between the City of Flint and the State of Michigan Department of Community Health Crime Victims Services Commission reached to provide health services for the victims of violent crime.

April, 2012:

- Balanced Budget adopted cutting $22 million in expenses.
- Tentative Collective Bargaining Agreements reached with Flint's AFSCME Local 1799, POLC Captains and Lieutenants' Union, POLC Sergeants' Union and IAFF Firefighters Union.
- Healthcare for active employees and retirees reduced.
- 3 mill waste collection levy replace with residential waste collection fee, recycling service added starting in 2013.
- Management and Maintenance of the City's four golf courses undertaken by Flint City Golf, LLC and Mott Park Public Golf Course Association.

May, 2012:

- New City of Flint Public Safety Plan introduced with ongoing implementation of outlined strategies.
- Michigan State Police patrol and detective partnerships implemented and expanded to enhance police presence in Flint.
- $3.5 million to support reopening of the City Lockup approved and received from the State of Michigan.
- SAFER grant application approved, $6.9 million grant awarded.
- Water & Sewer rates adjusted to reflected true cost of service, thereby stabilizing the finances of the operation.
- Special Assessment on street lighting done with the purpose of dedicating General Fund revenue to police and fire operations in order to preserve existing staffing levels.
- Ginosko Development Co. chosen as new developer of Smith Village with MSHDA approval.

- All five advisory committees convened for input on amendments to the business and operational plan.

June, 2012:

- New Labor Contracts implemented which reduced employee expenses by the equivalent of 20% of wages.
- Police and Fire staffing levels stabilized and maintained without layoffs.
- COPLOGIC online police reporting system for non-emergencies implemented.
- 6 month Financial &Operating Plan submitted to the State with amendments and achievements.
- Development of a plan with the Mott Foundation to extend and revise community policing grant, including funding for the Public Safety Administrator and Criminal Justice Advisory Committee Coordinator.
- All requirements met to receive 100% of State shared revenue allocation for FY 2013.
- Began implementation of Legacy Committee recommendations to transfer Flint Employee Retirement System (FERS) to Municipal Employee Retirement System (MERS).

August, 2012:

- Department of Energy Grant settled without any restrictive effects on the possibility of future grant applications and awards.
- Agreement between City of Flint and Flint Community Schools for the funding and operation of a PEG (Public, Educational & Governmental) television studio reached.
- Michigan State Housing Development Authority (MSHDA) approved developer Ginosko Development Corporation chosen to continue and complete construction at the Smith Village development site.
- Genesee Towers sold to Uptown Reinvestment, relieves City of Flint of considerably large insurance liability.

- Agreement reached between Genesee County Sheriff and City of Flint for the operation of the Flint Holding Facility (Lockup).
- Agreement reached between City of Flint and the Food Bank of Eastern Michigan for the renovation and maintenance of Brennan Park.
- 21st Century Community Policing grant awarded to Flint by the Mott Foundation in the amount of $743,000.
- Contract between City of Flint and Diponio Contracting for the upgrade of City infrastructure awarded.

September, 2012:

- Waivers of assessments or fees for entitled property owners by City Treasurer authorized.

October, 2012:

- Flint City Police Lockup reopened.
- Smith Village construction resumes with new developer.

November, 2012:

- Police and Fire Protection Millage put on ballot and passed.
- Demolition resumes in locations identified as posing a threat to public safety.

December, 2012:

- Transition to 800 Mhz police & fire communications complete.
- Cost of waste collection reduced by utilization of third party vendor

Yearlong Efforts:

- Unfunded Other Post-Employment Benefits (OPEB) liability reduced by over $500,000,000.
- HUD repayments for ineligible expenses reduced by over half.

- Cost saving transfer from Flint Employees Retirement System (FERS) to Michigan Employee Retirement Service (MERS) voted for by the Flint Employee Retirement Board.
- Audit of FY 2011 underway.
- Stabilizing cash flow each month.
- Comprehensive evaluation of City water system and options for providing water undertaken.
- Process of Master Plan for the City of Flint research and preparation underway.

Coming Soon:

- Decision on water provision and operation.
- Indigent Water Fund for eligible water customers.

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Monday, March 11, 2013 11:50 AM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: KWA Follow-up
Attachments: Project Costs for Flint.DWSD KWA Analysis.01-22-13.pdf

Importance: High

1) **Attachment** – Attached.

2) **KWA Projections Cheaper Than DWSD** – There are two references in the report regarding this. The first is on Page 2 (4th Bullet Point) and on Page 4 (1st Paragraph under *Conclusions*). Both comments are referring to **construction costs** not future rates. Specifically, these comments are comparing the 100% DWSD water provision option is more expensive than either KWA's own construction estimate or TYJT's estimate of KWA construction costs. This comparison is visually presented on Page 17 of TYJT's Final Report.

3) **Impact of Parallel Line Option** – No substantive analysis has been conducted on this option so the impact is unclear. To develop a solid recommendation, a study (possibly using TYJT) would have to be commissioned. In a February 22, 2013 e-mail to Brom Roger stated:

As you may recall, while receiving water from DWSD, an ongoing requirement, imposed by DEQ, is for a backup water system in Flint in case of failure of the DWSD service. To that end, Flint has been required to maintain their water plant, even though it rarely has been used. In the parallel line option, Tucker Young suggests that the need for Flint to maintain their water plant while receiving water from DWSD, might be resolved by running a parallel line from Imlay City that would provide a second means of delivery for DWSD treated water. That parallel line could, in the thoughts of Tucker Young, also resolve certain backup issues for other parts of the DWSD system.

[Cline, Richard (Treasury)] This is a very complex issue and is not easily summarized. If there is interest in this concept, more hard engineering needs to performed before a better impact analysis can be performed.

If you have further questions, please let me know.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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From: Koryzno, Edward (Treasury)
Sent: Tuesday, March 05, 2013 8:02 AM
To: Byrne, Randall (Treasury)
Cc: Cline, Richard (Treasury)
Subject: Fwd: KWA

Let's discuss.

Sent from my iPhone

Begin forwarded message:

> **From:** "Stibitz, Brom (Treasury)" <StibitzB@michigan.gov>
> **Date:** March 4, 2013, 9:19:04 PM EST
> **To:** "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>
> **Cc:** "Fraser, Roger (Treasury)" <FraserR1@michigan.gov>
> **Subject: KWA**
>
> Couple of followup questions on the memo.
>
> 1) I can't find an attachment that is referenced.
> 2) The statement is made a couple times that even the most expensive KWA projection is still cheaper than DWSD. What assumptions are made about rate increases for DWSD that leads to this conclusion?
> 3) How does the new issue of the second pipe for redundancy change the equation? Does it affect the recommendation?
>
> Thanks.
>
> Sent from my iPad

Project Costs - TYJT Slides 26 through 30

	KWA	TYJT
Intake and Crib		
Construction	$22,076,850	$22,076,850
ELAC	$5,519,213	$5,519,213
Property	$2,300,000	$2,300,000
Pumping Stations		
Construction	$24,618,080	$54,573,314
Land		$75,000
ELAC	$6,154,520	$16,394,494
Transmission Mains		
Construction	$166,202,316	$167,419,530
ELAC	$41,550,579	$50,225,859
Easements		$1,166,170
Engineering		
Design Engineering		$16,939,581
Construction Management		$14,434,609
Administration		$349,440
Legal / Easements / Contracts		$831,000
Power	$4,000,000	$4,000,000
Redundant Power		$1,273,200
Total Construction	$212,897,246	$244,069,694
Total ELAC	$53,224,312	$104,694,196
Total Land / Property / Easements	$2,300,000	$3,541,170
Total Power	$4,000,000	$4,000,000
Total Redundant Power	$0	$1,273,200
Total	$272,421,558	$357,578,260
ELAC as % of Construction	25.0%	42.9%

Lamphier, Wendy (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Tuesday, March 12, 2013 5:27 PM
To: Stibitz, Brom (Treasury); Dillon, Andy (Treasury)
Cc: Fraser, Roger (Treasury)
Subject: RE: Flint
Attachments: SUMMARY REPORT FLINT TAB REQUEST Version III 03-12-13 (2).doc

Follow Up Flag: Follow up
Flag Status: Flagged

The report is attached.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
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Thank you

-----Original Message-----
From: Stibitz, Brom (Treasury)
Sent: Tuesday, March 12, 2013 3:35 PM
To: Koryzno, Edward (Treasury)
Subject: Flint

Will you please send an electronic version of the Flint memo to me and Andy?

Thanks.

Sent from my iPad

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

SUMMARY REPORT

TO: Edward Koryzno, Administrator; Office of Fiscal Responsibility

FROM: Eric Cline. Unit Operations Specialist

SUBJECT: City of Flint Transition Advisory Board Request

DATE: March 12, 2013

Summary

On March 11, 2012, the Office of Fiscal Responsibility (OFR) was asked to provide summary comments regarding a potential request by the City of Flint to be removed from Emergency Financial Manager (EFM) status. A determination needs to be made whether a Transition Advisory Board (TAB) will be installed and the City can be allowed to move away from EFM status.

The OFR has analyzed the operations of the City and has identified areas of concern. The operational areas reviewed included: 1) The General Fund; 2) the FY 2011-2012 budget adopted by the Flint City Council; 3) the Water and Sewer system; 4) OPEB Liabilities; 5) Public Safety; 6) Community Development.

While required reporting information provided by the EFM has shown that the City of Flint is making some progress in alleviating its fiscal distress, it is unlikely that the City is ready to leave EFM status or have a Transition Advisory Board appointed.

The following details these conclusions:

FY 2011-2012 Budget:

The following issues were noted within 2011-2012 Budget.

- The budget was adopted by the City Council with an **annual budget deficit** and a **Fund Balance deficit.**
- Audited Final Expenditures were **$63.4-million** vs. audited Revenue of **$51.4-million.**
- The annual budget deficit for FY 2012 was **$11.4-million.**
- Interfund Transfers for Sanitation, Building Safety, Parking, Neighborhood Policing, Parks, Fleet Management, and Senior Centers were incorrectly budgeted at **<$4.7-million.>**
    - 2 of the interfund transfers' deficits were **over $1-million.**

- The Public Safety, Community Development, Transportation, Recreation, Judicial, General Government, and Legislative operations exceeded budget by a combined **$10.2-million.**
    - 2 of the departments overspent by **over $2-million.**
- Major and Local Streets have a budgeted annual deficit of **$326,000.**

General Fund:

Structurally, some weaknesses remain in the General Fund and several financial procedural issues remain needing correction. Based upon EFM reporting, the following is noted:

- An accumulated **$19-million General Fund deficit** remains.
- The EFM's amended budget projects deficit elimination in **49.6 years.**
- The General Fund continues to rely heavily upon **borrowed cash.**
- The EFM has indicated that Income Tax Revenue is lower than anticipated.
- A **Deficit Elimination Plan (DEP)** in-place and expected to be amended.
- An anticipated **$507,000** refund (plus interest) resulting from a MI Tax Tribunal (MTT) stipulation is expected to be made for fiscal years 2010, 2011, and 2012.

Community Development:

The demographic and economic outlook for the City is poor, which implies the likely generation of a number of social ramifications. The Genesee County Land Bank Authority is very active in the City of Flint and has provided much of the following data.

- **32% of all property** in the City is abandoned. This includes 12,000 vacant lots and 6,000 abandoned homes.
- Some residential blocks have over **50%** abandonment.
- The County Land Bank owns over 3,600 properties in the City.
- Average Sale Price for residential properties in Flint is approximately **20%** of the balance of Genesee County.
- These issues will require developing an innovative and coherent strategy for the challenges related to large tracts of abandon property.

OPEB Liabilities:

The City is facing a number of significant challenges regarding its OPEB liabilities. Based upon EFM reports, the following has been noted.

- Total OPEB liabilities are nearly **$400-million.**
- The Annual Required Contribution (ARC) payment by the City is **$22-million.**
- The City is facing **Pending Litigation** regarding retiree health care changes.

Water and Sewer System:

In addition to the formidable decision facing the community regarding its decision to join the KWA Water Authority or remain a customer of the Detroit DWSD system, the City is facing a number of other financial and structural issues with its water and sewer system, including:

- The adopted 2011-2012 Water Fund Budget was **$48.3-million**. The adopted 2011-2012 Sewer Budget was **$28.2-million**.
- An **$8.8-million** accumulated Water Fund deficit.
- A budgeted annual Water Fund deficit of **$4.1-million**.
- Water Loss in the Distribution System is estimated to be between **20-30%**.
- A budgeted annual Sewer Fund deficit of **5-million**.
- The City is facing **Pending Litigation** regarding water rate changes.

Public Safety:

The City continues to struggle with a number of systemic public safety issues. Fire services are a General Fund operation while law enforcement is separated as a Special Fund. Based upon EFM reporting, the City's Community Dashboard and review of local news stories, the following concerns are noted:

- The Fire Department budget for FY 2011-2012 was **$11.6-million** while law enforcement was **$3.2-million** respectively.
- **Public Safety** operations exceeded budget by **$6-million**.
- Fire Department **Overtime** is in excess of budgeted amounts.
- Property crimes and "Other" crimes are rising within the community.
- Violent crime appears to be on the rise.
- The **Per Resident Cost** for Fire services and the District Court are rising.

Conclusions:

The City faces significant financial and operational challenges in the near and the long term. Given the concerns noted above, it is believed that these challenges will require the authority of an EFM to resolve. Therefore, it is recommended that the City is not yet demonstrated its readiness for a transition back to local control and that EFM status should be retained.

If further analysis on this issue is needed, please let me know.

Copy: Randall Byrne, State Administrative Manager; Office of Fiscal Responsibility

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, March 13, 2013 5:32 PM
To: Fraser, Roger (Treasury)
Subject: Highlights from Weekly Call w/ Ed Kurtz

- Transition of Solid Waste collection to private section has been better than expected, minimal complaints.

  I assured Ed that Andy is aware of the March deadline for KWA

- Back story on council tabling the KWA participation last week was about political posturing, Ed believes final vote will be 8/1 or 7/2

- FY 12-13 budget on track at the ¾ point

- Hired 7 officers with the additional public safety millage, but need 5 more. Will not be able to hire them until they run a new police academy about 16 weeks out.

- Retiree health care changes on hold until federal judge rules, current problem is the employee's costs exceed city's cap by $150 and they are sending bills. They cannot differentiate between a 45 yr. old retiree receiving $17,000 of healthcare benefits versus a 65 yr. old retiree who is on Medicaid. Not sure of the outcome this will have on the judge's ruling.

- Mike Brown talking to Jeff Barnes to make sure second year of state funding for the lockup is still available.

- I mentioned the sanitary sewer issue they are dealing with, 300-400 manholes need to be replaced @ $800 per manhole.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

Lamphier, Wendy (Treasury)

From: David Guastella <DGuastel@tyjt.com>
Sent: Thursday, March 14, 2013 5:10 PM
To: Hichez, Amy (Treasury)
Cc: George Karmo; Dillon, Andy (Treasury)
Subject: Meeting with the Treasurere regading KWA

Follow Up Flag: Follow up
Flag Status: Flagged

Good evening Amy,

I just received additional information from DWSD regarding an alternative option we had proposed. If at all possible it would be easier to go over this information in person rather than over the phone. As I indicated we can meet anywhere if that helps. Please let me know. Otherwise, I will wait for his call.

Thank you,
Dave

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

DATE: March 15, 2013

TO: Governor Rick Snyder

FROM: Andy Dillon, State Treasurer

SUBJECT: Status of Financially Distressed Local Governments

	FEBRUARY			JANUARY		
	Cities			Cities		
EM/EFM	5			5		
Consent Agreement	3			3		
Watch List	5			5		

Per your request, this memorandum summarizes the status of selected financially distressed units of local government. The following units of local government now are subject to Public Act 72 of 1990, the Local Government Fiscal Responsibility Act.

GENERAL ISSUES

Cities Close to an Exit by EFM:

- Ecorse – While most of the financial issues are resolved, the City Council without the State's involvement, has the authority, through practice and a loosely worded city charter, to meddle in the day-to-day operations of the City, including selecting and supervising staff and setting their pay. Efforts to obtain a voluntary Inter Local Agreement have been frustrated by the unwillingness of a majority of Council to see the need for the oversight contemplated by the ILA. While we continue to work on a compromise, worst case is that we will impose a transition advisory board (TAB) under PA 436 in late March.

- Pontiac – As explained below, Mr. Schimmel has a short list of projects to complete before he leaves this summer. Imposition of a TAB will be recommended.

Retiree Health Care – In most of the EFM cities, and certainly in those cities that are struggling but not yet in receivership, the cost of promised retiree health care is a major concern. In Pontiac and Flint where changes in retiree health care were imposed under PA 4, lawsuits are pending leaving the effects of those changes uncertain. In Pontiac, the annual liability is about $6.0 million, which is also the amount of the City's current annual operating deficit. Allen Park's annual liability is approxi-

mately $2.5 million and Flint's is nearly $20 million, half of which is in the general fund. While Flint and Pontiac have each taken steps to reduce the annual expense of the health coverage the retirees enjoy, those changes are being challenged. In most of our EFM cities, this issue is a difficult obstruction to fiscal balance. Pontiac, our most extreme case, has 52 current employees in the health care system compared to approximately 1200 retirees receiving health care. Treasury is working to develop a standard process to use when addressing retiree health care spending.

EFM Exit Strategy – Treasury will be meeting individually with each EFM during the next two months to develop a timeline for them to exit the local unit. This timeline will include the specific financial and operational issues that must be resolved in order to exit; target dates for issue resolution; and a benchmarking component. Additionally, Treasury is crafting a list of criteria for each EFM city which establishes success and serves as benchmarks for returning each unit to local control.

EMERGENCY MANAGER – Cities

City of Allen Park

- Update: Joyce Parker was appointed Emergency Financial Manager by the Emergency Loan Board on October 25, 2012, with duties beginning October 29. She also serves, part-time, as the Emergency Financial Manager for the City of Ecorse.

- For fiscal year ending June 30, 2012, the City had an operating surplus of $2,973,862, or 18% of general fund revenues of $16,202,731. However, when transfers out of the general fund are taken into account, the financial picture is much worse. The City transferred $4.7 million (net of transfers in) from the general fund, including a $2.4 million transfer associated with studio debt and a $2.5 million transfer to cover retirement health care. Based on these numbers, the City's unrestricted accumulated general fund deficit is $1,090,225 or 6.7% of revenues.

- Treasury is exploring the potential to restructure the studio debt. The EFM has listed the movie studio property for sale and is preparing a detailed Deficit Elimination Plan. The City's financial distress is exacerbated by the minimum staffing requirements contained in the public safety collective bargaining agreements and the cost of retiree health care.

- The Road Out: With our recent entrance into Allen Park, several general strategies are in play. As noted above, the budget is in deficit primarily because of the movie studio debt and the retiree health care obligations. However, labor contracts have minimum manning provisions that need to be resolved, and there are several areas of ongoing expense that can be reduced. Among other things, the EFM's draft deficit elimination plan also includes personnel reductions (including police and fire), wage reductions, pension plan changes, active and retiree health care changes, reduction in sick days and holiday payouts, and revenue enhancements for rubbish and lights. Ms. Parker believes that it may be possible to balance these financial issues short of bankruptcy. However, that option is also being explored. Allen Park's exit from Emergency Manager status will likely de-

pend on Treasury's ability to restructure the City's movie studio debt and make significant adjustments to the City's retiree healthcare liabilities.

City of Benton Harbor

- Joe Harris was appointed Emergency Financial Manager on August 8, 2012. The Emergency Loan Board terminated Mr. Harris' contract effective January 31, 2013 and appointed Mr. Tony R. Saunders II as the new EFM effective February 1, 2013.

- For the fiscal year ending June 30, 2012, Benton Harbor had an operating shortfall of $1,125,798, exceeding general fund revenues of $6,555,653 by 17%. The unrestricted accumulated general fund deficit is $2,285,483 or 34% of general fund revenues. The unrestricted deficit increased slightly over 2011 by approximately $56,000.

- Update: The new EFM has established a working with relationship with the City Commission which has resulted in the Commission approving a resolution of support placing a millage proposal on the May ballot. The millage proposal, if approved, replaces the 10 mill special assessment levied during December 2012, with a 10 mill operating levy. The proposal will also include asking voters for a 3 mill increase . The EFM has requested and received an advancement of the April and June revenue sharing payments to address the cash shortage. A $2.5 million emergency loan application is anticipated during July.

- The Road Out: Mr. Saunders is reviewing all City operational expenses in an effort to rationalize annual expenses and eliminate deficit spending. The large amount of accounts payable is a near-term focus. The water plant is a major liability, particularly since users in Benton and St. Joseph Townships have withdrawn from the system due to ongoing political and financial management concerns. The City charter needs to be updated, the performance of City Council needs to be improved, and ongoing liabilities for retiree health care are also an issue. OFR staff are working with the new EM on the water/sewer system debt, transfer of the pension system to MERS and reductions in staff. Treasury had anticipated that withdrawal from the City would be a near-term possibility if charter issues could be overcome. However, these recent revenue issues and the demise of the water system customer base, make a near-term exit more challenging. The new EM understands our desire to make an exit as soon as possible.

City of Ecorse

- Joyce Parker was appointed Emergency Financial Manager on August 8, 2012 by the Emergency Loan Board. She was first appointed Emergency Financial Manager on October 30, 2009. She continues to serve Ecorse on a part-time basis while she also serves as Emergency Financial Manager for the City of Allen Park.

- City Council is cool toward an interlocal agreement proposed by Treasury that would create an advisory board under the Urban Cooperation Act, PA 7 of 1967 (Ex. Session) and create a seamless transition process away from an EFM, allowing Ms. Parker to end

her service there. A majority of Council believe such an advisory board is unnecessary. Treasury staff is redrafting the ILA to address some of the suggestions made by the AG. The revised agreement will be reviewed with the Council.

- For the fiscal year ending June 30, 2012 the City had a general fund balance of $2,419,220 or 18.8% of general fund revenues of $12,904,604 and experienced an operating surplus for the first time in several years.

- The Road Out: The work of the EFM is essentially done. The remaining concern is with the City Council and the City charter language which allows substantial day-to-day involvement of the City Council. Discussions continue on an interlocal agreement to establish a Transition Advisory Board, as explained above. If this voluntary approach is not successful, a TAB can be imposed with the advent of PA 436 in late March.

City of Flint

- Edward Kurtz was appointed Emergency Financial Manager on August 8, 2012 by the Emergency Loan Board. He succeeded Mike Brown who was appointed Emergency Manager on November 29, 2011. The Emergency Financial Manager is anticipated to be in Flint for more than one year. Mr. Kurtz is taking a minimal salary as EFM, while Mike Brown now works as City Administrator, appointed by Mr. Kurtz. It is assumed that Mike Brown will be reappointed as EM in late March, and that Mr. Kurtz will be retained until June to consult with the City on the FY 2014 budget.

- For fiscal year ending June 30, 2012, the City incurred a general fund operating shortfall of $10,169,828 exceeding general fund revenues of $51,497,686 by 20%. This resulted in an unrestricted accumulated general fund deficit of $19,184,850, which is 37% of general fund revenues.

- Update: The City of Flint has been participating with Genesee County on the feasibility of the City's use of a planned water pipe line from Lake Huron that would serve a large portion of Genesee County as an alternative to water supplied by DWSD. An engineering firm selected by Treasury to conduct an independent evaluation of Flint's choices for water supply presented their findings on December 18th. This is a critical long-term decision for Flint and the region. The economics show that but for the excess cost of DWSD water during the three year construction period of the Karegnondi Water Authority (KWA) pipeline, the City will benefit from lower water costs in the long term by using the KWA water and treating the water in Flint at their own, existing, water treatment plant. A recent proposal shows that with cooperative efforts with the County, those excess costs can be further minimized.

- The Budget for the current fiscal year encompasses both revenue increases and expenditure reductions in an effort to achieve a balanced budget. For example, the budget includes assessments for waste collection, for the operation, maintenance, and improvement of street lights, and a 25 percent increase in water and sewer rates. Voters overwhelmingly approved a 6 mill public safety millage in November that will substantially improve the FY 14 budget.

On the expenditure reduction side, the budget reduces the City's workforce by 150 positions (20 percent), and includes employee concessions and a restructuring of employee health care benefits. Retiree health care has been eliminated for future employees. Litigation is pending in federal court to preclude changes to retiree health care. The Emergency Financial Manager estimates that retiree health care costs will increase by $3.5 million during the current fiscal year if he is prevented from implementing the planned changes.

- The City has recently submitted a five year deficit elimination plan that anticipates submittal of an emergency loan application of $12 million to address the accumulated deficit. The remainder of the unrestricted accumulated general fund deficit will be eliminated through $7.1 million in reductions. The City has not yet identified specific cuts but will do so as it works through the development of its fiscal year 2014 budget. The Department is assisting the City with the identification of possible reductions.

- The City's first contract with a private a solid waste removal firm was recently implemented. Republic Services hired 20 of the 24 former city employees who provided this service. Republic also purchased a number of former city waste vehicles and will implement recycling services during the summer of 2013. The transition has progressed smoothly.

- The Road Out: This is the first year of the EFM's balanced budget and they are currently on track with the budget. Major remaining issues are resolving public safety staffing and effectiveness; establishing new and cooperative approaches to water and sewer services; funding and maintaining infrastructure; defining and sustaining blight eradication strategies; and funding OPEB liabilities. Treasury will be meeting with Flint's EFM during the next month to develop a timeline for him to exit the local unit.

City of Pontiac

- Lou Schimmel was appointed Emergency Financial Manager by the Emergency Loan Board on August 8, 2012. He was first appointed Emergency Manager on October 6, 2011. The Emergency Financial Manager is anticipated to complete his work by mid-2013, but a viable oversight mechanism, such as a Transition Advisory Board (TAB) under PA 436 of 2012, will be necessary for this to happen.

- For fiscal year ending June 30, 2012, the City had an operating shortfall of $1,249,049 exceeding general fund revenues of $38,709,018 by 3%. This resulted in an unrestricted accumulated general fund deficit of $4,748,117 or 12% of general fund revenues. For fiscal year 2013, the City's financial position will benefit from the transfer of the Pontiac Wastewater Treatment Plant. From the assets received, $8.4 million was used to pay off a loan to the general fund from the water/sewer fund; $6 million was used for retiree healthcare bringing the 2013 budget into balance; $3.4 million will be applied to the accumulated deficit from fiscal year 2012.

- The EFM reports that FY2014 would be balanced except for the $6.0 million required for health care costs associated with retired non-public safety employees, and those who are still

active employees. Retired public safety employees (there are no active Pontiac public safety employees) are covered by an existing VEBA.

- The Emergency Financial Manager continues to minimize the number of unused vacant properties in the City that are city-owned. The demolition of the Phoenix Center and sale of land project remains on hold after Oakland County Circuit Court Judge Michael Warren issued an injunction barring the City from demolishing the Phoenix Center. Settlement negotiations are proceeding.

- The partnership with Oakland County for a restructuring of the ownership of the Pontiac Wastewater Treatment Plant is essentially complete. The capitalization of assets created by the transfer generated approximately $55 million, which was used to reduce bond debt related to Fiscal Stabilization bonds, Water Supply system, Sewage Disposal system, and Building Authority. The transaction has dramatically improved the City's cash position while also eliminating most of the City's outstanding debt, and preserving a reasonable fund for infrastructure maintenance within the City. It is also projected that Pontiac users of the system will enjoy significant reductions in their costs for sewer services in future years.

- Update: The EFM continues to reduce general fund expenses. He has successfully negotiated cost reductions with the City's waste pickup contractor; secured agreement from the Chief Judge to control the City's subsidy to the 50th District Court by having the Court process its own employee payroll and pay court employees out of its own account instead of the City's general fund account; and he contracted out all remaining DPW services including the snow plowing of major streets with the Oakland County Road Commission.
- The Road Out: Mr. Schimmel expects to leave this summer and strongly supports the use of a transition advisory board. His list of tasks remaining are: Phoenix Center Demolition; sale of DPW building to Consumers Energy; auction of surplus stuff; provide for the redevelopment of the Hayes Jones Community Center; sale of various properties, including golf course; and substantially reduce the $6.0 million annual deficit related to retiree health care. Mr. Schimmel recently presented to Treasury a concept plan for utilizing apparent overfunding in two retirement plans to eliminate or dramatically reduce City costs for retiree health care. Treasury encouraged further refinement of the plan subject to certain conditions being addressed.

CONSENT AGREEMENT - CITIES

City of Detroit

- For fiscal year ending June 30, 2012, the City had an operating surplus of $105,842,769. However, when transfers out of the general fund are taken into account, the City's financial position is much worse. The City transferred $236,542,790 with the largest transfer going to the transportation fund for $87.2 million, $61.2 million to the debt service fund, and $80.9 million for interest payments on the pension obligation certificates. This resulted in an unre-

stricted accumulated deficit of $327,956,700 or 30% of general fund revenues of $1,100,342,313.

- The City continues to implement the "countermeasures" developed in order to net approximately $117 million in cash improvements by June 30 and allow the City to maintain a positive (though minimal) cash position through the end of the fiscal year. Much of the cash savings are realized by deferring required payments into the next fiscal year.

- On February 1, a first draft of the 5 year plan for the City was presented to the Review Team. The plan would eliminate the deficit within 5 years by significantly lowering employee costs. Changes include a reduction of an additional 500 FTEs, freezing all pension vesting for one year, moving all employees to a defined contribution plan after that, and capping health care expenditures at $125 million a year (compared to a current spend of roughly $190 million). Other potential savings being considered include additional headcount reductions/furloughs, asset sales, debt restructuring, and revenues. Update: As of early March, this has been expanded into a draft 10 year plan.

- Update: Information provided by the City (but as yet unverified) indicates that the General Retirement System Pension Board has set aside $3 million of pension funds to fund a lawsuit against an Emergency Financial Manager, if one is named.

- Update: The Detroit Public Lighting Authority board held its first meeting on March 1. While the authority cannot draw utility tax revenues until bonds are issued, the immediate focus is on getting a loan from the general fund to replace 10-15,000 lights that are out due to operational issues (as opposed to underlying infrastructure issues).

- Update: Judge Cox, who currently oversees the Detroit Water and Sewerage Department (DWSD), has expressed an interest in ending federal oversight. Although non-binding, this will require initial agreement among stakeholders about the path going forward. Treasury generally supports a proposal to move DWSD to a semiautonomous authority. This course may significantly benefit the City however; it is also Treasury's position that the City's investment banker (Miller Buckfire) conduct a thorough analysis of the various options available, so that no action would be taken that would foreclose on any possibility. The "Root Cause Committee" (consisting of members from the City's Administration, City Council and the Water Board), has drafted a non-binding report to be presented to Judge Cox in support of the authority option. The Judge had set a March 15 deadline for completion of the report.

City of Inkster

- The City of Inkster operates under a Consent Agreement which was implemented effective February 28, 2012.

- For fiscal year ending June 30, 2012, the City had a general fund operating shortfall of $3,171,524 or 19% of general fund revenues of $15,859,971. The FY12 shortfall increased

the City's general fund unrestricted accumulated deficit to $3,604,783 or 22% of general fund revenues.

- For FY13, the City reduced staffing by 20% and made other expenditure reductions. Current budget forecasts suggest a year end deficit of $1.7 million, consistent with the DEP. The most current budget to actual report shows the City's general fund breaking even instead of generating a $600,000 surplus as budgeted. The City is preparing FY 2012-13 budget amendments which include proposed reductions of $500,000. The projected loss in property value in the city for FY 2013-14 is 9.2%.The City's deficit elimination plan anticipates the FY14 budget will be balanced. Treasury is concerned about ongoing cooperation between the City Council and the city administration . City council's consideration of FY 2012-13 budget amendments at their 3/18/2013 meeting will be enlightening. Staff from OFR regularly visits Inkster.

City of River Rouge

- The City of River Rouge operates under a consent agreement which was implemented effective December 15, 2009.

- For fiscal year ending June 30, 2012, the City had a general fund operating surplus of $1,302,690 or 11% of general fund revenues of $11,989,601. The surplus has reduced the unrestricted accumulated general fund deficit to $1,039,067 or 8.6% of general fund revenues of $11,989,601. The 2012 accumulated deficit is approximately half of the previous year's deficit so progress is evident. However, the 2012 operating surplus is a result of the receipt of approximately $1.9 million in legal settlements. Had the legal settlements not occurred, the 2012 accumulated deficit would be an estimated $2,900,000. OFR staff visits with River Rouge and feels comfortable that their ongoing efforts to reduce costs, such as the recent implementation of a public safety officer model for combined police and fire services will help the City achieve its FY14 budget objective of balanced revenues and expenditures. Implementation of the Personal Property Tax reductions is anticipated to negatively impact the city. Efforts are underway to prepare more specific estimates of the impacts on both River Rouge and Ecorse, which have relied heavily on the PPT revenues from the Great Lakes steel mill.

LOCAL UNITS OF INTEREST

City of Hamtramck

- For fiscal year ending June 30, 2012, the City had a general fund operating shortfall of $3,303,385 which is 22% of general fund revenues of $14,827,148. This deficit eliminated the general fund balance and resulted in an unrestricted accumulated deficit of $753,733 or 5% of general fund revenues. The cause of the imbalance was the result of the loss of revenue due to the expiration of the Poletown tax increment financing agreement and the failure of the City to reduce its expenditures accordingly.

- The City has submitted an application for an emergency loan for $3 million. The Department is reviewing the application to determine if the City qualifies. In addition to the emergency loan, the City is pursuing the issuance of a tax anticipation note to address its cash shortage expected to occur during March 2013.

- Late last year, the City Council voted to request a financial review by the State. Prior to initiating the requested review, Treasury asked for and the City has submitted a deficit elimination plan (DEP). The plan relies heavily on the receipt of an emergency loan, an increase in rental inspection fees, and an increase in traffic violation revenues. Given the inadequacy of the DEP, Treasury initiated a preliminary review on Monday; February 11and staff has completed the report.

City of Highland Park[1]

- For fiscal year ending June 30, 2012, the City had a general fund operating surplus of $1,293,462 or 12% of general fund revenues of $10,718,332. This increased the City's unrestricted general fund balance to $2,199,762 or 20% of general fund revenues. The positive fund balance is a result of the restatement of accrued state revenue from the fiscal year 2011 financial statements and, in large part, the forgiveness of a $4 million payable due to DTE in 2011. Also a concern is the deficit in the water/sewer fund of approximately $6.7 million and the unfunded pension liability of $13.1 million. The unfunded liability for other post-employment benefits is $26 million.

- The City's updated general fund projections indicate the City will reach a deficit situation during FY 2018. However, these forecasts do not address the possible consequences of various debt coming due within the next two years. Office of Fiscal Responsibility staff is working with local officials to develop and implement cost savings.

- Update: The City has discontinued using their water treatment plant after attempting to implement MDEQ mandated improvements to the plant. Initial improvements were estimated at $340,000, but escalated to an estimated $5.9 million after valves and other essential parts of the system were found to be inoperable. The estimated cost to demolish the facility is $3.6 million. Currently, the City is purchasing water from DWSD. Negotiations continue between the City and DWSD with the intent of DWSD operating the City's water and sewer utility systems. One challenge to finalizing this arrangement is the $8 million the City owes DWSD for sewage treatment. Treasury and City officials expect a proposal during April from DWSD which contains the prerequisites for a cooperative venture to proceed and also addresses the amortization of the City's sewer debt to the DWSD.

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[1] Several EFMs have been appointed in Highland Park. While the financial emergency in the City remains in effect, no replacement EFM has been appointed. Treasury is working with the Mayor and Council, without an EFM appointment, to get the City out of the business of providing public services.

- The Road Out: Highland Park's broken water system needs multiple strategies for resolution. DWSD is the major focus here for delivery of treated water and administration of water and sewer bills. The City's existing water treatment facilities are in need of demolition, which will be expensive. In addition to typical OPEB liabilities, H.P. also has a major, bank-funded debt because of a court order related to delinquent payments to police pension funds. That debt will need restructuring in the next 24 months. The continuing effort to minimize the services the City provides makes the City a prime candidate for participation in regional public safety.

The following units of local government are not currently subject to Public Act 72 of 1990, the Local Government Fiscal Responsibility Act:

Royal Oak Township

- The township had an operating deficit of $132,358 and an unrestricted general fund balance of a negative $34,821 at year end 2011. The unrestricted deficit was 3.6% of general fund revenues. However, the operating deficit is 14% of general fund revenues. The unrestricted deficit decreased significantly from 2010 to 2011; a negative $284,416 in 2010 to a negative $34,821. This appears to be related, in part to a 2011 interfund transfer between the Parks and Recreation Fund (dedicated millage) and the Senior /Transportation fund. There is no money budgeted to repay the loan. There is also a loan with a local bank that was not obtained in accordance with regulations, as well as accusations of credit card misuse. Office of Fiscal Responsibility staff recently met with the newly elected Supervisor, Attorney and Financial consultant to discuss the Township's anticipated cash flow shortage during May. Subsequent discussion with staff from the Local Audit and Finance Division regarding potential borrowings by the Township also took place. Staff continues its discussions with the Supervisor, Treasurer and Clerk to improve the Township's financial practices.

City of Taylor

- For fiscal year ending June 30, 2012, the City had a general fund operating shortfall of $3,905,004 exceeding general fund revenues of $40,444,430 by 9.6%. This excessive spending increased the general fund unrestricted accumulated deficit to $5,359,732 from approximately $1.7 million in 2011. The general fund borrowed $2 million from the water and sewer funds with no apparent commitment for repayment within a prescribed time period.

- The City fell short of its deficit elimination projections by a minimum of $1.0 million. The majority of this can be attributed to Public Safety, which exceeded its budget expenditures by $881,610. Consequently, the City has submitted an updated deficit elimination plan. Staff is reviewing the updated plan to determine if it is reasonable and achievable and will require the City to submit monthly reports to monitor its adherence to the new plan

- The relationship between the Mayor and City Council remains contentious. Rather than work together to solve the City's fiscal dilemmas, the City Council tends to make decisions that seem intended to confront the Mayor. Sometimes, those decisions result in further aggravation of the City's financial condition.

County of Wayne

- For fiscal year ending September 30, 2012, the County had a general fund operating surplus of $73,158,000, or 14% of general fund revenues totaling $532,919,000. However, the general fund transferred $113,158,000 to other funds thereby increasing the 2011 unrestricted accumulated general fund deficit to $148,925,000, which is 28% of general fund revenues.

- A revised deficit elimination plan has been submitted. Staff is working with the County to resolve several issues within the plan such as the transfer of assets from other funds and unsupported reductions to eliminate the general fund deficit.

- Update: Phase II of the State's consulting engagement contract with Pierce, Monroe & Associates to examine the funds of elected officials and other select departments was completed by the February deadline including examination of the substantial balance amount in the Treasurer's Delinquent Tax Revolving Fund.. Anticipated future County borrowing, if any, will be conditioned to require changes in the financial behavior within County government. Treasury remains very concerned about the probability of jail construction cost overruns.

- The County has submitted an application to issue $90 million in tax anticipation notes, has committed to updating its deficit elimination plan to include the most recent deficit and to address concerns in a timely manner. They intend to submit monthly financial reports so that the Department may monitor the County's adherence to the plan. The Department will issue a conditional approval of the deficit elimination plan and approve the borrowing. However, the proceeds of the borrowing will be placed in an escrow account and draws will be approved by the Department subject to the County meeting certain budgeting goals.

LITIGATION SUMMARY

1. *AFSCME 25, et al* v *Governor, et al.* This action was filed in United States District Court (Eastern District). The claim is that modifications by the Emergency Manager for Detroit Public Schools to collective bargaining agreements violated various constitutional provisions (e.g., the Contracts Clause and Takings Clause).

   Status: Cross motions for summary disposition were pending. A motion hearing was held on November 1, 2012, and the Court took the matter under advisement.

2. *Bland* v *Brown, Kurtz, et al.* This action was filed in Genesee County Circuit Court. This is an action for declaratory and injunctive relief and mandamus. The claim is that the Emergency Manager transferred the assets of the Flint Retirement System to the Municipal Employees Retirement System of Michigan (MERS) in violation of Act 4. Section 19(1)(m)(iii) of the Act authorizes such a transfer provided the recipient pension fund is actuarially funded at a level of 80 percent or more. The claim is that MERS as of December 31, 2010 was funded at only 76 percent.

   Status: A pre-trial conference was held the last week of October 2012.

3. *Brown* v *Snyder*. This action was filed in Ingham County Circuit Court. The claim is that Act 4 is unconstitutional, facially and as applied. The State sought a protective order in regards to discovery which the trial court denied. On appeal, the Court of Appeals vacated the denial of the requested protective order and remanded. The trial court hearing on remand is September 26, 2012.

   Status: The case was dismissed. The parties on November 19, 2012, signed stipulations and a voluntary dismissal.

4. *Citizens United Against Corrupt Government, et al* v *City of Detroit, et al.* This action was filed in Ingham County Circuit Court. The claim is that a contract by Mayor with an outside law firm violates City charter.

   Status: Awaiting a hearing date.

5. *Citizens United Against Corrupt Government,* et al v *Detroit Financial Advisory Board.* This action was filed in the Court of Appeals. This is an action for *quo warranto.* The claim is that, among other things, no portion of the Financial Stability Agreement, including the Financial Advisory Board, survived the disapproval of Act 4 by the voters.

   Status: The case is pending having been filed on December 10, 2012.

6. *Citizens United Against Corrupt Government,* et al v *Detroit Financial Review Team*. This action was filed in Ingham County Circuit Court. The claim is that negotiation of the Fi-

nancial Stability Agreement, as well as two provisions of the Financial Stability Agreement, violated Act 4. The case was dismissed by the Ingham County Circuit Court.

Status: Plaintiff filed a claim of appeal with the Court of Appeals and plaintiff's brief is due on December 26, 2012.

7. *Coletta et al* v *David Clark et al*. This action was filed in Wayne County Circuit Court and has been certified as a class action involving approximately 9,000 plaintiffs. This is an action for declaratory and injunctive relief and damages. The claim is that trustees of the City of Detroit's General Employees Retirement system and the Police and Fire Retirement system violated various laws and breached certain fiduciary duties in regards to the investment of pension assets.

8. *Davis* v *Detroit Financial Advisory Board*. This action was filed in Ingham County Circuit Court. The claim was that the Board violated the Open Meetings Act.

   Status: The case was dismissed.

9. *Davis* v *Detroit Financial Review Team, et al*. This action was filed in Ingham County Circuit Court. The claims were that review teams were subject to the Open Meetings Act and that the Detroit Financial Review Team had acted in violation of a trial court order. The Court of Appeals held on May 21, 2012, that review teams are not subject to the Open Meetings Act, but remanded to the trial court for an evidentiary hearing on the issue whether defendants should be held in contempt. Subsequently, the trial court declined to hold an evidentiary hearing and plaintiff appealed that decision to the Court of Appeals.

   Status: Payment of plaintiff's costs and attorney fees rendered moot the need for an evidentiary hearing.

10. *Davis* v *Highland Park Financial Review Team* (referred to as *Highland Park II* to distinguish it from the first Highland Park case which claimed that review teams were subject to the Open Meetings Act). This action was filed in Ingham County Circuit Court. The claims are that the terms of review team members expire 60 day (90 day with an extension) after appointment and that Act 4 violated Section 29 of the Headlee Amendment. The trial court dismissed the former claim, but held that Act 4 did violate the Headlee Amendment.

    Status: Plaintiff failed to file a brief.

11. *Davis* v *Parker*. This is an action for *quo warranto*. This action was filed in the Court of Appeals after the foregoing case was filed in Ingham County Circuit Court. The claims are that the Emergency Financial Manager has no entitlement to her office because the statutory process of Act 72 was not followed and that Act 72 is not revived because it was repealed by Act 4.

Status: The Court of Appeals denied application for leave to proceed by *quo warranto*.

12. *Davis* v *Rick Snyder, Michael Flanagan, and Joyce Parker*. This action was filed in Ingham County Circuit Court. This is an action for declaratory judgment. The claims are that the statutory process of Act 72 was not followed, that Act 72 does not authorize the grandfathering of actions taken under Act 4, and that the criteria for appointment of emergency managers under Act 4 and emergency financial managers under Act 72 differ.

    Status: A motion hearing is scheduled on January 30, 2013.

13. Davis v Roberts. This action was filed with the Michigan Supreme Court. The action is for quo warranto. The claims are that the Emergency Financial Manager has no entitlement to his office because the statutory process of Act 72 was not followed and that Act 72 is not revived because it was repealed by Act 4. The Court of Appeals previously denied relief and held that Act was revived.

14. *Davis* v *State of Michigan, City of Detroit, et al.* This action was filed in Ingham County Circuit Court. The claim is that the financial stability agreement violates the Headlee Amendment. The trial court denied plaintiff's motion for an evidentiary hearing, but allowed depositions. The Court of Appeals granted the State's application for leave to appeal. Defendants filed a reply brief on September 27, 2012.

    Status: The Court of Appeals held oral arguments on December 5, 2012. The matter is awaiting decision.

15. *DPOA* v City of Detroit. This action was filed in Wayne County Circuit Court. This was an action for injunctive relief. The claim was that duty to engage in Act 312 arbitration survived the duty to bargain under the Public Employment Relations Act. On August 30, 2012, the Court granted the State's motion to intervene, dissolved a previously entered temporary restraining order, refused to enter a preliminary injunction, and determined that the City's employment terms are controlling until a new agreement is reached. The Court dismissed the case.

    Status: DPOA filed with the Court of Appeals a claim of appeal and motion to stay, the latter of which the Court denied.

16. *DPOA* v *City of Detroit*. This action was filed in the Court of Claims (Ingham County Circuit Court). The claim is that the duty to engage in Act 312 arbitration survived the duty to bargain under the Public Employment Relations Act.

    Status: Supplemental briefs have been filed by all parties who are awaiting a decision.

17. *FPOA* v *City of Flint*. This action was filed in Genesee County Circuit Court. This is an action for injunctive relief. The claim is that an Emergency Manager order which im-

posed a labor contract should be invalidated because the statute under which it was issued, Act 4 of 2011, no longer is in effect.

18. *Kincaid* v *Kurtz*. This action was filed in Genesee County Circuit Court. This is an action for *quo warranto* against the Flint Emergency Financial Manager. The claim is that the appointment of the Emergency Financial Manager is unconstitutional because Act 72 was repealed by Act 4 and, per the anti-revival statute (MCL 8.4), Act 72 was not revived upon the suspension of Act 4. Plaintiff's amended complaint and brief as requested by the Court were due on November 19, 2012. A hearing was scheduled on November 26, 2012. The Court granted a motion to adjourn the November 26, 2012, hearing which was rescheduled for December 20, 2012.

    Status: The case was dismissed on December 20, 2012.

19. *NCO Acquisitions, LLC, et al* v *Governor, et al*. This action was filed in United States District Court (Eastern District). The claim is that termination lease by Emergency Manager for Detroit Public Schools violated the Contracts Clause and Takings Clause of the federal Constitution.

    Status: The parties have filed cross motions for summary disposition and a hearing has been scheduled for January 9, 2013.

20. *Roberts* v *Murray, et al, and Detroit Board of Education*. This action was filed in Wayne County Circuit Court. This was an action for injunctive relief filed by the Emergency Financial Manager with a cross claim for injunctive relief by the School Board. The Court adopted the position set out in Attorney General Opinion No. 7267 that Act 72 is revived during the suspension of Act 4. The Court also held that actions taken under Act 4 prior to the time of its suspension remained valid.

    Status: Not available.

21. *Sutton v Brown*. This action was filed in Ingham County Circuit Court. The claim was that the appointment of Mike Brown as Emergency Manager for the City of Flint violated the Headlee Amendment. On August 8, 2012, the trial court dismissed the complaint due to lack of service by plaintiff.

    Status: The case was dismissed.

22. *Valenti* v *Snyder, et al*. This action was filed in United States District Court (Eastern District). The claim is that the Detroit financial stability agreement violated the contracts clause, procedural due process, and amounted to a tortious interference with contractual relations. The Court concluded that the suspension of Act 4 rendered the case moot, but that the case could be revisited depending upon the outcome of the Act 4 referendum.

Status: The case was dismissed, but on January 24, 2013, plaintiffs filed a motion with the court to reopen the case.

23. *Watkins, et al* v *the Governor, State Treasurer, and Attorney General.* This action was filed in Ingham County Circuit Court on behalf of two members of the Pontiac City Council, four members of the Benton Harbor City Commission, and all nine members of the Flint City Council. This is an action for mandamus or, in the alternative, declaratory, and injunctive relief. The plaintiffs seek to have the reappointments of the seven existing emergency financial managers declared invalid on grounds that the suspension of Act 4 did not revive Act 72.

    Status: The case was dismissed. At a motion hearing on December 5, 2012, the Ingham County Circuit Court denied plaintiffs' requested relief and granted summary disposition in favor of the State.

24. *Welch et al* v *Brown, Kurtz, et al.* This action was filed in United States District Court (Eastern District). This is a class action for injunctive relief and damages. The claim is that changes implemented by the Emergency Manager under Act 4 and to be implemented under Act 72 to retiree healthcare violate certain constitutional and contractual rights of retirees. At a hearing on September 6, 2012, the Court declined to grant an injunction. Instead, the Court directed the parties to meet. The Court was of the opinion that plaintiffs appeared to misunderstand the nature of changes to their coverage and should first meet with city representatives to discuss those changes.

    Status: The meeting between plaintiff's counsel and City's counsel was held and plaintiffs are expected to continue litigation.

Byrne, Randall (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, March 17, 2016 8:53 AM
To: Byrne, Randall (Treasury)
Subject: KWA Question

Randy,

This is the last communication I have from TYJT on the KWA issue.

It does not appear to address your question though.

Eric Cline | Department Manager | State of Michigan Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922 Lansing Office (517) 335-2078 | Cell Phone (517) [redacted]
Traverse City Office (231) 922-5228 E-mail cliner1@michigan.gov

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-----Original Message-----
From: David Guastella [mailto:DGuastel@tyjt.com]
Sent: Tuesday, March 26, 2013 5:01 PM
To: Dillon, Andy (Treasury) <DillonA2@michigan.gov>; Hichez, Amy (Treasury) <HichezA@michigan.gov>
Cc: George Karmo <GKarmo@tyjt.com>; Awni Qaqish <aqaqish@tyjt.com>; Cline, Richard (Treasury) <cliner1@michigan.gov>; Stibitz, Brom (Treasury) <StibitzB@michigan.gov>
Subject: FW: Meeting to review DWSD proposals

This email was sent from DWSD to Flint yesterday; TYJT was requested to forward this information to the Treasury.

Dave

-----Original Message-----
From: Sue McCormick [mailto:mccormick@dwsd.org]
Sent: Monday, March 25, 2013 11:42 AM
To: Ed Kurtz
Cc: Michael Brown; Nicolette Bateson
Subject: Meeting to review DWSD proposals

Hello Mr. Kurtz,

Last week I spoke with Mayor Walling to share DWSD's continued interest in discussing a long term Water Service contract to serve Flint. Mayor Walling indicated he would pass along our interest in meeting in the next week or two to discuss new proposals that are responsive to the changes that the City of Flint has identified in terms of it's requirements and priorities including; a reduction in requirements from 18 to 15 MGD and the newly expressed desire not to blend Flint treated water with DWSD treated water. The latter change certainly came as a surprise given the

economic advantage of this for Flint and Flint's intiated request for this specific option. I am curious to know what new information resulted in this option becoming less desirable and if there are opportunities to address those concerns.

It has been a rather odd experience to be outside of the process these last few months. I've taken note that the KWA proposal provides a single line of supply and would still leave Flint in the position of retaining the Flint plant in a full time operating mode as well as maintaining the capacity of treating two very different sources of supply in the event of an interruption. Although the line would be newer than the existing transmisson system serving Flint, it does not accomplish the redundancy in supply that Flint has long expressed an interest in.

With the changes identified in Flint's requirements and preferences, we have looked at opportunities to address these as well as Flint's historical concerns about the single transmission main and have developed proposals that twin the transmission main with smaller diameter pipe, provide transmission redundancy along the entire length from Imlay to the Flint Plant, as well as provide Flint the opportunity to consider selling Flint's portion of the 72 inch line and avoid the signficant risks and costs Flint has expresed concern about in maintaining that line. In addition, the twinning of supply with full redundancy, without additional treatment requirements, would allow Flint to avoid capital and well as operating expenses in both the plant and transmission system. All of this can be accomplished with still a significant reduction in Flints rates.

We are a new service organization. The rate adjustments for FY 14 are announced with significantly constrained adjustments from what had been forecast previously. Our financial plans reflect the ongoing benefit of our organizational optimization efforts. Recent discussions have brought attention to a near term opportunity to move toward greater independance with an opportunity to expand represenation in our governance. This is not the DWSD of your recollection.

I welcome the opportunity for discussion at your earliest convenience.

Best regards,

Sue

Sue F. McCormick, Director
Detroit Water and Sewerage Department
735 Randolph, Room 506
Detroit, Michigan 48226
Office (313)224-4701
Fax (313)224-6067
McCormic@dwsd.org

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Sunday, March 17, 2013 6:56 PM
To: Snyder, Rick (GOV); Muchmore, Dennis (GOV)
Cc: Stibitz, Brom (Treasury); Saxton, Thomas (Treasury); Roberts, John (GOV)
Subject: Fwd: Flint Water Supply Alternatives
Attachments: TYJT Recommendaton DWSD vs Flint.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Governor and Dennis,

Attached is the recommendation from the engineers we hired to advise us on the KWA project for Genesee/Flint. As you will see, they are recommending that Flint stay with DWSD. This has ramifications that merit further discussion. Dennis and Brom, can you schedule a mtg for follow up?

Thanks,

Andy

Sent from my iPad

Begin forwarded message:

> **From:** David Guastella <DGuastel@tyjt.com>
> **Date:** March 17, 2013 1:07:03 PM EDT
> **To:** "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>
> **Cc:** George Karmo <GKarmo@tyjt.com>, Awni Qaqish <aqaqish@tyjt.com>, "Hichez, Amy (Treasury)" <HichezA@michigan.gov>
> **Subject: Flint Water Supply Alternatives**
>
> Good afternoon Treasurer Dillon,
>
> As requested in our meeting on Friday, March 15th, I am attaching TYJT's recommendation regarding Flint's alternatives for water supply. Please do not hesitate to contact us should you have any questions or wish us to look into anything further regarding this issue.
>
> Thank you,
>
> Dave

STATE OF MICHIGAN CONTRACT NO. 271N3200089

CITY OF FLINT WATER SUPPLY ASSESSMENT

At the request of the Treasurer, Tucker, Young, Jackson, Tull, Inc. (TYJT) makes the following recommendation to the Department of Treasury concerning Flint's water supply alternatives. Based on the financial analysis performed of the various options presented by DWSD to continue treated water service to Flint compared to Flint being supplied by the new KWA untreated water system, TYJT believes that several of the options presented by DWSD are lower in cost currently and over the long run than the one offered by KWA. TYJT also believes that DWSD's most recent offer (subsequent to the submittal of our report) to build a smaller parallel water main from Imlay to Flint, funded by the entire DWSD base of customers, is the best solution offering the least cost alternative and the required redundancy by MDEQ.

Furthermore, since a majority of the KWA system has not been designed and none of the system has been constructed, there is an additional risk that the cost of the KWA system may actually be higher than estimated due to potential construction delays and unforeseen conditions. This risk to Flint could be substantial since the city is responsible for 30 percent of the KWA design and construction costs while still having to purchase water from DWSD during the construction period.

Finally, there are other issues that were identified in our report that may result in risks to Flint if it were to join KWA that should be considered by the Treasury in determining how Flint's potable water should be supplied. These issues are related to redundancy and reliability, other items affecting cost, and Flint's desire to control its own destiny related to its water supply. These are described further below.

- DWSD's supply to Flint is via a 72-inch water main from Imlay City. This main also supplies Imlay City, Mayfield and the Greater Lapeer County Utilities Authority (GLCUA). The volume of water contained within the 72-inch main is approximately 30 million gallons. If Genesee and Flint move to KWA then the three remaining communities' consumption would most likely not be large enough to maintain fresh water in DWSD's pipeline (due to loss of chlorine residual). DWSD may consider shutting down the 72-inch line completely due to the water quality concerns, which would then create an additional burden for Imlay, Mayfield and GLCUA to finance treated water supplies.
- The KWA supply option is counter to the Treasury's Competitive Grant Assistance Program (Formerly EVIP Grant). This program has been put in place to allow for communities to consolidate their services and save money. Two existing customers of DWSD (Flint and Genesee County) along with the potential of others customers (GLCUA, Mayfield, Imlay City) separating from another water system is in contradiction to the program.
- There is a concern over the ability of smaller systems (KWA) over larger systems (DWSD) to pay for future unfunded mandates and regulations. Obviously, identifying regulation requirements over 30 years is hard to determine. However, it is widely accepted that a large system has greater ability to respond to unfunded mandates because the cost can be distributed over a large customer base.
- Although Flint will be responsible for 30 percent of the construction cost, they will only have a minority vote on the KWA board. Furthermore, there are other communities (Lapeer County, the City of Lapeer, and Sanilac County) that sit on the board and vote. However, they are not purchasing water nor contributing to the construction costs. Their position on the KWA Board will not provide them an ability to "control their own destiny," as they have stated to the Treasury.

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Monday, March 18, 2013 9:51 AM
To: Stibitz, Brom (Treasury)
Cc: Saxton, Thomas (Treasury)
Subject: Re: KWA Memo

Follow Up Flag: Follow up
Flag Status: Flagged

This came up in our meeting. Let's forward this to TY and ask them for a brief explanation why City's decision to pull these options were not prudent plus I think DWSD modified their proposal from that point.

Sent from my iPad

On Mar 18, 2013, at 9:48 AM, "Stibitz, Brom (Treasury)" <StibitzB@michigan.gov> wrote:

> Here is the bullet from OFR's memo regarding the DWSD blend options, which TYJT project as being the cheapest.
>
> • At a January 10, 2013 meeting, Flint officials eliminated all of the DWSD Imlay City options (which
>
> were the cheapest DWSD options) over concerns of owning and maintaining the 72" water main.
>
> They also eliminated consideration of any of the blending options originally proposed to DWSD, in
>
> part over concerns of added costs to soften the water. This effectively left the only options remaining
>
> under consideration by Flint to be the 100% DWSD option (which TYJT estimated to be more
>
> expensive than either of the KWA cost options) or joining KWA.

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Tuesday, March 26, 2013 8:04 AM
To: Muchmore, Dennis (GOV); Rustem, William (GOV); Roberts, John (GOV)
Subject: Fwd: Flint Water

Follow Up Flag: Follow up
Flag Status: Flagged

Sent from my iPad

Begin forwarded message:

> **From:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> **Date:** March 26, 2013 7:57:47 AM EDT
> **To:** "Stibitz, Brom (Treasury)" <StibitzB@michigan.gov>, "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>
> **Subject: Flint Water**
>
> Fyi... in case you missed it I heard about this on the news this a.m.
>
> Flint City Council approves resolution to buy water from Karegnondi, state approval still needed
> By Dominic Adams | dadams5@mlive.com
> on March 25, 2013 at 10:45 PM, updated March 26, 2013 at 1:28 AM
> FLINT, MI – Flint is one step closer to getting its water from Lake Huron as part of the Karegnondi Water Authority.
> The vote, approved 7-1 at the Flint City Council meeting Monday, March 25, may have set in motion the end to Flint paying to get its water from Detroit.
> Under the proposal, Flint would get 16 million gallons per day of raw water from Lake Huron, pipe it to Flint for treatment and then sell it to customers throughout the city. Another 2 million gallons per day would come from the Flint River and will be treated in Flint.
> Mayor Dayne Walling said the Department of Environmental Quality must approve Flint's getting 2 million gallons per day from the Flint River.
> Tuesday's meeting followed weeks of discussions and special meetings surrounding the resolution.
> "We got there," Councilman Joshua Freeman said. "That's the important thing."
> There were more than 50 people at Monday's meeting.
> "Going with Karegnondi is the best decision. We have no opinion on the economics of the decision," said Rebecca Fedewa, Flint River Watershed Coalition executive director. "If we start drawing water out of the Flint River, we are at risk of having to start releasing water from our reservoirs."
> Genesee County Drain Commissioner Jeff Wright said the decision must still be approved by a county water and waste advisory board. The KWA board will then be reconvened for final approval.
> Wright said construction could start in May.
> State treasury officials still must approve the city council's move because Flint has an emergency

financial manager. All expenditures over $50,000 must be approved.
Genesee County Drain Commissioner Jeff Wright has said that Flint would pay roughly $6.4 million annually for water service if it joined the pipeline – a nearly $4 million savings on what it pays Detroit for water.
Walling previously said the city would save $19 million over eight years by getting water from the KWA.
"It's a historic night in the City of Flint," Walling said. "The savings will be less with the capacity level approved by city council because there will be increased treatment cost for the river water."
He said the DEQ told the city it needed to get 18 million gallons per day or there would have to be additional work done at Flint's water plant.
Flint's water plant and the Flint River is currently the backup for Flint and Genesee County, however, the plant only operates four times per year.
Councilman Bryant Nolden was the lone dissenting vote.
"It was a protest vote," Nolden said. "I knew they had enough votes. I just feel like the Flint River is our best option."
Karengnondi is the regional water authority that includes Genesee, Lapeer and Sanilac counties and the cities of Flint and Lapeer.
Flint is the second municipality, behind Genesee County, to officially decide to purchase raw water through the KWA. Lapeer city officials said they intend to purchase water, but an agreement has been finalized.
Dominic Adams is a reporter for MLive-Flint Journal. Contact him at dadams5@mlive.com or 810-241-8803. Follow him on Twitter, Facebook or Google+.

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Koryzno, Edward (Treasury)

From: David Guastella <DGuastel@tyjt.com>
Sent: Monday, March 18, 2013 10:30 AM
To: Stibitz, Brom (Treasury)
Cc: George Karmo; Koryzno, Edward (Treasury); Cline, Richard (Treasury); Dillon, Andy (Treasury); Hichez, Amy (Treasury)
Subject: RE: Treasury: Flint Assessment
Attachments: TYJT Recommendaton DWSD vs Flint.pdf

Good morning Brom,

We were contacted by the Treasurer last Thursday and met with him on Friday. He also asked that we draft a summary recommendation for his use. It is was sent to him yesterday and is attached to this email along with his response below. Our recommendations are for Flint to continue with DWSD's services in lieu of being supplied by KWA.

Although your memorandum took into account alternative proposals by KWA, it did not consider DWSD's new proposals made through the Treasury last month to build a second parallel line to the existing Flint WTP. These proposals are less costly than the most optimistic KWA proposal and the cost information was provided to the Treasurer on Friday as well. Note that the a second parallel line removes the need for Flint to operate its treatment plant and significantly reduces their operating costs. The additional reasons for our recommendations are also summarized in the attached recommendations.

It is also worth noting that it is good engineering practice to be conservative in estimates when a majority of the design has not been completed. We believe this to be prudent; especially when considering the financial capabilities and responsibilities of the end user (Flint). When a design is nearly complete, then it is acceptable to use the engineering estimate as there are specific quantities and materials of construction to cost out.

This point is brought to your attention to outline our approach. For the intake estimate, which was 90% complete at the time of our analysis, was used "as provided" in our cost comparison. We would hope that this cost is close to the contractors bid in February. However, this should not be consider a telltale for the rest of the project as the remaining costly components are only designed at a very preliminary level.

Please contact me should you need further clarification or have any questions.

Thank you,
Dave

-----Original Message-----
From: Dillon, Andy (Treasury) [mailto:DillonA2@michigan.gov]
Sent: Sunday, March 17, 2013 6:49 PM
To: David Guastella
Cc: George Karmo; Awni Qaqish; Hichez, Amy (Treasury); Saxton, Thomas (Treasury); Stibitz, Brom (Treasury)
Subject: Re: Flint Water Supply Alternatives

Thank you. This is exactly what I am looking for.

Sent from my iPad

On Mar 17, 2013, at 1:11 PM, "David Guastella" <DGuastel@tyjt.com> wrote:

> Good afternoon Treasurer Dillon,
>
> As requested in our meeting on Friday, March 15th, I am attaching TYJT's recommendation regarding Flint's alternatives for water supply. Please do not hesitate to contact us should you have any questions or wish us to look into anything further regarding this issue.
>
> Thank you,
>
> Dave
> <TYJT Recommendaton DWSD vs Flint.pdf>

From: Stibitz, Brom (Treasury) [mailto:StibitzB@michigan.gov]
Sent: Monday, March 18, 2013 9:57 AM
To: David Guastella
Cc: George Karmo
Subject: Treasury: Flint Assessment

Andy asked that I forward this memo for your comment. Can you address the conclusions, especially the fact that the City removed from consideration the various "blend" options.

For the time being you can send any comments just to me and Andy.

Thanks.

Brom

STATE OF MICHIGAN CONTRACT NO. 271N3200089

CITY OF FLINT WATER SUPPLY ASSESSMENT

At the request of the Treasurer, Tucker, Young, Jackson, Tull, Inc. (TYJT) makes the following recommendation to the Department of Treasury concerning Flint's water supply alternatives. Based on the financial analysis performed of the various options presented by DWSD to continue treated water service to Flint compared to Flint being supplied by the new KWA untreated water system, TYJT believes that several of the options presented by DWSD are lower in cost currently and over the long run than the one offered by KWA. TYJT also believes that DWSD's most recent offer (subsequent to the submittal of our report) to build a smaller parallel water main from Imlay to Flint, funded by the entire DWSD base of customers, is the best solution offering the least cost alternative and the required redundancy by MDEQ.

Furthermore, since a majority of the KWA system has not been designed and none of the system has been constructed, there is an additional risk that the cost of the KWA system may actually be higher than estimated due to potential construction delays and unforeseen conditions. This risk to Flint could be substantial since the city is responsible for 30 percent of the KWA design and construction costs while still having to purchase water from DWSD during the construction period.

Finally, there are other issues that were identified in our report that may result in risks to Flint if it were to join KWA that should be considered by the Treasury in determining how Flint's potable water should be supplied. These issues are related to redundancy and reliability, other items affecting cost, and Flint's desire to control its own destiny related to its water supply. These are described further below.

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- There is a concern over the ability of smaller systems (KWA) over larger systems (DWSD) to pay for future unfunded mandates and regulations. Obviously, identifying regulation requirements over 30 years is hard to determine. However, it is widely accepted that a large system has greater ability to respond to unfunded mandates because the cost can be distributed over a large customer base.
- Although Flint will be responsible for 30 percent of the construction cost, they will only have a minority vote on the KWA board. Furthermore, there are other communities (Lapeer County, the City of Lapeer, and Sanilac County) that sit on the board and vote. However, they are not purchasing water nor contributing to the construction costs. Their position on the KWA Board will not provide them an ability to "control their own destiny," as they have stated to the Treasury.

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Monday, March 18, 2013 12:38 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: FW: Flint Scenarios
Attachments: Flint Scenarios FY 2013-14.pdf; Recent DWSD Flint Supply Cost Options.pdf

Latest from TYJT.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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From: David Guastella [mailto:DGuastel@tyjt.com]
Sent: Monday, March 18, 2013 11:53 AM
To: Cline, Richard (Treasury)
Cc: Koryzno, Edward (Treasury); Stibitz, Brom (Treasury); Dillon, Andy (Treasury); Hichez, Amy (Treasury); George Karmo
Subject: FW: Flint Scenarios

Eric

Here is the information we provided to the Treasurer on Friday regarding the recent DWSD offers. The first attachment was provided by DWSD to outline the cost of the twinning options. The second attachment is using DWSD's rates to project the 30 year cumulative cost for comparison. As you can see these options are less than the most optimistic KWA cost estimate.

Dave

Summary of FY 2013-14 DWSD Cost Allocations to Flint Under Various Scenarios

Flint Only

		Revenue Requirement	Rates and Charges		
			Fixed	Commodity	*Avg Unit Cost*
1	**Status Quo *(Flint Portion)***	12,574,900	379,304	13.01	*20.39*
2	**Suggested Cct *(Flint Portion)***	11,281,100	351,661	12.06	*19.27*
3	Change	(1,293,800)	(27,643)	(0.95)	*(1.12)*
4	% Change	-10.3%	-7.3%	-7.3%	*-5.5%*
5	**Max Day Only**	9,904,300	294,542	10.87	*16.91*
6	Change	(1,376,800)	(57,119)	(1.19)	*(2.36)*
7	% Change	-13.9%	-19.4%	-10.9%	*-14.0%*
8	**Add CTA Line to BP**	10,093,100	310,271	10.87	*17.23*
9	Change	188,800	15,729	0.00	*0.32*
10	% Change	1.9%	5.1%	0.0%	*1.9%*
11	**CTA to BP / Flint only to FWTP**	12,446,300	506,371	10.87	*21.25*
12	Change	2,353,200	196,100	0.00	*4.02*
13	% Change	18.9%	38.7%	0.0%	*18.9%*
14	**Add CTA Line to FWTP**	10,191,200	318,450	10.87	*17.40*
15	Change	(2,255,100)	(187,921)	0.00	*(3.85)*
16	% Change	-22.1%	-59.0%	0.0%	*-22.1%*
17	**CTA to FWTP / Buy existing 72**	10,009,600	303,315	10.87	*17.08*
18	Change	(181,600)	(15,135)	0.00	*(0.32)*
19	% Change	-1.8%	-5.0%	0.0%	*-1.9%*
20	Cumulative Change	(2,565,300)	(75,989)	(2.14)	*(3.31)*
21	Cumulative % Change	-20.4%	-20.0%	-16.4%	-16.2%

		Assumptions			DWSD Investment	
		Avg Day *mgd*	Max Day *mgd*	Peak Hour *mgd*	CTA *$*	Flint Only *$*
1	**Status Quo**	24.6	45.6	47.7	0	0
2	**Suggested Contract**	23.4	**40.6**	**42.4**	0	0
3	**Max Day Only**	**12.0**	**18.0**	**18.0**	0	0
4	**Add CTA Line to BP**	12.0	18.0	18.0	62,290,800	0
5	**CTA to BP / Flint only to FWTP**	12.0	18.0	18.0	62,290,800	32,391,300
6	**Add CTA Line to FWTP**	12.0	18.0	18.0	94,682,100	0
7	**CTA to FWTP / Buy existing 72**	12.0	18.0	18.0	94,682,100	(2,500,000)

DWSD Worksheet : 18 MGD Maximum Day Customer with Model Contract Twinning Line and Owning both to the Flint WTP

Capacity

Flint ADD:	0 00	MGD	-	MCF/Day
DWSD ADD·	12	MGD	1,604	MCF/Day

Annual Volume

Flint.	-	MCF
DWSD.	585,561	MCF

2013 Cost of Supply

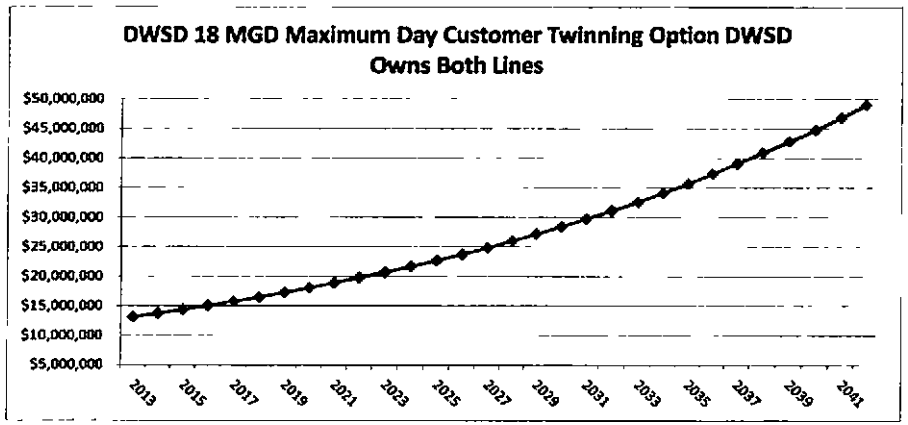
Flint WTP O&M.	-	/MCF	$ -	/Yr
DWSD·	$ 17 08	/MCF	$ 10,001,390	/Yr

Escalation/Inflation Rate

Flint.	4 51% /Yr
DWSD·	4 7% /Yr

Capital Expenditure

Amount	$ -			
Reserve	$ -	0%	Reserve Rate	0 00%
Amount plus Reserve:	$ -			
Revenue Bond Rate	5%			
Number of Years	25			
Annual Cost:	$0			



	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ -	10,001,390		-	$ 10,001,390
2	2014	$ -	10,471,456		-	$ 10,471,456
3	2015	$ -	10,963,614			$ 10,963,614
4	2016	$ -	11,478,904	-	-	$ 11,478,904
5	2017	$ -	12,018,412	-	-	$ 12,018,412
6	2018	$ -	12,583,278	-	-	$ 12,583,278
7	2019	$ -	13,174,692	-	-	$ 13,174,692
8	2020	$ -	13,793,902	-	-	$ 13,793,902
9	2021	$ -	14,442,216	-	-	$ 14,442,216
10	2022	$ -	15,121,000	-	-	$ 15,121,000
11	2023	$ -	15,831,687	-	-	$ 15,831,687
12	2024	$ -	16,575,776	-	-	$ 16,575,776
13	2025	$ -	17,354,838	-	-	$ 17,354,838
14	2026	$ -	18,170,515	-	-	$ 18,170,515
15	2027	$ -	19,024,529	-	-	$ 19,024,529
16	2028	$ -	19,918,682	-	-	$ 19,918,682
17	2029	$ -	20,854,860	-	-	$ 20,854,860
18	2030	$ -	21,835,039	-	-	$ 21,835,039
19	2031	$ -	22,861,286	-	-	$ 22,861,286
20	2032	$ -	23,935,766	-	-	$ 23,935,766
21	2033	$ -	25,060,747	-	-	$ 25,060,747
22	2034	$ -	26,238,602	-	-	$ 26,238,602
23	2035	$ -	27,471,816	-	-	$ 27,471,816
24	2036	$ -	28,762,992	-	-	$ 28,762,992
25	2037	$ -	30,114,852	-	-	$ 30,114,852
	2038	$ -	31,530,250	-	-	$ 31,530,250
	2039	$ -	33,012,172	-	-	$ 33,012,172
	2040	$ -	34,563,744	-	-	$ 34,563,744
	2041	$ -	36,188,240	-	-	$ 36,188,240
	2042	$ -	37,889,088	-	-	$ 37,889,088
		$ -				

25 Yrs Cummulative
$ 458,060,853

30 Yrs Cummulative
$ 631,244,349

DWSD Worksheet : 18 MGD Maximum Day Customer with Model Contract Twinning Line and Owning Only New Line to the Flint WTP

Capacity

Flint ADD:	0.00	MGD	-	MCF/Day
DWSD ADD:	12	MGD	1,604	MCF/Day

Annual Volume

Flint:	-	MCF
DWSD:	585,561	MCF

2013 Cost of Supply

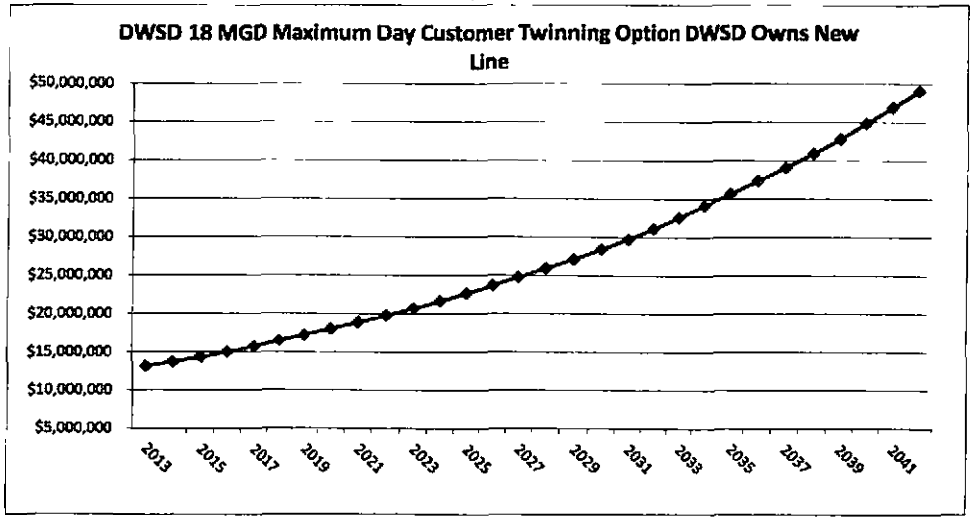
Flint WTP O&M:	-	/MCF	$ -	/Yr
DWSD:	$ 17.40	/MCF	$ 10,188,770	/Yr

Escalation/Inflation Rate

Flint:	4.51% /Yr
DWSD:	4 7% /Yr

Capital Expenditure

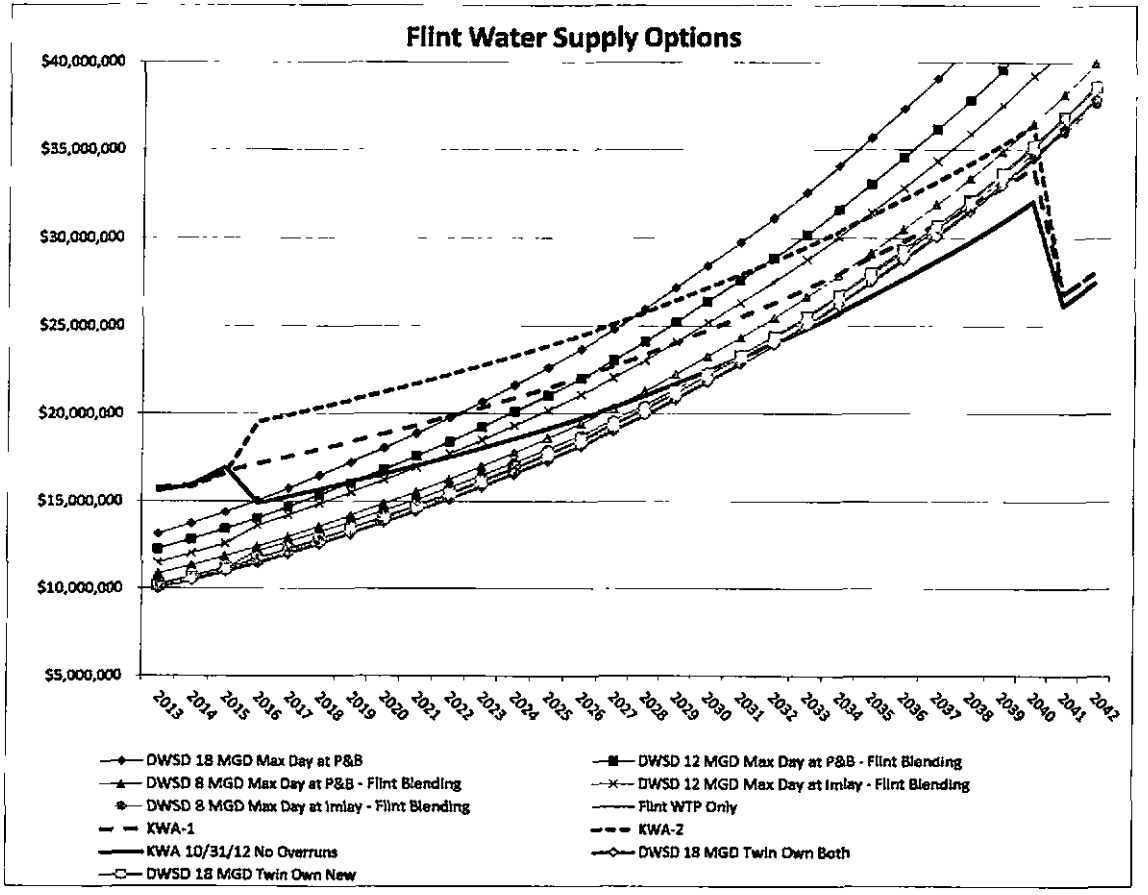
Amount:	$ -			
Reserve:	$ -	0%	Reserve Rate.	0.00%
Amount plus Reserve:	$ -			
Revenue Bond Rate:	5%			
Number of Years	25			
Annual Cost:	$0			



	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ -	10,188,770		-	$ 10,188,770
2	2014	$ -	10,667,642		-	$ 10,667,642
3	2015	$ -	11,169,021		-	$ 11,169,021
4	2016	$ -	11,693,965	-	-	$ 11,693,965
5	2017	$ -	12,243,582	-	-	$ 12,243,582
6	2018	$ -	12,819,030	-	-	$ 12,819,030
7	2019	$ -	13,421,525	-	-	$ 13,421,525
8	2020	$ -	14,052,336	-	-	$ 14,052,336
9	2021	$ -	14,712,796	-	-	$ 14,712,796
10	2022	$ -	15,404,297	-	-	$ 15,404,297
11	2023	$ -	16,128,299	-	-	$ 16,128,299
12	2024	$ -	16,886,330	-	-	$ 16,886,330
13	2025	$ -	17,679,987	-	-	$ 17,679,987
14	2026	$ -	18,510,946	-	-	$ 18,510,946
15	2027	$ -	19,380,961	-	-	$ 19,380,961
16	2028	$ -	20,291,866	-	-	$ 20,291,866
17	2029	$ -	21,245,584	-	-	$ 21,245,584
18	2030	$ -	22,244,126	-	-	$ 22,244,126
19	2031	$ -	23,289,600	-	-	$ 23,289,600
20	2032	$ -	24,384,211	-	-	$ 24,384,211
21	2033	$ -	25,530,269	-	-	$ 25,530,269
22	2034	$ -	26,730,192	-	-	$ 26,730,192
23	2035	$ -	27,986,511	-	-	$ 27,986,511
24	2036	$ -	29,301,877	-	-	$ 29,301,877
25	2037	$ -	30,679,065	-	-	$ 30,679,065
	2038	$ -	32,120,981	-	-	$ 32,120,981
	2039	$ -	33,630,667	-	-	$ 33,630,667
	2040	$ -	35,211,309	-	-	$ 35,211,309
	2041	$ -	36,866,240	-	-	$ 36,866,240
	2042	$ -	38,598,953	-	-	$ 38,598,953
		$ -				

25 Yrs Cummulative
$ 466,642,790

30 Yrs Cummulative
$ 643,070,941



Option	Costs through 2042	Ranking
Flint WTP Only	$ 590,441,893	1
DWSD 8 MGD Max Day at Imlay	$ 634,795,488	2
KWA 10/31/12 Update	$ 649,775,166	3
DWSD 8 MGD Max Day at P&B	$ 672,671,705	4
KWA-1	$ 707,279,715	5
DWSD 12 MGD Max Day at Imlay	$ 725,576,803	6
DWSD 12 MGD Max Day at P&B	$ 762,110,308	7
KWA -2	$ 766,784,313	8
DWSD 18 MGD Max Day at P&B	$ 821,226,268	9
DWSD 18 MGD Max Twin Own Both	$ 631,244,349	
DWSD 18 MGD Max Own New Line	$ 643,070,941	

Pleyte, Beth (Treasury)

Subject:	Tom Saxton, Treasury with DEQ RE: DWSD
Location:	1st Floor Treasury Austin Bldg - Treasurer's Conf. Room
Start:	Tue 3/19/2013 4:00 PM
End:	Tue 3/19/2013 4:30 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Thelen, Mary Beth (DEQ)
Required Attendees:	Wyant, Dan (DEQ); Saxton, Thomas (Treasury); Stibitz, Brom (Treasury); Sygo, Jim (DEQ); Creal, William (DEQ); Argiroff, Phil (DEQ); Wurfel, Brad (DEQ)
Optional Attendees:	Thelen, Mary Beth (DEQ); Smith, Laura (DEQ); Pleyte, Beth (Treasury); Hichez, Amy (Treasury)
Importance:	High

Tom Saxton has ½ hour at 4:00 on March 19 to talk with Director Dan Wyant and staff RE: DWSD. This has been confirmed.
DEQ Participants: Director Wyant, Jim Sygo, Bill Creal, and Phil Argiroff. Brad: FYI as needed.
Thanks.
Mary Beth
241-7390

Note from Treasury:
Tom and Brom Stibitz would have time @ 4:00 for a ½ hour. Tom will be out of state on Wed. I'm sorry that's the only option I have.
We are on the 1st Floor Austin Bldg. The meeting will be in the Treasurer's conference room.

Koryzno, Edward (Treasury)

From: Fraser, Roger (Treasury)
Sent: Wednesday, March 20, 2013 10:35 AM
To: Hichez, Amy (Treasury)
Cc: Stibitz, Brom (Treasury); Koryzno, Edward (Treasury)
Subject: Flint water

Is it possible to get time with Andy Monday afternoon to meet with Ed Kurtz and others about Flint's water?

Sent from my iPhone

Koryzno, Edward (Treasury)

From: Fraser, Roger (Treasury)
Sent: Wednesday, March 20, 2013 2:09 PM
To: Hichez, Amy (Treasury)
Cc: Dempkowski, Angela (Treasury); Koryzno, Edward (Treasury)
Subject: RE: Meeting with Andy

9:00 for Ed Kurtz, Mike Brown, Jerry Ambrose, Ed Koryzno and me.

15 minutes for me with Andy following that meeting.

From: Hichez, Amy (Treasury)
Sent: Wednesday, March 20, 2013 1:21 PM
To: Fraser, Roger (Treasury)
Subject: RE: Meeting with Andy

Please let me know soon as I cannot keep the whole morning open for long.

Amy Hichez
Executive Administrator to State Treasurer Andy Dillon
Richard H. Austin Building
430 West Allegan Street
Lansing, MI 48922
Office: 517-241-2624
Cell: [redacted]
Fax: 517-335-1785

From: Fraser, Roger (Treasury)
Sent: Wednesday, March 20, 2013 1:13 PM
To: Hichez, Amy (Treasury)
Subject: Re: Meeting with Andy

Thanks. I will check with Flint.

Sent from my iPhone

On Mar 20, 2013, at 1:11 PM, "Hichez, Amy (Treasury)" <HichezA@michigan.gov> wrote:

> 9am-12 open. Pick your time(s) for both meetings please.
>
> Amy Hichez
> Executive Administrator to State Treasurer Andy Dillon
> Richard H. Austin Building
> 430 West Allegan Street
> Lansing, MI 48922
> Office: 517-241-2624
> Cell: [redacted]
> Fax: 517-335-1785

From: Fraser, Roger (Treasury)
Sent: Wednesday, March 20, 2013 1:11 PM
To: Hichez, Amy (Treasury)
Subject: Re: Meeting with Andy

That's fine. To confirm with Flint, are we scheduling time in morning or afternoon?

Sent from my iPhone

On Mar 20, 2013, at 1:06 PM, "Hichez, Amy (Treasury)" <HichezA@michigan.gov> wrote:

> Andy is out the following week. I am going to cancel the meeting on Friday of this week. Can I schedule you time on Tuesday for Flint water meeting and for the meeting below that is needed (two separate meetings)?
>
> Amy Hichez
> Executive Administrator to State Treasurer Andy Dillon
> Richard H. Austin Building
> 430 West Allegan Street
> Lansing, MI 48922
> Office: 517-241-2624
> Cell: [redacted]
> Fax: 517-335-1785
>
> **From:** Fraser, Roger (Treasury)
> **Sent:** Friday, March 15, 2013 4:07 PM
> **To:** Hichez, Amy (Treasury)
> **Subject:** Re: Meeting with Andy
>
> Friday does not work. How about the following week?
>
> Sent from my iPhone
>
> On Mar 15, 2013, at 4:05 PM, "Hichez, Amy (Treasury)" <HichezA@michigan.gov> wrote:
>
> > Andy is out of state Sunday-Thurs. Do you have time to meet with him on Friday or do you want a phone call set up?
> >
> > Amy Hichez
> > Executive Administrator to State Treasurer Andy Dillon
> > Richard H. Austin Building
> > 430 West Allegan Street
> > Lansing, MI 48922
> > Office: 517-241-2624
> > Cell: [redacted]
> > Fax: 517-335-1785
> >
> > **From:** Fraser, Roger (Treasury)
> > **Sent:** Friday, March 15, 2013 4:02 PM
> > **To:** Hichez, Amy (Treasury)
> > **Subject:** Meeting with Andy

Hi, Amy:

I need 15 minutes with Andy next week.

So you know, I will be attending the Governor's Economic event at Cobo Monday and Tuesday.

Thanks!

Roger

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, March 20, 2013 1:53 PM
To: Dillon, Andy (Treasury)
Cc: Stibitz, Brom (Treasury)
Subject: Re: Question - Tucker Young

For whatever credibility I have; I was a witness. Andy asked them given their past work with dwsd could they be a honest broker in this assessment and their response was an unequivocal "yes". To a point Brom raised previously are you ok with the rate assumptions over time ?

Sent from my iPhone

On Mar 20, 2013, at 10:28 AM, "Dillon, Andy (Treasury)" <DillonA2@michigan.gov> wrote:

> I asked them that point blank w Tom.
>
> Sent from my iPhone
>
> On Mar 20, 2013, at 10:24 AM, "Stibitz, Brom (Treasury)" <StibitzB@michigan.gov> wrote:
>
> > I don't mean to argue with the numbers, but the document feels like a "sell job" to me. Were you totally clear with them in the meeting that his was unbiased by their relationship with DWSD?
> >
> > **From:** David Guastella [mailto:DGuastel@tyjt.com]
> > **Sent:** Monday, March 18, 2013 10:30 AM
> > **To:** Stibitz, Brom (Treasury)
> > **Cc:** George Karmo; Koryzno, Edward (Treasury); Cline, Richard (Treasury); Dillon, Andy (Treasury); Hichez, Amy (Treasury)
> > **Subject:** RE: Treasury: Flint Assessment
> >
> > Good morning Brom,
> >
> > We were contacted by the Treasurer last Thursday and met with him on Friday. He also asked that we draft a summary recommendation for his use. It is was sent to him yesterday and is attached to this email along with his response below. Our recommendations are for Flint to continue with DWSD's services in lieu of being supplied by KWA.
> >
> > Although your memorandum took into account alternative proposals by KWA, it did not consider DWSD's new proposals made through the Treasury last month to build a second parallel line to the existing Flint WTP. These proposals are less costly than the most optimistic KWA proposal and the cost information was provided to the Treasurer on Friday as well. Note that the a second parallel line removes the need for Flint to operate its treatment plant and significantly reduces their operating costs. The additional reasons for our recommendations are also summarized in the attached recommendations.

It is also worth noting that it is good engineering practice to be conservative in estimates when a majority of the design has not been completed. We believe this to be prudent; especially when considering the financial capabilities and responsibilities of the end user (Flint). When a design is nearly complete, then it is acceptable to use the engineering estimate as there are specific quantities and materials of construction to cost out.

This point is brought to your attention to outline our approach. For the intake estimate, which was 90% complete at the time of our analysis, was used "as provided" in our cost comparison. We would hope that this cost is close to the contractors bid in February. However, this should not be consider a telltale for the rest of the project as the remaining costly components are only designed at a very preliminary level.

Please contact me should you need further clarification or have any questions.

Thank you,
Dave

-----Original Message-----
From: Dillon, Andy (Treasury) [mailto:DillonA2@michigan.gov]
Sent: Sunday, March 17, 2013 6:49 PM
To: David Guastella
Cc: George Karmo; Awni Qaqish; Hichez, Amy (Treasury); Saxton, Thomas (Treasury); Stibitz, Brom (Treasury)
Subject: Re: Flint Water Supply Alternatives

Thank you. This is exactly what I am looking for.

Sent from my iPad

On Mar 17, 2013, at 1:11 PM, "David Guastella" <DGuastel@tyjt.com> wrote:

> Good afternoon Treasurer Dillon,
>
> As requested in our meeting on Friday, March 15th, I am attaching TYJT's recommendation regarding Flint's alternatives for water supply. Please do not hesitate to contact us should you have any questions or wish us to look into anything further regarding this issue.
>
> Thank you,
>
> Dave
> <TYJT Recommendaton DWSD vs Flint.pdf>

From: Stibitz, Brom (Treasury) [mailto:StibitzB@michigan.gov]
Sent: Monday, March 18, 2013 9:57 AM
To: David Guastella
Cc: George Karmo
Subject: Treasury: Flint Assessment

Andy asked that I forward this memo for your comment. Can you address the conclusions, especially the fact that the City removed from consideration the various "blend" options.

For the time being you can send any comments just to me and Andy.

Thanks.

Brom

<TYJT Recommendaton DWSD vs Flint.pdf>

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Thursday, March 21, 2013 12:52 PM
To: Stibitz, Brom (Treasury)
Subject: Re: KWA

Follow Up Flag: Follow up
Flag Status: Flagged

Yes. Pls email dan the report.

Sent from my iPad

On Mar 21, 2013, at 12:11 PM, "Stibitz, Brom (Treasury)" <StibitzB@michigan.gov> wrote:

> Roberts is checking with G on KWA.
>
> EsHe likes the idea of having DEQ weigh in. Did you talk to Wyant?

Headen, Frederick (Treasury)

From:	Awni Qaqish <aqaqish@tyjt.com>
Sent:	Thursday, March 21, 2013 4:57 PM
To:	Stibitz, Brom (Treasury)
Cc:	David Guastella; George Karmo
Subject:	Flint Water Supply Assessment Final Report
Attachments:	flint water supply assessment final report 2-6-13.pdf

Brom,

On behalf of Dave Guastella, attached per your request, is a copy of the final Flint Water Supply Assessment Report dated February 2013. Please let us know if you need additional information

Awni

Awni Qaqish, P.E.
Vice President
Tucker, Young, Jackson, Tull, Inc.
615 Griswold St, Suite 600
Detroit, MI 48226
Phone: 313-963-0612
Fax: 313-963-2156

STATE OF MICHIGAN CONTRACT NO. 271N3200089

CITY OF FLINT WATER SUPPLY ASSESSMENT
February 2013

For Submittal to:

State of Michigan, Department of Treasury

Submitted by:

TUCKER, YOUNG, JACKSON, TULL INC.
CONSULTING ENGINEERS-PLANNERS
615 Griswold Suite 600
Detroit, Michigan 48226
(313)963-0612 FAX (313)963-2158

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1. INTRODUCTION

Tucker, Young, Jackson, Tull, Inc. (TYJT), at the request of the State Treasurer performed an analysis of the water supply options being considered by the City of Flint. The City of Flint is presently supplied potable water from the Detroit Water and Sewerage Department (DWSD). This supply is from a single 72-inch water main that terminates at a master meter located at Potter and Baxter. Additionally, downstream of the DWSD master meter, Flint supplies its customer Genesee County. The City of Flint also operates a water treatment plant that uses the Flint River as its source of supply to provide back up and redundancy to the DWSD supply as required by MDEQ

The Karegnondi Water Authority (KWA) is planning on constructing a raw water supply system that could provide Lake Huron water to the Flint Water Treatment Plant. Flint's existing plant would be upgraded to treat the new raw water source.

The State Treasurer has appointed an emergency financial manager for the City of Flint. As such the Treasurer has requested TYJT to provide an analysis of the water supply options to assist the Treasurer in determining any potential risk and the best course going forward for supplying potable water to the City of Flint.

Report Organization

The following sections of this report are described below:

Section 2 – The basis of the analysis is described in this section. The options include the KWA option and several options offered by DWSD.

Section 3 – A significant amount of information and data was collected including memorandums, reports, drawings, financial reports, and other documents. This section summarizes the information used in the analysis.

Section 4 – This section describes the evaluation of the cost of supply for the Flint options. The costs are comprised of the initial cost of operations plus the annual rate of escalation/inflation.

Section 5 – The evaluation process used to analyze the construction costs associated with the KWA supply system is described in this section. Additionally, the cost of financing the capital requirements is described.

Section 6 – This section presents the financial review of the options considered to supply potable water to Flint. A summary of these options is also provided.

Section 7 – In addition to the financial analysis other considerations were identified that should be considered in understanding the risks and determining the best option to supply Flint. They include items related to cost, redundancy and reliability, and Flint's ability to control their future cost of water supply.

2. FLINT WATER SUPPLY OPTIONS

Two water purveyor options were evaluated; the KWA water supply system and continued supply from DWSD. Both suppliers would provide water from Lake Huron as the source. The KWA system is a raw water supply, which means that the water would have to be treated by Flint before distributing the potable water to its customers. The DWSD supply is potable or "finished" water and would not need additional treatment.

Additionally, an option for the Flint WTP to supply the City of Flint without being supplied from either DWSD or KWA was initially considered. The preliminary investigation evaluated the cost associated with the required improvements to the plant and to the Flint River dam system. Although it appeared that this was a viable option, Flint in a meeting on December 20, 2012 with the Treasury, stated that the City did not want to pursue the option and it is no longer being considered.

Karegnondi Water Authority (KWA) Lake Huron Water Supply

The KWA water supply system schematic is shown in Figure 2-1. The system is comprised of an intake in Lake Huron that supplies water to the Lake Huron Pump Station (LHPS). The LHPS lifts the water and pumps it through an approximately 22 mile long 60-inch pipeline. The pipeline terminates at a 5 MG reservoir and is then pumped from the Intermediate Pump Station (IPS) through approximately 26 miles of 60-inch and 18 miles of 30-inch pipeline to the existing Flint WTP. Downstream of the IPS, approximately half way to the Flint WTP, the 60-inch line would also supply a new Genesee County WTP.

The raw water transmission system has a 60 MGD capacity and is sized to deliver a maximum of 18 MGD to the Flint WTP with an average day supply of 12 MGD. Improvements at the Flint WTP would also be required to treat the lake water as the plant is currently designed to treat the Flint River water.

The term of the KWA contract for Flint is 40 years.

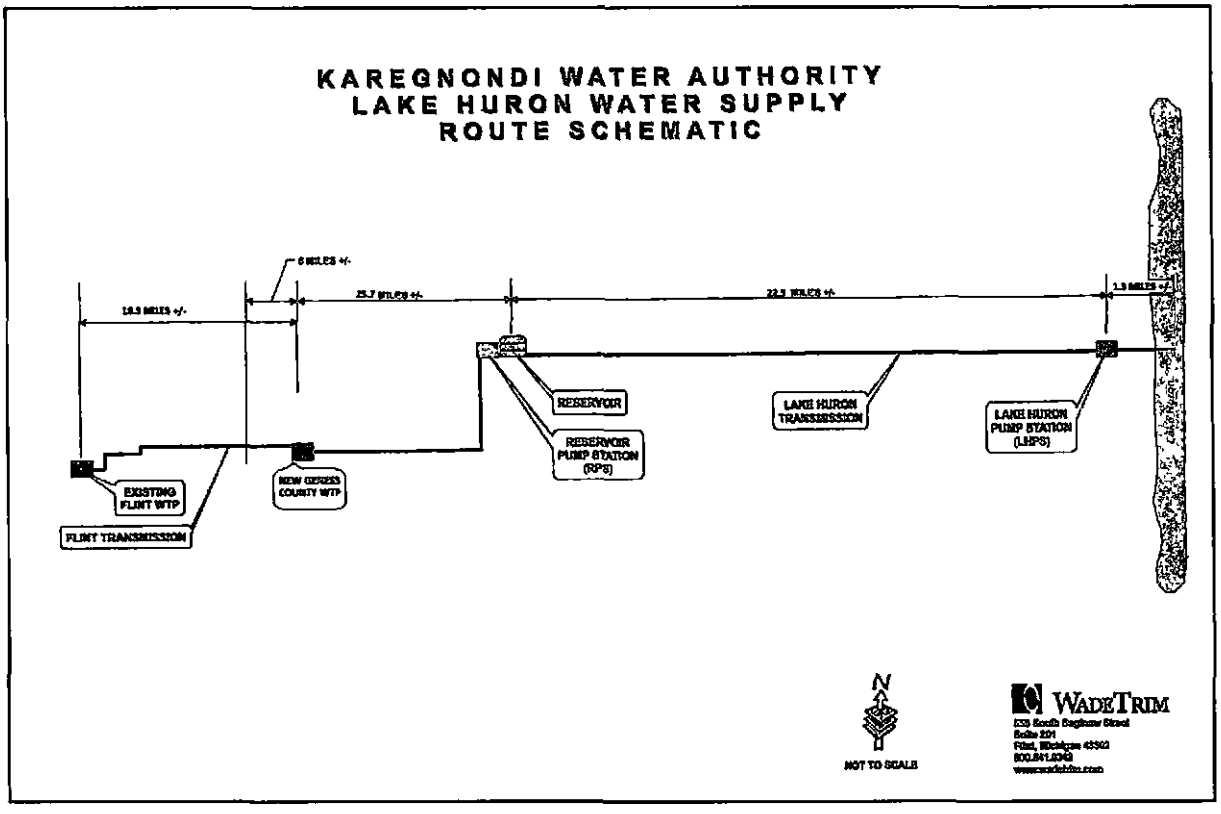

Figure 2-1: KWA Raw Water System

DWSD Water System

The DWSD system schematic is shown in Figure 2-2. Flint is currently supplied by DWSD at Master Meter FL-1, located at Potter and Baxter. Flint typically gets its water from the Lake Huron WTP, located in Fort Gratiot, Michigan; near the Lake Huron shoreline. Water is treated and pumped at the Lake Huron WTP and supplied through a 120-inch pipeline to an intermediate pump station called the Imlay Pump Station. The Imlay Pump Station has 20 MG of reservoir capacity. Depending on the time of year and the DWSD system demand, water is either bypassed directly to Flint or it is re-pumped at Imlay. It should be noted that the DWSD supply to Flint is part of a very large water system and during emergencies or outages water can be supplied from the south up to Flint in lieu of the Lake Huron facility.

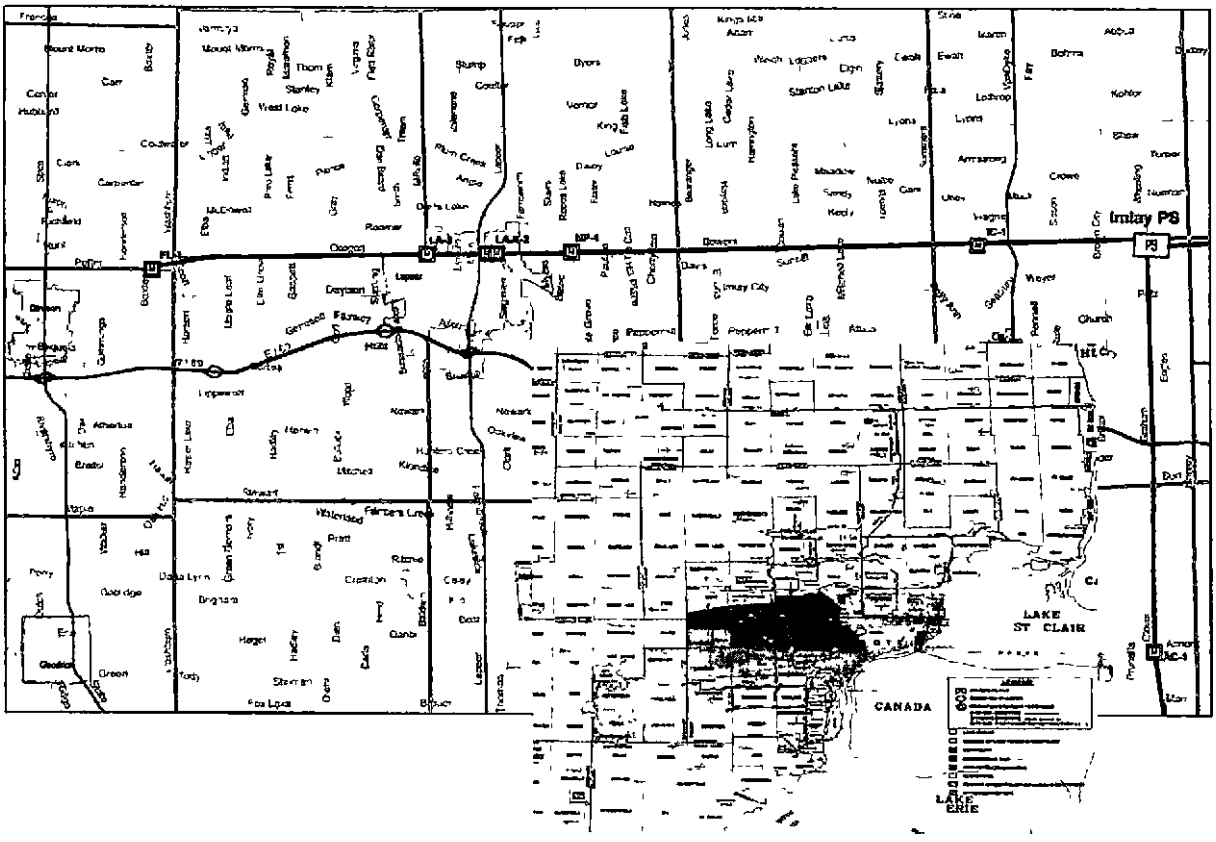

Figure 2-2: DWSD Water System

The pipeline from Imlay to FL-1 is a 72-inch pipeline. It has been estimated that the 72-inch line serving Flint has a capacity in excess of 90 MGD.

DWSD has presented several contractual options to Flint and all of them are based on Flint signing a new 30 year contract. The options shown in Table 2-1 are based on two different supply points; one at the current master meter location FL-1 at Potter and Baxter (P&B) and the other at the location of the Imlay Pump Station. The reason for the varying options is to provide a lower water rate at the Imlay Station, since the DWSD rate formula is based on distance and elevation factors related to the supply location.

The rates are also dependent on the maximum amount of water DWSD supplies. As example, if DWSD supplies a maximum day demand of 18 MGD that would equal the entire amount of water required by Flint.

For the options less than the maximum of 18 MGD means that the Flint WTP would supplement the difference by supplying water treated from the Flint River. These options are known as "blending" and would allow for Flint to blend two sources of water to supply its customers; the Flint River using the Flint WTP and Lake Huron from DWSD system.

Description	Average Day Demand
18 MGD Maximum Day Customer – FL-1	12 MGD
12 MGD Maximum Day Customer – FL-1	8 MGD
8 MGD Maximum Day Customer – FL-1	8 MGD
12 MGD Maximum Day Customer - Imlay	12 MGD
8 MGD Maximum Day Customer - Imlay	12 MGD

Table 2-1: DWSD Supply Options

3. DATA COLLECTION

During the course of the investigation several documents were used to perform the analysis. The names of the documents are listed below for reference.

KWA and Flint

- Preliminary Engineering Report, Lake Huron Water Supply Karegnondi Water Authority, September 2009;
- Analysis of the Flint River as a Permanent Water Supply for the City of Flint, July 2011;
- Cost Comparison, KWA vs. DWSD, Letter to Mr. Kurtz, October 31, 2012;
- Lake Huron Supply Study, KWA, Appendix 20, October 2012 Preliminary Report Update, Final Report (DRAFT), October 4, 2012;
- Articles of Incorporation of Karegnondi Water Authority, endorsed in 2010;
- Karegnondi Water Authority Bylaws, October 26, 2010;
- KWA Raw Water Supply Contract;
- Flint WTP Statement of Revenues and Expenditures 09' – 12';
- GCDC Division of Water and Waste Services Financial Statements 03' – 11'; and
- Assorted emails with further clarification of questions and documentation.

DWSD

- Historical Rates and Charges to Flint 04' – 13';
- Historical Rates and Charges to Flint with Hypothetical Model Contract 10' – 13';
- 2013 Rates and Charges for the following options:
  - 18 MGD Maximum Day Customer at FL-1;
  - 12 MGD Maximum Day Customer at FL-1 (Flint blending*);
  - 8 MGD Maximum Day Customer at FL-1 (Flint blending*);
  - 12 MGD Maximum Day Customer at Imlay (Flint blending*);
  - 8 MGD Maximum Day Customer at Imlay (Flint blending*); and
- Assorted emails with further clarification of questions and documentation.

* Flint blending based on DWSD supplying two-thirds and Flint one-third of 12 MGD average day demand.

Two meetings were also held; one with DWSD and one with Flint and Genesee County representing KWA. The meetings were held on November 19, 2012 and November 20, 2012, respectively. Minutes from these meetings are included in Appendix A.

4. COST OF SERVICE

Information provided by DWSD, Flint, and representatives of the KWA were used in the cost of service evaluation. To evaluate the annual escalation/inflation rate over the planning period, the rate adjustment for DWSD was estimated based on the recent rate adjustment history. For the KWA system both the estimated cost of operations when the system begins supplying water and the annual rate adjustment or inflation was evaluated. The existing cost of operations and escalation for the Flint WTP was based on actual costs provided and then adjusted depending on the scenario considered. This section describes the evaluation process and the rates used in the analysis.

DWSD Water Supply

The City of Flint has been a customer of DWSD since 1967. The Flint WTP has been maintained as a backup to the DWSD system. As indicated previously, several options were provided by DWSD depending on the type of service Flint was to select. The unit cost of water for each of these options is shown in Table 4-1. These rates are based on DWSD's FY13, which are current until July 2013.

Description	Average Day Demand (MGD)	Unit Rate ($/MCF)
18 MGD Maximum Day Customer – FL-1	12	16.37
12 MGD Maximum Day Customer – FL-1	8	16.31
8 MGD Maximum Day Customer – FL-1	8	12.68
12 MGD Maximum Day Customer - Imlay	12	14.38
8 MGD Maximum Day Customer - Imlay	12	11.11

Table 4-1: Cost of DWSD Supply Options

To determine annual escalation rate, DWSD's last 10 years of history was used along with other large urban water systems in Michigan. The water systems used for benchmarking comparison were: Lansing, Grand Rapids, and Saginaw.

Table 4-2 identifies the annual and average rate of increase to Flint based on supplying water either to the current FL-1 at Potter and Baxter or Imlay. Note the last three years of the rates (FY 2011 through FY 2013) assumes that Flint's cost would be based on the new 30 year contract; FY 2011 being the first year that the new contract was available.

Fiscal Year	Average Unit Cost ($/MCF)	Annual Change (%)
2004	11.06	
2005	10.24	-7.4
2006	10.56	3.1
2007	11.09	5.0
2008	11.35	2.3
2009	13.07	15.2
2010	11.73	-10.3
2011	13.89	18.4
2012	15.08	8.6
2013	16.24	7.7
Average		4.4%

From FL-1

Fiscal Year	Average Unit Cost ($/MCF)	Annual Change (%)
2004	11.06	
2005	10.24	-7.4
2006	10.56	3.1
2007	11.09	5.0
2008	11.35	2.3
2009	13.07	15.2
2010	11.16	-14.6
2011	12.23	9.6
2012	13.28	8.6
2013	14.32	7.8
Average		2.9%

From Imlay

Table 4-2: Recent DWSD Water Rates

Audited financial reports were used to determine the rate of inflation associated with other three large municipal systems. The results are shown in Table 4-3.

Water Systems	Years Evaluated	Average Rate (%)
Lansing	05'-12'	4.6
Grand Rapids	04'-11'	1.6
Saginaw	04'-11'	7.0

Table 4-3: O&M Inflation Rates of Other Large Water Systems

Based on the information analyzed from DWSD and the other communities, it was determined that a fair annual rate of inflation for operations and maintenance cost for the analysis should be 4.4%. The 4.4% has historical significance from Flint's current water supplier and falls within the range of the other communities.

KWA Water Supply

The initial projected O&M cost for the KWA supply would be comprised of KWA's O&M costs as well as Flint's O&M costs. Because there was limited information provided, the initial estimated rate of $1.50/MCF was used. This rate is based on information from the cost comparison analysis attached to the letter to Mr. Kurtz, dated October 31, 2012.

The KWA cost evaluation used an annual O&M inflation rate of 5%. To validate this rate a similar analysis to DWSD's operations and maintenance annual rate of inflation was used. First, in discussions with Flint and the Genesee County Drain Commission (GCDC), they believed that the annual rate of inflation for the new KWA system would be similar to the GCDC Water & Waste Services (WWS). Additionally, two large transmission systems were used to benchmark the inflation rates: the Southeastern Oakland County Water Authority (SOCWA) and the Ypsilanti Utility Community Authority (YUCA). Although both of these systems transmit finished water opposed to raw water, they were considered similar enough for comparison as they are comprised of only large water mains, pumping facilities and storage.

Once again audited financial statements were used to calculate the inflation rates. A summary of the findings are shown in Table 4-4. Based on the fact that the information analyzed showed a large difference between the two systems, it was determined that the KWA assumption of 5% was a good rate of inflation to use in the financial analysis. This rate is almost equally between the GCDC rate and the other two transmission systems.

Systems	Years Evaluated	Average Rate (%)
GCDC WWS	03' – 11'	10.5
SOCWA	04'-12'	–
YUCA	04'-12'	0.7

Table 4-4: O&M Inflation Rates of Other Comparable Systems to KWA

Flint WTP

The Flint WTP currently serves as a backup supply to the DWSD service to Flint. To maintain backup operations, the City of Flint operates the plant approximately 20 days each year. Flint indicated that the average production rate when they operate is 11 MGD.

For the blending options and the KWA supply considered, Flint would be required to operate its plant all year around. Therefore, their operating and maintenance costs were evaluated and adjusted to determine an annual cost associated with year-round operations.

The Flint WTP provided three years of operating costs for the assessment. Additionally, reports listed in Section 3 were also used as reference to determine both operating costs for the plant processing Flint River water (blending options) and Lake Huron raw water (KWA option).

Major cost centers were analyzed to estimate annual operation and maintenance. They included: labor, utilities, chemicals and residual management. In general, as recommended by the Flint plant staff, labor and overhead were increased from the current costs by two-thirds. Additionally, variable costs for power, chemicals and residual cost were increased to estimate full time treatment at the Flint WTP. Data from the KWA Preliminary Report and annual operating data for the Flint WTP (provided separately) were analyzed to make these forecasts.

The annual operating and maintenance costs developed for Flint WTP used are shown in Table 4-5.

Source of Supply	Average Daily Production (MGD)	Estimated Annual O&M Cost
Flint River (Blending with DWSD)	4	$5,895,097
Lake Huron (Supplied by KWA)	12	$7,913,118

Table 4-5: FY 13 O&M Costs for Year-round Operations

It was determined that a fair annual rate of inflation for operations and maintenance cost for the Flint WTP plant should be 4.51%. The 4.51% is an average of Lansing, Grand Rapids and Saginaw facilities.

5. CAPITAL REQUIREMENTS

Large capital investments would be required by Flint and GCDC to construct the KWA supply system. Furthermore, some of the options presented by DWSD (supply point from Imlay) would require the purchase by Flint of DWSD's 72-inch water main. Performing the financial analysis; therefore, required an analysis of the KWA construction cost estimate for the transmission system and Flint WTP improvements.

Revenue bonds were also identified as the source of financing the new supply system and associated improvements. This section describes the assumptions made and the interest used for financing the improvements.

KWA Supply System

The most current cost estimate of the KWA system was presented in the document titled; Lake Huron Supply Study, KWA, Appendix 20, October 2012 Preliminary Report Update, Final Report (DRAFT), October 4, 2012. The cost of construction is estimated at $272,421,558. Flint's portion would be 30% or $81,726,467.

Due to the significance of this expenditure, a detailed review of the cost was performed and is presented in this section. The analysis was performed based on the main elements of the supply system: the lake intake, the two pumping stations, and the transmission pipeline. Additionally, an analysis was performed related to construction contingencies and other costs such as engineering, legal, and administration.

Lake Intake

KWA representatives indicated in a meeting in November that the design documents for the intake were at 90% and that it was planned for advertisement in January 2013. A summary of the estimate is shown in Table 5-1.

Description	Estimate
Intake and Crib	$22,076,850
ELAC at 25%	5,519,213
Property	2,300,000
Total	**$29,896,063**

Table 5-1: KWA Intake Cost Estimate

Based on the evaluation, it appeared that the cost estimate was reasonable. Given that the design was nearly complete, the engineering, legal, administration, and construction contingencies (ELAC) at 25% were also found to be appropriate.

Pumping Stations

KWA representatives indicated that the pump stations were estimated at a level of design less than 15%. Therefore, in addition to an evaluation of their cost estimate, other water pumping station costs were used for comparison. Additionally, contractors were also contacted for costs. Table 5-2 summarizes the KWA cost estimate compared to our cost estimate performed for the Treasury.

Description	KWA	Estimate	TYJT	Estimate
Pumping Stations		$24,618,080		$54,573,314
Land for Intermediate Pump Station and Reservoir		--		75,000
Subtotal		$24,618,080		$54,648,314
ELAC for Construction	25%	6,154,520	30%	16,394,494
Total		**$30,772,600**		**$71,042,808**

Table 5-2: Pumping Stations Cost Estimate

Two things to note regarding the difference in the cost estimates; firstly, there is a large difference in the cost estimates of the pumping stations. The estimate developed for the Treasury used several other pumping stations construction costs from Southeastern Michigan and discussions with contractors. These costs were then computed on a $/MG's for comparison.

Secondly, our estimate for the Treasury is based on an ELAC of 30% instead of KWA's 25%. Although 25% was acceptable for the intake, it is believed to be too low for the pumping station estimate given that the engineering effort is less than 15%.

Transmission Main

Although the specific route for the transmission main was not provided, an estimate was calculated based on the general information provided. Once again, the KWA estimate was based on a level of design less than 15%. The estimate performed for the Treasury used the line items provided by KWA for the pipeline and also consulted with contractors to evaluate the cost of construction. The comparison is shown in Table 5-3.

Although the cost of construction of the pipeline is similar, a value of 30% was used for ELAC due to the level of design. Additionally, KWA did not believe there would be any additional costs for easements; however, this did not seem practical. Therefore an estimate for acquiring the easements was added to the Treasury estimate and is based on the 277 easements identified by KWA. The cost shown includes surveying, legal, engineering, administration, etc.

Description	KWA	Estimate	TYJT	Estimate
Transmission Mains		$166,202,316		$167,419,530
ELAC for Construction	25%	41,550,579	30%	50,225,859
Subtotal		$207,752,895		$217,645,389
Easements		--		1,166,170
Total		**$207,752,895**		**$218,811,559**

Table 5-3: Transmission Pipeline Cost Estimate

Other KWA Costs

In prior estimates of the construction cost, KWA used an ELAC of 37%. In this case it could be considered that the engineering effort associated with the design would have been included. However, it is believed that KWA's reduced ELAC of 25%, does not include the design effort. Additionally, it would be prudent to assume that the owner would want a construction manager during construction of this large project. A summary of these costs are shown in Table 5-4.

Description	Estimate
Design Engineering for Pumping Stations and the Transmission Pipeline	$16,939,581
Construction Management at 5%of Project Cost Estimate of $217,645,389	14,434,609
Administration	349,440
Legal, Easements, Contract Documents	831,000
Total	**$32,554,630**

Table 5-4: Other Costs

Summary Comparison

A summary of the two cost estimates are shown in Table 5-5. Based on the comparison, the estimate performed by TYJT shows a higher cost to Flint by approximately $25,000,000.

Note that there are two other costs shown in the summary that were not previously addressed; power and backup power. Regarding the cost of providing power to the pumping facilities, the cost of $4,000,000 appears reasonable.

The KWA has repeatedly indicated that backup power is not needed. Backup power is a standard practice in the water industry. Furthermore, a loss of power at either pumping facility will prevent the supply of water to both Flint and Genesee County. For these reasons, the cost of providing backup power was included in our estimate for the Treasury.

Description	KWA Estimate	DWT Estimate
Intake/Crib	$ 27,596,063	$ 27,596,063
Pump Stations	30,772,600	71,042,808
Transmission Mains	207,752,895	217,645,389
Power	4,000,000	4,000,000
Redundant Power for PS		1,273,200
Land for Lake Huron Pumping Station	2,300,000	2,300,000
Design Engineering/PS and Transmission		16,939,581
Construction Management		14,434,410
Administration		349,440
Legal/Easement/Contract Documents		831,000
Easements		1,166,170
Total	**$ 272,421,558**	**$ 357,578,060**
Flint Share at 30%	**$81,726,467**	**$107,273,418**

Table 5-5: Total Cost Comparison

Flint WTP Improvements

The KWA analysis identified capital costs required to convert the existing WTP from river water treatment to treating lake water. The cost estimate was identified as $7,100,000 in the 2009 report. This number was used in the our analysis, since additional information was not provided. For the purpose of the financial analysis; however, the $7,100,000 was increased by 3% each year for three years to account for inflation.

DWSD Imlay Station Supply Options

The options identified by DWSD to supply service to Flint at the Imlay Pump Station would require Flint to purchase the 72-inch water main from Imlay to Master Meter, FL-1. The pipeline is approximately 25 miles long. The estimated cost provided by DWSD for estimating purposes is $4,700,000.

Financing

The cost of financing the revenue bonds for the capital work was investigated. Based on conversations with local financial advisors knowledgeable in bond financing, an interest rate of 5% for the 25 year

period was considered acceptable. This is based on a Standard and Poor's bond rating of A without insurance.

Additional costs associated with the bond include the reserve and bond issuance fee. The bond holders will require a reserve of approximately 10% of the loan to be held for the 25 year payment period. The cost associated with the bond issuance has been estimated at 2.25% of the principal borrowed for the KWA project and 3% for the smaller loan associated with the Flint WTP improvements or the purchase of the 72-inch main.

Furthermore, since no revenue will be generated to pay on the bonds for the first three years that the system is being constructed, the cost associated with capitalizing the interest was also included.

Finally, interest on the reserve will be provided back to KWA and Flint. Although the interest is currently less than 1%, it was determined that a 3% rate would be more prudent long-term.

6. FINDINGS

Using the information described in the previous sections, a cost evaluation was conducted for the KWA supply and the DWSD options. Individual worksheets for each option are provided in Appendix B. For the purpose of comparison a 30 year period was used. This period includes the 3 year construction period, the 25 loan period and an additional two years to get a sense of the cost of operation after the loans have been paid.

There were three separate cost sheets prepared for the KWA option. The first cost sheet (KWA) is based on the cost estimate provided by KWA. The costs provided assumed no overruns or delay in construction. With KWA's own assumptions of an overrun in construction of 15% and a one year delay in operations, the KWA estimated cost becomes $686,375,920 through Year 2042.

Since this cost estimate did not appear to include the financing of revenue bonds, another cost sheet (KWA-1) was developed that included KWA's cost estimate without overruns with the additional finance costs associated with the revenue bonds. A final cost sheet (KWA-2) includes the cost associated with the revenue bonds based on the estimate provided by TYJT for the Treasury.

A summary of the cost sheets provided in Appendix B are shown in Table 6-1. Figure 6-1 shows the cumulative annual costs associated with each option.

Option	Costs through 2042 ($)	Ranking by Cost
DWSD 8 MGD Maximum Day at Imlay Station	634,795,488	1
KWA *(10/31/12 No Overruns, As Provided)**	649,775,166	2
DWSD 8 MGD Maximum Day at FL-1	672,671,705	3
KWA-1 *(10/31/12 No Overruns with Cost of Financing)*	707,279,715	4
DWSD 12 MGD Maximum Day at Imlay Station	725,576,803	5
DWSD 12 MGD Maximum Day at FL-1	762,110,308	6
KWA-2 *(Treasury Estimate)*	766,784,313	7
DWSD 18 MGD Maximum Day at FL-1	821,226,268	8

* $686,375,920 with 15% overrun in construction and a one year delay in operations

Table 6-1: Total Cost of Options through 2042

Based on the analysis, it is prudent to assume the KWA water supply option costs would be somewhere between the KWA-1 and KWA-2 options. Therefore, the analysis indicates that the two DWSD options of supplying 8 MGD on a maximum day and up to 8 MGD on average are the least cost options for Flint. These options allow Flint to maximize the use of existing assets; the City of Flint's (the Flint WTP) and DWSD's (the existing 72-inch main).

Additionally, in recent conversations with the Treasury another option was discussed that could potentially be the most cost-effective solution. Currently the Flint WTP serves as a backup if service is

lost through either the DWSD or KWA pipeline. If the a twin pipe paralleling the DWSD 72-inch water main were constructed with interconnects with the 72-inch line, then the new water main could serve as the backup to Flint and the Flint WTP could be abandoned or potentially sold to Genesee County for their use.

The construction of the parallel pipeline would be considered in the DWSD capital expenditure as a Common to All (CTA) cost. This means that the capital cost of the pipeline would be shared by all DWSD customers and not just by Flint. Preliminary analysis of this option appears to be the most cost-effective of all the options discussed. However, a more thorough cost analysis is warranted and this approach would require an agreement between Flint and DWSD.

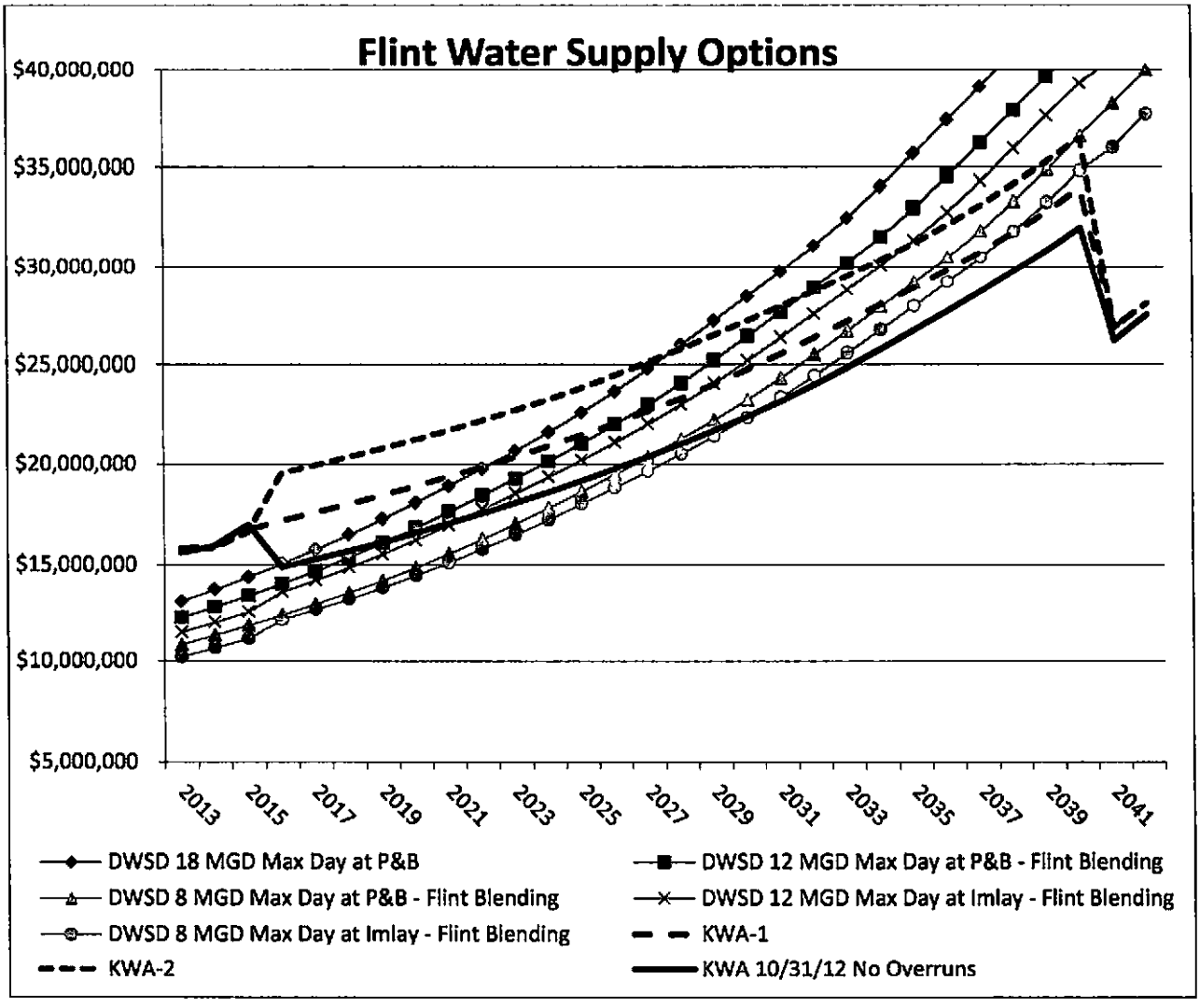

Figure 6-1: Flint Water Supply Options through 2042

7. OTHER CONSIDERATIONS

As part of the investigation other issues were identified that may result in risks to Flint that should be considered by the Treasury in determining how Flint's potable water should be supplied. These issues are related to redundancy and reliability, other items affecting cost, and Flint's desire to control its own destiny related to its water supply. These are described further below.

Redundancy/Reliability

In one of the first meetings related to this task assessment, which was held on November 1, 2012, the Genesee County Drain Commissioner, Mr. Jeff Wright, stated that one of the main reasons for pursuing the KWA supply option related to the lack of reliability of the DWSD system. He pointed to the Northeast blackout of 2003; a widespread power outage that occurred throughout parts of the Northeastern and Midwestern United States and Ontario, Canada, on Thursday, August 14, 2003. He stated that Flint and Genesee County were out of water for several days.

It is worth noting that this was a power outage of historic proportions that affected millions of Americans. However, DWSD did begin supplying water again relatively quickly in comparison to other major cities impacted by the same power outage.

Furthermore, the KWA supply system offers less redundancy to Flint than the current DWSD system. Under both options, Flint is supplied by a single pipeline; however, DWSD has backup power at all of its major facilities supplying Flint. The KWA system will not have a redundant power at its pumping facilities. This would be a major risk.

Currently, backup to the DWSD system for Flint is Flint's WTP using the Flint River as the source of supply. KWA has stated that the Flint River source would also be used as backup to Flint if the KWA supply through its pipeline was lost. However, since the Flint WTP would be upgraded to treat Lake Huron water under the KWA option, using the Flint River as a backup source would require the Flint WTP to maintain two process treatment streams.

In addition to Flint and Genesee County, the DWSD's 72-inch main supplies Imlay City, Mayfield and the Greater Lapeer County Utilities Authority (GLCUA). The volume of water contained within the 72-inch main is approximately 30 MG. Only supplying these three remaining communities would cause the water age to increase dramatically; somewhere in excess of three weeks old, before reaching the customers' master meters. Since the half-life of chlorine in the DWSD system is approximately 5 days, the chlorine would most probably be near zero requiring re-chlorination of the finished water upstream of the master meters.

Re-chlorinating is a costly and risky process due to the instability of chlorine gas. It is unknown whether DWSD would pursue this improvement or possibly abandoned the 72-inch pipeline.

If Flint is supplied by the KWA system, then DWSD supplying their other customers along the 72-inch water main may be reconsidered. Since the KWA system is a raw water supply, the communities would

either have to build a treatment facility to treat the water from KWA or find another water source for their communities.

Additional Cost and Risk Considerations

The design of the KWA supply and the construction of the system have not been completed; therefore, final costs and time to complete are unknown. Cost overruns and delays in completion will both negatively impact Flint's final cost. As example, if the project is not completed within the three year period, payment on the bonds will be due, but the revenue source needed from the sale of water could not be provided.

Furthermore, there is always a risk with large water system construction; especially those including an intake in the Great Lakes, pumping stations and rehabilitation of older water treatment plants. These risks include the potential of explosive gases in tunneling below Lake Huron, changing site conditions associated with the large number of miles of pipe installation and rehabilitating an older WTP, and the startup and debugging of the entire pumping system.

Flint has indicated that they have a high water loss. Not addressing this issue prior to sizing the Flint supply pipeline from KWA could cause the water main to be oversized along with its incremental cost in construction.

Also, the KWA supply option appears to run counter to the Treasury's Competitive Grant Assistance Program (Formerly EVIP Grant). This program has been put in place to allow for communities to consolidate their services and save money. Two existing customers of DWSD (Flint and Genesee County) along with the potential of others customers (GLCUA, Mayfield, Imlay City) separating to from another water system is in contradiction to the program.

Finally, there is a concern over the ability of smaller systems (KWA) over larger systems (DWSD) to pay for future unfunded mandates and regulations. Obviously, identifying regulation requirements over 30 years is hard to determine. However, it is widely accepted that a large system has greater ability to respond to unfunded mandates because the cost can be distributed over a large customer base.

Flint's Autonomy

Flint has indicated that a major point of consideration is that they have no control over the rate increases issued to Flint by DWSD. All other counties supplied by DWSD have representatives on the Board of Water Commissioners (BOWC). The BOWC is one of the governing bodies that approve the water rates. Since Flint and Genesee County do not have a representative on the BOWC, Flint believes they are held "hostage" to DWSD's rates and cost of service.

This issue was stated in Flint's handout at the November 1, 2012 meeting. The handout is titled, "Flint Water Supply Future." However, it is worth noting in the same handout, Flint also identifies similar concerns with the governing board of the KWA system. Notably, that although Flint and Genesee County will be the only customers and Flint will be responsible for 30 percent of the construction cost,

they will have a minority vote on the KWA board. Furthermore, there are other communities (Lapeer County, the City of Lapeer, and Sanilac County) that sit on the board and vote. However, they are not purchasing water nor contributing to the construction costs.

STATE OF MICHIGAN CONTRACT NO. 271N3200089

CITY OF FLINT WATER SUPPLY ASSESSMENT

State of Michigan, Department of Treasury

Appendix A: Meeting Minutes

TUCKER, YOUNG,
JACKSON, TULL INC.
CONSULTING ENGINEERS-PLANNERS
565 E. Larned Suite 300
Detroit, Michigan 48226
(313)963-0612 FAX (313)963-2156

MEETING MINUTES

IN ATTENDANCE:	Sue McCormick, DWSD Director Darryl Latimer, DWSD Deputy Director George Karmo, TYJT Awni Qaqish, TYJT Dave Guastella, TYJT
DATE:	November 24, 2012
PURPOSE OF MEETING:	Meeting with DWSD for the Indefinite-scope, Indefinite-delivery Contract Number 00383, 2012 Professional General Architectural/Engineering Services – City of Flint Water Supply Assessment
PREPARED BY:	Dave Guastella

A meeting was held at the DWSD Main Office Building on November 19, 2012 to discuss the water supply options being presented by DWSD to the City of Flint. The main items discussed generally followed the attached DWSD Discussion/Questions that were provided to the Department prior to the meeting. A summary of the key points discussed are provided below.

DISCUSSION ITEMS

1. Question/Discussion Item: Verify that the four options presented at the November 1, 2012 meeting are still available for consideration:

    a. Supplied from Potter & Baxter using the new model contract (assume a Maximum Day Customer),

    b. Supplied from Imlay Station,

    c. Finished un-pumped supply from Lake Huron WTP, and

    d. Raw un-pumped supply from Lake Huron WTP.

    DWSD prefers to focus on the first two supply point listed; from the current location at Potter & Baxter and at the Imlay Pump Station as these apply specifically to Flint.

    DWSD provided the attached summary regarding the current costs to Flint based on the various options that DWSD is offering. The savings associated with each option is provided as well. As example, if Flint were to purchase water from the supply point located at Imlay Station, the current cost to Flint would be $5,661,000 and it would be a savings of nearly 50%

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compared to Flint's current rate.

2. Question/Discussion Item: What additional capital improvements will be required for each option?

   If Imlay Pump Station is selected as the supply point then Flint would need to purchase the 72-inch water main and an agreement to supply Lapeer would need to be worked out. DWSD believes that this could be worked out through a "wheeling" charge over the 72-inch main or possibly moving the supply point downstream of the Lapeer connection.. DWSD estimates the value of the water main at $4.7M. Flint could bond for this amount or DWSD could include the cost into Flint's rate.

3. Question/Discussion Item: Are there other options being presented that should be considered (e.g., blending)?

   Only the two options indicated above are currently being considered and both would include blending; DWSD providing 2/3 of the supply and the Flint WTP providing the other 1/3.

4. Question/Discussion Item: To evaluate each option over the 25 year planning period, provide:

   a. Annual water rate for Flint for 2002 through 2012, and the

   b. Projected annual rate adjustment for each option. What are the proposed measures to keep the rate adjustments down in the future?

   DWSD provided the attached historical rates from 2002 through 2012 for the existing water contract with Flint. The attachment also includes what the rates would have been if Flint had signed the new model contract or had taken service from Imlay. These rates were provided back to 2010.

   DWSD believes that 5% would be a good estimation to assume for their annual escalation in rates over the 25 year planning period.

5. Question/Discussion Item: Flint stated a 10% increase in the capacity charge. What number did DWSD provide Flint?

   It was unclear to DWSD where the 10% increase in capacity charge stated by Flint came from. DWSD's information provided shows an average of 6.3%. DWSD offered a meeting with TYJT to discuss how the fixed and commodity charges are allocated.

6. Question/Discussion Item: Flint financial comparison is based on the initial Cost of $14,413,858, which includes $2,725,538 for Flint WTP operating cost; i.e, DWSD charge is $11,688,320. How good is this number?

   DWSD indicated that the charge of $11,638,320 is good through 6/30/13.based on their existing contract with DWSD.

7. Question/Discussion Item: KWA's initial charge to Flint is based on 12 MGD. Is DWSD charge

based on 12 MGD?

Yes, 12 MGD from DWSD would be a maximum with Flint supplying 6 MGD for a total of 18 MGD (2/3 vs. 1/3).

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Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT

DWSD Discussion/Questions for the November 19, 2012 Meeting

1. Verify that the four options presented at the November 1, 2012 meeting are still available for consideration:
    c. Supplied from Potter & Baxter using the new model contract (assume a Maximum Day Customer),
    d. Supplied from Imlay Station,
    e. Finished un-pumped supply from Lake Huron WTP, and
    f. Raw un-pumped supply from Lake Huron WTP.
2. What additional capital improvements will be required for each option?
3. Are there other options being presented that should be considered (e.g., blending)?
4. To evaluate each option over the 25 year planning period, provide:
    g. *Annual water rate for Flint for 2002 through 2012, and the*
    h. Projected annual rate adjustment for each option. What are the proposed measures to keep the rate adjustments down in the future?
5. Flint stated a 10% increase in the capacity charge. What number did DWSD provide Flint?
6. Flint financial comparison is based on the initial Cost of $14,413,858, which includes $2,725,538 for Flint WTP operating cost, i.e DWSD charge is $11,688,320. How good is this number?
7. KWA's initial charge to Flint is based on 12 MGD. Is DWSD charge based on 12 MGD?

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Summary of DWSD Cost Allocations to Flint Under Various Scenarios

Flint Only

	Revenue Requirement	Rates and Charges		
		Fixed	Commodity	Avg Unit Cost
1 **Status Quo**	11,461,700	357,271	12.46	19.91
2 **Model Contract**	9,732,100	275,517	11.16	16.90
3 Change	(1,729,600)	(81,754)	(1.30)	(3.00)
4 % Change	*-15.1%*	*-22 9%*	*-10.4%*	*-15.1%*
5 **Max Day Only**	9,424,700	271,010	10.72	16.37
6 Change	(307,400)	(4,507)	(0.44)	(0.53)
7 % Change	*-3.3%*	*-1 7%*	*-4.1%*	*-3 3%*
8 **Allow Blending**	6,302,800	182,369	10.72	16.42
9 Change	(3,121,900)	(88,641)	0.00	0.05
10 % Change	*-49.5%*	*-48 6%*	*0.0%*	*0.3%*
11 **Imlay City Connections**	5,800,700	170,912	9.77	15.11
12 Change	(502,100)	(11,457)	(0.95)	(1.31)
13 % Change	*-8.7%*	*-6.7%*	*-9.7%*	*-8.7%*
14 Cumulative Change	(5,661,000)	(186,359)	(2.69)	(4.80)
15 Cumulative %Change	*-49.4%*	*-52 2%*	*-21 6%*	*-24 1%*

	Assumptions					
	Avg Day	Max Day	Peak Hour	Distance	Elevation	Sales
	mgd	*mgd*	*mgd*	*miles*	*feet*	*mgd*
1 **Status Quo**	11.8	21.6	22.6	52.0	866	**11.8**
2 **Model Contract**	11.8	**17.9**	**18.8**	52.0	866	11.8
3 **Max Day Only**	11.8	17.9	**17.9**	52.0	866	11.8
4 **Allow Blending**	7.9	**11.9**	**11.9**	52.0	866	7.9
5 **Imlay City Connections**	7.9	11.9	11.9	**45.2**	**866**	7.9

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			*Average*
	Fixed	Commodity	Avg Unit Cost	Fixed	Commodity	Avg Unit Cost	*Annual Change*
	$/mo	*$/Mcf*	*$/Mcf*	*$/mo*	*$/Mcf*	*$/Mcf*	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12.46	19.12	59.6%	-6.7%	9.1%	**6.3%**
Hypothetical Model Contract							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		***13.96***	***13.96***			6.8%	
2011	***145,918***	***13.74***	***15.28***		-1.6%	9.5%	
2012	***378,968***	***12.58***	***16.57***	159.7%	-8.4%	8.4%	
2013	***597,323***	***11.63***	***17.93***	57.6%	-7.6%	8.2%	**5.5%**

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			*Average*
	Fixed	Commodity	Avg Unit Cost	Fixed	Commodity	Avg Unit Cost	*Annual Change*
	$/mo	*$/Mcf*	*$/Mcf*	*$/mo*	*$/Mcf*	*$/Mcf*	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12.46	19.12	59.6%	-6.7%	9.1%	**6.3%**
*Hypothetical Model Contract - **Flint Only***							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		***11.73***	***11.73***			-10.3%	
2011	***70,060***	***12.45***	***13.89***		6.1%	18.4%	
2012	***175,882***	***11.47***	***15.08***	151.0%	-7.9%	8.6%	
2013	***272,923***	***10.65***	***16.24***	55.2%	-7.1%	7.7%	**4.4%**

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			Average Annual Change
	Fixed $/mo	Commodity $/Mcf	Avg Unit Cost $/Mcf	Fixed $/mo	Commodity $/Mcf	Avg Unit Cost $/Mcf	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12.46	19.12	59.6%	-6.7%	9.1%	**6.3%**
*Hypothetical Model Contract - **Flint Only @ Imlay***							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		***11.16***	***11.16***			-14.6%	
2011	***65,919***	***10.88***	***12.23***		-2.5%	9.6%	
2012	***165,275***	***9.89***	***13.28***	150.7%	-9.1%	8.6%	
2013	***255,580***	***9.09***	***14.32***	54.6%	-8.1%	7.8%	**2.9%**

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MEETING MINUTES

IN ATTENDANCE:	Ed Kurtz; Flint Emergency Financial Manager, City of Flint Dayne Walling; Mayor, City of Flint Mike Brown, City of Flint John O'Brien, Genesee County Howard Croft, City of Flint Dwayne "Duffy" Johnson, City of Flint Brent Wright, City of Flint Awni Qaqish, TYJT Dave Guastella, TYJT
DATE:	November 24, 2012
PURPOSE OF MEETING:	Meeting with the City of Flint for the Indefinite-scope, Indefinite-delivery Contract Number 00383, 2012 Professional General Architectural/Engineering Services – City of Flint Water Supply Assessment
PREPARED BY:	Dave Guastella

A meeting was held at the City of Flint Municipal Center on November 20, 2012 to discuss the water supply option being presented by the Karegnondi Water Authority (KWA) to the City of Flint. The main items discussed generally followed the attached KWA Discussion/Questions that were provided to City prior to the meeting. A summary of the key points discussed are provided below.

The questions submitted are repeated in the Discussion Items for easy reference. A summary of the action items generated from the meeting follow the Discussion Items.

DISCUSSION ITEMS

1. Question/Discussion Item: Is the maximum day demand of 18 MGD for Flint the maximum day demand (MDD) throughout the 25 year planning period? If not, what is the 25 year projected MDD?

   KWA would supply up to 18 MGD. 18 MGD has been assumed as the maximum day demand and 12 MGD is assumed as the average day demand throughout the 25 year planning period.

2. Question/Discussion Item: Copy of the intake contract documents and engineer's estimate.

   The intake contract documents are approximately 90% complete and are not available for distribution. However, the updated Appendix 20, dated October 4, 2012 includes the most recent cost estimate of the intake based on the current design in process.

Comments. Meeting minutes were recorded based on the understanding of the author Please contact the author within three days if you have any different understanding of the meeting. These minutes will be considered approved unless comments are provided within three days

3. Question/Discussion Item: Documentation of the Flint WTP improvements required and cost estimate.

   The costs are approximately $7M as presented in the September 2009 Preliminary Engineering Report. However, this estimate has been updated. Some processes have been eliminated. John O'Brien will provide the updated costs and the description of the planned improvements to the plant.

4. Question/Discussion Item: Confirm Flint's allocated percentage of the KWA capital improvements (30%?).

   Yes, the allocation is based on 18 MGD/60 MGD total capacity.

5. Question/Discussion Item: Copy of the proposed KWA operating agreement for Flint.

   John O'Brien will provide the operating agreement as well as the Capacity Contract and Articles of Incorporation.

6. Question/Discussion Item: What is the annual operating agreement adjustment projected for the 25 year planning period?

   This information is provided in Appendix 14, Table 14.2 of the September 2009 Preliminary Engineering Report. Operating cost based on Table 1. Used 12 MGD as average day demand (ADD). Assumed 5% as the annual increase in operating costs. John O'Brien indicated that these operating costs were based on Genesee County's operating costs. John O'Brien will provide the last 10 years of audited financial statements for the water fund.

   To assess operating and maintenance costs for the Flint WTP, Duffy will provide multiple years of financial statements for the water fund. Duffy did not believe they had 10 years, but they will provide what they have.

   Regarding operation and maintenance costs, Flint believes that these costs will increase by 2/3 of what they are now.

7. Question/Discussion Item: Need the route of the pipelines and the locations of the facilities proposed. Purpose is to identify constraints that impact costs (i.e., utilities, environmental (e.g. wetlands), easements, etc.).

   KWA will not release the route due to concerns regarding speculation of land and easements. John O'Brien did indicate that the Lake Huron pump station would be at Fisher and M-25. The intermediate pump station site is near a location of the Lapeer/Sanilac/St. Clair border; where all three meet.

8. Question/Discussion Item: KWA's initial charge to Flint is based on a 12 MGD average day demand. What is the basis of this number? Are there population projections and water use figures available that were used to determine the Flint demand for the 25 year planning period?

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This was answered in Question No. 1 above.

9. Question/Discussion Item: Is there a transition plan and cost during construction of the KWA system identified?

   Flint is looking for an agreement with DWSD for back-up supply from the 72-inch main at the Genesee border.

10. Question/Discussion Item: The October 4, 2012 Preliminary Engineering Report Update states: "no backup power is planned for the pumps" (LHPS) and "No backup power is planned for pumping" (IPS). In case of power loss, how would Flint supply its customers?

    Flint indicated that they have adequate storage to supply the system for 6 to 7 days. Flint has 55 MG of storage and Genesee County has 65 MG for 2.5 days.

11. Question/Discussion Item: The latest plan shows only a 5 million gallon ground reservoir is planned for balancing between LHPS and IPS. How is redundancy maintained?

    In cases of emergency, Flint indicated that the back-up for the KWA system will be the same as it is now with DWSD; they will use the Flint River as the source water. Flint currently operates their plant four times a year.

    When questioned as to whether the WTP will be able to treat both lake water from the KWA system and river water Flint indicated that once the improvements identified in the September 2009 Preliminary Engineering Report are completed they will be able to accomplish both treatment processes. Flint will provide a schematic of the treatment trains at the WTP and a copy of the Flint transmission system.

    Genesee County indicated that additional redundancy would also be provided from the new Genesee County WTP.

    Regarding hydraulic transients; Genesee County indicated that a model analysis has not been included, but capital costs for mitigating transients have been included.

12. Question/Discussion Item: Related to the construction cost:

    a. Does it include an additional traffic lane since the construction will occupy half the right of way? *Not required, all roads are county roads; however, there are a few State road crossings.*

    b. Does it include costs/fees for permit requirements such as inspection cost by the jurisdictional authorities? As a point of reference, the permit fee costs for the Flint Transmission System came out to be $5.8 million. *Not required; all of the counties have waived any fees.*

    c. Does the cost of the steel pipe segments include corrosion protection measures such as

anode stations and related O&M? *Yes; however, the KWA has not settled on using steel pipe. PCCP pipe may be used. Steel shown in estimate because it is highest in cost and therefore the pricing is conservative.*

d. SCADA monitoring stations require power. Is the cost of bring power to the SCADA stations included? Again, as a point of reference for the Flint Transmission System we estimated $800,000 for power to SCADA and valve operators. *Yes, Genesee County did emphasize that the SCADA system will be simple and straightforward because a lot of controls are not required.*

e. Other items discussed at the meeting included:

- The 2009 plant improvement cost is still good; however, there will be some reduction, such as a sulfuric chloride feed system that was eliminated. Plant capacity now is 36MGD, but will be 18 MGD.
- The KWA Lake Huron Pumping Station (LHPS) is now only high lift pump station.
- Genesee County will provide the distance of the intake pipe from the crib to the LHPS.
- The intake project is almost ready to bid; waiting for the COE permit.
- Genesee County is estimating the construction for the pipe lines and pump stations will begin July 2013.
- The route has been flown for survey.
- Genesee County is estimating construction will be complete and the project will be placed in service by Jan 2016.
- Genesee County to provide a list of assumptions that the $272 million cost estimate is based on since the route is now known.

13. The Flint River is identified as a backup: At what capacity? MDD or emergency supply?

    The Flint River would serve as a back up supply.

14. Where did the 40 years come from (Flint hostage to Detroit)? DWSD's new contracts are 30 years with openers to revise terms of supply (volume and pressure) after the first two years, then three years, and then in five year increments thereafter.

    The 40 years was stated in error. The reference was to DWSD's requirement to sign a 30 year contract.

    After 40 years Flint will own 30% of the project and can sell their share of ownership if they want. Conversely, with DWSD, they continue to pay for the capital projects but have no ownership. Flint believes they will know what they will be charged for the next 25 years versus DWSD that can't commit to a fixed escalation.

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Action Items for Follow-up		
Items:	***Assigned To:***	***Date to Complete***
1. Updated Costs for the Flint WTP Improvements and a description of the improvements.	John O'Brien	11/21/12
2. KWA Operating Agreement, Capacity Contract and Articles of Incorporation.	John O'Brien	11/20/12
3. Provide the last 10 years of audited financial statements for the Genesee water fund.	John O'Brien	11/20/12
4. Provide multiple years of financial statements for the City of Flint water fund.	Duffy Johnson	11/26/12
5. Provide schematic of the Flint WTP and a map of the Flint transmission system.	Brent Wright	11/26/12
6. Provide the length of the intake pipe from the crib to the pump station.	John O'Brien	11/20/12
7. Provide a list of assumptions that the $272 million cost estimate is based on since the route is now known.	John O'Brien	11/26/12

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Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT

KWA Discussion/Questions for the November 20, 2012 Meeting

1. Is the maximum day demand of 18 MGD for Flint the maximum day demand (MDD) throughout the 25 year planning period? If not, what is the 25 year projected MDD?
2. Copy of the intake contract documents and engineer's estimate.
3. Documentation of the Flint WTP improvements required and cost estimate.
4. Confirm Flint's allocated percentage of the KWA capital improvements (30%?).
5. *Copy of the proposed KWA operating agreement for Flint.*
6. What is the annual operating agreement adjustment projected for the 25 year planning period?
7. Need the route of the pipelines and the locations of the facilities proposed. Purpose is to identify constraints that impact costs (i.e., utilities, environmental (e.g. wetlands), easements, etc.).
8. KWA's initial charge to Flint is based on a 12 MGD maximum day demand. What is the basis of this number? Are there population projections and water use figures *available that were used to determine the Flint demand for the 25 year planning* period?
9. Is there a transition plan and cost during construction of the KWA system identified?
10. The October 4, 2012 Preliminary Engineering Report Update states: "no backup power is planned for the pumps" (LHPS) and "No backup power is planned for pumping" (IPS). In case of power loss, how would Flint supply its customers?
11. The latest plan shows only a 5 million gallon ground reservoir is planned for balancing between LHPS and IPS. How is redundancy maintained?
12. Related to the construction cost:
    a. Does it include an additional traffic lane since the construction will occupy half the right of way?
    b. Does it include costs/fees for permit requirements such as inspection cost by the jurisdictional authorities? As a point of reference, the permit fee costs for the Flint Transmission System came out to be $5.8 million.

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c. Does the cost of the steel pipe segments include corrosion protection measures such as anode stations and related O&M?
d. SCADA monitoring stations require power. Is the cost of bring power to the SCADA stations included? Again, as a point of reference the for the Flint Transmission System we estimated $800,000 for power to SCADA and valve operators.

13. The Flint River is identified as a backup: At what capacity? MDD or emergency supply?
14. Where did the 40 years come from (Flint hostage to Detroit)? DWSD's new contracts are 30 years with openers to revise terms of supply (volume and pressure) after the first two years, then three years, and then in five year increments thereafter.

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STATE OF MICHIGAN CONTRACT NO. 271N3200089

CITY OF FLINT WATER SUPPLY ASSESSMENT

State of Michigan, Department of Treasury

Appendix B: Cost Worksheets

DWSD Worksheet : 18 MGD Maximum Day Customer with Model Contract at Potter & Baxter

Capacity

Flint ADD	0 60	MGD	81	MCF/Day
DWSD ADD	12	MGD	1,604	MCF/Day

Annual Volume

Flint	29,412	MCF
DWSD	585,561	MCF

2013 Cost of Supply

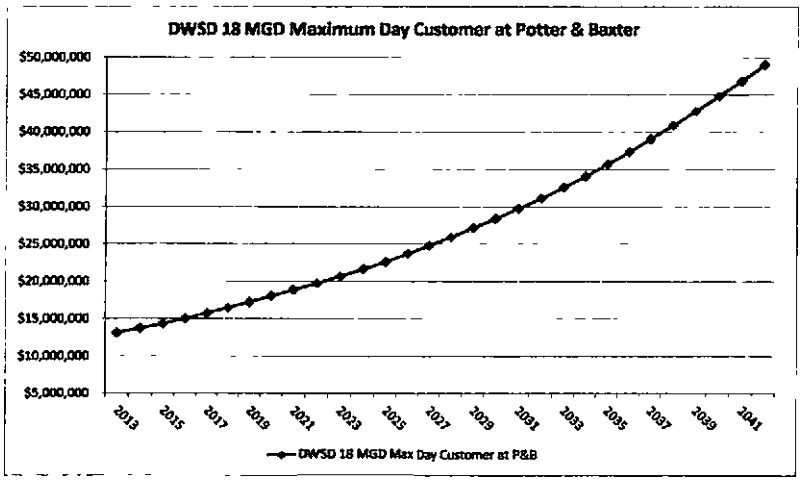
Flint WTP O&M	120 30	/MCF	$ 3,538,214	/Yr
DWSD	$ 16 37	/MCF	$ 9,585,642	/Yr

Escalation/Inflation Rate

Flint:	4.51% /Yr
DWSD	4 7% /Yr

Capital Expenditure

Amount:	$ -			
Reserve	$ -	0%	Reserve Rate	0.00%
Amount plus Reserve	$ -			
Revenue Bond Rate	5%			
Number of Years.	25			
Annual Cost	$0			



	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 3,538,214	9,585,642		-	$ 13,123,856
2	2014	$ 3,697,788	10,036,167		-	$ 13,733,955
3	2015	$ 3,864,558	10,507,867		-	$ 14,372,425
4	2016	$ 4,038,850	11,001,736	-	-	$ 15,040,586
5	2017	$ 4,221,002	11,518,818	-	-	$ 15,739,820
6	2018	$ 4,411,369	12,060,203	-	-	$ 16,471,571
7	2019	$ 4,610,322	12,627,032	-	-	$ 17,237,354
8	2020	$ 4,818,247	13,220,503	-	-	$ 18,038,750
9	2021	$ 5,035,550	13,841,866	-	-	$ 18,877,416
10	2022	$ 5,262,653	14,492,434	-	-	$ 19,755,087
11	2023	$ 5,499,999	15,173,578	-	-	$ 20,673,577
12	2024	$ 5,748,049	15,886,736	-	-	$ 21,634,785
13	2025	$ 6,007,286	16,633,413	-	-	$ 22,640,699
14	2026	$ 6,278,215	17,415,183	-	-	$ 23,693,398
15	2027	$ 6,561,362	18,233,697	-	-	$ 24,795,059
16	2028	$ 6,857,279	19,090,681	-	-	$ 25,947,960
17	2029	$ 7,166,543	19,987,943	-	-	$ 27,154,486
18	2030	$ 7,489,754	20,927,376	-	-	$ 28,417,130
19	2031	$ 7,827,542	21,910,963	-	-	$ 29,738,505
20	2032	$ 8,180,564	22,940,778	-	-	$ 31,121,342
21	2033	$ 8,548,507	24,018,995	-	-	$ 32,568,502
22	2034	$ 8,935,090	25,147,887	-	-	$ 34,082,977
23	2035	$ 9,338,063	26,329,838	-	-	$ 35,667,901
24	2036	$ 9,759,209	27,567,341	-	-	$ 37,326,550
25	2037	$ 10,199,350	28,863,006	-	-	$ 39,062,355
	2038	$ 10,659,340	30,219,567		-	$ 40,878,907
	2039	$ 11,140,076	31,639,886	-		$ 42,779,963
	2040	$ 11,642,494	33,126,961	-	-	$ 44,769,455
	2041	$ 12,167,570	34,683,928	-	-	$ 46,851,499
	2042	$ 12,716,328	36,314,073	-	-	$ 49,030,401
		$ 216,222,171				

25 Yrs Cummulative	
$	596,916,044

30 Yrs Cummulative	
$	821,726,258

DWSD Worksheet : 12 MGD Maximum Day Customer with Model Contract at Potter & Baxter/Blending with Flint

Capacity

Flint ADD	4	MGD	535	MCF/Day
DWSD ADD	8	MGD	1,070	MCF/Day

Annual Volume

Flint	195,187	MCF	195187.1658
DWSD	390,374	MCF	
			5895097 471

2013 Cost of Supply

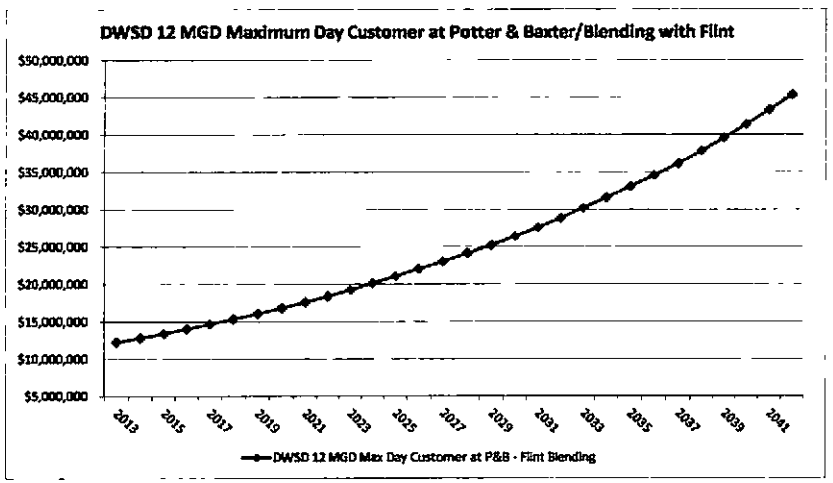
Flint WTP O&M	$	30 20	/MCF	$ 5,895,097	/Yr
DWSD	$	16 31	/MCF	$ 6,367,005	/Yr

Escalation/Inflation Rate

Flint:	4.51% /Yr
DWSD	4 7% /Yr

Capital Expenditure

Amount:	$	-			
Reserve	$	-	0%	Reserve Rate	0 00%
Amount plus Reserve	$	-			
Revenue Bond Rate.		5%			
Number of Years.		25			
Annual Cost	$0				



	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895,097	6,367,005		-	$ 12,262,103
2	2014	$ 6,160,966	6,666,255		-	$ 12,827,221
3	2015	$ 6,438,826	6,979,569		-	$ 13,418,395
4	2016	$ 6,729,217	7,307,608			$ 14,036,825
5	2017	$ 7,032,705	7,651,066	-	-	$ 14,683,771
6	2018	$ 7,349,880	8,010,666	-	-	$ 15,360,546
7	2019	$ 7,681,359	8,387,167	-	-	$ 16,068,527
8	2020	$ 8,027,789	8,781,364	-	-	$ 16,809,153
9	2021	$ 8,389,842	9,194,088	-	-	$ 17,583,930
10	2022	$ 8,768,224	9,626,210		-	$ 18,394,434
11	2023	$ 9,163,671	10,078,642	-	-	$ 19,242,313
12	2024	$ 9,576,952	10,552,338	-	-	$ 20,129,291
13	2025	$ 10,008,873	11,048,298	-	-	$ 21,057,171
14	2026	$ 10,460,273	11,567,568	-	-	$ 22,027,841
15	2027	$ 10,932,031	12,111,244	-	-	$ 23,043,275
16	2028	$ 11,425,066	12,680,473	-	-	$ 24,105,538
17	2029	$ 11,940,336	13,276,455	-	-	$ 25,216,791
18	2030	$ 12,478,845	13,900,448	-	-	$ 26,379,294
19	2031	$ 13,041,641	14,553,769	-	-	$ 27,595,410
20	2032	$ 13,629,819	15,237,796	-	-	$ 28,867,616
21	2033	$ 14,244,524	15,953,973	-	-	$ 30,198,497
22	2034	$ 14,886,952	16,703,810	-	-	$ 31,590,762
23	2035	$ 15,558,354	17,488,889	-		$ 33,047,242
24	2036	$ 16,260,035	18,310,866	-	-	$ 34,570,902
25	2037	$ 16,993,363	19,171,477	-	-	$ 36,164,840
	2038	$ 17,759,764	20,072,537	-		$ 37,832,300
	2039	$ 18,560,729	21,015,946	-	-	$ 39,576,675
	2040	$ 19,397,818	22,003,695	-	-	$ 41,401,513
	2041	$ 20,272,660	23,037,869			$ 43,310,528
	2042	$ 21,186,956	24,120,649			$ 45,307,605

25 Yrs Cummulative
$ 554,681,686

30 Yrs Cummulative
$ 762,110,308

DWSD Worksheet : 8 MGD Maximum Day Customer with Model Contract at Potter & Baxter/Blending with Flint

Capacity

Flint ADD	4	MGD	535	MCF/Day
DWSD ADD	8	MGD	1,070	MCF/Day

Annual Volume

Flint	195,187	MCF
DWSD	390,374	MCF

2013 Cost of Supply

Flint WTP O&M	$ 30.20	/MCF	$ 5,895,097	/Yr
DWSD	$ 12 68	/MCF	$ 4,949,947	/Yr

Escalation/Inflation Rate

Flint:	4 51% /Yr
DWSD	4 7% /Yr

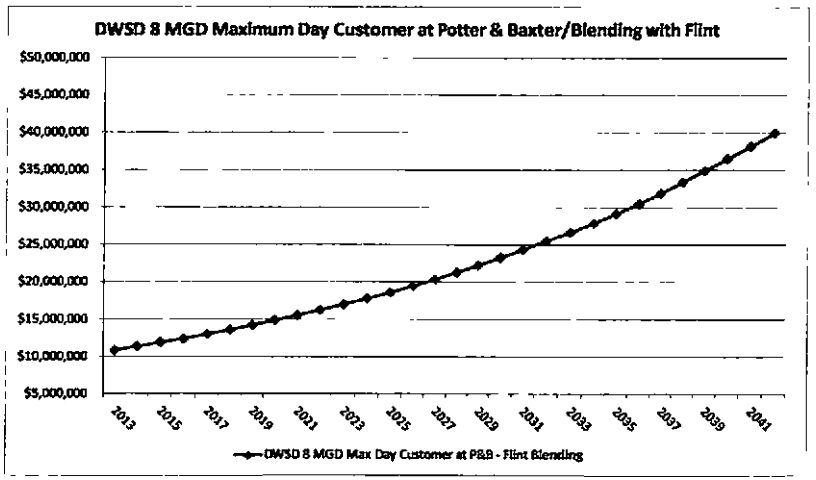
Capital Expenditure

Amount:	$ -			
Reserve	$ -	0%	Reserve Rate	0 00%
Amount plus Reserve	$ -			
Revenue Bond Rate	5%			
Number of Years.	25			
Annual Cost	$0			

	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895,097	4,949,947		-	$ 10,845,044
2	2014	$ 6,160,966	5,182,594		-	$ 11,343,560
3	2015	$ 6,438,826	5,426,176		-	$ 11,865,002
4	2016	$ 6,729,217	5,681,206	-	-	$ 12,410,423
5	2017	$ 7,032,705	5,948,223	-	-	$ 12,980,928
6	2018	$ 7,349,880	6,227,789	-	-	$ 13,577,669
7	2019	$ 7,681,359	6,520,495	-	-	$ 14,201,855
8	2020	$ 8,027,789	6,826,959	-	-	$ 14,854,747
9	2021	$ 8,389,842	7,147,826	-	-	$ 15,537,668
10	2022	$ 8,768,224	7,483,774	-		$ 16,251,997
11	2023	$ 9,163,671	7,835,511	-	-	$ 16,999,182
12	2024	$ 9,576,952	8,203,780	-	-	$ 17,780,732
13	2025	$ 10,008,873	8,589,358	-	-	$ 18,598,230
14	2026	$ 10,460,273	8,993,057	-	-	$ 19,453,330
15	2027	$ 10,932,031	9,415,731	-		$ 20,347,782
16	2028	$ 11,425,066	9,858,271	-	-	$ 21,283,336
17	2029	$ 11,940,336	10,321,609	-	-	$ 22,261,945
18	2030	$ 12,478,845	10,806,725	-		$ 23,285,570
19	2031	$ 13,041,641	11,314,641	-	-	$ 24,356,282
20	2032	$ 13,629,819	11,846,429	-	-	$ 25,476,248
21	2033	$ 14,244,524	12,403,211	-		$ 26,647,735
22	2034	$ 14,886,952	12,986,162	-	-	$ 27,873,114
23	2035	$ 15,558,354	13,596,512	-	-	$ 29,154,866
24	2036	$ 16,260,035	14,235,548	-	-	$ 30,495,583
25	2037	$ 16,993,363	14,904,619		-	$ 31,897,982
	2038	$ 17,759,764	15,605,136	-	-	$ 33,364,899
	2039	$ 18,560,729	16,338,577	-	-	$ 34,899,306
	2040	$ 19,397,818	17,106,490	-	-	$ 36,504,308
	2041	$ 20,272,660	17,910,495			$ 38,183,155
	2042	$ 21,186,956	18,752,288			$ 39,939,245

25 Yrs Cummulative	
$	489,780,792

30 Yrs Cummulative	
$	672,671,705



DWSD Worksheet : 12 MGD Maximum Day Customer with Model Contract at Imlay/Blending with Flint

Capacity

Flint ADD	6	MGD	535	MCF/Day
DWSD ADD	8	MGD	1,070	MCF/Day

Annual Volume

Flint:	195,187	MCF
DWSD:	390,374	MCF

2013 Cost of Supply

Flint WTP O&M	$	30 20	/MCF	$ 5,895,097	/Yr
DWSD	$	14 38	/MCF	$ 5,613,583	/Yr

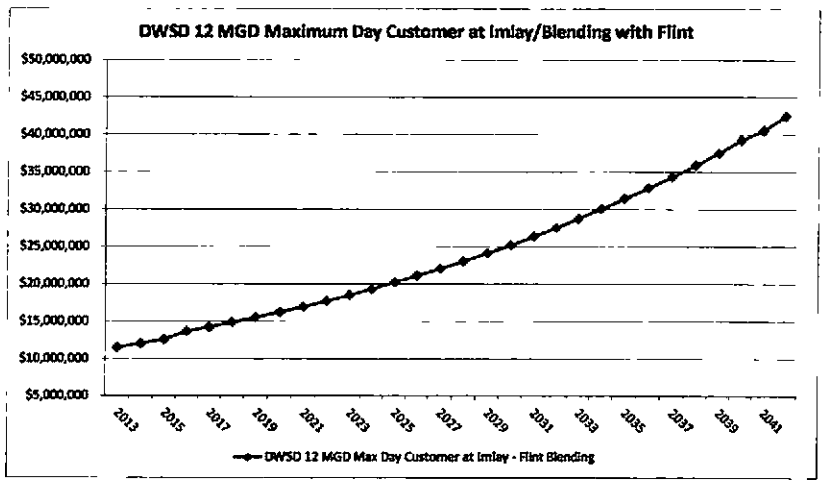
Escalation/Inflation Rate

Flint:	4.51% /Yr
DWSD:	4 7% /Yr

Capital Expenditure

Capital	$ 4,700,000			
Bond Issuance (3% of Total):	195,000	Check:	3 0%	
3 Years of Capitalized Interest:	975,000	Check:	5 0%	/Yr (Bond Interest on Total)
Reserve (10% of Total)	650,000	Check:	10 0%	
Total	$ 6,520,000			

Revenue Bond Rate	5%
Number of Years:	25
Annual Cost:	$462,610
Interest on Reserve	3%



	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895,097	5,613,583		19,500	$ 11,489,180
2	2014	$ 6,160,966	5,877,421		19,500	$ 12,018,888
3	2015	$ 6,438,826	6,153,660		19,500	$ 12,572,986
4	2016	$ 6,729,217	6,442,882	462,610	19,500	$ 13,615,209
5	2017	$ 7,032,705	6,745,698	462,610	19,500	$ 14,221,512
6	2018	$ 7,349,880	7,062,745	462,610	19,500	$ 14,835,735
7	2019	$ 7,681,359	7,394,694	462,610	19,500	$ 15,519,164
8	2020	$ 8,027,789	7,742,245	462,610	19,500	$ 16,213,144
9	2021	$ 8,389,842	8,106,131	462,610	19,500	$ 16,939,082
10	2022	$ 8,768,224	8,487,119	462,610	19,500	$ 17,698,452
11	2023	$ 9,163,671	8,886,013	462,610	19,500	$ 18,492,794
12	2024	$ 9,576,952	9,303,656	462,610	19,500	$ 19,323,718
13	2025	$ 10,008,873	9,740,928	462,610	19,500	$ 20,192,910
14	2026	$ 10,460,273	10,198,751	462,610	19,500	$ 21,102,134
15	2027	$ 10,932,031	10,678,093	462,610	19,500	$ 22,053,234
16	2028	$ 11,425,066	11,179,963	462,610	19,500	$ 23,048,139
17	2029	$ 11,940,336	11,705,421	462,610	19,500	$ 24,088,867
18	2030	$ 12,478,845	12,255,576	462,610	19,500	$ 25,177,531
19	2031	$ 13,041,641	12,831,588	462,610	19,500	$ 26,316,339
20	2032	$ 13,629,819	13,434,673	462,610	19,500	$ 27,507,602
21	2033	$ 14,244,524	14,066,102	462,610	19,500	$ 28,753,736
22	2034	$ 14,886,952	14,727,209	462,610	19,500	$ 30,057,271
23	2035	$ 15,558,354	15,419,388	462,610	19,500	$ 31,420,852
24	2036	$ 16,260,035	16,144,099	462,610	19,500	$ 32,847,245
25	2037	$ 16,993,363	16,902,872	462,610	19,500	$ 34,339,345
	2038	$ 17,759,764	17,697,307	462,610	19,500	$ 35,900,181
	2039	$ 18,560,729	18,529,080	462,610	19,500	$ 37,532,919
	2040	$ 19,397,818	19,399,947	462,610	19,500	$ 39,240,875
	2041	$ 20,272,660	20,311,745			$ 40,584,404
	2042	$ 21,186,956	21,266,397			$ 42,453,353

25 Yrs Cummulative	
$	529,865,071

30 Yrs Cummulative	
$	725,576,803

DWSD Worksheet : 8 MGD Maximum Day Customer with Model Contract at Imlay/Blending with Flint

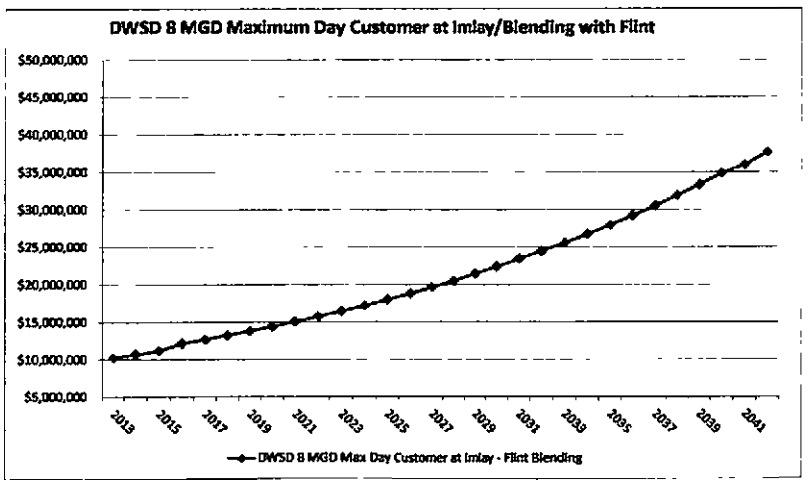
Capacity					
Flint ADD	4	MGD	535	MCF/Day	
DWSD ADD	8	MGD	1,070	MCF/Day	
Annual Volume					
Flint	195,187	MCF			
DWSD	390,374	MCF			
2013 Cost of Supply					
Flint WTP O&M	$ 30.20	/MCF	$ 5,895,097	/Yr	
DWSD	$ 11.11	/MCF	$ 4,337,059	/Yr	
Escalation/Inflation Rate					
Flint	4.51%	/Yr			
DWSD	4.7%	/Yr			
Capital Expenditure					
Capital	$ 4,700,000				
Bond Issuance (3% of Total)	195,000	Check:	3.0%		
3 Years of Capitalized Interest	975,000	Check	5.0%	/Yr (Bond Interest on Total)	
Reserve (10% of Total)	650,000	Check	10.0%		
Total	$ 6,520,000				

Revenue Bond Rate	5%
Number of Years:	25
Annual Cost:	$462,610
Interest on Reserve	3%

	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895,097	4,337,059		19,500	$ 10,212,656
2	2014	$ 6,160,966	4,540,901		19,500	$ 10,682,367
3	2015	$ 6,438,826	4,754,323		19,500	$ 11,173,649
4	2016	$ 6,729,217	4,977,776	462,610	19,500	$ 12,150,103
5	2017	$ 7,032,705	5,211,732	462,610	19,500	$ 12,687,546
6	2018	$ 7,349,880	5,456,683	462,610	19,500	$ 13,249,673
7	2019	$ 7,681,359	5,713,147	462,610	19,500	$ 13,837,616
8	2020	$ 8,027,789	5,981,665	462,610	19,500	$ 14,452,564
9	2021	$ 8,389,842	6,262,803	462,610	19,500	$ 15,095,755
10	2022	$ 8,768,224	6,557,155	462,610	19,500	$ 15,768,489
11	2023	$ 9,163,671	6,865,341	462,610	19,500	$ 16,472,122
12	2024	$ 9,576,952	7,188,012	462,610	19,500	$ 17,208,074
13	2025	$ 10,008,873	7,525,849	462,610	19,500	$ 17,977,832
14	2026	$ 10,460,273	7,879,564	462,610	19,500	$ 18,782,947
15	2027	$ 10,932,031	8,249,903	462,610	19,500	$ 19,625,044
16	2028	$ 11,425,066	8,637,649	462,610	19,500	$ 20,505,824
17	2029	$ 11,940,336	9,043,618	462,610	19,500	$ 21,427,064
18	2030	$ 12,478,845	9,468,668	462,610	19,500	$ 22,390,624
19	2031	$ 13,041,641	9,913,696	462,610	19,500	$ 23,388,447
20	2032	$ 13,629,819	10,379,639	462,610	19,500	$ 24,452,569
21	2033	$ 14,244,524	10,867,482	462,610	19,500	$ 25,555,117
22	2034	$ 14,886,952	11,378,254	462,610	19,500	$ 26,708,316
23	2035	$ 15,558,354	11,913,032	462,610	19,500	$ 27,914,496
24	2036	$ 16,260,035	12,472,945	462,610	19,500	$ 29,176,090
25	2037	$ 16,993,363	13,059,173	462,610	19,500	$ 30,495,646
	2038	$ 17,759,764	13,672,954	462,610	19,500	$ 31,875,828
	2039	$ 18,560,729	14,315,583	462,610	19,500	$ 33,319,422
	2040	$ 19,397,818	14,988,415	462,610	19,500	$ 34,829,343
	2041	$ 20,272,660	15,692,871			$ 35,965,530
	2042	$ 21,185,956	16,430,436			$ 37,617,392

25 Yrs Cummulative	
$	493,063,801

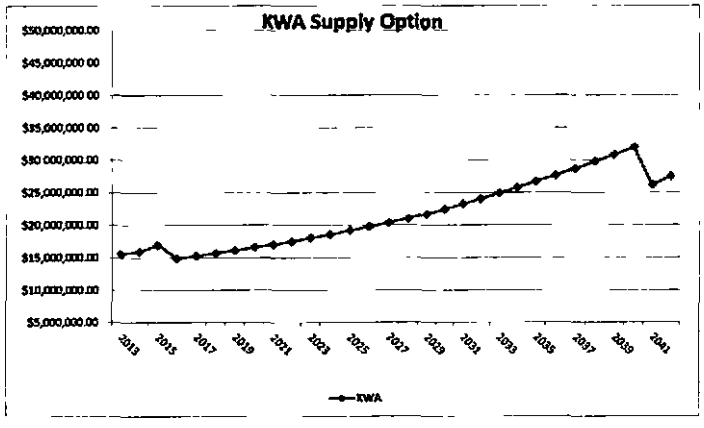
30 Yrs Cummulative	
$	834,795,488



KWA Supply Option Worksheet
KWA 10/31/12 No Overruns

	Year	DWSD & Flint WTP Costs	KWA Entry Fee	KWA Debt service	Flint WTP Debt Service	KWA Operations	Flint WTP Operations with KWA	TOTAL
1	2013	$ 14,413,858	1,162,800					$ 15,576,658
2	2014	$ 15,355,135	581,400					$ 15,936,535
3	2015	$ 16,365,534	581,400					$ 16,946,934
4	2016			6,593,155	572,781	878,869	6,843,344	$ 14,888,149
5	2017			6,593,155	572,781	922,812	7,185,511	$ 15,274,260
6	2018			6,593,155	572 781	968,953	7,544,787	$ 15,579,676
7	2019			6,593,155	572,781	1,017,401	7,922,026	$ 16,105,363
8	2020			6,593,155	572,781	1,068,271	8,318,127	$ 16,552,834
9	2021			6,593,155	572,781	1,121,684	8,734,034	$ 17,021,654
10	2022			6,593,155	572,781	1,177,769	9,170,735	$ 17,514,440
11	2023			6,593,155	572,781	1,236,657	9,629,272	$ 18,031,865
12	2024			6,593,155	572,781	1,298,490	10,110,736	$ 18,575,162
13	2025			6,593,155	572,781	1,363,414	10,616,273	$ 19,145,623
14	2026			6,593,155	572,781	1,431,585	11,147,086	$ 19,744,607
15	2027			6,593,155	572,781	1,503,164	11,704,441	$ 20,373,541
16	2028			6,593,155	572,781	1,578,322	12,289,663	$ 21,033,921
17	2029			6,593,155	572,781	1,657,239	12,904,146	$ 21,727,320
18	2030			6,593 155	572,781	1,740,101	13,549,353	$ 22,455,390
19	2031			6,593,155	572,781	1,827,106	14,226,821	$ 23,219,862
20	2032			6,593,155	572,781	1,918,461	14,938,162	$ 24,022,559
21	2033			6,593,155	572,781	2,014,384	15,685,070	$ 24,865,390
22	2034			6,593,155	572,781	2,115,103	16,469,323	$ 25,750,362
23	2035			6,593 155	572,781	2,220,858	17,292,789	$ 26,679,584
24	2036			6,593,155	572,781	2,331,901	18,157,429	$ 27,655,266
25	2037			6,593,155	572,781	2,448,496	19,065,300	$ 28,679,733
	2038			6,593,155	572,781	2,570,921	20,018,565	$ 29,755,422
	2039			6,593,155	572,781	2,699,467	21,019,494	$ 30,884,897
	2040			6,593,155	572,781	2,834,440	22,070,468	$ 32,070,845
	2041					2,976,162	23,173,992	$ 26,150,154
	2042					3,124,970	24,332,691	$ 27,457,662

25 Yrs Cummulative	30 Yrs Cummulative
$ 403,456,185	$ 649,775,155



KWA Supply Option Worksheet
KWA-1

Capacity

Flint ADD:	13	MGD	1,604 MCF/Day
KWA ADD:	12	MGD	1,604 MCF/Day

Annual Volume

Flint:	525,561	MCF
KWA:	585,561	MCF

2016 Cost of Supply

Flint WTP O&M:	13 51	/MCF	$ 7,913,118	/Yr
KWA:	$ 1.50	/MCF	$ 878,869	/Yr

Escalation/Inflation Rate

Flint:	4.51% /Yr
KWA:	5.0% /Yr

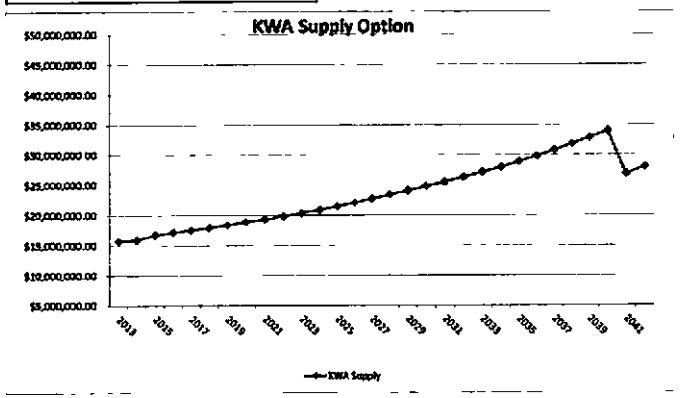
Capital Expenditure

David Goostellis: Assumes Bond Issuance and Reserves are not included

Capital	$ 272,421,553			
Bond Issuance (2.25% of Total)	8,640,000	Check:	2.25%	
5 Years of Capitalized Interest:	$6,000,000	Check:	5.0%	/Yr (Bond Interest on Total)
Reserve (10% of Total)	$7,500,000	Check:	10.0%	
Total	$ 374,861,553			
Flint's Share (80%)	$ 112,803,467			
Revenue Bond Rate:	5%			
Number of Years:	25			
Annual Cost:	$7,963,562			
Interest on Reserve	3%			

David Goostellis: Increased by 3%/Yr to 2012 $'s

Capital	$ 7,758,362			
Bond Issuance (3% of Total)	260,000	Check:	2.25%	
5 Years of Capitalized Interest:	1,600,000	Check:	5.0%	/Yr (Bond Interest on Total)
Reserve (10% of Total)	1,070,000	Check:	10.0%	
Total	$ 10,668,362			
Revenue Bond Rate:	5%			
Number of Years:	25			
Annual Cost:	$756,946			
Interest on Reserve	3%			



David Goostellis: Flint buys water from DWSD for three years during KWA construction at current rate (assume 5% increase each year)

David Goostellis: Highlighted portion is Flint's Entry Fee to KWA

	Year	Flint WTP O&M	Water Purchases	KWA Revenue Pre-bond Entry Fee & Bond Payment	Flint Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,538,214	11,461,700	1,152,800		369,600	$ 19,795,114
2	2014	$ 5,697,788	12,034,785	521,400		369,600	$ 19,044,573
3	2015	$ 5,856,558	12,636,524	521,400		369,600	$ 18,712,882
4	2016	$ 7,913,118	878,869	7,963,562	756,946	369,600	$ 17,147,896
5	2017	$ 8,270,000	922,812	7,963,562	756,946	369,600	$ 17,548,721
6	2018	$ 8,642,977	968,953	7,963,562	756,946	369,600	$ 17,957,833
7	2019	$ 9,032,775	1,017,401	7,963,562	756,946	369,600	$ 18,406,284
8	2020	$ 9 440,153	1,068,271	7,963,562	756,946	369,600	$ 18,864,532
9	2021	$ 9,865,904	1 121,684	7,963,562	756,946	369,600	$ 19,343,437
10	2022	$ 10,310,857	1,177,769	7 963,562	756,946	369,600	$ 19,844,533
11	2023	$ 10,775,876	1,236,657	7,963,562	756,946	369,600	$ 20,368,641
12	2024	$ 11,261,863	1,298,490	7,963,562	756,946	369,600	$ 20,916,266
13	2025	$ 11,769,775	1,363,414	7,963,562	756,946	369,600	$ 21,489,101
14	2026	$ 12,300,596	1,431,585	7,963,562	756,946	369,600	$ 22,088,089
15	2027	$ 12,855,852	1,503,164	7,963,562	756,946	369,600	$ 22,714,429
16	2028	$ 13,435,129	1,578,322	7,963,562	756,946	369,600	$ 23,369,353
17	2029	$ 14,041,053	1,657,289	7,963,562	756,946	369,600	$ 24,054,200
18	2030	$ 14,674,805	1,740,101	7,963,562	756,946	369,600	$ 24,770,813
19	2031	$ 15,336,116	1,827,106	7,963,562	756,946	369,600	$ 25,519,190
20	2032	$ 16,027,775	1,918,461	7,963,562	756,946	369,600	$ 26,302,146
21	2033	$ 16,750,627	2,014,384	7,963,562	756,946	369,600	$ 27,120,919
22	2034	$ 17,506,080	2,115,103	7,963,562	756,946	369,600	$ 27,977,092
23	2035	$ 18,295,605	2,220,858	7,963,562	756,946	369,600	$ 28,872,571
24	2036	$ 19,120,737	2,331,901	7 963,562	756,946	369,600	$ 29,803,546
25	2037	$ 19,983,082	2,448,496	7,963,562	756,946	369,600	$ 30,787,486
	2038	$ 20,884,319	2,570,921	7,963,562	756,946	369,600	$ 31,811,148
	2039	$ 21,826,201	2,699,467	7,963,562	756,946	369,600	$ 32,881,577
	2040	$ 22,810,563	2,834,440	7,963,562	756,946	369,600	$ 34,000,912
	2041	$ 23,839,820	2,976,162				$ 26,815,982
	2042	$ 24,914 473	3,124,970				$ 28,039,443

25 Yrs Commulative
$ 558,781,153

30 Yrs Commulative
$ 707,279,719

KWA Supply Option Worksheet
KWA-2

Capacity

Flint ADD:	12	MGD	1,604 MCF/Day
KWA ADD:	12	MGD	1,604 MCF/Day

Annual Volume

Flint:	585,561	MCF
KWA:	585,561	MCF

2016 Cost of Supply

Flint WTP O&M:	$ 13.51	/MCF	$ 7,913,118	/Yr
KWA:	$ 1.50	/MCF	$ 878,069	/Yr

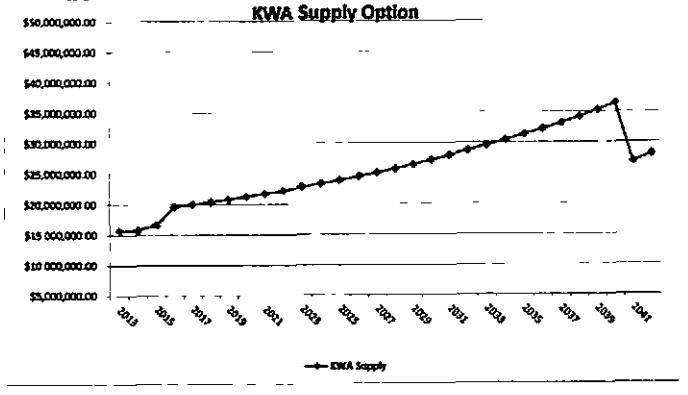
Escalation/Inflation Rate

Flint:	4.51%	/Yr
KWA:	5.0%	/Yr

Capital Expenditure

Capital:	$ 357,578,060			
Bond Issuance (2.25% of Total):	11,050,000	Check:	2.25%	
3 Years of Capitalized Interest:	74,000,000	Check:	5.0%	/Yr (Bond Interest on Total)
Reserve (10% of Total):	49,000,000	Check:	10.0%	
Total:	$ 491,628,060			
Flint's Share (30%)	$ 147,488,418			
Revenue Bond Rate:	5%			
Number of Years:	25			
Annual Cost:	$10,464,666			
Interest on Reserve:	3%			

Capital:	$ 7,758,962			
Bond Issuance (3% of Total):	240,000	Check:	2.25%	
3 Years of Capitalized Interest:	1,600,000	Check:	5.0%	/Yr (Bond Interest on Total)
Reserve (10% of Total):	1,070,000	Check:	10.0%	
Total	$ 10,663,962			
Revenue Bond Rate:	5%			
Number of Years:	25			
Annual Cost:	$756,946			
Interest on Reserve:	3%			



	Year	Flint WTP O&M	Water Purchase	KWA Revenue Pre-bond Entry Fee & Bond Payment	Flint Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 3,458,214	11,461,700	1,167,800		473,100	$ 15,689,814
2	2014	$ 3,697,783	12,094,785	531,400		473,100	$ 15,840,879
3	2015	$ 3,856,858	12,636,524	531,400		473,100	$ 16,609,382
4	2016	$ 7,913,118	878,869	10,464,666	756,946	473,100	$ 19,540,900
5	2017	$ 8,270,000	922,812	10,464,666	756,946	473,100	$ 19,941,525
6	2018	$ 8,642,977	968,953	10,464,666	756,946	473,100	$ 20,360,642
7	2019	$ 9,032,775	1,017,401	10,464,666	756,946	473,100	$ 20,798,888
8	2020	$ 9,440,153	1,068,271	10,464,666	756,946	473,100	$ 21,256,936
9	2021	$ 9,865,904	1,121,684	10,464,666	756,946	473,100	$ 21,736,101
10	2022	$ 10,310,857	1,177,769	10,464,666	756,946	473,100	$ 22,237,187
11	2023	$ 10,775,876	1,236,657	10,464,666	756,946	473,100	$ 22,761,045
12	2024	$ 11,261,868	1,298,490	10,464,666	756,946	473,100	$ 23,308,870
13	2025	$ 11,769,779	1,363,414	10,464,666	756,946	473,100	$ 23,881,705
14	2026	$ 12,300,596	1,431,585	10,464,666	756,946	473,100	$ 24,480,693
15	2027	$ 12,855,352	1,503,164	10,464,666	756,946	473,100	$ 25,107,029
16	2028	$ 13,435,129	1,578,822	10,464,666	756,946	473,100	$ 25,761,063
17	2029	$ 14,041,058	1,657,289	10,464,666	756,946	473,100	$ 26,446,804
18	2030	$ 14,674,305	1,740,101	10,464,666	756,946	473,100	$ 27,162,917
19	2031	$ 15,336,116	1,827,106	10,464,666	756,946	473,100	$ 27,911,733
20	2032	$ 16,027,775	1,918,461	10,464,666	756,946	473,100	$ 28,694,948
21	2033	$ 16,750,627	2,014,384	10,464,666	756,946	473,100	$ 29,513,525
22	2034	$ 17,506,080	2,115,103	10,464,666	756,946	473,100	$ 30,369,636
23	2035	$ 18,295,605	2,220,858	10,464,666	756,946	473,100	$ 31,264,975
24	2036	$ 19,120,737	2,331,901	10,464,666	756,946	473,100	$ 32,203,150
25	2037	$ 19,983,082	2,448,496	10,464,666	756,946	473,100	$ 33,180,090
	2038	$ 20,884,819	2,570,921	10,464,666	756,946	473,100	$ 34,203,752
	2039	$ 21,828,201	2,699,467	10,464,666	756,946	473,100	$ 35,274,181
	2040	$ 22,810,563	2,834,440	10,464,666	756,946	473,100	$ 36,333,516
	2041	$ 25,652,320	2,976,162				$ 28,813,482
	2042	$ 24,914,473	8,124,970				$ 23,039,443

25 Yrs Commulative
$ 608,057,980

20 Yrs Commulative
$ 756,724,813

Koryzno, Edward (Treasury)

From: Stibitz, Brom (Treasury)
Sent: Thursday, March 21, 2013 5:03 PM
To: Cline, Richard (Treasury); Koryzno, Edward (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: RE: KWA Analysis

Thanks Eric.

Do you have any thoughts on Flint removing the blend options from consideration? That is what this comes down to ultimately, right?

From: Cline, Richard (Treasury)
Sent: Thursday, March 21, 2013 5:01 PM
To: Koryzno, Edward (Treasury); Stibitz, Brom (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: RE: KWA Analysis
Importance: High

No basic assumptions were used. I reviewed the data to attempt to determine the best option.

Certain constraints focused the analysis in certain ways. The Flint EFM eliminated the use of the Flint River and all of the blending options. This decision eliminated all DWSD options with the exception of purchasing 100% of water from DWSD. The Treasurer asked some very specific questions that were addressed in my report. All of this is outlined in my report.

No other assumptions were utilized.

In the interest of time, this is a quick answer. If more discussion is needed, please let me know.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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From: Koryzno, Edward (Treasury)
Sent: Thursday, March 21, 2013 4:32 PM
To: Cline, Richard (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: KWA Analysis

Brom asked if there were certain assumptions you used when you prepared this report and, if so, what were they? I could not remember

25-7-552

Karegnondi Water Authority®

G-4610 Beecher Road Flint, Michigan 48532-2617
Phone (810) 732-7870 Fax (810) 732-9773

March 25, 2013

RECEIVED
DEPT. OF TREASURY

MAR 27 2013

LOCAL AUDIT & FINANCE DIV.

Ms. Suzanne Schafer
Michigan Department of Treasury
Local Audit and Finance Division
P.O. Box 30728
Lansing, MI 48909

RE: Karegnondi Water Authority (KWA)

Dear Ms. Schafer:

This letter is to confirm the discussion you recently had with Joe Heffernan, Partner at Plante & Moran, PLLC on our behalf.

KWA was formed in 2010 after the counties of Genesee, Lapeer and Sanilac together with the cities of Flint and Lapeer adopted the KWA's Articles of Incorporation and the Articles of Incorporation were filed with Michigan's Office of the Great Seal.

Since 2010, KWA has had no financial transactions whatsoever, and has merely continued with planning and development of a possible project, all of which was done with the benefit of uncompensated time by our members. We have no assets or liabilities, and accordingly have had no financial activity to audit.

We do anticipate the KWA will become active financially, in the near future.

Based on your discussion with Mr. Heffernan, he confirmed to us that since KWA had no financial transactions at any time from 2010 until now, that we are not required to have an audit performed under PA 2 of 1968. Furthermore, the fact that we have not had an audit for any time from 2010 until now will not be considered a violation of PA 2 of 1968 nor will it inhibit our ability to be qualified for future debt issuance.

Once we become active, we will of course submit audited financial reports as required.

Thank you for your guidance i

Sincerely,
Karegnondi Water Authorit

John O'Brien, PE, Deputy CE

CC: Les Pulver, Plante & Moran, I

Need to put in system. Need fiscal year ends - Putting it in premature. Suzanne gave them this

3/29/13

4/19/13
Diane.
Please create a muni code & enter this into the systems with a September fiscal year end.
Thanks
Scan w/ post it

Karegnondi Water Authority
Statement of Budgeted Revenues and Expenses
for the Year Ending September 30, 2012

	2011 Actual	2012 Budget
Revenues:		
Initiation Fee		
75 unit @ $32,300 per unit	$ -	$ 2,422,500.00
Annual Fee	$ -	$ 2,422,500.00
Grants and Bonds	$ -	$ 10,000,000.00
Commodity Charge	$ -	$ -
Interest Income	$ -	$ 10,000.00
Total Revenues	$ -	$ 14,855,000.00
Expenses:		
Construction in Progress		
Professional Services		
Administration	$ -	$ 100,000.00
Engineering Fees	$ -	$ 10,000,000.00
Bond Counsel	$ -	$ 20,000.00
Legal Fees		$ 50,000.00
Audit	$ -	$ 5,000.00
Other Services	$ -	$ 2,500.00
Insurances	$ -	$ 5,000.00
Publication Expense	$ -	$ 15,000.00
Supplies	$ -	$ 10,000.00
Travel Remibursement		$ 1,000.00
Capital Outlay		
Easements- Rights of Way	$ -	$ 1,530,000.00
Raw Water Booster Pump Station	$ -	$ 2,300,000.00
High Ground Reservoir	$ -	$ 780,000.00
Total Expenses	$ -	$ 14,818,500.00
Net Revenues Over Expenses	$ -	$ 36,500.00
Fund Balance	$ -	$ 36,500.00

Note: Karegnondi Water Authority was incorporated October 2010; no contracts were signed during the first year therefore there were no revenues or expenses for year ending September 31, 2011.

Koryzno, Edward (Treasury)

Subject:	Meeting regarding Flint Water
Location:	Richard H Austin Building, 430 West Allegan, Lansing--Treasurer's Conference Room
Start:	Tue 3/26/2013 9:00 AM
End:	Tue 3/26/2013 9:45 AM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	Hichez, Amy (Treasury)
Required Attendees:	Dillon, Andy (Treasury); Stibitz, Brom (Treasury); Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Optional Attendees:	Hichez, Amy (Treasury); Dempkowski, Angela (Treasury); Cousineau, Sara (Treasury)

Attendees:
Roger Fraser
Ed Kurtz
Mike Brown
Jerry Ambrose
Ed Koryzno
Andy Dillon
Brom Stibitz

GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE

JEFFREY WRIGHT

COMMISSIONER

G-4608 BEECHER ROAD, FLINT, MI 48532

PHONE (810) 732-1590 FAX (810) 732-1474

FOR IMMEDIATE RELEASE

March 26, 2013

CONTACT: Jeff Wright

810-287-1925

What: Jeff Wright Statement on Flint City Council Approving Resolution to Join KWA.

When: March 26, 2013

Additional Info: Jeff Wright, CEO of the KWA, today praised the Flint City Council for voting to approve a resolution to officially have the City of Flint join the KWA and its' water line.

"I have said from the beginning that this decision must be made by Flint's City Council and Mayor," said Wright. "I appreciate the council voting the way they did, but even more than that, I am glad the residents of Flint were able to have their voices heard via their elected officials." The next step in the process will come with the KWA Board executing the contract for the City.

"The most important aspect from the vote is the fact that we as an Authority can move forward knowing Flint's intentions," said Wright.

Despite Emergency Manager Ed Kurtz publicly supporting the project, Wright had made a vote by council a condition of Flint joining the KWA so the residents would have their say.

"There is a basic tenet that government is best when it has local control. We saw that with the council vote. Nobody, whether they live in Flint, Grand Blanc, Davison, Fenton, or anywhere in Genesee County, should have these types of decisions made by people who live outside of their community," said Wright.

At the next Water and Waste Advisory Board meeting a vote will be taken to award a contract for construction of the intake portion of the water line. All bids were submitted to the board at their last meeting for review.

List of Flint Contacts for EM

Name	Email	Phone Number
Tim Herman, chamb pres OR	[redacted]@flintandgenesee.org	810-[redacted]
Duane Miller, chamb exec vp	[redacted]@flintandgnesee.org	810-[redacted]
Ridgeway White, Mott Found	[redacted]@mott.org	810-[redacted]- Lisa
Handy Lindsey, Jr., RuthMottFoun	[redacted]@ruthmott.org	810-[redacted]-Denise
Ed Kurtz, Baker Coll., former EM	[redacted]@baker.edu	810-[redacted]
Susan Borrego, U of M-Flt	[redacted]@umflint.edu	810-[redacted]- Sheila
Bevery Walker-Griffea, Mott CC	[redacted]@mcc.edu	810-[redacted]
Bob McMahon, KU	[redacted]@kettering.edu	810-[redacted]- Evelyn
Jamie Curtis, Co Bd Chair	[redacted]@co.genesee.mi.us	810-[redacted]Jon Care
Larry Watkins, Flint Schools Supt.	[redacted]@flintschools.org	810-[redacted]- Monaca
Rev. Al Harris	[redacted]@hotmail.com	810-[redacted]

Willing to Call

Bob Emerson — 810 [redacted]

Lamphier, Wendy (Treasury)

Subject:	Call with Dennis Muchmore regarding Flint Water Supply Alternatives
Location:	Dial in number 888-[redacted], access [redacted], Brom to host
Start:	Mon 3/25/2013 5:00 PM
End:	Mon 3/25/2013 5:30 PM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	Hichez, Amy (Treasury)
Required Attendees:	Dillon, Andy (Treasury); Stibitz, Brom (Treasury); Muchmore, Dennis (GOV)
Optional Attendees:	Hichez, Amy (Treasury); Cousineau, Sara (Treasury); Wisniewski, Wendy (GOV)

Confirmed with Wendy on 3/20/13.

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, March 26, 2013 9:32 AM
To: Koryzno, Edward (Treasury)
Subject: Emailing: Rowe Engineering Review of TYJT Analysis.pdf
Attachments: Rowe Engineering Review of TYJT Analysis.pdf

Importance: High

Ed,

Here is Rowe's rebuttal to TYJT's preliminary findings. TYJT's counter-rebuttal will be forthcoming.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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The message is ready to be sent with the following file or link attachments:

Rowe Engineering Review of TYJT Analysis.pdf

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Tuesday, March 26, 2013 2:40 PM
To: Thelen, Mary Beth (DEQ)
Subject: Accepted: City of Flint - Meeting with DEQ, Treasury and City of Flint

Pleyte, Beth (Treasury)

From: Barrett, Thomas (Treasury)
Sent: Tuesday, March 26, 2013 4:54 PM
To: Dillon, Andy (Treasury); Hichez, Amy (Treasury); Koryzno, Edward (Treasury); Headen, Frederick (Treasury); Stibitz, Brom (Treasury); Saxton, Thomas (Treasury); Fraser, Roger (Treasury); Schafer, Suzanne K. (Treasury); Dempkowski, Angela (Treasury); Buhs, Caleb (Treasury); Stanton, Terry A. (Treasury); Barton, John (Treasury)
Subject: Local Government action items 3-26
Attachments: Local Government agenda 3-26.pdf

Below are the action items from today's meeting:

Andy raised the idea of restructuring some of Detroit's debts by creating a lock-box type of structure. Anyone with suggestions should raise them.

Wayne county jail conditions- Suzanne is checking. Roger is going to do a soft inquiry.

Allen Park TAN amount and DEP details- Suzanne.

Ecorse- Roger is going to talk to the mayor about the possibility of a TAB.

How is the TAB established under the new law? Fred, Roger and Ed are going to determine the appropriate steps.

Highland Park EM appointment- Fred is asking the AG's office for an opinion of how to proceed.

EM resources- Ed is going to begin a statement of work for services to assist newly appointed EMs to transition into their new position.

Lincoln Park- Ed and Roger are going to look for a qualified city manager who can steer them in the proper direction.

Wayne County- Suzanne is looking at who is on the authority board.

Also, I am going to send out a tutorial with how to use the new program we will be using for our agendas. Attached is a draft of an example we created in the new system. Any feedback is appreciated.

Department of Treasury

Weekly Local Government meeting

City	Owner	Status	Comments
1. General discussio n points	Tom Barrett	R	Governor's Monthly Memo update Real estate transfer tax Act 72· Have all cities submitted their requirement since the switch to PA 72? Wayne County DTRF Cities that require Pension and OPEB analysis - We have received 11 actuarial reports from Benton Harbor, Ecorse, Flint, Highland Park, Harper Woods, Inkster, Muskegon Heights, Pontiac, River Rouge, Taylor and Wayne County. Detroit and Hamtramck have not submitted information and a follow up letter will be sent. (ek 1/7/13) Dashboard Software-Purchase order has been issued 2/12
City of Benton Harbor	Ed Koryzno	R	Tony is making reductions to the FY 2013 budget by laying off 12 people, changing attorney firms and removing Plante Moran. He is preparing the FY 2014 budget with a goal of reducing it by another $500K. He will send a draft budget for our review by the end of this week. (ek 3/26) Tony Saunders is prepared to hold a special millage election in May. City council passed a resolution of approval at their meeting of 2/19/13. (ek 2/26) Tony has received a a revenue sharing advance last week for the months of April and June. The most recent emergency loan has been withdrawn. Tony wants to evaluate the near-term needs before a loan app is finalized and anticipates submitting a new request during July. (ek 3/12)
City of Detroit	Andy Dillon	R	Ed Plawecki is under contract with P.I.E.to provide his services in Detroit. Roger and Ed met with Chris Gannon and Danielle Benedettini of Conway MacKenzie to discuss strategy regarding the PDD. Chris will meet with Kate Beebe who evaluated the PDD operation and prepared alternative reorganization strategies. (ek 2/26)
City of Flint	Roger Fraser	R	Ed Kurtz believes participation in the KWA is in the best interests of Flint. Short-term transition costs have been an issue up to this point and a strategy has been developed to address the $7 million cost which include selling a 72" water main to Genesee County and buying a 72" water main from DWSD. Staff report and recommendations were submitted last week. (rf 2.26) The City Commission voted 7-1 at their 3/25 meeting to approve a resolution to participate in the KWA project. (ek 3/26) Ed Kurtz has been told that the Genesee County Drain Commission will send out bids to engineering firms on March 22 to size the KWA pipeline and that is the absolute deadline for Flint to participate. (ek 3/12) The Genesee County Drain Commissioner opened bids on 2/25/13 for the KWA intake construction in Lake Huron. The low bid was $24,622,000, about $3,000,000 less than the Tucker Young estimate in the study performed for Treasury. The County authorized the borrowing of $35,000,000 for the project. It is now estimated that the total cost with engineering, legal and contingencies will be less than $31,000,000.(ek2/27) City has submitted a DEP. The DEP projects $1.5M in savings over next five years due to budget cuts but have not identified the source of cuts. Will provide more detail as they go through the 2014 budget process. The rest of the DEP relies on an emergency loan for $12M. No application has been filed yet. (ss 2/12)
City of Inkster	Ed Koryzno	R	City Council, at their 3/18 meeting appointed Mark Stuhldreher as the Interim City Manager on a 4/3 vote while they search for a permanent manager. Council also amended their budget to account for $600,000+ less in General Fund revenues.(ek 3/26) City Council terminated Ron Wolkowicz last week as city manager, but has retained him as Public Works and Recreation Director. Mark Stuhldreher has expressed concern that council may be reluctant to implement his recommended $700,000 of budget reductions. A cash flow projection reveals that the general fund cash levels will be low at the end of June unless reductions are made. Ed will be meeting with city council and Mark Stuhldreher to reiterate the need for budget reductions and to hire a professional city manager. OFR also working with Mark to develop a list of projects to provide operational support to him. O700 (ek 3/12)

City of Lincoln Park	Roger Fraser	R	Roger, Ed and Randy attended the 3/20 City Council worksession where Roger emphasized to the Mayor and council immediate action is required to reduce their expenses. He reviewed 28 short, mid and long term recommendations for revenue enhancements or budget reductions.
Royal Oak Township	Ed Koryzno	R	Ed and Randy are meeting with Supervisor Squalls, the Township Clerk and Treasurer on 3/27 to offer OFR assistance. Long term financial viability of the township is doubtful. (ek 3/26) Ed and Randy will meet in the next two weeks with the Supervisor, Treasurer and Clerk to offer OFR's assistance. Since there is a poitical division on the board we are unsure if a majority of the Board will accept our help. . Further nalysis of the township's public safety millage levy reveals it may be legal.. (ek 3/12
Wayne County	Suzanne Schafer	R	LAFD is poised to approve the TAN but are waiting for the County to return the escrow agreement so the ball is in the County's court right now. Carla said she would send it this week although I expected it yesterday. As for the Mental Health Authority, the Mental Health Board is working with the County to minimize the impact on cash flow. A proposal will be made to the board to transfer 20% of the $80M each year for 4 years. It is anticipated the board will accept this. The County may have to increase its TAN amount in 2014 by about $20M but Carla is hoping that with the cuts the county will make, that won't be necessary. Carla is sending me the agreement when accepted and an updated cash flow showing the impact of the agreement. (ss 3/26) I talked to Carla Sledge on Fnday regarding the TAN application and the DEP. I told her that we would move forward with the TAN approval with certain conditions. First, the TAN proceeds will be escrowed and she will need to provide us a proceeds use list. Secondly, as part of the TAN application, the County has to provide what we call a deficiency letter. The letter tells how the County is addressing its non- compliance issues with PA 34. Of course the biggest deficiency is the lack of an approved DEP. I told Carla that the deficiency letter should not be general in nature, i.e., "We are working with Treasury to achieve an acceptable DEP" like the County did last time This deficiency letter needs to include specific actions taken by the County. We talked about what those actions should be and agreed upon the following 1) The DEP will be updated to include the FY2012 deficit by a specific date. I strongly suggested March 31 and she indicated that they were already working on the update. 2) The county will submit a monthly cash flow, budget to actual, and accounts payable aging so that the Department can monitor the County's progress on its DEP. 3) The county will respond to any requests regarding the DEP in a timely manner i.e. information regarding the road fund. I also indicated to Carla that the Order of Approval for the TAN and the Escrow agreement may contain stronger requirements such as adherence to a monthly budget by all Departments and elected officials. She was very agreeable to that. Mental Health Authority - The creation of the Mental Health Authority will significantly impact the County's cash flow. The Mental Health Fund accounts for 40% of the general pooled cash amount. That will be $80 million that the County will have to transfer to the Authority when established, which will likely be in FY 2014. The County uses the general pooled cash to pay its current operating expense and the funds are reconciled at the end of the year. There may be other lesser negative impact regarding the time of cash available in pooled cash. The Mental Health Fund generates approximately $50 million in revenue and has expenditures in a similar amount. Because the two are virtually equal, there should be no net effect on cash flow. However, there may be due to timing or due to the accounting practices of the County. Jail-In 2010, the Wayne County Building Authority issued 30 year general obligation limited tax bonds in the amount of $200M for the County's jail facilities The debt service payments are to be made from rental payments from the County to the Authority. Those rental payments have been pledged by the Authority for the payment of the bonds and the rental payments are a full faith and credit obligation of the County. We estimate that the average annual debt service to be around $20M. The County was approved to issue $300M in bonds so the remaining $100M is expected to be issued this year. The County levies a jail millage of 0.9381 mills. Based on 2012 TV, this equates to about $38M in annual revenue. The Phase II consulting engagement is complete. A final report and summary was sent to Andy, Roger and Brom. (ek 3/12) County has submitted a TAN application for $90M on 2/11. The DEP is still under review as it is not clear the County has authority to use road funds to eliminate deficit. No details regarding where the expenditure reductions are coming from as requested in our 1/30 meeting. (ss 2/12)

City of Allen Park	Ed Koryzno	Y	Joyce is making a few updates to the DEP at our suggestion. I hope to have something this week. She will also be filing a prior approval application for the TAN borrowing. We haven't received that yet. (ss 3/26) Submitted DEP relies on a voter approved millage ($2M) in 2014, the reduction of debt service payments for the movie studio ($600,000-$1.2M), and the renewal of the existing police/fire millage ($2M) in 2015. DEP also eliminates the incorrect deficit amount of $800,000 instead of $1M (ss 2/12)
City of Ecorse	Roger Fraser	Y	A revised version of the ILA has been prepared. After AG input, their suggestions were incorporated into the document and returned to the AG for final review on 2/25. Additional comments were received March 1 and are being incorporated into the document. (rf 3.5)
City of Hamtramck	Suzanne Schafer	Y	A preliminary review is underway. (ss 2/12)
City of Highland Park	Ed Koryzno	Y	During their weekly visit OFR staff discovered the City has exceeded its adopted budget by $2.5M. The primary sources of overspending are Police($493K), Fire ($353K), NSP grant costs ($121K) and an unfavorable lawsuit verdict ($1.3M). The absence of daily administrative support at the city is a concern. OFR will have a staff member at City Hall once a week. to provide operational assistance however the City requires more support than OFR can provide for the long term. (ek 3/12) Staff recommendations were submitted last week. Appointment of an EM, contracting for nearly all city services and bankruptcy are recommended.
City of Pontiac	Roger Fraser	Y	none.
City of River Rouge	Ed Koryzno	Y	ORTA will be working with Plante Moran to prepare a detailed analysis of the PPT's negative impact upon the River rouge and Ecorse. (ek32/12)
City of Taylor	Ed Koryzno	Y	Ed spoke to Mayor Lamarand and Rick Eva the new Finance Director last week. Mayor still upset about inability to bond for pension costs. City overestimated SAFER grant revenues by $3 million. He anticipates placing a question on the August ballot for a one-time millage levy to cover the shortfall.
Webber Township	Ed Koryzno	Y	OFR will send a letter of engagement to the Township this week. The engagement will be to perfrom a five year financial forecast. (ek 2/26)

City	Owner	Status	Comments
Follow up and additional tasks	Tom Barrett	C	Prior Approval Applications (ss 2/12) Van Buren Public Schools ($3.5M line of credit) Village of Prescott ($690,000) City of Mount Clemens ($5.7M) University Yes Academy ($50,000 line of credit) Emergency Loan Applications- cannot exceed $35 million total (ss 9.25) Allen Park-$2 million (application received and under review) Benton Harbor-$3 million (application received and under review) Hamtramck - $3 million (application received and under review) Additional Melvindale – Cash flow shortage, budget violations (ss 12/11). OFR staff has met with the City Attorney, City Manager and Finance Director. Currently awaiting a line item budget from the city. Staff is evaluating a proposal for an engagement. (ek 2/26) Lincoln Park – Roger and Ed will be meeting with the Mayor and City Council on 3/20/13. City projects a $3 million deficit at the end of FY 2013. (ek32/12)

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, March 26, 2013 5:04 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: FW: Meeting to review DWSD proposals

Importance: High

For your attention.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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-----Original Message-----
From: David Guastella [mailto:DGuastel@tyjt.com]
Sent: Tuesday, March 26, 2013 5:01 PM
To: Dillon, Andy (Treasury); Hichez, Amy (Treasury)
Cc: George Karmo; Awni Qaqish; Cline, Richard (Treasury); Stibitz, Brom (Treasury)
Subject: FW: Meeting to review DWSD proposals

This email was sent from DWSD to Flint yesterday; TYJT was requested to forward this information to the Treasury.

Dave

-----Original Message-----
From: Sue McCormick [mailto:mccormick@dwsd.org]
Sent: Monday, March 25, 2013 11:42 AM
To: Ed Kurtz
Cc: Michael Brown; Nicolette Bateson
Subject: Meeting to review DWSD proposals

Hello Mr. Kurtz,

Last week I spoke with Mayor Walling to share DWSD's continued interest in discussing a long term Water Service contract to serve Flint. Mayor Walling indicated he would pass along our interest in meeting in the next week or two to discuss new proposals that are responsive to the changes that the City of Flint has identified in terms of it's requirements and priorities including; a reduction in requirements from 18 to 15 MGD and the newly expressed desire not to blend Flint treated water with DWSD treated water. The latter change certainly came as a surprise given the

economic advantage of this for Flint and Flint's intiated request for this specific option. I am curious to know what new information resulted in this option becoming less desirable and if there are opportunities to address those concerns.

It has been a rather odd experience to be outside of the process these last few months. I've taken note that the KWA proposal provides a single line of supply and would still leave Flint in the position of retaining the Flint plant in a full time operating mode as well as maintaining the capacity of treating two very different sources of supply in the event of an interruption. Although the line would be newer than the existing transmisson system serving Flint, it does not accomplish the redundancy in supply that Flint has long expressed an interest in.

With the changes identified in Flint's requirements and preferences, we have looked at opportunities to address these as well as Flint's historical concerns about the single transmission main and have developed proposals that twin the transmission main with smaller diameter pipe, provide transmission redundancy along the entire length from Imlay to the Flint Plant, as well as provide Flint the opportunity to consider selling Flint's portion of the 72 inch line and avoid the signficant risks and costs Flint has expresed concern about in maintaining that line. In addition, the twinning of supply with full redundancy, without additional treatment requirements, would allow Flint to avoid capital and well as operating expenses in both the plant and transmission system. All of this can be accomplished with still a significant reduction in Flints rates.

We are a new service organization. The rate adjustments for FY 14 are announced with significantly constrained adjustments from what had been forecast previously. Our financial plans reflect the ongoing benefit of our organizational optimization efforts. Recent discussions have brought attention to a near term opportunity to move toward greater independance with an opportunity to expand represenation in our governance. This is not the DWSD of your recollection.

I welcome the opportunity for discussion at your earliest convenience.

Best regards,

Sue

Sue F. McCormick, Director
Detroit Water and Sewerage Department
735 Randolph, Room 506
Detroit, Michigan 48226
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McCormic@dwsd.org

Lamphier, Wendy (Treasury)

From: Wyant, Dan (DEQ)
Sent: Wednesday, March 27, 2013 2:13 PM
To: Dillon, Andy (Treasury)
Subject: FW: ODWMA Response - Flint KWA-DWSD Report
Attachments: deq-wb-dwehs-wwciu-gcdclqwwpermitresponsepubliccomment_290345_7.pdf; Rowe Review of Tucker Young Report.pdf

Importance: High

Follow Up Flag: Follow up
Flag Status: Flagged

Andy,

Attached is staff feedback. I will be getting additional feedback in the morning. All indications are that we are supportive of KWA and its cost benefits compared to DWSD options. If that is not the answer you want tomorrow – then we should discuss.

Dan Wyant, Director
Department of Environmental Quality
517-373-7917

From: Busch, Stephen (DEQ)
Sent: Wednesday, March 27, 2013 1:39 PM
To: Thelen, Mary Beth (DEQ); Wyant, Dan (DEQ); Sygo, Jim (DEQ); Shekter Smith, Liane (DEQ)
Cc: Willard, Veronica (DEQ); Benzie, Richard (DEQ); Prysby, Mike (DEQ); Bloemker, Jon (DEQ); Donaldson, Kristina (DEQ); Creal, William (DEQ)
Subject: ODWMA Response - Flint KWA-DWSD Report
Importance: High

Director Wyant, and Deputy Director Sygo,

Addendums to ODWMA comments provided yesterday regarding the City of Flint water system and comments on the reports from Tucker, Young, Jackson, Tull, Inc. (TYJT) can be found below in red. Additional comments are as follows:

With regards to regulatory authority for DEQ to allow or prevent the breakup of water utilities, and State vs. local decisions about cost effectiveness, it is important to note that when the DEQ permitted the water withdrawal for KWA (permit 2009-001) part of the decision making process (copy attached) included reasonable use and the balance of Economic Development, Social Development, and Environmental Protection. As part of the public participation process general comments were received (pages 6 & 7) regarding impacts on DWSD and rates to remaining customers. The Department's response to those comments stated:

"The DEQ is specifically precluded from using part 327 to "...diminish or create any existing authority of municipalities to require persons to connect to municipal water supply systems as authorized by law" (MCL 324.32726)."

And

"It is appropriately an issue for water service contract negotiations between the regional water system and its customers. To do otherwise invites unwanted intervention of the state into local decision making."

ODWMA cannot on its own assess an actual dollar value to any regional benefit for the City of Flint to remain a full customer of DWSD, but the following should be included in any additional analysis:

- The cost estimates provided in the TYJT report show a cost difference between full KWA and full DWSD participation of $172 million over 30 years.
- The formation of KWA would itself be considered one of the largest regional drinking water authorities in the State in terms of capacity, and as such any regional benefits provided by DWSD may only be marginal in comparison.

Finally, we have additional questions for TYJT regarding the various DWSD supply options and the considerations they made in the operations of the Flint WTP. These considerations will have an impact on the cost estimates for DWSD options.

We look forward to further discussion of these comments during our meetings tomorrow, and please let us know if you have any additional questions for us between now and then.

Stephen Busch, P E
Lansing and Jackson District Supervisor
Office of Drinking Water and Municipal Assistance
MDEQ
517-643-2314

From: Busch, Stephen (DEQ)
Sent: Tuesday, March 26, 2013 3:58 PM
To: Wyant, Dan (DEQ); Thelen, Mary Beth (DEQ); Sygo, Jim (DEQ)
Cc: Willard, Veronica (DEQ); Shekter Smith, Liane (DEQ)
Subject: RE: Flint Draft Response

I will provide additional follow up by tomorrow (Wed.) afternoon to my previous email below based on our discussion and the conference call with Andy Dillon earlier today.

Stephen Busch, P E.
Lansing and Jackson District Supervisor
Office of Drinking Water and Municipal Assistance
MDEQ
517-643-2314

From: Busch, Stephen (DEQ)
Sent: Tuesday, March 26, 2013 12:37 PM
To: Wyant, Dan (DEQ); Thelen, Mary Beth (DEQ); Sygo, Jim (DEQ)
Cc: Willard, Veronica (DEQ); Shekter Smith, Liane (DEQ)
Subject: Flint Draft Response

Director Wyant,

In preparation for our call today with Treasurer Dillon's office, ODWMA has developed the following for consideration. We can provide any additional info you require during the meeting.

ODWMA has reviewed the materials developed by the consultant Tucker, Young, Jackson, Tull, Inc. (TYJT) for Treasury regarding the City of Flint and potential alternatives for public water supply. Based on our reviews, we have developed the following comments to this point in our analysis:

1. The TYJT report does not contain the full scope of the Karegnondi Water Authority (KWA) raw water supply system. TYJT concerns over raw water supply redundancy and reliability are addressed to the satisfaction of

ODWMA under the full KWA proposal. Please note some portions of the overall project are being financed independently by the Genesee County Drain Commission.

2. There are significant differences in contract language between KWA and Detroit Water and Sewerage Department (DWSD) with respect to the contracted maximum day demand capacity.
    a. Under a KWA contract, a "maximum day" capacity of 18 million gallons per day (MGD) would fully satisfy current demands of the City of Flint, without the need to supplement raw water capacity using the Flint River. (18 MGD, average over a 30 day period).
    b. Under a DWSD model contract, a "maximum day" capacity, even at 18 MGD, would not satisfy the current demands for the City of Flint. (18 MGD, over any 24 hour period).

3. Restrictions in contracted capacity that would prevent the City of Flint from meeting peak demand requirements present potential limits to economic development within the City of Flint, including possible connection bans and water system extension bans. This information was previously conveyed to the City of Flint by ODWMA staff.

4. All contract options with DWSD that are considered semi-competitive with the KWA contract do not fully supply the City of Flint, and would require the City of Flint to meet a significant, if not majority, of its water demands by treating water from the Flint River. Continuous use of the Flint River at such demand rates would:
    a. Pose an increased microbial risk to public health (Flint River vs. Lake Huron source water)
    b. Pose an increased risk of disinfection by-product (carcinogen) exposure to public health (Flint River vs. Lake Huron source water)
    c. Trigger additional regulatory requirements under the Michigan Safe Drinking Water Act (LT2ESWTR)
    d. Require significant enhancements to treatment at the Flint WTP, beyond those identified in the TYJT report (see item 5 below).
    e. Water Resource Division is evaluating potential impacts to NPDES wastewater discharge permits in downstream segments of the Flint River, as a result of decreased river baseflow caused by Flint WTP use.

5. The TYJT report does not adequately address increased requirements and costs associated with using the Flint River as a significant source for the Flint WTP, which are not necessary under a Lake Huron source water scenario. This includes:
    a. The need to provide softening treatment
    b. Limitations on disposal options for lime softening sludge
    c. Increased ozone capacity, UV disinfection
    d. Additional backup power, more power required for Flint River operation

6. The Flint WTP must operate at some minimum level and within a range of flow rates to maintain treatment effectiveness. Currently that minimum level is 9 MGD. This level may be reduced with additional capital costs to modify the WTP, not addressed in the TYJT report.

7. Allowing Flint WTP to blend water with DWSD sets a new precedent that could pose future consequences with other DWSD customers.

8. Costs impacts to remaining DWSD customers would be similar under the proposed scenarios, only retaining 8 MGD of 30+ MGD total Flint/Genesee Co. demands, based on the following:
    a. Genesee County distribution system demands are pulling out of DWSD regardless of the decisions by Flint WTP
    b. Flint's need to utilize the Flint River as a source

9. ODWMA anticipates cost savings under the KWA proposal will be leveraged to provide additional improvements to the City of Flint water distribution system, improving efficiency and providing additional cost benefits. The

KWA water withdrawal permit (2009-001) includes the required implementation of conservation measures that would also drive these distribution system improvements.

10. Major cost discrepancies in TYJT analysis
    a. Engineering, Legal, Administration, Contingency – TYJT appears to have effectively double charged for these costs in their KWA estimates without adequate justification
    b. Pumping facilities – TYJT cost estimate methodology does not appear to address localized market costs and does not distinguish fixed and variable costs in its comparison analysis.

11. Remaining DWSD customers in Lapeer County could potentially see water quality impacts as a result of Flint joining KWA, if they remain with DWSD. However, indications to ODWMA are that these communities are currently in final negotiations with KWA for service, which would make this a non-issue.
    a. City Lapeer
    b. City of Imlay City

Additional response to the TYJT report has also been provided by Rowe Engineering to Flint EFM, Mr. Ed Kurtz. (Copy Attached)

ODWMA has continued to meet on a regular basis with KWA, Genesee County, and the City of Flint regarding these water supply proposals.

ODWMA will continue to provide any additional detailed analysis requested by Treasury or the DEQ Executive Office.

Stephen Busch, P.E.
Lansing and Jackson District Supervisor
Office of Drinking Water and Municipal Assistance
MDEQ
517-643-2314

GENESEE COUNTY DRAIN COMMISSION
APPLICATION FOR A WATER WITHDRAWAL FROM LAKE HURON

PERMIT DECISION
And
RESPONSE TO PUBLIC COMMENTS

August 28, 2009

Michigan Department of Environmental Quality
Constitution Hall, 525 West Allegan
P.O. Box 30273
Lansing, Michigan 48909-7773

EXECUTIVE SUMMARY

GENESEE COUNTY DRAIN COMMISSION
APPLICATION FOR A WATER WITHDRAWAL FROM LAKE HURON

On February 12, 2009, the Department of Environmental Quality (DEQ) received from the Genesee County Drain Commission (GCDC) a permit application submitted under Section 32723 of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA). The permit application included a request that the DEQ begin the required evaluation and public notice under Part 327, Great Lakes Preservation, of NREPA for a proposed water withdrawal from Lake Huron.

Section 32723(4) of Part 327 requires that the DEQ provide for a public comment period of not less than 45 days before a permit application is acted upon. The DEQ invited public comment on the permit application via press release, public notice and website posting. The DEQ issued the press release on the permit application on May 27, 2009, and posted the public notice on the DEQ internet website the following day. A copy of the public notice was transmitted to the GCDC on May 28, 2009 for posting at the entrance to their premises and at the shoreline parcel where a "shore well and pumping station" are to be constructed. The press release and public notice announced the public comment period and requested that comment be submitted to the DEQ by July 15, 2009.

After considering the information submitted relevant to the factors used in determining the acceptability of a permit application and the comments received, the DEQ determined that the proposed GCDC withdrawal is in compliance with the applicable standards and should be issued.

On August 28, 2009, the DEQ rendered a decision in favor of issuing the permit concluding the GCDC proposed withdrawal would not likely cause an adverse resource impact and that all other factors in rendering a permit decision had been met.

This document includes the basis of decision for issuance of a permit to the GCDC for the future withdrawal of 85 MGD from Lake Huron. Responses are provided to comments received on the permit application during the public comment period that including concerns relating to the permit process, the environmental impact of the proposed water withdrawal, the legality of the proposed water use, and the applicability of laws and regulations to the proposed withdrawal.

Many of the early comments were critical of the public notice and comment period duration regarding the permit application. The DEQ is limited in its ability to provide public comment by a Part 327 statutorily required time frame for responding to the permit application. The DEQ recognizes that this is the first application for a permit to withdraw water from a Great Lake that is subject to the standards of Part 327, the Great Lakes Charter process, the standards-of-decision in the Great Lakes-St. Lawrence River Basin Water Resources Compact, and the Great Lakes-St. Lawrence River Basin Sustainable Water Resources Agreement. Therefore, the DEQ reviewed additional comments received after the public comment period for consideration in application and functionality of the administrative process on this and future permit applications.

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I. BACKGROUND

Proposed Withdrawal

The proposed 85 million gallons per day (MGD) water withdrawal is from a Lake Huron water intake. The permit applicant, Genesee County Drain Commission (GCDC), proposes to use the withdrawal water for a community public water supply system, to be owned and operated by a collection of municipalities organized as the Karegnondi Water Authority (KWA). The proposed withdrawal will be via a Lake Huron water intake located approximately 3.5 miles offshore and a shore well and pumping facilities located in the south of section 31 and 32, Worth Township, T.9N, R.17E, Sanilac County, Michigan. The maximum proposed withdrawal of 85 MGD, corresponds to a maximum pumping rate of ~59,000 gallons per minute (gpm).

Public water supply is a use that the DEQ estimates to be 10 percent consumptive. While 90 percent of the water will remain in the Lake Huron watershed, the consumptive use estimate places the loss from the Great Lakes hydrologic system at 8.5 MGD.

II. STATUTORY STANDARD

A person who proposes to develop a new withdrawal of 2 MGD or more from the waters of the state to supply a common distribution system, is required to obtain a water withdrawal permit prior to making the withdrawal (MCL 324.32723[1]).

Application Submittal

A person proposing a withdrawal from the surface waters of the state is required to apply for a permit by submitting an application for the withdrawal to the DEQ containing the following information (MCL 324.32723[2]):

- Capacity of equipment used to make the withdrawal,
- Location of the withdrawal,
- Withdrawal source,
- Amount and rate of withdrawal,
- Intended maximum monthly and annual volumes and rates, if different from the capacity of equipment used to make the withdrawal,
- Relevant information related to seasonal use,
- Description of how the water will be used and location, amount and rate of return flow,
- Any other information the person would like the DEQ to consider.

The application is required to include an evaluation of existing hydrological and hydrogeological conditions and a detailed description of proposed preventative measures where relevant. In addition, the applicant is required to submit an application fee in the amount of $2000.00

Administrative Requirements

MCL 324.32723 requires the department to determine whether a permit application is administratively complete. The DEQ has 30 days to make this determination, unless the applicant is notified of deficiencies in the application requiring additional information. Once an application is determined to be administratively complete, the DEQ is required to provide a public comment period of not less than 45 days and render a decision on the permit application within 120 days from the completeness determination.

The DEQ received the original permit application from the GCDC on February 12, 2009. The information was submitted in accordance with Part 327, and "proposals subject to prior notice and consultation" of The Great Lakes Charter, Principles for the Management of Great Lakes Water Resources (The Charter). On March 4, 2009 the DEQ requested additional information to better fulfill the information requirements of The Charter essential to the administrative

process. Upon receipt of the additional information the DEQ sent a letter to the GCDC dated April 24, 2009 notifying them of the completeness of the application package.

The DEQ invited public comment on the permit application via press release, public notice and website posting. The press release was issued on May 27, 2009, and the posting of the public notice on the DEQ internet website on May 28, 2009. The GCDC was provided a copy of the public notice on May 28, 2009 for posting at the entrance to their premises and at the shoreline parcel where the proposed shore well and pumping station are to be constructed. The press release and public notice announced the 45-day public comment period and requested that comments be submitted to the DEQ by July 15, 2009.

The consumptive use estimate of 8.5 MGD exceeds the 5 MGD threshold established in the Charter for proposed withdrawals requiring Prior Notice and Consultation with the other Great Lakes states and provinces. In the spirit of the companion legislation adopted by the state of Michigan in conjunction with the Great Lakes-St. Lawrence River Basin Water Resources Compact (Compact), and pursuant to the Great Lakes-St. Lawrence River Basin Sustainable Water Resources Agreement (Agreement), the DEQ's Office of the Great Lakes provided notice of the proposed withdrawal on May 26, 2009. The complete application packet was transmitted to the other Great Lakes states, the Canadian provinces of Ontario and Quebec, and the Great Lakes first nation and federally recognized tribes, with a request that comments be provided by July 20, 2009 in order for the DEQ to meet the statutory obligations of Part 327.

Conditions Required for Issuance of a Permit

The DEQ is required to issue a permit for a water withdrawal if all of the following conditions are met (MCL 324.32723[6]):

- All water withdrawn, less any consumptive use, is returned to the source watershed;
- The withdrawal is implemented to insure there is no individual or cumulative adverse resource impact (ARI). Cumulative impacts are to be evaluated based upon available information gathered by the DEQ;
- The withdrawal will be implemented in compliance with all applicable local, state, and federal laws, as well as all legally binding regional interstate and international agreements;
- The proposed use is reasonable;
- The permit applicant certifies compliance with the environmentally sound and economically feasible water conservation measures for the applicable water use sector; and
- The proposed withdrawal does not violate public or private rights and limitations imposed by Michigan water law or other common law duties.

Parallel requirements for approval are spelled out in Section 4.11, Decision Making Standard, of the Compact. Section 4.11(5) of the Compact provides greater specificity on reasonable use conditions and requires the parties to consider efficient use of the water; efficient use of existing water supplies; the balance between economic and social development and environmental protection as they relate to other planned withdrawals and uses sharing the same source; supply potential; the degree and duration of likely adverse impacts and the restoration of hydrologic conditions.

III. DECISION MAKING PROCESS

Consumptive Use Considerations

The consumptive use calculation was based upon a consumptive use coefficient of 10 percent. The DEQ relied primarily upon the United State Geological Survey publication "Consumptive Water-Use Coefficients for the Great Lakes Basin and Climatically Similar Areas," Scientific Investigation Report 2007-5197. There is a relatively narrow range of coefficients for public water supplies in comparison with many of the other types of uses. Further, it is generally conceded the range is 10 to 15 percent as identified in Table 3-1, Consumptive-use coefficient used by Great Lakes jurisdictions, by water use category of the report. Upon review of the aforementioned report, the DEQ ultimately decided that 10 percent was the best estimate of consumptive use. This is the published value for the public water supply sector in Table 3-2, Total water use by category for the Great Lakes Basin, by year, from the Great Lakes Commission annual reports, 1998-2002. Based upon the 10 percent coefficient for consumptive use, the proposed withdrawal is projected to have a maximum consumptive use of 8.5 MGD.

Adverse Resource Impacts

Section 32721(1) of Part 327 prohibits a person from making a "...new or increased large quantity withdrawal from the waters of the state that causes an adverse resource impact." Section 32701(1)(a)(vii) defines an adverse resource impact (ARI) for a surface water body as "decreasing the level of a lake or pond with a surface area of 5 acres or more through a direct withdrawal from the lake or pond in a manner that would impair or destroy the lake or pond or the uses made of the lake or pond, including the ability of the lake or pond to support characteristic fish populations, or such that the ability of the lake or pond to support characteristic fish populations is functionally impaired." For flowing streams and rivers an ARI is defined as decreasing the flow by part of the index flow such that the ability of the stream to support the characteristic fish population is functionally impaired.

Part 327 establishes specific flow reduction as constituting an ARI for some stream types. No specific flow reductions are established for the Great Lakes or their connecting channels. In that case, a comparison of the proposed withdrawal to the water availability from the GL or connecting channel from which the withdrawal originates is one means of assessing the likelihood of an ARI. The proposed withdrawal of 85 MGD corresponds to a daily withdrawal of 1.136×10^7 cubic feet per day (ft^3/day) or 4.148×10^9 cubic feet per year (ft^3/year). The area of Lake Huron and Lake Michigan, which hydraulically act as a single source at the same elevation, possess a combined surface area of 45,300 square miles, or 1.263×10^{12} ft^2. Based upon a consumptive use of 10 percent a withdrawal of 4.148×10^9 cubic feet per year (ft^3/year) would result in a projected loss of water from the Great Lakes Basin of 4.148×10^8 ft^3/year. Assuming no recharge to lakes Michigan and Huron the consumptive use loss is projected to cause a reduction in lake levels of 0.0003284 feet (0.004 inches or 0.01 centimeter). Accordingly, the DEQ concludes the impact of the proposed 85 MGD withdrawal on lake levels and the corresponding impact to the characteristic fish population would not result in an ARI as defined in Part 327.

A comparison of the proposed withdrawal to flows immediately down stream of the proposed intake in the St. Clair River provides another reasonable measure of water availability and the potential for impact. The United States Geological Survey has published average flows for the St. Clair River in excess of 183,000 cubic feet per second, corresponding to a daily flow of ~118,268 MGD. When consideration is given to return flows and consumptive use, the water theoretically lost from Lake Huron of 8.5 MGD corresponds to 0.0072 percent of the total flow.

The DEQ concludes from this comparison that the proposed withdrawal would be insufficient to cause an ARI as defined in Part 327.

Applicable Local, State and Federal Laws

To be approved, the proposed withdrawal must be in compliance with all applicable local, state, and federal laws as well as legally binding interstate and international agreements, including the boundary waters treaty of 1909. Section 32726 governing local ordinances, specifically prohibits a local unit of government from enacting, or enforcing an ordinance that regulates a large quantity withdrawal. The information contained within the permit application indicates the withdrawal would be implemented in compliance with applicable state and federal laws (Part 327) and applicable international agreements. The Boundary Waters Treaty of 1909 was agreed to by the U.S. and Canada to provide a mechanism for the resolution of disputes over waters bordering the two countries and to insure the waters of the Great Lakes remain navigable. Nothing related to the GCDC proposed withdrawal volumes would be in violation of the treaty.

Reasonable Use

Part 327 requires that a proposed use be reasonable. As noted above the specific criteria for consideration the efficient use of the water and the efficient use of existing water supplies; a consideration of the balance between economic development, social development and environmental protect, supply potential; the degree and duration of likely adverse impacts and the restoration of hydrologic conditions. These considerations are consistent with Michigan's test for determining a reasonable use as set forth in Michigan Citizen for Water Conservation V. Nestle Waters of North America, Inc. [Michigan Citizens for Water Conservation v Nestlé Waters N America Inc, 269 Mich App 25; 709 NW2d 174 (2005)]. The considerations are addressed as follows:

Efficient Use of the Water: This requirement is directly tied to the user's commitment to Environmentally Sound and Economically Feasible Water Conservation Measures. (Conservation Measures) In the application the GCDC identified the Conservation Measures applicable to the public water supply sector that they are currently employing. A more comprehensive discussion is provided in the section entitled Conservation Measures on page 6.

Efficient Use of Existing Water Supplies: The language of the Compact specifies efficient use as a consideration when an increased withdrawal is proposed. The Compact language is intended to assure that water from various sources is being efficiently used by a large quantity user before they are granted approval for an increased withdrawal. Since the GCDC proposal is for a new withdrawal, this criterion does not apply.

Balance between Economic Development, Social Development and Environmental Protection: Reasonableness of a water use as it relates to the balance between economic development, social development and environmental protection is an important consideration in the acceptability of a proposed withdrawal.

Creation of a water authority and construction of the pipeline and treatment plants would enhance economic development in a variety of ways. During the 5-year construction period there project would provide an estimated $100 million in skilled trades work, $200 million in manufacturing of pipe and other equipment and 30 million in engineering and design services. Once on line the new pipeline and associated facilities is estimated to create over 50 new jobs necessary to the operation and maintenance treatment facilities, the Great Lakes intake, pipeline, and pump stations. Improving system reliability, as discussed below will also encourage economic development in the affected communities.

From a social standpoint, the proposed withdrawal and related facilities would benefit the area by enhancing the health, safety and security of area residents. The DEQ, Water Bureau (WB)

has identified deficiencies in the GCDC system primarily related to reliability. Significant effort will be placed on improving current system reliability in the design of system components associated with the proposed withdrawal. These efforts will meet with the requirements of the Safe Drinking Water Act. With the construction of new facilities the GCDC would also be improving system reliability for surrounding public water supply systems by offering emergency inter-connects and entering into mutual aid agreements.

Lastly, given the net effect of the withdrawal on the water resources as described above, these economic and social benefits to the area would be obtained without a perceptible impact on the environment.

Supply Potential: Supply potential consideration requires the DEQ look at the impact of the withdrawal on the quantity, quality, reliability, and safe yield of hydrologically interconnected water sources. The proposed withdrawal does not present any known or anticipated threat to the quantity or quality of Lake Huron as a water source. Also, the proposed withdrawal would have no impact on the reliability or the safe yield of the source as it relates to others using Lake Huron or hydrologically connected sources, such as the St. Clair/Detroit river systems.

Degree and Duration of Likely Adverse Impacts: The DEQ concluded the proposed withdrawal would not cause an ARI.

Restoration of Hydrologic Conditions: The water withdrawn by the GCDC, less consumptive use, would all be returned to the source watershed via treated wastewater discharges to the Flint River. The consumptive use losses for inside Great Lakes Basin uses are considered reasonable. Under Part 327 the restoration of hydrologic conditions does not apply to the proposed withdrawal.

Conservation Measures

For permit applications received on or after January 1, 2009, the applicant must self-certify that they are in compliance with Conservation Measures. More specifically they must certify that they are in compliance with the Conservation Measures developed by the applicable water user's sector or developed for the water use associated with that specific withdrawal (MCL 324.32723[6(e)]).

The GCDC has certified that they are in compliance with the accepted practices as developed and submitted to the DEQ for the public water supply sector by the Michigan Section of the American Water Works Association and set a goal of a less than 5 percent system wide water loss. GCDC further certifies to the promotion of educational programs related to lawn sprinkling and other outside uses, and the implementation of programs to promote water re-use and other water conservation measures by commercial and industrial facilities. The GCDC also practices "flat rate water billing," meaning large users do not pay proportionally less as their water use goes up. All water uses served by the GCDC are metered and billing is commensurate with the metered water usage. Lastly, the GCDC employs a local ordinance restricting outdoor water use during periods of peak use.

Public or Private Rights, Limitations and Common Law

The issuance of a permit on the proposed withdrawal must not violate public or private rights or interfere with limitations imposed on the use of the resource by Michigan water law or other common law decisions. Specifically, the DEQ must ascertain if the issuance of the permit would interfere with the principle that certain natural resources, which in this case is Lake Huron, are preserved for public use, and that the state is required to maintain the resource for the public's reasonable use. The issuance of a permit for the proposed withdrawal would not interfere with the public's access to Lake Huron, the public interest in Lake Huron as a natural resource, or maintenance of Lake Huron for drinking and recreational purposes.

VI. PUBLIC PARTICIPATION PROCESS

The DEQ invited public comment on the permit application via press release, public notice and website posting. The press release was issued on May 27, 2009, and the posting of the public notice on the DEQ internet website on May 28, 2009. The web posting included the permit application packet for the proposed withdrawal and the public notice announcement. The press release and public notice announced the public comment period and requested comments be submitted to the DEQ by July 15, 2009.

The Office of the Great Lakes provided notice of the proposed withdrawal on May 26, 2009, to the other Great Lakes states, provinces and federally recognized tribes and first nations. The notice included a request that comments be provided by July 20, 2009.

The remainder of this document summarizes the comments received based on the proposed 85 MGD withdrawal by the GCDC and the DEQ response to the comments on the basis of applicable rule, policy, and procedure in administration of the permit application and review process under Part 327, Great Lakes Preservation, of NREPA.

General Comments

Many of the comments were specific to ongoing negotiations between the GCDC and the City of Detroit relative to the continued provisions for water supply service from the Detroit Water and Sewer Department (DWSD).

It was expressed by some commenters that the GCDC proposal underestimates the reliability of the DWSD public water supply system noting that DWSD possesses sufficient capacity and has an approved proposal to provide the GCDC the desired redundancy. Conversely, it was claimed the request for redundancy was made in 1965 with reciprocal commitment to construct the necessary infrastructure over the past 30 years.

A comment was made that constructing a new intake does not appropriately address deficiencies in either the GCDC or DWSD systems. As an example, there was a reference to ongoing system losses for the GCDC and DWSD of 5 percent versus 20 percent of water pumped.

Multiple comments were received with regards to the impact on water rates for DWSD customers if the KWA member municipalities were to withdraw from the DWSD system. Rate increases for the remaining DWSD customers was estimated at approximately 6 percent. A counter argument was made that the loss of a customer should not affect remaining customer rates as costs are presumably based on "cost of service."

There was a claim that the cost of the intake structure, transmission line, and separate treatment facilities for the KWA would be much greater than provided in the preliminary estimates. Conversely, The GCDC claims that all potential KWA members are aware of the cost estimates. The intake and pipeline costs are estimated at 75 percent of costs, including plans for redundancy while the treatment costs will be 25 percent of costs. GCDC also noted that separate studies on the cost of various water supply alternatives should have no bearing on the permit decision.

Response to Comments: The DEQ does not consider any comments on the relative position of the DWSD and GCDC water supply system to be legally relevant to a decision as to whether or not a permit should be issued to the GCDC for the proposed 85 MGD withdrawal from Lake Huron. Part 327 specifically requires the DEQ to issue a permit if on the basis of the submitted material the proposed water withdrawal meets the decision making criteria. The DEQ is specifically precluded from using part 327 to "...diminish or create any existing authority of municipalities to require persons to connect to municipal water supply systems as authorized by law" (MCL 324.32726).

Any addition or loss of a major customer of a regional public water system has the likelihood of affecting water rates – clearly a major addition or loss affects both the revenues and costs of operation. Water rates and the basis for establishing water rates are not an issue under Part 327. It is appropriately an issue for water service contract negotiations between the regional water system and its customers. To do otherwise invites unwanted intervention of the state into local decision making. There is nothing in Part 327 or any provisions of the Agreement and Compact that would either mandate connection to a regional water system or bind a customer permanently to a regional water system.

Applicability of Law and Regulations

Comments criticized the GCDC's application under Part 327. As a community public water supply the commenter believes the application would have been more appropriately made under the Michigan Safe Drinking Water Act, Act 399, as amended and rules. A submittal of plans and specifications under Act 399 would have provided greater clarity as to the reasonableness of the water use and the applicant's intent relative to applicable Conservation Measures.

Other comments cited the application of requirements in the Compact and expressed the opinion that the GCDC proposal did not meet the applicable standards. Most frequently referenced were the standards identified in *Section 4.11, Decision Making Standard* and *Section 4.12, Applicability* of the Compact. Relative to the former, comments suggested the proposed use is not reasonable based on efficient use of existing water supplies, balance between economic and social development, environmental protection, use of same source by multiple users, and the probable degree of adverse impacts. Relative to the latter requirements, it was implied that the Compact provides the Originating Party (i.e. Michigan) with the power to apply a much more stringent standard.

Response to Comments: Part 327 and the companion amendments to Act 399 do not provide any restrictions as to who may apply for a permit to make a large quantity water withdrawal nor specify how one must go about obtaining a permit. GCDC stated that they submitted their request for approval through Part 327 in large part to obtain the appropriate authorization of the withdrawal before investing a significant amount of money in developing plans and specification for the water works systems. Conformity with the Decision Making Standard of the Compact is, in part, the basis for the DEQ's decision on the permit application.

New Withdrawal and Consumptive Use

A number of comments focused on the fact that approval of the GCDC proposal would not result in a decrease in Detroit's ability to pump water and solicit new customers to maintain their current rate of use. As a result commenters concluded that the GCDC proposal should be treated as a new withdrawal. A corollary to this criticism was the observation that the total water withdrawal from the Great Lakes Basin would increase and that approval of the proposal would encourage other users to pursue similar use of Great Lakes waters. Some comments questioned the water use projections by the GCDC for the years 2014 to 2039. GCDC projected water use to increase by 42 percent. There was also concern that projected demand was 78.7 MGD, yet the request is for 85 MGD. There were requests that the proposed new withdrawal should be considered unacceptable unless the Detroit withdrawal was reduced by a corresponding amount.

Concern was also expressed over an increase in consumptive use. The fact that there would be an increase in use would result in additional consumptive use loss from the Great Lakes Basin. Numerous comments, particularly from other states questioned the use of 10 percent as the consumptive use coefficient indicating it should be higher. USGS publications cite consumptive use on public water supply systems in the range of 10 to 15 percent.

Response to Comments: Comments on the increased use must be addressed within the context of public water supply system operation, in particular when the increase in use is based upon population projections over a period of years. GCDC conducted a study to obtain the projected use of 78.7 MGD by 2039 based upon population and water use trends for the area currently served by the GCDC system. The GCDC explains that the request for 85 MGD provides a slight buffer over that which would be needed to account for water use in KWA member water treatment plants for such things as filter backwash. Additional buffer is provided to account for system losses. The GCDC as previously noted has set a goal of 5 percent for system losses. The DEQ determined the 85 MGD request is appropriate relative to the projected use, system operation and system water losses.

The DEQ has projected an increase in consumptive use of 8.5 MGD because the GCDC proposal is a new withdrawal. The GCDC proposed withdrawal does not affect the baseline capacity of the DWSD system or DWSD's future use of their existing baseline capacity. In the short term, the combined use of water for both the DWSD and GCDC systems will not significantly increase, because GCDC presently receives their water from DWSD. The proposed withdrawal was evaluated by the DEQ on the basis of DWSD maintaining their existing baseline capacity and evaluating the impact of a new 85 MGD withdrawal by GCDC from Lake Huron.

The consumptive use coefficient of 10 percent was obtained from *Table 3-2. Total water use by category for the Great Lakes Basin, by year, from the Great Lakes Commission annual reports, 1998-2002* in the USGS publication Consumptive Water-Use Coefficients for the Great Lakes Basin and Climatically Similar Areas, Scientific Investigations Report 2007-5197. Consumptive use coefficients for public supply over the years cited (1998-2002) were 10 and 11 percent, with 10 percent cited as the consumptive use over the entire period in question. The DEQ deemed this reference to be the most reasonable estimate of consumptive use.

Conservation Measures

There were multiple criticisms of the GCDC's commitment to water conservation. Specifically, that the GCDC identified no measures aimed at water use reduction noting that water conservation on new systems should be aggressive. Comments cited the published water conservation measures applicable to the public water supply sector noting that the GCDC has not made a commitment to each and every conservation measure. Specifically, their description of conservation measures did not include measures that promote water use conservation and the reduction of system leaks. Lastly, none of GCDC proposed wholesale or municipal customers provided information on compliance with Conservation Measures.

Commenters also expressed concern that the conservation measures identified by the GCDC were not consistent with the requirements of the Agreement and/or Compact. Plans for water use reduction or conservation were characterized as inadequate as nothing was mentioned relative to targeting system leaks and the promotion of efficient water use, in particular those leaks mentioned for the Detroit system. It was expressed that no new withdrawals should be approved until Detroit's leak problems are addressed. Some indicate there should be no approval of the withdrawal without a "water master plan" including impacts of current conservation and efficient use measures that have reduced total use and consumption. Commenters questioned whether there would be a continuation of conservation efforts made to date or whether there efforts would be improved upon. It was noted that a projected increase in population does not necessarily correspond to a projected increase in use, if one assumes more efficient use and conservation. Some commented that additional documentation is needed on water conservation measures including clear goals, targets and means of assessment.

Response to Comments: After January 1, 2009 permit applicant's are required to "self-certify" that they are in compliance with conservation measures developed by the applicable water

user's sector or developed for the water use associated with that specific withdrawal. The GCDC certified to the promotion of educational programs related to lawn sprinkling and other outside water uses, implementation of programs to promote water re-use and promotion of other water conservation measures by commercial and industrial facilities, and has set a goal of a less than 5 percent for system wide water losses. The GCDC practices "flat rate water billing," meters all water uses and bills commensurate with the metered water usage. The GCDC employs a local ordinance restriction on outdoor water use during periods of peak use.

The DEQ acknowledges the GCDC has not certified as to employing each and every water conservation measure identified for the public water supply sector, and notes there is not a requirement in Part 327 that they do so. The DEQ does commit to working with public water supplies to further water conservation efforts and will do so with the GCDC. Relative to the GCDC customers, the GCDC is making application on behalf of member communities of the KWA. All KWA members would participate in the implementation of the identified conservation measures. References to fixing deficiencies in the DWSD system are not germane to the GCDC permit application.

Reasonableness of Proposed Withdrawal

A number of comments were received relative to the reasonableness of the proposed withdrawal noting that any proposal must be considered on the basis of its purpose, suitability of use to location, the extent and amount of harm, benefits, necessity and manner of use, and other factors. The Agreement and Compact also require consideration of the economic and social value relative to potential environmental impacts and other factors. Generally, comments on the reasonableness of the proposed withdrawal focused on:

- The environmental harm that might be caused by the return of treated wastewater, and
- The necessity and amount of the withdrawal given the availability of Detroit system.

Specifically, on the issue of return flow there is a concern that points of discharge and downstream segments would be incapable of absorbing the projected 42 percent increase in discharge (based on future growth projection) without adverse impact. Commenter's claim numerous combined sewer overflows have occurred and requested verification that discharges are operating in compliance with existing laws.

Regarding the availability of the Detroit system, many comments made reference to the fact that the efficient use of existing systems is a required demonstration of reasonableness. There were claims the GCDC application should be rejected since the GCDC failed to rule out the option of using the existing DWSD system. Comments indicated that DWSW currently has the capacity to meet the needs of the GCDC and its customer municipalities, is already providing service to the proposed service area, and alleges to having made a commitment to providing reliability.

A few comments related to the economic and social value criteria of the Agreement and Compact, which requires consideration of the balance between economic development and social development and environmental protection on planned withdrawals from the same source

Response to Comments: There are four wastewater discharges by the City of Flushing, City of Flint, Genesee County's "Ragnone Plant" and the City of Lapeer. The four wastewater treatment plants are in the process of reducing infiltration and inflow from their collection systems. The National Pollutant Discharge Elimination System (NPDES) permits for the Flint and Genesee Ragnone plants discharges require treatment facility and collection system capacity analyses. The City of Lapeer proposes to rehabilitate their plant to increase the treatment capacity and accommodate an increase in population and service area. All are operating and are in compliance with the parameters stipulated by their respective NPDES permits. If the GCDC service area demands increase in the future, or if the service area expands, the DEQ will use the standard NPDES permit review/reissuance cycle (5-years) to

evaluate any impacts from increases in wastewater flow. That process will include public participation.

The efficient use of existing systems is an applicable consideration when a proposal for an increased withdrawal and consumptive use is before the DEQ for approval. That is to say, an existing system must demonstrate that it is not wasteful of its water before is request for an increase in use can be approved. Because this is a new withdrawal the requirement for efficient use of existing systems, specifically the efficient use of a system owned and operated by another party (DWSD), is not germane to the permit decision.

As a consideration on the reasonableness of a water use, social and economic development considerations must be balanced against environmental impact of the proposed withdrawal. The GCDC outlined the potential benefits including enhanced public safety, security and health that would be provided to area communities served by the proposed withdrawal. Many of the social benefits would arise as a direct outcome of the new intake, pipeline, shore well and treatment facilities correcting existing system deficiencies identified by the DEQ. The GCDC projects the proposed construction of facilities would provide a direct infusion of money, jobs and manufacturing opportunities to the area. The DEQ determined there would likely be no ARI to the commonly shared water source as the withdrawal is not of sufficient magnitude to perceptibly lower the levels of Lake Michigan and Lake Huron. Accordingly, the DEQ concludes the GCDC proposal meets the reasonableness criteria relative to social development, economic development, and environmental impact.

Adverse Impact and Requirements for Ecological Improvement

Comments pointed out that the Great Lakes states and provinces have agreed to protect, conserve, restore and improve the Great Lakes resources. Some additional analysis recommended that the DEQ ascertain if there might be a cumulative ARI and questioned why the DEQ has not required the submittal of proposed restorative measures as part of the application packet. Comment pointed out that the application packet included no information as to whether Detroit will reduce its water use, whether GCDC will remain a DWSD customer for backup, and whether DWSD will seek additional customers. Commenters indicated that if there is no net reduction in use cumulative impacts need to be addressed. Some believe what was referred to as a diversion could have a significant impact on the levels of the Great Lakes and set precedent for other large scale diversions. Eleven comments focused solely on the impact the withdrawal would have on lake levels.

Response to Comments: The DEQ has determined there would be no ARI caused by the impact of the proposed withdrawal, and no perceptible impact on the levels of the Great Lakes or connecting channels. Given the likely near term affect of the proposed withdrawal on the volume of the DWSD withdrawal, there is no identifiable issue of cumulative impacts. Part 327, ~~which is~~ the guiding legislation in the issuance of the permit, requires "preventative measures" be submitted as part of a permit application only when necessary to preclude an otherwise prohibited environmental impact. As a proposed new withdrawal, the DEQ evaluated the GCDC withdrawal without assuming there would necessarily be any change to DWSD capacity to withdraw~~al~~ water from the Great Lakes.

Diversion or Intra-Basin Transfer

A number of comments assumed that the proposed withdrawal constitutes a diversion, or intra-basin transfer, precluding DEQ approval under Part 327, the Agreement and Compact. Comments indicated the need for the GCDC to better identify the current and proposed service area. This was especially true in dealing with service to Shiawassee County as portions of the county are in both the Lake Michigan and Lake Huron watersheds. There was also concern that some of the service area and return flow might be to the St. Clair/Detroit River watershed, or discharged to the Lake Erie watershed resulting in an intra-basin transfer. There was concern

that approval of the withdrawal would set a dangerous precedent for the review of diversion and intra-basin transfers in the future.

Response to Comments: In accordance with Part 327, the Agreement and Compact, the DEQ has determined the proposed withdrawal would not constitute a diversion or intra-basin transfer. Portions of Shiawassee County lie in both the Lake Michigan and Lake Huron watersheds. However, Section 4.12.9 of the Compact states that Lake Michigan and Lake Huron are to be considered a single hydrologic unit and watershed. And therefore the transfer of water between Lake Michigan and Lake Huron watersheds is not considered a diversion under the Compact. None of the proposed service area lies within the watershed of the connecting channel or Lake Erie. Connecting channels are those waters and associated watershed that lie between any two of the Great Lakes. Section 4.12.7 of the Compact treats connecting channels as though they are part of both the Great Lake watersheds above and below the connecting channel.

In summary, within the applicable definitions of Part 327, the Agreement, and Compact the proposed withdrawal would not constitute a diversion or intra-basin transfer. It is a proposal potentially subject to Prior Notice and Consultation under the Charter because it is proposed as an in basin use with the only loss of Great Lakes waters due to the associated consumptive use.

Inadequate Information

A number of comments criticized the adequacy of the submitted information. Some suggested more information was needed on the movement of ground water and surface water to determine if the proposal will result in an intra-basin transfer or cause an adverse impact to the quantity and quality of Great Lakes basin waters. There were claims the proposal did not meet the requirements, spirit or intent of Agreement or Compact. The presumed inadequacy of information led to concern over consumptive use, service area information and water loss. There was also concern over inconsistencies in the information such as references to the new capacity of 85 MGD, a maximum capacity of 110 MGD and a firm capacity of 88 MGD. There were questions as to the relationship between the various cited capacities.

Others acknowledged the effort made to demonstrate consistency with the Agreement and/or Compact while noting information deficiencies. In a few instances commenter's requested information concurrent with a request for extension of the public comment period.

Response to Comments: A permit applicant under Part 327 is required to submit information including pumping capacity; location of withdrawal; withdrawal source; amount and rate of withdrawal; the maximum monthly and annual volumes and rates; relevant information related to seasonal use; a description of how the water will be used; the location, amount and rate of return flow; and an evaluation of existing hydrological and hydrogeological conditions. Other information may be provided at the discretion of the applicant with a description of preventative measures required where relevant.

Due to the magnitude of the withdrawal and its qualifying as a proposal potentially subject to Prior Notice and Consultation under the Charter, the DEQ requested the submittal of additional information. Extensive information was provided to meet information requirements in accordance with the Charter, the Agreement and Compact. The DEQ deemed the information sufficient and notified the GCDC of such on April 24, 2009.

Regarding the request for an extension of the public comment period, Part 327 contains a statutory limit on the time the DEQ may give to the consideration of a permit application. Once the applicant is notified of the completeness of application the DEQ has 120 days in which to render a decision. Given the time constraints and the adequacy of the application packet, the DEQ denied requests to grant an extension to the public comment period.

V. Summary of DEQ Position

The DEQ has determined the application for the GCDC proposed withdrawal of water from Lake Huron was submitted in accordance with the permit requirements of Part 327. Further, the proposed withdrawal is deemed not likely to cause an ARI and, as proposed, meets the intent of the Great Lakes Charter and the decision making standards of the Agreement and Compact. The DEQ based this determination on a review of the information and data pertinent to the factors used in making a decision on a permit application which included a thoughtful consideration of the comments received from the public, the other Great Lakes states, the Canadian provinces of Ontario and Quebec, and federally recognized tribes and first nations on the permit application, as made available for public review.

The authorized withdrawal capacity is 85 million gallons per day (maximum withdrawal in any single day). The DEQ will assure that capacity is not exceeded in the issuance of the required Michigan Safe Drinking Water Act construction permits (1976 P.A. 399, as amended). In addition, the DEQ will require as a condition of this Part 327 authorization that the participating members of the Karegnondi Water Authority be committed to a water conservation/water use efficiency program consistent with the water sector guidelines accepted by the state under Part 327, and posted on the DEQ website.

ROWE PROFESSIONAL SERVICES COMPANY

Large Firm Resources. Personal Attention.

January 7, 2013

Mr. Edward Kurtz, Emergency Financial Manager
City of Flint
1101 S. Saginaw Street
Flint, MI 48502

Subject. Review of December 21, 2012 Presentation – City of Flint Water Supply Assessment

Dear Mr. Kurtz:

As requested, we have reviewed the analysis of water supply alternatives for the City of Flint which was presented to the State Department of Treasury by Tucker, Young, Jackson, and Tull, Inc. (TYJT) on December 21, 2012. Our review is attached and summarizes the primary differences between the TYJT assessment and our previous studies and provides explanations of why we believe there are differences.

We have also reviewed the options for continued DWSD supply included in the TYJT presentation. It is not clear whether these are presented as specific offers on behalf of DWSD or included as examples for analysis, but we have noted some items which we believe should be addressed and considered as these options are compared.

If there are questions, please contact me.

Sincerely,
ROWE Professional Services Company

James E. Redding, P.E.
Vice President / Director of Engineering

Attachment

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Review of TYJT December 21, 2012 Presentation
City of Flint Water Supply Assessment
Prepared by Rowe Professional Services Company

DWSD Supply (Slides 7 through 9)

1. The 8 mgd maximum day supply by DWSD options can result in periods during the summer when most of the water to meet demands will be supplied by the City from the river. To aid in maintaining a consistent water quality, softening of the water from the river should be provided with this option, greatly increasing the City's costs.

2. Upgrades to Flint's WTP and dams will be needed for options requiring blending, since the WTP will be required to provide continuous, reliable service and compliance with recent surface water treatment regulations.

3. The rates for the options analyzed are shown on Slide 9 as "TYJT Estimates". Options and rates shown are different than presented by DWSD previously.

	DWSD 11/29/2012	TYJT Estimates
18 mgd Maximum Day - P&B	$16.24	$16.37
12 mgd Maximum Day - P&B	$16.30	$16.31
8 mgd Maximum Day -P&B		$12.68
12 mgd Maximum Day - Imlay	$14.38	$14.38
8 mgd Maximum Day - Imlay		$11.11

4. Since the rates used in the analyses are shown as estimates, are they actual offers or just presented as "what if" scenarios?

5. We assume that the Imlay options are based on transfer of the 72" main through Lapeer County to Flint. The analyses show a capital cost of $4.7 million; we assume that this is the proposed purchase / lease cost to Flint. This should be clarified along with pertinent details.

6. If the transmission main is transferred to Flint, what are Flint's responsibilities regarding service to the Lapeer County customers? If they remain DWSD customers, then Flint should receive some revenue for the use the main. It does not appear this is included in the TYJT analyses.

7. If the transmission main is transferred to Flint, we assume that the city will be responsible for the maintenance of the 50 year old main. The TYJT analysis did not include this.

8. Do the rates shown include the credit for "reliability" which had been discussed with DWSD?

9. If the point of commerce is changed from Baxter and Potter to Imlay, a new meter pit will be required. The cost of this does not appear to be included in the TYJT cost analyses.

Flint River Supply (Slide 10)

1. If any of the "blending" options are chosen, it will be necessary to upgrade the Flint WTP and dams to provide reliable, continuous service and compliance with recent surface water treatment regulations.

Data Collected (Slide 14)

1. The slide notes that Flint blending is based on DWSD supplying 2/3 and Flint supplying 1/3 of 12 MGD ADD. For the maximum day demand (18 mgd), if DWSD supplies a maximum of 8 mgd, Flint will supply 10 mgd or 56% of the total. However, such a large portion will make it more difficult to blend and achieve consistent water quality. Flint will need to soften water for these options.

Benchmarking Comparisons (Slide 16)

1. The slide subtitles are "KWA O&M Inflation Factor" and "DWSD and Flint Rate Inflation Factor". It seems appropriate to benchmark O&M costs for the KWA, because future costs of service will be dependent on how operating costs are impacted by inflation. For Flint, it does not seem appropriate that "rate inflation" from other utilities be used to determine the impact of inflation on future cost of service. Rates are impacted by inflation, but also by other factors such as debt and customer base. O&M expenses and rates are different and care should be exercised not to mix the two during analyses. The TYJT analyses apply an inflation factor (based on rates from other utilities) to the Flint WTP operating expenses, which does not seem to be consistent.

2. The KWA will supply raw water; SOCWA and YUCA both supply finished water. Regulations impact the O&M for finished water suppliers but should not impact the KWA O&M. The use of data from SOCWA and YUCA does not seem like a comparable comparison with the KWA. Finished water suppliers will have increased costs due to regulatory compliance, which really are not due to "inflation" of the costs of wages, power, chemicals, etc.

3. DWSD has a history of rates to Flint and other suburban wholesale customers. Rates tend to be quite specific to each utility, based on much more than just the costs of operating and maintenance. It appears that DWSD historical rates have not been considered in projecting future DWSD rate increases.

Capital Financing (Slide 17)

1. KWA bonds are planned to be general obligation bonds, backed by member counties.

O&M Inflation Factor (Slide 20)

1. SOCWA and YUCA are finished water suppliers; ever-changing regulatory requirements will impact their operating costs more than a raw water supplier, such as KWA.
2. KWA will be a supplier of raw water. O&M costs should primarily be limited to power and labor, with a little chemical use for zebra mussel control. KWA will not provide treatment of the water.

3. The KWA study assumed power, labor, and chemical costs increase at an annual average of 3%. TYJT indicated this is too low and suggested 5%.

4. Following are examples of historical inflation, which support the 3% as a reasonable assumption for O&M expenses (not rates)
    a. Labor- GCDC-WWS labor costs have increased at an annual average rate of 2.5% since 2003
    b. Electricity Rates in Michigan (per U.S. Energy Information Administration) have increased an average of 3.2% since 1999.
    c. The U.S. Bureau of Labor Statistics indicates that the inflation rate over the last 30 years has been an average of 2.8%.

Finished Water Rate Inflation (Slide 21)

1. TYJT bases their assumptions for rate inflation on a survey of rates from three other water suppliers, but ignored the actual rate history of DWSD. TYJT assumed DWSD rate increases of 4.4% annually (if water is purchased from P&B) and 2.9% annually (if water is purchased from Imlay). Based on the actual charges by DWSD to Flint, DWSD historical rates are as follows:
    a. 10 year increase in DWSD rates to Flint:: 10.5% annually
    b. Average annual increase through 45 year history: 6.7%

2. Note that for the KWA analyses, an inflation factor has just been applied to power, labor, and chemicals. Although higher prices for labor, power, and chemicals impacts utility rates; rates are impacted by many other factors, many of which are not related to inflation. Rate inflation will likely be different than O&M inflation. Other factors impacting rates:
    a. Debt – the amount of debt varies widely between utilities
    b. Number of customers / quantity of water sold – there are many fixed expenses with a utility, that if are distributed amongst more users/more gallons sold will result in lower rates. Conversely, if there are fewer users or less water sold, the rates are higher. Assumptions regarding future water consumption will have a great impact on "rate inflation".

3. Unlike KWA and Flint operating expenses which will increase over time based on inflation, the cost of continued DWSD service should be based on the inflation of DWSD rates, to include the increasing cost of other DWSD expenses such as debt and the impact of reduced customers / demands in addition to increasing O&M expenses.

4. Even though there could be a one-time reduction in DWSD rates through adopting the model contract, limiting peak demands, and or changing the point of commerce; it doesn't seem reasonable to assume that subsequent annual increases will only average 4.4% through the 30 year period of analysis. This is significantly less than historical performance (yet TYJT suggests that inflation for KWA O&M expenses will increase at almost double the rate of historical indicators).

Capital Financing with Revenue Bonds (Slide 24)

1. Note that the KWA bonds will be general obligation bonds backed by the member counties.

2. The 2009 KWA Study assumed 6%, 25 year financing. The interest rate for planning was reduced in the 2012 Study update to 5%, which is still higher than if bonds were sold today.

3. Financial consultants determined the charges for purchasing capacity in the KWA supply based on the estimated project cost plus appropriate financing costs. Based on 60 units of capacity, $538,764,000 will be generated for repayment of debt and project costs using the capacity charges in the KWA capacity agreement.

25 years * 60 units * $355,300 / unit =	$532,950,000
3 years * 60 units * $32,300 / unit =	$ 5,814,000
	$538,764,000

4. For a KWA project cost of $272,421,558, total P&I is $483 million. The difference of $55,500,000 is available for financing expenses (capitalized interest, bond issuance costs, etc.) and additional contingencies.

5. Bond holder reserve is not a requirement for general obligation bonds.

6. TYJT assumed that 3% interest would be earned on the bond holder reserve during the 25 year bond period. Current interest rates are less than 1% and it seems inappropriate to assume such a high rate will be earned on retained funds.

7. Bondholder reserve, if provided, should be applied against the last couple of P&I payments. The TYJT did not apply it. This will reduce their project costs.

KWA Construction (Slides 26 through 29)

TYJT has indicated that the KWA construction cost estimate is too low. The primary differences in cost estimates for the project appear to be the following components:

1. Pump Stations (Slide 27) – The TYJT estimate for the pump stations is more than double that used by the KWA ($54,573,314 vs. $24,618,080). KWA estimates were based on actual construction costs from recent projectd completed by Genesee County within the last eight years.
   a. 32mgd water pump station including two-10 MG ground storage tanks - $13.4 million
   b. 80 mgd wastewater pump station, 50 feet deep wetwell – $8.3 million
   c. 30 mgd wastewater pump station, 50 feet deep wetwell – $9.4 million

   The KWA budgeted amount seems reasonable for two pumping stations as currently planned and to be constructed in rural areas (not southeast Michigan).

2. Redundant Power – There is no need for redundant power; other provisions will provide reliability of supply.

3. Land – Preliminary engineering has continued so earlier budgets established for planning for land acquisition can be greatly reduced. Options have been obtained on all properties which must be

purchased, so purchase prices are known. It will be necessary to obtain easements for only two miles of pipeline construction. All land costs are now estimated at $1.25 million.

4. Engineering, Legal, Administration & Contingencies
   a. The October 2012 KWA estimate provided an allowance of 25% of construction cost to cover engineering, legal, administration, and contingencies (ELAC). This was reduced from the 38% allowance used in the 2009 Study because ongoing planning and design have firmed up many of the details of the project, including:
      i. The intake design has been completed and all regulatory permits obtained.
      ii. The transmission main route has been determined. Meetings with road agencies have firmed up the requirements for construction and restoration within rights-of-way. Environmental review and permitting are in process.

   b. TYJT costs for Intake Crib, Pump Stations, and Transmission Mains (Slide 30) include a 30% allowance for ELAC. These allowances (from Slides 26 through 28) total $72,139,566. In addition, Slide 30 provides the following additional ELAC costs in the project total:

Design Engineering / Pump Stations	$16,939,581
Construction Management	$14,434,410
Administration	$ 349,440
Legal	$ 831,000
Total	$32,554,431

   c. Combining this with the $72,139,566 totals $104,693,997 or 43% of the estimated construction cost. We believe that such a high allowance for ELAC is not appropriate for a project of this magnitude where preliminary engineering and some design have already been completed.

Cost Comparison (Slide 30)

1. The TYJT pump station price is too high based on costs of similar projects; costs used by KWA are based on costs of recent local projects. The KWA estimate is believed to be sufficient for the proposed pumping stations.

2. Redundant power is not required; this does not need to be included in the TYJT estimate.

3. Land for LHPS – actual price is $360,000

4. Design Engineering / PS and Transmission – KWA included engineering in the 25% ELAC allowance included in the $207,752,895 estimated cost of transmission mains; TYJT included engineering in their 30% ELAC allowance included in the $218,811,559 estimated cost. By adding $16,939,581 for design engineering, $14,434,609 for construction administration, $349,440 for administration, and $831,000; it seems that ELAC is being "double-counted". The TYJT 43% allowance for ELAC seems unwarranted for a project with a great deal of preliminary and design engineering completed. The 25% KWA allowance is believed to be sufficient.

5. Easements and land (other than LHPS) should total $1,140,000, based on current options and specific needs for easements.

Other Considerations – Redundancy / Reliability (Slide 33)

1. Unfunded Mandates/ Future Regulations
    a. The proposed KWA supply will deliver raw water; it is not anticipated to be affected by future changes to regulations. Regulations will impact the City of Flint with respect to treatment and/or distribution of finished water. The City will be subject to these requirements with any of the DWSD blending options, just as they will be responsible for them if supplied by KWA. Some compliance costs may actually be less with the higher quality Lake Huron water rather than Flint River water as the source.

2. State Goals
    a. The TYJT presentation indicates that creation of a new raw water supply is contrary to the governor's goals as suggested. However, the development of a new raw water supply provides new opportunities. Communities in Sanilac, St. Clair, and Lapeer counties will have the option to join a regional water supply and replace their small local supplies where limited supplies and high concentrations of arsenic have been a concern. The new water supply also provides great economic development opportunities. The raw water supplied by KWA will make a new commodity, raw water, available to the region. A large, low-cost supply of raw water can be a valuable resource for industries and agri-businesses. The development of a new water supply will also create construction jobs through the short term period of building the new water supply and subsequently over a longer period as new businesses and industries are developed in the area.
    b. The City of Flint and area communities will benefit as permanent jobs are created for operating and maintaining the local treatment facilities.

3. Redundancy
    a. We agree that the KWA and DWSD options are similar with respect to redundancy. Both provide the primary water supply; customers are responsible for their backup supply.

Other Considerations – Cost Slide 34

1. TYJT indicates that the DWSD 8 mgd supply option is the least cost alternative.
    a. The TYJT analysis does not include the cost of needed upgrades to the City's WTP or increased operating costs in their analysis. During summer months, water from the river will need to be softened before blending. More than half of the water supplied will be provided from the river. When the cost of upgrades to the WTP and the increased operating costs (for softening) are added to the TYJT analysis, the KWA option is less than the DWSD 8 mgd option.

2. For any of the DWSD "blending" options, upgrades will need to be made at the WTP to provide for continuous, reliable operation and compliance with new surface water treatment rules. Increased capital and operating costs for treating water from the river should be added to the TYJT costs for comparison with the other options.

3. Water from the river will require greater effort to treat than water from Lake Huron (more chemicals, power, and residuals). The TYJT analysis shows about the same O&M costs for the Flint WTP, regardless of water source. It seems that the WTP O&M costs for the KWA options should be reduced to reflect the savings from treating Lake Huron water.

4. The TYJT presentation noted that the KWA analysis did not include allowances for mechanical and process improvements within the planning period. The KWA will supply raw water. The facilities consist of pipe, pumps, and a tank. There are no treatment facilities which would be susceptible to future regulatory changes. The only improvements that seem likely would be the need to provide additional capacity. Capacity expansion is planned to be financed through capacity charges to new users.

5. The provision for redundant connections between the City's water system and the GCDC system was included in the most recent water supply agreement between the two, in 2011. Although not a KWA cost, the cost of the redundant connections should be considered with all options.

6. The $2.3 million budgeted for land by KWA was intended to cover all land requirements. Since the October update, options have been obtained on all land to be purchased and the locations of easements needed has been finalized. Total land costs are now estimated to be about $1.5 million.

7. The 2004 study included a 47% allowance for engineering, legal, administration, and contingencies (ELAC). The 2009 study reduced the allowance for ELAC to 37% because many of the details since the 2004 conceptual study had been better defined. For the October 2012 update, the allowance for ELAC was reduced to 25% because continued planning and preliminary engineering further addressed details from the earlier concepts.
    a. The detailed design (plans and specifications) and permitting have been completed.
    b. The transmission main route has been finalized. Meetings with road agencies have established requirements for construction and restoration within road rights-of-way. Environmental permitting is in process. The primary remaining unknown is pipe sizing, which is largely dependent on Flint's participation.

    It is our experience that the 25% ELAC allowance is appropriate for a project of this magnitude at this stage in the planning / design stage. The 43% ELAC allowance recommended by TYJT is excessive for a project in the design phase.

8. Flint's WTP as a backup to the KWA will be less difficult to provide for than the current arrangement as a backup to DWSD. We believe there is potential for challenges with chemistry and treatment for the proposed DWSD blending options, too.

9. It doesn't seem that oversizing the KWA capacity is a good solution for the city's water loss problems, if that is what is being suggested.

10. Yes, it would be nice if the KWA system could be constructed to firmly determine its cost and time to complete before making a decision about water supply alternatives. However, a decision is needed regarding Flint's participation so that the sizing and design can be completed, before it can be built.

Project Costs - TYJT Slides 26 through 30

	KWA	TYJT
Intake and Crib		
Construction	$22,076,850	$22,076,850
ELAC	$5,519,213	$5,519,213
Property	$2,300,000	$2,300,000
Pumping Stations		
Construction	$24,618,080	$54,573,314
Land		$75,000
ELAC	$6,154,520	$16,394,494
Transmission Mains		
Construction	$166,202,316	$167,419,530
ELAC	$41,550,579	$50,225,859
Easements		$1,166,170
Engineering		
Design Engineering		$16,939,581
Construction Management		$14,434,609
Administration		$349,440
Legal / Easements / Contracts		$831,000
Power	$4,000,000	$4,000,000
Redundant Power		$1,273,200
Total Construction	$212,897,246	$244,069,694
Total ELAC	$53,224,312	$104,694,196
Total Land / Property / Easements	$2,300,000	$3,541,170
Total Power	$4,000,000	$4,000,000
Total Redundant Power	$0	$1,273,200
Total	$272,421,558	$357,578,260
ELAC as % of Construction	25.0%	42.9%

Option	TYJT Total Cost	TYJT minus additional costs of river treatment	TYJT minus additional costs of river treatment plus redundant Flint-GCDC connections	TYJT minus additional costs of river treatment plus redundant connections less KWA reserve	TYJT minus additional costs of river treatment plus redundant connections less TYJT financing	TYJT plus Flint WTP		Adjusted Total Cost	Ranking
1 Flint WTP Only	$590,441,893							$590,441,893	3
2 DWSD 8 MGD Max Day at Imlay	$621,211,298					$771,289,948		$771,289,948	5
3 KWA 10/31/12 Update	$649,775,166	$534,615,996	$554,555,960					$554,555,960	1
4 DWSD 8 MGD Max Day at P&B	$657,167,877					$807,246,527		$807,246,527	6
5 KWA-1	$707,279,715	$592,120,545	$612,060,509		$572,731,459			$572,731,459	2
6 DWSD 12 MGD Max Day at Imlay	$707,994,386					$858,073,036		$858,073,036	8
7 DWSD 12 MGD Max Day at P&B	$742,168,081					$892,246,731		$892,246,731	9
8 KWA - 2	$766,784,313	$651,625,143	$671,565,107	$654,706,341				$654,706,341	4
9 DWSD 18 MGD Max Day at P&B	$791,202,885						$812,337,848	$812,337,848	7

b

Option for Water Supply	TYJT Projected 30 Year Total Cost	30 Year O&M Reduction for Treating Lake Huron Water	25 Year Bond Cost for Redundant Connections	Eliminate KWA Reserve	Use KWA 25 Year Capital Charge $355,300 / MGD	25 Year Bond Cost for Flint WTP Upgrades	Adjusted 30 Year Total Cost	Rank (Least to Highest Cost)
1 Flint WTP Only	$590,441,893		Included				$590,441,893	3
2 DWSD 8 MGD Max Day at Imlay	$621,211,298		Note 1			$150,078,650	$771,289,948	5
3 KWA 10/31/12 Update	$649,775,166	-$115,159,170	$21,134,963				$555,750,960	1
4 DWSD 8 MGD Max Day at P&B	$657,167,877		Note 1			$150,078,650	$807,246,527	6
5 KWA-1	$707,279,715	-$115,159,170	$21,134,963		-$39,329,050		$573,926,459	2
6 DWSD 12 MGD Max Day at Imlay	$707,994,386		Note 1			$150,078,650	$858,073,036	8
7 DWSD 12 MGD Max Day at P&B	$742,168,081		Note 1			$150,078,650	$892,246,731	9
8 KWA - 2	$766,784,313	-$115,159,170	$21,134,963	-$16,858,766			$655,901,341	4
9 DWSD 18 MGD Max Day at P&B	$791,202,885		$21,134,963				$812,337,848	7

Representative Genesee County Water and Wastewater Projects

Project	Description	All Engineering Fees	Engineer's Estimate	Bid Price	Final Construction Cost	Engineering & Contingency %
Fox Pump Station	30 mgd wastewater pump station & forcemain	$1,829,259		$12,394,273	$12,074,223	
		15.2%				
NEES Project	60" Relief Sewer - included tunneled sections		$54,707,212	$55,985,672	$69,999,429	
					28.0%	
North Water Loop	23 miles 36" and 48" transmission main, pump station, & 20 MG Reservoir	$4,102,610	$29,200,000	$23,570,110	$25,798,529	2.4%
		15.9%			-11.6%	
Henderson Road PS	32 MGD Water Pump Station & Two-10 MG Tanks		$12,046,368	$12,846,077	$13,517,582	
					12.2%	
Pump Station #1	80 MGD wastewater pump station	$1,735,063	$10,269,000	$8,225,400	$8,292,277	-2.4%
		20.9%			-19.2%	

Notes:

Engineering Fees include all planning, soils investigation, design, construction inspection & testing, and construction management costs

Engineering Fees % is based on final construction cost

Engineering and Contengency % is based on engineering fees + amount final construction cost exceeds estimate

Final Construction Cost % is based on difference between final construction cost and engineer's estimate

NEES Project Contractor went out of business during project - increasing cost to finish project

Projects constructed within last ten years

EM SUBMISSION NO.: 2013EM041

PRESENTED: 3-28-13

ADOPTED: 3-29-13

BY THE EMERGENCY MANAGER:

RESOLUTION TO PURCHASE CAPACITY FROM KAREGNONDI WATER AUTHORITY

The Karegnondi Water Authority (KWA) is a governmental consortium of cities and counties in southeastern Michigan that was created to build a water pipeline that will provide water from Lake Huron to interested communities in Sanilac, Lapeer, and Genesee counties. The incorporating bodies that created the KWA are Sanilac County, Lapeer County, Genesee County, the City of Flint, and the City of Lapeer.

The City of Flint is currently in a year to year contract with the City of Detroit for the purchase of water. A study was conducted that projected that staying with Detroit will cost the region $2.1 billion over the next 25 years. In contrast, if the region builds its own pipeline, the projected costs are $1.9 billion over the same period. After the initial 25 year period, the projected costs would be less then 25% of the projected water costs from Detroit.

In order to build the pipeline, the KWA needs commitment from its members regarding the capacity that each member will purchase in the pipeline. The KWA is allowed to withdraw 85 million gallons of water per day. Capacity is available to members in increments of 1 million gallons per day known as units. For each unit of capacity that a member purchases, the buyer shall pay to the KWA a one time fee of $32,300.00. Additionally, the buyer shall pay to the KWA not less then $32,300.00 per unit per year until such time as water is made available to the buyer. After water is made available, the buyer shall pay to the KWA an estimated amount not to exceed $355.300.00 per unit per year until such time that the bonds are paid in full. If it is determined that the costs per unit will exceed $355,300.00 the buyer has a right to cancel the contract.

The purchase of capacity along with the payment of other costs necessary to operate the pipeline gives the member a right to water for sale to its customers. The buyer has a right to resell capacity and water rights. Each party entering into a capacity contract shall also be entitled to appoint additional board members equal to the party's percentage share of the total capacity under contract.

It is in the long term best interests of the City of Flint to enter into a contract with the KWA to purchase up to eighteen (18) units of capacity.

IT IS RESOLVED that City officials are authorized to enter into a contract with KWA to purchase up to eighteen (18) units of capacity.

IT IS FURTHER RESOLVED that the City Administrator is authorized to provide KWA information needed to administer the contract and, with approval of the Chief Legal Officer, to make minor (non-material) modifications to the contract.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

For **Gerald Ambrose, Finance Director**

EM DISPOSITION:

ENACT ✓ **FAIL** _____ **DATED** 3-29-13

Edward L. Kurtz, Emergency Manager

S:\P. Bade\EM2013\Resolutions\KWA.03.28.13.doc

Headen, Frederick (Treasury)

From: Dillon, Andy (Treasury)
Sent: Thursday, March 28, 2013 1:36 PM
To: Stibitz, Brom (Treasury); Wyant, Dan (DEQ); Saxton, Thomas (Treasury); Rustem, William (GOV); Muchmore, Dennis (GOV); Roberts, John (DTMB)
Subject: Fwd: DWSD & Flint
Attachments: [Untitled].pdf

FYI

Sent from my iPad

Begin forwarded message:

> **From:** "Fausone, Jim" <JFausone@fb-firm.com>
> **To:** "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>
> **Subject: DWSD & Flint**
>
> Andy - here is the information you requested. Let me know if you need more information. As we move into DWSD 2.0 without federal court supervision, I can hear the chanting "free at last…free at last" .Seriously this should make it easier to work things out with Flint and DWSD 2.0 if they want to work it out or get told to do it. Jim
>
> James G. Fausone
>
> [cid:image002.jpg@01CE2BAB.E4A45520]
>
> 41700 West Six Mile Road, Suite 101
> Northville, Michigan 48168-3460
> (248) 380-0000 tel. ext. 1818
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> jfausone@fb-firm.com<mailto:jfausone@fb-firm.com>
>
> www.fb-firm.com<http://www.fb-firm.com/>
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> Check out our Legal Help for Veterans practice group at www.legalhelpforveterans.com<http://www.legalhelpforveterans.com/> or www.youtube.com/legalhelpforveterans<http://www.youtube.com/legalhelpforveterans>

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FAUSONE BOHN, LLP

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
GENERAL ADMINISTRATION

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226
WWW.DETROITMI.GOV

March 28, 2013

Andy Dillon, State Treasurer
Michigan Department of Treasury
Lansing, Michigan 48922

Dear Treasurer Dillon,

We understand that you are tasked with evaluating the merit for the City of Flint to cede from participation in the DWSD water system. For the following reasons, we represent to you that Flint's continuance in the present system is not only what is best for the City of Flint and Genesee County, but for the entire DWSD customer base.

Background

Water is provided by DWSD to the City of Flint via a 72" water main that runs west from a booster pumping station at Imlay City. Water purchased by Flint is then sold to its customers in the City of Flint and to Genesee County. The City of Flint and Genesee County are evaluating the construction of a new raw water supply system as members of the Karegondi Water Authority (KWA). The decision point is whether the City of Flint is best served by KWA or DWSD. Genesee County is not bound by Flint's decision. For this discussion, however, the emphasis is on Flint which encompasses its customer Genesee County.

The items presented below are based on a brief staff analysis of water quality, system capacity, capital, and financial considerations of the loss of Flint as a DWSD customer.

Water Quality

If the 72" water main is idled, there will be water quality issues for remaining customers on that line.

- ✓ The 72" main to feed Lapeer, Mayfield and Imlay City will need to be modified based on their comparatively low consumption at 12% of the flow. That pipeline will be too large to support the reduced demand which presents water quality issues.
- ✓ System users along the water transmission line in Lapeer, Mayfield, and Imlay City may experience water quality problems due to reduced disinfection levels associated with stagnant water. Solutions include abandoning the 72" main and replacing it with a smaller diameter pipe or adding facilities to re-chlorinate and disinfect the water a second time. The latter option is problematic because re-chlorination results in higher levels of disinfection byproducts.
- ✓ The Lake Huron Plant ("Plant") will require modifications to address water quality issues for Lapeer, Mayfield, and Imlay City. That cost is unknown.
- ✓ The Imlay Booster Station ("Station") will also need modification to feed Lapeer, Mayfield, and Imlay City. An estimated cost is $1 million.

- ✓ The true water quality impact would need to be confirmed through a study or the master planning effort. These concerns and alternatives are based on a brief analysis.

Excess Capacity of a Public Utility

- ✓ If DWSD is not supplying Flint with water, then there will be three high capacity pumps at the Station which will be significantly underutilized.
- ✓ DWSD currently has treatment capacity of 1.7 BGD, which is easily expandable to close to 2.0 BGD with infrastructure already in place at the Plant. Meanwhile current max day use of the DWSD System is only about 1 BGD.
- ✓ Although more than one DWSD facility is able to provide water to Flint, the reduction in use as represented at the nearest water treatment plant would result in excess capacity of up to 70% at the Plant.
- ✓ The water line servicing Flint is approximately 25 miles long (extending from Imlay City to Flint). That line would have no use if Flint joins KWA.

Impairment of Ratepayer Funded Assets

- ✓ Twenty-five miles of water line would likely be abandoned.
- ✓ Three pumps at the Station would also be idled.
- ✓ The net book value of the water line is at least $5M.
- ✓ In addition, improvements were completed at the Station in 2012 which serves Flint and other customers. The construction cost was $44 million.
- ✓ DWSD has in good faith preserved the terms and conditions of the 1965 service agreement with Flint which expired in 2000. Beginning in the 2000s DWSD and its wholesale water customers collaborated on a new model contract. Since that time, DWSD and 73 of its wholesale water customers have entered into new model contracts. The model contract provides for DWSD to recoup the costs of customer specific constructed facilities in the event that the contract is terminated.

Financial Implications to Other DWSD Ratepayers

The estimated immediate impact of the loss of Flint is an increase in rates to address a net revenue shortfall of approximately $22 million, or 6 percent of total DWSD water revenue. The long-term impact would require further analysis to evaluate the capital investment and increases in cost to address the operational concerns noted earlier. The immediate impact estimate is based on the FY 2013-14 DWSD financial plan as explained below.

- ✓ Flint volume (including Genesee County) represents approximately 7.4% of the suburban wholesale water sales, and 5.9% of the total water sales (including Detroit retail accounts) based on approximately 1.2 million Mcf of water sales.
- ✓ The allocated revenue requirement totals $24.23 million, which is approximately 8.3% of the suburban wholesale revenue requirement, and 6.6% of the total revenue requirement (including Detroit retail).

- ✓ At most, variable cost savings of not providing service to Flint is 7 to 10 percent, or roughly $2 million.
- ✓ The City of Flint's and Genesee County's revenue split is approximately equal. Loss of Genesee customers to KWA while maintaining the City of Flint as a customer would reduce the rate and dollar amounts above by half.
- ✓ DWSD ratepayers will incur the cost of operational changes at the Plant and the Station to address the water quality issues noted above, although charges to Flint during the KWA construction period would be evaluated.
- ✓ These amounts exclude the new capital investment for transmission piping for customers in the areas served by the Station and potentially at the Plant. Additional costs would be incurred to resize the water main to assure compliance with water quality standards.

Financial Risk

The ability to manage the financial risk for the City of Flint is especially precarious given its financial condition. As recently as yesterday, the frailty of the City's fiscal capacity is described by the present emergency financial manager in the Bloomberg News. The bottom line is that KWA's optimistic project with a cost of $272M ($82M attributable to Flint KWA's proposal) poses an undue financial risk to the public given that a system with reliable, excess capacity is readily available through DWSD. That risk is even greater based on the Tucker, Young, Jackson, Tull report that the KWA costs are underestimated by $100 million.

DWSD is undergoing monumental efforts to confront long-term operational and capital costs. The recent water rate adjustment was the lowest in decades, staff at all levels is actively involved in an organizational optimization process facilitated by EMA, there is an increased emphasis in long-term financial planning, and the transparency of these efforts is evident through more than a dozen customer-centric committees. Proactively addressing our borrowing costs and financial outlook is paramount to our mission. We understand the challenges that confront a public utility.

The bottom line is that Flint's financial flexibility will be impaired for generations by abandoning the DWSD system to participate in KWA. Duplicating the available capacity will expose them to a very large fixed cost obligation. As water utilities continue to experience reduced demand, the fixed costs component for capital, operating, and debt decrease the cost sharing base. For this reason, DWSD provides its customers the ability to adjust demand to control their costs.

Going Forward

DWSD is committed to the viability of Flint's water needs. Going forward there may be ways that DWSD can provide technical assistance and collaboration to the City of Flint. This includes methodologies to address its high water loss ratio, shut-off program, and capital planning needs. DWSD has fostered a strong customer community through its outreach program. We encourage Flint to become engaged with these resources. Finally, DWSD has demonstrated an earnest interest by offering service options specifically tailored for Flint's needs through a flexible contract approach. We look forward to reaching a long-term, viable solution to provide Flint a safe, reliable, cost-effective water system.

Sincerely,

Nicolette N. Bateson

Nicolette N. Bateson, CPA
Chief Financial Officer
Detroit Water & Sewerage Department

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Friday, March 29, 2013 9:43 AM
To: Muchmore, Dennis (GOV)
Subject: Re: KWA

Follow Up Flag: Follow up
Flag Status: Flagged

Do want to discuss before noon?

Sent from my iPad

On Mar 29, 2013, at 9:39 AM, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov> wrote:

> Wow, what happened? I thought we were going the other way.
>
> On Mar 28, 2013, at 6:17 PM, "Dillon, Andy (Treasury)" <DillonA2@michigan.gov> wrote:
>
>> Governor, based upon today's presentations to the DEQ by the City of Flint, KWA and the engineering firm (Tucker Young) Treasury hired to vet the options as to whether Flint should stay with DWSD or join KWA, I am recommending we support the City of Flint's decision to join KWA. The City's EM, Mayor and City Council all support this decision. Dan Wyant likewise concurs and will confirm via email.
>>
>> We have a briefing call tomorrow morning with Dennis and John to provide more background as to why we reached this conclusion. Flint's EM wants to sign the resolution asap as the project is moving forward with or without them and their participation affects the design and the construction season is upon them.
>>
>> I assume DWSD will make a last ditch effort to save the customer but I will not advise them of my recommendation until we brief Dennis and John.
>>
>> Regards,
>>
>> Andy
>>
>>
>> Sent from my iPad

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Friday, March 29, 2013 1:14 PM
To: Stibitz, Brom (Treasury); Dillon, Andy (Treasury)
Cc: Hichez, Amy (Treasury)
Subject: FW: Flint Water System Update

fyi

From: Buhs, Caleb (GOV)
Sent: Friday, March 29, 2013 1:12 PM
To: Wurfel, Brad (DEQ); Stanton, Terry A. (Treasury)
Cc: Wurfel, Sara (GOV); Silfven, Ken (GOV); Weiss, Kurt (GOV)
Subject: Flint Water System Update

After speaking with Andy, Dan, Dennis and John, we have a plan for the next steps in Flint's request to participate in the KWA with Genesee County. Here is what we can confirm publicly, although unless it's a permitting question, we should have Treasury (Terry or I) answer any inquiries.

Ed Kurtz will submit a resolution to join the Karegnondi Water Authority (KWA) to the Treasurer, likely today. Once I receive word that we have officially received, we can confirm that we have it and the Treasurer will thoroughly review the resolution and perform due diligence before making a decision. Under PA 436, the State Treasurer must approve contracts over $50,000 that were not competitively bid.

No date has been set for the Treasurer to complete his review, but, he is fully aware of the tight timelines necessary to get approvals for the upcoming construction season, and will conduct his review accordingly.

That is all we can confirm publicly through next week. Just so you are aware, **and not for public consumption**, a call was placed to DWSD to let them know that Ed Kurtz was submitting his request and that if they have a final best offer that they should submit it very soon. This may prompt them to go to the media, or not, but be prepared if you get a call from that angle.

We need to develop some talking points for the following week, when Andy makes his determination. I will try to put together a draft by the end of the day and send it around for review. If anyone has anything they would like me to add, feel free to send it my way.

Let me know if you have any questions.

-Caleb

Koryzno, Edward (Treasury)

From: Stibitz, Brom (Treasury)
Sent: Friday, March 29, 2013 3:21 PM
To: Fraser, Roger (Treasury); Koryzno, Edward (Treasury)
Subject: FW: Ed Kurtz Letter
Attachments: Ed Kurtz ltr.pdf

FYI

From: Rodriguez, Faith (Treasury)
Sent: Friday, March 29, 2013 3:15 PM
To: Stibitz, Brom (Treasury); Dillon, Andy (Treasury)
Cc: Cousineau, Sara (Treasury); Hichez, Amy (Treasury)
Subject: Ed Kurtz Letter

This was dropped off this afternoon.

Thanks,

Faith Rodriguez

General Office Assistant

Executive Office - Department of Treasury

(517) [redacted] - direct

(517) 373-3223 - main

Edward J. Kurtz
Emergency Financial Manager

Dayne Walling
Mayor

March 29, 2013

RECEIVED
MAR 29 2013
OFFICE OF THE STATE TREASURER

Andy Dillon, Treasurer
Michigan Department of Treasury
Lansing, MI 48922

Dear Treasurer Dillon:

As per Section 12 (3) "Except as otherwise provided in this subsection, any contract involving a cumulative value of $50,000.00 or more is subject to competitive bidding by an emergency manager. However, if a potential contract involves a cumulative value of $50,000.00 or more, the emergency manager may submit the potential contract to the state treasurer for review and the state treasurer may authorize that the potential contract is not subject to competitive bidding".

KWA needs commitment from its members regarding the capacity that each member will purchase in the pipeline. Capacity is available to members in increments of 1 million gallons per day know as units. For each unit of a capacity that a member purchases, the buyer shall pay to the KWA a one time fee of $32,300.00. Additionally, the buyer shall pay to the KWA not less then $32,300 per unit per year until such time as water is made available to the buyer. After water is made available, the buyer shall pay to the KWA an estimated amount not to exceed $335,300.00 per unit per year until such time as the bonds are paid in full. If it is determined that the costs per unit will exceed $355,300.00 the buyer has a right to cancel the contract".

Therefore, the Emergency Manager (EM) is asking Treasury to authorize the EM to adopt a resolution to and enter into a contract with KWA for up to 18 MDGS based on the above terms.

If you need additional information, please contact me.

Sincerely,

Edward J. Kurtz
Emergency Manager

City Hall
1101 S Saginaw Street - Flint, Michigan 48502
810-766-7346 FAX 810-766-7218 www.cityofflint.com

Stanton, Terry A. (Treasury)

From: Buhs, Caleb (GOV)
Sent: Friday, March 29, 2013 5:05 PM
To: Wurfel, Sara (GOV); Wurfel, Brad (DEQ); Stanton, Terry A. (Treasury); Stibitz, Brom (Treasury)
Cc: Weiss, Kurt (GOV); Silfven, Ken (GOV)
Subject: Flint Water TPs

Here is the start of some topline messages for Flint ... I don't think that we need to get too deep into the specifics on the deal, we can leave that to Ed and others to discuss. Please let me know of any suggestions and additions that you have. I plan to also put together some background information that we can have on hand when discussing the topic. As I mentioned before, it likely won't be until the week of Apr 8th that we discuss this publicly.

- This is a decision made by the City of Flint and is a local decision that affects their local water supply.
- Flint Emergency Manager Ed Kurtz has heavily involved the city's elected officials throughout the decision-making process and all agree that this is best for the citizens and businesses in Flint.
- This will save Flint at least $100 million over the next 25 years, and possibly as much as $300 million.
- The Departments of Treasury and Environmental Quality have approved the financial and environmental soundness of KWA's plan.
- Flint accounts for only 2% of DWSD's capacity.

Thanks,
Caleb

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Friday, March 29, 2013 6:45 PM
To: Muchmore, Dennis (GOV)
Cc: Stibitz, Brom (Treasury); Wyant, Dan (DEQ)
Subject: Re: Flint

Follow Up Flag: Follow up
Flag Status: Flagged

We grilled them on that quite a bit. There is a maximum guaranteed price on key construction items and the path allegedly presents limited risk- rural, thru areas w no gas or water lines, existing easements etc. I was the skeptic but view of my staff and deq was universal in favor of kwa. I was won over as well. I can't make a legitimate case that financially this is worse for Flint unless today's threat from Shank (DWSD will bill Flint for past capex) is real. We are sorting thru that.

I see lots of political downside as well. Community is invested in this.

Sent from my iPhone

On Mar 29, 2013, at 3:10 PM, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov> wrote:

> How does Kurtz propose to protect them from cost overruns? Did they get a low ball price and how do we keep it from ballooning? Finally, what does that do to the sale value of DWSD?
>
> Sent from my iPhone

7/2/13

DETROIT

- Ed Plawecki coordinating work assignments w/ Conway MacKenzie, Chief Craig, Kevyn Orr, will be off PIE contract at the end of July

FLINT

- Federal Judge denied City's appeal for a stay, is treating the group as a "class" and City will have to restore benefits and cease co-pays. Impact on FY 13=$1.75M, FY14=$5M; Flint intends to file an emergency appeal
- Emergency Manager has requested to sell a water pipeline to Genesee County for $2.05 million.

HAMTRAMCK

- Cathy Square is EM effective 6/26/13

HIGHLAND PARK

- Tom to meet with Mayor

INKSTER

- No decision has been made as of last night. The City has selected three candidates for background checks. The City Council is in the process of scheduling a special meeting on Friday to discuss further

LINCOLN PARK

- OFR staff preparing cash flow and debt matrix
- In a telephone conversation yesterday with the City Manager, he indicated that the City ended 2012-13 in a General Fund deficit of approximately $3,000,000

WAYNE COUINTY

- OFR staff preparing cash flow and debt matrix

ALLEN PARK

- Joyce Parker has sent a copy of the tentative agreement between the City and Firefighters Local 1410. She has indicated that the agreement will assist the City financially and shows City residents that there is a cooperative spirit to resolve these issues; she requests approval by Treasury

BENTON HARBOR

- Unable to determine if Cash flow projection is sufficient while making MERS payments until August when MERS payment info is available
- Tony Saunders plans to pay MERS 80% of the annual payment this year. If he made the full payment, he estimated that he would only have approximately $100,000 in General Fund balance at the end of 2013-2014. At 80% payment, he expects approximately $400,000 at the end of 2013-2014

ECORSE

- Next TAB meeting is July 23rd

PONTIAC

- Emergency Loan Board agenda items: Retiree Healthcare funding and Sale of Golf Course
- Sale price Lot 9 v. Golf course

RIVER ROUGE

- Jay Wortley of ORTA has estimated that the PPT loss in 2014 would be $50,900, in 2016 would be $313,506, and in 2023 would be $429,000 (could be worse in later years)

SAGINAW

- Attorney Gibbs filed a class-action lawsuit against the City on retiree health care reductions ($10,000 per day)

EM Exit Update

- Table containing Status of each unit and schools emailed.

Schafer, Suzanne K. (Treasury)

From: Schafer, Suzanne K. (Treasury)
Sent: Monday, July 08, 2013 4:43 PM
To: Byrne, Randall (Treasury)
Subject: Information for Weekly Local Government Meeting 7-2-13
Attachments: Information for Weekly Local Government Meeting 7-2-13.docx

Randy,

Just a few small changes.

Suzanne

Local Government Update
July 9, 2013

DETROIT

- Ed Plawecki has completed the 256 hours in his PIE contract.

FLINT

- Federal Judge denied City's appeal for a stay, is treating the group as a "class" and City will have to restore benefits and cease co-pays. Impact on FY 13=$1.75M, FY14=$5M; Flint intends to file an emergency appeal.
- Emergency Manager has requested to sell a water pipeline to Genesee County for $2.05 million. Mike Brown has confirmed that there is no debt on this waterline.

HAMTRAMCK

- Cathy Square is EM effective June 26th; started July 1st.

HIGHLAND PARK

- Scheduled a meeting with Tom and Mayor Windom.

INKSTER

- Richard Marsh was selected by the City Council by a vote of 4 to 2 on July 5th to be Inkster's next City Manager.
- The City Treasurer has requested approval of a 90 day extension of the IAFF Agreement previously approved by Treasury.

LINCOLN PARK

- OFR staff preparing cash flow and debt matrix; to be completed.
- ~~In a telephone conversation yesterday with t~~The City Manager~~, he~~has indicated that the City ended 2012-13 in a General Fund deficit of approximately $3,000,000.

WAYNE COUNTY

- ~~OFR~~ LAFD staff preparing cash flow and debt matrix; to be completed.
- They have requested their third draw of the TAN for $20 million, leaving a balance of $30 million of the original $90 million.

ALLEN PARK

- Joyce Parker provided a copy of the tentative agreement between the City and Firefighters Local 1410. She has indicated that the agreement will assist the City financially and is requesting approval of the agreement. The agreement has been reviewed and provides greater savings than the original Plan B ($ 994,047 vs. $ 839,027).
- Discussion of an Emergency Loan.

BENTON HARBOR

- Unable to determine if cash flow projection is sufficient while making MERS payments until August when MERS payment information is available.

- Tony Saunders plans to pay MERS 80% of the annual payment this year. If he made the full payment, he estimated that he would only have approximately $100,000 in General Fund balance at the end of 2013-2014. At 80% payment, he expects approximately $400,000 at the end of 2013-2014.

ECORSE

- Next TAB meeting is July 23rd.
- PPT information to be furnished to ORTA shortly (see River Rouge).
- The City is requesting approval of the Budget Amendments for the year end fiscal 2012-2013. These amendments were reviewed and provide a balanced budget for General Fund, Drug Enforcement Fund, and Community Development Fund. They do not violate the DEP.

PONTIAC

- Emergency Loan Board agenda items: Retiree Healthcare funding.
- Sale of Golf Course – The EM, Lou Schimmel stated that an appraisal of the golf course has begun.
- Emergency Manager's potential exit is July 31st.

RIVER ROUGE

- Jay Wortley of ORTA has estimated that the PPT loss in 2014 would be $50,900, in 2016 would be $313,506, and in 2023 would be $429,000 (could be worse in later years).

SAGINAW

- A class-action lawsuit against the City regarding retiree health care reductions was filed on June 28th.

EM Exit Update

- Draft Emergency Manager Proposed Exit Schedule (attached).

City of Flint Phone Call
July 10, 2013

Attendees: Randall Byrne, Mike Brown, Jerry Ambrose

Another path rather than bankruptcy – bankruptcy is expensive and doesn't seem to be a path

Wants to operationally be solvent

Auditors/reviews are needed

MMSA – will meet with them tomorrow

Emergency Appeal on Health Care – no response yet

Could go to Supreme Court

$4 million range

Gibbs suit against the City of Flint – MERS

Mayor and council are getting involved with 2015 budget

Detroit Water – null/void next year
- Flint believes they would negotiate a fair price

Public Safety
- Lockup – a positive impact
- Beginning to feel the positive impact
- State Police assistance
- County-wide Detective Bureau idea is being discussed.

110 prisoners (includes a holding area of 50-60 people

911 (800 mhz)
- Small tower
- Big tower – 1.9 million state grant
- 23 dispatchers

Consolidation of District Court

Need a conversation with Kevin Orr on the water line issue

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
MICHAEL K. BROWN

July 12, 2013

Andy Dillon, State Treasurer and Chair
Michigan Department of Treasury
Bureau of Local Government Services
41h Floor Treasury Building
430 West Allegan Street
Lansing, MI 48922

Dear Mr. Dillon:

I am attaching for your consideration the quarterly report of the Emergency Manager of the City of Flint as required by Public Act 436 of 2013. It specifies in Section 9 (5) that "the emergency manager shall submit quarterly reports to the state treasurer with respect to the financial condition of the local government in receivership, with a copy to ... each state senator and state representative who represents that local government."

This quarterly report covers the period from April 1, 2013 through June 30, 2013 and addresses the financial condition of the City of Flint.

Respectfully submitted,

Michael K. Brown

Michael K. Brown
Emergency Manager

Attachments

Cc: Senator James Ananich
State Representative Woodrow Stanley
Ed Koryzno, Administrator, Office of Fiscal Responsibility

QUARTERLY REPORT TO THE STATE TREASURER REGARDING THE FINANCIAL CONDITION OF THE CITY OF FLINT

July 15, 2013

This quarterly report covers the period from April 1, 2013 through June 30, 2013 and addresses the financial condition of the City of Flint.

Public Act 436 of 2013 specifies in Section 9 (5) that "the emergency manager shall submit quarterly reports to the state treasurer with respect to the financial condition of the local government in receivership, with a copy to ... each state senator and state representative who represents that local government."

Status of the Financial Condition of Flint April 1, 2013 through June 30, 2013

The financial condition of the City of Flint has begun to improve, with revenues and expenses generally tracking with budget projections. While the FY12 results showed an increase in the accumulated deficit, that increase was anticipated, due to a decision early on to focus efforts on developing and implementing a budget for FY13 that would maintain essential services while moving the City toward long term financial solvency.

These efforts are proving successful. To-date, the FY13 budget was balanced without increasing the deficit; and revenues and expenses have been generally in line with expectations. The budget for FY14 has been adopted, with anticipated revenues and expenses balanced. In both FY13 and FY14, difficult decisions have been made with regards to staffing, fringe benefits, organizational structure, levels of service, and increases in fees and taxes.

Development of the FY14 budget was done in the context of developing budgetary projections through FY18, and recognizing the need to eliminate the City's accumulated deficit. With a desire to develop and maintain a multi-year perspective on city resources and operations, the development of the FY15 budget is now beginning. While FY15 will be extremely challenging due to continued property value declines and the anticipated loss of some major grants, the budget for FY15 will be realistically balanced.

Finally, as a result of analyzing projected revenues and expenses for the next five years, it has become clear that the City will continue to face a structural deficit in the area of $3 million to $5 million annually. More than anything, the City's stagnant revenue streams (no growth projected over the next 5 years) and its high amount of legacy costs ($37 million for FY14) have created this situation.

This structural deficit essentially precludes the City from stabilizing service levels even at minimal levels, and prevents it from addressing significant unmet capital needs (currently estimated at more than $300 million). Without structural change, this situation is not sustainable and the City will not achieve even a minimal level of financial solvency in the long term.

While bankruptcy has been mentioned as a possible solution to this, investigation of the alternative shows it to be expensive, slow, and with outcomes that are far from certain. However, investigation of an alternative which focuses on improving the City's revenue stream while continuing to reduce legacy costs shows promise. For example, an increase in the local income tax rate to the levels afforded other urban centers, coupled with significant additional changes in health care and pensions for active employees and retirees appears to have the potential to overcome the $3-$5 million structural deficit while providing a similar amount for stabilizing services and beginning to address capital needs.

FY12 Audit

The Comprehensive Annual Financial Report (CAFR) for FY12 was completed and was filed with the state in a timely manner. The results were as expected, with fewer auditor comments than in past years. Deficits exist in the General Fund ($19.1 million) and in the Water Fund ($8.8 million).

In the FY 13 budget document, prepared in April 2012, the accumulated deficit for the FY12 General Fund was projected to be $18.1 million. However, this projection did not include the $1.54 million write down for the value of Genesee Towers. Adding the write down to the projected deficit of $18.1 million would have resulted in a total of $19.7 million.

In the FY12 CAFR, the amended budget projected a deficit of $16.3 million. However, this projection did not include the $1.54 million write down for Genesee Towers. It also included $739,406 in federal grant revenues and $602,192 in local revenues which did not materialize. Taking these items into consideration, the deficit projection would have been $19.2 million.

The $19.1 million accumulated deficit reflected an excess of expenditures in the General Fund for FY12 of $11.1 million. This was anticipated by the Emergency Manager shortly after being appointed, which was almost six months into the FY12 year. Given that FY12 was nearly half over, and that significant unplanned reductions in services, primarily public safety, would need to occur if the projected deficit were to be immediately eliminated, the decision of the Emergency Manager, in consultation with Treasury, was to contain costs as much as possible but without significantly reducing services – especially public safety - for the balance of the year. Instead, focus was concentrated on developing a budget for FY13 which would move towards restoring Flint to long term financial solvency. It was projected that as a result of this decision, the deficit for FY12

could have been as much as $12 million, resulting in an accumulated deficit of $20 million.

The deficits identified in the City's Comprehensive Annual Financial Report for FY12, the year ended June 30, 2012, are follows:

General Fund -	$ 19,184,850
Water Supply Division -	$ 8,758,091
Economic Development Corporation	$ 119,439

Status of FY13 Budget – Preliminary Year End Projection

As of June 1, 2013, revenues and expenses are generally on target. The budget was amended in December to reflect some adjustments to revenues and expenses, including the proceeds of the voter approved millage for police and fire protection, projected revenues and expenses for the operation of the City lock-up; and the extension of a public safety grant from the Mott Foundation which provided continued funding for 11 law enforcement officers. Additional Budget amendments were adopted based on an unplanned special election, the proceeds from two auctions, utility refunds and other minor issues. Income tax revenues appear to be slightly less than projections, and over expenditures in Fire Department overtime have been addressed.

Absent any catastrophic event, such as an adverse decision on modifications of retiree health care, FY13 is projected to end with revenues slightly exceeding expenses.

Cash Flow as of June 30, 2013

Cash flow has improved with the receipt of revenues from the public safety millage, street light assessment, and waste collection fees. Pooled cash on hand is now in excess of $25 million, compared to $13 million as of December, 2011. However, the General Fund still relies heavily on borrowed cash as a result of its $19 million accumulated deficit. This cannot be resolved without borrowing, as stated in the Draft Deficit Elimination Plan submitted to Treasury in January 2013. As of this date, Treasury has not approved the Deficit Elimination Plan.

2011 Deficit Elimination Plan

In April 2012 the Emergency Manager filed a 2011 Deficit Elimination Plan focused on the accumulated deficit as of June 30, 2011. That plan indicated the City's intent to request authorization to borrow approximately $9 million in Fiscal Stabilization Bonds in order to address the accumulated General Fund deficit once a credible FY13 budget was in place. The 2011 Deficit Elimination Plan was approved by the State. On May 24, 2012 the City filed an application for borrowing with the State Administrative Board, and the Department of Treasury has issued a memorandum stating that the request satisfies the necessary statutory requirements. However, Treasury did not authorize the borrowing as proposed and approved in the 2011 Deficit Elimination Plan.

While this borrowing request addressed the accumulated FY11 deficit, there was an additional deficit at the end of FY12 of approximately $10 million. It is estimated at this time that an additional $10 million will need to be financed in order to address the FY12 deficit. However, the FY13 budget as adopted should create no additional General Fund deficit. There will be ongoing deficits in the water and sewer funds, but only as related to unfunded OPEB liabilities.

2012 Deficit Elimination Plan

FY12 ended with an accumulated $19.1 million deficit in the General Fund. The City has shared with Treasury a draft plan to eliminate the deficit over the next five years. The draft plan proposes a mixture of borrowing ($12 million) and dedicating future revenues ($7 million) over the next five years (FY14 to FY18).

The deficit of $8.8 million in the Water Fund is less than the unfunded OPEB liability. Since the City is not in the position to address OPEB liabilities throughout the City, there is little reason to increase water rates to eliminate this deficit. Additionally, the City's approach to containing its OPEB liabilities has been to restructure its active and retiree health care benefits, and to eliminate the promise of retiree health care for new employees. The changes have had a significant impact on the City's OPEB liabilities, reducing the total unfunded liability from nearly $900 million to less than $400 million, and reducing the Annual Required Contribution (ARC) from $60 million to $22 million. To the extent these efforts are successful; the deficit in the Water Fund will be lessened

Attachments:

Attachment A Cash Flow Projection

Attachment B 06/30/2013 - Revenue and Expenditure Report

Attachment C Compliance Monitoring Report

Attachment A

Cash Flow Projection

CASH FLOW 2012 - 2013

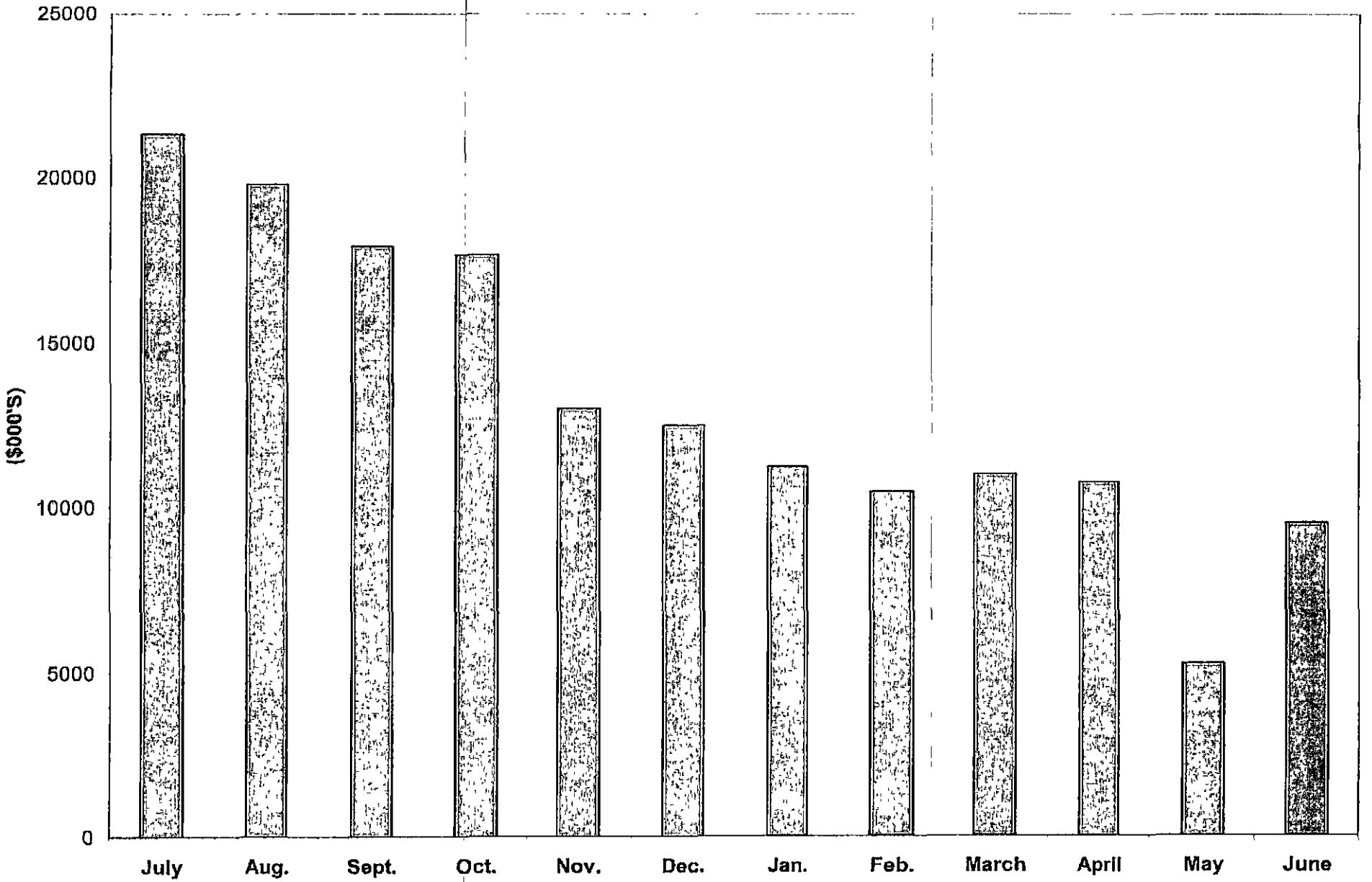
$000's	July	August	Sept.	Oct.	Nov.	Dec.	Jan	Feb.	March	April	May	June	Total
CASH OUTFLOW:													
Payroll	2,153	3,479	1,241	3,434	2,322	2,221	2,304	2,277	2,220	3,455	2,158	2,179	29,443
Pensions	5	10	3,285	5	5	5	10	5,054	10	10	1,266	5	9,670
Disbursements	5,567	23,286	6,910	6,620	9,380	9,090	6,867	8,512	12,019	5,677	6,157	6,235	106,320
Bond and/or Loan Repayments	1,275	112	1,750	916	0	0	668	177	1,568	1,672	0	1,744	9,882
Health Care Payments	2,045	2,583	2,075	75	1,268	1,148	1,644	1,363	2,623	1,328	1,614	1,315	19,081
Income Tax Refunds	239	208	125	191	115	103	200	28	186	266	52	340	2,053
Misc.-Lawsuits		2	501	2	1		2	0	14				522
Total Cash Outflow	11,284	29,680	15,887	11,243	13,091	12,567	11,695	17,411	18,640	12,408	11,247	11,818	176,971
CASH INFLOW:													
Water & Sewer-Lockbox	1,550	1,825	2,135	2,282	1,384	2,510	1,750	1,225	1,200	1,840	1,490	1,240	20,431
Property Taxes-Lockbox	7,600	3,150	0	1,640	780	580	1,740	2,755	340	0	0	0	18,585
Income Taxes-Lockbox	400	400	375	450	350	350	440	800	400	860	790	625	6,240
Parks & Rec.													0
Cash Register Receipts *	10,700	25,380	7,818	6,673	10,107	3,223	10,267	7,835	10,661	7,312	6,581	6,741	113,298
Parking Meter													0
DCD Reimb.-Urban Renewal	830	156	945	780	145	398		655	387	630	238	430	5,594
Other Misc. (including Rev. Sharing	650	0	2,176	2,358	700	2,900	643	649	647	2,850	865	0	14,438
Other-Grants/Delq Co Rtn **		0	0	0	0	0	0	950	0	0	0	5,154	6,104
Total Cash Inflow	21,730	30,911	13,449	14,183	13,466	9,961	14,840	14,869	13,635	13,492	9,964	14,190	184,690
Net Cash Flow (Inflows less Outflows)	10,446	1,231	(2,438)	2,940	375	(2,606)	3,145	(2,542)	(5,005)	1,084	(1,283)	2,372	7,719
Prior Month's Ending Balance	10,887	21,223	24,186	21,338	24,912	26,425	26,937	30,391	32,608	31,406	34,618	33,808	
Unrecorded Revenue	(110)	1,732	(410)	634	1,138	3,118	309	4,759	3,803	2,128	473	4,417	
End of Month Balance-Pooled Cash/Investments	21,223	24,186	21,338	24,912	26,425	26,937	30,391	32,608	31,406	34,618	33,808	40,597	
	July	August	Sept.	Oct.	Nov.	Dec.	Jan	Feb.	March	April	May	June	
Cash increase/(decrease) 7/1/12 - 6/30/13													29,710

* Includes Tax Hold (+,-)

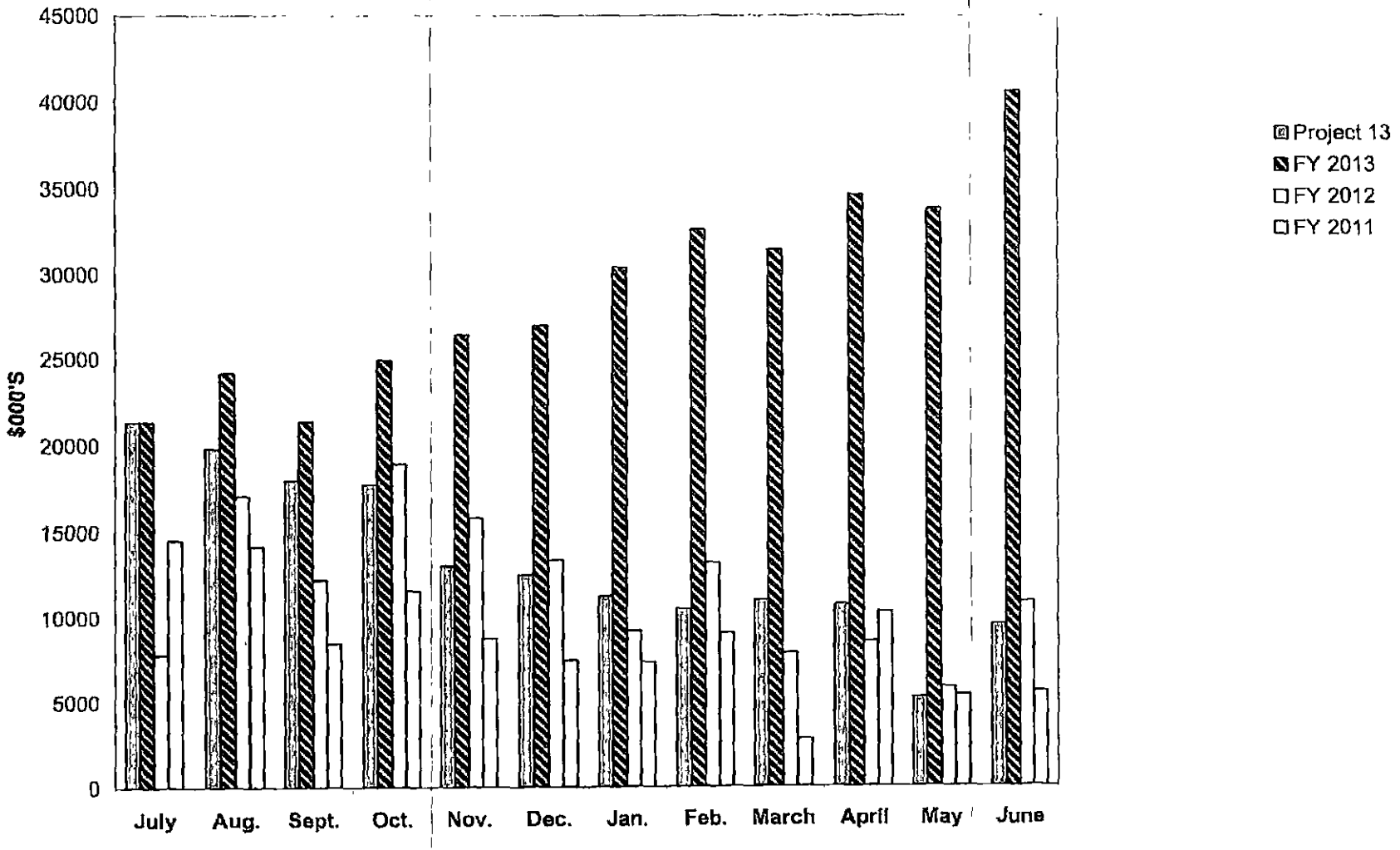
** Grant Collections included in Cash Receipts and DCD Reimb

Actuals thru June

POOLED CASH BALANCE
END OF THE MONTH



POOLED CASH BALANCE



	Pooled Cash Balance Project 13	FY 2013	FY 2012	FY 2011
July	21333	21333	7811	14529
Aug.	19810	24186	17060	14186
Sept.	17965	21338	12244	8483
Oct.	17700	24912	18903	11577
Nov.	13017	26425	15804	8720
Dec.	12498	26937	13368	7429
Jan.	11242	30391	9202	7339
Feb.	10480	32608	13191	9056
March	11004	31406	7880	2789
April	10765	34618	8551	10301
May	5270	33808	5842	5389
June	9523	40597	10887	5554

Attachment B

06/30/2013 - Revenue and Expenditure Report

07/08/2013

REVENUE & EXPENDITURE REPORT FOR CITY OF FLINT
Month Ended 06/30/2013

* NOTE. Available Balance / Pct Budget Used does not reflect amounts encumbered.

ACCOUNT DESCRIPTION	2012-13 AMENDED BUDGET	YEAR-TO-DATE THRU 06/30/13	ACTIVITY FOR MONTH ENDED 06/30/2013	AVAILABLE BALANCE	% OF BUDGET USED
Fund 101 - General Fund					
Revenues					
Property Taxes	5,720,000.00	5,415,148.56	0.00	304,851.44	94.67
Income taxes	15,300,000.00	13,323,469.95	680,069.44	1,976,530.05	87 08
Special assessment taxes	5,000.00	10,993.03	0.00	(5,993.03)	219.86
Federal revenues	3,346,018.83	1,243,724.49	361,245.23	2,102,294.34	37.17
State revenues	14,842,391.82	12,898,590.02	2,318,035.56	1,943,801.80	86.90
License and Permits	1,287,931.22	937,618 64	26,806.60	350,312.58	72.80
Fines and forfeitures	1,524,618.00	2,325,173.55	551,279.93	(800,555 55)	152.51
Charges for service rendered	11,958,695.00	11,900,949.82	959,899.45	57,745.18	99.52
Local grants	0.00	8,240.76	0.00	(8,240.76)	100 00
Interest and dividend income	134,400.00	270,026.21	139,130.15	(135,626 21)	200.91
Judgement Levy	3,503.91	0.00	0.00	3,503.91	0.00
Other revenues	2,625,631.87	3,915,548.74	305,300.85	(1,289,916 87)	149.13
Proceeds from sale of capital assets	2,500.00	100.00	0.00	2,400.00	4.00
Transfers in	4,077,997.86	4,077,997.86	0 00	0 00	100 00
Drawings from fund balance	(419,642.17)	0.00	0.00	(419,642.17)	0.00
Total Revenues	60,409,046.34	56,327,581.63	5,341,767.21	4,081,464.71	93.24
Expenditures					
Legislative	352,898.88	341,932 96	15,831 23	10,965.92	96.89
Judicial	5,358,478.66	5,171,012.10	428,356.22	187,466.56	96.50
General government	9,279,824.02	8,184,153.01	756,747.69	1,095,671 01	88.19
Police	25,657,682.17	23,772,563.04	1,824,915.00	1,885,119.13	92.65
Emergency dispatch	3,314,413.00	3,350,877.47	257,038.80	(36,464 47)	101.10
Fire	11,360,843.23	10,612,359.84	809,129.52	748,483.39	93.41
Building Inspections	1,085,638.78	1,079,184.46	91,083.58	6,454.32	99.41

Transportation	0.00	432.71	94.11	(432.71)	100.00
Parks and recreation	1,840,367.12	1,596,082.10	103,179.16	244,285.02	86.73
Community development	2,058,900.48	2,059,656.78	159,065.25	(756.30)	100.04
Transfers out	140,000.00	100,000.00	0.00	40,000.00	71.43
Total Expenditures	60,449,046.34	56,268,254.47	4,445,440.56	4,180,791.87	93.08
NET OF REVENUES AND EXPENDITURES	(40,000.00)	59,327.16	896,326.65	(99,327.16)	
Fund 202 - Major Street Fund					
Revenues					
Federal revenues	100,000.00	0.00	0.00	100,000.00	0.00
State revenues	6,399,412.10	5,605,825.69	585,629.08	793,586.41	87.60
Charges for service rendered	125,000.00	101,766.04	66,647.52	23,233.96	81.41
Interest and dividend income	200.00	0.00	0.00	200.00	0.00
Other revenues	345,554.19	369,635.07	19,583.00	(24,080.88)	106.97
Drawings from fund balance	150,873.62	0.00	0.00	150,873.62	0.00
Total Revenues	7,121,039.91	6,077,226.80	671,859.60	1,043,813.11	85.34
Expenditures					
Transportation	6,710,224.36	5,560,652.42	416,280.72	1,149,571.94	82.87
Debt services - principal	108,980.00	108,976.91	0.00	3.09	100.00
Debt services - interest	9,644.00	9,643.21	0.00	0.79	99.99
Transfers out	292,191.55	292,191.55	0.00	0.00	100.00
Total Expenditures	7,121,039.91	5,971,464.09	416,280.72	1,149,575.82	83.86
NET OF REVENUES AND EXPENDITURES	0.00	105,762.71	255,578.88	(105,762.71)	
Fund 203 - Local Street Fund					
Revenues					
Federal revenues	116,079.00	244,482.33	0.00	(128,403.33)	210.62
State revenues	1,815,765.00	1,538,357.25	150,685.88	277,407.75	84.72
Interest and dividend income	100.00	0.00	0.00	100.00	0.00
Other revenues	754,930.00	464,911.79	556.00	290,018.21	61.58
Transfers in	292,191.55	292,191.55	0.00	0.00	100.00
Drawings from fund balance	199,471.32	0.00	0.00	199,471.32	0.00

Total Revenues	3,178,536.87	2,539,942 92	151,241.88	638,593.95	79.91
Expenditures					
Transportation	3,177,630.55	2,850,348.66	209,591.31	327,281 89	89 70
Total Expenditures	3,177,630.55	2,850,348.66	209,591 31	327,281.89	89.70
NET OF REVENUES AND EXPENDITURES	906.32	(310,405 74)	(58,349.43)	311,312.06	
Fund 205 - Public Safety					
Revenues					
Property Taxes	5,600,000.00	4,861,754.09	15,009.12	738,245.91	86.82
Drawings from fund balance	(4,541,000.00)	0.00	0.00	(4,541,000.00)	0.00
Total Revenues	1,059,000.00	4,861,754 09	15,009 12	(3,802,754.09)	459.09
Expenditures					
Police	474,000.00	45,729.81	18,537.96	428,270 19	9 65
Fire	585,000.00	0.00	0.00	585,000.00	0.00
Total Expenditures	1,059,000.00	45,729 81	18,537.96	1,013,270.19	4.32
NET OF REVENUES AND EXPENDITURES	0.00	4,816,024.28	(3,528 84)	(4,816,024.28)	
Fund 207 - Police Fund					
Revenues					
Property Taxes	1,544,000.00	1,475,811.12	0.00	68,188 88	95.58
Other revenues	418,180.00	(28,053.73)	0.00	446,233.73	(6.71)
Total Revenues	1,962,180.00	1,447,757.39	0.00	514,422.61	73.78
Expenditures					
Police	1,962,180.00	1,269,551.03	107,972.10	692,628 97	64 70
Total Expenditures	1,962,180.00	1,269,551.03	107,972 10	692,628.97	64.70
NET OF REVENUES AND EXPENDITURES	0.00	178,206.36	(107,972 10)	(178,206.36)	
Fund 208 - Park/Recreation Fund					

Revenues					
Property Taxes	386,400.00	384,982 26	0.00	1,417.74	99.63
Other revenues	63,000.00	42,689.25	1,210 00	20,310.75	67.76
Transfers In	40,000.00	0.00	0.00	40,000 00	0.00
Total Revenues	489,400.00	427,671.51	1,210 00	61,728.49	87.39
Expenditures					
Parks and recreation	449,400.00	380,781.87	34,289 43	68,618.13	84.73
Total Expenditures	449,400.00	380,781.87	34,289.43	68,618.13	84.73
NET OF REVENUES AND EXPENDITURES	40,000.00	46,889.64	(33,079.43)	(6,889 64)	
Fund 213 - Park & Recreation Senior Citizen Centers					
Revenues					
Local grants	388,170.16	151,278.27	15,838.68	236,891.89	38.97
Total Revenues	388,170.16	151,278 27	15,838 68	236,891.89	38.97
Expenditures					
Parks and recreation	388,170.16	207,418.63	39,549.80	180,751.53	53.43
Total Expenditures	388,170.16	207,418.63	39,549.80	180,751.53	53.43
NET OF REVENUES AND EXPENDITURES	0.00	(56,140.36)	(23,711.12)	56,140 36	
Fund 219 - Street Light					
Revenues					
Special assessment taxes	2,850,000.00	2,811,259.73	0.00	38,740.27	98.64
Other revenues	0.00	2,956.00	0.00	(2,956.00)	100.00
Total Revenues	2,850,000 00	2,814,215.73	0 00	35,784.27	98.74
Expenditures					
Transportation	2,850,000.00	2,454,599.58	201,315.31	395,400.42	86.13
Total Expenditures	2,850,000.00	2,454,599.58	201,315.31	395,400.42	86.13
NET OF REVENUES AND EXPENDITURES	0 00	359,616.15	(201,315.31)	(359,616.15)	

Fund 226 - Rubbish Collection Fund					
Revenues					
Property Taxes	5,000,000.00	4,507,973.50	0.00	492,026.50	90.16
License and Permits	720.00	940.00	100 00	(220.00)	130.56
Other revenues	0.00	1,200.00	1,200 00	(1,200.00)	100.00
Gain on sale of fixed assets	1,500,000.00	1,500,000.00	0.00	0 00	100.00
Drawings from fund balance	(372,212.27)	0.00	0.00	(372,212.27)	0 00
Total Revenues	6,128,507.73	6,010,113.50	1,300.00	118,394.23	98.07
Expenditures					
Transportation	291,438 54	291,409.89	0.00	28.65	99.99
Public works	5,738,271.51	5,048,107.86	522,825.74	690,163.65	87.97
Total Expenditures	6,029,710.05	5,339,517.75	522,825.74	690,192.30	88 55
NET OF REVENUES AND EXPENDITURES	98,797.68	670,595.75	(521,525.74)	(571,798.07)	
Fund 238 - Hud Grants - 2011 & prior					
Revenues					
Federal revenues	2,973,292.49	448,708.43	11,386.76	2,524,584.06	15.09
Total Revenues	2,973,292.49	448,708 43	11,386 76	2,524,584.06	15.09
Expenditures					
Fire	407,524.00	0.00	0 00	407,524.00	0.00
Building inspections	129,063.85	59,684.33	0.00	69,379.52	46.24
Community development	2,436,704.64	557,221.56	104,200 40	1,879,483.08	22.87
Total Expenditures	2,973,292.49	616,905.89	104,200.40	2,356,386.60	20.75
NET OF REVENUES AND EXPENDITURES	0.00	(168,197.46)	(92,813 64)	168,197.46	
Fund 265 - Drug Law Enforcement Fund					
Revenues					
Fines and forfeitures	150,000.00	626.47	0.00	149,373.53	0.42
Other revenues	6,000.00	32,481.39	1,664.77	(26,481.39)	541.36
Drawings from fund balance	140,472.00	0.00	0 00	140,472.00	0.00

Total Revenues	296,472 00	33,107.86	1,664 77	263,364 14	11 17
Expenditures					
Police	296,472.00	151,340.04	24,383.77	145,131.96	51.05
Total Expenditures	296,472.00	151,340.04	24,383.77	145,131.96	51.05
NET OF REVENUES AND EXPENDITURES	0.00	(118,232.18)	(22,719 00)	118,232.18	
Fund 271 - Hud Grant - 2011					
Expenditures					
Total Expenditures	0.00	0.00	0.00	0.00	0.00
NET OF REVENUES AND EXPENDITURES	0.00	0.00	0 00	0.00	
Fund 272 - Hud Grant - 2012					
Revenues					
Federal revenues	2,568,169.79	1,329,075.61	20,395.00	1,239,094.18	51.75
Total Revenues	2,568,169 79	1,329,075.61	20,395 00	1,239,094.18	51.75
Expenditures					
(UNCLASSIFIED)	15,000.00	15,000.00	0 00	0.00	100.00
General government	54,433.53	52,460 53	0.00	1,973.00	96.38
Building inspections	308,316.28	48,482.89	0.00	259,833.39	15.73
Transportation	200,000.00	33,758.23	0.00	166,241.77	16.88
Community development	1,990,419.98	1,145,857.87	20,395 00	844,562.11	57.57
Total Expenditures	2,568,169.79	1,295,559.52	20,395.00	1,272,610.27	50 45
NET OF REVENUES AND EXPENDITURES	0.00	33,516.09	0 00	(33,516.09)	
Fund 273 - Hud Grant - 2013					
Revenues					
Federal revenues	4,954,628.00	1,386,231.86	211,759 75	3,568,396.14	27 98
Total Revenues	4,954,628.00	1,386,231.86	211,759.75	3,568,396.14	27 98

Expenditures					
(UNCLASSIFIED)	14,000.00	7,824.68	0.00	6,175.32	55.89
General government	49,531.00	2,250.00	0.00	47,281.00	4.54
Building Inspections	424,150.00	48,478.11	48,478 11	375,671.89	11.43
Transportation	116,079.00	113,620.73	0 00	2,458.27	97.88
Community development	4,350,868.00	1,429,810.54	172,445.29	2,921,057.46	32.86
Total Expenditures	4,954,628.00	1,601,984.06	220,923 40	3,352,643.94	32.33
NET OF REVENUES AND EXPENDITURES	0.00	(215,752.20)	(9,163.65)	215,752.20	
Fund 296 - Other Grants Fund					
Revenues					
Federal revenues	1,933,064.18	1,185,824.03	0.00	747,240.15	61.34
State revenues	391,554 65	35,946 34	0 00	355,608.31	9.18
Fines and forfeitures	0.00	4,214.35	0 00	(4,214.35)	100.00
Charges for service rendered	1,625.00	348.43	0 00	1,276.57	21.44
Interest and dividend income	290,540.80	290,959.20	0.00	(418.40)	100.14
Net increase in fair value of investment	80,000.00	(26,376.00)	0.00	106,376.00	(32.97)
Other revenues	500,872.63	482,004.82	0.00	18,867.81	96 23
Drawings from fund balance	70,000 00	0.00	0 00	70,000.00	0.00
Total Revenues	3,267,657 26	1,972,921.17	0 00	1,294,736.09	60.38
Expenditures					
(UNCLASSIFIED)	251,317.67	0.00	0.00	251,317.67	0.00
Parks and recreation	260,000.00	0.00	0.00	260,000.00	0.00
Community development	2,747,122.15	1,765,599.56	84,448.85	981,522 59	64 27
Total Expenditures	3,258,439.82	1,765,599.56	84,448 85	1,492,840.26	54.19
NET OF REVENUES AND EXPENDITURES	9,217.44	207,321.61	(84,448.85)	(198,104.17)	
Fund 297 - Federal Stimulus Fund					
Revenues					
Federal revenues	18,013,876 84	10,969,699.61	143,429.02	7,044,177.23	60 90
Total Revenues	18,013,876.84	10,969,699.61	143,429.02	7,044,177.23	60.90

Expenditures					
Police	51,727 40	0.00	0 00	51,727 40	0.00
Fire	6,718,873.40	3,131,978.38	224,361.48	3,586,895.02	46.61
Building inspections	1,999,739.00	1,494,984.18	133,740.86	504,754.82	74.76
Transportation	100,000.00	97,103 37	0.00	2,896.63	97.10
Community development	9,143,537.04	6,678,130.06	412,459.79	2,465,406 98	73.04
Total Expenditures	18,013,876.84	11,402,195.99	770,562.13	6,611,680.85	63.30
NET OF REVENUES AND EXPENDITURES	0.00	(432,496.38)	(627,133.11)	432,496.38	
Fund 301 - General Debt Serv(Voted Bonds)					
Revenues					
Transfers in	726,953 00	726,953.00	0.00	0.00	100.00
Total Revenues	726,953.00	726,953.00	0 00	0.00	100.00
Expenditures					
Debt services - principal	466,953.00	260,000.00	0.00	206,953.00	55.68
Debt services - interest	260,000 00	466,952.50	0 00	(206,952.50)	179.60
Total Expenditures	726,953.00	726,952.50	0.00	0.50	100.00
NET OF REVENUES AND EXPENDITURES	0.00	0.50	0 00	(0 50)	
Fund 402 - Public Improvement Fund					
Revenues					
Property Taxes	1,930,400.00	1,943,393.83	0.00	(12,993.83)	100.67
Interest and dividend income	500.00	0.00	0.00	500.00	0.00
Other revenues	388,980.00	338,856.30	112,649.97	50,123.70	87.11
Total Revenues	2,319,880 00	2,282,250.13	112,649.97	37,629.87	98.38
Expenditures					
General government	126,416 80	0.00	0 00	126,416.80	0.00
Parks and recreation	103,583.20	100,000.73	0 00	3,582.47	96.54
Debt services - principal	185,000.00	185,000.00	0.00	0.00	100.00
Debt services - interest	962,953.00	415,141.26	0.00	547,811.74	43.11
Transfers out	726,953.00	726,953.00	0.00	0 00	100.00

Total Expenditures	2,104,906.00	1,427,094.99	0.00	677,811.01	67.80
NET OF REVENUES AND EXPENDITURES	214,974.00	855,155.14	112,649.97	(640,181.14)	
Fund 542 - Building Inspection Fund					
Revenues					
Federal revenues	2,715,783.92	1,936,595 51	182,218.97	779,188.41	71.31
License and Permits	1,853,703.00	1,766,488.28	75,756.00	87,214.72	95.30
Charges for service rendered	389,005.36	217,486.35	15,504.00	171,519.01	55.91
Other revenues	0.00	2,963.07	0.00	(2,963.07)	100.00
Total Revenues	4,958,492.28	3,923,533.21	273,478.97	1,034,959.07	79.13
Expenditures					
General government	0.00	(1,433.19)	(110.35)	1,433 19	100.00
Building inspections	4,610,639.47	3,973,142.45	236,337.56	637,497.02	86.17
Community development	126,078.64	110,828.55	25,976 48	15,250.09	87.90
Total Expenditures	4,736,718.11	4,082,537.81	262,203.69	654,180.30	86.19
NET OF REVENUES AND EXPENDITURES	221,774 17	(159,004.60)	11,275.28	380,778.77	
Fund 590 - Sewer Fund					
Revenues					
State revenues	660,988.63	482,003 26	0.00	178,985.37	72.92
Fines and forfeitures	0.00	2,578.76	2,578.76	(2,578 76)	100.00
Charges for service rendered	31,333,815.51	30,407,253.19	1,509,332.85	926,562.32	97.04
Interest and dividend income	10,000.00	27,440.70	0.00	(17,440.70)	274.41
Other revenues	30,000 00	28,026.10	75.00	1,973.90	93.42
Total Revenues	32,034,804.14	30,947,302.01	1,511,986.61	1,087,502.13	96.61
Expenditures					
General government	53,803.63	77,345.92	4,413.84	(23,542 29)	143.76
Utilities	35,113,228.83	25,926,488.23	2,273,904.12	9,186,740.60	73.84
Debt services - principal	6,458.06	6,458.06	401.34	0.00	100.00
Debt services - interest	1,313.62	1,313.62	153.78	0.00	100.00
Transfers out	1,860,000.00	1,860,000.00	0 00	0 00	100.00

Total Expenditures	37,034,804.14	27,871,605 83	2,278,873.08	9,163,198.31	75.26
NET OF REVENUES AND EXPENDITURES	(5,000,000.00)	3,075,696.18	(766,886.47)	(8,075,696.18)	
Fund 591 - Water Fund					
Revenues					
Federal revenues	100,000.00	20,395.00	20,395.00	79,605.00	20.40
Charges for service rendered	50,400,736.49	48,499,061 16	2,288,863.28	1,901,675.33	96.23
Other revenues	13,767.13	12,576.89	0.00	1,190.24	91 35
Gain on sale of fixed assets	32,100.00	52,537.25	(8,174.54)	(20,437.25)	163.67
Total Revenues	50,546,603.62	48,584,570 30	2,301,083.74	1,962,033.32	96.12
Expenditures					
General government	53,803.63	79,451.59	4,339.49	(25,647 96)	147.67
Community development	100,000.00	20,395.00	20,395.00	79,605.00	20.40
Utilities	50,774,728.99	36,715,081.04	3,107,549.11	14,059,647.95	72.31
Transfers out	3,768,071 00	3,768,071 00	0.00	0.00	100.00
Total Expenditures	54,696,603 62	40,582,998.63	3,132,283 60	14,113,604.99	74 20
NET OF REVENUES AND EXPENDITURES	(4,150,000.00)	8,001,571.67	(831,199.86)	(12,151,571.67)	
TOTAL REVENUES - W/O COMMUNITY DEV	**177,442,378.54**	**167,603,966.78**	**10,410,477.31**	**9,838,411.76**	94%
TOTAL EXPENDITURES - W/O COMM DEV	**186,055,926.37**	**150,247,101.58**	**11,797,747.47**	**35,808,824.79**	81%
NET OF REV AND EXPD - W/O COMM DEV	**(8,613,547.83)**	**17,356,865.20**	**(1,387,270.16)**	**(25,970,413.03)**	
TOTAL REVENUES - COMMUNITY DEV	**28,804,331.89**	**15,657,928.25**	**375,583.77**	**13,146,403.64**	54%
TOTAL EXPENDITURES - COMM DEV	**28,795,114.45**	**16,065,339.13**	**1,096,329.38**	**12,729,775.32**	56%
NET OF REV AND EXPD - COMM DEV	**9,217.44**	**(407,410.88)**	**(720,745.61)**	**416,628.32**	
TOTAL REVENUES - W/ COMM DEV	**206,246,710.43**	**183,261,895.03**	**10,786,061.08**	**22,984,815.40**	89%
TOTAL EXPENDITURES - W/ COMM DEV	**214,851,040.82**	**166,312,440.71**	**12,894,076.85**	**48,538,600.11**	77%
NET OF REV AND EXPD - W/ COMM DEV	**(8,604,330.39)**	**16,949,454.32**	**(2,108,015.77)**	**(25,553,784.71)**	

Attachment C

Compliance Monitoring Report – confirm/deny page

Stanton, Terry A. (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Monday, July 15, 2013 5:55 PM
To: Stanton, Terry A. (Treasury)
Subject: RE: Kurtz's exit report

I do not I remember discussing it with Ed prior to his departure

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Stanton, Terry A. (Treasury)
Sent: Monday, July 15, 2013 5:15 PM
To: Koryzno, Edward (Treasury)
Subject: FW: Kurtz's exit report

Ed...

Do you have this?

From: Adams, Dominic [mailto:DADAMS5@mlive.com]
Sent: Monday, July 15, 2013 11:39 AM
To: Stanton, Terry A. (Treasury)
Subject: Kurtz's exit report

Terry:

Could I please get a copy of the report Ed Kurtz filed with your office, I believe dated June 28, that was his exit report before retiring and leaving as emergency manager in Flint?

I'd prefer to get this emailed back to me and as soon as possible.

Thanks,

Dominic Adams | metro reporter |The Flint Journal | 810-241-8803 | dadams5@mlive.com | On Twitter |On Facebook|

Stanton, Terry A. (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, July 17, 2013 10:08 AM
To: Stanton, Terry A. (Treasury); Saxton, Thomas (Treasury); Stibitz, Brom (Treasury)
Subject: FW: Financial and Operating Plan for the City of Flint
Attachments: City of Flint Update 3 Financial & Operating Plan 062813.PDF

I spoke to Mike Brown and he said Ed Kurtz used this report to fulfill his final report.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, June 28, 2013 4:28 PM
To: Dillon, Andy (Treasury)
Cc: Inez Brown; Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury); BymeR1@michigan.gov; Ed Kurtz; Michael Brown
Subject: Financial and Operating Plan for the City of Flint

Good afternoon:

Please find attached the 3rd update for the City of Flint Financial and Operating Plan from Edward Kurtz.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Edward J. Kurtz, Emergency Manager
Michael K. Brown, City Administrator
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
EDWARD J. KURTZ

June 28, 2013

Mr. Andy Dillon, State Treasurer
Michigan Department of Treasury
4th Floor Treasury Building
430 West Allegan Street
Lansing, MI 48922

Dear Mr. Dillon:
Attached please find Update 3 for the City of Flint Financial and Operating Plan. This update will also serve as my closing memorandum as specified in the Emergency Manager's contract with the State of Michigan.

This report includes a summary of the financial conditions and goals for the City of Flint, the plan to conduct the operations of the City and the on-going actions being taken to resolve the financial emergency. This update will be posted on the City's website: www.cityofflint.com .

Respectfully submitted,

Edward Kurtz
Emergency Manager

cc:
Governor Rick Snyder
I. Brown, Clerk of the City of Flint
E. Koryzno, Dept. of Treasury

City Hall
1101 S. Saginaw Street - Flint, Michigan 48502
810-766-7346 FAX: 810-766-7218 www.cityofflint.com

City of Flint Financial and Operating Plan – FY 2013 – Third Update
June 30, 2013

Introduction

This update to the Financial and Operating Plan for the City of Flint is submitted by the Emergency Manager for the City of Flint to Governor Rick Snyder, through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 11.

The City of Flint had previously submitted a Financial and Operating Plan under PA 72 and was not required under PA 436 to submit a new plan. However, as this is the end of the 2013 fiscal year and end of the service of Emergency Manager Kurtz, the City felt it was appropriate to prepare an update to the current plan. This is also the end of the first full fiscal year under the administration of the Emergency Manager. The FY 2014 Budget and Five Year Strategic Plan has been adopted and in October, 2013 a City Wide Master Plan will also be adopted.

This update will also serve as Emergency Manager Kurtz' closing memorandum as specified in the Emergency Manager's contract with the State of Michigan. On June 26, 2013 former EM Michael K. Brown has been reappointed by Governor Snyder as Emergency Manager for the City of Flint.

This report includes a summary of the financial conditions and goals for the City of Flint, the plan to conduct the operations of the City and the on-going actions being taken to resolve the financial emergency. This update will be posted on the City's website: www.cityofflint.com .

Summary of the EM/EFM Appointment Sequence and Development of the Operating and Financial Plan

The Flint Financial Review Team determined in November 2011 that the City of Flint was in a financial emergency. See Attachment #1.

On December 1, 2011 Governor Rick Snyder appointed Michael K. Brown as Emergency Manager. EM Brown developed the Financial and Operating Plan utilizing the resources of a five person Advisory Committee as well as five additional advisory committees. EM Brown sought broad expertise to ensure public engagement and to maintain a sense of continuity with the Mayor and City Council. In fact, all nine City Council members and over fifty other citizens participated in the advisory committees.

EM Brown's original Financial and Operating Plan (45 Day Plan) was submitted to the State Treasurer on January 15, 2012; the first update to the Plan was submitted on June 1, 2012. On August 8, 2012, PA 4 was suspended and Edward J. Kurtz was appointed Emergency Financial Manager under PA 72. (Mr. Brown stepped aside as he was prohibited from serving as EFM due to his recent service as Interim Mayor for the City of Flint.)

EFM Kurtz established a new Advisory Committee in accordance with the requirements of PA 72.

Utilizing the Advisory Committee and the City of Flint management team, EFM Kurtz presented a second update to the Financial and Operating Plan and submitted this to the State Treasurer on February 8, 2013.

Operations of the City of Flint

Shortly after his appointment as EM, Michael Brown took steps to reorganize the city government operations including: elimination of departments, consolidation of departments, elimination of management level positions, adjustment of the compensation of elected and appointed officials, elimination of the Civil Service operation and the Office of Ombudsman.

Management appointments were made to ensure that the essential services necessary for the public's health, safety and welfare are provided and to continue conducting all aspects of the City of Flint's operation within the resources available. Necessary employment contracts were extended with the approval of the Treasury Department.

Department management reconfigurations were completed in anticipation of reductions in staffing levels as provided in the FY 13 Budget (See Attachment # 2 Organizational Chart FY 13). Subsequently, as part of the FY 14 Budget process a Strategic Plan was adopted and more changes in the organizational structure occurred. The primary change was the inclusion of a new Planning and Development Department (See Attachment #3 Organizational Chart FY 14).

When PA 436 became effective in March 2013 the City Council members' and Mayor's compensation was eliminated. EM Kurtz partially restored compensation for Mayor and Council through Orders 1 and 2. These orders also defined specific responsibilities and requirements. For example, the City Council members must complete Level One of the Michigan Municipal League (MML) core course for municipal government and must receive the MML education award with in one year.

All Orders and Directives issued by the Emergency Financial Manager (under PA 72) and Orders issued by the Emergency Manager (under PA 436) are listed in Attachment #4: Orders and Directives of the EFM and EM.

Financial Status

The financial condition of the City of Flint has begun to improve, with revenues and expenses generally tracking with budget projections. While the FY12 results showed an increase in the accumulated deficit, that increase was anticipated, due to a decision early on to focus efforts on developing and implementing a budget for FY13 that would maintain essential services while moving the City toward long term

financial solvency.

These efforts are proving successful. To-date, the FY13 budget was balanced without increasing the deficit; and revenues and expenses have been generally in line with expectations. The budget for FY14 has been adopted, with anticipated revenues and expenses balanced. In both FY13 and FY14, difficult decisions have been made with regards to staffing, fringe benefits, organizational structure, levels of service, and increases in fees and taxes.

Development of the FY14 budget was done in the context of developing budgetary projections through FY18, and recognizing the need to eliminate the City's accumulated deficit. With a desire to develop and maintain a multi-year perspective on city resources and operations, the development of the FY15 budget is now beginning. While FY15 will be extremely challenging due to continued property value declines and the anticipated loss of some major grants, the budget for FY15 will be realistically balanced.

Finally, as a result of analyzing projected revenues and expenses for the next five years, it has become clear that the City will continue to face a structural deficit in the area of $3 million to $5 million annually. More than anything, the City's stagnant revenue streams (no growth projected over the next 5 years) and its high amount of legacy costs ($37 million for FY14) have created this situation.

This structural deficit essentially precludes the City from stabilizing service levels even at minimal levels, and prevents it from addressing significant unmet capital needs (currently estimated at more than $300 million). Without structural change, this situation is not sustainable and the City will not achieve even a minimal level of financial solvency in the long term.

While bankruptcy has been mentioned as a possible solution to this, investigation of the alternative shows it to be expensive, slow, and with outcomes that are far from certain. However, investigation of an alternative which focuses on improving the City's revenue stream while continuing to reduce legacy costs shows promise. For example, an increase in the local income tax rate to the levels afforded other urban centers, coupled with significant additional changes in health care and pensions for active employees and retirees appears to have the potential to overcome the $3-$5 million structural deficit while providing a similar amount for stabilizing services and beginning to address capital needs.

Cash Flow as of June 30, 2013

Cash flow has improved with the receipt of revenues from the public safety millage, street light assessment, and waste collection fees. Pooled cash on hand is now in excess of $25 million, compared to $13 million as of December, 2011. However, the General Fund still relies heavily on borrowed cash as a result of its $19 million accumulated deficit. This cannot be resolved without borrowing, as stated in the Draft Deficit Elimination Plan submitted to Treasury in January 2013. As of this date, Treasury has not approved the Deficit Elimination Plan.

FY13 Budget – Preliminary Year End Projection

As of June 1, 2013, revenues and expenses are generally on target. The budget was amended in December to reflect some adjustments to revenues and expenses, including the proceeds of the voter approved millage for police and fire protection, projected revenues and expenses for the operation of the City lock-up; and the extension of a public safety grant from the Mott Foundation which provided continued funding for 11 law enforcement officers. Additional Budget amendments were adopted based on an unplanned special election, the proceeds from two auctions, utility refunds and other minor issues. Income tax revenues appear to be slightly less than projections, and over expenditures in Fire Department overtime have been addressed.

Absent any catastrophic event, such as an adverse decision on modifications of retiree health care, FY13 is projected to end with revenues slightly exceeding expenses.

FY13 Budget Decisions

The FY 13 budget was balanced realistically, and encompassed significant revenue increases and expenditure reductions. The FY13 budget process started with a projected gap of $25 million between projected revenues and projected expenses. The result was a total budget of $192 million, of which $82 million is sewer and water; $58 million is General Fund and $30 million is Federal CDBG.

The budget encompassed expenditure reductions which included the elimination of nearly 150 positions (20% of the workforce); employee concessions including a restructuring of health and pension benefits and employee costs; and various organizational changes.

The budget also recognized the implementation of new health care plans and pensions benefits for active employees, as well changes in healthcare plans for retirees. These changes reduced the City's OPEB liability from nearly $900 million to less than $400 million.

The change in retiree health care is the subject of litigation in Federal District Court, where a temporary restraining order has been issued and is being appealed. Should the City be precluded from implementing these changes in health care for retirees, there will be a projected (unbudgeted) increase in expenses of $1.7 million in FY13 and more than that in FY14 and beyond, this will be devastating to efforts to return Flint to financial solvency. On June 25, 2013, the court denied the City's request to stay the order and in fact, applied the injunctive order to all retirees as a class (without actually certifying a class). The City's legal counsel has recommended the City immediately comply with the court's order. The City has authorized legal counsel to immediately apply for relief in the 6th Circuit Court.

For future employees, city retiree health care will no longer be an option, and the traditional defined benefit pension plan for non-police and fire employees will be replaced with a hybrid pension plan. There are also numerous changes which increase management flexibility and reduce other employee costs. Note: The City of Flint basically is operating a Medicare system for retirees from the time they retire (as early as

their mid-forties to early fifties) at the same cost as regular employees ($5,000 to $17,000) which is unsustainable.

The FY13 budget also implemented new revenues in order to provide the level of revenues still required – in spite of expense reductions – to continue the marginal level of city funded public safety personnel and basic city services. These revenues include numerous fee increases; a $143 annual fee for waste collection (replacing a dedicated 3 mill tax levy); a $62 special assessment fee for operation, maintenance, and improvement of street lights (in the past this was a $2.85 million general fund expense); and an overall 25% increase in water and sewer rates (12.5% water; 45% sewer). Unfortunately, the reliance on fees and assessments will create hardship for many of the City's residents. However, the choices for increasing revenues at this time were limited. For those homeowners who qualify for the property tax exemption, the City recently will waive the street light assessment ($62) and the ready to serve charge on the water bill ($52 approximately).

In November 2012, a 6 mill Police and Fire Protection Millage was approved by Flint voters. The first year of this millage is expected to generate $5.3 million. The Emergency Manager also issued a resolution (2012EFM101) on October 17, 2012 as a charter revision requiring that the new millage revenue would be in addition to the 55.5% of unrestricted General Fund dedicated to Police and Fire departments. The percent dedicated to police and fire will increase to 60% in Fiscal 14.

Though the FY13 budget was been implemented as planned, the City still faces several legal challenges. While the challenges may not be sustained in the long term, any impediments to implementing the budget will have severe financial impacts.

For example, legal challenges which prohibit the City from implementing revenue increases or expenditure decreases will require immediate actions to further reduce spending – including public safety – and may impact the City's ability to function at an adequate level, particularly in light of the marginal cash flow.

Potential challenges the City may face from budgetary perspective include ones associated with the numerous rate increases incorporated into the budget, changes in retiree health care, and the unilateral implementation of changes to three collective bargaining agreements. It should be noted that through the Emergency Manager the City of Flint was able to reach tentative agreements with three of the six bargaining units.

To this point, the City was sued over the implementation of increased water and sewer rates, by the President of the City Council et al. This is a prime example of litigation that could impede the COF's ability to maintain fiscal solvency. With regard to this lawsuit, the City filed a motion to dismiss and in late June 2013 the court dismissed this suit.

Two additional law suits were filed: in late May 2013 AFSCME Local 1600 is seeking to repeal the contract imposed by the EM in April of 2012, and URGE (a retiree organization) is seeking to negate the transfer of the pension plan from FERS to MERS.

FY 12 Audit

The Comprehensive Annual Financial Report (CAFR) for FY12 was completed and was filed with the state in a timely manner. The results were as expected, with fewer auditor comments than in past years. Deficits exist in the General Fund ($19.1 million) and in the Water Fund ($8.8 million).

In the FY 13 budget document, prepared in April 2012, the accumulated deficit for the FY12 General Fund was projected to be $18.1 million. However, this projection did not include the $1.54 million write down for the value of Genesee Towers. Adding the write down to the projected deficit of $18.1 million would have resulted in a total of $19.7 million.

In the FY12 CAFR, the amended budget projected a deficit of $16.3 million. However, this projection did not include the $1.54 million write down for Genesee Towers. It also included $739,406 in federal grant revenues and $602,192 in local revenues which did not materialize. Taking these items into consideration, the deficit projection would have been $19.2 million.

The $19.1 million accumulated deficit reflected an excess of expenditures in the General Fund for FY12 of $11.1 million. This was anticipated by the Emergency Manager shortly after being appointed, which was almost six months into the FY12 year. Given that FY12 was nearly half over, and that significant unplanned reductions in services, primarily public safety, would need to occur if the projected deficit were to be immediately eliminated, the decision of the Emergency Manager, in consultation with Treasury, was to contain costs as much as possible but without significantly reducing services – especially public safety - for the balance of the year. Instead, focus was concentrated on developing a budget for FY13 which would move towards restoring Flint to long term financial solvency. It was projected that as a result of this decision, the deficit for FY12 could have been as much as $12 million, resulting in an accumulated deficit of $20 million.

The deficits identified in the City's Comprehensive Annual Financial Report for FY12, the year ended June 30, 2012, are follows:

General Fund -	$ 19,184,850
Water Supply Division -	$ 8,758,091
Economic Development Corporation	$ 119,439

FY 11 Deficit Financing

In April 2012 the Emergency Manager filed a 2011 Deficit Elimination Plan focused on the accumulated deficit as of June 30, 2011. That plan indicated the City's intent to request authorization to borrow approximately $9 million in Fiscal Stabilization Bonds in order to address the accumulated General Fund deficit once a credible FY13 budget was in place. The 2011 Deficit Elimination Plan was approved by the State. On May 24, 2012 the City filed an application for borrowing with the State Administrative Board, and the Department of Treasury has issued a memorandum stating that the request satisfies the

necessary statutory requirements. However, Treasury did not authorize the borrowing as proposed and approved in the 2011 Deficit Elimination Plan.

While this borrowing request addressed the accumulated FY11 deficit, there was an additional deficit at the end of FY12 of approximately $10 million. It is estimated at this time that an additional $10 million will need to be financed in order to address the FY12 deficit. However, the FY13 budget as adopted should create no additional General Fund deficit. There will be ongoing deficits in the water and sewer funds, but only as related to unfunded OPEB liabilities.

Deficit Financing 2012

FY12 ended with an accumulated $19.1 million deficit in the General Fund. The City has shared with Treasury a draft plan to eliminate the deficit over the next five years. The draft plan proposes a mixture of borrowing ($12 million) and dedicating future revenues ($7 million) over the next five years (FY14 to FY18).

The deficit of $8.8 million in the Water Fund is less than the unfunded OPEB liability. Since the City is not in the position to address OPEB liabilities throughout the City, there is little reason to increase water rates to eliminate this deficit. Additionally, the City's approach to containing its OPEB liabilities has been to restructure its active and retiree health care benefits, and to eliminate the promise of retiree health care for new employees. The changes have had a significant impact on the City's OPEB liabilities, reducing the total unfunded liability from nearly $900 million to less than $400 million, and reducing the Annual Required Contribution (ARC) from $60 million to $22 million. To the extent these efforts are successful; the deficit in the Water Fund will be lessened.

Treasury has not responded to this draft plan.

Revenue Enhancement Activity

As noted in "FY13 Budget Decisions" section, several new revenue actions were implemented for the FY13 Budget: waste collection 3 mils eliminated and fee established, Street Lighting Assessment established, new 6 mil Police and Fire Protection approved by voters, also fees for licenses and permits were adjusted.

The EFM via Order No. 8 established the Poverty Exemption to the Street Lighting Assessment. Individuals who qualify for relief from property taxes may apply for an exemption from the street lighting assessment as well.

Also, through EFM Order No. 11, water service procedures were modified. The City's procedures and rate structure for the provision of water service has a substantial financial impact on the City. The Emergency Financial Manager has determined that it is necessary to make a number of changes to these procedures.

The following new procedures were adopted regarding water service:

1. Property owners who apply for and are granted the annual poverty tax exemption will also be exempted from the monthly ready to serve charge for

water service. Exemptions will be for the period of July 1 to June 30. Exemptions from the March Board of Review will begin July 1. Exemptions from the July and December Board of Review will be retroactive to July 1.

2. For individuals who have a "Decision Notice" from the Michigan Department of Human Services (DHS), wherein DHS has agreed that it will pay the water deposit, the City will accept the DHS maximum deposit payment (currently $200). However, the individual will remain responsible for the affidavit fee and the water turn-on fee.

3. For customers where the water has been shut off and a fee is required to turn the water back on, the fee will be reduced to $100 if the customer agrees to a payment plan for all unpaid water and sewer charges.

4. Same day turn on service will be available ONLY if the customer pays the $175 fee AND pays all unpaid water and sewer charges billed in full.

5. The Infrastructure Division will develop an implementation and business plan for aggressively pursuing alleged instances of water theft. The plan will also address increasing the capacity for quickly shutting off water and reducing the time between the delinquency and the actual shut off.

The Treasury Department has also created the Competitive Grant Assistance Program (C-GAP) as a means of encouraging shared services implementation. The City of Flint participated in five C-GAP applications which included Human Resource Hiring and Management system sharing with the Genesee Intermediate School District and Genesee County; a fiber optic cable expansion also with Genesee Intermediate School District and Genesee County; Criminal Justice system and Courts Electronic Workflow Initiative with Genesee County, City of Flushing and plans for expansion throughout Genesee County; a Genesee County Regional Purchasing Collaborative with Genesee Intermediate School District and Genesee County; and a proposal to expand and strengthen the 9-1-1 communication tower system with the City and the Genesee County 9-1-1 Consortium. The City has been awarded a $1.8 million grant for the 9-1-1 communications tower system, an important step necessary to potentially merge with the County 9-1-1 Consortium system.

FY14 Budget and Strategic Plan

On June 7, 2013 EM Kurtz signed Order No.4 adopting the fiscal Year 2014 budget. This is now a second year for which a balanced budget was adopted. Conservative, realistic revenues and expenses were included. This budget does include the reduction of 27 employees; however no public safety employees were reduced. See Attachment #5 FY 14 Budget Narrative pgs. 32 - 44 of Attachment #6 Setting a Sustainable Course for the City of Flint.

Prior to the detailed development of the FY14 Budget, all departments and divisions participated in creating a Strategic Plan for 2014 – 2018. The Vision, Mission, Overall

Goals have been specified. Each department and division identified their specific functions/goals and key objectives.

The content of the strategic plan will be the basis for planning future budgets, evaluating department/division management, and deciding whether and when to pursue grants.

The Strategic Plan includes a section entitled "Five Year Financial Projections and Challenges City of Flint, FY14-FY18". In summary:

> Years 2—5 show the continuing challenge of the City's structural deficit, with property tax revenues continuing to fall through FY15, and then stabilizing but with no growth until FY18. At the same time however, legacy and compensation costs are projected to increase by 5% per year, and major grant sources will disappear. The City will be faced with a significant challenge of attempting to choose between reductions in public safety and other reductions; however, finding other reductions may not be possible, given the minimal level of service provided. Again, without additional new significant levels of revenue, there is little ability to improve services or address continually increasing capital improvement needs.

Within the next few months the City plans to prepare the financially challenging FY15 Budget.

Key Actions Taken To-Date

The city continues to review all departments and services for potential merger, consolidation, contracted service, shared services with other governmental entities, privatization or elimination. As a result of these reviews determine if these functions should be subsidized with general property tax dollars, what will be paid by the users and what services can be eliminated.

Finance/Administration/IT

Finance Department

The Finance Department is proceeding with the following projects:

- implementation of a Procurement Card system and associated changes to the City's Purchasing Policies,
- completion of the update of the pension and OPEB liabilities,
- continued aggressive monitoring of revenue and expense activities, with particular emphasis on revenue collections, position counts and overtime expenditures,
- planning and implementation of employee development programs focusing on financial management, supervision and labor relations, and leadership development.
- Reorganization of city accounting functions based on the analysis and recommendations of an organizational study recently completed by Plante Moran

Grant Management
Finance reviewed the process for all grants to the City of Flint for appropriate use of funds, potential for continued funding, and timely reapplication. A new grant pre-submission approval system has been operational since March 2013 following EM Order No. 10.

Economic Vitality Incentive Program (EVIP) Requirements
The City of Flint has met all reporting requirement dates for Economic Vitality Incentive Program (EVIP) in order to qualify for all disbursements of State Shared Revenue. Each report is available on the City's website www.cityofflint.com through Munetrix Citizens Guide to Finances and Dashboard.

Transition of Flint Employee Retirement system (FERS) to Michigan Employees Retirement system (MERS)
The FERS to MERS transition nears completion. Retirees have been receiving their monthly checks from MERS since October 18 2012. The transfer of the administrative components will be complete by July 1, 2013. A lawsuit was filed in late May 2013 by URGE against the City seeking to force the City to negate the move of the pension funds to MERS,

Treasury Division
Income tax processing is being handled through a joint project with the Cities of Grand Rapids and Lansing. Beginning in FY14, income tax collections will be handled by Innovative Software, the current vendor for the City's income tax software. Also of note, the city is operating with a shared Treasurer between the City of Burton and Flint.

The City contracted with Plante Moran to conduct a study to evaluate the potential of shared services between the City and Genesee County treasury functions. This study has been funded by the Mott Foundation.

Collection rates are an on-going concern. This year, the city will be made whole via full payment from the County. In subsequent years those shortfalls must be repaid to the County. The City estimates that only 33 % of property taxes and assessments have been paid, water and sewer delinquencies have grown to 40 %.

In an effort to improve income tax collection the city purchased the 2010 State Tax role and has begun sending notices to 8800 individuals, both residents and non-residents, who have not filed City tax returns. The total estimated tax value from uncollected income tax for the 2010 tax year is between $300,000 & $400,000. The City also plans to pursue uncollected income tax from previous years.

Assessment Division
The Assessment Division has been operating with a part-time Level IV Assessor. A member of the Division is currently completing Level IV assessment certification.

Currently, the Assessor is projecting City of Flint property values to stabilize in FY15.

Human Resources Department
Continued reduction in personnel has strained the capability of departments to complete compliance and reporting work. Both short and long term vacancies create knowledge deficits which are becoming most difficult to overcome. This will be exacerbated as further staff reductions are required.

HR has joined the Genesee Intermediate School district in using APPLITRAC system for job postings and the initial hiring process.

City-wide management and supervisory training was re-established after an almost fifteen year absence.

Labor Agreements and Implementation
During the tenure of EM Michael Brown, Labor Counsel held meet and confer sessions with the City's six bargaining units. A target of 20% equivalent wage reductions was achieved. Tentative Agreements were reached with four of these bargaining units. As contract settlement was necessary prior to adopting the FY13 budget, the EM invoked the 19K provision in Public Act 4 from the State Treasurer for the bargaining units which had not achieved Tentative Agreements (EM Orders 18 and 26) and with Local 1799 which had approved a TA but had not ratified (EM Order 27).

EFM Edward Kurtz has held additional sessions with AFSCME, Flint Police Officers Association (FPOA) and the Firefighters Union. In January 2013 AFSCME and the City reached agreement for the privatizing of waste collection and demolition. FPOA has notified the City that they have filed a lawsuit to return to arbitration. FPOA is asking for a return to the status quo (prior to EM imposed contract). The Firefighters Union and the City are working on overtime containment. In late May, a lawsuit was filed by AFSCME Council 25 seeking to overturn the contract imposed by the EM is April of 2012.

A Model Contract is in development, beginning with the FPOA. The City's goal is to streamline and standardize the contracts. It is hoped that these models could be used throughout the State.

The City has recently contracted with a part-time Labor Relations Specialist; through his efforts dozens of past grievances have been settled and only a handful of grievances remain outstanding.

Retiree Health Insurance Revisions
The City's approach to containing its OPEB liabilities has been to restructure its active and retiree health care benefits, and to eliminate the promise of retiree health care for new employees. The changes have had a significant impact on the City's OPEB liabilities, reducing the total unfunded liability from nearly $900 million to less than $400 million, and reducing the Annual Required Contribution (ARC) from $60 million to $22 million. As noted earlier, on June 25, 2013, the court denied the City's request to stay the order and in fact, applied the injunctive order to all retirees as a class (without actually certifying a class). The City's legal counsel has recommended the City immediately comply with the court's order. The City has authorized legal counsel to immediately apply for relief in the 6th Circuit Court.

Risk Management Office is reviewing various Employee/Retiree health care options including plan design, delivery systems, Medicare Advantage, Medicare Wrap Around, benefit carve-outs, etc. in an effort to control health care costs.

Retiree Prescription Drug Program Revision
City of Flint has suspended the planned implementation of a modified prescription drug program which required the issuance of a generic drug unless a name brand drug is determined to be medically necessary. This action resulted due to a lawsuit, Yurk et al. v. City of Flint, pending in Genesee County Circuit Court before Hon. Archie Hayman. Judge Hayman granted a temporary restraining order and has completed a hearing on plaintiffs' motion for preliminary injunction. However, the court took the motion under advisement and has not issued a decision.

Dependent Eligibility Audit
The Risk Management Office has completed the process of conducting a dependent eligibility audit. Three hundred eighty-one dependents were identified for removal from the City's health plans. This reduction is estimated to save $1.3 million in the first year, FY13.

Information Technology
Prior to the start of FY13 the Information Services Department eliminated all but two of the existing positions. Through reorganization, 6 of 9 employees were rehired under new job descriptions. The new structure allowed more flexibility and greater utilization of personnel. Several large scale projects are nearing completion including: installation of a back-up server for Public Safety and 911, installation of new switches which will allow for a more complete use of Public Safety's data collection and record keeping systems.

Other projects are on track, primarily the system upgrade of the BS&A ERP. Several legacy projects are nearing final milestones: installation of a new

visualization server cluster, installation of 300 new desktop terminals and a cost savings pump station automation project.

Fleet Division
The City has consolidated the management of the City's fleet under the Fleet Division. This division will oversee the specification, purchase, repair and maintenance and replacement schedule for all city vehicles and wheeled equipment. The Division recently participated in a successful auction of surplus equipment.

City Clerk
As part of the reorganization, the City has transferred the responsibility for Business Licensing to the newly formed Department of Planning and Development. The City recognizes that it is losing significant revenue from unlicensed businesses and this change is designed to insure that all businesses in the City of Flint are licensed and inspected.

Office of the City Attorney
The City Attorney is continuing with efforts to improve litigation management through claim evaluation, claim reporting, attorney training and trial preparation. The City Attorney continues to emphasize the "litigation team" approach to case handling, with weekly review of pending matters and discussion of how best to protect the City of Flint's legal interests.

With the help of interns from Michigan State University, all ordinances are being reviewed. Charter revisions which would increase flexibility for department reorganization and budget flexibility **are also being considered.**

Criminal Justice System Advisory Council (CJSAC)
Based on input from the State Police, Governor's Office and a Michigan State University Criminal Justice Study, it is clear that the Genesee County Criminal Justice System and the Flint Police Department could benefit from improved coordination and policy development.

In September 2012 the first meeting of the Criminal Justice System Advisory Council (CJSAC) was held. Eight workgroups were established. Through these work groups a number of cooperative projects, streamlined operations and new collaborations have been identified; these were reported at the second CJSAC meeting in January 2013. A Treasury Department C-GAP application was originated and submitted through this process.

68th District Court
The City currently funds the operation of the 68th District Court; in FY13 this amounts to $5.4 Million - which comprises 9.2% of the General Fund Budget. The percentage of General Fund expense allocated to District Court has increased about 1.2% as compared to five years ago. It is anticipated that this percentage will again increase .5% for FY14.

(This is a very rough estimate). This significant portion of the City's General Fund needs to be studied closely and recommendations developed to meet this required activity while containing and reducing costs. The EFM strongly encourages the State to continue the process of working to consolidate the 67th and 68th District Courts.

Infrastructure/ Development

Utilities Division

Karegnondi Water Authority (KWA)

The City Council, as well as EM Kurtz, has adopted resolutions to enter into a contract with KWA water authority to partner with Genesee County, City of Lapeer, Lapeer County and Sanilac County in the construction of a pipeline to deliver raw water to the City of Flint. This decision followed many months of analysis by the City of Flint, the Genesee County Drain Commissioner's office, the State Treasurer and ultimately, Governor Snyder. This conclusion to join KWA is momentous for the City and the entire region. The City looks forward to a safe, reliable water supply through which water costs can be stabilized for the KWA participants.

Detroit Water and Sewer Department has notified the City that it will terminate the contract with the City for the deliver of water in 12 months. The City is currently exploring its options for water service between May 2014 and the full operation of the KWA pipeline. High consideration is being given to utilizing the Flint River, and/or blending River and DWSD water. The City of Flint is also considering contracting with DWSD to be the back-up water source for the City.

There are many other points of negotiation regarding sections of the current 72" pipeline which are yet to be conducted between the City, the Genesee County Drain Commission and the DSWD.

Water Department

An evaluation is underway to determine what efforts can be employed to create an effective Preventive Maintenance plan which focuses on controlling water loss (leakage). This is expected to involve a combination of outsourcing, in-house work, and shared services with the County.

There are currently no water main leaks and the crews are now working on the small leaks such as curb boxes, etc. A plan is being reviewed to replace all water meters in the City. Currently $700,000 has been allocated in Fiscal 14 for that purpose.

Discussions have begun with the Genesee County Drain Commissioner on a wide range of shared services and partnerships for both water and sewer operations.

Sewage Treatment Division

The automation of one of the City's pump stations (which is currently staffed 24 hrs a day) has an expected completion date of July 2013. This will result in the elimination of overtime and a savings of over $500,000 annually.

The planned shutdown of the City's incinerator has begun with engineering plans for a new load-out facility and is expected to reach completion in approximately 8 months. The estimated savings is $400,000 annually.

U. S. Department of Environmental Quality S2 Grant

An S2 DEQ grant to study infrastructure condition for water pollution control was accepted. The study was defined to encompass the City's entire sanitary sewer system including the overall collection system, the capacity and condition of the system, potential upgrade recommendations to the lift stations and the pumping stations, and to make recommendations for necessary investments to maintain the system.

Storm Water Management Plan

A new storm water ordinance that shifts the cost allocation to the larger users is in process of being developed.

Swedish Biogas International (SBI)

In conjunction with the City of Flint sewage treatment plant shut-down of the sludge incinerator, Swedish Biogas International (SBI) proposes to accept sludge output and produce electricity. The city will agree to purchase the electricity at a reduced rate compared to purchase from Consumer's Energy. The SBI contract has completed the City's review process and is now awaiting SBI's Board of Directors' authorization.

Transportation Division

Solid Waste Management Division

In early February 2013, the Infrastructure Department signed a contract with Republic Services, a private waste collection company. The City of Flint will no longer collect or dispose of household waste. Through this new contract, residents of Flint now have access to curb-side recycling. It is expected that the fee for waste collection service will continue to be billed and collected by the City.

Outsourcing of Sanitation is now complete and the process of establishing city composting is underway with a permit application to DEQ submitted and a site plan of action being prepared for the EPA.

Street Maintenance and Engineering
Discussions have started with the County Road Commissioner on possible shared services.

Both road paving and engineering are seasonal activities and these are at ever decreasing levels. These are under review as areas to downsize or eliminate. Consideration is being given to developing service sharing arrangements or creating the ability to source on an as needed basis. Only crack sealing and pothole repair will be conducted this season. There will be no repaving of any City streets.

Facilities Management
A private company held an on-line auction in January 2013 to dispose of surplus equipment from a variety of departments in the City. This one day auction netted $130,000. A second auction was held in May 2013 which netted an additional $250,000. An auction at the impound lot was held in June 2013, netting over $30,000 for the City.

The Facilities manager is reviewing all city owned assets (both real property and capital equipment) to determine if disposal should be pursued.

All city owned facilities are under review for energy savings, revenue generation from tenants, or possible liquidation.

Parks and Recreation
The City has contracted with two vendors who have shown the capacity to mow all of the city parks (64) multiple times at a rate that fits the current millage. The City is also actively seeking neighborhood groups and organizations who will adopt one or more of the City's parks, traffic triangles or medians.

Master Planning
The City of Flint continues to make significant progress on the preparation of the first comprehensive Master Plan since 1960. After culminating the data gathering phase of the master planning process, the planning team was able to release a summary of the findings in an Existing Conditions Report. This report has already proven extremely beneficial, assisting several community stakeholders in applying for grants and helping inform decisions around critical issues such as blight and demolition. In fact, the completed Housing Conditions Inventory included in the report was critical in helping the Genesee County Land Bank develop its successful application for $3.7 million in funding for demolition through the Michigan Blight Elimination Grant Program. This data is also being used to develop an application for Michigan's Hardest Hit Program.

After the Existing Conditions Report was finished, planning staff began work on the visioning phase of the master planning process. Prior to holding a large Vision and Goals Workshop, staff along with the Planning Commission, Steering

Committee, and six citizen advisory groups held a series of smaller community workshops involving nearly 700 participants (over 20% were under 18) to learn about the City's challenges and possible solutions. This input along with the data from the Existing Conditions Report was utilized to develop a discussion guide for the four-hour Vision and Goals Workshop held on March 9, 2013. At the workshop, nearly 500 stakeholders engaged in small group dialog, which was captured on laptop computers in real time. A team of community residents reviewed this input and lifted common themes from the small table discussions for participants to vote on using key-pad polling in order to build consensus. From the results of the March 9th Workshop, staff and the Planning Commission worked together to draft a vision statement and guiding principles, which were widely distributed for further comment before adoption at the end of April. Also during this time, staff worked with the Planning Commission and community to identify the eight subarea plans to be included in the Master Plan.

In May, the City began work on the actual drafting of the Master Plan. In collaboration with the Planning Commission, Steering Committee, and six citizen advisory groups (over 160 members), the goals and objectives of the Master Plan have begun to take shape. Through the development of the Master Plan, the planning team also has come to realize how important close coordination with the Flint Community Schools is. Thus, we have met with school leadership to finalize a Memorandum of Understanding in order to formalize joint planning efforts between City and School System, particularly around community facilities. In addition to our work on drafting the plan, we have started to focus on training the future leaders who will help implement the Master Plan. As a result, planning staff arranged a Zoning and Planning Essentials Workshop for forty-five community participants in early May and on May 23rdorganized a tour of the City of Detroit and met with the Detroit Works Project to learn from their process.

More recently, the planning team has embarked on the development of a land use plan. Consequently, planning staff has organized the first land use workshops and worked with our consultants to develop an innovative 'Place Making' Toolkit comprised around eleven land use designations that will allow for new places like green neighborhoods and green production zones. This 'Place Making' Toolkit will encourage residents to redefine their neighborhoods and create a unique sense of place with distinctive characteristics, whether these areas are now dense with multi-family housing or less populated with single-family houses on large plots of land. The first Land Use Workshop was held on Saturday, June 22nd and involved over 160 residents in candid discussions about vacancy and realistic development patterns. Surprisingly, many residents favored pioneering land uses including a more radical mix of uses. The second workshop will be held on July 2nd and is expected to surpass the turnout of the first workshop. Thus far, the City continues to pursue an aggressive schedule for the Master Plan with anticipated approval by late Fall 2013.

A website, www.imagineflint.com, and a Facebook page, City of Flint Master Plan has been established to inform citizens about the planning process and to gather input.

Community and Economic Development
With the end of the Federal NSP program in sight, the City has begun evaluating the management needs of the department and what can be outsourced or become a shared service.

The Emergency Manager has challenged each department to complete the use of HUD, CDBG and/or other grant funds within the grant guideline spending period.

Collaborative economic development efforts are underway with the Flint & Genesee Chamber of Commerce to attract and retain businesses; and to receive and apply new tools such as the Next Michigan Development Corporation and Smart Zone designation. The City will continue to work with RACER Trust for brownfield development, including Buick City.

The City of Flint is challenged in its current financial condition to provide significant investment into job creation and Economic Development. However, the City has developed a unique and effective partnership with the Genesee Regional Chamber of Commerce (GRCC) which is the recognized economic development entity for Genesee County. The City receives specific community and economic development services from GRCC each year.

Blight Management Plan
The EM has determined that blight has become one of the primary issues facing the City of Flint. Blight is a continuum of problems from tall grass and weed control through abandoned, demolition ready property. The newly formed Department of Planning and Development is formulating a complete blight strategy.

The City's financial condition has resulted in the drastic reduction in the Building and Safety Inspections Division. All demolition work will now be the responsibility of the Genesee County Land Bank Authority. The City will also be hiring part-time Neighborhood Safety Officers, through a grant from the Mott Foundation, who will be assigned to issue citations for blight violations, including processing the impounding of abandoned vehicles, verifying current business licenses and identifying rental properties.

The Landbank in partnership with the City has recently received over $3.5 million from MSHDA for demolition of properties in three specific areas of the City. First, around Northwestern High School, second around Northern High School, and the third around the area of Diplomat Pharmacy and the International Academy of Flint.

The Landbank, again in partnership with the City of Flint is expected to receive Hardest Hit Federal Funds of $20 25 million for residential demolitions in Genesee County, primarily in the COF. This will be a significant milestone in the history of the City, affording it the opportunity to significantly improve the quality of life in the City's "tipping neighborhoods".

In May 2013 the City received a report from the Center for Community Progress entitled "City of Flint Vacant Property Maintenance Site Visit Report" which provided recommendations for the City and its partners to consider implementing. This, along with other reports including the City's developing Master Plan is leading to a defined "Blight Elimination Plan".

DCED currently has $400,000 in CDBG funding for mowing and trash removal. This is being supplemented with approximately $800,000 from the Landbank. Currently, the plan calls for mowing the vacant properties only one time this summer.

A Cities of Service grant for $25,000 was awarded to Flint this Spring for use for neighborhood clean-ups and tire collection. Twenty projects were funded and the tire collection resulted in 10,000 tires being removed from back yards, lots and parks.

A very positive development in the City has been the unsolicited efforts of private businesses and educational organizations planning large scale redevelopment projects, with the City and the Landbank, to improve areas surrounding their operations.

Golf Courses
All four of the city's golf courses were leased to private organizations. Two courses were operational summer 2012 and both have reopened for the summer of 2013.

Senior Centers
The Pierce Senior Center closed on April 30, 2012 as funding was no longer available. The City of Flint continued to explore its options with the two open Senior Centers: Brennen and Hasselbring. In June 2013 contracts were successfully negotiated with United Senior Network for the operation and sale of the Hasselbring Community Center, and with the Brennan Elm Park Senior Community Corporation for the operation of the Brennan Community Center. Planning is also underway for a third center in downtown in partnership with another vendor.

Smith Village Housing Development
The Smith Village housing project is funded primarily with HUD and NSP2 grants. Phase I, which includes 30 housing units, has been completed as scheduled. HUD has determined February 10, 2012 was the goal to expend 50%

of the allocation. The Smith Village housing project has met that development goal

On May 18, 2012, the City announced that Phase II of the Smith Village development will be undertaken by Ginosko Development Company and Rohde Construction Company. Ginosko's site plan was approved by the Flint Planning Commission on May 22, 2012.

Smith Village Phase II completed 14 homes by February 28, 2013. Nine homes built by the new developer were completed by March 30, 2013. Occupancy Permits have been received for homes in Phase I. Four of the completed homes have purchase agreements and fifteen mortgage closings are schedule to take place by June 30, 2013.

The contractor will complete three more homes in June 2013 which will bring the total completed to 42. As sale proceeds become available, up to an additional 5 units can be built.

U. S. Department of Housing and Urban Development Monitoring
After the February 2012 HUD monitoring of the HOME Program, The City of Flint received notice from HUD that it has capacity to run the HOME program.

In the City of Flint 2012 Single Audit, DCED had one finding related to the resolution of the OIG audit for 2010. In the 2011 Single Audit, under the previous administration, there were 8 findings.

In September 2012, HUD headquarters in Washington D.C. monitored the DCED ARRA Homeless Prevention and Rapid Rehousing Program and stated that the City of Flint established a comprehensive and well coordinated program for providing homelessness prevention assistance for its residents and that the City's HPRP Policies and Procedures Manual was well thought out.

In December 2012, HUD notified the City of Flint, in its Comprehensive Annual Performance and Evaluation Report (CAPER) that it met its timeliness ratio and expenditure requirement reaffirming their confidence in DCED's capacity to administer federal programs.

Real Estate Transactions
In August 2012 the City of Flint sold the Genesee Towers to Uptown Redevelopment Corporation for $1 and committed $880,000 CDBG dollars toward the over $4 million cost of demolition. Genesee Towers has been a liability for the City since December 2010 when the city assessed a one time millage to cover the $9.0 million judgment. The transaction has been finalized but demolition timeline is not completed.

A quit claim deed for Chevy-in-the-Hole site has been transacted between the EDC and the City of Flint. EPA money for clean up has been agreed upon.

Public Safety

A Police and Fire Protection Millage request for 6 mils for 5 years was placed on the November 2012 ballot and was approved by the electorate. This will begin the process of stabilizing both the Police and Fire Departments. The City hired eight additional police officers as a result. Millage dollars will be used to replace the expiring Mott foundation Community Policing Grant and part of the Federal SAFER firefighter grant.

A Public Safety Plan was introduced to the public on May 4, 2012. This plan addresses Police and Fire department organizational plan, operation of the lock-up, transition to 800 MHz communications system and the formation of the Criminal Justice System Advisory Council.

Efforts continue to restructure the Fire Department, 911 and emergency response operations to adjust to eliminated Federal and County revenue sources. Review options for shared services, station configurations, staffing levels, contract services and technology applications.

Police Department

In June 2012 the Police Department changed to a 12 hour shift operation within a four District Patrol plan. These changes, in combination with the expansion of alternative call response procedures (including the introduction of the on-line CopLogic reporting system); have resulted in the continuing reduction in response times to 9-1-1 calls.

In June 2012, the City received a 6 month grant renewal from the C. S. Mott Foundation for the Community Policing grant which has funded 10 officers and 1 sergeant. This grant was submitted in conjunction with the Michigan State University School of Criminal Justice Training and Technical Assistance team. The MSU team assists the City in implementing several phases of the Public Safety plan. In December 2012, the Mott Foundation extended this grant to the City for an additional 6 months which will provide funding through the end of the FY13 budget.

The City of Flint is continuing its existing collaborative efforts with regional partners. Examples: Flint Area Narcotics Unit, Safe Streets Task Force, and U.S. Attorney's Office Zero Tolerance gun violence reduction initiative, LifeLines (formerly known as CeaseFire), and other programs to help eliminate gang activity and prevent other violent acts.

The city continues to receive patrol assistance and detective assistance from Michigan State Police. Patrol assistance is a crime deterrent and increases traffic

safety compliance. The detective assistance has increased the capacity for investigations within the Flint Police Department.

Apply new technologies and information systems to improve police efficiencies and improve targeting and effectiveness including New World, CopLogic, and DDACTS.

Lock-up
The Public Safety Department recommended selection of the Genesee County Sheriff as the operator of the Flint lock-up. The lock-up opened the week of October 1, 2012.

In early 2013, use of the lock-up was made available to all Genesee County police agencies. The availability of the lock-up is credited with the clearance of over 1000 warrants per month in Genesee County. The State Legislature has approved funding for one more year of operation.

Fire Department
A protocol was finalized for the transition to the Genesee County Sheriff's Department to handle the paramedic calls in the City of Flint. This millage is now being managed only by Genesee County. Completion date was July 1, 2012.

The FEMA funded SAFER Grant which supports the wages and benefits of 39 firefighters was renewed on June 10, 2012 for two years. The new grant totaled $6.9 million. It is very rare that a city would be awarded a full funding request in back-to-back granting periods.

A Fire Chief was hired April 15, 2013 and he is currently in the process of restructuring the department.

9-1-1 Operation
The City completed change over to the 800 MHz communication system for the Police and Fire Departments before the December 31, 2012 required implementation date. The installation of a point to point microwave link with the Genesee County 9-1-1 Consortium tower system is being finalized in July 2013.

The Mott Foundation funded a study through the MSU Training and Technical Assistance Team to determine the costs and issues involved in pursuing a reconsolidation of the Flint 9-1-1 Center with the Genesee County 9-1-1 Consortium. Both EM's have stated their intentions to move toward reconsolidation. This intent was the basis of the C-GAP application to construct a simul-cast communications tower which will be integrated into the Consortium's tower system.

Priority List for the Continued Resolution of the Financial Emergency

- Increase Revenue: Income tax increase process
- Blight Elimination Plan: Major problem impacting the City as a whole
- 9-1-1 Reconsolidation: Results of the reconsolidation study need to be reviewed and pathway for action needs to be developed.
- KWA Implementation: Many steps remain including disposition of current pipeline sections, City Water Treatment Plant updates, interim water supply plan development, long term water supply back up plan.
- Unfunded OPEB Liability: outstanding lawsuits leave the City in an unknowable status; this could impact Audit standing and required funding, which is potentially ruinous to the budget.
- Capital Investment Needs: The extensive infrastructure of the City must be maintained in order for the City to continue to be functional. Current estimates of unfunded needed capital investment is over $300 million

Emergency Manager's Conclusions

Significant work has been accomplished to stabilize the financial situation of the City of Flint. The whole of the organization is being restructured to reflect a smaller, leaner government operation. Services which were routinely provided are being inspected to determine if they should continue and if so, in what format. Technology solutions are often implemented to increase efficiencies but these also result in reduced opportunities to speak to a real person.

The Emergency Manager acknowledges an on-going financial crisis. However, stable revenue is necessary in order for this city, and most other cities in Michigan, to continue to avoid a bankruptcy situation. We have asked our residents to accept a significant 6 mil Police and Fire Protection Millage; and they have done so. We have imposed a street lighting assessment, a waste collection fee and tremendous water and sewer rate increases. Our residents have not enjoyed increasing services, increasing property valuations or increasing employment opportunities.

As noted previously, there are very few additional revenue options. We are approaching the limit of the City's borrowing capability. Capital improvement funds are drained and the property tax millage rate in within .1 mil of maximum. State Revenue Sharing is now tied to EVIP and C-GAP competitive granting. We have made a request through our State Legislative representatives and the State Treasurer to push legislation to allow City voters the opportunity to decide to increase the income tax. This action could generate $7 million annually and would eliminate the City's structural deficit. A bill has been

introduced but will not be acted on before Fall 2013. Based on that, the earliest that a ballot proposal could come before the City of Flint residents would be February 2014.

In the meantime, Flint is still struggling with effects from increased expenses and reduced revenue from decisions outside our control. These include: yet another General Motors/Delphi closure impacting over 300 jobs, the unknown impact from the changes in personal property taxes, the $120,000 cost to hold the State Senate primary election, and the $575,000 required match for MDOT projects in FY14.

The City is also approaching the point of diminishing returns. There are only so many personnel reductions which can be made before there is no one left to manage the operation.

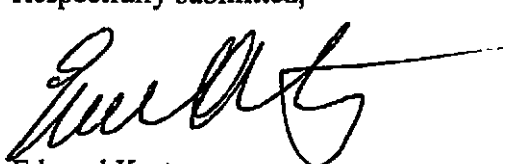
Yet, in light of all of these difficulties, we do not believe that bankruptcy is the best option for the City of Flint. Bankruptcy is expensive: on June 24, 2013 the *Detroit News online* reported that Kenneth Klee, a lawyer for Jefferson County Georgia, said that the County's bankruptcy costs would be about $1 million per month. Jefferson County, GA filed for bankruptcy in November 2011. Similar reports came from Vallejo, California. Bankruptcy could reduce or discharge the City's obligations for retiree healthcare. Whether or not pensions could be impacted is less clear. Both would probably not occur without significant litigation. The balance of the City's debt is actually debt to the State of Michigan, not to private creditors. We feel this is a very unacceptable choice in light of other alternatives that the City has identified, and we don't see that this benefits any entity. The City has to continue to operate even under receivership.

What we do need is a state-wide strategy to support Michigan's cities. Even in post bankruptcy, additional revenue sources will need to be developed for the City to survive.

Further, we do not recommend beginning the transition back to the Mayor/Council management of the City at this time. The City still has critical budgeting issues, there is tremendous work necessary on charter revisions and as yet the City Council has not taken any action to begin the governing education process required by the EM Order which partially restored their pay.

Another update of this report is expected to be presented in September 2013 as required by PA 436. Other updates may be provided as appropriate.

Respectfully submitted,



Edward Kurtz
Emergency Manager

Attachments:

1. Summary of Findings of the Flint Financial Review Team
2. Organizational Chart FY13
3. Organizational Chart FY14
4. Orders and Directives of the EFM and EM
5. FY14 Budget
6. Setting a Sustainable Course for the City of Flint 2014-2018

Attachment # 1

Summary of Findings of the Flint Financial Review Team

Summary of Findings of the Flint Financial Review Team
November 2011

- The City has a general fund deficit of$14,621,546 as of June 30, 2010 which was not eliminated within the two year preceding period.

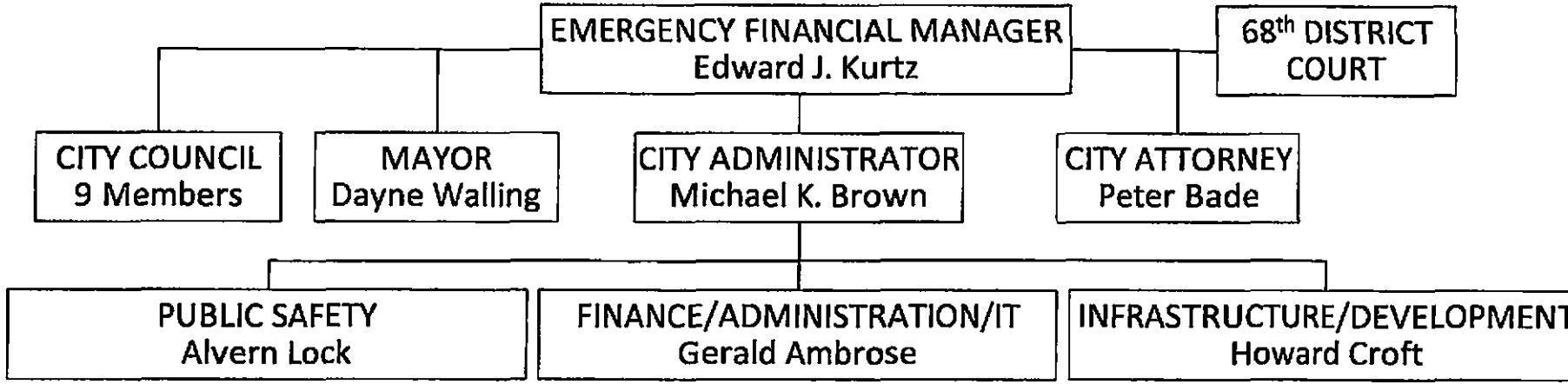
- The City previously submitted a five year deficit elimination plan for a cumulative general fund deficit of$7,046,820 as of June 30, 2008. However, by June 30, 2010 the cumulative general fund deficit had grown to $14,621,546. An updated plan submitted for 2010 does not purport to eliminate the cumulative deficit until 2030 and that relies upon the issuance of an additional $12 million of debt in 2013.

- A structural operating deficit existed in the general fund as of June 30, 2007, 2008, 2009, 2010 and the general fund is projected to have a $6,768,864 deficit as of June 30, 2011.

Attachment # 2

Organizational Chart FY13

City of Flint: Organizational Chart



- Police
- Fire
- 911

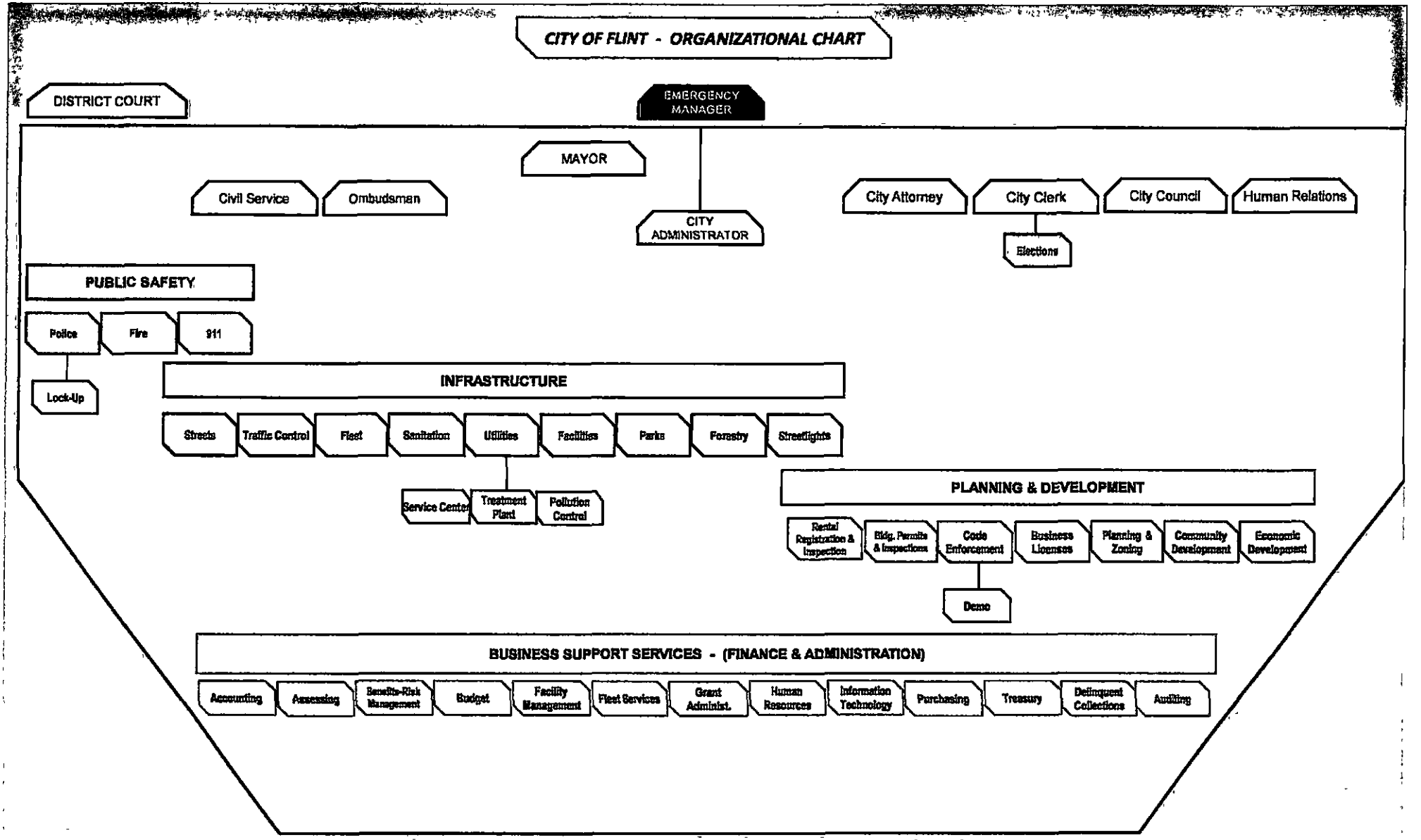
- Treasury
- Budget
- Risk Management
- Assessment and Tax Collection
- Human Resources
    - Human Relations Commission
- Information Technology
- Purchasing
- Accounting
- Pension
- City Clerk – Licensing, Permitting, and Elections

- Community and Economic Development – Planning/Zoning and Grants Management
- Development – Building Inspections, Blight and Demolition
- Facilities Maintenance
- Fleet
- Parks & Recreation and Forestry
- Sanitation
- Street Maintenance
- Transportation – Central Administration and Accounting
- Transportation – Traffic Engineering
- Transportation – Engineering
- Utilities – Water Pollution Control Facility
- Utilities – Water Service Center
- Utilities – Water Plant
- Utilities – Water Treatment Center

Attachment # 2

Attachment # 3

Organizational Chart FY 14


CITY OF FLINT - ORGANIZATIONAL CHART
DISTRICT COURT
EMERGENCY MANAGER
MAYOR
Civil Service
Ombudsman
CITY ADMINISTRATOR
City Attorney
City Clerk
City Council
Human Relations
Elections
PUBLIC SAFETY
Police
Fire
911
Lock-Up
INFRASTRUCTURE
Streets
Traffic Control
Fleet
Sanitation
Utilities
Facilities
Parks
Forestry
Streetlights
Service Center
Treatment Plant
Pollution Control
PLANNING & DEVELOPMENT
Rental Registration & Inspection
Bldg. Permits & Inspections
Code Enforcement
Business Licenses
Planning & Zoning
Community Development
Economic Development
Demo
BUSINESS SUPPORT SERVICES - (FINANCE & ADMINISTRATION)
Accounting
Assessing
Benefits-Risk Management
Budget
Facility Management
Fleet Services
Grant Administ.
Human Resources
Information Technology
Purchasing
Treasury
Delinquent Collections
Auditing

Attachment # 4

Orders and Directives of the EFM and EM

Executive Orders

DATE	ORDER #	DESCRIPTION
6/13/13	[illegible]	ADOPTION OF FISCAL YEAR 2014 BUDGET
6/6/13	0	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
4/12/13	2	CITY COUNCIL'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
3/28/13	[illegible]	MAYOR DAYNE WALLING'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
3/27/13	[illegible]	WATER SERVICE PROCEDURES
3/15/13	01	GRANT APPLICATIONS
12/12/12	[illegible]	INVALIDATING COUNCIL ACTION
10/11/12	[illegible]	POVERTY EXEMPTION TO STREET LIGHTING SPECIAL ASSESSMENT
10/11/12	[illegible]	CITY COUNCIL ADOPTION OF AMENDMENT TO RENTAL INSPECTION ORDINANCE IS NULL AND VOID
09/14/12	[illegible]	OVERTIME
09/12/12	[illegible]	CITY TREASURER AUTHORIZED TO CORRECT ASSESSMENTS OR FEES IF PROPERTY OWNER ENTITLED TO WAIVER
08/24/12	[illegible]	ADVISORY COMMITTEE
08/24/12	[illegible]	BUDGETARY OVERSIGHT & TERMINATION OF LINE ITEM LEVEL
08/24/12	[illegible]	PROCEDURE FOR SUBMISSION OF RESOLUTIONS AND ORDINANCES
08/24/12	[illegible]	PROCEDURES FOR PURCHASING
08/08/12	[illegible]	FLINT POLICE OFFICERS ASSOCIATION UNION CONTRACT PROVISION MODIFICATION/ TERMINATION - TRANSFER TO THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
08/08/12	[illegible]	CONSOLIDATION OF FLINT AREA ENTERPRISE COMMUNITY WITH ECONOMIC DEVELOPMENT CORPORATION AND ELIMINATION OF CITIZENS DISTRICT COUNCILS
06/27/12	[illegible]	ESTABLISHMENT OF SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12	[illegible]	WATER AND SEWER RATE INCREASES
05/30/12	[illegible]	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12	[illegible]	APPLICATION TO STATE ADMINISTRATIVE BOARD FOR APPROVAL TO ISSUE NOT TO EXCEED $9,300,000 IN FISCAL STABILIZATION BONDS
04/25/12	[illegible]	WASTE COLLECTION USER FEE
04/25/12	[illegible]	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH AFSCME LOCAL 1799
04/25/12	[illegible]	AFSCME LOCAL 1600 ("LOCAL 1600") CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12	[illegible]	AFSCME LOCAL 1799 RETIREE INSURANCE RECIPIENTS
04/25/12	[illegible]	AFSCME LOCAL 1600 RETIREE INSURANCE RECIPIENTS
04/25/12		FLINT I A F F - FLINT FIREFIGHTERS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	[illegible]	FLINT POLICE OFFICERS ASSOCIATION UNION RETIREE INSURANCE RECIPIENTS
04/25/12	[illegible]	P O L C FLINT POLICE CAPTAINS AND LIEUTENANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	[illegible]	P O L C FLINT POLICE SERGEANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	[illegible]	NON-UNION ACTIVES AND RETIREE INSURANCE RECIPIENTS
04/25/12	[illegible]	FLINT POLICE OFFICERS ASSOCIATION CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12	[illegible]	ADOPTION OF FISCAL YEAR 2013 BUDGET
04/24/12	[illegible]	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH FLINT I A F F - FLINT FIREFIGHTERS UNION
04/24/12		APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P O L C FLINT POLICE CAPTAINS AND LIEUTENANTS UNION
04/24/12	[illegible]	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P O L C FLINT POLICE SERGEANTS UNION
04/13/12	[illegible]	Modification of Section 10 of the settlement agreement and release of all claims dated OCTOBER 2, 2002 between the City of Flint and plaintiffs RICHARD DICKS LEON NOVACK, SHIRLEY NOVACK THE UNITED RETIREMENT GOVERNMENTAL EMPLOYEES (URGE) AND SANDRA YURK relating to prescription drug coverage for all retiree groups of the City of Flint
01/11/12	[illegible]	Monthly Meetings with Flint City Council
01/11/12		Procedure for Submission of Matters Involving a Recommendation by the Planning Commission
12/20/11	[illegible]	Council s Responsibilities & Compensation
12/20/11	[illegible]	Mayor's Responsibilities &Compensation
12/19/11	[illegible]	Advisory Committee

12/13/11	007	Budgetary Oversight & Termination of Line Item Level
12/08/11	006	Elimination of Civil Service Commission
12/08/11	005	Elimination of Office of Ombudsman
12/08/11	004	Procedures for Resolutions and Ordinances
12/08/11	003	Procedures for Purchasing
12/02/11	002	Elimination of Salaries for Mayor & Council
12/01/11	001	Termination of Appointments

Attachment # 5

FY 14 Budget

See pgs. 32-44 of Attachment #6

Attachment # 6

Setting a Sustainable Course for the City of Flint 2014-2018

CITY OF FLINT, MICHIGAN

Setting a Sustainable Course for the City of Flint

Draft Strategic Plan

Five Year Financial Projections 2014-2018

Proposed FY 14 Budget

Prepared by
Department of Finance
Gerald Ambrose, Finance Director
Antonio Brown, Deputy Finance Director

Setting a Sustainable Course for the City of Flint

Five Year Financial Plan

2014-2018

A. Introduction

B. Strategic Plan and Organizational Chart

C. Five Year Projections

1. FY14-18 Projections

a) Revenues
b) Expenses
c) Revenue and Expense Comparison
d) General Fund Revenue and Expense Projections

2. Known Challenges

3. Police and Fire Projections

4. Deficit Elimination Projection

a) Elimination of Current 19.1 Million Deficit
b) Cumulative Deficit Projection
c) Annual Deficit Projection

D. Proposed FY14 Budget

1. Total Budget Summary

2. General Fund Revenue and Expense Projections

3. Staffing Projections

4. Projected Taxpayer Impact

Setting a Sustainable Course for the City of Flint: Five Year Financial Plan 2014 -2018

Introduction

The City of Flint is currently in a financial emergency, placed in receivership by Governor Synder in December, 2011. The primary reasons for this action included a continuing structural deficit, continuing annual deficits, and unchecked legacy costs, all resulting in an accumulated deficit and marginal cash flow which placed the city in an inevitable position of financial insolvency. The details of the many reasons for this action are detailed by the report of the Financial Review Team which reviewed the City's finances and recommended the action ultimately undertaken by the Governor.

The environment in which Flint finds itself is not necessarily new or unique. For many years, Flint has faced the challenges of an older urban center – population loss; high rates of poverty and low rates of educational attainment; high crime, aged infrastructure; and high legacy costs. In addition, there are stagnant or declining revenue streams, including property and income tax revenue; state shared revenues; disappearing grant revenues; rapidly increasing health and pension costs; an increasing number of retirees; and a workforce already seriously reduced in response to previous financial challenges. This environment is not expected to significantly change in the foreseeable future.

Since the original appointment of an Emergency Manager, charged with addressing the situation, the statutes authorizing the Governor's action has changed three times. However, while the original Emergency Manager has changed as a result of the statute changes, the team in place at the beginning of 2012, including the original Emergency Manager, has remained largely intact. There has been much action focused on restoring the financial solvency of Flint and putting into place changes to assist the government to once again become a leader fostering the community of Flint to become an attractive place for residents, businesses, students, and visitors.

At the end of fiscal year 2012, (June 30, 2012), the City's General Fund faced an accumulated deficit of more than $19.1 million. The initial projections for the fiscal year 2013 budget (which began July 1, 2012), indicated a gap between revenues and expenses of more than $20 million, and as the budget preparation proceeded, it was clear that the actual gap was much larger. The consequences were hard decisions made to reduce the workforce by 20%, reduce employee compensation by 20% of wages, alter retiree health care, and both request and impose significant tax and fee increases on residents and businesses totaling nearly $20 million.

The result of these actions was a balanced budget in place on July 1, 2012. Eight months into the fiscal year, revenues and expenses remain balanced. With voter approval of a public safety millage, assistance from the state, and funds from several grant sources, public safety staffing has been stabilized for the time being, and the City is in the midst of creating a new Master Plan to guide the future development of the City.

The goal now has been to formally establish a new direction for the city government, looking forward for the next several years. To this end, a five year Strategic Plan for the City, accompanied by a financial plan, is being developed. The plan defines the key goals and objectives that the City intends to accomplish, framed in the context of conservatively projected revenues and expenses. Key goals include maintaining public safety; reducing the blight conditions prevalent throughout much of the city, providing other essential city services, and eliminating the accumulated deficit.

The development of the financial plan underpinning the Strategic Plan is the crucial component of the City's future financial viability. If one cannot see a clear path to financial solvency over the next five years, then the future is dim. And while there is little doubt that expenses cannot be reduced to meet revenues, the real question is whether or not the result equates even minimally to a viable city able to provide even the most basic of city services, let alone provide the support and leadership necessary for the Flint community to survive.

There are currently three sections to the plan and budget. The first is the most current draft of the Strategic Plan developed internally to guide the actions of city leaders for the next several years. The second section provides a five year overview of revenues and expenses and identifies the challenges the city currently identifies as impacting its future directions and capabilities. The third section details the preliminary FY 14 budget. While the FY14 budget as a financial document is nearly final, it is still necessary to finalize the specific objectives and measurements necessary to guide and measure implementation of the budget.

Once the review of the five year overlook is complete and the FY 14 budget is nearly complete, attention will then focus on development of the FY15 budget. Once that is complete –within the next several weeks, attention will be given to formulating financial plans for succeeding years while at the same time moving forward with adopting and implementing the FY14 budget.

FLINT STRATEGIC PLAN

2014 -2018

Setting a Sustainable Course for the City of Flint

FLINT STRATEGIC PLAN

2014 -2018

Setting a Sustainable Course for the City of Flint

The Vision for the City Government of Flint:

A well managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors

The Mission of the City Government:

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly and financially responsible manner

The Goals:

In order to fulfill its Mission, the City government will assure that residents, businesses, students and visitors will:

Have a safe, secure, and healthy environment in which to live, work, learn and play

Have access to dependable and affordable water, sewer, and waste collection

Have access to an adequate and well maintained transportation network serving motorized, non-motorized, and pedestrian needs

Cooperate with business, non-profit, and foundation partners to create a climate that supports community and economic development

The City government will also:

Provide municipal services consistent with the City's Master Plan and also work with residents, businesses, and others to foster development of the City and its infrastructure in a manner consistent with its Master Plan

Encourage partnerships for recreation and access to open space across the City

Enforce building and occupancy codes and to aggressively work with others to address blighted conditions

Assure that City ordinances and regulatory activities are consistent with the Master plan and supportive of economic development

Operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits

FLINT STRATEGIC PLAN
2014 -2018
Setting a Sustainable Course for the City of Flint

GOVERNANCE/ADMINISTRATION

FINAL 3/20/2013

DIVISIONS/AREAS		FUNCTIONS/GOALS	KEY OBJECTIVES
EMERGENCY FINANCIAL MANAGER		Directs and guides the City government in order to have a financially stable organization capable of assuring:	Assure Division Directors Achieve their goals
	CITY ADMINISTRATOR		Finalize Contract for water services
	MAYOR	* A safe, secure, healthy environment to live, work, play	Secure Continued Funding for the Lock-Up
	COUNCIL		Secure Replacement Funding for the SAFER Grant
	HUMAN RELATIONS	*A dependable and affordable water, sewer and waste collection	Pursue 911 Consolidation
	CIVIL SERVICE/OMBUDSMAN		Implement New Organizational Structure/Hire Fire Chief and Asst. Police Chief
		*An adequate and well maintained transportation network	Establish link with FARO for grant assistance
			Support Economic Development
		* Support of community and economic development activities	Support Community Development
			Expand Communication efforts
			Assess Hospital Asset
			Pursue State Approval for Income Tax Increase
			Search for and Evaluate Shared Services
			Support State Level Changes to Municipal Financing
			Support consolidation of District Courts

CITY ATTORNEY			
		Provides legal advice on matters relating to the conduct of city business; prosecutes violations of city ordinances; responds to FOIA requests; advises in labor relations	Comprehensive review of all ordinances, including Zoning and Business Licensing
			Handle 95% of litigation in-house
			Improve skill sets of all staff
			Improve processes of handling paper and digital files
			Improve standardization of procedures for common legal matters
			Improve appearance of City Attorney's Office

CITY CLERK			
	RECORDS	Manages custody and retention of city records, including minutes of official bodies. Conducts elections in accordance with state law.	Become current on cataloging and filing records
	ELECTIONS		Conduct regularly scheduled and special elections

FLINT STRATEGIC PLAN
2014 -2018
Setting a Sustainable Course for the City of Flint

PUBLIC SAFETY

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
POLICE	Provides the best public safety response possible within total staffing of 150	Continue work with MSU Technical Assistance, including:
		Update Organizational Chart and administrative structure
		Hire Deputy Chief w Designated Responsibilities
		Establish Roster
		Fill Positions
		Eliminate Provisional Appointments
		Update Operational Policies
		Develop formal expectations for IT support
		Develop formal expectations for Fleet support
		Determine adequate size of Fleet
		Evaluate Lock Up operations
		Finalize 800 MHz installation
		Conduct technology training for all personnel
		Strengthen relationships with community groups
911	Provides the best possible emergency telephone answering and dispatch purpose possible within current staffing of 23	
		Reduce use of 911 for non-emergency calls
		Develop plan for Next Gen 911 technology
		Improve response to incoming 911 and 7 digit calls
		Improve data transfer for false alarm billing
		Complete 800 MHZ implementation
		Develop plan for new communications tower
		Prepare plan for management succession
		Meet mandated training standards
		Complete 911 consolidation study and prepare to implement
FIRE	Provides the best fire response possible within current staffing of 94, while preparing for reduced operations with loss of SAFER funds	
		Document turnaround time for fire inspections
		Develop contingency plan without SAFER funding
		Develop potential shared services w surrounding depts.
		Analyze patterns of sick leave usage
		Evaluate alternate organizational structures
		Determine impact of "Fire only" response capability
DISTRICT COURT	Provides the most efficient processing possible within the net current appropriation from the City	
		Improve court coverage when employees are absent
		Improve Court Collections
		Re-establish Probation department
		Improve Criminal Case Processing

FLINT STRATEGIC PLAN
2014 -2018
Setting a Sustainable Course for the City of Flint

INFRASTRUCTURE

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
STREETS		
	Oversees the maintenance and repair of the City's street and sidewalk network within the constraints of state funding and in compliance with state law	Conduct preventative maintenance on 10% of streets
		Implement Sidewalk repair program targeting 1,000 repairs
		Initiate a 50/50 Sidewalk repair program
		Invest $100,000 in non-motorized facilities
		Initiate Pot Hole repair within 48 hours
		Initiate Right of Way Enforcement Program
TRAFFIC CONTROL		
	Oversees the maintenance and repair of traffic control signals and markings, including barricading and other temporary changes during repairs and events; provides safe access for the traveling public, both motorized and non-motorized	Initiate traffic signal preventive maintenance program
		Enforce state standards for traffic control devices
		Establish safe right of way environments for events
		Implement a long line pavement marking program
SANITATION		
	Assures the reliable and efficient collection and disposal of residential waste	Develop and execute compost plan
		Monitor contractor's waste collection activities
		Participate in development of recycling program
		Monitor finances of waste collection fee
UTILITIES		
	Assures the reliable and efficient provision of water and the disposal of sewage in compliance with local ordinances, state and federal laws	Comply with all MDEQ water quality standards
WATER SERVICE CENTER		Comply with all effluent quality standards
WATER TREATMENT PLANT		Respond quickly and efficiently to water main breaks
WATER POLLUTION CONTROL		Continue implementing meter replacement program
		Design and implement pilot sewer back-up prevention program
		Implement Capital equipment/process upgrades
		Implement Storm Water Ordinance and fee
		Reduce storm water and groundwater infiltration into sanitary sewer
		Shut down incinerator as next step to reducing unit cost of solids disposal
PARKS		
	Oversees the maintenance and use of park land; promotes the development of recreational programming	Implement "Mowing plan" developed by Ruth Mott Foundation
		Promote "Adopt a Park" program throughout the City
		Participate with Planning to develop a parks disposal plan
		Monitor mowing contractor performance

FLINT STRATEGIC PLAN
2014 -2018
Setting a Sustainable Course for the City of Flint

INFRASTRUCTURE (cont)

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
FORESTRY		
	Oversees the care of trees within the jurisdiction of the City	Develop program giving property owners responsibility for trees in right of way
		Provide capacity for emergency removals
		Seek volunteer capacity for tree planting
STREETLIGHTS		
	Works with Consumers Energy and City Planning to plan and implement an appropriate and energy efficient system of streetlights	Initiate planning process with CE for upgrades
		Monitor CE progress in plan implementation
		Monitor finances of streetlight assessment
FLEET		
	Oversees the specification, purchase, repair, maintenance and replacement of all city vehicles and wheeled equipment. Provides professional and technical advice to departments regarding their vehicle and equipment needs.	Complete and maintain a current fleet and equipment inventory
		Develop a vehicle/equipment replacement schedule
		Complete 75% of work orders within 72 hours
		Maintain scheduled/actual preventative/maintenance ratio > 75%
		Sustain average vehicle availability rates above 70%
		Implement fuel program to minimize fuel storage & cost
FACILITIES		
	Oversees the operations of all city buildings and grounds other than park land. Responsible for repair and maintenance of building systems, cleaning, and security. Provides professional and technical advice on departments facility needs and on most efficient use of facilities.	Resolve emergencies immediately
		Develop and implement Property/Equipment Disposal Plan
		Assure proper ventilation, heating and cooling in occupied buildings
		Assure facilities are cleaned appropriately
		Assure buildings are safe and maintained for employees and visitors
		Define emergency saving opportunities

FLINT STRATEGIC PLAN
2014 -2018
Setting a Sustainable Course for the City of Flint

PLANNING AND DEVELOPMENT

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
CODE ENFORCEMENT		
RENTAL REGISTRATIONS	Assures comprehensive and fair enforcement of compliance of the Michigan Construction Codes, City of Flint Ordinances, including rental registrations, and the International Property Maintenance Code	Register 100% of Rental Properties
BUILDING PERMITS		Review and update Building Fee Schedule
		Document timeliness of turnaround for Building Permits and Inspections
		Develop and implement a plan for code enforcement
BUSINESS LICENSES		
	Assures that all businesses within the City are registered in accordance with city ordinances and that appropriate inspections are completed in a professional and timely manner	Revise and simplify business licensing requirements
		License 100% of businesses, per ordinance
		Document timeliness of inspections done, per ordinance
PLANNING AND ZONING		
	Provides professional and technical advice and assists policy makers and administrators in guiding development of the City in accordance with its Master Plan; develops collaborative partnerships to coordinate planning efforts throughout the City	Adopt Master Plan by October 2013
		Amend Zoning Ordinance by June 2014
		Redesign park plan to recognize city resource limitations
		Update Capital Improvement Plan
		Develop plan to assure that disposition of city property is consistent w MPlan
		Make available basic demographic information and GIS Services
		Complete NEPA Clearances
		Complete Blight Elimination Plan
COMMUNITY DEVELOPMENT		
	Provides professional and technical advice and assists residents, policy makers, and others in developing strong neighborhoods. Supports the Green and Healthy Homes Initiative (GHHI), youth initiatives, urban housing initiatives, and quality of life initiatives by leveraging current federal funding sources.	Develop plan for strengthening neighborhoods
		Improve HUD grant allocation process
		Improve Contractor capacity to administer grants
		Reduce # of HUD grant findings
		Reduce Unsold Housing Inventory
		Close contracts more than 2 years old
ECONOMIC DEVELOPMENT		
	Provides professional and technical advice and assists businesses, policy makers and others in developing a positive climate to attract and retain business	Assess potential of making Oak Business Center profitable
		Assess effectiveness of EDC
		Formalize relationships with GRCC and others

FLINT STRATEGIC PLAN
2014 -2018
Setting a Sustainable Course for the City of Flint

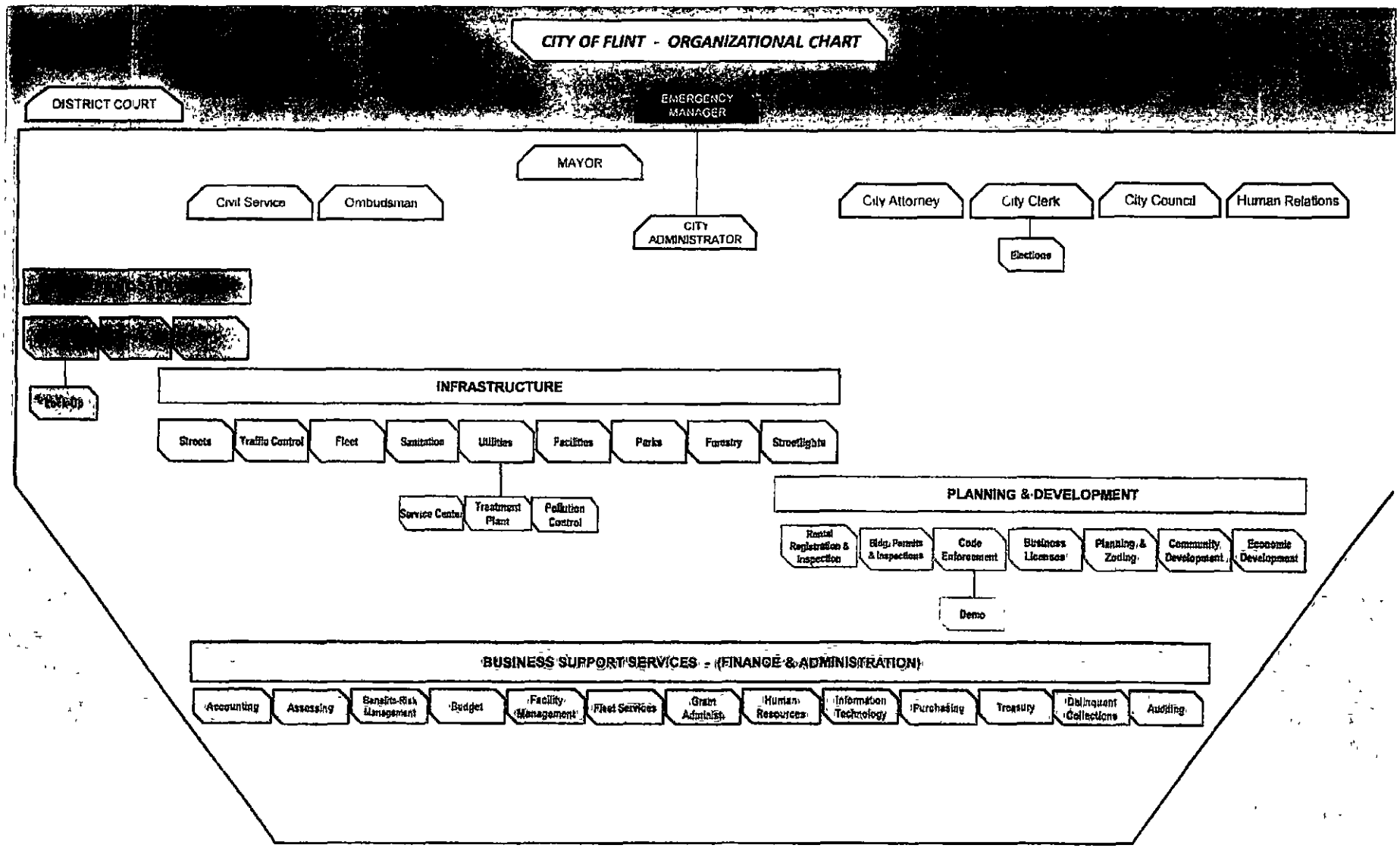
BUSINESS SUPPORT

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
FINANCE		
ACCOUNTING AUDITING BUDGETING RISK MANAGEMENT PURCHASING GRANT ADMIN	Provides for a financially secure organization with sound business practices providing for the purchase of goods and services and financial reporting. Provides professional and technical advice to departments regarding financial and purchasing needs and on grant administration processes.	Meet State reporting requirements Eliminate Deficit per plan Fully implement BS&A Continue reorganization of department per P&M study Incorporate purchasing and risk management into Finance Formalize a 5 year budget and planning process Complete and submit FY13 audit by November 30 Design and implement formal budget monitoring process Implement new grant reporting process Fully implement P Card process; evaluate expansion Conduct ongoing training for all city accounting staff Develop and implement a city wide fixed asset policy Conduct ongoing training for all city purchasing staff Document turnaround time for purchasing goods and services Implement a vendor registration program Improve vendor payment turn around Develop formal internal audit process/procedures Issue RFP for Fy14 audit Improve Cash position Review property and liability coverage's for adequacy Review health insurance coverages for cost savings
TREASURY		
CUSTOMER SERVICE DELINQUENT COLLECTIONS	Provides for a customer friendly accountable entity managing receipts and collections. Monitors collections of property taxes, income taxes, water and sewer, and other receivables to assess budgetary compliance.	Increase income tax revenue thru compliance programs Collect a larger percentage of the City's delinquent receivables Assist customers' needs timely Expand an electronic payment programs Implement e-file for income tax returns Set up training programs for Treasury staff
ASSESSING		
	Assures the assessment of properties within the City in a professional and equitable manner in conformance with state law and professional practices; addresses appeals of values to Board of Review; represents City at state level appeals	Migrate to BS&A.net; train staff Conduct tract revaluations Conduct personal property canvas of accounts less than $40k Conduct personal property audits of accounts greater than $40k Convert/transfer structure drawings from paper to APEX Establish and maintain parcel layer for City GIS
HUMAN RESOURCES		
	Oversees the recruitment and hiring of qualified employees in compliance with laws and ordinances, provides professional and technical advice in the development of personnel polices and contracts, and assists departments and employees in providing training and resolving disputes	Implement on-line application/screening (Applitrack) Update testing protocols for recruitment/selection Update/improve layoff process Identify contract terms for modification/elimination Codify and finalize labor contracts and personnel policies Revise process of benefit administration Foster and maintain good labor relations Resolve management concerns & employee grievances Design and implement ongoing training city wide Update personnel rules and procedures Update program and compliance for employee safety

FLINT STRATEGIC PLAN
2014 -2018
Setting a Sustainable Course for the City of Flint

BUSINESS SUPPORT (cont)

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
INFORMATION TECHNOLOGY	Oversees the design, purchase, implementation, and operation of the City's technology infrastructure; provides professional and technical advice to departments in utilization of technology; identifies and provides technology related training	Develop IT Strategic Plan
		Implement BS&A
		Restructure help desk for 30 min. response & 24 hr. fix
		Establish Technology training calendar for all employees
		Host quarterly User group meetings
		Purchase/Install Network Monitoring System
		Develop Hardware/software Refresh schedule
		Support establishment of GIS capacity for all city government
		Support improvement of city's web site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Auditing

Five Year Financial Projections

Proposed 5/20/13

Five Year
Financial Projections and Challenges
City of Flint, FY14-FY18

Year 1 of the five year financial projection starts with a balanced FY14 budget, made possible in large part by continuation of several major grants supporting police, fire, and the update of the City's Master Plan, as well as the cost reduction strategies related to employee compensation which were implemented in Fy13. These, plus continued effort to restructure work processes and to reduce the size of the workforce make it possible to provide services in FY14 at generally the same level as FY13. It also reflects the initial steps necessary to begin to eliminate the accumulated $19.1 million deficit. However, it affords little ability to improve services, reduce taxes or fees, or to address the monumental amount of unmet capital improvement needs.

Years 2–5 show the continuing challenge of the City's structural deficit, with property tax revenues continuing to fall through FY15, and then stabilizing but with no growth until FY18. At the same time however, legacy and compensation costs are projected to increase by 5% per year, and major grant sources will disappear. The City will be faced with a significant challenge of attempting to choose between reductions in public safety and other reductions; however, finding other reductions may not be possible, given the minimal level of resources available. Again, without additional new significant levels of revenue, there is little ability to improve services or address continually increasing capital improvement needs.

Core General Fund revenues and millage proceeds are projected to remain substantially unchanged at $58 million from FY14 to FY18. Taking into account current grant levels supporting general city services, however, revenues are projected to drop from $66.1 million in FY14 to $58 million in FY18. If the services and service delivery mechanisms supported by the FY14 revenues were left untouched through FY18, it is projected that the gap between revenues and expenses would be more than $19 million by FY18. That gap amount would be even greater if some reductions (such as fire operations with the end of the SAFER grant) were not already incorporated into projections. This gap coincidentally is virtually the same amount as the $19.1 accumulated General Fund deficit as of June 30, 2012.

Balancing city expenditures with projected revenues will be an ongoing challenge for the next several years. While FY14 is balanced, there is a projected $9.1 million gap between revenues and expenditures for the FY15 budget, which begins July 1, 2014. This large gap is due primarily to the anticipated loss of some major grant sources, including SAFER (which provides funding for 39 fire fighters); Master Planning (which provides resources for the revision of the City's Master Plan) state support for operation of the City's Lock-Up; and the Mott Foundation grant which has supported the cost of several police officers. While solutions to closing this gap have not yet been formulated, work to do so will begin once the FY14 budget is finalized.

Revenue and expense projections for FY16, FY17, and FY18 all show gaps which must be closed. Current projections for each of these years range between $2.4 and $3.6 million, and again will pose a significant challenge. The continuation of these gaps reinforces the fact that the City of Flint, like most municipalities in the state, faces a structural gap. With ongoing expense increases in the conduct of business, including legacy costs, on one side, and flat revenues with little opportunity for growth on the other, there will be a continuing challenge to manage the City's business in a financially solvent manner while still providing even the most basic of city services. It is becoming even more imperative that serious consideration be given to providing a more realistic funding mechanism for municipalities. In the City of Flint, state legislative approval to allow consideration of an increase in the income tax (as has been done for other municipalities) is an option that could address the city's plight in a substantial way.

These financial challenges show that it will be difficult for the City to maintain its police and fire departments at current levels. Were it not for the voter approved 6 mill increase in property taxes, as well as continuation of the Neighborhood Police millage, consideration of current levels would be impossible to consider. As it is, it is projected that with the end of the SAFER grant in FY15, staffing for the Fire Department will be reduced from 94 to 75, allowing for the operation of 3 stations. And while staffing for the Police Department may stay close to its current 150 level for a few years, it will likely reduce to 140 in FY18. And that scenario is only possible with continued COPS grant funding.

It will also be challenging to allocate City funds for Planning and Zoning as the grant funding for these activities ends in FY15. Without dedicated staff to pursue implementation of the soon to be adopted Master Plan and updated Zoning Ordinance, development goals of the City cannot be effectively pursued.

With current federal funding for community development and code enforcement significantly reducing over the next few years, city efforts to make even marginal progress in addressing blight and becoming more aggressive in enforcing building and safety codes is in jeopardy. If progress is to continue, it will be necessary that other sources of funding be found.

Finally, it will become increasingly difficult to address priority areas such as those mentioned above by further reducing or eliminating other areas of City services. Restructuring the city's workforce and compensation structures have been done and are ongoing, and city support of areas such as parks and recreation and human services have been reduced. These have resulted in efficiencies and a balanced budget for FY13 and FY14, and there are more decisions to be made. However, there may become a time when no further reductions of the magnitude necessary to balance budgets can be achieved.

CITY OF FLINT 5 YEAR PROJECTION

		FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY16 PROJECTED	FY17 PROJECTED	FY18 PROJECTED
REVENUES							
GENERAL FUND REVENUES (LESS MAJOR GRANTS)		$54,400,943	$50,163,337	$49,732,298	$48,792,198	$48,421,519	$48,581,781
NEIGHBORHOOD POLICE MILLAGE		$1,962,160	$1,549,180	$1,080,192	$1,017,613	$1,089,368	$1,121,808
POLICE AND FIRE MILLAGE		$1,059,000	$1,845,827	$4,593,085	$4,441,172	$4,529,692	$4,440,658
PARKS AND RECREATION MILLAGES		$386,400	$809,084	$277,000	$265,000	$269,000	$271,000
PUBLIC IMPROVEMENT MILLAGE		$2,319,880	$1,875,000	$1,383,000	$1,328,000	$1,328,000	$1,355,000
BUILDING INSPECTION FUND		$5,268,203	$2,318,627	$1,586,457	$1,702,857	$1,827,857	$1,961,324
	SUBTOTAL	$65,356,606	$58,361,035	$58,682,032	$57,547,840	$57,441,246	$57,731,581
MAJOR GRANTS							
	SAFER (Fire)	$3,261,601	$3,261,601	$0	$0	$0	$0
	Master Planning	$516,227	$1,166,611	$0	$0	$0	$0
	Lockup (GF)	$1,330,000	$1,300,001	$0	$0	$0	$0
	COPS Hiring Grant (GF)	$998,520	$826,748	$464,247	$478,859	$500,807	$0
	Drug Forfeiture Fund	$286,473	$435,042	$181,689	$93,595	$56,774	$0
	MOTT (Police - GF)	$1,486,620	$135,000	$0	$0	$0	$0
	Other (Police - GF)	$2,141,586	$820,992	$300,000	$300,000	$300,000	$300,000
	SUBTOTAL	$10,020,807	$7,744,993	$945,936	$840,454	$857,581	$300,000
NET REVENUES FOR GENERAL CITY SERVICES		$75,416,513	$66,106,028	$59,597,978	$58,388,294	$58,298,827	$58,031,581
CDBG AND OTHER RESTRICTED GRANTS							
CDBG/HUD (FY13 & prior years)		$11,661,466	$9,375,083				
CDBG			$4,469,675	$4,246,191	$4,033,882	$3,832,188	$3,640,578
	SUBTOTAL	$11,661,466	$13,844,758	$4,246,191	$4,033,882	$3,832,188	$3,640,578
STATE RESTRICTED REVENUES							
Major Streets		$7,096,176	$8,829,982	$8,756,929	$8,722,346	$8,690,502	$8,658,032
Local Streets		$3,535,537	$2,390,922	$1,533,527	$1,782,829	$1,616,745	$1,892,679
	SUBTOTAL	$10,631,713	$9,220,904	$8,290,456	$8,505,175	$8,417,247	$8,458,711
ASSESSMENTS AND FEES							
Street Light Assessment		$2,850,000	$2,982,960	$3,102,278	$3,226,370	$3,355,424	$3,303,931
Garbage Collection Fee		$5,000,000	$5,132,490	$5,337,790	$5,551,301	$5,773,353	$5,685,284
	SUBTOTAL	$7,850,000	$8,115,450	$8,440,068	$8,777,671	$9,128,778	$8,989,215
ENTERPRISE FUNDS							
Water Fund		$50,846,604	$50,964,182	$53,002,749	$55,122,859	$57,327,774	$59,620,885
Sewer Fund		$32,093,816	$31,918,397	$33,185,133	$34,522,938	$35,903,856	$37,340,010
	SUBTOTAL	$82,940,419	$82,882,579	$86,187,882	$89,645,797	$93,231,629	$96,960,895
TOTAL REVENUES FOR ALL CITY SERVICES		$188,500,111	$180,169,719	$166,772,575	$169,350,919	$172,918,668	$177,080,980

CITY OF FLINT 5 YEAR EXPENSE PROJECTIONS

		FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY16 PROJECTED	FY17 PROJECTED	FY18 PROJECTED
GENERAL CITY SERVICES:							
City Council		$352,899	$333,449	$343,452	$360,625	$378,656	$397,589
District Court		$5,358,479	$5,194,307	$5,454,022	$5,726,723	$6,013,059	$6,313,712
Mayor		$208,579	$212,239	$218,606	$229,536	$241,013	$253,064
City Administrator		$711,882	$384,108	$395,629	$415,410	$436,181	$457,990
HRC		$40,103	$26,237	$27,024	$28,375	$29,794	$31,284
Finance		$1,100,342	$924,822	$971,063	$1,019,616	$1,070,597	$1,124,127
Clerk		$423,065	$321,695	$338,095	$355,000	$372,750	$391,387
Purchasing		$155,204	$130,229	$136,740	$143,577	$150,756	$158,294
Treasury		$2,678,129	$3,052,787	$3,205,429	$3,365,697	$3,533,982	$3,710,681
Assessing		$1,109,773	$1,084,221	$1,138,432	$1,195,354	$1,255,121	$1,317,877
Elections		$572,525	$541,837	$568,929	$702,375	$737,494	$774,369
Law		$1,057,484	$952,781	$971,816	$1,020,407	$1,071,427	$1,124,999
Human Resources		$673,636	$622,167	$653,275	$685,939	$720,236	$756,247
MISC Allocation		$268,509	$0	$0	$0	$0	$0
POLICE		$20,927,168	$19,256,211	$22,344,734	$23,461,971	$24,635,069	$25,866,823
911		$3,314,413	$3,745,525	$3,932,801	$4,129,441	$4,335,913	$4,552,709
Fire		$10,953,319	$11,699,786	$12,284,766	$12,899,026	$13,543,977	$14,221,175
Building Inspection (transfer)		$986,519	$539,170	$556,129	$583,935	$613,132	$643,789
Planning and Zoning		$99,120	$121,875	$427,999	$449,367	$471,839	$495,428
Community Development		$2,058,990	$185,293	$190,019	$199,520	$209,496	$219,971
Fire CDBG		$497,524	$0	$0	$0	$0	$0
Parks and Recreation		$576,842	$5,100	$5,355	$5,623	$5,904	$6,199
Facilities		$1,283,526	$1,207,382	$1,392,751	$1,462,389	$1,535,508	$1,612,283
Police Millage Fund (transfer)		$0	$0	$0	$0	$0	$0
Parks Fund (transfer)		$40,000	$0	$0	$0	$0	$0
Other transfers out		$0	$0	$0	$0	$0	$0
Transfers out		$100,000	$0	$0	$0	$0	$100,000
TOTAL GENERAL FUND EXPENDITURES (LESS MAJOR GRANTS)		$55,666,049	$59,552,629	$59,957,053	$58,439,906	$61,361,901	$64,629,996
NEIGHBORHOOD POLICE MILLAGE		$1,992,161	$1,549,180	$1,090,192	$1,017,513	$1,069,388	$1,121,803
POLICE AND FIRE MILLAGE		$1,059,000	$1,845,628	$4,893,035	$4,441,172	$4,526,882	$4,440,858
PARKS AND RECREATION MILLAGE		$388,499	$609,064	$276,575	$265,512	$265,512	$270,822
PUBLIC IMPROVEMENT MILLAGE		$2,104,808	$1,875,000	$2,131,515	$2,138,077	$2,138,540	$2,138,540
BUILDING INSPECTION FUND		$5,036,426	$2,318,626	$1,183,340	$1,207,242	$1,230,609	$1,253,388
	SUBTOTAL	$66,214,953	$68,750,207	$84,931,709	$67,507,422	$70,594,629	$73,755,212
MAJOR GRANTS							
SAFER (Fire)		$3,261,601	$3,261,601	$0	$0	$0	$0
Master Planning		$516,227	$1,166,611	$0	$0	$0	$0
Lockup (GF)		$1,330,000	$1,300,001	$0	$0	$0	$0
COPS Hiring Grant (GF)		$998,520	$845,575	$454,247	$476,959	$500,807	$0
Drug Forfeiture Fund		$298,473	$435,042	$181,699	$83,595	$88,774	$0
MOTT (Police - GF)		$1,485,520	$135,000	$0	$0	$0	$0
Other (Police - GF)		$916,473	$211,991	$300,000	$300,000	$300,000	$300,000
	SUBTOTAL	$9,804,814	$7,355,821	$935,946	$860,554	$887,581	$300,000
TOTAL EXPENSES FOR GENERAL CITY SERVICES		$75,019,767	$68,106,028	$85,867,706	$68,347,976	$71,482,207	$74,055,212

OTHER EXPENDITURES

CDBG AND OTHER RESTRICTED GRANTS		FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY16 PROJECTED	FY17 PROJECTED	FY18 PROJECTED
CDBG/HUD (FY13 & prior years)		$11,661,469	$9,375,033				
CDBG			$4,469,675	$4,246,191	$4,033,882	$3,832,188	$3,640,578
	SUBTOTAL	$11,661,469	$13,844,758	$4,246,191	$4,033,882	$3,832,188	$3,640,578
STATE RESTRICTED REVENUES							
MAJOR STREETS		$7,099,179	$6,991,709	$4,392,747	$4,183,345	$5,094,628	$4,278,494
LOCAL STREETS		$3,534,631	$2,322,073	$1,533,527	$1,782,829	$1,616,745	$1,892,679
	SUBTOTAL	$10,633,807	$9,313,773	$5,926,274	$5,956,174	$6,711,373	$6,169,173
ASSESSMENTS AND FEES							
STREET LIGHT ASSESSMENT		$2,850,000	$2,682,860	$3,023,585	$3,114,272	$3,207,700	$3,303,931
GARBAGE COLLECTION FEE		$4,901,202	$5,132,490	$5,775,000	$6,063,750	$6,366,938	$6,685,284
	SUBTOTAL	$7,751,202	$8,115,450	$8,798,585	$9,178,022	$9,574,638	$9,989,215
ENTERPRISE FUNDS							
WATER FUND		$54,696,604	$55,153,141	$54,202,479	$56,370,579	$58,625,402	$60,970,418
SEWER FUND		$37,093,816	$36,860,907	$34,212,007	$35,580,488	$37,003,707	$38,483,855
	SUBTOTAL	$91,690,419	$92,014,048	$88,414,487	$91,951,066	$95,629,109	$99,454,273
TOTAL EXPENSES FOR OTHER EXPENDITURES		$121,733,894	$122,288,029	$107,385,537	$111,129,144	$115,747,307	$119,253,240
TOTAL EXPENSES FOR GENERAL CITY SERVICES		$75,019,767	$66,106,028	$65,867,706	$68,347,976	$71,492,207	$74,055,212
GRAND TOTAL EXPENSES		$196,753,661	$188,394,057	$173,253,223	$179,477,120	$187,239,514	$193,308,452

CITY OF FLINT 5 YEAR REVENUE/EXPENSE PROJECTION COMPARISON

GENERAL CITY SERVICES		FY13	FY14	FY15	FY16	FY17	FY18
	REVENUES	$54,400,643	$50,163,337	$49,732,268	$48,792,188	$48,421,618	$48,581,791
(General Fund Only)	EXPENSES	$55,666,040	$50,552,509	$55,657,053	$58,439,906	$61,361,901	$64,529,996
(without major grants)	DIFFERENCE $	-$1,265,097	-$389,172	-$3,924,785	-$9,647,708	-$12,940,282	-$15,948,205
	DIFFERENCE %		-1%	-11%	-17%	-21%	-25%

GENERAL CITY SERVICES							
	REVENUES	$10,985,663	$8,197,698	$8,929,734	$8,765,642	$9,019,727	$9,149,790
(MILLAGE/RESTRICTED FUNDS ONLY)	EXPENSES	$10,648,913	$8,197,698	$9,274,707	$9,097,516	$9,232,725	$9,225,216
	DIFFERENCE $	$436,750	$0	-$344,973	-$311,874	-$212,998	-$75,426
	DIFFERENCE %	4%	0%	-4%	-3%	-2%	-1%

GRANTS							
	REVENUES	$10,029,807	$7,744,993	$935,946	$840,554	$887,581	$300,000
	EXPENSES	$8,804,814	$7,355,821	$935,946	$840,554	$887,581	$300,000
	DIFFERENCE $	$1,225,093	$389,172	$0	$0	$0	$0
	DIFFERENCE %	14%	5%	0%	0%	0%	0%
TOTAL GF, MILLAGES, GRANTS							
	REVENUES	$75,416,513	$66,106,028	$59,597,978	$58,388,394 #	$58,308,827	$58,031,581
(GF/ MILLAGES, GRANTS)	EXPENSES	$75,019,767	$66,106,028	$65,867,706	$68,347,976	$71,462,207	$74,058,212
	DIFFERENCE $	$396,746	$0	-$8,269,728	-$9,959,582 #	-$13,153,380	-$16,023,631
	DIFFERENCE %	1%	0%	-10%	-15%	-18%	-22%

TOTAL CITY SERVICES							
	REVENUES	$188,500,111	$180,169,719	$186,772,575	$169,350,919	$172,918,658	$177,080,880
	EXPENSES	$186,763,691	$183,394,057	$173,253,223	$179,477,120	$187,209,514	$193,308,482
(GF, MILLAGES, GRANTS, & OTHERS)	DIFFERENCE $	-$8,253,550	-$8,224,338	-$8,480,648	-$10,126,201	-$14,290,846	-$16,227,472
	DIFFERENCE %	-4%	-4%	-4%	-5%	-8%	-8%

GENERAL FUND REVENUE PROJECTIONS

Proposed 5/17/13 Attachment C1-d

	FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY16 PROJECTED	FY17 PROJECTED	FY18 PROJECTED
Property Taxes	5,720,000	4,522,000	4,179,000	4,012,000	4,012,000	4,068,000
Income Taxes	15,300,000	14,210,000	14,210,000	14,067,900	13,927,221	14,066,493
Special Assessments	5,000	8,000	8,000	8,000	8,000	8,000
State Shared Revenues	13,140,585	13,872,368	13,900,000	13,900,000	13,900,000	14,000,000
Charges for Services Rendered - Water/Sewer PILOT	1,958,450	1,958,450	1,958,450	1,958,450	1,958,450	1,958,450
Interest	114,400	150,000	175,000	175,000	200,000	200,000
Other	6,010	6,000	6,000	6,000	6,000	6,000
Fund Balance	-419,642	-1,000,000	-1,000,000	-1,450,000	-1,750,000	-1,900,000
District Court - State Grant	228,000	0	0	0	0	0
District Court - Fines and Forfeitures	1,164,611	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Finance - Charges for Services	1,150	2,200	2,000	2,000	2,000	2,000
Finance - Grant	57,000	0	0	0	0	0
Clerk - Charges for Services	350	350	350	350	350	350
Cable Franchise Fees	1,287,931	1,303,626	1,300,000	1,300,000	1,300,000	1,300,000
Sale of Equipment	130,007	75,000	50,000	75,000	75,000	75,000
Treasury Operations - Charges for Services	434,381	309,211	310,000	310,000	310,000	310,000
Treasury Operations - Other Revenues	27,000	27,000	25,000	25,000	25,000	25,000
Income Tax Operations - Other Charges	20,000	0	0	0	0	0
Treasury - Delinquent Collections	0	700,000	800,000	800,000	850,000	850,000
Assessing - Charges for Services	6,000	10,000	10,000	9,000	9,000	9,000
Clerk - Charges for Services	19,693	18,600	19,000	19,000	19,000	19,000
Clerk - Disabled Voter Grant	10,000	0	0	0	0	0
Law Department - Charges for Services	14,925	16,500	16,500	16,500	16,500	16,500
Personnel - Charges for Services	3,207	0	0	0	0	0
Cost Allocation Reimbursement	7,401,730	5,386,066	5,200,000	5,000,000	5,000,000	5,000,000
Police Department - Misc Grants	2,141,566	620,892	300,000	300,000	300,000	300,000
Police Department - COPS Grant	998,552	825,746	454,247	476,959	500,807	0
Police Department - Mott Grant	1,485,520	135,000	0	0	0	0
Police Department - Misc Revenues	313,148	395,250	400,000	400,000	400,000	400,000
Police Department - Impound Lot	654,000	654,020	555,000	555,000	555,000	555,000
Police Department - Lockup	1,330,000	1,300,001	0	0	0	0
Police Department - School Liaison Contract	384,081	361,196	360,000	360,000	360,000	360,000
Fire Department - Misc Revenues	143,200	220,500	200,000	200,000	200,000	200,000
911 - Surcharge and Grant	1,577,000	1,334,000	1,330,000	1,325,000	1,320,000	1,315,000
Planning and Zoning - Misc Revenues	29,250	25,000	25,000	25,000	25,000	25,000
Fire-CDBG	407,524	0	0	0	0	0
Parks - Misc Revenues	183,942	19,000	15,000	15,000	15,000	15,000
Transfers In - Water and Sewer (ROE)	2,990,000	2,990,000	2,990,000	2,990,000	2,990,000	2,990,000
Transfers In - Cost Allocation	1,087,998	1,087,998	1,087,998	1,087,998	1,087,998	1,087,998
TOTAL PROJECTED Revenues	**60,386,549**	**53,045,076**	**50,486,545**	**49,569,157**	**49,222,326**	**48,881,791**
Major Grants (separated)						
Lockup	1,330,000	1,300,001	0	0	0	0
Mott Grant	1,485,520	135,000	0	0	0	0
COPS Grant	998,552	825,746	454,247	476,959	500,807	0
Other Police Grants	2,141,566	620,892	300,000	300,000	300,000	300,000
	54,400,911	50,163,337	49,732,298	48,792,198	48,421,519	48,581,791

GENERAL FUND EXPENSE PROJECTIONS Proposed 5/17/13 Attachment C1-d

	FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY16 PROJECTED	FY17 PROJECTED	FY18 PROJECTED
City Council	$352,899	$333,449	$343,452	$360,625	$378,656	$397,589
District Court	$5,358,479	$5,194,307	$5,454,022	$5,726,723	$6,013,060	$6,313,713
Mayor	$206,579	$212,239	$218,606	$229,536	$241,013	$253,064
City Administrator	$711,982	$384,106	$395,629	$415,411	$436,181	$457,990
HRC	$40,103	$26,237	$27,024	$28,375	$29,794	$31,284
Finance	$1,100,342	$924,822	$971,063	$1,019,616	$1,070,597	$1,124,127
Clerk	$423,085	$321,995	$338,095	$354,999	$372,749	$391,387
Purchasing	$155,204	$130,229	$136,740	$143,577	$150,756	$158,294
Treasury	$2,878,129	$3,052,787	$3,205,426	$3,365,698	$3,533,983	$3,710,682
Assessing	$1,109,773	$1,084,221	$1,138,432	$1,195,354	$1,255,121	$1,317,877
Elections	$572,525	$541,837	$668,929	$702,375	$837,494	$879,369
Law	$1,057,484	$952,761	$971,816	$1,020,407	$1,071,427	$1,124,999
Human Resources	$673,636	$622,167	$653,275	$685,939	$720,236	$756,248
MISC Allocation	$298,509	$0	$0	$0	$0	$0
POLICE	$25,657,681	$21,758,778	$23,088,981	$24,243,430	$25,455,601	$26,728,382
911	$3,314,413	$3,745,525	$3,932,801	$4,129,441	$4,335,913	$4,552,709
Fire	$10,953,319	$11,699,796	$12,284,786	$12,899,025	$13,543,976	$14,221,175
Building Inspection (transfer)	$986,619	$539,170	$566,129	$594,435	$624,157	$655,365
Planning and Zoning	$99,120	$121,875	$427,969	$449,367	$471,836	$495,427
Community Development	$2,058,900	$186,293	$190,019	$199,520	$209,496	$219,971
Fire-CDBG	$407,524					
Parks and Recreation	$576,842	$5,100	$5,355	$5,623	$5,904	$6,199
Facilities	$1,263,626	$1,207,382	$1,392,751	$1,462,389	$1,535,508	$1,612,283
Police Millage Fund (transfer)	$0	$0	$0	$0	$0	$0
Parks Fund (transfer)	$40,000	$0	$0	$0	$0	$0
Other transfers out	$0	$0	$0	$0	$0	$0
Transfers out	$100,000	$0	$0	$0	$0	$100,000
TOTAL GENERAL FUND EXPENDITURES	**$60,396,553**	**$53,045,076**	**$56,411,302**	**$59,231,867**	**$62,293,460**	**$65,508,133**
Major Grants (Separated)						
Lockup	$1,330,000	$1,300,001	$0	$0	$0	$0
Mott Grant	$1,485,520	$135,000	$0	$0	$0	$0
COPS Grant	$998,552	$445,575	$454,247	$476,959	$500,807	$0
Other Police Grants	$2,141,566	$611,991	$300,000	$300,000	$300,000	$300,000
	$54,440,916	$50,562,509	$55,657,055	$58,454,908	$61,492,653	$65,208,133

Significant Changes:
5% cost escalator PLUS:

Elections	$100,000		$100,000
Police Officers	2	3	Elections
	$242,284	$381,567	
Planning staff	$300,000		
Facilities	$125,000		

Not included:	Lock up
	$1,330,000

KNOWN CHALLENGES

Declining Property tax values		-15%	-8%	-2%	0%	0%	2%
Stagnant income tax receipts		0%	0%	0%	0%	0%	0%
Stagnant State shared revenues		0%	0%	0%	0%	0%	0%
Limited Income Raising potential							
	Property tax levy 19.4 mills/20 mill limit						
	Income tax levy at state limit						
	New fees/taxes = + delinquencies	20%	30%	30%	30%	30%	0%
	High poverty rate						
Declining Grant Revenues							
	SAFER (FIRE)	$3,261,601	$3,261,601	$0	$0	$0	$0
	Master Planning	$516,227	$1,166,611	$0	$0	$0	$0
	Lock Up	$1,330,000	$1,330,000	$0	$0	$0	$0
	COPS Hiring Grant	$893,520	$925,746	$454,247	$476,959	$500,807	$0
	Moll (Police)	$1,485,520	$135,000	$0	$0	$0	$0
	Drug Forfeiture		$425,000	$425,000	$0	$0	$0
	Other (Police)	$916,473	$920,922	$0	$0	$0	$0
	SUBTOTAL	$8,508,341	$7,764,880	$879,247	$476,959	$500,807	$0
Significant Legacy Costs							
	Pension ARC	$ 12 million	$17,000,000	$17,637,600	$18,295,906	$18,985,118	$19,697,057
	Pension UAL	$333 million		3.75%	+ 3.75%	+ 3.75%	+ 3.75%
	Retiree Health Care	$ 19 million	$15,000,000	$15,600,000	$16,536,000	$17,858,880	$19,287,990
	OPEB Liability	$338 million		+4%	+8%	+8%	+8%
	OPEB ARC	$ 22 million					
	Pending Lawsuit	$ 3.5 million	$3,850,000	$4,158,000	$4,490,640	$4,849,891	
	Increased ARC	$ 40 million added					
	Increased OPEB Liability	$600 million added					
	Annual Payments-Pension & Retiree Health Care		$32,000,000	$33,237,600	$34,834,906	$36,843,995	$38,984,847
	Payments as Percent of Revenues		17.0%	18.4%	20.8%	21.8%	22.5%
Deficit Elimination	Accumulated General Fund Deficit	$19.1 Million					
Unmet Capital Needs							
	Roads	$ 83 million					
	Sidewalks	$ 45 million					
	Sanitary and Stormwater	$ 40 million					
	Water Pollution Control	$ 16 million					
	Water Distribution system	$ 27 million					
	Facilities	$ 15 million					
	Demolition	$ 50 million					
	Parks	$ 10 million					
		$286 million					
Lack of capacity to address blight							
	CDBG, NSP, Demo	$ 20 million	$14 million	$ 9 million	$4 million	$3.8 million	$3.9 million
Public Safety stability at risk even with new voted millage		150 FPD 94 FFD/5 stations	150 FPD 94 FFD/5 stations	? 75 FFD/3 stations	? 75 FFD/3 stations	? 75 FFD/3 stations	?

PROJECTION: FIVE YEAR POLICE AND FIRE STAFFING Proposed 5/17/13 Attachment C-3a

TOTAL	FY13	FY14	FY15	FY16	FY17	FY18
Police						
General Fund	112.5	112.5	114.5	117.5	117.5	117.5
General Fund (Mott)	11	0	0	0	0	0
General Fund (COPS)	5	5	5	5	5	0
Police & Fire Millage	10	18	20	17	16	15
Neighborhood	12	10	9	8	8	8
Drug Fund	0.5	5.5	1.5	0.5	0.5	0
	151	151	150	148	147	140.5
Fire						
General Fund	55	55	55	55	55	55
SAFER	39	39	0	0	0	0
Police & Fire Millage	0	0	20	20	20	20
Total	94	94	75	75	75	75

SOURCES OF FUNDING: POLICE AND FIRE

Proposed 5/17/13 Attachment C-3b

PROJECTION: POLICE AND FIRE PROTECTION MILLAGE

		FY13	FY14	FY15	FY16	FY17	FY18
Revenues		$4,386,000	$3,589,000	$3,320,000	$3,187,032	$3,187,032	$3,250,773
Carryover		$0	$3,636,000	$5,148,443	$3,875,358	$2,621,218	$1,278,568
Expenses		$750,000	$2,076,557	$4,593,085	$4,441,172	$4,529,682	$4,440,658
Balance		$3,636,000	$5,148,443	$3,875,358	$2,621,218	$1,278,568	$88,684
Expense Detail							
	$	$165,000	$2,076,557	$2,422,649	$2,162,214	$2,136,777	$2,103,390
Police		Police Officers	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers
	#	10	18	20	17	16	15
COPS Grant Match				$151,416	$158,986	$166,936	0
	$	$585,000	$0	$2,019,020	$2,119,971	$2,225,970	$2,337,268
Fire		Equipment		Fire Fighters	Fire Fighters	Fire Fighters	Fire Fighters
	#	0	0	20	20	20	20
Average Police Officer Cost			*$115,364*	*$121,132*	*$127,189*	*$133,549*	*$140,226*
Average Fire Fighter				*$100,951*	*$105,999*	*$111,298*	*$116,863*

PROJECTION: NEIGHBORHOOD POLICE MILLAGE

		FY13	FY14	FY15	FY16	FY17	FY18
Revenues		$1,962,180	$1,196,000	$1,106,000	$1,062,000	$1,062,000	$1,083,000
Carryover		$0	$0	$0	$15,808	$60,295	$53,907
Expenses		$1,962,180	$1,153,643	$1,090,192	$1,017,513	$1,068,388	$1,121,808
Balance		$0	$42,358	$15,808	$60,295	$53,907	$15,099
Expense Detail							
	$	$1,962,180	$1,153,643	$1,090,192	$1,017,513	$1,068,388	$1,121,808
Police		Police Officers	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers
	#	12	10	9	8	8	8
Average Police Officer Cost			*$115,364*	*$121,132*	*$127,189*	*$133,549*	*$140,226*

PROJECTION: DRUG FORFEITURE FUND

Proposed 5/17/13 Attachment C-3c

	FY13	FY14	FY15	FY16	FY17	FY18
Revenues		$0	$0	$0	$0	$0
Carryover		$1,000,000	$365,497	$183,798	$120,203	$53,429
Expenses		$634,503	$181,699	$63,595	$66,774	$0
Balance	$1,000,000	$365,497	$183,798	$120,203	$53,429	$53,429
Expense Detail						
	$ $1,962,180	$634,503	$181,699	$63,595	$66,774	$0
Police	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers
	# 0.5	5.5	1.5	0.5	0.5	0
Average Police Officer Cost		*$115,364*	*$121,132*	*$127,189*	*$133,549*	*$140,226*

PROJECTION: COPS GRANT

	FY13	FY14	FY15	FY16	FY17	FY18
Revenues			$1,432,013	$0	$0	
Carryover		$0	$0	$977,766	$500,807	$0
Expenses		$0	$454,247	$476,959	$500,807	$0
Balance		$0	$977,766	$500,807	$0	$0
Expense Detail						
GRANT $			$454,247	$476,959	$500,807	$0
25% Match			$151,416	$158,986	$166,936	$0
Police	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers
#			5	5	5	
Average Police Officer Cost			*$121,132*	*$127,189*	*$133,549*	*$140,226*

City Plan to Eliminate $19.1 Million FY 12 Accumulated Deficit

		Budget	Projected				
		FY13	FY14	FY15	FY16	FY17	FY18
$19.1 Million Accumulated Deficit FY12		**-$19.10**	*-$19 10*	*-$6.10*	*-$5.10*	*-$3.65*	*-$1.90*
Borrowing to Eliminate $12.0 million:							
$12 million Emergency Loan (Debt service paid from Capital Improvement Fund)			*-$12.00*	*$0.00*	*$0.00*	*$0.00*	*$0 00*
Budgeted Appropriations Eliminating $8.1 million							
General Fund			*-$1.00*	*-$1 00*	*-$1.45*	*-$1.75*	*-$1.90*
Other funds subsidized by the General Fund: Neighborhood Policing ($427.183); Parks & Recreation ($425,000); Senior Citizens Center ($51,000); Building Safety ($1,100,000); Garbage Collection ($1,875,000); DDA (Parking Debt) ($286,198)							
Total Budgeted Appropriations *		$0.00	*-$1.00*	*-$1 00*	*-$1.45*	*-$1.75*	*-$1.90*
Remaining Deficit		**-$19.10**	**-$6.10**	**-$5.10**	**-$3.65**	**-$1.90**	**$0.00**
Appropriations as Percent of Projected General Fund Revenues (millions)	**$59.50**	0 0%	1 7%	1.7%	2 4%	2.9%	3.2%

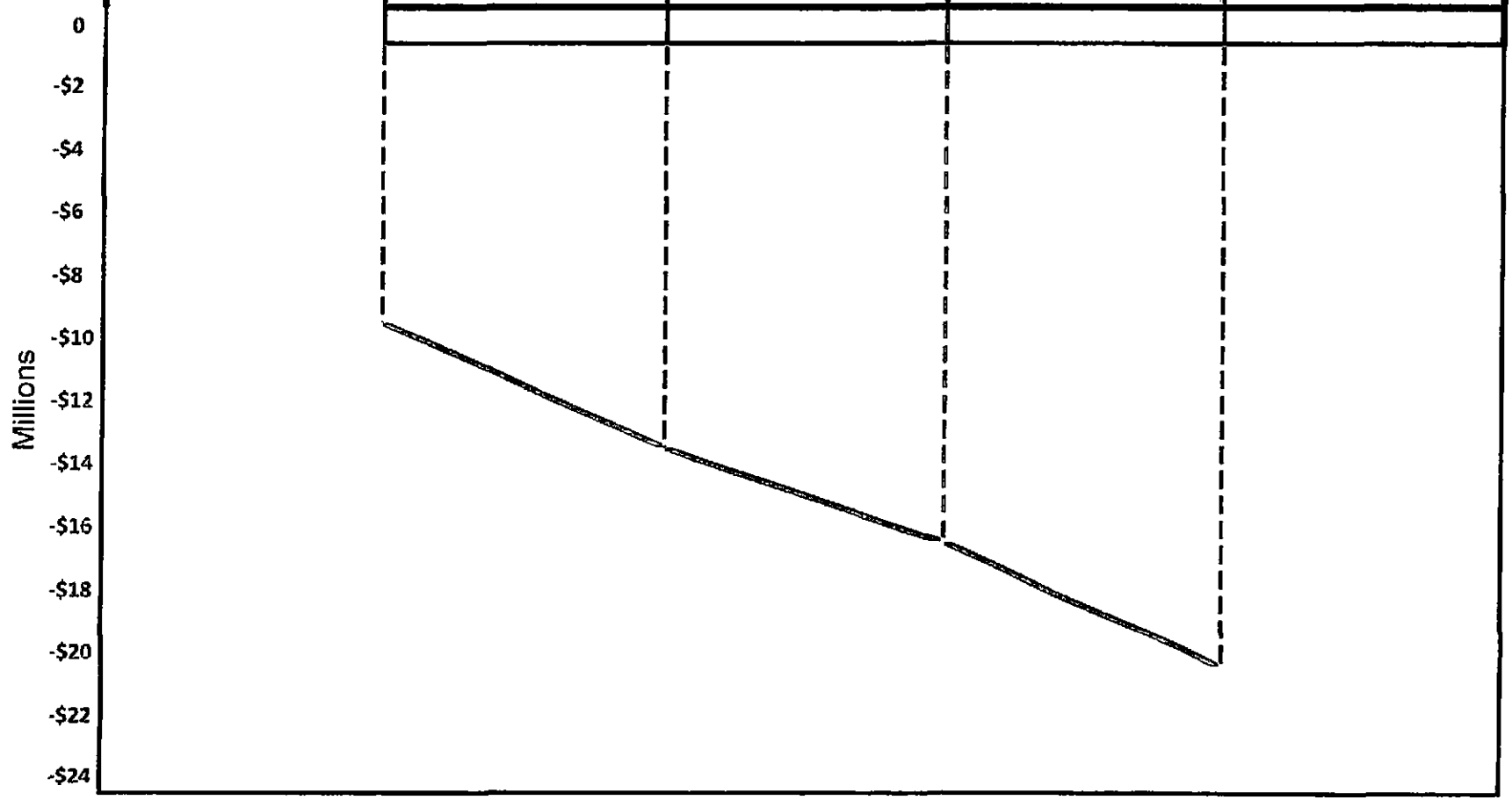
** Projection shows total amount appropriated coming from the General Fund. It may be possible and appropriate to utilize other funds where there has been a General Fund subsidy.*

CUMULATIVE DEFICIT PROJECTION FY15 - FY18

ILLUSTRATIVE CUMULATIVE GENERAL CITY SERVICE REVENUE/EXPENSE DEFICIT, BASED ON CONTINUATION OF FY 14 EXPENSE BASE WITH 4% ANNUAL INCREASE

"NOTE" This does not include the current accumulated $19.1 million deficit

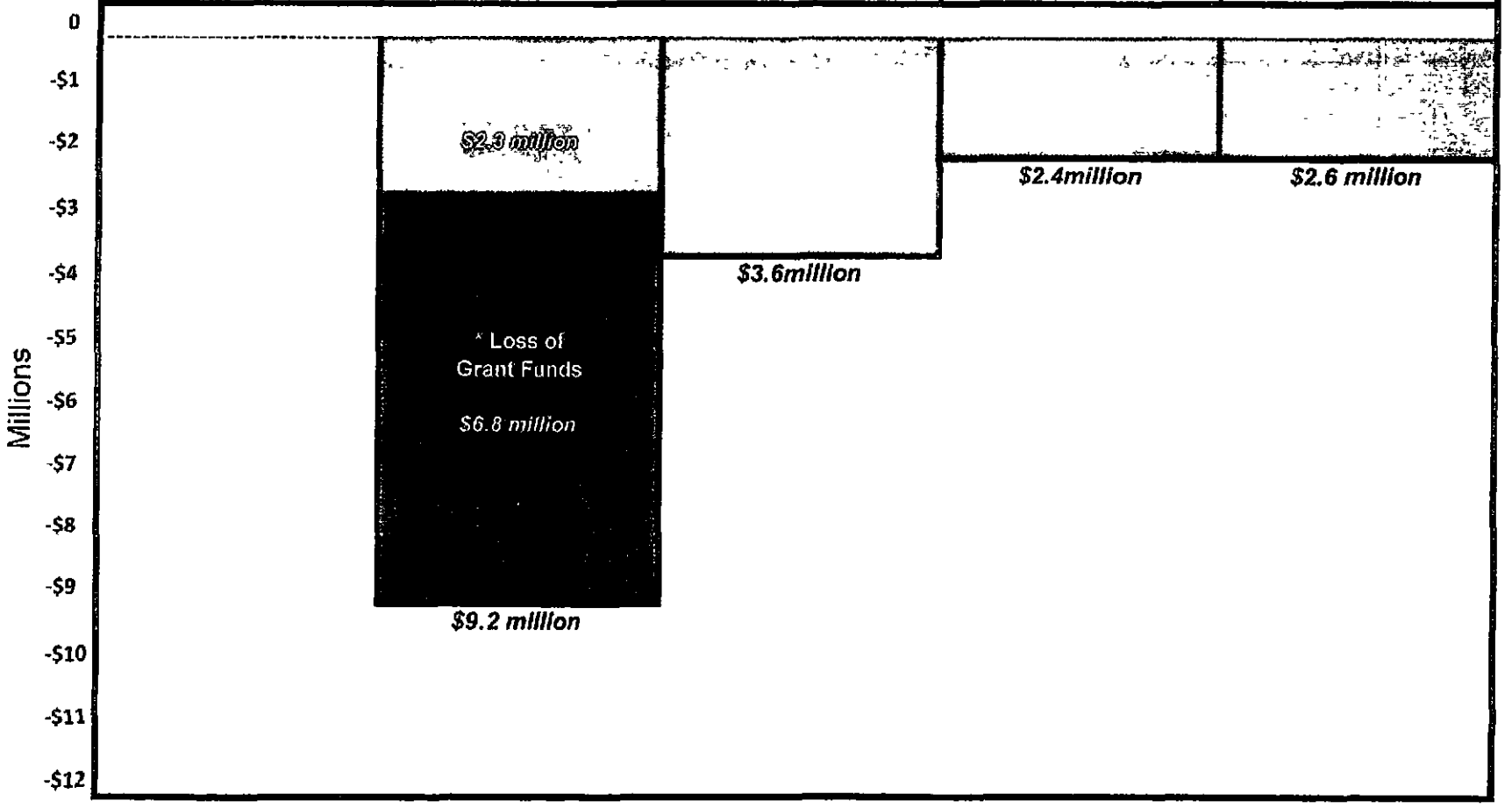
	FY14	FY15	FY16	FY17	FY18
Revenues	$66,106,028	$59,597,978	$58,388,394	$58,308,827	$58,031,581
Expenses	$66,106,028	$68,750,269	$61,981,897	$60,723,930	$60,641,180
Difference	*$0*	*-$9,152,291*	*-$13,107,828*	*-$16,047,244*	*-$19,298,732*
Percent	*0%*	*-13%*	*-18%*	*-22%*	*-26%*



ANNUAL DEFICIT PROJECTION FY15 - FY18

ILLUSTRATIVE ANNUAL GENERAL CITY SERVICE REVENUE/EXPENSE DEFICIT, ASSUMING PRIOR YEAR GAP ELIMINATED AND 4% ANNUAL INCREASE IN EXPENSES

	FY14	FY15	FY16	FY17	FY18
Revenues	$66,106,028	$59,597,978	$58,388,394	$58,308,827	$58,031,581
Expenses	$66,106,028	$68,750,269	$61,981,897	$60,723,930	$60,641,180
Difference	$0	-$9,152,291	-$3,593,503	-$2,415,103	-$2,609,599
Percent	0%	-13%	-6%	-4%	-4%



Proposed FY14 Budget

Proposed 5/17/13

Setting a Sustainable Course for the City of Flint

FY14 Budget

The FY14 Budget was prepared in the context of furthering the financial stability of the City of Flint and moving forward on meeting the prime objectives of the recently developed strategic plan. Once this plan is in place, attention will be given to finalizing the five year plan, including a detailed assessment of the likely budget for FY15, and more defined projections for the following three years.

If one could simplify the prime objectives of the Strategic Plan, it would be to state that budgetary actions must be consistent with operating in a financially sustainable manner; pursuing changes which increase efficiency while reducing costs; maintaining current levels of public safety; and organizing in a way that the City can best address the blighted conditions thorough the City. All of this to be done with the aim of making the City of Flint an attractive and affordable place to attract and retain residents, businesses, students, and visitors.

In light of decreasing property values, stagnant income tax and state shared revenue projections, plus a commitment to eliminating the accumulated General fund deficit, revenues are severely limited. For example, while funds available for general city services (those funded by the General Fund, major grants, and special voted millages) total $73.5 million this year; only $66.4 million is projected to be available for the FY14 budget. Property tax revenues are projected to decline by $3.5 million or 22%, while major grant revenues are projected to decline by $2.5 million, or 25%. $1 million is also committed to reducing the City's accumulated $19.3 million deficit. In addition, there is an increasing amount of tax delinquencies, as well as fees and special assessments for water, sewer, garbage and street lights.

Fortunately, the impact of many of the structural changes made last year has been to constrain growth in ongoing expenses, in particular those related to employee compensation. Even with a significant increase in the annual pension payments, made necessary to halt further decline in the funded status of the pension assets, pension and health care costs are slightly reduced from the current year. Salary costs are also slightly less as a result of changes in employee compensation structure.

However, the City is currently faced with a legal challenge to its decision to change retiree healthcare, and should the City not prevail, it will likely be faced with increased costs of between $3.5 million and $5 million. These potential costs are not included in this budget, and having to subsequently include them will be potentially disastrous for the financial solvency of the City.

All in all, with significant effort from department heads and others involved in building this budget, the level of services to be provided by the City in FY14 should be close to the level currently provided. This is due in large part to concerted effort to improve business processes and organization arrangements. These improvements and changes do, however, include the elimination of several positions within the workforce. FTE staffing in the FY14 budget is projected at 567, in comparison to 595 in the current budget.

With deployment of the police and fire protection millage funds, and the potential of additional federal funding for law enforcement, the current level of staffing in the Police Department (150 in total) is expected to be maintained – even as other grant funds end. This level includes the additional 10 positions authorized in December, 2012 when the millage was passed. In this budget, the General Fund appropriation for the Police and Fire budgets total $33.5 million, or 63% of the General Fund.

Adding the costs of 911 and District Court to this bring the total General Fund appropriation for public safety to $42.4 million, or 80% of the General Fund.

However, there are not the resources to address even some of the most critical unmet needs in the delivery of city services. For example, there are no additional resources to expand staffing in the Police Department if the goal is to attempt to stabilize staffing there and to be prepared to address the personnel loss expected in the Fire Department when the federal SAFER grant expires at the end of FY14.

In addition, in light of the loss of federal dollars for demolition, the resources for addressing blight in any significant way are significantly less for FY14. Building Safety resources have been limited for many years, resulting in very limited ability to enforce compliance with city codes. This budget does include the creation of a separate Planning and Development Division of the City, whose efforts will include improving code compliance activities, including increasing compliance with rental registration requirements and business licensing requirements. The work of this division will be aided by the addition of Neighborhood Safety Officers, funded by the Mott Foundation and housed in the Police Department.

The Planning and Development Division also includes the current grant funded activities related to adoption and implementation of the City's Master Plan. While grant funds should be sufficient to finish the adoption of the Master Plan and the associated update to the Zoning Ordinance by the end of FY14, continuation into FY15 will require the identification of new sources of revenues.

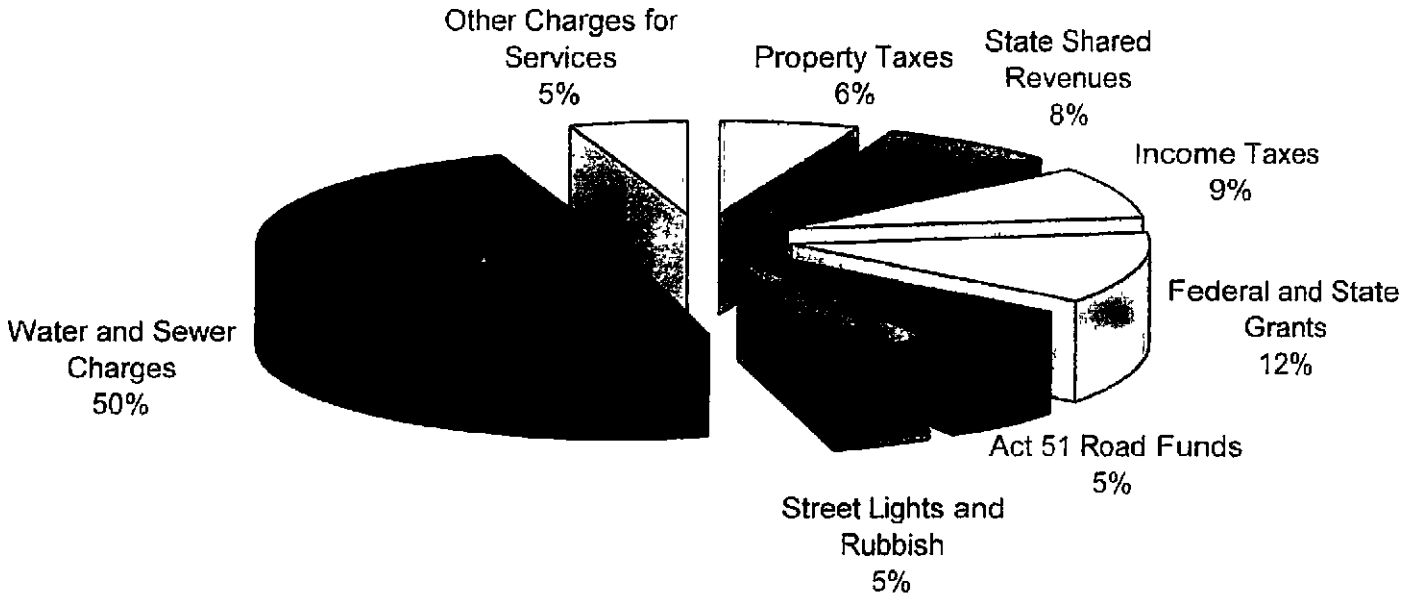
Finally, there are nearly $300 million in unmet capital needs for utilities, streets, facilities, parks, and technology. This budget does not contain the level of resources to be able to address these needs in any substantive way, with barely enough resources budgeted to meet the most critical emergency needs.

The limited resources will result in some changes noticeable to city residents and visitors. For example, there will be no repaving of city streets, with funding focused on crack sealing streets to prolong their longevity. While as much as one-third of city streets need repaving, doing so would cost more than $20 million. Alternatively, nearly one-third of the city's streets can be crack sealed for approximately $200,000 in materials. In addition however, the City is required by the state to participate financially in improvement to state determined street projects.

There will be minimal maintenance of parks, with the City's primary activity being related to mowing. There will, however, be increased efforts to form partnerships with interested groups, neighborhood associations and businesses to improve individual parks.

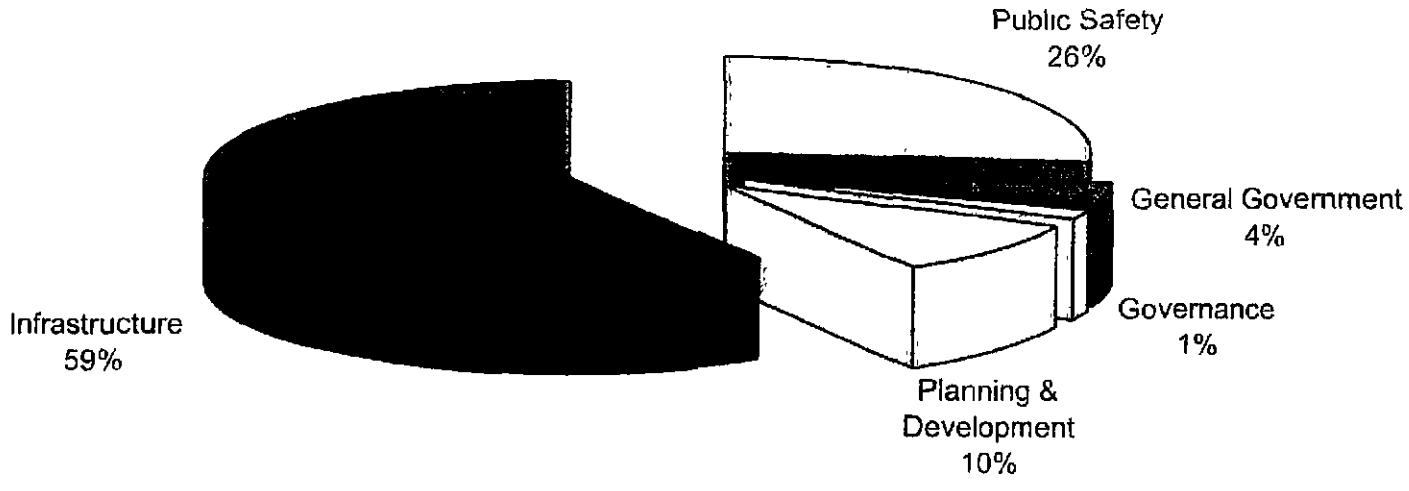
From a taxpayer perspective, payments for governmental services will generally decrease in total, by an average of 7% for FY14. Taxes based on the value of the property will decrease due to the continuing decline in value, while the annual assessment for streetlights and the fee for waste collection will increase in total by $4. There will be no increase in water and sewer rates.

FY14 REVENUES-ALL FUNDS
$169,747,203 *



* Excludes General Fund transfers and $1 million deficit reduction included in total $188,394,058

FY14 EXPENSES-ALL FUNDS
$188,394,058



CITY OF FLINT FY14 PROPOSED BUDGET

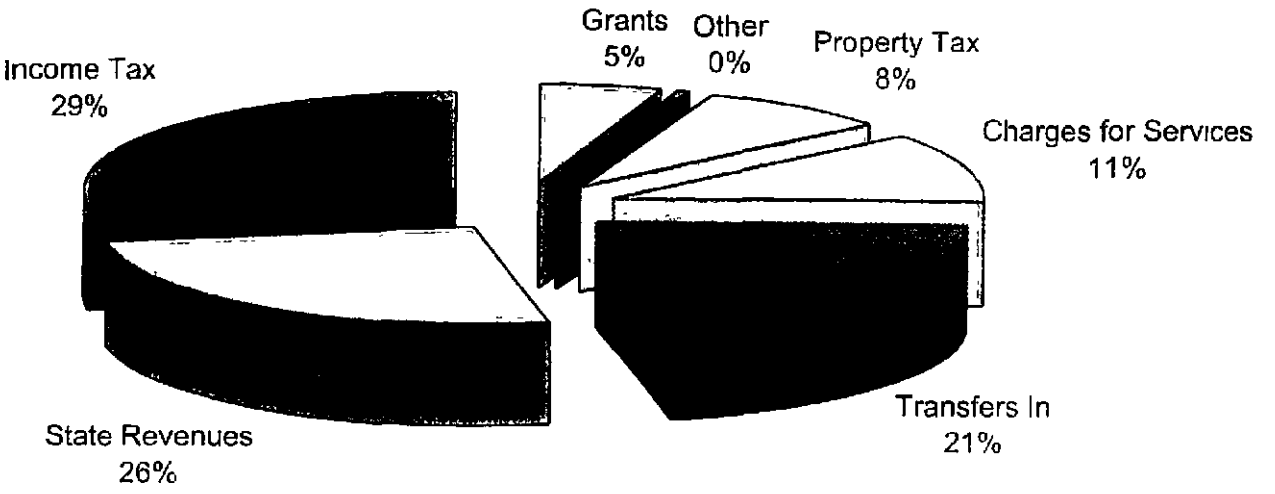
Proposed 8/17/13 Attachment D-1a

Major Funds

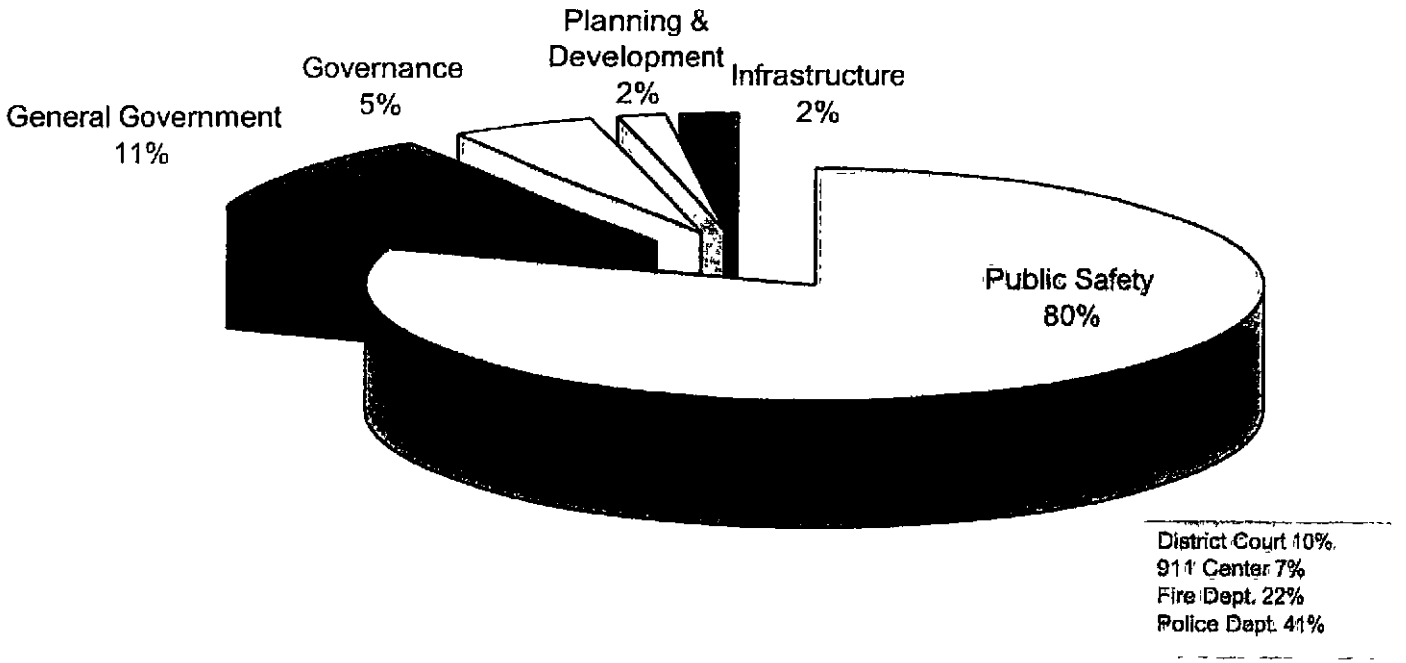
REVENUES	FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY13-FY14 COMP		FY15-FY14 COMP	
General City Services							
GENERAL FUND	$60,356,549	$53,045,076	$50,032,298	-$7,311,473	-12%	-$3,012,778	-6%
NEIGHBORHOOD POLICE MILLAGE	$1,962,180	$1,549,180	$1,090,182	-$413,000	-21%	-$458,998	-30%
POLICE AND FIRE MILLAGE	$1,059,000	$1,845,827	$4,593,085	$786,827	74%	$2,747,258	149%
DRUG FORFEITURE	$296,473	$435,042	$181,699	$138,569	47%	-$253,343	-58%
PARKS AND RECREATION MILLAGES	$386,400	$609,064	$277,000	$222,664	58%	-$332,064	-55%
SAFER (Fire)	$3,261,601	$3,261,601	$0	$0	0%	-$3,261,601	-100%
MASTER PLANNING	$516,227	$1,166,611	$0	$650,384	126%	-$1,166,611	-100%
PUBLIC IMPROVEMENT MILLAGE	$2,319,880	$1,875,000	$1,383,000	-$444,880	-19%	-$492,000	-26%
BUILDING INSPECTION FUND	$5,258,203	$2,318,627	$1,586,457	-$2,939,576	-56%	-$732,170	-32%
CDBG and Related Activities							
CDBG/HUD (FY13 & prior years)	$11,681,466	$9,375,083		-$2,286,383	-20%	-$9,375,083	-100%
CDBG		$4,469,675	$4,246,191	$4,469,675	0%	-$223,484	-5%
State Restricted Revenues							
Major Streets	$7,096,176	$6,829,982	$6,756,929	-$266,194	-4%	-$73,053	-1%
Local Streets	$3,535,537	$2,390,922	$1,533,527	-$1,144,615	-32%	-$857,395	-36%
Assessments and Fees							
Street Light Assessment	$2,850,000	$2,982,960	$3,102,278	$132,960	5%	$119,318	4%
Garbage Collection Fee	$5,000,000	$5,132,490	$5,337,790	$132,490	3%	$205,300	4%
Enterprise Funds							
Water Fund	$50,846,604	$50,964,182	$53,002,749	$117,578	0%	$2,038,567	4%
Sewer Fund	$32,093,816	$31,918,397	$33,195,133	-$175,419	-1%	$1,276,736	4%
GRAND TOTAL	$188,500,111	$180,169,719	$166,318,328	-$8,119,345	-5%	-$13,851,391	-8%

EXPENSES	FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY13-FY14 COMP		FY15-FY14 COMP	
General City Services							
GENERAL FUND	$60,358,549	$53,045,076	$56,411,302	-$7,311,473	-12%	$3,366,226	6%
NEIGHBORHOOD POLICE MILLAGE	$1,962,181	$1,549,180	$1,090,192	-$413,001	-21%	-$458,988	-30%
DRUG FORFEITURE	$296,473	$435,042	$181,699	$138,569	47%	-$253,343	-58%
POLICE AND FIRE MILLAGE	$1,059,000	$1,845,828	$4,593,085	$786,828	74%	$2,747,257	149%
SAFER (Fire)	$3,261,601	$3,261,601	$0	$0	0%	-$3,261,601	-100%
MASTER PLANNING	$516,227	$1,166,611	$0	$650,384	126%	-$1,166,611	-100%
PARKS AND RECREATION MILLAGE	$386,400	$609,064	$276,575	$222,664	58%	-$332,489	-55%
PUBLIC IMPROVEMENT MILLAGE	$2,104,906	$1,875,000	$2,131,515	-$229,906	-11%	$256,515	14%
BUILDING INSPECTION FUND	$5,036,426	$2,318,627	$1,183,340	-$2,717,799	-54%	-$1,135,287	-49%
CDBG and Related Activities							
CDBG/HUD (FY13 & prior years)	$11,661,466	$9,376,083		-$2,286,383	-20%	-$9,376,083	-100%
CDBG		$4,469,675	$4,246,191	$4,469,675	0%	-$223,484	-5%
State Restricted Revenues							
Major Streets	$7,096,176	$5,991,700	$4,392,747	-$1,104,476	-16%	-$1,598,953	-27%
Local Streets	$3,534,631	$2,322,073	$1,533,527	-$1,212,558	-34%	-$788,546	-34%
Assessments and Fees							
Street Light Assessment	$2,850,000	$2,982,950	$3,023,555	$132,950	5%	$40,605	1%
Garbage Collection Fee	$4,901,202	$5,132,490	$5,775,000	$231,288	5%	$642,510	13%
Enterprise Funds							
Water Fund	$54,698,804	$55,153,141	$54,202,478	$456,537	1%	-$950,662	-2%
Sewer Fund	$37,034,807	$36,860,907	$34,212,007	-$173,900	0%	-$2,648,900	-7%
GRAND TOTAL	**$196,754,649**	**$188,394,058**	**$173,253,225**	-$8,360,591	-4%	-$15,140,833	-8%

FY14 GENERAL FUND REVENUES
$53,045,076



FY14 GENERAL FUND EXPENSES
$53,045,076



FY14 GENERAL FUND REVENUE PROJECTIONS

Proposed 5/17/13 Attachment D-2a

	FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY13-FY14 COMP		FY15-FY14 COMP	
Property Taxes	5,720,000	4,522,000	4,179,000	-1,198,000	-21%	-343,000	-8%
Income Taxes	15,300,000	14,210,000	14,210,000	-1,090,000	-7%	0	0%
Special Assessments	5,000	8,000	8,000	3,000	60%	0	0%
State Shared Revenues	13,140,585	13,872,368	13,900,000	731,783	6%	27,632	0%
Charges for Services Rendered - Water/Sewer PILOT	1,958,450	1,958,450	1,958,450	0	0%	0	0%
Interest	114,400	150,000	175,000	35,600	31%	25,000	17%
Other	6,010	6,000	6,000	-10	0%	0	0%
Fund Balance- Deficit Reduction	-419,642	-1,000,000	-1,000,000	-580,358	138%	0	0%
District Court - State Grant	228,000	0	0	-228,000	-100%	0	n/a
District Court - Fines and Forfeitures	1,164,611	1,600,000	1,600,000	435,389	37%	0	0%
Finance - Charges for Services	1,150	2,200	2,000	1,050	91%	-200	-9%
Finance - Grant	57,000	0	0	-57,000	-100%	0	n/a
Clerk - Charges for Services	350	350	350	0	0%	0	0%
Cable Franchise Fees	1,287,931	1,303,626	1,300,000	15,695	1%	-3,626	0%
Sale of Equipment	130,007	75,000	50,000	-55,007	-42%	-25,000	-33%
Treasury Operations - Charges for Services	434,381	309,211	310,000	-125,170	-29%	789	0%
Treasury Operations - Other Revenues	27,000	27,000	25,000	0	0%	-2,000	-7%
Income Tax Operations - Other Charges	20,000	0	0	-20,000	-100%	0	n/a
Treasury - Delinquent Collections	0	700,000	800,000	700,000	n/a	100,000	14%
Assessing - Charges for Services	6,000	10,000	10,000	4,000	67%	0	0%
Clerk - Charges for Services	19,693	18,600	19,000	-1,093	-6%	400	2%
Clerk - Disabled Voter Grant	10,000	0	0	-10,000	-100%	0	n/a
Law Department - Charges for Services	14,925	16,500	16,500	1,575	11%	0	0%
Personnel - Charges for Services	3,207	0	0	-3,207	-100%	0	n/a
Cost Allocation Reimbursement	7,401,730	5,386,068	5,200,000	-2,015,662	-27%	-186,068	-3%
Police Department - Misc Grants	2,141,566	620,992	300,000	-1,520,574	-71%	-320,992	-52%
Police Department - COPS Grant	998,552	825,746	454,247	-172,806	-17%	-371,499	-45%
Police Department - Mott Grant	1,485,520	135,000	0	-1,350,520	-91%	-135,000	-100%
Police Department - Misc Revenues	313,148	396,250	400,000	83,102	27%	3,750	1%
Police Department - Impound Lot	654,000	654,020	555,000	-99,980	-15%	980	0%
Police Department - Lockup	1,330,000	1,300,001	0	-29,999	-2%	-1,300,001	-100%
Police Department - School Liaison Contract	384,061	361,196	360,000	-22,865	-6%	-1,196	0%
Fire Department - Misc Revenues	143,200	220,500	200,000	77,300	54%	-20,500	-9%
911 - Surcharge and Grant	1,577,000	1,334,000	1,330,000	-243,000	-15%	-4,000	0%
Planning and Zoning - Misc Revenues	29,250	25,000	25,000	-4,250	-15%	0	0%
Fire CDBG	407,524						
Parks - Misc Revenues	183,942	19,000	15,000	-164,942	-90%	-4,000	-21%
Transfers in - Water and Sewer (ROE)	2,990,000	2,990,000	2,990,000	0	0%	0	0%
Transfers in - Cost Allocation	1,087,998	1,087,998	1,087,998	0	0%	0	0%
				0	n/a	0	n/a
TOTAL PROJECTED Revenues	**60,356,549**	**53,045,076**	**50,486,545**	**-7,311,473**	**-12%**	**-2,558,531**	**-5%**

Proposed 5/17/13 Attachment D-2b

FY14 GENERAL FUND EXPENSE PROJECTIONS

	FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY13-FY14 COMP		FY15-FY14 COMP	
City Council	$352,899	$333,449	$343,452	-$19,450	-6%	$10,003	3%
District Court	$5,358,479	$5,194,307	$5,454,022	-$164,172	-3%	$259,715	5%
Mayor	$206,579	$212,239	$218,606	$5,660	3%	$6,367	3%
City Administrator	$711,982	$384,106	$395,629	-$327,876	-46%	$11,523	3%
HRC	$40,103	$26,237	$27,024	-$13,866	-35%	$787	3%
Finance	$1,100,342	$924,822	$971,063	-$175,520	-16%	$46,241	5%
Clerk	$423,066	$321,995	$338,095	-$101,070	-24%	$16,100	5%
Purchasing	$155,204	$130,229	$136,740	-$24,975	-16%	$6,511	5%
Treasury	$2,878,129	$3,052,787	$3,205,426	$174,658	6%	$152,639	5%
Assessing	$1,109,773	$1,084,221	$1,138,432	-$25,552	-2%	$54,211	5%
Elections	$572,525	$541,837	$668,929	-$30,688	-5%	$127,092	23%
Law	$1,057,484	$952,761	$971,816	-$104,723	-10%	$19,055	2%
Human Resources	$673,636	$622,167	$653,275	-$51,469	-8%	$31,108	5%
MISC Allocation	$298,509	$0	$0	-$298,509	-100%	$0	n/a
POLICE	$25,657,681	$21,768,778	$23,098,981	-$3,888,903	-15%	$1,330,203	6%
911	$3,314,413	$3,745,525	$3,932,801	$431,112	13%	$187,276	5%
Fire	$10,953,319	$11,699,796	$12,284,786	$746,477	7%	$584,990	5%
Building Inspection (transfer)	$986,519	$539,170	$566,129	-$447,349	-45%	$26,959	5%
Planning and Zoning	$99,120	$121,875	$427,969	$22,755	23%	$306,094	251%
Community Development	$2,058,900	$186,293	$190,019	-$1,872,607	-91%	$3,726	2%
Fire CDBG	$407,524						
Parks and Recreation	$576,842	$5,100	$5,355	-$571,742	-99%	$255	5%
Facilities	$1,263,526	$1,207,382	$1,392,751	-$56,144	-4%	$185,369	15%
Police Millage Fund (transfer)	$0	$0	$0	$0	#DIV/0!	$0	n/a
Parks Fund (transfer)	$40,000	$0	$0	-$40,000	-100%	$0	n/a
Other transfers out	$0	$0	$0	$0	#DIV/0!	$0	n/a
Transfers out	$100,000	$0	$0	-$100,000	-100%	$0	n/a
TOTAL GENERAL FUND EXPENDITURES	**$60,396,853**	**$53,045,076**	**$56,411,302**	**-$7,351,477**	**-12%**	**$3,366,226**	**6%**

CITY OF FLINT STAFFING PROJECTION

Proposed 5/17/13

Attachment D-3

	FY13 CURRENT	FY14 PROJECTED
STAFFING FUNDED BY GENERAL FUND	297.1	295.9
STAFFING SUPPORTED BY MILLAGES/RESTRICTED FUNDS	35.2	34.3
STAFFING SUPPORTED BY GRANTS	67.6	61.6
STATE RESTRICTED REVENUES (Steets)	43.3	30.6
ENTERPRISE FUNDS (Water/Sewer)	129.5	129.6
INTERNAL SERVICE FUNDS	23.0	15.0
TOTAL STAFFING	**595.0**	**567.0**

Proposed 5/20/13 Attachment D-4a

PROJECTED TAXPAYER IMPACT

Values	$50,000 House, $40,000 Income Current Winter & Summer	 Proposed Winter & Summer	$75,000 House, $50,000 Income Current Winter & Summer	 Proposed Winter & Summer
House value	$50,000	$41,000	$75,000	$61,500
Taxable value	$25,000	$20,500	$37,500	$30,750
Annual Income	$40,000	$40,000	$50,000	$50,000
Tax rate (mills)	65.88	65.88	65.88	65.88
Street Lights	$67	$68	$67	$68
Garbage	$143	$146	$143	$146
Water Bill	$1,800	$1,800	$1,800	$1,800
Payments				
Property taxes	$1,647	$1,351	$2,471	$2,026
Street lights	$67	$68	$67	$68
Garbage	$143	$146	$143	$146
Income tax	$400	$400	$500	$500
Water bill	$1,800	$1,800	$1,800	$1,800
Total Payments	$4,057	$3,765	$4,981	$4,540
	($292) -7.2%		($441) -8.8%	

CITY OF FLINT

FY14 Waste Collection Fee & Street Lighting Assessment

Waste Collection

FY14 Proposed Budget	$5,132,490
FY14 Projected # of Parcels to be billed	35,038
FY14 Fee	$146
FY13 Fee	$143

Street Light Assessment

FY14 Proposed Budget	$2,982,960
FY14 Projected # of Parcels to be billed	43,950
FY14 Assessment	$68
FY13 Assessment	$67

Vandegrift, Drew (TREASURY)

From: Vandegrift, Drew (TREASURY)
Sent: Tuesday, July 23, 2013 10:44 AM
To: Byrne, Randall (Treasury)
Cc: Cline, Richard (Treasury); Dube, Mathieu (Treasury); StonebrookS@michigan.gov
Subject: Flint Financial and Operating Plan V3

Good Day,

Following a study of Flint's June 28, 2013 Financial and Operating Plan (Plan), this summary can be provided. This Plan is intended to also function as EM Kurtz's closing memorandum. The Plan is extensive, and subdivided into several major sections which will be addressed in their native order.

Financial and Operating Plan

The document begins with a summary of Flint's Emergency Manager history; in 2011 Mike Brown was appointed, and then when PA 4 was repealed by referendum, Ed Kurtz was appointed on August 8, 2012. As of the release date, Mike Brown had not yet been appointed for a second time.

The dire nature of the City's fiscal woes is quickly addressed. The Plan states that while the City has largely kept to a balanced budget so far during FY 13, decreasing property values, grant expirations, and increasing legacy costs will contribute to structural deficits in the following years, ranging from $3-5 million annually. All of these projected losses will occur without the budgeting for any capital needs, which the city currently estimates to be approximately $300 million. The Plan admits that "[t]his structural deficit essentially precludes the City from stabilizing services levels even at minimal levels . . . without structural change, this situation is not sustainable and the City will not achieve even a minimal level of financial solvency in the long term".

Bankruptcy is acknowledged as a possible solution, however the Plan dismisses it as "expensive, slow, and with outcomes that are far from certain". Instead, the Plan is summarized as "an increase in the local income tax rate to the levels afforded other urban centers, coupled with significant additional changes in health care and pension for active employees and retirees appears to have the potential to overcome the . . . structural deficit while providing a similar amount for stabilizing services and beginning to address capital needs."

The City's cash position has improved due to a public safety millage, a street light assessment, and waste collection fees. However, it is stated that the general fund still needs to borrow to remain solvent. Deficit financing is a necessary component under the Plan. This request to borrow was incorporated into the City's most recent DEP application; this DEP has not yet been certified by LAFD.

The Plan describes the efforts to secure concessions from the City's six bargaining units. While wage reductions have been achieved with four of these units, this area is fraught with litigation and union threats of litigation. On a more positive note the City has recently contracted with a part-time labor relations specialist who, it is reported, has resolved dozens of union grievances.

The City has resolved to enter into a contract with KWA. This partnership with Genesee County, the City of Lapeer, Lapeer County and Sanilac County is designed to stabilize the cost of water for all the involved parties. There still is ongoing negotiation regarding a 72" pipeline which will be integral for the KWA plan. Additionally, one of the city's sewage pump stations is becoming fully automated; the station is fully staffed at all times now. This automation is projected to save at least $500,000 annually.

During FY13, the City has held three auctions where surplus equipment was sold, netting $410,000.

The fiscal hardships of the City have reduced its ability to fight blight. All demolitions are now the responsibility of the Genesee County Land Bank Authority, who has recently received a $3.5 million MSHDA grant for demolition purposes. The Land Bank is also soliciting a $20 million grant from the "Hardest Hit" federal grant fund.

Six priority actions are identified for the future:

1. Increase revenue through an income tax increase
2. Develop a blight elimination plan
3. 9-1-1 reconsolidation
4. KWA implementation
5. Win the lawsuits that threaten the OPEB reduction
6. Maintain capital infrastructure

Five Year Financial Plan Projections

These figures show a degree of budgetary stability through FY14, when stagnant revenues are projected to be overtaken by increasing retirement expenses and grant expirations. Difficult decisions must be made in FY15 and onward, as past staffing cut have left little other than public safety to reduce. Any reductions to public safety must be arrayed against the resulting physical insecurity to the citizens of Flint.

In conclusion, much of the Financial and Operational Plan's conclusions are identical to those reached by the OFR. While considerable cuts have been made, the minimal operational expense and the legacy costs for Flint's retirees are simply a larger sum than the tax revenues of the City. Additional revenues and additional cost savings must be realized soon if the City of Flint is to be a going concern that can provide essential services to its people.

-Drew

Drew Van de Grift, Esq. | Departmental Analyst
Department of Treasury | Office of Fiscal Responsibility
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(517) 335-2434 | (517) 373-0633 (fax)
vandegriftd@michigan.gov

TOM

Local Government Issues
7/30/13

Distressed Units

DETROIT
- Property Tax Exemption Applications for Facilities within the City of Detroit

FLINT
- H2O line valuation: Wayne/Ed discuss w/ Mike on 7/31 (SRR)
- E&Y Involvement: Wayne/Ed discuss on Wed 7/31
- Hurley OPEB: Wayne/Ed discuss on 7/31

HAMTRAMCK
- CBA review/Negotiations schedule moved up: Wayne/Ed to discuss @ 7/31 meeting
- 400 residential lots, Cathy wants to sell, process: Wayne/Ed to discuss @ 7/31 mtg
- Cathy meeting w/ John Clark this week

HIGHLAND PARK
- Plan to exit Water Business/Tucker Young, Need to draft SOW for this work
- E&Y to provide study criteria/OFR to draft MOU, Wayne/Ed to discuss w. Mayor on 7/31

INKSTER
- CM candidate Richard Marsh, 60 day evaluation period, provide background
- Labor Counsel, do we want John Clark advising?

LINCOLN PARK
- Mayor and Council President meeting: waiting for call from CM
- Mayor & Council all up for election in 11/13
- Plante Moran presentation on 8/31, Randy will attend
- Cash flow integrity, borrowed $2.5M over 10 yr. period from H2O/Sewer, used $1.6M in fund balance, problem 6/14 when $3M pension payment is due

WAYNE COUINTY
- 13th Check elimination Carla Sledge, conf. call 7/29: COA decision limits County's ability to control this expense

ALLEN PARK
- IAFF Contract Council approval status

BENTON HARBOR
- Status of CM Search: MML consultant told him no CM will come to BH
- City Council considering an Income Tax ballot proposal, Impact upon Whirlpool?

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, July 31, 2013 10:33 AM
To: Byrne, Randall (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: Flint Water Pipe Valuation

Randy,

Please send Jerry Ambrose your contact info for the person @ Stout, Risius, Ross.

Ed

Sent from my iPad

Dempkowski, Angela (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, August 14, 2013 10:41 AM
To: Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury); Byrne, Randall (Treasury)
Subject: Weekly Phone conference with Mike Brown

Below are the more significant items we discussed this morning:

Public Safety meeting, Monday in Flint, Harvey Hollings staff, Col. Etue, Captain Arnold, Lt. Bolger,

Andy called yesterday to have Mike Brown and Chief Locke at his office on 8/21/13 @ 11:30 am meeting Col. Etue

John Clark city close to finalizing CBA's ready to negotiate with 6 unions, Mike anticipates John will call Andy directly to update him

Pipe Sale, SRR wanted $18K, looking for another vendor, 8/21/13 deadline won't be met

Working on details of implementation of using the water plant, DWSD no longer providing to Flint after 4/14 and this means accelerating the plant's CIP of $15M,will provide details later in writing,

Mike wants to meet w/ Kevyn Orr to discuss purchase of their pipeline by KWA and the potential of DWSD being backup to KWA

Mike desires to know our position on the Income Tax proposal and to advocate with the Legislature

Genesee County land bank submitted a $25M application to demo homes (majority) in Flint

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, August 28, 2013 3:28 PM
To: Michael Brown (mbrown@cityofflint.com)
Cc: Wayne L. Workman (WorkmanW@michigan.gov); Dempkowski, Angela (Treasury) (DempkowskiA@michigan.gov)
Subject: Water System Capital Improvements

Mike,

I discussed with Wayne your concept to fund $11 million of necessary improvements at the city's water plant by delaying existing water bond payments for 3 years. Wayne requested that you send a written proposal to both he and John Barton in Bond Finance so that they may evaluate it. Let me know if you have any additional questions.

Ed

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Thank you

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, August 28, 2013 6:21 PM
To: Dillon, Andy (Treasury); Saxton, Thomas (Treasury); Stibitz, Brom (Treasury); Gelisse, Ashley (TREASURY); Stanton, Terry A. (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: Fwd: Flint Update

Latest update. Public safety and will be discussed at Tuesday session

Sent from my iPhone

Begin forwarded message:

> **From:** "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>
> **Date:** August 28, 2013, 6:01:25 PM EDT
> **To:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Subject: Flint Update**
>
> Below are the highlights from my conversation today with Mike Brown.
>
> Hurley Hospital Board appointments – Mike will send future appoints to Treasury for approval
>
> MOU w/ MSP and Itemized law enforcement "to do" list provided to Treasury
>
> Final FY 13 budget expected to reduce the $19M structural deficit to $16M. Reasons for success are controlled expenses, better than expected experience in health care cost, overall cash position improved from $15M to $40M at end of FY13 due to delayed h2O/sewer capital projects, retiree health care savings, fringe benefits costs were below estimates by $5-$6M, public safety millage (2 levies) resulted in $5M and increased fund balance in road fund of $1M.
>
> Mike is considering a 4 point plan for inclusion in the model contract. City's healthcare consultant Cornerstone is evaluating it. 1) Currently city adopted the hard cap under PA 152, city costs are below hard cap and no premiums are paid by employees. Employees do pay significant co-pays. He is considering adopting 80/20 option; 2) Would inform non vested employees not guaranteed retiree healthcare; 3) Vested employees would get retiree healthcare, but those who retire after 1/14 will be told the premium share for pre 65 will be limited to the same premium share of post 65 employees. Setting date of 1/14 would allow implementing collective bargaining agreements during 10/13 and it is expected employees will retire and new employees hired will have no healthcare; 4) effective 1/14 new police & fire employees will be moved to the hybrid plan (1.75 defined benefit multiplier and city matches a defined contribution up to 5%, the total combined limit for both is 10% . Partial cost estimate is due week of 9/9/13.
>
> Mike is concerned about the ability of the city to deliver water by next April because DWSD will stop providing water and their plant needs upgrades. The City will have to make $11M in improvements to the water plant to provide city residents with water until the city connects to KWA. The city has $28M in outstanding water bonds and they inquired about the state's willingness to divert payment for 3 years, in order to spend bond debt payments on the $11M of capital improvement necessary for using the water plant and connect to KWA.

Let me know if you need any additional information on these items.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
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Thank you

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, September 04, 2013 10:43 AM
To: Wayne L. Workman (WorkmanW@michigan.gov)
Subject: FW: Flint Waterline valuation

FYI

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
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Thank you

From: Byrne, Randall (Treasury)
Sent: Tuesday, September 03, 2013 11:12 AM
To: Koryzno, Edward (Treasury)
Subject: Flint Waterline valuation

Ed:

Mike Brown indicated that October 4th is the date that it will be completed. I should note that they are just approving it.

Randy,

Randall D. Byrne, Manager, Office of Fiscal Responsibility
State of Michigan 430 W. Allegan St., Lansing, MI 48922
ByrneR1@michigan.gov (517) 335-2521

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Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Thursday, September 05, 2013 8:29 AM
To: Wayne L. Workman (WorkmanW@michigan.gov)
Cc: Dempkowski, Angela (Treasury) (DempkowskiA@michigan.gov)
Subject: Flint

Below are the highlights of our meeting with Mike Brown yesterday:

Sue McCormick has contacted Mike to discuss Flint buying DWSD pipe and using DWSD as a backup.

City applied for a SAFER grant on 8/30/13 to retain 30+ fire fighters

Mike anticipates FY 2013 year end will reveal $2+M in excess revenues over expenses.

Cash flow continues to improve, $40M in cash on hand

Beginning work on FY 15 budget, including Mayor and Council in the process

Consultant Cornerstone estimating cost savings from proposed OPEB changes (partial cost estimate due next week)

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

September 10, 2013

To: Governor Rick Snyder, Treasurer Andrew Dillon

From: Michael K. Brown, Emergency Manager, City of Flint

Subject: CLOSING MEMORANDUM

It has been a pleasure for me to serve the citizens of Flint for the past twenty-two months and I thank you for the opportunity to serve as Emergency Manager.

I have worked hard to begin a cultural change to both improve the approach to city government's interaction with citizens and to encourage a wider range of citizen participation. It is important to me that the next generation of leaders (I have called them emerging leaders) not be from the same mold as the old leaders and have the opportunity to assume positions of responsibility as we set a path to the future for Flint. A significant number of my leadership team is comprised of Flint residents who are committed to the future of their city. While this approach has meant that some things may have taken longer to achieve than it might otherwise take, it has been with the realization that *changing the culture of City Hall is imperative if history is not to repeat itself.*

I have also tried to champion citizen participation throughout my tenure as Emergency Manager. Collectively, hundreds of people have been involved: in the Advisory Teams for Public Safety, Infrastructure, Financial, and Legacy issues which I established in January 2012; in the nine ward public meetings held in February-March 2012; in the Police and Fire Protection millage campaign in Fall 2012; and in the Master Planning process which has involved citizen participation in numerous meetings held throughout the City over the past year. I have attached a list of some of these individuals who have worked on my advisory groups and the millage team.

As our regularly submitted reports to the Department of Treasury have documented, we have made substantial progress in putting the city on a path to solvency and resolving the financial emergency. Many achievements are detailed in the latest Financial and Operating Report which was submitted to the Department of Treasury on June 30, 2013. Significant achievements over the past twenty-two months include:

A. Financial
   1. Developing, adopting and operating with a balanced budget for FY13 - the first time in seven years that the City of Flint has lived within a balanced budget.

   2. Significantly improving the City's cash flow - More than $40 million in cash on hand as of September 2, 2013 is significantly better than the approximate $10 million on hand in December 2011. The $10 million in cash at that time was due primarily to an $8 million loan from the state in the form of Fiscal Stabilization Bonds.

   3. Significantly reducing Other Post Employment Benefits (OPEB) liabilities by more than $500 million – a 60% reduction. Not only have we significantly reduced legacy costs by more than 60%, we also have a plan for further reducing legacy costs, as detailed in recent presentations to the Department of Treasury

4. Significantly reducing pension administration costs and improving investment returns by moving administration of the City's pension fund to the Municipal Employees Retirement Fund, while also changing the structure of future pension benefits which will reduce future pension liabilities

5. Developing a plan for and implementing a reduction in the City's $19.1 million deficit ahead of schedule. At the end of FY12, we presented a plan to the State Treasurer for eliminating the $19.1 million deficit within 5 years. Based on preliminary year end results for FY13, we are ahead of the scheduled reduction since it appears that FY 13 will end with a surplus of revenues over expenses by approximately $3 million. This will likely reduce the $19.1 million deficit to the $16 million range. Had the Department of Treasury authorized the borrowing of $12 million as contained in the approved FY12 Deficit Elimination Plan, the remaining deficit would now be closer to $4 million.

6. Developing a five year financial projection which maps out the continuing financial challenges Flint will face, regardless of who is in charge. With FY 14 balanced and adopted, development of the FY15 budget – which will without doubt be the most challenging of the next few years – is underway. In the process of developing the multi-year projection, it has also become clear that the path for Flint's financial solvency will require additional sources of revenue in addition to further reductions in legacy costs. We have identified a path for further reductions in legacy costs, and we have also identified an increase in the local income tax as the most promising and realistic source of new revenue. Unfortunately the Treasurer has not supported that initiative.

7. Stabilizing Police and Fire Protection revenue. Since being appointed in 2011, it has been clear that the stabilization and enhancement of public safety is the top priority in the City of Flint. Many steps have been taken to achieve this, including securing voter approval of a 6 mill property tax increase by a margin of 57% to 43%. Additionally, by ordinance the City must now appropriate no less than 55.5% of General Fund revenues for Police and Fire budgets. The FY 14 budget dedicates more than 60% of General Fund revenues to these purposes, and exceeds 80% when 9-1-1 and District Court funding is included. As a result, staffing for police and fire personnel was maintained at current levels in spite of the significant staffing reductions necessary to balance both the FY13 and FY14 budgets. Unfortunately, without a new source of revenue in FY15, it is unlikely that can continue.

8. Resolving Federal Government liabilities - More than $7 million in questioned grant costs prior to the EM's appointment in December 2011 have been resolved – as documented by the OIG report and HUD findings.

9. Reorganizing City operations – The City workforce has been reduced by more than 25% as the City has faced its financial challenges. Doing so while still providing for the delivery of city services has required restructuring work processes and organizational alignments, as well as the increased use of technology. These changes have been made in the context of a newly developed strategic plan which identifies the key functions and objectives of the City.

B. Public Safety
   1. Opening of the Flint Lock-up. The lock-up opened the week of October 1, 2012. Public Safety Director Lock recommended selection of the Genesee County Sheriff as the operator of the Flint lock-up. Lock also recommended that the lock-up be made available to all policing agencies operating within

Genesee County for warrants and fresh charges, both felony and misdemeanor. Well over one thousand outstanding warrants are being cleared each month. This funding by the State has been very much appreciated and very beneficial to the City.

2. Creating the Criminal Justice System Advisory Council chaired by Chief Judge Richard Yuille. In September 2012 the first meeting of the Criminal Justice System Advisory Council (CJSAC) was held. Eight workgroups were established. Through these work groups a number of cooperative projects, streamlined operations and new collaborations have been identified and numerous projects continue to move forward.

3. Completing the transition to 800 MHz public safety communications system. All Public Safety departments were operational on the 800 MHz communications system in December of 2012. Flint Public Safety is now compatible with the communications system used throughout Genesee County and with the Michigan State Police.

4. Securing public safety grants totaling over $11 million (not including State funded Lock-up). A $6.9 million SAFER grant to employ thirty-nine firefighters for two years was received in May 2012. The Mott Foundation has granted the City over $1.8 million for several public safety initiatives. The Treasurer's Office through the C-GAP funding awarded the City $1.8 million to construct a 9-1-1 simulcast communications tower in April 2013. Homeland Security awarded Flint a total of $615,000 for 9-1-1 console upgrades and purchase of new radios for the 800 MHZ transition.

5. Up-grading Police Department technology to improve data-driven decision making and capability for overall communications with Law Enforcement agencies at all levels of government. The Mott Foundation funded MSU Training & Technical Assistance Team conducted a technology audit which provided a road map of upgrades necessary to ensure that officers and firefighters can take maximum advantage of the tools already provided to them. New World Systems, Flint's records management system, required server and switch upgrades before the New World update could be made. Each of these components has now been completed and the use of the full feature set of New World is being implemented throughout the FPD.

6. Implementing 12 hour shifts for Police Patrol Officers which put more officers on the street and vastly reduced overtime in the department.

7. Taking major steps toward the reconsolidation of the Flint City 9-1-1 with the Genesee County 9-1-1 consortium. The C-GAP grant to build the communications tower will enhance system coverage for the entire County.

8. Improving Public Safety Response Recently compiled statistics for FBI Part One violent crimes show significant improvements have resulted from the implementation of many public safety initiatives. Overall violent crime is down an average of 24% in the first six months of 2013 vs. the first six months of 2012.

C. Infrastructure (this area includes water and sewer, waste collection, roads and streets, bridges, parks, facilities as well as commercial and residential demolition targets and blight in general)

1. Stabilizing funding for water and sewer systems. This enterprise fund plunged from a $60 million dollar positive balance in 2007 to a $23M deficit in 2012. By raising water and sewer rates more than 25%, reorganizations and improving technologies we have been able to stop the bleeding and stabilize funding for the long term.

2. Significantly improving the process and cost of providing the Flint and Genesee County region with water by joining the KWA. Working with the County Drain Commissioner and others, we have begun this long awaited KWA project, which will result in several hundred million dollars in cost decreases to residents and businesses. I want to acknowledge former Emergency Financial Manager Edward Kurtz for his work and detailed analysis which brought this complicated process to a decision point.

3. Reducing costs for Waste Collection and implementing Recycling. By moving to a fee for service and contracting with the private sector waste collection vendor, we eliminated a General Fund subsidy of more than $1 million annually, and for the first time ever we are able to offer city-wide curbside recycling.

4. Finalizing the Smith Village construction project. This housing development project has languished for over ten years, important deadlines were ignored and Flint was in serious difficulty with HUD. Ed Kurtz cleaned up this tangled project, changed developers, and moved this project significantly toward its final steps. Thirty-six residences have been completed, seven have been sold and ten purchase agreements are in process.

5. Updating of City's 50 year old Master Plan Mayor Walling and Chief Planner Megan Hunter have coordinated a city-wide, tremendously inclusive planning effort. Hundreds of Flint citizens have worked on sub-committees, attended visioning sessions and worked hard to develop a plan for a revitalized Flint.

6. Reducing overtime costs in the Utilities division, by implementing new technology and reorganizations. Examples include planned elimination of the solid waste incinerator and electronic monitoring of the Third Ave. Pumping Station.

7. Disposing of unused inventory and facilities. Auctions have been used to eliminate surplus equipment and vehicles while city facilities which are no longer required and which we can not afford to operate are being sold or leased.

8. Contracting management of city golf courses and Senior Centers in order to reduce city costs and still provide access to residents.

Achieving this level of success in twenty-two months has been extremely challenging. Obstacles have arisen from many sources. The team in Flint has taken on each challenge and worked with a single-mindedness to keep Flint on the path to sustainability. We firmly believe that with continued effort, Flint City government can once again become a financially stable organization capable of delivering quality municipal services to it residents, businesses, and visitors. This route will involve continued cost reductions, investments in technology and personnel, and additional sources of revenues. The alternative of bankruptcy is not the right path – it is expensive, time consuming, and the outcome is uncertain.

There are several major issues which are currently on the horizon. The shortage of revenue to balance the FY15 Budget is the primary issue. Public Safety staffing is still at unacceptably low

levels and with current financial conditions it is likely that the number of police officers and firefighters will be reduced in order to achieve a balanced budget. This likelihood is enhanced by the pending expiration of the FEMA SAFER grant which supports the wages and benefits of 39 firefighters.

Blight is an on-going major issue in Flint. We have few resources and blight issues range from unmowed to demolition necessary properties. Flint recently received $20 million in Federal "Hardest Hit" funds to demolish approximately 1600 residences, yet we have 20,000 abandoned homes and hundreds of vacant commercial properties.

There has been disagreement within the community regarding the appointment of an Emergency Manager, about the difficult choices which were made to impose higher water and sewer rates, street lighting assessment and waste collection fees, and about other decisions. Yet, there has been no civil unrest, as threatened by a few voices. There was significant support to increase property taxes in an economically distressed city, because voters saw that this was the right choice for Flint.

With the changes of the magnitude needed to address Flint's conditions, there is no doubt controversy, disagreement, and anger can result. Often, the most vocal represent the fewest number. I have worked with many in the City of Flint who understand the severity of our condition and the scope of effort necessary to address it. If you have questions about the support given for the direction I have taken to restore Flint to financial solvency, I offer the names of the following citizens for you to contact:

1. Sheryl Thompson, former DHS Director
2. Lawrence Moon, CEO Moon Funeral Home
3. Clarence Pierce, CEO Hamilton Community Health Center
4. Tim Herman, CEO Flint Genesee Chamber of Commerce
5. Dick Shaink, President Mott Community College
6. Kenyetta Dotson, local neighborhood activist
7. Diana Kelly, Building Neighborhood Partnerships Coordinator
8. Ravi Yalamanchi, CEO Metro Community Development
9. Ruth Person, Chancellor University of Michigan-Flint
10. Phil Peters, CFO, Charles Stewart Mott Foundation
11. Jamie Gaskin, President, United Way of Genesee County
12. Pastor Rodney Stokes, chair of our public safety millage campaign
13. Pastor Phil Thompson, member of my Advisory Council
14. Pastor George Wilkerson, Chamber of Commerce Staff
15. Steve Landaal, CEO Landaal Packaging
16. John Henry, Executive Director, Flint Institute of Arts
17. Bob Emerson, volunteer adviser
18. Bill White, President Charles Stewart Mott Foundation
19. Judge Judith Fullerton
20. Superintendent Larry Watkins, Flint Community Schools
21. Melanie Gavulic, CEO Hurley Medical Center
22. Donald Kooy, CEO McLaren Health Systems – Flint
23. Edward Kurtz, CEO Baker College Corporation, former EFM (2x)
24. Armando Hernandez, Vice-president Security Credit Union
25. Elizabeth Aderholdt, CEO Genesys Regional Medical Center
26. Duane Miller, COO Flint & Genesee Regional Chamber of Commerce
27. Joe Serra, President Serra Automotive Group
28. Ghassan Saab, Sorensen Gross, Inc.
29. David Hollister, Prima Civitas Foundation, former Mayor of Lansing, MI
30. Philip Hagerman, President and CEO Diplomat Specialty Pharmacy

I have been a member of the Flint community for over thirty-five years. I grew up on the North End in one of the few integrated Flint neighborhoods; my wife and I raised five children, all of whom graduated from the Flint Community Schools. I have served Flint as a Runaway Counselor, Child Care Operator, Red Cross and United Way Director and as an elected official. I have interacted and earned the respect of a broad array of people in Flint. I hear from people all over the City on a regular basis and I have been pleased to receive their constant support and encouragement.

Please know that I will do everything possible to make this transition smooth and successful. We all have to keep our eye on the goal of putting Flint on a path to solvency, safety and regeneration.

CC: Committee Members – Advisory and Millage

Committee Members – Advisory and Millage

Adam Thomason
Armando Hernandez
Dan Cady
Mayor Dayne Walling
Kenyetta Dotson
Tim Herman
Pastor Timothy Stokes
Alicia Kitsuse
Amy Hovey
Christina Kelly
Connie Brauer
Courtney Knox
Deb Loader
Douglas Weiland
Jason Caya
Karen Morris
Lynn Williams
Michael Brady
Raquel Thueme
Sara Rios
Sue Peters
Brian Larkin
Councilman Bryant Nolden
Councilman Dale Weighill
David Hollister
Delrico Lloyd (former Councilman)
Eric Scorsone
Inez Brown (City Clerk)
Councilman Joshua Freeman
Khalfani Stephens
Larry Moon
Phil Peters
Phil Shaltz
Sam Cox
Bob Emerson
Daniel Coffield
Jack Ennest
Paul Wenstrom
Tom Donaldson
Wayne Schaeffer
Barry Wolf
Councilman Bernard Lawler
Diana Kelley
Councilwoman Jackie Poplar
Jerry Boles
Kim Lawrence
Loyst Fletcher
Mark Evans
Mark Heidel
Richard Arnold, MSP
Matthew Bolger, MSP
Councilman Sheldon Neeley
Willie Artis
John Henry
Norm Bryant
Ralph Arellano
Roseanne Heddy
Curt Carlson
Councilman Scott Kincaid
Tom Guise
Tom McCabe
George Wilkinson
Joe Pilara
Marty Seaman
Michael J. Sarginson (former councilman)

CITY OF FLINT
DEPARTMENT OF UTILITIES
WATER POLLUTION CONTROL DIVISION

Dayne Walling
Mayor

Edward J. Kurtz
Emergency Manager

Robert J. Case
WPC Supervisor

MEMORANDUM

June 12, 2013

TO: Derrick F. Jones, Purchasing Manager

THRU: Daugherty Johnson III, Utilities Administrator

FROM: Robert J. Case, WPC Supervisor

RE: **Emergency Bar Screen Replacement, Northwest PS**

Recently, there have been a number of breakdowns of the bar screen and raking mechanism at Northwest Pump Station. This device is critical for the proper function of the main sewage pumps at the station. Without it, debris in the raw sewage accumulates on the screen and blocks flow to the pumps. This in turn can result in blockage and the backup of sewage flowing to the treatment plant. Ultimately, it would result in backups of sewage into residents' basements, particularly in the northwest portion of the City.

It has now been determined that the gears, sprockets, chain, and other components of the rake mechanism are worn beyond repair. Even minor stress causes the shear pins to break, and often the chain comes off the gears. When this occurs, the channel containing it must be bypassed and drained and major maintenance must be performed to restore operation. The manual cleanout of the debris in the channel, frequent removal of rags in the pumps, and related work has caused an unacceptable increase in maintenance costs, along with downtime that could result in major sewage backups.

Your assistance is requested to secure a Purchase Order on an emergency basis to obtain new equipment to rehabilitate this station. The equipment needed is similar to that just purchased for Third Avenue Pump Station. The lowest-bid vendor for that purchase, JWC, has quoted a cost for an equivalent bar screen, rake, and washer/compactor sized for NWPS at $275,000.00.

Please use account 590-550.300-977.000 when issuing this Purchase Order.

NWPSBarscreenEmergPurch

13-5196

(Bid # 13-030)

EFM SUBMISSION NO.:_____

PRESENTED: _____

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO JWC ENVIRONMENTAL FOR BARSCREEN REPLACEMENT @ NORTHWEST PUMPING STATION

BY THE EMERGENCY MANAGER

RESOLUTION

The Utilities Department/Water Pollution Control Division is requesting an emergency purchase to replace a bar screen and raking mechanism at the Northwest Pumping Station in order to avert a backup of sewage flowing to the treatment plant, and

The Department of Purchases and Supplies has recently solicited bids for similar equipment and JWC Environmental, 4485 Commerce Dr., Buford, GA was the only company to submit a bid. The Purchasing Department has received a quote from said company and request to proceed in procuring said equipment as an emergency. The funding for this request will come from the following account number: 590-550.300-977.000; and

IT IS RESOLVED, that the Proper City Officials , upon the Emergency Manager's approval, are hereby authorized to enter into a contract with JWC Environmental for an emergency purchase to replace a bar screen and raking mechanism at the Northwest Pumping Station in an amount not to exceed $275,000.00. (Sewer Fund) FY14 Budget

APPROVED-PURCHASING DEPT: _____
Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE: _____
For Gerald Ambrose, Finance Director

APPROVED AS TO FORM: _____
for Peter M. Bade, City Attorney

_____
Michael K. Brown, City Administrator

EM DISPOSITION:

ENACT_____ REFER TO COUNCIL _____ FAIL_____

_____ DATED:_____
Edward J. Kurtz, Emergency Manager

06/17/13-DFJ

RESOLUTION STAFF REVIEW

June 19, 2013

Agenda Item Title: Northwest Pump Station Bar Screen

Prepared By: Robert J. Case

Background/Summary of Proposed Action:
Approval to proceed with the emergency purchase of a new bar screen equipment assembly, consisting of a bar screen, automatic rake, and washer/compactor/loader for Northwest Pump Station. The total purchase amount is $275,0000.

This device is critical for the proper function of the main sewage pumps at this station. Without it, debris in the raw sewage accumulates on the screen and blocks flow to the pumps. This in turn can result in blockage and the backup of sewage flowing to the treatment plant. The pumps could also be damaged by the low water levels behind the bar screen. Ultimately, it could result in backups of sewage into residents' basements, particularly in the northwest portion of the City.

Bar screen assemblies are custom designed and fabricated for each installation. A 12 to 16 week lead time is needed to obtain the equipment once an order is placed. It is critical to place the order as soon as possible, because the existing equipment is worn out, and subject to frequent breakdowns. It is feared that a catastrophic failure could occur soon.

Financial Implications:
Please approve an emergency purchase of new bar screen equipment for a total amount of $275,000.00 using account 590-550.300-977.000.

Budgeted Expenditure? Yes ☒ No ☐ **Please explain if no:**

Account No.: 590-550.300-977.000 ($275,000.00)

Pre-encumbered? Yes No x **Requisition:**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Approve

Staff Person: Robert J. Case

Department Approval: _____
(Dept Head or other Authorized Staff)

S:\CONTRACT\Bar Screens\NWPS\NWPS barscreen_resstaff.doc

13-5197

(Bid # 13-026)

EFM SUBMISSION NO.:_____

PRESENTED: _____

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO DUPERON COPRPORATION FOR (2) TWO BARSCREENS FOR THE EAST PUMPING STATION OF WPC

BY THE EMERGENCY MANAGER

RESOLUTION

The Department of Purchases and Supplies has solicited bids for (2) two complete barscreen units for the East Pump Station of Water Pollution Control, and

Duperon Corporation, 1200 Leon Scott Court, Saginaw, Michigan 48601 was the sole responsive bidder for said barscreen units. The funding for this request will come from the following account number: 590-550.300-977.000; and

IT IS RESOLVED, that the Proper City Officials, upon the Emergency Manager's approval, are hereby authorized to enter into a contract with Duperon Corporation for (2) two barscreen units for the East Pump Station of Water Pollution Control in an amount not to exceed $841,000.00. (Sewer Fund)

APPROVED-PURCHASING DEPT:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

For

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

Michael K. Brown, City Administrator

\EM DISPOSITION:

ENACT_____ **REFER TO COUNCIL** _____ **FAIL**_____

DATED:_____

Edward J. Kurtz, Emergency Manager

06/19/13-BDB

RESOLUTION STAFF REVIEW

June 19, 2013

Agenda Item Title Barscreen Units for East Pump Station

Prepared By: Robert J. Case

Background/Summary of Proposed Action:

The existing barscreen at the East Pump Station has a large hole in it, rendering it useless for screening out and protecting the main sewage pumps from rags and larger debris in the wastewater. Current raking equipment is also nonfunctional. New equipment will allow for the removal of the debris to landfill, and preventing excessive maintenance and damage to the pumps, as well as reducing man hours for removing debris from the plant head works and primary tanks.

Financial Implications:

Please issue a purchase order for the FY 2014 approved budget amount of $841,000.00. Use account 590-550.300-977.000 when issuing this purchase order.

Budgeted Expenditure? Yes : x No Please explain if no:

Account No.: 590-550.300-977.000

Pre-encumbered? Yes : No x Requisition: 1300008

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Approve

Staff Person: R J Case

Department Approval:

S:\CONTRACTS\Bar Screens\East PS\T PS\Barscreen resstaff.doc

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

June 21, 2013

Mr. Edward Kurtz, Emergency Manager
City of Flint
1101 S. Saginaw St.
Flint, MI 48502-1426

RE: Flint Water Contract

Dear Mr. Kurtz:

Thank you for the letter dated June 7, 2013, to Mr. Kevin Orr, Emergency Manager of Detroit, regarding your request to blend Flint River water with water purchased from the City of Detroit.

Please keep the Office of Fiscal Responsibility informed on the any future updates regarding this matter.

Sincerely,

Randall Byrne
State Administrative Manager
Office of Fiscal Responsibility

CC: Edward Koryzno, Acting Bureau Director

RECEIVED
6/21/2013

RECEIVED
JUN 12 2013
OFFICE OF THE STATE TREASURER

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
EDWARD J. KURTZ

June 7, 2013

Mr. Kevyn Orr, Emergency Manager
City of Detroit
2 Woodward Avenue, Suite 1126
Detroit, MI 48226

RE: Flint Water Contract

Dear Mr. Orr:

I am requesting permission to allow the City of Flint to blend Flint River water with water purchased from the City of Detroit. The City of Flint currently operates under a 1965 water service contract with the City of Detroit. Paragraph 14 of the contract prohibits the introduction of water from other sources, unless permission is given.

The City of Flint operates a water treatment facility that routinely treats Flint River water to ensure it meets State of Michigan drinking water standards. This is maintained as a secondary water source for our residents. However, the treated Flint River water is then dumped back into the Flint River, essentially being wasted.

The City of Flint has been in close consultation with the Michigan Department of Environmental Quality (DEQ). The DEQ has raised no objections to blending treated Flint River water with water purchased from Detroit for consumption by Flint residents. This presents no danger to the Detroit water system.

Like Detroit, Flint faces daunting financial challenges. The ability to blend Flint River water would have an immediate positive impact. And while this would reduce commodity revenue received by Detroit, Flint would continue to pay the full service charge of $738,000 per month.

Detroit has provided notice of termination of the Flint water contract effective April 17, 2014. Upon termination of service, Flint is planning to utilize Flint River water for

City Hall
1101 S. Saginaw Street - Flint, Michigan 48502
810-766-7346 FAX: 810-766-7218 www.cityofflint.com

consumption. It would be very helpful if we were allowed to gradually introduce Flint River water during the upcoming months so as to better ensure a seamless transition and safe, healthy water supply. This would also allow Detroit to make similar adjustments as needed as Flint is weaned off the Detroit system.

We believe there are other areas of potential cooperation between Flint and Detroit that would be mutually beneficial, such as purchase of pipeline. Your team has demonstrated excellent leadership for Detroit and I am hopeful that by working together we will be able to better address these infrastructure issues.

The City of Flint along with the Genesee County Drain Commissioner would like to meet with you at your earliest convenience to discuss the various issues. I can be contacted at 810.237.2035 (office) or 810.577.5263 (cell) or by email at ekurtz@cityofflint.com.

Thank you for consideration of this request. If you need further information, please let me know.

Sincerely,

Edward J. Kurtz
Emergency Manager

Cc: Andy Dillon, State Treasurer

S:\P Bade\DWSD\ltr to KOrr re contract 6-7-13.doc

Pleyte, Beth (Treasury)

From:	Maxine Murray <mmurray@cityofflint.com>
Sent:	Tuesday, June 25, 2013 8:22 AM
To:	Koryzno, Edward (Treasury)
Cc:	Dempkowski, Angela (Treasury); Ed Kurtz; Michael Brown; Saxton, Thomas (Treasury); Stibitz, Brom (Treasury)
Subject:	Re: Electronic Communication - Flint Water Plant

Thank you Mr. Koryzno.

Maxine

On Mon, Jun 24, 2013 at 5:27 PM, Koryzno, Edward (Treasury) <KoryznoE@michigan.gov> wrote:

Maxine,

Thank you for the opportunity to review the attached resolution. I have discussed it with the Chief Deputy Treasurer and I am approving it on behalf of the Treasurer. You may proceed.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility

State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922

(517) 373-4415 | (517) 373-0633 (fax)

KoryznoE@michigan.gov

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sender by reply e-mail, and delete/destroy all copies of the original message and attachments.
Thank you

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, June 21, 2013 3:44 PM
To: Koryzno, Edward (Treasury)
Cc: Dempkowski, Angela (Treasury); Ed Kurtz; Michael Brown
Subject: Electronic Communication - Flint Water Plant

Good afternoon:

Please see the attached communication from Ed Kurtz regarding the Flint Water Plant.

Thank you.

--
Maxine Murray

Executive Assistant to

Mayor Dayne Walling

Edward J. Kurtz, Emergency Manager

Michael K. Brown, City Administrator

1101 S. Saginaw Street

Flint, MI 48502

810.237.2035 Telephone

810.766.7218 Fax

--
Maxine Murray

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
EDWARD J. KURTZ

ELECTRONIC COMMUNICATION

June 19, 2013

Mr. Edward Koryzno
Office of Fiscal Responsibility
State of Michigan
Lansing, Michigan

Dear Mr. Koryzno:

Due to contractual relations with the DWSD, Flint is investigating the possibility of placing the Flint Water Plant (FWP) into operation using the Flint River as a primary drinking water source for approximately two years and then converting to KWA delivered lake water when available. During this two year interim period, Flint would consider supplying water to Genesee County provided the FWP proves capable of treating and supplying the required 40 MGD maximum day demand. This new operational scenario along with the reduction in maximum day capacity to 18-mgd, after KWA System completion, creates the need for a modified plan that balances the short and long term needs for Flint.

The FWP had extensive upgrades under the State's Drinking Water Revolving Fund program in order to serve as a back up supply in case of loss from DWSD. This upgrade was done as Phase I. The subsequent Phase II analysis was done to bring the plant to primary status but not implemented until this point.

The City of Flint is seeking to enter into a sole source contract with Lockwood, Andrews & Newnam, Inc. (LAN) whose professional staff engineered and implemented Phase I as well as developed the Phase II report.

The scope of services has two primary tasks that must be performed to develop a cost effective plan for Flint's immediate and long term needs. DWSD has implemented the termination clause of our supply contract effective April 2014. In order to meet the short schedules, some portions of these tasks will be performed concurrently, while some may be performed consecutively.

Task 1 is a plant test run scheduled for this summer to test the treatment systems and hydraulic capacity of the plant.

Task 2 would be the development of an engineering planning report to define the immediate and long term improvements necessary for using the Flint River as a primary source of water.

See Appendix A and B for detailed cost proposals and scope of services.

Thank you,

Edward J. Kurtz
Emergency Manager

Appendix A

DETAIL LEVEL OF EFFORT BY TASK
LOCKWOOD, ANDREWS AND NEWNAM, INC.

PHASE II - CITY OF FLINT WTP REHABILITATION
Date : June 10, 2013

TASK I - WATER TREATMENT PLANT TEST RUN SUPPORT				
CLASSIFICATION	HOURS	BILLING RATE	LABOR COST	TOTAL
Project Director	96	$ 240.00	$ 23,040.00	
Senior Project Manager	40	$ 220.00	$ 8,800.00	
Project Manager	120	$ 180.00	$ 21,600.00	
Project Engineer (PE)	80	$ 150.00	$ 12,000.00	
Design Engineer (EIT)	120	$ 120.00	$ 14,400.00	
Project Controls Manager	16	$ 105.00	$ 1,680.00	
Total Staff Hours	336			
Total Labor + Direct Overhead			$ 81,520.00	
Sub-Consultant(s)				
Expenses				$2,500.00
Total Task I				$84,020.00

TASK II - ENGINEERING PLANNING REPORT				
CLASSIFICATION	HOURS	BILLING RATE	LABOR COST	TOTAL
Project Director	24	$ 240.00	$ 5,760.00	
Senior Project Manager	40	$ 220.00	$ 8,800.00	
Project Manager	120	$ 180.00	$ 21,600.00	
Sr. Electrical Engineer	60	$ 185.00	$ 11,100.00	
Project Engineer (PE)	120	$ 150.00	$ 18,000.00	
Design Engineer (EIT)	120	$ 118.00	$ 14,160.00	
CADD Designer	40	$ 112.00	$ 4,480.00	
Project Controls Manager	8	$ 105.00	$ 840.00	
Total Staff Hours	468			
Total Labor Including Overhead			$ 84,980.00	
Sub-Consultant(s)				
Expenses				$2,000.00
Total Task II				$86,980.00

Appendix B

Task 1: Plant Test Run

1) Meet with FWP staff and other stakeholders as necessary to review current condition of the water plant facilities and equipment. Develop a preliminary list of issues or concerns that will impact the planned test run.

2) Obtain copies and review existing Phase I documents as provided by Flint. Recreate design calculations, such as plant hydraulic headlosses, as needed to develop plant test run parameters.

3) Perform plant site visit with FWP staff to ascertain the condition of the facilities and equipment.

4) Develop plant test run protocol for submission to MDEQ.

5) Meet with MDEQ representatives to review and discuss test run protocol. Incorporate MDEQ comments into final plant test run protocol.

6) Provide assistance and training/support to the FWP staff on implementing the Test run protocol.

7) Collect data and information generated during plant test run. Evaluate the plant and unit systems performance for water quality and hydraulic capacity.

8) Meet with Flint staff, MDEQ and other stakeholders as necessary to discuss plant run findings and present conclusions and recommendations. Prepare and submit interim technical memorandum to City of Flint outlining conclusions and recommendations from the plant test run.

9) Schedule, coordinate and meet with equipment and material vendors as required.

Appendix B (continued)

Task 2: Engineering Planning Report

1) Using the technical memorandum as referenced in the preceding section, develop conceptual plan for both immediate and long term improvements.

2) Review site plan information and utilities to define needs and constraints related to immediate and long term proposed improvements.

3) Attend frequent meetings with Flint utility staff to discuss and review potential and recommended improvements to meet the needs for immediate and long term water supply needs

4) Define the finished water quality parameters and goals.

5) Develop plans for temporary facilities as needed, such as lime sludge disposal, to minimize cost for the interim period.

6) Define the basis of design for the needed improvements along with an opinion of probable construction cost referenced to a specific ENR Index value.

7) Re-evaluate issues defined in the 2011 Analysis of the Flint River report for permanent withdrawal versus interim withdrawal from the river such as Holloway Reservoir water levels and Flint River minimum flow requirements.

8) Submit a draft of the planning report to Flint for review.

9) Attend up to four meetings with Flint staff and the MDEQ to finalize the planning report.

10) Incorporate review comments into planning report and deliver final to Flint.

EM SUBMISSION NO.: 2013 EM140

PRESENTED: 6-21-13

ADOPTED: 6-26-13

BY THE EMERGENCY MANAGER:

Resolution Authorizing Approval to Enter into a Professional Engineering Services Contract for the Implementation of Placing the Flint Water Plant into Operation

The City of Flint requires professional engineering services for assistance in placing the Flint Water Plant into operation **using the Flint River as a primary** drinking water source for approximately two years and then converting to KWA delivered lake water when available at a cost of $171,000.00; and

The City of Flint is seeking to enter into a sole source contract with Lockwood, Andrews & Newnam, Inc., with funding coming from the Utilities Administration FY14 account in 591-536.100-801.000; and

IT RESOLVED, That appropriate City Officials are authorized to enter into a Professional Engineering Services contract with Lockwood, Andrews & Newnam, Inc., for the administration of placing the Flint Water Plant into operation using the Flint River as a primary drinking water source at a cost of $171,000.00. Funding will come from the Utilities Administration FY14 account 591-536.100-801.000

APPROVED AS TO FORM:

for

Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:

Jerry Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ **FAIL** _____ **DATED** 6-26-13

Edward J. Kurtz, Emergency Manager

RESOLUTION STAFF REVIEW

Date: June 17, 2013

Agenda Item Title: Resolution Authorizing Approval to Enter into a Professional Engineering Services Contract for the implementation of Placing the Flint Water Plant into Operation

Prepared by:
Yolanda Gray, Utilities Accounting Coordinator

Summary of Proposed Action:
Resolution authorizing the City of Flint to enter into a sole source contract with Lockwood, Andrews & Newnam for professional engineering services to place the Flint Water Plant into operation using the Flint River as a primary drinking water source.

Financial Implications:
$171,000.00

Pre-encumbered?: Yes____ No __x____ Requisition: Funding will be available in the FY14 Utilities Administration budget.

Account No. FY14 591-536.100-801.000

Other implications (i.e. collective bargaining):
No other implications are known at this time.

Staff Recommendation: Recommend Approval

Staff Person

Howard Croft
Infrastructure & Development Director

Daugherty A. Johnson III
Utilities Administrator

RE: JWC - Northwest Pump Station

Koryzno, Edward (Treasury)

Mon 6/24/2013 5:26 PM

To 'Maxine Murray' <mmurray@cityofflint.com>, Dillon, Andy (Treasury) <DillonA2@michigan.gov>;

Cc Ed Kurtz <ekurtz@cityofflint.com>, Michael Brown <mbrown@cityofflint.com>, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>, Stibitz, Brom (Treasury) <StibitzB@michigan.gov>,

Maxine,

Thank you for the opportunity to review the attached resolution. I have discussed it with the Chief Deputy Treasurer and I am approving it on behalf of the Treasurer. You may proceed.

Ed

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, June 21, 2013 3:30 PM
To: Dillon, Andy (Treasury); Koryzno, Edward (Treasury)
Cc: Ed Kurtz; Michael Brown
Subject: JWC - Northwest Pump Station

Good afternoon,

Please find attached an electronic communication and documentation from Ed Kurtz.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Edward J. Kurtz, Emergency Manager
Michael K. Brown, City Administrator
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
EDWARD J. KURTZ

June 19, 2013

Mr. Andy Dillon, State Treasurer
Michigan Department of Treasury
Lansing, MI 48922

Re: JWC – Northwest Pump Station

Dear Treasurer Dillon:

This is to request your approval to enter into a no bid contract with JWC for emergency repairs to Flint's northwest pump station. As described in the attached memorandum from Robert J. Case, Water Pollution Control Supervisor, these repairs are critical for the proper function of the main sewage pumps at the northwest pump station.

The City recently made similar repairs at the Third Avenue pump station, and the low-bid vendor was JWC. The needed equipment is customized for each installation, and its design and fabrication will take approximately 12 - 16 weeks. On that basis, and due to the emergency nature of the necessary repairs, I recommend a no-bid contract with JWC to perform the repair work at the northwest pump station. The estimated cost is $275,000.

The Local Financial Stability and Choice Act (Public Act 436 of 2012) states that "[e]xcept as otherwise provided in this subsection, any contract involving a cumulative value of $50,000.00 or more is subject to competitive bidding by an emergency manager. However, if a potential contract involves a cumulative value of $ 50,000.00 or more, the emergency manager may submit the potential contract to the state treasurer for review and the state treasurer may authorize that the potential contract is not subject to competitive bidding." MCL 141.1552(3).

I am requesting your approval of a no bid contact with JWC to perform emergency repairs to the northwest pump station at an estimated cost of $275,000. If you need any further information concerning this request, please let me know. Otherwise, thank you for your consideration of this matter.

Very truly yours,

Edward J. Kurtz
Emergency Manager

City Hall
1101 S. Saginaw Street - Flint, Michigan 48502
810-766-7346 FAX: 810-766-7218 www.cityofflint.com

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
EDWARD J. KURTZ

June 28, 2013

Mr. Andy Dillon, State Treasurer
Michigan Department of Treasury
4th Floor Treasury Building
430 West Allegan Street
Lansing, MI 48922

Dear Mr. Dillon:
Attached please find Update 3 for the City of Flint Financial and Operating Plan. This update will also serve as my closing memorandum as specified in the Emergency Manager's contract with the State of Michigan.

This report includes a summary of the financial conditions and goals for the City of Flint, the plan to conduct the operations of the City and the on-going actions being taken to resolve the financial emergency. This update will be posted on the City's website: www.cityofflint.com .

Respectfully submitted,

Edward Kurtz
Emergency Manager

cc:
Governor Rick Snyder
I. Brown, Clerk of the City of Flint
E. Koryzno, Dept. of Treasury

City Hall
1101 S. Saginaw Street - Flint, Michigan 48502
810-766-7346 FAX: 810-766-7218 www.cityofflint.com

City of Flint Financial and Operating Plan – FY 2013 – Third Update
June 30, 2013

Introduction
This update to the Financial and Operating Plan for the City of Flint is submitted by the Emergency Manager for the City of Flint to Governor Rick Snyder, through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 11.

The City of Flint had previously submitted a Financial and Operating Plan under PA 72 and was not required under PA 436 to submit a new plan. However, as this is the end of the 2013 fiscal year and end of the service of Emergency Manager Kurtz, the City felt it was appropriate to prepare an update to the current plan. This is also the end of the first full fiscal year under the administration of the Emergency Manager. The FY 2014 Budget and Five Year Strategic Plan has been adopted and in October, 2013 a City Wide Master Plan will also be adopted.

This update will also serve as Emergency Manager Kurtz' closing memorandum as specified in the Emergency Manager's contract with the State of Michigan. On June 26, 2013 former EM Michael K. Brown has been reappointed by Governor Snyder as Emergency Manager for the City of Flint.

This report includes a summary of the financial conditions and goals for the City of Flint, the plan to conduct the operations of the City and the on-going actions being taken to resolve the financial emergency. This update will be posted on the City's website: www.cityofflint.com .

Summary of the EM/EFM Appointment Sequence and Development of the Operating and Financial Plan
The Flint Financial Review Team determined in November 2011 that the City of Flint was in a financial emergency. See Attachment #1.

On December 1, 2011 Governor Rick Snyder appointed Michael K. Brown as Emergency Manager. EM Brown developed the Financial and Operating Plan utilizing the resources of a five person Advisory Committee as well as five additional advisory committees. EM Brown sought broad expertise to ensure public engagement and to maintain a sense of continuity with the Mayor and City Council. In fact, all nine City Council members and over fifty other citizens participated in the advisory committees.

EM Brown's original Financial and Operating Plan (45 Day Plan) was submitted to the State Treasurer on January 15, 2012; the first update to the Plan was submitted on June 1, 2012. On August 8, 2012, PA 4 was suspended and Edward J. Kurtz was appointed Emergency Financial Manager under PA 72. (Mr. Brown stepped aside as he was prohibited from serving as EFM due to his recent service as Interim Mayor for the City of Flint.)

EFM Kurtz established a new Advisory Committee in accordance with the requirements of PA 72.

Utilizing the Advisory Committee and the City of Flint management team, EFM Kurtz presented a second update to the Financial and Operating Plan and submitted this to the State Treasurer on February 8, 2013.

Operations of the City of Flint

Shortly after his appointment as EM, Michael Brown took steps to reorganize the city government operations including: elimination of departments, consolidation of departments, elimination of management level positions, adjustment of the compensation of elected and appointed officials, elimination of the Civil Service operation and the Office of Ombudsman.

Management appointments were made to ensure that the essential services necessary for the public's health, safety and welfare are provided and to continue conducting all aspects of the City of Flint's operation within the resources available. Necessary employment contracts were extended with the approval of the Treasury Department.

Department management reconfigurations were completed in anticipation of reductions in staffing levels as provided in the FY 13 Budget (See Attachment # 2 Organizational Chart FY 13). Subsequently, as part of the FY 14 Budget process a Strategic Plan was adopted and more changes in the organizational structure occurred. The primary change was the inclusion of a new Planning and Development Department (See Attachment #3 Organizational Chart FY 14).

When PA 436 became effective in March 2013 the City Council members' and Mayor's compensation was eliminated. EM Kurtz partially restored compensation for Mayor and Council through Orders 1 and 2. These orders also defined specific responsibilities and requirements. For example, the City Council members must complete Level One of the Michigan Municipal League (MML) core course for municipal government and must receive the MML education award with in one year.

All Orders and Directives issued by the Emergency Financial Manager (under PA 72) and Orders issued by the Emergency Manager (under PA 436) are listed in Attachment #4: Orders and Directives of the EFM and EM.

Financial Status

The financial condition of the City of Flint has begun to improve, with revenues and expenses generally tracking with budget projections. While the FY12 results showed an increase in the accumulated deficit, that increase was anticipated, due to a decision early on to focus efforts on developing and implementing a budget for FY13 that would maintain essential services while moving the City toward long term

financial solvency.

These efforts are proving successful. To-date, the FY13 budget was balanced without increasing the deficit; and revenues and expenses have been generally in line with expectations. The budget for FY14 has been adopted, with anticipated revenues and expenses balanced. In both FY13 and FY14, difficult decisions have been made with regards to staffing, fringe benefits, organizational structure, levels of service, and increases in fees and taxes.

Development of the FY14 budget was done in the context of developing budgetary projections through FY18, and recognizing the need to eliminate the City's accumulated deficit. With a desire to develop and maintain a multi-year perspective on city resources and operations, the development of the FY15 budget is now beginning. While FY15 will be extremely challenging due to continued property value declines and the anticipated loss of some major grants, the budget for FY15 will be realistically balanced.

Finally, as a result of analyzing projected revenues and expenses for the next five years, it has become clear that the City will continue to face a structural deficit in the area of $3 million to $5 million annually. More than anything, the City's stagnant revenue streams (no growth projected over the next 5 years) and its high amount of legacy costs ($37 million for FY14) have created this situation.

This structural deficit essentially precludes the City from stabilizing service levels even at minimal levels, and prevents it from addressing significant unmet capital needs (currently estimated at more than $300 million). Without structural change, this situation is not sustainable and the City will not achieve even a minimal level of financial solvency in the long term.

While bankruptcy has been mentioned as a possible solution to this, investigation of the alternative shows it to be expensive, slow, and with outcomes that are far from certain. However, investigation of an alternative which focuses on improving the City's revenue stream while continuing to reduce legacy costs shows promise. For example, an increase in the local income tax rate to the levels afforded other urban centers, coupled with significant additional changes in health care and pensions for active employees and retirees appears to have the potential to overcome the $3-$5 million structural deficit while providing a similar amount for stabilizing services and beginning to address capital needs.

Cash Flow as of June 30, 2013

Cash flow has improved with the receipt of revenues from the public safety millage, street light assessment, and waste collection fees. Pooled cash on hand is now in excess of $25 million, compared to $13 million as of December, 2011. However, the General Fund still relies heavily on borrowed cash as a result of its $19 million accumulated deficit. This cannot be resolved without borrowing, as stated in the Draft Deficit Elimination Plan submitted to Treasury in January 2013. As of this date, Treasury has not approved the Deficit Elimination Plan.

FY13 Budget – Preliminary Year End Projection
As of June 1, 2013, revenues and expenses are generally on target. The budget was amended in December to reflect some adjustments to revenues and expenses, including the proceeds of the voter approved millage for police and fire protection, projected revenues and expenses for the operation of the City lock-up; and the extension of a public safety grant from the Mott Foundation which provided continued funding for 11 law enforcement officers. Additional Budget amendments were adopted based on an unplanned special election, the proceeds from two auctions, utility refunds and other minor issues. Income tax revenues appear to be slightly less than projections, and over expenditures in Fire Department overtime have been addressed.

Absent any catastrophic event, such as an adverse decision on modifications of retiree health care, FY13 is projected to end with revenues slightly exceeding expenses.

FY13 Budget Decisions
The FY 13 budget was balanced realistically, and encompassed significant revenue increases and expenditure reductions. The FY13 budget process started with a projected gap of $25 million between projected revenues and projected expenses. The result was a total budget of $192 million, of which $82 million is sewer and water; $58 million is General Fund and $30 million is Federal CDBG.

The budget encompassed expenditure reductions which included the elimination of nearly 150 positions (20% of the workforce); employee concessions including a restructuring of health and pension benefits and employee costs; and various organizational changes.

The budget also recognized the implementation of new health care plans and pensions benefits for active employees, as well changes in healthcare plans for retirees. These changes reduced the City's OPEB liability from nearly $900 million to less than $400 million.

The change in retiree health care is the subject of litigation in Federal District Court, where a temporary restraining order has been issued and is being appealed. Should the City be precluded from implementing these changes in health care for retirees, there will be a projected (unbudgeted) increase in expenses of $1.7 million in FY13 and more than that in FY14 and beyond, this will be devastating to efforts to return Flint to financial solvency. On June 25, 2013, the court denied the City's request to stay the order and in fact, applied the injunctive order to all retirees as a class (without actually certifying a class). The City's legal counsel has recommended the City immediately comply with the court's order. The City has authorized legal counsel to immediately apply for relief in the 6th Circuit Court.

For future employees, city retiree health care will no longer be an option, and the traditional defined benefit pension plan for non-police and fire employees will be replaced with a hybrid pension plan. There are also numerous changes which increase management flexibility and reduce other employee costs. Note: The City of Flint basically is operating a Medicare system for retirees from the time they retire (as early as

their mid-forties to early fifties) at the same cost as regular employees ($5,000 to $17,000) which is unsustainable.

The FY13 budget also implemented new revenues in order to provide the level of revenues still required – in spite of expense reductions – to continue the marginal level of city funded public safety personnel and basic city services. These revenues include numerous fee increases; a $143 annual fee for waste collection (replacing a dedicated 3 mill tax levy); a $62 special assessment fee for operation, maintenance, and improvement of street lights (in the past this was a $2.85 million general fund expense); and an overall 25% increase in water and sewer rates (12.5% water; 45% sewer). Unfortunately, the reliance on fees and assessments will create hardship for many of the City's residents. However, the choices for increasing revenues at this time were limited. For those homeowners who qualify for the property tax exemption, the City recently will waive the street light assessment ($62) and the ready to serve charge on the water bill ($52 approximately).

In November 2012, a 6 mill Police and Fire Protection Millage was approved by Flint voters. The first year of this millage is expected to generate $5.3 million. The Emergency Manager also issued a resolution (2012EFM101) on October 17, 2012 as a charter revision requiring that the new millage revenue would be in addition to the 55.5% of unrestricted General Fund dedicated to Police and Fire departments. The percent dedicated to police and fire will increase to 60% in Fiscal 14.

Though the FY13 budget was been implemented as planned, the City still faces several legal challenges. While the challenges may not be sustained in the long term, any impediments to implementing the budget will have severe financial impacts.

For example, legal challenges which prohibit the City from implementing revenue increases or expenditure decreases will require immediate actions to further reduce spending – including public safety – and may impact the City's ability to function at an adequate level, particularly in light of the marginal cash flow.

Potential challenges the City may face from budgetary perspective include ones associated with the numerous rate increases incorporated into the budget, changes in retiree health care, and the unilateral implementation of changes to three collective bargaining agreements. It should be noted that through the Emergency Manager the City of Flint was able to reach tentative agreements with three of the six bargaining units.

To this point, the City was sued over the implementation of increased water and sewer rates, by the President of the City Council et al. This is a prime example of litigation that could impede the COF's ability to maintain fiscal solvency. With regard to this lawsuit, the City filed a motion to dismiss and in late June 2013 the court dismissed this suit.

Two additional law suits were filed: in late May 2013 AFSCME Local 1600 is seeking to repeal the contract imposed by the EM in April of 2012, and URGE (a retiree organization) is seeking to negate the transfer of the pension plan from FERS to MERS.

FY 12 Audit

The Comprehensive Annual Financial Report (CAFR) for FY12 was completed and was filed with the state in a timely manner. The results were as expected, with fewer auditor comments than in past years. Deficits exist in the General Fund ($19.1 million) and in the Water Fund ($8.8 million).

In the FY 13 budget document, prepared in April 2012, the accumulated deficit for the FY12 General Fund was projected to be $18.1 million. However, this projection did not include the $1.54 million write down for the value of Genesee Towers. Adding the write down to the projected deficit of $18.1 million would have resulted in a total of $19.7 million.

In the FY12 CAFR, the amended budget projected a deficit of $16.3 million. However, this projection did not include the $1.54 million write down for Genesee Towers. It also included $739,406 in federal grant revenues and $602,192 in local revenues which did not materialize. Taking these items into consideration, the deficit projection would have been $19.2 million.

The $19.1 million accumulated deficit reflected an excess of expenditures in the General Fund for FY12 of $11.1 million. This was anticipated by the Emergency Manager shortly after being appointed, which was almost six months into the FY12 year. Given that FY12 was nearly half over, and that significant unplanned reductions in services, primarily public safety, would need to occur if the projected deficit were to be immediately eliminated, the decision of the Emergency Manager, in consultation with Treasury, was to contain costs as much as possible but without significantly reducing services – especially public safety - for the balance of the year. Instead, focus was concentrated on developing a budget for FY13 which would move towards restoring Flint to long term financial solvency. It was projected that as a result of this decision, the deficit for FY12 could have been as much as $12 million, resulting in an accumulated deficit of $20 million.

The deficits identified in the City's Comprehensive Annual Financial Report for FY12, the year ended June 30, 2012, are follows:

General Fund -	$ 19,184,850
Water Supply Division -	$ 8,758,091
Economic Development Corporation	$ 119,439

FY 11 Deficit Financing

In April 2012 the Emergency Manager filed a 2011 Deficit Elimination Plan focused on the accumulated deficit as of June 30, 2011. That plan indicated the City's intent to request authorization to borrow approximately $9 million in Fiscal Stabilization Bonds in order to address the accumulated General Fund deficit once a credible FY13 budget was in place. The 2011 Deficit Elimination Plan was approved by the State. On May 24, 2012 the City filed an application for borrowing with the State Administrative Board, and the Department of Treasury has issued a memorandum stating that the request satisfies the

necessary statutory requirements. However, Treasury did not authorize the borrowing as proposed and approved in the 2011 Deficit Elimination Plan.

While this borrowing request addressed the accumulated FY11 deficit, there was an additional deficit at the end of FY12 of approximately $10 million. It is estimated at this time that an additional $10 million will need to be financed in order to address the FY12 deficit. However, the FY13 budget as adopted should create no additional General Fund deficit. There will be ongoing deficits in the water and sewer funds, but only as related to unfunded OPEB liabilities.

Deficit Financing 2012

FY12 ended with an accumulated $19.1 million deficit in the General Fund. The City has shared with Treasury a draft plan to eliminate the deficit over the next five years. The draft plan proposes a mixture of borrowing ($12 million) and dedicating future revenues ($7 million) over the next five years (FY14 to FY18).

The deficit of $8.8 million in the Water Fund is less than the unfunded OPEB liability. Since the City is not in the position to address OPEB liabilities throughout the City, there is little reason to increase water rates to eliminate this deficit. Additionally, the City's approach to containing its OPEB liabilities has been to restructure its active and retiree health care benefits, and to eliminate the promise of retiree health care for new employees. The changes have had a significant impact on the City's OPEB liabilities, reducing the total unfunded liability from nearly $900 million to less than $400 million, and reducing the Annual Required Contribution (ARC) from $60 million to $22 million. To the extent these efforts are successful; the deficit in the Water Fund will be lessened.

Treasury has not responded to this draft plan.

Revenue Enhancement Activity

As noted in "FY13 Budget Decisions" section, several new revenue actions were implemented for the FY13 Budget: waste collection 3 mils eliminated and fee established, Street Lighting Assessment established, new 6 mil Police and Fire Protection approved by voters, also fees for licenses and permits were adjusted.

The EFM via Order No. 8 established the Poverty Exemption to the Street Lighting Assessment. Individuals who qualify for relief from property taxes may apply for an exemption from the street lighting assessment as well.

Also, through EFM Order No. 11, water service procedures were modified. The City's procedures and rate structure for the provision of water service has a substantial financial impact on the City. The Emergency Financial Manager has determined that it is necessary to make a number of changes to these procedures.

The following new procedures were adopted regarding water service:

1. Property owners who apply for and are granted the annual poverty tax exemption will also be exempted from the monthly ready to serve charge for

water service. Exemptions will be for the period of July 1 to June 30. Exemptions from the March Board of Review will begin July 1. Exemptions from the July and December Board of Review will be retroactive to July 1.

2. For individuals who have a "Decision Notice" from the Michigan Department of Human Services (DHS), wherein DHS has agreed that it will pay the water deposit, the City will accept the DHS maximum deposit payment (currently $200). However, the individual will remain responsible for the affidavit fee and the water turn-on fee.

3. For customers where the water has been shut off and a fee is required to turn the water back on, the fee will be reduced to $100 if the customer agrees to a payment plan for all unpaid water and sewer charges.

4. Same day turn on service will be available ONLY if the customer pays the $175 fee AND pays all unpaid water and sewer charges billed in full.

5. The Infrastructure Division will develop an implementation and business plan for aggressively pursuing alleged instances of water theft. The plan will also address increasing the capacity for quickly shutting off water and reducing the time between the delinquency and the actual shut off.

The Treasury Department has also created the Competitive Grant Assistance Program (C-GAP) as a means of encouraging shared services implementation. The City of Flint participated in five C-GAP applications which included Human Resource Hiring and Management system sharing with the Genesee Intermediate School District and Genesee County; a fiber optic cable expansion also with Genesee Intermediate School District and Genesee County; Criminal Justice system and Courts Electronic Workflow Initiative with Genesee County, City of Flushing and plans for expansion throughout Genesee County; a Genesee County Regional Purchasing Collaborative with Genesee Intermediate School District and Genesee County; and a proposal to expand and strengthen the 9-1-1 communication tower system with the City and the Genesee County 9-1-1 Consortium. The City has been awarded a $1.8 million grant for the 9-1-1 communications tower system, an important step necessary to potentially merge with the County 9-1-1 Consortium system.

FY14 Budget and Strategic Plan

On June 7, 2013 EM Kurtz signed Order No.4 adopting the fiscal Year 2014 budget. This is now a second year for which a balanced budget was adopted. Conservative, realistic revenues and expenses were included. This budget does include the reduction of 27 employees; however no public safety employees were reduced. See Attachment #5 FY 14 Budget Narrative pgs. 32 - 44 of Attachment #6 Setting a Sustainable Course for the City of Flint.

Prior to the detailed development of the FY14 Budget, all departments and divisions participated in creating a Strategic Plan for 2014 – 2018. The Vision, Mission, Overall

Goals have been specified. Each department and division identified their specific functions/goals and key objectives.

The content of the strategic plan will be the basis for planning future budgets, evaluating department/division management, and deciding whether and when to pursue grants.

The Strategic Plan includes a section entitled "Five Year Financial Projections and Challenges City of Flint, FY14-FY18". *In summary:*

> Years 2—5 show the continuing challenge of the City's structural deficit, with property tax revenues continuing to fall through FY15, and then stabilizing but with no growth until FY18. At the same time however, legacy and compensation costs are projected to increase by 5% per year, and major grant sources will disappear. The City will be faced with a significant challenge of attempting to choose between reductions in public safety and other reductions; however, finding other reductions may not be possible, given the minimal level of service provided. Again, without additional new significant levels of revenue, there is little ability to improve services or address continually increasing capital improvement needs.

Within the next few months the City plans to prepare the financially challenging FY15 Budget.

Key Actions Taken To-Date

The city continues to review all departments and services for potential merger, consolidation, contracted service, shared services with other governmental entities, privatization or elimination. As a result of these reviews determine if these functions should be subsidized with general property tax dollars, what will be paid by the users and what services can be eliminated.

Finance/Administration/IT

Finance Department

The Finance Department is proceeding with the following projects:

- implementation of a Procurement Card system and associated changes to the City's Purchasing Policies,
- completion of the update of the pension and OPEB liabilities,
- continued aggressive monitoring of revenue and expense activities, with particular emphasis on revenue collections, position counts and overtime expenditures,
- planning and implementation of employee development programs focusing on financial management, supervision and labor relations, and leadership development.
- Reorganization of city accounting functions based on the analysis and recommendations of an organizational study recently completed by Plante Moran

Grant Management
Finance reviewed the process for all grants to the City of Flint for appropriate use of funds, potential for continued funding, and timely reapplication. A new grant pre-submission approval system has been operational since March 2013 following EM Order No. 10.

Economic Vitality Incentive Program (EVIP) Requirements
The City of Flint has met all reporting requirement dates for Economic Vitality Incentive Program (EVIP) in order to qualify for all disbursements of State Shared Revenue. Each report is available on the City's website www.cityofflint.com through Munetrix Citizens Guide to Finances and Dashboard.

Transition of Flint Employee Retirement system (FERS) to Michigan Employees Retirement system (MERS)
The FERS to MERS transition nears completion. Retirees have been receiving their monthly checks from MERS since October 18 2012. The transfer of the administrative components will be complete by July 1, 2013. A lawsuit was filed in late May 2013 by URGE against the City seeking to force the City to negate the move of the pension funds to MERS,

Treasury Division
Income tax processing is being handled through a joint project with the Cities of Grand Rapids and Lansing. Beginning in FY14, income tax collections will be handled by Innovative Software, the current vendor for the City's income tax software. Also of note, the city is operating with a shared Treasurer between the City of Burton and Flint.

The City contracted with Plante Moran to conduct a study to evaluate the potential of shared services between the City and Genesee County treasury functions. This study has been funded by the Mott Foundation.

Collection rates are an on-going concern. This year, the city will be made whole via full payment from the County. In subsequent years those shortfalls must be repaid to the County. The City estimates that only 33 % of property taxes and assessments have been paid, water and sewer delinquencies have grown to 40 %.

In an effort to improve income tax collection the city purchased the 2010 State Tax role and has begun sending notices to 8800 individuals, both residents and non-residents, who have not filed City tax returns. The total estimated tax value from uncollected income tax for the 2010 tax year is between $300,000 & $400,000. The City also plans to pursue uncollected income tax from previous years.

Assessment Division
The Assessment Division has been operating with a part-time Level IV Assessor. A member of the Division is currently completing Level IV assessment certification.

Currently, the Assessor is projecting City of Flint property values to stabilize in FY15.

Human Resources Department
Continued reduction in personnel has strained the capability of departments to complete compliance and reporting work. Both short and long term vacancies create knowledge deficits which are becoming most difficult to overcome. This will be exacerbated as further staff reductions are required.

HR has joined the Genesee Intermediate School district in using APPLITRAC system for job postings and the initial hiring process.

City-wide management and supervisory training was re-established after an almost fifteen year absence.

Labor Agreements and Implementation
During the tenure of EM Michael Brown, Labor Counsel held meet and confer sessions with the City's six bargaining units. A target of 20% equivalent wage reductions was achieved. Tentative Agreements were reached with four of these bargaining units. As contract settlement was necessary prior to adopting the FY13 budget, the EM invoked the 19K provision in Public Act 4 from the State Treasurer for the bargaining units which had not achieved Tentative Agreements (EM Orders 18 and 26) and with Local 1799 which had approved a TA but had not ratified (EM Order 27).

EFM Edward Kurtz has held additional sessions with AFSCME, Flint Police Officers Association (FPOA) and the Firefighters Union. In January 2013 AFSCME and the City reached agreement for the privatizing of waste collection and demolition. FPOA has notified the City that they have filed a lawsuit to return to arbitration. FPOA is asking for a return to the status quo (prior to EM imposed contract). The Firefighters Union and the City are working on overtime containment. In late May, a lawsuit was filed by AFSCME Council 25 seeking to overturn the contract imposed by the EM is April of 2012.

A Model Contract is in development, beginning with the FPOA. The City's goal is to streamline and standardize the contracts. It is hoped that these models could be used throughout the State.

The City has recently contracted with a part-time Labor Relations Specialist; through his efforts dozens of past grievances have been settled and only a handful of grievances remain outstanding.

Retiree Health Insurance Revisions
The City's approach to containing its OPEB liabilities has been to restructure its active and retiree health care benefits, and to eliminate the promise of retiree health care for new employees. The changes have had a significant impact on the City's OPEB liabilities, reducing the total unfunded liability from nearly $900 million to less than $400 million, and reducing the Annual Required Contribution (ARC) from $60 million to $22 million. As noted earlier, on June 25, 2013, the court denied the City's request to stay the order and in fact, applied the injunctive order to all retirees as a class (without actually certifying a class). The City's legal counsel has recommended the City immediately comply with the court's order. The City has authorized legal counsel to immediately apply for relief in the 6th Circuit Court.

Risk Management Office is reviewing various Employee/Retiree health care options including plan design, delivery systems, Medicare Advantage, Medicare Wrap Around, benefit carve-outs, etc. in an effort to control health care costs.

Retiree Prescription Drug Program Revision
City of Flint has suspended the planned implementation of a modified prescription drug program which required the issuance of a generic drug unless a name brand drug is determined to be medically necessary. This action resulted due to a lawsuit, Yurk et al. v. City of Flint, pending in Genesee County Circuit Court before Hon. Archie Hayman. Judge Hayman granted a temporary restraining order and has completed a hearing on plaintiffs' motion for preliminary injunction. However, the court took the motion under advisement and has not issued a decision.

Dependent Eligibility Audit
The Risk Management Office has completed the process of conducting a dependent eligibility audit. Three hundred eighty-one dependents were identified for removal from the City's health plans. This reduction is estimated to save $1.3 million in the first year, FY13.

Information Technology
Prior to the start of FY13 the Information Services Department eliminated all but two of the existing positions. Through reorganization, 6 of 9 employees were rehired under new job descriptions. The new structure allowed more flexibility and greater utilization of personnel. Several large scale projects are nearing completion including: installation of a back-up server for Public Safety and 911, installation of new switches which will allow for a more complete use of Public Safety's data collection and record keeping systems.

Other projects are on track, primarily the system upgrade of the BS&A ERP. Several legacy projects are nearing final milestones: installation of a new

visualization server cluster, installation of 300 new desktop terminals and a cost savings pump station automation project.

Fleet Division
The City has consolidated the management of the City's fleet under the Fleet Division. This division will oversee the specification, purchase, repair and maintenance and replacement schedule for all city vehicles and wheeled equipment. The Division recently participated in a successful auction of surplus equipment.

City Clerk
As part of the reorganization, the City has transferred the responsibility for Business Licensing to the newly formed Department of Planning and Development. The City recognizes that it is losing significant revenue from unlicensed businesses and this change is designed to insure that all businesses in the City of Flint are licensed and inspected.

Office of the City Attorney
The City Attorney is continuing with efforts to improve litigation management through claim evaluation, claim reporting, attorney training and trial preparation. The City Attorney continues to emphasize the "litigation team" approach to case handling, with weekly review of pending matters and discussion of how best to protect the City of Flint's legal interests.

With the help of interns from Michigan State University, all ordinances are being reviewed. Charter revisions which would increase flexibility for department reorganization and budget flexibility **are also being considered.**

Criminal Justice System Advisory Council (CJSAC)
Based on input from the State Police, Governor's Office and a Michigan State University Criminal Justice Study, it is clear that the Genesee County Criminal Justice System and the Flint Police Department could benefit from improved coordination and policy development.

In September 2012 the first meeting of the Criminal Justice System Advisory Council (CJSAC) was held. Eight workgroups were established. Through these work groups a number of cooperative projects, streamlined operations and new collaborations have been identified; these were reported at the second CJSAC meeting in January 2013. A Treasury Department C-GAP application was originated and submitted through this process.

68th District Court
The City currently funds the operation of the 68th District Court; in FY13 this amounts to $5.4 Million - which comprises 9.2% of the General Fund Budget. The percentage of General Fund expense allocated to District Court has increased about 1.2% as compared to five years ago. It is anticipated that this percentage will again increase .5% for FY14.

(This is a very rough estimate). This significant portion of the City's General Fund needs to be studied closely and recommendations developed to meet this required activity while containing and reducing costs. The EFM strongly encourages the State to continue the process of working to consolidate the 67th and 68th District Courts.

Infrastructure/ Development

Utilities Division

Karegnondi Water Authority (KWA)

The City Council, as well as EM Kurtz, has adopted resolutions to enter into a contract with KWA water authority to partner with Genesee County, City of Lapeer, Lapeer County and Sanilac County in the construction of a pipeline to deliver raw water to the City of Flint. This decision followed many months of analysis by the City of Flint, the Genesee County Drain Commissioner's office, the State Treasurer and ultimately, Governor Snyder. This conclusion to join KWA is momentous for the City and the entire region. The City looks forward to a safe, reliable water supply through which water costs can be stabilized for the KWA participants.

Detroit Water and Sewer Department has notified the City that it will terminate the contract with the City for the deliver of water in 12 months. The City is currently exploring its options for water service between May 2014 and the full operation of the KWA pipeline. High consideration is being given to utilizing the Flint River, and/or blending River and DWSD water. The City of Flint is also considering contracting with DWSD to be the back-up water source for the City.

There are many other points of negotiation regarding sections of the current 72" pipeline which are yet to be conducted between the City, the Genesee County Drain Commission and the DSWD.

Water Department

An evaluation is underway to determine what efforts can be employed to create an effective Preventive Maintenance plan which focuses on controlling water loss (leakage). This is expected to involve a combination of outsourcing, in-house work, and shared services with the County.

There are currently no water main leaks and the crews are now working on the small leaks such as curb boxes, etc. A plan is being reviewed to replace all water meters in the City. Currently $700,000 has been allocated in Fiscal 14 for that purpose.

Discussions have begun with the Genesee County Drain Commissioner on a wide range of shared services and partnerships for both water and sewer operations.

Sewage Treatment Division

The automation of one of the City's pump stations (which is currently staffed 24 hrs a day) has an expected completion date of July 2013. This will result in the elimination of overtime and a savings of over $500,000 annually.

The planned shutdown of the City's incinerator has begun with engineering plans for a new load-out facility and is expected to reach completion in approximately 8 months. The estimated savings is $400,000 annually.

U. S. Department of Environmental Quality S2 Grant

An S2 DEQ grant to study infrastructure condition for water pollution control was accepted. The study was defined to encompass the City's entire sanitary sewer system including the overall collection system, the capacity and condition of the system, potential upgrade recommendations to the lift stations and the pumping stations, and to make recommendations for necessary investments to maintain the system.

Storm Water Management Plan

A new storm water ordinance that shifts the cost allocation to the larger users is in process of being developed.

Swedish Biogas International (SBI)

In conjunction with the City of Flint sewage treatment plant shut-down of the sludge incinerator, Swedish Biogas International (SBI) proposes to accept sludge output and produce electricity. The city will agree to purchase the electricity at a reduced rate compared to purchase from Consumer's Energy. The SBI contract has completed the City's review process and is now awaiting SBI's Board of Directors' authorization.

Transportation Division

Solid Waste Management Division

In early February 2013, the Infrastructure Department signed a contract with Republic Services, a private waste collection company. The City of Flint will no longer collect or dispose of household waste. Through this new contract, residents of Flint now have access to curb-side recycling. It is expected that the fee for waste collection service will continue to be billed and collected by the City.

Outsourcing of Sanitation is now complete and the process of establishing city composting is underway with a permit application to DEQ submitted and a site plan of action being prepared for the EPA.

Street Maintenance and Engineering
Discussions have started with the County Road Commissioner on possible shared services.

Both road paving and engineering are seasonal activities and these are at ever decreasing levels. These are under review as areas to downsize or eliminate. Consideration is being given to developing service sharing arrangements or creating the ability to source on an as needed basis. Only crack sealing and pothole repair will be conducted this season. There will be no repaving of any City streets.

Facilities Management
A private company held an on-line auction in January 2013 to dispose of surplus equipment from a variety of departments in the City. This one day auction netted $130,000. A second auction was held in May 2013 which netted an additional $250,000. An auction at the impound lot was held in June 2013, netting over $30,000 for the City.

The Facilities manager is reviewing all city owned assets (both real property and capital equipment) to determine if disposal should be pursued.

All city owned facilities are under review for energy savings, revenue generation from tenants, or possible liquidation.

Parks and Recreation
The City has contracted with two vendors who have shown the capacity to mow all of the city parks (64) multiple times at a rate that fits the current millage. The City is also actively seeking neighborhood groups and organizations who will adopt one or more of the City's parks, traffic triangles or medians.

Master Planning
The City of Flint continues to make significant progress on the preparation of the first comprehensive Master Plan since 1960. After culminating the data gathering phase of the master planning process, the planning team was able to release a summary of the findings in an Existing Conditions Report. This report has already proven extremely beneficial, assisting several community stakeholders in applying for grants and helping inform decisions around critical issues such as blight and demolition. In fact, the completed Housing Conditions Inventory included in the report was critical in helping the Genesee County Land Bank develop its successful application for $3.7 million in funding for demolition through the Michigan Blight Elimination Grant Program. This data is also being used to develop an application for Michigan's Hardest Hit Program.

After the Existing Conditions Report was finished, planning staff began work on the visioning phase of the master planning process. Prior to holding a large Vision and Goals Workshop, staff along with the Planning Commission, Steering

Committee, and six citizen advisory groups held a series of smaller community workshops involving nearly 700 participants (over 20% were under 18) to learn about the City's challenges and possible solutions. This input along with the data from the Existing Conditions Report was utilized to develop a discussion guide for the four-hour Vision and Goals Workshop held on March 9, 2013. At the workshop, nearly 500 stakeholders engaged in small group dialog, which was captured on laptop computers in real time. A team of community residents reviewed this input and lifted common themes from the small table discussions for participants to vote on using key-pad polling in order to build consensus. From the results of the March 9th Workshop, staff and the Planning Commission worked together to draft a vision statement and guiding principles, which were widely distributed for further comment before adoption at the end of April. Also during this time, staff worked with the Planning Commission and community to identify the eight subarea plans to be included in the Master Plan.

In May, the City began work on the actual drafting of the Master Plan. In collaboration with the Planning Commission, Steering Committee, and six citizen advisory groups (over 160 members), the goals and objectives of the Master Plan have begun to take shape. Through the development of the Master Plan, the planning team also has come to realize how important close coordination with the Flint Community Schools is. Thus, we have met with school leadership to finalize a Memorandum of Understanding in order to formalize joint planning efforts between City and School System, particularly around community facilities. In addition to our work on drafting the plan, we have started to focus on training the future leaders who will help implement the Master Plan. As a result, planning staff arranged a Zoning and Planning Essentials Workshop for forty-five community participants in early May and on May 23rd organized a tour of the City of Detroit and met with the Detroit Works Project to learn from their process.

More recently, the planning team has embarked on the development of a land use plan. Consequently, planning staff has organized the first land use workshops and worked with our consultants to develop an innovative 'Place Making' Toolkit comprised around eleven land use designations that will allow for new places like green neighborhoods and green production zones. This 'Place Making' Toolkit will encourage residents to redefine their neighborhoods and create a unique sense of place with distinctive characteristics, whether these areas are now dense with multi-family housing or less populated with single-family houses on large plots of land. The first Land Use Workshop was held on Saturday, June 22nd and involved over 160 residents in candid discussions about vacancy and realistic development patterns. Surprisingly, many residents favored pioneering land uses including a more radical mix of uses. The second workshop will be held on July 2nd and is expected to surpass the turnout of the first workshop. Thus far, the City continues to pursue an aggressive schedule for the Master Plan with anticipated approval by late Fall 2013.

A website, www.imagineflint.com, and a Facebook page, City of Flint Master Plan has been established to inform citizens about the planning process and to gather input.

Community and Economic Development
With the end of the Federal NSP program in sight, the City has begun evaluating the management needs of the department and what can be outsourced or become a shared service.

The Emergency Manager has challenged each department to complete the use of HUD, CDBG and/or other grant funds within the grant guideline spending period.

Collaborative economic development efforts are underway with the Flint & Genesee Chamber of Commerce to attract and retain businesses; and to receive and apply new tools such as the Next Michigan Development Corporation and Smart Zone designation. The City will continue to work with RACER Trust for brownfield development, including Buick City.

The City of Flint is challenged in its current financial condition to provide significant investment into job creation and Economic Development. However, the City has developed a unique and effective partnership with the Genesee Regional Chamber of Commerce (GRCC) which is the recognized economic development entity for Genesee County. The City receives specific community and economic development services from GRCC each year.

Blight Management Plan
The EM has determined that blight has become one of the primary issues facing the City of Flint. Blight is a continuum of problems from tall grass and weed control through abandoned, demolition ready property. The newly formed Department of Planning and Development is formulating a complete blight strategy.

The City's financial condition has resulted in the drastic reduction in the Building and Safety Inspections Division. All demolition work will now be the responsibility of the Genesee County Land Bank Authority. The City will also be hiring part-time Neighborhood Safety Officers, through a grant from the Mott Foundation, who will be assigned to issue citations for blight violations, including processing the impounding of abandoned vehicles, verifying current business licenses and identifying rental properties.

The Landbank in partnership with the City has recently received over $3.5 million from MSHDA for demolition of properties in three specific areas of the City. First, around Northwestern High School, second around Northern High School, and the third around the area of Diplomat Pharmacy and the International Academy of Flint.

The Landbank, again in partnership with the City of Flint is expected to receive Hardest Hit Federal Funds of $20 25 million for residential demolitions in Genesee County, primarily in the COF. This will be a significant milestone in the history of the City, affording it the opportunity to significantly improve the quality of life in the City's "tipping neighborhoods".

In May 2013 the City received a report from the Center for Community Progress entitled "City of Flint Vacant Property Maintenance Site Visit Report" which provided recommendations for the City and its partners to consider implementing. This, along with other reports including the City's developing Master Plan is leading to a defined "Blight Elimination Plan".

DCED currently has $400,000 in CDBG funding for mowing and trash removal. This is being supplemented with approximately $800,000 from the Landbank. Currently, the plan calls for mowing the vacant properties only one time this summer.

A Cities of Service grant for $25,000 was awarded to Flint this Spring for use for neighborhood clean-ups and tire collection. Twenty projects were funded and the tire collection resulted in 10,000 tires being removed from back yards, lots and parks.

A very positive development in the City has been the unsolicited efforts of private businesses and educational organizations planning large scale redevelopment projects, with the City and the Landbank, to improve areas surrounding their operations.

Golf Courses
All four of the city's golf courses were leased to private organizations. Two courses were operational summer 2012 and both have reopened for the summer of 2013.

Senior Centers
The Pierce Senior Center closed on April 30, 2012 as funding was no longer available. The City of Flint continued to explore its options with the two open Senior Centers: Brennen and Hasselbring. In June 2013 contracts were successfully negotiated with United Senior Network for the operation and sale of the Hasselbring Community Center, and with the Brennan Elm Park Senior Community Corporation for the operation of the Brennan Community Center. Planning is also underway for a third center in downtown in partnership with another vendor.

Smith Village Housing Development
The Smith Village housing project is funded primarily with HUD and NSP2 grants. Phase I, which includes 30 housing units, has been completed as scheduled. HUD has determined February 10, 2012 was the goal to expend 50%

of the allocation. The Smith Village housing project has met that development goal

On May 18, 2012, the City announced that Phase II of the Smith Village development will be undertaken by Ginosko Development Company and Rohde Construction Company. Ginosko's site plan was approved by the Flint Planning Commission on May 22, 2012.

Smith Village Phase II completed 14 homes by February 28, 2013. Nine homes built by the new developer were completed by March 30, 2013. Occupancy Permits have been received for homes in Phase I. Four of the completed homes have purchase agreements and fifteen mortgage closings are schedule to take place by June 30, 2013.

The contractor will complete three more homes in June 2013 which will bring the total completed to 42. As sale proceeds become available, up to an additional 5 units can be built.

U. S. Department of Housing and Urban Development Monitoring
After the February 2012 HUD monitoring of the HOME Program, The City of Flint received notice from HUD that it has capacity to run the HOME program.

In the City of Flint 2012 Single Audit, DCED had one finding related to the resolution of the OIG audit for 2010. In the 2011 Single Audit, under the previous administration, there were 8 findings.

In September 2012, HUD headquarters in Washington D.C. monitored the DCED ARRA Homeless Prevention and Rapid Rehousing Program and stated that the City of Flint established a comprehensive and well coordinated program for providing homelessness prevention assistance for its residents and that the City's HPRP Policies and Procedures Manual was well thought out.

In December 2012, HUD notified the City of Flint, in its Comprehensive Annual Performance and Evaluation Report (CAPER) that it met its timeliness ratio and expenditure requirement reaffirming their confidence in DCED's capacity to administer federal programs.

Real Estate Transactions
In August 2012 the City of Flint sold the Genesee Towers to Uptown Redevelopment Corporation for $1 and committed $880,000 CDBG dollars toward the over $4 million cost of demolition. Genesee Towers has been a liability for the City since December 2010 when the city assessed a one time millage to cover the $9.0 million judgment. The transaction has been finalized but demolition timeline is not completed.

A quit claim deed for Chevy-in-the-Hole site has been transacted between the EDC and the City of Flint. EPA money for clean up has been agreed upon.

Public Safety

A Police and Fire Protection Millage request for 6 mils for 5 years was placed on the November 2012 ballot and was approved by the electorate. This will begin the process of stabilizing both the Police and Fire Departments. The City hired eight additional police officers as a result. Millage dollars will be used to replace the expiring Mott foundation Community Policing Grant and part of the Federal SAFER firefighter grant.

A Public Safety Plan was introduced to the public on May 4, 2012. This plan addresses Police and Fire department organizational plan, operation of the lock-up, transition to 800 MHz communications system and the formation of the Criminal Justice System Advisory Council.

Efforts continue to restructure the Fire Department, 911 and emergency response operations to adjust to eliminated Federal and County revenue sources. Review options for shared services, station configurations, staffing levels, contract services and technology applications.

Police Department

In June 2012 the Police Department changed to a 12 hour shift operation within a four District Patrol plan. These changes, in combination with the expansion of alternative call response procedures (including the introduction of the on-line CopLogic reporting system); have resulted in the continuing reduction in response times to 9-1-1 calls.

In June 2012, the City received a 6 month grant renewal from the C. S. Mott Foundation for the Community Policing grant which has funded 10 officers and 1 sergeant. This grant was submitted in conjunction with the Michigan State University School of Criminal Justice Training and Technical Assistance team. The MSU team assists the City in implementing several phases of the Public Safety plan. In December 2012, the Mott Foundation extended this grant to the City for an additional 6 months which will provide funding through the end of the FY13 budget.

The City of Flint is continuing its existing collaborative efforts with regional partners. Examples: Flint Area Narcotics Unit, Safe Streets Task Force, and U.S. Attorney's Office Zero Tolerance gun violence reduction initiative, LifeLines (formerly known as CeaseFire), and other programs to help eliminate gang activity and prevent other violent acts.

The city continues to receive patrol assistance and detective assistance from Michigan State Police. Patrol assistance is a crime deterrent and increases traffic

safety compliance. The detective assistance has increased the capacity for investigations within the Flint Police Department.

Apply new technologies and information systems to improve police efficiencies and improve targeting and effectiveness including New World, CopLogic, and DDACTS.

Lock-up
The Public Safety Department recommended selection of the Genesee County Sheriff as the operator of the Flint lock-up. The lock-up opened the week of October 1, 2012.

In early 2013, use of the lock-up was made available to all Genesee County police agencies. The availability of the lock-up is credited with the clearance of over 1000 warrants per month in Genesee County. The State Legislature has approved funding for one more year of operation.

Fire Department
A protocol was finalized for the transition to the Genesee County Sheriff's Department to handle the paramedic calls in the City of Flint. This millage is now being managed only by Genesee County. Completion date was July 1, 2012.

The FEMA funded SAFER Grant which supports the wages and benefits of 39 firefighters was renewed on June 10, 2012 for two years. The new grant totaled $6.9 million. It is very rare that a city would be awarded a full funding request in back-to-back granting periods.

A Fire Chief was hired April 15, 2013 and he is currently in the process of restructuring the department.

9-1-1 Operation
The City completed change over to the 800 MHz communication system for the Police and Fire Departments before the December 31, 2012 required implementation date. The installation of a point to point microwave link with the Genesee County 9-1-1 Consortium tower system is being finalized in July 2013.

The Mott Foundation funded a study through the MSU Training and Technical Assistance Team to determine the costs and issues involved in pursuing a reconsolidation of the Flint 9-1-1 Center with the Genesee County 9-1-1 Consortium. Both EM's have stated their intentions to move toward reconsolidation. This intent was the basis of the C-GAP application to construct a simul-cast communications tower which will be integrated into the Consortium's tower system.

Priority List for the Continued Resolution of the Financial Emergency

- Increase Revenue: Income tax increase process
- Blight Elimination Plan: Major problem impacting the City as a whole
- 9-1-1 Reconsolidation: Results of the reconsolidation study need to be reviewed and pathway for action needs to be developed.
- KWA Implementation: Many steps remain including disposition of current pipeline sections, City Water Treatment Plant updates, interim water supply plan development, long term water supply back up plan.
- Unfunded OPEB Liability: outstanding lawsuits leave the City in an unknowable status; this could impact Audit standing and required funding, which is potentially ruinous to the budget.
- Capital Investment Needs: The extensive infrastructure of the City must be maintained in order for the City to continue to be functional. Current estimates of unfunded needed capital investment is over $300 million

Emergency Manager's Conclusions

Significant work has been accomplished to stabilize the financial situation of the City of Flint. The whole of the organization is being restructured to reflect a smaller, leaner government operation. Services which were routinely provided are being inspected to determine if they should continue and if so, in what format. Technology solutions are often implemented to increase efficiencies but these also result in reduced opportunities to speak to a real person.

The Emergency Manager acknowledges an on-going financial crisis. However, stable revenue is necessary in order for this city, and most other cities in Michigan, to continue to avoid a bankruptcy situation. We have asked our residents to accept a significant 6 mil Police and Fire Protection Millage; and they have done so. We have imposed a street lighting assessment, a waste collection fee and tremendous water and sewer rate increases. Our residents have not enjoyed increasing services, increasing property valuations or increasing employment opportunities.

As noted previously, there are very few additional revenue options. We are approaching the limit of the City's borrowing capability. Capital improvement funds are drained and the property tax millage rate in within .1 mil of maximum. State Revenue Sharing is now tied to EVIP and C-GAP competitive granting. We have made a request through our State Legislative representatives and the State Treasurer to push legislation to allow City voters the opportunity to decide to increase the income tax. This action could generate $7 million annually and would eliminate the City's structural deficit. A bill has been

introduced but will not be acted on before Fall 2013. Based on that, the earliest that a ballot proposal could come before the City of Flint residents would be February 2014.

In the meantime, Flint is still struggling with effects from increased expenses and reduced revenue from decisions outside our control. These include: yet another General Motors/Delphi closure impacting over 300 jobs, the unknown impact from the changes in personal property taxes, the $120,000 cost to hold the State Senate primary election, and the $575,000 required match for MDOT projects in FY14.

The City is also approaching the point of diminishing returns. There are only so many personnel reductions which can be made before there is no one left to manage the operation.

Yet, in light of all of these difficulties, we do not believe that bankruptcy is the best option for the City of Flint. Bankruptcy is expensive: on June 24, 2013 the *Detroit News online* reported that Kenneth Klee, a lawyer for Jefferson County Georgia, said that the County's bankruptcy costs would be about $1 million per month. Jefferson County, GA filed for bankruptcy in November 2011. Similar reports came from Vallejo, California. Bankruptcy could reduce or discharge the City's obligations for retiree healthcare. Whether or not pensions could be impacted is less clear. Both would probably not occur without significant litigation. The balance of the City's debt is actually debt to the State of Michigan, not to private creditors. We feel this is a very unacceptable choice in light of other alternatives that the City has identified, and we don't see that this benefits any entity. The City has to continue to operate even under receivership.

What we do need is a state-wide strategy to support Michigan's cities. Even in post bankruptcy, additional revenue sources will need to be developed for the City to survive.

Further, we do not recommend beginning the transition back to the Mayor/Council management of the City at this time. The City still has critical budgeting issues, there is tremendous work necessary on charter revisions and as yet the City Council has not taken any action to begin the governing education process required by the EM Order which partially restored their pay.

Another update of this report is expected to be presented in September 2013 as required by PA 436. Other updates may be provided as appropriate.

Respectfully submitted,

Edward Kurtz
Emergency Manager

Attachments:

1. Summary of Findings of the Flint Financial Review Team
2. Organizational Chart FY13
3. Organizational Chart FY14
4. Orders and Directives of the EFM and EM
5. FY14 Budget
6. Setting a Sustainable Course for the City of Flint 2014-2018

Attachment # 1

Summary of Findings of the Flint Financial Review Team

Summary of Findings of the Flint Financial Review Team
November 2011

- The City has a general fund deficit of$14,621,546 as of June 30, 2010 which was not eliminated within the two year preceding period.

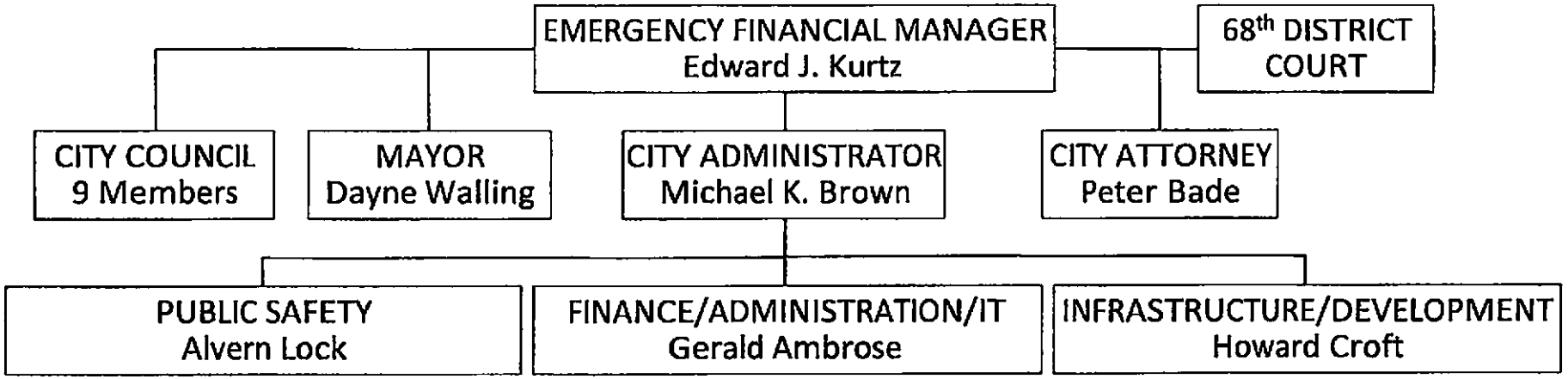
- The City previously submitted a five year deficit elimination plan for a cumulative general fund deficit of$7,046,820 as of June 30, 2008. However, by June 30, 2010 the cumulative general fund deficit had grown to $14,621,546. An updated plan submitted for 2010 does not purport to eliminate the cumulative deficit until 2030 and that relies upon the issuance of an additional $12 million of debt in 2013.

- A structural operating deficit existed in the general fund as of June 30, 2007, 2008, 2009, 2010 and the general fund is projected to have a $6,768,864 deficit as of June 30, 2011.

Attachment # 2

Organizational Chart FY13

City of Flint: Organizational Chart



- Police
- Fire
- 911

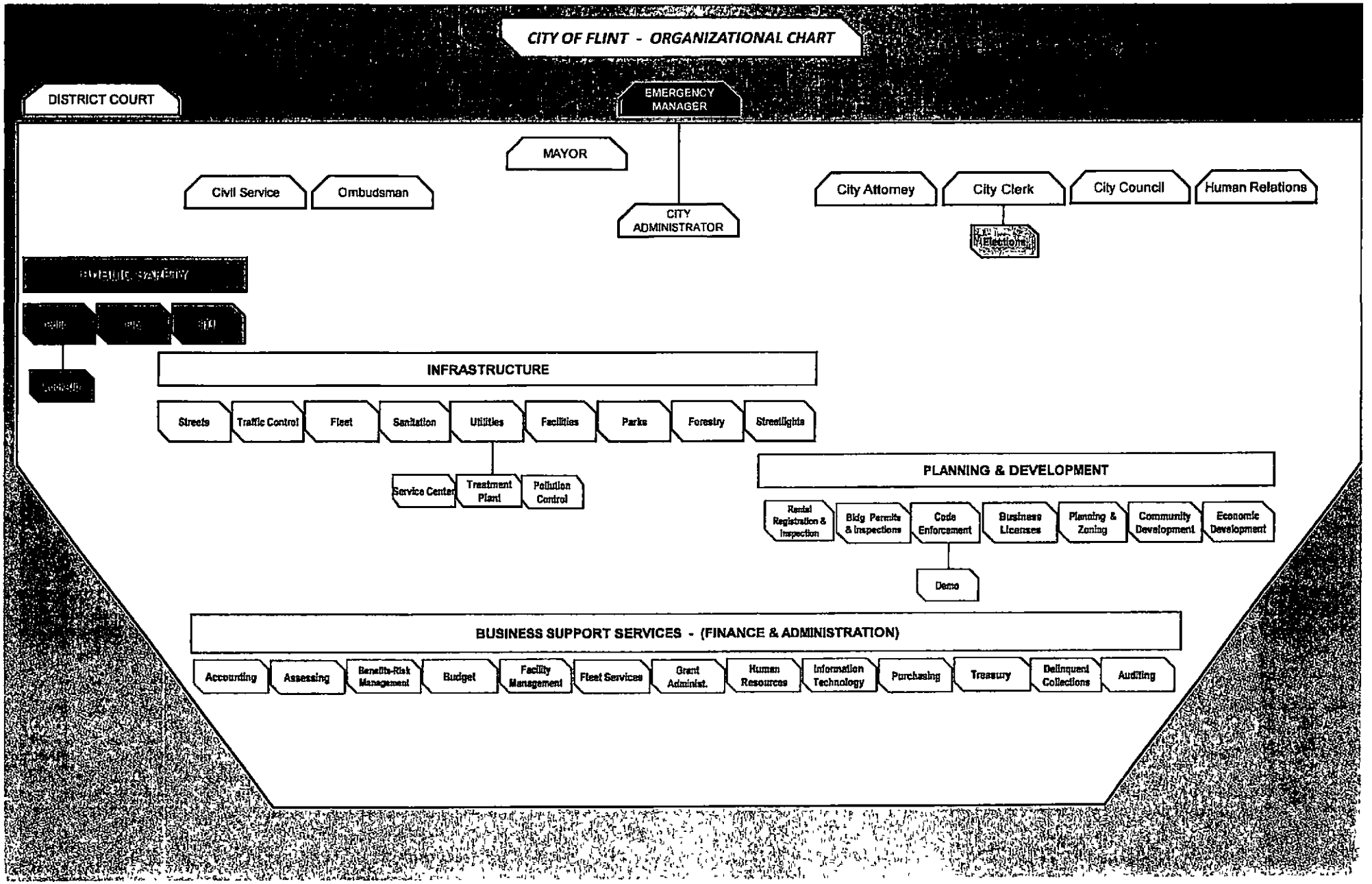
- Treasury
- Budget
- Risk Management
- Assessment and Tax Collection
- Human Resources
    - Human Relations Commission
- Information Technology
- Purchasing
- Accounting
- Pension
- City Clerk – Licensing, Permitting, and Elections

- Community and Economic Development – Planning/Zoning and Grants Management
- Development – Building Inspections, Blight and Demolition
- Facilities Maintenance
- Fleet
- Parks & Recreation and Forestry
- Sanitation
- Street Maintenance
- Transportation – Central Administration and Accounting
- Transportation – Traffic Engineering
- Transportation – Engineering
- Utilities – Water Pollution Control Facility
- Utilities – Water Service Center
- Utilities – Water Plant
- Utilities – Water Treatment Center

Attachment # 2

Attachment # 3

Organizational Chart FY 14


CITY OF FLINT - ORGANIZATIONAL CHART
DISTRICT COURT
EMERGENCY MANAGER
MAYOR
Civil Service
Ombudsman
CITY ADMINISTRATOR
City Attorney
City Clerk
City Council
Human Relations
Elections
INFRASTRUCTURE
Streets
Traffic Control
Fleet
Sanitation
Utilities
Facilities
Parks
Forestry
Streetlights
Service Center
Treatment Plant
Pollution Control
PLANNING & DEVELOPMENT
Rental Registration & Inspection
Bldg Permits & Inspections
Code Enforcement
Business Licenses
Planning & Zoning
Community Development
Economic Development
Demo
BUSINESS SUPPORT SERVICES - (FINANCE & ADMINISTRATION)
Accounting
Assessing
Benefits-Risk Management
Budget
Facility Management
Fleet Services
Grant Administ.
Human Resources
Information Technology
Purchasing
Treasury
Delinquent Collections
Auditing

Attachment # 4

Orders and Directives of the EFM and EM

Executive Orders

DATE	ORDER #	DESCRIPTION
6/13/13	004	ADOPTION OF FISCAL YEAR 2014 BUDGET
6/6/13	003	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
4/12/13	002	CITY COUNCIL'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
3/28/13	001	MAYOR DAYNE WALLING'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
3/27/13	011	WATER SERVICE PROCEDURES
3/15/13	010	GRANT APPLICATIONS
12/12/12	EFM009	INVALIDATING COUNCIL ACTION
10/11/12	EFM008	POVERTY EXEMPTION TO STREET LIGHTING SPECIAL ASSESSMENT
10/11/12	EFM007	CITY COUNCIL ADOPTION OF AMENDMENT TO RENTAL INSPECTION ORDINANCE IS NULL AND VOID
09/14/12	EFM006	OVERTIME
09/12/12	EFM005	CITY TREASURER AUTHORIZED TO CORRECT ASSESSMENTS OR FEES IF PROPERTY OWNER ENTITLED TO WAIVER
08/24/12	EFM004	ADVISORY COMMITTEE
08/24/12	EFM003	BUDGETARY OVERSIGHT & TERMINATION OF LINE ITEM LEVEL
08/24/12	EFM002	PROCEDURE FOR SUBMISSION OF RESOLUTIONS AND ORDINANCES
08/24/12	EFM001	PROCEDURES FOR PURCHASING
08/08/12	034	FLINT POLICE OFFICERS ASSOCIATION UNION CONTRACT PROVISION MODIFICATION/ TERMINATION - TRANSFER TO THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
08/08/12	033	CONSOLIDATION OF FLINT AREA ENTERPRISE COMMUNITY WITH ECONOMIC DEVELOPMENT CORPORATION AND ELIMINATION OF CITIZENS DISTRICT COUNCILS
06/27/12	032	ESTABLISHMENT OF SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12	031	WATER AND SEWER RATE INCREASES
05/30/12	030	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12	029	APPLICATION TO STATE ADMINISTRATIVE BOARD FOR APPROVAL TO ISSUE NOT TO EXCEED $9,300,000 IN FISCAL STABILIZATION BONDS
04/25/12	028	WASTE COLLECTION USER FEE
04/25/12	027	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH AFSCME LOCAL 1799
04/25/12	026	AFSCME LOCAL 1600 ("LOCAL 1600") CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12	025	AFSCME LOCAL 1799 RETIREE INSURANCE RECIPIENTS
04/25/12	024	AFSCME LOCAL 1600 RETIREE INSURANCE RECIPIENTS
04/25/12	023	FLINT I A F.F - FLINT FIREFIGHTERS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	022	FLINT POLICE OFFICERS ASSOCIATION UNION RETIREE INSURANCE RECIPIENTS
04/25/12	021	P O L C - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	020	P O L C - FLINT POLICE SERGEANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	019	NON-UNION ACTIVES AND RETIREE INSURANCE RECIPIENTS
04/25/12	018	FLINT POLICE OFFICERS ASSOCIATION CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12	017	ADOPTION OF FISCAL YEAR 2013 BUDGET
04/24/12	016	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH FLINT I A F F - FLINT FIREFIGHTERS UNION
04/24/12	015	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P O L C - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION
04/24/12	014	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P O L C - FLINT POLICE SERGEANTS UNION
04/13/12	013	Modification of Section 10 of the settlement agreement and release of all claims dated OCTOBER 2, 2002, between the City of Flint and plaintiffs RICHARD DICKS, LEON NOVACK, SHIRLEY NOVACK, THE UNITED RETIREMENT GOVERNMENTAL EMPLOYEES (URGE) AND SANDRA YURK relating to prescription drug coverage for all retiree groups of the City of Flint
01/11/12	012	Monthly Meetings with Flint City Council
01/11/12	011	Procedure for Submission of Matters Involving a Recommendation by the Planning Commission
12/20/11	010	Council s Responsibilities & Compensation
12/20/11	009	Mayor's Responsibilities &Compensation
12/19/11	008	Advisory Committee

12/13/11	007	Budgetary Oversight & Termination of Line Item Level
12/08/11	006	Elimination of Civil Service Commission
12/08/11	005	Elimination of Office of Ombudsman
12/08/11	004	Procedures for Resolutions and Ordinances
12/08/11	003	Procedures for Purchasing
12/02/11	002	Elimination of Salaries for Mayor & Council
12/01/11	001	Termination of Appointments

Attachment # 5

FY 14 Budget

See pgs. 32-44 of Attachment #6

Attachment # 6

Setting a Sustainable Course for the City of Flint
2014-2018

CITY OF FLINT, MICHIGAN

Setting a Sustainable Course for the City of Flint

Draft Strategic Plan

Five Year Financial Projections 2014-2018

Proposed FY 14 Budget

Prepared by
Department of Finance
Gerald Ambrose, Finance Director
Antonio Brown, Deputy Finance Director

Setting a Sustainable Course for the City of Flint

Five Year Financial Plan

2014-2018

A. Introduction

B. Strategic Plan and Organizational Chart

C. Five Year Projections

1. FY14-18 Projections

a) Revenues
b) Expenses
c) Revenue and Expense Comparison
d) General Fund Revenue and Expense Projections

2. Known Challenges

3. Police and Fire Projections

4. Deficit Elimination Projection

a) Elimination of Current 19.1 Million Deficit
b) Cumulative Deficit Projection
c) Annual Deficit Projection

D. Proposed FY14 Budget

1. Total Budget Summary

2. General Fund Revenue and Expense Projections

3. Staffing Projections

4. Projected Taxpayer Impact

Setting a Sustainable Course for the City of Flint: Five Year Financial Plan 2014 -2018

Introduction

The City of Flint is currently in a financial emergency, placed in receivership by Governor Synder in December, 2011. The primary reasons for this action included a continuing structural deficit, continuing annual deficits, and unchecked legacy costs, all resulting in an accumulated deficit and marginal cash flow which placed the city in an inevitable position of financial insolvency. The details of the many reasons for this action are detailed by the report of the Financial Review Team which reviewed the City's finances and recommended the action ultimately undertaken by the Governor.

The environment in which Flint finds itself is not necessarily new or unique. For many years, Flint has faced the challenges of an older urban center – population loss; high rates of poverty and low rates of educational attainment; high crime, aged infrastructure; and high legacy costs. In addition, there are stagnant or declining revenue streams, including property and income tax revenue; state shared revenues; disappearing grant revenues; rapidly increasing health and pension costs; an increasing number of retirees; and a workforce already seriously reduced in response to previous financial challenges. This environment is not expected to significantly change in the foreseeable future.

Since the original appointment of an Emergency Manager, charged with addressing the situation, the statutes authorizing the Governor's action has changed three times. However, while the original Emergency Manager has changed as a result of the statute changes, the team in place at the beginning of 2012, including the original Emergency Manager, has remained largely intact. There has been much action focused on restoring the financial solvency of Flint and putting into place changes to assist the government to once again become a leader fostering the community of Flint to become an attractive place for residents, businesses, students, and visitors.

At the end of fiscal year 2012, (June 30, 2012), the City's General Fund faced an accumulated deficit of more than $19.1 million. The initial projections for the fiscal year 2013 budget (which began July 1, 2012), indicated a gap between revenues and expenses of more than $20 million, and as the budget preparation proceeded, it was clear that the actual gap was much larger. The consequences were hard decisions made to reduce the workforce by 20%, reduce employee compensation by 20% of wages, alter retiree health care, and both request and impose significant tax and fee increases on residents and businesses totaling nearly $20 million.

The result of these actions was a balanced budget in place on July 1, 2012. Eight months into the fiscal year, revenues and expenses remain balanced. With voter approval of a public safety millage, assistance from the state, and funds from several grant sources, public safety staffing has been stabilized for the time being, and the City is in the midst of creating a new Master Plan to guide the future development of the City.

The goal now has been to formally establish a new direction for the city government, looking forward for the next several years. To this end, a five year Strategic Plan for the City, accompanied by a financial plan, is being developed. The plan defines the key goals and objectives that the City intends to accomplish, framed in the context of conservatively projected revenues and expenses. Key goals include maintaining public safety; reducing the blight conditions prevalent throughout much of the city, providing other essential city services, and eliminating the accumulated deficit.

The development of the financial plan underpinning the Strategic Plan is the crucial component of the City's future financial viability. If one cannot see a clear path to financial solvency over the next five years, then the future is dim. And while there is little doubt that expenses cannot be reduced to meet revenues, the real question is whether or not the result equates even minimally to a viable city able to provide even the most basic of city services, let alone provide the support and leadership necessary for the Flint community to survive.

There are currently three sections to the plan and budget. The first is the most current draft of the Strategic Plan developed internally to guide the actions of city leaders for the next several years. The second section provides a five year overview of revenues and expenses and identifies the challenges the city currently identifies as impacting its future directions and capabilities. The third section details the preliminary FY 14 budget. While the FY14 budget as a financial document is nearly final, it is still necessary to finalize the specific objectives and measurements necessary to guide and measure implementation of the budget.

Once the review of the five year overlook is complete and the FY 14 budget is nearly complete, attention will then focus on development of the FY15 budget. Once that is complete --within the next several weeks, attention will be given to formulating financial plans for succeeding years while at the same time moving forward with adopting and implementing the FY14 budget.

FLINT STRATEGIC PLAN

2014 -2018

Setting a Sustainable Course for the City of Flint

FLINT STRATEGIC PLAN

2014 -2018

Setting a Sustainable Course for the City of Flint

The Vision for the City Government of Flint:

A well managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors

The Mission of the City Government:

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly and financially responsible manner

The Goals:

In order to fulfill its Mission, the City government will assure that residents, businesses, students and visitors will:

Have a safe, secure, and healthy environment in which to live, work, learn and play

Have access to dependable and affordable water, sewer, and waste collection

Have access to an adequate and well maintained transportation network serving motorized, non-motorized, and pedestrian needs

Cooperate with business, non-profit, and foundation partners to create a climate that supports community and economic development

The City government will also:

Provide municipal services consistent with the City's Master Plan and also work with residents, businesses, and others to foster development of the City and its infrastructure in a manner consistent with its Master Plan

Encourage partnerships for recreation and access to open space across the City

Enforce building and occupancy codes and to aggressively work with others to address blighted conditions

Assure that City ordinances and regulatory activities are consistent with the Master plan and supportive of economic development

Operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits

FLINT STRATEGIC PLAN
2014 -2018
Setting a Sustainable Course for the City of Flint

GOVERNANCE/ADMINISTRATION

FINAL 3/20/2013

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
EMERGENCY FINANCIAL MANAGER	Directs and guides the City government in order to have a financially stable organization capable of assuring:	Assure Division Directors Achieve their goals
CITY ADMINISTRATOR		Finalize Contract for water services
MAYOR	* A safe, secure, healthy environment to live, work, play	Secure Continued Funding for the Lock-Up
COUNCIL		Secure Replacement Funding for the SAFER Grant
HUMAN RELATIONS	*A dependable and affordable water, sewer and waste collection	Pursue 911 Consolidation
CIVIL SERVICE/OMBUDSMAN		Implement New Organizational Structure/Hire Fire Chief and Asst. Police Chief
	*An adequate and well maintained transportation network	Establish link with FARO for grant assistance
		Support Economic Development
	* Support of community and economic development activities	Support Community Development
		Expand Communication efforts
		Assess Hospital Asset
		Pursue State Approval for Income Tax Increase
		Search for and Evaluate Shared Services
		Support State Level Changes to Municipal Financing
		Support consolidation of District Courts

CITY ATTORNEY			
		Provides legal advice on matters relating to the conduct of city business; prosecutes violations of city ordinances; responds to FOIA requests; advises in labor relations	Comprehensive review of all ordinances, including Zoning and Business Licensing
			Handle 95% of litigation in-house
			Improve skill sets of all staff
			Improve processes of handling paper and digital files
			Improve standardization of procedures for common legal matters
			Improve appearance of City Attorney's Office

CITY CLERK			
	RECORDS	Manages custody and retention of city records, including minutes of official bodies. Conducts elections in accordance with state law.	Become current on cataloging and filing records
	ELECTIONS		Conduct regularly scheduled and special elections

FLINT STRATEGIC PLAN
2014 -2018
Setting a Sustainable Course for the City of Flint

PUBLIC SAFETY

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
POLICE		
	Provides the best public safety response possible within total staffing of 150	Continue work with MSU Technical Assistance, including:
		Update Organizational Chart and administrative structure
		Hire Deputy Chief w Designated Responsibilities
		Establish Roster
		Fill Positions
		Eliminate Provisional Appointments
		Update Operational Policies
		Develop formal expectations for IT support
		Develop formal expectations for Fleet support
		Determine adequate size of Fleet
		Evaluate Lock Up operations
		Finalize 800 MHz installation
		Conduct technology training for all personnel
		Strengthen relationships with community groups
911		
	Provides the best possible emergency telephone answering and dispatch purpose possible within current staffing of 23	Reduce use of 911 for non-emergency calls
		Develop plan for Next Gen 911 technology
		Improve response to incoming 911 and 7 digit calls
		Improve data transfer for false alarm billing
		Complete 800 MHZ implementation
		Develop plan for new communications tower
		Prepare plan for management succession
		Meet mandated training standards
		Complete 911 consolidation study and prepare to implement
FIRE		
	Provides the best fire response possible within current staffing of 94, while preparing for reduced operations with loss of SAFER funds	Document turnaround time for fire inspections
		Develop contingency plan without SAFER funding
		Develop potential shared services w surrounding depts.
		Analyze patterns of sick leave usage
		Evaluate alternate organizational structures
		Determine impact of "Fire only" response capability
DISTRICT COURT		
	Provides the most efficient processing possible within the net current appropriation from the City	Improve court coverage when employees are absent
		Improve Court Collections
		Re-establish Probation department
		Improve Criminal Case Processing

FLINT STRATEGIC PLAN
2014 -2018
Setting a Sustainable Course for the City of Flint

INFRASTRUCTURE

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
STREETS		
	Oversees the maintenance and repair of the City's street and sidewalk network within the constraints of state funding and in compliance with state law	Conduct preventative maintenance on 10% of streets
		Implement Sidewalk repair program targeting 1,000 repairs
		Initiate a 50/50 Sidewalk repair program
		Invest $100,000 in non-motorized facilities
		Initiate Pot Hole repair within 48 hours
		Initiate Right of Way Enforcement Program
TRAFFIC CONTROL		
	Oversees the maintenance and repair of traffic control signals and markings, including barricading and other temporary changes during repairs and events; provides safe access for the traveling public, both motorized and non-motorized	Initiate traffic signal preventive maintenance program
		Enforce state standards for traffic control devices
		Establish safe right of way environments for events
		Implement a long line pavement marking program
SANITATION		
	Assures the reliable and efficient collection and disposal of residential waste	Develop and execute compost plan
		Monitor contractor's waste collection activities
		Participate in development of recycling program
		Monitor finances of waste collection fee
UTILITIES		
	Assures the reliable and efficient provision of water and the disposal of sewage in compliance with local ordinances, state and federal laws	Comply with all MDEQ water quality standards
WATER SERVICE CENTER		Comply with all effluent quality standards
WATER TREATMENT PLANT		Respond quickly and efficiently to water main breaks
WATER POLLUTION CONTROL		Continue implementing meter replacement program
		Design and implement pilot sewer back-up prevention program
		Implement Capital equipment/process upgrades
		Implement Storm Water Ordinance and fee
		Reduce storm water and groundwater infiltration into sanitary sewer
		Shut down incinerator as next step to reducing unit cost of solids disposal
PARKS		
	Oversees the maintenance and use of park land; promotes the development of recreational programming	Implement "Mowing plan" developed by Ruth Mott Foundation
		Promote "Adopt a Park" program throughout the City
		Participate with Planning to develop a parks disposal plan
		Monitor mowing contractor performance

FLINT STRATEGIC PLAN
2014 -2018
Setting a Sustainable Course for the City of Flint

INFRASTRUCTURE (cont)

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
FORESTRY		
	Oversees the care of trees within the jurisdiction of the City	Develop program giving property owners responsibility for trees in right of way
		Provide capacity for emergency removals
		Seek volunteer capacity for tree planting
STREETLIGHTS		
	Works with Consumers Energy and City Planning to plan and implement an appropriate and energy efficient system of streetlights	Initiate planning process with CE for upgrades
		Monitor CE progress in plan implementation
		Monitor finances of streetlight assessment
FLEET		
	Oversees the specification, purchase, repair, maintenance and replacement of all city vehicles and wheeled equipment. Provides professional and technical advice to departments regarding their vehicle and equipment needs.	Complete and maintain a current fleet and equipment inventory
		Develop a vehicle/equipment replacement schedule
		Complete 75% of work orders within 72 hours
		Maintain scheduled/actual preventative/maintenance ratio > 75%
		Sustain average vehicle availability rates above 70%
		Implement fuel program to minimize fuel storage & cost
FACILITIES		
	Oversees the operations of all city buildings and grounds other than park land. Responsible for repair and maintenance of building systems, cleaning, and security. Provides professional and technical advice on departments facility needs and on most efficient use of facilities.	Resolve emergencies immediately
		Develop and implement Property/Equipment Disposal Plan
		Assure proper ventilation, heating and cooling in occupied buildings
		Assure facilities are cleaned appropriately
		Assure buildings are safe and maintained for employees and visitors
		Define emergency saving opportunities

FLINT STRATEGIC PLAN
2014 -2018
Setting a Sustainable Course for the City of Flint

PLANNING AND DEVELOPMENT

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
CODE ENFORCEMENT	Assures comprehensive and fair enforcement of compliance of the Michigan Construction Codes, City of Flint Ordinances, including rental registrations, and the International Property Maintenance Code	
RENTAL REGISTRATIONS		Register 100% of Rental Properties
BUILDING PERMITS		Review and update Building Fee Schedule
		Document timeliness of turnaround for Building Permits and inspections
		Develop and implement a plan for code enforcement

BUSINESS LICENSES		
	Assures that all businesses within the City are registered in accordance with city ordinances and that appropriate inspections are completed in a professional and timely manner	Revise and simplify business licensing requirements
		License 100% of businesses, per ordinance
		Document timeliness of inspections done, per ordinance

PLANNING AND ZONING		
	Provides professional and technical advice and assists policy makers and administrators in guiding development of the City in accordance with its Master Plan; develops collaborative partnerships to coordinate planning efforts throughout the City	Adopt Master Plan by October 2013
		Amend Zoning Ordinance by June 2014
		Redesign park plan to recognize city resource limitations
		Update Capital Improvement Plan
		Develop plan to assure that disposition of city property is consistent w MPlan
		Make available basic demographic information and GIS Services
		Complete NEPA Clearances
		Complete Blight Elimination Plan

COMMUNITY DEVELOPMENT		
	Provides professional and technical advice and assists residents, policy makers, and others in developing strong neighborhoods. Supports the Green and Healthy Homes initiative (GHHI), youth initiatives, urban housing initiatives, and quality of life initiatives by leveraging current federal funding sources.	Develop plan for strengthening neighborhoods
		Improve HUD grant allocation process
		Improve Contractor capacity to administer grants
		Reduce # of HUD grant findings
		Reduce Unsold Housing Inventory
		Close contracts more than 2 years old

ECONOMIC DEVELOPMENT		
	Provides professional and technical advice and assists businesses, policy makers and others in developing a positive climate to attract and retain business	Assess potential of making Oak Business Center profitable
		Assess effectiveness of EDC
		Formalize relationships with GRCC and others

FLINT STRATEGIC PLAN
2014 -2018
Setting a Sustainable Course for the City of Flint

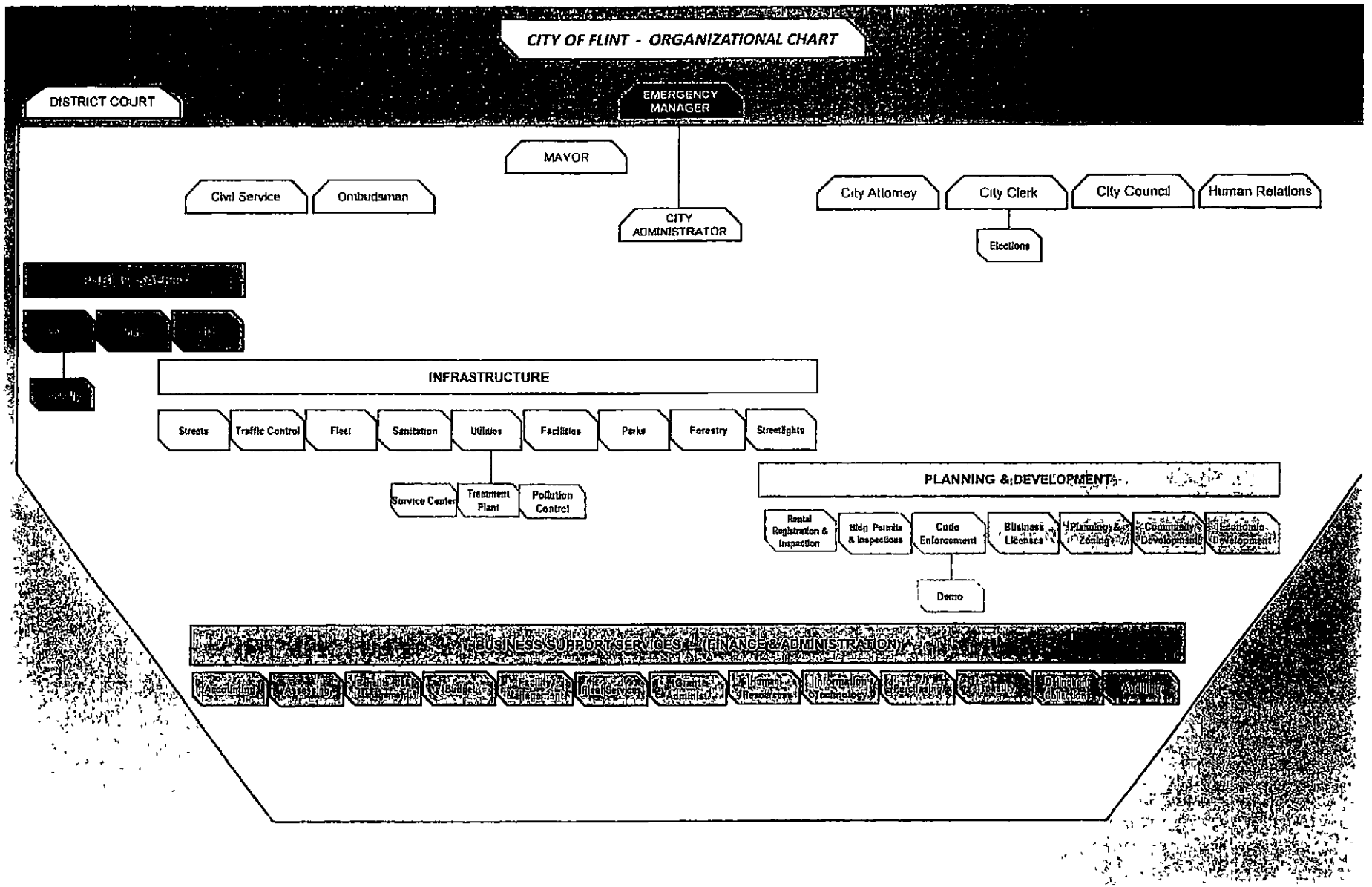
BUSINESS SUPPORT

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
FINANCE		
ACCOUNTING AUDITING BUDGETING RISK MANAGEMENT PURCHASING GRANT ADMIN	Provides for a financially secure organization with sound business practices providing for the purchase of goods and services and financial reporting. Provides professional and technical advice to departments regarding financial and purchasing needs and on grant administration processes.	Meet State reporting requirements Eliminate Deficit per plan Fully implement BS&A Continue reorganization of department per P&M study Incorporate purchasing and risk management into Finance Formalize a 5 year budget and planning process Complete and submit FY13 audit by November 30 Design and implement formal budget monitoring process Implement new grant reporting process Fully implement P Card process; evaluate expansion Conduct ongoing training for all city accounting staff Develop and implement a city wide fixed asset policy Conduct ongoing training for all city purchasing staff Document turnaround time for purchasing goods and services Implement a vendor registration program Improve vendor payment turn around Develop formal internal audit process/procedures Issue RFP for FY14 audit Improve Cash position Review property and liability coverage's for adequacy Review health insurance coverages for cost savings
TREASURY		
CUSTOMER SERVICE DELINQUENT COLLECTIONS	Provides for a customer friendly accountable entity managing receipts and collections. Monitors collections of property taxes, income taxes, water and sewer, and other receivables to assess budgetary compliance.	Increase income tax revenue thru compliance programs Collect a larger percentage of the City's delinquent receivables Assist customers' needs timely Expand on electronic payment programs Implement e-file for income tax returns Set up training programs for Treasury staff
ASSESSING		
	Assures the assessment of properties within the City in a professional and equitable manner in conformance with state law and professional practices; addresses appeals of values to Board of Review; represents City at state level appeals	Migrate to BS&A.net; train staff Conduct triad revaluations Conduct personal property canvas of accounts less than $40k Conduct personal property audits of accounts greater than $40k Convert/transfer structure drawings from paper to APEX Establish and maintain parcel layer for City GIS
HUMAN RESOURCES		
	Oversees the recruitment and hiring of qualified employees in compliance with laws and ordinances, provides professional and technical advice in the development of personnel polices and contracts, and assists departments and employees in providing training and resolving disputes	Implement on-line application/screening (Applitrack) Update testing protocols for recruitment/selection Update/improve layoff process Identify contract terms for modification/elimination Codify and finalize labor contracts and personnel policies Revise process of benefit administration Foster and maintain good labor relations Resolve management concerns & employee grievances Design and implement ongoing training city wide Update personnel rules and procedures Update program and compliance for employee safety

FLINT STRATEGIC PLAN
2014 -2018
Setting a Sustainable Course for the City of Flint

BUSINESS SUPPORT (cont)

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
INFORMATION TECHNOLOGY	Oversees the design, purchase, implementation, and operation of the City's technology infrastructure; provides professional and technical advice to departments in utilization of technology; identifies and provides technology related training	
		Develop IT Strategic Plan
		Implement BS&A
		Restructure help desk for 30 min. response & 24 hr. fix
		Establish Technology training calendar for all employees
		Host quarterly User group meetings
		Purchase/Install Network Monitoring System
		Develop Hardware/software Refresh schedule
		Support establishment of GIS capacity for all city government
		Support improvement of city's web site


CITY OF FLINT - ORGANIZATIONAL CHART
DISTRICT COURT
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City Clerk
City Council
Human Relations
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Utilities
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Parks
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Streetlights
Service Center
Treatment Plant
Pollution Control
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Community Development
Economic Development
Demo
BUSINESS SUPPORT SERVICES (FINANCE & ADMINISTRATION)
Accounting
Assessing
Facility Management
Grants Administration
Human Resources
Information Technology
Purchasing
Treasury

Five Year Financial Projections

Proposed 5/20/13

Five Year
Financial Projections and Challenges
City of Flint, FY14-FY18

Year 1 of the five year financial projection starts with a balanced FY14 budget, made possible in large part by continuation of several major grants supporting police, fire, and the update of the City's Master Plan, as well as the cost reduction strategies related to employee compensation which were implemented in Fy13. These, plus continued effort to restructure work processes and to reduce the size of the workforce make it possible to provide services in FY14 at generally the same level as FY13. It also reflects the initial steps necessary to begin to eliminate the accumulated $19.1 million deficit. However, it affords little ability to improve services, reduce taxes or fees, or to address the monumental amount of unmet capital improvement needs.

Years 2--5 show the continuing challenge of the City's structural deficit, with property tax revenues continuing to fall through FY15, and then stabilizing but with no growth until FY18. At the same time however, legacy and compensation costs are projected to increase by 5% per year, and major grant sources will disappear. The City will be faced with a significant challenge of attempting to choose between reductions in public safety and other reductions; however, finding other reductions may not be possible, given the minimal level of resources available. Again, without additional new significant levels of revenue, there is little ability to improve services or address continually increasing capital improvement needs.

Core General Fund revenues and millage proceeds are projected to remain substantially unchanged at $58 million from FY14 to FY18. Taking into account current grant levels supporting general city services, however, revenues are projected to drop from $66.1 million in FY14 to $58 million in FY18. If the services and service delivery mechanisms supported by the FY14 revenues were left untouched through FY18, it is projected that the gap between revenues and expenses would be more than $19 million by FY18. That gap amount would be even greater if some reductions (such as fire operations with the end of the SAFER grant) were not already incorporated into projections. This gap coincidentally is virtually the same amount as the $19.1 accumulated General Fund deficit as of June 30, 2012.

Balancing city expenditures with projected revenues will be an ongoing challenge for the next several years. While FY14 is balanced, there is a projected $9.1 million gap between revenues and expenditures for the FY15 budget, which begins July 1, 2014. This large gap is due primarily to the anticipated loss of some major grant sources, including SAFER (which provides funding for 39 fire fighters); Master Planning (which provides resources for the revision of the City's Master Plan) state support for operation of the City's Lock-Up; and the Mott Foundation grant which has supported the cost of several police officers. While solutions to closing this gap have not yet been formulated, work to do so will begin once the FY14 budget is finalized.

Revenue and expense projections for FY16, FY17, and FY18 all show gaps which must be closed. Current projections for each of these years range between $2.4 and $3.6 million, and again will pose a significant challenge. The continuation of these gaps reinforces the fact that the City of Flint, like most municipalities in the state, faces a structural gap. With ongoing expense increases in the conduct of business, including legacy costs, on one side, and flat revenues with little opportunity for growth on the other, there will be a continuing challenge to manage the City's business in a financially solvent manner while still providing even the most basic of city services. It is becoming even more imperative that serious consideration be given to providing a more realistic funding mechanism for municipalities. In the City of Flint, state legislative approval to allow consideration of an increase in the income tax (as has been done for other municipalities) is an option that could address the city's plight in a substantial way.

These financial challenges show that it will be difficult for the City to maintain its police and fire departments at current levels. Were it not for the voter approved 6 mill increase in property taxes, as well as continuation of the Neighborhood Police millage, consideration of current levels would be impossible to consider. As it is, it is projected that with the end of the SAFER grant in FY15, staffing for the Fire Department will be reduced from 94 to 75, allowing for the operation of 3 stations. And while staffing for the Police Department may stay close to its current 150 level for a few years, it will likely reduce to 140 in FY18. And that scenario is only possible with continued COPS grant funding.

It will also be challenging to allocate City funds for Planning and Zoning as the grant funding for these activities ends in FY15. Without dedicated staff to pursue implementation of the soon to be adopted Master Plan and updated Zoning Ordinance, development goals of the City cannot be effectively pursued.

With current federal funding for community development and code enforcement significantly reducing over the next few years, city efforts to make even marginal progress in addressing blight and becoming more aggressive in enforcing building and safety codes is in jeopardy. If progress is to continue, it will be necessary that other sources of funding be found.

Finally, it will become increasingly difficult to address priority areas such as those mentioned above by further reducing or eliminating other areas of City services. Restructuring the city's workforce and compensation structures have been done and are ongoing, and city support of areas such as parks and recreation and human services have been reduced. These have resulted in efficiencies and a balanced budget for FY13 and FY14, and there are more decisions to be made. However, there may become a time when no further reductions of the magnitude necessary to balance budgets can be achieved.

CITY OF FLINT 5 YEAR PROJECTION

REVENUES			FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY16 PROJECTED	FY17 PROJECTED	FY18 PROJECTED
GENERAL FUND REVENUES (LESS MAJOR GRANTS)			$54,400,943	$50,163,337	$49,732,298	$48,792,198	$48,421,519	$48,581,781
NEIGHBORHOOD POLICE MILLAGE			$1,962,180	$1,549,180	$1,080,192	$1,017,513	$1,089,388	$1,121,808
POLICE AND FIRE MILLAGE			$1,059,000	$1,845,827	$4,593,086	$4,441,172	$4,529,682	$4,440,658
PARKS AND RECREATION MILLAGES			$386,400	$609,084	$277,000	$266,000	$266,000	$271,000
PUBLIC IMPROVEMENT MILLAGE			$2,319,880	$1,875,000	$1,383,000	$1,328,000	$1,328,000	$1,355,000
BUILDING INSPECTION FUND			$5,298,203	$2,318,627	$1,588,487	$1,702,957	$1,627,657	$1,991,324
		SUBTOTAL	$65,386,606	$58,361,035	$58,662,032	$57,547,840	$57,441,246	$57,731,581
MAJOR GRANTS								
	SAFER (Fire)		$3,281,601	$3,281,601	$0	$0	$0	$0
	Master Planning		$516,227	$1,166,611	$0	$0	$0	$0
	Lockup (GF)		$1,330,000	$1,300,001	$0	$0	$0	$0
	COPS Hiring Grant (GF)		$999,520	$826,746	$454,247	$476,959	$500,807	$0
	Drug Forfeiture Fund		$299,473	$435,042	$181,699	$63,595	$66,774	$0
	MOTT (Police - GF)		$1,485,620	$135,000	$0	$0	$0	$0
	Other (Police - GF)		$2,141,566	$820,992	$300,000	$300,000	$300,000	$300,000
		SUBTOTAL	$10,029,807	$7,744,993	$935,946	$840,554	$867,581	$300,000
NET REVENUES FOR GENERAL CITY SERVICES			$75,416,513	$66,106,028	$59,597,978	$58,388,394	$58,308,827	$58,031,581
CDBG AND OTHER RESTRICTED GRANTS								
CDBG/HUD (FY13 & prior years)			$11,681,486	$9,375,083				
CDBG				$4,469,975	$4,246,191	$4,033,882	$3,832,188	$3,640,578
		SUBTOTAL	$11,681,486	$13,844,788	$4,246,191	$4,033,882	$3,832,188	$3,640,578
STATE RESTRICTED REVENUES								
Major Streets			$7,096,179	$6,829,982	$6,756,929	$6,722,346	$6,800,502	$6,566,032
Local Streets			$3,535,537	$2,390,922	$1,533,527	$1,782,829	$1,616,745	$1,892,979
		SUBTOTAL	$10,631,716	$9,220,904	$8,290,456	$8,505,175	$8,417,247	$8,458,711
ASSESSMENTS AND FEES								
Street Light Assessment			$2,850,000	$2,982,960	$3,102,278	$3,226,370	$3,355,424	$3,303,931
Garbage Collection Fee			$5,000,000	$5,132,490	$5,337,790	$5,551,301	$5,773,353	$5,895,284
		SUBTOTAL	$7,850,000	$8,115,450	$8,440,068	$8,777,671	$9,128,776	$9,599,215
ENTERPRISE FUNDS								
Water Fund			$50,846,804	$50,984,182	$53,002,749	$55,122,859	$57,327,774	$59,620,885
Sewer Fund			$32,093,616	$31,918,397	$33,195,133	$34,522,938	$35,903,856	$37,340,010
		SUBTOTAL	$82,940,419	$82,902,579	$86,197,882	$89,645,797	$93,231,629	$96,960,895
TOTAL REVENUES FOR ALL CITY SERVICES			$188,500,111	$180,169,719	$166,772,575	$169,350,919	$172,918,658	$177,030,980

CITY OF FLINT 5 YEAR EXPENSE PROJECTIONS

		FY13	FY14	FY15	FY16	FY17	FY18
		PROJECTED	PROPOSED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
GENERAL CITY SERVICES:							
City Council		$352,889	$333,449	$343,452	$360,625	$378,656	$397,589
District Court		$5,358,479	$5,184,307	$5,454,022	$5,726,723	$6,013,059	$6,313,712
Mayor		$206,579	$212,239	$218,606	$229,536	$241,013	$253,064
City Administrator		$711,682	$384,108	$395,629	$415,410	$436,181	$457,990
HRC		$40,103	$28,237	$27,024	$28,375	$29,794	$31,284
Finance		$1,100,342	$924,822	$971,063	$1,019,616	$1,070,597	$1,124,127
Clerk		$423,086	$321,995	$338,095	$355,000	$372,750	$391,387
Purchasing		$155,204	$130,229	$136,740	$143,577	$150,756	$158,294
Treasury		$2,878,129	$3,052,767	$3,205,429	$3,365,697	$3,533,982	$3,710,681
Assessing		$1,109,773	$1,084,221	$1,138,432	$1,195,354	$1,255,121	$1,317,877
Elections		$572,525	$541,837	$568,928	$702,375	$737,494	$774,369
Law		$1,057,484	$952,761	$971,816	$1,020,407	$1,071,427	$1,124,998
Human Resources		$673,638	$622,167	$653,275	$685,939	$720,236	$756,247
MISC Allocation		$288,509	$0	$0	$0	$0	$0
POLICE		$20,927,168	$19,288,211	$22,344,734	$23,461,971	$24,635,069	$25,866,823
911		$3,314,413	$3,745,625	$3,932,691	$4,129,441	$4,335,913	$4,552,709
Fire		$10,953,319	$11,699,796	$12,284,786	$12,899,026	$13,543,977	$14,221,175
Building Inspection (transfer)		$886,519	$539,170	$559,129	$583,935	$613,132	$643,789
Planning and Zoning		$99,120	$121,875	$427,969	$449,367	$471,836	$495,428
Community Development		$2,058,900	$188,293	$190,019	$199,520	$209,496	$219,971
Fire CDBG		$407,524	$0	$0	$0	$0	$0
Parks and Recreation		$576,842	$5,109	$5,395	$5,623	$5,904	$6,199
Facilities		$1,263,526	$1,207,382	$1,392,751	$1,462,389	$1,535,508	$1,612,283
Police Millage Fund (transfer)		$0	$0	$0	$0	$0	$0
Parks Fund (transfer)		$40,000	$0	$0	$0	$0	$0
Other transfers out		$0	$0	$0	$0	$0	$0
Transfers out		$100,000	$0	$0	$0	$0	$100,000
TOTAL GENERAL FUND EXPENDITURES (LESS MAJOR GRANTS)		$55,666,040	$50,552,508	$55,657,053	$58,439,908	$61,361,901	$64,429,995
NEIGHBORHOOD POLICE MILLAGE		$1,962,181	$1,549,160	$1,090,192	$1,017,513	$1,069,388	$1,121,808
POLICE AND FIRE MILLAGE		$1,059,000	$1,845,828	$4,593,085	$4,441,172	$4,529,882	$4,440,659
PARKS AND RECREATION MILLAGE		$386,400	$809,064	$278,576	$265,512	$265,512	$270,822
PUBLIC IMPROVEMENT MILLAGE		$2,104,806	$1,875,000	$2,131,515	$2,138,077	$2,138,540	$2,138,540
BUILDING INSPECTION FUND		$5,036,426	$2,318,628	$1,163,340	$1,207,242	$1,230,803	$1,253,388
	SUBTOTAL	$66,214,953	$58,750,207	$64,931,760	$67,507,422	$70,594,626	$73,765,212
MAJOR GRANTS							
SAFER (Fire)		$3,261,601	$3,261,601	$0	$0	$0	$0
Master Planning		$516,227	$1,166,611	$0	$0	$0	$0
Lockup (GF)		$1,330,000	$1,300,001	$0	$0	$0	$0
COPS Hiring Grant (GF)		$698,520	$845,575	$454,247	$476,959	$500,807	$0
Drug Forfeiture Fund		$298,473	$435,042	$181,699	$83,595	$88,774	$0
MOTT (Police - GF)		$1,486,520	$135,000	$0	$0	$0	$0
Other (Police - GF)		$916,473	$211,991	$300,000	$300,000	$300,000	$300,000
	SUBTOTAL	$8,804,814	$7,355,821	$935,946	$940,554	$889,581	$300,000
TOTAL EXPENSES FOR GENERAL CITY SERVICES		$75,019,767	$66,106,028	$65,867,706	$68,347,976	$71,482,207	$74,065,212

OTHER EXPENDITURES

CDBG AND OTHER RESTRICTED GRANTS		FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY16 PROJECTED	FY17 PROJECTED	FY18 PROJECTED
CDBG/HUD (FY13 & prior years)		$11,661,488	$9,375,083				
CDBG			$4,469,675	$4,246,191	$4,033,882	$3,832,188	$3,640,578
	SUBTOTAL	$11,661,488	$13,844,758	$4,246,191	$4,033,882	$3,832,188	$3,640,578
STATE RESTRICTED REVENUES							
MAJOR STREETS		$7,006,176	$5,991,700	$4,392,747	$4,183,345	$5,094,628	$4,276,494
LOCAL STREETS		$3,634,631	$2,322,073	$1,533,527	$1,782,829	$1,616,745	$1,892,679
	SUBTOTAL	$10,630,807	$8,313,773	$5,926,274	$5,966,174	$6,711,373	$6,169,173
ASSESSMENTS AND FEES							
STREET LIGHT ASSESSMENT		$2,850,000	$2,682,960	$3,023,565	$3,114,272	$3,207,700	$3,303,931
GARBAGE COLLECTION FEE		$4,901,202	$5,132,490	$5,775,000	$6,063,750	$6,366,938	$6,685,284
	SUBTOTAL	$7,751,202	$8,115,450	$8,798,565	$9,178,022	$9,574,638	$9,989,215
ENTERPRISE FUNDS							
WATER FUND		$54,686,604	$55,153,141	$54,202,479	$56,370,578	$58,625,402	$60,970,418
SEWER FUND		$37,093,816	$36,860,807	$34,212,007	$35,080,498	$37,003,707	$38,483,855
	SUBTOTAL	$91,880,419	$92,014,048	$88,414,487	$91,951,076	$95,629,109	$99,454,273
TOTAL EXPENSES FOR OTHER EXPENDITURES		$121,733,894	$122,288,029	$107,385,517	$111,129,144	$116,747,307	$119,253,240
TOTAL EXPENSES FOR GENERAL CITY SERVICES		$75,019,767	$66,106,028	$65,887,706	$68,347,976	$71,492,207	$74,098,212
GRAND TOTAL EXPENSES		$196,753,661	$188,394,057	$173,253,223	$179,477,120	$187,209,514	$193,308,452

CITY OF FLINT 5 YEAR REVENUE/EXPENSE PROJECTION COMPARISON

GENERAL CITY SERVICES		FY13	FY14	FY15	FY16	FY17	FY18
	REVENUES	$54,400,943	$50,163,337	$49,732,298	$48,792,198	$48,421,619	$48,581,791
(General Fund Only)	EXPENSES	$55,666,040	$50,562,509	$55,857,053	$58,439,906	$61,361,901	$64,529,996
(without major grants)	DIFFERENCE $	-$1,265,097	-$399,172	-$5,624,755	-$9,647,708	-$12,940,282	-$15,948,205
	DIFFERENCE %		-1%	-11%	-17%	-21%	-25%

GENERAL CITY SERVICES							
	REVENUES	$10,985,693	$9,197,698	$8,929,734	$8,756,642	$9,019,727	$9,149,790
(MILLAGE/RESTRICTED FUNDS ONLY)	EXPENSES	$10,548,913	$9,197,698	$9,274,707	$9,067,516	$9,232,725	$9,225,216
	DIFFERENCE $	$436,750	$0	-$344,973	-$311,874	-$212,998	-$75,426
	DIFFERENCE %	4%	0%	-4%	-3%	-2%	-1%

GRANTS							
	REVENUES	$10,029,807	$7,744,993	$935,948	$840,554	$867,581	$300,000
	EXPENSES	$8,804,814	$7,355,821	$935,948	$840,554	$867,581	$300,000
	DIFFERENCE $	$1,225,093	$389,172	$0	$0	$0	$0
	DIFFERENCE %	14%	5%	0%	0%	0%	0%

TOTAL GF, MILLAGES, GRANTS							
	REVENUES	$75,416,513	$66,106,028	$59,597,978	$58,388,394 #	$58,308,827	$58,031,581
(GF/ MILLAGES, GRANTS)	EXPENSES	$75,019,767	$66,106,028	$65,857,708	$68,347,976	$71,462,207	$74,055,212
	DIFFERENCE $	$396,746	$0	-$6,259,728	-$9,959,582 #	-$13,153,380	-$16,023,631
	DIFFERENCE %	1%	0%	-10%	-15%	-18%	-22%

TOTAL CITY SERVICES							
	REVENUES	$166,500,111	$160,169,719	$166,772,575	$169,350,919	$172,618,658	$177,080,980
	EXPENSES	$166,783,661	$168,394,057	$173,253,223	$179,477,120	$187,209,514	$193,308,452
(GF, MILLAGES, GRANTS, & OTHERS)	DIFFERENCE $	-$8,253,550	-$8,224,338	-$6,480,648	-$10,126,201	-$14,290,846	-$16,227,472
	DIFFERENCE %	-4%	-4%	-4%	-6%	-8%	-8%

GENERAL FUND REVENUE PROJECTIONS

Proposed 5/17/13 Attachment C1-d

	FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY16 PROJECTED	FY17 PROJECTED	FY18 PROJECTED
Property Taxes	5,720,000	4,522,000	4,179,000	4,012,000	4,012,000	4,068,000
Income Taxes	15,300,000	14,210,000	14,210,000	14,067,900	13,927,221	14,068,493
Special Assessments	5,000	8,000	8,000	8,000	8,000	8,000
State Shared Revenues	13,140,686	13,872,368	13,900,000	13,900,000	13,900,000	14,000,000
Charges for Services Rendered - Water/Sewer PILOT	1,958,450	1,958,450	1,958,450	1,958,450	1,958,450	1,958,450
Interest	114,400	150,000	175,000	175,000	200,000	200,000
Other	6,010	6,000	6,000	6,000	6,000	6,000
Fund Balance	-419,642	-1,000,000	-1,000,000	-1,450,000	-1,750,000	-1,800,000
District Court - State Grant	228,000	0	0	0	0	0
District Court - Fines and Forfeitures	1,164,611	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Finance - Charges for Services	1,150	2,200	2,000	2,000	2,000	2,000
Finance - Grant	57,000	0	0	0	0	0
Clerk - Charges for Services	350	350	350	350	350	350
Cable Franchise Fees	1,287,931	1,303,625	1,300,000	1,300,000	1,300,000	1,300,000
Sale of Equipment	130,007	75,000	50,000	75,000	75,000	75,000
Treasury Operations - Charges for Services	434,381	309,211	310,000	310,000	310,000	310,000
Treasury Operations - Other Revenues	27,000	27,000	25,000	25,000	25,000	25,000
Income Tax Operations - Other Charges	20,000	0	0	0	0	0
Treasury - Delinquent Collections	0	700,000	800,000	800,000	850,000	850,000
Assessing - Charges for Services	6,000	10,000	10,000	9,000	9,000	9,000
Clerk - Charges for Services	19,893	18,600	19,000	19,000	19,000	19,000
Clerk - Disabled Voter Grant	10,000	0	0	0	0	0
Law Department - Charges for Services	14,925	16,500	16,500	16,500	16,500	16,500
Personnel - Charges for Services	3,207	0	0	0	0	0
Cost Allocation Reimbursement	7,401,730	5,386,088	5,200,000	5,000,000	5,000,000	5,000,000
Police Department - Misc Grants	2,141,566	620,992	300,000	300,000	300,000	300,000
Police Department - COPS Grant	998,552	825,746	454,247	476,959	500,807	0
Police Department - Mott Grant	1,485,520	135,000	0	0	0	0
Police Department - Misc Revenues	313,148	396,250	400,000	400,000	400,000	400,000
Police Department - Impound Lot	654,000	554,020	555,000	555,000	555,000	555,000
Police Department - Lockup	1,330,000	1,300,001	0	0	0	0
Police Department - School Liaison Contract	364,061	361,196	360,000	360,000	360,000	360,000
Fire Department - Misc Revenues	143,200	220,500	200,000	200,000	200,000	200,000
911 - Surcharge and Grant	1,577,000	1,334,000	1,330,000	1,325,000	1,320,000	1,315,000
Planning and Zoning - Misc Revenues	29,250	25,000	25,000	25,000	25,000	25,000
Fire-CDBG	407,524	0	0	0	0	0
Parks - Misc Revenues	183,942	19,000	15,000	15,000	15,000	15,000
Transfers In - Water and Sewer (ROE)	2,990,000	2,990,000	2,990,000	2,990,000	2,990,000	2,990,000
Transfers In - Cost Allocation	1,087,998	1,087,998	1,087,998	1,087,998	1,087,998	1,087,998
TOTAL PROJECTED Revenues	**60,356,549**	**53,045,076**	**50,486,545**	**49,669,157**	**49,222,326**	**48,861,791**
Major Grants (separated)						
Lockup	1,330,000	1,300,001	0	0	0	0
Mott Grant	1,485,520	135,000	0	0	0	0
COPS Grant	998,552	825,746	454,247	476,959	500,807	0
Other Police Grants	2,141,566	620,992	300,000	300,000	300,000	300,000
	54,400,911	50,163,337	49,732,298	48,792,198	48,421,519	48,561,791

GENERAL FUND EXPENSE PROJECTIONS Proposed 5/17/13 Attachment C1-d

	FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY16 PROJECTED	FY17 PROJECTED	FY18 PROJECTED
City Council	$352,899	$333,449	$343,452	$360,625	$378,656	$397,589
District Court	$5,358,479	$5,194,307	$5,454,022	$5,726,723	$6,013,060	$6,313,713
Mayor	$206,579	$212,239	$218,606	$229,536	$241,013	$253,064
City Administrator	$711,982	$384,106	$395,629	$415,411	$436,181	$457,990
HRC	$40,103	$26,237	$27,024	$28,376	$29,794	$31,284
Finance	$1,100,342	$924,822	$971,063	$1,019,616	$1,070,597	$1,124,127
Clerk	$423,086	$321,995	$338,095	$354,999	$372,749	$391,387
Purchasing	$155,204	$130,228	$136,740	$143,577	$150,756	$158,294
Treasury	$2,878,129	$3,052,787	$3,205,426	$3,365,698	$3,533,983	$3,710,682
Assessing	$1,109,773	$1,084,221	$1,138,432	$1,195,354	$1,255,121	$1,317,877
Elections	$572,525	$541,837	$668,929	$702,375	$837,494	$879,369
Law	$1,057,484	$952,761	$971,816	$1,020,407	$1,071,427	$1,124,999
Human Resources	$673,636	$622,167	$653,275	$685,939	$720,236	$756,248
MISC Allocation	$298,509	$0	$0	$0	$0	$0
POLICE	$25,657,681	$21,758,778	$23,088,981	$24,243,430	$25,455,601	$26,728,382
911	$3,314,413	$3,745,525	$3,932,801	$4,129,441	$4,335,913	$4,552,709
Fire	$10,953,319	$11,699,796	$12,284,786	$12,899,025	$13,543,976	$14,221,175
Building Inspection (transfer)	$986,519	$539,170	$566,129	$594,435	$624,157	$655,365
Planning and Zoning	$99,120	$121,875	$427,969	$449,367	$471,836	$495,427
Community Development	$2,058,900	$186,293	$190,019	$199,520	$209,496	$219,971
Fire-CDBG	$407,524					
Parks and Recreation	$576,842	$5,100	$5,355	$5,623	$5,904	$6,199
Facilities	$1,263,526	$1,207,362	$1,392,751	$1,462,389	$1,535,508	$1,612,283
Police Millage Fund (transfer)	$0	$0	$0	$0	$0	$0
Parks Fund (transfer)	$40,000	$0	$0	$0	$0	$0
Other transfers out	$0	$0	$0	$0	$0	$0
Transfers out	$100,000	$0	$0	$0	$0	$100,000
TOTAL GENERAL FUND EXPENDITURES	**$60,396,553**	**$53,045,076**	**$56,411,302**	**$59,231,867**	**$62,293,460**	**$65,508,133**
Major Grants (Separated)						
Lockup	$1,330,000	$1,300,001	$0	$0	$0	$0
Mott Grant	$1,485,520	$135,000	$0	$0	$0	$0
COPS Grant	$998,552	$445,575	$454,247	$476,959	$500,807	$0
Other Police Grants	$2,141,586	$611,991	$300,000	$300,000	$300,000	$300,000
	$54,440,916	$50,552,509	$55,657,055	$58,454,908	$61,492,653	$65,208,133

Significant Changes:
5% cost escalator PLUS:

Elections	$100,000		$100,000
Police Officers	2	3	Elections
	$242,284	$381,587	
Planning staff	$300,000		
Facilities	$125,000		

Not included:	Lock up
	$1,330,000

KNOWN CHALLENGES

Declining Property tax values		-18%	-8%	-2%	0%	0%	2%
Stagnant income tax receipts		0%	0%	0%	0%	0%	0%
Stagnant State shared revenues		0%	0%	0%	0%	0%	0%
Limited Income Raising potential							
	Property tax levy 19.4 mills/20 mill limit						
	Income tax levy at state limit						
	New fees/taxes = + delinquencies	20%	30%	30%	30%	30%	0%
	High poverty rate						
Declining Grant Revenues							
	SAFER (FIRE)	$3,261,601	$3,261,601	$0	$0	$0	$0
	Master Planning	$518,227	$1,186,811	$0	$0	$0	$0
	Lock Up	$1,330,000	$1,330,000	$0	$0	$0	$0
	COPS Hiring Grant	$988,520	$825,745	$454,247	$478,959	$500,807	$0
	Mall (Police)	$1,485,520	$135,000	$0	$0	$0	$0
	Drug Forfeiture		$425,000	$425,000	$0	$0	$0
	Other (Police)	$916,473	$620,922	$0	$0	$0	$0
	SUBTOTAL	$8,508,341	$7,784,880	$879,247	$478,959	$500,807	$0
Significant Legacy Costs							
	Pension ARC	$ 12 million	$17,000,000	$17,637,500	$16,298,908	$16,985,115	$19,697,057
	Pension UALL	$333 million		3.75%	+ 3.75%	+ 3.75%	+ 3.75%
	Retiree Health Care	$ 19 million	$15,000,000	$15,600,000	$16,536,000	$17,858,880	$19,287,590
	OPEB Liability	$338 million		+4%	+6%	+8%	+8%
	OPEB ARC	$ 22 million					
	Pending Lawsuit	$ 3.5 million	$3,850,000	$4,158,000	$4,490,640	$4,849,891	
	Increased ARC	$ 40 million added					
	Increased OPEB Liability	$600 million added					
	Annual Payments-Pension & Retiree Health Care		$32,000,000	$33,237,500	$34,834,908	$39,843,995	$38,984,647
	Payments as Percent of Revenues		17.0%	18.4%	20.9%	21.8%	22.5%
Deficit Elimination	Accumulated General Fund Deficit	$19.1 Million					
Unmet Capital Needs							
	Roads	$ 83 million					
	Sidewalks	$ 45 million					
	Sanitary and Stormwater	$ 40 million					
	Water Pollution Control	$ 18 million					
	Water Distribution system	$ 27 million					
	Facilities	$ 15 million					
	Demolition	$ 50 million					
	Parks	$ 10 million					
		$288 million					
Lack of capacity to address blight							
	CDBG, NSP, Demo	$ 20 million	$14 million	$ 8 million	$4 million	$3.8 million	$3.8 million
Public Safety stability at risk even with new voted millage		160 FPD 94 FFD/5 stations	150 FPD 94 FFD/5 stations	? 75 FFD/3 stations	? 75 FFD/3 stations	? 75 FFD/3 stations	?

PROJECTION: FIVE YEAR POLICE AND FIRE STAFFING Proposed 5/17/13 Attachment C-3a

TOTAL	FY13	FY14	FY15	FY16	FY17	FY18
Police						
General Fund	112.5	112.5	114.5	117.5	117.5	117.5
General Fund (Mott)	11	0	0	0	0	0
General Fund (COPS)	5	5	5	5	5	0
Police & Fire Millage	10	18	20	17	16	15
Neighborhood	12	10	9	8	8	8
Drug Fund	0.5	5.5	1.5	0.5	0.5	0
	151	151	150	148	147	140.5
Fire						
General Fund	55	55	55	55	55	55
SAFER	39	39	0	0	0	0
Police & Fire Millage	0	0	20	20	20	20
Total	94	94	75	75	75	75

SOURCES OF FUNDING: POLICE AND FIRE

Proposed 5/17/13 Attachment C-3b

PROJECTION: POLICE AND FIRE PROTECTION MILLAGE

		FY13	FY14	FY15	FY16	FY17	FY18
Revenues		$4,386,000	$3,589,000	$3,320,000	$3,187,032	$3,187,032	$3,250,773
Carryover		$0	$3,636,000	$5,148,443	$3,875,358	$2,621,218	$1,278,568
Expenses		$750,000	$2,076,557	$4,593,085	$4,441,172	$4,529,682	$4,440,658
Balance		$3,636,000	$5,148,443	$3,875,358	$2,621,218	$1,278,568	$88,684
Expense Detail							
	$	$165,000	$2,076,557	$2,422,649	$2,162,214	$2,136,777	$2,103,390
Police		Police Officers	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers
	#	10	18	20	17	16	15
COPS Grant Match				$151,416	$158,986	$166,936	0
	$	$585,000	$0	$2,019,020	$2,119,971	$2,225,970	$2,337,268
Fire		Equipment		Fire Fighters	Fire Fighters	Fire Fighters	Fire Fighters
	#	0	0	20	20	20	20
Average Police Officer Cost			*$115,364*	*$121,132*	*$127,189*	*$133,549*	*$140,226*
Average Fire Fighter				*$100,951*	*$105,999*	*$111,298*	*$116,863*

PROJECTION: NEIGHBORHOOD POLICE MILLAGE

		FY13	FY14	FY15	FY16	FY17	FY18
Revenues		$1,962,180	$1,196,000	$1,106,000	$1,062,000	$1,062,000	$1,083,000
Carryover		$0	$0	$0	$15,808	$60,295	$53,907
Expenses		$1,962,180	$1,153,643	$1,090,192	$1,017,513	$1,068,388	$1,121,808
Balance		$0	$42,358	$15,808	$60,295	$53,907	$15,099
Expense Detail							
	$	$1,962,180	$1,153,643	$1,090,192	$1,017,513	$1,068,388	$1,121,808
Police		Police Officers	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers
	#	12	10	9	8	8	8
Average Police Officer Cost			*$115,364*	*$121,132*	*$127,189*	*$133,549*	*$140,226*

PROJECTION: DRUG FORFEITURE FUND

Proposed 5/17/13 Attachment C-3c

	FY13	FY14	FY15	FY16	FY17	FY18
Revenues		$0	$0	$0	$0	$0
Carryover		$1,000,000	$365,497	$183,798	$120,203	$53,429
Expenses		$634,503	$181,699	$63,595	$66,774	$0
Balance	$1,000,000	$365,497	$183,798	$120,203	$53,429	$53,429
Expense Detail						
	$ $1,982,160	$634,503	$181,699	$63,595	$66,774	$0
Police	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers
	# 0.5	5.5	1.5	0.5	0.5	0
Average Police Officer Cost		*$116,364*	*$121,132*	*$127,189*	*$133,549*	*$140,226*

PROJECTION: COPS GRANT

	FY13	FY14	FY15	FY16	FY17	FY18
Revenues			$1,432,013	$0	$0	
Carryover		$0	$0	$977,766	$500,807	$0
Expenses		$0	$454,247	$476,959	$500,807	$0
Balance		$0	$977,766	$500,807	$0	$0
Expense Detail						
GRANT $			$454,247	$476,959	$500,807	$0
25% Match			$151,416	$158,986	$166,936	$0
Police	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers
#			5	5	5	
Average Police Officer Cost			*$121,132*	*$127,189*	*$133,549*	*$140,226*

City Plan to Eliminate $19.1 Million FY 12 Accumulated Deficit

		Budget	Projected				
		FY13	FY14	FY15	FY16	FY17	FY18
$19.1 Million Accumulated Deficit FY12		-$19.10	*-$19.10*	*-$6.10*	*-$5.10*	*-$3.65*	*-$1.90*
Borrowing to Eliminate $12.0 million:							
$12 million Emergency Loan (Debt service paid from Capital Improvement Fund)			*-$12.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*
Budgeted Appropriations Eliminating $8.1 million							
General Fund			*-$1.00*	*-$1 00*	*-$1.45*	*-$1.75*	*-$1.90*
Other funds subsidized by the General Fund: Neighborhood Policing ($427,183); Parks & Recreation ($425,000); Senior Citizens Center ($51,000); Building Safety ($1,100,000); Garbage Collection ($1,875,000); DDA (Parking Debt) ($286,198)							
Total Budgeted Appropriations *		$0.00	*-$1.00*	*-$1.00*	*-$1.45*	*-$1.75*	*-$1.90*
Remaining Deficit		**-$19.10**	**-$6.10**	**-$5.10**	**-$3.65**	**-$1.90**	**$0.00**
Appropriations as Percent of Projected General Fund Revenues (millions)	**$59.50**	0.0%	1 7%	1 7%	2.4%	2.9%	3 2%

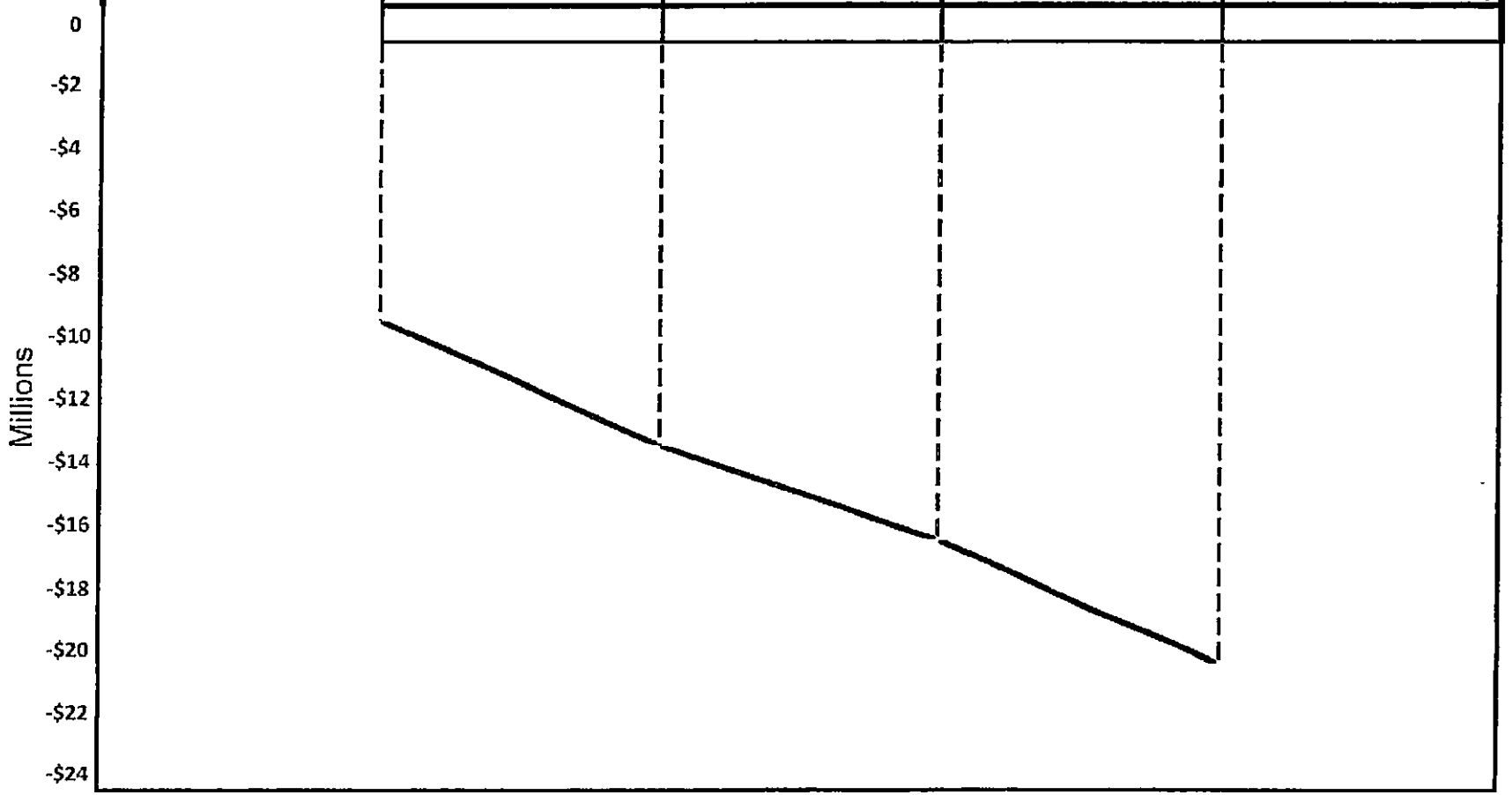
** Projection shows total amount appropriated coming from the General Fund. It may be possible and appropriate to utilize other funds where there has been a General Fund subsidy*

CUMULATIVE DEFICIT PROJECTION FY15 - FY18

ILLUSTRATIVE CUMULATIVE GENERAL CITY SERVICE REVENUE/EXPENSE DEFICIT, BASED ON CONTINUATION OF FY 14 EXPENSE BASE WITH 4% ANNUAL INCREASE

** NOTE. This does not include the current accumulated $19 1 million deficit*

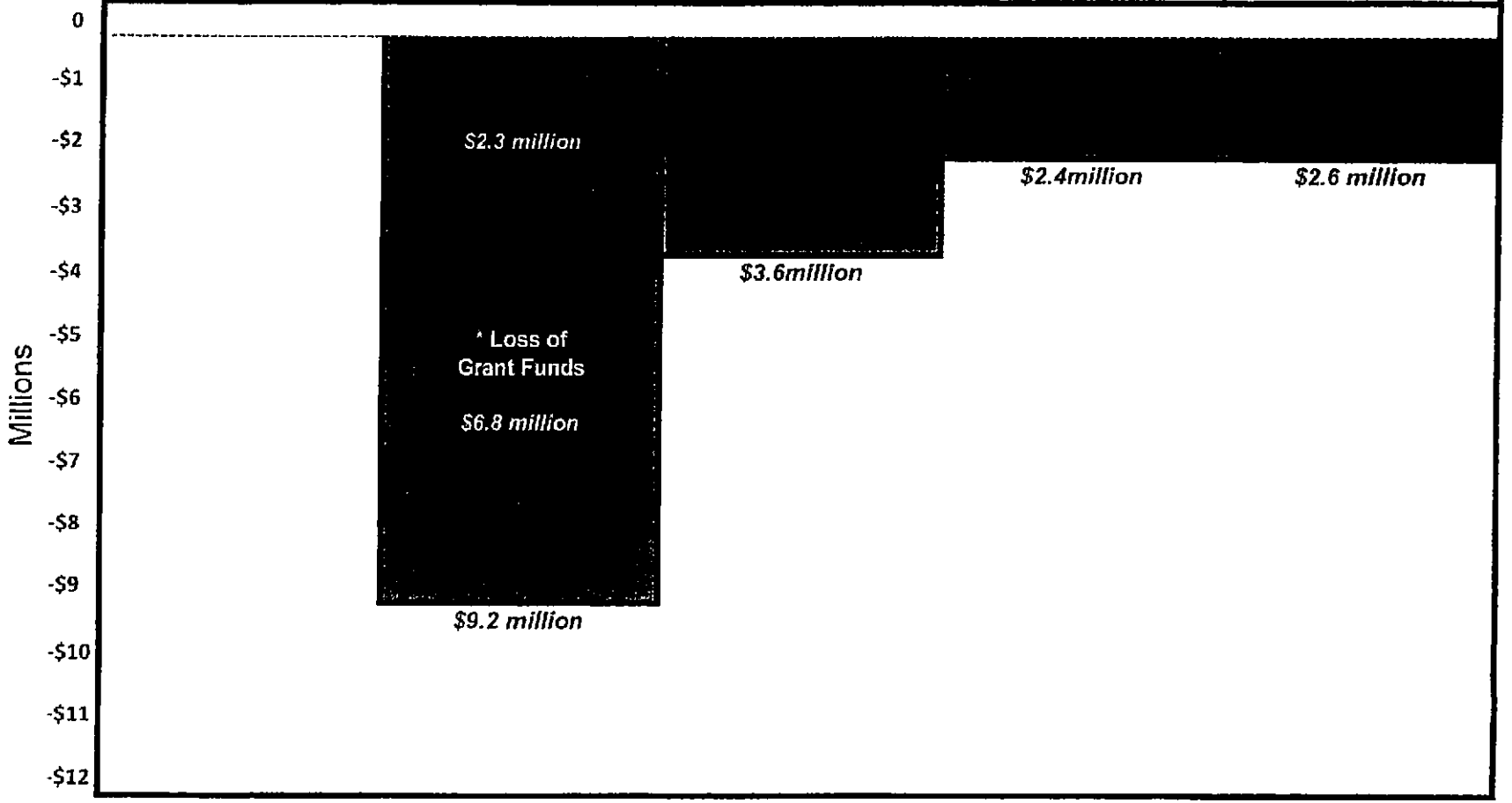
	FY14	FY15	FY16	FY17	FY18
Revenues	$66,106,028	$59,597,978	$58,388,394	$58,308,827	$58,031,581
Expenses	$66,106,028	$68,750,269	$61,981,897	$60,723,930	$60,641,180
Difference	***$0***	***-$9,152,291***	***-$13,107,828***	***-$16,047,244***	***-$19,298,732***
Percent	*0%*	*-13%*	*-18%*	*-22%*	*-25%*



ANNUAL DEFICIT PROJECTION FY15 - FY18

ILLUSTRATIVE ANNUAL GENERAL CITY SERVICE REVENUE/EXPENSE DEFICIT, ASSUMING PRIOR YEAR GAP ELIMINATED AND 4% ANNUAL INCREASE IN EXPENSES

	FY14	FY15	FY16	FY17	FY18
Revenues	$66,106,028	$59,597,978	$58,388,394	$58,308,827	$58,031,581
Expenses	$66,106,028	$68,750,269	$61,981,897	$60,723,930	$60,641,180
Difference	$0	-$9,152,291	-$3,593,503	-$2,415,103	-$2,609,599
Percent	*0%*	*-13%*	*-6%*	*-4%*	*-4%*



Proposed FY14 Budget

Proposed 5/17/13

Setting a Sustainable Course for the City of Flint

FY14 Budget

The FY14 Budget was prepared in the context of furthering the financial stability of the City of Flint and moving forward on meeting the prime objectives of the recently developed strategic plan. Once this plan is in place, attention will be given to finalizing the five year plan, including a detailed assessment of the likely budget for FY15, and more defined projections for the following three years.

If one could simplify the prime objectives of the Strategic Plan, it would be to state that budgetary actions must be consistent with operating in a financially sustainable manner; pursuing changes which increase efficiency while reducing costs; maintaining current levels of public safety; and organizing in a way that the City can best address the blighted conditions thorough the City. All of this to be done with the aim of making the City of Flint an attractive and affordable place to attract and retain residents, businesses, students, and visitors.

In light of decreasing property values, stagnant income tax and state shared revenue projections, plus a commitment to eliminating the accumulated General fund deficit, revenues are severely limited. For example, while funds available for general city services (those funded by the General Fund, major grants, and special voted millages) total $73.5 million this year; only $66.4 million is projected to be available for the FY14 budget. Property tax revenues are projected to decline by $3.5 million or 22%, while major grant revenues are projected to decline by $2.5 million, or 25%. $1 million is also committed to reducing the City's accumulated $19.3 million deficit. In addition, there is an increasing amount of tax delinquencies, as well as fees and special assessments for water, sewer, garbage and street lights.

Fortunately, the impact of many of the structural changes made last year has been to constrain growth in ongoing expenses, in particular those related to employee compensation. Even with a significant increase in the annual pension payments, made necessary to halt further decline in the funded status of the pension assets, pension and health care costs are slightly reduced from the current year. Salary costs are also slightly less as a result of changes in employee compensation structure.

However, the City is currently faced with a legal challenge to its decision to change retiree healthcare, and should the City not prevail, it will likely be faced with increased costs of between $3.5 million and $5 million. These potential costs are not included in this budget, and having to subsequently include them will be potentially disastrous for the financial solvency of the City.

All in all, with significant effort from department heads and others involved in building this budget, the level of services to be provided by the City in FY14 should be close to the level currently provided. This is due in large part to concerted effort to improve business processes and organization arrangements. These improvements and changes do, however, include the elimination of several positions within the workforce. FTE staffing in the FY14 budget is projected at 567, in comparison to 595 in the current budget.

With deployment of the police and fire protection millage funds, and the potential of additional federal funding for law enforcement, the current level of staffing in the Police Department (150 in total) is expected to be maintained – even as other grant funds end. This level includes the additional 10 positions authorized in December, 2012 when the millage was passed. In this budget, the General Fund appropriation for the Police and Fire budgets total $33.5 million, or 63% of the General Fund.

Adding the costs of 911 and District Court to this bring the total General Fund appropriation for public safety to $42.4 million, or 80% of the General Fund.

However, there are not the resources to address even some of the most critical unmet needs in the delivery of city services. For example, there are no additional resources to expand staffing in the Police Department if the goal is to attempt to stabilize staffing there and to be prepared to address the personnel loss expected in the Fire Department when the federal SAFER grant expires at the end of FY14.

In addition, in light of the loss of federal dollars for demolition, the resources for addressing blight in any significant way are significantly less for FY14. Building Safety resources have been limited for many years, resulting in very limited ability to enforce compliance with city codes. This budget does include the creation of a separate Planning and Development Division of the City, whose efforts will include improving code compliance activities, including increasing compliance with rental registration requirements and business licensing requirements. The work of this division will be aided by the addition of Neighborhood Safety Officers, funded by the Mott Foundation and housed in the Police Department.

The Planning and Development Division also includes the current grant funded activities related to adoption and implementation of the City's Master Plan. While grant funds should be sufficient to finish the adoption of the Master Plan and the associated update to the Zoning Ordinance by the end of FY14, continuation into FY15 will require the identification of new sources of revenues.

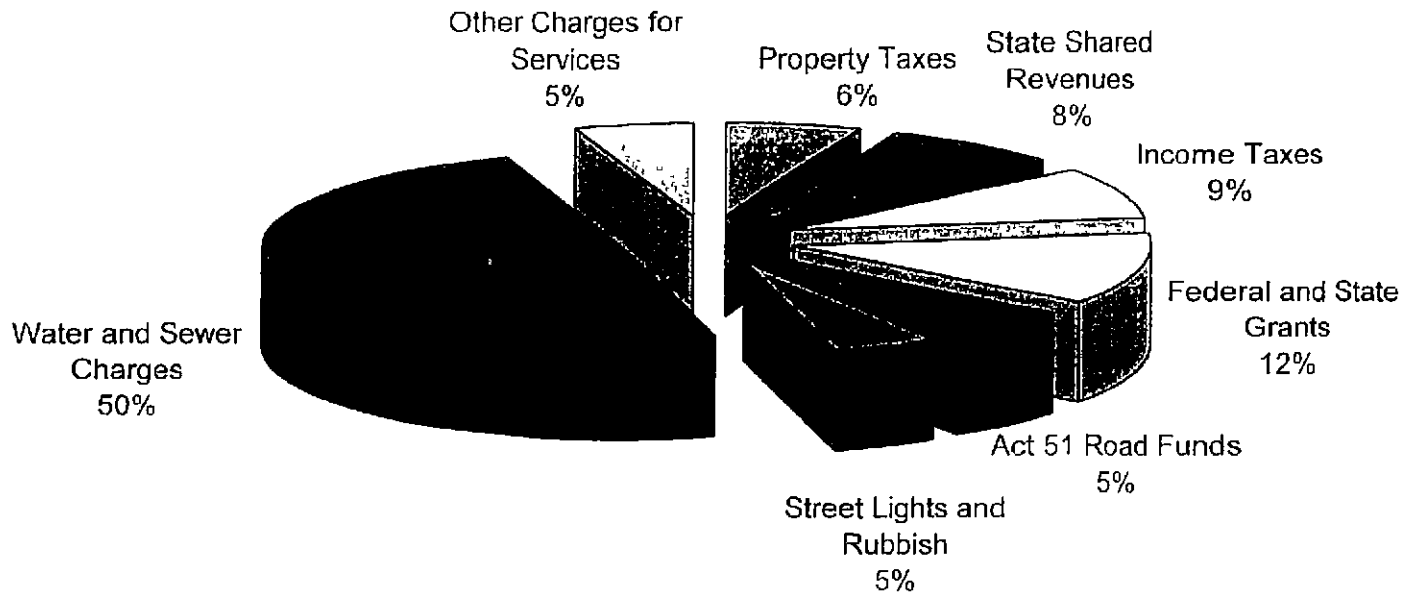
Finally, there are nearly $300 million in unmet capital needs for utilities, streets, facilities, parks, and technology. This budget does not contain the level of resources to be able to address these needs in any substantive way, with barely enough resources budgeted to meet the most critical emergency needs.

The limited resources will result in some changes noticeable to city residents and visitors. For example, there will be no repaving of city streets, with funding focused on crack sealing streets to prolong their longevity. While as much as one-third of city streets need repaving, doing so would cost more than $20 million. Alternatively, nearly one-third of the city's streets can be crack sealed for approximately $200,000 in materials. In addition however, the City is required by the state to participate financially in improvement to state determined street projects.

There will be minimal maintenance of parks, with the City's primary activity being related to mowing. There will, however, be increased efforts to form partnerships with interested groups, neighborhood associations and businesses to improve individual parks.

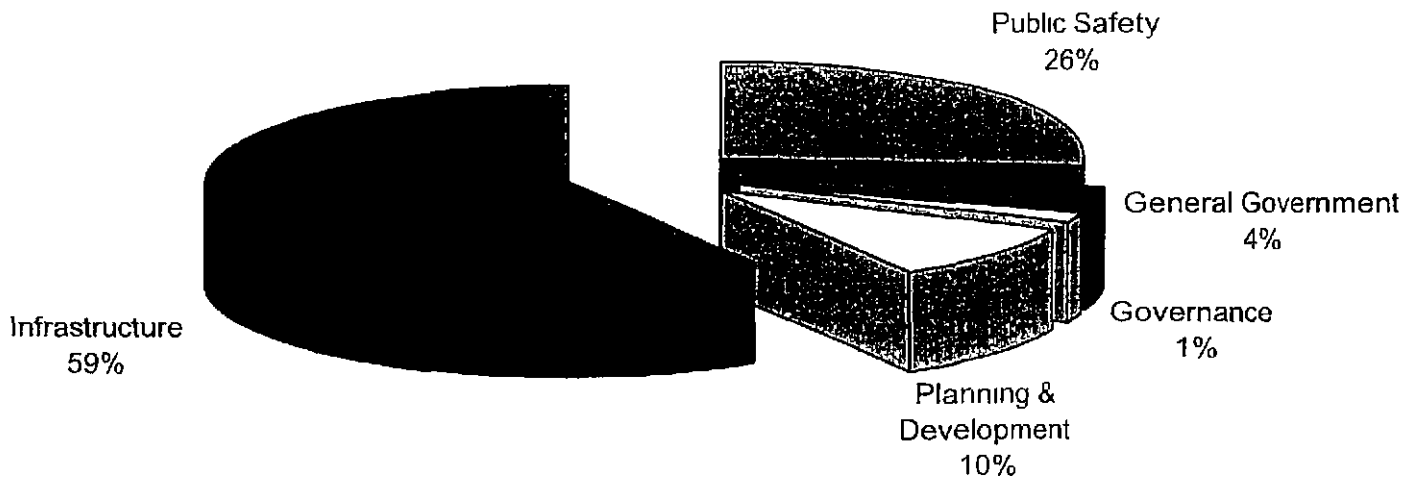
From a taxpayer perspective, payments for governmental services will generally decrease in total, by an average of 7% for FY14. Taxes based on the value of the property will decrease due to the continuing decline in value, while the annual assessment for streetlights and the fee for waste collection will increase in total by $4. There will be no increase in water and sewer rates.

FY14 REVENUES-ALL FUNDS
$169,747,203 *



* Excludes General Fund transfers and $1 million deficit reduction included in total $188,394,058

FY14 EXPENSES-ALL FUNDS
$188,394,058



CITY OF FLINT FY14 PROPOSED BUDGET

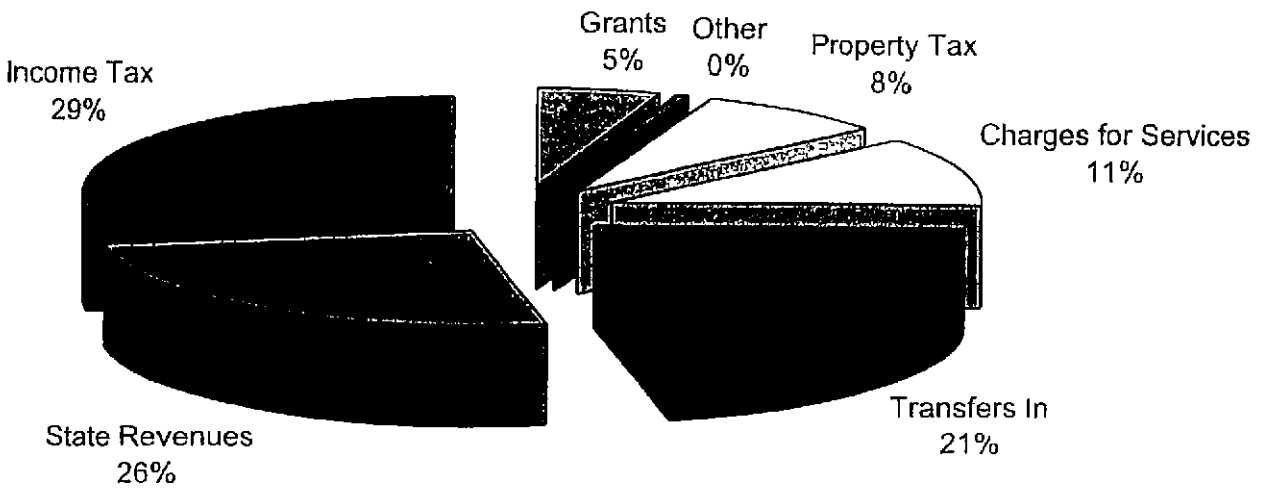
Proposed 5/17/13 Attachment D-1a

Major Funds

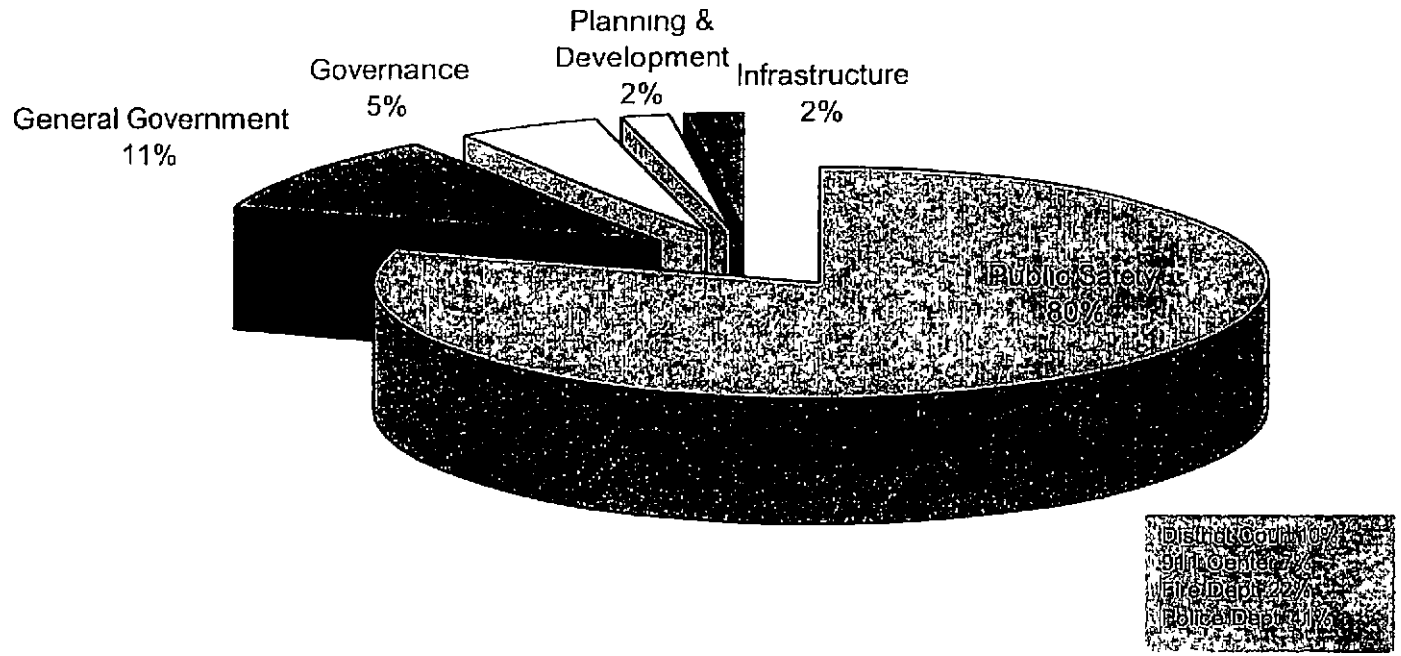
REVENUES	FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY13-FY14 COMP		FY15-FY14 COMP	
General City Services							
GENERAL FUND	$60,356,549	$53,045,076	$50,032,298	-$7,311,473	-12%	-$3,012,778	-6%
NEIGHBORHOOD POLICE MILLAGE	$1,962,180	$1,549,180	$1,090,192	-$413,000	-21%	-$458,988	-30%
POLICE AND FIRE MILLAGE	$1,059,000	$1,845,827	$4,593,085	$786,827	74%	$2,747,258	149%
DRUG FORFEITURE	$298,473	$435,042	$181,699	$136,569	47%	-$253,343	-58%
PARKS AND RECREATION MILLAGES	$386,400	$609,064	$277,000	$222,664	58%	-$332,064	-55%
SAFER (Fire)	$3,261,601	$3,261,601	$0	$0	0%	-$3,261,601	-100%
MASTER PLANNING	$516,227	$1,166,611	$0	$650,384	126%	-$1,166,611	-100%
PUBLIC IMPROVEMENT MILLAGE	$2,319,880	$1,875,000	$1,383,000	-$444,880	-19%	-$492,000	-26%
BUILDING INSPECTION FUND	$5,258,203	$2,318,627	$1,586,457	-$2,939,576	-56%	-$732,170	-32%
CDBG and Related Activities							
CDBG/HUD (FY13 & prior years)	$11,681,466	$9,376,083		-$2,286,383	-20%	-$9,376,083	-100%
CDBG		$4,469,675	$4,246,191	$4,469,675	0%	-$223,484	-5%
State Restricted Revenues							
Major Streets	$7,096,176	$6,829,982	$6,756,929	-$266,194	-4%	-$73,053	-1%
Local Streets	$3,535,537	$2,390,922	$1,533,527	-$1,144,615	-32%	-$857,395	-36%
Assessments and Fees							
Street Light Assessment	$2,850,000	$2,982,980	$3,102,278	$132,980	5%	$119,318	4%
Garbage Collection Fee	$5,000,000	$5,132,490	$5,337,790	$132,490	3%	$205,300	4%
Enterprise Funds							
Water Fund	$50,846,604	$50,964,182	$53,002,749	$117,578	0%	$2,038,567	4%
Sewer Fund	$32,093,816	$31,918,397	$33,195,133	-$175,419	-1%	$1,276,736	4%
GRAND TOTAL	$168,600,111	$160,169,719	$166,318,328	-$9,119,345	-5%	-$13,851,391	-8%

EXPENSES	FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY13-FY14 COMP		FY15-FY14 COMP	
General City Services							
GENERAL FUND	$80,356,549	$83,046,076	$86,411,302	-$7,311,473	-12%	$3,366,226	6%
NEIGHBORHOOD POLICE MILLAGE	$1,962,181	$1,549,180	$1,090,192	-$413,001	-21%	-$458,988	-30%
DRUG FORFEITURE	$296,473	$435,042	$181,699	$138,569	47%	-$253,343	-58%
POLICE AND FIRE MILLAGE	$1,059,000	$1,845,828	$4,593,085	$786,828	74%	$2,747,257	149%
SAFER (Fire)	$3,261,601	$3,261,601	$0	$0	0%	-$3,261,601	-100%
MASTER PLANNING	$516,227	$1,166,611	$0	$650,384	126%	-$1,166,611	-100%
PARKS AND RECREATION MILLAGE	$386,400	$609,064	$276,575	$222,664	58%	-$332,489	-55%
PUBLIC IMPROVEMENT MILLAGE	$2,104,906	$1,875,000	$2,131,515	-$229,906	-11%	$256,515	14%
BUILDING INSPECTION FUND	$5,036,426	$2,318,627	$1,183,340	-$2,717,799	-54%	-$1,135,287	-49%
CDBG and Related Activities							
CDBG/HUD (FY13 & prior years)	$11,661,466	$9,375,083		-$2,286,383	-20%	-$9,375,083	-100%
CDBG		$4,469,675	$4,246,191	$4,469,675	0%	-$223,484	-5%
State Restricted Revenues							
Major Streets	$7,096,176	$5,991,700	$4,392,747	-$1,104,476	-16%	-$1,598,953	-27%
Local Streets	$3,534,631	$2,322,073	$1,533,527	-$1,212,558	-34%	-$788,546	-34%
Assessments and Fees							
Street Light Assessment	$2,850,000	$2,982,960	$3,023,565	$132,960	5%	$40,605	1%
Garbage Collection Fee	$4,901,202	$5,132,490	$5,775,000	$231,288	5%	$642,510	13%
Enterprise Funds							
Water Fund	$54,686,604	$55,153,141	$54,202,479	$466,537	1%	-$950,662	-2%
Sewer Fund	$37,034,807	$36,860,907	$34,212,007	-$173,900	0%	-$2,648,900	-7%
GRAND TOTAL	$196,754,649	$188,394,058	$173,253,225	-$8,360,591	-4%	-$15,140,833	-8%

FY14 GENERAL FUND REVENUES
$53,045,076



FY14 GENERAL FUND EXPENSES
$53,045,076



FY14 GENERAL FUND REVENUE PROJECTIONS

Proposed 5/17/13 Attachment D-2a

	FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY13-FY14 COMP		FY15-FY14 COMP	
Property Taxes	5,720,000	4,522,000	4,179,000	-1,198,000	-21%	-343,000	-8%
Income Taxes	15,300,000	14,210,000	14,210,000	-1,090,000	-7%	0	0%
Special Assessments	5,000	8,000	8,000	3,000	60%	0	0%
State Shared Revenues	13,140,585	13,872,368	13,900,000	731,783	6%	27,632	0%
Charges for Services Rendered - Water/Sewer PILOT	1,958,450	1,958,450	1,958,450	0	0%	0	0%
Interest	114,400	150,000	175,000	35,600	31%	25,000	17%
Other	6,010	6,000	6,000	-10	0%	0	0%
Fund Balance- Deficit Reduction	-419,642	-1,000,000	-1,000,000	-580,358	138%	0	0%
District Court - State Grant	228,000	0	0	-228,000	-100%	0	n/a
District Court - Fines and Forfeitures	1,164,611	1,600,000	1,600,000	435,389	37%	0	0%
Finance - Charges for Services	1,150	2,200	2,000	1,050	91%	-200	-9%
Finance - Grant	57,000	0	0	-57,000	-100%	0	n/a
Clerk - Charges for Services	350	350	350	0	0%	0	0%
Cable Franchise Fees	1,287,931	1,303,626	1,300,000	15,695	1%	-3,626	0%
Sale of Equipment	130,007	75,000	50,000	-55,007	-42%	-25,000	-33%
Treasury Operations - Charges for Services	434,381	309,211	310,000	-125,170	-29%	789	0%
Treasury Operations - Other Revenues	27,000	27,000	25,000	0	0%	-2,000	-7%
Income Tax Operations - Other Charges	20,000	0	0	-20,000	-100%	0	n/a
Treasury - Delinquent Collections	0	700,000	800,000	700,000	n/a	100,000	14%
Assessing - Charges for Services	6,000	10,000	10,000	4,000	67%	0	0%
Clerk - Charges for Services	19,693	18,600	19,000	-1,093	-6%	400	2%
Clerk - Disabled Voter Grant	10,000	0	0	-10,000	-100%	0	n/a
Law Department - Charges for Services	14,925	16,500	16,500	1,575	11%	0	0%
Personnel - Charges for Services	3,207	0	0	-3,207	-100%	0	n/a
Cost Allocation Reimbursement	7,401,730	5,386,068	5,200,000	-2,015,662	-27%	-186,068	-3%
Police Department - Misc Grants	2,141,566	620,992	300,000	-1,520,574	-71%	-320,992	-52%
Police Department - COPS Grant	998,552	825,746	454,247	-172,806	-17%	-371,499	-45%
Police Department - Mott Grant	1,485,520	135,000	0	-1,350,520	-91%	-135,000	-100%
Police Department - Misc Revenues	313,148	396,250	400,000	83,102	27%	3,750	1%
Police Department - Impound Lot	654,000	654,020	655,000	-99,980	-15%	980	0%
Police Department - Lockup	1,330,000	1,300,001	0	-29,999	-2%	-1,300,001	-100%
Police Department - School Liaison Contract	384,061	361,196	360,000	-22,865	-6%	-1,196	0%
Fire Department - Misc Revenues	143,200	220,600	200,000	77,300	54%	-20,600	-9%
911 - Surcharge and Grant	1,577,000	1,334,000	1,330,000	-243,000	-15%	-4,000	0%
Planning and Zoning - Misc Revenues	29,250	25,000	25,000	-4,250	-15%	0	0%
Fire CDBG	407,524						
Parks - Misc Revenues	183,942	19,000	15,000	-164,942	-90%	-4,000	-21%
Transfers in - Water and Sewer (ROE)	2,990,000	2,990,000	2,990,000	0	0%	0	0%
Transfers in - Cost Allocation	1,087,998	1,087,998	1,087,998	0	0%	0	0%
				0	n/a	0	n/a
TOTAL PROJECTED Revenues	**60,356,549**	**53,045,076**	**50,486,545**	**-7,311,473**	**-12%**	**-2,558,531**	**-5%**

Proposed 5/17/13 Attachment D-2b

FY14 GENERAL FUND EXPENSE PROJECTIONS

	FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY13-FY14 COMP		FY15-FY14 COMP	
City Council	$352,899	$333,449	$343,452	-$19,450	-6%	$10,003	3%
District Court	$5,358,479	$5,194,307	$5,454,022	-$164,172	-3%	$259,715	5%
Mayor	$206,579	$212,239	$218,606	$5,660	3%	$6,367	3%
City Administrator	$711,982	$384,106	$395,629	-$327,876	-46%	$11,523	3%
HRC	$40,103	$26,237	$27,024	-$13,866	-35%	$787	3%
Finance	$1,100,342	$924,822	$971,063	-$175,520	-16%	$46,241	5%
Clerk	$423,065	$321,995	$338,095	-$101,070	-24%	$16,100	5%
Purchasing	$155,204	$130,229	$136,740	-$24,975	-16%	$6,511	5%
Treasury	$2,878,129	$3,052,787	$3,205,426	$174,658	6%	$152,639	5%
Assessing	$1,109,773	$1,084,221	$1,138,432	-$25,552	-2%	$54,211	5%
Elections	$572,525	$541,837	$668,929	-$30,688	-5%	$127,092	23%
Law	$1,057,484	$952,761	$971,816	-$104,723	-10%	$19,055	2%
Human Resources	$673,636	$622,167	$653,275	-$51,469	-8%	$31,108	5%
MISC Allocation	$298,509	$0	$0	-$298,509	-100%	$0	n/a
POLICE	$25,657,681	$21,758,778	$23,088,981	-$3,898,903	-15%	$1,330,203	6%
911	$3,314,413	$3,745,525	$3,932,801	$431,112	13%	$187,276	5%
Fire	$10,953,319	$11,699,796	$12,284,786	$746,477	7%	$584,990	5%
Building Inspection (transfer)	$986,519	$539,170	$568,129	-$447,349	-45%	$28,959	5%
Planning and Zoning	$99,120	$121,875	$427,969	$22,755	23%	$306,094	251%
Community Development	$2,058,900	$186,293	$190,019	-$1,872,607	-91%	$3,726	2%
Fire CDBG	$407,524						
Parks and Recreation	$576,842	$5,100	$5,355	-$571,742	-99%	$255	5%
Facilities	$1,263,526	$1,207,382	$1,392,751	-$56,144	-4%	$185,369	15%
Police Millage Fund (transfer)	$0	$0	$0	$0	#DIV/0!	$0	n/a
Parks Fund (transfer)	$40,000	$0	$0	-$40,000	-100%	$0	n/a
Other transfers out	$0	$0	$0	$0	#DIV/0!	$0	n/a
Transfers out	$100,000	$0	$0	-$100,000	-100%	$0	n/a
TOTAL GENERAL FUND EXPENDITURES	$60,398,653	$53,045,076	$56,411,302	-$7,351,477	-12%	$3,366,226	6%

CITY OF FLINT STAFFING PROJECTION

Proposed 5/17/13

Attachment D-3

	FY13 CURRENT	FY14 PROJECTED
STAFFING FUNDED BY GENERAL FUND	297.1	295.9
STAFFING SUPPORTED BY MILLAGES/RESTRICTED FUNDS	35.2	34.3
STAFFING SUPPORTED BY GRANTS	67.6	61.6
STATE RESTRICTED REVENUES (Steets)	43.3	30.6
ENTERPRISE FUNDS (Water/Sewer)	129.5	129.6
INTERNAL SERVICE FUNDS	23.0	15.0
TOTAL STAFFING	**595.0**	**567.0**

Proposed 5/20/13 Attachment D-4a

PROJECTED TAXPAYER IMPACT

Values	$50,000 House, $40,000 Income Current Winter & Summer	 Proposed Winter & Summer	$75,000 House, $50,000 Income Current Winter & Summer	 Proposed Winter & Summer
House value	$50,000	$41,000	$75,000	$61,500
Taxable value	$25,000	$20,500	$37,500	$30,750
Annual Income	$40,000	$40,000	$50,000	$50,000
Tax rate (mills)	65.88	65.88	65.88	65.88
Street Lights	$67	$68	$67	$68
Garbage	$143	$146	$143	$146
Water Bill	$1,800	$1,800	$1,800	$1,800
Payments				
Property taxes	$1,647	$1,351	$2,471	$2,026
Street lights	$67	$68	$67	$68
Garbage	$143	$146	$143	$146
Income tax	$400	$400	$500	$500
Water bill	$1,800	$1,800	$1,800	$1,800
Total Payments	$4,057	$3,765	$4,981	$4,540
	($292) -7.2%		($441) -8.8%	

CITY OF FLINT

FY14 Waste Collection Fee & Street Lighting Assessment

Waste Collection

FY14 Proposed Budget	$5,132,490
FY14 Projected # of Parcels to be billed	36,038
FY14 Fee	$146
FY13 Fee	$143

Street Light Assessment

FY14 Proposed Budget	$2,982,960
FY14 Projected # of Parcels to be billed	43,950
FY14 Assessment	$68
FY13 Assessment	$67

FIRST ADDENDUM TO
RAW WATER SUPPLY CONTRACT BETWEEN THE KAREGNONDI WATER AUTHORITY AND THE CITY OF FLINT DATED JUNE 28, 2013, AND EFFECTIVE ON OCTOBER 1, 2013

THIS FIRST ADDENDUM ("Addendum") to the **RAW WATER SUPPLY CONTRACT BETWEEN THE KAREGNONDI WATER AUTHORITY AND THE CITY OF FLINT DATED JUNE 28, 2013, AND EFFECTIVE ON OCTOBER 1, 2013** (hereafter the "Contract") is entered into effective _____, by and between the Karegnondi Water Authority, a Michigan Public Authority created pursuant to Act 233 of the Michigan Public Acts of 1955, as amended (hereinafter "KWA"), whose address is G-4610 Beecher Road, Flint, Michigan 48532 and the City of Flint, a municipal corporation, of the State of Michigan (hereinafter "Flint"), whose address is 1101 South Saginaw Street, Flint, Michigan 48502. KWA and Flint are sometimes hereafter each referred to as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, the Parties entered into a Raw Water Supply Contract, dated the 28th day of June, 2013, and effective on October 1, 2013;

WHEREAS, the Parties have agreed to enter into this Addendum for the purpose of modifying the Recitals; ARTICLE I, Section 1.02(6); ARTICLE I, Section 1.02(18); ARTICLE II, Section 2.04; ARTICLE II, Section 2.05; ARTICLE II, Section 2.07; ARTICLE VI, Section 6.06; and EXHIBIT A, Section 2(b) of the Contract.

NOW THEREFORE, it is hereby agreed by the Parties as follows:

1. **Amendment to the RECITALS of the Contract.** Add the following recital to the RECITALS of the Contract:

> **WHEREAS**, the Parties hereto acknowledge and agree that the intake system and the property where the two (2) pump systems may be acquired, constructed, is owned by the Genesee County Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended.

2. **Amendment to the RECITALS of the Contract.** Add the following recital to the RECITALS of the Contract:

> **WHEREAS**, the Parties hereto acknowledge and agree that the intake system and the property where the two (2) pump systems may be acquired and constructed was acquired and purchased by the Genesee County Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, and the County Agency shall be provided with a credit for the purchase and construction of the property and intake as annually in an amount equal to the

aggregated debt service of the County of Genesee's Water Supply System Revenue Bonds (Limited Tax General Obligation) Series 2013 (the "County Bonds") as more fully set forth in Exhibit A to this addendum. The County Bonds were issued in the original principal amount of Thirty-Five Million Dollars ($35,000,000.00).

3. Amendment to ARTICLE I, Section 1.02(6) of the Contract. ARTICLE I, Section 1.02(6) of the Contract is hereby deleted in its entirety and replaced with the following:

(6) **"Capacity Fee"** means the monthly fee paid by the Buyer to the Authority pursuant to Article III of this Contract for the limited rights to capacity. The Capacity Fee shall be billed to the Buyer monthly on the Capital Expenditure Invoice. All interest earned on the Capacity Fee shall be transferred to the reserve fund to be applied to debt service as determined by the Authority and shall not be returned to the general operations fund. The aggregate Capacity Fee payable by all Buyers shall be sufficient to enable the Authority to pay the principal of, redemption premium, if any, and interest on the Bonds, as such principal, redemption premium, if any and interest become due, less interest to be paid out of Bond proceeds or from other sources if permitted by any Bond Resolution, and all amounts required to redeem any Bonds prior to maturity when and as provided in any Bond Resolution, plus the fees, expenses and charges of each paying agent/registrar for paying the principal of and interest on the Bonds, for authenticating, registering and transferring Bonds on the registration books of the Authority maintained with the paying agent/registrar, and all annual disclosure fees. Additionally, the Capacity Fee shall include the proportionate amount of any reserve funds required to be accumulated and maintained by the provisions of any Bond Resolution or as determined by the Authority and the proportionate amount of any contingency funds, if so required by the Authority. If the Bond Resolution so requires, the Capacity Fee shall allow for an amount sufficient to restore any deficiency in any of such funds required to be accumulated and maintained by the Authority. The Capacity Fee shall terminate upon redemption of the bonds issued for the implementation and construction of the System.

4. Amendment to ARTICLE I, Section 1.02(18) of the Contract. ARTICLE I, Section 1.02(18) of the Contract is hereby deleted in its entirety and replaced with the following:

(18) **"System"** means the long-range Water supply system authorized by this Contract, together with all improvements, enlargements, extensions and additions which, pursuant to this Contract, are deemed necessary and feasible by the Authority to provide Water supply as contracted herein to the Buyer from the point of withdrawal to the Point of Delivery; and, all future new facilities, which are acquired or constructed with proceeds from the sale of any bonds or revenues from the System; and, any water supply facilities which are deliberately and specifically, at the option of the Authority, made a part of the System by resolution of the Authority Board, and all repairs to or replacements of the System. The System is owned exclusively by the Authority and shall remain with the Authority. In the event that the Authority is dissolved the System shall be disposed of in a manner consistent with Article V of the Articles of Incorporation. Notwithstanding anything in this Contract to the contrary, the intake system and the property where the two (2) pump systems may be acquired, constructed, and owned by the Genesee County Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, through the issuance of the County Bonds.

5. **Amendment to ARTICLE II, Section 2.04 of the Contract.** ARTICLE II, Section 2.04 of the Contract is hereby deleted in its entirety and replaced with the following:

Section 2.04. **Construction of the System.** The Authority agrees to use its best efforts to issue System Development Bonds, payable from and/or secured by the Capacity Fee payments made under this Contract and any other lawful sources. Allocated portions of the System Development Bond issues may be used to fund any other approved use as determined by the Authority's Bond Counsel.

6. **Amendment to ARTICLE II, Section 2.05 of the Contract.** ARTICLE II, Section 2.05 of the Contract is hereby deleted in its entirety and replaced with the following:

Section 2.05 **Enhancement and Expansion of the System.** It is anticipated that the enhancement and expansion of the System will be in incremental, finite projects and that each such project will be financed by the Authority through the issuance of one or more series or issues of System Improvement Bonds. Also, on its own initiative or at the request of the Buyer, the Authority may refund any Bonds that were issued to extend, enlarge, repair, renovate, equip, operate, maintain and otherwise improve the System and any System facilities. The Authority agrees that such improvements for the System will be made in accordance with generally accepted engineering practices. It is anticipated that such improvements will be financed by the Authority through the

issuance of one or more series or issues of System Improvement Bonds payable from and secured by the payments made under this Contract and/or any other lawful sources.

7. **Amendment to ARTICLE II, Section 2.07 of the Contract.** ARTICLE II, Section 2.07 of the Contract is hereby deleted in its entirety and replaced with the following:

Section 2.07. **Financing of the Infrastructure.** The Authority and Buyer expect to use bond financing and any other lawful sources for construction of the System and any other approved use for the financing and constructing the Authority's facilities. The Authority through its Financial Advisor may establish appropriate custodial and/or trust accounts to hold the debt service and the proceeds from bond sales and shall establish an investment policy defining the Authority's rights to and the Authority's requirements and restrictions related to the investment of the proceeds from bond sales. Further, the custody and/or trust agreement, if any, and also the related investment policy shall comply with appropriate State of Michigan statutes and audit requirements and will be reviewed and approved by the Authority's legal counsel. The Authority may pledge revenues from this Contract to secure financing of the System, in addition to the Capacity Fees, the Members of the Authority may pledge the full faith and credit of their respective municipality toward any bonds issued by the Authority at the request of the Authority. The title of the System shall be solely in the name of the Authority. The Buyer expressly agrees that it shall not have any claim to any portion of the physical infrastructure of the System. The Buyer pursuant to this Contract shall only have rights to capacity and the amount of Water purchased. Notwithstanding anything to the contrary in this Contract, to the extent the County of Genesee, or its County Agency, finances the acquisition, construction of the intake facility or the property where the two (2) pump stations are located in the amount of Thirty-Five Million ($35,000,000.00) through the issuance of the County Bonds and makes the same available to the Authority for the duration of this Contract, the Genesee County Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, shall be credited yearly in an amount equal to its bond payment with interest and fees thereby receiving a full credit for the amount paid for the intake and the property where the two (2) pumping stations are located. Once the County Bonds have been redeemed in their entirety and the County Agency has received a credit in an aggregate amount equal to the aggregate debt service of the County Bonds, as fully set forth in Exhibit A to this addendum, the County

Agency shall transfer the property, intake, and all structures, fixtures, and assets located on the property to the Karegnondi Water Authority. Further, the parties hereto expressly agree that the County Agency will receive an annual payment credit equal to the aggregate debt service on the County Bonds.

8. Amendment to ARTICLE III, Section 3.04 of the Contract. ARTICLE III, Section 3.04 of the Contract is hereby deleted in its entirety and replaced with the following:

Section 3.04 The Buyer expressly agrees that the Authority is responsible for furnishing Water to the Buyer and it may take several years after the execution of this Contract before Water is made available to the Buyer. Understanding that the goal of the Authority is to provide Water that benefits both the Authority, the Buyer, and the future needs of the Buyer, the Buyer shall pay to the Authority a good faith one-time fee of not less than thirty-two thousand three hundred dollars ($32,300.00) per Unit of Water purchased after October 1, 2013, but prior to October 31, 2013.

Additionally, to show its continued good faith, the Buyer shall pay to the Authority not less than thirty-two thousand three hundred dollars ($32,300.00) per Unit purchased per year until such time as Water is made available to the Buyer. Said payments shall be made in monthly installments. The good faith payments are being used to secure a Water supply for the Buyer. As such, Buyer agrees that it is not entitled to any interest on the good faith payments made to the Authority. The good faith payments shall be credited to the Buyer, after Water is made available to the Buyer, over a time period determined by the Authority Board, not to exceed the term of this Contract. Said credits shall be applied to the monthly invoice sent to the Buyer by the Authority.

After Water is made available to the Buyer, the Buyer shall pay the cost per Unit per year for Water or the cost per Unit per year for Volume for Exempt Purposes in the form of a certified bank check or wire transfer. Said payments shall be made in monthly installments. The actual payment amount will be ultimately determined by the total number of Units sold and the amount of Units available for purchase. See Exhibit D. If the Authority determines after the System is designed and the estimated costs are confirmed that the anticipated cost of construction of the System will exceed the funds and assets from the proceeds of the County Bonds and bonds issued by the Authority and secured by a Contract between the City of Flint, the County of Genesee and the

Authority dated as August 1, 2013, the Buyer shall have the right to cancel this Contract pursuant to Section 7.04 of this Contract.

9. Amendment to ARTICLE VI, Section 6.06 of the Contract. ARTICLE VI, Section 6.06 of the Contract is hereby deleted in its entirety and replaced with the following:

Section 6.06. **Buyer Payment Obligations.** The Buyer shall raise money to pay the Capacity Fee, the Annual Requirement, Water Transmission Fee, the Debt Fund fee, fee for Volume for Exempt Purposes, and any other fee, if any, required under this Contract to the extent authorized by law through the levy of taxes, water system revenues collected from its customers, or from any other lawful source.

10. Amendment to ARTICLE VII, Section 7.04(b) of the Contract. ARTICLE VII, Section 7.04(b) of the Contract is hereby deleted in its entirety and replaced with the following:

(b) If the Authority Board determines that the cost of constructing the System will exceed the maximum amount provided in Section 3.04, provided, however, this right to cancel must be exercised before the Authority issues any System Development Bonds.

11. Amendment to EXHIBIT A, Section 2(b) of the Contract. EXHIBIT A, Section 2(b) of the Contract is hereby deleted in its entirety and replaced with the following:

(b) Depending on an analysis of costs and other considerations, there may be one or two Points of Withdrawal utilized by the Authority for the extraction of Water from Lake Huron. A general site map of all possible Points of Withdrawal is set forth in attachment 2 to this Exhibit A. An engineer hired by the Authority pursuant to the Contract shall prepare an analysis of costs and preliminary design plans for the construction of all necessary components. The actual design of the Point of Withdrawal and location of the Point or Points of Withdrawal shall be subject to change as required by environmental Studies and Permits obtained pursuant to provisions of Exhibit E. Further the Point of Withdrawal may be acquired, constructed and designed by the Genesee County Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended. The County Agency will agree to make the intake facility available to the Authority.

12. Notices. Any notice, demand, or communication required, permitted or desired to be given under this Addendum shall be deemed effectively given pursuant to ARTICLE VII, Section 7.24 the Contract.

13. **Headings.** The headings of the sections set forth in this Addendum are inserted for the convenience of reference only and shall be disregarded when construing or interpreting any of the provisions of this Addendum.

14. **Complete Agreement.** This Addendum, the Contract and any additional or supplementary documents incorporated by specific reference contain all of the terms and conditions agreed upon by the Parties and no other agreements, oral or otherwise, regarding the subject matter of this Addendum or any part thereof shall have any validity or bind either of the Parties.

15. **Severability.** If any provision of this Addendum is held to be unenforceable for any reason, the unenforceability thereof shall not affect the remainder of this Addendum which shall remain in full force and effect and enforceable in accordance with its terms.

16. **Waiver.** No waiver of any of the obligations contained herein shall be effective for any purpose unless the same shall be in writing signed by the Chairperson of the Incorporating Board of the Karegnondi Water Authority and by Mayor or Emergency Manager, or both upon the Flint City Council or Emergency Manager's approval, whichever is applicable.

17. **Construction.** This Addendum has been prepared and negotiations have occurred in connection with said preparation pursuant to the joint efforts of the Parties. This Addendum therefore shall not be construed against either Party.

18. **Amendment.** This Addendum may not be amended or modified except for by written agreement signed by both Parties.

19. **Certification of Authority to Sign Addendum.** The persons signing on behalf of each of the Parties certify by their signatures that they are authorized to sign the Addendum on behalf of such Party and that this Addendum has been authorized by such Party.

20. **Remainder of Contract.** Except as modified by this Addendum, the terms of the Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this Addendum to be executed and delivered by their respective duly authorized representatives as of the day and year first above written.

KAREGNONDI WATER AUTHORITY

By: _____
Dayne Walling, Chairperson of the Incorporating Board

ATTEST:

_____

(OFFICIAL SEAL)

APPROVED AS TO FORM AND LEGALITY:

By: _____
Kevin K. Kilby, Counsel for the Karegnondi Water Authority

CITY OF FLINT

By. _____
Dayne Walling, Mayor

CITY OF FLINT

By: _____
Darnell Earley, Emergency Manager

ATTEST:

_____
Inez Brown, Clerk of the City of Flint

(OFFICIAL SEAL)

APPROVED AS TO FORM:

By: _____

_____ Counsel for Flint

This 1st Addendum was prepared by:

McGraw Morris P.C.
Attorney Kevin Kilby (P68599)
2075 West Big Beaver Road
Suite 750
Troy, Michigan 48084
(248) 502-4000
kkilby@mcgrawmorris.com

N:\GCDC\2155-1019 (Karegnondi Water Authority)\Water Supply Contract\1st Addendum to Water Supply Contract with Flint draft February 4 2014 (EXECUTION COPY).doc

Vandegrift, Drew (TREASURY)

From: Cline, Richard (Treasury)
Sent: Wednesday, May 01, 2013 4:44 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Dube, Mathieu (Treasury); Vandegrift, Drew (TREASURY)
Subject: RE: Treasure Governor Memo - Flint

Importance: High

Ed/Randy,

Regarding Flint's 2014 Budget, major changes from 2013, ongoing issues, and financial projections, I reviewed the City's *Five Year Financial Projections*, the *Five Year Financial Plan*, and the *2014 Budget Summary* and note the following:

- Total Revenues for 2014 are projected to be **$66.4-million**; down from $73.5-million in 2013.
    - Property Tax Revenue is projected to decline by **22% ($3.5-million)**. Property taxes are projected to decline until FY 2015 and not experience growth until FY 2018.
    - Grant Revenue is projected to decline by **25% ($1-million)**.
    - A growing delinquency in tax collections is noted.
- Total Expenditures are projected to decline by **12% ($6.9-million)**.
    - It is noted that there are **$300-million** in unmet capital needs within the City. Streets and parks will see less maintenance resources in the FY 2014 Budget.
    - **$1-million** is committed to deficit reduction (1/19th of the total accumulated deficit).
    - Concerns are noted that if the City loses the legal challenge over retiree healthcare changes that this could add **$3 - $5-million** in expenses to the budget.
    - Staffing will be reduced to 568 positions from 595 **(a 5% reduction)**.

- Police Department staffing is expected to remain at 150 officers. However, projections indicate that staffing could be reduced to 140 officers by FY 2018; further if the City fails to receive continued COPS Grant funding.
- *Concerns are noted about maintaining Fire Department staffing after the SAFER Grant expires in FY 2014. Loss of the SAFER Grant is projected to* reduce department staffing from 94 to 75 (**20%**).
- Fewer resources will be allocated for demolition and blight removal due to the loss of federal grants.
- A Planning and Development Division will be created in this budget. This department will be funded through grants until FY 2015, when new funding sources will need to be allocated.

- Water and Sewer bills are expected to increase by **2%**.
  - No funds have been allocated for the KWA project.

If any additional analysis is needed, please let me know.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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From: Koryzno, Edward (Treasury)
Sent: Wednesday, May 01, 2013 2:58 PM
To: Byrne, Randall (Treasury)
Cc: Cline, Richard (Treasury); Dube, Mathieu (Treasury)
Subject: Treasure Governor Memo
Importance: High

Randy,

I am preparing the update to the memo which has to be completed and sent to Roger on Friday and realized that the information we put in the bi-monthly report is of a different nature than info for this document. With that said I need staff to provide the following information for each community listed. Let me know if you have any questions.

Benton Harbor – Does the budget still anticipate a $400k deficit this year and a $600k surplus next year? Do we have a firm date on when the loan application will be made? Is the healthcare info Tony just sent firm numbers that we can depend upon? Can the water/sewer system survive absent any new customers to replace those that exited? If so why? Any other relevant information?

Flint – Have Matt or Eric take a look at the proposed budget and identify major changes, issues and their financial projections.

Inkster – Will the FY 13 budget still breakeven? What is the projection for FY14? Any other concerns?

River Rouge – Do we know what the FY13 budget will be? What are they projecting for FY14? Is there any additional information about ORTA's analysis of the PPT impact upon the city?

Highland Park – Any update on the FY 13 budget? How about FY 14? Are there any other issues that need to be mentioned? What is the topic(s) for the upcoming meeting between the City & DEQ?

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, May 29, 2013 7:52 AM
To: Shekter Smith, Liane (DEQ)
Cc: Sygo, Jim (DEQ); Busch, Stephen (DEQ)
Subject: RE: DWSD response on sunk costs and non-contracted rates

Liane,

I will share this information with the Treasurer and will let you know if we are able to help.

Ed

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
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Thank you

From: Shekter Smith, Liane (DEQ)
Sent: Tuesday, May 28, 2013 3:43 PM
To: Koryzno, Edward (Treasury)
Cc: Sygo, Jim (DEQ); Busch, Stephen (DEQ)
Subject: FW: DWSD response on sunk costs and non-contracted rates

Ed –

Please see the note below.

Staff have identified that delays regarding future cost estimates are impacting the city of Flint's ability to move forward with decisions regarding water treatment plant planning. Based on the attached letter from DWSD, it appears that a cost estimate may not be available for Flint until at least the end of the calendar year.

Does your office have the ability to intervene or persuade parties to cooperate? Is it possible to for your Office to prompt a quicker response?

Appreciate any assistance your Office can provide.

Regards,
Liane

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, May 29, 2013 10:44 AM
To: 'Ed Kurtz'
Subject: RE: DWSD letter

Ed,

Thanks!

Ed

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Ed Kurtz [mailto:ekurtz@cityofflint.com]
Sent: Wednesday, May 29, 2013 10:44 AM
To: Koryzno, Edward (Treasury)
Subject: Re: DWSD letter

Ed , I did have that letter, it was sent the same day they made their final offer to us. That is what caused us to start considering other options. Ed

On Wed. May 29, 2013 at 10:27 AM, Koryzno, Edward (Treasury) <KoryznoE@michigan.gov> wrote:

Per our conversation

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
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BARCLAYS

Detroit Water and Sewerage Department

Preliminary Review and Analysis

November 6, 2013

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C. "Vanilla" Refunding Using "Low A" Scale
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E. DSWD Surplus Fund

Executive Summary

- DWSD has approximately $5.3 billion of non-SRF and $0.5 billion of SRF debt outstanding[1]
- DWSD currently projects that it will generate an average of up to $159 million in annual net income from FY 2013 through FY 2016 after the payment of debt service but before any application to CIP
- The existing bond ordinances effectively trap this net income within the respective Surplus Funds
- Subject to review by bond/tax counsel, this restriction can be overcome using several methods:
  - A defeasance and/or repurchase of all existing debt using either (i) a traditional tax-exempt/taxable refinancing transaction or (ii) an all tax-exempt refinancing in the context of a "true sale" transaction
  - A defeasance and/or repurchase of enough existing debt to obtain consent rights on at least 51% of outstanding debt per ordinance
    - Identification of the "cheapest to refund" 51%; "breaking the least amount of china"
    - Potential new money financings can also assist
  - Scales: 'AAA' and "Low A"
- Refinancing provides the opportunity to restructure debt service to increase net income over the near and medium terms
- Requires the creation of a framework for the equitable division of net income between the City and major wholesale community customers
- Potential identification of benefits to bond insurers for use in G.O. / Pension COP negotiations

1 *For purposes of this preliminary analysis, we have focused on the non-SRF debt*

1. Overview of Detroit Water and Sewerage Department ("DWSD")

DWSD vs. National Peers

DWSD operates one of the largest water systems in the nation, but service appears to be expensive relative to its peers

Detroit Water and Sewer Ranks in the Top Ten Among Comparable Water Systems for both Service Area and Population[1]

Service Area	
City	Square Miles
San Francisco	1,762
San Diego	1,480
Detroit	**1,079**
Jacksonville	874
Chicago	806
Memphis	784
Dallas	699
San Antonio	642
Houston	600
Phoenix	540
Average	927

Population	
City	Population
New York	8,175,133
Chicago	5,296,094
Los Angeles	3,900,000
Detroit	**3,800,000**
San Diego	3,201,714
Houston	2,800,000
San Francisco	2,600,000
Dallas	2,400,000
Boston	2,200,000
Baltimore	1,800,000
Average	3,617,294

Detroit Water and Sewer Charges are High Relative to Peer Systems[2,3,4]

Single Family Residential	
City	Annual Charge
Memphis	$402
Chicago	443
Phoenix	457
Milwaukee	657
San Antonio	669
Dallas	749
Los Angeles	755
Baltimore	862
Indianapolis	886
Houston	891
San Jose	909
Columbus	912
New York	939
Detroit	**941**
Philadelphia	954
Jacksonville	1,072
Boston	1,107
Austin	1,145
San Diego	1,205
San Francisco	1,490
Average	$872

Commercial	
City	Annual Charge
Memphis	$5,321
Chicago	5,534
San Antonio	7,439
Dallas	7,486
Milwaukee	7,832
Indianapolis	8,683
Phoenix	8,997
Baltimore	9,281
San Jose	9,752
Los Angeles	10,093
Houston	10,648
Columbus	10,856
San Diego	10,953
New York	11,738
Jacksonville	11,821
Philadelphia	12,199
Boston	15,198
San Francisco	15,493
Detroit	**16,166**
Austin	16,590
Average	$10,604

Industrial	
City	Annual Charge
Memphis	$351,237
Milwaukee	509,754
Dallas	556,068
San Antonio	630,694
Indianapolis	633,714
Chicago	646,974
Philadelphia	736,163
Columbus	822,035
Baltimore	822,579
Detroit	**847,110**
San Jose	851,000
Jacksonville	905,132
Houston	970,914
Los Angeles	976,813
San Diego	1,021,597
Phoenix	1,069,192
New York	1,173,810
Austin	1,348,003
San Francisco	1,524,356
Boston	1,674,658
Average	$903,590

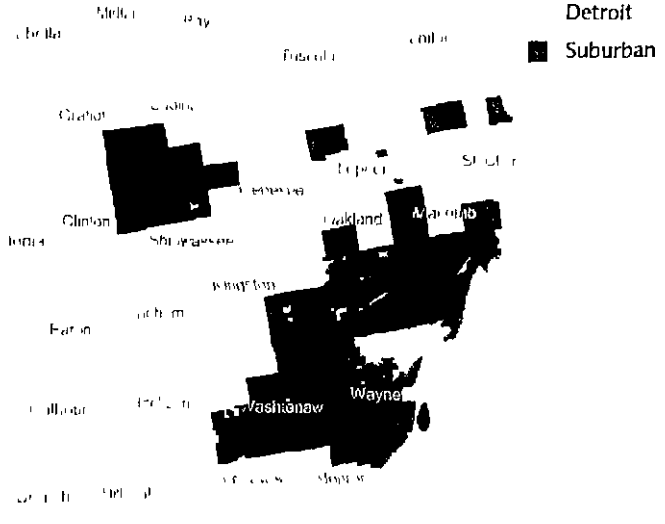
1 *Based on most recently available data provided by the respective water systems.*
2 *Source New York City Municipal Water Finance Authority, Water and Sewer System Revenue Bonds, Fiscal 2014 Series AA Official Statement*
3 *Charges for all cities reflect rate schedules in effect in March 2013*
4 *Peer systems based on City of Detroit, MI Water Supply System Revenue Bonds, Series 2011A-C Official Statement*

DWSD Service Area Key Characteristics

DWSD serves up to 40% of Michigan's population across eight counties

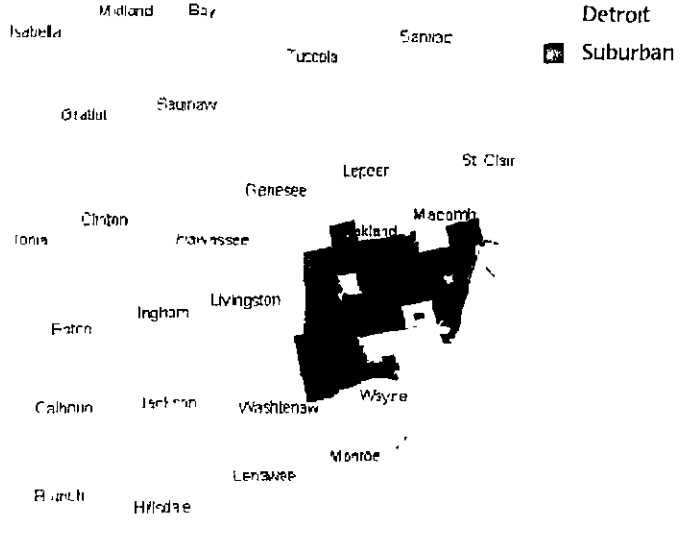
Water Supply System

- **Service Area:** 1,079 square miles including Detroit and 126 neighboring communities located in Wayne, Oakland, Macomb, Lapeer, Genesee, Washtenaw, St. Clair and Monroe counties
- **Service Population:** 3.8 million, or almost 40% of the population of the State of Michigan
- **Ratepayer Base:** Suburban customers account for 80% of total customers and 77% of total revenue



Sewage Disposal System

- **Service Area:** 946 square miles including Detroit and 76 neighboring communities located in Wayne, Oakland and Macomb counties
- **Service Population:** 2.8 million, or almost 30% of the population of the State of Michigan
- **Ratepayer Base:** Suburban customers account for 75% of total customers and 55% of total revenue



10 Largest Water Customers

In FY 2011, 10 wholesale water customers accounted for approximately 32% and 28% of water billed volume and revenue

Summary of Wholesale Water Supply Contracts						
	County	Contract Origination Date[1]	Total Billed Volume FY 2011 (Mcf)[2]	% of Total Billed Volume FY 2011	Total Billed Revenue FY 2011 ($)	% of Total Billed Revenue FY 2011
Flint	Genesee[3]	1967	1,310,873	6.5%	$17,103,752	5.4%
Southeast Oakland County Water	Oakland	2009	1,177,239	5.8%	10,293,814	3.3%
Rochester Hills	Oakland	2009	387,655	1.9%	9,047,860	2.9%
Shelby Township	Macomb	2010	432,413	2.1%	8,175,322	2.6%
Sterling Heights	Macomb	2008	683,223	3.4%	8,113,053	2.6%
Livonia	Wayne	2009	570,035	2.8%	7,804,684	2.5%
Farmington Hills	Oakland	2009	406,750	2.0%	7,775,635	2.5%
Warren	Macomb	2010	829,583	4.1%	7,532,208	2.4%
Troy	Oakland	2008	484,895	2.4%	7,295,491	2.3%
Novi	Oakland	2009	289,650	1.4%	7,063,698	2.2%
Totals			**6,572,316**	**32.4%**	**$90,205,517**	**28.4%**

1 *Subject to further diligence, contracts are typically 35 years in length*
2 *Thousands of cubic feet.*
3 *The Karegnondi Water Authority, comprising Genesee County and the City of Flint, has started an initiative to leave the Detroit Water System In 2012, Flint made total payments of approximately $25 million to DWSD*

Condition of DWSD System

The 2011 Engineering Reports confirm that the Water System and Sewage System are in adequate to good condition[1]

Water Supply

- Additional major improvements beyond the five-year Capital Improvement Plan ("CIP") will be necessary to maintain the reliable operation of the System.
- While operation and maintenance of the Water System is adequate, additional personnel would facilitate the filling of shift schedules, allow for increased training of operating personnel, and provide for better routine and preventative maintenance of the Water System.

Sewage Disposal

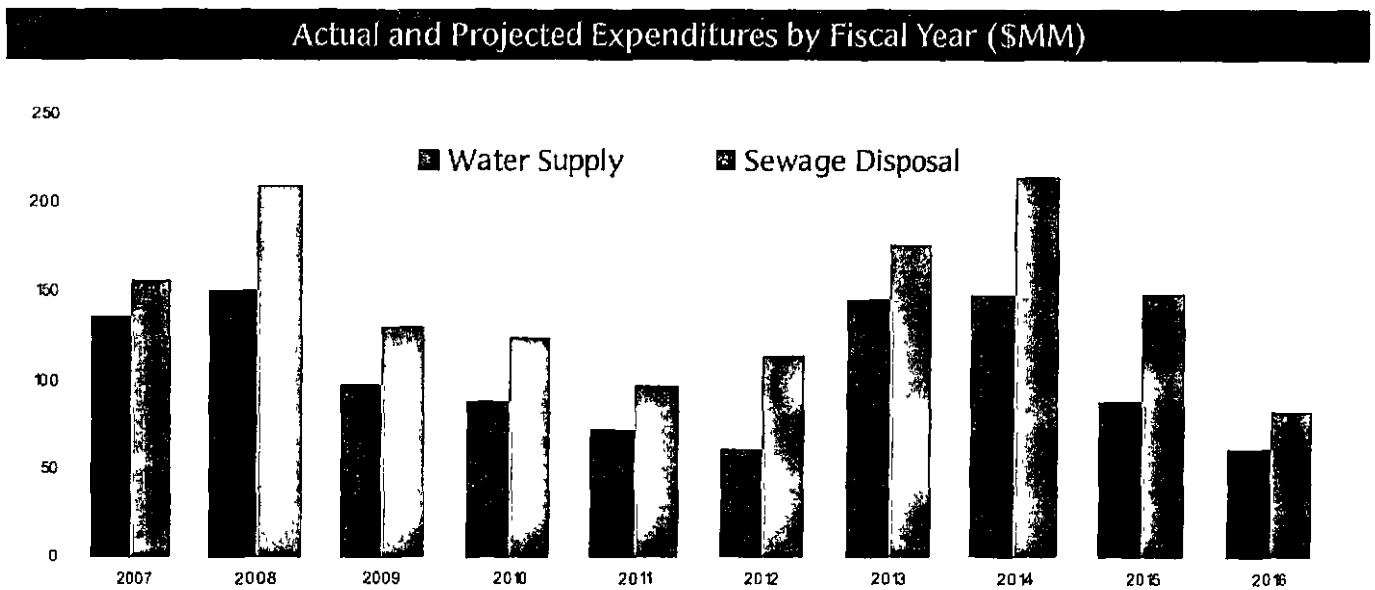
- Major capital improvements at the Plant have been completed over the last several years and there are numerous projects in the CIP designed to support a sustainable operating condition.

1 *Sources City of Detroit, Michigan Water Supply System Revenue Bonds, Series 2011A-C Official Statement and City of Detroit, Michigan Sewage Disposal System Revenue and Refunding Bonds, Series 2012A Official Statement*

CIP Summary and Projected Funding Sources[1]

DWSD utilizes a five-year CIP to improve the Water and Sewage Disposal Systems, meet regulatory standards and achieve greater operating & maintenance efficiency

- Only the first year or two of the CIPs are actually funded.
- Based on prior reports[2], DSWD expected to fund the CIP from a combination of revenue bond proceeds (48%) and revenues, additional SRF Loans and funds on hand (52%).



1 *Sources Detroit Water Supply System Capital Improvement Plan January 2013 Update and Sewage Disposal System Capital Improvement Program January 2013 Update*
2 *Sources City of Detroit, Michigan Water Supply System Revenue Bonds, Series 2011A-C Official Statement and City of Detroit, Michigan Sewage Disposal System Revenue and Refunding Bonds, Series 2012A Official Statement.*

DWSD Historical and Projected Operating Results – Water Supply

	Actual							Projected				
	2007	2008	2009	2010	2011	2012	CAGR	2013	2014	2015	2016	CAGR
Rates (Retail/Wholesale)[1]:	$13.56/ $11.81	$14.42/ $12.86	$15.17/ $13.68	$16.59/ $14.43	$18.09/ $15.72	$19.84/ $16.99	7.9%/ 7.5%	$21.55/ $18.45	$23.38/ $20.02	$25.15/ $21.54	$27.04/ $23.16	8.0%/ 8.1%
Water Sales Volumes:												
Suburban Wholesale[2]	18.4	18.4	16.7	15.7	16.1	16.3	(2.4%)	16.0	16.0	16.0	16.0	(0.5%)
Detroit Retail[2]	4.9	4.1	4.1	3.9	4.2	3.9	(4.5%)	4.1	4.1	4.1	4.1	1.3%
Total	**23.3**	**22.6**	**20.8**	**19.6**	**20.3**	**20.2**	**(2.8%)**	**20.1**	**20.1**	**20.1**	**20.1**	**(0.1%)**
Total Water Production	28.1	29.4	27.2	25.1	26.5	27.2	(0.6%)	N/A	N/A	N/A	N/A	
Operating Revenues:												
Water Sales – Detroit	$57.9	$74.4	$65.4	$70.0	$74.8	$71.0	4.2%	N/A	N/A	N/A	N/A	
Water Sales – Suburban	208.0	216.9	206.3	210.7	237.1	259.1	4.5%	N/A	N/A	N/A	N/A	
Other	2.3	1.7	2.5	4.8	4.1	6.0	21.1%	N/A	N/A	N/A	N/A	
Total Operating Revenues	$268.3	$293.0	$274.1	$285.5	$316.0	$336.1	4.6%	$379.5	$411.4	$442.1	$474.7	9.0%
O&M Expenses	146.3	141.4	149.9	146.6	146.9	165.1	2.4%	162.9	166.2	169.5	172.9	1.2%
Net Operating Revenues	$122.0	$151.6	$124.2	$138.9	$169.1	$171.0	7.0%	$216.6	$245 2	$272.6	$301.8	15.3%
Non-Operating Revenues	34.1	29.3	13.7	7.1	4.3	7.8	(25.5%)	3.8	4.6	4.2	4.0	(15.4%)
Net Revenues	**$156.0**	**$180.9**	**$138.0**	**$146.0**	**$173.4**	**$178.8**	**2.8%**	**$220.4**	**$249.8**	**$276.7**	**$305.8**	**14.4%**
Debt Service Requirements:												
Senior Lien[3]	$82.3	$97.5	$110.1	$109.8	$116.2	$115.0		$130.2	$140.2	$150.2	$153.3	
Senior and Second Lien	115.2	133.6	155.0	155.7	162.3	151.4		170.6	180.7	193.2	196.2	
All Bonds	$115.4	$135.2	$156.8	$157.6	$164.4	$153.5		$172.8	$183.0	$195.6	$198.6	
Net Revenues After Debt Service:	**$40.6**	**$45.7**	**($18.8)**	**($11.6)**	**$9.0**	**$25.3**	**(9.0%)**	**$47.5**	**$66.8**	**$81.2**	**$107.2**	**43.5%**
Debt Service Coverage:												
Senior Lien	1.90x	1.86x	1.25x	1.33x	1.49x	1.56x		1.69x	1.78x	1.84x	2.00x	
Senior and Second Lien	1.35x	1.35x	0.89x	0.94x	1.07x	1.18x		1.29x	1.38x	1.43x	1.56x	
All Bonds	1.35x	1.34x	0.88x	0.94x	1.05x	1.16x		1.28x	1.36x	1.42x	1.54x	

1 *Commodity charge per Mcf (thousand cubic feet)*
2 *Thousands of cubic feet*
3. *Projected debt service for Senior Lien debt includes $200 million of new bonds with 5 00% coupon*

DWSD Historical and Projected Operating Results – Sewage Disposal

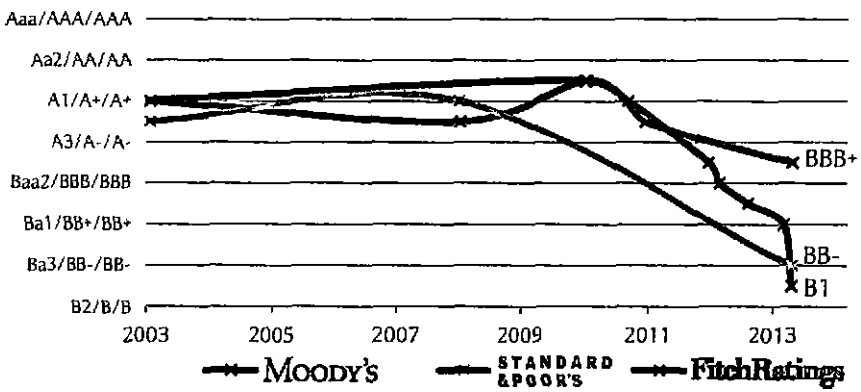
	Actual							Projected				
	2007	2008	2009	2010	2011	2012	CAGR	2013	2014	2015	2016	CAGR
Rates:	TBD	TBD	TBD	TBD	TBD	TBD		TBD	TBD	TBD	TBD	
CAGR	TBD	TBD	TBD	TBD	TBD	TBD		TBD	TBD	TBD	TBD	
Wastewater Sales Volumes:												
Suburban Wholesale[1]	15.7	15.3	16.5	13.5	15.1	15.1	(0.8%)	15.1	15.1	15.1	15.1	0.0%
Detroit Retail[1]	4.3	3.7	4.0	3.6	3.7	3.4	(4.6%)	3.8	3.8	3.8	3.8	2.8%
Total	**20.0**	**19.0**	**20.4**	**17.1**	**18.8**	**18.4**	**(1.7%)**	**18.9**	**18.9**	**18.9**	**18.9**	**0.7%**
Operating Revenues:												
Retail Billings	$130.6	$136.0	$162.8	$168.0	$189.0	$186.6	7.4%	N/A	N/A	N/A	N/A	
Wholesale billings	192.0	201.7	219.6	187.9	213.9	242.8	4.8%	N/A	N/A	N/A	N/A	
Other	24.3	9.2	7.7	9.7	7.9	8.2	(19.5%)	N/A	N/A	N/A	N/A	
Total Operating Revenues	$346.9	$346.9	$390.1	$365.5	$410.7	$437.7	4.8%	$520.6	$537.1	$571.7	$605.7	8.5%
O&M Expenses	200.0	202.3	195.5	197.3	230.8	217.0	1.6%	230.3	236.1	247.0	255.5	4.2%
Net Operating Revenues	$146.9	$144.6	$194.6	$168.2	$179.9	$220.6	8.5%	$290.3	$301.0	$324.8	$350.2	12.2%
Non-Operating Revenues	33.6	27.6	11.5	5.9	12.2	6.8	(27.4%)	2.3	1.8	1.6	1.6	(30.4%)
Net Revenues	**$180.5**	**$172.2**	**$206.1**	**$174.1**	**$192.1**	**$227.4**	**4.7%**	**$292.6**	**$302.8**	**$326.3**	**$351.8**	**11.5%**
Debt Service Requirements[2]:												
Senior Lien	$106.2	$104.2	$117.9	$117.2	$113.2	$110.6	0.8%	$138.9	$135.8	$136.3	$144.0	
Senior and Second Lien	129.8	148.3	168.2	173.5	173.2	$173.8	6.0%	194.8	199.9	200.0	198.8	
All Bonds	$156.6	$175.2	$195.5	$201.0	$209.1	$209.9	6.0%	$231.2	$237.1	$237.2	$236.5	
Net Revenues After Debt Service:	**$23.9**	**($3.0)**	**$10.6**	**($26.9)**	**($17.0)**	**$17.5**	**(6.0%)**	**$61.4**	**$65.7**	**$89.1**	**$115.3**	**60.2%**
Debt Service Coverage:												
Senior Lien	1.70x	1.65x	1.75x	1.49x	1.70x	2.06x		2.11x	2.23x	2.39x	2.44x	
Senior and Second Lien	1.39x	1.16x	1.23x	1.00x	1.11x	1.31x		1.50x	1.51x	1.63x	1.77x	
All Bonds	1.15x	0.98x	1.05x	0.87x	0.92x	1.08x		1.27x	1.28x	1.38x	1.49x	

1 *Thousands of cubic feet.*
2 *Excludes any potential new money borrowings*

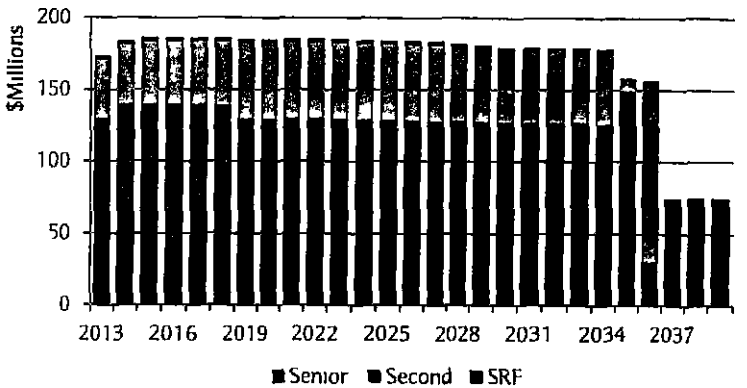
2. Summary of Existing Bonds

Summary of Existing Bonds – Water Supply

Unenhanced Senior Lien Rating History[1]



Annual Debt Service



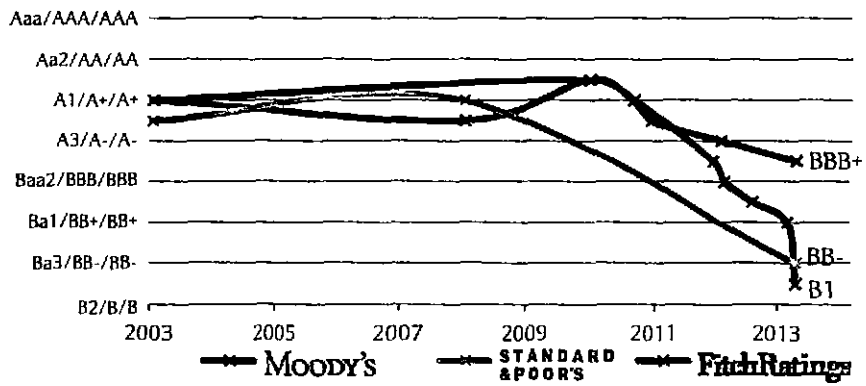
Summary of Bonds Outstanding Excluding SRF[2]

Series	Lien	Par Outstanding ($MM)	Insurance	First Call Date (Price)	Maturity Range (7/1)	Coupon Range	Advance Refundable?	Estimated Market Price ($MM)
1993	Senior	$24 7	NPFG	Non-Callable	2014 – 2015	6.500%	No	$25 3
1997 A	Senior	13.4	NPFG	Non-Callable	2014 – 2015	6.000%	Yes	13 6
2001 A	Senior	73.8	NPFG	7/1/2011 (100%)	2029 – 2030	5.000%	Yes	68.6
2001 C	Second	188.3	BHAC / FGIC	7/1/2018 (100%)	2014 – 2029	3 500% - 5 750%	No	195.4
2003 A	Senior	178 8	NPFG	7/1/2013 (100%)	2019 – 2034	4 500% - 5 000%	Yes	164 5
2003 B	Second	41.8	NPFG	7/1/2013 (100%)	2034	5.000%	Yes	37.3
2003 C	Senior	27.7	NPFG	7/1/2013 (100%)	2014 – 2022	4 000% - 5.250%	Partially	27 6
2003 D	Senior	140 6	NPFG	7/1/2016 (100%)	2014 – 2033	4 000% - 5.000%	No	130.5
2004 A	Second	68.6	NPFG	7/1/2016 (100%)	2014 – 2025	4.500% -5 250%	No	67 8
2004 B	Senior	114.7	NPFG	7/1/2016 (100%)	2014 – 2023	4.000% - 5 000%	No	113 8
2005 A	Senior	88.4	NPFG	7/1/2015 (100%)	2014 – 2035	3.750% - 5 000%	Yes	81.5
2005 B	Senior	187 3	BHAC / FGIC	7/1/2018 (100%)	2014 – 2035	4.000% - 5.500%	Yes	185.4
2005 C	Senior	109.2	NPFG	7/1/2015 (100%)	2014 – 2022	5.000%	No	108.9
2006 A	Senior	260.2	AGM	7/1/2016 (100%)	2014 – 2034	5 000%	Yes	246.0
2006 B	Second	119.7	AGM	7/1/2019 (100%)	2014 – 2036	Variable	Yes	122.8
2006 C	Second	216 7	AGM	7/1/2016 (100%)	2014 – 2033	4 000% - 5.000%	No	202.1
2006 D	Senior	142 2	AGM	7/1/2016 (100%)	2014 – 2032	4.000% - 5.000%	No	133.9
2011 A	Senior	370.8	None	7/1/2021 (100%)	2014 – 2041	5.000% - 5.750%	Yes	343 3
2011 B	Senior	15 5	None	7/1/2021 (100%)	2014 – 2033	2 496% - 6.000%	Yes	13 9
2011 C	Senior	102 7	None	7/1/2021 (100%)	2021 - 2041	5.000% - 5 250%	No	95 1
Total		**$2,485.1**			**2014 – 2041**	**3.500% - 6.500%**		**$2,377.3**

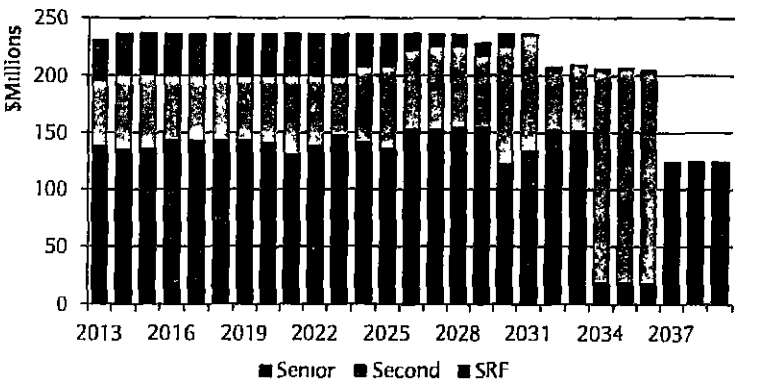
1 *Second Lien debt is currently rated B2/BB-/BBB*
2 *As of June 30, 2012, the Water System had approximately $23 0 million of State Revolving Loans outstanding*

Summary of Existing Bonds – Sewage Disposal

Unenhanced Senior Lien Rating History[1]



Annual Debt Service



Summary of Bonds Outstanding Excluding SRF[2]

Series	Lien	Par Outstanding ($MM)	Insurance	First Call Date (Price)	Maturity Range (7/1)	Coupon Range	Advance Refundable?	Estimated Market Price ($MM)
1998 A	Senior	$62 6	AGM/ NPFG	7/1/2017 (100%)	2014 – 2023	5 250% - 5.500%	No	$62.5
1998 B	Senior	62.2	NPFG	7/1/2017 (100%)	2014 – 2023	5 250% - 5.500%	No	62 1
1999 A	Senior	55 6	NPFG	Non-Callable	2014 – 2021	0.00%	Yes	45 6
2001 B	Second	110.6	NPFG	Non-Callable	2023 – 2029	5 500%	Yes	106.8
2001 C-1	Senior	152 4	AGM	7/1/2019 (100%)	2014 – 2027	5 250% - 7 000%	No	159 5
2001 C-2	Senior	121 4	BHAC / FGIC	7/1/2018 (100%)	2014 – 2029	4 000% - 5.250%	No	119.8
2001 D-2	Second	21 3	NPFG	1/1/2012 (100%)	2032	4 831%	Yes	21.3
2001 E	Second	136.2	BHAC / FGIC	7/1/2018 (100%)	2024 – 2031	5.750%	Yes	139.2
2003 A	Senior	184 3	AGM	7/1/2013 (100%)	2014 – 2032	3 500% - 5.000%	Partially	177 8
2003 B	Senior	150 0	AGM	7/1/2019 (100%)	2032 – 2033	7.500%	Yes	159.7
2004 A	Senior	60.8	AGM	Non-Callable	2014 – 2024	5.000% - 5 250%	No	60 8
2005 A	Second	237 9	NPFG	7/1/2015 (100%)	2014 – 2035	3 600% - 5.125%	Yes	207.0
2005 B	Second	37 2	NPFG	Non-Callable	2014 – 2022	5 000% - 5 500%	No	37 2
2005 C	Second	49 6	NPFG	7/1/2015 (100%)	2014 –2025	5 000%	No	49 0
2006 A	Second	123 7	BHAC / FGIC	7/1/2018 (100%)	2034 – 2036	5 500%	Yes	123.0
2006 B	Second	243 2	NPFG	7/1/2016 (100%)	2014 -2036	4 250% - 5 000%	Yes	212.3
2006 C	Senior	26 6	NPFG	7/1/2016 (100%)	2016 –2018	5 000% - 5 250%	No	26.6
2006 D	Senior	288 8	AGM	7/1/2011 (100%)	2014 –2032	4 105%	No	210.9
2012 A	Senior	659.8	AGM	7/1/2017 (100%)	2014 –2039	5 000% - 5.250%	Yes	615.0
Total		**$2,783.9**			**2014 – 2039**	**3.500% - 7.000%**		**$2,596.0**

1 *Second Lien debt is currently rated B2/BB-/BBB*
2 *As of June 30, 2012, the Sewage Disposal System had approximately $508 2 million of State Revolving Loans outstanding*

Summary of Statutes Relevant to the City

Existing Statutes in the State of Michigan

Charter Water Authority Act[1]

- Allows any two or more cities, villages or townships, or any combination thereof, having a combined current state equalized valuation of not less than $200,000,000, by vote of their respective electors, to incorporate an authority for the purpose of acquiring, constructing, purchasing, operating and maintaining a water supply and transmission system.
- Limited to water supply and transmission.

Municipal Sewage and Water Supply Systems[2]

- Allows any two or more municipalities to incorporate an authority for the purpose of acquiring, owning, improving, enlarging, extending, and operating a sewage disposal system, a water supply system, a solid waste management system, or a combination of systems by the adoption of articles of incorporation by the legislative body of each of the municipalities
- Earlier this year, the City of Flint, representing approximately 6% of DWSD water revenues, elected to leave DWSD and join a newly-formed Municipal Water Supply System under this statute, citing long-term savings.
- Potential vehicle for regionalization.

1 *State of Michigan, Charter Water Authority Act – Act 4 of 1957*
2 *State of Michigan, Municipal Sewage and Water Supply Systems Act 233 of 1955.*

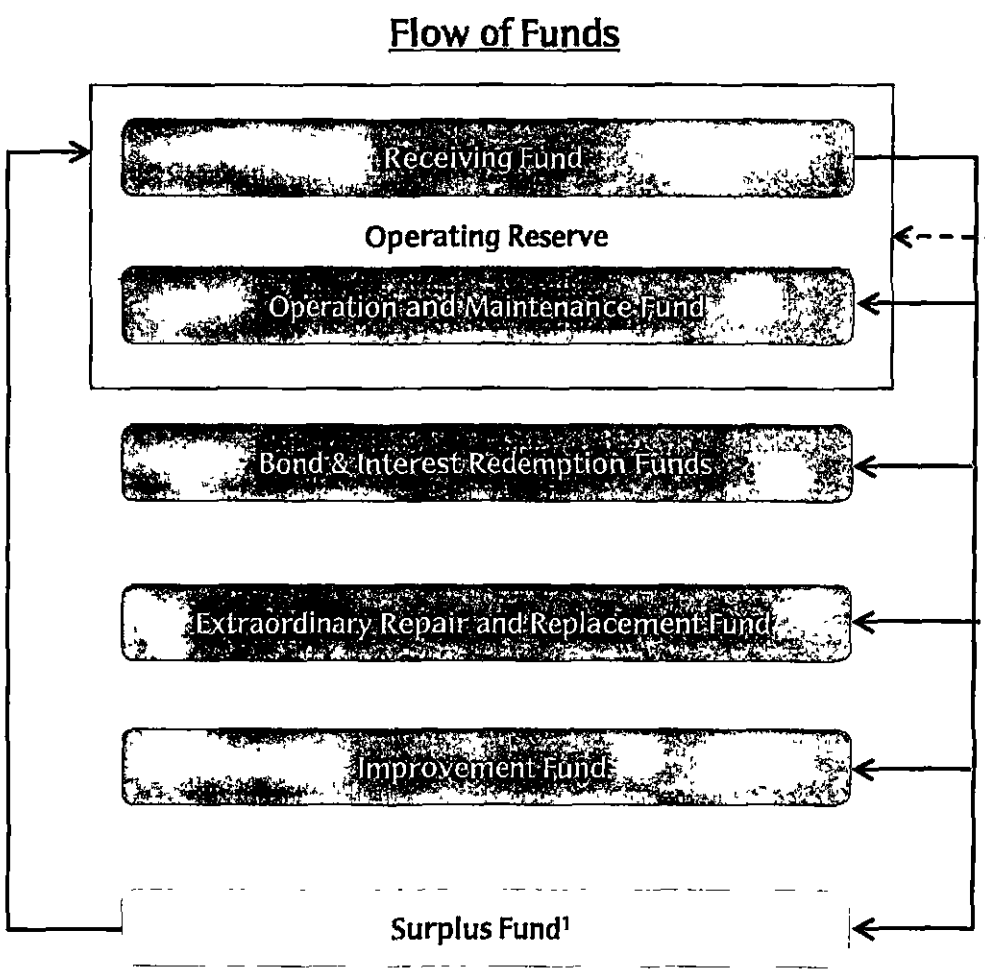
Summary of Water Revenue Bond Ordinance/Indenture

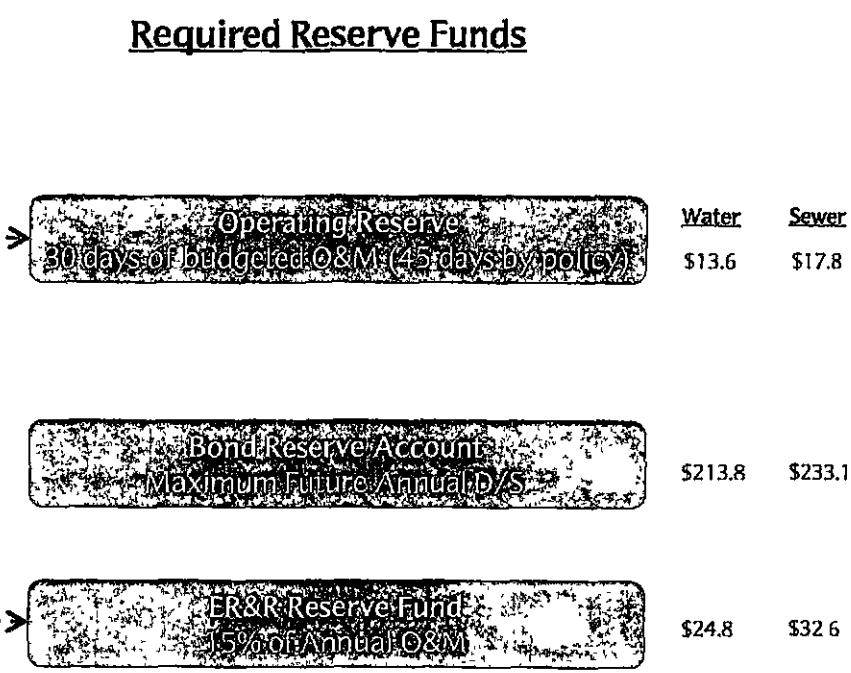
Security	Pledge of Pledged Assets, including Net Revenues, funds and accounts established by the Ordinance except for the Operation and Maintenance Fund and the Construction Fund, investments of amounts credited to any fund, account of subaccount that is a Pledged Asset, and any income or gain realized from investments that are Pledged Assets to the extent that such income or gain is not a Net Revenue.	Section 5
Rate Covenant	The rates for water service and the regulation shall be fixed and revised from time to time as may be expected to be necessary to produce the greater of: (i) to provide for the payment of O&M; (ii) to provide for the payment of indebtedness coming due for the Fiscal Year of calculation; (iii) to provide for the creation and maintenance of reserves as required by the Ordinance; and (iv) to provide for such other expenditures and funds for the System as required by the Ordinance OR the Required Combined Coverage.	Section 9
Coverage Requirement	The coverage requirements for determining the Required Combined Coverage are the following percentages: Senior Lien Indebtedness: 120%; Second Lien Indebtedness: 110%; SRF Junior Lien Indebtedness: 100%.	Section 9
Additional Bonds Test	The City may issue Additional Securities of any Priority of Lien for repairs extensions, enlargements, and improvements to the System, refunding all or a part of any Outstanding Securities and paying the costs of issuing such Additional Securities, if, but only if, there is Required Combined Coverage under either the Projected Net Revenues Test (Net Revenues of the System for the then current or the next succeeding FY / the maximum composite Annual Debt Service in any FY on Outstanding Securities and the Additional Securities to be issued) or the Historical Net Revenues Test (actual Net Revenues of the System for the immediately preceding audited FY / the maximum composite Annual Debt Service in any future Fiscal Year on Outstanding Securities and the Additional Securities to be issued.)	Section 20
Refunding	The City may issue Refunding Securities without regard to the Coverage Requirements if, but only if, the combined Annual Debt Service in the current Fiscal Year and each Fiscal Year thereafter is less than the combined Annual Debt Service coming due in the current Fiscal Year and each Fiscal Year thereafter without giving effect to the refunding.	Section 20
Defeasance Provisions	A security is "defeased" for purposes of the Ordinance if there has been deposited in trust sufficient cash and Permitted Investments constituting Government Obligations, not callable by the issuer, the principal of and interest on which mature at the times and in the amounts, without the reinvestment thereof, necessary to pay principal of and interest on such security to its maturity, or, if called for redemption, to the date fixed for redemption, together with the amount of the redemption premium, if any; provided however, that the sufficiency of the deposit to effectuate the defeasance of a Security shall have been verified by a nationally recognized accounting firm.	Section 21
Investments	Permitted Investments include direct obligations of the U.S. or obligations the principal of and interest on which is fully guaranteed by the U.S., including U.S. Treasury Trust Receipts. Investments shall mature at such times as it is estimated the funds therefrom will be required, but shall be limited to obligations bearing maturity dates or subject to redemption, at the option of the Holder thereof, not later than five years from the date of investment.	Section 17
Consent Rights	With the consent of the Holders of not less than 51% in principal amount of Securities ("Securities" means all Senior Lien and all Junior Lien Bonds; "Junior Lien" means all securities issued pursuant to the Ordinance other than Senior Lien Bonds) then Outstanding, the City may from time to time and at any time amend the Ordinance in any manner by Act of Council; provided, that such an amendment shall not conflict with certain provisions of the Ordinance.	Section 22

Summary of Wastewater Revenue Bond Ordinance/Indenture

Security	Pledge of Pledged Assets, including Net Revenues, funds and accounts established by the Ordinance except for the Operation and Maintenance Fund and the Construction Fund, investments of amounts credited to any fund, account of subaccount that is a Pledged Asset, and any income or gain realized from investments that are Pledged Assets to the extent that such income or gain is not a Net Revenue.	Section 5
Rate Covenant	The rates for sewage disposal service and the regulation shall be fixed and revised from time to time as may be expected to be necessary to produce the greater of: (i) to provide for the payment of O&M; (ii) to provide for the payment of indebtedness coming due for the Fiscal Year of calculation; (iii) to provide for the creation and maintenance of reserves as required by the Ordinance; and (iv) to provide for such other expenditures and funds for the System as required by the Ordinance OR the Required Combined Coverage.	Section 9
Coverage Requirement	The coverage requirements for determining the Required Combined Coverage are the following percentages: Senior Lien Indebtedness: 120%; Second Lien Indebtedness: 110%; SRF Junior Lien Indebtedness: 100%.	Section 9
Additional Bonds Test	The City may issue Additional Securities of any Priority of Lien for repairs extensions, enlargements, and improvements to the System, refunding all or a part of any Outstanding Securities and paying the costs of issuing such Additional Securities, if, but only if, there is Required Combined Coverage under either the Projected Net Revenues Test (Net Revenues of the System for the then current or the next succeeding FY / the maximum composite Annual Debt Service in any FY on Outstanding Securities and the Additional Securities to be issued) or the Historical Net Revenues Test (actual Net Revenues of the System for the immediately preceding audited FY / the maximum composite Annual Debt Service in any future Fiscal Year on Outstanding Securities and the Additional Securities to be issued.)	Section 20
Refunding	The City may issue Refunding Securities without regard to the Coverage Requirements if, but only if, the combined Annual Debt Service in the current Fiscal Year and each Fiscal Year thereafter is less than the combined Annual Debt Service coming due in the current Fiscal Year and each Fiscal Year thereafter without giving effect to the refunding.	Section 21
Defeasance Provisions	A security is "defeased" for purposes of the Ordinance if there has been deposited in trust sufficient cash and Permitted Investments constituting Government Obligations, not callable by the issuer, the principal of and interest on which mature at the times and in the amounts, without the reinvestment thereof, necessary to pay principal of and interest on such security to its maturity, or, if called for redemption, to the date fixed for redemption, together with the amount of the redemption premium, if any; provided however, that the sufficiency of the deposit to effectuate the defeasance of a Security shall have been verified by a nationally recognized accounting firm.	Section 22
Investments	Permitted Investments include direct obligations of the U.S. or obligations the principal of and interest on which is fully guaranteed by the U.S., including U.S. Treasury Trust Receipts. Investments shall mature at such times as it is estimated the funds therefrom will be required, but shall be limited to obligations bearing maturity dates or subject to redemption, at the option of the Holder thereof, not later than five years from the date of investment.	Section 18
Consent Rights	With the consent of the Holders of not less than 51% in principal amount of Securities ("Securities" means all Senior Lien and all Junior Lien Bonds; "Junior Lien" means all securities issued pursuant to the Ordinance other than Senior Lien Bonds) then Outstanding, the City may from time to time and at any time amend the Ordinance in any manner by Act of Council; provided, that such an amendment shall not conflict with certain provisions of the Ordinance.	Section 23

DSWD Flow of Funds and Required Reserves





	Water	Sewer
Operating Reserve	$13.6	$17.8
Bond Reserve Account	$213.8	$233.1
ER&R Reserve Fund	$24.8	$32.6

1 *Provided that deficits do not exist in the Operation and Maintenance Fund or any Interest and Redemption Fund (including any Reserve Account), at the option of the Commissioners, amounts in the Surplus Fund may be used and applied for any purposes related to the System for which the funds and accounts were established or for any other lawful purpose of the System.*

Debt Service Reserve Funds

Bond Ordinances for the Water and Sewage Disposal Funds establish Senior Lien and Second Lien Bond Reserve Accounts equal to Maximum Future Annual Debt Service

Water Supply[1]

$ millions

	Senior Lien	Second Lien	Aggregate
Estimated MADS	$140.2	$51.1[2]	$191.3
Reported Reserve Requirement	$150.0	$63.8	$213.8
Funding Amounts:			
Cash and Investments	33.1	19.7	52.7
Forward Supply Agreements	23.5	0	23.5
Credit Enhancement	93.7	45.8	139.5
Total	**$150.2**	**$65.5**	**$215.7**
Vs. Required Amounts	**$0.2**	**$1.7**	**$1.9**

Sewage Disposal[3]

$ millions

	Senior Lien	Second Lien	Aggregate
Estimated MADS	$155.4	$80.6[2]	$236.0
Reported Reserve Requirement	$152.8	$80.3	$233.1
Funding Amounts:			
Cash and Investments	74.9	29.0	104.0
Credit Enhancement	77.9	51.4	129.2
Total	**$152.8**	**$80.4**	**$233.2**
Vs. Required Amounts	**$0.0**	**$0.1**	**$0.1**

1 *As of December 22, 2011*
2 *Represents Average Annual Debt Service*
3 *As of June 26, 2012*

3. Restructuring Assumptions and Preliminary Results

Preliminary Restructuring Alternatives and Key Assumptions

Three Indicative Structures, all Exclusive of any Bankruptcy/Cramdown Provisions

Traditional Defeasance

- Issue a mix of tax-exempt and taxable bonds to defease 100% of outstanding Water and Sewer bonds (ex. SRF)
- 'AAA' range rating
- 10-year par call
- "Matched-maturity" transaction, no extension of final maturity date
- Excludes DSRF effects

True Sale

- Use only tax-exempt bonds to defease 100% of outstanding Water and Sewer bonds (ex. SRF)
- 'AAA' range rating
- 10-year par call
- "Matched-maturity" transaction, no extension of final maturity date
- Excludes DSRF effects

51% Consent

- Issue new tax-exempt bonds to defease/repurchase outstanding Water and Sewer bonds (ex. SRF) and issue approximately $250 million of new money to consenting bondholders to achieve control of 51% in principal amount of outstanding securities
- "Low A" range rating
- 10-year par call
- "Matched-maturity" transaction, no extension of final maturity date
- 25% of certain non-current refundable bonds tendered at 103% of current market value
- Excludes DSRF effects

1 *State of Michigan, Charter Water Authority Act – Act 4 of 1957*
2 *State of Michigan, Municipal Sewage and Water Supply Systems Act 233 of 1955*

Summary of Financing Results

$ millions

	Traditional Defeasance	True Sale	51% Consent: Water Series A	51% Consent: Sewage Series B	51% Consent: Total
Description	➢ Defease 100% of existing debt with TE and TX Bonds	➢ Defease 100% of existing debt with TE Bonds	➢ Defease/repurchase existing debt with TE Bond ➢ Issue $250MM New Money	➢ Defease/repurchase existing debt with TE Bond ➢ Issue $250MM New Money	➢ 51% Consent Scenario Totals
Refinancing Bond Size	Par Amount: $5,725.4 Premium: 381.4 Total Proceeds: $6,106.8	Par Amount: $5,490.2 Premium. 614.5 Total Proceeds: $6,104.7	Par Amount: $1,419.4 Premium: 69.4 Total Proceeds: $1,488.8	Par Amount: $1,325.1 Premium: 74.4 Total Proceeds: $1,399.5	Par Amount: $2,744.5 Premium: 143.8 Total Proceeds: $2,888.3
Escrow Deposit	$6,059.0	$5,238.1	$1,221.8	$1,133.3	$2,355.1
Project Fund Deposit	$0	$0	$254.6	$254.6	$509.2
Bond Type	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate	Fixed Rate
Tax Status	Tax-Exempt ($3,807) / Taxable ($1,919)	Tax-Exempt	Tax-Exempt	Tax-Exempt	Tax-Exempt
Maturity Range	2014 - 2041	2014 - 2041	2014 - 2043	2014 - 2043	2014 – 2043
Coupon Range	3.00% - 5.00%	3.00% - 5.00%	3.00% - 5.25%	3.00% - 5.25%	3.00% - 5.25%
Gross Loss	($212.3)	($137.5)	($27.3)	($8.9)	($36.2)
NPV Loss ($)	($133.6)	($87.9)	($16.8)	($3.7)	($20.5)
NPV Loss (%)	(2.53%)	(1.67%)	(1.51%)	(0.36%)	(0.95%)
Escrow Negative Arbitrage	$460.0	$420.6	$81.9	$59.3	$141.2
All-in TIC	4.10%	4.02%	4.57%	4.66%	4.61%
NPV Loss @ "Low A"	($437.4)	($388.8)	--	--	--

1 Estimated

Traditional Defeasance of DWSD[1]

Significant Gross & PV Losses, Even at "AAA"

$ millions

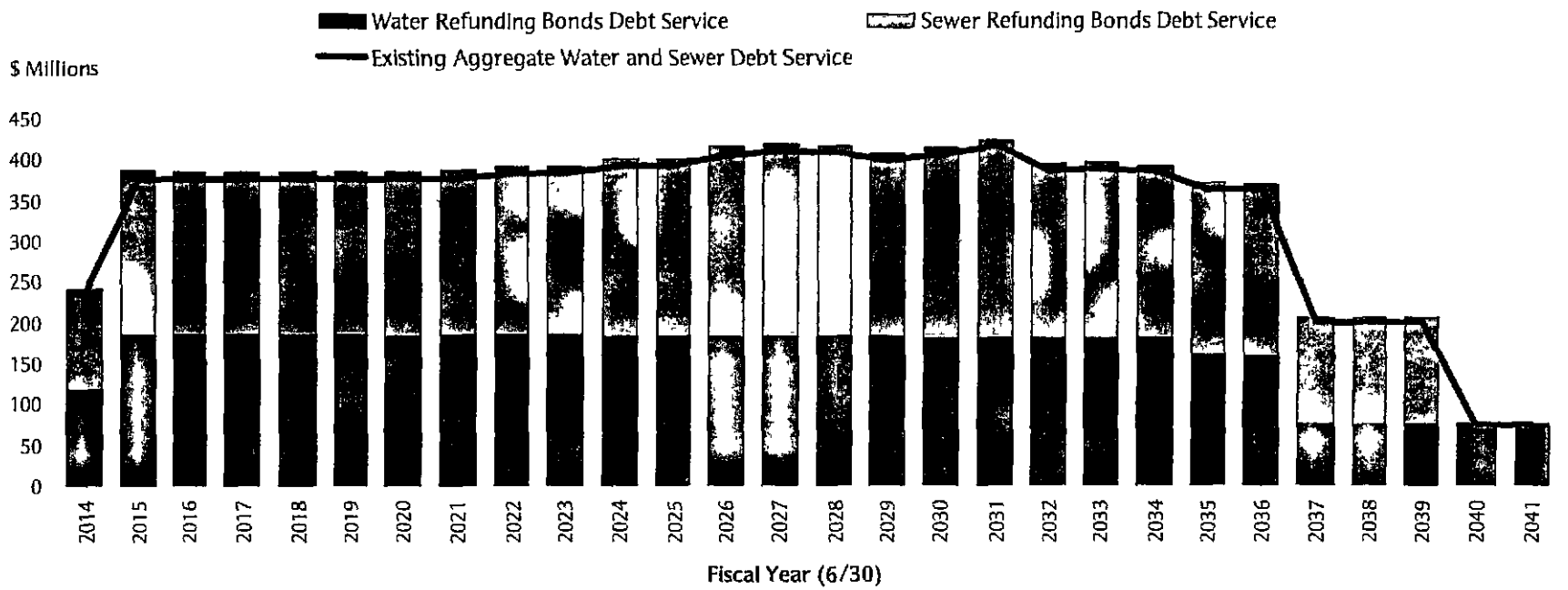
	Water Refunding Bonds	Sewer Refunding Bonds	Total
Refinancing Bond Size	Par Amount: $2,694.2 Premium: 146.8 Total Proceeds: $2,841.1	Par Amount: $3,031.1 Premium: 234.6 Total Proceeds: $3,265.7	Par Amount. $5,725.4 Premium: 381.4 Total Proceeds: $6,106.8
Par Refunded	$2,484.9	$2,753.1	$5,238.1
Bond Type	Fixed Rate	Fixed Rate	Fixed Rate
Tax Status	Tax-Exempt ($1,491) / Taxable ($1,204)	Tax-Exempt ($2,316) / Taxable ($715)	Tax-Exempt ($3,807) / Taxable ($1,919)
Maturity Range	2014 - 2041	2014 - 2039	2014 - 2041
Coupon Range	3.00% - 5.00%	3.00% - 5.00%	3.00% - 5.00%
Gross Loss	($75.8)	($136.5)	($212.3)
NPV Loss ($)	($46.1)	($87.5)	($133.6)
NPV Loss (%)	(1.85%)	(3.14%)	(2.53%)
Escrow Negative Arbitrage	$208.9	$251.1	$460.0
All-in TIC	4.11%	4.10%	4.10%

1 *Estimated*

Traditional Defeasance Pro-Forma Debt Service

Comparison of Debt Service Patterns

Estimated Annual Debt Service Requirements

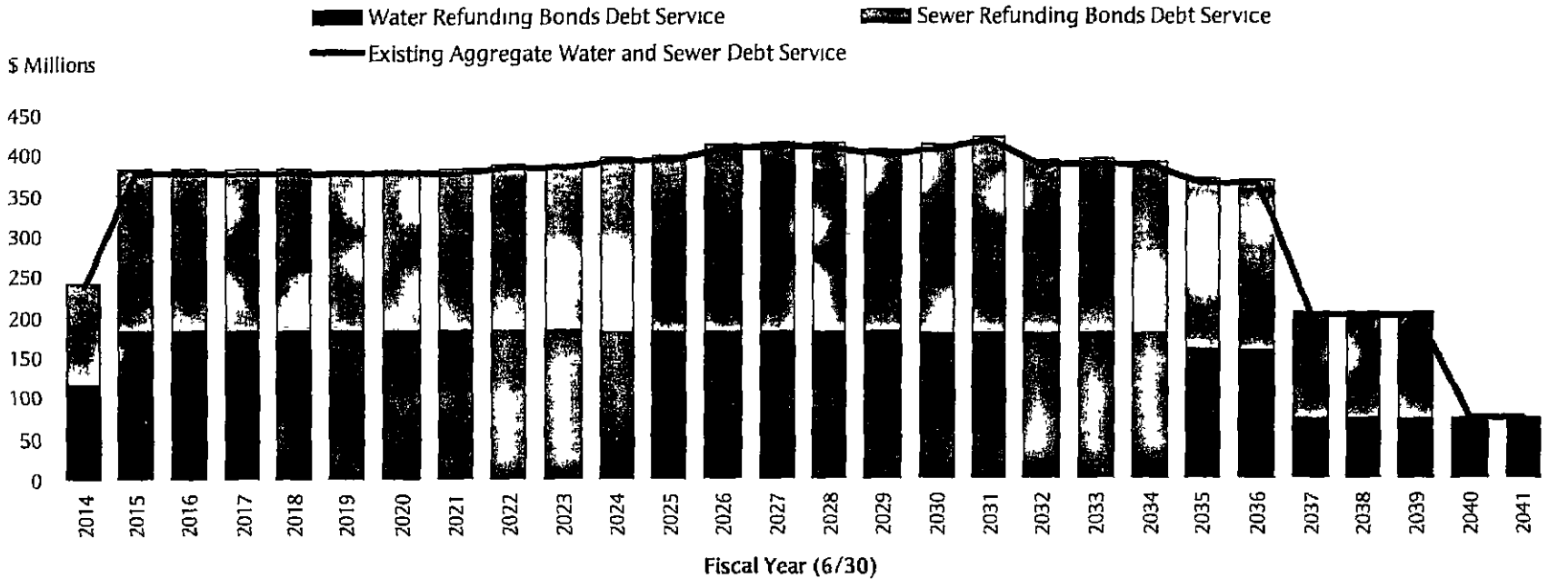


																												Total
Change vs. Existing ($MM)	4	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	7	7	7	7	7	7	7	7	7	3	3	212

True Sale Pro-Forma Debt Service

Comparison of Debt Service Patterns

Estimated Annual Debt Service Requirements



																														Total
Change vs. Existing ($MM)	3	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	3	5	5	5	5	5	5	138

Water System – 51% Consent Scenario[1]

Effectively PV Neutral at "Low A" Scale

$ millions

	Water Refunding Bonds	Water New Money Bonds	Total
Refinancing Bond Size	Par Amount: $1,169.4 Premium: 62.6 Total Proceeds: $1,232.0	Par Amount: $250.0 Premium: 6.8 Total Proceeds: $256.8	Par Amount: $1,419.4 Premium: 69.4 Total Proceeds: $1,488.8
Escrow Deposit	$1,221.8	--	$1,221.8
Project Fund Deposit	--	$254.6	$254.6
Bond Type	Fixed Rate	Fixed Rate	Fixed Rate
Tax Status	Tax-Exempt	Tax-Exempt	Tax-Exempt
Maturity Range	2014 - 2043	2014 - 2043	2014 - 2043
Coupon Range	3.00% - 5.25%	3.00% - 5.25%	3.00% - 5.25%
Gross Loss	($27.3)	--	($27.3)
NPV Loss ($)	($16.8)	--	($16.8)
NPV Loss (%)	(1.51%)	--	(1.51%)
Escrow Negative Arbitrage	$81.9	--	$81.9
All-in TIC	4.49%	4.88%	4.57%

1 Estimated

Water System – 51% Consent Scenario[1]

Proof of Consent Requirement

Calculation of Assumed Consenting Bond Holders	
2014 Refunding Bonds	$1,169.4
2014 New Money Bonds	250.0
Assumed Total SRF Bonds Outstanding[1,2]	22.3
Subtotal: Bonds Held by Consenting Holders	**$1,441.7**
Unrefunded Bond Holders	1,372.1
Total Outstanding Bonds	**$2,813.8**
Percent Consenting	**51%**

$ millions

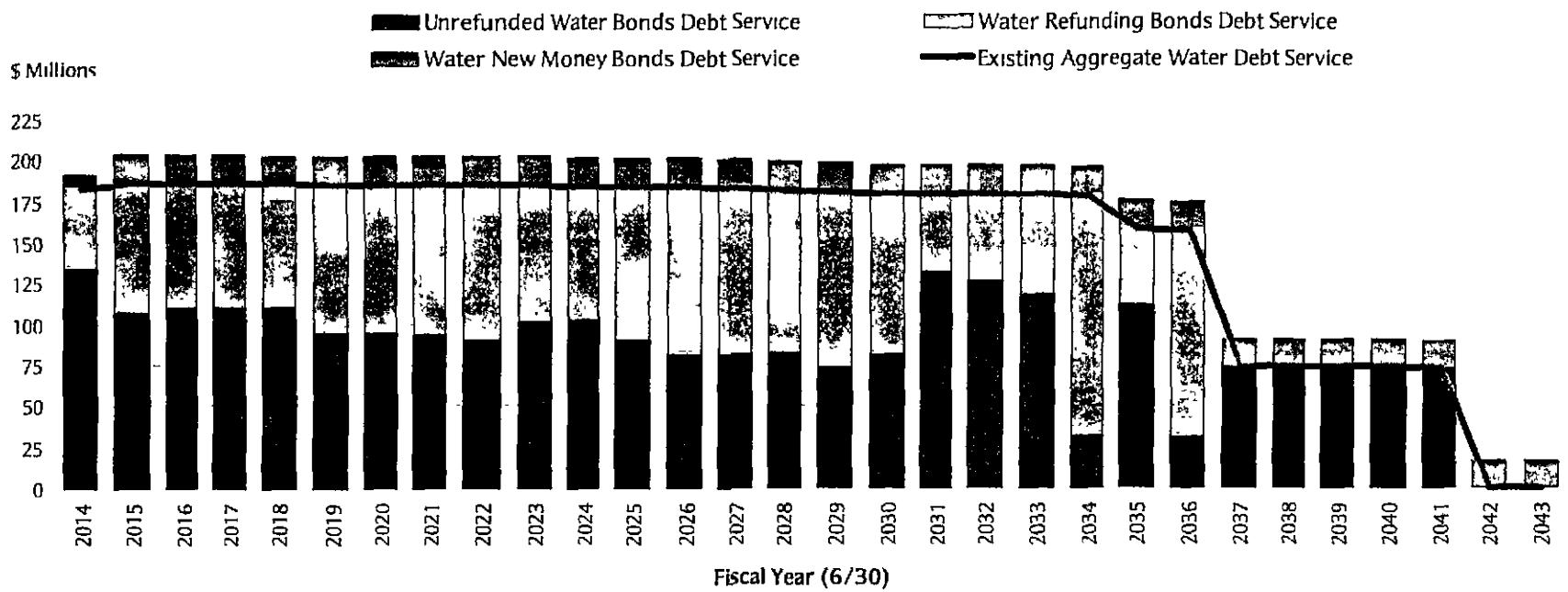
Series	Par Amount Outstanding	Par Amount Refunded	Remaining Par Outstanding
1993 Senior Lien Bonds	24.7	-	24.7
1997A Senior Lien Bonds	13.4	13.4	-
2001A Senior Lien Bonds	73.8	73.8	-
2001C Second Lien Bonds	188.3	168.2	20.1
2003A Senior Lien Bonds	178.8	178.8	-
2003B Second Lien Bonds	41.8	41.8	-
2003C Senior Lien Bonds	27.7	27.7	-
2003D Senior Lien Bonds	140.6	34.1	106.5
2004A Second Lien Bonds	68.6	17.1	51.5
2004B Senior Lien Bonds	114.7	28.5	86.2
2005A Senior Lien Bonds	88.4	88.4	-
2005B Senior Lien Bonds	187.3	61.3	126.1
2005C Senior Lien Bonds	109.2	-	109.2
2006A Senior Lien Bonds	260.2	260.2	-
2006B Second Lien Bonds	119.7	119.7	-
2006C Second Lien Bonds	216.7	-	216.7
2006D Senior Lien Bonds	142.2	-	142.2
2011A Senior Lien Bonds	370.8	-	370.8
2011B Senior Lien Bonds	15.5	-	15.5
2011C Senior Lien Bonds	102.7	-	102.7
Totals	**2,484.9**	**1,112.8**	**1,372.1**

1 *Calculated based on SRF principal outstanding as a percentage of total principal outstanding as of June 30, 2012*
2 *Assumes that the State has the authority to vote for SRF Bonds.*

Pro-Forma Debt Service – Water System

Comparison of Debt Service Patterns

Estimated Annual Debt Service Requirements



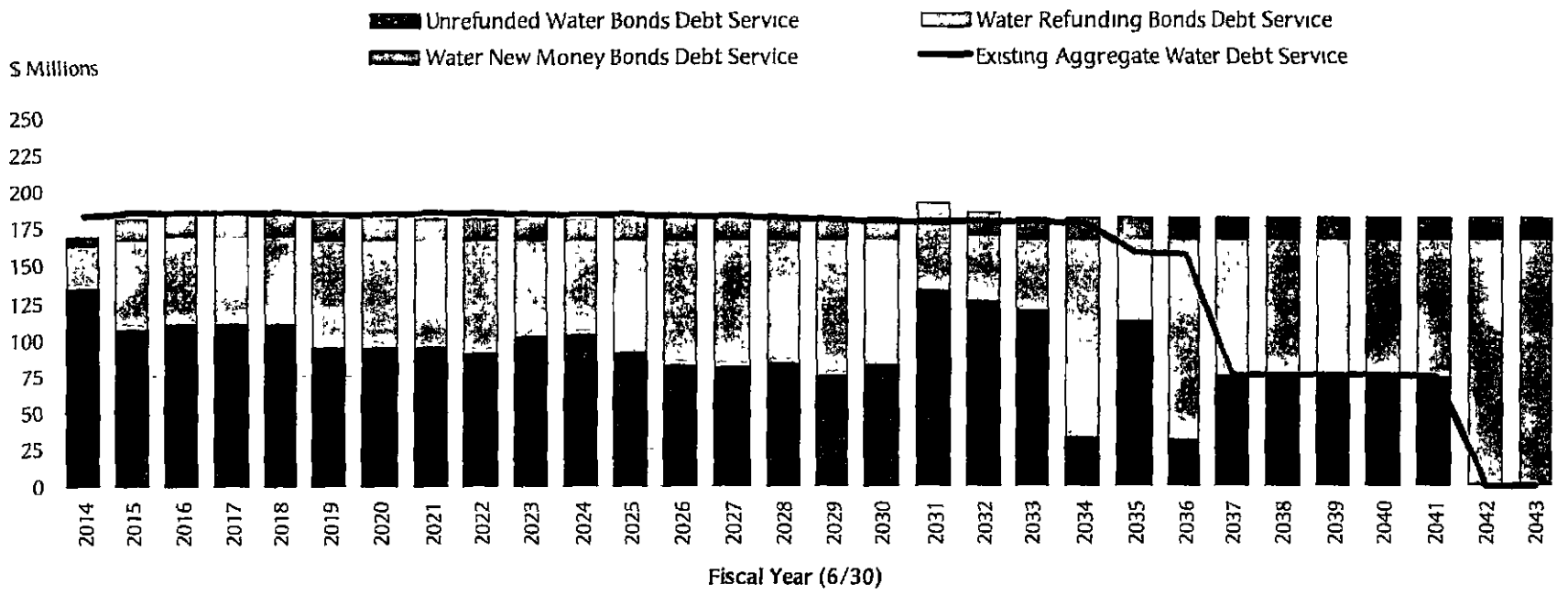
																														Total
Change vs. Existing ($MM)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	27

Pro-Forma Debt Service – Water System

Comparison of Debt Service Patterns

- Gross Loss: $458 million
- NPV Savings: $10.0 million
- NPV Savings (%): 0.90% of refunded par

Estimated Annual Debt Service Requirements



																														Total
Change vs. Existing ($MM)	(22)	(20)	(18)	(18)	(18)	(19)	(19)	(19)	(19)	(19)	(18)	(18)	(18)	(17)	(16)	(15)	(13)	(4)	(11)	(14)	(13)	8	9	91	91	91	91	93	166	166	458

Sewage System – 51% Consent Scenario[1]

Effectively PV Neutral

$ millions

	Sewer Refunding Bonds	Sewer New Money Bonds	Total
Refinancing Bond Size	Par Amount: $1,075.1 Premium: 67.6 Total Proceeds: $1,142.7	Par Amount: $250.0 Premium: 6.8 Total Proceeds: $256.8	Par Amount: $1,325.1 Premium 74.4 Total Proceeds: $1,399.5
Escrow Deposit	$1,133.3	--	$1,133.3
Project Fund Deposit	--	$254.6	$254.6
Bond Type	Fixed Rate	Fixed Rate	Fixed Rate
Tax Status	Tax-Exempt	Tax-Exempt	Tax-Exempt
Maturity Range	2014 - 2043	2014 - 2043	2014 - 2043
Coupon Range	3.00% - 5.25%	3.00% - 5.25%	3.00% - 5.25%
Gross Loss	($8.9)	--	($8.9)
NPV Loss ($)	($3.7)	--	($3.7)
NPV Loss (%)	(0.36%)	--	(0.36%)
Escrow Negative Arbitrage	$59.3	--	$59.3
All-in TIC	4.61%	4.88%	4.66%

1 *Estimated*

Sewage System – 51% Consent Scenario[1]

Proof of Consent Requirement

Calculation of Assumed Consenting Bond Holders	
2014 Refunding Bonds	$1,075.1
2014 New Money Bonds	250.0
Assumed Total SRF Bonds Outstanding[1,2]	494.4
Subtotal: Bonds Held by Consenting Holders	**$1,819.4**
Unrefunded Bond Holders	1,746.7
Total Outstanding Bonds	**$3,566.1**
Percent Consenting	**51%**

$ millions

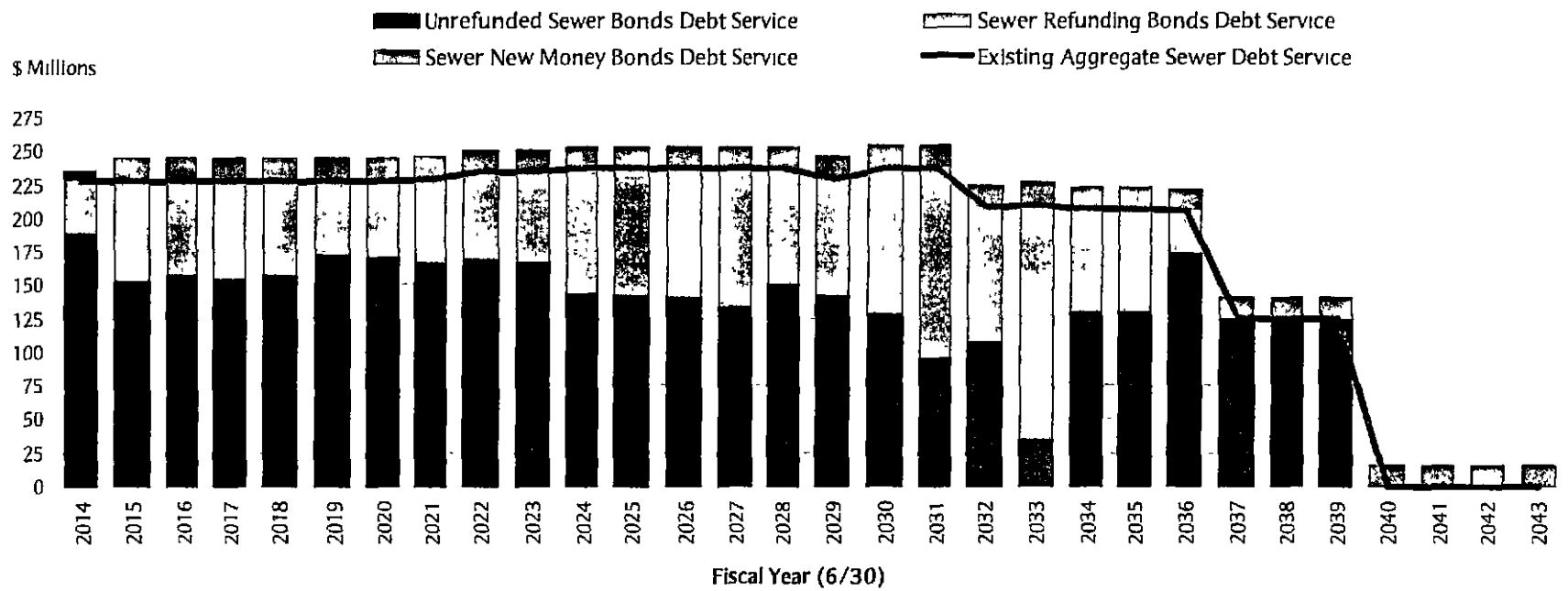
Series	Par Amount Outstanding	Par Amount Refunded	Remaining Par Outstanding
1998A Senior Lien Bonds	62.6	15.6	47.0
1998B Senior Lien Bonds	62.2	15.5	46.7
Senior Lien 1999 CABs	57.3	-	57.3
2001B Second Lien Bonds	110.6	-	110.9
2001C1 Senior Lien Bonds	152.4	-	152.4
2001C2 Senior Lien Bonds	121.4	-	121.4
2001D2 Second Lien Bonds	21.3	21.3	-
2001E Second Lien Bonds	136.2	34.0	102.2
2003A Senior Lien Bonds	184.3	184.3	-
2003B Senior Lien Bonds	150.0	150.0	-
2004A Senior Lien Bonds	60.8	-	60.8
2005A Second Lien Bonds	237.9	190.9	47.0
2005B Second Lien Bonds	37.2	-	37.2
2005C Second Lien Bonds	49.6	-	49.6
2006A Second Lien Bonds	123.7	30.0	93.7
2006B Second Lien Bonds	243.2	52.6	190.6
2006C Senior Lien Bonds	26.6	-	26.6
2006D Senior Lien Bonds	288.8	288.8	-
2012A Senior Lien Bonds	659.8	55.9	603.9
Totals	**2,785.6**	**1,039.0**	**1,746.7**

1 *Calculated based on SRF principal outstanding as a percentage of total principal outstanding as of June 30, 2012*
2 *Assumes that the State has the authority to vote for SRF Bonds.*

Pro-Forma Debt Service – Sewage System

Comparison of Debt Service Patterns

Estimated Annual Debt Service Requirements



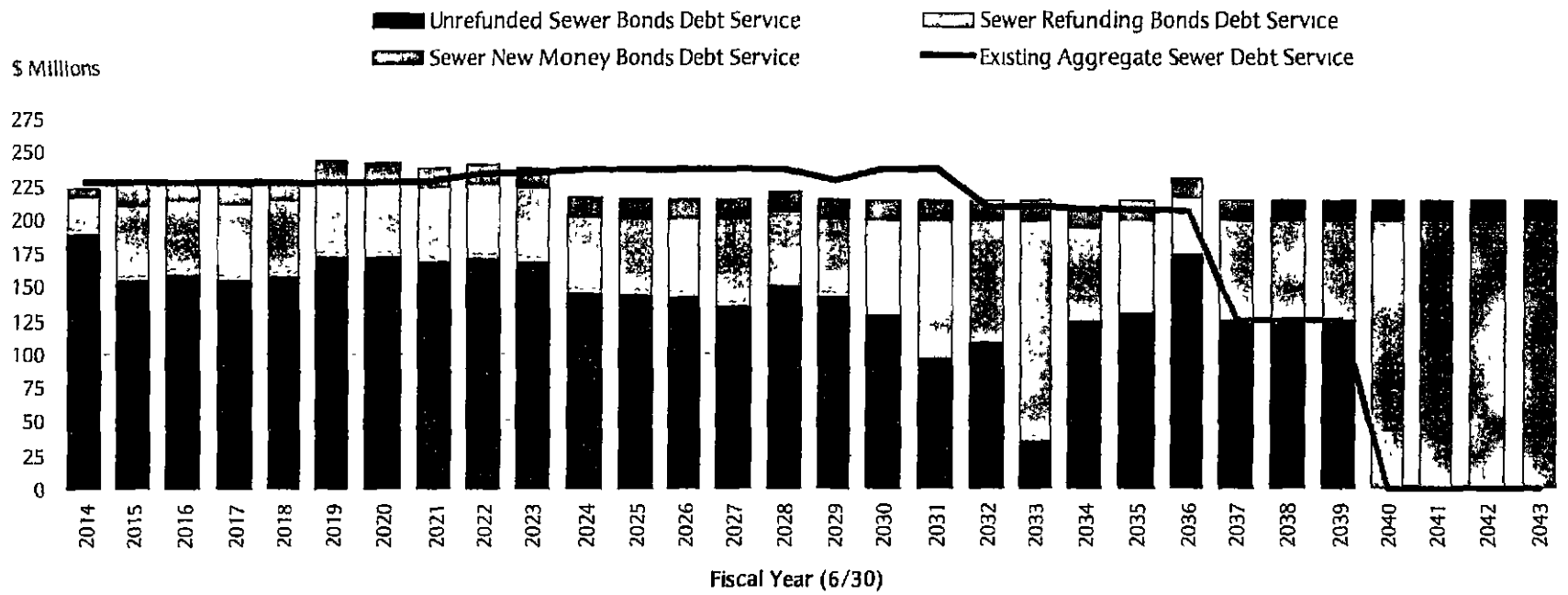
																													Total
Change vs. Existing ($MM)	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0	0	0	0	0	0	8.9

Pro-Forma Debt Service – Sewage System

Comparison of Debt Service Patterns

- Gross Loss: $552.5 million
- NPV Loss: $3.5 million
- NPV Loss (%): 0.34% of refunded par

Estimated Annual Debt Service Requirements



																														Total
Change vs. Existing ($MM)	(12)	(20)	(16)	(19)	(16)	(1)	(3)	(8)	(10)	(13)	(38)	(39)	(40)	(40)	(33)	(32)	(40)	(40)	(11)	(13)	(9)	(9)	8	72	72	72	197	197	197	197	552

Appendices

A. Insurance Exposure and Commutation Analysis

DWSD's Major Bond Insurers

The Good, the Bad, and the Ugly

Summary of Detroit Water and Sewerage Department Insurers							
Insurer	**Operational Status**	**Current Credit Ratings (M/SP/F)**	**Total Claims Paying Resources ($B)**	**Par Amount of Insured Obligations, Total ($B)**	**Par Amount of Insured Obligations, Below Inv. Grade ($B)**	**Moody's Recent Commentary**	**Commutation History**
Assured Guaranty	Active	A2/AA-/NR	$6.7	$279.0	$8.7	"Insured portfolio's credit quality and capital adequacy remain strong."	Yes, in CDS and Reinsurance; No evidence in Munis
Berkshire Hathaway Assurance Corp.	Active	Aa1/AA+/AA+	NA	NA	NA	NA	NA
FGIC	Rehabilitation	NR/NR/NR	NA	NA	NA	NA	NA
National Public Finance Guarantee (MBIA)	Run-Off	Baa1/A/NR	$5.7	$308 7	$2.6	"While National's insured portfolio is expected to generate losses that are well covered by its claims paying resources, its business position is characterized by a lack of participation in the market for the last five years, and by its continued affiliation with the much weaker MBIA Corp."	Yes, in Structured Finance; No evidence in Munis incl. Jeffco

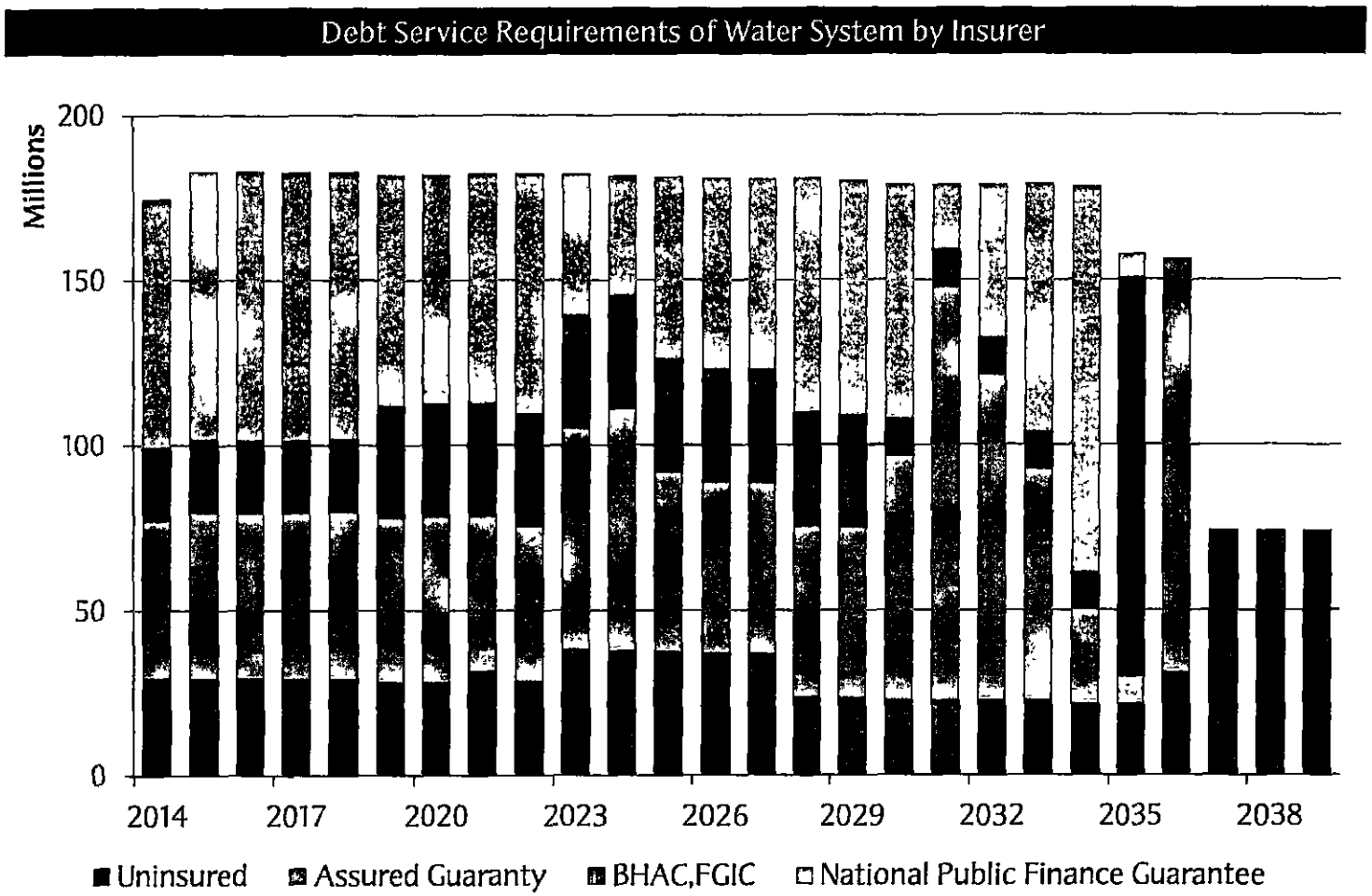
Summary of Insurers' Exposure Levels – Water

AGM, FGIC and NPFG collectively insure $2.0 billion of the Sewage Disposal System's outstanding principal

Insurers' Detroit Water and Sewerage Department Exposure									
							Insured Principal as Percentage of		
Insurer	Credit	Principal ($MM)	Average Life (Yrs)	DS to Maturity ($MM)	Fiscal Years 2014 – 2017 DS ($MM)	Estimated Unamortized Premium ($MM)	Total Insured Principal	Insurer's BIG Exposure	Insurer's Claims Paying Resources
Assured Guaranty	A2/AA-/NR	738.76	15.42	1,363.01	196.52	6.8	31.2%	8.5%	11.0%
Berkshire Hathaway Assurance Corp.	Aa1/AA+/AA+	375.59	14.60	673.88	89.84	3.4	15.8%	N/A	N/A
FGIC	NR/NR/NR	375.59	14.60	673.88	89.84	3.4	15.8%	N/A	N/A
National Public Finance Guarantee	Baa1/A/NR	881.64	11.77	1,405.94	318.86	7.0	37.2%	33.9%	15.5%
Subtotal, Insured Debt	---	**1,995.98**	**13.65**	**3,442.92**	**605.22**	**20.6**	**100.0%**	---	---
Uninsured	---	488.95	21.03	1,038.07	118.33	--	---	---	---
Total	---	**2,484.93**	**15.11**	**4,480.98**	**723.55**	**20.6**	**---**	---	---

Summary of Insurers' Exposure Levels – Water

Debt Service Requirements



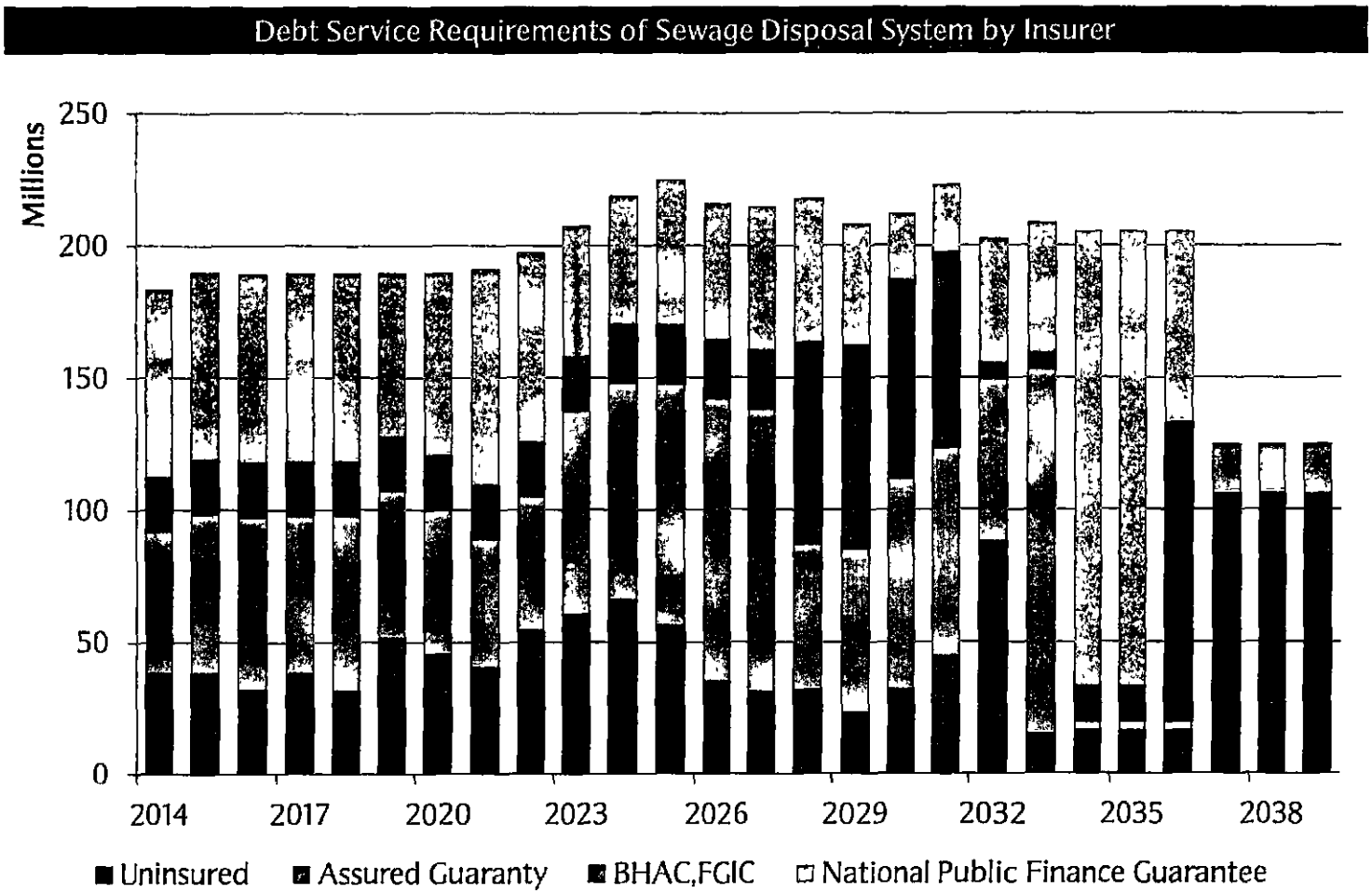
Summary of Insurers' Exposure Levels – Sewer

AGM, FGIC and NPFG collectively insure $2.1 billion of the Sewage Disposal System's outstanding principal

Insurers' Detroit Water and Sewerage Department Exposure									
							Insured Principal as Percentage of		
Insurer	Credit	Principal ($MM)	Average Life (Yrs)	DS to Maturity ($MM)	Fiscal Years 2014 – 2017 DS ($MM)	Estimated Unamortized Premium ($MM)	Total Insured Principal	Insurer's BIG Exposure	Insurer's Claims Paying Resources
Assured Guaranty	A2/AA-/NR	879.86	13.81	1,497.68	234.68	7.5	35.1%	10.1%	13.1%
Berkshire Hathaway Assurance Corp.	Aa1/AA+/AA+	381.16	18.04	767.08	85 04	3.8	15.2%	N/A	N/A
FGIC	NR/NR/NR	381.16	18.04	767.08	85.04	3.8	15.2%	N/A	N/A
National Public Finance Guarantee	Baa1/A/NR	862.56	14.83	1,560.32	284.89	7.8	34.4%	33.2%	15.1%
Subtotal, Insured Debt	---	**2,123.58**	**14.98**	**3,825.08**	**604.61**	**23.0**	**100.0%**	---	---
Uninsured	---	629.15	18.00	1,234.02	149.17	--	---	---	---
Total	---	**2,752.73**	**15.67**	**5,059.11**	**753.78**	**23.0**	---	---	---

Summary of Insurers' Exposure Levels – Sewer

Debt Service Requirements



B. Preliminary, Indicative Interest Rate Scales

'AAA'

Tax-Exempt Scale				
Maturity	MMD	Coupon	Spread	Yield
2014	0.18%	3.00%	0.03%	0.21%
2015	0.35%	4.00%	0.05%	0.40%
2016	0.55%	4.00%	0.08%	0.63%
2017	0.85%	5.00%	0.08%	0.93%
2018	1.15%	5.00%	0.08%	1.23%
2019	1.53%	5.00%	0.10%	1.63%
2020	1.86%	5.00%	0.10%	1.96%
2021	2.16%	5.00%	0.12%	2.28%
2022	2.33%	5.00%	0.15%	2.48%
2023	2.50%	5.00%	0.15%	2.65%
2024	2.66%	5.00%	0.20%	2.86%
2025	2.82%	5.00%	0.20%	3.02%
2026	2.98%	5.00%	0.20%	3.18%
2027	3.13%	5.00%	0.20%	3.33%
2028	3.27%	5.00%	0.20%	3.47%
2029	3.39%	5.00%	0.20%	3.59%
2030	3.51%	5.00%	0.20%	3.71%
2031	3.59%	5.00%	0.20%	3.79%
2032	3.68%	5.00%	0.20%	3.88%
2033	3.74%	5.00%	0.20%	3.94%
2038T	3.99%	5.00%	0.20%	4.19%
2043T	4.08%	5.00%	0.20%	4.28%

Taxable (MWC)				
UST	UST	UST Yield	Spread	Gross Yield
2014	1-year	0.10%	0.10%	0.20%
2015	2-year	0.30%	0.15%	0.45%
2016	3-year	0.59%	0.25%	0.84%
2017	5-year	1.29%	0.15%	1.44%
2018	5-year	1.29%	0.50%	1.79%
2019	7-year	1.90%	0.35%	2.25%
2020	7-year	1.90%	0.65%	2.55%
2021	10-year	2.51%	0.40%	2.91%
2022	10-year	2.51%	0.60%	3.11%
2023	10-year	2.51%	0.75%	3.26%
2024	10-year	2.51%	0.90%	3.41%
2025	10-year	2.51%	1.05%	3.56%
2026	10-year	2.51%	1.20%	3.71%
2027	10-year	2.51%	1.30%	3.81%
2028	10-year	2.51%	1.40%	3.91%
2033T	30-year	3.60%	0.75%	4.35%
2043T	30-year	3.60%	0.85%	4.45%

1 *As of November 5, 2013.*

"Low A"

Tax-Exempt Scale				
Maturity	MMD	Coupon	Spread	Yield
2014	0.18%	3.00%	0.15%	0.33%
2015	0.35%	4.00%	0.30%	0.65%
2016	0.55%	4.00%	0.40%	0.95%
2017	0.85%	5.00%	0.50%	1.35%
2018	1.15%	5.00%	0.55%	1.70%
2019	1.53%	5.00%	0.65%	2.18%
2020	1.86%	5.00%	0.70%	2.56%
2021	2.16%	5.00%	0.75%	2.91%
2022	2.33%	5.00%	0.80%	3.13%
2023	2.50%	5.00%	0.85%	3.35%
2024	2.66%	5.00%	0.90%	3.56%
2025	2.82%	5.00%	0.95%	3.77%
2026	2.98%	5.00%	0.95%	3.93%
2027	3.13%	5.00%	0 95%	4.08%
2028	3.27%	5.00%	0.95%	4 22%
2029	3.39%	5.25%	0.95%	4.34%
2030	3.51%	5.25%	0.95%	4.46%
2031	3.59%	5.25%	0.95%	4.54%
2032	3.68%	5.25%	0.95%	4.63%
2033	3.74%	5.25%	0.95%	4.69%
2038T	3.99%	5.00%	0.95%	4.94%
2043T	4.08%	5.00%	0.95%	5.03%

Taxable (MWC)				
Maturity	UST	UST Yield	Spread	Gross Yield
2014	1-year	0.10%	0.40%	0.50%
2015	2-year	0.30%	0.50%	0.80%
2016	3-year	0.59%	0.80%	1.39%
2017	5-year	1.29%	0.65%	1.94%
2018	5-year	1.29%	1.15%	2.44%
2019	7-year	1.90%	0.90%	2.80%
2020	7-year	1.90%	1.40%	3 30%
2021	10-year	2.51%	1.10%	3.61%
2022	10-year	2.51%	1.30%	3.81%
2023	10-year	2.51%	1.50%	4.01%
2024	10-year	2 51%	1 65%	4.16%
2025	10-year	2.51%	1.80%	4.31%
2026	10-year	2.51%	1.95%	4.46%
2027	10-year	2.51%	2.05%	4.56%
2028	10-year	2.51%	2.15%	4.66%
2033T	30-year	3.60%	1.55%	5.15%
2043T	30-year	3.60%	1.75%	5.35%

As of November 5 2013

C. "Vanilla" Refunding Using "Low A" Scale

Indicative Refunding Opportunities – Water System Bonds[1]

- Using a "low A" range scale, approximately $373.7 million of Water System Revenue Bonds can be current or advance refunded with a combination of non-AMT and Federally Taxable bonds to produce net present value savings of approximately $19.6 million (5.24% of refunded par).

$millions

	Tax-Exempt, Non-AMT	Federally Taxable	Total
Refunding Par	$254.4	$111.5	$365.9
OIP	$27.2	$0.0	$27.2
Issuance Costs	$1.8	$0.8	$2.6
Escrow Deposit	$279.7	$110.7	$390.4
Refunded Par	$267.8	$105.9	$373.7
Refunded Series	2003A&C, 2005A, 2006A	2003C (Second), 2005C	--
Call Date Range	2014 – 2016	2014 – 2015	--
Gross Savings	$20.7	$5.4	$26.1
NPV Savings	$14.8	$4.8	$19.6
NPV Savings (%)	5.51%	4.52%	5.24%
Negative Arbitrage	$8.0	$2.5	$10.5
Amortization	2014 - 2033	2014 – 2022	2014 - 2033
Average Life (yrs)	10.2	4.6	--
All-in-TIC	3.82%	2.90%	--

Key Assumptions

- Dated/Delivery Date: 1/7/2014
- "Low A" range refunding scales
- COI: $7/$1,000
- 10-year par call (non-AMT)
- Make-whole call (Federally Taxable)

1 *Analysis subject to legal/tax review*

Indicative Refunding Opportunities – Sewage Disposal System Bonds[1]

- Using a "low A" range scale, approximately $248.8million of Sewage Disposal System Revenue Bonds can be current or advance refunded with a combination of non-AMT and Federally Taxable bonds to produce net present value savings of approximately $12.4 million (4.98% of refunded par).

$millions

	Tax-Exempt, Non-AMT	Federally Taxable	Total
Refunding Par	$135.9	$106.6	$242.5
OIP	$12.9	$0.0	$12.9
Issuance Costs	$1.0	$0.7	$1.7
Escrow Deposit	$147.9	$105.8	$253.7
Refunded Par	$146.0	$102.8	$248.8
Refunded Series	2003A, 2005A, 2006B	2003A, 2005C, 2006D	--
Call Date Range	2014 – 2016	2014 – 2015	2014 – 2016
Gross Savings	$13.6	$3.4	$17.0
NPV Savings	$9.6	$2.8	$12.4
NPV Savings (%)	6.59%	2.68%	4.98%
Negative Arbitrage	$1.4	$2.0	$3.4
Amortization	2014 - 2032	2014 – 2028	2014 - 2032
Average Life (yrs)	11.6	9.0	--
All-in-TIC	4.10%	4.13%	--

Key Assumptions

- Dated/Delivery Date: 1/7/2014
- "Low A" range refunding scales
- COI: $7/$1,000
- 10-year par call (non-AMT)
- Make-whole call (Federally Taxable)

1 *Analysis subject to legal/tax review*

D. Summary of Existing SRF Bonds

Summary of Existing SRF Bonds – Water Supply[1]

Summary of Existing SRF Bonds					
Series	**Issuance Date**	**Amount Issued ($MM)**	**Range of Interest Rates**	**Maturity Dates**	**Balance June 30, 2012**
2005-SRF-1	9/22/2005	$13.8	2.125%	10/1/12-26	$10.6
2005-SRF-2	9/22/2005	8.9	2.125%	10/1/12-26	6.6
2006-SRF-1	9/21/2006	5.2	2.125%	10/1/12-26	3.9
2008-SRF-1	9/29/2008	2.6	2.500%	10/1/12-26	1.8
Totals		**$30.5**			**$23.0**

1 As of June 30, 2012

Summary of Existing SRF Bonds – Sewage Disposal[1]

Summary of Existing SRF Bonds					
Series	**Issuance Date**	**Amount Issued ($MM)**	**Range of Interest Rates**	**Maturity Dates**	**Balance June 30, 2012**
1997-B-SRF	9/30/1997	$5.4	2.250%	10/1/12-18	$2.2
1999-SRF-1	6/24/1999	21.5	2.500%	4/1/13-20	9.9
1999-SRF-2	9/30/1999	46.0	2.500%	10/1/12-22	28.1
1999-SRF-3	9/30/1999	31.0	2.500%	10/1/12-20	15.9
1999-SRF-4	9/30/1999	40.7	2.500%	10/1/12-20	20.8
2000-SRF-1	3/30/2000	44.2	2.500%	10/1/12-22	23.9
2000-SRF-2	9/28/2000	64.4	2.500%	10/1/12-22	39.2
2001-SRF-1	6/28/2001	82.2	2.500%	10/1/12-24	58.0
2001-SRF-2	12/20/2001	59.9	2.500%	10/1/12-24	42.2
2002-SRF-1	6/27/2002	19.0	2.500%	4/1/13-23	11.6
2002-SRF-2	6/27/2002	1.5	2.500%	4/1/13-23	0.9
2002-SRF-3	12/19/2002	31.5	2.500%	10/1/12-24	20.6
2003-SRF-1	6/28/2003	48.5	2.500%	10/1/12-25	36.4
2003-SRF-2	9/25/2003	25.1	2.500%	4/1/13-25	17.6
2004-SRF-1	6/24/2004	2.9	2.125%	10/1/12-24	2.0
2004-SRF-2	6/24/2004	18.4	2.125%	4/1/13-25	12.7
2004-SRF-3	6/24/2004	12.7	2.125%	4/1/13-25	8.8
2007-SRF-1	9/20/2007	156.7	1.625%	10/1/12-29	142.3
2009-SRF-1	4/17/2009	22.7	2.500%	4/1/13-30	10.2
2010-SRF-1	1/22/2010	6.8	2.500%	4/1/13-31	3.3
Totals		**$753.9**			**$508.2**

1 *As of June 30, 2012*

E. DSWD Surplus Fund

DSWD Surplus Fund

Surplus Fund

- For planning purposes, operating revenues generated to finance capital improvements are transferred to the Improvement & Extension ("I&E") Fund and entirely spent the following year.
  - These funds are technically available to be transferred to the Surplus Fund and to other System funds for any System use.

Projected Revenue Generated Fund Balances					
	2012	2013	2014	2015	2016
Operating Fund					
Beginning Balance	$20.0	$22.2	$24.4	$26.7	$29.1
Deposit from Operations	2.2	2.3	2.3	2.4	2.4
Ending Balance	**$22.2**	**$24.4**	**$26.7**	**$29.1**	**$31.5**
ER&R Fund					
Beginning Balance	$23.9	$23.9	$24.4	$24.9	$25.4
Transfers In	-	0.5	0.5	0.5	0.5
Ending Balance	**$23.9**	**$24.4**	**$24.9**	**$25.4**	**$25.9**
I&E Fund					
Beginning Balance	$8.9	$23.7	$31.5	$50.3	$64.3
Revenue Financed Capital	23.7	31.5	50.3	64.3	90.0
Capital Expenditures	(8.9)	(23.7)	(31.5)	(50.3)	(64.3)
Ending Balances	**$23.7**	**$31.5**	**$50.3**	**$64.3**	**$90.0**
Total Revenue Generated Funds					
Beginning Balance	$52.8	$69.8	$80.4	$101.9	$118.8
Net Transfers	17.0	1.1	21.6	16.9	28.6
Ending Balances	**$69.8**	**$70.9**	**$101.9**	**$118.8**	**$147.5**

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City of Flint Financial and Operating Plan - Fiscal Year 2013

Introduction

This Financial and Operating Plan for the City of Flint is submitted by the Emergency Financial Manager for the City of Flint to Governor Rick Snyder, through the Department of Treasury for the State of Michigan, in accordance with Public Act 72, Section 141.1220.

This report includes a summary of the financial conditions, goals for the City of Flint, plans to conduct the operations of the city and the planned and on-going actions being taken to resolve the financial emergency. This plan will be posted on the city's website: www.cityofflint.com

Summary of Financial Condition of the City of Flint

In the report to Governor Snyder, dated November 7, 2011, the Flint Financial Review Team summarized the findings of the Preliminary Review conducted by the Treasury Department (August 29 – September 12, 2011) and then reported the existence of, or likely occurrence of, the specific conditions set forth in Section 13(3) of Act 4 which led to the recommendation of the appointment of an Emergency Manager.

Preliminary Review Findings:

- The City has incurred cumulative deficits in many of its funds over several years. The unaudited 2011 cumulative deficit is estimated to be $25.7 million.
- The deficit elimination plan submitted to the Department of Treasury by city officials has not been followed and the general fund deficit has increased and is now estimated to be approximately $11.0 million.
- The general fund expenditures have exceeded revenues since 2007.
- The City relied upon transfers from the water supply and sewage disposal fund for general city operations.
- City officials also borrowed from other funds to compensate for cash shortages including the public improvement fund, the local street fund and the self insurance fund.
- The City continued to experience a cash shortage.
- The City's ability to pay short term obligations was uncertain.
- The pension system was less than 60 percent funded.
- City officials failed to make staff reductions in accordance with the deficit elimination plan.

Flint Financial Review Team Findings:

- The City has a general fund deficit of $14,621,546 as of June 30, 2010 which was not eliminated within the two year preceding period.

- The City previously submitted a five year deficit elimination plan for a cumulative general fund deficit of $7,046,820 as of June 30, 2008. However, by June 30, 2010 the cumulative general fund deficit had grown to $14,621,546. An updated plan submitted for 2010 does not purport to eliminate the cumulative deficit until 2030 and that relies upon the issuance of an additional $12 million of debt in 2013.
- A structural operating deficit existed in the general fund as of June 30, 2007, 2008, 2009, 2010 and the general fund is projected to have a $6,768,864 deficit as of June 30, 2011.

The Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2011 was received in December 2011. The City's General Fund, which had a $14.6 million deficit at the beginning of the year, ended it with an $8.9 million deficit. The reduction in the deficit was due solely to an $8 million Fiscal Stabilization Bond issued by the city in March 2011. In total, excluding the impact of the FSB proceeds and the Genesee Towers judgment levy, expenses in the General Fund exceeded revenues.

The City's Water Supply and Sewage Disposal systems also reported losses of $6.6 million and $14.1 million respectively. Increases in water and sewer fees have been implemented since the end of the fiscal year in an effort to forestall additional losses. However, the increases do not appear sufficient to address past deficits.

The City had actuarial accrued liability for post employment benefits other than pension (OPEB) of $862 million at June 30, 2011. Currently, the City is operating on a pay-as-you-go basis. In FY11, $19.6 million was spent on premiums for health care, compared to the recommended amount of $61.4 million.

The Auditors comments continued to note concerns with cash flow and with the timeliness of certain account and bank reconciliations.

Background

Several conditions developed over a period of decades to place the City of Flint in a situation of chronic fiscal stress. The major employer, General Motors, significantly reduced operations in Flint (in 1978 GM employed over 80,000 people, by 2006 employment totaled 8,000). The population of the City declined 18 percent between the census of 2000 and 2010. Owner occupied housing decreased from a high of 73.1 percent in 1960 to a 2010 low of 44.7 percent. The jobless rate for the 2010 annual reporting period was 23.2 percent. State Shared Revenue which accounts for 31 percent of the General Fund decreased 13 percent over the past five years.

In addition to the above noted reduced State Shared Revenue, the City's two other sources of revenue, property tax and income tax, have both suffered significant reductions. Between

2006 and 2011, property tax revenue has decreased 33 percent and income tax revenue has decreased 39 percent.

As revenue decreased, the City of Flint implemented numerous cost controls. The workforce has been reduced by 50% since 2001; yet the total cost of wages, benefits, and retiree premiums have continued to increase. Note that the liability for services already rendered is essentially a fixed cost which is now borne by fewer active employees and reduced city revenues.

Note: the statistics quoted above are taken from the report by Eric Scorsone, Ph.D. titled "Long-Term Crisis and Systemic Failure: Taking the Fiscal Stress of America's Older Cities Seriously Case Study: City of Flint, Michigan" dated September 2011.

Goals

The overall goals for the City are:

1. long-term financial stability;
2. an increase in revenue base to provide quality services to its residents;
3. a reduction in government costs through negotiated union contracts, consolidation and shared services, and ongoing professional development of staff;
4. continue to maintain and modernize the infrastructure of the city in alignment with the current population counts;
5. to streamline the processes necessary for businesses to locate, and continue operations, in the city;
6. to utilize the Master Plan to stabilize and then increase both the commercial and residential base of the city;
7. to provide public safety services, focusing on reducing violent crime, commensurate with cities of comparable size and resources.

Planning Process

The City of Flint was determined to be in a financial emergency by the Flint Financial Review Team as noted in the above section: **Summary of Financial Condition of the City of Flint.** On November 1, 2011 Governor Rick Snyder appointed Michael K. Brown as Emergency Financial Manager. EM Brown developed a Financial and Operating Plan utilizing the resources of a five person Advisory Committee as well as five additional advisory committees. The EM sought broad expertise to ensure public engagement and to maintain a sense of continuity with the Mayor and the City Council. In fact, all nine Council Members and over fifty other citizens participated in the advisory committees.
The Advisory Committees are:

- Finance/Administration – Chair Armando Hernandez,
- Public Safety – Chair Diana Kelly,

- Infrastructure/Development – Chair George Wilkinson,
- Grants/DCED – Chair Sue Peters,
- Pension and OPEB Underfunding – Chair Ed Kurtz.

The EM's Financial and Operating Plan was updated in the Emergency Manager's June 1, 2012 report to the State Treasurer.

Upon the appointment of the Emergency Financial Manager, Edward J. Kurtz, on August 8, 2012 a new Advisory Committee was established and the State Treasurer approved the following individuals to serve on the City of Flint Emergency Financial Manager's Advisory Committee:

Mayor Dayne Walling	Kenyetta Dotson
Reverend Phillip Thompson	Tim Herman

Mr. Kurtz has also asked three others to serve as well: Dan Cady, Armando Hernandez and Adam Thomason.

The Emergency Financial Manager has utilized the Advisory Team, the City of Flint Management Team and the updated Financial and Operating Plan to develop this Financial and Operating Plan for Fiscal Year 2013.

Management appointments have been made to ensure that the essential services necessary for the public's health, safety and welfare are assured and to continue to conduct all aspects of the City of Flint's operation within the resources available. Any employment contracts were extended with the approval of the Treasury Department.

Actions Taken To-Date

ORDER No.1 PROCEDURES FOR PURCHASING

Requests to procure goods and services, in any amount, are to be forwarded to the Purchasing Department for processing Departments shall not procure any goods or contract any services without the proper authorization from the Emergency Financial Manager or Purchasing Department. Any procured goods or contracted services made without proper authorization shall not be approved and the City shall not be bound.

ORDER No.2 PROCEDURE FOR SUBMISSION OF RESOLUTIONS AND ORDINANCES

The procedure is described for the submission of resolutions and ordinances; effective immediately.

ORDER No.3 BUDGETARY OVERSIGHT & TERMINATION OF LINE ITEM LEVEL

All City officials, department heads and division heads shall adhere to the prescribed budgetary guidelines and responsibilities.

ORDER No. 4 ADVISORY COMMITTEE

Pursuant to the Contract for Emergency Financial Manager Services signed by the Local

Emergency Financial Assistance Loan Board on August 8, 2012, the Emergency Financial Manager shall appoint an advisory committee consisting of three to five members to provide advice and counsel regarding the Manager's decisions and actions to resolve the City's distress. The Emergency Financial Manager shall meet with the advisory committee regularly, but no less frequently than monthly. The Emergency Financial Manager has recommended and the State Treasurer has approved the following individuals to serve on the City of Flint Emergency Financial Manager's Advisory Committee:

- *Mayor Dayne Walling*
- *Kenyetta Dotson*
- *Reverend Phillip Thompson*
- *Tim Herman*

ORDER No. 5 CITY TREASURER AUTHORIZED TO CORRECT ASSESSMENTS OR FEES IF PROPERTY OWNER ENTITLED TO WAIVER

The City Treasurer is authorized to make the necessary correction to an assessment or fee that was placed on the tax roll in the event it is determined that property owner is entitled to a waiver, including, but not limited to combination of parcels.

ORDER No. 6 OVERTIME

Based on the foregoing, all overtime must be directly approved by the department head in advance, with the exception of emergency overtime that can be clearly documented. In the Police Department, requests for overtime should be directed to Chief Alvern Lock. In the Fire Department, requests for overtime should be directed to Public Safety Administrator Barnett Jones.

All Departments

Department Management reconfigurations have been completed in anticipation of reduced staffing levels as provided in the FY(13) Budget. (See Attachment # 1 Organizational Chart)

Financial/Administration/IT

Cash Flow

A realistic analysis of cash flow has been developed by the Finance Director, and is being monitored on a monthly basis. Cash flow for this nearly $200 million operation is minimal at best, with pooled cash balances since January ranging from nearly $13 million in February to approximately $8 million at the end of April. These amounts have been slightly above projections.

FY13 Budget

Development of a budget which moves the City toward financial stability was accomplished with the FY13 budget. FY13 began July 1, 2012.

The process of implementing the FY13 budget is now underway. It is balanced realistically, and encompasses significant revenue increases and expenditure reductions. The process started with a projected gap of $25 million between projected revenues and projected expenses. The result was a total budget of $192 million, of which $82 million is sewer and water; $58 million is General Fund and $30 million is federal CDBG.

The budget encompasses expenditure reductions which included the elimination of nearly 150 positions (20% of the workforce); employee concessions including a restructuring of health and pension benefits and employee costs; and various organizational changes.

On July 1, new health care plans for active employees was put in place, as well changes in pension benefits. Health care plans for retirees began on August 1 for pre-65 retirees; this was followed with changes for Medicare-eligible retirees on September 1. The City has been sued in Federal District Court, but no decisions have resulted to date. If the City is precluded from implementing these changes in health care for retirees, there will be a projected (unbudgeted) increase in expenses of $3.5 million in FY13.

For future employees, city retiree health care will no longer be an option, and the traditional defined benefit pension plan for non-police and fire employees will be replaced with a hybrid pension plan. There are also numerous changes which increase management flexibility and reduce other employee costs.

The budget also implements new revenues in order to provide the level of revenues still needed – in spite of expense reductions – to continue the marginal level of city funded public safety personnel and basic city services. These revenues include numerous fee increases; a $143 annual fee for waste collection (replacing a dedicated 3 mill tax levy); a $62 special assessment fee for operation, maintenance, and improvement of street lights (in the past this was a $2.85 million general fund expense); and an overall 25% increase in water and sewer rates (12.5% water; 45% sewer). Unfortunately, the reliance on fees and assessments will create hardship for many of the City's residents. However, the choices for increasing revenues at this time were limited.

If the budget can be implemented as planned, a significant objective - not spending more than the City takes in - will be accomplished, and will have done this while avoiding public safety reductions beyond those associated with expiring grant funds.

However, the City faces several legal challenges. While the challenges may not be sustained in the long term, any impediments to implementing the budget will have severe financial impacts.

For example, legal challenges which prohibit the City from implementing revenue increases or expenditure decreases will require immediate actions to further reduce spending – including public safety – and may impact the City's ability to function at an adequate level, particularly in light of the marginal cash flow.

Potential challenges the City may face from budgetary perspective include ones associated with the numerous rate increases incorporated into the budget, changes in retiree health care, and the unilateral implementation of changes to three collective bargaining agreements. It should be noted that through the Emergency Manager the City of Flint was able to reach tentative agreements with three of the six bargaining units. To this point, the City was recently sued over the pending implementation of increased water and sewer rates, by the President of the City Council et al. This is a prime example of litigation that could impede the COF's ability to maintain fiscal solvency.

Financing the Deficits

In April, the Emergency Manager filed a Deficit Elimination Plan focused on the accumulated deficit as of June 30, 2011. That plan indicated the City's intent to request authorization to borrow approximately $9 million in Fiscal Stabilization Bonds in order to address the accumulated General Fund deficit once a credible FY13 budget was in place. The Deficit Elimination Plan was approved by the State. On May 24, 2012 the City filed an application for borrowing with the State Administrative Board, and the Department of Treasury has issued a memorandum stating that the request satisfies the necessary statutory requirements. At this time, Treasury has not authorized the borrowing as proposed n the Deficit Elimination Plan.

While this borrowing addresses the accumulated FY11 deficit, there was an additional deficit at the end of FY12. It is estimated at this time that an additional $10 million will need to be financed in order to address the FY12 deficit. However, if the FY13 budget is implemented as it was adopted, there should be no additional General Fund deficit. There will be ongoing deficits in the water and sewer funds, but only as related to unfunded OPEB liabilities.

Audit

The Comprehensive Annual Financial Report for the year ended June 30, 2011 has been received and filed with the Department of Treasury.

Labor Agreements

Labor Counsel held meet and confer sessions with the City's six bargaining units. A target of 20% equivalent wage reductions has been achieved. Tentative Agreements were reached with four of these bargaining units. As contract settlement was necessary prior to adopting the budget, the EM invoked the 19K provision in Public Act 4 from the State Treasurer for the bargaining units which had not achieved

Tentative Agreements (EM Orders 18 and 26) and with Local 1799 which had approved a TA but had not ratified (EM Order 27).

Economic Vitality Incentive Program (EVIP) Requirements and Activities
The Flint Economic Vitality Incentive Program Certification of Consolidation of Services (EVIP) was filed December 30, 2011 which qualified the City of Flint to receive State Shared Revenue as of January 2012.

The Economic Vitality Incentive Program Certification of Employee Compensation was filed on April 25, 2012 which fulfilled the City's third obligation to receive the next allocation of State Shared Revenue.

The City is now preparing the October 1, 2012 filing of the EVIP Dashboard, Citizens Review and Projected FY14 budget

The City has contracted with Plante Moran to conduct a study to evaluate the potential of shared services between the City and Genesee County treasury functions. This study has been funded by the Mott Foundation.

Income tax processing is being handled through a joint project with the Cities of Grand Rapids and Lansing.

The City's Human Resources Department is working on a joint project with the Genesee County HR Department and the Genesee Intermediate School District to integrate electronic capabilities for HR records.

Prescription Drug Program
City of Flint has suspended the planned implementation of a modified prescription drug program which requires the issuance of a generic drug unless a name brand drug is determined to be medically necessary. This action resulted due to a lawsuit, Yurk et al. v. City of Flint, pending in Genesse County Circuit Court before Hon. Archie Hayman. Judge Hayman granted a temporary restraining order and has completed a hearing on plaintiffs' motion for preliminary injunction. However, the court took the motion under advisement and has not issued a decision.

Dependent Eligibility Audit
The Risk Management Office is currently in the process of conducting a dependent eligibility audit which is expected to be completed before the end of the year.

Administrative Reorganizations
The City of Flint Human Relations Commission (HRC) has been reorganized to address constituent and citizen services. This reorganization was developed in relation to elimination of departments (Ombudsman and Civil Service Commission), as well

as reductions in executive staff. The HRC will now be the First Stop Office at City Hall with a focus on prompt citizen response.

Prior to the start of FY13 the Information Services Department eliminated all positions and then rehired fewer employees with new job descriptions. The new structure allowed more flexibility and greater utilization of personnel.

Infrastructure/Development

Water Issues

The City is working with the Detroit Water and Sewerage Department (DWSD) to revise the contractual policy restrictions on blended lake and river water. This revision could provide significant savings to the city water customers.

The Genesee County Drain Commissioner has begun the engineering work for the Karegnondi Water Authority. The City of Flint expects to participate as a partner in the construction and operation of the new water line from Port Huron, but has not yet signed that agreement. Again, blended Flint River water, DWSD water and/or treated Karegnondi water is being evaluated in this scenario as well.

U. S. Department of Environmental Quality S2 Grant

An S2 DEQ grant to study infrastructure condition for water pollution control was accepted. The study was defined to encompass the City's entire sanitary sewer system including the overall collection system, the capacity and condition of the system, potential upgrade recommendations to the lift stations and the pumping stations, and to make recommendations for necessary investments to maintain the system.

U.S. Department of Energy Grant

The City of Flint has negotiated an agreement with the Department of Energy to terminate the Energy Efficiency and Conservation Block Grant (EECBG). While the agreement has not yet been finalized, it appears likely to be completed shortly. It provides that there was no finding of wrongdoing by the City. The grant was terminated because there was insufficient time to complete the project under the performance period of the grant. The mutually agreed upon termination of the grant will not adversely affect the City of Flint's qualification and eligibility to receive future grants or contracts from the D.O.E.

Golf Courses

Three of the city's four golf courses were leased to private organizations. Two courses were operational this summer.

Senior Centers

The Pierce Senior Center closed on April 30, 2012 as funding was no longer available. A Request for Proposal is being issued to seek operators for both

Hasselbring and Brennan Senior Centers. The City is also exploring the potential for a non-profit organization to take over the centers, however, that may require programs and services take place at the non-profit's location. Further talks continue with the County for other potential means of operation.

Smith Village Development

The Smith Village housing project is funded primarily with HUD and NSP2 grants. Phase I, which includes 30 housing units, has been completed as scheduled. HUD has determined February 10, 2012 is the goal to expend 50% of the allocation. The Smith Village housing project will meet that development goal. On May 18, 2012, the City announced that Phase II of the Smith Village development will be undertaken by Ginosko Development Company and Rohde Construction Company. Ginosko's site plan was approved by the Flint Planning Commission on May 22, 2012.

Master Plan

The City of Flint continues to make progress on the preparation of its first comprehensive Master Plan in fifty years through a $1.5 million HUD Community Challenge Planning Grant. As a result of this grant, a Chief Planning Officer and two Associate Planners have been hired. These staff members coordinate monthly Steering Committee meetings to discuss the Master Plan with Flint residents and the many citizens that participated in the ward meetings earlier this year.

A website,www.steeringflintfoward.com has been established to inform citizens about the planning process and to solicit their input. A $50,000 grant from the Ruth Mott Foundation has been received, as well as a commitment from the C.S. Mott Foundation in the amount of $263,804 for the Master Plan.

U. S. Department of Housing and Urban Development Monitoring

After the February 2012 HUD Monitoring of the HOME Program, The City of Flint received notice from HUD that it has capacity to run the HOME program.

Real Estate Transactions

In August 2012 the City of Flint sold the Genesee Towers to Uptown Redevelopment Corporation for $1 and committed $750,000 CDBG dollars toward the over $4 million cost of demolition. Genesee Towers has been a liability for the City since December, 2010 when the city assessed a one time millage to cover the $9.0 million judgment.

A quit claim deed for Chevy-in-the-Hole site has been transacted between the EDC and the City of Flint. EPA money for clean up has been agreed upon.

Public Safety

A Police and Fire Protection Millage request for 6 mils has been placed on the November ballot. If this millage request passes, this will begin the process of stabilizing both the Police and Fire Departments.

Based on input from the State Police, Governor's Office and a Michigan State University Criminal Justice Study, it is clear that the Genesee County Criminal Justice System and the Flint Police Department could benefit from improved coordination and policy development. The restructuring and expansion of an existing criminal justice planning group is underway.

A Public Safety Plan was introduced to the public on May 4, 2012. This plan addresses Police and Fire department organizational plan, operation of the lock-up, transition to 800 MHz communications system and the formation of the Criminal Justice Policy Advisory Council.

The Police Department changed to a 12 hour shift operation within a four District Patrol plan. Both of these plans were implemented at the end of June, 2012.

The Public Safety Department recommended selection of the Genesee County Sheriff as the operator of the Flint lock-up. It is expected that the lock-up will be operational by October 1, 2012.

The City received a 6 month grant renewal from the C. S. Mott Foundation for the Community Policing grant which has funded 10 officers and 1 sergeant. The grant also includes other criminal justice system personnel support, including the addition of Neighborhood Safety Officers who would be responsible for enforcement of blight violations, vehicle ticketing for impound and other neighborhood duties. This grant was submitted in conjunction with the Michigan State University School of Criminal Justice Training and Assistance team. The MSU team will assist the City in implementing several phases of the Public Safety plan.

The City of Flint is continuing its existing collaborative efforts with regional partners. Examples: Flint Area Narcotics Unit, Safe Streets Task Force, and U.S. Attorney's Office Zero Tolerance gun violence reduction initiative, LifeLines (formerly known as CeaseFire), and other programs to help eliminate gang activity and prevent other violent acts.

CopLogic is an Internet based, crime record system through which residents self-report crimes with no suspects and little chance of solvability. CopLogic was introduced in July, 2012.

A protocol was finalized for the transition to the Genesee County Sheriff's Department to handle the paramedic calls in the City of Flint. This millage is now being managed only by Genesee County. Completion date was July 1, 2012.

The FEMA funded SAFER Grant which supports the wages and benefits of 39 firefighters was renewed on June 10, 2012 for two years. The new grant totaled $6.9 million. It is very rare that a city would be awarded a full funding request in back-to-back granting periods.

Projects in Progress

The Emergency Financial Manager has determined that the projects noted in the following list are the top priorities:

1. Waste Collection Operation	November 1
2. Issue RFP Demolition Plan/Contracts	October 15
3. Start new construction at Smith Village	October 1
4. Budget Review and amendment	October 1
5. Contract/Commit all HUD funds (DCED, NSP2 and 3 focus)	October 15
6. 800 MHZ/911 merger study	November 1
7. Open Lockup	October 1
8. Complete FERS to MERS/Retiree Healthcare changes	October 1
9. SBI decision	October 15
10. Weekly Press Briefings	September 12 and each Wednesday after
11. KWA Decision	November 1
12. Senior Centers Plan	November 1

OTHER ISSUES

1. Street Light Special Assessment District
2. Indigent fund for water
3. EVIP List
4. Labor Contract implementation
5. Boards and Commissions

6. MSU Med school
7. Quarterly Report to Treasury
8. Next step on Genesee Towers
9. Complete the Plante Moran Study
10. Close FY12 books, prepare for audit
11. Plan to file an FY12 Deficit Elimination Plan

Financial/Administration/IT

The Finance Director received approval from the Flint Employee Retirement System (FERS) Board to transfer the general administration, management and responsibility for the Flint retirement system to the Michigan Employee Retirement System (MERS). This transfer is expected to be completed in time for the first MERS check to retirees to be issued on October 18, 2012. The City has already been sued to stop the transfer of assets. The basis of the suit was that the Councilman who was newly appointed to the FERS Board was not sworn in to the FERS Board before voting on the transfer from FERS to MERS.

Cash flow, which was identified in the audit as an area of ongoing concern, has been reviewed. Thanks in part to the receipt of $8 million from the Financial Stabilization bond and the use of $3.7 million in accumulated funds for retiree health care, cash flow should be minimally adequate for a short time. However, little progress has been made to date in addressing the extent of inter-fund borrowing. The situation continues to be monitored to assure sufficient cash to pay for current expenses, and options for long term solutions will be developed.

Recently implemented rate increases appear to have been nearly sufficient (within $700,000) to cover current operations in the Water Fund, exclusive of OPEB liabilities. With depreciation and OPEB liabilities included, the $12.4 million deficit at the end of FY 11 is projected to increase to $13.2 million.

The FY11 deficit of less than $500,000 in the Sewer Fund, however, is projected to increase to nearly $7 million, inclusive of depreciation and OPEB liabilities.

Options for addressing these shortfalls are being developed, including the possibility of additional borrowing in concert with expenditure reductions.

The City is closing the books on FY12 and preparing for the audit. This will be followed by an analysis to determine the extent to which projections were valid. It is anticipated that there will be a need to file a Deficit Elimination Plan based on the FY12 audit.

The Finance Department and the IT Department are completing the planning and preparing for the implementation for the upgrade of the City's financial management software (moving from BS&A Pervasive to Dot net.)

The Finance Department is also proceeding with the following projects:

- implementation of a Procurement Card system and the associated changes to the City's Purchasing Policies,
- completion of the update of the pension and OPEB liabilities,
- continued aggressive monitoring of revenue and expense activities as compared to the FY13 budget, with particular emphasis on revenue collections, position counts and overtime expenditures,
- development and implementation of employee development programs focusing on financial management, supervision and labor relations, and leadership development.

The City Attorney is continuing with efforts to improve litigation management through claim evaluation, claim reporting, attorney training and trial preparation. The City Attorney continues to emphasize the "litigation team" approach to case handling, with weekly review of pending matters and discussion of how best to protect the City of Flint's legal interests.

Collaborative economic development efforts are underway with the Genesee Regional Chamber of Commerce to attract and retain businesses; and to receive and apply new tools such as the Next Michigan Development Corporation and Smart Zone designation. The city will continue to work with RACER Trust for brownfield development, including Buick City.

The City of Flint is challenged in its current financial condition to provide significant investment into job creation and Economic Development. However, the City has developed a unique and effective partnership with the Genesee Regional Chamber of Commerce (GRCC) which is the recognized economic development entity for Genesee County. The City receives specific community and economic development services from GRCC each year. Attached is a brief summary of achievements resulting from this partnership.

Infrastructure/Development

Determine City of Flint's level of participation in the Karegnondi Water Authority (KWA) water pipeline project.

The City is reviewing proposals from companies interested in operating waste, compost and recycling collection.

The Smith Village project is proceeding with the construction of new homes which will bring the total of completed homes to 40 by February 14, 2013. HUD has approved this plan with the understanding that the remaining planned homes (up to 83) will be built as proceeds become available from the sale of the first 40 homes.

Public Safety

Continue patrol assistance from Michigan State Police. This is a crime deterrent and increases traffic safety compliance.

Continue existing collaborative efforts with regional partners. Examples: Flint Area Narcotics Unit, Safe Streets Task Force, and U.S. Attorney's Office Zero Tolerance gun violence reduction initiative, CeaseFire, and other programs to help eliminate gang activity and prevent other violent acts.

Apply new technologies and information systems to improve police efficiencies and improve targeting and effectiveness including New World, CopLogic, Shotspotter and DDACTS.

Transition to an 800 MHz communications system is underway. New mobile and portable radios have been purchased and templating is completed. Region 3 issued a purchase order to Motorola Systems for 9-1-1 Console upgrade and construction of a Point to Point Microwave link.

Investigate potential to return automobile impound lot to a City of Flint operation.

Projects Under Assessment

All Departments

Review all departments and services for potential merger, consolidation, contracted service, shared services with other governmental entities, privatization or elimination. As a result of this review determine if these functions should be subsidized with general property tax dollars and what will be paid by the users.

Review current expenditures for significant reduction.

Review all city owned assets (both real property and capital equipment) and determine if disposal should be pursued.

Review necessary ordinance and charter revisions which would increase flexibility for department reorganization and budget flexibility.

Investigate appropriate investments necessary to achieve longer term savings, cost avoidance, and improved efficiencies.

Review the process for all grants to the City of Flint for appropriate use of funds, potential for continued funding, and timely reapplication.

Develop a system of benchmarking costs to determine whether to maintain City of Flint operations or outsource services.

Financial/Administration/IT

Request a legal opinion with regard to retiree pension and OPEB contractual versus constitutional issues.

Risk Management Office is reviewing various Employee/Retiree health care options including plan design, delivery systems, Medicare Advantage, Medicare Wrap Around, benefit carve-outs, etc. in an effort to control health care costs.

Infrastructure/Development

Monitoring and review of the Smith Village Housing Project is continuing. The Grants/DCED Advisory Committee has been reviewing issues relating to compliance with HUD and NSP2 guidelines.

Conduct a comprehensive review of water and sewer systems to identify opportunities to utilize resources and infrastructure to increase efficiencies, generate revenues, and reduce liability.

Determine if current City operations can sell excess capacity.

Investigate the feasibility for utilizing available technology for remote operations.

Investigate the status of the Hamilton Dam project and consider implications for both water treatment plant volume control and storm water management.

The EFM is addressing the financial crisis and also working on meeting the many other needs of residents and continuing development of the city. Numerous grant applications have been submitted to implement a wide range of programs.
Grants submitted:

- Application to Environmental Protection Agency for nearshore health and non point source pollution, watershed remediation for "Chevy-in-the-Hole" stormwater wetlands. $600,000
- Application to the Administration for Children and Families for Community Economic Development (CED) projects. $800,000
- Application to the Department of Justice for the Byrne Criminal Justice Innovation FY 12 Grant – revitalizing neighborhoods and reduce crime (partner applicant in two grants).

- The City of Flint is also a partner applicant in the Building Neighborhood Capacity Program (Wards 1 & 3) and Promise Neighborhood (Wards 1 & 2) which are part of the Federal Neighborhood Revitalization Initiative. ($225,000)
- The City of Flint and the Flint Farmer's Market have applied for an Urban Farmer's Market Program which provides funds to entitlement communities, in this application the request is for equipment and fees for the SNAP and Double UP Food Bucks. ($21,742)

Public Safety

Review department day-to-day operations for more efficient utilization of personnel and other resources.

Restructure Fire Department, 911 and emergency response operations to adjust to eliminated Federal and County revenue sources. Review options for shared services, station configurations, staffing levels, contract services and technology applications.

Investigate 911 re-consolidation. Determine costs to align equipment with County 911 system; determine metrics to evaluate level of service to City of Flint; and determine process to evaluate City personnel participation in a consolidated system.

Next Steps

- Implement department reorganizations, contract agreements, proposed shared services, mergers and consolidations.
- Manage FY13 budget compliance.
- Maintain the safety of the residents of the city during this transition and keep the citizenry informed of plans throughout this process.
- Complete the transfer of the employee retirement system from FERS to MERS.
- Make and implement key decisions on Infrastructure – particularly water and sewer operations.
- Develop a plan to increase revenue: millage, income tax and other. Include potential for urban homesteading.
- Decide timing and leadership for potential Charter revision.
- Issue RFP's for private contractors for various services.

Conclusions

Personnel assignments have been made to ensure continued operation of the public services necessary for the citizens of Flint. The Department Directors have reviewed the financial and

operational status of the City. They have made substantial recommendations for revisions in the City's operation and are currently implementing those recommendations

The City of Flint acknowledges an on-going financial crisis. Also, the City of Flint realizes that it is a high priority to address the tremendous public safety issues through the improved coordination throughout the criminal justice system in Genesee County. Aggressive efforts are being undertaken to clarify and resolve all issues presented in this report.

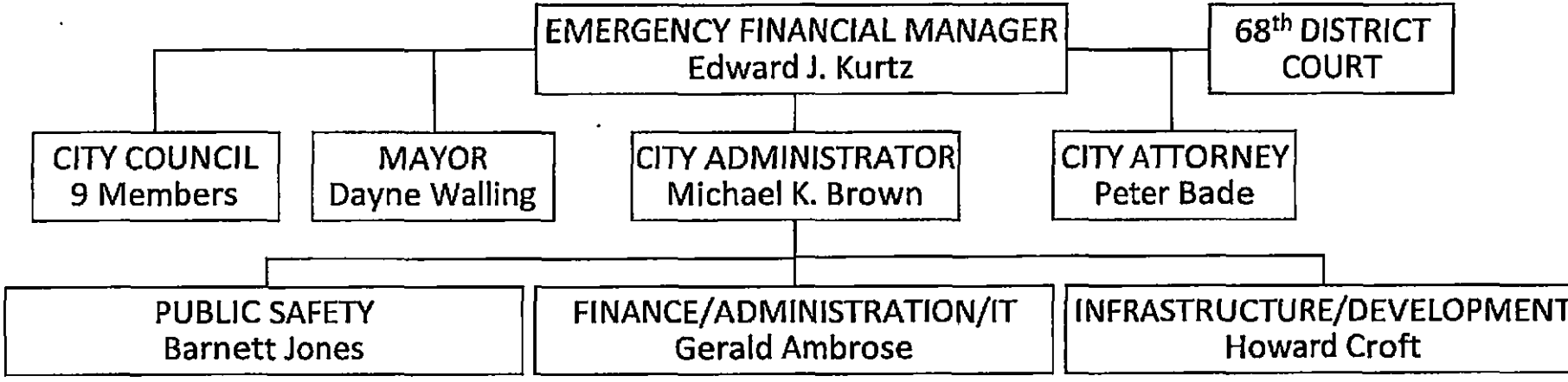
A second report of the City's Financial and Operating Plan is due six months following the appointment of the Emergency Financial Manager. Updates will also be provided as appropriate.

Edward J. Kurtz
Emergency Financial Manager
City of Flint

Attachments:

#1 Organizational Chart
#2 City of Flint FY13 Budget
#3 City of Flint FY12 Preliminary Close

City of Flint: Organizational Chart



- Police
- Fire
- 911

- Treasury
- Budget
- Risk Management
- Assessment and Tax Collection
- Human Resources
    - Human Relations Commission
- Information Technology
- Purchasing
- Accounting
- Pension
- City Clerk – Licensing, Permitting, and Elections

- Community and Economic Development – Planning/Zoning and Grants Management
- Development – Building Inspections, Blight and Demolition
- Facilities Maintenance
- Fleet
- Parks & Recreation and Forestry
- Sanitation
- Street Maintenance
- Transportation – Central Administration and Accounting
- Transportation – Traffic Engineering
- Transportation – Engineering
- Utilities – Water Pollution Control Facility
- Utilities – Water Service Center
- Utilities – Water Plant
- Utilities – Water Treatment Center

Attachment # 1

Attachment # 2

City of Flint
FY 2013 Budget

City of Flint, Michigan

BUDGET

for Fiscal Year 2012-2013

Michael K. Brown, Emergency Manager

City of Flint
FY13 Budget

It is well known that the City of Flint is confronted with a financial emergency. It has been in state receivership since November 2011. The City is projected to have more than an $18 million deficit by June 30, 2012. Cash flow is extremely narrow, and any major unexpected expense or revenue loss at this time could be catastrophic.

The Emergency Manager is committed to seeing Flint not only return to financial solvency, but become the thriving municipality it once was, attracting residents, businesses, and visitors.

The challenge is great – financial insolvency; a population base reduced by 50%; declining property values; high numbers of vacant houses and persons in poverty, crumbling infrastructure, and high crime.

The first step to recovery is to stabilize the City's finances, in order to provide basic services to our citizens. With a focus on a next year's budget that is realistically balanced on attainable revenue estimates, and with assistance from the state to address the accumulated deficits from past years, our journey into the future can begin.

It will not be easy. The current level of expenses for city services significantly exceeds the current amount of revenues which will be received, and choices for new revenues are limited. Consequently, while efforts continue to identify new sources of revenue, current services and workforce will be reduced significantly. Where new sources of revenue are found and implemented, it will mean increased costs to taxpayers. There is no other choice – expenses must be reduced, revenues must be increased, or a combination of both must occur.

This budget is based on conservative assumptions regarding revenues and expenses. If there is uncertainty about a revenue stream, it is not included. When projecting expense items over which the City has little direct control, they have been projected on the high side. The result can be characterized as a "worst case" budget. However, since the budget is a flexible plan, new developments –such as additional revenue sources – can be added if and when they become available.

THE FY13 BUDGET

The FY13 Budget for the City of Flint totals $195 million for all funds, including $58 million for the General Fund plus Special Revenue Funds, Capital Improvement and Enterprise Funds. It provides for a workforce of 539 employees. The amount of funds available, and the size of the workforce afforded by those revenues, are significantly less than in the current and prior years.

As this budget process began, there was a projected gap of some $25 million between the amount of funds projected to be received and the cost of continuing all services and positions in the same manner as currently done. This gap has been closed by a mixture of revenue increases and expenditure decreases.

REVENUES

City services are funded by a mix of property taxes, income taxes, state and federal shared revenues, and fees, charges, and assessments. The current property tax rate for city services is 15.5 mills, or $15.50 for each $1,000 of taxable value. Residents and businesses also pay a 1% income tax, while non-residents pay one-half that amount, the limit set by state law.

The revenue stream supporting city services in this budget is different from the current year's in some significant ways:

- With property values continuing to decrease, property tax revenues are decreased by more than 20%. These revenues are decreased even further as the 3 mill levy for waste collection is eliminated in favor of a new waste collection fee designed to cover the entire cost of that service.

- State shared revenue remains at the reduced level legislated by the state beginning in FY12.

- Revenues from some major grant sources – the SAFER grant for firefighters and the MOTT grant for community policing – are not included, as there is no certainty those funds will be received.

- Revenues from a new city-wide special assessment will reduce the cost burden on the City's General Fund while providing funding for the operation, maintenance, and improvement of the City's street lighting system.

- Additionally, it is necessary to increase water and sewer rates significantly in order to have sufficient funds to operate the system. A system capable of serving more than 200,000 users is now utilized by less than half that number. The systems are old, in need of repair, and costly to maintain. Costs from the primary supply source - the Detroit Water System – have also increased significantly over the past several years. While there have been significant increases in rates over the past few years, they have not been sufficient to cover the operating costs of the systems. While there are currently significant and positive efforts being made to make the systems more efficient and cost effective, they will not affect the cost of operating the systems this year.

The impact of these changes in the revenue stream will vary on taxpayers, businesses and residents. Compared to the current year, many taxpayers will see an increase in their total payments for city services, with the amount varying to the extent that their property values have reduced.

However, when compared to total payments for city services made in 2005 – before the precipitous drop in property values began - many taxpayers will still be paying less. It appears that owners of property with a taxable value of more than $53,450 in 2005 will still pay less for city services in FY13 than they paid in FY2005. Property owners with a taxable value of less than $53,450 in 2005, however, will pay more for city services in FY13 than they paid even in FY2005.

Unfortunately, with the tools at hand for raising revenues at this time, it is not possible to spread the impact differently. Alternatives such as raising the property tax millage or the income tax rate require voter approval and, in the case of the income tax, state legislative approval as well. However, these alternatives are being evaluated for future use.

EXPENSES

The revenues collected pursuant to this budget will be used to provide a very basic level of services in the areas traditionally provided by the City. Police and fire protection and other public safety services, water and sewer service, trash collection, street maintenance and lighting, parks maintenance, building inspection, code compliance, demolition and other community development activities, will all be continued, although in different ways and at reduced levels. Citizens can expect that response times for certain services or requests for information will be slowed.

The City's workforce will be reduced by more than 20% and, unfortunately, layoffs will occur. The extent of these reductions has been lessened significantly with concessions obtained from employee bargaining units.

Reductions equivalent to 20% of the wage base have been negotiated with three of the six city bargaining units (IAFF, FPOA Sgts, and FPOA Command), and a final vote on similar concessions with AFSCME 1799 is pending. Concession discussions with AFSCME 1600 and FPOA Patrol continue, but no agreements have been achieved. This budget assumes implementation of similar concessions across all bargaining units and exempt employees.

Similarly, reductions in the cost of retiree health care are also anticipated. The cost for the City's 1,500 retirees is projected at nearly $25 million for FY13, an amount which severely constrains the ability of the City to provide services to its residents. The City has determined that there are alternative means by which health care can be provided to retirees but at a significantly reduced cost. The City intends to implement the less costly alternative and has incorporated more than $4 million in anticipated cost reductions savings into this budget. Without such cost reductions, the City's workforce will be reduced even further.

Within the context of these revenue constraints and overall expense reductions, a very basic level of services will be provided to the residents and businesses in Flint in 2013:

PUBLIC SAFETY

Police – With the continued loss of tax and grant revenue, the Police Department will be minimally staffed at a level of 108 sworn officers and 21 non-sworn personnel. This represents the current level of staffing less 19 officers funded by grants which have expired. Requests for continuation funding are in process but have not been approved at this time.

Given the financial condition of the City, funding at this level represents a significant commitment to pubic safety, but it is recognized that more must be done. In the ensuing year, the department will be transitioning to 12 hour shifts. This transition will reduce overtime expenses

and should increase the number of officers on patrol at any one time. The efforts of the FPD will continue to be assisted with continuing support from the Michigan State Police, and contracted services from Hurley Hospital and Kettering University. Aggressive efforts will be made to seek the renewal of grants and to seek additional permanent funding for this essential service.

911 - 911 Dispatch will continue at current staffing, while efforts continue to consolidate City and County dispatch operations. Communications with and between officers will be enhanced with the projected move to the 800 MHz system on July 1, 2012.

Fire - With the expiration of the federal SAFER grant, funding for 39 firefighters would be lost, potentially reducing total staffing in the Fire Department to 54. However, with the reductions in costs attributable to union concessions, and an assessment of the impact this would have on the ability of the City to provide virtually any level of fire response, staffing in this budget is at 62.

Given the staffing constraints, three of the current five stations will remain open pending the decision on the SAFER grant. In addition, with Genesee County now providing paramedic response, the City's paramedic personnel will be assigned to suppression.

The City is aggressively pursuing renewal of the SAFER grant and, should it be received, the number of stations in operation could be increased.

Court - As required by law, the City will continue to financially support the operation of the 68th District Court. Recognizing the financial circumstances of the City, along with the court's decreased caseload and offsetting revenues, court funding is reduced in this budget.

Lock-up – The City has been aggressively working to receive funding from the State of Michigan for re-opening the City Lock-up. At this time an operational plan is being developed as a condition for receiving consideration for funding. There are no City funds allocated in this budget for operation of the Lock-Up.

INFRASTRUCTURE

Water and Sewer - The expenses of the Water and Sewer system can be viewed in three categories – operations and maintenance, capital improvements, and purchase of water. Operational costs, in terms of personnel, have been reduced to the minimum necessary to operate the collection and distribution systems, but ongoing increases in compensation-related costs, such as pension and healthcare, make significant dollar reductions difficult.

Ongoing capital expenses are a necessity, as significant repair and replacement activities such as replacing broken water meters and keeping pump stations operational and in regulatory compliance, are necessary on an ongoing basis. Improvements are also necessary to improve the efficiency of operations, such as implementing remote monitoring of pump stations.

Finally, the purchase of water at ever-increasing rates is a significant cost of the operations, and while efforts to contain these costs are ongoing, they will not likely affect the cost of operations in FY13.

The costs of operations for water and sewer are projected at $85 million, with projected revenues at current rates totaling approximately $65 million. Recent rate increases do not generate sufficient revenues to cover the total costs of operations. Thus, in order to keep the systems financially solvent and provide funds for operation and maintenance, the overall rates for water and sewer will be increased in total by an average of 25%. Sewer rates are projected to increase by 45% while water rates are projected to increase by 12.5%. Even with this increase, it is not possible to set aside funds for pre-funding retiree health care, so formal balance sheets will still show deficits.

Waste Collection – The City has historically provided weekly trash pick-up for all residents, with the costs presumably paid from a special 3 mill property tax levy. However, the amount collected from the levy has reduced as property values have fallen, and costs of collection – personnel costs being a significant portion - have increased. As a result, the City's General Fund has subsidized the difference, by as much as $1.5 million in the past year.

Consequently, the 3 mill levy for waste collection will be discontinued, and a collection fee on residential properties will be implemented. It is anticipated that in the first year (starting July 1, 2012) the waste collection process will continue on a weekly pick-up schedule and will include composting. Fall leaf pick up will be restored. In the second year, it is expected that the waste collection service will be expanded to include recycling, and by that time a thorough evaluation of the means by which the service is carried out will be completed.

The fee for this service will be added to the property tax bill for owners of residential property, and is currently projected to be $143 in FY13, based on the projected cost of the service as reflected in the budget and the number of property owners billed. The amount will be adjusted on an annual basis to assure that it is reflecting the cost of the service.

Streets and Transportation – Funding for streets and transportation activities – with the notable exception of street lighting – is provided primarily from the state collected gas and weight tax allocated by formula to the City. That amount has been decreasing over the past years, making the ability to maintain local and major streets, sidewalks, and traffic control mechanisms very difficult. As with sewer and water, the City's road system is built to accommodate more than 200,000, and the City's population is now 102,000. This population drop has also contributed to the City's reduced level of gas and weight tax. As a result, the City's road system is currently rated a "3" on a scale of 1-10, demonstrating the effect of the lack of maintenance. The road maintenance activities for FY13 are focused primarily on preventive maintenance rather than targeted resurfacing, and will be chosen on the basis of most critical need and best return on investment.

Financing of infrastructure in the FY13 budget and beyond will be aided by use of a special assessment for street lighting, which is currently a general fund cost of nearly $3 million. The implementation of a city-wide special assessment district will provide for the operational costs of the current system and will enable upgrades and improvements to street lighting throughout the City. The assessment will be added to the property tax bill for all property owners, and is currently projected to be less than $100 per property in FY13. The amount to be assessed will be adjusted annually to reflect the projected cost for the operational, maintenance and improvement costs, and the number of property owners.

Parks - Maintenance of the City's 64 parks and its many trees in the rights of way will be funded primarily from the .5 mill special parks millage. Maintenance of the City-owned recreation/ community centers are also supported by the General Fund. Maintenance of parks, including play equipment, rights of way, and trees is minimal, and consists primarily of mowing, paying utilities, and responding to emergencies. There has not been any significant investment or maintenance of play structures in the parks for several years. Unfortunately, this level of investment will at best continue with the funds provided in this budget. Efforts will continue, as they have this year with golf courses, to find alternative ways to sustain the City's recreational assets. Continuing efforts will also be made to engage volunteers, neighborhood groups, and others to support specific parks and recreation centers.

Development - Building Inspection and Code Compliance activities will continue to the extent funds are available. Grant funds are budgeted at a reduced level to continue demolition activities and building inspection and code compliance fees are being reviewed again to see if the level and type of fees and fines are sufficient to cover costs and encourage voluntary compliance. In FY13, demolition activities will be done primarily by contractors in order that full cost recovery can be obtained from grant funds.

Planning and zoning activities will continue to the extent funds are available. Grant funds are budgeted to continue the upgrade to the City's master plan.

Community and Economic Development – Minimal ongoing financial support of economic development, in the form of CDBG funds, is also continued. Administration of the City's CDBG and NSP programs will continue, although grant funds are reduced. Evaluation of the administrative structure has resulted in reduced costs to the General Fund.

FINANCE AND ADMINISTRATION

All organizations have internal functions which support the delivery of services to the organization's constituency. In the City of Flint, these functions include assessing, accounting and budgeting, human resources, purchasing, information technology, risk management, fleet, facilities, treasury, and tax collections. Some of these functions are scalable to the size of the organization (such as human resources and risk management); others are not (such as tax billing and assessing). Regardless, with a decreasing base of business, and a corresponding reduction in workforce delivering services externally, there is compelling pressure to reevaluate processes and workforce numbers involved in all of these processes.

Changes are reflected in the size of the workforce appropriate to the current financial situation. It is also necessary to change internal processes to reflect an organization closer in size to 500 employees rather than 1,500. Changes beginning or planned include:

- Streamlined purchasing processes, including use of procurement cards for smaller purchases
- Simplification of processes for approving purchases
- Use of electronic means for processing payables and purchase orders
- Elimination of staffed stock rooms

- Changes in pension system administration and performance
- More reliance on Third Party Administration for workers' compensation related activities
- Elimination of manned security cameras where appropriate
- Evaluation of costs associated with custodial services
- More reliance on computer access for customer inquiries
- Consolidation of customer service functions
- More investment in technology to enhance productivity
- Commitment to funding necessary capital improvements which provide the workforce with proper equipment and facilities
- Implementation of a performance measurement system
- Commitment to rebuilding financial reserves by annual appropriation to a Budget Stabilization Fund

PUBLIC IMPROVEMENT FUND

The City Charter requires setting aside the proceeds of a 2.5 mill levy for the purposes of capital improvements and debt service. For the foreseeable future, these funds will be dedicated solely to current and anticipated debt service. A significant increase is expected as the City recognizes the need to increase its share of debt service for the downtown parking ramp debt, for making its required debt service of the initial Fiscal Stabilization Bonds, and for incurring future debt associated with additional bonding to alleviate the accumulated General Fund deficit. For FY13, it is projected that approximately $1 million will be available for the new debt service associated with additional Fiscal Stabilization bonds; in FY14 the amount available for debt service is projected to grow to approximately $1.5 million as current debt service for equipment ends.

GOVERNANCE AND OVERSIGHT

Core offices associated with governance and oversight traditionally include Council, Mayor, Administrator, City Attorney, City Clerk, Ombudsman, and Civil Service. Under receivership, there is also an Emergency Manager.

Several changes resulting in cost reductions were implemented by the Emergency Manager. These include: a reduction in salaries for the Council and Mayor, elimination of funding for the Ombudsman and Civil Service Commission, and the appointment of personnel to assist, either paid only on an hourly basis without fringe benefits, or loaned from another source. These cost reductions are continued in the FY13 budget.
Additionally, the costs of issuing business permits through the City Clerk's Office indicate that the costs of administration appear to significantly exceed the revenues collected. It will be necessary in the future to either reduce costs or increase permit fees to offset this imbalance.

CONCLUSION

The financial decisions made in this budget are significant but unavoidable. The budget reflects difficult decisions on the part of administrators and employees made to enable the City to provide services in FY13 at the levels its resources allow. The service levels will be low and not at a level anyone finds acceptable over the long term.

These decisions, however, provide the basis for going forward in a positive way. The budget is realistically balanced, with full expectation that when June 30, 2013 arrives, the City will not have once again spent more than it has taken in. It will have also put into place the financing to address the accumulated deficits of the past. Significant progress is being made to achieve financial solvency.

While there will certainly be financial challenges, decisions made in this process will assist in going forward. The decisions regarding employee compensation not only helped to address the short term financial challenge, but will assist in controlling expenses in the future, as the growth in future unfunded liabilities is slowed.

If the City government of Flint is to be a positive force in making Flint a safe and attractive place for residents, businesses, and visitors, it must have its own house in order. It cannot teeter on the edge of financial insolvency and hope to lead the way.

BUILDING THE FUTURE

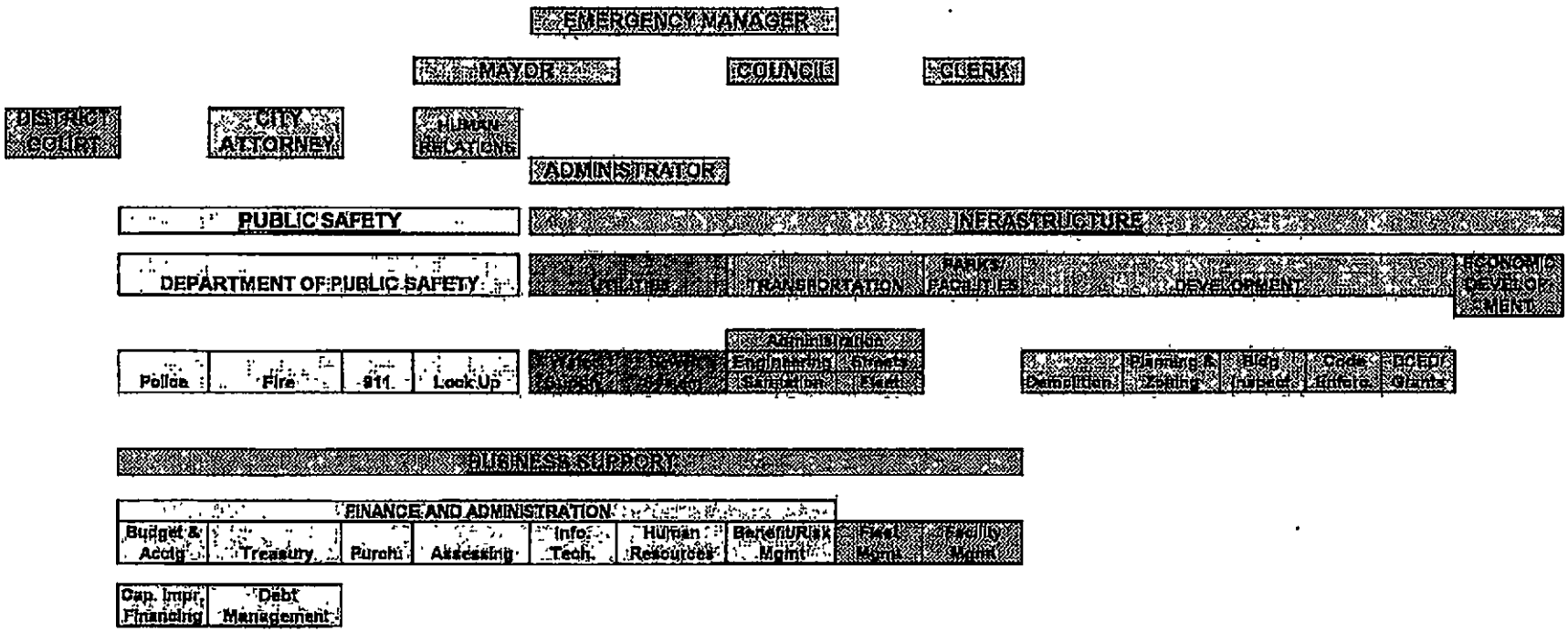
The focus of the 2013 budget process remains on the future of Flint. While this budget includes sharp reductions in both revenues and expenses, WE SEE HOPE FOR THE FUTURE.

These hopes are based on some very tangible and promising factors:

- Expense reductions are designed to live with current realistic revenue projections;
- New revenue options for fiscal year 2014 and beyond will include actual fees for services, special assessment districts and other revenue options;
- Partnership with the State Police and other law enforcement agencies will be expanded to create a safer environment for our citizens;
- Additional resources will be secured to house individuals who are continually abusing our residents in the neighborhoods; the City Lock-up will open and remain open;
- New public and private partnerships will be developed to provide waste collection services, senior citizen services, youth employment and training programs;
- Internal City operations will be improved in regard to finance and accounting, more efficient operation of licensing and permitting, and expanded training for our employees, including supervisory training;
- The City's information and technology capability will be improved, enhancing the capacity throughout the City, from paying bills on time to public safety issues faced by our police and fire operations.

As the City moves beyond the 2013 budget year, and the management of our affairs improves, citizens will see better response times from police, removal of individuals who are harming our children and seniors from our neighborhoods, improved code enforcement at homes owned by absentee landlords and expanded opportunities for our young people.

CITY OF FLINT - ORGANIZATIONAL CHART



FY13
Expenditures

		General Fund	Dedicated Millage Funds	Other Funds	TOTAL
Governance					
Mayor		$ 185,578			$ 185,578
Council		$ 352,899			$ 352,899
Clerk-records		$ 423,573			$ 423,573
Clerk-elections		$ 424,324			$ 424,324
Administrator		$ 711,981			$ 711,981
City Attorney		$ 1,057,484			$ 1,057,484
Human Relations Commission		$ 40,103			$ 40,103
	Total	$ 3,195,942			$ 3,195,942
Public Safety					
District Court		$ 5,358,479			$ 5,358,479
Police		$ 21,026,009	$ 1,962,180		$ 22,988,189
Drug Forfeiture		$ -		$ 216,472	$ 216,472
Fire		$ 10,916,429			$ 10,916,429
911		$ 3,314,413			$ 3,314,413
	Total	$ 40,615,330	$ 1,962,180	$ 216,472	$ 42,793,982
Infrastructure					
Water and Sewer				$ 82,220,420	$ 82,220,420
Sanitation/Waste Collection				$ 4,901,202	$ 4,901,202
Major/Local Streets				$ 10,419,564	$ 10,419,564
Major/Local Streets - Streetlights		$ 2,850,000			$ 2,850,000
Parks/Golf		$ 546,841	$ 389,400	$ 6,743	$ 942,984
Development -Building Inspection, Planning		$ 1,085,639		$ 3,366,835	$ 4,452,474
Dept of Community and Economic Dev.		$ 1,890,694		$ 29,029,314	$ 30,920,008
	Total	$ 6,373,174	$ 389,400	$ 129,944,078	$ 136,706,652
Finance and Administration					
Accounting and Budgeting		$ 1,033,341			$ 1,033,341
Assessing		$ 1,109,772			$ 1,109,772
Budget Stabilization Fund		$ 100,000			$ 100,000
Capital Improvements/Debt Service		$ -	$ 2,104,906		$ 2,104,906
Facilities		$ 1,263,526			$ 1,263,526
Human Resources		$ 670,428			$ 670,428
Purchasing and Stockrooms		$ 155,204			$ 155,204
Risk		$ 66,500			$ 66,500
Treasury and Collections		$ 2,772,338			$ 2,772,338
	Total	$ 7,171,109	$ 2,104,906	$ -	$ 9,276,015
General Government		$ 161,751			$ 161,751
TOTAL EXPENSES		$ 57,517,306	$ 4,456,486	$ 130,160,550	$ 192,134,342

FY13

Revenues

REVENUE SOURCE	General Fund Services	Police Millage	Drug Forfeiture	Parks Millage	Senior Center	Major Streets	Local Streets	Building Inspection	Trash Collection	Sewer	Water	Public Improv.	Budget Stabil.	Community Development	TOTAL
Property Tax	$ 6,720,000	$1,544,000		$389,400								$1,930,400			$ 9,583,800
Income tax	$ 14,950,000														$ 14,950,000
Special Assessments	$ 2,855,000														$ 2,855,000
Federal Revenues	$ 594,324						$ 400,000	$1,500,000			$ 400,000			$ 28,301,892	$ 31,196,216
State Revenues	$ 357,000					$ 6,399,412	$1,815,765							$ 300,000	$ 8,872,177
State Revenue Sharing	$ 13,140,585														$ 13,140,585
Licensing and Permits	$ 1,287,931							$1,853,703							$ 3,141,634
Fines and Forfeits	$ 1,394,611		$ 150,000												$ 1,544,611
Charges for Services	$ 11,958,695					$ 125,000		$ 258,400	$5,000,000	$31,333,916	$ 50,400,736			$ 1,625	$ 99,078,272
Loan Proceeds	$ -														$ -
Other	$ 6,259,160	$ 416,160	$ 6,000		$ 58,913	$ 334,852	$1,047,222	$ -	$ -	$ 40,000	$ 46,857	$ 389,480	$ 100,000	$ 620,416	$ 8,317,690
TOTAL REVENUES	$ 57,517,306	$1,982,160	$ 156,000	$389,400	$ 58,913	$ 6,859,264	$3,262,987	$3,612,103	$5,000,000	$31,373,916	$ 50,846,593	$2,319,880	$ 100,000	$ 29,223,933	$ 192,680,166
TOTAL EXPENSES	$ 57,517,306	$1,982,160	$ 216,472	$389,400	$ 6,743	$ 6,957,106	$3,462,458	$3,388,835	$4,901,202	$31,373,916	$ 50,846,593	$2,104,906	$ -	$ 28,029,314	$ 192,134,341
REVENUES- EXPENSES	$ -	$ -	$ (60,472)	$ -	$ 50,170	$ (98,042)	$ (199,471)	$ 245,269	$ 98,798	$ -	$ -	$ 214,974	$ 100,000	$ 194,619	$ 545,844
Unassigned Fund Balance	$ (8,129,186)	$ 10,826	$ 871,734	$ 11,048	$ 61,265	$ 877,888	$1,100,858	$ 250,606	$ 104,880	$(14,711,459)	$(20,308,803)	$1,326,921	$ 100,000	$ 875,073	$ (38,956,551)

SUMMARY OF REVENUES AND EXPENDITURES-MAJOR FUNDS

	FY 11 ACTUAL			FY12 PROJECTED			FY13 BUDGET		
	Revenues	Expenses	Difference	Revenues	Expenses	Difference	Revenues	Expenses	Difference
General Fund	$ 70,169,069	$ 70,823,662	$ (654,593)	$ 55,202,299	$ 64,468,351	$ (9,266,052)	$ 57,517,306	$ 57,517,306	$ -
Police Millage	$ 2,468,866	$ 2,497,087	$ (28,221)	$ 3,055,890	$ 3,505,890	$ (450,000)	$ 1,962,180	$ 1,962,180	$ -
Drug Forfeiture	$ 201,576	$ 71,628	$ 129,948	$ 128,765	$ 110,491	$ 18,274	$ 156,000	$ 216,472	$ (60,472)
Parks Millage	$ 587,894	$ 618,147	$ (30,253)	$ 609,393	$ 944,393	$ (335,000)	$ 389,400	$ 389,400	$ -
Parks Senior Center	$ 248,525	$ 248,467	$ 58	$ 310,094	$ 310,094	$ -	$ 56,913	$ 6,743	$ 50,170
Major Streets	$ 7,650,057	$ 7,985,392	$ (335,335)	$ 7,261,815	$ 7,254,916	$ 6,899	$ 6,859,064	$ 6,957,106	$ (98,042)
Local Streets	$ 3,161,985	$ 3,139,751	$ 22,234	$ 2,983,574	$ 3,161,533	$ (177,959)	$ 3,262,987	$ 3,462,458	$ (199,471)
Building Inspection	$ 6,928,996	$ 7,266,055	$ (337,059)	$ 5,975,112	$ 7,071,442	$ (1,096,330)	$ 3,612,103	$ 3,366,835	$ 245,268
Trash Collection	$ 3,391,059	$ 4,405,114	$ (1,014,055)	$ 2,900,885	$ 4,534,513	$ (1,633,628)	$ 5,000,000	$ 4,901,202	$ 98,798
Sewer	$ 17,684,609	$ 27,075,322	$ (9,390,713)	$ 21,930,134	$ 28,468,248	$ (6,538,114)	$ 31,373,816	$ 31,373,816	$ -
Water	$ 36,842,470	$ 39,974,925	$ (3,132,455)	$ 46,349,053	$ 46,964,592	$ (615,539)	$ 50,846,604	$ 50,846,604	$ -
Public Improvement Fund	$ 3,499,011	$ 4,105,965	$ (606,954)	$ 2,846,200	$ 3,392,698	$ (546,498)	$ 2,319,880	$ 2,104,906	$ 214,974
Budget Stabilization	$ -	$ -	$ -	$ -	$ -	$ -	$ 100,000	$ -	$ 100,000
Total w/o Community Development	$ 152,834,117	$ 168,211,515	$ (15,377,398)	$ 149,353,214	$ 170,187,161	$ (20,833,947)	$ 163,456,253	$ 163,105,028	$ 351,225
Community Development	$ 15,188,603	$ 15,468,130	$ (279,527)	$ 37,075,470	$ 37,284,853	$ (209,383)	$ 29,223,933	$ 29,029,314	$ 194,619
Total w/Community Development	$ 168,022,720	$ 183,679,645	$ (15,656,925)	$ 186,428,684	$ 207,472,014	$ (20,843,330)	$ 192,680,186	$ 192,134,342	$ 545,844

Staffing in the FY13 Budget

As of April, 2012, the City of Flint has 686 permanent full-time employees. In this budget, that number will be 539, a reduction of 147 employees. Reductions are virtually in every area of city service. The distribution of positions for FY13 will be as follows:

Governance (including the offices of Mayor, Council, Clerk, Emergency Manager, City Attorney, and Human Relations Commission) – Permanent full-time staffing will be 18, a reduction of 3 from the current 21.

Public Safety (including District Court, Police, Fire, and 911) – Permanent full-time staffing will be 245, a reduction of 55 from the current 300. The reductions are exclusively related to the loss of grant funding for police officers and fire fighters.

Infrastructure (including Water and Sewer operations, Waste Collection, Street Maintenance and Engineering, Parks, Development, DCED, Facilities, and Fleet) – Permanent full-time staffing will be 222, a reduction of 54 from the current 275.

Finance and Administration (including Finance, Treasury, Purchasing, Assessing, Information Services, Human Resources, and Risk Management) – Permanent full-time staffing will be 54, a reduction of 36 from the current 90.

ESTIMATED IMPACT OF FINANCING CHANGES

The FY13 Budget contains changes in the financing of city services.

The overall property tax levy for city services is reduced by 3 mills as the levy for trash pick up is removed. However, there is a new fee implemented for trash pick-up which will reflect the actual cost of the service.

There is also a special assessment district covering the entire city which will assess the costs of maintaining and improving street lighting throughout the City

Additionally, water and sewer rates are increased in order that the systems remain financially solvent.

In the upcoming tax year, most property owners will pay more in total for property taxes, street lighting, trash pick-up and water and sewer charges than they paid in 2011.

However, property owners whose property had a taxable value of more than $53,450 in 2005 will pay less in the upcoming year than they paid in 2005.

Property owners whose property had a taxable value of less than $53,450 in 2005 will pay more in the upcoming year than they paid in 2005.

TAX LEVIES, FEES AND CHARGES ON TAX BILL: JULY 2012 - JUNE 2013

Tax year:		2005	2011	2012
Property Value:		Market:	Market:	Market:
Tax year 2012:		$ 106,900	$ 74,039	$ 59,971
Taxable Values are 56.1% of 2005 Values		Taxable	Taxable	Taxable
Tax year 2011		$ 53,450	$ 37,019	$ 29,985
Taxable Values are 69.3% of 2005 Values				
Type	(Mills)	Total Cost	Total Cost	Total Cost
Property tax - General	7.5	$ 401	$ 278	$ 225
Property tax- Police	2.0	$ 107	$ 74	$ 60
Property tax- Garbage (levy in 2005 & 2011 only)	3.0	$ 160	$ 111	$ -
Property tax - Parks	0.5	$ 27	$ 19	$ 15
Property tax - Public Improvement	2.5	$ 134	$ 93	$ 75
Propert tax - County, schools, etc in 2005	41.5	$ 2,218	-	-
Property tax - County,schools,etc in 2011 and 2012	47.4	-	$ 1,755	$ 1,421
Total tax millage in 2005 was 57 mills, including 15.5 city		$ 3,047	$ 2,329	$ 1,796
Total tax millage in 2011 was 62.9 mills, including 15.5 city				
Total tax millage in 2012 will be 59.9 mills, including 12.5 City				
	($)			
Special Assessment - Lights (new in 2012)		$ -	$ -	$ 100
Waste Collection Fee (new in 2012)		$ -	$ -	$ 165
Water & Sewer Charges (est average charge)		$ 685	$ 990	$ 1,670
TOTAL TAXES, ASSESSMENTS, & FEES:		**$ 3,732**	**$ 3,319**	**$ 3,731**

DEFICIT REDUCTION PROGRESS

	Deficit FY11	Projected Deficit FY12	Projected Deficit FY13
General Fund	$ (16,863,133)	$ (18,129,186)	$ (9,129,186)
Fiscal Stabilization Bonds*	$ 8,000,000	$ 9,000,000	$ 10,000,000
Net General Fund Deficit	**$ (8,863,133)**	**$ (9,129,186)**	**$ 870,814**
Police Millage	$ 6,017	$ 10,826	$ 10,826
Drug Forfeiture	$ 913,932	$ 932,206	$ 871,734
Parks Millage	$ 163,096	$ 41,651	$ 11,048
Parks Senior Center	$ 11,095	$ 11,095	$ 61,265
Major Streets	$ 768,828	$ 775,727	$ 677,686
Local Streets	$ 1,478,308	$ 1,300,329	$ 1,100,858
Building Inspection	$ 1,666	$ 5,336	$ 250,606
Trash Collection	$ 119,711	$ 6,082	$ 104,880
Community Development	$ 689,838	$ 480,454	$ 675,073
Sewer Operating Deficit	$ (9,390,713)	$ (5,961,459)	$ -
Water Operating Deficit	$ (3,132,455)	$ (615,539)	$ -
Public Improvement Fund	$ 1,657,445	$ 1,110,947	$ 1,325,921
Budget Stabilization	$ -	$ -	$ 100,000
	$ (15,576,365)	$ (11,031,531)	$ 6,060,711
Sewer OPEB Liability	$ (16,449,351)	$ (21,199,351)	$ (26,199,351)
Water OPEB Liability	$ (12,092,943)	$ (15,592,943)	$ (19,342,943)
	$ (44,118,659)	$ (47,823,825)	$ (39,481,583)

** Fiscal Stabilization Bonds Issued in 2011 in the amount of $8 million*
Request has been made as part of the FY11 Deficit Elimination Plan to borrow an additional $9 million in 2012
City also anticipates a final borrowing of up to $10 million in FY13 to address the final portion of the deficit
Assuming the FY13 budget is implemented as planned, the deficit should be eliminated
The Public Improvement Fund is being reserved for debt service for the 3 borrowings, but additional sources of funds - primarily the General Fund - will also be used

CITY OF FLINT
Department of Finance
Gerald Ambrose, Director
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Attachment # 3

City of Flint
FY12 Preliminary Close

09/19/2012

REVENUE & EXPENDITURE REPORT FOR CITY OF FLINT
Month Ended 06/30/2012

* NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

ACCOUNT	DESCRIPTION	2011-12 ENDED BUDGET	YEAR-TO-DATE THRU 06/30/12	ACTIVITY FOR MONTH ENDED 06/30/2012	AVAILABLE BALANCE	% OF BUDGET USED
Fund 101 - General Fund						
Revenues						
	Property Taxes	6,933,440.40	6,961,737.34	28,294.77	(28,296.94)	100.41
	Income taxes	14,500,000.00	14,839,998.58	2,659,601.49	(339,998.58)	102.34
	Special assessment taxes	0.00	(9,319.53)	0.00	9,319.53	100.00
	Federal revenues	2,139,510.62	1,405,714.62	890,881.04	733,796.00	65.70
	State revenues	13,441,489.58	13,444,049.97	4,411,351.61	(2,560.39)	100.02
	License and Permits	1,278,815.00	1,324,558.61	314,333.63	(45,743.61)	103.58
	Fines and forfeitures	1,732,092.92	2,056,123.99	166,954.86	(324,031.07)	118.71
	Charges for service rendered	9,405,203.38	9,325,869.74	957,916.17	79,333.64	99.16
	Interest and dividend income	181,510.88	233,829.81	86,221.32	(52,318.93)	128.82
	Judgement Levy	1,695.00	1,000.00	0.00	695.00	59.00
	Other revenues	2,616,100.66	1,983,919.63	136,665.57	632,181.03	75.83
	Proceeds from sale of capital assets	2,500.00	1,300.00	0.00	1,200.00	52.00
	Gain on sale of fixed assets	18,000.00	23,000.00	23,000.00	(5,000.00)	127.78
	Transfers in	2,990,000.00	2,990,000.00	0.00	0.00	100.00
	Drawings from fund balance	8,669,165.84	0.00	0.00	8,669,165.84	0.00
Total Revenues		63,909,524.28	54,581,782.76	9,675,220.46	9,327,741.52	85.40
Expenditures						
	Legislative	1,189,526.95	1,162,661.62	136,992.17	26,865.33	97.74
	Judicial	5,499,796.98	5,419,097.09	589,718.09	80,699.89	98.53
	General government	9,155,982.22	8,831,480.98	1,206,566.43	324,501.24	96.46
	Police	19,826,993.12	20,106,279.19	2,941,399.32	(279,286.07)	101.41
	Emergency dispatch	3,083,374.89	3,064,882.83	390,174.98	18,492.06	99.40
	Fire	12,072,053.94	11,905,759.77	1,549,101.63	166,294.17	98.62
	Building inspections	177,363.96	173,326.00	18,236.01	4,037.96	97.72
	Transportation	2,775,000.00	2,738,442.31	433,455.89	36,557.69	98.68
	Parks and recreation	2,958,572.13	2,415,369.49	258,322.50	543,202.64	81.64

Community development	2,597,652.05	2,457,117.84	1,395,071.49	140,534.21	94.59
Transfers out	4,451,000.00	4,451,000.00	4,451,000.00	0.00	100.00
Total Expenditures	63,787,316.24	62,725,417.12	13,370,038.51	1,061,899.12	98.34
NET OF REVENUES AND EXPENDITURES	122,208.04	(8,143,634.36)	(3,694,818.05)	8,265,842.40	
Fund 202 - Major Street Fund					
Revenues					
State revenues	6,235,740.00	6,760,209.82	1,640,603.43	(524,469.82)	108.41
Charges for service rendered	212,420.73	14,324.13	6,900.60	198,096.60	6.74
Interest and dividend income	267.94	308.01	0.00	(40.07)	114.95
Other revenues	1,137,629.06	1,052,788.46	536,944.12	84,840.60	92.54
Transfers in	43,000.00	43,000.00	43,000.00	0.00	100.00
Drawings from fund balance	(236,284.44)	0.00	0.00	(236,284.44)	0.00
Total Revenues	7,392,773.29	7,870,630.42	2,227,448.15	(477,857.13)	106.46
Expenditures					
General government	46,963.74	45,973.34	7,397.69	990.40	97.89
Transportation	7,220,117.00	6,512,947.63	671,327.69	707,169.37	90.21
Parks and recreation	9,270.43	9,270.43	0.00	0.00	100.00
Debt services - principal	118,620.12	108,434.72	0.00	10,185.40	91.41
Debt services - interest	0.00	10,185.40	0.00	(10,185.40)	100.00
Total Expenditures	7,394,971.29	6,686,811.52	678,725.38	708,159.77	90.42
NET OF REVENUES AND EXPENDITURES	(2,198.00)	1,183,818.90	1,548,722.77	(1,186,016.90)	
Fund 203 - Local Street Fund					
Revenues					
Federal revenues	373,065.49	250,604.76	98,515.93	122,460.73	67.17
State revenues	1,730,852.00	1,858,728.78	455,253.68	(127,876.78)	107.39
Interest and dividend income	0.00	(580.78)	0.00	580.78	100.00
Other revenues	771,685.41	575,700.04	497,559.03	195,985.37	74.60
Transfers in	43,349.67	0.00	0.00	43,349.67	0.00
Drawings from fund balance	115,682.76	0.00	0.00	115,682.76	0.00
Total Revenues	3,034,635.33	2,684,452.80	1,051,328.64	350,182.53	88.46
Expenditures					

General government	27,436.36	26,446.01	2,020.68	990.35	96.39
Transportation	2,957,516.97	2,661,493.73	210,080.18	296,023.24	89.99
Transfers out	43,000.00	43,000.00	43,000.00	0.00	100.00
Total Expenditures	3,027,953.33	2,730,939.74	255,100.86	297,013.59	90.19
NET OF REVENUES AND EXPENDITURES	6,682.00	(46,486.94)	796,227.78	53,168.94	
Fund 207 - Police Fund					
Revenues					
Property Taxes	1,856,910.25	1,863,996.99	7,086.74	(7,086.74)	100.38
Fines and forfeitures	438,615.00	0.00	0.00	438,615.00	0.00
Charges for service rendered	306,935.00	306,460.00	148,075.00	475.00	99.85
Interest and dividend income	351.87	351.27	0.00	0.60	99.83
Other revenues	625,969.14	642,383.13	210,084.13	(16,413.99)	102.62
Transfers in	125,000.00	125,000.00	125,000.00	0.00	100.00
Drawings from fund balance	(47,511.60)	0.00	0.00	(47,511.60)	0.00
Total Revenues	3,306,269.66	2,938,191.39	490,245.87	368,078.27	88.87
Expenditures					
Police	3,306,269.66	3,086,121.59	327,718.77	220,148.07	93.34
Total Expenditures	3,306,269.66	3,086,121.59	327,718.77	220,148.07	93.34
NET OF REVENUES AND EXPENDITURES	0.00	(147,930.20)	162,527.10	147,930.20	
Fund 208 - Park/Recreation Fund					
Revenues					
Property Taxes	465,369.68	467,141.36	1,771.68	(1,771.68)	100.38
Interest and dividend income	92.00	73.35	0.00	18.65	79.73
Other revenues	35,240.00	35,240.00	0.00	0.00	100.00
Transfers in	365,000.00	425,000.00	425,000.00	(60,000.00)	116.44
Drawings from fund balance	(5,132.23)	0.00	0.00	(5,132.23)	0.00
Total Revenues	860,569.45	927,454.71	426,771.68	(66,885.26)	107.77
Expenditures					
Parks and recreation	860,569.45	891,738.78	136,242.70	(31,169.33)	103.62
Total Expenditures	860,569.45	891,738.78	136,242.70	(31,169.33)	103.62

NET OF REVENUES AND EXPENDITURES	0.00	35,715.93	290,528.98	(35,715.93)	
Fund 213 - Park & Recreation Senior Citizen Centers					
Revenues					
Local grants	296,921.80	267,883.09	49,028.68	29,038.71	90.22
Interest and dividend income	0.00	(61.39)	0.00	61.39	100.00
Transfers in	0.00	51,000.00	51,000.00	(51,000.00)	100.00
Total Revenues	296,921.80	318,821.70	100,028.68	(21,899.90)	107.38
Expenditures					
Parks and recreation	296,921.80	296,921.80	33,408.17	0.00	100.00
Total Expenditures	296,921.80	296,921.80	33,408.17	0.00	100.00
NET OF REVENUES AND EXPENDITURES	0.00	21,899.90	66,620.51	(21,899.90)	
Fund 226 - Rubbish Collection Fund					
Revenues					
Property Taxes	2,785,033.87	2,795,663.98	10,630.11	(10,630.11)	100.38
License and Permits	1,620.00	1,740.00	360.00	(120.00)	107.41
Interest and dividend income	530.00	399.62	0.00	130.38	75.40
Other revenues	4,085.25	4,085.25	0.00	0.00	100.00
Transfers in	1,875,000.00	1,875,000.00	1,875,000.00	0.00	100.00
Drawings from fund balance	(41,852.92)	0.00	0.00	(41,852.92)	0.00
Total Revenues	4,624,416.20	4,676,888.85	1,885,990.11	(52,472.65)	101.13
Expenditures					
Public works	4,624,416.20	4,695,207.02	633,928.19	(70,790.82)	101.53
Total Expenditures	4,624,416.20	4,695,207.02	633,928.19	(70,790.82)	101.53
NET OF REVENUES AND EXPENDITURES	0.00	(18,318.17)	1,252,061.92	18,318.17	
Fund 238 - Hud Grants - 2009 & prior					
Revenues					
Federal revenues	715,811.99	629,428.95	128,923.13	86,383.04	87.93
Other revenues	9,672.26	0.00	0.00	9,672.26	0.00
Total Revenues	725,484.25	629,428.95	128,923.13	96,055.30	86.76

Expenditures					
General government	12,000.00	12,000.00	0.00	0.00	100.00
Community development	713,484.25	732,775.78	118,329.63	(19,291.53)	102.70
Total Expenditures	725,484.25	744,775.78	118,329.63	(19,291.53)	102.66
NET OF REVENUES AND EXPENDITURES	0.00	(115,346.83)	10,593.50	115,346.83	
Fund 241 - State Revolv Loan Fund - Edc					
Revenues					
Charges for service rendered	450.00	0.00	0.00	450.00	0.00
Interest and dividend income	40,150.00	42,298.12	2,245.99	(2,148.12)	105.35
Other revenues	23,000.00	21,650.46	0.00	1,349.54	94.13
Drawings from fund balance	49,661.80	0.00	0.00	49,661.80	0.00
Total Revenues	113,261.80	63,948.58	2,245.99	49,313.22	56.46
Expenditures					
Community development	113,261.80	21,199.08	1,108.99	92,062.72	18.72
Total Expenditures	113,261.80	21,199.08	1,108.99	92,062.72	18.72
NET OF REVENUES AND EXPENDITURES	0.00	42,749.50	1,137.00	(42,749.50)	
Fund 244 - Economic Develop Corp Fund					
Revenues					
State revenues	70,185.48	26,300.20	26,300.20	43,885.28	37.47
Charges for service rendered	62,287.50	109,209.27	9,720.06	(46,921.77)	175.33
Other revenues	20,415.65	20,415.65	0.00	0.00	100.00
Proceeds from loan	8,435,000.00	8,435,000.00	0.00	0.00	100.00
Total Revenues	8,587,888.63	8,590,925.12	36,020.26	(3,036.49)	100.04
Expenditures					
Community development	8,164,400.54	8,131,186.23	14,560.92	33,214.31	99.59
Total Expenditures	8,164,400.54	8,131,186.23	14,560.92	33,214.31	99.59
NET OF REVENUES AND EXPENDITURES	423,488.09	459,738.89	21,459.34	(36,250.80)	

Fund 246 - COF - EDA Revolving loan fund					
Revenues					
Charges for service rendered	720.00	720.00	0.00	0.00	100.00
Interest and dividend income	18,825.00	18,426.52	1,624.98	398.48	97.88
Other revenues	24,000.00	23,953.30	2,311.44	46.70	99.81
Drawings from fund balance	183,947.16	0.00	0.00	183,947.16	0.00
Total Revenues	227,492.16	43,099.82	3,936.42	184,392.34	18.95
Expenditures					
Community development	227,492.16	9,576.43	804.07	217,915.73	4.21
Total Expenditures	227,492.16	9,576.43	804.07	217,915.73	4.21
NET OF REVENUES AND EXPENDITURES	0.00	33,523.39	3,132.35	(33,523.39)	
Fund 265 - Drug Law Enforcement Fund					
Revenues					
Fines and forfeitures	113,673.94	79,749.54	75.60	33,924.40	70.16
Interest and dividend income	1,497.47	1,642.15	0.00	(144.68)	109.66
Other revenues	18,513.70	17,094.10	3,665.37	1,419.60	92.33
Drawings from fund balance	(28,046.00)	0.00	0.00	(28,046.00)	0.00
Total Revenues	105,639.11	98,485.79	3,740.97	7,153.32	93.23
Expenditures					
Police	105,639.11	61,086.85	9,231.98	44,552.26	57.83
Total Expenditures	105,639.11	61,086.85	9,231.98	44,552.26	57.83
NET OF REVENUES AND EXPENDITURES	0.00	37,398.94	(5,491.01)	(37,398.94)	
Fund 270 - Hud Grant - 2010					
Revenues					
Federal revenues	0.00	2,532.60	0.00	(2,532.60)	100.00
Total Revenues	0.00	2,532.60	0.00	(2,532.60)	100.00
NET OF REVENUES AND EXPENDITURES	0.00	2,532.60	0.00	(2,532.60)	
Fund 271 - Hud Grant - 2011					

Revenues					
Federal revenues	1,679,820.63	1,953,593.29	270,923.01	(273,772.66)	116.30
Other revenues	0.00	19,069.35	19,069.35	(19,069.35)	100.00
Total Revenues	1,679,820.63	1,972,662.64	289,992.36	(292,842.01)	117.43
Expenditures					
General government	41,523.13	49,601.99	8,078.86	(8,078.86)	119.46
Building inspections	892,855.41	892,855.41	0.00	0.00	100.00
Transportation	152,088.83	250,604.76	98,515.93	(98,515.93)	164.78
Community development	593,353.26	598,753.80	34,404.55	(5,400.54)	100.91
Total Expenditures	1,679,820.63	1,791,815.96	140,999.34	(111,995.33)	106.67
NET OF REVENUES AND EXPENDITURES	0.00	180,846.68	148,993.02	(180,846.68)	
Fund 272 - Hud Grant - 2012					
Revenues					
Federal revenues	1,023,534.42	1,512,717.50	1,321,678.10	(489,183.08)	147.79
Other revenues	0.00	83.76	83.76	(83.76)	100.00
Total Revenues	1,023,534.42	1,512,801.26	1,321,761.86	(489,266.84)	147.80
Expenditures					
General government	13,433.76	13,433.76	12,525.02	0.00	100.00
Building inspections	0.00	56,812.56	56,812.56	(56,812.56)	100.00
Community development	1,010,100.66	1,563,836.06	664,839.89	(553,735.40)	154.82
Total Expenditures	1,023,534.42	1,634,082.38	734,177.47	(610,547.96)	159.65
NET OF REVENUES AND EXPENDITURES	0.00	(121,281.12)	587,584.39	121,281.12	
Fund 279 - Hud Grant - 2009					
Revenues					
Federal revenues	0.00	235,418.98	5,000.00	(235,418.98)	100.00
Total Revenues	0.00	235,418.98	5,000.00	(235,418.98)	100.00
Expenditures					
Community development	0.00	0.00	25.00	0.00	0.00
Total Expenditures	0.00	0.00	25.00	0.00	0.00

NET OF REVENUES AND EXPENDITURES	0.00	235,418.98	4,975.00	(235,418.98)	
Fund 296 - Other Grants Fund					
Revenues					
Federal revenues	596,198.97	547,589.31	312,617.91	48,609.66	91.85
State revenues	457,468.99	73,707.87	0.00	383,761.12	16.11
Fines and forfeitures	61,311.94	0.00	0.00	61,311.94	0.00
Charges for service rendered	750.00	508.66	0.00	241.34	67.82
Interest and dividend income	6,200.00	303,047.26	7,141.82	(296,847.26)	4,887.86
Net increase in fair value of investment	0.00	91,560.00	32,432.00	(91,560.00)	100.00
Other revenues	17,567.19	121,103.37	(49,372.24)	(103,536.18)	689.37
Drawings from fund balance	50,000.00	0.00	0.00	50,000.00	0.00
Total Revenues	1,189,497.09	1,137,516.47	302,819.49	51,980.62	95.63
Expenditures					
Community development	1,189,497.09	1,200,870.11	148,978.17	(11,373.02)	100.96
Total Expenditures	1,189,497.09	1,200,870.11	148,978.17	(11,373.02)	100.96
NET OF REVENUES AND EXPENDITURES	0.00	(63,353.64)	153,841.32	63,353.64	
Fund 297 - Federal Stimulus Fund					
Revenues					
Federal revenues	12,875,732.58	12,094,718.10	2,249,867.35	781,014.48	93.93
Other revenues	0.00	39,539.98	39,539.98	(39,539.98)	100.00
Total Revenues	12,875,732.58	12,134,258.08	2,289,407.33	741,474.50	94.24
Expenditures					
Police	608,673.42	556,946.02	52,421.25	51,727.40	91.50
Fire	3,597,253.31	3,274,863.87	340,538.87	322,389.44	91.04
Building inspections	26,620.32	26,620.32	26,620.32	0.00	100.00
Community development	8,643,185.53	8,533,896.90	979,814.45	109,288.63	98.74
Total Expenditures	12,875,732.58	12,392,327.11	1,399,394.89	483,405.47	96.25
NET OF REVENUES AND EXPENDITURES	0.00	(258,069.03)	890,012.44	258,069.03	
Fund 301 - General Debt Serv(Voted Bonds)					

Revenues					
Transfers in	726,598.00	726,598.00	0.00	0.00	100.00
Total Revenues	726,598.00	726,598.00	0.00	0.00	100.00
Expenditures					
Debt services - principal	245,000.00	245,000.00	0.00	0.00	100.00
Debt services - interest	481,598.00	481,597.50	0.00	0.50	100.00
Total Expenditures	726,598.00	726,597.50	0.00	0.50	100.00
NET OF REVENUES AND EXPENDITURES	0.00	0.50	0.00	(0.50)	
Fund 402 - Public Improvement Fund					
Revenues					
Property Taxes	2,321,311.08	2,330,169.50	8,858.42	(8,858.42)	100.38
Interest and dividend income	2,030.61	2,214.75	0.00	(184.14)	109.07
Other revenues	726,597.50	726,597.50	0.00	0.00	100.00
Drawings from fund balance	574,912.68	0.00	0.00	574,912.68	0.00
Total Revenues	3,624,851.87	3,058,981.75	8,858.42	565,870.12	84.39
Expenditures					
Judicial	714,992.50	69,918.67	0.00	645,073.83	9.78
General government	351,900.00	351,900.00	29,325.00	0.00	100.00
Public works	0.00	1,633,677.76	1,633,677.76	(1,633,677.76)	100.00
Parks and recreation	140,445.80	138,195.80	20,680.37	2,250.00	98.40
Debt services - principal	185,000.00	0.00	0.00	185,000.00	0.00
Debt services - interest	440,754.57	440,754.57	0.00	0.00	100.00
Transfers out	1,623,339.00	1,623,339.00	74,728.38	0.00	100.00
Total Expenditures	3,456,431.87	4,257,785.80	1,758,411.51	(801,353.93)	123.18
NET OF REVENUES AND EXPENDITURES	168,420.00	(1,198,804.05)	(1,749,553.09)	1,367,224.05	
Fund 493 - Drinking Water Revolv Loan Fund					
Revenues					
Transfers in	2,802,907.00	2,802,907.00	0.00	0.00	100.00
Total Revenues	2,802,907.00	2,802,907.00	0.00	0.00	100.00
Expenditures					

Utilities	2,100,000.00	2,018,310.43	93,310.43	81,689.57	96.11
Debt services - interest	702,907.00	694,504.23	0.00	8,402.77	98.80
Total Expenditures	2,802,907.00	2,712,814.66	93,310.43	90,092.34	96.79
NET OF REVENUES AND EXPENDITURES	0.00	90,092.34	(93,310.43)	(90,092.34)	
Fund 542 - Building Inspection Fund					
Revenues					
Federal revenues	1,823,049.12	1,747,666.41	230,236.90	75,382.71	95.87
State revenues	92,857.00	92,857.00	49,235.00	0.00	100.00
License and Permits	1,379,192.46	1,291,607.81	114,731.40	87,584.65	93.65
Charges for service rendered	3,260,188.67	2,529,766.33	135,485.68	730,422.34	77.60
Other revenues	10,818.00	16,355.99	1,381.00	(5,537.99)	151.19
Transfers in	1,100,000.00	1,100,000.00	1,100,000.00	0.00	100.00
Drawings from fund balance	(749,824.31)	0.00	0.00	(749,824.31)	0.00
Total Revenues	6,916,280.94	6,778,253.54	1,631,069.98	138,027.40	98.00
Expenditures					
General government	500.00	(1,166.25)	(114.06)	1,666.25	(233.25)
Building inspections	6,140,145.78	5,973,816.14	486,652.38	166,329.64	97.29
Community development	775,635.16	771,617.62	25,735.88	4,017.54	99.48
Total Expenditures	6,916,280.94	6,744,267.51	512,274.20	172,013.43	97.51
NET OF REVENUES AND EXPENDITURES	0.00	33,986.03	1,118,795.78	(33,986.03)	
Fund 583 - Oak Business Center Fund					
Revenues					
Federal revenues	0.00	253,326.56	253,326.56	(253,326.56)	100.00
Fines and forfeitures	100.00	0.00	0.00	100.00	0.00
Charges for service rendered	600.00	593.50	50.00	6.50	98.92
Other revenues	140,436.00	71,704.53	6,518.54	68,731.47	51.06
Total Revenues	141,136.00	325,624.59	259,895.10	(184,488.59)	230.72
Expenditures					
General government	950.00	11,292.50	(4,832.50)	(10,342.50)	1,188.68
Community development	140,186.00	157,008.21	26,124.12	(16,822.21)	112.00
Total Expenditures	141,136.00	168,300.71	21,291.62	(27,164.71)	119.25

NET OF REVENUES AND EXPENDITURES	0.00	157,323.88	238,603.48	(157,323.88)	
Fund 584 - Golf Fund					
Revenues					
Charges for service rendered	221,162.51	220,972.87	153.23	189.64	99.91
Other revenues	2,461.05	2,461.05	0.00	0.00	100.00
Drawings from fund balance	486,434.44	0.00	0.00	486,434.44	0.00
Total Revenues	710,058.00	223,433.92	153.23	486,624.08	31.47
Expenditures					
General government	59,025.24	59,234.01	4,748.08	(208.77)	100.35
Parks and recreation	651,032.76	569,654.60	84,167.35	81,378.16	87.50
Total Expenditures	710,058.00	628,888.61	88,915.43	81,169.39	88.57
NET OF REVENUES AND EXPENDITURES	0.00	(405,454.69)	(88,762.20)	405,454.69	
Fund 590 - Sewer Fund					
Revenues					
State revenues	0.00	59,011.35	59,011.35	(59,011.35)	100.00
Charges for service rendered	21,809,823.36	22,454,272.83	2,222,717.60	(644,449.47)	102.95
Interest and dividend income	206,546.62	207,526.80	0.00	(980.18)	100.47
Other revenues	155,518.14	141,044.78	0.00	14,473.36	90.69
Drawings from fund balance	11,681,366.13	0.00	0.00	11,681,366.13	0.00
Total Revenues	33,853,254.25	22,861,855.76	2,281,728.95	10,991,398.49	67.53
Expenditures					
General government	2,698,518.85	2,408,309.91	216,574.87	290,208.94	89.25
Community development	400,000.00	364,086.07	0.00	35,913.93	91.02
Utilities	28,895,196.72	23,190,788.50	2,564,696.03	5,704,408.22	80.26
Debt services - principal	2,000.00	555.12	0.00	1,444.88	27.76
Debt services - interest	242.68	0.00	0.00	242.68	0.00
Transfers out	1,860,000.00	1,860,000.00	0.00	0.00	100.00
Total Expenditures	33,855,958.25	27,823,739.60	2,781,270.90	6,032,218.65	82.18
NET OF REVENUES AND EXPENDITURES	(2,704.00)	(4,961,883.84)	(499,541.95)	4,959,179.84	

Fund 591 - Water Fund					
Revenues					
Charges for service rendered	44,234,641.03	44,387,320.63	3,869,251.82	(152,679.60)	100.35
Interest and dividend income	1,380.12	1,651.89	0.00	(271.77)	119.69
Other revenues	17,528.05	16,884.65	299.00	643.40	96.33
Gain on sale of fixed assets	56,343.42	58,737.43	4,944.01	(2,394.01)	104.25
Drawings from fund balance	8,186,913.71	0.00	0.00	8,186,913.71	0.00
Total Revenues	52,496,806.33	44,464,594.60	3,874,494.83	8,032,211.73	84.70
Expenditures					
General government	2,957,791.39	2,684,819.62	248,038.60	272,971.77	90.77
Community development	377,000.00	375,532.16	0.00	1,467.84	99.61
Utilities	41,061,539.94	35,997,137.05	7,828,918.53	5,064,402.89	87.67
Transfers out	3,932,907.00	3,932,907.00	0.00	0.00	100.00
Total Expenditures	48,329,238.33	42,990,395.83	8,076,957.13	5,338,842.50	88.95
NET OF REVENUES AND EXPENDITURES	4,167,568.00	1,474,198.77	(4,202,462.30)	2,693,369.23	
Fund 627 - Fringe Benefit Fund					
Revenues					
Charges for service rendered	32,704,087.80	32,346,747.79	5,748,402.18	357,340.01	98.91
Other revenues	290,471.45	288,691.65	1,981.94	1,779.80	99.39
Drawings from fund balance	767.57	0.00	0.00	767.57	0.00
Total Revenues	32,995,326.82	32,635,439.44	5,750,384.12	359,887.38	98.91
Expenditures					
General government	32,995,326.82	30,620,369.59	2,558,180.45	2,374,957.23	92.80
Total Expenditures	32,995,326.82	30,620,369.59	2,558,180.45	2,374,957.23	92.80
NET OF REVENUES AND EXPENDITURES	0.00	2,015,069.85	3,192,203.67	(2,015,069.85)	
Fund 636 - Information Services Fund					
Revenues					
Charges for service rendered	3,200,000.00	3,027,000.79	711,690.32	172,999.21	94.59
Interest and dividend income	930.13	1,021.52	0.00	(91.39)	109.83
Drawings from fund balance	(144,777.06)	0.00	0.00	(144,777.06)	0.00

Total Revenues	3,056,153.07	3,028,022.31	711,690.32	28,130.76	99.08
Expenditures					
General government	3,054,058.07	3,008,597.86	272,443.82	45,460.21	98.51
Debt services - principal	2,095.00	0.00	0.00	2,095.00	0.00
Total Expenditures	3,056,153.07	3,008,597.86	272,443.82	47,555.21	98.44
NET OF REVENUES AND EXPENDITURES	0.00	19,424.45	439,246.50	(19,424.45)	
Fund 661 - Fleet/Central Garage Fund					
Revenues					
Charges for service rendered	4,698,085.37	5,642,544.65	814,016.91	(944,459.28)	120.10
Interest and dividend income	1,620.42	1,757.79	0.00	(137.37)	108.48
Other revenues	8,847.00	8,347.00	0.00	500.00	94.35
Transfers in	1,771,741.00	1,771,741.00	949,728.38	0.00	100.00
Drawings from fund balance	(28,196.15)	0.00	0.00	(28,196.15)	0.00
Total Revenues	6,452,097.64	7,424,390.44	1,763,745.29	(972,292.80)	115.07
Expenditures					
General government	407,188.94	402,205.47	35,342.13	4,983.47	98.78
Public works	6,009,834.70	5,734,114.83	510,273.88	275,719.87	95.41
Total Expenditures	6,417,023.64	6,136,320.30	545,616.01	280,703.34	95.63
NET OF REVENUES AND EXPENDITURES	35,074.00	1,288,070.14	1,218,129.28	(1,252,996.14)	
Fund 677 - Self Insurance Fund					
Revenues					
Charges for service rendered	4,233,986.00	4,233,986.26	354,307.38	(0.26)	100.00
Interest and dividend income	5,001.36	5,496.94	0.00	(495.58)	109.91
Other revenues	30,000.00	28,097.35	0.00	1,902.65	93.66
Transfers in	50,000.00	0.00	0.00	50,000.00	0.00
Drawings from fund balance	(136,556.56)	0.00	0.00	(136,556.56)	0.00
Total Revenues	4,182,430.80	4,267,580.55	354,307.38	(85,149.75)	102.04
Expenditures					
General government	4,182,430.80	4,114,477.04	470,740.12	67,953.76	98.38
Total Expenditures	4,182,430.80	4,114,477.04	470,740.12	67,953.76	98.38

NET OF REVENUES AND EXPENDITURES	0.00	153,103.51	(116,432.74)	(153,103.51)	
Fund 710 - Atwood Stadium Trust Fund					
Revenues					
Interest and dividend income	6.77	7.41	0.00	(0.64)	109.45
Drawings from fund balance	(6.77)	0.00	0.00	(6.77)	0.00
Total Revenues	0.00	7.41	0.00	(7.41)	100.00
NET OF REVENUES AND EXPENDITURES	0.00	7.41	0.00	(7.41)	
Fund 715 - City Park Endowment Fund					
Revenues					
Interest and dividend income	8.38	9.18	0.00	(0.80)	109.55
Drawings from fund balance	(8.38)	0.00	0.00	(8.38)	0.00
Total Revenues	0.00	9.18	0.00	(9.18)	100.00
NET OF REVENUES AND EXPENDITURES	0.00	9.18	0.00	(9.18)	
Fund 717 - Rt Longway Charitable Trust Fund					
Revenues					
Interest and dividend income	9.36	10.25	0.00	(0.89)	109.51
Drawings from fund balance	(9.36)	0.00	0.00	(9.36)	0.00
Total Revenues	0.00	10.25	0.00	(10.25)	100.00
NET OF REVENUES AND EXPENDITURES	0.00	10.25	0.00	(10.25)	
Fund 731 - Retirement System Fund					
Revenues					
Charges for service rendered	311,410.60	323,131.97	22,864.86	(11,721.37)	103.76
Interest and dividend income	2,168,271.84	2,904,551.42	262,163.36	(736,279.58)	133.96
Dividend income	2,664,217.39	3,143,359.66	303,886.49	(479,142.27)	117.98
Net increase in fair value of investment	12,878,022.09	1,068,876.69	13,561,749.26	11,809,145.40	8.30
Other revenues	606,680.88	608,981.43	(1,417.20)	(2,300.55)	100.38
Members' contribution	4,086,451.62	3,771,541.88	297,610.17	314,909.74	92.29

Employer contribution	14,155,509.18	14,736,788.13	2,127,394.05	(581,278.95)	104.11
Drawings from fund balance	40,447,203.61	0.00	0.00	40,447,203.61	0.00
Total Revenues	77,317,767.21	26,557,231.18	16,574,250.99	50,760,536.03	34.35
Expenditures					
General government	70,305,558.85	68,897,883.60	6,076,774.79	1,407,675.25	98.00
Total Expenditures	70,305,558.85	68,897,883.60	6,076,774.79	1,407,675.25	98.00
NET OF REVENUES AND EXPENDITURES	7,012,208.36	(42,340,652.42)	10,497,476.20	49,352,860.78	
Fund 733 - Excess Pension Trust Fund					
Revenues					
Employer contribution	37,913.00	0.00	0.00	37,913.00	0.00
Total Revenues	37,913.00	0.00	0.00	37,913.00	0.00
Expenditures					
General government	37,913.00	0.00	0.00	37,913.00	0.00
Total Expenditures	37,913.00	0.00	0.00	37,913.00	0.00
NET OF REVENUES AND EXPENDITURES	0.00	0.00	0.00	0.00	
Fund 735 - Retirees' Life Insurance Fund					
Revenues					
Interest and dividend income	12.49	12.49	0.00	0.00	100.00
Dividend income	2,631.22	5,454.62	2,663.27	(2,823.40)	207.30
Net increase in fair value of investment	12,185.27	(934.22)	13,972.70	13,119.49	(7.67)
Members' contribution	3,780.90	3,977.77	0.00	(196.87)	105.21
Drawings from fund balance	81,990.12	0.00	0.00	81,990.12	0.00
Total Revenues	100,600.00	8,510.66	16,635.97	92,089.34	8.46
Expenditures					
General government	100,600.00	91,802.95	15,000.00	8,797.05	91.26
Total Expenditures	100,600.00	91,802.95	15,000.00	8,797.05	91.26
NET OF REVENUES AND EXPENDITURES	0.00	(83,292.29)	1,635.97	83,292.29	

Fund 736 - Public Employee Health Care Fund					
Revenues					
Charges for service rendered	258,869.12	233,258.69	20,553.51	25,610.43	90.11
Other revenues	1,142,153.54	1,142,153.54	171,694.14	0.00	100.00
Employer contribution	18,593,498.88	18,593,498.88	1,549,458.24	0.00	100.00
Drawings from fund balance	(948,281.05)	0.00	0.00	(948,281.05)	0.00
Total Revenues	19,046,240.49	19,968,911.11	1,741,705.89	(922,670.62)	104.84
Expenditures					
General government	19,046,240.49	19,063,832.47	1,829,121.78	(17,591.98)	100.09
Total Expenditures	19,046,240.49	19,063,832.47	1,829,121.78	(17,591.98)	100.09
NET OF REVENUES AND EXPENDITURES	0.00	905,078.64	(87,415.89)	(905,078.64)	
Fund 737 - Voluntary Employees Benefit Association					
Revenues					
Interest and dividend income	8.98	8.98	0.00	0.00	100.00
Dividend income	7,541.99	7,546.18	1.09	(4.19)	100.06
Net increase in fair value of investment	0.00	(200,901.95)	0.00	200,901.95	100.00
Members' contribution	182,542.60	188,872.15	20,591.11	(6,329.55)	103.47
Drawings from fund balance	(190,093.57)	0.00	0.00	(190,093.57)	0.00
Total Revenues	0.00	(4,474.64)	20,592.20	4,474.64	100.00
NET OF REVENUES AND EXPENDITURES	0.00	(4,474.64)	20,592.20	4,474.64	
Fund 999 - GASB full accrual fund					
Expenditures					
Legislative	0.00	(8,365.25)	(8,365.25)	8,365.25	100.00
Judicial	0.00	(5,971.51)	(5,971.51)	5,971.51	100.00
General government	0.00	(242,310.29)	(242,310.29)	242,310.29	100.00
Police	0.00	(643,742.16)	(643,742.16)	643,742.16	100.00
Emergency dispatch	0.00	(6,967.19)	(6,967.19)	6,967.19	100.00
Fire	0.00	(445,289.55)	(445,289.55)	445,289.55	100.00
Building inspections	0.00	(30,242.66)	(30,242.66)	30,242.66	100.00
Transportation	0.00	(25,031.52)	(25,031.52)	25,031.52	100.00
Public works	0.00	8,170.31	8,170.31	(8,170.31)	100.00
Parks and recreation	0.00	(129,797.55)	(129,797.55)	129,797.55	100.00

Community development	0.00	(40,521.41)	(40,521.41)	40,521.41	100.00
Total Expenditures	0.00	(1,570,068.78)	(1,570,068.78)	1,570,068.78	100.00
NET OF REVENUES AND EXPENDITURES	0.00	1,570,068.78	1,570,068.78	(1,570,068.78)	
TOTAL REVENUES - ALL FUNDS	354,413,882.10	275,547,187.97	55,230,394.07	78,866,694.13	77.75
TOTAL EXPENDITURES - ALL FUNDS	342,483,135.61	323,516,082.75	41,533,012.45	18,967,052.86	94.46
NET OF REVENUES AND EXPENDITURES	11,930,746.49	(47,968,894.78)	13,697,381.62	59,899,641.27	

Sanders, William (TREASURY)

From: Headen, Frederick (Treasury)
Sent: Wednesday, October 03, 2012 9:04 AM
To: Schafer, Suzanne K. (Treasury); Goodrich, Harlan G. (Treasury)
Subject: FW: Financial and Operating Plan FY13
Attachments: Financial and Operating Plan FY13.pdf

FYI.

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Wednesday, September 26, 2012 12:20 PM
To: Headen, Frederick (Treasury)
Cc: Ed Kurtz; Michael Brown
Subject: Financial and Operating Plan FY13

Good afternoon Mr. Headen:

Attached is the FY13 Financial and Operating Plan for the City of Flint.

Thank you.

Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Edward J. Kurtz, Emergency Financial Manager
Michael K. Brown, City Administrator
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Thursday, November 07, 2013 3:50 PM
To: Workman, Wayne (TREASURY)
Subject: RE: E & Y Statement of Work

I saw it, I agree about getting started with the Water. Will wait for Darnell to answer your question.

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Workman, Wayne (TREASURY)
Sent: Thursday, November 07, 2013 3:44 PM
To: Koryzno, Edward (Treasury)
Subject: Re: E & Y Statement of Work

I am OK, but see Darnell's note and my response

Sent from my iPad

On Nov 7, 2013, at 1:43 PM, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov> wrote:

> Are you comfortable with the information provided?
>
> <image003.jpg>
>
> Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
> State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
> (517) 373-4415 | (517) 373-0633 (fax)
> KoryznoE@michigan.gov
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original message and attachments.
Thank you

From: Juan.Santambrogio@ey.com [mailto:Juan.Santambrogio@ey.com]
Sent: Thursday, November 07, 2013 1:57 PM
To: Koryzno, Edward (Treasury)
Cc: 'dearley@cityofflint.com' (dearley@cityofflint.com) (dearley@cityofflint.com); Jerry Ambrose (gambrose@cityofflint.com); Gaurav Malhotra (Gaurav.Malhotra@ey.com); Workman, Wayne (TREASURY)
Subject: Re: E & Y Statement of Work

Ed,

Our team is available to start on Monday 11/11. We would like to schedule the following meetings subject to the City's availability:

- Monday afternoon: Water and Sewer. Please advise who would participate from on the City side. Objective would be to get a good understanding of the status of the Water and Sewer operations, key initiatives and key metrics

- Tuesday afternoon: Hurley. It would probably make sense to schedule a short initial meeting with City management first followed by a meeting at Hurley with Hurley management. Our team would stay in Flint on Wednesday to continue the diligence process with Hurley management

The EY team will be structured as follows:

Core team:
- Gaurav Malhotra
- Juan Santambrogio
- Deven Patel
- Jarod Kimble

Water and Sewer Team
- Joe Fontana (Global Utilities Leader)
- Mitch Fane (Utilities Valuation)
- Stephanie Chesnick (Utilities Valuation)

Hurley Team
- Matt Vitellaro (Hospital Valuation)
- Etan Finkel (Hospital Valuation)

Please let us know if you have any questions.
We look forward to hearing back on the City's availability and to get started soon

Juan

<ATT00001.gif>	**Juan Santambrogio** | Restructuring
	Ernst & Young LLP
	55 Ivan Allen Jr Blvd - Suite 1000, Atlanta, GA 30005, United States of America
	Office +1 404 817 5156 | Mobile +1[redacted] | juan.santambrogio@ey.com
	Website http://www.ey.com

From	"Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>
To	"dearley@cityofflint.com' (dearley@cityofflint.com) (dearley@cityofflint.com)" <dearley@cityofflint.com>, "Jerry Ambrose (gambrose@cityofflint.com)" <gambrose@cityofflint.com>,

Cc	"Gaurav Malhotra (Gaurav Malhotra@ey com)" <Gaurav Malhotra@ey com>, "Juan.Santambrogio@ey.com" <Juan Santambrogio@ey.com>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
Date	11/07/2013 09:50 AM
Subject	E & Y Statement of Work

Gentlemen,

Attached is the proposed Statement of Work concerning Hurley Medical Center and the Flint Water Service Center

The City of Flint has agreed to proceed with this project and the Department of Treasury agrees to reimburse the City for the costs of accomplishing this statement of work.

The Department of Treasury requests E & Y provide a list of staff who will be performing this work and a start date for the project

Please contact me if you should have any questions.

Ed

<ATT00002.jpg>	Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922 (517) 373[redacted] | (517) 373-0633 (fax) KoryznoE@michigan.gov

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Thank you

[attachment "City of Flint SOW Nov 4 13.pdf" deleted by Juan Santambrogio/TAS/EYLLP/US]

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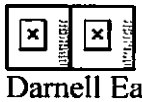
Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Thursday, November 07, 2013 6:41 PM
To: Workman, Wayne (TREASURY)
Subject: Fwd: E & Y Statement of Work

I think this is a reasonable request. Your thoughts?

Sent from my iPhone

Begin forwarded message:

> **From:** Darnell Earley <dearley@cityofflint.com>
> **Date:** November 7, 2013 at 5:05:01 PM EST
> **To:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Cc:** "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>, Gerald Ambrose <gambrose@cityofflint.com>
> **Subject: Re: E & Y Statement of Work**
>
> Well, Monday is going to be a very full day with the swearing in of the new City Council, a Veteran's Day ceremony, as well as other meetings already scheduled. I would still like to hold off at least until after Wednesday, so that we can be as prepared as possible to begin any significant meetings with E&Y.
>
> Perhaps they can send us a list of information that we need to prepare for their visit, so that we can have an opportunity to pull the data together on the studies they propose to conduct---and then we schedule a meeting, preferably after Wednesday. That way we we can talk about both projects at the same time. I understand the urgency, but would feel much better if we can get as prepared as possible, including the preliminary discussions with Hurley, before proceeding with setting a firm meeting date for all projects within their proposed scope of work.
>
> 
> Darnell Earley, ICMA-CM, MPA
> Emergency Manager
> Flint, MI
>
> On Thu, Nov 7, 2013 at 3:42 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:
> I agree about you seeing Hurley first, but can the water part start. We are anxious to get this going
>
> Sent from my iPad
>
> On Nov 7, 2013, at 2:33 PM, "Darnell Earley" <dearley@cityofflint.com<mailto:dearley@cityofflint.com>> wrote:

Good Afternoon Ed:

I think that next Monday for a meeting date is a little bit premature. I have a meeting scheduled with the Hurley CEO and CFO for next Wednesday. I would like to see this meeting take place before we engage any consultants to begin any onsite visits or work plans. Doing so would also give me a better perspective on the issue from Hurley's point of view prior to moving forward with the analysis. I would like to propose that we meet with E&Y the following week which would put us into the 18th or anytime thereafter. Please advise.

[https://mail.google.com/mail/ca/?ui=2&ik=312d296a84&view=att&th=141a7da1072e14a9&attid=0.1&disp=inline&realattid=f_hmnhraou0&safe=1&zw&saduie=AG9B_P_wN04UKfH1BFk3EVbqY6Gr&sadet=1381500635078&sads=DWg2J5eW01KyoKxu_qk-rchTnCo&sadssc=1][cid:]
Darnell Earley, ICMA-CM, MPA
Emergency Manager
Flint, MI

On Thu, Nov 7, 2013 at 9:50 AM, Koryzno, Edward (Treasury) <KoryznoE@michigan.gov<mailto:KoryznoE@michigan.gov>> wrote:
Gentlemen,

Attached is the proposed Statement of Work concerning Hurley Medical Center and the Flint Water Service Center.

The City of Flint has agreed to proceed with this project and the Department of Treasury agrees to reimburse the City for the costs of accomplishing this statement of work.

The Department of Treasury requests E & Y provide a list of staff who will be performing this work and a start date for the project.

Please contact me if you should have any questions.

Ed

<image002.jpg>

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov<mailto:KoryznoE@michigan.gov>

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Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, November 13, 2013 5:14 PM
To: Koryzno, Edward (Treasury)
Subject: RE: Weekly Conference Call - Flint

Thanks for the information.

From: Koryzno, Edward (Treasury)
Sent: Wednesday, November 13, 2013 5:00 PM
To: Byrne, Randall (Treasury)
Subject: Weekly Conference Call - Flint

Conf. call Darnell, Jerry, et al 11/13/13
Brian Larkin, Rich Baird, Wayne, Harvey Hollins, Darnell, Jerry, Liz

City of Flint Weekly 10am Phone Conference Agenda

1) Budget Update
   FY 13 – Audit: continues, delivery 12/1/13
   FY 14 – current status: on track w/ budget
   FY 15 – plan: prelim discussions depending upon involvement with Mayor & Council, last year involved Mayor, council President and council chair of finance committee

1. Model Labor Contracts – status: mgmt. team met w/ FPOA, no response to proposal, next mtg. 11/21, AFSCME group next to meet

1. KWA, Water Plant Preparation: resolution sent to Treasury to engage firm to upgrade plant, another one for electrical distribution equipment, rebid it and added to it, key mtg. today with Land

1. City Ordinance Review: Legal dept. is compiling and review ordinances, critical to transition, more comprehensive project than originally anticipated,

1. Deficit Elimination Plan – Treasury: will have review completed by Friday.

1. Master Plan Implementation Activity
   Zoning Ordinance Revision: Restructuring Planning Dept. Chief Planner will become Director of the Dept., and provide assistance for Community, Economic Inspections and Licensing within the Dept.

1. Retiree Law Suit Status: No News to report, Giarmarco is the attorney firm,

1. Public Safety Activity: Sergeants exam completed in September, Chief had executive training session yesterday, Chief and Darnell have met with Sheriff & Prosecutor, Beth Clement has agreed to review CGAP grant app. SAFER grant decision by the end of the month.

1. Status Report on the Flint City Council: new council member openly against PA 436, Kurtz issued order requiring signature of a document agreeing to cooperation under PA 436 or forfeit pay, Darnell plans to amend it and reissue.

1. Governance Revision: Darnell will appoint a 21 member blue ribbon committee to share thoughts on this topic, next step may be Charter review commission

1. 9-1-1 Reconsolidation Plan: incompatible records management system, meeting with Motorola tomorrow, may gravitate towards MSP system,

1. BS&A Upgrade: Progressing, overall technological advancements improving, finalist for Strong City, Strong Community grant,

1. Other:

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
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Thank you

Notes

Monday, December 03, 2012 10:22 AM

Weekly phone call to Ed Kurtz
12-5-2012 - Concerns: Hearing on PA 72 validity @ 4:00 pm today, concerns, Ed needs to know; 2nd meeting w/ DWSD, potential to reduce cost for water by $5 million, another meeting w/ them, station re Imlay city station, could buy or lease portion of pipeline,

Outsource trash pick, contract will go to Roger next week, MERC filing challenge by AFSCME ULP relative to outsourcing relative to outsourcing and demolition, saves $1 million per year and includes recycling, union company that will hire most of the former employees,

Police officers ruled that PA4 contract was valid, but did not have authority, 312 started before PA 4,

Mayor is on board with potential court decision, Ed has extended offer to council to work with them,

Ed signed contract for $1,000 a month, amend contract to $3,000 per month retro November 8th,,

Starting work on next year's budget developing 5 yr plans,

Weekly phone call with Ed Kurtz -12-11-12

Contracts that Mike imposed Police , rulings from admin judges stating when PA 4 overturned no longer valid. ULP filed either bargain or go to 312.

Trash contract was supposed to be implemented this week AFSCME will file ULP, supposed to sell trucks postponed negotiate the impact of employees being laid off,

DWSD supposed to make final recommendation, potential to buy Imlay city pipeline, tough decision, still leaning toward KWA, could save $ in short run w/DWSD, but no guarantees about future increases, spending more time on this than Ed wanted. Need to meet w. Andy btwn 12/20 and 1/15/13. Would like to s

TYJ&T asking about membership of the of the Authority, Ed wants to se report before they meet with Andy.

Requested authority to reduce assessor level, request our help, hearing on 12/13.

Kincaid v. Kurtz - AG response to amended complaint, the judge has to dismiss it because already tried in different circuit court, double jeopardy,

Special Election unbudgeted, cost TBD after meeting with clerk,

12/19/12 Weekly Phone Call

DWSD - Ed Kurtz confirmed that DWSD is to provide their proposal by 12/20/12
Contract amendemnt - I confirmed with Ed that the ELB wil amend his contactat their january meeting to effectively increase his allowance from $1,000 per month to $3,000 per month during Nov 2012 thru March 2012.
Negotiations - negotiating with AFSCME & Police today. Plan to talk to fire fighters, 2/3 of budgetd O.T. has been used in the first 4 months of the year.

Budget amdnemnt - anmended the budgetr to move some funds, no impact on bottom line.
Lawsut Circuit Court - for select retirees ruled against the city.
Filing audit - 12/31/12 defict for 2012 fro $8 million to $19 million. Projected at $18.2, Genesee towers addded $2 million.

1/2/13 Weekly Phone call - Ed Kurtz

Water System: DWSD proposal is spread out over 5 years and is of concern. Only savings in year 1 is by signing the model contract. 2nd year savings by having no redundancy and must still supply the county with water. 5th year blending finally implemented.

City will provide DWSD with questions, not sure how to calculate DWSD's charges. Last three increases from DWSD have been in the double digits. Ed thinks DWSD is using the average cost to the 84 member communities and is applying it to Flint.

TYJ&T report provided to Rowe Eng. Rowe will report to the Drain Commissioner and letter to City by 1/4/13 with any inconsistencies they perceive in the report.

Audit: Deficit will be larger than anticipated because of the Genesee Towers debt. Findings include a problem with reconciling bank accounts on a timely basis.

*No way to eliminate the deficit w/o the bonds. (borrowing). $1.9 million deficit. Would like to know before preparing paperwork about the potential for borrowing. CHECK W/ ROGER.

Waste Collection Proposal; Meeting next week w/ AFSCME, city received their proposal, amended corrections to the proposal, cost is too high and they plan to outsource.

Plan is two have to more meeting w/ AFSCME, one to discuss rejection of proposal and one to discuss impacts of outsourcing.

FOPA meetings: Ed willing to give something back to them. Avg cut for everyone else was 20-22%, FPOA took at 27
% reduction.

Fire Negotiations: have used 2/3 of O.T. already. Capable of implementing 12 hour shifts and they will be discussing the use of part-time FF with the union.

Income Tax: Ed wants to work with Legislative leaders to implement an increased tax 1.5% fro residents and .75% for non redsidents. Would like to have it on the August of November ballot. Must get support of two reps who will be running for vacant senate seat.

Hurley Hospital: What happens to hospital if the go into bankruptcy? Want to have an internal conversation to determine what si best for the hospital. Perhaps create an authority and they want to kniow what the hospital is looking for.

*C-GAP applications: Submitted two applications 1)911, $2.1 million towers, 2) Human Resources cooperation w/ ISD computerization of the process. What is status of application

Demolition grant submitted with Land Bank.

Two applications submitted by the County cooperating with Flint. 1) purchasing, 2)public safety.

1/11/13 - Trent Farnsworth Flint IAFF President, shared with me his concerns that revenue generating

optons such as, charging for rescues, charging for guarding downed power lines and EM services are not being pursued. He also mentioned that items (money saving) negotiated in the last collective bargaining agreement have not been implemented. Told him I would share info with Roger.

2/14/13 - Phone conference with Ed Kurtz, Jerry Ambrose:

DEP-met 2 weeks ago with Harlan & Suzanne, waiting to hear, how long

Waste Collection-Republic had orientation for former employers last weekend, ended up hiring 20, unin shop, March 1 last day city picks up trash. Republic collects 3/4 recycling starts 90 days,

KWA - Genesee county is ready to move forward, Roger, 72" water mains,

Ed off tomorrow and Monday. Ed will call roger next Tuesday.

**Flint Lockup - When can they get their money, operating the lockup with the assumption the State will reimburse. (appropriation) HOW CAN THEY GET THEIR $

**67 & 68 District Courts - City is eager to merge the two courts, city court is busy, out county is not, legislation supposedly exists that prohibits merger of district courts.,

Fees - 8,000 H20 customers more than 60 days delinquent, many are senior citizens, business licensing fee, suspect 1/2 of businesses in city are illegal, inability to enforce, exploring options for both,

2/20/2013 Phone conference with Ed Kurtz

DEP - proposed DEP is winding its way thru the org, Harlan will try to expedite.

Letter requesting governor appoint TAB from Mayor and City Council - this afternoon

KWA - spoke to roger, waiting for Andy, Governor, decision by state important and TIMELY,

2014 Budget - focusing on preparation, rollout budget first part of April,

Smith Village - low income housing project going on for 16 years, this is low moderate provision of market place housing project University Village. On track to have 40 (25 prefab/16 stick built) homes open by May 2013, prefab homes built, not sold, significant construction problems,

Fees, Charges - administrative problems and collections, rental inspection, blight elimination, code enforcement all problematic,

Fire Chief interviews next week,

Somebody in mind to appoint as Deputy Police Chief.

Golf course = execute contract with contractor

Senior center - contract with non profit

Charter Issues - like to see Jerry on working group

2/26/13 Phone Conference with Ed Kurtz

DEP -

KWA - Intake bids opened yesterday bid $3 million less than TYJ&T estimated (see Ed's email) total with with all contingencies is $31 million, bond authorization @ 435 million NEED TO EXPEDITE STATE'S DECISION

2014 Budget - reorganization of 3 divisions into 4 planning & development (blight, code enf.) GF projecting $4 millllion shortfall in revenues, work to do, projected to 2018 $16 million.

Fire Chief - interviews tomorrow thru Monday, intent to have someone on board by 3/15.

Deputy Police Chief - met with union command unit (Lt. & Captains) 5 members, Dep. chief exempt position but most be filled from ranks (Lt. or Captain), history of provisional promotions, must fill vacancy in 91 days, current provisional appts. that exceed 3 years, proposed allowing outside appt. and taking card of provisional appts. Union voted 5-0 against.

Trash collection - starts next Monday, truck sold on this Saturday, hired 20 of 24 former city employees,

Mayor State of City - when nes law is effective, eliminate EFM, replace with FAB, plan on submitting proposal to Governor before PA 426 becomes effective. Scott Kincaid filed lawsuit asking water rates to be rolled back to 201 levels, creates $15 milllin shourt fall, Mayor, Council President, Council vice president attend first budget retreat, mission, goals, org chart preliminary rev est resulted from meeting, assigning chair to each of the reorg box review each of the city's activites, on track to have a 5 yr. budgt by 4/1/13, Follow up meeting in 3 weeks.

Model Charter - development governors committee Jerry would like to participate.

3/6/13 Phone Conference with Ed Kurtz

Republic Services - 4 complaints, less than ususal

KWA - **March 22 deadline bids** will go out to engineers to size the pipeline. PA 72 does not have a $50k approval provision.

Request for TAB - council asked attorney to draft proposal for their 3/25/13 meeting. Ed preparing a 5 year budget, What budget plan should they prepare based upon letter from council. Appointment of TAB would increase costs, Ombudsman, civil service ($550k) salaries set by charter and provide staff.

EFM meeting - Andy mentioned template and asking EFM what needs to be done and time frame to declare emergency is over.

Mayor Meeting w/ Governor - meeting to discuss the TAB 3/8/13.

DEP - budget is being built on DEP and budget out by 4/1/13. Ask Suzanne what the hold up is.

Water Cost Driving low income people out of city - Ed to send me his house. Met with DHS max fee is $200 for water fee, City will amend from #350. Water rate study will be performed.

Fire Chief - 6 interviewd, 2 coming back plan to hire by 3/15/13.

Genesee Towers - closing on 3/20/13. Imploding building in April/May.

Budget - committees coming back togethr 3/26 w/ objectives, budget recommendations, activity,

funding, meaurement of outcomes.

Hired Poice Officers - hired 7 started on street 3/3/13, 10 is the goal,

3/13/13 Phone call Ed Kurtz, Mike Brown, Jerry Ambrose

EM exist strategy/quarterly report format/quarterly meeting -

KWA - Treasure discussing with Governor -

Council update - debated KWA for 3 hours and tabled until next week. (backstory doing something before EM appointed in Detroit and 3/22). Special council meeting next Monday (anticipated 8/1 or 7/2 in favor of KWA). Did not approve it Monday for political reasons.

FY 2013 budget - on track with budget 3/4 of the way thru the year.

5 year budget plan - focused on reorg the way the city does business, who does what activity, Hr inundated with union requests down to 4 people, outsourcing city engineers save $350K, budget adoption early April

Sanitary Sewer backups - $20-$30 million issue to fix everything, heavy rain sewers backup, 72" pipe becomes a 48" pipe under the river. Study will be completed by July 2013. Stolen manhole covers, locking cost $800, 300-400 have storm water grates, single hole takes 3 million gallons during storm event. 1/3 of the problem in the SW portion of the city.

Fire Chief - Second interview 3/22, waiting for new chief to evaluate dept before making CBA changes

Police Officers - recruiting campaign starting but will have to run an academy which is 16 weeks long, still have 5 positn to fill now and more in June due to retirements.

Solid Waste is going well

Jeff Barnes meeting with Milke Brown, putting budget together commitment for year 2 for the lock up. 4 million in the executive budget, $ 2 million used to open the lock up, Barnes confirmed to Mike that it is in the exec budget and mlke is preparing the report.

Master Plan mtg - 500 people attended 75% from the city.

(3/13/13) Retiree Health Care Law suit - Per Ed changes to retiree healthcare on hold under federal judge makes a decision. Reduction challenged, now retiree healthcare is exceed the city's cap, so trying to implement $150 charge for each retiree . Told they can not differentiate between 45 year retiree who may be receiving $17,000 in healthcare versus 65 year old retiree who is on Medicaid. Not sure of how the cap an subsequent charge will be viewed by the jusge in the case.

3/15/13 Jerry Ambrose - Retiree Healthcare lawsuit, AG has intervened, court assigned questions re: PA 4 & PA 436, that is when AG got involved, challenge is getting retired employees to accept beneftis that active employees have, imposed hard cap and retiree helathcare will exceed caps, will send letter in the next month to retirees stating they will have to pay $150 monthly, financially reitree expenses (1900) will exceed cap by $3.5 million, If they don't pay it , city pays it, Range is +2 to --1million, pre 65 is the group suing over violating previous MOU 1200, similar case progresing
with Pontiac, attorney's are feeling more positve than negative,

3/18/13 Phone Call w/ Ed Kurtz

Budget will be adopted in early April

Currently in middle of process of setting priorities, setting activities assigning activities, will be putting numbers to the budget in the next two weeks

Revenues are down $3 million, the have a $1 million deficit elimination payment so the target for cuts is $4 million.

Challenge is 70% of their budget is comprised of Police, Fire, 911 and Courts.

3/20/13 Phone call Ed Kurtz et al

EM salaries paid by State, info forthcoming -

What can I do to help?

KWA - DWSD issued press release stating KWA info is incorrect. (aatachd email), Ed K will support KWA publicly,

FY 2014 Budget - meeting 3/26 to put numbers to the budget, next year okay, 14% TV loss, following year 8% cut in TV,
Need to find new revenue for FY 14-14, $19 million gf deficit, actuarial FY 14 retiree healthcare, pension and current healthcare total $40 million, current and reitreees cost is $65,000, $32 million pension and retiree healthcare, $8 million current empolyee healthcare, total FY 14 GF revenue $50 million, 5 year budget by 4/13

Jeff Barnes - discussion good, exec budget includes lock up costs, prisoner transfer if overcrowded

Mayor Council Salary, $90K reduced to $55k + benefits, $23K reduced to $7K, no benefits

3/21/13 Phone conference Ed Kurtz, Mike Brown, Roger

RE: MSP feedback on flint

1. Concerns about how FPD operates, cops function on the street, not interviewing witnesses, taking statements, and as a result this work fall upon the detectives. There is no FTO program or monitorig of younger officers by senior officers (per Ed Kurtz, policy issue not CBA issue). Suggestion: get operating chief, CBA mandates Dep. Chief comes from ranks of Captain unit, Ed waiting for PA 436 to become effective. Jerry and Kim providing advice per the grant from the Mott Foundation. Asking Mott to renew for another year.
2. Joint Detective Bureau, detectives spending a lot of time on petty work, not on homocides etc.
3. Continued funding for Jerry & Kim(?) see #1 above, grant was btwn MSU & Mott, not Mott and COF. Ed in the processs of preparing a list of additonal services that the grant could fund.
4. Propoerty Room - potential for securing funding to "clean up the room" Per Ed they areselling stuff via the property room. Complementaty of the lock up, opening it to other jusrisdiictions. "Life Line" concept good, implementation not good & counter productive. Record Managmeent system- impression is Chief wants separate system, state-wide system that are integrated. MSP has system w/ 55 participants. *Would like to explore this program for Flint.*

4/10/13 phone call with Ed Kurtz

Andy wants to know when the budget will be ready for Treasury review? Early May because they are doing significant reorganizaton, 5 year budget, and impact Lawsuit, everyone has submitted numbers, staff needs to assemble

KWA -

Kincaid, Lawler per the Mayor that getting indication that weeks away from getting a TAB,

Starting to meet with John Clark to review CBA's next week

Lawsuit filed by 6 retirees over amendments to helathcare, last week federal judge ruled against the city, it pertains to 6 plantiffs, will attempt to make it a class action suit, file for reconsiderationto have stay removed. If the retirees prevail in this suit ($3.5 M this year, $5M next year) OPEB liability from $850M to $360M, this wold be last straw city no longer viable, bankiruptcy is only option,

Drafting a resoltuion to reestablish the Mayors salary (1/2), Kincaid suggested that Ed order council not meet, not going to do that will probably reinstate salary at $7K require they meet once a month, getting training as part of restoring their pay a condition of pay,

Phone call w/ Ed K 4/17/13

KWA - signed resolution to go with KWA. Fausone sent Andy email DWSD plans to terminate Flint's contract in 12 months with the intent to charge Flint an increase fee for capital costs, they receive notice today

Meeting with city staff to get plant up to treating Lake Huron and river water, meeting w/ county stafff tomorrow next steps evaluate plant & wellls to have the ability to produce sufficient H2O instead of buying from DWSD

Budget - propsed budget due to us next week, had good meeting with E&Y, 2 track effort, city prepares their budget, E&Y does their thing and the two are merged, E&Y has expertise in benefits management savings

John Clark met w/ them to dwvelop a "model" contract.

Meeting w/ GC Services 4/18/13

Present: Scott Cole (GC), Roger F., Ed Kurtz, City Treasurer, Mike Brown Jerry Ambrose

Flint wants to explore collections for water, courts, misc.

GC provided with current RFP

GC will provide a proposal

E&Y Study, Ed K> will talk to Treasurer about paying for E&Y study, if state does not pay, we will use Scarsone

Flint's positon on E&Y studyis that thye will validate Flint's proposed 5 yr. plan

FPD - issue in p[olice and fire is provisional appointments, (90 days), have been in place for years.

Homideicde solve rate at 70%, 10% above national avergae

5/1/13 Ed Kurtz phone call

KWA now done, press briefing today told Orr that they want DWSD as backup and still want to buy pipeline,sell 6 miles of pipeline to the County, enter into contract with KWA, still neogitiate with detroit to but the pipe from Imlay city to Potter Baxter. County wants to buy Flint portion.

Will begin discussing shared service for water with the County (personnel, operationg the water plant (flint)

Sent emails yesterday 1) sent budget and timetable,

5 year budget plan, $3 million shortfall each year/cut $12 million during the next 4 year, losing $7 in grants, FY 14-15 reduce staff

Working with MEDC to keep Citizens/Merrit Bank in the city

Resignation from Ed Kurtz to be submitted June 1st

**Ed needs to meet and someone in treasury needs to set it up

Draft FY 14 and preliminary 5 year plan submitted to Treasury

Examining FY more closely, pretty

E&Y there everyday, 3 week contract @ $35K a week, Treasury will pay 1/2 + expenses, Ed must find $52.5K
Preliminary analysis strategic alternatives for Hurley; review healthcare and benefits plans and review shared services and IT opportunities; review of exec team 5 year plan, evaluate and offer changes

Andy/Brom sent them Detroit paperwork for an RFP for a reorganization

Ed needs to know how much state will pay for to develop Model contracts?****

Brom wants Ed to set appointment w/ Tom Curran to discuss health care cost savings,

5/7/13 Phone call w/ Ed Kurtz

John Clark, engage for model contract, state will reimburse. Send ed K. note that asking to reimburse for model contract.

Tell me about new Labor Relations guy. 30 year general motors, 15 genensee county contract, will handle greivnaaces

Fire Chief on board, good so far

Mtg wl Lt & Captains tomorrow re: meet & confer 12(1)k

Relatioship btwn Locke and St. Police agreed on dep. chief candidate

Resolution from 911 board of support for reconsolidation

Ed signed E&Y contract today, draft report 30 days? 50% + expenses

5/15/13 Phone conference w/ Ed

Continue over $50K no bid, will send to me for approval

Editorial bd , Council Monday evening 9finance committee council invited

Council meets once a month

Move ahead on income tax amendments, woodrow, anich, emerson, get on november ballot,

Police Deputy Chief - meet and confer w/ lts. unit, appears they will not agree, deputy chief must come from that unit, offer to make them all captains for a day, rejected (what is 12(1)k procedures)

Working on model contract in final draft form will send to us for review, going to PTO policy, no ecomic changes mostly management rights changes, 50-60 pages to 25

End of month will send resignation effective 7/3/13, 30 day requirement

New labor relations guy on board,

$1.8 m grant to build tower 800Mhz coverage, consortium voted unanimously to support tower

Waiting for KWA board to approve flint joining

$260k netted from surplus equipment auction, $1,300 raised to buy Santa &reindeer gave back to city.

5/21/13 phone call Ed Kurtz

Ask about Garceau, Allegations; offered increase and fpoa walked & filed for 312, Ed said pick increase or 312, retaliatory act filed grievance and lost,

Sending letter of resignation today effective 7/3

Quarterly report 7/15 instead of 6/28 ???

Six month report 9/28 ???

Proceeding w/ adopting budget

Problem w/ justifying 12(1)k

Is lockup funding 2nd yr in Gov's budget??

Met w/ Woodrow And Jim Annich re: income tax increase, Woodrow said need backing from Gov. and Treas. Backing. Want face time w/ Gov.

6/5/13 meeting with Andy, Ed Kurtz, Mike Brown, Jerry Ambrose, Phil Shaltz, Duane Miller, Larry Moon, Mayor Walling, Bob Emerson

Discussion of steps necessary to place Income Tax increase on the November ballot

Need to cut $5 million out of $20 million in health care expenses

Using hard cap to meet EVIP

Andy requested they 1) line up a firm to fine tune pension system (MERS currently doing that); 2) line up firm to fine tune OPEB, perhaps MILLIman; 3) put capital investment amount into the 5 year plan and adjust OPEB line.

City needs to determine the amount of investment needed in the city

Structural budget gap is $3 million income tax increase creates $7 million, the remaing $3 million could be used for investment.

Andy will contact Ed Kurtz after 6/5 meeting with Governor

OPEB is $360 million all city, no Hurley Hospital

Phone call Ed Kurtz et al. 6/12/13

Replacement for Ed Kurtz, ?

Phone Call Ed Kurtz 6/19/13

Laying off 27 people effective 7/1/13 hit the papers

Meeting w/ John Clark on gettng a model contract. Still missing on what to do with healthcare, paid days off, moving towards all paid time off

Deputy Police Chief backed out, may look at one of two remainaing finalists or add others

$20-25 million, can demolish 1,600 structures, go into high sev areas and demo homes, homes will have to be sold to Genesee Land bank who will sell to State Land Bank to create a mortgage that can be forgiven. Potentially 6,000 vacant homes

KWA contract not signed by Ed yet, working with legal department , ground breaking next week for the intake in Port Huron, 5 incorporators Flint, Genesee Cnty, Lapeer City, Lapeer Cnty, Sanilac Cnty, 10 additional members based upon who ever buys capapcity currently Flint (3) and Genesee County (7) votes Ed wants to wrap up contract before he leaves

Ed volunteered to work on KWA issues after he officially resigns

6/26/13

Lawsuit -treating it as a class , but not certifying it as a class, Hitichock recommedned stop collecting from retirees and returning the prior benefits to all, notify BCBS, not sure how fast they will react, $1.7.5 million, $5 million FY 14, Bade believes class could be overturned. Effective date of injunction March 13

Preparing memorandum and wil use opportunity update and revise the operating and finance plan

Skip next week's call

7/17/13 Call w/ Mike Brown and Jerry Ambrose

- Explanation of Police Union vote of No Confidence; Ongoing issue since Mike started in 2011. He imposed union contract changes and gave management more control (o.t. out of control, Chief need admin. Support) many issues still exist. No confidence vote and continuing violence instigated meeting with Capt. Arnold and Col. Etue this week. Union president has led this issue, not good union official, 85% of officers voted no confidence, African American officers did not vote and white officers who stated they did not vote, Mike not giving vote much credibility and working with John Clark to address issues thru contract language changes,

- Mike is going to appoint chief of staff for Chief, create over sight committee including lt. Bolger and Capt. Arnold, mike ,the chief and some Flint admin staff. Work closely with al and chief of staff to ensure changes are being implemented. Candidates for COS vetted with Col. Etue. COS to implement new union contract, interaction btwn St. Police and Flint Det. Command structure "a mess" promotions granted on provisional basis without testing because no union contract for 10 years,

- Mott grant to work on police issues, result 12 hour shifts, prioritization of minor crime calls,

- Deputy chief candidate backed out because of 436 process that challenged change

- Status of Ed Kurtz final report: Maxine to send now. Quarterly report turned into final exit report

- Mike working with council on FY 15budget and adopted within 90 days,
- Kurtz working on blight plan as a volunteer (weeds , dumping ,code enf., abandon cars) working w/ MSHDA to address blight in "tipping neighborhoods"

Phone call w/ Mike brown & Jerry Ambrose 7/24/13

Water & Sewer Operations Group - Jeff Wright folks, City council folks, County commision membes, looking at collaboration, working together , what the county could do for the city in the future,

Press conference yesterday MSP, Flint briefing to day, 7 murders occurred last week, 4 people in custof=dy for 4 of the murders,

Mike is proceeding with appointing Chief of Staff in FPD, non sworn, 150 officers very inefficient, plans to make a selection, oversight committee

Involving Mayor & council in policy decisions for FY 15 budget, charter amendments, transition to TAB,

Resolutions to renew and expand IT contract, move public safety technology upgrades,

Working on FY 16 budget, many challenges,

Phone call with Mike Brown et al 8/7/13

- Pipeline valuation 8/21

- Model union contracts (Treas paying 1/2), FPOA contract almost complete, local 1600 next , and finalize Fire. When ready meet w/ Treasury and John Clark,
- MERS won't take over full admin or enroll in medical savings account until CBA's are finalized
- Will request meeting w/ Treasury in 1 week from today.

- CBA finalization will resolve Deputy Chief issue in Police Department.
- Part-time officer and fire fighters will be allowed under new contracts.

- Resolutions reaffirming his reappointment administrative staff and Mayor and City Council salary adjustment

- DEP status, what is holding it up, Are we supportive of the path that they are pursuing

Grant request to MHSDA for $25 million will address 50% of blighted structures, plan to use in tipping point neighborhoods, hire neighborhood safety officers (ordinance enforcement) September/October decision for grant

Met w/ Mayor & council individually to increase their participation an think about transition, Master Planning process/updates, Finance Committee includes council involvement in preparing FY15 budget, their role,

Mike needs to know "Is the City on the Right Path"????? Getting Serious about transition

Increasing council base salary from $7k to $100 a meeting and put them at $10,000, more in line of compensation is similar sized cities, recognize their efforts, get positive public perception of council involvement, Increase Mayor's compensation, as well. Orders will be forthcoming.

Audit: Goal to have it completed by Thanksgiving, 45 days early,

Income Tax, need Treasurer and Governor's support,

Want to talk to DWSD, 1) purchase of pipeline from Imlay City to Baxter/Potter water main and 2) DWSD becoming backup for KWA for 30 years.

Police officers added 10 positions, 20 total, SAFER grant ends 95 ff to 76ff, need help w/ feds FEMA from Governor, need waiver, recei ved full safer grant two years in a row

FY 15 Grant expiration concerns,

Operating w/o liability insurance June 30 $1m coverage, $1m deductible, carrier declined to renew, buying $10M w/ $3M deductible

Conference Call 8/14/13

Process to turn around $50K approval

Public Safety meeting, Monday, Harvey Hollings staff, Col. Etue, Captain Arnold, Lt. Bolger,

Andy called yesterday to have Mike Brown and Chief Locke at his office on 8/21/13 @ 11:30 am meeting Col. Etue,

John Clark city close to finalizing CBA's ready to negotiate with 6 unions, 90% of pension has been transferred to MERS,

Pipe Sale, SRR wanted $18K, using someone else,

Working on details of implementation of using the water plant, DWSD no longer providing to Flint after 4/14 accelerating CIP to the plant $15M,will provide details later in writing,

Mike wants to meet w/ Kevyn Orr purchase of pipe by KWA, potential of DWSD being backup to KWA

Income tax position by the State.

Genesee County land bank submitted $25M application to demo home (majority) in Flint

Will send resolution increasing the salary for the Mayr, City Council and Administrative Satff

Fact to Face meeting w/ Mike & Wayne in Lansing 8/21/13

Policing: Mike will meet with Col. Etue and take her lead on the status of the poice chief. Model contract will be complete this week. Intent is to meet and confer and proceed with 12(1)(k)

E & Y: discussed that they will be back and will examine Hurley long term liabilities

Liability Insurance: gave the ok to pursue $10M cap and $3M deductible

H2O Line valuation: gave the ok to proceed with $11k proposal

District court: Mile will provide potential savings to the city from court consolidation**

Meeting w/ Kevyn Orr: Suggested Mike meet with Sue McCormick

8/28/13 Phone call Mike Brown

Model Contracts - Length? no more than 1 year agreements, wants to do 3 years agreements,

Hurley Hospital Board appointments,

Copy of MOU w/ MSP

Budget amendment for salary adjustments

5 day turn around for resolutions

FY 13 expect to reduce the $19M to the $16M's, controlled expenses, better than expected experience in health care, cash position form $15M to $40M at end of FY13 (delayed h2O/sewer projects), retiree helathcare did well, fringe benefits came in under est. ($5-$6M), public safety millage (2 levies) ($5M) added fund balance in road fund($1M)

***4 point plan for model contract Cornerstone evaluating it; 1),currently using hard cap, costs are below hard cap and no premiums are paid by employees, thinking about adopting 80/20 option, 2) tell non vested employees not guarantee retiree healthcare, 3) vested employees will get retiree healthcare, those who retiree after 1/14 will be told premium share for pre 65 will be limited same premium share of post 65 employees. Setting date of 1/14 and implement contracts in 10/13 people will retire and new employees hired who will have no healthcare; 4) effective 1/14 new police & fire employees will be moved to the hybrid plan (1.75 multiplier and city matches contribution up to 5% with a total combined limit of 10% . Partial est. due week of 9/9/13

**Concern about ability to deliver water by next April, County open to include city n bonding for

water plant improvements, $11M in H2O/Sewer fund could be a source, $28M in water bonds, would state be open to divert payment for 3 years, in order to spend bond payments on capital improvement necessary for connection to KWA. Are we willing to help???

MOU and detailed list w/ dates (Who is sending Beth or Mike?)

In person meeting w/ Mike, Wayne 9/4/13

Status of Rowe contract

Concern about temporarily delaying SRF payments for 3 years to make needed improvements at H2O plant

Sue McCormick has contacted Mike about meeting to discuss city buying DWSD pipe

Have not received E&Y amended proposal Ed will email Gaurav)

Model contracts awaiting our approval (send to Randy), 3-4 meetings w/ police to finalize contract

Safer grant applied for on 8/30/13

Anticipate $2+M excess revenues over expenses year end FY2013, cash flow continues to improve,

Beginning work on FY 15 budget, including Mayor and Council in the process

Need to develop cost estimates of savings due to retirement changes (MERS)

Cornerstone working on cost savings from OPEB changes (partial cost savings due next week)

Getting costs estimates for water plant upgrades next week

Weekly Meeting w/ Flint EM
September 25, 2013
Agenda

EM contracts

Holding Jail Resolution

E & Y Proposal

Water Billing Resolution

Vehicle Replacement Resolution

Other

Phone conf call 10/9/13

Negotiate/Impose Retirement Contract changes
Complete/Negotiate/Impose Model Labor contracts
Actively resist Retiree Health Care Lawsuit
Complete Pipeline Sale (KWA)
Plan for interim water supply source/plant upgrades(KWA)
Finance WTP Improvements (KWA)
Complete 911 Tower Install
Develop/Implement FY15 budget
Pursue 911 Consolidation
Develop potential District Court transfer to County
Update Public Safety Plan
Evaluate Hurley as possible asset sale
Evaluate Water and Sewer System for possible sale/lease
Consider E&Y Proposal and alternatives

Pipeline Sale KWA: Mike providing a briefing next week with Ed Kurtz, Darnell & Drain Commissioner

Retiree Healthcare suit - arguments made before the judge on 10/1/13

Briefings by Mike Brown to Darnell et al on KWA and Public Safety plan to take place next week

Quarterly report is in draft form and needs approval, includes proposed change to DEP focusing on changing transfer between funds to long term debt obligations and legal opinion allowing this previously sent to Treas.

Restructuring is moving forward

Mike Brown's role during the next 3 weeks will be well documented to ensure that the public and State know what he is doing.

Police Chief begins work 10/14 and will immediately work on public safety plan

Phone conf. w/ E & Y, Wayne, Darnell, Jerry 10/10/13

E&Y Scope of Work
Hurley
Feasibility & Value of the H2O system
OPEB in the scope of the ARC
Update 5 year projections based upon recent changes

Per jerry, OPEB valuation done in one week, analysis of options will take place the week after the valuations are complete.

Per Jerry, MERS pension valuation complete near the end of calendar 13

Phase II - Hurley Water System

Phase III - OPEB, 5 yr projections,

Juan will prepare a Scope based upon two phases

Phone call w/ Darnell 10/17/13

Council candidate collecting referendum signatures PA236 could derail the city's participation
Talk to AG about PA 436 trumping the referendum law.

Darnell is exploring a water rate study

Phone call Darnell 10/24/13

Water line valuation (draft on hand, trying to make sense)

**Reviewing DEP

Referendum drive re: KWA (robo call 2 question survey, go w/ KWA, firm in her conviction Liz Murphy)

E & Y Phase II proposal (Nothing)

Public Safety Plan update

Retiree health care lawsuit update? (

OPEB analysis update (still in draft form)

**Resolution for insurance renewal policy begins 11/1/13

**Darnell met w/ prosecutor, he has no concerns, based upon reference from Wayne County prosecutor,

**initiate Water rate study (impact of KWA)

** Planning Dir. Resigned part of restructuring

**What is the term of Darnell's appointment term

Phone call Darnell 10/30/13

Public Safety Plan update reviewing plan 11/1/14 draft will be amended to include

E & Y proposal,to be sent this week

DEP - Suzanne will call you about it in the next week

DWSD termination notice 4/1/14, joined KWA, likely cost to expand H2O plant $6-$10M, need to order $2M of equipment in next 2 weeks, want to use firms and bids from before, sendinginfio

today/tomorrow

Other issue is how Flint pays for this, cover costs internally, want a short term loan up to $5M for 36 months, problem is that no valve exits to stop DWSD water flowing into Flint

John Clark model contracts review, negotiations begin 11/4/13 (Review his emails)

Master Plan unanimously approved by city council.

Darnell to make org. changes to make planning/econ dev.

Phase II Hurley, Water system evaluation, Phase III update 5 yr. plan, remind treasurer of commitment to pay 100% of cost

MSP/Gov/Treas/City phone call 11/6/13

Warrant sweep last week

Moving forward with new world system software & training

Overdue items addressed, focus on items coming up

17% down in homicides

Met w/ police union this week

Meeting w/ Sheriff today to discuss issues

Phone call Darnell 11/6/13

Audit underway

Met w/ Treasury re: DEP,

Water system re: funds

CBA FPOA meeting on 11/4

Reorganizing Planning & Dev. dept., including update of zoning ord

911 consolidation met last week, hesitation from outcounty

Conf Call w/ Darnell, Jerry 11/7/13

E & Y proposal discussion

Conf. call Darnell, Jerry, et al 11/13/13
Brian Larkin, Rich Baird, Wayne, Harvey Hollins, Darnell, Jerry, Liz

City of Flint Weekly 10am Phone Conference Agenda

1) Budget Update

FY 13 – Audit: continues, delivery 12/1/13
FY 14 – current status: on track w/ budget
FY 15 – plan: prelim discussions depending upon involvement with Mayor & Council, last year involved Mayor, council President and council chair of finance committee

1) Model Labor Contracts – status: mgmt. team met w/ FPOA, no response to proposal, next mtg. 11/21, AFSCME group next to meet

1) KWA, Water Plant Preparation: resolution sent to Treasury to engage firm to upgrade plant, another one for electrical distribution equipment, rebid it and added to it, key mtg. today with Land

1) City Ordinance Review: Legal dept. is compiling and review ordinances, critical to transition, more comprehensive project than originally anticipated,

1) Deficit Elimination Plan – Treasury: will have review completed by Friday.

1) Master Plan Implementation Activity
   Zoning Ordinance Revision: Restructuring Planning Dept. Chief Planner will become Director of the Dept., and provide assistance for Community, Economic Inspections and Licensing within the Dept.

1) Retiree Law Suit Status: No News to report, Giarmarco is the attorney firm,

1) Public Safety Activity: Sergeants exam completed in September, Chief had executive training session yesterday, Chief and Darnell have met with Sheriff & Prosecutor, Beth Clement has agreed to review CGAP grant app. SAFER grant decision by the end of the month.

1) Status Report on the Flint City Council: new council member openly against PA 436, Kurtz issued order requiring signature of a document agreeing to cooperation under PA 436 or forfeit pay, Darnell plans to amend it and reissue.

1) Governance Revision: Darnell will appoint a 21 member blue ribbon committee to share thoughts on this topic, next step may be Charter review commission

1) 9-1-1 Reconsolidation Plan: incompatible records management system, meeting with Motorola tomorrow, may gravitate towards MSP system,

1) BS&A Upgrade: Progressing, overall technological advancements improving, finalist for Strong City, Strong Community grant,

1) Other:

Dayne Walling
Mayor

CITY OF FLINT, MICHIGAN
Department of Finance

City Hall, Room #203
1101 South Saginaw Street
Flint, MI 48502
(810) 766-7268 / (810) 766-8675 (fax)

Darnell Earley
Emergency Manager

Gerald Ambrose
Finance Director

TO: Darnell Earley
Emergency Manager

FROM: Jerry Ambrose
Finance Director

DATE: November 14, 2013

SUBJECT: Resolution Authorizing a Change Order to the Contract with Lockwood, Andrews and Newman to provide for final design work, construction engineering and necessary regulatory submittals related to the expansion of the Water Treatment Plant

LAN was retained earlier this year with approval from the Department of Treasury at a cost of $171,000 to study the feasibility of utilizing the Flint River as the City's source of water on a temporary basis, and to develop preliminary associated cost estimates for expanding the Water Treatment Plant.

LAN's work concluded that using the Flint River on a temporary basis only was feasible, and provided a cost estimate of between $7 million and $10 million, depending on the expenses associated with lime disposal. However, their work also concluded that work must begin immediately if the April 2014 deadline is to be met.

Accordingly, LAN was requested to provide us with a proposal for conducting final design work, construction engineering, and necessary regulatory submittals associated with the expansion of the Water Treatment Plant. Their proposal is for an amount not to exceed $962,800.

We have been working with MDEQ to be assured that the course of action being pursued is consistent with their expectations. Most recently (this morning), we met with MDEQ representatives and reviewed the proposed course of action. While formal approval cannot be given until detailed working drawings are presented, the representatives indicated their conceptual approval.

Because time is of the essence, I recommend approval of the Change Order, and request that it be submitted to Treasury as soon as possible. I am attaching LAN's Scope of Work proposal, as well as a letter from Rowe Engineering stating that the Scope of Work is comprehensive and the price is reasonable.

Please contact me if you have any questions.

13-5423

EM SUBMISSION NO.: EME048 2013

PRESENTED: 11-14-13

ADOPTED: _____

BY THE EMERGENCY MANAGER:

Resolution Authorizing Change Order #2 to the Lockwood, Andrews & Newnam Contract for the Implementation of Water Plant Operations

The City of Flint entered into a contract with Lockwood, Andrews & Newnam to study the feasibility and develop cost estimates for utilizing the Water Plant as a primary drinking water source in an amount not to exceed $171,000.00; and

Authorization is needed to enter into change order #2 to the existing contract no. 13-046 with Lockwood, Andrews & Newnam for additional funding of $962,800.00 for a total contract price not –to-exceed $1,133,800.00. The additional services will include final design work, construction engineering and necessary regulatory submittals to operate the Water Plant off the river until the KWA water source is completed; and

These funds are made available in account in 591-536.100-801.000; and

IT RESOLVED, Appropriate City Officials are to do all things necessary to enter into change order #2 to the existing contract no. 13-046 with Lockwood, Andrews & Newnam for an additional contract price of $962,800.00 for a total contract price not-to-exceed $1,133,800.00. Funding will come from the account 591-536.100-801.000.

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:

Jerry Ambrose, Finance Director

EM DISPOSITION:

ENACT_____ **FAIL** _____ **DATED** _____

Darnell Earley, Emergency Manager

RESOLUTION STAFF REVIEW

November 13, 2013

Agenda Item Title: Water Plant Electrical Distribution Upgrade

Prepared By: Daugherty A. Johnson Utilities Administrator

Background/Summary of Proposed Action:

Water Plant depends on switchgear for its power distribution to the facility's motor control centers, which control the treatment processes, the pumping stations and reservoirs which provide potable water to the citizens of Flint. The current switchgear is obsolete, unreliable and in urgent need of replacement. Without adequate and reliable switchgear the City of Flint will not be permitted by the DEQ to operate as our primary drinking water source.

Financial Implications:

Please issue a purchase order for the approved FY2014 budgeted amount of $1,512,000.00. Use account number 591-545.300-977.000 ($1,512,000.00) when issuing this purchase order.

Budgeted Expenditure? **Yes** ☒ **No** ☐ **Please explain if no:**

Account No.: **591-545.300-977.000** $1,512,000.00

Pre-encumbered? **Yes** ☒ **No** ☐ **Requisition:**

Other Implications (i.e., collective bargaining): None.

Staff Recommendation: Approve

Staff Person: _____
(Dept Head or other Authorized Staff)

H:\My Documents\Water Plant\River Operation\Purchasing issues\WP Electrical Distribution Upgrade staff review doc

Dayne Walling
Mayor

CITY OF FLINT, MICHIGAN
Department of Finance

City Hall, Room #203
1101 South Saginaw Street
Flint, MI 48502
(810) 766-7268 / (810) 766-8675 (fax)

Darnell Earley
Emergency Manager

Gerald Ambrose
Finance Director

TO: Darnell Earley
Emergency Manager

FROM: Jerry Ambrose
Finance Director

DATE: November 14, 2013

SUBJECT: Electrical Distribution Upgrade for the Water Treatment Plant

The City of Flint is now a member of the KWA, and anticipates receiving its raw water from the KWA pipeline within the next three years. Water will continue to be received from DWSD until April 17, 2014, the date on which DWDS has notified us that it is terminating its Water Supply contract with the City. Given this decision by DWSD, the City now has less than six months to find an alternate source of water.

Working with DEQ and our consulting engineers (Lockwood, Andrews, and Newnam), the City has determined that it is feasible to utilize the Flint River as its alternate supply source. It has also determined that utilizing the river until KWA is available will be to the financial advantage of the City, in comparison to continuing to use DWSD, even at its current charges.

However, accomplishing that within the April 17, 2014 deadline will require expediting the upgrades necessary for the WTP to receive raw water, be it from the Flint River in the short term or KWA in the long term. The biggest impediment to meeting this deadline is the procurement and installation of electrical and distribution equipment. The lead time for building and installing the equipment alone is estimated to take three to four months.

The City's Purchasing Department has just concluded its procurement process for the needed electrical and distribution equipment. Six companies were solicited, however, only one company responded.

The Utilities Administrator, Infrastructure Director and Purchasing Director are recommending that the Purchase Order for the equipment needed for the electrical distribution upgrade be issued to McNaughton McKay in an amount not to exceed $1,512,000 to be delivered in time for installation to be complete and in operation no later than the end of March 2014.

I support their recommendation and request your approval to submit it to the Department of Treasury for their approval as soon as possible. In order to assure timely approval of the equipment, a Purchase Order needs to be issued by Friday, November 15.

13-5437

(Bid No. 001400055)

EM SUBMISSION NO.: EME04620

PRESENTED: 11-14-13

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO McNAUGHTON-McKAY ELECTRIC FOR CEDAR ST. PUMPING STATION SWITCHGEAR UPGRADES

BY THE EMERGENCY MANAGER

RESOLUTION

The Department of Purchases and Supplies has solicited a bid Cedar St. pumping station switchgear upgrades as requested by the Utilities Division/Water Plant; and

McNaughton-McKay Electric, 1011 E. Fifth Ave., Flint, MI was the sole vendor to submit a response from six solicitations for said requirements. The funding for this purchase will come from the following account number: 591-545.300-977.000; and

IT IS RESOLVED, that the Proper City Officials, upon the Emergency Manager's approval, are hereby authorized to enter into a contract with McNaughton-McKay for pumping station switchgear upgrades in an amount not to exceed $505,000.00. (Water Fund)

APPROVED PURCHASING DEPT:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

\EFM DISPOSITION:

ENACT _____ **REFER TO COUNCIL** _____ **FAIL** _____

_____ **DATED:** _____

Darnell Earley, Emergency Manager

071013-DFJ-Revised

Dayne Walling
Mayor

CITY OF FLINT, MICHIGAN
Department of Finance

City Hall, Room #203
1101 South Saginaw Street
Flint, MI 48502
(810) 766-7268 / (810) 766-8675 (fax)

Darnell Earley
Emergency Manager

Gerald Ambrose
Finance Director

TO: Darnell Earley
Emergency Manager

FROM: Jerry Ambrose
Finance Director

DATE: November 14, 2013

SUBJECT: Switchgear Upgrade for Cedar Street Pumping Station

The Cedar Street Pumping Station is in need of a Switchgear Upgrade. The City's Purchasing Department has concluded its procurement process for the needed equipment.

This is the second time bids have been solicited. Like the first time, however, only one response was received.

The Utilities Administrator, Director of Infrastructure, and Purchasing Director are recommending that a Purchase Order be issued to McNaughton-McKay in an amount not to exceed $505,000 for the needed equipment.

I support their recommendation and request your approval to submit it to the Department of Treasury for their approval as soon as possible.

RESOLUTION STAFF REVIEW

November 13, 2013

Agenda Item Title: Cedar Street Pumping Station Switchgear Upgrade.

Prepared By: Daugherty A. Johnson, Utilities Administrator

Background/Summary of Proposed Action:

The Water Plant relies on medium voltage switchgear and MCCs for electrical distribution at its Cedar Street pumping station. Without replacement of the very obsolete equipment, Cedar Street could have a catastrophic failure, resulting in power outages for the station. Power outages at this station will cause a serious reduction in the City's capability of fighting fires and providing adequate water pressure to its citizens.

Financial Implications:

There is adequate funding in the yearly budget, account number 591-545.300-977.000 in the amount of $505,000.00.

Budgeted Expenditure? Yes ☒ No☐ Please explain if no:

Account No.: 591-545.300-977.000- $505,000.00

Pre-encumbered? Yes xx No Requisition #

Other Implications (i.e., collective bargaining): None.

Staff Recommendation: Recommend Approval

Staff Person: _____
(Dept Head or other authorized staff)

CITY OF FLINT
DEPARTMENT OF PURCHASES AND SUPPLIES

City Hall
1101 S Saginaw Street – Flint, Michigan 48502
(810) 766-7340 FAX (810) 766-7240 www.cityofflint.com TDD 766-7120

Michael K. Brown
Emergency Manager

Dayne Walling
Mayor

INVITATION TO BID

OWNER/RETURN TO:

THE CITY OF FLINT
DEPARTMENT OF PURCHASES AND SUPPLIES
1101 S. SAGINAW ST , ROOM 304, 3RD FLOOR
FLINT, MI 48502

BID NO.: 14-073

SCOPE OF WORK:

The City of Flint, Department of Purchases & Supplies, is soliciting sealed bids for providing

ELECTRICAL DISTRIBUTION/SWITCHGEAR UPGRADE EQUIPMENT WATER PLANT AND CEDAR ST. PUMP

Per all additional requirements.

If your firm is interested in providing the requested goods or services, please submit one (1) original and one (1) copy of your detailed bid to the City of Flint, Department of Purchases and Supplies, 1101 S. Saginaw St., Room 304, Flint, MI, 48502, **Tuesday, November 12, 2013 @ 3:00 PM (EST)**. Please note all detailed bids received after 3 00 PM (EST) will not be considered. Bids must be in a sealed envelope clearly identifying the bid and bid number Faxed bids into the Purchasing Department are not accepted.

All additional bid documents, requirements, addendums, specifications, and plans/drawings (if utilized) are available on the Purchasing page of the City of Flint's web site at www.cityofflint.com/purchasing under "open bids" and the specific bid or proposal number assigned to this notice.

New vendors should complete and submit a vendor application, IRS W-9 Form, and Vendor ACH Authorization Form with the City of Flint. Links to these forms are available at www.cityofflint.com/purchasing.

Bid results may be viewed next business day online at www.cityofflint.com/purchasing under "bid results".

Any questions regarding the bid process must be submitted in writing by 11/5/13 and may be directed to Bryan Bond @ bdbond@cityofflint.com

Sincerely,

Bryan Bond
Department of Purchases and Supplies

BID REQUIREMENTS / TABULATION

ELECTRICAL DISTRIBUTION/SWITCHGEAR UPGRADE EQUIPMENT WATER PLANT AND CEDAR ST. PUMP FOR FURTHER INFORMATION, CONTACT BRENT WRIGHT @810 787 6537 EXT#3510	
Only the specifier has the responsibility and judgment for determining whether a proposed substitution is an "or equal or exceeding" specification. Mfg., model #, and supporting documentation of specifications for alternates must be provided.	
DESCRIPTION	**TOTAL BID AMOUNT**
CEDAR STREET SWITCHGEAR UPGRADES PER THE ATTACHED SCOPE OF REQUIREMENTS AND SPECIFICATIONS	**$**
WATER PLANT ELECTRICAL DISTRIBUTION SWITCHGEAR & TRANSFORMER UPGRADES **ALL EQUIPMENT FOR UPGRADES AT THE WATER PLANT SHOULD INDICATE DELIVERY LEAD TIME(S) ON AN EXPEDITED BASIS WITH TARGET DELIVERY OF MARCH 1, 2013** PER THE ATTACHED SCOPE OF REQUIREMENTS AND SPECIFICATIONS	**$**
GRAND TOTAL	**$**

THIS PAGE MUST BE COMPLETED AND INCLUDED WITH SUBMITTAL:
The undersigned herby certifies, on behalf of the respondent named in this Certification (the "Respondent"), that the information provided in this offer submitted to the City of Flint is accurate and complete, and that I am duly authorized to submit same. I hereby certify that the Respondent has reviewed all documents and requirements included in this offer and accept its terms and conditions

Cash Discounts will be computed from the date of receipt of invoice Prices firm unless stated otherwise by bidder Delivery can be made in ( ) days ARO (after receipt of order)

Payment Terms:_____ Delivery Dest.:_____ Fed ID #:_____
(All Freight Terms are considered F.O.B., Prepaid unless otherwise noted by seller)

COMPANY NAME (Respondent):_____
(Printed)
ADDRESS _____

CITY/STATE/ZIP _____

PHONE _____FAX _____

EMAIL _____

PRINT NAME and Title _____
(Authorized Representative)
SIGNED _____ DATE _____
(Authorized Representative)

Please submit original documents plus one copy.

New vendors are required to complete and submit an IRS W-9 Form and Vendor ACH Form with the City of Flint. Link is available at www.cityofflint.com/finance/purchasing

Bid results may be viewed next business day online at www.cityofflint.com/finance/purchasing

INSTRUCTIONS TO VENDORS

1) **PRE-BID INFORMATION AND QUESTIONS:** Each bid that is timely received will be evaluated on its merit and completeness of all requested information. In preparing bids, Bidders are advised to rely only upon the contents of this ITB and accompanying documents and any written clarifications or addenda issued by the City of Flint. If a Bidder finds a discrepancy, error or omission in the ITB package, or requires any written addendum thereto, the Bidder is requested to notify the Purchasing contact noted on the cover of this ITB, so that written clarification may be sent to all prospective Bidders **THE CITY OF FLINT IS NOT RESPONSIBLE FOR ANY ORAL INSTRUCTIONS.**

2) **ITB MODIFICATIONS:** The City of Flint has the right to correct, modify or cancel the ITB, in whole or in part, or to reject any Bid, in whole or in part, within the discretion of the City of Flint, or their designee. If any such changes are made, all known recipients of the ITB will be sent a copy of such changes. If any changes are made to this ITB document by any party other than the City of Flint, the original document in the City of Flint's files takes precedence.

3) **BID SUBMISSION:**
   a) The Bidder must include the following items, or the bid may be deemed non-responsive.
      i.e. All forms contained in this ITB, fully completed
   b) Bids must be submitted to the Purchasing Department, City of Flint, 1101 S Saginaw Street – Room 304, Flint, Michigan 48502 by the date and time indicated as the deadline. The Purchasing Department time stamp will determine the official receipt time It is each Bidder's responsibility to insure that its bid is time stamped by the Purchasing Department by the deadline. This responsibility rests entirely with the Bidder, regardless of delays resulting from postal handling or for any other reasons. Bids will be accepted at any time during the normal course of business only, said hours being 8:00 a.m. to 5 00 p m Local Time, Monday through Friday, legal holidays as exception
   c) Bids must be enclosed in a sealed, non-transparent envelope, box or package, and clearly marked on the outside with the following: ITB Title, ITB Number, Deadline and Bidder's name.
   d) Submission of a bid establishes a conclusive presumption that the Bidder is thoroughly familiar with the Invitation to Bid (ITB), and that the Bidder understands and agrees to abide by each and all of the stipulations and requirements contained therein
   e) All prices and notations must be typed or printed in ink. No erasures are permitted Mistakes may be crossed out and corrections must be initialed in ink by the person(s) signing the bid.
   f) Bids sent by email, facsimile or other electronic means will not be considered unless specifically authorized in this ITB
   g) All costs incurred in the preparation and presentation of the bid are the Bidder's sole responsibility; no pre-bid costs will be reimbursed to any Bidder All documentation submitted with the bid will become the property of the City of Flint
   h) Bids must be held firm for a minimum of 120 days.
   i) Term - Contract and/or all other procurement documents shall be effective until completed to the satisfaction of the City of Flint. The City of Flint reserves the right to cancel or not renew all or any part of the procurement agreement/contract at any time.

4) **EXCEPTIONS:** Bidder shall clearly identify any proposed deviations from the Terms or Scope in the Invitation for Bid. Each exception must be clearly defined and referenced to the proper paragraph in this ITB. The exception shall include, at a minimum, the Bidder's proposed substitute language and

opinion as to why the suggested substitution will provide equivalent or better service and performance. If no exceptions are noted in the Bidder's bid, the City of Flint will assume complete conformance with this specification and the successful Bidder will be required to perform accordingly Bids not meeting all requirements may be rejected.

5) **DUPLICATE BIDS:** No more than one (1) bid from any Bidder, including its subsidiaries, affiliated companies and franchises will be considered by the City of Flint. In the event multiple bids are submitted in violation of this provision, the City will have the right to determine which bid will be considered, or at its sole option, reject all such multiple bids

6) **WITHDRAWAL:** Bids may only be withdrawn by written notice prior to the date and time set for the opening of bids. No Bid may be withdrawn after the deadline for submission.

7) **REJECTION/GOOD STANDING:** The City of Flint reserves the right to reject any or all bids, or to accept or reject any bid in part, and to waive any minor informality or irregularity in bids received if it is determined by the City of Flint, or their designee, that the best interest of the City will be served by doing so. No Bid will be considered from any person, firm or corporation in arrears or in default to the City on any contract, debt, taxes or other obligation, or if the Bidder is debarred by the City of Flint from consideration for a contract award pursuant to Section 18-21.5 (d) of Article IV of the "Purchasing Ordinance of the City of Flint.

8) **PROCUREMENT POLICY:** Procurement for the City of Flint will be handled in a manner providing fair opportunity to all businesses. This will be accomplished without abrogation or sacrifice of quality and as determined to be in the best interest of the City. The City of Flint and their officials have the vested authority to execute a contract, subject to City Council and Mayoral approval where required

9) **BID SIGNATURES:** Bids must be signed by an authorized official of the Bidder. Each signature represents binding commitment upon the Bidder to provide the goods and/or services offered to the City of Flint if the Bidder is determined to be the lowest Responsive and Responsible Bidder

10) **CONTRACT AWARD/SPLIT AWARDS:** The City of Flint reserves the right to award by item, group of items, or total bid to the lowest responsive, responsible Bidder The Bidder to whom the award is made will be notified at the earliest possible date. Tentative acceptance of the bid, intent to recommend award of a contract, and actual award of the contract will be provided by written notice sent to the Bidder at the address designated in the bid if a separate Agreement is required to be executed After a final award of the Agreement by the City of Flint, the Contractor/Vendor must execute and perform said Agreement. All bids must be firm for at least 120 days from the due date of the bid. If, for any reason, a contract is not executed with the selected Bidder within 14 days after notice of recommendation for award, then the City may recommend the next lowest responsive and responsible Bidder

11) **NO ITB RESPONSE:** Bidders who receive this ITB but who do not submit a bid should return this ITB package stating "No Bid" and are encouraged to list the reason(s) for not responding Failure to return this form may result in removal of the Bidder's name from all bidder lists.

12) **FREEDOM OF INFORMATION ACT REQUIREMENTS:** Bids are subject to public disclosure after the deadline for submission in accordance with state law

13) **ARBITRATION:** Contractor/Vendor agrees to submit to arbitration all claims, counterclaims, disputes and other matters in question arising out of or relating to this agreement or the breach thereof The Contractor's agreement to arbitrate shall be specifically enforceable under the prevailing law of any court having jurisdiction to hear such matters Contractor's obligation to submit to arbitration shall be subject to the following provisions:

(a) Notice of demand for arbitration must be submitted to the City in writing within a reasonable time after the claim, dispute or other matter in question has arisen A reasonable time is hereby determined to be fourteen (14) days from the date the party demanding the arbitration knows or should have known the facts giving rise to his claim, dispute or question In no event may the demand for arbitration be made after the time when institution of legal or equitable proceedings based on such claim dispute or other matters in question would be barred by the applicable statute of limitation.

(b) Within fourteen (14) days from the date demand for arbitration is received by the City, each party shall submit to the other the name of one person to serve as an arbitrator. The two arbitrators together shall then select a third person, the three together shall then serve as a panel in all proceedings Any decision concurred in by a majority of the three shall be a final binding decision.

(c) The final decision rendered by said arbitrators shall be binding and conclusive and shall be subject to specific enforcement by a court of competent jurisdiction.

(d) The costs of the arbitration shall be split and borne equally between the parties and such costs are not subject to shifting by the arbitrator.

14) **BID HOLD:** The City of Flint may hold bids for a period of one hundred twenty - (120) days from opening, for the purpose of reviewing the results and investigating the qualifications of bidders prior to making an award

15) **NONCOMPLIANCE:** Failure to deliver in accordance with specifications will be cause for the City of Flint and they may cancel the contract or any part thereof and purchase on the open market, charging any additional cost to the Contractor/Vendor

16) **DISCLAIMER OF CONTRACTUAL RELATIONSHIP:** Nothing contained in these documents shall create any contractual relationship between the City and any Subcontractor or Sub-subcontractor

17) **ERRORS AND OMISSIONS:** Bidder is not permitted to take advantage of any obvious errors or omissions in specifications.

18) **INTERPRETATION:** In the event that any provision contained herein shall be determined by a court of competent jurisdiction or an appropriate administrative tribunal to be contrary to the provision of law or to be unenforceable for any reason, then, to the extent necessary and possible to render the remainder of this Agreement enforceable, such provision may be modified or severed by such court or administrative tribunal having jurisdiction over this Agreement and the interpretation thereof, or the parties hereto, so as to, as nearly as possible, carry out the intention of the parties hereto, considering the purpose of the entire Agreement in relation to such provision.

19) **LAWS AND ORDINANCES:** The bidder shall obey and abide by all of the laws, rules and regulations of the Federal Government, State of Michigan, Genesee County and the City of Flint, applicable to the performance of this agreement, including, but not limited to, labor laws, and laws regulating or applying to public improvement, local government, and its operational requirements.

20) **LOCAL PREFERENCE:** Bidders located within the corporate city limits of Flint, Michigan may be given a seven percent (7%) competitive price advantage Additionally, if the lowest responsible bidder is not located within the limits of the City of Flint, but is located within the County of Genesee, and said bidder does not exceed the bid of the lowest non-local bidder by more than three and one-half percent (3-1/2%), then said lowest Genesee County bidder may be determined to be the lowest responsible bidder, and make the award to such Genesee County bidder accordingly, subject to the approval of the city council

21) **MATERIAL WORKMANSHIP AND STANDARDS OF PERFORMANCE:** The bidder agrees to exercise independent judgment and to complete performance under this Agreement in accordance with sound professional practices. In entering into this Agreement, the City is relying upon the professional reputation, experience, certification and ability of the bidder. The bidder agrees that all of the obligations required by him/her pursuant to this Agreement shall be performed by him/her or by other employed by him/her and working under his/her direction and control. The continued effectiveness of this Agreement during its term or any renewal term shall be contingent, in part, upon the bidder maintaining his operating qualifications in accordance with the requirements of federal, state and local laws. All materials furnished must be new, of latest model and standard first grade quality, or best workmanship and design, unless otherwise expressly specified Bidder, if required, must furnish satisfactory evidence of quality materials; offers of experimental or unproven equipment may be disregarded

22) **MODIFICATIONS/CHANGES/PRICE VARIATIONS:** Any modification to this agreement must be in writing and signed by the authorized employee, officer, board or council representative authorized to make such modifications pursuant to the State law and local ordinances. Commodities subject to market price variation shall be considered on all term agreements subject to a 30-day advance written notification from the vendor. Such notice must be substantiated by a written price change from the manufacturer and shall be required for both price increases and decreases

23) **NON-COLLUSION:** The bidder acknowledges that by signing this document that he/she is duly authorized to make said offer on behalf of the company he/she represents and that said bid is genuine and not sham or collusive and not made in the interests or on behalf of any person not therein named, and that he/she and said bidder have not directly induced or solicited any other person(s) or corporation to refrain from responding to this solicitation and that he/she and said bidder have not in any manner sought by collusion to secure to himself/herself and said bidder any advantage over any other bidder.

24) **NON-DISCRIMINATION:** Pursuant to the requirements of 1976 P.A. 453 (Michigan Civil Rights Act) and 1976 P A. 220 (Michigan Handicapped Rights Act), the local unit and its agent agree not to

discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight, marital status or because of a handicap that is unrelated to the person's ability to perform the duties of nondiscrimination provision identical to this provision and binding upon any and all contractors and subcontractors A breach of this covenant shall be regarded as a material breach of this contract.

25) **SUBCONTRACTING:** No subcontract work shall be started prior to the written approval of the subcontractor by the City The City reserves the right to accept or reject any subcontractor.

26) **UNION COMPLIANCE:** Contractor agrees to comply with all regulations and requirements of any national or local union(s) that may have jurisdiction over any of the materials, facilities, services or personnel to be furnished by the City.

27) **WAIVER:** Failure of the City to insist upon strict compliance with any of the terms, covenants or conditions of this Agreement shall not be deemed a waiver of that term, covenant or condition or of any other term, covenant or condition Any waiver or relinquishment of any right or power hereunder at any one or more times shall not be deemed a waiver or relinquishment of that right or power at any other time

28) **PREVAILING WAGE:** If applicable, the successful bidder providing any contractual labor services must comply with all requirements and pay prevailing wages and fringe benefits on this project per the City's Resolution R-12 adopted 4/8/91. The bidder is aware of City of Flint Resolution #R-12 dated April 8, 1991, a copy of which is annexed hereto and incorporated herein, and agrees to abide by all of the applicable covenants and requirements set forth in said resolution. This prevailing wage information is available on the city's website @ www cityofflint.com/purchasing.

29) **CITY INCOME TAX WITHHOLDING:** Contractor and any subcontractor engaged in this contract shall withhold from each payment to his employees the City income tax on all of their compensation subject to tax, after giving effect to exemptions, as follows:

(a) Residents of the City:
At a rate equal to 1% of all compensation paid to the employee who is a resident of the City of Flint

(b) Non-residents:
At a rate equal to 1/2% of the compensation paid to the employee for work done or services performed in the City of Flint

These taxes shall be held in trust and paid over to the City of Flint in accordance with City ordinances and State law Any failure to do so shall constitute a substantial and material breach of this contract.

30) **CONTRACT/PROCUREMENT DOCUMENTS:** The invitation for bids, instructions to bidders, proposal, affidavit, addenda (if any), statement of bidder's qualifications (when required), general conditions, special conditions, performance bond, labor and material payment bond, insurance certificates, (if required), technical specifications, and drawings, together with this agreement, form the contract, and they are as fully a part of the contract as if attached hereto or repeated herein

31) **DISCLAIMER OF CONTRACTUAL RELATIONSHIP WITH SUBCONTRACTORS:** Nothing contained in the Contract Documents shall create any contractual relationship between the City and any Subcontractor or Sub-subcontractor

33) **EFFECTIVE DATE:** Any agreement between the City and the contractor shall be effective upon the date that it is executed by all parties hereto

34) **FORCE MAJEURE:** Neither party shall be responsible for damages or delays caused by Force Majeure nor other events beyond the control of the other party and which could not reasonably have anticipated the control of the other party and which could not reasonably have been anticipated or prevented For purposes of this Agreement, Force Majeure includes, but is not limited to, adverse weather conditions, floods, epidemics, war, riot, strikes, lockouts, and other industrial disturbances, unknown site conditions, accidents, sabotage, fire, and acts of God Should Force Majeure occur, the parties shall mutually agree on the terms and conditions upon which the services may continue.

35) **INDEMNIFICATION:** To the fullest extent permitted by law, Contractor agrees to defend, pay on behalf of, indemnify, and hold harmless the City of Flint, its elected and appointed officials, employees and volunteers and others working on behalf of the City of Flint, including the Project Manager, against any and all claims, demands, suits, or losses, including all costs connected therewith, and for any damages which may be asserted, claimed, or recovered against or from the City of Flint, its elected and appointed officials, employees, volunteers or others working on behalf of the City of Flint, by reason of personal injury, including bodily injury or death and/or property damage, including loss of use thereof, which may arise as a result of Contractor's acts, omissions, faults, and negligence or that of any of his employees, agents, and representatives in connection with the performance of this contract. Should the Contractor fail to indemnify the City in the above-mentioned circumstances, the City may exercise its option to deduct the cost that it incurs from the contract price forthwith

36) **INDEPENDENT CONTRACTOR:** No provision of this contract shall be construed as creating an employer-employee relationship It is hereby expressly understood and agreed that Contractor is an "independent contractor" as that phrase has been defined and interpreted by the courts of the State of Michigan and, as such, Contractor is not entitled to any benefits not otherwise specified herein

37) **NO THIRD-PARTY BENEFICIARY:** No contractor, subcontractor, mechanic, material man, laborer, vendor, or other person dealing with the principal Contractor shall be, nor shall any of them be deemed to be, third-party beneficiaries of this contract, but each such person shall be deemed to have agreed (a) that they shall look to the principal Contractor as their sole source of recovery if not paid, and (b) except as otherwise agreed to by the principal Contractor and any such person in writing, they may not enter any claim or bring any such action against the City under any circumstances. Except as provided by law, or as otherwise agreed to in writing between the City and such person, each such person shall be deemed to have waived in writing all rights to seek redress from the City under any circumstances whatsoever

38) **NON-ASSIGNABILITY:** Contractor shall not assign or transfer any interest in this contract without the prior written consent of the City provided, however, that claims for money due or to become due to Contractor from the City under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the City

39) **NON-DISCLOSURE/CONFIDENTIALITY:** Contractor agrees that the documents identified herein as the contract documents are confidential information intended for the sole use of the City and that Contractor will not disclose any such information, or in any other way make such documents public, without the express written approval of the City or the order of the court of appropriate jurisdiction or as required by the laws of the State of Michigan.

40) **RECORDS PROPERTY OF CITY:** All documents, information, reports and the like prepared or generated by Contractor as a result of this contract shall become the sole property of the City of Flint.

41) **SEVERABILITY:** In the event that any provision contained herein shall be determined by a court or administrative tribunal to be contrary to a provision of state or federal law or to be unenforceable for any reason, then, to the extent necessary and possible to render the remainder of this Agreement enforceable, such provision may be modified or severed by such court or administrative tribunal so as

to, as nearly as possible, carry out the intention of the parties hereto, considering the purpose of the entire Agreement in relation to such provision. The invalidation of one or more terms of this contract shall not affect the validity of the remaining terms.

42) **TERMINATION:** This contract may be terminated by either party hereto by submitting a notice of termination to the other party Such notice shall be in writing and shall be effective 30 days from the date it is submitted unless otherwise agreed to by the parties hereto. Contractor, upon receiving such notice and prorated payment upon termination of this contract shall give to the City all pertinent records, data, and information created up to the date of termination to which the City, under the terms of this contract, is entitled.

43) **TIME PERFORMANCE:** Contractor's services shall commence immediately upon receipt of the notice to proceed and shall be carried out forthwith and without reasonable delay.

44) **EVALUATION OF BIDS/PROPOSALS:** In the City's evaluation of bids/proposals, at minimum, cost, serviceability, financial stability, and all requirements set forth in this document shall be considered as selection and award criteria unless otherwise as specified

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Thursday, November 14, 2013 4:21 PM
To: Gerald Ambrose
Cc: Darnell Earley; Dempkowski, Angela (Treasury) (DempkowskiA@michigan.gov)
Subject: RE: Engineering Services and Water Treatment Plant Equipment

Hi Jerry.

We are aware of your deadline and will every effort to expedite this request.

Ed

Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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Thank you

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Thursday, November 14, 2013 2:43 PM
To: Koryzno, Edward (Treasury)
Cc: Darnell Earley
Subject: Engineering Services and Water Treatment Plant Equipment

Hello Ed,

Per our conversation Wednesday, today we submitted for Treasury approval 1) authorization to utilize LAN for engineering services related to upgrading the Water Treatment Plant, and 2) authorization to issue purchase orders for electrical distribution and other equipment equipment related to the upgrade.

Because of the time necessary for construction, delivery, and installation of the equipment, it is critical that we issue purchase orders as quickly as possible. Friday November 15 will assure delivery within the needed time frames.

Anything you can do to expedite the approval of these resolutions will be greatly appreciated.

Thanks and please contact me if you have any questions.

Jerry

3500 (Rev 01-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: November 15, 2013

TO: Suzanne Schafer, Administrator

FROM: Angelica Zahrt, Auditor

SUBJECT: **MEMO for the City of Flint**

- In 2013, transfers in the amount of $4,077,998 were made.
- Two of the transfers were made from the Sewer and Water Funds, which is concerning since in 2012 the Water Fund had a deficit, and the City is projecting a deficit in the Sewer Fund for 2013. Why is the City making transfers out of funds with deficits?
- Two of the transfers were from the Employee Health Care and the Voluntary Employee Beneficiary Association Funds. These funds typically do not allow for transfers to be made, their purpose is specific. Can the City provide an explanation for why these two funds made transfers to the General Fund? And if the transfers are allowed?
- The Public Improvement Fund in 2012 reduced its fund balance by 1.2 million, and now the City would like to use this Fund for debt service payments from the General Fund to Water and Sewer. How is this fund going to sustain with debt service of $835,000 from the General Fund and roughly $800,000 from the General Government?
- Can the City clarify if the Water& Sewer loan ($10.8 million) referenced in Attachment #1 has already been "loaned" or if this is on top of the 2012 Advances of $11 million
- Attachment #1 shows **Budgeted Appropriations Eliminating $8.1 million for the General Fund.** However if you total the row for the General fund line item- it is actually only $3.1 million and no detail is given for the budget appropriations. Can we get the City to provide specific details on the $3.1 million reductions will be from 2015-2017?
- The submitted DEP letter addressed to Harlan Goodrich states that the remaining deficit of $3 million will be eliminated over the next 3 years by committing to expenditure reductions or revenue increases- Will the City be supplying us with a projected multi-year budget showing the $3 million in budget appropriations?
- In addition, the City needs to confirm if the remaining deficit is $3 million or $3.9 million after the proposed W&S "loan. Several documents say $3 million and several say $3.9 million.

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

November 21, 2013

Mr. R. Kevin Clinton, State Treasurer
Michigan Department of Treasury
4th Floor Treasury Building
430 West Allegan Street
Lansing, MI 48922

Dear Mr. Clinton:

Attached please find Update 4 for the City of Flint Financial and Operating Plan. This update is submitted by the Emergency Manager for the City of Flint to Governor Rick Snyder, through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 11.

The City of Flint had previously submitted a Financial and Operating Plan under PA 4 and PA 72; the City was not required under PA 436 to submit a new plan. However, with my appointment as Emergency Manager on October 8, 2013, it was appropriate to prepare an update to the current plan.

This report includes a summary of the financial conditions and goals for the City of Flint, the plan to conduct the operations of the City and the on-going actions being taken to resolve the financial emergency. This update will be posted on the City's website: www.cityofflint.com .

Respectfully submitted,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

cc: Governor Rick Snyder
W. Workman, Dept. of Treasury
E. Koryzno, Dept. of Treasury
I. Brown, Clerk of the City of Flint

closely and recommendations developed to meet this required activity while containing and reducing costs.

I strongly encourage the State to continue the process of working to consolidate the 67th and 68th District Courts. As of mid-November 2013 a bill which would allow this consolidation to proceed has passed the MI Senate and two versions of the bill approach second reading in the House.

Department of Public Works

Utilities Division

Karegnondi Water Authority (KWA)

In March 2013 both the City Council and EM Kurtz adopted resolutions to enter into a contract with KWA to partner with Genesee County, City of Lapeer, Lapeer County and Sanilac County in the construction of a pipeline to deliver raw water to the City of Flint. This decision followed many months of analysis by the City of Flint, the Genesee County Drain Commissioner's office, and ultimately involved the State Treasurer and Governor Snyder. This conclusion to join KWA is momentous for the City and the entire region. The City looks forward to a safe, reliable water supply through which water costs can be stabilized for the KWA participants.

Immediately after the KWA decision the Detroit Water and Sewer Department (DWSD) notified the City that it will terminate the contract with the City for the delivery of water in 12 months. The City is currently developing its plans to assure water service between April 2014 and the full operation of the KWA pipeline (approximately 36 months after construction begins).

There are many details to be addressed in the implementation of this project including the use of existing pipeline.

Water Department

Upgrades to the City's Water Treatment Plant are required prior to the transition to the KWA water source and any temporary use of the Flint River. KWA water from Lake Huron will be "raw" and will require treatment by the city prior to customer distribution. Engineering work is well underway.

An evaluation is taking place to implement an effective Preventive Maintenance plan which focuses on controlling water loss (leakage). This is expected to involve a combination of outsourcing, in-house work, and shared services with the County.

There are currently no major water main leaks and the crews are now working on the small leaks such as curb boxes, etc.

A plan is being reviewed to replace all water meters in the City. Currently $700,000 has been allocated in FY 14 for that purpose.

Discussions have begun with the Genesee County Drain Commissioner on a wide range of shared services and partnerships for both water and sewer operations.

Sewage Treatment Division
The automation of one of the City's pump stations (which was staffed 24 hrs a day) has been completed. This will result in the elimination of overtime and a savings of over $500,000 annually.

The planned shutdown of the City's incinerator has begun with engineering plans for a new load-out facility and is expected to reach completion in early Spring 2014. The estimated savings from this project is an annual $400,000.

U. S. Department of Environmental Quality S2 Grant
An S2 DEQ grant to study infrastructure condition for water pollution control was accepted. The study was defined to encompass the City's entire sanitary sewer system including the overall collection system, the capacity and condition of the system, potential upgrade recommendations to the lift stations and the pumping stations, and to make recommendations for necessary investments to maintain the system.

Storm Water Management Plan
A draft new storm water ordinance that shifts the cost allocation to the larger users has been developed.

Swedish Biogas International (SBI)
In conjunction with the City of Flint sewage treatment plant shut-down of the sludge incinerator, Swedish Biogas International (SBI) proposes to accept sludge output and produce electricity. The city will agree to purchase the electricity at a reduced rate compared to purchase from Consumer's Energy. The SBI contract has completed the City's review process and is now awaiting SBI's Board of Directors' authorization.

Transportation Division

Solid Waste Management Division
In early February 2013, the Infrastructure Department signed a contract with Republic Services, a private waste collection company. The City of Flint no longer collects or disposes of household waste. Through this new contract, residents city-wide now have access to curb-side recycling. It is expected that the fee for waste collection service will continue to be billed and collected by the City.

Outsourcing of Sanitation is complete and the process of establishing city composting is underway with a permit application to DEQ submitted and a site plan of action being prepared for the EPA.

Street Maintenance and Engineering
Discussions have started with the County Road Commissioner on possible shared services.

Both road paving and engineering are seasonal activities and these are at ever decreasing levels. These are under review as areas to downsize or eliminate. Consideration is being given to developing service sharing arrangements or creating the ability to source on an as needed basis. Only crack sealing and pothole repair was conducted this season; no repaving of any City streets occurred.

Facilities Management
A private company held an on-line auction in January 2013 to dispose of surplus equipment from a variety of departments in the City. This one day auction netted $130,000. A second auction was held in May 2013 which netted an additional $250,000. An auction at the impound lot was held in June 2013, netting over $30,000 for the City.

The Facilities manager is reviewing all city owned assets (both real property and capital equipment) to determine if disposal should be pursued.

All city owned facilities are under review for energy savings, revenue generation from tenants, or possible liquidation.

Parks and Recreation
The City contracted with two vendors who have the capacity to mow all of the city parks (64) multiple times at a rate that fits the current millage. The City also actively sought neighborhood groups and organizations who would adopt one or more of the City's parks, traffic triangles or medians. The current Parks millage generates enough money for reduced parks mowing and limited tree removal where property has been damaged or streets are blocked.

Golf Courses
All four of the city's golf courses were leased to private organizations. Two courses were operational summer 2012 and both reopened for the summer of 2013.

Senior Centers
The Pierce Senior Center closed on April 30, 2012 as funding was no longer available. The City of Flint continued to explore its options with the two open Senior Centers: Brennen and Hasselbring. In June 2013 contracts were successfully negotiated with United Senior Network for the operation and sale of

Cline, Richard (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, November 21, 2013 10:05 AM
To: Dempkowski, Angela (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: FW: Two Resolutions for Approval: EME0412013 and EME0422013
Attachments: EME0412013.PDF; EME0422013.PDF

Categories: Orange Category

Angela,

I have received clarification (below0 from the City regarding my questions. After review, I am recommending approval of these resolutions.

If there are questions, please let me know.

1. EME0412013 - Resolution to Wachs Valve nd Hydrant Services for Year One of a Three Year Valve Exercising/Maintenance Agreement - $$60,000.00 (Water Fund)

The City of Flint has approximately 20,000 valves ranging in size from 4" to 54" in its distribution system. Obviously we won't get all 20,000 valves exercised for $60,000. The COF as it moves forward with its required asset management plan must have all valves inventoried and located as part of that program We should also know how/if they function properly/at all The goal is to use the first $60,000 to address as many of the transmission main valves as we can in the COF which would be 16" and larger. It is not expecting to get a huge number of them done as most will be time consuming.

2. EME0422013 - Resolution to HD Supply Waterwork for Water and Sewer Distribution Parts - $200,000.00 (Sewer Fund, Water Fund)

The Purchasing Department assembled a bid that included every size of gate valves, catch basins (along with grates, various rings, risers, and covers that are parts for catch basins), and fire hydrants (along with different sizes of extensions). These parts represent an inventory of items that are used during the course of the fiscal year by the City's Water Service Division The Division is requesting a blanket purchase order to be issued to purchase these types of parts that will not exceed their approved budget of $200,000. When the bids were received, the City reviewed the prices and is seeking approval to award the request to the vendor who submitted the lowest unit price for the items that were requested.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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From: Dempkowski, Angela (Treasury)
Sent: Friday, November 15, 2013 12:58 PM

13-5430

(Proposal #848)

EM SUBMISSION NO.: EME041 2013

PRESENTED: 11-8-13

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO WACHS VALVE AND HYDRANT SERVICES FOR YR.(1) OF A THREE YEAR VALVE EXERCSING/MAINTENANCE AGREEMENT

BY THE EMERGENCY MANAGER

RESOLUTION

The Department of Purchases and Supplies has solicited proposals for a three (3) year water main valve exercising/maintenance services agreement as requested by the Utilities Division Water Service Center, and

Wachs Valve and Hydrant Services, 801 Asbury Drive, Buffalo grove, Illinois 60089 was the lowest responsive proposer for these requirements. Funding will come from the following account number: 591-540.100-801.000; and

IT IS RESOLVED, that the appropriate city officials, upon the Emergency Manager's approval, are hereby authorized to enter into a contract with Wachs Valve and Hydrant Services for the first year of a three (3) yeai water main valve exercising/maintenance services agreement in the amount of $60,000.00 (Water Fund)

APPROVED-PURCHASING DEPT:

Derrick F. Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

Peter M. Badé, City Attorney

EM DISPOSITION:

ENACT _____ REFER TO COUNCIL _____ FAIL _____

_____ DATED: _____

Darnell Earley, Emergency Manager

11/04/13 - BDB

PROPOSAL #848

Three (3) Yr. Water Main Valve Exercising/Maintenance Services

	M.E. Simpson Co., Inc. 3450 Valparaiso Ave. Valparaiso, IN 46383			Utility Service Co. 1230 Peachtree St. NE, Suite 1100 Promenade Atlanta, GA 30309			Mueller Service Co. 2004 Wood Court Ste C Plant City, FL 33563			Joe Raica Excavating Inc. 3840 Nicholson Rd. Fowlerville, MI 48836			Wachs Valve and Hydrant Sevices 801 Asbury Dr. Buffalo Grove, IL 60089		
1. Valve assessment, exercising, and GPS mapping: Full valve service including; locate, clean out, inspect, exercise, document and GPS Mapping. All 2pins free valves will be charged at the price for the size of the valve and the valve will be operated 360 turns in each direction and documented in the data base as a spins free.															
Valve Size	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
6"	$69.00	$70.00	$72.00	$51.00	$52.00	$54.00	$51.40	$51.40	$51.40	$55.00	$68.00	$71.00	$46.00	$48.00	$48.00
8"	$69.00	$70.00	$72.00	$51.00	$52.00	$54.00	$83.54	$83.54	$83.54	$55.00	$68.00	$71.00	$51.00	$51.00	$51.00
12"	$99.00	$100.00	$105.00	$51.00	$52.00	$54.00	$91.76	$91.76	$91.76	$55.00	$68.00	$71.00	$54.00	$54.00	$54.00
16"	$178.00	$160.00	$165.00	$51.00	$52.00	$54.00	$111.00	$111.00	$111.00	$85.00	$80.00	$83.00	$69.00	$69.00	$69.00
18"	$178.00	$180.00	$185.00	$76.00	$76.00	$80.00	$125.80	$125.80	$125.80	$85.00	$90.00	$93.00	$69.00	$69.00	$69.00
20"	$230.00	$240.00	$245.00	$76.00	$76.00	$80.00	$170.20	$170.20	$170.20	$85.00	$90.00	$95.00	$76.00	$76.00	$76.00
24"	$230.00	$240.00	$245.00	$360.00	$369.00	$376.00	$177.80	$177.80	$177.80	$101.00	$108.00	$111.00	$80.00	$80.00	$80.00
30"	$270.00	$280.00	$285.00	$500.00	$512.00	$525.00	$238.80	$238.80	$238.80	$101.00	$108.00	$111.00	$90.00	$90.00	$90.00
36"	$270.00	$280.00	$285.00	$500.00	$512.00	$525.00	$370.00	$370.00	$370.00	$101.00	$108.00	$111.00	$110.00	$110.00	$110.00
42"	$359.00	$360.00	$365.00	$500.00	$512.00	$525.00	$466.20	$466.20	$466.20	$101.00	$108.00	$111.00	$115.00	$115.00	$115.00
Minor Repairs	Time and Material Rate:			$250.00			$200.00			$			$225.00		
2. All inoperable valves including rounded or missing op nuts, misaligned boxes, buried valves, paved over valves and cannot locate valves (except for spins free valves) will be documented as such on a work order and billed as follows. Repairable valves will be noted on a work order and an estimate may be requested. (If the valve cannot be located after searching for fifteen minutes, the valve will be labeled "cannot locate")															
Year 1 $____/valve	$70.00			$51.00			$85.00			$35.00			$35.00		
Year 2 $____/valve	$70.00			$51.00			$85.00			$38.00			$38.00		
Year 3 $____/valve	$70.00			$51.00			$85.00			$44.00			$38.00		

13-5431

(Bid No. 001400032)

EM SUBMISSION NO.: EME042213

PRESENTED: 11-8-13

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO HD SUPPLY WATERWORK FOR WATER AND SEWER DISTRIBUTION PARTS

BY THE EMERGENCY MANAGER

RESOLUTION

The Department of Purchases and Supplies has solicited a bid for water and sewer distribution parts as requested by the Utilities Department/Water Service Center; and

HD Supply Waterwork, 4910 Dewitt Rd., Canton, MI was the lowest responsive vendor to submit a response from five solicitations for said requirements. The funding for this purchase will come from the following account numbers: 590-560.208-726.000 ($100,000), 591-540.202-726.000 ($100,000); and

IT IS RESOLVED, that the Department of Purchases and Supplies, upon the Emergency Manager's approval, is hereby authorized to issue a purchase order to HD Supply Waterwork for water and sewer distribution parts in an amount not to exceed $200,000.00. (Sewer Fund, Water Fund)

APPROVED-PURCHASING DEPT:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

for

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

\EFM DISPOSITION:

ENACT _____ REFER TO COUNCIL _____ FAIL _____

_____ DATED: _____

Darnell Earley, Emergency Manager

071013-DFJ

SEALED BIDS RECEIVED PURCHASING DEPARTMENT ON JUNE 19, 2013
WATER & SEWER DISTRIBUTION PARTS
BID # 14-032

Hd Supply Water Work 4901 Dewitt Rd. Canton, MI	EJ USA, Inc. 301 Spring St. East Jordan, MI
Total	Total
$17,166.93	$18,489.96

Cost listed above represent total unit price/per item as listed in the solicitation

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

November 21, 2013

Mr. R. Kevin Clinton, State Treasurer
Michigan Department of Treasury
4th Floor Treasury Building
430 West Allegan Street
Lansing, MI 48922

Dear Mr. Clinton:

Attached please find Update 4 for the City of Flint Financial and Operating Plan. This update is submitted by the Emergency Manager for the City of Flint to Governor Rick Snyder, through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 11.

The City of Flint had previously submitted a Financial and Operating Plan under PA 4 and PA 72; the City was not required under PA 436 to submit a new plan. However, with my appointment as Emergency Manager on October 8, 2013, it was appropriate to prepare an update to the current plan.

This report includes a summary of the financial conditions and goals for the City of Flint, the plan to conduct the operations of the City and the on-going actions being taken to resolve the financial emergency. This update will be posted on the City's website: www.cityofflint.com .

Respectfully submitted,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

cc: Governor Rick Snyder
W. Workman, Dept. of Treasury
E. Koryzno, Dept. of Treasury
I. Brown, Clerk of the City of Flint

Financial and Operating Plan for the City of Flint – Update 4
November 21, 2014

Introduction
This update to the Financial and Operating Plan for the City of Flint is submitted by the Emergency Manager for the City of Flint to Governor Rick Snyder, through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 11.

The City of Flint had previously submitted a Financial and Operating Plan under PA 72 and was not required under PA 436 to submit a new plan. However, with the appointment of a new Emergency Manager on October 8, 2013, it was appropriate to prepare an update to the current plan.

This report includes a summary of the financial conditions and goals for the City of Flint, the plan to conduct the operations of the City, the on-going actions being taken to resolve the financial emergency, and the outline of a plan to prepare for a Transition Advisory Board. This update will be posted on the City's website: www.cityofflint.com .

Summary of the EM/EFM Appointment Sequence and Development of the Operating and Financial Plan
The Flint Financial Review Team determined in November 2011 that the City of Flint was in a financial emergency. (See Attachment #1)

On December 1, 2011 Governor Rick Snyder appointed Michael K. Brown as Emergency Manager. EM Brown developed the Financial and Operating Plan utilizing the resources of a five person Advisory Committee as well as five additional advisory committees. EM Brown sought broad expertise to ensure public engagement and to maintain a sense of continuity with the Mayor and City Council. All nine City Council members and over fifty other citizens participated in the advisory committees.

EM Brown's original Financial and Operating Plan (45 Day Plan) was submitted to the State Treasurer on January 15, 2012; the first update to the Plan was submitted on June 1, 2012. On August 8, 2012, PA 4 was suspended and Edward J. Kurtz was appointed Emergency Financial Manager under PA 72. (Mr. Brown stepped aside as he was prohibited from serving as EFM due to his recent service as Interim Mayor for the City of Flint.)

EFM Kurtz established a new Advisory Committee in accordance with the requirements of PA 72. Utilizing the Advisory Committee and the City of Flint management team, EFM Kurtz presented a second update to the Financial and Operating Plan and submitted this to the State Treasurer on February 8, 2013.

When P.A. 436 took effect on March 28, 2013 Mr. Kurtz was re-appointed by Governor Snyder as Flint's Emergency Manager. Mr. Kurtz continued in that capacity until his resignation after the end of fiscal year 2013. At that time Mr. Kurtz submitted his closing memorandum and the third update to the Financial and Operating Plan. Governor Snyder then reappointed Mr. Brown as Emergency Manager. On October 8, 2013 I was appointed by Governor Snyder as Flint's third Emergency Manager following Mr. Brown's resignation.

This report is now the fourth update to the Financial and Operating Plan.

Priority List for the Resolution of the Financial Emergency

- Stabilize the financial future of the City: maintain a balanced budget, seek increased revenue, and reduce unfunded pension and OPEB liability.

- Re-establish Flint as one of the safest cities in Michigan — both in reality and perception: provide public safety services, focusing on reducing violent crime, commensurate with cities of comparable size and resources, utilizing regional cooperation as appropriate.

- Implement the Blight Elimination Plan: manage demolitions, enforce blight ordinances.

- Maintain access to a clean, sustainable water source: implement the steps necessary to participate in the Karegnondi Water Authority (KWA) including interim water supply plan development, disposition of current pipeline sections, City Water Treatment Plant updates, a long term water supply back up plan, and a long term financial plan for the stability of the water and sewer funds.

- Implement the Master Plan of the City of Flint: update the Zoning Ordinance, evaluate the capital investment needs, and incorporate Master Plan activities in the annual budget development.

- Explore Governance Models for the City of Flint: establish a citizen's committee to evaluate Michigan city governance models, recommend course of action for Charter revision as a part of transition discussions.

Operations of the City of Flint

Shortly after his appointment as EM, Michael Brown took steps to reorganize the city government operations including: elimination of departments, consolidation of departments, elimination of management level positions, adjustment of the compensation of elected and appointed officials, elimination of the Civil Service operation and the Office of Ombudsman.

Management appointments were made to ensure that the essential services necessary for the public's health, safety and welfare are provided, and to continue conducting all aspects of the City of Flint's operation within the resources available. Necessary employment contracts were extended with the approval of the Treasury Department.

Department management reconfigurations were completed in anticipation of reductions in staffing levels as provided in the FY 13 Budget. Subsequently, as part of the FY 14 Budget process a Strategic Plan was adopted and more changes in the organizational structure occurred. The primary change was the inclusion of a new Planning and Development Department (See Attachment #2 Organizational Chart FY 14). I have made personnel adjustments to complete this reorganization of the Planning and Development Department.

When PA 436 became effective in March 2013 the City Council members' and Mayor's compensation was eliminated. EM Kurtz partially restored compensation for Mayor and Council through Orders 1 and 2. These orders also defined specific responsibilities and requirements. For example, the City Council members must complete Level One of the Michigan Municipal League (MML) core course for municipal government and must receive the MML education award with in one year. I have determined that this Order is still in effect and the newly seated Council will be required to individually sign acceptance of these requirements as a condition of receiving compensation.

All Orders and Directives issued by the Emergency Financial Manager (under PA 72) and Orders issued by the Emergency Manager (under PA4 and PA 436) are listed in Attachment #3: Orders and Directives of the EFM and EM.

Financial Status

Cash Flow as of November 1, 2013

The City's cash flow has improved significantly from the $13 million cash on hand in December of 2011. Thirteen million dollars is less than one month's operating expenses. By comparison, the cash on hand on June 30, 2013 was in excess of $40 million. Cash on hand as of November 1, 2013 is more than $48 million.

FY12 Budget and Audit

The Comprehensive Annual Financial Report (CAFR) for FY12 was completed and was filed with the State in a timely manner. The results were as expected, with fewer auditor comments than in past years. Deficits exist in the General Fund ($19.1 million) and in the Water Fund ($8.8 million).

The $19.1 million accumulated deficit reflected an excess of expenditures in the General Fund for FY12 of $10.2 million plus $8.9 million for FY11. This was anticipated by Emergency Manager Brown shortly after being appointed, which was almost six months into the FY12 year. Given that FY12 was nearly half over,

and that significant unplanned reductions in services, primarily public safety, would need to occur if the projected deficit were to be immediately eliminated, the decision of the Emergency Manager, in consultation with Treasury, was to contain costs as much as possible but without significantly reducing services – especially public safety - for the balance of the year.

Instead, focus was concentrated on developing a budget for FY13 which would move toward restoring Flint to long term financial solvency.

The deficits identified in the City's Comprehensive Annual Financial Report for FY12, the year ended June 30, 2012, are follows:

General Fund -	$ 19,184,850
Water Supply Division -	$ 8,758,091
Economic Development Corporation	$ 119,439

Pursuant to State statute, Deficit Elimination Plans for both FY11 and FY 12 were submitted to the Department of Treasury. Both plans involved a mix of borrowing and expenditure reductions over the next five years. However, no final action was taken to implement the intended courses of action.

FY13 Budget and Audit

FY13 was the first budget developed and administered by the Emergency Manager and his team. Faced with a projected gap of more than $25 million, the FY13 budget was balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Previous reports detail the 25% increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, elimination of 20% of the City's workforce, compensation decreases equivalent to a 20% wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

FY13 is now closed, and auditors have been on site since October 7, 2013. Preliminary results of FY13 year end show a surplus of revenues over expenses in the General Fund exceeding $4 million. This surplus will reduce the City's accumulated $19.1 million deficit as of the end of FY12 to less than $14 million. Since the goal of the EM team was to assure that FY13 would not end with any additional deficit, this result has significantly exceeded expectations.

Deficit Elimination Plan 2013

In October 2013 a draft Deficit Elimination Plan for FY13 was submitted to the Michigan Department of Treasury. In summary, the City's accumulated General Fund deficit of $19.1 million for FY12 has been reduced by $4.2 million to $13.9million. $11 million of this accumulated deficit is proposed to be eliminated by: 1) documenting the amounts currently owed to the Water and Sewer funds as a loan, and budgeting repayment of the outstanding amounts, including interest,

from the Capital Improvement Fund; and 2) eliminating the remaining $2.9 million over the next five years by budgeted appropriations in the General Fund and other funds. Significant progress has been made to reduce the Water Fund deficit from $8.8 million in FY12 to under $500,000 in FY13. Additionally, the Economic Development Corporation (EDC) deficit will be eliminated according to the plan to be submitted by the EDC Board of Directors. No appropriation from the General Fund will be made to eliminate this deficit.

This draft plan is currently under review by the Department of Treasury.

FY 14 Budget and Strategic Plan

The FY14 budget was adopted via Emergency Manager Edward Kurtz Order #4 on June 7, 2013. This budget was developed with the same goal as FY13 – to assure the provision of essential services within the constraint of a balanced budget.

Achieving this goal again required reducing the workforce; however, with significant efforts from department heads and others involved in developing the budget, and building on ongoing reorganization of city processes, the level of services currently provided should generally continue at current levels. Most importantly, the quest to at least maintain current levels of police and fire staffing was maintained, although one consequence was that the additional reductions in staffing came from non-public safety areas. This was equivalent to an additional 10% reduction of staffing in those areas.

As the city approaches the end of the second quarter of FY14, the budget continues to be in balance. One set of budget adjustments has been recently implemented with approval of Treasury. With the exception of income tax revenues, the quarterly review of revenues and expenses to budget does not disclose any significant anomalies.

Income tax revenues remain sluggish, tracking right now at the FY13 level. Unfortunately, FY13 actual income tax revenues were $12.3 million, compared to a budget of $15.3 million. While the FY14 budget projection of $14.2 million is less than the FY13 budget, it is possible that income tax revenue may fall short of expectations. We will be monitoring this revenue line item and recommending adjustments as necessary to assure that the budget remains in balance.

The content of the City's Strategic Plan (Attachment #5) and the newly adopted Master Plan will be the basis for planning future budgets, determining service objectives, evaluating department/division management, and deciding whether and when to pursue grants.

The Strategic Plan includes a section entitled "Five Year Financial Projections and Challenges City of Flint, FY14-FY18". In summary:

> Years 2—5 show the continuing challenge of the City's structural deficit, with property tax revenues continuing to fall through FY15, and then stabilizing but with no growth until FY18. At the same time however, legacy and compensation costs are projected to increase by 5% per year, and major grant sources will expire. The City will be faced with a significant challenge of attempting to choose between reductions in public safety and other reductions; however, finding other reductions may not be possible, given the minimal level of service provided. Again, without additional new significant levels of revenue, there is little ability to improve services or address continually increasing capital improvement needs.

Within the next few months the City plans to prepare the financially challenging FY15 Budget.

See Attachment #4 FY 14 Adopted Budget Detail and Attachment #5 Setting a Sustainable Course for the City of Flint.

Revenue Enhancement Activity
Several new revenue actions were implemented for the FY13 Budget. The 3 mill waste collection levy was replaced with a fee based on the actual cost of the service. A Street Lighting Assessment District was established, and a new voter-approved 6 mill Police and Fire Protection millage was levied. Also, fees for licenses and permits were adjusted. Each of these revenue actions were continued in the FY 14 budget.

It should be noted that in the process of returning the City to management by the Mayor and City Council that these revenue enhancing actions will need to be continued or alternate financing mechanisms found.

The City recognized that these activities created significant burdens on many home owners, therefore assistance programs were developed. Via EFM Order No. 8 the Poverty Exemption to the Street Lighting Assessment was established. Individuals who qualify for relief from property taxes may apply for an exemption from the street lighting assessment as well. Also, through EFM Order No. 11, water service procedures were modified in order to provide an exemption from the monthly ready to serve charge to eligible property tax exempted home owners. EM Order No. 11 also modified the acceptance of the DHS maximum water deposit payment and revisions to the water turn-on fees.

FY 15 Budget Development
The FY14 budget was developed within the context of a five year projection of revenues and expenses. This exercise pointed out the continuing challenge the City of Flint will have in achieving long term financial stability. It is clear that – like many urban centers – Flint's financial solvency will continue to be

challenged with a structural deficit; that is, that status quo revenue growth and status quo expense base growth will always show a negative gap.

Given the relatively low level of service that the City can now only barely provide, closing this gap is not possible by continuing to only reduce expenses. However, with an additional source of revenue, such as could be obtained by an increase in the local income tax, coupled with continuing reductions in legacy costs, it is possible to stabilize city finances and begin to address the unsustainably low level of services which currently exist. Such an approach, for example, could turn an annually projected $2 million to $4 million deficit between revenues and expenses into a positive $5 million to $6 million surplus. Such surplus would enable the City to address the most critical areas on unmet service needs and unmet capital needs.

However, the City has been challenged on many of the decisions made to restore financial solvency. Most critical has been the legal challenge to its decision to change retiree healthcare. Should the City not prevail, it will likely be faced with increased costs of as much as $5 million annually. Those costs were not provided for in the FY14 budget, and are not planned in the FY15 budget; their inclusion could be financially disastrous. A loss on this legal challenge would be very significant not just for Flint but for many local governments.

Finally, as a result of analyzing projected revenues and expenses for the next five years, it has become clear that the City will continue to face a structural deficit in the area of $3 million to $5 million annually. More than anything, the City's stagnant revenue streams (no growth projected over the next 5 years) and its high amount of legacy costs ($37 million for FY14) have created this situation.

This structural deficit essentially precludes the City from stabilizing service levels even at minimal levels, and prevents it from addressing significant unmet capital needs (currently estimated at more than $300 million). Without structural change, this situation is not sustainable and the City will not achieve even a minimal level of financial solvency in the long term.

While bankruptcy has been mentioned as a possible solution to this, investigation of the alternative shows it to be expensive, slow, and with outcomes that are far from certain. However, investigation of an alternative which focuses on improving the City's revenue stream while continuing to reduce legacy costs shows promise. For example, an increase in the local income tax rate to the levels afforded other urban centers, coupled with significant additional changes in health care and pensions for active employees and retirees appears to have the potential to overcome the $3-$5 million structural deficit while providing a similar amount for stabilizing services and beginning to address capital needs.

Key Actions To-Date, Current Activities and Pending Issues

The city continues to review all departments and services for potential merger, consolidation, contracted service, shared services with other governmental entities, privatization or elimination. As a result of these reviews the City will determine what continuing activities should be subsidized with general property tax dollars, what will be paid by the users and what services can be eliminated.

Finance/Administration/IT

Finance Department

The Finance Department is proceeding with the following projects:

- selection of a vendor to conduct a Water/Sewage Rate Study to prepare for the transition to the new water source through the Karegnondi Water Authority and address the long term financial stability of the Water and Sewer Funds,
- implementation of a Procurement Card system and associated changes to the City's Purchasing Policies,
- continued effort to reduce pension and OPEB liabilities,
- continued aggressive monitoring of revenue and expense activities, with particular emphasis on revenue collections, position counts and overtime expenditures,
- planning and implementation of employee development programs focusing on financial management, supervision and labor relations, and leadership development,
- reorganization of city accounting functions based on the analysis and recommendations of an organizational study completed by Plante Moran.

Grant Management

Finance reviewed the process for all grants to the City of Flint for appropriate use of funds, potential for continued funding, and timely reapplication. A grant pre-submission approval system has been operational since March 2013 following EM Order No. 10.

Economic Vitality Incentive Program (EVIP) Requirements

The City of Flint has met all reporting requirement dates for Economic Vitality Incentive Program (EVIP) in order to qualify for all disbursements of State Shared Revenue. Each report is available on the City's website www.cityofflint.com through Munetrix Citizens Guide to Finances and Dashboard.

Transition of Flint Employee Retirement system (FERS) to Michigan Employees Retirement system (MERS)

The FERS to MERS transition nears completion. Retirees have been receiving their monthly checks from MERS since October 18, 2012. The transfer of the administrative components will be complete by July 1, 2013. All of this transition will be complete upon finalization of the Model Labor Contracts.

A lawsuit was filed in late May 2013 by URGE against the City seeking to force the City to negate the move of the pension funds to MERS. This lawsuit is pending before Circuit Court Judge Yuille.

Treasury Division

Income tax processing is being handled through a joint project with the Cities of Grand Rapids and Lansing. Beginning in FY14, income tax collections have been handled by Innovative Software, the current vendor for the City's income tax software. Also of note, the City is operating with a shared Treasurer between the City of Burton and the City of Flint.

The City contracted with Plante Moran to conduct a study to evaluate the potential of shared services between the City and Genesee County treasury functions. This study was funded by the Mott Foundation.

Collection rates are an on-going concern. This year, the city will be made whole via full payment from the County. In subsequent years those shortfalls must be repaid to the County. The City estimates that only 33 % of property taxes and assessments have been paid, water and sewer delinquencies have grown to 40 %.

In an effort to improve income tax collection the city purchased the 2010 State Tax role and began sending notices to 8800 individuals, both residents and non-residents, who have not filed City tax returns. The total estimated tax value from uncollected income tax for the 2010 tax year is between $300,000 & $400,000. The City also plans to pursue uncollected income tax from previous years.

Assessment Division

The Assessment Division has been operating with a part-time Level IV Assessor. A member of the Division is currently completing Level IV assessment certification.

The City of Flint shares the services of the Assessor with City of Lansing.

Currently, the Assessor is projecting City of Flint property values to stabilize in FY15.

Human Resources Department

Continued reduction in personnel has strained the capability of departments to complete compliance and reporting work. Both short and long term vacancies create knowledge deficits which are becoming most difficult to overcome. This will be exacerbated as further staff reductions are required.

HR has joined the Genesee Intermediate School District in using APPLITRAC system for job postings and the initial hiring process.

City-wide management and supervisory training has been re-established after an almost fifteen year absence.

Labor Agreements and Implementation

During the tenure of EM Michael Brown, Labor Counsel held meet and confer sessions with the City's six bargaining units. A target of 20% equivalent wage reductions was achieved. Tentative Agreements were reached with four of these bargaining units. As contract settlement was necessary prior to adopting the FY13 budget, the EM invoked the 19K provision in Public Act 4 from the State Treasurer for the bargaining units which had not achieved Tentative Agreements (EM Orders 18 and 26) and with Local 1799 which had approved a TA but had not ratified (EM Order 27).

EFM Edward Kurtz held additional sessions with AFSCME, Flint Police Officers Association (FPOA) and the Firefighters Union. In January 2013 AFSCME and the City reached agreement for the privatizing of waste collection and demolition. A lawsuit by FPOA seeking to return to the status quo (prior to EM imposed contract) was dismissed by the circuit court. In late May, a lawsuit was filed by AFSCME Council 25 seeking to overturn the contract imposed by the EM in April of 2012.

A Model Contract has been developed and a new round of meet and confer sessions have begun, starting with the Flint Police Officers Association. The City's goal is to streamline and standardize the contracts and to further reduce legacy costs. It is hoped that these models could be used throughout the State.

The City has contracted with a part-time Labor Relations Specialist; through his efforts dozens of past grievances have been settled and only a handful of grievances remain outstanding.

Retiree Health Insurance Revisions

The City's approach to containing its OPEB liabilities has been to restructure both active and retiree health care benefits, and to eliminate the promise of retiree health care for new employees. The changes have had a significant impact on the City's OPEB liabilities, reducing the total unfunded liability from nearly $900 million to less than $400 million, and reducing the Annual Required Contribution (ARC) from $60 million to $22 million.

As noted earlier, on June 25, 2013, the court denied the City's request to stay the order and in fact, applied the injunctive order to all retirees as a class (without actually certifying a class). The City's legal counsel has recommended the City immediately comply with the court's order with regard to the six members of the lawsuit. The City has authorized legal counsel to immediately apply for relief in the 6th Circuit Court.

The City is utilizing the services of Cornerstone Municipal Consulting in ongoing review of various Employee/Retiree health care options including plan design, delivery systems, Medicare Advantage, Medicare Wrap Around, benefit carve-

outs, etc. in an effort to control health care costs. Administration of the City's health insurance benefits program is being handled by Cornerstone.

Retiree Prescription Drug Program Revision
The City suspended the planned implementation of a modified prescription drug program which required the issuance of a generic drug unless a name brand drug is determined to be medically necessary. This action resulted due to a lawsuit, Yurk et al. v. City of Flint, in Genesee County Circuit Court before Hon. Archie Hayman. Judge Hayman granted a preliminary injunction that precludes implementation of the plan. Importantly, the case was somewhat unusual, as the court's decision was based on a 2002 settlement agreement (entered by the Emergency Financial Manager) in which the City agreed not to modify the prescription drug program for the effected employees.

Dependent Eligibility Audit
In FY12 the City conducted a dependent eligibility audit. Three hundred eighty-one dependents were identified for removal from the City's health plans. This reduction is estimated to have saved $1.3 million in the first year - FY13.

Information Technology
Prior to the start of FY13 the Information Services Department eliminated all but two of the existing positions. Through reorganization, 6 of 9 employees were rehired under new job descriptions. The new structure allowed more flexibility and greater utilization of personnel.

Several large scale projects have been completed including: installation of a back-up server for Public Safety and 9-1-1, installation of new switches which will allow for a more complete use of Public Safety's data collection and record keeping systems; software upgrade for the New World records management system; finishing the AT&T Managed Router Service deployment to the City network; installation of a new visualization server cluster; and the automation capability of the Third Ave. Pump Station.

Other projects are on track, primarily the system upgrade of the BS&A ERP. Another legacy project nearing final milestones is the installation of 300 new desktop terminals in City Hall and in the Police Department.

Fleet Division
The City has consolidated the management of the City's vehicle and truck fleet under the Fleet Division. This division will oversee the specification, purchase, repair and maintenance and replacement schedule for all city vehicles and wheeled equipment. The Division recently participated in a successful auction of surplus equipment.

City Clerk
The City Clerk has recently conducted the November election and the swearing in of the 2013-2014 City Council. The Clerk is also making arrangements for the orientation and training of the new Council members.

As part of the FY14 reorganization, the City has transferred the responsibility for Business Licensing to the newly formed Department of Planning and Development. The City recognizes that it is losing significant revenue from unlicensed businesses and this change is designed to insure that all businesses in the City of Flint are licensed and inspected.

Office of the City Attorney
The City Attorney is continuing with efforts to improve litigation management through claim evaluation, claim reporting, attorney training and trial preparation. The City Attorney continues to emphasize the "litigation team" approach to case handling, with weekly review of pending matters and discussion of how best to protect the City of Flint's legal interests.

With the help of interns from Michigan State University, all City ordinances have been reviewed Charter revisions which would increase flexibility for department reorganization and budget flexibility are also being considered.

Also, in preparation for the new Department of Planning and Development, the City Attorney's Office prepared draft revisions to the City Code concerning business licensing and regulation. Many ordinances and former business licenses are recommended for removal because they were obsolete, or could be put under the newly created General Business License. Several businesses also will be required to obtain a Business Endorsement.

Criminal Justice System Advisory Council (CJSAC)
Based on input from the State Police, Governor's Office and a Michigan State University Criminal Justice Study, it was clear that the Genesee County Criminal Justice System and the Flint Police Department could benefit from improved coordination and policy development.

In September 2012 the first meeting of the Criminal Justice System Advisory Council (CJSAC) was held. Eight workgroups were established. Through these work groups a number of cooperative projects, streamlined operations and new collaborations have been identified and implemented. Regular meetings of the full Council are held quarterly and work groups schedule meetings as needed.

68th District Court
The City currently funds the operation of the 68th District Court; in FY14 this amounts to $3.5 million net. This significant portion of the City's General Fund needs to be studied

closely and recommendations developed to meet this required activity while containing and reducing costs.

I strongly encourage the State to continue the process of working to consolidate the 67th and 68th District Courts. As of mid-November 2013 a bill which would allow this consolidation to proceed has passed the MI Senate and two versions of the bill approach second reading in the House.

Department of Public Works

Utilities Division

Karegnondi Water Authority (KWA)

In March 2013 both the City Council and EM Kurtz adopted resolutions to enter into a contract with KWA to partner with Genesee County, City of Lapeer, Lapeer County and Sanilac County in the construction of a pipeline to deliver raw water to the City of Flint. This decision followed many months of analysis by the City of Flint, the Genesee County Drain Commissioner's office, and ultimately involved the State Treasurer and Governor Snyder. This conclusion to join KWA is momentous for the City and the entire region. The City looks forward to a safe, reliable water supply through which water costs can be stabilized for the KWA participants.

Immediately after the KWA decision the Detroit Water and Sewer Department (DWSD) notified the City that it will terminate the contract with the City for the delivery of water in 12 months. The City is currently developing its plans to assure water service between April 2014 and the full operation of the KWA pipeline (approximately 36 months after construction begins).

There are many details to be addressed in the implementation of this project including the use of existing pipeline.

Water Department

Upgrades to the City's Water Treatment Plant are required prior to the transition to the KWA water source and any temporary use of the Flint River. KWA water from Lake Huron will be "raw" and will require treatment by the city prior to customer distribution. Engineering work is well underway.

An evaluation is taking place to implement an effective Preventive Maintenance plan which focuses on controlling water loss (leakage). This is expected to involve a combination of outsourcing, in-house work, and shared services with the County.

There are currently no major water main leaks and the crews are now working on the small leaks such as curb boxes, etc.

A plan is being reviewed to replace all water meters in the City. Currently $700,000 has been allocated in FY 14 for that purpose.

Discussions have begun with the Genesee County Drain Commissioner on a wide range of shared services and partnerships for both water and sewer operations.

Sewage Treatment Division
The automation of one of the City's pump stations (which was staffed 24 hrs a day) has been completed. This will result in the elimination of overtime and a savings of over $500,000 annually.

The planned shutdown of the City's incinerator has begun with engineering plans for a new load-out facility and is expected to reach completion in early Spring 2014. The estimated savings from this project is an annual $400,000.

U. S. Department of Environmental Quality S2 Grant
An S2 DEQ grant to study infrastructure condition for water pollution control was accepted. The study was defined to encompass the City's entire sanitary sewer system including the overall collection system, the capacity and condition of the system, potential upgrade recommendations to the lift stations and the pumping stations, and to make recommendations for necessary investments to maintain the system.

Storm Water Management Plan
A draft new storm water ordinance that shifts the cost allocation to the larger users has been developed.

Swedish Biogas International (SBI)
In conjunction with the City of Flint sewage treatment plant shut-down of the sludge incinerator, Swedish Biogas International (SBI) proposes to accept sludge output and produce electricity. The city will agree to purchase the electricity at a reduced rate compared to purchase from Consumer's Energy. The SBI contract has completed the City's review process and is now awaiting SBI's Board of Directors' authorization.

Transportation Division

Solid Waste Management Division
In early February 2013, the Infrastructure Department signed a contract with Republic Services, a private waste collection company. The City of Flint no longer collects or disposes of household waste. Through this new contract, residents city-wide now have access to curb-side recycling. It is expected that the fee for waste collection service will continue to be billed and collected by the City.

Outsourcing of Sanitation is complete and the process of establishing city composting is underway with a permit application to DEQ submitted and a site plan of action being prepared for the EPA.

Street Maintenance and Engineering
Discussions have started with the County Road Commissioner on possible shared services.

Both road paving and engineering are seasonal activities and these are at ever decreasing levels. These are under review as areas to downsize or eliminate. Consideration is being given to developing service sharing arrangements or creating the ability to source on an as needed basis. Only crack sealing and pothole repair was conducted this season; no repaving of any City streets occurred.

Facilities Management
A private company held an on-line auction in January 2013 to dispose of surplus equipment from a variety of departments in the City. This one day auction netted $130,000. A second auction was held in May 2013 which netted an additional $250,000. An auction at the impound lot was held in June 2013, netting over $30,000 for the City.

The Facilities manager is reviewing all city owned assets (both real property and capital equipment) to determine if disposal should be pursued.

All city owned facilities are under review for energy savings, revenue generation from tenants, or possible liquidation.

Parks and Recreation
The City contracted with two vendors who have the capacity to mow all of the city parks (64) multiple times at a rate that fits the current millage. The City also actively sought neighborhood groups and organizations who would adopt one or more of the City's parks, traffic triangles or medians. The current Parks millage generates enough money for reduced parks mowing and limited tree removal where property has been damaged or streets are blocked.

Golf Courses
All four of the city's golf courses were leased to private organizations. Two courses were operational summer 2012 and both reopened for the summer of 2013.

Senior Centers
The Pierce Senior Center closed on April 30, 2012 as funding was no longer available. The City of Flint continued to explore its options with the two open Senior Centers: Brennen and Hasselbring. In June 2013 contracts were successfully negotiated with United Senior Network for the operation and sale of

the Hasselbring Community Center, and with the Brennan Elm Park Senior Community Corporation for the operation of the Brennan Community Center. Planning is also underway for a third center in downtown in partnership with another vendor.

Department of Planning and Development

The creation of the Department of Planning and Development, separate from the Infrastructure Department (now Department of Public Works), had been envisioned since the beginning of the FY14 budget. I announced the department reorganization and the new Department Head, current Chief Planner, Megan Hunter in early November 2013. The Master Plan has now been adopted and this department will be charged with guiding the implementation of the many objectives included in the Plan. Blight elimination is one of the City's top priorities and the associated blight enforcement activities will be coordinated through this department as well.

Master Planning

The City of Flint is proud to announce the October 2013 adoption (by both a unanimous decision of the City Council and the Emergency Manager) of the first comprehensive Master Plan since 1960. Overall, 5000 residents participated in this extensive process.

Following the data gathering phase of the master planning process, the planning team was able to release a summary of the findings in an Existing Conditions Report. This report has already proven extremely beneficial, assisting several community stakeholders in applying for grants and helping inform decisions around critical issues such as blight and demolition. In fact, the completed Housing Conditions Inventory included in the report was critical in helping the Genesee County Land Bank develop its successful application for $3.7 million in funding for demolition through the Michigan Blight Elimination Grant Program. This data was also used to develop an application for the Federal *Hardest Hit Program* which resulted in an award of $20 million (See Blight Management Plan below).

A four-hour Vision and Goals Workshop was held on March 9, 2013 where nearly 500 stakeholders engaged in small group dialog. Also during this time, staff worked with the Planning Commission and community to identify the eight sub-area plans to be included in the Master Plan.

In May, the City began work on the actual drafting of the Master Plan. A Memorandum of Understanding between City and the Flint Community Schools was signed in order to formalize joint planning efforts particularly around community facilities.

In early summer 2013 the planning team embarked on the development of a land use plan. The first Land Use Workshop was held on Saturday, June 22 2013 and involved over 160 residents in candid discussions about vacancy and realistic development patterns.

A 63 day public comment period concluded with an October 2013 state mandated public hearing. The Planning commission met and approved the plan later in October, before final adoption by the City Council and the Emergency Manager.

The next step is the revision of the City's Zoning Ordinance. This is required to be completed by June 2014.

Community and Economic Development

With the end of the Federal NSP program in sight, the City has begun evaluating the management needs of the department and what can be outsourced or become a shared service.

Emergency Manager Kurtz challenged each department to complete the use of HUD, CDBG and/or other grant funds within the grant guideline spending period.

Collaborative economic development efforts are underway with the Flint & Genesee Chamber of Commerce to attract and retain businesses; and to receive and apply new tools such as the Next Michigan Development Corporation and Smart Zone designation. The City will continue to work with RACER Trust for brownfield development, including Buick City.

The City of Flint is challenged in its current financial condition to provide significant investment into job creation and Economic Development. However, the City has developed a unique and effective partnership with the Flint & Genesee Chamber of Commerce (F&GCC) which is the recognized economic development entity for Genesee County. The City receives specific community and economic development services from F&GCC each year.

Blight Management Plan

I have determined that blight has become one of the primary issues facing the City of Flint. Blight is a continuum of problems from tall grass and weed control through abandoned, demolition ready property. The newly formed Department of Planning and Development is formulating a complete blight strategy.

The City's financial condition has resulted in the drastic reduction in the Building and Safety Inspections Division. All demolition work is now the responsibility of the Genesee County Land Bank Authority. The City has hired part-time Neighborhood Safety Officers (NSOs), through a grant from the Mott Foundation, who alert residents to blight violations and can issue citations as necessary. NSOs are also processing the impounding of abandoned vehicles, verifying current business licenses and identifying rental properties.

The Landbank, in partnership with the City, has recently received over $3.5 million from MSHDA for demolition of properties in three specific areas of the City. First, around Northwestern High School, second around Northern High School, and the third around the area of Diplomat Pharmacy and the International Academy of Flint.

The Landbank, again in partnership with the City of Flint received $20.1 million Hardest Hit Federal Funds for residential demolitions in Genesee County, primarily in the City of Flint. This will be a significant milestone in the history of the City, affording it the opportunity to significantly improve the quality of life in the City's "tipping neighborhoods". The U.S. Treasury in June signed off on a proposal -- the first of its kind in the nation -- that allowed the Michigan State Housing Development Authority to create a blight elimination program using federal money originally set aside for mortgage relief. More than 1,500 demolitions will take place over the next 18 months as part of Flint's $20.1 million award. This is Flint's largest federally funded demolition project.

In May 2013 the City received a report from the Center for Community Progress entitled "City of Flint Vacant Property Maintenance Site Visit Report" which provided recommendations for the City and its partners to consider implementing. This, along with other reports including the City's developing Master Plan is leading to a defined "Blight Elimination Plan".

DCED had $400,000 in CDBG funding for mowing and trash removal. This was supplemented with approximately $800,000 from the Landbank. In total this funded mowing the vacant properties only one time during the summer of 2013.

A Cities of Service grant for $25,000 was awarded to Flint in Spring 2013 for use for neighborhood clean-ups and tire collection. Twenty projects were funded and the tire collection resulted in 10,000 tires being removed from back yards, lots and parks.

A very positive development in the City has been the unsolicited efforts of private businesses and educational organizations planning large scale redevelopment projects, with the City and the Landbank, to improve areas surrounding their operations.

Smith Village Housing Development

The Smith Village housing project is funded primarily with HUD and NSP2 grants. Phase I, which includes 29 housing units, has been completed as scheduled. HUD determined February 10, 2012 was the goal to expend 50% of the allocation. The Smith Village housing project met that development goal.

On May 18, 2012, the City announced that Phase II of the Smith Village development will be undertaken by Ginosko Development Company and Rohde Construction Company. Ginosko's site plan was approved by the Flint Planning Commission on May 22, 2012.

Smith Village Phase I (29 units) - 26 units are complete. 13 units have sold and 6 have purchase agreements; 7 remain available for sale.

Smith Village Phase II (9 units) – all 9 units are complete. One unit has a purchase agreement; 8 are available for sale. No further homes will be built until all units sell.

Marketing/Sales initiatives have been instituted. The City schedules financial institutions to be present at the model home two days a week to pre-qualify buyers who visit the homes. Presentations have been made, and marketing materials have been provided to Home Buyer Counseling Organizations, Fair Housing Organizations, Community Development Corporations and the Flint Housing Commission. Twelve of the 20 units that have been sold or that are under purchase agreement are committed to Low Income Residents. This means the project is developing as a mixed income community. The commitment to HUD is to have 51% of the purchasers meet low income guidelines (51% of Annual Medium Income).

U. S. Department of Housing and Urban Development Monitoring of the HOME Program

The City of Flint received notice from HUD that it has capacity to run the HOME program following HUD's February 2012 program monitoring.

In the City of Flint 2012 Single Audit, DCED had one finding related to the resolution of the OIG audit for 2010. In the 2011 Single Audit, under the previous administration, there were 8 findings.

In September 2012, HUD headquarters in Washington D.C. monitored the DCED ARRA Homeless Prevention and Rapid Rehousing Program and stated that the City of Flint established a comprehensive and well coordinated program for providing homelessness prevention assistance for its residents, and that the City's HPRP Policies and Procedures Manual was well thought out.

In December 2012, HUD notified the City of Flint, in its Comprehensive Annual Performance and Evaluation Report (CAPER) that it met its timeliness ratio and expenditure requirement reaffirming their confidence in DCED's capacity to administer federal programs.

Real Estate Transactions

In August 2012 the City of Flint sold the Genesee Towers to Uptown Redevelopment Corporation for $1 and committed $880,000 CDBG dollars toward the over $4 million cost of demolition. Genesee Towers has been a liability for the City since December 2010 when the city assessed a one time millage to cover the $9.0 million judgment. The transaction has been finalized and demolition is expected before the end of 2013.

A quit claim deed for Chevy-in-the-Hole site has been transacted between the EDC and the City of Flint. EPA money for clean up has been agreed upon.

Public Safety

Organizational revisions were made in Public Safety following the September 2013 retirement of Public Safety Director and Police Chief Alvern Lock. I appointed new Chief of Police James Tolbert to oversee the Flint Police Department and the 9-1-1

Center. Current Chief David Cox, Jr. will continue as Fire Chief. Both Chief Tolbert and Chief Cox report to the Emergency Manager.

A Police and Fire Protection Millage request for 6 mills for 5 years was placed on the November 2012 ballot and was approved by the electorate. This began the process of stabilizing both the Police and Fire Department funding. The City hired eight additional police officers; seven more officers are attending the Police Academy and will graduate in December. Millage dollars have been used to replace the expired 2012 Mott Foundation Community Policing Grant.

A Public Safety Plan was introduced to the public on May 4, 2012. This plan addressed Police and Fire department daily activities, operation of the Flint 72-hour lock-up, transition to 800 MHz communications system and the formation of the Criminal Justice System Advisory Council. A new Public Safety Plan is being drafted and is expected to be released before the close of 2013.

The City continues to review many options for shared services, station configurations, staffing levels, contract services and technology applications.

Police Department

Recently appointed Chief James Tolbert is evaluating the operations of the Flint Police Department and is formulating new crime fighting initiatives which will be incorporated in the new Public Safety Plan. The City and FPOA have held a first meet and confer session on the new Model Labor Contract.

In October 2013 a Sergeants exam was offered by the City's HR Department. Interviews are being scheduled now and promotion announcements are planned in December 2013.

In June 2012 the Police Department changed to a 12 hour shift operation. These changes in combination with the expansion of alternative call response procedures (including the introduction of the on-line CopLogic reporting system); have resulted in the continuing reduction in response times to 9-1-1 calls.

The City of Flint is continuing its existing collaborative efforts with regional partners. Examples: Flint Area Narcotics Unit, Safe Streets Task Force, and U.S. Attorney's Office Zero Tolerance gun violence reduction initiative, LifeLines (formerly known as CeaseFire), and other programs to help eliminate gang activity and prevent other violent acts.

The city continues to receive patrol assistance and detective assistance from Michigan State Police. Patrol assistance is a crime-deterrent and increases traffic safety compliance. The detective assistance has increased the capacity for investigations within the Flint Police Department.

The city continues to apply new technologies and information systems to improve police efficiencies and improve targeting and effectiveness; these include New World Record Management System, CopLogic, and DDACTS. The city is also evaluating the new P1 ARMS (record management and CAD system) being implemented by the Michigan State Police.

Lock-up
The Public Safety Department recommended selection of the Genesee County Sheriff as the operator of the Flint lock-up. The lock-up opened the week of October 1, 2012.

In early 2013, use of the lock-up was made available to all Genesee County police agencies. The availability of the lock-up is credited with the clearance of over 1000 warrants per month in Genesee County. The State Legislature has approved funding for an additional year of operation.

9-1-1 Operation
The City completed the change over to the 800 MHz communication system for the Police and Fire Departments before the December 31, 2012 required implementation date. The installation of a point to point microwave link with the Genesee County 9-1-1 Consortium tower system was finalized in July 2013.

The Mott Foundation funded a 2013 study through the MSU Training and Technical Assistance Team to determine the costs and issues involved in pursuing a reconsolidation of the Flint 9-1-1 Center with the Genesee County 9-1-1 Consortium. This intent was the basis of the C-GAP application and $1.8 million award to construct a simul-cast communications tower which will be integrated into the Consortium's tower system. I support the effort to move toward reconsolidation.

Cooperative work with the Genesee County Consortium continues with the evaluation of a new phone system in preparation for the next generation 9-1-1 system.

Fire Department
After many years of functioning without a Fire Chief, Chief David Cox, Jr. was hired April 15, 2013. Chief Cox has aggressively addressed excessive use of overtime and he is currently in the process of restructuring the department.

The FEMA funded SAFER Grant which supports the wages and benefits of 39 firefighters was renewed on June 10, 2012 for two years. The new grant totaled $6.9 million. The City is now in FEMA's final round of evaluation of its 2013 SAFER application to again fund 39 firefighters. It is very rare that a city would be awarded a full funding request in back-to-back granting periods, yet the city is applying for full funding for a third period. If SAFER is not fully funded the City could support approximately 20

firefighters using the Police and Fire Operations millage; the balance would be laid off and two stations would be closed.

A protocol was finalized for the transition to the Genesee County Sheriff's Department to handle the paramedic calls in the City of Flint. The Paramedic millage is now managed only by Genesee County. Completion date was July 1, 2012.

Emergency Manager's Conclusions

Significant work has been accomplished to stabilize the financial situation of the City of Flint. The whole organization has been being restructured to reflect a smaller, leaner government operation. Services which were routinely provided are being inspected to determine if they should continue and if so, in what format. Technology solutions which can increase efficiencies are being implemented.

I acknowledge that substantial progress has been made, however the City is still experiencing an on-going financial emergency. In light of the progress made there are four areas of concern which must be addressed before the emergency can be declared resolved: 1) long term budget management; 2) stable sources of revenue; 3) resolution of pension and legacy costs; and 4) governance and charter revision evaluations.

For one year, FY13, the goal of containing overspending was achieved. The city must continuously function within a balanced budget, eliminate the accumulated deficit and further reduce the legacy and pension costs. Projections through 2018 demonstrate Flint's continuing challenges. Projecting current revenues and expenses into the future shows a continuing gap of $2 to $4 million annually.

Stable revenue is necessary in order for this City, and most other cities in Michigan, to continue to avoid a bankruptcy situation. We have asked our residents to accept a significant 6 mill Police and Fire Protection Millage; and they have done so. We have imposed a street lighting assessment, a waste collection fee and tremendous water and sewer rate increases. However, our residents have not enjoyed increasing services, increasing property valuations or increasing employment opportunities.

As noted previously, there are very few additional revenue options. We are approaching the limit of the City's borrowing capability. Capital improvement funds are drained and the property tax millage rate in within .1 mill of maximum. State Revenue Sharing is now tied to EVIP and C-GAP competitive granting. We have made a request through our State Legislative representatives and the State Treasurer to push legislation to allow City voters the opportunity to decide to increase the income tax. This action could generate $7 million annually and would eliminate the City's structural deficit. A bill has been introduced but has not been acted upon.

In the meantime, Flint is still struggling with effects from increased expenses and reduced revenue from decisions outside our control. These include: a recent General Motors/Delphi closure impacting over 300 jobs, the unknown impact from the changes in

personal property taxes, the $120,000 cost to hold the State Senate primary election, and the $575,000 required match for MDOT projects in FY14.

Further, I do not recommend beginning the transition back to the Mayor/Council management of the City at this time. The City still has critical budgeting issues; there is tremendous work necessary on evaluation of the governance model and potential charter revisions. Also, a new City Council has just taken office.

I am considering assigning some city management responsibilities to the Mayor and City Council. This would be a step toward preparing the Mayor and Council to again manage the City's financial responsibilities. These will be determined in the upcoming months.

Flint has twice been placed in the hands of a State appointed emergency manager. A third failure should be avoided at all costs. Therefore, I plan to appoint a 21 person blue ribbon citizens' committee to evaluate various governance models used in Michigan cities and to recommend course of action for Charter amendment or revision. I anticipate the committee will begin their work after the first of the year. I feel that this is a key step in the City's preparation to successfully manage a fiscally sound city.

I feel strongly that it is incumbent upon me to make sure that the city reaches it goal of sustained financial solvency. The financial emergency is not fully resolved until the long-term financial structure is secured.

Another update of this report is expected to be presented in April 2014 as required by PA 436. Other updates will be provided as appropriate.

Respectfully submitted,

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Flint, MI

Attachments:
1. Summary of Findings of the Flint Financial Review Team
2. Organizational Chart FY14
3. Orders and Directives of the EFM and EM
4. FY14 Adopted Budget
5. Setting a Sustainable Course for the City of Flint 2014-2018

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, October 18, 2013 12:13 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: Fwd: Press Release: EM Statement on Water
Attachments: Earley Statement on Water.pdf; ATT00001.htm; WaterPres053112.PDF; ATT00002.htm; Cost Comparison. KWA v DWSD.pdf; ATT00003.htm

Do you think he means E&Y?

Sent from my iPad

Begin forwarded message:

> **From:** "Jason Lorenz" <jlorenz@cityofflint.com>
> **Subject: Press Release: EM Statement on Water**
>
> The attached release contains an official statement from Emergency Manager Darnell Earley regarding water issues.
>
> Also attached are the water presentation from May, 2012 and the cost comparison report of KWA & DWSD from October, 2012 that were referenced in today's EM press briefing.
>
> -Jason Lorenz
> Public Information Officer
> City of Flint
> (810) 237-2039
> jlorenz@cityofflint.com<mailto:jlorenz@cityofflint.com>

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
DARNELL EARLEY

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com

For Immediate Release

Emergency Manager Darnell Earley Committed to Increased Transparency and Detailed Information on Water Rates

Flint, Michigan – October 18, 2013 –Flint Emergency Manager Darnell Earley has today announced that the City of Flint's water issues will be one of his key concerns in his new role and a top priority for his team. With the major decision to join the Karegnondi Water Authority made and the beginning of construction on the water intake and pipeline approaching, Mr. Earley expressed his commitment to thoroughly reviewing and assessing the scope of the issues in the following statement:

"Good management can only be accomplished with a careful examination of the facts; I want my efforts to reflect data driven decisions made with the most accurate information obtainable. As I said when I arrived, I will be making the areas of most concern to Flint residents my top priorities; the future of Flint's water supply, water system and the cost of operation and maintenance are as important to Flint residents as public safety or any other major obligations of a full service city such as Flint.

–CONTINUE–

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
DARNELL EARLEY

I also want to be transparent in what we glean from this exercise; through this initiative I will keep the public as informed on the process as I am as we go forth. It is for that reason that I plan to examine this issue with the help of an independent, third party consultant in order make a fair and impartial assessment. The goal of this assessment is to ensure that the long term costs of the KWA decision are accurately and openly reflected in the water rates charged to residents and businesses.

Water prices are a key concern to Flint water users, so as we look forward we want to provide them with an understanding of how they are set and to inform residents of available assistance. We currently have a poverty exemption for a portion of water and sewer charges available to low income homeowners and a lowered water deposit for low income renters. The City of Flint has done all that it can in the short term to ease the burden of water increases. Now is the time to look to the future; we want to ensure that our residents get the best possible service at the best cost through a sustainable system and a process that is self supporting for decades to come."

-Darnell Earley
Flint Emergency Manager

–END–

City Hall
1101 S. Saginaw Street - Flint, Michigan 48502
810-766-7346 FAX: 810-766-7218 www.cityofflint.com

City of Flint

Water Forum

5/30/2012

City Of Flint Water Forum

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City Of Flint Water History Facts

Current Treatment Plant was put into service in 1954.

Current 72" main pipeline was completed in 1970.

Flint signed a 30 year contract with Detroit water and Sewer Department in the mid 1960's.

The contract with DWSD has expired and we are currently operating on a yearly extension.

In 2006 Flint completed a $48,000,000 upgrade of the existing Water Plant. (Required by the MDEQ & for backup only).

Flint's Water & Sewer System is approximately a 300,000,000 Enterprise.

Flint's Water & Sewer System is designed to deliver water to over 200,000 people with over 1,500 miles of infrastructure.

Flint's most recent census count shows a population of approximately 102,000 in 2010.

Flint's census population in 2000 was approximately 124,000.

The water system had over 45,000 customers in June of 1999.

The water system had just over 36,000 customers by June 2011.

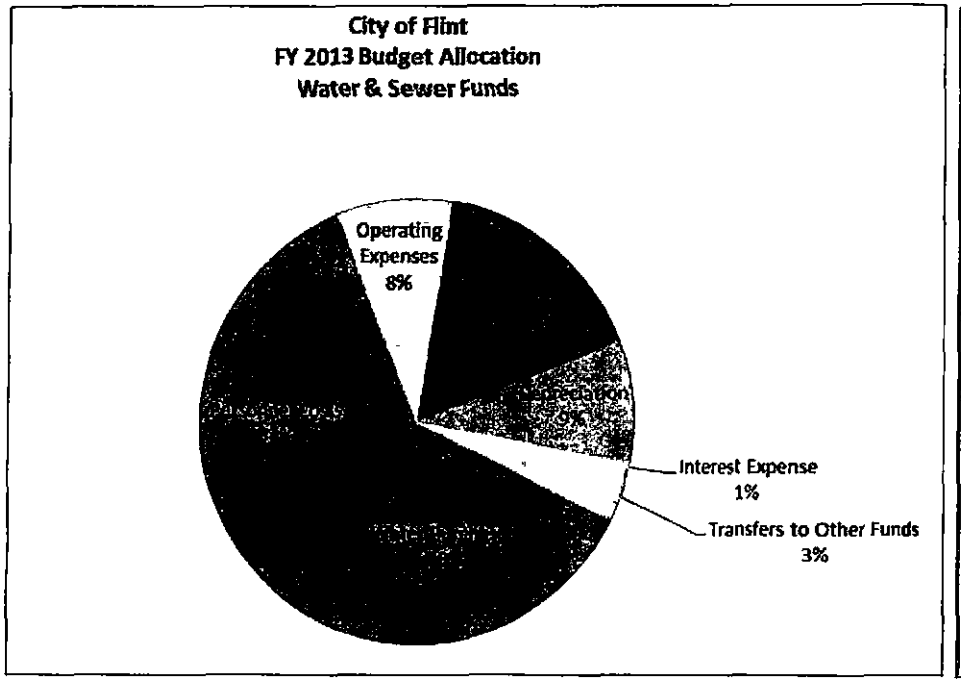
The "Fixed Costs" that must be covered to maintain the system and deliver quality water have increased over time.

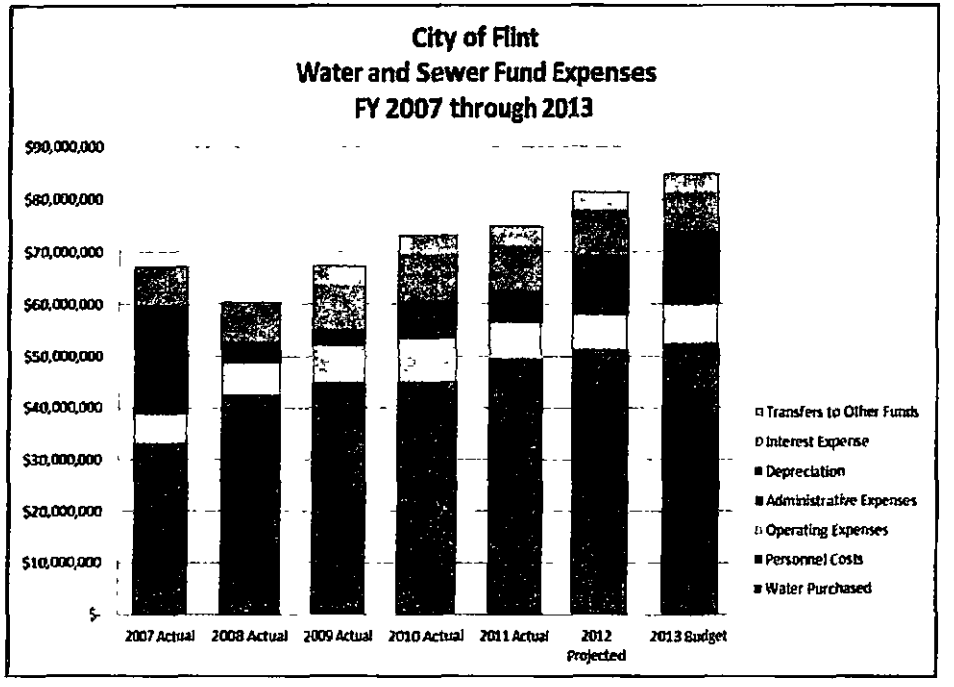
City Of Flint
Most Frequently Asked Questions about Water

- ☐Why are the water rates so high ?
- ☐How does my water bill work (Explanation of charges) ?
- ☐Why do others in the area pay less for the same amount of water ?
- ☐Where has all of the water and sewer fund money gone ?
- ☐What do I do if I think my bill is incorrect ?
- ☐What effect does leakage or theft have on my bill ?
- ☐How can I report water theft ?
- ☐Why don't we go back to using the Flint River like we once did ?

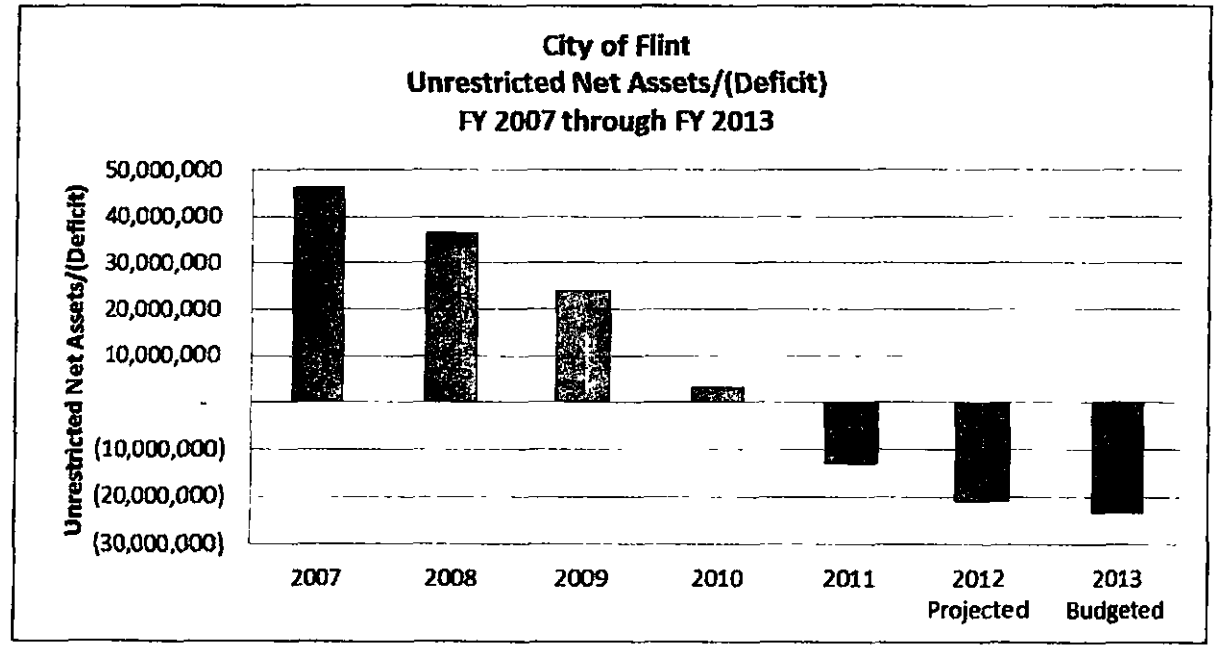
City of Flint

Budget Allocation and Fund Expenses





	Audited						
	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Projected	2013 Budget
Operating Revenues	51,090,679	51,100,332	51,906,553	47,926,589	54,385,644	67,983,044	81,734,552
Other Revenues	2,627,939	3,274,450	1,442,383	764,886	68,645	126,670	455,867
Annual Revenues	53,718,618	54,374,782	53,348,936	48,691,475	54,454,289	68,109,714	82,190,419
Water Purchased	16,052,006	16,297,871	17,421,663	17,103,752	20,919,987	21,756,787	24,031,417
Personnel Costs	17,292,444	26,302,590	27,591,206	28,149,946	28,618,817	29,640,499	28,546,350
Operating Expenses	5,355,638	6,145,119	6,950,534	8,146,390	6,917,964	6,420,260	7,259,290
Administrative Expenses	21,300,900	4,229,382	3,403,231	7,327,630	6,221,627	11,465,462	14,140,047
Depreciation	7,217,142	7,132,870	8,364,022	8,854,889	8,689,809	8,615,000	7,500,000
Interest Expense	86,632	485,499	868,031	812,270	754,890	705,150	644,314
Transfers to Other Funds	-	-	2,990,000	2,990,000	2,990,000	2,990,000	2,990,000
Annual Expenses	67,304,762	60,593,331	67,588,687	73,384,877	75,113,094	81,593,158	85,111,418



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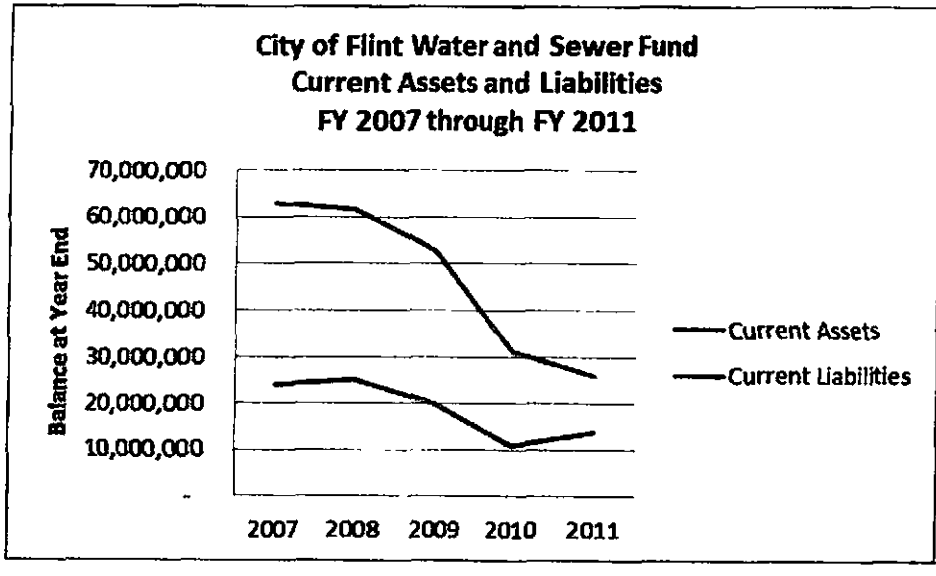
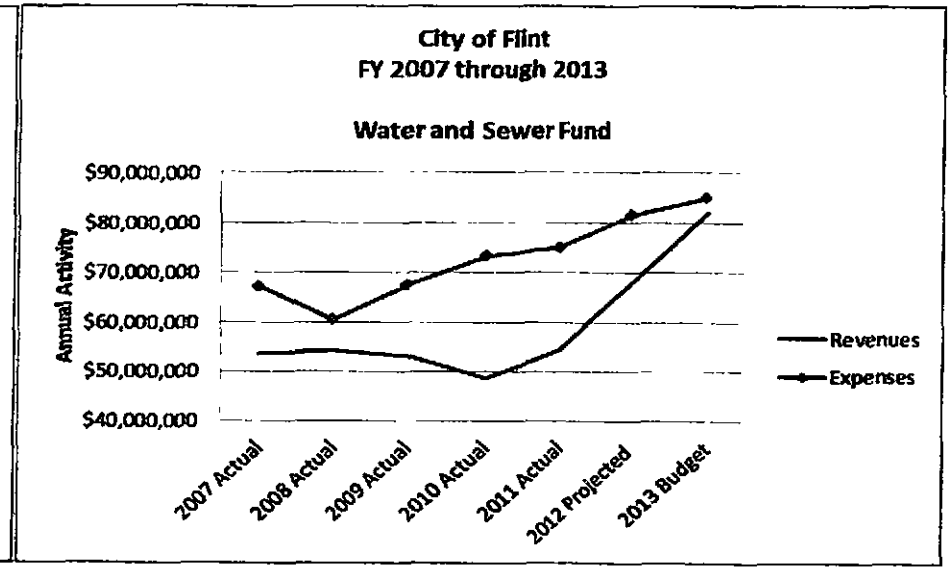
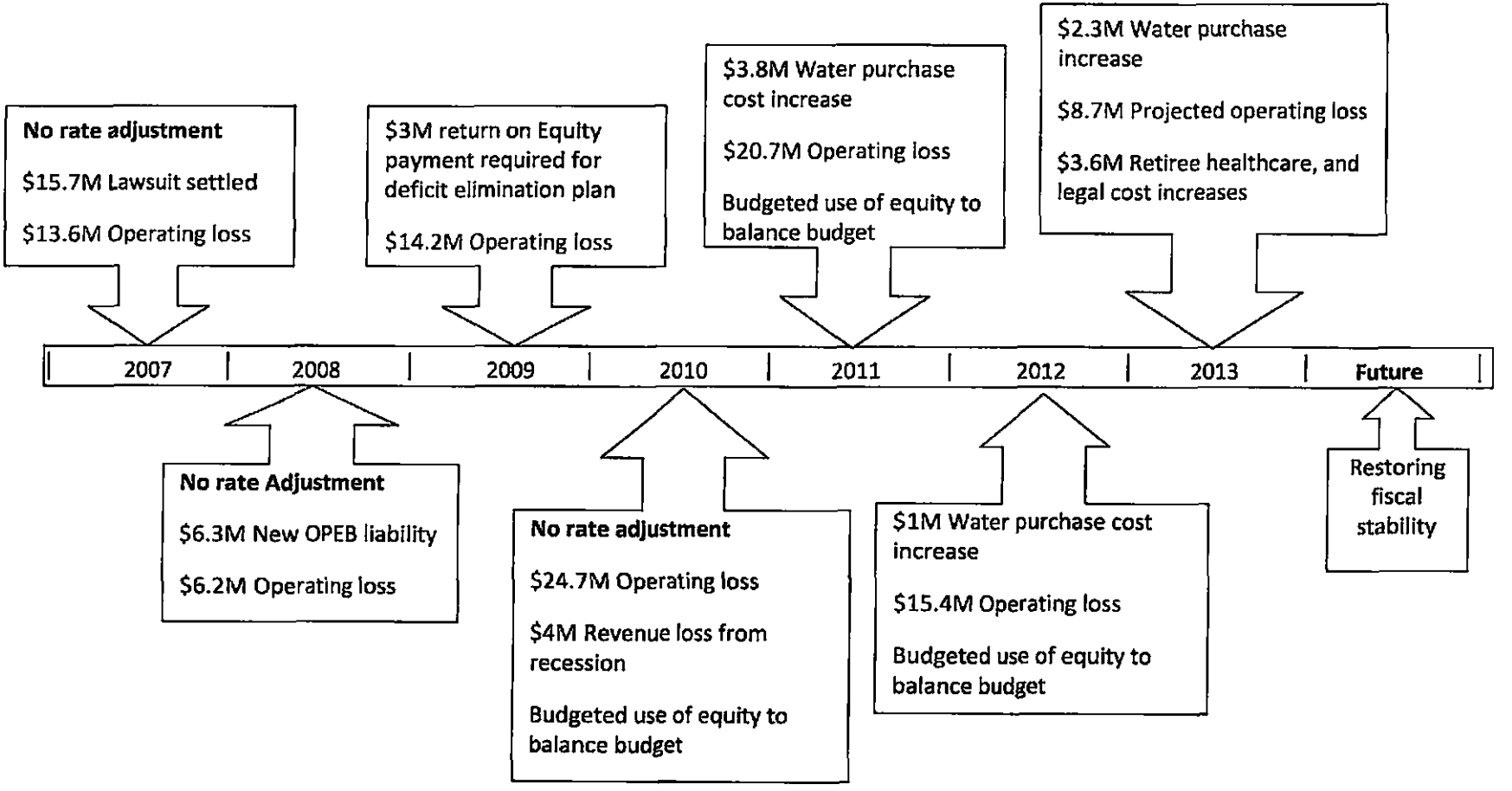




City of Flint

Recent Timeline of Water and Sewer Funds

FY 2007 through 2013



City of Flint- Water and Sewer System Additional Asset / Revenue Data

The average annual residential water sewer bill in FY2005 was less than $700 annually
The average annual residential water/ sewer bill in FY13 will be nearly $1,700

Expenses have exceeded revenues every year since 2006:

FISCAL YEAR	Rate Base	Revenues	Expenses	Revenues Minus Expenses	Unreserved System Equity	FACTORS IMPACTING SOLVENCY			COST IMPACT
2006	2005	$55,204,242	$50,933,792	**$4,270,450**	**$60,340,013**				
									(millions)
2007	2005	$53,856,857	$67,442,993	($13,586,136)	$46,399,452	No rate adjustment			??
						$15.7 million lawsuit settlement	15 7	0	$15.7
2008	2005	$54,374,781	$60,593,331	($6,218,550)	$36,482,488	No rate adjustment			??
						OPEB liabilities added	3 6	2 7	$6 3
2009	2009	$53,488,463	$67,728,218	($14,239,755)	$24,023,065	ROE payment added as part of City [	1 9	1.1	$3.0
2010	2009	$48,820,329	$73,513,725	($24,693,396)	$3,531,768	No rate adjustment			??
						Use of retained earnings budgeted	12 5	0.5	$13 0
						Revenue lost due to recession	2	2	$4.0
2011	2011	$54,527,079	$75,185,879	($20,658,800)	($12,866,607)	Use of retained earnings budgeted	7.1	3.5	$10.6
	2011					Water purchase cost increase	0	3.8	$3.8
2012		$68,279,187	$83,682,840	($15,403,653)	($20,884,122)	Use of retained earnings budgeted	5.1	0	$5 1
						Water purchase cost increase	0	0.8	$0.8
2013	2013	$82,220,420	$90,970,420	**($8,750,000)**	**($23,379,690)**	Water purchase cost increase	0	2.3	$2.3
						RHC/Legal/Admin Cost Allocation	2 1	1.5	$3.6
				($99,279,840)					$68.2

Calculation of Water and Sewer Rates for FY13 Budget

March, 2012:

	Expense Projection Based on FY12 Costs	Revenue Projection Based on FY12 Receipts	Difference Between Projected Revenues and Expenses	Rate Increase Necessary To Close Gap
Water	$49.9	$44.4	-$5.5	12.4%
Sewer	$31.0	$21.4	-$9.6	44.9%
TOTAL	$80.9	$65.8	-$15.1	22.9%

CITY of FLINT, MICHIGAN
WATER &/OR SEWER BILL

Service at: 5810 BALDWIN BLVD

TREASURER
CITY OF FLINT
P.O. BOX 1950
FLINT, MI 48501

PRESORTED
FIRST CLASS MAIL
US POSTAGE PAID
CITY OF FLINT

3419 Active

ACCOUNT NUMBER	DUE DATE
[redacted]	02/28/2012
	NET AMOUNT DUE
	147.85

RETURN THIS STUB WITH YOUR PAYMENT

Seq=3138

**AUTO [redacted]

00000376810000014785022820120000014913777O6

KEEP THIS PORTION FOR YOUR RECORDS

LAST READ/DATE/TYPE		NEW READ/DATE/TYPE		CONS	SERVICE	CHARGE
381	01/03/2012 A	383	02/03/2012 A	2	Sewer Non-metered	8.62
					Sewer Svc Chg	22.07
					Water	13.36
					Water Svc Chg	19.36

Prev. Balance	161.08
Payments	-75.00
Adjustments	0.00
Current Penalty	0.36
New Charges	61.41
Total Due	147.85
Due Date	02/28/2012

ACCOUNT: BALD-005810-0000-01 SERVICE AT [redacted]

PENALTY ASSESSED 30 DAYS AFTER DUE DATE

CITY OF FLINT
DEPARTMENT OF FINANCE

Customer Service Center

Dayne Walling
Mayor

Douglas Bingaman
Treasurer

CITY OF FLINT
WATER NON-PAYMENT TURN-OFF POLICY

1. Water services to any customer may be shut off if the account is not paid until after 30 days after the due date. (City ordinance 46-52 (h))

2. Non-payment turn-offs are done only Monday through Thursday. The Customer Service Center does not schedule non-payment turn-offs on Fridays, Saturdays, Sundays, or most recognized holidays.

3. Illegal usage, broken payment arrangements and NSF (non-sufficient funds) turn-offs are done at any time without additional notice.

4. Turn-off notices are mailed to delinquent customers fifteen (15) days before actual turn-off.

5. The water customer is responsible for maintenance of all plumbing in the premises including connection to City water mains or sewer lines.

6. If a customer disputes a water bill and is unable to resolve the issue with Customer Service personnel, the customer may request an administrative review. Further information on any water account may be obtained by calling (810) 766-7015 or visiting the Customer Service Center at 1st Floor, City Hall, 1101 S. Saginaw St.

Preliminary Options for Future City of Flint Water Sources

Consider a New Negotiated Contract with Detroit Water and Sewer Department

PRO'S	CON'S
No upfront capital costs	Lack of control over new / fixed changes
Possibility to negotiate a lower rate	Past practices
Ability to "Blend" water sources to further control costs	

Consider a Contract with the Karegnondi Water Authority

PRO'S	CON'S
Voting member of KWA board	Capital cost (debt service)
Ability to "Blend" water sources to further control costs	Uncertainty of final costs
Raw water is an asset for attracting new buisnesses	

Blended Use of the Flint River

PRO'S	CON'S
Helps control cost of water	

*** CURRENTLY NO DECISIONS HAVE BEEN MADE REGARDING THE FUTURE WATER SOURCE

Improvements for City of Flint Water System

Reduce Leakage

- **Finalize a Preventative Maintenance Plan**
  - (Planning started in January 2012, requires funding, … part of Operational Costs)
  - Will help identify repair area's

- **Reduce water theft**

- **Replace water meters**
  - We currently have an eighteen month plan to replace all meters with more efficient "*Smart Meters*"

- **Encourage routine household checks**
  - "Faulty" toilets are a significant reason for household water loss. and unexpected larger bills.

Other Leakage concerns

✓Transmission Loss

✓Fire Hydrants

✓Incorrect water bills

✓Non-Payment

CITY OF FLINT, MICHIGAN
Department of Finance

City Hall, Room #203
1101 South Saginaw Street
Flint, MI 48502
(810) 766-7268 / (810) 766-8675 (fax)

Dayne Walling
Mayor

Edward J. Kurtz
Emergency Financial Manager

Michael K. Brown
City Administrator

Gerald Ambrose
Finance Director

October 31, 2012

Edward J Kurtz
Emergency Financial Manager
City Of Flint Municipal Center
1101 S. Saginaw Street
Flint, MI 48502

RE: Cost Comparison, KWA v DWSD

Mr. Kurtz:

The City of Flint is considering whether joining the Karegnondi Water Authority (KWA) is a better alternative for the residents and businesses of Flint than continuing to purchase water from the Detroit Water and Sewer District (DWSD).

An important part of this consideration is the relative cost of the alternatives. We have compared the current projected costs of continuing to purchase water from DWSD to the projected costs of purchasing water from KWA.

The projected costs of purchasing water from DWSD come from our current and past experience, as well as statements from DWSD about their future costs. The costs of purchasing water from KWA are based on the KWA Lake Huron Water Supply Study, as updated by its October 2012 Preliminary Engineering Report Update, Appendix 20, dated October 4, 2012.

Based on the current contract with DWSD, the FY13 cost of purchasing water for the City of Flint only (excluding the sale of water to Genesee County) is budgeted at $14.4 million. Past experience indicates that it is reasonable to assume a 10% increase annually in the capacity charge from DWSD and a 5% increase in the commodity cost. It is also reasonable to assume a 5% increase in operational costs for the Flint Water Treatment Plant. Consequently, it appears that the costs for continuing to purchase water from DWSD will increase to $22.7 million by FY20.

Conversely, joining KWA and participating in the construction of infrastructure to receive water will require an up-front cost to the City of $2.3 million, to be paid over the first three years of joining. This would be paid by the City during the construction period while the City continues to purchase its water from DWSD. However, once the construction is complete and water delivery commences, the City's capacity charge will be fixed, based on the debt service necessary to finance construction. Operational costs for KWA water delivery and the Flint WTP are projected to increase by 5% annually.

Based on the assumptions in this comparison, the annual projected cost of purchasing water for the City of Flint is 15% or $2.6 million LESS using the KWA option in the first year of operation, increasing to 27% or $6.1 million LESS in the fifth year of operation. The only caveat is that in order to achieve this, the City will need to upfront KWA $3.25 million over 3 years prior to KWA beginning water delivery.

Concerns have been raised about the potential of cost overruns and delays in construction. These are reasonable concerns. An additional analysis, assuming a 15% cost overrun, and a one-year delay in construction, indicates that the gain to be achieved from participating in KWA is lessened (from $2.6 million in the first year to $2.3 million) and the City's upfront contribution is increased to $10.4 million if the City is required to make its first year's debt service payment before operations begin. The City's gain from participating in KWA is delayed, but once operations begin, the City's annual costs are less than continuing with DWSD, becoming net positive in FY20. However, given the City's precarious financial position, it is likely that the City would need to find some source of capital if such an up-front payment were necessary.

Finally, we have also analyzed what constraints DWSD would need to impose on its contract with the City of Flint in order to be a positive financial option. It would appear that if the capacity costs to Flint were to be fixed at the FY13 level and if annual operating cost increases were capped at 2.25%, then the cost to the City of Flint could be less than KWA.

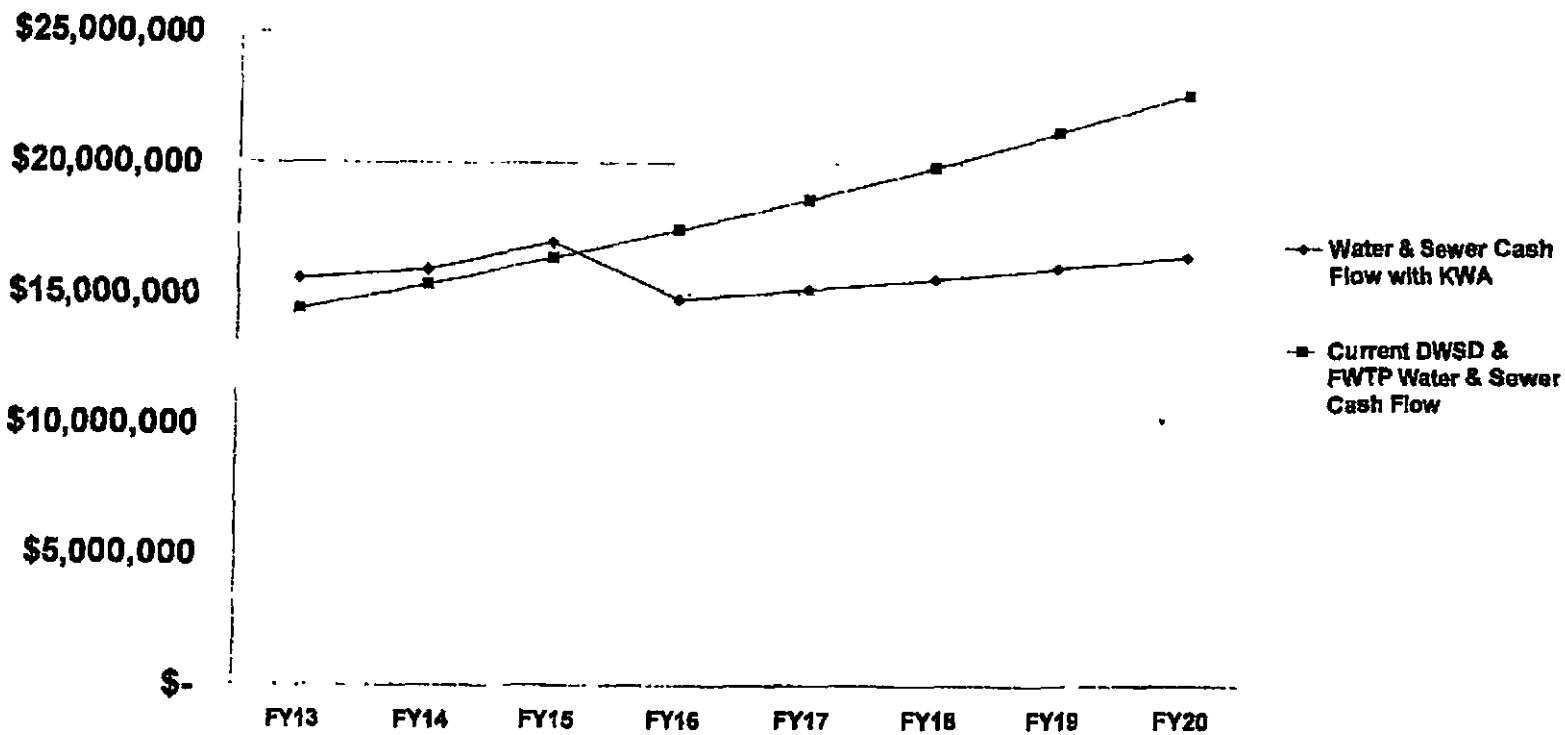
Attached are the three projections summarized above. First is the "Original Projection" utilizing the KWA Study. Second is the "Worse Case Projection" with cost increases and construction delays. Third is the reduced DWSD costs associated with fixed capacity costs and capped increases in operational costs.

Please contact me if you have any questions.

Gerald Ambrose
Director of Finance

GA:js
Attachments

Original Projection - Summary Comparison: KWA vs DWSD



FINAL 10/31/2012

ORIGINAL PROJECTION
SUMMARY COMPARISON: KWA V DWSD

Water and Sewer Cash Flow with KWA

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,355,135	$ 16,365,534	$ -	$ -	$ -	$ -	$ -
KWA Entry Fee	$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
KWA Debt Service	$ -	$ -	$ -	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155
FWTP Debt Service	$ -	$ -	$ -	$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
KWA operations	$ -	$ -	$ -	$ 878,669	$ 922,612	$ 968,853	$ 1,017,401	$ 1,068,271
FWTP operations w KWA	$ -	$ -	$ -	$ 6,643,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Total Costs	$ 15,576,658	$ 15,936,535	$ 16,946,934	$ 14,688,149	$ 15,274,260	$ 15,679,576	$ 16,105,363	$ 16,552,334

Water and Sewer Cash Flow with DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,355,135	$ 16,365,534	$ 17,450,717	$ 18,616,851	$ 19,870,650	$ 21,219,436	$ 22,671,185

Cash Flow Difference: KWA and DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Annual Cost: DWSD - KWA	$ (1,162,800)	$ (581,400)	$ (581,400)	$ 2,562,568	$ 3,342,591	$ 4,190,974	$ 5,114,072	$ 6,118,851
Cumulative Gain with KWA	$ (1,162,800)	$ (1,744,200)	$ (2,325,600)	$ 236,968	$ 3,579,559	$ 7,770,533	$ 12,884,605	$ 19,003,456

(1) This projection assumes that KWA begins delivery of water to Flint starting in July, 2016. Any interest on the bonds will be capitalized until that period. The City will be obligated to begin paying its $2,325,600 entry fee in FY13 - 2 payments of $581,400 in FY13, 1 payment in FY14 and 1 payment in FY15.

(2) The cost of the KWA option is projected to be $2,562,568 or 16% LESS than DWSD in the first year of operation (Year 4). This gain offsets the upfront costs of $2,325,600 by $236,968.

(3) The cost of the KWA option is projected to be $6.1 million or 27% LESS than DWSD in the 5th year of operation (Year 8)

(4) The cumulative savings by the 8th year from the beginning of the project are projected to be $19 million.

Detail of Original Cost Projections — FINAL — 10/31/2012

Cost Comparisons: Water Supply to City of Flint from DWSD and proposed KWA project

Cost of water to City of Flint (excluding Genesee) using continued service from DWSD

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Fixed Cost (1)	$ 4,411,680	$ 4,852,848	$ 5,338,133	$ 5,871,946	$ 6,459,141	$ 7,105,055	$ 7,815,560	$ 8,597,116
Escalator	1.10	1.10	1.10	1.10	1.10	1.10	1.10	
Commodity Cost (2)	$ 7,276,640	$ 7,640,472	$ 8,022,496	$ 8,423,620	$ 8,844,801	$ 9,287,041	$ 9,751,394	$ 10,238,963
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
Flint WTP Operating Cost (3)	$ 2,725,538	$ 2,861,815	$ 3,004,906	$ 3,155,151	$ 3,312,908	$ 3,478,554	$ 3,652,482	$ 3,835,106
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL	$ 14,413,858	$ 15,355,135	$ 16,365,534	$ 17,450,717	$ 18,616,851	$ 19,870,650	$ 21,219,435	$ 22,671,185

(1) Per FY13 Budget and DWSD Contract, fixed charge from DWSD for FY13 is $707,000 per month or $8.5 million total. Flint's cost is 52% or $4.4 million total.

(2) Per FY13 Budget and DWSD Contract, and based on 12 million gallons per day (mgd), cost is $7.3 million, based on $12.46/unit ($12.46x1600unitsx366).

(3) Per FY13 Budget, annual cost of WTP is $4.1 million. Genesee County pays $1,366,000 for emergency back up service.

Cost of water to City of Flint using proposed KWA project for water supply to Flint WTP

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
KWA Entry Costs (1)	$ 1,162,800	$ 581,400	$ 581,400		$ -	$ -	$ -	$ -
Fixed KWA Construction Cost (2)				$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155
Escalator				1.00	1.00	1.00	1.00	
Fixed Flint WTP Construction Cost (3)				$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
Escalator				1.00	1.00	1.00	1.00	
Flint WTP Operating Cost (4)	$ 5,911,538	$ 6,207,115	$ 6,517,471	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
KWA Commodity Charge (5)	$ 759,200	$ 797,160	$ 837,018	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL	KWA NOT AVAILABLE			$ 14,888,149	$ 15,274,260	$ 15,679,676	$ 16,105,363	$ 16,552,334

(1) The City will, upon joining, be required to pay an initial fee of $32,300 per MGD plus the same amount for each year until bonding for the project is obtained. At 18MGD, the City's cost is $581,400 annually. Since it is projected that fee will be assessed for 3 years, the City's upfront cost is projected at $2,325,600.

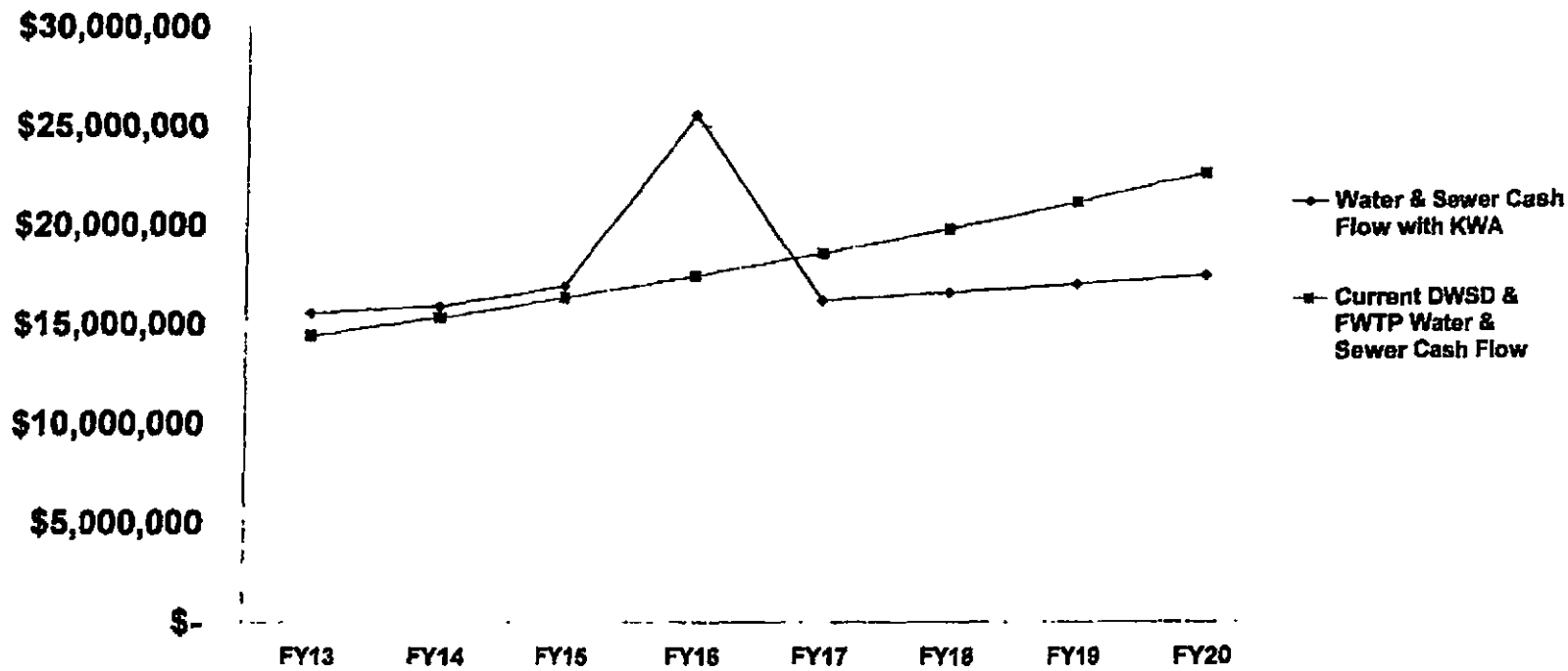
(2) Per KWA proposal, project cost is $272 million. City's fixed cost would be 30% of debt service, based on capacity design of 60mgd, of which 18MGD is for Flint. Debt service is based on 5% interest rate @ 25 years; 5% added to principal for capitalized interest for FY13, FY14, and FY15. ($272,421,588 plus $13,621,078 for 3 years = $313,284,782)

(3) Per KWA proposal, the cost of upgrading the Flint is $7.1 million. City's fixed cost would be100% of debt service based on 5% interest rate @ 25 years), with 5% added to cover capitalized interest for FY13, FY14, and FY15. (total principal = $8.165 million)

(4) Per FY13 Budget annual cost of WTP is $4,111,538. $1.8 million for electricity and chemicals & 2 FTE's are added. 100% City cost. 100%

(5) Per KWA proposal, initial commodity charge would be based on $1.30/unit or 7,600 gallons. Charge is based on 12MGD.

Worst Case Scenario - Summary Comparison KWA vs DWSD (15% Cost Overrun; One year delay in Water Supply delivery)



FINAL 10/31/2012

WORSE CASE PROJECTION
SUMMARY COMPARISON: KWA V DWSD
(15% Cost Overrun; One year delay in Water Supply delivery)

Water and Sewer Cash Flow with KWA

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,355,135	$ 16,365,534	$ 17,450,717	$ -	$ -	$ -	$ -
KWA Entry Fee	$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
KWA Debt Service	$ -	$ -	$ -	$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128
FWTP Debt Service	$ -	$ -	$ -	$ 658,698	$ 658,698	$ 658,698	$ 658,698	$ 658,698
KWA operations	$ -	$ -	$ -	$ -	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
FWTP operations w KWA	$ -	$ -	$ -	$ -	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Total Costs	$ 15,576,658	$ 15,936,535	$ 16,946,934	$ 25,691,544	$ 16,349,150	$ 16,754,565	$ 17,180,253	$ 17,627,226

Water and Sewer Cash Flow with DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,355,135	$ 16,365,534	$ 17,450,717	$ 18,615,551	$ 19,870,950	$ 21,218,436	$ 22,671,155

Cash Flow Difference: KWA and DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Annual KWA - DWSD	$ (1,162,800)	$ (581,400)	$ (581,400)	$ (8,240,826)	$ 2,267,700	$ 3,116,084	$ 4,039,182	$ 5,043,980
Cumulative	$ (1,162,800)	$ (1,744,200)	$ (2,325,600)	$ (10,566,426)	$ (8,298,726)	$ (5,182,642)	$ (1,143,460)	$ 3,900,500

"Worse Case" scenario differs from Original in three respects:

(1) Delivery of water to Flint from KWA is delayed by one year and construction costs are 15% above the original projection. Consequently, the City is required to begin paying for debt service one year before KWA begins delivery of water. This is in addition to its obligation to pay its initial entry fee of $581,400 plus $581,400 annually for the first 3 years.

(2) Once KWA begins delivering water in year 5, the annual operating costs are less than DWSD by 12%. Considering $10.6 million in upfront costs in the first 4 years prior to KWA operation, the cumulative cost of KWA exceeds the cost of DWSD until year 6.

(3) Cumulative savings by Year 8 are projected to be $3.9 million, compared to $19 million in the original projection.

Detail of Worse Case Cost Projections FINAL 10/31/2012

Worse Case Scenerio

Cost Comparisons: Water Supply to City of Flint from DWSD and proposed KWA project

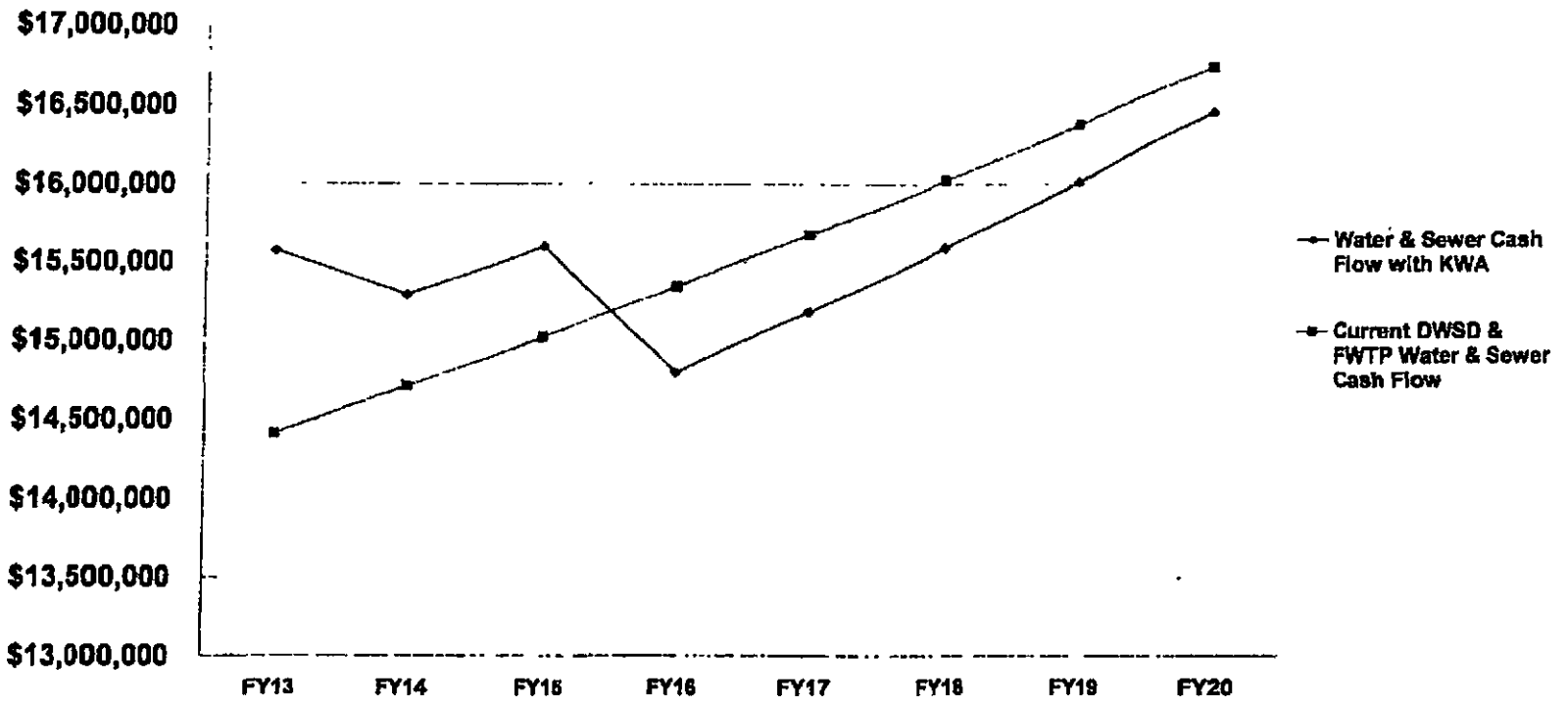
Cost of water to City of Flint (excluding Genesee) using continued service from DWSD

		FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Fixed Cost (1)		$ 4,411,680	$ 4,852,848	$ 5,338,133	$ 5,871,946	$ 6,459,141	$ 7,105,055	$ 7,815,560	$ 8,597,116
	Escalator	1.10	1.10	1.10	1.10	1.10	1.10	1.10	
Commodity Cost (2)		$ 7,276,640	$ 7,640,472	$ 8,022,496	$ 8,423,620	$ 8,844,801	$ 9,287,041	$ 9,751,394	$ 10,238,663
	Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
Flint WTP Operating Cost (3)		$ 2,725,536	$ 2,861,815	$ 3,004,906	$ 3,155,151	$ 3,312,908	$ 3,478,554	$ 3,652,482	$ 3,835,106
	Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL		$ 14,413,856	$ 15,355,135	$ 16,365,534	$ 17,450,717	$ 18,616,851	$ 19,870,650	$ 21,219,436	$ 22,671,185
	(1)	Per FY13 Budget and DWSD Contract, fixed charge from DWSD for FY13 is $707,000 per month or $8.5 million total. Flint's cost is 52% or $4.4 million total.							
	(2)	Per FY13 Budget and DWSD Contract, and based on 12 million gallons per day (mgd), cost is $7.3 million, based on $12.46/unit ($12.46x1600units/d365)							
	(3)	Per FY13 Budget, annual cost of WTP is $4.1 million. Genesee County pays $1,356,000 for emergency back up service							

Cost of water to City of Flint using proposed KWA project for water supply to Flint WTP

		FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
KWA Entry Costs (1)		$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
Fixed KWA Construction Cost (2)					$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128
	Escalator						1.00	1.00	
Fixed Flint WTP Construction Cost (3)					$ 658,698	$ 658,698	$ 658,698	$ 658,698	$ 658,698
	Escalator								
Flint WTP Operating Cost (4)		$ 5,911,536	$ 6,207,115	$ 6,517,471	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
	Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
KWA Commodity Charge (5)		$ 759,200	$ 797,160	$ 837,018	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
	Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL		KWA NOT AVAILABLE				$ 16,349,150	$ 16,754,566	$ 17,180,253	$ 17,627,225
	(1)	The City will, upon joining, be required to pay a, initial fee of $32,300 per MGD plus the same amount for each year until bonding for the project is obtained. At 18MGD, the City's cost is $581,000, for a total of $2,325,600.							
	(2)	Per KWA proposal, original project cost is $272 million. City's fixed cost would be 30% of debt service, based on capacity design of 50mgd, of which 18MGD is for Flint. Debt service is based on 5% interest rate @ 25 years; 5% added to principal for capitalized interest for FY13, FY14, and FY15. ($272,421,558 plus $13,621,078 for 3 years = $313,284,792). The costs here are increased by 15%; debt service starts in FY16 but water is not available until FY17.							
	(3)	Per KWA proposal, the cost of upgrading the Flint is $7.1 million. City's fixed cost would be100% of debt service based on 5% interest rate @ 25 years), with 5% added to cover capitalized interest for FY13, FY14, and FY15. (total principal = $8.165 million). Again, costs here are increased by 15%; debt service starts in FY16 but water is not available until FY17. Debt service is now on $9.4 million.							
	(4)	Per FY13 Budget annual cost of WTP is $4,111,535. $1.9 million for electricity and chemicals & 2 FTE's are added. 100% City cost							
	(5)	Per KWA proposal, initial commodity charge would be based on $1.30/unit or 7,500 gallons. Charge is based on 12MGD							

ALTERNATE PROJECTION - SUMMARY COMPARISON: KWA V DWSD WITH DWSD COSTS REDUCED (Fixed Costs held constant; Commodity Costs Increased by 2.25% Annually)



FINAL 10/31/2012

ALTERNATE PROJECTION
SUMMARY COMPARISON: KWA V DWSD WITH DWSD COSTS REDUCED
(FIXED COSTS HELD CONSTANT; COMMODITY COSTS INCREASED BY 2.25% ANNUALLY)

Water and Sewer Cash Flow with KWA

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 14,713,859	$ 15,024,358	$ -	$ -	$ -	$ -	$ -
KWA Entry Fee	$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
KWA Debt	$ -	$ -	$ -	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155
FWTP Debt	$ -	$ -	$ -	$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
KWA operations	$ -	$ -	$ -	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
FWTP operations w KWA	$ -	$ -	$ -	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Total Costs	$ 15,576,658	$ 15,295,259	$ 15,605,758	$ 14,888,149	$ 15,274,260	$ 15,679,676	$16,105,363	$ 16,552,334

Water and Sewer Cash Flow with DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 14,713,859	$ 15,024,358	$ 15,345,778	$ 15,678,662	$ 16,023,172	$16,380,091	$ 16,749,823

Cash Flow Difference: KWA and DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Annual Cost: DWSD - KWA	$ (1,162,800)	$ (581,400)	$ (581,400)	$ 457,629	$ 404,302	$ 343,498	$ 274,728	$ 197,489
Cumulative Gain with KWA	$ (1,162,800)	$ (1,744,200)	$ (2,325,600)	$ (1,867,971)	$ (1,463,669)	$ (1,120,173)	$ (845,445)	$ (647,956)

(1) This projection assumes that DWSD fixed costs remain at 2013 levels and that operating costs increase by 2.25% annually

(2) KWA costs are as in the Original Projection.

(3) In this comparison, KWA costs are still less once operations begin (by 2.8%), and cumulative gain does not occur until after year 8. Over time, DWDS costs could be less with these limitations on cost increases.

13-5423

EM SUBMISSION NO.: EME048 2013

PRESENTED: 11-14-13

ADOPTED: 11-18-13

BY THE EMERGENCY MANAGER:

Resolution Authorizing Change Order #2 to the Lockwood, Andrews & Newnam Contract for the Implementation of Water Plant Operations

The City of Flint entered into a contract with Lockwood, Andrews & Newnam to study the feasibility and develop cost estimates for utilizing the Water Plant as a primary drinking water source in an amount not to exceed $171,000.00; and

Authorization is needed to enter into change order #2 to the existing contract no. 13-046 with Lockwood, Andrews & Newnam for additional funding of $962,800.00 for a total contract price not –to-exceed $1,133,800.00. The additional services will include final design work, construction engineering and necessary regulatory submittals to operate the Water Plant off the river until the KWA water source is completed; and

These funds are made available in account in 591-536.100-801.000; and

IT RESOLVED, Appropriate City Officials are to do all things necessary to enter into change order #2 to the existing contract no. 13-046 with Lockwood, Andrews & Newnam for an additional contract price of $962,800.00 for a total contract price not-to-exceed $1,133,800.00. Funding will come from the account 591-536.100-801.000.

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:

Jerry Ambrose, Finance Director

EM DISPOSITION:

ENACT Y FAIL _____ DATED 11-18-13

Darnell Earley, Emergency Manager

EM SUBMISSION NO.: EME 5732014

PRESENTED: 10-17-14

ADOPTED: 10-23-14

BY THE EMERGENCY MANAGER:

Resolution Authorizing Change Order #3 to the Lockwood, Andrews & Newnam Contract for the Implementation of Water Plant Operations

The City of Flint entered into a change order #2 contract with Lockwood, Andrews & Newnam to study the feasibility and develop cost estimates for utilizing the Water Plant as a primary drinking water source in an amount not to exceed $962,800.00 for a total contract price of $1,133,800.00; and

Authorization is needed to enter into change order #3 to the existing contract no. 13-046A with Lockwood, Andrews & Newnam, for additional design and testing services. Additional funding in the amount of $244,900.00 is required for a total contract price not –to-exceed $1,378,700.00; and

These funds are made available in account in 591-536.100-801.000; and

IT RESOLVED, Appropriate City Officials are to do all things necessary to enter into change order #3 to the existing contract no. 13-046A with Lockwood, Andrews & Newnam in the amount of $244,900.00 for a total contract price not-to-exceed $1,378,700.00 Funding will come from the account 591-536.100-801.000.

APPROVED AS TO FORM:

For

Peter M. Bade, *Chief Legal Officer*

APPROVED AS TO FINANCE:

for

Jerry Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ **FAIL** _____ **DATED** 10-23-14

Darnell Earley, Emergency Manager

Resolutions

Show All entries

Search:

ResoDate	ResolutionNo	Description
06/26/2013	2013EM140	Resolution Authorizing Approval to Enter into a Professional Engineering Services Contract for the Implementation of Placing the Flint Water Plant into Operation
06/26/201	2013EM14	Water Plant
06/30/201		

Showing 1 to 1 of 1 entries (filtered from 2,155 total entries)

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Koryzno, Edward (Treasury)

Subject:	Weekly Call with Ed Koryzno
Location:	Conf Call
Start:	Wed 10/30/2013 10:00 AM
End:	Wed 10/30/2013 10:30 AM
Show Time As:	Free
Recurrence:	Weekly
Recurrence Pattern:	every Wednesday from 10:00 AM to 10:30 AM
Meeting Status:	Meeting organizer
Organizer:	Koryzno, Edward (Treasury)
Required Attendees:	Darnell Early (dearly@cityofflint.com); Muchmore, Dennis (GOV); Roberts, John (GOV); Baird, Richard (GOV); Larkin, Brian (GOV); Hollins, Harvey (GOV); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Optional Attendees:	'mmurray@cityofflint.com'

Ed Koryzno to host.
Call in – 1-888-[redacted]
Access Code –[redacted]

Participants
Darnell Early
Liz Murray
Jerry Ambrose
Rich Baird
Brian Larkin
Harvey Hollins
Wayne Workman
Ed Koryzno

Cline, Richard (Treasury)

From:	Maxine Murray <mmurray@cityofflint.com>
Sent:	Tuesday, October 29, 2013 11:35 AM
To:	Cline, Richard (Treasury)
Cc:	Dempkowski, Angela (Treasury)
Subject:	Re: FW: 3 Resolutions for Approval - EME0262013, EME0272013 and EME0282013 - October 25, 2013

Good morning Mr. Cline:

Thank you for approving EME0282013. I am forwarding your questions to the Purchasing Director and will contact you shortly.

Thanks again.

Maxine

On Tue, Oct 29, 2013 at 11:24 AM, Cline, Richard (Treasury) <cliner1@michigan.gov> wrote:

Maxine,

Good morning. I have been reviewing the 3 recent resolutions that have been transmitted to Treasury. I have recommended approval of EME0282013 (truck tires).

I, however, have some follow-up questions regarding the other two. Please help me coordinate a follow-up so we can move forward with these items.

My questions are:

1. EME0262013 - Resolution to McNaughton-McKay Electric for Cedar Street Pumping Station Switchgear Upgrades - $482,000.00 - (Water Fund)

- This is a very expensive purchase to receive only one bid for.
- Has the City considered trying to secure additional bids or rebidding the entire project?
- I note that the MDEQ is requiring these upgrades. Is there a timeframe the City is working within?

2. EME0272013 - Resolution to Rowe's Engineering, Inc. for Engineering Services - $40,000.00 (when added to previous approved amount the cumulative total is $189,600.00) (Parks/Recreation Fund)

- What is the nature of the requested engineering services?

- If Rowe Engineering is already the City's engineering consultant and provides engineering services (per bid proposal #844), why is this bid proposal necessary? Would not these services fall within the existing service contract?

Please let me know how best we can follow-up on these items.

Regards,

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility

State of Michigan | Michigan Department of Treasury

430 W. Allegan Street, 3rd Floor | Lansing, MI 48922

(517) 335-2078 | cliner1@michigan.gov

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From: Dempkowski, Angela (Treasury)
Sent: Friday, October 25, 2013 10:12 AM
To: Cline, Richard (Treasury)
Subject: FW: 3 Resolutions for Approval - EME0262013, EME0272013 and EME0282013 - October 25, 2013

Angela Dempkowski

Senior Executive Management Assistant

Michigan Department of Treasury

dempkowskia@michigan.gov

(517) 373-4415

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, October 25, 2013 10:04 AM
To: Dempkowski, Angela (Treasury)
Subject: 3 Resolutions for Approval - EME0262013, EME0272013 and EME0282013 - October 25, 2013

Good morning Angela,

We are submitting the following three resolutions for State approval:

1. EME0262013 - Resolution to McNaughton-McKay Electric for Cedar Street Pumping Station Switchgear Upgrades - $482,000.00 - (Water Fund)

2. EME0272013 - Resolution to Rowe's Engineering, Inc. for Engineering Services - $40,000.00 (when added to previous approved amount the cumulative total is $189,600.00) (Parks/Recreation Fund)

3. EME0282013 - Resolution to GCR Tire Center, Inc. for Supply of Auto, Light Truck and Police Tires - $150,000.00 - (Fleet/Central Garage Fund)

The resolutions are attached.

Thank you.

--

Maxine Murray

Executive Assistant to

Pleyte, Beth (Treasury)

Subject:	Flint Team Meeting Conference Call
Start:	Thu 10/31/2013 11:00 AM
End:	Thu 10/31/2013 12:00 PM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	Hollins, Harvey (GOV)
Required Attendees:	Muchmore, Dennis (GOV); Baird, Richard (GOV); Larkin, Brian (GOV); Clayton, Stacie (GOV); Wisniewski, Wendy (GOV); VanSickle, Michele (GOV); Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury); Saxton, Thomas (Treasury); emurphy@cityofflint.com; jtolbert@cityofflint.com; gambrose@cityofflint.com; jlorenz@cityofflint.com; Maxine Murray; dearley@cityofflint.com

Call In: 866-[redacted]
Access: [redacted]

Harvey Hollins will host

Participants
Dennis Muchmore, Gov's Office
Rich Baird, Gov's Office
Harvey Hollins, OUMI
Brian Larkin, OUMI - Flint
Wayne Workman, Treasury
Edward Koryzno, Treasury
Darnell Earley, Flint EM
Elizabeth Murphy, Flint EM's Assistant
Chief James Tolbert, Flint Chief of Police
Jerry Ambrose, Flint Finance Director
Jason Lorenz, Flint Public Information Officer

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, April 01, 2014 4:55 PM
To: Schafer, Suzanne K. (Treasury)
Cc: Byrne, Randall (Treasury); Koryzno, Edward (Treasury)
Subject: Fwd: Conference Call Agenda - April 2, 2014
Attachments: Agenda for April 2, 2014 Conference Call.pdf; ATT00001.htm

Please see Flint discussion on DEP in the agenda.

Sent from my iPad

Begin forwarded message:

> **From:** Maxine Murray <mmurray@cityofflint.com>
> **Date:** April 1, 2014 at 4:52:54 PM EDT
> **To:** "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov>, "Deasy, Thomas (MSP)" <DeasyT@michigan.gov>, "Kapp, Gene (MSP)" <KappG@michigan.gov>, "Lee, Nichole (MSP)" <LeeN3@michigan.gov>, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>, "Roberts, John (DTMB)" <RobertsJ9@michigan.gov>, "Sands, Thomas (MSP)" <SandsT@michigan.gov>, "Sipes, Stephen (MSP)" <SipesS@michigan.gov>, "West, Samantha (GOV)" <WestS2@michigan.gov>, "Dempkowski, Angela (Treasury)" <DempkowskiA@michigan.gov>, "Baird, Richard (GOV)" <bairdr@michigan.gov>, "Larkin, Brian (GOV)" <larkinb@michigan.gov>, Darnell Earley <dearley@cityofflint.com>, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>, "Clement, Elizabeth (GOV)" <clemente@michigan.gov>, Elizabeth Murphy <emurphy@cityofflint.com>, "Etue, Kriste (MSP)" <EtueK@michigan.gov>, "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>, James Tolbert <jtolbert@cityofflint.com>, Jerry Ambrose <gambrose@cityofflint.com>, "Klotz, Josephine (MSP)" <KlotzJ@michigan.gov>, "McGowan, Emmitt (MSP)" <McGowanE1@michigan.gov>, "O'Neill, Stephen (MSP)" <ONeillS@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Subject: Conference Call Agenda - April 2, 2014**
>
> Good afternoon,
>
> Attached is the agenda for the conference call scheduled for Wednesday, April 2nd, 9:00 am.
>
> Thank you.
>
> --
> Maxine Murray
> Executive Assistant to
> Mayor Dayne Walling
> Darnell Earley, Emergency Manager
> 1101 S. Saginaw Street
> Flint, MI 48502

City of Flint Wednesday 9:00 am Phone Conference Agenda
April 2, 2014

1) **Public Safety Update – FPD, MSP (FFD if needed)**

a) Public Safety Initiatives – Chief Tolbert to complete proposals with dollar estimates and timelines. (See attachment A.)

b) Still awaiting SAFER grant renewal for Flint. County Commissioners have sent resolution of support last week to FEMA.

c) Public Safety Study – COF shared with the Mott Foundation that the State is considering paying ½ the cost of this study. Mr. Earley is working to get the consultants to Lansing to present to Treasury shortly.

d) Other update by Chief Tolbert and MSP.

2) **Governor's Office Update –Rich Baird, H. Hollins**

3) **Retiree Lawsuit – Status, Issues**

There was a 3/14/14 meeting with attorneys and healthcare consultant. Update: Letters did go out to retirees as planned.

Regarding an E&Y "Ability to Pay" analysis: "In response to your request to assist the City in connection with it ongoing retiree litigation, we mentioned our experience supporting an "ability to pay" analysis. As discussed, EY has prepared an "ability to pay" document for the City of Detroit and believe this is valuable experience to leverage for the CIty of Flint. This task , while dependent on the 5 year projections, would require incremental work to the existing scope agreed to with the City and paid by the State. EY proposes a two week incremental project to prepare a deliverable document as part of the City's "Ability to Pay" argument; we estimate $30,000 in fees to complete the document."

4) **Financial Update**

a) Deficit Elimination Plan – approval still pending. City is incorporating the changes into the FY15/16 budget. The City is still committed to eliminating the deficits. We are proceeding as we await formal approval of the amendment.

b) Approval of the budget amendment still pending – 6 weeks. We are proceeding as we await formal approval. However, we noted that PA 436 Section 12 (1)(b) allows the EM to "Amend, revise, approve or disapprove the budget of the local government, and limit the total amount appropriated or expended."

c) Water Treatment Plant – Resolutions authorizing contractors approved by Treasury. Frost conditions and easement issues with Consumers Energy may impact completion date, but are being addressed. DEQ ACO has been approved. Awaiting approval of Construction Permit, discussions with Water and Solid Waste Divisions ongoing. Must be resolved this week or significant delay with project could occur.

d) Update on E&Y contract: Preliminary draft reviewed end of last week. Next draft expected end of this week. Preliminary review expected with EM and Treasury within the next three weeks.

e) Model Contract Status – Preparing materials for imposition of FPOA contract. Finalizing dates for last meeting w AFSCME 1600 (likely mid April). Drafting initial contract draft for IAFF. Beginning drafting of other FPOA contracts and AFSCME 1799, to be pattered after FPOA and 1600.

f) MDOT waiver – Spiral Weld Project: MDOT is not handling as a waiver, plan to take dollars from future Flint projects and jeopardizing Federal dollars on those projects. MDOT is asking other communities around the state to forgo their projects so Fllint project could progress.

g) DEQ SAW Grant: could there be a policy to allow distressed communities to skip the lottery? The City of Flint applied for a $2 million SAW Grant to develop a GIS based sewer Asset Management Plan (AMP) and work tracking system. The proposal also included an Asset Management Plan for the Wastewater Treatment Plant. The Plant's NPDES permit renewal will require this in the upcoming fiscal year. That AMP is estimated to cost $300,000, which will now have to be funded internally.

4) City Council Update

a) Schedule for Council review of two year budget established upon receipt of proposed budget on April 30. Council, working through its Finance Committee will meet between May 5 and May 17 to review budget. Council plans to hold public hearing on May 18 and to provide comments and recommendations to EM by May 28.

b). Vision, Mission, Goals and Budget Priorities were adopted by Council on March 24.

c) Council is also meeting in a Special Meeting on April 7 to take up the 7 Point Transition Management Plan. This was postponed from the March 24 meeting

d) The next regular City Council meetings are scheduled for Wednesday, April 30; Monday, May 19; Monday June 16, 2014.

5) **Blue Ribbon Committee**

BRC held its sixth meeting on 3/27/14. A sub-committee has been formed to work out the details of public engagement sessions. The whole committee is working its way through a list of issues for form of government revision; seeking to achieve group consensus.

6) **Water Issues**

a) Water Issues – DEQ permits are expected to be received this week. Consumers Powers easements issues are being addressed. However, termination of water service from DWSD may be delayed. Awaiting confirmation of terms from DWSD by which water will continue to be purchased from DWSD – presumably the terms outlined in their February 12, 2014 letter. Delay *could* be a matter of weeks, but certainly no later than June 30, 2014.

b) Negotiations with GCDC continue with regards to sale of the pipeline section. COF current proposal is for $3.9 million sale price, the value established in recent valuation. Valuation has been submitted and reviewed by Treasury. Submission to Treasury for approval is anticipated prior to ending relationship with DWSD. Also, COF is negotiating back-up service agreement for GCDC for period between DWSD termination and KWA start-up.

c) Water and Sewer Rate Study – the final draft is due shortly and will be reviewed with the Public Works Committee on April 10.

7) **Scrap Metal Bill (HR 4593)**

Passed both houses and signed by Governor.

8) **Other items**

Bill which includes merger of 68th District Court into 67th District Court has been approved by both houses. Who is taking lead on this project?

Created on: 03/17/14

[redacted], access code [redacted]

Attachments:

A. Public Safety Initiatives

Operation Fresh Start Timeline

April 14, 2014	Meet with Michigan SOS
April 17, 2014	Meet with Treasury- ref: Drivers responsibility Fees
April 18, 2014	Confirm 67th District Court participation and assisting agencies
April 24, 2014	Confirm venue
April 28, 2014	Finalize event dates for year, (Bi-monthly)
April 28, 2014	Request Technical support
May 9, 2014	Develop Media Plan
May 16, 2014	Launch Media Plan
June 18, 2014	Begin Operation Fresh Start

Operation Fresh Start Regional Operation

Introduction:

Flint Lifelines and the City of Flint Police Department would like to propose Operation Fresh Start. This is a collaborative initiative with the purpose of assisting City of Flint residents, and the surrounding suburbs who through various reasons, have found themselves in an untenable situation where they are included in the population of individuals who have active arrest warrants.

There are approximately 40,000 warrants countywide and 23,000 in the City of the Flint; the majority of warrants are misdemeanor warrants, victimless crimes, or civil infractions.

The failure to address these violations has resulted in warrants being issued and driver responsibility fines being levied. These warrants affect an individual's ability to become employed and their ability to seek employment and to provide financially for their families. Given these pressures, there is a high probability that criminal conduct can occur.

Purpose of Operation Fresh Start:

Operation Fresh Start is a means to address and eliminate these barriers and provide a starting point for individuals to improve their ability to become better citizens.

Operation Fresh Start will include the following agencies as stakeholders:

1. Flint Lifelines
2. Flint Police Department
3. 68th District Court/ 67th District Court
4. Secretary of State
5. City Prosecutor's office
6. County Prosecutor's office
7. Ecumenical community
8. Business community
9. Health Coalition
10. Dept. of Health and Human Services
11. Mental Health services
12. Educational
13. Genesee County Landbank
14. Genesee County Sheriff Department

Operation Fresh Start Implementation:

Operation Fresh start will focus on individuals with misdemeanor warrants punishable by less than 90 days & less than a $500.00 fine.

The operation will be based on targeting one (1) zip code in the City of Flint/County of Genesee, on a specified day, and partnering with a faith based institution as a base of operation within the specified zip code. This scenario will repeat itself until each zip code has hosted the operation.

Persons within the zip code will come to the location and interact with the appropriate City, County or State representatives to recall warrants, adjudicate civil infractions, and settle fines and fees and apply for or receive a valid state license. Additionally, community service organizations will be present to offer assistance if services are needed.

The synergy of Lifelines and Operation Fresh Start will compliment each other and allow for sustainable solutions to the community of Flint and the county of Genesee.

Personnel and Cost: (projected 8 hour day)

Position	Cost	Total
(1) Flint PD Sergeant (site supv)	(($31.095 x 48) x 1.0429)+919.20	$2,475.79
(4) Flint PD Officer (site security)	(($25.974 x 48) x 1.0429)+919.2	$4,438.88
(2) Genesee County D/Sheriff (site security)	($48.077 x 48) x 2	$4,615.39
(2) Genesee County D/Sheriff (Work force)	($48.077 x 1040) x 2	$100,000.16
(will deploy 20 hours per week for 52 weeks*)		
(2) Michigan State Troopers	($30.978 x 48) x 2	$2,973.89
Lifeline(Media, Flyers etc...)	$20,000.00	$20,000.00
I.T. (Equipment & services)	$10,000.00	$10,000.00
67th District Court cost (Judges, admin staff etc...)		
68th District Court cost (Judges, admin staff etc...)		
Michigan Department of Secretary of State		
-Mobile Office		
-Staff		
	Total Cost	$144,504.11

Challenges to overcome prior to implementation:

1. 67th District court entanglements (Ward Chapman)
2. GCACP input (Chief Tolbert)
3. Video Conferencing from site to court (Chief Tolbert)
4. Hours of operation (when can the judges do this?) (67th/68th District Court Judges)
5. Will any other jurisdiction want their judges to hear their cases

* Depending on number of individuals electing to conduct community service in lieu of payment of fines.

State Record Management System Time Line

April 15, 2014

A meeting is scheduled with MSP and FPD, the technology will be examined, against the current functionality and the proposed functionality of three systems. From that point document will be authored to the Emergency Manager recommending the RMS.

At that point an implementation timeline will be developed, and MSP will add a budget to this project.

The City of Flint Police Department
Crime Reduction Strategy
Area Crime Team / A. C. T.

The City of Flint Police Department is actively pursuing all relevant strategies in an effort to truly address crime and criminal behavior at their root cause and locations. Gone are the days of reactionary policing, we must be proactive in our approach. Identifying criminal trends through analysis and addressing them head on is our focus under this initiative.

The leadership of the City of Flint realizes that a complete law enforcement response relies upon a combination of a true data driven approach and boots on the ground efforts. This type of response shall allow for the realization of a true and sustainable reduction in all crimes within the City of Flint. This reduction in crime shall allow for the recapturing of neighborhoods by our concerned residents, the strengthening of community police partnerships and raised awareness and unity towards the common goal of safer neighborhoods through lasting crime reduction.

The City of Flint is proposing to assemble and utilize an Area Crime Team (A.C.T.). This highly trained and specialized unit shall deploy resources into very specific locations to address specific high crime targets. This can be exclusive to a singular target such as a known homicide suspect or a specific target of general crimes and trends such as gang behavior or other part one crimes elevated in data identified specific areas.

This initiative shall hire additional police resources to accomplish this targeted offensive in a collaborative effort. While the City of Flint shall be the lead agency and coordinator of this program, we shall form partnerships under this initiative with the Michigan State Police, the Genesee County Sheriff's Department, the Michigan Department of Corrections and the Genesee County Prosecutor's office. Each agency shall play a vital role towards our goal of true crime reduction. Through the hiring of additional resources for each agency, we also shall receive the ancillary benefit of each agency and all of their existing resources when applicable. Leveraging these agencies shall also allow for follow up within the entire Genesee County area when necessary through investigation and leads.

We propose to hire one Flint Police Sergeant and three Flint Police Officers, two Michigan State Police Troopers, one Genesee County Sheriff Deputy, one MDOC employee and one Genesee County Deputy Prosecutor. This program will be operational for a three year period.

We envision that this team of officers shall become a spearhead to address major offenders and trends with significant results. They shall work as a team and gain influence with the community through their transparency and ability to work closely

with community partners. This team shall have laser focus and target extremely specific crimes and locations based on Flint Police gathered crime data as analyzed by the Michigan State Police. Once a crime or area has been identified, this unit shall saturate the determined area with a goal of total disruption to the offending behavior. The officers shall perform the initial response, investigations and arrest of the perpetrators with the assistance of the MDOC resource. The prosecuting attorney shall have oversight of all cases involving this unit to ensure vertical prosecution. Additionally, a victim's assistance program will facilitate victim services for individuals victimized by crime in the targeted area. (Dependent on grant award)

The cost of this effort shall be primarily wage and fringe of these mission dedicated officers and staff. Their very existence shall be grant funded, and by design they will be deployed exclusively towards the goal of this program.

We request the following items to be funded for this program:

Position	**Wage and Fringe**	**Total**
One (1) Flint Police Sergeant:	$109,271.27 x 1 x 3yrs	$327,813.81
Three (3) Flint Police Officers:	$100,979.82 x 3 x 3yrs	$908,818.38
One (1) Genesee County Deputy:	$100,000.00 x 1 x 3yrs	$300,000.00
Two (2) Michigan State Troopers:	$64,435.00 x 2 x 3yrs	$386,610.00
(Wage Only - Fringe not included)		
One (1) MDOC agent:	$106,303 x 1 x 3yrs	$318,909.00
One (1) Genesee County Prosecutor:	$162,000.00 x 1 x 3yrs	$486,000.00
One (1) crime analyst:	$45,000.00 x 1 x 3yrs	$135,000.00
	Sub-Total	$2,863,151.19
	Anticipated Grant Match	
Victim Assistance Program	$60,000 x 3yrs	$180,000.00
	Total Cost	$3,043,151.19

Arson Investigative Team

The City of Flint has been plagued by arsons of real property. The investigative effort of these arsons has been hampered by untrained personnel.

The Flint Police Department understands the need to conduct thorough investigations of arsons and requires the necessary resources to do so. The City of Fling has enrolled a Police Sergeant and a Flint Firefighter in the March 2014, Michigan State Police, Basic Arson School.

We anticipate having 4 additional seats in upcoming arson schools, the purpose of this initiative is to have properly trained arson investigators that would work along side MSP investigators who are trained in the ability to determine cause and origin of fires.

As the training is complete, the investigators will begin working together as a team to address arson fires in the City of Flint. This effort will send a clear message that arson in the City of Flint, will no be tolerated and those responsible will be held accountable.

Personnel:

6 FPD/FFD arson trained investigators
2* MSP arson trained investigators

* Depending on number of MSP trained investigators.

Lifeline Regional Crime Intervention

May 22, 2014

This currently an ongoing process funding requested would enhance the current effectiveness of the current program.

Lifeline Regional Crime Intervention Strategy

The City Flint is in a very advantageous position to enhance our community engagement program named Lifeline, this program is similar to the Cease Fire youth violence reduction program model.

This program model contains almost all of the elements of the Cease Fire model, and the community-based research, networking and consensus-building process this program model has proved successful in cities across the United States and in California (e.g., Stockton, with implementation also underway in Oakland and San Francisco) and consists of five (5) basic elements:

1. **Crime data collection and analysis related to gun violence, including the geographic location of violent incidents, demographic information on individuals involved in gun violence, and patterns of gang violence.** The Flint Police Department and has this data, but needs additional resources to analyze and present it in formats useful to staff and the community.

2. **Organization of a working group to design and implement the local strategy.** Flint has already started doing this, and must expand its current efforts to include employment training and placement providers, community and faith leaders and the Genesee County Sheriff's Department (we already have the other listed parties actively engaged in the process).

3. **Direct communication with gang members and youth most likely to commit gun violence.** This element features community outreach and community meeting to communicate directly to those most involved in youth violence. Meeting attendees are given a two-part message: a) gun violence must stop immediately or criminal justice agencies will intervene quickly and forcefully against those responsible; and b) the working group is there to support the gang members and youth with intensive services and employment. This phase will come once the program is implemented.

4. **Employment opportunities.** Meaningful employment opportunities are provided to gang members and youth participating in the program, with counseling, training and educational resources and programs used to prepare the youth for successful employment. Experience across the country shows that the universe of youth requiring these services is expanding rapidly.

5. **Build a strategic law enforcement partnership.** An effective strategic partnership with local law enforcement, county law enforcement and county probation is essential for long-term success. Law enforcement is encouraged to target resources to the small group of youth who "drive" youth violence, providing not only gang suppression, but also providing an incentive for youth to participate in gang diversion programs.

Ancillary coordinating issues:

Collaboration with other local agencies when needed: such as school districts, existing county juvenile justice coordinating committees, law enforcement agencies (city police, county sheriff, county probation, and district attorney), and community based organizations.

Collaboration with a research Major University, as a Research Partner to collect and analyze metrics.

Form a Coordinating and Advisory Council with members from all of the local agencies noted above, whose primary functions will include prioritizing the use funds.

Personnel/Budget:

Position	Wage and Fringe	Total	
One (1) Flint Police Sergeant:	$109,271.27 x 1 x 3yrs	$327,813.81	
Two (2) Flint Police Officers:	$100,979.82 x 2 x 3yrs	$605,878.92	
(Violence Prevention Ofcs)			
One (1) Genesee County Deputy:	$100,000.00 x 1 x 3yrs	$300,000.00	
Two (2) Michigan State Troopers:	$64,435.00 x 2 x 3yrs	$386,610.00	
(Wages Only - Fringes not included)			
One (1) MDOC agent:	$106,303 x 1 x 3yrs	$318,909.00	
One (1) Genesee County Prosecutor:	$162,000.00 x 1 x 3	$486,000.00	
One (1) Crime Analyst:	$45,000.00 x 1 x 3yrs	$135,000.00	
	Total Wages and Fringes	$2,560,211.73	
Additional Cost:			
Administrative Supplied	Detail list available x 3 yrs	$10,000.00	
IT	Hardware and Software	$8,200.00	
Wireless Communication	Cellular Phones x 3 yrs	$6,059.00	
Operational equipment	Surv / Equip (one time cost)	$45,000.00	
	Total Additional Cost	$69,259.00	
	Total Cost	$2,629,470.73	

Arson Investigative Team Timeline

May 30, 2014	Have FPD Sergeant, arson trained.
April 11, 2014	Schedule meeting with MSP to develop investigative SOP
April 18, 2014	Meeting with all arson trained personnel (FPD, FFD and MSP)
May 2, 2014	Commence combined arson investigation

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

April 8, 2014

Mr. R. Kevin Clinton, State Treasurer
Michigan Department of Treasury
4th Floor Treasury Building
430 West Allegan Street
Lansing, MI 48922

Dear Mr. Clinton:

Attached please find the six month report for the period October 8, 2013 through April 8, 2014 as required by Public Act 436, Section 17. This report is being submitted through you to Governor Rick Snyder.

The entire report will be posted on the City of Flint website www.cityofflint.com as soon as it is approved.

Respectfully submitted,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

cc:
Governor Rick Snyder
Randy Richardville, Senate Majority Leader
James Bolger, Speaker of the House of Representatives
James Ananich, State Senator
Woodrow Stanley, State Representative
Phil Phelps, State Representative
Inez Brown, Clerk of the City of Flint
Wayne Workman, Deputy Treasurer
Edward Koryzno, Bureau Director of Local Government Services
Randall Byrne, Office of Fiscal Responsibility

Public Act 436, Section 17: Six Month Report
April 8, 2014

Introduction

This Six Month Report of the status of the Financial and Operating Plan for the City of Flint is submitted to the Governor Rick Snyder, the Senate Majority Leader, the Speaker of the House of Representatives, and Clerk of the City of Flint through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 17 which requires this report beginning six months after the appointment of the Emergency Manager.

Included are the items detailed below from P.A. 436, Section 17:

(a) A description of each expenditure made, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the source of the funds.

(b) A list of each contract that the emergency manager awarded or approved with a cumulative value of $5000 or more, the purpose of the contract, and the identity of the contractor.

(c) A description of each loan sought, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the proposed use of the funds.

(d) A description of any new position created or any vacancy in a position filled by the appointing authority.

(e) A description of any position that has been eliminated or from which an employee has been laid off.

(f) A copy of the contract with the emergency manager as provided in section 9(3)(e).

(g) The salary and benefits of the emergency manager.

(h) The financial and operating plan as required under section 11. Update #5 to the Financial and Operating Plan for the City of Flint.

Section Separator

(a) A description of each expenditure made, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the source of the funds.

INVOICE GL DISTRIBUTION REPORT FOR CITY OF FLINT
POST DATES 10/08/2013 - 03/31/2014
BOTH JOURNALIZED AND UNJOURNALIZED
BOTH OPEN AND PAID

GL Number	Grant	Vendor	Invoice Desc.	Invoice	Due Date	Amount
Fund 101 General Fund						
Dept 000 Balance Sheet Activity						
101-000.000-275.000		LOGISTICS INSIGHT INC.		21-06-701-001	10/17/13	59,802.50
101-000.000-275.000		LOGISTICS INSIGHT INC.		21-06-701-001	10/17/13	59,276.14
		Total For Dept 000 Balance Sheet Activity			119,078.64	
Dept 101 City Council						
101-101.100-729.000		MAIL ROOM SERVICE CENTER		10130261	11/21/13	3.44
101-101.100-801.000		MICHIGAN MUNICIPAL LEAGUE	Purchase Michig	DUES	10/17/13	5,012.00
101-101.100-801.000		PLANTE & MORAN, LLP		Multiple	10/31/13	103,975.00
101-101.100-801.000		PLANTE & MORAN, LLP		63125	10/31/13	5,000.00
101-101.100-801.000		PLANTE & MORAN, LLP		1111912	12/12/13	20,325.00
101-101.100-801.000		PLANTE & MORAN, LLP	ADJUST ENCL	26780	02/28/14	20,300.00
101-101.100-823.000		XEROX CORP	XEROX COI	Multiple	11/14/13	681.40
101-101.100-823.000		XEROX CORP	XEROX COI	800623852	12/12/13	183.29
101-101.100-823.000		XEROX CORP	XEROX COI	800626606	01/30/14	568.60
101-101.100-823.000		XEROX CORP	XEROX COI	800627973	03/06/14	183.29
101-101.100-850.000		AT & T		810766700001	02/13/14	733.85
101-101.100-850.000		AT & T		810766700002	02/13/14	762.34
101-101.100-850.000		AT & T		810766700003	03/27/14	1,160.73
		Total For Dept 101 City Council			158,888.94	
Dept 136 District Court						
101-136.100-729.000		PITNEY BOWES PURCHASE POWER	POSTAGE	POSTAGE	01/02/14	10,000.00
101-136.100-814.000		STATE OF MICHIGAN	AT QUARTERL	1530-02	10/31/13	9,111.17
101-136.100-814.000		STATE OF MICHIGAN	AT QUARTERL	1530-02	03/27/14	7,902.33
101-136.100-850.000		AT & T SBS		8102303151595	10/10/13	279.99
101-136.100-850.000		AT & T SBS		8102303151595	11/21/13	139.86
101-136.100-850.000		AT & T SBS		8102303151595	12/31/13	139.86
101-136.100-850.000		AT & T SBS		8102303151595	02/13/14	140.26

101-136.100-850.000	AT & T SBS		8102303151595	02/20/14	156.99
101-136.100-850.000	AT & T SBS		8102303151595	03/27/14	155.66
101-136.100-900.000	PRODUCTIVITY SYSTEMS INC	CIVIL CASE FILE	26223	02/06/14	13,552.10
101-136.100-930.000	JEFFERSON AUDIO VIDEO SYSTEMS	MAIN. AGREE F	INV7035	12/12/13	10,200.00
101-136.100-940.000	GENESEE COUNTY TREASURER	OPERATIONAL (	RENT 8/1/11-6/20/1	10/17/13	24,606.00
101-136.100-940.000	GENESEE COUNTY TREASURER	MCCREE MONT	Multiple	10/31/13	300,495.00
101-136.100-940.000	GENESEE COUNTY TREASURER		MCCREE RENT	10/31/13	30,480.87
101-136.100-940.000	GENESEE COUNTY TREASURER	MCCREE MONT	DECEMBER 2013	12/01/13	60,099.00
101-136.100-940.000	GENESEE COUNTY TREASURER	MCCREE MONT	JANUARY 2014	01/01/14	60,099.00
101-136.100-940.000	GENESEE COUNTY TREASURER	MCCREE MONT	FEBRUARY 2014	02/01/14	60,099.00
101-136.100-940.000	GENESEE COUNTY TREASURER	MCCREE MONT	MARCH 2014	03/01/14	60,099.00
	Total For Dept 136 District Court			647,756.09	
Dept 171 Office Of Mayor					
101-171.100-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	7.44
101-171.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	575.29
101-171.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	91.65
101-171.100-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	379.17
101-171.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	91.64
101-171.100-850.000	AT & T SBS		8102303151595	10/10/13	48.51
101-171.100-850.000	AT & T SBS		8102303151595	11/21/13	24.08
101-171.100-850.000	AT & T SBS		8102303151595	12/31/13	24.10
101-171.100-850.000	AT & T		810766700001	02/13/14	786.27
101-171.100-850.000	AT & T SBS		8102303151595	02/13/14	24.10
101-171.100-850.000	AT & T		810766700002	02/13/14	816.79
101-171.100-850.000	AT & T SBS		8102303151595	02/20/14	24.16
101-171.100-850.000	AT & T		810766700003	03/27/14	1,243.64
101-171.100-850.000	AT & T SBS		8102303151595	03/27/14	27.75
	Total For Dept 171 Office Of Mayor			4,164.59	
Dept 172 City Administrator					
101-172.100-801.000	MANUFACTURING ALLIANCE OF		0113402	10/10/13	10,000.00
101-172.100-801.000	MICHAEL K BROWN		0000001	12/05/13	11,000.00
101-172.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	575.29
101-172.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	91.64
101-172.100-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	379.17
101-172.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	91.65

101-172.100-850.000	AT & T		810766700001	02/13/14	629.02
101-172.100-850.000	AT & T		810766700002	02/13/14	653.43
101-172.100-850.000	AT & T		810766700003	03/27/14	994.91
	Total For Dept 172 City Administrator			24,415.11	
Dept 175 Human Relations Commission					
101-175.100-850.000	AT & T SBS		8102303151595	10/10/13	50.02
101-175.100-850.000	AT & T SBS		8102303151595	11/21/13	24.76
101-175.100-850.000	AT & T SBS		8102303151595	12/31/13	24.80
	Total For Dept 175 Human Relations Commission			99.58	
Dept 191 Finance -Admin/Accounting/Payroll					
101-191.100-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	99.07
101-191.100-801.000	ERNST & YOUNG U.S. LLP		US0131012163	03/27/14	130,000.00
101-191.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	543.28
101-191.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	181.16
101-191.100-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	181.16
101-191.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	181.16
101-191.100-850.000	AT & T		810766700001	02/13/14	576.60
101-191.100-850.000	AT & T		810766700002	02/13/14	598.98
101-191.100-850.000	AT & T		810766700003	03/27/14	912.00
101-191.201-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	46.96
101-191.201-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	674.03
101-191.201-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	183.29
101-191.201-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	183.29
	Total For Dept 191 Finance Purchasing			134,360.98	
Dept 215 Office Of City Clerk					
101-215.100-801.000	GRANICUS INC	MAINTENANCE	49721	10/31/13	14,340.00
101-215.200-452.000	FLINT BOARD OF EDUCATION		TAX YR 13	11/27/13	7,307.76
101-215.200-452.000	FLINT BOARD OF EDUCATION		TAX YR 13	02/13/14	9,751.42
101-215.200-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	12.03
101-215.200-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	340.83
101-215.200-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	113.61
101-215.200-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	113.61
101-215.200-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	113.61
	Total For Dept 215 City Clerk-License And Permits			32,092.87	

Dept 233 Purchasing					
101-233.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	1,933.53
101-233.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	644.51
101-233.100-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	976.37
101-233.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	644.51
101-233.100-850.000	AT & T		810766700001	02/13/14	157.25
101-233.100-850.000	AT & T		810766700002	02/13/14	163.36
101-233.100-850.000	AT & T		810766700003	03/27/14	248.73
	Total For Dept 233 Purchasing			4,768.26	
Dept 253 Customer Services-Treasury Operations					
101-253.200-729.000	SSS PRINTING		13138	11/27/13	15,000.00
101-253.200-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	1,217.54
101-253 200-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	396.02
101-253.200-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	425.50
101-253.200-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	396.02
101-253.200-850.000	AT & T SBS		8102303151595	10/10/13	173.78
101-253.200-850.000	AT & T SBS		8102303151595	11/21/13	52.73
101-253.200-850.000	AT & T SBS		8102303151595	12/31/13	52.46
101-253.200-850.000	AT & T SBS		8102303151595	02/13/14	52.65
101-253.200-850.000	AT & T SBS		8102303151595	02/20/14	51.87
101-253.200-850.000	AT & T		810766700003	03/27/14	331.64
101-253.200-850.000	AT & T SBS		8102303151595	03/27/14	58.90
101-253.201-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	287.48
101-253.201-801.000	INNOVATIVE SOFTWARE SERVICES, INC		1122	01/16/14	10,877.00
101-253.202-729.000	SSS PRINTING	POSTAGE FOR	12900	10/17/13	12,500.00
101-253.202-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	1,171.67
101-253.202-729.000	SSS PRINTING		13432	01/16/14	12,500.00
101-253.202-850.000	AT & T		810766700001	02/13/14	471 77
101-253.202-850.000	AT & T		810766700002	02/13/14	490.08
101-253.202-850.000	AT & T		810766700003	03/27/14	746.19
101-253.203-729.000	SSS PRINTING	POSTAGE FOR	12900	10/17/13	12,500.00
101-253.203-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	1,171.67
101-253.203-729.000	SSS PRINTING		13432	01/16/14	12,500.00
101-253.203-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	223.05
101-253.203-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	74.35

101-253.203-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	74.35
101-253.203-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	74.35
101-253.203-850.000	AT & T		810766700001	02/13/14	471.76
101-253.203-850.000	AT & T		810766700002	02/13/14	490 07
101-253.203-850.000	AT & T		810766700003	03/27/14	746.18
101-253.204-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	340.83
101-253.204-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	113.61
101-253.204-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	113.61
101-253.204-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	113.61
101-253.204-850.000	AT & T		810766700001	02/13/14	209.67
101-253.204-850.000	AT & T		810766700002	02/13/14	217.81
	Total For Dept 253 Delinquent Collections			86,688.22	
Dept 257 Assessment					
101-257.100-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	103.08
101-257.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	585.69
101-257.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	183.29
101-257.100-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	289.27
101-257.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	183.29
101-257.100-850.000	AT & T SBS		8102303151595	10/10/13	50.24
101-257.100-850.000	AT & T SBS		8102303151595	11/21/13	25.31
101-257.100-850.000	AT & T SBS		8102303151595	12/31/13	25.03
101-257.100-850.000	AT & T		810766700001	02/13/14	629.02
101-257.100-850.000	AT & T SBS		8102303151595	02/13/14	24.98
101-257.100-850.000	AT & T		810766700002	02/13/14	653.43
101-257.100-850.000	AT & T SBS		8102303151595	02/20/14	25.00
101-257.100-850.000	AT & T		810766700003	03/27/14	994.91
101-257.100-850.000	AT & T SBS		8102303151595	03/27/14	28.60
	Total For Dept 257 Assessment			3,801.14	
Dept 262 City Clerk-Election					
101-262.100-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	1,374.40
101-262.100-850.000	AT & T		810766700001	02/13/14	471.76
101-262.100-850 000	AT & T		810766700002	02/13/14	490.07
101-262.100-850.000	AT & T		810766700003	03/27/14	746.19
	Total For Dept 262 City Clerk-Election			3,082.42	

Dept 266 Law Office Operations					
101-266.100-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	76.16
101-266.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	1,188.06
101-266.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	396.02
101-266.100-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	426.49
101-266.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	396.02
101-266.100-850.000	AT & T		810766700001	02/13/14	629.02
101-266.100-850.000	AT & T		810766700002	02/13/14	653.43
101-266.100-850.000	AT & T		810766700003	03/27/14	994.91
	Total For Dept 266 Law Office Operations			4,760.11	
Dept 270 Personnel Office					
101-270.100-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	21.76
101-270.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	1,682.99
101-270.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	257.64
101-270.100-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	434.76
101-270.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	257.64
101-270.100-850.000	AT & T		810766700001	02/13/14	471.76
101-270.100-850.000	AT & T		810766700002	02/13/14	490.07
101-270.100-850.000	AT & T		810766700003	03/27/14	746.19
	Total For Dept 270 Personnel Office			4,362.81	
Dept 302 Pol Admin Bureau - Admin					
101-302.100-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	146.03
101-302.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	658.41
101-302.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	183.29
101-302.100-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	313.73
101-302.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	183.29
101-302.100-850.000	AT & T SBS		8102303151595	10/10/13	5,924.65
101-302.100-850.000	AT & T SBS		8102303151595	11/21/13	2,961.63
101-302.100-850.000	AT & T SBS		8102303151595	12/31/13	2,961.69
101-302.100-850.000	AT & T		810766700001	02/13/14	6,329.66
101-302.100-850.000	AT & T SBS		8102303151595	02/13/14	2,962.96
101-302.100-850.000	AT & T		810766700002	02/13/14	6,329.66
101-302.100-850.000	AT & T SBS		8102303151595	02/20/14	3,107.27
101-302.100-850.000	AT & T		810766700003	03/27/14	6,329.66
101-302.100-850.000	AT & T SBS		8102303151595	03/27/14	3,113.07

101-302.200-823 000	XEROX CORP	XEROX COI	Multiple	11/14/13	340.83
101-302.200-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	113.61
101-302.200-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	113.61
101-302.200-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	113.61
101-302.205-801.000	GENESEE COUNTY TREASURER	OPERATIONS O	Multiple	11/07/13	450,598.70
101-302.205-801.000	GENESEE COUNTY TREASURER	OPERATIONS O	14	12/19/13	189,048.83
101-302.205-801.000	GENESEE COUNTY TREASURER		Multiple	01/16/14	220,118.15
101-302.205-977.000	GENESEE COUNTY TREASURER	OPERATIONS O	16	02/20/14	253,600.67
	Total For Dept 302 Pol Admin - City Lock up			1,155,553 01	
Dept 305 Pol Tech Serv-Records & Identification					
101-305.200-730.000	GENESEE COUNTY TREASURER	FY13 AFIS	AFIS029	12/05/13	29,500.00
101-305.200-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	543.48
101-305.200-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	181.16
101-305.200-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	181.16
101-305.200-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	181.16
101-305.200-977.000	NEW WORLD SYSTEMS CORP	BARCODE HARI	032763	01/16/14	7,150.00
101-305.201-969.000	L.E.O.R.T.C.		3479	10/31/13	12,020.66
101-305.206-801.000	COMPLETE TOWING SERVICE		Multiple	10/10/13	60,126.50
101-305.206-801.000	COMPLETE TOWING SERVICE		068	12/05/13	14,075.00
101-305.206-801.000	COMPLETE TOWING SERVICE		069	01/16/14	12,245.00
101-305.206-801.000	COMPLETE TOWING SERVICE		070	02/13/14	15,552.50
	Total For Dept 305 Pol Tech Serv - City Impound			151,756.62	
Dept 308 Pol Invst Ovrhd - Criminal Invest Overh					
101-308.200-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	543.48
101-308.200-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	181.16
101-308 200-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	181.16
101-308.200-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	181.16
101-308.202-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	223 05
101-308.202-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	74.35
101-308.202-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	74.35
101-308.202-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	74 35
	Total For Dept 308 Pol Invst Ovrhd - Police School Liason			1,533.06	
Dept 315 Patrol Bureau - Administration					
101-315.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	1,828.19

101-315.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	650.23
101-315.100-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	1,143.48
101-315.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	650.23
101-315.100-977.000	BLUMERICH COMMUNICATIONS SER	DIRECTIONAL A	11770	11/21/13	19,472.00
101-315.207-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	1,323.36
101-315.207-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	396.02
101-315.207-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	564.46
101-315.207-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	396.02
	Total For Dept 315 Patrol Bureau-Traffic Safety			26,423.99	
Dept 325 Public Safety 911 - Administration					
101-325.100-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	0.57
101-325.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	223.05
101-325.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	74.35
101-325.100-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	74.35
101-325.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	74.35
101-325.100-850.000	AT & T SBS		8102303151595	10/10/13	2,702.46
101-325.100-850.000	AT & T SBS		8102303151595	11/21/13	1,351.08
101-325.100-850.000	AT & T SBS		8102303151595	12/31/13	1,682.13
101-325.100-850.000	AT & T		810766700001	02/13/14	524.18
101-325.100-850.000	AT & T SBS		8102303151595	02/13/14	1,682.43
101-325.100-850.000	AT & T		810766700002	02/13/14	544.53
101-325.100-850.000	AT & T SBS		8102303151595	02/20/14	1,682.43
101-325.100-850.000	AT & T		810766700003	03/27/14	829.10
101-325.100-850.000	AT & T SBS		8102303151595	03/27/14	1,686.03
	Total For Dept 325 Public Safety 911 - Administration			13,131.04	
Dept 337 Office Of Fire Chief					
101-337.100-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	5.15
101-337.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	867.86
101-337.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	183.29
101-337.100-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	572.64
101-337.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	183.29
101-337.100-850.000	AT & T SBS		8102303151595	10/10/13	9,633.88
101-337.100-850.000	AT & T SBS		8102303151595	11/21/13	4,754.00
101-337.100-850.000	AT & T SBS		8102303151595	12/31/13	4,827.13
101-337.100-850.000	AT & T		810766700001	02/13/14	4,369.88

101-337.100-850.000	AT & T SBS		8102303151595	02/13/14	5,237.71
101-337.100-850.000	AT & T		810766700002	02/13/14	4,369.88
101-337.100-850.000	AT & T SBS		8102303151595	02/20/14	5,399.17
101-337.100-850.000	AT & T		810766700003	03/27/14	4,369.88
101-337.100-850.000	AT & T SBS		8102303151595	03/27/14	5,437.38
	Total For Dept 337 Office Of Fire Chief			50,211.14	
Dept 338 Firefighting Division-Fire Station Overh					
101-338.201-930.000	ARGUS-HAZCO	SCOTT EQUIPM	04067440	11/07/13	5,184.53
	Total For Dept 338 Firefighting Division-Fire Station Overh			5,184.53	
Dept 371 Development-Planning & Zoning					
101-371.209-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	1.72
	Total For Dept 371 Development-Planning & Zoning			1.72	
Dept 690 DCD - Administration					
101-690.100-801.000	ASTI ENVIRONMENTAL	BROWNFIELD T	023949	01/23/14	5,200.00
101-690.100-850.000	AT & T		810766700001	02/13/14	681.44
101-690.100-850.000	AT & T		810766700002	02/13/14	707.88
101-690.100-850.000	AT & T		810766700003	03/27/14	1,077.82
	Total For Dept 690 DCD - Administration			7,667.14	
Dept 752 Parks & Recreation Admin					
101-752.100-850.000	AT & T		810766700001	02/13/14	1,138.65
101-752.100-850.000	AT & T		810766700002	02/13/14	1,148.82
101-752.100-850.000	AT & T		810766700003	03/27/14	1,291.11
101-752.101-850 000	AT & T SBS		8102303151595	10/10/13	320.84
101-752.101-850.000	AT & T SBS		8102303151595	11/21/13	159.59
101-752.101-850.000	AT & T SBS		8102303151595	12/31/13	159.71
101-752.101-850.000	AT & T SBS		8102303151595	02/13/14	159.78
101-752.101-850.000	AT & T SBS		8102303151595	02/20/14	162.90
101-752.101-850.000	AT & T SBS		8102303151595	03/27/14	176.39
101-752.101-920.000	Consumers Energy	ML121513-0116	100004824130	01/23/14	5,398.81
	Total For Dept 752 Parks - Recreation Division			10,116.60	
Dept 753 Pks-Facilities Maint-Municipal Center					
101-753.200-801.000	DU ALL CLEANING INC	JANITORIAL SEI	10125	10/10/13	5,798.00

101-753.200-801.000	DU ALL CLEANING INC	JANITORIAL SEI	10012	11/07/13	5,798.00
101-753.200-801.000	DU ALL CLEANING INC	JANITORIAL SEI	10036	12/12/13	5,798.00
101-753.200-801.000	DU ALL CLEANING INC	JANITORIAL SEI	10163	01/16/14	5,798.00
101-753.200-801.000	DU ALL CLEANING INC	JANITORIAL SEI	10382	02/13/14	5,798.00
101-753.200-801.000	FLINT GLASS SERVICE	NEW DOORS A	14136	02/27/14	6,349.00
101-753.200-801.000	DU ALL CLEANING INC	JANITORIAL SEI	10434	03/06/14	5,798.00
101-753.200-850.000	AT & T SBS		8102303151595	10/17/13	68.98
101-753.200-850.000	AT & T SBS		8102303151595	11/21/13	68.66
101-753.200-850.000	AT & T SBS		8102303151595	12/31/13	68.80
101-753.200-850.000	AT & T		810766700001	02/13/14	157.25
101-753.200-850.000	AT & T SBS		8102303151595	02/13/14	68.80
101-753.200-850.000	AT & T		810766700002	02/13/14	163.36
101-753.200-850.000	AT & T SBS		8102303151595	02/20/14	69.02
101-753.200-850.000	AT & T		810766700003	03/27/14	248.73
101-753.200-850.000	AT & T SBS		8102303151595	03/27/14	82.77
101-753.200-920.000	Consumers Energy	ML081713-0917	100000298446	10/17/13	31,189.36
101-753.200-920.000	Consumers Energy	ML091813-1016	100000298446	10/31/13	20,607.81
101-753.200-920.000	Consumers Energy	ML101713-1115	100000298446	12/12/13	18,220.03
101-753.200-920.000	Consumers Energy	ML111613-1216	Multiple	01/02/14	37,085.33
101-753.200-920.000	Consumers Energy	ML121713-0118	100000298479	01/23/14	21,639.89
101-753.200-920.000	Consumers Energy	ML121813-0120	100000298446	02/13/14	19,376.18
101-753.200-920.000	Consumers Energy	ML012114-0217	Multiple	02/27/14	43,726.03
101-753.200-920.000	Consumers Energy	ML013114-0301	100000301059	03/20/14	6,146.52
101-753.200-930.000	WILLIAM E WALTER INC	REPAIRS TO HE	37899	02/06/14	5,128.19
	Total For Dept 753 Pks-Facilities Maint-Municipal Center			245,252.71	
	Total For Fund 101 General Fund			2,895,151 32	

Fund 202 Major Street Fund
Dept 441 Transportation-Tlp Contribution

202-441.702-801.000	STATE OF MICHIGAN	AT	AP361051	10/24/13	11,604.39
202-441.702-801.000	ROWE ENGINEERING INC	GRAND TRAVEI	Multiple	10/31/13	81,608.00
202-441.702-801.000	WADE TRIM, INC	SAGINAW ST PI	45923	11/07/13	18,176.82
202-441.702-801.000	STATE OF MICHIGAN	AT	AP361964	11/27/13	7,012.96
202-441.702-801.000	STATE OF MICHIGAN	AT	AP361963	11/27/13	5,821.02
202-441.702-801.000	ROWE ENGINEERING INC	GRAND TRAVEI	0072860	12/05/13	6,882.75
202-441.702-801.000	ROWE ENGINEERING INC	GRAND TRAVEI	0073078	01/30/14	7,121.50

202-441.702-801.000	ROWE ENGINEERING INC	2013 BRIDGE PI	0073096	01/30/14	9,317.00
202-441.702-801.000	WADE TRIM, INC	SAGINAW ST PI	3000411	03/06/14	7,500.91
	Total For Dept 441 Transportation-Tip Contribution			155,045.35	
Dept 442 Transportation Major And Local Streets					
202-442.100-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	73.30
202-442.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	930.54
202-442.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	183.29
202-442.100-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	509.14
202-442.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	183.29
202-442.100-850.000	AT & T		810766700001	02/13/14	467.01
202-442.100-850.000	AT & T		810766700002	02/13/14	479.22
202-442.100-850.000	AT & T		810766700003	03/27/14	649.96
	Total For Dept 442 Transportation Major And Local Streets			3,475.75	
Dept 443 Trans Engg-Routine Maint-Strts/Repairs					
202-443.200-801.000	ROWE ENGINEERING INC	CITY ENGINEEI	0072543	10/31/13	20,212.50
202-443.200-801.000	WADE TRIM, INC	FY14 CITYWIDI	45922	11/07/13	7,744.13
202-443.200-850.000	AT & T		810766700001	02/13/14	157.25
202-443.200-850.000	AT & T		810766700002	02/13/14	163.36
202-443.200-850.000	AT & T		810766700003	03/27/14	248.73
202-443.201-726.000	CARRIER AND GABLE	TRAFFIC SIGNA	Multiple	03/06/14	62,574.96
202-443.201-801.000	M & M PAVEMENT MARKING, INC	SPRING & FALL	2623	11/07/13	54,093.50
202-443.201-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	564.08
202-443.201-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	187.96
202-443.201-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	187.96
202-443.201-823 000	XEROX CORP	XEROX COI	800627973	03/06/14	187.96
202-443.201-850.000	AT & T		810766700001	02/13/14	524.18
202-443.201-850.000	AT & T		810766700002	02/13/14	544.53
202-443.201-850.000	AT & T		810766700003	03/27/14	829.10
202-443.201-920.000	CONSUMERS ENERGY	AT	1000 0029 8321	11/28/13	12,256.82
202-443.201-920.000	CONSUMERS ENERGY	AT	1000 0029 8321	12/12/13	12,513.13
202-443.201-920.000	CONSUMERS ENERGY	AT	1000 0029 8321	01/16/14	12,333.37
202-443.201-920.000	CONSUMERS ENERGY	AT	1000 0029 8321	02/13/14	12,554.57
202-443.201-920.000	CONSUMERS ENERGY	AT	1000 0029 8321	03/13/14	12,318.33
	Total For Dept 443 Traffic Engineering Service Maintenance			210,196 42	

Dept 449 St Maint-Routine Maint-Strts/Repairs-Act

202-449.201-726.000	KNAPHEIDE JURSIK TRUCK EQUIP IN	CARBIDE BLADI	1100319	02/20/14	5,038.00
202-449.201-801.000	FLINT CARPET CO	TILE FOR STRE	54835	10/10/13	9,172.00
202-449.201-801.000	ZITO CONSTRUCTION CO		2402	01/16/14	6,600.00
202-449.201-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	145.68
202-449.201-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	48.56
202-449.201-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	48.56
202-449.201-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	48.56
202-449.201-850.000	AT & T SBS		8102303151595	10/10/13	42.64
202-449.201-850.000	AT & T SBS		8102303151595	11/21/13	21.30
202-449.201-850.000	AT & T SBS		8102303151595	12/31/13	21.30
202-449.201-850.000	AT & T SBS		8102303151595	02/13/14	21.37
202-449.201-850.000	AT & T SBS		8102303151595	02/20/14	24.16
202-449.201-850.000	AT & T SBS		8102303151595	03/27/14	23.95
202-449.203-726.000	DETROIT SALT CO	SALT FOR FY20	Multiple	11/27/13	13,504.66
202-449.203-726.000	DETROIT SALT CO	SALT FOR FY20	36296	01/09/14	7,805.34
202-449.203-726.000	DETROIT SALT CO	SALT FOR FY20	Multiple	01/16/14	15,421.52
202-449.203-726.000	DETROIT SALT CO	SALT FOR FY20	38212	01/23/14	7,524.13
202-449.203-726.000	DETROIT SALT CO	SALT FOR FY20	Multiple	02/13/14	14,294.32
202-449.203-726.000	DETROIT SALT CO	SALT FOR FY20	Multiple	03/06/14	45,357.16
202-449.203-782.000	ACE SAGINAW PAVING COMPANY		1935899	03/13/14	996.95
202-449.203-940.000	MICHIGAN CAT INC	RENTAL OF LO/	ER3756297	01/16/14	6,414.00
202-449.203-940.000	MICHIGAN CAT INC	RENTAL OF LO/	Multiple	01/30/14	7,276.20
	Total For Dept 449 St Maint-Winter Maint-Major/Local-Act51			139,850.36	
	Total For Fund 202 Major Street Fund			508,567.88	

Fund 203 Local Street Fund

Dept 449 St Maint-Routine Maint-Strts/Repairs-Act

203-449.201-726.000	KNAPHEIDE JURSIK TRUCK EQUIP IN	CARBIDE BLADI	1100319	02/20/14	5,038.00
203-449.203-726.000	DETROIT SALT CO	SALT FOR FY20	Multiple	11/27/13	13,548.50
203-449.203-726.000	DETROIT SALT CO	SALT FOR FY20	36296	01/09/14	18,212.45
203-449.203-726.000	DETROIT SALT CO	SALT FOR FY20	Multiple	01/16/14	21,826.08
203-449.203-726.000	DETROIT SALT CO	SALT FOR FY20	38212	01/23/14	3,224.63
203-449.203-726.000	DETROIT SALT CO	SALT FOR FY20	Multiple	02/13/14	15,617.27
203-449.203-726.000	DETROIT SALT CO	SALT FOR FY20	Multiple	03/06/14	43,767.44
203-449.203-726.000	DETROIT SALT CO	SALT FOR FY20	41815	03/06/14	5,628.35

203-449.203-782.000	ACE SAGINAW PAVING COMPANY		1935899	03/13/14	4,141.46
	Total For Dept 449 St Maint-Winter Maint-Major/Local-Act51			131,004.18	
	Total For Fund 203 Local Street Fund			131,004.18	
Fund 207 Police Fund					
Dept 315 Patrol Bureau-Patrol - 4Th Shift					
207-315 204-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	486.51
207-315.204-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	48.56
207-315.204-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	48.56
207-315.204-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	48.56
207-315.204-850.000	AT & T SBS		8102303151595	10/10/13	1,108.65
207-315.204-850.000	AT & T SBS		8102303151595	11/21/13	551.81
207-315.204-850.000	AT & T SBS		8102303151595	12/31/13	485.41
207-315.204-850.000	AT & T SBS		8102303151595	02/13/14	604.10
207-315.204-850.000	AT & T SBS		8102303151595	02/20/14	573.52
207-315.204-850.000	AT & T SBS		8102303151595	03/27/14	598.65
	Total For Dept 315 Patrol Bureau-Patrol - 4Th Shift			4,554.33	
	Total For Fund 207 Police Fund			4,554.33	
Fund 208 Park/Recreation Fund					
Dept 752 Parks & Recreation Admin					
208-752.100-850.000	AT & T SBS		8102303151595	10/10/13	65.82
208-752.100-850.000	AT & T SBS		8102303151595	11/21/13	21.29
208-752.100-850.000	AT & T SBS		8102303151595	12/31/13	21.30
208-752.100-850.000	AT & T SBS		8102303151595	02/13/14	21.30
208-752.100-850.000	AT & T SBS		8102303151595	02/20/14	21.38
208-752.100-850.000	AT & T SBS		8102303151595	03/27/14	24.67
208-752.102-801.000	MIKE'S LANDSCAPING		79	10/10/13	15,057.00
208-752.102-801.000	MIKE'S LANDSCAPING		81	11/21/13	15,192.00
208-752.102-801.000	J & M TREE SERVICE	FY14 TREE TRI	Multiple	11/27/13	12,550.00
208-752.102-801.000	AFFINITY VALUATION GROUP	APPRAISAL SEI	72474	01/30/14	7,900.00
208-752.102-920.900	TREASURER CITY OF FLINT		SAGN-003300-01	12/19/13	6,205.61
208-752.102-920.900	TREASURER CITY OF FLINT		FORE-002201-01	02/20/14	9,131.62
	Total For Dept 752 Parks - Forestry Admin			66,211 99	

	Total For Fund 208 Park/Recreation Fund			66,211.99	
Fund 213 Park & Recreation Senior Citizen Centers					
Dept 752 Brennan Community Center					
213-752.120-801.000	BRENNAN ELM PARK SENIOR COMMUNITY	SEPT 2013		10/10/13	9,023.26
213-752.120-801.000	BRENNAN ELM PARK SENIOR COMMI	FY13-14 SENIOI	OCTOBER 2013	11/21/13	6,602.48
213-752.120-801.000	BRENNAN ELM PARK SENIOR COMMI	FY13-14 SENIOI	NOVEMBER 2013	12/19/13	7,562.47
213-752.120-801.000	BRENNAN ELM PARK SENIOR COMMI	FY13-14 SENIOI	DECEMBER 2013	01/16/14	7,678.27
213-752.120-801.000	BRENNAN ELM PARK SENIOR COMMI	FY13-14 SENIOI	JANUARY 2014	02/20/14	7,056.44
213-752.120-801.000	BRENNAN ELM PARK SENIOR COMMI	FY13-14 SENIOI	FEBRUARY 2014	03/20/14	7,860.65
213-752.160-801.000	UNITED SENIOR NETWORK	FY13-14 SENIOI	OCTOBER 2013	11/21/13	9,485.50
213-752.160-801.000	UNITED SENIOR NETWORK	FY13-14 SENIOI	NOVEMBER 2013	12/19/13	12,547.52
213-752.160-801.000	UNITED SENIOR NETWORK	FY13-14 SENIOI	DECEMBER 2013	01/16/14	5,795.57
213-752.160-801.000	UNITED SENIOR NETWORK	FY13-14 SENIOI	JANUARY 2014	02/20/14	9,052.14
213-752.160-801.000	UNITED SENIOR NETWORK	FY13-14 SENIOI	FEBRUARY 2014	03/20/14	9,553.15
	Total For Dept 752 Hasselbring Community Center			92,217.45	
	Total For Fund 213 Park & Recreation Senior Citizen Centers			92,217.45	
Fund 219 Street Light					
Dept 443 Street Lighting					
219-443.206-920.000	CONSUMERS ENERGY	AT	1000 0029 8404	11/28/13	200,019.23
219-443.206-920.000	CONSUMERS ENERGY	AT	1000 0029 8404	12/12/13	190,488.09
219-443.206-920.000	CONSUMERS ENERGY	AT	1000 0029 8404	01/16/14	195,830.60
219-443.206-920.000	CONSUMERS ENERGY	AT	1000 0029 8404	03/13/14	392,331.93
	Total For Dept 443 Street Lighting			978,669.85	
	Total For Fund 219 Street Light			978,669.85	
Fund 226 Rubbish Collection Fund					
Dept 449 Fall cleanup					
226-449.204-801.000	MICHIGAN CAT INC	RENTAL OF LO/	ER3680340	01/16/14	7,111.68
226-449.204-801.000	ENVIRONMENTAL WOOD SOLUTIONS	LEAF DISPOSAL	9480	01/23/14	9,060.00
226-449.204-801.000	MICHIGAN CAT INC	RENTAL OF LO/	ER3834817	01/16/14	6,051.80
	Total For Dept 449 Fall cleanup			22,223.48	
Dept 528 Waste Collection - Sanitation					

226-528.201-801 000	RWS OF MID MICHIGAN		0237-001270292	11/07/13	324,336.87
226-528.201-801.000	RWS OF MID MICHIGAN		0237-001277374	12/05/13	324,336.87
226-528 201-801.000	RWS OF MID MICHIGAN		0237-001284638	01/16/14	324,336.87
226-528 201-801.000	RWS OF MID MICHIGAN		0237-001292871	01/30/14	324,336.87
226-528.201-801.000	RWS OF MID MICHIGAN		0237-001299502	03/06/14	324,336.87
	Total For Dept 528 Waste Collection - Sanitation			1,621,684.35	
	Total For Fund 226 Rubbish Collection Fund			1,643,907.83	
Fund 244 Economic Develop Corp Fund					
Dept 735 Edc-Administration					
244-735.100-801.000	PLANTE & MORAN, LLP		1106930	11/21/13	1,666.67
244-735.100-801.000	PLANTE & MORAN, LLP	CORRECT VO	63125	12/05/13	5,000.00
244-735.105-801.000	PLANTE & MORAN, LLP		1106930	11/21/13	1,666.67
	Total For Dept 735 Edc - RLF program administration			8,333.34	
	Total For Fund 244 Economic Develop Corp Fund			8,333.34	
Fund 265 Drug Law Enforcement Fund					
Dept 308 Pol Invst Ovrhd - Doj/Dea Forfeiture					
265-308.207-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	607.15
265-308.207-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	183.29
265-308.207-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	240.18
265-308.207-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	183.29
265-308.207-850.000	AT & T SBS		8102303151595	10/10/13	42.89
265-308.207-850.000	AT & T SBS		8102303151595	11/21/13	21.28
265-308.207-850.000	AT & T SBS		8102303151595	12/31/13	21.30
265-308.207-850.000	AT & T SBS		8102303151595	02/13/14	21.30
265-308.207-850.000	AT & T SBS		8102303151595	02/20/14	21.38
265-308.207-850.000	AT & T SBS		8102303151595	03/27/14	24.97
	Total For Dept 308 Pol Invst Ovrhd - Doj/Dea Forfeiture			1,367.03	
	Total For Fund 265 Drug Law Enforcement Fund			1,367.03	
Fund 274 HUD CDBG, ESG, & HOME GRANTS					
Dept 748 Cof Cdbg Administration					
274-748.100-729.000 FHUD14CD	MAIL ROOM SERVICE CENTER		10130261	11/21/13	1.15

274-748.100-823.000	FHUD14CD	XEROX CORP	XEROX COI	800619519	11/14/13	396.02
274-748.100-823.000		XEROX CORP	XEROX COI	Multiple	11/14/13	1,243.91
274-748.100-823.000	FHUD14CD	XEROX CORP	XEROX COI	800623852	12/12/13	396.02
274-748.100-823.000	FHUD14CD	XEROX CORP	XEROX COI	800626606	01/30/14	666.18
274-748.100-823.000	FHUD14CD	XEROX CORP	XEROX COI	800627973	03/06/14	396.02
274-748.102-805.327	FCDBGPRI	URBAN BUILDER & DEVELOPERS INC	CDBG 2013EM0	Multiple	10/17/13	26,134.56
274-748.102-805.327	FCDBGPRI	MOORE & SONS CONSTRUCTION	CO #1 TO 13-03	1050	11/07/13	14,249.36
274-748.102-805.327	FCDBGPRI	JOHN SHAW BUILDER DESIGNER		Multiple	12/19/13	22,723.00
274-748.102-805.327	FCDBGPRI	BEDROCK BUILDING INC	CONTRACT 13-(	1303601	12/19/13	15,100.00
274-748.102-805.327	FCDBGPRI	SARGENT'S TITLE COMPANY LLC	DEVELOPER FE	1315301	01/30/14	7,027.46
274-748.102-805.327	FCDBGPRI	MOORE & SONS CONSTRUCTION	CO #1 TO 13-03	1303404	02/27/14	18,700.00
274-748.102-805.327	FCDBGPRI	SALEM HOUSING COMM DEVELOPMI	SALEM HOUSIN	1315303	03/20/14	8,359.45
274-748.133-805.327	FCDBGPRI	PHILIP JOHNSON	CONTRACT EX	11164406A	12/05/13	7,534.00
274-748.133-805.327	FCDBGPRI	PHILIP JOHNSON	CONTRACT EX	1116412	02/06/14	5,984.00
274-748.150-801.000	FHUD13CD	BARTMAN EXCAVATING	DEMO- BACKFIL	2359	10/24/13	7,760.00
274-748.150-801.000	FHUD13CD	RIGHTWAY REMEDIATION LLC	ASBESTOS ABA	12-3620	12/12/13	594.25
274-748.151-801.000	FCDBGPRI	BURNASH WRECKING, INC	DEMOLITION - 2	102513	11/21/13	9,800.00
274-748.151-801.000	FCDBGPRI	BURNASH WRECKING, INC	DEMOLITION - 2	121613	01/02/14	12,204.65
274-748.160-977.500	FCDBGPRI	K M E FIRE APPARATUS		02052014-02	03/27/14	155,920.00
274-748.181-805.101	FCDBGPRI	ROWE ENGINEERING INC		0072785	12/05/13	5,730.50
274-748.181-805.101	FHUD14CD	DIPONIO CONTRACTING INC	SMITH VILLAGE	10	01/23/14	55,014.03
274-748.181-805.101	FCDBGPRI	DIPONIO CONTRACTING INC	SMITH VILLAGE	10	01/23/14	203,531.64
274-748.215-801.000	FHUD13CD	OAK CONSTRUCTION CORPORATION	DAMP PROOFIN	13-6-10	01/09/14	12,000.00
274-748.215-801.000	FHUD13CD	PURVIS & FOSTER INC	BOILER TUBE R	55607F	02/13/14	10,842.00
274-748.215-801.000	FHUD13CD	FLINT GLASS SERVICE	BERSTON FIELI	14112	02/20/14	15,438.00
274-748.215-801.000	FHUD14CD	FLINT GLASS SERVICE	BERSTON FIELI	14112	02/20/14	443.00
274-748.215-801.000	FHUD14CD	FLINT GLASS SERVICE	BERSTON FIELI	14159	02/27/14	6,755.00
274-748.272-805.105	FHUD14CD	BIG BROTHERS BIG SISTERS OF	COMMUNITY BA	Multiple	02/06/14	16,163.85
274-748.272-805.105	FHUD14CD	BIG BROTHERS BIG SISTERS OF	COMMUNITY BA	Multiple	02/20/14	11,919.34
274-748.369-805.076	FCDBGPRI	UPTOWN REINVESTMENT CORP	DEMOLITION OI	1313501	12/12/13	387,445.60
274-748.369-805.076	FHUD13CD	UPTOWN REINVESTMENT CORP	DEMOLITION OI	1313501	12/12/13	492,554.40
274-748.371-805.126	FCDBGPRI	GENESEE COUNTY LAND BANK AUTH	WEED AND TRA	1303801	11/21/13	35,981.14
274-748.371-805.126	FCDBGPRI	GENESEE COUNTY LAND BANK AUTH	WEED AND TRA	Multiple	11/27/13	220,848.46
274-748.535-805.105	FHUD14CD	BOYS & GIRLS CLUB	PUBLIC SERVIC	1309701	02/27/14	5,235.83
		Total For Dept 748 Boys and Girls Club			1,795,092.82	

Dept 749 COF - Smith Village project

274-749.181-805 276	FHOMEPRI	ROWE ENGINEERING INC	CO #3 TO 12-13	0072805	12/05/13	19,646.25
		Total For Dept 749 COF - Smith Village project			19,646.25	
Dept 750 METRO COMM DEV - ESG PROGRAMS						
274-750.200-805.101	FHUD13ES	METRO COMMUNITY DEVELOPMENT	METRO COMMU	1315101	03/13/14	55,250.76
274-750.200-805.101	FESGPRIO	METRO COMMUNITY DEVELOPMENT	METRO COMMU	1315101	03/13/14	2,470.00
274-750.200-805.122	FHUD13ES	METRO COMMUNITY DEVELOPMENT	METRO COMMU	1315101	03/13/14	19,198.12
274-750.200-805.123	FHUD13ES	METRO COMMUNITY DEVELOPMENT	METRO COMMU	1315101	03/13/14	49.25
274-750.200-805.124	FHUD13ES	METRO COMMUNITY DEVELOPMENT	METRO COMMU	1315101	03/13/14	18,000.00
274-750.362-805.101	FHUD13ES	GENESEE CTY COMMUNITY ACTION		1215704	10/03/13	9,098.44
274-750.451-805.101	FHUD13ES	MY BROTHER'S KEEPER OF GENESEE		1215303	10/31/13	5,686.60
274-750.482-805.101	FHUD13ES	SHELTER OF FLINT		Multiple	11/07/13	11,675.85
274-750.600-805.101	FHUD13ES	RESOURCE GENESEE		1301709	11/07/13	5,558.86
		Total For Dept 750 Resource Genesee			126,987.88	
		Total For Fund 274 HUD CDBG, ESG, & HOME GRANTS			1,941,726.95	
Fund 296 Other Grants Fund						
Dept 301 Recovery Act JAG 2009						
296-301.600-958.000	FDOJ11JA(	NEW WORLD SYSTEMS CORP	NEW WORLD TI	090413	10/31/13	45,000.00
296-301.600-977.500	FDOJ10JA(	APPLEGATE CHEVROLET	BID REQUEST F	Multiple	03/27/14	103,000.00
296-301.613-801.000	LCSM14BR	UNIVERSITY OF MICHIGAN - FLINT		BACK TO THE BRI(	12/19/13	9,909.52
296-301.613-801.000		STATE OF MICHIGAN	AT	551-398470	12/19/13	16,119.87
296-301.613-801.000	LCSM14BR	GENESEE COUNTY TREASURER		BACK TO THE BRI(	12/19/13	19,655.04
		Total For Dept 301 CS Mott - Back to Bricks Grant			193,684.43	
Dept 315 Mott Neighborhood Patrol (7/1/12 - 12/3						
296-315.702-726.000	LCSM13CC	MAIL ROOM SERVICE CENTER		10130261	11/21/13	38.37
		Total For Dept 315 Mott Neighborhood Patrol (7/1/12 - 12/3			38.37	
Dept 690 Sec 108 -Manhattan Place						
296-690.300-996.000		BANK OF NEW YORK MELLON		B-01-MC-26-0018	01/23/14	5,048.20
296-690.305-996.000		BANK OF NEW YORK MELLON		B-01-MC-26-0018	01/23/14	1,777.65
296-690.320-996.000		BANK OF NEW YORK MELLON		B-01-MC-26-0018	01/23/14	57,726.50
296-690.321-996.000		BANK OF NEW YORK MELLON		B-01-MC-26-0018	01/23/14	67,293.40
296-690.325-996.000		BANK OF NEW YORK MELLON		B-01-MC-26-0018	01/23/14	7,820.40
296-690.335-996.000		BANK OF NEW YORK MELLON		B-01-MC-26-0018	01/23/14	22,567.50

296-690.342-801.000		ASTI ENVIRONMENTAL		023536	10/24/13	7,240.00
296-690.391-801.000	FUSDAFOI	ENVIRONMENTAL CONSULTING & TECH		Multiple	01/23/14	218,285.75
296-690.400-801.000		HOUSEAL LAVIGNE ASSOCIATES LLC	PROFESSIONAL	2373	10/24/13	14,528.94
296-690.400-801.000		HOUSEAL LAVIGNE ASSOCIATES LLC	PROFESSIONAL	2392	12/05/13	78,472.09
296-690.400-801.000		HOUSEAL LAVIGNE ASSOCIATES LLC	PROFESSIONAL	Multiple	03/13/14	42,274.24
296-690.403-801.000	LCFNDNM/	LOCAL INITIATIVES SUPPORT CORP		013114	01/02/14	14,000.00
		Total For Dept 690 Comm Fndn Greater Flint - Master Plan			*537,034.67*	
		Total For Fund 296 Other Grants Fund			730,757.47	

Fund 297 Federal Stimulus Fund

Dept 741 Demo NSP 3

297-741.150-729.000	FHUD12NS	MAIL ROOM SERVICE CENTER		10130261	11/21/13	9.74
297-741.150-801.000	FHUD12NS	BURNASH WRECKING, INC	DEMOLITION - 2	102513	11/21/13	10,900.00
297-741.150-801.000	FHUD12NS	BARTMAN EXCAVATING	DEMOLITION 20	Multiple	11/21/13	22,020.00
297-741.150-801.000	FHUD12NS	L ZELLAR AND SONS EXCAVATING IN	L. ZELLAR- DEM	13266	11/28/13	6,500.00
297-741.150-801.000	FHUD12NS	D J FICK EXCAVATING CO INC	DEMOLITION - 4	Multiple	11/28/13	13,250.00
297-741.150-801.000	FHUD12NS	L ZELLAR AND SONS EXCAVATING IN	L. ZELLAR- DEM	Multiple	12/05/13	14,800.00
297-741.150-801.000	FHUD12NS	L ZELLAR AND SONS EXCAVATING IN	L. ZELLAR- DEM	Multiple	12/05/13	33,300.00
297-741.150-801.000	FHUD12NS	RIGHTWAY REMEDIATION LLC	ASBESTOS ABA	12-3619	12/12/13	7,926.50
297-741.150-801.000	FHUD12NS	RIGHTWAY REMEDIATION LLC	ASBESTOS ABA	12-3620	12/12/13	9,954.90
297-741.150-801.000	FHUD12NS	LA CONSTRUCTION CORPORATION	L.A. CONSTRUC	32059	12/19/13	25,000.00
297-741.150-801.000	FHUD12NS	BURNASH WRECKING, INC	DEMOLITION - 2	121613	01/02/14	26,322.25
297-741.150-801 000		ABLE DEMOLITION INC	DEMOLITION - 1	Multiple	01/16/14	55,032.59
297-741.150-801 000	FHUD12NS	RIGHTWAY REMEDIATION LLC	ASBESTOS ABA	14-3720	01/30/14	5,309.55
297-741.150-801.000	FHUD12NS	L ZELLAR AND SONS EXCAVATING IN	L. ZELLAR- DEM	14355	03/06/14	9,600.00
297-741.150-801.000	FHUD12NS	BURNASH WRECKING, INC	DEMOLITION - 2	22814	03/13/14	6,800.00
297-741.181-805.276	FHUD12NS	GDC SMITH VILLAGE LLC		12086B03	11/07/13	140,027 83
297-741.181-805.276	FHUD12NS	GDC SMITH VILLAGE LLC		1208604	01/30/14	161,299.20
297-741.181-805.276	FHUD12NS	GDC SMITH VILLAGE LLC		12086B05	03/06/14	53,065.43
297-741.181-805.276	FHUD12NS	GDC SMITH VILLAGE LLC		12086B06	03/13/14	55,312.01
		Total For Dept 741 Smith village - NSP3			*656,430.00*	

Dept 743 Neighborhood Stabilization program 2

297-743.100-802.400		MICHIGAN STATE HOUSING DEVELOPMENT		RETURN PROG INC	01/23/14	489,937.23
		Total For Dept 743 Neighborhood Stabilization program 2			489,937.23	

	Total For Fund 297 Federal Stimulus Fund			1,146,367.23	
Fund 402 Public Improvement Fund					
Dept 753 Pks-Facilities Maint-Municipal Center					
402-753.200-976.000	WILLIAM E WALTER INC	DUCTLESS SPL	36889	10/17/13	39,877.00
402-753.200-976.000	NEWKIRK ELECTRIC ASSOCIATES IN	POWER CIRCUI	30566	11/07/13	16,960.00
402-753.200-976.000	THOS BROWN & SON ROOFING CO	ROOF REPAIRS	2636	11/21/13	127,789.00
402-753.200-976.000	HD CONSTRUCTION GROUP	STEEL COVER /	10/04/2013	12/12/13	6,740.00
402-753.200-976.000	THOS BROWN & SON ROOFING CO	ROOF REPAIRS	APP #2	12/19/13	101,810.00
402-753.200-976.000	AERO FILTER, INC.	FILTER CHANGI	1359061-02	02/06/14	30,450.00
	Total For Dept 753 Pks-Facilities Maint-Municipal Center			323,626.00	
	Total For Fund 402 Public Improvement Fund			323,626.00	
Fund 542 Building Inspection Fund					
Dept 371 Development - Administration					
542-371.100-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	170.08
542-371.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	758.93
542-371.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	183.29
542-371.100-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	465.90
542-371.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	183.29
542-371.100-850.000	AT & T		810766700001	02/13/14	1,100.78
542-371.100-850.000	AT & T		810766700002	02/13/14	1,143.50
542-371.100-850.000	AT & T		810766700003	03/27/14	1,741.10
542-371.211-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	182.68
542-371.710-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	8.02
542-371.710-801.000	BURNASH WRECKING, INC	DEMOLITION - 2	102513	11/21/13	17,880.00
542-371.710-801.000	L ZELLAR AND SONS EXCAVATING IN	L. ZELLAR- DEM	Multiple	11/28/13	11,800.00
542-371.710-801.000	L ZELLAR AND SONS EXCAVATING IN	L. ZELLAR- DEM	Multiple	12/05/13	37,500.00
542-371.710-801.000	BURNASH WRECKING, INC	DEMOLITION - 2	121613	01/02/14	64,823.10
542-371.710-801.000	BARTMAN EXCAVATING	DEMOLITION - 1	2381	01/16/14	5,250.00
542-371.710-801.000	ABLE DEMOLITION INC	DEMOLITION - 1	Multiple	01/16/14	25,172.41
	Total For Dept 371 DEMOLITION - FIRE ESCROW			168,363.08	
Dept 741 Demo NSP 3					
542-741.150-801.000	RIGHTWAY REMEDIATION LLC		12-3612	10/31/13	11,507.90
	Total For Dept 741 Demo NSP 3			11,507.90	

	Total For Fund 542 Building Inspection Fund			179,870.98	
Fund 583 Oak Business Center Fund					
Dept 735 Edc-Oak Business Center					
583-735.204-801.000	PLANTE & MORAN, LLP		1106930	11/21/13	1,666.66
583-735.204-801.000	SIWEK CONSTRUCTION COMPANY	HVAC/INTERIOF	14102001	03/20/14	36,020.00
583-735.204-920.000	TREASURER CITY OF FLINT		SAGN-002712-01	12/19/13	12,870.47
583-735.204-955.000	POTTER & ROOSE INSURANCE		02/03/2014	02/06/14	19,497.73
	Total For Dept 735 Edc-Oak Business Center			70,054.86	
	Total For Fund 583 Oak Business Center Fund			70,054.86	
Fund 590 Sewer Fund					
Dept 000 Balance Sheet Activity					
590-000.000-040.100	CARRIAGE FACTORY DEV GROUP	UB REFUND FO	WATW-303-0-1	10/17/13	6,029.35
590-000.000-040.100	SIGMA SERVICES INC	UB REFUND FO	DARY-6648-0-2	02/13/14	2,621.56
590-000.000-040.100	MICHIGAN BELL #22131	UB REFUND FO	GRAS-2610-0-1	02/27/14	6,598.65
590-000.000-040.600	SIGMA SERVICES INC	UB REFUND FO	DARY-6648-0-2	02/13/14	819.24
	Total For Dept 000 Balance Sheet Activity			16,068.80	
Dept 012 3rd ave electrical modification					
590-012.113-211.000	NEWKIRK ELECTRIC ASSOCIATES INC		APP 4	01/16/14	17,861.30
590-012.137-211.000	SORENSEN GROSS CONSTRUCTION		2	10/10/13	(5,768.46)
590-012.137-211.000	SORENSEN GROSS CONSTRUCTION		RETENTION	10/31/13	14,407.73
	Total For Dept 012 SORENSEN GROSS (3RD AVE PUMP STATION)			26,500.57	
Dept 536 Utilities - Sewer Administration					
590-536.101-801.000	ROWE ENGINEERING INC		0072570	10/31/13	6,639.45
590-536.101-801.000	ROWE ENGINEERING INC		0072787	12/05/13	746.25
590-536.101-801.000	EQ THE ENVIRONMENTAL QUALITY C	HAZARDOUS W	40496689	12/05/13	21,019.56
590-536.101-801.000	GENESEE COUNTY DRAIN COMMISSI	PERMIT	GCDC2013-0138	12/19/13	9,291.25
590-536.101-801.000	RAFTELIS FINANCIAL CONSULTANTS	WATER AND SE	FLMI1311-01	01/02/14	9,625.85
590-536.101-801.000	RAFTELIS FINANCIAL CONSULTANTS	WATER AND SE	FLMI1311-02	01/16/14	10,190.26
590-536.101-801.000	RAFTELIS FINANCIAL CONSULTANTS	WATER AND SE	FLMI1311-03	02/20/14	5,048.89
590-536.101-801.000	STATE OF MICHIGAN	AT PERMIT	856687	02/20/14	7,000.00
590-536.101-801.000	GENESEE COUNTY DRAIN COMMISSI	PERMIT	GCDC2014-0022	03/06/14	9,291.25

590-536.714-801.000	ROWE ENGINEERING INC		0072570	10/31/13	59,755.04
590-536.714-801.000	ROWE ENGINEERING INC		0072787	12/05/13	6,716.25
	Total For Dept 536 MDEQ S2-Grant - Utilities			145,324.05	
Dept 540 Water Service Center Management					
590-540.100-801.000	MARLETTE ROOFING & SHEET META	ROOF REPLACE	3962	11/07/13	130,190.00
590-540.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	170.41
590-540.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	56.81
590-540.100-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	113.61
590-540.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	56.81
590-540.207-726.000	METRON-FARNIER, LLC	METRON-FARNI	17867	10/17/13	12,352.84
590-540.207-726.000	METRON-FARNIER, LLC	METERS	17984	12/12/13	44,950.00
590-540.208-726.000	HD SUPPLY WATERWORKS, LTD.	PIPE AND FITTII	B784183	12/05/13	3,872.62
590-540.208-758.000	MICHIGAN ELECTRIC SUPPLY COMP	HIP BOOTS	S100287565.002	01/02/14	3,769.50
590-540.208-758.000	RED WING SHOE STORE	SAFETY SHOES	5190000005065	03/27/14	2,603.73
590-540.208-782.000	ACE SAGINAW PAVING COMPANY	SEASONAL REC	1929963	01/23/14	2,624.25
590-540.208-782.000	ACE SAGINAW PAVING COMPANY	SEASONAL REC	1931865	02/13/14	2,613.06
590-540.208-863.000	JACK DOHENY SUPPLY	VACTOR/JET P/	W43317	11/07/13	14,341.96
590-540.208-863.000	JACK DOHENY SUPPLY	VACTOR/JET P/	Multiple	02/06/14	15,638.61
	Total For Dept 540 Wsc-Sewer Maint /Construction			233,354.21	
Dept 550 Wpc Operations					
590-550.100-730.500	STATE OF MICHIGAN	AT	845521	12/12/13	20,000.00
590-550.100-740.500	POLYDYNE INC	FY 2014 WPC PI	838378	10/31/13	6,629.40
590-550.100-740.500	POLYDYNE INC	FY 2014 WPC PI	846917	12/12/13	6,411.90
590-550.100-740.500	POLYDYNE INC	FY 2014 WPC PI	853676	01/16/14	6,559.80
590-550.100-740.500	POLYDYNE INC	FY 2014 WPC PI	863270	02/27/14	6,687.40
590-550.100-801.000	GREAT LAKES DIVING CO	FY2014 WPC DI	1328	10/17/13	7,674.96
590-550.100-801.000	MARINE POLLUTION CONTROL CORF	MERCURY CLE/	34233	01/23/14	11,736.47
590-550.100-814.600	MCNAUGHTON MCKAY ELECTRIC CC	FY 2014 WPC AI	13042148-00	12/19/13	823.20
590-550.100-814.600	MCNAUGHTON MCKAY ELECTRIC CC	FY 2014 WPC AI	13085880-00	01/23/14	1,444.13
590-550.100-850.000	AT & T SBS		8102303151595	10/10/13	235.95
590-550.100-850.000	AT & T SBS		8102303151595	11/21/13	117.66
590-550.100-850.000	AT & T SBS		8102303151595	12/31/13	126.24
590-550.100-850.000	AT & T		810766700001	02/13/14	2,731.00
590-550.100-850.000	AT & T SBS		8102303151595	02/13/14	107.05
590-550.100-850.000	AT & T		810766700002	02/13/14	2,775.76

590-550.100-850.000	AT & T SBS		8102303151595	02/20/14	118 58
590-550.100-850.000	AT & T		810766700003	03/27/14	3,401.81
590-550.100-850.000	AT & T SBS		8102303151595	03/27/14	129.03
590-550.100-920.200	BP CANADA ENERGY MARKETING CORP		5398778	11/07/13	28,015.88
590-550.100-920.200	BP CANADA ENERGY MARKETING CORP		5401062	11/07/13	28,012.06
590-550 100-920.200	CONSUMERS ENERGY	AT	1000 0000 4430	11/21/13	10,113 51
590-550.100-920.200	BP CANADA ENERGY MARKETING CORP		5403737	12/12/13	28,012.06
590-550.100-920.200	CONSUMERS ENERGY	AT	1000 0000 4430	12/12/13	10,188.13
590-550.100-920.200	BP CANADA ENERGY MARKETING CORP		5406442	01/09/14	27,062.06
590-550.100-920.200	CONSUMERS ENERGY	AT	1000 0000 4430	01/23/14	10,092.34
590-550.100-920.200	BP CANADA ENERGY MARKETING CORP		5409219	02/13/14	33,716.64
590-550.100-920.200	CONSUMERS ENERGY	AT	1000 0000 4430	02/13/14	11,232.97
590-550.100-920.200	BP CANADA ENERGY MARKETING CORP		5412069	03/13/14	30,248.32
590-550.100-920.200	CONSUMERS ENERGY	AT	1000 0000 4430	03/27/14	26,225.59
590-550.100-920.300	Consumers Energy	ML091813-1016'	100000148773	10/31/13	84,575.31
590-550.100-920.300	Consumers Energy	ML101713-1115'	100000148773	12/12/13	98,604.36
590-550.100-920.300	Consumers Energy	ML111613-1217'	100000148773	01/02/14	101,841.46
590-550.100-920.300	Consumers Energy	ML121813-0120'	100000148773	02/13/14	111,563.95
590-550.100-920.300	Consumers Energy	ML012114-0217'	100000148773	02/27/14	94,093.42
590-550.100-920.400	SWEDISH BIOGAS INTERNATIONAL, LLC		3RD QTR 2013	10/24/13	9,827.06
590-550.100-920.400	SWEDISH BIOGAS INTERNATIONAL, LLC		2014-990002	02/13/14	14,791.29
590-550.100-920.900	TREASURER CITY OF FLINT		BEEC-G04652-01	10/31/13	31,339.30
590-550.100-920.900	TREASURER CITY OF FLINT		BEEC-G04652-01	11/21/13	20,552.92
590-550.100-920.900	TREASURER CITY OF FLINT		BEEC-G04652-01	12/19/13	16,951.54
590-550.100-920.900	TREASURER CITY OF FLINT		BEEC-G04652-01	02/06/14	19,203.85
590-550.100-920.900	TREASURER CITY OF FLINT		BEEC-G04652-01	02/20/14	13,681.54
590-550.100-920.900	TREASURER CITY OF FLINT		BEEC-G04652-01	03/20/14	17,432.11
590-550.100-977.000	SCALETRON INDUSTRIES LTD	CHLORINE SCA	14871	03/20/14	6,651.60
590-550.200-775.000	AMERICAN ELECTRIC MOTOR CORP		50180	12/19/13	799.35
590-550.200-775.000	WILLIAM E WALTER INC	FY 14 WPC HVA	37737	01/23/14	34.05
590-550.200-920.300	Consumers Energy	ML101513-1115'	100000290393	11/21/13	10,331.73
590-550.200-920.300	Consumers Energy	ML111613-1216'	100000290393	01/02/14	10,371.95
590-550.200-920.300	Consumers Energy	ML121713-0118'	100000290393	01/23/14	15,191.26
590-550.200-920.300	Consumers Energy	ML011914-0217'	Multiple	02/27/14	16,618.05
590-550.200-920.900	TREASURER CITY OF FLINT		UNIW-000000-01	10/31/13	233,570.91
590-550.202-775.000	MID STATES BOLT & SCREW CO	FY 2014 WPC T(	30226570	11/27/13	5,464.00
590-550.202-775.000	MACOMB GROUP	FY 2014 WPC V	4027991	11/27/13	7,124.36

590-550.202-775.000	MCNAUGHTON MCKAY ELECTRIC CC	FY 2014 WPC Al	13042148-00	12/19/13	5,353.60
590-550.202-775.000	WILLIAM E WALTER INC	FY 14 WPC HVA	37737	01/23/14	2,179.38
590-550.202-775.000	MCNAUGHTON MCKAY ELECTRIC CC	FY 2014 WPC Al	13085880-00	01/23/14	21,836.33
590-550.202-775.000	HD SUPPLY WATERWORKS, LTD.	FY 2014 WPC SI	C012817	02/20/14	6,002.67
590-550.202-930.000	AMERICAN ELECTRIC MOTOR CORP		50180	12/19/13	4,529.65
590-550.202-930.000	MCNAUGHTON MCKAY ELECTRIC CC	FY 2014 WPC Al	13042148-00	12/19/13	823.20
590-550.202-930.000	WILLIAM E WALTER INC	FY 14 WPC HVA	37737	01/23/14	3,700.57
590-550.202-930 000	MCNAUGHTON MCKAY ELECTRIC CC	FY 2014 WPC Al	13085880-00	01/23/14	5,719.54
590-550.202-930.000	OAK CONSTRUCTION CORPORATION	FY 2014 WPC C	13-6-11	01/30/14	8,970.00
590-550.202-930.000	OAK CONSTRUCTION CORPORATION	FY 2014 WPC C	13-6-13	02/13/14	10,154.50
590-550.202-977.000	CONCUT INC	HYDRAULIC PO	INV3001903	01/16/14	6,619.83
590-550.202-977.000	SCALETRON INDUSTRIES LTD	CHLORINE SCA	14871	03/20/14	4,434.40
590-550.300-801.000	WADE TRIM, INC		45815	10/17/13	10,685.27
590-550.300-801.000	WADE TRIM, INC		3000151	12/12/13	19,338.94
590-550.300-801.000	WADE TRIM, INC		3000290	02/06/14	18,713.50
590-550.300-930.000	TITUS WELDING COMPANY INC	WPCF SECOND	Multiple	01/30/14	137,244.00
590-550.300-930.000	SORENSEN GROSS CONSTRUCTION	WPC EAST PUM	Multiple	02/13/14	37,211.00
590-550.300-930.000	SORENSEN GROSS CONSTRUCTION	WPC NORTHWE	Multiple	03/20/14	92,392.16
590-550.300-977.000	SORENSEN GROSS CONSTRUCTION		2	10/10/13	57,684.66
590-550.300-977.000	SORENSEN GROSS CONSTRUCTION		3	10/31/13	24,622.65
590-550.300-977.000	ENVIRODYNE SYSTEMS INC	WPCF SECOND	I-8303-2	11/21/13	92,800.00
590-550.300-977.000	HACH COMPANY	SAMPLERS	8585790	12/05/13	11,600.25
590-550.300-977.000	HAMLETT ENGINEERING SALES CO	FLOW METER F	1010610	12/05/13	32,496.50
590-550.300-977.000	DUPERON CORPORATION	EAST PUMPING	13679	12/05/13	210,250.00
590-550.300-977.000	KEYSTONE CONVEYOR	FY 2014 ONE C(	10412	12/12/13	24,820.00
590-550.300-977.000	DUPERON CORPORATION	EAST PUMPING	13744	12/19/13	336,400.00
590-550.300-977.000	ENVIRODYNE SYSTEMS INC	WPCF SECOND	I-8303-3	01/02/14	80,000.00
590-550.300-977.000	JWC ENVIRONMENTAL LLC		Multiple	01/02/14	365,602.00
590-550.300-977.000	NEWKIRK ELECTRIC ASSOCIATES IN	FY13 3RD AVE E	APP 3	01/16/14	20,000.00
590-550.300-977 000	ENVIRODYNE SYSTEMS INC	WPCF SECOND	I-8303-4	01/30/14	80,000.00
590-550.300-977.000	HAMLETT ENVIRONMENTAL TECHNC	STAINLESS STE	01/31/2014	02/06/14	7,650.00
	Total For Dept 550 WPC - Capital Improvements			3,001,079.87	
	Total For Fund 590 Sewer Fund			3,422,327.50	

Fund 591 Water Fund
Dept 000 Balance Sheet Activity

591-000.000-040.100	CARRIAGE FACTORY DEV GROUP	UB REFUND FO	WATW-303-0-1	10/17/13	4,629.60
591-000.000-040.100	SIGMA SERVICES INC	UB REFUND FO	DARY-6648-0-2	02/13/14	1,784.57
591-000 000-040.600	SIGMA SERVICES INC	UB REFUND FO	DARY-6648-0-2	02/13/14	1,228.86
	Total For Dept 000 Balance Sheet Activity			7,643.03	
Dept 536 Utilities - Water Administration					
591-536.100-801 000	UNITED STATES GEOLOGICAL SURV	COST AGREEMI	90196149	10/31/13	16,450.00
591-536.100-801 000	LOCKWOOD, ANDREWS & NEWMAN INC		130-10701-001-2	11/07/13	47,079.61
591-536.100-801.000	STATE OF MICHIGAN		837381	11/21/13	26,642.25
591-536.100-801.000	KAREGNONDI WATER AUTHORITY	KWA RAW WAT	Multiple	11/21/13	629,850.00
591-536.100-801.000	KAREGNONDI WATER AUTHORITY	KWA RAW WAT	NOVEMBER 2013	12/12/13	48,450.00
591-536.100-801.000	KAREGNONDI WATER AUTHORITY	KWA RAW WAT	DECEMBER 2013	01/02/14	48,450.00
591-536.100-801.000	RAFTELIS FINANCIAL CONSULTANTS	WATER AND SE	FLMI1311-01	01/02/14	9,625.84
591-536.100-801.000	KAREGNONDI WATER AUTHORITY	KWA RAW WAT	JANUARY 2014	01/16/14	48,450.00
591-536.100-801.000	RAFTELIS FINANCIAL CONSULTANTS	WATER AND SE	FLMI1311-02	01/16/14	10,190 27
591-536.100-801.000	LOCKWOOD, ANDREWS & NEWMAN INC		Multiple	02/13/14	332,849.36
591-536.100-801.000	KAREGNONDI WATER AUTHORITY	KWA RAW WAT	Multiple	02/13/14	96,900.00
591-536.100-801.000	LOCKWOOD, ANDREWS & NEWMAN INC		130-10701-001-3	02/13/14	16,978.56
591-536.100-801.000	RAFTELIS FINANCIAL CONSULTANTS	WATER AND SE	FLMI1311-03	02/20/14	5,048.89
591-536.100-801.000	LOCKWOOD, ANDREWS & NEWMAN INC		130-10701-001-6	02/27/14	222,144.23
591-536.100-801.000	LOCKWOOD, ANDREWS & NEWMAN INC		130-10701-001-7	03/27/14	146,862.47
	Total For Dept 536 Utilities - Water Administration			1,705,971.48	
Dept 540 Water Service Center Management					
591-540.100-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	5.73
591-540.100-801.000	ACE SAGINAW PAVING COMPANY		APP 1	11/21/13	124,236.80
591-540.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	170.42
591-540.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	56.80
591-540.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	56 80
591-540.100-850.000	AT & T SBS		8102303151595	10/10/13	137.24
591-540.100-850.000	AT & T SBS		8102303151595	11/21/13	68.26
591-540.100-850.000	AT & T SBS		8102303151595	12/31/13	68.16
591-540.100-850.000	AT & T		810766700001	02/13/14	2,366.09
591-540.100-850 000	AT & T SBS		8102303151595	02/13/14	67.93
591-540.100-850 000	AT & T		810766700002	02/13/14	2,404.74
591-540.100-850.000	AT & T SBS		8102303151595	02/20/14	68.02
591-540.100-850 000	AT & T		810766700003	03/27/14	2,945.42

591-540.100-850.000	AT & T SBS		8102303151595	03/27/14	80.84
591-540.200-726.000	METRON-FARNIER, LLC	METRON-FARNI	17867	10/17/13	12,352.83
591-540.200-726.000	METRON-FARNIER, LLC	METERS	17984	12/12/13	44,950.00
591-540.200-758.000	RED WING SHOE STORE	SAFETY SHOES	5190000005065	03/27/14	757.52
591-540.202-726.000	EAST JORDAN IRON WORKS INC.		Multiple	10/24/13	126,896.00
591-540.202-726.000	HD SUPPLY WATERWORKS, LTD.	PIPE AND FITTI	B784183	12/05/13	3,872.63
591-540.202-726.000	HD SUPPLY WATERWORKS, LTD.	STAINLESS STE	C024827	02/20/14	10,855.00
591-540.202-758.000	MICHIGAN ELECTRIC SUPPLY COMP/	HIP BOOTS	S100287565.002	01/02/14	3,769.50
591-540.202-758.000	RED WING SHOE STORE	SAFETY SHOES	5190000005065	03/27/14	2,983.12
591-540.202-782.000	ACE SAGINAW PAVING COMPANY	SEASONAL REC	1929963	01/23/14	2,624.25
591-540.202-782.000	ACE SAGINAW PAVING COMPANY	SEASONAL REC	1931865	02/13/14	2,613.05
591-540.202-863.000	KNAPHEIDE JURSIK TRUCK EQUIP IN	Purchase Knaph	081513	10/17/13	5,400.00
	Total For Dept 540 Wsc-Water Distriburion Mains			349,807.15	
Dept 545 Water Plant - Operations					
591-545.200-726.000	IDEXX LABORATORIES INC	BACTERIOLOGI	273682107	12/12/13	5,110.00
591-545.200-729.000	MAIL ROOM SERVICE CENTER		10130261	11/21/13	7.44
591-545.200-759.000	CITY OF DETROIT		2-0451.300	11/21/13	2,114,249.34
591-545.200-759.000	CITY OF DETROIT		002-0451.300	12/19/13	2,035,603.89
591-545.200-759.000	CITY OF DETROIT		002-0451.300	01/16/14	1,910,568.68
591-545.200-759.000	CITY OF DETROIT		002-0451.300	02/20/14	2,002,455.71
591-545.200-759.000	CITY OF DETROIT		002-0451.300	03/20/14	2,158,358.44
591-545.200-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	575.59
591-545.200-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	183.29
591-545.200-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	264.64
591-545.200-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	183.29
591-545.200-850.000	AT & T SBS		8102303151595	10/10/13	26,262.21
591-545.200-850.000	AT & T SBS		8102303151595	11/21/13	13,126.54
591-545.200-850.000	AT & T SBS		8102303151595	12/31/13	13,127.45
591-545.200-850.000	AT & T		810766700001	02/13/14	788.27
591-545.200-850.000	AT & T SBS		8102303151595	02/13/14	13,127.57
591-545.200-850.000	AT & T		810766700002	02/13/14	816.79
591-545.200-850.000	AT & T SBS		8102303151595	02/20/14	15,661.72
591-545.200-850.000	AT & T		810766700003	03/27/14	1,243.64
591-545.200-850.000	AT & T SBS		8102303151595	03/27/14	15,770.12
591-545.200-920.200	Consumers Energy	ML101913-1118	100000179950	11/21/13	7,104.66
591-545.200-920.200	CONSUMERS ENERGY		1000 0018 0446	01/02/14	7,180.18

591-545.200-920.200	Consumers Energy	ML111913-1219	100000179950	01/02/14	16,244.81
591-545.200-920.200	Consumers Energy	ML122013-0121	100000179950	02/13/14	17,665.40
591-545.200-920.200	Consumers Energy	ML011814-0217	Multiple	02/27/14	21,196.33
591-545.200-920.300	Consumers Energy	ML082913-0927	100000177871	10/17/13	23,594.83
591-545.200-920.300	Consumers Energy	ML092813-1028	100000177871	11/21/13	22,909.09
591-545.200-920.300	Consumers Energy	ML102913-1127	100000177871	12/12/13	20,020.58
591-545.200-920.300	Consumers Energy	ML111513-1215	100000294981	01/02/14	5,448.61
591-545.200-920.300	Consumers Energy	ML112813-1230	100000177871	01/23/14	24,568.61
591-545.200-920.300	Consumers Energy	ML123113-0129	100000177871	02/13/14	24,517.89
591-545.200-920.300	Consumers Energy	ML011714-0214	100000294981	02/27/14	7,579.90
591-545.200-920.300	Consumers Energy	ML013014-0227	Multiple	03/20/14	28,763.96
591-545.202-850.000	AT & T SBS		8102303151595	10/10/13	96.48
591-545.202-850.000	AT & T SBS		8102303151595	11/21/13	48.09
591-545.202-850.000	AT & T SBS		8102303151595	12/31/13	49.49
591-545.202-850.000	AT & T SBS		8102303151595	02/13/14	48.17
591-545.202-850.000	AT & T SBS		8102303151595	02/20/14	52.50
591-545.202-850.000	AT & T SBS		8102303151595	03/27/14	54.12
591-545.300-977.000	MCNAUGHTON MCKAY ELECTRIC CC	TORREY ROAD	12974112-00	01/30/14	15,482.36
591-545.300-977.000	MCNAUGHTON MCKAY ELECTRIC CC	WATER PLANT	12995215-00	03/06/14	298,210.00
591-545.300-977.000	SCALETRON INDUSTRIES LTD	CHLORINE SCA	14872	03/20/14	11,086.00
	Total For Dept 545 Water Plant - Capital Improvements			10,879,406.68	
	Total For Fund 591 Water Fund			12,942,828.34	

Fund 627 Fringe Benefit Fund
Dept 000 Balance Sheet Activity

627-000.000-232.050	CITY OF FLINT	PAY621025	10/18/13	8,695.21
627-000.000-232.050	CITY OF FLINT	PAY622018	10/31/13	8,694.36
627-000.000-232.050	CITY OF FLINT	PAY623025	11/15/13	8,759.64
627-000.000-232.050	CITY OF FLINT	PAY624025	11/29/13	8,555.61
627-000.000-232.050	CITY OF FLINT	PAY625027	12/13/13	8,899.93
627-000.000-232.050	CITY OF FLINT	PAY626024	12/26/13	8,946.67
627-000.000-232.050	CITY OF FLINT	PAY701024	01/10/14	9,864.26
627-000.000-232.050	CITY OF FLINT	PAY702025	01/24/14	8,817.22
627-000.000-232.050	CITY OF FLINT	PAY703026	02/07/14	9,654.91
627-000.000-232.050	CITY OF FLINT	PAY704025	02/21/14	8,806.29
627-000.000-232.050	CITY OF FLINT	PAY705028	03/07/14	8,804.37

627-000.000-232.050	CITY OF FLINT		PAY706027	03/21/14	8,807.47
627-000.000-232.100	STATE OF MICHIGAN		C38-6004611 0913	10/10/13	84,929.41
627-000.000-232.100	STATE OF MICHIGAN		C38-6004611 0913	11/14/13	122,785.97
627-000.000-232.100	STATE OF MICHIGAN		C38-6004611 11/13	12/12/13	79,869.75
627-000.000-232.100	STATE OF MICHIGAN		C38-6004611 1213	01/16/14	83,831.23
627-000.000-232.100	STATE OF MICHIGAN		C38-6004611 0114	02/13/14	86,405.78
627-000.000-232.100	STATE OF MICHIGAN	0311	C38-6004611 0214	03/20/14	85,604.86
627-000.000-232.250	EQUITABLE FINANCIAL SERVICES		PAY621010	10/18/13	13,372.65
627-000.000-232.250	ICMA RETIREMENT TRUST		PAY621012	10/18/13	12,405.22
627-000.000-232.250	EQUITABLE FINANCIAL SERVICES		PAY622009	10/31/13	13,201.27
627-000.000-232.250	ICMA RETIREMENT TRUST		PAY622011	10/31/13	12,484.66
627-000.000-232.250	EQUITABLE FINANCIAL SERVICES		PAY623012	11/15/13	13,470.47
627-000.000-232.250	ICMA RETIREMENT TRUST		PAY623014	11/15/13	12,049.06
627-000.000-232.250	EQUITABLE FINANCIAL SERVICES		PAY624010	11/29/13	13,467.71
627-000.000-232.250	ICMA RETIREMENT TRUST		PAY624012	11/29/13	11,493.90
627-000.000-232.250	EQUITABLE FINANCIAL SERVICES		PAY625012	12/13/13	13,226.37
627-000.000-232.250	ICMA RETIREMENT TRUST		PAY625014	12/13/13	12,090.18
627-000.000-232.250	EQUITABLE FINANCIAL SERVICES		PAY626009	12/26/13	12,618.54
627-000.000-232.250	ICMA RETIREMENT TRUST		PAY626011	12/26/13	11,964.54
627-000.000-232.250	EQUITABLE FINANCIAL SERVICES		Multiple	01/10/14	33,293.89
627-000.000-232.250	ICMA RETIREMENT TRUST		PAY701014	01/10/14	12,189.62
627-000.000-232.250	EQUITABLE FINANCIAL SERVICES		Multiple	01/24/14	23,024.86
627-000.000-232.250	ICMA RETIREMENT TRUST		PAY702012	01/24/14	11,577.54
627-000.000-232 250	EQUITABLE FINANCIAL SERVICES		Multiple	02/07/14	52,872.17
627-000.000-232.250	ICMA RETIREMENT TRUST		PAY703015	02/07/14	11,627.25
627-000.000-232.250	EQUITABLE FINANCIAL SERVICES		PAY704010	02/21/14	12,894.27
627-000.000-232.250	ICMA RETIREMENT TRUST		PAY704012	02/21/14	12,224.82
627-000.000-232.250	EQUITABLE FINANCIAL SERVICES		PAY705012	03/07/14	13,054.24
627-000.000-232.250	ICMA RETIREMENT TRUST		PAY705014	03/07/14	12,468.95
627-000.000-232.250	EQUITABLE FINANCIAL SERVICES		Multiple	03/21/14	31,084.91
627-000.000-232.250	ICMA RETIREMENT TRUST		PAY706014	03/21/14	12,587.19
627-000.000-232.310	ICMA RETIREMENT CORP		PAY621002	10/18/13	5,777.01
627-000.000-232.310	ICMA RETIREMENT CORP		PAY622002	10/31/13	12,061.86
627-000.000-232.310	ICMA RETIREMENT CORP		PAY623002	11/15/13	5,062.90
627-000.000-232.310	ICMA RETIREMENT CORP		PAY624002	11/29/13	5,062.90
627-000.000-232.310	ICMA RETIREMENT CORP		PAY625002	12/13/13	5,062.90
627-000.000-232.310	ICMA RETIREMENT CORP		PAY626002	12/26/13	5,062.90

627-000.000-232.310	ICMA RETIREMENT CORP	PAY701002	01/10/14	5,062.89
627-000.000-232.310	ICMA RETIREMENT CORP	PAY702002	01/24/14	5,062.90
627-000.000-232.310	ICMA RETIREMENT CORP	PAY703002	02/07/14	5,062.90
627-000.000-232.310	ICMA RETIREMENT CORP	PAY704002	02/21/14	5,757.14
627-000.000-232.310	ICMA RETIREMENT CORP	PAY705002	03/07/14	5,757.14
627-000 000-232.310	ICMA RETIREMENT CORP	PAY706002	03/21/14	5,757.14
627-000.000-232.350	FLINT FIRE FIGHTERS #352	PAY623005	11/15/13	7,169.37
627-000.000-232.350	FLINT FIRE FIGHTERS #352	PAY625005	12/13/13	7,125.73
627-000.000-232.350	FLINT FIRE FIGHTERS #352	PAY701005	01/10/14	7,058.36
627-000.000-232.350	FLINT FIRE FIGHTERS #352	PAY703005	02/07/14	6,844.80
627-000.000-232.350	FLINT FIRE FIGHTERS #352	PAY705005	03/07/14	6,796.29
627-000.000-232.500	AFLAC	PAY621008	10/18/13	14,096.81
627-000.000-232.500	AFLAC	PAY622007	10/31/13	14,040.45
627-000.000-232.500	AFLAC	PAY623009	11/15/13	14,008.66
627-000.000-232.500	AFLAC	PAY624008	11/29/13	14,103.51
627-000.000-232.500	AFLAC	PAY625009	12/13/13	14,222.06
627-000.000-232.500	AFLAC	PAY626007	12/26/13	14,429.29
627-000.000-232.500	AFLAC	PAY701008	01/10/14	14,135.10
627-000.000-232.500	AFLAC	PAY702007	01/24/14	14,095.86
627-000.000-232.500	AFLAC	PAY703009	02/07/14	14,171.75
627-000.000-232 500	AFLAC	PAY704008	02/21/14	14,119.11
627-000.000-232.500	AFLAC	PAY705009	03/07/14	14,184.68
627-000.000-232 500	AFLAC	PAY706008	03/21/14	14,212.16
627-000.000-232.550	MI STATE DISBURSEMENT UNIT	PAY621041	10/18/13	19,893.88
627-000.000-232.550	MI STATE DISBURSEMENT UNIT	PAY622034	10/31/13	19,841.05
627-000.000-232.550	MI STATE DISBURSEMENT UNIT	PAY623041	11/15/13	19,552.75
627-000.000-232.550	MI STATE DISBURSEMENT UNIT	PAY624041	11/29/13	19,590.60
627-000.000-232.550	MI STATE DISBURSEMENT UNIT	PAY625045	12/13/13	19,952.03
627-000.000-232.550	MI STATE DISBURSEMENT UNIT	PAY626042	12/26/13	19,816.92
627-000.000-232.550	MI STATE DISBURSEMENT UNIT	PAY701043	01/10/14	19,544.83
627-000.000-232.550	MI STATE DISBURSEMENT UNIT	PAY702042	01/24/14	19,183.45
627-000.000-232.550	MI STATE DISBURSEMENT UNIT	PAY703041	02/07/14	19,113.20
627-000.000-232.550	MI STATE DISBURSEMENT UNIT	PAY704041	02/21/14	19,340.17
627-000.000-232.550	MI STATE DISBURSEMENT UNIT	PAY705044	03/07/14	19,408.45
627-000.000-232.550	MI STATE DISBURSEMENT UNIT	PAY706043	03/21/14	19,199.87
627-000.000-232.750	ICMA RETIREMENT CORP	PAY621001	10/18/13	13,749.68
627-000.000-232.750	ICMA RETIREMENT CORP	PAY622001	10/31/13	13,322.95

627-000.000-232.750	ICMA RETIREMENT CORP	PAY623001	11/15/13	13,031.40
627-000.000-232.750	ICMA RETIREMENT CORP	PAY624001	11/29/13	13,217.50
627-000.000-232.750	ICMA RETIREMENT CORP	PAY625001	12/13/13	13,206.42
627-000.000-232.750	ICMA RETIREMENT CORP	PAY626001	12/26/13	13,682.75
627-000.000-232.750	ICMA RETIREMENT CORP	PAY701001	01/10/14	13,457.88
627-000.000-232.750	ICMA RETIREMENT CORP	PAY702001	01/24/14	15,099.72
627-000.000-232.750	ICMA RETIREMENT CORP	PAY703001	02/07/14	15,512.53
627-000.000-232.750	ICMA RETIREMENT CORP	PAY704001	02/21/14	15,751.35
627-000.000-232.750	ICMA RETIREMENT CORP	PAY705001	03/07/14	15,789.71
627-000.000-232.750	ICMA RETIREMENT CORP	PAY706001	03/21/14	15,488.86
	Total For Dept 000 Balance Sheet Activity		1,722,589.74	
Dept 174 Risk And Benefit-Workers Compensation				
627-174.871-850.000	AT & T	810766700001	02/13/14	104.84
627-174.871-850.000	AT & T	810766700002	02/13/14	108.91
627-174.871-850.000	AT & T	810766700003	03/27/14	165.82
	Total For Dept 174 Risk And Benefit-Workers Compensation		379 57	
Dept 270 Personnel - Workers compensation				
627-270.300-850.000	AT & T SBS	8102303151595	10/10/13	51.47
627-270.300-850.000	AT & T SBS	8102303151595	11/21/13	25.49
627-270.300-850.000	AT & T SBS	8102303151595	12/31/13	25.44
627-270.300-850.000	AT & T SBS	8102303151595	02/13/14	25.50
627-270.300-850.000	AT & T SBS	8102303151595	02/20/14	25.64
627-270.300-850 000	AT & T SBS	8102303151595	03/27/14	29.65
	Total For Dept 270 Personnel - Workers compensation		183.19	
Dept 853 Fringe Benefits - Unemployment Insurance				
627-853.230-724.000	UNEMPLOYMENT INSURANCE AGEN(AT	Multiple	10/24/13	736,015.39
627-853.250-716.000	MCLAREN HEALTH PLAN	Multiple	11/21/13	86,732.55
627-853.250-716.000	HEALTHPLUS OF MICHIGAN	Multiple	12/19/13	283,871.77
627-853.250-716.000	HEALTHPLUS OF MICHIGAN	Multiple	02/06/14	131,739.43
627-853.250-716.000	MCLAREN HEALTH PLAN	Multiple	02/06/14	71,365.86
627-853.250-716.000	HEALTHPLUS OF MICHIGAN	Multiple	02/13/14	133,091.35
627-853.250-716.000	HEALTHPLUS OF MICHIGAN	Multiple	02/20/14	155,725.28
627-853.250-716.000	MCLAREN HEALTH PLAN	Multiple	02/27/14	48,030.87
627-853.250-716.000	HEALTHPLUS OF MICHIGAN	Multiple	03/20/14	130,899.23

627-853.250-716.000	MCLAREN HEALTH PLAN			Multiple	03/20/14	44,312.27
627-853.300-717.000	STANDARD INSURANCE CO.		LIFE INSURA	Multiple	11/14/13	10,981.42
627-853.300-717.000	STANDARD INSURANCE CO.		LIFE INSURA	DECEMBER 2013	11/21/13	5,468.38
627-853.300-717.000	STANDARD INSURANCE CO.		LIFE INSURA	JANUARY 2014	12/19/13	5,420.82
627-853.300-717.000	STANDARD INSURANCE CO.		LIFE INSURA	FEBRUARY 2014	01/23/14	5,394.04
627-853.300-717.000	STANDARD INSURANCE CO.		LIFE INSURA	MARCH 2014	02/20/14	5,391.96
627-853.300-717.000	STANDARD INSURANCE CO.		LIFE INSURA	APRIL 2014	03/20/14	5,420.04
627-853.310-717.600	JUDITH SAMUEL, BENEFICIARY OF	FI		DEATH BENEFIT	10/24/13	30,000.00
627-853.310-717.600	IAN SPIRIDIGLIOZZI	FI		DEATH BENEFIT	01/30/14	30,000.00
	Total For Dept 853 Fringe Benefit - Paid Up Life Insurance				1,919,860.66	
Dept 861 Fringe Benefit - Icma Retiremnt Contrib						
627-861.200-969.000	ICMA RETIREMENT CORP			PAY622002	01/16/14	12,061.86
	Total For Dept 861 Fringe Benefit - Icma Retiremnt Contrib				12,061.86	
	Total For Fund 627 Fringe Benefit Fund				3,655,075.02	
Fund 636 Information Services Fund						
Dept 228 Information Services						
636-228.100-801.000	EPIC TECHNOLOGY SOLUTIONSLLC	EXPIRES 8/31/1		3621	03/27/14	8,515.00
636-228.100-814.600	BS & A SOFTWARE			094280	01/16/14	132,616.25
636-228.100-814.600	BS & A SOFTWARE	BS&A SUPPORT		093934	02/20/14	5,000.00
636-228.100-823.000	XEROX CORP		XEROX COI	Multiple	11/14/13	612.98
636-228.100-823.000	XEROX CORP		XEROX COI	800623852	12/12/13	183.30
636-228.100-823.000	XEROX CORP		XEROX COI	800626606	01/30/14	278.96
636-228.100-823.000	XEROX CORP		XEROX COI	800627973	03/06/14	183.30
636-228.100-850.000	AT & T SBS			8102303151595	10/10/13	5,156.16
636-228.100-850.000	AT & T			Multiple	10/10/13	75,287.29
636-228.100-850.000	AT & T	AT		8954628697	11/07/13	8,436.20
636-228.100-850.000	AT & T	AT		810R01039411	11/21/13	24,877.24
636-228.100-850.000	AT & T SBS			8102303151595	11/21/13	2,578.06
636-228.100-850.000	AT & T	AT		8954869212	12/12/13	8,575.64
636-228.100-850.000	AT & T	AT		Multiple	12/12/13	53,343.75
636-228.100-850.000	AT & T SBS			8102303151595	12/31/13	2,578.06
636-228.100-850.000	AT & T			Multiple	12/27/13	43,357.18
636-228.100-850.000	AT & T	AT		Multiple	01/02/14	56,775.51
636-228.100-850.000	AT & T	AT		8952349206	01/16/14	17,174.92

636-228.100-850.000	AVAYA INC	PHONE MAINTE	2732892672	01/23/14	39,794.16
636-228.100-850.000	AT & T	AT	8955342347	02/06/14	7,013.66
636-228.100-850.000	AT & T	AT	Multiple	02/13/14	21,342.03
636-228.100-850.000	AT & T SBS		8102303151595	02/13/14	2,578.13
636-228.100-850.000	AT & T		810766700002	02/13/14	26,834.39
636-228.100-850.000	AT & T SBS		8102303151595	02/20/14	3,091.95
636-228.100-850.000	AT & T	AT	8955574942	03/06/14	7,013.66
636-228.100-850.000	AT & T	AT	Multiple	03/20/14	22,013.44
636-228.100-850.000	AT & T SBS		8102303151595	03/27/14	3,098.46
636-228.100-930.000	AVAYA FINANCIAL SERVICES		23999863	11/28/13	9,133.83
636-228.100-930.000	AMAZON MARKETPLACE PMTS	Purchase Amazo	11/13/2013	12/10/13	5,255.20
636-228.100-930.000	DELL MARKETING LP	Purchase Dmi* D	XJ8049M71	12/10/13	8,041.46
636-228.100-930.000	ONIX NETWORKING CORPORATION	GOOGLE LICEN	131277	01/09/14	35,370.00
636-228.100-977.000	DELL FINANCIAL SERVICES, LLC		76921231	10/31/13	12,652.80
636-228.100-977.000	DELL FINANCIAL SERVICES, LLC		76981153	12/05/13	12,652.80
636-228.100-977.000	DELL FINANCIAL SERVICES, LLC		77040094	01/02/14	12,652.80
636-228.100-977.000	DELL FINANCIAL SERVICES, LLC		77089353	01/23/14	12,652.80
636-228.100-977.000	DELL FINANCIAL SERVICES, LLC		77154102	02/27/14	12,652.80
	Total For Dept 228 Information Services			699,374.17	
	Total For Fund 636 Information Services Fund			699,374.17	

Fund 661 Fleet/Central Garage Fund
Dept 000 Balance Sheet Activity

661-000.000-110.400	NEAL'S TRUCK PARTS INC	REPAIR PARTS	1169243	02/20/14	11,791.25
661-000.000-110.400	AIS CONSTRUCTION EQUIP&CONTR/	REPAIR PARTS	S91875	02/20/14	8,377.75
661-000.000-110.400	GCR TIRE CENTERS	PARTS AND SUI	536-19448	03/06/14	7,030.86
	Total For Dept 000 Balance Sheet Activity			27,199.86	

Dept 451 Fleet Management

661-451.100-751.000	MARATHON FLINT OIL COMPANY		Multiple	10/31/13	17,896.16
661-451.100-751.000	MARATHON FLINT OIL COMPANY		Multiple	11/13/13	14,024.17
661-451.100-751.000	MARATHON FLINT OIL COMPANY		Multiple	12/04/13	38,684.91
661-451.100-751.000	MARATHON FLINT OIL COMPANY		Multiple	01/08/14	21,750.92
661-451.100-751.000	MARATHON FLINT OIL COMPANY		82628	02/06/14	7,394.13
661-451.100-751.000	MARATHON FLINT OIL COMPANY		Multiple	02/13/14	19,128.85
661-451.100-751.000	MARATHON FLINT OIL COMPANY		Multiple	02/27/14	54,835.31

661-451.100-751.000	MARATHON FLINT OIL COMPANY		Multiple	03/20/14	17,937.62
661-451.100-751.000	MARATHON FLINT OIL COMPANY		Multiple	04/03/14	14,022.61
661-451.100-751.000	MARATHON FLINT OIL COMPANY		83736	03/20/14	6,481.77
661-451.100-751.000	MARATHON FLINT OIL COMPANY		Multiple	03/27/14	18,591.15
661-451.100-823.000	XEROX CORP	XEROX COI	Multiple	11/14/13	340.83
661-451.100-823.000	XEROX CORP	XEROX COI	800623852	12/12/13	113.61
661-451.100-823.000	XEROX CORP	XEROX COI	800626606	01/30/14	113.61
661-451.100-823.000	XEROX CORP	XEROX COI	800627973	03/06/14	113.61
661-451.100-850.000	AT & T		810766700001	02/13/14	209.67
661-451.100-850.000	AT & T		810766700002	02/13/14	217.81
661-451.100-850.000	AT & T		810766700003	03/27/14	331.64
661-451.100-930.000	WEST SHORE FIRE INC	EMERGENCY RI	6905	12/12/13	13,851.76
661-451.100-930.000	WOLVERINE BUMP & PAINT SHOP, IN	BODY REPAIR C	Multiple	02/20/14	10,551.49
661-451.100-930.000	AUSTINS BODY SHOP	BODY REPAIR C	1111	03/20/14	7,383.00
661-451.100-977.500	BROOKS BROTHERS TRAILERS	COMBO POLE/T	31093	01/30/14	12,220.00
661-451.100-977 500	K & K SYSTEMS INC	SOLAR POWER	6059	03/13/14	8,162.82
	Total For Dept 451 Fleet Management			284,357.45	
	Total For Fund 661 Fleet/Central Garage Fund			311,557.31	

Fund 677 Self Insurance Fund

Dept 174 Risk And Benefit- Insurance/Bonds

677-174.851-955.000	LAKE AGENCY		54208	10/31/13	147,022.00
677-174.851-955.000	MEADOWBROOK INC		209912	01/02/14	5,100.00
	Total For Dept 174 Risk And Benefit- Insurance/Bonds			152,122.00	

Dept 266 Law Office-Suits/Settlements

677-266.200-801 500	WARNER NORCROSS AND JUDD LLT	LEGAL SERVICE	1879007	10/10/13	7,071.30
677-266.200-801.500	SHEDD,FRASIER_PLC	LEGAL SERVICE	24226	10/10/13	6,661.67
677-266.200-801.500	GIARMARCO MULLINS & HORTON PC	LEGAL SERVICE	83547.003-INV.8	10/10/13	7,443.75
677-266.200-801.500	SHEDD,FRASIER_PLC	LEGAL SERVICE	24499	12/12/13	5,183.88
677-266.200-801.500	GIARMARCO MULLINS & HORTON PC	LEGAL SERVICE	18	03/20/14	7,143.75
677-266.200-956.300	AAK CONSTRUCTION INC AND THEIR ATTY		13-1305-GC	10/10/13	10,000.00
677-266.200-956.300	WILLIE DOUGLAS AND HER ATTY AN	SETTLEMENT	122313	12/26/13	10,000.00
677-266.200-956.300	ELECTRONIC RESTORATION SERVICES INC		11-96389-CZ	01/16/14	8,668.01
677-266.200-956.300	ROYAL ALEXANDER & HIS ATTY		EME1112014	01/30/14	30,000.00
677-266.200-956.300	BARBARA ANN POHLMANN-KUZNICKI		EME1122014	02/13/14	6,481.56

677-266.200-956.300	BOBBY TOWNSEND & HIS ATTORNEY		EME1492014	02/27/14	30,000.00
677-266.200-956.300	ANTHONY LEMON AND HIS ATTORNEY		EME191204	03/27/14	7,500.00
	Total For Dept 266 Law Office-Suits/Settlements			136,153.92	
	Total For Fund 677 Self Insurance Fund			288,275.92	
Fund 701 General Agency Fund					
Dept 000 Balance Sheet Activity					
701-000.000-202.000	HARVEY, CHARLES W & WF GISELE /	Bond Refund	FWA11-0011	11/28/13	5,012.00
701-000.000-202.000	WAUGH, RONALD L	BD Bond Refund	FWA13-0049	01/16/14	8,295.00
701-000.000-202.000	HAMDAN, SAM	BD Bond Refund	B13-00023	01/23/14	8,129.00
701-000.000-389.000	KALILA HINTON		10-0043	11/21/13	7,812.00
701-000.000-389.000	DIABLO REEVES		FWA 13-0039	12/12/13	8,295.00
	Total For Dept 000 Balance Sheet Activity			37,543.00	
	Total For Fund 701 General Agency Fund			37,543.00	
Fund 702 Tax Collection Fund - Prior Years					
Dept 000 Balance Sheet Activity					
702-000.000-202.950	FLINT BOARD OF EDUCATION		TAX YR 13	02/27/14	28,875.20
	Total For Dept 000 Balance Sheet Activity			28,875 20	
	Total For Fund 702 Tax Collection Fund - Prior Years			28,875.20	
Fund 703 Current Tax Collection Fund					
Dept 000 Balance Sheet Activity					
703-000.000-202.900	STORAGE PROS FLINT &	TO	41-21-101-049	11/28/13	34,298.13
703-000.000-202.900	GENERAL MOTORS CORP	TO	21-99-673-001	01/16/14	5,680.35
703-000.000-202.900	GENERAL MOTORS CORP	TO	22-98-546-001	01/16/14	66,764.29
703-000.000-202.900	CARRIAGE FACTORY LTD	40-13-229-015	40-13-229-015	02/13/14	5,924.35
703-000.000-202.900	CITIZENS PLAZA, LLC	41-16-101-021	41-16-101-021	02/13/14	20,575.73
703-000.000-202.900	BURLINGAME INVESTORS LP	41-06-401-016	41-06-401-016	02/13/14	7,699.08
	Total For Dept 000 Balance Sheet Activity			140,941.93	
Dept 001 2010 Fsd Property Tax Levy					
703-001.100-274.000	FLINT BOARD OF EDUCATION		TAX YR 13	10/24/13	195,807.22
703-001.100-274.000	FLINT BOARD OF EDUCATION		TAX YR 13	11/14/13	705,984.47

703-001.100-274.000	FLINT BOARD OF EDUCATION	TAX YR 13	11/27/13	197,653.93
703-001.100-274.000	FLINT BOARD OF EDUCATION	TAX YR 13	12/05/13	56,995.81
703-001.100-274.000	FLINT BOARD OF EDUCATION	TAX YR 13	12/26/13	47,414.17
703-001.100-274.000	FLINT BOARD OF EDUCATION	TAX YR 13	01/16/14	89,211.62
703-001.100-274.000	FLINT BOARD OF EDUCATION	TAX YR 13	01/30/14	91,839.03
703-001.100-274.000	FLINT BOARD OF EDUCATION	TAX YR 13	02/13/14	158,703.26
703-001.100-274.000	FLINT BOARD OF EDUCATION	TAX YR 13	02/27/14	224,245.41
703-001.100-274.000	FLINT BOARD OF EDUCATION	TAX YR 13	03/14/14	528,410.34
703-001.101-274.000	GENESEE COUNTY TREASURER	TAX YR 13	10/24/13	81,256.39
703-001.101-274.000	GENESEE COUNTY TREASURER	TAX YR 13	11/14/13	267,659.81
703-001.101-274.000	GENESEE COUNTY TREASURER	TAX YR 13	11/27/13	83,869.19
703-001.101-274.000	GENESEE COUNTY TREASURER	TAX YR 13	12/05/13	21,576.47
703-001.101-274.000	GENESEE COUNTY TREASURER	TAX YR 13	12/26/13	83,918.91
703-001.101-274.000	GENESEE COUNTY TREASURER	TAX YR 13	01/16/14	193,992.76
703-001.101-274.000	GENESEE COUNTY TREASURER	TAX YR 13	01/30/14	363,352.16
703-001.101-274.000	GENESEE COUNTY TREASURER	TAX YR 13	02/13/14	299,472.66
703-001.101-274.000	GENESEE COUNTY TREASURER	TAX YR 13	02/27/14	840,904.11
703-001.101-274.000	GENESEE COUNTY TREASURER	TAX YR 13	03/14/14	319,091.60
703-001.102-274.000	C S MOTT COMMUNITY COLLEGE	TAX YR 13	10/24/13	44,570.59
703-001.102-274.000	C S MOTT COMMUNITY COLLEGE	TAX YR 13	11/14/13	139,477.37
703-001.102-274.000	C S MOTT COMMUNITY COLLEGE	TAX YR 13	11/27/13	41,145.86
703-001.102-274.000	C S MOTT COMMUNITY COLLEGE	TAX YR 13	12/05/13	11,201.44
703-001.102-274.000	C S MOTT COMMUNITY COLLEGE	TAX YR 13	12/26/13	10,332.18
703-001.102-274.000	C S MOTT COMMUNITY COLLEGE	TAX YR 13	01/16/14	15,852.92
703-001.102-274.000	C S MOTT COMMUNITY COLLEGE	TAX YR 13	01/30/14	19,044.26
703-001.102-274.000	C S MOTT COMMUNITY COLLEGE	TAX YR 13	02/13/14	46,945.56
703-001.102-274.000	C S MOTT COMMUNITY COLLEGE	TAX YR 13	02/27/14	66,145.86
703-001.102-274.000	C S MOTT COMMUNITY COLLEGE	TAX YR 13	03/14/14	98,188.97
703-001.103-274 000	DOWNTOWN DEVELOPMENT AUTHORITY	TAX YR 13	11/14/13	6,993.06
703-001.103-274.000	DOWNTOWN DEVELOPMENT AUTHORITY	TAX YR 13	11/27/13	1,690.86
703-001.103-274.000	DOWNTOWN DEVELOPMENT AUTHORITY	TAX YR 13	02/27/14	3,353.31
703-001.105-274.000	CARMAN SCHOOL DISTRICT	TAX YR 13	11/14/13	44,864.62
703-001.105-274.000	CARMAN SCHOOL DISTRICT	TAX YR 13	02/27/14	131,507.79
703-001.105-274.000	CARMAN SCHOOL DISTRICT	TAX YR 13	03/14/14	13,324.87
703-001.106-274.000	GENESEE INTERMEDIATE SCHOOL DIST	TAX YR 13	10/24/13	60,662.87
703-001.106-274.000	GENESEE INTERMEDIATE SCHOOL DIST	TAX YR 13	11/14/13	171,738.04
703-001.106-274.000	GENESEE INTERMEDIATE SCHOOL DIST	TAX YR 13	11/27/13	45,247.79

703-001.106-274.000	GENESEE INTERMEDIATE SCHOOL DIST	TAX YR 13	12/05/13	13,843.06
703-001.106-274.000	GENESEE INTERMEDIATE SCHOOL DIST	TAX YR 13	12/26/13	12,766.82
703-001.106-274.000	GENESEE INTERMEDIATE SCHOOL DIST	TAX YR 13	01/16/14	19,591.16
703-001.106-274.000	GENESEE INTERMEDIATE SCHOOL DIST	TAX YR 13	01/30/14	22,652.95
703-001.106-274.000	GENESEE INTERMEDIATE SCHOOL DIST	TAX YR 13	02/13/14	55,770.74
703-001.106-274.000	GENESEE INTERMEDIATE SCHOOL DIST	TAX YR 13	02/27/14	81,712.31
703-001.106-274.000	GENESEE INTERMEDIATE SCHOOL DIST	TAX YR 13	03/14/14	135,401.62
703-001.108-274.000	SWARTZ CREEK SCHOOL DISTRICT	TAX YR 13	11/14/13	7,820.49
703-001.108-274.000	SWARTZ CREEK SCHOOL DISTRICT	TAX YR 13	01/16/14	25,609.40
703-001.108-274.000	SWARTZ CREEK SCHOOL DISTRICT	TAX YR 13	02/27/14	8,239.66
703-001.108-274.000	SWARTZ CREEK SCHOOL DISTRICT	TAX YR 13	03/14/14	24,392.89
703-001.109-274.000	WESTWOOD HEIGHTS SCHOOL DISTRICT	TAX YR 13	02/27/14	69,178.19
	Total For Dept 001 2010 Westwood prop tax levy		6,300,626 83	
Dept 004 2010 Airport Property Tax Levy				
703-004.101-274.000	BISHOP INTERN'L AIRPORT AUTHORITHY	TAX YR 13	12/26/13	11,198.20
703-004.101-274.000	BISHOP INTERN'L AIRPORT AUTHORITHY	TAX YR 13	01/16/14	28,593.72
703-004.101-274.000	BISHOP INTERN'L AIRPORT AUTHORITHY	TAX YR 13	01/30/14	57,386.01
703-004.101-274.000	BISHOP INTERN'L AIRPORT AUTHORITHY	TAX YR 13	02/13/14	35,726.21
703-004.101-274.000	BISHOP INTERN'L AIRPORT AUTHORITHY	TAX YR 13	02/27/14	124,864.24
703-004.101-274.000	BISHOP INTERN'L AIRPORT AUTHORITHY	TAX YR 13	03/14/14	21,846.22
703-004.102-274.000	FLINT TOWNSHIP	TAX YR 13	10/24/13	151,828.11
703-004.106-274.000	MASS TRANSPORTATION AUTHORITY	TAX YR 13	10/24/13	8,012.80
703-004.106-274.000	MASS TRANSPORTATION AUTHORITY	TAX YR 13	11/14/13	29,161.62
703-004.106-274.000	MASS TRANSPORTATION AUTHORITY	TAX YR 13	11/27/13	7,683.60
703-004.106-274.000	MASS TRANSPORTATION AUTHORITY	TAX YR 13	12/26/13	20,667.14
703-004.106-274.000	MASS TRANSPORTATION AUTHORITY	TAX YR 13	01/16/14	50,557.78
703-004.106-274.000	MASS TRANSPORTATION AUTHORITY	TAX YR 13	01/30/14	98,634.62
703-004.106-274.000	MASS TRANSPORTATION AUTHORITY	TAX YR 13	02/13/14	67,917.32
703-004.106-274.000	MASS TRANSPORTATION AUTHORITY	TAX YR 13	02/27/14	220,019.72
703-004.106-274.000	MASS TRANSPORTATION AUTHORITY	TAX YR 13	03/14/14	57,236.72
	Total For Dept 004 2010 Mta Property Tax Levy		991,334.03	
Dept 011 2010 MET Prop Tax Levy				
703-011.100-274.000	GENESEE COUNTY TREASURER-MET	TAX YR 13	10/24/13	82,411.01
703-011.100-274.000	GENESEE COUNTY TREASURER-MET	TAX YR 13	11/14/13	285,437.98
703-011.100-274.000	GENESEE COUNTY TREASURER-MET	TAX YR 13	11/27/13	80,550.43

703-011.100-274.000	GENESEE COUNTY TREASURER-MET	TAX YR 13	12/05/13	22,958.77
703-011.100-274.000	GENESEE COUNTY TREASURER-MET	TAX YR 13	12/26/13	21,682.06
703-011.100-274.000	GENESEE COUNTY TREASURER-MET	TAX YR 13	01/16/14	32,339.89
703-011.100-274.000	GENESEE COUNTY TREASURER-MET	TAX YR 13	01/30/14	38,135.36
703-011.100-274.000	GENESEE COUNTY TREASURER-MET	TAX YR 13	02/13/14	68,460.31
703-011.100-274.000	GENESEE COUNTY TREASURER-MET	TAX YR 13	02/27/14	142,278.85
703-011.100-274.000	GENESEE COUNTY TREASURER-MET	TAX YR 13	03/14/14	176,067.62
	Total For Dept 011 2010 MET Prop Tax Levy		950,322.28	
Dept 021 2010 Library prop tax levy				
703-021.100-274.000	FLINT PUBLIC LIBRARY	TAX YR 13	10/24/13	53,389.76
703-021.100-274.000	FLINT PUBLIC LIBRARY	TAX YR 13	11/14/13	165,252.35
703-021.100-274.000	FLINT PUBLIC LIBRARY	TAX YR 13	11/27/13	43,540.94
703-021.100-274.000	FLINT PUBLIC LIBRARY	TAX YR 13	12/05/13	13,321.53
703-021.100-274.000	FLINT PUBLIC LIBRARY	TAX YR 13	12/26/13	12,286.38
703-021.100-274.000	FLINT PUBLIC LIBRARY	TAX YR 13	01/16/14	18,853.73
703-021.100-274.000	FLINT PUBLIC LIBRARY	TAX YR 13	01/30/14	21,800.14
703-021.100-274.000	FLINT PUBLIC LIBRARY	TAX YR 13	02/13/14	50,594.98
703-021.100-274.000	FLINT PUBLIC LIBRARY	TAX YR 13	02/27/14	78,626.16
703-021.100-274.000	FLINT PUBLIC LIBRARY	TAX YR 13	03/14/14	119,864.49
	Total For Dept 021 2010 Library prop tax levy		577,530.46	
Dept 023 2010 TIFA DDA Captured tax levy				
703-023.100-274.000	DOWNTOWN DEVELOPMENT AUTHORITY	TAX YR 13	11/27/13	244,399.33
703-023.100-274.000	DOWNTOWN DEVELOPMENT AUTHORITY	TAX YR 13	02/27/14	54,649.07
	Total For Dept 023 2010 TIFA DDA Captured tax levy		299,048.40	
	Total For Fund 703 Current Tax Collection Fund		9,259,803.93	
Fund 731 Retirement System Fund				
Dept 000 Retirement System - Administration				
731-000.100-594.400	MUNICIPAL EMPLOYEES RETIREMEN TIME PURCHAS RONALD BARBER		10/17/13	34,941.63
	Total For Dept 000 Retirement System - Administration		34,941.63	
	Total For Fund 731 Retirement System Fund		34,941.63	
Fund 735 Retirees' Life Insurance Fund				

Dept 000 Retirement System-Death Benefits Admin					
735-000.101-874.500	ERA M WOODS, BENEF OF WILLIE W	FI	DEATH BENEFIT	12/19/13	7,500.00
735-000.101-874.500	THEREASA GONZALEZ,	FI	DEATH BENEFIT	02/27/14	10,000.00
735-000 101-874.500	GEORGE E. SANDERS,	FI	DEATH BENEFIT	03/20/14	5,000.00
	Total For Dept 000 Retirement System-Death Benefits Admin			22,500.00	
	Total For Fund 735 Retirees' Life Insurance Fund			22,500.00	
Fund 736 Public Employee Health Care Fund					
Dept 000 Retiree Health Insurance					
736-000.105-716.100	CORNERSTONE MUNICIPAL ADVISORY GR.		22878	10/10/13	30,000.00
736-000.105-716.100	BLUE CROSS BLUE SHIELD OF MICHIGAN		NOVEMBER 2013	10/24/13	85,232.77
736-000.105-716.100	BLUE CROSS BLUE SHIELD OF MICHI AT		007000304	11/14/13	173,868.38
736-000.105-716.100	CORNERSTONE MUNICIPAL ADVISORY GR.		22892	11/14/13	30,000.00
736-000.105-716.100	BLUE CROSS BLUE SHIELD OF MICHI AT		DECEMBER 2013	11/21/13	259,956.34
736-000.105-716.100	HEALTHPLUS OF MICHIGAN		Multiple	12/19/13	421,867.86
736-000.105-716.100	BLUE CROSS BLUE SHIELD OF MICHI AT		Multiple	01/09/14	144,422.28
736-000.105-716.100	BLUE CROSS BLUE SHIELD OF MICHI AT		Multiple	01/23/14	135,707.92
736-000.105-716.100	HEALTHPLUS OF MICHIGAN		Multiple	02/06/14	199,436.69
736-000.105-716.100	CORNERSTONE MUNICIPAL ADVISORY GR.		22902	02/13/14	30,000.00
736-000.105-716.100	HEALTHPLUS OF MICHIGAN		Multiple	02/13/14	198,953.55
736-000.105-716.100	BLUE CROSS BLUE SHIELD OF MICHI AT		Multiple	02/20/14	50,823.98
736-000.105-716.100	HEALTHPLUS OF MICHIGAN		Multiple	02/20/14	87,319.01
736-000.105-716.100	HEALTHPLUS OF MICHIGAN		Multiple	02/20/14	102,463.18
736-000.105-716.100	BLUE CROSS BLUE SHIELD OF MICHI AT		Multiple	03/20/14	138,772.76
736-000.105-716.100	HEALTHPLUS OF MICHIGAN		Multiple	03/20/14	189,636.27
736-000.105-801.000	NYHART		Multiple	10/10/13	15,000.00
	Total For Dept 000 Retiree Health Insurance			2,293,460 99	
	Total For Fund 736 Public Employee Health Care Fund			2,293,460.99	

Fund Totals:

Fund 101 General Fund	2,895,151.32
Fund 202 Major Street Fund	508,567.88
Fund 203 Local Street Fund	131,004.18
Fund 207 Police Fund	4,554.33

Fund 208 Park/Recreation Fund	66,211.99
Fund 213 Park & Recreation Senior Citizen Centers	92,217.45
Fund 219 Street Light	978,669.85
Fund 226 Rubbish Collection Fund	1,643,907.83
Fund 244 Economic Develop Corp Fund	8,333.34
Fund 265 Drug Law Enforcement Fund	1,367.03
Fund 274 HUD CDBG, ESG, & HOME GRANTS	1,941,726.95
Fund 296 Other Grants Fund	730,757.47
Fund 297 Federal Stimulus Fund	1,146,367.23
Fund 402 Public Improvement Fund	323,626.00
Fund 542 Building Inspection Fund	179,870.98
Fund 583 Oak Business Center Fund	70,054.86
Fund 590 Sewer Fund	3,422,327.50
Fund 591 Water Fund	12,942,828 34
Fund 627 Fringe Benefit Fund	3,655,075.02
Fund 636 Information Services Fund	699,374.17
Fund 661 Fleet/Central Garage Fund	311,557.31
Fund 677 Self Insurance Fund	288,275.92
Fund 701 General Agency Fund	37,543.00
Fund 702 Tax Collection Fund - Prior Years	28,875.20
Fund 703 Current Tax Collection Fund	9,259,803.93
Fund 731 Retirement System Fund	34,941.63
Fund 735 Retirees' Life Insurance Fund	22,500.00
Fund 736 Public Employee Health Care Fund	2,293,460.99
Total For All Funds:	43,718,951.70

Section Separator

(b) A list of each contract that the emergency manager awarded or approved with a cumulative value of $5000 or more, the purpose of the contract, and the identity of the contractor.

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
13-001293 BDBond FY 2014 WPC MSA ULTIMA GAS	Open	Blanket WPC DETECTOR SUPPORT		10/08/2013	6,000.00	6,000.00	0000004748 ARGUS-HAZCO Contact: Phone:
13-001303 MRule REPAIRS	Completed	Confirming FLEET	10/10/2013	10/10/2013	8,553.49	0.00	0000000219 GRAFF TRUCK CENTER Contact: Phone:
13-001304 rtibbetts MCCREE MONTHLY OPERATIONAL	Completed	Regular 68DC COSTS		10/10/2013	721,188.00	0.00	0000000270 GENESEE COUNTY TREASURER Contact: Phone:
13-001305 rtibbetts OPERATIONAL COSTS FOR 8/1/11 THROUGH 6/20/12	Completed	Regular 68DC		10/10/2013	24,606.00	0.00	0000000270 GENESEE COUNTY TREASURER Contact: Phone:
13-001321 MJarvis L. ZELLAR DEMOLITION OF 5	Completed	Regular DEV STRUCTURES	10/10/2013	10/11/2013	17,600.00	0.00	0000004977 L ZELLAR AND SONS EXCAVATING INC Contact: Phone:
13-001329 PEllison POSTAGE FOR PRINTING/MAIL	Completed	Regular CSC PROPERTY TAX BILLS	10/15/2013	10/16/2013	25,000.00	0.00	0000004985 SSS PRINTING Contact: Phone:
13-001338 BDBond SPRING & FALL PAVEMENT	Partial	Regular TE MARKINGS		10/16/2013	75,000.00	20,906.50	0000000324 M & M PAVEMENT MARKING, INC Contact: Phone:
13-001345 rtibbetts QUARTERLY SOFTWARE	Partial	Regular 68DC SUPPORT		10/17/2013	27,333.51	10,320.01	SMI0005A00 STATE OF MICHIGAN Contact: Phone:
13-001348 CDotson CO #3 TO 12-130,	Partial	Blanket CED ROWE	10/17/2013	10/17/2013	43,000.00	13,360.50	0000000169 ROWE ENGINEERING INC Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
13-001349 DJones FY 14 - PROVIDE MISCELLANEOUS MAINTENANCE PARTS	Open	Regular WPC		10/18/2013	5,000.00	5,000.00	0000000810 FB WRIGHT CO Contact: Phone:
13-001361 ffinholm DEMO- BACKFILL OF 4 OPEN HOLES- BARTMAN CDBG	Completed	Regular DEV	10/21/2013	10/22/2013	7,760.00	0.00	0000002029 BARTMAN EXCAVATING Contact: Phone:
13-001364 ffinholm DEMOLITION- 3 STRUCTURES- BARTMAN NSP3	Completed	Regular DEV	10/21/2013	10/22/2013	22,020.00	0.00	0000002029 BARTMAN EXCAVATING Contact: Phone:
13-001365 ffinholm DEMOLITION- 2 STRUCTURES- D J FICK FWA	Completed	Regular DEV	10/22/2013	10/22/2013	5,500.00	0.00	0000004979 D J FICK EXCAVATING CO INC Contact: Phone:
13-001371 BDBond JANITORIAL SERVICES FOR CITY OF FLINT - CHANGE ORDER #1	Partial	Blanket MAINT		10/23/2013	75,000.00	39,712.00	0000004789 DU ALL CLEANING INC Contact: Phone:
13-001378 LBerens PARTS	Partial	Regular FLEET	10/23/2013	10/25/2013	5,000.00	3,347.91	0000004614 VIKING-CIVES MIDWEST, INC Contact: Phone:
13-001379 RJohnson TECH SUPPORT FOR POLICE MOBILE FLEET	Open	CONTRACT POLICE		10/25/2013	16,800.00	16,800.00	0000004381 SECURITY COUNTERMEASURES & Contact: Phone:
13-001381 BDBond FY14 -UNIFORM/LAB COAT/TOWELS/FLOOR MATS RENTALS	Partial	Blanket WPC		10/25/2013	12,788.86	7,210.91	0000000716 CINTAS CORP Contact: Phone:
13-001385 RJohnson NEW WORLD TRAINING - VENDOR IS NEW WORLD - SOLE SOURCE	Completed	Regular POLICE		10/28/2013	45,000.00	0.00	0000000681 NEW WORLD SYSTEMS CORP Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
13-001386 CPriest WATER SERVICE PARTS	Open	Confirming WSC		10/28/2013	7,301.40	7,301.40	0000000069 ETNA SUPPLY COMPANY Contact: Phone:
13-001400 LBarens *PARTS FOR FIRE VEHICLES AND EQUIPMENT*	Partial	Regular FLEET	11/04/2013	11/05/2013	10,000.00	633.75	0000000204 WEST SHORE SERVICES INC Contact: Phone:
13-001404 YGray KWA RAW WATER SUPPLY CONTRACT	Partial	Regular WA PLANT	11/05/2013	11/07/2013	969,000.00	145,350.00	0000005009 KAREGNONDI WATER AUTHORITY Contact: Phone:
13-001408 CDotson CONTRACT 09-097 CHANGE ORDER 5, HOME REHABS	Partial	CONTRACT CED	07/01/2013	11/07/2013	102,104.91	100,885.85	0000002233 SALEM HOUSING COMM DEVELOPMENT CORP Contact: Phone:
13-001413 BWideman SALT FOR FY2014 WINTER SEASON	Partial	Regular STREET	10/10/2013	11/11/2013	260,000.00	7,807.22	0000000842 DETROIT SALT CO Contact: Phone:
13-001417 RJohnson CHANGE ORDER - NEIGHBORHOOD SAFETY OFFICER COORDINATOR	Open	CONTRACT POLICE		11/12/2013	22,500.00	22,500.00	0000004251 METRO COMMUNITY DEVELOPMENT, INC Contact: Phone:
13-001423 KNeumann APPRAISAL SERVICES FOR GRAND TRAVERSE GREENWAY TRAIL	Completed	Regular PARKS	11/15/2013	11/15/2013	7,900.00	0.00	0000005019 AFFINITY VALUATION GROUP Contact: Phone:
13-001424 RKelly WATER PLANT ELECTRICAL DISTRIBUTION EQUIPMENT	Partial	Regular WA PLANT		11/15/2013	1,512,000.00	1,178,815.00	0000000133 MCNAUGHTON MCKAY ELECTRIC CO Contact: Phone:
13-001428 CDotson COMMUNITY BASED MENTORING CDBG	Partial	Regular CED	11/09/2013	11/18/2013	46,000.00	9,667.47	0000002524 BIG BROTHERS BIG SISTERS OF Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
13-001429 CDotson PUBLIC SERVICES YOUTH RECREATION	Partial	Regular CED	11/09/2013	11/18/2013	46,000.00	5,395.17	0000000656 BOYS & GIRLS CLUB Contact: Phone:
13-001432 TLewis FY13-14 SENIOR MILLAGE - HASSELBRING, 10/1/13 - 9/30/14	Partial	Blanket PARKS		11/19/2013	113,826.00	67,392.12	0000004930 UNITED SENIOR NETWORK Contact: Phone:
13-001433 TLewis *FY13-14 SENIOR MILLAGE - BRENNAN, 10/1/13 - 9/30/14*	Partial	Blanket PARKS		11/19/2013	113,826.00	77,065.69	0000004927 BRENNAN ELM PARK SENIOR COMMUNITY Contact: Phone:
13-001440 YGray COMMUNITY PUBLIC WATER FEE	Open	Regular WA PLANT	11/08/2013	11/19/2013	26,642.25	26,642.25	SMI0001A04 STATE OF MICHIGAN Contact: Phone:
13-001448 VFoster CONSULTATION SERVICES	Cancelled	Blanket IS		11/21/2013	18,708.00	0.00	0000000266 PLANTE & MORAN, LLP Contact: Phone:
13-001449 LBerens EMERGENCY REPAIR OF 75' LADDER FIRE TRUCK	Partial	Regular FLEET	11/21/2013	11/22/2013	13,866.50	14.74	0000000718 WEST SHORE FIRE INC Contact: Phone:
13-001455 CDotson PUBLIC SERVICES - FAIR HOUSING 13-101	Partial	Regular CED	07/01/2013	11/25/2013	18,000.00	11,735.71	0000000226 LEGAL SERVICES OF EASTERN MICHIGAN Contact: Phone:
13-001456 CDotson PUBLIC SERVICES CREDIT REPAIR BANKRUPTCY 13-102	Partial	Regular CED	07/01/2013	11/25/2013	24,000.00	15,585.99	0000000226 LEGAL SERVICES OF EASTERN MICHIGAN Contact: Phone:
13-001461 ffinholm ASBESTOS ABATEMENT	Completed	Blanket DEV	02/01/2013	11/27/2013	23,785.20	0.00	0000004843 *RIGHTWAY REMEDIATION LLC* Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
13-001462 CDotson DEMOLITION OF GENESEE TOWERS	Completed	Regular CED	05/22/2013	12/02/2013	880,000.00	0.00	0000002761 UPTOWN REINVESTMENT CORP Contact: Phone:
13-001463 rtibbetts MAIN. AGREE. FOR VIDEO EQUIP.	Completed	Regular 68DC	12/03/2013	12/03/2013	10,200.00	0.00	0000003943 JEFFERSON AUDIO VIDEO SYSTEMS, INC Contact: Phone:
13-001464 MRule BODY REPAIR OF 2293	Completed	Regular FLEET	12/03/2013	12/04/2013	5,368.27	0.00	0000004181 WOLVERINE BUMP & PAINT SHOP, INC Contact: Phone:
13-001469 DJones WATER & SEWER MAIN REPAIRS	Partial	Regular WSC		12/04/2013	100,000.00	98,986.40	0000003110 HD SUPPLY WATERWORKS, LTD. Contact: Phone:
13-001485 CPriest HIP BOOTS	Partial	Regular WSC		12/10/2013	8,800.00	747.01	0000004672 MICHIGAN ELECTRIC SUPPLY COMPANY Contact: Phone:
13-001490 rtibbetts POSTAGE	Completed	Regular 68DC		12/12/2013	10,000.00	0.00	0000000774 PITNEY BOWES PURCHASE POWER Contact: Phone:
13-001491 CDotson COF FIRE - FIRE RADIOS/HOUSING/PUB FACILITY IMPROV	Open	Regular FIRE	11/09/2013	12/12/2013	62,679.00	62,679.00	0000000684 MOTOROLA INC Contact: Phone:
13-001492 VFoster BARCODE HARDWARE FOR IDENTIFICATION BUREAU-FLINT POLICE	Completed	Regular IS		12/13/2013	7,150.00	0.00	0000000681 NEW WORLD SYSTEMS CORP Contact: Phone:
13-001495 PEllison PRINT/MAIL UTILITY BILLS	Completed	Regular CSC	12/04/2013	12/16/2013	21,480.00	0 00	0000004985 SSS PRINTING Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
13-001500 PEllison PRINTING AND MAILING AND POSTAGE OF PROP TAX BILLS	Partial	Regular CSC	11/20/2013	12/16/2013	8,542.00	4,594.85	0000004985 SSS PRINTING Contact: Phone:
13-001505 VFoster WATER AND SEWER STUDY	Completed	Regular WA PLANT		12/17/2013	49,730.00	0.00	0000005026 RAFTELIS FINANCIAL CONSULTANTS INC Contact: Phone:
13-001507 KWallace PROVIDE PARTS AS LISTED FOR WPC EXTERIOR LIGHTING UPGRADES	Open	Regular WPC	10/30/2013	12/17/2013	159,063.00	159,063.00	0000000133 MCNAUGHTON MCKAY ELECTRIC CO Contact: Phone:
13-001508 VFoster GOOGLE LICENSES (CHANGE ORDER #11-108B)	Completed	Blanket IS		12/18/2013	35,370.00	0.00	0000004698 ONIX NETWORKING CORPORATION Contact: Phone:
13-001509 KNeumann ELECTRICAL SUPPLIES FOR FACILITIES MAINTENANCE	Partial	Blanket MAINT		12/19/2013	10,000.00	8,371.77	0000000133 MCNAUGHTON MCKAY ELECTRIC CO Contact: Phone:
13-001511 CDotson OFFICE SUPPLIES CDBG ADMIN HUD 13-14	Partial	Blanket CED	11/09/2013	12/19/2013	5,500.00	5,300.02	0000000156 OFFICE DEPOT Contact: Phone:
13-001517 RKelly WP SUBSTATION TRANSFORMER UPGRADE	Open	Blanket WA PLANT	12/19/2013	12/20/2013	238,306.00	238,306.00	0000000133 MCNAUGHTON MCKAY ELECTRIC CO Contact: Phone:
13-001518 YGray VARIABLE DRIVE EQUIPMENT	Open	Blanket WA PLANT	11/14/2013	12/20/2013	349,710.00	349,710.00	0000000133 MCNAUGHTON MCKAY ELECTRIC CO Contact: Phone:
14-000001 DJones HAZARDOUS WASTE COLLECTION	Open	Blanket WSC		01/02/2014	13,980.44	13,980.44	0000004739 EQ THE ENVIRONMENTAL QUALITY CO Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000004 DJones	Completed	Regular STREET	01/07/2014	01/07/2014	6,600.00	0.00	0000002250 ZITO CONSTRUCTION CO Contact: Phone:
14-000005 KWallace HYDRAULIC POWER PACK 25 HP	Partial	Regular WPC	01/01/2014	12/06/2013	6,650.00	30.17	0000005018 CONCUT INC Contact: Phone:
14-000008 VFoster SWITCHES AND ACCESSORIES	Open	Regular IS		11/18/2013	18,738.00	18,738.00	0000003787 GREAT LAKES COMPUTER SOURCE, INC Contact: Phone:
14-000009 KMuhammad LEAF DISPOSAL AT ENVIORNMENTAL WOOD SOLUTIONS FY14	Partial	Blanket STREET	11/26/2013	11/26/2013	25,000.00	11,050.00	0000005024 ENVIRONMENTAL WOOD SOLUTIONS Contact: Phone:
14-000013 MRule PARTS AND SUPPLIES - PARKER HYD COUPLERS & HOSES	Partial	Regular FLEET	01/13/2014	01/13/2014	5,000.00	3,105.49	0000000072 EXOTIC AUTOMATION & SUPPLY Contact: Phone:
14-000015 DJones WPCF SECONDARY CLARIFIERS INSTALLATION	Partial	Regular WPC		10/10/2013	274,488.00	137,244.00	0000004866 TITUS WELDING COMPANY INC Contact: Phone:
14-000019 MRule BODY REPAIR OF 2384	Completed	Regular FLEET	01/13/2014	01/13/2014	5,183.22	0.00	0000004181 WOLVERINE BUMP & PAINT SHOP, INC Contact: Phone:
14-000024 CDotson PUBLIC SERVICES LIFELINE PROGRAM	Open	Blanket CED	11/09/2013	11/09/2013	20,000.00	20,000.00	0000005035 WOW OUTREACH Contact: Phone:
14-000026 BWideman RENTAL OF CHIPPER FOR TREES/BRANCHES	Open	Regular STREET	01/22/2014	01/22/2014	5,200.00	5,200.00	0000000070 EVANS EQUIPMENT CO INC Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000032 MRule BODY REPAIR OF 7029	Completed	Regular FLEET	01/13/2014	01/13/2014	7,383.00	0.00	0000000019 AUSTINS BODY SHOP Contact: Phone:
14-000039 KNeumann REPLACE CARPETING IN THE ASSESSMENT AND CITY CLERK'S OFFICES	Partial	Regular MAINT		12/19/2013	12,639.33	7,321.05	0000000682 FLINT CARPET CO Contact: Phone:
14-000042 KNeumann NEW DOORS AS NEEDED	Partial	Regular MAINT		01/16/2014	10,000.00	1,141.62	0000003591 FLINT GLASS SERVICE Contact: Phone:
14-000043 KWallace FY 2014 WPC SAFETY SHOES	Open	Blanket WPC	07/01/2013	01/14/2014	5,903.17	5,903.17	0000000164 RED WING SHOE STORE Contact: Phone:
14-000050 CDotson DEVELOPER FEES, 1650 N GRAND TRAVERSE, 611 WELCH	Completed	Regular CED	11/25/2013	11/25/2013	30,000.00	0.00	0000004703 SARGENT'S TITLE COMPANY LLC Contact: Phone:
14-000059 rtibbetts CIVIL CASE FILES	Completed	Regular 68DC	01/30/2014	01/30/2014	13,552.10	0.00	0000000772 PRODUCTIVITY SYSTEMS INC Contact: Phone:
14-000060 YGray CEDAR STREET PROJECT	Open	Blanket WA PLANT	11/14/2013	11/14/2013	505,000.00	505,000.00	0000000133 MCNAUGHTON MCKAY ELECTRIC CO Contact: Phone:
14-000064 MRule REPAIR PARTS	Completed	Regular FLEET	01/31/2014	01/31/2014	8,207.75	0.00	0000000003 AIS CONSTRUCTION EQUIP&CONTRACTORS Contact: Phone:
14-000065 CDotson METRO ESG PROGRAM ADMINISTRATION & PROJECT DELIVERY	Open	Blanket CED	01/24/2014	01/24/2014	11,000.00	11,000.00	0000004251 METRO COMMUNITY DEVELOPMENT, INC Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000066 CDotson METRO ESG ADMIN & PROGRAM REIMBURSEMENT FHUD14ESG	Open	Regular CED	01/21/2014	01/21/2014	241,539.00	241,539.00	0000004251 METRO COMMUNITY DEVELOPMENT, INC Contact: Phone:
14-000067 CDotson FESGPRIOR PROGRAM ADMIN & PROJECT DELIVERY	Open	Blanket CED	01/21/2014	01/21/2014	15,667 00	15,667.00	0000004251 METRO COMMUNITY DEVELOPMENT, INC Contact: Phone:
14-000069 BDBond 4X4 DIESEL UTILITY VEHICLE	Open	Regular FLEET		02/04/2014	45,168.00	45,168.00	0000000247 FLINT NEW HOLLAND, INC Contact: Phone:
14-000070 CDotson METRO COMMUNITY -SUBRECIPIENT DISBURSEMENTS 2012 HESG AND 2011 PRIOR LESS UNCOMMITTED	Partial	Regular CED	01/21/2014	01/21/2014	147,344.57	52,376.44	0000004251 METRO COMMUNITY DEVELOPMENT, INC Contact: Phone:
14-000072 CPriest AGGREGATES	Completed	Regular WSC		12/05/2013	14,000.00	0.00	0000004445 CYDI OF MICHIGAN Contact: Phone:
14-000073 DDunlap GEAR, HOSES, NOZZLES	Partial	Blanket FIRE	10/09/2013	10/15/2013	30,000.00	26,395.00	0000000062 DOUGLASS SAFETY SYSTEMS Contact: Phone:
14-000077 MRule SNOW PLOW PARTS	Partial	Regular FLEET	01/23/2014	01/23/2014	12,000.00	7,400.00	0000000477 SHULTS EQUIPMENT INC Contact: Phone:
14-000078 MRule REPAIR PARTS FOR V#4425	Partial	Regular FLEET	01/23/2014	02/05/2014	12,271.25	480.00	0000000838 NEAL'S TRUCK PARTS INC Contact: Phone:
14-000081 VFoster	Partial	Blanket IS		02/06/2014	45,000.00	40,666.25	0000000266 PLANTE & MORAN, LLP Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000082 BWideman CARBIDE BLADES FOR SNOW PLOWS	Completed	Regular STREET	02/07/2014	02/07/2014	10,076.00	0.00	0000000217 KNAPHEIDE JURSIK TRUCK EQUIP INC Contact: Phone:
14-000084 MRule SOLAR POWERED TRAFFIC ARROW BOARD	Completed	Regular FLEET	12/09/2013	02/12/2014	8,162.82	0.00	0000005069 K & K SYSTEMS INC Contact: Phone:
14-000088 rtibbetts PUBLIC DEF SERVICES FOR JUDGE CRAWFORD	Partial	Regular 68DC	02/17/2014	02/18/2014	5,000.00	2,000.00	0000000215 JEFFREY A. CHILDERS Contact: Phone:
14-000092 TLewis SNOW REMOVAL SERVICES	Partial	Blanket MAINT		02/18/2014	35,050.00	12,054.00	0000000232 J & M TREE SERVICE Contact: Phone:
14-000093 CDotson LISC CDBG ADMIN, CAPACITY BUILDING	Open	Regular CED	11/09/2013	02/18/2014	20,000.00	20,000.00	0000004829 LOCAL INITIATIVES SUPPORT CORP Contact: Phone:
14-000094 CDotson CDBG, PUBLIC SERVICES, YOUTH RECREATION	Open	Regular CED	11/09/2013	02/18/2014	100,000.00	100,000.00	0000002627 UNITED WAY OF GENESEE COUNTY Contact: Phone:
14-000095 CDotson PUBLIC SERVICES VICTIM ADVOCACY PROGRAM, 13-098	Open	Blanket CED	11/09/2013	02/18/2014	15,000.00	15,000.00	0000000209 Y W C A OF FLINT Contact: Phone:
14-000099 RKelly SIX (6) USAAO48A, STATION CLASS ARRESTER @ $1,559 EACO	Open	Blanket WA PLANT	02/12/2014	02/21/2014	9,354.00	9,354.00	0000000133 MCNAUGHTON MCKAY ELECTRIC CO Contact: Phone:
14-000101 CPriest COLD WEATHER GEAR	Open	Regular WSC		02/24/2014	9,500.00	9,500.00	0000005045 HUBBARD SUPPLY COMPANY Contact: Phone:

Section Separator

(c) A description of each loan sought, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the proposed use of the funds.

The City of Flint has not sought, approved or disapproved any loan during the reporting period of October 8, 2013 through April 8, 2014. However, as a partner in the Karegnondi Water Authority, we are in the market for a 30% share of a $220 million bond sale.

Section Separator

(d) A description of any new position created or any vacancy in a position filled by the appointing authority.

Vacancies Filled October 2013- March 2014

Caseworker Coordinator
City Council Person
Court Recorder
Demolition Grants Monitor
Deputy Clerk I
Deputy Clerk II
Director of Planning/Development
District Court Acct. Analyst Asst.
Emergency 911 Administrator
Env. Compliance Chemist
Env. Compliance Inspector
Executive Sec. to Court Admin
Fire Apparatus Opertor
Fire Safety Training Officer
Fire Suppression Lieutenant
Fire Suppression Sergeant
Firefighter/EMT
Landscape Gardner
Legal Records Clerk
Outreach Plan Policy Assoc.
Police Captain
Police Chief
Police Lieutenant
Police Officer
Police Recruit
Police Sergeant
Principal Clerk Typist
Program Specialist
Records Clerk Teller
School Crossing Guard
Sewer Systems Constr Trainee
Sewer Systems Constr Operator
Sewer Systems Sr Constr Operator
Sewer System Sr Maintainer
Sewer System Maintainer Trainee
Sr Building Maintainer
St. Operator Maintainer
Water Dist Operator Sr Operator
Water Dist Operator Trainee
Water Distribution Operator

VACANCY FILLED

EMERGENCY MANAGER
CITY OF FLINT
GENESEE COUNTY MICHIGAN

ORDER No. 4

CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER ("EMERGENCY MANAGER) FOR THE CITY OF FLINT, MICHIGAN ("CITY") PURSUANT TO MICHIGAN'S PUBLIC ACT 436 OF 2012, LOCAL FINANCIAL STABILITY AND CHOICE ACT ("PA 436"), DARNELL EARLEY, THE EMERGENCY MANAGER, ISSUES THE FOLLOWING ORDER

Pursuant to Public Act 436, the Emergency Manager has broad powers in receivership to recufy the financial emergency and to assure the fiscal accountability of the City of Flint and its capacity to provide or cause to be provided necessary services essential to the public health, safety and welfare, and

Pursuant to Public Act 436, the Emergency Manager acts in place of local officials, specifically the Mayor and City Council, unless the Emergency Manager delegates specific authority; and

Pursuant to Public Act 436, the Emergency Manager has broad power to manage the local government, and may issue orders to elected and appointed officials necessary to accomplish the purpose of the act An order issued under PA 436 is binding on the person to whom it is issued: and

Pursuant to Public Act 436, the Emergency Manager may remove, replace, appoint, or confirm the appointments to any office, board, commission, authority, or other entity which is within or is a component unit of the local government: and

On, Monday, January 13, 2014, during the City Council Meeting, President Kincaid made appointments to three City Council Committees as follows:

Public Safety
Vicki VanBuren (Chairperson)
Jackie Poplar
Josh Freeman

Finance
Josh Freeman (Chairperson)
Wantwaz Davis
Monica Galloway

Legislative Affairs
Sheldon Neeley (Chairperson)
Eric Mays
Scott Kincaid

By virtue of this Order, the Emergency Manager hereby confirms the above City Council Committee appointments; and, affirms that any and all meetings convened on behalf of these Committees shall be scheduled by the Emergency Manager or his designee.

This Order is effective January 15, 2014.

This Order may be amended, modified, repealed or terminated by any subsequent order issued by the Emergency Manager.

Dated: 1-31-14

By: Darnell Earley

Darnell Earley
Emergency Manager
City of Flint

xc: State of Michigan Department of Treasury
Mayor Dayne Walling
Flint City Council
Inez Brown, City Clerk

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Position Eliminated

CITY OF FLINT
Position Description

Class Title:	Water Construction Equipment Operator	Job Code Number:	21-N-063
Established:	June 28, 1984	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Operates, maintains, and repairs tractor-loader backhoe and hydraulic excavator, hydro-crane and/or any other machine or unit used for digging, loading, unloading, and handling materials used in the installation, repair and maintenance of the City of Flint Water System. Operates other heavy equipment such as tapping machines utilized in fieldwork of the Water Division. Assists foreman in directing field crews. Performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of an employee of higher grade who assigns work and inspects jobs in progress.

SUPERVISION EXERCISED: May assist foreman in exercising working supervision over a small number of employees engaged in the installation and maintenance of the City Water System.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Operates, maintains and repairs a hydraulic excavator, and/or hydro-crane equipped with clam-shell to dig excavations for repair and installation of water mains, water, water service lines, fire hydrants, gates valves, manholes. Loads and unloads materials and supplies to and from trucks, other transporting equipment and stockpiles.
2. Operates hydraulic excavator for excavating and handling materials for various other City Departments in unusual or critical area.
3. Operates, maintains, and repairs diesel-powered tractor-loader-backhoe used for the installation, maintenance and repair of the City Water System.
4. May assist foreman and in his absence performs the duties of the lead man in directing field crews in installation and repairs to the City Water System.
5. May be required to operate other construction equipment such as bulldozers, graders and similar equipment.
6. May be required to work in the classification of Water Distribution Maintainer.

MINIMUM ENTRANCE REQUIREMENTS:

A. Two years experience as a Water Distribution Maintainer; must currently be working in the classification of Water Distribution Maintainer
B. Working knowledge of the principles of heavy automotive and diesel powered construction equipment operation and its uses.
C. Knowledge of the construction of heavy automotive and diesel powered equipment.
D. Ability to make minor repairs and adjustments and to service heavy construction equipment.
E. Skill in the operation of heavy automotive and diesel powered construction equipment.
F. Ability to meet the physical, mental, and visual standards of the job.
G. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.
H. Ability to work in all outside weather conditions and at all times of day or night.

NECESSARY SPECIAL REQUIREMENT:

- Possession and maintenance of a valid State of Michigan driver's license.
- Possession and maintenance of a valid State of Michigan C.D.L. driver's license "A" endorsement or the receipt of one within three (3) months of appointment.
- Possession and maintenance of an M.D.P.H. Waterworks System Operator "S-3" license or receipt of one within three (3) years of appointment.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee regularly works in outside weather conditions. The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl, talk or hear; and smell. The employee must occasionally lift and/or move up to 50 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus.

Classification History
EST. Personnel 6/28/84
REVISED: Personnel 10/10/94
REVISED: Personnel 06/14/96
REVISED: Personnel 07/12/02
REVISED: Human Resources 03/18/05
REALLOCATION: 07/01/06

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Position Eliminated

CITY OF FLINT
Position Description

Class Title:	Water Distribution Maintainer	Job Code Number:	20-N-036
Established:		Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Inspects, installs, maintains, and repairs water mains, water service lines, valves, meters, hydrants, and other appurtenances of the water supply system; may work independently or with one or more other water service men, or may act as lead man in a small work crew; performs related work as required.

SUPERVISION RECEIVED: Works under the direct supervision of an employee of higher grade who assigns work and checks for proper performance of duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Installs water mains and new service lines; inspects new mains and service lines being installed by contractors; may on occasion confer with contractors relative to installations and inspections of service lines and water mains; inserts tapping valves for new mains and service lines while maintaining constant water pressure.
2. Lays and repairs water mains; installs and repairs gate valves; installs, repairs, and tests fire hydrants; constructs and repairs manholes on gate valves.
3. Installs service connections, including tapping water main and laying service pipe; connects shut-off valves and stop box; digs up curb boxes; thaws frozen lines in winter; constructs and repair headers for multiple meter settings.
4. Pours lead and caulks joints, cuts pipe, cuts out broken pipe, puts on sleeves, shuts off gate valves, repacks stuffing boxes.
5. Installs and removes consumer water meters; reads commercial and residential meters as required; checks low pressure complaints and causes of high water bills; makes cost estimates for relocation of meters and repair of service lines as required.
6. Drives utility and dump trucks; orders materials, makes out simple reports on work performed and materials used.
7. May act as lead man in a small work crew engaged in installation and maintenance, or may work independently or with one or more Water Service Men.
8. May clean and repack water meters and/or be assigned duties in the stockroom.
9. Contacts customers and makes arrangements for temporary shutoff of water for repairs and/or new connections and installations of mains.

MINIMUM ENTRANCE REQUIREMENTS:

A. One year of experience as a Water Distribution Maintainer Trainee with the Water Distribution and Service system.
B. Familiarity with the materials, methods and practices of water system installation and maintenance.
C. Working knowledge of the water service and distribution system.
D. Ability to carry out oral and written instructions and to work from blueprints.
E. Skill in the use of tools and equipment common to water distribution, construction, maintenance, and service.
F. Ability to perform manual labor for extended periods under unfavorable climatic conditions or in mud and water.

MINIMUM ENTRANCE REQUIREMENTS (Con't):

G. Mechanical aptitude.
H. Ability to meet the physical, mental and visual standards of the job.
I. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

NECESSARY SPECIAL REQUIREMENT(S):

Possession of a valid driver's license.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee regularly works in outside weather conditions. The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is frequently required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must frequently lift and/or move up to 50 pounds and occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus.

Classification History:

REVISED: CSC Mtg. 07/24/61, 08/09/67
RETITLED: CSC Mtg. 07/02/74
REVISED: Personnel 10/16/81
REALLOCATED: Wage Inequity 07/01/85
REVISED: Personnel 06/03/91
REALLOCATED: Human Resources 07/01/2006

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Position Eliminated

CITY OF FLINT
Position Description

Class Title:	Water Distribution Maintainer Trainee	Job Code Number:	12-N-035
Established:	June 26, 1961	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Under an on-the-job training program with close supervision installs, maintains and repairs water mains, valves, meters, hydrants and other appurtenances of the water supply system; performs related work as required. As the training progresses, supervision may be proportionately decreased and the responsibility of assignments increased. After completion of 2080 paid working hours, not including overtime, of on-the-job training, in the Water Service Center Division, the training period will be considered complete and the employee eligible for examination for promotion to Water Distribution Maintainer.

SUPERVISION RECEIVED: Works under the direct supervision of a foreman who assigns work and checks for proper performance of duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Installs water mains and new service lines; inserts tapping valves for new mains and service lines.

2. Lays and repairs water mains; repairs gate valves; installs, repairs and tests fire hydrants; constructs and repairs wells on line gates.

3. Installs service connections, including tapping water main and laying service pipe; connects shut-off valves and stop box; digs and back-fills trenches; locates and digs up curb boxes as necessary; thaws frozen lines in winter.

4. Caulks joints, cuts pipe, cuts out broken pipe, puts on sleeves, shuts off gate valves, repairs stuffing boxes.

5. Installs and removes consumer water meters.

6. Drives utility and dump trucks; orders materials; makes out simple reports on work performed and materials used.

7. May work with one or more Water Service men.

8. May clean and repack water meters and/or be assigned duties in the stockroom.

MINIMUM ENTRANCE REQUIREMENTS:

A. Ability to communicate orally and carry out oral instructions.
B. Skill in the use of the more common shop tools.
C. Ability to perform manual labor for extended periods under unfavorable climatic conditions or in mud or water.
D. Mechanical aptitude.
E. Ability to meet the physical, mental and visual standards of the job.
F. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

NECESSARY SPECIAL REQUIREMENT:

A. Possession of a valid Driver's License before appointment.
B. Possession of a valid CDL Class B Driver's License at time of appointment.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee regularly works in outside weather conditions. The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is frequently required to sit, climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must frequently lift and/or move up to 50 pounds and occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus.

Classification History

Allocated: CSC MTG. 05/15/61
Established: SC MTG. 06/26/61
Reallocated: CSC MTG. 12/12/69
Re-titled: CSC MTG. 07/02/74
Revised: Personnel 07/07/81, 03/17/82, 05/03/90, 02/01/01
Revised: Personnel: 02/25/11

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Position Eliminated

CITY OF FLINT
Position Description

Class Title:	Water Meter Technician	Job Code Number:	19-N-016
Established:	December 13, 1994	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Performs a variety of tasks related to the inspection, testing, installation, resetting, and/or removal of residential and commercial meters. Turns water on and off at the curb box; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of an employee of higher grade who assigns work and checks results for proper completion in accordance with established policies and procedures.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Inspects defective residential and compound meters and transponders; determines defects; takes meters apart; inspects and cleans parts.
2. Tests and calibrates transponder and meter after assembling.
3. Uses various hand held computing devices to program transponders, obtain meter reads, and diagnose transponder and/or meter malfunctions.
4. Assembles parts after testing and calibrating residential meters.
5. Installs and removes meters and transponders. Records meter reads.
6. Locates, and as necessary, digs up curb boxes; operates curb cock to turn water on and off; cleans curb boxes.
7. Reports service leaks and illegal meter connections to the foreman.
8. Completes simple reports on work performed.
9. May drive a van, truck or other light duty vehicle in the performance of duties, including the transport of equipment, materials, and supplies.
10. May, on occasion, be required to turn off water service to customers with delinquent accounts.

MINIMUM ENTRANCE REQUIREMENTS:

A. Two (2) years of general mechanical experience.
B. Working knowledge of mechanical concepts and ideas.
C. Working knowledge of the geography and street locations of the city.
D. A mechanical aptitude, together with skill in the use of the more common shop and hand tools.
E. Ability to perform basic mathematics.
F. Ability to understand and carry out written and verbal instructions.
G. Ability to establish and maintain cooperative working relationships with the other employees and the general public.
H. Ability to meet the physical, mental and visual standards of the job and work in adverse weather conditions.
I. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

NECESSARY SPECIAL REQUIREMENT:

- Possession of a valid State of Michigan Driver's License at time of appointment.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee regularly works in outside weather conditions. The employee regularly works near moving mechanical parts and is exposed to inclimate conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is regularly required to reach with hands and arms and is required to stand and walk; and use hands to finger, handle, feel or operate objects, tools, or controls. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; and talk or hear.

The employee must frequently lift and/or move up to 25 pounds and occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, and the ability to adjust focus.

Classification History
Established: Personnel 12/13/94 (Combined positions of Water Meter Maint. & Water Meter Setter)
Revised: Personnel 05/23/95
Revised: Human Resources 02/17/05
Revised: Human Resources 06/19/06
Reallocated (Wage Inequity): 10/26/07
Revised: Human Resources 09/17/09

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Section Separator

(f) A copy of the contract with the emergency manager as provided in section 9(3)(e).

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

CONTRACT FOR EMERGENCY MANAGER SERVICES

Rick Snyder, Governor of the State of Michigan (Governor) and the Michigan Department of Treasury retain and appoint Darnell Earley as the Emergency Manager (Emergency Manager) for the City of Flint (City) under Public Act 436 of 2012, the Local Financial Stability and Choice Act, MCL 141.1541 *et seq*, (the Act).

The Emergency Manager will provide services to the City pursuant to the terms and conditions set forth in this Contract and the Act.

The Emergency Manager's role is to remedy the financial distress of the City by requiring, within available resources, prudent fiscal management and an efficient provision of municipal services by exercising the necessary authority conferred herein to take appropriate action on behalf of the City and its residents. In accepting this appointment, the Emergency Manager agrees to leverage all the Emergency Manager's skills and abilities to accomplish these objectives on behalf of City residents.

1. PARTIES, PURPOSE, DUTIES, AND REPORTS

1.1 Parties. The parties to this Contract are the State of Michigan by the Department of Treasury and Darnell Earley.

1.2 Purpose. The parties to this Contract agree that Darnell Earley will act as the Emergency Manager for the City. The Emergency Manager's duties and responsibilities are delineated in the Act and include conducting all aspects of the operations of the City and establishing and implementing a written financial plan as required by Section 11 of the Act.

1.3 Duties. The Emergency Manager shall possess all the powers and duties authorized under the Act, including those specifically related to local governments. In addition, the Emergency Manager shall work cooperatively with the Office of the Governor and the State Treasurer. The Emergency Manager agrees to continue to keep these officials informed of major initiatives to be undertaken in furtherance of this Contract before their public announcement. The Emergency Manager shall seek the approval of the State Treasurer before entering into a new collective bargaining agreement.

1.4 Reports. The Emergency Manager shall file quarterly reports with the Department of Treasury beginning on January 15, 2014, for the immediately preceding quarter and shall file the first report required by Section 17 of the Act within six months of the Emergency Manager's appointment and every three months thereafter.

1.5 Communications. The Emergency Manager shall establish and maintain an appropriate protocol for ongoing communications with officials of the City, City residents, and the media. The communications protocol should include a variety of means, including personal interactions.

2. TERM OF CONTRACT

2.1 The Emergency Manager serves at the pleasure of the Governor except as provided in Section 9(3)(d) and Section 9(6)(c) of the Act.

2.2 Effective Date. This contract is effective on Tuesday October 8, 2013.

3. COMPENSATION FOR SERVICES PROVIDED

3.1 Source of Payment. The State shall pay the compensation of the Emergency Manager for all services rendered under this Contract.

3.2 Salary. The Emergency Manager's salary for services rendered under this Contract shall be $180,000.00 per year. If this Contract is terminated after the Emergency Manager has provided services for a portion of the month, the Emergency Manager shall be entitled, for that portion of that month, to $15,000.00 multiplied by the proportion that the number of days of the month for which services were provided bears to the number of days of the whole month.

3.3 Payment for Services. The Emergency Manager shall be paid in installments consistent with the established written policies and procedures of the Michigan Department of Treasury. If requested by the State Treasurer, the Emergency Manager shall provide to the Michigan Department of Treasury additional information regarding services performed pursuant to this Contract.

3.4 Reimbursement for Actual and Necessary Expenses. The actual and necessary expenses of the Emergency Manager, including customary expenses related to travel, meals, and lodging which are incurred in connection with service to the City will be reimbursed by the City. The Emergency Manager shall provide original copies of all receipts for meals, lodging, and travel reimbursement with any request for reimbursement. Any reimbursement for expenses under this contract shall be reviewed and approved in writing by the City's Chief Financial Officer.

4. ADDITIONAL STAFF AND CONSULTANT FEES

4.1 Staff. The Emergency Manager may, as provided in the Act, appoint additional staff as necessary to fulfill the obligations of the Emergency Manager's appointment and duties under this Contract. Payment of compensation for additional staff will be the obligation of the City. While authority to hire additional staff rests with the Emergency Manager, the Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before extending offers of employment for positions paying $50,000.00, or more, annually. The Emergency Manager shall issue a written employment contract to each individual hired pursuant to this Section, regardless of the compensation paid to that individual. The employment contract

issued pursuant to this Section shall, as of the date the individual is hired by the Emergency Manager, prohibit the individual from engaging in any other employment for remuneration without the express written approval of the Emergency Manager. The Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before approving outside employment for any individual. A breach of this Section shall be a material breach of this Contract.

4.2 Professional Assistance. The Emergency Manager may, as provided in the Act, secure professional assistance as necessary to fulfill the obligations of the Emergency Manager's appointment and duties under this Contract. Payment of compensation for additional professional assistance will be the obligation of the City. The Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before authorizing professional services contracts of $50,000.00, or more, per engagement or project. If a contract under this Section, or under Section 4.1, has a value of $50,000 or more, the Emergency Manager shall not execute the contract unless the contract is subject to competitive bidding by the Emergency Manager or the Emergency Manager receives prior written approval from the State Treasurer.

4.3 Security. The Emergency Manager will be entitled to receive security protection in connection with the Emergency Manager's duties under this Contract. Security personnel will be retained only upon the approval of the State Treasurer, or the designee of the State Treasurer, and only after consultation with the Director of the Michigan Department of State Police, or the designee of the Director of the Michigan Department of State Police. Payment of compensation for security personnel will be the obligation of the City.

5. REPRESENTATIONS

5.1 Qualifications. By signing this Contract, the Emergency Manager, represents that the Emergency Manager meets the minimum qualifications for appointment set forth in the Act. The Emergency Manager shall perform the duties of that office on a full-time basis, except as otherwise approved by the State Treasurer, and shall not accept any other employment or engage in any other activity for remuneration without the express written approval of the State Treasurer.

5.2 Conflict of Interest. The Emergency Manager represents and warrants that the Emergency Manager has no personal or financial interest, and will not acquire any such interest, that would conflict in any manner or degree with the performance of this Contract.

5.3 Non-competition. The Emergency Manager represents and warrants that the Emergency Manager is not subject to any non-disclosure, non-competition, or similar clause with current or prior clients or employers that will interfere with the performance of this Contract. The State will not be subject to any liability for any such claim.

5.4 Facilities and Personnel. The City will provide the Emergency Manager with proper facilities and personnel to perform the services and work required to be performed pursuant to this Contract.

5.5 Records. The Emergency Manager shall maintain complete records in accordance with

generally accepted accounting practices and sound business practices. This requirement applies to all information maintained or stored in the computer system of the Emergency Manager or computer system of the City. The State Treasurer and his designees shall have the right to inspect all records related to this Contract.

5.6 Non-Discrimination.

a) The Emergency Manager shall comply with Public Act 220 of 1976, the Persons with Disabilities Civil Rights Act, MCL 37.1101 *et seq.*, and all applicable federal, State, and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that the Emergency Manager will not discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. The Emergency Manager shall impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant shall be a material breach of this Contract.

b) The Emergency Manager shall comply with Public Act 453 of 1976, the Elliott-Larsen Civil Rights Act, MCL 37.2101 *et seq.*, and all applicable federal, State, and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that the Emergency Manager will not discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, or marital status. The Emergency Manager shall impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant shall be a material breach of this Contract.

5.7 Unfair Labor Practices. The Emergency Manager shall not enter into a contract for the performance of any obligation imposed by this Contract with a subcontractor, manufacturer, or supplier whose name appears in the register prepared pursuant to Public Act 278 of 1980, MCL 423.322, of employers found in contempt of court for failure to correct unfair labor practices. The State may void this Contract if the Emergency Manager, or any subcontractor, manufacturer, or supplier of the Emergency Manager that is a party to a contract for the performance of any obligation imposed by this Contract, appears in the above mentioned register.

5.8 Independent Contractor. The relationship of the Emergency Manager to the State and to the City under this Contract is that of an independent contractor. Except as specifically provided in the Act, no liability, benefits, workers compensation rights or liabilities, insurance rights or liabilities, or any other rights or liabilities arising out of, or related to, a contract for hire, nor employer-employee relationship, shall arise, accrue, or be implied to either party under this Contract or to an agent, subcontractor, or employee of either party under this Contract, as a result of the performance of this Contract.

6. NOTICES

6.1 The State Treasurer is the designee for this Contract unless notice of another designa-

tion is provided by the Governor. All notices, correspondence, requests, inquiries, billing statements, and other documents mentioned in this Contract shall be directed to the attention of the State Treasurer, Andy Dillon, and to the following:

For the State:

Michigan Department of Treasury
Office of Legal Affairs
Richard H. Austin Building, 430 West Allegan Street
Lansing, Michigan 48922
Phone: (517) 373-3223

For the Emergency Manager:

Darnell Earley
Flint City Hall
1101 South Saginaw Street
Flint, Michigan 48502

7. LIMITATION UPON LIABILITY

7.1 The State. The State, the Governor, the State Treasurer, and all other State officials are not liable for any obligation of or claim against the City resulting from actions taken in accordance with the Act or this Contract.

7.2 The Emergency Manager. Pursuant to the Act, in performing this Contract the Emergency Manager is engaging in a governmental function and is immune from liability for any action taken which the Emergency Manager reasonably believes to be within the scope of the Emergency Manager's authority granted by the Act or by this Contract.

8. INSURANCE

8.1 General. The Emergency Manager may procure and maintain, at the expense of the City, health, worker's compensation, general liability, professional liability, and motor vehicle insurance for the Emergency Manager and any employee, agent, appointee, or contractor of the Emergency Manager as may be provided to elected officials, appointed officials, or employees of the City. The insurance procured and maintained by the Emergency Manager may extend to any claim, demand, or lawsuit asserted or costs recovered against the Emergency Manager and any employee, agent, appointee, or contractor of the Emergency Manager to the extent permitted by the Act.

8.2 Post-Contract. If, after the date that the service of the Emergency Manager is concluded, the Emergency Manager or any employee, agent, appointee, or contractor of the Emergency Manager is subject to a claim, demand, or lawsuit arising from an action taken during the service of the Emergency Manager, and not covered by a procured insurance policy, litigation expenses, including but not limited to attorney fees, payments in satisfaction of judgments, and

payments made in settlement as specified pursuant to the Act, shall be paid by the City. If such expenses are not paid by the City, they shall be treated as a debt owed to this State pursuant to section 17a(5) of Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971, MCL 141.917a.

8.3 Additional Insurance. If the City has purchased, or otherwise obtained, an errors and omissions policy, then the Emergency Manager may choose to be covered under such policy at the expense of the City.

8.4 Payment by City. All insurance required under this Contract shall be acquired at the expense of the City under valid and enforceable policies, issued by insurers of recognized responsibility. The State Treasurer reserves the right to reject as unacceptable any insurer.

9. TERMINATION OF CONTRACT AND APPOINTMENT

9.1 Termination by the State.

a) The State. The Emergency Manager serves at the pleasure of the Governor except as provided in Section 9(3)(d) and Section 9(6)(c) of the Act. The Governor has the power to rescind the appointment and terminate this Contract at any time, and without cause, by issuing a Notice of Termination to the Emergency Manager.

9.2 Termination Process. Upon receipt of a Notice of Termination, and except as otherwise directed, the Emergency Manager shall:

a) Cease work under this Contract upon the date and to the extent specified in the Notice of Termination;

b) Incur no costs beyond the date specified by the Notice of Termination;

c) Submit to the State Treasurer on the date the termination is effective all records, reports and documents as this State shall specify and carry out such directives as the State Treasurer may issue concerning the safeguarding and disposition of files and property; and

d) Submit within 30 calendar days a closing memorandum and final billing, which shall be paid within 30 days.

9.3 Termination by Emergency Manager. The Emergency Manager may terminate this Contract at any time, with or without cause, with 30 days written notice to the State Treasurer. Within 30 days of the Emergency Manager's final day of service, the Emergency Manager shall submit a closing memorandum and final billing, which shall be paid within 30 calendar days.

10. GENERAL PROVISIONS

10.1 Governing Law and Jurisdiction. This Contract shall be subject to, and construed according to, the laws of the State of Michigan, and no action shall be commenced against this State,

its agents, or employees for any matter whatsoever arising out of this Contract, in any court other than a Michigan State court.

10.2 No Waiver. A party's failure to insist on the strict performance of this Contract shall not constitute waiver of any breach of the Contract.

10.3 Other Debts. The Emergency Manager represents and warrants that the Emergency Manager is not, and will not become, in arrears on any contract, debt, or other obligation to the State of Michigan, including taxes.

10.4 Invalidity. If any provision of this Contract or its application to any persons or circumstances shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Contract shall not be affected, and each remaining provision of this Contract shall be valid and enforceable to the fullest extent permitted by law.

10.5 Headings. Section headings contained in this Contract are for convenience only and shall not be used to interpret the scope or intent of this Contract.

10.6 Entire Agreement. This Contract represents the entire and exclusive agreement between the parties and supersedes all proposals or other prior agreements, oral or written, and all other communications between the parties.

10.7 Amendment. No Contract amendment will be effective and binding upon the parties to this Contract unless the amendment expressly makes reference to this Contract, is in writing, and is signed by duly authorized representatives of all parties and all the requisite State approvals are obtained.

10.8 Order of Priority. This Contract and the Act shall be read to be consistent one with the other. However, if a conflict is deemed to exist between the terms of this Contract and the Act, the Act shall supersede the terms of this Contract.

10.9 Counterparts. This Contract may be executed in separate counterparts, each of which when executed shall be deemed an original, but all of which when taken together shall constitute one and the same Contract.

IN WITNESS WHEREOF, the Governor and the Emergency Manager have signed and executed this Contract.

STATE OF MICHIGAN

Dated: 10/2/13

Rick Snyder, Governor

Dated: 10-2-13

Darnell Earley, Emergency Manager

Approved as to form and content pursuant to Section 9(3)(e) of Public Act 436 of 2012, the Local Financial Stability and Choice Act, MCL 141.1541 *et seq.*

Dated: 10/3/13

Andy Dillon, State Treasurer

Section Separator

(g) The salary and benefits of the emergency manager.

Salary and Benefits of the Emergency Manager:

Per the Emergency Manager's Contract Section 3. Compensation For Services Provided

3.1 Source of Payment. The State shall pay the compensation of the Emergency Manager for all services rendered under this Contract.

3.2 Salary. The Emergency Manager's salary for services rendered under this Contract shall be $180,000.00 per year. If this Contract is terminated after the Emergency Manager has provided services for a portion of the month, the Emergency Manager shall be entitled, for that portion of that month, to $15,000.00 multiplied by the proportion that the number of days of the month for which services were provided bears to the number of days of the whole month.

3.3 Payment for Services. The Emergency Manager shall be paid in installments consistent with the established written policies and procedures of the Michigan Department of Treasury. If requested by the State Treasurer, the Emergency Manager shall provide to the Michigan Department of Treasury additional information regarding services performed pursuant to the Contract.

3.4 Reimbursement for Actual and Necessary Expenses. The actual and necessary expenses of the Emergency Manager, including customary expenses related to travel, meals, and lodging which are incurred in connection with service to the City will be reimbursed by the City. The Emergency Manager shall provide original copies of all receipts for meals, lodging, and travel reimbursement with any request for reimbursement. Any reimbursement for expenses under this contract shall be reviewed and approved in writing by the City's Chief Financial Officer.

Section Separator

(h) The financial and operating plan as required under section 11. Update #5 to the Financial and Operating Plan for the City of Flint.

Financial and Operating Plan for the City of Flint – Update 5
April 8, 2014

Introduction
This update to the Financial and Operating Plan for the City of Flint is submitted by the Emergency Manager for the City of Flint to Governor Rick Snyder, through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 17.

This report includes a summary of the financial conditions and goals for the City of Flint, the plan to conduct the operations of the City, the on-going actions being taken to resolve the financial emergency, and the outline of a plan to prepare for an eventual transition as prescribed in P.A. 436. This update will be posted on the City's website: www.cityofflint.com .

Summary of the EM/EFM Appointment Sequence and Development of the Operating and Financial Plan
The Flint Financial Review Team determined in November 2011 that the City of Flint was in a financial emergency. (See Attachment #1)

On December 1, 2011 Governor Rick Snyder appointed Michael K. Brown as Emergency Manager EM Brown developed the Financial and Operating Plan utilizing the resources of a five person Advisory Committee as well as five additional advisory committees. EM Brown sought broad expertise to ensure public engagement and to maintain a sense of continuity with the Mayor and City Council. All nine City Council members and over fifty other citizens participated in the advisory committees.

EM Brown's original Financial and Operating Plan (45 Day Plan) was submitted to the State Treasurer on January 15, 2012; the first update to the Plan was submitted on June 1, 2012. On August 8, 2012, PA 4 was suspended and Edward J. Kurtz was appointed Emergency Financial Manager under P.A. 72. (Mr. Brown stepped aside as he was prohibited from serving as EFM due to his recent service as Interim Mayor for the City of Flint.)

EFM Kurtz established a new Advisory Committee in accordance with the requirements of P.A. 72. Utilizing the Advisory Committee and the City of Flint management team, EFM Kurtz presented a second update to the Financial and Operating Plan and submitted this to the State Treasurer on February 8, 2013.

When P.A. 436 took effect on March 28, 2013 Mr. Kurtz was re-appointed by Governor Snyder as Flint's Emergency Manager. Mr. Kurtz continued in that capacity until his resignation after the end of fiscal year 2013. At that time Mr. Kurtz submitted his closing memorandum and the third update to the Financial and Operating Plan. Governor Snyder then reappointed Mr. Brown as Emergency Manager. On October 8, 2013 I was

appointed by Governor Snyder as Flint's fourth Emergency Manager following Mr. Brown's resignation. On November 21, 2013 I submitted the 45 Day Plan as required by P.A. 436 Section 11(2); that plan became Update #4.

This report is now the fifth update to the Financial and Operating Plan and fulfills P.A. 436, Section 17 six month report requirement.

Priority List for the Resolution of the Financial Emergency

- Stabilize the financial future of the City: maintain a balanced budget, eliminate the accumulated General Fund deficit, seek increased revenue, and reduce unfunded pension and OPEB liability.

- Re-establish Flint as one of the safest cities in Michigan — both in reality and perception: provide public safety services, focusing on reducing violent crime, commensurate with cities of comparable size and resources, utilizing regional cooperation as appropriate.

- Implement the Blight Elimination Plan: manage demolitions, enforce blight ordinances.

- Maintain access to a clean, sustainable water source: implement the steps necessary to participate in the Karegnondi Water Authority (KWA) including interim water supply implementation, disposition of current pipeline sections, City Water Treatment Plant updates, a long term water supply back up plan, and a long term financial plan for the stability of the water and sewer funds.

- Implement the Master Plan of the City of Flint: update the Zoning Ordinance, evaluate the capital investment needs, and incorporate Master Plan activities in the annual budget development.

- Explore Governance Models for the City of Flint: receive report from the citizen's committee which was formed to evaluate city governance models, recommend course of action for Charter revision as a part of transition discussions.

- Implement the 7 Point Transition Management Plan (Attachment #2) which has been adopted by the Flint City Council and Mayor Walling. This Plan incorporates specific objectives which provide a strategy for determining and evaluating criteria for assessing when the City might be prepared to emerge from emergency management to home rule order with oversight of a Transition Advisory Board.

Operations of the City of Flint

Shortly after his appointment as EM, Michael Brown took steps to reorganize the city government operations including: elimination of departments, consolidation of departments, elimination of management level positions, adjustment of the compensation of elected and appointed officials, elimination of the Civil Service operation and the Office of Ombudsman

Management appointments were made to ensure that the essential services necessary for the public's health, safety and welfare are provided, and to continue conducting all aspects of the City of Flint's operation within the resources available. Necessary employment contracts were extended with the approval of the Treasury Department.

Department management reconfigurations were completed in anticipation of reductions in staffing levels as provided in the FY 13 Budget. Subsequently, as part of the FY 14 Budget process a Strategic Plan was adopted and more changes in the organizational structure occurred. The primary change was the inclusion of a new Planning and Development Department (See Attachment #3 Organizational Chart FY 14). I have made personnel adjustments to complete this reorganization of the Planning and Development Department.

When P.A. 436 became effective in March 2013 the City Council members' and Mayor's compensation was eliminated. EM Kurtz partially restored compensation for Mayor and Council through Orders 1 and 2. These orders also defined specific responsibilities and requirements. For example, the City Council members must complete Level One of the Michigan Municipal League (MML) core course for municipal government and must receive the MML education award within one year. I have determined that this Order is still in effect, and the Council members have all individually signed acceptance of these requirements as a condition of receiving compensation.

All Orders and Directives issued by the Emergency Financial Manager (under P.A. 72) and Orders issued by the Emergency Manager (under PA4 and P.A. 436) are listed in Attachment #4: Orders and Directives of the EFM and EM.

In addition to the 7 Point Transition Management Plan, re-engagement of the City Council has been a top priority. The Council is meeting monthly on a regular basis; five new Council Committees have also been formed: Finance/Administration, Legislative, Public Works, Public Safety, and Planning and Development. Each Committee is meeting regularly and then reporting at the following Council meeting. Order 8 was issued in March 2014 and defines format of action and participation at the Council meetings. Order 9 established monthly Council and Committee meetings; and Order 10 set the format of the Council meeting agenda.

Financial Status

FY12 Budget and Audit

The Comprehensive Annual Financial Report (CAFR) for FY12 was completed and was filed with the State in a timely manner. The results were as expected, with fewer auditor comments than in past years. Deficits existed in the General Fund ($19.1 million) and in the Water Fund ($8.8 million).

The $19.1 million accumulated deficit reflected an excess of expenditures in the General Fund for FY12 of $10.2 million plus $8.9 million for FY11. This was anticipated by Emergency Manager Brown shortly after being appointed, which was almost six months into the FY12 year. Given that FY12 was nearly half over, and that significant unplanned reductions in services, primarily public safety, would need to occur if the projected deficit were to be immediately eliminated, the decision of the Emergency Manager, in consultation with Treasury, was to contain costs as much as possible but without significantly reducing services – especially public safety - for the balance of the year.

Pursuant to State statute, Deficit Elimination Plans for both FY11 and FY12 were submitted to the Department of Treasury. Both plans involved a mix of borrowing and expenditure reductions over the next five years. However, no final action was taken to implement the intended courses of action.

FY13 Budget and Audit

FY13 was the first budget developed and administered by the Emergency Manager and his team. Faced with a projected gap of more than $25 million, the FY13 budget was balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Previous reports detail the 25% increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, elimination of 20% of the City's workforce, compensation decreases equivalent to a 20% wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

Results of FY13 year end show a surplus of revenues over expenses in the General Fund exceeding $6.2 million. This surplus reduced the City's accumulated $19.1 million deficit as of the end of FY12 to less than $12.9 million. Since the goal of the EM team was to assure that FY13 would not end with any additional deficit, this result has significantly exceeded expectations.

The FY13 audit was completed and submitted to Treasury on December 20, 2013. All items surrounding the audit, including submission of the Form F-65 and Comprehensive Annual Financial Reporting Program were completed by December 31, 2013. The audit was presented to City Council as well on January 13, 2014.

Deficit Elimination Plan 2013
A draft deficit elimination plan which also incorporates a reserve accumulation plan is currently under review by the Department of Treasury. The City recognizes that a goal needs to be set to develop a reserve equal to 15% of General Fund revenues. This is one of many financial best practices which the City will incorporate to assure a sustainable municipal model.

FY 14 Budget and Strategic Plan
The FY14 budget was adopted via Emergency Manager Edward Kurtz Order #4 on June 7, 2013. This budget was developed with the same goal as FY13 – to assure the provision of essential services within the constraint of a balanced budget and continued deficit reduction. Accordingly, the FY14 budget includes a $1.0 million commitment from the General Fund to further reduce the deficit. This is considered a minimum level of deficit reduction.

Achieving this goal again required reducing the workforce; however, with significant efforts from department heads and others involved in developing the budget, and building on ongoing reorganization of city processes, the level of services currently provided should generally continue at FY13 levels. Most importantly, the quest to at least maintain FY13 levels of police and fire staffing was maintained, although one consequence was that the additional reductions in staffing came from non-public safety areas. This was equivalent to an additional 10% reduction of staffing in those areas.

As the city has reached the end of the third quarter of FY14, the budget continues to be in balance. One set of budget adjustments, with approval of Treasury was implemented in December 2013. A second budget adjustment has been recently approved by Treasury (Attachment #5: Orders and Directives of the EFM and EM). The third quarter review of revenues and expenses to budget does not disclose any significant anomalies.

The City's cash flow has improved significantly from the $13 million cash on hand in December of 2011. Thirteen million dollars is less than one month's operating expenses. By comparison, the cash on hand on March 31, 2014 was in excess of $49 million.

The Emergency Manager's team crafted a strategic plan in preparation for the FY14 budget development. Vision, Mission and Goals were established for the City government. Department managers then set specific, measurable objectives. Within the Strategic Plan was a five year financial projection. This tool was utilized to prepare the FY14 budget.

FY 15-19 Strategic Plan and FY 15/FY 16 Budget Development
The FY14 budget was developed within the context of a five year projection of revenues and expenses. This exercise pointed out the continuing challenge the

City of Flint will have in achieving long term financial stability. The Finance Department and the Council Finance/Administration Committee are working on the FY15-19 strategic plan and financial projections. The City Council has adopted a Mission, Vision, Goals and Budget Priorities statement (Attachment #6: Vision, Mission, Goals and Budget Priorities of the City of Flint 2015-2019). Consulting firm Ernst & Young is assisting the City with an update to the five year financial projections.

The EM, in concert with the Mayor, is developing a two year budget for FY15 and FY16. It will be developed within the context of the FY15-FY19 strategic plan and the updated five year financial projections. The goal is to provide the best level of service possible within available resources while continuing to restore financial solvency. It is clear that in balancing these budgets the City will continue to be faced with addressing a continuing structural deficit; and the biggest challenge by far remains the outcome of the retiree health care lawsuit.

It is anticipated that the City Council will receive the recommended two year budget by April 30, 2014. The Finance/Administration Committee (with other Council members invited) will use the first two weeks of May to hold four meetings on specific program areas. The Council will then hold a public hearing on May 19, with the final Finance/Administration Committee meeting to be held between May 20 and 23. It is anticipated that City Council will take final action on May 26 with emergency manager's budget adoption on June 2, 2014.

I additionally note that Mayor Walling has been fully engaged with City staff and me as this two year budget is being developed.

Key Actions To-Date, Current Activities and Pending Issues

The city continues to review all departments and services for potential merger, consolidation, contracted service, shared services with other governmental entities, privatization or elimination. As a result of these reviews the City will determine what continuing activities should be subsidized with general property tax dollars, what will be paid by the users and what services can be eliminated.

Finance/Administration/IT:

Finance Department

The Finance Department is proceeding with the following projects:

- Completion of a Water/Sewage Rate Study (being prepared by Raftelis Financial Consultants) to address the long term financial stability of the Water and Sewer Funds,
- Transition from Detroit Water and Sewer District to the Flint River on a temporary basis while the Karegnondi Water Authority (KWA) pipeline is being constructed,

- Participation with KWA in the $220 million bond sale to finance construction of the KWA pipeline,
- Negotiation with Genesee County Water and Sewer System for the sale of a portion of the City's water line,
- Continued effort to reduce pension and OPEB liabilities, including participation in defending the City's position in the retiree health care lawsuit,
- Continued aggressive monitoring of revenue and expense activities, with particular emphasis on revenue collections, position counts and overtime expenditures,
- Planning and implementation of employee development programs focusing on financial management, supervision and labor relations, and leadership development,
- Reorganization of city accounting functions based on the analysis and recommendations of an organizational study completed by Plante Moran,
- Updating the City's Strategic Plan and five year financial projections, developing a two year budget (FY15 and FY16) utilizing the City Council adopted Mission, Vision, Goals and Budget Priorities, as well as the Master Plan,
- Working with the Finance/Administration Committee of the Council to engage them and the City Council in the budgeting process and other financial matters.

Grant Management
Finance reviewed the process for all grants to the City of Flint for appropriate use of funds, potential for continued funding, and timely reapplication. A grant pre-submission approval system has been operational since March 2013 following EM Order No. 10.

Economic Vitality Incentive Program (EVIP) Requirements
The City of Flint has met all reporting requirement dates for Economic Vitality Incentive Program (EVIP) in order to qualify for all disbursements of State Shared Revenue. Each report is available on the City's website www.cityofflint.com through Munetrix Citizens Guide to Finances and Dashboard.

Transition of Flint Employee Retirement system (FERS) to Michigan Employees Retirement system (MERS)
The FERS to MERS transition will be complete when Model Labor Contracts have been finalized. All assets are at MERS, and retirees have been receiving their pensions from MERS since October 18, 2012. The transfer of the administrative components should be complete by July 1, 2014.

Retiree Health Insurance Revisions
The City's approach to containing its OPEB liabilities has been to restructure both active and retiree health care benefits, and to eliminate the promise of retiree

health care for new employees. The changes have had a significant impact on the City's OPEB liabilities, reducing the total unfunded liability from nearly $900 million to less than $400 million, and reducing the Annual Required Contribution (ARC) from $60 million to $22 million.

As previously reported, the City's effort to restructure retiree healthcare was challenged by a group of retirees in a federal lawsuit, *Welch v City of Flint*. On January 3, 2014, the U.S. 6th Circuit Court of Appeals reinstated an injunction prohibiting the City from modifying retiree health care benefits. The City is aggressively litigating this matter, as it does not have the resources to afford the current level of healthcare coverage, and projected cost increases for the upcoming fiscal year are substantial. If the federal district court's decision is not reversed, the City will be in an extremely precarious financial position, with insufficient resources to meet basic functions. Additionally, the City has asked consultants Ernst & Young to provide a proposal for an analysis of the City's ability to remain solvent in the event the retiree lawsuit is lost.

The City is working to comply with the court's order, beginning with establishment of a reimbursement program for retirees whose expenses since January 3, 2013 are greater than their old plans. Work is also proceeding in anticipation of a court hearing sometime in the future, and settlement options are being explored.

Otherwise, the City is utilizing the services of Cornerstone Municipal Consulting in ongoing review of various Employee/Retiree health care options including plan design, delivery systems, Medicare Advantage, Medicare Wrap Around, benefit carve-outs, etc. in an effort to control health care costs. Administration of the City's health insurance benefits program is being handled by Cornerstone. In addition to the retiree lawsuit, attention is now focused on minimizing the City's cost for health care (for current employees and retirees) in the FY15 and FY16 budgets.

Treasury Division

Income tax processing is being handled through a joint project with the Cities of Grand Rapids and Lansing. Beginning in FY14, income tax collections have been handled by Innovative Software, the current vendor for the City's income tax software. Also of note, the City is operating with a shared Treasurer between the City of Burton and the City of Flint.

The City contracted with Plante Moran to conduct a study to evaluate the potential of shared services between the City and Genesee County treasury functions. This study was funded by the Mott Foundation. The initial action resulting from the study was the elimination of some unnecessary information transfers, and preliminary discussion about the possibilities of a shared investment services and of joint tax collections.

In an effort to improve income tax collection, the City purchased the 2010 State Tax roll and began sending notices to 8800 individuals, both residents and non-residents, who have not filed City tax returns. The total estimated tax value from uncollected income tax for the 2010 tax year is between $300,000 and $400,000. The City will be pursuing uncollected income tax from previous years, and will purchase the 2011 state tax roll when available.

The Treasurer's Office now has a specific unit dedicated to pursuing delinquent collections for income tax and personal property. This unit will be expanded to also address delinquent water bills and miscellaneous receivables

Assessment Division

The Assessment Division has been operating with a part-time Level IV Assessor, who also serves as Assessor with City of Lansing and Flint Township.

Activities of the office continue to meet statutory requirements for establishing property values, and the office also responds to valuation appeals filed through the Board of Review. Additionally, the office processes applications for poverty exemptions for property taxes. Those qualifying for such exemption also receive some relief for the fixed portion of their water bills.

Currently, the Assessor is projecting City of Flint property values to decrease less than 1% for FY15, and to stabilize thereafter.

Human Resources

Human Resources has been faced with challenges relating to long unresolved grievances and long standing provisional appointments, and has made significant progress in addressing them.

Reorganizations and continuing personnel reductions have required additional HR energies to assure they are done appropriately and consistent with labor contracts.

HR has joined with the Genesee Intermediate School District in using APPLITRAC system for job postings and the initial hiring process. This has helped to streamline the recruitment process for the City.

City-wide management and supervisory training has been re-established by HR, beginning in 2013 with a series of quarterly training sessions for all supervisory personnel, focusing on the basics of supervision and labor contract administration.

Labor Agreements and Implementation

During the tenure of EM Michael Brown, Labor Counsel held meet and confer sessions with the City's six bargaining units. A target of 20% equivalent wage reductions was achieved. Tentative Agreements were reached with four of these bargaining units. As contract settlement was necessary prior to adopting the FY13 budget, the EM invoked the 19K provision in Public Act 4 from the State

Treasurer for the bargaining units which had not achieved Tentative Agreements (EM Orders 18 and 26) and with Local 1799 which had approved a TA but had not ratified (EM Order 27).

EFM Edward Kurtz held additional sessions with AFSCME, Flint Police Officers Association (FPOA) and the Firefighters Union. In January 2013 AFSCME and the City reached agreement for the privatizing of waste collection and demolition. A lawsuit by FPOA seeking to return to the status quo (prior to EM imposed contract) was dismissed by the circuit court. In late May, a lawsuit was filed by AFSCME Council 25 seeking to overturn the contract imposed by the EM in April of 2012.

A comprehensive revision of all labor contracts is underway, starting with the development of a model contract for FPOA and AFSCME 1600. Meet and confer sessions have been held; the City's goal is to streamline and standardize the contracts and to further reduce legacy costs. It is anticipated that contracts for all City units will be implemented no later than July 1, 2014. It is likely that at least some will be implemented through the process provided for in P. A. 436.

Information Technology

Prior to the start of FY13 the Information Services Department eliminated all but two of the existing positions. Through reorganization, 6 of 9 employees were rehired under new job descriptions. The new structure allowed more flexibility and greater utilization of personnel.

Several large scale projects have been completed including: installation of a back-up server for Public Safety and 9-1-1, installation of new switches which will allow for a more complete use of Public Safety's data collection and record keeping systems; software upgrade for the New World records management system; finishing the AT&T Managed Router Service deployment to the City network; installation of a new visualization server cluster; and the automation capability of the Third Ave. Pump Station.

The upgrade of the City's ERP (BS&A) is nearly complete, with final training underway. Replacement of desktop units throughout the City continues, allowing for upgrading of operating and business systems.

Fleet Division

The City has consolidated the management of the City's vehicle and truck fleet under the Fleet Division. This division will oversee the specification, purchase, repair and maintenance and replacement schedule for all city vehicles and wheeled equipment. The Division recently participated in a successful auction of surplus equipment.

City Clerk
The City Clerk has recently conducted the November election and the swearing in of the 2013-2014 City Council. The Clerk made arrangements for the orientation and training of the new Council members.

As part of the FY14 reorganization, the City has transferred the responsibility for Business Licensing to the newly formed Department of Planning and Development. The City recognizes that it is losing significant revenue from unlicensed businesses and this change is designed to insure that all businesses in the City of Flint are licensed and inspected.

Office of the City Attorney
The City Attorney is continuing with efforts to improve litigation management through claim evaluation, claim reporting, attorney training and trial preparation. The City Attorney continues to emphasize the "litigation team" approach to case handling, with weekly review of pending matters and discussion of how best to protect the City of Flint's legal interests.

With the help of interns from Michigan State University, all City ordinances have been reviewed. Charter revisions which would increase flexibility for department reorganization and budget flexibility are also being considered.

Also, in preparation for the new Department of Planning and Development, the City Attorney's Office prepared draft revisions to the City Code concerning business licensing and regulation. Many ordinances and former business licenses are recommended for removal because they were obsolete, or could be put under the newly created General Business License. Several businesses also will be required to obtain a Business Endorsement.

Criminal Justice System Advisory Council (CJSAC)
Based on input from the State Police, Governor's Office and a Michigan State University Criminal Justice Study, it was clear that the Genesee County Criminal Justice System and the Flint Police Department could benefit from improved coordination and policy development.

In September 2012 the first meeting of the Criminal Justice System Advisory Council (CJSAC) was held. Eight workgroups were established. Through these work groups a number of cooperative projects, streamlined operations and new collaborations have been identified and implemented. Regular meetings of the full Council are held quarterly and work groups schedule meetings as needed.

68th District Court
The City currently funds the operation of the 68th District Court; in FY14 this amounts to $3.5 million net. This significant portion of the City's General Fund needs to be studied

closely and recommendations developed to meet this required activity while containing and reducing costs.

Senate Substitute for House Bill 5125 passed the Senate and the House in March 2014. The Bill authorizes consolidation of the 67th and 68th District Courts. It requires that the consolidation be approved by the City and the County. The County approval requires the affirmative vote of at least two-thirds of the County Board members. I strongly encourage the State to continue the process of working to consolidate the 67th and 68th District Courts.

Department of Public Works

A Council Public Works Committee was established in February 2014. The Public Works Department management works transparently and cooperatively with the Public Works Committee

Utilities Division

Karegnondi Water Authority (KWA)

In March 2013 both the City Council and EM Kurtz adopted resolutions to enter into a contract with KWA to partner with Genesee County, City of Lapeer, Lapeer County and Sanilac County in the construction of a pipeline to deliver raw water to the City of Flint. This decision followed many months of analysis by the City of Flint, the Genesee County Drain Commissioner's office, and ultimately involved the State Treasurer and Governor Snyder. This conclusion to join KWA is momentous for the City and the entire region. The City looks forward to a safe, reliable water supply through which water costs can be stabilized for the KWA participants.

Genesee County successfully held a $221 million tax-exempt debt offering on April 1, 2014 to finance the 63 mile pipeline. Genesee County is responsible for paying roughly 66% of the debt service and Flint 34%; the County agreed to back the City's share of the borrowing because the County holds an A-plus rating. This backing would only come into play if the city failed to perform, which it has no intention of doing. The County did receive a favorable 4.72% rate.

Immediately after the March 2013 KWA decision the Detroit Water and Sewer Department (DWSD) notified the City that it will terminate the contract with the City for the delivery of water in 12 months. The City is currently implementing its plans to utilize the Flint River as the primary water source for the City between early spring 2014 and the full operation of the KWA pipeline (approximately 36 months after construction begins).

There are many details still to be addressed in the implementation of this project including the use of existing pipeline portions.

Water Department
Upgrades to the City's Water Treatment Plant are required prior to the transition to the KWA water source and any on-going temporary use of the Flint River. KWA water from Lake Huron will be "raw" and will require treatment by the city prior to customer distribution. Construction work has begun.

An evaluation is taking place to implement an effective Preventive Maintenance plan which focuses on controlling water loss (leakage). This is expected to involve a combination of outsourcing, in-house work, and shared services with the County.

The exceptionally cold winter produced a large number of major water main breaks and several sinkholes have developed. Crews are working on these repairs according to a priority list based on severity of the break.

A plan is being implemented to replace all water meters in the City. Currently $700,000 has been allocated in FY 14 for that purpose.

Discussions have begun with the Genesee County Drain Commissioner on a wide range of shared services and partnerships for both water and sewer operations.

Sewage Treatment Division
The automation of one of the City's pump stations (which was staffed 24 hrs a day) has been completed. This will result in the elimination of overtime and a savings of over $500,000 annually.

The planned shutdown of the City's incinerator has begun for a new load-out facility and is expected to reach completion in early Spring 2014. The estimated savings from this project is an annual $400,000.

U. S. Department of Environmental Quality S2 Grant
An S2 DEQ grant to study infrastructure condition for water pollution control was accepted. The study was defined to encompass the City's entire sanitary sewer system including the overall collection system, the capacity and condition of the system, potential upgrade recommendations to the lift stations and the pumping stations, and to make recommendations for necessary investments to maintain the system

Storm Water Management Plan
A draft new storm water ordinance that shifts the cost allocation to the larger users has been developed.

Swedish Biogas International (SBI)
In conjunction with the City of Flint sewage treatment plant shut-down of the sludge incinerator, Swedish Biogas International (SBI) proposes to accept sludge output and produce electricity. The city will agree to

purchase the electricity at a reduced rate compared to purchase from Consumer's Energy. The SBI contract has completed the City's review process and is now awaiting SBI's Board of Directors' authorization. Recent meetings with SBI have produced the following target dates:
May 1, 2014 – Finalize change order with the City of Flint.
July, 2014 – Finalize design and budget for generator.
Q1, 2015 – Generator operational.

Transportation Division

Solid Waste Management Division

In early February 2013, the Infrastructure Department signed a contract with Republic Services, a private waste collection company. The City of Flint no longer collects or disposes of household waste. Through this new contract, residents city-wide now have access to curb-side recycling. It is expected that the fee for waste collection service will continue to be billed and collected by the City.

Outsourcing of Sanitation is complete and the process of establishing city composting is underway with a permit application to DEQ submitted and a site plan of action being prepared for the EPA.

An Administrative Consent Order on removing compost from the Chevy-in-the-Hole site has been agreed upon in principal with the DEQ and should be signed in April. Work will commence simultaneously through a vendor in April 2014 to remove compost from the site.

Street Maintenance and Engineering

The winter of 2013-2014 was just shy of being Flint's snowiest winter on record. A devastating ice storm occurred in late December 2013 and resulted in over 40,000 city/county residents living without power for over six days. The first week of January the City was hit with a seventeen inch snowfall. City crews faced extreme conditions all winter as they worked to keep the City streets cleared and functional. These extreme conditions forced the Transportation Division to evaluate all phases of their operation: personnel assignments, fleet maintenance, route planning and storm evaluation. Discussions have continued with the County Road Commissioner on possible shared services; and the City and MDOT have issued a Memorandum of Understanding to have MDOT maintain the state trunk-lines (M-21 and M-54) within the City while capacity issues are resolved.

Both road paving and engineering are seasonal activities and these are at ever decreasing levels. These are under review as areas to downsize or eliminate. Consideration is being given to developing service sharing arrangements or creating the ability to source on an as needed basis. Only crack sealing and pothole repair will be conducted this season; no repaving of any City streets will occur for a second year.

Facilities Management

A private company held an on-line auction in January 2013 to dispose of surplus equipment from a variety of departments in the City. This one day auction netted $130,000. A second auction was held in May 2013 which netted an additional $250,000. An auction at the impound lot was held in June 2013, netting over $30,000 for the City.

The Facilities manager is reviewing all city owned assets (both real property and capital equipment) to determine if disposal should be pursued.

All city owned facilities are under review for energy savings, revenue generation from tenants, or possible liquidation.

Parks and Recreation

The City contracted with two vendors who have the capacity to mow all of the city parks (64) multiple times at a rate that fits the current millage. The City also actively sought neighborhood groups and organizations who would adopt one or more of the City's parks, traffic triangles or medians. The current Parks millage generates enough money for reduced parks mowing and limited tree removal where property has been damaged or streets are blocked.

The City has entered into discussions with the Genesee Conservation Group for tree evaluation and removal services, and to assess the status of over 22,000 City trees.

Golf Courses

All four of the city's golf courses were leased to private organizations. Two courses were operational summer 2012 and both reopened for the summer of 2013. The two courses which are operational will sign 10 year lease agreements with a 3% annual escalation fee in payments to the City.

Senior Centers

The Pierce Senior Center closed on April 30, 2012 as funding was no longer available. The City of Flint continued to explore its options with the two open Senior Centers: Brennen and Hasselbring. In June 2013 contracts were successfully negotiated with United Senior Network for the operation and sale of the Hasselbring Community Center, and with the Brennan Elm Park Senior Community Corporation for the operation of the Brennan Community Center.

The vendors operating each of the centers are planning to apply to take full responsibility of the millage funding once the County's next fiscal year begins in October 2014. The vendors have agreements to purchase the buildings as part of the current lease to own contract.

Department of Planning and Development

The creation of the Department of Planning and Development, separate from the Infrastructure Department (now Department of Public Works), had been envisioned since the beginning of the FY14 budget. I announced the department reorganization and the new Department Head, former Chief Planner, Megan Hunter in early November 2013. The Master Plan has now been adopted and this department is charged with guiding the implementation of the many objectives included in the Plan. Blight elimination is one of the City's top priorities and the associated blight enforcement activities will be coordinated through this department as well.

A Council Planning and Development Committee was established in February 2014. The Planning and Development Department management works transparently and cooperatively with the Planning and Development Committee.

Master Planning

The City of Flint was proud to announce the October 2013 adoption (by both a unanimous decision of the City Council and the Emergency Manager) of the first comprehensive Master Plan since 1960. Overall, 5000 residents participated in this extensive process.

Following the data gathering phase of the master planning process, the planning team was able to release a summary of the findings in an Existing Conditions Report. This report already proved extremely beneficial, assisting several community stakeholders in applying for grants and helping inform decisions around critical issues such as blight and demolition. In fact, the completed Housing Conditions Inventory included in the report was critical in helping the Genesee County Land Bank develop its successful application for $3.7 million in funding for demolition through the Michigan Blight Elimination Grant Program. This data was also used to develop an application for the Federal *Hardest Hit Program* which resulted in an award of $20 million (See Blight Management Plan below)

The City is now in the process of developing eight subarea plans, our first combined Capital Improvement Plan (CIP) and a complete revision of the Zoning Code. Drafts of all three will be completed by the end of June 2014. Following an extensive community engagement process during the summer, the CIP and the new Zoning Code will be scheduled for adoption later in the fall. As a result of the newly adopted Master Plan and preliminary work on these implementation documents, the City of Flint was selected to receive technical assistance from MEDC as a Redevelopment Ready Community (RRC) with the goal of gaining certification as a RRC at the end of 2014.

Implementation does not stop with the adoption of the CIP and Zoning Code. Planning staff has already begun implementation of the hundreds of strategies outlined in the Master Plan. For example, the City applied for and was recently selected for the Strong Cities, Strong Communities (SC2) Program. As part of the next SC2 cohort, Flint will receive additional technical assistance and support from the federal government including one embedded federal staff that will help advance implementation activities around

public safety, brownfields redevelopment, and blight elimination and neighborhood stabilization. This federal staff member should be placed at the City by early May.

In addition to the SC2 Program, the City is working on several Master Plan demonstration projects. The City received two grants totaling $87,500 for Max Brandon Park to complete a park naturalization demonstration project that will create a healthier park environment while reducing long-term maintenance costs. The City also was recently awarded a Michigan Municipal League Place Plans Grant to develop an exciting trail that links important assets from Diplomat Pharmacy to Kettering University. This project is bringing residents and key stakeholders together to help create the dynamic spaces that help revitalize cities. Finally, the City is partnering with the Flint Community Schools to institute a form of the community schools model, the number one educational objective in the Master Plan. The first step in this process is jointly hosting a large (over 600 people) town hall meeting to have a community dialogue about what our new community education model should incorporate. This meeting is planned for May.

Community and Economic Development

Collaborative economic development efforts continue with the Flint & Genesee Chamber of Commerce (F&GCC) in order to attract and retain businesses and to promote new tools such as the Next Michigan Development Corporation and Smart Zone designation. The City also continues to work with RACER Trust on brownfield development, including Buick City. Through the collaboration between F&GCC, RACER, and the City, we recently have been able to attract American SpiralWeld Pipe Company, which plans to construct our first manufacturing facility at Buick City in decades. This $16 million development will generate fifty new jobs.

In addition to attracting American SpiralWeld Pipe Company, the City and its partners have been able to attract several new investments to Flint. Most significantly, General Motors has recently received approval from the Planning Commission to construct a 596,000 square foot, $600 million paint facility at its Flint Assembly Plant, resulting in 280 construction jobs and up to 550 jobs at the facility during its peak of operation. Through its partnership with Uptown Reinvestment, the City was able to further a key component in revitalization of the former Flint Journal Building by helping fund the demolition of Genesee Towers. The City's commitment of $880,000 for demolition leveraged approximately $30 million in investment including construction of Michigan State University's College of Human Medicine, 16 new loft apartments, and a new Farmer's Market located at the former Flint Journal Building.

The City plans to accelerate its economic development activities by continuing its collaboration with its current partners and forming new partnerships in order to advance the economic development strategies outlined in the Master Plan..

Blight Management Plan

I have determined that blight has become one of the primary issues facing the City of Flint. Blight is a continuum of problems from tall grass and weed control through abandoned, demolition-ready property. The newly formed Department of Planning and

Development recently completed a draft blight framework based upon the Master Plan. We will circulate the framework to the public for additional input over the next couple of months. The strategies outlined in the framework help us target limited resources more efficiently based upon data.

As outlined in the blight elimination framework, the City needs to re-institute code enforcement. Consequently, the City applied for and received a grant from the Mott Foundation to hire eight part-time Neighborhood Safety Officers (NSOs), who alert residents to blight violations and issue citations as necessary. NSOs are also processing the impounding of abandoned vehicles, verifying current business licenses and identifying rental properties. The City augmented the Mott Grant by contributing approximately $282,500 (over two years) in CDBG funds for NSO equipment needs and to hire a Blight Elimination Coordinator who serves as the primary liaison between the public and NSOs and deploys our code enforcement resources in the most effective manner.

The City continues to coordinate with the Genesee County Land Bank on the demolition of nearly 300 homes through an approximately $3.7 million Michigan Blight Elimination Grant Program. This program focuses on three specific areas of the City - 1) neighborhoods around Northwestern High School, 2) neighborhoods around Northern High School, Kettering University, and Hurley Hospital and 3) neighborhoods around Diplomat Pharmacy and the International Academy of Flint.

The Land Bank, again in partnership with the City of Flint received $20.1 million Hardest Hit Federal Funds for residential demolitions in Genesee County, primarily in the City of Flint. This is a significant milestone in the history of the City, affording it the opportunity to significantly improve the quality of life in the City's "tipping neighborhoods". The U.S. Treasury in June signed off on a proposal -- the first of its kind in the nation -- that allowed the Michigan State Housing Development Authority to create a blight elimination program using federal money originally set aside for mortgage relief. More than 1,600 demolitions will take place over the next 18 months as part of Flint's $20.1 million award. This is Flint's largest federally funded demolition project.

DCED had allocated $400,000 in CDBG funding for mowing and trash removal. This was supplemented with approximately $800,000 from the Land Bank. Sadly, the contract was awarded later than anticipated allowing for mowing of vacant properties only once during the summer of 2013. Fortunately, the City was able to add funding and time to the contract, extending mowing and trash removal through October of 2014 thereby ensuring that the Land Bank has the resources early enough to mow grass before it gets too high.

A Cities of Service grant for $25,000 was awarded to Flint in Spring 2013 for use for neighborhood clean-ups and tire collection. Twenty projects were funded and the tire collection resulted in 10,000 tires being removed from back yards, lots and parks. This year the City received a $100,000 Cities of Service grant. An expanded volunteer and clean up program is currently being launched, beginning with Love You City Month, a citywide clean-up effort planned during the month of May.

A very positive development in the City has been the unsolicited blight elimination efforts of private businesses and educational organizations planning large scale redevelopment projects, with the City and the Land Bank, to improve areas surrounding their operations. One such effort includes the Paint What Matters Campaign, collaboration between Benjamin Moore and University Avenue Corridor, resulting in the painting of the building facades along University Avenue.

Smith Village Housing Development

The Smith Village housing project is funded primarily with HUD and NSP2 grants. Phase I, which includes 29 housing units, has been completed as scheduled. HUD determined February 10, 2012 was the goal to expend 50% of the allocation. The Smith Village housing project met that development goal.

On May 18, 2012, the City announced that Phase II of the Smith Village development will be undertaken by Ginosko Development Company and Rohde Construction Company. Ginosko's site plan was approved by the Flint Planning Commission on May 22, 2012.

Smith Village Phase I (29 units) - 26 units are complete. 16 units have sold and 5 have purchase agreements; 5 remain available for sale.

Smith Village Phase II (9 units) – all 9 units are complete. One unit has a purchase agreement; 8 are available for sale. No further homes will be built until all units sell.

Marketing/Sales initiatives have been instituted. The City schedules financial institutions to be present at the model home two days a week to pre-qualify buyers who visit the homes. Presentations have been made, and marketing materials have been provided to Home Buyer Counseling Organizations, Fair Housing Organizations, Community Development Corporations and the Flint Housing Commission. Twelve of the 20 units that have been sold or that are under purchase agreement are committed to Low Income Residents. This means the project is developing as a mixed income community. The commitment to HUD is to have 51% of the purchasers meet low income guidelines (51% of Annual Medium Income).

Real Estate Transactions

In August 2012 the City of Flint sold the Genesee Towers to Uptown Redevelopment Corporation for $1 and committed $880,000 CDBG dollars toward the over $4 million cost of demolition. Genesee Towers has been a liability for the City since December 2010 when the city assessed a one time millage to cover the $9.0 million judgment. The transaction was finalized and demolition successfully occurred on December 22, 2013. The site is being cleared of debris and should begin development as a community open space in the summer of 2014.

A quit claim deed for Chevy-in-the-Hole site has been transacted between the EDC and the City of Flint. EPA money for clean up has been agreed upon.

CDBG and Home Allocations

On March 18th, the City received notification of its HUD allocation for Fiscal Year 2015 - $3,629,629- CDBG; $745,525 – HOME Investment Partnership; and $298,806 – Emergency Solutions Grant. The City is currently working on its HUD Action Plan to expend these funds. The City is utilizing the Master Plan to help inform these allocations and has solicited additional public input to help prioritize important projects. As a result of public input, the City has decided to fund to large organizations that will be able to re-grant to smaller grassroots organizations while providing grants administration and building capacity. The City is on track to complete its Action Plan by May 15th in order to receive funds by July 1st.

Public Safety

Organizational revisions were made in Public Safety following the September 2013 retirement of Public Safety Director and Police Chief Alvern Lock. I appointed new Chief of Police James Tolbert to oversee the Flint Police Department and the 9-1-1 Center. Current Chief David Cox, Jr. will continue as Fire Chief. Both Chief Tolbert and Chief Cox report to the Emergency Manager.

A Police and Fire Protection Millage request for 6 mills for 5 years was placed on the November 2012 ballot and was approved by the electorate. This began the process of stabilizing both the Police and Fire Department funding. The City hired eight additional police officers; seven more officers are attended the Police Academy and graduated in December 2014. Millage dollars have been used to replace the expired 2010-2012 Mott Foundation Community Policing Grant.

A Council Public Safety Committee was established in February 2014. The Police Department and Fire Department management teams work transparently and cooperatively with the Public Safety Committee.

The City continues to review many options for shared services, station configurations, staffing levels, contract services and technology applications.

Police Department

Chief James Tolbert has evaluated the operations of the Flint Police Department and has formulated several new crime fighting initiatives. Included in these initiatives is a second chance opportunity for those with misdemeanor warrants which has been dubbed "Operation Fresh Start". Other initiatives target the root causes of criminal behavior through the Area Crime Team (A.C.T.), the Arson Investigative Team and an expansion of the Lifeline Regional Crime Intervention Strategy.

On April 1, 2014 several social media and internet based information sharing programs were introduced to the community. Through Flint Police Department's new blog which can be accessed through http://cityofflintpd.blogspot.com/ links are provided to the new crime mapping webpage as well as Facebook and Twitter pages. Crimemapping.com is

an easy to use tool which can pinpoint crimes on a map by type, date range, address or radius of an area and even the reporting police agency. Other services such as the COPLOGIC online reporting and calling Crimestoppers at 1-800-SPEAK-UP are complimented by these new tools.

According to the FBI Part I violent crimes were down 26% for the first six months of 2013 vs. the same period of 2012. Flint has reported that for 2013 as a whole, violent crime dropped by approximately 30 percent, with homicides dropping 22%. For the first three months of 2014 compared to the same time period last year the City has seen a 25.4% reduction in violent crime, according to Flint Police Department statistics. Part I violent crimes include murder, rape, aggravated assault and robbery.

In June 2012 the Police Department changed to a 12 hour shift operation. These changes in combination with the expansion of alternative call response procedures (including the introduction of the on-line CopLogic reporting system); have resulted in the continuing reduction in response times to 9-1-1 calls.

The City of Flint is continuing its existing collaborative efforts with regional partners. Examples: Flint Area Narcotics Unit, Safe Streets Task Force, and U.S. Attorney's Office Zero Tolerance gun violence reduction initiative, LifeLines (formerly known as CeaseFire), and other programs to help eliminate gang activity and prevent other violent acts.

The City continues to receive patrol assistance and detective assistance from Michigan State Police. Patrol assistance is a crime-deterrent and increases traffic safety compliance. The detective assistance has increased the capacity for investigations within the Flint Police Department.

The City also continues to apply new technologies and information systems to improve police efficiencies and improve targeting and effectiveness; these include New World Record Management System, CopLogic, and DDACTS. The City is also evaluating the new PI ARMS (record management and CAD system) being implemented by the Michigan State Police in comparison to the current Flint CAD and RMS system from New World and the CLEMIS system managed by Oakland County.

Lock-up

The Public Safety Department recommended selection of the Genesee County Sheriff as the operator of the Flint lock-up. The lock-up opened the week of October 1, 2012.

In early 2013, use of the lock-up was made available to all Genesee County police agencies. The availability of the lock-up is credited with the clearance of over 1000 warrants per month in Genesee County. The State Legislature has approved funding for an additional year of operation.

9-1-1 Operation

The City completed the change over to the 800 MHz communication system for the Police and Fire Departments before the December 31, 2012 required implementation date. The installation of a point to point microwave link with the Genesee County 9-1-1 Consortium tower system was finalized in July 2013.

The Mott Foundation funded a 2013 study through the MSU Training and Technical Assistance Team to determine the costs and issues involved in pursuing a reconsolidation of the Flint 9-1-1 Center with the Genesee County 9-1-1 Consortium. This intent was the basis of the C-GAP application and $1.8 million award to construct a simul-cast communications tower which will be integrated into the Consortium's tower system. I support the effort to move toward reconsolidation.

Cooperative work with the Genesee County 9-1-1 Consortium continues with the evaluation of a new phone system in preparation for the next generation 9-1-1 system.

Fire Department

After many years of functioning without a Fire Chief, Chief David Cox, Jr. was hired April 15, 2013. Chief Cox has aggressively addressed excessive use of overtime and he is currently in the process of restructuring the department.

The FEMA funded SAFER Grant which supports the wages and benefits of 39 firefighters was renewed on June 10, 2012 for two years. That grant totaled $6.9 million. The City submitted a request to FEMA for the 2013 SAFER grant funding to again support 39 firefighters. It is very rare that a city would be awarded a full funding request in back-to-back granting periods and Flint was fortunate to have been the recipient of two awards. This time we received a denial notification on April 7, 2014. The City plans to support approximately 20 firefighters using the Police and Fire Operations millage; the balance will be laid off and two stations may be closed.

I requested, and received, a proposal from the International City/County Management Association (ICMA) Center for Public Safety Management for a comprehensive analysis of all public safety services in the City of Flint. Denial of the SAFER grant is further impetus to seriously evaluate how public safety can best be provided for the City with staffing levels which can match resources and provide expected levels of service.

A protocol was finalized for the transition to the Genesee County Sheriff's Department to handle the paramedic calls in the City of Flint. The Paramedic millage is now managed only by Genesee County. Completion date was July 1, 2012.

Emergency Manager's Conclusions

Significant work has been accomplished to stabilize the financial situation of the City of Flint. The whole organization has been being restructured to reflect a smaller, leaner government operation. Services which were routinely provided are being inspected to determine if they should continue and if so, in what format. Technology solutions which can increase efficiencies are being implemented

I acknowledge that substantial progress has been made, however the City is still experiencing an on-going financial emergency. Resolution of the financial emergency will not be complete without providing a basic framework for, and implementation of, an objective model for the organization to follow.

A sustainable municipal organization incorporates the utilization of best practices financially, structures a governance model which clearly delineates between legislative, policy, and administrative responsibilities, and develops a management plan to provide services to residents in a consistent, reliable manner

The 7 Point Transition Management Plan which I have developed provides the roadmap to resolve the financial emergency and to achieve sustainability for the City of Flint.

For one year, FY 13, the goal of containing overspending was achieved. The city must continuously function within a balanced budget, eliminate the accumulated deficit and further reduce the legacy and pension costs. Projections through 2019 demonstrate Flint's continuing challenges. Projecting current revenues and expenses into the future shows a continuing gap of $2 to $4 million annually.

Stable revenue is necessary in order for this City, and most other cities in Michigan, to continue to avoid a bankruptcy situation. We have asked our residents to accept a significant 6 mill Police and Fire Protection Millage; and they have done so. We have imposed a street lighting assessment, a waste collection fee and tremendous water and sewer rate increases. However, our residents have not enjoyed increasing services, increasing property valuations or increasing employment opportunities.

As noted previously, there are very few additional revenue options. We are approaching the limit of the City's borrowing capability. Capital improvement funds are drained and the property tax millage rate in within .1 mill of maximum. State Revenue Sharing is now tied to EVIP and C-GAP competitive granting. We have made a request through our State Legislative representatives and the State Treasurer to push legislation to allow City voters the opportunity to decide to increase the income tax. This action could generate $7 million annually and would eliminate the City's structural deficit. A bill has been introduced but has not been acted upon.

In the meantime, Flint is still struggling with effects from increased expenses and reduced revenue from decisions outside our control. These include: a recent General Motors/Delphi closure impacting over 300 jobs, the yet to be voted upon planned changes

in personal property tax revenue, the $120,000 cost to hold the State Senate primary election, and the $575,000 required match for MDOT projects in FY14.

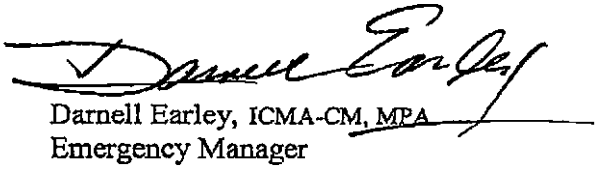
I do not recommend beginning the transition back to the Mayor/Council management of the City at this time. The City still has critical budgeting issues; there is tremendous work necessary on 7 Point Transition Management Plan. Also, the City Council is adjusting to a new committee structure and Council meeting management.

Flint has twice been placed in the hands of a State appointed emergency manager. A third failure should be avoided at all costs. Therefore, I appointed a 21 person blue ribbon citizens' committee to evaluate various governance models used in Michigan cities and to recommend a course of action for Charter amendment or revision. The committee has been meeting regularly since January 2014 and is currently planning a public engagement process. I feel that this is a key step in the City's preparation to successfully manage a fiscally sound city.

I feel strongly that it is incumbent upon me to make sure that the city reaches it goal of sustained financial solvency. The financial emergency is not fully resolved until the long-term sustainable structure is secured.

Another update of this report is expected to be presented in July 2014 as required by P.A. 436. Other updates will be provided as appropriate.

Respectfully submitted,



Darnell Earley, ICMA-CM, MPA
Emergency Manager
Flint, MI

Attachments:
1. Summary of Findings of the Flint Financial Review Team
2. 7 Point Transition Management Plan
3. Organizational Chart FY14
4. Orders and Directives of the EFM and EM
5. Resolution and Detail for FY14 Amended Budget
6. Vision, Mission, Goals and Budget Priorities of the City of Flint 2015-2019

Attachment 1. Summary of Findings of the Flint Financial Review Team

Summary of Findings of the Flint Financial Review Team
November 2011

- The City has a general fund deficit of$14,621,546 as of June 30, 2010 which was not eliminated within the two year preceding period.

- The City previously submitted a five year deficit elimination plan for a cumulative general fund deficit of$7,046,820 as of June 30, 2008. However, by June 30, 2010 the cumulative general fund deficit had grown to $14,621,546. An updated plan submitted for 2010 does not purport to eliminate the cumulative deficit until 2030 and that relies upon the issuance of an additional $12 million of debt in 2013.

- A structural operating deficit existed in the general fund as of June 30, 2007, 2008, 2009, 2010 and the general fund is projected to have a $6,768,864 deficit as of June 30, 2011.

Attachment 2. 7 Point Transition Management Plan

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

PERMIT APPLICATION FOR WATER SUPPLY SYSTEMS

(CONSTRUCTION - ALTERATION - ADDITION OR IMPROVEMENT) AS DESCRIBED HEREIN

Required under the Authority of 1976 PA 399, as amended

This application becomes an Act 399 Permit only when signed and issued by authorized Michigan Department of Environmental Quality (DEQ) Staff See instructions below for completion of this application.

1. **Municipality or Organization, Address and WSSN** that will own or control the water facilities to be constructed. This permit is to be issued to: City of Flint, 4500 North Dort Highway, Flint, MI 48505 **WSSN**: 02310	Permit Stamp Area (DEQ use only) MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY PERMIT NO. W 140026 APR 09 2014 EXAMINED AND APPROVED FOR COMPLIANCE WITH ACT 399, P.A. 1976	
2. **Owner's Contact Person** (provide name for questions). Contact: Brent Wright Title Plant Supervisor Phone: 810-787-6537		
3. **Project Name** (Provide phase number if project is segmented) Flint WTP Phase II, Segment II - Lime Residual Disposal	4. **Project Location** (City, Village, Township): City of Flint	5. **County** (location of project) Genesee County

ISSUED UNDER THE AUTHORITY OF THE DIRECTOR OF THE DEPARTMENT OF ENVIRONMENT QUALITY

cc:

Issued by:

Reviewed by: Patrick Cook for MFP for Mike Prysby

☐ **If this box is marked see attached special conditions.**

Instructions: Complete items 1 through 5 above and 6 through 21 on the following pages of this application Print or type all information except for signatures. Mail completed application, plans and specifications, and any attachments to the DEQ District Office having jurisdiction in the area of the proposed construction

Please Note:

a. This **PERMIT** only authorizes the construction, alteration, addition or improvement of the water system described herein and is issued solely under the authority of 1976 PA 399, as amended
b. The issuance of this **PERMIT** does not authorize violation of any federal, state or local laws or regulations, nor does it obviate the necessity of obtaining such permits, including any other DEQ permits, or approvals from other units of government as may be required by law.
c. This **PERMIT** expires two (2) years after the date of issuance in accordance with R 325.11306, 1976 PA 399, administrative rules, unless construction has been initiated prior to expiration.
d. Noncompliance with the conditions of this permit and the requirements of the Act constitutes a violation of the Act.
e. Applicant must give notice to public utilities in accordance with 1974 PA 53, (MISS DIG), being Section 460.701 to 460.718 of the Michigan Compiled Laws, and comply with each of the requirements of that Act.
f. All earth changing activities must be conducted in accordance with the requirements of the Soil Erosion and Sedimentation Control Act, Part 91, 1994 PA 451, as amended.
g. All construction activity impacting wetlands must be conducted in accordance with the Wetland Protection Act, Part 303, 1994 PA 451, as amended.
h. Intentionally providing false information in this application constitutes fraud which is punishable by fine and/or imprisonment.
i. Where applicable for water withdrawals, the issuance of this permit indicates compliance with the requirements of Part 327 of Act 451, Great Lakes Preservation Act.

6. **Facilities Description** – In the space below provide a detailed description of the proposed project. Applications without adequate facilities descriptions **will be returned**. SEE EXAMPLES BELOW. Use additional sheets if needed.

Improvements to the City of Flint Lime Sludge Lagoons at Bray Road to allow lime sludge from the the Flint WTP to be stored during the interim period when the plant will be treating Flint River water. The lagoons will not be needed for continuous use when the plant switches to treatment of raw water from the KWA Lake Huron Water Supply:

PHASE II, SEGMENT II - LIME RESIDUAL DISPOSAL (@BRAY ROAD):
* Plugging and abandonment of 8" inlet piping; construction of 306 LF of new 10" inlet piping; installation of bulkhead on existing outlet structure to prevent discharge to surface water.
* Clay Berm barrier improvements to separate concrete debris pile from lime sludge.
* Construction of new decant tower structure, 8" gravity sewer, and decant pump station (duplex submersible) with CO2 feed system for pH adjustment. Vortex impeller pumps (2) shall each be rated at 140 gpm at 22' TDH; CO2 feed consists of 6 ton storage tank, 15 pph pH controlled feed system, SS gas piping, and diffusers installed in the decant tower.
* Construction of approx. 3,800 LF of 6" HDPE decant forcemain and connection to existing City santiary sewer system.

EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES	
Water Mains	500 feet of 8-inch water main in First Street from Main Street north to State Street. **OR** 250 feet of 12-inch water main in Clark Road from an existing 8-inch main in Third Avenue north to a hydrant.
Booster Stations	A booster station located at the southwest corner of Third Avenue and Main Street, and equipped with two, 15 Hp pumps each rated 150 gpm @ 200 feet TDH. Station includes backup power and all other equipment as required for proper operation.
Elevated Storage Tank	A 300,000 gallon elevated storage tank located in City Park. The proposed tank shall be spherical, all welded construction and supported on a single pedestal. The tank shall be 150 feet in height, 40 feet in diameter with a normal operating range of 130 – 145 feet. The interior coating system shall be ANSI/NSF Standard 61 approved or equivalent. The tank will be equipped with a cathodic protection system, and includes a tank level control system with telemetry.
Chemical Feed	A positive displacement chemical feed pump, rated at 24 gpd @ 110 psi to apply a chlorine solution for Well No. 1. Chlorine is 12.5% NaOCL, ANSI/NSF Standard 60 approved and will be applied at a rate of 1.0 mg/l of actual chlorine.
Water Supply Well	Well No. 3, a 200 foot deep well with 170 feet of 8-inch casing and 30 feet of 8-inch, 10 slot screen. The well will be equipped with a 20 Hp submersible pump and motor rated 200 gpm @ 225 feet TDH, set at 160 feet below land surface.
Treatment Facilities	A 5 million gpd water treatment plant located at the north end of Second Avenue. The facility will include 6 low service pumps, 2 rapid mix basins, 4 flocculation/sedimentation basins, 8 dual media filters, 3 million gallon water storage reservoir and 6 high service pumps. Also included are chemical feed pumps and related appurtenances for the addition of alum, fluoride, phosphate and chlorine.

General Project Information – Complete all boxes below.

7. Design engineer's name, engineering firm, address, phone number, and email address:

Jeremy N. Nakashima, PE
Lockwood, Andrews & Newnam, Inc.
1 Oakbrook Terrace, Suite 207
Oakbrook Terrace, IL 60181
630-495-4123 / jnnakashima@lan-inc.com

8. Indicate who will provide project construction inspection:
☒Organization listed in Box 1.
☒Engineering firm listed in Box 7.
☐Other - name, address, and phone number listed below.

9. Is a basis of design attached?
☒YES ☐NO

If no, briefly explain why a basis of design is not needed. Submitted previously under separate cover.

10. Are sealed and signed engineering plans attached?
☒YES ☐NO

If no, briefly explain why engineering plans are not needed. Plans and specs submitted previously under separate cover.

11. Are sealed and signed construction specifications attached?
☒YES ☐NO

If specifications are not attached, they need to be on file at DEQ.

12. Were Recommended Standards for Water Works, Suggested Practice for Water Works, AWWA guidelines, and the requirements of Act 399 and its administrative rules followed?
☒YES ☐NO

If no, explain which deviations were made and why.

13. Are all coatings, chemical additives and construction materials ANSI/NSF or other adequate 3rd party approved?
☒YES ☐NO

If no, describe what coatings, additives or materials did not meet the applicable standard and why.

14. Are all water system facilities being installed in the public right-of-way or a dedicated utility easement? (For projects not located in the public right-of-way, utility easements must be shown on the plans.)
☐YES ☒NO

If no, explain how access will be obtained. Most work will be on City owned property, except forcemain.

15. Is the project construction activity within a wetland (as defined by Section 324.30301(d)) of Part 303, 1994 PA 451?
☐YES ☒NO

If yes, a wetland permit must be obtained.

16. Is the project construction activity within a 100-year floodplain (as defined by R 323.1311(e)) of Part 31, 1994 PA 451, administrative rules?
☐YES ☒NO

If yes, a flood plain permit must be obtained.

17. Is the project construction activity within 500 feet of a lake, reservoir, or stream?
☒YES ☐NO

If yes, a Soil and Erosion Control Permit must be obtained or indicate if the owner listed in box 2 of this application is an Authorized Public Agency (Section 10 of Part 91, 1994 PA 451) ☐ Owner is APA.

18. Will the proposed construction activity be part of a project involving the disturbance of five (5) or more acres of land?
☐YES ☒NO
If yes, is this activity regulated by the National Pollutant Discharge Elimination System storm water regulations?
☐YES: NPDES Authorization to discharge storm water from construction activities must be obtained.

☐NO: Describe why activity is not regulated:
Please call 517-241-8993 with questions regarding the applicability of the storm water regulations.

19. Is the project in or adjacent to a site of suspected or known soil or groundwater contamination?
☐YES ☒NO

If yes, attach a copy of a plan acceptable to the DEQ for handling contaminated soils and/or groundwater disturbed during construction. Contact the local DEQ district office for listings of Michigan sites of environmental contamination.

20. IF YOU ARE A CUSTOMER/WHOLESALE/BULK PURCHASER, COMPLETE THE FOLLOWING

1) Name and WSSN of source water supply system (seller) _____

2) Does the water service contract require water producer/seller to review and approve customer/wholesale/bulk purchaser water system construction plans?
☐YES ☐NO

If yes to #2, the producer/seller approval letter must be attached when submitted to DEQ.

21. **Owner's Certification** The owner of the proposed facilities or the owner's authorized representative shall complete the owner's certification. It is anticipated that the owner will either be a governmental agency (city, village, township, county, etc.) or a private owner (individual, company, association, etc.) of a Type I public water supply.

OWNER'S CERTIFICATION

I, BRENT F. WRIGHT (print) (name), acting as the WATER PLANT SUPERVISOR (print) (title/position) for CITY OF FLINT (print) (entity owning proposed facilities) certify that this project has been reviewed and approved as detailed by the Plans and Specifications submitted under this application, and is in compliance with the requirements of 1976 PA 399, as amended, and its administrative rules.

Signature* 3-31-2014 Date (810) 787-6537 Phone

*Original signature only, no photocopies will be accepted.

PROJECT BASIS OF DESIGN – FOR WATER MAIN PROJECTS

PROJECT NAME: _____

For this PROJECT the following information must be provided per Act 399 unless waived by the Department. For projects other than water main installation, or if additional space is needed, attach separate sheet(s) with detailed Basis of Design calculations.

A. A general map of the initial and ultimate service areas
☐ Included on engineering plans ☐ Attached separately

B. Number of service connections served by this permit application _____

C. Total number of service connections ultimately served by entire project _____

D. Residential Equivalent Units (REUs) served by this permit application _____

E. Total Residential Equivalent Units (REUs) ultimately served by entire project _____

F. Water flow rates for proposed project based on REUs listed in "D" and "E" above

1. Initial design average day flow (mgd) _____
2. Initial design maximum day flow (mgd) _____
3. Total design average day flow (mgd) _____
4. Total design maximum day flow (mgd) _____
5. Required fire flows: (1) _____ gpm for _____ hours

G. Actual flows and pressures of existing system at the connection point(s) (2)
_____ gpm at _____ psi
_____ gpm at _____ psi
_____ gpm at _____ psi
_____ gpm at _____ psi

H. Estimated minimum flows and pressures within the proposed water main system (3) _____ gpm at _____ psi

(1) Every water system must decide what levels of fire fighting flows they wish to provide. Fire flow should be appropriate for the area (residential, commercial, industrial) being served by the project. Typical fire flow rates can be obtained from the water supply, local fire dept., ISO or AWWA. The water system must then be designed to be able to provide the required fire flows while maintaining at least 20 psi in all portions of the distribution system.

(2) Flows and pressures at the connection points must be given to determine if the existing water main(s) are able to deliver water to the new service area. These numbers can be obtained from a properly modeled and calibrated distribution system hydraulic analysis or hydrant flow tests performed in the field. If more than one connection is proposed, list as needed.

(3) List what the estimated minimum flows can be expected in the proposed water mains based on estimated water demands, head losses, elevation changes and other factors that may affect flows, such as dead end mains.

PERMIT APPLICATION FOR WATER SUPPLY SYSTEMS

(CONSTRUCTION - ALTERATION - ADDITION OR IMPROVEMENT) AS DESCRIBED HEREIN

Required under the Authority of 1976 PA 399, as amended

This application becomes an Act 399 Permit only when signed and issued by authorized Michigan Department of Environmental Quality (DEQ) Staff. See instructions below for completion of this application.

1. **Municipality or Organization, Address and WSSN** that will own or control the water facilities to be constructed. This permit is to be issued to City of Flint 4500 North Dort Highway Flint, MI 48505 **WSSN**: 02310	Permit Stamp Area (DEQ use only) MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY PERMIT NO. 14025 APR 09 2014 EXAMINED AND APPROVED FOR COMPLIANCE WITH ACT 399, P.A. 1976	
2. **Owner's Contact Person** (provide name for questions): Contact: Brent Wright Title. Plant Supervisor Phone. 810-787-6537		
3. **Project Name** (Provide phase number if project is segmented) 1) Flint WTP Phase II, Sement I - Initial Watermain Cut-In / Rehabilitation, 2) Flint WTP Phase II, Segment II - Lime Residual Disposal; 3) Flint WTP Phase II, Segment III - Electrical Improvements	4. **Project Location** (City, Village, Township). City of Flint	5. **County** (location of project): Genesee County

ISSUED UNDER THE AUTHORITY OF THE DIRECTOR OF THE DEPARTMENT OF ENVIRONMENT QUALITY

cc:

Issued by: _____

Reviewed by: Robert Cook for MPP
for Mike Prysby

☐ **If this box is marked see attached special conditions.**

Instructions: Complete items 1 through 5 above and 6 through 21 on the following pages of this application. Print or type all information except for signatures. Mail completed application, plans and specifications, and any attachments to the DEQ District Office having jurisdiction in the area of the proposed construction.

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c. This **PERMIT** expires two (2) years after the date of issuance in accordance with R 325.11306, 1976 PA 399, administrative rules, unless construction has been initiated prior to expiration.
d Noncompliance with the conditions of this permit and the requirements of the Act constitutes a violation of the Act.
e. Applicant must give notice to public utilities in accordance with 1974 PA 53, (MISS DIG), being Section 460.701 to 460 718 of the Michigan Compiled Laws, and comply with each of the requirements of that Act.
f. All earth changing activities must be conducted in accordance with the requirements of the Soil Erosion and Sedimentation Control Act, Part 91, 1994 PA 451, as amended.
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i. Where applicable for water withdrawals, the issuance of this permit indicates compliance with the requirements of Part 327 of Act 451, Great Lakes Preservation Act.

6. **Facilities Description** – In the space below provide a detailed description of the proposed project. Applications without adequate facilities descriptions **will be returned.** SEE EXAMPLES BELOW. Use additional sheets if needed.

Improvements to the City of Flint WTP to enable treatment of Flint River water on an interim basis until the KWA Lake Huron Water Supply is available for connection and use by the City of Flint:

PHASE II, SEGMENT I - INITIAL WATERMAIN CUT-IN / REHABILITATION (@WTP):
* Replace existing 25 MGD HSP #1 at Pump Station No. 4 with a new 700 HP, vertically mounted, split-case centrifugal pump rated for 15 MGD at 185' TDH. New pump suction and discharge piping, valves and supports will also be provided.
* Construction of new ozone system LOX/LIN storage facility to provide system redundancy and a minimum of 30 days chemical storage. A new concrete containment structure will be constructed adjacent to the existing LOX/LIN storage facility. The new LOX and LIN tanks will have nominal capacities of 9000 gal. and 525 gal., respectively.
* Installation of Midpoint Chlorination. A 3"x6" dual walled chlorine solution line, approx. 665 LF, will be installed from the existing chlorine room at Pump Station No. 4 to a diffuser in the filter influent channel at Plant 2. The chlorine gas feed system shall consist of four 500 ppd feed systems (total 2000 ppd) to be installed by City personnel. Each 500 ppd system consists of a ton cylinder mounted vacuum regulator, control panel, ejector, and misc. piping, tubing & valves.
* Approx. 850 LF 42" raw watermain connection from existing 48" and 36" mains that feed the plant to convey KWA raw water to the Ozone Building. Work includes a 54x48 cross to make the initial connection at the Ozone Building, buried yard butterfly valves, access and air release manholes, and cathodic protection test stations.

PHASE II, SEGMENT III - ELECTRICAL IMPROVEMENTS (@WTP):
* Plant substation improvements, including two new 2500 kW transformers and switchgear. The substation switchgear has been fabricated with two utility main breakers, one generator breaker and two tie breakers. So provisions are in place for a future permanent generator. If a temporary generator is needed in the event of an outage to both independent utility services, provisions are in place to temporary cable a large portable generator through a manhole, duct bank and cable tray system to the generator breaker in the substation switchgear
* Plant 2 electrical improvements, including two new 500 kW transformers and switchgear.
* Pump Station No. 4 improvements, including new switchgear and VFD for HSP #1.

EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES	
Water Mains	500 feet of 8-inch water main in First Street from Main Street north to State Street. OR 250 feet of 12-inch water main in Clark Road from an existing 8-inch main in Third Avenue north to a hydrant.
Booster Stations	A booster station located at the southwest corner of Third Avenue and Main Street, and equipped with two, 15 Hp pumps each rated 150 gpm @ 200 feet TDH. Station includes backup power and all other equipment as required for proper operation.
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Water Supply Well	Well No. 3, a 200 foot deep well with 170 feet of 8-inch casing and 30 feet of 8-inch, 10 slot screen. The well will be equipped with a 20 Hp submersible pump and motor rated 200 gpm @ 225 feet TDH, set at 160 feet below land surface.
Treatment Facilities	A 5 million gpd water treatment plant located at the north end of Second Avenue. The facility will include 6 low service pumps, 2 rapid mix basins, 4 flocculation/sedimentation basins, 8 dual media filters, 3 million gallon water storage reservoir and 6 high service pumps. Also included are chemical feed pumps and related appurtenances for the addition of alum, fluoride, phosphate and chlorine.

General Project Information – Complete all boxes below.

7. Design engineer's name, engineering firm, address, phone number, and email address:

Jeremy N. Nakashima, PE
Lockwood, Andrews & Newnam, Inc.
1 Oakbrook Terrace, Suite 207
Oakbrook Terrace, IL 60181
630-495-4123 / jnnakashima@lan-inc.com

8. Indicate who will provide project construction inspection:
☒Organization listed in Box 1.
☒Engineering firm listed in Box 7.
☐Other - name, address, and phone number listed below.

9. Is a basis of design attached?
☒YES ☐NO

If no, briefly explain why a basis of design is not needed. Submitted previously under separate cover.

10. Are sealed and signed engineering plans attached?
☒YES ☐NO

If no, briefly explain why engineering plans are not needed. Plans and specs submitted previously under separate cover.

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12. Were Recommended Standards for Water Works, Suggested Practice for Water Works, AWWA guidelines, *and the requirements of Act 399 and its administrative rules followed?*
☒YES ☐NO

If no, explain which deviations were made and why.

13. Are all coatings, chemical additives and construction materials ANSI/NSF or other adequate 3rd party approved?
☒YES ☐NO

If no, describe what coatings, additives or materials did not meet the applicable standard and why.

14. Are all water system facilities being installed in the public right-of-way or a dedicated utility easement? (For projects not located in the public right-of-way, utility easements must be shown on the plans.)
☐YES ☒NO

If no, explain how access will be obtained. Most work will be on City owned property, except forcemain.

15. Is the project construction activity within a wetland (as defined by Section 324.30301(d)) of Part 303, 1994 PA 451?
☐YES ☒NO

If yes, a wetland permit must be obtained.

16. Is the project construction activity within a 100-year floodplain (as defined by R 323.1311(e)) of Part 31, 1994 PA 451, administrative rules?
☐YES ☒NO

If yes, a flood plain permit must be obtained.

17. Is the project construction activity within 500 feet of a lake, reservoir, or stream?
☒YES ☐NO

If yes, a Soil and Erosion Control Permit must be obtained or indicate if the owner listed in box 2 of this application is an Authorized Public Agency (Section 10 of Part 91, 1994 PA 451) ☐ Owner is APA.

18. Will the proposed construction activity be part of a project involving the disturbance of five (5) or more acres of land?
☐YES ☒NO
If yes, is this activity regulated by the National Pollutant Discharge Elimination System storm water regulations?
☐YES: NPDES Authorization to discharge storm water from construction activities must be obtained.

☐NO: Describe why activity is not regulated:
Please call 517-241-8993 with questions regarding the applicability of the storm water regulations.

19. Is the project in or adjacent to a site of suspected or known soil or groundwater contamination?
☐YES ☒NO

If yes, attach a copy of a plan acceptable to the DEQ for handling contaminated soils and/or groundwater disturbed during construction. Contact the local DEQ district office for listings of Michigan sites of environmental contamination.

20. IF YOU ARE A CUSTOMER/WHOLESALE/BULK PURCHASER, COMPLETE THE FOLLOWING

1) Name and WSSN of source water supply system (seller) _____

2) Does the water service contract require water producer/seller to review and approve customer/wholesale/bulk purchaser water system construction plans?
☐YES ☐NO

If yes to #2, the producer/seller approval letter must be attached when submitted to DEQ.

21. **Owner's Certification** The owner of the proposed facilities or the owner's authorized representative shall complete the owner's certification. It is anticipated that the owner will either be a governmental agency (city, village, township, county, etc.) or a private owner (individual, company, association, etc.) of a Type I public water supply.

OWNER'S CERTIFICATION

I, BRENT F. WRIGHT (print) (name), acting as the WATER PLANT SUPERVISOR (print) (title/position) for CITY OF FLINT (print) (entity owning proposed facilities) certify that this project has been reviewed and approved as detailed by the Plans and Specifications submitted under this application, and is in compliance with the requirements of 1976 PA 399, as amended, and its administrative rules.

Signature* 3-31-2014 Date (810)787-6537 Phone

*Original signature only, no photocopies will be accepted.

PROJECT BASIS OF DESIGN – FOR WATER MAIN PROJECTS

PROJECT NAME: _____

For this PROJECT the following information must be provided per Act 399 unless waived by the Department. For projects other than water main installation, or if additional space is needed, attach separate sheet(s) with detailed Basis of Design calculations.

A. A general map of the initial and ultimate service areas
☐ Included on engineering plans ☐ Attached separately

B. Number of service connections served by this permit application _____

C. Total number of service connections ultimately served by entire project _____

D. Residential Equivalent Units (REUs) served by this permit application _____

E. Total Residential Equivalent Units (REUs) ultimately served by entire project _____

F. Water flow rates for proposed project based on REUs listed in "D' and "E" above

1. Initial design average day flow (mgd) _____
2. Initial design maximum day flow (mgd) _____
3. Total design average day flow (mgd) _____
4. Total design maximum day flow (mgd) _____
5. Required fire flows: (1) _____ gpm for _____ hours

G. Actual flows and pressures of existing system at the connection point(s) (2)
_____ gpm at _____ psi
_____ gpm at _____ psi
_____ gpm at _____ psi
_____ gpm at _____ psi

H. Estimated minimum flows and pressures within the proposed water main system (3) _____ gpm at _____ psi

(1) Every water system must decide what levels of fire fighting flows they wish to provide. Fire flow should be appropriate for the area (residential, commercial, industrial) being served by the project. Typical fire flow rates can be obtained from the water supply, local fire dept., ISO or AWWA. The water system must then be designed to be able to provide the required fire flows while maintaining at least 20 psi in all portions of the distribution system.

(2) Flows and pressures at the connection points must be given to determine if the existing water main(s) are able to deliver water to the new service area. These numbers can be obtained from a properly modeled and calibrated distribution system hydraulic analysis or hydrant flow tests performed in the field. If more than one connection is proposed, list as needed.

(3) List what the estimated minimum flows can be expected in the proposed water mains based on estimated water demands, head losses, elevation changes and other factors that may affect flows, such as dead end mains.

Water/Wastewater Rate Presentation

~~Friday, February 14, 2014 3:14 PM~~

Subject	**Fwd: Powerpoint Presentation for Committee**
From	Elizabeth Murphy
To	Byrne, Randall (Treasury); Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Hollins, Harvey (GOV); Larkin, Brian (GOV); Baird, Richard (GOV); Dempkowski, Angela (Treasury)
Cc	Darnell Earley
Sent	Thursday, April 10, 2014 1:57 PM
Attachments	City of Flint-Rate...

Attached please find the presentation slides from the Water and Sewer Rate Study which will be presented at the Public Works Committee meeting at 5pm today in the City of Flint Committee Room. Results from this meeting will be a discussion item on the agenda for next Wednesday's 9am meeting with Treasury.

---------- Forwarded message ----------
From: **Howard Croft** <hcroft@cityofflint.com>
Date: Thu, Apr 10, 2014 at 1:33 PM
Subject: Fwd: Powerpoint Presentation for Committee
To: Elizabeth Murphy <emurphy@cityofflint.com>

Liz,

Here is the powerpoint that raftelis will present tonight.

---------- Forwarded message ----------
From: **Tom Beckley** <tbeckley@raftelis.com>
Date: Thu, Apr 10, 2014 at 12:19 PM
Subject: Powerpoint Presentation for Committee
To: Darnell Earley <dearley@cityofflint.com>, Howard Croft <hcroft@cityofflint.com>, Daugherty Johnson <djohnson@cityofflint.com>, "jlorenz@cityofflint.com" <jlorenz@cityofflint.com>
Cc: Bill Stannard <wstannard@raftelis.com>, Collin Drat <cdrat@raftelis.com>

All,

Attached is the Powerpoint presentation for tonight's presentation to the Public Works Committee

Tom

Thomas A. Beckley, Senior Manager

3013 Main Street Kansas City, MO 64108
direct 816.285.9024 / *mobile* 816 682 1328

Raftelis Financial Consultants, Inc. www raftelis com

RFC/AWWA 2012 Water and Wastewater Rate Survey:
http //www awwa org/store/productdetail.aspx?productid=31940402

Water and Wastewater Finance and Pricing.
http //www amazon com/exec/obidos/ASIN/1566706807/

--
Howard Croft
Public Works
Director
City of Flint
1101 S Saginaw Street
Flint, MI 48502
PH# 810.766 7346 Ext.2043

--
Liz Murphy
Assistant to the Emergency Manager
City of Flint
810 237 2025

RAFTELIS
FINANCIAL CONSULTANTS INC

CITY OF FLINT, MICHIGAN 1855

CITY OF FLINT

Water and Wastewater Rate Study

Final Draft | April 10, 2014

Scope of Services

- Adequacy of Existing Water and Wastewater Revenues
- Water and Wastewater Financial Plans
- Cost of Service Study and Proposed Rates
- Impact of Transitioning to KWA
- Water and Wastewater Operations and Best Management Practices ("BMP")

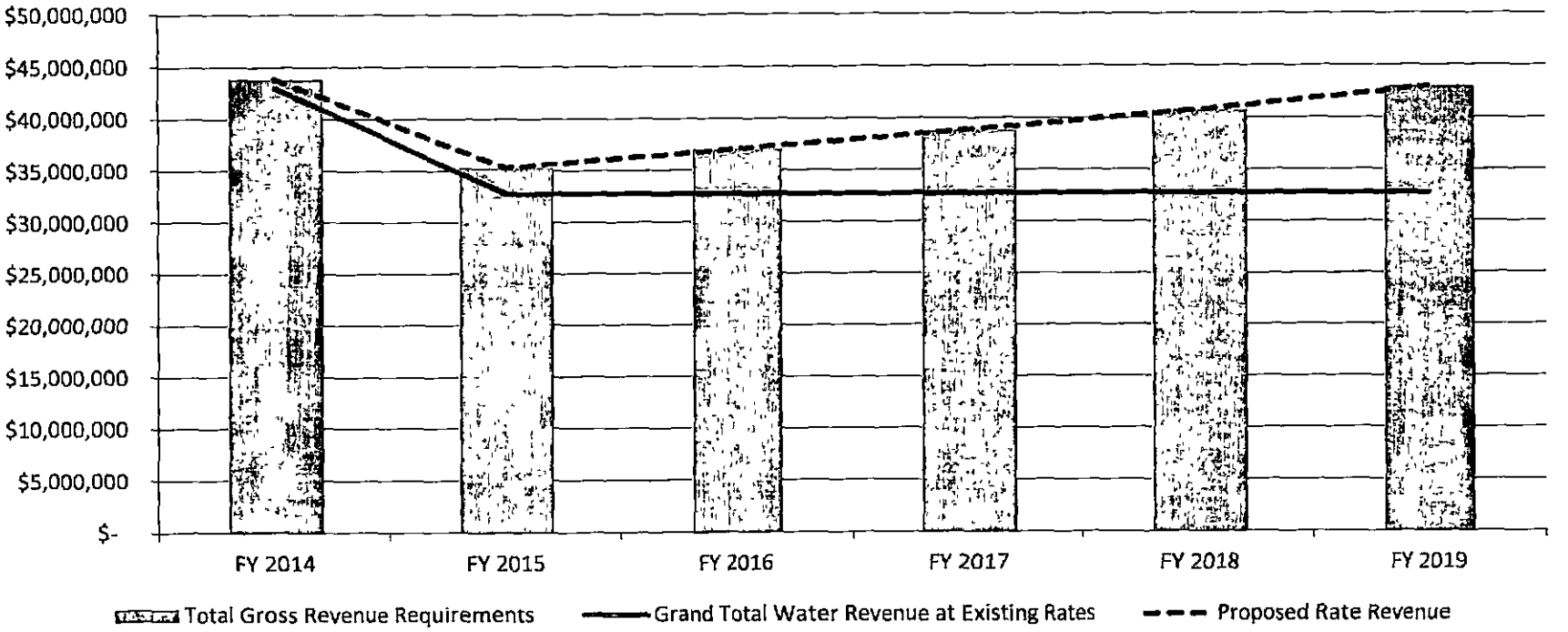
ADEQUACY OF EXISTING REVENUES

Factors Impacting Utility Revenues

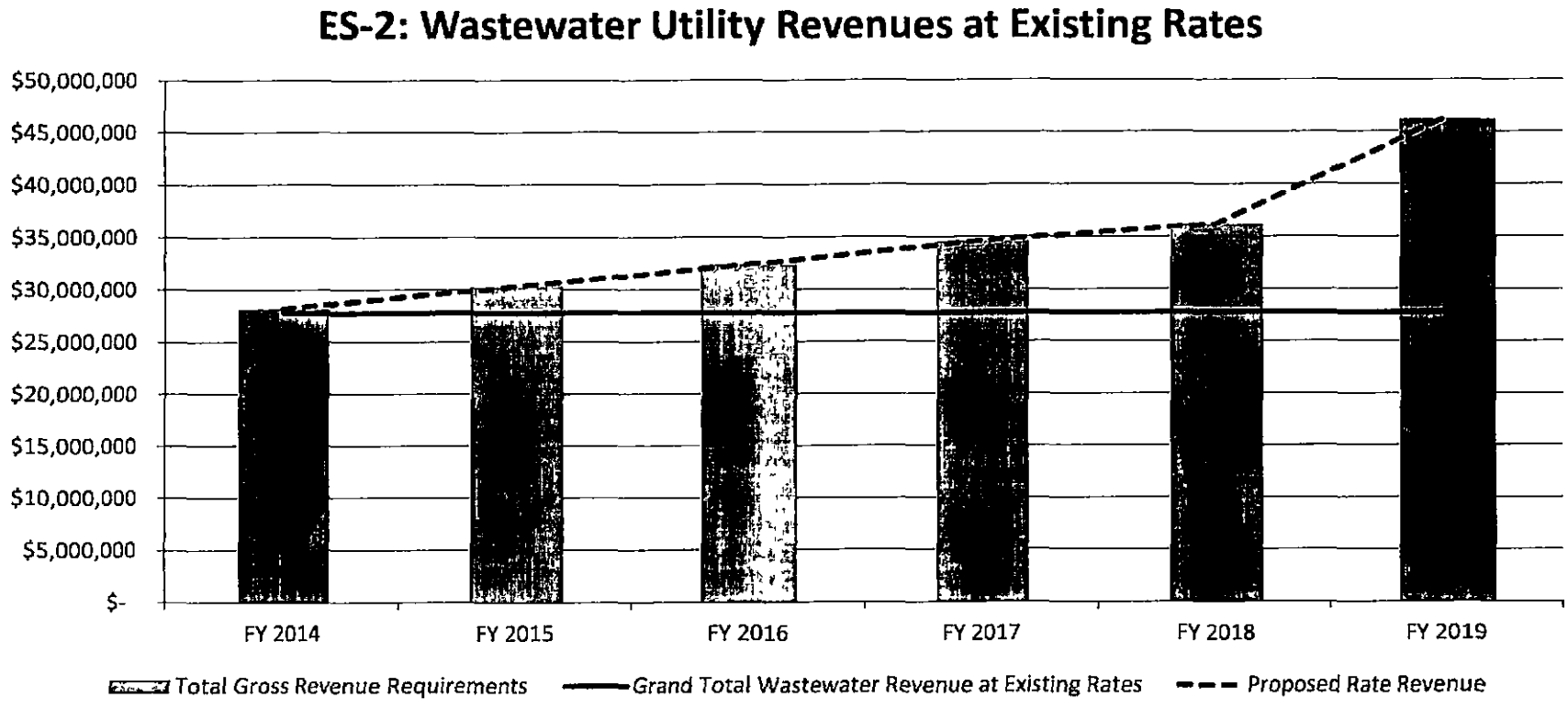
- Marked decrease in billed water and wastewater usage
  - Approximately 12% below FY 2014 Budget
  - Under investigation under separate contract,
  - A normal pattern of declining per customer water usage
- Increases in utility revenue requirements
  - O&M
  - Cash-Funded Capital Improvements
  - Improving Financial Management Practices (e.g. increased cash reserves)

Water Utility Revenues at Existing Rates

ES-1: Water Utility Revenues at Existing Rates



Wastewater Utility Revenues at Existing Rates



WATER AND WASTEWATER FINANCIAL PLANS

Financial Planning Overview

- Purpose: determine rate revenue required for financial sustainability
- Process
  - Forecast customer units of service and revenue at existing rates
  - Forecast operation and maintenance expenditures ("O&M")
  - Forecast capital expenditures
    - » CIP
    - » Existing and Proposed DS
  - Develop detailed cash flow forecasts

Factors Driving Financial Plans

- Inflationary O&M Increases
- Annual Utility Recapitalization
- Water Utility Capital Improvements Associated with the Transition to KWA
- Financial Policies

Inflationary O&M Increases

- Largely associated with personnel costs
  - Annual COLA adjustments to Salaries and Medical
  - Legacy costs
    - » Pension and Retiree Healthcare
    - » Generally increase with salaries, usually higher based on pension funding levels
- Also related to the cost of materials and supplies
  - Cost of Chemicals for Water and Wastewater Treatment
  - Utilities Costs (Primarily Electric)
- Increases in cost of services provided via the General Fund (i.e. overhead cost allocation)

Recapitalization

- Necessary at some level on an annual basis
- Level and frequency based on age of water and wastewater system and original construction materials
- Can reduce O&M costs (i.e. less sewer back-ups, water main breaks etc.)
- Avoids "mining assets"

Transition to KWA

- Assumed April 1 transition to KWA.
- Revenues:
  - Decrease in revenues associated with cessation of service to Genesee County.
- Expenditures:
  - Decrease in O&M associated with elimination of DWSD water purchases
  - Increases in expenditures associated with full-time Flint WTP Operation
    - » O&M: Increased costs to operate and maintain WTP
    - » Capital: Expenditures to upgrade WTP to operate full-time
  - Debt Service: Flint's share of KWA project debt service

Financial Policies

- Separate Financial Plans for Each Utility
  - Equity for Customers
  - Ensures one fund is not subsidizing another
- Operating Reserve
  - Target of 90 days O&M and Debt Service
  - Working up to target over 5 years to mitigate rate impact
- Cash Funded Capital Improvements
  - All cash funded due to financing constraints
  - Potential to use Michigan SRF in the future
  - Short term rate impact, but long-term savings over debt
- Existing Debt Service Coverage
  - Substantial for water utility due to cash funding
  - No outstanding wastewater debt

Financial Plans from Rate Model

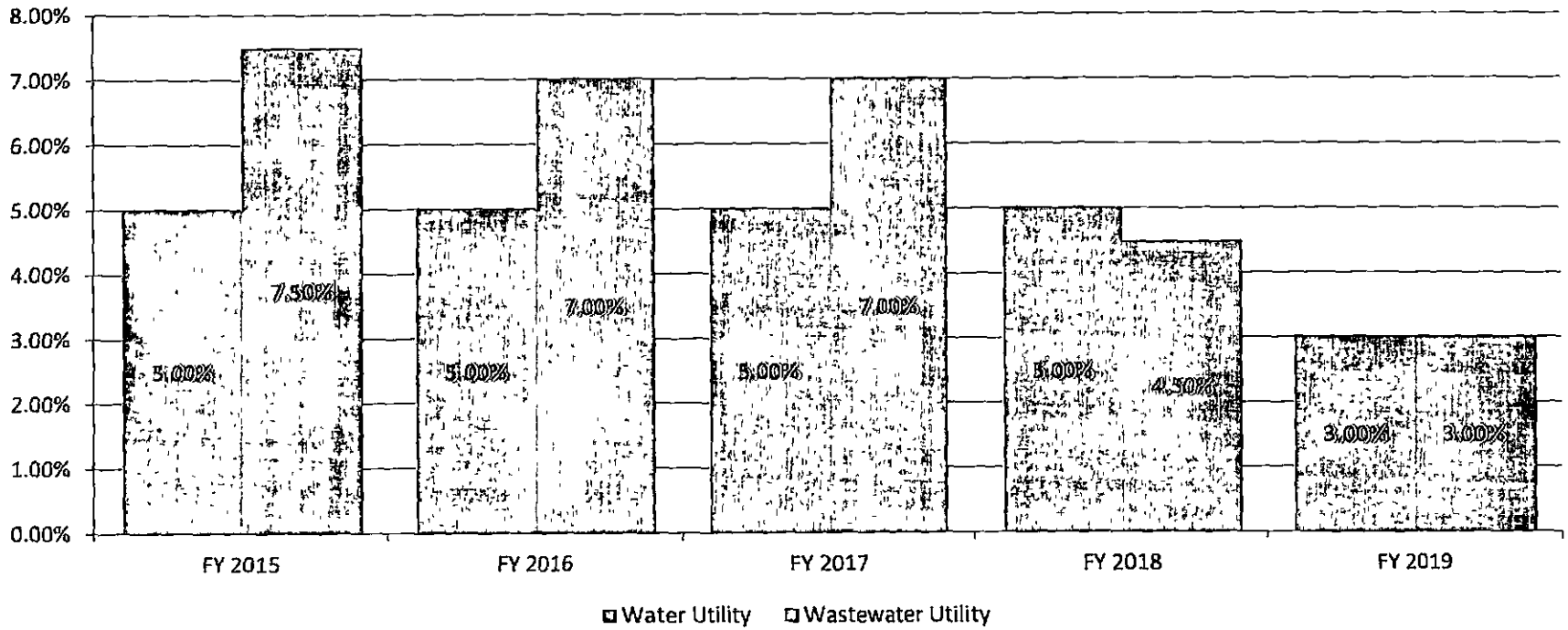
ES-3: SUMMARY OF WATER AND WASTEWATER FINANCIAL PLANS

Water Utility	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019
REVENUES						
Grand Total Water Revenue at Existing Rates	$ 42,974,374	$ 32,762,575	$ 32,762,575	$ 32,762,575	$ 32,762,575	$ 32,762,575
Additional Revenue from Rate Increases	$ -	$ 1,638,100	$ 3,358,100	$ 5,164,100	$ 7,060,400	$ 8,255,100
Total Non-Rate Revenues	$ 886,000	$ 897,679	$ 913,920	$ 914,515	$ 918,931	$ 926,050
Add Transfers in from General Fund	$ -	$ -	$ -	$ -	$ -	$ 1,000,000
Total Rate and Non-Rate Revenues	***$ 43,860,374***	***$ 35,298,354***	***$ 37,034,595***	***$ 38,841,189***	***$ 40,741,906***	***$ 42,943,725***
GROSS REVENUE REQUIREMENTS						
O&M	$ 36,920,049	$ 21,539,930	$ 21,539,930	$ 22,073,930	$ 22,714,605	$ 23,376,786
Capital	$ 11,247,946	$ 13,242,821	$ 12,246,423	$ 16,648,446	$ 17,144,008	$ 17,143,196
Transfer to Operating Reserve	$ (4,307,621)	$ 515,604	$ 3,248,242	$ 118,814	$ 883,292	$ 2,423,743
Total Gross Revenue Requirements	***$ 43,860,374***	***$ 35,298,354***	***$ 37,034,595***	***$ 38,841,189***	***$ 40,741,906***	***$ 42,943,725***
DEFICIT (EXISTING REVENUES - REVENUE REQ.)	$ -	$ (1,638,100)	$ (3,358,100)	$ (5,164,100)	$ (7,060,400)	$ (8,255,100)

Wastewater Utility	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019
REVENUES						
Grand Total Wastewater Revenue at Existing Rates	$ 27,777,374	$ 27,777,374	$ 27,777,374	$ 27,777,374	$ 27,777,374	$ 27,777,374
Additional Revenue from Rate Increases	$ -	$ 2,083,300	$ 4,173,500	$ 6,410,100	$ 7,948,500	$ 9,020,300
Total Non-Rate Revenues	$ 395,872	$ 425,749	$ 414,327	$ 421,625	$ 423,268	$ 419,283
Add Transfers in from General Fund	$ -	$ -	$ -	$ -	$ -	$ 9,000,000
Total Rate and Non-Rate Revenues	***$ 28,173,246***	***$ 30,286,423***	***$ 32,365,201***	***$ 34,609,099***	***$ 36,149,143***	***$ 46,216,957***
GROSS REVENUE REQUIREMENTS						
O&M	$ 24,355,611	$ 23,086,335	$ 22,649,535	$ 22,649,535	$ 23,320,442	$ 24,014,032
Capital	$ 6,500,000	$ 5,500,000	$ 12,000,000	$ 10,500,000	$ 12,500,000	$ 14,000,000
Transfer to Operating Reserve	$ (2,682,364)	$ 1,700,088	$ (2,284,334)	$ 1,459,564	$ 328,700	$ 8,202,925
Total Gross Revenue Requirements	***$ 28,173,246***	***$ 30,286,423***	***$ 32,365,201***	***$ 34,609,099***	***$ 36,149,142***	***$ 46,216,957***
DEFICIT (EXISTING REVENUES - REVENUE REQ.)	$ -	$ (2,083,300)	$ (4,173,500)	$ (6,410,100)	$ (7,948,500)	$ (9,020,300)

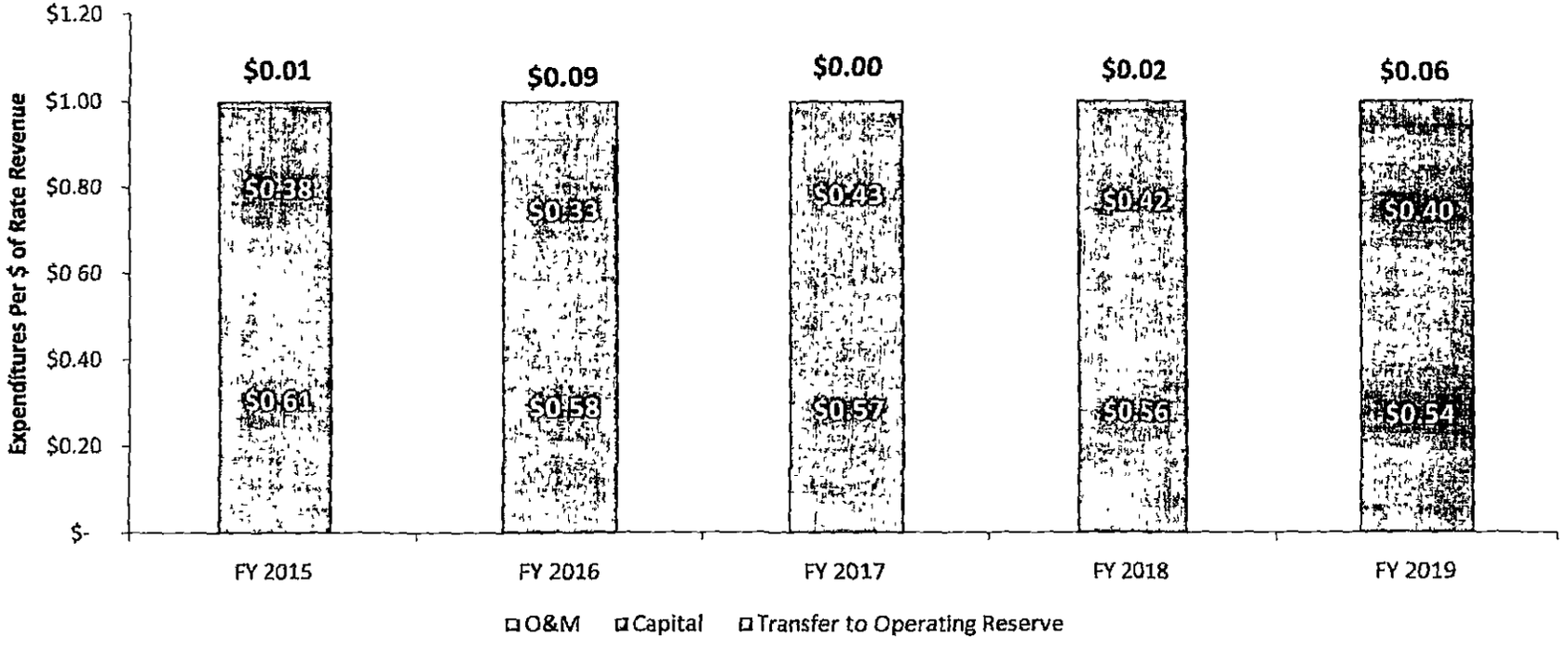
Forecast Rate Revenue Increases

ES-4: Annual % Rate Revenue Increases

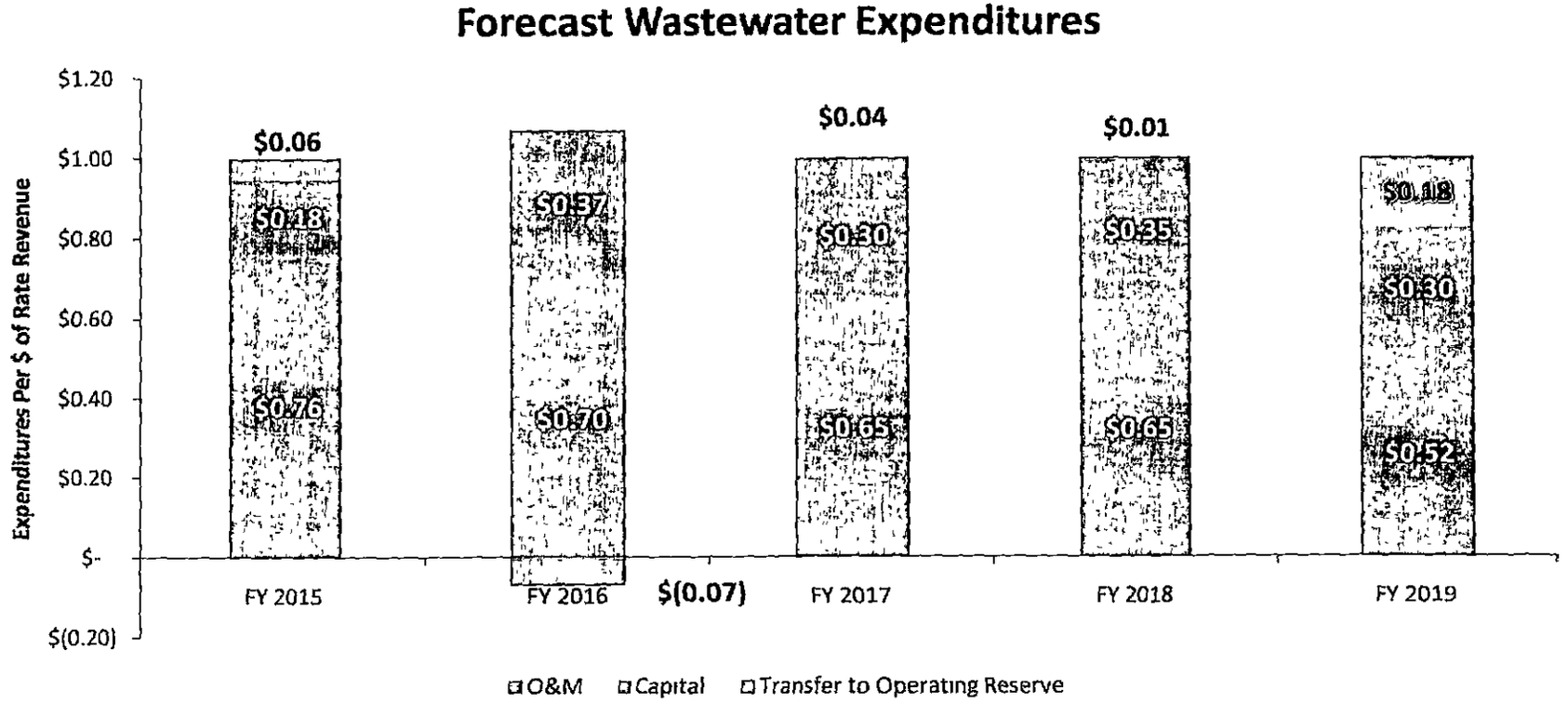


Expenditure Breakdown (Water)

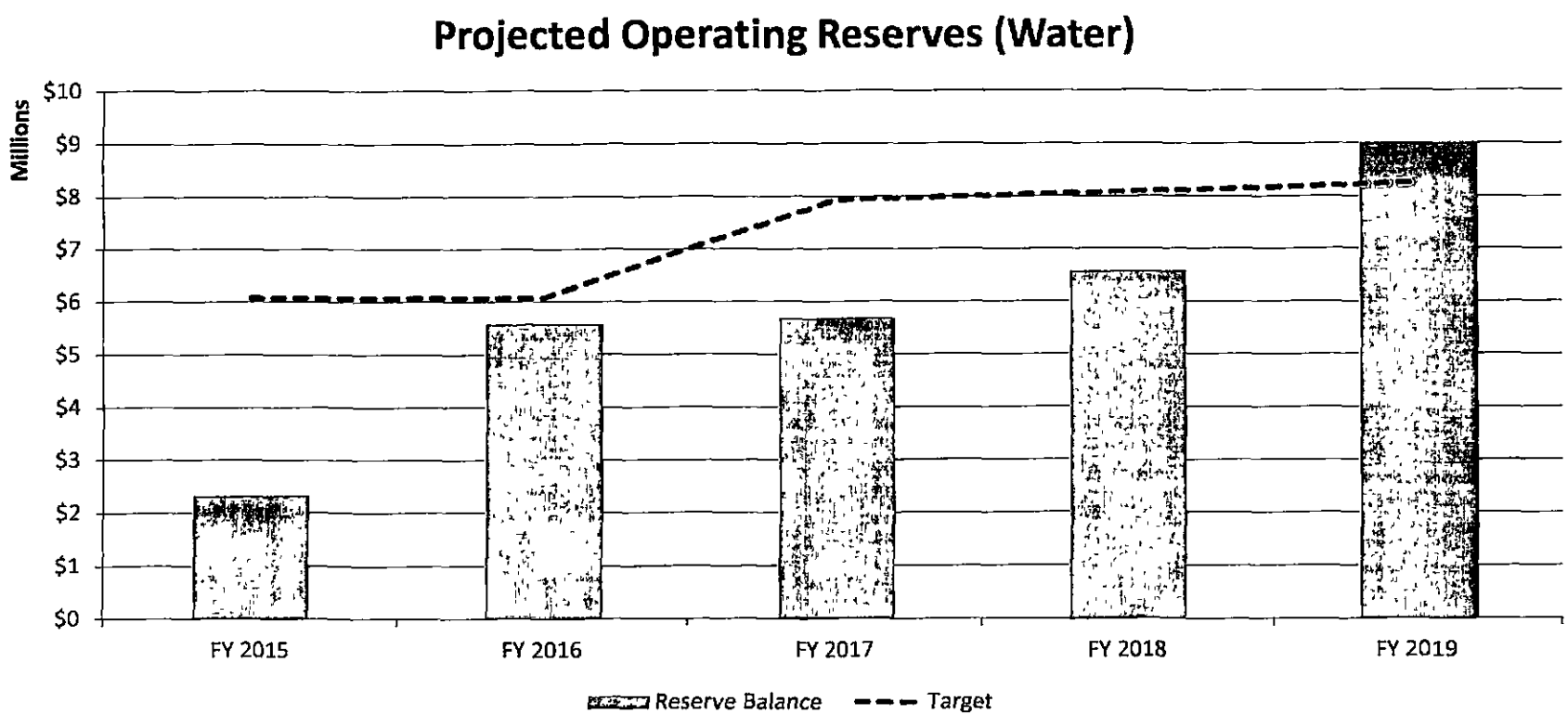
Forecast Water Expenditures



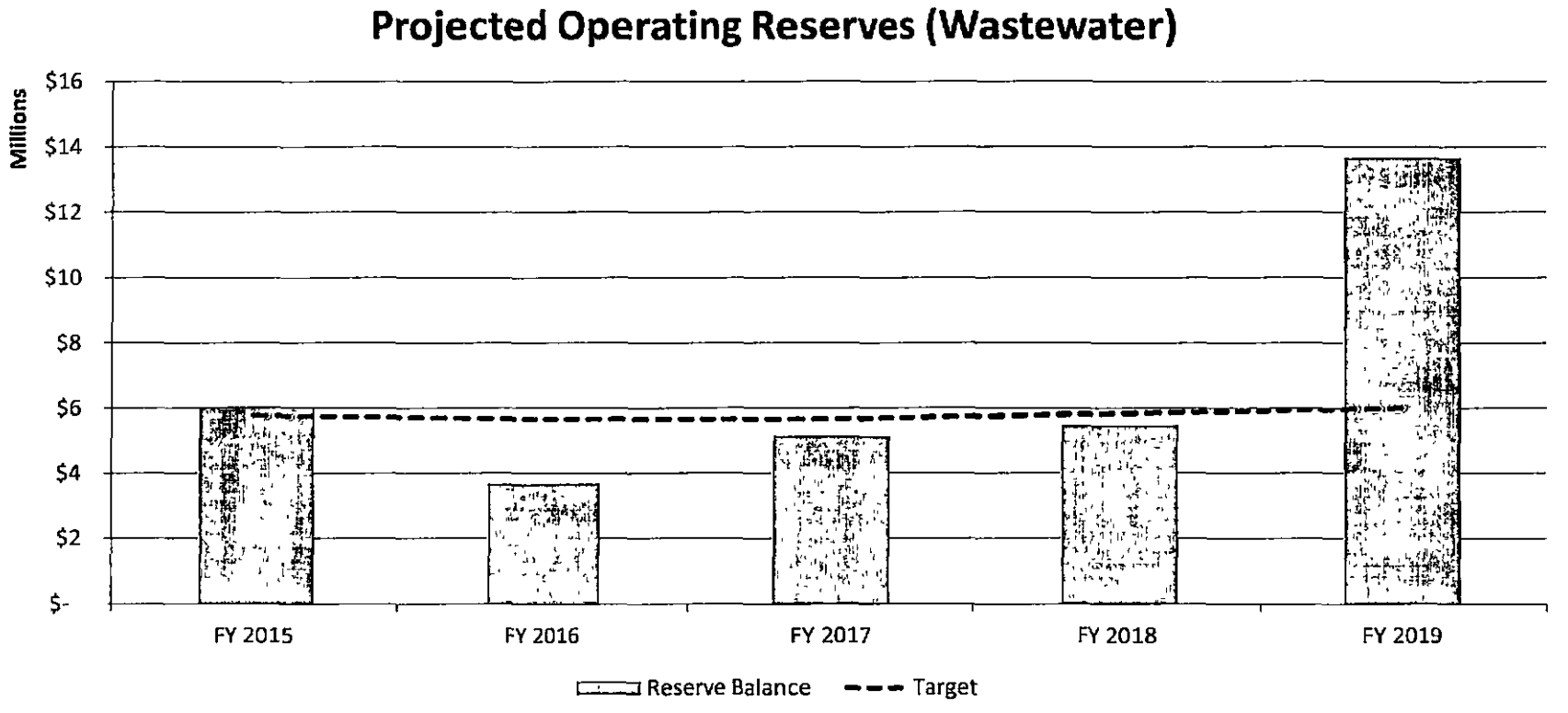
Expenditure Breakdown (Wastewater)



Projected Operating Reserves (Water)



Projected Operating Reserves (Wastewater)



COST OF SERVICE STUDY AND PROPOSED RATES

Cost of Service Study Overview

- Purpose:
  - Allocate costs to customer classes based on the demands they impose on the water and wastewater utility systems
  - Demand
    - » Water: Average and Peak (Max Day, Max Hour) usage, and Customer Costs
    - » Wastewater: Volume, Strength (BOD and TSS) and Customer Costs
- Process
  - Determine revenue requirement
  - Allocate revenue requirement to cost components
  - Determine units of service by customer class
  - Determine unit cost of service
  - Allocate costs to customer classes

Cost of Service Results

ES-5: SUMMARY OF COST OF SERVICE STUDY RESULTS

CUSTOMER CLASS	WATER	WASTEWATER
Allocated Cost of Service		
Total Inside City Residential COS	$ 18,347,403	$ 16,413,652
Total Inside City Commercial/Industrial COS	$ 15,262,006	$ 13,377,848
Total Inside City Lawn COS	$ 370,634	N/A
Total Inside City COS	$ 33,980,043	$ 29,791,500
Total Outside City Residential COS	$ 99,493	$ 2,383
Total Outside City Commercial/Industrial COS	$ 321,139	$ 66,791
Total Outside City Lawn COS	$ -	N/A
Total Outside City COS	$ 420,632	$ 69,174
Total System Cost of Service	$ 34,400,675	$ 29,860,674

Rate Design Issues

- Fixed vs. Volumetric Charges
  - » Fixed ($.34 per dollar of rate revenue)
    - › Typically recovers meter reading billing and collection and CS
    - › Generate $.34 of every $1 of rate revenue
    - › (+) Revenue Stability, (-) Larger Impact on lower volume users
  - » Volumetric ($.66 per dollar of rate revenue)
    - › Recovers average and peak demand costs for water, strength and volume for wastewater
    - › (+) Potentially more equitable, (-) More variable revenue stream
- Maintaining Existing Rate Structure
  - » Structure changes create winners and losers
  - » Potential demand response (losers may use less, but winners will not use more)
  - » Navigate the KWA transition and revenue collection issues, address structure changes in the future

Existing and Proposed Rates

Water Rates

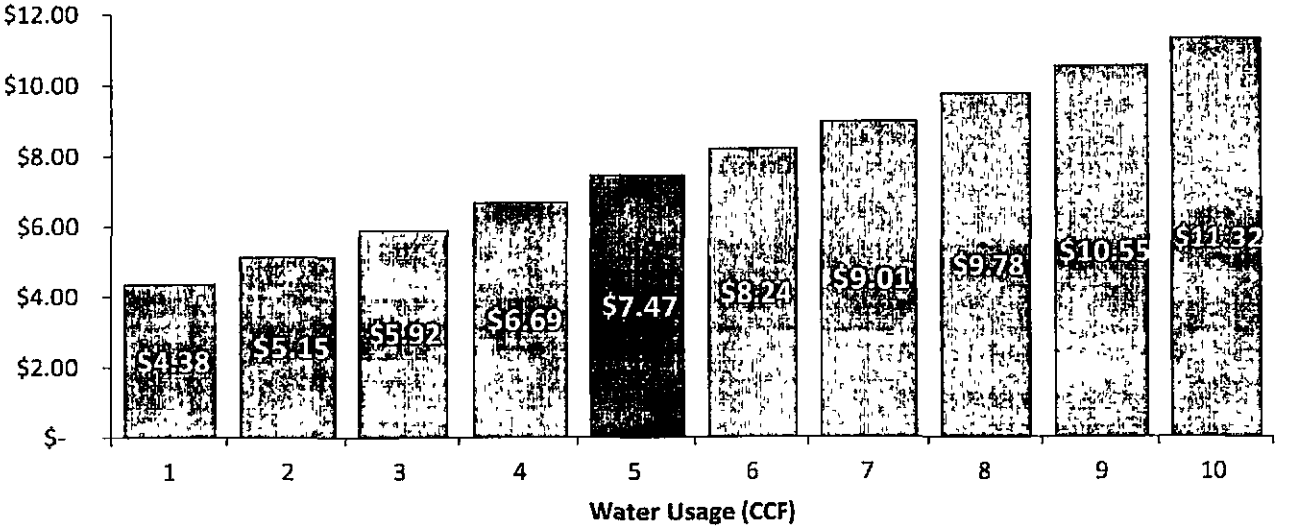
	Existing	Proposed	$
Block 1 *0-35 Ccf*	$ 7.52	7.92	$ .40
Block 2 *36-2000 Ccf*	$ 7.31	7.62	$ .31
Block 3 *>2000 Ccf*	$ 5.79	6.09	$ .30
Fixed Charge	$ 21.78	22.90	$ 1.13

Wastewater Rates

	Existing	Proposed	$
Block 1 *0-35 Ccf*	$ 4.80	$ 5.17	$ .37
Block 2 *36-2000 Ccf*	$ 4.80	$ 5.17	$ .37
Block 3 *>2000 Ccf*	$ 4.80	$ 5.17	$ .37
Fixed Charge	$ 32.00	$ 34.48	$ 2.48

Bill Impacts

Increases to Customer Bills Under Proposed (Combined W and WW)



IMPACT OF TRANSITION TO KWA

KWA Project Overview

- City previously a wholesale customer of DWSD
- Contract with DWSD will cease April 17
- City staff believe cost savings over continuing with DWSD could be achieved via KWA
- KWA project will draw raw water from Lake Huron, but will not be operational by April 17
- City will draw and treat water from the Flint River in the interim
- KWA members pay a portion of project costs based on contract capacity

Analysis Overview

- RFC worked with City staff to develop separate financial planning scenarios
  - Continuing with DWSD
  - Transition to KWA
- Assumptions and Data
  - April 1 transition
  - 5% DWSD rate increases into the future
  - Similar financial planning policies in each scenario
    - » Policies and strategy discussed in prior section applied to DWSD scenario
  - O&M Budget incorporating transition provided by City Staff
  - Project costs and phasing provided by City staff
  - Estimated Flint share of KWA debt service provided by City staff

Savings to Flint Customers

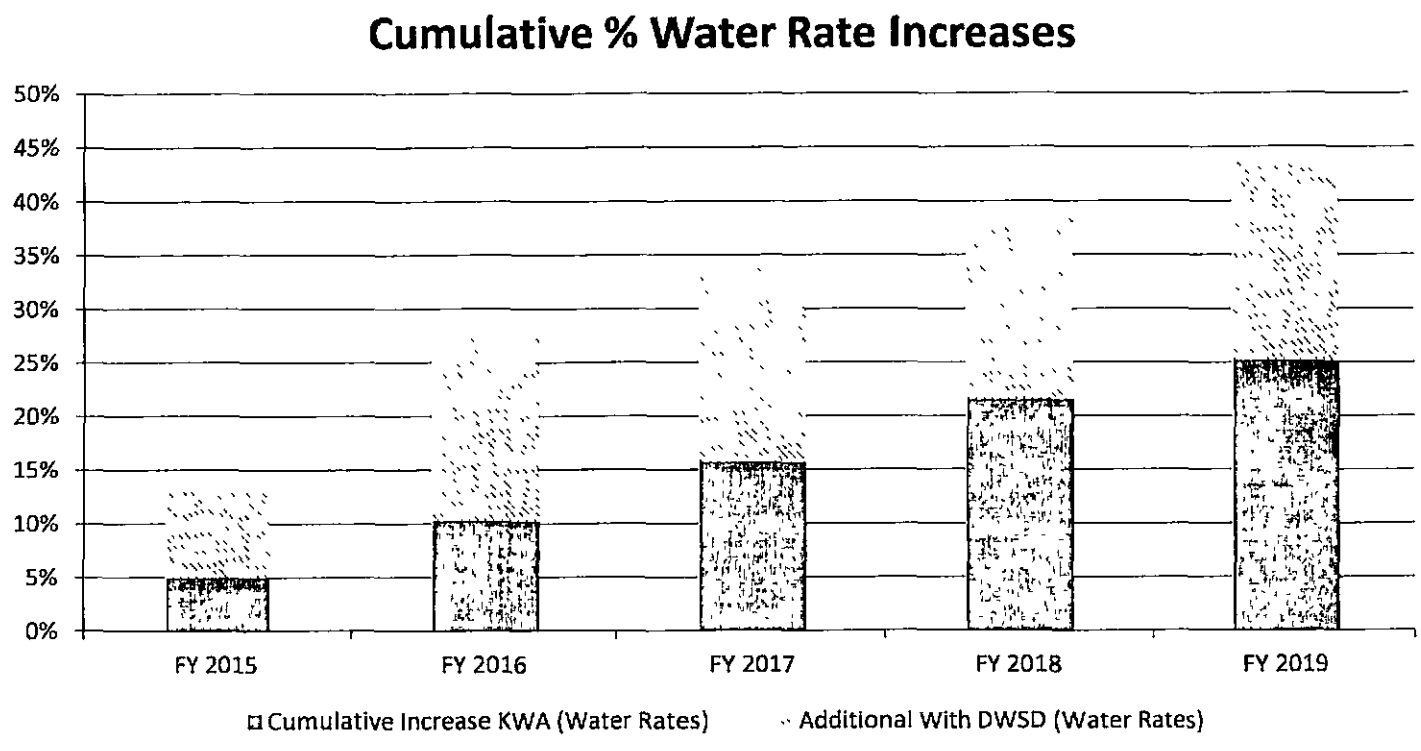
ES-8: POTENTIAL RESIDENTIAL BILL SAVINGS (KWA VS. DWSD)

ESTIMATED MONTHLY SAVINGS	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Monthly Usage (CCF)						
1	$ -	$ (2.28)	$ (5.04)	$ (5.29)	$ (5.16)	$ (5.32)
2	$ -	$ (2.85)	$ (6.32)	$ (6.64)	$ (6.48)	$ (6.67)
3	$ -	$ (3.43)	$ (7.60)	$ (7.98)	$ (7.79)	$ (8.02)
4	$ -	$ (4.00)	$ (8.89)	$ (9.33)	$ (9.10)	$ (9.37)
5	$ -	$ (4.57)	$ (10.17)	$ (10.68)	$ (10.41)	$ (10.73)
6	$ -	$ (5.15)	$ (11.45)	$ (12.02)	$ (11.73)	$ (12.08)
7	$ -	$ (5.72)	$ (12.73)	$ (13.37)	$ (13.04)	$ (13.43)
8	$ -	$ (6.30)	$ (14.02)	$ (14.72)	$ (14.35)	$ (14.78)
9	$ -	$ (6.87)	$ (15.30)	$ (16.06)	$ (15.67)	$ (16.14)
10	$ -	$ (7.44)	$ (16.58)	$ (17.41)	$ (16.98)	$ (17.49)

Total Bills

RATE IMPACT 5/8" Customer	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Monthly Usage (CCF)						
1	$ 66.10	$ 70.48	$ 74.79	$ 79.38	$ 83.12	$ 85.62
2	$ 78.41	$ 83.57	$ 88.64	$ 94.03	$ 98.48	$ 101.43
3	$ 90.73	$ 96.66	$ 102.49	$ 108.68	$ 113.83	$ 117.24
4	$ 103.05	$ 109.74	$ 116.33	$ 123.33	$ 129.18	$ 133.06
5	$ 115.37	$ 122.83	$ 130.18	$ 137.98	$ 144.54	$ 148.87
6	$ 127.69	$ 135.92	$ 144.03	$ 152.63	$ 159.89	$ 164.69
7	$ 140.00	$ 149.01	$ 157.88	$ 167.28	$ 175.24	$ 180.50
8	$ 152.32	$ 162.10	$ 171.72	$ 181.93	$ 190.59	$ 196.31
9	$ 164.64	$ 175.19	$ 185.57	$ 196.58	$ 205.95	$ 212.13
10	$ 176.96	$ 188.28	$ 199.42	$ 211.23	$ 221.30	$ 227.94

Cumulative Increase in Water Rates

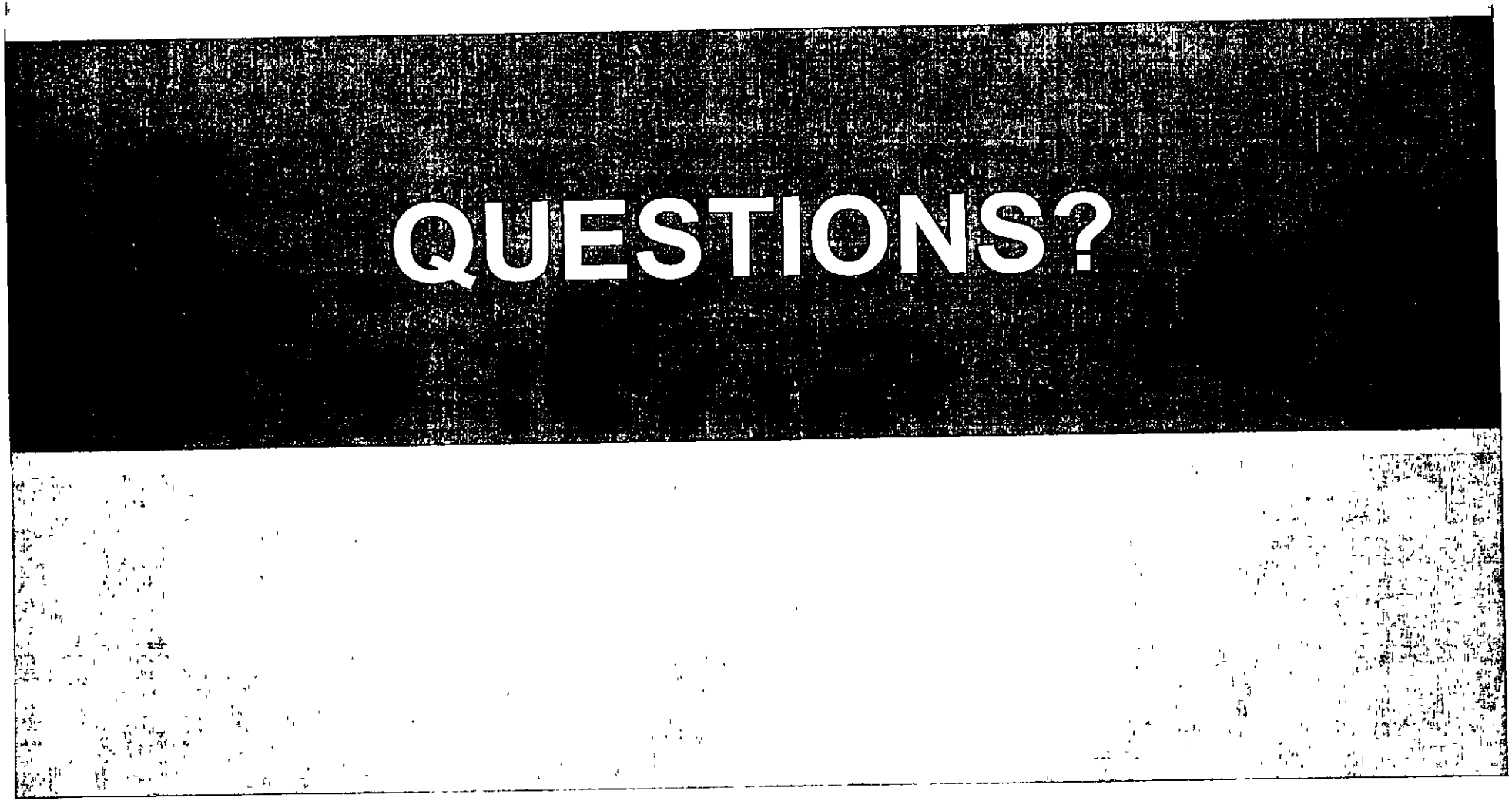


FINANCIAL BEST MANAGEMENT PRACTICES

Financial BMP

ES-9: FITCH BEST MANAGEMENT PRACTICES

Criteria	Consistent	Improving	Inconsistent
Financial Profile			
Financial Forecasting	✖		
Debt Service Coverage and Operating Reserves		✖	
Financial Reporting and Monitoring	✖		
Limited Exposure to Growth Revenues	✖		
Timely Collection of Payment and Penalty Enforcment		✖	
Political Willingness to Adjust Rates	✖		
Limited Exposure to General Govt. Finances		✖	
GAAP Compliance	✖		
Affordability			✖
Debt Profile			
Prioritized Capital Improvement Plans	✖		
Debt Policy	✖		
Hedge Agreements			
Operating Profile			
Management Experience	✖		
Use of Professional Engineers	✖		
Consultation with Local/Regional Growth Planners	✖		


QUESTIONS?

GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE
- DIVISION OF -
WATER & WASTE SERVICES
G-4610 BEECHER ROAD - FLINT, MICHIGAN 48532-2617
PHONE (810) 732-7870 - FAX (810) 732-9773

JEFFREY WRIGHT
COMMISSIONER

MEMORANDUM

DATE: April 11, 2014

TO: Jeff Wright, Drain Commissioner

FROM: John F. O'Brien, P.E., Director

SUBJECT: Water Supply: Flint/DWSD

CC: Advisory Board Members

As you are aware, the City of Detroit, through the Department of Water and Sewerage (DWSD), terminated the water supply contract with the City of Flint effective midnight of April 16, 2014. The City of Flint will go from a contract water supply to a non-contract water supply.

DWSD will continue to supply water to the City but it is their belief that they have more latitude on determination of the rates. GCDC currently has a water supply contract with the City of Flint. This is a year-to-year contract. To date, no notice has been given to terminate. In addition, the City of Flint has stated that they intend to begin supplying water to its residents from the Flint River and using their treatment plant by April 17, 2014 and terminate from the DWSD water system.

Where does this leave GCDC and its customers? The City of Flint does not have capacity or the physical distribution system to supply GCDC from the Flint River GCDC will have to continue with water supply from DWSD either through the City of Flint or directly with DWSD. The City of Flint has given notice to DWSD that GCDC can negotiate directly with DWSD.

Over the past few weeks, the County and DWSD have been in negotiations for water supply. We have identified three periods of service: The gap period, April 17 through June 30, 2014, the bridge period, July 1, 2014 through June 30, 2016, and the standby period, July 2016 through June 2044.

The gap period is the balance of DWSD's fiscal 2013/2014 year. Rates will be based on the 2013 rates, GCDC flow, and a short-term charge. The bridge period will be based on DWSD's rates modified, GCDC flow, and a short-term charge. The standby period shall be based on GCDC's flow request.

It is anticipated that the short-term charge will be about a 10% additional charge. For the bridge period, the DWSD rates will be modified to a change in methodology. The current DWSD rate is broken down to fixed charges and commodity, which for the year, adds up to a total revenue required based on the anticipated flow. Currently, the ratio of fixed and commodity is 40%, 60% respectively. The proposed modified ratio would be 80%, 20% respectively.

What does the modification mean? While the total cost does not change, the monthly bills would be smoothed out. Because GCDC has a fairly consistent flow, this should not have a significant impact on our billing.

The standby period is the cost of having a back-up supply from DWSD. While this is not required, if the price is right, it would be an insurance policy for long-term water supply.

Having said all this, what is the impact on water rates and when will it occur? The Division has a meeting scheduled with the DWSD on April 15 and we hope to have the final numbers. It would be our intent to have only one rate increase, which would cover the gap and bridge period. That rate would be approved effective September 2, 2014 for all billings. This would be consistent with our past practice of DWSD pass through rates in September. While the fees from DWSD will increase in the May billing, the County Agency has sufficient cash flow and reserves to accommodate the period from May to September.

Finally, GCDC customers will not lose its water supply from DWSD even if we cannot reach agreement with the City of Flint or DWSD. The purpose of the negotiation is to secure a rate and avoid litigation. The standby service is not required but if we can get it for the right price, it would be of additional value. Both negotiating teams recognize that we will be required to submit the contracts to our respective boards/councils and the Drain Commissioner and Emergency Financial Manager respectively, who could reject the agreement.

We expect to be able to answer specific questions at the Advisory Board meeting on April 16, a day after our meeting with representatives of the DWSD.

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Gerald Ambrose
Emergency Manager

TO: Josh Freeman, President, Flint City Council

From: Jerry Ambrose, Emergency Manager

Cc: Flint City Council
Mayor Dayne Walling
Natasha L. Henderson, City Administrator

DATE: April 13, 2014

RE: Update and Transition Progress

Thank you for your consideration of my request for authorization to apply for the $7 million loan from the State's Emergency Loan Board. This loan, if approved, will be used to eliminate the City's General Fund deficit ahead of the schedule in our current Deficit Elimination/Reserve Accumulation Plan. This will enable the City to move forward with building adequate reserves necessary to foster financial stability. This, along with the commitments established in ordinance to develop and maintain a multi-year budget based on a strategic plan and to address the funding of long term liabilities, Flint's financial solvency can be sustainable.

Thank you also for your consideration of the proposed consolidation of the 68th and 67th District Court, an action which has been long in the making. Recommended by the State Court Administrators Office and authorized by state law, the consolidation is planned to become effective January 2, 2016. The Memorandum of Understanding, approved today by the Genesee County Board of Commissioners, details the advantages the consolidation will have for the City of Flint. The city will see a reduction in costs of more than $8.4 million over the first 10 years, providing some much needed funds to support police services. Additionally the new court division is assured of at least 2 probation officers, something which the Court has not had for several years. And, as provided in both law and the agreement, judges will continue to be elected from within the City.

As you know, my focus over the past few months has been and continues to be transitioning the City from oversight by an Emergency Manager to home rule under the guidance of a Receivership Transition Advisory Board.

Much progress has been made in preparing for the transition, including action by the City Council to complete the following:

- Final adoption of the Capital Improvements Plan
- Final adoption of ordinances regarding planning, budgeting, funds balance, and deficit elimination
- Update of the Strategic Plan's Vison, Mission, and Goals
- Adoption of budget priorities to guide development of the FY16/FY17 budget

Additionally, our new City Administrator Natasha Henderson is on board and is assuming duties as the experienced and professionally trained chief administrative officer for the City.

There are several issues which we are continuing to address, including:

- Water safety, quality, and affordability continues to be a top priority. The City's water supply today is safe, as measured by the same MDEQ standards that have been in place for years, and steps are being taken to improve treatment and distribution processes in order to address issues of discoloration and odor, and to assure continued safety. Reviews of our pricing structure are also underway to assure that customers are treated equitably while generating sufficient revenue to operate the system.

  Public safety continues to be an area of critical concern. The independent study of our police and fire organization provided a number of recommendations focused on how to best deploy the resources we have, and also confirmed that the staffing levels afforded by our limited resources are extremely low in comparison to comparable municipalities. This emphasizes the critical continuing importance of renewing the two voter-approved public safety millages and working to assure continuing state support through the assignment of state troopers and through financial support of the City lock-up. Loss of any of this support would be a disaster for the City.

- Achieving and then maintaining financial stability will continue to require constant attention. Approval of the ordinances regarding financial stability and the anticipated approval of the $7 million loan provide additional tools with which to work. Attention will need to be paid to not only developing and adopting budgets for FY16 and FY17 but doing so in the context of understanding the impact of those budgetary decisions into the following three years. Essential to this is making the budget decisions which truly address achievement of the stated vison, mission and goals for the City as adopted by the City Council. Unfortunately, the challenges in doing so will be great, as the City will continue to be faced with the reality of a structural deficit, where for the foreseeable future current expenditure patterns exceed revenue streams – a difficult position, given the City's already low level of services. Complicating this further is the potential impact of the retiree health care lawsuit, once the final outcome is decided.

- Finally progress continues with modernizing the operations of the City and setting the framework for future development. With the Master Plan and Capital Improvement Plan in place, focus is now turning to implementation, including updating the Zoning Ordinance.

As we move forward with preparing for transition, there is much work yet to do. Today I am taking three actions consistent with our path:

- Adoption of an updated purchasing policy – I am enacting the revisions to the Purchasing policy which were reviewed by Council within the past few months. These changes are made with the goal of assuring that the process of obtaining goods and services is consistent with the expectations of the Strategic Plan. There must be proper oversight and transparency, with a goal of obtaining goods and services that best meet the needs of City departments. The process must ensure competitive procurement, conducted in a timely and ethical manner. The City Council has an important role in assuring compliance with the policy, which is not the same as conducting purchasing operations.

- Confirming the role of the City Administrator – Before the search for a new City Administrator was begun, it was determined, within the context of the Seven Point Transition Plan, that an experienced and professional City Administrator would be selected on the basis of an open competitive process, and that the duties of the City Administrator would be structured in a manner which assures the ability to manage and direct the administrative affairs of the City in a professional manner. While those duties and expectations were described in the job description of the City Administrator and in recruitment materials, I am now formally enacting them in Emergency Manager Order Number 3.

- Re-establishing salaries for Mayor and Council – As we are moving towards transition, the duties and responsibilities of the Mayor and City Council are expanding towards the traditional roles of a City operating under home rule. Council meetings are now held twice per month, with committee meetings held once per month. The Mayor is now much more engaged in a Chief Executive role. Consequently, I have determined to re-establish the salaries for Mayor and Council at the levels in place immediately prior to the appointment of an Emergency Manager in November, 2011. Continued receipt of the re-established salaries, however, is contingent upon attainment of certain training. The re-established levels, and the contingency regarding training, is found in Emergency Manager Order Number 4.

Over the next several weeks, there will be much work with respect to finalizing the loan application and developing the FY16 and FY17 budgets along with FY18, FY19, and FY20 projections. Work will also continue with implementing improvements of the water system, and reviewing our associated rate structure. Evaluation and implementation of the recommendations for best use of

police and fire resources will continue, including corrective action for the police evidence room issues. Summer street maintenance and repair programs, as well as sidewalk repairs will soon be underway. Public meetings regarding the zoning ordinance are being held, with a recommended updated ordinance expected for consideration in late spring. A revision to the City's business licensing ordinance is expected soon. These are but a few of the many activities to be expected as the City makes the best use of its resources to provide the best level of service it can within the resources it has.

I look forward to working with you as we move towards transition to home rule under the guidance of a Receivership Transition Advisory Board. Please contact me if you have any questions.

Pleyte, Beth (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Monday, April 14, 2014 5:14 PM
To: Byrne, Randall (Treasury); Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); West, Samantha (GOV); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Larkin, Brian (GOV); Darnell Earley; Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Cc: Clayton, Stacie (GOV)
Subject: Conference Call Agenda for Wednesday, April 16th
Attachments: City of Flint Wednesday 9am Meeting041614.doc

Good afternoon,

Attached is the agenda for the Wednesday, April 16th conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00 am Phone Conference Agenda
April 16, 2014

1) **Public Safety Update – FPD, MSP (FFD if needed)**

a) SAFER grant renewal for Flint has been denied. Chief Cox has been developing a plan to handle reduced staff beginning July 1, 2014.

b) Public Safety Study – meeting scheduled for this Thursday at 2pm in Flint Mayor's Conference Room with Treasury, Mott Foundation and L. Matarese of ICMA. Would like to start this study process as quickly as possible.

c) Other update by Chief Tolbert and MSP.

2) **Governor's Office Update –Rich Baird, H. Hollins**

3) **Retiree Lawsuit – Status, Issues**

There was a 3/14/14 meeting with attorneys and healthcare consultant. Update: Letters did go out to retirees as planned.

Regarding an E&Y "Ability to Pay" analysis: Phone conf scheduled with WW and E&Y

4) **Financial Update**

a) Deficit Elimination Plan – approval still pending. City is incorporating the changes into the FY15/16 budget. The City is still committed to eliminating the deficits. We are proceeding as we await formal approval of the plan.

b) Emergency Manager's 6 Month Report to the Governor was submitted on April 8, 2014. Also, Quarterly Financial Report was submitted on April 15, 2014.

c) Update on E&Y 5 Year projections: Preliminary review expected with EM and Treasury within the next three weeks. Analysis of utility system is still pending.

d) Model Contract Status – Preparing materials for imposition of FPOA contract. Date for meeting with AFSCME 1600 is April 17. Drafting initial contracts for IAFF, other FPOA contracts and 1799 (to be pattered after FPOA and 1600) is underway. Meeting date with AFSCME 1799 is being finalized.

e) MDOT waiver – Spiral Weld Project: MDOT has granted waiver and assigned project to MDOT Davison Office for FY15. Flint will not be construction agent.

f) DEQ SAW Grant: could there be a policy to allow distressed communities to skip the lottery? The City of Flint applied for a $2 million SAW Grant to develop a GIS based sewer Asset Management Plan (AMP) and work tracking system. The proposal also included an Asset Management Plan for the Wastewater Treatment Plant. The Plant's NPDES permit renewal will require this in the upcoming fiscal year. That AMP is estimated to cost $300,000, which will now have to be funded internally.

4) City Council Update

a) Schedule for Council review of two year budget established upon receipt of proposed budget on April 30. Council, working through its Finance Committee will meet between May 5 and May 17 to review budget. Council plans to hold public hearing on May 18 and to provide comments and recommendations to EM by May 28.

b) Council held a Special Meeting on April 7 to take up the 7 Point Transition Management Plan which was postponed from the March 24 meeting. Plan was adopted on a 5-4 vote.

c) The Public Works Committee met on Thursday April 10 to listen to a presentation on the Water and Sewer Rate Study results. Study recommends a rate increase and substantiates City's decision to go with KWA. Only council members were allowed to ask questions. A public question and answer session will be held on Thursday April 17. Considerable public opposition is brewing to any rate increase.

d) The next regular City Council meetings are scheduled for Wednesday, April 30; Monday, May 19; Monday June 16, 2014.

5) Blue Ribbon Committee

BRC held its seventh meeting on 4/10/14. The sub-committee has been formed to work out the details of public engagement sessions reported on plans to hold 3 charette style meetings which they would like to begin April 26. Following the public meetings the committee will finalize their recommendations.

6) Water Issues

a) Water Issues – DEQ construction permits were received last week for the Water Treatment Plant and Bray Rd. site. Easement issues with Consumers Energy have been resolved. A series of meetings, media activities and other forms of notification about water change over are being planned. Start date goal: April 17, 2014.

b) Negotiations with GCDC continue with regards to sale of the pipeline section. COF current proposal is for $3.9 million sale price, the value established in recent valuation. Valuation has been submitted and reviewed by Treasury. Submission to Treasury for approval is anticipated prior to ending relationship with DWSD. Also, COF is negotiating back-up service agreement for GCDC for period between DWSD termination and KWA start-up.

7) **Other items**

Created on: 04/14/14

[redacted] **access code** [redacted]

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
DARNELL EARLEY
ICMA-CM, MPA

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com

For Immediate Release

Emergency Manager Darnell Earley and City of Flint Department of Public Works Director Statements on Finalization of Water Treatment Plant Ahead of Flint River Use

Flint, Michigan – April 21, 2014 – The City of Flint's Emergency Manager Darnell Earley and Department of Public Works Director have released the following statements in regard to the final work to be completed at the Water Treatment Plant ahead of Flint River use.

"We are preparing to install the final two pumps required to maintain the necessary water pressure for chlorination; that work will be completed by mid-week. Once the necessary pumps are operational, water quality tests will continue to be performed to ensure the water passes both DEQ safety standards as well as our own stringent water quality standards." –Howard Croft, DPW Director

"After this final step has been completed, Flint will then be able to shut the intake from Detroit and begin using the river. We are still on track to be using the river this week as early as Thursday and remain enthusiastic about this historic event."
–Darnell Earley, City of Flint Emergency Manager

–END–

NEW ISSUE
Book-Entry-Only

Rating: See "RATING" herein

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, assuming compliance with certain covenants by the Issuer, the interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See" TAX MATTERS" and "FORM OF APPROVING OPINION" herein for a description of certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which may affect the tax treatment of interest on the Bonds for certain Bondholders.

KAREGNONDI WATER AUTHORITY
COUNTIES OF GENESEE, LAPEER AND SANILAC
STATE OF MICHIGAN

$220,500,000
WATER SUPPLY SYSTEM BONDS
(KAREGNONDI WATER PIPELINE), SERIES 2014A

Dated: Date of Delivery **Principal Due: November 1, as shown on Inside Cover Page**

The Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A (the "Bonds") are issued under the provisions of Act 233, Public Acts of Michigan, 1955, as amended, and a resolution adopted by the Board of Trustees of the Karegnondi Water Authority, Counties of Genesee, Lapeer and Sanilac, State of Michigan (the "Issuer") on November 20, 2013. The Bonds are being issued for the purpose of paying a portion of the cost of acquiring and constructing the Issuer's Water Supply System (the "System") to serve initially the City of Flint and the County of Genesee (individually a "Local Unit" and collectively, the "Local Units"), funding a debt service reserve account, paying capitalized interest and paying the costs of issuing the Bonds. The Bonds are to be issued in anticipation of, and are payable primarily as to principal and interest from, payments (the "Contractual Payments") to be made by the Local Units to the Issuer pursuant to a Contract among the Issuer and the Local Units dated as of August 1, 2013 (the "Contract"). The Contractual Payments will be in installments that will equal the principal and interest payments on the Bonds. Further, each Local Unit has pledged its limited tax full faith and credit for the payment of its Contractual Payments and is obligated, to the extent necessary, as a first budget obligation to levy ad valorem taxes on all taxable property within its boundaries for such purpose, subject to applicable constitutional, statutory and charter tax limitations. Each Local Unit is expected to make its Contractual Payments from revenues collected from charges imposed on the customers of its respective water supply system. The County of Genesee in the Contract has pledged to make all payments that the City of Flint fails to make to the Issuer under the Contract. The Issuer has irrevocably pledged the Contractual Payments for the payment of the principal of and interest on the Bonds.

The Bonds are issuable only as fully registered Bonds without coupons, and when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry only form, in the denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See *BOOK-ENTRY ONLY SYSTEM* herein.

Interest on the Bonds will be payable semiannually on May 1 and November 1 of each year commencing on November 1, 2014. The Bonds will be registered Bonds, of the denomination of $5,000 or multiples thereof not exceeding for each maturity the principal amount of such maturity. The principal and interest shall be payable at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any change in interest payment date (the "Transfer Agent"). Interest shall be paid when due by check mailed to the registered owner as shown by the registration books as of the fifteenth day of the month preceding the payment date for each interest payment. Payment of principal and interest to Beneficial Owners shall be made as described in *BOOK-ENTRY ONLY SYSTEM* herein.

The Bonds are subject to redemption at par, as described herein.

The Bonds are offered when, as and if issued by the Issuer and subject to receipt of the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Dickinson Wright PLLC, Troy and Lansing, Michigan. It is expected that delivery of the Bonds through DTC will be made in New York, New York on or about April 16, 2014.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT.

J.P. Morgan

Wells Fargo Securities **Stifel, Nicolaus & Company, Incorporated**

Dated: April 1, 2014

MATURITY SCHEDULE

WATER SUPPLY SYSTEM BONDS (KAREGNONDI WATER PIPELINE), SERIES 2014A

SERIAL BONDS
(Base CUSIP[§]: 48563U)

Year	Amount	Interest Rate	Yield	CUSIP[§]	Year	Amount	Interest Rate	Yield	CUSIP[§]
2017	$2,000,000	3.000%	1.460%	AA9	2024	$5,595,000	5.000%	3.660%*	AY7
2017	$2,105,000	5.000%	1.460%	AR2	2025	$5,875,000	5.000%	3.820%*	AZ4
2018	$1,300,000	4.000%	1.870%	AB7	2026	$6,165,000	5.000%	3.940%*	BA8
2018	$2,975,000	5.000%	1.870%	AS0	2027	$6,475,000	5.250%	4.050%*	AF8
2019	$2,000,000	3.000%	2.320%	AC5	2028	$6,815,000	5.250%	4.110%*	AG6
2019	$2,475,000	5.000%	2.320%	AT8	2029	$7,175,000	5.250%	4.200%*	AH4
2020	$2,000,000	4.000%	2.780%	AD3	2030	$7,550,000	5.250%	4.290%*	AJ0
2020	$2,655,000	5.000%	2.780%	AU5	2031	$7,945,000	5.250%	4.380%*	AK7
2021	$2,000,000	3.000%	3.050%	AB1	2032	$8,365,000	5.250%	4.450%*	AL5
2021	$2,870,000	5.000%	3.050%	AV3	2033	$8,800,000	4.500%	4.670%	AM3
2022	$5,075,000	5.000%	3.310%	AW1	2034	$9,200,000	5.250%	4.570%*	AN1
2023	$5,325,000	5.000%	3.490%	AX9	2035	$9,680,000	5.250%	4.620%*	AP6

TERM BONDS

Year	Amount	Interest Rate	Yield	CUSIP[§]
2040	$56,590,000	5.250%	4.740%*	BB6
2043	$41,490,000	5.000%	4.890%*	AQ4

*Yield to the November 1, 2023 first call date

[§] Registered trademark of American Bankers Association. CUSIP numbers are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Issuer does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

LABOR FORCE

A breakdown of the number of employees of the County and their affiliation with organized groups is as follows:

Bargaining Unit	Number	Contract Expiration
AFSCME		
496-00 Clerical	239	09/30/2015
496-01 Technical	143	09/30/2015
496-02 GVRC Workers	20	04/01/2015
496-03 Drain Service	5	12/31/2015
496-10 Mobile Meals	17	09/30/2010*
916-05 & 916-06 Sheriff Supervisory	28	12/31/2014
916-01, 02, 03, 04, 08, 09, 10 Supervisors	38	06/30/2015
P.O.A.M.		
(Police Officers & Jail Security)	208	06/30/2014
Judicial Secretaries Association	9	12/31/2014
Teamsters		
Local 214 (Park Maintenance)	7	06/30/2015
Local 214 (Friend of the Court)	6	12/31/2013*
Professional Court Officers Association	34	12/31/2015
Non Union		
Full-Time Employees	102	n/a
Seasonal Employees	206	n/a
Elected Officials	31	n/a
TOTAL	1,093	

*In negotiations.

RETIREMENT PLANS

The County maintains two distinct retirement plans for its employees. A defined benefit plan is available in accordance with the Genesee County Employees Retirement System Ordinance (the "*GCERS Plan*"). A defined contribution plan is available in accordance with the Genesee County Defined Contribution Pension Plan (the "*DC Plan*"). All County employees, except members of AFSCME Mobile Meals Drivers and AFSCME Seasonal Parks Employees, are participants in either the GCERS Plan or the DC Plan. Employees hired prior to the effective date of the DC plan to their respective employee group, which for most employees was July 1, 1996, were permitted to elect between the GCERS Plan and the DC Plan. Most employees hired between 1996 and 2006 had the option of selecting the GCERS Plan or the DC Plan. All employees hired after 2006 must select the DC Plan for retirement. For information regarding retirement plans, see APPENDIX B.

GCERS Plan - This is a contributory multi-employer defined benefit pension plan. County employees represented by the various bargaining units are required to contribute from 0.5% to 9.0% of all compensation, including overtime. The County provides contributions at actuarially determined rates. During 2013, employer contribution rates ranged from 16.87% to 53.48% of covered payroll. For the year ending December 31, 2012, contributions from the multi-employers totaled $14,398,417 and affected employees contributed $2,321,841 for an aggregate multi-employer/employee total of $16,720,258.

DC Plan - This is a contributory, single employer defined contribution plan with assets of $104,345,310 as of September 30, 2012. County employees are required to contribute between 3.0% and 7.0% of covered payroll. The County offers a defined contribution pension plan as an alternative to the defined benefit pension plan. The International City Managers Association (ICMA) Retirement Corporation administers the plan, and the County Board of Commissioners has authority over plan provisions and contribution requirements. All employees are eligible to participate in this plan, if not participating in the Defined Benefit Plan. The County is required to contribute 8 to 10% of eligible employees' annual covered payroll, and employees are required to contribute between 3% and 7% of covered payroll. Employees are vested after 5 years of service. During the year ended September 30, 2013, employer and employee contributions to the plan were $2,705,916 and $1,617,428, respectively.

Other Post-Retirement Benefits - The County performed an actuarial valuation of the other post-retirement benefits liability for the year ended September 30, 2012. At that time the actuarial accrued liability was determined to be $308,208,023 and the funding value assets was $43,313,587, resulting in an unfunded actuarial accrued liability of $264,894,436. The annual required contribution (ARC) as a percentage of payroll (based on 30-year amortization of the unfunded liability) was 50.15% or $18,549,049.

The County has been working to systematically increase contributions into the VEBA to eventually equal the ARC. Beginning in fiscal year 2002/2003, the County began contributing 3% of gross payroll into a fund designated for retiree health care. This was increased to 5% in the 2003/2004 fiscal year, to 10% in the 2006/2007 fiscal year, 20% in the 2007/2008 fiscal year, 22.5% in the 2008/2009 fiscal year, 20% in the 2009/2010 fiscal year, 24% in the 2010/2011 fiscal year and 24% in the 2011/2012 fiscal year. In 2004, the County created a VEBA trust to specifically designate the funds that had been contributed for retiree health care. Also, all collective bargaining agreements as well as the non-union personnel policies include a provision that requires all employees to make a contribution of 1% to 3% of pre-tax gross wages, which is paid to the VEBA as employer contributions for the funding of retiree health care benefits (OPEB). These contributions resulted in an OPEB obligation for the period ending September 30, 2013 in an amount of $29,409,706. The OPEB obligation is the cumulative difference between the ARC and the actual amount contributed.

DEBT STATEMENT(as of April 2, 2014 and including the Bonds described herein)

Each series of bonds marked "LT" is payable in the first instance from a specified source and is payable from the general funds of the County in the event of insufficiency of the specified source. The County is not authorized to levy taxes beyond constitutional and statutory tax rate limitations with respect to the bonds marked "LT".

DIRECT DEBT

General Obligation Bonds	Dated Date	Outstanding Gross Amount	Unit Share Amount	County's Share
Sewer, Fenton Twp.-Rolston/Ripley, LT	11/01/96	$400,000	$400,000	0
Drain, Atlas Twp. Project A#1610, LT	12/01/00	150,000	150,000	0
Capital Improvement, LT	11/01/04	1,765,000	0	$1,765,000
Sewer Fenton Twp. Ser A&B, LT	12/01/04	550,000	550,000	0
Sewer Refunding, LT	02/01/05	4,000,000	4,000,000	0
Sewer Refunding, Lt. Morris, LT	12/22/05	1,695,000	1,695,000	0
Drain, Meyers, LT	08/01/06	375,000	248,400	126,600
Sewer, Western Trunk No. 1, LT	09/01/06	2,775,000	2,775,000	0
Sewer Refunding No. 3, LT	11/16/07	4,305,000	4,305,000	0
Qual. Energy Conservation Bonds, LT	12/01/10	7,175,784	0	7,175,784
Gilkey Creek and Branch Drain Drainage District, LT	12/01/11	2,395,000	2,343,268	51,732
Water, Fenton Rd. Watermain Project, LT	04/08/11	859,000	859,000	0
SUB-TOTAL GENERAL OBLIGATION BONDS		$26,444,784	$17,325,668	$9,119,116
Building Authority Bonds				
Refunding, Series 1998, LT	07/01/98	$ 155,000	0	$ 155,000
Building Authority, Refunding, LT	06/23/05	8,415,000	0	8,415,000
Brownfield Redev. Ref. LT	11/20/07	12,110,000	0	12,110,000
Refunding, LT	04/12/12	4,430,000	0	4,430,000
SUB-TOTAL BUILDING AUTHORITY BONDS		$25,110,000	$0	$25,110,000
Revenue Bonds with GO Pledge				
Sewer, Western Trunk Relief, LT	08/01/03	$2,585,000	$0	$2,585,000
Water, LT	08/01/03	3,585,000	0	3,585,000
Water, LT	10/01/03	15,730,000	0	15,730,000
Water, LT	09/01/04	13,260,000	0	13,260,000
NE Sewer, Series 2005A - SRF, LT	06/23/05	15,210,000	0	15,210,000
NE Sewer, Series 2005B - SRF, LT	09/22/05	10,640,000	0	10,640,000
NE Sewer, Series 2006A - SRF, LT	09/21/06	2,065,000	0	2,065,000
NE Sewer, Series 2006B - SRF, LT	12/14/06	5,650,000	0	5,650,000
NE Sewer, Series 2006C - SRF, LT	12/14/06	3,175,000	0	3,175,000
Water, Series 2007, LT	01/01/07	5,100,000	0	5,100,000
Sewer, Northeast Ext., Series B, LT	09/01/07	6,665,000	0	6,665,000
Sewer, Northeast Ext., 2007A, LT	09/20/07	8,180,000	0	8,180,000
Sewer District No. 3, LT	12/01/07	4,920,000	0	4,920,000
Sewer, Sewage Disposal, LT	02/12/09	13,075,000	0	13,075,000

NE Sewer, LT	01/22/10	12,790,000	0	12,790,000
Sewer No. 3 Revenue Bonds, LT	01/22/10	955,000	0	955,000
Sewer, Interceptors and Treatment Facilities LT (Ser A)	04/08/11	1,330,000	0	1,330,000
Sewer, Interceptors and Treatment Facilities LT (Ser B)	07/28/11	4,825,000	0	4,825,000
Sewage Disp. Series C, Refunding, LT	09/14/11	4,965,000	0	4,965,000
Water Supply System Revenue Bonds, LT	10/03/13	35,000,000	0	35,000,000
TOTAL REVENUE BONDS		$169,705,000	$0	$169,705,000
Michigan Transportation Fund Bonds				
MTF Notes, NO COUNTY CREDIT	11/01/06	$580,000	0	$580,000
MTF Notes, NO COUNTY CREDIT	10/01/07	1,970,000	0	1,970,000
MTF Notes, NO COUNTY CREDIT	08/01/08	2,305,000	0	2,305,000
MTF Notes, NO COUNTY CREDIT	09/01/09	2,085,000	0	2,085,000
TOTAL MICHIGAN TRANSPORTATION FUND BONDS		$6,940,000	$0	$6,940,000
Share of Authority Issued Bonds:				
Water Supply System Bonds, Series 2014 A, LT	04/16/14	220,500,000	0	220,500,000
Share of County Issued Bonds:				
Utilities Drainage	12/01/11	46,656	0	46,656
TOTAL DIRECT DEBT		$448,746,440	$17,325,668	$431,420,772
LESS: Self Supporting Authority Contract Bonds				(220,500,000)
Revenue Bonds				(169,705,000)
Michigan Transportation Fund Bonds/Notes				(6,940,000)
				($397,145,000)
TOTAL NET DIRECT DEBT				$34,275,772

OVERLAPPING DEBT

Municipality	County's Share
Cities	$42,414,877
Townships	43,954,796
Villages	1,089,013
School Districts	365,853,767
Intermediate School Districts	17,060
Community College	42,960,045
Bishop Airport Authority	10,430,000

NET OVERLAPPING DEBT	$506,719,558
NET DIRECT & OVERLAPPING DEBT	$540,995,330

Source: Municipal Advisory Council of Michigan

DEBT RATIOS

Per Capita (425,790)	
Net Direct Debt	$80.50
Net Direct and Overlapping Debt	$1,270.57
Ratio to 2013 Taxable Valuation ($8,591,144,574)	
Net Direct Debt	0.40%
Net Direct and Overlapping Debt	6.30%

Ratio to 2013 State Equalized Valuation ($8,996,549,108)

Net Direct Debt	0.38%
Net Direct and Overlapping Debt	6.01%

Ratio to 2013 Estimated True Cash Value ($17,993,098,216)

Net Direct Debt	0.19%
Net Direct and Overlapping Debt	3.01%

DEBT HISTORY

The County has no record of default.

FUTURE FINANCING

The County has entered into a contract with the Karegnondi Water Authority and the City of Flint pursuant to which the Authority will issue an additional $80,000,000 of bonds over the next 3 to 15 months in anticipation of payments to be made by the County and the City of Flint to finance a raw water supply project to serve the County, the City of Flint and several other municipalities. The County will make a limited tax general obligation pledge of the County on 100% of these bonds. The County also anticipates issuance of approximately $60,000,000 of water revenue bonds with a limited tax general obligation pledge of the County to finance construction of a new water treatment plant and related facilities to treat water from the new raw water supply within the next 6 to 12 months. The County may issue an estimated $18,000,000 to $31,000,000 of water revenue refunding bonds with a limited tax general obligation pledge in the next 6 to 12 months to refund certain outstanding water revenue bond issues for debt service savings.

COMPENSATED ABSENCES

As of September 30, 2013, the County's governmental activities statement of net position included a liability for vacation and other employee compensated absences of $4,217,266.

SHORT TERM BORROWING

The County has in the years 1974 through 2013 issued short-term notes in order to establish the 100% Tax Payment Fund. Notes issued in each of the above years have been in a face amount which has been less than the actual, real property tax delinquency. The primary security for these notes is the collection of the delinquent taxes pledged to the payment of principal of and interest on the notes issued. The County has pledged its full faith and credit and limited taxing power to the payment of the principal and interest on notes issued since 1975. Notes in the amount of $39.9 million were issued by the County during the fiscal year ended September 30, 2013.

The County Landbank Authority has entered into a $3,000,000 line of credit with a bank and the County has pledged its limited tax full faith and credit on the line.

LEASE OBLIGATIONS

The County is party to numerous operating leases and aggregate rental expenses which were approximately $74,535 during the year ended September 30, 2013, exclusive of the amount paid to a related organization.

LEGAL DEBT MARGIN* (as of April 2, 2014 and including the Bonds described herein)

2013 State Equalized Valuation - excluding IFT values		$8,996,549,108
Debt Limit - 10% of State Equalized Valuation		899,654,911
Amount of Direct Debt Outstanding	$448,746,440	
Less: No County Credit Pledged Bonds/Notes	(6,940,000)	
Total Subject to Debt Limit		441,806,440
Additional Debt Which Could Be Legally Incurred		$457,848,471

DEBT STATEMENT (as of April 2, 2014 and including the Bonds described herein)

Each series of bonds marked "LT" is payable in the first instance from a specified source and is payable from the general funds of the City in the event of insufficiency of the specified source. The City is not authorized to levy taxes beyond constitutional and statutory tax rate limitations with respect to the bonds marked "LT".

DIRECT DEBT

	Dated Date	Amount Outstanding	
General Obligation Bonds			
Fiscal Stabilization Bonds, LT	04/13/11	$7,620,000	
Capital Improvement, Public Garage/Parking, LT	12/28/07	8,955,000	$16,575,000
Authority Revenue Bonds - No City Pledge			
Hurley Medical Center, Refunding, SSAuth	06/11/03	5,150,000	
Hurley Medical Center, Series 2010, SSAuth	03/25/10	33,215,000	
Health Care Facilities, Equipment	09/30/11	3,716,906	
Hurley Medical Center, Series 2013A, SSAuth	04/02/13	21,940,000	
Hurley Medical Center, Series 2013B, SSAuth	04/02/13	36,035,000	100,056,906
City Revenue Bonds			
MI Bond Bank - Water DWRF Series 1999	09/30/99	2,928,994	
MI Bond Bank - Water DWRF Series 2000	09/28/00	3,700,000	
MI Bond Bank - Water DWRF Series 2001	09/28/01	4,731,408	
MI Bond Bank - Water DWRF Series 2003	09/25/03	11,599,934	22,960,336
Share of Authority Issued Bonds			
Water Supply System Bonds, Series 2014 A, LT	04/16/14	75,411,000	$75,411,000
TOTAL DIRECT DEBT			$215,003,242
Less: Revenue Bonds		(123,017,242)	
Revenue Supported Authority Bonds		(75,411,000)	(198,428,242)
NET DIRECT DEBT			$16,575,000

OVERLAPPING DEBT

Percent	Municipality	Amount Outstanding	City's Share	
7.68%	Carman Ainsworth S/D	$40,208,000	$3,087,974	
100.00	Flint S/D	12,760,000	12,760,000	
1.33	Swartz Creek S/D	12,615,000	167,780	
8.81	Genesee County	74,170,696	6,534,438	
8.32	Genesee ISD	46,050,000	3,831,360	
8.81	Mott Community College	10,430,000	918,883	
NET OVERLAPPING DEBT				27,300,435
NET DIRECT AND OVERLAPPING DEBT				$43,875,435

Source: Municipal Advisory Council of Michigan

DEBT RATIOS

Per Capita (102,434)	
Net Direct Debt	$161.81
Net Direct and Overlapping Debt	$428.33
Ratio to 2013 Taxable Value ($776,654,903)	
Net Direct Debt	2.13%
Net Direct and Overlapping Debt	5.65%

Ratio to 2013 State Equalized Valuation ($795,172,400)	
Net Direct Debt	2.08%
Net Direct and Overlapping Debt	5.52%
Ratio to 2013 Estimated True Cash Value ($1,590,344,800)	
Net Direct Debt	1.04%
Net Direct and Overlapping Debt	2.76%

* Preliminary, subject to change.

DEBT HISTORY

The City has no record of default.

FUTURE FINANCING

The City has entered into a contract with the Karegnondi Water Authority and the County of Genesee pursuant to which the Authority will issue an additional $80,000,000 of bonds over the next 3 to 15 months in anticipation of payments to be made by the County and the City to finance a raw water supply project to serve the County, the City and several other municipalities. The City will make a limited tax general obligation pledge of the City on approximately 30% of these bonds.

LEGAL DEBT MARGIN

Section 7-302 of the City Charter, adopted November 4, 1975, limits "net" debt to 7% of the assessed value of all real and personal property in the City, but does not define "net" debt. The following computation is based on previous practice and is consistent with the requirements of State of Michigan Public Act 279 of 1909.

2013 State Equalized Valuation - excluding IFT values		$795,172,400
Debt Limit - 10 % of State Equalized Valuation		$79,517,240
Amount of Direct Debt Outstanding	$215,003,242	
Less: Revenue Bonds and Exempt Authority Bonds	(198,428,242)	
Total Subject to Debt Limit		16,575,000
Additional Debt Which Could Be Legally Incurred		$62,942,240

Founded in 1852
by Sidney Davy Miller

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Warsaw • Wroclaw

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www.millercanfield.com

April 16, 2014

Mr. Harlan Goodrich
Michigan Department of Treasury
Local Audit and Finance Division
430 West Allegan Street
Treasury Building, First Floor
Lansing, Michigan 48922

Re: Karegnondi Water Authority, Counties of Genesee, Lapeer and Sanilac, State of Michigan, $220,500,000 Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A

Dear Mr. Goodrich:

Enclosed for filing are the following documents with regard to the above-captioned issue that was delivered to J.P. Morgan Securities LLC, as underwriter, on this date:

1. Bond Authorizing Resolution,
2. Order Awarding Sale,
3. Bond Purchase Agreement,
4. Specimen Bond,
5. Approving Opinion,
6. Official Statement,
7. Rating Letters, and
8. Security Report Form.

If you have any questions or require additional documentation, please do not hesitate to contact me.

Very truly yours,

Sylvia Dimov

Sylvia Dimov
Paralegal

Enclosures

22003743.1\152665-00001

RECEIVED
DEPT. OF TREASURY
APR 22 2014
LOCAL AUDIT & FINANCE DIV.

4/21

R-1

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF GENESEE

KAREGNONDI WATER AUTHORITY

WATER SUPPLY SYSTEM BOND
(KAREGNONDI WATER PIPELINE), SERIES 2014A

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
3.00%	November 1, 2017	April 16, 2014	48563UAA9

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Two Million Dollars

KAREGNONDI WATER AUTHORITY, a public corporation of the State of Michigan (the "Issuer"), acknowledges to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on November 1, 2014, and semiannually thereafter. Principal of this bond is payable upon presentation and surrender thereof at the designated corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable by check or draft mailed by the Transfer Agent to the person or entity who or which is as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner, at the registered address as shown on the registration books of the Issuer maintained by the Transfer Agent.

The bonds of this issue are payable solely from the proceeds of contractual payments ("the Contractual Payments") to be paid by the City of Flint in the County of Genesee, Michigan and the County of Genesee, Michigan (the "Local Units") to the Issuer pursuant to a certain contract dated as of August 1, 2013 (the "Contract"), among the Local Units and the Issuer, whereby the Issuer is to assist in the financing of the cost of acquiring and constructing water supply system improvements and appurtenances and attachments thereto in the Local Units, said system being designated as the Water Supply System (the "System"). By the provisions of the Contract and pursuant to the authorization provided by law, the Local Units have pledged their limited tax full faith and credit for the payment of their respective Contractual Payments, and the Local Units are obligated to pay such amounts from its general funds, including collections of ad valorem taxes on all taxable property within its boundaries, subject to applicable charter, statutory, and constitutional tax rate limitations. The bonds of this issue are further secured by funds held in the Debt Retirement Fund, including the Debt Service Reserve Account. The Issuer has irrevocably pledged to the payment of this series of bonds the Contractual Payments, which said Contractual Payments are established in the amount required to pay the principal of and interest on the bonds of this series when due.

This bond is one of a series of bonds of even Date of Original Issue aggregating the principal sum of $220,500,000, issued under and in pursuance of a resolution duly adopted by the Board of Trustees of the Issuer (the "Resolution") under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 233, Public Acts of Michigan, 1955, as amended, for the purpose of paying part of the cost of constructing the System.

The bonds maturing in the years 2017 to 2023, inclusive, shall not be subject to redemption prior to maturity. Bonds or $5,000 portions thereof maturing in the years 2024 to 2043, inclusive, shall be subject to redemption prior to maturity, at the option of the Issuer, in any order and by lot within a single maturity, on any date on or after November 1, 2023. Bonds called for redemption shall be redeemed at par and accrued interest to the date fixed for redemption.

Bonds of this issue maturing on November 1, 2040 and November 1, 2043 (the "Term Bonds"), are subject to mandatory redemption, in by lot, at par plus accrued interest to the date fixed for redemption without premium on November 1 of each of the years and in the principal amounts set forth in the following schedule:

Term Bonds Due November 1, 2040

Redemption Dates	Principal Amounts
November 1, 2036	$10,190,000
November 1, 2037	10,725,000
November 1, 2038	11,290,000
November 1, 2039	11,880,000
November 1, 2040 (maturity)	12,505,000

SPECIMEN

Term Bonds Due November 1, 2043

Redemption Dates	Principal Amounts
November 1, 2041	$13,160,000
November 1, 2042	13,820,000
November 1, 2043 (maturity)	14,510,000

The principal amount of the Term Bonds to be redeemed on the dates set forth above shall be reduced, in the order determined by the Issuer, by the principal amount of the Term Bonds of the same maturity which have been previously redeemed or called for redemption (other than as a result of a mandatory redemption) or purchased or acquired by the Issuer and delivered to the Transfer Agent for cancellation.

In case less than the full amount of an outstanding bond is called for redemption, the Transfer Agent upon presentation of the bond called in part for redemption shall register, authenticate and deliver to the registered owner a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owner of any bond to be redeemed by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered owner at the address of the registered owner as shown on the registration books of the Issuer kept by the Transfer Agent. Bonds shall be called for redemption in multiples of $5,000 shall be treated as representing the number of bonds obtained by dividing the denominations of the bond by $5,000 and such bonds may be redeemed in part. The notice of redemption for bonds redeemed in part shall state that upon surrender of the bond to be redeemed, a new bond or bonds in the same aggregate principal amount equal to the registered owner thereof with the same interest rate and maturity. No further interest shall accrue on bonds called for redemption after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem the bond or portion thereof.

Any bond may be transferred by the person in whose name it is registered, in person or by the registered owner's duly authorized attorney or legal representative, upon surrender of the bond to the Transfer Agent for cancellation, together with a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any bond is surrendered for transfer, the Transfer Agent shall authenticate and deliver, a new bond or bonds, in like aggregate principal amount, interest rate and maturity. The Transfer Agent shall require the registered owner requesting the transfer to pay any tax or other governmental charge required to be paid with respect to the transfer. The Transfer Agent shall not be required to issue, register the transfer of or exchange any bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of bonds selected for redemption and ending at the close of business on the day of that mailing.

SPECIMEN

It is hereby certified and recited that all acts, conditions and things required to be done, exist and happen, precedent to and in the issuance of this bond and the series of bonds of which this is one, in order to make them valid and binding obligations of the Issuer, have been done, exist and have happened in regular and due form and time as provided by law, and that the total indebtedness of the Local Units does not exceed any applicable constitutional, statutory, or charter limitation.

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

For a complete statement of the funds from which and the conditions under which this bond is payable and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Contract and the Resolution.

IN WITNESS WHEREOF, the Issuer, by its Board of Trustees, has caused this bond to be signed in its name with the facsimile signature of its Chair and to be countersigned by the facsimile signature of its Secretary and a facsimile of its corporate seal to be hereunto imprinted, all as of the Date of Original Issue.

KAREGNONDI WATER AUTHORITY

By: _____
Chair

Countersigned:

By: _____
Secretary

SPECIMEN

Date of Authentication: April 16, 2014

Certificate of Authentication

This bond is one of the bonds described in the within-mentioned Resolution.

The Huntington National Bank
Grand Rapids, Michigan
Transfer Agent

By: _____
Authorized Signature

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____

(Please print or typewrite name and address of transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____

Signature Guaranteed:_____

NOTICE: The signature(s) to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of such person's authority to act must accompany the bond.

Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program. The Transfer Agent will not affect transfer of this bond unless the information concerning the transferee requested below is provided.

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF TRANSFEREE

(Insert number for first named transferee if held by joint account)

Name and Address: _____

_____

_____

(Include information for all joint owners if the bond is held by joint account)

22003764.2\152665-00001

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

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Detroit, Michigan 48226
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April 16, 2014

Karegnondi Water Authority
Counties of Genesee, Lapeer and Sanilac
State of Michigan

We have acted as bond counsel to the Karegnondi Water Authority, Counties of Genesee, Lapeer and Sanilac, State of Michigan (the "Issuer") in connection with the issuance by the Issuer of bonds in the aggregate principal sum of $220,500,000 designated Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A (the "Bonds"). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of $5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of April 16, 2014, payable as to principal and interest as provided in the Bonds, subject to redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

The Bonds are issued under the provisions of Act 233, Public Acts of Michigan, 1955, as amended, in anticipation of and are payable as to both principal and interest solely from the proceeds of certain specified contractual payments to be made to the Issuer by the County of Genesee ("Genesee") and the City of Flint, County of Genesee ("Flint," and together with Genesee, the "Local Units"), pursuant to a certain contract referred to in the Bonds (the "Contract"). The Issuer has pledged all of such contractual payments for the payment of the principal of and interest on the Bonds.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding obligations of the Issuer, payable as to both principal and interest solely from moneys to be paid under the Contract.

2. The Contract is a valid and binding obligation of the Issuer and the Local Units. The Local Units have each pledged their full faith and credit for the payment of such moneys to the Issuer as set out in the Contract. Genesee's obligations under the Contract to which Genesee has pledged its full faith and credit include the requirement to make all payments that Flint fails to make to the

Issuer under the Contract as described in Exhibit B of the Contract. The full faith and credit pledges of the Local Units are limited tax general obligations of the Local Units, and the Local Units are required to pay their commitments with respect to the Bonds as a first budget obligation from their general funds, including the collection of any ad valorem taxes which they are authorized to levy. However, the ability of the Local Units to levy such taxes is subject to applicable constitutional, statutory, and charter tax rate limitations.

3. The interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes), the interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Further, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. The opinions set forth in this paragraph are subject to the condition that the Issuer and the Local Units comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and Michigan income tax purposes. The Issuer and the Local Units have covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds.

Except as stated in paragraph 3 above, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By

David P. Massaron

KAREGNONDI WATER AUTHORITY
ACTING IN LAPEER COUNTY, MICHIGAN

RESOLUTION NO. 2013-15

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $300,000,000 KAREGNONDI WATER AUTHORITY WATER SUPPLY SYSTEM BONDS (KAREGNONDI WATER PIPELINE)

At a meeting of the Karegnondi Water Authority Board, acting in Lapeer County, Michigan, held on November 20, 2013, at 2 p.m., local time.

PRESENT: Joshua Freeman, Larry Green, Richard E. Hammel, Ted Henry, Marilyn Hoffman, Steve Landaal, Sheldon Neeley, Thomas Svrcek, Tracey Tucker, Paula Zelenko, Joseph Suma, Dale Kerbyson, Greg Alexander

ABSENT: Dayne Walling, Jamie Curtis

The following preamble and resolution were offered by Josh Freeman and seconded by Larry Green;

RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $300,000,000 KAREGNONDI WATER AUTHORITY WATER SUPPLY SYSTEM BONDS (KAREGNONDI WATER PIPELINE)

WHEREAS, the Karegnondi Water Authority (the "Authority") has been incorporated under the provisions of Act 233, Public Acts of Michigan, 1955, as amended (the "Act"), for the purposes set forth in the Act; and

WHEREAS, the Authority and the City of Flint in the County of Genesee and the County of Genesee (collectively the "Local Units" and each a "Local Unit") have each approved and executed a Contract dated August 1, 2013 (the "Contract") for the acquisition, construction and installation of various water supply system improvements, together with all necessary appurtenances and attachments thereto, to serve the Local Units all as more fully described in the Contract (the "System"); and

WHEREAS, the Local Units have published a notice of intent to enter into the Contract, which provides that the Contract shall become effective upon the expiration of a forty-five day referendum period beginning on the date of publication thereof (the "Referendum Period"), provided that during such period no petition for a referendum is signed by at least ten percent of or 15,000, whichever is less, of the registered electors of either Local Unit and properly filed with the clerk of such Local Unit; and

WHEREAS, the Referendum Period has passed and no such petition has been filed with either Local Unit; and

WHEREAS, plans, specifications and estimates of cost for the System have been prepared by the Authority's consulting engineers, Wade Trim (the "Consulting Engineers"), and are hereby granted the approval of the Authority; and

WHEREAS, under the provisions of the Contract, the Local Units have obligated themselves to pay the cost of the System to be financed by the issuance of bonds of the Authority by paying the principal installments plus interest thereon, as specified in Section 9 of the Contract, and the Local Units have further obligated themselves to levy taxes annually to the extent necessary for the purpose of meeting said installments plus interest thereon, subject, however, to applicable constitutional, statutory and charter tax rate limitations, all as provided in Section 10 of the Contract; and

WHEREAS, the use of the System will be made available to the Local Units, and citizens thereof, in return for annual payments which will be applied to offset the payment obligations of the Authority; and

WHEREAS, the Authority now proposes to issue one or more series of its bonds, as authorized by Section 9 of the Act in anticipation of and secured solely by the contractual obligations of the Local Units to provide the necessary funds to pay the Local Units' share of the cost of acquiring and constructing the System, including capitalized interest therefor, and all things necessary to the authorization and issuance of the Authority's bonds under the Act having been done and the Authority being now empowered to issue, and desirous of authorizing the issuance of, the bonds.

THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE AUTHORITY AS FOLLOWS:

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Section 1. Definitions. Wherever used in this Resolution or in the Bonds to be issued hereunder, except where otherwise indicated by the context:

(a) "Authority" means the Karegnondi Water Authority.

(b) "Authorized Officer" means the Chief Executive Officer of the Authority or his designee.

(c) "Bonds" means any of the $300,000,000 Water Supply System Bonds (Karegnondi Water Pipeline), authorized by Section 4 hereof.

(d) "Contract" means the Contract, dated as of August 1, 2013 among the Authority and the Local Units which has been approved by the Local Units and which the Authority hereby approves and authorizes its Chair and Secretary to execute.

(e) "Contractual Payments" means the debt service installment payments required to be made by the Local Units to the Authority pursuant to the provisions of Section 9 of the Contract and pledged to the payment of the principal of and interest on the Bonds authorized by the provisions of this Resolution.

(f) "Debt Service Reserve Account" means the Debt Service Reserve Account within the Debt Retirement Fund all created pursuant to Section 9 of this Resolution.

(g) "Depository Bank" means the Michigan bank or trust company selected by the Board of Trustees of the Authority or the Authorized Officer, which is a member of the Federal Deposit Insurance Corporation.

(h) "Government Obligations" means (i) direct obligations of the United States of America (including obligations issued or held in book-entry form), (ii) obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, (iii) non-callable, non-prepayable obligations of agencies of the United States of America, including, without limitations, obligations of the Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, Farm Credit System, Washington Metropolitan Area Transit Authority, United States Import-Export Bank, United States Department of Housing and Urban Development, Farmers Home Administration, General Services Administration and United States Maritime Administration, or any other agency or corporation which has been or is hereafter created pursuant to an act of Congress of the United States as an agency or instrumentality of the United States of America (provided the agencies listed in this clause (iii) retain ratings equivalent to or higher than the ratings held by direct obligations of the United States of America by Moody's Investors Service, Inc., by Standard & Poor's Ratings Services, a part of McGraw Hill Financial or Fitch Ratings, Inc., or any successor entities performing a similar function from which the State has requested a rating for the Bonds, as of the date the obligations are acquired); and (iv) certificates which evidence ownership of the right to payment of the principal of and interest on obligations described in clauses (i), (ii) and (iii) hereof; provided that such obligations are held in the custody of a bank or trust company satisfactory to the Authority in a special account separate from the general assets of the custodian; provided, however, Government Obligations shall not include any investment which is prohibited or not permitted by the Act or other applicable law.

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

(h) "Outstanding" means, when used in reference to the Bonds as of any given date, all Bonds which have been duly authenticated and delivered by the Transfer Agent under this Resolution except:

(a) Bonds which have been canceled by the Transfer Agent at or prior to such date or which have been delivered to the Transfer Agent at or prior to such date for cancellation;

(b) Bonds which have been defeased pursuant to Section 23 hereof.

(i) "Reserve Account Requirement" means the (i) lesser of (a) the maximum annual principal and interest requirements during any calendar on the Bonds then Outstanding, (b) ten percent (10%) of the initial face amount of the Bonds, less original issue discount, if any, or (c) one hundred twenty-five percent (125%) of the average annual principal and interest requirements during any calendar on the Bonds then Outstanding or (ii) such other amount as shall be set forth in the Sale Order for the initial series of Bonds.

(j) "System" means the Karegnondi Water Authority Water Supply System (Karegnondi Water Pipeline), consisting of the acquisition, construction and equipping of water supply system improvements to serve the Local Units, including site acquisition and development therefor, as more particularly described in the Contract, together with all necessary appurtenances and rights in land thereto, being defrayed from the proceeds of the Bonds.

(k) "Sale Order" means an order of an Authorized Officer awarding the sale of a series of Bonds and setting the terms of such series of Bonds.

(k) "Transfer Agent" means a bank or trust company qualified and approved by the Authorized Officer of the Authority to serve as transfer agent for the Bonds.

Section 2. Plans and Specifications; Necessity. The plans, specifications and cost estimates for the System as prepared by the Consulting Engineers are hereby accepted and approved, and it is hereby determined to be advisable and necessary for the public health of citizens of the Local Units to complete the acquisition, construction, and completion of the System as provided in said plans and specifications.

Section 3. Estimated Cost; Useful Life of System. The total estimated cost of acquiring and constructing the System, including payment of incidental expenses as specified in Section 4 of this Resolution, in the amount of approximately $300,000,000 and the Local Units' share thereof (100%) is hereby approved and confirmed. The cost of the System shall be defrayed from Bonds to be issued by the Authority under the Contract in an amount not to exceed $300,000,000, in one or more series. The estimated period of usefulness of the System is determined to be not less than thirty (30) years.

Section 4. Authorization of Bonds. For the purpose of defraying the Local Units' share of the cost of the System, including payment of engineering, legal and financing expenses, including a bond discount and capitalized interest, and other expenses incident thereto and incident to the issuance of the Bonds, there shall be borrowed the sum of not to exceed $300,000,000, in one or more series, and in evidence thereof Bonds of the Authority shall be issued in an equivalent aggregate principal amount.

Section 5. Details of Bonds. The Bonds shall be designated KAREGNONDI WATER SUPPLY SYSTEM BONDS (KAREGNONDI WATER PIPELINE) (the "Bonds"), are authorized to be issued in

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the aggregate principal sum of not to exceed Three Hundred Million Dollars ($300,000,000) with such changes to the designation of the Bonds as provided in the Sale Order, in one or more series, for the purpose of paying all or a portion of the cost of the System as provided in Section 4, and the costs incidental to the issuance, sale and delivery of the Bonds. Each series of Bonds shall consist of Bonds in fully-registered form of the denomination of $5,000, or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, numbered consecutively in order of registration. Each series of the Bonds will be dated as of the date of delivery (or such other date as provided in the Sale Order), be payable on such dates as provided in the Sale Order in the annual amounts determined at the time of sale of each series of Bonds as provided in the Sale Order with a final payment not later than 30 years from the date of issuance. Each series of the Bonds shall subject to redemption prior to maturity, or subject to mandatory redemption, as shall be determined at the time of sale as provided in the Sale Order.

The Bonds shall bear interest at a rate or rates to be determined at the time of sale as provided in the Sale Order, but in any event not exceeding 10% per annum, payable as determined at the time of sale for each series of the Bonds, and semiannually thereafter, by check drawn on the Transfer Agent, mailed to the registered owner at the registered address, as shown on the registration books of the Authority maintained by the Transfer Agent. Interest shall be payable to the registered owner of record as of the fifteenth day of the month prior to the payment date for each interest payment. The date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Authority to conform to market practice in the future. The principal of the Bonds shall be payable upon presentation and surrender of the appropriate Bond at the office of the Transfer Agent.

Section 6. Execution and Delivery of Bonds; Transfer Agent Duties. The Bonds shall be signed with the facsimile signature of the Chair of the Authority and countersigned by the facsimile signature of the Secretary of the Authority. The Bonds shall have the corporate seal, or a facsimile thereof, of the Authority impressed or imprinted thereon. No Bond of any series shall be valid until authenticated by an authorized officer of the Transfer Agent. Executed blank bonds for registration and issuance to transferees shall simultaneously, and from time to time thereafter as necessary, be delivered to the Transfer Agent for safekeeping.

Any Bond may be transferred upon the books required to be kept pursuant to this section by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Transfer Agent shall authenticate and deliver a new Bond or Bonds, of the same series and aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered Bond or Bonds. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer.

The Transfer Agent shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Authority. Upon presentation for such purpose, the Transfer Agent shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, Bonds as hereinbefore provided.

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The Authorized Officer is hereby authorized to execute an agreement with the Transfer Agent regarding the duties and responsibilities of the Transfer Agent.

Section 7. Source of Payment; Pledge; Remedies. The Bonds and the interest thereon shall be payable solely from the Contractual Payments received by the Authority and from any funds held in the Debt Retirement Fund, for the payment of which the Local Units have, in the Contract, pledged their limited tax full faith and credit pursuant to the provisions of the Act, in the amounts set forth in the Contract. Each Local Unit has covenanted and agreed to provide annually general or special funds in amounts sufficient to meet when due its Contractual Payments in anticipation of which the Bonds, including the replenishment of the Debt Service Reserve Account as set forth in Section 9 hereof, are issued, or, if necessary, to levy ad valorem taxes on all taxable property within its boundaries for such purpose, subject to applicable constitutional, statutory, and charter tax rate limitations. All of such Contractual Payments are hereby irrevocably pledged solely and only for the payment of principal of and interest on the Bonds. The holder or holders of the Bonds, representing in the aggregate not less than twenty percent (20%) of the entire issue then Outstanding, may, by suit, action or other proceedings, protect and enforce the aforesaid pledge and enforce and compel the performance of all duties of the officials of the Authority, including, but not limited to, compelling the Local Units, by proceedings in a court of competent jurisdiction or other appropriate forum, to make the Contractual Payments, appropriate general funds, and levy and collect appropriate taxes as herein authorized and as may be required under the Contract to be so appropriated, certified, levied and collected by the Local Units for the Contractual Payments.

Section 8. Custody of Funds. The Treasurer of the Authority shall be custodian of all funds of the Authority belonging to or associated with the System, and such funds shall be deposited in the Depository Bank.

Section 9. Establishment of the Debt Retirement Fund.

(a) The Authority shall, after the adoption of this Resolution and the delivery of the initial series of Bonds herein authorized, open a special depository account with the Depository Bank to be designated DEBT RETIREMENT FUND – KAREGNONDI WATER AUTHORITY WATER SUPPLY SYSTEM (KAREGNONDI WATER PIPELINE) (the "Debt Retirement Fund"), pursuant to which there shall be deposited all Contractual Payments as received. The moneys from time to time on hand in the Debt Retirement Fund shall be used solely and only for the payment of the principal of and interest on all series of Bonds issued pursuant to this Resolution.

(b) Within the Debt Retirement Fund, the Authority shall establish a Debt Service Reserve Account. From the proceeds of each series of Bonds or other legally available funds, the Authority shall deposit an amount equal to the Reserve Account Requirement. There shall be credited to the Debt Service Reserve Account beginning on the 1st day of the month following any month in which the amount in the Debt Service Reserve Account shall be less than an amount equal to the Reserve Account Requirement as a result of the failure of a Local Unit to pay its Contractual Payments, and continuing on the 1st day of each month thereafter, an amount equal to one-thirty-sixth (1/36) of any deficit therein, until the amount on deposit is equal to the Reserve Account Requirement; however, if the amount on deposit in the Debt Service Reserve Account is less than 100% of the Reserve Account Requirement as a result of investment losses with respect to the Debt Service Reserve Account, commencing on the 1st day of the month

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following such evaluation, and continuing on the first day of each month thereafter, an amount equal to one-fourth (1/4) of the amount necessary to restore the Debt Service Reserve Account to 100% of the Reserve Account Requirement, unless and until the amount on deposit in the Debt Service Reserve Account shall equal 100% of the Reserve Account Requirement. Further, if a Local Unit fails to pay its Contractual Payment causing a shortfall and the Debt Service Reserve Account is drawn upon to pay the Bonds, the replenishment of such Debt Service Reserve Account shall be an obligation of the Local Unit that failed to pay such Contractual Payment, in the manner described above. Provided, however, if the City of Flint fails to fulfill its obligation to replenish the Debt Service Reserve Account, as with other payment obligations under the Contract, the County of Genesee has agreed in the Contract to make such payments. If there is a deficiency in the Debt Service Reserve Account as a result of investment losses, each Local Unit shall have an obligation to pay a pro-rata share of the Authority's monthly replenishment obligation with such pro-rata share being equal to the percentage set forth on Exhibit B of the Contract.

(c) Assets held for the credit of the Debt Service Reserve Account shall be used solely for the purpose of paying interest on the Bonds and maturing principal of the Bonds, whether at the stated payment date or by the retirement of Bonds in satisfaction of the redemption requirements therefor, whenever and to the extent that the moneys held for the credit of the Debt Retirement Fund from Contractual Payments shall be insufficient for those purposes.

(d) Whenever there shall be held in the Debt Retirement Fund, including any funds in the Debt Service Reserve Account, a total amount sufficient for paying in full all Outstanding Bonds, including the principal of and the interest on all Bonds and any redemption premium and any amounts needed to pay redemption expenses, such moneys shall be applied by the Transfer Agent to the payment, purchase or redemption of the Bonds and the payment of all expenses in connection with the payment, purchase or redemption. The Local Units shall receive a pro-rata credit for the amount of such balance against the Contractual Payment next due for any such funds so used.

Section 10. Operation and Maintenance. The operation, maintenance and administration of the System, and the acquisition and construction thereof, shall be under the overall jurisdiction and control of the Authority.

Section 11. Bond Form. The Bonds shall be in substantially the following form:

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UNITED STATES OF AMERICA

STATE OF MICHIGAN
COUNTY OF GENESEE

KAREGNONDI WATER AUTHORITY
WATER SUPPLY SYSTEM BONDS
(KAREGNONDI WATER PIPELINE)
SERIES ____

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
	April 1, ____	_____, 201_	

Registered Owner:

Principal Amount: Dollars

KAREGNONDI WATER AUTHORITY, a public corporation of the State of Michigan (the "Issuer"), for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on _____ 1, 201_, and semiannually thereafter. Principal of this bond is payable upon presentation and surrender thereof at the principal corporate trust office of _____, _____, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable by check or draft mailed by the Transfer Agent to the person or entity who is as of the fifteenth (15th) day of the month prior to each interest payment date, the registered owner, at the registered address as shown on the registration books of the Issuer maintained by the Transfer Agent.

The bonds of this issue are payable solely from the proceeds of contractual payments ("the Contractual Payments") to be paid by the City of Flint in the County of Genesee, Michigan and the County of Genesee, Michigan (the "Local Units") to the Issuer pursuant to a certain contract dated as of August 1, 2013 (the "Contract"), among the Local Units and the Issuer, whereby the Issuer is to assist in the financing of the cost of acquiring and constructing water supply system improvements and appurtenances and attachments thereto in the Local Units, said system being designated as Karegnondi Water Authority Water Supply System (Karegnondi Water Pipeline) (the "System"). By the provisions of the Contract and pursuant to the authorization provided by law, the Local Units have pledged their limited tax full faith and credit for the payment of their respective Contractual Payments, and the Local Units are obligated to pay such amounts from its general funds, including collections of ad valorem taxes on all taxable property within its boundaries, subject to applicable charter, statutory, and constitutional tax rate limitations. The bonds of this issue are further secured by funds held in the Debt Retirement Fund, including the Debt Service Reserve Account. The Issuer has irrevocably pledged to the payment of this series of bonds the Contractual Payments, which said Contractual Payments are established in the amount required to pay the principal of and interest on the bonds of this series when due.

This bond is one of a series of bonds aggregating the principal sum of $_____, issued under and in pursuance of a resolution duly adopted by the Board of Trustees of the Issuer (the "Resolution") under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 233, Public Acts of Michigan, 1955, as amended, for the purpose of paying part of the cost of constructing the System.

[Insert term bond provisions, if applicable]

[Bonds maturing in the years ____ to ____, inclusive, shall not be subject to redemption prior to maturity.]

[Bonds or $5,000 portions thereof maturing in the years ____ to ____, inclusive, shall be subject to redemption prior to maturity, at the option of the Authority, in any order and by lot within a single maturity, on any date on or after April 1,

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2022. Bonds called for redemption shall be redeemed at par and accrued interest to the date fixed for redemption.]

Notice of redemption shall be given to the registered owner of any bond to be redeemed by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered owner at the address of the registered owner as shown on the registration books of the Authority kept by the Transfer Agent. Bonds shall be called for redemption in multiples of $5,000 shall be treated as representing the number of bonds obtained by dividing the denominations of the bond by $5,000 and such bonds may be redeemed in part. The notice of redemption for bonds redeemed in part shall state that upon surrender of the bond to be redeemed, a new bond or bonds in the same aggregate principal amount equal to the registered owner thereof with the same interest rate and maturity. No further interest shall accrue on bonds called for redemption after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem the bond or portion thereof.

Any bond may be transferred by the person in whose name it is registered, in person or by the registered owner's duly authorized attorney or legal representative, upon surrender of the bond to the Transfer Agent for cancellation, together with a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any bond is surrendered for transfer, the Transfer Agent shall authenticate and deliver, a new bond or bonds, in like aggregate principal amount, interest rate and maturity. The Transfer Agent shall require the registered owner requesting the transfer to pay any tax or other governmental charge required to be paid with respect to the transfer. The Transfer Agent shall not be required to issue, register the transfer of or exchange any bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of bonds selected for redemption and ending at the close of business on the day of that mailing.

It is hereby certified and recited that all acts, conditions and things required to be done, exist and happen, precedent to and in the issuance of said bonds, in order to make them valid and binding obligations of said Authority, have been done, exist and have happened in regular and due form and time as provided by law, and that the total indebtedness of said Local Units does not exceed any applicable constitutional, statutory, or charter limitation.

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

For a complete statement of the funds from which and the conditions under which this bond is payable and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Contract and the Resolution.

IN WITNESS WHEREOF, KAREGNONDI WATER AUTHORITY, by its Board of Trustees, has caused this bond to be signed in the name of said Authority by the facsimile signature of its Chair and to be countersigned by the facsimile signature of its Secretary and a facsimile of its corporate seal to be hereunto imprinted, all as of the Date of Original Issue.

By: _____
Chair

(SEAL)

Countersigned:

By: _____
Secretary

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[FORM OF TRANSFER AGENT'S CERTIFICATE OF AUTHENTICATION]
Certificate of Authentication

This bond is one of the bonds described in the above- referenced Resolution.

_____,
_____, Michigan
Transfer Agent

By: _____
Authorized Signature

Date of Registration: _____

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Section 12. Additional Bonds. Nothing contained in this Resolution or in the Contract shall be construed to prevent the Authority from issuing additional bonds under the provisions of the Act for the purpose of the paying additional costs of the System or improvements thereto, subject to the requirements of the Act and other applicable law.

Section 13. Construction Fund. The proceeds of sale of the Bonds, other than proceeds for accrued interest and capitalized interest described below, shall be deposited in a special depository account in the Depository Bank designated "KAREGNONDI WATER AUTHORITY WATER SUPPLY SYSTEM (KAREGNONDI WATER PIPELINE) CONSTRUCTION FUND" (the "Construction Fund"). Proceeds of the Bonds representing any accrued interest paid at the time of delivery of the Bonds and any funds to be used for capitalized interest as determined at the time of sale of any series of Bonds shall be deposited into the Debt Retirement Fund established under the provisions of Section 9 of this Resolution. The moneys in the Construction Fund shall be used solely and only to pay costs of the System authorized in this Resolution and any engineering, legal, bond insurance, financing or other expenses incidental thereto on authorization of the Authority, in accordance with the provisions of the Contract. Any unexpended balance remaining in the Construction Fund after completion of the System may be used for the improvement or enlargement of the System or for other projects of the Authority undertaken on behalf of the Local Units, if such use be approved by the Local Units. Any balance remaining after such use, if any, shall be paid into the Debt Retirement Fund, and the Local Units shall receive a credit for the amount of such balance against the Contractual Payment next due.

Section 14. Investment of Funds. Moneys in any funds and accounts of the Authority may be invested by the Authority in United States government obligations, the principal of and interest on which are guaranteed by the United States government, or in interest-bearing time deposits, as shall from time to time be determined by the Authority. In the event such investments are made, the securities representing the same shall be kept on deposit with the depository or depositories of the fund or funds from which such investments are made and such securities and the income therefrom shall become part of the fund from which such investments are made.

Section 15. Resolution and Contract. The provisions of this Resolution, together with the Contract, shall constitute a contract between the Authority and the holder or holders from time to time of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of the provisions of this Resolution and the Contract may be made which would materially lessen the security for the Bonds.

Section 16. Covenants with Bondholders. The Authority covenants and agrees with the successive holders of the Bonds, so long as any of the Bonds remain Outstanding and unpaid as to either principal or interest, as follows:

(a) The Authority will punctually perform all of its obligations and duties under this Resolution and the Contract, including the collection, segregation and application of the Contractual Payments in the manner required by the provisions of this resolution.

(b) The Authority will apply and use the proceeds of sale of the Bonds for the purposes and in the manner required by the Contract and this Resolution.

(c) The Authority will maintain and keep proper books of record and account relative to the application of funds for the construction of the System and the Contractual Payments

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received pursuant to the Contract. Not later than six (6) months after the end of each fiscal year, the Authority shall cause to be prepared a statement in reasonable detail, sworn to by its chief accounting officer, showing the application of the proceeds of sale of the Bonds, the cash receipts from the Contractual Payments during such year and the application thereof, and such other information as may be necessary to enable any taxpayer or any holder or owner of the Bonds, or anyone acting in their behalf, to be fully informed as to all matters pertaining to the construction of the System and application of funds therefor or for the payment of the Bonds during such year. A certified copy of said statement shall be filed with the Clerks of the Local Units and a copy shall also be sent to the holder or owner of the Bonds requesting the same. The Authority shall also cause an annual audit of the books of record and account for the preceding operating year to be made by a recognized independent certified public accountant and shall mail such audit to the holder or owner of the Bonds requesting the same. The aforesaid audit may be submitted to such holder or owner of the Bonds in place of the aforesaid statement.

Section 17. Tax Covenant. The Authority shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds.

Section 18. Negotiated Sale. The Authority has considered the option of selling the Bonds through a competitive sale and a negotiated sale, and, pursuant to the requirements of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), hereby determines that a negotiated sale of the Bonds will result in the most efficient and expeditious means of selling the Bonds, to allow better control over pricing of the Bonds and to achieve the most advantageous interest rates and cost to the Authority.

Section 19. Bond Purchase Agreement; Delegation to Authorized Officer; Sale Order. The Authorized Officer is hereby authorized to appoint one or more underwriters (the "Underwriter") and, subject to the parameters set forth in this Resolution, negotiate and execute a Bond Purchase Agreement, execute a Sale Order specifying the final terms of each series of Bonds and take all other necessary actions required to effectuate the sale, issuance and delivery of the Bonds within the parameters authorized in this Resolution.

Section 20. Adjustment of Bond Terms. The Authorized Officer is hereby authorized to adjust the final bond details as set forth herein to the extent necessary or convenient to complete the sale of a series of Bonds and in pursuance of the forgoing is each authorized to exercise the authority and make the determinations pursuant to Sections 315(1)(d) of Act 34, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, date of issuance, interest payment dates, redemption rights, designation as qualified tax-exempt obligations and other matters; provided, however, that the interest rate on any series of Bonds shall not exceed 10%, have a final maturity later than 30 years from the date of issuance of such series of Bonds, and aggregate principal amount of all series of Bonds issued pursuant to this Resolution shall not exceed $300,000,000.

Section 21. Other Actions. The Authorized Officer is hereby authorized and directed to cause the preparation and circulation of a preliminary and final Official Statement with respect to each series of Bonds; to procure a policy or policies of municipal bond insurance with respect to each series of Bonds or cause the qualification of the each series of Bonds therefor if, upon the advice of the

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Authority's financial advisor for the Bonds, the acquisition of such insurance would be of economic benefit to the Authority; and to obtain ratings on the Bonds. The Authorized Officer is hereby authorized to complete, execute and file any and all applications or requests for waivers with the Michigan Department of Treasury necessary to effectuate the sale and delivery of any series of Bonds as contemplated by this Resolution, including, if necessary, an Application for State Treasurer's Approval to Issue Long-Term Securities, in such form as shall be approved by such officer. The Authorized Officer is further authorized to pay any necessary fees in connection with any such applications or waivers.

The Authorized Officer is hereby authorized and directed to execute and deliver all other documents and certificates and to take all other actions and to make such other filings with any parties necessary or advisable to enable the sale and delivery of the Bonds as contemplated herein, including the filing of a qualifying statement or application for prior approval to issue the Bonds in accordance with Act 34.

Section 22. Selection of Financial Advisor/Bond Counsel. Stauder, Barch & Associates, Inc. Associates, is hereby approved as the financial advisor to the Authority. Miller, Canfield, Paddock and Stone, P.L.C. is hereby approved as Bond Counsel to the Authority. The Authority acknowledges that Miller, Canfield, Paddock and Stone, P.L.C. currently represents, and has represented in the past, the County of Genesee, the County Agency of Genesee County, and the City of Flint in various matters, including representing the County of Genesee in its financing of the water intake system to be used by the Authority. Miller, Canfield, Paddock and Stone, P.L.C. also represents several underwriters and investment banks in unrelated matters, including J.P. Morgan Securities, LLC. The Authority hereby consents to such representation of the those entities by Miller, Canfield, Paddock and Stone, P.LC.

Section 23. Defeasance. If all the Bonds (i) shall have become due and payable in accordance with their terms, (ii) are to be paid at their maturity or maturities or (iii) to be redeemed prior to maturity shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given to the Transfer Agent by the Authority, and the whole amount of the principal of and the interest and the premium, if any, so due and payable upon all of the Bonds then Outstanding shall be paid or sufficient cash, or cash and Government Obligations (as defined below), the principal of and interest on which without reinvestment, when due and payable, will provide sufficient moneys for such payment, shall be segregated and held by an escrow agent for the benefit of the owners of the Bonds, then this Resolution shall be defeased and terminated with respect to the Bonds and all obligations of the Authority hereunder with respect to the Bonds, shall thereupon cease except the bondholders shall still have the right to receive payment of the principal of, premium, if any, and interest on the Bonds from the cash or Government Obligations deposited in trust and the interest and gains thereon and to transfer and exchange Bonds as provided herein and the tax covenant contained in the section of this Resolution entitled "Tax Covenant," shall be continued in force until the Bonds have been fully paid. Any Government Obligations held pursuant to this section shall not be callable at the option of the issuer of such obligation, if such call could result in less than sufficient money being available for the purposes required hereby

Section 24. Cancellation. All Bonds surrendered to the Transfer Agent for payment upon redemption or maturity, or for transfer or exchange, shall be canceled by the Transfer Agent by perforation, and notice of such cancellation shall be given by the Transfer Agent to the Authority. Upon the direction of the Authority, all such canceled Bonds shall be destroyed, and a certificate of destruction

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with respect thereto shall be delivered by the Transfer Agent to the Authority.

Section 25. Headings. Section headings are for convenience only and do not constitute a part of this resolution.

Section 26. Repealer. All resolutions and parts of resolutions insofar as they conflict with the provisions of this Resolution be and the same hereby are repealed.

[reminder of page left intentionally blank]

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Section 27. Effective Date. This Resolution shall become effective immediately upon its adoption.

Minutes of a Regular Meeting of the Board of Trustees of the Karegnondi Water Authority held on the 20th day of November, 2013 at which the following Trustees were present:

Joshua Freeman, Larry Green, Richard E. Hammel, Ted Henry, Marilyn Hoffman, Steve Landaal, Sheldon Neeley, Thomas Svrcek, Tracey Tucker, Paula Zelenko, Joseph Suma, Dale Kerbyson, Greg Alexander, and the following were absent: Dayne Walling, Jamie Curtis.

The attached resolution was moved by Trustee Josh Freeman and seconded by Trustee Larry Green.

VOICE VOTE: Motion carried on unanimous voice vote.

RESOLUTION 2013-15 DECLARED ADOPTED.

Printed Name: Dayne Walling
Its: Chairperson

Printed Name: Janis M. Wells
Its: Deputy Secretary

STATE OF MICHIGAN }
} ss
COUNTY OF GENESEE }

I, Janis M. Wells, Deputy Secretary of the Karegnondi Water Authority Board, do hereby certify the foregoing is a true and complete copy of a resolution adopted by the Karegnondi Water Authority Board, acting in Lapeer County, at a regular meeting held on November 20, 2013, and that public notice of said meeting was given pursuant to Act 267 of the Michigan Public Acts of 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature on this 23rd day of January, 2014.

Printed Name: Janis M. Wells

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KAREGNONDI WATER AUTHORITY
COUNTIES OF GENESEE, LAPEER AND SANILAC
STATE OF MICHIGAN

**ORDER APPROVING SALE OF
WATER SUPPLY SYSTEM BONDS
(KAREGNONDI WATER PIPELINE), SERIES 2014A**

WHEREAS, by resolution adopted on November 20, 2013 (the "Resolution"), the Karegnondi Water Authority, Counties of Genesee, Lapeer and Sanilac (the "Issuer") authorized the issuance of its Water Supply System Bonds (Karegnondi Water Pipeline), in one or more series, in the aggregate principal amount of not to exceed Three Hundred Million Dollars ($300,000,000) (the "System Bonds"), for the purpose of paying the costs of improvements to the Karegnondi Water System (the "System"), including, but not limited to acquiring, constructing and equipping of water supply system improvement to serve the City of Flint in the County of Genesee and the County of Genesee (collectively, the "Local Units" and each a "Local Unit"), including site acquisition and development therefor, together with all necessary appurtenances and rights in land thereto (collectively, the "Project"), and

WHEREAS, under the provisions of the Resolution, the Chief Executive Officer of the Authority is authorized to (a) negotiate the sale of the Bonds and approve and execute a Bond Purchase Agreement and Sale Order specifying the final terms of each series of the System Bonds within the authorized parameters of the Resolution; (b) approve the circulation of a preliminary and a final Official Statement describing the System Bonds; and (c) do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of the System Bonds within the parameters authorized in the Resolution; and

WHEREAS, the Issuer has received an offer to purchase the first series of the System Bonds from J.P. Morgan Securities LLC, as representative for the underwriters (the "Underwriters"), and the Issuer has determined that it is in the best interest of the Issuer to accept the offer; and

WHEREAS, the Issuer desires to sell the first series of the System Bonds to the Underwriters pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement"), between the Issuer and the Underwriters, dated the date of this sale order (the "Sale Order"), in the amount, at the prices, with the interest rates and other terms, specified in the Resolution and as provided by this Sale Order.

NOW THEREFORE, BE IT ORDERED BY THE ISSUER THAT:

1. Sale Order Made in Accordance with Resolution. This Sale Order authorizing the sale and delivery of the first series of the System Bonds and making determinations regarding certain terms of the first series of the System Bonds is hereby found to be made in accordance with the provisions of the Resolution.

2. Acceptance of Offer; Execution of Bond Purchase Agreement. The offer of the Underwriters presented to the Issuer to purchase the first series of the System Bonds in the principal amount and at a purchase price as shown on Exhibit A, attached hereto and made a part hereof, and as set forth in the Bond Purchase Agreement, dated as of date even herewith, between the Issuer and the Underwriters is hereby accepted and approved and the Chief Executive Officer is authorized and directed to execute and deliver the Bond Purchase Agreement on behalf of the Issuer.

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3. Bond Details. The first series of the System Bonds shall be designated as "Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A" (the "Bonds"), be dated as of the date of delivery, shall mature, bear interest and be subject to redemption as shown on Exhibit A.

4. Transfer Agent. The Huntington National Bank, Grand Rapids, Michigan is hereby approved as the transfer agent with respect to the Bonds (the "Transfer Agent").

5. Use of Proceeds. Upon delivery of the Bonds, the Bond proceeds shall be used as provided in Exhibit A hereto.

6. Preliminary Official Statement. The Preliminary Official Statement relating to the Bonds, dated March 21, 2014, and its use by the Underwriters is hereby authorized, approved, ratified and confirmed.

7. Final Official Statement. The Final Official Statement relating to the Bonds, dated April 1, 2014, is hereby authorized and approved. The Chief Executive Officer is hereby authorized and directed to execute and deliver the Final Official Statement on behalf of the Issuer, and is further authorized to approve, execute and deliver any amendments and supplements to the Final Official Statement necessary to assure that the statements therein are, and as of the time the Bonds are delivered to the Underwriters will be, true, and that the Final Official Statement does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading and is further authorized and directed to execute and deliver any and all documents and certificates in connection with the closing of the Bonds.

8. Tax Covenant. The Issuer shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds, and to prevent the Bonds from being or becoming "private activity bonds" as that term is used in Section 141 of the Code.

9. Additional Covenants. The Issuer hereby covenants to provide electronic notice to each Local Unit within one day of any missed payment by either Local Unit under (i) the Karegnondi Water Authority Financing Contract dated as of August 1, 2013, among the Issuer, the City of Flint and the County of Genesee, (ii) the Water Purchase Contract dated as of August 16, 2013, as amended, between the Genesee County Drain Commissioner, as County Agency, or (iii) the Raw Water Supply Contract dated as of June 28, 2013, as amended, between the City of Flint and the Issuer.

10. Additional Actions. The officers, agents and employees of the Issuer are authorized to take all other actions necessary and convenient to facilitate sale and delivery of the Bonds in accordance with law, this Sale Order and the Resolution, including executing such closing documents as may be required.

11. Rescission. All orders and all parts of orders insofar as they conflict with the provisions of this order be and the same hereby are rescinded.

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

12. Immediate Effect. This Sale Order shall be effective immediately.

By _____
Jeffrey Wright
Chief Executive Officer

Dated: April 1, 2014

EXHIBIT A

Dated Date: April 16, 2014

First Interest Payment: November 1, 2014

Principal Amount: $220,500,000

Purchase Price: $231,369,169.15 (representing principal amount of $220,500,000.00, plus net original issue premium of $11,815,544.05, less Underwriters' discount of $946,374.90)

Maturity Schedule, Interest Rate(s) and Yield(s):

Maturity November 1	Principal Amount	Interest Rate	Yield
2017	$2,105,000	5.00%	1.460%
2017	2,000,000	3.00	1.460
2018	2,975,000	5.00	1.870
2018	1,300,000	4.00	1.870
2019	2,475,000	5.00	2.320
2019	2,000,000	3.00	2.320
2020	2,655,000	5.00	2.780
2020	2,000,000	4.00	2.780
2021	2,870,000	5.00	3.050
2021	2,000,000	3.00	3.050
2022	5,075,000	5.00	3.310
2023	5,325,000	5.00	3.490
2024	5,595,000	5.00	3.660*
2025	5,875,000	5.00	3.820*
2026	6,165,000	5.00	3.940*
2027	6,475,000	5.25	4.050*
2028	6,815,000	5.25	4.110*
2029	7,175,000	5.25	4.200*
2030	7,550,000	5.25	4.290*
2031	7,945,000	5.25	4.380*
2032	8,365,000	5.25	4.450*
2033	8,800,000	4.50	4.670
2034	9,200,000	5.25	4.570*
2035	9,680,000	5.25	4.620*
2040†	56,590,000	5.25	4.740*
2043†	41,490,000	5.00	4.890*

† Term Bonds
* Yield to the November 1, 2023 first call date.

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Optional Redemption of Bonds

The Bonds maturing in the years 2017 to 2023, inclusive, shall not be subject to redemption prior to maturity. The Bonds, or portions of Bonds in multiples of $5,000, maturing in the year 2024 and thereafter shall be subject to redemption prior to maturity at the option of the Issuer, in such order of maturity as the Issuer shall determine and within a single maturity by lot, on any date on or after November 1, 2023 at par plus accrued interest to the date fixed for redemption.

Mandatory Redemption of Term Bonds

The Bonds maturing November 1 in the years 2040 and 2043 are term bonds (the "Term Bonds") subject to mandatory redemption, in part, by lot, on the redemption dates and in the principal amounts set forth below, and at a redemption price equal to the principal amount thereof, without premium, together with interest thereon to the redemption date.

Term Bonds Due November 1, 2040

Redemption Dates	Principal Amounts
November 1, 2036	$10,190,000
November 1, 2037	10,725,000
November 1, 2038	11,290,000
November 1, 2039	11,880,000
November 1, 2040 (maturity)	12,505,000

Term Bonds Due November 1, 2043

Redemption Dates	Principal Amounts
November 1, 2041	$13,160,000
November 1, 2042	13,820,000
November 1, 2043 (maturity)	14,510,000

When Term Bonds are purchased by the Issuer and delivered to the Transfer Agent for cancellation or are redeemed in a manner other than by mandatory redemption, the principal amount of Term Bonds affected shall be reduced by the principal amount of the Term Bonds so purchased or redeemed in the order determined by the Issuer.

Use of Bond Proceeds

The net proceeds of the Bonds shall be deposited as follows:

(i) $28,282,364.06 shall be deposited into the Debt Retirement Fund to be used to pay interest on the Bonds through November 1, 2016;

(ii) $15,237,437.50 shall be deposited into the Debt Retirement Fund for credit to the Debt Service Reserve Account; and

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

(iii) $187,849,367.59 shall be deposited in the Construction Fund created under the Resolution and used to pay a portion of the costs of the Project and the costs of issuance of the Bonds.

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Execution Copy

KAREGNONDI WATER AUTHORITY
COUNTIES OF GENESEE, LAPEER AND SANILAC
STATE OF MICHIGAN

$220,500,000

WATER SUPPLY SYSTEM BONDS
(KAREGNONDI WATER PIPELINE), SERIES 2014A

BOND PURCHASE AGREEMENT

April 1, 2014

Karegnondi Water Authority
G-4610 Beecher Road
Flint, Michigan 48532

Attention: Jeffrey Wright, Chief Executive Officer

Ladies and Gentlemen:

J.P. Morgan Securities LLC, as representative (the "Representative") of the Underwriters specified on Exhibit F hereto (collectively, the "Underwriters") hereby offers to enter into this Bond Purchase Agreement ("Agreement") with the Karegnondi Water Authority, Counties of Genesee, Lapeer and Sanilac, Michigan (the "Issuer") for the purchase by the Underwriters of the Issuer's $220,500,000 Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A (the "Bonds"). This offer is made subject to written acceptance by the Issuer and the execution and delivery by the City of Flint ("Flint") and the County of Genesee ("Genesee") of the Letters of Representation attached hereto as Exhibit B and Exhibit C, respectively (individually a "Letter of Representation" and collectively, the "Letters of Representation"), on or before 9:00 P.M., New York City time, on the date hereof, and upon such acceptance and delivery of the Letters of Representation, this Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer and the Underwriters.

The Bonds are issued under the provisions of Act 233, Public Acts of Michigan, 1955, as amended ("Act 233"), a resolution adopted by the Board of Trustees of the Issuer on November 20, 2013, authorizing the issuance of the Bonds (the "Resolution"), and an order executed on April 1, 2014 by the Chief Executive Officer of the Issuer, approving the sale of the Bonds (the "Sale Order"). The Bonds are being issued for the purpose of paying a portion of the cost of acquiring and constructing the Issuer's Water Supply System (the "System"), which will consist of approximately 63 miles of watermains and 2 related pump stations initially to serve Flint and Genesee, funding the Debt Service Reserve Account (as defined in the Resolution), paying capitalized interest on the Bonds and paying the costs of issuing the Bonds, all as more fully described in the Official Statement relating to the Bonds, dated April 1, 2014 (the "Official Statement").

The Bonds are to be issued in anticipation of, and are payable primarily as to principal of and interest from, payments (the "Contractual Payments") to be made by Flint and Genesee pursuant to a contract among the Issuer, Flint and Genesee dated as of August 1, 2013 (the "Contract"). The Contractual Payments will be in installments that will equal the principal and interest payments on the Bonds. Flint and Genesee each has pledged its limited tax full faith and credit for the payment of its Contractual Payments.

In addition, the Issuer has entered into two water purchase contracts, effective October 1, 2013: one with Flint to supply up to 18 million gallons per day ("mgd") (the "Flint Water Purchase Contract") and one with the Genesee County Drain Commissioner, as County Agency of Genesee under Act 342, Public Acts of Michigan, 1939, as amended (the "County Agency"), on behalf of Genesee, to supply up to 42 mgd (the "Genesee Water Purchase Contract" and together with the Flint Water Purchase Contract, the "Water Purchase Contracts"). The charges to be paid by Flint and the County Agency in the Water Purchase Contracts will consist of two distinct portions, an annual fixed or capital fee and an annual commodity or operations and maintenance fee, which charges are expected to be paid by Flint and the County Agency from the revenues of their respective water supply systems.

Capitalized terms used herein, unless otherwise defined, shall have the meanings given thereto in the Official Statement.

Section 1. Sale, Purchase Price and Termination. Upon the terms and conditions and upon the basis of the representations and agreements set forth herein, the Underwriters agree to purchase from the Issuer and the Issuer agrees to sell to the Underwriters all, but not less than all, of the Bonds at the purchase price set forth in Exhibit A attached hereto. The Bonds shall be issued in the principal amount, be dated, have the maturities, bear interest at the rates per annum, be sold with original issue premiums and discounts, if any, and be subject to redemption prior to maturity on the terms and in the manner set forth in Exhibit A attached hereto.

The Underwriters agree to make a bona fide public offering of the Bonds at the initial offering price or prices set forth in the Official Statement. The Underwriters reserve the right to change such initial offering price or prices of the Bonds as the Underwriters shall deem necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at

prices lower than the initial offering price or prices set forth in the Official Statement. The Underwriters also reserve the right (i) to over-allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and (ii) to discontinue such stabilizing, if commenced, at any time.

If the Issuer is unable to satisfy the conditions to the obligations of the Underwriters contained in this Agreement, or if the obligations of the Underwriters are terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except as provided in Section 8 hereof.

Section 2. Representations and Warranties of the Issuer. The Issuer represents and warrants to the Underwriters, as follows:

(a) The Issuer is duly created and validly existing under the constitution and laws of the State of Michigan (the "State") and has full legal right, power and authority under the constitution and laws of the State, including without limitation Act 233, to adopt the Resolution, to execute and deliver the Contract, the Sale Order and the Continuing Disclosure Undertaking of the Issuer in substantially the form attached as Appendix D to the Official Statement (the "Issuer Continuing Disclosure Undertaking"), to issue, sell and deliver the Bonds as provided herein, and to carry out and consummate the transactions contemplated by the Resolution, the Contract, this Agreement and the Official Statement.

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized and approved (i) the distribution of the Preliminary Official Statement, dated March 21, 2014 relating to the Bonds (the "Preliminary Official Statement") and the execution, delivery and distribution of the Official Statement for use by the Underwriters in connection with the public offering of the Bonds, (ii) the issuance and sale of the Bonds upon the terms set forth herein and as contemplated by the Resolution, the Contract, the Sale Order and the Official Statement and (iii) the execution and delivery of, and the performance by the Issuer of the obligations on its part contained herein and in the Resolution, the Contract, the Sale Order and the Issuer Continuing Disclosure Undertaking.

(c) The Bonds will be issued in conformity with and entitled to the benefit and security of the Resolution and the Contract, including the limited tax full faith and credit pledge of Flint and Genesee in the Contract to their respective Contractual Payments.

(d) Each of this Agreement, the Contract and the Issuer Continuing Disclosure Undertaking constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms; and the Bonds, when issued, authenticated and delivered in accordance with the Resolution and the Sale Order and sold to the Underwriters as provided herein, will be the legal, valid and binding obligations of the Issuer enforceable in accordance with their terms; in all cases subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights.

(e) The Issuer is not in breach of or default in any material respect any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the Issuer under any of the foregoing.

(f) The adoption, execution and delivery of the Bonds, the Resolution, the Sale Order, the Contract, this Agreement and the Issuer Continuing Disclosure Undertaking, and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets are otherwise subject, and such adoption, execution, delivery or compliance will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature upon the Contractual Payments or the property or assets, if any, of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds, the Resolution, the Sale Order, the Contract, this Agreement and the Issuer Continuing Disclosure Undertaking.

(g) All authorizations, approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect, the issuance of the Bonds or the due performance by the Issuer of its obligations under the Resolution, the Sale Order, the Contract, this Agreement, the Issuer Continuing Disclosure Undertaking and the Bonds have been duly obtained or will be obtained prior to the Closing (as hereinafter defined), except for such authorizations, approvals, consents and orders (if any) as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds.

(h) The Preliminary Official Statement as of its date did not, and the Official Statement as of its date does not and as of the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, the foregoing representation and warranty does not extend to information set forth under the heading "UNDERWRITING," in Appendix A, "COUNTY OF GENESEE – GENERAL FINANCIAL, ECONOMIC AND STATISTICAL INFORMATION," in Appendix B, "COUNTY OF GENESEE – AUDITED FINANCIAL STATEMENTS," in Appendix C, "CITY OF FLINT – GENERAL FINANCIAL, ECONOMIC AND STATISTICAL INFORMATION," in Appendix D, "CITY OF FLINT – AUDITED FINANCIAL STATEMENTS," and in Appendix G, "BOOK-ENTRY-ONLY SYSTEM."

(i) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, agency, public board or body, pending or, to the knowledge of the Issuer, threatened against the Issuer: (i) affecting the existence of the Issuer or the titles of its officers to

their respective offices, (ii) seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the pledge or collection of the Contractual Payments by the Issuer or the making of any other required deposits with respect to the Bonds, (iii) in any way contesting or affecting the validity or enforceability of, or the power or authority of the Issuer to issue, adopt or to enter into (as applicable), the Bonds, the Resolution, the Sale Order, the Contract, this Agreement or the Issuer Continuing Disclosure Undertaking, (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, (v) except as disclosed in the Official Statement, wherein an unfavorable decision, ruling or finding would materially adversely affect the financial position or condition of the Issuer or would result in any material adverse change in the ability of the Issuer to pledge or apply the Contractual Payments to pay debt service on the Bonds, or (vi) contesting the status of the interest on the Bonds as excludable from gross income for federal income tax purposes or as exempt from any applicable state tax, in each case as described in the Official Statement.

(j) In accordance with Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12), the Issuer will enter into the Issuer Continuing Disclosure Undertaking. The Issuer has not previously entered into any undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12.

(k) The Resolution, the Sale Order, the Contract, the Issuer Continuing Disclosure Undertaking and the Bonds conform to the description thereof contained in the Official Statement.

Section 3. Preliminary Official Statement and Official Statement. Prior to the Issuer's acceptance hereof, the Issuer made available to the Underwriters copies of the Preliminary Official Statement, which the Issuer confirms it deemed final as of its date for purposes of and as provided in Rule 15c2-12, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The Issuer ratifies and confirms its authorization of the distribution and use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering and sale of the Bonds.

The Issuer shall deliver or cause to be delivered to the Underwriters promptly after its acceptance hereof and in any event, by a date no later than the earlier of the Closing Date or seven business days from the date this Agreement is accepted (i) two manually executed copies of the final Official Statement, and (ii) sufficient copies of the final printed Official Statement to comply with the requirements of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board ("MSRB"). The Representative agrees to promptly submit the Official Statement to the MSRB in an electronic format as prescribed by the MSRB.

The Issuer agrees that the Official Statement may be used, in accordance with applicable law, by the Underwriters in connection with the offering of the Bonds. The Issuer agrees to cooperate with the Underwriters if the Underwriters decide to qualify the Bonds under the securities laws of any jurisdiction and furnish the Underwriters with copies of resolutions, applications, reports and other documents, certified as appropriate, as shall be necessary in the reasonable judgment of the Underwriters, to effect registration or confirmation of the exemption

from registration of the Bonds under such laws; provided, however, that the Issuer shall not be required, with respect to the offer or sale of the Bonds, to consent to suit or consent to service of process in any jurisdiction.

The Issuer represents to and agrees with the Underwriters that: (a) both at the time of acceptance hereof by the Issuer and at all times during the period from the date hereof to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds, as determined in accordance with Section 7 hereof, the statements and information contained in the Official Statement, including the Appendices thereto, as the same may be supplemented or amended by the Issuer, are and will be true, correct and complete in all material respects and the Official Statement, including the Appendices thereto, but excluding the information contained under the heading "UNDERWRITING," in Appendix A, "COUNTY OF GENESEE – GENERAL FINANCIAL, ECONOMIC AND STATISTICAL INFORMATION," in Appendix B, "COUNTY OF GENESEE – AUDITED FINANCIAL STATEMENTS," in Appendix C, "CITY OF FLINT – GENERAL FINANCIAL, ECONOMIC AND STATISTICAL INFORMATION," in Appendix D, "CITY OF FLINT – AUDITED FINANCIAL STATEMENTS," and in Appendix G, "BOOK-ENTRY-ONLY SYSTEM," as the same may be supplemented or amended by the Issuer, and to the knowledge of the Issuer does not as of the date of acceptance hereof and will not at all times during the period from the date hereof to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading in any material respect; and (b) if the Official Statement is supplemented or amended pursuant to Section 7 hereof, at the time of each supplement or amendment thereto and at all times during the period from the date of such supplement or amendment to and including twenty-five (25) days following the End of the Underwriting Period for the Bonds, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

Section 4. Closing; Delivery and Payment. The delivery of the Bonds by the Issuer and the payment for the Bonds by the Underwriters as provided herein is referred to as the "Closing." The Closing shall be held at 10:00 a.m. on April 16, 2014 or at such other time and date as shall be mutually agreeable to the parties hereto (the "Closing Date"). At the Closing, the Underwriters will accept delivery of the Bonds from the Issuer, and the Underwriters will make payment therefor as provided herein in Federal Funds immediately available to the Issuer upon tender of the Bonds to the Underwriters by the Issuer and delivery to the Underwriters of all of the Closing Documents (as defined in Section 5 hereof). Delivery of the Bonds shall be made at the offices of The Depository Trust Company ("DTC") or at the offices of The Huntington National Bank, Grand Rapids, Michigan, as custodian and agent for DTC. Delivery of the Closing Documents shall be made at the offices of Miller, Canfield, Paddock and Stone, P.L.C., in Detroit, Michigan, or at such other place as shall be mutually agreeable to the parties hereto. The Bonds shall be delivered in denominations equal to the principal amount of each maturity and registered in the name of CEDE & Co., as nominee of DTC. The Bonds shall be made

available at the office of DTC or at the office of The Huntington National Bank for checking, on or before 10:00 a.m. (New York City time) of the business day prior to the Closing.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the Underwriters to accept delivery of and pay for any of the Bonds, in accordance with the terms of this Agreement.

Section 5. Closing Conditions. The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein and of Flint and Genesee contained in the Letters of Representation and upon the accuracy of the statements to be contained in the documents and instruments to be delivered at the Closing. Accordingly, the Underwriters' obligations under this Agreement to purchase, accept delivery of and pay for the Bonds are subject to the performance by the Issuer of its obligations required to be performed under this Agreement at or prior to the Closing, to the right of the Underwriters to terminate this Agreement as provided in Section 6 and to the additional conditions precedent set forth below.

(a) Both now and at the date of Closing, the Resolution, the Sale Order and the Contract shall have been duly adopted and executed by the Issuer and, in the case of the Contract, by Flint and Genesee, and shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Representative, and there shall have been taken in connection therewith and in connection with the issuance of the Bonds all such actions, as in the opinion of Miller, Canfield, Paddock and Stone, P.L.C. ("Bond Counsel") and counsel for the Underwriters, shall be necessary or appropriate in connection with the transactions contemplated hereby, and at the date of Closing, the Issuer Continuing Disclosure Undertaking shall be in full force and effect.

(b) At or prior to the Closing, the Representative shall receive the following documents (the "Closing Documents"):

(i) the Resolution certified by the Deputy Clerk of the Issuer as having been duly adopted and the Order executed by the Chief Executive Officer of the Issuer on the date hereof; and

(ii) a fully executed counterpart of the Contract; and

(iii) fully executed counterparts of the Water Purchase Contracts;

(iv) a certificate, dated the Closing Date, signed by the Chief Executive Officer of the Issuer or other authorized representative of the Issuer satisfactory to the Representative and in form and substance satisfactory to the Representative, to the effect that (A) each of the representations of the Issuer set forth in this Agreement is true, accurate and complete on the Closing Date as if made on and as of the Closing Date, and (B) each of the covenants of the Issuer to be complied with and each of the obligations of the Issuer to be performed under this Agreement on or prior to the Closing Date has been complied with and

performed; and (C) except for the information under the heading "UNDERWRITING," in Appendix A, "COUNTY OF GENESEE – GENERAL FINANCIAL, ECONOMIC AND STATISTICAL INFORMATION," in Appendix B, "COUNTY OF GENESEE – AUDITED FINANCIAL STATEMENTS," in Appendix C, "CITY OF FLINT – GENERAL FINANCIAL, ECONOMIC AND STATISTICAL INFORMATION," in Appendix D, "CITY OF FLINT – AUDITED FINANCIAL STATEMENTS," and in Appendix G, "BOOK-ENTRY-ONLY SYSTEM," the Preliminary Official Statement, as of its date, did not include any untrue statement of material fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and the Official Statement, including any amendments or supplements thereto, did not, as of its date, and does not, as of the Closing Date, or will not as of the date of any such amendment or supplement, include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they are or were made, not misleading;

(vi) a certificate, dated the Closing Date, signed by the Emergency Manager of Flint or other authorized representative of Flint satisfactory to the Representative and in form and substance satisfactory to the Representative, to the effect that (A) each of the representations of Flint set forth in the Flint Letter of Representation is true, accurate and complete on the Closing Date as if made on and as of the Closing Date, (B) each of the covenants of Flint to be complied with and each of the obligations of Flint to be performed under the Flint Letter of Representation on or prior to the Closing Date has been complied with and performed, and (C) the information in the Preliminary Official Statement relating to Flint, as of its date, did not include any untrue statement of material fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and the information in the Official Statement relating to Flint, including any amendments or supplements thereto, did not, as of its date, and does not, as of the Closing Date, or will not as of the date of any such amendment or supplement, include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they are or were made, not misleading;

(vii) a certificate, dated the Closing Date, signed by the Controller of Genesee and the Genesee County Drain Commissioner, as County Agency, or other authorized representatives of Genesee satisfactory to the Representative and in form and substance satisfactory to the Representative, to the effect that (A) each of the representations of Genesee set forth in the Genesee Letter of Representation is true, accurate and complete on the Closing Date as if made on and as of the Closing Date, (B) each of the covenants of Genesee to be complied with and each of the obligations of Genesee to be performed under the Genesee Letter of Representation on or prior to the Closing Date has been complied with and performed, and (C) the information in the Preliminary Official Statement relating to Genesee and the County Agency, as of its date, did not include any untrue statement of material fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and the information in the Official Statement relating to Genesee and the County Agency, including any amendments or supplements thereto, did not, as of its date, and does not, as of the Closing Date, or will not as of the date of any such amendment or supplement, include any untrue statement of a material fact or omit to state any material fact

necessary to make the statements made therein, in light of the circumstances under which they are or were made, not misleading;

(viii) A certificate dated as of the Closing Date, signed by the Emergency Manager of Flint, to be satisfactory in form and substance to the Representative, to the effect that the financial statements of Flint included or incorporated by reference in Appendix D to the Official Statement fairly represent the financial position of Flint as of June 30, 2013, and there has been no material adverse change in the financial condition of Flint from June 30, 2013 to the Closing Date;

(ix) A certificate dated as of the Closing Date, signed by the Controller of Genesee, to be satisfactory in form and substance to the Representative, to the effect that the financial statements of Genesee included or incorporated by reference in Appendix B to the Official Statement fairly represent the financial position of Genesee as of September 30, 2013, and there has been no material adverse change in the financial condition of Genesee from September 30, 2013 to the Closing Date;

(x) A certificate dated as of the Closing Date, signed by the County Agency, to be satisfactory in form and substance to the Representative, to the effect that the financial statements of the Genesee County Drain Commissioner, Division of Water and Waste Services (the "Division") included or incorporated by reference in Appendix B to the Official Statement fairly represent the financial position of the Division as of December 31, 2012, and there has been no material adverse change in the financial condition of the Division from December 31, 2012 to the Closing Date;

(xi) the unqualified approving legal opinion of Bond Counsel, in substantially the form set forth as Appendix F to the Official Statement, and the supplemental opinion of Bond Counsel, in substantially the form set forth in Exhibit D hereto;

(xii) the opinion of counsel for the Underwriters, in substantially the form set forth in Exhibit E hereto;

(xiii) the opinion of counsel for the Issuer to the effect that the Water Purchase Contracts have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, in form and substance satisfactory to Bond Counsel and counsel for the Underwriters;

(xiv) the opinion of counsel for Flint to the effect that the Flint Water Purchase Contract has been duly authorized, executed and delivered by Flint and is a legal, valid and binding obligation of Flint enforceable against Flint in accordance with its terms, in form and substance satisfactory to Bond Counsel and counsel for the Underwriters;

(xv) the opinion of counsel for County Agency to the effect that the Genesee Water Purchase Contract has been duly authorized, executed and delivered by the County Agency and is a legal, valid and binding obligation of the County Agency enforceable against the

County Agency in accordance with its terms, in form and substance satisfactory to Bond Counsel and counsel for the Underwriters;

(xvi) two (2) complete, true and correct, manually executed copies of the Official Statement;

(xvii) appropriate certifications, in form and substance satisfactory to Bond Counsel, pursuant to the requirements of Section 148 of the Internal Revenue Code of 1986, as amended;

(xviii) evidence satisfactory to the Underwriters that Moody's Investors Service and Standard & Poor's Corporation have assigned ratings for the Bonds of "A2" and "A+," respectively, and that, as of the Closing Date, such ratings have not been modified or withdrawn and are not under review;

(xix) Internal Revenue Service Form 8038-G executed by the Issuer;

(xx) an executed copy of this Agreement;

(xxi) the Blanket Issuer Letter of Representations between the Issuer and DTC;

(xxii) the Issuer Continuing Disclosure Undertaking executed by the Issuer;

(xxiii) the Continuing Disclosure Undertaking of Flint executed by Flint in substantially the form attached to the Official Statement as Appendix E (the "Flint Continuing Disclosure Undertaking");

(xxiv) the Continuing Disclosure Undertaking of Genesee executed by Genesee in substantially the form attached to the Official Statement as Appendix E (the "Genesee Continuing Disclosure Undertaking");

(xxv) evidence that the Michigan Department of Treasury has approved this issuance of the Bonds under Act 34, Public Acts of Michigan, 2001, as amended, effective as of the Closing Date;

(xxvi) a specimen for the Bonds; and

(xxvii) such additional certificates as the Representative may reasonably request from the Issuer to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby and by the Official Statement, all such certificates to be satisfactory in form and substance to the Representative.

If any of the conditions specified in this Section shall not have been fulfilled when and as required by this Agreement, or if any of the opinions, instruments, documents, proceedings or certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Representative, this Agreement and all

obligations of the Underwriters hereunder may be canceled by the Representative, or at any time prior to, the Closing Date. Notice of such cancellation shall be given to the Issuer in writing, or by fax confirmed in writing.

Section 6. Termination by Underwriters. This Agreement may be terminated by the Underwriters upon written notification to the Issuer if any one or more of the following shall occur subsequent to the date hereof, but prior to the Closing Date:

(i) legislation shall be enacted, passed by either house of the United States Congress, or introduced in, or recommended for passage by the Chairman or ranking minority member of the United States Senate Committee on Finance or the United States House of Representatives Committee on Ways and Means, or favorably reported for passage by the United States Congress or the Michigan Legislature (including any committee or conference thereof), or a court decision shall be rendered, or a ruling, regulation, decision or official statement by or on behalf of a governmental agency or department having jurisdiction of the subject matter shall be made or proposed, with respect to federal or State taxation upon interest received on obligations the general character of the Bonds and which, in the opinion of the Representative, (A) would have the effect of making interest on the Bonds includable in gross income for federal or State income tax purposes, or (B) would call into question the federal income tax treatment of the interest on the Bonds the effect of which materially affects the marketability of the Bonds;

(ii) legislation shall be introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction shall be issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice shall be issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect the obligations of the general character of the Bonds are not exempt from the registration under or other requirements of the Securities Act of 1933, as amended, or that the Resolution or the Sale Order are not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(iii) a stop order, ruling or regulation by the Securities and Exchange Commission shall hereafter be issued or made, the reasonable effect of which is that the issuance, offering or sale of the Bonds, as contemplated herein or in the Official Statement, or of obligations of the general character of the Bonds, is in violation of any provisions of the Securities Act of 1933, as amended and as then in effect, the Trust Indenture Act of 1939, as amended and as then in effect, or any rule or regulation promulgated under any such acts;

(iv) any event shall occur or exist which, in the opinion of the Representative, either makes untrue or incorrect in a material respect any statement or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements or information contained therein not misleading in any material respect;

(v) between the date hereof and Closing (A) there shall be in force a general suspension of trading on the New York Stock Exchange or general minimum or maximum prices for trading on the New York Stock Exchange shall have been fixed and be in force, (B) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any United States, New York or Michigan governmental authority or by any United States national securities exchange, (C) a general banking moratorium shall have been established by federal, State or New York authorities, or (D) a major financial crisis or a material disruption in commercial banking or securities settlement or clearance services shall have occurred, or (E) there shall have occurred any escalation or new outbreak of hostilities or other national or international calamity or crisis, the effect of any of which, in the reasonable judgment of the Representative, materially adversely affects the marketability of the Bonds; or

(vi) there shall have occurred any downgrading or published negative credit watch or similar published information from a rating agency that at the date of this Agreement has assigned an unenhanced rating to the Issuer or to any of the Issuer's debt obligations, which action (A) reflects a change, or possible change, in the unenhanced ratings assigned to the Issuer or any debt obligations of the Issuer (including any unenhanced rating assigned to the Bonds) and (B) in the reasonable judgment of the Representative, materially adversely affects the marketability of the Bonds.

Section 7. Amendments and Supplements to the Official Statement. The "End of the Underwriting Period" for the Bonds for all purposes under Rule 15c2-12 is the Closing Date. In the event the Representative requests from the Issuer an extension of the Underwriting Period because there exists an unsold balance of the Bonds, the End of the Underwriting Period shall be deemed extended for thirty days from the date of the written request. The deemed End of the Underwriting Period shall be extended for additional periods of thirty days each upon receipt of a written request to extend the period because there exists at the time an unsold balance of Bonds. During the period from the date hereof to and including a date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds the Issuer will (a) not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Representative shall reasonably object to in writing unless the Issuer has obtained the opinion of Bond Counsel, stating that such amendment or supplement is necessary in order to make the Official Statement not misleading in the light of the circumstances existing at the time that it is delivered to a purchaser of the Bonds and (b) if any event relating to or affecting the Issuer or the Bonds shall occur as a result of which it is necessary, in the opinion of counsel to the Underwriters, to amend or to supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser of the Bonds, forthwith prepare and furnish to the Underwriters (at the expense of the Issuer) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Issuer and the Underwriters) which will amend or supplement the Official Statement so that such Official Statement, as amended or supplemented, will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser of the Bonds, not misleading. For

the purpose of this Section 7, the Issuer will furnish such information as the Underwriters may from time to time reasonably request.

Section 8. Expenses. All expenses and costs of the Issuer incidental to this financing, including but not limited to the fees and expenses of Bond Counsel, the Issuer's financial advisor, the Issuer's, Flint's and Genesee's auditors, and any other consultants or experts retained in connection with the issuance of the Bonds, municipal rating agencies fees and expenses, the cost of preparing, printing and circulating the Preliminary Official Statement and the Official Statement, the cost of printing the Bonds, the cost of printing the blue sky memoranda and legal investment survey, if any, and the expenses of physical delivery of the Bonds to the Underwriters, shall be paid by the Issuer. All out-of-pocket expenses of the Underwriters, including traveling, advertising and other expenses and the fees, expenses and disbursements of their counsel, shall be paid by the Underwriters.

Section 9. Notice. Any notice or other communication to be given to the Issuer shall be given by delivering the same in writing at the address set forth above and any notice or other communication to be given in writing to J.P. Morgan Securities LLC, 1450 Brickell Avenue, Floor 33, Miami, FL 33131, Attention: T.J. Whitehouse, Executive Director.

Section 10. Survival of Representations. This Agreement is made solely for the benefit of the parties hereto and no other person, including any holders of the Bonds, shall acquire or have any right hereunder or by virtue hereof. All representations, warranties, and agreements of the Issuer shall remain in full force and effect regardless of any investigation made by or on behalf of the Underwriters and shall survive the delivery of the Bonds.

Section 11. Representative. The Representative represents that it has been duly authorized by the Underwriters to execute this Agreement and has been duly authorized to act hereunder on behalf of the Underwriters with full authority to take such action as it may deem advisable in respect of all matters pertaining to this Agreement. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Issuer hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative in its sole discretion, and the approval of the Representative when required hereunder for the determination as to the satisfaction as to any document referred to herein shall be in writing, signed by an authorized representative of the Representative, and delivered to you.

Section 12. Role of Underwriters. The Issuer acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between the Issuer and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principal and are not acting as a financial advisor of the Issuer, (iii) the Underwriters have not assumed a financial advisory responsibility in favor of the Issuer with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Issuer on other matters) and the Underwriters have no obligation to the Issuer with respect to the offering contemplated

hereby except the obligations expressly set forth in this Agreement; (iv) the Issuer has consulted its own legal, financial, tax and other advisors to the extent it has deemed appropriate; and (v) the Underwriters have financial and other interests that differ from those of the Issuer. For both subsections (ii) and (iii) herein, it is the Issuer's understanding that a financial advisory relationship shall not be deemed to exist when, in the course of acting as an underwriter, a broker, dealer or municipal securities dealer, advice is rendered to an issuer, including advice with respect to the structure, timing, terms and other similar matters concerning a new issue of municipal securities. The Underwriters hereby notify the Issuer that they are not acting as Municipal Advisors (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), they are not agents of the Issuer, and they do not have a fiduciary duty to the Issuer in connection with the matters contemplated by this Agreement.

Section 13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

Section 14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

[Signature Page of Bond Purchase Agreement to Follow]

The approval and acceptance of this offer by the Issuer, as evidenced by the execution of the acceptance clause below, shall cause this document to constitute a contract for the sale by the Issuer and the purchase by the Underwriters of the Bonds, subject to and in accordance with the terms and conditions herein outlined and established.

Respectfully submitted,

J.P. MORGAN SECURITIES LLC,
as Representative

By _____
T.J. Whitehouse
Its Executive Director

Accepted:
Pursuant to the Resolution and the Sale Order

KAREGNONDI WATER AUTHORITY

By _____
Jeffrey Wright, Chief Executive Officer

The approval and acceptance of this offer by the Issuer, as evidenced by the execution of the acceptance clause below, shall cause this document to constitute a contract for the sale by the Issuer and the purchase by the Underwriters of the Bonds, subject to and in accordance with the terms and conditions herein outlined and established.

Respectfully submitted,

J.P. MORGAN SECURITIES LLC,
as Representative

By _____
T.J. Whitehouse
Its Executive Director

Accepted:
Pursuant to the Resolution and the Sale Order

KAREEMONDA WATER AUTHORITY

By _____
Jeffrey Wright, Chief Executive Officer

EXHIBIT A

BOND PURCHASE AGREEMENT

FOR

KAREGNONDI WATER AUTHORITY

WATER SUPPLY SYSTEM BONDS
(KAREGNONDI WATER PIPELINE), SERIES 2014A

BOND DETAILS

Aggregate Principal Amount: $220,500,000 Dated Date: April 16, 2014

Purchase Price: $231,369,169.15 (being the par value plus a net original issue premium of $11,815,544.05 less the Underwriters' discount of $946,374.90)

Interest Payment Dates: November 1, 2014, and semi-annually thereafter each May 1 and November 1

Due November 1	Principal Amount	Interest Rate	Priced to Yield
2017	$2,000,000	3.000%	1.460%
2017	$2,105,000	5.000%	1.460%
2018	$1,300,000	4.000%	1.870%
2018	$2,975,000	5.000%	1.870%
2019	$2,000,000	3.000%	2.320%
2019	$2,475,000	5.000%	2.320%
2020	$2,000,000	4.000%	2.780%
2020	$2,655,000	5.000%	2.780%
2021	$2,000,000	3.000%	3.050%
2021	$2,870,000	5.000%	3.050%
2022	$5,075,000	5.000%	3.310%
2023	$5,325,000	5.000%	3.490%
2024	$5,595,000	5.000%	3.660%*
2025	$5,875,000	5.000%	3.820%*
2026	$6,165,000	5.000%	3.940%*
2027	$6,475,000	5.250%	4.050%*
2028	$6,815,000	5.250%	4.110%*
2029	$7,175,000	5.250%	4.200%*
2030	$7,550,000	5.250%	4.290%*
2031	$7,945,000	5.250%	4.380%*
2032	$8,365,000	5.250%	4.450%*
2033	$8,800,000	4.500%	4.670%

2034	$9,200,000	5.250%	4.570%*
2035	$9,680,000	5.250%	4.620%*
2040	$56,590,000	5.250%	4.740%*
2043	$41,490,000	5.000%	4.890%*

*Yield to the November 1, 2023 first call date

Mandatory Redemption of Term Bonds:

The Bonds maturing in the years 2040 and 2043 are term bonds (the "2040 Term Bonds" and the "2043 Term Bonds," respectively, and collectively, the "Term Bonds") that are subject to annual mandatory redemption on November 1 of the following years and in the following amounts, at par, plus accrued interest to the date of mandatory redemption:

2040 Term Bonds

Redemption Date	Principal Amount of 2040 Bonds to be Redeemed
November 1, 2036	$10,190,000
November 1, 2037	$10,725,000
November 1, 2038	$11,290,000
November 1, 2039	$11,880,000
November 1, 2040*	$12,505,000

*Final Maturity

2043 Term Bonds

Redemption Date	Principal Amount of 2043 Bonds to be Redeemed
November 1, 2041	$13,160,000
November 1, 2042	$13,820,000
November 1, 2043*	$14,510,000

*Final Maturity

When Term Bonds are purchased by the Issuer and delivered to the Transfer Agent for cancellation or are redeemed in a manner other than by mandatory redemption, the principal amount of Term Bonds affected shall be reduced by the principal amount of the Term Bonds so purchased or redeemed in the order determined by the Issuer.

Optional Redemption:

Bonds maturing in the years 2017 to 2023, inclusive, are not subject to redemption prior to maturity. Bonds or portions of Bonds in multiples of $5,000 maturing in the year 2024 and thereafter shall be subject to redemption prior to maturity, at the option of the Issuer, on any date on or after November 1, 2023, in any order of maturity and by lot within a maturity, at par and accrued interest to the date of redemption.

Notice of Redemption:

Notice of redemption shall be given to the registered owner of any Bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A Bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem said Bond or portion thereof.

EXHIBIT B

LETTER OF REPRESENTATION – CITY OF FLINT

April 1, 2014

J. P. Morgan Securities LLC
1450 Brickell Avenue, Floor 33
Miami, Florida 33131
As Representative

Ladies and Gentlemen:

The Karegnondi Water Authority (the "Issuer") proposes to issue $220,500,000 aggregate principal amount of its Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A (the "Bonds") pursuant to Act No. 233, Public Acts of Michigan, 1955, as amended ("Act 233").

The Bonds are issued pursuant to a resolution adopted by the Board of Trustees of the Issuer on November 20, 2013, authorizing the issuance of the Bonds (the "Resolution"), and an order executed on April 1, 2014 by the Chief Executive Officer of the Issuer, approving the sale of the Bonds (the "Sale Order"). The Bonds are to be issued in anticipation of, and are payable primarily as to principal of and interest from, payments (the "Contractual Payments") to be made by Flint and Genesee pursuant to a contract among the Issuer, the City of Flint ("Flint") and the County of Genesee ("Genesee"), dated as of August 1, 2013 (the "Contract"). The Contractual Payments will be in installments that will equal the principal and interest payments on the Bonds. Flint and Genesee have each pledged their limited tax full faith and credit for the payment of its Contractual Payments.

In addition, the Issuer has entered into two water purchase contracts, effective October 1, 2013: one with Flint to supply up to 18 million gallons per day ("mgd") (the "Flint Water Purchase Contract") and one with the Genesee County Drain Commissioner, as County Agency of Genesee under Act 342, Public Acts of Michigan, 1939, as amended (the "County Agency"), on behalf of Genesee, to supply up to 42 mgd (the "Genesee Water Purchase Contract" and together with the Flint Water Purchase Contract, the "Water Purchase Contracts"). The charges to be paid by Flint and the County Agency in the Water Purchase Contracts are broken down into two distinct portions, an annual fixed or capital fee and an annual commodity or operations and maintenance fee, which charges are expected to be paid by Flint and the County Agency from the revenues of their respective water supply systems as an operation and maintenance expense.

The Bonds will be sold by the Issuer pursuant to a Bond Purchase Agreement dated April 1, 2014 (the "Bond Purchase Agreement"), between the Issuer and the underwriters listed therein (the "Underwriters"). The proceeds of the Bonds will be applied by the Issuer as described in or contemplated by the Preliminary Official Statement dated March 21, 2014 relating to the Bonds, including the Appendices thereto (the "Preliminary Official Statement"), and the Official Statement dated April 1, 2014 relating to the Bonds, including the Appendices thereto (the "Official Statement"). Unless the context requires otherwise, the capitalized terms

not herein defined shall have the same meanings as set forth in the Bond Purchase Agreement.

Section 1. Representation and Warranties. In order to induce the Underwriters and the Issuer to enter into the Bond Purchase Agreement and to sell the Bonds, Flint represents and warrants, and agrees with each of the Underwriters and the Issuer as follows:

(a) Flint has full right, power and authority to (i) execute and deliver the Contract, the Flint Water Purchase Contract, this Letter of Representation, and the Flint Continuing Disclosure Undertaking and (ii) perform its obligations under, and carry out and consummate all other transactions carried out by it or to be consummated by it described in, the Resolution, the Bond Purchase Agreement, the Contract, the Flint Water Purchase Contract, the Flint Continuing Disclosure Undertaking, and this Letter of Representation. Flint has complied with or will comply with on or prior to the Closing Date all provisions of applicable law (specifically including, without limiting the generality of the foregoing, the Constitution and laws of the State of Michigan) and all matters applicable to Flint relating to such transactions.

(b) Flint has duly authorized all necessary action to be taken by it for the execution, delivery and performance by Flint of this Letter of Representation, the Contract, the Flint Water Purchase Contract, the Flint Continuing Disclosure Undertaking, and any and all such other agreements and documents as may be required to be executed, delivered and received by Flint in order to carry out the transactions contemplated by such instruments and by the Official Statement. The Contract, the Flint Water Purchase Contract, the Flint Continuing Disclosure Undertaking, and this Letter of Representation have been duly executed and delivered by Flint, and assuming the due authorization, execution and delivery of such instruments by the other parties thereto and their Issuer to perform pursuant to such instruments, will constitute legal, valid and binding obligations of Flint enforceable against Flint in accordance with their respective terms, except that the enforceability thereof may be limited by laws relating to bankruptcy, insolvency, reorganization or other similar laws of general application affecting the rights of creditors and general principles of equity.

(c) The execution and delivery by Flint of the Contract, the Flint Water Purchase Contract, the Flint Continuing Disclosure Undertaking, and this Letter of Representation and the consummation of the transactions described in all of the foregoing instruments, did not at the time of such execution and delivery, do not and will not conflict with or constitute on the part of Flint a breach or violation of any of the terms and provisions of, or constitute a default under, (i) any existing laws, court or administrative rules or regulations, decree, order or judgment, (ii) any agreement, indenture, mortgage, lease, deed of trust, note or other instrument to which Flint or its properties are or may be bound, or (iii) the Charter of Flint.

(d) The information set forth in the Preliminary Official Statement and the Official Statement relating to Flint, including information in Appendices C and D thereto, is true and correct in all material respects and, with respect to the information relating to Flint, the Preliminary Official Statement (except as to the statements contained in the Preliminary Official Statement that have been changed or supplemented in the Official Statement) and the Official Statement do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(e) The combined balance sheets of Flint as of June 30, 2013, and the related combined financial statements of revenues and expenses/expenditures, changes in fund balances and changes in financial position of proprietary and similar trust funds for the year ended June 30, 2013, including the notes thereto included in Appendix D of the Official Statement, present fairly the financial position of Flint as of the dates indicated and the results of its operations and changes in fund balances and financial position of proprietary and similar trust funds for the years specified, and such financial statements have been prepared in conformity with generally accepted accounting principles consistently applied in all material respects.

(f) Except as set forth in the Preliminary Official Statement and the Official Statement, subsequent to the respective dates as of which information is given in the Preliminary Official Statement (except as to dates or information contained in the Preliminary Official Statement that have been changed in the Official Statement) and the Official Statement, Flint has not incurred any liabilities, direct or contingent, or entered into any transactions, not in the ordinary course of business, that are material to the business and affairs of Flint and there has not been any material adverse change in the condition, results of operation or general affairs of Flint (financial or otherwise).

(g) Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity by or before any court or public board or body pending or threatened against or affecting Flint (or, to the knowledge of Flint, any basis therefor) that in any way questions the powers of Flint referred to in Section 1(a) of this Letter of Representation, or the validity of any proceedings taken by Flint in connection with the execution and delivery of the Contract, the Flint Water Purchase Contract or the Flint Continuing Disclosure Undertaking or that might result in a material adverse change in the condition (financial or otherwise), business or affairs of Flint, or wherein an unfavorable decision, ruling or finding would adversely affect (i) the material transactions described in the Resolution, the Official Statement, the Bond Purchase Agreement, the Flint Continuing Disclosure Undertaking, the Contract, the Flint Water Purchase Contract, or this Letter of Representation, or (ii) the validity or enforceability of the Resolution, the Bond Purchase Agreement, the Flint Continuing Disclosure Undertaking, the Contract, the Flint Water Purchase Contract, this Letter of Representation or any agreement or instrument to which Flint is a party and which is used or contemplated for use in the consummation of the material transactions described in the Official Statement or this Letter of Representation.

(h) Flint is not in breach of or in default under any existing law, court or administrative regulation, decree, order, agreement, indenture, mortgage, lease or sublease or other instrument to which it is a party or by which it is bound, and no event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder, except (in each case) for such minor breaches, defaults or potential defaults or events of default, if any, which individually and in the aggregate would have no material adverse effect on Flint's financial condition, operations or properties.

(i) All material consents, certificates, approvals or resolutions necessary for the execution, delivery and/or performance by Flint of the Contract, the Flint Water Purchase Contract, the Flint Continuing Disclosure Undertaking and this Letter of Representation required to be obtained have been obtained.

(j) Flint's obligations incurred under the Contract to pay Contractual Payments to the Issuer with respect to the Bonds are necessary for Flint to comply with an administrative consent order dated March 20, 2014, between Flint and the Michigan Department of Environmental Quality, the successor to the Michigan Water Resources Commission, and as such, are excluded when computing Flint's statutory debt limitation set forth in Section 4a of the Home Rule Cities Act (Act 279, Public Acts of Michigan, 1909, as amended), being MCL 117.4a.

(k) Flint has elected not to exercise its option to cancel the Flint Water Supply Contract as provided in Section 7.04(b) therein.

(l) Any certificate signed by an authorized officer of Flint delivered to the Underwriters shall be deemed a representation and warranty by Flint to such parties as to the statements made therein.

Section 2. Special Covenants. Flint covenants and agrees with each of the Underwriters and the Issuer as follows:

(a) Flint agrees that from the time the Official Statement becomes available to any person from the Municipal Securities Rulemaking Board (the "MSRB") until twenty-five (25) days following the "end of the underwriting period" (as such term is defined below), (i) to notify the Underwriters of the occurrence of any event relating to Flint, the result of which would make it necessary to amend or supplement the Official Statement in order to make the statements relating to Flint contained therein, in light of the circumstances in which they were made, not misleading, and (ii) to cooperate in the preparation of a revised Official Statement or amendments or supplements to the Official Statement so that such statements in the Official Statement, as so amended or supplemented, will not, in light of the circumstances in which they were made, be misleading.

For purposes of this Letter of Representation, the term "end of the underwriting period" shall be the later of the Closing or when a participating Underwriter or selling group member no longer retains (directly or as a syndicate member) an unsold balance of the Bonds for sale to the public. The Representative agrees that the date on which the end of the underwriting period will occur will be the Closing Date, unless the Representative otherwise notifies Flint in writing prior to such date that, to the best of its knowledge, there exists an unsold balance of the Bonds, in which case the end of the underwriting period shall be extended thirty (30) days each upon receipt of an additional written notification from the Representative that, to the best of its knowledge, there exists an unsold balance of the Bonds.

(b) Flint deems the Preliminary Official Statement final, as of its date, with respect to information contained therein relating to Flint.

(c) Flint shall not take any action or omit to take any action required to be taken by it that will in any way cause the proceeds from the sale of the Bonds to be applied or result in their being applied in a manner other than as provided in or as contemplated by the Contract, the Official Statement and the Resolution.

(d) Flint shall not take any action or permit any action to be taken on its behalf, or

cause or permit any circumstances within its control to arise or continue, if such action or circumstance would result in the loss of exclusion from federal gross income of the interest on the Bonds.

(e) Between the date hereof and the date of the Closing, Flint will not take any action which would cause the representations and warranties contained in Section 1 to be untrue on the date of the Closing. On the Closing Date, Flint shall deliver or cause to be delivered all opinions, certificates and other documents to be delivered by it or on its behalf as provided for in the Bond Purchase Agreement, and to deliver such additional certificates and other documents as the Underwriters may reasonably request to evidence performance of or compliance with the provisions of this Letter of Representation and the transactions contemplated by the Official Statement, the Resolution, the Contract and this Letter of Representation, all such certificates and other documents to be satisfactory in form and substance to the Underwriters.

(f) Flint will make available such information to such parties at such times as shall be necessary to enable the Underwriters to meet their responsibilities under applicable federal securities statutes and regulations.

Section 3. Survival of Representations and Warranties. All representations, warranties, covenants and agreements contained in this Letter of Representation or contained in certificates of officers of Flint submitted pursuant hereto or pursuant to the Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigations made by or on behalf of the Underwriters or any other person, and shall survive (i) delivery of the Bonds to the Underwriters and payment by the Underwriters therefor pursuant to the Bond Purchase Agreement, (ii) any termination of the Bond Purchase Agreement by the Underwriters pursuant to the provisions thereof, or (iii) any failure on the part of Flint or the Issuer to satisfy any condition to the obligations of the Underwriters specified in the Bond Purchase Agreement, which failure results in a refusal by the Underwriters to purchase and pay for the Bonds.

Section 4. Parties In Interest. This Letter of Representation shall be binding upon Flint and shall inure solely to the benefit of the Underwriters and the Issuer and, to the extent set forth herein, officers, directors and employees of and persons controlling the Underwriters and the Issuer, and their respective personal representatives, successors and assigns, and no other person or firm shall acquire or have any right under or by virtue of this Letter of Representation.

Section 5. Notices. Any notice or other communication to be given to the Underwriters, the Issuer or Flint under this Letter of Representation shall be given by delivering the same in writing addressed, as the case may be, as follows: If to the Underwriters, to J.P. Morgan Securities LLC, 1450 Brickell Avenue, Floor 33, Miami, Florida 33131, Attention: T.J. Whitehouse, Executive Director; if to the Issuer, to Karegnondi Water Authority, G-4610 Beecher Road, Flint, Michigan 48532, Attention: Chief Executive Officer; and, if to Flint, to City of Flint, 1101 S. Saginaw Street, Flint, Michigan 48502, Attention: Emergency Manager.

Section 6. General. This Letter of Representation shall be governed by and construed in accordance with the laws of the State of Michigan. This Letter of Representation may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

If the foregoing is in accordance with your understanding of the agreement between us, kindly sign and return to Flint a duplicate of this Letter of Representation whereupon this will constitute a binding agreement of Flint in accordance with the terms hereof.

Very truly yours,

CITY OF FLINT, MICHIGAN

By: _____
Darnell Earley
Its: Emergency Manager

Accepted and confirmed as of
the date first above written

J.P. MORGAN SECURITIES LLC
as Representative

By: _____
T.J. Whitehouse
Its: Executive Director

On behalf of the Underwriters

KAREONONDI WATER AUTHORITY

By: _____
Jeffrey Wright, Chief Executive Officer

If the foregoing is in accordance with your understanding of the agreement between us, kindly sign and return to Flint a duplicate of this Letter of Representation whereupon this will constitute a binding agreement of Flint in accordance with the terms hereof.

Very truly yours,

CITY OF FLINT, MICHIGAN

By: _____
Darnell Earley
Its: Emergency Manager

Accepted and confirmed as of
the date first above written

J.P. MORGAN SECURITIES LLC
as Representative

By: _____
T.J. Whitehouse
Its: Executive Director

On behalf of the Underwriters

KAREGNONDI WATER AUTHORITY

By: _____
Jeffrey Wright, Chief Executive Officer

If the foregoing is in accordance with your understanding of the agreement between us, kindly sign and return to Flint a duplicate of this Letter of Representation whereupon this will constitute a binding agreement of Flint in accordance with the terms hereof.

Very truly yours,

CITY OF FLINT, MICHIGAN

By: _____
Darnell Earley
Its: Emergency Manager

Accepted and confirmed as of
the date first above written

J.P. MORGAN SECURITIES LLC
as Representative

By: _____
T.J. Whitehouse
Its: Executive Director

On behalf of the Underwriters

KAREGNONDI WATER AUTHORITY

By: _____
Jeffrey Wright, Chief Executive Officer

EXHIBIT C

LETTER OF REPRESENTATION – COUNTY OF GENESEE

April 1, 2014

J. P. Morgan Securities LLC
1450 Brickell Avenue, Floor 33
Miami, Florida 33131
As Representative

Ladies and Gentlemen:

The Karegnondi Water Authority (the "Issuer") proposes to issue $220,500,000 aggregate principal amount of its Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A (the "Bonds") pursuant to Act No. 233, Public Acts of Michigan, 1955, as amended ("Act 233").

The Bonds are issued pursuant to a resolution adopted by the Board of Trustees of the Issuer on November 20, 2013, authorizing the issuance of the Bonds (the "Resolution"), and an order executed on April 1, 2014 by the Chief Executive Officer of the Issuer, approving the sale of the Bonds (the "Sale Order"). The Bonds are to be issued in anticipation of, and are payable primarily as to principal of and interest from, payments (the "Contractual Payments") to be made by Flint and Genesee pursuant to a contract among the Issuer, the City of Flint ("Flint") and Genesee of Genesee ("Genesee"), dated as of August 1, 2013 (the "Contract"). The Contractual Payments will be in installments that will equal the principal and interest payments on the Bonds. Flint and Genesee have each pledged their limited tax full faith and credit for the payment of its Contractual Payments.

In addition, the Issuer has entered into two water purchase contracts, effective October 1, 2013; one with Flint to supply up to 18 million gallons per day ("mgd") (the "Flint Water Purchase Contract") and one with the Genesee County Drain Commissioner, as County Agency of Genesee under Act 342, Public Acts of Michigan, 1939, as amended (the "County Agency"), on behalf of Genesee, to supply up to 42 mgd (the "Genesee Water Purchase Contract" and together with the Flint Water Purchase Contract, the "Water Purchase Contracts"). The charges to be paid by Flint and the County Agency in the Water Purchase Contracts are broken down into two distinct portions, an annual fixed or capital fee and an annual commodity or operations and maintenance fee, which charges are expected to be paid by Flint and the County Agency from the revenues of their respective water supply systems as an operation and maintenance expense.

The Bonds will be sold by the Issuer pursuant to a Bond Purchase Agreement dated April 1, 2014 (the "Bond Purchase Agreement"), between the Issuer and the underwriters listed therein (the "Underwriters"). The proceeds of the Bonds will be applied by the Issuer as described in or contemplated by the Preliminary Official Statement dated March 21, 2014 relating to the Bonds, including the Appendices thereto (the "Preliminary Official Statement"),

and the Official Statement dated April 1, 2014 relating to the Bonds, including the Appendices thereto (the "Official Statement"). Unless the context requires otherwise, the capitalized terms not herein defined shall have the same meanings as set forth in the Bond Purchase Agreement.

Section 1. Representation and Warranties. In order to induce the Underwriters and the Issuer to enter into the Bond Purchase Agreement and to sell the Bonds, Genesee represents and warrants, and agrees with each of the Underwriters and the Issuer as follows:

(a) Genesee has full right, power and authority to (i) execute and deliver the Contract, this Letter of Representation, and the Genesee Continuing Disclosure Undertaking and (ii) perform its obligations under, and carry out and consummate all other transactions carried out by it or to be consummated by it described in, the Resolution, the Contract, the Genesee Continuing Disclosure Undertaking, and this Letter of Representation. Genesee has complied with or will comply with on or prior to the Closing Date all provisions of applicable law (specifically including, without limiting the generality of the foregoing, the Constitution and laws of the State of Michigan) and all matters applicable to Genesee relating to such transactions.

(b) Genesee has duly authorized all necessary action to be taken by it for the execution, delivery and performance by Genesee of this Letter of Representation, the Contract, the Genesee Continuing Disclosure Undertaking, and any and all such other agreements and documents as may be required to be executed, delivered and received by Genesee in order to carry out the transactions contemplated by such instruments and by the Official Statement. The Contract, the Genesee Continuing Disclosure Undertaking, and this Letter of Representation have been duly executed and delivered by Genesee, and assuming the due authorization, execution and delivery of such instruments by the other parties thereto and their Issuer to perform pursuant to such instruments, will constitute legal, valid and binding obligations of Genesee enforceable against Genesee in accordance with their respective terms, except that the enforceability thereof may be limited by laws relating to bankruptcy, insolvency, reorganization or other similar laws of general application affecting the rights of creditors and general principles of equity.

(c) The execution and delivery by Genesee of the Contract, the Genesee Continuing Disclosure Undertaking, and this Letter of Representation and the consummation of the transactions described in all of the foregoing instruments, did not at the time of such execution and delivery, do not and will not conflict with or constitute on the part of Genesee a breach or violation of any of the terms and provisions of, or constitute a default under, (i) any existing laws, court or administrative rules or regulations, decree, order or judgment, or (ii) any agreement, indenture, mortgage, lease, deed of trust, note or other instrument to which Genesee or its properties are or may be bound.

(d) The information set forth in the Preliminary Official Statement and the Official Statement relating to Genesee and the County Agency, including information in Appendices A and B thereto, is true and correct in all material respects and, with respect to the information relating to Genesee and the County Agency, the Preliminary Official Statement (except as to the statements contained in the Preliminary Official Statement that have been changed or supplemented in the Official Statement) and the Official Statement do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the

statements made therein, in light of the circumstances under which they were made, not misleading.

(e) The combined balance sheets of Genesee as of September 30, 2013, and the related combined financial statements of revenues and expenses/expenditures, changes in fund balances and changes in financial position of proprietary and similar trust funds for the year ended September 30, 2013, including the notes thereto included in Appendix B of the Official Statement, present fairly the financial position of Genesee as of the dates indicated and the results of its operations and changes in fund balances and financial position of proprietary and similar trust funds for the years specified, and such financial statements have been prepared in conformity with generally accepted accounting principles consistently applied in all material respects.

(f) Except as set forth in the Preliminary Official Statement and the Official Statement, subsequent to the respective dates as of which information is given in the Preliminary Official Statement (except as to dates or information contained in the Preliminary Official Statement that have been changed in the Official Statement) and the Official Statement, Genesee has not incurred any liabilities, direct or contingent, or entered into any transactions, not in the ordinary course of business, that are material to the business and affairs of Genesee and there has not been any material adverse change in the condition, results of operation or general affairs of Genesee (financial or otherwise).

(g) Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity by or before any court or public board or body pending or threatened against or affecting Genesee (or, to the knowledge of Genesee, any basis therefor) that in any way questions the powers of Genesee referred to in Section 1(a) of this Letter of Representation, or the validity of any proceedings taken by Genesee in connection with the execution and delivery of the Contract or the Genesee Continuing Disclosure Undertaking or that might result in a material adverse change in the condition (financial or otherwise), business or affairs of Genesee, or wherein an unfavorable decision, ruling or finding would adversely affect (i) the material transactions described in the Resolution, the Official Statement, the Bond Purchase Agreement, the Genesee Continuing Disclosure Undertaking, the Contract, or this Letter of Representation, or (ii) the validity or enforceability of the Resolution, the Bond Purchase Agreement, the Genesee Continuing Disclosure Undertaking, the Contract, this Letter of Representation or any agreement or instrument to which Genesee is a party and which is used or contemplated for use in the consummation of the material transactions described in the Official Statement or this Letter of Representation.

(h) Genesee is not in breach of or in default under any existing law, court or administrative regulation, decree, order, agreement, indenture, mortgage, lease or sublease or other instrument to which it is a party or by which it is bound, and no event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder, except (in each case) for such minor breaches, defaults or potential defaults or events of default, if any, which individually and in the aggregate would have no material adverse effect on Genesee's financial condition, operations or properties.

(i) All material consents, certificates, approvals or resolutions necessary for the

execution, delivery and/or performance by Genesee of the Contract, the Genesee Continuing Disclosure Undertaking and this Letter of Representation required to be obtained have been obtained.

(j) The County Agency has elected not to exercise its option to cancel the Genesee Water Supply Contract as provided in Section 7.04(b) therein.

(k) Any certificate signed by an authorized officer of Genesee delivered to the Underwriters shall be deemed a representation and warranty by Genesee to such parties as to the statements made therein.

Section 2. Special Covenants. Genesee covenants and agrees with each of the Underwriters and the Issuer as follows:

(a) Genesee agrees that from the time the Official Statement becomes available to any person from the Municipal Securities Rulemaking Board (the "MSRB") until twenty-five (25) days following the "end of the underwriting period" (as such term is defined below), (i) to notify the Underwriters of the occurrence of any event relating to Genesee or the County Agency, the result of which would make it necessary to amend or supplement the Official Statement in order to make the statements contained therein relating to Genesee or the County Agency, in light of the circumstances in which they were made, not misleading, and (ii) to cooperate in the preparation of a revised Official Statement or amendments or supplements to the Official Statement so that such statements in the Official Statement, as so amended or supplemented, will not, in light of the circumstances in which they were made, be misleading.

For purposes of this Letter of Representation, the term "end of the underwriting period" shall be the later of the Closing or when a participating Underwriter or selling group member no longer retains (directly or as a syndicate member) an unsold balance of the Bonds for sale to the public. The Representative agrees that the date on which the end of the underwriting period will occur will be the Closing Date, unless the Representative otherwise notifies Genesee in writing prior to such date that, to the best of its knowledge, there exists an unsold balance of the Bonds, in which case the end of the underwriting period shall be extended thirty (30) days each upon receipt of an additional written notification from the Representative that, to the best of its knowledge, there exists an unsold balance of the Bonds.

(b) Genesee deems the Preliminary Official Statement final, as of its date, with respect to information contained therein relating to Genesee and the County Agency.

(c) Genesee shall not take any action or omit to take any action required to be taken by it that will in any way cause the proceeds from the sale of the Bonds to be applied or result in their being applied in a manner other than as provided in or as contemplated by the Contract, the Official Statement and the Resolution.

(d) Genesee shall not take any action or permit any action to be taken on its behalf, or cause or permit any circumstances within its control to arise or continue, if such action or circumstance would result in the loss of exclusion from federal gross income of the interest on the Bonds.

(e) Between the date hereof and the date of the Closing, Genesee will not take any action which would cause the representations and warranties contained in Section 1 to be untrue on the date of the Closing. On the Closing Date, Genesee shall deliver or cause to be delivered all opinions, certificates and other documents to be delivered by it or on its behalf as provided for in the Bond Purchase Agreement, and to deliver such additional certificates and other documents as the Underwriters may reasonably request to evidence performance of or compliance with the provisions of this Letter of Representation and the transactions contemplated by the Official Statement, the Resolution, the Contract and this Letter of Representation, all such certificates and other documents to be satisfactory in form and substance to the Underwriters.

(f) Genesee will make available such information to such parties at such times as shall be necessary to enable the Underwriters to meet their responsibilities under applicable federal securities statutes and regulations.

Section 3. Survival of Representations and Warranties. All representations, warranties, covenants and agreements contained in this Letter of Representation or contained in certificates of officers of Genesee submitted pursuant hereto or pursuant to the Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigations made by or on behalf of the Underwriters or any other person, and shall survive (i) delivery of the Bonds to the Underwriters and payment by the Underwriters therefor pursuant to the Bond Purchase Agreement, (ii) any termination of the Bond Purchase Agreement by the Underwriters pursuant to the provisions thereof, or (iii) any failure on the part of Genesee or the Issuer to satisfy any condition to the obligations of the Underwriters specified in the Bond Purchase Agreement, which failure results in a refusal by the Underwriters to purchase and pay for the Bonds.

Section 4. Parties In Interest. This Letter of Representation shall be binding upon Genesee and shall inure solely to the benefit of the Underwriters and the Issuer and, to the extent set forth herein, officers, directors and employees of and persons controlling the Underwriters and the Issuer, and their respective personal representatives, successors and assigns, and no other person or firm shall acquire or have any right under or by virtue of this Letter of Representation.

Section 5. Notices. Any notice or other communication to be given to the Underwriters, the Issuer or Genesee under this Letter of Representation shall be given by delivering the same in writing addressed, as the case may be, as follows: If to the Underwriters, to J.P. Morgan Securities LLC, 1450 Brickell Avenue, Floor 33, Miami, Florida 33131, Attention: T.J. Whitehouse, Executive Director; if to the Issuer, to Karegnondi Water Authority, G-4610 Beecher Road, Flint, Michigan 48532, Attention: Chief Executive Officer; and, if to Genesee, to County of Genesee, G-4608 Beecher Road, Flint, Michigan 48532, Attention: Drain Commissioner, as County Agency.

Section 6. General. This Letter of Representation shall be governed by and construed in accordance with the laws of the State of Michigan. This Letter of Representation may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

If the foregoing is in accordance with your understanding of the agreement between us, kindly sign and return to Genesee a duplicate of this Letter of Representation whereupon this will constitute a binding agreement of Genesee in accordance with the terms hereof.

Very truly yours,

COUNTY OF GENESEE,
STATE OF MICHIGAN

By: _____
Keith Francis
Its: Controller

And: _____
Jeffrey Wright
Its: Drain Commissioner, as County Agency

Accepted and confirmed as of the date first above written.

J.P. MORGAN SECURITIES LLC
as Representative

By: _____
T.J. Whitehouse
Its: Executive Director

On behalf of the Underwriters

KAREGNONDI WATER AUTHORITY

By: _____
Jeffrey Wright, Chief Executive Officer

If the foregoing is in accordance with your understanding of the agreement between us, kindly sign and return to Genesee a duplicate of this Letter of Representation whereupon this will constitute a binding agreement of Genesee in accordance with the terms hereof.

Very truly yours,

COUNTY OF GENESEE,
STATE OF MICHIGAN

By: _____
Keith Francis
Its: Controller

And: _____
Jeffrey Wright
Its: Drain Commissioner, as County Agency

Accepted and confirmed as of
the date first above written

J.P. MORGAN SECURITIES LLC
as Representative

By: _____
T.J. Whitehouse
Its: Executive Director

On behalf of the Underwriters

KAREGNONDI WATER AUTHORITY

By: _____
Jeffrey Wright, Chief Executive Officer

If the foregoing is in accordance with your understanding of the agreement between us, kindly sign and return to Genesee a duplicate of this Letter of Representation whereupon this will constitute a binding agreement of Genesee in accordance with the terms hereof.

Very truly yours,

COUNTY OF GENESEE,
STATE OF MICHIGAN

By: _____
Keith Francis
Its: Controller

And: _____
Jeffrey Wright
Its: Drain Commissioner, as County Agency

Accepted and confirmed as of
the date first above written

J.P. MORGAN SECURITIES LLC
as Representative

By: _____
T.J. Whitehouse
Its: Executive Director

On behalf of the Underwriters

KAREGNONDI WATER AUTHORITY

By: _____
Jeffrey Wright, Chief Executive Officer

EXHIBIT D

[Letterhead of Miller, Canfield, Paddock and Stone, P.L.C.]

April 16, 2014

Karegnondi Water Authority
Counties of Genesee, Lapeer and Sanilac
State of Michigan

J.P. Morgan Securities LLC,
as Representative of the Underwriters
New York, New York

This opinion is submitted pursuant to Section 5(b)(xi) of the Bond Purchase Agreement (the "Purchase Agreement"), dated April 1, 2014, between the Karegnondi Water Authority, Counties of Genesee, Lapeer and Sanilac, State of Michigan (the "Issuer") and J.P. Morgan Securities LLC, as Representative for the underwriters (the "Underwriters"), relative to the purchase and sale by the Issuer of its Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A (the "Bonds"), in the aggregate original principal sum of $220,500,000, and is supplementary to our approving opinion bearing even date herewith. Terms used herein shall have the same meaning ascribed to them in the approving opinion or in the Purchase Agreement.

We have examined (in addition to the proceedings and documents specified in the approving opinion) executed counterparts of the Purchase Agreement and the Official Statement pertaining to the Bonds, dated April 1, 2014, and on the basis of such examination and our review of such other information, records and documents as in our judgment is necessary and advisable, we are of the opinion that:

1. The Issuer had at the time of execution of the Purchase Agreement, and has as of the date hereof, full legal right, power and authority (i) to enter into the Purchase Agreement and (ii) to sell and deliver the Bonds to the Underwriters as provided in the Purchase Agreement, the Resolution, the Sale Order and the Official Statement. The Issuer had at the time of execution of the Purchase Agreement, and has as of the date hereof, duly authorized and approved the execution and delivery of, and the performance of its obligations contained in, the Purchase Agreement.

2. No further authorization or approval is required for the execution and delivery of the Purchase Agreement, and the Purchase Agreement constitutes a legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms; and no further authorization or approval is required for the performance by the Issuer of its obligations under the Purchase Agreement.

3. The Issuer has duly authorized and approved the Preliminary Official Statement regarding the Bonds dated March 21, 2014 (the "Preliminary Official Statement"), and has duly authorized, approved and executed the Official Statement.

4. Other than the approvals which have been obtained, no consent or approval of, or registration or declaration with, any federal, state or other governmental commission, board, regulatory body or instrumentality, is required for authorization and issuance of the Bonds or in connection with any of the actions of the Issuer described in paragraphs 1, 2, or 3 hereof (except for such approvals, consents or authorizations as are required by blue sky or securities laws of any state, as to which no opinion is expressed), nor is any election or referendum of voters required in connection therewith.

5. All proceedings necessary to fulfill in all material respects the terms and conditions of the Bonds including payment of the principal thereof and interest thereon and to carry out the transactions contemplated by the Purchase Agreement are in full force and effect.

6. The fulfillment of the terms and conditions of, and the carrying out of the transactions contemplated by, the Purchase Agreement do not and will not conflict with or constitute on the part of the Issuer, a breach of, or a default under, any existing law, including, without limitation, the Constitution of the State of Michigan, to which the Issuer is subject or by which it is bound.

7. The Continuing Disclosure Undertakings of the Issuer and each of the Local Units have been duly authorized, executed and delivered by the Issuer and each of the Local Units and constitute the legal, valid and binding obligation of the Issuer and each of the Local Units, enforceable in accordance with their respective terms; and no further authorization or approval is required for the performance by the Issuer and each of the Local Units of their respective obligations under the Continuing Disclosure Undertakings.

8. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution and the Sale Order are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

9. The statements contained in the Preliminary Official Statement and the Official Statement under the headings "PURPOSE," "SECURITY," "THE BONDS," "PRIOR REDEMPTION OF BONDS," "TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM," "TAX MATTERS," "APPROVAL BY THE MICHIGAN DEPARTMENT OF TREASURY," "BOND COUNSEL'S RESPONSIBILITY," and "CONTINUING DISCLOSURE" (first two paragraphs only), insofar as such statements summarize the language and effect of the Resolution, the Sale Order, the Contract, the Bonds and the Constitution and the laws of the State of Michigan and the United States of America are fair and accurate summaries thereof in all material respects.

Although we have not independently verified and are not passing upon or assuming any responsibility for the accuracy, completeness or fairness of the statements in the Official

Statement (except to the extent expressly set forth in paragraph 9 hereof), in our capacity as Bond Counsel, in which capacity we have been dependent on information provided by representatives of the Issuer, we participated in conferences with representatives of the Issuer and representatives of and counsel for the Underwriters for the purpose of drafting such portions of the Preliminary Official Statement and the Official Statement expressly set forth in paragraph 9 hereof. Such information and conferences did not disclose to us any information which causes us to believe that the Preliminary Statement contained, as of its date, and the Official Statement contained, as of its date, or contains as of the date hereof, any untrue statement of a material fact or omitted as of its date, or omits as of the date hereof, to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. As Bond Counsel, we have not been retained to examine, nor have we attempted to examine, the financial or statistical information contained in the Preliminary Official Statement and the Official Statement, including Appendices A, B, C, D, G and I, and we express no opinion with respect thereto.

The foregoing opinion is qualified to the extent that the enforceability of the rights and remedies set forth in the Purchase Agreement, the Resolution, the Sale Order, the Contract, the Continuing Disclosure Undertaking and the Bonds may be limited by bankruptcy, insolvency laws regarding fraudulent conveyances, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights generally now existing or hereafter enacted, and are subject to general principles of equity including those relating to equitable subordination regardless of whether such enforceability is considered in a proceeding at law or in equity.

The Underwriters shall be entitled to rely on all opinions rendered by us on the date hereof in connection with the delivery of the Bonds, including but not limited to our approving opinion bearing even date herewith, the same as if all such opinions were addressed to them.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By: _____
David P. Massaron

EXHIBIT E

[Letterhead of Dickinson Wright PLLC]

April 16, 2014

J.P. Morgan Securities LLC
New York, New York
as Representative of the Underwriters
of the Bonds referred to below

Re: Karegnondi Water Authority
Water Supply System Bonds
(Karegnondi Water Pipeline), Series 2014A

Ladies and Gentlemen:

We have acted as counsel for the underwriters (the "Underwriters") in connection with the purchase by the Underwriters of the above-referenced bonds (the "Bonds") pursuant to the Bond Purchase Agreement, dated April 1, 2014 (the "Purchase Agreement"), between you, as Representative of the Underwriters, and the Karegnondi Water Authority (the "Issuer"). Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Purchase Agreement.

We, as counsel for the Underwriters, have examined and relied upon the following:

(a) A certified copy of the resolution adopted by the Board of Trustees of the Issuer on November 20, 2013, authorizing the issuance of the Bonds (the "Resolution"), and an executed order of the Chief Executive Officer of the Issuer, dated April 1, 2014, approving the sale of the Bonds (the "Sale Order");

(b) A copy of the Preliminary Official Statement of the Issuer, dated March 21, 2014, relating to the Bonds, including the cover page and appendices thereto (the "Preliminary Official Statement"); and

(c) A copy of the Official Statement of the Issuer, dated April 1, 2014, relating to the Bonds, including the cover page and appendices thereto (the "Official Statement"); and

(d) An executed copy of the Purchase Agreement; and

(e) An executed counterpart of the Contract, dated as of August 1, 2013, among the Issuer, the City of Flint ("Flint") and the County of Genesee ("Genesee") relating to the Bonds; and

(f) Executed copies of the Continuing Disclosure Undertaking of the Issuer, dated April 16, 2014, relating to the Bonds (the "Issuer Continuing Disclosure Undertaking"), the Continuing Disclosure Undertaking of Flint, dated April 16, 2014, relating to the Bonds (the "Flint Continuing Disclosure Undertaking"), and the Continuing Disclosure Undertaking of Genesee, dated April 16, 2014, relating to the Bonds (the "Genesee Continuing Disclosure Undertaking" and together with the Issuer Continuing Disclosure Undertaking and the Flint Continuing Disclosure Undertaking, the "Continuing Disclosure Undertakings"); and

(g) Executed copies of the opinions of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, delivered to you pursuant to Section 5(b)(iv) of the Purchase Agreement.

In addition, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such other records, opinions and documents, and have made such investigation of law, as we have deemed necessary or appropriate for purposes of this opinion.

In arriving at the conclusions hereinafter expressed, we are not expressing any opinion or view on, and with your permission are assuming and relying on the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above, including the representations and legal conclusions regarding the due authorization, issuance, delivery, validity and enforceability of the Bonds and the exclusion of interest thereon from gross income for federal income tax purposes. We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereon are genuine.

Based upon and subject to the foregoing, and in reliance thereon, we are of the opinion that:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution and the Sale Order are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. We are not acting upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement, including the appendices thereto, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements; however, in our capacity as counsel for the Underwriters, we met in conferences and participated in telephone conferences with your representatives and with representatives of the Issuer, Bond Counsel, and others, during which conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. Based upon our participation in the above-mentioned conferences, and our reliance thereon, and on the records, documents, certificates and opinions herein mentioned, we advise you that, during the course of our representation of you in this

matter, no information came to our attention which caused us to believe that the Preliminary Official Statement as of its date, and the Official Statement as of its date and as of the date of this opinion (except for financial, statistical and technical information, data and projections or estimates included in the Preliminary Official Statement and the Official Statement, including information contained in Appendices A, B, C, D, G, and I and any information relating to The Depository Trust Company, as to all of which we express no opinion or view), contained or contains any untrue statement of a material fact or omitted or omits to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

3. On our basis of the review of Rule 15c2-12 promulgated under the Securities Exchange of 1934, as amended (the "Rule"), certain releases of the Securities and Exchange Commission ("SEC") accompanying the publication thereof and amendment thereto, and various commentary and interpretation of the Rule by the SEC in response to questions posed by the National Association of Bond Lawyers and by the American Bar Association, among others, it is our opinion that each of the Continuing Disclosure Undertakings complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule.

We are furnishing this letter to you pursuant to Section 5(b)(xii) of the Purchase Agreement solely for your benefit as Representative of the Underwriters. Our engagement with respect to this matter is terminated as of the date herein and we disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person, but may be referred to in the closing transcripts. This letter is not intended to be relied upon by the owners of the Bonds.

Respectfully submitted,

EXHIBIT F

LIST OF UNDERWRITERS

J.P. Morgan Securities LLC
Wells Fargo Bank, National Association
Stifel, Nicolaus & Company, Incorporated

MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns initial A2 to Karegnondi Water Authority's (MI) $220M Water Bonds, Ser. 2014A

Global Credit Research - 20 Mar 2014

Affirms A2 rating on Genesee County's outstanding GOLT debt

GENESEE (COUNTY OF) MI
Water Enterprise
MI

Moody's Rating

ISSUE	RATING
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A	A2
Sale Amount	$220,000,000
Expected Sale Date	04/01/14
Rating Description	General Obligation Limited Tax

Moody's Outlook NOO

Opinion

NEW YORK, March 20, 2014 --Moody's Investors Service has assigned an initial A2 to the Karegnondi Water Authority's (KWA) $220 million Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A. Concurrently, Moody's has affirmed the A2 rating on Genesee County's outstanding General Obligation Limited Tax (GOLT) debt. The Series 2014A bonds are secured by contractual payments from Genesee County and the City of Flint, which are secured by the GOLT pledges of the county and city for their respective contractual payments. Genesee County is further required, under the financing contract, to correct any payment shortfall on the part of Flint. Contractual payments are expected to be paid with net revenues of the water enterprises of both entities. Proceeds from bonds will finance a portion of the cost to construct a water supply system to KWA member communities.

SUMMARY RATINGS RATIONALE

The A2 rating on KWA's Series 2014A bonds is based on the GOLT credit quality of Genesee County given the GOLT pledge for contractual payments and the requirement for the county to step up to fully cover any payments missed by the City of Flint. Moody's assessment of Genesee County's ability to absorb the full amount of debt service is a key rating factor given ongoing financial distress within the City of Flint. The A2 rating also reflects solid security features incorporated into the financing and underlying water supply contracts including provisions for monthly capital set asides and a debt service reserve fund. The A2 rating on Genesee County's outstanding GOLT debt reflects the county's large tax base that has realized a multi-year trend of material depreciation, relatively narrow financial position with very limited liquidity, and modest debt burden that increases significantly if debt service for current and future KWA issuances fail to be supported by the county's water enterprise.

STRENGTHS

- Strong project management and planning, coupled with minimal project complexity, help mitigate construction risk

- Step-up provisions require Genesee County to fully cover debt service if the City of Flint cannot meet its obligation

- Sizable service area with potential for further expansion

- Participants have significant rate setting flexibility

CHALLENGES

- Financial distress within the City of Flint increases the likelihood that Genesee County will be solely responsible for debt service

- KWA issuances substantially increase Genesee County's debt burden if local unit water enterprises do not remain self-supporting

- Long-term economic stress in the service area as indicated by the multi-year trend of tax base devaluation and above average unemployment

DETAILED CREDIT DISCUSSION

STRONG STEP UP PROVISIONS; GENESEE COUNTY WOULD NEED TO IMPLEMENT SUBSTANTIAL RATE INCREASES TO ABSORB ADDED COSTS

Under the financing contract, Genesee County is required to pay 65.8% of debt service and the City of Flint is required to pay 34.2%. The allocations have been adjusted for capital expenses already incurred by Genesee County for the project. Each local unit has covenanted to make full contractual payments equivalent to debt service 30 days prior to debt service due dates. If the City of Flint fails to make its payments, Genesee County has covenanted to make payments within 15 days of being notified by KWA. KWA is required to immediately notify each local unit if there has been a missed payment. Additionally, KWA is required to undertake all legal actions and make use of all remedies to recoup any missed payments. The financing contract also requires a debt service reserve equivalent to the lesser of maximum annual debt service, 10% of par, or 125% average annual principal and interest payments. The reserve will be cash funded with bond proceeds.

The City of Flint is under severe financial distress, increasing the likelihood that Genesee County would need to fully cover debt service payments. In December 2011, the State of Michigan appointed an emergency manager to oversee the city's financial operations. The city ended fiscal 2013 with a General Fund balance deficit of $12.9 million, or a highly distressed 21% of revenues. Favorably, the deficit was reduced from 35.2% of revenues in fiscal 2012 as a result of substantial revenue and expenditure adjustments. The city's water enterprise operations have historically been stressed as well with a history of poor debt service coverage, declining reserves, and a lack of capital investments. The city implemented a 35% rate increase for fiscal 2012, which substantially improved the enterprise's financial operations. A lawsuit challenging the rate increase is pending.

We believe that the county would need to promptly and significantly increase its water rates to absorb full debt service should Flint be unable to make payments. Genesee County water rates would need to increase approximately 22% to cover Flint's share of principal and interest as well as operating and maintenance costs. The county has ample rate setting authority as the county drain commissioner is able to increase rates without approval from the county board or any outside agencies. We expect the county would promptly increase rates, given management's history of making substantial adjustments to revenue and expenditures. The county has also developed pro-forma financial projections that include such a scenario. Should the county fail to increase rates, it would place substantial pressure on county reserves. One year of Flint's share of debt service payments is equivalent to 70% of the county's General Fund balance or 90% of the water enterprise's unrestricted net assets. Failure of the county to promptly adjust rates, would likely place substantial downward pressure on the credit ratings of both KWA and Genesee County.

STRONG PLANNING FOR NEW REGIONALLY IMPORTANT WATER SYSTEM

We believe that strong management and planning minimize the construction risk to establish the regionally important water authority. KWA was formed in 2010 for the purpose of providing a new source of water for the member communities of Genesee County, the County of Lapeer, the County of Sanilac, the City of Lapeer and the City of Flint. While only Flint and Genesee County immediately benefit from the current project, the other KWA members may tap into the water system at a later date. Participants identified a need for an alternative source of water from Detroit Water and Sewer Department, given significant annual rate increases, aging infrastructure, and somewhat regular loss of water service.

KWA expects to eventually supply raw water to a three county area consisting of 2,232 square miles and over 500,000 residents. The system will initially serve Genesee County with a population of 426,000 and the City of Flint, which is home to 24% of county residents. KWA has secured permits from the Michigan Department of Environmental Quality for a maximum annual draw of 85 million gallons per day (MGD) from Lake Huron. Under signed water supply contracts, Genesee County has the right to draw up to 42 MGD and Flint 18 MGD. Capital

charges to cover system infrastructure are on a take or pay basis, while O&M charges are prorated by usage. Current maximum usage between the two communities approximates 50 MGD.

Major project components consist of an intake facility, 63 miles of pipe, and two pump stations. The intake facility was financed separately by Genesee County and is currently under construction. KWA has identified the pipeline route, prepared preliminary permits for the route, and begun design of the pipeline and pump stations. The necessary land and easements have all been acquired. The City of Flint is currently in the process of upgrading its water treatment plant at a cost of $8 million, which it is cash financing from water enterprise reserves. Genesee County will be building its own treatment facility at a cost of $60 million, which will be financed by additional bonds. The total system is expected to be completed by May 1, 2016.

FUTURE BORROWING PLANNED BY KWA AND GENESEE COUNTY

Genesee County currently has a modest debt burden of 0.8% of full valuation. The debt burden does not include KWA debt or outstanding GOLT bonds that are self supporting from the water system, MTF revenue, or delinquent tax collections. The county plans to issue $48 million in GOLT debt in July 2014 and $12 million in September 2015 to construct the aforementioned water treatment plant. KWA plans to issue $80 million next year to complete the water pipeline project. The county's debt burden rises to an above average 2.8% inclusive of all planned KWA debt and the planned water treatment plant financing.

SERVICE AREA CONTINUES TO FACE ECONOMIC PRESSURES

Genesee County and the City of Flint have experienced significant economic pressure in recent years including elevated unemployment and tax base depreciation. Located in southeast Michigan, Genesee County lies just north of Oakland County (GOLT rated Aaa, stable) and approximately 60 miles northwest of the City of Detroit (GO rated Caa3, negative). Approximately 24% of Genesee County's 426,000 residents reside in the City of Flint. Over the past five years, the county has realized a cumulative 35% loss of full market valuation, which has declined at an average annual rate of 8.1%. A 2% decline in full valuation in 2013 was much more moderate compared to declines of 13.4% and 8% in 2010 and 2011, respectively. The trend of devaluation has resulted in a still sizeable $18 billion full valuation in the current year. Tax base depreciation within the City of Flint has been severe with the tax base declining 58% from 2008 to its current size of $1.6 billion.

While the regional economy has diversified over the past decade following growth in the healthcare sector, the county maintains close ties to durable goods manufacturing, primarily within the automotive sector. General Motors Corporation (Ba1, stable) remains the largest employer in the county with over 3,400 employees and, at 1.1% of assessed valuation, is the county's second largest taxpayer. While the company reduced employment and closed facilities in the run up to its 2009 bankruptcy, local operations have since stabilized and the company announced in April that it will make a $215 million investment in its Flint Engine Plant. The demographic profile of the county has weakened somewhat over the past decade. Median family income is estimated at 86% of the national figure, down from the 100% reported in the 2000 US Census. The median family income in Flint is extremely low at 50% of the national figure. The county's unemployment rate was elevated at 8.8% as of December 2013, while the City's of Flint's unemployment rate was very high at 15.6%.

GENESEE COUNTY'S FINANCIAL POSITION EXPECTED TO REMAIN STABLE; OPERATIONS HAVE BENEFITED FROM MANAGEMENT'S WILLINGNESS TO REDUCE EXPENDITURES TO MATCH DECLINING REVENUES

Going forward, the county's overall financial position is expected to remain stable, though moderate downward pressure on operating revenues may persist in the immediate term. From fiscal 2005 through fiscal 2012, the county's General Fund balance declined from $18.8 million, or 19.6% of revenues, to $11.7 million, or 14.3% of revenues. Fund balance declines since fiscal 2008 have been almost entirely the result of annual declines in operating revenues, most notably that of property taxes. From fiscal 2008 through fiscal 2012, annual property tax collections declined by a cumulative 15% as taxable values within the county steadily dropped. The loss of revenue contributed to a material $5.6 million operating shortfall in fiscal 2009 that brought the General Fund to its lowest point of $5.3 million, or a narrow 5.6% of revenues. Since fiscal 2009, management has been successful in reducing annual General Fund expenditures, which declined by a total of nearly 19% through fiscal 2012. The expenditure reductions, which included attrition of staff and concessions in employee contracts, supported operating surpluses of $5.8 million and $828,000 in fiscal years 2010 and 2011, respectively. Fiscal 2012 operations were nearly balanced, with the General Fund balance declining by a very modest $63,000.

Positive General Fund operating results in fiscal years 2010 and 2011 are also attributed to the county's transfer of money from its Delinquent Tax Revolving Fund (DTRF). Fees and interest collected on delinquent taxes can

accumulate in the DTRF and are unrestricted for any county purpose, providing additional liquidity outside of the General Fund. In fiscal 2010, the county's transfer of $9.4 million to the General Fund completely depleted the DTRF's unrestricted net asset position, leaving the county with no discretionary reserves outside of the General Fund. Transfers of $4.4 million and $5.5 million occurred in fiscal years 2011 and 2012, respectively. Positively, despite the transfers in those years, interest and fees were large enough to the enable the county to maintain liquidity in the fund. The DTRF closed fiscal 2012 with an unrestricted net asset position of $3.5 million.

Adding further pressure to the county's annual operations has been the depletion of year-end cash reserves in the General Fund since fiscal 2005. Throughout the year, the General Fund relies on a number of different operating funds for cash flow. Across all governmental funds, the county maintained a pooled cash and investments balance of $71.9 million, $48.5 million of which was held in the Mental Health Fund. Available cash and investments in the Mental Health Fund at fiscal year-end 2012 amounted to 23.2% of combined Mental Health and General Fund operating revenues. Effective January 1, 2013, the county's mental health operations have been spun off into a legally separated Community Mental Health Authority. The authority and county have signed an agreement whereby the authority will maintain its financial assets in the county's pooled bank account for the next three years, enabling continuation of the use of mental health cash reserves to maintain positive cash flow for general operations.

Although audited financial statements are not yet available for fiscal 2013, management estimates the county ended the year with a General Fund surplus of $670,000, inclusive of a $4.9 million transfer from the DTRF. While total General Fund revenues are estimated to have declined by a further 3%, additional cost reductions are expected to yield a 3.2% or greater decline in expenditures relative to fiscal 2012. Going forward, material improvement will be dependent on renewed growth in property tax collections, which comprised 57% of total General Fund revenues in fiscal 2012. While moderation of the annual decline in taxable values may be indicative of near-term stabilization and new growth, it may take years for property tax revenues to return to prior year levels as the Michigan constitution limits property tax revenue growth to the lesser of 5% or inflation unless voters approve an override. As growth in taxable value returns, it will likely fall well below the annual rate of decline that the county realized over the past five to six years. Management's continued efforts to maintain or further reduce annual expenditures will be a key determinant in the county's ability to increase financial reserves over the longer term.

WHAT COULD CHANGE THE RATING - UP (KWA)

- Upward movement in Genesee County's GO rating

WHAT COULD CHANGE THE RATING - DOWN (KWA)

- Downward movement in Genesee County's GO rating

- Failure of Genesee County to promptly adjust rates if called upon to make payments on behalf of the City of Flint

- Deterioration of water enterprise operations of Genesee County or the City of Flint

WHAT COULD CHANGE THE RATING - UP (Genesee County)

- Material improvement in economic indicators, including appreciation of the county's tax base, improvement in demographic trends, and further moderation of the unemployment rate

- Growth in General Fund liquidity that limits the need to rely on other funds for annual cash flow

WHAT COULD CHANGE THE RATING - DOWN (Genesee County)

- Further, material declines in the county's tax base that put additional downward pressure on revenues

- Continued economic stress as measured by a worsening of the county's unemployment level or renewed destabilization of major employers

- Operational imbalances in the county's General Fund that contribute to a narrowing of existing financial reserves

- Failure to rebuild cash reserves in the General Fund and improve annual cash flow

KEY STATISTICS (Genesee County)

2013 Full valuation: $18 billion

2013 Estimated full value per capita: $42,465

2006-2010 American Community Survey median family income: 86% of US

Fiscal 2013 Available Operating Fund balance: $29.3 million (14% of revenues)

5-Year Dollar Change in Operating Fund Balance as % of Revenues: -4.43%

Net operating net cash balance: $48.4 million (23% of revenues)

5-Year Dollar Change in Cash Balance as % of Revenues: 12%

Institutional Framework: "A"

Operating History: 5-Year Average of Operating Revenues / Operating Expenditures: 0.99

3-Year Average of Moody's ANPL / Full Value: 1.39x

3-Year Average of Moody's ANPL / Operating Revenues: 1.3x

Net Direct Debt / Full Value: 0.8% (2.8% inclusive of KWA debt)

Net Direct Debt / Operating Revenues: 0.7x (2.37x inclusive of KWA debt)

PRINCIPAL METHODOLOGY

The principal methodology used in the rating of the Karengnondi Water Authority bonds was US Local Government General Obligation Debt published in January 2014. The additional methodologies used in the rating of the water supply bonds were U.S. Municipal Pool Program Debt published in March 2013 and Analytical Framework For Water And Sewer System Ratings published in August 1999. The principal methodology used in the rating of the Genesee County bonds was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on www.moodys.com for a copy of these methodologies.

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STANDARD & POOR'S
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March 19, 2014

Genesee County
Water and Waste Services
G-4610 Beecher Road
Flint, MI 48532
Attention: Mr. Jeff Wright, Drain Commissioner

Re: ***US$220,000,000 Karegnondi Water Authority, Counties of Genesee, Lapeer and Sanilac, State of Michigan, Water Supply System Revenue Bonds (Karegnondi Water Pipeline), Series 2014A, dated: April 10, 2014, due: November 01, 2043.***

Dear Mr. Wright:

Pursuant to your request for a Standard & Poor's Ratings Services ("Ratings Services") rating on the above-referenced obligations, Ratings Services has assigned a rating of "A+". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

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Michigan Department of Treasury
3892 (2-02)

OFFICE USE ONLY	
Debt Type	Debt Kind

Security Report

Issued under Authority of Public Act 34 of 2001.

NQ 5661

INSTRUCTIONS. File this report within 15 business days of completing issuance of any municipal securities. Mail this form to Local Audit and Finance Division, Michigan Department of Treasury, P.O. Box 30728, Lansing, MI 48909-8228. Direct questions to (517) 373-0660 or e-mail to TREAS_LAFD@michigan.gov.

ISSUE INFORMATION

Issuer Name	Name of Issue
KAREGNONDI WATER AUTHORITY	Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A

Amount of Issue	Dated Date of Issue	Legal Authority (Public Act)
$220,500,000	4/16/14	Act 233 of 1955

Purpose
For the purpose of paying a portion of the cost of acquiring and constructing the Issuer's Water Supply System that is being established for the purpose of supplying raw water to its member communities, funding the Debt Service Reserve Account, paying the capitalized interest on the Bonds and paying the costs of issuing the Bonds.

Full Faith and Credit Pledge	First Call Date	Date Sold	Net Interest Rate
[X] Limited Tax [ ] Unlimited Tax [ ] None	11/1/23	4/16/14	4.6911%

Check All That Apply

[ ] Voted [ ] School Bond Loan Fund Qualified [ ] Special Education Funded [ ] Vocational Education Funded

PARTICIPANT INFORMATION

Include all Municipalities that are responsible for repayment of security.

Name	% Participation	% Revenue	% Taxes
County of Genesee	100.00%	0.00%	65.80%
County of Flint	100.00%	0.00%	34.20%

MATURITY SCHEDULE

Date	Principal	Interest Rate
11/1/17	$2,105,000	5.000%
11/1/17	$2,000,000	3.000%
11/1/18	$2,975,000	5.000%
11/1/18	$1,300,000	4.000%
11/1/19	$2,475,000	5.000%
11/1/19	$2,000,000	3.000%
11/1/20	$2,855,000	5.000%
11/1/20	$2,000,000	4.000%
11/1/21	$2,870,000	5.000%
11/1/21	$2,000,000	3.000%
11/1/22	$5,075,000	5.000%
11/1/23	$5,325,000	5.000%
11/1/24	$5,595,000	5.000%
11/1/25	$5,875,000	5.000%
11/1/26	$6,165,000	5.000%
11/1/27	$6,475,000	5.250%
11/1/28	$6,815,000	5.250%
11/1/29	$7,175,000	5.250%

Date	Principal	Interest Rate
11/1/30	$7,550,000	5.250%
11/1/31	$7,945,000	5.250%
11/1/32	$8,365,000	5.250%
11/1/33	$8,800,000	4.500%
11/1/34	$9,200,000	5.250%
11/1/35	$9,680,000	5.250%
11/1/36	$10,190,000	5.250%
11/1/37	$10,725,000	5.250%
11/1/38	$11,290,000	5.250%
11/1/39	$11,880,000	5.250%
11/1/40	$12,505,000	5.250%
11/1/41	$13,160,000	5.000%
11/1/42	$13,820,000	5.000%
11/1/43	$14,510,000	5.000%

RECD 4/22/14 PM 4/21

72 (Rev 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: April 22, 2014

TO: Kevin Clinton, State Treasurer

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: City of Flint No Bid Contract Approval

On April 9, 2014, the City of Flint requested approval of a $55,815 no bid contract with Ozonia North America for ozone generators as part of the City's upgrades to its Water Plant. Public Act 436 of 2012 requires that any no bid contract with a value exceeding $50,000 must receive approval of the State Treasurer.

Justification by the City

Follow-up from the City indicates that there is only one supplier of the requested equipment and no other compatible parts exist. The City's justification for this purchase is as follows:

The City purchased ozone generators in 2005 as part of a facility upgrade at the Water Plant. The manufacturer selected for these generators was Ozonia North America. This manufacturer was selected instead of the Fuji or General Electric brand The Water Plant is requesting to purchase dielectrics and there corresponding components for said generators. These are internal parts of the Ozonia generators, and other manufacturer parts are not compatible Therefore, Ozonia is the only vendor that can provide these parts.

The City originally canvass vendors that service the generators to procure the requested parts, however, it was determined that these vendors also order their parts from Ozonia It was determined that the City order parts directly from Ozonia.

Recommended Change to EM Order

Approval of this contract is being requested. No adverse impacts resulting from this purchase have been identified.

Attached for review is a copy of the Emergency Manager Resolution authorizing this no bid purchase.

If additional information is desired, please let me know.

Attachment

State Treasurer Approval:

I, R. Kevin Clinton, State Treasurer for the State of Michigan, pursuant to the authority assigned by the Governor of the State of Michigan at the time of appointment of the Receivership Transition Advisory Board, do hereby:

_____ Approve Submitted Recommendation

_____ Deny Submitted Recommendation

_____ _____

R. Kevin Clinton, State Treasurer
Michigan Department of Treasury

Date

14-5089

(Request # 140000174)

EM SUBMISSION NO.: EME228 2014

PRESENTED: 4-8-14

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO OZONIA FOR VARIOUS OZONE PARTS

BY THE EMERGENCY MANAGER

RESOLUTION

The Department of Purchases and Supplies has received a quote for various Ozone parts that are needed @ the Water Plant as part of an upgrade project to said facility; and

Ozonia, 600 Willow Tree Rd., Leonia, NJ is the original equipment manufacturer (OEM) and thereby the sole vendor to procure said parts. The funding for this request will come from the following account number: 591-545.300-801.000; and

IT IS RESOLVED, that the Department of Purchases and Supplies, upon the Emergency Manager's approval, is hereby authorized to issue a purchase order to Ozonia for various Ozone parts in an amount not to exceed $55,815.00. (Water Fund)

APPROVED PURCHASING DEPT: _____
Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE: _____
Gerald Ambrose, Finance Director

APPROVED AS TO FORM: _____
Peter M. Bade, City Attorney

\EFM DISPOSITION:

ENACT _____ REFER TO COUNCIL _____ FAIL _____

_____ DATED: _____
Darnell Earley, Emergency Manager

071013 – DFJ

Widigan, Robert (TREASURY)

From: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Sent: Thursday, April 24, 2014 4:37 PM
To: Cline, Richard (Treasury); Dube, Mathieu (Treasury); Vandegrift, Drew (TREASURY); Widigan, Robert (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: FW. MEDIA ADVISORY· Flint River Water Transition Event

FYI

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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Thank you

From: Jason Lorenz [mailto:jlorenz@cityoffllint.com]
Sent: Thursday, April 24, 2014 4:33 PM
Subject: MEDIA ADVISORY: Flint River Water Transition Event

MEDIA ADVISORY:
City of Flint Transition to Flint River Water Ceremony

WHERE: Flint Water Treatment Plant, 4500 N. Dort Hwy. by Stewart Ave.

WHEN: Friday, April 25, 2014 at 2:00pm

Description: The City of Flint is holding a ceremony tomorrow to officially begin the transition to use of the Flint River by shutting the valve to the intake pipe from Detroit.

The DEQ has given Flint final authorization to begin water distribution from the Flint Water Treatment Plant. City, Genesee County, and Michigan Department of Environmental Quality officials will be on hand to witness this historic event and answer media questions.

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Friday, April 25, 2014 4:23 PM
Subject: PRESS RELEASE: Flint Officially Begins Using River
Attachments: Flint.River.Transition.4.25.14.pdf

For Immediate Release

City of Flint Officially Begins Using Flint River as Temporary Primary Water Source

Flint, Michigan – April 25, 2014 – For the first time in fifty years, the City of Flint is using the Flint River—part of the Saginaw River watershed—as a primary water source for city residents. Today the valve to the pipeline from Detroit was closed and the Flint River officially became Flint's water supply. The temporary switchover is scheduled to support the city's primary water needs for the next two years while construction of the forthcoming pipeline from Lake Huron is completed by Karegnondi Water Authority. Officials from the City of Flint, the Genesee County Drain Commission and the Michigan Department of Environmental Quality were all on hand to witness the historic event.

The Flint River was once the primary source of water for city residents up to the 1960s. Over the past 40 years, it has provided water to city residents as a back-up to water provided to us by Detroit. During our partnership with Detroit, Flint has had to transition to the use of the Flint River for residential water on a few different occasions, with the most recent temporary switchover happening in 2009. Each temporary stint on local water proved three things to city employees and residents alike: That a transition to local river water could be done seamlessly, and that it was both sensible and safe for us to use our own water as a primary water source in Flint.

Even with a proven track record of providing perfectly good water for Flint, there still remains lingering uncertainty about the quality of the water. In an effort to dispel myths and promote the truth about the Flint River and its viability as a residential water resource, there have been numerous studies and tests conducted on its water by several different independent organizations. In addition to what has been found in independent

studies, it is also the responsibility of the City of Flint Water Service Center to continually test the water provided to city residents. Michael Prysby of the Michigan DEQ Office of Drinking Water verified that "the quality of the water being put out meets all of our drinking water standards and Flint water is safe to drink."

For nearly 10 years Mike Glasgow has worked in the laboratory at the City of Flint Water Service Center. He has run countless tests on our drinking water to ensure its safety for public use. Mike has not only conducted tests on water provided to us by Detroit, but also on local water from nearby rivers, lakes and streams including the Flint River. When asked if over the last decade if he has seen any abnormalities of major concern in the water, his response was an emphatic, "No." In his words, "there has been nothing seen that was of major concern," during his ongoing tenure working in the lab. "The tests results have shown that our water is not only safe, but of the high quality that Flint customers have come to expect," announced DPW Director Howard Croft, "we are proud of the end result."

Apart from the water plant's devotion to ensuring that our water is good, Flint is doubly blessed in having the Flint River Watershed Coalition as a separate organization dedicated to monitoring the overall welfare of local bodies of water, overseeing more than 30 different nearby locations. Rebecca Fedewa has been director of the watershed coalition since 2008. By virtue of her passion for her work and her position on the board, she is very conversant with the condition of the Flint River. In her words, "The Flint River is increasingly healthy, and completely suitable as a drinking water source." Fedewa and FRWC are working closely with the city "to monitor flows and habitats between the intake and the waste water treatment plant to ensure there are minimal to no impacts to the overall health of the river."

FRWC also invites city residents to be a part of their monitoring exercises during this spring in order "to gain firsthand knowledge in the health and vitality of our Flint River." Mayor Dayne Walling invited everyone at today's event to toast to Flint's water. "It's regular, good, pure drinking water, and it's right in our backyard," said Mayor Walling, "this is the first step in the right direction for Flint, as we take this monumental step forward in controlling the future of our community's most precious resource."

–END–

Koryzno, Edward (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, April 29, 2014 1:22 PM
To: Byrne, Randall (Treasury); Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); West, Samantha (GOV); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Larkin, Brian (GOV); Darnell Earley; Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Agenda and Materials for April 30th Call
Attachments: Agenda and MIOSHA document.PDF

Good afternoon,

Please find attached the agenda and materials for the Wednesday, April 30th, 9:00 am conferemce call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00 am Phone Conference Agenda
April 30, 2014

1) **Public Safety Update – FPD, MSP (FFD if needed)**

   a) Flint Fire Dept. – MIOSHA citation (see attached)

   b) Public Safety Study – preparing to sign contract and begin study.

   c) Police Initiatives provided to Governor – what is the status?

   d) Other update by Chief Tolbert and MSP.

2) **Governor's Office Update –Rich Baird, H. Hollins**

3) **Retiree Lawsuit – Status, Issues**

   There was a 4/22/14 meeting with attorneys and Judge Tarnow. Results: Judge Tarnow continues to pressure the plaintiff's attorney to work with the City on reaching a settlement and finishing up depositions.

   Regarding an E&Y "Ability to Pay" analysis: waiting for a proposal.

4) **Financial Update**

   a) Budget compilation underway, presentation to City Council Wednesday, April 30. The FY15 and FY16 budgets are balanced; however, significant cuts were made in public safety.

   b) Is bankruptcy now on the table for discussion now? See 5 yr. financial analysis.

   c) Update on E&Y 5 Year projections: reviewing final drafts.

   d) Model Contract Status – Preparing materials for imposition of FPOA contract and AFSME 1600 contract.

5) **City Council Update**

   a) Schedule for Council review of two year budget will be finalized upon receipt of proposed budget on April 30. Council, working through its Finance Committee plans to meet between May 5 and May 17 to review budget. Council plans to hold public hearing on May 18 and to provide comments and recommendations to EM by May 28.

b) The next regular City Council meetings are scheduled for Wednesday, April 30; Monday, May 19; Monday June 16, 2014.

6) **Blue Ribbon Committee**

The BRC plans to hold 3 charette style meetings which will begin May 3rd, followed by May 10th and 15th. Following the public meetings the committee will finalize their recommendations. Emergency Manager is considering timeline for a Charter Commission approval in the November election.

6) **Water Issues**

a) The City has successfully transitioned from DWSD to full operation on the Flint River. Shut-off ceremony was held on Friday, April 25, 2014. All DEQ requirements have been met.

b) Negotiations with GCDC continue with regards to sale of the pipeline section. COF current proposal is for $3.9 million sale price, the value established in recent valuation. Valuation has been submitted and reviewed by Treasury. Submission to Treasury for approval is anticipated prior to ending relationship with DWSD. Also, COF is negotiating back-up service agreement for GCDC for period between DWSD termination and KWA start-up.

State approval needed so that notice may be issued to Flint City Council.

7) **Other items**

Created on: 04/29/14

[redacted] **access code** [redacted]

FLINT FIRE DEPARTMENT

Dayne Walling
Mayor

Darnell Earley
Emergency Manager

David Cox Jr.
Chief of Fire

TO: Darnell Earley, Emergency Manager

FROM: David Cox Jr., Chief of Fire

DATE: April 28, 2014

RE: **MIOSHA Update**

On April 14, 2014, Matthew Macomber of MIOSHA conducted a closing meeting regarding the alleged safety violations in the Flint Fire Department. This meeting included Fire Safety/Training Officer, Lt. Ramsey Clapper along with myself and Flint Fire Fighters Union Local 352 representatives.

Mr. Macomber informed us that the Fire Department was being fined for two violations. Violation #1 is the mechanical exhaust ventilation systems located within the fire stations are inoperable. Mr. Macomber referenced MIOSHA Part 74; Rule 7415 which states: ***"All equipment used for the control of exhaust emissions from fire apparatus shall be used, inspected and maintained in accordance with manufacturer's recommendations."***

Violation #2 is that employees, that utilize respirators, have reported breathing problems and were not properly cleared to return to work. Mr. Macomber stated that these employees must pass a pulmonary function test (PFT) prior to returning to work. He also stated that it would be in the City's best interest to perform PFT's on the entire fire department rather than to have MIOSHA research all employees' medical history.

Mr. Macomber stated he would present the two violations as one infraction to his superiors. If this occurs, it would be advantageous to the fire department because the original fine of $50,000.00 would be cut in half to $25,000.00. He also advised that if the fire department resolves both issues within 30 days of receiving the official written notice of violation, the fines could be cut in half again.

All of the fire stations' exhaust systems have been repaired with the exception of fire station 6 located at 716 W. Pierson Rd. City of Flint Maintenance Supervisor, Lee Osborne is currently waiting for a part that has been ordered. It should be repaired in no time once the part is received.

The Employee Health Clinic has been notified of the need to perform PFTs. They too are currently taking steps to make sure this will be completed within the specified time.

David Cox Jr., Chief of Fire

RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
Michigan Occupational Safety & Health Administration
MARTHA B. YODER
DIRECTOR

STEVE ARWOOD
DIRECTOR

April 25, 2014

Chief David Cox Jr.
Flint Fire Department
310 E. 5th Street
Flint, MI 48502

Dear Chief Cox:

RE: Inspection #312044290

On March 4, 2014, the Michigan Occupational Safety and Health Administration (MIOSHA), General Industry Safety and Health Division began an occupational health inspection at your worksite located at:

310 E. 5th Street
Flint, MI 48502

This inspection has resulted in at least one citation. Please review the citation(s) for information regarding penalties, abatement requirements, deadlines, settlement agreement instructions, and appeal information.

Enclosed you may find additional information such as recommendations, data sheets, an Inspection Findings for Complaint and Referral Issues form (IFCRI form), and supplemental information on occupational safety and health. This inspection may have resulted in citations not directly related to the complaint or referral items. These citations are not included in the description on the IFCRI form.

MIOSHA standards as well as additional consultation, education, and training materials are located online at www.michigan.gov/miosha.

Please direct all correspondence to our Saginaw office, located at 411 E. Genesee Ave., Saginaw, MI 48607. If you should have any questions concerning this matter, please contact me or Carla Mose at (989) 758-1726. Your personal support and interest in the safety and health of your employees is appreciated.

Sincerely,

Matthew Macomber

Matthew Macomber, M.S., CIH
Certified Industrial Hygienist

MM:ks
Enclosure(s): Citations
Air Contaminant Data Sheet
IFCRI form

Cc: Lt. Kovach, Union President
Flint Fire Department
310 E. 5th Street
Flint, MI 48502

Michigan Department of Licensing & Regulatory Affairs
Michigan Occupational Safety and Health Administration (MIOSHA)
General Industry Safety and Health Division
7150 Harris Dr., PO Box 30644
Lansing, MI 48909-8144
Phone: (517)322-1831 FAX: (517)322-6353

Citation and Notification of Penalty

To:		**Inspection Number:**	312044290
Flint Fire Dept		**Inspection Date(s):**	03/04/2014-04/14/2014
and its successors		**Issuance Date:**	04/25/2014
310 E 5th St			
Flint, MI 48502			
Inspection Site:		**Reporting ID:**	0552652
310 E 5th St		**CSHO ID:**	F5827
Flint, MI 48502		**Optional Rptg Nr:**	

SUMMARY: An inspection at the site noted above has revealed conditions we believe do not comply with the provisions of the Michigan Occupational Safety and Health Act, Act 154, of the P.A. of 1974, as amended (MIOSHAct). The nature of such alleged violation(s) is described on the citation(s) with reference to the applicable standards, rules, regulations, orders and provisions of the Act. Following is a list of items the employer must consider carefully, to resolve the issues alleged in the citation(s). Following this numbered summary is a more detailed explanation of the requirements.

1. The violation(s) alleged in the citation(s) must be corrected on or before the date(s) shown in the line marked "Date By Which Violation Must Be Abated." If the line is marked "Immediately Upon Receipt", the violation must be corrected on or before the date that the citation is received by the employer. If the violation was corrected during the inspection, the line will be marked "Abated". Correcting a violation does not eliminate the requirement to pay the penalty nor does payment of the penalty negate having to correct the violation. Appeal rights are not affected by correcting a violation.
2. A copy of the citation(s) must be posted at or near the location of the violation(s) for a minimum of 3 days or until the item(s) have been corrected, whichever is later.
3. Documentation of abatement must be provided to the issuing Division. Failure to provide such documentation may result in a follow-up inspection.
4. The employer may enter into an informal settlement with the issuing division that can result in up to a 50% reduction in any assessed penalties. The employer should contact the issuing division within 5 workdays upon receiving a citation(s) if interested in an informal settlement.
5. The employer may file a first appeal for modification or dismissal of a citation item and/or any proposed penalty or request an extension of time for abatement. The appeal must be in writing and be postmarked within 15 workdays of receipt (workday is defined below). The first appeal can also result in a penalty reduction of up to 50%.

   If an appeal is untimely, the citation(s) becomes a Final Order of the Board of Health and Safety Compliance and Appeals (Board) and is no longer subject to review by the issuing division. An employee or employee representative may appeal abatement dates.
6. Monetary penalties must be paid within 15 workdays of a citation becoming a Final Order of the Board.

7. The employer may file a request for an extension of time to abate a citation(s) that has become a Final Order of the Board. Such a request must be in writing and received or postmarked no later than 1 working day following the abatement date.
8. It is unlawful to discriminate against an employee for exercising any of his/her rights under MIOSHA.

Note: As defined in statutes, "workday" or "working day" means any day other than a Saturday, Sunday, or state legal holiday. The state legal holidays are:

January 1, New Year's Day
The third Monday in January, Martin Luther King, Jr. Day
February 12, Lincoln's birthday
The third Monday of February, Washington's birthday
The last Monday of May, Memorial or Decoration Day
July 4, Independence Day
The first Monday in September, Labor Day
The second Monday in October, Columbus Day
November 11, Veterans' Day
The fourth Thursday of November, Thanksgiving Day
December 25, Christmas Day

Please note that whenever January 1; February 12; July 4; November 11; or December 25 fall on a Sunday, the next Monday following is deemed a public holiday (non-working day) for appeal purposes. However, there is no compensating day when one of the five dated holidays falls on a Saturday. Also, when computing the 15 working days, you do not count the date on which it is received; you start with the next working day. Additionally, the count is based on when the citation was received at the employer's location, not when it got to any particular person or office at the employer's location.

I - CITATIONS: The nature of the alleged violation(s) is described on the enclosed citation(s). These conditions must be corrected on or before the date(s) shown in the line marked "Date By Which Violation Must Be Abated." The issuing division may be contacted by telephone at the number indicated on the front of the citation for the purpose of discussing any issues related to the inspection or citation(s).

A copy of the citation(s) must be posted at or near the location of the violation for a minimum of 3 days or until the items have been corrected, whichever is later. The MIOSHAct provides for civil penalties of up to $7,000 for each violation for failure to comply with posting requirements. When compliance is achieved, a copy of the citation must be signed and returned to the issuing division along with documentation of abatement.

Documentation of abatement for citation items originally classified as "serious," "repeat," "fail-to-abate," "willful," or "instance-by-instance," require documentation as deemed appropriate by the issuing division. Examples of documentation for these violation classifications are:

(a) A detailed description of how the violation was abated.
(b) Work orders or an invoice indicating the corrective work that has been done.
(c) Photographs of the abated conditions.
(d) Other forms of conclusive evidence that your employees are no longer exposed to the hazards.

For citation items classified as "other," submitting to the issuing division a signed copy of the citation item indicating the item has been abated is acceptable documentation of abatement. Submitting a document in writing, certifying abatement of the particular citation item is also acceptable for citation items classified as "other."

If the employer does not provide adequate documentation of abatement, a reinspection may be conducted. Failure to correct an alleged violation within the abatement period may result in new or additional proposed penalties.

Correcting a violation prior to the expiration of the abatement date does not eliminate the requirement to pay the penalty. Payment of the penalty does not eliminate the requirement of correcting the violation.

II - INFORMAL SETTLEMENT: In addition to the appeal rights afforded by the MIOSHAct, the Michigan Occupational Safety and Health Administration has implemented a program for negotiating informal settlement with the employer. This is a program designed to reach abatement of the hazard at the earliest opportunity and reduce the need for formal appeals. The informal settlement can result in a penalty reduction of up to 50% provided the issuing division and the employer agree to a number of specified conditions. These conditions include an agreement by the employer to:

(a) Not appeal further.
(b) Abate all items within the abatement period.
(c) Provide proof of abatement.
(d) Pay all agreed upon penalties.
(e) Abide by any other mutually agreed upon actions.

If you are interested in pursuing an informal settlement, you should contact the issuing Division within 5 workdays upon receipt of the citation(s), but no later than the 15th workday beyond receipt of the citation(s). If the employer wishes to accept the conditions stated above and the process can be completed within 15 workdays from receipt, then no appeal needs to be filed.

III - CITATION APPEAL: An employer may file a first appeal to the issuing division in writing for modification or dismissal of a citation item and/or any proposed penalty or an extension of time for abatement. The first appeal can also result in a penalty reduction of up to 50% providing the issuing Division and the employer agree to the conditions (a) through (e) as stated in Section II, INFORMAL SETTLEMENT (above).

An employee or employee representative may appeal in writing the reasonableness of the abatement date(s). The envelope containing an appeal must be postmarked no later than the 15th workday following receipt of the citation.

If a citation is not appealed within 15 workdays of receipt, then the citation becomes a Final Order of the Board of Health and Safety Compliance and Appeals (Board). Final Order citations are not subject to review by the issuing division unless the Bureau of Hearings establishes good cause for the late appeal.

An appeal must specify the item(s) appealed and that portion of the item (e.g., violation, abatement date, penalty) that is being appealed and include a certification that the appeal has been posted or given to affected employees or their representatives. If the issuing division meets with the employer to discuss an appeal, the issuing division will notify the employee representative and allow attendance at the meeting.

The issuing division will notify an employer of its decision within 15 workdays of the receipt of the employer's written appeal. The decision must be posted at the location of the subject citation.

If an employer, employee or employee representative is not satisfied with this decision they may file a second appeal. The appeal must be in writing and the envelope containing the second appeal must be postmarked within 15 workdays of the receipt of the issuing division's decision on the first appeal. If the issuing division's decision is not appealed, the citation becomes a Final Order of the Board.

IV - MONETARY PENALTIES: Payment must be made within 15 workdays of the date a proposed penalty of a citation becomes a Final Order of the Board. This would be the 30th workday after receipt of each citation item that is not appealed. For payment of a penalty, make a check or money order payable to the "State of Michigan" and

remit to the issuing division at the address shown on the citation. Please record the inspection number, citation and item number on the check, money order or transmittal letter.

V - EXTENSION OF TIME TO ABATE: An employer may file a petition for modification of abatement date(s) (PMA) on an item of a citation that has become a Final Order of the Board. The PMA must be submitted to the issuing division in writing by personal delivery or postmarked no later than one day following the abatement date, and a copy posted near the place the citation was posted. An employer must have made a good faith effort to correct the violation by the abatement date, and has not been or will not be successful because of factors beyond the employer's reasonable control. A PMA must include:

(a) Steps taken to achieve compliance.
(b) The specific additional abatement time necessary.
(c) The reasons the additional time is needed.
(d) Available interim steps being taken to safeguard the employees against the cited hazard during the abatement period.
(e) A certification that a copy of the PMA has been posted for employees at the location of the subject citation. The posted copy must remain posted for a minimum of 10 workdays.

If the issuing division or affected employees file an objection to the PMA within 10 workdays of the employer's filing date, the Board will schedule a hearing and advise the employer of the date, time, and place of the hearing.

VI - EMPLOYEE DISCRIMINATION: Section 65 of the MIOSHAct, prohibits discrimination against an employee for filing a complaint or exercising any rights under the MIOSHAct, as amended. If an employee believes that he or she was discharged or otherwise discriminated against as a result of filing a complaint, they may file a complaint with the MIOSHA Employee Discrimination Section within 30 calendar days after the violation occurs.

VII - STATE CONSULTATION EDUCATION AND TRAINING SERVICES: The MIOSHA Consultation Education and Training (CET) Division offers a wide range of services to help businesses with their health and safety practices. CET services include: helping employers create a Safety and Health Management System, seminars and workshops, onsite consultations, hazard surveys, an equipment loan program and information material. The majority of CET services are provided free of charge to Michigan employers and employees. For information on these services, contact the CET Division at (517) 322-1809 or visit their web site at www.mi.gov/miosha.

Citation and Notification of Penalty

Company Name: Flint Fire Dept
Inspection Site: 310 E 5th St, Flint, MI 48502

Citation 1 Item 1a Type of Violation: Serious

RESPIRATORY PROTECTION, PART 451, 1910.134(e)(7)(i):
The employer shall provide additional medical evaluations that comply with the requirements of this section if: an employee reports medical signs or symptoms that are related to ability to use a respirator:

Firefighters have had lost time injuries, job transfers or restrictions for respiratory disorders. The employer has not provided follow up medical evaluations.

Date By Which Violation Must be Abated: 05/28/2014
Proposed Penalty: $ 4500.00

Michigan Department of
Licensing and Regulatory Affairs
General Industry Safety and Health Division

Inspection Number: 312044290
Inspection Dates: 03/04/2014 - 04/14/2014
Issuance Date: 04/25/2014
CSHO ID: F5827
Optional Inspection Nbr:

Citation and Notification of Penalty

Company Name: Flint Fire Dept
Inspection Site: 310 E 5th St, Flint, MI 48502

Citation 1 Item 1b Type of Violation: Serious

FIRE FIGHTING, PART 74, 408.17415, RULE 7415(7):
All equipment used for control of exhaust emissions from fire apparatus shall be used, inspected, and maintained in accordance with the manufacturer's recommendations:

In the main fire station, equipment used to control exhaust emissions from fire apparatus was not maintained. There were drop legs with no attachment points and magnetic attachments with no magnets in them. Some of the exhaust hoses present were damaged and inoperable. Duct work was damaged.

Date By Which Violation Must be Abated: 05/28/2014

Carla Mosso

Authorized Signature

Michigan Department of Licensing & Regulatory Affairs
Michigan Occupational Safety and Health Administration (MIOSHA)
General Industry Safety and Health Division
7150 Harris Dr., PO Box 30644
Lansing, MI 48909-8144
Phone: (517)322-1831 FAX: (517)322-6353

PROPOSED PENALTY
INVOICE

Company Name:	**Flint Fire Dept**	**Reporting ID:**	**0552652**
Inspection Site:	**310 E 5th St**	**CSHO ID:**	**F5827**
	Flint, MI 48502	**Optional Rptg Nr:**	
Issuance Date:	**04/25/2014**		

Summary of Penalties for Inspection Number 312044290

Citation 1, Serious	**=**	**$ 4500.00**
TOTAL PROPOSED PENALTIES	**=**	**$ 4500.00**

Correcting a violation prior to the expiration of the abatement date does not eliminate the requirement to pay the penalty. Payment of the penalty does not eliminate the requirement of correcting the violation.

The state does not agree to any restrictions or conditions or endorsements put on any check or money order for less than full amount due, and will cash the check or money order as if these restrictions, conditions, or endorsements do not exist.

Payment must be made within 15 working days of the date a proposed penalty of a citation item becomes a final order of the board. This would be the thirtieth (30th) working day after receipt of each citation item which is not appealed. For the payment of any penalty, make a check or money order payable to the "State of Michigan" and remit to the Department of Licensing & Regulatory Affairs at the address shown on the citation. PLEASE RECORD THE APPLICABLE INSPECTION NUMBER, CITATION NUMBER(S) AND ITEM NUMBER(S) ON THE CHECK, MONEY ORDER OR YOUR TRANSMITTAL LETTER.

Enclose this invoice page (or a copy thereof) with your payment.

Carla Mrozek

Authorized Signature

Sheet A #1

AIR CONTAMINANT DATA SHEET

I# 312044290 **Employer:** City of Flint Fire Department

Date: March 26, 2014 **Location:** 310 East 5th, Flint, MI 48502

Michigan Department of Licensing and Regulatory Affairs
Michigan Occupational Safety & Health Administration (MIOSHA)
General Industry Safety & Health Division

IH: Matt Macomber, CIH

Contaminant	TWA (ppm)	STEL (ppm)	C (ppm)	AL (ppm)	Equipment
Nitrogen Dioxide	NA	1	NA	NA	Dragger colorimetric detector tube #CH30001

Identification/Description	Time	Contaminant	Results (ppm)	Type	Exposure(ppm)	Note
326-1, Fire engine exhaust. Station 1	12:00 pm	Nitrogen Dioxide	>25	NA	NA	3
326-2, Fire engine exhaust. Station 1	12:03 pm	Nitrogen Dioxide	>25	NA	NA	3
326-3, Fire engine exhaust. Station 1	12:05 pm	Nitrogen Dioxide	>25	NA	NA	3

Note 1: Employees exposure does not exceed the Permissible Exposure Limit.
Note 2: Employees exposure exceeds the Permissible Exposure Limit.
Note 3: Sample exceeded the range of the tube.

TWA (Time-Weighted Average) = exposure limit averaged over an 8-hour period
STEL (Short-Term Exposure Limit) = averaged over a 15-minute period
C (Ceiling) = exposure limit not to be exceeded during any part of the workday
AL (Action Level) = exposure limit averaged over an 8-hour period
Results = average exposure concentration during the sample period
Exposure = employee's exposure; compare it to the limit

E_m = exposure for mixture: see R325.51104
E_m shall not exceed 1
> = greater than
< = less than
NA = not applicable
ND = none detected

ppm = parts per million
ppb = parts per billion
$\mu g/m^3$ = micrograms per cubic meter
mg/m^3 = milligrams per cubic meter
f/cc = fibers per cubic centimeter

Authority: P.A. 154 of 1974 Completion: LARA

INSPECTION FINDINGS FOR COMPLAINT AND REFERRAL ISSUES

Michigan Department of Licensing and Regulatory Affairs

MIOSHA

Est. Name: **City of Flint Fire Department** Insp#: **312044290** CSHO: **F5827**

Site Address:
310 E 5th St, Flint, MI 48502

Inspection Dates:
March 4, 2014 – April 14, 2014

Complaint#:
209282839

ALLEGED HAZARD: The Nederman System within the fire stations has been inoperable for over two years. Exhaust from diesel engines, which includes carbon dioxide, carbon monoxide, nitric oxide, nitric dioxide, sulfur oxides, hydrocarbons, PAHs and traces of metallic compounds are being emitted into the air. Exhaust emissions from a cold-start engine can reach toxic levels within a closed building such as with the firehouse. Although vehicles only run a short time inside the fire stations, the vehicle exhaust builds up in the building.

INSPECTION FINDINGS: Part 74, Fire Fighting, requires that all equipment used for the control of exhaust emissions from fire apparatus shall be used, inspected, and maintained in accordance with the manufacturer's recommendations. The Fire Department has not maintained the equipment used for exhaust ventilation according the manufacturer's recommendations.

See attached citation.

ALLEGED HAZARD: Members are developing breathing problems.

INSPECTION FINDINGS: The MIOSHA Forms 300 Log of Work- Related Injuries and Illnesses were reviewed for calendar years 2011- 2013 and employees have reported respiratory ailments and breathing problems. Employees have not had appropriate medical evaluations that meet the requirements of Part 451, Respiratory Protection.

See attached citation.

INSPECTION FINDINGS FOR COMPLAINT AND REFERRAL ISSUES

Michigan Department of Licensing and Regulatory Affairs
MIOSHA

Est. Name: **City of Flint Fire Department** Insp#: **312044290** CSHO: **F5827**

ALLEGED HAZARD: Hazard: R408.17415. Fire station safety, Rule 7415

(6) all new construction or significantly remodeled facilities (50% or more area) that house fire apparatus shall install a controlled process exhaust ventilation system that will effectively control exhaust emissions created by the fire apparatus and will assure that employee exposure to the exhaust emissions do not exceed applicable MIOSHA exposure limits. If a general mechanical exhaust ventilation system is utilized, then a mechanical air supply system shall be provided if its absence will result in building negative pressures sufficient to cause back drafting of vents from fuel-fired equipment.

(7) All equipment used for the control of exhaust emissions from fire apparatus shall be used, inspected, and maintained in accordance with manufacturer's recommendations.

INSPECTION FINDINGS: See attached citation.

ALLEGED HAZARD: Hazard: R408.17411 Rule 7411

(1) An employer shall comply with all of the following requirements: (c) Assure that job-required equipment and tools are maintained free of recognized defects that could cause an injury.

INSPECTION FINDINGS: See attached citation.

Byrne, Randall (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Tuesday, April 29, 2014 7:24 PM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Darnell Earley
Subject: Final draft - Flint proposed 2 year budget and 3 year projections
Attachments: final projected budget.PDF

Wayne, Ed, and Randy,

The attached document will be presented to City Council tomorrow night. We will also be briefing the media.

You will see that the current state of the retiree healthcare lawsuit is having a very significant impact on city finances.

Jerry

CITY OF FLINT, MICHIGAN

Setting a Sustainable Course for the City of Flint

Five Year Financial Projections 2015-2019

Proposed Budgets for FY15 and FY16

Future Projections for FY17, FY18 and FY19

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Prepared by
Department of Finance
Gerald Ambrose, Finance Director
Antonio Brown, Deputy Finance Director

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

TO: Dayne Walling, Mayor,
Scott Kincaid, President
Flint City Council

FROM: Darnell Earley, ICMA-CM, MPA
Emergency Manager

RE: Proposed Budget for Fiscal Years 2014/15, 2015/16

DATE: April 30, 2014

Transmitted herewith is the proposed biennial budget for the City of Flint. This budget covers the 2014/15 and 2015/16 fiscal years which begin July 1, 2014 and July 2015, respectively. As you may know, Public Act 436 discusses adoption and implementation of a 2-year budget before appointment of a transition advisory board. See MCL 141.1561

The budget as proposed represents a balanced, responsible and sustainable spending plan for the two fiscal years. Because it is expected that sometime within the implementation of this budget the City of Flint will transition to local control as provided in Public Act 436, your input and engagement in this process is requested.

The Finance and Administration Committee will begin its review of the budget and staff will be available to discuss the recommendations, speak to the utilization of resources, and assist the committee in its understanding of the proposals as presented.

I look forward to the dialogue on the proposed spending plan. Please keep in mind that in order for your input to be productive, it must take into account the significant financial challenges confronting the City. Public Act 436 requires the adoption of a balanced budget.

Please call me should you have any questions regarding the process, timelines, etc.

Contents

1. City of Flint 5-Year Financial Plan
    a. Preface
    b. Background
    c. Overview
    d. Highlights
2. City Council Adopted Vision and Mission Goals
3. City Council Approved Budget Priorities
4. Organization Chart
5. FY15 and FY16 Budgets and 3-Year Forecast
6. FY15 and FY16 General Fund Budget
7. City of Flint Staffing Projection
8. Projected 5-Year Facilities Improvements
9. Deficit Elimination/Reserve Accumulation Projections
10. Five Year Outlook – Pension and Retiree Healthcare Costs
11. Projected Taxpayer Impact

City of Flint 5-Year Financial Plan

Preface

This proposed budget for the City of Flint covers the FY15 and FY16 fiscal years which begin July 1, 2014 and July 1, 2015 respectively. Financial projections for the following 3 fiscal years are included as well.

This budget has been developed within the context of the City's recently adopted Master Plan, the Vision, Mission, and Goals for the City government as adopted by the City Council, and the Budget Priorities as adopted by the City Council. Accompanying this budget is a preliminary statement of objectives initially proposed to be accomplished during the two years. As the budget is finally adopted, the objectives will also be finalized.

Taken together, the budget and strategic plan will serve as a template to move the City government forward to become a well-managed, financially stable, and accountable organization focused on creating a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

However, this budget demonstrates the continuing financial challenges facing the City of Flint. Stagnant revenue growth in property tax and income tax revenues, coupled with significant increases in legacy costs, retiree health care in particular, create a significant gap between revenues and expenses which require increases in other revenues and decreases in City staffing and services including the possibility of adjustments in public safety services.

Unfortunately, the financial forecast for the next several years beyond FY16 show a continuing gap between projected revenues and expenses. Within the next few years, without significant means to identify and collect additional revenues, or to further reduce the cost base, the City of Flint will be extremely challenged to provide even the most basic of City services.

Over the next several weeks, this proposed budget will be reviewed by the City Council, which will also hold a public hearing to receive citizen input. The Mayor and Council will subsequently provide comments and recommendations pertaining to the budget to the Emergency Manager, and the budget and strategic plan will be adopted in early June.

Background

The City of Flint has been in state receivership since December, 2011, as a result of consistent deficits in the General Fund, a decline in pooled cash, unrealistic budgeting, and unfunded liabilities for postemployment benefits. Significant progress has been made in addressing these financial issues, as the $19.1 million deficit at the end of FY12 had been reduced to $12.9 million at the end of FY13, cash position had improved, and the FY14 budget was realistically balanced, with further reduction of the deficit anticipated.

The FY14 budget was designed and implemented with the same goals in mind – operating within the constraints of available revenues; restructuring operations and cost factors to enhance future financial stability, and continuing to reduce the remaining $12.9 million deficit. The FY14 budget was constructed with the specific intent of further reducing the deficit by a minimum of $1 million, by budgeting expenses at $1 million less than projected revenues. As of January 31, 2014, seven months into the FY14 year, revenues and expenses are on target.

In order to regain and maintain financial solvency, it is not only necessary to eliminate the remaining accumulated deficit but to have an adequate amount of reserves to protect the City in the event of unexpected financial losses. Planning to accomplish this requires a continual dedication of revenues over the next several years to eliminate the remaining deficit and establish an adequate reserve level. A draft deficit elimination plan to accomplish this is currently under review by the Michigan Department of Treasury.

Making progress to date has required hard decisions and sacrifices for all. The FY13 and FY14 budgets were balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Revenue increase included a 25 percent increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, establishment of a special assessment district for street lighting, and implementation of a fee sufficient to cover the cost of waste collection. Expenditure reductions included elimination of 20 percent of the City's workforce, compensation decreases equivalent to a 20 percent wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

The actions taken to-date to restructure healthcare benefits for current employees and retirees have also had a significant impact on reducing both current costs and long-term liabilities. The 20% reduction in the workforce required significant reorganizational activities focused on reducing current costs. Long term liabilities were reduced by eliminating traditional defined benefit pension programs for new employees in favor of hybrid plans; by moving the City's retirement system into the a state wide retirement system; by restructuring health insurance benefits for current employees and placing retirees into those same plans; and by eliminating the promise of retiree health care for new employees in favor of providing retiree medical savings accounts. Much of the positive financial result in FY13 came from these actions. The restructuring, which was implemented during the course of FY12, reduced the City's OPEB liabilities alone from nearly $900 million to less than $325 million as noted in the FY13 audit.

The efforts of the City to regain financial solvency have been aided by support from numerous Federal, State and private partners. State police troopers have been placed in the City to support local law enforcement efforts, and funds have been allocated to enhance prosecution activities and to operate the City's lock up. The Governor's proposed budget continues this support.

The steps taken to begin to restore the City to financial solvency have not been without conflict and changing circumstances. A significant legal challenge has been made to the decision to move retirees from their historical health insurance plans into the same plans offered current employees. This action resulted in an initial cost reduction in FY13 of $3.5 million to the City and imposed deductibles and co-pays on retirees. This challenge is currently pending in federal court. If the challenge is ultimately upheld, it will pose a significant challenge to the City in its efforts to regain and maintain financial and service solvency. Due to the stay imposed by the federal court, the City must increase its budget for retiree healthcare costs in the FY15 budget by $5 million and may even need to pay more as retirees seek reimbursement for past medical expenses. These healthcare expenses will continue to increase in subsequent years.

Legacy costs in total will continue to be a cost burden to the City of Flint. In FY 14, the City budgeted $30.2 million for its retiree healthcare and pension costs, an amount equal to 17% of its total revenues. The General Fund alone budgeted $16.4 million, an amount equal to 31% of its total revenues. By FY19, it is projected that the City will need to budget over $43 million, an amount equal to 23% of its total revenues. For the General Fund alone, the amount projected to be needed will exceed $21 million, an amount equal to 34% of General Fund revenues.

The future financial solvency of Flint will also be challenged by a continuing structural deficit. As part of the planning for future financial solvency, five year projections and a strategic plan were developed. This exercise indicated a significant financial challenge forthcoming in FY15, due to the current status of the retiree health care lawsuit and the ending of a major grant supporting firefighting resources. Future year projections also show a continuing gap between revenues and projections.

Finally, the most important challenge to be addressed in the City of Flint will be instituting structural changes in the organization of the City to foster financial solvency as a core value and to assure that future governance and management of the City is conducted in a financially responsible manner. To this end, the current Emergency Manager has created a Blue Ribbon Committee on Governance, charged with developing recommended changes to current ordinances, procedures, and the Charter. The recommendations of the Task Force are anticipated within six months.

Overview

The City of Flint has spent considerable time planning for the community's future through the comprehensive master plan and creating an organizational framework focused on the City's new vision, mission, and goals. The 2-Year budget has been developed in a balanced manner to best meet the needs of a variety of service areas and challenges.

However, challenges to changes in retiree healthcare and the loss of grant funds have required that a new service baseline be established; this also poses significant and immediate challenges to the City's financial viability. Current court rulings in regards to the retiree health care lawsuit have increased retiree health care expenses nearly $5 million in FY15, and the loss of the SAFER grant ($ 3.4 million) eliminates funding for 39 of the City's 65 firefighters.

The harsh winter increased the need to remove hundreds (if not thousands) of damaged and fallen trees throughout the city, and to repair damaged roads and sidewalks. The winter also placed additional stress on the antiquated city facilities as they faced water leaks and damage to walkways and sidewalks. Implementing the master plan, and continuing to eliminate blight will also require dedicated resources going forward.

The recently completed study of the water and sewer system finances also demonstrated a shortfall in revenues needed to operate this critical service and provide for necessary maintenance. As much as the high rates for providing water and sewer services pose significant financial challenges and community implications, the alternative of not addressing basic maintenance and adjustments based on guidance in the master plan is equally challenging.

These factors have a significant effect on the proposed staffing levels. Reductions in city staffing over the past two years have come almost exclusively from City services other than police, fire, and 911. As a result, those remaining city services are thinly staffed, and despite valiant efforts of dedicated employees, service levels have been reduced. In some cases, the reductions have been severe and counter-productive. For example, reductions in customer service at Treasury and staffing at Utilities has reduced capacity to effectively pursue collection of delinquent bills. Reductions in Information Technology have slowed the implementation of technology which can improve effective processing. Reductions in Human Resources have slowed the process of hiring employees. Reductions in Building Safety have slowed the process of conducting inspections and issuing permits, and have eliminated much in the way of code compliance efforts.

Therefore, balancing the budget in a financially sustainable way requires addressing the impact of these issues. It also requires that they are addressed within the context of the Mayor's and Council's stated budget priorities. The Council's stated priorities are:

- Maintaining police and fire staffing levels at the maximum level feasible
- Reducing the General Fund deficit by at least $1 million
- Continuing efforts to reduce blight, including demolition
- Hiring an experienced City Administrator
- Assure that capacity exists to implement the Master Plan
- Add capacity in the areas of Economic Development

- Fund years 1 & 2 of capital improvements identified in the Master Plan
- Improve street maintenance
- Establish parks partnerships
- Improve customer service through training and technology
- Increase removal of dead and diseased trees
- Evaluate ways to reduce water and sewer rates for constituents in the budget process

Balancing the budget responsibly in the context of these immediate and significant financial challenges, while addressing stated priorities, is a significantly difficult task. The unplanned addition of $5 million in expenses for increased retiree health care is a "Game-Changer" and seriously undermines the ability of the City government to move forward in becoming a positive force helping to create a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve quality of life.

As the development of the FY15 budget began, there was a significant gap between projected General Fund revenues and General Fund expenses alone. While some revenue sources indicated a slight increase over the current year, projected expenses were significantly above the current year. The expense increases are due primarily to a nearly $5 million increase in costs for retiree health care and an increase in the per person cost of pension contribution. In addition, there was recognition of the need to assure capacity to implement the Master Plan to continue addressing blight, to address increased costs of health care for current employees, and to address critically needed facility maintenance.

The budget presented here is balanced in a financially responsible manner, in that revenues and expenses meet. However, the consequence is that, where possible, revenues have been increased, and where necessary, expenses have been decreased. Whether the result is an acceptable result, in the context of the needs and the future of the City, is uncertain.

It is clear that proposed changes in service levels reflected in this budget are significant, and that at the same time the financial plan is being finalized within the confines of available revenues, considerable efforts will continue to mitigate the impacts. Continued efforts to achieve a satisfactory resolution of the retiree healthcare lawsuit, as well as to continue searching for additional sustainable funding, or to engage in mutually beneficial partnerships will continue. The changes necessary to achieve necessary balancing of revenues and expenses will be done in a managed way, not in a crisis response.

The financial projection for the years following FY15 and FY16 show the continuing challenge of a structural deficit. Without a means to identify a new significant revenue source or to sustain and even make further reductions in the City's cost base, such as retiree health care, Flint will be extremely challenged to provide even the most basic of City services in future years.

Highlights of the Proposed Budget

Costs to taxpayers are increased....

- Property tax levies remain unchanged
- Street lighting assessment increased to $71 in FY15 and $74 in FY16
- Solid Waste fee increased to $163 in FY15 and $169 in FY16
- Water and Sewer rates increased by a total of 6.5% in FY15 and 6% in FY16

Costs to City employees are increased....

- 20% premium share for health insurance implemented
- Premium contribution for non-Medicare eligible employees retiring after July 1, 2014 established
- 50% premium share for dental and vision insurance implemented
- Vacation and sick leave replaced with PTO, new accumulation caps established
- All new employees enrolled in hybrid pension plan
- All new employees enrolled in RMSA in lieu of promise of retiree health care

Legacy costs are increased significantly...

- General Fund costs for retiree health care are increased 25%, from $8 million to $10 million in FY15, increasing on an annual basis thereafter
- General Fund costs for retiree health care and pension in total are projected to increase from $16.4 million (31% of total revenues) in FY14 to $21.5 million (34% of total revenues) by FY19
- For all funds, total costs for retiree healthcare and pension are projected to increase from $30.4 million (or 17% of total revenues)in FY14 to $43.5 million (23% of total revenues) by FY19

City staffing is budgeted at 528 in FY15 and 529 in FY16.....

- Staffing is maintained in District Court, 911, Finance, Assessing, Transportation, IT, and Fleet
- Police Department – Total department staffing will be 115, with 7 vacant positions and 29 additional positions eliminated through attrition by end of FY15. Additionally, a recently offered COPS Hiring grant for six School Resource Officers will not be accepted. The next several months will be focused on mitigating the impact of this through reorganization with the assistance of consultants specialized in police and fire service; seeking additional funds; and obtaining assistance from law enforcement partners in order to achieve the best possible level of police response.
- Fire Department – Total department will be 75, with 19 positions eliminated as the SAFER grant expires. There are several vacant positions to be eliminated as part of this, with a goal of needed reduction no later than December, 2014. The next several months will be focused on mitigating the impact of this through reorganization and restructuring obtained with the assistance of consultants specialized in fire and police service.

- Planning and Development Department - Staffing is at 22, with 2 positions eliminated. The department is being reorganized to assure capacity to implement the newly adopted Master Plan and continue efforts of blight management. Continued assistance in the form of grants and partnerships will be utilized, and general fund support for those activities is increased.

- Public Works Department - 6 positions are added to the Utilities division as the Water Treatment Plant begins operation as the primary source for Flint water; 1 position is added to Facilities to address critically needed maintenance issues.

- Finance and Administration Department - 1 positions is added to the Treasurer's Office to increase delinquent collections, with the added cost to be offset by additional revenues.

- Governance – As efforts to resolve the financial emergency progress, the position of City Administrator will be filled. Additionally, the salaries of Mayor and Council are partially restored as their role in governance increases.

Council budget priorities are addressed as follows:

- Maintaining police and fire staffing levels at the maximum level feasible – Due to revenue shortfall, increased retiree health care, and lack of other options, staffing is reduced. The Police and Fire millage funds will be used to fund 20 fire fighters and 26 police officers through FY15 and FY16. However, the accumulated millage funds will be fully used by the end of FY16.

- Reducing the General Fund deficit by at least $1 million – General Fund expenses are budgeted at $1 million less than revenues, and $800,000 in Capital Improvement Funds will be appropriated to the Utilities, thus reducing the General Funds debt to the Utility Fund by an additional $800,000. The plan is to continue this commitment for the next several years until the deficit is eliminated, and then the commitment will become one of building a financial reserve equal to 15% of General Fund revenues.

- Continuing efforts to reduce blight, including demolition – CDBG funds continue to be used for demolition and General Fund is assuming partial cost of the Blight Coordinator position

- Hiring an experienced City Administrator – Funds are included in budget.

- Assure that capacity exists to implement the Master Plan – General Fund is assuming partial cost of the Planning and Development Director, and Associate Planner, and a position of GIS technician is created, whose funding is shared among various city funds. Lead partners will be identified in each work area. Also, the Mayor has committed to overseeing the process of assuring that Master Plan implementation is an ongoing important part of city operations.

- Add capacity in the areas of Economic Development-The P&D Director is committed to defining a program for small business development, to be funded in FY16 through CDBG funds. Additionally, 20% of staff time of two DCED staffers and a portion of the Director's time will be devoted to economic development. Also, the Mayor has committed to leading the City's economic development efforts with partners and the assistance of this City staff.

- Fund years 1 & 2 of capital improvements identified in the Master Plan – the CIP portion of the Master Plan will be finalized in FY15, and the results will be considered for inclusion in the FY16 budget.

- Improve street maintenance – Due to minimal increases in state funding for streets, maintenance efforts will continue at the current levels. State financial support has been sought and obtained for some major street projects, in particular those related to economic development projects.

- Establish parks partnerships – The Planning and Development Department now has oversight of Parks, and as one of its strategic objectives, has committed to increase the number of parks partnerships in FY15 and FY16. Funding even the most basic of parks maintenance activities is increasingly challenging within the constraints of the parks millage funds. The goal is to eliminate General Fund support of these activities by the end of FY16.

- Improve customer service through training and technology– Human Resources, as it did in FY14, is committed to continuing ongoing training for supervisors and will be extending these efforts to all employees. IT likewise is committed to providing ongoing training for employees. Finally, most departments are including funds for ongoing training for employees. For example, the Treasury's customer service division is committed to specific customer service training for its front line employees.

- Increase removal of dead and diseased trees – Oversight of removal of trees within street right of ways is now the responsibility of the Transportation Division of Public Works, removal of trees within Parks is now the responsibility of Planning and Development; and removal of trees on other city properties is the responsibility of the Facilities Division of Public Works. Unfortunately, there is only a limited amount of funds available for these purposes, and the general effort will be focused on emergency responses. However, the Transportation Division is committed to attempting to secure assistance from other entities to increase capacity to address this problem.

- Evaluate ways to reduce water and sewer rates for constituents in the budget process-The results of the recent rate study confirm that it unlikely that water and sewer rates can be decreased at any time in the foreseeable future, and in fact, rates need to be increased. However, the actions taken to date to join KWA and to temporarily use the Flint River show that future rate increases will be less than had the City stayed with its prior provider.

Absent new sources of funding or reduced expenses in areas such as retiree healthcare, the commitments to progress and the staffing and service levels here are anticipated to continue for both FY15 and FY16. It is anticipated that the slight additional revenues in the General Fund for FY 16 will not be sufficient to cover increased costs, and it will be necessary to utilize additional funding from the police and fire millage to cover the costs of some police or fire positions in the General Fund in FY15. Depending on the rate of attrition in the Police Department, there should be sufficient remaining funds in the Police and Fire millage to avoid additional reductions in police or fire positions in FY16.

FLINT STRATEGIC PLAN

2015 -2019

Setting a Sustainable Course for the City of Flint

The Vision for the City Government of Flint:

A well managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

The Mission of the City Government:

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly and financially responsible manner

The Goals:

In order to realize our Mission, residents, businesses, students and visitors can expect that:

The City will provide a highly trained and professional staff of elected leaders, appointed officials and employees

The City will provide for a safe, secure, and healthy environment in which to live, work, learn and play

The City will provide access to dependable and affordable water, sewer, and waste collection

The City will provide access to an adequate and well maintained transportation network serving motorized, non-motorized, and pedestrian needs

The City will foster cooperation between business, non-profit, and foundation partners and residents to create a climate that supports community and economic development

The City government will also:

Seek partnerships with Local, State and Federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting its Mission

Provide municipal services consistent with the City's Master Plan and also work with residents, businesses, and others to foster development of the City and its infrastructure in a manner consistent with its Master Plan

Encourage partnerships for recreation and access to open space across the City

Enforce building and occupancy codes and to aggressively work with others to address blighted conditions

Assure that City ordinances and regulatory activities are consistent with the Master plan and supportive of economic development

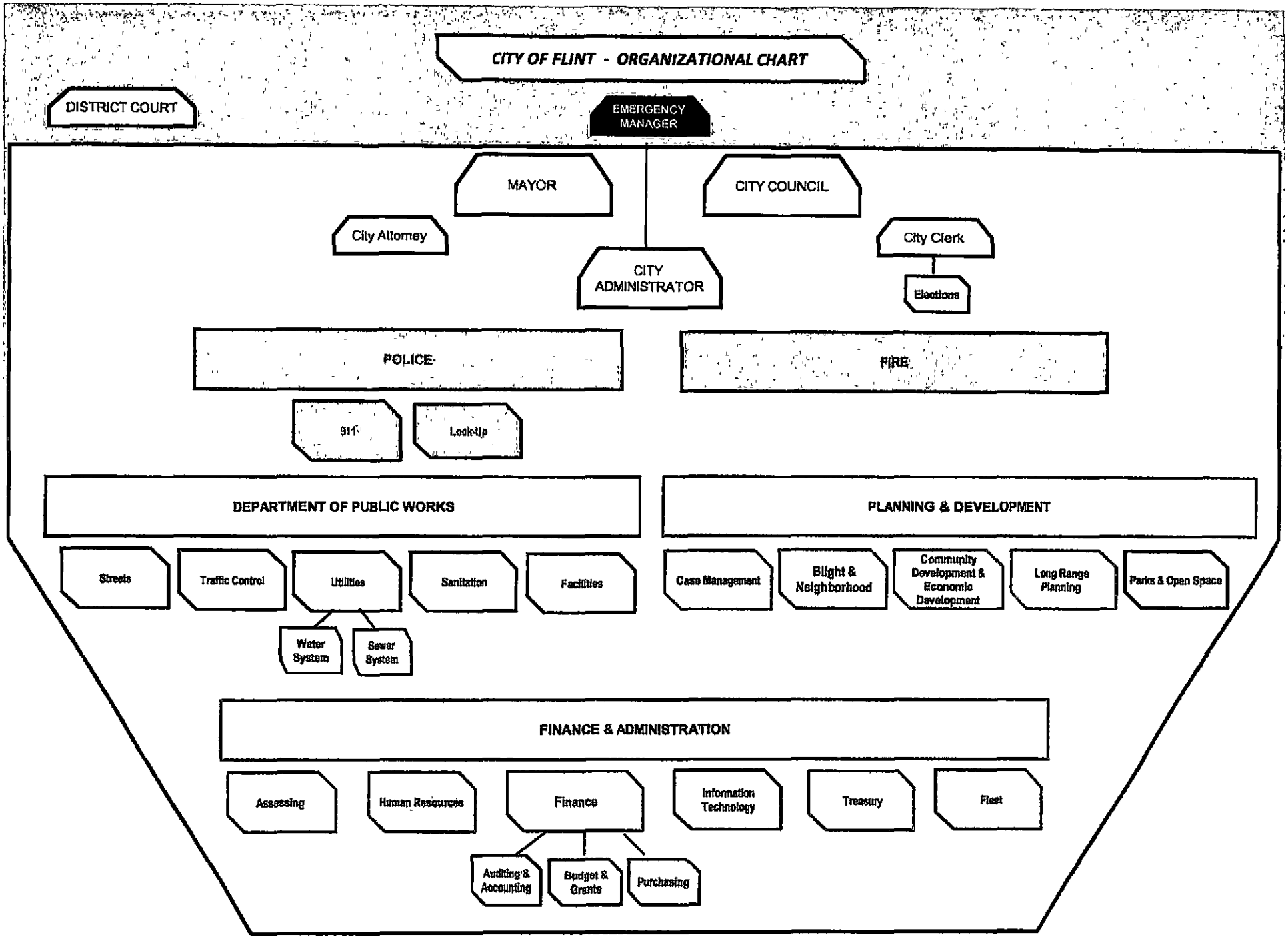
Operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits

Mayor and Council Priorities for Developing the Two-year (FY15 & FY16) Budget

The Mayor and Council request that the two-year budget to be developed will include a set of objective which, when achieved, will result in significant progress being made towards achieving their stated Vision, Mission, and Goals.

Additionally, the Mayor and Council request that the two-year budget to be developed address the following specific priorities:

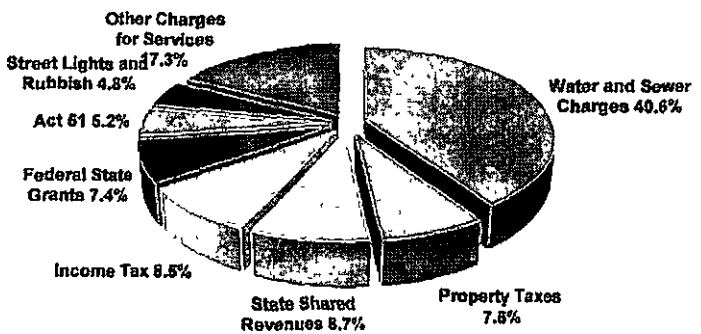
1. Maintain police and fire staffing levels at the maximum level feasible
2. Reduce the General Fund deficit by at least $1 million
3. Continue efforts to reduce blight, including demolition
4. Hire an experienced and professional City Administrator
5. Assure that capacity exists to implement the Master Plan
6. Add capacity in the area of Economic Development
7. Fund years 1 & 2 of capital improvements identified in the Master Plan
8. Improve street maintenance
9. Establish parks partnerships
10. Improve customer service through training and technology
11. Increase removal of dead and diseased trees
12. Evaluate ways to reduce water and sewer rates for constituents in the budget process


CITY OF FLINT - ORGANIZATIONAL CHART
DISTRICT COURT
EMERGENCY MANAGER
MAYOR
CITY COUNCIL
City Attorney
CITY ADMINISTRATOR
City Clerk
Elections
POLICE
FIRE
911
Lock-Up
DEPARTMENT OF PUBLIC WORKS
PLANNING & DEVELOPMENT
Streets
Traffic Control
Utilities
Sanitation
Facilities
Water System
Sewer System
Case Management
Blight & Neighborhood
Community Development & Economic Development
Long Range Planning
Parks & Open Space
FINANCE & ADMINISTRATION
Assessing
Human Resources
Finance
Information Technology
Treasury
Fleet
Auditing & Accounting
Budget & Grants
Purchasing

REVENUE PROJECTIONS - ALL FUNDS

FY15

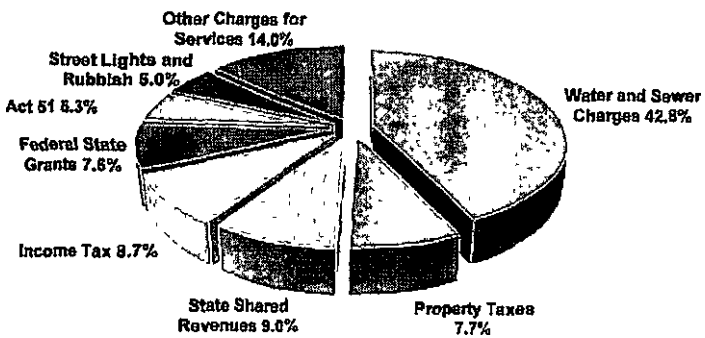
$167,649,430



- Water and Sewer Charges
- Income Tax
- Street Lights and Rubbish
- Property Tax
- Federal State Grants
- Other Charges for Services
- State Shared Revenue
- Act 51

FY16

$164,226,881

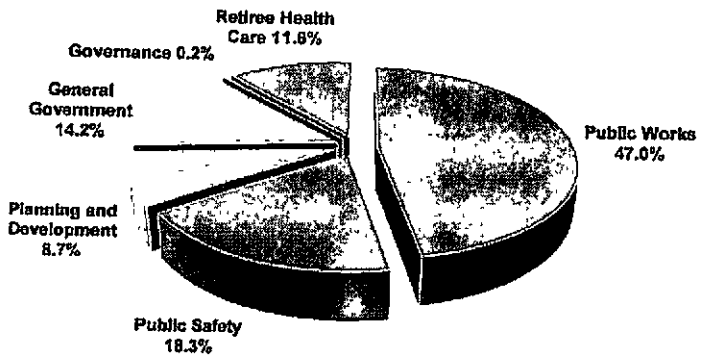


- Water and Sewer Charges
- Income Tax
- Street Lights and Rubbish
- Property Taxes
- Federal State Grants
- Other Charges for Service
- State Shared Revenue
- Act 51

EXPENSE PROJECTIONS - ALL FUNDS

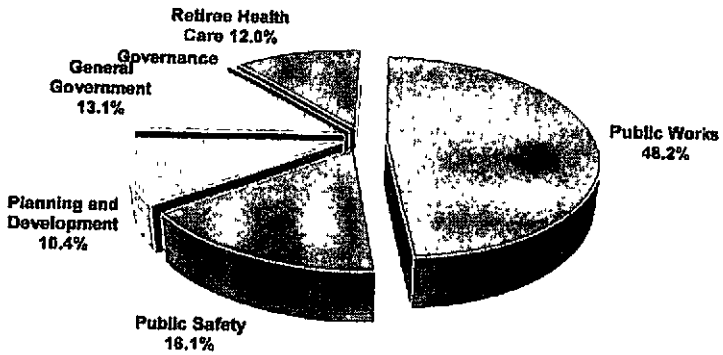
FY15

$164,225,881



FY16

$167,327,725



CITY OF FLINT - FIVE YEAR OUTLOOK

All Funds Summary

		Current FY14	Proposed FY15	Proposed FY16	Projected FY17	Projected FY18	Projected FY19
General Fund	101						
	Revenues*	**$53,568,121**	**$55,080,609**	**$56,232,962**	**$56,739,059**	**$56,909,276**	**$57,421,459**
	Expenses	**$53,568,121**	**$55,080,609**	**$56,232,962**	**$58,538,513**	**$60,938,592**	**$63,558,952**
	Cumulative Gap	**$0**	**$0**	**$0**	**($1,799,455)**	**($5,828,771)**	**($11,966,264)**
	Annual Gap	**$0**	**$0**	**$0**	**($1,799,455)**	**($4,029,317)**	**($6,137,493)**
*Includes $1 million for deficit elimination							
Major Streets	202						
	Revenues	$6,335,406	$7,022,888	$8,116,668	$8,343,935	$8,677,565	$8,826,314
	Expenses	$6,331,406	$7,022,888	$8,116,668	$8,416,985	$8,711,579	$9 025,196
	Cumulative Gap	$4,000	$0	$0	($73 050)	($207 064)	($405,946)
	Annual Gap	$0	$0	$0	($73 050)	($134 014)	($198 882)
Local Streets	203						
	Revenues	$2,601,090	$2,894,458	$2,783,112	$2 841,557	$2,904,072	$2 987,981
	Expenses	$2,601,090	$2,894,458	$2,783,112	$2,880,521	$2,972,698	$3,067,824
	Cumulative Gap	$0	$0	$0	($38,964)	($107 590)	($207 452)
	Annual Gap	$0	$0	$0	($38 964)	($68 626)	($99 863)
Police and Fire Millage	205						
	Revenues	$1,845,827	$9,258,560	$7,249,000	$4,484,540	$4,602,941	$4,671,985
	Expenses	$1,845,827	$9,258 560	$7,249,000	$7,538,960	$7,848,057	$8,169,828
	Cumulative Gap	$0	$0	$0	($3 074 420)	($6 319 537)	($9 817 379)
	Annual Gap	$0	$0	$0	($3 074 420)	($3 245 117)	($3 497 843)
Neighborhood Police Millage	207						
	Revenues	$1,550,180	$1,378,104	$1,233,874	$1,258,551	$1 297,587	$1,317,030
	Expenses	$1,550,180	$1,378,104	$1,233,874	$1,283,228	$1,335 841	$1,390,611
	Cumulative Gap	$0	$0	$0	($24 677)	($62 952)	($136 533)
	Annual Gap	$0	$0	$0	($24 677)	($38 275)	($73 581)
Parks Millage	208						
	Revenues	$373 064	$440,140	$341,423	$348,251	$359 047	$384,433
	Expenses	$373,064	$440,140	$341,423	$355,080	$369,638	$384,793
	Cumulative Gap	$0	$0	$0	($6 828)	($17 419)	($37 780)
	Annual Gap	$0	$0	$0	($6 828)	($10 591)	($20 360)
Lighting Special Assessment	219						
	Revenues	$2,982,960	$2,694,870	$2,696,300	$2,561,485	$2,433,411	$2,311,740
	Expenses	$2,982,960	$2,694,870	$2,696,300	$2,696,300	$2,696,300	$2,696,300
	Cumulative Gap	$0	$0	$0	($134 815)	($397 704)	($782 264)
	Annual Gap	$0	$0	$0	($134 815)	($262 889)	($384 560)

			Current FY14	Proposed FY15	Proposed FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		226						
	Revenues		$5,132,490	$5,396,293	$5,450,723	$5,178,187	$4,919,278	$4,673,314
	Expenses		$5,132,490	$5,396,293	$5 450,723	$5 559,737	$5,670,932	$5,784,351
	Cumulative Gap		$0	$0	$0	($381 551)	($1 133 205)	($2 244 243)
	Annual Gap		$0	$0	$0	($381 551)	($751 655)	($1 111 037)
Drug Forfeiture		265						
	Revenues		$435,042	$425,063	$433,399	$446,401	$459,793	$473,587
	Expenses		$435,042	$425,063	$433,399	$446,401	$459,793	$473,587
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
HUD Grant 2014		274						
	Revenues		$11,767,729	$5,035,899	$5,035,899	$5,186,976	$5,342,585	$5,502,863
	Expenses		$11,767,729	$5,035,899	$5 035,899	$5,186,976	$5,342,585	$5 502,863
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Other Grants		296						
	Revenues		$7,483,689	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316 091
	Expenses		$7,477,931	$4,864,976	$4,864 976	$5,010,925	$5 161,253	$5 316,091
	Cumulative Gap		$5,758	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Federal Stimulus Grant		297						
	Revenues		$4,524,108	$0	$0	$0	$0	$0
	Expenses		$4,524,108	$0	$0	$0	$0	$0
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Public Improvement Fund		402						
	Revenues		$2,150,000	$2,850,957	$2,867,987	$2,925,347	$3,016,032	$3 061,273
	Expenses*		$2,150,000	$2,850,957	$2,867,987	$2,982,706	$3,104,997	$3,232,302
	Cumulative Gap		$0	$0	$0	($57 360)	($146 325)	($317 354)
	Annual Gap		$0	$0	$0	($57 360)	($88 965)	($171 029)
* Includes $800,000 for deficit elimination								
Building Safety Fund		542						
	Revenues		$2,548,456	$2,395,529	$2,484,700	$2,484,700	$2,484,700	$2 484 700
	Expenses		$2,548,456	$2,395,529	$2,484,700	$2,584,088	$2,687,452	$2,794,950
	Cumulative Gap		$0	$0	$0	($99 388)	($302 140)	($612 388)
	Annual Gap		$0	$0	$0	($99 388)	($202 752)	($310 250)
TOTAL General City								
	Revenues		**$103,288,162**	**$99,538,346**	**$99,791,023**	**$97,789,914**	**$98,467,519**	**$99,392,750**
	Expenses		**$103,278,404**	**$99,538,346**	**$99,791,023**	**$103,480,422**	**$107,299,719**	**$111,397,647**
	Cumulative Gap		**$9,758**	**$0**	**$0**	**($5,690,508)**	**($14,522,707)**	**($26,527,604)**
	Annual Gap		**$0**	**$0**	**$0**	**($5,690,508)**	**($8,832,200)**	**($12,004,897)**

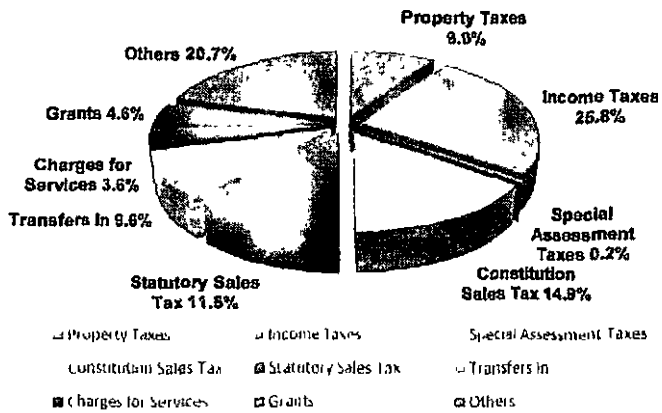
		Current FY14	Proposed FY15	Proposed FY16	Projected FY17	Projected FY18	Projected FY19
	Revenues	$31,929,269	$30,256,545	$32,346,745	$32,346,745	$32,346,745	$32,346,745
	Expenses	$31,929,269	$30,256,545	$32,346,745	$34,609,099	$36,149,143	$37,216,957
	Cumulative Gap	$0	$0	$0	($2,262,354)	($6,064,752)	($10,934,964)
	Annual Gap	$0	$0	$0	($2,262,354)	($3,802,398)	($4,870,212)
Water Fund	591						
	Revenues	$47,896,872	$37,500,000	$37,500,000	$37,500,000	$37,500,000	$37,500,000
	Expenses	$47,896,872	$34,503,530	$35,012,250	$38,841,189	$40,741,906	$41,943,725
	Cumulative Gap	$0	$2,996,470	$2,487,750	($1,341,189)	($4,583,095)	($9,026,820)
	Annual Gap	$0	$0	$0	($1,341,189)	($3,241,906)	($4,443,725)
Water and Sewer	**590 & 591**						
	Revenues	**$79,826,141**	**$67,756,545**	**$69,846,745**	**$69,846,745**	**$69,846,745**	**$69,846,745**
	Expenses	**$79,826,141**	**$64,760,075**	**$67,358,995**	**$73,450,288**	**$76,891,049**	**$79,160,682**
	Cumulative Gap	**$0**	**$2,996,470**	**$2,487,750**	**($3,603,543)**	**($10,647,847)**	**($19,961,784)**
	Annual Gap	**$0**	**$0**	**$0**	**($3,603,543)**	**($7,044,304)**	**($9,313,937)**
TOTAL CITY							
	Revenues	**$183,114,303**	**$167,294,891**	**$169,637,768**	**$167,636,659**	**$168,314,264**	**$169,239,495**
	Expenses	**$183,104,545**	**$164,298,421**	**$167,150,018**	**$176,930,710**	**$184,190,768**	**$190,558,329**
	Cumulative Gap	**$9,758**	**$2,996,470**	**$2,487,750**	**($9,294,051)**	**($25,170,554)**	**($46,489,388)**
	Annual Gap	**$0**	**$0**	**$0**	**($9,294,051)**	**($15,876,504)**	**($21,318,834)**

GENERAL FUND REVENUE PROJECTIONS

PROPOSED 4/30/14

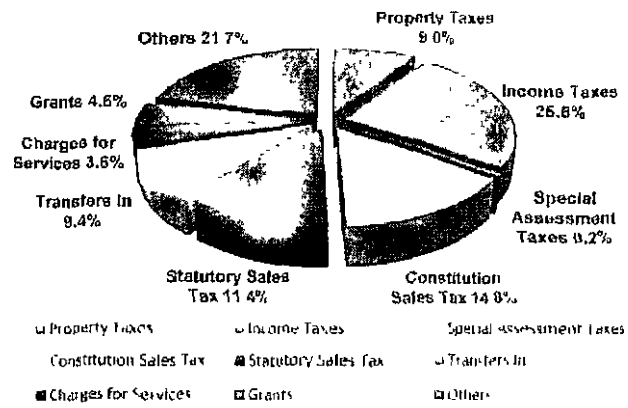
FY15

$55,008,069



FY16

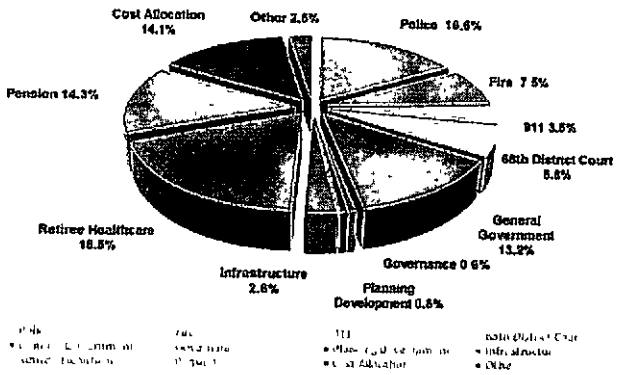
$56,232,962



GENERAL FUND EXPENSE PROJECTIONS

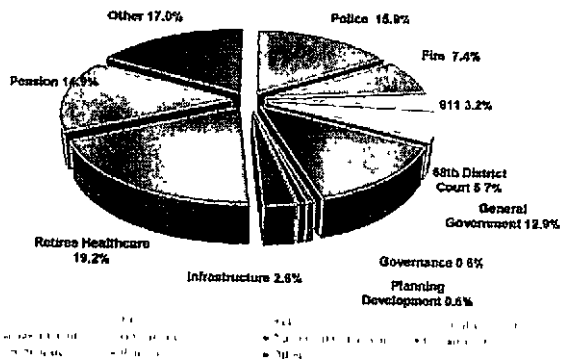
FY15

$55,008,069



FY16

$56,232,962



CITY OF FLINT PROPOSED FINANCIAL BUDGET
FOR FISCAL YEARS 2015 AND 2016
GENERAL FUND

DESCRIPTION	2014-15 AMENDED BUDGET	2014-15 PROPOSED BUDGET	2015 -16 PROPOSED BUDGET
Fund 101 - General Fund			
ESTIMATED REVENUES			
Function: General government			
Property Taxes	4,622,000	$ 4,970,000	$ 5,069,400
Income taxes	14,210,000	14,200,000	14,342,000
Special assessment taxes	97,941	89,000	89,000
State revenues	16,730,120	17,181,829	17,347,719
License and Permits	1,303,626	1,296,626	1,396,626
Fines and forfeitures	1,825,000	1,862,600	1,967,000
Charges for service rendered	9,942,485	11,151,068	11,558,859
Interest and dividend income	850,000	680,000	1,080,000
Other revenues	898,946	598,948	604,360
Transfers in	4,077,998	3,777,998	3,777,998
Drawings from fund balance	(1,000,000)	(1,000,000)	(1,000,000)
Total - Function General government	53,558,116	55,008,069	56,232,962
TOTAL ESTIMATED REVENUES	53,558,116	55,008,069	56,232,962
APPROPRIATIONS			
Function: Legislative			
City Council	373,225	382,505	389,560
Total - Function Legislative	373,225	382,505	389,560
Function: General Government			
District Court	5,194,307	4,082,999	4,167,618
Office Of Mayor	228,813	216,426	219,757
City Administrator	396,646	352,911	356,032
Finance -Admin/Accounting/Payroll	1,188,137	953,331	965,026
Finance Purchasing	130,229	139,185	141,145
Total Finance and Purchasing Department	1,318,366	1,092,516	1,106,171
Office Of City Clerk	220,644.72	124,626	125,436
City Clerk-License And Permits	90,850.00	99,654	101,668
City Clerk-Board Of Review	10,500.00	11,601	11,601
City Clerk-Election	403,182.51	393,241	399,979
Cty Clk Elec Div. - Election Workers	138,654.00	179,591	179,591
Total City Clerk and Elections	863,831	808,713	818,275
Customer Services-Treasury Operations	380,320.85	279,977	285,850
Customer Services-Income Tax	465,824.55	433,000	445,990
Customer Services-Water Collection	1,018,851.38	1,265,933	1,284,419
Customer Service-Sewer collection	1,020,101.38	1,266,133	1,284,625
Delinquent Collections	167,686.31	263,063	267,313
Total Treasury Department	3,052,784	3,508,106	3,568,197
Assessment	1,084,221	1,236,921	1,255,032
Law Office Operations	962,042	947,089	960,492
Human Relations Commission	26,237	22,547	22,891

Personnel Office	551,542.14	604,462	615,444
Personnel Office-Personnel-Training	70,625.00	55,500	56,415
Total Human Relations and Personnel	648,404	682,509	694,750
Police - Fleet	990,000	990,000	1,000,000
Police Reduction	-	(2,608,823)	(2,859,741)
Pol Admin Bureau - Admin	6,028,126.72	412,169	419,941
Pol Admin Bureau-Inspections	127,353.25	125,504	126,864
Pol Admin - City Lock up	2,673,649.00	2,554,329	2,554,329
Pol Tech Serv-Records & Identification	1,826,592.14	2,134,209	2,172,785
Pol Tech Serv-Planning, Research, & Trai	135,358.24	134,846	135,692
Pol Tech Serv - City Impound	437,322.43	438,576	450,124
Pol Invst Ovrhd - Criminal Invest Overh	2,469,996.19	2,371,162	2,398,335
Pol Invst Ovrhd - Police School Liason	764,010.96	751,475	760,749
Pol Invst Ovrhd - Special Operations	707,250.66	738,801	749,143
Patrol Bureau - Administration	5,502,822.71	4,265,473	4,326,179
Patrol Bureau-School Crossing Guards	267,854.28	285,711	285,712
Total Police	21,930,337	12,593,432	12,520,112
Public Safety 911 - Administration	3,745,525	2,605,021	2,540,188
Office Of Fire Chief	753,546.51	698,577	715,258
Fire Admin-Maintenance	116,000.00	412,500	424,500
Fire Admin - Training	253,399.99	161,541	164,771
Firefighting Division-Fire Battalion Chi	3,349,960.21	496,649	506,293
Firefighting Division-Fire Station Overh	5,858,148.62	4,101,133	4,168,260
SAFER Grant EMW-2011-FH-00843	1,083,369.78		
Fire Prevent - Inspection And Training	285,370.79	315,903	322,422
Total Fire Department	11,699,796	6,186,303	6,301,504
Development-Planning & Zoning	121,875.00	126,397	128,702
DCD - Administration	186,292.34	357,603	364,681
Golf Division - Kearsley Lake Gc	3,500.00		
Golf Division-Swartz Crk Gc	1,600.00		
Golf Division-Mott Park Gc	-	9,000	9,270
Total Planning and Development	313,267	493,000	502,653
Facilities Maint-Municipal Center	1,207,381	1,494,973	1,532,361
Total - Function General Government	52,645,721	38,300,920	36,543,142
Cost Allocation and Retiree Healthcare	-	17,911,942	18,986,659
Transfer out to Fund 208		99,140	-
Transfers out to fund 542	539,169.96	313,561	313,561
Total - Function Transfers out	539,170	412,701	313,561
TOTAL APPROPRIATIONS	$ 53,558,116	$ 55,008,068	$ 56,232,922
NET OF REVENUES/APPROPRIATIONS - FUND 101	0	1	40
BEGINNING FUND BALANCE	$ (12,895,642)	$ (11,895,642)	$ (10,895,642)
ENDING FUND BALANCE	$ (11,895,642)	$ (10,895,642)	$ (9,895,642)

PROPOSED 4/30/14

CITY OF FLINT 5 YEAR STAFFING PROJECTION

	FY14 CURRENT	FY15 PROPOSED	FY16 PROPOSED
GOVERNANCE AND ADMINISTRATION	19	19	19
POLICE	151	115	115
911	23	23	23
FIRE	94	75	75
DISTRICT COURT	31	31	31
DEPARTMENT OF PUBLIC WORKS	166	173	173
PLANNING AND DEVELOPMENT	24	22	23
FINANCE AND ADMINISTRATION	57	60	60
TOTALS	565	518	519

Proposed 04/30/14

PROJECTED FACILITIES IMPROVEMENTS FY15-FY19

IMPROVEMENT	RANK	COST	FY15	FY16	FY17	FY18	FY19
City Hall Elevators(2 main only)	1	400,000.00	$ 400,000.00				
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 155,000.00				
Assessing Renovations	3	65,000.00	$ 65,000.00				
Roof Repair - Main Fire Station	4	127,400.00	$ 127,400.00				
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 10,000.00				
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 20,000.00				
I.S. Water Leaks PART I OF II	7	50,000.00	$ 50,000.00				
Legal Renovations	8	40,000.00	$ 40,000.00				
Police Station Bridge to 5th St	9	30,000.00	$ 30,000.00				
Roof Repair - North building	10	99,384.00	$ 99,384.00				
Motion Lights, City Hall & Police	11	100,000.00	$ 100,000.00				
Pave City Hall Parking Lot	12	100,000.00		$ 100,000.00			
911 Consoles & Telephones	13	330,000.00		$ 330,000.00			
I.S. Water Leaks PART II OF II	14	50,000.00		$ 50,000.00			
Council Chambers Renovations PART I OF III	15	116,666.67		$ 116,666.67			
City Hall Building Facade PART I OF III	16	500,000.00		$ 500,000.00			
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00			$ 250,000.00		
Council Chambers Renovations PART II OF III	18	116,666.67			$ 116,666.67		
City Hall Building Facade PART II OF III	19	500,000.00			$ 500,000.00		
Council Chambers Renovations PART III OF III	20	116,666.67				$ 116,666.67	
City Hall Building Facade PART III OF III	21	500,000.00				$ 500,000.00	
Police Shooting Range	22	250,000.00				$ 250,000.00	
Fire Station Kitchens - Remodel	23	60,000.00				$ 60,000.00	
TOTAL		**$3,926,784.00**	**$ 1,096,784.00**	**$ 1,096,666.67**	**$ 866,666.67**	**$ 926,666.67**	**$ -**

DEFICIT ELIMINATION AND RESERVE ACCUMULATION PROJECTIONS

FINANCIAL COMMITMENT NECESSARY TO ELIMINATE THE DEFICIT AND ACCUMULATE AN APPROPRIATE BUDGET STABILIZATION RESERVE OF 10% -15%

	DEFICIT REDUCTION						
	FY14	FY15	FY16	FY17	FY18	FY19	FY20
DEFICIT	($12,895,642)	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000
REMAINING DEFICIT	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)	($295,642)
GENERAL FUND REVENUE	$53,555,121	$55,080,609	$56,281,965	$56,788,503	$56,958,868	$57,471,498	$58,620,928

	RESERVE ACCUMULATION					
	FY21	FY22	FY23	FY24	FY25	
RESERVE	($295,642)	$1,504,358	$3,304,358	$5,104,358	$6,904,358	
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	
ACCUMULATED RESERVE	$1,504,358	$3,304,358	$5,104,358	$6,904,358	**$8,704,358**	**Equals 13% of GF Revenues**
GENERAL FUND REVENUE	$59,793,347	$60,989,213	$62,208,998	$63,453,178	**$64,722,241**	

CITY OF FLINT - FIVE YEAR OUTLOOK
Pension and Retiree Healthcare Costs

			Current FY14	Proposed FY15	Proposed FY16	Projected FY17	Projected FY18	Projected FY19
General Fund		101						
	Retiree Healthcare Expense		$8,034,324	$10,167,701	$10,777,763	$11,424,429	$12,109,895	$12,836,488
	Pension Expense		$8,401,335	$7,887,617	$7,360,876	$7,802,529	$8,270,680	$8,766,921
	Other Expenses		$37,122,462	$37,025,291	$38,143,326	$38,362,568	$40,611,121	$42,010,930
	Total Expenses		$53,558,121	$55,080,609	$56,281,965	$58,589,526	$60,991,696	$63,614,339
	Retiree Healthcare as % of Total Expenses		15%	18%	19%	19%	20%	20%
	Pension as % of Total Expenses		16%	14%	13%	13%	14%	14%
	Healthcare & Pension Costs as % of Total		31%	33%	32%	33%	33%	34%
Major Streets		202						
	Retiree Healthcare		$898,155	$1,056,160	$1,119,531	$1,186,724	$1,257,928	$1,333,403
	Pension		$665,632	$551,416	$568,563	$932,387	$670,268	$710,516
	Other expenses		$5,187,419	$5,415,293	$5,400,654	$5,597,904	$5,783,353	$5,981,277
	Total		$6,331,406	$7,022,888	$6,116,668	$6,416,985	$6,711,679	$9,025,196
	Healthcare & Pension %		18%	23%	21%	22%	22%	23%
Local Streets		203						
	Retiree Healthcare		$388,761	$200,824	$212,873	$225,646	$239,184	$253,535
	Pension		$331,106	$330,318	$354,959	$376,257	$398,832	$422,762
	Other expenses		$1,881,223	$2,163,316	$2,215,280	$2,278,618	$2,334,682	$2,391,827
	Total		$2,601,090	$2,694,458	$2,783,112	$2,880,521	$2,972,698	$3,067,824
	Healthcare & Pension %		28%	20%	20%	21%	21%	22%
Police and Fire Millage		205						
	Retiree Healthcare		$0	$1,337,828	$1,418,098	$1,503,184	$1,593,375	$1,688,977
	Pension		$448,524	$2,693,093	$2,748,878	$2,813,600	$3,088,416	$3,273,721
	Other expenses		$1,397,303	$5,327,939	$3,082,223	$3,122,176	$3,168,267	$3,207,130
	Total		$1,845,827	$9,258,860	$7,249,000	$7,538,960	$7,849,057	$8,169,828
	Healthcare & Pension %		24%	42%	57%	59%	60%	61%
Neighborhood Police Millage		207						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$376,934	$300,795	$316,844	$337,675	$358,253	$379,748
	Other expenses		$1,170,246	$1,077,309	$916,030	$945,264	$977,588	$1,010,863
	Total		$1,550,180	$1,378,104	$1,233,874	$1,283,229	$1,335,841	$1,390,611
	Healthcare & Pension %		25%	22%	26%	26%	27%	27%
Parks Millage		208						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$5,591	$20,663	$20,663	$21,903	$23,217	$24,610
	Other expenses		$367,473	$419,477	$320,760	$333,177	$346,421	$360,183
	Total		$373,064	$440,140	$341,423	$355,080	$369,639	$384,793
	Healthcare & Pension %		1%	5%	6%	6%	6%	6%
Lighting Special Assessment		219						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$6,026	$6,380	$6,773	$7,180	$7,611
	Other expenses		$2,982,960	$2,688,841	$2,689,910	$2,689,527	$2,689,120	$2,688,689
	Total		$2,982,960	$2,694,870	$2,696,300	$2,696,300	$2,696,300	$2,696,300
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%

			Current FY14	Proposed FY15	Proposed FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		226						
	Retiree Healthcare		$621,160	$411,202	$435,874	$462,026	$489,748	$519,133
	Pension		$25,335	$12,888	$13,767	$14,593	$15,469	$16,397
	Other expenses		$4,485,955	$4,972,103	$5,001,082	$5,083,118	$5,165,719	$5,248,821
	Total		$5,132,490	$5,396,293	$5,450,723	$5,559,737	$5,670,932	$5,784,351
	Healthcare & Pension %		13%	8%	8%	9%	9%	9%
Drug Forfeiture		265						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$122,739	$92,406	$97,351	$92,592	$98,148	$104,036
	Other expenses		$312,303	$342,657	$349,048	$353,809	$361,845	$369,550
	Total		$435,042	$425,063	$433,399	$446,401	$459,793	$473,587
	Healthcare & Pension %		28%	19%	20%	21%	21%	22%
HUD Grant 2014		274						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$230,169	$292,418	$292,418	$309,963	$328,561	$348,275
	Other expenses		$11,537,570	$4,743,481	$4,743,481	$4,877,013	$5,014,024	$5,154,688
	Total		$11,767,729	$5,035,899	$5,035,899	$5,186,976	$5,342,585	$5,502,963
	Healthcare & Pension %		2%	6%	6%	6%	6%	6%
Other Grants		296						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$40,027	$230,605	$230,605	$244,441	$259,108	$274,654
	Other expenses		$7,437,804	$4,634,371	$4,634,371	$4,766,484	$4,902,145	$5,041,436
	Total		$7,477,831	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Healthcare & Pension %		1%	5%	5%	5%	5%	5%
Federal Stimulus Grant		297						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$1,355,981	$0	$0	$0	$0	$0
	Other expenses		$3,168,127	$0	$0	$0	$0	$0
	Total		$4,524,108	$0	$0	$0	$0	$0
	Healthcare & Pension %		30%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Public Improvement Fund		402						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$0	$0	$0	$0	$0
	Other expenses		$2,150,000	$2,850,957	$2,897,997	$2,982,706	$3,104,997	$3,232,302
	Total		$2,150,000	$2,850,957	$2,897,997	$2,982,706	$3,104,997	$3,232,302
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%
Building Safety Fund		542						
	Retiree Healthcare		$662,954	$393,633	$417,251	$442,288	$468,823	$496,953
	Pension		$151,734	$237,628	$251,886	$266,999	$283,019	$300,000
	Other expenses		$1,833,768	$1,764,268	$1,816,563	$1,874,803	$1,935,609	$1,997,897
	Total		$2,648,456	$2,395,529	$2,484,700	$2,584,088	$2,687,452	$2,794,850
	Healthcare & Pension %		28%	26%	27%	27%	28%	29%
TOTAL General City								
	Retiree Healthcare Expense		$10,205,384	$13,567,368	$14,381,410	$15,244,295	$16,159,952	$17,128,469
	Pension Expense		$12,058,297	$12,545,976	$12,283,001	$13,019,981	$13,801,180	$14,629,251
	Other Expenses		$81,014,723	$73,425,003	$73,175,615	$76,267,159	$77,392,690	$79,695,264
	Total Expenses		$103,278,404	$99,538,346	$99,840,026	$103,531,434	$107,352,822	$111,453,034
	Retiree Healthcare as % of Total Expenses		10%	14%	14%	15%	15%	15%
	Pension as % of Total Expenses		12%	13%	12%	13%	13%	13%
	Healthcare & Pension Costs as % of Total		22%	26%	27%	27%	28%	28%

			Current FY14	Proposed FY15	Proposed FY16	Projected FY17	Projected FY18	Projected FY19
Sewer Fund		590						
	Retiree Healthcare		$2,329,993	$2,447,568	$2,584,420	$2,750,085	$2,915,090	$3,089,996
	Pension		$2,179,100	$2,040,715	$2,163,159	$2,292,949	$2,430,525	$2,576,357
	Other expenses		$27,420,186	$25,768,264	$27,689,166	$29,568,066	$30,803,527	$31,550,604
	Total		$31,929,289	$30,256,545	$32,346,745	$34,609,099	$36,149,143	$37,216,957
	Healthcare & Pension %		14%	15%	15%	15%	15%	15%
Water Fund		591						
	Retiree Healthcare		$1,680,052	$2,963,588	$3,141,403	$3,329,887	$3,529,680	$3,741,461
	Pension		$1,815,667	$1,803,098	$1,911,284	$2,025,961	$2,147,519	$2,276,370
	Other expenses		$44,401,123	$29,736,844	$29,859,569	$33,485,341	$35,064,707	$35,925,894
	Total		$47,896,872	$34,503,530	$35,012,256	$38,841,189	$40,741,906	$41,943,725
	Healthcare & Pension %		7%	14%	14%	14%	14%	14%
Water and Sewer		**590 & 591**						
	Retiree Healthcare		**$4,010,045**	**$5,411,154**	**$5,735,823**	**$6,079,972**	**$6,444,771**	**$5,831,457**
	Pension		**$3,994,767**	**$3,843,813**	**$4,074,443**	**$4,318,910**	**$4,578,044**	**$4,852,727**
	Other expenses		**$71,821,309**	**$55,505,108**	**$57,548,729**	**$63,051,408**	**$65,868,234**	**$67,476,498**
	Total		**$79,826,141**	**$64,760,076**	**$67,358,995**	**$73,450,288**	**$76,891,049**	**$79,160,682**
	Retiree Healthcare as % of Total Expenses		**5%**	**8%**	**9%**	**8%**	**8%**	**9%**
	Pension as % of Total Expenses		**5%**	**6%**	**6%**	**6%**	**6%**	**6%**
	Healthcare & Pension %		**10%**	**14%**	**15%**	**14%**	**14%**	**15%**
TOTAL CITY								
	Retiree Healthcare		**$14,215,429**	**$18,978,522**	**$20,117,233**	**$21,324,267**	**$22,603,723**	**$23,959,946**
	Pension		**$16,083,084**	**$16,389,788**	**$16,357,444**	**$17,338,891**	**$18,379,224**	**$19,481,978**
	Other expenses		**$152,838,032**	**$120,930,111**	**$130,724,344**	**$138,318,586**	**$143,260,924**	**$147,171,792**
	Total		**$183,104,545**	**$164,298,421**	**$167,199,021**	**$176,981,722**	**$184,243,871**	**$190,613,716**
	Retiree Healthcare %		**8%**	**12%**	**12%**	**12%**	**12%**	**13%**
	Pension %		**9%**	**10%**	**10%**	**10%**	**10%**	**10%**
	Healthcare & Pension %		**17%**	**22%**	**22%**	**22%**	**22%**	**23%**

PROJECTED TAXPAYER IMPACT

$41,000 House, $40,000 Income

Values	FY14 Current Winter & Summer	FY15 Proposed Winter & Summer	FY16 Proposed Winter & Summer
House value	$41,000.00	$41,000.00	$61,500.00
Taxable value	$20,500.00	$20,500.00	$30,750 00
Annual Income	$40,000.00	$40,000.00	$50,000.00
Tax rate (mills)	65.88	65.88	65.88
Street Lights	$67.00	$70.94	$74.14
Garbage	$143.00	$162.63	$168.84
Water Bill	$1,800.00	$1,917.00	$2,032.02
Payments			
Property taxes	$1,351.00	$1,351.00	$1,351.00
Street lights	$67.87	$70.09	$74.14
Rubbish	$146.00	$162.63	$168.84
Income tax	$400.00	$400.00	$400.00
Water bill	$1,800.00	$1,917.00	$2,032.02
Total Payments	$3,764.87	$3,900.72	$4,026.00

$61,500 House, $50,000 Income

Values	FY14 Current Winter & Summer	FY15 Proposed Winter & Summer	FY16 Proposed Winter & Summer
House value	$61,500.00	$61,500.00	$61,500.00
Taxable value	$30,750.00	$30,750.00	$30,750.00
Annual Income	$50,000.00	$50,000.00	$50,000.00
Tax rate (mills)	65.88	65.88	65.88
Street Lights	$67.87	$70.94	$74.14
Garbage	$146.00	$162.63	$168.84
Water Bill	$1,800.00	$1,917.00	$2,032.02
Payments			
Property taxes	$2,026.00	$2,026.00	$2,026.00
Street lights	$67.87	$70.09	$73.82
Garbage	$146.00	$146.37	$155.61
Income tax	$500.00	$500.00	$500.00
Water bill	$1,800.00	$1,917.00	$2,032.02
Total Payments	$4,539.87	$4,659.46	$4,787.45

Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Monday, August 18, 2014 5:52 PM
Subject: PRESS RELEASE: Water Advisory Update
Attachments: Water Advisory 8.18.2014.pdf

For Immediate Release

City of Flint Boil Water Advisory Still in Effect for Area Affected by Discovery of Abnormal Water Sample

Flint, Michigan – August 18, 2014 – The City of Flint's Utilities Department has received word today from the Department of Environmental Quality that the boil water advisory issued for a small portion of the city is still in effect although additional testing has shown no signs of E-coli or fecal coliform bacteria in the water. Testing over the last 48 hours has shown that the water tests negative for the presence of fecal coliform bacteria and E-coli, but an abnormal test result triggered the advisory. It is believed that a sampling error is to blame for the abnormal test; however, as a precaution, the advisory will remain in effect until the next citywide sampling has been completed. The next round of routine testing will take place on Tuesday, August 19, 2014 with the possibility that the advisory could be lifted as early as Wednesday, August 20, 2014.

Testing of the drinking water is a part of the routine process for ensuring the quality and safety of the system which happens weekly at nine different sites around the city. Drinking water contamination due to E-coli or coliform bacteria is very rare due to the fact that the bacteria cannot survive in the water for very long. The colder temperature of water in the system coupled with the regular blending of chlorine into the water makes for a hostile environment for these kinds of bacteria. The Flint Water Treatment Plant works diligently to provide water of the highest quality to everyone in the city.

–END–

Pleyte, Beth (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, August 19, 2014 2:36 PM
To: Byrne, Randall (Treasury); Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); West, Samantha (GOV); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Larkin, Brian (GOV); Darnell Earley; Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Conference Call Agenda
Attachments: Agenda 081914 and Attachment.pdf

Good afternoon,

Please find attached the agenda for the Wednesday, August 20th, 9:00 am conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am Phone Conference Agenda
August 20, 2014

1) **Public Safety Update – FPD, MSP, (FFD, if needed)**
   a) FPD –
      i. FBI vs FPD stats variation
   b) FFD
   c) Traffic Accidents Resulting in Death of Flint Citizens – Update on Strategies Special ALPACT Meeting scheduled for August 22, 2014
   d) Would like to have a statement of the mission, goals, and objectives of MSP/FPD collaboration.
   e) Other update from Chief Tolbert and MSP

2) **Governor's Office Update – R. Baird, H. Hollins, B. Clement**
   a) Court Consolidation

3) **Lawsuits – Status, Issues**
   a) Retiree Lawsuit – On June 30, 2014 Judge Tarnow issued an order modifying in part his preliminary injunction barring the City from modifying retiree health care benefits. While the details of the Judge's recent order are still being reviewed, and while the details of implementing the order are still being developed, it appears that the ruling will have a positive financial impact on the City, at least for the period while the litigation continues. A meeting between the City and Cornerstone was held on July 21, 2014 to discuss the compilation of alternatives based on Judge's new orders. An implementation date is anticipated in the second quarter of the year.

4) **Financial Update**
   a) Remaining bargaining units in "meet and confer" sessions: Fire, Sgts., and Capts. & Lts.
   b) Need to start to develop a plan to begin pre-funding employee healthcare.

5) **City Council Update**
   a) Councilman Eric Mays was sentenced to 72 days in jail following impaired driving sentencing. He was released, pending appeal, with a $15,000 bond.
   b) Council wants to retain an attorney for an outside legal opinion on when the 18 month term (to allow them to remove the EM) commenced. They discussed asking Darnell for the money to hire an outside attorney, but they ultimately have decide to pool their own money.
   c) A grid-timeline is being developed using the 7 point Transition Management plan. This will be used as an itemized list of steps to be completed in order to prepare for transition. (See attached)

6) **Blue Ribbon Committee on Governance**
   a) Five Charter Amendments and the question of whether to have a general revision of the current charter have been placed on the November ballot. These were as recommended by the BRC.

7) **Water Issues**
   a) The cost of providing water is becoming a state-wide issue for distressed communities. Let's begin a larger conversation on both the impacts and the potential limitations for cities and how the State could play a role. Meeting held last week with United Way and Resource Genesee to discuss options for residents who receive water shut off notices.
   b) Glenn Acres – water turn-on order from Judge Hayman
   c) Limited area boil-water notice
   d) General Motors Water Issues

8) **Messaging**
   a) A plan is being developed to present to the community at-large and to the various interest groups (i.e. business, investors, foundations) the background of the financial emergency, the actions taken and next steps to emerge from receivership. This will be an on-going item for discussion.

9) **Recruitment and Selection of City Administrator/Manager**
   a) Provide guidance on several considerations: duration of appointment, contract, consistent with TAB, working with TAB, etc.
   b) Emergency Manager is developing a recruitment and selection calendar; recruitment to begin September 1, 2014.

10) **Other Items**

Attachment: Steps to Prepare for Transition from Emergency Manager to Receivership Transition Advisory Board

[redacted], **access code** [redacted]
Created on: 08/15/14

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Chief Administrative Officer			4	
* National Recruitment	9/1/14			
* Appoint Selection Committee				
* Select finalists				
* Conduct Interviews				
* Recommend Candidate				
* EM Appoints Selected Candidate	12/1/14			
Organizational Development				
* EM/Mayor determine recommended City organizational structure	5/17/14	5/17/2014	4	
* EM/Mayor recommend Council action on ordinance changes to implement organizational structure		6/26/2014	4	
* Council to review and adopt revised organizational structure	5/17/14	6/26/2014	4	
* Finalization organizational structure roles: Mayor, Council, Administration	6/26/14	6/26/2014	4	
Complete Bargaining Units Contracts			4	
* Local 1600	7/1/14	Ratified		
* Local 1799	7/1/14	Ratified		
* FPOA	7/1/14	Imposed		
* PD - Sgts.	7/1/14			
* PD -Capts & Lts.	7/1/14			
* Fire Union	7/1/14			

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Comprehensive Public Safety Study			4	
* Contract with ICMA for Study		5/8/2014		
* Collect Data				
* Receive Draft Report	9/30/14			
* Receive Final Report				
* Plan Implementation				
* Determine best, most appropriate use of $1.1 million State Allocation				
Retiree Health Care Lawsuit			5	
* City Notified of Lawsuit				
* Injunction Received		1/13/2014		
* Injunction Modified		6/30/2014		
Cornerstone determines impact on				
* FY15 & 16 Budget	9/1/14			
* Implement Modifications	11/1/14			
* Scheduling Conference				
* Mayor and Council to support City's position on retiree health care or adopt measures offsetting increased costs	6/26/14	6/26/2014	5	
Biennial Budget Implementation			6	
* Biennial Budget Adopted		6/26/2014		
* 1st Quarter Status	10/1/14			
* 2nd Quarter Status	1/1/15			
FY 14 Budget Close Out				
* Preliminary Close				

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
* Audit Received	11/30/14			
Governance				
* EM receives BRC Final Report	7/18/14	7/18/2014	3	
* Present Report to Mayor and City Council	7/28/14	7/28/14		
* Mayor and Council Submit Comments to EM			3	
* EM Orders BRC Recommended Charter Admendments and Charter Commission Initiative on Nov. Ballot	7/30/14	8/5/2014		
* EM develops proposed governance structure and sends to governor			3	Part of Final Order
* Mayor and Council Comments on EM Proposal	7/28/14	7/28/2014	3	
* Define and incorporate financial and organizational best practices	3/25/13	3/25/2014	7	Reso on TAB
Deficit Elimination/Reserve Accumulation Plan			1	
* EM Submits Plan to Treasury	7/1/14			
* Treasury Approval Received		7/16/2014		
* EM Orders DE/RAP Adoption		7/15/2014		
* City Council passes resolution of support for DE/RAP		3/25/2014	1	Reso on TAB
* Confirmation by Mayor and Council that DE/RAP actions will be a top priority in budgeting	6/26/14	6/26/2014	1	

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
City Council Activity				
* Council to receive quarterly reports from Mayor/Fin. Director on progress of achieving strategic objectives and priorities	9/22/14		6	
* Completion of City Ordinance Review by Council as proposed by EM	9/22/14		3	
* Review Strategic Plan, FY16 Budget	1/20/15		6/7	
* 6 mos. FY15 Budget Review/Amendments	1/20/15		6/7	
* Strategic Plan to be updated annually	2/20/15		6	
* Completion of MML Level One Education Award per EM Order 2	3/28/14		7	
Five Year Financial Analysis			2	
* City Council adopts 5 Year Analysis	6/1/14	6/1/2014	2	
* Finance/Adm Cmte shall annually review analysis in February each year and Send to Council for approval	2/20/15		2	
Issue outgoing EM Order	4/8/2015			

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Thursday, August 21, 2014 12:52 PM
To: Dube, Mathieu (Treasury)
Subject: FW: City of Flint Water and Sewer Rate Study
Attachments: proposal.water_sewer_study_2013.pdf

Matt:

I just received this from the City of Flint.

Randy,

From: Elizabeth Murphy [mailto:emurphy@cityofflint.com]
Sent: Thursday, August 21, 2014 12:22 PM
To: Byrne, Randall (Treasury)
Subject: Re: City of Flint Water and Sewer Rate Study

Randy,
Water and Sewer Rate Study RFP is attached.
LIZ MURPHY

On Thu, Aug 21, 2014 at 9:41 AM, Elizabeth Murphy <emurphy@cityofflint.com> wrote:
Randy,
I will check.
LIZ

On Thu, Aug 21, 2014 at 9:29 AM, Byrne, Randall (Treasury) <ByrneR1@michigan.gov> wrote:

Liz:

Do you have a copy of the RFP for the water and sewer rate study that you could send to me?

Thanks once again,

Randy,

From: Elizabeth Murphy [mailto:emurphy@cityofflint.com]

Sent: Wednesday, August 20, 2014 11:02 AM
To: Byrne, Randall (Treasury)

Subject: City of Flint Water and Sewer Rate Study

Randy,

Please see attached City of Flint Water and Sewer Rate Study performed by Raftelis Financial Consultants.

--

Liz Murphy

Assistant to the Emergency Manager

City of Flint

810 237 2025

--
Liz Murphy
Assistant to the Emergency Manager
City of Flint
810 237 2025

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Liz Murphy
Assistant to the Emergency Manager
City of Flint
810 237 2025

INVITATION TO BID

OWNER:

THE CITY OF FLINT
DEPARTMENT OF PURCHASES AND SUPPLIES
1101 S. SAGINAW ST., Room 304
FLINT, MI 48502

Proposal No. 14-564

SCOPE OF WORK:

The City of Flint, Department of Purchases & Supplies, is soliciting sealed proposals for providing:

WATER & SEWER RATE STUDY

per the attached additional requirements.

If your firm is interested in providing the requested services, please submit 1 original and 2 copies of your detailed proposal to the City of Flint, Department of Purchases and Supplies, 1101 S. Saginaw St., Room 304, Flint, MI, 48502, by **Thursday, November 7, 2013 @ 3:00 PM (EST)**. Please note: all proposals received after 3:00 PM (EST) will not be considered. Faxed proposals into the Purchasing Department are not accepted.

All additional bid documents, requirements, addendums, specifications and plans/drawings (if utilized) are available on the Purchasing page of the City of Flint's web site at www.cityofflint.com/purchasing under "open bids" and the specific bid or proposal number assigned to this notice.

INSTRUCTIONS TO VENDORS

1) **PRE-BID INFORMATION AND QUESTIONS:** Each proposal that is timely received will be evaluated on its merit and completeness of all requested information. In preparing proposals, Bidders are advised to rely only upon the contents of this Request for Proposal (RFP) and accompanying documents and any written clarifications or addenda issued by the City of Flint. If a Bidder finds a discrepancy, error or omission in the RFP package, or requires any written addendum thereto, the Bidder is requested to notify the Purchasing contact noted on the cover of this RFP, so that written clarification may be sent to all prospective Bidders. **THE CITY OF FLINT IS NOT RESPONSIBLE FOR ANY ORAL INSTRUCTIONS.**

2) **RFP MODIFICATIONS:** The City of Flint has the right to correct, modify or cancel the RFP, in whole or in part, or to reject any proposal, in whole or in part, within the discretion of the City of Flint, or their designee. If any such changes are made, all known recipients of the RFP will be sent a copy of such changes. If any changes are made to this RFP document by any party other than the City of Flint, the original document in the City of Flint's files takes precedence

3) **BID SUBMISSION:**

   a) The Bidder must include the following items, or the bid may be deemed non-responsive: i.e. All forms contained in this RFP, fully completed.

   b) Proposal must be submitted to the Purchasing Department, City of Flint, 1101 S. Saginaw Street -Room 304, Flint, Michigan 48502 by the date and time indicated as the deadline. The Purchasing Department's time stamp will determine the official receipt time. It is each Bidder's responsibility to insure that its bid is time stamped by the Purchasing Department by the deadline. This responsibility rests entirely with the Bidder, regardless of delays resulting from postal handling or for any other reasons. Bids will be accepted at any time during the normal course of business only, said hours being 8:00 a.m. to 5:00 p.m. Local Time, Monday through Friday, legal holidays as exception.

   c) Proposals must be enclosed in a sealed, non-transparent envelope, box or package, and clearly marked on the outside with the following: RFP Title, RFP Number, Deadline and Bidder's name.

   d) Submission of a propsal establishes a conclusive presumption that the Bidder is thoroughly familiar with the Request for Proposal (RFP), and that the Bidder understands and agrees to abide by each and all of the stipulations and requirements contained therein.

   e) All prices and notations must be typed or printed in ink. No erasures are permitted. Mistakes may be crossed out and corrections must be initialed in ink by the person(s) signing the bid.

   f) Proposals sent by email, facsimile or other electronic means will not be considered unless specifically authorized in this RFP

   g) All costs incurred in the preparation and presentation of the proposal are the Bidder's sole responsibility; no pre-bid costs will be reimbursed to any Bidder. All documentation submitted with the proposal will become the property of the City of Flint.

   h) Proposal must be held firm for a minimum of 120 days.

   i) Term - Contract and/or all other procurement documents shall be effective until completed to the satisfaction of the City of Flint. The City of Flint reserves the right to cancel or not renew all or any part of the procurement agreement/contract at any time.

4) **EXCEPTIONS:** Bidder shall clearly identify any proposed deviations from the Terms or Scope in the Request for Proposal. Each exception must be clearly defined and referenced to the proper paragraph in this RFP. The exception shall include, at a minimum, the Bidder's proposed substitute language and opinion as to why the suggested substitution will provide equivalent or better service and performance. If no exceptions are noted in the Bidder's proposal, the City of Flint will assume complete conformance with this specification and the successful Bidder will be required to perform accordingly. Proposals not meeting all requirements may be rejected.

5) **DUPLICATE PROPOSALS:** No more than one (1) proposal from any Bidder, including its subsidiaries, affiliated companies and franchises will be considered by the City of Flint. In the event multiple proposals are submitted in violation of this provision, the City will have the right to determine which bid will be considered, or at its sole option, reject all such multiple proposal.

6) **WITHDRAWAL:** Proposals may only be withdrawn by written notice prior to the date and time set for the opening of bids No proposal may be withdrawn after the deadline for submission.

7) **REJECTION/GOOD STANDING:** The City of Flint reserves the right to reject any or all proposals, or to accept or reject any proposal in part, and to waive any minor informality or irregularity in bids received if it is determined by the City of Flint, or their designee, that the best interest of the City will be served by doing so. No proposal will be considered from any person, firm or corporation in arrears or in default to the City on any contract, debt, taxes or other obligation, or if the Bidder is debarred by the City of Flint from consideration for a contract award.

8) **PROCUREMENT POLICY:** Procurement for the City of Flint will be handled in a manner providing fair opportunity to all businesses. This will be accomplished without abrogation or sacrifice of quality and as determined to be in the best interest of the City. The City of Flint and their officials have the vested authority to execute a contract, subject to City Council and Mayoral approval where required.

9) **BID SIGNATURES:** Proposals must be signed by an authorized official of the Bidder. Each signature represents binding commitment upon the Bidder to provide the goods and/or services offered to the City of Flint if the Bidder is determined to be the lowest Responsive and Responsible Bidder.

10) **CONTRACT AWARD/SPLIT AWARDS:** The City of Flint reserves the right to award by item, group of items, or total proposal to the lowest responsive, responsible Bidder. The Bidder to whom the award is made will be notified at the earliest possible date. Tentative acceptance of the bid, intent to recommend award of a contract, and actual award of the contract will be provided by written notice sent to the Bidder at the address designated in the bid if a separate Agreement is required to be executed. After a final award of the Agreement by the City of Flint, the Contractor/Vendor must execute and perform said Agreement. All bids must be firm for at least 120 days from the due date of the proposal. If, for by reasons of refusal by the vendor/contractor, a contract is not executed with the selected Bidder within 14 days after notice of recommendation for award, then the City may recommend the next lowest responsive and responsible Bidder

11) **NO RFP RESPONSE:** Bidders who receive this RFP but who do not submit a bid should return this RFP package stating "No Bid" and are encouraged to list the reason(s) for not responding Failure to return this form may result in removal of the Bidder's name from all bidder lists.

12) **FREEDOM OF INFORMATION ACT REQUIREMENTS:** Proposals are subject to public disclosure

after the deadline for submission in accordance with state law.

13) **ARBITRATION:** Contractor/Vendor agrees to submit to arbitration all claims, counterclaims, disputes and other matters in question arising out of or relating to this agreement or the breach thereof. The Contractor's agreement to arbitrate shall be specifically enforceable under the prevailing law of any court having jurisdiction to hear such matters. Contractor's obligation to submit to arbitration shall be subject to the following provisions.

    (a) Notice of demand for arbitration must be submitted to the City in writing within a reasonable time after the claim, dispute or other matter in question has arisen. A reasonable time is hereby determined to be fourteen (14) days from the date the party demanding the arbitration knows or should have known the facts giving rise to his claim, dispute or question. In no event may the demand for arbitration be made after the time when institution of legal or equitable proceedings based on such claim dispute or other matters in question would be barred by the applicable statute of limitation.

    (b) Within fourteen (14) days from the date demand for arbitration is received by the City, each party shall submit to the other the name of one person to serve as an arbitrator. The two arbitrators together shall then select a third person, the three together shall then serve as a panel in all proceedings Any decision concurred by a majority of the three shall be a final binding decision.

    (c) The final decision rendered by said arbitrators shall be binding and conclusive and shall be subject to specific enforcement by a court of competent jurisdiction.

    (d) The costs of the arbitration shall be split and borne equally between the parties and such costs are not subject to shifting by the arbitrator.

14) **BID HOLD:** The City of Flint may hold proposals for a period of one hundred - (120) days from opening, for the purpose of reviewing the results and investigating the qualifications of bidders prior to making an award.

15) **NONCOMPLIANCE:** Failure to deliver in accordance with specifications will be cause for the City of Flint and they may cancel the contract or any part thereof and purchase on the open market, charging any additional cost to the Contractor/Vendor.

16) **DISCLAIMER OF CONTRACTUAL RELATIONSHIP:** Nothing contained in these documents shall create any contractual relationship between the City and any Subcontractor or Sub-subcontractor.

17) **ERRORS AND OMISSIONS:** Bidder is not permitted to take advantage of any obvious errors or omissions in specifications.

18) **INTERPRETATION:** In the event that any provision contained herein shall be determined by a court of competent jurisdiction or an appropriate administrative tribunal to be contrary to the provision of law or to be unenforceable for any reason, then, to the extent necessary and possible to render the remainder of this Agreement enforceable, such provision may be modified or severed by such court or administrative tribunal having jurisdiction over this Agreement and the interpretation thereof, or the parties hereto, so as to, as nearly as possible, carry out the intention of the parties hereto, considering the purpose of the entire Agreement in relation to such provision

19) **LAWS AND ORDINANCES:** The bidder shall obey and abide by all of the laws, rules and regulations of the Federal Government, State of Michigan, Genesee County and the City of Flint, applicable to

the performance of this agreement, including, but not limited to, labor laws, and laws regulating or applying to public improvement, local government, and its operational requirements

20) **LOCAL PREFERENCE:** Vendors located within the corporate city limits of Flint, Michigan may be given a seven percent (7%) competitive price advantage. Additionally, if the lowest responsible vendor is not located within the limits of the City of Flint, but is located within the county of Genesee and vendor does not exceed the bid of the lowest non-local bidder by more than three and a half percent (3 ½%), the County vendor may have a competitive advantage.

21) **MATERIAL WORKMANSHIP AND STANDARDS OF PERFORMANCE:** The bidder agrees to exercise independent judgment and to complete performance under this Agreement in accordance with sound professional practices. In entering into this Agreement, the City is relying upon the professional reputation, experience, certification and ability of the bidder. The bidder agrees that all of the obligations required by him/her pursuant to this Agreement shall be performed by him/her or by others employed pursuant to this Agreement shall be performed by him/her and working under his direction and control. The continued effectiveness of this Agreement during its term or any renewal term shall be contingent, in part, upon the bidder maintaining his/her operating qualifications in accordance with the requirements of federal, state and local laws. All materials furnished must be new, of latest model and standard first grade quality or best workmanship and design, unless otherwise expressly specified. Bidder, if required, must furnish satisfactory evidence of quality materials; offers of experimental or unproven equipment may be disregarded.

22) **MODIFICATIONS/CHANGES/PRICE VARIATIONS:** Any modification to this agreement must be in writing and signed by the authorized employee, officer, board or council representative authorized to make such modifications pursuant to the State law and local ordinances. Commodities subject to market price variation shall be considered on all term agreements subject to a 30-day advance written notification from the vendor. Such notice must be substantiated by a written price change from the manufacturer and shall be required for both price increases and decreases

23) **NON-COLLUSION:** The bidder acknowledges that by signing this document that he/she is duly authorized to make said offer on behalf of the company he/she represents and that said bid is genuine and not sham or collusive and not made in the interests or on behalf of any person not therein named, and that he/she and said bidder have not directly induced or solicited any other person(s) or corporation to refrain from responding to this solicitation and that he/she and said bidder have not in any manner sought by collusion to secure to himself/herself and said bidder any advantage over any other bidder.

24) **NON-DISCRIMINATION:** Pursuant to the requirements of 1976 P.A. 453 (Michigan Civil Rights Act) and 1976 PA. 220 (Michigan Handicapped Rights Act), the local unit and its' agent agree not to discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight, marital status or because of a handicap that is unrelated to the person's ability to perform the duties of nondiscrimination provision identical to this provision and binding upon any and all contractors and subcontractors. A breach of this covenant shall be regarded as a material breach of this contract.

25) **SUBCONTRACTING:** No subcontract work shall be started prior to the written approval of the subcontractor by the City. The City reserves the right to accept or reject any subcontractor.

26) **WAIVER**: Failure of the City to insist upon strict compliance with any of the terms, covenants or conditions of this Agreement shall not be deemed a waiver of that term, covenant or condition or of any other term, covenant or condition. Any waiver or relinquishment of any right or power hereunder at any one or more times shall not be deemed a waiver or relinquishment of that right or power at any other time.

27) **JURISDICTION OF OMBUDSMAN:** Any person, business or other entity submitting a bid or bid in response to a request by the City consents to be subject to the jurisdiction of the Ombudsman of the City of Flint and to comply with the respective Charter provisions governing the Ombudsman's duties, jurisdiction and powers.

28) **PREVAILING WAGE:** The successful bidder providing any contractual labor services must comply with all requirements and pay prevailing wages and fringe benefits on this project per the City's Resolution R-12 adopted 4/8/91, The bidder is aware of City of Flint Resolution #R-12 dated April 8, 1991, a copy of which is annexed hereto and incorporated herein, and agrees to abide by all of the applicable covenants and requirements set forth in said resolution. This form and prevailing wage information is available on the city's website, www.cityofflint.com/purchasing. (not applicable to this project.

29) **CITY INCOME TAX WITHHOLDING:** Contractor and any subcontractor engaged in this contract shall withhold from each payment to his employees the City income tax on all of their compensation subject to tax, after giving effect to exemptions, as follows:

(a) Residents of the City:
At a rate equal to 1 % of all compensation paid to the employee who is a resident of the City of Flint.

(b) Non-residents:
At a rate equal to 1/2% of the compensation paid to the employee for work done or services performed in the City of Flint
These taxes shall be held in trust and paid over to the City of Flint in accordance with City ordinances and State law. Any failure to do so shall constitute a substantial and material breach of this contract.

31) **CONTRACT/PROCUREMENT DOCUMENTS:** The invitation for bids, instructions to bidders, bid, affidavit, addenda (if any), statement of bidder's qualifications (when required), general conditions, special conditions, performance bond, labor and material payment bond, insurance certificates, (if required), technical specifications, and drawings, together with this agreement, form the contract, and they are as fully a part of the contract as if attached hereto or repeated herein.

32) **DISCLAIMER OF CONTRACTUAL RELATIONSHIP WITH SUBCONTRACTORS:** Nothing contained in the Contract Documents shall create any contractual relationship between the City and any Subcontractor or Sub-subcontractor.

33) **EFFECTIVE DATE:** Any agreement between the City and the contractor shall be effective upon the date that it is executed by all parties hereto.

34) **FORCE MAJEURE:** Neither party shall be responsible for damages or delays caused by Force Majeure or other events beyond the control of the other party and which could not reasonably have been anticipated or prevented. For purposes of this Agreement, Force Majeure includes, but is not limited to, adverse weather conditions, floods, epidemics, war, riot, strikes, lockouts, and other industrial disturbances; unknown site conditions, accidents, sabotage, fire, and acts of God. Should Force Majeure occur, the parties shall mutually agree on the terms and conditions upon which the services may continue

35) **INDEMNIFICATION:** To the fullest extent permitted by law, Contractor agrees to defend, pay on

behalf of, indemnify, and hold harmless the City of Flint, its elected and appointed officials, employees and volunteers and others working on behalf of the City of Flint, including the Project Manager, against any and all claims, demands, suits, or losses, including all costs connected therewith, and for any damages which may be asserted, claimed, or recovered against or from the City of Flint, its elected and appointed officials, employees, volunteers or others working on behalf of the City of Flint, by reason of personal injury, including bodily injury or death and/or property damage, including loss of use thereof, which may arise as a result of Contractor's acts, omissions, faults, and negligence or that of any of his/her employees, agents, and representatives in connection with the performance of this contract. Should the Contractor fail to indemnify the City in the above-mentioned circumstances, the City may exercise its option to deduct the cost that it incurs from the contract price forthwith.

36) **INDEPENDENT CONTRACTOR:** No provision of this contract shall be construed as creating an employer-employee relationship. It is hereby expressly understood and agreed that Contractor is an "independent contractor' as that phrase has been defined and interpreted by the courts of the State of Michigan and, as such, Contractor is not entitled to any benefits not otherwise specified herein.

37) **NO THIRD-PARTY BENEFICIARY:** No contractor, subcontractor, mechanic, material man, laborer, vendor, or other person dealing with the principal Contractor shall be, nor shall any of them be deemed to be, third-party beneficiaries of this contract, but each such person shall be deemed to have agreed (a) that they shall look to the principal Contractor as their sole source of recovery if not paid, and (b) except as otherwise agreed to by the principal Contractor and any such person in writing, they may not enter any claim or bring any such action against the City under any circumstances. Except as provided by law, or as otherwise agreed to in writing between the City and such person, each such person shall be deemed to have waived in writing all rights to seek redress from the City under any circumstances whatsoever.

38) **NON-ASSIGNABILITY:** Contractor shall not assign or transfer any interest in this contract without the prior written consent of the City provided, however, that claims for money due or to become due to Contractor from the City under this contract may be assigned to a bank, trust company, or other financial institution without such approval Notice of any such assignment or transfer shall be furnished promptly to the City.

39) **NON-DISCLOSUREICONFIDENTIALITY:** Contractor agrees that the documents identified herein as the contract documents are confidential information intended for the sole use of the City and that Contractor will not disclose any such information, or in any other way make such documents public, without the express written approval of the City or the order of the court of appropriate jurisdiction or as required by the laws of the State of Michigan.

40) **RECORDS PROPERTY OF CITY:** All documents, information, reports and the like prepared or generated by Contractor as a result of this contract shall become the sole property of the City of Flint.

41) **SEVERABILITY:** In the event that any provision contained herein shall be determined by a court or administrative tribunal to be contrary to a provision of state or federal law or to be unenforceable for any reason, then, to the extent necessary and possible to render the remainder of this Agreement enforceable, such provision may be modified or severed by such court or administrative tribunal so as to, as nearly as possible, carry out the intention of the parties hereto, considering the purpose of the entire Agreement in relation to such provision. The invalidation of one or more terms of this contract shall not affect the validity of the remaining terms.

42) **TERMINATION:** This contract may be terminated by either party hereto by submitting a notice of termination to the other party. Such notice shall be in writing and shall be effective 30 days from the date it is submitted unless otherwise agreed to by the parties hereto. Contractor, upon receiving such notice and prorated payment upon termination of this contract shall give to the City all pertinent records, data, and information created up to the date of termination to which the City, under the terms of this contract, is entitled.

43) **TIME PERFORMANCE:** Contractor's services shall commence immediately upon receipt of the notice to proceed and shall be carried out forthwith and without reasonable delay

44) **EVALUATION OF BIDS:** In the City's evaluation of propsals, at minimum; firm's written proposal, the qualifications of the firm, the overall fee structure, feedback from references, and all requirements set forth in this document shall be considered as selection and award criteria unless otherwise as specified.

INSURANCE REQUIREMENTS

The Contractor shall notify all insurance agents and companies retained by the Contractor that these insurance requirements shall be included in any Agreement between the Contractor and the City of Flint.

The Contractor shall purchase and maintain, at its sole expense and as long as it is providing services to the City, the following insurance coverage:

Commercial General Liability – Occurrence form, including coverage for bodily injury, personal injury, property damage (broad form), premises/operations, blanket contractual, and products/completed operations. Coverage shall be endorsed to include the City as an additional insured for work performed by the Contractor in accordance with the Agreement.

Minimum Limits:

- $1,000,000 per occurrence/$2,000,000 general aggregate
- $2,000,000 aggregate for products and completed operations
- $1,000,000 personal and advertising injury

Automobile – Michigan "no-fault" coverage, and residual automobile liability, comprehensive form, covering owned, hired, and non-owned automobiles. Coverage shall be endorsed to include the City as an additional insured for work performed by the Contractor in accordance with the Agreement.

Minimum Limits:

- No-fault coverages – statutory
- $500,000 per person/$1,000,000 per accident – bodily injury
- $500,000 per occurrence – property damage
- A combined single limit of $1,000,000 per occurrence

Workers' Compensation and Employer's Liability– Statutory coverage or proof acceptable to the City of approval as a self-insurer by the State of Michigan.

Minimum Limits

- Workers' Compensation – statutory
- Employer's Liability - $100,000 each accident/$100,000 disease – each employee
- $500,000 disease – policy limit

Professional Liability – Covering acts, errors or omissions of a professional nature committed or alleged to have been committed by the Contractor or any of its subcontractors. Coverage shall be effective upon the date of the Agreement and shall remain effective for a period of three (3) years after the date of final payment thereunder. Such coverage shall be endorsed to include any subcontractors hired by the City.

Minimum Limits.

- $1,000,000 per occurrence, $1,000,000 annual aggregate

Insurance coverage shall cover all claims against the City of Flint, its officials and employees, arising out of the work performed by the Contractor or any subcontractors under the Agreement. Should any work be subcontracted, it shall be the responsibility of the Contractor to maintain Independent Contractor's Protective Liability Insurance with limits equal to those specified above for Commercial General Liability Insurance. In addition, the Contractor shall provide proof of Workers' Compensation Insurance for all subcontractors in compliance with the required statutory limits of the State of Michigan.

Said policies of insurance shall be with companies licensed to do business in the State of Michigan and in a form satisfactory to the City. All insurance companies must maintain a rating of B+, VIII or better from A.M Best Company. Certificates of insurance with a thirty-(30) day cancellation clause shall be filed with and approved by the City at least five (5) days in advance of commencing work under the Agreement. Cancellation, material restriction, non-renewal or lapse of any of the required policies shall be grounds for immediate termination of the Agreement by the City.

The City reserves the right to request a complete certified copy of the policies for the above coverage's.

Any reduction or exhaustion in the limits of required insurance coverage shall not be deemed to limit the indemnification afforded in accordance with the Agreement or any amendments thereto.

Depending on the subject matter of the transaction, the City may require other insurance coverage in addition to the coverage's contained herein

Any written questions regarding this project shall be directed to Derrick Jones @ djones@cityofflint.com using the subject title of "RFP 14-564-Question" by Wednesday, October 30, 2013 before 5:00 PM. Questions will be collected and the responses will be released in the form of an addendum that will be posted on the City's website.

Sincerely,

Derrick F. Jones,
Purchasing Manager
Department of Purchases & Supplies

SCOPE OF SERVICE

The City of Flint, (hereinafter "the City"), is requesting proposals from qualified consultant to conduct a comprehensive water and sewer rate study. The intent of the study is to independently assess and evaluate the City's existing water and sewer rates and provide recommendations. The broad objective of the study is to adequately fund water and sewer utility operations, capital costs, and bonded debt while minimizing rates to the greatest degree possible.

The study will be based on a comprehensive review of the City's water and sewer funds and budgets, water system plan, wastewater plan, current usage data, future planned growth, and any other information deemed necessary.

Background

The City of Flint had its first municipal water supply beginning in 1883 under a private franchise. This supply was from the Flint River. In 1903, this system was taken over as a municipal system and has been operated as such to the present time. The first water purification plant was placed into service in 1911 and additional pumps, filters, and mains were added as needed until 1938. In the early 1950's, the City of Flint added a second treatment facility and constructed the Holloway Dam.

In the late 1960's the City signed a water purchase agreement with the City of Detroit and constructed 13 miles of water mains, using 72" pipe, from Davidson to the Flint Water Plant to obtain potable water from Detroit Port Huron Plant. Plant #1 and #2 were then placed on emergency stand-by status for operations. Water received through this pipeline is discharged into the City of Flint distributions system and is also stored in the treatment facilities reservoirs. During periods of high demand the water is pumped from the storage reservoirs into the Flint distribution system to supplement the Detroit supply. Presently the plant is only available for emergency service.

In 2000, the City began a five (5) year implementation of a Drinking Water Revolving Fund Project Plan for the rehabilitation of the water plant to meet current drinking water quality standards. The water filtration plant facilities are to be used on a standby basis in the event that the supply from the city of Detroit is interrupted.

At the present time the only facilities which are currently in use of both the old and the new plants are the 18 million gallon (MG) Dort reservoir, a 2MG elevated tank, and high and low lift pumps.

Study Objectives

The study is to be performed in conformance with the following policy directions:

1. Evaluate the existing water and sewer rate structures for conformance with existing statutory regulations and make recommendations for any changes that are necessary to achieve compliance.
2. Identify the various direct costs included in the City's budget and make recommendations for any changes necessary to ensure those direct operational costs are properly aligned with the appropriate fund or water classification within the water fund.
3. Evaluate the existing overhead distribution formulas and develop recommendations that will improve equity in the application of overhead between the water and wastewater funds and among the various water classifications in the water fund.
4. Develop an understanding of the cost of serving and the benefits derived by various water classifications and make recommendations as necessary to achieve equity between the various water classifications.
5. Evaluate the City's meter service fee structure and make recommendations to better align fixed operating costs with the fixed revenues inherent in the meter service fee.
6. Review the City's existing water commodity rate structure within each water classification and develop recommendations for improvements that will ensure the structure promotes realization of various statewide initiatives, City's goals, and best meets the City's operational needs.
7. Evaluate the existing water connection fee and make recommendations for any changes.

Study Requirements

Any recommendations made must consider or make provision for the following factors:

- Current and future cost of providing water and wastewater services in conformance with established or anticipated changes to standards and regulations
- Changes in projected demands
- Availability of water supply
- Age and condition of water and sewer systems and the need to fund long-term capital replacement

1. Develop an understanding of the existing rate structures and the assumptions underlying cost distribution to the various rate categories.
2. Develop an understanding of the City's reserve policy and other financial policies and ensure any recommendations for changes in rates meet the cash flow objectives.
3. Assess existing customer service fee structure and identify other potential areas for service and system charges (water and sewer shut-offs, back-flow devices, plan reviews, etc.) and recommend changes, if appropriate. Please indicate if there are any liability issues as a result of assessing recommended fees.
4. Develop an understanding of the costs and benefits (both tangible and intangible) realized by operating the existing water and wastewater systems.
5. Develop a proposed rate schedule that reflects the City's priorities and contains a forecast for proposed rates over a five (5) year period that will integrate the City's capital plan.
6. Develop a rate projection that forecasts rates to 10 years based on expected cost increases over time including any proposed changes.
7. Reserve analysis must be part of the model.

8. Demonstrate that costs from any proposed modifications are equitably distributed in proportion to the benefit received by various rate payers.
9. Provide justifications for any special classes of customers under the recommended rate structure.
10. Demonstrate that any alternative rate structure is easy to understand and administer and can be accommodated within existing billing system.
11. Demonstrate that any proposed modifications to the rates and fees are in keeping with the City's strategic plan and other policies.

Study Elements

In making rate recommendations, the final report shall explicitly include the following elements and analysis:

1. Current Rate Structure – assess the current rate structure's suitability for sustaining cost recovery based on customer demands.
2. Equity – assess the equity of recommended water and sewer rates for all types of property ownership.
3. Conservation impacts – assess the interaction between the water conservation elements of the recommended rates and their impacts on the ability to fund water and sewer operations, as well as their impact on the economic well-being of the community.
4. Sensitivity analysis – assist the ability of the revenue stream generated by the recommended rate structures to continue to fully fund water and sewer system costs.
5. Other service charges – assess existing customer service fee structure and identify other potential areas for service and system charges and recommend changes.
6. Comprehensive summary of recommended rate structure(s) – assess performance of each recommended rate structure and provide recommendation on preferred rate structure.
7. Supporting data – provide data supporting conclusions and observations made for each of the areas above and site within study.
8. Electronic rate model – provide an easy to use electronic rate model that the City may use in future rate setting.

Services to be Provided by Consultant

1. Conduct a review of the existing water and sewer rates and status of the water and sewer funds. Develop a general familiarity with the City's billing system.
2. Meet with staff as needed and attend meetings when request to present interim status of the study and obtain feedback. City may request attendance to any public meetings with City Council or public.
3. Conduct analyses as required in the scope of work.
4. Preliminary reports:
    a. Prepare preliminary study report with tentative rates
    b. Submit 10 copies of each report, plus one reproducible copy.
    c. Present preliminary report and tentative rates to staff for comments
5. Draft final reports:
    a. Incorporate changes based on comments received from staff meeting
    b. Submit 10 copies of each report, plus one reproducible copy.
    c. Present report to staff for final review.
6. Final reports:
    a. Incorporate final changes based on staff meeting
    b. Submit 10 copies of each report, plus one reproducible copy.

c. Provide an electronic copy with report in MS Word format, with spreadsheets in Excel format.
d. City may request the final version of report be presented to City Council and/or public.

7. Supply a time schedule for developing the preliminary and final reports
8. Provide an easy-to-use electronic rate model for the City to use in future rate setting.

Services to be Provided by the City

The services to be provided by the City include, but are not necessarily limited to the following:

1. Furnish all reasonably available records and information, including financial reports, budgets, consumption data, meter sizes and types of customers.
2. Provide any information on capital improvement plans
3. Provide staff support and assistance as required
4. Provide any information on future initiatives

Proposal Requirements

Individuals or firms submitting a proposal shall meet all of the terms and conditions specified in the RFP. By its proposal submittal, the firm (or individual) acknowledges agreement with the acceptance of all provisions of the RFP.

The following information is to be submitted as part of the proposal. Other material may be attached as deemed appropriate, to include copies of rate studies performed by the vendor that most clearly fit the scope of work outlined in this RFP. At a minimum the proposal must include the following

1. Approach to the project – describe your approach to this project and any special ideas, techniques or suggestions that you think might make the project proceed smoothly.
2. Experience – describe the experience of the firm (individual) and of the individuals assigned with related projects of a similar scope. The team's experience with creating various rate structures. Provide at least three references.
3. Qualification – describe your staff's unique qualifications and training for this type of work.
4. Schedule – describe your plan/schedule for completing the work. A shorter timeline is preferred and will be given added value.
5. Cost – provide a cost to perform study as requested in this RFP. Cost is to include any travel and lodging.
6. Contact – provide a contact individual that the City can contact for any questions or clarifications on any information that has been submitted.
7. Affidavit – complete and submit the affidavit that is enclosed with this RFP.

Tentative Timeline

The timeline that has been developed for this project is listed below. Please note that this is only tentative and is subject to revision.

October 23, 2013	Release date for RFP
October 30, 2013	Due date for any questions to this RFP (see information listed above on how to submit questions and the deadline)
November 1, 2013	City will release responses to any questions submit through an addendum (posted on City's website)
November 7, 2013	Due date for proposal
November 13, 2013	Vendor selected for project
November 15, 2013	Contract drawn up for review
December ????	Preliminary report due to the City

Executive Search:
City Administrator
Flint, Michigan

Office of the Emergency Manager

City of Flint

9/1/2014

City Administrator
Flint, Michigan

The City of Flint, Michigan has opened the position of City Administrator and is now accepting applications. Contained herein is a brief overview of Flint as well as the requirements of the position and application instructions.

Overview

Flint, Michigan is a mid-sized, mid-western city with an economy built on industrial manufacturing, continuing education and medical research. The 2010 Census figures noted a population of just over 102,000 with an average household income of $30,826. Flint is the regional hub of Genesee County, containing businesses and colleges which employ 33% of county residents and result in a daytime population of over 133,000.

Flint is intersected with three major highways, including US-23 and Interstates 69 and 75. Air service and travel is provided by Bishop International Airport. The city also contains an extensive railway system which includes AmTrak service. Internally, the City consists of 500 miles of road and 1500 miles of underground water and sewer lines. Flint also owns and operates a water treatment plant as well as a wastewater treatment plant. Flint is situated along the river which bears its name and currently supplies its water.

Flint operates under the Strong Mayor form of government and has a legislative body consisting of nine City Council members, each elected by and representing the nine City Wards. Currently, the City operates on a General Fund budget of approximately $56,000,000 with a total workforce of 522. The City provides the services of police, fire, 911, street maintenance and traffic engineering, building safety and inspections, planning and economic development, customer service, park maintenance and contracted waste collection service. The City also operates and maintains both its water treatment plant and sewage treatment plant out of the Utilities Division of the Department of Public Works which are funded through enterprise funds. This division is also responsible for maintaining the water distribution, sanitary and storm sewer systems.

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City Administrator
Flint, Michigan

Challenges

The city, at one time, was one of the largest automotive manufacturing centers in the world. Years of decline in the auto industry led to a shrinking economy as well as population loss. The years following this decline have left Flint facing a decreasing tax base, increasing operational costs and a significantly reduced workforce.

As a consequence of these factors, coupled with decades of ineffective management decisions, Flint has been placed into state level financial receivership twice within the last 12 years. The second episode of receivership began in late 2011 is still in effect at this time. However, significant progress has been made in addressing the financial and institutional deficiencies which have led to the City's challenges. The City has a two-year, balanced budget, it has addressed a significant portion of its legacy costs and is in the ongoing process of identifying and correcting structural weaknesses within the organization. The City is poised to exit receivership with a much stronger financial position and with a more efficient organizational structure.

The current Emergency Manager convened a 23 member Blue Ribbon Committee on governance to identify areas and mechanisms within the City government which may have led to systemic financial stress. Once identified, this committee was tasked with developing recommendations on how to address these problems, whether through ordinance changes, charter amendments or a charter review commission. Chief among the committee's recommendations was a transition to a Council/Manager form of government, in which the day to day operations of government would be overseen by the City Manager.

In addition, the City of Flint has approved and adopted its first citywide Master Plan in more than 50 years. This document represents the input of over 5000 residents and community members through hundreds of hours of meticulous research and compilation. This document will serve as our city's guiding principles for the next five years. The plan covers land use, future development and economic growth, capital improvement investments, housing and neighborhood stability, transportation and mobility, open space and parks, infrastructure and community facilities, public safety, education, community health, welfare and arts and cultural assets.

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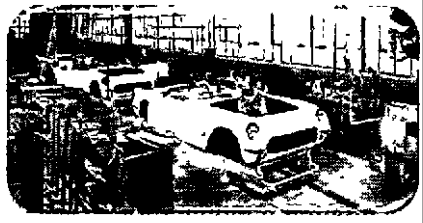
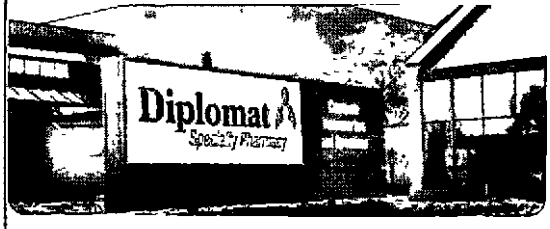
City Administrator
Flint, Michigan

Flint: Vehicle City

The City of Flint, Michigan was established in 1855 along the banks of the Flint River. It is known as the Vehicle City. This is a moniker that has its roots in the booming carriage industry of the late 19th century and not the auto industry of the 20th century as many would expect. The name reflects the historical willingness of Flint to reinvent itself as it went from lumber town, to carriage capital to automobile city. That spirit of reinvention is alive today as Flint again adapts to the changing climate of business.



Flint is not only still a significant base for industrial manufacturing, but has also grown into a college town as well as a hub for medical education and pharmaceutical research supported by the city's engineering, manufacturing and transportation infrastructure. "Eds and Meds" are emerging as the next important step for Flint's ever diversifying economy. Flint contains two of the three hospitals in Genesee County as well as an extension of the Michigan State University School of Medicine. Additionally, there are three major college campuses in Flint, including Mott Community College, Kettering University (formerly General Motors Institute), and the University of Michigan-Flint.



Drawing people into Flint is an ever growing lineup of activities and year-round events. Our downtown has many attractive restaurants and shops and is host to some of our most popular events. Each summer Flint hosts the Crim Festival of Races, the Back to the Bricks car cruise and festival, the Juneteenth Celebration, The Sloan Auto Fair, Shakespeare in the Park and the Buckham Alley Fest. In the fall we have our very own Zombie Walk for charity, the Bikes on the Bricks festival and in winter we have the Fire and Ice Festival. Furthermore, every second Friday of the month is host to our downtown Artwalk.

Just a few blocks away from downtown is the Flint Cultural Center, a real treasure to the community. Located on its grounds are the Flint Institute of Art, the Flint Institute of Music, the Main Branch of the Flint Public Library, the Longway Planetarium, Bower Theatre, the Sloan Museum and the Buick Automotive Gallery. The Cultural Center also serves as home to the Flint Youth Theatre, Flint School of Performing Arts and the Flint Symphony Orchestra.

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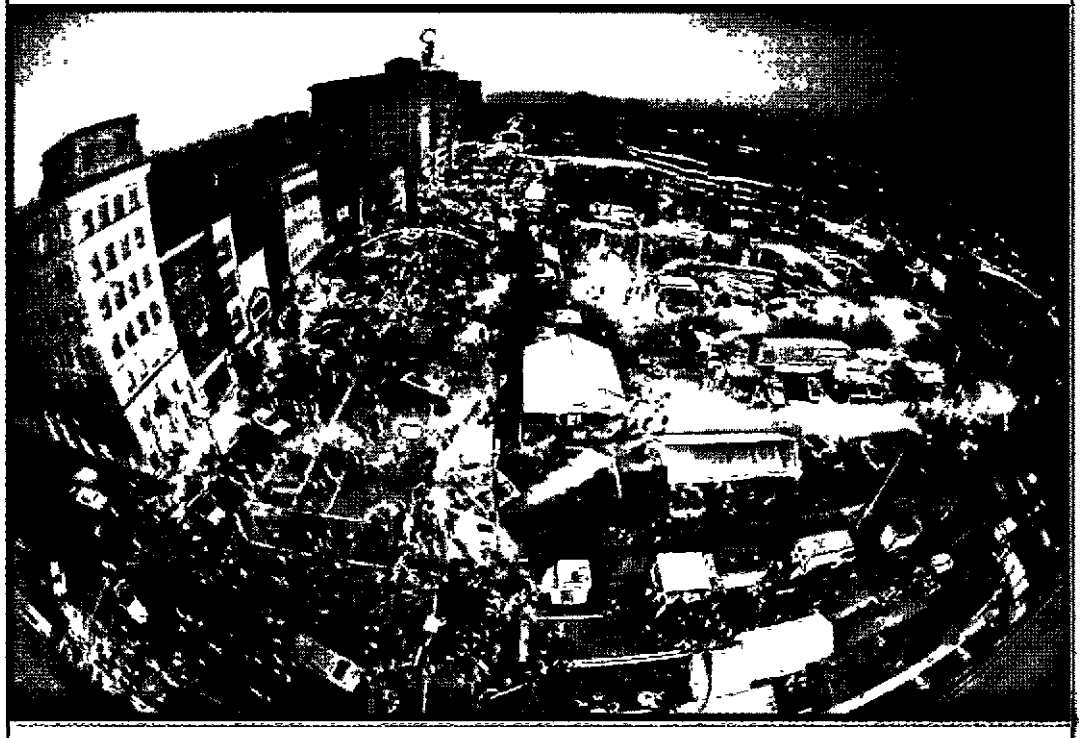
City Administrator
Flint, Michigan

The crown jewel of the cultural center is the Whiting. The Whiting is the city's grand venue for hosting the Flint Symphony Orchestra as well as national musical and theatre acts.

Flint is a city of rich diversity and deep history; it is a city that has seen many ups and downs throughout the years and has adapted to change as needed. The city's motto is "Strong and Proud", a motto that reflects the tenacity of its citizens. The challenges here are not small. However, they represent the potential for significant growth and development for anyone ready and willing to face them and share in our success.



Application Instructions

Interested applicants for the position of City Administrator must meet the minimum criteria listed below. The position will be filled from the pool of qualified candidates through a selection process undertaken by the Emergency Manager, the Mayor, a City Council representative and community representatives. The position will remain open until filled. Interviews will begin November 5, 2014. Applicants should send a cover letter, resume and five professional references by email addressed to Darnell Earley, ICMA-CM, MPA, Emergency Manager, Flint, Michigan at em@cityofflint.com.

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City Administrator
Flint, Michigan

GENERAL STATEMENT OF DUTIES:

Performs high level administrative, technical and professional work in directing and supervising the day-to-day management of city government.

SUPERVISION RECEIVED:

Works under the broad policy guidance of Michigan Public Act 436 of 2012, including but not limited to, the Receivership Transition Advisory Board (RTAB); meets, confers and reports to the Mayor.

SUPERVISION EXERCISED:

Exercises appointment and supervision authority over all municipal employees.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

- Serves as the chief administrative officer in implementation of executive policy, strategic planning, Master Plan activities and directs the management of day-to-day-administrative activities and appointed staff officials.
- Assembles financial and management information; meets and confers with City department heads to gather and assemble pertinent data and information and recommendations for the Mayor and City Council's consideration in making executive determinations and policy.
- Translates executive decisions and policies of the RTAB and Mayor into administrative procedures for the cost effective and efficient operation of the City.
- Implements legislative action of the City Council as approved by the RTAB.
- Monitors and manages the administrative inter-activity of City departments so the delivery of public services represents an efficient, effective and coordinated effort.
- Interacts with other governmental agencies as requested by the RTAB, Mayor or City Council.
- Prepares and reviews correspondence, reports, speeches, resolutions, and other material for public relations purposes. Answers citizen and official inquiries regarding City policy matters.
- Directs the preparation of the agenda for City Council meetings. Attends RTAB, City Council, and Council Committee meetings advising members, and makes recommendations to committees consistent with policy objectives, strategic planning and administrative activities.
- Attend public meetings and events; gives presentations and information to the public regarding matters of City business.

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City Administrator
Flint, Michigan

MINIMUM REQUIREMENTS:

- Graduation from an accredited four-year college or university with a degree in public administration, political science, business management or a closely related field; Master's degree in public administration preferred, ICMA-CM Credentialed Manager desired.
- Seven (7) years of increasingly responsible experience as a city manager, or municipal administrator.
- Five (5) years experience supervising a professional staff at the department head level.
- Considerable knowledge of modern policies and practices of public administration.
- Working knowledge of municipal finance, human resources, public works, public safety, and community and economic development.
- Skill in preparing and administering municipal budgets and planning, directing and administering municipal programs.
- Demonstrated ability to facilitate organization development, delivery systems and evaluation in a complex municipal environment.
- Ability to prepare and analyze comprehensive reports.
- Ability to carry out assigned projects through to completion.
- Ability to communicate effectively verbally and in writing.
- Ability to make presentations to the public and elected officials regarding complex concepts.
- Ability to establish and maintain effective working relationships with employees, City officials and the public; ability to efficiently and effectively administer a municipal government.

COMPENSATION AND BENEFITS

- Salary dependent upon qualifications.
- Excellent benefit package.
- Employment contract as part of appointment offer.

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City Administrator
Flint, Michigan

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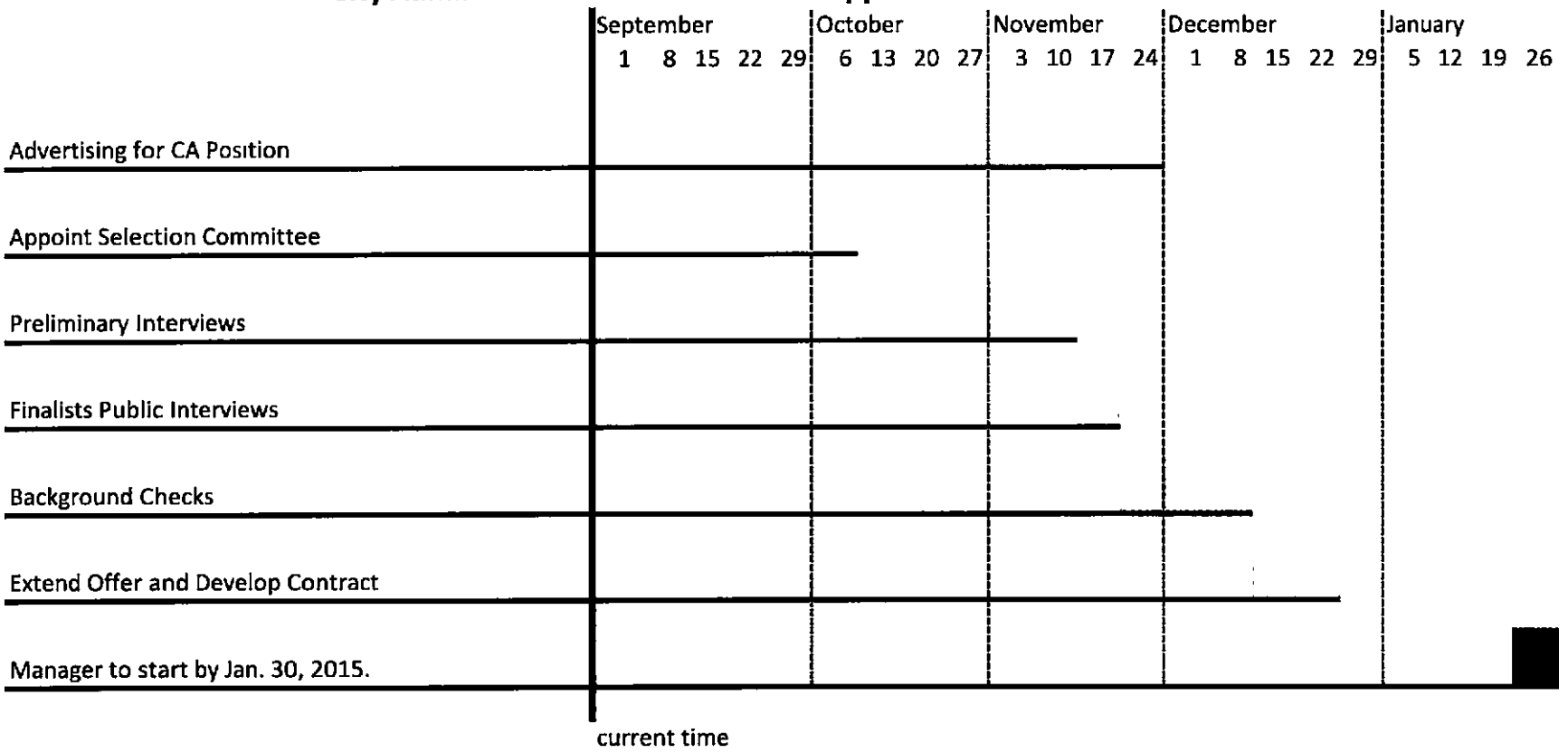
City Administrator Recruitment and Appoiontment Timeline



Revision: 8/28/14

Demolition Update for Flint, Michigan – November 2014

Flint's current administrative capacity and its data-driven blight elimination strategy leave it opportunistically poised for continuing to successfully removing blight through demolition.

The City of Flint and the Genesee County Land Bank (GCLBA) have led demolition in Flint over the last ten years through a strong partnership. Together, the two demolished more than 4,000 blighted structures in Flint through the year 2013. Over the last eighteen months this capacity for administering demolition has greatly increased. The GCLBA is successfully administering $26.41 million of funding for demolition in Flint, which will remove more than 2,000 blighted structures in record time.

In 2014 the City of Flint released *Beyond Blight: City of Flint Comprehensive Blight Elimination Framework.* This data-driven Framework quantifies the scale of blight in Flint today, identifies roles and responsibilities for a collaborative approach, and provides priorities and strategies for eliminating blight in Flint in alignment with the City's new Master Plan. The Framework includes a five-year demolition strategy. The Framework and its demolition strategy have been touted as models for approaching and prioritizing blight elimination broadly, and demolition specifically.

Figure 1: Place-Based Demolition in Flint, Michigan

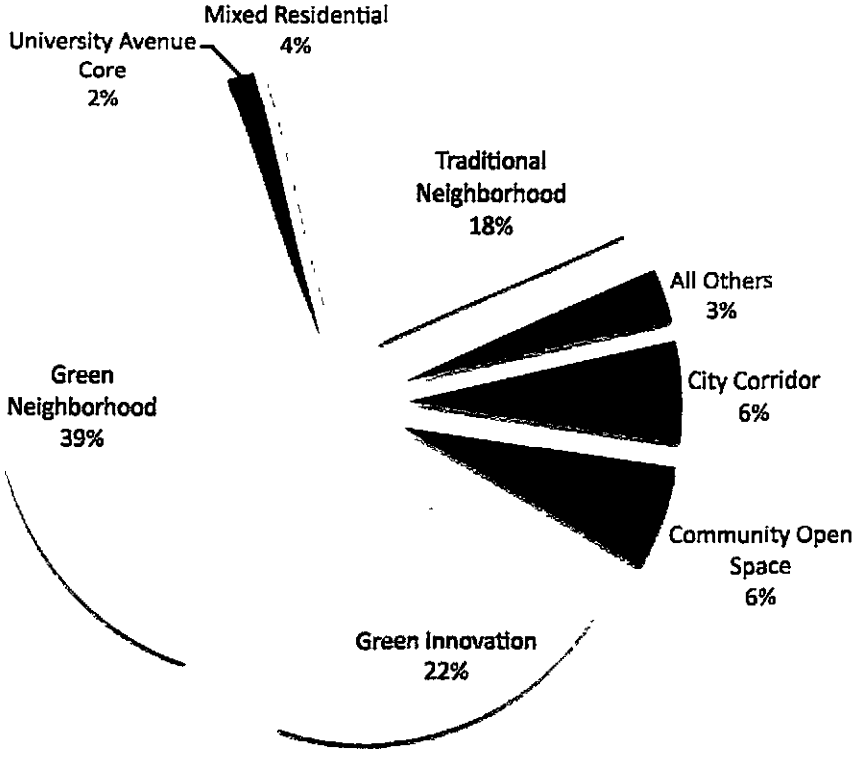
Place Type	Structures in Need of Demolition			Cost of Needed Demolition		
	Residential	Commercial	Total	Residential	Commercial	Total
TIER 1						
Neighborhood Center	16	14	30	$160,000	$700,000	$860,000
Traditional Neighborhood	690	124	814	$6,900,000	$6,200,000	$13,100,000
Green Neighborhood	2049	156	2205	$20,490,000	$7,800,000	$28,290,000
Mixed Residential	201	16	217	$2,010,000	$800,000	$2,810,000
University Avenue Core	67	9	76	$670,000	$450,000	$1,120,000
City Corridor	228	38	266	$2,280,000	$1,900,000	$4,180,000
TIER 2						
Green Innovation	1381	35	1416	$13,810,000	$1,750,000	$15,560,000
Community O&S	357	18	375	$3,570,000	$900,000	$4,470,000
TIER 3						
Downtown	6	9	15	$60,000	$450,000	$510,000
Commerce & E	33	13	46	$330,000	$650,000	$980,000
Production	0	0	0	$0	$0	$0
TOTAL	**5028**	**432**	**5460**	**$50,280,000**	**$21,600,000**	**$71,880,000**

Demolition in Hardest Hit Fund Areas

- Demolition in the Hardest Hit Fund areas aligns with the top priorities of Flint's Blight Elimination Framework. These areas comprise a subset of the Tier 1 areas in the table above. More specifically, Hardest Hit Fund areas include Neighborhood Centers, the vast majority of Traditional Neighborhoods, Green Neighborhoods with greater occupancy, the majority of Mixed Residential areas, the University Avenue Core, and the majority of City Corridors.
- Given the recent large investment in the Hardest Hit Fund areas, remaining blighted structures in these areas are the first priority for demolition.
    - $30,720,000 needed to remove all blighted structures in Hardest Hit Fund areas.
    - $8,860,000 needed to demolish 662 (606 residential and 56 commercial) remaining blighted Land Bank structures in the Hardest Hit Fund areas, including structures the Land Bank will receive on January 1, 2015.
    - $21,850,000 needed to demolish 1,653 (1,520 residential and 133 commercial) remaining blighted structures, privately owned, in the Hardest Hit Fund areas.

DEMOLITION

Five-Year Demolition Needed by Place Type



4,000
residential structures demolished in the last 10 years

1,600
residential structures already funded and scheduled for demolition by spring 2015

17
commercial structures already funded and scheduled for demolition by spring 2015

$10,000 on average to demolish a residential structure

$50,000 on average to demolish a residential structure

5,028
residential structures in need of demolition in the next five years

$71.88 million
to demolish all blighted structures over the next five years

432
commercial structures in need of demolition in the next five years

1 out of every 8 residential structures in Flint is in need of demolition in the next five years

$69.38
gap in funding for demolition

1 out of every 6 commercial structures in Flint is in need of demolition in the next five years

DEMOLITION

Demolition of blighted and dangerous properties within Flint neighborhoods was identified as a top priority during Master Plan community engagement input sessions. In 2013 the Genesee County Land Bank Authority received two grants totaling roughly $23.8 million to demolish blighted residential and commercial structures, the vast majority of which are located in Flint. Accordingly, roughly 1,600 blighted structures will be demolished between the fall of 2013 and the spring of 2015, according to the guidelines and requirements of the two funding sources. Because the demolition of these properties is funded and under way they are not included in the calculation of needed demolition and are considered demolished moving forward in this framework. There are still approximately 5,028 houses and 432 commercial buildings that will need to be demolished over the next five years at a cost of roughly $71.88 million. Additional expected funding for demolition over the next five years totals only $2.5 million ($500,000 of City of Flint CDBG funding annually), leaving a $69.38 million gap for demolition. Thus, pursuing funding for demolition is a top priority for the next five years. Demolition accounts for 66% of the total cost of removing blight over the next five years. Furthermore, although government agencies will typically take the lead on demolition, partnerships between government and institutions should be created and solidified for a complementary demolition approach.

COLLABORATION BETWEEN PARTNERS

Partner Roles

Residents
Residents should support demolition by reporting both properties in need of demolition and improperly completed demolition projects to local government.

Local Government
Because the vast majority of demolition in Flint is needed for blight removal and not redevelopment, government will lead demolition throughout the city.

Institutions
Institutions such as non-profit organizations, churches, and places of learning and higher education and should support demolition by purchasing and demolishing nearby blighted properties in coordination with government agencies.

Community Groups
Residents should support demolition by reporting both properties in need of demolition and improperly completed demolition projects to local government. Community groups should also share information about demolition efforts with other community members.

Businesses and Developers
Like institutions, businesses and developers can support demolition by purchasing and demolishing nearby blighted properties. While businesses and developers will lead demolition for redevelopment purposes, government will likely support demolition for redevelopment given property values and market conditions in Flint.

DEMOLITION

This chart directs citywide demolition for neighborhood stabilization in Flint by outlining priorities according to place type and depicting the connections between place types, methods, and partners. Place types are organized into three prioritized tiers and are listed in descending order on the left side. Yellow boxes provide descriptions of demolition methods for each tier and its place types. Blue boxes identify responsible partners for each tier and its place types.

Priority Chart for Neighborhood Stabilization

Tier 1: Neighborhood Demolition

Neighborhood Center
Traditional Neighborhood
Green Neighborhood
Mixed Residential
University Avenue Corridor
City Corridor

Demolition of blighted residential and commercial structures in and around Flint neighborhoods. Demolition eligibility depends on property condition, value, and place type location. Generally, properties in poor or structurally deficient condition are considered for demolition.

Local Government with Institutional support

Tier 2: Demolition for Green Reuse

Community Open Space
Green Innovation

Demolition of vacant residential and commercial structures for green re-use.

Local Government

Tier 3: Demolition for Redevelopment

Downtown District
Commerce & Employment Center
Production Center

Demolition of residential and commercial structures for redevelopment and re-use according to place type.

Businesses and Developers with Institutional and Local Government support

DEMOLITION

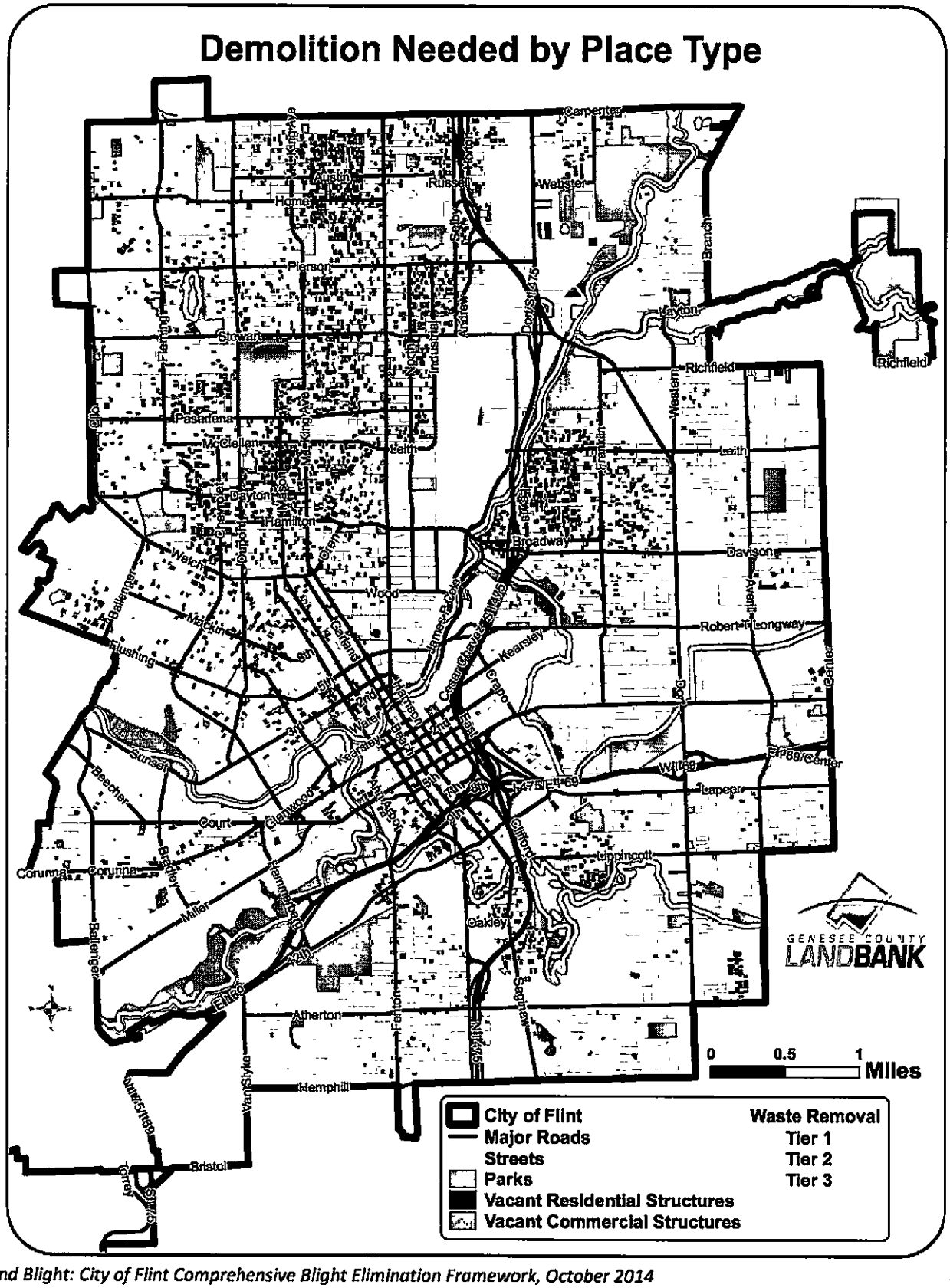
ACTION STEPS AND POTENTIAL STRATEGIES

- Actively pursue funding for demolition to fill the gap between funding needed to demolish blighted structures over the next five years and funding currently available.
- Develop demolition plans in line with the priority chart and place type descriptions provided in this framework.
- Prioritize demolition within place types according to block-level occupancy. Prioritize demolishing blighted structures on blocks with higher occupancy. See vacancy by block maps for Traditional Neighborhoods on page 62 and Green Neighborhoods on page 66.
- Review and revise demolition infill specifications to reduce future maintenance and infrastructure costs.
- Refrain from boarding vacant properties planned and funded for demolition. Board vacant properties identified for demolition but not funded.
- Ensure collaboration between local government and University Avenue Core institutions. The demolition recently completed by the institutions in the University Ave Core is a leading example of a cross-sector demolition partnership. 93 properties are in need of demolition in this place type: 91 residential and 2 commercial structures costing approximately $1,010,000 total. Plans should be developed with University Avenue Core institutions to complete this demolition over the next five years.
- Direct any deconstruction projects to Green Innovation sites to precede Green Innovation pilot projects.
- Incorporate demolition into an online Problem Property portal (see page X for more details). Consider creating an online demolition-tracking tool.
- Consider establishing a matching fund for demolition whereby private parties (residents, businesses, community organizations, institutions, etc.) can contribute money towards demolition in a particular place type that will be matched by one or more local foundations. Consider a specific request to homeowners in Traditional Neighborhoods. If each homeowner in Traditional Neighborhoods contributed $300 to a matching fund, all residential structures in need of demolition could be demolished in Traditional Neighborhoods.

FIVE-YEAR BENCH MARKS FOR BLIGHT ELIMINATION

Years 1 and 2	Years 3 and 4	Year 5
• 1,400 blighted residential structures demolished, 25% of the total needed • 98 blighted commercial structures demolished, 25% of the total needed	• 2,800 additional blighted residential structures demolished, completing 75% of the total needed • 196 additional blighted commercial structures demolished, completing 75% of the total needed	• 1,445 additional blighted residential structures demolished, completing 100% of the total needed • 96 additional blighted commercial structures demolished, completing 100% of the total needed

DEMOLITION


Demolition Needed by Place Type
Carpenter
Webster
Russell
Homer
Pierson
Stewart
Fleming
Pasadena
McClellan
Keith
Dayton
Hamilton
Broadway
Davison
Richfield
Western
Franklin
Branch
Dort/SR 75
Linden
Welch
Ballenger
Wood
Garland
Martin
Flushing
Kearsley
Robert T Longway
Center
Sunset
Beecher
Court
Glenwood
Corunna
Miller
Oakley
Clifford
Lippincott
Lapeer
I-475/I-69
Atherton
Fenton
Saginaw
Hemphill
Van Slyke
Bristol
Torrey
GENESEE COUNTY LANDBANK
0 0.5 1 Miles
City of Flint
Major Roads
Streets
Parks
Vacant Residential Structures
Vacant Commercial Structures
Waste Removal
Tier 1
Tier 2
Tier 3

Widigan, Robert (TREASURY)

From: Cline, Richard (Treasury)
Sent: Thursday, August 28, 2014 10:09 AM
To: Dempkowski, Angela (Treasury)
Cc: Widigan, Robert (TREASURY)
Subject: FW: One Resolution #EME4592014
Attachments: EME4592014.PDF; City of Flint EM Spending Resolution Memo to State Treasurer.08-27-14.docx

Importance: High

Angela,

Attached is a recommendation for State Treasurer approval for a spending resolution from the City of Flint.

If there are any questions, please let me know.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov | Traverse City Extension (231) 922-5228

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From: Dempkowski, Angela (Treasury)
Sent: Wednesday, August 20, 2014 3:38 PM
To: Cline, Richard (Treasury); Widigan, Robert (TREASURY)
Subject: FW: One Resolution #EME4592014

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Wednesday, August 20, 2014 3:29 PM
To: Dempkowski, Angela (Treasury)
Subject: One Resolution #EME4592014

Good afternoon Angela,

We are submitting the following resolution for State approval because it is a sole source provider:

EME4592014 -- Resolution to IDEXX for Water Testing Supplies

Thanks Angela and I look forward to hearing from you soon.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

72 (Rev 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: August 28, 2014

TO: Kevin Clinton, State Treasurer

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: City of Flint Sole Source Contract Approval

On August 20, 2014, the City of Flint requested approval to purchase $70,000 of water testing supplies from Idexx Distribution. Public Act 436 of 2012 requires that any no bid contract with a value exceeding $50,000 must receive approval of the State Treasurer.

Justification by the City

Follow-up from the City indicates that their Water Plant Laboratory has only been certified by the MDEQ to use Colilert and Simplate media test to perform coliform, E. Coli, and heterotrophic bacteria tests in the City's water supply. These media tests are only manufactured by Idexx Distribution.

Recommended Action

Approval of this EM Resolution is being requested. No adverse impacts resulting from this purchase have been identified.

Attached for review is a copy of the Emergency Manager Resolution that authorizes this purchase.

If additional information is desired, please let me know.

State Treasurer Approval:

I, R. Kevin Clinton, State Treasurer for the State of Michigan, pursuant to the authority assigned by the Governor of the State of Michigan at the time of appointment of the Receivership Transition Advisory Board, do hereby:

_____ Approve Submitted Recommendation

_____ Deny Submitted Recommendation

_____ _____

R. Kevin Clinton, State Treasurer
Michigan Department of Treasury

Date

14-5258

(Purchasing No 15000036)

EM SUBMISSION NO.: EME 459 2014

PRESENTED: 8-20-14

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO IDEXX FOR WATER TESTING SUPPLIES

BY THE EMERGENCY MANAGER

RESOLUTION

The Water Plant is requesting to purchase water testing supplies in order to test for coliform, E. Coli, and heterotrophic bacteria in the City's water supply; and

Idexx Distribution, One Idexx Dr., Westbrook, Maine is the sole vendor that can provide said supplies as required. The funding for this purchase will come from the following account number: 591-545.200-726.000; and

IT IS RESOLVED, that the Department of Purchases and Supplies, upon the Emergency Manager's approval, is hereby authorized to issue a purchase order to Idexx for water testing supplies in an amount not to exceed $70,000.00. (Water Fund)

APPROVED-PURCHASING DEPT:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

FOR

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

Michael K. Brown, City Administrator

EM DISPOSITION:

ENACT _____ **REFER TO COUNCIL** _____ **FAIL** _____

_____ **DATED:** _____

Darnell Earley, Emergency Manager

FY15 DFJ

RESOLUTION STAFF REVIEW

DATE.
July 15, 2014

Agenda Item Title:
IDEXX

Prepared By:
Brent Wright, Supervisor

Background/Summary of Proposed Action
The Flint Water Plant Laboratory is a state certified bacteriological lab. The Michigan Department of Environmental Quality (MDEQ) requires the City to perform a minimum of 100 bacteria samples on the water distribution system, along with an additional 14 samples within the Water Treatment Plant, because it is fully operational. The Lab has only been certified in using Colilert and Simplate media test for performing these samples by the State. Both of these media tests are only supplied by IDEXX. To become certified in using a different media test, the City staff would need to conduct side by side proficiency tests and become certified by the State, which can be very time consuming and costly. The City is requesting approval to procure these test media from the sole source provider of IDEXX.

Financial Implications. Please approve the purchase order for IDEXX The funds are available in the FY14 amended budget in an amount not to exceed $70,000.00

Budgeted Expenditure? Yes ☒ **No** ☐ **Please explain if no: N/A**

Account No.: 591-545.200-726.000

Pre-encumbered? Yes ☒ **No** ☐ **Requisition # 140000602**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: _____
(Dept Head or other authorized staff)

From: Dempkowski, Angela (Treasury)
Sent: Monday, December 08, 2014 8:15 AM
To: Cline, Richard (Treasury)
Subject: FW: Resolutions Nos. EME6422014 and EME6432014

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, December 05, 2014 3:47 PM
To: Dempkowski, Angela (Treasury)
Subject: Resolutions Nos. EME6422014 and EME6432014

Good afternoon Angela,

I am submitting the following resolutions for State approval. Both resolutions are single source providers and are over $50,000. The resolutions are:

1. EME6422014 - Resolution Authorizing the City of Flint to Enter into a Standard Software Maintenance Agreement with New World Systems Corporation (Police)

2. EME6432014 - Resolution to Metron-Farnier for Residential and Commercial Water Meters (Utilities/Water Service Center)

Please see attached - I look forward to hearing from you soon.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

EM SUBMISSION NO.: EME6422014

PRESENTED: 12-4-14

ADOPTED:

Resolution Authorizing the City of Flint to enter into a standard Software Maintenance Agreement with New World Systems Corporation

BY THE EMERGENCY MANAGER:

The Public Safety departments utilize New World software for Aegis CAD, Aegis Law Enforcement Records Software, Aegis Fire Records Software, Aegis Public Safety Interface Software, Aegis Photo Imaging Software, Aegis Mobile Management Server Software, Aegis Mobile Software on the RS6000, Aegis Mobile Client laptop Software, Aegis Mobile Software on the 400 or MSP Server, Aegis ESRI Embedded Applications — New, and Aegis ESRI Embedded Applications — Upgrades. The Flint Police Department is requesting a renewal of the contract due to expire July 1, 2015. Funding for this software maintenance agreement will come from account #101-325.100-930.00 and 101-305.200-930.000.

IT IS RESOLVED, That the Proper City Officials, upon the Emergency Manager approval, are hereby authorized to enter into an agreement for standard software maintenance with New World System Corporation for the period July 1, 2015 through June 30, 2020 at a rate of $170,000.00 for FY16, $100,000.00 for FY17, $110,000.00 for FY18 and $110,000.00 for FY19.

APPROVED AS TO FORM:

TOR

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

EM DISPOSITION:

ENACT _____ **FAIL** _____

DATED: _____

_____

Darnell Earley, Emergency Manager

RESOLUTION STAFF REVIEW

DATE: 12/03/14

Agenda Item Title: New World Systems Corporation – Standard Software Maintenance Agreement

Prepared By: Rick Johnson, Police Financial Coordinator

Background/Summary of Proposed Action: Resolution authorizing the Flint Police Department to enter into a 5 year agreement with New World Systems Corporation for Standard Software Maintenance Agreement. This agreement is to provide services from FY16 through FY20. Within the contract, the City has the right to terminate the contract as long as a written notice is provided 180 day prior to the anniversary date of year 3, 4 and year 5 to New World Systems Corporation.

Financial Implications: Funding in the amount of $170,000.00 is budgeted in the FY16 budget ($162,000.00 – 911 and 8,000.00 – Police) and the remaining will be budgeted in the Flint Police accounts in the subsequent fiscal years. $100,000.00 for FY17, and $110,000.00 for FY18 and FY19.

Budgeted Expenditure? Yes ☒ No☐ Please explain if no:

Account No.: 101-325.100-930.000 - $162,000.00
101-305.200-930.000 - $8,000.00

Pre-encumbered? Yes ☐ No☒ Requisition #

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: _____
James W. Tolbert, Chief of Police

NEW WORLD SYSTEMS CORPORATION
STANDARD SOFTWARE MAINTENANCE AGREEMENT

This Standard Software Maintenance Agreement (SSMA) between **New World** Systems Corporation (New World) and City of Flint, MI Police Department (**Customer**) sets forth the standard software maintenance support services provided by **New World**.

1. **Service Period**

This SSMA shall remain in effect for a period of five (5) years from (start date) 7 1 15 to (end date) 6/30 20.

2. **Services Include**

The following services or features are available under this SSMA:

(a) Upgrades, including new releases, to the Licensed Standard Software (prior releases of Licensed Standard Software application packages are supported no longer than nine (9) months after a new release is announced by **New World**)
(b) Temporary fixes to Licensed Standard Software (see paragraph 6 below).
(c) Revisions to Licensed Documentation.
(d) Reasonable telephone support for Licensed Standard Software on Monday through Friday from 8:00 a.m. to 8:00 p.m. (Eastern Time Zone).
(e) Invitation to and participation in user group meetings.
(f) Emergency 24-hour per day telephone support, for Aegis CAD only, seven (7) days per week for Licensed Standard Software. Normal service is available from 8:00 a.m to 8:00 p.m. (Eastern Time Zone). After 8 00 p.m., the Aegis CAD phone support will be provided via beeper and a **New World** support representative will respond to CAD service calls within 30 minutes of call initiation. The 24-hour and regular support for Aegis CAD will remain in effect through 9/30/15.
(g) Includes ESRI Integration for the ESRI software that is part of Exhibit A Licensed Standard

Items a, b, and c above will be provided to **Customer** by electronic means.

Additional support services are available as requested by **Customer** using the then-current hourly rates or applicable fees.

3. **Maintenance for Modified Licensed Standard Software and Custom Software**

Customer is advised that if it requests or makes changes or modifications to the Licensed Standard Software, these changes or modifications (no matter who makes them) make the modified Licensed Standard Software more difficult to maintain. If **New World** agrees to provide maintenance support for Custom Software or Licensed Standard Software modified at **Customer's** request, then the additional **New World** maintenance or support services provided shall be billed at the then-current hourly fees plus reasonable expenses.

4. **Billing**

Maintenance costs will be billed annually as detailed on the following page. If taxes are imposed, they are the responsibility of the **Customer** and will be remitted to **New World** upon being invoiced.

5. **Additions of Software to Maintenance Agreement**

Additional Licensed Standard Software licensed from **New World** will be added to the SSMA per the terms of the contract adding the software. Maintenance costs for the additional software will be billed to **Customer** on a pro rata basis for the remainder of the current maintenance year and on a full year basis thereafter.

6. **Requests for Software Correction on Licensed Standard Software**

At any time during the SSMA period, if **Customer** believes that the Licensed Standard Software does not conform to the current specifications set forth in the user manuals, **Customer** must notify **New World** in writing that there is a claimed defect and specify which feature and/or report **Customer** believes to be defective. Before any notice is sent to **New World**, it must be reviewed and approved by the **Customer** Liaison. Documented examples of the claimed defect must accompany each notice. **New World** will review the documented notice and when a feature or report does not conform to the published specifications, **New World** will provide software correction service at no charge. A non-warranty request is handled as a billable Request for Service (RFS).

The no charge software correction service does not apply to any of the following:

(a) situations where the Licensed Standard Software has been changed by anyone other than **New World** personnel;
(b) situations where **Customer**'s use or operations error causes incorrect information or reports to be generated; and;
(c) requests that go beyond the scope of the specifications set forth in the current User Manuals.

7. **Maintenance Costs for Licensed Standard Software Packages Covered for MSP Server**

New World agrees to provide software maintenance at the costs listed below for the following **New World** Standard Software packages licensed by the **Customer**:

Application Package		Number of Modules
1. *Aegis*®	Computer Aided Dispatch (CAD)	18
2. *Aegis*®	Law Enforcement Records Software	24
3. *Aegis*®	Fire Records Software	3
4. *Aegis*®	Public Safety Interface Software	6
5. *Aegis*®	Photo Imaging Software	1
6. *Aegis*®	Mobile Management Server Software	4
7. *Aegis*®	Mobile Software on the RS6000	4
8. *Aegis*®	Mobile Client Laptop Software	7
9. *Aegis*®	Mobile Software on the 400 or MSP Server	2
10. *Aegis*®	ESRI Embedded Applications - New	1
11. *Aegis*®	ESRI Embedded Applications - Upgrade	1

Period Covered	Annual Amount	Billing Date
7/1/2015 to 6/30/2016	$80,000 * Note 1	6/15/2015
7/1/2016 to 6/30/2017	$90,000 * Note 1	6/15/2016
7/1/2017 to 6/30/2018	$100,000 * Note 1	6/15/2017
7/1/2018 to 6/30/2019	$110,000 * Note 1	6/15/2018
7/1/2019 to 6/30/2020	$110,000 * Note 1	6/15/2019

1. Includes 80 hours of Support Services at $155/Hour for the Period Covered. Any unused prepaid support hours will carryover once into the following annual PSMA period. Unused carryover hours expire the earlier of 12 months from carryover or the end of the PSMA contract period. Support Services are defined on your original Exhibit B. Travel costs are not included. The hours to be provided at schedules mutually agreeable to **Customer** and **New World**

Note: **New World** has substantially reduced the cost of these services to recognize that **Customer** has a distressed financial environment.

Note: Unless extended by **New World**, the above costs are available for 90 days after submission of the costs to **Customer**. After 90 days, **New World** may change the costs.

ALL INVOICES ARE DUE FIFTEEN (15) DAYS FROM BILLING DATE.

8. **Non-funding Provision**

In the event **Customer** does not appropriate funds to complete payments due for year 3, 4 or 5 under this SSMA, the amount due for the fiscal year not appropriated shall be terminated; provided, however, the **Customer** shall have given **New World** written notice one hundred eighty (180) days prior to the anniversary date of year 3, 4 or year 5, when they are exercising the non-funding provision, and further provided that any other payments due to **New World** are fully paid, and further provided that **New World's** obligations and services under this SSMA shall also be terminated. Without **Customer's** fulfillment of the above provisions, **Customer's** obligation to pay **New World** the annual SSMA payments remains in effect through the expiration date of this SSMA **Agreement.**

9. **Terms and Conditions**

This Agreement is covered by the Terms and Conditions specified in the Licensing Agreement(s) for the software contained herein.

ACCEPTED BY:	ACCEPTED BY:
Customer: City of Flint, MI Police Department	**New World Systems Corporation**
Name: _____	Name: _____
Title: Emergency Manager	Title: _____
Date: _____	Date: _____

By signing above, each of us agrees to the terms and conditions of this Agreement and as incorporated herein. Each individual signing represents that (s)he has the requisite authority to execute this Agreement on behalf of the organization for which (s)he represents and that all the necessary formalities have been met. If the individual is not so authorized then (s)he assumes personal liability for compliance under this Agreement.

14-3400

(Bid No. 15000059)

EM SUBMISSION NO.: EME6432014

PRESENTED: 12-5-14

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO METRON-FARNIER FOR RESIDENTIAL AND COMMERCIAL WATER METERS

BY THE EMERGENCY MANAGER

RESOLUTION

The Utilities/Water Service Center has requested the immediate need to purchase 594 each residential and commercial water meters to process requests for water turn-ons and to replace non-functioning older meters; and

Metron-Farnier, LLC, 5661 Airport Blvd., Suite B, Boulder Colorado is the manufacturer for said meters supported by its current delivery system. Funding will come from the following account number 590-540.207-726.000 ($110,811.00); and

IT IS RESOLVED, that the Department of Purchases and Supplies, upon the Emergency Manager's approval, is hereby authorized to issue a purchase order to Metron-Farnier, LLC for 594 each residential and commercial water meters in the amount of $110.811.00 (Sewer Fund)

APPROVED-PURCHASING DEPT:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

\EM DISPOSITION:

ENACT _____ **REFER TO COUNCIL** _____ **FAIL** _____

_____ **DATED:** _____

Darnell Earley, Emergency Manager

2014-12-03 BDB

RESOLUTION STAFF REVIEW

DATE: 11-17-14

Agenda Item Title: Water Meters

Prepared By: Cheri Priest, WSC Administrative Manager

Background/Summary of Proposed Action: The City of Flint has nearly 35,000 water meters, in which approximately 30% of said meters are well past their expected life cycle and are overdue for replacement. The City is currently in the process of obtaining bids to determine the most feasible and cost effective solution for replacing meters. At this time, Metron-Farnier is the sole source that will still be able to meet all of our requirements. The current stock of residential water meters is at a critically low level with approximately 40 water meters on hand. The Water Service Center is requesting the purchase of 594 residential & commercial meters, 560 5/8" meters, 30 1" meters & 4 2" meters.

The City also faces challenges in seeking new meters that adhere to the NSF/ANSI Standard 61 (which requires no lead in meters), prevent theft of water and scrapping of meters, while maintaining compatibility of the current remote reading system. It is not feasible to change what brand/type of meter that we use every time a meter order is placed. This would cause the City to have to have separate remote reading systems for different meters. Not only would this be cost prohibitive, it would also be extremely labor intensive.

Financial Implications: Adequate funding exists in the below listed accounts

Budgeted Expenditure? **Yes** ☒ **No** ☐ **Please explain if no:**

Account No.: **590-540.207-726.000 $110,811.00**

Pre-encumbered? Yes ☒ **No** ☐ **Requisition # 140001214**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: Robert Bruinsma

(Dept Head or other authorized staff)

Byrne, Randall (Treasury)

From: Shekter Smith, Liane (DEQ)
Sent: Tuesday, December 09, 2014 10:24 AM
To: Byrne, Randall (Treasury)
Cc: Busch, Stephen (DEQ); Benzie, Richard (DEQ)
Subject: RE: Flint water update

Randy – I made a few suggested tweaks to your note. Hope this works for you:

- The DEQ met with Flint officials last month. The City prepared an operational plan to reduce the formation of disinfection by-products. They have exceeded the standard which is primarily the result of using water from a different source, namely the Flint River. This is anticipated to be mitigated once the City begins using Lake Huron water from the Karagondi pipeline. A DEQ violation notice will go out next week which will require the city to issue a public notice. The DEQ Director plans to notify legislative members from the Flint area. In conclusion, the City has seen a reduction in the numbers because of operational changes and the cooler weather. The violation is expected to continue for a while because it takes time to resolve this problem.

Liane

Liane J. Shekter Smith, P.E., Chief
Office of Drinking Water and Municipal Assistance
Michigan Department of Environmental Quality
517-284-6543

From: Byrne, Randall (Treasury)
Sent: Tuesday, December 09, 2014 9:16 AM
To: Shekter Smith, Liane (DEQ)
Subject: Flint water update

Liane:

Please review this draft on the Flint water issue and make any changes that will clarify this statement:

- The DEQ met with Flint officials last month. The City prepared an operational plan to reduce the disinfection by-product. They have exceeded the standard which is a result of using water from a different source, namely the Flint River. This will be gone once the City begins using Lake Huron water from the Karagondi pipeline. A DEQ violation notice will go out next week which will be a public notice. The DEQ Director will notify legislative members from the Flint area. In conclusion, the DEQ has seen a reduction in the numbers because of the cooler weather. The violation will continue for a while because it takes time to resolve this problem.

Thanks, once again for your assistance,
Randy,

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: December 9, 2014

TO: Rick Snyder, Governor

FROM: R. Kevin Clinton, Treasurer

SUBJECT: Status of Financially Stressed Local Governments

EMERGENCY MANAGER

Flint
Emergency Manager: Darnell Earley
Appointed: November 28, 2013
Anticipated Exit: April 2015

Recent Developments

- Two City Council seats will be vacant as of January 1, 2015 due to the members being elected to higher offices. A committee consisting of the Mayor and City Council is working with the Emergency Manager to review interested applicants for the vacant City Council positions.
- City officials are attempting to increase the City's income tax rate, which Treasury supports and must be approved by the legislature. State Representative Stanley is the lead on this initiative. Should the legislature approve the increase, the City will place this question on the November 2015 ballot.
- Six Charter amendments and a general Charter revision question were on the November 4, 2014 ballot. The following proposals passed:
    - Proposal 1 – Triggers a full review of the charter. A nine-member Charter Review Commission will be elected in May 2015.
    - Proposal 2 – Reduces the number of mayoral staff appointments from no more than ten to no more than five.
    - Proposal 3 – Adds a Charter amendment to require budgetary best practices.
- Three finalists were selected for the City Administrator position. Background and reference checks are being conducted on the preferred candidate now, with a goal to bring the person on board in February 2015.
- City officials met last month with the DEQ, and as a result of that meeting, prepared an operational plan to reduce the formation of disinfection by-products. They have exceeded the standard which is primarily the result of using water from a different source, namely the Flint River. This is anticipated to be mitigated once the City begins using Lake Huron water from the Karagondi pipeline. A DEQ violation notice will go out next week which will require the City to issue a public notice. The violation is expected to continue for a while because it takes time to resolve this problem.

Koryzno, Edward (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, December 09, 2014 3:44 PM
To: Carter, Jerry (MSP); Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Darnell Earley; Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); Hill, Darryl (MSP); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Smith, Paul (GOV); Byrne, Randall (Treasury); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); West, Samantha (GOV)
Subject: Bi-Weekly Conference Call Agenda
Attachments: Agenda 121014 Conference Call with Treasury.pdf

Good afternoon,

Please find attached the agenda for the conference call scheduled for **Wednesday, December 10th, 9:00 am.**

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am Phone Conference Agenda
December 10, 2014

1) **Public Safety Update – FPD, MSP, (FFD, if needed)**
   a) FPD –
      i. The final draft reports for the evaluation of both the Police and the Fire Departments have been received.
      ii. Completing revisions to SRMS MOA. (Atty's Office prepping for signatures)
      iii. The ICMA Public Safety Study will be presented to City Council at the Public Safety Committee on January 22, 2015.
   b) FFD
      i. City applied for $999,103 grant from the FEMA Assistance to Firefighters Grant Program to purchase a new aerial truck.

   c) Other update from Chief Tolbert and MSP

2) **Governor's Office Update – R. Baird, H. Hollins, B. Clement**
   a) Court Consolidation Status
   b) The legislative initiative to allow a vote on a local income tax increase will be handled by Mayor Walling who will be working through the Governor's Office and H. Hollins. A letter was sent to Treasurer Clinton on Nov. 17 from EM Earley. Chamber of Commerce sent Rep. Stanley a letter of support.
   c) Other

3) **Lawsuits – Status, Issues**
   a) Retiree Lawsuit – No updates

4) **Financial and Administrative Update**
   a) Fire Contract has been sent to City Council per PA 436. A special Finance Cmte. Meeting was held on Monday, December 8. The Committee voted to meet again Thursday, Dec. 11, giving the Flint Firefighters Union a chance to propose an alternative contract which would save substantially the same amount of money.
   b) Fund balance ordinances including Fund Balance Policy, OPEB, BSF and strategic planning processes have been referred by Council Finance Committee to its Legislative Affairs Committee. Council consideration to be scheduled for Council's December 15 meeting.

c) Hardest Hits Funds: Need to get clarity for Flint's eligibility status. (See attached). (UPDATE?)
d) The New World contract has been sent to Treasury for review per PA 436. We do have some timing pressure here. We need to sign this contract prior to signing the SRMS agreement. SRMS is a priority one project and needs to move along too.

5) City Council Update

a) Two Council seats will become vacant on January 1, 2015. An appointment process is under consideration by the EM. P.A. 436 will guide the process which could involve direct EM appointment or collaborative effort with City Council. Self-nominations have been requested from residents of Wards 3 & 6. Nominating period has been extended to December 19.
b) EM Earley plans to hold a special Council meeting after the first of the year and after the seating of the two new Council members. At this meeting he will lay out the plan for moving into Transition.

6) Charter Review Commission

a) Notice has been sent out on new timing for the election of commissioners. Election will be held in May 2015.

7) **Water Issues**

a) General Motors Water Issues – Installation of new valves is underway.
b) A meeting with the Department of Environmental Quality was held on October 29. A number of steps for continued support were discussed. More follow-up is planned. We are awaiting action from the DEQ on getting a message of support out to the public.

8) Messaging

a) A plan is being developed to present to the community at-large and to the various interest groups (i.e. business, investors, foundations) the background of the financial emergency, the actions taken and next steps to emerge from receivership. This will be an on-going item for discussion.
b) Starting a new communication strategy with an EM press briefing the afternoon of a Council meeting or important Committee meeting.
c) Hurley Hospital Valuation City - beginning regular meetings with the Hurley leadership to identify strategy beneficial both Hurley and the City of Flint.

d) Deputy Finance Director and HR Director have resigned. Internal candidates for Deputy Finance Director are being interviewed; recruiting firms are being solicited to identify candidates for HR Director and eventually Finance Director.

9) 9-1-1 Reconsolidation Plan

a) The Genesee County 9-1-1 Consortium has voted to accept Flint's request to join. Consolidation is expected to be complete by July 1, 2015. Mayor Walling has been appointed the City's representative on the Membership Board. Work is progressing to complete merger before July 1, 2015.
b) C-GAP award for 9-1-1 Tower will have ~$400,000 balance. Would like to use for 9-1-1 consolidation expenses.

10) Recruitment and Selection of City Administrator/Manager

a) Provide guidance on several considerations: duration of appointment, contract, consistent with TAB, working with TAB, etc. – Finalize timeline after January 1, 2015.
b) An offer has been extended and accepted. The contract is being finalized now. Expect to make a formal announcement this week.

11) Other Items

1-[redacted], access code [redacted]
Created on: 11/19/14

Widigan, Robert (TREASURY)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Wednesday, December 10, 2014 8:38 AM
To: Widigan, Robert (TREASURY)
Cc: Dempkowski, Angela (Treasury); Cline, Richard (Treasury)
Subject: Fwd: EME6432014 – Water Meters

Good morning Mr. Widigan:

Below are the responses to your concerns from the Purchasing Manager, Derrick Jones.

Have a productive day,

Maxine

---------- Forwarded message ----------
From: **Derrick Jones** <djones@cityofflint.com>
Date: Wed, Dec 10, 2014 at 8:18 AM
Subject: Re: EME6432014 – Water Meters
To: Maxine Murray <mmurray@cityofflint.com>

Good Morning Maxine;
Here are the responses to the questions that were received from the State concerning the sole source purchase for meters.

- Why was only one bid actually acquired?

  o Did the City seek and receive multiple bids, if so how many, or did the City obtain a sole source bid from Metron-Farnier?

  o If this is a sole source bid request, that must be identified for State Treasurer approval.

  Currently, the City has a bid out entitled "Automated Meter Reading (AMR) System and Water Meters" that is due on December 18, 2014. The City is awaiting responses for said solicitation in order to review the viability of replacing the current AMR system. The resolution that is before the State is seeking to purchase water meters that are compatible to the City's current AMR system.

  This is a sole source purchase for meters from Metron-Farneir for compatibility to the current AMR system that need to be replaced.

- The resolution states: the City is currently in the process of obtaining bids to determine the most feasible and cost effective solution for replacing meters.

    - Is this a separate bid process from Metron-Farnier?

    - What is the purpose of obtaining these bids, and what is the status of this process?

    As stated in the previous response, the City is requesting to purchase water meters that are currently compatible to the City's current AMR system. Metron Farnier is the sole source provider for these meters. The City's has a current bid out that is due on December 18, 2014 for the possiblity of replacing the current AMR system.

- Is the City in compliance with NSF/ANSI Standard 61?

    - The resolution states: The City also faces challenges in seeking new meters that adhere to the NSF/ANSI Standard 61. Can you please clarify this.

    The water meters that are being requested in the resolution are in compliance with NSF/ANSI Standard 61.

Maxine, if you have any questions, please feel free to contact me. Thanks.

On Tue, Dec 9, 2014 at 11:58 AM, Maxine Murray <mmurray@cityofflint.com> wrote:
Hi Derrick,

I received the email below at 10:23 am this morning. Please prepare a response for Treasury.

Thank you.

Maxine
---------- Forwarded message ----------
From: **Widigan, Robert (TREASURY)** <WidiganR@michigan.gov>
Date: Tue, Dec 9, 2014 at 10:23 AM
Subject: EME6432014 – Water Meters
To: "mmurray@cityofflint.com" <mmurray@cityofflint.com>
Cc: "Dempkowski, Angela (Treasury)" <DempkowskiA@michigan.gov>, "Cline, Richard (Treasury)" <cliner1@michigan.gov>

Good morning, Maxine:

Below are the questions that we have after review of the updated information sent to us regarding water meters.

Our goal is to fully understand your request, how it was arrived at and to be able to clearly justify our recommendations regarding your request.

Our questions with the request are as follows:

- Why was only one bid actually acquired?
    - Did the City seek and receive multiple bids, if so how many, or did the City obtain a sole source bid from Metron-Farnier?
    - If this is a sole source bid request, that must be identified for State Treasurer approval.

- The resolution states: the City is currently in the process of obtaining bids to determine the most feasible and cost effective solution for replacing meters.
    - Is this a separate bid process from Metron-Farnier?
    - What is the purpose of obtaining these bids, and what is the status of this process?

- Is the City in compliance with NSF/ANSI Standard 61?
    - The resolution states: The City also faces challenges in seeking new meters that adhere to the NSF/ANSI Standard 61. Can you please clarify this.

Your clarifications will be very helpful in moving this request forward. If you have questions, please let me know.

Regards,

Robert Widigan | Departmental Analyst | Office of Fiscal Responsibility

State of Michigan | Department of Treasury

430 W. Allegan Street, 3rd Floor | Lansing, MI 48922

(517) 335-2130 | WidiganR@michigan.gov

Widigan, Robert (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Wednesday, December 10, 2014 3:05 PM
To: Dempkowski, Angela (Treasury)
Cc: Cline, Richard (Treasury)
Subject: RE: EME6432014 – Water Meters
Attachments: Flint Water Meter Purchase TA-EM Letter.docx; EME6432014 – Water Meters Memo to State Treasurer DRAFT II.docx

Tracking:

Recipient	Read
Dempkowski, Angela (Treasury)	Read: 12/10/2014 3:31 PM
Cline, Richard (Treasury)	Read: 12/10/2014 3:21 PM

Angela,

Eric and I have reviewed the documents and approve the changes.

If anything further is required, please let me know.

Thank you,

Robert Widigan | Departmental Analyst | Office of Fiscal Responsibility
State of Michigan | Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2130 | WidiganR@michigan.gov

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments Thank you.

14-3490

(Bid No. 15000059)

EM SUBMISSION NO.: EME6432014

PRESENTED: 12-5-14

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO METRON-FARNIER FOR RESIDENTIAL AND COMMERCIAL WATER METERS

BY THE EMERGENCY MANAGER

RESOLUTION

The Utilities/Water Service Center has requested the immediate need to purchase 594 each residential and commercial water meters to process requests for water turn-ons and to replace non-functioning older meters; and

Metron-Farnier, LLC, 5661 Airport Blvd., Suite B, Boulder Colorado is the manufacturer for said meters supported by its current delivery system. Funding will come from the following account number 590-540.207-726.000 ($110,811.00); and

IT IS RESOLVED, that the Department of Purchases and Supplies, upon the Emergency Manager's approval, is hereby authorized to issue a purchase order to Metron-Farnier, LLC for 594 each residential and commercial water meters in the amount of $110,811.00 (Sewer Fund)

APPROVED-PURCHASING DEPT:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

\EM DISPOSITION:

ENACT _____ **REFER TO COUNCIL** _____ **FAIL** _____

_____ **DATED:** _____

Darnell Earley, Emergency Manager

2014-12-03 BDB

RESOLUTION STAFF REVIEW

DATE: 11-17-14

Agenda Item Title: Water Meters

Prepared By: Cheri Priest, WSC Administrative Manager

Background/Summary of Proposed Action: The City of Flint has nearly 35,000 water meters, in which approximately 30% of said meters are well past their expected life cycle and are overdue for replacement. The City is currently in the process of obtaining bids to determine the most feasible and cost effective solution for replacing meters. At this time, Metron-Farnier is the sole source that will still be able to meet all of our requirements. The current stock of residential water meters is at a critically low level with approximately 40 water meters on hand. The Water Service Center is requesting the purchase of 594 residential & commercial meters, 560 5/8" meters, 30 1" meters & 4 2" meters.

The City also faces challenges in seeking new meters that adhere to the NSF/ANSI Standard 61 (which requires no lead in meters), prevent theft of water and scrapping of meters, while maintaining compatibility of the current remote reading system. It is not feasible to change what brand/type of meter that we use every time a meter order is placed. This would cause the City to have to have separate remote reading systems for different meters. Not only would this be cost prohibitive, it would also be extremely labor intensive.

Financial Implications: Adequate funding exists in the below listed accounts

Budgeted Expenditure? **Yes** ☒ **No** ☐ **Please explain if no:**

Account No.: **590-540.207-726.000 $110,811.00**

Pre-encumbered? Yes ☒ **No** ☐ **Requisition #** **140001214**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: Robert Bruinsma

(Dept Head or other authorized staff)

72 (Rev. 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: December 11, 2014

TO: Kevin Clinton, State Treasurer

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: City of Flint Sole Source Contract Approval – Water Meters

On December 04, 2014 the City of Flint requested approval to purchase 594 residential and commercial water meters in the amount of $110,811 from Metron-Farnier, LLC. Public Act 436 of 2012 requires that any no-bid contract with a value exceeding $50,000 must receive approval from the State Treasurer.

Justification by the City

Follow-up from the City indicates that the residential and commercial water meters from Metron-Farnier, LLC are compatible with the City's current Automatic Meter Reading (AMR) system. These new water meters are required to process requests for water turn-ons and to replace nonfunctioning older meters. The City's current stock of residential water meters is at a critically low level with approximately 40 water meters on hand.

Recommended Action

Approval of this EM Resolution is being requested. The City has indicated funding for this purchase is available. No adverse impacts resulting from this purchase have been identified.

Attached for review is a copy of the Emergency Manager Resolution that authorizes this purchase.

If additional information is desired, please let me know.

72 (Rev. 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

December 11, 2014

Darnell Earley, Emergency Manager
City of Flint
1101 South Saginaw Street
Flint, MI 48502

Mr. Earley:

I am in receipt of your request received December 04, 2014 in which you are requesting approval to purchase 594 residential and commercial water meters in the amount of $110,811 from Metron-Farnier, LLC to replace older, nonfunctioning models.

Pursuant to PA 436 of 2012, any no-bid contract with a value exceeding $50,000 must receive approval from the State Treasurer. I am approving this request based on the City's need for meters to provide basic services to the community.

State Treasurer Approval:

I, R. Kevin Clinton, State Treasurer for the State of Michigan, pursuant to the authority assigned by Public Act 436 of 2012, do hereby:

__✓__ Approve Submitted Recommendation

_____ Deny Submitted Recommendation

Sincerely,

R. Kevin Clinton, State Treasurer
Michigan Department of Treasury

12/16/14
Date

Darnell Earley
ICMA-CM, MPA
Emergency Manager

Dayne Walling
Mayor

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com

For Immediate Release

City of Flint Takes a Step Closer to KWA Preparedness with a Crucial Upgrade to the Water Treatment Plant

Flint, Michigan – December 15, 2014 – The City of Flint has this week taken a big step toward the eventual transition to use of the Karegnondi Water Authority Pipeline with a much needed upgrade to the City's Water Treatment Plant. A large 36" connection line which will serve as the main feed to the plant from the new pipeline was installed over the weekend of December 6, 2014. "This massive undertaking was done without interruption of service to customers and ahead of its scheduled completion," said Department of Public Works Director Howard Croft.

"The installation of the intake section to the water treatment plant represents a key portion of the City of Flint's transition to using the KWA for our water needs," said Utilities Administrator Daugherty Johnson. "Once construction on the KWA pipeline reaches Flint, the City will have the necessary connection in place to begin receiving and treating Lake Huron water." Along with other critical upgrades to the plant in the past two years, the intake installation brings Flint one step closer to having direct control over all of its water system needs. The KWA pipeline is expected to reach Flint by summer of 2016.

–END–

IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER

City of Flint Did Not Meet Treatment Requirements

Our water system recently violated a drinking water standard. Although this incident was not an emergency, as our customers, you have a right to know what happened and what we are doing to correct this situation.

We routinely monitor for the presence of drinking water contaminants. Samples were collected for total trihalomethanes (TTHM) analysis from eight locations on a quarterly basis (May 21, August 21, and November 20 of 2014). The average of the results at **ANY** of the eight locations must not exceed the maximum contaminant level (MCL) for TTHMs, otherwise our water system exceeds the Maximum Contaminant Level (MCL). The standard for TTHMs is 80 µg/L. The location reporting the highest TTHM level was 99 ug/L; thus, our water system exceeds the TTHM MCL.

What should I do?

- There is nothing you need to do unless you have a severely compromised immune system, have an infant, or are elderly. These people may be at increased risk and should seek advice about drinking water from their health care providers.
- You do not need to boil your water or take other corrective actions. If a situation arises where the water is no longer safe to drink, you will be notified within 24 hours.

What does this mean?

This is not an emergency. If it had been an emergency, you would have been notified within 24 hours.

People who drink water containing trihalomethanes in excess of the MCL over many years may experience problems with their liver, kidneys, or central nervous system, and may have an increased risk of getting cancer.

What is being done?

We are currently working on solutions to correct the problem. We anticipate resolving the problem by 2015.

For more information, please contact Mr. Brent Wright at 517-787-6537 or the Flint Water Plant at 4500 North Dort Highway, Flint, MI 48505.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments, nursing homes, schools, and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is being sent to you by the City of Flint.

CERTIFICATION: WSSN: 02310

I certify that this water supply has fully complied with the public notification requirements in the Michigan Safe Drinking Water Act, 1976 PA 399, as amended, and the administrative rules.

Signature	Title	Date Distributed

Reminder to water supplier: This notice / certification must be sent to the DEQ.

Koryzno, Edward (Treasury)

From: Byrne, Randall (Treasury)
Sent: Thursday, December 18, 2014 10:30 AM
To: Koryzno, Edward (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: FW: Flint Drinking Water TTHM Standard Violation
Attachments: City of Flint VN - MCL TTHM 12_16_14.pdf

Ed:

This is a copy of the DEQ violation notice on Flint's drinking water for your review.

Randy,

From: Shekter Smith, Liane (DEQ)
Sent: Wednesday, December 17, 2014 5:12 PM
To: Byrne, Randall (Treasury)
Cc: Benzie, Richard (DEQ); Busch, Stephen (DEQ)
Subject: FW: Flint Drinking Water TTHM Standard Violation

Randy –

FYI - Attached is the letter we sent to the city of Flint earlier this week.

Liane

Liane J. Shekter Smith, P.E., Chief
Office of Drinking Water and Municipal Assistance
Michigan Department of Environmental Quality
517-284-6543

From: Busch, Stephen (DEQ)
Sent: Tuesday, December 16, 2014 10:17 AM
To: Datema, Maggie (DEQ); Wurfel, Brad (DEQ)
Cc: Prysby, Mike (DEQ); Benzie, Richard (DEQ); Shekter Smith, Liane (DEQ); Rosenthal, Adam (DEQ)
Subject: Flint Drinking Water TTHM Standard Violation

Attached is a copy of the Violation Notice and Public Notice Template being mailed to the City of Flint by the DEQ Office of Drinking Water and Municipal Assistance regarding an exceedance of the Maximum Contaminant Level standard for Total Trihalomethanes at certain locations within the City's drinking water distribution system.

You are being provided an electronic copy of this notice as exceedance of this drinking water standard is expected to generate inquiries from water system customers, news media, and the general public.

Maggie Datema will be informing members of the Michigan legislature.

If you have any questions or would like any additional information, you may contact Michael Prysby, District Engineer, DEQ-ODWMA at 517-290-8817, or you may contact me at the number below.

Stephen Busch, P.E.
Lansing and Jackson District Supervisor
Office of Drinking Water and Municipal Assistance
MDEQ
517-643-2314

RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING DISTRICT OFFICE

DAN WYANT
DIRECTOR

December 16, 2014

Mr. Brent Wright, Operation Supervisor
City Of Flint - DPW
Flint Water Plant
4500 North Dort Highway
Flint, MI 48505

WSSN: 02310

Dear Mr. Wright:

SUBJECT: Violation Notice – Maximum Contaminant Level for Total Trihalomethanes
Operational Evaluation – Total Trihalomethanes
4th Quarter 2014 Monitoring Period

The Department of Environmental Quality (DEQ), Office of Drinking Water and Municipal Assistance (ODWMA), records show that the City of Flint is in violation of the Safe Drinking Water Act,1976 PA 399, as amended (Act 399); R 325.10610, *Maximum contaminant levels* (MCL) *for disinfection byproducts*, of the 1979 Administrative Code.

In accordance with R.325.10610, *MCLs for disinfection byproducts*, of the 1979 Administrative Code, the MCL for disinfection byproduct total trihalomethanes (TTHM) is 0.080 milligrams per liter (mg/L) as a Locational Running Annual Average (LRAA) at each monitoring location. As listed in the table below, our records show that the City of Flint's highest TTHM locational running annual average (LRAA), based on the last three quarters, ending November 30, 2014, is 0.099 mg/l which exceeds the standard, and that two of the eight sample site locations exceed the standard of 0.080 mg/L.

Further, in accordance with R325.10719l, *Disinfection byproducts: operational evaluation levels*, of the 1979 Administrative Code, when an operational evaluation level (OEL) at a monitoring location for TTHM exceeds 0.080 mg/L, a supply shall conduct an operational evaluation and submit a written report of the evaluation to the department not later than 90 days after being notified of the analytical result that causes the supply to exceed the operational evaluation level. As listed in the table below, our records show that TTHM operational evaluation levels for the City of Flint exceed 0.080 mg/L at four of the City's eight sample site locations.

TTHM Results (mg/L)					
	5/21/14	8/21/14	11/20/14	LRAA	OEL
DBP1 McDonalds 3719 Davison	**0.162**	**0.145**	0.059	**0.092**	**0.106**
DBP2 Liquor Palace 3302 S. Dort Highway	**0.112**	**0.127**	0.033	0.068	0.076
DBP3 North Flint Auto 6204 N. Saginaw St.	**0.097**	**0.118**	0.041	0.064	0.074
DBP4 University Market 2501 Flushing Road	**0.106**	**0.196**	**0.094**	**0.099**	**0.122**
DBP5 Taco Bell 3606 Corunna Road	0.079	**0.181**	0.034	0.074	**0.082**
DBP6 Rite-Aid Pharmacy 5018 Clio Road	**0.088**	**0.144**	0.054	0.072	**0.085**
DBP7 Salem Housing 3216 MLK Boulevard	**0.082**	**0.112**	0.050	0.061	0.074
DBP8 BP Gas Station 822 S. Dort Highway	0.075	**0.112**	0.036	0.056	0.065

Our investigation consisted of a review of ODWMA files for laboratory reports received for compliance monitoring. Our investigation is considered complete. This violation began on December 1, 2014, and will continue until TTHM LRAA is below the MCL at all sample sites.

We acknowledge and appreciate the city's cooperation with our recommendation to preemptively conduct an Operational Evaluation following the City's second quarterly round of monitoring in August. That Operational Evaluation report has identified possible causes and corrective measures for the elevated TTHM levels which we encourage the City continue implementing. These modifications have likely contributed in part to the reduction in TTHM levels reported in the most recent quarter, and suggest the City may be able to achieve compliance with the TTHM standard.

Our office is continuing to review the Operational Evaluation report that was submitted on December 1, 2014, and will provide the City and their consultant comments as needed to help address this MCL violation.

Water systems that exceed the OEL must complete and submit an Operational Evaluation in accordance with Administrative Rule 719l (R325.10719l) within 90 days of being notified of the violation. **An updated Operational Evaluation report, which incorporates the most recent sample results, must now be completed and received by our office by no later than March 1, 2015**.

If you have any other factual information you would like us to consider regarding the violation identified in this Violation Notice (VN), please provide them in a written response by January 16, 2015.

Administrative rule R 325.10403 of Act 399 requires that suppliers provide public notice (PN) as soon as practical, but no later than thirty (30) days after the supplier learns of this type of violation, by mail or direct delivery **and** by any other means reasonably calculated to reach customers not normally reached by mail. Enclosed is a sample PN

which contains the minimum required language. The City is encouraged to include additional information regarding its response to this violation. **Please notify your consumers by January 10, 2015, and send us a signed and dated copy of the notice that you issued within ten (10) days of distributing the public notice.** This violation must also be included in your 2014 Consumer Confidence Report (CCR), due by July 1, 2015. The PN must be repeated every quarter until you no longer exceed the TTHM standard. Failure to issue a PN for this violation will result in a fine of at least $1,000 per event, with a maximum of $5,000 per violation.

We anticipate and appreciate your continued cooperation in resolving this matter. If you have any questions regarding this VN, please contact us at the numbers below.

Sincerely,

Michael F. Prysby, P.E., District Engineer
Lansing District Office
Office of Drinking Water & Municipal Assistance
517-290-8817

Adam Rosenthal, EQA
Lansing District Office
Office of Drinking Water & Municipal Assistance
517-284-6644

mfp/ar/jlr
Enclosure

cc: Mr. Darnell Early, Emergency Manager, City of Flint
Mr. Daughtry Johnson, City of Flint
Mr. Howard Croft, City of Flint
Mr. Robert Bincsik, City of Flint
Ms. Jennifer Crooks, U.S. Environmental Protection Agency, Region 5
Genesee County Health Department
Ms. Liane Shekter Smith, P.E., DEQ
Mr. Richard Benzie, P.E., DEQ
Mr. Stephen Busch, P.E., DEQ

CITY OF FLINT

Department of Public Works

Dayne Walling Mayor	Darnell Earley, ICMA-CM, MPA Emergency Manager	Howard Croft Director

TO: Denise Elowsky, Financial Analyst, Michigan Department of Treasury

FROM: Howard Croft, DPW Director

RE: FDCVT Grant for **Water Main Leak Survey**

DATE: December 17, 2014

Denise,

The following is in response to your question regarding how the city would fund repairs that were discovered as a result our FDCVT grant request:

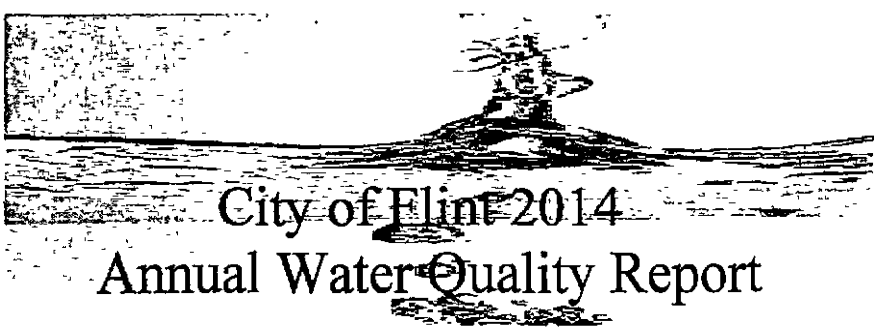
1. The City of Flint Utility department has funds allocated annually for maintenance such as main breaks within the distribution system. Any main breaks that are discovered as a result of the leak detection would be covered within the current maintenance budget.

2. The city has established a Capital Improvement line item in the Water Fund that includes approximately five million dollars for prioritized improvements. Repairs that are slightly greater than main breaks will be evaluated for urgency and scheduled as a capital improvement for the first half of fiscal year 2016.

3. If a repair is discovered as a result of the leak detection service that rises to a financial level greater than the capital improvement budget will support then the city will engage the DEQ with the concern and look to submit the repair as a project to be funded by the state drinking water revolving fund.

Howard D. Croft
Public Works Director

Cc: Darnell Earley, Emergency Manager
Dayne Walling, Mayor



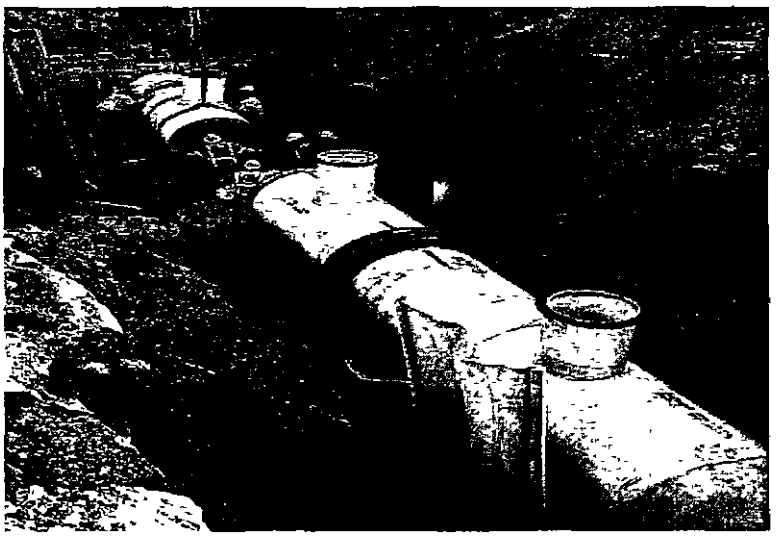
City of Flint 2014 Annual Water Quality Report

The Consumers Annual Water Quality Report provides important information about your drinking water. This report includes information about the source of the water, health information, a chart summarizing regulatory required testing results, and a table giving explanations of important terms to understand when viewing the test results. The City of Flint Department of Utilities is dedicated to providing quality drinking water to the residents of the community. The Flint Water Plant operates and maintains a certified drinking water laboratory to assure compliance with all state and federal regulations, and is committed to prompt and thorough notification to the consumers if there is any reason for concern about the quality of the drinking water. Information about your drinking water is available on the City of Flint web page at *www.cityofflint.com* or by calling the City of Flint Water Plant at (810) 787-6537. The Safe Drinking Water Hotline at (800) 426-4791 is a resource for health related questions and water quality issues. General drinking water information can also be found on the USEPA web site at www.epa.gov/safewater/.

Water Source

The City of Flint began using the Flint River as a water source in May of 2014. Flint is located roughly in the middle of the Flint River Watershed. The Flint River watershed includes Holloway Reservoir, C.S. Mott Lake, Kearsley Lake, and numerous streams and creeks that drain to these lakes or directly into the Flint River. The Michigan Department of Environmental Quality in partnership with the U.S. Geological Survey, and the City of Flint Utilities Department conducted a source water assessment in February 2004 to determine the susceptibility of potential contamination. The susceptibility rating is a seven-tiered scale ranging from "very low" to "very high" based primarily on geologic sensitivity, water chemistry, and contaminant sources. The Flint River source water intake is categorized as having a very high susceptibility to potential contaminant sources.

The use of the Flint River as a source water for the City of Flint Water Treatment Plant was a temporary move, driven largely by economics and the financial state of the City. The City of Flint joined the Karegnondi Water Authority (KWA) in 2010. The KWA consists of a group of local communities that decided to support and fund construction of a raw water pipeline to Lake Huron. The KWA will provide the City of Flint Water Treatment Plant with source water from Lake Huron. The KWA pipeline is currently under construction, and is scheduled to be completed by the end of 2016.



KWA pipeline construction

General Information

In order to ensure that tap water is safe to drink, the EPA prescribes regulations, which limit the amount of certain contaminants in water provided by the public water systems. The Food and Drug Administration (FDA) regulations establish limits for contaminants in bottled water, which must provide the same protection for public health. Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the EPA's Safe Drinking Water Hotline (800-426-4791).

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity. Contaminants that may be present in source water include:

- **Microbial contaminants;** such as viruses and bacteria, which may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- **Inorganic contaminants;** such as salts and metals, which can be naturally-occurring or result from urban storm water runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming.
- **Pesticides and herbicides;** which may come from a variety of sources such as agriculture, urban storm water runoff, and residential uses.
- **Organic chemical contaminants;** including synthetic and volatile organic chemicals, which are by-products of industrial processes and petroleum production, and can also come from gas stations, urban storm water runoff, and septic systems.
- **Radioactive contaminants;** which can be naturally occurring or be the result of oil and gas production and mining activities.

General Information (cont.)

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-comprised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. EPA/CDC guidelines on appropriate means to lessen the risk of infection by Cryptosporidium and other microbial contaminants are available from the Safe Drinking Water Hotline (1-800-426-4791).

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Infants and young children are typically more vulnerable to lead in drinking water than the general population. It is possible that the lead levels at your home may be higher than at other homes in the community as a result of materials used in your home's plumbing Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. The City of Flint Department of Utilities is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. If you are concerned about elevated lead levels in your home's water, you can minimize your potential exposure to lead in your water by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at http://www.epa.gov/safewater/lead.

2014 & Current Drinking Water Issues

The City of Flint did experience drinking water issues in the summer of 2014. Issues began with areas of the city experiencing "rusty" water. This was largely due to the fact that the city distribution system contains hundreds of miles of cast iron pipe. As these pipes age and degrade, iron is released, causing the water to exhibit color. The change in source water, water main breaks, and routine maintenance to the system also contributed to this problem.

The City of Flint received violations from the Michigan Department of Environmental Quality (MDEQ). The violations included a total coliform and E. coli in August and September of 2014, and a corresponding total trihalomethanes (TTHM) violation in December of the same year. As the city distribution system testing began to detect bacteria, system flushing increased, and chlorine addition to the water at the treatment plant also increased. The resulting increased chlorine addition then resulted in the higher formation of trihalomethanes.

While facing these issues, the City of Flint took steps to confer with industry professionals and state regulators in regards to treatment plant operation and distribution system operation. In November, TTHM levels were below the Maximum contaminant level set forth in the Michigan Safe Drinking Water Act.

Moving Forward

The City of Flint has taken many steps to correct the underlying issues that resulted in the drinking water violations. Water Treatment Plant corrective actions that were taken immediately after the issues occurred included:

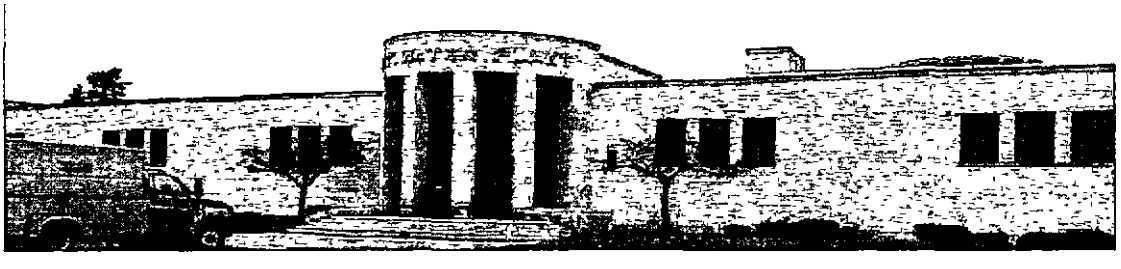
- Limiting the use of storage reservoirs during the warm weather months.
  - Warm water temperatures and water age are large contributors to the formation of THM's.
- Optimizing ozone pretreatment by updating control programming along with cleaning and inspection of the ozone generators.
  - Ozone is a powerful oxidant that provides a level of disinfection along with taste and odor control.
- Currently finalizing the installation of granular activated carbon (GAC) to the filtration process, which should be complete by the end of July 2015.
  - GAC will reduce THM's by removing the chemical precursors that react with chlorine to form the THM's.

Moving Forward (cont.)

Distribution system corrective actions that were enacted include:

- Increased water main flushing in an effort to alleviate stagnant water.
- Update distribution system water hydraulic model, to determine possible problem areas.
- Repaired or replaced several large water main valves, which were inhibiting the designed flow of water through the system.
- Planning and budgeting of 24' transmission water main repair in area of concern in the distribution system.
- Begin a complete distribution system evaluation of the 7000 water main valves that control the flow of water throughout the city. This project will be complete in July of 2015 and will provide information on where to proceed with further repairs and future projects.

The City of Flint is dedicated to resolving the issues that are facing the water system, and will continue to move forward as we prepare for the future. The City would like to thank all the residents and customers for their patience and understanding as we face the challenges ahead. The trials and tribulations that we have faced with the switch to the Flint River as a source water will prove to be important as we move ahead as a member of the KWA. Some of the distribution system issues experienced in 2014 while using the Flint River may also have been experienced with a different source water. As we continue to address the issues and take steps to be proactive, we can assure a future of quality drinking water in the City of Flint.



If you have any questions about this report or other concerns please contact the City of Flint Water Plant (810) 787-6537.

2014 Regulated Detected Contaminants
Monitored at Treatment Plant

Regulated Contaminant	Unit of Measure	MCLG	MCL	Highest Level Detected	Range of Detection	Violation
Inorganic Chemicals						
Fluoride	mg/L	4	4			No
Nitrate	mg/L	10	10	0.5	0 – 0.5	No
Metals						
Barium	mg/L	2	2	0.03	0.02 – 0.03	No
Selenium	mg/L	0.05	0.05	0.001	0 – 0.001	No
Pesticides						
Atrazine	mg/L	0.03	0.03	0.0003	0 – 0.0003	No
Organics						
Total Xylenes	mg/L	10	10	0.0005	0 – 0.0005	No

More than 100 other chemicals were monitored throughout the year that were not detected. The list of various classifications these chemicals are associated with include metals, carbamates, herbicides, pesticides, organics, and radiological.

Total Organic Carbon, TOC			
Regulated Contaminant	Required Monthly % Removal	Minimum Monthly % Removal	Monthly % Removal Ranges
Total Organic Carbon	50	53	53 - 68

Finished water and Source water samples are collected and analyzed monthly to calculate percent removal. Total organic carbon includes numerous chemicals that are found naturally in surface waters. Certain chemicals found in this group are precursors to the disinfection byproducts trihalomethanes and haloacetic acids.

Turbidity		
Highest Single Measurement (Cannot exceed 1NTU)	Lowest Monthly % of Samples Meeting Turbidity Limit (< 0.3 NTU in 95% of samples)	Violation
0.22	99.1	No

Turbidity is a measure of the apparent cloudiness of water, usually attributed to particulate matter. The turbidity data in the chart above is measured from the water plant tap every 4 hours. Turbidity is monitored throughout each stage of the treatment process in 4 hour intervals, and in one of the final stages of treatment, filtration, turbidity is monitored continuously with in line meters, and verified every 4 hours in the laboratory.

In 2014, the EPA required the City of Flint and other communities to conduct further testing on unregulated contaminants at the treatment plant and the maximum residence time in the distribution system. The monitoring results will be utilized by the EPA to determine if these chemicals should be regulated. The unregulated contaminant monitoring that yielded results are presented in the chart below

Unregulated Contaminant Monitoring			
Regulated Contaminant	Unit of Measure	Highest Level Detected	Range of Detection
Chromium	ug/L	0.40	0 – 0.4
Hexavalent Chromium	ug/L	0.40	0.34 – 0.40
Strontium	ug/L	130	120 – 130
Vanadium	ug/L	0.20	0 – 0.20

2014 Regulated Detected Contaminants
Monitored in Distribution System

Disinfectant Residuals						
Regulated Contaminant	Unit of Measure	MCLG	MCL	Highest Level Detected	Range of Detection	Violation
Total Chlorine Residual	mg/L	4.0	4.0	3.5	0.1 – 3.5	No

Microbiological Contaminants				
Regulated Contaminant	MCL G	MCL	Highest Number detected (in 1 month)	Violation
Total Coliform bacteria	0	The presence of coliform bacteria in > 5% of monthly samples	15	Yes
E. coli Bacteria	0	0	1	Yes

Disinfectant residuals and microbiological contaminants are monitored at 8 locations throughout the city distribution system, and at the 2 drinking water reservoirs and pump stations located out in the distribution system. At least 100 samples are collected and analyzed each month.

Lead & Copper						
Regulated Contaminant	Unit of Measure	MCLG	Action Level AL	90th Percentile Value	Number of samples over AL	Violation
Lead	ug/L	0	15	6	2	No
Copper	mg/L	1.3	1.3	0.11	0	No

Lead and copper monitoring was conducted from June through December 2014 with the collection of 100 samples. Samples were collected by residents from the taps at their residence. Thank you to all who participated in collecting samples.

Disinfection By-Products						
Regulated Contaminant	Unit of Measure	MCL G	MCL	Highest Level Detected	Range of Detection	Violation
Total Trihalomethanes (TTHM)	ug/L	n/a	80	196	33.3 -196.2	Yes
Haloacetic Acids (HAA)	ug/L	n/a	60	64	5 - 64	No
Bromate	ug/L	10	10	23	0 - 23	No

Disinfection by-products occur as a result of the water treatment process. Bromate is formed as a result of using ozone as a treatment additive. Ozone is used to help control taste and odor issues, and as a pre-treatment disinfection. Naturally occurring bromide reacts with Ozone to generate bromate. Bromate is monitored monthly, and compliance is based on a yearly average.

TTHM's and HAA's are formed as a result of utilizing chlorine in the treatment process. Naturally occurring compounds known as TOC's (total organic carbon) react with chlorine to form TTHM's and HAA's. The temperature and the age of water increase the formation of THM's and HAA's, and as a result, during the warm months of the year is when levels were at their highest. Samples are tested quarterly from 8 sites throughout the distribution system and compliance is based on a running annual average at each individual site.

Key to the Detected Contaminant Tables		
Symbol	**Abbreviation for**	**Definition/Explanation**
>	Greater than	
AL	Action Level	The concentration of a contaminant, which, if exceeded, triggers treatment or other requirements which a water system must follow
HAA5	Haloacetic Acids	HAA5 is the total of bromoacetic, chloroacetic, dibromoacetic, dichoroacetic, and trichloroacetic acids. Compliance is based on the total .
LRAA	Locational Running Annual Average	
MCL	Maximum Contaminant Level	The highest level of a contaminant that is allowed in d water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.
MCLG	Maximum Contaminant Level Goal	The level of contaminant in drinking water below which there is no known or expected risk to health
mg/L	Milligrams per Liter	A milligram = 1/1000 gram 1 milligram per liter is equal to 1ppm
MRDL	Maximum Residual Disinfectant Level	The highest level of disinfectant allowed in drinking water There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.
MRDLG	Maximum Residual Disinfectant Level Goal	The level of a drinking water disinfectant below which there is no known or expected risk to health MRLDG's do not reflect the benefits of the use of disinfectants to control microbial contaminants.
n/a	Not Applicable	
ND	Not Detected	
NTU	Nephelometric Turbidity Units	Measures the cloudiness of water
pCi/L	Picocuries per Liter	A measure of radioactivity. Picocurie (pCi) means the quantity of radioactive material producing 2.22 nuclear transformations per minute
ppb	Parts Per Billion (one in one billion)	The ppb is equivalent to micrograms per liter A microgram = 1/1000 milligram.
ppm	Parts Per Million (one in one million)	The ppm is equivalent to milligrams per liter. A milligram = 1/1000 gram
RAA	Running Annual Average	
TT	Treatment Technique	A required process intended to reduce the level of a contaminant in drinking water
TTHM	Total Trihalomethanes	Total Trihalomethanes is the sum of chloroform, bromodichloromethane, dibromoochloromethane and bromoform. Compliance is based on total.
ug/L	Micrograms per Liter	A microgram = 1/1,000,000 gram 1 microgram per liter is equal to 1ppb

CITY of FLINT WATER TREATMENT PLANT MONTHLY OPERATION REPORT

SUPPLY NAME: CITY of FLINT WATER PLANT
WSSN: 2310

Michael Glasgow	**December 2014**
Operator-in-Charge	Month/Year
F-1R, F-2	**F-1**
Certification of Operator-in-Charge	Water Plant Classification
	Genesee
Signature of Operator-in-Charge	County

Treatment Rate and Filter Data

Maximum Treatment Rate:	**23.8**	Million Gallons per Day
Rated Plant Capacity*	**36**	Million Gallons per Day
Average Filter Run*	**74**	Hours
Average Head Loss*	**n/a**	Feet *(filter head loss meters not operational)
Average Filtration Rate.	**2.4**	Gallons Per Square Feet per Minute
Maximum Filtration Rate	**3.2**	Gallons Per Square Feet per Minute
Average Wash Water Use:	**2.9%**	Percent of Treated Water

Chemical Data

Chlorine on hand*	**20,000**	lb	Est. supply:	**30**	days
Primary Coagulant (Ferric Chloride) on hand.	**54,000**	lb.	Est. supply:	**18**	days
Lime (CaO) on hand	**296**	tons	Est. supply:	**34**	days
Fluoride on Hand:	**16,630**	lb	Est. supply:	**35**	days
Cost of All Chemicals per Million Gallons:	**n/a**	dollars			
Total Power Cost per Million Gallons*	**n/a**	dollars			

Remarks	Confluence Point # 1 (N)	Confluence Point # 2 (S)
Number of filter confluence samples > 0 3 NTU*	**0**	**0**
Number of filter confluence samples collected.	**232**	**232**
Percent of filter confluence samples > 0.3 NTU*	**0.0%**	**0.0%**
Number of filter confluence samples > 1 NTU	**0**	**0**

Did any individual filter exceed:

1.0 NTU in two consecutive measurements taken 15 minutes apart? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status.

0.5 NTU in two consecutive measurements taken 15 minutes apart after 4 hours of operation? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

1.0 NTU in two consecutive measurements taken 15 minutes apart for 3 consecutive months? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

2 0 NTU in two consecutive measurements taken 15 minutes apart for 2 consecutive months? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status.

Was continuous (every 15 minutes) filter monitoring equipment off-line during the month? **NO**
If yes, indicate date(s), duration, and individual filter grab sampling frequency on a separate sheet.

Did POE disinfectant residual fall below 0 2 ppm during the month? **NO**
If yes, indicate date(s) and duration on a separate sheet

Was minimum C*T credit achieved for the entire month? **YES**
If no, indicate on a separate sheet the date(s) not achieved

Was continuous POE chlorine residual monitoring equipment off-line during the month? **NO**
If yes, indicate date(s) and duration on a separate sheet.

Date	Million Gallons Treated	Ferric as Fe3+ mg/L	Lime Dosage (mg/L)	PW-340 Cationic Polymer Dosage (mg/L)	P-142PWG Anionic Polymer Dosage (mg/L)	Turbidity, Units				
						Raw			Plate Settler	Applied
						Number of Samples	Avg.	Max.	Effluent Avg.	Applied Avg.
1	16.6	12.2	111.7	4.2	1.03	8	5.3	7.8	0.80	3.06
2	16.5	12.4	130.1	4.2	1.03	8	4.4	4.9	0.92	2.02
3	16.2	12.5	130.6	4.4	1.06	8	3.6	3.8	0.75	1.96
4	16.2	12.3	126.7	4.1	1.07	8	3.1	4.1	0.93	2.13
5	19.6	12.3	117.1	3.9	1.04	8	2.2	2.5	1.52	2.19
6		13.7	117.7	3.7	1.04	3	1.8	1.9	2.50	1.67
7	0.0	0.0	0.0	0.0	0.00	4	3.2	3.7	1.70	10.74
8						1	4.0	4.0		
9	18.4	15.3	116.4	4.2	0.85	8	2.4	2.9	1.24	1.88
10	18.3	15.2	119.7	4.2	0.79	8	2.1	3.7	0.93	1.50
11	18.5	16.2	113.3	4.1	0.86	8	1.7	1.9	0.92	1.54
12	18.6	16.5	113.3	4.1	0.85	8	1.6	1.9	0.91	1.22
13	18.5	16.7	118.1	4.2	0.85	8	1.7	1.8	0.92	1.82
14	18.4	16.6	124.8	4.3	0.86	8	1.9	2.7	0.93	1.73
15	18.5	16.8	119.8	4.3	0.86	8	2.8	3.5	1.06	2.39
16	18.5	16.5	118.5	4.2	0.86	8	2.9	7.2	0.87	1.76
17	18.2	16.6	123.1	4.3	0.87	8	2.0	2.2	0.84	1.88
18	18.3	16.4	130.5	4.3	0.86	8	2.3	4.3	0.87	1.87
19	18.1	16.8	132.8	4.4	0.87	8	1.8	2.0	0.87	1.56
20	16.2	15.1	149.6	4.9	0.84	8	1.8	3.1	0.81	1.65
21	14.9	14.5	116.7	4.9	0.97	8	3.6	5.9	0.80	6.47
22	15.0	14.4	114.9	4.6	0.98	8	3.6	4.0	0.73	2.37
23	15.1	14.3	119.9	5.2	0.96	8	3.7	4.1	0.83	1.59
24	15.1	14.3	136.7	5.1	0.96	8	7.6	17.3	0.75	2.11
25	14.8	14.5	148.3	5.2	1.07	8	9.4	17.1	0.75	2.86
26	15.0	14.2	148.7	5.3	1.06	8	7.9	13.3	0.76	1.36
27	15.0	16.3	145.7	5.2	1.05	8	21.9	23.5	1.05	1.43
28	15.0	17.5	140.0	5.3	1.05	8	21.8	25.6	1.07	1.25
29	15.2	18.2	130.4	5.2	1.04	8	9.7	12.8	0.76	1.08
30	11.8	19.2	139.8	5.6	0.79	8	6.6	7.8	0.53	0.97
31	10.4	19.0	143.9	5.6	0.83	8	5.2	7.1	0.40	1.26
Avg.	15.9	14.9	123.3	4.4	0.90	7	4.95			2.24
Max.	19.6	19.2	149.6	5.6	1.07	8	21.9	25.6	2.50	10.74
Min.	0.0	0.0	0.0	0.0	0.00	1	1.60			0.97
Total	460.9									

WSSN: 2310

Date	Turbidity, Units												
	Confluence Point. No.1 (N) North						Confluence Point. No.2 (S) South						Point of Entry
	Number of Samples	Avg.	Max	No. of 4 Hr. Compliance periods	No. of 4 Hr. Compliance periods >0.3 NTU	No. of Samples >0.3 NTU	Number of Samples	Avg.	Max	No. of 4 Hr. Compliance periods	No. of 4 Hr. Compliance periods >0.3 NTU	No. of Samples >0.3 NTU	Plant Tap NTU
1	8	0.09	0.11	6	0	0	8	0.09	0.10	6	0	0	0.09
2	8	0.08	0.09	6	0	0	8	0.08	0.09	6	0	0	0.08
3	8	0.08	0.12	6	0	0	8	0.07	0.10	6	0	0	0.07
4	8	0.07	0.10	6	0	0	8	0.07	0.08	6	0	0	0.07
5	8	0.07	0.08	6	0	0	8	0.07	0.09	6	0	0	0.08
6	8	0.10	0.12	6	0	0	8	0.10	0.10	6	0	0	0.08
7	0			0	0	0	0			0	0	0	0.07
8	0			0	0	0	0			0	0	0	0.12
9	8	0.09	0.19	6	0	0	8	0.07	0.11	6	0	0	0.08
10	8	0.08	0.14	6	0	0	8	0.08	0.07	6	0	0	0.05
11	8	0.08	0.10	6	0	0	8	0.07	0.10	6	0	0	0.07
12	8	0.09	0.13	6	0	0	8	0.09	0.14	6	0	0	0.07
13	8	0.07	0.10	6	0	0	8	0.07	0.08	6	0	0	0.08
14	8	0.06	0.07	6	0	0	8	0.06	0.07	6	0	0	0.05
15	8	0.06	0.06	6	0	0	8	0.06	0.07	6	0	0	0.06
16	8	0.07	0.08	6	0	0	8	0.06	0.06	6	0	0	0.06
17	8	0.07	0.08	6	0	0	8	0.07	0.08	6	0	0	0.08
18	8	0.07	0.11	6	0	0	8	0.06	0.07	6	0	0	0.07
19	8	0.08	0.13	6	0	0	8	0.06	0.09	6	0	0	0.07
20	8	0.07	0.10	6	0	0	8	0.07	0.09	6	0	0	0.06
21	8	0.06	0.07	6	0	0	8	0.06	0.09	6	0	0	0.07
22	8	0.06	0.07	6	0	0	8	0.07	0.16	6	0	0	0.06
23	8	0.07	0.09	6	0	0	8	0.07	0.12	6	0	0	0.07
24	8	0.06	0.10	6	0	0	8	0.06	0.10	6	0	0	0.06
25	8	0.06	0.09	6	0	0	8	0.06	0.10	6	0	0	0.06
26	8	0.08	0.16	6	0	0	8	0.07	0.15	6	0	0	0.08
27	8	0.08	0.12	6	0	0	8	0.07	0.11	6	0	0	0.07
28	8	0.07	0.11	6	0	0	8	0.05	0.07	6	0	0	0.07
29	8	0.07	0.09	6	0	0	8	0.06	0.07	6	0	0	0.08
30	8	0.06	0.08	6	0	0	8	0.05	0.06	6	0	0	0.06
31	8	0.07	0.09	6	0	0	8	0.06	0.08	6	0	0	0.08
Avg.	7	0.07	0.10	6	0	0	7	0.07	0.09	6	0	0	
Max.	8	0.10	0.19	6	0	0	8	0.10	0.16	6	0	0	0.12
Min.	0	0.06	0.06	0	0	0	0	0.05	0.06	0	0	0	

WSSN: 2310

Date	Fluoriode Applied as F- mg/L	Fluoride Analysis (mg/L)			Chlorine Application (mg/L)			Chlorine Residual (mg/L)					
					Intermediate Chlorine	Post Chlorine	Total Chlorine	Filtered		3 MG Well		Tap	
		Raw	Tap	Dist.				Free	Total	Free	Total	Free	Total
1	0.5	0.22	0.71		2.0	3.8	5.8	0.5	0.8	3.0	3.5	3.0	3.5
2	0.5	0.21	0.72		2.0	3.6	5.6	0.7	1.0	3.0	3.5	2.7	3.2
3	0.5	0.23	0.72		2.1	3.0	5.1	0.7	1.0	2.7	3.2	2.5	2.9
4	0.5	0.21	0.73	0.64	2.0	3.0	5.0	0.6	0.8	3.0	3.5	2.4	2.8
5	0.4	0.21	0.68		1.9	3.0	4.9	0.6	0.8	2.7	3.2	2.2	2.5
6	0.5	0.22	0.77		1.9	3.0	4.9	0.4	0.6	3.1	3.5	2.1	2.5
7		0.22	0.70				0.0			3.0	3.5	2.4	2.8
8		0.22	0.71				0.0			2.9	3.2	2.6	2.9
9	0.4	0.24	0.67	0.65	2.0	2.3	4.3	0.6	0.8	2.2	2.9	2.7	3.1
10	0.4	0.22	0.71		1.8	2.7	4.5	0.5	0.8	2.6	2.9	2.4	2.7
11	0.4	0.24	0.69		1.8	2.8	4.6	0.5	0.7	2.5	3.1	2.4	2.8
12	0.4	0.21	0.64		1.8	2.7	4.5	0.6	0.8	2.4	2.9	2.0	2.3
13	0.4	0.21	0.63		2.0	2.6	4.6	0.6	0.8	3.0	3.5	2.6	2.9
14	0.4	0.20	0.64		2.0	2.6	4.6	0.7	1.0	2.9	3.2	2.9	3.1
15	0.4	0.24	0.64		2.0	2.6	4.6	0.7	0.9	2.8	3.0	2.6	2.9
16	0.4	0.24	0.63	0.60	2.0	2.6	4.6	0.7	0.9	2.8	3.0	2.3	2.5
17	0.4	0.22	0.63		2.0	2.6	4.6	0.7	0.9	2.7	3.0	2.4	3.0
18	0.4	0.21	0.59		2.0	2.7	4.7	0.6	0.8	2.6	3.0	2.1	2.4
19	0.4	0.21	0.58		2.1	2.6	4.7	0.7	0.9	3.0	3.3	2.6	3.1
20	0.4	0.20	0.61		1.9	2.6	4.5	0.6	0.8	2.6	3.1	2.0	2.5
21	0 4	0.22	0.62		1.3	2.4	3.7	0.6	0.8	2.8	3.0	2.6	2.8
22	0.4	0.22	0.63		2.0	2.6	4.6	0.9	1.1	2.7	3.1	2.6	3.0
23	0.4	0.23	0.63	0.64	1.9	3.1	5.0	0.6	0.9	2.9	3.2	2.5	2.9
24	0.4	0.20	0.63		1.9	3.0	4.9	0.9	1.1	2.8	3.0	2.3	2.7
25	0.4	0.21	0.63		1.9	3.1	5.0	0.5	0.7	2.6	3.0	1.7	2.2
26	0.4	0.23	0.69		2.0	2.8	4.8	0.6	0.7	2.8	3.1	2.3	2.6
27	0.4	0.19	0.60		2.1	2.8	4.9	0.7	0.9	2.9	3.5	1.9	2.5
28	0 4	0.20	0.67		1.9	3.0	4.9	0.6	0.9	2.7	3.0	2.4	2.7
29	0.4	0.21	0.62		1.9	3.0	4.9	0.6	0.9	2.7	3.0	2.7	3.0
30	0.4	0.20	0.60	0.54	1.9	3.1	5.0	0.6	0.9	2.7	2.9	1.9	2.5
31	0.4	0.22	0.63		1.9	3.3	5.2	0.8	1.1	2.7	3.1	2.8	3.1
Avg.	0.42	0.22	0.66	0.61	1.9	2.9	4.5	0.6	0.9	2.8	3.2	2.4	2.8
Max.	0.50	0.24	0.77	0.65	2.1	3.8	5.8	0.9	1.1	3.1	3.5	3.0	3.5
Min.	0.40	0.19	0.58	0.54	1.3	2.3	0.0	0.4	0.6	2.2	2.9	1.7	2.2

WSSN: 2310

Date	pH (S.U.)		Total Hardness as CaCO3 (mg/L)		Total Alkalinity as CaCO3 (mg/L)		Non-Carbonate Hardness as CaCO3 (mg/L)		Calcium as Ca2+ (mg/L)		Magnesium as Mg2+ (mg/L)		Chloride as Cl- (mg/L)	
	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap
1	8.25	7.82	303	204	248	109	55	95	97.8	63.3	14.6	11.7	47	77
2	8.12	8.27	303	193	248	97	55	96	98.6	54.5	14.1	13.6	47	77
3	8.21	8.25	307	192	243	96	64	96	113.8	64.1	5.8	7.8	47	75
4	8.42	7.84	312	193	257	97	55	96	103.4	55.3	13.6	13.6	48	76
5	8.21	8.23	314	197	257	98	57	99	109.0	65.7	9.7	7.8	45	74
6	8.27	8.34	314	210	254	115	60	96	109.8	69.7	9 7	8.3	47	74
7	8.43	8.08	326	203	265	102	61	101	103.4	58.5	16.5	13.6	47	78
8	8.35	8.00	326	197	268	93	58	104	107.4	56.9	14.1	13.1	48	77
9	8.33	7.95	324	200	263	97	61	103	121.0	71.3	6.3	5.8	48	77
10	8.23	7.95	329	190	269	81	60	109	106.6	53.7	15.1	12.6	48	82
11	8.17	7 95	321	190	261	88	60	102	111.4	68.1	10.2	4.9	48	79
12	8.13	8.33	324	197	260	95	64	102	116.2	70.5	8.3	2.9	49	81
13	8.13	7.41	322	208	261	100	61	108	119.4	75.4	6.3	4.9	48	83
14	8.18	8.16	334	206	270	97	64	109	101.0	55.3	20.4	16.5	48	81
15	8.24	8.18	328	207	269	102	59	105	97.0	59.3	19.9	14.1	50	83
16	8.29	8.37	324	200	269	95	55	105	103.4	55.3	16.0	14.6	48	82
17	8.22	8.18	321	201	261	89	60	112	107.4	65.7	12.2	9.2	44	85
18	8.24	8.15	325	203	264	91	61	112	108.2	60.9	13.6	12.2	48	82
19	7.99	8.03	319	199	258	91	61	108	117.0	69.7	6.8	5.8	48	84
20	8.23	7.90	318	196	252	90	66	106	116.2	70.5	7.3	4.9	48	83
21	8.31	8.20	317	173	260	77	57	96	99.4	51.3	17.0	9.7	45	78
22	8.31	8.35	319	177	266	72	53	105	102.6	48.1	15.1	14.1	47	80
23	8.25	8.22	322	168	263	71	59	97	121.0	52.9	15.1	7.8	49	79
24	8.27	8.49	323	179	264	72	59	107	108.2	54.5	12.6	10.2	46	79
25	8.28	8.12	312	183	255	72	57	111	109.0	63.3	10.2	6.3	49	82
26	8.25	8.18	307	182	248	79	59	103	109.0	65.7	9.7	3.9	46	81
27	8.21	8.07	289	173	232	76	57	97	102.6	64.1	8.3	4.9	44	80
28	8.26	8.03	290	174	235	67	55	107	95.4	52.1	13.1	10.7	42	82
29	8.29	7.62	313	184	251	75	62	109	101.0	53.7	15.1	11.7	43	83
30	8.17	7.77	319	197	257	84	62	113	107.4	60.9	12.2	10.7	46	84
31	8.17	7.67	320	181	260	60	60	121	117.8	69.7	7.3	1.9	48	87
Avg.	8.24	8.07	317	192	258	88	59	104	107.8	61.3	12.1	9.3	47	80
Max.	8.43	8.49	334	210	270	115	66	121	121.0	75.4	20.4	16.5	50	87
Min.	7.99	7.41	289	168	232	60	53	95	95.4	48.1	5.8	1.9	42	74

WSSN: 2310

Date	Total Coliform						Standard Plate Count (Simplate MPN)		Conductivity (mS)	Temp. C	Color		Odor	
	Raw (Colilert MPN)		Filter Confluence (N&S)		Plant Tap									
	# Samples	Count	# Samples	# pos	# Samples	# pos	Raw	Tap	Tap	Raw	Raw	Tap	Raw	Tap
1	1		12	0	1	0	> 14760	4	0.38	5.1				
2	1		12	0	1	0	2320	2	0.38	6.4				
3	1		12	0	1	0	1360	4	0.37	5.6				
4	1		12	0	1	0	1020	< 2	0.38	5.4				
5	1		12	0	1	0	340	< 2	0.38	6.1				
6	1		4	0	1	0	40	2	0.40	7.2				
7	1		0	0	1	0	80	< 2	0.38	1.4				
8	1		0	0	1	0	240	< 2	0.38	3.3				
9	1		12	0	1	0	120	< 2	0.40					
10	1		12	0	1	0	240	< 2	0.38	6.5				
11	1		12	0	1	0	120	< 2	0.38	4.9				
12	1		12	0	1	0	< 2	< 2	0.39	6.0				
13	1		12	0	1	0	160	< 2	0.32	6.4				
14	1		12	0	1	0	80	2	0.39	5.6				
15	1		12	0	1	0	40	< 2	0.40	5.9				
16	1		12	0	1	0	> 14760	< 2	0.40	6.0				
17	1		12	0	1	0	166	< 2	0.39	6.3				
18	1		12	0	1	0	161	< 2	0.40	5.8				
19	1		12	0	1	0	116	2	0.39	6.4				
20	1		12	0	1	0	156	< 2	0.35	7.0				
21	1		12	0	1	0	137	< 2	0.36	3.9				
22	1		12	0	1	0	216	< 2	0.36	3.4				
23	1		12	0	1	0	324	< 2	0.35	4.5				
24	1		12	0	1	0	324	< 2	0.36	6.4				
25	1		12	0	1	0	470	< 2	0.37	7.4				
26	1		12	0	1	0	392	< 2	0.36	5.1				
27	1		12	0	1	0	> 738	< 2	0.37	5.6				
28	1		12	0	1	0	9400	2	0.36	4.5				
29	1		12	0	1	0	2640	< 2	0.37	4.0				
30	1		12	0	1	0	560	< 2	0.37	2.2				
31	1		12	0	1	0	300	< 2	0.37	2.6				
Avg.									0.38	5.2				
Max.							9400	4	0.40	7.4				
Min.									0.32	1.4				

WSSN: 2310

Date	Free Chlorine Residual at Bacteriological Monitoring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1									2.8	0.7	2
2	0.2	2.0	1.9	1.8	1.2	0.1	1.2	2.1	1.6	1.8	10
3	0.9	1.7	1.9	1.6	1.0	0.1	1.5	1.8	1.8	2.0	10
4	0.6	1.1	1.6	1.7	0.9	0.1	1.4	1.8	1.3	1.7	10
5											0
6											0
7											0
8									0.4	0.4	2
9	0.9	0.1	1.4	0.2	0.1	0.2	1.7	2.5	0.3	1.2	10
10	0.7	0.2	1.8	1.7	0.2	0.2	1.5	1.9	1.6	0.8	10
11	0.6	0.5		1.4	0.8	0.1	1.5	1.8	1.5	0.9	9
12											0
13											0
14											0
15									0 8	1.6	2
16	0.7	1.7	1.5	1.6	0.7	0.2	0.8	1.8	1.3	2.1	10
17	0.6	0.8	1.4	1.5	0.7	0.1	0.8	1.8	1.1	1.4	10
18	0.8	1.5	1.5	1.5	0 5	0.2	1.5	1.8	1.2	1.3	10
19	0.5	1.7	1.7	1.3	0.8	0.1			0.9	1.0	8
20											0
21											0
22											0
23	0.7	1.5	1.3	1.5	0.8	0.3	1.5	1.8	1.8	0.3	10
24	0.6	1.1	2.1	0.6	0.5	0.5	1.0	2.0	0.7	1.2	10
25											0
26											0
27											0
28											0
29											0
30	0.6	0.4	1.7	1.5	0.8	0.3	1.2	2.0		1.4	9
31											0

Distribution Sample Summary	
Total # of routine distribution samples analyzed	132
Total # of routine distribution samples required	100

Distribution Bacteriological Summary	
Total # of positive routine distribution samples	0
Percent of routine distribution samples positive	0%

See page 9 for positive sample information.

Distribution Disinfectant Total Residual Summary	
Percentage of samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	1.13

WSSN: 2310

Date	Total Chlorine Residual at Bacteriological Monitoring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1									3.2	1.0	2
2	0.4	2.6	2.5	2.1	1.5	0.2	1.5	2.5	2.1	2.0	10
3	1.2	2.0	2.1	1.9	1.3	0.4	1.8	2.1	2.1	2.3	10
4	1.0	1.4	1.9	2.0	1.3	0.2	1.7	2.1	1.5	1.9	10
5											0
6											0
7											0
8									0.5	0.6	2
9	1.3	0.2	1.6	0.4	0.3	0.4	1.9	2.7	0.5	1.5	10
10	1.1	0.3	2.1	2.0	0.3	0.3	1.7	2.2	1.9	1.1	10
11	1.0	0.5	1.5	2.0	0.8	0.3	2.1	1.9	2.0	2.0	10
12	0.9	0.8		1.6	1.0	0.3	1.7	2.0	1.8	1.2	9
13											0
14											0
15									1.1	1.9	2
16	0.9	2.1	1.8	1.8	1.0	0.3	1.0	2.3	1.5	2.4	10
17	0.8	1.1	1.7	1.8	1.0	0.3	1.0	2.1	1.4	1.8	10
18	1.0	1.7	1.7	1.8	0.8	0.2	1.7	2.0	1.4	1.6	10
19	0.8	1.9	1.9	1.5	1.1	0.3			1.2	1.3	8
20											0
21											0
22											0
23	1.0	1.7	1.6	1.7	1.1	0.5	1.7	2.1	2.0	0.6	10
24	0.8	1.2	2.3	0.8	0.7	0.8	1.2	2.3	0.9	1.4	10
25											0
26											0
27											0
28											0
29											0
30	0.8	0.5	1.9	1.7	1.1	0.5	1.4	2.4		1.6	9
31											0

Distribution Disinfectant Total Residual Summary	
Percent samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	1.4

City of Flint

December 2014

Water Quality Report Summary

The City of Flint Department of Utilities is dedicated to providing a high quality drinking water to the residents of the community. The Consumers Annual Report on Water Quality provides important information about your drinking water and is mailed once a year to all water customers. This report is a summary of the monthly operating report (MOR) and also contains operational information and statistics about the water and sewer systems. This report will appear online each month along with the MOR

Additional information about your drinking water is available by calling the Flint Water Plant & Facilities at 810-787-6537

General drinking water information can be found on the USEPA website at www.epa.gov/safewater/

City of Flint
Water Quality
Monitoring Data

Detected Contaminants

December, 2014

Monitored at the Treatment Plant

Substance	Units	MCL-G	MCL	Highest Level	Range Detected	Are We Compliant	Typical Source of Contaminant
BARIUM	ppm	2	2	0.02	N/A	Yes	Discharge of drilling wastes Erosion of natural deposits
CHLORIDE	ppm	N/A	N/A	87	74 - 87	Yes	Erosion from natural deposits
CHLORINE RESIDUAL	ppm	4	4	3	1 7 - 3 0	Yes	Water additive used to control microbes
FLUORIDE	ppm	4	4	0 77	0 59 - 0 77	Yes	Discharge from fertilizer & aluminum factories
HARDNESS	ppm	N/A	N/A	210	168 - 210	N/A	
NITRATE	ppm	10	10	Not Detected	N/A	Yes	Runoff from fertilizer use; leaching from septic tanks, sewage;
TURBIDITY (cloudiness)	NTU	< 0 3 in 95 % of samples		0.12	0 06 - 0 12	Yes	Soil runoff
TOTAL ORGANIC CARBON	ppm	N/A	N/A	2.59	N/A	Yes	Erosion of natural runoff
BROMATE	ppm	N/A	0 01	0 023	N/A	N/A	By-product of ozone treatment, compliance based on RAA

Monitored in the Distribution System

Substance	Units	MCL-G	MCL	Highest Level	Range Detected	Are We Compliant	Typical Source of Contaminant
CHLORINE RESIDUAL	ppm	4	4	2.8	0 2 - 2 8	Yes	Water additive used to control microbes
HALOACIDIC ACIDS (HAA5)	ppb	N/A	60	24	5 - 24	Yes	By-product of drinking water disinfection
TRIHALOMETHANES (TTHM)	ppb	N/A	80	93.6	33 3 - 93 6	No	By-product of drinking water disinfection
TOTAL COLIFORM	ppm	< 5% of samples present		0	N/A	Yes	Naturally occurring

Monitored at the Customers Tap (from June through December 2014)

Substance	Units	MCL-G	AL	Highest Level	# samples over AL	Are We Compliant	Typical Source of Contaminant
COPPER	ppm	1.3	1.3	0.28	0	yes	Corrosion of household plumbing systems;leaching from wood preservatives
LEAD	ppb	0	15	37	2	Yes	Corrosion of household plumbing systems; erosion of natural deposits

Unregulated Contaminants

Substance	Units	MCL-G	MCL	Level Detected	Highest Level	Are We Compliant	Typical Source of Contaminant
SODIUM	ppm	N/A	N/A	18	N/A	N/A	Erosion of natural deposits
pH	S.U	N/A	N/A	8.49	7 41 - 8.49	N/A	

Note: TTHM, HAA5, and Chlorine are for the Flint Distribution System

**The state requires us to monitor for certain contaminants less than once per year because the concentrations of these contaminants do not change that frequently*

Some contaminants are sampled less frequently than once a month; as a result, not all contaminants were sampled for during the month of December

Non Compliant Explanation -A TTHM Violation was issued to the City of Flint by the DEQ December 16th, 2014. TTHM is tested once each quarter and the DEQ takes a rolling four quarter average to measure against the MCL in determining compliance. The City has addresses the violation by working with professional engineers to submit a required Operational Evaluation Plan to the DEQ and currently seven of eight test sites are below the MCL limit.

Water Source

The City of Flint currently uses the Flint River as its Primary water source.

Health Information

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the EPA's Safe Drinking Water Hotline (1-800-426-4791).

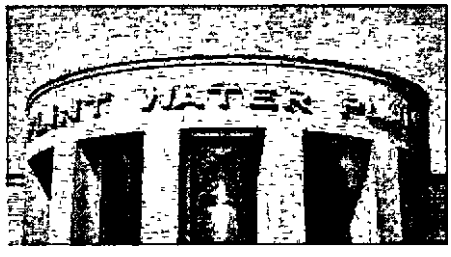
Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons, such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. EPA/CDC guidelines on appropriate means to lessen the risk of infection by Cryptosporidium and other microbial contaminants are available from the Safe Drinking Water Hotline (1-800-426-4791).

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity.

Contaminants that may be present in source water include: Microbial contaminants, such as viruses and bacteria; Inorganic contaminants, such as salts and metals, which can be naturally-occurring. Pesticides and herbicides, Organic chemical contaminant and radioactive contaminants.

In order to ensure that tap water is safe to drink, EPA prescribes regulations, which limit the amount of certain contaminants in water provided by public water systems. Food and Drug Administration regulations established limits for contaminants in bottled water, which must provide the same protection for public health.

Should there be any water quality complaints or requests for technical information regarding water quality, Holloway Reservoir, Kearsley Lake, Thread Lake, and Flint River water levels call **(810) 787-6537** for assistance.



The City of Flint Water Plant conducts lead & copper monitoring every three years from a limited number of

Key to Detected Contaminants Table

Symbol	Abbreviation for	Definition / Explanation
AL	Action Level	The concentration of a contaminant, which if exceeded, triggers treatment or other requirements which a water system must follow

HAA5	Haloacidic acids	HAA5 is the total of bromoacedic, chloroacedic, dibromoacedic, and trichloroacetic acids. Compliance is based on the totalof five
MCL	Maximum Contaminant Level	The highest level of a contaminant that is allowed in drinking water
MCL-G	Maximum Contaminant Level Goal	The level of a contaminant below which there is no known or expected risk to health
MRDL	Maximum Residual Disinfectant Level	The highest level of a disinfectant allowed in drinking water
MRDL-G	Maximum Residual Disinfectant Level Goal	The level of a disinfectaant below which there is no known or expected risk to health
N/A	Not Applicable	
ND	Not Detected	
NTU	Nephelometric Turbidity Units	Measures the cloudinessin water
pCi/L	picocuries	A measure of radioactivity
ppb	Parts per billion (one in a billion)	The ppb is equivalent to micrograms per liter A microgram is equal to 1/1000 milligram
ppm	parts per million (one in a million)	The ppm is equivalent to micrograms per liter A microgram is equal to 1/1000 gram
TT	Treatment Technique	
TTHM	Total Trihalomethanes	Total trihalomethanes is the sum of chloroform, bromodichloromethane, dibromochloromethane and bromoform

Water & Sewer System Information

Water System Statistics		Sewer System Statistics	
Water & Sewer Customers	29700	Catch Basins Cleaned/Replaced/Repaired	36
Main Break Repairs	26	Driveway/Sidewalk Repairs	5
Main Valves Replaced/Repaired	5	Lawn Repairs	3
Cut & Plug Services	43	Manhole Replacements	2
Fire Hydrants Replaced/Repaired	12	Sewer Inspections	28
Curb Box Services	42	Street Cut Repairs	13
Miss Dig Orders	5	Sanitary Sewer - TV Inspections (ft)	878
Avg. Water Usage	17.01 MGD	Miss Dig Orders	23

Strategic Plan - Utility Department Key Objective's 60 Day Outlook

Key Objective	Target Date	Comments
Develop and implement a "water loss" program	2/15/2015	Working with engineering firms
Implement a response time policy for the WSC	3/1/2015	Modifying management/union proposal
Implement a root control matrix	3/15/2015	Will reduce sewer infiltration
Complete electrical upgrades on Cedar Street pumping station	4/1/2015	Will increase pressure efficiency

CITY of FLINT WATER TREATMENT PLANT MONTHLY OPERATION REPORT

SUPPLY NAME: CITY of FLINT WATER PLANT
WSSN: 2310

Michael Glasgow	**February 2015**
Operator-in-Charge	Month/Year
F-1R, F-2	**F-1**
Certification of Operator-in-Charge	Water Plant Classification
Michael Glasgow	**Genesee**
Signature of Operator-in-Charge	County

Treatment Rate and Filter Data

Maximum Treatment Rate.	25.3	Million Gallons per Day
Rated Plant Capacity.	36	Million Gallons per Day
Average Filter Run	86	Hours
Average Head Loss	n/a	Feet *(filter head loss meters not operational)
Average Filtration Rate	2.4	Gallons Per Square Feet per Minute
Maximum Filtration Rate.	3.3	Gallons Per Square Feet per Minute
Average Wash Water Use	2.4%	Percent of Treated Water

Chemical Data

Chlorine on hand	8,000	lb	Est supply	8	days
Primary Coagulant (Ferric Chloride) on hand	125,000	lb	Est supply	3	days
Lime (CaO) on hand	397	tons	Est supply	31	days
Fluoride on Hand.	26,600	lb	Est. supply	40	days
Cost of All Chemicals per Million Gallons*	n/a	dollars			
Total Power Cost per Million Gallons*	n/a	dollars			

Remarks	Confluence Point # 1 (N)	Confluence Point # 2 (S)
Number of filter confluence samples > 0.3 NTU*	1	0
Number of filter confluence samples collected	218	218
Percent of filter confluence samples > 0.3 NTU	0.5%	0.0%
Number of filter confluence samples > 1 NTU	0	0

Did any individual filter exceed:

1.0 NTU in two consecutive measurements taken 15 minutes apart? NO
If yes, attach specific filter(s) information and indicate required follow-up status

0.5 NTU in two consecutive measurements taken 15 minutes apart after 4 hours of operation? NO
If yes, attach specific filter(s) information and indicate required follow-up status

1.0 NTU in two consecutive measurements taken 15 minutes apart for 3 consecutive months? NO
If yes, attach specific filter(s) information and indicate required follow-up status

2.0 NTU in two consecutive measurements taken 15 minutes apart for 2 consecutive months? NO
If yes, attach specific filter(s) information and indicate required follow-up status

Was continuous (every 15 minutes) filter monitoring equipment off-line during the month? NO
If yes indicate date(s), duration and individual filter grab sampling frequency on a separate sheet

Did POE disinfectant residual fall below 0.2 ppm during the month? NO
If yes, indicate date(s) and duration on a separate sheet

Was minimum C*T credit achieved for the entire month? YES
If no, indicate on a separate sheet the date(s) not achieved.

Was continuous POE chlorine residual monitoring equipment off-line during the month? NO
If yes, indicate date(s) and duration on a separate sheet

Date	Million Gallons Treated	Ferric as Fe3+ mg/L	Lime Dosage (mg/L)	PW-340 Cationic Polymer Dosage (mg/L)	P-142PWG Anionic Polymer Dosage (mg/L)	Turbidity, Units				
						Raw			Plate Settler	Applied
						Number of Samples	Avg.	Max.	Effluent Avg	Applied Avg.
1	15.9	21.6	189.2	4.9	0.98	8	2.8	4.1	2.25	1.53
2	18.1	16.3	169.3	4.3	0.70	8	3.1	7.2	1.57	2.25
3	18.3	15.4	254.4	6.8	0.86	8	2 8	5.9	1.71	2.45
4	18.3	16.0	222.8	5.7	0.82	8	2.9	5.1	1.65	1.69
5	18.2	16.2	188.4	5.9	0.76	8	3.0	5.1	1.58	2.01
6	18.1	18.3	205.7	6.3	0.80	7	3 3	3 8	1.39	1.57
7	18.1	17.9	178.8	6 3	0.81	8	3 0	5.1	1.39	1.20
8	18.0	17.9	175.9	6.4	0.87	8	2.6	4.1	1.36	1.34
9	18.1	17.4	162.4	6.1	0.69	8	2.5	4.8	1.37	1.56
10	18.4	16.5	185.7	6 6	0.88	7	2.1	2.4	1.49	1.97
11	18 5	15.4	179.0	6.3	0.86	8	2 2	2.7	1.39	1.82
12	19.4	16.0	195.7	6.2	0.87	8	2.5	3.1	1.65	1.75
13	20.1	17.5	209.7	6.3	0.87	8	2.6	2.8	2.04	1.59
14	20.0	18.2	198.9	6.2	0.89	7	2 6	2.8	1.74	1.34
15	20 1	17.0	178 9	6 3	0.84	8	2 9	3.7	1.70	1.52
16	20.1	18.1	183.7	6.5	0.82	8	3.0	4.8	1.79	1.85
17	20.6	16.7	192.1	5.6	0.85	8	4.2	8.5	2.18	2.11
18	22.7	15.9	131.2	3.8	0.78	8	2.8	3.4	3.97	2.14
19	23.0	14.9	137.5	3.8	0.50	8	3 7	7.6	3.81	1.80
20	23.2	14.1	138.3	3.9	0.55	8	3.2	7.2	3.66	1.60
21	23.5	14.8	132.4	3.8	0 54	8	2.5	2 7	4.35	1.66
22	23.4	14.8	128.7	3.9	0.54	8	2.9	3.9	4.28	1.51
23	24.1	14.4	121.2	3.7	0.58	8	3.2	6.2	4.98	1.76
24	24.3	15.1	132.0	3 7	0.52	8	2.7	3.5	5.90	2.56
25	24.5	15 1	124.8	3.8	0.64	8	7 1	22.5	6.32	1 64
26	24.5	14.5	124.6	3.8	0.52	8	2.6	3.3	6.03	1.56
27	24.5	15.2	123.2	3.8	0.52	8	2.6	3.3	6.00	1.45
28	24.3	14.6	129.2	3.8	0.42	8	2.5	3.1	5 80	1.64
Avg.	20.7	16.3	167.6	5.2	0.72	8	3.0			1 74
Max.	24.5	21.6	254.4	6.8	0.98	8	7.1	22 5	6.32	2.56
Min.	15.9	14.1	121.2	3.7	0.42	7	2.1			1.20
Total	580.3									

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Date	Turbidity, Units												
	Confluence Point. No.1 (N) North						Confluence Point. No.2 (S) South						Point of Entry
	Number of Samples	Avg.	Max	No. of 4 Hr. Compliance periods	No. of 4 Hr Compliance periods >0.3 NTU	No. of Samples >0.3 NTU	Number of Samples	Avg.	Max	No. of 4 Hr. Compliance periods	No. of 4 Hr Compliance periods >0.3 NTU	No. of Samples >0.3 NTU	Plant Tap NTU
1	8	0.07	0.09	6	0	0	8	0.06	0.09	6	0	0	0.07
2	7	0.06	0.10	6	0	0	7	0.06	0.07	6	0	0	0.07
3	8	0.07	0.15	6	0	0	8	0.06	0.07	6	0	0	0.08
4	8	0.05	0.08	6	0	0	8	0.05	0.07	6	0	0	0.07
5	8	0.07	0.10	6	0	0	8	0.06	0.07	6	0	0	0.07
6	7	0.06	0.08	6	0	0	7	0.06	0.08	6	0	0	0.07
7	8	0.06	0.07	6	0	0	8	0.06	0.06	6	0	0	0.07
8	8	0.06	0.07	6	0	0	8	0.06	0.07	6	0	0	0.06
9	8	0.07	0.09	6	0	0	8	0.05	0.06	6	0	0	0.09
10	7	0.06	0.07	6	0	0	7	0.05	0.06	6	0	0	0.08
11	8	0.06	0.07	6	0	0	8	0.05	0.07	6	0	0	0.07
12	8	0.06	0.08	6	0	0	8	0.06	0.08	6	0	0	0.06
13	8	0.06	0.09	6	0	0	8	0.09	0.18	6	0	0	0.08
14	8	0.06	0.09	6	0	0	8	0.06	0.10	6	0	0	0.05
15	8	0.06	0.08	6	0	0	8	0.07	0.09	6	0	0	0.07
16	8	0.06	0.08	6	0	0	8	0.05	0.07	6	0	0	0.06
17	8	0.06	0.08	6	0	0	8	0.07	0.09	6	0	0	0.07
18	8	0.07	0.09	6	0	0	8	0.07	0.09	6	0	0	0.07
19	8	0.07	0.09	6	0	0	8	0.06	0.08	6	0	0	0.07
20	8	0.07	0.08	6	0	0	8	0.07	0.10	6	0	0	0.07
21	8	0.08	0.14	6	0	0	8	0.08	0.10	6	0	0	0.08
22	8	0.09	0.12	6	0	0	8	0.10	0.13	6	0	0	0.08
23	8	0.13	0.16	6	0	0	8	0.07	0.10	6	0	0	0.10
24	7	0.19	0.36	6	1	1	7	0.14	0.18	6	0	0	0.17
25	8	0.08	0.10	6	0	0	8	0.10	0.12	6	0	0	0.11
26	8	0.13	0.17	6	0	0	8	0.13	0.18	6	0	0	0.14
27	8	0.19	0.29	6	0	0	8	0.15	0.18	6	0	0	0.15
28	8	0.20	0.27	6	0	0	8	0.13	0.18	6	0	0	0.15
Avg.	8	0.08	0.12	6	0	0	8	0.07	0.10	6	0	0	
Max.	8	0.20	0.36	6	1	1	8	0.15	0.18	6	0	0	0.17
Min.	7	0.05	0.07	6	0	0	7	0.05	0.06	6	0	0	

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Date	Fluoride Applied as F- mg/L	Fluoride Analysis (mg/L)			Chlorine Application (mg/L)			Chlorine Residual (mg/L)					
					Intermediate Chlorine	Post Chlorine	Total Chlorine	Filtered		3 MG Well		Tap	
		Raw	Tap	Dist.				Free	Total	Free	Total	Free	Total
1	0.3	0.23	0.53		1 6	3.1	4.7	0 3	0.6	2.6	3.0	2.5	2.9
2	0.3	0.22	0.48		1.8	2.9	4.7	0 3	0.5	2.4	2.7	2.2	2.5
3	0.3	0.23	0.51	0.52	1.9	3 0	4.9	0.8	1.2	2.6	2.9	2.4	2.7
4	0.4	0.22	0.53		1.9	3.0	4.9	0 6	0.8	2.8	3.0	2.7	3.0
5	0.3	0.22	0.53		1.9	2.9	4.8	0.5	0.7	2.6	3.0	2 2	2.5
6	0.4	0.22	0.57		2.0	3 0	5.0	0.8	1.0	2.7	3 0	2.3	2.8
7	0.3	0.22	0.58		2.1	2.7	4.8	0.3	0.6	2 6	2.9	2.1	2.4
8	0.4	0.23	0.56		2.1	2.7	4.8	0.6	0.8	2 7	3.0	2.2	2.5
9	0.4	0.22	0.64		1.9	2.8	4.7	0.4	0.6	2.7	3.0	2.3	2.6
10	0.4	0 24	0.63	0.56	2.2	2.9	5.1	0.5	0.7	2.8	3.1	2.1	2.4
11	0.4	0.21	0.55		2.2	2.8	5.0	0.7	0.9	2 6	2.8	1.9	2.4
12	0.4	0.21	0.58		2.2	2.7	4.9	0.6	0.8	2.5	2.8	2.1	2.5
13	0.4	0.23	0.59		2.2	2.4	4.6	0.4	0.6	2.0	2.5	1.7	2.2
14	0.4	0.22	0.55		2.2	2.2	4.4	0.6	0.8	2.3	2.6	1.5	2.1
15	0.4	0.21	0.60		2.1	2.2	4.3	0.4	0.6	2.0	2.4	1.9	2.2
16	0 4	0.23	0.59		2.1	2.2	4.3	0.4	0.6	2.1	2.4	1.8	2.1
17	0.4	0.21	0.61	0 54	2.1	2.3	4.4	0.8	1.0	2.0	2.4	1.3	1.7
18	0.3	0.23	0.58		2.0	2.2	4.2	0.3	0.6	1.9	2.4	1.5	2.0
19	0.3	0.24	0 64		2.2	2.1	4.3	0.6	0.8	2.0	2.4	1.7	2.2
20	0.4	0.23	0.56		2.2	2.1	4 3	0.7	1 0	2.0	2.5	1 5	1 9
21	0.4	0.24	0.61		2.2	2.1	4.3	0.5	0.7	1.7	2.2	1 5	2.0
22	0.4	0.23	0.55		2.2	2.1	4.3	0.4	0.6	2.0	2.3	1.7	1.9
23	0.3	0.24	0.64		2.2	2 2	4.4	0.5	0.6	2.0	2.1	1.5	1.6
24	0.3	0.24	0.56	0.54	2.3	2.6	4.9	0.4	0.6	2 5	3.3	2.1	2.5
25	0.3	0.23	0.62		2.3	2.6	4.9	0.5	0 7	2.5	2.9	2.4	2.7
26	0.3	0.23	0.54		2.3	2.7	5.0	0.5	0.7	2.7	3.1	2.5	3.0
27	0.3	0.24	0.56		2.3	2.5	4.8	0.6	0.8	2.3	2.9	2.1	2.5
28	0 3	0.24	0.56		2.3	2.5	4.8	0.6	0.8	2.3	2.8	1.9	2.5
Avg.	0.35	0.23	0.57	0 54	2.1	2.6	4.7	0.5	0.7	2.4	2.7	2.0	2.4
Max.	0 40	0.24	0.64	0.56	2.3	3 1	5.1	0.8	1.2	2.8	3.3	2.7	3.0
Min.	0.30	0.21	0.48	0.52	1.6	2.1	4.2	0.3	0 5	1.7	2.1	1.3	1.6

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Date	pH (S.U.)		Total Hardness as CaCO3 (mg/L)		Total Alkalinity as CaCO3 (mg/L)		Non-Carbonate Hardness as CaCO3 (mg/L)		Calcium as Ca2+ (mg/L)		Magnesium as Mg2+ (mg/L)		Chloride as Cl- (mg/L)	
	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap
1	7.78	7.91	339	198	273	60	66	138	109.0	56.9	17.5	14.1	51	98
2	7.92	7 64	343	203	274	77	69	126	110.6	60.1	15.6	12.6	52	91
3	7.75	8.69	344	176	276	62	68	114	113.8	54.5	13.6	10.2	57	90
4	8.04	7.88	346	176	277	62	69	114	114.6	54.5	14.6	10.2	49	88
5	7 77	7.56	349	183	284	63	65	120	118.6	60 9	12.6	7.3	55	89
6	7.92	7.63	350	180	276	52	74	128	117 8	52.9	13.6	11.7	54	95
7	8.07	7.76	348	185	282	68	66	117	113.8	54.5	15.6	11.7	52	92
8	8.05	7 57	347	181	278	50	69	131	111.4	51.3	16.5	12.6	51	91
9	8.11	7.66	349	183	280	62	69	121	112.2	52.9	16.5	12.2	53	94
10	7.95	7 65	350	168	284	47	66	121	113.0	57.7	16.5	6.8	56	95
11	7.97	7.76	345	173	274	54	71	119	109.0	49.7	17.9	12.6	51	92
12	7.85	7.66	342	169	274	51	68	118	117.8	59.3	12.2	5.3	55	92
13	7.77	7.70	345	170	267	53	78	117	121 0	57.7	11.2	4.9	54	90
14	7.86	7 54	344	173	269	52	75	121	125.0	63.3	7.3	3.9	56	93
15	8.00	7.73	349	176	280	53	69	123	113.0	50.5	16.0	12.2	50	94
16	7.89	7 68	353	169	285	47	68	122	123.4	53.7	10.7	8.7	55	95
17	8.05	7 92	360	172	281	49	79	123	118.6	48.9	15.6	11.7	53	92
18	7.96	7.97	352	218	282	102	70	116	125.9	78.6	8.7	5.3	54	91
19	8.11	7.82	358	208	291	91	67	117	120.2	59.3	14.6	13.1	53	92
20	7 93	7.90	362	207	286	94	76	113	133 1	76.2	7.3	4.4	55	87
21	8.00	8.06	362	214	284	98	78	116	133.9	76.2	6 8	4.4	54	86
22	7 98	8.03	366	227	294	113	72	114	116.2	67.3	18.5	14.1	52	88
23	8.07	8.31	361	225	293	112	68	113	121.8	68.9	14 1	12.6	52	86
24	7.95	7.85	361	227	289	101	72	126	133.9	78.6	5.8	6.8	54	88
25	8.03	8.14	365	244	295	127	70	117	118.6	77.8	16 5	11.7	55	89
26	7.91	7.88	365	235	288	108	77	127	132.3	86.6	8.3	4.9	55	89
27	7.96	7.85	354	241	291	117	63	124	131.5	91.4	6.3	2.9	57	89
28	7.90	7 72	358	228	228	115	130	113	127.5	84.2	9.7	3.9	54	87
Avg.	7.95	7.84	352	197	280	76	73	120	119.9	63.7	12 9	9.0	54	91
Max.	8.11	8.69	366	244	295	127	130	138	133.9	91.4	18.5	14.1	57	98
Min.	7.75	7.54	339	168	228	47	63	113	109.0	48.9	5.8	2.9	49	86

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Date	Total Coliform						Standard Plate Count (Simplate MPN)		Conductivity (mS)	Temp. C	Color		Odor	
	Raw (Colilert MPN)		Filter Confluence (N&S)		Plant Tap									
	# Samples	Count	# Samples	# pos	# Samples	# pos	Raw	Tap	Tap	Raw	Raw	Tap	Raw	Tap
1	1	41	12	0	1	0	150	< 2	0.53	4.0				
2	1	117	12	0	1	0	132	< 2	0.55	4.2				
3	1	96	12	0	1	0	146	< 2	0.49	4.3				
4	1	86	12	0	1	0	90	< 2	0.51	4.1				
5	1	105	12	0	1	0	183	< 2	0.51	3.5				
6	1	276	12	0	1	0	128	< 2	0.50	2.4				
7	1	124	12	0	1	0	97	< 2	0.50	3.8				
8	1	120	12	0	1	0	80	< 2	0.48	3.8				
9	1	104	12	0	1	0	90	< 2	0.51	4.2				
10	1	93	12	0	1	0	132	< 2	0.50	4.0				
11	1	115	12	0	1	0	83	< 2	0.47	4.3				
12	1	115	12	0	1	0	93	< 2	0.46	3.8				
13	1	153	12	0	1	0	80	< 2	0.50	4.5				
14	1	154	12	0	1	0	93	< 2	0.48	3.6				
15	1	138	12	0	1	0	83	< 2	0.52	0.5				
16	1	179	12	0	1	0	137	< 2	0.50	0.7				
17	1	365	12	0	1	0	166	< 2	0.50	1.2				
18	1	219	12	0	1	0	177	< 2	0.51	1.7				
19	1	153	12	0	1	0	112	< 2	0.45	2.2				
20	1	192	12	0	1	0	62	< 2	0.56	1.9				
21	1	142	12	0	1	0	116	< 2	0.51	4.1				
22	1	160	12	0	1	0	146	< 2	0.55	2.1				
23	1	129	12	0	1	0	112	< 2	0.58	1.0				
24	1	135	12	0	1	0	100	< 2	0.61	3 4				
25	1	145	12	0	1	0	156	< 2	0.61	2.0				
26	1	115	12	0	1	0	108	< 2	0.61	1.2				
27	1	86	12	0	1	0	74	< 2	0.61	3.3				
28	1	84	12	0	1	0	65	< 2	0.56	3.3				

Avg.									0.52	3.0				
Max.		365					183	0	0.61	4.5				
Min.									0.45	0.5				

WSSN: 2310

Date	Free Chlorine Residual at Bacteriological Montioring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1											0
2											0
3	0.7	1.5	1.5	1 5	1.5	0.2	1.7	1.7	1 3	2.0	10
4											0
5	1.0	1.7	1.7	1 7	1.1	0.2	1.8	2 0	0.7	1.4	10
6											0
7											0
8											0
9											0
10	1.0	1.2	1.5	1.3	1.0	0 2	2.0	1.9	0.7	1.0	10
11	1.0	1.3	1.7	1.7	0.9	0.3	1.7	2.3	0.5	0.9	10
12	0.4	1.4	2.3	1.8	0.7	0.2	1.9	2.2	0 5	1 2	10
13											0
14											0
15											0
16											0
17	1.1	0.7	1.2	1.5	0.7	0.2	1.1	1.3		1.5	9
18	1.2	0.8	1.6	1.2	0.8	0.2	1.8	1.7		1 4	9
19	0 9	0.7	1.3	1 0	0.7	0.2	0.8	1 3		1.0	9
20											0
21											0
22											0
23	1.3	0 8	1.3	1.1	0.6	0.2	0.6	1.5		0.8	9
24	1.5	1.1	1.7	1 2	1.0	0.2	2.5	2.2		2.3	9
25											0
26	1 7	1.4	2.0	1.5	1.1	0 3	1 8	1.8		2.1	9
27											0
28											0

Distribution Sample Summary	
Total # of routine distribution samples analyzed	104
Total # of routine distribution samples required	100

Distribution Bacteriological Summary	
Total # of positive routine distribution samples	0
Percent of routine distribution samples positive	0%

See page 9 for positive sample information.

Distribution Disinfectant Total Residual Summary	
Percentage of samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	1.22

WSSN: 2310

Date	Total Chlorine Residual at Bacteriological Monitoring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1											0
2											0
3	1 0	1.8	1.8	1.9	1.8	0.3	2.0	1.9	1.7	2.4	10
4											0
5	1 3	2.1	2.0	2.0	1.3	0.4	2.1	2.3	1 0	1.6	10
6											0
7											0
8											0
9											0
10	1.3	1.5	1.9	1.6	1.3	0.4	2.4	2.2	1.0	1.3	10
11	1.2	1.5	1.8	1.9	1.1	0.4	1.9	2.6	0.7	1.2	10
12	0.5	1.6	2.4	2.0	0.9	0.4	2.1	2.4	0.6	1 4	10
13											0
14											0
15											0
16											0
17	1.3	1.0	1.4	1.8	0.9	0.3	1 5	1.8		1.7	9
18	1.5	1.0	1.9	1.5	1 0	0.3	2 1	2.0		1.7	9
19	1.3	1.1	1.6	1.5	1.0	0.3	1.0	1.7		1.3	9
20											0
21											0
22											0
23	1.5	1.0	1 6	1.3	0.8	0.3	0 8	1.8		1.2	9
24	1 7	1.3	1.9	1.4	1.2	0.4	2 8	2.4		2 5	9
25											0
26	1.9	1 6	2.4	1.7	1.4	0.5	2.1	2 0		2.5	9
27											0
28											0

Distribution Disinfectant Total Residual Summary	
Percent samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	1.5

Positive Distribution Samples

Date	Monitoring station	Date	Repeat Monitoring Stations	Residual (mg/L) Free / Total	Present or Absent

CITY of FLINT WATER TREATMENT PLANT MONTHLY OPERATION REPORT

SUPPLY NAME: CITY of FLINT WATER PLANT
WSSN: 2310

Michael Glasgow	**January 2015**
Operator-in-Charge	Month/Year
F-1R, F-2	**F-1**
Certification of Operator-in-Charge	Water Plant Classification
Michael Glasgow	**Genesee**
Signature of Operator-in-Charge	County

Treatment Rate and Filter Data

Maximum Treatment Rate*	19.3	Million Gallons per Day
Rated Plant Capacity*	36	Million Gallons per Day
Average Filter Run:	76	Hours
Average Head Loss*	n/a	Feet *(filter head loss meters not operational)
Average Filtration Rate:	2.1	Gallons Per Square Feet per Minute
Maximum Filtration Rate	3.6	Gallons Per Square Feet per Minute
Average Wash Water Use:	3.2%	Percent of Treated Water

Chemical Data

Chlorine on hand:	12,000	lb.	Est. supply*	18 days
Primary Coagulant (Ferric Chloride) on hand:	110,000	lb.	Est. supply*	10 days
Lime (CaO) on hand:	257	tons	Est. supply.	22 days
Fluoride on Hand:	16,630	lb.	Est. supply*	42 days
Cost of All Chemicals per Million Gallons*	n/a	dollars		
Total Power Cost per Million Gallons:	n/a	dollars		

Remarks	Confluence Point # 1 (N)	Confluence Point # 2 (S)
Number of filter confluence samples > 0.3 NTU:	0	0
Number of filter confluence samples collected:	244	242
Percent of filter confluence samples > 0.3 NTU*	0.0%	0.0%
Number of filter confluence samples > 1 NTU	0	0

Did any individual filter exceed:

1.0 NTU in two consecutive measurements taken 15 minutes apart? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status.

0.5 NTU in two consecutive measurements taken 15 minutes apart after 4 hours of operation? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status.

1.0 NTU in two consecutive measurements taken 15 minutes apart for 3 consecutive months? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status.

2.0 NTU in two consecutive measurements taken 15 minutes apart for 2 consecutive months? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status.

Was continuous (every 15 minutes) filter monitoring equipment off-line during the month? **NO**
If yes, indicate date(s), duration, and individual filter grab sampling frequency on a separate sheet.

Did POE disinfectant residual fall below 0.2 ppm during the month? **NO**
If yes, indicate date(s) and duration on a separate sheet.

Was minimum C*T credit achieved for the entire month? **YES**
If no, indicate on a separate sheet the date(s) not achieved.

Was continuous POE chlorine residual monitoring equipment off-line during the month? **NO**
If yes, indicate date(s) and duration on a separate sheet.

Date	Million Gallons Treated	Ferric as Fe^{3+} mg/L	Lime Dosage (mg/L)	PW-340 Cationic Polymer Dosage (mg/L)	P-142PWG Anionic Polymer Dosage (mg/L)	Turbidity, Units				
						Raw			Plate Settler	Applied
						Number of Samples	Avg.	Max.	Effluent Avg.	Applied Avg.
1	10.3	20.7	145.0	5.9	0.93	8	5.0	6.0	0.38	3.48
2	17.8	19.4	130.0	4.6	0.85	7	4.7	4.9	1.17	1.32
3	19.0	20.4	115.0	4.5	0.79	8	4.5	4.8	1.21	1.01
4	18.8	18.1	109.0	4.4	0.73	8	5.5	12.3	1.42	1.18
5	18.9	17.6	121.0	4.4	0.73	8	3.8	5.3	1.52	1.54
6	18.9	17.5	122.0	4.7	0.68	8	3.6	4.4	1.51	1.31
7	18.8	16.7	121.0	4.5	0.71	8	3.9	5.6	1 43	1.23
8	16.1	16.6	135.0	5.5	0.88	8	4.9	8.1	1.38	1.10
9	12.3	14.9	151.0	6.9	0.91	8	8.0	8.2	1.36	0.94
10	12.3	16.8	159.0	7.4	0.91	8	8.2	9.0	1.61	1.01
11	12.2	18.0	164.0	6.5	0.78	8	8.0	8.5	1.36	1.17
12	12.6	17.8	149.0	6.2	0.73	8	7.5	8.1	1.44	1.07
13	12.0	20.6	169.0	5.6	0.84	8	7.1	7.7	1.77	1.01
14	13.4	21.0	171.0	5.7	0.81	8	7.5	8.1	1.69	1.30
15	14.3	18.8	172.0	5.5	0.86	8	7.0	7.3	1.44	1.45
16	16.3	17.8	164.0	5.8	0.75	8	6.7	7.0	0.95	1.50
17	18.2	15.8	129.0	4.9	0.71	8	6.3	6.6	1.37	1.96
18	18.6	15.3	137.2	4.8	0.70	8	6.2	8.2	1.41	1.95
19	18.7	15.6	145.0	4.9	0.77	8	5.6	7.2	1.47	1.84
20	18.6	14.1	160.6	4.9	0.75	8	4.9	5.1	1.47	2.94
21	18.7	13.9	150.0	4.9	0.69	8	4.7	6.3	1.49	1.52
22	18.6	15.0	142.0	4.9	0.72	8	3.9	4.4	1.39	1.64
23	18.5	14.4	170.0	5.0	0.71	7	3.7	3.9	1.41	2.28
24	18.5	15.1	191.0	5.0	0.77	8	5.8	19.4	1.53	1.44
25	18.4	16.0	174.0	5.0	0.71	8	3.8	5.5	1.35	1.57
26	18.1	15.6	164.0	5.1	0.71	8	3.7	5.3	1.45	1.72
27	18.5	14.2	180.0	5.1	0.76	7	3.5	5.3	1.59	1.69
28	18.2	13.6	180.0	4.9	0.74	7	4.1	10.2	1.63	1.71
29	18.6	14.4	188.0	5.1	0.70	7	2.8	3.4	1.66	1.58
30	18.5	15.3	168.0	5.2	0.68	8	2.7	3.4	1.72	1.75
31	16.9	19.0	180.0	5.8	0.81	8	2.7	3.5	1.52	1.34
Avg.	16.8	16.8	153.4	5.3	0.77	8	5.17			1.56
Max.	19.0	21.0	191.0	7.4	0.93	8	8.2	19.4	1.77	3.48
Min.	10.3	13.6	109.0	4.4	0.68	7	2.70			0.94
Total	519.5									

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Date	Turbidity, Units												
	Confluence Point. No.1 (N) North						Confluence Point. No.2 (S) South						Point of Entry
	Number of Samples	Avg.	Max	No. of 4 Hr. Compliance periods	No. of 4 Hr. Compliance periods >0.3 NTU	No. of Samples >0.3 NTU	Number of Samples	Avg.	Max	No. of 4 Hr. Compliance periods	No. of 4 Hr. Compliance periods >0.3 NTU	No. of Samples >0.3 NTU	Plant Tap NTU
1	8	0.07	0.08	6	0	0	8	0.06	0.09	6	0	0	0.08
2	7	0.07	0.09	6	0	0	7	0.06	0.07	6	0	0	0.07
3	8	0.06	0.08	6	0	0	8	0.06	0.07	6	0	0	0.08
4	8	0.07	0.09	6	0	0	8	0.07	0.11	6	0	0	0.07
5	8	0.06	0.09	6	0	0	8	0.08	0.09	6	0	0	0.07
6	8	0.08	0.09	6	0	0	8	0.07	0.10	6	0	0	0.07
7	8	0.09	0.15	6	0	0	8	0.07	0.09	6	0	0	0.08
8	8	0.08	0.10	6	0	0	8	0.07	0.11	6	0	0	0.08
9	8	0.06	0.08	6	0	0	8	0.05	0.07	6	0	0	0.07
10	8	0.06	0.08	6	0	0	8	0.07	0.09	6	0	0	0.07
11	8	0.06	0.08	6	0	0	8	0.07	0.09	6	0	0	0.07
12	8	0.07	0.09	6	0	0	8	0.07	0.10	6	0	0	0.09
13	8	0.06	0.12	6	0	0	8	0.05	0.07	6	0	0	0.06
14	8	0.07	0.09	6	0	0	8	0.08	0.09	6	0	0	0.07
15	8	0.06	0.09	6	0	0	8	0.07	0.09	6	0	0	0.07
16	8	0.07	0.09	6	0	0	8	0.07	0.10	6	0	0	0.09
17	8	0.07	0.08	6	0	0	8	0.07	0.10	6	0	0	0.07
18	8	0.08	0.11	6	0	0	8	0.07	0.08	6	0	0	0.07
19	8	0.07	0.09	6	0	0	8	0.07	0.11	6	0	0	0.07
20	8	0.07	0.08	6	0	0	8	0.07	0.10	6	0	0	0.11
21	8	0.08	0.11	6	0	0	8	0.07	0.08	6	0	0	0.09
22	8	0.09	0.11	6	0	0	8	0.08	0.09	6	0	0	0.09
23	7	0.08	0.10	6	0	0	7	0.07	0.09	6	0	0	0.08
24	8	0.07	0.09	6	0	0	8	0.06	0.10	6	0	0	0.07
25	8	0.06	0.07	6	0	0	8	0.07	0.09	6	0	0	0.07
26	8	0.07	0.09	6	0	0	6	0.08	0.10	6	0	0	0.07
27	7	0.08	0.11	6	0	0	7	0.07	0.10	6	0	0	0.08
28	7	0.07	0.09	6	0	0	7	0.07	0.10	6	0	0	0.07
29	7	0.07	0.10	6	0	0	7	0.07	0.08	6	0	0	0.07
30	8	0.07	0.09	6	0	0	8	0.07	0.08	6	0	0	0.08
31	8	0.06	0.10	6	0	0	8	0.06	0.08	6	0	0	0.07
Avg.	8	0.07	0.09	6	0	0	8	0.07	0.09	6	0	0	
Max.	8	0.09	0.15	6	0	0	8	0.08	0.11	6	0	0	0.11
Min.	7	0.06	0.07	6	0	0	6	0.05	0.07	6	0	0	

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Date	Fluoriode Applied as F- mg/L	Fluoride Analysis (mg/L)			Chlorine Application (mg/L)			Chlorine Residual (mg/L)					
					Intermediate Chlorine	Post Chlorine	Total Chlorine	Filtered		3 MG Well		Tap	
		Raw	Tap	Dist.				Free	Total	Free	Total	Free	Total
1	0.4	0.24	0.70		1.3	3.5	4.8	0.6	0.9	2.7	3.0	2.1	2.4
2	0.4	0.21	0.62		1.4	3.5	4.9	0.6	0.8	2.6	3.1	2.2	2.6
3	0.3	0.22	0.55		1.8	2.6	4.4	0.5	0.7	2.7	3.3	2.8	3.2
4	0.4	0.20	0.60		1.8	2.5	4.3	0.8	1.0	2.8	3.0	2.9	3.2
5	0.4	0.19	0.23		1.9	2.5	4.4	0.7	1.0	2.8	3.0	2.7	3.0
6	0.3	0.19	0.49	0.39	1.9	2.7	4.6	0.6	0.9	2.7	3.2	2.5	3.2
7	0.3	0.23	0.61		1.9	2.6	4.5	0.7	0.9	2.7	3.0	2.2	2.7
8	0.3	0.19	0.51		1.9	2.6	4.5	0.6	0.9	2.4	3.1	2.1	2.6
9	0.0	0.19	0.51		2.0	3.2	5.2	0.4	0.7	2.8	3.1	2.3	2.8
10	0.0	0.22	0.44		1.8	3.1	4.9	0.4	0.4	2.4	2.9	1.8	2.3
11	0.0	0.20	0.22		1.8	3.0	4.8	0.8	1.1	2.7	3.1	2.5	2.9
12	0.0	0.21	0.21		1.6	3.2	4.8	0.5	0.8	2.8	3.1	2.4	2.8
13	0.0	0.19	0.19	0.35	1.7	3.1	4.8	0.8	1.2	2.8	3.1	2.2	2.6
14	0.0	0.21	0.21		1.6	3.0	4.6	0.4	0.6	2.8	3.1	2.3	2.8
15	0.0	0.22	0.24		1.6	3.0	4.6	0.5	0.9	2.7	3.1	2.0	2.3
16	0.1	0.20	0.20		1.6	3.0	4.6	0.5	0.9	2.3	3.0	2.0	2.5
17	0.3	0.22	0.23		1.7	3.0	4.7	0.4	0.6	2.5	3.0	1.8	2.3
18	0.4	0.19	0.55		1.8	3.2	5.0	0.5	0.8	2.7	3.0	2.5	2.9
19	0.4	0.20	0.64		1.9	3.2	5.1	0.4	0.6	2.8	3.2	2.2	2.6
20	0.0	0.22	0.45	0.31	2.0	3.0	5.0	0.5	0.9	2.9	3.4	2.1	2.7
21	0.2	0.21	0.31		1.9	2.8	4.7	0.5	0.8	2.6	3.0	2.2	2.5
22	0.4	0.20	0.67		1.9	2.9	4.8	0.4	0.7	2.8	3.2	1.9	2.2
23	0.4	0.22	0.41		2.0	3.1	5.1	0.4	0.8	2.6	3.0	1.5	1.8
24	0.4	0.21	0.67		2.0	3.2	5.2	0.7	0.9	2.8	3.0	2.7	3.0
25	0.4	0.23	0.59		2.1	3.1	5.2	0.5	0.8	2.9	3.4	2.4	2.7
26	0.4	0.21	0.57		2.0	3.0	5.0	0.4	0.7	2.7	3.1	2.4	2.7
27	0.4	0.23	0.54	0.55	2.1	3.1	5.2	0.4	0.6	2.7	3.0	2.2	2.5
28	0.4	0.22	0.59		2.0	2.9	4.9	0.8	1.0	2.4	2.7	1.9	2.3
29	0.4	0.25	0.62		2.0	2.9	4.9	0.7	0.9	2.8	3.2	2.2	2.5
30	0.4	0.22	0.63		2.0	3.0	5.0	0.7	0.8	2.5	2.9	2.0	2.5
31	0.3	0.19	0.52		1.9	3.0	4.9	0.6	0.8	2.8	3.2	2.8	3.2
Avg.	0.26	0.21	0.47	0.40	1.8	3.0	4.8	0.6	0.8	2.7	3.1	2.3	2.7
Max.	0.40	0.25	0.70	0.55	2.1	3.5	5.2	0.8	1.2	2.9	3.4	2.9	3.2
Min.	0.00	0.19	0.19	0.31	1.3	2.5	4.3	0.4	0.4	2.3	2.7	1.5	1.8

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Date	pH (S.U.)		Total Hardness as CaCO3 (mg/L)		Total Alkalinity as CaCO3 (mg/L)		Non-Carbonate Hardness as CaCO3 (mg/L)		Calcium as Ca2+ (mg/L)		Magnesium as Mg2+ (mg/L)		Chloride as Cl- (mg/L)	
	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap
1	8.23	7.65	323	185	264	65	59	120	108.2	55.3	13.6	11.7	47	85
2	7.84	7.31	324	193	258	76	66	117	121.0	65.7	6.3	4.9	47	87
3	7.77	7.38	323	212	257	98	66	114	120.0	77.0	5.8	4.9	48	87
4	8.15	7.86	325	218	261	96	64	122	105.8	64.9	14.6	13.1	48	88
5	8.31	7.80	318	206	262	94	56	112	103.4	60.9	14.6	13.6	45	78
6	8.09	7.97	320	208	256	95	64	113	121.0	69.7	4.9	8.7	48	85
7	8.04	7.91	313	194	256	97	57	97	101.8	61.7	15.6	10.7	43	82
8	8.19	8.04	313	202	251	87	62	115	121.0	72.9	2.9	3.9	48	83
9	8.08	7.96	311	205	248	93	63	112	115.4	70.5	5.8	6.3	47	84
10	7.98	7.75	316	181	255	73	61	108	114.6	64.1	6.8	3.4	47	88
11	8.01	8.24	321	174	256	63	65	111	100.2	44.9	17 5	14.6	44	80
12	8.09	7.68	318	177	250	57	68	120	101.0	46.5	16.0	14.6	49	81
13	7.94	7.69	320	165	245	46	75	119	105.8	44.1	14.1	13.1	47	87
14	7.80	7.52	321	172	252	58	69	114	115.4	56.9	7.8	6.8	48	88
15	7.96	7.64	323	173	258	48	65	125	105.8	48.9	14.1	13.1	45	91
16	7.94	7.47	324	172	257	44	67	128	117.8	58.5	6.8	6.8	47	88
17	7.82	7.95	320	174	252	54	68	120	119.4	58.5	4.9	5.3	46	89
18	8.02	7.72	322	185	258	69	64	116	104.2	55.3	15.1	11.2	48	83
19	8.03	7.62	321	184	255	59	66	125	102.6	54.5	16.0	11.7	48	86
20	7.89	7.59	321	184	255	67	66	117	116.2	64.9	7.8	4.9	49	91
21	7.86	7.79	324	183	257	72	67	111	105.0	51.3	15.1	13.1	50	83
22	7.59	7.42	325	193	262	81	63	112	116.2	68.9	8.3	4.9	49	84
23	7.70	7.44	344	188	256	78	88	108	112.2	59.3	15.6	9.2	52	87
24	7.91	7.51	327	187	259	72	68	115	101.0	48.1	18.5	16.0	48	85
25	7.93	7.71	326	188	260	75	66	113	100.2	50.5	18.5	14.6	47	85
26	7.95	7.82	328	194	259	71	69	123	105.8	54.5	15.6	13.6	51	88
27	7.77	7.99	332	191	266	68	66	123	111.4	60.1	13.1	9.2	51	89
28	7.99	7.98	334	188	264	76	70	112	107.4	51.3	16.0	14.6	48	85
29	7.80	7.83	334	196	268	76	66	120	106.6	57.7	16.5	12.6	55	86
30	7.84	7.78	331	193	272	78	59	115	113.0	59.3	13.1	10.7	56	90
31	7.96	7.91	335	197	267	69	68	128	108.2	56.1	15.6	13.6	51	92
Avg.	7.95	7.74	324	189	258	73	66	116	109.9	58.5	12.2	10.2	48	86
Max.	8.31	8.24	344	218	272	98	88	128	121.0	77	18.5	16.0	55	92
Min.	7.59	7.31	311	165	245	44	56	97	100.2	44.1	2.9	3.4	43	78

WSSN: 2310

Date	Total Coliform						Standard Plate Count (Simplate MPN)		Conductivity (mS)	Temp. C	Color		Odor	
	Raw (Colilert MPN)		Filter Confluence (N&S)		Plant Tap									
	# Samples	Count	# Samples	# pos	# Samples	# pos	Raw	Tap	Tap	Raw	Raw	Tap	Raw	Tap
1	1	2592	12	0	1	0	800	< 2	0.37	5.6				
2	1	1684	12	0	1	0	600	< 2	0.36	4.5				
3	1	960	12	0	1	0	2400	< 2	0.42	4.0				
4	1	718	12	0	1	0	200	< 2	0.44	3.8				
5	1	1732	12	0	1	0	5980	< 2	0.41	3.0				
6	1	874	12	0	1	0	200	< 2	0.41	4.5				
7	1	2086	12	0	1	0	200	< 2	0.39	4.2				
8	1	960	12	0	1	0	120	< 2	0.39	5.5				
9	1	1146	12	0	1	0	420	< 2	0.40	2.6				
10	1	2994	12	0	1	0	760	38	0.31	2.6				
11	1	978	12	0	1	0	520	10	0.36	2.1				
12	1	1042	12	0	1	0	600	< 2	0.36	1.9				
13	1	862	12	0	1	0	340	< 2	0.37	1.4				
14	1	646	12	0	1	0	200	< 2	0.36	1.9				
15	1	736	12	0	1	0	300	< 2	0.36	3.5				
16	1	2224	12	0	1	0	200	< 2	0.37	1.9				
17	1	320	12	0	1	0	200	< 2	0.36	4.9				
18	1	40	12	0	1	0	200	2	0.38	4.9				
19	1	148	12	0	1	0	120	< 2	0.40	5.2				
20	1	770	12	0	1	0	146	< 2	0.38	4.9				
21	1	148	12	0	1	0	80	< 2	0.37	5.9				
22	1	201	12	0	1	0	190	< 2	0.39	5.8				
23	1	345	12	0	1	0	120	< 2		4.9				
24	1	97	12	0	1	0	150	< 2	0.38	6.4				
25	1	146	12	0	1	0	60	< 2	0.39	4.4				
26	1	181	12	0	1	0	230	< 2	0.40	3.8				
27	1	146	12	0	1	0	120	< 2	0.38	4.9				
28	1	172	12	0	1	0	128	< 2	0.38	4.3				
29	1	261	12	0	1	0	137	< 2	0.49	4.2				
30	1	155	12	0	1	0	93	< 2	0.43	4.0				
31	1	41	12	0	1	0	60	< 2	0.53	4.0				
Avg.									0.39	4.0				
Max.							5980	38	0.53	6.4				
Min.									0.31	1.4				

WSSN: 2310

Date	Free Chlorine Residual at Bacteriological Monitoring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1	0.7	0.1	1.3	1.6	0.7	0.2	0.2		1.5	1.4	9
2											0
3											0
4											0
5											0
6	0.6	0.7	1.5	2.0	0.8	0.1	1.4	1.8	1.8	1.8	10
7	0.6	0.7	1.7	1.5	0.7	0.2	1.1	2.0	0.8	1.7	10
8	0.8	0.3	1.0	1.3	0.8	0.1	1.4	1.8	0.8	1.7	10
9											0
10											0
11											0
12											0
13	0.4	1.0	1.7	1.4	0.7	0.2	1.4	1.7	0.4	1.7	10
14	0.2	0.5	1.8	1.6	0.5	0.1	2.1	2.2	0.4	2.0	10
15											0
16											0
17											0
18											0
19											0
20	0.1	1.6	1.7	1.4	0.9	0.3	1.9	2.0	1.3	1.8	10
21											0
22											0
23											0
24											0
25											0
26									1.6	1.8	2
27	0.9	1.3	1.2	1.7	0.7	0.2	1.3	1.8	1.4	0.8	10
28	0.8	0.5	1.4	1.5	0.8	0.2	1.8	1.8	1.5	1.8	10
29	0.9	1.7	1.6	1.7	1.0	0.1	2.0	1.9	0.9	2.0	10
30											0
31											0

Distribution Sample Summary	
Total # of routine distribution samples analyzed	101
Total # of routine distribution samples required	100

Distribution Bacteriological Summary	
Total # of positive routine distribution samples	0
Percent of routine distribution samples positive	0%

See page 9 for positive sample information.

Distribution Disinfectant Total Residual Summary	
Percentage of samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	1.15

WSSN: 2310

Date	Total Chlorine Residual at Bacteriological Montioring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1	0.8	0.2	1.5	1.8	0.9	0.3	0.3		1.7	1.5	9
2											0
3											0
4											0
5											0
6	0.9	0.9	1.4	2.3	1.0	0.2	1.6	2.1	2.2	2.1	10
7	0.8	0.9	1.9	1.8	1.0	0.2	1.3	2.2	1.0	2.0	10
8	1.0	0.5	1.2	1.5	1.1	0.3	1.6	2.0	1.0	2.0	10
9											0
10											0
11											0
12											0
13	0.7	1.5	2.0	1.7	0.9	0.2	1.7	2.3	0.6	2.1	10
14	0.4	1.8	2.1	1.8	0.8	0.3	2.4	2.5	0.5	2.3	10
15											0
16											0
17											0
18											0
19											0
20	0.3	1.9	2.0	1.6	1.2	0.6	2.2	2.3	1.5	2.2	10
21											0
22											0
23											0
24											0
25											0
26									1.9	2.2	2
27	1.3	1.9	1.7	2.1	0.9	0.4	1.7	2.0	1.8	1.0	10
28	1.2	0.8	1.7	1.8	1.2	0.4	2.1	2.3	1.9	2.2	10
29	1.2	2.0	1.9	1.9	1.3	0.2	2.3	2.3	1.1	2.3	10
30											0
31											0

Distribution Disinfectant Total Residual Summary	
Percent samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	1.4

Positive Distribution Samples

Date	Monitoring station	Date	Repeat Monitoring Stations	Residual (mg/L) Free / Total	Present or Absent

CITY of FLINT WATER TREATMENT PLANT MONTHLY OPERATION REPORT

SUPPLY NAME: CITY of FLINT WATER PLANT
WSSN: 2310

Michael Glasgow	**July 2015**
Operator-in-Charge	Month/Year
F-1R, F-2	**F-1**
Certification of Operator-in-Charge	Water Plant Classification
Michael Glasgow	**Genesee**
Signature of Operator-in-Charge	County

Treatment Rate and Filter Data

Maximum Treatment Rate	18.5	Million Gallons per Day	
Rated Plant Capacity	36	Million Gallons per Day	
Average Filter Run	124	Hours	
Average Head Loss	n/a	Feet	*(filter head loss meters not operational)
Average Filtration Rate	2.5	Gallons Per Square Feet per Minute	
Maximum Filtration Rate*	3.3	Gallons Per Square Feet per Minute	
Average Wash Water Use	1.0%	Percent of Treated Water	

Chemical Data

Chlorine on hand*	24,000	lb.	Est. supply*	28	days
Primary Coagulant (Ferric Chloride) on hand	153,000	lb	Est supply	10	days
Lime (CaO) on hand	197	tons	Est supply*	17	days
Fluoride on Hand	6,000	lb	Est. supply	13	days
Cost of All Chemicals per Million Gallons*	n/a	dollars			
Total Power Cost per Million Gallons*	n/a	dollars			

Remarks	Confluence Point # 1 (N)	Confluence Point # 2 (S)
Number of filter confluence samples > 0 3 NTU	1	0
Number of filter confluence samples collected	218	218
Percent of filter confluence samples > 0 3 NTU	0.5%	0.0%
Number of filter confluence samples > 1 NTU	0	0

Did any individual filter exceed:

1 0 NTU in two consecutive measurements taken 15 minutes apart? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

0 5 NTU in two consecutive measurements taken 15 minutes apart after 4 hours of operation? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

1 0 NTU in two consecutive measurements taken 15 minutes apart for 3 consecutive months? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

2 0 NTU in two consecutive measurements taken 15 minutes apart for 2 consecutive months? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

Was continuous (every 15 minutes) filter monitoring equipment off-line during the month? **NO**
If yes, indicate date(s), duration, and individual filter grab sampling frequency on a separate sheet

Did POE disinfectant residual fall below 0 2 ppm during the month? **NO**
If yes, indicate date(s) and duration on a separate sheet

Was minimum C*T credit achieved for the entire month? **YES**
If no, indicate on a separate sheet the date(s) not achieved

Was continuous POE chlorine residual monitoring equipment off-line during the month? **NO**
If yes, indicate date(s) and duration on a separate sheet.

Date	Million Gallons Treated	Ozone Dosage (mg/L)	Ferric as Fe^{3+} mg/L	Lime Dosage (mg/L)	PW-340 Cationic Polymer Dosage (mg/L)	P-142PWG Anionic Polymer Dosage (mg/L)	Turbidity, Units				
							Raw			Plate Settler	Applied
							Number of Samples	Avg.	Max.	Effluent Avg.	Applied Avg.
1	14.3	4.3	16.6	125.6	5.0	0.64	7	29.1	66.3	5.14	2.17
2	14.1	3.6	19.1	126 5	5 1	0.64	7	26.5	50.4	5.18	1.47
3	14.5	3.8	18.6	131.9	5.0	0.64	8	18 4	47.8	5.91	2.03
4	14.6	3.2	17.8	129.1	4.9	0.63	8	28.6	107.0	7.01	2.18
5	14.5	3.6	17.9	127 3	5.0	0.65	8	32.1	14.6	6.42	1.66
6	14.6	3 9	17.7	122.6	4.7	0 75	7	22.5	12.1	4.54	2.00
7	15.9	3.1	14.6	113.6	4.2	0 71	7	16.3	38.7	1 69	2.88
8	16.1	4.2	16.6	126.9	4.3	0 69	7	12.0	10.2	2.43	1.48
9	18.1	4.3	15.1	105.1	3.8	0 62	7	17 6	51.9	2.43	1 85
10	17.7	4.4	14.8	116.1	4.2	0.67	7	25 6	88 6	2.24	1.67
11	17.1	4.1	16.5	109.7	4.3	0.68	7	14.8	30.6	2.13	1 54
12	14.9	3 9	16.0	114.4	4.3	0.79	7	11 0	23.8	2.78	1 33
13	14.8	3.9	13.9	116.8	4.5	0.84	7	11.2	34.6	2.13	0.96
14	15 0	3.4	13.0	113.0	4 4	0.74	7	13.2	21.1	2.62	1.41
15	14.6	4.0	13.8	123.4	4 5	0.80	7	39.4	122.0	2.47	1.50
16	14.5	4.1	13.9	120.8	4 5	0.75	7	27.0	126 0	2.14	1.83
17	14.7	3.8	13.1	127.3	4 5	0.82	7	18 0	73.9	1.70	1.62
18	14.3	4.7	13 8	154.2	4.6	0 86	7	14.8	44.6	3.03	1.97
19	14.3	4.2	14.0	177.9	5.0	0.88	7	23.3	109.0	2.55	1.51
20	14 3	4.7	13.3	171.8	5.0	0 83	7	27 9	139.0	2.71	1.65
21	14 6	4.4	13.7	172.3	4.9	0.88	7	29.2	146.0	2.52	1.49
22	15.3	4.5	16.0	203.7	4.7	0 82	7	25.1	89.1	4.17	1.50
23	15 8	4.0	18.8	158.9	4.7	0.80	7	22.2	68.3	4.94	1.99
24	14.5	1.2	19.8	166.3	5.3	0.82	7	15.7	31.9	7 01	1 94
25	13.6	0.0	24.3	195.2	5.5	0.88	7	22.8	81.4	8.62	2.00
26	13 6	0.0	23.4	194.1	5.6	0.90	7	28 6	139.0	7.85	1 79
27	13.9	0.0	23.1	194.9	5.4	0.86	7	18.3	63.5	7.24	1.93
28	13 8	0.0	22.7	195.9	5.4	0.91	7	31.6	165.0	5.89	1.13
29	14.3	0.0	22.2	198.8	5.2	0.82	7	20.0	73.4	4.91	1 61
30	14.7	0.4	21 0	180.6	5.1	0.83	7	16.5	46.3	5.14	1.22
31	15.8	4.2	18.5	181.8	4.9	0.94	7	8.0	9.1	3.97	1.22
Avg.	14.9	3 2	17.2	148.3	4.8	0.78	7	21.5			1.69
Max.	18.1	4.7	24 3	203.7	5.6	0.94	8	39.4	165	8.62	2.88
Min.	13 6	0.0	13.0	105.1	3.8	0.62	7	8.0			0.96
Total	462.8										

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Date	Turbidity, Units												
	Confluence Point. No.1 (N) North						Confluence Point. No.2 (S) South						Point of Entry
	Number of Samples	Avg.	Max	No. of 4 Hr. Compliance periods	No. of 4 Hr. Compliance periods >0.3 NTU	No. of Samples >0.3 NTU	Number of Samples	Avg.	Max	No. of 4 Hr Compliance periods	No. of 4 Hr. Compliance periods >0.3 NTU	No. of Samples >0.3 NTU	Plant Tap NTU
1	7	0.10	0.13	6	0	0	7	0.09	0.12	6	0	0	0.11
2	7	0 11	0.15	6	0	0	7	0.09	0 12	6	0	0	0.09
3	8	0.09	0.11	6	0	0	8	0.09	0.11	6	0	0	0.13
4	8	0.09	0.13	6	0	0	8	0.08	0.09	6	0	0	0.11
5	8	0 08	0.09	6	0	0	8	0.08	0.11	6	0	0	0.09
6	7	0 09	0 12	6	0	0	7	0 08	0 09	6	0	0	0.10
7	7	0.10	0.12	6	0	0	7	0.09	0.10	6	0	0	0.10
8	6	0.11	0.13	6	0	0	6	0 10	0.11	6	0	0	0.09
9	7	0.11	0.15	6	0	0	7	0 10	0.10	6	0	0	0.11
10	7	0.11	0.11	6	0	0	7	0.10	0.12	6	0	0	0.12
11	7	0.12	0.26	6	0	0	7	0.11	0.13	6	0	0	0.10
12	6	0 08	0.11	6	0	0	6	0.10	0.13	6	0	0	0.08
13	7	0.10	0.11	6	0	0	7	0.10	0.12	6	0	0	0.10
14	7	0.18	0.31	6	1	1	7	0.11	0.11	6	0	0	0.11
15	7	0.14	0.20	6	0	0	7	0.12	0.16	6	0	0	0.13
16	7	0.14	0.20	6	0	0	7	0.12	0 15	6	0	0	0.12
17	7	0.13	0.15	6	0	0	7	0.12	0.14	6	0	0	0.18
18	7	0 14	0.20	6	0	0	7	0.12	0.16	6	0	0	0.15
19	7	0.16	0.19	6	0	0	7	0.14	0.18	6	0	0	0.18
20	7	0.13	0.18	6	0	0	7	0.12	0.16	6	0	0	0.12
21	7	0.14	0.17	6	0	0	7	0.14	0.19	6	0	0	0.12
22	7	0.15	0.20	6	0	0	7	0.15	0 19	6	0	0	0.16
23	7	0.14	0.18	6	0	0	7	0.13	0.15	6	0	0	0.15
24	7	0.17	0.19	6	0	0	7	0.17	0.20	6	0	0	0.16
25	7	0 17	0.19	6	0	0	7	0.16	0.19	6	0	0	0.14
26	7	0 14	0.17	6	0	0	7	0.13	0.15	6	0	0	0.13
27	7	0.16	0.22	6	0	0	7	0.15	0.21	6	0	0	0.16
28	7	0.15	0.16	6	0	0	7	0.14	0.16	6	0	0	0.13
29	7	0.13	0.17	6	0	0	7	0.12	0.13	6	0	0	0.12
30	7	0.12	0.14	6	0	0	7	0.13	0.16	6	0	0	0.13
31	7	0 08	0.10	6	0	0	7	0.10	0.13	6	0	0	0.12
Avg.	7	0.12	0.16	6	0	0	7	0.11	0.14	6	0	0	
Max.	8	0.18	0.31	6	1	1	8	0.17	0.21	6	0	0	0.18
Min.	6	0.08	0.09	6	0	0	6	0.08	0.09	6	0	0	

WSSN: 2310

Date	Fluoride Applied as F- mg/L	Fluoride Analysis (mg/L)			Chlorine Application (mg/L)			Chlorine Residual (mg/L)					
					Intermediate Chlorine	Post Chlorine	Total Chlorine	Filtered		3 MG Well		Tap	
		Raw	Tap	Dist.				Free	Total	Free	Total	Free	Total
1	0.5	0.17	0.68	0.72	3.2	3.6	6.8	0.5	0 7	2.3	2.7	2.0	2.4
2	0.5	0.18	0.68		3.0	3 3	6.3	0.5	0 8	2.5	2.8	2.4	2.7
3	0.5	0.19	0.66		3.1	3 8	6.9	0.3	0 5	2.1	2.5	1.9	2.2
4	0.5	0 19	0.75		3.2	3.6	6.8	0.2	0.4	2.0	2.3	2.0	2.3
5	0.6	0.20	0.84		3.3	3 3	6.6	0.4	0.7	2.2	2.5	2.1	2.4
6	0 5	0.17	0.72		3.3	3.3	6.6	0.3	0.6	2.0	2.3	2.0	2.3
7	0.5	0.19	0.66		3.2	3.7	6.9	0.3	0 5	1.8	2 1	1.8	2 1
8	0.5	0.18	0.66		3.3	3.4	6.7	0.3	0 6	1 7	2.1	1.8	2.2
9	0.5	0 18	0.73	0.69	3.4	3.6	7.0	0.2	0.5	2.0	2.3	2.0	2 3
10	0.6	0.20	0.74		3.8	3.8	7.6	0.2	0.5	2.1	2.5	2.0	2.4
11	0.6	0.19	0.74		3.9	2.9	6.8	0.3	0.5	2.3	2.6	2.2	2.5
12	0.6	0.20	0.80		4.5	3.3	7.8	0.5	1.0	2.4	2.6	2.6	3.0
13	0.6	0.18	0.67		4 8	3.7	8.5	0 2	0.4	2.1	2.5	2.2	2.6
14	0.6	0.18	0.73		4.8	3.5	8.3	0.4	0 6	2.2	2.5	2.3	2.6
15	0.7	0.18	0.73		4.8	3.7	8.5	0.7	1.1	2.1	2.5	2.0	2.4
16	0.7	0.18	0.78		4.6	3.7	8 3	0.4	0.6	2.5	2.9	2.2	2.5
17	0.7	0.22	0.77		4.6	3.8	8 4	0.3	0.5	2.1	2.4	1.9	2.3
18	0.7	0.20	0.76		4.7	3.9	8.6	0.4	0.6	2.6	2.9	2.2	2.5
19	0.7	0.19	0.76		4.7	3.7	8.4	0.4	0.6	2.5	3.0	2.4	2.8
20	0.7	0.19	0.74		4.6	3.6	8.2	0.4	0.6	2.4	2.8	2.4	2.8
21	0.7	0.19	0.82		4.5	3.7	8.2	0.3	0.5	2.5	3.0	2.5	3.0
22	0.6	0.19	0.78		4.3	3.7	8.0	0.4	0.7	2.6	3.0	0.6	0.9
23	0.6	0.20	0.78	0.75	4.3	3.3	7.6	0.4	0.6	2.6	3.0	2.6	3.0
24	0.6	0.18	0.72		4.7	3.4	8 1	0.3	0.5	1.7	2.1	0.7	1.1
25	0.6	0.20	0.76		5.0	3.6	8.6	0.5	0.8	2.6	3.0	0.6	0.9
26	0.6	0.20	0.77		5.0	3.8	8.8	0.4	0.6	2.2	2.5	2.2	2.5
27	0.6	0.19	0.80		5.3	3 6	8.9	0.3	0.5	2.2	2.5	2.0	2.4
31	0.6	0.19	0.74		4.2	3.5	7 7	0.5	0.7	2.5	3.0	0.6	0.7
Avg.	0.59	0.19	0.74	0.72	4.3	3.6	7 8	0.4	0.6	2.2	2.6	1.9	2.3
Max.	0.70	0.22	0.84	0.75	5.5	4.2	9 7	0.7	1.1	2.6	3.0	2.6	3.0
Min.	0.50	0.17	0.66	0.69	3.0	2.9	6 3	0.2	0.4	1.7	2.1	0.6	0.7

Date	pH (S.U.)		Total Hardness as CaCO3 (mg/L)		Total Alkalinity as CaCO3 (mg/L)		Non-Carbonate Hardness as CaCO3 (mg/L)		Calcium as Ca2+ (mg/L)		Magnesium as Mg2+ (mg/L)		Chloride as Cl- (mg/L)	
	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap
1	8.37	7.59	232	148	190	56	42	92	67.3	46.5	15.6	7.8	45	84
2	8.12	7 36	260	150	220	54	40	96	77.8	50.5	16.0	5.8	47	87
3	8.40	7.43	260	155	218	55	42	100	89.0	56.9	9.2	2.9	43	89
4	8.35	7 40	252	153	210	52	42	101	80.2	52.1	12.6	3.9	42	86
5	8.18	7.49	258	156	216	54	42	102	89.8	52.1	8.3	6.8	42	86
6	8.19	7.48	264	156	208	56	56	100	85.8	57.7	12.2	2.9	44	88
7	8.06	7.68	258	156	212	50	46	106	87.4	50.5	9.7	7.3	48	85
8	7.98	7.52	252	148	208	54	44	94	85.0	51.3	9.7	4.9	43	77
9	8.18	7.49	246	152	208	52	38	100	80.2	52.9	11.2	4.9	43	82
10	8.22	7.47	244	150	202	52	42	98	84.2	55.3	8.3	2.9	43	77
11	8.30	7.54	250	150	206	62	44	88	85.8	48.9	8.7	6.8	47	81
12	8.21	7.45	256	144	214	48	42	96	79.4	47 3	14.1	6.8	42	89
13	8.36	7 60	242	142	200	50	42	92	79 4	47 3	10.7	5.8	45	83
14	7.83	7.45	250	144	208	50	42	94	75.4	39.3	15.1	11.2	50	84
15	8.13	7.38	250	134	212	48	38	86	81.8	41.7	11.2	7.3	44	81
16	8.16	7.43	252	156	212	48	40	108	78.6	44.1	13.6	11.2	44	79
17	8.05	7.36	256	140	206	52	50	88	82.6	45.7	9.2	8.7	43	78
18	8.07	7.42	248	132	206	42	42	90	80.2	40.1	11.7	7.8	41	80
19	8.13	7.45	252	134	212	44	40	90	80.2	47 3	12.6	3.9	43	76
20	8.21	7.53	248	142	214	46	34	96	78.6	43 3	12.3	8.3	42	79
21	8.15	7.35	250	134	220	54	30	80	82.6	41.7	10.7	7.3	42	79
22	8.31	7.42	252	132	216	44	36	88	76.2	36.9	15.1	9.7	44	80
23	8.33	7.35	252	136	214	36	38	100	81.8	40.1	11.7	8.7	43	84
24	8.28	7.34	246	136	208	34	40	102	79.4	39.3	11.7	9.2	43	83
25	8.24	7.52	248	149	208	47	40	102	76.2	38.5	14.1	8.7	43	81
26	8.15	7.43	254	153	212	51	42	102	85.0	47.3	10.2	7.3	43	89
27	8.14	7.40	258	146	216	48	42	98	77.0	48.9	16.0	5.8	45	88
28	8.19	7.42	248	162	210	58	38	104	79.4	61.7	12.2	1.9	45	96
29	8.03	7.32	242	152	206	50	36	102	79 4	54.5	10.7	3.9	47	100
30	7.97	7 37	240	158	208	60	34	98	70.5	58.5	15.6	2.9	51	98
31	7.91	7.37	248	156	212	52	36	104	75.4	55.3	14.6	4.4	51	99
Avg.	8.17	7.45	251	147	210	50	41	97	80.4	48.2	12.1	6 4	44	85
Max.	8.40	7 68	264	162	220	62	56	108	89.8	61.7	16.0	11 2	51	100
Min.	7.83	7.32	232	132	190	34	30	80	67.3	36.9	8.3	1.9	41	76

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Date	Total Coliform						Standard Plate Count (Simplate MPN)		Conductivity (mS)	Temp. C	Color		Odor	
	Raw (Colilert MPN)		Filter Confluence (N&S)		Plant Tap									
	# Samples	Count	# Samples	# pos	# Samples	# pos	Raw	Tap	Tap	Raw	Raw	Tap	Raw	Tap
1	1	4884	12	0	1	0	2870	< 2	0.44	22.5				
2	1	3448	12	0	1	0	2020	< 2	0.44	22.3				
3	1	3654	12	0	1	0	2390	< 2	0.45	22.1				
4	1	4611	12	0	1	0	1830	< 2	0.44	23.5				
5	1	5172	12	0	1	0	1830	< 2	0.45	22.5				
6	1	3873	12	0	1	0	1890	< 2	0.45	22.8				
7	1	5794	12	0	1	0	1460	< 2	0.43	23.5				
8	1	3654	12	0	1	0	1950	< 2	0.41	22.0				
9	1	6867	12	0	1	0	2990	< 2	0.43	22.5				
10	1	4106	12	0	1	0	1830	< 2	0.41	23.3				
11	1	3654	12	0	1	0	2090	< 2	0.43	23.5				
12	1	3654	12	0	1	0	1510	< 2	0.42	22.9				
13	1	4884	12	0	1	0	1510	< 2	0.41	24.8				
14	1	11191	12	0	1	0	7380	< 2	0.40	23.3				
15	1	8164	12	0	1	0	3390	< 2	0.40	23.1				
16	1	6867	12	0	1	0	2020	< 2	0.40	25.9				
17	1	3873	12	0	1	0	1460	< 2	0.41	23.8				
18	1	3873	12	0	1	0	5550	< 2	0.39	24.4				
19	1	5794	12	0	1	0	3390	< 2	0.39	24.4				
20	1	6867	12	0	1	0	2870	< 2	0.39	24.4				
21	1	8664	12	0	1	0	2870	< 2	0.39	24.5				
22	1	4884	12	0	1	0	2870	< 2	0.39	25.1				
23	1	6480	12	0	1	0	3550	< 2	0.40	24.9				
24	1	6480	12	0	1	0	3390	< 2	0.40	25.1				
25	1	7270	12	0	1	0	4440	< 2	0.42	25.2				
26	1	8164	12	0	1	0	4140	< 2	0.44	25.1				
27	1	7270	12	0	1	0	2230	< 2	0.43	26.0				
28	1	5172	12	0	1	0	2660	< 2	0.47	27.6				
29	1	6867	12	0	1	0	6230	< 2	0.45	27.2				
30	1	17329	12	0	1	0	3240	< 2	0.48	26.2				
31	1	19863	12	0	1	0	4700	< 2	0.46	25.5				
Avg.									0.42	24.2				
Max.		19863					7380	< 2	0.48	27.6				
Min.									0.39	22.0				

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Date	Free Chlorine Residual at Bacteriological Monitoring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1	0.5	1.0	1 1	0.3	0.2	0.2	0 6	1.3	0.7	1 4	10
2											0
3											0
4											0
5											0
6											0
7	0 1	1.1	1.0	0 2	1.9	0.2	0.5	1.0	1.3	4.0	10
8	1.1	0.3	1.2	0.1	0.8	0 3			0.5	1 2	8
9	0.1	0.7	1.2	0.2	0.1	0.2	0.4	1.1	0.2	1.3	10
10											0
11											0
12											0
13											0
14	0.9	1.0	1.0	0 1	0.2	0.2	0.5	1.3	0 3	1.2	10
15	0 1	0.9	1.0	0.4	0 6	0 1	0.2	1 3	0.6	1.2	10
16											0
17											0
18											0
19											0
20											0
21											0
22	0.5	0.5	0.9	0.2	0.1	0.1	0.3	1.0	0.6	1.6	10
23	0.6	0.7	0.9	0.2	0.1	0.1	0.1	1.2	0 1	1.3	10
24											0
25											0
26											0
27											0
28	0.6	0.9	1.0	0.3	0.3	0.1	0.5	1.0	0.9	1.0	10
29											0
30	0 6	0.7	0.8	0.1	0.1	0.5	0.3	1 7	0.1	1 2	10
31				0.2	0.4	0.2					3

Distribution Sample Summary	
Total # of routine distribution samples analyzed	101
Total # of routine distribution samples required	100

Distribution Bacteriological Summary	
Total # of positive routine distribution samples	1
Percent of routine distribution samples positive	1%

See page 9 for positive sample information.

Distribution Disinfectant Total Residual Summary	
Percentage of samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	0.67

Date	Total Chlorine Residual at Bacteriological Montioring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1	0.9	1 3	1.4	0.6	0.4	0.4	0.9	1 7	1.0	1.7	10
2											0
3											0
4											0
5											0
6											0
7	0 1	1.4	1.2	0.3	2.2	0 4	0.8	1.3	1 6	4.0	10
8	1 4	0 6	1.6	0 4	1.0	0.5			0 8	1 5	8
9	0.2	1 0	1.5	0 4	0.2	0.5	0.6	1 4	0.4	1 6	10
10											0
11											0
12											0
13											0
14											0
15	1.3	1.3	1.3	0.3	0.4	0.4	0.8	1 7	0.5	1 5	10
16	0.2	1.2	1.3	0.7	0.9	0.2	0.5	1.5	0.9	1.5	10
17											0
18											0
19											0
20											0
21											0
22	0.8	0.8	1.3	0.5	0.3	0.2	0.5	1 4	0.9	2.0	10
23	0.9	1.1	1.2	0 5	0.4	0.3	0.3	1 5	0.1	1.6	10
24											0
25											0
26											0
27											0
28	0.8	1 3	1 3	0.5	0.5	0.2	0.8	1.4	1.3	1 3	10
29											0
30	1 0	1.2	1 3	0.3	0.3	0.2	0.6	2.3	0.3	1.5	10
31				0.4	0.6	0.4					3

Distribution Disinfectant Total Residual Summary	
Percent samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	0.9

Positive Distribution Samples

Date	Monitoring station	Date	Repeat Monitoring Stations	Residual (mg/L) Free / Total	Present or Absent
7/30/2015	University Market	7/31/2015	University Market	.4 / .6	Absent
		7/31/2015	Consumer Services	2 / .4	Absent
		7/31/2015	Rube's Bar	.2 / 4	Absent

CITY of FLINT WATER TREATMENT PLANT MONTHLY OPERATION REPORT

SUPPLY NAME: CITY of FLINT WATER PLANT
WSSN: 2310

Michael Glasgow	**June 2015**
Operator-in-Charge	Month/Year
F-1R, F-2	**F-1**
Certification of Operator-in-Charge	Water Plant Classification
Michael Glasgow	**Genesee**
Signature of Operator-in-Charge	County

Treatment Rate and Filter Data

Maximum Treatment Rate.	**18.5**	Million Gallons per Day
Rated Plant Capacity	**36**	Million Gallons per Day
Average Filter Run	**90**	Hours
Average Head Loss	**n/a**	Feet *(filter head loss meters not operational)
Average Filtration Rate	**2.3**	Gallons Per Square Feet per Minute
Maximum Filtration Rate	**3.3**	Gallons Per Square Feet per Minute
Average Wash Water Use	**2.0%**	Percent of Treated Water

Chemical Data

Chlorine on hand	**12,000**	lb	Est supply	**13**	days
Primary Coagulant (Ferric Chloride) on hand	**220,000**	lb	Est supply	**13**	days
Lime (CaO) on hand	**259**	tons	Est. supply	**32**	days
Fluoride on Hand	**18,000**	lb	Est supply	**45**	days
Cost of All Chemicals per Million Gallons	**n/a**	dollars			
Total Power Cost per Million Gallons	**n/a**	dollars			

Remarks	Confluence Point # 1 (N)	Confluence Point # 2 (S)
Number of filter confluence samples > 0.3 NTU.	**0**	**0**
Number of filter confluence samples collected:	**211**	**211**
Percent of filter confluence samples > 0 3 NTU.	**0.0%**	**0.0%**
Number of filter confluence samples > 1 NTU	**0**	**0**

Did any individual filter exceed:

1 0 NTU in two consecutive measurements taken 15 minutes apart? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

0 5 NTU in two consecutive measurements taken 15 minutes apart after 4 hours of operation? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

1 0 NTU in two consecutive measurements taken 15 minutes apart for 3 consecutive months? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status.

2 0 NTU in two consecutive measurements taken 15 minutes apart for 2 consecutive months? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

Was continuous (every 15 minutes) filter monitoring equipment off-line during the month? **NO**
If yes, indicate date(s), duration and individual filter grab sampling frequency on a separate sheet

Did POE disinfectant residual fall below 0 2 ppm during the month? **NO**
If yes indicate date(s) and duration on a separate sheet

Was minimum C*T credit achieved for the entire month? **YES**
If no, indicate on a separate sheet the date(s) not achieved

Was continuous POE chlorine residual monitoring equipment off-line during the month? **NO**
If yes, indicate date(s) and duration on a separate sheet

WSSN: 2310

Date	Million Gallons Treated	Ozone Dosage (mg/L)	Ferric as Fe_{3+} mg/L	Lime Dosage (mg/L)	PW-340 Cationic Polymer Dosage (mg/L)	P-142PWG Anionic Polymer Dosage (mg/L)	Turbidity, Units				
							Raw			Plate Settler	Applied
							Number of Samples	Avg.	Max.	Effluent Avg	Applied Avg.
1	17 3	2.2	19.7	148 3	4.2	0.66	7	2.3	4.4	1.29	1.35
2	16.5	2.5	20.7	176.0	4.4	0.60	8	6 8	22.8	1.11	2.50
3	16 9	2.4	20.1	155.0	4.3	0.68	7	4.3	20.6	1.13	3.53
4	16.5	2.4	20.8	162.2	4.4	0.58	7	3.4	15.6	0.96	3.24
5	17.5	2.9	20.2	168.8	3.6	0.56	7	1.5	2.4	1.01	2.57
6	18 1	3.5	20.2	157.9	3.6	0.53	8	2.9	8.2	0.88	4.26
7	17.9	3.5	17 8	137.8	3.6	0.58	8	3.3	10.2	0.88	3.15
8	17.6	3.6	18.2	145.0	4.2	0.68	8	6 4	24.9	1.44	2.26
9	17 7	3.6	20 4	178.1	4.4	0 68	7	2 1	7 3	1.36	2.96
10	17.6	3.2	20 4	176.1	4.4	0.69	7	2.5	6.9	1.38	5.40
11	18.0	3.6	20.2	173.1	4.3	0.57	7	5.4	12.3	1.20	3.84
12	18.3	3.6	19 7	168.3	4.0	0.56	7	3 6	7.1	1 34	3.51
13	17 8	3.5	20 2	164.3	4.1	0.60	8	6.5	13.9	1 55	2.88
14	18.3	3.5	20.1	182.3	4.0	0.63	8	6.7	19.6	2.50	2.89
15	16 7	3.5	22.5	206.7	4.4	0.78	7	4.8	18.3	2.50	2.16
16	16.1	3.4	19.8	184.1	3.8	0.82	7	8.1	16.9	2.46	4.04
17	16.2	3.6	21.5	183.5	4.5	0.86	7	8.7	31.5	1.88	4.22
18	15.6	3.6	25.7	219.3	4.9	0.85	7	7.8	22.7	2.75	2.04
19	15.1	3.6	16.2	203.6	5.0	0.87	7	4.9	12.5	1 88	3.7
20	15.4	3.6	15.5	194.9	4.8	0.90	8	11.0	30.4	1.11	2.46
21	14 6	3.6	17.2	223.1	5.0	0.83	7	4.1	15.8	0.93	2.71
22	12.0	3.5	19.5	238.7	5.2	0.93	7	11.0	65.7	1.27	7.41
23	11.6	3.8	22.5	223.9	5.3	0.94	7	12.5	56.3	2.06	7.06
24	12.6	3.8	20.7	177.2	4.7	0.83	7	21.0	103.0	2.67	2.39
25	13.2	3.7	18.7	191.5	5.0	0.73	7	11.7	49.7	2.33	3.89
26	13.5	3.3	19 9	143.1	5.1	0 71	7	4.1	11 4	3.94	5.27
27	13.8	3.7	20.5	123.6	5.0	0.68	7	11.6	63.9	4.51	1.33
28	14.2	3.7	19.8	125.6	4.6	0.68	7	2.0	3.6	5.62	2.24
29	13.9	3.7	17.5	115.2	4.7	0.73	7	3 0	4 4	5.19	2.12
30	14.4	4.3	15.8	122.1	5.2	0.69	7	11.1	21.7	4.84	1.32
Avg.	15.8	3.4	19.7	172.3	4.5	0.71	7	6.5			3.29
Max.	18.3	4.3	25.7	238.7	5.3	0.94	8	21.0	103	5.62	7.41
Min.	11.6	2.2	15.5	115.2	3.6	0.53	7	1.5			1.32
Total	474.9										

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Date	Turbidity, Units												
	Confluence Point. No.1 (N) North						Confluence Point. No.2 (S) South						Point of Entry
	Number of Samples	Avg.	Max	No. of 4 Hr Compliance periods	No. of 4 Hr. Compliance periods >0.3 NTU	No. of Samples >0.3 NTU	Number of Samples	Avg.	Max	No of 4 Hr. Compliance periods	No. of 4 Hr Compliance periods >0 3 NTU	No. of Samples >0.3 NTU	Plant Tap NTU
1	7	0.10	0 13	6	0	0	7	0.09	0.09	6	0	0	0.09
2	8	0.07	0.09	6	0	0	8	0.07	0.08	6	0	0	0.07
3	7	0.09	0.11	6	0	0	7	0.08	0.12	6	0	0	0.09
4	6	0.09	0.11	6	0	0	6	0.08	0.09	6	0	0	0.09
5	7	0.09	0.10	6	0	0	7	0.08	0.09	6	0	0	0.09
6	8	0.08	0.10	6	0	0	8	0.07	0.08	6	0	0	0.08
7	7	0.07	0.08	6	0	0	7	0.07	0.10	6	0	0	0.09
8	8	0.09	0.13	6	0	0	8	0.06	0.08	6	0	0	0.08
9	6	0 09	0.15	6	0	0	7	0.08	0.09	6	0	0	0.07
10	7	0 13	0.23	6	0	0	7	0 07	0.11	6	0	0	0.09
11	7	0.08	0.14	6	0	0	7	0.07	0.10	6	0	0	0.12
12	7	0 08	0.10	6	0	0	7	0.08	0 09	6	0	0	0.08
13	7	0 08	0.11	6	0	0	7	0 08	0.10	6	0	0	0.09
14	8	0.09	0.16	6	0	0	8	0.08	0.10	6	0	0	0.09
15	7	0.08	0.09	6	0	0	7	0.07	0.08	6	0	0	0.08
16	7	0.07	0.11	6	0	0	7	0.08	0.13	6	0	0	0.08
17	7	0.07	0.10	6	0	0	7	0.06	0.07	6	0	0	0.07
18	6	0 08	0.10	6	0	0	6	0.08	0.09	6	0	0	0.07
19	6	0.07	0.08	5	0	0	6	0.06	0.07	5	0	0	0.09
20	8	0.08	0.09	6	0	0	8	0.08	0.11	6	0	0	0.09
21	7	0 09	0.10	6	0	0	7	0.09	0.11	6	0	0	0.10
22	7	0.07	0.09	6	0	0	7	0.08	0.11	6	0	0	0 09
23	7	0.07	0.10	6	0	0	7	0.06	0.08	6	0	0	0.08
24	7	0.09	0.11	6	0	0	7	0.08	0.12	6	0	0	0.08
25	7	0.09	0.10	6	0	0	7	0.08	0.09	6	0	0	0.09
26	6	0.11	0.15	5	0	0	6	0.08	0.10	5	0	0	0.09
27	7	0 10	0.14	6	0	0	7	0.09	0.12	6	0	0	0.10
28	7	0.13	0.17	6	0	0	7	0.09	0.11	6	0	0	0 12
29	7	0 10	0.12	6	0	0	7	0.09	0.10	6	0	0	0.10
30	7	0.12	0.15	6	0	0	7	0.10	0.13	6	0	0	0.09
Avg.	7	0.09	0.12	6	0	0	7	0.08	0.10	6	0	0	
Max.	8	0.13	0.23	6	0	0	8	0.10	0.13	6	0	0	0.12
Min.	6	0.07	0.08	5	0	0	6	0.06	0.07	5	0	0	

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Date	Fluoriode Applied as F- mg/L	Fluoride Analysis (mg/L)			Chlorine Application (mg/L)			Chlorine Residual (mg/L)					
					Intermediate Chlorine	Post Chlorine	Total Chlorine	Filtered		3 MG Well		Tap	
		Raw	Tap	Dist.				Free	Total	Free	Total	Free	Total
1	0.6	0.20	0.73		2.8	2.6	5.4	0.4	0.7	1.6	1.9	1.4	1.8
2	0.6	0.19	0.81		2.7	2.3	5.0	0.5	0.8	1.7	2.0	1.7	1.9
3	0.6	0.20	0.79		2.7	2.5	5.2	0.4	0.5	1.7	2.0	1.7	2.0
4	0.6	0.20	0.82	0.76	2.8	2.1	4.9	0 5	0.7	1 8	2.0	1.7	1.9
5	0.6	0.20	0.82		2 6	2.2	4.8	0 6	0.8	1.9	2.2	1.4	1.7
6	0.6	0.20	0.74		2.5	2.2	4.7	0.4	0.6	1.9	2.2	1.8	2.1
7	0.6	0.20	0.76		2.1	2.1	4.2	0.3	0.6	1.8	2.1	1.7	1.9
8	0.6	0.19	0.78		2.2	2.3	4.5	0.4	0.5	1.9	2.1	1.8	2.1
9	0.6	0.20	0.70		2.7	2.7	5.4	0.5	0.7	1.6	1 8	1.6	1.8
10	0.6	0.20	0.74	0.70	2.6	2.6	5.2	0.4	0.5	1.9	2 1	1.5	1.8
11	0.6	0.20	0.75		2.6	2.7	5.3	0.3	0.5	1.5	1.7	1.5	1.7
12	0.6	0.20	0.72		2.6	2.6	5.2	0.5	0.8	1.7	2.1	1.6	1.9
13	0.6	0.20	0.70		2.7	2.4	5.1	0.3	0.5	1.7	2.0	1.7	2.0
14	0.6	0.19	0.69		2.8	2.7	5.5	0.3	0.4	1.7	1.9	1.7	1.9
15	0.6	0.20	0.72		2.9	2.8	5.7	0.3	0.5	1.8	2 1	1.7	1.9
16	0.6	0.20	0.80		2.5	2.2	4.7	0.3	0.5	1.8	2 0	1.8	2.0
17	0.5	0.19	0.70		2.9	2.3	5.2	0.5	0.7	1.8	2.0	1.7	2.0
18	0.5	0.20	0.70	0.72	2.8	2.8	5 6	0 4	0.5	1.9	2.3	1.9	2.3
19	0.6	0.20	0.74		2.6	2.5	5.1	0 5	0.7	1.8	2.2	0.7	0.9
20	0.5	0.19	0.71		3.0	2.6	5.6	0.3	0.5	1.7	1.9	1.7	1.9
21	0.6	0.19	0.72		3.1	2.9	6.0	0.3	0 5	1.8	2.1	1.7	2.0
22	0.6	0.19	0.70		3.4	2.6	6.0	0.4	0.7	1.9	2.2	0.7	0.9
23	0.6	0.19	0 81		3.6	2.9	6.5	0.4	0.7	1.7	1.9	1.7	1.9
24	0.6	0.20	0.82		3.4	2.6	6.0	0.5	0.7	1.7	2.0	1.5	1.8
25	0 6	0.19	0.73		3.3	2.5	5.8	0.3	0.5	1.5	1 7	0.5	0.8
26	0.6	0.19	0.72		3.2	3.5	6.7	0.6	0 8	2.5	2.8	2.0	2.2
27	0.5	0.18	0.71		3.1	3.2	6.3	0.5	0.7	2.7	3.0	0.6	0.9
28	0.5	0.18	0.65		3.2	3.6	6.8	0.3	0 5	1.8	2.1	1.7	2.0
29	0.5	0.19	0.70		3.3	3.2	6.5	0.4	0.7	2.4	2.8	2.3	2.6
30	0.5	0 19	0.71		3.2	3.5	6.7	0.3	0 6	1.8	2.1	1.8	2.1
Avg.	0.58	0.19	0 74	0.73	2.9	2.7	5.5	0.4	0.6	1.8	2.1	1.6	1.8
Max.	0.60	0.20	0.82	0.76	3.6	3.6	6.8	0.6	0.8	2.7	3.0	2.3	2.6
Min.	0.50	0.18	0.65	0.70	2 1	2.1	4.2	0.3	0.4	1.5	1.7	0.5	0.8

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Date	pH (S.U.)		Total Hardness as CaCO3 (mg/L)		Total Alkalinity as CaCO3 (mg/L)		Non-Carbonate Hardness as CaCO3 (mg/L)		Calcium as Ca2+ (mg/L)		Magnesium as Mg2+ (mg/L)		Chloride as Cl- (mg/L)	
	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap
1	8 18	7.64	272	180	226	76	46	104	86.6	63 3	13.6	5.3	48	88
2	7 97	7.56	271	177	216	61	55	116	93.0	60.9	10.2	7.8	46	92
3	7.97	7.60	274	178	222	74	52	104	82.6	61.7	16.5	5.8	49	90
4	7.89	7.70	274	160	222	54	52	106	84.2	57.7	15.6	3.9	47	93
5	7.88	7.55	274	190	222	76	52	114	81.0	64.1	17 5	7.3	49	94
6	7.89	7.69	277	176	221	66	56	110	94.6	60.9	10.2	5.8	44	89
7	7.96	7 75	275	185	224	72	51	113	93.8	64.9	9.7	6.3	48	92
8	7.90	7 67	280	185	224	73	56	112	96.2	68.9	9.7	4.4	46	92
9	7.94	7.67	272	164	224	54	48	110	76.2	56.9	19.9	5.3	50	95
10	7.94	7.60	278	148	226	40	52	108	78.6	52.1	19 4	4.4	50	94
11	7.94	7.55	276	172	228	66	48	106	80.2	63.3	18.5	3.4	49	94
12	8.11	7.75	278	190	228	86	50	104	82.6	68.1	17 5	4.9	49	93
13	8.01	7.75	278	197	225	89	53	108	97.8	75.4	8.7	2.9	46	92
14	7.88	7.67	277	196	225	89	52	107	93.0	68.9	11.2	6.3	48	89
15	7.99	7.76	276	206	226	94	50	112	94.6	74.5	9.7	4.9	48	95
16	8.02	7.65	272	194	224	76	48	118	92.2	68.1	12.6	5.3	46	100
17	7.95	7.72	264	202	224	90	40	112	91.4	77.0	8.7	2.4	48	93
18	7.90	7.58	270	174	222	62	48	112	80.2	59.3	17.9	6.3	49	96
19	7 92	7.49	276	182	226	72	50	110	80.2	67.3	18.5	3.4	48	97
20	7 95	7.71	279	193	229	101	50	92	94.6	71.3	11.7	2.9	46	82
21	7.92	7.51	280	173	228	75	52	98	92.2	67.3	12.6	2.9	47	84
22	8.03	7.57	274	176	236	74	38	102	94.6	64.9	9.2	3.4	45	86
23	7.98	7.40	274	210	236	112	38	98	89.0	82.6	12.6	0.9	48	93
24	7.98	7.43	278	214	236	128	42	86	81 8	72.1	17 9	8.3	50	97
25	7.97	7.48	274	194	226	94	48	100	83 4	74.5	15.4	1.9	48	91
26	7.90	7.55	278	200	228	100	50	100	79.4	75.4	21.9	2.9	48	93
27	7.96	7.56	282	186	238	78	44	108	92.2	76.2	12.6	2.9	46	89
28	7.97	7.56	276	164	230	62	46	102	85 0	56.9	15.6	5.3	46	89
29	7.97	7.70	276	167	228	59	48	108	86.6	57.7	14.6	7.3	45	89
30	8.32	7.56	258	160	212	60	46	100	83.4	44.9	12.2	11.7	47	86
Avg.	7.97	7.61	275	183	226	77	49	106	87.4	65.9	14.1	4.9	47	92
Max.	8.32	7.76	282	214	238	128	56	118	97.8	82.6	21.9	11 7	50	100
Min.	7.88	7.40	258	148	212	40	38	86	76.2	44.9	8.7	0.9	44	82

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Date	Total Coliform						Standard Plate Count (Simplate MPN)		Conductivity (mS)	Temp. C	Color		Odor	
	Raw (Colilert MPN)		Filter Confluence (N&S)		Plant Tap									
	# Samples	Count	# Samples	# pos	# Samples	# pos	Raw	Tap	Tap	Raw	Raw	Tap	Raw	Tap
1	1	2098	12	0	1	0	970	< 2	0.50	18.8				
2	1	295	12	0	1	0	280	< 2	0.50	18.5				
3	1	171	12	0	1	0	230	< 2	0.50	18.8				
4	1	262	12	0	1	0	230	< 2	0 47	18.8				
5	1	768	12	0	1	0	450	< 2	0.51	19.1				
6	1	262	12	0	1	0	300	< 2	0.48	18.7				
7	1	134	12	0	1	0	480	< 2	0.50	18.7				
8	1	98	12	0	1	0	350	< 2	0.50	19.4				
9	1	1733	12	0	1	0	623	< 2	0.47	19.5				
10	1	195	12	0	1	0	280	< 2	0.45	19.9				
11	1	175	12	0	1	0	230	< 2	0.49	20.0				
12	1	546	12	0	1	0	770	< 2	0.52	21.5				
13	1	426	12	0	1	0	260	< 2	0.54	20.5				
14	1	5172	12	0	1	0	800	2	0.52	20 3				
15	1	733	12	0	1	0	260	< 2	0.54	20 5				
16	1	512	12	0	1	0	260	< 2	0.52	21 0				
17	1	404	12	0	1	0	300	< 2	0.54	22.2				
18	1	228	12	0	1	0	1120	< 2	0.50	20.5				
19	1	2247	10	0	1	0	4400	< 2	0.52	21.2				
20	1	326	12	0	1	0	> 738	< 2	0.51	20.9				
21	1	265	12	0	1	0	2160	< 2	0.50	20.6				
22	1	683	12	0	1	0	1770	< 2	0.50	20.9				
23	1	2098	12	0	1	0	1660	< 2	0 56	20.9				
24	1	960	12	0	1	0	1120	< 2	0.60	20.8				
25	1	455	12	0	1	0	1120	< 2	0.54	21.1				
26	1	1246	10	0	1	0	3550	< 2	0.53	20.9				
27	1	395	12	0	1	0	450	< 2	0.49	20.3				
28	1	495	12	0	1	0	450	< 2	0.47	20.5				
29	1	428	12	0	1	0	450	< 2	0.46	20.8				
30	1	4884	12	0	1	0	2760	< 2	0.48	21.9				
Avg.									0.51	20.3				
Max.		5172					4400	< 2	0.60	22.2				
Min.									0.45	18.5				

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Date	Free Chlonne Residual at Bacteriological Montioring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1											0
2											0
3	0.1	1.0	1.2	0.7	0.3	0.2	0.5	1.0	1.0	1.0	10
4	0.7	0 7	1.0	0.1	0.3	0.4	0.5	1.1	0.1	1.2	10
5											0
6											0
7											0
8											0
9	0.7	0.5	1.0	0.7	0.3	0.3	0.6	1 1	0.2	1.1	10
10	0.1	1 0	1.0	0.7	0.2	0.2	0.4	1.0	0.1	0.8	10
11	0.2	0.7	0.7	0.5	0.2	0.1	0.4	0.9	0.8	0.1	10
12											0
13											0
14											0
15											0
16											0
17	0.1	0.7	1.1	0.8	0 3	0.1	0.2	1 1	0.5	1 2	10
18	0.6	0.9	1.1	0.7	0.2	0.2	0.3	1 0	1 0	1 2	10
19											0
20											0
21											0
22											0
23	0.4	0 7	0.7	0.4	0.3				0.1	0.5	7
24	0.5	0.8	0.8	0.4	0.2	0.2	0.3	0.9	0.1	1.3	10
25						0.3	0.5	0.9	0.5		4
26											0
27											0
28											0
29											0
30	0.7	0.8	1 0	0.5	0.3	0.3	0.7	1.3	0.5	0.9	10

Distribution Sample Summary	
Total # of routine distribution samples analyzed	101
Total # of routine distribution samples required	100

Distribution Bacteriological Summary	
Total # of positive routine distribution samples	1
Percent of routine distribution samples positive	1%

See page 9 for positive sample information.

Distribution Disinfectant Total Residual Summary	
Percentage of samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	0.60

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Date	Total Chlorine Residual at Bacteriological Monitoring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1											0
2											0
3	0.3	1.2	1.5	1.0	0.5	0 4	0.8	1.2	1.2	1.2	10
4	1.0	1.0	1.3	0.2	0 5	0.5	0.8	1.3	0.2	1.5	10
5											0
6											0
7											0
8											0
9	1 0	0.8	1.3	1.0	0.4	0.5	0.9	1.3	0.3	1.4	10
10	0.1	1.3	1.3	1.0	0.5	0.4	0.6	1.2	0.2	1.0	10
11	0.3	1 0	1.0	0.8	0 4	0.2	0.7	1.1	1.0	0.2	10
12											0
13											0
14											0
15											0
16											0
17	0.2	1 1	1.3	1.1	0.6	0.4	0.5	1.5	0.8	1.5	10
18	0.9	1.2	1.3	1.0	0.5	0.5	0.5	1.4	1.2	1.5	10
19											0
20											0
21											0
22											0
23	0.6	1 0	1.0	0.7	0.5				0.1	0.8	7
24	0.7	1.1	1.1	0.6	0.4	0.4	0.5	1.2	0.2	1.5	10
25						0 4	0.7	1 2	0.7		4
26											0
27											0
28											0
29											0
30	1.0	1 2	1.3	0.7	0.5	0.5	1.0	1.6	0.8	1.1	10

Distribution Disinfectant Total Residual Summary	
Percent samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	0.8

Positive Distribution Samples

Date	Monitoring station	Date	Repeat Monitoring Stations	Residual (mg/L) Free / Total	Present or Absent
6/24/2015	Cedar Street Reservoir	6/25/2015	Cedar Street Reservoir	0.5 / 0.7	Absent
		6/25/2015	The Print Shop	0.9 / 1.1	Absent
		6/25/2015	Service Garage	0.1 / 0.1	Absent

CITY of FLINT WATER TREATMENT PLANT MONTHLY OPERATION REPORT

SUPPLY NAME: CITY of FLINT WATER PLANT
WSSN: 2310

Michael Glasgow	**May 2015**
Operator-in-Charge	Month/Year
F-1R, F-2	**F-1**
Certification of Operator-in-Charge	Water Plant Classification
	Genesee
Signature of Operator-in-Charge	County

Treatment Rate and Filter Data

Maximum Treatment Rate.	20.3	Million Gallons per Day
Rated Plant Capacity	36	Million Gallons per Day
Average Filter Run.	69	Hours
Average Head Loss	n/a	Feet *(filter head loss meters not operational)
Average Filtration Rate	3.1	Gallons Per Square Feet per Minute
Maximum Filtration Rate	2.3	Gallons Per Square Feet per Minute
Average Wash Water Use	3.5%	Percent of Treated Water

Chemical Data

Chlorine on hand	24,000	lb	Est. supply	33	days
Primary Coagulant (Ferric Chloride) on hand	126,000	lb	Est. supply	7	days
Lime (CaO) on hand	289	tons	Est. supply	24	days
Fluoride on Hand	15,000	lb	Est. supply	40	days
Cost of All Chemicals per Million Gallons	n/a	dollars			
Total Power Cost per Million Gallons	n/a	dollars			

Remarks	Confluence Point # 1 (N)	Confluence Point # 2 (S)
Number of filter confluence samples > 0.3 NTU	0	0
Number of filter confluence samples collected	229	229
Percent of filter confluence samples > 0.3 NTU	0.0%	0.0%
Number of filter confluence samples > 1 NTU	0	0

Did any individual filter exceed:

1.0 NTU in two consecutive measurements taken 15 minutes apart? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

0.5 NTU in two consecutive measurements taken 15 minutes apart after 4 hours of operation? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

1.0 NTU in two consecutive measurements taken 15 minutes apart for 3 consecutive months? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

2.0 NTU in two consecutive measurements taken 15 minutes apart for 2 consecutive months? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

Was continuous (every 15 minutes) filter monitoring equipment off-line during the month? **NO**
If yes, indicate date(s), duration, and individual filter grab sampling frequency on a separate sheet.

Did POE disinfectant residual fall below 0.2 ppm during the month? **NO**
If yes indicate date(s) and duration on a separate sheet.

Was minimum C*T credit achieved for the entire month? **YES**
If no, indicate on a separate sheet the date(s) not achieved

Was continuous POE chlorine residual monitoring equipment off-line during the month? **NO**
If yes, indicate date(s) and duration on a separate sheet.

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Date	Million Gallons Treated	Ozone Dosage (mg/L)	Ferric as Fe3+ mg/L	Lime Dosage (mg/L)	PW-340 Cationic Polymer Dosage (mg/L)	P-142PWG Anionic Polymer Dosage (mg/L)	Turbidity, Units				
							Raw			Plate Settler	Applied
							Number of Samples	Avg.	Max.	Effluent Avg.	Applied Avg.
1	16.6	2.1	18.7	162.7	4.9	0.73	8	3.8	8.2	1.31	1.72
2	16.6	2.0	17.8	162.2	4.8	0.80	8	3.3	8.6	1.26	1.80
3	16.6	2.2	17.6	156.1	4.9	0.80	7	4.4	12.4	1.07	1.59
4	16.6	2.1	17.6	170.2	4.5	0.80	8	3.7	8.6	1.40	1.43
5	17.0	2.0	17.7	163.9	4.4	0.83	7	2.6	4.4	1.41	1.54
6	17.1	2.2	17.6	144.2	4.3	0.72	7	3.8	10.5	1.38	1.59
7	17.3	2.2	19.6	148.4	4.3	0.64	7	3.4	11.4	1.65	1.14
8	17.6	2.2	17.8	186.8	4.5	0.79	7	2.7	3.6	1.33	1.75
9	16.9	1.8	19.9	200.9	5.2	0.88	8	3.4	8.3	1.46	3.25
10	16.3	2.5	20.8	183.8	6.0	0.94	7	6.3	16.8	1.23	1.88
11	16.4	2.8	20.8	183.5	6.3	0.91	7	8.9	23.5	1.04	2.50
12	16.6	2.7	20.6	175.0	6.4	0.97	7	4.0	5.6	0.93	3.31
13	16.6	2.8	20.4	166.0	5.4	0.87	7	3.7	6.4	1.00	1.83
14	16.8	2.6	20.5	168.8	5.4	0.88	7	3.6	6.9	1.17	2.55
15	17.3	2.2	19.8	176.0	5.4	0.82	7	3.3	7.8	1.45	2.32
16	16.9	2.4	20.2	173.9	5.5	0.95	7	3.5	8.7	1.44	1.35
17	16.7	2.5	20.5	175.4	5.7	0.94	7	3.0	6.4	1.33	1.45
18	16.7	2.3	20.5	188.7	5.8	0.94	7	4.8	19.6	1.17	2.10
19	16.8	2.4	20.3	179.2	5.8	0.91	8	5.4	16.3	1.08	2.3
20	16.5	2.2	21.1	162.5	5.3	0.88	7	3.7	13.4	0.91	4.18
21	16.5	2.2	20.9	168.6	4.7	0.78	8	3.0	10.6	0.76	2.84
22	16.7	1.9	20.6	169.4	4.7	0.71	7	2.1	3.5	0.74	2.40
23	16.7	2.5	20.8	175.2	4.7	0.80	8	4.1	14.4	1.00	2.00
24	16.6	2.4	20.9	173.5	4.8	0.78	7	3.2	6.7	1.06	2.46
25	16.7	2.3	19.2	170.3	4.7	0.76	8	3.0	7.6	1.11	2.72
26	16.7	2.5	20.5	177.9	4.3	0.74	7	2.0	4.7	1.12	1.54
27	18.3	2.3	18.9	167.8	4.0	0.68	7	2.6	4.8	1.00	2.94
28	20.0	2.2	17.1	152.9	3.6	0.59	8	9.4	28.1	1.23	3.62
29	19.7	2.3	17.4	154.6	3.6	0.64	7	3.2	6.4	1.06	2.92
30	17.3	2.1	19.9	181.4	4.1	0.73	8	13.3	39.0	1.06	1.64
31	17.3	2.3	19.7	148.8	4.3	0.71	8	8.7	31.9	0.99	1.55
Avg.	17.0	2.3	19.5	169.6	4.9	0.80	7	4.4			2.20
Max.	20.0	2.8	21.1	200.9	6.4	0.97	8	13.3	39	1.65	4.18
Min.	16.3	1.8	17.1	144.2	3.6	0.59	7	2.0			1.14
Total	528.4										

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Date	Turbidity, Units												
	Confluence Point. No.1 (N) North						Confluence Point. No.2 (S) South						Point of Entry
	Number of Samples	Avg.	Max	No. of 4 Hr. Compliance periods	No. of 4 Hr. Compliance periods >0.3 NTU	No. of Samples >0.3 NTU	Number of Samples	Avg.	Max	No. of 4 Hr. Compliance periods	No. of 4 Hr. Compliance periods >0.3 NTU	No. of Samples >0.3 NTU	Plant Tap NTU
1	8	0.07	0.09	6	0	0	8	0.07	0.08	6	0	0	0.07
2	8	0.06	0.09	6	0	0	8	0.06	0.08	6	0	0	0.06
3	8	0.07	0.11	6	0	0	8	0.07	0.08	6	0	0	0.07
4	8	0.08	0.09	6	0	0	8	0.07	0.09	6	0	0	0.07
5	7	0.08	0.09	6	0	0	7	0.07	0.08	6	0	0	0.07
6	7	0.08	0.11	6	0	0	7	0.08	0.12	6	0	0	0.08
7	6	0.08	0.11	6	0	0	6	0.07	0.09	6	0	0	0.07
8	7	0.07	0.08	6	0	0	7	0.08	0.09	6	0	0	0.07
9	8	0.08	0.09	6	0	0	8	0.07	0.08	6	0	0	0.07
10	8	0.06	0.08	6	0	0	8	0.06	0.07	6	0	0	0.06
11	7	0.06	0.06	6	0	0	7	0.06	0.09	6	0	0	0.06
12	7	0.08	0.12	6	0	0	7	0.07	0.09	6	0	0	0.08
13	7	0.07	0.09	6	0	0	7	0.07	0.09	6	0	0	0.06
14	7	0.06	0.08	6	0	0	7	0.07	0.12	6	0	0	0.06
15	6	0.06	0.07	6	0	0	6	0.06	0.11	6	0	0	0.07
16	7	0.07	0.09	6	0	0	7	0.07	0.08	6	0	0	0.07
17	7	0.07	0.09	6	0	0	7	0.06	0.07	6	0	0	0.07
18	4	0.07	0.09	5	0	0	4	0.06	0.07	5	0	0	0.07
19	8	0.07	0.09	5	0	0	8	0.07	0.09	5	0	0	0.08
20	8	0.07	0.08	4	0	0	8	0.07	0.08	4	0	0	0.08
21	7	0.06	0.07	6	0	0	7	0.06	0.07	6	0	0	0.08
22	7	0.07	0.12	6	0	0	7	0.07	0.08	6	0	0	0.07
23	8	0.08	0.18	6	0	0	8	0.07	0.08	6	0	0	0.08
24	8	0.08	0.10	6	0	0	8	0.08	0.11	6	0	0	0.08
25	8	0.07	0.09	6	0	0	8	0.06	0.08	6	0	0	0 07
26	8	0.08	0.10	6	0	0	8	0.08	0.10	6	0	0	0.08
27	8	0.08	0.11	6	0	0	8	0.08	0.09	6	0	0	0.08
28	8	0.09	0.11	6	0	0	8	0.08	0.09	6	0	0	0.11
29	8	0.10	0.18	6	0	0	8	0.08	0.10	6	0	0	0.09
30	7	0.09	0.12	6	0	0	7	0.09	0.13	6	0	0	0.11
31	7	0.08	0.11	6	0	0	7	0.08	0.10	6	0	0	0.10
Avg.	7	0.07	0.10	6	0	0	7	0.07	0.09	6	0	0	
Max.	8	0.10	0.18	6	0	0	8	0.09	0.13	6	0	0	0.11
Min.	4	0.06	0.06	4	0	0	4	0.06	0.07	4	0	0	

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Date	Fluoride Applied as F- mg/L	Fluoride Analysis (mg/L)			Chlorine Application (mg/L)			Chlorine Residual (mg/L)					
					Intermediate Chlorine	Post Chlorine	Total Chlorine	Filtered		3 MG Well		Tap	
		Raw	Tap	Dist.				Free	Total	Free	Total	Free	Total
1	0.5	0.19	0.69		1.9	2.5	4.4	0.6	0.8	2.0	2.4	1.7	2.0
2	0.6	0.19	0.74		1.4	2.9	4.3	0.2	0.5	1.8	2.0	1.6	1.8
3	0.6	0.20	0.75		1.4	3.1	4.5	0.2	0.4	1.8	2.0	1.8	2.0
4	0.5	0.19	0.74		1.4	3.2	4.6	0.2	0.4	2.1	2.3	2.0	2.3
5	0.5	0.20	0.73		1.4	3.0	4.4	0.3	0.5	2.0	2.2	2.0	2.2
6	0.5	0.21	0.69	0.69	1.2	2.9	4.1	0.4	0.6	1.8	2.1	1.6	1.8
7	0.5	0.19	0.70		1.2	3.1	4.3	0.3	0.5	1.8	2.1	1.7	1.9
8	0.5	0.20	0.68		1.1	3.3	4.4	0.6	0.8	1.7	2.1	1.4	1.7
9	0.6	0.20	0.75		1.1	3.5	4.6	0.5	0.6	1.7	1.9	1.7	1.9
10	0.6	0.18	0.74		1.1	3.2	4.3	0.4	0.7	1.8	2.2	1.3	1.6
11	0.6	0.19	0.78		1.0	3.5	4.5	0.4	0.6	1.5	1.8	1.1	1.4
12	0.6	0.19	0.79		0.7	3.9	4.6	0.4	0.5	1.7	2.1	1.6	2.0
13	0.6	0.19	0.79	0.74	0.7	4.1	4.8	0.4	0.6	2.1	2.4	1.8	2.0
14	0.6	0.20	0.79		0.7	3.4	4.1	0.3	0.4	1.9	2.3	1.8	2.2
15	0.6	0.20	0.82		0.7	3.4	4.1	0.4	0.5	1.6	2.0	1.5	1.9
16	0.6	0.20	0.82		0.7	3.4	4.1	0.4	0.6	1.8	2.1	1.7	2.1
17	0.5	0.17	0.76		0.7	3.2	3.9	0.3	0.5	1.5	1.8	1.5	1.8
18	0.6	0.20	0.76		0.7	3.6	4.3	0.3	0.5	1.8	2.1	1.3	1.5
19	0.6	0.18	0.73		0.7	3.5	4.2	0.5	0.6	1.8	2.0	1.7	1.9
20	0.5	0.18	0.75	0.73	0.9	2.4	3.3	0.4	0.5	1.9	2.2	0.6	0.8
21	0.6	0.19	0.78		1.6	3.2	4.8	0.5	0.7	1.9	2.2	1.8	2.1
22	0.5	0.20	0.78		1.6	3.0	4.6	0.2	0.8	2.0	2.4	0.9	1.1
23	0.5	0.19	0.72		1.7	4.0	5.7	0.5	0.6	1.6	1.9	1.6	1.7
24	0.6	0.19	0.76		2.0	2.8	4.8	0.4	0.6	1.6	1.7	1.6	1.8
25	0.6	0.21	0.79		2.0	2.5	4.5	0.5	0.7	1.9	2.2	1.7	2.0
26	0.6	0.20	0.79		2.2	2.9	5.1	0.3	0.5	1.4	1.6	1.4	1.6
27	0.5	0.18	0.74	0.73	2.1	3.2	5.3	0.6	0.9	1.6	1.8	1.5	1.9
28	0.5	0.20	0.70		2.5	3.1	5.6	0.5	0.6	1.9	2.2	1.8	2.2
29	0.5	0.22	0.75		2.7	2.8	5.5	0.6	0.8	1.8	2.2	1.8	2.2
30	0.6	0.18	0.78		2.9	3.2	6.1	0.4	0.5	1.6	1.8	1.6	1.8
31	0.6	0.18	0.77		2.8	2.8	5.6	0.3	0.5	2.2	2.5	2.3	2.5
Avg.	0.56	0.19	0.75	0.72	1.4	3.2	4.6	0.4	0.6	1.8	2.1	1.6	1.9
Max.	0.60	0.22	0.82	0.74	2.9	4.1	6.1	0.6	0.9	2.2	2.5	2.3	2.5
Min.	0.50	0.17	0.68	0.69	0.7	2.4	3.3	0.2	0.4	1.4	1.6	0.6	0.8

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Date	pH (S.U.)		Total Hardness as CaCO3 (mg/L)		Total Alkalinity as CaCO3 (mg/L)		Non-Carbonate Hardness as CaCO3 (mg/L)		Calcium as Ca2+ (mg/L)		Magnesium as Mg2+ (mg/L)		Chloride as Cl- (mg/L)	
	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap
1	7.91	7.88	265	163	214	61	51	102	84.2	48.9	14.1	6.3	47	92
2	7.88	7.82	267	163	214	60	53	103	89.8	54.5	10.7	6.3	46	92
3	7.91	7.75	278	178	219	73	59	105	96.2	64.9	8.3	4.9	50	96
4	7.88	7.75	270	171	218	66	52	105	90.6	55.3	10.2	7.8	50	90
5	7.80	7.68	270	166	218	66	52	100	81.0	60.9	16.5	3.3	51	92
6	7.81	7.70	266	161	216	64	50	97	88.2	57.7	11.2	4.1	48	84
7	7.74	7.67	266	172	216	70	50	102	88.2	60.9	11.2	4.9	50	88
8	7.82	7.68	268	164	218	60	50	104	81.8	54.5	15.6	6.8	49	88
9	7.79	7 51	265	168	214	65	51	103	94.6	59.3	8 7	4.9	45	93
10	7.83	7.58	267	172	216	66	51	106	92.2	64.9	8.7	2.4	47	90
11	7.78	7.48	260	170	217	65	43	105	81.8	59.3	15.6	4.4	49	91
12	7.80	7.53	268	162	216	56	52	106	97.0	63.3	6.3	1.0	48	90
13	7.88	7.35	266	174	216	70	50	104	95.4	60.1	6.8	4.4	46	92
14	7.77	7.56	274	158	216	50	58	108	95.4	60.1	8.7	1.9	44	90
15	7.92	7.57	270	167	220	64	50	103	90.6	64.1	10.7	2.4	46	90
16	7.85	7.56	270	185	220	80	50	105	80.2	72.1	17.0	2.4	46	91
17	7.88	7.55	266	163	220	54	46	109	94.6	56.9	7.3	2.4	44	87
18	7.85	7.43	272	156	222	44	50	112	81.8	56.9	16.5	3.4	47	91
19	7.89	7.54	278	175	219	64	59	111	94.6	63.3	10.7	3.0	46	88
20	7.87	7.63	275	176	218	74	57	102	82.6	69.7	17.5	1.9	45	90
21	7.85	7.53	276	159	220	52	56	107	78.6	56.9	18 9	4.9	46	92
22	7.94	7.45	272	148	218	40	54	108	90.6	54.5	11.2	2.9	47	93
23	7.86	7.44	276	168	217	54	59	114	94.6	60.9	9.7	3.9	46	93
24	7.92	7.51	275	175	215	63	60	112	96.2	65.7	8.7	2.4	46	89
25	7.94	7.65	275	170	221	58	54	112	94.6	64.9	9.7	2.9	46	91
26	7.90	7.57	276	177	224	68	52	109	85.8	61.7	15.1	5.3	47	93
27	7.87	7.61	278	161	224	54	54	107	81.0	57.7	18.4	4.4	47	91
28	8.20	7.60	279	175	233	71	46	104	97.0	60.1	8.3	5.8	46	86
29	8.25	7.60	274	164	220	64	54	100	80.2	56.9	18.0	5.3	51	90
30	8.21	7.68	278	192	222	86	56	106	94.6	64.9	10.2	6.8	47	85
31	8.17	7.69	275	182	220	68	55	114	93.0	60.1	11.2	8.3	45	84
Avg.	7.90	7.60	271	169	219	63	53	106	89.3	60.4	12.0	4.3	47	90
Max.	8.25	7 88	279	192	233	86	60	114	97.0	72.1	18.9	8.3	51	96
Min.	7.74	7.35	260	148	214	40	43	97	78.6	48.9	6.3	1.0	44	84

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Date	Total Coliform						Standard Plate Count (Simplate MPN)		Conductivity (mS)	Temp. C	Color		Odor	
	Raw (Colilert MPN)		Filter Confluence (N&S)		Plant Tap									
	# Samples	Count	# Samples	# pos	# Samples	# pos	Raw	Tap	Tap	Raw	Raw	Tap	Raw	Tap
1	1	70	12	0	1	0	195	< 2	0.46	11.1				
2	1	61	12	0	1	0	239	< 2	0.45	11.9				
3	1	79	12	0	1	0	248	< 2	0.48	12.7				
4	1	88	12	0	1	0	202	< 2	0.46	14.3				
5	1	67	12	0	1	0	202	< 2	0.46	14.3				
6	1	86	12	0	1	0	231	< 2	0.48	13.9				
7	1	88	12	0	1	0	372	< 2	0.48	14.5				
8	1	142	12	1	1	0	392	< 2	0.46	14.4				
9	1	199	12	0	1	0	555	< 2	0.50	15.7				
10	1	138	12	1	1	0	440	< 2	0.47	15.7				
11	1	548	12	0	1	0	299	< 2	0.46	15.9				
12	1	921	12	3	1	0	738	< 2	0.46	15.4				
13	1	253	12	1	1	0	260	< 2	0.50	14.9				
14	1	225	12	6	1	0	738	< 2	0.44	14.7				
15	1	365	12	6	1	0	> 738	< 2	0.48	14.9				
16	1	722	12	4	1	0	> 738	< 2	0.47	15.1				
17	1	225	12	6	1	0	> 738	< 2	0.41	16.6				
18	1	262	12	2	1	0	2400	< 2	0.44	16.5				
19	1	292	12	2	1	0	1940	< 2	0.46	16.4				
20	1	134	12	0	1	0	830	< 2	0.46	16.2				
21	1	185	12	0	1	0	1160	< 2	0.47	15.8				
22	1	328	12	0	1	0	324	< 2	0.44	15.7				
23	1	199	12	0	1	0	150	< 2	0.48	16.7				
24	1	199	12	0	1	0	400	< 2	0.47	17.6				
25	1	272	12	0	1	0	590	< 2	0.46	17.0				
26	1	218	12	0	1	0	510	< 2	0.46	17.8				
27	1	365	12	0	1	0	470	< 2	0.43	18.3				
28	1	980	12	0	1	0	555	< 2	0.47	20.9				
29	1	909	12	0	1	0	1120	< 2	0.47	21.4				
30	1	5794	12	0	1	0	1040	< 2	0.49	22.7				
31	1	4884	12	0	1	0	1000	< 2	0.49	20.1				
Avg.									0.46	16.1				
Max.		5794					2400	< 2	0.50	22.7				
Min.									0.41	11.1				

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Date	Free Chlorine Residual at Bacteriological Monitoring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1											0
2											0
3											0
4											0
5	0.4	1.0	1.2	1.1	0.8	0.4	0.5	1.5	0.3	1.5	10
6	0.3	1.1	1.2	1.0	0.6	0.3	0.4	1.6	0.7	1.3	10
7	0.5	0.8	1.0	0.8	0.5	0.7	0.4	1.5	0.2	1.2	10
8											0
9											0
10											0
11											0
12	0.6	0.7	1.0	0.6	0.1	0.6	0.7	1.3	0.1	1.2	10
13	0.1	0.8	1.0	0.8	0.6	0.4	0.6	1.1	0.7	1.0	10
14	1.5	1.2	1.0	1.0	0.5	0.4	1.0	1.4	0.1	1.3	10
15											0
16											0
17											0
18	1.2	1.0	0.9	0.7	0.4	0.2	0.7	1.1	0.6	1.1	10
19											0
20	1.0	0.9	1.3	1.0	0.2	0.3	0.9	1.3	0.7	0.1	10
21											0
22											0
23											0
24											0
25											0
26	0.3	0.6	1.0	0.8	0.4	0.3	0.6	1.3	0.6	1.0	10
27	0.2	0.6	1.0	0.7	0.3	0.3	0.5	1.2	0.4	0.3	10
28											0
29											0
30											0
31											0

Distribution Sample Summary	
Total # of routine distribution samples analyzed	100
Total # of routine distribution samples required	100

Distribution Bacteriological Summary	
Total # of positive routine distribution samples	0
Percent of routine distribution samples positive	0%

See page 9 for positive sample information.

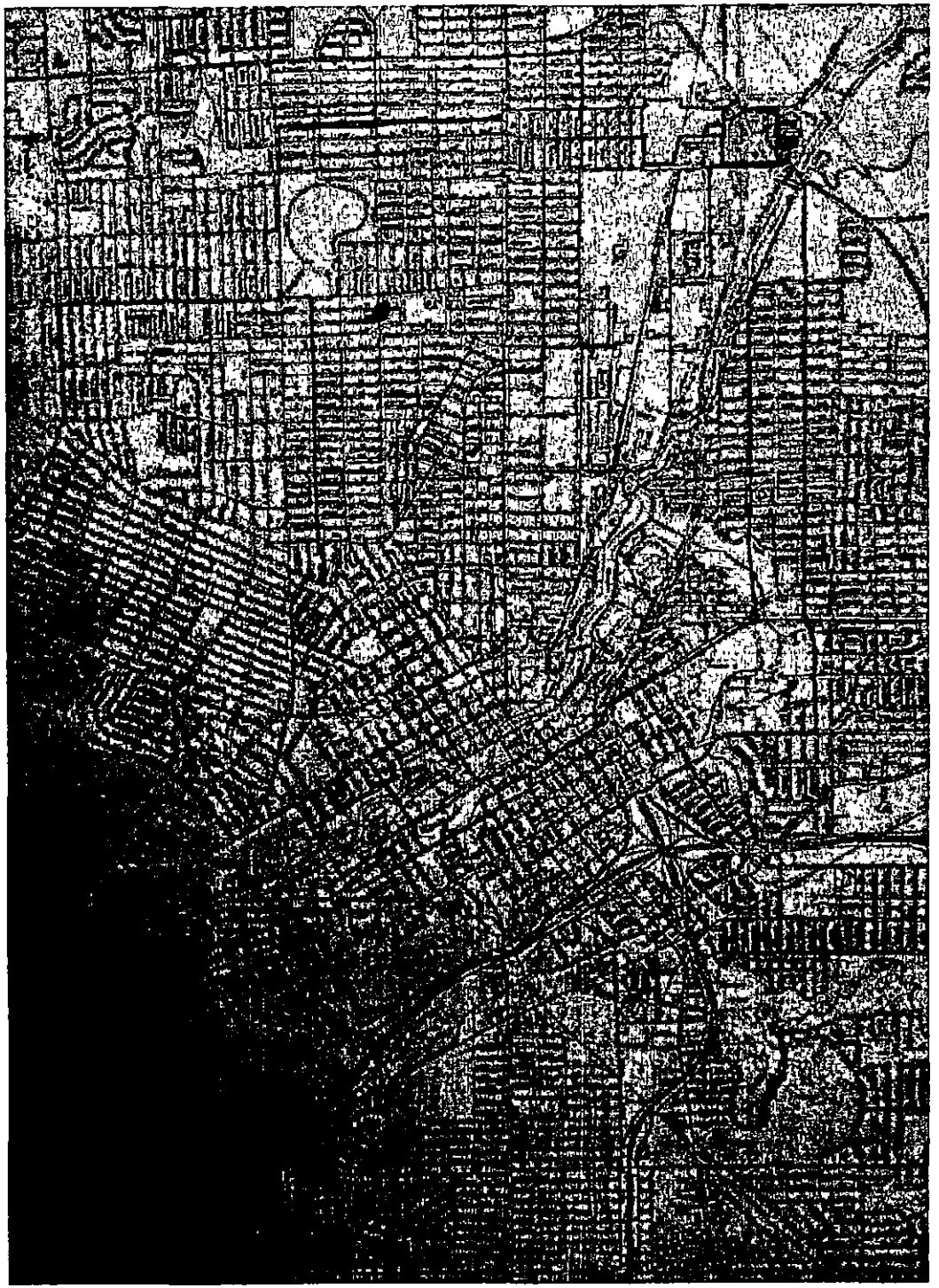
Distribution Disinfectant Total Residual Summary	
Percentage of samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	0.76

Date	Total Chlorine Residual at Bacteriological Montioring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1											0
2											0
3											0
4											0
5	0.6	1.2	1.5	1.4	1.0	0.7	0.7	1.8	0.5	1.8	10
6	0.5	1.4	1.5	1.3	1.0	0.5	0.6	1.8	1.0	1.6	10
7	0.8	1.0	1.3	1.0	0.8	1.0	0.7	1.7	0.4	1.4	10
8											0
9											0
10											0
11											0
12	0.9	1.0	1.3	1.0	0.2	0.7	0.9	1.5	0.2	1.5	10
13	0.3	1.0	1.3	1.0	0.8	0.6	0.8	1.3	1.0	1.3	10
14	1.8	1.5	1.4	1.3	0.7	0.6	1.3	1.7	0.3	1.7	10
15											0
16											0
17											0
18	1.6	1.4	1.3	1 0	0.6	0.4	0.9	1.5	0.9	1.4	10
19											0
20	1.4	1.3	1.7	1.3	0.5	0 5	1.1	1.5	1.1	0.4	10
21											0
22											0
23											0
24											0
25											0
26	0.4	1.0	1.4	1.1	0.7	0.4	0.9	1.6	0.9	1.4	10
27	0.4	1.0	1.2	1.0	0.5	0.4	0.7	1.4	0.5	0.5	10
28											0
29											0
30											0
31											0

Distribution Disinfectant Total Residual Summary	
Percent samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	1.0

Positive Distribution Samples

Date	Monitoring station	Date	Repeat Monitoring Stations	Residual (mg/L) Free / Total	Present or Absent



City of Flint Water System Facts

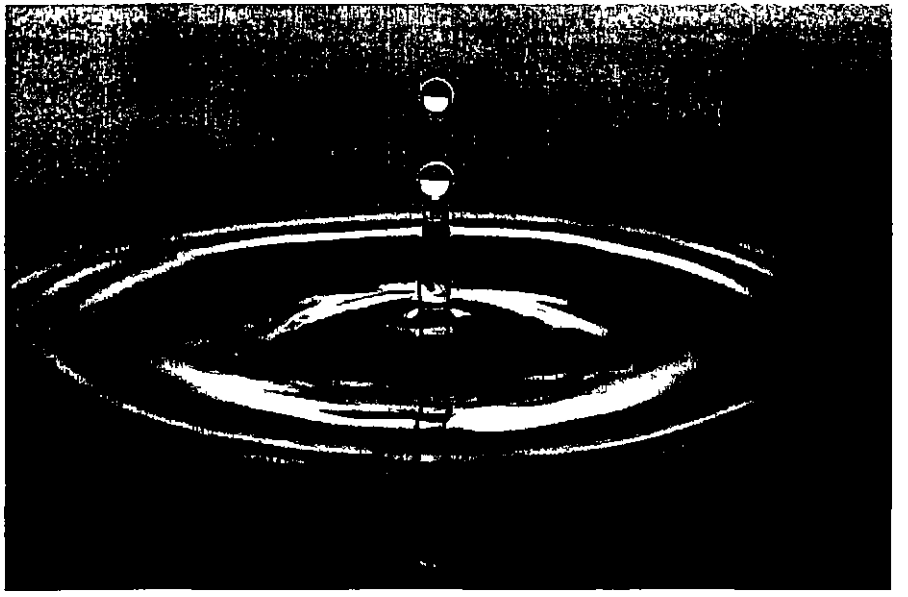
Over 600 Miles of Distribution Mains

Over 7000 Valves
Over 3909 Hydrants

Over 46,000 users in 2006
Only 31,000 users in 2014

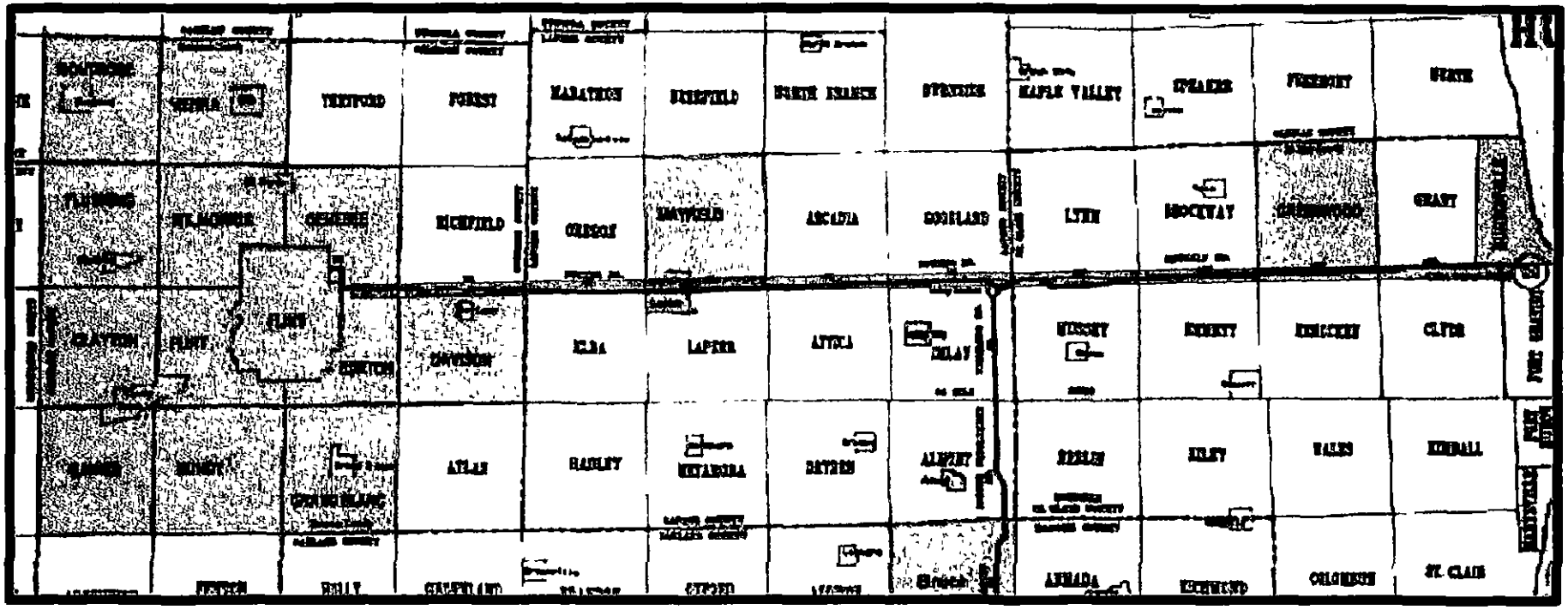
What Can Impact Water Quality ?

- Condition of source water
- Temperature
- Organic material
- Retention time in system
- Low flow
- Dead ends
- Main Breaks
- Repairs



Quality Indicators

- Chlorine residual
- Total coliforms



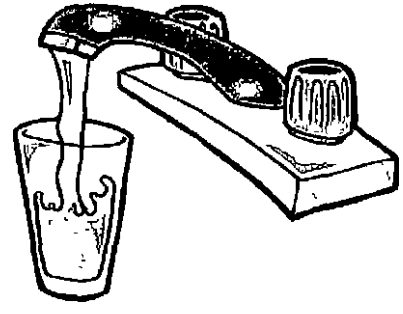
Flint River

vs.

DWSD

CITY TESTING

- ❑ 10 test sites around the city
- ❑ Tests are performed manually 2 – 3 times a week
- ❑ Over 100 Tests are performed a month
- ❑ **All** tests are reported to the DEQ for oversight
- ❑ Tests are performed **EVERY** four hours inside the Plant
- ❑ The City responds to and tests all reported concerns



Michigan DEQ
State License Types

Complete Treatment	Limited Treatment	Distribution
F-1	D-1	S-1
F-2	D-2	S-2
F-3	D-3	S-3
F-4	D-4	S-4

Recent Boil Water Advisories in MICHIGAN

LOCATION	DATE	CAUSE
Edwardsburg / Lunker	Nov 12, 2014	Fire
Superior Township	May 03, 2014	Main Break
Benton Harbor	Jan 9, 2014	Water Pressure
Union Township	Nov 6, 2013	Main Break
Charlevoix	August 7, 2013	Pressure Loss
Novi	Feb 13, 2013	Pressure Loss
Muskegon Heights	Nov 17, 2012	Main Break
Commerce Township	Dec 6, 2010	Depressurization

City of Flint Contacts

Public Works Director	Howard Croft – hcroft@cityofflint.com
Utilities Administrator	Daugherty Johnson- djohnson@cityofflint.com
Plant Supervisor	Brent Wright – bwright@cityofflint.com
F-1 Operator in Charge	Mike Glasgow – mglasgow@cityofflint.com
S-1 Operator in Charge	Robert Bincsik – rbincsik@cityofflint.com

Phone Numbers

City of Flint Treatment Plant	810-787-6537
Public Works Director	810-766-7346 x 2403
Utilities Administrator	810-766-7135 x 2602
EPA Safe Drinking Water Hotline	1-800-426-4791

DWSD Customer Area & Rate Methodology

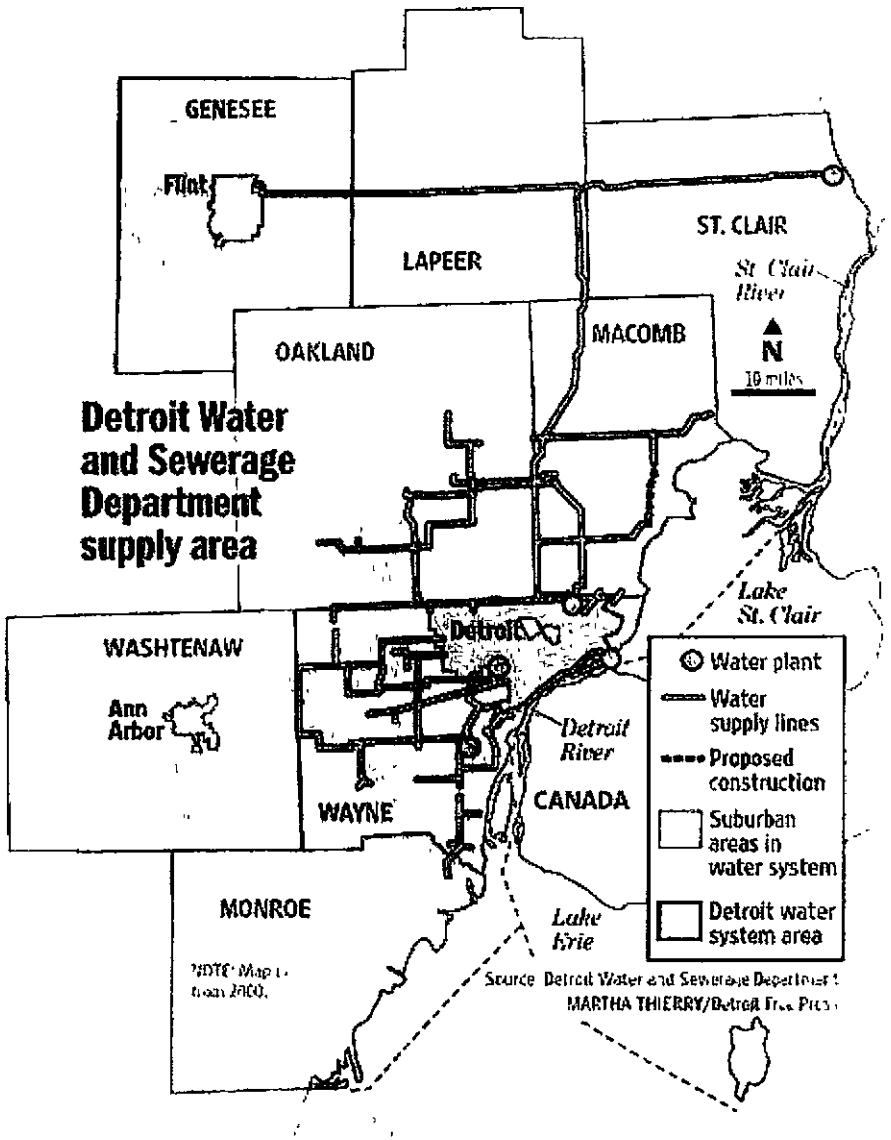


Exhibit C: Development of Unit Cost of Service per Unit

Line No.	Cost Function	Total Utility Basis Revenue Requirement $	Billing Unit Service	Unit Cost of Service $/Unit
1	Base	$ 72,088,500	82,682.5	$ 87.99
2	Maximum Day Increment	26,104,194	55,049.7	474.55
3	Peak Hour Increment	3,758,800	21,709.7	265.27
4	Base Distance	25,408,300	2,005,842.5	1,084.56
5	Maximum Day Distance	10,010,700	1,341,616.6	90.70
6	Peak Hour Distance	5,368,600	322,397.5	9,370.92
7	Base Distance-Elevation	31,006,700	2,645,134.0	11.72
8	Maximum Day Distance-Elevation	51,216,800	1,847,908.8	27.72
9	Peak Hour Distance-Elevation	20,649,400	744,705.7	27.73
10	Customer A	10,184,800	1,129,258	9.26
11	Customer B	16,232,500	449,000	36.97

Community "A"

Cost Function	Base	Max Day	Peak Hour	Total	Elevation Factor
1, 2, 3	$2.69	$ 2.73	$0.56	$ 5.78	
4, 5, 6	1.06	1.65	6.39	3.11	
7, 8, 9	1.50	6.89	1.64	10.10	43.2
Other	0.18			0.18	
Total	$5.49	$11.28	$2.40	$19.17	

Community "B"

Cost Function	Base	Max Day	Peak Hour	Total	Elevation Factor
1, 2, 3	$2.65	$1.95	$0.44	$ 5.04	
4, 5, 6	.094	1.05	0.42	2.41	
7, 8, 9	1.23	3.92	1.57	6.72	34.8
Other	0.09				
Total	$4.91	$6.92	$2.43	$14.26	

KWA Original Engineering Estimates [SEPTEMBER 2009].

Table 1: Demands for Planning

	Initial (2014)		25 Year (2039)	
	Avg Day (mgd)	Max Day (mgd)	Avg Day (mgd)	Max Day (mgd)
Genesee County	14.3	25.0	16.3	32.5
City of Flint	16.5	25.0	21.2	28.8
Lapeer County	2.5	3.8	9.5	14.9
Sanilac County	0.1	0.1	0.1	0.1
Total	33.4	54.0	47.5	76.3

Table 4: Project Operating Expenses during Initial Year of New Lake Huron Water Supply

Community	KWA ($/MCF)	Local ($/MCF)	New Water Supply Treatment Cost (2014)	2009-2010 DWSD Rate
Sanilac County	$1.30	$41.56	$42.86	NA
Lapeer County (GLCUW)	$1.30	$3.11	$4.41	$16.70
GCDC-WWS	$1.30	$2.86	$4.16	$14.32
City of Flint	$1.30	$4.13	$5.43	$14.32

Figure 1 Study Area

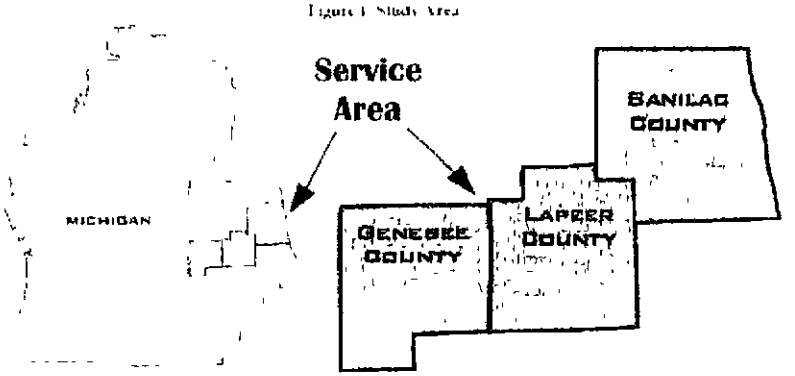
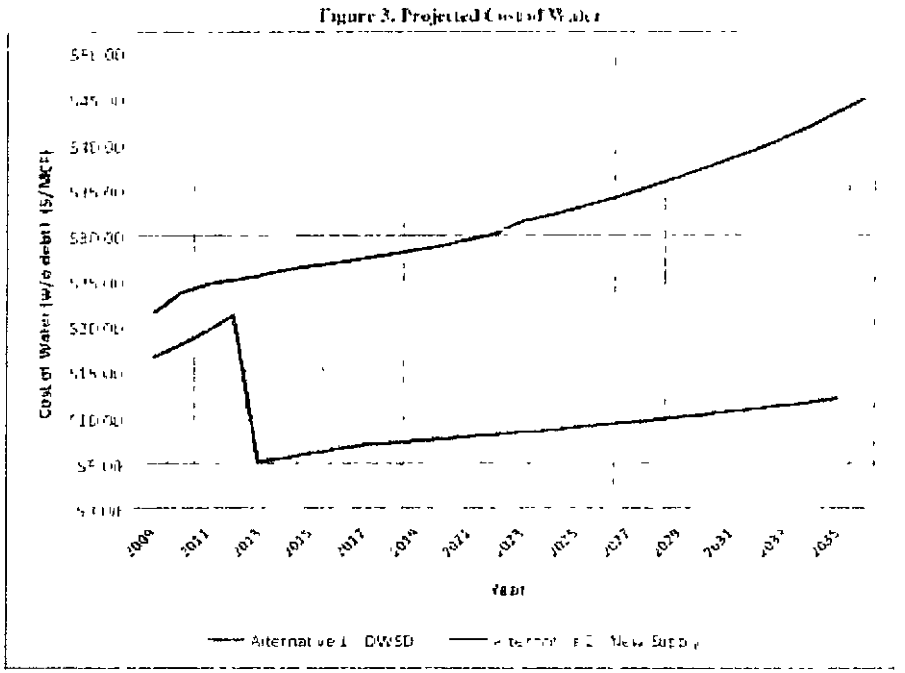
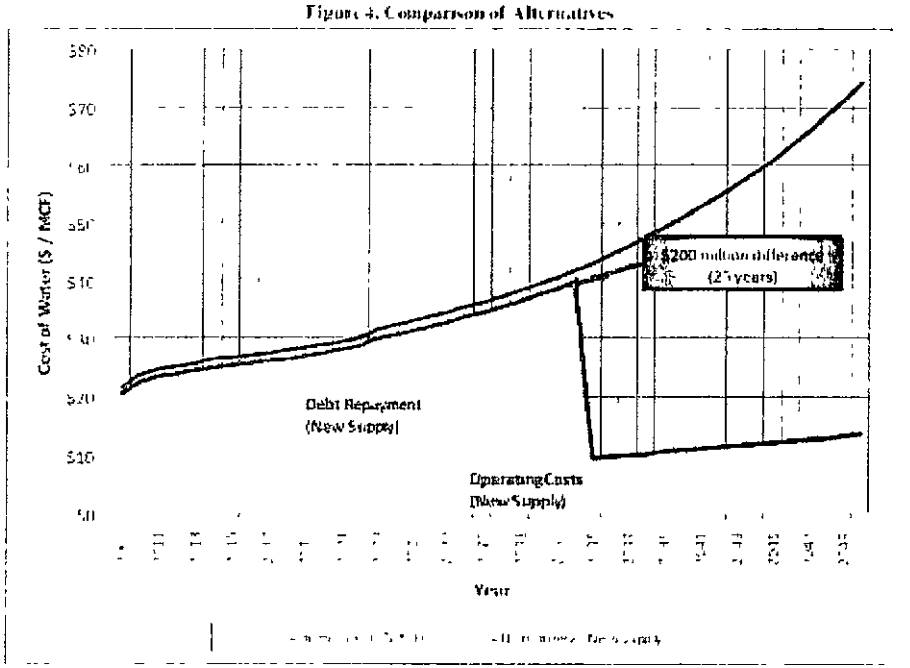


Table 3: Summary of Cost of New Lake Huron Water Supply

Project Component	Total Project Cost	Sanilac Co. Share	Lapeer Co. Share	GCDC-WWS Share	Flint Share
KWA Lake Huron Water Supply	$413,885,707	$879,723	$86,312,736	$188,809,927	$137,859,381
New Sanilac Co. Facilities	$1,049,360	$1,049,360			
New Lapeer Co. Facilities	$40,009,060		$40,009,060		
New Genesee Co. Facilities Upgrades	$110,036,554			$110,036,554	
New Flint Upgrades	$5,987,030				$5,987,030
Totals	$601,709,771	$2,053,083	$126,321,796	$298,938,481	$173,846,411

KWA Original Cost Estimates [SEPTEMBER 2009].





Schafer, Suzanne K. (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Monday, February 03, 2014 12:08 PM
To: David Hodgkins; Ryan, Howard (Treasury)
Cc: Dempkowski, Angela (Treasury); Schafer, Suzanne K. (Treasury); Barton, John (Treasury); Lefler, Brian (BLefler@rwbaird.com)
Subject: RE: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS

David, I looked over this material this weekend and found it somewhat confusing. I would suggest a conference call to outline what is presented. I think we will want this information in a format that is easier to analyze. The call should include the County officials, and their bond counsel, financial advisors and senior managing underwriter. We will have several folks from Treasury and the State`s financial advisor participate so I will ask my assistant Angela Dempkowski to help set up a call. Thank you, Wayne

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W Allegan Street | Lansing, MI 48922

From: David Hodgkins [mailto:Dhodgkins@house.mi.gov]
Sent: Thursday, January 30, 2014 12:33 PM
To: Ryan, Howard (Treasury); Workman, Wayne (TREASURY)
Subject: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS

Hello Wayne and Howard,

Below and attached are the numbers discussed by KWA at our recent meeting. Please let me know if you have any questions.

From: Manny Lentine [mailto:manny@230north.org]
Sent: Thursday, January 30, 2014 10:09 AM
To: John Walsh; David Hodgkins; Matt Solak
Subject: Fwd: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS

Rep. Walsh,

As follow-up to the meeting with Treasury in your office, the below has been prepared by John O'Brien of KWA and John Lininger of Neuma, I am told. Treasury (Wayne) had requested data from KWA.

if this is not in an acceptable format (if, for example, you need an accompanying letter from KWA), please let Matt and I know and one of us will pursue that.

Thank you.

Manny

Begin forwarded message:

From: Rick Johnson <[redacted]@[redacted].com>

Subject: Fwd: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS
Date: January 30, 2014 9:10:09 AM EST
To: Manny Lentine <manny@230north.org>

Need to get this to Walsh.

Sent from my iPad

Begin forwarded message:

> **From:** John Lininger <illproblemsolver@usa.net>
> **Date:** January 29, 2014 at 6:24:50 PM EST
> **To:** Rick Johnson <Rick@dodakjohnson.com>
> **Cc:** 'David Binter' <David@neumainc.com>, 'Mike Trout' <Miket@neumainc.com>
> **Subject: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS**
>
> Rick,
>
> Here is the comparison between bond sale and the Blair proposal. Please be sure to pull up all the attachments included on the model page. The model for Life Settlements has been revised to increase the interest rate to 5.5%. The difference is still over 270 million dollars in favor of the Blair proposal. As I have mentioned on many occasions, we modeled the acquisition cost for the policies @ 16%, which is high in today's market. Point is, the model is very conservative, by design, and we still beat the conventional bond sale by over 270 million. Should the purchase price be less, say 15 or 14% of face, the difference increases dramatically.
>
> The part you are focused on is the different cost to the KWA users,(see attachment to model). Both the bond sales and Blair's paybacks start in year 4..years 1 through 3 are prepaid interest since KWA is obligated to pay Detroit in those years. Cash benefits to the customers start in year 4 with Blair's proposal costing $7,349,383 less annually through year 20. Years 21 thru 25 Blair's proposal is $27,349,383 less annually than bond sales. Plus, the Blair proposal has a cash balance of $26,968,395 million dollars.
>
> I hope these details makes it very clear. I can go over this with you.
>
> John

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Koryzno, Edward (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, February 04, 2014 4:35 PM
To: Baird, Richard (GOV); BymeR1@michigan.gov; Deasy, Thomas (MSP); Etue, Kriste (MSP); Kapp, Gene (MSP); Lee, Nichole (MSP); Muchmore, Dennis (GOV); Roberts, John (GOV); Sands, Thomas (MSP); Sipes, Stephen (MSP); West, Samantha (GOV); Dempkowski, Angela (Treasury); Larkin, Brian (GOV); Darnell Earley; Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Conference Call Agenda - Wednesday, February 5, 2014
Attachments: City of Flint Wednesday Phone Conf Agenda 2-4-14.doc

Good afternoon,

Attached is the agenda for tomorrow's conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00 am Phone Conference Agenda

1) Public Safety Update – FPD, MSP (FFD if needed)

2) Governor's Office Update

3) Retiree Lawsuit – Status, Issues

4) Budget Status

5) Model Labor Contracts – Status

6) Water Transition Plan, Negotiations, Communications

7) Hardest Hit Funds, MHSDA process

8) MDOT/GCRC snow assistance

9) Other Items

Created on: 02/04/13

1-[redacted], access code [redacted]

Schafer, Suzanne K. (Treasury)

From: Dempkowski, Angela (Treasury)
Sent: Friday, February 07, 2014 12:44 PM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Gelisse, Ashley (TREASURY); Byrne, Randall (Treasury); Schafer, Suzanne K. (Treasury)
Cc: Cline, Richard (Treasury); Dube, Mathieu (Treasury); Vandegrift, Drew (TREASURY); Stonebrook, Stacie (TREASURY)
Subject: Latest Version of Gov Presentation
Attachments: Gov Presentation #4 - 1230 PM.docx

Follow Up Flag: Follow up
Flag Status: Completed

1. Any changes, please send directly to me PLEASE
2. Achievements in each community will be added and they will be listed first

Angela Dempkowski | Senior Executive Management Assistant/Treasury
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
dempkowskia@michigan.gov

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Thank you

EMERGENCY MANAGER COMMUNITIES:

City of Allen Park

- Emergency Manager anticipated exit - September 26, 2014
- Resolve retiree healthcare litigation
- Reduce OPEB liabilities by $550,000 annually
- Restructure movie studio debt; offers to purchase the Southfield lease properties (consisting of 104 acres and the occupied building having approximately 773,000 square feet) have been received and are under review
- Complete bond tender offer
- Property values are projected to increase by 5.29%

City of Benton Harbor

- Emergency Manager exit - February 28, 2014
- $2.3-million emergency loan approved to pay delinquent accounts payable totaling $2.3 million
- City Manager appointed

City of Detroit

- Emergency Manager anticipated exit - September 26, 2014
- Property values are projected to decline by 14.79%
- Resolve Chapter 9 Bankruptcy
- Restructure DWSD to a Regional Authority

City of Flint

- Emergency Manager anticipated exit – April 8, 2015
- Has reduced OPEB liabilities by $500 million; continue to reduce remaining $400 million
- Obtain favorable decision in lawsuit challenging changes to retiree healthcare; retiree healthcare cost is $5 million after the 6TH Circuit Court stayed the temporary restraining order
- Resolve Public Safety funding as a result of certain federal grants expiring during FY 15
- Construct Karegnondi Water Authority pipeline; necessary to resolve ongoing and costly issues with current service provider
- CRIME IS DOWN AT WHAT PERCENT?

City of Hamtramck

- Emergency Manager anticipated exit - January 1, 2015
- As part of its overall financial strategy, resolve $2.1 million liability to MERS through issuance of an emergency loan
- Hire City Manager

Pleyte, Beth (Treasury)

Subject:	RDS/DM/GT - Meeting with KClinton/TSaxton/WWorkman - Cities / Wayne County Meeting
Location:	Governor's Office, Romney
Start:	Wed 2/12/2014 4:00 PM
End:	Wed 2/12/2014 4:55 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	GovCalendar
Required Attendees:	Muchmore, Dennis (GOV); Wisniewski, Wendy (GOV); Tedder, Greg (GOV); VanSickle, Michele (GOV); Cousineau, Sara (Treasury); Clinton, Kevin (TREASURY); Doyle, Maureen (Treasury); Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Optional Attendees:	Koryzno, Edward (Treasury)

Call-In for Wayne Workman
888-363-4734
9699404
Host: 4563

Purpose: Distressed entities/cities/county meeting

Attachment: Briefing from Treasury

Treasury Briefing.pdf

POC: Sara C – 12788

Draft 2/11/14

State of Michigan
Executive Office
Governor Rick Snyder

Municipal Issues Update

February 12, 2014

Emergency Manager Communities

- **Flint**
  - Emergency Manager Darnell Earley - anticipated exit April 8, 2015
  - Emergency Manager imposed changes to retiree healthcare are being challenged in court; annual retiree healthcare cost is $5 million after the 6th Circuit Court stayed the temporary restraining order
  - Court decision jeopardizes $500 million in OPEB savings already realized, as well as future ability to reduce OPEB debt
  - Treasury cannot approve City's Deficit Elimination Plan until lawsuit is resolved
  - 31% overall drop in crime and resolve Public Safety funding shortfall of $7 million as a result of certain federal grants expiring during FY 2015
  - Monitor completion of the Karegnondi Water Authority to resolve cost issues with DWSD
  - Ernst & Young is conducting a financial analysis of the water/sewer system and Hurley Hospital
  - Michigan Municipal Training facilitated for local elected officials

Pleyte, Beth (Treasury)

From: Daddow, Robert <daddowr@oakgov.com>
Sent: Thursday, February 13, 2014 9:21 AM
To: Stacy Fox; Rustem, William (GOV); Saxton, Thomas (Treasury)
Cc: 'Jerry Poisson'; roy@macombgov.org; Richard Sulaka Jr.; Solon Phillips; nashj@oakgov.com; barnesm@oakgov.com; 'Gosselin, Robert'
Subject: RE: Presentation Material for this Wedenesday's Workshop

Folks - this is getting tiresome. It saps time and energy that is diverted from the resolution of the MOU efforts. There are three basic issues included in the below string of emails (I have taken the sender and receivers of these emails out in order to protect them to the extent that they can be). At this juncture, the time I would have otherwise spent on other DWSD matters, such as reading some of the material (not least of which is Amanda Van Dusen's changes of about a week ago in the MOU) is postponed in favor of resolving these new issues. On the more detailed rate matter, I am now going to have to schedule a WRC meeting with the appropriate parties to get up to speed on the status -more time.

The issues include:

First paragraph under the asterisks - resistance in releasing actual financial information and contacts. Okay. We can wait.

Second, Flint (a very fiscally distressed city under an EM) - it is my understanding that Flint's contract ends in April 2014 at which time they are transitioning off of the water system. Not unlike Highland Park, Flint will be requested to pay for stranded costs as they stand up their new system. Fine. But, what incentive will Flint, not then receiving services from DWSD will there be to pay the DWSD invoices even if we can get past the notion of the income levels of their residents that likely mirrors Detroit's delinquency rates? I submit, we have another Highland Park in the making. I need to get more details on this matter in the meeting to be held noted above.

Third, the most troubling matter, however, is the effort to permanently inculcate the rate changes below into the remaining life of DWSD and then, through the MOU as drafted, for an extended period of time, even as there is a stated date in theory that the ROR will be phased out (I don't personally believe this for a minute). These games within a game are tiresome. Its tiresome as regardless of what is apparently achieved in the time-consuming process of the below rate-setting effort the entire matter will be revisited now in the MOU process and undone. Or, at a very minimum, will result in an extended discussion of the MOU and add to the complexities of securing sufficient votes out of the commissioners when the time comes.

I have included Com. Gosselin on this email and will start doing so going forward. Depending upon the outcome of the meeting on the below matters to be scheduled shortly it will be documented in the next status memorandum for the Oakland County DWSD Study Group session likely to be held in a few weeks. Adding to the already fairly extensive concerns does little to move this matter forward.

And, to be even more blunt. My schedule and likely others on this email who have devoted extensive efforts to the project and will be expected to do so over the next month likely, as is the case with my conflicts, have delayed projects now coming due. I have a half dozen projects that are well overdue and creating internal issues because of it. But, let me even be more blunt.
Three of the seven SMART board members (RJD, Poisson, Roy) have been extensively involved in the DWSD effort. In August 2014, the voting public of the three counties will be expected to approve a millage rate extension for four years

without which SMART cannot operate for long. While the 196 authorities are responsible for much of the activities of this matter, NO meetings between the SMART board members and SMART administration on the sizing of the millage rate have been held to date. Even as to the limitations of public officials being involved in millage campaigns, no discussions have been held- even as to a briefing of these matters.

If the issues involving DWSD, some of which were outlined in the memorandum supplied to the Oakland County DWDS study group and below persist and (are continually discovered), I am afraid that the voting public will have a very adverse reaction to anything regional and the SMART millage may suffer. No less than water and sewer, the efforts of a regional transit system such as SMART provides economic development stability without which this region will suffer. I don't want this to happen.

Given that any action involved in the below rate making committee that will be revised / reviewed and acted upon by the authority (particularly when there is affirmative voting) make sense? RJD

****
****

Scheduling conflicts prevent me from attending today's Board Workshop. I concur with all the other sentiments echoed. I also spoke very briefly with Charlie Fleetham this morning, and he confirmed that DWSD will NOT be giving as actuals on ANYTHING. (We've been told that they have some numbers which have been "finaled" - but others are TBD as they try to hack through the weeds of DWSD book keeping.) I asked him to adjust the minutes of the last rates group meeting to reflect that we requested the information, and it is being denied.

Additionally, can we not get all contracts which reflect rates rescinded should the Authority come into existence? We can insist as a condition precedent that the Authority will not take on the existing contracts with the new rate structure imbedded; the Authority needs the flexibility to revisit this as they reset the business plan moving forward. Perhaps a lock in for the next year so planning can be done for the near term, but thereafter, NO WAY.

Of course, should the Authority not come into existence...

-----Original Message-----
From:
Sent: Wednesday, February 12, 2014 5:28 PM
To: Daddow, Robert
Cc:
Subject: Re: Presentation Material for this Wedenesday's Workshop

My comments and questions were to help .
Most of the issues were raised by Bryan and are being or are to be addressed for the next meeting on Feb 18.
Flint is another issue. Their water contract terminates on 4/17/14 and DWSD is raising their rates by 10% then and are reviewing further changes for
7/1/14 for rates and stranded capital costs. And we know how communities in fiscal distress without a contract pay their bills aka Highland Pk The water ROR is being proposed to being locked in at the present in proposed and future rates.
We need to get our message across that ROR may change with any Authority decisions.
I will provide more updates tomorrow. Please stay at the wall instead of the ceiling level.
Sent from my iPhone

On Feb 12, 2014, at 11:37 AM, "Daddow, Robert" <daddowr@oakgov.com> wrote:

> - before I bounce off the ceiling again, can you give me any

indication as to whether these matters, when raised, are being addressed by DWSD management at all? Or, as I would imply from the below they are not being addressed and left unattended the wholesale customers are damaged? Are they responsive to these issues when they are being brought to the attention of management?
>
> I am particularly interested in the ROR matter involving the "Forever"
comment and then the new Highland Park - namely, Flint as they exit the system - become another uncollectible account. Both of these issues run to the heart of some of the very issues Oakland has been raising on the DWSD matters from the get go.
>
> -----Original Message-----
> From:
> Sent: Wednesday, February 12, 2014 9:55 AM
> To:
> Cc: > Subject: RE: Presentation Material for this Wedenesday's
> Workshop
>
> I have reviewed this information has provided and have the
following comments/questions:
>
> 1. I notice a past and common, general problem with DWSD, while many
initiatives and proposals have been " approved" by all , I am not aware of the specific details being discussed and finalized. For major changes as Rate Simplification in sewers, these major items need to be discussed and finalized into contract terms. For water, significant changes as Detroit and Dearborn demand changes needed to be reviewed thoroughly in the Analytical Work Group for correctness and uniformity to past practice. As always the" Devil is in the Details." and that is missing from what I am aware of but DWSD is fast forwarding 2015 Water and Sewer Rates thorough the BOWC with these changes for final approvals.
> This also highlights, the common problem recognized but all of us in
> that
DWSD budgets and rates are forecast from prior budget and not actuals. With actual unknowns as fiscal performance, Bad Debt, available cash and all those accounting terms I am not familiar with are missing, any budget and rate formulation is speculation .
> 2. The 4% rate increases in both Water and Sewer are arbitrary in
> that
justification is back calculated from the 4%, everyone understands that the system is becoming more unreliable as necessary additional funds are not being used for needed replacements. While attrition is being highlighted as a cost saving measure , the lack of capable staff is preventing needed problems and projects from being initiated and brought into service.
> 3. From Page 9, it shows that Detroit Water Revenue is projected
> to go
down by 4.5% but 1st Qtr, FY2014 Detroit water sales were down by 13 %.
Detroit retail sewer sales comes from water usage, sewer revenue is projected down 6%, accurate usage projection are forecast with sales volumes leveling off or reaching a plateau; but, actual usage is not aligning with this budget forecast.
> 4. From Page 12, that shows historical system Sewer Rate Increases
Since 2001; does this table include or correct for the annual LookBack Adjustment, as the true annual rate increases would include that adjustment.
I can check this but will need more time.
> 5. Page 15, further highlights the "Ownership Benefit" water rate
> of
return adjustment becoming a "Fixed Adjustment" baked into the water rates FOREVER.
> 6.. Page 15 at bottom, discussion of "Allocated Revenue
> Requirements

for ALL Customers now directly impacted"; this appears to me that DWSD is requiring us to pay the Rate of Return in Water as a yearly fixed charge and also requiring us to share in system saving and losses which has not been the case for water in the past as the City of Detroit was taking the financial risk and benefit at least that's what DWSD said. System losses appeared to be shared by all from what I could glean from the financial statements.

> 7. Page 27 shows Detroit Retail Revenue Requirements; Water is

projected down 5.6% and Sewer down 9% in sales volume and Revenue Requirements are projected flat (down 0.2%). Again, an actual financial history of DWSD Financials with Detroit Bad Debt and Year to Date water and sewer usage is needed.

> 8. Page 5 of the Second Attachment with" FY 2014-15 Water

> Allocation

and Rate Design Strategy Highlights" at top of page at item #3 , second bullet at bottom of page, Dearborn and City of Detroit allowed to use averaging method for peaking factors and data not reviewed by Water Work Group as is present practice and procedure.

> 9. For " Proposed Modified Water Rate for Flint" attachment, both

capital stranded costs and future system expenses for operation and maintenance and repair and replacement need to be detailed and highlighted as after contract termination on April 17, 2014, most of these costs should be directly charged to Flint and collection may be problematic. A payment in advance or cash on hand for future service needs and possible future repairs or replacement should be considered. This is another Highland Park in the makings! With additional legal fees and future Court proceedings!!

> 10. These rates and authority discussion only highlight the need

> for

thorough financial and system review with actuals. We cannot afford to jump into the future with unknowns and we cannot maintain our present standard of living without reasonable and dependable water and sewer service. This is our only chance to get this RIGHT!

>

>

>

>

>

Goodrich, Harlan G. (Treasury)

From: Goodrich, Harlan G. (Treasury)
Sent: Wednesday, February 12, 2014 7:40 AM
To: Schwartz, Jeffrey (Treasury)
Subject: Accepted: KWA questions

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LOCAL AUDIT AND FINANCE DIVISION
LANSING, MICHIGAN 48922

Amount Paid	$2,000 Pd by Auth
Date Received	2/11/2014

MUNICIPALITY:	*City of Flint*	MUNI CODE:	*25-2-040*
DATE RECEIVED.	*2/6/2014*	APPLICATION #:	*1304*
DEADLINE:	*3/21/2014*	PUBLIC ACT.	*233 of 1955* *34 of 2001*
AMOUNT OF SECURITY:	*not to exceed $220,500,000*	MATURITY DATE.	*11/1/2043*
TITLE OF SECURITY	*Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A*		

==========

STAFF POINT SHEET - LONG TERM MUNICIPAL SECURITIES

5:1 RATIO:	OK - 2/10/2014
APPLICATION:	OK - 2/10/2014
AUDIT NOTES.	*OK - 2/10/2014*
AUTHORIZING RESOLUTION:	*OK - 2/10/2014 / Order by EM on 9/11/2013*
BUDGET:	*OK - 2/10/2014 / Revenues = Expenditures*
CURRENT AUDIT:	*OK - 2/10/2014 / Received 12/20/2013*
DEBT LIMITATION(s):	*N/A-2/10/2014*
DEFICIT ELIMINATION PLAN:	*Submited, not certified/pending*
REVENUE COVERAGE.	*Capital Improvement Bond / Rates and Charges*
PRIN. ON P+I SCHEDULE ≤ PRIN ON APP. & RES.:	*OK - 2/10/2014*
MUNICIPALITY'S FILE.	*OK - 2/10/2014*
NEGOTIATED SALE.	*OK - Negotiated Sale on contract with KWA (Page 10, Section 18)*
PERMITS-GRANTS, ETC.	*OK - Genesee Cty Drain Commissioner's Office Letter*
NET PRESENT VALUE SAVINGS CALCULATION:	*NA - Not Refunding*
QUALIFYING STATEMENT.	*2013 QS denied for sec (a,b,&m), City submitted defcy letter on 2/25/2014; 02/26/2014*
REFERENDUM PERIOD EXPIRATION:	*Submited by City of Flint and County of Genesse*
SPECIAL MEETING WAIVERS:	*NA*

PURPOSE: For the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local Units, together with all and necessary appurtenances and attachments thereto.

COMMENTS:

REVIEW COMPLETED

REVIEWER: AJ Zahrt & Jeff Schwartz Recommendation: Approve: - Deny: - DATE: 2/10/2014

MANAGER: _____ Recommendation: Approve: _ Deny: - DATE: _____

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LOCAL AUDIT AND FINANCE DIVISION
LANSING, MICHIGAN 48922

Amount Paid	$2,000 Pd by Auth
Date Received	2/11/2014

MUNICIPALITY:	*Genesee County*	MUNI CODE:	*25-0-000*
DATE RECEIVED:	*2/6/2014*	APPLICATION #:	*1305*
DEADLINE:	*3/21/2014*	PUBLIC ACT:	*233 of 1955*
AMOUNT OF SECURITY:	*not to exceed $79,500,000*	MATURITY DATE:	*11/1/2044*
TITLE OF SECURITY:	*Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 B*		

==========

STAFF POINT SHEET - LONG TERM MUNICIPAL SECURITIES

5:1 RATIO:	OK - 2/10/2014
APPLICATION:	OK - 2/10/2014
AUDIT NOTES:	*OK - 2/10/2014*
AUTHORIZING RESOLUTION:	*OK - 2/10/2014 / Resolution # 13-346*
BUDGET:	*OK - 2/10/2014 / Revenues = Expenditures*
CURRENT AUDIT:	*OK - 2/10/2014 / Received 3/28/2013*
DEBT LIMITATION(s):	*NA - 2/10/2014*
DEFICIT ELIMINATION PLAN:	*OK - 2/10/2014 / DEP was Certified on June 12, 2013 for 2012*
REVENUE COVERAGE:	*Capital Improvement Bond / Rates and Charges*
PRIN. ON P+I SCHEDULE < PRIN. ON APP & RES.:	*OK - 2/10/2014*
MUNICIPALITY'S FILE:	*OK - 2/10/2014*
NEGOTIATED SALE:	*OK - Negotiates Sale on contract w/ KWA (Page 10, Section 18)*
PERMITS-GRANTS, ETC.	*OK - Genesee Cty Drain Commissioner's Office Letter*
NET PRESENT VALUE SAVINGS CALCULATION:	*NA - Not Refunding*
QUALIFYING STATEMENT:	*OK - Compliance Letter approved on June 24, 2013*
REFERENDUM PERIOD EXPIRATION:	*OK - 2/10/2014*
SPECIAL MEETING WAIVERS:	*NA - Regular Meetins on July 31, 2013*

PURPOSE: For the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local Units, together with all and necessary appurtenances and attachments thereto.

COMMENTS:

REVIEW COMPLETED

REVIEWER: AJ Zahrt & Jeff Schwartz Recommendation: Approve: _ Deny: - DATE: 2/26/2014

MANAGER: _____ Recommendation: Approve: - Deny: = DATE: _____

Koryzno, Edward (Treasury)

From: Darnell Earley <dearley@cityofflint.com>
Sent: Monday, February 17, 2014 2:31 PM
To: Workman, Wayne (TREASURY)
Cc: Gerald Ambrose (gambrose@cityofflint.com); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: Re: FW: Synopsis of Dec. 19, 2013 State of MI Flint Water and Sewer Opportunities

Good Afternoon Wayne:

Both Jerry and I will be there Wednesday. We will be prepared to discuss the attaqched.

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Flint, MI

On Mon, Feb 17, 2014 at 10:14 AM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

Darnell and Gerry, If you will be in Lansing for our call Wednesday, maybe we can touch on this. The State has done some business with these folks in the past.

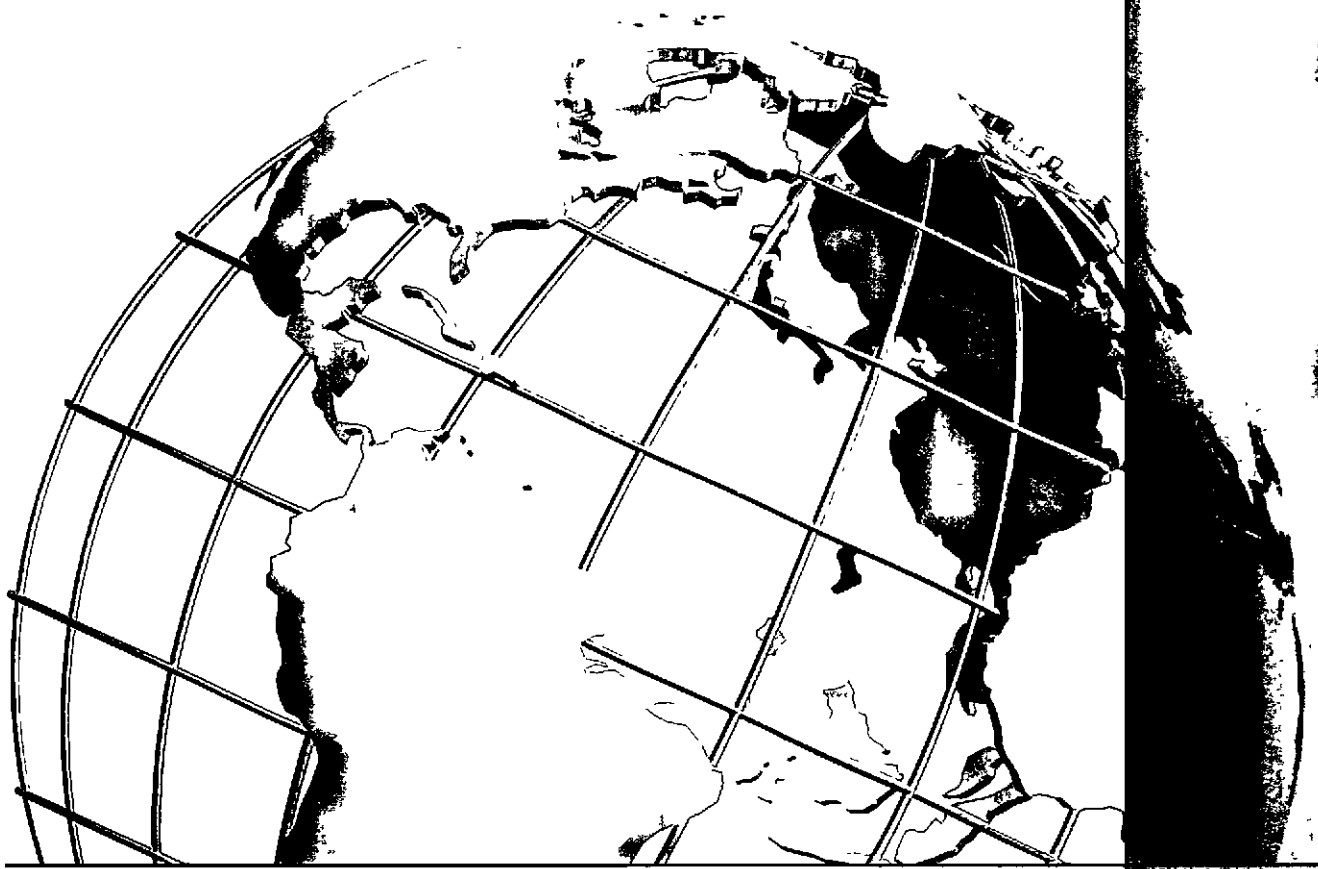
From: Pritz, Neil [mailto:neil.pritz@bmo.com]
Sent: Friday, February 14, 2014 6:10 PM
To: Workman, Wayne (TREASURY)
Subject: Synopsis of Dec. 19, 2013 State of MI Water and Sewer Opportunities

Dear Wayne,

Here is a synopsis of our Dec 13 presentation to the State. We would be pleased to discuss with the EM the range of alternatives available to the City for possibly improving operations and efficiencies with its water and wastewater enterprise.

Look forward to talking with you further.

Neil



Synopsis of
December 19, 2013 Presentation to:

State of Michigan

City of Flint Water and Sewer Division Opportunities

February 14, 2014

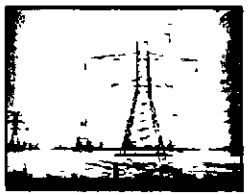
BMO Capital Markets

Contents

BMO Capital Markets' Value Offering	2
Relevant Water & Utility Transaction Experience	3
Why Governments Use P3 Methods	4
Potential Timeline	5
Bid Process Options	6
Challenges for Owners/Operators of Water/Wastewater Assets	7
Water and Wastewater Alternatives	8
Appendix: Case Study of Lower Colorado River Authority	9

BMO Capital Markets' Value Offering

- Expertise across various products and sectors
- Relationships with key public sector stakeholders and with major private sector clients
- Integrated team based approach to providing solutions

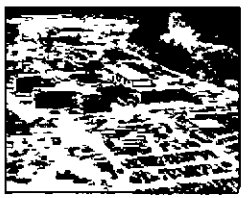


Strong Knowledge of Government Perspectives

- Strong relationships with all levels of government
- Canadian & US focus
- Understanding of objectives / constraints and multiple stakeholder responsibilities
- Privatization / divestitures
- Infrastructure procurement
- Provincial and municipal debt

Detailed Knowledge of Infrastructure Asset Classes

- Procurement models for new infrastructure and asset divestitures
- Various sector expertise
  - Real estate
  - Transportation
  - Airports
  - Healthcare
  - Justice
  - Water
  - Power & Utilities
- Financing
- Credit expertise
- M&A



Innovative P3 Expertise

- Procurement process
- Risk transfer
- Project agreement
- Market expertise
- Proponent relationships
- Financing structure
- Financing solutions

Deep North American Footprint

- Integrated, cross border BMO team
- Canadian & US focus
- Sharing of expertise and resources across borders
- Relationships with international sponsors
- US public finance and infrastructure execution – building on Canadian expertise and execution base

Relevant Water & Utility Transaction Experience

Selected Financing and Advisory Transaction Experience

$237.5 million
Lower Colorado River Authority
Water & Wastewater System Divestiture
Financial Advisor
July 2012

C$665 million
Alta Wind Energy (VII & IX)
Joint Lead Arranger & Documentation Agent
April 2012

$326 million
Central Valley Project Water System Revenue Bonds
Co-Senior Manager
March 2012

C$520 million
Lower Mattagami River Project
Senior Secured Notes
Joint Bookrunner
May 2011

$1.4 billion
American Municipal Power Combined Hydro Project Revenue Bonds
Joint Lead Bookrunner
December 2010

$103 million
Senior Unsecured Debentures Due 2042
Joint Lead & Bookrunner
October 2012

Selected BMO Team Experience while at Prior Firms

$146 million
Rialto Water Services
Water & Wastewater System Concession
Private Placement

$500 million
Carlsbad Desalination Project Project Financing
Financial Advisor

Truckee Meadows Water Authority
P3 Sole Sell-Side Advisor
2007

$91 million
New Haven Water Pollution Control Authority
Financial Advisor/ Lead Bookrunner
2002 & 2005

$452 million
Truckee Meadows Water Authority
Asset Acquisition Lead Manager
2001

A growing presence in the infrastructure advisory and financing space

Why Governments Use P3 Methods

Four Main Benefits of P3

Risk Transfer

- Ability to transfer key risks to the private sector owner/operator
  - Revenue/demand risk
  - Construction risk
  - Technology and performance risk
  - Operating and maintenance risk
  - Lifecycle/capital reinvestment risk

Private Sector Expertise

- Access to top international best practices in private sector
  - New technologies
  - Innovative management techniques
  - Cost innovation in lifecycle/rehabilitation planning
  - Innovative designs to reduce cost and enhance performance

Additional Resources

- P3 projects maximize the capital proceeds which can be raised against infrastructure asset
  - Access to debt **and equity** capital
  - Competitive bid process ensures most attractive valuation
  - Leasing of existing assets often bring large upfront sums
  - Brings outside personnel to supplement agency staff

Timing & Certainty of Delivery

- P3 structures can accelerate the delivery of the asset by years
  - Private firms often submit multiple design alternatives to speed permitting and construction timeline
  - Construction price is fixed at financial close
  - Delays past the guaranteed delivery date result in liquidated damages paid per day to the procuring authority

Risk transfer, accelerating delivery and tapping equity capital for infrastructure are drivers of P3 rationale

Potential Timeline

Step 1: Hire Advisory Team & Prepare Asset

HIRE ADVISORY TEAM

- **Concession Specialist :** BMO's knowledge of the US Water and Wastewater Asset Classes will allow us to "quarterback" the process
- **Industry Consultant:** Should prepare reports and ready for dissemination to investors
- **Legal Team:** Will prepare Transaction Agreement with advise from BMO

ACQUIRE LEGAL APPROVALS AND BEGIN TO PREPARE ASSET

- Begin to prepare teaser and Confidential Information Memorandum, and work with Nassau County stakeholders to define transaction goals

Step 2: Investor Solicitation and RFP Issued

ASSET TEASER DISTRIBUTED

- BMO & industry consultant prepare asset description for potential investors

CONFIDENTIALITY AGREEMENTS & CONFIDENTIAL INFORMATION MEMORANDUM DISTRIBUTED

- Concession Advisor and Industry Consultant prepare detailed asset description for potential investors who sign Confidentiality Agreements, both of which will be managed by BMO to extent desired

RFP ISSUED TO DETERMINE QUALIFIED BIDDERS

- Only bidders with experienced teams and meeting certain minimum requirements will be permitted to bid on assets

Step 3: Due Diligence and Investor Meetings

INVESTOR PRESENTATIONS SCHEDULED WITH NASSAU COUNTY

DUE DILIGENCE COMMENCES INCLUDING DIGITAL DATA ROOM

- BMO manages the data room and assists with the development of presentations and due diligence

LEGAL TEAM AND BMO FINALIZE LEASE AGREEMENT

Step 4: Final Bidding and Closing

FINAL BIDDING

- Final, Binding Bids will be used to select the winner

CLOSING

- Length of closing after award of contract should allow sufficient time for debt syndication by bidders or County lease securitization – i.e., 2-3 months

Step 1
- March to April

Step 2
- April to July

Step 3
- July to September

Step 4
- September to November

Schedule is driven by concessionaire's goals with the type of process being the key variable

Bid Process Options

When there is sufficient time to conduct an auction the wide audience of potential investors for water and wastewater assets suggests either full or limited auction as opposed to a direct negotiation with a limited subset of buyers

	Public Auction	Limited Auction	Negotiated Sale
Mechanism	• Issue press release and contact broad universe of potential buyers • Solicit indications of interest and final bids • Negotiate with highest bidders	• Identify and discreetly contact a limited number of potential buyers • Solicit proposals • Negotiate with one or more bidders	• Identify and contact most logical potential buyer • Negotiate exclusively with potential buyer
Buyer Universe	• 15 – 30 Buyers	• Fewer than 10 Buyers	• 1 to 5 buyers
Price Competition	• May optimize price by attracting previously unidentified partners	• Opportunity to create price competition • Create leverage to negotiate better terms with original partner	• Without other bidders this option may offer the least competitive price
Process Flexibility	• Less flexibility than other processes	• Offers high flexibility	• Most flexible process
Execution Timeframe	• Longer Execution time	• Medium execution time	• Shorter execution time
Negative Implications from Failed Process	• Time consuming process that puts the asset under intense scrutiny	• Risk of losing pre-emptive offer	• Risk of leaving value on the table
Considerations	• Reluctance of certain potential buyers to participate in auctions • Most effective with broad list of potential buyers	• Risk of both alternative forms	• Risk of unsuccessful sale and suboptimal valuation

Challenges for Owners/Operators of Water/Wastewater Assets

Challenge	Risk / Opportunity
Increasing Costs	• Maintenance costs increase, particularly with older infrastructure • Many areas facing electricity cost increases • Availability of water
Aging Infrastructure	• 700 water main breaks per day in the US
Rate Structures	• Per capita consumption declining, which will inevitably impact rates
Efficiency & Innovation	• System modernization • Automatic water meters
Capacity / Shifting Demands	• Densification in existing areas and growth in underdeveloped areas
Public Backlash against privatization	• Agencies considering privatization may face public backlash
Aging workforce	• Retaining best staff comes at a price
Increasing Regulation	• Clean and safe drinking water may be threatened by pharmaceuticals and fracking • Increased regulation by EPA on VOCs • More stringent enforcement of CSO overflow events
Security and Climate Uncertainty	• Adapting to ensure safe and secure water supply as well as wastewater conveyance and treatment for future generations
Political risks of doing nothing	• May be forced to increase rates even under a "Do Nothing" scenario

Water and Wastewater Alternatives

Potential value realization options for governmentally owned water and waste water utility assets include:

Option	Comments
Complete privatization of assets and operations	▪ Sell profitable assets to the private sector ▪ Private Sector investment of capital in productivity improvements ▪ Costs become private sector responsibility ▪ Private sector bidders usually include strategic buyers and infrastructure funds
Privatization of operations under municipal ownership	▪ Fee stream paid up front or possibility of higher annual payments ▪ Private Sector investment of capital in productivity improvements ▪ Value could also be embedded in required capital expenditure upgrades ▪ Take advantage of private sector expertise
Public-private partnership under a concession agreement (length determined based on lifecycle)	▪ Government retains ownership of the asset ▪ Private sector builds Government assets for Land value, monopoly rights or value of government availability payment stream ▪ This option works best for discrete assets that have a significant construction value (pipes, treatments plants)
"Hybrid" utility, with the City as a majority owner or stock holder	▪ Government sells existing utility assets to corporation of which government is a majority stock owner ▪ Remaining shares sold to private investor, pension fund or specialized fund ▪ Corporation is operated like a regulated private utility, with some tax exempt borrowing available ▪ This is a complex structure to complete but allows the continued use of tax-exempt bonds
Other Considerations	▪ Water facilities are very popular with global infrastructure and corporate investors ▪ It is possible to split the asset and unbundling allows some of the asset to be kept by the city and also target different investors with different interests to maximize return

Lower Colorado River Authority (LCRA) – Summary of 32 Water & Wastewater System P3s / Divestitures

Background

- BMO Capital Markets was appointed to serve as sole sell-side advisor to the Lower Colorado River Authority (LCRA) in its proposed divestiture of its retail 19 water and 13 wastewater systems
- LCRA is a conservation and reclamation district in the state of Texas created by the State Legislature in 1934. LCRA is a governmental entity and body politic and corporate of the State without taxing power
- LCRA has invested approximately $300 million since the mid-1990s to expand and construct new facilities and improve substandard system performance

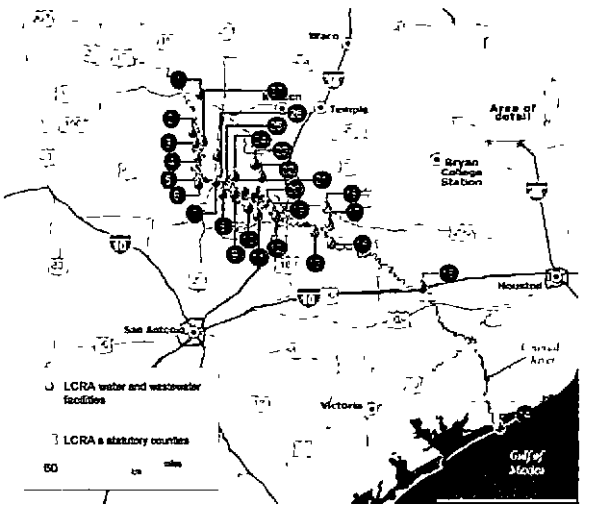
Rationale

- LCRA operates four business units: wholesale energy, transmission, water and community services
- Through its water unit, LCRA manages water supplies for cities, farmers and industries along a 600-mile stretch of the Colorado River, rising out of Dawson County in west Texas to Matagorda Bay, southwest of Houston
- The LCRA Board of Directors did not view the water and wastewater systems as core assets as they constituted less than 5% of their aggregate revenues but consumed significantly more staff and management time with many systems operating with sizable financial losses

System Statistics

- LCRA's water service area, which includes not only LCRA's statutory boundaries but also the watershed of the Colorado River below the intersection of Coleman, Brown and McCulloch counties, covers approximately 20,000 square miles in all or part of 33 counties
- Based on service area and the number of independent systems, it is believed to be one of the largest Water - Wastewater P3s / Divestitures in US history

LCRA Water & Wastewater Systems



West Travis County Region

20	Glenlake Water
11	West Travis County Water
12	Rollingwood Wastewater
19	West Lake Hills Wastewater
11	West Travis County Wastewater

Williamson County Region

22	Sandy Creek (Leander) Water
23	Liberty Hill Wastewater

Southeast Region

15	Alleyton Water
14	Matagorda Dunes Water
15	Alleyton Wastewater
17	Camp Swift Wastewater
18	Elgin Wastewater
16	Tahitian Village Wastewater
14	Matagorda Dunes Wastewater
13	McKinney Roughs Wastewater
-	Windmill Ranch Wastewater

Hill Country Region

27	Sonoma Beach Water
4	Lake Buchanan Water
[illegible]	[illegible]
1	Lometa Water
1	Lometa Wastewater
3	Paradise Point Water
8	Quail Creek Water
9	Ridge Harbor Water
9	Ridge Harbor Wastewater
6	Sandy Harbor Water
25	Smithwick Mills Water
[illegible]	[illegible]
21	Spicewood Beach Water
5	Sunrise Beach Water
2	Tow Village Water
24	Whitewater Springs Water

Raw Water Pumping Systems

10	Lakeway Raw Water Transp
-	Windmill Ranch Raw Water Transp

*Systems not a part of this divestiture

Diversity of approaches from Public-to-Public and Public-to-Private transactions with a combination of asset sales, concessions and operating agreements represents a one-of-a-kind strategic approach

LCRA – Development of an Optimized Approach

Approach

- BMO conducted an international and domestic investor outreach effort that included local governmental entities as well as international infrastructure funds and the investor owned utilities (IOUs)
- Nearly 100 firms or entities were contacted
- BMO then helped LCRA conduct a rigorous due diligence process with a large number of finalists
- It was determined that splitting the assets was necessary to achieve LCRA's goals
- Optimized structure developed by BMO in concert with LCRA helped achieve LCRA goals of eliminating its operational risks, receiving maximum compensation and ensuring high-quality long-term operations

Structure Overview

- LCRA is utilizing public-to-public and public-to-private transactions as well as a mix of full asset sales, partnerships and operating agreements to achieve its goal of reducing its operating risk and achieving the maximum valuation
- The Corix Utilities transaction is pending State regulatory approval
- Other structures have reached financial close

Systems	Structure of Transaction	Purchaser	Operator
West Travis County Water and Wastewater Systems	Public-to-Public Lease-to-Own (P4)	West Travis Co. PUA (new water district)	Severn Trent (international operator)
4 Standalone Water Systems	Public-to-Public Asset Sales	4 Local Entities	Various
18 Water and Wastewater Systems	Public-to-Private Asset Sales & P3s	Corix Utilities (international operator)	Corix Utilities (international operator)
4 Wastewater Systems	Public-Private O&M Agreement (P3)	N.A.	Corix Utilities (international operator)

BMO helped LCRA achieve goals of eliminating its operational risks, receiving maximum compensation and ensuring high-quality long-term operations

LCRA West Travis County: Private Operator of Public Utility Agency Public-to-Public Lease-to-Own (P4)

Background

- West Travis County represents the largest system with over 11,000 local LUEs
- BMO worked extensively with a collection of local governmental entities as they formed a start-up utility acquisition vehicle – the West Travis County Public Utility Agency (PUA)
- West Travis County Water and Wastewater Systems represented approximately 75% of the historical investment in the LCRA retail assets

Private / IOU Constraints

- Significant use of impact fees created rate-base uncertainty
- An on-going rate case added to valuation constraints

Existing Debt Constraints

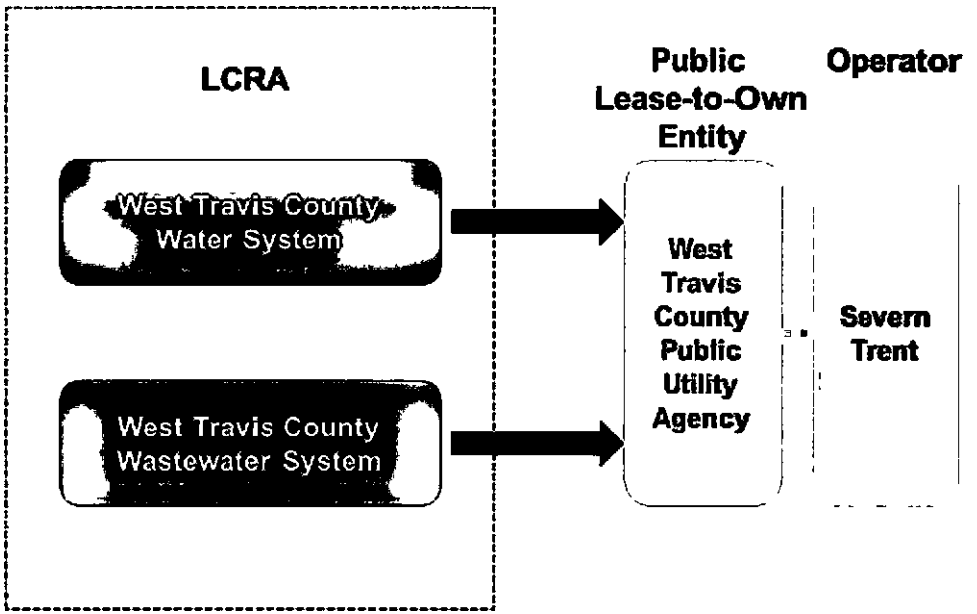
- Significant Debt Defeasance Costs

PUA Constraints

- No operating history
- Inability to replicate LCRA credit structure & leverage

Outcome

- PUA determined to be optimal bidder
- Severn Trent selected as operator
- Lease-to-Own allows PUA to grow into leverage
- Lease payment covenants mirror LCRA bond covenants to preserve LCRA credit
- LCRA fully recovered historical investment in assets
- Staggered defeasance of existing debt eliminated negative arbitrage on defeasance escrow



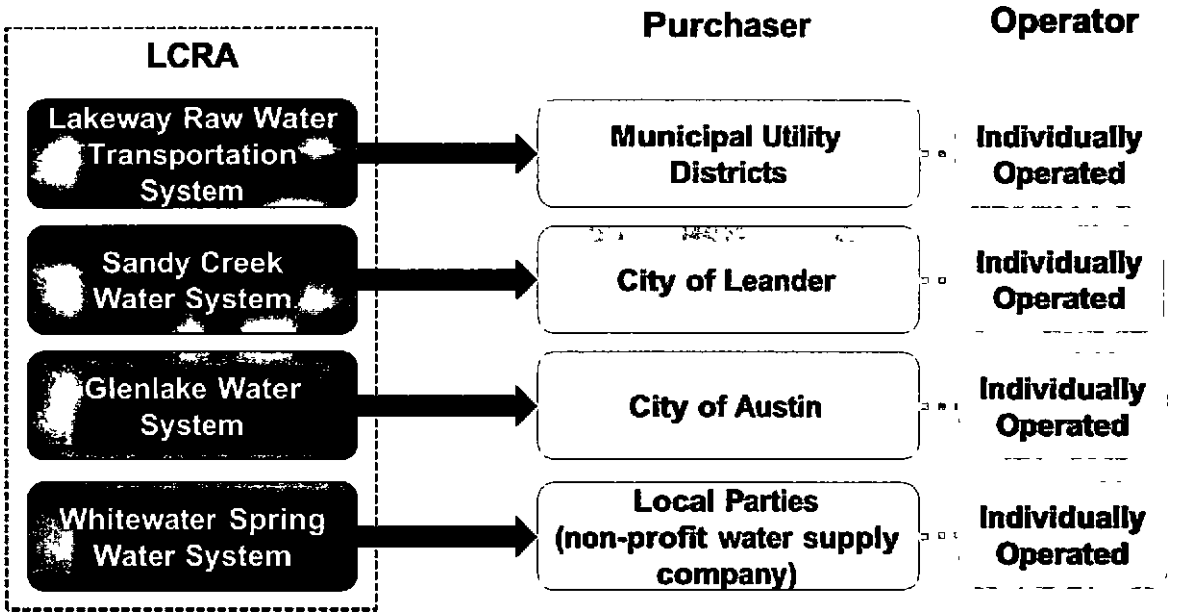
BMO facilitated a rare example of a Public-Public-Private Partnership (P4)

LCRA Public-to-Public Asset Sales

LCRA
ENERGY • WATER • COMMUNITY SERVICES

Summary of Four Standalone Water System Asset Sales

- 4 water systems were sold to local sponsors who provided compelling valuations
- As each of these asset acquisitions were determined to be relatively easy to finance, they were structured as asset sales rather than the modified lease for the West Travis County assets
- 3 of the purchasers had existing operations; the Whitewater Spring system was sold to a newly created water supply corporation



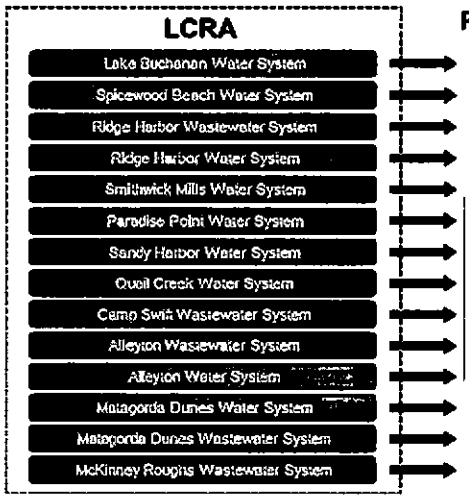
Asset sales to local sponsors are being utilized where optimal

BMO Capital Markets

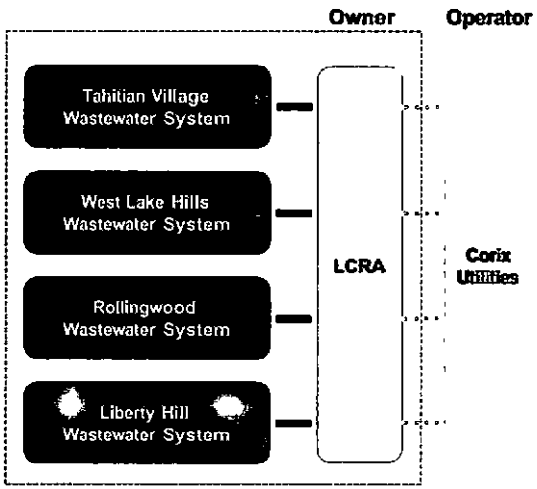
LCRA - Southeastern and Hill Country Region Public-to-Private Asset Sales and P3s

- 18 water and wastewater systems comprising the Southeastern and Hill Country regional assets are presently under Texas regulatory review to be sold to Corix Utilities, a Vancouver based utility service provider expanding in the U.S. through acquisition and P3s
- Corix not only provided the highest proposed compensation for the assets, but pledged to develop a local presence in Austin, retain the affected employees, phase-in rate increases, offer a long P3 financing mechanism for two Lometa systems, operate 4 wastewater systems under a cost-effective P3-O&M contract, and build two new systems under a P3-style structure for Tow Village and Bonanza Beach which had been operating under EPA requirements for high levels of radionuclides
- The proceeds of this transaction will be used to defease the outstanding tax-exempt debt and cover certain costs incurred by LCRA and provide a reserve for the remaining systems

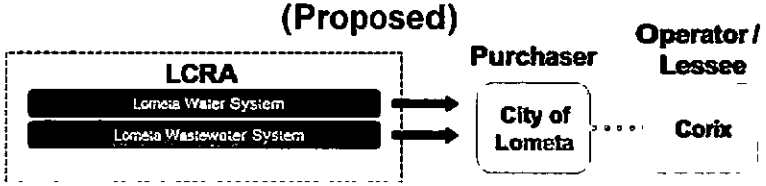
14 Water and Wastewater Systems Asset Sale – Hill Country and Southeast



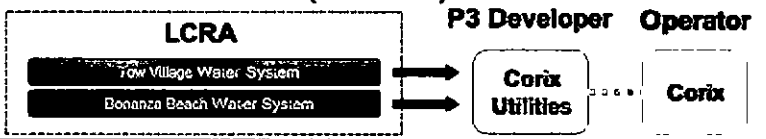
4 Wastewater System P3s (O&M)



2 Lometa Water and Wastewater System P3s (Proposed)



2 Environmentally Sensitive Water System P3s (DBFOM)



ENERGY • WATER • COMMUNITY SERVICES

P3s and Asset Sales have been tailored on a system by system basis

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Koryzno, Edward (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, February 18, 2014 3:15 PM
To: BymeR1@michigan.gov; Deasy, Thomas (MSP); Etue, Kriste (MSP); Kapp, Gene (MSP); Lee, Nichole (MSP); Muchmore, Dennis (GOV); Roberts, John (GOV); Sands, Thomas (MSP); Sipes, Stephen (MSP); West, Samantha (GOV); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Larkin, Brian (GOV); Darnell Earley; Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Bi-Weekly Conference Call Agenda
Attachments: Weekly Phone Conference Agenda 02192014.doc

Good afternoon,

Please find attached the agenda for the Wednesday, February 19th conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00 am Phone Conference Agenda
Feb. 19, 2014

1) **Public Safety Update – FPD, MSP (FFD if needed)**

   FPD, FFD – Proposal for Comprehensive Analysis of Public Safety Services, to be conducted by IMCA, complete in June 2014. Determine best use of manpower, facilities and equipment; and based on resources available - level of service which can be expected.

   Other update by Chief Tolbert and MSP.

2) **Governor's Office Update – B. Clement and/or Rich Baird, H. Hollins**

3) **Retiree Lawsuit – Status, Issues**

   This matter is scheduled for a status conference with Judge Tarnow on Wednesday, February 26. In preparation, the attorneys for all parties will be meeting at Flint City Hall on Friday, February 21 to discuss a variety of issues. Included in those discussions will be a settlement proposal by the City of Flint. At this point, it is unclear whether plaintiffs have a sincere desire to compromise.

   At the status conference, we anticipate the court will issue a scheduling order, including a trial date. We will be requesting that trial be scheduled as soon as possible.

   Early Monday, plaintiffs filed a motion for protective order asking the court to prevent the City from communicating with retirees. This is in reaction to a recent letter from Emergency Manager Darnell Earley to retirees warning of dire consequences if the City does not obtain relief from retiree healthcare costs.

   In the motion, plaintiffs' counsel alleges that plaintiffs are pursuing a class action, however a class has never been certified. Moreover, a large number of retirees have contacted the City to voice opposition to the lawsuit. Thus, plaintiffs' counsel seeks to compel retirees to participate in a lawsuit they oppose; that will significantly harm their interests if he succeeds; and wants to shield them from communication from the City concerning how they will be affected.

4) **Budget Status/ Deficit Elimination Plan**

   We plan to have an amendment to the budget, also an outline of a revised DEP. Also need to alert Treasury of several approvals relating to the WTP expansion which need prompt response.

5) **Model Labor Contracts – Status**

Final drafts of FPOA contract being done, meetings w AFSCME being scheduled. IAFF contract being drafted.

6) **Water Transition Plan, Negotiations, Communications**

DEQ is in final review for COF permit to temporarily store spent lime from water treatment plant – needed for full river water operation. Negotiations have begun with the GCDC and KWA for purchase of existing water pipe and back up plans.

Equipment timing for water plant on schedule.

7) **Hardest Hit Funds, MHSDA process**

EM addressed the GC Commissioners meeting 2/5/14 on Hardest Hit demo funds and line of credit needs. City is also a contractor, we will wait to bill to assist cash-flow and assist however we can to keep reimbursements flowing regularly. Commission passed resolution to back line of credit 9-0.

8) **City Council Update**

Mayor and Council members attended weekend Michigan Municipal League training conference in Frankenmuth.

First three Council committee meetings have been held: Public Safety, Finance and Legislative. Well received, City Attorney drafted a memo detailing how committees work in relation to EM and Council as a whole. Monthly city council meeting met Monday 2/17. Two more committees appointed: Planning and Development, and Public Works.

Finance Cmte agreed to develop a Council/Mayor Strategic Plan for the City. EM has asked Dr. Scorsone to facilitate this process.

9) **Blue Ribbon Cmte.**

Committee has met three times, three more meetings planned. Working now on charter revision recommendations.

10) **EM 7 Point Plan Transition Management Plan**

The 7 points will serve as broad measurement categories to assess when the City is prepared to move to a TAB. See Plan attached to the end of this document.

11) NEW EVIP Proposal

Impact on Flint? Receive 3% constitutional shared rev increase, can still participate in std. reporting AND receive a 20-30% population count increase for funding from the new $28.8 million. Can we project a 15%+ statutory increase?

Created on: 02/14/13

1-[redacted], access code [redacted]

Cousineau, Sara (Treasury)

Subject: FW: Weekly Flint Meetings
Location: Conference Call - Info Below

Start: Wed 2/19/2014 9:00 AM
End: Wed 2/19/2014 10:00 AM
Show Time As: Tentative

Recurrence: Weekly
Recurrence Pattern: every 2 weeks on Wednesday from 9:00 AM to 10:00 AM

Meeting Status: Not yet responded

Organizer: Koryzno, Edward (Treasury)

This meeting was changed to bi weekly.

-----Original Appointment-----
From: Koryzno, Edward (Treasury)
Sent: Tuesday, January 21, 2014 11:49 AM
To: Koryzno, Edward (Treasury); 'gambrose@cityofflint.com'; Byrne, Randall (Treasury); Sands, Thomas (MSP); Clement, Elizabeth (GOV); Saxton, Thomas (Treasury); Etue, Kriste (MSP); Maxine Murray (mmurray@cityofflint.com); Roberts, John (GOV); Larkin, Brian (GOV); Klotz, Josephine (MSP); Kapp, Gene (MSP); Deasy, Thomas (MSP); Workman, Wayne (TREASURY); Sipes, Stephen (MSP); Pekrul, Daniel (MSP); O'Neill, Stephen (MSP); Lee, Nichole (MSP); 'Elizabeth Murphy'; Hollins, Harvey (GOV); Baird, Richard (GOV); Muchmore, Dennis (GOV); West, Samantha (GOV); 'James Tolbert'; Darnell Early (dearly@cityofflint.com)
Cc: 'Darnell Earley'
Subject: Weekly Flint Meetings
When: Occurs every 2 weeks on Wednesday effective 2/19/2014 from 9:00 AM to 10:00 AM (UTC-05:00) Eastern Time (US & Canada).
Where: Conference Call - Info Below

This meeting will now be bi-weekly with the next meeting scheduled for February 19, 2014.

Ed Koryzno to Host
Call in – 1-[redacted]
Access Code –[redacted]
Darnell, Jerry to be in Lansing for call

City of Flint

Dayne Walling
Mayor

Utilities Division

Darnell Earley
ICMA-CM, MPA
Emergency Manager

To: Darnell Earley, Emergency Manager
Howard Croft, DPW Director
Jerry Ambrose, Finance Director

From: Daugherty Johnson, Utilities Administrator

RE: Water Plant Upgrade February expenditure request

In accordance with the Water Plant Upgrade plan (Phase II Segments I & II) the following budgeted requisitions will need State Treasury approval. These upgrades will allow for the City to utilize the Flint River as our primary drinking water source until KWA supply is available. These planned expenditures are contained within the FY14 Budget Amendment. These final items are expected to total $3,982,475.

Item 1 Chemical Systems/Ozone: Design work is completed and ready to bid. Expected total cost is $700,000.

Item 2 Electrical Upgrades: The purchase of the equipment was approved by the State in November and orders were placed. The installation design is completed and bids are due February 20th. Expected cost is $1,200,000. The City will need an executed contract by February 28th in order to have the work completed prior to April start up date.

Consumers Energy's portion of the Electrical upgrades is $225,000. The attached Work Agreement and Purchase Order needs to be executed by Feb. 19th in order to meet the April start up date.

Item 3 Mid-point Chlorination: Design work is completed and ready to bid. The equipment and installation is expected to cost $445,000. The City will need an executed installation contract and purchase orders by Feb 28th in order to meet the April start up date.

Item 4 Pump Station 4: Design complete, bids opened. We need to issue the PO to order the pump and valve for installation early next fiscal year. Bids came in at $307,475. Actual expense will be in July.

Item 5 Raw Water Piping Connection: The design work is complete and ready to bid. This work must be completed prior to the April start date because we will be unable to shut down when KWA Raw Water arrives. The expected cost is $380,000.

Item 6 Lime Softening residuals disposal: Design work is well underway in accordance with the proposed DEQ Consent Order. This work will entail berm construction and drain demolition in the lagoon. It will also require pumping facilities to dewater the lagoon into our Sanitary Sewer. This work is expected to be completed prior to April start up to improve water quality and address environmental concerns. Estimated Cost is $725,000.

Flint Water Treatment Plant expansion 18-Feb-14

		Actual				Budget		
Category	Item #	Prior expenses	Action Items on list	Future Items	Projected Actual	LAN Budget	Item #	Category
chem storage	1		$700,000			$1,180,000	1	chem storage
electrical	2	$1,800,000	$1,200,000			$3,840,000	2	electrical
electrical	2		$225,000					
clorination	3		$445,000			$579,000	3	clorination
pump station #4	4		$307,000			$665,000	4	pump station #4
raw water piping	5		$380,000			$661,000	5	raw water piping
lime softening	6		$725,000			$0		
design			$0	$512,800		$512,800		design
allowances			$0	$30,000		$30,000		allowances
Other								Other
Other								Other
		$1,800,000	**$3,982,000**	**$542,800**	**$6,324,800**	**$7,467,800**		

Cline, Richard (Treasury)

From: Dempkowski, Angela (Treasury)
Sent: Friday, February 21, 2014 4:44 PM
To: Cline, Richard (Treasury)
Subject: FW: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014
Attachments: EME1632014.pdf; EME1642014.pdf; EME1652014.pdf; EME1662014.pdf

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, February 21, 2014 4:40 PM
To: Dempkowski, Angela (Treasury)
Subject: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014

Good afternoon Angela,

We are submitting the following resolutions for State approval. It is my understanding that Treasury was apprised of three of these resolutions on Wednesday, as they are part of the Water Plant upgrade project. The resolution for Newkirk Electric has a very aggressive timeline in which we are asking for an approval no later than Monday afternoon in order to meet the project's deadline of April 1st.

The resolutions are:

1. EME1632014 - Resolution to Newkirk for Electrical Improvements - $852,000.00 (Water Fund)

2. EME1642013 - Resolution to Xylem Water Solution for Pump and Large Motor - $277,000.00 (Water Fund)

3. EME1652014 - Resolution to McNaughton-McKay Electric for Electrical Distribution Upgrades - $1,528,850.00 (Water Fund)

4. EME1662014 - Resolution to AIS Construction Equipment for Leasing of Various Equipment $48,537.14 (Fleet/Central Garage Fund)

In additional information is required, please advise.

Thank you.

—
Maxine Murray
Executive Assistant to

Cline, Richard (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, February 25, 2014 8:41 AM
To: Dempkowski, Angela (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: FW: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014
Attachments: EME1632014.pdf

Importance: High

Angela,

I have reviewed the following resolution:

1. EME1632014 - Resolution to Newkirk for Electrical Improvements - $852,000.00 (Water Fund)

The City wishes a priority response to this.

The resolution is intended to upgrade obsolete electrical equipment.

The bid was the lowest price quoted that submitted a complete bid and complied with all bid process parameters.

As such, I am recommending approval of this Resolution.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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From: Dempkowski, Angela (Treasury)
Sent: Friday, February 21, 2014 4:44 PM
To: Cline, Richard (Treasury)
Subject: FW: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, February 21, 2014 4:40 PM
To: Dempkowski, Angela (Treasury)
Subject: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014

14-5033

(Bid No. 14-088)

EM SUBMISSION NO.: EME163 2014

PRESENTED: 2-21-14

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO NEWKIRK FOR ELECTRICAL IMPROVEMENTS

BY THE EMERGENCY MANAGER

RESOLUTION

The Department of Purchases and Supplies has solicited a bid for electrical improvements to the Water Plant as requested by Utilities Department; and

Newkirk Electric, 2751 Lippincott Blvd., Flint, MI was the lowest responsive bidder from five solicitations for said requirements. The funding for this request will come from the following account number: 591-545.300-801.000; and

IT IS RESOLVED, that the Proper City Official, upon the Emergency Manager's approval, are hereby authorized to enter into a contract with Newkirk Electric for electrical improvements at the Water Plant in an amount not to exceed $852,000.00. (Water Fund)

APPROVED-PURCHASING DEPT: _____
Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE: _____
Gerald Ambrose, Finance Director

APPROVED AS TO FORM: _____
Peter M. Bade, City Attorney

\EFM DISPOSITION:

ENACT _____ REFER TO COUNCIL _____ FAIL _____

_____ DATED: _____
Darnell Earley, Emergency Manager

071013 – DFJ

RESOLUTION STAFF REVIEW

February 20, 2014

Agenda Item Title: Phase II Segment III Installation of Electrical Improvements at Water Plant

Prepared By: John Florshinger, WPC SCADA Supervisor

Background/Summary of Proposed Action
The phase II segment III installation of improvements includes the installation of all medium voltage switchgear lineups, construction of a new substation on plant grounds, and installation of a new medium voltage VFD for pump #1 at PS4.

Current equipment is over 50 years old and is obsolete, unreliable and past its service life. New equipment is safer, reliable, more efficient, and allows for redundant power to the entire facility which is critical once the plant is put into full time service, and required by MDEQ.

All of the equipment is already on ordered and is scheduled to ship by March 20th.

Financial Implications
Please issue a contract with New Kirk Electric in the approved FY2014 budgeted amount of $852,000.00 using account number 591-545.300-801.000.

Budgeted Expenditure: Yes x No Please explain if no:

Account No.: 591-545.801-300.00 - $852,000.00

Pre-encumbered: Yes x No Requisition: 140000084

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Approve

Staff Person: _____
(Approved Staff)

Department Approval: _____
(Department Head)

SEALED BIDS RECEIVED PURCHASING DEPARTMENT ON FEBRUARY 11, 2014
FOR ELECTRICAL IMPROVEMENTS @ WATER PLANT
BID #14-088

NewKirk Electric 2751 Lippincott Blvd. Flint, MI	J. Ranck Electric Inc. 1993 Gover Pkwy. Mt. Pleasant, MI
Total	Total
$852,000.00	$714,545.00*

*Vendor did not submit bid bond as required by bid, nor information disposal of debris, site security, hazardous materials remediation, sanitary facilities, and NETA testing.

Cline, Richard (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, February 25, 2014 8:49 AM
To: Dempkowski, Angela (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: FW: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014
Attachments: EME1642014.pdf

Importance: High

Angela,

I have reviewed the following resolution:

2. EME1642013 - Resolution to Xylem Water Solution for Pump and Large Motor - $277,000.00 (Water Fund)

The City has indicated that the purpose of this purchase is to improve water pumping efficiency to accommodate treating river water for drinking production.

The submittal is the lowest bid by nearly $45,000. As such, I am recommending approval of this resolution.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | clinerl@michigan.gov

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---

From: Dempkowski, Angela (Treasury)
Sent: Friday, February 21, 2014 4:44 PM
To: Cline, Richard (Treasury)
Subject: FW: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, February 21, 2014 4:40 PM
To: Dempkowski, Angela (Treasury)
Subject: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014

Good afternoon Angela,

14-5031

(Bid No. 14-084)

EM SUBMISSION NO.: EME164 2014

PRESENTED: 2-21-14

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO XYLEM WATER SOLUTION FOR PUMP AND LARGE MOTOR

BY THE EMERGENCY MANAGER

RESOLUTION

The Department of Purchases and Supplies has solicited a bid for pump and large motor as requested by the Water Plant; and

Xylem Water Solutions, N27 W23293 Roundy Dr., Pewaukee, WI is the lowest bidder from seven solicitations for said requirements. The funding for this purchase will come from the following account number: 591-545.300-977.000; and

IT IS RESOLVED, that the Department of Purchases and Supplies, upon the Emergency Manager's approval, is hereby authorized to issue a purchase order to Xylem Water Solutions for pump and motor in an amount not to exeeed $277,000.00. (Water Fund)

APPROVED PURCHASING DEPT:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

EFM DISPOSITION:

ENACT _____ REFER TO COUNCIL _____ FAIL _____

_____ DATED: _____

Darnell Earley, Emergency Manager

071013-DFJ

RESOLUTION STAFF REVIEW

February 10, 2014

Agenda Item Title: Water Plant – Pump Station #4 High Service Pump and Motor

Background/Summary of Proposed Action:
The Flint Water Plant has requested to amend their operating permit to treat larger quantities of water for human consumption from the Flint River. The Michigan Department of Environmental Quality requires that the City of Flint, Water Plant replace the 1948 pump #1 and motor. The water Plant staff and the consultants Andrew, Lockwood and Newnam Inc. concur that a 16MGD pump mated with a Variable Frequency Drive Motor will give the Water Plant a more efficient pumping system.

Xylem Water Solutions U.S.A. Inc. met the bid specifications for the pump and motor replacement with lowest bid in the amount of $277,000.00.

Financial Implications:
Please approve the Purchase Order with Xylem Water Solutions Inc. The funds are available in the FY 2014 amended budget amount of $277,000.00 using account 591-545.300-977.000.

Budgeted Expenditure? Yes x No Please explain if no:

Account No.: 591-545.300-977.000,

Pre-encumbered? Yes x No Requisition: 140000088

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Approve

Staff Person:

Department Approval:

SEALED BIDS RECEIVED PURCHASING DEPARTMENT ON January 30, 2014
PUMP AND LARGE MOTOR
BID #14-006

Xylem Water Solutions N27 W23293 Roundy Dr. Pewaukee, WI	Flowserve US 5310 Taneytown Pike Taneytown, MD	Patterson Pump Co 2129 Ayresville Rd. Toccoa, GA	Goulds Pump Co. 41300 Coca Cola Dr. Belleville, MI
Total	Total	Total	Total
$277,000.00	$321,398.00	$349,200.00	$351,535.00

Cline, Richard (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, February 25, 2014 9:46 AM
To: Dempkowski, Angela (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: FW: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014
Attachments: EME1652014.pdf

Importance: High

Angela,

I have reviewed the following resolution:

3. EME1652014 - Resolution to McNaughton-McKay Electric for Electrical Distribution Upgrades - $1,528,850.00 (Water Fund)

This resolution was initially approved by Treasury in November 2013. This resolution amends the original purchase so that next day delivery of the equipment can be acquired. The amendment adds $16,850 to the cost of the project.

As such, I am recommending approval of this resolution.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | clinerl@michigan.gov

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Subject: FW: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014

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Senior Executive Management Assistant
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From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, February 21, 2014 4:40 PM
To: Dempkowski, Angela (Treasury)
Subject: Four Resolutions for Approval EME1632014, EME1642014, EME1652014, EME1662014

Good afternoon Angela,

14-5034

(Bid No. 001400073)

EM SUBMISSION NO.: EME165 2014

PRESENTED: 2-21-14

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO McNAUGHTON-McKAY ELECTRIC FOR ELECTRICAL DISTRIBUTION UPGRADES

BY THE EMERGENCY MANAGER

RESOLUTION

On November 18, 2013, the Emergeney Manager authorized the Department of Purchases and Supplies to issue purchase order # 14-060 to McNaughton-McKay, 1101 E. Fifth Ave., Flint, MI for electrical distribution upgrades at the Water Plant in an amount not to exceed $1,512,000.00; and

The Water Plant is requesting to have said equipment to be shipped next day delivery in an amount not to exceed $16,850.00, in order to adhere to the project's aggressive timeline. The funding for this request will come from the following account number: 591-545.300-977.000; and

IT IS RESOLVED, that the Department of Purchases & Supplies, upon the Emergency Manager's approval, is hereby authorized to issue change order #1 to purchase order # 14-060 to McNaughton-McKay for next day shipping of equipment in an amount not to exeeed $16,850.00 for a revised purchase order amount of $1,528,850.00. (Water Fund)

APPROVED-PURCHASING DEPT:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

\EFM DISPOSITION:

ENACT _____ REFER TO COUNCIL _____ FAIL _____

_____ DATED: _____

Darnell Earley, Emergency Manager

071013-DFJ

RESOLUTION STAFF REVIEW

February 21, 2014

Agenda Item Title: Water Plant – Switch-Gear Shipping.

Background/Summary of Proposed Action:
The Flint Water Plant has requested to amend their operating permit to treat larger quantities of water for human consumption from the Flint River. An April 1st deadline has been set for the Water Plant to be fully operational. To meet this deadline we must expedite the shipment of the Switch-gear that is currently being built.

Financial Implications:
Please process a change order to purchase order #14-060 with McNaughton-McKay for overnight shipping of Switch-Gear for the Water Plant. Funds are available in the FY 2014 amended budget in the amount of $16,850.00 using account 591-545.300-977.000.

Budgeted Expenditure?	Yes x	No	Please explain if no:
Account No.:	591-545.300-977.000		
Pre-encumbered?	Yes x	No	Requisition:
Other Implications (i.e., collective bargaining):	None		

Staff Recommendation: Approve

Staff Person: _____

Department Approval: _____
for D Johnson

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Tuesday, February 25, 2014 7:47 AM
To: Cline, Richard (Treasury)
Subject: Flint Resolutions

Eric:

Jerry Ambrose called this morning to find out the status of the Kirtland contract? This one is critical for the water system to function when the water supply changes. Please discuss.

Thanks,
Randy,

Randall D. Byrne, Manager, Office of Fiscal Responsibility
State of Michigan 430 W. Allegan St. , Lansing, MI 48922
ByrneR1@michigan.gov (517) 335-2521

Think Green! Don't print this e-mail unless you need to.

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Goodrich, Harlan G. (Treasury)

From: Massaron, David P. <Massaron@MillerCanfield.com>
Sent: Tuesday, February 25, 2014 4:12 PM
To: Goodrich, Harlan G. (Treasury)
Cc: Dimov, Sylvia; Gerald Ambrose
Subject: Letter for Treasury
Attachments: KWA Qualifying Ltr.PDF

Harlan,
We hope this works for Application Approval purposes. Please let us know if you need anything else with respect to the application.

Thanks very much,
-Dave

David P. Massaron | Attorney and Counselor at Law
Miller Canfield
Detroit 1.313.496.7523 | **Lansing** 1.517.483.4912 |
Mobile 1.313.319.0659 | **Fax** 1.313.496.8451 |
massaron@millercanfield.com | View Profile + VCard

This electronic message and all of its contents and attachments contain information from the law firm of Miller, Canfield, Paddock and Stone, P.L.C which may be privileged, confidential or otherwise protected from disclosure. The information is intended to be for the addressee only. If you are not the addressee, then any

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NOTICE TO PERSONS SUBJECT TO UNITED STATES TAXATION (MCPS)

DISCLOSURE UNDER TREASURY CIRCULAR 230: The United States Federal tax advice, if any, contained in this document and its attachments may not be used or referred to in the promoting, marketing or recommending of any entity, investment plan or arrangement, nor is such advice intended or written to be used, and may not be used, by a taxpayer for the purpose of avoiding Federal tax penalties.

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Suzanne Schafer, Administrator
Local Audit and Finance Division
Michigan Department of Treasury
P.O. Box 30728
Lansing, MI 48909-3227

Re: FLINT CITY (252040)
Qualifying Statement

Dear Ms. Schafer,

We are in receipt of your letter dated February 21, 2014 denying authorization to issue municipal securities without further approval from the Department of Treasury.

As you know, the City of Flint is currently in receivership pursuant to Act 436, and operating under the control of an Emergency Manager since December 2011. Much progress has been made to reduce the City's accumulated deficit and to restore Flint to long term financial solvency. We are currently working with Treasury to finalize a Deficit Elimination Plan which will not only eliminate the deficit but begin to establish an appropriate level of reserves. The securities issued within the past five years pursuant to the Fiscal Stabilization Act were done prior to the City being placed under the control of an Emergency Manager.

The request to issue securities at this time is in conjunction with the City's partnership with Genesee County and others to construct a new source of water supply for the City and the region. This is being accomplished through the newly created Karegnondi Water Authority, of which the City of Flint is a member. The result of this project will be a new source of water for the region at a cost which is significantly less than the current costs. It is an important component of restoring the City of Flint to financial solvency.

Treasury approval of Flint's request to issue municipal securities for this purpose is requested.

Thank you and please contact me if you have any questions.

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Goodrich, Harlan G. (Treasury)

From:	Gerald Ambrose <gambrose@cityofflint.com>
Sent:	Tuesday, February 25, 2014 4:15 PM
To:	Goodrich, Harlan G. (Treasury); Schafer, Suzanne K. (Treasury)
Cc:	Dave Massaron; Darnell Earley; Antonio Brown
Subject:	City of Flint (#252040)
Attachments:	KWA Qualifying Ltr.PDF

Attached please find the City of Flint's response to your letter of February 21, 2014 denying the request to Issue municipal securities without further Treasury approval.

Please contact me if you have any questions.

Jerry Ambrose, Finance Director

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: February 26, 2014

TO: Suzanne Schafer, Administrator

FROM: Angelica Zahrt, Auditor
Jeffrey Schwartz, Auditor

SUBJECT: Karegnondi Water Authority, City of Flint & County of Genesee #1305
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 B

As a part of all prior approval applications, the Department of Treasury has the statutory responsibility to determine the following three items:

- Whether the municipality has indicated the authority to issue the municipal security requested;
- Whether the municipality is projected to be able to repay the municipal security when due; and
- Whether the municipality has achieved compliance or in the alternative, adequately addressed each of the qualifying criteria that were previously determined to be non-compliant.

The following is a summary of the information provided and its corresponding relevance:

1. **Indicated the authority to issue** – The Karegnondi Water Authority, the County of Genesee, and the City of Flint submitted Authorizing Resolutions approved at regular meetings authorizing the issuance of Water Supply System Bonds 2014 A and B (Karegnondi Water Pipeline) not to exceed $300,000,000 for the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local units, together and all and necessary appurtenances and attachments thereto. The bonds are being issued under the provisions of PA 233 of 1955 and PA 34 of 2001.

2. **Projected ability to repay** – The current application is for an issuance amount not to exceed $79,500,000. The Local Units, in the Contract, pledged their limited tax full faith and credit for the prompt payment of the Bonds. The Authority shall establish a Debt Service Fund, to which there shall be deposited all Contractual Payments as received. Each Local Unit has covenanted and agreed to provide annually general or special funds, (rates and charges) in amounts sufficient to meet when due its Contractual Payments in anticipation of which the Bonds, including the replenishment of the Debt Service Reserve Account, are issued or, if necessary, to levy taxes upon all taxable property within its boundaries for such purpose.

3. **Adequately Addressing Non-compliance** – The County of Genesee was found to be in compliance with MCL 141.2303[3]. The Karegnondi Water Authority is a new entity, and therefore has no determination of non-compliance to address. The City of Flint was found to be non-compliant under MCL 141.2303(3)[a] the municipality is operating under the provisions of the Local Government Responsibility Act., [b] the municipality has issued securities in the immediately preceding five fiscal years or the current fiscal year pursuant to the Emergency Municipal Loan Act or the Fiscal Stabilization Act, and [m] the municipality ended its last fiscal year with a deficit in one or more funds and an acceptable deficit elimination plan has not been certified or conditionally approved. The City addressed non-compliance with MCL 141.2303(3) in a letter received via email on February 25, 2014. The City explained that it has been operating under control of an Emergency Manager since December 2011. The City is also working to finalize a Deficit Elimination Plan in conjunction with Treasury's assistance, which will not only eliminate the deficit but begin to establish reserves. In addition, the City explained an Emergency Manager was placed within five years of the securities being issued pursuant to the Fiscal Stabilization Act. The request to issue securities at this time is in conjunction with the Genesee County and Karegnondi Water Authority to establish a new source of water for the region at a cost significantly less than the current costs, an essential component of restoring the City of Flint to financial solvency.

We would recommend approval of application #1305 for the Water System Supply Bonds, Series 2014 B.

4425 (Rev. 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

February 28, 2014

APPROVAL
Municipality Code: **25-7-552**
Application ID No: **1304**

Jeff Wright, CEO
Karegnondi Water Authority
G-4610 Beecher Road
Flint, MI 48502

Dear Chief Administrative Officer:

Thank you for submitting to the Department of Treasury an Application for the State Treasurer's Approval to Issue Long-Term Securities under Section 303(7) of Public Act 34 of 2001, for the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local Units, together with all and necessary appurtenances and attachments thereto.

Based upon the information provided, the Department of Treasury has determined that the Authority has indicated the authority to issue the municipal security requested; projected the ability to repay the municipal security when due; and, adequately addressed any non-compliance with Section 303(3) of Act 34.

This approval is for the Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A, in an amount not to exceed $220,500,000, which mature by no later than November 1, 2043. In approving this application, the Department has relied upon information supplied by the municipality which would indicate the probable revenues pledged for the payment of the municipal security will be sufficient to pay the principal thereof and interest thereon when due. No person may rely on the issuance of this approval as evidence that the Department has undertaken any due diligence with regard to that information. No material changes, amendments, or addenda may be made to the information provided without further approval of the Department.

Within 15 business days after the issuance of a municipal security, you will need to file with the Department the enclosed Security Report and the documents required in Section 319, Public Act 34 of 2001. Please mail them to the Local Audit and Finance Division at P.O. Box 30728, Lansing, Michigan 48909-8228. If you have any questions, contact the Division at (517) 373-0660.

Sincerely,

Suzanne Schafer, Administrator
Local Audit and Finance Division

Enclosure

c: David P. Massaron – Miller, Canfield, Paddock and Stone, P.L.C.
Paul R. Stauder – Stauder, Barch & Associates, Inc.

HA 2-27-14

4425 (Rev 01-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: February 26, 2014

TO: Suzanne Schafer, Administrator

FROM: Angelica Zahrt, Auditor
Jeff Schwartz, Auditor

SUBJECT: Karegnondi Water Authority, City of Flint & County of Genesee #1304
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A

As a part of all prior approval applications, the Department of Treasury has the statutory responsibility to determine the following three items:

- Whether the municipality has indicated the authority to issue the municipal security requested;
- Whether the municipality is projected to be able to repay the municipal security when due; and
- Whether the municipality has achieved compliance or in the alternative, adequately addressed each of the qualifying criteria that were previously determined to be in non-compliant.

The following is a summary of the information provided and its corresponding relevance:

1. **Indicated the authority to issue** – The County of Genesee, the City of Flint, and the Karegnondi Water Authority submitted resolutions approved at regular meetings, authorizing the issuance of Water Supply System Bonds, Series 2014 A & Series 2014 B (Karegnondi Water Pipeline) not to exceed $300,000,000. The Bonds are being issued under PA 233 of 1955, and PA 34 of 2001.

2. **Projected ability to repay** – The current application is for an issuance amount not to exceed $220,500,000. Each Local Unit states its intention to pay its obligations under this Contract from sources of money as are provided by Act 233 and applicable law, including the levy and collection of rates and charges to users of its respective water supply system for operating and maintaining its system provided by each Local Unit to customers in the Local Unit. The bonds are to be sold at a negotiated sale. This will allow the Authority to achieve the most advantageous interest rates, and allow better control over pricing of the Bonds. All the local units pledge their limited tax full faith and credit for the payment of the principal and interest of the Bonds.

3. **Adequately Addressing Non-compliance** - The County of Genesee and the Karegnondi Water Authority (new entity) were found to be compliant with MCL 141.2303(3). However, the City of Flint was found to be non-compliant with MCL 141.2303(3) (a), (b), and (m). The City addressed its non-compliance in a letter stating that the City is currently under receivership pursuant to Act 436, and operating under the control of an Emergency Manager since 2011. The City explained that is currently working the Department to finalize a deficit elimination plan, and that the securities issued within the past five years pursuant to the Fiscal Stabilization Act were done prior to the City being placed under the control of an Emergency Manager.

We would recommend approval of application # 1304.

Michigan Department of Treasury
1428 (Rev. 2-02)

This form is issued under the authority of P.A. 34 of 2001. If your municipality does not have qualified status, you must file this form to apply for approval of the State Treasurer before Long term Municipal Securities can be issued.

Application for State Treasurer's Approval to Issue Long-Term Securities

INSTRUCTIONS: Complete all parts of this application. The Department of Treasury may request additional information.
FILE WITH: Local Audit & Finance Division, Michigan Department of Treasury, P.O. Box 30728, Lansing, MI 48909-8228.
Direct questions to (517) 373-0660 or email to TREAS_LAFD@michigan.gov

The municipality identified below applies for permission to issue securities under authority of the statutes(s) and resolution as follows:

- [X] P.A. 34 of 2001, as amended
- [X] P.A. 233 of 1955, as amended

Date Resolution Was Adopted: 11/20/13

Legal Name of Municipality	Legal Classification	County (ies)
Karegnondi Water Authority	Authority	Genesee

Title of Security
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A

Amount of Security	Date of Security
Not to Exceed $220,600,000	To Be Determined

Chief Administrative Officer - Person Jeff Wright, CEO Karegnondi Water Authority	Address and Telephone No. G-4610 Beecher Road Flint, MI 48502 phone: 810-732-7870 fax: 810-732-1474
Bond Counsel - Person and Firm David P. Massaron Miller, Canfield, Paddock and Stone, P.L.C.	Address and Telephone No. 150 West Jefferson, Suite 2500 Detroit, MI 48226-4415 phone: 313-496-7523 fax: 313-496-8450
Local Attorney - Person and Firm	Address and Telephone No. phone: fax:
Financial Consultant - Person and Firm Paul R. Stauder Stauder, Barch & Associates, Inc.	Address and Telephone No. 3989 Research Park Drive Ann Arbor, MI 48108 phone: 734-668-6888 fax: 734-668-6723
Underwriter - Person and Firm Thomas J. Whitehouse JP Morgan	Address and Telephone No. 1450 Brickell Ave, 33rd Fl Miami, FL 33131 phone: 305-579-9482 fax: 312-337-0347
Engineer or Architect - Person and Firm Mark M. Coleman, P.E. Wade Trim	Address and Telephone No. 500 Griswold Suite 2500 Detroit, MI 48226 phone: 313-961-3650 fax:

RECEIVED
DEPT. OF TREASURY
FEB 11 2014
0017
LOCAL AUDIT & FINANCE DIV.

CERTIFICATION: I the undersigned, certify that this application and the attachments were authorized by the governing body of this municipality and that they are complete and accurate in all respects. I further certify that the funds on hand (if any) listed on page 4 of this application are on hand and available for use on this project.

Chief Administrative Officer Name and Title (Typed or Printed)	Chief Administrative Officer's Signature	Date
Jeff Wright, CEO, Karegnondi Water Authority		1-14-14

Michigan Department of Treasury
1428 (Rev 2-02)

This form is issued under the authority of P.A. 34 of 2001. If your municipality does not have qualified status, you must file this form to apply for approval of the State Treasurer before Long-term Municipal Securities can be issued

Application for State Treasurer's Approval to Issue Long-Term Securities

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Direct questions to (517) 373-0660 or email to TREAS_LAFD@michigan.gov

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[X] P.A. 34 of 2001, as amended
[X] P.A. 233 of 1955, as amended

Date Resolution Was Adopted: 11/20/13

Legal Name of Municipality	Legal Classification	County (ies)
County of Genesee	County	Genesee

Title of Security
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A

Amount of Security	Date of Security
Not to Exceed $220,500,000	To Be Determined

Chief Administrative Officer - Person Keith Francis Genesee County Controller	Address and Telephone No. 1101 Beach St Flint, MI 48532 phone: 810-257-2627 fax: 810-257-3560
Bond Counsel - Person and Firm David P. Massaron Miller, Canfield, Paddock and Stone, P.L.C.	Address and Telephone No. 150 West Jefferson, Suite 2500 Detroit, MI 48226-4415 phone: 313-496-7523 fax: 313-496-8450
Local Attorney - Person and Firm	Address and Telephone No. phone: fax:
Financial Consultant - Person and Firm Paul R. Stauder Stauder, Barch & Associates, Inc.	Address and Telephone No. 3989 Research Park Drive Ann Arbor, MI 48108 phone: 734-668-8686 fax: 734-668-8723
Underwriter - Person and Firm Thomas J Whitehouse JP Morgan	Address and Telephone No. 1450 Brickell Ave, 33rd Fl Miami, FL 33131 phone: 305-579-9482 fax: 312-337-0347
Engineer or Architect - Person and Firm Mark M. Coleman, P.E. Wade Trim	Address and Telephone No. 500 Griswold Suite 2500 Detroit, MI 48226 phone: 313-961-3650 fax:

CERTIFICATION: I the undersigned, certify that this application and the attachments were authorized by the governing body of this municipality and that they are complete and accurate in all respects. I further certify that the funds on hand (if any) listed on page 4 of this application are on hand and available for use on this project.

Chief Administrative Officer Name and Title (Typed or Printed)	Chief Administrative Officer's Signature	Date
Keith Francis, Genesee County Controller	Keith Francis	1/14/2014

Michigan Department of Treasury
1428 (Rev. 2-02)

This form is issued under the authority of P.A. 34 of 2001. If your municipality does not have qualified status, you must file this form to apply for approval of the State Treasurer before Long-term Municipal Securities can be issued.

Application for State Treasurer's Approval to Issue Long-Term Securities

INSTRUCTIONS: Complete all parts of this application. The Department of Treasury may request additional information.
FILE WITH: Local Audit & Finance Division, Michigan Department of Treasury, P.O. Box 30728, Lansing, MI 48909-8228.
Direct questions to (517) 373-0660 or email to TREAS_LAFD@michigan.gov

The municipality identified below applies for permission to issue securities under authority of the statutes(s) and resolution as follows:

[X] P.A. 34 of 2001, as amended
[X] P.A. 233 of 1955, as amended

Date Resolution Was Adopted: 11/20/13

Legal Name of Municipality	Legal Classification	County (ies)
City of Flint	Home Rule City	Genesee

Title of Security
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A

Amount of Security	Date of Security
Not to Exceed $220,500,000	To Be Determined

Chief Administrative Officer - Person Darnell Earley Emergency Manager	Address and Telephone No. 1101 South Saginaw Street Flint, MI 48502 phone: 810-237-2057 fax: 810-766-8675
Bond Counsel - Person and Firm David P. Massaron Miller, Canfield, Paddock and Stone, P.L.C.	Address and Telephone No. 150 West Jefferson, Suite 2500 Detroit, MI 48226-4415 phone: 313-496-7523 fax: 313-496-8450
Local Attorney - Person and Firm	Address and Telephone No. phone: fax:
Financial Consultant - Person and Firm Paul R. Stauder Stauder, Barch & Associates, Inc.	Address and Telephone No. 3989 Research Park Drive Ann Arbor, MI 48108 phone: 734-668-6668 fax: 734-668-8723
Underwriter - Person and Firm Thomas J. Whitehouse JP Morgan	Address and Telephone No. 1450 Brickell Ave, 33rd Fl Miami, FL 33131 phone: 305-578-9482 fax: 312-337-0347
Engineer or Architect - Person and Firm Mark M. Coleman, P.E. Wade Trim	Address and Telephone No. 500 Griswold Suite 2500 Detroit, MI 48226 phone: 313-961-3650 fax:

CERTIFICATION: I the undesigned, certify that this application and the attachments were authorized by the governing body of this municipality and that they are complete and accurate in all respects. I further certify that the funds on hand (if any) listed on page 4 of this application are on hand and available for use on this project.

Chief Administrative Officer Name and Title (Typed or Printed)	Chief Administrative Officer's Signature	Date
Darnell Earley, Emergency Manager	Darnell Earley	1-15-14

Michigan Department of Treasury
1428 (Rev. 2-02)

This form is issued under the authority of P.A. 34 of 2001. If your municipality does not have qualified status, you must file this form to apply for approval of the State Treasurer before Long-term Municipal Securities can be issued.

Application for State Treasurer's Approval to Issue Long-Term Securities

INSTRUCTIONS: Complete all parts of this application. The Department of Treasury may request additional information.
FILE WITH: Local Audit & Finance Division, Michigan Department of Treasury, P.O. Box 30728, Lansing, MI 48909-8228.
Direct questions to (517) 373-0660 or email to TREAS_LAFD@michigan.gov

The municipality identified below applies for permission to issue securities under authority of the statutes(s) and resolution as follows:

[X] P.A. 34 of 2001, as amended
[X] P.A. 233 of 1955, as amended

Date Resolution Was Adopted: 11/20/13

Legal Name of Municipality	Legal Classification	County (ies)
Karegnondi Water Authority	Authority	Genesee

Title of Security
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A

Amount of Security	Date of Security
Not to Exceed $220,600,000	To Be Determined

	Address and Telephone No.
Chief Administrative Officer - Person Jeff Wright, CEO Karegnondi Water Authority	G-4610 Beecher Road Flint, MI 48502 phone: 810-732-7870 fax: 810-732-1474
Bond Counsel - Person and Firm David P. Massaron Miller, Canfield, Paddock and Stone, P.L.C.	150 West Jefferson, Suite 2500 Detroit, MI 48226-4415 phone: 313-496-7523 fax: 313-496-8450
Local Attorney - Person and Firm	Address and Telephone No. phone: fax:
Financial Consultant - Person and Firm Paul R. Stauder Stauder, Barch & Associates, Inc.	3989 Research Park Drive Ann Arbor, MI 48108 phone: 734-668-6688 fax: 734-668-6723
Underwriter - Person and Firm Thomas J. Whitehouse JP Morgan	1450 Brickell Ave, 33rd Fl Miami, FL 33131 phone: 305-579-9482 fax: 312-337-0347
Engineer or Architect - Person and Firm Mark M. Coleman, P.E. Wade Trim	500 Griswold Suite 2500 Detroit, MI 48226 phone: 313-961-3650 fax:

CERTIFICATION: I the undersigned, certify that this application and the attachments were authorized by the governing body of this municipality and that they are complete and accurate in all respects. I further certify that the funds on hand (if any) listed on page 4 of this application are on hand and available for use on this project.

Chief Administrative Officer Name and Title (Typed or Printed)	Chief Administrative Officer's Signature	Date
Jeff Wright, CEO, Karegnondi Water Authority		1-14-14

Purpose

For the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local Units, together with all and necessary appurtenances and attachments thereto.

Maturity Schedule

See Attached

Interest	First Interest Payment	Interest Payments
Not to exceed 10% Maximum	To Be Determined	May 1 and November 1

Optional Securities (To be determined)

Securities maturing 20___ / _____ are non callable.

Securities maturing 20___ / _____ are callable on any interest payment date on or after _____

at par and accrued interest, plus a premium ranging from _____ % to _____ % in _____ order.

SECURITY

Full Faith and Credit Pledge

- [ ] Unlimited Tax Full Faith and Credit Pledge
- [X] Limited Tax Full Faith and Credit Pledge
- [ ] No Full Faith and Credit Pledge

Authorized by a Vote?

		Votes For:	Votes Against:	Spoiled Ballots:
[X]	NO			
[ ]	YES - Date of Election:			

Sources of Revenues

- [X] Rates and Charges
- [ ] Taxes
- [ ] Special Assessments
- [ ] Michigan Transportation Fund Revenues
- [ ] Other (Specify)

Additional Security

TAX INFORMATION

Fiscal Year	Date Taxes are Due	Date Taxes Delinquent
Oct 1 - Sept 30	July 1 - Dec 1	01-Mar

Maximum authorized statutory, constitutional or charter tax levy	5.68	mills
Maximum estimated annual millage requirement for this issue	- 0 -	mills
Date of first levy for this issue (if tax supported)	N/A	

Tax Collection History for Last Four Completed Fiscal Years

Fiscal Year Ending	Tax Levy	Collections to Date Delinquent	Percentage
2012	$77,487,325	$72,746,879	93.88%
2011	$83,767,765	$78,101,948	93.24%
2010	93,767,535	$86,508,053	92.26%
2009	97,004,331	$90,979,934	93.79%

MUNICIPAL MILLAGE RATES	Operating	Debt	Other
for 2012	5.5072	0.0000	2.7694

This municipality is in compliance with the provisions of Article IX, Section 6, of the Michigan Constitution of 1963 .... ☒ Yes ☐ No

SEV INFORMATION

Breakdown of Current Year's State Taxable Valuation 2013		
Industrial	$250,527,317	2.92%
Commercial	$1,712,997,352	19.94%
Utility	$0	0.00%
Agricultural	$122,092,317	1.42%
Residential	$5,837,245,297	67.94%
Other (Personal)	668,282,291	7.78%
TOTAL	$8,591,144,574	100.00%

STATE EQUALIZED VALUATION	CURRENT YEAR 2013	$8,998,549,108
	PRIOR YEAR 2012	$9,183,568,010
	PRIOR YEAR 2011	$9,950,805,569
TAXABLE VALUE	CURRENT YEAR 2013	$8,591,144,574
	PRIOR YEAR 2012	$8,805,229,871
	PRIOR YEAR 2011	$9,450,208,638
POPULATION	CENSUS Current	425,790
	CENSUS 2000	436,141
	CENSUS 1900	430,459
SEV PER CAPITA	Current Year	$21,129.08

DEBT INFORMATION

You must attach the following lists unless the Department of Treasury waives the requirement for this detail:

1. All outstanding securities or debt with no full faith and credit pledge. Include title and date of issue and the amount outstanding.
2. All outstanding securities or debt with either a limited or unlimited full faith and credit pledge. Include title, date and type of issue, and the amount supported by taxes.
3. All outstanding securities or debt with either a limited or unlimited full faith and credit pledge that has been issued by an overlapping municipality. Include the name of the issuing municipality, the amount outstanding, the share applicable to your municipality, the net tax supported amount outstanding and the share applicable to your municipality.
4. All projects currently being planned for future indebtedness. Include an estimate of the amount of indebtedness to be incurred.

REPAYMENT SCHEDULE

Attach a schedule of revenues available for repayment of the proposed and outstanding securities and indicate coverage. Include operation and maintenance expenses and reserve requirements (when applicable) in addition to principal and interest requirements. Begin with one year of actual revenues and expenses. Revenue supported securities need only project for a 7 to 10 year period. In lieu of this schedule, voted general obligation securities may submit a principal and interest schedule.

Karegnondi Water Authority

10 LARGEST PROPERTY TAXPAYERS

	Name		2013 Taxable Value	IFT VALUE	TOTAL
1.	Consumers Energy	Utility	$221,742,449		$221,742,449
2.	General Motors Corp	Automotive	96,569,800	9,386,600	105,956,400
3.	Genesee Valley Partners LP	Investments	49,129,300		49,129,300
4.	Wal-Mart/Sam's Club	Retail/grocery	41,076,788		41,076,788
5.	Edward Rose Assoc. ETAL	Construction	25,660,242		25,660,242
6.	Meijer Inc./Goodwill Co., Inc.	Retail/grocery	25,407,943		25,407,943
7.	Comcast	Retail cable	19,356,902		19,356,902
8.	Magna	Automotive	6,770,800	11,123,600	17,894,400
9.	Michigan Electric Trans. Co.	Utility	15,979,400		15,979,400
10.	Kroger	Grocery	14,617,238		14,617,238

10 LARGEST EMPLOYERS AND EMPLOYMENT DATA

	Name		Number of Employees
1.	General Motors Corp.	Automotive parts & bodies	3,417
2.	Genesys Health Care System	Health care	3,265
3.	Hurley Medical Center	Medical center	2,650
4.	Square D	Computer programming srvcs	2,500
5.	McLaren Health Care Corporation	Hospital & other health care	2,500
6.	Flint Metal Cntr Vehicle Mfg. Operating Div.	Metal fabrication	2,180
7.	United States Postal Service	US Postal Service	1,200
8.	General Motors Corp., Powertrain Div.	Engines, gears & transmissions	1,200
9.	Flint, City of	Municipality	1,100
10.	Genesee County (full time employees)	Government	1,093

Local unemployment rate for the most recently available month	Genesee County	9.40%
Seasonally adjusted unemployment rate for the preceding month		

ESTIMATED COSTS

Project Category	Estimated Costs
Construction cost (materials and labor)	See Attached
Equipment	
Site Acquisition and development	
Architect or engineering (including survey, design, inspection, etc...)	
Issuance Costs	
Capitalized interest (_____ months at _____%)	
Other Costs	
Contingencies	
Total Project Costs	
Less:	
Grants	
Funds on Hand	
BALANCE: Amount of the security	

WADETRIM AECOM

Project Cost Estimate - Weekly Update

KWA Water Supply System

Genesee County Drain Commissioner Division of Water & Waste

Week of December 23, 2013

Capital Cost Components	Cost Responsibility		12/20/13 Estimate
Contract S.4000 - Intake, Shorewell and Tunnel	KWA		
Contract S.4001 - Lake Huron Pump Station	KWA	$	15,925,942
Contract S.4004 - Intermediate P.S. and Storage Reservoir/Balancing Tanks	KWA	$	19,435,641
Contract S.4002 - Raw Water Transmission Main from LHPS to Bricker Rd	KWA	$	32,582,383
Contract S.4003 - Raw Water Transmission Main from Bricker Rd to Int. PS	KWA	$	33,690,912
Contract S.4005 - Raw Water Transm Main from Int. PS to Jefferson Rd	KWA	$	32,733,511
Contract S.4006 - Raw Water Transm Main from Jefferson Rd to GCDC WTP at Marathon Rd	KWA	$	38,255,181
Contract S.4007 - Raw Water Transm Main from GCDC WTP at Marathon Rd to Flint WTP	KWA	$	24,019,644
Contract S.5004 - 1 Mile 36" Raw Water Transmission Main from GCDC WTP to Stanley & German Rd	KWA	$	1,377,736
System Control and Monitoring	KWA	$	552,800
	Subtotal	$	198,583,750
Design Contingency	3%	$	5,957,513
Construction Contingency (5%)	10%	$	9,929,188
Design Engineering		$	5,700,000
Construction Administration		$	7,216,127
Legacy Costs			
Bond, Legal & Project Administration	3%	$	5,957,513
	Subtotal		
Power Service to Lake Huron Pump Station	KWA	$	85,000
Substation at Lake Huron Pump Station	KWA	$	2,239,308
Power Service to Intermediate Pump Station	KWA	$	2,300,000
Substation at Intermediate Pump Station	KWA	$	1,654,496
Power Service (Valves & Meters)	KWA		
Land (Lake Huron Pump Station)	KWA		
Land (Intermediate Pump Station)	KWA		
Land and Acquisition Costs (Easements & Attorney Fees)	KWA	$	60,000
Land (Lapeer Co. Transmission)	KWA		
	Subtotal	$	6,338,804
	Grand Total	$	239,682,994

WADETRIM AECOM

Project Cost Estimate - Weekly Update

KWA Water Supply System

Genesee County Drain Commissioner Division of Water & Waste

Week of December 23, 2013

Capital Cost Components	Cost Responsibility	KWA Cost	GCDC-WWS Cost	City of Flint Cost
Contract S.4000 - Intake, Shorewell and Tunnel	KWA	$ -		
Contract S.4001 - Lake Huron Pump Station	KWA	$ 15,925,942		
Contract S.4004 - Intermediate P.S. and Storage Reservoir/Balancing Tanks	KWA	$ 19,435,641		
Contract S.4002 - Raw Water Transmission Main from LHPS to Bricker Rd	KWA	$ 32,592,383		
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Contract S.4007 - Raw Water Transm Main from GCDC WTP at Marathon Rd to Flint WTP	KWA	$ 24,019,644		
Contract S.5004 - 1 Mile 36" Raw Water Transmission Main from GCDC WTP to Stanley & German Rd	KWA	$ 1,377,736		
System Control and Monitoring	KWA	$ 552,800		
Subtotal		$ 198,583,750	$	$
Design Contingency	3%	$ 5,957,513		
Construction Contingency	10%	$ 9,929,188		
Design Engineering		$ 5,700,000		
Construction Administration		$ 7,216,127		
Legacy Costs		$ -		
Bond, Legal & Project Administration	3%	$ 5,957,513		
Subtotal		$ 34,760,340	$	$
Power Service to Lake Huron Pump Station	KWA	$ 85,000		
Substation at Lake Huron Pump Station	KWA	$ 2,239,308		
Power Service to Intermediate Pump Station	KWA	$ 2,300,000		
Substation at Intermediate Pump Station	KWA	$ 1,654,496		
Power Service (Valves & Meters)	KWA	$ -		
Land (Lake Huron Pump Station)	KWA	$ -		
Land (Intermediate Pump Station)	KWA	$ -		
Land and Acquisition Costs (Easements & Attorney Fees)	KWA	$ 60,000		
Land (Lapeer Co. Transmission)	KWA	$ -		
Subtotal		$ 6,338,804	$	$
Grand Total		$ 239,682,894	$	$

$300,000,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS, SERIES 2014 A
(LIMITED TAX GENERAL OBLIGATION)

Estimated Sources & Uses of Funds

		Series 2014 A	Series 2014 B	Total
Sources of Funds				
Par Amount of Bonds		$220,500,000.00	$79,500,000.00	$300,000,000.00
Production		(477,809.45)	0.00	(477,809.45)
Accrued Interest		0.00	0.00	0.00
Other		0.00	0.00	0.00
Contribution from Debt Fund		0.00	0.00	0.00
Total Sources		$220,022,190.55	$79,500,000.00	$299,522,190.55
Uses of Funds				
Deposit to Construction Account		$170,088,078.63	$64,597,528.38	$234,683,607.01
Deposit to Debt Fund-Bond Reserve		17,714,737.50	$5,139,575.00	22,854,312.50
Deposit to Debt Fund-Cap Int		29,524,233.33	8,745,000.00	38,269,233.33
Underwriter's Discount @	0.430%	948,150.00	341,850.00	1,290,000.00
Bond Insurance	0.250%	1,115,112.83	441,174.88	1,556,287.71
Costs of Issuance		633,878.25	234,871.75	868,750.00
Miscellaneous		0.00	0.00	0.00
Total Uses		$220,022,190.55	$79,500,000.00	$299,522,190.55

Stauder, Barch & Associates, Inc.
Municipal Bond Financial and Marketing Consultants
3989 Research Park Drive
Ann Arbor, Michigan 48108
Phone: (734) 668-6888 Fax (734) 668-6723

Michigan Department of Treasury
1428 (Rev. 2-02)

This form is issued under the authority of P.A. 34 of 2001. If your municipality does not have qualified status, you must file this form to apply for approval of the State Treasurer before Long-term Municipal Securities can be issued.

Application for State Treasurer's Approval to Issue Long-Term Securities

INSTRUCTIONS: Complete all parts of this application. The Department of Treasury may request additional information.
FILE WITH: Local Audit & Finance Division, Michigan Department of Treasury, P.O. Box 30728, Lansing, MI 48909-8228.
Direct questions to (517) 373-0660 or email to TREAS_LAFD@michigan.gov

The municipality identified below applies for permission to issue securities under authority of the statutes(s) and resolution as follows:

[X] P.A. 34 of 2001, as amended
[X] P.A. 233 of 1955, as amended

Date Resolution Was Adopted: 11/20/13

Legal Name of Municipality	Legal Classification	County (ies)
City of Flint	Home Rule City	Genesee

Title of Security
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A

Amount of Security	Date of Security
Not to Exceed $220,500,000	To Be Determined

	Address and Telephone No.
Chief Administrative Officer - Person Darnell Earley Emergency Manager	1101 South Saginaw Street Flint, MI 48502 phone: 810-237-2057 fax: 810-766-8675
Bond Counsel - Person and Firm David P. Massaron Miller, Canfield, Paddock and Stone, P.L.C.	150 West Jefferson, Suite 2500 Detroit, MI 48226-4415 phone: 313-496-7523 fax: 313-496-8450
Local Attorney - Person and Firm	Address and Telephone No. phone: fax:
Financial Consultant - Person and Firm Paul R. Stauder Stauder, Barch & Associates, Inc.	Address and Telephone No. 3989 Research Park Drive Ann Arbor, MI 48108 phone: 734-668-6668 fax: 734-668-6723
Underwriter - Person and Firm Thomas J. Whitehouse JP Morgan	*Address and Telephone No.* 1450 Brickell Ave, 33rd Fl Miami, FL 33131 phone: 305-579-9462 fax: 312-337-0347
Engineer or Architect - Person and Firm Mark M. Coleman, P.E. Wade Trim	Address and Telephone No. 500 Griswold Suite 2500 Detroit, MI 48226 phone: 313-961-3650 fax:

CERTIFICATION: I the undersigned, certify that this application and the attachments were authorized by the governing body of this municipality and that they are complete and accurate in all respects. I further certify that the funds on hand (if any) listed on page 4 of this application are on hand and available for use on this project.

Chief Administrative Officer Name and Title (Typed or Printed)	Chief Administrative Officer's Signature	Date
Darnell Earley, Emergency Manager	Darnell Earley	1-15-14

Purpose

For the purpose of acquiring, construct and equip a water system to provide raw untreated water to the Local Units, together with all and necessary appurtenances and attachments thereto.

Maturity Schedule

See Attached

Interest	First Interest Payment	Interest Payments
Not to exceed 10% Maximum	To Be Determined	May 1 and November 1

Optional Securities (To be determined)

Securities maturing 20__ / _____ are non callable.

Securities maturing 20__ / _____ are callable on any interest payment date on or after _____

at par and accrued interest, plus a premium ranging from _____ % to _____ % in _____ order.

SECURITY

Full Faith and Credit Pledge

- [ ] Unlimited Tax Full Faith and Credit Pledge
- [X] Limited Tax Full Faith and Credit Pledge
- [ ] No Full Faith and Credit Pledge

Authorized by a Vote?

		Votes For:	Votes Against:	Spoiled Ballots:
[X]	NO			
[ ]	YES - Date of Election:			

Sources of Revenues

- [X] Rates and Charges
- [ ] Taxes
- [ ] Special Assessments
- [ ] Michigan Transportation Fund Revenues
- [ ] Other (Specify)

Additional Security

TAX INFORMATION

Fiscal Year	Date Taxes are Due	Date Taxes Delinquent
July 1 - June 30	July 1 - Oct 1 - Feb 1	1-Mar

Maximum authorized statutory, constitutional or charter tax levy	10.00	mills
Maximum estimated annual millage requirement for this issue	- 0 -	mills
Date of first levy for this issue (if tax supported)	N/A	

Tax Collection History for Last Four Completed Fiscal Years

Fiscal Year Ending	Tax Levy	Collections to Date Delinquent	Percentage
2013	28,192,664	24,134,184	85.60%
2012	18,022,915	15,888,017	88.03%
2011	21,029,361	19,431,043	92.40%
2010	22,864,857	21,950,721	96.00%

MUNICIPAL MILLAGE RATES	Operating	Debt	Other
for 2012	7.5000	0.0000	6.5000

This municipality is in compliance with the provisions of Article IX, Section 6, of the Michigan Constitution of 1963 ..... [X] Yes [ ] No

TV INFORMATION

Breakdown of Current Year's State Taxable Valuation 2013		
Industrial	$77,633,577	10.02%
Commercial	$181,351,218	23.35%
Utility	$0	0.00%
Agricultural	$0	0.00%
Residential	$362,887,708	46.72%
Other (Personal)	$154,802,400	19.91%
TOTAL	$776,654,903	100.00%

STATE EQUALIZED VALUATION	CURRENT YEAR 2013	$798,172,400
	PRIOR YEAR 2012	$959,129,600
	PRIOR YEAR 2011	$1,191,515,300
TAXABLE VALUE	CURRENT YEAR 2013	$776,654,903
	PRIOR YEAR 2012	$917,513,440
	PRIOR YEAR 2011	$1,112,393,943
POPULATION	CENSUS Current	97,932
	CENSUS 2000	124,943
	CENSUS 1900	140,761
SEV PER CAPITA	Current Year	$8,119.84

DEBT INFORMATION

You must attach the following lists unless the Department of Treasury waives the requirement for this data:

1. All outstanding securities or debt with no full faith and credit pledge. Include title and date of issue and the amount outstanding.
2. All outstanding securities or debt with either a limited or unlimited full faith and credit pledge. Include title, date and type of issue, and the amount supported by taxes.
3. All outstanding securities or debt with either a limited or unlimited full faith and credit pledge that has been issued by an overlapping municipality. Include the name of the issuing municipality, the amount outstanding, the share applicable to your municipality, the net tax supported amount outstanding and the share applicable to your municipality.
4. All projects currently being planned for future indebtedness. Include an estimate of the amount of indebtedness to be incurred.

REPAYMENT SCHEDULE

Attach a schedule of revenues available for repayment of the proposed and outstanding securities and indicate coverage. Include operation and maintenance expenses and reserve requirements (when applicable) in addition to principal and interest requirements. Begin with one year of actual revenues and expenses. Revenue supported securities need only project for a 7 to 10 year period. In lieu of this schedule, voted general obligation securities may submit a principal and interest schedule.

10 LARGEST PROPERTY TAXPAYERS

	Name		2013 Taxable Value	IFT VALUE	TOTAL
1.	Consumers Energy	utility	$51,464,247	$0	$51,464,247
2.	General Motors LLC	automotive	47,820,558	9,386,600	57,207,158
3.	Delphi Authomotive	automotive	12,087,800	0	12,087,800
4.	Barrette	retail	10,102,700	0	10,102,700
5.	4405 Continental	distribution warehouse	6,418,880	0	6,418,880
6.	IINN	health care	5,251,400	0	5,251,400
7.	Comcast Cablevision	cable service	5,106,000	0	5,106,000
8.	Saginaw & Court	real-estate	4,160,735	0	4,160,735
9.	Citizens Bank (First Merrit)	banking	3,363,904	0	3,363,904
10.	Diplomat	manufacturing	3,201,900	0	3,201,900

10 LARGEST EMPLOYERS AND EMPLOYMENT DATA

	Name		Number of Employees
1.	General Motors LLC	automotive	13,975
2.	McClaren Health Care Group	health care	3,014
3.	Hurley Medical Center	hospital & other heath care	2,811
4.	University of Michigan	education	2,624
5.	Flint School District	education	2,559
6.	Genesee County	government	2,361
7.	CS Mott Community College	education	2,022
8.	Employment Plus	employment agent	1,214
9.	State of Michigan	government	1,183
10.	Kettering University	education	1,010

Local unemployment rate for the most recently available month	16.90%
Seasonally adjusted unemployment rate for the preceding month	

ESTIMATED COSTS

Project Category	Estimated Costs
Construction cost (materials and labor)	See Attached
Equipment	
Site Acquisition and development	
Architect or engineering (including survey, design, inspection, etc..)	
Issuance Costs	
Capitalized Interest (_____ months at _____%)	
Other Costs	
Contingencies	
Total Project Costs	
Less:	
Grants	
Funds on Hand	
BALANCE: Amount of the security	

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Municipal Advisory Council of Michigan

Buhl Building - 535 Griswold, Suite 1850 - Detroit, Michigan 48226-3699
313-963-0420 800-337-0696 Fax 313-963-0943 www.mi-macaito.com

Debt Summary Report

Debt as of 11/18/2013

Municipal City of
FLINT

Dated / Cusip	Debt Type	Sub# Description - Purpose / Note	Shared	Gross Original Amt	Gross Outstanding	Municipality's Portion Outstanding - Escrowed =	Net Amt
04/13/2011 NA	GO LT XSEC XF XEN XTD XUSA XR	1- MFA - Series 2011 - Financial Stabilization	N	8,000 M	Report 7,620 M	$7,620 M - 0 M =	7,620,000
			GO Subtotal		7,620 M	$7,620 M - 0 M =	7,620,000
03/25/2010 339510	GOAU XT SS XF XEN XTD XUSA XR	1- Series 2010 (Hurley Medical Center) - Health	N	35,215 M	Report 33,215 M	$33,215 M - 0 M =	33,215,000
04/02/2013 339510	GOAU XT SS XF XEN XTD XUSA XR	1- Hurley Medical Center, Series 2013A - Health	N	21,940 M	Report 21,940 M	$21,940 M - 0 M =	21,940,000
04/02/2013 339511	GOAU XT SS XF XEN XTD XUSA RF	1- Hurley Medical Center Ref., Series 2013B -	N	36,590 M	Report 36,035 M	$36,035 M - 0 M =	36,035,000
			GOAU Subtotal		91,190 M	$91,190 M - 0 M =	91,190,000
09/30/1999 NA	REV XT REV XF XEN XTD XUSA XR	1- SERIES 1999 - Utilities Water Call: legaldw	N	7,220 M	Report 2,930 M	$2,930 M - 0 M =	2,930,000
09/28/2000 NA	REV XT REV XF XEN XTD XUSA XR	1- SERIES 2000 - Utilities Water	N	8,035 M	Report 3,700 M	$3,700 M - 0 M =	3,700,000
09/28/2001 NA	REV XT REV XF XEN XTD XUSA XR	1- SERIES 2001 - Utilities Water	N	9,480 M	Report 4,850 M	$4,850 M - 0 M =	4,850,000
09/25/2003 NA	REV XT REV XF XEN XTD XUSA XR	1- SERIES 2002 - Utilities Water	N	19,180 M	Report 11,700 M	$11,700 M - 0 M =	11,700,000
			REV Subtotal		23,180 M	$23,180 M - 0 M =	23,180,000

Municipal City of

FLINT

Dated / Cusip	Debt Type	Sub# Description - Purpose / Note	Shared	Gross: Original Amt	Gross: Outstanding	Municipality's Portion: Outstanding	- Escrowed =	Net Amt
06/11/2003 339511	REVAU XT SS XF XEN XTD XUSA RF	1- hurley medical center - Health Care Facilities series 1995b bonds.	N	35,000 M	Report 5,150 M	$5,150 M	- 0 M =	5,150,000
12/28/2007 NA	REVAU XT REV XF XEN XTD XUSA XR	1- Cap Impvt., Parking - Public Garage/Parking	N	10,000 M	Report 8,955 M	$8,955 M	- 0 M =	8,955,000
09/30/2011 NA	REVAU XT SS XF XEN XTD XUSA XR	1- Equipment - Health Care Facilities	N	5,074 M	Report 3,829 M	$3,829 M	- 0 M =	3,829,661
			REVAU Subtotal		17,934 M	$17,934 M	- 0 M =	17,934,661
			Grand Total		139,924 M	$139,924 M	- 0 M =	139,924,661

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313-963-0420 800-337-0698 Fax 313-963-0943 www.mi-macsite.com

CITY - FLINT (GENESEE)

Taxable Value		Year	Population
2013	754,083,994	2011	102,434
2012	920,073,024	2010	102,434
2011	1,113,523,735	2008	125,000
2010	1,274,340,776	2007	125,000
2009	1,446,086,098		
2008	1,587,896,219		

Overlapping Debt as of 11/18/2013

	%	Municipality	Net Tax Supported Debt	Share
School District				
	7.68	CARMAN-AINSWORTH (GENESEE)	40,208,000	3,087,974
	100.00	FLINT (GENESEE)	13,890,000	13,890,000
	0.03	KEARSLEY (GENESEE)	0	0
	1.33	SWARTZ CREEK (GENESEE)	12,615,000	167,780
	4.25	WESTWOOD HEIGHTS (GENESEE)	0	0
			School District Total:	**17,145,754**
County				
	8.81	GENESEE	74,124,040	6,530,328
			County Total:	**6,530,328**
Intermediate School District				
	8.32	GENESEE ISD	0	0
			Intermediate School District Total:	**0**
Community College				
	8.32	MOTT COMMUNITY COLLEGE	46,050,000	3,831,360
			Community College Total:	**3,831,360**
Library				
	100.00	FLINT PUBLIC LIBRARY	0	0
			Library Total:	**0**
Authority				
	8.81	BISHOP AIRPORT AUTH	10,605,000	934,301
			Authority Total:	**934,301**
				28,441,742

WADETRIM AECOM

Project Cost Estimate - Weekly Update

KWA Water Supply System

Genesee County Drain Commissioner Division of Water & Waste

Week of December 23, 2013

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Construction Contingency (5%)	10%	$	9,929,188
Design Engineering		$	5,700,000
Construction Administration		$	7,216,127
Legacy Costs			
Bond, Legal & Project Administration	3%	$	5,957,513
	Subtotal	$	[illegible]
Power Service to Lake Huron Pump Station	KWA	$	85,000
Substation at Lake Huron Pump Station	KWA	$	2,239,308
Power Service to Intermediate Pump Station	KWA	$	2,300,000
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Power Service (Valves & Meters)	KWA		
Land (Lake Huron Pump Station)	KWA		
Land (Intermediate Pump Station)	KWA		
Land and Acquisition Costs (Easements & Attorney Fees)	KWA	$	60,000
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WADETRIM AECOM

Project Cost Estimate - Weekly Update

KWA Water Supply System

Genesee County Drain Commissioner Division of Water & Waste

Week of December 23, 2013

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Contract S.4003 - Raw Water Transmission Main from Bricker Rd to Int. PS	KWA	$ 33,690,912		
Contract S.4005 - Raw Water Transm Main from Int. PS to Jefferson Rd	KWA	$ 32,733,511		
Contract S.4006 - Raw Water Transm Main from Jefferson Rd to GCDC WTP at Marathon Rd	KWA	$ 38,255,181		
Contract S.4007 - Raw Water Transm Main from GCDC WTP at Marathon Rd to Flint WTP	KWA	$ 24,019,644		
Contract S.5004 - 1 Mile 36" Raw Water Transmission Main from GCDC WTP to Stanley & German Rd	KWA	$ 1,377,736		
System Control and Monitoring	KWA	$ 552,800		
	Subtotal	$ 198,583,750	$ -	$ -
Design Contingency	3%	$ 5,957,513		
Construction Contingency	10%	$ 9,929,188		
Design Engineering		$ 5,700,000		
Construction Administration		$ 7,216,127		
Legacy Costs		$ -		
Bond, Legal & Project Administration	3%	$ 5,957,513		
	Subtotal	$ 34,760,340	$ -	$ -
Power Service to Lake Huron Pump Station	KWA	$ 85,000		
Substation at Lake Huron Pump Station	KWA	$ 2,239,308		
Power Service to Intermediate Pump Station	KWA	$ 2,300,000		
Substation at Intermediate Pump Station	KWA	$ 1,654,496		
Power Service (Valves & Meters)	KWA	$ -		
Land (Lake Huron Pump Station)	KWA	$ -		
Land (Intermediate Pump Station)	KWA	$ -		
Land and Acquisition Costs (Easements & Attorney Fees)	KWA	$ 60,000		
Land (Lapeer Co. Transmission)	KWA	$ -		
	Subtotal	$ 6,339,804	$ -	$ -
	Grand Total	$ 239,682,894	$ -	$ -

$300,000,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS, SERIES 2014 A
(LIMITED TAX GENERAL OBLIGATION)

Estimated Sources & Uses of Funds

		Series 2014 A	Series 2014 B	Total
Sources of Funds				
Par Amount of Bonds		$220,500,000.00	$79,500,000.00	$300,000,000.00
Production		(477,809.45)	0.00	(477,809.45)
Accrued Interest		0.00	0.00	0.00
Other		0.00	0.00	0.00
Contribution from Debt Fund		0.00	0.00	0.00
Total Sources		$220,022,190.55	$79,500,000.00	$299,522,190.55
Uses of Funds				
Deposit to Construction Account		$170,086,078.63	$64,597,528.38	$234,683,607.01
Deposit to Debt Fund-Bond Reserve		17,714,737.50	$5,139,575.00	22,854,312.50
Deposit to Debt Fund-Cap Int		29,524,233.33	8,745,000.00	38,269,233.33
Underwriter's Discount @	0.430%	948,150.00	341,850.00	1,290,000.00
Bond Insurance	0.250%	1,115,112.83	441,174.88	1,556,287.71
Costs of Issuance		633,878.25	234,871.75	868,750.00
Miscellaneous		0.00	0.00	0.00
Total Uses		$220,022,190.55	$79,500,000.00	$299,522,190.55

Stauder, Barch & Associates, Inc.
Municipal Bond Financial and Marketing Consultants
3989 Research Park Drive
Ann Arbor, Michigan 48108
Phone: (734) 668-6688 Fax (734) 668-6723

Michigan Department of Treasury
1428 (Rev. 2-02)

This form is issued under the authority of P.A. 34 of 2001. If your municipality does not have qualified status, you must file this form to apply for approval of the State Treasurer before Long-term Municipal Securities can be issued.

Application for State Treasurer's Approval to Issue Long-Term Securities

INSTRUCTIONS: Complete all parts of this application. The Department of Treasury may request additional information.
FILE WITH: Local Audit & Finance Division, Michigan Department of Treasury, P.O. Box 30728, Lansing, MI 48909-8228.
Direct questions to (517) 373-0660 or email to TREAS_LAFD@michigan.gov

The municipality identified below applies for permission to issue securities under authority of the statutes(s) and resolution as follows:

[X] P.A. 34 of 2001, as amended
[X] P.A. 233 of 1955, as amended

Date Resolution Was Adopted: 11/20/13

Legal Name of Municipality	Legal Classification	County (ies)
County of Genesee	County	Genesee

Title of Security
Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 A

Amount of Security	Date of Security
Not to Exceed $220,500,000	To Be Determined

Chief Administrative Officer - Person Keith Francis Genesee County Controller	Address and Telephone No. 1101 Beach St Flint, MI 48532 phone: 810-257-2627 fax: 810-257-3560
Bond Counsel - Person and Firm David P. Massaron Miller, Canfield, Paddock and Stone, P.L.C.	Address and Telephone No. 150 West Jefferson, Suite 2500 Detroit, MI 48226-4415 phone: 313-496-7523 fax: 313-496-8450
Local Attorney - Person and Firm	Address and Telephone No. phone: fax:
Financial Consultant - Person and Firm Paul R. Stauder Stauder, Barch & Associates, Inc.	Address and Telephone No. 3989 Research Park Drive Ann Arbor, MI 48108 phone. 734-668-6688 fax: 734-668-6723
Underwriter - Person and Firm Thomas J. Whitehouse JP Morgan	Address and Telephone No. 1450 Brickell Ave, 33rd Fl Miami, FL 33131 phone: 305-579-9482 fax: 312-337-0347
Engineer or Architect - Person and Firm Mark M. Coleman, P.E Wade Trim	Address and Telephone No. 500 Griswold Suite 2500 Detroit, MI 48226 phone: 313-961-3650 fax:

CERTIFICATION: I the undersigned, certify that this application and the attachments were authorized by the governing body of this municipality and that they are complete and accurate in all respects. I further certify that the funds on hand (if any) listed on page 4 of this application are on hand and available for use on this project.

Chief Administrative Officer Name and Title (Typed or Printed)	Chief Administrative Officer's Signature	Date
Keith Francis, Genesee County Controller	Keith Francis	1/14/2014

Purpose

For the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local Units, together with all and necessary appurtenances and attachments thereto.

Maturity Schedule

See Attached

Interest	First Interest Payment	Interest Payments
Not to exceed 10% Maximum	To Be Determined	May 1 and November 1

Optional Securitie (To be determined)

Securities maturing 20__ / _____ are non callable.

Securities maturing 20__ / _____ are callable on any interest payment date on or after _____

at par and accrued interest, plus a premium ranging from _____ % to _____ % in _____ order.

SECURITY

Full Faith and Credit Pledge

- [ ] Unlimited Tax Full Faith and Credit Pledge
- [X] Limited Tax Full Faith and Credit Pledge
- [ ] No Full Faith and Credit Pledge

Authorized by a Vote?

		Votes For:	Votes Against:	Spoiled Ballots:
[X]	NO			
[ ]	YES - Date of Election:			

Sources of Revenues

- [X] Rates and Charges
- [ ] Taxes
- [ ] Special Assessments
- [ ] Michigan Transportation Fund Revenues
- [ ] Other (Specify)

Additional Security

TAX INFORMATION

Fiscal Year	Date Taxes are Due	Date Taxes Delinquent
Oct 1 - Sept 30	July 1 - Dec 1	01-Mar

Maximum authorized statutory, constitutional or charter tax levy	6.68	mills
Maximum estimated annual millage requirement for this issue	- 0 -	mills
Date of first levy for this issue (if tax supported)	N/A	

Tax Collection History for Last Four Completed Fiscal Years

Fiscal Year Ending	Tax Levy	Collections to Date Delinquent	Percentage
2012	$77,487,325	$72,746,879	93.88%
2011	$83,767,765	$78,101,948	93.24%
2010	93,767,535	$86,508,053	92.26%
2009	97,004,331	$90,979,934	93.79%

MUNICIPAL MILLAGE RATES	Operating	Debt	Other
for 2012	5.5072	0.0000	2.7694

This municipality is in compliance with the provisions of Article IX, Section 6, of the Michigan Constitution of 1963 .... ☒ Yes ☐ No

SEV INFORMATION

Breakdown of Current Year's State Taxable Valuation 2013					
			STATE EQUALIZED VALUATION	CURRENT YEAR 2013	$8,996,548,108
Industrial	$250,627,317	2.82%		PRIOR YEAR 2012	$9,183,568,010
Commercial	$1,712,997,352	19.94%		PRIOR YEAR 2011	$9,950,805,569
Utility	$0	0.00%	TAXABLE VALUE	CURRENT YEAR 2013	$8,591,144,574
Agricultural	$122,092,317	1.42%		PRIOR YEAR 2012	$8,805,228,871
Residential	$5,837,245,297	67.94%		PRIOR YEAR 2011	$9,450,208,638
Other (Personal)	668,282,291	7.78%		CENSUS Current	428,790
TOTAL	$8,591,144,574	100.00%	POPULATION	CENSUS 2000	436,141
				CENSUS 1800	430,459
			SEV PER CAPITA	Current Year	$21,129.08

DEBT INFORMATION

You must attach the following lists unless the Department of Treasury waives the requirement for this detail:

1. *All outstanding securities or debt with no full faith and credit pledge.* Include title and date of issue and the amount outstanding.
2. All outstanding securities or debt with either a limited or unlimited full faith and credit pledge. Include title, date and type of issue, and the amount supported by taxes.
3. All outstanding securities or debt with either a limited or unlimited full faith and credit pledge that has been issued by an overlapping municipality. Include the name of the issuing municipality, the amount outstanding, the share applicable to your municipality, the net tax supported amount outstanding and the share applicable to your municipality.
4. All projects currently being planned for future indebtedness. Include an estimate of the amount of indebtedness to be incurred.

REPAYMENT SCHEDULE

Attach a schedule of revenues available for repayment of the proposed and outstanding securities and indicate coverage. Include operation and maintenance expenses and reserve requirements (when applicable) in addition to principal and interest requirements. Begin with one year of actual revenues and expenses. *Revenue supported securities need only project for a 7 to 10 year period. In lieu of this schedule, voted general obligation* securities may submit a principal and interest schedule.

County of Genesee

10 LARGEST PROPERTY TAXPAYERS

	Name		2013 Taxable Value	IFT VALUE	TOTAL
1.	Consumers Energy	Utility	$221,742,449		$221,742,449
2.	General Motors Corp	Automotive	96,569,800	9,386,600	105,956,400
3.	Genesee Valley Partners LP	Investments	49,129,300		49,129,300
4.	Wal-Mart/Sam's Club	Retail/grocery	41,076,788		41,076,788
5.	Edward Rose Assoc. ETAL	Construction	25,660,242		25,660,242
6.	Meijer Inc./Goodwill Co., Inc.	Retail/grocery	25,407,943		25,407,943
7.	Comcast	Retail cable	19,356,902		19,356,902
8.	Magna	Automotive	6,770,800	11,123,600	17,894,400
9.	*Michigan Electric Trans. Co.*	*Utility*	15,979,400		15,979,400
10.	Kroger	Grocery	14,617,238		14,617,238

10 LARGEST EMPLOYERS AND EMPLOYMENT DATA

	Name		Number of Employees
1.	General Motors Corp.	Automotive parts & bodies	3,417
2.	Genesys Health Care System	Health care	3,265
3.	Hurley Medical Center	Medical center	2,650
4.	Square D	Computer programming srvcs	2,500
5.	McLaren Health Care Corporation	Hospital & other health care	2,500
6.	Flint Metal Cntr Vehicle Mfg. Operating Div.	Metal fabrication	2,180
7.	United States Postal Service	US Postal Service	1,200
8.	General Motors Corp., Powertrain Div.	Engines, gears & transmissions	1,200
9.	Flint, City of	Municipality	1,100
10.	Genesee County (full time employees)	Government	1,093

Local unemployment rate for the most recently available month	9.40%
Seasonally adjusted unemployment rate for the preceding month	

ESTIMATED COSTS

Project Category	Estimated Costs
Construction cost (materials and labor)	See Attached
Equipment	
Site Acquisition and development	
Architect or engineering (including survey, design, inspection, etc..)	
Issuance Costs	
Capitalized Interest (_____ months at _____%)	
Other Costs	
Contingencies	
Total Project Costs	
Less	
Grants.....	
Funds on Hand	
BALANCE: Amount of the security	

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Municipal Advisory Council of Michigan

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313-963-0420 800-337-0696 Fax 313-963-0943 www.mi-macsite.com

Debt Summary Report

Debt as of 11/18/2013

Municipal County of
GENESEE

Dated / Cusip	Debt Type	Sub# Description - Purpose / Note	Shared	Gross Original Amt	Gross Outstanding	Municipality's Portion Outstanding	- Escrowed	= Net Amt
11/01/1996 371607	GO LT XSEC XF XEN XTD XUSA XR	1- Fenton Twp-Rolston/Ripley - Utilities Sewer	N	1,240 M	Report 400 M	$0 M	0 M	= 0
12/01/2000 371608	GO LT XSEC XF XEN QTE XUSA XR	1- Atlas Twp. Project "A" #1610 - Utilities	N	750 M	Report 150 M	$0 M	0 M	= 0
12/01/2003 371608	GO LT XSEC XF INS XTD XUSA XR	1- Fenton Twp. Project - Utilities Sewer Insur: MBIA	N	4,000 M	Report 2,525 M	$0 M	0 M	= 0
11/01/2004 371608	GO LT XSEC XF INS TAX XUSA XR	1- General Capital Improvement Insur: MBIA	N	2,100 M	Report 1,765 M	$1,765 M	0 M	= 1,765,000
12/01/2004 371608	GO LT XSEC XF INS XTD XUSA XR	1- Fenton Twp. Ser. A&B - Utilities Sewer Insur: MBIA	N	12,600 M	Report 9,200 M	$0 M	0 M	= 0
02/01/2005 371608	GO LT XSEC XF INS QTE XUSA RF	1- Utilities Sewer Insur: FSA $12,940m act 342 3/1/96 (07/16)	Y	12,940 M	Report 4,000 M	$0 M	0 M	= 0
06/23/2005 371608	GO LT XSEC XF INS XTD XUSA RF	1- BA - Building Insur: MBIA $12,950m act 34 6/1/99 (10/19)	N	12,950 M	Report 8,415 M	$8,415 M	0 M	= 8,415,000
12/22/2005 371608	GO LT XSEC XF INS XTD XUSA RF	1- mt morris twp - Utilities Sewer Insur: FSA $2,900m act 342 12/1/99 (09/19).	N	2,900 M	Report 1,695 M	$0 M	0 M	= 0
08/01/2006 628457	*GO LT XSEC XF* INS QTE XUSA XR	*1- Meyers - Utilities Drainage* Insur: FSA	Y	*1,110 M*	*Report* 375 M	$126 M	0 M	= 126,600
09/01/2006 371608	GO LT XSEC XF INS XTD XUSA XR	1- Western Trunk No. 1 - Utilities Sewer Insur: CIFG	Y	3,685 M	Report 2,775 M	$0 M	0 M	= 0

Municipal County of

GENESEE

Dated / Cusip	Debt Type	Sub# Description - Purpose / Note	Shared	Gross Original Amt	Gross Outstanding	Municipality's Portion Outstanding	Escrowed	Net Amt
11/16/2007	GO LT XSEC XF	1- no.3 - Utilities Sewer	Y	5,615 M	Report			
371608	INS XTD XUSA RF	Insur: FSA $5,615m act 342 7/1/98 (09/19)			4,305 M	$0 M	0 M =	0
12/01/2010	GO LT XSEC XF	1- Qual. Energy Conservation Bonds - Public	N	7,816 M	Report			
NA	XEN XTD XUSA XR				7,175 M	$7,175 M	0 M =	7,175,784
04/08/2011	GO LT XSEC XF	1- Fenton Rd. Watermain Project DNRE #7340-01	Y	1,105 M	Report			
NA	XEN XTD XUSA XR				859 M	$0 M	0 M =	0
04/12/2012	GO LT XSEC XF	1- Building	N	4,830 M	Report			
NA	XEN XTD XUSA RF				4,430 M	$4,430 M	0 M =	4,430,000
06/03/2013	GO LT XSEC XF	1- Delinquent Tax Notes - Financial Tax	N	39,900 M	Report			
NA	XEN TAX XUSA XR				39,900 M	$39,900 M	0 M =	39,900,000
			GO	Subtotal	87,969 M	$61,811 M	0 M =	61,812,384
07/01/1998	GOAU LT XSEC XF	1- ba, series 1998 - Building	N	3,460 M	Report			
371620	INS XTD XUSA RF	Insur: MBIA $3,460m act 31 9/1/89; 6/1/91; 9/1/91;			155 M	$155 M	0 M =	155,000
02/16/2005	GOAU LT XSEC XF	1- Brownfield Redev. . - Building	N	5,000 M	Report			
115777	INS XTD XUSA XR	Insur: AMBAC			4,405 M	$4,405 M	4,405 M =	0
11/20/2007	GOAU LT XSEC XF	1- tifa, Brownfield Redev. . - Building	N	13,035 M	Report			
115777	INS XTD XUSA RF	Insur: FGIC $13,035m act 381 2/16/05 (09/34)			12,110 M	$12,110 M	0 M =	12,110,000
			GOAU	Subtotal	16,670 M	$16,670 M	4,405 M =	12,265,000
08/01/2003	REV LT GOP XF	1- Utilities Water	N	9,000 M	Report			
371608	INS XTD XUSA XR	Insur: AMBAC			3,585 M	$3,585 M	0 M =	3,585,000
08/01/2003	REV LT GOP XF	1- Western Trunk Relief - Utilities Sewer	N	9,000 M	Report			
371608	INS XTD XUSA XR	Insur: MBIA			2,585 M	$2,585 M	0 M =	2,585,000
10/01/2003	REV LT GOP XF	1- Series 2003B - Utilities Water	N	18,000 M	Report			
371608	INS XTD XUSA XR	Insur: MBIA Term: 2021 is a serial bond.			15,730 M	$15,730 M	0 M =	15,730,000
09/01/2004	REV LT GOP XF	1- Utilities Water	N	14,960 M	Report			
371608	INS XTD XUSA XR	Insur: AMBAC			13,260 M	$13,260 M	0 M =	13,260,000
06/23/2005	REV XT GOP XF	1- Series 2005A - SRF - Utilities Sewer	N	22,180 M	Report			
NA	XEN XTD XUSA XR				15,210 M	$15,210 M	0 M =	15,210,000

Municipal County of

GENESEE

Dated / Cusip	Debt Type	Sub# Description - Purpose / Note	Shared	Gross		Municipality's Portion				
				Original Amt	Outstanding	Outstanding	-	Escrowed	=	Net Amt
09/22/2005	REV XT GOP XF	1- Series 2005B - SRF - Utilities Sewer	N	15,505 M	Report					
NA	XEN XTD XUSA XR				10,640 M	$10,640 M	-	0 M	=	10,640,000
09/21/2006	REV XT GOP XF	1- Series 2006A - SRF - Utilities Sewer	N	2,815 M	Report					
NA	XEN XTD XUSA XR				2,065 M	$2,065 M	-	0 M	=	2,065,000
11/01/2006	REV XT MTF XF	1- Notes, Ser. 2006A - HWY MTF Comprehensive	N	2,460 M	Report					
371614	NCS QTE XUSA XR				850 M	$850 M	-	0 M	=	850,000
12/14/2006	REV XT GOP XF	1- - Utilities Sewer	N	7,705 M	Report					
NA	XEN XTD XUSA XR				5,650 M	$5,650 M	-	0 M	=	5,650,000
12/14/2006	REV XT GOP XF	1- Series 2006C - SRF - Utilities Sewer	N	4,335 M	Report					
NA	XEN XTD XUSA XR				3,175 M	$3,175 M	-	0 M	=	3,175,000
01/01/2007	REV LT GOP XF	1- Series 2007 - Utilities Water	N	6,000 M	Report					
371608	INS XTD XUSA XR	Insur: CIFG			5,100 M	$5,100 M	-	0 M	=	5,100,000
09/01/2007	REV LT GOP XF	1- Northeast Ext., Series B - Utilities Sewer	N	8,000 M	Report					
371608	INS XTD XUSA XR	Insur: MBIA			6,665 M	$6,665 M	-	0 M	=	6,665,000
09/20/2007	REV LT GOP XF	1- Northeast Ext., 2007A - Utilities Sewer	N	10,500 M	Report					
NA	XEN XTD XUSA XR	Call: per mmba			8,180 M	$8,180 M	-	0 M	=	8,180,000
10/01/2007	REV XT MTF XF	1- Notes - HWY MTF Comprehensive	N	4,430 M	Report					
371614	NCS QTE XUSA XR				1,970 M	$1,970 M	-	0 M	=	1,970,000
12/01/2007	REV LT GOP XF	1- #3 - Utilities Sewer	N	6,000 M	Report					
371608	INS XTD XUSA XR	Insur: FSA			4,920 M	$4,920 M	-	0 M	=	4,920,000
08/01/2008	REV XT MTF XF	1- Notes - HWY MTF Comprehensive	N	4,045 M	Report					
371614	XEN QTE XUSA XR				2,305 M	$2,305 M	-	0 M	=	2,305,000
02/12/2009	REV LT GOP XF	1- Utilities Sewage Disposal	N	15,000 M	Report					
371608	INS XTD XUSA XR	Insur: FSA			13,075 M	$13,075 M	-	0 M	=	13,075,000
09/01/2009	REV XT MTF XF	1- HWY MTF Comprehensive Transportation	N	3,300 M	Report					
371614	NCS QTE XUSA XR				2,085 M	$2,085 M	-	0 M	=	2,085,000
01/22/2010	REV LT GOP XF	1- Sewer #3 - Utilities Sewer	N	1,089 M	Report					
NA	XEN XTD XUSA XR				955 M	$955 M	-	0 M	=	955,000
01/22/2010	REV LT GOP XF	1- - Utilities Sewer	N	14,544 M	Report					
NA	XEN XTD XUSA XR				12,790 M	$12,790 M	-	0 M	=	12,790,000

Municipal County of

GENESEE

Dated / Cusip	Debt Type	Sub# Description - Purpose / Note	Shared	Gross: Original Amt	Gross: Outstanding	Municipality's Portion: Outstanding	- Escrowed	= Net Amt
04/08/2011	REV LT GOP XF	1- Interceptors Treatment Facilities, Series A -	N	1,445 M	Report			
NA	XEN XTD XUSA XR				1,330 M	$1,330 M	- 0 M =	1,330,000
07/28/2011	REV LT GOP XF	1- Interceptors and Treatment Facilities, Series	N	4,825 M	Report			
371608	INS XTD XUSA XR				4,825 M	$4,825 M	- 0 M =	4,825,000
09/14/2011	REV LT GOP XF	1- Sewage Disp, Series C - Utilities Sewer	N	7,870 M	Report			
371608	XEN XTD XUSA RF				4,965 M	$4,965 M	- 0 M =	4,965,000
10/03/2013	REV LT XSEC XF	1- Water - Utilities Water	N	35,000 M	Report			
371608	INS XTD XUSA XR				35,000 M	$35,000 M	- 0 M =	35,000,000
			REV Subtotal		176,915 M	$176,915 M	- 0 M =	176,915,000
			Grand Total		261,554 M	$255,396 M	- 4,405 M =	250,992,384

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Indirect Debt

Debt as of 11/18/2013

Municipal County of
GENESEE

Municipal Water and Sewer Auth. Multi-Municipality of GILKEY CREEK AND BRANCH DRAINAGE DISTRICT

Type	O. Secur.	Dated	Purpose		Gross	Net
GO		12/01/2011	1 - Genesee County - Utilities Drainage		2,160,000	46,656
				Outstanding:	2,160,000	46,656
				Outstanding:	**2,160,000**	**46,656**

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COUNTY - GENESEE

Taxable Value		Year	Population
2013	8,562,063,983	2011	425,790
2012	8,776,479,708	2010	425,790
2011	9,410,419,812	2008	436,141
2010	10,098,609,525	2007	436,141
2009	11,320,690,849		
2008	11,788,581,323		

Overlapping Debt as of 11/18/2013

	%	Municipality	Net Tax Supported Debt	Share
City				
	100.00	BURTON (GENESEE)	8,429,420	8,429,420
	100.00	CLIO (GENESEE)	600,000	600,000
	100.00	DAVISON (GENESEE)	2,460,000	2,460,000
	99.95	FENTON (GENESEE)	10,259,941	10,254,811
	100.00	FLINT (GENESEE)	7,620,000	7,620,000
	100.00	FLUSHING (GENESEE)	0	0
	100.00	GRAND BLANC (GENESEE)	2,340,000	2,340,000
	100.00	LINDEN (GENESEE)	5,567,940	5,567,940
	100.00	MONTROSE (GENESEE)	1,100,000	1,100,000
	100.00	MOUNT MORRIS (GENESEE)	690,000	690,000
	100.00	SWARTZ CREEK (GENESEE)	1,170,791	1,170,791
			City Total:	40,432,962
Township				
	100.00	ARGENTINE (GENESEE)	0	0
	100.00	ATLAS (GENESEE)	173,328	173,328
	100.00	CLAYTON (GENESEE)	1,323,949	1,323,949
	100.00	DAVISON (GENESEE)	23,328	23,328
	100.00	FENTON (GENESEE)	25,977,119	25,977,119
	100.00	*FLINT (GENESEE)*	*2,679,500*	*2,679,500*
	100.00	FLUSHING (GENESEE)	0	0
	100.00	FOREST (GENESEE)	0	0
	100.00	GAINES (GENESEE)	850,260	850,260
	100.00	GENESEE (GENESEE)	0	0
	100.00	GRAND BLANC (GENESEE)	10,180,328	10,180,328
	100.00	MONTROSE (GENESEE)	0	0
	100.00	MOUNT MORRIS (GENESEE)	1,695,000	1,695,000
	100.00	MUNDY (GENESEE)	0	0
	100.00	RICHFIELD (GENESEE)	0	0
	100.00	THETFORD (GENESEE)	0	0
	100.00	VIENNA (GENESEE)	0	0
			Township Total:	*43,102,812*
Village				
	100.00	GAINES (GENESEE)	0	0
	100.00	GOODRICH (GENESEE)	276,000	276,000
	24.92	LENNON (SHIAWASSEE)	0	0

This report is prepared by the Municipal Advisory Council of Michigan (the"MAC") and is intended solely for the use of its members. It is not an official statement of the issuer of the securities described below and does not constitute an offering of, or a recommendation to purchase, the securities. The information in this report has been obtained from the issuer, its agents, MAC records and/or from public records prepared by various local, county or state agencies of the State of Michigan. The MAC has not independently confirmed or verified the information in this report and does not guarantee the completeness or accuracy of such information. The MAC is not associated with the State of Michigan or any other government entities.

Municipal Advisory Council of Michigan

Buhl Building - 535 Griswold, Suite 1850 - Detroit, Michigan 48226-3699
313-963-0420 800-337-0698 Fax 313-963-0943 www.mi-macsite.com

COUNTY - GENESEE

	100.00	OTISVILLE (GENESEE)	275,000	275,000
	28.75	OTTER LAKE (LAPEER)	2,080,000	598,400
			Village Total:	**1,106,400**
School District				
	100.00	ATHERTON (GENESEE)	4,435,000	4,435,000
	100.00	BEECHER (GENESEE)	4,530,000	4,530,000
	100.00	BENDLE (GENESEE)	15,695,930	15,695,930
	100.00	BENTLEY (GENESEE)	4,055,000	4,055,000
	1.40	BIRCH RUN (SAGINAW)	14,981,977	209,748
	32.28	BYRON (SHIAWASSEE)	0	0
	100.00	CARMAN-AINSWORTH (GENESEE)	40,208,000	40,208,000
	99.90	CLIO (GENESEE)	0	0
	99.40	DAVISON (GENESEE)	22,585,000	22,449,490
	12.03	DURAND (SHIAWASSEE)	19,575,000	2,354,873
	60.47	FENTON (GENESEE)	41,110,000	24,859,217
	100.00	FLINT (GENESEE)	13,880,000	13,880,000
	100.00	FLUSHING (GENESEE)	19,410,000	19,410,000
	100.00	GENESEE (GENESEE)	10,633,846	10,633,846
	84.91	GOODRICH (GENESEE)	47,731,947	40,529,196
	99.90	GRAND BLANC (GENESEE)	74,365,000	74,290,635
	100.00	KEARSLEY (GENESEE)	0	0
	100.00	LAKE FENTON (GENESEE)	22,020,000	22,020,000
	54.32	LAKEVILLE (GENESEE)	12,055,000	6,548,276
	76.49	LINDEN (GENESEE)	27,460,000	21,004,154
	8.17	MILLINGTON (TUSCOLA)	4,225,000	345,183
	98.27	MONTROSE (GENESEE)	21,618,914	21,244,907
	100.00	MOUNT MORRIS (GENESEE)	0	0
	0.07	NEW LOTHROP (SAGINAW)	15,950,985	11,166
	100.00	SWARTZ CREEK (GENESEE)	12,615,000	12,615,000
	100.00	WESTWOOD HEIGHTS (GENESEE)	0	0
			School District Total:	**361,339,419**
Intermediate School District				
	93.25	GENESEE I/S/D	0	0
	0.08	SAGINAW I/S/D	2,200,000	1,760
	4.78	SHIAWASSEE I/S/D	0	0
	1.02	TUSCOLA I/S/D	0	0
			Intermediate School District Total:	**1,760**
Community College				
	93.29	MOTT COMMUNITY COLLEGE	46,050,000	42,960,045
			Community College Total:	**42,960,045**
Library				
	100.00	FLINT PUBLIC LIBRARY	0	0
			Library Total:	***0***
Authority				
	100.00	BISHOP AIRPORT AUTH	10,605,000	10,605,000
			Authority Total:	**10,605,000**
				499,648,398

WADETRIM AECOM

Project Cost Estimate - Weekly Update

KWA Water Supply System

Genesee County Drain Commissioner Division of Water & Waste

Week of December 23, 2013

Capital Cost Components	Cost Responsibility		12/20/13 Estimate
Contract S.4000 - Intake, Shorewell and Tunnel	KWA		
Contract S.4001 - Lake Huron Pump Station	KWA	$	15,925,942
Contract S.4004 - Intermediate P.S. and Storage Reservoir/Balancing Tanks	KWA	$	19,435,641
Contract S.4002 - Raw Water Transmission Main from LHPS to Bricker Rd	KWA	$	32,692,383
Contract S.4003 - Raw Water Transmission Main from Bricker Rd to Int. PS	KWA	$	33,690,812
Contract S.4005 - Raw Water Transm Main from Int. PS to Jefferson Rd	KWA	$	32,733,611
Contract S.4006 - Raw Water Transm Main from Jefferson Rd to GCDC WTP at Marathon Rd	KWA	$	38,255,181
Contract S.4007 - Raw Water Transm Main from GCDC WTP at Marathon Rd to Flint WTP	KWA	$	24,019,644
Contract S.5004 - 1 Mile 36" Raw Water Transmission Main from GCDC WTP to Stanley & German Rd	KWA	$	1,377,736
System Control and Monitoring	KWA	$	552,800
	Subtotal	$	198,683,750
Design Contingency	3%	$	5,957,513
Construction Contingency (5%)	10%	$	9,929,188
Design Engineering		$	5,700,000
Construction Administration		$	7,216,127
Legacy Costs			
Bond, Legal & Project Administration	3%	$	5,957,513
	Subtotal	$	34,760,340
Power Service to Lake Huron Pump Station	KWA	$	85,000
Substation at Lake Huron Pump Station	KWA	$	2,239,308
Power Service to Intermediate Pump Station	KWA	$	2,300,000
Substation at Intermediate Pump Station	KWA	$	1,654,496
Power Service (Valves & Meters)	KWA		
Land (Lake Huron Pump Station)	KWA		
Land (Intermediate Pump Station)	KWA		
Land and Acquisition Costs (Easements & Attorney Fees)	KWA	$	60,000
Land (Lapeer Co. Transmission)	KWA		
	Subtotal	$	6,338,804
	Grand Total	$	239,682,894

WADETRIM AECOM

Project Cost Estimate - Weekly Update

KWA Water Supply System

Genesee County Drain Commissioner Division of Water & Waste

Week of December 23, 2013

Capital Cost Components	Cost Responsibility	KWA Cost	GCDC:WWS Cost	City of Flint Cost
Contract S.4000 - Intake, Shorewell and Tunnel	KWA	$ -		
Contract S.4001 - Lake Huron Pump Station	KWA	$ 15,925,942		
Contract S.4004 - Intermediate P.S. and Storage Reservoir/Balancing Tanks	KWA	$ 19,435,641		
Contract S.4002 - Raw Water Transmission Main from LHPS to Bricker Rd	KWA	$ 32,592,383		
Contract S.4003 - Raw Water Transmission Main from Bricker Rd to Int. PS	KWA	$ 33,690,912		
Contract S.4005 - Raw Water Transm Main from Int. PS to Jefferson Rd	KWA	$ 32,733,511		
Contract S.4006 - Raw Water Transm Main from Jefferson Rd to GCDC WTP at Marathon Rd	KWA	$ 38,255,181		
Contract S.4007 - Raw Water Transm Main from GCDC WTP at Marathon Rd to Flint WTP	KWA	$ 24,019,644		
Contract S.5004 - 1 Mile 36" Raw Water Transmission Main from GCDC WTP to Stanley & German Rd	KWA	$ 1,377,736		
System Control and Monitoring	KWA	$ 552,800		
Subtotal		$ 198,583,750	$	$
Design Contingency	3%	$ 5,957,513		
Construction Contingency	10%	$ 9,929,188		
Design Engineering		$ 5,700,000		
Construction Administration		$ 7,216,127		
Legacy Costs		$ -		
Bond, Legal & Project Administration	3%	$ 5,957,513		
Subtotal		$ 34,760,340	$	$
Power Service to Lake Huron Pump Station	KWA	$ 85,000		
Substation at Lake Huron Pump Station	KWA	$ 2,239,308		
Power Service to Intermediate Pump Station	KWA	$ 2,300,000		
Substation at Intermediate Pump Station	KWA	$ 1,654,496		
Power Service (Valves & Meters)	KWA	$ -		
Land (Lake Huron Pump Station)	KWA	$ -		
Land (Intermediate Pump Station)	KWA	$ -		
Land and Acquisition Costs (Easements & Attorney Fees)	KWA	$ 60,000		
Land (Lapeer Co. Transmission)	KWA	$ -		
Subtotal		$ 6,338,804	$	$
Grand Total		$ 239,682,894	$	$

$300,000,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS, SERIES 2014 A
(LIMITED TAX GENERAL OBLIGATION)

Estimated Sources & Uses of Funds

		Series 2014 A	Series 2014 B	Total
Sources of Funds				
Par Amount of Bonds		$220,500,000.00	$79,500,000.00	$300,000,000.00
Production		(477,809.45)	0.00	(477,809.45)
Accrued Interest		0.00	0.00	0.00
Other		0.00	0.00	0.00
Contribution from Debt Fund		0.00	0.00	0.00
Total Sources		$220,022,190.55	$79,500,000.00	$299,522,190.55
Uses of Funds				
Deposit to Construction Account		$170,086,078.63	$64,597,528.38	$234,683,607.01
Deposit to Debt Fund-Bond Reserve		17,714,737.50	$5,139,576.00	22,854,312.50
Deposit to Debt Fund-Cap Int		29,524,233.33	8,745,000.00	38,269,233.33
Underwriter's Discount @	0.430%	948,150.00	341,850.00	1,290,000.00
Bond Insurance	0.250%	1,115,112.83	441,174.88	1,556,287.71
Costs of Issuance		633,878.25	234,871.75	868,750.00
Miscellaneous		0.00	0.00	0.00
Total Uses		$220,022,190.55	$79,500,000.00	$299,522,190.55

Stauder, Barch & Associates, Inc.
Municipal Bond Financial and Marketing Consultants
3989 Research Park Drive
Ann Arbor, Michigan 48108
Phone: (734) 668-6688 Fax (734) 668-6723

KAREGNONDI WATER AUTHORITY
ACTING IN LAPEER COUNTY, MICHIGAN

RESOLUTION NO. 2013-15

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $300,000,000 KAREGNONDI WATER AUTHORITY WATER SUPPLY SYSTEM BONDS (KAREGNONDI WATER PIPELINE)

At a meeting of the Karegnondi Water Authority Board, acting in Lapeer County, Michigan, held on November 20, 2013, at 2 p.m., local time.

PRESENT: Joshua Freeman, Larry Green, Richard E. Hammel, Ted Henry, Marilyn Hoffman, Steve Landaal, Sheldon Neeley, Thomas Svrcek, Tracey Tucker, Paula Zelenko, Joseph Suma, Dale Kerbyson, Greg Alexander

ABSENT: Dayne Walling, Jamie Curtis

The following preamble and resolution were offered by Josh Freeman and seconded by Larry Green;

RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $300,000,000 KAREGNONDI WATER AUTHORITY WATER SUPPLY SYSTEM BONDS (KAREGNONDI WATER PIPELINE)

WHEREAS, the Karegnondi Water Authority (the "Authority") has been incorporated under the provisions of Act 233, Public Acts of Michigan, 1955, as amended (the "Act"), for the purposes set forth in the Act; and

WHEREAS, the Authority and the City of Flint in the County of Genesee and the County of Genesee (collectively the "Local Units" and each a "Local Unit") have each approved and executed a Contract dated August 1, 2013 (the "Contract") for the acquisition, construction and installation of various water supply system improvements, together with all necessary appurtenances and attachments thereto, to serve the Local Units all as more fully described in the Contract (the "System"); and

WHEREAS, the Local Units have published a notice of intent to enter into the Contract, which provides that the Contract shall become effective upon the expiration of a forty-five day referendum period beginning on the date of publication thereof (the "Referendum Period"), provided that during such period no petition for a referendum is signed by at least ten percent of or 15,000, whichever is less, of the registered electors of either Local Unit and properly filed with the clerk of such Local Unit; and

WHEREAS, the Referendum Period has passed and no such petition has been filed with either Local Unit; and

WHEREAS, plans, specifications and estimates of cost for the System have been prepared by the Authority's consulting engineers, Wade Trim (the "Consulting Engineers"), and are hereby granted the approval of the Authority; and

WHEREAS, under the provisions of the Contract, the Local Units have obligated themselves to pay the cost of the System to be financed by the issuance of bonds of the Authority by paying the principal installments plus interest thereon, as specified in Section 9 of the Contract, and the Local Units have further obligated themselves to levy taxes annually to the extent necessary for the purpose of meeting said installments plus interest thereon, subject, however, to applicable constitutional, statutory and charter tax rate limitations, all as provided in Section 10 of the Contract; and

WHEREAS, the use of the System will be made available to the Local Units, and citizens thereof, in return for annual payments which will be applied to offset the payment obligations of the Authority; and

WHEREAS, the Authority now proposes to issue one or more series of its bonds, as authorized by Section 9 of the Act in anticipation of and secured solely by the contractual obligations of the Local Units to provide the necessary funds to pay the Local Units' share of the cost of acquiring and constructing the System, including capitalized interest therefor, and all things necessary to the authorization and issuance of the Authority's bonds under the Act having been done and the Authority being now empowered to issue, and desirous of authorizing the issuance of, the bonds.

THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE AUTHORITY AS FOLLOWS:

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Section 1. Definitions. Wherever used in this Resolution or in the Bonds to be issued hereunder, except where otherwise indicated by the context:

(a) "Authority" means the Karegnondi Water Authority.

(b) "Authorized Officer" means the Chief Executive Officer of the Authority or his designee.

(c) "Bonds" means any of the $300,000,000 Water Supply System Bonds (Karegnondi Water Pipeline), authorized by Section 4 hereof.

(d) "Contract" means the Contract, dated as of August 1, 2013 among the Authority and the Local Units which has been approved by the Local Units and which the Authority hereby approves and authorizes its Chair and Secretary to execute.

(e) "Contractual Payments" means the debt service installment payments required to be made by the Local Units to the Authority pursuant to the provisions of Section 9 of the Contract and pledged to the payment of the principal of and interest on the Bonds authorized by the provisions of this Resolution.

(f) "Debt Service Reserve Account" means the Debt Service Reserve Account within the Debt Retirement Fund all created pursuant to Section 9 of this Resolution.

(g) "Depository Bank" means the Michigan bank or trust company selected by the Board of Trustees of the Authority or the Authorized Officer, which is a member of the Federal Deposit Insurance Corporation.

(h) "Government Obligations" means (i) direct obligations of the United States of America (including obligations issued or held in book-entry form), (ii) obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, (iii) non-callable, non-prepayable obligations of agencies of the United States of America, including, without limitations, obligations of the Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, Farm Credit System, Washington Metropolitan Area Transit Authority, United States Import-Export Bank, United States Department of Housing and Urban Development, Farmers Home Administration, General Services Administration and United States Maritime Administration, or any other agency or corporation which has been or is hereafter created pursuant to an act of Congress of the United States as an agency or instrumentality of the United States of America (provided the agencies listed in this clause (iii) retain ratings equivalent to or higher than the ratings held by direct obligations of the United States of America by Moody's Investors Service, Inc., by Standard & Poor's Ratings Services, a part of McGraw Hill Financial or Fitch Ratings, Inc., or any successor entities performing a similar function from which the State has requested a rating for the Bonds, as of the date the obligations are acquired); and (iv) certificates which evidence ownership of the right to payment of the principal of and interest on obligations described in clauses (i), (ii) and (iii) hereof; provided that such obligations are held in the custody of a bank or trust company satisfactory to the Authority in a special account separate from the general assets of the custodian; provided, however, Government Obligations shall not include any investment which is prohibited or not permitted by the Act or other applicable law.

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

(h) "Outstanding" means, when used in reference to the Bonds as of any given date, all Bonds which have been duly authenticated and delivered by the Transfer Agent under this Resolution except:

(a) Bonds which have been canceled by the Transfer Agent at or prior to such date or which have been delivered to the Transfer Agent at or prior to such date for cancellation;

(b) Bonds which have been defeased pursuant to Section 23 hereof.

(i) "Reserve Account Requirement" means the (i) lesser of (a) the maximum annual principal and interest requirements during any calendar on the Bonds then Outstanding, (b) ten percent (10%) of the initial face amount of the Bonds, less original issue discount, if any, or (c) one hundred twenty-five percent (125%) of the average annual principal and interest requirements during any calendar on the Bonds then Outstanding or (ii) such other amount as shall be set forth in the Sale Order for the initial series of Bonds.

(j) "System" means the Karegnondi Water Authority Water Supply System (Karegnondi Water Pipeline), consisting of the acquisition, construction and equipping of water supply system improvements to serve the Local Units, including site acquisition and development therefor, as more particularly described in the Contract, together with all necessary appurtenances and rights in land thereto, being defrayed from the proceeds of the Bonds.

(k) "Sale Order" means an order of an Authorized Officer awarding the sale of a series of Bonds and setting the terms of such series of Bonds.

(k) "Transfer Agent" means a bank or trust company qualified and approved by the Authorized Officer of the Authority to serve as transfer agent for the Bonds.

Section 2. Plans and Specifications; Necessity. The plans, specifications and cost estimates for the System as prepared by the Consulting Engineers are hereby accepted and approved, and it is hereby determined to be advisable and necessary for the public health of citizens of the Local Units to complete the acquisition, construction, and completion of the System as provided in said plans and specifications.

Section 3. Estimated Cost; Useful Life of System. The total estimated cost of acquiring and constructing the System, including payment of incidental expenses as specified in Section 4 of this Resolution, in the amount of approximately $300,000,000 and the Local Units' share thereof (100%) is hereby approved and confirmed. The cost of the System shall be defrayed from Bonds to be issued by the Authority under the Contract in an amount not to exceed $300,000,000, in one or more series. The estimated period of usefulness of the System is determined to be not less than thirty (30) years.

Section 4. Authorization of Bonds. For the purpose of defraying the Local Units' share of the cost of the System, including payment of engineering, legal and financing expenses, including a bond discount and capitalized interest, and other expenses incident thereto and incident to the issuance of the Bonds, there shall be borrowed the sum of not to exceed $300,000,000, in one or more series, and in evidence thereof Bonds of the Authority shall be issued in an equivalent aggregate principal amount.

Section 5. Details of Bonds. The Bonds shall be designated KAREGNONDI WATER SUPPLY SYSTEM BONDS (KAREGNONDI WATER PIPELINE) (the "Bonds"), are authorized to be issued in

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

the aggregate principal sum of not to exceed Three Hundred Million Dollars ($300,000,000) with such changes to the designation of the Bonds as provided in the Sale Order, in one or more series, for the purpose of paying all or a portion of the cost of the System as provided in Section 4, and the costs incidental to the issuance, sale and delivery of the Bonds. Each series of Bonds shall consist of Bonds in fully-registered form of the denomination of $5,000, or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, numbered consecutively in order of registration. Each series of the Bonds will be dated as of the date of delivery (or such other date as provided in the Sale Order), be payable on such dates as provided in the Sale Order in the annual amounts determined at the time of sale of each series of Bonds as provided in the Sale Order with a final payment not later than 30 years from the date of issuance. Each series of the Bonds shall subject to redemption prior to maturity, or subject to mandatory redemption, as shall be determined at the time of sale as provided in the Sale Order.

The Bonds shall bear interest at a rate or rates to be determined at the time of sale as provided in the Sale Order, but in any event not exceeding 10% per annum, payable as determined at the time of sale for each series of the Bonds, and semiannually thereafter, by check drawn on the Transfer Agent, mailed to the registered owner at the registered address, as shown on the registration books of the Authority maintained by the Transfer Agent. Interest shall be payable to the registered owner of record as of the fifteenth day of the month prior to the payment date for each interest payment. The date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Authority to conform to market practice in the future. The principal of the Bonds shall be payable upon presentation and surrender of the appropriate Bond at the office of the Transfer Agent.

Section 6. Execution and Delivery of Bonds; Transfer Agent Duties. The Bonds shall be signed with the facsimile signature of the Chair of the Authority and countersigned by the facsimile signature of the Secretary of the Authority. The Bonds shall have the corporate seal, or a facsimile thereof, of the Authority impressed or imprinted thereon. No Bond of any series shall be valid until authenticated by an authorized officer of the Transfer Agent. Executed blank bonds for registration and issuance to transferees shall simultaneously, and from time to time thereafter as necessary, be delivered to the Transfer Agent for safekeeping.

Any Bond may be transferred upon the books required to be kept pursuant to this section by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Transfer Agent shall authenticate and deliver a new Bond or Bonds, of the same series and aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered Bond or Bonds. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer.

The Transfer Agent shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Authority. Upon presentation for such purpose, the Transfer Agent shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, Bonds as hereinbefore provided.

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

The Authorized Officer is hereby authorized to execute an agreement with the Transfer Agent regarding the duties and responsibilities of the Transfer Agent.

Section 7. Source of Payment; Pledge; Remedies. The Bonds and the interest thereon shall be payable solely from the Contractual Payments received by the Authority and from any funds held in the Debt Retirement Fund, for the payment of which the Local Units have, in the Contract, pledged their limited tax full faith and credit pursuant to the provisions of the Act, in the amounts set forth in the Contract. Each Local Unit has covenanted and agreed to provide annually general or special funds in amounts sufficient to meet when due its Contractual Payments in anticipation of which the Bonds, including the replenishment of the Debt Service Reserve Account as set forth in Section 9 hereof, are issued, or, if necessary, to levy ad valorem taxes on all taxable property within its boundaries for such purpose, subject to applicable constitutional, statutory, and charter tax rate limitations. All of such Contractual Payments are hereby irrevocably pledged solely and only for the payment of principal of and interest on the Bonds. The holder or holders of the Bonds, representing in the aggregate not less than twenty percent (20%) of the entire issue then Outstanding, may, by suit, action or other proceedings, protect and enforce the aforesaid pledge and enforce and compel the performance of all duties of the officials of the Authority, including, but not limited to, compelling the Local Units, by proceedings in a court of competent jurisdiction or other appropriate forum, to make the Contractual Payments, appropriate general funds, and levy and collect appropriate taxes as herein authorized and as may be required under the Contract to be so appropriated, certified, levied and collected by the Local Units for the Contractual Payments.

Section 8. Custody of Funds. The Treasurer of the Authority shall be custodian of all funds of the Authority belonging to or associated with the System, and such funds shall be deposited in the Depository Bank.

Section 9. Establishment of the Debt Retirement Fund.

(a) The Authority shall, after the adoption of this Resolution and the delivery of the initial series of Bonds herein authorized, open a special depository account with the Depository Bank to be designated DEBT RETIREMENT FUND – KAREGNONDI WATER AUTHORITY WATER SUPPLY SYSTEM (KAREGNONDI WATER PIPELINE) (the "Debt Retirement Fund"), pursuant to which there shall be deposited all Contractual Payments as received. The moneys from time to time on hand in the Debt Retirement Fund shall be used solely and only for the payment of the principal of and interest on all series of Bonds issued pursuant to this Resolution.

(b) Within the Debt Retirement Fund, the Authority shall establish a Debt Service Reserve Account. From the proceeds of each series of Bonds or other legally available funds, the Authority shall deposit an amount equal to the Reserve Account Requirement. There shall be credited to the Debt Service Reserve Account beginning on the 1st day of the month following any month in which the amount in the Debt Service Reserve Account shall be less than an amount equal to the Reserve Account Requirement as a result of the failure of a Local Unit to pay its Contractual Payments, and continuing on the 1st day of each month thereafter, an amount equal to one-thirty-sixth (1/36) of any deficit therein, until the amount on deposit is equal to the Reserve Account Requirement; however, if the amount on deposit in the Debt Service Reserve Account is less than 100% of the Reserve Account Requirement as a result of investment losses with respect to the Debt Service Reserve Account, commencing on the 1st day of the month

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

following such evaluation, and continuing on the first day of each month thereafter, an amount equal to one-fourth (1/4) of the amount necessary to restore the Debt Service Reserve Account to 100% of the Reserve Account Requirement, unless and until the amount on deposit in the Debt Service Reserve Account shall equal 100% of the Reserve Account Requirement. Further, if a Local Unit fails to pay its Contractual Payment causing a shortfall and the Debt Service Reserve Account is drawn upon to pay the Bonds, the replenishment of such Debt Service Reserve Account shall be an obligation of the Local Unit that failed to pay such Contractual Payment, in the manner described above. Provided, however, if the City of Flint fails to fulfill its obligation to replenish the Debt Service Reserve Account, as with other payment obligations under the Contract, the County of Genesee has agreed in the Contract to make such payments. If there is a deficiency in the Debt Service Reserve Account as a result of investment losses, each Local Unit shall have an obligation to pay a pro-rata share of the Authority's monthly replenishment obligation with such pro-rata share being equal to the percentage set forth on Exhibit B of the Contract.

(c) Assets held for the credit of the Debt Service Reserve Account shall be used solely for the purpose of paying interest on the Bonds and maturing principal of the Bonds, whether at the stated payment date or by the retirement of Bonds in satisfaction of the redemption requirements therefor, whenever and to the extent that the moneys held for the credit of the Debt Retirement Fund from Contractual Payments shall be insufficient for those purposes.

(d) Whenever there shall be held in the Debt Retirement Fund, including any funds in the Debt Service Reserve Account, a total amount sufficient for paying in full all Outstanding Bonds, including the principal of and the interest on all Bonds and any redemption premium and any amounts needed to pay redemption expenses, such moneys shall be applied by the Transfer Agent to the payment, purchase or redemption of the Bonds and the payment of all expenses in connection with the payment, purchase or redemption. The Local Units shall receive a pro-rata credit for the amount of such balance against the Contractual Payment next due for any such funds so used.

Section 10. Operation and Maintenance. The operation, maintenance and administration of the System, and the acquisition and construction thereof, shall be under the overall jurisdiction and control of the Authority.

Section 11. Bond Form. The Bonds shall be in substantially the following form:

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

UNITED STATES OF AMERICA

STATE OF MICHIGAN
COUNTY OF GENESEE

KAREGNONDI WATER AUTHORITY
WATER SUPPLY SYSTEM BONDS
(KAREGNONDI WATER PIPELINE)
SERIES ____

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
	April 1, ____	_____, 201_	

Registered Owner:

Principal Amount: Dollars

KAREGNONDI WATER AUTHORITY, a public corporation of the State of Michigan (the "Issuer"), for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on _____ 1, 201_, and semiannually thereafter. Principal of this bond is payable upon presentation and surrender thereof at the principal corporate trust office of _____, _____, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable by check or draft mailed by the Transfer Agent to the person or entity who is as of the fifteenth (15th) day of the month prior to each interest payment date, the registered owner, at the registered address as shown on the registration books of the Issuer maintained by the Transfer Agent.

The bonds of this issue are payable solely from the proceeds of contractual payments ("the Contractual Payments") to be paid by the City of Flint in the County of Genesee, Michigan and the County of Genesee, Michigan (the "Local Units") to the Issuer pursuant to a certain contract dated as of August 1, 2013 (the "Contract"), among the Local Units and the Issuer, whereby the Issuer is to assist in the financing of the cost of acquiring and constructing water supply system improvements and appurtenances and attachments thereto in the Local Units, said system being designated as Karegnondi Water Authority Water Supply System (Karegnondi Water Pipeline) (the "System"). By the provisions of the Contract and pursuant to the authorization provided by law, the Local Units have pledged their limited tax full faith and credit for the payment of their respective Contractual Payments, and the Local Units are obligated to pay such amounts from its general funds, including collections of ad valorem taxes on all taxable property within its boundaries, subject to applicable charter, statutory, and constitutional tax rate limitations. The bonds of this issue are further secured by funds held in the Debt Retirement Fund, including the Debt Service Reserve Account. The Issuer has irrevocably pledged to the payment of this series of bonds the Contractual Payments, which said Contractual Payments are established in the amount required to pay the principal of and interest on the bonds of this series when due.

This bond is one of a series of bonds aggregating the principal sum of $_____, issued under and in pursuance of a resolution duly adopted by the Board of Trustees of the Issuer (the "Resolution") under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 233, Public Acts of Michigan, 1955, as amended, for the purpose of paying part of the cost of constructing the System.

[Insert term bond provisions, if applicable]

[Bonds maturing in the years ____ to ____, inclusive, shall not be subject to redemption prior to maturity.]

[Bonds or $5,000 portions thereof maturing in the years ____ to ____, inclusive, shall be subject to redemption prior to maturity, at the option of the Authority, in any order and by lot within a single maturity, on any date on or after April 1,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

2022. Bonds called for redemption shall be redeemed at par and accrued interest to the date fixed for redemption.]

Notice of redemption shall be given to the registered owner of any bond to be redeemed by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered owner at the address of the registered owner as shown on the registration books of the Authority kept by the Transfer Agent. Bonds shall be called for redemption in multiples of $5,000 shall be treated as representing the number of bonds obtained by dividing the denominations of the bond by $5,000 and such bonds may be redeemed in part. The notice of redemption for bonds redeemed in part shall state that upon surrender of the bond to be redeemed, a new bond or bonds in the same aggregate principal amount equal to the registered owner thereof with the same interest rate and maturity. No further interest shall accrue on bonds called for redemption after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem the bond or portion thereof.

Any bond may be transferred by the person in whose name it is registered, in person or by the registered owner's duly authorized attorney or legal representative, upon surrender of the bond to the Transfer Agent for cancellation, together with a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any bond is surrendered for transfer, the Transfer Agent shall authenticate and deliver, a new bond or bonds, in like aggregate principal amount, interest rate and maturity. The Transfer Agent shall require the registered owner requesting the transfer to pay any tax or other governmental charge required to be paid with respect to the transfer. The Transfer Agent shall not be required to issue, register the transfer of or exchange any bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of bonds selected for redemption and ending at the close of business on the day of that mailing.

It is hereby certified and recited that all acts, conditions and things required to be done, exist and happen, precedent to and in the issuance of said bonds, in order to make them valid and binding obligations of said Authority, have been done, exist and have happened in regular and due form and time as provided by law, and that the total indebtedness of said Local Units does not exceed any applicable constitutional, statutory, or charter limitation.

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

For a complete statement of the funds from which and the conditions under which this bond is payable and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Contract and the Resolution.

IN WITNESS WHEREOF, KAREGNONDI WATER AUTHORITY, by its Board of Trustees, has caused this bond to be signed in the name of said Authority by the facsimile signature of its Chair and to be countersigned by the facsimile signature of its Secretary and a facsimile of its corporate seal to be hereunto imprinted, all as of the Date of Original Issue.

By: _____
Chair

(SEAL)

Countersigned:

By: _____
Secretary

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

[FORM OF TRANSFER AGENT'S CERTIFICATE OF AUTHENTICATION]
Certificate of Authentication

This bond is one of the bonds described in the above- referenced Resolution.

_____,
_____, Michigan
Transfer Agent

By: _____
Authorized Signature

Date of Registration: _____

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Section 12. Additional Bonds. Nothing contained in this Resolution or in the Contract shall be construed to prevent the Authority from issuing additional bonds under the provisions of the Act for the purpose of the paying additional costs of the System or improvements thereto, subject to the requirements of the Act and other applicable law.

Section 13. Construction Fund. The proceeds of sale of the Bonds, other than proceeds for accrued interest and capitalized interest described below, shall be deposited in a special depository account in the Depository Bank designated "KAREGNONDI WATER AUTHORITY WATER SUPPLY SYSTEM (KAREGNONDI WATER PIPELINE) CONSTRUCTION FUND" (the "Construction Fund"). Proceeds of the Bonds representing any accrued interest paid at the time of delivery of the Bonds and any funds to be used for capitalized interest as determined at the time of sale of any series of Bonds shall be deposited into the Debt Retirement Fund established under the provisions of Section 9 of this Resolution. The moneys in the Construction Fund shall be used solely and only to pay costs of the System authorized in this Resolution and any engineering, legal, bond insurance, financing or other expenses incidental thereto on authorization of the Authority, in accordance with the provisions of the Contract. Any unexpended balance remaining in the Construction Fund after completion of the System may be used for the improvement or enlargement of the System or for other projects of the Authority undertaken on behalf of the Local Units, if such use be approved by the Local Units. Any balance remaining after such use, if any, shall be paid into the Debt Retirement Fund, and the Local Units shall receive a credit for the amount of such balance against the Contractual Payment next due.

Section 14. Investment of Funds. Moneys in any funds and accounts of the Authority may be invested by the Authority in United States government obligations, the principal of and interest on which are guaranteed by the United States government, or in interest-bearing time deposits, as shall from time to time be determined by the Authority. In the event such investments are made, the securities representing the same shall be kept on deposit with the depository or depositories of the fund or funds from which such investments are made and such securities and the income therefrom shall become part of the fund from which such investments are made.

Section 15. Resolution and Contract. The provisions of this Resolution, together with the Contract, shall constitute a contract between the Authority and the holder or holders from time to time of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of the provisions of this Resolution and the Contract may be made which would materially lessen the security for the Bonds.

Section 16. Covenants with Bondholders. The Authority covenants and agrees with the successive holders of the Bonds, so long as any of the Bonds remain Outstanding and unpaid as to either principal or interest, as follows:

(a) The Authority will punctually perform all of its obligations and duties under this Resolution and the Contract, including the collection, segregation and application of the Contractual Payments in the manner required by the provisions of this resolution.

(b) The Authority will apply and use the proceeds of sale of the Bonds for the purposes and in the manner required by the Contract and this Resolution.

(c) The Authority will maintain and keep proper books of record and account relative to the application of funds for the construction of the System and the Contractual Payments

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received pursuant to the Contract. Not later than six (6) months after the end of each fiscal year, the Authority shall cause to be prepared a statement in reasonable detail, sworn to by its chief accounting officer, showing the application of the proceeds of sale of the Bonds, the cash receipts from the Contractual Payments during such year and the application thereof, and such other information as may be necessary to enable any taxpayer or any holder or owner of the Bonds, or anyone acting in their behalf, to be fully informed as to all matters pertaining to the construction of the System and application of funds therefor or for the payment of the Bonds during such year. A certified copy of said statement shall be filed with the Clerks of the Local Units and a copy shall also be sent to the holder or owner of the Bonds requesting the same. The Authority shall also cause an annual audit of the books of record and account for the preceding operating year to be made by a recognized independent certified public accountant and shall mail such audit to the holder or owner of the Bonds requesting the same. The aforesaid audit may be submitted to such holder or owner of the Bonds in place of the aforesaid statement.

Section 17. Tax Covenant. The Authority shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds.

Section 18. Negotiated Sale. The Authority has considered the option of selling the Bonds through a competitive sale and a negotiated sale, and, pursuant to the requirements of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), hereby determines that a negotiated sale of the Bonds will result in the most efficient and expeditious means of selling the Bonds, to allow better control over pricing of the Bonds and to achieve the most advantageous interest rates and cost to the Authority.

Section 19. Bond Purchase Agreement; Delegation to Authorized Officer; Sale Order. The Authorized Officer is hereby authorized to appoint one or more underwriters (the "Underwriter") and, subject to the parameters set forth in this Resolution, negotiate and execute a Bond Purchase Agreement, execute a Sale Order specifying the final terms of each series of Bonds and take all other necessary actions required to effectuate the sale, issuance and delivery of the Bonds within the parameters authorized in this Resolution.

Section 20. Adjustment of Bond Terms. The Authorized Officer is hereby authorized to adjust the final bond details as set forth herein to the extent necessary or convenient to complete the sale of a series of Bonds and in pursuance of the forgoing is each authorized to exercise the authority and make the determinations pursuant to Sections 315(1)(d) of Act 34, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, date of issuance, interest payment dates, redemption rights, designation as qualified tax-exempt obligations and other matters; provided, however, that the interest rate on any series of Bonds shall not exceed 10%, have a final maturity later than 30 years from the date of issuance of such series of Bonds, and aggregate principal amount of all series of Bonds issued pursuant to this Resolution shall not exceed $300,000,000.

Section 21. Other Actions. The Authorized Officer is hereby authorized and directed to cause the preparation and circulation of a preliminary and final Official Statement with respect to each series of Bonds; to procure a policy or policies of municipal bond insurance with respect to each series of Bonds or cause the qualification of the each series of Bonds therefor if, upon the advice of the

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Authority's financial advisor for the Bonds, the acquisition of such insurance would be of economic benefit to the Authority; and to obtain ratings on the Bonds. The Authorized Officer is hereby authorized to complete, execute and file any and all applications or requests for waivers with the Michigan Department of Treasury necessary to effectuate the sale and delivery of any series of Bonds as contemplated by this Resolution, including, if necessary, an Application for State Treasurer's Approval to Issue Long-Term Securities, in such form as shall be approved by such officer. The Authorized Officer is further authorized to pay any necessary fees in connection with any such applications or waivers.

The Authorized Officer is hereby authorized and directed to execute and deliver all other documents and certificates and to take all other actions and to make such other filings with any parties necessary or advisable to enable the sale and delivery of the Bonds as contemplated herein, including the filing of a qualifying statement or application for prior approval to issue the Bonds in accordance with Act 34.

Section 22. Selection of Financial Advisor/Bond Counsel. Stauder, Barch & Associates, Inc. Associates, is hereby approved as the financial advisor to the Authority. Miller, Canfield, Paddock and Stone, P.L.C. is hereby approved as Bond Counsel to the Authority. The Authority acknowledges that Miller, Canfield, Paddock and Stone, P.L.C. currently represents, and has represented in the past, the County of Genesee, the County Agency of Genesee County, and the City of Flint in various matters, including representing the County of Genesee in its financing of the water intake system to be used by the Authority. Miller, Canfield, Paddock and Stone, P.L.C. also represents several underwriters and investment banks in unrelated matters, including J.P. Morgan Securities, LLC. The Authority hereby consents to such representation of the those entities by Miller, Canfield, Paddock and Stone, P.LC.

Section 23. Defeasance. If all the Bonds (i) shall have become due and payable in accordance with their terms, (ii) are to be paid at their maturity or maturities or (iii) to be redeemed prior to maturity shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given to the Transfer Agent by the Authority, and the whole amount of the principal of and the interest and the premium, if any, so due and payable upon all of the Bonds then Outstanding shall be paid or sufficient cash, or cash and Government Obligations (as defined below), the principal of and interest on which without reinvestment, when due and payable, will provide sufficient moneys for such payment, shall be segregated and held by an escrow agent for the benefit of the owners of the Bonds, then this Resolution shall be defeased and terminated with respect to the Bonds and all obligations of the Authority hereunder with respect to the Bonds, shall thereupon cease except the bondholders shall still have the right to receive payment of the principal of, premium, if any, and interest on the Bonds from the cash or Government Obligations deposited in trust and the interest and gains thereon and to transfer and exchange Bonds as provided herein and the tax covenant contained in the section of this Resolution entitled "Tax Covenant," shall be continued in force until the Bonds have been fully paid. Any Government Obligations held pursuant to this section shall not be callable at the option of the issuer of such obligation, if such call could result in less than sufficient money being available for the purposes required hereby

Section 24. Cancellation. All Bonds surrendered to the Transfer Agent for payment upon redemption or maturity, or for transfer or exchange, shall be canceled by the Transfer Agent by perforation, and notice of such cancellation shall be given by the Transfer Agent to the Authority. Upon the direction of the Authority, all such canceled Bonds shall be destroyed, and a certificate of destruction

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with respect thereto shall be delivered by the Transfer Agent to the Authority.

Section 25. Headings. Section headings are for convenience only and do not constitute a part of this resolution.

Section 26. Repealer. All resolutions and parts of resolutions insofar as they conflict with the provisions of this Resolution be and the same hereby are repealed.

[reminder of page left intentionally blank]

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Section 27. Effective Date. This Resolution shall become effective immediately upon its adoption.

Minutes of a Regular Meeting of the Board of Trustees of the Karegnondi Water Authority held on the 20th day of November, 2013 at which the following Trustees were present:

Joshua Freeman, Larry Green, Richard E. Hammel, Ted Henry, Marilyn Hoffman, Steve Landaal, Sheldon Neeley, Thomas Svrcek, Tracey Tucker, Paula Zelenko, Joseph Suma, Dale Kerbyson, Greg Alexander, and the following were absent: Dayne Walling, Jamie Curtis.

The attached resolution was moved by Trustee Josh Freeman and seconded by Trustee Larry Green.

VOICE VOTE: Motion carried on unanimous voice vote.

RESOLUTION 2013-15 DECLARED ADOPTED.

Printed Name: Dayne Walling
Its: Chairperson

Printed Name: Janis M. Wells
Its: Deputy Secretary

STATE OF MICHIGAN }
} ss
COUNTY OF GENESEE }

I, Janis M. Wells, Deputy Secretary of the Karegnondi Water Authority Board, do hereby certify the foregoing is a true and complete copy of a resolution adopted by the Karegnondi Water Authority Board, acting in Lapeer County, at a regular meeting held on November 20, 2013, and that public notice of said meeting was given pursuant to Act 267 of the Michigan Public Acts of 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature on this 23rd day of January, 2014.

Printed Name: Janis M. Wells

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

13-5342

EM SUBMISSION NO.: EM 10820 13

PRESENTED: 9-11-13

ADOPTED: 9-11-13

RESOLUTION APPROVING CONTRACT BETWEEN THE CITY OF FLINT, GENESEE COUNTY AND THE KAREGNONDI WATER AUTHORITY AND AUTHORIZING PUBLICATION OF NOTICE

BY THE EMERGENCY MANAGER:

It is necessary to acquire and construct a new water supply system consisting of the acquisition, construction and installation of various water main and related facilities, together with all necessary appurtenances and attachments thereto as described in the Contract (the "System"), to serve the City and the County of Genesee (the "County"); and

A Contract has been prepared between the City, County and the Karegnondi Water Authority (the "Authority") whereby the Authority will issue its bonds, in one or more series (the "Bonds") on behalf of the City and the County to provide for the financing of the cost of the acquisition, construction and installation of the System; and

The City has carefully reviewed the Contract and finds that it provides the best means for accomplishing the acquisition, construction and installation of the System and for providing the needed services.

IT IS RESOLVED, THAT:

1. Approval of Contract; Effectiveness. The Contract is hereby approved and the Emergency Manager and the City Clerk are hereby authorized and directed to execute and deliver the Contract for and on behalf of the City; provided, however, that Contract shall not become effective until the expiration of forty-five (45) days after the date of the publication of the notice attached hereto as Exhibit A as a display advertisement of at least one-quarter (1/4) page size in one or more newspapers of general circulation within the territory encompassed by the Authority, which manner of publication is deemed by the City to be the most effective manner of informing the taxpayers and electors of the City of the details of the proposed Contract and the rights of referendum thereunder.

2. Publication of Notice. The City Clerk is hereby directed to publish the attached notice as soon as possible after the adoption hereof in substantially the form attached, with such changes as shall be approved by the City Clerk, upon the advice of bond counsel, so as to permit the Bonds to be issued as contemplated herein. The City Clerk may agree to publish the attached notice pursuant to this Section jointly with the Clerk of the County *provided* that the attached notice shall appear in a newspaper having a general circulation in the City.

3. Application to Michigan Department of Treasury. The Emergency Manager, City Clerk and Treasurer are each authorized and directed to take such further steps and actions as are necessary or desirable to enable the Authority to issue the Bonds for and on behalf of the City and the County as contemplated herein and in the Contract, including making an application to the Michigan Department of Treasury for prior approval with respect to the issuance of the Bonds by the Authority, if such prior approval is required, and the payment of any fees required by the Michigan Department of Treasury in connection with such application. The Emergency Manager, City Clerk and Treasurer are each further authorized to apply for any waivers or other orders from the Michigan Department of Treasury as may be necessary or advisable to issue, sell and deliver the Bonds as contemplated herein and to pay any filing fees related thereto.

4. Bond Counsel. The City has been advised that the Authority has retained Miller, Canfield, Paddock and Stone, P.L.C. ("Miller Canfield") as its bond counsel in connection with the Bonds and the City hereby consents to the representation of the Authority by Miller Canfield.

5. Rescission. All resolutions and parts of resolutions in conflict with this resolution be, and the same hereby are repealed.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ **REFER TO COUNCIL** _____ **FAIL** _____

DATED: 09. 11. 13

Michael K. Brown, Emergency Manager

S:\P. Bade\EM2013\Resolutions\KWA-Reso Approving Contract and Authorizing Notice.9-04-13 DOC

CERTIFIED COPY OF RECORD

STATE OF MICHIGAN)
) SS.
County of Genesee)

I, **JOHN J. GLEASON,** County Clerk of the County of Genesee, Michigan, and Clerk of the Genesee County Board of Commissioners, and Clerk of the Circuit Court for said County, do hereby certify that I have compared the foregoing copy of Resolution approving the KWA Financing Contract and Notice of Intent with original record thereof now remaining in my office, and that the attached is a true and correct copy therefrom, and of the whole of such original record.

In **Testimony Whereof,** I have hereunto set my hand, and affixed the seal of said Court and County, this 31st day of July A.D. 2013.

GENESEE COUNTY BOARD
OF COUNTY COMMISSIONERS
Resolution No.: 13-346
Date Adopted : 7-31-2013

JOHN J. GLEASON, Clerk

BY: /Mary A Lacey/
Deputy County Clerk

MILLER, CANFIELD PADDOCK AND STONE, P.L.C.

RESOLUTION APPROVING CONTRACT AND AUTHORIZING NOTICE

County of Genesee, State of Michigan

Minutes of a **regular meeting** of the Board of Commissioners of the County of Genesee, State of Michigan (the "County"), held on the 31 day of July, 2013, at 9:00 a.m., prevailing Eastern Time.

PRESENT: Members: Omar A. Sims, Brenda Clack, Jamie W. Curtis, Mark Young, Tony Brown, Archie H. Bailey, Ted Henry, Pegge Adams

ABSENT: Members: John Northrup

The following preamble and resolutions were offered by Member Tony Brown and supported by Member Mark Young:

WHEREAS, it is necessary to acquire and construct a new water supply system consisting of the acquisition, construction and installation of various water main and related facilities, together with all necessary appurtenances and attachments thereto as described in the Contract (the "System"), to serve communities in the County Agency's System and the City of Flint, County of Genesee, State of Michigan (the "City"); and

WHEREAS, a Contract has been prepared between the County, the City and the Karegnondi Water Authority (the "Authority") whereby the Authority will issue its bonds, in one or more series (the "Bonds") on behalf of the County and the City to provide for the financing of the cost of the acquisition, construction and installation of the System; and

WHEREAS, the County has carefully reviewed the Contract and finds that it provides the best means for accomplishing the acquisition, construction and installation of the System and for providing the needed services.

NOW, THEREFORE, BE IT RESOLVED, THAT:

1. Approval of Contract; Effectiveness. The Contract is hereby approved and the Chairperson of the Board of Commission and the County Clerk are hereby authorized and directed to execute and deliver the Contract for and on behalf of the County; provided, however, that Contract shall not become effective until the expiration of forty-five (45) days after the date of the publication of the notice attached hereto as Exhibit A as a display advertisement of at least one-quarter (1/4) page size in one or more newspapers of general circulation within the territory encompassed by the Authority, which manner of publication is deemed by the County to be the most effective manner of informing the taxpayers and electors of the County of the details of the proposed Contract and the rights of referendum thereunder.

2. Publication of Notice. The County Clerk, is hereby directed to publish the attached notice as soon as possible after the adoption hereof in substantially the form attached, with such changes as shall be approved by the County Clerk, upon the advice of bond counsel, so as to permit the Bonds to be issued as contemplated herein. The County Clerk may agree to publish the attached notice pursuant to this Section jointly with the Clerk of the City *provided* that the attached notice shall appear in a newspaper having a general circulation in the County.

3. Application to Michigan Department of Treasury. The Controller, the County Drain Commissioner, acting as the County Agency, pursuant to Act No. 342, Public Acts of Michigan of 1939, and the Treasurer of the County, are each authorized and directed to take such further steps and actions as are necessary or desirable to enable the Authority to issue the Bonds for and on behalf of the County and the City as contemplated herein and in the Contract, including making an application to the Michigan Department of Treasury for prior approval with respect to the issuance of the Bonds by the Authority, if such prior approval is required, and the payment of any fees required by the Michigan Department of Treasury in connection with such application. The Controller, the County Drain Commissioner acting as County Agency, pursuant to Act No. 342, Public Acts of Michigan of 1939, and the Treasurer of the County are each further authorized to apply for any waivers or other orders from the Michigan Department of Department as may be necessary or advisable to issue, sell and deliver the Bonds as contemplated herein and to pay any filing fees related thereto.

4. Rescission. All resolutions and parts of resolutions in conflict with this resolution be, and the same hereby are repealed.

AYES: Members: Omar A. Sims, Brenda Clack, Jamie W. Curtis, Mark Young, Tony Brown, Archie H. Bailey, Ted Henry, Pegge Adams

NAYS: Members: None

RESOLUTION DECLARED ADOPTED.

John Mason
County Clerk

MILLER CANFIELD, PADDOCK AND STONE, P.L.C.

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Commissioners of the County of Genesee, State of Michigan, at a regular meeting held on 7-31-____, 2013, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

County Clerk

MILLER, CANFIELD PADDOCK AND STONE, P.L.C.

MILLER CANFIELD PADDOCK AND STONE, P.L.C.

NOTICE OF INTENT TO EXECUTE
TAX-SUPPORTED CONTRACT AND OF RIGHT TO
PETITION FOR REFERENDUM THEREON

TO THE TAXPAYERS AND ELECTORS OF THE CITY OF FLINT AND THE COUNTY OF GENESEE.

PLEASE TAKE NOTICE, the City of Flint and the County of Genesee each in the County of Genesee (collectively, the "Local Units" and each a "Local Unit") have each approved the execution of a contract (the "Contract") with the Karegnondi Water Authority (the "Authority") pursuant to Act No. 233, Public Acts of Michigan, 1955, as amended, which Contract provides, among other things, that the Authority will acquire, construct and equip a water system to provide raw untreated water to the Local Units, together with all necessary appurtenances and attachments thereto (the "Project") and will issue its bonds in one or more series in the principal amount not to exceed $300,000,000 to finance the cost of the acquisition, construction and installation of such system for the Local Units AND THE LOCAL UNIT WILL PAY TO THE AUTHORITY PURSUANT TO THE CONTRACT THE SUMS NECESSARY TO RETIRE THE PRINCIPAL OF AND INTEREST ON SAID BONDS. Each Local Unit's share of such payments shall be determined by capacity initially acquired by each Local Unit in the Project. If the City of Flint fails to fulfill its payment obligations under the Contract, the County of Genesee has covenanted and agreed to make any such missed payments. Based on an aggregate $300,000,000 in bond issues, the amounts below show the maximum each Local Unit would be responsible for repaying for the Project.

Local Unit	Bond Issue
County of Genesee	$300,000,000
City of Flint	$102.600,000

LOCAL UNIT'S CONTRACT OBLIGATIONS

It is presently contemplated that said bonds in one or more series will be issued by the Authority in the aggregate principal amount of not to exceed $300,000,000, and will be payable in not to exceed thirty (30) years, and will bear interest at the rate or rates to be determined at the time of sale of any series of bonds but in no event to exceed ten percent (10.0%) per annum on the balance of such bonds from time to time remaining unpaid. The Contract includes each Local Unit's pledge of its limited tax full faith and credit for the prompt and timely payment of each Local Unit's obligations as expressed in the Contract. PURSUANT TO SUCH PLEDGE, EACH LOCAL UNIT WILL BE REQUIRED TO LEVY AD VALOREM TAXES WITHIN APPLICABLE CONSTITUTIONAL, CHARTER AND STATUTORY TAX LIMITATIONS ON ALL TAXABLE PROPERTY WITHIN THE LOCAL UNIT TO THE EXTENT NECESSARY TO MAKE THE PAYMENTS REQUIRED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS IF OTHER FUNDS FOR THAT PURPOSE ARE NOT AVAILABLE. It is the present intention of each Local Unit to use the revenues derived from the operation of its respective water treatment system to make all of the payments required to pay its obligations under the Contract.

RIGHT OF REFERENDUM

FOR EACH LOCAL UNIT, THE CONTRACT WILL BECOME EFFECTIVE without vote of the electors as permitted by law unless a petition requesting an election on the question of the Local Unit entering into the Contract, signed by not less than 10% of the registered electors of the Local Unit, is filed with the Clerk of the Local Unit within forty-five (45) days after publication of this notice. If such petition is filed, the Contract cannot become effective with respect to such Local Unit without an approving vote of a majority of electors of the Local Unit qualified to vote and voting on the question.

This notice is given pursuant to the requirements of Section 8 of Act No. 233, Public Acts of Michigan, 1955, as amended. Further information concerning the details of the Contract and the matters set out in this notice may be secured from the Local Unit's Clerk's office.

John J. Gleason
County Clerk
County of Genesee

Inez M. Brown
City Clerk
City of Flint

21277728.3\114855-00006

MILLER CANFIELD PADDOCK AND STONE, P.L.C.

KAREGNONDI WATER AUTHORITY FINANCING CONTRACT

THIS CONTRACT, dated as of August 1, 2013, by and among the Karegnondi Water Authority, a municipal authority and public body corporate of the State of Michigan (hereinafter referred to as the "Authority"), the City of Flint in the County of Genesee and the County of Genesee (collectively, the "Local Units" and each a "Local Unit").

WITNESSETH:

WHEREAS, the Authority has been incorporated under the provisions of Act No. 233, Public Acts of Michigan, 1955, as amended (hereinafter referred to as "Act 233"), for the purposes set forth in Act 233; and

WHEREAS, the Authority will acquire, construct and operate a water supply system to be known as the Karegnondi Water Supply System that provides untreated water to the Local Units, each of which is a constituent municipality of the Authority; and

WHEREAS, it is immediately necessary and imperative for the public health and welfare of the present and future residents of each of the Local Units that a certain water supply system, as more fully described on Exhibit A hereto, together with all necessary interests in land, appurtenances and attachments thereto (the "System") be acquired, installed and constructed; and

WHEREAS, plans and an estimate of cost of the System have been prepared by the Authority's consulting engineers, Wade Trim (the "Consulting Engineers"), which said estimate of aggregate cost totals an amount not to exceed $300,000,000; and

WHEREAS, each of the Local Units is desirous of having the Authority acquire and own the System in order to continue to operate the System in order to furnish the Local Units with untreated raw water; and

WHEREAS, the parties hereto have determined that the System is essential to the general health, safety and welfare of each of the Local Units; and

WHEREAS, the Authority and each of the Local Units are each agreeable to the execution of this Contract by and among themselves which provides, among other things, for the financing of all or a portion of the cost of the System; and

WHEREAS, this Contract contemplates the issuance of bonds in one or more series by the Authority to pay all or part of the costs of the System; and

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WHEREAS, each of the Local Units has or will approve and authorize the execution of this Contract by resolution of its governing body; and

WHEREAS, each of the Local Units has published or will publish, individually or jointly, a notice of intention to enter into this Contract in a newspaper of general circulation in the territory encompassed by each Local Unit; and

WHEREAS, this Contract will become effective for each Local Unit upon expiration of a period of forty-five (45) days following publication by each Local Unit of its notice of intention without filing of a petition for referendum on the question of its entering into this Contract, or if such referendum election be required, then upon approval by the qualified electors of the Local Unit.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE COVENANTS MADE HEREIN, THE PARTIES HERETO AGREE AS FOLLOWS:

SECTION 1. The Authority and the Local Units hereby approve the acquisition, construction and operation of System, together with all necessary interests in land, appurtenances and attachments thereto.

SECTION 2. Each of the Local Units hereby consents to the use by the Authority and any parties contracting with the Authority of the public streets, alleys, lands and rights-of-way in each Local Unit for the purpose of constructing, operating and maintaining the System including any improvements, enlargements and extensions thereto.

SECTION 3. The System is designed to provide and transport untreated raw water to each of the Local Units and the System is immediately necessary to protect and preserve the public health.

SECTION 4. The Authority and each of the Local Units hereby approve and confirm the plans for the System prepared by the Consulting Engineers and the total estimated cost thereof in the sum of not to exceed $300,000,000. Said cost estimate includes all surveys, plans, specifications, acquisition of property for rights-of-way, physical construction necessary to acquire and construct the System, the acquisition of all materials, machinery and necessary equipment, and all engineering, engineering supervision, administrative, legal and financing expenses necessary in connection with the acquisition and construction of the System and the financing thereof.

SECTION 5. The Authority shall not enter into any final contract or contracts for the acquisition and construction of the System if such contract price or prices will be such as to cause the actual cost thereof to exceed the estimated cost as approved in Section 4 of this Contract unless the Authority has sufficient funds to cover such excess, or, each of the Local Units, by resolution of its respective legislative body, (a) approves said increased total cost, and (b) agrees to pay such excess over the estimated cost, either in cash or by specifically authorizing the maximum principal amount of bonds to be issued, as provided in Sections 9 and 14 of this Contract, to be increased to an amount which will provide sufficient funds to meet said increased cost, and approves a similar increase in the installment obligations of each Local Unit, if any, pledged under the terms of this Contract to the payment of such bonds.

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SECTION 6. The System shall be acquired and constructed by the Authority substantially in accordance with the plans and specifications therefor approved by this Contract. All matters relating to engineering plans and specifications, together with the making and letting of final construction contracts, the approval of work and materials thereunder, and construction supervision, shall be in the control of the Authority. All acquisition of sites and rights-of-way, if any, shall be done by the Authority. Each Local Unit's share of the costs of such acquisition in each Local Unit, if any, shall be paid from the Local Unit's share of bond proceeds and, in addition, any costs incurred by any Local Unit in connection with the acquisition or construction of the System, including, but not limited to, engineering expenses, shall be promptly reimbursed to the Local Unit by the Authority from the proceeds of the Authority's Bonds with the approval of the Authority board.

SECTION 7. The Authority shall operate, maintain and administer the System for and on behalf of the Local Units. The System shall be maintained in good condition and repair. The Authority shall provide insurance as part of its obligation to operate the System. The Authority will furnish reports to the Local Units at periodic intervals corresponding with the reporting periods of the Local Units in detail sufficient to inform the Local Units of the operations of the System and to permit the Local Units to meet their financing requirements hereunder.

SECTION 8. To provide for the construction and financing of the System in accordance with the provisions of Act 233, the Authority shall take the following steps:

(a) The Authority will take steps to adopt a resolution or resolutions providing for the issuance of its bonds in one or more series in the principal amount of not to exceed $300,000,000 (except as otherwise authorized pursuant to Section 5 of this Contract) to finance all or part of the costs of the System. Said bonds shall mature serially or be subject to mandatory sinking fund redemption as authorized by law, and shall be secured by the contractual obligations of each Local Unit in this Contract. After due adoption of the resolution or resolutions , the Authority will take all necessary legal procedures and steps necessary to effectuate the sale or sales and delivery or deliveries of said bonds.

(b) The Authority shall take all steps necessary to take bids for and enter into and execute final acquisition and construction contracts for the acquisition and construction of the System as specified and approved hereinbefore in this Contract, in accordance with the plans and specifications therefor based on the plans as approved by this Contract.

(c) The Authority will require and procure from the contractor or contractors undertaking the actual construction and acquisition of the System necessary and proper bonds to guarantee the performance of the contract or contracts and such labor and material bonds as may be required by law.

(d) The Authority, upon receipt of the proceeds of sale of each series of bonds, will comply with all provisions and requirements provided for in the resolution authorizing the issuance of such series of bonds and this Contract relative to the disposition and use of the proceeds of sale of such series of bonds.

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(e) The Authority may temporarily invest any bond proceeds or other funds held by it for the benefit of each Local Unit as permitted by law and investment income shall accrue to and follow the fund producing such income. The Authority shall not, however, invest, reinvest or accumulate any moneys deemed to be proceeds of the bonds pursuant to §148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder (the "Code"), in such a manner as to cause the bonds to be "arbitrage bonds" within the meaning of Code § 103(b)(2) and §148, or otherwise as may jeopardize the tax status of the bonds.

SECTION 9. Each Local Unit irrevocably covenants and agrees to pay to the Authority its Local Unit share of each series of bonds to be issued by the Authority pursuant to this Contract. The share of each Local Unit shall be determined as set forth on Exhibit B hereto.

The cost of the System to be financed with the issuance of bonds of the Authority in the aggregate principal amount of not to exceed $300,000,000 shall be paid in annual installments on the dates and in the amounts as established in the Authority's bond authorizing resolution.

Each Local Unit covenants that it will make or cause to be made its payments as required by this Contract not less than 3 days prior to the dates on which the Authority is required to make payments on the bonds described herein to the transfer agent for the bonds.

It is understood and agreed that the bonds of the Authority hereinbefore referred to will be issued in anticipation of the above contractual obligation, with principal maturities on the dates established by the Authority corresponding to the principal amount of the installments then coming due, and there shall also be paid in addition to said principal installments, on such dates as shall be determined by the Authority, commencing on such date as determined by the Authority, as accrued interest on the principal amount remaining unpaid, an amount sufficient to pay all interest at an interest rate not to exceed ten percent (10%) per annum, due on the next succeeding interest payment date on the bonds from time to time outstanding.

It is further understood and agreed that the bonds of the Authority may be secured by a debt service reserve fund or funds to provide additional security for the timely payment thereof if the Authority determines, in consultation with its financial advisor, that the provision of such debt service reserve fund or funds is advisable. If the bonds of the Authority are secured by a debt service reserve fund or funds, each Local Unit covenants and agrees to provide for the replenishment of such debt service reserve funds as described in Exhibit B.

From time to time as the Authority is billed by the transfer agent for its services for the bonds, and as other costs and expenses accrue to the Authority from handling of the payments made by the Local Units, or from other actions taken in connection with the System, the Authority shall promptly notify the Local Units of the amount of such paying agent fees and other costs and expenses, and the Local Units shall promptly remit to the Authority sufficient funds to meet such fees and other costs and expenses in the proportions hereinabove provided to the extent sufficient funds are not available to the

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Authority. Each Local Unit warrants and represents that the amount of its obligations under this Contract, when taken together with other indebtedness of such Local Unit, will not cause its obligations under this Contract to exceed any constitutional, statutory or charter debt limitation applicable to such Local Unit.

The Authority shall, within thirty (30) days after the delivery of each series of the bonds of the Authority hereinbefore referred to, furnish each Local Unit with a complete schedule of installments of principal and interest thereon, and the Authority shall also at least sixty (60) days prior to each principal and/or interest installment due date, advise the Local Units, in writing, of the exact amount of principal and interest installments due on each series of bonds on the next succeeding bond principal and/or interest due date, and payable on the first day of the month immediately preceding, as hereinbefore provided. Failure of the Authority to notify the Local Units of any such payment shall not relieve the Local Units of the obligation to make such payment.

If any principal installment or interest installment is not paid when due, the amount not so paid shall be subject to a penalty, in addition to interest, of one percent (1%) thereof for each month or fraction thereof that the same remains unpaid after the due date.

SECTION 10. Each Local Unit states its intention to pay its obligations under this Contract from sources of moneys as are provided by Act 233 and applicable law, including the levy and collection of rates and charges to users of its respective water supply system for operating and maintaining its system provided by each Local Unit to customers in the Local Unit. Nevertheless, pursuant to the authorization contained in Act 233, each Local Unit hereby irrevocably pledges its full faith and credit for the prompt and timely payment of its obligations pledged for bond payments as expressed in this Contract, and, subject to the provisions of the last sentence of this paragraph, shall each year, commencing with the first tax levy after issuance of the bonds by the Authority, levy an ad valorem tax on all the taxable property in the Local Unit in an amount which, taking into consideration estimated delinquencies in tax collections, will be sufficient to pay such obligations under this Contract becoming due before the time of the following year's tax collections. Such annual tax levies shall be subject to applicable constitutional, statutory, and charter tax limitations. Nothing herein contained shall be construed to prevent a Local Unit from using any, or any combination of, the means and methods provided in Section 7 of Act 233, as now or hereafter amended, for the purpose of providing funds to meet its obligations under this Contract, and, if at the time of making the annual tax levy there shall be either other funds on hand earmarked and set aside, or funds provided in the annual budget of the water supply system of the Local Unit, for the payment of the contractual obligations due prior to the next tax collection period, then such annual tax levy may be reduced by such amount.

In the event a Local Unit shall fail for any reason to pay to the Authority at the times specified the amounts required to be paid by the provisions of this Contract, the Authority shall immediately give notice of such default and the amount thereof, to the Treasurer of each Local Unit, the Treasurer of the State of Michigan, and such other officials charged with the disbursement to such Local Unit of funds returned by the State and now or hereafter under Act 233 available for pledge as provided in this Section and in Section 12a of Act 233, and if such default is not corrected within ten (10) days after such

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notification, the State Treasurer, or other appropriate official charged with disbursement to such Local Unit of the aforesaid funds, is, by these presents, specifically authorized by the Local Unit, to the extent permitted by law, to withhold from the aforesaid funds the maximum amount necessary to cure said deficit and to pay said sums so withheld to the Authority, to apply on the obligations of the Local Unit as herein set forth. Any such moneys so withheld and paid shall be considered to have been paid to the Local Unit within the meaning of the Michigan Constitution and statutes, the purpose of this provision being voluntarily to pledge and authorize the use of said funds owing to the Local Unit to meet any past-due obligations of such Local Unit due under the provisions of this Contract. In addition to the foregoing, the Authority shall have all other rights and remedies provided by law to enforce the obligations of the Local Unit to make its payments in the manner and at the times required by this Contract, including the right of the Authority to direct the Local Unit to make a tax levy to reimburse the Authority for any funds advanced.

SECTION 11. Each Local Unit may pay in advance any of the payments required to be made by this Contract, in which event the Authority shall credit the respective Local Unit with such advance payment on future due payments to the extent of such advance payment, or use such advances to call bonds without credit to the extent provided in relevant series of bonds.

SECTION 12. Each Local Unit may pay additional moneys over and above any of the payments specified in this Contract, with the written request that such additional funds be used to prepay installments, in which event the Authority shall be obligated to apply and use said moneys for such purpose to the fullest extent possible. Such moneys shall not then be credited as advance payments under the provisions of Section 11 of this Contract.

SECTION 13. It is specifically recognized by each Local Unit that the debt service payments required to be made by each pursuant to the terms of Section 9 of this Contract are to be pledged for and used to pay the principal installments of and interest on with respect to the bonds to be issued by the Authority as provided by this Contract and authorized by law, and each Local Unit covenants and agrees that it will make all required payments to the Authority promptly and at the times herein specified without regard to whether the System is actually completed or placed in operation.

SECTION 14. If the proceeds of the sale of the bonds in one or more series in aggregate amount not to exceed $300,000,000 to be issued by the Authority are for any reason insufficient to complete each Local Unit's share of the cost of the System, subject to each Local Unit's approval required by Section 5 hereof, the Authority shall automatically be authorized to issue additional bonds in an aggregate principal amount sufficient to pay the cost of completing the System and to increase the annual payments required to be made by each Local Unit in an amount so that the total payments required to be made as increased will be sufficient to meet the annual principal and interest requirements on the bonds herein authorized plus the additional bonds to be issued. It is expressly agreed between the parties hereto that the Authority shall issue bonds pursuant to this Contract and each Local Unit shall be committed to retire such amount of bonds as may be necessary to pay each Local Unit's share of the costs of the System whether or not in excess of those presently estimated herein. Any such additional

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bonds shall comply with the requirements of Act 233 and any increase in the annual payments shall be made in the manner and at the times specified in this Contract. In lieu of such additional bonds, each Local Unit may pay over to the Authority, in cash, sufficient moneys to complete each Local Unit's share of the cost of the System.

SECTION 15. After completion of the System and payment of all costs thereof, any surplus remaining from the proceeds of sale of bonds shall be used by the Authority for either of the following purposes: (a) for improvements or enhancements to the System or for other projects of the Authority undertaken on behalf of the Local Units, subject to approval of the Authority; or (b) credited by the Authority toward the next payments due the Authority by said Local Units hereunder.

SECTION 16. The obligations and undertakings of each of the parties to this Contract shall be conditioned on the successful issuance and sale of the first series of bonds pursuant to Act 233, and if for any reason whatsoever the first series of bonds are not issued and sold within three (3) years from the date of this Contract, this Contract, except for payment of preliminary expenses and ownership of engineering data, shall be considered void and of no force and effect.

SECTION 17. The Authority and each Local Unit each recognize that the owners from time to time of each series of bonds issued by the Authority under the provisions of Act 233 to finance the cost of the System will have contractual rights in this Contract, and it is, therefore, covenanted and agreed by the Authority and each Local Unit that so long as any of series of bonds shall remain outstanding and unpaid, the provisions of this Contract shall not be subject to any alteration or revision which would in any manner materially affect either the security of such series of bonds or the prompt payment of principal or interest thereon. Each Local Unit and the Authority each further covenant and agree that each will comply with its respective duties and obligations under the terms of this Contract promptly at the times and in the manner herein set forth, and will not suffer to be done any act which would in any way impair the said bonds, the security therefor, or the prompt payment of principal and interest thereon. It is hereby declared that the terms of this Contract insofar as they pertain to the security of any such bonds shall be deemed to be for the benefit of the owners of said bonds.

SECTION 18. This Contract shall remain in full force and effect from the effective date hereof (as provided in Section 21) until each series bonds issued by the Authority are paid in full, but in any event not to exceed a period of thirty (30) years for each series of bonds. At such time within said 30-year term as any of the series of said bonds are paid, this Contract shall be terminated. In any event, the obligation of each Local Unit to make payments required by this Contract shall be terminated at such time as all of said bonds are paid in full, together with any deficiency or penalty thereon.

SECTION 19. This Contract shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

SECTION 20. This Contract shall become effective upon (i) approval by the legislative body of each Local Unit, (ii) approval by the Board of the Authority and (iii) due execution by authorized officers of each Local Unit and by the Chairman and Secretary of the Authority.

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SECTION 21. This Contract may be executed in several counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the day and year first above written.

In the presence of:

KAREGNONDI WATER AUTHORITY

By: _____
Chairman

By: _____
Secretary

In the presence of:

CITY OF FLINT

By: _____
Mayor

By: _____
City Clerk

In the presence of:

COUNTY OF GENESEE

By: _____
Chairperson of Board of Commissioners

By: _____
Clerk

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

EXHIBIT A

SYSTEM

The Karegnondi Water System is a raw water supply system. It will deliver untreated Lake Huron water 65 miles inland to the population centers of Lapeer and Genesee Counties, including the Cities of Lapeer and Flint, and the County Agency of Genesee County with 17 local municipal systems. The system will also be capable of delivering water along the route to customers in Sanilac and Lapeer County, as well as future customers in Saint Clair County.

The system will consist of a lake intake, two pumping stations, and over 65 miles of large diameter transmission watermain. The system will include fire hydrants, metering stations, reservoirs, and the appurtenances necessary to operate the system efficiently. The lake intake portion of the project and the land where the two pumping stations are located will be acquired, constructed, designed and financed by the County of Genesee and made available for use by the Karegnondi Water System.

All land and required right-of-ways and easements have been acquired.

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EXHIBIT B

LOCAL UNIT ESTIMATED SHARE OF IMPROVEMENT COST

The following is a breakdown of the percent each Local Unit is required to pay of the aggregate debt service, including the obligation to replenish a debt service reserve fund(s), if any, on the Authority's bonds authorized by this Contract:

Local Unit	Bond Issue
County of Genesee	65.8%
City of Flint	34.2%

In the event the City of Flint fails to fulfill its payment obligations under this Contract, the County of Genesee irrevocably covenants and agrees to make such missed payment within 1 day of being notified of the missed payment. Further, the Authority covenants and agrees to undertake all legal action and make use of all remedies available under this Contract to enforce the payment obligations of the City of Flint under this Contract. The Authority also covenants and agrees to undertake all legal action and make use of all remedies available to it under the Raw Water Supply Contract between the Authority and the City of Flint dated as of June 28, 2013 ("Raw Water Supply Contract"), as amended, specifically sections 7.08 and 7.09 of such contract. If the County of Genesee is required to make a payment for the City of Flint under this Contract and the Authority recovers any funds from the pursuit of such remedies described above, the Authority shall reimburse the County of Genesee from such funds for any payments made. To the extent permitted by law, the capacity that the City of Flint acquired in the System pursuant to the Raw Water Supply Contract shall be transferred to the County of Genesee until the City of Flint has repaid the County of Genesee for any additional payments made hereunder. The City of Flint shall also pay a penalty of one percent (1%) thereof for each month or fraction thereof that the same remains unpaid after the due date of the amount paid by the County of Genesee as a result of the failure of the City of Flint to fulfill its payment obligations hereunder. Further, if a Local Unit fails to pay its contractual obligation causing a shortfall and the debt service reserve fund(s) is drawn upon to pay the Authority's bonds, the replenishment of such debt service reserve fund shall be an obligation of the Local Unit that failed to pay, as provided in the resolution authorizing the bonds. Provided, however, if the City of Flint fails to fulfill its debt service reserve fund replenishment obligation, as with other payment obligations under the Contract, the County of Genesee agrees to make such payments.

Additionally, if the Authority sells raw untreated water capacity to other parties, to the extent funds are available from payments received from those parties, each Local Unit shall be credited on each day payment is due hereunder as agreed to by the Authority and the Local Units towards each Local Unit's payment obligations hereunder.

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KAREGNONDI WATER AUTHORITY
ACTING IN LAPEER COUNTY, MICHIGAN

RESOLUTION NO. 2013-14

A RESOLUTION TO ESTABLISH A GENERAL APPROPRIATIONS FOR THE CAPITAL PROJECTS FUND OF THE KAREGNONDI WATER AUTHORITY; TO DEFINE THE POWERS AND DUTIES OF THE KAREGNONDI WATER AUTHORITY OFFICERS IN RELATION TO THE ADMINISTRATION OF THE CAPITAL PROJECTS BUDGET; AND TO PROVIDE REMEDIES FOR REFUSAL OR NEGLECT TO COMPLY WITH THE REQUIREMENTS OF THIS RESOLUTION

At a regular meeting of the Karegnondi Water Authority Board, acting in Lapeer County, Michigan, held on November 20, 2013, at 2:00 p.m., local time.

PRESENT: Joshua Freeman, Larry Green, Richard E. Hammel, Ted Henry, Marilyn Hoffman, Steve Landaal, Sheldon Neeley, Thomas Svrcek, Tracey Tucker, Paula Zelenko, Joseph Suma, Dale Kerbyson, Greg Alexander

ABSENT: Dayne Walling, Jamie Curtis

The following preamble and resolution was offered by Marilyn Hoffman and seconded by Ted Henry:

Section 1: Title
This resolution shall be known as the Karegnondi Water Authority General Appropriations Act for the Capital Projects Fund.

Section 2: Chief Administrative Officer
The Chief Executive Officer is designated as the Chief Administrative Officer under the Uniform Budgeting and Accounting Act and by the adoption of this Resolution by the Karegnondi Water Authority Board is the responsible party for the administration of the Karegnondi Water Authority Capital Projects budget.

Section 3: Fiscal Officer
The Treasurer shall be the Fiscal Officer and shall perform the duties of the Fiscal Officer enumerated in this Resolution.

Section 4: Public Hearings on the Budget
Pursuant to Section 2a(4) of Act 2 of the Michigan Public Acts of 1968, as amended (hereinafter "Act 2"), a Capital Project budget is not subject to a public hearing and is adopted as a guide for staff to follow.

Section 5: Estimated Revenues and Expenditures
Be it resolved, the expenditures for the fiscal year commencing October 1, 2013 and ending September 30, 2014, are hereby appropriated on a departmental and activity basis as follows:

Expenditures

Capital Project (Construction Costs)	$235,980,209.00
Professional Services	$19,181,666.00
Insurances	$50,000.00
Publication Expenses	$20,000.00
Supplies	$20,000.00
Travel Reimbursement	$10,000.00
TOTAL EXPENDITURES	**$255,261,875.00**

And be it further resolved, revenues for the 2013-2014 fiscal year are estimated as follows:

Revenues

Bond Proceeds	$255,000,000.00
Initiation Fee (Capacity Fee)	$0.00
Annual Fee	$0.00
Commodity Charge	$0.00
Interest Income	$261,875.00
TOTAL REVENUE	**$255,261,875.00**

Section 6: Millage Levy

The Karegnondi Water Authority SHALL NOT cause any millage to be levied or collected on real or personal property within the district boundaries of the Karegnondi Water Authority.

Section 7: Adoption of Budget by Reference

The Capital Projects budget of the Karegnondi Water Authority is hereby adopted by reference, with revenues and activity expenditures as indicated in Section 5 of this Resolution.

Section 8: Adoption of Budget by Activity/Department

The Board of the Karegnondi Water Authority adopts the 2013-2014 fiscal year Capital Projects budget by Activity/Department. The Karegnondi Water Authority officials responsible for the expenditures authorized in the budget may expend Karegnondi Water Authority funds up to, but not to exceed, the total appropriation authorized for each Activity/Department, and may transfer among the various line items contained in the Activity/Department appropriation.

Section 9: Appropriation not a Mandate to Spend

Appropriations will be deemed maximum authorizations to incur expenditures. The fiscal officer shall exercise supervision and control to ensure that expenditures are within appropriations, and shall not issue any order for expenditures that exceed appropriations.

Section 10: Transfer Authority

The Chief Administrative Officer shall have the authority to make transfers among the various Activities/Departments without prior board approval, if the amount to be transferred does not exceed fifty percent (50%) of the

appropriation item from which the transfer is to be made. The Board shall be notified at its next meeting of any such transfers made, and reserves the right to modify, amend, or nullify any such transfers made. Under no circumstances may the total Capital Projects budget be changed without prior approval from the Karegnondi Water Authority Board.

Section 11: Periodic Fiscal Reports

The Chief Administrative Officer with assistance from the Treasurer shall transmit to the Karegnondi Water Authority Board at the end of quarter a report of financial operations of the Capital Projects budget, including, but not limited to:

a. cash balances report showing the amount of funds available in each of the various accounts.
b. A revenue and expenditure report which shows for each Activity/Department in the various funds the original, the amended budget, and the year to date actual amounts.

Section 12: Limit on Obligations and Payments

No obligation shall be incurred against, and no payment shall be made from any appropriation account unless there is a sufficient unencumbered balance in the appropriation and sufficient funds are or will be available to meet the obligation.

Section 13: Budget Monitoring

Whenever it appears to the Chief Administrative Officer that the actual and probable revenues in any fund will be less than the estimated revenues upon which appropriations from such fund were based, and when it appears that expenditures shall exceed an appropriation, the Chief Administrative Officer shall present to the Karegnondi Water Authority Board recommendations to prevent expenditures from exceeding available revenues or appropriations for the current fiscal year. Such recommendations shall include proposals for reducing appropriations, increasing revenues, or both.

Section 14: Payment of Bills

All claims (bills) against the Karegnondi Water Authority that are budgeted and within the limitations of the appropriated amount budgeted in the Activity/Department in which the expense is budgeted are pre-approved for payment by the Authority Board. The Karegnondi Water Authority Treasurer and Secretary may pay these bills upon receipt as long as there are sufficient funds available to pay said bills. The Karegnondi Water Authority Board shall receive a summary of claims (bills) that were budgeted and within the limitations of each Activity/Department in which the expense is budgeted that have been paid by the Karegnondi Water Authority Treasurer and Secretary. This list shall be approved during the consent agenda at the next regular meeting of the Karegnondi Water Authority Board. For any claims (bills) against the Karegnondi Water Authority that were not budgeted or that are in excess of the limitations of the appropriated amount budgeted in the Activity/Department in which the expense is budgeted, the Karegnondi Water Authority Board shall approve the claim (bills) prior to being paid.

Section 15: Authorized Salary, hourly and per diem rates

Pursuant to Article VII of the Articles of Incorporation of the Karegnondi Water Authority, the members of the Karegnondi Water Authority Board may receive payment for actual expenditures incurred in connection with the business of the Authority.

Section 16: Violations of This Resolution

Any obligation incurred or payment authorized in violation of this Resolution shall be void and shall subject any responsible official(s) or employee(s) to disciplinary action as outlined in Act 621 of the Michigan Public Acts of 1978.

Section 17: Board Adoption

The foregoing resolution was offered by Board Member Marilyn Hoffman and seconded by Ted Henry:

VOICE VOTE: Motion carried on unanimous voice vote.

RESOLUTION 2013-14 DECLARED ADOPTED.

Printed Name: Dayne Walling
Its: Chairperson

Printed Name: Janis M. Wells
Its: Deputy Secretary

STATE OF MICHIGAN)
) ss
COUNTY OF GENESEE)

I, Janis M. Wells, Deputy Secretary of the Karegnondi Water Authority Board, do hereby certify the foregoing is a true and complete copy of a resolution adopted by the Karegnondi Water Authority Board, acting in Lapeer County, at a regular meeting held on November 20, 2013, and that public notice of said meeting was given pursuant to Act 267 of the Michigan Public Acts of 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature on this 23rd day of January, 2014.

Printed Name: Janis M. Wells
Its: Deputy Secretary

05/10/2013 BUDGET REPORT FOR CITY OF FLINT

2013-2014 FISCAL YEAR

ACCOUNT	DESCRIPTION	2013-14 ADOPTED BUDGET
Fund 101: General Fund		
ESTIMATED REVENUES		
403.000	Property Taxes	4,522,000
404.000	Special Assessment Taxes	8,000
438.000	Income Taxes	14,210,000
439.000	Enforcement Tax Revenue	700,000
445.000	Penalty & Interest On Taxes	150,000
451.000	Bus.Licenses & Permits-City Clerk	157,000
452.000	Cable Tv Franchise Fee	1,155,626
454.000	Liquor License Transf From State - Police	62,000
530.000	Federal Grants	1,375,749
534.000	State Grants Federal Pass Through	70,982
539.000	State Grants	1,226,001
540.000	State Payment For Fire Protection	65,000
575.000	Constitution Sales Tax	7,589,435
576.100	Statutory Sales Tax	5,162,575
580.000	Local Grants	135,000
580.200	Local grants- charges for service reimbr	381,153
607.000	Fees	504,211
607.100	Impound lot-Towing fees	138,820
607.200	Impound lot-Storage fees	173,840
607.300	Impound lot-Admin cost fees	63,850
607.400	Impound lot-Statutory fee city portion	28,310
610.000	Fees - Development	25,000
616.000	Admin Fee -Pol Sltg Operations	25,000
624.000	Special Events Fee	60,000
626.000	Charges For Services Rendered	133,700
626.300	Water & Sewer Pilot	1,955,450
626.900	Charges For Service Rendered - Intercity	5,388,068
628.000	911 Surcharge	1,302,000
630.000	False alarm fee	24,000
630.200	Accident non resident	28,000
645.000	Sale Of Printed Material	350
645.900	Sale Of Printed Material-Info	500
648.000	Scrap Sales	1,000
649.000	Auction Rev - Forfeited & Others	225,000
662.000	Fines & Cost - Traffic/Criminal	1,600,000
668.000	Rents And Royalties	19,000
670.000	Rental - City Property	6,000
671.500	Sundry	125,750
671.600	Nsf Check Fe	5,000
677.000	Reimbursements	128,000
694.000	Cash Over And Short	(3,000)
699.900	Transfers In	4,077,958
699.999	Budgetary Fund Balance	(1,000,000)
	TOTAL ESTIMATED REVENUES	53,048,072
APPROPRIATIONS		
702.000	Wages & Salaries	16,244,977
702.100	Wages & salaries - Appointees	72,256
709.000	Overtime	1,534,928
719.100	Direct Fringes	8,583,135
719.200	Other Fringes	4,882,316
720.000	Expense Allowances	28,575
728.000	Supplies	195,000
728.100	Testing Materials	30,200
727.000	Law Library Supplies	10,000
728.000	Film Developing	100
728.500	Postage	245,935
730.000	Professional Dues And Publications	58,200
730.500	Compliance Permit Fees	7,523
731.000	Subscriptions, Publications And Newspape	10,500
751.900	Gas, Oil Fuel-Intercity	305,000
758.000	Uniforms	45,450
801.000	Professional Service	2,728,200
801.100	Professional Service-Bank Fees	71,709

814.000	Edp Service	47,000
814.806	Data Processing Service	255,535
823.000	Copying Services	60,074
825.000	Contractual Payments	100,000
850.000	Communications	405,983
850.252	Transportation - Election equipment	12,000
861.000	Mileage Reimbursement	1,700
863.830	Vehicle & Equipment Intracity	818,100
880.000	Community Promotion	1,400
900.000	Printing & Publishing	173,997
920.000	Utilities	594,900
920.800	Intracity Utilities-Wtr/Sewer	90,500
930.000	Repairs And Maintenance	640,850
930.252	Repairs & Maint - Election equipment	17,800
931.000	Maintenance Agreements	2,400
940.000	Rentals	805,300
940.100	Housing Assistance	1,000
956.000	Miscellaneous Expense	8,925
956.200	Bad Debts Expense	600,000
958.300	Litigations & Suits	3,500
958.500	Cash Shortage & Excesses	600
958.000	Education, Training, & Confer	148,975
958.500	Tuition Reimbursement	4,900
969.100	Indirect Cost Allocation	10,329,402
977.000	Equipment	791,400
977.500	Vehicle	139,000
999.000	Transfers Out	536,176
	TOTAL APPROPRIATIONS	53,045,976
	NET OF REVENUES/APPROPRIATIONS - FUND 101	(4)

Fund 202: Major Street Fund

ESTIMATED REVENUES

539.100	State grants - charges for service reade	280,000
548.000	Gas & Weight Tax	6,326,855
624.000	Special Events Fee	31,536
677.000	Reimbursements	24,000
677.100	Reimbursements- operating contributions	92,871
677.900	Reimbursements-Intercity	75,000
699.999	Budgetary F.B. Reserved for Encumbrances	(838,262)
	TOTAL ESTIMATED REVENUES	5,991,700

APPROPRIATIONS

702.000	Wages & Salaries	1,013,737
706.000	Overtime	99,019
719.100	Direct Fringes	955,803
719.200	Other Fringes	255,309
725.000	Supplies	648,580
726.000	Supplies Intracity	2,500
729.000	Postage	600
730.000	Professional Dues And Publications	1,960
758.000	Uniforms	3,330
782.000	Asphalt-Outside	59,000
801.000	Professional Service	1,312,575
823.000	Copying Services	9,199
850.000	Communications	29,500
863.000	Vehicle & Equipment Intracity	330,829
900.000	Printing & Publishing	1,000
920.000	Utilities	252,200
930.000	Repairs And Maintenance	47,000
940.000	Rentals	74,000
957.000	Real Estate Taxes	374
958.000	Education, Training, & Confer	8,000
958.500	Tuition Reimbursement	1,500
969.100	Indirect Cost Allocation	1,074,513
977.000	Equipment	12,000
992.000	Principal	109,534
995.000	Interest	9,028
	TOTAL APPROPRIATIONS	5,991,699
	NET OF REVENUES/APPROPRIATIONS - FUND 202	1

Fund 202: Local Street Fund

ESTIMATED REVENUES		
548.000	Gas & Weight Tax	1,827,772
574.000	Contributions	350,000
677.000	Reimbursements	48,150
677.900	Reimbursements-Intercity	125,000
699.999	Budgetary F.B. Reserved for Encumbrances	(69,849)
	TOTAL ESTIMATED REVENUES	2,322,073
APPROPRIATIONS		
702.000	Wages & Salaries	542,108
709.000	Overtime	22,000
719.100	Direct Fringes	355,187
719.200	Other Fringes	133,251
726.000	Supplies	372,534
782.000	Asphalt-Outside	123,084
863.900	Vehicle & Equipment Intracity	145,050
943.000	Rentals	6,500
969.100	Indirect Cost Allocation	611,838
	TOTAL APPROPRIATIONS	2,322,072
	NET OF REVENUES/APPROPRIATIONS - FUND 202	1

Fund 203: Public Safety

ESTIMATED REVENUES		
403.000	Property Taxes	3,589,000
699.999	Budgetary Fund Balance	(1,743,173)
	TOTAL ESTIMATED REVENUES	1,845,827
APPROPRIATIONS		
702.000	Wages & Salaries	1,010,839
709.200	Overtime	60,000
719.100	Direct Fringes	494,452
719.200	Other Fringes	250,586
720.000	Expense Allowances	6,000
726.000	Supplies	3,000
769.000	Uniforms	18,000
977.000	Equipment	3,000
	TOTAL APPROPRIATIONS	1,845,828
	NET OF REVENUES/APPROPRIATIONS - FUND 203	(1)

Fund 207: Police Fund

ESTIMATED REVENUES		
403.000	Property Taxes	1,196,000
677.000	Reimbursements	353,150
	TOTAL ESTIMATED REVENUES	1,549,150
APPROPRIATIONS		
702.000	Wages & Salaries	785,053
709.000	Overtime	120,000
719.100	Direct Fringes	418,783
719.200	Other Fringes	161,749
720.000	Expense Allowances	7,500
726.000	Supplies	4,000
801.000	Professional Service	500
823.000	Copying Services	3,250
850.000	Communications	19,219
920.000	Utilities	7,500
920.900	Intracity Utilities-Wat/Sewer	3,500
930.000	Repairs And Maintenance	500
940.000	Rentals	500
	TOTAL APPROPRIATIONS	1,549,150
	NET OF REVENUES/APPROPRIATIONS - FUND 207	0

Fund 213: Park & Recreation Senior Citizen Centers

ESTIMATED REVENUES		
535.002	County Distribution - Senior Citizen Ctr	200,000
	TOTAL ESTIMATED REVENUES	200,000
APPROPRIATIONS		
702.000	Wages & Salaries	47,501
719.100	Direct Fringes	4,983
726.000	Supplies	28,017
729.000	Postage	100
730.000	Professional Dues And Publications	400
751.000	Gas, Oil Fuel-Intracity	5,000
801.000	Professional Service	40,000
823.000	Copying Services	600
850.000	Communications	4,500
863.000	Vehicle & Equipment Intracity	5,000
900.000	Printing & Publishing	8,500
920.000	Utilities	40,000
920.800	Intracity Utilities-Wtr/Sewer	6,700
939.000	Repairs And Maintenance	8,700
	TOTAL APPROPRIATIONS	200,001
	NET OF REVENUES/APPROPRIATIONS - FUND 213	(1)

Fund 219: Street Light

ESTIMATED REVENUES		
494.100	Special assessments-Street Lights	2,982,960
	TOTAL ESTIMATED REVENUES	2,982,960
APPROPRIATIONS		
920.000	Utilities	2,877,076
933.100	Indirect Cost Allocation	105,884
	TOTAL APPROPRIATIONS	2,982,960
	NET OF REVENUES/APPROPRIATIONS - FUND 219	0

Fund 228: Rubbish Collection Fund

ESTIMATED REVENUES		
403.000	Property Taxes	5,131,480
478.000	Non-Bus.Perm-Dumping Permits-Waste Coll	1,000
	TOTAL ESTIMATED REVENUES	5,132,480
APPROPRIATIONS		
702.000	Wages & Salaries	54,000
719.100	Direct Fringes	31,000
729.000	Postage	300
801.000	Professional Service	4,426,000
953.100	Indirect Cost Allocation	621,180
	TOTAL APPROPRIATIONS	5,132,480
	NET OF REVENUES/APPROPRIATIONS - FUND 228	0

Fund 238: Hud Grants - 2011 & prior

ESTIMATED REVENUES		
502.748	Federal Grants Hud - Cdbg	1,234,477
502.749	Federal Grants Hud - Home	2,550,057
502.750	Federal Grants Hud - Esg	84,815
	TOTAL ESTIMATED REVENUES	3,925,349
APPROPRIATIONS		
702.100	Unallocated budget appropriations	1,303,785
702.000	Wages & Salaries	2,000
728.000	Postage	28
801.000	Professional Service	900
805.001	01 Acquisition Of Real Property	13,243
805.065	03O Fire Stations/ Equipment	407,524
805.076	04 Clearance And Demolition	69,350
805.101	05 Public Services General	5,000
805.105	05D Youth Services	583
805.119	05R Homeownership Assistance	131,585
805.120	05S Rental Housing Subsidies	33,641
805.178	08 Relocation	1,541
805.276	12 Construction Of Housing	787,591
805.301	13 Direct Home Ownership Assistance	70,559
805.327	14A Rehab Single Unit Residential	1,017,520
805.334	14H Rehabilitation Administration	10,000
805.453	19B Home Chdo Operating Costs	1,187
805.502	21A General Program Administration	7,768
863.900	Vehicle & Equipment Intracity	15
	TOTAL APPROPRIATIONS	3,915,347
	NET OF REVENUES/APPROPRIATIONS - FUND 238	10,232

Fund 265: Drug Law Enforcement Fund

ESTIMATED REVENUES		
656.000	Fines & Forfeitures - Cash/Ch -Police	130,000
677.000	Reimbursements	21,000
699.995	Budgetary Fund Balance	284,042
	TOTAL ESTIMATED REVENUES	435,042
APPROPRIATIONS		
702.000	Wages & Salaries	154,676
709.000	Overtime	50,000
719.100	Direct Fringes	131,520
728.000	Supplies	3,458
801.000	Professional Service	30,000
801.500	Legal Services	8,000
823.000	Copying Services	2,388
850.000	Communications	10,000
977.500	Vehicle	45,000
	TOTAL APPROPRIATIONS	435,042
	NET OF REVENUES/APPROPRIATIONS - FUND 265	0

Fund 272: Hud Grant - 2012

ESTIMATED REVENUES		
502.001	Prior yr revenue -Fed grant - HUD	33,516
502.743	Federal Grants Hud - Cdbg	1,393,479
502.750	Federal Grants Hud - Esg	20,589
	TOTAL ESTIMATED REVENUES	1,447,584
APPROPRIATIONS		
700.100	Unallocated budget appropriations	17,200
708.000	Overtime	19,619
719.200	Other Fringes	3,309
728.000	Supplies	5,440
729.000	Postage	1,294
730.000	Professional Dues And Publications	2,100
731.000	Subscriptions, Publications And Newspaps	2,332
801.000	Professional Service	8,537
805.383	03L Sidewalks	300,000
805.076	04 Clearance And Demolition	250,000
805.101	05 Public Services General	93,574
805.104	05C Legal Services	21,014
805.111	05J Fair Housing Activities	53,556
805.126	08 Interim Assistance	296,027
805.327	14A Rehab Single Unit Residential	279,009
805.456	19G Unplanned Repay Of Sec 108 Principal	151
814.500	Computer Software	929
823.000	Copying Services	123
825.000	Contractual Payments	3,500
861.000	Mileage Reimbursement	4
863.900	Vehicle & Equipment Intrachy	2,963
900.000	Printing & Publishing	10,731
958.000	Education, Training, & Confer	1,832
	TOTAL APPROPRIATIONS	1,434,737
	NET OF REVENUES/APPROPRIATIONS - FUND 272	13,127

Fund 273: Hud Grant - 2013

ESTIMATED REVENUES		
502.743	Federal Grants Hud - Cdbg	2,930,206
502.749	Federal Grants Hud - Home	783,832
502.750	Federal Grants Hud - Esg	264,632
	TOTAL ESTIMATED REVENUES	3,969,670
APPROPRIATIONS		
700.100	Unallocated budget appropriations	548,428
702.000	Wages & Salaries	188,788
708.000	Overtime	61,000
719.100	Direct Fringes	156,131
719.200	Other Fringes	109,774
728.000	Supplies	11,000
729.000	Postage	1,500
730.000	Professional Dues And Publications	500
731.000	Subscriptions, Publications And Newspaps	500
801.000	Professional Service	53,047
805.051	03J Water & Sewer Improvements	142,500
805.052	03K Street Improvements	283,079
805.053	03L Sidewalks	180,000
805.076	04 Clearance And Demolition	281,650
805.101	05 Public Services General	345,538
805.104	05C Legal Services	5,480
805.105	05D Youth Services	194,754
805.111	05J Fair Housing Activities	42,748
805.276	12 Construction Of Housing	575,449
805.327	14A Rehab Single Unit Residential	439,597
805.351	15 Code Enforcement	142,500
805.456	19G Unplanned Repay Of Sec 108 Principal	131,058
805.502	21A General Program Administration	14,000
805.510	21I Home Chdo Operate Cost 5% Admin Cap	10,000
814.500	Computer Software	5,000
823.000	Copying Services	5,000
861.000	Mileage Reimbursement	5
863.900	Vehicle & Equipment Intrachy	5,143
900.000	Printing & Publishing	25,000
958.000	Education, Training, & Confer	7,500
	TOTAL APPROPRIATIONS	3,969,669
	NET OF REVENUES/APPROPRIATIONS - FUND 273	1

Fund 274: Hud Grant - 2014

ESTIMATED REVENUES		
502.749	Federal Grants Hud - Cdbg	3,400,254
502.749	Federal Grants Hud - Home	744,639
502.750	Federal Grants Hud - Esg	324,672
	TOTAL ESTIMATED REVENUES	4,469,575
APPROPRIATIONS		
700.100	Unallocated budget appropriations	608,297
702.000	Wages & Salaries	384,645
709.000	Overtime	2,570
719.100	Direct Fringes	215,977
719.200	Other Fringes	76,019
728.000	Supplies	7,000
729.000	Postage	750
730.000	Professional Dues And Publications	320
731.000	Subscriptions, Publications And Newspape	500
801.000	Professional Service	53,923
805.057	03F Parks, Recreational Facilities	115,000
805.101	05 Public Services General	539,000
805.104	05C Legal Services	24,000
805.105	05D Youth Services	192,000
805.111	05J Fair Housing Activities	18,000
805.125	05 Interim Assistance	300,000
805.276	12 Construction Of Housing	650,176
805.327	14A Rehab Single Unit Residential	235,000
805.351	15 Code Enforcement	704,491
805.458	19G Unplanned Repay Of Sec 108 Principal	320,000
805.502	21A General Program Administration	2,499
823.000	Copying Services	6,000
893.000	Vehicle & Equipment Intrachy	4,506
900.000	Printing & Publishing	6,000
958.000	Education, Training, & Confer	3,000
	TOTAL APPROPRIATIONS	4,469,574
	NET OF REVENUES/APPROPRIATIONS - FUND 274	1

Fund 286: Other Grants Fund

ESTIMATED REVENUES		
530.000	Federal Grants	938,854
532.000	Cd Block Grant-Intrachy	330,000
539.000	State Grants	73,200
580.000	Local Grants	227,557
607.000	Fees	625
664.100	Interest Earned	20,000
664.200	Interest Income/Loans	327,538
665.000	Interest Earned On Bank Clg &	1,324
671.400	City Rll-Principal Repayments	106,000
677.000	Reimbursements-Intercity	39,515
696.000	Proceds From Loans	295,000
699.998	Budgetary Fund Balance	70,000
	TOTAL ESTIMATED REVENUES	2,429,270
APPROPRIATIONS		
702.000	Wages & Salaries	228,294
709.000	Overtime	4,000
719.100	Direct Fringes	119,295
719.200	Other Fringes	48,231
728.000	Supplies	21,449
729.000	Postage	506
730.000	Professional Dues And Publications	2,200
731.000	Subscriptions, Publications And Newspape	425
801.000	Professional Service	735,057
814.500	Computer Software	9,356
831.900	Admin serv charges - internal serv fds	39,515
850.000	Communications	4,000
861.000	Mileage Reimbursement	5,403
900.000	Printing & Publishing	18,273
958.000	Miscellaneous Expense	7,000
968.900	Investments - Loans	83,150
958.000	Education, Training, & Confer	12,291
992.000	Principal	639,000
995.000	Interest	422,338
997.000	Paying Agent Fees	400
	TOTAL APPROPRIATIONS	2,400,489
	NET OF REVENUES/APPROPRIATIONS - FUND 286	28,781

Fund 297: Federal Stimulus Fund

ESTIMATED REVENUES		
502,741	HUD grant NSP3	1,582,979
532,000	Federal Grants	3,261,501
	TOTAL ESTIMATED REVENUES	4,844,480
APPROPRIATIONS		
702,000	Wages & Salaries	1,900,000
719,160	Direct Fringes	1,361,601
806,078	04 Clearance And Demolition	513,748
805,279	12 Construction Of Housing	769,131
	TOTAL APPROPRIATIONS	4,844,480
	NET OF REVENUES/APPROPRIATIONS - FUND 297	0

Fund 301: General Debt Serv(Voted Bonds)

ESTIMATED REVENUES		
699,000	Transfers In	728,853
	TOTAL ESTIMATED REVENUES	728,853
APPROPRIATIONS		
982,000	Principal	459,853
996,000	Interest	269,000
	TOTAL APPROPRIATIONS	728,853
	NET OF REVENUES/APPROPRIATIONS - FUND 301	0

Fund 402: Public Improvement Fund

ESTIMATED REVENUES		
403,000	Property Taxes	1,495,000
878,000	Reimbursement from DDA-Parking Debt Bond	380,000
	TOTAL ESTIMATED REVENUES	1,875,000
APPROPRIATIONS		
976,000	Building Additions & Improve	545,943
982,000	Principal	195,000
996,000	Interest	407,104
999,000	Transfers Out	726,953
	TOTAL APPROPRIATIONS	1,875,000
	NET OF REVENUES/APPROPRIATIONS - FUND 402	0

Fund 590: Sewer Fund

ESTIMATED REVENUES		
455.000	Bus.Licenses & Permits - Utilities	23,672
827.000	Sewage Charges	31,612,928
848.000	Scrap Sales	20,000
857.190	Forfeited Discount - Utilities	350,000
854.000	Interest	19,000
890.000	Bond or Insurance Recoveries	2,000
	TOTAL ESTIMATED REVENUES	31,813,397
APPROPRIATIONS		
702.000	Wages & Salaries	3,457,331
709.000	Overtime	804,148
719.100	Direct Fringes	2,322,497
719.200	Other Fringes	588,076
719.350	Retiree Healthcare Benefit	5,000,000
720.000	Supplies	525,500
729.000	Postage	2,200
730.000	Professional Dues And Publications	1,600
730.500	Compliance Permit Fees	108,100
731.000	Subscriptions, Publications And Newspaps	500
740.200	Laboratory Supplies	28,750
740.500	Treatment Chemicals	261,000
751.000	Gas, Oil, Fuel	33,500
751.900	Gas, Oil Fuel-Intracity	105,500
758.000	Uniforms	44,500
775.000	Repair & Maint Supplies	532,000
782.000	Asphalt-Outside	40,000
801.000	Professional Service	3,075,903
808.000	Street Division Service	4,000
814.500	Computer Software	20,200
823.000	Copying Services	6,700
850.000	Communications	113,100
861.000	Mileage Reimbursement	2,000
863.000	Vehicle & Equipment Charges	31,000
863.900	Vehicle & Equipment Intracity	376,500
930.000	Printing & Publishing	3,100
920.200	Gas	429,000
920.300	Power	1,425,000
920.400	Power - Swedish bio-gas payment	700,000
920.900	Intracity Utilities-Wtr/Sewer	283,000
930.000	Repairs And Maintenance	1,585,670
940.000	Rentals	18,000
957.100	Charges in Lieu Of Tax	1,218,300
958.000	Education, Training, & Confer	59,600
958.500	Tuition Reimbursement	800
969.000	Depr/Depltn Equip Replace	4,000,000
989.100	Indirect Cost Allocation	5,039,744
974.000	Land Improvements	45,000
976.000	Building Additions & Improve	282,700
977.000	Equipment	2,210,500
977.500	Vehicle	520,000
982.000	Principal	5,763
996.000	Interest	595
999.900	Transfers Out	1,500,000
	TOTAL APPROPRIATIONS	36,756,907
	NET OF REVENUES/APPROPRIATIONS - FUND 590	(4,943,510)

Fund 591: Water Fund

ESTIMATED REVENUES		
621.000	Mnfctrd & Job Charge Service	150,000
621.900	Mnfctrd & Job Charge Service- Intercity	256,000
642.000	Charges For Sale	54,000
643.000	Meter Water Sales	50,454,182
648.000	Scrap Sales	8,000
657.000	Fines - Turn- On Fees - Utilities	120,000
657.100	Forfeited Discount - Utilities	330,000
673.400	Sale Of Fixed Assets	20,000
	TOTAL ESTIMATED REVENUES	51,414,182
APPROPRIATIONS		
702.000	Wages & Salaries	2,591,028
705.000	Overtime	772,549
719.100	Direct Fringes	1,701,349
719.200	Other Fringes	947,145
719.350	Retiree Healthcare Benefit	3,750,000
720.000	Supplies	1,172,500
720.000	Postage	1,825
730.000	Professional Dues And Publications	8,500
740.000	Operating Supplies	70,200
751.820	Gas, Oil Fuel-Intracity	160,000
758.000	Uniforms	24,000
759.000	Purchase Of Materials For Res	24,488,072
782.000	Asphalt-Outside	15,000
801.000	Professional Service	5,124,850
808.820	Street Division Service	180,000
814.900	Computer Software	53,000
823.000	Copying Services	4,600
850.000	Communications	177,000
861.000	Mileage Reimbursement	5,900
863.000	Vehicle & Equipment Charges	8,500
863.900	Vehicle & Equipment Intracity	290,000
900.000	Printing & Publishing	9,000
920.000	Utilities	80,000
920.200	Gas	200,000
920.300	Power	334,000
920.900	Intracity Utilities-Wtr/Sewer	6,000
930.000	Repairs And Maintenance	168,200
940.000	Rentals	15,000
950.000	Miscellaneous Expense	500
957.100	Charges In Lieu Of Tax	749,150
959.000	Education, Training, & Conter	17,000
959.500	Tuition Reimbursement	2,000
962.000	Depr/Depltn Equip Replace	1,500,000
968.100	Indirect Cost Allocation	4,040,500
974.000	Land Improvements	50,000
975.000	Building Additions & Improve	677,422
977.000	Equipment	1,570,500
977.500	Vehicle	508,000
977.600	Micro Hardware Equipment	2,500
999.900	Transfers Out	3,788,071
	TOTAL APPROPRIATIONS	55,163,141
	NET OF REVENUES/APPROPRIATIONS - FUND 591	(3,738,959)
	ESTIMATED REVENUES - ALL FUNDS	180,557,334
	APPROPRIATIONS - ALL FUNDS	189,186,745
	NET OF REVENUES/APPROPRIATIONS - ALL FUNDS	(8,629,391)

GENERAL FUND REVENUE PROJECTIONS

Attachment C1-d

	FY13 PROJECTED	FY14 ADOPTED	FY15 PROJECTED	FY16 PROJECTED	FY17 PROJECTED	FY18 PROJECTED
Property Taxes	5,720,000	4,522,000	4,179,000	4,012,000	4,012,000	4,068,000
Income Taxes	16,300,000	14,210,000	14,210,000	14,067,900	13,927,221	14,068,493
Special Assessments	5,000	8,000	8,000	8,000	8,000	8,000
State Shared Revenues	13,140,585	13,872,368	13,800,000	13,800,000	13,800,000	14,000,000
Charges for Services Rendered - Water/Sewer PILOT	1,958,450	1,958,450	1,958,450	1,958,450	1,958,450	1,958,450
Interest	114,400	150,000	175,000	175,000	200,000	200,000
Other	6,010	6,000	6,000	6,000	6,000	6,000
Fund Balance	-419,642	-1,000,000	-1,000,000	-1,450,000	-1,750,000	-1,800,000
District Court - State Grant	228,000	0	0	0	0	0
District Court - Fines and Forfeitures	1,164,611	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Finance - Charges for Services	1,150	2,200	2,000	2,000	2,000	2,000
Finance - Grant	57,000	0	0	0	0	0
Clerk - Charges for Services	350	350	350	350	350	350
Cable Franchise Fees	1,287,931	1,303,626	1,300,000	1,300,000	1,300,000	1,300,000
Sale of Equipment	130,007	75,000	50,000	75,000	75,000	75,000
Treasury Operations - Charges for Services	434,381	309,211	310,000	310,000	310,000	310,000
Treasury Operations - Other Revenues	27,000	27,000	25,000	25,000	25,000	25,000
Income Tax Operations - Other Charges	20,000	0	0	0	0	0
Treasury - Delinquent Collections	0	700,000	800,000	800,000	850,000	850,000
Assessing - Charges for Services	8,000	10,000	10,000	9,000	9,000	9,000
Clerk - Charges for Services	19,693	18,600	19,000	19,000	19,000	19,000
Clerk - Disabled Voter Grant	10,000	0	0	0	0	0
Law Department - Charges for Services	14,825	16,500	16,500	16,500	16,500	16,500
Personnel - Charges for Services	3,207	0	0	0	0	0
Cost Allocation Reimbursement	7,401,730	5,388,088	5,200,000	5,000,000	5,000,000	5,000,000
Police Department - Misc Grants	2,141,586	620,892	300,000	300,000	300,000	300,000
Police Department - COPS Grant	998,552	825,746	454,247	476,959	500,807	0
Police Department - Mott Grant	1,485,520	135,000	0	0	0	0
Police Department - Misc Revenues	313,148	388,250	400,000	400,000	400,000	400,000
Police Department - Impound Lot	654,000	654,020	555,000	555,000	555,000	555,000
Police Department - Lockup	1,330,000	1,300,001	0	0	0	0
Police Department - School Liaison Contract	384,081	361,198	360,000	360,000	360,000	360,000
Fire Department - Misc Revenues	143,200	220,500	200,000	200,000	200,000	200,000
911 - Surcharge and Grant	1,577,000	1,334,000	1,330,000	1,325,000	1,320,000	1,315,000
Planning and Zoning - Misc Revenues	29,250	25,000	25,000	25,000	25,000	25,000
Fire-CDBG	407,524	0	0	0	0	0
Parks - Misc Revenues	183,942	19,000	15,000	15,000	15,000	15,000
Transfers In - Water and Sewer (ROE)	2,990,000	2,990,000	2,990,000	2,990,000	2,990,000	2,990,000
Transfers In - Cost Allocation	1,087,998	1,087,998	1,087,998	1,087,998	1,087,998	1,087,998
TOTAL PROJECTED Revenues	**60,356,549**	**[illegible]**	**59,486,545**	**49,569,157**	**49,222,326**	**48,891,791**
Major Grants (separated)						
Lockup	1,330,000	1,300,001	0	0	0	0
Mott Grant	1,485,520	135,000	0	0	0	0
COPS Grant	998,552	825,746	454,247	476,959	500,807	0
Other Police Grants	2,141,586	920,892	300,000	300,000	300,000	300,000
	54,400,911	50,163,337	49,732,298	48,792,198	48,421,519	48,591,791

GENERAL FUND EXPENSE PROJECTIONS

Attachment C1-d

	FY13 PROJECTED	FY14 ADOPTED	FY15 PROJECTED	FY16 PROJECTED	FY17 PROJECTED	FY18 PROJECTED
City Council	$362,899	$333,449	$343,452	$360,625	$378,656	$397,589
District Court	$5,356,479	$5,164,307	$5,454,022	$5,726,723	$6,013,060	$6,313,713
Mayor	$206,678	$212,239	$218,606	$229,536	$241,013	$253,064
City Administrator	$711,982	$384,106	$395,629	$415,411	$436,181	$457,990
HRC	$40,103	$25,237	$27,024	$28,375	$29,794	$31,284
Finance	$1,100,342	$824,822	$971,063	$1,019,616	$1,070,597	$1,124,127
Clerk	$423,085	$321,695	$336,095	$354,686	$372,749	$391,397
Purchasing	$165,204	$130,229	$138,740	$143,577	$150,756	$158,294
Treasury	$2,878,129	$3,082,787	$3,205,426	$3,365,698	$3,533,983	$3,710,682
Assessing	$1,109,773	$1,084,221	$1,138,432	$1,196,354	$1,256,121	$1,317,977
Elections	$572,526	$541,837	$688,629	$702,375	$837,494	$879,369
Law	$1,057,484	$952,761	$971,816	$1,020,407	$1,071,427	$1,124,999
Human Resources	$673,638	$822,167	$853,275	$895,939	$720,236	$756,248
MISC Allocation	$298,609	$0	$0	$0	$0	$0
POLICE	$25,657,661	$21,758,778	$23,088,981	$24,243,430	$25,465,601	$26,728,362
911	$3,314,413	$3,745,525	$3,932,801	$4,129,441	$4,335,913	$4,552,709
Fire	$10,953,319	$11,699,795	$12,284,785	$12,899,025	$13,543,976	$14,221,175
Building Inspection (transfer)	$986,519	$539,170	$566,129	$594,435	$624,157	$655,365
Planning and Zoning	$99,120	$121,875	$427,669	$449,367	$471,836	$495,427
Community Development	$2,068,800	$186,293	$190,019	$189,520	$209,496	$219,971
Fire-CDBG	$407,524					
Parks and Recreation	$576,842	$5,100	$5,355	$5,623	$5,804	$6,199
Facilities	$1,263,526	$1,207,382	$1,392,751	$1,462,389	$1,535,508	$1,612,283
Police Millage Fund (transfer)	$0	$0	$0	$0	$0	$0
Parks Fund (transfer)	$40,000	$0	$0	$0	$0	$0
Other transfers out	$0	$0	$0	$0	$0	$0
Transfers out	$100,000	$0	$0	$0	$0	$100,000
TOTAL GENERAL FUND EXPENDITURES	**$60,396,653**	**$55,945,078**	**$56,411,302**	**$59,231,867**	**$62,293,460**	**$65,608,133**
Major Grants (Separated)						
Lockup	$1,330,000	$1,300,001	$0	$0	$0	$0
Mott Grant	$1,485,520	$135,000	$0	$0	$0	$0
COPS Grant	$998,552	$445,676	$454,247	$476,959	$500,807	$0
Other Police Grants	$2,141,666	$611,991	$300,000	$300,000	$300,000	$300,000
	$54,440,915	$50,552,609	$55,657,055	$58,454,908	$61,492,653	$65,308,133

Significant Changes:
5% cost escalator PLUS:

Elections	$100,000		$100,000
Police Officers	2	3	Elections
	$242,284	$361,587	
Planning staff	$100,000		
Facilities	$125,000		

Not included:	Lock up
	$1,330,000

Genesee County, Michigan
2013/14 Adopted Budget

Departments:

	Salaries	Fringe Benefits	Non-Personnel Costs	Total Adopted Budget	General Fund	Other	Total Adopted Budget
Management and Planning							
Accomodation Tax			20,000	20,000		20,000	20,000
Board Coordinator	122,684	65,543	12,081	200,308	200,308		200,308
Board of Commissioners	280,809	154,211	22,362	457,182	457,182		457,182
Boundary Commission	0		0	0			0
County Clerk:							
Election/Campaign Finance	221,421	144,787	271,635	637,843	637,843		637,843
County Clerk-Vital Records	218,672	173,831	107,312	499,815	499,815		499,815
Court Records	946,569	745,465	8,000	1,700,034	1,700,034		1,700,034
Drains:							
Drain Commissioner	731,077	349,969	21,528	1,102,572	1,102,572		1,102,572
Drain Service	601,680	342,832	72,233	1,016,445		1,016,445	1,016,445
Water Shed Mgmt			125,000	125,000	85,000	40,000	125,000
Drain Equipment			354,488	354,488		354,488	354,488
Drain-at-Large			335,928	335,928	285,928	50,000	335,928
Equalization	478,110	323,781	27,200	829,091	829,091		829,091
GIS	84,055	47,860	28,538	160,453	160,453		160,453
Planning Commission	1,219,726	725,529	1,650,383	3,595,638	362,574	3,233,064	3,595,638
Register of Deeds	476,772	292,738	247,700	1,017,208	598,046	419,162	1,017,208
Treasurer	848,882	542,223	2,753,447	4,144,552	1,096,498	3,048,054	4,144,552
Appropriations:							
Appropriations-General		10,000	238,100	248,100	248,100		248,100
Phase-In Reductions			(1,600,000)	(1,600,000)	(1,600,000)		(1,600,000)
Appropriations-Overtime			520,037	520,037	520,037		520,037
Debt Service (Bond Payments)			2,635,111	2,635,111	2,635,111		2,635,111
Grant Match Contingencies			0	0	0		0
Subtotal	6,240,157	3,918,567	7,849,081	18,007,805	9,828,592	8,161,213	18,007,805
Administration of Justice							
Adult Probation		0	27,105	27,105	27,105		27,105
Circuit Court	1,850,143	916,236	2,293,070	5,059,449	5,059,449		5,059,449
GVRC	2,249,510	1,250,453	928,560	4,428,523	2,139,062	2,289,861	4,428,923
District Court	2,879,440	1,630,649	550,800	4,860,889	4,860,889		4,860,889
Friend of the Court:							
Friend of the Court			41,000	41,000	41,000		41,000
Friend of the Court Coop Reimb	4,498,599	3,239,612	1,493,634	9,198,845	2,560,410	6,636,535	9,196,945
Custody and Visitation	57,419	43,217		110,636	37,616	73,020	110,636
Jury Board	120,780	67,260	32,150	220,190	220,190		220,190
Law Library			130,832	130,832	122,332	8,500	130,832
Court Services	101,610	61,071	6,000	168,681	168,681		168,681
Probate Court	943,568	689,259	182,950	1,816,817	1,816,817		1,816,817
Mental Health Court	49,959	31,437	15,350	96,746		96,746	96,746
Family Court	1,804,885	1,081,369	1,215,905	3,902,139	3,902,139		3,902,139
Prosecutor:							
Prosecutor-General	2,870,015	1,421,891	232,700	4,324,606	4,324,606		4,324,606
Cooperative Reimbursement	889,786	799,371	216,322	2,005,478	681,863	1,323,615	2,005,478
Victim/Witness Assistance Program	181,800	168,917	7,000	357,717	41,817	315,900	357,717
APIS Contribution			29,500	29,500	29,500		29,500
Subtotal	17,974,623	11,418,752	7,401,278	36,794,653	26,050,376	10,744,277	36,794,653

Genesee County, Michigan
2013/14 Adopted Budget

Departments:

	Salaries	Fringe Benefits	Non-Personnel Costs	Total Adopted Budget	General Fund	Other	Total Adopted Budget
Law Enforcement & Community Prot.							
Emergency Management/Homeland Se	65,067	41,886	19,950	126,903	126,903		126,903
Sheriff:							
Administration	354,685	175,914	61,225	591,824	591,824		591,824
Corrections	6,137,289	4,854,811	2,912,750	13,904,850	13,904,850		13,904,850
Court Security/Transport-Circuit	718,056	759,351	3,100	1,480,507	1,480,507		1,480,507
Court Security/Transport-McCree	577,496	568,692	1,525	1,147,713	1,147,713		1,147,713
Court Security/Transport-Probate	111,123	106,173	100	217,396	217,396		217,396
Tether Program	51,693	65,283	160,500	277,476	277,476		277,476
Investigative/Detective	349,486	276,534	19,400	645,720	645,720		645,720
Marine Law	30,000	3,285	8,800	42,085	42,085		42,085
GAIN	72,520	73,842	461,250	607,612	71,484	536,128	607,612
Road Patrols							
Vienna	421,944	446,206	88,200	956,350		956,350	956,350
Fenton	336,353	294,619	67,800	698,772		698,772	698,772
Atlas	265,561	250,474	45,000	561,035		561,035	561,035
City of Flint Lockup	1,159,895	976,586	286,848	2,424,329		2,424,329	2,424,329
Traffic Safety-P.A. 416 Grant	137,446	128,935	44,050	310,431		310,431	310,431
Appropriations:							
New Paths			0	0	0		0
Subtotal	10,797,614	9,024,892	4,150,498	23,993,005	18,505,869	5,487,045	23,993,004
Human Services:							
Animal Control							
General	290,058	203,391	118,825	612,274	612,274		612,274
Census Program	92,513	35,117	1,900	129,530		129,530	129,530
Child Care Fund:							
County	433,434	278,204	10,128,587	10,838,225	5,987,629	4,850,596	10,838,225
Dept. of Human Services			2,644,548	2,644,548	1,322,274	1,322,274	2,644,548
Community Mental Health			3,700,000	3,700,000	3,700,000		3,700,000
Emergency Medical Services	1,545,950	1,243,281	997,507	3,786,738		3,786,738	3,786,738
Public Health	5,889,923	3,952,067	4,012,572	13,854,562	1,783,270	12,081,292	13,864,562
Medical Examiner	554,991	183,045	485,100	1,223,136	1,088,928	136,208	1,223,136
Senior Services	148,217	65,871	6,037,919	6,252,007		6,252,007	6,252,007
Health Services Plan			8,017,884	8,017,884		8,017,884	8,017,884
Veterans Millage	274,252	119,593	408,539	802,384		802,384	802,384
Appropriations:							
Cigarette Tax Appropriation				0			0
Dept. of Human Services			15,500	15,500	15,500		15,500
Substance Abuse Liquor Tax Allocation			1,528,546	1,528,546	1,528,546		1,528,546
Subtotal	9,229,348	6,080,568	38,093,377	53,413,293	16,034,421	37,378,873	53,413,294

Genesee County, Michigan
2013/14 Adopted Budget

Departments:

	Salaries	Fringe Benefits	Non-Personnel Costs	Total Adopted Budget	General Fund	Other	Total Adopted Budget
Community Enrichment & Develop.							
Accomodations Tax			980,000	980,000		980,000	980,000
Parks & Recreation	2,468,695	1,016,964	2,477,348	5,961,007		5,961,007	5,961,007
Subtotal	2,468,695	1,016,964	3,457,348	6,941,007	0	6,941,007	6,941,007
General Support							
Buildings & Grounds:							
General	555,088	413,582	1,451,374	2,420,144	2,420,144		2,420,144
Jail	127,117	151,288	667,457	945,862	945,862		945,862
McCree Courts & HS Center	122,928	110,848	392,850	626,724	175,739	450,985	626,724
Water & Waste Addition			25,000	25,000	25,000		25,000
Controller:							
Controller	585,773	388,027	20,125	993,925	699,205	294,720	993,925
Reimbursement	134,148	125,427	50,000	309,573		309,573	309,573
Corporation Counsel	210,501	97,255	25,160	332,916	298,916	34,000	332,916
MIS:							
MIS-General	1,089,165	656,745	1,200,332	2,858,243	2,481,552	466,691	2,858,243
Virtual Desktop Interface			0	0	0	0	0
Insurance	74,442	68,750	3,058,648	3,200,840	750,000	2,450,840	3,200,840
Microfilm	15,781	11,809	24,500	52,089	52,089	0	52,089
Parking Facilities:							
County Parking Lot			83,304	83,304		83,304	83,304
McCree Parking Ramp			342,457	342,457		342,457	342,457
Human Resources	335,335	176,736	169,000	683,071	634,346	48,725	683,071
Purchasing:							
Administration Services Copier			307,640	307,640		307,640	307,640
Motor Pool	116,858	115,422	939,580	1,171,860	477,810	694,050	1,171,860
Purchasing	112,959	54,502	10,760	178,221	173,221	5,000	178,221
Telephone			245,625	245,625		245,625	245,625
Subtotal	3,490,101	2,372,491	9,014,802	14,877,394	9,143,884	5,733,510	14,877,394
Grand Total	50,188,537	33,842,235	69,996,384	154,027,156	79,561,231	74,465,926	154,027,156

TRANSFER AUTHORIZATION: The County Controller is authorized to execute transfers between appropriations in this Budget, without prior approval of the County Board of Commissioners specific to the individual transfers, to the extent provided for in that Board's Resolutions 95-220 and 95-224, both adopted June 6, 1995.

Genesee County, Michigan
Summary of Fiscal Year 2013/2014 Adopted
General Fund Budget

Beginning General Fund Fund Balance 10/01/13		$11,746,279
2013/2014 Adopted General Fund Revenue	79,561,231	
2013/2014 Adopted General Fund Expenditures	79,561,231	
Projected General Fund Fund Balance 09/30/14		$11,746,279

CERTIFICATE OF NO REFERENDUM

I, Inez M. Brown, do hereby certify that I am the duly qualified and acting Clerk of the City of Flint, County of Genesee, State of Michigan (the "City") and that in connection with the execution of the Contract by and between the City, the County of Genesee and the Karegnondi Water Authority, the Notice of Intent to Execute Tax-Supported Contract and of Right to Petition for Referendum Thereon was published in ***The Flint Journal***, a newspaper of general circulation within the City on October 3, 2013, that more than forty-five (45) days have elapsed since the date of such publication and that no Petition for Referendum has been filed with my office.

CITY OF FLINT

By: Inez M. Brown
Inez M. Brown
City Clerk

Dated: November 19, 2013

21718454.1\152665-00001

CERTIFICATE OF NO REFERENDUM

I, John J. Gleason, do hereby certify that I am the duly qualified and acting Clerk of the County of Genesee, State of Michigan (the "County") and that in connection with the execution of the Contract by and between the County, the City of Flint and the Karegnondi Water Authority, the Notice of Intent to Execute Tax-Supported Contract and of Right to Petition for Referendum Thereon was be published in ***The Flint Journal,*** a newspaper of general circulation within the County on October 3, 2013, that more than forty-five (45) days have elapsed since the date of such publication and that no Petition for Referendum has been filed with my office.

COUNTY OF GENESEE

By: _____
John J. Gleason
County Clerk

Dated: November 22, 2013

21718452.1\152665-00001

$220,000,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS, SERIES 2014 A
(LIMITED TAX GENERAL OBLIGATION)

Dated: 01-Mar-14
Delivery Date: 01-Mar-14
Bond Term: 20 yrs, 8 mos
Average Life: 20.00

$79,500,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS, SERIES 2014 B
(LIMITED TAX GENERAL OBLIGATION)

Dated: 01-Mar-14
Delivery Date: 01-Mar-14

SCHEDULE OF ESTIMATED NET REVENUE COVERAGE OVER DEBT

FIY End 12-31	[1] Gross Revenue Available	[2] Annual Operating Costs	Revenue Available for Debt Service	Existing Water Bond WITAX Payments	$220,000,000 SERIES 2014A Interest Due May 1	Interest Due Nov 1	Estimated Interest Rate	Principal Due Nov 1	Total P&I	$79,500,000 SERIES 2014B Interest Due May 1	Interest Due Nov 1	Estimated Interest Rate	Principal Due Nov 1	Total P&I	Total KWA Water Bonds	Total KWA & Intake Bonds Debt	Series 2014 A Capitalized Interest	Series 2014 B Capitalized Interest	Net Existing & Proposed Debt	Coverage
2014	$2,525,423	$0	$2,525,423	$2,525,423		7,351,058 [3]		$0	$7,351,058					$0	$7,351,058	$9,876,481	($7,351,058)	$0	$2,525,423	1.00
2015	2,836,836	0	2,836,836	2,836,836	5,503,794	5,535,794	5.000%	0	11,071,588	$2,186,250	$2,186,250	5.500%	$0	4,372,500	15,444,088	17,970,925	(11,071,588)	(4,372,500)	2,526,836	1.00
2016	2,837,368	0	2,837,368	2,837,368	5,535,794	5,535,794	4.000%	0	11,071,588	2,186,250	2,186,250	5.500%	0	4,372,500	15,444,088	17,971,478	(11,071,588)	(4,372,500)	2,527,368	1.00
2017	25,454,557	2,454,557	23,000,000	2,527,188	5,535,794	5,535,794	4.000%	4,965,000	16,036,588	2,186,250	2,186,250	5.500%	0	4,372,500	20,329,088	22,856,275			22,856,275	1.01
2018	25,454,557	2,454,557	23,000,000	2,527,588	5,436,094	5,436,094	5.000%	4,065,000	14,921,188	2,186,250	2,186,250	5.500%	1,035,000	5,407,500	20,328,688	22,856,275			22,856,275	1.01
2019	25,454,557	2,454,557	23,000,000	2,526,588	5,336,069	5,336,069	5.000%	4,240,000	14,912,138	2,157,788	2,157,788	5.500%	1,100,000	5,415,575	20,327,713	22,856,188			22,856,188	1.01
2020	25,454,557	2,454,557	23,000,000	2,529,188	5,230,069	5,230,069	5.000%	4,445,000	14,905,138	2,127,538	2,127,538	5.500%	1,165,000	5,420,075	20,327,613	22,856,200			22,856,200	1.01
2021	25,454,557	2,454,557	23,000,000	2,525,438	5,119,944	5,119,944	5.000%	4,670,000	14,905,888	2,095,588	2,095,588	5.500%	1,230,000	5,421,000	20,330,888	22,856,325			22,856,325	1.01
2022	25,454,557	2,454,557	23,000,000	2,529,438	5,003,694	5,003,694	5.000%	4,905,000	14,921,188	2,061,678	2,061,678	5.500%	1,310,000	5,433,356	20,354,538	22,883,975			22,883,975	1.01
2023	25,454,557	2,454,557	23,000,000	2,525,694	4,880,569	4,880,569	5.000%	5,120,000	14,896,838	2,023,678	2,023,678	5.500%	1,380,000	5,441,356	20,338,238	22,863,825			22,863,825	1.01
2024	25,454,557	2,454,557	23,000,000	2,529,438	4,752,944	4,752,944	4.000%	5,370,000	14,855,888	1,967,428	1,967,428	5.500%	1,470,000	5,444,856	20,300,744	22,854,975			22,854,975	1.01
2025	25,454,557	2,454,557	23,000,000	2,525,188	4,645,344	4,645,344	4.250%	5,585,000	14,875,888	1,907,000	1,907,000	5.500%	1,550,000	5,454,000	20,329,888	22,854,975			22,854,975	1.01
2026	25,454,557	2,454,557	23,000,000	2,529,188	4,526,663	4,526,663	4.375%	5,810,000	14,853,325	1,804,100	1,804,100	5.500%	1,655,000	5,463,200	20,316,525	22,854,713			22,854,713	1.01
2027	25,454,557	2,454,557	23,000,000	2,529,875	4,399,565	4,399,565	4.500%	6,060,000	14,859,139	1,858,588	1,858,588	5.500%	1,750,000	5,467,175	20,326,313	22,855,988			22,855,988	1.01
2028	25,454,557	2,454,557	23,000,000	2,527,488	4,263,219	4,263,219	4.625%	6,325,000	14,851,438	1,810,463	1,810,463	5.500%	1,855,000	5,475,925	20,327,363	22,854,850			22,854,850	1.01
2029	25,454,557	2,454,557	23,000,000	2,528,825	4,116,953	4,116,953	4.750%	6,620,000	14,853,808	1,758,450	1,758,450	5.500%	1,955,000	5,471,900	20,325,708	22,854,431			22,854,431	1.01
2030	25,454,557	2,454,557	23,000,000	2,525,825	3,959,728	3,959,728	4.875%	6,935,000	14,844,456	1,703,688	1,703,688	5.500%	2,070,000	5,477,375	20,320,831	22,858,456			22,858,456	1.01
2031	25,454,557	2,454,557	23,000,000	2,525,675	3,799,831	3,799,831	5.000%	7,265,000	14,865,663	1,648,925	1,648,925	5.500%	2,185,000	5,482,850	20,348,513	22,854,838			22,854,838	1.01
2032	25,454,557	2,454,557	23,000,000	2,527,525	3,609,306	3,609,306	5.000%	7,610,000	14,828,913	1,588,938	1,588,938	5.500%	2,320,000	5,497,875	20,326,788	22,852,213			22,852,213	1.01
2033	25,454,557	2,454,557	23,000,000	2,526,825	3,419,056	3,419,056	5.000%	7,985,000	14,829,113	1,524,736	1,524,736	5.500%	2,455,000	5,504,475	20,333,588	22,854,313			22,854,313	1.01
2034	25,454,557	2,454,557	23,000,000	2,527,113	3,219,431	3,219,431	5.250%	8,370,000	14,815,963	1,457,225	1,457,225	5.500%	2,605,000	5,519,450	20,335,413	22,855,425			22,855,425	1.01
2035	25,454,557	2,454,557	23,000,000	2,527,588	2,999,719	2,999,719	5.250%	8,805,000	14,804,438	1,385,588	1,385,588	5.500%	2,755,000	5,521,175	20,325,613	22,853,181			22,853,181	1.01
2036	25,454,557	2,454,557	23,000,000	2,527,581	2,769,588	2,769,588	5.250%	9,270,000	14,816,775	1,308,963	1,308,963	5.500%	2,905,000	5,514,825	20,331,600	22,854,581			22,854,581	1.01
2037	25,454,557	2,454,557	23,000,000	2,530,281	2,525,119	2,525,119	5.250%	9,770,000	14,820,238	1,238,350	1,238,350	5.500%	3,045,000	5,521,700	20,341,938	22,862,219			22,862,219	1.01
2038	25,454,557	2,454,557	23,000,000	2,529,000	2,268,638	2,268,638	5.250%	10,285,000	14,822,313	1,148,813	1,148,813	5.500%	3,210,000	5,507,625	20,329,938	22,854,538			22,854,538	1.01
2039	25,454,557	2,454,557	23,000,000	0	1,993,675	1,993,675	5.250%	10,710,000	17,707,350	1,058,338	1,058,338	5.500%	3,330,000	5,446,675	23,154,025	22,854,025			22,854,025	1.01
2040	25,454,557	2,454,557	23,000,000	0	1,838,788	1,838,788	5.250%	14,435,000	17,712,575	878,913	878,913	5.500%	3,180,000	5,148,825	23,032,613	22,852,600			22,852,600	1.01
2041	25,454,557	2,454,557	23,000,000	0	1,258,688	1,258,688	5.250%	15,195,000	17,714,375	807,288	807,288	5.500%	3,865,000	5,139,575	22,854,213	22,854,213			22,854,213	1.01
2042	25,454,557	2,454,557	23,000,000	0	881,000	881,000	5.250%	15,990,000	17,712,000	704,750	704,750	5.500%	3,640,000	5,129,500	22,841,500	22,841,500			22,841,500	1.01
2043	25,454,557	2,454,557	23,000,000	0	441,263	441,263	5.250%	16,810,000	17,692,525	597,400	597,400	5.500%	3,795,000	5,129,800	22,822,325	22,822,325			22,822,325	1.01
2044	25,454,557	2,454,557	23,000,000	0	0	0	5.250%	0	0	564,688	564,688	5.500%	21,625,000	22,814,375	22,814,375	22,814,375			22,814,375	1.01
2045	25,454,557	2,454,557	23,000,000	0	0	0	5.250%	0	0	0	0	5.500%	0	0	0	0			0	
				$63,184,254	$109,082,638	$110,483,094		$220,000,000	$442,045,133	$43,484,675	$43,484,675		$79,500,000	$166,469,350	$608,514,483	$822,115,963	$657,694,337	($18,424,233)	($8,745,000)	$647,430,104	

[1] Revenue estimates provided by the KWA based on fixed charges for system capacity from Genesee County and City of Flint.
[2] Projected annual operating costs provided by the KWA.
[3] Interest from date of issue to first interest payment date.

parking

$108,000 \times .2 = 3,362,000$

$21,625,000 \times .2 = 4,325,000$

4,045,000

1,035,000

0.16

Karegnondi
Water Authority®

G-4610 Beecher Road Flint, Michigan 48532-2617
Phone (810) 732-7870 Fax (810) 732-9773

January 24, 2014

Mr. Harlan Goodrich
Michigan Department of Treasury
Local Audit and Finance Division
430 West Allegan Street, First Floor
Lansing, MI 48922

Re: Applications for State Treasurer's Approval to Issue Long-Term Securities

Dear Mr. Goodrich:

I am the Chief Administrative Officer of the Karegnondi Water Authority, County of Genesee, State of Michigan (the "Authority"). In connection with the review of the Authority's Applications for State Treasurer's Approval to Issue Long-Term Securities for the not to exceed $300,000,000 Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A and Series 2014B please be advised of the following:

1. The Authority is a newly-created water authority with no outstanding securities/debt – new money or refunding – limited tax or unlimited tax - and does not have an audit.

2. The Authority has not been required to levy a tax as a result of a court or judgment during its preceding fiscal year.

Thank you in advance for your attention to this matter. Should you have any questions or require any additional information, please do not hesitate to contact the undersigned.

Very truly yours,

Jeff Wright, CEO
Karegnondi Water Authority

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Suzanne Schafer, Administrator
Local Audit and Finance Division
Michigan Department of Treasury
P.O. Box 30728
Lansing, MI 48909-3227

Re: FLINT CITY (252040)
Qualifying Statement

Dear Ms. Schafer,

We are in receipt of your letter dated February 21, 2014 denying authorization to issue municipal securities without further approval from the Department of Treasury.

As you know, the City of Flint is currently in receivership pursuant to Act 436, and operating under the control of an Emergency Manager since December 2011. Much progress has been made to reduce the City's accumulated deficit and to restore Flint to long term financial solvency. We are currently working with Treasury to finalize a Deficit Elimination Plan which will not only eliminate the deficit but begin to establish an appropriate level of reserves. The securities issued within the past five years pursuant to the Fiscal Stabilization Act were done prior to the City being placed under the control of an Emergency Manager.

The request to issue securities at this time is in conjunction with the City's partnership with Genesee County and others to construct a new source of water supply for the City and the region. This is being accomplished through the newly created Karegnondi Water Authority, of which the City of Flint is a member. The result of this project will be a new source of water for the region at a cost which is significantly less than the current costs. It is an important component of restoring the City of Flint to financial solvency.

Treasury approval of Flint's request to issue municipal securities for this purpose is requested.

Thank you and please contact me if you have any questions.

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

4425 (Rev 11-13)

RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

R. KEVIN CLINTON
STATE TREASURER

February 21, 2014

DENIAL
Municipality Code: 252040
Fiscal Year Ended: 6/2013

Dear Chief Administrative Officer:

Thank you for submitting a qualifying statement for FLINT CITY to the Michigan Department of Treasury. Based upon the information provided in the qualifying statement, we have determined that FLINT CITY is not in material compliance with the following criteria as identified in section 303(3) of Public Act 34 of 2001:

Subsection (m) the municipality ended its last fiscal year with a deficit in one or more funds and an acceptable deficit elimination plan has not been certified or conditionally approved.
Subsection [b] the municipality has issued securities in the immediately preceding five fiscal years or the current fiscal year pursuant to the Emergency Municipal Loan Act or the Fiscal Stabilization Act.
Subsection [a] the municipality is operating under the provisions of the Local Government Fiscal Responsibility Act.

Therefore, FLINT CITY is not authorized to issue municipal securities under this act without further approval from the Department. You may request reconsideration of this denial or you may request prior approval from the Department for each municipal security that you issue until you are eligible to submit your next qualifying statement.

If you have any questions, please contact the Division at (517) 373-3227.

Sincerely,

Suzanne Schafer, Administrator
Local Audit and Finance Division

4425 (Rev. 01-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

June 24, 2013

APPROVAL
Municipality Code 250000
Fiscal Year Ended 09/2012

Dear Chief Administrative Officer:

Thank you for submitting a reconsideration request of the qualifying statement denial for the County of GENESEE to the Michigan Department of Treasury dated 6/20/2013. Based upon the information provided in the reconsideration request, we have determined that the County of GENESEE is in material compliance with the criteria identified in section 303(3) of Public Act 34 of 2001.

The County of GENESEE is now authorized to issue municipal securities under this act without further approval from the Department. This authorization will remain in effect for 6 months plus 30 business days after the end of your next fiscal year, or when the Department has made a new determination, whichever occurs first.

Within 15 days after the issuance of a municipal security, you will need to file with the Department the enclosed Security Report and the documents required in section 141.2319 of Public Act 34 of 2001. Please mail them to the Municipal Finance and Systems Review Section of the Local Audit and Finance Division at P.O. Box 30728, Lansing, Michigan 48909-8228.

If you have any questions, contact the Division at (517) 373-0660.

Sincerely,

Suzanne Schafer, Administrator
Local Audit and Finance Division

Enclosures

GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE
- DIVISION OF -
WATER & WASTE SERVICES
G-4610 BEECHER ROAD - FLINT, MICHIGAN 48532-2617
PHONE (810) 732-7870 - FAX (810) 732-9773

JEFFREY WRIGHT
COMMISSIONER

January 14, 2014

David Massaron, Esq.
Miller Canfield
150 W. Jefferson, Suite 2500
Detroit, MI 48226

Re: Status of Permits

Dear Mr. Massaron:

In response to your request for the status of permits required in association with the KWA project, I offer the following:

- GCDC applied for and received a permit to withdraw up to 85 million gallons per day from Lake Huron.
- Received all permits necessary for construction of an intake into the Great Lakes, as well as the permit to construct in the bottom land of Lake Huron.
- Is in the process of acquiring permits for construction of the Lake Huron pumping station and the intermediate pump station from the Michigan Department of Environmental Quality. Design meetings have been held with the MDEQ at the 60% and 90% design milestones.
- Is in the process of acquiring permits for the construction of the piping system from Lake Huron to Flint. Meetings have been held with the MDEQ at the 60% and 90% design milestones.
- Is in the process of acquiring permits to construct in road right-of-ways from Sanilac, Saint Clair, Lapeer and Genesee Counties. Design meetings have been held with each of those entities.
- Is in the process of acquiring zoning and related construction permits from Worth Township in Sanilac County, zoning and related permits from Lynn Township in Saint Clair County for construction of the Lake Huron and intermediate pump stations (site plans have been submitted).
- Required MDEQ public hearings for permits to construct in wetlands along the proposed pipeline route have been held.

If you have any questions regarding thee or other related matters, please do not hesitate to contact me at your convenience.

Sincerely,

David M. Jansen, Chief of Services
Division of Water and Waste Services

DMJ:kt

Zahrt, Angelica (Treasury)

From: Goodrich, Harlan G. (Treasury)
Sent: Tuesday, February 25, 2014 4:16 PM
To: Zahrt, Angelica (Treasury); Schwartz, Jeffrey (Treasury)
Subject: FW: Letter for Treasury
Attachments: *KWA Qualifying Ltr.PDF*

Importance: High

From: Massaron, David P. [mailto:Massaron@MillerCanfield.com]
Sent: Tuesday, February 25, 2014 4:12 PM
To: Goodrich, Harlan G. (Treasury)
Cc: Dimov, Sylvia; Gerald Ambrose
Subject: Letter for Treasury

Harlan,
We hope this works for Application Approval purposes. Please let us know if you need anything else with respect to the application.

Thanks very much,
-Dave

David P. Massaron | *Attorney and Counselor at Law*
Miller Canfield
Detroit 1.313.496.7523 | Lansing 1.517.483.4912 |
Mobile 1.313.319.0659 | Fax 1.313.496.8451 |
massaron@millercanfield.com | View Profile + VCard

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NOTICE TO PERSONS SUBJECT TO UNITED STATES TAXATION (MCPS)

DISCLOSURE UNDER TREASURY CIRCULAR 230: The United States Federal tax advice, if any, contained in this document and its attachments may not be used or referred to in the promoting, marketing or recommending of any entity, investment plan or arrangement, nor is such advice intended or written to be used, and may not be used, by a taxpayer for the purpose of avoiding Federal tax penalties.

Goodrich, Harlan G. (Treasury)

From: Dimov, Sylvia <dimov@millercanfield.com>
Sent: Thursday, February 13, 2014 7:07 AM
To: Treas_MunicipalFinance
Subject: RE: Karegnondi Water Authority - Applications [MCPS-ACTIVE.FID1261324]

Harlan,

I followed up with Dave Massaron regarding the additional documentation/information that is needed for the applications. I will call you later this morning to discuss the QS deficiency letter for the City of Flint, but wanted to provide you with our answers to the remaining issues .

1. City of Flint 2013 Qualifying Statement needs to be filed. We will follow up with the City after we talk about item two.
2. We'll need a QS deficiency letter from the City of Flint – please call me to discuss. 517-241-1720. I will call you later this morning.
3. For the Karegnondi W.A., in lieu of a Qualifying Statement a compliance letter indicating they're in compliance with all items on the Qualifying Statement. We delivered this letter in the packet. I have reattached it to this email.
4. Since the bonds are to be repaid with rates/charges, is there a revenue coverage schedule that goes out 7 years? A coverage schedule was provided with the application. I have reattached it to this e-mail.
5. For Series 2014B, it appears the repayment schedule is not in compliance with MCL 141.2503(1). The final year principal is $21,625,000, so 1/5 of that would be $4,325,000, so it appears years 5-29 don't comply. Is there perhaps a statutory exception for these type of bonds that you're working with? Thoughts? You are exactly correct; the second series on its own would not comply with that paragraph (1). However, the second sentence of Section 503 of Act 34 paragraph 4 provides "Several series of municipal securities issued under the same authorization may be treated as a single issue for the purpose of fixing maturities." These bonds were all authorized pursuant to a single notice, single contract and single bond resolution. This sentence is the analog of the first sentence which allows schools to do the same calculation across issues. The reason is that Act 34 contemplated that a municipality could do multiple issues for one project and would want debt service to be level for that project, which is exactly what KWA is intending to do here. We did require that the first series comply as we don't have the second series to treat as a piece of the first until the first is issued.

Sylvia Dimov | Paralegal
Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
T +1.313.496.7542 | F +1.313.496.8451
dimov@millercanfield.com

From: Goodrich, Harlan G. (Treasury) [mailto:GoodrichH@michigan.gov] **On Behalf Of** Treas_MunicipalFinance
Sent: Wednesday, February 12, 2014 3:56 PM
To: Dimov, Sylvia
Subject: RE: Karegnondi Water Authority - Applications [MCPS-ACTIVE.FID1261324]

Sylvia,

We are in need of the following:

1. City of Flint 2013 Qualifying Statement needs to be filed.
2. We'll need a QS deficiency letter from the City of Flint – please call me to discuss. 517-241-1720
3. For the Karegnondi W.A., in lieu of a Qualifying Statement a compliance letter indicating they're in compliance with all items on the Qualifying Statement.
4. Since the bonds are to be repaid with rates/charges, is there a revenue coverage schedule that goes out 7 years?
5. For Series 2014B, it appears the repayment schedule is not in compliance with MCL 141.2503(1). The final year principal is $21,625,000, so 1/5 of that would be $4,325,000, so it appears years 5-29 don't comply. Is there perhaps a statutory exception for these type of bonds that you're working with? Thoughts?

Harlan

From: Dimov, Sylvia [mailto:dimov@millercanfield.com]
Sent: Thursday, February 06, 2014 4:04 PM
To: Treas_MunicipalFinance
Cc: David Jansen; Karl Kramer; J_O'BRIEN@gcdcwws.com; Paul Stauder; Massaron, David P.
Subject: Karegnondi Water Authority - Applications [MCPS-ACTIVE.FID1261324]

Please see the attached cover letter and supporting materials for the Applications for State Treasurer's Approval to Issue Long-Term Municipal Securities that our office is filing on behalf of the Karegnondi Water Authority.

Should you need additional information, please feel free to contact me.

Thank you.

Sylvia Dimov | Paralegal
Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
T +1.313.496.7542 | F +1.313.496.8451
dimov@millercanfield.com

NOTICE TO PERSONS SUBJECT TO UNITED STATES TAXATION (MCPS)

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Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

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CHINA: Shanghai
MEXICO: Monterrey
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Warsaw • Wroclaw

SYLVIA DIMOV
TEL (313) 496-7542
FAX (313) 496-8450
E-MAIL dimov@millercanfield.com

February 7, 2014

Mr. Harlan Goodrich
Michigan Department of Treasury
Local Audit and Finance Division
430 West Allegan Street, 1st Floor
Lansing, Michigan 48922

Re: Karegnondi Water Authority, County of Genesee, State of Michigan, not to exceed $300,000,000 Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A and Series 2014B

Dear Mr. Goodrich:

Enclosed please find the following documents that we are filing on behalf of the Karegnondi Water Authority:

1. Completed and signed application for each series of bonds of the Karegnondi Water Authority
2. Completed and signed application for each series of bonds of the County of Genesee
3. Completed and signed application for each series of bonds of the City of Flint
4. Resolution approving contract and notice of the County of Genesee
5. Resolution approving contract and notice of the City of Flint
6. No Referendum Certificate of the County of Genesee
7. No Referendum Certificate of the County of Genesee
8. Signed Financing Contract
9. Authorizing Resolution of Karegnondi Water Authority
10. 2013/2014 Budget for Karegnondi Water Authority
11. 2013/2014 Budget for County of Genesee

12. 2013/2014 Budget for the City of Flint

13. Letter of the Karegnondi Water Authority regarding non-compliance

14. Letter from Drain Commissioner's Office re Permits

15. Checks in the amount of $2,000 to the State of Michigan for each issue

16. Feasibility Study

Should you require anything further, please feel free to give David Massaron or me a call.

Very truly yours,

Sylvia Dimov
Paralegal

Enclosures
cc: David Jansen
Karl Kramer
John O'Brien
Paul Stauder
David Massaron, Esq.
21909888.1\152665-00001

Founded in 1852
by Sidney Davy Miller

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February 7, 2014

Mr. Harlan Goodrich
Michigan Department of Treasury
Local Audit and Finance Division
430 West Allegan Street, 1st Floor
Lansing, Michigan 48922

Re: Karegnondi Water Authority, County of Genesee, State of Michigan, not to exceed $300,000,000 Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A and Series 2014B

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Enclosures
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David Massaron, Esq.
21909888.1\152665-00001

Schmidtchen, Lupe (Treasury)

From: Goodrich, Harlan G. (Treasury) on behalf of Treas_MunicipalFinance
Sent: Monday, February 10, 2014 1:37 PM
To: Schmidtchen, Lupe (Treasury)
Cc: Zahrt, Angelica (Treasury); Schwartz, Jeffrey (Treasury)
Subject: FW: Karegnondi Water Authority - Applications [MCPS-ACTIVE.FID1261324]
Attachments: Appendix B 2-6-14.pdf; KWA Financial Review Draft 2-6-14.pdf; 20140206140057942.pdf

Lupe,

Log in to AJ and Jeff. They will work on this one together. Treat this application as if it's on the do not contact list. Thanks.

Harlan

From: Dimov, Sylvia [mailto:dimov@millercanfield.com]
Sent: Thursday, February 06, 2014 4:04 PM
To: Treas_MunicipalFinance
Cc: David Jansen; Karl Kramer; J_O'BRIEN@gcdcwws.com; Paul Stauder; Massaron, David P.
Subject: Karegnondi Water Authority - Applications [MCPS-ACTIVE.FID1261324]

Please see the attached cover letter and supporting materials for the Applications for State Treasurer's Approval to Issue Long-Term Municipal Securities that our office is filing on behalf of the Karegnondi Water Authority.

Should you need additional information, please feel free to contact me.

Thank you.

Sylvia Dimov | Paralegal
Miller, Canfield, Paddock and Stone, P.L.C.
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Detroit, Michigan 48226
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NOTICE TO PERSONS SUBJECT TO UNITED STATES TAXATION (MCPS)

DISCLOSURE UNDER TREASURY CIRCULAR 230: The United States Federal tax advice, if any, contained in this document and its attachments may not be used or referred to in the promoting, marketing or recommending of any entity, investment plan or arrangement, nor is such advice intended or written to be used, and may not be used, by a taxpayer for the purpose of avoiding Federal tax penalties.

GENESEE COUNTY DRAIN COMMISSIONER DISTRIBUTION SYSTEM SANITARY SURVEY

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WATER SYSTEM REVIEW

WSSN 2615 Supply Genesee County Drain Commissioner County Genesee

Dates 7/13/2011 & 8/3/2011 Reviewed by MFP District 11

Primary Contact:	John O'Brien	Copy To:	Tim Davidek
Title:	Director	Title:	Chief of O&M
Telephone:	(810) 732-7870	Telephone:	(810) 732-7870
Address:	G-4610 Beecher Road Flint, MI. 48532	Address:	Same

Population: 70,500 Year: 2011 Basis: MDEQ Est. of retail customers

Distribution Classification: S-1

		Cert. ID #
Operator in Charge:	Tim Davidek	S-1
Other Operators:	Jeffrey Bryson	S-1
	Vernon Brenner	S-2
	Joe Anklam	S-2
	Richard Bysko (Back-up)	S-3
	Dave Jansen	S-4
	Shannon Holder	S-4
	Mark Horgan	S-2
	Bill Hostetler	S-3
	Jan Jones	S-4
	Dan Lince	S-4
	Ryan Lynn	S-3
	Matt McKay	S-3
	Martin McCormick	S-4
	John O'Brien	S-1
	Steven Olson	S-4
	Steven Pelky	S-4
	Leslie Rogers	S-4
	Ronald Schroeder	S-4
	Steven Shaski II	S-4
	Lony Smith	S-4
	James Thompson	S-3

Treatment Capacity: 55.0 MGD

Treatment Classification: D-1

Operator in Charge:	Dave Jansen	D-1, F-1
Other Operators:	Joe Anklam	D-4
	Jeffrey Bryson	F-3
	Vern Brenner	D-4, F-4
	Connie Hohman	F-4

Operator Certification Comments:

The Waste & Water Services Division (WWSD), continues a proactive position towards

promoting operator certification and maintains incentives for achieving operator certification. The WWSD maintains a mandatory certification requirement for any distribution system employee who wishes to advance from an operator assistant position to an operator position. A bonus incentive program is also in place for operators who obtain distribution system certification above the level required for their specific position. Certified operators help protect the county's investment in the system, and help ensure that the system meets the requirements of the SDWA.

Table 1. Operator Positions

OPERATOR POSITION	REQUIREMENTS
Operator Assistant 1	None
Operator Assistant 2	None
Operator	S-4
Maintenance Mechanic Equipment Operator Senior O&M Operator	S-4 or minimum of 4 years experience
Supervisory level	S-3

Introductory Comments:

The Genesee County Drain Commissioner serves water to a large percentage of Genesee County directly from the Detroit Water and Sewerage Department(DWSD) or through the city of Flint. Water service is provided to 19 wholesale and retail customers (8 wholesale and 11 retail customers).

The wholesale customers purchase water from the county through master meter(s) and these customers own and maintain the distribution system piping within their local service area. Each wholesale customer has established its own water department.

The retail customers have very little involvement with water utility operation. The WWSD controls design, construction, and operation of the water system for these customers. The retail customers, however, are responsible for collecting the water bills from their individual accounts. Table 2 below shows the breakdown of the county's wholesale and retail customers.

Table 2. Wholesale and Retail Customers of Genesee County

Wholesale Customer	Number of Accounts	Retail Customer	Number of Accounts
City of Burton	6,656	Clayton Township	865
City of Clio	993	Davison Township	2,636
City of Flushing	3,800	Flint Township	7,557
City of Mt. Morris	1,211	Flushing Township	2,538
City of Montrose	650	Gaines Township	487
City of Swartz Cr.	2,173	Mt. Morris Twp.	3,152
Genesee Township	2,129	Montrose Township	284
Grand Blanc Twp.	6,592	Mundy Township	1,365
		Richfield Township	667
		Vienna Township	1,184
		Thetford Township	4
Total Wholesale	24,204	Total Retail	20,739

The 2011 population estimate is based our August 3, 2011 sanitary survey meeting. An estimate of 3.4 persons per account was used to obtain the population estimate. Genesee County's estimated retail service area population is approximately 70,500 people. The combined wholesale and retail customer service area serves approximately 153,000 people.

WELL INFORMATION

One 6-inch test/exploration well was constructed at the Henderson Road pump station site. The test-well was constructed to a depth of 365 feet with a 6-inch PVC casing to 200 feet. The well was pumped at 220 GPM with a drawdown to 60 feet. Layne estimates that the aquifer could support a 350 -400 GPM well for long-term pumpage and possibly above 500 GPM for a short-term emergency supply. The WWSD has not decided whether to proceed in converting the test well to a production well for additional emergency capacity.

WATER USAGE

TABLE 3. - PRODUCTION HISTORY

(units in Million Gallons Per Day MGD)

YEAR	Avg Day	Max Day	Avg Day/Max Mo.	Max/Avg	G/C/D	% UnAcct H20 *
1996	11.4	19.2	14.8	1.68		1.1
1997	12.8	22.8	20.1	1.78		1.5
1998		25.3	19.7			
1999	13.7	21.8	21.1	1.59		3.9
2000	12.9	NA	18.3			1.1
2001	13.8	26.5	22.0	1.92		1.5
2002	14.8	27.5	21.4	1.86		
2003	14.4	26.3	20.2	1.83		
2004	14.1	22.0	17.6	1.56		
2005	15.0	24.9	19.6	1.66		
2006	12.1	24.6	20.7	2.03		
2007	14.5	19.7	18.2	1.36		
2008	13.4	19.9	18.5	1.49		
2009	12.6	18.9	16.4	1.50		
2010	12.6	22.0	18.6	1.75		

Five year Max Day 24.6 MGD Date Summer 2006
Ten year Max Day 27.5 MGD Date Summer 2002
Five year Avg Day 13.0 MGD

Max Day for capacity requirements 27.5 MGD

Annual Max Day Usage @ each meter pit (2000-2007)

Center Rd in: Total flow measured at the South Genesee Road meter pit.
Center Rd out: Total pumpage out from the Center Road North (CRN) Booster Pump station, this will not equal the metered flow in since some the total flow is taken from storage at Center Road.
Total flow: Sum of the flows measured at Genesee, Belsay, Irish, Oak, Potter Road meter pits.

2000:

Total flow: NA - SCADA failure
Center Rd in: NA
Center Rd out: 21.5 MG
Donaldson: 3.0 MG

2001:

Total flow: 26.5 MG - estimated due to SCADA failure
Center Rd in: 15.7 MG
Center Rd out: 23.2 MG (three pumps ran)
Donaldson: 3.0 MG

2002:

Total Flow: 27.5 MG
Center Rd in: 16.3 MG (three pumps ran)
Center Rd out: 21.0 MG
Donaldson: 3.0 MG

2003:

Total flow: 26.3 MG
Center Rd in: 15.9 MG
Center Rd out: 19.3 MG (three pumps ran)
Donaldson: MG

2004:

Total Flow: 22.0 MG
Center Rd in: 11.4 MG (three pumps ran)
Center Rd out: 16.8 MG
Donaldson: MG

2005:

Total Flow: 24.9 MG
Center Rd in: MG (three pumps ran)
Center Rd out: MG
Donaldson: MG

2006:

Total flow:	24.6 MG	
Center Rd in:	15.7 MG	
Center Rd out:	17.0 MG	(three pumps ran)
Donaldson:	MG	

2007:

Total Flow:	19.7 MG	
Center Rd in:	18.2 MG	(three pumps ran)
Center Rd out:	18.0 MG	
Donaldson:	MG	

The Henderson Road pumping station has been in service since 2006. The new pumping station pumps between 3 and 6 MGD into Genesee County's North Loop and reduces the demand off the Center Road pump station.

The Center Road South (CRS) pump station has been in service since 2007. The CRS station pumps water to the eastern portion of Grand Blanc Township and to the Vassar Road station.

The WWSD modified their monthly operation report in 2008 to include average day and max day pumpage from each of the major pumping stations as a result of their SCADA system improvements. Pumpage date from each pump station since 2008 is displayed as follows:

2008

	Avg Day	Max Day
Total Flow:	13.4 MGD	MGD
Henderson Rd:	5.19 MGD	7.07 MGD
Center Rd North:	6.83 MGD	10.54 MGD
Center Rd South:	0.74 MGD	10.07 MGD
Noble Street:	0.28 MGD	1.07 MGD
Houran Street	0.00 MGD	0.00 MGD *
Donaldson Rd	0.00 MGD	0.00 MGD

2009

	Avg Day	Max Day
Total Flow:	12.6 MGD	MGD
Henderson Rd:	3.44 MGD	6.91 MGD
Center Rd North:	4.66 MGD	7.00 MGD
Center Rd South:	1.77 MGD	5.38 MGD
Noble Street:	0.29 MGD	0.79 MGD
Houran Street	0.00 MGD	0.00 MGD *
Donaldson Rd	0.00 MGD	0.00 MGD

2010

	Avg Day	Max Day
Total Flow:	12.6 MGD	MGD
Henderson Rd:	3.14 MGD	7.37 MGD
Center Rd North:	3.83 MGD	6.19 MGD
Center Rd South:	2.46 MGD	5.83 MGD
Noble Street:	0.38 MGD	1.13 MGD
Houran Street	0.00 MGD	0.00 MGD *
Donaldson Rd	0.00 MGD	0.00 MGD

* The Houran Street station pumps water; however, the station is not metered thus no flow was shown in the pumpage data. Flow through this station is estimated by accounting pump run time with the approximate capacity each pump(s) that is(are) operated.

Pumpage obtained from the SCADA system and reported in the monthly reports is slightly less than the purchased water reported in the annual pumpage report. This is attributed to a portion of the county's customer base being provided water upstream of the Center Road pumping station (direct connections to the 30-inch transmission main).

WATER SYSTEM STORAGE

	Location: Maple & Center Rd North	Location: Houran St & Beecher	Location: Beecher Rd
Volume	5.0 MG	Two 2.0 MG	1.0 MG
+Type	Ground	St.Ground	Elevated
O.F. Elevation	38.0 ft	778.5 ft	930ft USGS
Date Constructed	1988	1970	1970
Date Inspected	2007	2005	2005
Date Painted Inside	concrete	2005	1996
Paint System			3 coat exp
Date Painted Outside		2005	1996
Cathodic Protection		Yes 1992	No
High Alarm	Yes	Yes	Yes
Low Alarm	Yes	Yes	Yes
+Type	SCADA	SCADA	SCADA

	Location: Noble St	Location: Orgould AV & Pierson	Location: Clio Rd
Volume	4.0 MG	0.50 MG	1.0 MG
+Type	Standpipe	St. ground	Composite
O.F. Elevation	930ft	793ft	930ft USGS
Date Constructed	1968	?	1982
Date Inspected	2011	?	2011
Date Painted Inside	2000	1982	1999
Paint System	3 coat epxy	?	3 coat epxy
Date Painted Outside	2000		1999
Cathodic Protection	Yes 1991		no
High Alarm	Yes	out of ser	Yes
Low Alarm	Yes	out of ser	Yes
+Type	SCADA	out of ser	SCADA

	Location: McKinley Rd ARTP	Location: Clio Plaza	Location: Pierson Rd & Elms Rd
Volume	0.5 MG	0.10 MG	0.5 MG
+Type	Elevated	Elevated	Ground
O.F. Elevation	784ft	855ft	770ft
Date Constructed	1975	1974	?
Date Inspected	2010 -warr	2009	?
Date Painted Inside	1994	1974	
Paint System	3 coat exp	?	
Date Painted Outside	2009	1974	
Cathodic Protection	Yes	?	
High Alarm	Yes	No	out of ser
Low Alarm	Yes	No	out of ser
+Type	SCADA	Chart Rec	out of ser

	Location: Center Rd South	Location: Vassar Rd	Location: Henderson Rd
Volume	6.3 MG	1.0 MG	2-10.0 MG
+Type	Ground	Ground	Ground
O.F. Elevation			
Date Constructed	2005	2003	2004
Date Inspected	2006	2003	2004
Date Painted Inside	NA	NA	NA
Paint System	Concrete	Concrete	Concrete
Date Painted Outside	NA	NA	NA
Cathodic Protection	NA	NA	NA
High Alarm	Yes	Yes	Yes
Low Alarm	Yes	Yes	Yes
+Type	SCADA	SCADA	SCADA

	Location: Houran St
Volume	2.0 MG
+Type	Elevated/composite
O.F. Elevation	
Date Constructed	2006
Date Inspected	2006
Date Painted Inside	NA
Paint System	3 coat ep
Date Painted Outside	2006
High Alarm	Yes
Low Alarm	Yes
+Type	SCADA

Total Usable Storage 46,400,000 galions 46.4 mil. gal.

Total Usable Storage/Max Day 168.7 %

Total Usable Storage/Avg Day 331.4 %

Comments:

The Clio Plaza tank is not monitored on the county's SCADA system, instead its status is noted on a chart recorder and the chart is changed on a weekly basis. Repairs to the tank's roof were completed in 2010 and the tank remains in service. Genesee County has determined that they own the Clio Plaza tank.

The Orgould Avenue tank and the ground storage tank at Pierson and Elms Road remain out of service.

The CRN ground storage tank was inspected in 2007 by Dixon and the tank was found to be in good condition. Some minor access hatch repair was recommended.

An adequate air-gap has been provided on the CRS ground storage tank between the terminus of the tank overflow and top of the catch basin drain's impoundment.

The 2-Mgal hydro-pillar at Houran Street houses repair equipment and a portable stand-by power generator at its base. The water level in the tank is controlled by an altitude valve located at its base. This tank will be due for a routine inspection within the next few years.

The altitude valves at each of the Henderson Road ground storage tanks were replaced with pressure/flow control valves. The new valves along with the SCADA system upgrades monitor and control flow to each tank.

The Clio Road and Noble Street tanks were recently inspected. Both tanks were in good structural condition. The Clio Road tank's exterior and dry interior; however, needs to be repainted.

Distribution

Pumping Station **Center Road North (CRN) Booster Pump Station**

Location: Center Road and Maple Avenue

Function: Boosts pressures to SW portion of the service area

Pump number	1	2	3	4
Year installed	1990	1990	1990	1990
+Type	Hor Centr	Hor Centr	Hor Centr	Hor Centr
Permit Capacity	6.7 MGD	6.7 MGD	6.7 MGD	6.7 MGD
Permit TDH				
Current Capacity	8.5 MGD	8.5 MGD	8.5 MGD	8.5 MGD
+Basis	est.	est.	est.	est.
Current TDH	211 ft	211 ft	211 ft	211 ft
HP	350	350	350	350
Last Complete Inspection	2007	2004	2004	2004
Last Efficiency Test	?	?	?	?

Comments:

The CRN station's main purpose is to pump water to west Grand Blanc Twp and to locations further west in Genesee County (930 Ft press. district). A new pump station (Center Road South - CRS) was recently constructed and WWSD staff continues to determine the most efficient mode of operation between both Center Road pumping stations. Pumpage from each station changes from summer to winter.

The permit capacity of each pump at CRN was 6.7 MGD, however, these pumps are capable of pumping approximately 8.5 - 9.0 MGD. Pumps #1 and #2 are controlled by a variable frequency drive (VFD). Pumps #3 and #4 are constant speed pumps.

Pump #1 or pump #2 operate constantly and are controlled by the water level in the Saginaw Street elevated tank in Grand Blanc Township. WWSD's SCADA system can switch the control point for the CRN station to the elevated tank at Beecher Road. Pumps #3 and #4 serve as back-up pumps for the CRN station.

Pumpage from CRN has decreased with the commissioning of the Henderson Road and the Center Road South (CRS) pump stations.

2002-2005:

Work was completed on upgrading the switch gear for Pumps #3 and #4. An automatic transfer switch was also installed and has improved the reliability of secondary power source at this location. The gas chlorine feed system was replaced with a Accu-Tab Series 30000 tablet feeder by PPG. The system's maximum delivery is 1 PPM chlorine at 21 MGD. The minimum delivery is 0.5 PPM at 15 MGD. The chlorine feed system was provided for emergency use only.

2005-2011:

New VFDs were installed on pumps #1 and #2 in 2006. Also, Pump #1 was re-built in 2007 and included replacement of the pump bearings, volute, motor bindings, etc.

Auxiliary Power

+Power Type	2nd Substation, Stand-by Power Co. Generator
+Fuel Type	NA
Capacity	NA
Starting Frequency	NA
Load Testing Frequency	NA

Total Pump Capacity 34.0 mgd

Firm Pump Capacity 25.5 mgd

Aux. Power Capacity ? mgd

Max Day Demand This Location 10.5* mgd

Avg Day Demand This Location 5.1* mgd

Firm Pump Capacity/Max Day >100 *%

Aux Power Capacity/Avg Day *

Comments:

* Water demands on CRN has decreased further with increasing use of the CRS station. The Henderson Road pump station and North Loop also continues to provide water to the western portion of the county with an average pumping rate between 3 and 6 MGD.

Water pumpage data specific to each pump station is available since early 2008 with the recent SCADA system upgrades. Pumpage has varied from station to station during this time as the role of operation between each station is adjusted in order to increase the efficiency of operation.

Pumping Station Noble Street Booster Pump Station

Location: South end of Noble Street, Flint Township

Function: Allows for full use of the 4.0 MGAL Standpipe

Pump number	1	2
Year installed	2001	2001
+Type	Hor Centr	Hor Centr
Permit Capacity	1.0 MGD	1.0 MGD
Permit TDH	140 FT	140 FT
Current Capacity	1.08 MGD	1.08 MGD
+Basis	est.	est.
Current TDH		
HP	40	40
Last Complete Inspection	2011*	2011*
Last Efficiency Test	2001	2001

Comments:

The Noble Street pumping station was constructed in 2001 and allows for full use of the adjacent 4.0 MGAL standpipe. The pump station increases the hydraulic grade line to the Beecher Road tank and reduces the peak demands. A flow-control valve is used to control the flow into and from the standpipe.

The pumps and appurtenances are greased and maintained several times per year. The pumps and appurtenances appear to be in good condition and overall housekeeping is acceptable.

* The Noble Street standpipe was inspected by Dixon in 2011 and components of the pump station (piping, pump/motor) were visually inspected and found to be in good condition.

Total Pump Capacity 2.16 mgd

Firm Pump Capacity 1.08 mgd

Aux. Power Capacity NA mgd

Max Day Demand This Location 1.13 mgd (2010)

Avg Day Demand This Location 0.32 mgd

Firm Pump Capacity/Max Day 96%

Aux Power Capacity/Avg Day NA

Comments:

The SCADA system continues to provide average and max day pumpage data from this pump station. Some of the existing SCADA components are being replaced with newer equipment.

Pumping Station Houran Street Pumping Station

Location: Houran Street near Beecher Road

Function: This station operates as a peaking facility during high demand periods.

Pump number	1	2	3	4	5
Year installed	1970	1970	1970	1970	1970
+Type	Hor Centr	Hor Centr	Hor Centr	Hor Centr	Hor Centr
Permit Capacity	3.0 MGD	2.0 MGD	2.0 MGD	3.0 MGD	3.0 MGD
Current Capacity	3.0 MGD	2.0 MGD	2.0 MGD	3.0 MGD	3.0 MGD
+Basis	est.	est.	est.	est.	est.
Current TDH	200 ft	225 ft	225 ft	225 ft	225 ft
HP	125	125	125	150	150
Complete Insp.	2004	2004	2004	2004	2004
Last Efficiency Test	?	?	?	?	?

Comments:

The Houran Street station's main mode of operation is to pump from the existing ground storage storage tanks to the new 2-Mgal elevated tank. The elevated tank basically "floats" on the system. This mode of operation utilizes Pumps 3-5 and is controlled manually from the SCADA system. The station can also pump water directly to the distribution system through Pumps 1-2. Water can also be obtained through the Donaldson Road pit from the city of Flint; however, this connection is not routinely used. The station can also provide the city of Flint an emergency supply of water through the Donaldson Road connection.

During low demand periods, water re-fills the ground storage reservoirs immediately upstream of the station through a 12-inch main from the county. The station, including the ground storage reservoirs, are typically taken out of service during the winter months.

Overall housekeeping at this facility remains acceptable. All five pumps are maintained including routine greasing of the pump and motor bearings. Security cameras have been provided at the pump station.

Auxiliary Power None

Total Pump Capacity 13.0 mgd

Firm Pump Capacity 10.0 mgd

Max Day Demand This Location ___mgd VARIES

Avg Day Demand This Location ____mgd VARIES (approximately 3.0 MGD)

Firm Pump Capacity/Max Day ? %

Aux Power Capacity/Avg Day ? %

Pumping Station Henderson Road Booster Pump Station

Location: Henderson Road

Function: Boosts pressures to feed North Loop

Pump number	1	2	3
Year installed	2004	2004	2004
+Type	Hor Centr	Hor Centr	Hor Centr
Permit Capacity	8.0 MGD	8.0 MGD	14.0 MGD
Permit TDH	255 ft	255 ft	255 ft
Current Capacity	8.0 MGD	8.0 MGD	14.0 MGD
+Basis			
Current TDH	255 ft	255 ft	255 ft
HP	500	500	800
Last Complete Inspection			
Last Efficiency Test			

Comments:

The Henderson Road pumping station was constructed in 2004 and has been in operation since April 2006. The station's average day pumpage has ranged between 3 and 6 MGD. Pumps #1 and #2 are equipped with a VFD.

The station has operated on only one pump to maintain system demand. It has not been necessary to operate the larger pump.

Auxiliary Power

+Power Type	1000 kW minimum rating engine generator
+Fuel Type	#2 Diesel
Capacity	Sized for 24 HR operation of engine under full load
Starting Frequency	weekly, auto switch-over upon power loss
Load Testing Frequency	1/yr

The auxiliary power generator ran under load for several hours in 2010 during an interruption in electrical power.

Total Pump Capacity 30.0 mgd

Firm Pump Capacity 16.0 mgd

Aux. Power Capacity ? mgd

Max Day Demand This Location 7.40 mgd (2010)

Avg Day Demand This Location 3.9 mgd

Firm Pump Capacity/Max Day >100%

Aux Power Capacity/Avg Day >100%

Comments:

The Henderson Road pumping station is equipped with gas chlorination for emergency use only. The feed system consists of two-150 pound cylinders on a direct read scale, two Wallace and Tierman vacuum operated solution feed pumps with a maximum capacity of 500 pounds per day, and a vacuum regulator with automatic switch-over. Additional application points are provided at the reservoir inlets. A Wallace & Tierman two point chlorine gas leak detector and gas sensor with a sensitivity to 1.0 part per billion is provided.

An automatic chlorine residual analyzer monitors chlorine residual on the discharge side of the pump station at all times.

WWSD staff should consider operating the emergency chlorination system several times per year to verify that the equipment operates properly and that WWSD staff maintain familiarity with the operating procedure.

Pumping Station Vassar Road Booster Pump Station

Location: Vassar Road, Grand Blanc Township

Function: Provides additional flows and pressure in SE GBL Twp.

Pump number	1	2	3
Year installed	2001	2001	2005
+Type	Hor Centr	Hor Centr	Hor Centr
Permit Capacity	1.4 MGD	0.7 MGD	1.4 MGD
Permit TDH	275 ft	275 ft	275 ft

Current Capacity	1.4 MGD	0.7 MGD	1.4 MGD
+Basis	est.	est.	est.
Current TDH			
HP	125	125	125
Last Complete Inspection	New in 01	New in 01	New in 05
Last Efficiency Test	2001	2001	2005

Comments:

The Vassar Road pumping station was constructed in 2002. This station pumps water from the Vassar Road ground storage tank located adjacent to the pump station to the Baldwin Road elevated tank (1,125 Ft press district). The station has improved flows and pressure to the SE portion of Grand Blanc Township. The water level in the tank is controlled by an altitude valve and flow from the station is controlled by a flow control valve and an upstream pressure sustaining valve. A third pump was added to the station in 2005. All three pumps are VFD controlled. Security cameras were recently installed.

Total Pump Capacity 3.5 mgd

Firm Pump Capacity 2.1 mgd

Aux. Power Capacity NA mgd

Max Day Demand This Location NA mgd

Avg Day Demand This Location NA mgd

Firm Pump Capacity/Max Day NA

Aux Power Capacity/Avg Day NA

Comments: A portable stand-by power generator is provided and consists of a 206 KVA trailer mounted generator that utilizes diesel fuel. The generator has automatic switch-over and lightning surge protection. The generator starts automatically on a weekly basis under no load.

Pumping Station **Center Road South (CRS) Booster Pump Station**

Location: Center Road and Maple Avenue

Function: Boosts pressures to east portion of Grand Blanc Twp

Pump number	1	2	3
Year installed	2006	2006	2006
+Type	Hor Centr	Hor Centr	Hor Centr
Permit Capacity	6.0 MGD	6.0 MGD	6.0 MGD
Permit TDH			
Current Capacity	6.0 MGD	6.0 MGD	6.0 MGD
+Basis	est.	est.	est.
Current TDH			
HP	400	400	400
Last Complete Inspection	2006	2006	2006
Last Efficiency Test	2006	2006	2006

Comments:

The current capacity of each pump is approximately 6.0 MGD. The combined capacity of the station with 2 pumps operating is approximately 11 MGD. All three pumps are VFD controlled.

The CRS station pumps water from the adjacent 6.3 MGAL ground storage tank and distributes it the eastern portion of Grand Blanc Township - Saginaw tank (970 Ft press. district). The ground storage tank is equipped with an altitude valve to control the tank level. A flow control valve is also provided in order to control the upstream pressure in the 30-inch transmission main along Center Road. System status is monitored and controlled at the WWSD administrative office via WWSD's SCADA system.

The station is fenced and security cameras are provided.

Auxiliary Power

+Power Type	1040 KW on-site generator
+Fuel Type	Diesel
Capacity	Operates 2 pumps
Starting Frequency	1/week under load
Load Testing Frequency	weekly

Total Pump Capacity 17.0 mgd

Firm Pump Capacity 11.0 mgd

Aux. Power Capacity 11.0 mgd

Max Day Demand This Location 10.1 mgd (2008)

Avg Day Demand This Location 1.66 mgd

Firm Pump Capacity/Max Day >100 %

Aux Power Capacity/Avg Day >100 %

The most recent ADD has increased to between 2 and 3 MGD as WWSD staff continue to balance the usage between this station and the CRN station. The MDD in 2009 and 2010 ranged between 5 and 6 MGD.

Pumping Station Orgould Avenue Pumping

Location: Orgould Avenue north of Pierson Road

Function: None

Pump number	1	2	3	4
Year installed	1974	1974	1974	1974
+Type	Hor Centr	Hor Centr	Hor Centr	Hor Centr
Permit Capacity				
Permit TDH				
Current Capacity	1050 gpm	1050 gpm	1000	1000 gpm
+Basis	est.	est.	est.	est.
Current TDH	200 ft	200 ft	200 ft	200 ft
HP	100	100	100	100
Last Complete Insp.	NA	NA	NA	NA

Last Efficiency Test	NA	NA	NA	NA

Comments:

This pumping station remains out of service and there are no plans to bring this facility back into operation. All of the pumps are electrically locked out and the dead piping between the station and the discharge piping to the distribution system was cut and plugged.

Pumping Station **Clio Booster Pumping Station**

Location: Clio Road north of Coldwater Road

Function: None

Pump number	1	2
Year installed	1984	1984
+Type	Hor Centr	Hor Centr
Permit Capacity		
Permit TDH		
Current Capacity	600 gpm	600 gpm
+Basis	est.	est.
Current TDH	92 ft	92 ft
HP	20	20
Last Complete Insp.	Not Rec.	Not Rec.
Last Efficiency Test	Not Rec.	Not Rec.

Comments:

This pumping station remains out of service and there are no plans to bring this facility back into operation. Both pumps are electrically locked out and the dead piping between the station and the active part of the distribution system was cut and plugged.

Pumping Station **Van Slyke Booster Pumping Station**

Location: Van Slyke Road north of Bristol Road

Function: None

Pump number	1	2
Year installed	1984	1984
+Type	Hor Centr	Hor Centr
Permit Capacity		
Permit TDH		
Current Capacity	600 gpm	600 gpm
+Basis	est.	est.
Current TDH	92 ft	92 ft
HP	30	30
Last Complete Insp.	Not Rec.	Not Rec.
Last Efficiency Test	Not Rec	Not Rec.

Comments:

This pumping station remains out of service and there are no plans to bring this facility back into operation. The pumps have been electrically locked out. System pressures can be monitored from this location.

Pumping Station **City of Flushing Pumping Station**

Location: NE int. of Pierson & Elms Rds.

Function: PRV and metering station for city of Flushing

Pump number	1	2
Year installed	?	?
+Type	Hor Centr	Hor Centr
Permit Capacity		
Permit TDH		
Current Capacity	700 gpm	1050 gpm
+Basis	est.	est.
Current TDH	? ft	? ft
HP	40	50
Last Complete Insp.	Not rec.	Not rec.
Last Efficiency Test	Not rec.	Not rec.

Comments:

This pumping station originally took suction from the adjacent 0.5 Mgal reservoir and was designed to fill the city of Flushing's elevated tank. The facility was modified when Center Road went on line and now acts as a pressure reducing station. One of three original pumps was removed and replaced with a pressure reducing valve that serves the city of Flushing. The existing pumps are electrically locked out. Power is supplied to the building for lighting and heat.

Interconnections with Other Supplies

Is water purchased from other supplies? Yes

If yes, list WSSN number/s: #2310 _____

Location	Main Size	Est. Cap.	Metered?
Henderson Rd.**	36-inch	30.0 MGD	Yes
S. Genesee Pit**	30-inch	16.5 MGD	Yes
Oak & Potter**	12-inch	8.15 MGD	10-inch
Irish & Potter**	20-inch	4.46 MGD	6-inch
Belsay & Potter**	12-inch	4.46 MGD	6-inch
M-15 & Potter**	12-inch	8.15 MGD	10-inch
N. Genesee Pit **	12-inch	Not used	10-inch
Francis Rd.	12-inch		2-way
Donaldson St*	12-inch	*	Yes
Pierson & Clio	Not used	Not used	Na
Carpenter Rd	Not used	Not used	Na

Comments:

* Capacity varies on pressure available from Flint and whether the pit is open.

** Direct connection to the Flint 72-inch main upstream of the city of Flint.

The connections upstream of the City of Flint are directly off Flint's 72-inch supply line. Genesee County pays Flint $125,000 plus the current Detroit rate each month to purchase water. The estimated capacity of each connection is based on a Detroit line pressure of 90 psi at the south Genesee pit and 55 psi at the Henderson Road pit.

Water can also be served to the county through Flint's distribution system from Donaldson Street through the Houran St. Pumping Station. Genesee County no longer uses this connection for routine service. This connection could be used in a water system emergency.

Total Flow into the Genesee County water system = Henderson Rd
+ S. Genesee Pit
+ Irish & Potter
+ Belsay & Potter
+ M-15 & Potter
+ Oak & Potter

The majority of flow into Genesee County is through the Henderson Rd pit and the South Genesee pit. Four other metered connections off the 72-inch transmission main along Potter Road provide water service to portions of Davison Township, the City of Burton, and Richfield Township.

Flow through the Francis Road pit is sold to Genesee Township and is not a direct connection off the 72-inch transmission main (constitutes a portion of the Henderson Rd flow).

Are there areas where fire flows cannot be maintained? See comment

Comment: Less than 1000 gpm fire flow was noted in an existing subdivision in Mundy Twp in vicinity of Linden and Hill Road (Church of God extension). The problem was identified as a partially closed valve at the subdivision entrance.

Which, if any, of the above listed areas has the supply prioritized for main replacement, upgrading or looping? Also, if a definite schedule for capital improvement has been established, list the proposed completion date.

Location	Est. Completion Date
Bristol Rd. - completed	Completed
Linden Rd. - coor. with local twp.	Not completed
Pierson Rd. - coor. with local twp.	Not completed
Elms & Lennon looping project	Completed
Lennon & Dye Rd	Completed

General Distribution System Comments:

Consoer Townsend Evirodyne Engineers (CTE) completed the North Loop - Phase III study in 2000 along with a water system master plan. Since 2000, the North Loop transmission main project was completed along with completion of the Henderson Road, CRS pumping station, and the Southeast Loop.

The study was updated in 2005 and the updated report is noted as "**Appendix C Update of Final Report North Loop - Phase III Study**". Given the number of projects that were completed since 2000, the update was performed to reflect current water system conditions and to identify additional future needs. The 2005 update evaluated alternatives to supply Grand Blanc Township via the new CRS pumping station. The CRN pumping station would be dedicated to supply the service areas further west into the county. The update also identified other major projects including: the Southeast loop, Thompson Road corridor, and the Coldwater Road transmission main.

The hydraulic model used in the 2005 study was updated in 2011 to revise pressure district boundaries as needed The model also evaluated the need for further pressure reducing valves and additional water system improvements. An updated water system Master Plan was prepared; however, a discussion (conclusions/recommendations) based on the updated model has not been provided. A new water system study and master plan is expected to be performed in 2015.

Several of the existing meter pits between Genesee County and the City of Flint including Orgould Ave, Clio Rd, and VanSlyke Rd, have been decommissioned. The meter pits along with the pumping, storage facilities have been electrically locked out, and the majority of dead piping eliminated at the facilities. These facilities should be razed if there are no long term plans to re-utilize them.

The county continues to charge its retail customers $35.00 per hydrant to maintain the appurtenance and to conduct routine flushing. Flint Township and Flushing Township continue to flush and winterize hydrants in order to avoid the $35.00 charge per hydrant. These activities are conducted by the local fire department within each township. The WWSD continues to review hydrant operation each year with each fire department. Finally, the WWSD staff complete any hydrant repairs.

Distribution Appurtenances

Hydrants

Number of hydrants 3,875
Number without auxiliary shut-off valves *
Number that are self-draining *
Number of inoperable hydrants *

* An exact number of inoperable hydrants cannot be ascertained since this number changes on a weekly basis. WWSD staff repair broken hydrants upon discovery (typ 1-2 per week). WWSD staff obtains authorization from the two townships that maintain their own hydrants prior to completing any repairs. Hydrant inspections are completed each fall and work orders are prepared and completed on any inoperable hydrants that are discovered.

Frequency of hydrant inspection: 1/yr (fall)

Inspection staff: WWSD operators

Are there areas where additional hydrants are needed? No

Hydrant location system? Yes Accurate? Yes

Are hydrants color-coded for capacity? Yes, by main size

Has this information been provided to the fire department? Yes

Frequency and seasons of hydrant flushing? 1/yr Fall

Purpose of flushing? aesthetics, hydrant operation

Is the public notified prior to flushing? No

Does flushing follow a specific format? Completed by township

Is the volume of water used during flushing estimated? Starting, est of 150cu.ft/hyd

Is a record maintained of hydrant activities? Yes

Comments:

The WWSD maintains a list of hydrant information. The list provides information for each hydrant including: location, color coding, winterizing, work order information, etc. Hydrant records are also maintained in a work-order database by attaching completed work orders as a layer in WWSD's GIS records. Also, all auxiliary shut-off valves are depicted by exact location and stored in a 3-ring binder.

The number of hydrants and valves noted in the 2011 WSR is less than the number depicted in the 2008 WSR. WWSD staff confirmed that the 2008 count was incorrect since it included some of the hydrants and valves from the wholesale customers.

Valves (excluding hydrant shut-offs)

Number of valves 3,903
Number of inoperable valves repaired or replaced as soon as possible

Are there areas where additional valves are needed? Yes

- Irish Rd north of Davison

Valve location system? Yes, valve log Accurate? Yes

Valve Turning Frequencies: See comments

Records maintained? Yes

Comments:

The WWSD has made some progress towards initiating a valve turning program. Valves along the South Loop transmission line (31 valves) have been exercised. Valve exercising is also performed on valves located at or near water system projects. Valve exercising is also prioritized in areas experiencing more frequent watermain breaks.

A valve log book is also in place that contains valve records. Valve locations are depicted by witness points and are entered into the work-order database. All valve records are also entered into GIS.

Customer and Service Information

Number of service connections 20,739 retail accounts
44,943 total accounts (retail & wholesale)

Number of metered service connections same

Identify service line materials and estimate percentages:

Copper	100%
PVC	None
Gal	None
Lead	None

Meter Change-Out Status:

Approximately 95% of the existing compound meters were replaced with new turbine meters at all industrial and mobile home park accounts. A testing program remains in place for these new meters. The testing program is contracted out to a third party (Jim Taylor of Rio-MI Meter).

A small residential area is metered by older Neptune meters that will need to be changed out. The WWSD does not have a change-out program in place for residential accounts. Residential meters are replaced on an "as needed" basis.

WWSD has instituted a pilot radio read program and has upgraded to radio read technology for large customers. The WWSD continues to encourage its retail customers to upgrade to radio read technology for commercial and residential accounts; however this is has not proceeded. The WWSD continues to promote this upgrade with the individual townships since the county wishes to switch from quarterly to monthly billing.

Pumpage Distribution

% Residential	75%
% Industrial & Commercial	25%

System Growth - Number of customers

	Wholesale	Retail	Total
1998 -	18,584	13,270	31,584
2003 -	21,609	17,265	38,874
2005 -	23,263	18,881	42,144
2006 -	24,889	20,092	44,981
2007 -	24,726	20,621	45,347
2008 -	TBD	TBD	TBD
2009 -	TBD	TBD	TBD
2010 -	TBD	TBD	TBD

PROGRAMS AND PLANS

Cross Connection Program

Ordinance No. 73-1 Date 03/01/73

Approved Program? Yes Date 07/19/73

Staff assigned to program Hydro-Design, Inc (HDI)

Is Annual Cross Connection Report required? Yes

Was previous year's annual report received? Yes Date 2/18/11

Was previous year's annual report acceptable? Yes

Inspection Status: Satisfactory

Device Testing Frequency: Adequate

Record Keeping: Inspection forms are in place for each account

Comments:

HDI continues to perform the routine inspections for Genesee County and has maintained adequate implementation of their cross connection control program (CCCP). HDI identified 3400 low hazard accounts in 2010 and determined that approximately 680 of these accounts need to be reinspected on an annual basis. 80 high hazard inspections were required in 2010 and 92 inspections were completed. HDI met all re-inspection requirements during the 2008-2010 time period.

Device testing is also being verified as required (approx. 1200 testable devices). Dave Cardinal is the operator from HDI who is responsible for implementing Genesee County's CCCP. Genesee County continues to contract with HDI for CCCP implementation.

Annual Pumpage Reports

Is Annual Pumpage Report required? Yes

Was previous year's annual report received? Yes Date 4/01/2011

Comments:

The annual pumpage report is based on the county's total water purchased from the city of Flint. This amount is slightly higher than the total pumpage obtained from SCADA (compiled in the MOR)since a portion of the county's service area is upstream of the Center Road pump station and this usage is not metered through any of the pumping stations.

Monthly Operation Reports

Are Monthly Operation Reports required? Yes

Genesee County's monthly operation report (MOR) format was revised in 2008 to include pumpage data from each of the main pumping stations and storage facilities. Bacteriological sample results and chlorine residuals are also included in the report.

Pumpage data from the Vassar Road and Fenton Road pump stations are not included in the MOR. Pumpage data from each of these stations would further help in determining the distribution of water demand in the southeast portion of Genesee County's service area.

Contingency Plan Emergency Response Plan (ERP)

Date of most recent plan 2008 Acceptable? ERP needed

Filed where? GCDC *

Comments:

Genesee County's water system contingency plan was updated in 2008.

* Genesee County's most recent water system contingency plan (2008 update) is available only at the WWSD's administrative office due to security purposes. The 2008 plan contains all of essential elements required in a water system contingency plan and meets our requirements for use in the event of typical water related emergencies including; large main breaks, pump station failures, loss of water service (limited areas), power outages, contamination, etc. The 2008 plan; however, needs to be updated into an Emergency Response Plan.

The WWSD; however, has yet to fully address the issue of reliability in the event of a significant failure of the 72-inch transmission main. Genesee County continues to pursue their goal of achieving long term reliability through establishment of the Karegnondi Water Authority (Lapeer County, city of Flint). The authority continues to work with Lapeer and Genesee County communities towards committing to the construction a new water treatment plant with raw water piping from Lake Huron.

Completion of the Karegnondi project (3-5 years out) is an acceptable long-term solution for reliability; however, Genesee County has not fully resolved their short-term solution for source reliability. Two short-term options include utilizing Flint's stand-by WTP for emergency stand-by service or establishing a system of back-up wells.

Our most recent discussion indicates that Genesee County working with the city of Flint towards utilizing Flint's stand-by WTP for short-term reliability. The county has proposed an amendment to their water service contract with Flint to purchase 5.4 MGD of water from the Flint WTP during an emergency. Details concerning the conveyance of the emergency supply of water from Flint to the county's transmission system are not identified in the proposed contract amendment.

General Plan

Date of most recent plan 2007 Acceptable? Yes

Filed where? MDEQ & GCDC

Comments:
A copy of Genesee County's transmission main plan (2007 update) has been provided to the MDEQ. The transmission main plan shows the size and location of all 12-inch transmission mains and larger, pumping stations, storage facilities, meter pits, and pressure districts. Genesee County also maintains updated distribution system records in GIS. Smaller areas of the distribution system including hydrants, valves, and watermains can be printed from GIS for daily use as needed.

Reliability Study

Date of most recent study 2011 Acceptable? See comment

Filed where? MDEQ & GCDC

Comments:

Genesee County utilized CTE to prepare the North Loop-Phase III study and to make subsequent updates. The original study conducted in 2000 was updated in 2005 and was noted as the addendum or "Appendix C of the North Loop-Phase III Study". The addendum constitutes an acceptable update to Genesee County's water system reliability study.

The hydraulic model used in the 2005 study was updated in 2011 to revise pressure district boundaries as needed The model also evaluated the need for further pressure reducing valves and transmission system improvements. An updated Master Plan (map), based upon the revised model, was provided to us. A discussion (conclusion/recommendations) needs to be provided with the updated Master Plan. A new water system study and master plan is expected to be conducted in 2015.

Bacteriological Sample Site Plan

Date of approved plan 2/15/2008

Are samples still being collected in accordance with the plan? Yes

Comments:

The WWSD completed the most recent revision to the sample site plan in February 2008. WWSD's retail service area population remains above 70,500 thus, a minimum of 80 samples need to be collected from the distribution system on a monthly basis. WWSD's most recent sample site plan reflects the updated minimum monitoring requirement.

Lead & Copper Program

The WWSD continues to implement their lead and copper program adequately. Both action levels were met in all of the applicable rounds of lead and copper monitoring with the most recent round of monitoring being completed during the summer of 2011. The next round of samples will need to be collected during 2014 and will include 14 samples for lead and copper. Water quality parameter monitoring also needs to continue every six months.

Conclusions and Recommendations

In general, our survey covers the major aspects of a water supply including: stand-by facilities, distribution, source capacity, and storage. Each of the above categories is evaluated on the basis of adequacy, maintenance, reliability, and operation. The evaluation also includes a check on the status of operator certification and the cross connection control program. Finally, water quality and the utility's monitoring programs are reviewed.

Our evaluation reveals that the Genesee County Water System continues to maintain an overall **"SATISFACTORY"** rating. Genesee County continues to maintain a proactive operation and maintenance program as well as continuing with capital improvements. Progress; however, remains slow in establishing adequate source reliability. The county's water system remains **"MARGINAL"** in regard to source reliability and continues to be vulnerable to an interruption in supply. Additional comments are included in the Contingency Plan/Source Reliability section.

As noted above, since the 2008 survey further water system improvements have been completed and/or are proceeding and include:

- Installed the Fenton Road transmission main
- Replaced deteriorated piping along Florine Avenue.
- Completed water system SCADA improvements.

These issues along with other topics including existing facilities, reliability, operation, and maintenance are discussed below in more detail:

Water System Viability

The Genesee County Drain Commissioner, Division of Waste and Water Services (WWS) currently serve a population of nearly 153,000 through a countywide network of transmission and distribution mains. Additional booster pumping stations and storage facilities have been provided to enhance service. The WWS currently utilizes 23 full-time certified employees for water utility operations. The operator in charge (OIC), Tim Davidek, holds an S-1 license and plays an active role in distribution system operation and maintenance, thus, WWS complies with the operator certification requirement. Also, as part of compliance with the operator certification requirement, Richard Bysko, remains the designated back-up operator.

WWS continues to promote operator certification. Many of the operators have obtained either their S-3 or S-4 licenses and some are pursuing an S-2 license. WWS continues to

require new employees to obtain distribution certification to be eligible for further advancement. WWS continues to maintain the safety and training officer position to assist and promote an adequate level of operator certification. Certified operators help to protect the County's investment in the water system and to meet the requirements of the Safe Drinking Water Act and we encourage the County to continue to promote operator certification.

Cross Connection Control

Hydro-Design, Inc. (HDI) continues to implement WWS's Cross Connection Control Program (CCCP). Approximately 3500 accounts remain eligible for a routine inspection and this number has held steady since 2008.

Previous site visits with HDI and WWS staff continue to show that adequate cross connection control records are in place and device testing is being verified. Also, our review and discussion of WWS's most recent cross connection reports confirms adequate implementation of the program.

Finally, WWS continues to maintain a contract for service with HDI. We continue to support WWS's commitment towards maintaining an adequate CCCP.

System Storage

WWS currently has 13 storage facilities available providing approximately 46 million gallons of storage.

The existing Center Road North (CRN) 5 MGAL ground storage tank was inspected by Dixon Engineers, Inc. in 2007 and the tank was found to be in good condition. Minor repairs to the access hatch repair were recommended.

Next, our inspection of the Center Road South (CRS) ground level storage tank revealed that the cross connection between the tank overflow and the sewer catch basin has been corrected. The elevation of the tank overflow opening was increased above the catch basin's containment wall such that an adequate air-gap was achieved.

Next, the Clio Road elevated tank and the Noble Street standpipe were recently inspected. Based upon the inspection reports, the Noble Street tank is in good condition. The Clio Road tank was in good structural condition; however, the tank's exterior and dry interior need to be repainted. We recommend that WWS proceed with this work

Finally, the 2-Mgal hyro-pillar at Houran Street will be due for a routine inspection within the next several years.

Pumping Stations

WWS has ten booster pumping stations available for use. Six of these stations (CRN, CRS, Henderson Road, Houran Street, Vassar Road, and Noble Street) are operated on a routine basis. The remaining stations, Orgould, Clio, Van Slyke, and City of Flushing are either out of service or function as a pressure reducing/monitoring station.

The Henderson Road pump station has been in operation since 2006 and the station pumps between 3 and 6 MGD of water from the 72-inch transmission main through the County's new North Loop. The station has effectively reduced the demand on the Center Road pump station and the amount of water that needs to be pumped through the County's south system.

Next, the CRS pump station has been in operation since 2007 and was designed to provide additional capacity and pressure to the eastern portion of Grand Blanc Township. The CRN station continues to provide adequate flows and pressure to the western portion of Grand Blanc Township and to locations further west in Genesee County. The most recent monthly operation reports show that the CRS station's use has been increasing (currently pumping between 2.0 and 3.0 MGD).

WWS continues to refine the mode of operation between the CRN and CRS stations to determining the most efficient operation. It would also be worthwhile to record water pumped through the Vassar Road and Fenton Road (Grand Blanc Township) since these stations and their associated storage facilities also play a role in the level of service to southern Genesee County. This information can be added to the monthly operation report.

Next, based upon our inspection, preventative maintenance activities and overall housekeeping is adequate at all of the pump stations. Based upon our discussion, additional improvements are currently underway with the SCADA system at each of the pumping stations.

Finally, WWS staff should consider operating the emergency chlorination equipment (gas chlorination at Henderson Road and erosion feeder at CRN) several times per year to verify that the equipment operates properly. This practice will also allow WWS staff to maintain familiarity with the chemical feed equipment and its operating procedure.

Transmission/Distribution

Genesee County's water system consists of an extensive county-wide network of transmission and distribution system piping. The majority of this piping is relatively new and is in good condition. Since the 2008 survey, the Fenton Road transmission main was installed and a section of deteriorated piping along Florine Avenue was replaced. There are other areas of existing cast-iron mains which have not been replaced and have had a history of more frequent main breaks. Specific areas are listed below:

1. Dalton Subdivision
2. Portions of Pierson and Linden Roads

It is our understanding that replacement of the watermains in Dalton Subdivision will be completed as part of a future Drinking Water Revolving Loan Fund project. Although the remaining areas do not represent a significant percentage of the system, plans should be made to replace these mains as part of the County's master plan or a capital improvements program.

Next, Genesee County's hydraulic model (from the North Loop Study) was updated in 2011. An updated water system Master Plan, based upon the updated model, was prepared and an electronic copy of the plan was provided to us. A general discussion (conclusions & recommendations); however, was not provided with the master plan. An overall discussion that supports the updated master plan needs to be prepared and a copy sent to our office for review.

Finally, it is our understanding that WWS intends to prepare a new water system study and master plan in 2015. We concur with the timing of this objective since the county's water system reliability study will need to be updated at that time. Finally, we encourage the county to works towards completing the projects that are listed in the master plan.

Operation/Maintenance (O&M)

WWS continues to maintain an active O&M program. The status of specific O&M programs are discussed in more detail below:

Hydrants/Flushing

WWS maintains approximately 3,900 hydrants. This is a decrease in the total number depicted in the 2008 survey (4,700 hydrants). The revised number of hydrants is based on records obtained from WWS's hydrant recordkeeping system (GPS records). The previous quantity was based upon an estimated number of hydrants and it also included some of the wholesale customer's hydrants.

A total number of inoperable hydrants could not be ascertained; however, hydrants are inspected each fall and any inoperable hydrants are repaired or replaced. Hydrant records including; location, color codes, and operational and maintenance history appear to be adequate and these records are maintained in a work-order database.

Next, retail customers continue to pay WWS a $35.00 charge per hydrant on an annual basis for routine maintenance and flushing. Flint and Flushing Townships however, continue to operate and maintain hydrants within their jurisdiction in order to reduce their O&M costs to the County. The township's O&M responsibilities include flushing and

winterizing hydrants and these activities are performed by the local fire departments. WWS continues to provide annual training for fire department staff on hydrant operation and maintenance. WWS needs to continue this type of on-going training as it appears to have improved hydrant operation and maintenance within these townships.

Valves

WWS maintains approximately 3900 valves. This is a decrease in the total number depicted in the 2008 survey (5,074 valves). The revised number of valvess is based on records obtained from WWS's valve recordkeeping system (GPS records). The previous quantity was based upon an estimated number of valves and it also included some of the wholesale customer's valves

WWS continues to maintain adequate valve records and also continues to work towards establishing a valve-turning program. Transmission main valves along the south loop were exercised since 2008. Valves are also being exercised at and near watermain projects and in areas where main breaks occur. WWS needs to continue working at expanding the valve turning program to include operating valves in critical locations at least once every several years. A review of all valves should be performed and a determination made as to which valves are most critical and the percentage of these valves that can be exercised each year.

Program Meter Change-Out

WWS has maintained an active meter change-out program for commercial and industrial accounts. Residential meters are replaced on an "as needed" basis, however, only a small percentage of customers (one subdivision) has older meters in need of replacement. We encourage WWS to maintain an active meter change-out program and to replace remaining meters that have reached the end of their useful service life.

WWS has upgraded to radio read technology for most of its large customers; however, expansion of radio read to commercial and residential customers has not proceeded. We encourage WWS to continue to promote the upgrade to radio read technology among its retail customers.

Monthly Operation Reports (MORs)

WWS continues to report water use through each of its major pumping stations. Chlorine residual monitoring and bacteriological monitoring results are also included in the report. Water usage through the Vassar Road and Fenton Road pumping station should be added to the MOR.

Finally, a discrepancy was noted between water usage depicted in the MOR verses water usage summarized in the annual pumpage report. The total amount of water purchased

reported in the annual pumpage report is slightly higher than the total pumpage obtained from SCADA (reported in the MOR). The discrepancy is due to a portion of the county's service area being upstream of the Center Road pump station. This portion of the county's purchased water is not metered through the SCADA system.

Bacteriological Monitoring

WWS continues to maintain an excellent sampling history as part of their monthly bacteriological monitoring program. Specifically, eleven samples are collected twice a week from eleven routine sampling locations in accordance to the sample site plan that was revised earlier in 2008. This sampling protocol results in 88 to 110 samples being collected each month and was based on collecting a minimum of 80 samples per month.

The minimum number of required distribution system samples will remain at 80 samples per month. The monitoring requirement is based on a retail service area population of approximately 70,500.

Emergency Response Plan/Source Reliability

WWS updated their water system contingency plan in 2008 and, for security purposes, the plan is retained at the administrative office. Our review shows that the plan contains all of the critical elements that we require in a water system contingency plan. Although the county's updated contingency plan meets our requirements for use in the event of a water-related emergency, a recent revision to the Administrative Rules of the Michigan Safe Drinking Water Act now requires an Emergency Response Plan (ERP) in place of the contingency plan. The ERP provides an outline to follow in the event of a water related emergency (loss of pressure, contamination, etc.). The ERP is similar to a water system contingency plan; however, the ERP calls for discussion of various types of water utility operational plans that may be utilized during a water related emergency. An ERP template is enclosed and can be used for preparing Genesee County's ERP. We will review the completed ERP during our next routine surveillance visit.

Next, WWS continues to pursue a long-term solution for reliability in the event of a failure of the 72-inch transmission main through establishment of the Karegnondi Water Authority. The authority continues to work with Genesee and Lapeer county communities towards committing to the construction of a new water treatment plant utilizing Lake Huron as its source.

Completion of the Karegnondi project (3 to 5 years out) will provide Genesee County with adequate source reliability; however, Genesee County has not fully resolved their short-term solution for source reliability. Two short-term options include utilizing the city of Flint's stand-by WTP for emergency stand-by operation or establishing a system of back-up wells.

It is our understanding that Genesee County has a proposed amendment (4th Amendment

to 1973 City/County Water Supply Agreement), pending Flint approval, to purchase 5.4 million gallons per day of stand-by capacity from the Flint WTP under emergency conditions. However, there is no further discussion as to how this emergency supply of water will be conveyed to the Genesee County North Transmission system. It is our understanding that additional pumping provisions will be needed. Please confirm this in writing and provide us with an update concerning the proposal. If a contract for stand-by service is established with the city of Flint, please provide us with a schedule in which the plan for stand-by service can be implemented.

General Plan

Genesee County's water system general plan was updated in 2007. The updated plan shows the location of county's transmission mains (12-inches and larger), pump stations, storage facilites, meter pits, and pressure districts. Smaller areas of the distribution system including hydrants and valves are stored in the county's GIS and are available for use as needed. The transmission system plan along with the electronic records of the distribution piping and appurtenances meet our requirements for having an acceptable water system general plan.

Lead & Copper Program

WWS has conducted its Lead and Copper program since 1992 and has completed the most recent round of monitoring (June 1, 2011 through September 30, 2011). The next set of 14 samples needs to be collected between June 1, 2014 and September 30, 2014.

The total number of lead and copper monitoring samples (based on triennial monitoring) remains at 14 samples for each round of monitoring. Water quality parameter monitoring (pH, alkalinity, temperature, and phosphate residual) also remains at two sets of samples from six distribution system sites every six months.

Closing Remarks

The following is a list of items discussed in this report which must be addressed by the County. No priority is implied by the order. Page references are in parentheses.

As always, we are available to meet with you to discuss these concerns and their priority in more detail.

1. Establish adequate stand-by water service for Genesee County. (25,32)

2. Maintain a prioritized valve turning program. (22,31)

3. Change out any remaining outdated meters and investigate the possibility of upgrading

to radio read technology. (22,23,31)

4. Upgrade areas of distribution system that are in poor condition. (19,20,29,30)
5. Conduct a new water system study and master plan by 2015. (20, 30)
6. Schedule the Clio Road tank for repainting. (8, 28)
7. Operate the stand-by chlorination equipment at the Henderson Road and CRN pump stations several times per year. (13, 29)

Karegnondi Water Supply System Bonds

Karegnondi Water Pipeline
Series 2014 A & B

Financial Review

D R A F T

February 6, 2014

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List of Abbreviations

ccf	—	hundred cubic feet
CCIF	—	County Capital Improvement Fee
DWSD	—	Detroit Water and Sewer Division
FY	—	Fiscal Year
GCDC-WWS	—	Genesee County Drain Commissioner – Water and Waste Services
KWA	—	Karegnondi Water Authority
mcf	—	thousand cubic feet
mg	—	million gallons
mgd	—	million gallons per day
O&M	—	Operation and Maintenance
RTS	—	Readiness To Serve
WTP	—	Water Treatment Plant
ERU	—	Equivalent Residential Units

Background

The City of Flint, Michigan (Flint) is supplied treated water from the Detroit Water and Sewerage Department (DWSD), and Genesee County Drain Commissioner-Water and Wastes Services (GCDC-WWS) purchases treated water from Flint. Flint water is distributed using DWSD line pressure. Water to GCDC-WWS mainly goes to GCDC-WWS's Henderson Road facility and is re-pumped to GCDC customers.

Concerns regarding the reliability and cost of DWSD water have increased. Flint and GCDC-WWS began to look at alternatives for a new water supply, and have chosen to move ahead with the development of a new regional water authority to provide untreated Lake Huron water for both entities and possibly others.

The Karegnondi Water Authority (KWA) consists of Genesee County, Lapeer County, Lapeer City, Sanilac County, and the City of Flint. KWA is a Municipal Water Supply System Incorporated under PA 233 of 1955. KWA was established in October 2010 to provide Genesee County, City of Flint and other municipal entities in the area with a new source of untreated water. The communities established KWA in order to have a more reliable supply of untreated water at rates that will be determined exclusively by the local communities. [1]

KWA will construct a 63 mile long raw water pipeline, the majority being located under or parallel to existing roads or within road right-of-ways. Beginning at Lake Huron, the principle roads along the pipeline are Fisher, Clear Lake, Kings Mill, Norway Lake, Klam, Stanley, Coldwater, Elba and Millville roads. The proposed pipeline size changes over the length of the project starting at Lake Huron as a 66 inch diameter pipe and reducing as it continues west, to a 60-inch, 48-inch and then 36-inch diameter pipe, where it enters Flint's system. [7] A pump station and intake on Lake Huron in Sanilac County and an intermediate pump station in the northwest corner of St. Clair County are also part of the project.

Flint has a contract with DWSD until April 1, 2014, when they will start using their own treatment plant and begin treating Flint River water on a temporary basis. Flint will switch to KWA water once it is available. GCDC-WWS will be required to build a new water treatment plant at an estimated cost of $60,000,000 to provide finished water to Genesee County's customers. The County has acquired 76 acres approximately 14 miles east of the City of Flint in Oregon Township in Lapeer County, which is expected to serve as the site of Genesee County's new water treatment plant. The new water treatment plant is expected to be constructed and fully operational by July 1, 2016, the date on which the KWA System is expected to be fully operational. Until then, GCDC-WWS will continue to obtain its water from Flint until April 1, 2014 and then obtain water directly from DWSD.

The purpose of this financial review is to determine the impact on water rates for Flint and GCDC-WWS customers associated with implementing the KWA project and to maintain their current system. To do this, background information on the system was obtained to determine needed improvements for implementing the KWA project and maintain their current system. Existing technical reports were reviewed and various financial reports analyzed, to enable the impact on rates. Before determining the impact on the rates of the two entities, the charges from KWA to Flint and GCDC-WWS were determined. GCDC-WWS recently completed a review of their water rates and, therefore, data is available to make projections on the actual rate components. Flint has not had a recent rate study, so the analysis examined the current revenue and the amount of change in revenue needed to fund the project plus maintain the current system.

Description of the Systems

Karegnondi Water Authority (KWA)

The Project

Genesee County Drain Commissioner-Water and Wastes Services (GCDC-WWS) is constructing a lake intake on Lake Huron in Sanilac County. The intake will be rent to own to KWA. KWA is constructing the pipeline from Lake Huron to the Flint area and two pump stations, one of which will be located near the intake facility. These facilities collectively constitute the KWA System. The intake facility was financed with the proceeds of the Series 2013 New Money Bonds sold by Genesee County. [1]

KWA contracted with the GCDC-WWS to administer the design and construction of the KWA System. On behalf of KWA, the GCDC-WWS has acquired 40 acres on Lake Huron for the intake and pump station and 40 acres in Lynn Township on the borders of Sanilac, St. Clair, and Lapeer Counties for the second pump station. In anticipation of the construction of the KWA System, the County has obtained a water withdrawal permit of up to 85 million gallons per day (mgd) from Lake Huron. The lake intake is currently under construction and GCDC-WWS supervised the design of the facility and awarded construction bids. The GCDC-WWS hired project managers which have identified the route of the pipe line, identified environmental issues and prepared preliminary permits for the entire 65-mile route, and hired consulting firms to prepare detailed design of the remaining KWA System facilities. [1]

KWA currently has entered into two water purchase contracts, effective October 1, 2013: one with Flint to supply up to 18 mgd and one with the GCDC-WWS to supply 42 mgd. The charges to be paid by Flint and GCDC-WWS in the Water Purchase Contracts are broken down into two distinct portions: an annual fixed or capital fee, and an annual commodity or operations and maintenance fee. [1]

The estimated construction costs for the KWA system are $240,000,000 based on water contracts of 60 mgd. KWA, GCDC-WWS and Flint have entered into a contract, and KWA will issue bonds to finance the remaining facilities for the KWA System, presently estimated to be in an amount not to exceed $300,000,000, in anticipation of payments to be made by Flint and Genesee County. [8] The bond amount includes the construction cost, capitalized interest, and bond reserves.

Flint is working on the update of its water treatment plant and expects to begin to use Flint River water as a temporary source by April 2014 and will start using KWA water for supply by July 1, 2016. Genesee County will begin to purchase water directly from DWSD on April 1, 2014 and will continue with DWSD as a source until July 1, 2016 when they will begin using KWA water.

Schedule

A schedule of key activities and dates is presented below:

October 2010 – KWA established

Summer 2013 – Start construction of water intake

October 1, 2013 – KWA enters into water purchase contracts with Flint and GCDC-WWS

April 1, 2014 – Flint to begin treating Flint River water rather than purchasing water from DWSD

April 1, 2014 – GCDC-WWS will begin purchasing water directly from DWSD

Summer 2014 – Begin construction of the KWA water pipeline and pump stations

July 1, 2016 – KWA system in operation

May 1, 2017 – First debt service payment of KWA bonds

Customers

KWA will initially have two customers, GCDC-WWS and Flint. Water purchased by Flint from DWSD has averaged 12,219,382 ccf per year between 2010 and 2013. However, the usage trend has been slightly downward. Water sold to Genesee County by Flint increased between 2010 and 2012, but was 6.8 percent lower in 2013 than 2012. It is estimated that Genesee County will deliver 12 mgd to its customers, but due to non-revenue water (8 percent) in the distribution system and at the WTP (3 percent), they will initially need 13.45 mgd of water from KWA. Water usage by City customers has been decreasing,

but this trend is expected to end and hold at 6.85 mgd (3,345,000 ccf). Due to non-revenue water loss in the distribution system (32 percent) and at the WTP (3 percent), the City will need 10.4 mgd to supply its customers. Non-revenue water is the difference between water purchased and water billed. Therefore, Genesee County would account for 56.4 percent of the initial need from KWA (13.45 mgd) and Flint would be 43.6 percent (10.39 mgd). Table 1 and Figure 1 in the Work Notes-Bond Rate Study that is in Appendix A-1 provide a more detailed breakdown of the water amounts discussed above.

Expenses

Operation and maintenance expenses for KWA's two pump stations and the transmission main include labor, chemicals, power, administration, residuals handling and other maintenance cost, and are estimated to average $2,412,063 annually for 2016 to 2018. Based on the 23.84 mgd needed, the average cost per million gallons is $277, or $2.07 per mcf. Operation and maintenance costs will be allocated to Genesee County and Flint based on their proportion of the initial raw water required (56.4 percent vs. 43.6 percent). More detail on the estimated operation expenses can be found in Appendix A-1 in Tables 2 and 3 of the Work Notes-Bond Rate Study. These cost projections are somewhat sensitive to the actual volume of water purchased. Power and chemicals are 60 percent of the total and are directly related to volume of water pumped. Maintenance is partially related to volume while the other costs are not related to volume of water. Therefore, these other costs will not change due to typical fluctuations in volume.

Nearly $300 million of bonds will be issued for the KWA project. If the total bond amount is sold together, the first debt service payment from system revenue is expected on May 1, 2017. The annual bond payments, including the GCDC Intake bonds, total approximately $23 million. Based on 60 units, the estimated annual capital cost per unit would be $383,333. A unit is equal to 1 mgd of peak month capacity. A breakdown of the debt service charges between Genesee County and Flint can be found in Table 5 of the Work Notes-Bond Rate Study in Appendix A-1. Additional entities may be contracted to purchase water from KWA in the future which will lower costs, primarily for GCDC-WWS.

Genesee County Drain Commissioner-Water & Waste Services (GCDC-WWS)

Water System

The GCDC-WWS provides water and sewer service to nearly forty communities, totaling over 200,000 individual residents in parts of Genesee, Lapeer, Saginaw, Shiawassee, Oakland and Livingston counties. GCDC-WWS operates over 135 miles of underground pipeline, twenty major water and wastewater pump stations, over eighty minor stations maintained on behalf of local communities, and eleven water storage tanks with over 43,000,000 gallons of storage capacity.[4]

The GCDC-WWS water system includes the Henderson Road facility and Center Road complex which includes 31 mg of storage and over a 50 mgd high service pump station for the majority of the water delivered to GCDC-WWS customers. The distribution (including local municipalities) system includes 1,000 miles of pipeline ranging in size from 6-inch diameter to 48-inch diameter. The system also includes 8 elevated towers for a total volume of 7.5 mg and 4 additional booster pump stations. The system provides services in 17 political entities. GCDC-WWS provides the service as either a master meter customer (water is sold bulk and individual communities provide distribution system) or directly to individual communities. Overall, 11 political entities are serviced with 6 being master metered and 1 individual account. While GCDC-WWS serves the individual accounts including billing, the political entities are responsible for overall payment. The individual entities collect the revenue and reimburse GCDC-WWS for their services.

The County will be required to build a new water treatment plant at an estimated cost of $60,000,000 to provide finished water to Genesee County's customers. The County has acquired 76 acres approximately 14 miles east of the City of Flint in Marathon Township in Lapeer County, which is expected to serve as the site of Genesee County's new water treatment plant. The new water treatment plant is expected to be constructed and fully operational by July 1, 2016, the date on which the KWA System is expected to be fully operational. A pipeline will be needed to convey treated water to the existing Henderson Road facility.

System Deficiencies

System deficiencies have been identified in GCDC's sanitary survey as found in Appendix B-7. Deficiencies are predominately local distribution issues, not the transmission system. The KWA project will address a major issue of supply reliability.

Customers

GCDC-WWS currently purchases water from Flint, which purchases the treated water from DWSD. Genesee County's payment to Flint is a flat rate surcharge, Detroit Readiness to Serve (RTS) based on peak consumption, plus a commodity charge equal to the charge from Detroit to Flint for the water. For 2013, the DWSD commodity charge was $1.301 per metered hundred cubic feet. The charges were set on July 1, 2013, but are anticipated to increase in the future.

The GCDC-WWS purchased 587,285,100 cubic feet of water from Flint in 2013. Purchased water and billed water from 2007 through 2013 can be found in Appendix B-1. The difference in water purchased and water billed is called non-revenue water.

GCDC-WWS's water charges are based on either community master meter readings or the summation of individual water meter readings within each community. Billable metered water volumes by community for 2011 and 2012 for the water supply district are given in Appendix B-2.

It is anticipated that there will be no growth in equivalent meters or usage in the near future.

Revenues and Expenses

GCDC-WWS had $22,997,000 in revenue in 2013 and $20,524,301 in expenses. In general, according to the last water rate study completed for GCDC-WWS, salaries and wages are expected to increase by 3 percent annually over the next few years, but fringe benefits are expected to increase from 2 percent to 8 percent annually. In general, office supplies, dues and memberships, printing and publishing, professional and contractual services, repair and maintenance, and other operational expenses are projected to increase 2 percent annually. Utilities are expected to increase at 9 percent annually.

GCDC-WWS currently pays a commodity charge, a Flint surcharge and a DWSD Readiness-to-Serve (RTS) to Flint for water. Flint gives the revenue collected from the commodity charge and RTS to DWSD, and maintains the surcharge. Starting April 1, 2014, the County will purchase water directly from DWSD until July 1, 2016 when the KWA project will be finished. The cost of water from Detroit (per ccf) between 2009 and 2013 increased an average of 11.4 percent annually. This will be the factor used to estimate the cost of water purchased from DWSD until July 2016.

The GCDC-WWS WTP will commence operation July 1, 2016. Expenses for the water system have to be adjusted because of the KWA project.

The KWA O&M costs were discussed previously, and the County will be responsible for 56.4 percent of them: $630,469 in 2016 (just a half year); $1,365,707 in 2017; and, $1,454,566 in 2018.

GCDC-WWS will have additional O&M expenses due to a new WTP, expected to begin operation July 1, 2016. Additional O&M costs are anticipated to be: $1,249,395 in 2016 (half year); $2,574,943 in 2017; and, $2,651,097 in 2018. Calculations for future O&M costs are in Appendix B-3. Annual debt service on the new WTP is expected to be $5,784,825, beginning in 2017. Capital Reinvestment/Depreciation on the new WTP is anticipated at $1,500,000 per year and this will also start in 2017.

GCDC-WWS is funding the construction of the new water intake for KWA. The annual debt service will be approximately $2,529,000, beginning in 2014. However, GCDC-WWS will receive an amount equal to the 2017 and 2018 debt service payments from a lease back arrangement.

GCDC-WWS will also be responsible for 42 of 60 units, or 70 percent, of the annual debt service payments on the bonds. The total annual debt service payment is $23,000,000. The $16,100,000 annual payment will begin in 2016, but 10 percent of the estimated annual bond payment will be paid annually to KWA prior to 2016. More detail on the expenses and payment can be found in Appendix B-3.

A more detailed breakdown of the revenues and expenses for 2009 through 2012 can be found in Appendix B-4, along with the budget for 2013 and projections for 2014 through 2018.

Rates

Water for the GCDC-WWS water system is measured for each customer based on water meter size plus metered consumption, and customers are charged for service on monthly, bi-monthly, or quarterly billings. Water bills are based on a Readiness to Serve (RTS) charge based on meter size and a commodity charge based on volume usage. In addition, each of the individual communities served their own imposes rates and charges to recover the cost of local water utility services that they provide. As a result, each community on the system has different rates and charges in place which impact individual customers differently. [1]

RTS charges start at $14.59 per month, one equivalent meter which is equal to a 5/8-inch meter. Commodity charges are currently $3.94 per 100 cubic feet, or $5.27 per 1,000 gallons of water consumed. These rates went into effect January 2, 2014. [1]

Where community bulk water readings are available, the readings are used as the basis for charges. The rates charged are based on a calculated equivalent meter size calculated on past peak usage for a community plus the actual water consumption measured at the community master meters. More information on rates can be found in Appendix B-6.

The County charges a County Capital Improvement Fee (CCIF) for new connections to the water system of $1,000 per equivalent residential unit (ERU).

The KWA O&M costs and the O&M costs for the new Genesee County WTP will be allocated to the customer's commodity charge. The Capital Reinvestment/ Depreciation expense will be allocated to volume. The annual expense for the KWA purchase, the lease back for the water intake, and the GCDC-WWS WTP debt will be allocated 100 percent to the commodity charge.

Flint

Water System

The Flint Water Department is responsible for its Water Treatment Plant (WTP), four pump stations, and water testing laboratory, in addition to the dams, reservoirs, and underground infrastructure. The total pumping capacity of Flint is 106.8 mgd with a firm capacity of 62.8 mgd. The WTP was put into service in 1954. A service agreement with DWSD was entered into in the mid-1960s to supply water to the City for a 30-year period. The WTP currently provides treated water from the Flint River as a backup to the water provided by DWSD. The plant has historically operated approximately 20 days per year with average production of 11 mgd, with a capacity of up to 36 mgd. The total source capacity from DWSD is over 70 mgd which includes water going to GCDC-WWS. A significant upgrade ($48 million) to the Flint WTP was completed in 2006 to meet state regulatory requirements. A recent contract agreement with the Karegnondi Water Authority will require additional redundancy and treatment upgrades. In addition, other components of the WTP are in poor condition and in need of maintenance and/or replacement, including various mechanical and electrical equipment; security improvements; building additions and renovations; Heating, Ventilating, and Cooling (HVAC) systems; concrete and asphalt; and roofs.[2]

System Deficiencies

The City of Flint has been studying its system and determining future needs. A survey of some of the evaluation is included in Appendix C-5. The system does have a higher than normal non-revenue water amount. The financial review included $2,500,000 for distribution system maintenance. This will help in addressing the aging system and high non-revenue water amount. The City's WTP is currently undergoing improvements which should address near-term needs. Funding of this project is from projected annual reserves over the next few years.

Customers

In 2013, Flint billed 32,702 customers and total consumption was 9,470,315 hundred cubic feet of water. The City's population was 101,515 in 2013. Water usage by City customers has been decreasing in recent years, but this trend is expected to end and hold at 6.85 mgd (3,345,000 ccf). Due to non-revenue water in the distribution system (32 percent) and at the WTP (3 percent), the City would need 10.4 mgd to supply its customers.

Historical information on the City's customers and water supply system components can be found in Appendix C-2.

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Expenses and Revenues

In Fiscal Year (FY) 2013 (July 1, 2012-June 30, 2013), Flint's water system operating revenue totaled $49,903,868. This included $12,957,337 from Genesee County for their commodity, surcharge and DWSD RTS payments, and $23,041 in miscellaneous revenue. Revenue from City customers is estimated at $36,923,490. Revenues the City receives from Genesee County will cease starting April 1, 2014, when Genesee County begins purchasing water directly from DWSD until the KWA and GCDC WTP projects are finished.

Water purchases from DWSD in 2013 totaled $23,308,800, and revenues received from GCDC-WWS paid for a portion of this expense. The cost of water from DWSD between 2009 and 2013 increased an average of 11.4 percent annually. This will be the factor used to estimate water purchases from DWSD until April 1, 2014, when the City will begin operating its WTP full time and treat water from the Flint River.

The City has a high delinquency rate on their water bill payments and this is expected to remain the same. The current rates and revenue reflect the high delinquency rate. It is anticipated that Flint will reduce its non-revenue water by 10 percent annually of the non-revenue water through improvements in the distribution system and enhanced management program.

Salaries, wages and benefits identified in the Flint annual audits are expected to increase 3 percent annually. Utilities are expected to increase 9 percent annually, and other operation and maintenance expenses are expected to increase by 2 percent annually.

Wade Trim completed a report for the City, and estimated additional annual operating expenses of $4,000,000 to operate the WTP full time. It is assumed that the reduction in non-revenue water loss mentioned above will make up for any inflationary increases in the WTP operating costs. Flint will be responsible for 18 of 60 units (30 percent) of the KWA bond payment. The City will begin paying $6,900,000 annually starting in 2017, but started paying 10 percent of the full annual capital payment, or $690,000 in October 2013 and will continue with $690,000 in 2014, 2015, and 2016. Distribution system improvements, identified in the Flint Master Plan, have been estimated at $2,500,000 annually, and will be included in the expenses in 2015. This will help reduce the non-revenue water. The City will be responsible for 43.6 percent of the operation and maintenance costs of the KWA system. This will amount to $1,055,760 in 2017 and $1,124,451 in 2018.

All of the figures and projections can be found in Appendix C-4.

Rates

Current water rates became effective July 1, 2012. Appendix C-4 provides the projections and expenses for the water supply system based on current operating

procedures and anticipated future projects and timing. Appendix C-4 shows there should be an increase in the annual reserve of the water system, at least through 2018, if existing rates are maintained and projected usage and expenses are correct. If revenues and expenses are as anticipated, the City should not have to raise water rates (at least through 2018) relative to their involvement with the KWA project.

Discussion on Affordability

As previously discussed, the current water supplier anticipates a 4 percent to 5 percent annual increase of its water rates to its customers. KWA only projects a 4 percent to 5 percent annual increase in the operation and maintenance portion of its expenses. GCDC-WWS rates will be competitive compared to the current water supplier's charges, and should be more stable in the future as capital costs will remain constant. The City of Flint will be less expensive than the current supplier immediately upon startup, and should see lower increases in the future than what it has been experiencing recently. This should provide revenue to address some of Flint's system deficiencies.

Future Rates

The above review focused on the impact of the KWA project in the next five years. Rates beyond the next five years for each entity are discussed below. For all entities, the customer demand is expecting to remain stable.

KWA has no additional capital forecasted beyond 2018. Therefore, future rates will only need to be adjusted for inflationary increases for the O&M expenses. Any new KWA customers will be required to purchase capacity from an existing customer and/or construct new capacity at no cost to existing customers. The GCDC-WWS has no new capital expenditures forecasted past 2018.

The GCDC-WWS establishes its rate structure on a five-year cycle. Rates set in 2013 were the beginning of a new cycle. With over 63 percent of the rate related to new or existing debt (fixed costs) less than 37 percent of the expenses are subject to inflationary costs. The 2009 feasibility study assumed an average 5 percent rate increase on that portion of the expenses.

The City of Flint will need to address some of the system deficiencies. The analysis done on Flint's rates included additional funds to start addressing the deficiencies. The analysis also projected an annual reserve, which can be used to fund needed improvements. Therefore, future rates with inflationary increases should be sufficient to meet the City's needs.

The above discussion does not include changes in regulatory requirements which could impact rates. No significant changes are anticipated at this time.

Sources/Footnotes

1 Preliminary Official Statement-Draft 11-13-13. Genesee County Water Supply System Revenue Refunding Bonds, Series 2013 – E-mailed from David Massaron (Miller Canfield) to Karl Kramer on 11/17/13 then to Steve Wordelman on 11-21-13.

2 Existing Infrastructure Condition Report, City of Flint Master Plan, July 2013, DLZ and Houseal Lavigne.

3 Master Plan For a Sustainable Flint – Infrastructure and Community Facilities Plan, adopted October 28, 2013.

4 Genesee County Drain Commissioner's Office, Division of Water and Waste Services, 2014 Budget

5 Wade Trim Report, Preliminary Engineering Report, Lake Huron Water Supply, Karegnondi Water Authority, September 2009

6 GCDC-WWS Water Rate Review, Scenario 2, dated April 5, 2013 by Jones & Henry Engineers.

7 MDEQ Public Notice, December 5, 2013

8 E-mail from Paul Stauder to Karl Kramer and John O'Brien on 11/20/13.

APPENDIX B

GENESEE COUNTY DRAIN COMMISSION - WATER AND WASTE SERVICES

APPENDIX B-1

HISTORICAL WATER PURCHASED AND SOLD - GENESEE COUNTY

Appendix B-1 Historical Water Purchased v. Sold – Genesee County			
Year	Water Purchased	Billable Water	% System Loss
2007	719,759,400	668,814,441	7.08%
2008	656,343,300	643,936,714	1.89%
2009	616,325,400	594,736,958	3.50%
2010	616,632,200	585,092,058	5.11%
2011	621,182,300	581,675,986	6.36%
2012	630,152,800	551,198,996	12.53%
2013	587,285,100		

Source: Preliminary Official Statement-Draft 11-13-13. Genesee County Water Supply System Revenue Refunding Bonds, Series 2013 – Karl Kramer to Steve Wordelman, 11-21-13.

APPENDIX B-2

GENESEE COUNTY WATER SUPPLY SALES, 2011 AND 2012

Appendix B-2 Genesee County Water Supply Sales			
Community	2011 (cu. ft.)	2012 (cu. ft.)	Average % Increase Per Year (11-12)
Burton City[1]	60,577,973	62,145,013	2.59%
Clio City[1]	9,063,800	8,916,600	-1.62%
Morris City[1]	11,257,800	11,276,200	0.16%
Swartz Creek City[1]	28,734,200	27,420,810	-4.57%
Montrose City[1]	6,093,500	6,105,500	0.20%
Flushing City[1]	27,988,300	27,741,300	-0 88%
Montrose Twp.	5,800,860	4,707,630	-18.85%
Vienna Twp.	13,436,826	12,698,830	-5.49%
Thetford Twp.	17,000	17,100	0.59%
Flushing Twp.	22,867,220	21,778,280	-4.76%
Mt. Morris Twp.	33,608,700	31,347,030	-6.73%
Genesee Twp.[1]	36,069,100	35,315,900	-2.09%
Richfield Twp.	8,260,510	6,239,880	-24.46%
Clayton Twp.	7,272,720	6,804,280	-6.44%
Flint Twp	107,050,962	91,129,219	-14.87%
Davidson Twp.	41,696,344	37,408,010	-10.28%
Gaines Twp.	4,260,490	4,059,900	-4.71%
Mundy Twp.	25,851,918	22,909,853	-11.38%
Grand Bl. Twp.[1]	129,998,237	130,167,445	0.13%
Hydrants	1,786,526	3,010,216	68.50%
Total	581,692,986	551,198,996	-2.25%
[1] Master Meter			

Source: Preliminary Official Statement-Draft 11-13-13. Genesee County Water Supply System Revenue Refunding Bonds, Series 2013 – Karl Kramer to Steve Wordelman, 11-21-13.

APPENDIX B-3

GCDC WATER RATES WITH KWA

Appendix B-3

GCDC – WWS Water Rates – with KWA

- Analysis started with the recently-completed rate study for 2014 to 2018.
- Customer base remained the same.
  - *Equivalent Meters – No growth*
  - Commodity – No growth
- GCDC – WWS WTP will commence operation on July 1, 2016.
- Adjustments to Expenses for 2015, 2016, 2017, and 2018.
  - Detroit rates to increase at 50 percent starting April 1, 2014 and 25 percent starting April 1, 2015.
  - Removed Flint surcharge for water purchase starting April 1, 2014
  - Water Expense to Detroit to continue until July 1, 2016
  - Added KWA O&M (56.4 percent of Total, half year in 2016)

Year	Total	GCDC - WWS
2016	$1,117,853	$630,469
2017	$2,421,467	$1,365,707
2018	$2,579,017	$1,454,566

All cost allocated to Commodity

  - Add GCDC – WWS O&M for new WTP
    - $3.60 per 1,000 cubic feet = $481 per mg
    - Inflate 3 percent per year
    - Treated Water Volume = 13.04 mgd

Year	Rate	Total	
2013	$481 per mg	- - -	
2016	$525 per mg	$1,249,395	(half year)
2017	$541 per mg	$2,574,943	
2018	$557 per mg	$2,651,097	

All cost allocated to Commodity

- Capital costs were added as follows:
  - Capital Reinvestment / Depreciation Water Plant - $1,500,000 per year starting in 2017

    All allocated to Volume
  - Intake Debt Service

2014	$2,529,423
2015	$2,526,838
2016	$2,527,388
2017	$2,527,188
2018	$2,527,588

  - KWA Purchase
    - $383,333 per unit x 42 units = $16,100,000 per year starting 2016. Prior to 2016, 10% will be paid to KWA.

    Cost allocated to 100 percent commodity
  - KWA lease back for intake (payment equals Flints and GCWS portion from KWA purchase

2017	-$2,527,188
2018	-$2,527,588

    Cost allocated to 75 percent minimum and 25 percent commodity
  - GCDC – WWS Water Plant Debt

2017	$5,784,825
2018	$5,784,825

    Cost allocated to 75 percent minimum and 25 percent commodity

- Rates – See attached spreadsheet for rates per year.

APPENDIX B-4

EXPENSES AND REVENUES FOR GCDC WATER SUPPLY DISTRICT

$730,985.84	$839,288.72	$846,887.83	$737,745.13	$818,067.00	3.0%	3.0%	$842,609	$867,887	$893,924	$920,742	$948,364	$448,982	$448,982
$0.00	$0.00	$0.00	$29,716.91	$38,600.00	3.0%	3.0%	$39,758	$40,951	$42,179	$43,445	$44,748	$21,090	$21,090
$0.00	$0.00	$0.00	$54,869.17	$57,540.00	3.0%	3.0%	$59,266	$61,044	$62,876	$64,762	$66,705	$31,438	$31,438
$0.00	$0.00	$0.00	$45,851.84	$47,800.00	3.0%	3.0%	$49,234	$50,711	$52,232	$53,799	$55,413	$26,116	$26,116
$0.00	$0.00	$0.00	$17,518.72	$360.00	3.0%	3.0%	$371	$382	$393	$405	$417	$197	$197
$0.00	$0.00	$0.00	$0.00	$0.00	3.0%	3.0%	$0	$0	$0	$0	$0	$0	$0
$130,515.49	$96,955.59	$107,960.46	$112,082.64	$123,000.00	2.0%	2.0%	$125,460	$127,969	$130,529	$133,139	$135,802	$65,264	$65,264
$2,025.00	$1,675.00	$1,250.00	$1,400.00	$3,000.00	2.0%	2.0%	$3,060	$3,121	$3,184	$3,247	$3,312	$1,592	$1,592
$0.00	$0.00	$1,000.00	$0.00	$0.00	2.0%	2.0%	$0	$0	$0	$0	$0	$0	$0
$70,693.78	$69,125.91	$71,429.55	$77,216.30	$83,800.00	3.0%	3.0%	$86,314	$88,903	$91,571	$94,318	$97,147	$45,785	$45,785
$152,942.69	$160,527.84	$155,939.91	$144,802.41	$195,800.00	2.0%	2.0%	$199,716	$203,710	$207,785	$211,940	$216,179	$103,692	$103,692
$215,210.29	$254,870.29	$242,958.33	$318,381.26	$387,500.00	7.0%	7.0%	$393,225	$420,751	$450,203	$481,718	$515,438	$225,102	$225,102
$25,515.52	$22,926.13	$24,344.51	$25,015.57	$30,500.00	7.0%	7.0%	$32,635	$34,919	$37,364	$39,979	$42,778	$18,682	$18,682
$8,469.38	$7,387.02	$5,871.77	$10,470.58	$11,000.00	7.0%	7.0%	$11,770	$12,594	$13,475	$14,419	$15,428	$6,738	$6,738
$5,918.10	$8,755.54	$7,735.49	$18,714.26	$22,000.00	8.0%	8.0%	$23,760	$25,661	$27,714	$29,931	$32,325	$13,857	$13,857
$147,268.10	$161,047.15	$346,142.81	$500,609.13	$600,000.00	2.0%	2.0%	$612,000	$624,240	$636,725	$649,459	$662,448	$318,382	$318,382
$0.00	$0.00		$5,208.20	$4,600.00	2.0%	2.0%	$4,692	$4,786	$4,882	$4,979	$5,079	$2,441	$2,441
$4,088.28	$7,096.56	$4,268.68	$297.78	$0.00	2.0%	2.0%	$0	$0	$0	$0	$0	$0	$0
$856.46	$883.22	$626.22	$735.85	$1,000.00	2.0%	2.0%	$1,020	$1,040	$1,061	$1,082	$1,104	$531	$531
$1,494,477.91	$1,630,526.96	$1,816,215.76	$2,098,633.78	$2,404,567.00			$2,484,890.01	$2,568,670.43	$2,656,085.48	$2,747,364.09	$2,842,687.69	$1,328,047.74	$1,328,047.74
$2,398.59	$3,681.85	$3,705.96	$3,137.31	$4,000.00	2.0%	2.0%	$4,080	$4,162	$4,245	$4,330	$4,416	$2,122	$2,122
$0.00	$0.00	$0.00	$2,518.85	$5,000.00	2.0%	2.0%	$5,100	$5,202	$5,306	$5,412	$5,520	$2,653	$2,653
$0.00	$44,554.21	$24,997.00	$83,535.43	$120,000.00	2.0%	2.0%	$122,400	$124,848	$127,345	$129,892	$132,490	$63,672	$63,672
$16,886.79	$108,637.09	$52,044.58	$43,777.77	$1,000.00	2.0%	2.0%	$1,020	$1,040	$1,061	$1,082	$1,104	$531	$531
$3,502.32	$6,604.66	$7,450.26	$7,355.42	$10,000.00	2.0%	2.0%	$10,200	$10,404	$10,612	$10,824	$11,041	$5,306	$5,306
$2,047.06	$1,387.71	$1,999.62	$1,448.05	$500.00	2.0%	2.0%	$510	$520	$531	$541	$552	$265	$265
$52,954.15	$48,422.10	$28,577.84	$377.90	$500.00	3.0%	3.0%	$515	$530	$546	$563	$580	$273	$273
$21,791.25	$8,740.66	$10,705.82	$4,423.84	$5,000.00	2.0%	2.0%	$5,100	$5,202	$5,306	$5,412	$5,520	$2,653	$2,653
$99,580.16	$220,226.48	$129,480.90	$146,574.57	$146,000.00			$148,925.00	$151,908.65	$154,952.13	$158,055.83	$161,223.39	$77,476.06	$77,476.06
$5,588.99	$8,642.48	$3,993.24	$2,598.20	$4,500.00	2.0%	2.0%	$4,590	$4,682	$4,775	$4,871	$4,968	$2,388	$2,388
$1,538.92	$0.00	$21,960.70	$1,211.40	$1,500.00	2.0%	2.0%	$1,530	$1,561	$1,592	$1,624	$1,656	$796	$796
$125,039.14	$62,745.08	$71,257.44	$82,336.10	$111,000.00	3.0%	3.0%	$114,330	$117,760	$121,293	$124,931	$128,679	$60,846	$60,846
$132,177.05	$89,367.57	$97,211.38	$86,145.70	$117,000.00			$120,450.00	$124,002.30	$127,658.95	$131,426.07	$135,303.91	$63,829.97	$63,829.97
$62,357.10	$52,053.93	$38,092.88	$40,980.89	$50,000.00	2.0%	2.0%	$51,000	$52,020	$53,060	$54,122	$55,204	$26,530	$26,530
$56,838.75	$3,573.63	$78,656.69	$211,100.14	$97,500.00	2.0%	2.0%	$99,450	$101,439	$103,468	$105,537	$107,648	$51,734	$51,734
	$0.00	$10,537.67	$7,220.99	$7,500.00	2.0%	2.0%	$7,650	$7,803	$7,959	$8,118	$8,281	$3,980	$3,980
$84,650.00	$78,000.00	$78,000.00	$78,000.00	$100,000.00	2.0%	2.0%	$102,000	$104,040	$106,121	$108,243	$110,408	$53,060	$53,060
$0.00	$0.00		$43,300.00	$45,000.00	2.0%	2.0%	$45,900	$46,818	$47,754	$48,709	$49,684	$23,877	$23,877
$0.00	$0.00		$0.00	$17,000.00	2.0%	2.0%	$17,340	$17,687	$18,041	$18,401	$18,769	$9,020	$9,020
$3,688.82	$3,142.12	$3,571.08	$3,413.51	$5,000.00	2.0%	2.0%	$5,100	$5,202	$5,306	$5,412	$5,520	$2,653	$2,653
$46,541.86	$45,554.52	$52,471.04	$36,643.20	$40,000.00	2.0%	2.0%	$40,800	$41,616	$42,448	$43,297	$44,163	$21,224	$21,224
									$830,469	$1,385,707	$1,454,566		$830,469
						3.0%			$1,249,395	$2,574,943	$2,651,097		$1,249,395
$8,635,352.28	$8,889,853.59	$9,461,016.45	$7,490,389.60	$7,668,000.00	4.4%	11.4%	$11,007,415	$14,259,607	$7,505,057	$0	$0	$7,505,057.00	
$1,392,682.70	$1,398,666.00	$1,462,000.00	$1,254,000.00	$1,398,000.00	0.0%	0.0%	$342,000	$0	$0	$0	$0		
$0.00	$546,836.00	$2,004,721.00	$3,035,015.72	$3,988,000.00	4.4%	11.4%	$5,724,774	$7,416,165	$3,903,255	$0	$0	$3,903,255.00	
$10,281,909.51	$11,017,776.79	$13,207,355.82	$12,200,084.05	$13,366,000.00			$17,443,429.00	$22,052,416.80	$13,672,333.30	$4,332,490.44	$4,505,340.26	$11,600,390.85	$2,071,942.65
			$359.27	$2,500.00	2.0%	2.0%	$2,550	$2,601	$2,653	$2,706	$2,760	$1,327	$1,327
$91,201.41	$123,048.38	$305,582.48	$168,615.71	$200,000.00	2.0%	2.0%	$204,000	$208,080	$212,242	$216,486	$220,816	$106,121	$106,121
$18,519.30	$38,844.17	$28,378.64	$17,545.73	$25,000.00	2.0%	2.0%	$25,500	$26,010	$26,530	$27,061	$27,602	$13,265	$13,265
$64,690.20	$60,681.97	$62,198.25	$89,967.76	$120,000.00	2.0%	2.0%	$122,400	$124,848	$127,345	$129,892	$132,490	$63,672	$63,672
$0.00	$12,500.00	$3,670.00	$6,457.50	$5,000.00	2.0%	2.0%	$5,100	$5,202	$5,306	$5,412	$5,520	$2,653	$2,653
$174,610.91	$233,074.52	$399,830.37	$282,946.97	$352,500.00			$359,550.00	$366,741.00	$374,075.82	$381,557.34	$389,188.48	$187,037.91	$187,037.91
$190,986.66	$169,205.45	$197,938.23	$73,452.28	$57,000.00	2.0%	2.0%	$58,140	$59,303	$60,489	$61,699	$62,933	$30,244	$30,244
$7,401.88	$6,228.90	$15,406.30	$15,873.43	$20,000.00	2.0%	2.0%	$20,400	$20,808	$21,224	$21,649	$22,082	$10,612	$10,612
			$3,859.62	$5,000.00	2.0%	2.0%	$5,100	$5,202	$5,306	$5,412	$5,520	$2,653	$2,653
			$0.00	$8,000.00	2.0%	2.0%	$8,160	$8,323	$8,490	$8,659	$8,833	$4,245	$4,245
			$0.00	$10,000.00	2.0%	2.0%	$10,200	$10,404	$10,612	$10,824	$11,041	$5,306	$5,306
$0.00	$0.00	$88,062.82	$50,600.38	$50,000.00	2.0%	2.0%	$51,000	$52,020	$53,060	$54,122	$55,204	$26,530	$26,530
$388,444.17	$388,868.30	$410,085.33	$366,568.12	$450,000.00	9.0%	9.0%	$490,500	$534,645	$582,763	$635,212	$692,381	$291,382	$291,382
$27,916.68	$10,690.52	$14,831.74	$23,669.08	$15,000.00	9.0%	9.0%	$16,350	$17,822	$19,425	$21,174	$23,079	$9,713	$9,713
$808.96	$34,010.73	$29,878.06	$7,938.94	$10,000.00	9.0%	9.0%	$10,900	$11,881	$12,950	$14,116	$15,388	$6,475	$6,475
$18,137.08	$26,439.85	$22,276.59	$16,598.94	$20,000.00	2.0%	2.0%	$20,400	$20,808	$21,224	$21,649	$22,082	$10,612	$10,612
$0.00	$0.00		$1,707.95	$1,500.00	2.0%	2.0%	$1,530	$1,561	$1,592	$1,624	$1,656	$796	$796
$1,388.78	$2,735.66	$539.50	$1,989.21	$2,500.00	2.0%	2.0%	$2,550	$2,601	$2,653	$2,706	$2,760	$1,327	$1,327
$1,143.11	$4,245.53	$4,430.01	$593.54	$2,500.00	2.0%	2.0%	$2,550	$2,601	$2,653	$2,706	$2,760	$1,327	$1,327
$7,440.72	$9,551.49	$10,721.38	$9,740.76	$15,000.00	2.0%	2.0%	$15,300	$15,606	$15,918	$16,236	$16,561	$7,959	$7,959
$14,217.34	$17,572.36	$13,767.87	$18,650.61	$0.00	2.0%	2.0%	$0	$0	$0	$0	$0	$0	$0

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
$0.00	$0.00	$0.00	$0.00	$0.00			$2,529,423	$2,528,838	$2,527,388	$2,527,188	$2,527,588	$1,263,694	$1,263,694	
							$1,609,988	$1,609,988	$8,854,892	$16,099,988	$16,099,988	$804,999	$8,049,993	$383,333
										-$2,527,188	-$2,527,588	$0	$0	
$0.00	$0.00	$0.00	$0.00	$0.00	(First 3 Years Capitalized Int.)		$0			$5,784,825	$5,784,825	$0	$0	
$3,102,363.76	$3,103,501.26	$3,095,338.76	$3,099,118.76	$3,104,834.00			$7,548,827.38	$7,544,770.39	$14,785,468.39	$25,287,043.64	$25,288,292.74	$3,770,707.19	$11,016,701.19	
$15,928,785.34	$16,908,973.11	$19,551,433.67	$20,893,884.09	$20,524,301.00			$33,795,518.47	$38,611,770.38	$37,755,005.74	$40,706,868.44	$41,188,837.84	$20,019,229.87	$17,735,775.87	
$5,900,750.38	$8,073,517.52	$8,603,696.21	$9,114,458.77	$7,500,301.00			$16,721,330.47	$16,935,978.38	$26,348,893.74	$40,706,568.44	$41,188,837.84	$8,810,917.87	$17,735,775.87	

APPENDIX B-5

GCDC-WWS PROJECTED RATES DURING KWA PHASE-IN

10,126,821	$ -	$ 10,126,821	$ 13,118,836	$ -	$ 13,118,836	$ 6,904,651	$ -	$ 6,904,651		$ -	$ -		$ -	$ -			
5,724,774	$ -	$ 5,724,774	$ 7,416,185	$ -	$ 7,416,185	$ 3,903,255	$ -	$ 3,903,255		$ -	$ -		$ -	$ -			
342,000	$ 342,000	$ -		$ -	$ -		$ -	$ -		$ -	$ -		$ -	$ -			
880,594	$ 792,535	$ 88,059	$ 1,140,771	$ 1,026,694	$ 114,077	$ 600,406	$ 540,365	$ 60,041	$ 150,389	$ 135,350	$ 15,039	$ 315,352	$ 283,817	$ 31,535			
3,015,478	$ 1,507,739	$ 1,507,739	$ 3,138,097	$ 1,568,049	$ 1,568,048	$ 1,630,770	$ 815,385	$ 815,385	$ 1,630,770	$ 815,385	$ 815,385	$ 3,392,003	$ 1,696,002	$ 1,696,002			
3,407,416	$ -	$ 3,407,416	$ 3,407,944	$ -	$ 3,407,944	$ 1,702,014	$ -	$ 1,702,014	$ 1,702,014	$ -	$ 1,702,014	$ 3,402,233	$ -	$ 3,402,233			
1,962,890	$ -	$ 1,962,890	$ 1,803,580	$ -	$ 1,803,580	$ 951,580	$ -	$ 951,580	$ 951,580	$ -	$ 951,580	$ 3,398,841	$ -	$ 3,398,841			
3,409,858	$ -	$ 3,409,858	$ 3,004,162	$ -	$ 3,004,162	$ 1,543,843	$ -	$ 1,543,843	$ 1,543,843	$ -	$ 1,543,843	$ 3,174,894	$ -	$ 3,174,894			
3,315,700	$ 3,315,700	$ -	$ 3,874,206	$ 3,874,206	$ -	$ 1,977,712	$ 1,977,712	$ -	$ 1,977,712	$ 1,977,712	$ -	$ 4,040,224	$ 4,040,224	$ -			
	$ -	$ -		$ -	$ -		$ -	$ -	$ 580,031	$ -	$ 580,031	$ 1,256,450	$ -	$ 1,256,450			
	$ -	$ -		$ -	$ -		$ -	$ -	$ 1,149,443	$ -	$ 1,149,443	$ 2,388,948	$ -	$ 2,388,948			
1,609,988	$ -	$ 1,609,988	$ 1,609,988	$ -	$ 1,609,988	$ 804,999	$ -	$ 804,999	$ 8,049,993	$ -	$ 8,049,993	$ 16,099,986	$ -	$ 16,099,988			
	$ -	$ -		$ -	$ -		$ -	$ -		$ -	$ -	($2,527,188)	$0	($2,527,188)			
	$ -	$ -		$ -	$ -		$ -	$ -		$ -	$ -	$ 5,784,825	$ -	$ 5,784,825			
33,795,519	$ 5,957,974	$ 27,837,545	$ 36,611,769	$ 6,468,948	$ 32,142,820	$ 20,019,230	$ 3,333,462	$ 16,685,767	$ 17,736,776	$ 2,928,447	$ 14,807,328	$ 40,706,588	$ 6,020,042	$ 34,686,526			
($575,000)	$0	($575,000)	($575,000)	$0	($575,000)	($287,500)	$0	($287,500)	($287,500)	$0	($287,500)	($575,000)	$0	($575,000)			
($378,000)	($185,220)	($192,780)	($378,000)	($185,220)	($192,780)	($189,000)	($92,610)	($96,390)	($189,000)	($92,610)	($96,390)	($378,000)	($185,220)	($192,780)			
32,842,519	5,772,754	27,069,765	37,658,769	6,283,728	31,375,040	19,542,730	3,240,852	16,301,877	17,259,276	2,835,837	14,423,438	39,753,588	5,834,822	33,918,765			
	361,267			361,267			180,634			180,634			361,267				
		5,855,610			5,855,610			2,927,805			2,927,805			5,855,610			
	$ 15.98			$ 17.39			$ 17.94			$ 15.70			$ 16.15				
		$ 4.62			$ 5.38			$ 5.57			$ 4.93			$ 5.79			
	$ 15.98			$ 17.39			$ 17.94			$ 15.70			$ 16.15				
		$ 46.23			$ 53.58			$ 55.68			$ 49.26			$ 57.93			
	$ 62.21			$ 70.97			$ 73.62			$ 64.96			$ 74.08				

Jan 1, 2014, starting April 1, 2014 and adding an additional 25% to current charges starting April 1, 2015.

APPENDIX B-6

GENESEE COUNTY WATER SUPPLY RATES

Appendix B-6 Genesee Water Supply Minimum Charge Rates			
Meter Size (in)	09/02/2012 - 09/01/2013 Charge	09/02/2013 Charge	01/02/2014 Charge
Individual Meters			
5/8	$13.38	$14.59	$14.59
3/4	20.07	21.89	21.89
1	33.45	36.48	36.48
1-1/2	66.90	72.95	72.95
2	107.04	116.72	116.72
3	200.70	218.85	218.85
4	334.50	364.75	364.75
6	669.00	729.50	729 50
8	1,070.40	1,167.20	1,167.20
10	1,605.60	1,750.80	1,750.80
12	2,876.70	3,136.85	3,136.85
Indirect Rates			
5/8	$13.38	$13.53	$13.53
3/4	20.07	20.30	20.30
1	33.45	33.83	33.83
1-1/2	66.90	67.65	67.65
2	107.04	108.24	108.24
3	200.70	202.95	202.95
4	334.50	338.25	338.25
6	669.00	676.50	676 50
8	1,070.40	1,082.40	1,082.40
Equivalent Meters	09/02/2012 - 09/01/2013 Charge/EM	09/02/2013 Charge/EM	01/02/2014 Charge/EM
25	$3,295.75	$2,241.75	$2,241.75
50	6,591.50	4,483.50	4,483 50
80	10,546.40	7,173 60	7,173.60
120	15,819.60	10,760.40	10,760.40
165	21,751.95	14,795.55	14,795.55
215	28,343.45	19,279.05	19,279.05
320	42,185.60	28,694.40	28,694 40

Rate Per 100 cubic feet of consumption	
09/02/09 - 09/01/10	$2.54
09/02/10 - 09/01/11	$2.76
09/02/11- 09/01/12	$2.96
09/02/12 – 09/01/13	$3.18
09/02/13- 01/01/14	$3 53
01/02/14	$3.94

Source: Preliminary Official Statement-Draft 11-13-13. Genesee County Water Supply System Revenue Refunding Bonds, Series 2013 – Karl Kramer to Steve Wordelman, 11-21-13.

APPENDIX B-7

2011 SANITARY SURVEY

RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING

DAN WYANT
DIRECTOR

September 7, 2011

Mr. John O'Brien, Director
Genesee County Drain Commissioner
G-4610 Beecher Road
Flint, Michigan 48532

WSSN: 2615

Dear Mr. O'Brien:

SUBJECT: 2011 Sanitary Survey
Genesee County Water System

Enclosed is a copy of the sanitary survey completed by this department covering the Genesee County water system. This report is being submitted for your review and comment.

Your attention should be directed to pages 27 through 33, which details our observations, conclusions, and recommendations. Also, pages 33 and 34 provide a brief summary of the individual items that need to be addressed and gives the pages in the report where those items are discussed.

The items vary in priority and are listed without ranking. In general, improvement continues to be taken towards water system preventative maintenance. The need for an adequate supply of water for domestic use and fire protection will continue to increase as long as residential, commercial, and industrial growth continues in Genesee County.

Item #1 discusses the need to establish adequate stand-by water service for Genesee County.

Items #2, 3, and 6 discuss preventative maintenance and operational issues. This includes the need to continue establishing a prioritized valve turning program. Next, any remaining outdated meters should be changed out and the upgrade to a radio-read system should continue to be promoted among your retail customers. Finally, the Clio Road elevated tank should be scheduled for repainting.

Item #4 discusses the need to continue upgrading areas of WWS's water system that are in poor condition.

Item #5 discusses the need to conduct a new water system study and master plan by 2015.

Item #7 discusses the need to operate the stand-by chlorination equipment at the Henderson Road and Center Road pump stations on an occasional basis.

We wish to thank your staff for their time, and for the assistance given, during the survey and preparation of the report. As always, we are available to meet with you to discuss the report in more detail.

Sincerely,

Michael Prysby

Michael F. Prysby, P.E., District Engineer
Lansing District Office
Resource Management Division
517-335-6122

Enclosure

cc: Mr. Dave Jansen
Mr. Tim Davidek

GENESEE COUNTY DRAIN COMMISSIONER

DISTRIBUTION SYSTEM SANITARY SURVEY

GENESEE COUNTY DRAIN COMMISSIONER DISTRIBUTION SYSTEM SANITARY SURVEY

Report By:

Michigan Department of Environmental Quality

Michael F. Prysby, P.E., District Engineer

September 6, 2011

Acknowledgments

The Michigan Department of Environmental Quality wishes to thank those involved in putting this survey together. A special thank-you goes to the Genesee County Drain Commissioner, especially the Division of Waste & Water employees Tim Davidek, Matt Raysin, Mark Horgan, Dave Jansen, and John O'Brien for their time and patience in compiling the requested data.

Check No. 10007 Karegnondi Water Authority

01/14/2014 Application for State Treasurer's Approval to Issue Long-Term Securities - Series 2014 A

16

DOCUMENT IS PRINTED ON CHEMICALLY REACTIVE PAPER - THE BACK OF THIS DOCUMENT INCLUDES A TAMPER EVIDENT CHEMICAL WASH WARNING BOX

010007

KAREGNONDI WATER AUTHORITY
G-4610 BEECHER ROAD
FLINT, MI 48532

FIRSTMERIT BANK, N.A.
56-55/412

Check Date
01/14/2014

Amount
$2,000.00

PAY Two Thousand and no/100 Dollars

TO State of Michigan
THE Department of Treasury
ORDER P.O. Box 30728
OF Lansing, MI 48909-8228

Karl Kramer

ORIGINAL DOCUMENT HAS RED REFRIGERANT PEN THAT DISAPPEARS WHEN HEATED

HEAT SENSITIVE COLOR FADES WITH HEAT

⑈010007⑈ ⑆072000555⑆ 6500500284⑈

Koryzno, Edward (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, January 07, 2014 2:11 PM
To: Baird, Richard (GOV); BymeR1@michigan.gov; Deasy, Thomas (MSP); Etue, Kriste (MSP); Kapp, Gene (MSP); Lee, Nichole (MSP); Muchmore, Dennis (GOV); Roberts, John (GOV); Sands, Thomas (MSP); Sipes, Stephen (MSP); West, Samantha (GOV); Dempkowski, Angela (Treasury); Larkin, Brian (GOV); Darnell Earley; Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Weekly Conference Call Agenda
Attachments: Weekly Phone Conference Agenda - January 8, 2014.doc

Good afternoon,

Attached is the agenda for the Wednesday, January 8, 9:00 am conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Weekly 9:00 am Phone Conference Agenda

1) Michigan State Police – checklist, comments, concerns
2) Chief Tolbert's Update – Stats, initiatives, other
3) Fire Department Issues (if any)
4) Rich Baird – Gov. Office comments
5) B. Clement – comments, questions
6) Retiree Law Suit Status
7) Budget Update: FY13 – Audit, FY14 – current status, FY15 - plan

   Model Labor Contracts – status
8) KWA, Water Plant Preparation, Water/Sewer Rate Study
9) City Ordinance Review
10) Deficit Elimination Plan – Treasury
11) Master Plan Implementation Activity - Zoning Ordinance Revision
12) Status Report on the Flint City Council
13) Governance Revision
14) 9-1-1 Reconsolidation Plan
15) BS&A Upgrade
16) Strong Cities, Strong Community Update
17) 45 Day Financial and Operating Plan – submitted 11/21/13
18) MEDC – Transportation Economic Development Fund - Application/Waiver
19) Other

Created on 01/7/14

Pleyte, Beth (Treasury)

From:	Maxine Murray <mmurray@cityofflint.com>
Sent:	Tuesday, January 14, 2014 3:46 PM
To:	Baird, Richard (GOV); BymeR1@michigan.gov; Deasy, Thomas (MSP); Etue, Kriste (MSP); Kapp, Gene (MSP); Lee, Nichole (MSP); Muchmore, Dennis (GOV); Roberts, John (GOV); Sands, Thomas (MSP); Sipes, Stephen (MSP); West, Samantha (GOV); Dempkowski, Angela (Treasury); Larkin, Brian (GOV); Darnell Earley; Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject:	Weekly Flint Conference Call Agenda
Attachments:	Weekly Phone Conference Agenda 01152014.doc

Good afternoon,

Attached is the agenda for the Wednesday, January 15th conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Weekly 9:00 am Phone Conference Agenda

1) Michigan State Police – checklist, comments, concerns

2) Chief Tolbert's Update – Stats, initiatives, other

3) Fire Department Issues (if any)

4) Rich Baird – Gov. Office comments

5) B. Clement – comments, questions

~~6) Retiree Law Suit Status – off line follow-up~~

7) Budget Update: FY13 – Audit, FY14 – current status, FY15 - plan

Model Labor Contracts – status

8) KWA, Water Plant Preparation, Water/Sewer Rate Study

9) City Ordinance Review

10) Deficit Elimination Plan – Treasury

11) Master Plan Implementation Activity - Zoning Ordinance Revision

12) Status Report on the Flint City Council

13) Governance Revision

14) 9-1-1 Reconsolidation Plan

15) BS&A Upgrade

16) Strong Cities, Strong Community Update

17) 45 Day Financial and Operating Plan – submitted 11/21/13

18) MEDC – Transportation Economic Development Fund - Application/Waiver

19) Other

Created on 01/14/14

Pleyte, Beth (Treasury)

Subject:	WR/VB (via phone/Director Wyant/Tom Saxton/Others RE: DWSD
Location:	Romney Building - Central Conference Room - 3rd FL (Lunch will be provided)
Start:	Fri 1/17/2014 12:00 PM
End:	Fri 1/17/2014 1:00 PM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	Rustem, William (GOV)
Required Attendees:	Wyant, Dan (DEQ); Saxton, Thomas (Treasury); Sygo, Jim (DEQ); Thelen, Mary Beth (DEQ); Pleyte, Beth (Treasury); Hall, Jean (GOV)

Call Valerie on her cell 517-[redacted]

Koryzno, Edward (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, January 21, 2014 9:46 AM
To: Baird, Richard (GOV); BymeR1@michigan.gov; Deasy, Thomas (MSP); Etue, Kriste (MSP); Kapp, Gene (MSP); Lee, Nichole (MSP); Muchmore, Dennis (GOV); Roberts, John (GOV); Sands, Thomas (MSP); Sipes, Stephen (MSP); West, Samantha (GOV); Dempkowski, Angela (Treasury); Larkin, Brian (GOV); Darnell Earley; Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Conference Call Agenda for Wednesday, January 22, 2014
Attachments: Weekly Phone Conference Agenda for January 22, 2014.doc

Good morning,

Please find attached the agenda for the weekly conference call scheduled for Wednesday, January 22nd.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Weekly 9:00 am Phone Conference Agenda

1) Michigan State Police – checklist, comments, concerns

2) Chief Tolbert's Update – Stats, initiatives, other

3) Fire Department Issues (if any)

4) Rich Baird – Gov. Office comments

5) B. Clement – comments, questions

~~6) Retiree Law Suit Status – off-line follow-up~~

7) Budget Update: FY13 – Audit, FY14 – current status, FY15 - plan

Model Labor Contracts – status

8) KWA, Water Plant Preparation, Water/Sewer Rate Study

9) City Ordinance Review

10) Deficit Elimination Plan – Treasury

11) Master Plan Implementation Activity - Zoning Ordinance Revision

12) Status Report on the Flint City Council

13) Governance Revision – Blue Ribbon Cmte.

14) 9-1-1 Reconsolidation Plan – Tower Project

15) BS&A Upgrade

16) Strong Cities, Strong Community Update

17) Financial and Operating Plan – submitted 11/21/13, Qrtly Report – submitted 1/15/14

18) MEDC – Transportation Economic Development Fund - Application/Waiver

19) Other

Created on 01/21/14

Pleyte, Beth (Treasury)

Subject: DWSD / Sue Mc
Location: Cad Place

Start: Wed 1/22/2014 2:00 PM
End: Wed 1/22/2014 3:00 PM

Recurrence: (none)

Organizer: Saxton, Thomas (Treasury)

City of Flint Weekly 9:00 am Phone Conference Agenda

1) Michigan State Police – checklist, comments, concerns

2) Chief Tolbert's Update – Stats, initiatives, other
   Governor's Request to Flint/Gen Cnty. on Public Safety ask

3) Rich Baird – Gov. Office comments

4) B. Clement – comments, questions

5) Retiree Law Suit Status – off-line follow-up

6) Budget Update: FY14 – current status, FY15 - plan

7) Model Labor Contracts – status

8) KWA, Water Plant Preparation, Water/Sewer Rate Study

9) City Ordinance Review

10) Deficit Elimination Plan – Treasury

11) Master Plan Implementation Activity - Zoning Ordinance Revision, Public Safety, CDBG

12) Status Report on the Flint City Council

13) Governance Revision – Blue Ribbon Cmte.

14) 9-1-1 Reconsolidation Plan – Tower Project

15) Strong Cities, Strong Community Update

16) Financial and Operating Plan – submitted 11/21/13, Qrtly Report – submitted 1/15/14

17) MEDC – Transportation Economic Development Fund - Application/Waiver

18) Other – MDOT unfunded mandated projects

Created on 01/28/14
1-[redacted], access code [redacted]

Present Value Analysis of 72-inch Water Transmission Main for City of Flint

Final Report – January 28, 2014

Lockwood, Andrews & Newnam, Inc.

Project # 130-10701-001

Lockwood, Andrews & Newnam, Inc.
A LEO A DALY COMPANY

PLANNING ENGINEERING PROGRAM MANAGEMENT

Introduction

Lockwood, Andrews, & Newnam, Inc. (LAN) was retained by the City of Flint (City) to perform a pipeline value assessment of the existing 72-inch water transmission main from the Detroit pipeline connection at the intersection of Baxter and Potter Roads to the Flint Water Treatment Plant (FWTP). The 72-inch transmission main was constructed from 1966 to 1968 to supply the FWTP with water from the Detroit Water and Sewerage Department (DWSD). With the original 30 year contract with DWSD expired, the City of Flint plans to establish a new contract with the Karegnondi Water Authority (KWA) beginning in 2015, which would require the KWA to provide raw water to the FWTP.

In order to provide raw water to the FWTP, the KWA will connect a 36-inch transmission main to the existing City-owned 72-inch water main near the northeast corner of Center and Pierson Roads. The Genesee County Drain Commissioner's Office-Division of Water & Waste is interested in purchasing the east portion of the 72-inch transmission main from this connection to the DWSD connection at Baxter and Potter Roads which is being defined in this analysis as Segment 1, while KWA has requested the use of the 72-inch pipeline west of this connection point to the FWTP which is being classified as Segment 2. Our analysis of these two segments is intended to help the City establish an equitable monetary value of both sections. A schematic of the limits of the pipeline and segments 1& 2 is shown in Attachment A.

Analyses

In order to value the segments of the 72-inch transmission main requested, quantities were derived from original construction drawings. Using the as-built cost established from the quantity take off, two (2) analyses were performed on the water main based on different valuation methods. Original Cost Less Depreciation (OCLD) and Reproduction Cost New Less Depreciation (RCNLD) methods were used in conjunction with the sinking fund depreciation technique to develop a credible current value assessment of the pipeline.

Quantity Take-Off

Using the Consoer, Townsend & Associates construction drawings dated 1966 (Attachment B) and the payment document dated January 1969 (Attachment C), a quantity take-off analysis was performed to determine the original construction cost of the section of 72-inch water main as described above. Line items originally listed as "linear feet" or "each" were summed to determine the value within the evaluation limits. Lump sum line items with information available, such as "gate valves complete in place" and "rubber seated butterfly valves," were counted and the ratio of the items within the limits to the whole project was applied to the lump sum price. For any unit with no quantifiable documentation, such as "sand and gravel refill" and "sand and gravel backfill," the ratio of the 72-inch pipeline within the evaluation limits to the whole project was applied to the total cost for the unknown line item. Line items determined to be outside the limits of the valuation were listed with a zero percent ratio.

OCLD Analysis

The Original Cost Less Depreciation valuation method uses the original cost of the project when constructed minus the depreciated value to determine the current value. The initial asset value was determined using the information established from the quantity take-off analysis and the original cost information found in the payment document dated January 1969.

RCNLD Analysis

Reproduction Cost New Less Depreciation is a valuation method that translates initial project costs to present day cost of construction. A new present day construction cost is calculated based on the original construction, followed by a depreciation method used to calculate the current book

value of the asset. The Engineering News-Record (ENR) Construction Index and the Handy-Whitman Cost Index for Concrete Cylinder Mains were possible references to determine the ratio used in calculating the present day cost. For this evaluation, the ENR index was selected to calculate the RCNLD initial asset value. A ratio of the current ENR index from September 2013 (9551.58) to the bid date ENR index from May 1966 (1014) was multiplied by the OCLD asset value to get the RCNLD initial asset value.

Sinking Fund Depreciation

The sinking fund depreciation method is commonly used within the utility industry. This method of depreciation accurately reflects the service life of a utility line, having a low initial depreciation upon installation due to low maintenance during the early years of a utility. As the service life of a utility progresses and maintenance becomes more frequent and comprehensive, the depreciation of the asset increases over time.

Due to the fact that a transmission pipeline must be functional and meet all necessary standards of service until the day it is taken out of service, an intrinsic value will always remain; therefore, a salvage value must be determined prior to the depreciation calculation. Similarly, the useful life of the asset must be pre-determined. The industry standard for the useful life of a pipeline ranges from 50 to 100 years. Typically, lower useful life values are used for distribution mains, whereas higher values are used for transmission systems. For transmission mains similar to the 72-inch being analyzed, a useful life of 75 to 90 years is common. We have selected a useful life of 80 years for this analysis.

In addition to the salvage value and useful life, sinking fund depreciation requires a sinking fund rate, which was selected as 4.50% and 0.75% for OCLD and RCNLD respectively, reflecting the federal discount rate during the construction time analyzed. Due to the sinking fund rate, the annual depreciation varies depending on the year and can be calculated using Eq. 1 and Eq. 2 below.

Eq. 1
$$D_t = \frac{(A-S)*(1+J)^{(t-1)}}{S_{n|J}}$$

Eq. 2
$$S_{n|J} = \frac{(1+J)^n-1}{J}$$

where:

t	=	Evaluation time (years)
D_t	=	Depreciation at year t
A	=	Initial asset value
S	=	Salvage value of asset
J	=	Sinking fund rate

The sum of the annual depreciation values until the evaluation year is subtracted from the initial value to calculate the current book value of the asset value.

Results

Segment 1

RCNLD and OCLD analyses were performed using a sinking fund depreciation of the 72-inch pipeline and appurtenances from the DWSD connection at Baxter and Potter Roads, west to the

proposed 36-inch KWA connection at Center and Pierson Roads. Due to the size of the project and the portion involved in this segment (similar size piping and valves only) the RCNLD value of $27,400,000 was determined to be unrepresentative of the actual asset value. Utilizing the OCLD values listed below, a book value of $3,988,000 was calculated for this portion of the pipeline.

Table 1 – Segment 1 OCLD Analysis

ORIGINAL COST LESS DEPRECIATION SINKING FUND DEPRECIATION ANALYSIS	
INPUTS	
Initial Cost	$ 4,735,900
Useful Life (years)	80
Salvage Value at End of Life*	$ 1,184,000
Sinking Fund Rate	4.50%
Evaluation Year	47
OUTPUTS	
$S_{n\|i}$	729.56
Total Depreciation at Year 47	$ 748,200
Book Value	$ 3,987,700

*25% Salvage value

Segment 2

RCNLD and OCLD analyses were performed using a sinking fund depreciation of the 72-inch pipeline and appurtenances beginning at the KWA tie-in at Center and Pierson Roads, west to the property line of the FWTP. Utilizing the RCNLD values listed below, a book value of $5,269,600 was calculated for this portion of the pipeline using the following evaluation criteria:

Table 2 – Segment 2 RCNLD Analysis

REAL COST NEW LESS DEPRECIATION SINKING FUND DEPRECIATION ANALYSIS	
INPUTS	
Initial Cost	$ 8,953,900
Useful Life (years)	80
Salvage Value at End of Life*	$ 1,790,800
Sinking Fund Rate	4.50%
Evaluation Year	47
OUTPUTS	
$S_{n\|i}$	109.07
Total Depreciation at Year 47	$ 3,684,300
Book Value	$ 5,269,600

*20% Salvage value

Utilizing the OCLD values listed below, a book value of $790,400 was calculated for this portion of the pipeline using the following evaluation criteria:

Table 3 – Segment 2 OCLD Analysis

ORIGINAL COST LESS DEPRECIATION - SINKING FUND DEPRECIATION ANALYSIS	
INPUTS	
Initial Cost	$ 950,600
Useful Life (years)	80
Salvage Value at End of Life*	$ 190,100
Sinking Fund Rate	4.50%
Evaluation Year	47
OUTPUTS	
$S_{n|j}$	729.56
Total Depreciation at Year 47	$ 160,200
Book Value	**$ 790,400**

*20% Salvage value

The asset value of segment 2 was determined using the average of the OCLD and RCNLD analyses. A current book value of $3,030,000 was calculated.

Summary

OCLD and RCNLD analyses are an effective method of calculating the depreciation of an installed utility, as well as the opportunity cost to the buyer of purchasing an installed utility. After performing these analyses using the sinking fund method of depreciation, current book values of the segments were determined. The portion of the 72-inch transmission main from the DWSD connection at Baxter and Potter Roads, west to the proposed 36-inch KWA connection at Center and Pierson Road, **Segment 1, has a current book value of $3,987,700.** The portion of the 72-inch transmission main beginning at the KWA tie-in at Center and Pierson Roads, west to the property line of the FWTP, **Segment 2, has a current book value of $3,030,000.**

DEPARTMENT OF LAW

MEMORANDUM

TO: Wayne Workman
Randall Byrne
Fred Headen

CC: Darnell Earley

FROM: Peter M. Bade

RE: Alternative Proposal for Sale of Water Transmission Main

DATE: May 28, 2014

On May 12, 2014, Emergency Manager Darnell Earley presented to the Flint City Council a proposal for sale of a portion of the 72 inch water transmission main to the Genesee County Drain Commissioner.

A special meeting of the Flint City Council was held on Monday, May 19, 2014 to discuss the proposal. Pursuant to MCL 141.1559(2), Council adopted a resolution rejecting the proposal.

A second special meeting was scheduled on Wednesday, May 21, 2014 for the purpose of discussing an alternative proposal.

At the May 21st meeting, Council members acknowledged they did not have an alternative proposal. However, pursuant to a motion by Councilman Sheldon Neeley, a resolution was adopted recommending the water main sale price be increased to $4 million dollars, with equal payments over two years.

Pursuant to MCL 141.1559(2), Council had seven (7) days from the date of their rejection of the proposed action to submit to the local emergency financial assistant loan board an alternative proposal that would yield substantially the same financial result as the action proposed by the

Emergency Manager. Accordingly, the deadline for submission of Council's alternative proposal was Tuesday, May 27, 2014.

Council did not submit an alternative proposal to the local emergency financial assistant loan board.

S:\P. Bade\EM2014\Memos\Revised MM to DEarley re Water Transmission Main 5-28-14.docx

WATER TRANSMISSION MAIN

ACQUISITION AGREEMENT

BY AND BETWEEN

CITY OF FLINT

AND THE

GENESEE COUNTY DRAIN COMMISSIONER AS COUNTY AGENCY

DATED MAY 12, 2014

ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT ("Agreement") is made this 12 day of May, 2014 ("Execution Date"), and effective May 12, 2014 ("Effective Date"), by and between the City of Flint, a Michigan municipal corporation (hereinafter "Flint"), and the Genesee County Drain Commissioner, as County Agency, a public agency pursuant to the County Public Improvement Act of 1939, as amended (the "County Agency"). The Effective Date of this Agreement shall be contingent upon a condition antecedent that the Agreement has been reviewed by the City of Flint City Council and no alternative has been proposed and the State of Michigan Department of Treasury has approved this Agreement as required by Act 436 of the Michigan Public Acts of 2012, as amended, which is commonly referred to as the Local Financial Stability and Choice Act. If either the City of Flint City Council or the State of Michigan Department of Treasury fails to approve this Agreement prior to May 1, 2014, then the Agreement shall be effective immediately upon the City of Flint City Council failing to offer an alternative and the Michigan Department of Treasury approving this Agreement.

PREAMBLE

It is the intent of the Parties for Flint to sell to the County Agency the Water Main, subject only to the restrictions more fully set forth in this Agreement, for the mutual consideration set forth in this Agreement for the County Agency's unrestricted use.

RECITALS

A. Flint desires to sell the Water Main to the County Agency; and

B. The County Agency desires to purchase the Water Main from Flint; and

C. The Parties have determined that it is in their respective best interests for the County Agency to acquire, upon the terms and subject to the conditions set forth herein, the Water Main from Flint if the Karegnondi Water Authority constructs a new raw water pipeline from Worth Township, Michigan to Genesee County, which shall furnish raw water to the City of Flint; and

D. In furtherance thereof, it is proposed that the County Agency acquire the Water Main for the mutual consideration set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and representations set forth in this Agreement, the Parties agree as follows:

ARTICLE I
INTRODUCTORY PROVISIONS; DEFINITIONS

1.1. Adoption of Preamble and Recitals. All of the matters stated in the preamble and recitals of this Agreement are true and correct and are hereby incorporated into the body of this Agreement as through fully set forth in their entirety herein, provided that in cases of

conflict, provisions of this Agreement shall control over matters stated in the preamble and recitals.

1.2. Definitions. The following terms and expressions as used in this Agreement, unless the context clearly shows otherwise, shall have the following meanings:

a. "Closing" means the closing of the transactions contemplated by this Agreement.

b. "Closing Date" means the mutually acceptable date to be scheduled within thirty (30) days after execution of this Agreement or on a date as mutually acceptable to the Parties for the Closing to take place.

c. "County Agency" means the Genesee County Drain Commissioner, as County Agency, Genesee County, Michigan, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended.

d. "Emergency Manager" means an emergency manager or financial emergency manager as defined by law that is appointed by the Governor of the State of Michigan pursuant to law.

e. "Flint" means the City of Flint, Genesee County, Michigan.

f. "Party" or "Parties" means the Genesee County Drain Commissioner, as County Agency, individually, the City of Flint, individually, or the Genesee County Drain Commissioner, as County Agency and the City of Flint, collectively.

g. "Real Property Agreements" means all agreements that affect real property, including, but not limited to, licenses, leases, easements, or similar documents.

h. "Water Main" means the water transmission main as more fully described in **Exhibit A**, including, but not limited to, all appurtenances thereto including any meter pits connected thereto, along with the water contained therein and all drawings, files, laying schedules, records of repairs, maintenance files, repair parts, etc. Including by way of example, and not as a limitation, meter vaults, meters, pumps, air relief valves, sump pumps, electrical connections, communication devices and all other mechanical, electrical, or other equipment used to pump water through the Water Main or bring attention to an emergency situation.

ARTICLE II
THE PURCHASE AND SALE

2.1 Transfer to the County Agency. In accordance with the provisions of this Agreement, in consideration for the payment of the Purchase Price as set forth in Section 2.3 of this Agreement and other good and valuable consideration, and subject to the contingencies set forth in Article 8 and Article 9, Flint shall transfer and convey the Water Main to the County

Agency, effective either when Flint provides the County Agency thirty (30) days written notice of its intent to transfer the Water Main or at 12:01 a.m. local time on July 1, 2014, whichever event occurs first in time, including all rights as Flint may have pursuant and any and all Rights of Way and Easements, copies of which are attached hereto as Exhibit B, and other instruments of transfer to be delivered at the Closing, as set forth in Article III of this Agreement, in accordance with the provisions relating to the Closing.

2.2 Acquisition by the County Agency. The County Agency, in reliance upon the covenants and representations of Flint contained herein and the documents provided by Flint, hereby agrees to acquire the Water Main from Flint.

2.3 Purchase Price. As part of the consideration for the transfer and conveyance of the Water Main to the County Agency from Flint, the County Agency shall make a lump sum payment within thirty (30) days from the execution of this Agreement, in a sum equal to Three Million Nine Hundred Eighty-Seven Thousand Seven Hundred Dollars and Zero Cents ($3,987,700.00), inclusive of all interest, fees, charges, or other costs (the "Purchase Price").

ARTICLE III
CLOSING

3.1 Closing. The Closing will take place at the offices of Sargent's Title Company, 625 S. Grand Traverse, Flint, Genesee County, Michigan, on such date as shall be mutually acceptable to the Parties within thirty (30) days after the execution of this Agreement or on a date as mutually acceptable to the Parties.

3.2 Deliveries. At the Closing, the transactions listed below shall occur.

a. The County Agency shall deliver to Flint:

1. A certified letter from the Genesee County Drain Commissioner stating that he has the authority, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, to execute and deliver this Agreement and the transactions contemplated hereby; and

2. An opinion of legal counsel to the County Agency reasonably satisfactory to Flint, providing that the transactions contemplated by this Agreement do not violate the provisions of Act 342 of the Michigan Public Acts of 1939, as amended, or other applicable laws and such additional matters and in form and substance satisfactory to Flint and its counsel; and

3. A certified letter from the Genesee County Drain Commissioner as to the accuracy of its representations and warranties as of the date of this Agreement and as of the Closing and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing; and

b. Flint shall deliver to the County Agency:

1. A certified resolution of the City Council of the City of Flint or an Order of the Emergency Manager, if applicable, or both, authorizing the execution and delivery of this Agreement and the transactions contemplated hereby; and

2. An executed bill of sale for all of the Water Main that is tangible personal and real property executed by a representative of Flint authorized to sign the bill of sale or an Order of the Emergency Manager, if applicable, or both; and

3. An Assignment of Rights of Way and Easements, or such other appropriate document or instrument of transfer, as the case may require, and executed by a representative of Flint authorized to sign the bill of sale or an Order of the Emergency Manager, if applicable, or both; and

4. Such other documents and other instruments of transfer and conveyance as may reasonably be needed to complete the transactions contemplated hereby; and

5. A certified letter from the Mayor or Emergency Manager as to the accuracy of its representations and warranties as of the date of this Agreement and as of the Closing and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing; and

6. An opinion of legal counsel of Flint, reasonably satisfactory to the County Agency, providing that the transactions contemplated by this Agreement do not violate the City Charter of Flint, local ordinances or laws, and such additional matters and in form and substance satisfactory to the County Agency and its counsel and

3.3 Transfer of Operation. The County Agency took over maintenance and operation of the Water Main pursuant to the MOU between the parties dated April 29, 2014, and it is understood by the parties that the County Agency shall continue to operate and maintain the water main from this date forward.

3.4 Expenses. Flint and the County Agency shall each bear their own expenses incurred by them in connection with the transactions contemplated by this Agreement, including without limitation, consultants' fees, legal fees and accounting fees, whether or not such transaction is consummated.

3.5 Closing Costs. If there are any costs associated with the Closing, including costs to be paid to the title company, filings, recording costs, or other costs, fees, or expenses, the costs shall be paid by the County Agency.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF FLINT

Flint makes the following representatives and warranties to the County Agency:

4.1 Corporate Organization. Flint is a municipal corporation duly organized, validly existing and in good standing under the laws of the State of Michigan.

4.2 Authorization. Flint or the Emergency Manager has the requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and thereby. Assuming due and valid authorization, this Agreement will constitute a legal, valid and binding obligation of Flint, enforceable against Flint in accordance with its terms, except as the enforcement thereof may be limited by applicable principles of bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors and subject to general principles of equity.

4.3 Easements and Rights of Way.

a. Exhibit C identifies all of the real property occupied by the Water Main.

b. Upon reasonable title search and review provided by the County Agency to Flint of all of the real property occupied by the Water Main, Flint possesses all necessary, permanent, perpetual and transferable real property rights including easements, licenses or rights of way by prescription, necessity, implication or acquiescence necessary for the use, routine operation, and maintenance of the Water Main, except as disclosed on Exhibit D.

c. Flint has good and marketable title to the Water Main.

d. As of the Execution Date, there are no pending or threatened disputes or pending or threatened litigation with respect to any real property rights pertaining to the Water Main.

e. Flint agrees to provide access to the County Agency to any and all documents that are in Flint's possession regarding the Water Main. These documents include, but are not limited to, as built drawings, shop drawings, maintenance records, land records and easements, and any other document that relates to the

Water Main. The County Agency is free to take possession of the documents for the limited purpose of making any copies that are deemed necessary in the opinion of the County Agency. All original documents shall be returned by the County Agency to Flint in a timely manner.

4.4 WATER MAIN. THE WATER MAIN SHALL BE CONVEYED BY FLINT TO THE COUNTY AGENCY IN "AS IS", "WHERE IS" AND "WITH ALL FAULTS" PHYSICAL CONDITION, WITH NO ADDITIONAL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PHYSICAL CONDITION OF THE WATER MAIN THAT EXTEND BEYOND THE WARRANTIES EXPRESSLY STATED IN THIS AGREEMENT. EXCEPT FOR ANY EXPRESS WARRANTIES STATED IN THIS AGREEMENT, THE WATER MAIN SHALL BE CONVEYED WITH NO EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR USE.

4.5 Litigation. As of the Execution Date there is no action, suit or proceeding pending or threatened against or affecting Flint before any governmental entity in which there is a reasonable possibility of an adverse decision which could have a material adverse effect upon the ability of Flint to perform its obligations under this Agreement or which in any manner questions the validity of this Agreement.

4.6 Water Main Parts and Equipment. Flint agrees that it will provide to the County Agency any spare parts or equipment which, in the sole discretion of Flint, may only be used exclusively on the Water Main.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE COUNTY AGENCY

The County Agency makes the following representations and warranties to Flint and delivered to Flint on Execution Date, a copy of which is attached hereto:

5.1 Corporate Organization. The County Agency was established pursuant to Act 342 of the Michigan Public Acts of 1939, as amended. As County Agency, it is organized and validly existing under the laws of the State of Michigan and has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

5.2 Authorization. The County Agency has the requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and thereby. This Agreement will constitute a legal, valid and binding obligation of the County Agency, enforceable against the County Agency in accordance with its terms, except as the enforcement thereof may be limited by applicable principles of bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors and subject to general principles of equity.

5.3 No Conflict. The execution, delivery and performance by the County Agency of this Agreement, the compliance by the County Agency with any of the provisions hereof and thereof, and the consummation by the County Agency of the transactions contemplated hereby and thereby: (i) do not violate any Applicable Law; (ii) do not require the consent,

approval, clearance, waiver, order or authorization of any person, organization, or entity; and (iii) do not conflict with, or result in any breach of, or default or loss of any right under (or an event or circumstance that, with notice or the lapse of time, or both, would result in a default), or the creation of any encumbrance pursuant to, or cause or permit the acceleration prior to maturity of any amounts owing under any indenture, mortgage, deed of trust, lease or other agreement to which the County Agency is a party, which failure, violation, conflict or breach would, in the aggregate, materially hinder or impair the consummation of the transactions contemplated by this Agreement.

5.4 Litigation. As of the Execution Date, there is no action, suit or proceeding pending or threatened against or affecting the County Agency before any governmental entity in which there is a reasonable possibility of an adverse decision which could have a material adverse effect upon the ability of the County Agency to perform its obligations under this Agreement or which in any manner questions the validity of this Agreement.

5.5 Due Diligence and Inspection. The County Agency acknowledges that it is being afforded the opportunity to conduct due diligence and investigation with respect to the transaction contemplated by this Agreement. The County Agency represents and warrants that it has conducted any and all such legal, factual, and other examinations, inquiries, investigations, and inspections, including conducting any tests, studies and examinations, that it, in its sole discretion, has determined necessary to complete such due diligence inspection to determine that the subject matter of this Agreement is suitable for the County Agency's intended use.

5.6 Environmental Matters. The County Agency represents and warrants that it has conducted any and all such legal, factual, and other examinations, inquiries, investigations, and inspections, including conducting any tests, studies and examinations, that it, in its sole discretion, has determined necessary to complete such due diligence inspection to have full knowledge of the environmental condition of the subject matter of this Agreement. County Agency shall enter into this Agreement subject to any and all environmental conditions present upon the subject matter of this Agreement.

5.7 Emergency Water Supply. The County Agency warrants that it will provide, to the extent the Detroit Water and Sewerage Department has available capacity treated water through the water main that is the subject matter of this Agreement in an emergency situation to Flint until such time as the Karegnondi Water Authority Water Transmission Pipeline construction is completed (which is estimated to be completed by May 2017) and the Karegnondi Water Authority is providing raw water to its customers.

The emergency supply of treated water to the Flint by the County Agency during the construction of the Karegnondi Water Authority Water Transmission Pipeline shall be at the prevailing rate and any additional charges, fees, special charges, and penalties, as billed by the Detroit Water and Sewerage Department to the County Agency.

If Flint shall need an emergency water supply after the Karegnondi Water Authority Water Transmission Pipeline has been installed and is operational, the County Agency will provide, to the extent the County Agency has available capacity, treated water through the water main that is the subject matter of this Agreement in an emergency situation to Flint. The emergency supply of treated water to Flint by the County Agency after the Water

Transmission Pipeline has been installed and is operational, shall be at the prevailing rate and any additional charges, fees, special charges, and penalties, if applicable, as billed by the Detroit Water and Sewerage Department to the County Agency.

ARTICLE 6
COVENANTS OF FLINT

Flint covenants and agrees with the County Agency as follows:

6.1 Operation and Maintenance of the Water Main until Closing. Between the Execution Date of this Agreement and the Effective Date of this Agreement, Flint shall:

a. Operate the Water Main in the ordinary course of business; and

b. Maintain all books and records relating to the operation of the Water Main in the ordinary course of business; and

c. Fix any known breaks or leaks in the Water Main, except those set forth on **Exhibit F**; and

c. Promptly notify the County Agency of any emergency or other change in the normal course relating to the Water Main (or communications indicating that the same may be contemplated.

6.2 Litigation and Claims. Flint shall promptly inform the County Agency in writing of any Claims of which Flint is or becomes aware that are or might reasonably be expected to become the subject of litigation affecting the Water Main or the transactions contemplated by this Agreement.

6.3 Notice of Changes. Flint shall inform the County Agency in writing if it becomes aware that any representation or warranty made by Flint in this Agreement has ceased to be accurate or if Flint becomes aware of the occurrence of any breach of any covenant or other agreement required by this Agreement to be performed or complied with by Flint.

ARTICLE 7
COVENANTS OF THE COUNTY AGENCY

The County Agency hereby covenants and agrees with Flint as follows:

7.1 Cooperation. Subject to the terms and conditions of this Agreement, the County Agency shall cooperate with Flint to use its best efforts to secure all necessary consents, approvals, authorizations, exemptions and waivers from all persons and entities as shall be requested by Flint or required to be obtained in order to consummate the transactions contemplated hereby.

7.2 Litigation and Claims. The County Agency shall promptly inform Flint in writing of any claims (or communications indicating that the same may be contemplated) of which the County Agency is or becomes aware that are or might reasonably be expected

to become the subject of litigation affecting the Water Main or the transactions contemplated by this Agreement.

7.3 Notice of Changes. The County Agency shall inform Flint in writing if it becomes aware that any representation or warranty made by the County Agency in this Agreement has ceased to be accurate or if the County Agency becomes aware of the occurrence of any breach of any covenant or other agreement required by this Agreement to be performed or complied with by the County Agency.

ARTICLE 8
CONDITIONS AND OBLIGATIONS OF FLINT

The obligations of Flint to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction (or waiver by Flint) on or prior to the Closing of all of the following conditions:

8.1 Accuracy of Representations and Warranties. Except as otherwise noted in this Agreement, the representations and warranties of Flint set forth in this Agreement shall be true and correct in all material respects as of the date when made and as of the Closing.

8.2 Performance of Covenants and Agreements. Flint shall have duly performed and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing. None of the events or conditions entitling the County Agency to terminate this Agreement under Article 10 hereof shall have occurred and be continuing.

8.3 Consents. Any consent required for the consummation of this purchase and sale under any agreement, contract, law, license or other instrument described in any exhibit hereto or referred to herein, or for the continued enjoyment by the County Agency of any benefits of such agreement, contract, license or other instrument after the Closing, which consent Flint is specifically obligated to obtain pursuant to this Agreement shall have been obtained and be effective as set forth in this Agreement.

8.4 Governmental Approvals. All requisite regulatory approvals, if any, shall have been obtained or made and shall be in full force and effect. There shall be no injunction, restraining order or decree of any nature that restrains or prohibits the transactions contemplated by this Agreement.

8.5 No Proceedings. Since the Execution Date of this Agreement, there shall not have been commenced or threatened against Flint, including any proceeding (a) involving any challenge to, or seeking damages or other relief in connection with, the transactions contemplated by this Agreement, or (b) that may have the effect of preventing, delaying, making illegal, imposing limitations or conditions on or otherwise interfering with any of the transactions contemplated by this Agreement.

8.6 Documents. Flint shall have received from the County Agency all of the documents identified in Sections 3.2.a.1, 3.2.a.2, and 3.2.a.3 of this Agreement.

ARTICLE 9
CONDITIONS AND OBLIGATIONS OF THE COUNTY AGENCY

The obligations of the County Agency to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction (or waiver by the County Agency) on or prior to the Closing of all of the following conditions:

9.1 Accuracy of Representations and Warranties. Except as set forth in the Exhibits, the representations and warranties of the County Agency set forth in this Agreement shall be true and correct in all material respects as of the date when made and at and as of the Closing.

9.2 Performance of Covenants and Agreements. The County Agency shall have duly performed and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing. None of the events or conditions entitling the County Agency to terminate this Agreement under Article 10 hereof shall have occurred and be continuing.

9.3 Consents. Any consent required for the consummation of the transactions contemplated by this Agreement under any agreement, contract, license or other instrument described in any schedule or exhibit hereto or referred to herein, which consent the County Agency is specifically obligated to obtain pursuant to this Agreement shall have been obtained and shall be effective as set forth in this Agreement.

9.4 Governmental Approvals. All requisite regulatory approvals shall have been obtained or made and shall be in full force and effect. There shall be no injunction, restraining order or decree of any nature that restrains or prohibits the transactions contemplated by this Agreement.

9.5 No Proceedings. Since the Execution Date of this Agreement, there shall not have been commenced or threatened against the County Agency any proceeding (a) involving any challenge to, or seeking damages or other relief in connection with, the transactions contemplated by this Agreement, or (b) that may have the effect of preventing, delaying, making illegal, imposing limitations or conditions on or otherwise interfering with any of the transactions contemplated by this Agreement.

9.6 Documents. The County Agency shall have received the documents identified in all of the Sections of this Agreement to be provided by Flint.

ARTICLE 10
TERMINATION PRIOR TO CLOSING

10.1 Termination.

a. This Agreement may be terminated at any time prior to the Closing:

1. By the mutual written consent of Flint and the County Agency;

2. By Flint in writing if the County Agency fails to perform any condition, obligation of any provision of this Agreement and fails to correct the non-performance within five (5) days (or other period of time as mutually agreed to by the Parties) of being notified by Flint;

3. By the County Agency in writing if Flint fails to perform any condition, obligation of any provision of this Agreement and fails to correct the non-performance within five (5) days (or other period of time as mutually agreed to by the Parties) of being notified by the County Agency;

4. By Flint if the transaction is not approved by all its governing body, the emergency manager, or the Treasurer of the State of Michigan, if such approval is required;

5. By either Party, if the other Party fails to timely satisfy those conditions set forth in Article 8 or Article 9, as appropriate.

b. This Agreement may be terminated by the County Agency in writing on or before May 1, 2014, if it shall not have been satisfied in its sole discretion with the results of the County Agency's continuing due diligence investigations of the Water Main, including, without limitation, with respect to all operational, financial, environmental, legal and accounting matters.

c. This Agreement may be terminated by either party upon written notice if the Karegnondi Water Authority fails to construct the proposed Water Main from Worth Township to Genesee County.

d. This Agreement may be terminated by either party upon written notice if the cost of construction of the Water Main from Worth Township to Genesee County by the Karegnondi Water Authority exceeds the limitations set forth in the Financing Agreement between the Karegnondi Water Authority, Flint, and the County Agency. A unit is defined as one million gallon per day, U.S. Liquid Measure.

e. In the event of any termination pursuant to this Article 10, any amounts paid by the County Agency to Flint or from Flint to the County Agency shall be refunded within thirty (30) days. In the event that either party to this Agreement fails to refund any amounts paid within thirty (30) days, the amount due and owing shall

accumulate interest at the rate of 1.5% per month, until such time as the debt is paid.

10.2 Effect on Obligations. Termination of this Agreement pursuant to this Article 10 shall terminate all obligations of the Parties hereto; provided, however, that termination pursuant to Sections 10.a.2 or 10.a.3 hereof shall not relieve any defaulting party from any liability to the other party hereto resulting from such failure to perform. Notwithstanding the foregoing, any and all existing agreements (other than this Agreement) between Flint and the County Agency which are related to the Water Main shall remain in full force and effect following any termination of this Agreement unless and until such existing agreements are otherwise terminated pursuant to the terms thereof.

ARTICLE 11
TERMINATION AFTER CLOSING BY COUNTY AGENCY

This Agreement may be terminated at the sole discretion of the County Agency after Closing, if Flint fails to provide the County Agency with an easement, license, or similar document for the portion of the Water Main that is located on private property as identified in **Exhibit D**, prior to Friday, June 30, 2015, unless Flint has filed an action in a court of competent jurisdiction to condemn the property or a portion of the property necessary to ensure that the County Agency has aceess to the Water Main under the private property to replace, repair, maintain, or perform any other action commonly associated with the ownership of a water main.

In the event of a termination by the County Agency pursuant to this ARTICLE 11, the County Agency shall be entitled to a complete refund or repayment of any amounts paid to Flint pursuant to ARTICLE 2, Section 2.4 of this Agreement. If this Agreement is terminated by the County Agency for any reason set forth herein, then Flint shall immediate become responsible for the operation, maintenance and administration of the Water Main beginning at 12:01 a.m. (local time) the next business day after the notice of termination is received by Flint.

After the County Agency receives all amounts to be refunded or repaid by Flint as set forth in the preceding paragraph, the County Agency shall execute any and all documents necessary to return title to the Water Main to Flint. Additionally, the County Agency shall assign or transfer any property easements and execute any other documents necessary to fully transfer the Water Main back to Flint as if this Agreement did not exist. Flint shall be responsible for all costs of recording the documents and any closing costs in the event of a termination pursuant to this ARTICLE 11 by the County Agency.

ARTICLE 12
REMEDIES FOR BREACHES OF THIS AGREEMENT

12.1 Survival of Representations and Warranties. All of the representations, warranties and covenants of the County Agency and Flint contained in this Agreement and the Exhibits

hereto shall survive the Closing and continue in full force and effect forever thereafter (subject only to any applicable statutes of limitations applicable to their breach).

12.2 Remedies Generally. It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies existing at law or in equity may be availed of by any Party hereto and shall be cumulative. The Parties agrees that failure in the performance of this Agreement cannot be adequately compensated in money damages alone. In the event of any default by a Party, the other Party shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies which may also be available. No waiver or waivers of any breach or default (or any breaches or defaults) by any Party hereto or of performance by any other Party of any duty or obligation hereunder shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character or description, under any circumstance.

12.3 Remedies for Breach of Representations, Warranties and Covenants. If a Party sustains any losses because the representations or warranties provided by the other Party are incorrect or untrue or because the other Party has breached its covenants given herein, the other Party shall be liable for all losses incurred by the Party to cure such representations, warranties or covenants, including attorney fees. In addition or in the alternative, the Party may require the other Party to take such actions as required to cure such misrepresentations, warranties or breached covenants, within three (3) months or other amount of time mutually agreed to by the Parties.

12.4 Limitations on Certain Remedies.

a. The injured Party will take reasonable steps to mitigate all losses relating to a claim, including availing itself of any defenses, limitations, and will provide such evidence and documentation of the nature and extent of a claim as may be reasonably requested by the other Party. The injured Party's reasonable steps include the reasonable expenditure of money to mitigate or otherwise reduce or eliminate any loss or expense for which a remedy would otherwise be due under this ARTICLE 12, and the reimbursing Party will reimburse the injured Party for the injured Party's reasonable expenditures, including attorney fees and costs.

b. Notwithstanding anything contained to the contrary in any other provision of this Agreement, except in cases of a Party's gross negligence, willful misconduct or fraud, the obligations of each Party under Sections 12.2 and 12.3, and the recovery by any injured Party of any liabilities suffered or incurred by it as a result of any breach or non-fulfillment by a Party or any of its representations, warranties, covenants, agreements or other obligations under this Agreement, shall be limited to actual damages.

12.5 Survival of Remedies. The rights and obligations to remedies given in this Article 11 shall survive the Closing indefinitely.

ARTICLE 13
TERMINATION OF WATER SUPPLY CONTRACTS, AMENDMENTS, AND WAIVER OF NOTICE TO TERMINATE

Flint and Genesee County by and through its Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, have executed several Agreements in the past that shall be affected upon the execution of this Agreement. By executing this Agreement, Flint and the Genesee County by and through its Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, hereby expressly mutually terminate the following agreements in their entirety and further expressly waive any notice provisions set forth therein:

1. Agreement between the CITY OF FLINT, a Michigan Home Rule City Corporation and the COUNTY OF GENESEE, a Michigan County Corporation, by and through the Genesee County Drain Commissioner, having been designed as such by appropriate legislation in compliance with Act 342 of the Public Acts of 1939, and any subsequently named Agent for the County of Genesee dated June 28, 1972 (hereinafter "Water Agreement"); and

2. Agreement to amend the Water Agreement dated March 5, 1981; and

3. SUPPLEMENTAL AGREEMENT AND AMENDMENT TO CITY/COUNTY WATER AGREEMENT, dated March 31, 1988; and

4. AGREEMENT between the CITY OF FLINT, a Michigan municipal corporation, and the GENESEE COUNTY DRAIN COMMISSIONER, a designated County Agency dated February 20, 2001; and

5. 3rd AMENDMENT TO 1973 CITY/COUNTY WATER SUPPLY AGREEMENT, dated October 21, 2003, between the City of Flint, a Michigan municipal corporation and the County of Genesee, a political subdivision of the State fo Michigan and the Genesee County Dain Commissioner, the County Agency designated by the Genesee County Board of Commissioners pursuant to Act 342 of the Public Acts of 1939, as amended; and

6. 4th AMENDMENT TO 1973 CITY/COUNTY WATER SUPPLY AGREEMENT, dated December 30, 2011, between the City of Flint, a Michigan municipal corporation and the County of Genesee, a political subdivision of the State of Michigan by and through the Genesee County Drain Commissioner, the County Agency designated by the Genesee County Board of Commissioners pursuant to Act 342 of the Public Acts of 1939, as amended.

7. Any other Agreement or part of Agreement that directly conflicts with this Agreement and the intent contained therein as mutually agreed upon in writing by the parties hereto.

ARTICLE 14
MISCELLANEOUS

14.1 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated there under, unless the context requires otherwise. The word "including" shall mean including without limitation.

14.2 Incorporation of Exhibits. The following Exhibits attached hereto are incorporated herein by reference and made a part hereof:

Exhibit A: Description of Water Main

Exhibit B: Rights of way and easements held by Flint

Exhibit C: Real property occupied by the Water Main

Exhibit D: Flint's disclosure of real property occupied by the Water Main that Flint does not have the necessary transferable easement or real property rights for the use, routine, operation, and maintenance of the Water Main

Exhibit E: Flint's disclosure of any breaks or leaks in the Water Main that are known by Flint and that have not been repaired

14.3 Entire Agreement. This Agreement constitutes the sole understanding of the Parties hereto with respect to the matters provided for herein and supersedes any previous agreements and understandings between the Parties with respect to the subject matter hereof. No amendment, modification or alteration of the terms or provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by Flint and the County Agency and in compliance with Section 14.9.

14.4 Successors and Assigns. This Agreement will inure to the benefit of and be binding upon Flint and the County Agency and their respective successors and assigns. This Agreement and any of the rights, interests or obligations hereunder may be assigned by either Party hereto without the prior written consent of the other Party hereto.

14.5 Invalidity. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the practical, economic and legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination

that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible. Invalid provisions shall be severed from this Agreement.

14.6 Counterparts; Facsimile Signatures. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument. This Agreement may be executed by facsimile signatures that shall be considered originals.

14.7 Headings. The headings of the articles, sections and paragraphs of this Agreement and of the Exhibits hereto are included for convenience of reference only and in no way define, limit or describe the scope of intent of any provision of this Agreement.

14.8 Construction and References. Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. Unless otherwise specified, all references in this Agreement to articles, sections, paragraphs or clauses are deemed references to the corresponding articles, sections, paragraphs or clauses in this Agreement, and all references in this Agreement to exhibits are references to the corresponding exhibits attached to this Agreement.

14.9 Modification and Waiver. Any of the terms or conditions of this Agreement may be waived in writing at any time by the Party that is entitled to the benefits thereof. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provisions hereof (whether or not similar). Oral modifications of this Agreement are not permitted. Modification or amendment of this Agreement shall require the written approval of the Genesee County Drain Commissioner and the Flint City Council.

14.10 Addresses and Notice. Unless otherwise provided herein, any notice, communication, request, reply or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner described above shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to Flint, to:

City of Flint
Attn: CHIEF LEGAL OFFICER
1101 South Saginaw Street
Flint, Michigan 48502

If to the County Agency, to:

Genesee County Drain Commissioner's Office
Division of Water and Waste Services
Attn: Drain Commissioner
G-4610 Beecher Road
Flint, Michigan 48532

The Parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days written notice to the other party hereto.

14.11 Governing Law; Interpretation. This Agreement shall be construed in accordance with and governed by the laws of the State of Michigan. The Parties hereto (a) consent to the personal jurisdiction of the state courts located in Flint, Michigan or federal courts located in Southeastern Michigan in connection with any controversy related to this Agreement including, but not limited to, counterclaims or third party demands raised as a result of third party counterclaims initiated in any other jurisdiction; (b) waive any argument that venue in any such forum is not convenient; (c) agree that any litigation initiated by the County Agency or Flint in connection with this Agreement may be brought in either the state court located in Flint, Michigan or federal court located in Detroit, Michigan; and (d) agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

14.12 No Third-Party Beneficiaries. This Agreement is not intended to confer upon any person or entity, other than the Parties hereto, any rights or remedies of any kind or nature whatsoever.

14.13 Freedom of Information Act Requests. Flint agrees that if it receives a request for any documents relating to this Agreement, including Freedom of Information Act requests, Flint shall forward a copy of the request to the County Agency.

The County Agency agrees that if it receives a request for any documents relating to this Agreement, including Freedom of Information Act requests, the County Agency shall forward a copy of the request to Flint.

14.14 Interpretation. For purposes of interpretation of this Agreement, neither the County Agency nor Flint shall be deemed to have been the drafter of this Agreement.

14.15 Negotiated Agreement. This Agreement has been prepared and negotiations have occurred in connection with said preparation pursuant to the joint efforts of the Parties. This Agreement therefore shall not be construed against any Party to this Agreement.

ARTICLE 15
INDEMNIFICATION/HOLD HARMLESS

If at any time while Flint is securing legal access to any property identified in Exhibit ~~D~~ a the Water Main malfunctions, leaks, or requires the County Ageney to enter onto the property to repair the Water Main or perform another necessary service, and in the opinion of the County Agency the malfunction or leak may wait until access to the property is secured, Flint shall indemnify/hold harmless the County Agency for any water loss, damage, and/or environmental issues that may result from the malfunction or leak.

Any amount of water loss shall be determined by the County Agency with the assistance of Flint. The amount of loss shall be based on past experiences and practice. The County Agency shall invoice Flint for the total loss from the date the malfunction or leak was discovered until the repair has been completed. Flint shall timely pay the invoice pursuant to the terms stated in the invoice.

If the Water Main malfunction or leak requires immediate entry onto the property identified in Exhibit D, Flint shall provide all of the necessary resources necessary, including, but not limited to, an immediate payment for an easement, immediately filing an action for condemnation, or requesting a court of competent jurisdiction to provide a right of entry, to secure legal access to the property to repair any malfunction or leak.

It is expressly understood by the Parties hereto, that until such time as Flint secures access to the property identified in Exhibit D, Flint shall be responsible for any and all loss that is the result of a malfunction or break of the Water Main under the property identified in Exhibit D.

In Witness Whereof, the Parties hereto have executed this Agreement as of the date first above written.

COUNTY AGENCY

By: _____
Jeff Wright, Genesee County Drain Commissioner, County Agency

ATTEST:

By: _____

(OFFICIAL SEAL)

APPROVED AS TO FORM AND LEGALITY:

By: _____
Kevin K. Kilby, Counsel for the County Agency

FLINT

By: _____
Darnell Earley, Emergency Manager

ATTEST:

By: _____
Inez M. Brown, Clerk of the City of Flint

(OFFICIAL SEAL)

APPROVED AS TO FORM:

By: _____
Name and Title:

This Contract was prepared by:
McGraw Morris P.C.
Attorney Kevin Kilby (P68599)
2075 West Big Beaver Road
Suite 750
Troy, Michigan 48084
(248) 502-4000
kkilby@mcgrawmorris.com

N:\GCDC\2155-1000 (General)\Contracts and Agreements\Water Main Purchase from Flint\Water Main Sale Agreement COF GCDC - COF Version 1 as presented by Flint v10 April 22 2014 (clean).doc

Exhibit A

Description of Water Main

[LIMITED TO PORTION OF 72" PIPELINE AND APPURTENANCES FROM THE DWSD CONNECTION AT BAXTER ROAD AND POTTER ROAD, WEST TO THE PROPOSED 36 INCH KWA CONNECTION AT CENTER AND PIERSON ROAD]

Exhibit B

Rights of way and easements held by Flint

Exhibit C

Real property occupied by the Water Main

Exhibit D

Flint's disclosure of real property occupied by the Water Main that Flint does not have the necessary transferable easement or real property rights for the use, routine, operation, and maintenance of the Water Main

Exhibit E:

Flint's disclosure of any breaks or leaks in the Water Main that are known by Flint and that have not been repaired.

Koryzno, Edward (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, January 28, 2014 4:16 PM
To: Baird, Richard (GOV); BymeR1@michigan.gov; Deasy, Thomas (MSP); Etue, Kriste (MSP); Kapp, Gene (MSP); Lee, Nichole (MSP); Muchmore, Dennis (GOV); Roberts, John (GOV); Sands, Thomas (MSP); Sipes, Stephen (MSP); West, Samantha (GOV); Dempkowski, Angela (Treasury); Larkin, Brian (GOV); Darnell Earley; Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); Antonio Brown
Subject: Weekly Conference Call Agenda for Wednesday, January 29, 2014
Attachments: Weekly Phone Conference Agenda 012914.doc

Good afternoon,

Please find attached the agenda for the Wednesday, January 29th conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Weekly 9:00 am Phone Conference Agenda

1) Michigan State Police – checklist, comments, concerns

2) Chief Tolbert's Update – Stats, initiatives, other
   Governor's Request to Flint/Gen Cnty. on Public Safety ask

3) Rich Baird – Gov. Office comments

4) B. Clement – comments, questions

5) Retiree Law Suit Status – off-line follow-up

6) Budget Update: FY14 – current status, FY15 - plan

7) Model Labor Contracts – status

8) KWA, Water Plant Preparation, Water/Sewer Rate Study

9) City Ordinance Review

10) Deficit Elimination Plan – Treasury

11) Master Plan Implementation Activity - Zoning Ordinance Revision, Public Safety, CDBG

12) Status Report on the Flint City Council

13) Governance Revision – Blue Ribbon Cmte.

14) 9-1-1 Reconsolidation Plan – Tower Project

15) Strong Cities, Strong Community Update

16) Financial and Operating Plan – submitted 11/21/13, Qrtly Report – submitted 1/15/14

17) MEDC – Transportation Economic Development Fund - Application/Waiver

18) Other – MDOT unfunded mandated projects

Created on 01/28/14

1-[redacted], **access code** [redacted]

Schafer, Suzanne K. (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, January 31, 2014 10:07 AM
To: Schafer, Suzanne K. (Treasury); Barton, John (Treasury); Kulcsar, Jeanet (TREASURY)
Cc: Martin, Mary G. (Treasury); Koryzno, Edward (Treasury); Ryan, Howard (Treasury); Dempkowski, Angela (Treasury)
Subject: Fwd: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS
Attachments: IRR Genesee 300M Project 5% plus LS 5 5% v7 Clean User Comparative Chart 1.29.14.xls; ATT00001.htm; $605,000,000 with all attachments.xls 1.29.14.xls; ATT00002.htm; Assumptions using BAN and Life Settlements financing.docx; ATT00003.htm

Could we have a brief call to discuss this life settlement bonding scheme. After we talk briefly , I would set a call with the promoters to explain it in detail. Thanks, Wayne

Sent from my iPad

Begin forwarded message:

> **From:** David Hodgkins <Dhodgkins@house.mi.gov>
> **Date:** January 30, 2014 at 12:32:35 PM EST
> **To:** "Ryan, Howard (Treasury)" <RyanH1@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Subject: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS**
>
> Hello Wayne and Howard,
>
> Below and attached are the numbers discussed by KWA at our recent meeting. Please let me know if you have any questions.
>
> **From:** Manny Lentine [mailto:manny@230north.org]
> **Sent:** Thursday, January 30, 2014 10:09 AM
> **To:** John Walsh; David Hodgkins; Matt Solak
> **Subject:** Fwd: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS
>
> Rep. Walsh,
>
> As follow-up to the meeting with Treasury in your office, the below has been prepared by John O'Brien of KWA and John Lininger of Neuma, I am told. Treasury (Wayne) had requested data from KWA.
>
> if this is not in an acceptable format (if, for example, you need an accompanying letter from KWA), please let Matt and I know and one of us will pursue that.
>
> Thank you.
>
> Manny
>
> Begin forwarded message:

TIME SENSITIVE ASSUMPTIONS USING BAN AND LIFE SETTLEMENTS FINANCING

1) March 1, 2014

200 million dollar BAN loan @ 1% for 13 months (construction capital) = 2,167,000 dollars annual interest

2) April 1, 2014

180 Million Dollar Life Settlement loan@ 5% for 20 year term. PREPAID INTEREST AND UNDERWRITER'S FEES, INTEREST ONLY FOR 3 YEARS, INCLUDED IN LOAN). Loan paid in full in 20 years or less

3) April 1, 2015

100 million dollar additional BAN financing plus 200 million dollar rollover of initial BAN. Total 300 million dollars @ 2% for 13 months = 6.5 million dollars interest. Total interest cost for both BAN financing totals 8,667,000.

4) May 1, 2016

Combined loan for capital improvements and Life Settlements, including pre-paid interest, total 605,000,000 million dollars; see financial model "A"

ASSUMPTIONS USING BOND FINANCING ONLY

1) March 1, 2014

600 million dollar bond financing loan @ 5% for 25 years = 27,349,383 million dollars per year principle and interest; see amortization schedule "B". Total repayment = 601,686,428 million dollars

COMPARATIVE FINANCING MODELS TO KWA BETWEEN:

- "A" combined annual capital and life settlement loan costs for 20 years
- "B" conventional bond transaction for 25 years

Exhibit A: Sample Cash Flows - 300M Project + LS w/ entity contribution

No of Policies:	235		
Avg. Face Value:	3,500,000	822,500,000	Total Face
Mortality Table (1-3):	1	Male 82 NS Select	
Secondary Mortality:	2	Male 82 NS Avg	
Blend Percent (Secondary Mortality):		20%	
Premium Percent:	3.00%	24,675,000	First Annual Premium
Cash Value (% Face):	1.00%	8,225,000	Useable Over: 3 Years
Cost (% of Face):	16.0%		
Loan Amt:	605,000,000		Used for Project: 300,000,000
Loan Interest Rate:	5.00%	LS Loan Rate: 5.50%	Used for LS: 180,000,000
All transaction and svc. fees included			Prepaid Interest and other Obligations: 125,000,000

Mortality Table Legend		
Table No.	Table Identifier	Description
1	Male 82 NS Select	Most Conservative
2	Male 82 NS Avg	Median
3	Male 82 NS Ultimate	Optimal

Max Loan Bal:	425,000,000	
Loan Repayment Amt:	605,000,000	Good
Net Cash Income:	9,697,253	
Remaining Policy Value:	17,271,142	

Life Settlement Amortization

Year	1	2	3	4	5	6	7	8	9	10
Beg Pool (Units)	235.0	230 1	223 7	215.8	205.1	191 8	176.2	158 7	139.8	120.3
Beg Pool ($)	822,500,000	805,296,590	782,968,997	755,445,283	718,009,672	671,377,513	616,684,597	555,360,058	489,252,636	421,085,066
Maturities (Units)	4 92	6 38	7 86	10.70	13 32	15 63	17.52	18.89	19.48	18.81
Maturities ($)	17,203,410	22,327,593	27,523,714	37,435,611	46,632,159	54,692,916	61,324,539	66,107,422	68,167,570	65,832,439
Premium Payments	(24 675 000)	(24,158,898)	(23 489,070)	(22,663,358)	(21,540 290)	(20 141 325)	(18,500,538)	(16 660 802)	(14,677,579)	(12 632 552)
Cash Value Used	2,741,667	2,741,667	2,741,667	0	0	0	0	0	0	0
Acquisition/Costs	(165,064,000)	0	0	0	0	0	0	0	0	0
Basic Cash Flows	(169 793 923)	910,362	6,776,310	14,772,252	25,091,869	34,551,591	42,824,001	49,446,620	53,489,991	53,199,887
Cash Account										
Beginning Balance	0	10,206,077	9,966,439	10,892,749	8,922,440	10,526,050	10,204,181	10,387,621	10,890,362	10,545,583
Initial Investment	180,000,000									
Cash Flow (above)	(169 793 923)	910,362	6,776,310	14,772,252	25,091,869	34,551,591	42,824,001	49,446,620	53,489,991	53,199,887
Combined Loan Int Pmt				(30,892,562)	(30,638,259)	(30,023,460)	(28,790,561)	(27,093,878)	(24,984,769)	(22,514,611)
Principal Payment			(5,000,000)	(5,000,000)	(12,000,000)	(24,000,000)	(33,000,000)	(41,000,000)	(48,000,000)	(50,000,000)
Estimated Mgt Fee		(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)
Escrow/Legal/Audit Fee		(400,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
KWA Contribution				20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Cash Acct. Balance	**10,206,077**	**9,966,439**	**10,892,749**	**8,922,440**	**10,526,050**	**10,204,181**	**10,387,621**	**10,890,362**	**10,545,583**	**10,380,860**
Loan Balance	605,000,000	605,000,000	600,000,000	595,000,000	583,000,000	559,000,000	526,000,000	485,000,000	437,000,000	387,000,000

Year	11	12	13	14	15	16	17	18	19	20
Beg Pool (Units)	101.5	83 8	67 6	53 3	41.2	31.1	22 9	16 4	11.4	7.6
Beg Pool ($)	355,252,627	293,339,199	236,695,400	186,643,791	144,150,599	108,764,510	80,164,882	57,426,113	39,796,871	26,657,934
Maturities (Units)	17 69	16 18	14 30	12.14	10 11	8 17	6 50	5.04	3 75	2 68
Maturities ($)	61,913,428	56,643,799	50,051,609	42,493,192	35,386,089	28,599,628	22,738,769	17,629,242	13,138,937	9,386,792
Premium Payments	(10 657 579)	(8 800 176)	(7 100 862)	(5,599,314)	(4,324,518)	(3 262 935)	(2 404 946)	(1,722,783)	(1,193 906)	(799 738)
Cash Value Used	0	0	0	0	0	0	0	0	0	0
Service Costs	0	0	0	0	0	0	0	0	0	0
Basic Cash Flows	51,255,849	47,843,623	42,950,747	36,893,878	31,061,571	25,336,693	20,333,822	15,906,459	11,945,031	8,587,054
Cash Account										
Beginning Balance	10,380,860	10,845,829	10,472,860	10,781,871	10,454,823	10,562,190	10,005,712	10,562,190	10,005,712	10,353,203
Initial Investment										
Cash Flow (above)	51,255,849	47,843,623	42,950,747	36,893,878	31,061,571	25,336,693	20,333,822	15,906,459	11,945,031	8,587,054
Combined Loan Int Pmt	(19,940 881)	(17 366 592)	(14,791,737)	(12,370,926)	(10 104 204)	(8,043,170)	(6 136 332)	(4,435,300)	(2,836 993)	(1 393 003)
Principal Payment	(50,000,000)	(50,000,000)	(47,000,000)	(44,000,000)	(40,000,000)	(37,000,000)	(33,000,000)	(31,000,000)	(28,000,000)	(27,000,000)
Estimated Mgt Fee	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)
Escrow/Legal/Audit Fee	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
KWA Contribution	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Cash Acct. Balance	**10,845,829**	**10,472,860**	**10,781,871**	**10,454,823**	**10,562,190**	**10,005,712**	**10,353,203**	**10,183,349**	**10,263,750**	**9,697,253**
Loan Balance	337,000,000	287,000,000	240,000,000	196,000,000	156,000,000	119,000,000	86,000,000	55,000,000	27,000,000	0

Exhibit B: 25 yr Amortization Schedule

Loan Amount	360,000,000
Interest Rate	5.00%
Annual Payment	**25,542,885**

Year	Beg. Balance	Interest	Principal	Total Paid	Ending Balance
1	360,000,000	(18,000,000)	0	0	360,000,000
2	360,000,000	(18,000,000)	0	0	360,000,000
3	360,000,000	(18,000,000)	0	0	360,000,000
4	360,000,000	(18,000,000)	(9,349,383)	(27,349,383)	350,650,617
5	350,650,617	(17,532,531)	(9,816,852)	(27,349,383)	340,833,765
6	340,833,765	(17,041,688)	(10,307,695)	(27,349,383)	330,526,070
7	330,526,070	(16,526,303)	(10,823,080)	(27,349,383)	319,702,990
8	319,702,990	(15,985,150)	(11,364,234)	(27,349,383)	308,338,757
9	308,338,757	(15,416,938)	(11,932,445)	(27,349,383)	296,406,311
10	296,406,311	(14,820,316)	(12,529,068)	(27,349,383)	283,877,244
11	283,877,244	(14,193,862)	(13,155,521)	(27,349,383)	270,721,723
12	270,721,723	(13,536,086)	(13,813,297)	(27,349,383)	256,908,426
13	256,908,426	(12,845,421)	(14,503,962)	(27,349,383)	242,404,464
14	242,404,464	(12,120,223)	(15,229,160)	(27,349,383)	227,175,304
15	227,175,304	(11,358,765)	(15,990,618)	(27,349,383)	211,184,687
16	211,184,687	(10,559,234)	(16,790,149)	(27,349,383)	194,394,538
17	194,394,538	(9,719,727)	(17,629,656)	(27,349,383)	176,764,882
18	176,764,882	(8,838,244)	(18,511,139)	(27,349,383)	158,253,743
19	158,253,743	(7,912,687)	(19,436,696)	(27,349,383)	138,817,047
20	138,817,047	(6,940,852)	(20,408,531)	(27,349,383)	118,408,516
21	118,408,516	(5,920,426)	(21,428,957)	(27,349,383)	96,979,559
22	96,979,559	(4,848,978)	(22,500,405)	(27,349,383)	74,479,154
23	74,479,154	(3,723,958)	(23,625,425)	(27,349,383)	50,853,728
24	50,853,728	(2,542,686)	(24,806,697)	(27,349,383)	26,047,032
25	26,047,032	(1,302,352)	(26,047,032)	(27,349,383)	0
Totals		(295,686,428)	(360,000,000)	(601,686,428)	

SUMMARY AND CONCLUSIONS

In the assumptions listed herein, the Blair proposal clearly provides KWA with substantial cost savings, less years of debt, and liquidity in the first three years. During the initial three years, KWA cannot pay P&I for conventional financing while continuing their annual payment obligation(25 million dollars plus) to the City of Detroit. Conventional bond sales cannot provide the same cash flow without dramatically raising the existing user fees charged by KWA.

Blair has proposed a multi-staged arrangement using BAN financing in conjunction with Life Settlements. The cost of BAN financing, over 26 months, is 8,667,000 dollars.

The chart below illustrates the difference and advantages to these financing options:

SUMMARY OF FINANCING COMPARISON TO KWA

CONVENTIONAL BOND SALES

1. Annual cost to KWA = $27,349,383 per year over 22 years
2. Total repayments by KWA = $601,686,428
3. Balance in account after loan repayment = $0

BLAIR PROPOSAL

1. Annual cost to KWA = $20,000,000 per year for 17 years
2. Total repayments by KWA = $321,698,272 (includes cash balance and remaining policies after loan is repaid)
3. Balance in account after loan repayment = $26,968,395
4. KWA out-of-pocket cash required = $8,667,000 (years 1-3)

COMPARISION OF CASH REQUIREMENTS FOR KWA CUSTOMERS

YEARS	DETROIT	BOND SALES	BLAIR	
1	$25,000,000	0	$2,166,667	BAN Financing Interest
2	$27,250,000	0	$6,500,000	BAN Financing Interest
3	$29,702,500	0	0	
4		$27,349,383	$20,000,000	
5		$27,349,383	$20,000,000	
6		$27,349,383	$20,000,000	
7		$27,349,383	$20,000,000	
8		$27,349,383	$20,000,000	
9		$27,349,383	$20,000,000	
10		$27,349,383	$20,000,000	
11		$27,349,383	$20,000,000	
12		$27,349,383	$20,000,000	
13		$27,349,383	$20,000,000	
14		$27,349,383	$20,000,000	
15		$27,349,383	$20,000,000	
16		$27,349,383	$20,000,000	
17		$27,349,383	$20,000,000	
18		$27,349,383	$20,000,000	
19		$27,349,383	$20,000,000	
20		$27,349,383	$20,000,000	
21		$27,349,383	0	
22		$27,349,383	0	
23		$27,349,383	0	
24		$27,349,383	0	
25		$27,349,383	0	
TOTAL	$81,952,500	$601,686,428	$348,666,667	

GENERAL ASSUMPTIONS:

5% interest rate for bond sales and Blair

25 year term for bond sale

20 year term for Blair

Years 1-3 Low payments for bond sales and Blair

Full assumptions (see attached to email)

Widigan, Robert (TREASURY)

From: Byrne, Randall (Treasury)
Sent: Wednesday, July 09, 2014 10:26 AM
To: Widigan, Robert (TREASURY)
Cc: Porubsky, Carmen (TREASURY)
Subject: FW: Report to the State of Michigan
Attachments: Flint July Report to State.zip

Robert:

Please review to insure that the requirements of 436 have been met. In addition, please advise if you see any items that are problematic.

Thanks,
Randy,

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Tuesday, July 08, 2014 12:32 PM
To: Clinton, Kevin (TREASURY)
Cc: SenRRichardville@senate.michigan.gov; JaseBolger@house.mi.gov; Jim Ananich; Woodrow Stanley; Phil Phelps; Inez Brown; Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Dayne Walling
Subject: Report to the State of Michigan

Good afternoon:

Please find attached the three month report covering the period of April 8 - July 8, 2014.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

July 8, 2014

Mr. R. Kevin Clinton, State Treasurer
Michigan Department of Treasury
4th Floor Treasury Building
430 West Allegan Street
Lansing, MI 48922

Dear Mr. Clinton:

Attached please find the three month report for the period April 8, 2014 through July 8, 2014 as required by Public Act 436, Section 17. This report is being submitted through you to Governor Snyder.

The entire report will be posted on the City of Flint website www.cityofflint.com as soon as it is approved.

Respectfully submitted,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

cc:
Governor Rick Snyder
Randy Richardville, Senate Majority Leader
James Bolger, Speaker of the House of Representatives
James Ananich, State Senator
Woodrow Stanley, State Representative
Phil Phelps, State Representative
Inez Brown, Clerk of the City of Flint
Wayne workman, Deputy Treasurer
Edward Koryzno, Bureau director of Local Government Services
Randall Byrne, Office of Fiscal Responsibility
Dayne Walling, Mayor City of Flint

Public Act 436, Section 17: Three Month Report

July 8, 2014

Introduction

This Three Month Report of the status of the Financial and Operating Plan for the City of Flint is submitted to the Governor Rick Snyder, the Senate Majority Leader, the Speaker of the House of Representatives, and Clerk of the City of Flint through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 17 which requires this report beginning six months after the appointment of the Emergency Manager.

Included are the items detailed below from P.A. 436, Section 17:

(a) A description of each expenditure made, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the source of the funds.

(b) A list of each contract that the emergency manager awarded or approved with a cumulative value of $5000 or more, the purpose of the contract, and the identity of the contractor.

(c) A description of each loan sought, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the proposed use of the funds.

(d) A description of any new position created or any vacancy in a position filled by the appointing authority.

(e) A description of any position that has been eliminated or from which an employee has been laid off.

(f) A copy of the contract with the emergency manager as provided in section 9(3)(e).

(g) The salary and benefits of the emergency manager.

(h) The financial and operating plan as required under section 11. Update #6 to the Financial and Operating Plan for the City of Flint.

Section Separator

(a) A description of each expenditure made, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the source of the funds.

INVOICE GL DISTRIBUTION REPORT FOR CITY OF FLINT
POST DATES 04/01/2014 - 06/27/2014
BOTH JOURNALIZED AND UNJOURNALIZED
BOTH OPEN AND PAID

GL Number	Grant	Inv. Line Desc	Vendor	Invoice Desc.	Invoice	Due Date	Amount	Check #
Fund 101 General Fund								
Dept 000.000 Balance Sheet Activity								
101-000.000-255.100		Deposits	STATE OF MICHIGAN	AT	2014 UNCLAIMED	06/19/14	50.00	173641
101-000.000-275.000		Due To Overpayments	STATE OF MICHIGAN	AT	2014 UNCLAIMED	06/19/14	305.00	173641
			Total For Dept 000.000 Balance Sheet Activity			355.00		
Dept 000.300 General government								
101-000.300-403.000		Property Taxes	STATE OF MICHIGAN	AT	2014 UNCLAIMED	06/19/14	25,891.95	173641
			Total For Dept 000.300 General government			25,891.95		
Dept 101.100 City Council								
101-101.100-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	34.26	21246
101-101.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	183.29	20738
101-101.100-823.000		PBB019263 CITY COUNCIL	XEROX CORP	XEROX COPY MACHII	800625230	04/10/14	183.29	20738
101-101.100-823.000		PBB019263 CITY COUNCIL	XEROX CORP	XEROX COPY MACHII	800630654	05/01/14	243.68	21242
101-101.100-823.000		PBB019263 CITY COUNCIL	XEROX CORP	XEROX COPY MACHII	800633282	07/03/14	183.29	
101-101.100-850.000		Communications	AT & T		810766700004	04/24/14	1,190.71	173192
101-101.100-850.000		Communications	AT & T		810766700005	06/05/14	1,165.06	173566
101-101.100-850.000		Communications	AT & T		810766700006	06/24/14	1,165.76	173654
			Total For Dept 101.100 City Council			4,349.34		
Dept 136.100 District Court								
101-136.100-801.000		COMMERCIAL DOC/2013 S	ELECTRONIC RESTORATIO	COMMERCIAL DOCUMEI	3000025752	04/24/14	16,000.00	20801
101-136.100-814.000		QUARTERLY SOFTWARE SU	STATE OF MICHIGAN	QUARTERLY SOFTWARE :	1530-02	05/29/14	7,902.33	173542
101-136.100-850.000		Communications	AT & T SBS		8102303151595	04/24/14	155.79	173193
101-136.100-850.000		Communications	AT & T SBS		8102303151595	05/29/14	155.78	173529
101-136.100-850.000		Communications	AT & T SBS		8102303151595	06/19/14	155.78	173656
			Total For Dept 136.100 District Court			24,369.68		
Dept 171.100 Office Of Mayor								
101-171.100-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	4.28	21246
101-171.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	91.64	20738
101-171.100-823.000		PBB019005 MAYOR (SPLIT '	XEROX CORP	XEROX COPY MACHII	800625230	04/10/14	91.65	20738
101-171.100-823.000		PBB019005 MAYOR (SPLIT '	XEROX CORP	XEROX COPY MACHII	800630654	05/01/14	366.00	21242

GL Number	Grant	Inv. Line Desc	Vendor	Invoice Desc.	Invoice	Due Date	Amount	Check #
101-171.100-823.000		PBB019005 MAYOR (SPLIT '	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	91.64	
101-171.100-850.000		Communications	AT & T		810766700004	04/24/14	1,275.76	173192
101-171.100-850.000		Communications	AT & T SBS		8102303151595	04/24/14	26.73	173193
101-171.100-850.000		Communications	AT & T SBS		8102303151595	05/29/14	26.74	173529
101-171.100-850.000		Communications	AT & T		810766700005	06/05/14	1,248.28	173566
101-171.100-850.000		Communications	AT & T SBS		8102303151595	06/19/14	26.74	173656
101-171.100-850.000		Communications	AT & T		810766700006	06/24/14	1,249.03	173654
			Total For Dept 171.100 Office Of Mayor			4,498.49		
Dept 172.100 City Administrator								
101-172.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	91.65	20738
101-172.100-823.000		PBB019005 CITY ADMIN (SI	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	91.64	20738
101-172.100-823.000		PBB019005 CITY ADMIN (SI	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	366.00	21242
101-172.100-823.000		PBB019005 CITY ADMIN (SI	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	91.65	
101-172.100-850.000		Communications	AT & T		810766700004	04/24/14	1,020.61	173192
101-172.100-850.000		Communications	AT & T		810766700005	06/05/14	998.62	173566
101-172.100-850.000		Communications	AT & T		810766700006	06/24/14	999.23	173654
			Total For Dept 172.100 City Administrator			3,659.40		
Dept 191.100 Finance -Admin/Accounting/Payroll								
101-191.100-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	58.36	21246
101-191.100-801.000		Professional Service	ERNST & YOUNG U.S. LLP		US0131055512	05/29/14	130,000.00	
101-191.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	181.16	20738
101-191.100-823.000		XEH583487 FINANCE	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	181.16	20738
101-191.100-823.000		XEH583487 FINANCE	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	181.16	21242
101-191.100-823.000		XEH583487 FINANCE	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	181.16	
101-191.100-850.000		Communications	AT & T		810766700004	04/24/14	935.56	173192
101-191.100-850.000		Communications	AT & T		810766700005	06/05/14	915.41	173566
101-191.100-850.000		Communications	AT & T		810766700006	06/24/14	915.96	173654
			Total For Dept 191.100 Finance -Admin/Accounting/Payroll			133,549.93		
Dept 191.201 Finance Purchasing								
101-191.201-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	22.49	21246
101-191.201-823.000		PBB019290 PURCHASING	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	261.97	21242
101-191.201-823.000		PBB019290 PURCHASING	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	182.85	
			Total For Dept 191.201 Finance Purchasing			467.31		
Dept 215.200 City Clerk-License And Permits								
101-215.200-452.000		Cable Tv Franchise Fee	FLINT BOARD OF EDUCATION		FRANCHISE 1ST QUA	05/22/14	9,586.74	21789
101-215.200-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	74.42	21246

GL Number	Grant	Inv. Line Desc	Vendor	Invoice Desc.	Invoice	Due Date	Amount	Check #
101-215.200-823.000		Copying Services	XEROX CORP		800629318	04/10/14	113.61	20738
101-215.200-823.000		Copying Services	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	113.61	20738
101-215.200-823.000		VXW011658 CLERK	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	113.61	21242
101-215.200-823.000		VXW011658 CLERK	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	113.61	
			Total For Dept 215.200 City Clerk-License And Permits			10,115.60		
Dept 233.100 Purchasing								
101-233.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	902.15	20738
101-233.100-823.000		LBP345454 WAS CIVIL SER	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	827.80	20738
101-233.100-823.000		LBP345454 WAS CIVIL SER	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	74.35	21242
101-233.100-823.000		LBP345637 POL ACADEMY	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	74.35	21242
101-233.100-823.000		LBP346543 OMBUDSMAN	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	74.35	21242
101-233.100-823.000		VXW011692 PARKS (CHG P	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	113.61	21242
101-233.100-823.000		YHT650308 FORESTRY (CH	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	48.56	21242
101-233.100-823.000		YHT650330 DEVELOP (CHG	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	48.56	21242
101-233.100-823.000		YHT650343 SW CRK GLF (C	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	48.56	21242
101-233.100-823.000		YHT650351 BRENNAN (CH	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	48.56	21242
101-233.100-823.000		VXW010883 HUMAN REL (	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	113.61	21242
101-233.100-823.000		VXW011692 PARKS (CHG P	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	113.61	
101-233.100-823.000		YHT650308 FORESTRY (CH	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	48.56	
101-233.100-823.000		YHT650330 DEVELOP (CHG	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	48.56	
101-233.100-823.000		YHT650343 SW CRK GLF (C	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	48.56	
101-233.100-823.000		YHT650351 BRENNAN (CH	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	48.56	
101-233.100-823.000		VXW010883 HUMAN REL (	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	113.61	
101-233.100-823.000		LBP346543 OMBUDSMAN	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	74.35	
101-233.100-823.000		LBP345454 WAS CIVIL SER	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	74.35	
101-233.100-823.000		LBP345637 POL ACADEMY	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	74.35	
101-233.100-850.000		Communications	AT & T		810766700004	04/24/14	255.15	173192
101-233.100-850.000		Communications	AT & T		810766700005	06/05/14	249.66	173566
101-233.100-850.000		Communications	AT & T		810766700006	06/24/14	29.81	173654
			Total For Dept 233.100 Purchasing			3,553.59		
Dept 253.200 Customer Services-Treasury Operations								
101-253.200-823.000		Copying Services	XEROX CORP		800629318	04/10/14	396.02	20738
101-253.200-823.000		LXW328214 CUSTOMER SE	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	396.02	20738
101-253.200-823.000		LXW328214 CUSTOMER SE	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	425.50	21242
101-253.200-823.000		LXW328214 CUSTOMER SE	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	396.02	
101-253.200-850.000		Communications	AT & T		810766700004	04/24/14	340.20	173192
101-253.200-850.000		Communications	AT & T SBS		8102303151595	04/24/14	57.60	173193
101-253.200-850.000		Communications	AT & T SBS		8102303151595	05/29/14	59.54	173529

GL Number	Grant	Inv. Line Desc	Vendor	Invoice Desc.	Invoice	Due Date	Amount	Check #
101-253.200-850.000		Communications	AT & T		810766700005	06/05/14	332.87	173566
101-253.200-850.000		Communications	AT & T SBS		8102303151595	06/19/14	60.15	173656
101-253.200-850.000		Communications	AT & T		810766700006	06/24/14	333.08	173654
			Total For Dept 253.200 Customer Services-Treasury Operations				2,797.00	
Dept 253.201 Customer Services-Income Tax								
101-253.201-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	1,014.00	21246
101-253.201-729.000		Postage	INNOVATIVE SOFTWARE SERVICES, INC		1150	06/26/14	(9,647.15)	
101-253.201-801.000		INCOME TAX PROCESSING	INNOVATIVE SOFTWARE SERVICES, INC		1150	06/26/14	26,608.52	
101-253.201-801.000		INCOME TAX PROCESSING	INNOVATIVE SOFTWARE SERVICES, INC		1155	06/26/14	17,707.55	22013
101-253.201-801.000		INCOME TAX PROCESSING	INNOVATIVE SOFTWARE SERVICES, INC		1154	06/26/14	19,636.23	22013
101-253.201-801.000		INCOME TAX PROCESSING	INNOVATIVE SOFTWARE SERVICES, INC		1157	06/26/14	62,584.04	22013
101-253.201-801.000		INCOME TAX PROCESSING	INNOVATIVE SOFTWARE SERVICES, INC		1158	06/26/14	80,023.54	22013
101-253.201-801.000		INCOME TAX PROCESSING	INNOVATIVE SOFTWARE SERVICES, INC		1153	06/26/14	21,382.90	22013
101-253.201-801.000		INCOME TAX PROCESSING	INNOVATIVE SOFTWARE SERVICES, INC		1152	06/26/14	22,528.43	22013
101-253.201-801.000		INCOME TAX PROCESSING	INNOVATIVE SOFTWARE SERVICES, INC		1151	06/26/14	28,608.42	22013
101-253.201-801.000		INCOME TAX PROCESSING	INNOVATIVE SOFTWARE SERVICES, INC		1156	06/26/14	29,766.45	22013
101-253.201-801.000		INCOME TAX PROCESSING	INNOVATIVE SOFTWARE SERVICES, INC		1160	06/26/14	31,494.05	22013
101-253.201-801.000		INCOME TAX PROCESSING	INNOVATIVE SOFTWARE SERVICES, INC		1159	06/26/14	62,292.88	22013
			Total For Dept 253.201 Customer Services-Income Tax				393,999.86	
Dept 253.202 Customer Services-Water Collection								
101-253.202-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	2,222.34	21246
101-253.202-729.000		Postage	SSS PRINTING		14133	05/29/14	9,500.00	21502
101-253.202-850.000		Communications	AT & T		810766700004	04/24/14	765.45	173192
101-253.202-850.000		Communications	AT & T		810766700005	06/05/14	748.97	173566
101-253.202-850.000		Communications	AT & T		810766700006	06/24/14	749.42	173654
			Total For Dept 253.202 Customer Services-Water Collection				13,986.18	
Dept 253.203 Customer Service-Sewer collection								
101-253.203-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	2,222.34	21246
101-253.203-729.000		Postage	SSS PRINTING		14133	05/29/14	9,500.00	21502
101-253.203-823.000		Copying Services	XEROX CORP		800629318	04/10/14	74.35	20738
101-253.203-823.000		LBP345456 CUSTOMER SER	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	74.35	20738
101-253.203-823.000		LBP345456 CUSTOMER SER	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	74.35	21242
101-253.203-823.000		LBP345456 CUSTOMER SER	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	74.35	
101-253.203-850.000		Communications	AT & T		810766700004	04/24/14	765.46	173192
101-253.203-850.000		Communications	AT & T		810766700005	06/05/14	748.97	173566
101-253.203-850.000		Communications	AT & T		810766700006	06/24/14	749.42	173654
			Total For Dept 253.203 Customer Service-Sewer collection				14,283.59	

GL Number	Grant	Inv. Line Desc	Vendor	Invoice Desc.	Invoice	Due Date	Amount	Check #
Dept 253.204 Delinquent Collections								
101-253.204-823.000		Copying Services	XEROX CORP		800629318	04/10/14	113.61	20738
101-253.204-823.000		VXW011601 ENFORCEMEN	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	113.61	20738
101-253.204-823.000		VXW011601 ENFORCEMEN	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	113.61	21242
101-253.204-823.000		VXW011601 ENFORCEMEN	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	113.61	
			Total For Dept 253.204 Delinquent Collections			454.44		
Dept 257.100 Assessment								
101-257.100-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	95.30	21246
101-257.100-801.000		Professional Service	PRESORT SERVICES INC		367995	04/24/14	21,967.77	20787
101-257.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	183.29	20738
101-257.100-823.000		PBB019325 ASSESSMENT	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	183.29	20738
101-257.100-823.000		PBB019325 ASSESSMENT	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	275.13	21242
101-257.100-823.000		PBB019325 ASSESSMENT	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	183.29	
101-257.100-850.000		Communications	AT & T		810766700004	04/24/14	1,020.61	173192
101-257.100-850.000		Communications	AT & T SBS		8102303151595	04/24/14	27.70	173193
101-257.100-850.000		Communications	AT & T SBS		8102303151595	05/29/14	27.80	173529
101-257.100-850.000		Communications	AT & T		810766700005	06/05/14	998.62	173566
101-257.100-850.000		Communications	AT & T SBS		8102303151595	06/19/14	27.60	173656
101-257.100-850.000		Communications	AT & T		810766700006	06/24/14	999.23	173654
			Total For Dept 257.100 Assessment			25,989.63		
Dept 262.100 City Clerk-Election								
101-262.100-645.900		Sale Of Printed Material-In	STATE OF MICHIGAN	AT	2014 UNCLAIMED	06/19/14	13.50	173641
101-262.100-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	13.38	21246
101-262.100-729.000		Postage	U.S. POSTAL SERVICE	CC	PERMIT #623	06/19/14	6,000.00	173620
101-262.100-729.000		Postage	U.S. POSTAL SERVICE	CC	PERMIT #524	06/19/14	5,000.00	173621
101-262.100-850.000		Communications	AT & T		810766700004	04/24/14	765.46	173192
101-262.100-850.000		Communications	AT & T		810766700005	06/05/14	748.97	173566
101-262.100-850.000		Communications	AT & T		810766700006	06/24/14	749.42	173654
101-262.100-930.262		AUTO MARK SERVICE AND	RBM CONSULTING, LLC	AUTO MARK SERVICE AN	29459	06/19/14	7,504.00	22022
			Total For Dept 262.100 City Clerk-Election			20,794.73		
Dept 266.100 Law Office Operations								
101-266.100-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	70.67	21246
101-266.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	396.02	20738
101-266.100-823.000		LXW328265 CITY ATTORNE	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	396.02	20738
101-266.100-823.000		LXW328265 CITY ATTORNE	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	449.26	21242
101-266.100-823.000		LXW328265 CITY ATTORNE	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	396.02	

GL Number	Grant	Inv. Line Desc	Vendor	Invoice Desc.	Invoice	Due Date	Amount	Check #
101-266.100-850.000		Communications	AT & T		810766700004	04/24/14	1,020.61	173192
101-266.100-850.000		Communications	AT & T		810766700005	06/05/14	998.62	173566
101-266.100-850.000		Communications	AT & T		810766700006	06/24/14	999.23	173654
			Total For Dept 266.100 Law Office Operations			4,726.45		
Dept 270.100 Personnel Office								
101-270.100-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	8.57	21246
101-270.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	183.29	20738
101-270.100-823.000		LBP346537 HUMAN RESOU	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	74.35	20738
101-270.100-823.000		PBB019295 HUMAN RESOL	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	183.29	20738
101-270.100-823.000		PBB019295 HUMAN RESOL	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	507.23	21242
101-270.100-823.000		LBP346537 HUMAN RESOU	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	74.35	21242
101-270.100-823.000		LBP346537 HUMAN RESOU	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	74.35	
101-270.100-823.000		PBB019295 HUMAN RESOL	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	183.29	
101-270.100-850.000		Communications	AT & T		810766700004	04/24/14	765.46	173192
101-270.100-850.000		Communications	AT & T		810766700005	06/05/14	748.97	173566
101-270.100-850.000		Communications	AT & T		810766700006	06/24/14	749.42	173654
			Total For Dept 270.100 Personnel Office			3,552.57		
Dept 302.100 Pol Admin Bureau - Admin								
101-302.100-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	117.25	21246
101-302.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	183.29	20738
101-302.100-823.000		PBB019340 POLICE ADMIN	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	183.29	20738
101-302.100-823.000		PBB019340 POLICE ADMIN	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	300.52	21242
101-302.100-823.000		PBB019340 POLICE ADMIN	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	183.29	
101-302.100-850.000		Communications	AT & T		810766700004	04/24/14	6,329.66	173192
101-302.100-850.000		Communications	AT & T SBS		8102303151595	04/24/14	3,113.37	173193
101-302.100-850.000		Communications	AT & T SBS		8102303151595	05/29/14	3,113.30	173529
101-302.100-850.000		Communications	AT & T		810766700005	06/05/14	6,329.66	173566
101-302.100-850.000		Communications	AT & T SBS		8102303151595	06/19/14	3,113.30	173656
101-302.100-850.000		Communications	AT & T		810766700006	06/24/14	6,329.66	173654
			Total For Dept 302.100 Pol Admin Bureau - Admin			29,296.59		
Dept 302.200 Pol Admin Bureau-Inspections								
101-302.200-823.000		Copying Services	XEROX CORP		800629318	04/10/14	113.61	20738
101-302.200-823.000		VXW011359 POLICE INTERI	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	113.61	20738
101-302.200-823.000		VXW011359 POLICE INTERI	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	113.61	21242
101-302.200-823.000		VXW011359 POLICE INTERI	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	113.61	
			Total For Dept 302.200 Pol Admin Bureau-Inspections			454.44		

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Dept 302.205 Pol Admin - City Lock up								
101-302.205-801.000		Professional Service	GENESEE COUNTY TREASURER		18	04/17/14	221,601.69	20824
101-302.205-801.000		Professional Service	GENESEE COUNTY TREASURER		19	05/15/14	196,646.27	21247
101-302.205-801.000		Professional Service	GENESEE COUNTY TREASURER		20	06/19/14	199,224.52	
			Total For Dept 302.205 Pol Admin - City Lock up			617,472.48		
Dept 305.200 Pol Tech Serv-Records & Identification								
101-305.200-823.000		Copying Services	XEROX CORP		800629318	04/10/14	181.16	20738
101-305.200-823.000		XEH583475 POLICE CRIME I	XEROX CORP	XEROX COPY MACHII	800625230	04/10/14	181.16	20738
101-305.200-823.000		XEH583475 POLICE CRIME I	XEROX CORP	XEROX COPY MACHII	800630654	05/01/14	181.16	21242
101-305.200-823.000		XEH583475 POLICE CRIME I	XEROX CORP	XEROX COPY MACHII	800633282	07/03/14	181.16	
101-305.200-931.000		COPLOGIC MAINTENANCE	COPLOGIC INC	MAINTENANCE AGREEM	2014-123	04/17/14	11,025.00	20783
			Total For Dept 305.200 Pol Tech Serv-Records & Identification			11,749.64		
Dept 305.203 Pol Tech Serv-Uniforms & Equipment								
101-305.203-977.000		Equipment	C.M.P. DISTRIBUTORS INC.		32620	04/24/14	28,221.00	20757
			Total For Dept 305.203 Pol Tech Serv-Uniforms & Equipment			28,221.00		
Dept 305.206 Pol Tech Serv - City Impound								
101-305.206-801.000		TOWING & STORAGE SERVI	COMPLETE TOWING SERVICE		072	04/24/14	12,320.00	21244
101-305.206-801.000		TOWING & STORAGE SERVI	COMPLETE TOWING SERVICE		073	05/08/14	12,270.00	21244
101-305.206-801.000		TOWING & STORAGE SERVI	COMPLETE TOWING SERVICE		074	05/15/14	46,182.50	
101-305.206-801.000		TOWING & STORAGE SERVI	COMPLETE TOWING SERVICE		075	06/12/14	10,225.00	
101-305.206-801.000		TOWING & STORAGE SERVI	COMPLETE TOWING SERVICE		076	07/02/14	20,545.00	
			Total For Dept 305.206 Pol Tech Serv - City Impound			101,542.50		
Dept 308.200 Pol Invst Ovrhd - Criminal Invest Overh								
101-308.200-823.000		Copying Services	XEROX CORP		800629318	04/10/14	181.16	20738
101-308.200-823.000		XEH583357 POLICE DET BU	XEROX CORP	XEROX COPY MACHII	800625230	04/10/14	181.16	20738
101-308.200-823.000		XEH583357 POLICE DET BU	XEROX CORP	XEROX COPY MACHII	800630654	05/01/14	181.16	21242
101-308.200-823.000		XEH583357 POLICE DET BU	XEROX CORP	XEROX COPY MACHII	800633282	07/03/14	181.16	
			Total For Dept 308.200 Pol Invst Ovrhd - Criminal Invest Overh			724.64		
Dept 308.202 Pol Invst Ovrhd - Police School Liason								
101-308.202-823.000		Copying Services	XEROX CORP		800629318	04/10/14	74.35	20738
101-308.202-823.000		LBP346544 POLICE JUVENII	XEROX CORP	XEROX COPY MACHII	800625230	04/10/14	74.35	20738
101-308.202-823.000		LBP346544 POLICE JUVENII	XEROX CORP	XEROX COPY MACHII	800630654	05/01/14	74.35	21242
101-308.202-823.000		LBP346544 POLICE JUVENII	XEROX CORP	XEROX COPY MACHII	800633282	07/03/14	74.35	
			Total For Dept 308.202 Pol Invst Ovrhd - Police School Liason			297.40		

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Dept 315.100 Patrol Bureau - Administration								
101-315.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	536.62	20738
101-315.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	113.61	20738
101-315.100-823.000		BRE240880 POLICE PATROL	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	536.62	20738
101-315.100-823.000		YHT650375 POLICE PATROL	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	113.61	20738
101-315.100-823.000		BRE240880 POLICE PATROL	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	759.41	21242
101-315.100-823.000		YHT650375 POLICE PATROL	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	48.56	21242
101-315.100-823.000		VXW011616 POLICE TRAFFI	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	113.61	21242
101-315.100-823.000		VXW011616 POLICE TRAFFI	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	113.61	
101-315.100-823.000		YHT650375 POLICE PATROL	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	48.56	
101-315.100-823.000		BRE240880 POLICE PATROL	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	488.60	
			Total For Dept 315.100 Patrol Bureau - Administration				2,872.81	
Dept 315.207 Patrol Bureau-Traffic Safety								
101-315.207-823.000		Copying Services	XEROX CORP		800629318	04/10/14	396.02	20738
101-315.207-823.000		LXW328274 POLICE TRAFFI	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	396.02	20738
101-315.207-823.000		LXW328274 POLICE TRAFFI	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	512.37	21242
101-315.207-823.000		LXW328274 POLICE TRAFFI	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	396.02	
			Total For Dept 315.207 Patrol Bureau-Traffic Safety				1,700.43	
Dept 325.100 Public Safety 911 - Administration								
101-325.100-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	5.35	21246
101-325.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	74.35	20738
101-325.100-823.000		LBP346546 911	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	74.35	20738
101-325.100-823.000		LBP346546 911	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	74.35	21242
101-325.100-823.000		LBP346546 911	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	74.35	
101-325.100-850.000		Communications	AT & T		810766700004	04/24/14	850.51	173192
101-325.100-850.000		Communications	AT & T SBS		8102303151595	04/24/14	1,686.08	173193
101-325.100-850.000		Communications	AT & T SBS		8102303151595	05/29/14	2,103.32	173529
101-325.100-850.000		Communications	AT & T		810766700005	06/05/14	832.19	173566
101-325.100-850.000		Communications	AT & T SBS		8102303151595	06/19/14	2,103.32	173656
101-325.100-850.000		Communications	AT & T		810766700006	06/24/14	832.69	173654
101-325.100-958.000		Education, Training, & Conf	L.E.O.R.T.C.		3720	06/26/14	11,245.74	
			Total For Dept 325.100 Public Safety 911 - Administration				19,956.60	
Dept 337.100 Office Of Fire Chief								
101-337.100-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	7.50	21246
101-337.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	183.29	20738
101-337.100-823.000		PBB019192 FIRE	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	183.29	20738
101-337.100-823.000		PBB019192 FIRE	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	495.93	21242

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101-337.100-823.000		PBB019192 FIRE	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	183.29	
101-337.100-850.000		Communications	AT & T		810766700004	04/24/14	4,369.88	173192
101-337.100-850.000		Communications	AT & T SBS		8102303151595	04/24/14	5,425.08	173193
101-337.100-850.000		Communications	AT & T SBS		8102303151595	05/29/14	5,517.58	173529
101-337.100-850.000		Communications	AT & T		810766700005	06/05/14	4,369.88	173566
101-337.100-850.000		Communications	AT & T SBS		8102303151595	06/19/14	6,034.15	173656
101-337.100-850.000		Communications	AT & T		810766700006	06/24/14	4,369.88	173654
			Total For Dept 337.100 Office Of Fire Chief				31,139.75	
Dept 337.201 Fire Admin-Maintenance								
101-337.201-930.000		SERVICE AGREEMENT FOR	ARGUS-HAZCO	ONE YEAR SCOTT AIR CO	04075975	06/26/14	7,648.43	22037
			Total For Dept 337.201 Fire Admin-Maintenance				7,648.43	
Dept 338.201 Firefighting Division-Fire Station Overh								
101-338.201-758.000		SHORT SLEEVE POLO SHIRT	ALLIE BROTHERS INC	UNIFOR SHIRTS	50586	06/26/14	5,330.00	
101-338.201-977.000		9519-4000 - QUANTIFIT RE	AFC INTERNATIONAL INC	QUANTIFIT RESPIRATORI	40706	05/08/14	6,760.90	21285
101-338.201-977.000		SHIPPING & INSURANCE CH	AFC INTERNATIONAL INC	QUANTIFIT RESPIRATORI	40706	05/08/14	75.00	21285
			Total For Dept 338.201 Firefighting Division-Fire Station Overh				12,165.90	
Dept 371.209 Development-Planning & Zoning								
101-371.209-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	72.80	21246
			Total For Dept 371.209 Development-Planning & Zoning				72.80	
Dept 690.100 DCD - Administration								
101-690.100-850.000		Communications	AT & T		810766700004	04/24/14	1,105.66	173192
101-690.100-850.000		Communications	AT & T		810766700005	06/05/14	1,081.84	173566
101-690.100-850.000		Communications	AT & T		810766700006	06/24/14	1,082.50	173654
			Total For Dept 690.100 DCD - Administration				3,270.00	
Dept 752.100 Parks & Recreation Admin								
101-752.100-850.000		Communications	AT & T		810766700004	04/24/14	1,301.82	173192
101-752.100-850.000		Communications	AT & T		810766700005	06/05/14	1,292.65	173566
101-752.100-850.000		Communications	AT & T		810766700006	06/24/14	1,292.90	173654
			Total For Dept 752.100 Parks & Recreation Admin				3,887.37	
Dept 752.101 Parks - Recreation Division								
101-752.101-850.000		Communications	AT & T SBS		8102303151595	04/24/14	170.29	173193
101-752.101-850.000		Communications	AT & T SBS		8102303151595	05/29/14	170.40	173529
101-752.101-850.000		Communications	AT & T SBS		8102303151595	06/19/14	177.89	173656
			Total For Dept 752.101 Parks - Recreation Division				518.58	

GL Number	Grant	Inv. Line Desc	Vendor	Invoice Desc.	Invoice	Due Date	Amount	Check #
Dept 753.200 Facilities Maint-Municipal Center								
101-753.200-801.000		JANITORIAL SERVICES	DU ALL CLEANING INC	JANITORIAL SERVICES FO	10350	04/03/14	5,798.00	20623
101-753.200-801.000		JANITORIAL SERVICES	DU ALL CLEANING INC	JANITORIAL SERVICES FO	10508	05/08/14	5,798.00	21195
101-753.200-801.000		REPLACE CARPETING IN AS	FLINT CARPET CO	REPLACE CARPETING IN	56476C	06/12/14	7,321.05	21906
101-753.200-801.000		JANITORIAL SERVICES	DU ALL CLEANING INC	JANITORIAL SERVICES FO	10533	06/12/14	5,798.00	21939
101-753.200-850.000		Communications	AT & T		810766700004	04/24/14	255.15	173192
101-753.200-850.000		Communications	AT & T SBS		8102303151595	04/24/14	76.69	173193
101-753.200-850.000		Communications	AT & T SBS		8102303151595	05/29/14	76.75	173529
101-753.200-850.000		Communications	AT & T		810766700005	06/05/14	249.66	173566
101-753.200-850.000		Communications	AT & T SBS		8102303151595	06/19/14	76.79	173656
101-753.200-850.000		Communications	AT & T		810766700006	06/24/14	249.81	173654
101-753.200-920.000			Consumers Energy	ML021514-031714 1101	100000298479	04/17/14	20,380.11	173186
101-753.200-920.000			Consumers Energy	ML021814-031814 1101	100000298446	04/17/14	7,471.36	173186
101-753.200-920.000			Consumers Energy	ML031814-041514 1101	100000298479	05/08/14	3,805.90	173306
101-753.200-920.000			Consumers Energy	ML031914-041614 1101	100000298446	05/08/14	7,563.74	173306
101-753.200-920.000			Consumers Energy	ML041714-051614 1101	100000298446	06/05/14	8,997.40	173558
101-753.200-920.000			Consumers Energy	ML051714-061714 1101	100000298446	06/26/14	28,029.49	
			Total For Dept 753.200 Facilities Maint-Municipal Center			141,947.90		
			Total For Fund 101 General Fund			1,706,334.00		
Fund 202 Major Street Fund								
Dept 441.702 Transportation-Tip Contribution								
202-441.702-801.000		DESIGN/ENGINEERING SER	WADE TRIM, INC	SAGINAW ST PRJT PRELI	3000535	05/15/14	20,338.97	21240
202-441.702-801.000		DESIGN/ENGINEERING SER	WADE TRIM, INC	SAGINAW ST PRJT PRELI	3000606	05/15/14	33,747.12	21240
202-441.702-801.000		CHANGE ORDER # 1- ENGI	ROWE ENGINEERING INC	CITY ENGINEERING SERV	0073871	06/05/14	4,506.25	
202-441.702-801.000		Professional Service	ROWE ENGINEERING INC		0073934	06/05/14	7,462.50	
202-441.702-801.000		DESIGN/ENGINEERING SER	WADE TRIM, INC	SAGINAW ST PRJT PRELI	3000845	06/26/14	22,065.70	
			Total For Dept 441.702 Transportation-Tip Contribution			98,120.54		
Dept 442.100 Transportation Major And Local Streets								
202-442.100-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	11.78	21246
202-442.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	183.29	20738
202-442.100-823.000		PBB019289 TRANS ADMIN	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	183.29	20738
202-442.100-823.000		PBB019289 TRANS ADMIN	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	599.72	21242
202-442.100-823.000		PBB019289 TRANS ADMIN	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	183.29	
202-442.100-850.000		Communications	AT & T		810766700004	04/24/14	662.80	173192
202-442.100-850.000		Communications	AT & T		810766700005	06/05/14	651.81	173566
202-442.100-850.000		Communications	AT & T		810766700006	06/24/14	652.11	173654

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			Total For Dept 442.100 Transportation Major And Local Streets			3,128.09		
Dept 443.200 Trans Engg-Routine Maint-Strts/Repairs								
202-443.200-730.500		Compliance Permit Fees	US NUCLEAR REGULATORY COMMISSION		LFB 14-2728	04/10/14	6,400.00	
202-443.200-801.000		TRANSPORTATION SERVICE	ROWE ENGINEERING INC	CITY ENGINEERING SERV	0073492	04/03/14	7,146.75	20732
202-443.200-801.000		TRANSPORTATION SERVICE	ROWE ENGINEERING INC	CITY ENGINEERING SERV	0073624	04/24/14	12,452.25	21234
202-443.200-801.000		TRANSPORTATION SERVICE	ROWE ENGINEERING INC	CITY ENGINEERING SERV	0073871	06/05/14	5,348.00	
202-443.200-850.000		Communications	AT & T		810766700004	04/24/14	255.15	173192
202-443.200-850.000		Communications	AT & T		810766700005	06/05/14	249.66	173566
202-443.200-850.000		Communications	AT & T		810766700006	06/24/14	249.81	173654
			Total For Dept 443.200 Trans Engg-Routine Maint-Strts/Repairs			32,101.62		
Dept 443.201 Traffic Engineering Service Maintenance								
202-443.201-726.000		STREET BARRICADES	LIGHTLE ENTERPRISES OF	STREET BARRICADES & D	2430	05/01/14	25,000.00	21189
202-443.201-726.000		U-CHANNEL &TELSPAR	MD SOLUTIONS	TRAFFIC SIGN POSTS	0019450	05/08/14	24,596.50	22042
202-443.201-726.000		RATHCO-TRAFFIC SIGNS	RATHCO SAFETY SUPPLY I	TRAFFIC SIGNS	145524	05/15/14	2,920.57	21254
202-443.201-726.000		TACTICS MARC, 16 USERS V	CARRIER AND GABLE	TACTICS MARC SOFTWAI	247975	05/29/14	10,700.00	21415
202-443.201-726.000		3M 202 PVMNT MRKNG SL	3M COMPANY	PAVEMENT MARKING SL	SS71267	06/19/14	28,364.80	
202-443.201-726.000		3M 202 PVMNT MRKNG SL	3M COMPANY	PAVEMENT MARKING SL	SS71272	06/26/14	5,115.20	
202-443.201-726.000		3M 202 PVMNT MRKNG SL	3M COMPANY	PAVEMENT MARKING SL	SS71266	06/26/14	9,520.00	
202-443.201-823.000		Copying Services	XEROX CORP		800629318	04/10/14	74.35	20738
202-443.201-823.000		Copying Services	XEROX CORP		800629318	04/10/14	113.61	20738
202-443.201-823.000		Copying Services	XEROX CORP	XEROX COPY MACHII	800625230	04/10/14	74.35	20738
202-443.201-823.000		LBP346399 TRANS ENGINEI	XEROX CORP	XEROX COPY MACHII	800625230	04/10/14	113.61	20738
202-443.201-823.000		VXW010378 TRAFFIC	XEROX CORP	XEROX COPY MACHII	800630654	05/01/14	113.61	21242
202-443.201-823.000		LBP346399 TRANS ENGINEI	XEROX CORP	XEROX COPY MACHII	800630654	05/01/14	74.35	21242
202-443.201-823.000		VXW010378 TRAFFIC	XEROX CORP	XEROX COPY MACHII	800633282	07/03/14	113.61	
202-443.201-823.000		LBP346399 TRANS ENGINEI	XEROX CORP	XEROX COPY MACHII	800633282	07/03/14	74.35	
202-443.201-850.000		Communications	AT & T		810766700004	04/24/14	850.51	173192
202-443.201-850.000		Communications	AT & T		810766700005	06/05/14	832.19	173566
202-443.201-850.000		Communications	AT & T		810766700006	06/24/14	832.69	173654
202-443.201-920.000		Utilities	CONSUMERS ENERGY	AT	1000 0029 8321	04/10/14	12,452.10	173157
202-443.201-920.000		Utilities	CONSUMERS ENERGY	AT	1000 0029 8321	05/08/14	12,452.10	173300
202-443.201-920.000		Utilities	CONSUMERS ENERGY	AT	1000 0029 8321	06/12/14	12,452.10	173624
202-443.201-930.000		GRND TRNK SIGNAL MAINT	GRAND TRUNK WESTERN	SIGNAL & ELECTRICAL M.	91045970	05/15/14	13,965.00	21391
			Total For Dept 443.201 Traffic Engineering Service Maintenance			160,805.60		
Dept 449.201 St Maint-Routine Maint-Strts/Repairs-Act								
202-449.201-726.000		CHANGE ORDER #1 - SALT	DETROIT SALT CO	SALT FOR FY2014 WINTE	42410	03/20/14	3,044.12	21167
202-449.201-726.000		CHANGE ORDER #1 - SALT	DETROIT SALT CO	SALT FOR FY2014 WINTE	42354	03/20/14	18,988.43	21167

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202-449.201-782.000		ASPHALT - MAJORS	ACE SAGINAW PAVING COMPANY		1940290	04/17/14	5,305.81	20790
202-449.201-782.000		ASPHALT - MAJORS	ACE SAGINAW PAVING COMPANY		1940727	04/24/14	2,001.84	20790
202-449.201-823.000		Copying Services	XEROX CORP		800629318	04/10/14	48.56	20738
202-449.201-823.000		YHT650367 STREET MAINTI	XEROX CORP	XEROX COPY MACHII	800625230	04/10/14	48.56	20738
202-449.201-823.000		YHT650367 STREET MAINTI	XEROX CORP	XEROX COPY MACHII	800630654	05/01/14	48.56	21242
202-449.201-823.000		YHT650367 STREET MAINTI	XEROX CORP	XEROX COPY MACHII	800633282	07/03/14	48.56	
202-449.201-850.000		Communications	AT & T SBS		8102303151595	04/24/14	23.97	173193
202-449.201-850.000		Communications	AT & T SBS		8102303151595	05/29/14	23.97	173529
202-449.201-850.000		Communications	AT & T SBS		8102303151595	06/19/14	23.97	173656
202-449.201-940.000		CHANGE ORD # 2 RENTAL C	MICHIGAN CAT INC	RENTAL OF LOADERS FOI	ER4146705	05/29/14	4,845.00	21451
202-449.201-940.000		INV #ER3917758 AND ER39	MICHIGAN CAT INC	RENTAL OF LOADERS FOI	ER4146705	05/29/14	191.13	21451
			Total For Dept 449.201 St Maint-Routine Maint-Strts/Repairs-Act			34,642.48		
Dept 449.203 St Maint-Winter Maint-Major/Local-Act51								
202-449.203-782.000		ASPHALT - WINTER MAJOR	ACE SAGINAW PAVING COMPANY		1940727	04/24/14	3,246.49	20790
			Total For Dept 449.203 St Maint-Winter Maint-Major/Local-Act51			3,246.49		
			Total For Fund 202 Major Street Fund			332,044.82		
Fund 203 Local Street Fund								
Dept 443.201 Traffic Engineering Service Maintenance								
203-443.201-726.000		BARRICADES	LIGHTLE ENTERPRISES OF	STREET BARRICADES & D	2430	05/01/14	9,996.68	21189
203-443.201-726.000		U-CHANNEL &TELSPAR	MD SOLUTIONS	TRAFFIC SIGN POSTS	0019450	05/08/14	24,596.50	22042
203-443.201-726.000		RATHCO-TRAFFIC SIGNS	RATHCO SAFETY SUPPLY I	TRAFFIC SIGNS	145524	05/15/14	2,336.03	21254
203-443.201-726.000		3M 203 PVMNT MRKNG SL	3M COMPANY	PAVEMENT MARKING SL	SS71272	06/26/14	17,568.80	
			Total For Dept 443.201 Traffic Engineering Service Maintenance			54,498.01		
Dept 449.201 St Maint-Routine Maint-Strts/Repairs-Act								
203-449.201-726.000		CHANGE ORDER #1 - SALT	DETROIT SALT CO	SALT FOR FY2014 WINTE	42451	03/20/14	10,681.84	21167
203-449.201-726.000		CHANGE ORDER #1 - SALT	DETROIT SALT CO	SALT FOR FY2014 WINTE	42505	03/20/14	5,105.37	21167
203-449.201-726.000		CHANGE ORDER #1 - SALT	DETROIT SALT CO	SALT FOR FY2014 WINTE	42410	03/20/14	15,835.77	21167
203-449.201-726.000		CRACK SEALK AND POLYME	NATIONAL HIGHWAY MAI	RENTAL OF CRACK PATCI	8207	06/12/14	8,820.00	173634
203-449.201-726.000		DELIVERY OF CRACK SEALIN	NATIONAL HIGHWAY MAI	RENTAL OF CRACK PATCI	8207	06/12/14	795.00	173634
203-449.201-782.000		ASPHALT - LOCALS	ACE SAGINAW PAVING COMPANY		1943487	05/01/14	5,307.72	21200
			Total For Dept 449.201 St Maint-Routine Maint-Strts/Repairs-Act			46,545.70		
Dept 449.203 St Maint-Winter Maint-Major/Local-Act51								
203-449.203-726.000		CHANGE ORDER #1 - SALT	DETROIT SALT CO	SALT FOR FY2014 WINTE	42548	03/20/14	8,196.98	21167
203-449.203-726.000		CHANGE ORDER #1 - SALT	DETROIT SALT CO	SALT FOR FY2014 WINTE	42505	03/20/14	5,833.08	21167
			Total For Dept 449.203 St Maint-Winter Maint-Major/Local-Act51			14,030.06		

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			Total For Fund 203 Local Street Fund			115,073.77		
Fund 207 Police Fund								
Dept 315.204 Patrol Bureau-Patrol - 4Th Shift								
207-315.204-823.000		Copying Services	XEROX CORP		800629318	04/10/14	48.56	20738
207-315.204-823.000		YHT650322 POLICE 4601 M	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	48.56	20738
207-315.204-823.000		YHT650322 POLICE 4601 M	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	48.56	21242
207-315.204-823.000		YHT650322 POLICE 4601 M	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	48.56	
207-315.204-850.000		Communications	AT & T SBS		8102303151595	04/24/14	591.00	173193
207-315.204-850.000		Communications	AT & T SBS		8102303151595	05/29/14	590.88	173529
207-315.204-850.000		Communications	AT & T SBS		8102303151595	06/19/14	724.65	173656
			Total For Dept 315.204 Patrol Bureau-Patrol - 4Th Shift			2,100.77		
			Total For Fund 207 Police Fund			2,100.77		
Fund 208 Park/Recreation Fund								
Dept 752.100 Parks & Recreation Admin								
208-752.100-850.000		Communications	AT & T SBS		8102303151595	04/24/14	23.95	173193
208-752.100-850.000		Communications	AT & T SBS		8102303151595	05/29/14	23.98	173529
208-752.100-850.000		Communications	AT & T SBS		8102303151595	06/19/14	23.97	173656
			Total For Dept 752.100 Parks & Recreation Admin			71.90		
Dept 752.102 Parks - Forestry Admin								
208-752.102-801.000		ROWE, FY14 PARKS ENG SE	ROWE ENGINEERING INC	CITY ENGINEERING SERV	0073713	05/01/14	25,207.50	20817
208-752.102-801.000		FY14 TREE REMOVALS	J & M TREE SERVICE	FY14 TREE TRIMMING/ R	T-060614	06/12/14	6,625.00	21891
208-752.102-801.000		FY14 MOWING SERVICES	MIKE'S LANDSCAPING		124	06/19/14	9,648.00	22039
208-752.102-920.900		Intracity Utilities-Wtr/Sewe	TREASURER CITY OF FLINT		BOUE-000930-01	05/22/14	16,524.88	
208-752.102-920.900		Intracity Utilities-Wtr/Sewe	TREASURER CITY OF FLINT		FORE-002201-01	06/19/14	5,113.28	173618
			Total For Dept 752.102 Parks - Forestry Admin			63,118.66		
			Total For Fund 208 Park/Recreation Fund			63,190.56		
Fund 213 Park & Recreation Senior Citizen Centers								
Dept 752.120 Brennan Community Center								
213-752.120-801.000		BRENNAN MONTHLY EXPEI	BRENNAN ELM PARK SEN	FY13-14 SENIOR MILLAGI	APRIL 2014	05/22/14	9,760.17	21356
213-752.120-801.000		BRENNAN MONTHLY EXPEI	BRENNAN ELM PARK SEN	FY13-14 SENIOR MILLAGI	MAY 2014	06/12/14	6,756.09	21857
			Total For Dept 752.120 Brennan Community Center			16,516.26		

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Dept 752.160 Hasselbring Community Center								
213-752.160-801.000		HASSELBRING MONTHLY E	UNITED SENIOR NETWOR	FY13-14 SENIOR MILLAGI	MARCH 2014	04/03/14	8,985.65	20626
213-752.160-801.000		HASSELBRING MONTHLY E	UNITED SENIOR NETWOR	FY13-14 SENIOR MILLAGI	APRIL 2014	05/08/14	9,209.72	21202
213-752.160-801.000		HASSELBRING MONTHLY E	UNITED SENIOR NETWOR	FY13-14 SENIOR MILLAGI	MAY 2014	06/05/14	8,166.13	21498
			Total For Dept 752.160 Hasselbring Community Center			26,361.50		
			Total For Fund 213 Park & Recreation Senior Citizen Centers			42,877.76		
Fund 219 Street Light								
Dept 443.206 Street Lighting								
219-443.206-920.000		Utilities	CONSUMERS ENERGY	AT	1000 0029 8404	04/10/14	197,808.22	173125
219-443.206-920.000		Utilities	CONSUMERS ENERGY	AT	1000 0029 8404	05/08/14	197,754.53	173300
219-443.206-920.000		Utilities	CONSUMERS ENERGY	AT	1000 0029 8404	06/05/14	197,612.86	173624
			Total For Dept 443.206 Street Lighting			593,175.61		
			Total For Fund 219 Street Light			593,175.61		
Fund 226 Rubbish Collection Fund								
Dept 528.201 Waste Collection - Sanitation								
226-528.201-801.000		RESIDENTIAL GARBAGE	RWS OF MID MICHIGAN		0237-001313575	05/08/14	324,336.87	21199
226-528.201-801.000		RESIDENTIAL GARBAGE	RWS OF MID MICHIGAN		0237-001320102	06/05/14	324,336.87	21854
			Total For Dept 528.201 Waste Collection - Sanitation			648,673.74		
Dept 528.204 Waste Collect-Composting(Leaves & Grass)								
226-528.204-801.000		CHEVY IN HOLE, SANITATIC	ROWE ENGINEERING INC		0073628	06/05/14	2,479.57	
226-528.204-801.000		Professional Service	ROWE ENGINEERING INC		0073628	06/05/14	18,087.93	
			Total For Dept 528.204 Waste Collect-Composting(Leaves & Grass)			20,567.50		
Dept 528.207 Waste Collection - Compost site								
226-528.207-801.000		COMPOST PROCESS/DISPO	RESOURCE RECYCLING SY	COMPOST PROCESSING/	727037	05/01/14	33,000.00	21274
226-528.207-801.000		COMPOST PROCESS/DISPO	RESOURCE RECYCLING SY	COMPOST PROCESSING/	727040	05/15/14	43,750.00	21274
226-528.207-801.000		COMPOST PROCESS/DISPO	RESOURCE RECYCLING SY	COMPOST PROCESSING/	727066	05/15/14	43,750.00	21478
226-528.207-801.000		COMPOST PROCESS/DISPO	RESOURCE RECYCLING SY	COMPOST PROCESSING/	727097	06/19/14	43,750.00	22029
			Total For Dept 528.207 Waste Collection - Compost site			164,250.00		
			Total For Fund 226 Rubbish Collection Fund			833,491.24		
Fund 265 Drug Law Enforcement Fund								
Dept 308.207 Pol Invst Ovrhd - Doj/Dea Forfeiture								

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265-308.207-823.000		Copying Services	XEROX CORP		800629318	04/10/14	183.29	20738
265-308.207-823.000		PBB019107 POLICE SPECIAI	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	183.29	20738
265-308.207-823.000		PBB019107 POLICE SPECIAI	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	276.93	21242
265-308.207-823.000		PBB019107 POLICE SPECIAI	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	183.29	
265-308.207-850.000		Communications	AT & T SBS		8102303151595	04/24/14	23.95	173193
265-308.207-850.000		Communications	AT & T SBS		8102303151595	05/29/14	23.98	173529
265-308.207-850.000		Communications	AT & T SBS		8102303151595	06/19/14	23.97	173656
			Total For Dept 308.207 Pol Invst Ovrhd - Doj/Dea Forfeiture			898.70		
			Total For Fund 265 Drug Law Enforcement Fund			898.70		
Fund 274 HUD CDBG, ESG, & HOME GRANTS								
Dept 748.100 Cof Cdbg Administration								
274-748.100-729.000	FHUD14CDBG	Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	13.92	21246
274-748.100-801.000	FHUD14CDBG	HQS TRAINING, ETC	ETC TRAINING SERVICES (	ETC, HQS TRAINING	34561	06/05/14	5,500.00	21510
274-748.100-823.000	FHUD14CDBG	Copying Services	XEROX CORP		800629318	04/10/14	396.02	20738
274-748.100-823.000	FHUD14CDBG	Copying Services	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	396.02	20738
274-748.100-823.000	FHUD14CDBG	Copying Services	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	623.92	21242
274-748.100-823.000	FHUD14CDBG	Copying Services	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	396.02	
			Total For Dept 748.100 Cof Cdbg Administration			7,325.90		
Dept 748.160 Cof - Fire Department								
274-748.160-977.000	FHUD14CDBG	XTL1500 ASTRO DIG. W/CO	MOTOROLA INC	COF FIRE - FIRE RADIOS/I	41195152	06/05/14	17,210.00	21446
274-748.160-977.000	FHUD14CDBG	MOTOROLA APX6000XE MI	MOTOROLA INC	COF FIRE - FIRE RADIOS/I	41195152	06/05/14	45,469.00	21446
274-748.160-977.500	FCDBGPRIOR	FIRE VEHICLE	K M E FIRE APPARATUS		04212014-01	05/01/14	80,920.00	20841
274-748.160-977.500	FHUD13CDBG	FIRE VEHICLE	K M E FIRE APPARATUS		04212014-01	05/01/14	75,000.00	20841
			Total For Dept 748.160 Cof - Fire Department			218,599.00		
Dept 748.181 COF Smith Village - nbrhd improv								
274-748.181-805.101	FCDBGPRIOR	CO 6 TO 11-036, SMITH VIL	ROWE ENGINEERING INC		0071392	04/03/14	2,949.00	20259
274-748.181-805.101	FHUD13CDBG	CO 6 TO 11-036, SMITH VIL	ROWE ENGINEERING INC		0071392	04/03/14	4,417.75	20259
274-748.181-805.101	FHUD13CDBG	CO 6 TO 11-036, SMITH VIL	ROWE ENGINEERING INC		0073334	04/24/14	6,356.75	21369
274-748.181-805.101	FHUD13CDBG	CO 6 TO 11-036, SMITH VIL	ROWE ENGINEERING INC		0073815	05/29/14	5,154.50	21799
			Total For Dept 748.181 COF Smith Village - nbrhd improv			18,878.00		
Dept 748.215 COF Parks & Rec Berston Fac Improv.								
274-748.215-801.000	FHUD13CDBG	FIRE ESCAPE	OAK CONSTRUCTION COR	FIRE ESCAPE AT BERSTOI	13-6-23	04/24/14	12,720.00	20858
			Total For Dept 748.215 COF Parks & Rec Berston Fac Improv.			12,720.00		
Dept 748.222 COF-POLICE-CODE ENF-HUD 14								

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274-748.222-729.000	FHUD14CDBG	Supplies	MAIL ROOM SERVICE CENTER		04140261	05/08/14	3.21	21246
			Total For Dept 748.222 COF-POLICE-CODE ENF-HUD 14			3.21		
Dept 748.425 LISC admin								
274-748.425-805.502	FHUD14CDBG	CAPACITY BUILDING, CDBG	LOCAL INITIATIVES SUPPC	LISC CDBG ADMIN, CAPA	1313604	05/22/14	6,025.27	21853
			Total For Dept 748.425 LISC admin			6,025.27		
Dept 749.181 COF - Smith Village project								
274-749.181-805.276	FHUD13HOME	HOME FY13	GDC SMITH VILLAGE LLC		1208701	04/17/14	45,811.62	21197
274-749.181-805.276	FHOMEPRIOR	ROWE CO #6 TO 12-130, FI	ROWE ENGINEERING INC	CO #3 TO 12-130, ROWE	0073496	05/29/14	16,200.00	21799
274-749.181-805.276	FHOMEPRIOR	CO #3 TO 12-130,	ROWE ENGINEERING INC	CO #3 TO 12-130, ROWE	0073334	06/05/14	837.75	21426
274-749.181-805.276	FHOMEPRIOR	ROWE CO #6 TO 12-130, FI	ROWE ENGINEERING INC	CO #3 TO 12-130, ROWE	0073334	06/05/14	5,519.00	21426
			Total For Dept 749.181 COF - Smith Village project			68,368.37		
Dept 749.471 Salem Housing - Prr								
274-749.471-805.327	FHOMEPRIOR	HOME PRR PROGRAM	SALEM HOUSING COMM DEVELOPMENT CORP		0902251	05/29/14	12,536.00	21458
			Total For Dept 749.471 Salem Housing - Prr			12,536.00		
Dept 750.200 METRO COMM DEV - ESG PROGRAMS								
274-750.200-805.101	FHUD14ESG	ESG PRO REIMBURSE, SHEL	METRO COMMUNITY DEV	METRO ESG ADMIN & PF	1315201	04/17/14	7,996.53	20777
274-750.200-805.101	FHUD13ESG	METRO SHELTER OPERATIC	METRO COMMUNITY DEV	METRO COMMUNITY -SL	1315104	04/17/14	16,249.68	20777
274-750.200-805.101	FHUD13ESG	METRO SHELTER OPERATIC	METRO COMMUNITY DEV	METRO COMMUNITY -SL	1315102	04/17/14	6,269.29	20777
274-750.200-805.101	FESGPRIOR	METRO SHELTER ESSENTIAI	METRO COMMUNITY DEV	METRO COMMUNITY -SL	1315102	04/17/14	682.59	20777
274-750.200-805.101	FHUD14ESG	ESG PRO REIMBURSE, SHEL	METRO COMMUNITY DEV	METRO ESG ADMIN & PF	1315202	05/29/14	29,975.07	21397
274-750.200-805.101	FHUD14ESG	ESG PRO REIMBURSE, SHEL	METRO COMMUNITY DEV	METRO ESG ADMIN & PF	1315203	05/29/14	41,753.75	21474
274-750.200-805.101	FHUD14ESG	ESG PRO REIMBURSE, SHEL	METRO COMMUNITY DEV	METRO ESG ADMIN & PF	1315204	06/19/14	55,572.35	
274-750.200-805.122	FHUD13ESG	METRO HOMELESSNESS PR	METRO COMMUNITY DEV	METRO COMMUNITY -SL	1315102	04/17/14	9,319.79	20777
274-750.200-805.122	FHUD14ESG	ESG REMBURS, HOMLSSNS	METRO COMMUNITY DEV	METRO ESG ADMIN & PF	1315202	05/29/14	6,380.86	21397
274-750.200-805.122	FHUD14ESG	ESG REMBURS, HOMLSSNS	METRO COMMUNITY DEV	METRO ESG ADMIN & PF	1315203	05/29/14	11,366.19	21474
			Total For Dept 750.200 METRO COMM DEV - ESG PROGRAMS			185,566.10		
			Total For Fund 274 HUD CDBG, ESG, & HOME GRANTS			530,021.85		
Fund 296 Other Grants Fund								
Dept 301.600 Recovery Act JAG 2009								
296-301.600-977.000	FDOJ13JAG	X2, YELLOW, ELECTRONIC C	MICHIGAN TASER DISTRIB	TAZERS	10593	04/10/14	12,516.00	20635
296-301.600-977.000	FDOJ2012	X2, YELLOW, ELECTRONIC C	MICHIGAN TASER DISTRIB	TAZERS	10593	04/10/14	9,000.00	20635
296-301.600-977.000	FDOJ13JAG	TACTICAL PERFORMANCE F	MICHIGAN TASER DISTRIB	TAZERS	10593	04/10/14	1,443.40	20635
296-301.600-977.000	FDOJ13JAG	X2, BLACKHAWK, RH, HOLS	MICHIGAN TASER DISTRIB	TAZERS	10593	04/10/14	1,362.90	20635
296-301.600-977.000	FDOJ13JAG	X2, BLACKHAWK, LH, HOLS	MICHIGAN TASER DISTRIB	TAZERS	10593	04/10/14	433.65	20635

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296-301.600-977.000	FDOJ13JAG	X2/X26P DATAPORT DOWN	MICHIGAN TASER DISTRIB	TAZERS	10593	04/10/14	159.95	20635
296-301.600-977.000	FDOJ13JAG	X2, 15' LIVE SMART CARTRI	MICHIGAN TASER DISTRIB	TAZERS	10593	04/10/14	7,826.00	20635
296-301.600-977.000	FDOJ13JAG	X2, 25' LIVE SMART CARTRI	MICHIGAN TASER DISTRIB	TAZERS	10593	04/10/14	4,073.20	20635
296-301.600-977.000	FDOJ13JAG	X2, INERT SIMULATOR, 25'	MICHIGAN TASER DISTRIB	TAZERS	10593	04/10/14	1,757.80	20635
296-301.600-977.000	FDOJ13JAG	CONDUCTIVE PRACTICE TAI	MICHIGAN TASER DISTRIB	TAZERS	10593	04/10/14	25.90	20635
296-301.600-977.000	FDOJ13JAG	CONDUCTIVE PRACTICE TAI	MICHIGAN TASER DISTRIB	TAZERS	10593	04/10/14	25.90	20635
296-301.600-977.000	FDOJ13JAG	SHIPPING AND HANDLING	MICHIGAN TASER DISTRIB	TAZERS	10593	04/10/14	375.30	20635
296-301.600-977.000	FDOJ13JAG	STRION C4 LED HL RECHAR	MICHIGAN POLICE EQUIPI	REQUEST FOR BID - LED F	161480	05/08/14	15,805.00	21903
296-301.600-977.000	FDOJ13JAG	ORANGE SAFETY WAND FO	MICHIGAN POLICE EQUIPI	REQUEST FOR BID - LED F	161480	05/08/14	580.00	21903
296-301.600-977.500	FDOJ11JAG	2013 CHEVROLET CAPRICE	BERGER CHEVROLET INC	2013 CHEVROLET CAPRIC	829254	06/05/14	24,017.00	173562
			Total For Dept 301.600 Recovery Act JAG 2009				79,402.00	
Dept 301.612 Cities of Service Impact Volun. Grant								
296-301.612-726.000	OCOS14VOLUN	TIRE BUY BACK ACTIVITY	TANYA MEEKS	TIRE BUY BACK ACTIVITY	5/6/14 TIRE BUY BAC	05/08/14	10,000.00	21220
			Total For Dept 301.612 Cities of Service Impact Volun. Grant				10,000.00	
Dept 315.702 Mott Neighborhood Patrol (7/1/12 - 12/3								
296-315.702-726.000	LCSM13COMPOL	Supplies	MAIL ROOM SERVICE CENTER		04140261	05/08/14	6.42	21246
296-315.702-801.000	LCSM13COMPOL	COORDINATION OF PUBLIC	METRO COMMUNITY DEV	CHANGE ORDER - NEIGH	3	05/01/14	22,500.00	20856
296-315.702-801.000	LCSM13COMPOL	PUBLIC SAFETY STUDY TO A	CENTER FOR PUBLIC SAFE	PUBLIC SAFETY STUDY	1004	05/29/14	32,040.00	21513
			Total For Dept 315.702 Mott Neighborhood Patrol (7/1/12 - 12/3				54,546.42	
Dept 690.396 R MOTT MATCH 4 MDNR (RIVERBANK PARK)								
296-690.396-801.000	LRMOTT13PARK	RIVERBANK PARK ENGINEE	WADE TRIM, INC	ENGINEERING SERVICES	3000857	06/26/14	12,785.81	
			Total For Dept 690.396 R MOTT MATCH 4 MDNR (RIVERBANK PARK)				12,785.81	
Dept 690.400 HUD Comm Challenge Grant								
296-690.400-801.000	FHUDMASTPLAN	MASTER PLAN PREPARATIC	HOUSEAL LAVIGNE ASSOC	PROFESSIONAL SERVICES	2505	04/24/14	25,211.31	21491
296-690.400-801.000	FHUDMASTPLAN	MASTER PLAN PREPARATIC	HOUSEAL LAVIGNE ASSOC	PROFESSIONAL SERVICES	2524	05/29/14	15,436.17	21491
			Total For Dept 690.400 HUD Comm Challenge Grant				40,647.48	
Dept 690.402 C. S. Mott Master Plan Grant								
296-690.402-801.000	LCSMOTTMP14	MASTER PLAN, CO#2	HOUSEAL LAVIGNE ASSOC	PROFESSIONAL SERVICES	2524	05/29/14	14,892.59	21491
296-690.402-801.000	LCSMOTTMP14	MASTER PLAN, CO#2	HOUSEAL LAVIGNE ASSOC	PROFESSIONAL SERVICES	2549	06/05/14	33,894.59	
			Total For Dept 690.402 C. S. Mott Master Plan Grant				48,787.18	
			Total For Fund 296 Other Grants Fund				246,168.89	

Fund 297 Federal Stimulus Fund
Dept 743.100 Neighborhood Stabilization program 2

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297-743.100-802.400		Use Of Program Income	MICHIGAN STATE HOUSING DEVELOPMENT		PAYMENT #2	05/15/14	82,151.35	21283
297-743.100-802.400		Use Of Program Income	MICHIGAN STATE HOUSING DEVELOPMENT		PAYMENT #3	06/26/14	34,662.82	
			Total For Dept 743.100 Neighborhood Stabilization program 2			116,814.17		
Dept 743.150 NSP II - COF Demolition								
297-743.150-802.400		Use Of Program Income	MICHIGAN STATE HOUSING DEVELOPMENT		1400020052	06/26/14	6,138.00	22046
			Total For Dept 743.150 NSP II - COF Demolition			6,138.00		
			Total For Fund 297 Federal Stimulus Fund			122,952.17		
Fund 402 Public Improvement Fund								
Dept 753.200 Facilities Maint-Municipal Center								
402-753.200-976.000		ROOF REPAIR AT FIRE	THOS BROWN & SON ROC	ROOF REPAIRS AT AT THI	APP 3	04/24/14	33,030.00	20866
			Total For Dept 753.200 Facilities Maint-Municipal Center			33,030.00		
			Total For Fund 402 Public Improvement Fund			33,030.00		
Fund 542 Building Inspection Fund								
Dept 371.100 Development - Administration								
542-371.100-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	176.67	21246
542-371.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	183.29	20738
542-371.100-823.000		PBB019216 DEVELOPMENT	XEROX CORP	XEROX COPY MACHII	800625230	04/10/14	183.29	20738
542-371.100-823.000		PBB019216 DEVELOPMENT	XEROX CORP	XEROX COPY MACHII	800630654	05/01/14	383.18	21242
542-371.100-823.000		PBB019216 DEVELOPMENT	XEROX CORP	XEROX COPY MACHII	800633282	07/03/14	183.29	
542-371.100-850.000		Communications	AT & T		810766700004	04/24/14	1,786.07	173192
542-371.100-850.000		Communications	AT & T		810766700005	06/05/14	1,747.59	173566
542-371.100-850.000		Communications	AT & T		810766700006	06/24/14	1,748.65	173654
			Total For Dept 371.100 Development - Administration			6,392.03		
			Total For Fund 542 Building Inspection Fund			6,392.03		
Fund 590 Sewer Fund								
Dept 000.000 Balance Sheet Activity								
590-000.000-040.100		Sewer Svc Chrg	GENESYS REGIONAL MED	UB REFUND FOR ACCOUI	KENS-302-PWRH-2	06/19/14	9,996.75	173663
			Total For Dept 000.000 Balance Sheet Activity			9,996.75		
Dept 536.101 Utilities - Sewer Administration								
590-536.101-627.000		Sewage Charges	STATE OF MICHIGAN	AT	2014 UNCLAIMED	06/19/14	221.40	173641
590-536.101-801.000		Professional Service	RAFTELIS FINANCIAL CONSULTANTS INC		FLMI1403-02	05/22/14	3,873.12	21863

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590-536.101-801.000		STORM WATER PERMIT	GENESEE COUNTY DRAIN	PERMIT	GCDC2014-0043	06/05/14	9,291.25	173554
590-536.101-801.000		Professional Service	RAFTELIS FINANCIAL CONSULTANTS INC		FLMI1311-04	06/19/14	5,012.62	21947
590-536.101-801.000		HAZARDOUS WASTE REMO	EQ THE ENVIRONMENTAL	HAZARDOUS WASTE COL	79248	06/26/14	13,980.44	22036
590-536.101-801.000		Professional Service	EQ THE ENVIRONMENTAL	HAZARDOUS WASTE COL	79248	06/26/14	7,771.69	22036
			Total For Dept 536.101 Utilities - Sewer Administration			40,150.52		
Dept 540.100 Water Service Center Management								
590-540.100-801.000		Professional Service	ZITO CONSTRUCTION CO	EMERGENCY SEWER REP	2413	05/01/14	62,500.00	21262
590-540.100-801.000		BUILDING IMPROVEMENTS	OAK CONSTRUCTION COR	BUILDING IMPROVEMEN	13-6-28	06/05/14	12,052.50	21482
590-540.100-801.000		SANITARY BYPASS	MERSINO DEWATERING	MERSINO DEWATERING	40556	06/05/14	128,788.57	Multiple>
590-540.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	56.81	20738
590-540.100-823.000		VXW011589 WATER SERVI	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	56.80	20738
590-540.100-823.000		VXW011589 WATER SERVI	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	56.80	21242
590-540.100-823.000		VXW011589 WATER SERVI	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	56.75	
			Total For Dept 540.100 Water Service Center Management			223,568.23		
Dept 540.208 Wsc-Sewer Maint./Construction								
590-540.208-726.000		PIPE AND MISC ITEMS	MICHIGAN PIPE & VALVE	MICHIGAN PIPE & VALVE	F68034	05/08/14	4,562.50	21264
590-540.208-726.000		PIPE PATCH KITS	SOURCE 1 ENVIRONMENT	PIPE PATCH KITS	5403	05/01/14	18,000.00	20860
590-540.208-726.000		TIMBLE GEO 7X**H STAR SI	MICHIGAN SURVEYORS SU	HANDHELD GPS UNITS	004185	05/29/14	11,467.00	21825
590-540.208-726.000		WATER & SEWER PARTS	HD SUPPLY WATERWORK	WATER & SEWER MAIN I	C432923	06/05/14	9,064.10	21466
590-540.208-726.000		WATER & SEWER PARTS	HD SUPPLY WATERWORK	WATER & SEWER MAIN I	C432942	06/05/14	4,127.60	21836
590-540.208-726.000		WATER & SEWER PARTS	HD SUPPLY WATERWORK	WATER & SEWER MAIN I	C473522	06/05/14	5,311.60	21836
590-540.208-726.000		WATER & SEWER PARTS	HD SUPPLY WATERWORK	WATER & SEWER MAIN I	C465306	06/12/14	206.07	
590-540.208-726.000		Supplies	HD SUPPLY WATERWORK	WATER & SEWER MAIN I	C465306	06/12/14	895.33	
590-540.208-726.000		Supplies	HD SUPPLY WATERWORKS, LTD.		C483560	06/12/14	4,394.60	
590-540.208-758.000		COLD WEATHER GEAR	HUBBARD SUPPLY COMP/	COLD WEATHER GEAR	1174798	05/01/14	3,791.22	21210
590-540.208-782.000		Asphalt-Outside	ACE SAGINAW PAVING COMPANY		1940291	04/17/14	2,530.03	
590-540.208-863.000		VACTOR/JET PARTS	JACK DOHENY SUPPLY	VACTOR/JET PARTS	W48307	06/26/14	10,670.85	21978
590-540.208-977.000		Purchase Large Document S	LARGE DOCUMENT SOLU	Purchase Large Documer	20140408CF2	05/14/14	7,845.00	21304
			Total For Dept 540.208 Wsc-Sewer Maint./Construction			82,865.90		
Dept 550.100 Wpc Operations								
590-550.100-740.500		POLYMER - GBT	POLYDYNE INC	FY 2014 WPC POLYMER -	879300	05/01/14	5,566.00	21143
590-550.100-740.500		POLYMER - BFP	POLYDYNE INC	FY 2014 WPC POLYMER -	883998	05/22/14	6,493.10	21424
590-550.100-740.500		POLYMER - BFP	POLYDYNE INC	FY 2014 WPC POLYMER -	878576	06/12/14	3,393.00	21884
590-550.100-740.500		Treatment Chemicals	POLYDYNE INC	FY 2014 WPC POLYMER -	878576	06/12/14	3,166.80	21884
590-550.100-801.000		REGULATORY ASSISTANCE	FISHBECK THOMPSON CARR & HUBER INC		305184	05/01/14	7,645.25	20807
590-550.100-801.000		REGULATORY ASSISTANCE	FISHBECK THOMPSON CARR & HUBER INC		308717	06/26/14	8,655.00	21975
590-550.100-850.000		Communications	AT & T		810766700004	04/24/14	3,448.92	173192

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590-550.100-850.000		Communications	AT & T SBS		8102303151595	04/24/14	110.20	173193
590-550.100-850.000		Communications	AT & T SBS		8102303151595	05/29/14	122.06	173529
590-550.100-850.000		Communications	AT & T		810766700005	06/05/14	3,408.61	173566
590-550.100-850.000		Communications	AT & T SBS		8102303151595	06/19/14	121.74	173656
590-550.100-850.000		Communications	AT & T		810766700006	06/24/14	3,409.72	173654
590-550.100-920.200		Gas	CONSUMERS ENERGY	AT	1000 0000 4430	04/10/14	9,130.92	173125
590-550.100-920.200		Gas	BP CANADA ENERGY MARKETING CORP		5415184	04/10/14	55,610.26	20585
590-550.100-920.200		Gas	BP CANADA ENERGY MARKETING CORP		5417573	05/08/14	58,911.00	21248
590-550.100-920.200		Gas	CONSUMERS ENERGY	AT	1000 0000 4430	05/15/14	8,618.64	173364
590-550.100-920.200		Gas	LAKESHORE ENERGY SERVICES, LLC		200-1405-2098	06/05/14	34,679.70	21475
590-550.100-920.200		Gas	CONSUMERS ENERGY	AT	1000 0000 4430	06/12/14	8,813.93	173595
590-550.100-920.300			Consumers Energy	ML021814-031814 4652	100000148773	04/17/14	102,130.96	173186
590-550.100-920.300			Consumers Energy	ML031914-041614 4652	100000148773	05/08/14	119,447.81	173306
590-550.100-920.300			Consumers Energy	ML041714-051614 4652	100000148773	06/05/14	106,158.68	173558
590-550.100-920.400		FLINT BIOGAS PLANT	SWEDISH BIOGAS INTERNATIONAL, LLC		2014-99009	05/22/14	27,799.73	21350
590-550.100-920.400		Power - Swedish bio-gas pa	SWEDISH BIOGAS INTERNATIONAL, LLC		2014-99009	05/22/14	8,223.25	21350
590-550.100-920.900		Intracity Utilities-Wtr/Sewe	TREASURER CITY OF FLINT		BEEC-G04652-01	04/17/14	21,392.47	173156
590-550.100-920.900		Intracity Utilities-Wtr/Sewe	TREASURER CITY OF FLINT		BEEC-G04652-01	05/22/14	22,666.27	173470
590-550.100-976.000		DOOR REPLACEMENTS	OAK CONSTRUCTION COR	FY 2014 WPC DOOR REPI	13-6-36	07/02/14	950.94	
590-550.100-977.000		SEEPEX PUMPS FOR FERRO	HAMLETT ENVIRONMENT	SEEPEX PROGRESSIVE CA	5396/0269	04/10/14	6,876.00	20631
			Total For Dept 550.100 Wpc Operations			636,950.96		
Dept 550.200 Wpc-Third Ave Pump Station								
590-550.200-775.000		WELDING/PIPEFITTING SER	WILLIAM E WALTER INC	FY 2014 WPC STAINLESS	74971	04/10/14	723.30	20582
590-550.200-775.000		WELDING/PIPEFITTING SER	WILLIAM E WALTER INC	FY 2014 WPC STAINLESS	75310	05/08/14	627.20	21241
590-550.200-920.300			Consumers Energy	ML021814-031714 2501	100000290435	04/17/14	5,897.19	173186
590-550.200-920.300			Consumers Energy	ML021814-031714 2301	100000290393	04/17/14	8,877.06	173186
590-550.200-920.300			Consumers Energy	ML031814-041514 2301	100000290393	05/08/14	9,042.61	173306
590-550.200-920.300			Consumers Energy	ML031814-041514 2501	100000290435	05/08/14	11,194.75	173306
590-550.200-920.300			Consumers Energy	ML041614-051514 2501	100000290435	06/05/14	15,333.47	173558
590-550.200-920.300			Consumers Energy	ML051614-061714 2501	100000290435	06/26/14	14,082.80	173650
590-550.200-977.000		PROVIDE (3) ULTIMA GAS D	MINE SAFETY APPLIANCES	THREE ULTIMA GAS DETI	97455619	06/12/14	20,270.14	173596
590-550.200-977.000		PROVIDE (3) ULTIMA GAS D	MINE SAFETY APPLIANCES	THREE ULTIMA GAS DETI	97453980	06/12/14	6,181.92	173647
			Total For Dept 550.200 Wpc-Third Ave Pump Station			92,230.44		
Dept 550.202 Wpc-Maintenance Expense								
590-550.202-726.000		SHIPPING	HAMLETT ENVIRONMENT	SEEPEX PROGRESSIVE CA	5396/0269	04/10/14	200.00	20631
590-550.202-775.000		WELDING/PIPEFITTING SER	WILLIAM E WALTER INC	FY 2014 WPC STAINLESS	74971	04/10/14	542.48	20582
590-550.202-775.000		SPECIALTY OILS	ROWLEYS WHOLESALE	FY 2014 WPC SPECIALTY	1686596-00	04/24/14	6,856.91	21339
590-550.202-775.000		FILTER BELT PRESS PARTS	ANDRITZ SEPARATION IN	FY 2014 WPC FILTER BEL	8480045123	05/08/14	7,256.76	21270

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590-550.202-775.000		WELDING/PIPEFITTING SER	WILLIAM E WALTER INC	FY 2014 WPC STAINLESS	75310	05/08/14	470.40	21241
590-550.202-775.000		NON STOCK MECHICAL PAF	BDI	FY 2014 WPC NON STOCI	5743707	06/05/14	7,793.46	21463
590-550.202-775.000		FAB STEEL PARTS	ALRO STEEL CORP	FY 2014 WPC FABRICATE	EE46433F2	06/05/14	10,174.05	21457
590-550.202-775.000		Repair & Maint Supplies	JWC ENVIRONMENTAL LLC		57564	06/05/14	15,695.37	21858
590-550.202-775.000		FILTER BELT PRESS PARTS	ANDRITZ SEPARATION IN	FY 2014 WPC FILTER BEL	61914548260	07/02/14	5,442.00	
590-550.202-930.000		WELDING/PIPEFITTING SER	WILLIAM E WALTER INC	FY 2014 WPC STAINLESS	74971	04/10/14	5,967.22	20582
590-550.202-930.000		WELDING/PIPEFITTING SER	WILLIAM E WALTER INC	FY 2014 WPC STAINLESS	75310	05/08/14	5,174.40	21241
590-550.202-930.000		Repairs And Maintenance	WILLIAM E WALTER INC		39181	06/26/14	8,944.00	21985
590-550.202-930.000		CONCRETE REPAIRS	OAK CONSTRUCTION COR	FY 2014 WPC CONCRETE	13-6-31	06/26/14	10,580.00	22033
590-550.202-930.000		CONCRETE REPAIRS	OAK CONSTRUCTION COR	FY 2014 WPC CONCRETE	13-6-33	06/26/14	32,602.20	22033
590-550.202-976.000		DOOR REPLACEMENTS	OAK CONSTRUCTION COR	FY 2014 WPC DOOR REPI	13-6-36	07/02/14	2,038.34	
590-550.202-976.000		Building Additions & Impro	OAK CONSTRUCTION COR	FY 2014 WPC DOOR REPI	13-6-36	07/02/14	2,250.72	
			Total For Dept 550.202 Wpc-Maintenance Expense				121,988.31	
Dept 550.300 WPC - Capital Improvements								
590-550.300-801.000		BIOSOLIDS LOADING FACILI	WADE TRIM, INC		3000522	04/10/14	34,815.62	20581
590-550.300-801.000		BIOSOLIDS LOADING FACILI	WADE TRIM, INC		3000634	05/08/14	16,174.45	21146
590-550.300-801.000		BIOSOLIDS LOADING FACILI	WADE TRIM, INC		3000807	07/02/14	6,125.00	
590-550.300-930.000		NWPS BARSCREEN INSTALL	SORENSEN GROSS CONST	WPC NORTHWEST PUMF	APP 3	04/03/14	47,964.79	20580
590-550.300-930.000		NWPS BARSCREEN INSTALL	SORENSEN GROSS CONST	WPC NORTHWEST PUMF	APP 4	05/22/14	25,629.34	21322
590-550.300-930.000		EPS BARSCREEN INSTALL	SORENSEN GROSS CONST	WPC EAST PUMP STATIO	APP #3	05/22/14	46,592.56	21322
590-550.300-930.000		Repairs And Maintenance	ZITO CONSTRUCTION CO		2428	05/29/14	7,000.00	21827
590-550.300-930.000		WPC, INSTALL CLARIFIERS	TITUS WELDING COMPAN	WPCF SECONDARY CLAR	3	06/05/14	137,244.00	21496
590-550.300-976.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13215254-00	05/29/14	3,609.95	21419
590-550.300-976.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13214990-00	06/05/14	11,062.09	21795
590-550.300-976.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13204559-00	06/05/14	18,001.21	21795
590-550.300-976.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13214366-00	06/05/14	8,787.84	21795
590-550.300-976.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13214563-00	06/05/14	9,972.84	21795
590-550.300-976.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13214591-00	06/05/14	10,216.19	21795
590-550.300-976.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13214531-00	06/05/14	10,630.74	21795
590-550.300-976.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13215017-00	06/05/14	4,110.48	21880
590-550.300-976.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13214686-00	06/05/14	14,549.29	21880
590-550.300-976.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13214615-00	06/05/14	5,785.47	21880
590-550.300-977.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13215254-00	05/29/14	2,186.37	21419
590-550.300-977.000		WPC GPS UNIT SUPPORT AI	MICHIGAN SURVEYORS SI	PROVIDE AS LISTED GPS I	004186	05/29/14	20,975.00	21456
590-550.300-977.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13214990-00	06/05/14	6,699.77	21795
590-550.300-977.000		SS TROUGHING	BDI	SS TROUGHING FOR THIF	5743707	06/05/14	5,508.34	21463
590-550.300-977.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13204559-00	06/05/14	10,902.47	21795
590-550.300-977.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13214366-00	06/05/14	5,322.36	21795
590-550.300-977.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13214563-00	06/05/14	6,040.07	21795

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590-550.300-977.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13214591-00	06/05/14	6,187.45	21795
590-550.300-977.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13214531-00	06/05/14	6,438.54	21795
590-550.300-977.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13215017-00	06/05/14	2,489.52	21880
590-550.300-977.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13214686-00	06/05/14	8,811.80	21880
590-550.300-977.000		WPC EXTERIOR LIGHTING L	MCNAUGHTON MCKAY EI	PROVIDE PARTS AS LISTE	13214615-00	06/05/14	3,503.97	21880
590-550.300-977.000		SS TROUGHING	BDI	SS TROUGHING FOR THIF	5898694	06/19/14	5,466.78	21914
590-550.300-977.000		Equipment	BDI	SS TROUGHING FOR THIF	5898694	06/19/14	7,835.02	21914
			Total For Dept 550.300 WPC - Capital Improvements			516,639.32		
			Total For Fund 590 Sewer Fund			1,724,390.43		
Fund 591 Water Fund								
Dept 000.000 Balance Sheet Activity								
591-000.000-040.100		Water Svc Chrg	GENESYS REGIONAL MED	UB REFUND FOR ACCOUI	KENS-302-PWRH-2	06/19/14	7,249.94	173663
			Total For Dept 000.000 Balance Sheet Activity			7,249.94		
Dept 536.100 Utilities - Water Administration								
591-536.100-643.000		Meter Water Sales	STATE OF MICHIGAN	AT	2014 UNCLAIMED	06/19/14	2,829.75	173641
591-536.100-801.000		KWA WATER SUPPLY CONT	KAREGNONDI WATER AU	KWA RAW WATER SUPPI	APRIL 2014	04/10/14	48,450.00	20630
591-536.100-801.000		ADDITIONAL STUDY (CHAN	LOCKWOOD, ANDREWS &	NEWMAN INC	130-10701-001-8	04/24/14	106,563.82	20792
591-536.100-801.000		Professional Service	STATE OF MICHIGAN	AT	AF 365310	05/01/14	200,672.90	173639
591-536.100-801.000		KWA WATER SUPPLY CONT	KAREGNONDI WATER AU	KWA RAW WATER SUPPI	MAY 2014	05/08/14	48,450.00	21282
591-536.100-801.000		Professional Service	RAFTELIS FINANCIAL CONSULTANTS INC		FLMI1403-02	05/22/14	3,873.13	21863
591-536.100-801.000		ADDITIONAL STUDY (CHAN	LOCKWOOD, ANDREWS &	NEWMAN INC	130-10701-001-9	06/05/14	101,738.54	21500
591-536.100-801.000		WATER PROFESSIONAL SER	ROWE ENGINEERING INC	ENGINEERING SERVICES	0073944	06/05/14	9,976.75	21885
591-536.100-801.000		KWA WATER SUPPLY CONT	KAREGNONDI WATER AU	KWA RAW WATER SUPPI	JUNE 2014	06/05/14	48,450.00	21503
591-536.100-801.000		Professional Service	UNITED STATES GEOLOGI	COST AGREEMENT GAGII	90258714	06/12/14	17,030.00	21933
			Total For Dept 536.100 Utilities - Water Administration			588,034.89		
Dept 540.100 Water Service Center Management								
591-540.100-801.000		Professional Service	ACE SAGINAW PAVING COMPANY		1943622	05/01/14	5,179.46	
591-540.100-801.000		BUILDING IMPROVEMENTS	OAK CONSTRUCTION COR	BUILDING IMPROVEMEN	13-6-28	06/05/14	12,052.50	21482
591-540.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	56.80	20738
591-540.100-823.000		VXW011589 WATER SERVI	XEROX CORP	XEROX COPY MACHII	800625230	04/10/14	56.81	20738
591-540.100-823.000		VXW011589 WATER SERVI	XEROX CORP	XEROX COPY MACHII	800630654	05/01/14	56.81	21242
591-540.100-823.000		VXW011589 WATER SERVI	XEROX CORP	XEROX COPY MACHII	800633282	07/03/14	56.76	
591-540.100-850.000		Communications	AT & T		810766700004	04/24/14	2,986.11	173192
591-540.100-850.000		Communications	AT & T SBS		8102303151595	04/24/14	76.12	173193
591-540.100-850.000		Communications	AT & T SBS		8102303151595	05/29/14	76.17	173529
591-540.100-850.000		Communications	AT & T		810766700005	06/05/14	2,951.29	173566

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591-540.100-850.000		Communications	AT & T SBS		8102303151595	06/19/14	76.18	173656
591-540.100-850.000		Communications	AT & T		810766700006	06/24/14	2,952.25	173654
			Total For Dept 540.100 Water Service Center Management			26,577.26		
Dept 540.202 Wsc-Water Distriburion Mains								
591-540.202-726.000		PIPE AND MISC ITEMS	MICHIGAN PIPE & VALVE	MICHIGAN PIPE & VALVE	F68034	05/08/14	4,562.50	21264
591-540.202-726.000		COUPLINGS/CONNECTORS,	SLC METER LLC	SERVICE & HYDRANT PAI	28197	04/24/14	6,456.20	21204
591-540.202-726.000		CLAMPS	HD SUPPLY WATERWORK	STAINLESS STEEL REPAIR	C275458	05/08/14	7,278.00	21173
591-540.202-726.000		TIMBLE GEO 7X**H STAR SI	MICHIGAN SURVEYORS SU	HANDHELD GPS UNITS	004185	05/29/14	11,467.00	21825
591-540.202-726.000		WATER & SEWER PARTS	HD SUPPLY WATERWORK	WATER & SEWER MAIN I	C432923	06/05/14	36,165.90	21466
591-540.202-726.000		WATER & SEWER PARTS	HD SUPPLY WATERWORK	WATER & SEWER MAIN I	C432942	06/05/14	16,469.20	21836
591-540.202-726.000		WATER & SEWER PARTS	HD SUPPLY WATERWORK	WATER & SEWER MAIN I	C473522	06/05/14	21,193.40	21836
591-540.202-726.000		Supplies	HD SUPPLY WATERWORK	WATER & SEWER MAIN I	C465306	06/12/14	3,564.96	
591-540.202-726.000		WATER & SEWER PARTS	HD SUPPLY WATERWORK	WATER & SEWER MAIN I	C465306	06/12/14	829.64	
591-540.202-726.000		Supplies	HD SUPPLY WATERWORKS, LTD.		C483560	06/12/14	1,101.40	
591-540.202-726.000		COUPLINGS/CONNECTORS,	SLC METER LLC	SERVICE & HYDRANT PAI	28723	06/12/14	5,040.06	21859
591-540.202-758.000		COLD WEATHER GEAR	HUBBARD SUPPLY COMP/	COLD WEATHER GEAR	1174798	05/01/14	4,212.20	21210
591-540.202-782.000		Asphalt-Outside	ACE SAGINAW PAVING COMPANY		1940291	04/17/14	2,530.02	
			Total For Dept 540.202 Wsc-Water Distriburion Mains			120,870.48		
Dept 540.204 Wsc-Meter Room - Meter Maint								
591-540.204-642.000		Charges For Sale	STATE OF MICHIGAN	AT	2014 UNCLAIMED	06/19/14	97.77	173641
			Total For Dept 540.204 Wsc-Meter Room - Meter Maint			97.77		
Dept 545.200 Water Plant - Operations								
591-545.200-726.000		BACTERIOLOGICAL SUPPLIE	IDEXX LABORATORIES INC	BACTERIOLOGICAL SUPP	278518289	06/12/14	2,099.00	21997
591-545.200-726.000		Supplies	IDEXX LABORATORIES INC	BACTERIOLOGICAL SUPP	278518289	06/12/14	3,411.00	21997
591-545.200-729.000		Postage	MAIL ROOM SERVICE CENTER		04140261	05/08/14	0.54	21246
591-545.200-729.000		Postage	PRINTCOMM		52826	06/19/14	5,539.80	21908
591-545.200-740.000		FERRIC CHLORIDE	PVS NOLWOOD CHEMICA	FERRIC CHLORIDE	185024	04/24/14	5,539.50	21180
591-545.200-740.000		CHANGE ORDER #1 FERRIC	PVS NOLWOOD CHEMICA	FERRIC CHLORIDE	185024	04/24/14	3,578.97	21180
591-545.200-740.000		CHANGE ORDER #1 FERRIC	PVS NOLWOOD CHEMICA	FERRIC CHLORIDE	185416	05/08/14	7,121.63	21928
591-545.200-740.000		Operating Supplies	PVS NOLWOOD CHEMICA	FERRIC CHLORIDE	185416	05/08/14	2,181.53	21928
591-545.200-740.000		Operating Supplies	PVS NOLWOOD CHEMICA	FERRIC CHLORIDE	185520	05/15/14	9,105.54	21928
591-545.200-740.000		Operating Supplies	PVS NOLWOOD CHEMICA	FERRIC CHLORIDE	185873	05/22/14	9,208.74	21840
591-545.200-740.000		Operating Supplies	PVS NOLWOOD CHEMICA	FERRIC CHLORIDE	185724	05/22/14	9,349.47	21928
591-545.200-740.000		Operating Supplies	PVS NOLWOOD CHEMICA	FERRIC CHLORIDE	185972	05/29/14	9,186.70	21928
591-545.200-740.000		Operating Supplies	PVS NOLWOOD CHEMICALS		186579	06/12/14	9,337.72	21928
591-545.200-740.000		Operating Supplies	PVS NOLWOOD CHEMICA	FERRIC CHLORIDE	186503	06/12/14	9,566.30	21928
591-545.200-740.000		ARCH CONSTANT CHLOR	CHEMICAL SYSTEMS INC	CALCIUM HYPOCHCORIT	3281	06/19/14	8,073.00	22028

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591-545.200-740.000		Operating Supplies	PVS TECHNOLOGIES INC		186302	06/26/14	9,272.67	
591-545.200-740.000		Operating Supplies	PVS TECHNOLOGIES INC		186183	06/26/14	9,379.20	
591-545.200-740.000		Operating Supplies	PVS TECHNOLOGIES INC		186176	06/26/14	9,516.70	
591-545.200-740.000		Operating Supplies	PVS TECHNOLOGIES INC		186766	06/26/14	9,663.16	
591-545.200-740.000		Operating Supplies	PVS TECHNOLOGIES INC		186917	07/02/14	9,659.70	
591-545.200-759.000		WATER PURCHASE	CITY OF DETROIT		002-0451.300	05/22/14	2,412,222.58	21312
591-545.200-759.000		WATER PURCHASE	CITY OF DETROIT		002-0451.300	06/19/14	997,261.41	21873
591-545.200-759.000		WATER PURCHASE	CITY OF DETROIT		002-0451.300	06/19/14	1,155,587.19	21873
591-545.200-801.000		Professional Service	SPENCER ENTERPRISES INC		APRIL 2014	06/05/14	8,000.00	21935
591-545.200-823.000		Copying Services	XEROX CORP		800629318	04/10/14	183.29	20738
591-545.200-823.000		PBB019283 WATER PLANT	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	183.29	20738
591-545.200-823.000		PBB019283 WATER PLANT	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	257.22	21242
591-545.200-823.000		PBB019283 WATER PLANT	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	183.29	
591-545.200-850.000		Communications	AT & T		810766700004	04/24/14	1,275.76	173192
591-545.200-850.000		Communications	AT & T SBS		8102303151595	04/24/14	15,852.72	173193
591-545.200-850.000		Communications	AT & T SBS		8102303151595	05/29/14	15,770.38	173529
591-545.200-850.000		Communications	AT & T		810766700005	06/05/14	1,248.28	173566
591-545.200-850.000		Communications	AT & T SBS		8102303151595	06/19/14	15,769.86	173656
591-545.200-850.000		Communications	AT & T		810766700006	06/24/14	1,249.03	173654
591-545.200-920.200			Consumers Energy	ML021914-031914 1553	100000179950	04/17/14	14,532.22	173158
591-545.200-920.200			Consumers Energy	ML032014-041714 1553	100000179950	05/08/14	8,354.22	173306
591-545.200-920.300			Consumers Energy	ML022814-032814 4500	100000177871	04/17/14	20,403.96	173158
591-545.200-920.300		Power	CONSUMERS ENERGY		100000177871	06/19/14	22,152.75	173631
591-545.200-920.300		Power	CONSUMERS ENERGY		100000177871	06/19/14	60,249.72	173631
			Total For Dept 545.200 Water Plant - Operations			4,891,528.04		
Dept 545.201 Water Plant Maintenance								
591-545.201-726.000		ALLEN-BRADLEY DRIVES/PL	MCNAUGHTON MCKAY EI	ALLEN-BRADLEY DRIVES/	13245583-00	05/08/14	194.31	21980
591-545.201-726.000		Supplies	MCNAUGHTON MCKAY EI	ALLEN-BRADLEY DRIVES/	13245583-00	05/08/14	8,217.09	21980
591-545.201-726.000		Purchase McNaughton-Mcl	MCNAUGHTON MCKAY EI	Purchase McNaughton-M	13134097-00	06/19/14	5,806.50	21961
591-545.201-930.000		Repairs And Maintenance	ZITO CONSTRUCTION CO		2426	05/15/14	6,500.00	21911
591-545.201-930.000		LARGE VALVE REPAIR	MUSKEGON VALVE CO	LARGE VALVE REPAIR & I	MV14037-1	05/22/14	9,928.80	
591-545.201-930.000		OZONE MAINTENANCE SER	FIN-TEK CORPORATION	OZONE MAINTENANCE S	INV979463	06/05/14	11,940.00	21487
591-545.201-930.000		Repairs And Maintenance	YOUNGS ENVIRONMENTAL CLEANUP INC		224728	06/12/14	28,813.50	173626
591-545.201-930.000		Repairs And Maintenance	WILLIAM E WALTER INC		75459	06/12/14	17,482.75	21985
			Total For Dept 545.201 Water Plant Maintenance			88,882.95		
Dept 545.202 Water Plant - Dam Operations								
591-545.202-850.000		Communications	AT & T SBS		8102303151595	04/24/14	53.42	173193
591-545.202-850.000		Communications	AT & T SBS		8102303151595	05/29/14	53.45	173529

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591-545.202-850.000		Communications	AT & T SBS		8102303151595	06/19/14	53.44	173656
591-545.202-920.300			Consumers Energy	ML032214-042214 7139	100010419677	05/08/14	12,783.63	173306
			Total For Dept 545.202 Water Plant - Dam Operations			12,943.94		
Dept 545.300 Water Plant - Capital Improvements								
591-545.300-801.000		DUAL FEED MODIFICATION	CONSUMERS ENERGY	AT DUAL FEED MODIFIC	9301632129	05/01/14	225,000.00	173251
591-545.300-801.000		WATERMAIN CUT IN	ZITO CONSTRUCTION CO	WATERMAIN CUT IN	APP 1	06/12/14	192,600.00	21827
591-545.300-801.000		LIME RESIDUAL DISPOSAL	ZITO CONSTRUCTION CO	LIME RESIDUAL DISPOSA	APP #1	06/12/14	287,675.00	21827
591-545.300-976.000		PEBBLE LIME FOR SOFTENI	GRAYMONT WESTERN LIN	PEBBLE LIME FOR SOFTEI	35769 RI	04/24/14	6,286.76	20791
591-545.300-976.000		PEBBLE LIME FOR SOFTENI	GRAYMONT WESTERN LIN	PEBBLE LIME FOR SOFTEI	36298RI	05/01/14	1,984.15	21203
591-545.300-976.000		CHANGE ORDER # 1 FOR PE	GRAYMONT WESTERN LIN	PEBBLE LIME FOR SOFTEI	36298RI	05/01/14	4,298.23	21203
591-545.300-976.000		CHANGE ORDER # 1 FOR PE	GRAYMONT WESTERN LIN	PEBBLE LIME FOR SOFTEI	36487 RI	05/08/14	6,813.82	21203
591-545.300-976.000		CHANGE ORDER # 1 FOR PE	GRAYMONT WESTERN LIN	PEBBLE LIME FOR SOFTEI	36729 RI	05/08/14	6,708.70	21203
591-545.300-976.000		CHANGE ORDER # 1 FOR PE	GRAYMONT WESTERN LIN	PEBBLE LIME FOR SOFTEI	36974 RI	05/15/14	6,729.14	21406
591-545.300-976.000		CHANGE ORDER # 1 FOR PE	GRAYMONT WESTERN LIN	PEBBLE LIME FOR SOFTEI	37313 RI	05/22/14	6,717.46	21499
591-545.300-976.000		CHANGE ORDER # 1 FOR PE	GRAYMONT WESTERN LIN	PEBBLE LIME FOR SOFTEI	37394 RI	05/22/14	6,803.60	21499
591-545.300-976.000		CHANGE ORDER # 1 FOR PE	GRAYMONT WESTERN LIN	PEBBLE LIME FOR SOFTEI	37678 RI	05/29/14	6,720.38	21499
591-545.300-976.000		CHANGE ORDER # 1 FOR PE	GRAYMONT WESTERN LIN	PEBBLE LIME FOR SOFTEI	37977 RI	06/05/14	208.67	21943
591-545.300-976.000		Building Additions & Impro	GRAYMONT WESTERN LIN	PEBBLE LIME FOR SOFTEI	37977 RI	06/05/14	6,511.71	21943
591-545.300-976.000		Building Additions & Impro	GRAYMONT WESTERN LIN	PEBBLE LIME FOR SOFTEI	38117 RI	06/05/14	6,748.12	21943
591-545.300-976.000		Building Additions & Impro	GRAYMONT WESTERN LIN	PEBBLE LIME FOR SOFTEI	38525 RI	06/12/14	6,720.38	21943
591-545.300-976.000		Building Additions & Impro	GRAYMONT WESTERN LIME INC		38835 RI	06/19/14	6,721.84	22041
591-545.300-976.000		Building Additions & Impro	GRAYMONT WESTERN LIME INC		39230 RI	06/26/14	6,726.22	
591-545.300-977.000		WP SUBSTATION TRANSFO	MCNAUGHTON MCKAY EI	WP SUBSTATION TRANSI	13054988-02	04/03/14	115,653.00	20572
591-545.300-977.000		WP SUBSTATION TRANSFO	MCNAUGHTON MCKAY EI	WP SUBSTATION TRANSI	13054988-01	04/03/14	115,653.00	20572
591-545.300-977.000		HYDRO INSTRUMENTS MOI	RS TECHNICAL SERVICES, I	CHLORINE FEED EQUIPM	18096	04/03/14	4,800.00	20602
591-545.300-977.000		OMNI WALL PANEL	RS TECHNICAL SERVICES, I	CHLORINE FEED EQUIPM	18096	04/03/14	13,050.00	20602
591-545.300-977.000		VACUUM MONITOR	RS TECHNICAL SERVICES, I	CHLORINE FEED EQUIPM	18096	04/03/14	2,100.00	20602
591-545.300-977.000		EJECTOR	RS TECHNICAL SERVICES, I	CHLORINE FEED EQUIPM	18096	04/03/14	1,710.00	20602
591-545.300-977.000		DIAPHRAGM	RS TECHNICAL SERVICES, I	CHLORINE FEED EQUIPM	18096	04/03/14	900.00	20602
591-545.300-977.000		WATER INLET ASSEMBLY	RS TECHNICAL SERVICES, I	CHLORINE FEED EQUIPM	18096	04/03/14	900.00	20602
591-545.300-977.000		SHIPPING	RS TECHNICAL SERVICES, I	CHLORINE FEED EQUIPM	18096	04/03/14	250.00	20602
591-545.300-977.000		54X42 INCH BUTTERFLY VA	VALMATIC VALVE & MFG	54 X 42 INCH BUTTERFLY	294803	04/03/14	8,300.00	20636
591-545.300-977.000		54X42 INCH BUTTERFLY VA	VALMATIC VALVE & MFG	54 X 42 INCH BUTTERFLY	294804	04/03/14	14,600.00	20636
591-545.300-977.000		WATER BOOSTER PUMP	PROFESSIONAL PUMP INC	WATER BOOSTER PUMP	5062192	04/17/14	4,904.00	20789
591-545.300-977.000		FREIGHT	PROFESSIONAL PUMP INC	WATER BOOSTER PUMP	5062192	04/17/14	160.25	20789
591-545.300-977.000		WP SUBSTATION TRANSFO	MCNAUGHTON MCKAY EI	WP SUBSTATION TRANSI	13054988-00	04/24/14	7,000.00	20726
591-545.300-977.000		TORREY ROAD	KENNEDY INDUSTRIES INC	TORREY ROAD MECHANI	553262	04/24/14	65,260.00	20759
591-545.300-977.000		W. PLANT ELECTRICAL DIST	MCNAUGHTON MCKAY EI	WATER PLANT ELECTRIC	12995215-04	04/24/14	85,646.00	20813
591-545.300-977.000		INSTALLATION OF NEW ELE	NEWKIRK ELECTRIC ASSO	INSTALLATION OF NEW E	30684	04/24/14	526,100.00	20746

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591-545.300-977.000		W. PLANT ELECTRICAL DIST	MCNAUGHTON MCKAY EI	WATER PLANT ELECTRIC	12995215-05	05/01/14	38,138.98	21880
591-545.300-977.000		CHANGE ORDER # 1- TO IN	MCNAUGHTON MCKAY EI	WATER PLANT ELECTRIC	12995215-05	05/01/14	14,428.10	21880
591-545.300-977.000		SIX (6) USAA048A, STATION	MCNAUGHTON MCKAY EI	SIX (6) USAA048A, STATI	13057506-00	05/15/14	9,354.00	21795
591-545.300-977.000		INSTALLATION OF NEW ELE	NEWKIRK ELECTRIC ASSO	INSTALLATION OF NEW E	30697	05/15/14	282,710.00	21899
591-545.300-977.000		OZONE GENERATOR PARTS	OZONIA NORTH AMERICA	OZONE GENERATOR PAR	405358	05/29/14	54,786.92	173561
591-545.300-977.000		54" FLANGED BUTTERFLY V	VALMATIC VALVE & MFG	54" FLAGNED BUTTERFL	297105	06/05/14	14,600.00	21948
591-545.300-977.000		CHLORINE	RS TECHNICAL SERVICES, I	CHLORINE FEED SYSTEM	18172	06/26/14	7,368.94	
591-545.300-977.000		Equipment	RS TECHNICAL SERVICES, I	CHLORINE FEED SYSTEM	18172	06/26/14	1,351.06	
591-545.300-977.000		VARIABLE DRIVE EQUIPMEI	MCNAUGHTON MCKAY EI	VARIABLE DRIVE EQUIPM	13065462-01	07/02/14	237,836.00	
591-545.300-977.000		PUMP AND MOTOR	XYLEM WATER SOLUTION	PUMP AND MOTOR	3611012830	07/02/14	69,250.00	
			Total For Dept 545.300 Water Plant - Capital Improvements			2,488,784.43		
			Total For Fund 591 Water Fund			8,224,969.70		
Fund 627 Fringe Benefit Fund								
Dept 000.000 Balance Sheet Activity								
627-000.000-232.100		P/R Deduct Payable - State	STATE OF MICHIGAN		C38-6004611 0314	04/10/14	81,306.64	20655
627-000.000-232.100		P/R Deduct Payable - State	STATE OF MICHIGAN		C38-6004611 0414	05/15/14	82,708.79	21294
627-000.000-232.100		P/R Deduct Payable - State	STATE OF MICHIGAN		C38-60044611 0514	06/12/14	119,897.39	21871
			Total For Dept 000.000 Balance Sheet Activity			283,912.82		
Dept 174.871 Risk And Benefit-Workers Compensation								
627-174.871-850.000		Communications	AT & T		810766700005	06/05/14	166.44	173566
627-174.871-850.000		Communications	AT & T		810766700006	06/24/14	166.54	173654
			Total For Dept 174.871 Risk And Benefit-Workers Compensation			332.98		
Dept 270.300 Personnel - Workers compensation								
627-270.300-801.000		Professional Service	CORNERSTONE MUNICIPAL ADVISORY GR.		22926	05/29/14	6,403.02	21837
627-270.300-850.000		Communications	AT & T		810766700004	04/24/14	170.10	173192
627-270.300-850.000		Communications	AT & T SBS		8102303151595	04/24/14	28.42	173193
627-270.300-850.000		Communications	AT & T SBS		8102303151595	05/29/14	28.71	173529
627-270.300-850.000		Communications	AT & T SBS		8102303151595	06/19/14	28.44	173656
			Total For Dept 270.300 Personnel - Workers compensation			6,658.69		
Dept 853.250 Fringe Benefit - Hospitalization Insuran								
627-853.250-716.000		HEALTH INSURANCE	MCLAREN HEALTH PLAN		101537-03	04/17/14	5,081.58	20785
627-853.250-716.000		HEALTH INSURANCE	MCLAREN HEALTH PLAN		101537-16	04/17/14	5,523.68	20785
627-853.250-716.000		HEALTH INSURANCE	MCLAREN HEALTH PLAN		101537-09	04/17/14	7,106.81	20785
627-853.250-716.000		HEALTH INSURANCE	MCLAREN HEALTH PLAN		101537-02	04/17/14	8,959.16	20785
627-853.250-716.000		HEALTH INSURANCE	MCLAREN HEALTH PLAN		101537-07	04/17/14	17,007.07	20785

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627-853.250-716.000		3802430180	HEALTHPLUS OF MICHIGAN		AC0100052638	04/24/14	5,200.72	20775
627-853.250-716.000		3802430150 1600	HEALTHPLUS OF MICHIGA	0410	AC0100052635	04/24/14	66,893.05	20775
627-853.250-716.000		Hosp Insurance (Active EEs	HEALTHPLUS OF MICHIGA	0410	AC0100052635	04/24/14	43.51	20775
627-853.250-716.000		3802430120 POL PATROL	HEALTHPLUS OF MICHIGAN		AC0100052633	04/24/14	20,882.41	20775
627-853.250-716.000		3802430110 FIRE	HEALTHPLUS OF MICHIGAN		AC0100052632	04/24/14	16,451.29	20775
627-853.250-716.000		3802430130	HEALTHPLUS OF MICHIGAN		AC0100052634	04/24/14	9,895.48	20775
627-853.250-716.000		3802430170 1799	HEALTHPLUS OF MICHIGAN		AC0100052637	04/24/14	10,415.32	20775
627-853.250-716.000		HEALTH INSURANCE	MCLAREN HEALTH PLAN		101537-03	05/08/14	5,081.58	21190
627-853.250-716.000		Hosp Insurance (Active EEs	MCLAREN HEALTH PLAN		101537-16	05/08/14	5,523.68	21190
627-853.250-716.000		HEALTH INSURANCE	MCLAREN HEALTH PLAN		101537-07	05/08/14	1,303.62	21190
627-853.250-716.000		Hosp Insurance (Active EEs	MCLAREN HEALTH PLAN		101537-07	05/08/14	16,337.42	21190
627-853.250-716.000		Hosp Insurance (Active EEs	MCLAREN HEALTH PLAN		101537-09	05/08/14	7,106.81	21190
627-853.250-716.000		HEALTH INSURANCE	MCLAREN HEALTH PLAN		101537-02	05/08/14	8,959.16	21190
627-853.250-716.000		3802430180	HEALTHPLUS OF MICHIGAN		AC0100053146	05/22/14	5,200.72	21342
627-853.250-716.000		3802430150	HEALTHPLUS OF MICHIGAN		AC0100053143	05/22/14	64,276.28	21342
627-853.250-716.000		3802430120 POL PATROL	HEALTHPLUS OF MICHIGAN		AC0100053141	05/22/14	20,882.41	21342
627-853.250-716.000		3802430110 FIRE	HEALTHPLUS OF MICHIGAN		AC0100053140	05/22/14	13,884.39	21342
627-853.250-716.000		3802430130	HEALTHPLUS OF MICHIGAN		AC0100053142	05/22/14	10,293.14	21342
627-853.250-716.000		3802430170 1799	HEALTHPLUS OF MICHIGAN		AC0100053145	05/22/14	8,857.81	21342
627-853.250-716.000		Hosp Insurance (Active EEs	MCLAREN HEALTH PLAN		101537-07	05/29/14	18,302.09	21488
627-853.250-716.000		Hosp Insurance (Active EEs	MCLAREN HEALTH PLAN		101537-02	05/29/14	7,662.46	21488
627-853.250-716.000		Hosp Insurance (Active EEs	MCLAREN HEALTH PLAN		101537-16	05/29/14	5,523.68	21488
627-853.250-716.000		Hosp Insurance (Active EEs	MCLAREN HEALTH PLAN		101537-09	05/29/14	7,106.81	21488
627-853.250-716.000		3802430150	HEALTHPLUS OF MICHIGA	FY15	AC0100053618	06/19/14	47,353.38	21930
627-853.250-716.000		3802430110	HEALTHPLUS OF MICHIGA	FY15	AC0100053615	06/19/14	11,899.96	21930
627-853.250-716.000		3802430120 POL PATROL	HEALTHPLUS OF MICHIGA	FY15	AC0100053616	06/19/14	14,056.98	21930
627-853.250-716.000		3802430130	HEALTHPLUS OF MICHIGA	FY15	AC0100053617	06/19/14	10,389.89	21930
627-853.250-716.000		3802430170	HEALTHPLUS OF MICHIGA	FY15	AC0100053620	06/19/14	8,084.92	21930
			Total For Dept 853.250 Fringe Benefit - Hospitalization Insuran			471,547.27		
Dept 853.300 Fringe Benefit - Life Insurance								
627-853.300-717.000		LIFE INSURANCE	STANDARD INSURANCE C	LIFE INSURANCE FY12	MAY 2014	04/17/14	5,478.06	20761
627-853.300-717.000		LIFE INSURANCE	STANDARD INSURANCE C	LIFE INSURANCE FY12	JUNE 2014	05/22/14	5,390.50	21335
627-853.300-717.000		LIFE INSURANCE	STANDARD INSURANCE C	FY15	JULY 2014	06/19/14	5,251.14	22014
			Total For Dept 853.300 Fringe Benefit - Life Insurance			16,119.70		
			Total For Fund 627 Fringe Benefit Fund			778,571.46		

Fund 636 Information Services Fund
Dept 228.100 Information Services

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636-228.100-801.000		IT SERVICES	EPIC TECHNOLOGY SOLUT	EXPIRES 8/31/14	3623	04/10/14	1,962.50	20622
636-228.100-801.000		IT SERVICES	EPIC TECHNOLOGY SOLUT	EXPIRES 8/31/14	3623	04/10/14	1,755.00	20622
636-228.100-801.000		IT HELP DESK BUSINESS PR(	EPIC TECHNOLOGY SOLUT	EXPIRES 8/31/14	3623	04/10/14	355.00	20622
636-228.100-801.000		ADDITIONAL SERVICES	EPIC TECHNOLOGY SOLUT	EXPIRES 8/31/14	3623	04/10/14	1,010.00	20622
636-228.100-801.000		IT HELP DESK BUSINESS PR(	EPIC TECHNOLOGY SOLUT	EXPIRES 8/31/14	3707	06/19/14	8,202.50	21937
636-228.100-801.000		Purchase Newkirk Electric /	NEWKIRK ELECTRIC ASSO(	Purchase Newkirk Electri	8097	06/19/14	5,184.00	21959
636-228.100-814.600		Computer Software	DELL MARKETING LP		XJDDXP425	05/08/14	95,375.34	173302
636-228.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	183.30	20738
636-228.100-823.000		PBB018352 INFO SERVICES	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	183.30	20738
636-228.100-823.000		PBB018352 INFO SERVICES	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	255.16	21242
636-228.100-823.000		PBB018352 INFO SERVICES	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	183.30	
636-228.100-850.000		Communications	AT & T	AT	8955804779	04/10/14	7,008.11	173162
636-228.100-850.000		Communications	AT & T	AT	810R01039404	04/10/14	14,985.15	173161
636-228.100-850.000		Communications	AT & T		810766700004	04/24/14	7,100.71	173192
636-228.100-850.000		Communications	AT & T SBS		8102303151595	04/24/14	3,098.48	173193
636-228.100-850.000		Communications	AT & T	AT	8956032515	05/01/14	7,013.66	173266
636-228.100-850.000		Communications	AT & T	AT	9362983201	05/01/14	6,683.65	173313
636-228.100-850.000		Communications	AT & T SBS		8102303151595	05/29/14	3,098.48	173529
636-228.100-850.000		Communications	AT & T	AT	8956256807	06/05/14	7,013.66	173569
636-228.100-850.000		Communications	AT & T		810766700005	06/05/14	7,001.40	173566
636-228.100-850.000		Communications	AT & T	AT	810R01039406	06/12/14	13,827.68	173599
636-228.100-850.000		Communications	AT & T SBS		8102303151595	06/19/14	3,098.48	173656
636-228.100-850.000		Communications	AT & T		810766700006	06/24/14	7,222.43	173654
636-228.100-930.000		Purchase Century Technolo	GREAT LAKES COMPUTER	Purchase Century Techn	INV238074	05/14/14	5,000.00	21298
636-228.100-977.000		2 EQUALLOGIC PS4100X	DELL FINANCIAL SERVICES, LLC		77266948	05/08/14	1,505.20	21188
636-228.100-977.000		POWERVAULT DL2200	DELL FINANCIAL SERVICES, LLC		77266948	05/08/14	806.08	21188
636-228.100-977.000		PE R710, PE R610	DELL FINANCIAL SERVICES, LLC		77266948	05/08/14	726.93	21188
636-228.100-977.000		2 PE R710, PE R610	DELL FINANCIAL SERVICES, LLC		77266948	05/08/14	1,167.55	21188
636-228.100-977.000		4220 42U RACK	DELL FINANCIAL SERVICES, LLC		77266948	05/08/14	55.95	21188
636-228.100-977.000		VIRTUALIZATION TRAINING	DELL FINANCIAL SERVICES, LLC		77266948	05/08/14	76.34	21188
636-228.100-977.000		IMPLEMENTATION SERVICE	DELL FINANCIAL SERVICES, LLC		77266948	05/08/14	733.22	21188
636-228.100-977.000		OPTIPLEX 390	DELL FINANCIAL SERVICES, LLC		77266948	05/08/14	7,581.53	21188
636-228.100-977.000		2 EQUALLOGIC PS4100X	DELL FINANCIAL SERVICES, LLC		77318505	06/05/14	5,224.68	21481
636-228.100-977.000		POWERVAULT DL2200	DELL FINANCIAL SERVICES, LLC		77318505	06/05/14	806.08	21481
636-228.100-977.000		PE R710, PE R610	DELL FINANCIAL SERVICES, LLC		77318505	06/05/14	726.93	21481
636-228.100-977.000		2 PE R710, PE R610	DELL FINANCIAL SERVICES, LLC		77318505	06/05/14	1,167.55	21481
636-228.100-977.000		4220 42U RACK	DELL FINANCIAL SERVICES, LLC		77318505	06/05/14	55.95	21481
636-228.100-977.000		VIRTUALIZATION TRAINING	DELL FINANCIAL SERVICES, LLC		77318505	06/05/14	76.34	21481
636-228.100-977.000		IMPLEMENTATION SERVICE	DELL FINANCIAL SERVICES, LLC		77318505	06/05/14	733.22	21481
636-228.100-977.000		OPTIPLEX 390	DELL FINANCIAL SERVICES, LLC		77318505	06/05/14	3,862.05	21481

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636-228.100-977.000		2 EQUALLOGIC PS4100X	DELL FINANCIAL SERVICES, LLC		77376252	06/26/14	796.12	
636-228.100-977.000		POWERVAULT DL2200	DELL FINANCIAL SERVICES, LLC		77376252	06/26/14	2,418.24	
636-228.100-977.000		PE R710, PE R610	DELL FINANCIAL SERVICES, LLC		77376252	06/26/14	2,180.79	
636-228.100-977.000		2 PE R710, PE R610	DELL FINANCIAL SERVICES, LLC		77376252	06/26/14	3,502.65	
636-228.100-977.000		4220 42U RACK	DELL FINANCIAL SERVICES, LLC		77376252	06/26/14	167.85	
636-228.100-977.000		VIRTUALIZATION TRAINING	DELL FINANCIAL SERVICES, LLC		77376252	06/26/14	229.02	
636-228.100-977.000		IMPLEMENTATION SERVICE	DELL FINANCIAL SERVICES, LLC		77376252	06/26/14	3,358.13	
			Total For Dept 228.100 Information Services			244,759.69		
			Total For Fund 636 Information Services Fund			244,759.69		
Fund 661 Fleet/Central Garage Fund								
Dept 000.000 Balance Sheet Activity								
661-000.000-110.400		REPAIR PARTS FOR V# 4451	NEAL'S TRUCK PARTS INC	REPAIR PARTS FOR V# 44	1173505	05/08/14	5,728.82	173303
661-000.000-110.400		SNOW PLOW PARTS	SHULTS EQUIPMENT INC	SNOW PLOW PARTS	0031975-IN	05/08/14	6,665.00	21255
			Total For Dept 000.000 Balance Sheet Activity			12,393.82		
Dept 451.100 Fleet Management								
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		84059	04/10/14	5,530.87	324
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		84073	04/10/14	6,343.33	324
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		84160	04/17/14	5,489.49	325
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		84153	04/17/14	6,577.25	325
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		84154	04/17/14	6,625.68	325
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		84159	05/15/14	5,337.51	325
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		84278	05/15/14	5,829.32	325
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		84382	05/22/14	5,340.68	325
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		84513	05/08/14	8,884.18	326
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		84645	05/15/14	8,907.80	327
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		84786	05/29/14	5,782.64	328
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		84920	05/29/14	10,267.46	328
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		84784	05/29/14	9,225.96	328
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		84785	05/29/14	7,385.13	328
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		85177	06/12/14	10,166.68	329
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		85334	06/19/14	7,654.10	330
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		85478	07/02/14	9,717.72	
661-451.100-751.000		Gas, Oil, Fuel	MARATHON FLINT OIL COMPANY		85624	07/02/14	6,822.49	
661-451.100-823.000		Copying Services	XEROX CORP		800629318	04/10/14	113.61	20738
661-451.100-823.000		VXW011613 FLEET (WAS ST	XEROX CORP	XEROX COPY MACHI	800625230	04/10/14	113.61	20738
661-451.100-823.000		VXW011613 FLEET (WAS ST	XEROX CORP	XEROX COPY MACHI	800630654	05/01/14	113.61	21242
661-451.100-823.000		VXW011613 FLEET (WAS ST	XEROX CORP	XEROX COPY MACHI	800633282	07/03/14	113.61	

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661-451.100-850.000		Communications	AT & T		810766700004	04/24/14	340.20	173192
661-451.100-850.000		Communications	AT & T		810766700005	06/05/14	332.87	173566
661-451.100-850.000		Communications	AT & T		810766700006	06/24/14	333.08	173654
661-451.100-977.500		4X4 DIESEL UTILITY VEHICLI	FLINT NEW HOLLAND, INC	4X4 DIESEL UTILITY VEHI	022534	05/08/14	45,168.00	21152
661-451.100-977.500		4 TON HOT PATCHER	FALCON ROAD MAINTEN/	4 TON HOT PATCHER	05814	05/29/14	17,950.00	21508
			Total For Dept 451.100 Fleet Management			196,466.88		
			Total For Fund 661 Fleet/Central Garage Fund			208,860.70		
Fund 677 Self Insurance Fund								
Dept 266.200 Law Office-Suits/Settlements								
677-266.200-801.500		LEGAL SERVICES FY2013/2(	MILLER, CANFIELD, PADDI	LEGAL SERVICES	1242353	04/10/14	17,967.75	20617
677-266.200-801.500		Legal Services	MILLER, CANFIELD, PADDI	LEGAL SERVICES	1242353	04/10/14	6,000.60	20617
677-266.200-801.500		LEGAL SERVICES FY2013/2(	WARNER NORCROSS AND	LEGAL SERVICES	1904254	04/24/14	5,113.90	20736
677-266.200-801.500		Legal Services	WARNER NORCROSS AND	LEGAL SERVICES	1904254	04/24/14	999.53	20736
677-266.200-801.500		Legal Services	MILLER, CANFIELD, PADDOCK AND STONE		1245205	05/08/14	17,227.80	21346
677-266.200-801.500		LEGAL SERVICES	GIARMARCO MULLINS & I	LEGAL SERVICES	27	05/22/14	5,606.60	21345
677-266.200-801.500		Legal Services	MILLER, CANFIELD, PADDOCK AND STONE		1248275	06/12/14	38,425.87	21845
677-266.200-801.500		LEGAL SERVICES	GIARMARCO MULLINS & I	LEGAL SERVICES	28	06/26/14	897.86	
677-266.200-801.500		Legal Services	GIARMARCO MULLINS & I	LEGAL SERVICES	28	06/26/14	6,205.64	
677-266.200-956.300		Litigations & Suits	CONSUMERS ENERGY		96706399	04/24/14	10,797.11	
677-266.200-956.300		Litigations & Suits	DEAN T. YEOTIS		EME2322014	04/24/14	103,244.50	173241
			Total For Dept 266.200 Law Office-Suits/Settlements			212,487.16		
			Total For Fund 677 Self Insurance Fund			212,487.16		
Fund 701 General Agency Fund								
Dept 000.000 Balance Sheet Activity								
701-000.000-202.000		Accounts Payable	ROBERT AND RUTH MARKS		PB131017	04/24/14	7,579.00	20799
701-000.000-202.000		B13-00031	HARRINGTON, IANA	BD Bond Refund	B13-00031	05/15/14	8,295.00	173377
701-000.000-202.000		Accounts Payable	ROBERT T KELLEY		B13-0050	05/29/14	11,875.50	21411
701-000.000-202.000		B11-00067	DAVIS, FELICIA M	BD Bond Refund	B11-00067	06/05/14	7,812.00	173577
701-000.000-202.000		Accounts Payable	BURNASH WRECKING	1639 LEITH ST	FWA12-0059	06/05/14	6,950.00	21770
701-000.000-202.000		B14-00008	BOBBIE KIRBY	BD Bond Refund	B14-00008	06/12/14	8,295.00	21952
701-000.000-202.000		B14-00003	STEVEN MALIK	BD Bond Refund	B14-00003	06/19/14	7,500.00	173638
701-000.000-202.900		A/P - Treas Refund Interfac	STATE OF MICHIGAN	AT	2014 UNCLAIMED	06/19/14	13.59	173641
			Total For Dept 000.000 Balance Sheet Activity			58,320.09		
			Total For Fund 701 General Agency Fund			58,320.09		

GL Number	Grant	Inv. Line Desc	Vendor	Invoice Desc.	Invoice	Due Date	Amount	Check #
Fund 703 Current Tax Collection Fund								
Dept 000.000 Balance Sheet Activity								
703-000.000-202.900		A/P - Treas Refund Interfac	4405 CONTINENTAL DRIV	40-33-301-003	40-33-301-003	05/01/14	14,304.48	173282
703-000.000-202.900		A/P - Treas Refund Interfac	FIFTH THIRD BANK	40-15-276-014	40-15-276-014	05/01/14	6,882.29	173289
703-000.000-202.900		A/P - Treas Refund Interfac	EASTRIDGE COMMONS RI	41-16-401-013	41-16-401-013	05/08/14	12,604.99	173351
703-000.000-202.900		A/P - Treas Refund Interfac	ELGA CREDIT UNION	41-04-302-016	41-04-302-016	06/05/14	7,094.31	173585
703-000.000-202.900		A/P - Treas Refund Interfac	STATE OF MICHIGAN	AT	2014 UNCLAIMED	06/19/14	802.59	173641
			Total For Dept 000.000 Balance Sheet Activity			41,688.66		
Dept 001.100 2010 Fsd Property Tax Levy								
703-001.100-274.000		Undistributed tax collectior	FLINT BOARD OF EDUCATION		TAX YR 13	04/24/14	69,717.98	20721
			Total For Dept 001.100 2010 Fsd Property Tax Levy			69,717.98		
Dept 001.101 2010 County prop tax levy								
703-001.101-274.000		Undistributed tax collectior	GENESEE COUNTY TREASURER		TAX YR 13	04/17/14	18,351.07	20699
			Total For Dept 001.101 2010 County prop tax levy			18,351.07		
Dept 001.102 2010 Mott Property Tax Levy								
703-001.102-274.000		Undistributed tax collectior	C S MOTT COMMUNITY COLLEGE		TAX YR 13	04/24/14	13,215.86	20717
			Total For Dept 001.102 2010 Mott Property Tax Levy			13,215.86		
Dept 001.103 2010 DDA prop tax levy								
703-001.103-274.000		Undistributed tax collectior	DOWNTOWN DEVELOPMENT AUTHORITY		TAX YR 13	04/24/14	1,657.91	20720
			Total For Dept 001.103 2010 DDA prop tax levy			1,657.91		
Dept 001.106 2010 Gisd Property Tax Lev								
703-001.106-274.000		Undistributed tax collectior	GENESEE INTERMEDIATE SCHOOL DIST		TAX YR 13	04/24/14	18,111.33	20723
			Total For Dept 001.106 2010 Gisd Property Tax Lev			18,111.33		
Dept 011.100 2010 MET Prop Tax Levy								
703-011.100-274.000		Undistributed tax collectior	GENESEE COUNTY TREASURER-MET		TAX YR 13	04/24/14	23,964.51	20751
			Total For Dept 011.100 2010 MET Prop Tax Levy			23,964.51		
Dept 021.100 2010 Library prop tax levy								
703-021.100-274.000		Undistributed tax collectior	FLINT PUBLIC LIBRARY		TAX YR 13	04/24/14	16,861.14	20741
			Total For Dept 021.100 2010 Library prop tax levy			16,861.14		
Dept 022.100 2010 County landbank 5/50&Brownfields								
703-022.100-274.000		Undistributed tax collectior	GENESEE COUNTY TREASURER		TAX YR 13	04/17/14	141,404.50	20699

GL Number	Grant	Inv. Line Desc	Vendor	Invoice Desc.	Invoice	Due Date	Amount	Check #
703-022.100-274.000		Undistributed tax collectior	GENESEE COUNTY LAND BANK AUTHORITY		FY14 2013 LNDBNK S	04/17/14	62,594.60	20704
			Total For Dept 022.100 2010 County landbank 5/50&Brownfields				203,999.10	
Dept 023.100 2010 TIFA DDA Captured tax levy								
703-023.100-274.000		Undistributed tax collectior	DOWNTOWN DEVELOPMENT AUTHORITY		TAX YR 13	04/24/14	27,689.95	20720
			Total For Dept 023.100 2010 TIFA DDA Captured tax levy				27,689.95	
			Total For Fund 703 Current Tax Collection Fund				435,257.51	
Fund 735 Retirees' Life Insurance Fund								
Dept 000.101 Retirement System-Death Benefits Admin								
735-000.101-874.500		Death Benefit Payments	LAWRENCE E MOON FUNERAL HOME		JAMES THOMPSON	04/17/14	7,426.56	173170
735-000.101-874.500		Death Benefit Payments	BARBARA SCHULZ, BENEFICIARY OF		BENEF OF ROBERT S(	04/17/14	10,000.00	173173
735-000.101-874.500		Death Benefit Payments	LINDA LEACH,	FI	RET DALLAS LEACH	05/15/14	7,754.93	173394
735-000.101-874.500		Death Benefit Payments	VELMA WIRTH,	FI	RET GLENN WIRTH	05/15/14	7,500.00	173395
735-000.101-874.500		Death Benefit Payments	MICHAEL SMITH,	FI	DEATH BENEFIT	05/29/14	5,000.00	173581
735-000.101-874.500		Death Benefit Payments	GAIL ZAMBON,	FI	DEATH BENEFIT	06/12/14	7,500.00	173612
735-000.101-874.500		Death Benefit Payments	THE ESTATE OF ELWOOD	FI	DEATH BENEFIT	06/12/14	5,000.00	173614
735-000.101-874.500		Death Benefit Payments	THOMAS CARL ALARIE,	FI	06222014	06/26/14	5,000.00	
			Total For Dept 000.101 Retirement System-Death Benefits Admin				55,181.49	
			Total For Fund 735 Retirees' Life Insurance Fund				55,181.49	
Fund 736 Public Employee Health Care Fund								
Dept 000.105 Retiree Health Insurance								
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT		25161608	04/17/14	8,714.44	173191
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT		25161607	04/17/14	13,988.00	173191
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT		25161602	04/17/14	45,876.46	173191
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT		25161601	04/17/14	21,909.46	173191
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT		25161605	04/17/14	27,668.50	173191
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT		25161603	04/17/14	19,223.02	173191
736-000.105-716.100		3802439193 POL LC RET	HEALTHPLUS OF MICHIGAN		AC0100052660	04/24/14	5,773.35	20775
736-000.105-716.100		3M02434000	HEALTHPLUS OF MICHIGAN		AC0100052956	04/24/14	37,996.57	20775
736-000.105-716.100		3802439153 1600 RET	HEALTHPLUS OF MICHIGAN		AC0100052656	04/24/14	25,698.16	20775
736-000.105-716.100		3802439123 POL PTL RET	HEALTHPLUS OF MICHIGAN		AC0100052654	04/24/14	26,162.66	20775
736-000.105-716.100		3802437153 1600 RET	HEALTHPLUS OF MICHIGAN		AC0100052644	04/24/14	24,435.52	20775
736-000.105-716.100		3802439133 POL SGT RET	HEALTHPLUS OF MICHIGAN		AC0100052655	04/24/14	15,573.39	20775
736-000.105-716.100		3802439113 FIRE RET	HEALTHPLUS OF MICHIGAN		AC0100052653	04/24/14	15,849.89	20775
736-000.105-716.100		3M2431000	HEALTHPLUS OF MICHIGAN		AC0100052952	04/24/14	13,813.20	20775

GL Number	Grant	Inv. Line Desc	Vendor	Invoice Desc.	Invoice	Due Date	Amount	Check #
736-000.105-716.100		3802439173 1799 RET	HEALTHPLUS OF MICHIGAN		AC0100052658	04/24/14	9,938.29	20775
736-000.105-716.100		380243M410	HEALTHPLUS OF MICHIGAN		AC0100052663	04/24/14	5,920.68	20775
736-000.105-716.100		3802436113 FIRE RET	HEALTHPLUS OF MICHIGAN		AC0100052640	04/24/14	7,789.35	20775
736-000.105-716.100		Hosp Ins (Retirees)	CORNERSTONE MUNICIPAL ADVISORY GR.		22916	05/15/14	30,000.00	21837
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT		25161609	05/15/14	5,065.38	173475
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT		25161608	05/15/14	8,685.44	173475
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT		25161601	05/15/14	22,052.88	173475
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT		25161605	05/15/14	26,483.80	173475
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT		25161602	05/15/14	45,855.80	173475
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT		25161607	05/15/14	14,014.22	173475
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT		25161603	05/15/14	19,123.70	173475
736-000.105-716.100		3802439123	HEALTHPLUS OF MICHIGAN		AC0100053162	05/22/14	32,260.24	21342
736-000.105-716.100		3M0100053432	HEALTHPLUS OF MICHIGAN		AC0100053432	05/22/14	37,996.57	21342
736-000.105-716.100		3802437153 1600 RET	HEALTHPLUS OF MICHIGAN		AC0100053152	05/22/14	24,435.52	21342
736-000.105-716.100		3802439153 1600 RET	HEALTHPLUS OF MICHIGAN		AC0100053164	05/22/14	25,698.16	21342
736-000.105-716.100		3802439113 FIRE RET	HEALTHPLUS OF MICHIGAN		AC0100053161	05/22/14	23,956.30	21342
736-000.105-716.100		3M02431000	HEALTHPLUS OF MICHIGAN		AC0100053428	05/22/14	14,580.60	21342
736-000.105-716.100		3802439133 POL SGT RET	HEALTHPLUS OF MICHIGAN		AC0100053163	05/22/14	15,573.39	21342
736-000.105-716.100		3802439173 1799 RET	HEALTHPLUS OF MICHIGAN		AC0100053166	05/22/14	12,627.18	21342
736-000.105-716.100		3802436113 FIRE RET	HEALTHPLUS OF MICHIGAN		AC0100053148	05/22/14	7,789.35	21342
736-000.105-716.100		3802439193 POL LC RET	HEALTHPLUS OF MICHIGAN		AC0100053168	05/22/14	5,773.35	21342
736-000.105-716.100		380243M410	HEALTHPLUS OF MICHIGAN		AC0100053171	05/22/14	5,920.68	21342
736-000.105-716.100		ADMINISTRATIVE FEE FOR I	AMERAPLAN INC	ADMINISTRATIVE FEE FO	0414-130	05/29/14	12,375.00	21509
736-000.105-716.100		ADMINISTRATIVE FEE FOR I	AMERAPLAN INC	ADMINISTRATIVE FEE FO	0514-132	05/29/14	12,375.00	21509
736-000.105-716.100		Hosp Ins (Retirees)	AMERAPLAN INC	ADMINISTRATIVE FEE FO	0614-133	05/29/14	12,375.00	21509
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT		25161600	06/05/14	8,931.17	173564
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT FY15		25161608	06/12/14	8,831.64	173635
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT FY15		25161605	06/12/14	26,468.70	173635
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT FY15		25161607	06/12/14	14,230.74	173635
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT FY15		25161603	06/12/14	18,883.74	173635
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT FY15		25161601	06/12/14	21,786.70	173635
736-000.105-716.100		Hosp Ins (Retirees)	BLUE CROSS BLUE SHIELD AT FY15		25161602	06/19/14	45,975.78	173635
736-000.105-716.100		3802437113	HEALTHPLUS OF MICHIGA FY15		AC0100053624	06/19/14	5,451.44	21930
736-000.105-716.100		3802437173 1799 RET	HEALTHPLUS OF MICHIGA FY15		AC0100053629	06/19/14	5,746.92	21930
736-000.105-716.100		3802437153 1600 RET	HEALTHPLUS OF MICHIGA FY15		AC0100053627	06/19/14	33,593.86	21930
736-000.105-716.100		3802436113 FIRE RET	HEALTHPLUS OF MICHIGA FY15		AC0100053623	06/19/14	9,911.92	21930
736-000.105-716.100		3802438153 1600 RET	HEALTHPLUS OF MICHIGA FY15		AC0100053633	06/19/14	5,975.81	21930
736-000.105-716.100		3802438183 HLE RET XC	HEALTHPLUS OF MICHIGA FY15		AC0100053635	06/19/14	5,061.00	22026
736-000.105-716.100		3802439153 1600 RET	HEALTHPLUS OF MICHIGA FY15		AC0100053639	06/19/14	41,004.13	22026
736-000.105-716.100		3802439123	HEALTHPLUS OF MICHIGA FY15		AC0100053637	06/19/14	38,130.42	22026

GL Number	Grant	Inv. Line Desc	Vendor	Invoice Desc.	Invoice	Due Date	Amount	Check #
736-000.105-716.100		3M02434000	HEALTHPLUS OF MICHIGA	FY15	AC0100053893	06/19/14	38,454.36	22026
736-000.105-716.100		3802439113	HEALTHPLUS OF MICHIGA	FY15	AC0100053636	06/19/14	24,469.04	22026
736-000.105-716.100		3802439133 POL SGT RET	HEALTHPLUS OF MICHIGA	FY15	AC0100053638	06/19/14	21,725.14	22026
736-000.105-716.100		3M02431000	HEALTHPLUS OF MICHIGA	FY15	AC0100053889	06/19/14	14,580.60	22026
736-000.105-716.100		3802439173 1799 RET	HEALTHPLUS OF MICHIGA	FY15	AC0100053641	06/19/14	11,253.63	22026
736-000.105-716.100		3802439193 POL LC RET	HEALTHPLUS OF MICHIGA	FY15	AC0100053643	06/19/14	8,006.78	22026
736-000.105-716.100		380243M410	HEALTHPLUS OF MICHIGA	FY15	AC0100053646	06/19/14	9,877.46	22026
736-000.105-716.100		380243M110	HEALTHPLUS OF MICHIGA	FY15	AC0100053644	06/19/14	6,718.80	22026
736-000.105-716.100		Hosp Ins (Retirees)	AMERAPLAN INC	FY15	0714-01	06/19/14	12,375.00	22049
736-000.105-801.000		Professional Service	NYHART		0101097	05/29/14	6,000.00	21477
			Total For Dept 000.105 Retiree Health Insurance				1,184,793.28	
			Total For Fund 736 Public Employee Health Care Fund				1,184,793.28	

Fund Totals:

Fund 101 General Fund	1,706,334.00
Fund 202 Major Street Fund	332,044.82
Fund 203 Local Street Fund	115,073.77
Fund 207 Police Fund	2,100.77
Fund 208 Park/Recreation Fund	63,190.56
Fund 213 Park & Recreation Senior Citizen Centers	42,877.76
Fund 219 Street Light	593,175.61
Fund 226 Rubbish Collection Fund	833,491.24
Fund 265 Drug Law Enforcement Fund	898.70
Fund 274 HUD CDBG, ESG, & HOME GRANTS	530,021.85
Fund 296 Other Grants Fund	246,168.89
Fund 297 Federal Stimulus Fund	122,952.17
Fund 402 Public Improvement Fund	33,030.00
Fund 542 Building Inspection Fund	6,392.03
Fund 590 Sewer Fund	1,724,390.43
Fund 591 Water Fund	8,224,969.70
Fund 627 Fringe Benefit Fund	778,571.46
Fund 636 Information Services Fund	244,759.69
Fund 661 Fleet/Central Garage Fund	208,860.70
Fund 677 Self Insurance Fund	212,487.16
Fund 701 General Agency Fund	58,320.09
Fund 703 Current Tax Collection Fund	435,257.51
Fund 735 Retirees' Life Insurance Fund	55,181.49
Fund 736 Public Employee Health Care Fund	1,184,793.28

GL Number	Grant	Inv. Line Desc	Vendor	Invoice Desc.	Invoice	Due Date	Amount	Check #
			Total For All Funds:				17,755,343.68	

Attachment 6. FY 14/15 and FY 15/16 Biennial Budget

CITY OF FLINT, MICHIGAN

Setting a Sustainable Course for the City of Flint

Five Year Financial Projections 2015-2019

Adopted Budgets for FY15 and FY16

Future Projections for FY17, FY18 and FY19

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Prepared by
Department of Finance
Gerald Ambrose, Finance Director
Antonio Brown, Deputy Finance Director

Contents

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    a. Preface
    b. Background
    c. Overview
    d. Highlights
    e. Addendum for City Council and Mayor Recommendations
2. City Council Adopted Vision and Mission Goals
3. City Council Approved Budget Priorities
4. Organization Chart
5. FY15 and FY16 Budgets and 3-Year Forecast
6. FY15 and FY16 General Fund Budget
7. City of Flint Staffing Projection
8. Projected 5-Year Facilities Improvements
9. Deficit Elimination/Reserve Accumulation Projections
10. Five Year Outlook – Pension and Retiree Healthcare Costs
11. Projected Taxpayer Impact

City of Flint 5-Year Financial Plan

Preface

This adopted budget for the City of Flint covers the FY15 and FY16 fiscal years which begin July 1, 2014 and July 1, 2015 respectively. Financial projections for the following 3 fiscal years are included as well.

This budget has been developed within the context of the City's recently adopted Master Plan, the Vision, Mission, and Goals for the City government as adopted by the City Council, and the Budget Priorities as adopted by the City Council. Accompanying this budget is a preliminary statement of objectives initially proposed to be accomplished during the two years.

Taken together, the budget and strategic plan will serve as a template to move the City government forward to become a well-managed, financially stable, and accountable organization focused on creating a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

However, this budget demonstrates the continuing financial challenges facing the City of Flint. Stagnant revenue growth in property tax and income tax revenues, coupled with significant increases in legacy costs, retiree health care in particular, create a significant gap between revenues and expenses which require increases in other revenues and decreases in City staffing and services including the possibility of adjustments in public safety services.

Unfortunately, the financial forecast for the next several years beyond FY16 show a continuing gap between projected revenues and expenses. Within the next few years, without significant means to identify and collect additional revenues, or to further reduce the cost base, the City of Flint will be extremely challenged to provide even the most basic of City services.

Over the last several weeks, this adopted budget has been reviewed by the City Council, which will also held a public hearing to receive citizen input. The Mayor and Council subsequently provided comments and recommendations pertaining to the budget to the Emergency Manager.

Background

The City of Flint has been in state receivership since December, 2011, as a result of consistent deficits in the General Fund, a decline in pooled cash, unrealistic budgeting, and unfunded liabilities for postemployment benefits. Significant progress has been made in addressing these financial issues, as the $19.1 million deficit at the end of FY12 had been reduced to $12.9 million at the end of FY13, cash position had improved, and the FY14 budget was realistically balanced, with further reduction of the deficit anticipated.

The FY14 budget was designed and implemented with the same goals in mind – operating within the constraints of available revenues; restructuring operations and cost factors to enhance future financial stability, and continuing to reduce the remaining $12.9 million deficit. The FY14 budget was constructed with the specific intent of further reducing the deficit by a minimum of $1 million, by budgeting expenses at $1 million less than projected revenues. As of January 31, 2014, seven months into the FY14 year, revenues and expenses are on target.

In order to regain and maintain financial solvency, it is not only necessary to eliminate the remaining accumulated deficit but to have an adequate amount of reserves to protect the City in the event of unexpected financial losses. Planning to accomplish this requires a continual dedication of revenues over the next several years to eliminate the remaining deficit and establish an adequate reserve level. A draft deficit elimination plan to accomplish this is currently under review by the Michigan Department of Treasury.

Making progress to date has required hard decisions and sacrifices for all. The FY13 and FY14 budgets were balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Revenue increase included a 25 percent increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, establishment of a special assessment district for street lighting, and implementation of a fee sufficient to cover the cost of waste collection. Expenditure reductions included elimination of 20 percent of the City's workforce, compensation decreases equivalent to a 20 percent wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

The actions taken to-date to restructure healthcare benefits for current employees and retirees have also had a significant impact on reducing both current costs and long-term liabilities. The 20% reduction in the workforce required significant reorganizational activities focused on reducing current costs. Long term liabilities were reduced by eliminating traditional defined benefit pension programs for new employees in favor of hybrid plans; by moving the City's retirement system into the a state wide retirement system; by restructuring health insurance benefits for current employees and placing retirees into those same plans; and by eliminating the promise of retiree health care for new employees in favor of providing retiree medical savings accounts. Much of the positive financial result in FY13 came from these actions. The restructuring, which was implemented during the course of FY12, reduced the City's OPEB liabilities alone from nearly $900 million to less than $325 million as noted in the FY13 audit.

The efforts of the City to regain financial solvency have been aided by support from numerous Federal, State and private partners. State police troopers have been placed in the City to support local law enforcement efforts, and funds have been allocated to enhance prosecution activities and to operate the City's lock up. The Governor's proposed budget continues this support.

The steps taken to begin to restore the City to financial solvency have not been without conflict and changing circumstances. A significant legal challenge has been made to the decision to move retirees from their historical health insurance plans into the same plans offered current employees. This action resulted in an initial cost reduction in FY13 of $3.5 million to the City and imposed deductibles and co-pays on retirees. This challenge is currently pending in federal court. If the challenge is ultimately upheld, it will pose a significant challenge to the City in its efforts to regain and maintain financial and service solvency. Due to the stay imposed by the federal court, the City must increase its budget for retiree healthcare costs in the FY15 budget by $5 million and may even need to pay more as retirees seek reimbursement for past medical expenses. These healthcare expenses will continue to increase in subsequent years.

Legacy costs in total will continue to be a cost burden to the City of Flint. In FY 14, the City budgeted $30.2 million for its retiree healthcare and pension costs, an amount equal to 17% of its total revenues. The General Fund alone budgeted $16.4 million, an amount equal to 31% of its total revenues. By FY19, it is projected that the City will need to budget over $43 million, an amount equal to 23% of its total revenues. For the General Fund alone, the amount projected to be needed will exceed $21 million, an amount equal to 34% of General Fund revenues.

The future financial solvency of Flint will also be challenged by a continuing structural deficit. As part of the planning for future financial solvency, five year projections and a strategic plan were developed. This exercise indicated a significant financial challenge forthcoming in FY15, due to the current status of the retiree health care lawsuit and the ending of a major grant supporting firefighting resources. Future year projections also show a continuing gap between revenues and projections.

Finally, the most important challenge to be addressed in the City of Flint will be instituting structural changes in the organization of the City to foster financial solvency as a core value and to assure that future governance and management of the City is conducted in a financially responsible manner. To this end, the current Emergency Manager has created a Blue Ribbon Committee on Governance, charged with developing recommended changes to current ordinances, procedures, and the Charter. The recommendations of the Task Force are anticipated within six months.

Overview

The City of Flint has spent considerable time planning for the community's future through the comprehensive master plan and creating an organizational framework focused on the City's new vision, mission, and goals. The 2-Year budget has been developed in a balanced manner to best meet the needs of a variety of service areas and challenges.

However, challenges to changes in retiree healthcare and the loss of grant funds have required that a new service baseline be established; this also poses significant and immediate challenges to the City's financial viability. Current court rulings in regards to the retiree health care lawsuit have increased retiree health care expenses nearly $5 million in FY15, and the loss of the SAFER grant ($ 3.4 million) eliminates funding for 39 of the City's 65 firefighters.

The harsh winter increased the need to remove hundreds (if not thousands) of damaged and fallen trees throughout the city, and to repair damaged roads and sidewalks. The winter also placed additional stress on the antiquated city facilities as they faced water leaks and damage to walkways and sidewalks. Implementing the master plan, and continuing to eliminate blight will also require dedicated resources going forward.

The recently completed study of the water and sewer system finances also demonstrated a shortfall in revenues needed to operate this critical service and provide for necessary maintenance. As much as the high rates for providing water and sewer services pose significant financial challenges and community implications, the alternative of not addressing basic maintenance and adjustments based on guidance in the master plan is equally challenging.

These factors have a significant effect on the adopted staffing levels. Reductions in city staffing over the past two years have come almost exclusively from City services other than police, fire, and 911. As a result, those remaining city services are thinly staffed, and despite valiant efforts of dedicated employees, service levels have been reduced. In some cases, the reductions have been severe and counter-productive. For example, reductions in customer service at Treasury and staffing at Utilities has reduced capacity to effectively pursue collection of delinquent bills. Reductions in Information Technology have slowed the implementation of technology which can improve effective processing. Reductions in Human Resources have slowed the process of hiring employees. Reductions in Building Safety have slowed the process of conducting inspections and issuing permits, and have eliminated much in the way of code compliance efforts.

Therefore, balancing the budget in a financially sustainable way requires addressing the impact of these issues. It also requires that they are addressed within the context of the Mayor's and Council's stated budget priorities. The Council's stated priorities are:

- Maintaining police and fire staffing levels at the maximum level feasible
- Reducing the General Fund deficit by at least $1 million
- Continuing efforts to reduce blight, including demolition
- Hiring an experienced City Administrator
- Assure that capacity exists to implement the Master Plan
- Add capacity in the areas of Economic Development

- Fund years 1 & 2 of capital improvements identified in the Master Plan
- Improve street maintenance
- Establish parks partnerships
- Improve customer service through training and technology
- Increase removal of dead and diseased trees
- Evaluate ways to reduce water and sewer rates for constituents in the budget process

Balancing the budget responsibly in the context of these immediate and significant financial challenges, while addressing stated priorities, is a significantly difficult task. The unplanned addition of $5 million in expenses for increased retiree health care is a "Game-Changer" and seriously undermines the ability of the City government to move forward in becoming a positive force helping to create a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve quality of life.

As the development of the FY15 budget began, there was a significant gap between projected General Fund revenues and General Fund expenses alone. While some revenue sources indicated a slight increase over the current year, projected expenses were significantly above the current year. The expense increases are due primarily to a nearly $5 million increase in costs for retiree health care and an increase in the per person cost of pension contribution. In addition, there was recognition of the need to assure capacity to implement the Master Plan to continue addressing blight, to address increased costs of health care for current employees, and to address critically needed facility maintenance.

The budget presented here is balanced in a financially responsible manner, in that revenues and expenses meet. However, the consequence is that, where possible, revenues have been increased, and where necessary, expenses have been decreased. Whether the result is an acceptable result, in the context of the needs and the future of the City, is uncertain.

It is clear that proposed changes in service levels reflected in this budget are significant, and that at the same time the financial plan is being finalized within the confines of available revenues, considerable efforts will continue to mitigate the impacts. Continued efforts to achieve a satisfactory resolution of the retiree healthcare lawsuit, as well as to continue searching for additional sustainable funding, or to engage in mutually beneficial partnerships will continue. The changes necessary to achieve necessary balancing of revenues and expenses will be done in a managed way, not in a crisis response.

The financial projection for the years following FY15 and FY16 show the continuing challenge of a structural deficit. Without a means to identify a new significant revenue source or to sustain and even make further reductions in the City's cost base, such as retiree health care, Flint will be extremely challenged to provide even the most basic of City services in future years.

Highlights of the Adopted Budget

Costs to taxpayers are increased....

- Property tax levies remain unchanged
- Street lighting assessment increased to $71 in FY15 and $74 in FY16
- Solid Waste fee increased to $163 in FY15 and $169 in FY16
- Water and Sewer rates increased by a total of 6.5% in FY15 and 6% in FY16

Costs to City employees are increased....

- 20% premium share for health insurance implemented
- Premium contribution for non-Medicare eligible employees retiring after July 1, 2014 established
- 50% premium share for dental and vision insurance implemented
- Vacation and sick leave replaced with PTO, new accumulation caps established
- All new employees enrolled in hybrid pension plan
- All new employees enrolled in RMSA in lieu of promise of retiree health care

Legacy costs are increased significantly...

- General Fund costs for retiree health care are increased 25%, from $8 million to $10 million in FY15, increasing on an annual basis thereafter
- General Fund costs for retiree health care and pension in total are projected to increase from $16.4 million (31% of total revenues) in FY14 to $21.5 million (34% of total revenues) by FY19
- For all funds, total costs for retiree healthcare and pension are projected to increase from $30.4 million (or 17% of total revenues)in FY14 to $43.5 million (23% of total revenues) by FY19

City staffing is budgeted at 522 in FY15 and 523 in FY16.....

- Staffing is maintained in District Court, 911, Finance, Assessing, Transportation, IT, and Fleet
- Police Department – Total department staffing will be 115, with 7 vacant positions and 29 additional positions eliminated through attrition by end of FY15. Additionally, a recently offered COPS Hiring grant for six School Resource Officers will not be accepted. The next several months will be focused on mitigating the impact of this through reorganization with the assistance of consultants specialized in police and fire service; seeking additional funds; and obtaining assistance from law enforcement partners in order to achieve the best possible level of police response.
- Fire Department – Total department will be 75, with 19 positions eliminated as the SAFER grant expires. There are several vacant positions to be eliminated as part of this, with a goal of needed reduction no later than December, 2014. The next several months will be focused on mitigating the impact of this through reorganization and restructuring obtained with the assistance of consultants specialized in fire and police service.

- Planning and Development Department - Staffing is at 25, with adding 1 position. The department is being reorganized to assure capacity to implement the newly adopted Master Plan and continue efforts of blight management. Continued assistance in the form of grants and partnerships will be utilized, and general fund support for those activities is increased.
- Public Works Department - 6 positions are added to the Utilities division as the Water Treatment Plant begins operation as the primary source for Flint water; 1 position is added to Facilities to address critically needed maintenance issues.
- Finance and Administration Department - 3 positions are added to the Treasurer's Office to increase delinquent collections, with the added cost to be offset by additional revenues.
- Governance – As efforts to resolve the financial emergency progress, the position of City Administrator will be filled. Additionally, the salaries of Mayor and Council are partially restored as their role in governance increases.

Council budget priorities are addressed as follows:

- Maintaining police and fire staffing levels at the maximum level feasible – Due to revenue shortfall, increased retiree health care, and lack of other options, staffing is reduced. The Police and Fire millage funds will be used to fund 20 fire fighters and 26 police officers through FY15 and FY16. However, the accumulated millage funds will be fully used by the end of FY16.
- Reducing the General Fund deficit by at least $1 million – General Fund expenses are budgeted at $1 million less than revenues, and $800,000 in Capital Improvement Funds will be appropriated to the Utilities, thus reducing the General Funds debt to the Utility Fund by an additional $800,000. The plan is to continue this commitment for the next several years until the deficit is eliminated, and then the commitment will become one of building a financial reserve equal to 15% of General Fund revenues.
- Continuing efforts to reduce blight, including demolition – CDBG funds continue to be used for demolition and General Fund is assuming partial cost of the Blight Coordinator position
- Hiring an experienced City Administrator – Funds are included in budget.
- Assure that capacity exists to implement the Master Plan – General Fund is assuming partial cost of the Planning and Development Director, and Associate Planner, and a position of GIS technician is created, whose funding is shared among various city funds. Lead partners will be identified in each work area. Also, the Mayor has committed to overseeing the process of assuring that Master Plan implementation is an ongoing important part of city operations.
- Add capacity in the areas of Economic Development-The P&D Director is committed to defining a program for small business development, to be funded in FY16 through CDBG funds. Additionally, 20% of staff time of two DCED staffers and a portion of the Director's time will be devoted to economic development. Also, the Mayor has committed to leading the City's economic development efforts with partners and the assistance of this City staff.
- Fund years 1 & 2 of capital improvements identified in the Master Plan – the CIP portion of the Master Plan will be finalized in FY15, and the results will be considered for inclusion in the FY16 budget.

- Improve street maintenance – Due to minimal increases in state funding for streets, maintenance efforts will continue at the current levels. State financial support has been sought and obtained for some major street projects, in particular those related to economic development projects.

- Establish parks partnerships – The Planning and Development Department now has oversight of Parks, and as one of its strategic objectives, has committed to increase the number of parks partnerships in FY15 and FY16. Funding even the most basic of parks maintenance activities is increasingly challenging within the constraints of the parks millage funds. The goal is to eliminate General Fund support of these activities by the end of FY16.

- Improve customer service through training and technology– Human Resources, as it did in FY14, is committed to continuing ongoing training for supervisors and will be extending these efforts to all employees. IT likewise is committed to providing ongoing training for employees. Finally, most departments are including funds for ongoing training for employees. For example, the Treasury's customer service division is committed to specific customer service training for its front line employees.

- Increase removal of dead and diseased trees – Oversight of removal of trees within street right of ways is now the responsibility of the Transportation Division of Public Works, removal of trees within Parks is now the responsibility of Planning and Development; and removal of trees on other city properties is the responsibility of the Facilities Division of Public Works. Unfortunately, there is only a limited amount of funds available for these purposes, and the general effort will be focused on emergency responses. However, the Transportation Division is committed to attempting to secure assistance from other entities to increase capacity to address this problem.

- Evaluate ways to reduce water and sewer rates for constituents in the budget process-The results of the recent rate study confirm that it unlikely that water and sewer rates can be decreased at any time in the foreseeable future, and in fact, rates need to be increased. However, the actions taken to date to join KWA and to temporarily use the Flint River show that future rate increases will be less than had the City stayed with its prior provider.

Absent new sources of funding or reduced expenses in areas such as retiree healthcare, the commitments to progress and the staffing and service levels here are anticipated to continue for both FY15 and FY16. It is anticipated that the slight additional revenues in the General Fund for FY 16 will not be sufficient to cover increased costs, and it will be necessary to utilize additional funding from the police and fire millage to cover the costs of some police or fire positions in the General Fund in FY15. Depending on the rate of attrition in the Police Department, there should be sufficient remaining funds in the Police and Fire millage to avoid additional reductions in police or fire positions in FY16.

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

June 3, 2014

Mr. Scott Kincaid, President
Members of the Flint City Council
1101 S. Saginaw St.
Flint, MI 48502

Dear Mr. Kincaid and Members of the Flint City Council:

Transmitted herewith are the final numbers for the biennial budget beginning FY14-15 and ending FY 15-16.

This budget is reflective of some of the recommended revisions offered following the Council's departmental budget hearings. All recommendations put forth by City Council were reviewed and thoroughly vetted at Treasury. The attached budget document was revised upwards by $90,000 and includes the details of the incorporated revisions.

The budget was revised to include your recommendations, along with those of the Mayor, which I felt could be implemented without adversely impacting the organizational structure, management, and the anticipated transition of the City of Flint to a Receivership Transition Advisory Board during the course of this spending plan.

Following the public hearing and consideration of the comments received, it is my intent to execute the order adopting the budget at the next Council meeting scheduled for June 23, 2014. At that time, Council will be able to officially receive the two-year budget consistent with PA 436 and the 7 Point Transition Management Plan.

You should also be aware that effective July 1, 2014, the day-to-day operations of the departments of Planning and Development, and Public Works will be shifted to Mayor Dayne Walling. The Mayor is currently putting together a plan for the allocation of resources within those departments. Similarly, Police Chief Tolbert and Fire Chief Cox are also putting together their work plans to utilize the final resource allocations for public safety.

The assistance and cooperation from you and the Council given to me, the Mayor, and the Administration in this process is greatly appreciated. I think we can agree that this is a responsible and realistic snapshot of the City's financial stability over the next two years, given its myriad financial challenges.

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

CC: Dayne Walling, Mayor
Inez Brown, City Clerk
Administration

Proposed Changes to the City of Flint Proposed FY15 & FY16 Budget

On April 30, 2014, Emergency Manager Darnell Earley transmitted a proposed bi-annual budget to the Mayor and City Council, with a request that the Mayor and Council review and comment on the proposed budget. Accordingly, the City Council, acting as Committee of the Whole chaired by Finance Chair Josh Freeman, met five times to review the budget. At the conclusion, a set of recommendations was adopted and given to the Emergency Manager.

This document summarizes the key recommendations of the Council and Mayor and outlines changes made to the proposed budget as a result.

Summary of Council and Mayor Recommended Changes to FY15 & FY16 Proposed Budget

1. The recommendation of the Council identifies $1,824,510 in additional funds to be used by the Police Department:

- Specifically, $1 million of the $2.5 million in state appropriated revenues for the Lock-Up is proposed to be moved to the Police Budget.
- In addition, $1 million is identified by increasing the allocation in the CIP Fund for the purpose of reducing the deficit, thus freeing up the $1 million in the General Fund which has been identified for deficit reduction. Of that $1 million, $763,000) ($628,000 + $135,000) would be moved to the Police budget. Additionally, $61,510 is identified to be moved from the Finance Budget to the Police Budget.

2. The remaining funds from the proposed re-appropriation of the freed-up General Fund revenues ($237,000) would be used for the following:

- $50,000 - District Court
- $72,000 - City Clerk
- $50,000 - City Council Staff
- $45,000 – Additional Pay Raises for Council
- $10,000 – Brennen Center
- $10,000 – Hasselbring

3. Finally, there is a recommendation to eliminate funding for the Human Relations Commission ($22,547) and split those funds equally between Brennen Center and Hasselbring:

- Brennen - $11,274
- Hasselbring - $11,274

4. The Mayor has also made recommendations in other areas, including:

- Adding capacity to Economic Development by replacing the 20% of 2 DCED staff currently subsidized by the GF with CDBG funds and directing that staff to perform 100%

CDGB activities. The freed-up funds ($51,458) would then be used to contract for economic development services.

- Reduce DCED program staff by 1 FTE and utilize CDBG administrative funds for 50% of administrative staff support in Planning and Development
- Add 1 new FTE in Planning and Development dedicated to the new Business Licensing function
- Add to the Strategic Plan a key objective under Governance and Administration: "Respond to a minimum of 500 constituent services per month, including those formerly addressed by the Human Relations Commission staff."

Changes to the Proposed FY15 & FY16 Recommended Budget in response to Council and Mayor recommended changes

The changes proposed by the Mayor and Council have been reviewed, and changes made as considered appropriate within the context of maintaining a viable financial plan for the next two years. The proposed budget, as submitted to the Mayor and Council on April 30, 2014, will be revised as follows in response:

1. The Proposed Budget anticipates a reduction in public safety staffing of 36 officers and 19 firefighters. However, it also does not anticipate these reductions (other than vacancies occurring through attrition) until the comprehensive study of the police and fire departments is concluded. That study is to be completed prior to the end of 2014. At that time, depending on the study recommendations, a decision will be made as to the need for additional resources, and to the extent that funds in the General Fund which are currently targeted for deficit reduction can be used. Although the State will not agree to utilize funds appropriated for the operation of the Lock-Up to fund Flint police officers and firefighters, the Mayor and Emergency Manager will continue their efforts to obtain other state funding to support police and fire operations in Flint during this critical time.
2. The concern of the City Clerk, and supported by both the Council and the Mayor, of her inability to properly conduct the upcoming elections with the proposed staffing reduction, is acknowledged. Accordingly, the proposed budget is revised to continue FY14 budget level of staffing within the Clerk's Office. The business license position, originally moved to the Planning and Zoning Department in the FY15 and FY16 Proposed Budget, has been restored back to City Clerk's department. The new Business Licensing process is scheduled to be implemented by January 1, 2015; at which time, the responsibility for the process will be assumed by the Department of Planning and Development. Since the Clerk's Office staff will remain the same while reducing the responsibilities of the Clerks' Office, there should be adequate staff to conduct the elections and to provide additional support to the Council Office. Until such time as the

Business Licensing process is assumed by the Department of Planning and Development, the Clerk is authorized to increase the hours of the current part-time employee in the Council Office. $15,000 in temporary wages is added to the Council's budget for FY15.

3. The concern of the Council and the Mayor that financial support be continued to assist in the transition of the senior citizen programming at the Brennen Center and Hasselbring is acknowledged. The end goal is for there to be successful senior citizen programming at these locations, supported in their entirety by the County's senior citizen millage, which has been approved by voters within the City of Flint as well as the rest of Genesee County. Instead of adding additional funding to the FY15 and FY16 budgets, however, an amendment to the FY14 budget is being prepared to make a one-time appropriation to each center in the amount of $20,000, for a total expenditure of $40,000. The purpose of this appropriation is to support this transition.
4. The concern of the Council to add additional resources to the District Court is noted. However, during the presentation by the Court at its budget hearing, it became apparent that the proposed strategy of the Court to utilize part time employees may not be consistent with the requirement that temporary employees working in excess of 29 hours per week must be provided access to health care to the extent that full time employees are. Thus, additional funds in the amount of $40,000 is added to the Court's budget to address this potential problem.
5. The recommendation of the Mayor to add additional capacity to economic development as stated in #4 above is acknowledged. Additional resources for economic development was also a stated priority of the Council. The change recommended by the Mayor provides $50,000 in financial capacity, is revenue neutral, and is incorporated into the budget.
6. The recommendation of the Mayor with respect to reducing DCED staff by 1 FTE and redistributing the funds as noted above are also incorporated into the budget.
7. The recommendation of the Mayor to add one new FTE in Planning and Development dedicated to the new Business Licensing function is also acknowledged as being valuable in helping to assure that the new process is implemented aggressively and successfully. Accordingly, $64,000 for wages and fringes is added to the budget of Planning and Development for that purpose.
8. Finally, the recommendation of the Mayor to add an additional objective to the Governance and Administration section of the Strategic Plan is acknowledged and will be incorporated. Accordingly, while the Human Relations Commission may continue as a volunteer board, the proposed allocation is eliminated. As it has become apparent that the Human Resources Director is fully engaged with managing the Human Resources function, the portion of the Director's salary allocated to the HRC budget will be transferred to the Human Resources Budget.

Implementing the changes noted above require identifying $119,000 in FY15 General Fund appropriations and $104,000 in FY16 appropriations. The revenue and expense projections in the budget have been reviewed, and the necessary funds have been identified from the following sources:

FY15:

- $39,000 - reduction in audit costs
- $ 2,600 – net reduction in HRC budget
- $38,400 - additional projected revenue - income tax revenue
- $39,000 – additional projected revenue – delinquent income tax collections

FY16:

- $31,000 - reduction in audit costs
- $ 2,678 – net reduction in HRC budget
- $32,000 - additional projected revenue - income tax revenue
- $38,322 - additional projected revenue - delinquent income tax collections

Appreciation is extended to the Mayor, Council, and staff for the time and effort spent reviewing the proposed budget. The citizens of Flint will be better served by the changes made.

Proposed Budget FY15 and FY16 Technical Adjustments

1. Included the pension expense in the Office of the Clerk - $29,519

2. Removed wages and fringes for GIS Technician from Assessing Department because it was already budgeted in the Planning and Zoning Department - $60,518

3. Corrected the inclusion of all salaries, wages, and fringes in the Planning and Zoning department for all the approved positions - $123,596

4. Corrected Fund 202 FY15 and FY16 fund balance use. The indirect cost allocation was double reported in FY15. This was a $536,000 reduction in cost in FY15. In FY16, wages in administration was entered in error causing salaries to be overstated by $812,000. This correction was made.

FLINT STRATEGIC PLAN

2015 -2019

Setting a Sustainable Course for the City of Flint

The Vision for the City Government of Flint:

A well managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

The Mission of the City Government:

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly and financially responsible manner

The Goals:

In order to realize our Mission, residents, businesses, students and visitors can expect that:

The City will provide a highly trained and professional staff of elected leaders, appointed officials and employees

The City will provide for a safe, secure, and healthy environment in which to live, work, learn and play

The City will provide access to dependable and affordable water, sewer, and waste collection

The City will provide access to an adequate and well maintained transportation network serving motorized, non-motorized, and pedestrian needs

The City will foster cooperation between business, non-profit, and foundation partners and residents to create a climate that supports community and economic development

The City government will also:

Seek partnerships with Local, State and Federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting its Mission

Provide municipal services consistent with the City's Master Plan and also work with residents, businesses, and others to foster development of the City and its infrastructure in a manner consistent with its Master Plan

Encourage partnerships for recreation and access to open space across the City

Enforce building and occupancy codes and to aggressively work with others to address blighted conditions

Assure that City ordinances and regulatory activities are consistent with the Master plan and supportive of economic development

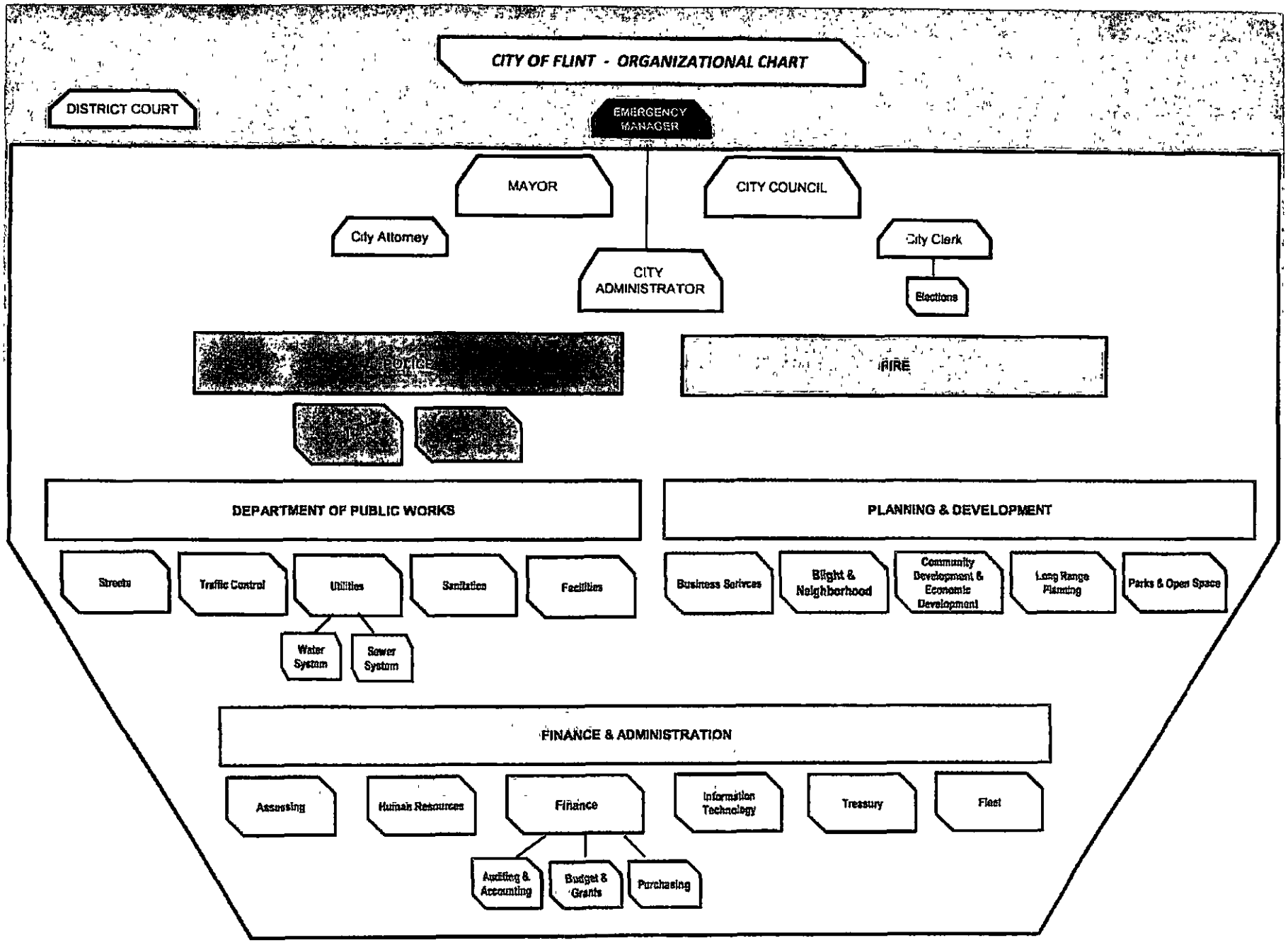
Operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits

Mayor and Council Priorities for Developing the Two-year (FY15 & FY16) Budget

The Mayor and Council request that the two-year budget to be developed will include a set of objective which, when achieved, will result in significant progress being made towards achieving their stated Vision, Mission, and Goals.

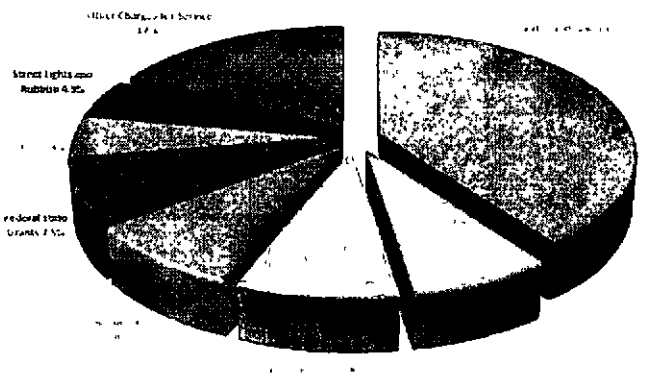
Additionally, the Mayor and Council request that the two-year budget to be developed address the following specific priorities:

1. Maintain police and fire staffing levels at the maximum level feasible
2. Reduce the General Fund deficit by at least $1 million
3. Continue efforts to reduce blight, including demolition
4. Hire an experienced and professional City Administrator
5. Assure that capacity exists to implement the Master Plan
6. Add capacity in the area of Economic Development
7. Fund years 1 & 2 of capital improvements identified in the Master Plan
8. Improve street maintenance
9. Establish parks partnerships
10. Improve customer service through training and technology
11. Increase removal of dead and diseased trees
12. Evaluate ways to reduce water and sewer rates for constituents in the budget process

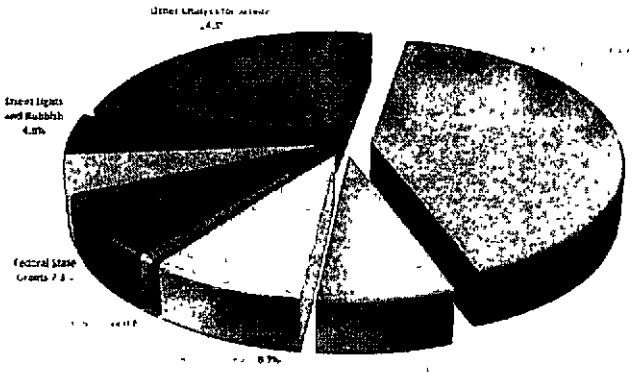

CITY OF FLINT - ORGANIZATIONAL CHART
DISTRICT COURT
EMERGENCY MANAGER
MAYOR
CITY COUNCIL
City Attorney
CITY ADMINISTRATOR
City Clerk
Elections
POLICE
FIRE
DEPARTMENT OF PUBLIC WORKS
Streets
Traffic Control
Utilities
Sanitation
Facilities
Water System
Sewer System
PLANNING & DEVELOPMENT
Business Serivces
Blight & Neighborhood
Community Development & Economic Development
Long Range Planning
Parks & Open Space
FINANCE & ADMINISTRATION
Assessing
Human Resources
Finance
Information Technology
Treasury
Fleet
Auditing & Accounting
Budget & Grants
Purchasing

REVENUE - ALL FUNDS

FY15 $165,609,588

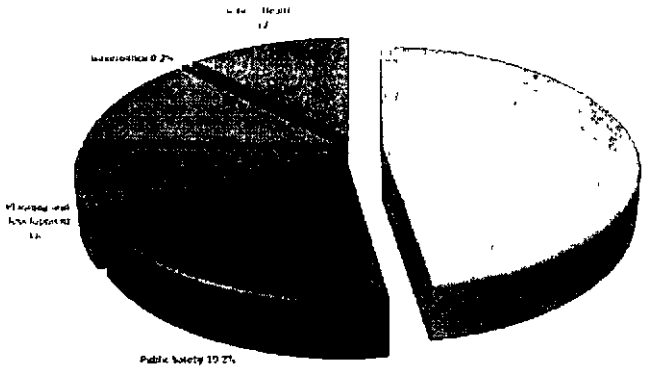


FY16 $169,482,080

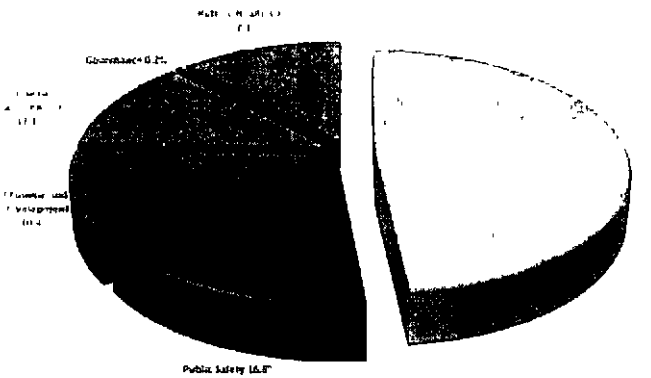


EXPENSES - ALL FUNDS

FY15 $162,186,042



FY16 $166,592,999



CITY OF FLINT - FIVE YEAR OUTLOOK

All Funds Summary

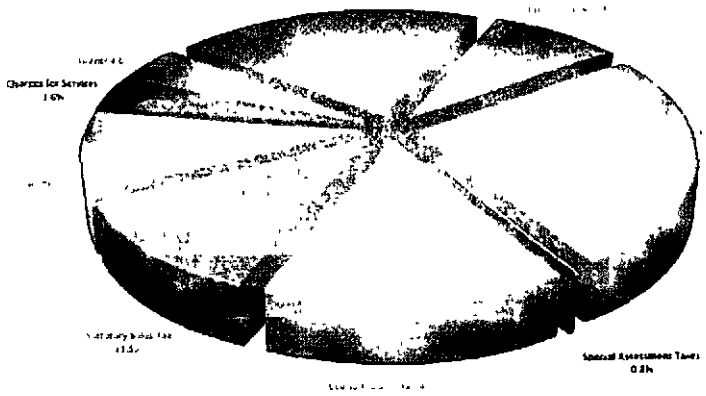
		Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund	101						
	Revenues*	$53,558,121	$55,097,880	$56,308,238	$56,816,010	$56,986,466	$57,498,324
	Expenses	$53,558,121	$55,097,880	$56,308,238	$58,616,874	$61,020,165	$63,644,033
	Cumulative Gap	$0	$0	$0	($1,801,864)	($5,836,574)	($11,982,282)
	Annual Gap	$0	$0	$0	($1,801,864)	($4,034,710)	($6,145,708)
*Includes $1 million for deficit elimination							
Major Streets	202						
	Revenues	$6,335,408	$7,022,888	$7,306,888	$7,511,255	$7,721,570	$7,945,495
	Expenses	$6,331,408	$7,022,888	$7,306,888	$7,577,015	$7,842,210	$8,124,530
	Cumulative Gap	$4,000	$0	$0	($65,760)	($186,400)	($365,435)
	Annual Gap	$0	$0	$0	($65,760)	($120,640)	($179,034)
Local Streets	203						
	Revenues	$2,601,090	$2,694,488	$2,783,112	$2,841,557	$2,894,072	$2,887,991
	Expenses	$2,601,090	$2,694,488	$2,783,112	$2,880,521	$2,972,698	$3,087,824
	Cumulative Gap	$0	$0	$0	($38,964)	($197,590)	($297,482)
	Annual Gap	$0	$0	$0	($38,964)	($58,626)	($99,893)
Police and Fire Millage	205						
	Revenues	$1,845,827	$9,258,560	$7,248,000	$4,464,640	$4,602,841	$4,671,885
	Expenses	$1,845,827	$9,258,560	$7,248,000	$7,538,960	$7,848,057	$8,168,828
	Cumulative Gap	$0	$0	$0	($3,074,420)	($6,319,637)	($9,817,376)
	Annual Gap	$0	$0	$0	($3,074,420)	($3,245,117)	($3,497,843)
Neighborhood Police Millage	207						
	Revenues	$1,550,180	$1,405,180	$1,418,300	$1,446,666	$1,491,513	$1,513,885
	Expenses	$1,550,180	$1,378,104	$1,409,660	$1,465,006	$1,525,072	$1,587,600
	Cumulative Gap	$0	$27,076	$9,640	($18,340)	($51,899)	($125,614)
	Annual Gap	$0	$0	$0	($18,340)	($33,559)	($73,714)
Parks Millage	208						
	Revenues	$373,064	$440,140	$344,370	$351,257	$362,148	$367,579
	Expenses	$373,064	$440,140	$344,343	$359,117	$372,800	$386,084
	Cumulative Gap	$0	$0	$27	($8,859)	($17,512)	($36,018)
	Annual Gap	$0	$0	$0	($8,859)	($10,653)	($20,506)
Lighting Special Assessment	219						
	Revenues	$2,682,880	$2,694,870	$2,696,300	$2,661,485	$2,433,411	$2,311,740
	Expenses	$2,682,880	$2,694,870	$2,696,300	$2,696,300	$2,696,300	$2,696,300
	Cumulative Gap	$0	$0	$0	($134,815)	($397,704)	($782,264)
	Annual Gap	$0	$0	$0	($134,815)	($262,889)	($384,560)

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		228						
	Revenues		$5,132,480	$5,396,293	$5,450,723	$5,178,187	$4,919,278	$4,673,314
	Expenses		$5,132,490	$5,396,293	$5,450,723	$5,559,737	$5,870,932	$5,784,351
	Cumulative Gap		$0	$0	$0	($381,551)	($1,133,208)	($2,244,243)
	Annual Gap		$0	$0	$0	($381,551)	($751,655)	($1,111,037)
Drug Forfeiture		265						
	Revenues		$435,042	$439,083	$439,083	$452,235	$465,802	$479,776
	Expenses		$435,042	$425,083	$433,399	$446,401	$459,793	$473,597
	Cumulative Gap		$0	$14,000	$5,684	$5,834	$11,843	$18,032
	Annual Gap		$0	$0	$0	$5,834	$6,009	$6,189
HUD Grant 2014		274						
	Revenues		$11,767,729	$5,035,900	$5,035,900	$5,188,977	$5,342,688	$5,502,884
	Expenses		$11,767,729	$5,035,900	$5,035,900	$5,188,977	$5,342,688	$5,502,884
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Other Grants		299						
	Revenues		$7,483,689	$4,884,976	$4,884,976	$5,010,925	$5,161,253	$5,316,091
	Expenses		$7,477,931	$4,884,976	$4,884,976	$5,010,925	$5,161,253	$5,316,091
	Cumulative Gap		$5,758	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Federal Stimulus Grant		297						
	Revenues		$4,524,108	$0	$0	$0	$0	$0
	Expenses		$4,524,108	$0	$0	$0	$0	$0
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Public Improvement Fund		402						
	Revenues		$2,150,000	$2,850,957	$2,887,987	$2,925,347	$3,016,032	$3,061,273
	Expenses*		$2,150,000	$2,850,957	$2,887,987	$2,982,706	$3,102,015	$3,228,095
	Cumulative Gap		$0	$0	$0	($57,360)	($143,342)	($308,184)
	Annual Gap		$0	$0	$0	($57,360)	($85,983)	($164,822)
* Includes $800,000 for deficit elimination								
Building Safety Fund		542						
	Revenues		$2,548,456	$2,385,629	$2,484,700	$2,484,700	$2,484,700	$2,484,700
	Expenses		$2,548,456	$2,385,629	$2,484,700	$2,684,088	$2,887,452	$2,794,850
	Cumulative Gap		$0	$0	$0	($99,388)	($302,140)	($612,389)
	Annual Gap		$0	$0	$0	($99,388)	($202,752)	($310,250)
TOTAL General City								
	Revenues		$103,268,162	$99,696,694	$99,249,335	$97,230,141	$97,890,758	$98,784,987
	Expenses		$103,278,404	$99,655,818	$99,234,004	$102,903,628	$108,701,333	$110,776,135
	Cumulative Gap		$9,758	$41,076	$15,331	($5,673,486)	($14,484,061)	($26,466,209)
	Annual Gap		$0	$0	$0	($5,673,486)	($8,810,575)	($11,981,148)

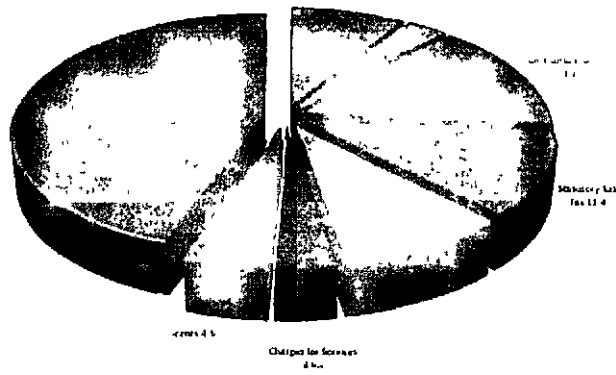
Sewer Fund	590	Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
	Revenues	$31,929,269	$28,126,894	$32,346,745	$32,346,745	$32,346,745	$32,346,745
	Expenses	$31,929,269	$28,126,894	$32,346,745	$34,609,099	$38,149,143	$37,216,957
	Cumulative Gap	$0	$0	$0	($2,262,354)	($5,064,752)	($10,934,964)
	Annual Gap	$0	$0	$0	($2,262,354)	($3,802,398)	($4,870,212)
Water Fund	591						
	Revenues	$47,896,872	$37,888,000	$37,888,000	$37,500,000	$37,500,000	$37,500,000
	Expenses	$47,896,872	$34,605,530	$35,012,250	$38,841,189	$40,741,806	$41,943,728
	Cumulative Gap	$0	$3,382,470	$2,873,750	($1,341,189)	($4,583,095)	($9,026,820)
	Annual Gap	$0	$0	$0	($1,341,189)	($3,241,806)	($4,443,725)
Water and Sewer	**590 & 591**						
	Revenues	**$79,826,141**	**$66,012,894**	**$70,232,745**	**$69,846,745**	**$69,846,745**	**$69,846,745**
	Expenses	**$79,826,141**	**$62,630,424**	**$67,358,995**	**$73,450,288**	**$76,891,049**	**$79,160,682**
	Cumulative Gap	**$0**	**$3,382,470**	**$2,873,750**	**($3,603,543)**	**($10,647,847)**	**($19,961,784)**
	Annual Gap	**$0**	**$0**	**$0**	**($3,603,543)**	**($7,044,304)**	**($9,313,937)**
TOTAL CITY							
	Revenues	**$183,114,303**	**$165,609,588**	**$169,482,080**	**$167,076,888**	**$167,737,503**	**$168,641,732**
	Expenses	**$183,104,545**	**$162,186,042**	**$166,592,999**	**$176,353,916**	**$183,592,382**	**$189,936,817**
	Cumulative Gap	**$9,758**	**$3,423,546**	**$2,889,081**	**($9,277,029)**	**($25,131,908)**	**($46,426,993)**
	Annual Gap	**$0**	**$0**	**$0**	**($9,277,029)**	**($15,854,879)**	**($21,295,085)**

REVENUE - GENERAL FUND

FY15 $55,097,880

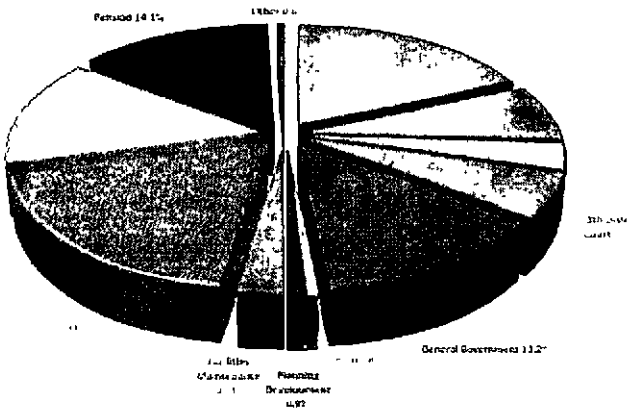


FY16 $56,308,239

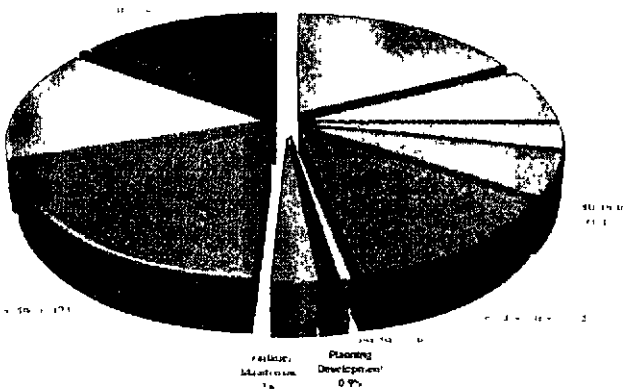


EXPENSES - GENERAL FUND

FY15 $55,097,880



FY16 $56,308,239



CITY OF FLINT PORPOSED FINANCIAL BUDGET
FOR FISCAL YEARS 2015 AND 2016
GENERAL FUND

DESCRIPTION	2013-14 AMENDED BUDGET	2014-15 PROPOSED BUDGET	2015-16 PROPOSED BUDGET
Fund 101 - General Fund			
ESTIMATED REVENUES			
Function: General government			
Property Taxes	$ 4,622,000	$ 4,970,000	$ 5,089,400
Income taxes	14,210,000	14,238,400	14,354,000
Special assessment taxes	97,941	89,000	89,000
State revenues	16,730,120	17,181,829	17,347,719
License and Permits	1,303,626	1,298,626	1,398,626
Fines and forfeitures	1,825,000	1,862,600	1,967,000
Charges for service rendered	9,942,485	11,161,416	11,582,811
Interest and dividend income	850,000	919,000	1,118,325
Other revenues	898,946	601,011	605,360
Transfers in	4,077,998	3,777,998	3,777,998
Drawings from fund balance	(1,000,000)	(1,000,000)	(1,000,000)
Total - Function General government	53,558,116	55,097,880	56,308,239
TOTAL ESTIMATED REVENUES	$ 53,558,116	$ 55,097,880	$ 56,308,239
APPROPRIATIONS			
Function: Legislative			
City Council	$ 373,220	$ 356,505	$ 341,080
Total - Function Legislative	373,220	356,505	341,080
Function: General governemnt			
District Court	5,194,307	4,089,999	4,167,078
Office Of Mayor	226,813	215,428	218,278
City Administrator	396,648	352,912	356,034
Finance -Admin/Accounting/Payroll	1,188,137	951,331	962,846
Finance Purchasing	130,229	139,185	141,145
Total Finance and Purchasing Department	1,318,366	1,090,516	1,103,991
Office Of City Clerk	220,645	163,145	164,955
City Clerk-License And Permits	90,850	185,406	185,651
City Clerk-Board Of Review	10,500	11,601	11,601
City Clerk-Election	403,183	391,241	399,979
Cty Clk Elec Div. - Election Workers	138,654	179,691	179,627
Total City Clerk and Elections	863,832	920,986	931,813
Customer Services-Treasury Operations	380,321	275,977	279,810
Customer Services-Income Tax	466,826	432,000	433,740
Customer Services-Water Collection	1,018,852	1,240,933	1,263,429
Customer Service-Sewer collection	1,020,102	1,243,133	1,264,476
Delinquent Collections	167,886	263,063	267,313
Total Treasury Department	3,052,786	3,455,106	3,508,767
Assessment	1,084,221	1,160,515	1,175,686
Law Office Operations	962,042	940,589	953,797

Human Relations Commission	26,237		
Personnel Office	551,542	624,409	629,970
Personnel Office-Personnel-Training	70,625	55,500	56,415
Total Human Relations and Personnel	648,404	679,909	686,385
Police - Fleet	990,000	990,000	1,000,000
Police Reduction		(2,606,823)	(2,835,863)
Pol Admin Bureau - Admin	5,023,126	409,669	419,941
Pol Admin Bureau-Inspections	127,354	125,505	126,865
Pol Admin - City Lock up	2,673,849	2,554,329	2,534,329
Pol Tech Serv-Records & Identification	1,831,592	2,121,908	2,168,785
Pol Tech Serv-Planning, Research, & Trai	135,359	129,847	130,692
Pol Tech Serv - City Impound	437,323	436,575	439,969
Pol Invst Ovrhd - Criminal Invest Overh	2,469,997	2,369,062	2,398,335
Pol Invst Ovrhd - Police School Liason	764,011	751,475	760,749
Pol Invst Ovrhd - Special Operations	707,250	738,602	749,143
Patrol Bureau - Administration	5,502,823	4,263,373	4,328,180
Patrol Bureau-School Crossing Guards	267,854	285,712	285,712
Total Police Department	21,930,338	12,569,434	12,504,837
Public Safety 911 - Administration	3,745,525	2,604,021	2,540,188
Office Of Fire Chief	753,547	692,077	709,158
Fire Admin-Maintenance	116,000	412,500	424,500
Fire Admin - Training	253,400	161,541	164,771
Firefighting Division-Fire Battalion Chi	3,349,980	498,649	508,293
Firefighting Division-Fire Station Overh	5,858,149	4,101,133	4,168,260
SAFER Grant EMW-2011-FH-00843	1,083,370		
Fire Prevent - Inspection And Training	285,370	315,903	322,422
Total Fire Department	11,699,796	6,179,803	6,295,404
Development-Planning & Zoning	121,875	395,277	397,634
DCD - Administration	188,293	279,007	285,416
Golf Division - Kearsley Lake Gc	3,500		
Golf Division-Mott Park Gc		9,000	9,270
Golf Division-Swartz Crk Gc	1,600		
Total Planning and Development Department	313,268	683,284	692,320
Facilities Maint-Municipal Center	1,207,382	1,464,233	1,532,362
Total - Function General government	52,645,726	36,416,733	36,666,940
Cost Allocation and Retiree Healthcare		17,811,941	18,966,658
Transfer out to Fund 208		99,140	
Transfers out to fund 542	639,170	313,561	313,561
Total - Function Transfers out	639,170	412,701	313,561
TOTAL APPROPRIATIONS	$ 53,658,116	$ 55,097,880	$ 56,308,239
NET OF REVENUES/APPROPRIATIONS - FUND 101	0	0	0
BEGINNING FUND BALANCE	(12,895,842)	(11,895,642)	(10,895,642)
ENDING FUND BALANCE	(11,895,642)	(10,895,642)	(9,895,642)

CITY OF FLINT STAFFING PROJECTION

	FY11 ACTUAL	FY12 ACTUAL	FY13 ACTUAL	FY14 CURRENT	FY15 PROPOSED	FY16 PROPOSED
GOVERNANCE AND ADMINISTRATION	38.5	20	17	19	20	20
POLICE	150	148	144	151	115	115
911	25.5	23	22	23	23	23
FIRE	75	94	91	94	75	75
DISTRICT COURT	49	35	30	31	31	31
DEPARTMENT OF PUBLIC WORKS	263	207	156	166	173	173
PLANNING AND DEVELOPMENT	71	56	26	24	25	26
FINANCE AND ADMINISTRATION	120.5	103	60	57	60	60
TOTALS	792.5	686	546	565	522	523

PROJECTED FACILITIES IMPROVEMENTS FY15-FY19

IMPROVEMENT	RANK	COST	FY15	FY16	FY17	FY18	FY19
City Hall Elevators(2 main only)	1	400,000.00	$ 400,000.00				
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 155,000.00				
Assessing Renovations	3	65,000.00	$ 65,000.00				
Roof Repair - Main Fire Station	4	127,400.00	$ 127,400.00				
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 10,000.00				
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 20,000.00				
I.S. Water Leaks PART I OF II	7	50,000.00	$ 50,000.00				
Legal Renovations	8	40,000.00	$ 40,000.00				
Police Station Bridge to 5th St	9	30,000.00	$ 30,000.00				
Roof Repair - North building	10	99,384.00	$ 99,384.00				
Motion Lights, City Hall & Police	11	100,000.00	$ 100,000.00				
Pave City Hall Parking Lot	12	100,000.00		$ 100,000.00			
911 Consoles & Telephones	13	330,000.00		$ 330,000.00			
I.S. Water Leaks PART II OF II	14	50,000.00		$ 50,000.00			
Council Chambers Renovations PART I OF III	15	116,666.67		$ 116,666.67			
City Hall Building Facade PART I OF III	16	500,000.00		$ 500,000.00			
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00			$ 250,000.00		
Council Chambers Renovations PART II OF III	18	116,666.67			$ 116,666.67		
City Hall Building Facade PART II OF III	19	500,000.00			$ 500,000.00		
Council Chambers Renovations PART III OF III	20	116,666.67				$ 116,666.67	
City Hall Building Facade PART III OF III	21	500,000.00				$ 500,000.00	
Police Shooting Range	22	250,000.00				$ 250,000.00	
Fire Station Kitchens - Remodel	23	60,000.00				$ 60,000.00	
TOTAL		$3,926,784.00	$ 1,096,784.00	$ 1,096,666.67	$ 866,666.67	$ 926,666.67	$ -

IMPROVEMENT	RANK	COST	CUMULATIVE COST
City Hall Elevators(2 main only)	1	400,000.00	
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 555,000.00
Assessing Renovations	3	65,000.00	$ 620,000.00
Roof Repair - Main Fire Station	4	127,400.00	$ 747,400.00
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 757,400.00
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 777,400.00
I.S. Water Leaks PART I OF II	7	50,000.00	$ 827,400.00
Legal Renovations	8	40,000.00	$ 867,400.00
Police Station Bridge to 5th St	9	30,000.00	$ 897,400.00
Roof Repair - North building	10	99,384.00	$ 996,784.00
Motion Lights, City Hall & Police	11	100,000.00	$ 1,096,784.00
Pave City Hall Parking Lot	12	100,000.00	$ 1,196,784.00
911 Consoles & Telephones	13	330,000.00	$ 1,526,784.00
I.S. Water Leaks PART II OF II	14	50,000.00	$ 1,576,784.00
Council Chambers Renovations PART I OF III	15	116,666.67	$ 1,693,450.67
City Hall Building Facade PART I OF III	16	500,000.00	$ 2,193,450.67
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00	$ 2,443,450.67
Council Chambers Renovations PART II OF III	18	116,666.67	$ 2,560,117.33
City Hall Building Facade PART II OF III	19	500,000.00	$ 3,060,117.33
Council Chambers Renovations PART III OF III	20	116,666.67	$ 3,176,784.00
City Hall Building Facade PART III OF III	21	500,000.00	$ 3,676,784.00
Police Shooting Range	22	250,000.00	$ 3,926,784.00
Fire Station Kitchens - Remodel	23	60,000.00	$ 3,986,784.00
TOTAL		$3,926,784.00	$ 3,986,784.00

DEFICIT ELIMINATION AND RESERVE ACCUMULATION PROJECTIONS

FINANCIAL COMMITMENT NECESSARY TO ELIMINATE THE DEFICIT AND ACCUMULATE AN APPROPRIATE BUDGET STABILIZATION RESERVE OF 10% -15%

	DEFICIT REDUCTION						
	FY14	FY15	FY16	FY17	FY18	FY19	FY20
DEFICIT	($12,895,642)	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000
REMAINING DEFICIT	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)	($295,642)
GENERAL FUND REVENUE	$53,555,121	$55,080,609	$56,281,965	$56,788,503	$56,958,868	$57,471,498	$58,620,928

	RESERVE ACCUMULATION					
	FY21	FY22	FY23	FY24	FY25	
RESERVE	($295,642)	$1,504,358	$3,304,358	$5,104,358	$6,904,358	
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	
ACCUMULATED RESERVE	$1,504,358	$3,304,358	$5,104,358	$6,904,358	**$8,704,358**	Equals 13%
GENERAL FUND REVENUE	$59,793,347	$60,989,213	$62,208,998	$63,453,178	**$64,722,241**	of GF Revenues

CITY OF FLINT - FIVE YEAR OUTLOOK
Pension and Retiree Healthcare Costs

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund		101						
	Retiree Healthcare Expense		$8,034,324	$10,167,701	$10,777,763	$11,424,429	$12,109,895	$12,836,488
	Pension Expense		$8,401,335	$7,931,672	$8,439,853	$8,946,244	$9,483,019	$10,052,000
	Other Expenses		$37,122,462	$36,948,508	$37,090,623	$38,246,204	$39,427,285	$40,755,548
	Total Expenses		$53,558,121	$55,097,881	$56,308,239	$58,616,877	$61,020,199	$63,644,036
	Retiree Healthcare as % of Total Expenses		15%	18%	19%	19%	20%	20%
	Pension as % of Total Expenses		16%	14%	15%	15%	16%	16%
	Healthcare & Pension Costs as % of Total		31%	33%	34%	35%	35%	35%
Major Streets		202						
	Retiree Healthcare		$593,155	$1,056,180	$1,119,551	$1,186,724	$1,257,928	$1,333,403
	Pension		$585,832	$551,416	$586,563	$632,357	$670,298	$710,516
	Other expenses		$5,197,419	$5,415,293	$5,400,694	$5,687,804	$5,783,353	$5,981,277
	Total		$6,331,406	$7,022,888	$8,116,808	$8,416,885	$8,711,579	$9,025,196
	Healthcare & Pension %		18%	23%	21%	22%	22%	23%
Local Streets		203						
	Retiree Healthcare		$388,761	$200,624	$212,873	$226,646	$239,184	$253,535
	Pension		$331,108	$330,319	$354,959	$376,267	$398,832	$422,762
	Other expenses		$1,881,223	$2,163,319	$2,215,280	$2,278,819	$2,334,892	$2,391,827
	Total		$2,601,090	$2,694,458	$2,783,112	$2,880,821	$2,972,698	$3,067,824
	Healthcare & Pension %		28%	20%	20%	21%	21%	23%
Police and Fire Millage		205						
	Retiree Healthcare		$0	$1,337,828	$1,418,088	$1,503,184	$1,593,375	$1,689,877
	Pension		$448,524	$2,693,093	$2,748,879	$2,913,600	$3,088,416	$3,273,721
	Other expenses		$1,397,303	$5,227,639	$3,082,223	$3,122,176	$3,169,297	$3,207,130
	Total		$1,845,827	$9,258,560	$7,249,500	$7,538,960	$7,846,087	$8,169,828
	Healthcare & Pension %		24%	42%	57%	59%	60%	61%
Neighborhood Police Millage		207						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$379,934	$300,795	$316,844	$337,975	$358,253	$376,748
	Other expenses		$1,170,246	$1,077,309	$916,830	$945,254	$977,588	$1,010,863
	Total		$1,550,180	$1,378,104	$1,233,674	$1,283,229	$1,335,841	$1,390,611
	Healthcare & Pension %		25%	22%	26%	26%	27%	27%
Parks Millage		208						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$5,591	$20,663	$20,683	$21,903	$23,217	$24,610
	Other expenses		$367,473	$419,477	$320,759	$333,177	$346,421	$360,183
	Total		$373,064	$440,140	$341,423	$355,080	$369,638	$384,793
	Healthcare & Pension %		1%	5%	6%	6%	6%	6%
Lighting Special Assessment		219						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$8,028	$6,390	$6,773	$7,180	$7,611
	Other expenses		$2,982,980	$2,686,641	$2,689,910	$2,689,527	$2,689,120	$2,688,689
	Total		$2,982,980	$2,694,670	$2,696,300	$2,696,300	$2,696,300	$2,696,300
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		225						
	Retiree Healthcare		$621,190	$411,202	$435,874	$462,026	$489,748	$519,133
	Pension		$25,335	$12,888	$13,787	$14,553	$15,459	$16,397
	Other expenses		$4,485,983	$4,972,103	$5,001,062	$5,083,116	$5,165,718	$5,248,821
	Total		$5,132,490	$5,396,293	$5,450,723	$5,559,737	$5,670,932	$5,784,351
	Healthcare & Pension %		13%	8%	8%	9%	9%	9%
Drug Forfeiture		265						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$122,739	$82,408	$87,351	$92,592	$98,148	$104,036
	Other expenses		$312,303	$342,657	$346,048	$353,809	$361,645	$369,650
	Total		$435,042	$425,063	$433,399	$446,401	$459,793	$473,687
	Healthcare & Pension %		28%	19%	20%	21%	21%	22%
HUD Grant 2014		274						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$230,159	$292,416	$292,416	$309,963	$329,561	$348,275
	Other expenses		$11,537,570	$4,743,481	$4,743,481	$4,877,013	$5,014,024	$5,154,588
	Total		$11,767,729	$5,035,899	$5,035,899	$5,186,976	$5,342,585	$5,502,863
	Healthcare & Pension %		2%	6%	6%	6%	6%	6%
Other Grants		298						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$40,027	$230,605	$230,605	$244,441	$259,108	$274,654
	Other expenses		$7,437,904	$4,634,371	$4,634,371	$4,766,484	$4,902,145	$5,041,432
	Total		$7,477,931	$4,864,976	$4,864,976	$5,010,926	$5,161,253	$5,316,091
	Healthcare & Pension %		1%	5%	5%	5%	5%	5%
Federal Stimulus Grant		297						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$1,355,981	$0	$0	$0	$0	$0
	Other expenses		$3,168,127	$0	$0	$0	$0	$0
	Total		$4,524,108	$0	$0	$0	$0	$0
	Healthcare & Pension %		30%	0%	0%	0%	0%	0%
Public Improvement Fund		402						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$0	$0	$0	$0	$0
	Other expenses		$2,150,000	$2,830,857	$2,857,997	$2,882,708	$3,104,997	$3,232,302
	Total		$2,150,000	$2,830,857	$2,857,997	$2,882,708	$3,104,997	$3,232,302
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%
Building Safety Fund		542						
	Retiree Healthcare		$562,954	$393,633	$417,251	$442,288	$468,823	$496,953
	Pension		$181,734	$237,626	$251,886	$266,999	$283,019	$300,000
	Other expenses		$1,693,768	$1,784,269	$1,815,593	$1,874,803	$1,935,699	$1,997,997
	Total		$2,548,456	$2,399,529	$2,484,700	$2,584,088	$2,687,462	$2,794,950
	Healthcare & Pension %		28%	26%	27%	27%	28%	28%
Internal Service Funds								
	Retiree Healthcare		$300,210	$722,428	$722,428	$764,804	$809,105	$855,382
	Pension		$382,106	$383,747	$383,747	$408,772	$431,178	$457,049
	Other expenses		$7,795,975	$8,760,612	$7,845,631	$8,115,902	$8,396,419	$8,684,367
	Total		$8,478,291	$7,856,787	$8,951,806	$9,289,478	$9,636,703	$9,997,798
	Healthcare & Pension %		8%	14%	12%	13%	13%	13%
TOTAL General City								
	Retiree Healthcare Expense		$10,505,694	$14,289,798	$15,103,838	$16,008,789	$16,988,057	$17,984,872
	Pension Expense		$12,440,403	$13,023,777	$13,745,725	$14,570,489	$15,444,687	$16,371,378
	Other Expenses		$97,288,989	$87,975,619	$88,920,349	$91,685,874	$94,241,948	$97,122,087
	Total Expenses		$118,302,313	$116,374,211	$118,854,931	$123,285,281	$127,673,827	$132,770,582
	Retiree Healthcare as % of Total Expenses		9%	12%	13%	13%	13%	14%
	Pension as % of Total Expenses		11%	11%	12%	12%	12%	12%
	Healthcare & Pension Costs as % of Total		19%	23%	24%	25%	25%	26%

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Sewer Fund		590						
	Retiree Healthcare		$2,329,883	$2,447,555	$2,594,420	$2,760,085	$2,915,090	$3,089,996
	Pension		$2,179,100	$2,040,715	$2,163,158	$2,292,948	$2,430,525	$2,576,357
	Other expenses		$27,420,186	$25,768,284	$27,585,186	$29,556,055	$30,803,527	$31,650,804
	Total		$31,929,269	$30,256,545	$32,345,748	$34,609,088	$36,149,143	$37,316,957
	Healthcare & Pension %		14%	15%	15%	15%	15%	15%
Water Fund		591						
	Retiree Healthcare		$1,580,052	$2,963,588	$3,141,403	$3,329,887	$3,529,680	$3,741,461
	Pension		$1,816,897	$1,803,098	$1,911,284	$2,025,961	$2,147,519	$2,276,370
	Other expenses		$44,491,123	$29,736,644	$28,659,563	$33,486,941	$36,064,707	$35,925,694
	Total		$47,888,072	$34,503,330	$35,012,250	$38,841,189	$40,741,903	$41,943,726
	Healthcare & Pension %		7%	14%	14%	14%	14%	14%
Water and Sewer		590 & 591						
	Retiree Healthcare		$4,010,045	$5,411,154	$5,735,823	$6,079,972	$6,444,771	$6,831,457
	Pension		$3,994,787	$3,843,813	$4,074,443	$4,318,910	$4,578,044	$4,852,727
	Other expenses		$71,921,309	$55,505,108	$57,845,728	$63,051,406	$66,868,234	$67,476,498
	Total		$79,826,141	$64,760,075	$67,358,995	$73,450,288	$76,891,049	$79,160,682
	Retiree Healthcare as % of Total Expenses		5%	8%	9%	8%	8%	9%
	Pension as % of Total Expenses		5%	6%	6%	6%	6%	6%
	Healthcare & Pension %		10%	14%	15%	14%	14%	15%
TOTAL CITY								
	Retiree Healthcare		$14,515,639	$19,700,950	$20,839,691	$22,088,771	$23,412,828	$24,816,329
	Pension		$18,435,180	$18,867,590	$17,820,168	$18,889,378	$20,022,741	$21,224,105
	Other expenses		$169,110,289	$143,480,727	$146,459,076	$154,607,280	$160,110,180	$164,568,865
	Total		$198,128,454	$181,134,266	$185,213,926	$195,735,549	$203,764,876	$211,931,264
	Retiree Healthcare %		7%	11%	11%	11%	11%	12%
	Pension %		9%	9%	10%	10%	10%	10%
	Healthcare & Pension %		16%	20%	21%	21%	21%	22%

PROJECTED TAXPAYER IMPACT

$41,000 House, $40,000 Income

Values	FY14 Current Winter & Summer		FY15 Adopted Winter & Summer		FY16 Adopted Winter & Summer
House value	$41,000.00		$41,000.00		$41,000.00
Taxable value	$20,500.00		$20,500.00		$20,500.00
Annual Income	$40,000.00		$40,000.00		$40,000.00
Tax rate (mills)	65.88		65.88		65.88
Street Lights	$67.87		$70.94		$74.14
Garbage	$146.00		$162.63		$168.84
Water Bill	$1,800.00		$1,917.00		$2,032.02
Payments					
Property taxes	$1,351.00		$1,351.00		$1,351.00
Street lights	$67.87		$70.94		$74.14
Rubbish	$146.00		$162.63		$168.84
Income tax	$400.00		$400.00		$400.00
Water bill	$1,800.00		$1,917.00		$2,032.02
Total Payments	$3,764.87		$3,901.57		$4,026.00
		$137 3.6%		$124 3.2%	

$61,500 House, $50,000 Income

Values	FY14 Current Winter & Summer		FY15 Adopted Winter & Summer		FY16 Adopted Winter & Summer
House value	$61,500.00		$61,500.00		$61,500.00
Taxable value	$30,750.00		$30,750.00		$30,750.00
Annual Income	$50,000.00		$50,000.00		$50,000.00
Tax rate (mills)	65.88		65.88		65.88
Street Lights	$67.87		$70.94		$74.14
Garbage	$146.00		$162.63		$168.84
Water Bill	$1,800.00		$1,917.00		$2,032.02
Payments					
Property taxes	$2,026.00		$2,026.00		$2,026.00
Street lights	$67.87		$70.94		$74.14
Garbage	$146.00		$162.63		$168.84
Income tax	$500.00		$500.00		$500.00
Water bill	$1,800.00		$1,917.00		$2,032.02
Total Payments	$4,539.87		$4,676.57		$4,801.00
		$137 3.0%		$124 2.7%	

Attachment 1. Summary of Findings of the Flint Financial Review Team

Summary of Findings of the Flint Financial Review Team
November 2011

- The City has a general fund deficit of$14,621,546 as of June 30, 2010 which was not eliminated within the two year preceding period.

- The City previously submitted a five year deficit elimination plan for a cumulative general fund deficit of$7,046,820 as of June 30, 2008. However, by June 30, 2010 the cumulative general fund deficit had grown to $14,621,546. An updated plan submitted for 2010 does not purport to eliminate the cumulative deficit until 2030 and that relies upon the issuance of an additional $12 million of debt in 2013.

- A structural operating deficit existed in the general fund as of June 30, 2007, 2008, 2009, 2010 and the general fund is projected to have a $6,768,864 deficit as of June 30, 2011.

Attachment 2. 7 Point Transition Management Plan

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

TO: Scott Kincaid, President and Flint City Council
FROM: Darnell Earley, ICMA-CM, Emergency Manager
RE: 7 Point Transition Management Plan
Date: April 3, 2014
CC: Mayor Dayne Walling, Clerk Inez Brown, Gerald Ambrose, Peter Bade Elizabeth Murphy, Jason Lorenz, Maxine Murray

The primary responsibility of an emergency manager is to resolve the distressed city's financial emergency. However, resolution is not complete without providing a basic framework for, and implementation of, an objective model for the organization to follow.

A sustainable municipal organization incorporates the utilization of best practices financially, structures a governance model which clearly delineates between legislative, policy, and administrative responsibilities, and develops a management plan to provide services to residents in a consistent, reliable manner.

The 7 Point Transition Management Plan provides the roadmap to resolve the financial emergency and to achieve sustainability for the City of Flint. The Michigan Legislature recognized the need to incorporate provisions for sustainability when the "Local Financial Stability and Choice Act" was written as P.A. 436 of 2012 (Act).

The Act states in part:

> A local government shall be removed from receivership when the financial conditions are corrected in a sustainable fashion as provided in this act. MCL 141.1549(7)

The 7 Point Transition Management Plan (Plan) that we have been discussing since the beginning of 2014 outlines specific criteria for assessing attainable goals through measurable objectives, intended to provide an objective evaluation of the management principles critical to sustainability, and in concert with the requirements of the Act.

The Act further states:

> (1) If an emergency manager determines that the financial emergency that he or she was appointed to manage has

been rectified, the emergency manager shall inform the governor and the state treasurer...

(3) Subject to subsection (4), if the governor agrees that the financial emergency has been rectified, the emergency manager has adopted a 2-year budget as required under section 21, and the financial conditions of the local government have been corrected in a sustainable fashion as required under section 9(7), the governor may do either of the following:

(a) Remove the local government from receivership.
(b) Appoint a receivership transition advisory board as provided in section 23.

(4) Before removing a local government from receivership, the governor may impose 1 or more of the following conditions on the local government:

(a) The implementation of financial best practices within the local government.
(b) The adoption of a model charter or model charter provisions.
(c) Pursue financial or managerial training to ensure that official responsibilities are properly discharged. MCL 141.1562

Each of the 7 points of the Plan addresses these requirements. Moreover, the Plan sets in motion the necessary exercises for making the determinations so that as Flint's Emergency Manager, I can make an objective, sustainable, and broad recommendation to the Governor and the State Treasurer concerning Flint's emergence from, and next steps in its financial emergency. The Plan also recognizes the need to address systemic, causal factors in Flint's repeated designation as a distressed community where a financial emergency exists, and thereby in need of state intervention, as outlined in the Act.

Depending upon the Governor's response, the Plan will serve as a data-driven blueprint to forward on to a Transition Advisory Board, as provided in the Act. The Plan is not intended to be a consent agreement as provided in subsection (1), nor is it being presented as any other legal document referenced in the Act. Given Flint's history, the comprehensive nature of the Plan, if implemented in its totality, should address the problem of recidivism through sound, effective governance and accountable city management.

In retrospect, had we implemented such a plan when Flint came out of its first receivership in 2004, perhaps we would not have had a repeat of that situation.

Nevertheless, a third episode of receivership will be much more difficult for the City to rectify without exploring bankruptcy.

I have sought and will continue to seek the support and cooperation of the Flint City Council, as well as that of the Mayor, for the Plan, as we move towards this next phase of receivership. While many of the objectives in the Plan are currently underway, there is still much work to be done. With your reengagement, cooperation, and buy-in to this process I am very hopeful that we can achieve a favorable outcome as we seek to restore home rule order and local control over the next several months.

Cc Rick Snyder, Governor
Kevin Clinton, Treasurer
Dennis Muchmore
Beth Clement
Rich Baird
Harvey Hollins
Brian Larkin
Wayne Workman
Ed Koryzno
Randall Byrne
Tom Saxon
Sen. Jim Ananich
Rep. Woodrow Stanley
Rep. Phil Phelps
Congressman Dan Kildee

7 Point Transition Management Plan

Goal: To provide a strategy for determining and evaluating relevant and specific criteria for assessing when the City of Flint might be prepared to emerge from Emergency Manager (EM) oversight to a Transition Advisory Board (TAB), as provided in Public Act 436. The seven points identified provide comprehensive and well defined benchmarks to be reviewed before the determination is made. The Plan also defines a data-driven and measurable process for the objective, results-oriented determination of facts. The Plan establishes the criteria now so that it is clear what the conditions are that will have to be satisfied before the Emergency Manager recommends the establishment of a Transition Advisory Board.

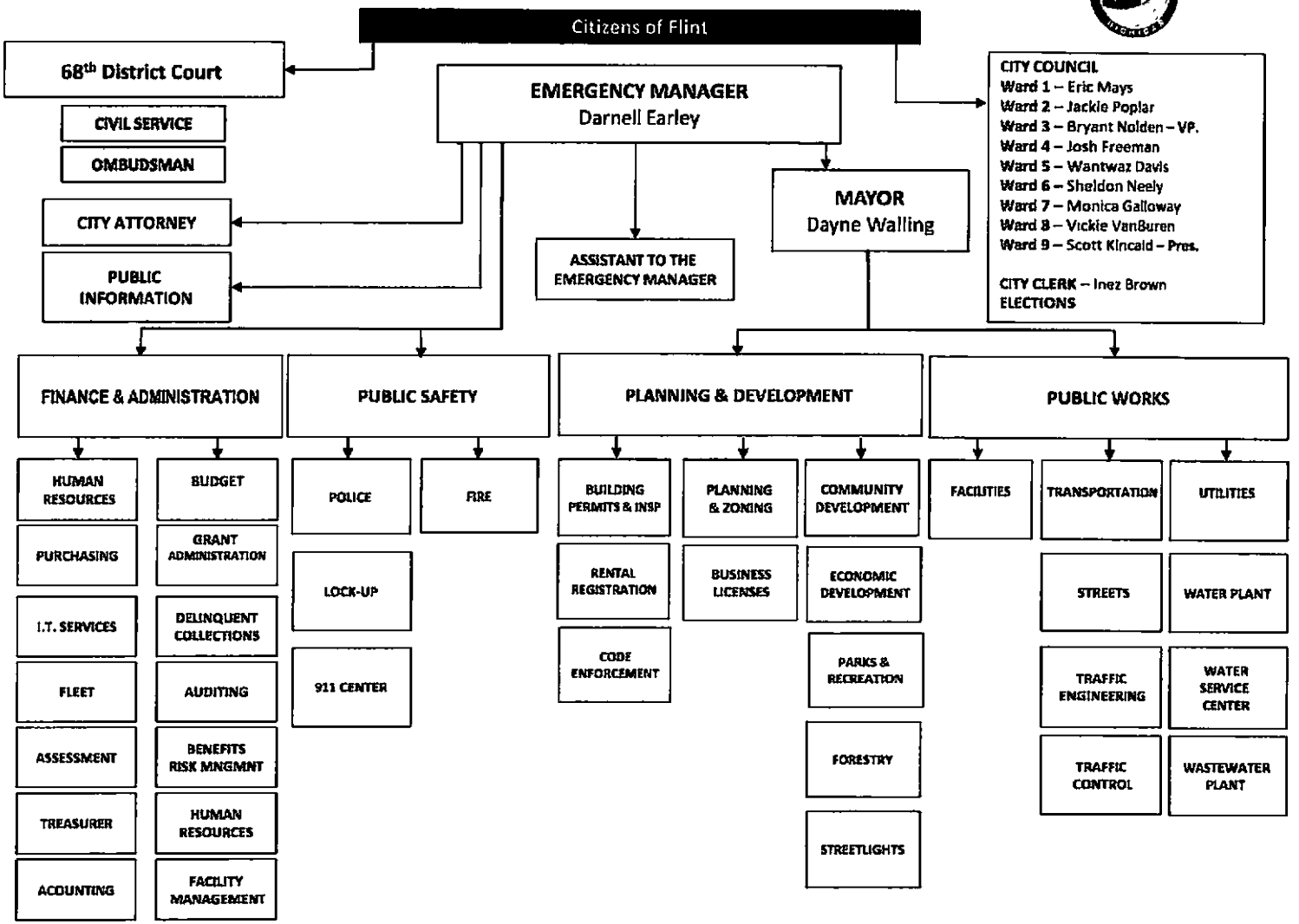
GOAL	STRATEGY	OBJECTIVES	STATUS
1. Deficit Elimination Plan			
	Deficit Elimination Plan and Reserve Accumulation Plan will be presented by the EM/Mayor/Finance Dir. to City Council through its Finance Committee to receive Council support. Also a commitment by the Mayor and Council to implement the plan will be required.	City Council to pass resolution of support for DEP/RAP from EM/Mayor/Fin. Dir.	_____
		Receive Treasury acceptance of the DEP/RAP.	_____
		Confirmation by Mayor and Council that DEP/RAP actions will be a top priority in budgeting.	_____
2. Five-Year Financial Analysis			
	The development, monitoring and updating of a five-year financial analysis is critical to the ongoing challenges of financial solvency. It must remain an ongoing process to measure the City's ability to fund services, produce budgets, and proactively manage expenditures. It should be an expectation of the Council that the EM/Mayor/Fin. Dir. shall annually prepare and Council shall review and adopt said projection; and shall continue to use the projection as a basis for future budgeting actions.	EM/Mayor/Fin. Dir to annually prepare a 5 yr. R/E projection.	_____
		Council Finance Committee review 5 yr. analysis and move to Council.	_____
		City Council adopts 5 Year Analysis.	_____
		Finance Committee shall annually review analysis in February each year and send to Council for approval.	_____
3. Governance			
	The EM will consider recommendations from the Blue Ribbon Committee, National Civic League Model Charter, proposed charter amendments, review of electoral structure, Executive appointments, etc. It is expected that a formal agreement would be reached among the EM, Mayor, and Council as to what governance revisions are to be implemented, including time frames for implementation.	Blue Ribbon Cmte. Complete Report and Submit to EM	_____
		Mayor and Council Submit Comments on Report to EM	_____
		EM developes proposed governance structure and sends to Governor.	_____
		Mayor and Council have an opportunity to review and comment on EM proposal.	_____
		Completion of City Ordinance review by Council as proposed by EM.	_____

GOAL	STRATEGY	OBJECTIVES	STATUS
4. Organization Development	Review the City's organizational structure including: Public Safety, 9-1-1 plan, courts consolidation plan, recommendations on other long-term services, and role of the city administrator (who will be appointed prior to the TAB). Finalize the organizational relationship among Mayor, Administration and Council. This will result in an agreed upon detailed description of the roles and responsibilities of the Mayor and Council, including items such as respective roles in strategic planning, budgeting, monitoring and assessment of results, appointments, and protocols for addressing citizen complaints.	EM/Mayor determines recommended City organizational structure. EM/Mayor to recommend Council action (ordinance changes) to implement organizational structure. Council to review and adopt revised organizational structure. EM/Mayor to hire City Administrator/Manager. Finalize organization structure and roles: Mayor, Council, Administration. Labor contracts to be completed for all City unions	
5. Legacy Costs	Retiree Health Care remains the biggest challenge to managing legacy costs and the City is currently facing a legal challenge. It will be unlikely that the financial emergency will be declared resolved until this issue is settled in a manner which does not risk the solvency of the City. Sustaining the changes within RHC are essential to the City's future solvency.	Mayor and Council to support City's position on retiree health care or adopt measures offsetting the increased costs. Annual budgets to include payment of appropriate pension and health care costs and liabilities.	
6. Strategic Plan	The adoption of a long-range strategic plan by the Emergency Manager, Mayor, and Council for the governing actions of the City will provide a guidance mechanism for determining budgeting, priorities, goals and objectives.	EM/Mayor/Fin. Dir. to present 5 yr Strategic Plan through Finance Cmte. to Council for approval. Council to set spending priorities. EM/Mayor to utilize Strategic Plan to develop budget. Council to adopt budget in line with Strategic Plan and budget priorities. Council to receive quarterly reports from Mayor/Fin. Dir. on progress of achieving strategic objectives and priorities. Strategic Plan to be updated annually.	

GOAL	STRATEGY	OBJECTIVES	STATUS
7. Sustainability	Factors for determining sustainability are rooted in the 7 points. More specifically, the measures that will be evaluated include: achievement of consensus decision-making on the part of the Mayor and the Council, adoption of best practices, continuing commitment to training and development for the Mayor and Council members, ongoing monitoring and updating of plans necessary for the financial stability of the City including but not limited to 2-year budgets, 5-year financial analyses, and the ongoing implementation of the Master Plan.	Council and Mayor update methods to develop policy recommendations and achieving consensus.	
		Council and Mayor attend all training sessions as scheduled by EM.	
		Council and Mayor to actively participate in development and adoption of 2 yr. budget.	
		Implement Master Plan (evidence of Master Plan implementation in annual budget).	
		Define and incorporate financial and organizational best practices.	
		Implement system of performance measurement.	
		Utilize data-driven methods of decision making and performance measurement.	

Attachment 3. Organizational Chart July 2014

CITY OF FLINT – ORGANIZATIONAL CHART – *July 2014*



Attachment 4. Strategic Plan for the City of Flint 2015-2019

FLINT STRATEGIC PLAN

2015 -2019

Setting a Sustainable Course for the City of Flint

The Vision for the City Government of Flint:

A well managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

The Mission of the City Government:

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly and financially responsible manner

The Goals:

In order to realize our Mission, residents, businesses, students and visitors can expect that:

The City will provide a highly trained and professional staff of elected leaders, appointed officials and employees

The City will provide for a safe, secure, and healthy environment in which to live, work, learn and play

The City will provide access to dependable and affordable water, sewer, and waste collection

The City will provide access to an adequate and well maintained transportation network serving motorized, non-motorized, and pedestrian needs

The City will foster cooperation between business, non-profit, ~~and~~ foundation partners and residents to create a climate that supports community and economic development

The City government will also:

Seek partnerships with Local, State and Federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting its Mission

Provide municipal services consistent with the City's Master Plan and also work with residents, businesses, and others to foster development of the City and its infrastructure in a manner consistent with its Master Plan

Encourage partnerships for recreation and access to open space across the City

Enforce building and occupancy codes and to aggressively work with others to address blighted conditions

Assure that City ordinances and regulatory activities are consistent with the Master plan and supportive of economic development

Operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits

Mayor and Council Priorities for Developing the Two-year (FY15 & FY16) Budget

The Mayor and Council request that the two-year budget to be developed will include a set of objective which, when achieved, will result in significant progress being made towards achieving their stated Vision, Mission, and Goals.

Additionally, the Mayor and Council request that the two-year budget to be developed address the following specific priorities:

1. Maintain police and fire staffing levels at the maximum level feasible
2. Reduce the General Fund deficit by at least $1 million
3. Continue efforts to reduce blight, including demolition
4. Hire an experienced and professional City Administrator
5. Assure that capacity exists to implement the Master Plan
6. Add capacity in the area of Economic Development
7. Fund years 1 & 2 of capital improvements identified in the Master Plan
8. Improve street maintenance
9. Establish parks partnerships
10. Improve customer service through training and technology
11. Increase removal of dead and diseased trees
12. Evaluate ways to reduce water and sewer rates for constituents in the budget process

GOVERNANCE AND ADMINISTRATION

VISION Statement

The City of Flint's Governance will adapt to change and be a model of professionalism, transparency, and sustainability in order to provide effective government to each of our City's residents (as written in the Charter Preamble).

MISSION Statement

The Executive Management and Elected Leadership Directs and guides the City government in order operate in an open and financially responsible manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits within the context of the City of Flint Master Plan.

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16
EMERGENCY MANAGER			
MAYOR & COUNCIL		Promote vision, set priorities, and measure results	Formally assess progress towards achievement of Seven-Point Plan by October 15, 2014
	Management of City Government		Formally assess City readiness for Transition Advisory Board by December 31, 2014
CITY ADMINISTRATOR	Chief Elected Official	Leadership: Provide direction, guidance and support to the leadership in the Departments of Public Safety, Planning & Development, Public Works, and Finance & Administration in order for the achievement of their goals and objectives	Reduce deficit by no less than $1.8 million by end of FY15, and each year thereafter in accord with City Deficit Elimination Plan, and continuing to accumulate an appropriate level of reserves
	Legislative Body of the City		Begin search for City Administrator on July 1, 2014, with new City Administrator beginning work by January 1, 2015
MAYOR			Formally assess dept head's progress on attaining objectives by December 31, 2014 & semi-annually thereafter
		Partnerships: Seek partnerships with local, state and federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting the City's mission.	Conduct organizational review of all departments completing Public Safety in FY15 and Public Works in FY16
CITY COUNCIL			Resolve retiree healthcare lawsuit by December 31, 2015
			Conduct formal quarterly budget review with Council, beginning in Oct, 2014 with FY15 first quarter result
HUMAN RELATIONS		Training: Prioritize attracting and retaining a highly trained and professional staff of elected leaders, appointed officials and employees by offering training opportunities, encouraging best practices, measuring performance and providing evaluations.	Complete assessment of Hurley's future as a community hospital by June 30, 2015
			Apply for 20 grants annually and receive $10 million in competitive/non-entitlement awards, beginning in FY15
CIVIL SERVICE/OMBUDSMAN			Secure ongoing financial and other support for public safety and blight, including city look-up, for FY15-FY16
		Citizen Access: Manage municipal services in a customer friendly manner by providing public information, respond to constituent concerns.	Develop proposals no later than June 30, 2015 for 911 consolidation and courts consolidation
			Participate with MML and others on an ongoing basis in advocating for state reforms in municipal financing, including PPT, EVIP, OPEB, Prop A
			All Council members and Mayor to attain MML Level Two certification by July 1, 2015
		Volunteer Service. Develop a culture of national service and community volunteering that demonstrates how the City and community priorities can be addressed through service solutions.	EM and Mayor to approve professional development training schedule for department heads by September 1, 2014
			EM and Mayor to approve professional development training schedule for employees, based on recommendations from department heads and Human Resources by September 1, 2014
			Updated web site to be implemented no later than August 1, 2014
		Climate for Growth: Foster cooperation among business, nonprofit, foundation partners and residents to create a climate that supports community and economic development	All appointments to City boards to be current by June 30, 2015
			Update service plan by January 31, 2015, increasing national service and volunteer opportunities by 75% annually thereafter
			Mayor/EM to implement policies and procedures for improving citizen access to city government by December 31, 2014
			Formally assess future city role in promoting economic and community development by February 28, 2015, for consideration in FY16 budget

GOVERNANCE AND ADMINISTRATION
(cont)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16
CITY ATTORNEY			
CITY ATTORNEY'S OFFICE	Provide legal advice to Mayor, Council, City Administrator and Department Heads on matters of City business	Update City ordinances	Revised Business Licensing ordinance to be in effect on July 1, 2014; revised Zoning ordinance by November, 2014;schedule of remaining ordinance revisions to be developed by July 1, 2015
	Prosecutes violations of City Ordinances		Develop strategy and timeline for renegotiating Cable Franchise agreement by December, 2014 (agreement expires December, 2016)
	Responds to FOIA requests	Provide for most cost effective means of litigation	Handle 95% of litigation in-house
	Advises in labor relations and employment relations issues		Implement program for increasing amount of delinquent collections by August 1, 2014
	Represents City in lawsuits and other legal matters	Develop and implement administrative efficiencies	Define proposed process for handling paper and digital files by October 1, 2014, including time frame for implementation
			Define process and procedures for improving standardization of procedures for common legal matters by November 1, 2014, including time frame for implementation
		Improve staff skill sets and working environment	Program for improving skill sets of all staff to be scheduled/implemented by January 1, 2015
			Proposal for improving the appearance of City Attorney's Office to be presented to Facilities by July 31, 2014
CITY CLERK			
CITY CLERK'S OFFICE	Records proceeding of City Council and other bodies	Maintains all records of meetings of City Council and its committees. Publishes notices of meetings and records minutes.	Define ongoing training needs of City Council staff, including law changes affecting legislative bodies (such as public notices, open meetings) and the Legistar cataloging system and implement training by June 30, 2015
	Provides administrative and professional support to City Council and other bodies		Review and update City Council's constituent complaint referral process by June 30, 2015
RECORDS	Custodian of City Records	Manages custody and retention of city records, including minutes of official bodies.	Release a RFP by January 1, 2015 seeking comprehensive proposals for analyzing the state of all City current and historical records and providing recommendations for preserving, cataloging, and accessing records, utilizing a records retention schedule, with implementation to begin in FY16
	Codifies city ordinances every ten years		Assure orderly transition of the Licensing Division to the Planning & Development Department by July 1, 2014
ELECTIONS	Oversight of elections	Conducts elections in accordance with state law.	Establish ongoing training calendar for Election Inspectors and City staff involved with elections by April 15, 2014 with training starting by May 15, 2014
		Maintains current and historical voter registration lists and related documents	Secure State grant by July 15, 2014 for polling accessibility study to meet ADA requirements and continue to seek public and non-profit grants for election related activities.

POLICE DEPARTMENT

VISION Statement

The Flint Police Department will be the anchor resource in a collaborative effort with the community, businesses and visitors to the City of Flint. We will provide model law enforcement services with an emphasis on innovation and technology

MISSION Statement

The City of Flint Police Department is committed to protecting and serving all the people of our community with respect, fairness, and compassion.
Acting in partnership with our community to protect life and property, we strive to prevent crime and preserve peace, order and safety
We will seek just solutions with honesty and integrity
We encourage, need, and expect community involvement to work toward a mutual goal of enhancing the quality of life within our city

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16
POLICE			
ADMINISTRATION	Management & Planning	Utilize tangible departmental resources in an efficient and effective manner	Recommend vendor for Record Management System by October 1, 2014, and propose funding and implementation strategy by May 15, 2015 for inclusion in FY16 budget
		Utilize tangible departmental resources in an efficient and effective manner	Establish criteria that identifies each supervisor's responsibilities in the supervision of their respective subordinates, July 15, 2014
		Institute fair and reliable performance accountability at all levels within the Flint Police Department	Review administrative responsibilities by July 15, 2014
		Utilize tangible departmental resources in an efficient and effective manner	Revitalize the Flint Police Department's Chaplin Corps by July 15, 2014
	Community Policing	Implement a comprehensive impactful community involvement/engagement strategy	Develop and institute a variety of social media venues as informational resources for the community, April 7, 2014
		Implement a comprehensive impactful community involvement/engagement strategy	Acquire and implement an online Crime Mapping capability that is accessible to community members, April 7, 2014
		Implement a comprehensive impactful community involvement/engagement strategy	Develop, train, and implement a "Citizen's Radio Patrol" utilizing Blue Badge Volunteers in their respective neighborhoods by July 15, 2014
INVESTIGATIONS	Investigation of Crimes	Utilize tangible departmental resources in an efficient and effective manner	Evaluate call management strategies currently in place: Ongoing through December 31, 2014
		Utilize tangible departmental resources in an efficient and effective manner	Increase use of IB techs at crime scenes, develop latent prints and compare to files to ID perpetrators by June 30, 2015
		Utilize tangible departmental resources in an efficient and effective manner	Develop an informational document from the Detective Bureau to assist in identifying crime patterns by May 19, 2014
LOCKUP	Oversight of lock-up facility	Utilize tangible departmental resources in an efficient and effective manner	Move to have GCSD handle entire booking process eliminate IB techs from process by June 30, 2015
PATROL	Deployment of officers on patrol	Effective and efficient deployment of personnel based on calls for service and crime data to include (a) place based, (b) time based, and (c) offender based observations.	Reduce response time to calls for service by 8%, December 31, 2014

POLICE DEPARTMENT

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY13 & FY16
RECORDS/PROPERTY MANAGEMENT		Utilize tangible departmental resources in an efficient and effective manner	Develop a data driven strategy that can be utilized by Patrol Lieutenants through running reports by April 31, 2014
	Custody of police records and confiscated properties	Maintain and utilize effective and efficient call management strategies	Examine other alternatives as it relates to calls for service or criminal complaints: Ongoing through December 31, 2014
		Move to electronic property management	Complete refresh of property room by June 30, 2015
	IB section/ Property	Apply updated retention policy	Eliminate all unnecessary historical paper records in the Police Department by March 31, 2014
		Provide a training and qualification venue for FPD and explore the possibility of revenue generation if we rent out to other LE agencies in the area.	Evaluate options and recommend location for new shooting range by February, 2016
Admin/Operations	Department Management	To use all department empirical data effectively, and develop a department-wide goal of strategic thinking. Operationalize responses in functions and responsibilities of each level within the department to achieve the following:	A 20% reduction in Violent Part 1 crime by December 31, 2014
			Increase Community Policing efforts, measured by the MSU, proactive time study with an increase of 7-10% by December 31, 2014
Administration	Department Management	Increase community volunteers Blue badge Program	Use Blue badge on the portal to all volunteer efforts, including 1). Citizen Radio Patrol, 2), Chaplin Corps, 3). Service Center/Mini Station workers with a goal of 30% increase by December 31, 2014
Administration	Department Management	Increase use of Neighborhood Service Officer Program	Identify funding source to expand the NSO program in size and duties, specifically license compliance for problem businesses and scrap and secondhand merchants, by July 1, 2014
Chief's Office	School Liaison	Increase and deploy School Resource Officer	Per the COPS grant Hire 6 Officers and deploy in the schools with the emphasis on the school and the community therein, focus on safe routes and crimestoppers school program by August 15, 2014
Chief's Office	Department Management	Collaboration with Federal, State, and LE agencies that will result in continued crime reduction	1). Continue Partnership with FBI, ATF and USMS. 2). Partner with MSP, FPD, FANG on Arson squad. 3), Partner GCSO on Auto Theft Team (GAIN), Develop Area Crime Team with MSP and GCSO through December 31, 2014

911

VISION STATEMENT

The City of Flint 911 Department will be a fully functional Next Gen 911 system, accessible 24/7 from any device.

MISSION Statement

The City of Flint 911 Department is committed to serving our citizens, businesses and visitors with professional emergency services. We will continuously strive to improve our services in the most effective and efficient manner possible.

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16
911			Reduce use of 911 for non-emergency calls by 25% by June 30, 2015
TELEPHONE ANSWERING & DISPATCH	Receives call and dispatches resources	Provide the best possible emergency telephone answering and dispatch purpose with available resources	Develop plan for Next Gen 911 technology, including telephone upgrade and console upgrades by July 15, 2014
	Maintains records and consoles	Provide prompt, courteous, and efficient customer service	Improve Response to incoming 911 and 7-digit calls by 10% by June 30, 2015, improver coordination with EMS dispatch
RECORDS MANAGEMENT	Management of 911 Center	Improve community group relationships through community outreach	Automate billing for structure fires by October 1, 2014
			Develop plan for Consolidation with Genesee County Consortium by June 30,2015
ADMINISTRATION			Create a new employment roster by October 1, 2014, working with Human Resources
			Working with Fire Department, create program and process by August 1, 2014 for utilizing Fire Fighters on light duty at 911
			Complete state required training for all employees by October 15, 2014
			Complete Tower construction by June 30, 2015
			Eliminate Provisional Appointments/Fill vacancies permanently by July 1, 2014
			Strengthen relations with community groups by participating in 24 meetings each year
			Implement Quality Assurance program beginning July 1, 2014

FIRE DEPARTMENT

VISION Statement

A community educated on all matters related to fire safety and fire protection resulting in minimal damage and injury from fire incidents.

MISSION Statement

Utilizing available resources, the Flint Fire Department will respond quickly and effectively to fire calls; and will lead efforts to educate the community on all matters relating to fire safety and protection.

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16
FIRE			
ADMINISTRATION & EMERGENCY MANAGEMENT	Department Management; coordination of emergency management activities within city		Maintain average fire response time under 9 minutes in FY2015 and develop plan to reduce response time in FY16 to less than 8 minutes
		Provide the highest quality fire response/fire protection possible	Turnaround time for Fire Inspections to be 5 days or less from request, beginning July 1, 2014
FIRE SUPPRESSION	Deployment of Fire Fighters to emergencies		Implement new organizational structure based on 75 full-time positions as of July 1, 2014
FIRE INSPECTION & ARSON INVESTIGATION	Investigation of suspicious fires; conduct of commercial building inspections		100% Flint School children contacted and provided with fire safety and prevention program by July 2015
		Engage children, students, and senior citizens in fire safety awareness and preparedness.	100% of Senior Centers provided with fire safety and prevention program by July 2015
			100% of City Block Clubs provided fire safety and prevention program by July 2015
COMMUNITY EDUCATION	Education of residents and businesses in fire prevention		At least 4 times per year, the Fire Department will provide the community with information regarding fire safety and prevention
		Lead City wide emergency preparedness and response	Evaluate and define role of the Fire Department in Emergency Management, with report provided to EM by August 1, 2014

68th DISTRICT COURT

VISION Statement

The 68th Judicial District Court will be a leader among Michigan Courts in the provision of quality service, equal access to a fair and effective system of justice, and protection of the public's safety

MISSION Statement

The 68th Judicial District Court will provide timely, fair, and impartial justice in all matters properly presented to the Court.

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16
DISTRICT COURT:			
ADMINISTRATION	Overall Court Management	Provides the most efficient processing possible within the net current appropriation from the City	To comply with all Trial Court Performance Standards-Annually, as dictated by the State Court Administrative Office
JUDICIAL PROCESSING	Courtroom activities		Improve Court collections-Annual increases by way of Amnesty and Collections Agency, comparing results at the end of each fiscal year to the previous year
PROBATION	Provides oversight of probationers		Re-establish Probation Department with (1) Probation Officer effective July 1, 2014

PUBLIC WORKS

VISION Statement

The vision of the Public Works Department is to be a well managed and well trained workforce that utilizes all available resources, technology, and collaborative means to maintain the City's above and underground infrastructure and facilities.

MISSION Statement

The Public Works Department is committed to the develop of qualified managers and workers with consistent ongoing training, data driven decisions, and the creation of new job performance measurables
The DPW will aggressively engage in strategic local and state level partnerships while continuously implementing new and improved technologies, procedures, and policies.

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16
UTILITIES	Water Treatment	Provide dependable and affordable water and sewer service to City residents and businesses.	Complete design and construction of two pipeline connections to provide GCDC with proper back-up capacity by Oct 1, 2014 (if necessary)
WATER TREATMENT PLANT	Water Distribution		Complete the electrical upgrades on Cedar Street Pumping Facility by April 2015
WATER POLLUTION CONTROL	Distribution System Maintenance		Complete the engineering design work for the Hamilton dam upgrades by June 30, 2015
WATER SERVICE CENTER	Sanitary Sewer Operation & Maintenance		Complete the rehabilitation of the Terex Road Booster Station by June 30, 2015.
	Storm Water Maintenance		Complete and implement a comprehensive pay scale evaluation for all WTP employees by July 1, 2015
	Dam Maintenance		Complete phase II (of III) of the WTP upgrade in preparation of transition to KWA by October 30,2015
	Water Turn On's/Off's	Routine preventative maintenance program - A program that includes written procedures, identification methods, scheduling, and measurable tracking.	Create GIS maps of utility assets (including base-layer) by September 30, 2014
	Cut & Plugs		*Implement tracking program for main breaks and sink holes by July 1, 2014, issuing monthly reports thereafter*
	Wastewater Treatment		Develop and implement a written and sustainable "water loss" program by September 30, 2014. Program is to target the identification of a "baseline" loss and create means to maintain a loss percentage of under 15%.
	Industrial Pretreatment Compliance		Replace 3,000 residential meters by June 1, 2015
			Develop and implement a written root control matrix to reduce infiltration into the sanitary sewer systems by March 31, 2015
			Develop a written pipe replacement matrix that uses multiple criteria to identify the priority pipes to replaced annually by September 1, 2014
		Long term Utilities planning - Continued implementation of objectives that increase the efficiency and sustainability of the Utility department. Including the use of Blue/Green infrastructure projects, right sizing neighborhood infrastructure, and shared services.	Issue an RFP to conduct comprehensive energy audit of all Utility facilities by August 30, 2014
			Develop list of shared service opportunities with Genesee County Drain Commissioner and setup a meeting schedule for talks by August 30, 2014
			Complete the de-commissioning of the incinerator and construction of a load out facility at the Wastewater Treatment Plant by October 31, 2014
			Complete the upgrade plan of turning methane gas from the digester into energy by March 31, 2015
		Increase community engagement, community input, and community awareness with Utility processes and procedures.	Complete the development and use of web site access for residents to report main breaks by May 30, 2014
			Complete Cut & Plug list for hardest hit demolitions by July 30, 2014
			Implement defined response time policy for WSC by July 31, 2014, including 100% capacity for shut-off's

PUBLIC WORKS

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16
TRANSPORTATION	Maintenance and repair of sidewalks	Implement processes, procedures and activities that enable the City to efficiently maintain and preserve a multi-modal transportation network that meets the needs of all motorists, pedestrians, and bicyclists	Complete a sidewalk inventory that identifies the location and surface conditional rating of all sidewalks within the City by June 30, 2015
STREET MAINTENANCE	Enforcement of Right-of-Way Ordinances		Implement a 50/50 Sidewalk Repair Program targeting enforcement of the sidewalk Ordinance and repair of 500 sidewalk squares by June 30,2015, and repair of 1,000 squares by June 30, 2016
	Maintenance of City owned streets including paving, plowing and sweeping		Perform preventive maintenance activities on 15 miles of streets by June 30, 2015, and pave 4.5 miles of streets in addition to preventive maintenance on another 15 miles of streets by June 30, 2016
	Maintenance of City street trees		Complete an inventory of city street trees before June 30, 2015; develop a Tree Maintenance Plan by June 1, 2016 that identifies the location of street trees, condition, risk factors, and schedule of planned maintenance activities over a six-year cycle beginning July 1, 2015
			Initiate a web-based application that will allow the public to electronically report pothole, street, street tree, and sidewalk complaints by January 1, 2015
CAPITAL PROJECTS ADMINISTRATION	Capital Improvement Projects (Planning and Management)		Develop a written Public Participation Plan that details how the public will be engaged in the transportation planning process by December 31, 2015, and implement beginning January 1, 2016
			Invest $20,000 in non-motorized facilities by March 31, 2015 by providing funding to secure preliminary engineering services for the Genesee Valley non-motorized trail project
			Develop a reconfiguration plan for Harrison Street and South Saginaw Street by June 30, 2015 that includes facilities for multi-modal travel and traffic calming devices
			Identify a funding source to develop engineering plans to reopen Leith Street by June 1, 2016
TRAFFIC CONTROL	Maintenance of signs, traffic signals, and pavement markings	Install, maintain, repair, and utilize traffic control devices to facilitate the efficient movement of vehicles and people and to improve traffic flow, and communicate same to the public	Perform an audit of all signalized intersections to identify unwarranted traffic signals by June 30, 2015, and implement a preventive maintenance plan for traffic signals to begin July 1, 2016
	Barricading Activities/Special Events		Perform regulatory and warning sign upgrades in 3 areas of the City by June 30, 2015, and an additional 3 areas each year thereafter
SANITATION (Contract Management)	Monitoring of residential waste collection, composting, and recycling	Assure the reliable and efficient collection and disposal of residential waste, compost, and recyclable materials.	Develop and execute a Compost Plan that will result in the processing and removal of compostable materials from the Chevy in the Hole site no later than June 30, 2015
			Monitor Waste Collection Services contractor's collection and disposal activities on a monthly basis to ensure compliance with contract provisions; formally evaluate performance of contractor by March 31, 2015, issue RFP by January 31, 2016 for new contract period beginning July 1, 2016
			Increase the City's recycling participation to 10% by June 30, 2015 and to 12% by June 30, 2016, provide timely instruction to public with respect to leaf pick up process by September 1, 2014
			Develop a recommendation on the feasibility of implementing a 96-gallon cart recycling program by December 30, 2015.
FACILITY MAINTENANCE	Maintenance of city facilities and grounds	Right size city facilities by consolidating uses and recommending disposal of unneeded facilities	Complete disposition of Police Academy, Fire Station, FAEC, McKinley, and Park Supply bldg by July 30, 2014
	Planning for optimal facility usage.		Complete the elimination of unneeded storage, and the relocation of employees into a permanent workspace by August 30, 2014.
	Facilitating use of city facilities	Plan for needed facility improvements that assures a clean, safe, and sanitary workplace environment for employees.	Implement new staffing plan for Facility Maintenance by July 1, 2014
			Increase capacity for maintenance services through a wider network of support services by October 1, 2014.
			Establish a contract management performance review that has a semi-annual written report by July 1, 2014
			Develop a comprehensive routine and preventive maintenance plan by January 31, 2015 that documents areas of concern, structures the way we effectuate repairs, and supports the CIP
			Develop 5 year capital improvement plan for city facilities by August, 2014, and update annually thereafter
		Adopt an energy efficiency and conservation policy that builds toward being carbon neutral.	Replace exterior City Hall lights with LED's and motion sensors by June 30, 2015
			Issue an RFP by August 1, 2014 that identifies a vendor and a funding mechanism to provide an energy evaluation of the City Hall campus, producing a 2015 energy "baseline" in which to measure progress.

PLANNING AND DEVELOPMENT

VISION Statement

The Planning and Development Department will partner with residents, businesses, and visitors to implement the Master Plan and help transform Flint into a safe, vibrant, sustainable, and healthy city.

MISSION Statement

The Planning and Development Department is committed to ensuring the public safety, health, and well-being of Flint's residents, businesses and visitors through targeted investment and rational, well-designed and physically integrated land use and development that advances economic prosperity, eliminates blight and stabilizes neighborhoods, protects the environment, and promotes a better quality of life in the City.

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16
CASE MANAGEMENT	Current Planning	Provide streamlined, business friendly plan review, permitting, property disposition, and business licensing in compliance with state and local laws in order to protect the health and welfare of the community.	Complete all plan reviews within 3 weeks and inspections within 72 hours, beginning January 1, 2015
	Permitting		Implement a comprehensive form-based zoning code that streamlines the approval process for projects that adhere to the regulations by November 1, 2014
	Service Counter/Business Support		Process all planning applications within the prescribed time limits and minimize the number of discretionary cases, beginning July 1, 2014, and reviewed quarterly thereafter
	Major Cases		Designate designated case manager to guide major projects through the City's determination process, beginning September 1, 2014
	Business Licensing		Implement P & D management of business licensing ordinance by July 1, 2014, and achieve 60% registration/licensing compliance by January 1, 2015, with progress as follows: 25% by July 1, 2016, 50% by July 1, 2017; 60% by January 1, 2018
BLIGHT ELIMINATION & NEIGHBORHOOD STABILIZATION	Code Enforcement	Eradicate blight in the City by 2020 and work with residents to stabilize Flint's neighborhoods.	Develop and implement a comprehensive code enforcement program by October 2014
	Rental Registration		Implement an updated rental registration ordinance before January 1, 2015 and achieve 90% registration/licensing compliance by January 1, 2018, with progress as follows: 25% by January 1, 2015, 50% by January 1, 2017, 90% by January 1, 2016
	Business License Enforcement		Secure funding and demolition assistance to demolish and 1,200 homes and 60 commercial buildings each year for 5 years with progress measured annually
	Blight Elimination & Street Lighting Coordination		Secure formal commitment of at least 60 neighborhood groups and community organizations to maintain 2,000 vacant parcels by June 30, 2015.
			Implement structure within P&D which has responsibility for developing a plan for improving street lighting within the City, for managing the lighting special assessment and payment of bills, beginning July 1, 2014.

PLANNING AND DEVELOPMENT

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16
COMMUNITY DEVELOPMENT & ECONOMIC DEVELOPMENT	Neighborhood Planning	Create safe, healthy, and desirable neighborhoods near quality community services.	Comply with all HUD regulations and time submission requirements for all reports beginning January 1, 2015
	Small Neighborhood Projects		Implement a grants management system utilizing GS&A to better track performance by January 1, 2015
	Fair Housing		Provide ongoing technical assistance and training to all sub-recipients and sub-contractors to insure full compliance and timely processing of payments; training to be scheduled by May, 2014
	Historic Preservation		Process all requests for economic development support (tax abatements, etc.) within prescribed time frames, beginning July 1, 2014, to be monitored quarterly beginning July 1, 2014
	Program Management (CDBG, HOME)		Define the ongoing role for city involvement in economic development by February 28, 2015 and present budgetary request for consideration in FY16 budget
	Economic Development	Promote a growing and diverse economy that spurs innovation and small business development and prepares the workforce for today's jobs and those of the future.	Implement a formally defined CDBG allocation process that is transparent and advances the goals of the Master Plan, beginning July 1, 2014
	Major Development Projects		Complete a formal written blight elimination framework for neighborhoods by October 31, 2014
	Workforce Development		Complete a formal written comprehensive housing investment strategy by April 1, 2015 including a housing program that provides rehabilitation and home buyer incentives to encourage residents to move to or remain in Flint
	Small Business Development		Secure other sources of grant funding for entire department to increase available revenue by 10% per year, beginning with FY15
			Respond in a timely manner to requests for assistance in expanding existing or attracting new businesses, with particular focus on small businesses and brownfields
	Oak Business Center & EDC		Implement the EDC Deficit Elimination Plan starting on July 1, 2014 and develop an EDC strategic plan for economic development activities especially around small business development by March 1, 2015, attract new businesses to Oak Business Center to reduce vacancy rate to less than 15% by July 1, 2015
LONG RANGE PLANNING	Master Plan Implementation	Guide the update and implementation of the Master Plan and provide data-driven, technical expertise to city officials and the public on land use and development matters.	Develop a commercial investment framework based on the Master Plan by June 30, 2015
	Performance Management		By February 28, 2015, in coordination with local, regional, and state economic development agencies, develop a formal long term strategy and role for the City government to help expand existing or attract new businesses, with particular focus on small businesses and brownfields; funding request to be presented for potential funding in FY16
	Transportation Planning		Create 6 subarea plans by July 1, 2014; develop the City's first combined Capital Improvement Plan by August 2014
	Public Safety Planning		Hold annual engagement to discuss progress of Master Plan and solicit additional feedback on action plan beginning April 1, 2015; begin update of the Master Plan by January 1, 2017
	GIS Services		Establish short-term (1-3 years) action plans for each chapter of the Master Plan by June 30, 2014
	Infrastructure Planning		Develop between 10-15 neighborhood plans covering every residential area by January 1, 2020, at the rate of 20% per year, beginning January 1, 2015
	Sustainability Planning		Develop a citywide sustainability plan by June 30, 2016
	Zone Changes		Maintain on an ongoing basis updated demographic and housing data easily available to internal and external customers, effective July 1, 2015
	Plan Amendments		Develop a proposal for providing citywide Geographic Information Services to internal and external customers by September 30, 2014 and implement by January 1, 2016
			Coordinate the implementation of at least 1 strategy in each chapter of the Master Plan every year, with progress measured annually

PLANNING AND DEVELOPMENT

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16
PARKS & OPEN SPACE	Parks Maintenance	Establish a new park management framework and secure resources necessary to maintain the City's parks and open spaces	Refine the City's parks classification system and develop service standards that align with the MDNR and the needs and desires of the Flint community
			Assure that all city parks are mowed at least twice per month based upon individual plan for land management; contractor performance to be reviewed on a quarterly basis starting September 1, 2014
	Parks Planning	Improve the ecological health of the City's parks and open spaces through responsible planning and development.	Complete a naturalization demonstration in Max Brandon Park by September 1, 2015; create a naturalization plan for 3 other parks by July 1, 2015
			Complete improvements to Riverbank Park and McKinley Park as specified in the MDNR grant by September 1, 2015, submit at least one grant proposal each year for MDNR funding beginning in 2015
			Update the Parks and Recreation Master Plan by March 1, 2016 with additional focus on park equity and enhancing recreational use of the Flint River and adjacent parks and open spaces
	Parks Partnership	Provide parks, open space, and recreation infrastructure that both meets the needs of the community and is maintainable by the City and its community partners.	Establish at least 3 "Adopt A Park" agreements every year; complete the establishment of the "Friends of Berston" group by October 1, 2014
			Work with the County to establish a joint maintenance agreement for at least one of the City's larger parks by July 1, 2015, Complete the transition of senior center operations to other entities contracting directly with the County for operational support by October 1, 2014
	Parks Programming	Engage the Flint Community to support the programming and use of park and recreation facilities	Develop a management plan for the City's 4 golf courses by January 1, 2015, issue RFP for Pierce Park Golf Course lease by July 31, 2014
			Develop the plan to adjust the CANUSA Games Housing and field of play locations by March 31, 2015
	Open Space		Coordinate with the Land Bank on the conversion of Chevy in the Hole to publically accessible open space with an attractive vegetative cap; ensure that construction of the cap can begin by September 1, 2014
	Trail Development		Complete construction of the Genesee Valley Trail by September 30, 2015 and the Grand Traverse Greenway Trail by June 30, 2016

FINANCE AND ADMINISTRATION

VISION Statement

A robust division capable of meeting the external and internal needs of the City of Flint in the areas of finance, treasury, assessments, human resources, information technology, and fleet.

MISSION Statement

To manage the financial and administration division of the City of Flint through promoting fiscal responsibility and industry best practices in order to respond to the needs of the City of Flint with efficiency and timeliness.

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16
FINANCE			
ACCOUNTING	Payroll Production & Reporting	Provides for a financially secure organization with sound business practices providing for the purchase of goods and services and financial reporting. Provides professional and technical advise to departments regarding financial and purchasing needs and on grant administration processes.	Reduce the General Fund deficit by $1.8 million by June 30, 2015 and $1.8 million by June 30, 2016
	Vendor Management and Payment		Convert to new fixed asset accounting by Sept 1, 2014 and develop fixed asset policy by December 1, 2014
			Review rates and master fee schedule by June 30, 2105 to ensure they are appropriately set
AUDITING	Monitoring Financial Performance		Implement Finance Department reorganization by December 31, 2014
	Preparation of Financial Reports		Audit completed and filed with state by November 30, 2014
BUDGETING	Monitoring Grant Performance		Schedule and conduct 4 city wide finance and accounting training sessions by June 30, 2015
	Accounting for Revenues and Expenses		Establish and implement internship program for Finance, with first intern in place by September 15, 2014
RISK MANAGEMENT	Development of Long Term *Financial Projections, Deficit* Elimination Plans and Strategies for Financial Solvency		Establish a paperless process for procuring goods and services by June 30, 2015
			Establish an archiving policy and process before the issuance of copier RFP (document management process) by January 31, 2015
PURCHASING	Administration of Property and Liability Insurances		Provide recommendations for updating procurement policies to be used during and after transition and to increase efficiencies by July 1, 2014
	Selection and Monitoring of Benefit Program vendors		Prepare an RFP for copier services in FY15 in time to allow issuance of request before contract expires in FY16
GRANT ADMIN			Increase the usage of P-cards to boost the City's annual rebate by 15%, with progress to be measured at the end of February, 2015
			Establish management expectations of turn-around time on vendor payments, purchasing requests, position filling requests, and other areas; monitor performance, *beginning with FY15 first quarter results, evaluated by October 15, 2014, and monitored monthly thereafter*
			Establish expectations of turn-around time on purchasing requests and monitor performance, beginning with FY15 first quarter results, evaluated by October 15, 2014
TREASURY			
CUSTOMER SERVICE		Provides for a customer friendly accountable entity managing receipts and collections. Monitors collections of property taxes, income taxes, water and sewer, and other receivables to assess budgetary compliance.	Identify additional $500,000.00 to $1,000,000.00 in unreported income tax by June 30, 2015, utilizing the 2011 State income tax data.
			Increase the collection of delinquent taxes by 15 to 20% by June 30, 2015 through continued efforts to collect delinquent income tax and personal property taxes and by new efforts to collect delinquent Miscellaneous Receivables and Water bills, to be implemented by August 1, 2014
			Reorganize Customer Service by 7/1/15 to assure that after that time, that all utility bills are mailed two weeks prior to the due date, that checks are processed within 10 days from the postmark date; and that customer wait time in the office and on the phone are reduced by 25%
DELINQUENT COLLECTIONS			Replace the current vendor for processing electronic payments with Point and Pay by July 1, 2014, and by the same deadline install a kiosk in the City Hall lobby, in order to allow the City to accept water, property tax, miscellaneous receivables, special assessment and permit payments electronically
			Implement electronic income tax withholding no later than January 1, 2015
			Establish and implement an ongoing schedule of Customer Service", "Team Work" and "How to deal with difficult customer" training for all Treasury staff, beginning no later than 1/1/2015.

FINANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16
ASSESSING			
ASSESSORS OFFICE	Assessing of Properties	Assures the assessment of properties within the City in a professional and equitable manner in conformance with state law and professional practices; addresses appeals of values to Board of Review; represents City at state level appeals	Determine schedule by August 1, 2014 of staff training in Assessing.net as necessary and for annual compliance with state requirements during course of FY15, and annually thereafter.
	Administration of Valuation Appeals		Conduct comprehensive site inspections of residential and commercial tracts between April and November of each year in sufficient number annually to canvas 12 tracts annually
	Processing of Poverty exemption requests		Secure contract to achieve the conversion of remaining hard copy records and drawings to digital format utilizing APEX and/or digital scanning by March 1, 2015, with financial plan submitted for FY16 budget
	Provision of property and tax information to businesses and residents		Provide for the timely process of MTT appeals, and split/combination applications. 2012 and 2013 appeals will be completed by end of FY15 and appeals filed in 2014 will be resolved by end of FY16. The processing of splits and combination requests is required to be completed by December 31st of each year to be incorporated in the following year's assessment roll.
			Working with Facilities, finalize plan for relocating Assessing no later than October 1, 2014 from its temporary site
	Maintenance of Property descriptions and tax rolls		Analyze options by September 1, 2014 for lessening the workload impact of processing poverty exemption applications
			Participate with Planning and Development, IT, and others to develop by October, 2014 the ongoing process for establishing and maintaining of the parcel layer for City GIS, and for providing GIS services to internal and external customers.
HUMAN RESOURCES			
EMPLOYMENT	Recruitment and Selection	Recruit and oversee hiring of qualified employees in compliance with laws and ordinances	Update personnel rules and procedures, including ordinances, by March 31, 2015
	Testing		Update testing protocols for recruitment/selection by June 30, 2015
LABOR RELATIONS	Contract Negotiations	Recommend changes in personnel polices and labor contracts	Utilize a master position list for confirming the need to recruit, promote or reduce employees beginning July 1, 2014
	Grievances and Arbitrations	Train and assist departments in managing employees and resolving disputes	Answer 100% of all new grievances within required time frames, measured with quarterly reports starting end of quarter ending September 30, 2014
	Employment law allegations		Implement updated labor contracts and exempt fringe benefit programs by July 1, 2014
ENROLLMENT	Benefit administration	Enroll employees in payroll and benefit systems,	Inform department heads and supervisors of contract changes prior to July 1, 2014 implementation
	Payroll enrollment and changes		Develop ongoing training curriculum and schedule in conjunction with Department Heads by August 30, 2014 with implementation to begin in October, 2014
WORKERS SAFETY	FMLA oversight	Assure that city FMLA and worker safety policies and practices are in accord with law and properly administered	Implement new FSA program, new EAP program and new FMLA process by July 1, 2014
	Worker's Compensation Administration		Redesign Occupational Health and Safety Program for the City by June 1, 2016
	MIOSHA/OSHA Administration		Administrative policies/procedures to be updated by March 2016
	Employee Clinic		

FINANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY18 & FY19
FLEET ADMINISTRATION SERVICE WRITING AND PARTS MANAGEMENT VEHICLE AND EQUIPMENT REPLACEMENT, ADDITION, DELETION VEHICLE AND EQUIPMENT REPAIR	Maintains fleet inventory	Complete and maintain a current fleet and equipment inventory	Complete 100% audit of City owned vehicles and equipment, including condition by September 1, 2014
			Annually update the replacement schedule to reflect replaced, required, and disposed of vehicles and equipment, to be complete by December 31, 2014, and annually thereafter, and used in preparation of annual budget
		Maintain vehicle/equipment replacement schedule	By April 30, 2015, and annually thereafter, complete 100% audit of City owned vehicles and equipment, including condition, to be used in preparation of annual budget
	Equips and repairs fleet	Complete 75% of work orders within 72 hours	Complete the Fleet Focus software upgrade, install a mechanic workstation and bar code labels in the Stock Room by September 30, 2014
			Complete a Stock Room audit and enter all parts into the Fleet Focus software program by October 31, 2014
		Maintain scheduled/actual preventative/maintenance ratio > 75%	Distribute to departments by October 31, 2014, PM and DOT schedule detailing responsibility of departments and drivers for daily inspections, compliance with DOT requirements, and maintenance responsibilities.
	Recommends specifications of vehicles and equipment to be purchased		Monitor department and driver compliance with PM and DOT schedules and responsibilities on a quarterly basis, beginning January 1, 2015
		Sustain average vehicle availability rates above 70%	Complete the bid process for DOT and PM services for heavy equipment and passenger vehicles by September 1, 2014
			Complete the bid process for vendor repair services, including 24-hour emergency response by August 1, 2014.
	Develops and maintains vehicle and equipment replacement schedule	By April 30, 2015, and annually thereafter, complete 100% audit of City owned vehicles and equipment, including condition, to be used in	Complete evaluation and develop schedule annual departmental training needs and tool purchases, beginning September 30, 2014.
			Complete the bid process for alternate emergency fuel source by October 1, 2014.
			Complete the sale and removal of the unused fuel tank at the Police Northside Precinct by July 1, 2014
		Implement fuel program to minimize fuel storage and cost	Determine if the fuel tank at Parks & Rec is still needed at this facility by December 1, 2014, and take action accordingly
			Complete the removal of underground storage tanks at Fire Station #3 by January 31, 2015; determine if the above ground storage tank at Parks & Rec can be utilized there.
			Recommend fueling station needs at current site by April 1, 2015.
		Improve interdepartmental communications of seasonal needs and expectations	By August 15, 2014, and annually thereafter, meet with all departments to discern fall and winter program needs.
			By February 28, 2015, and annually thereafter, meet with all departments to discern spring program needs.

FINANCE AND ADMINISTRATION
(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16
INFORMATION TECHNOLOGY			Implement Governance Modal by December 31, 2014
	Oversees the design, purchase, implementation, and operation of the City's technology infrastructure, provides professional and technical advice to departments in utilization of technology; identifies and provides technology related training	To ensure internal and external customers have appropriate and reliable technology which enables them to achieve their goals in an efficient manner	Complete implementation of BS&A net by July 31, 2014 (BS&A implementation contract complete)
			Develop and schedule implementation of a telecommunications infrastructure upgrade by February 28 th, 2015 with implementation complete by June 30 2016
			Establish and implement a Technology Training Calendar for all employees by October 30, 2014
			Install 22 new fully functioning mobile data computers by August 30 2014
			Maintain uptime for internet and intra net by 95% of the time, as measured by quarterly reports starting quarter ending June 30, 2014
			Reduce the number of shadow access systems by 40% by June, 2015 (base number as of May 1, 2014)
			First issue resolution and same day resolution achieved for 70% of Help Desk tickets, as measured by quarterly reports starting quarter ending June 30 2014
			Recommend vendor for Record Management System by October 1, 2014 and propose funding and implementation strategy by February 15, 2015 for inclusion in FY16 budget
			Complete a federally compliant IT Disaster Recovery and Security Plan by June 30, 2015
			Complete a Mobile Device Readiness Assessment by June 30, 2016
			Reduce telecommunication expenses by 30% by July 1, 2015
			Equip Mayor, Finance, South Bldg, Police and Fire Conference Rooms with access to technology by Oct 1, 2015
			Upgrade IT Training Room by November 30, 2014
			Develop plan to convert technology infrastructure to wireless by January 2016
			Upgrade space housing IT servers etc by December 31, 2015

Attachment 5. Orders and Directives of the EFM and EM

Executive Orders

DATE	ORDER #	DESCRIPTION
07/01/14	11	SPECIAL STREET LIGHTING ASSESSMENT FOR FY15 AND FY16
06/26/14	13	ADOPTION OF BIENNIAL BUDGET FOR FISCAL YEARS 2015 AND 2016
06/20/14	15	MAYOR DAYNE WALLING'S INCREASED RESPONSIBILITIES AND COMPENSATION
06/20/14	16	FLINT CITY COUNCIL'S INCREASED RESPONSIBILITIES AND COMPENSATION
06/20/14	14	ADOPTION OF STRATEGIC PLAN FOR THE CITY OF FLINT
04/30/14	12	COMPLIANCE WITH PUBLICLY FUNDED HEALTH INSURANCE CONTRIBUTION ACT, ACT 152 OF 2011
04/01/14	10	COUNCIL MEETING AGENDA
03/21/14	9.0	MONTHLY CITY COUNCIL AND COMMITTEE MEETING SCHEDULE
03/06/14	6.1	REVISION TO CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS
03/05/14	08	COUNCIL MEETING PROTOCOL
02/25/14	07	AUTHORITY FOR THE PRESENTATION OF TIIE MAYOR'S ANNUAL STATE OF THE CITY ADDRESS
02/25/14	06	CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS
01/31/14	05	CITY COUNCIL AND CITY COUNCIL COMMITTEE MEETING SCHEDULE FOR FEBRUARY 2014
01/31/14	04	CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS
12/11/13	003	DIRECTIVES TO COUNCILMAN ERIC MAYS
12/11/13	002	CANCELLATION OF CITY COUNCIL MEETING
12/11/13	002	CANCELLATION OF CITY COUNCIL MEETING
11/01/13	001	CITY COUNCIL MEETING SCHEDULE FOR THE REMAINDER OF 2013
06/13/13	004	ADOPTION OF FISCAL YEAR 2014 BUDGET

06/06/13	003	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
04/12/13	002	CITY COUNCIL'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
03/28/13	001	MAYOR DAYNE WALLING'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
03/27/13	011	WATER SERVICE PROCEDURES
03/15/13	010	GRANT APPLICATIONS
12/12/12	EFM009	INVALIDATING COUNCIL ACTION
10/11/12	EFM008	POVERTY EXEMPTION TO STREET LIGHTING SPECIAL ASSESSMENT
10/11/12	EFM007	CITY COUNCIL ADOPTION OF AMENDMENT TO RENTAL INSPECTION ORDINANCE IS NULL AND VOID
09/14/12	EFM006	OVERTIME
09/12/12	EFM005	CITY TREASURER AUTHORIZED TO CORRECT ASSESSMENTS OR FEES IF PROPERTY OWNER ENTITLED TO WAIVER
08/24/12	EFM004	ADVISORY COMMITTEE
08/24/12	EFM003	BUDGETARY OVERSIGHT & TERMINATION OF LINE ITEM LEVEL
08/24/12	EFM002	PROCEDURE FOR SUBMISSION OF RESOLUTIONS AND ORDINANCES
08/24/12	EFM001	PROCEDURES FOR PURCHASING
08/08/12	034	FLINT POLICE OFFICERS ASSOCIATION UNION CONTRACT PROVISION MODIFICATION/ TERMINATION - TRANSFER TO THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
08/08/12	033	CONSOLIDATION OF FLINT AREA ENTERPRISE COMMUNITY WITH ECONOMIC DEVELOPMENT CORPORATION AND ELIMINATION OF CITIZENS DISTRICT COUNCILS
06/27/12	032	ESTABLISHMENT OF SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12	031	WATER AND SEWER RATE INCREASES
05/30/12	030	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING

05/30/12	029	APPLICATION TO STATE ADMINISTRATIVE BOARD FOR APPROVAL TO ISSUE NOT TO EXCEED $9,300,000 IN FISCAL STABILIZATION BONDS
04/25/12	028	WASTE COLLECTION USER FEE
04/25/12	027	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH AFSCME LOCAL 1799
04/25/12	026	AFSCME LOCAL 1600 ("LOCAL 1600") CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12	025	AFSCME LOCAL 1799 RETIREE INSURANCE RECIPIENTS
04/25/12	024	AFSCME LOCAL 1600 RETIREE INSURANCE RECIPIENTS
04/25/12	023	FLINT I.A.F.F. - FLINT FIREFIGHTERS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	022	FLINT POLICE OFFICERS ASSOCIATION UNION RETIREE INSURANCE RECIPIENTS
04/25/12	021	P.O.L.C. - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	020	P.O.L.C. - FLINT POLICE SERGEANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	019	NON-UNION ACTIVES AND RETIREE INSURANCE RECIPIENTS
04/25/12	018	FLINT POLICE OFFICERS ASSOCIATION CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12	017	ADOPTION OF FISCAL YEAR 2013 BUDGET
04/24/12	016	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH FLINT I.A.F.F. - FLINT FIREFIGHTERS UNION
04/24/12	015	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P.O.L.C. - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION
04/24/12	014	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P.O.L.C. - FLINT POLICE SERGEANTS UNION
04/13/12	013	Modification of Section 10 of the settlement agreement and release of all claims dated OCTOBER 2, 2002, between the City of Flint and plaintiffs RICHARD DICKS, LEON NOVACK, SHIRLEY NOVACK, THE UNITED RETIREMENT GOVERNMENTAL EMPLOYEES (URGE), AND SANDRA YURK relating to prescription drug coverage for all retiree groups of the City of Flint

01/11/12	012	Monthly Meetings with Flint City Council
01/11/12	011	Procedure for Submission of Matters Involving a Recommendation by the Planning Commission
12/20/11	010	Council's Responsibilities & Compensation
12/20/11	009	Mayor's Responsibilities &Compensation
12/19/11	008	Advisory Committee
12/13/11	007	Budgetary Oversight & Termination of Line Item Level
12/08/11	006	Elimination of Civil Service Commission
12/08/11	005	Elimination of Office of Ombudsman
12/08/11	004	Procedures for Resolutions and Ordinances
12/08/11	003	Procedures for Purchasing
12/02/11	002	Elimination of Salaries for Mayor & Council
12/01/11	001	Termination of Appointments

Section Separator

(h) The financial and operating plan as required under Section 11. Update #6 to the Financial and Operating Plan for the City of Flint.

Financial and Operating Plan for the City of Flint – Update 6
July 8, 2014

Introduction
This update to the Financial and Operating Plan for the City of Flint is submitted by the Emergency Manager for the City of Flint to Governor Rick Snyder, through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 17.

This report includes a summary of the financial conditions and goals for the City of Flint, the plan to conduct the operations of the City, the on-going actions being taken to resolve the financial emergency, and the outline of a plan to prepare for an eventual transition as prescribed in P.A. 436. This update will be posted on the City's website: www.cityofflint.com .

Summary of the EM/EFM Appointment Sequence and Development of the Operating and Financial Plan
The Flint Financial Review Team determined in November 2011 that the City of Flint was in a financial emergency. (See Attachment #1)

On December 1, 2011 Governor Rick Snyder appointed Michael K. Brown as Emergency Manager. EM Brown developed the Financial and Operating Plan utilizing the resources of a five person Advisory Committee as well as five additional advisory committees. EM Brown sought broad expertise to ensure public engagement and to maintain a sense of continuity with the Mayor and City Council. All nine City Council members and over fifty other citizens participated in the advisory committees.

EM Brown's original Financial and Operating Plan (45 Day Plan) was submitted to the State Treasurer on January 15, 2012; the first update to the Plan was submitted on June 1, 2012. On August 8, 2012, PA 4 was suspended and Edward J. Kurtz was appointed Emergency Financial Manager under P.A. 72. (Mr. Brown stepped aside as he was prohibited from serving as EFM due to his recent service as Interim Mayor for the City of Flint.)

EFM Kurtz established a new Advisory Committee in accordance with the requirements of P.A. 72. Utilizing the Advisory Committee and the City of Flint management team, EFM Kurtz presented a second update to the Financial and Operating Plan and submitted this to the State Treasurer on February 8, 2013.

When P.A. 436 took effect on March 28, 2013 Mr. Kurtz was re-appointed by Governor Snyder as Flint's Emergency Manager. Mr. Kurtz continued in that capacity until his resignation after the end of fiscal year 2013. At that time Mr. Kurtz submitted his closing memorandum and the third update to the Financial and Operating Plan. Governor Snyder then reappointed Mr. Brown as Emergency Manager. On October 8, 2013 I was

appointed by Governor Snyder as Flint's fifth Emergency Manager following Mr. Brown's resignation. On November 21, 2013 I submitted the 45 Day Plan as required by P.A. 436 Section 11(2); that plan became Update #4. The fifth update to the Financial and Operating Plan fulfilled P.A. 436, Section 17 six month report requirement.

This report, indicated as Update #6, fulfills P.A. 436, Section 17 requirement for an update each subsequent three months.

Priority List for the Resolution of the Financial Emergency

- Stabilize the financial future of the City: maintain a balanced budget, eliminate the accumulated General Fund deficit, seek increased revenue, and reduce unfunded pension and OPEB liability.

- Re-establish Flint as one of the safest cities in Michigan — both in reality and perception: provide public safety services, focusing on reducing violent crime, commensurate with cities of comparable size and resources, utilizing regional cooperation as appropriate.

- Implement the Blight Elimination Plan: manage demolitions, enforce blight ordinances.

- Maintain access to a clean, sustainable water source: implement the steps necessary to participate in the Karegnondi Water Authority (KWA) including interim water supply implementation, disposition of current pipeline sections, City Water Treatment Plant updates, a long term water supply back up plan, and a long term financial plan for the stability of the water and sewer funds.

- Implement the Master Plan of the City of Flint: update the Zoning Ordinance, evaluate the capital investment needs, and incorporate Master Plan activities in the annual budget development.

- Explore Governance Models for the City of Flint: receive report from the citizen's committee which was formed to evaluate city governance models, recommend course of action for Charter revision as a part of transition discussions.

- Implement the 7 Point Transition Management Plan (Attachment #2) which has been adopted by the Flint City Council and Mayor Walling. This Plan incorporates specific objectives which provide a strategy for determining and evaluating criteria for assessing when the City might be prepared to emerge from emergency management to home rule order with oversight of a Receivership Transition Advisory Board.

Operations of the City of Flint

Shortly after his appointment as EM, Michael Brown took steps to reorganize the city government operations including: elimination of departments, consolidation of

departments, elimination of management level positions, adjustment of the compensation of elected and appointed officials, elimination of the Civil Service operation and the Office of Ombudsman.

Management appointments were made to ensure that the essential services necessary for the public's health, safety and welfare are provided, and to continue conducting all aspects of the City of Flint's operation within the resources available. Necessary employment contracts were extended with the approval of the Treasury Department.

Department management reconfigurations were completed in anticipation of reductions in staffing levels as provided in the FY 13 Budget. Subsequently, as part of the FY 14 Budget process a Strategic Plan was adopted and more changes in the organizational structure occurred. The primary change was the inclusion of a new Planning and Development Department (See Attachment #3 Organizational Chart July 2014). I have made personnel adjustments to complete this reorganization of the Planning and Development Department.

The FY14/15 and FY15/16 biennial budget has now been adopted. This year the budget process involved over 30 hours of active participation by the Mayor and the City Council Finance and Administration Committee sitting as the committee of the whole. As part of this process the Council adopted a five year Strategic Plan and a list of priorities for the development of the two year budget (See Attachment #4 Strategic Plan of the City of Flint 2015-2019).

When P.A. 436 became effective in March 2013 the City Council members' and Mayor's compensation was eliminated. EM Kurtz partially restored compensation for Mayor and Council through Orders 1 and 2. These orders also defined specific responsibilities and requirements. For example, the City Council members were required to complete Level One of the Michigan Municipal League (MML) core course for municipal government and receive the MML education award within one year. I determined that this Order was still in effect, and the Council members all individually signed acceptance of these requirements as a condition of receiving compensation. All Council members have fulfilled these obligations. Now, through adoption of EM Orders 15 and 16, beginning with the FY14/15 budget, the Mayor and Council will receive an increase in compensation commensurate with the increased duties assigned to them.

All Orders and Directives issued by the Emergency Financial Manager (under P.A. 72) and Orders issued by the Emergency Manager (under PA4 and P.A. 436) are listed in Attachment #5: Orders and Directives of the EFM and EM.

The 7 Point Transition Management Plan which emphasizes re-engagement of the Mayor and City Council has been a top priority. The Council is meeting monthly on a regular basis; five new Council Committees have also been formed: Finance/Administration, Legislative, Public Works, Public Safety, and Planning and Development. Each Committee is meeting monthly and then reporting at the following Council meeting. Order 8 was issued in March 2014 and defines format of action and participation at the

Council meetings. Order 9 established monthly Council and Committee meetings; and Order 10 set the format of the Council meeting agenda. Additionally, Mayor Walling has been assigned day to day oversight of the Department of Public Works and the Department of Planning and Development. These steps as outlined in the 7 Point Transition Management Plan are part of preparing the City to resume local control under a Receivership Transition Advisory Board.

Financial Status

FY12 Budget and Audit

The Comprehensive Annual Financial Report (CAFR) for FY12 was completed and was filed with the State in a timely manner. The results were as expected, with fewer auditor comments than in past years. Deficits existed in the General Fund ($19.1 million) and in the Water Fund ($8.8 million).

The $19.1 million accumulated deficit reflected an excess of expenditures in the General Fund for FY12 of $10.2 million plus $8.9 million for FY11. This was anticipated by Emergency Manager Brown shortly after being appointed, which was almost six months into the FY12 year. Given that FY12 was nearly half over, and that significant unplanned reductions in services, primarily public safety, would need to occur if the projected deficit were to be immediately eliminated, the decision of the Emergency Manager, in consultation with Treasury, was to contain costs as much as possible but without significantly reducing services – especially public safety - for the balance of the year.

Pursuant to State statute, Deficit Elimination Plans for both FY11 and FY12 were submitted to the Department of Treasury. Both plans involved a mix of borrowing and expenditure reductions over the next five years. However, no final action was taken to implement the intended courses of action.

FY13 Budget and Audit

FY13 was the first budget developed and administered by Emergency Manager Brown and his team. Faced with a projected gap of more than $25 million, the FY13 budget was balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Previous reports detail the 25% increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, conversion of the waste collection millage to a fee and the creation of a special assessment for street lighting, elimination of 20% of the City's workforce, compensation decreases equivalent to a 20% wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

Results of FY13 year-end showed a surplus of revenues over expenses in the General Fund exceeding $6.2 million. This surplus reduced the City's accumulated $19.1 million deficit as of the end of FY12 to less than $12.9

million. Since the goal of the EM team was to assure that FY13 would not end with any additional deficit, this result significantly exceeded expectations.

The FY13 audit was completed and submitted to Treasury on December 20, 2013. All items surrounding the audit, including submission of the Form F-65 and Comprehensive Annual Financial Reporting Program were completed by December 31, 2013. The audit was presented to City Council as well on January 13, 2014.

FY 14 Budget and Strategic Plan

The FY14 budget was adopted via Emergency Manager Edward Kurtz Order #4 on June 7, 2013. This budget was developed with the same goal as FY13 – to assure the provision of essential services within the constraint of a balanced budget and continued deficit reduction. Accordingly, the FY14 budget included a $1.0 million commitment from the General Fund to further reduce the deficit. This was considered a minimum level of deficit reduction.

The Emergency Manager's team, crafted a draft strategic plan in preparation for the FY14 budget development. Vision, Mission and Goals were established for the City government. Department managers then set specific, measurable objectives. Within the strategic plan was a five year financial projection.

Achieving the balanced budget again required reducing the workforce; however, with significant efforts from department heads and others involved in developing the budget, and building on ongoing reorganization of city processes, the level of services currently provided generally continued at FY13 levels. Most importantly, the quest to at least maintain FY13 levels of police and fire staffing was achieved, although one consequence was that the additional reductions in staffing came from non-public safety areas. This was equivalent to an additional 10% reduction of staffing in those areas.

As the city has reached the end of FY14, the preliminary close shows a General Fund balance of more than $2.5 million of revenue over expenses; this balance will be applied to the deficit as planned. One set of budget adjustments, with approval of Treasury was implemented in December 2013. A second budget adjustment was approved by Treasury and was adopted on April 3, 2014. The closing budget amendment was approved by resolution on June 25, 2014.

The City's cash flow has improved significantly from the $13 million cash on hand in December of 2011. Thirteen million dollars is less than one month's operating expenses. By comparison, the cash on hand on June 30, 2014 was in excess of $52.1 million.

Deficit Elimination Plan 2014

A draft deficit elimination plan which also incorporates a reserve accumulation plan is currently under review by the Department of Treasury. The City

recognizes that a goal needs to be set to develop a reserve equal to 15% of General Fund revenues. This is one of many financial best practices which the City will incorporate to assure a sustainable municipal model. As of June 30, 2014 the deficit stands at $9 million, assuming Treasury concurrence with the City's plan. In budget years FY15-FY20, $1.8 million will allocated each year which will eliminate the deficit without need for borrowing.

FY 15-19 Strategic Plan and FY15 & FY16 Budget

The FY14 budget was developed within the context of an updated five year projection of revenues and expenses. This exercise pointed out the continuing challenge the City of Flint will have in achieving long term financial stability. The Finance Department and the Council Finance/Administration Committee developed the FY15-19 strategic plan and financial projections. The City Council has adopted a Strategic Plan which included Mission, Vision, Goals and a Budget Priorities statement (Attachment #4: Strategic Plan of the City of Flint 2015-2019). Consulting firm Ernst & Young assisted the City with an update to the five year financial projections.

The EM, in concert with the Mayor, developed a two year budget for FY15 and FY16. The goal, again, is to provide the best level of service possible within available resources while continuing to restore financial solvency. It is clear that in balancing these budgets the City will continue to be faced with addressing an on-going structural deficit; and the biggest challenge by far remains the outcome of the retiree health care lawsuit.

The City Council received the recommended two year budget April 30, 2014. The Finance/Administration Committee (sitting as the committee of the whole) used the first two weeks of May to hold five meetings on specific program areas. At the conclusion of the departmental reviews the Council sent a list of budget revisions proposals to me. Several of the recommendations were incorporated into the revised budget. The Council then held a public hearing on June 9, 2014.

This budget does include significant staffing reductions in public safety. In the two prior budgets other General Fund departments were reduced in size, combined, or contracted service provision. For this budget cycle, there were no other General Fund areas to reduce, except public safety services.

The targeted personnel reductions in public safety will not result in lay-offs prior to December 31, 2014. In the interim, the City has contracted for a comprehensive study of the police and fire operations. Based on the results of this study, and the managed attrition reductions, the personnel levels in both Police and Fire will be re-evaluated.

The State budget, as recently signed by Governor Snyder, contains an appropriation of $1.1 million for use in Flint's public safety departments. The boilerplate of the State budget states:

The appropriation of $1,100,000.00 in part 1 for the city of Flint shall be allocated to support city police and firefighters. The emergency manager shall determine which public safety personnel are to be funded from this award. If the city has an appointed receivership transition advisory board, then that board is vested with the authority to make the determination of which personnel are funded from this award.

The City is grateful to receive this funding and will use this to implement the recommendations of the Public Safety study which will be concluded in October 2014.

The Emergency Manager's Order 13 adopted the biennial budget; Order 11 adopted the street lighting assessment for FY2015 and FY2016; Order 14 adopted the Strategic Plan; Resolution EME3302014 adopted the FY2015 and FY2016 Master Fee Schedule (which includes water and sewer rates, and waste collection fee); Resolution EME3312014 adopted the 2014 and 2015 operating millage rates. (Attachment #6 FY15 & FY16 Biennial Budget)

I additionally note that Mayor Walling and the City Council have been fully engaged with City staff and me as this two year budget was developed. Also, as part of FY15, the day-today management of the Public Works Department and the Planning & Development Department will be handled by Mayor Walling.

Five Year Projection

FY15/FY16 budgets include more than $5 million each year in increased retiree health care, as a result of Judge Tarnow's injunction. FY15 & FY16 is balanced, but projections for FY17 indicate a deficit between projected revenues and status quo expenses of $5 million. If there is no relief from the $5 million in increased retiree health care expenses, or no new revenue source, balancing the FY17 budget without compromising the City's ability to provide even the most basic level of city services - including public safety, will most likely not be possible.

Operating Plan

The city continues to review all departments and services to reduce costs through contract rebidding, merger, consolidation, contracted service, shared services with other governmental entities, privatization or elimination. As a result of these reviews the City will determine what continuing activities should be subsidized with general property tax dollars, what will be paid by the users, which services can be eliminated, and which services or activities can be handled by lower cost vendors.

The functions, goals and key objectives of each department and functional area of the City of Flint have been encompassed in the Flint Strategic Plan 2015-2019. This plan also contains target dates for completion of each key objective. (Attachment #4 Strategic Plan for the City of Flint 2015-2019)

Key Actions To-Date

Finance Department

- Completion of a Water/Sewage Rate Study (prepared by Raftelis Financial Consultants) to address the long term financial stability of the Water and Sewer Funds;

- Transition from Detroit Water and Sewer District to the Flint River on a temporary basis while the Karegnondi Water Authority (KWA) pipeline is being constructed;
- Participation with KWA in the $220 million bond sale to finance construction of the KWA pipeline;

- Completion of the sale of a portion of the City's unneeded section of water line to Genesee County Drain Commission for $3.9 million;

- Continued effort to reduce pension and OPEB liabilities, including participation in defending the City's position in the retiree health care lawsuit;

- Continued aggressive monitoring of revenue and expense activities, with particular emphasis on revenue collections, position counts and overtime expenditures;

- Planning and implementation of employee development programs focusing on financial management, supervision and labor relations, and leadership development;

- Reorganization of city accounting functions based on the analysis and recommendations of an organizational study completed by Plante Moran;

- Update of the City's Strategic Plan and five year financial projections, developing a two year budget (FY15 and FY16) utilizing the City Council adopted Mission, Vision, Goals and Budget Priorities, as well as the Master Plan;

- Working with the Finance/Administration Committee of the Council to engage them and the City Council in the budgeting process and other financial matters;

- The City of Flint has met all reporting requirement dates for Economic Vitality Incentive Program (EVIP) in order to qualify for all disbursements of State Shared Revenue;

- The FERS to MERS transition will be complete when Model Labor Contracts have been finalized;

- Flint City Council has been provided with the terms of a proposed FPOA contract which the EM intends to impose, since no agreement has been reached. However, there has been agreement reached with AFSCME 1600, and an agreement with 1799 may be imminent. An initial proposal has been given to IAFF, and a meeting is scheduled for July 7. Contract changes to Captains/Lieutenants and the Sergeants unions are being drafted, as are changes to the exempt and appointed officials. The FY15 and FY16 budgets assume the proposed changes will be implemented. All of these changes reduce short term costs and reduce long term costs.

Retiree Health Insurance Revisions

The City's approach to containing its OPEB liabilities has been to restructure both active and retiree health care benefits, and to eliminate the promise of retiree health care for new employees. The changes have had a significant impact on the City's OPEB liabilities, reducing the total unfunded liability from nearly $900 million to less than $400 million, and reducing the Annual Required Contribution (ARC) from $60 million to $22 million.

As previously reported, the City's effort to restructure retiree healthcare was challenged by a group of retirees in a federal lawsuit, *Welch v City of Flint.* On January 3, 2014, the U.S. 6th Circuit Court of Appeals reinstated an injunction prohibiting the City from modifying retiree health care benefits. The City is aggressively litigating this matter, as it does not have the resources to afford the current level of healthcare coverage, and projected cost increases for the upcoming fiscal years are substantial. If the federal district court's decision is not reversed, the City will be in an extremely precarious financial position, with insufficient resources to meet basic functions

The City is working to comply with the court's order, beginning with establishment of a reimbursement program for retirees whose expenses since January 3, 2013 are greater than their old plans. Work is also proceeding in anticipation of a court hearing sometime in the future, and settlement options are being explored.

On June 30, 2014 Judge Tarnow issued an order modifying in part his preliminary injunction barring the City from modifying retiree health care benefits. The Judge's order now permits the City to modify retiree health care as the City had proposed in a settlement proposal which was previously submitted to the Court.

While the details of the Judge's recent order are still being reviewed, and while the details of implementing the order are still being developed, it appears that the ruling will have a positive financial impact on the City, at least for the period while the litigation continues.

Otherwise, the City is utilizing the services of Cornerstone Municipal Consulting in ongoing review of various Employee/Retiree health care options including plan

design, delivery systems, Medicare Advantage, Medicare Wrap Around, benefit carve-outs, etc. in an effort to control health care costs. Administration of the City's health insurance benefits program is being handled by Cornerstone. In addition to the retiree lawsuit, attention is now focused on minimizing the City's cost for health care (for current employees and retirees) in the FY15 and FY16 budgets.

City Clerk

- The City has transferred the responsibility for Business Licensing to the Department of Planning and Development. The anticipated implementation date of this transition will be January 1, 2015.

Office of the City Attorney

- With the help of interns from Michigan State University, all City ordinances have been reviewed. Charter revisions which would increase flexibility for department reorganization and budget flexibility are also being considered.

- City Attorney's Office prepared draft revisions to the City Code concerning business licensing and regulation. Many ordinances and former business licenses are recommended for removal because they were obsolete, or could be put under the newly created General Business License. Several businesses also will be required to obtain a Business Endorsement.

68th District Court

- The City currently funds the operation of the 68th District Court; in FY14 this amounted to $3.5 million net. Senate Substitute for House Bill 5125 passed the Senate and the House in March 2014. The Bill authorizes consolidation of the 67th and 68th District Courts. It requires that the consolidation be approved by the City and the County. The County approval requires the affirmative vote of at least two-thirds of the County Board members. I strongly encourage the State to continue the process of working to consolidate the 67th and 68th District Courts; the City of Flint will work to support this consolidation.

Department of Public Works

Utilities Division

Karegnondi Water Authority (KWA)

- In March 2013 both the City Council and EM Kurtz adopted resolutions to enter into a contract with KWA to partner with Genesee County, City of Lapeer, Lapeer County and Sanilac County in the construction of a pipeline to deliver raw water to the City of Flint.

- Genesee County successfully held a $221 million tax-exempt debt offering on April 1, 2014 to finance the 63 mile pipeline. Genesee County is responsible for paying roughly 66% of the debt service and Flint 34%; the County agreed to back the City's share of the borrowing because the County holds an A-plus rating. This backing would only come into play if the city failed to perform, which it has no intention of doing. The County received a favorable 4.72% rate.

- The City has made the transition to utilize the Flint River as the primary water source for the City until the full operation of the KWA pipeline (approximately 36 months after construction begins) is available.

Water Department

- Upgrades to the City's Water Treatment Plant are required prior to the transition to the KWA water source and any on-going temporary use of the Flint River. DEQ mandated construction work for the use of the Flint River as a primary source has been completed. Ongoing upgrades are scheduled to improve efficiency and reliability.

- An evaluation is taking place to implement an effective Preventive Maintenance plan which focuses on controlling water loss (leakage). This is expected to involve a combination of outsourcing, in-house work, and shared services with the County.

- The exceptionally cold winter produced a large number of major water main breaks and several sinkholes have developed. Crews are working on these repairs according to a priority list based on severity of the break.

Sewage Treatment Division

- Automation of one of the City's pump stations (which was staffed 24 hrs a day) has been completed. This will result in the elimination of overtime and a savings of over $500,000 annually.

- **U. S. Department of Environmental Quality S2 Grant**
  An S2 DEQ grant to study infrastructure condition for water pollution control was accepted. The study was defined to encompass portions of the City's sanitary sewer system where considerable infiltration could be eliminated. The study produced a DEQ accepted project to rehabilitate manhole structures and cross connections. The work is planned throughout FY15.

Transportation Division

Solid Waste Management Division

- Outsourcing of Sanitation is complete. The process of establishing composting operations at Chevy in the Hole (CITH) is underway. A permit application to DEQ has been submitted and a site plan of action is being prepared for the EPA.

- An Administrative Consent Order on removing compost from the Chevy-in-the-Hole site has been agreed upon in principal with the DEQ and was signed in April. Work to prepare the compost for removal from the site has begun.

- Chevy in the Hole has become a priority level project. A management level staff member has been assigned to coordinate this project and to work with Congressman Kildee's office to identify additional funding to complete this project. Environmental beautification is the expected end result.

Street Maintenance and Engineering

- The City and MDOT agreed the State Trunkline Maintenance Contract that requires the City to perform maintenance activities on state trunklines (M-21 and M-54) would be temporarily suspended while capacity issues are resolved.

- Only crack sealing and pothole repair will be conducted this season; no repaving of any City streets will occur for a second year.

Facilities Management

- The Facilities manager is reviewing all city owned assets (both real property and capital equipment) to determine if disposal should be pursued.

- All city owned facilities are under review for energy savings, revenue generation from tenants, or possible liquidation.

Parks and Recreation

- On July 1, 2014 responsibility for management of Parks and Recreation was shifted to the reorganized Planning and Development Department, in alignment with the Master Plan.

- The City has contracted with two vendors who have the capacity to mow all of the city parks (64) multiple times at a rate that fits the current millage. The City also actively sought neighborhood groups and organizations who would adopt one or more of the City's parks, traffic triangles or medians through a partnership with

United Way and Keep Genesee County Beautiful. Eighteen parks have been adopted.

- The City is in the process of entering into a contract with the Genesee Conservation Group for tree evaluation and removal services, and to assess the status of over 22,000 City trees.

- Four City Parks (McKinley Park, Max Brandon Park, Thread Lake Park and Flint Park Lake Park) will be managed by the Genesee County Parks and Recreation Commission. Management will include maintenance and security.

- The City will work cooperatively with the County on park improvements through the recently awarded Department of Natural Resources (DNR) grant for McKinley Park and Ruth Mott Foundation grant for Max Brandon Park.

Department of Planning and Development

- As part of the new Planning & Development Department, five new divisions have been created: 1) Case Management and Building Services, 2) Blight Elimination & Neighborhood Stabilization, 3) Community & Economic Development, 4) Comprehensive Planning, and 5) Parks & Recreation. The strategic plan is aligned with these five divisions.

- The positions of Chief Planning Officer and Director of Planning and Development were combined as part of the recent city departmental reorganization. The purpose for this reorganization was to assure consistent and meaningful implementation of the City's new Master Plan while simultaneously establishing better organizational effectiveness for the Department of Development. As a result, I was able to eliminate one management position, and realize some budgetary efficiency in the process.

- A continued priority for the City is blight elimination and all associated blight enforcement activities will largely be coordinated through this department.

- The City was recently selected for the Strong Cities, Strong Communities (SC2) Program. As part of the next SC2 cohort, Flint has received additional technical assistance and support from the federal government including one embedded federal staff who will help advance implementation activities around public safety, brownfields redevelopment, and blight elimination and neighborhood stabilization. This federal staff member, Paul Joice from HUD started on June 2, 2014.

Case Management and Building Services

- The American SpiralWeld Pipe Company has begun to construct the first manufacturing facility at Buick City in decades. This $16 million development will generate fifty new jobs. The project has received its planning entitlements, permits, and its requested tax abatement was filed with the State.

- Construction on the General Motors Flint Assembly Plant, which includes facility upgrades and building of a new paint shop is already underway. Totaling over $600 million, Flint will be the third new paint facility in North America (Orion and Fairfax) to use an environmentally friendly wet-coat paint process. The 596,000-square-foot facility will be completed in 2016 involving 1 million construction man hours with full production scheduled for third quarter 2016.

Blight Elimination & Neighborhood Stabilization

- The Department of Planning and Development recently completed a draft blight framework based upon the Master Plan. We have begun to circulate the framework to the public for additional input and plan to finalize the plan at the end of the summer.

- As outlined in the blight elimination framework, the City needed to re-institute code enforcement. Through a private grant, eight part-time Neighborhood Safety Officers (NSOs) who alert residents to blight violations and issue citations have been functioning since October 2013. The program has been effective in addressing nuisance related issues such as tall grass and abandoned vehicles.

- In addition to code enforcement carried out by the NSOs, the blight framework indicated a strong need for building related code enforcement with over 6,000 structures in need of demolition. Over 71% of these structures are privately held. To address this issue, the City must have licensed building inspectors conducting code enforcement activities to place these on the demolition list. To accomplish this, the City recently included approximately $250,000 in the CDBG Action Plan this Fiscal Year to hire two full-time code enforcement officers and clerical staff to do this work.

- The City continues to coordinate with the Genesee County Land Bank on the demolition of nearly 2,000 homes through an approximately $3.7 million Michigan Blight Elimination Grant Program and $20.1 million Hardest Hit Grant. To date, approximately 600 homes have been demolished.

- The City was able to add funding and time to the Land Bank contract, extending mowing and trash removal through October of 2014 thereby ensuring that the Land Bank had the resources early enough to mow grass before it gets too high.

- This year The City received a $100,000 Cities of Service grant. An expanded volunteer and clean-up program is currently being launched, beginning with Love Your City Month, a citywide clean-up effort occurred during the month of May.

- The City participated in the Paint What Matters Campaign, a collaboration between Benjamin Moore and University Avenue Corridor, resulting in the painting of the building facades along University Avenue over the month of May.

Community and Economic Development

Smith Village Housing Development

- The Smith Village housing project is funded primarily with HUD and NSP2 grants. Seventeen of the 39 units that have been sold and six are under purchase agreements. The commitment to HUD is to have 51% of the purchasers meet low income guidelines (51% of Annual Medium Income).

- The City is also working on substantial landscape improvements to both the private and common open space and reaching out to homeowners of older buildings to conduct rehabilitation activities to improve the overall quality of the development.

Real Estate Transactions

- A quit claim deed for Chevy-in-the-Hole site has been transacted between the EDC and the City of Flint. EPA money for clean up has been agreed upon.

CDBG and HOME Allocations

- On March 18, 2014 the City received notification of its HUD allocation for Fiscal Year 2015: $3,629,629 - CDBG; $745,525 – HOME Investment Partnership; and $298,806 – Emergency Solutions Grant.

- The City transmitted the draft Action Plan to HUD on May 21, 2014 and anticipates receiving approval for expenditures in early July.

- The City is working with Communities First, Inc. on the development of a 36-Unit Supportive Housing Development in the Grand Traverse Neighborhood known as the Swayze Project. The project was recently awarded Low-Income Tax Credits and will receive up to $670,000 of the City's HOME allocations for this fiscal year.

Comprehensive Planning

- Drafts of eight subarea plans, the combined Capital Improvement Plan (CIP) and a complete revision of the Zoning Code were completed June 30, 2014. The City will conduct extensive outreach over the summer months to further refine these drafts and anticipates that the CIP and Zoning Code will be transmitted to the City Council for approval in November.

- The City of Flint was selected to receive technical assistance from MEDC as a Redevelopment Ready Community (RRC) with the goal of gaining certification as a RRC at the end of 2014.

- The City received two grants totaling $87,500 for Max Brandon Park to complete a park naturalization demonstration project that will create a healthier park environment while reducing long-term maintenance costs.

- The City also was recently awarded a Michigan Municipal League Place Plans Grant to develop an exercise trail that links important assets from Diplomat Pharmacy to Kettering University.

- The City has partnered with the Flint Community Schools to institute a form of the community schools model, the number one educational objective in the Master Plan. A joint town hall meeting was held in May and over 300 people attended.

- The City received a $15,000 grant from MSHDA to conduct a Target Market Analysis for multiple family housing in and around downtown, along Saginaw Street from Hamilton to Hemphill, and around Kettering University and Hurley Hospital. Various partners including Kettering, Diplomat, Habitat for Humanity, and Communities First, Inc. pledged to match the grant with another $15,000.

- Mayor Walling and the Flint/Genesee Green & Healthy Homes Initiative (GHHI), have been awarded $100,000 from the Lead Safe for Kids Sake Grant Competition to increase lead abatement, coordinate with related programs, and help Flint leverage local, federal and other funds to build a sustainable green and healthy homes initiative in Flint, as stated in the City of Flint's new Master Plan.

Public Safety

- A data-driven public safety study to assess the operations of the City's Police and Fire Departments began in May 2014 utilizing the services of the Center for Public Safety Management. This report is due in October 2014 and will be used to evaluate both departments' organization and staffing.

Police Department

- Chief James Tolbert has evaluated the operations of the Flint Police Department and has formulated several new crime fighting initiatives. Included in these initiatives are the new program to target the root causes of criminal behavior through the Area Crime Team (A.C.T.), the Arson Investigative Team and an expansion of the Lifeline Regional Crime Intervention Strategy.

- On April 1, 2014 several social media and internet based information sharing programs were introduced to the community. Through Flint Police Department's

new blog which can be accessed through http://cityofflintpd.blogspot.com/ links are provided to the new crime mapping webpage as well as Facebook and Twitter pages.

- Crimemapping.com is an easy to use tool which can pinpoint crimes on a map by type, date range, address or radius of an area and even the reporting police agency. Other services such as the COPLOGIC online reporting and calling Crimestoppers at 1-800-SPEAK-UP are complemented by these new tools.

- The City reports that Part I violent crimes were down 15.7% for the first six months of 2014 vs. the same period of 2013. Part I violent crimes include murder, rape, aggravated assault and robbery. In particular, homicide is down 38.1% and the clearance rate on 2014 homicides is 85%.
- The City continues to receive patrol assistance and detective assistance from Michigan State Police. Patrol assistance is a crime-deterrent and increases traffic safety compliance. The detective assistance has increased the capacity for investigations within the Flint Police Department.

Lock-up

- The Flint Lock-up (72 hour holding facility) is available to all Genesee County police agencies. The State Legislature has approved funding for an additional year of operation.

9-1-1 Operation

- In June 2014 the City responded favorably to a request to continue discussions with the Genesee County 9-1-1 Consortium to pursue a reconsolidation of the 9-1-1 systems.

- Cooperative work with the Genesee County 9-1-1 Consortium continues with the evaluation of a new phone system in preparation for the next generation 9-1-1 system.

Fire Department

- On April 7, 2014 the City was notified that FEMA denied a SAFER grant request to fully fund 39 firefighters. The City plans to support approximately 20 firefighters using the Police and Fire Operations millage; the balance will be reduced by attrition before December 2014.

- The City received a new fire truck in June 2014. The truck was purchased using CDBG money; it will be housed at the Pierson Rd. fire station.

- An evaluation of year over year fire calls for service shows a 58% decrease in total calls (1862 - 2014 YTD vs 4441 - 2013 YTD). Reasons for this decrease include: increased demolition activity on abandoned structures; continuous Firefighter Door-to-Door campaign educating residents; 9-1-1 use of better call

screening techniques – results in better equipment and personnel utilization; increased reliance on County EMS response, as planned.

Emergency Manager's Conclusions

Significant work has been accomplished to stabilize the financial situation of the City of Flint. The entire organization has been restructured to reflect a smaller, leaner government operation. Services which were routinely provided are being inspected to determine if they should continue and if so, in what format. Technology solutions which can increase efficiencies are being implemented.

The many improvements to-date and those represented in the Strategic Plan have been based on data-driven management plans. The approval of the KWA participation, water and sewer rates, capital improvements, departments' staffing and priorities are all based on the use of rational data analysis. The collection, analysis, and then utilization of data concentrates the use of personnel and other assets where the most beneficial results can be expected.

I acknowledge that substantial progress has been made, however the City is still experiencing an on-going financial emergency. Resolution of the financial emergency will not be complete without providing a basic framework for, and implementation of, an objective model for the organization to follow.

A sustainable municipal organization incorporates the utilization of best practices financially, structures a governance model which clearly delineates between legislative, policy, and administrative responsibilities, and develops a management plan to provide services to residents in a consistent, reliable manner.

The 7 Point Transition Management Plan which I have developed provides the roadmap to resolve the financial emergency and to achieve sustainability for the City of Flint.

For two years, FY13 and FY14, the goal of containing overspending has been achieved. The city must continuously function within a balanced budget, eliminate the accumulated deficit and further reduce the legacy and pension costs. Projections through 2019 demonstrate Flint's continuing challenges. Projecting current revenues and expenses into the future shows a continuing gap of $2 to $4 million annually.

Stable revenue is necessary in order for this City, and most other cities in Michigan, to continue to avoid a bankruptcy situation. We have asked our residents to accept a significant 6 mill Police and Fire Protection Millage; and they have done so. We have imposed a street lighting assessment, a waste collection fee and significant water and sewer rate increases. However, our residents have not enjoyed increasing services, increasing property valuations or increasing employment opportunities.

As noted previously, there are very few additional revenue options. We are approaching the limit of the City's borrowing capability. Capital improvement funds are drained and

the property tax millage rate in within .1 mill of maximum. State Revenue Sharing has increased but minimally and is now tied to EVIP and C-GAP competitive granting. We have made a request through our State Legislative representatives and the State Treasurer to push legislation to allow City voters the opportunity to decide to increase the income tax. This action could generate $7 million annually and would eliminate the City's structural deficit. A bill has been introduced but has not been acted upon.

If, by the beginning of FY17 the City of Flint does not receive some relief from retiree health care costs, either in the form of reduced city expenditures or additional revenues, it is unlikely that the City will be able to provide even the most basic level of city services. That will force the City to consider the alternative we have all worked diligently to avoid - bankruptcy.

I do not recommend beginning the transition back to the Mayor/Council management of the City at this time. However, I expect the overall situation to become much clearer in the next six to nine months, given the plans and organizational changes which have been put in place. The City still has critical on-going budgeting issues. There has been action on several sections of the 7 Point Transition Management Plan, but more needs to be completed. Also, the City Council is still adjusting to a new committee structure and Council meeting management.

Flint has twice been placed in the hands of a State appointed emergency manager. A third failure should be avoided at all costs. The Blue Ribbon Committee on Governance, which I appointed in January 2014, is completing their evaluation of governance revisions needed in the City. I expect to receive their report later this month. I feel that this is a key step in the City's preparation to successfully manage a fiscally sound city.

I feel strongly that it is incumbent upon me to make sure that the city reaches it goal of sustained financial solvency. The financial emergency is not fully resolved until the long-term sustainable structure is secured.

Another update of this report is expected to be presented in October 2014 as required by P.A. 436. Other updates will be provided as appropriate.

Respectfully submitted,

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Flint, MI

Attachments:
1. Summary of Findings of the Flint Financial Review Team
2. 7 Point Transition Management Plan
3. Organizational Chart July 2014
4. Strategic Plan for the City of Flint 2015-2019
5. Orders and Directives of the EFM and EM
6. FY15 & FY16 Biennial Budget

Section Separator

(c) **A description of each loan sought, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the proposed use of the funds.**

The City of Flint has not sought, approved or disapproved any loan during the reporting period of April 8, 2014 through July 8, 2014. However, as a partner in the Karegnondi Water Authority, we are in the market for a 30% share of a $220 million bond sale.

Section Separator

(b) A list of each contract that the emergency manager awarded or approved with a cumulative value of $5000 or more, the purpose of the contract, and the identity of the contractor.

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000158 DJones JD 544K LOADER	Open	Regular FLEET		04/01/2014	18,075.00	18,075.00	0000000003 AIS CONSTRUCTION EQUIP&CONTRACTORS Contact: Phone:
14-000159 RJohnson BID REQUEST FOR EXTERNAL VEST CARRIER & UNDERVEST SHIRTS	Open	Blanket POLICE		04/01/2014	27,991.75	27,991.75	0000000612 ALLIE BROTHERS INC Contact: Phone:
14-000169 RJohnson MAINTENANCE AGREEMENT RENEWAL	Completed	Regular POLICE		04/08/2014	11,025.00	0.00	0000004600 COPLOGIC INC Contact: Phone:
14-000171 MRule REPAIR PARTS FOR V# 4451	Partial	Regular FLEET	04/08/2014	04/09/2014	6,628.82	1,176.68	0000000838 NEAL'S TRUCK PARTS INC Contact: Phone:
14-000174 KNeumann EXHAUST SYSTEM REPAIRS	Partial	Blanket MAINT		04/09/2014	8,000.00	3,062.25	0000000798 NEDERMAN, INC Contact: Phone:
14-000185 WHENSON COMMERCIAL DOCUMENTS 2013 STORAGE CHARGES	Completed	Regular 68DC	04/10/2014	04/10/2014	16,000.00	0.00	STL0000020 ELECTRONIC RESTORATION SERVICES INC Contact: Phone:
14-000186 RKelly WATER BOOSTER PUMP	Partial	Blanket WA PLANT	04/10/2014	04/10/2014	5,304.00	239.75	0000004815 PROFESSIONAL PUMP INC Contact: Phone:
14-000187 RKelly DUAL FEED MODIFICATION	Completed	Blanket WA PLANT	02/11/2014	04/10/2014	225,000.00	0.00	0000000048 CONSUMERS ENERGY Contact: Phone:
14-000189 RKelly HYDROFLUORIC ACID	Partial	Blanket WA PLANT	04/11/2014	04/10/2014	9,700.00	5,725.00	0000003888 PVS NOLWOOD CHEMICALS Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000190 RKelly 48" FLANGED BUTTERFLY VALVE	Open	Blanket WA PLANT	03/27/2014	04/11/2014	13,800.00	13,800.00	0000005077 JETT PUMP & VALVE LLC Contact: Phone:
14-000192 RKelly VARIOUS BUTTERFLY VALVE	Open	Blanket WA PLANT	03/27/2014	04/13/2014	31,590.00	31,590.00	0000005077 JETT PUMP & VALVE LLC Contact: Phone:
14-000193 CDotson HOUSING COUNSELING, METRO COMMUNITY DEVELOPMENT 14-071	Partial	Regular CED	04/07/2014	04/15/2014	12,000.00	8,930.00	0000004251 METRO COMMUNITY DEVELOPMENT, INC Contact: Phone:
14-000194 YGray WATERMAIN CUT IN	Partial	Blanket WA PLANT	04/07/2014	04/15/2014	676,300.00	483,700.00	0000002250 ZITO CONSTRUCTION CO Contact: Phone:
14-000195 YGray LIME RESIDUAL DISPOSAL	Partial	Blanket WA PLANT	04/07/2014	04/15/2014	1,442,720.00	1,155,045.00	0000002250 ZITO CONSTRUCTION CO Contact: Phone:
14-000196 RKelly INSTALLATION OF NEW ELECTRICAL EQUIPMENT	Partial	Blanket WA PLANT	03/03/2014	04/15/2014	852,000.00	43,190.00	0000000465 NEWKIRK ELECTRIC ASSOCIATES INC Contact: Phone:
14-000197 RKelly CHLORINE FEED SYSTEM	Partial	Blanket WA PLANT	04/04/2014	04/15/2014	8,720.00	7,368.94	0000001928 RS TECHNICAL SERVICES, INC Contact: Phone:
14-000198 RKelly CHLORINE POST CHLORINE	Completed	Blanket WA PLANT	04/14/2014	04/15/2014	8,000.00	0.00	0000000223 JCI JONES CHEMICALS, INC Contact: Phone:
14-000199 RKelly 54" FLAGNED BUTTERFLY VALVE	Completed	Blanket WA PLANT	04/15/2014	04/15/2014	14,600.00	0.00	0000005075 VALMATIC VALVE & MFG CORP Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000200 BDuncan TACTICS MARC SOFTWARE	Completed	Regular TE		04/15/2014	10,700.00	0.00	0000000035 CARRIER AND GABLE Contact: Phone:
14-000201 BWideman RENTAL OF CRACK PATCHER PLUS MATERIAL	Completed	Regular STREET	04/14/2014	04/16/2014	9,615.00	0.00	0000003887 NATIONAL HIGHWAY MAINTENANCE Contact: Phone:
14-000205 DDunlap QUANTIFIT RESPIRATORFIT TESTING SYSTEM	Completed	Regular FIRE	04/09/2014	04/16/2014	6,835.90	0.00	0000005104 AFC INTERNATIONAL INC Contact: Phone:
14-000223 BWideman C/O TO P.O. - RENTAL CONTRACT FOR WHEEL LOADER TO JUNE 30,. 2014	Cancelled	Regular STREET	*04/07/2014*	*04/24/2014*	21,318.00	0.00	*0000000849* MICHIGAN CAT INC Contact: Phone:
14-000224 BWideman RENTAL OF WOOD CHIPPER TILL END OF FISCAL YEAR	Completed	Regular STREET	04/21/2014	04/28/2014	6,500.00	0.00	0000005078 LAPEER RENT ALL INC Contact: Phone:
14-000226 BWideman PURCHASE OF SALT FOR WINTER SEASON - EXT P.O.	Cancelled	Regular STREET	04/07/2014	04/30/2014	78,144.03	0.00	0000000842 DETROIT SALT CO Contact: Phone:
14-000227 CDotson TEMP LOAN SERVICING TECH ASSISTANCE FOR RLF	Partial	Blanket CED	11/20/2013	05/01/2014	12,000.00	4,836.00	0000005017 AEROTEK INC Contact: Phone:
14-000228 KWallace PROVIDE AS LISTED GPS UNITS AND ACCESSORIES FOR WPC	Completed	Regular WPC	12/01/2013	05/01/2014	20,975.00	0.00	0000002137 MICHIGAN SURVEYORS SUPPLY Contact: Phone:
14-000229 CPriest HANDHELD GPS UNITS	Completed	CONTRACT WSC		04/24/2014	22,934.00	0.00	0000002137 MICHIGAN SURVEYORS SUPPLY Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000230 RKelly OZONE GENERATOR PARTS	Partial	Blanket WA PLANT	03/31/2014	05/01/2014	55,815.00	1,028.08	0000003583 OZONIA NORTH AMERICA Contact: Phone:
14-000231 RJohnson TIRE BUY BACK ACTIVITY	Completed	Regular POLICE		05/02/2014	10,000.00	0.00	EMP0558A00 TANYA MEEKS Contact: Phone:
14-000232 RKelly POLYMER -CHEMICAL	Partial	Blanket WA PLANT	04/30/2014	05/02/2014	21,450.00	7,552.00	0000005111 CHEMCO PRODUCTS INC Contact: Phone:
14-000235 CDavila LABOR RELATIONS TRAINING FOR DEPARTMENT MANAGERS	Partial	Blanket HR	05/29/2014	05/07/2014	8,000.00	4,500.00	0000003962 MICHIGAN STATE UNIVERSITY Contact: Phone:
14-000236 RKelly SUPPORT ANGLES	Open	Blanket WA PLANT	03/13/2014	05/07/2014	39,825.00	39,825.00	0000000200 WILLIAM E WALTER INC Contact: Phone:
14-000237 CPriest MICHIGAN PIPE & VALVE	Partial	Regular WSC		05/07/2014	12,000.00	1,981.63	0000002328 MICHIGAN PIPE & VALVE - FLINT Contact: Phone:
14-000245 CPriest EMERGENCY SEWER REPAIR - ZITO CONSTRUCTION	Completed	Regular WSC		05/13/2014	82,500.00	0.00	0000002250 ZITO CONSTRUCTION CO Contact: Phone:
14-000247 TLEWIS COMPOST PROCESSING/DISPOSITION @ CHEVY IN THE HOLE	Partial	Blanket TRAN ADMIN		05/13/2014	165,000.00	750.00	0000004355 RESOURCE RECYCLING SYSTEMS INC Contact: Phone:
14-000249 KWallace SS TROUGHING FOR THIRD AVE PS CONVEYOR	Completed	Regular WPC	04/15/2014	05/14/2014	12,583.12	0.00	0000002410 BDI Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000250 TLewis ENGINEERING SERVICES FOR THE RIVERBANK PARK IMPROVEMENT PROJECT	Open	Blanket PARKS		05/15/2014	35,000.00	35,000.00	0000000198 WADE TRIM, INC Contact: Phone:
14-000251 CPriest STONE	Cancelled	Regular WSC		05/16/2014	10,000.00	0.00	0000004445 CYDI OF MICHIGAN Contact: Phone:
14-000252 BDBond STONE	Partial	Regular WSC		05/16/2014	8,000.00	1,363.24	0000004445 CYDI OF MICHIGAN Contact: Phone:
14-000253 CPriest MERSINO DEWATERING	Completed	CONTRACT WSC		05/21/2014	128,788.57	0.00	0000002403 MERSINO DEWATERING Contact: Phone:
14-000254 DDunlap UNIFOR SHIRTS	Cancelled	Regular FIRE	05/02/2014	05/21/2014	7,544.00	0.00	0000000612 ALLIE BROTHERS INC Contact: Phone:
14-000257 DJones UNIFOR SHIRTS	Open	Regular FIRE		05/22/2014	6,724.00	6,724.00	0000000612 ALLIE BROTHERS INC Contact: Phone:
14-000258 VFoster MS EA LICENSING - STATE CONTRACT 45ABZ	Open	Regular IS		05/22/2014	100,018.05	100,018.05	0000000822 DELL MARKETING LP Contact: Phone:
14-000259 RKelly CELL MODEM	Open	Blanket WA PLANT	03/13/2014	05/22/2014	45,009.00	45,009.00	0000004660 MAK CONTROLS LLC Contact: Phone:
14-000260 KWallace THREE ULTIMA GAS DETECTION SYSTEMS	Partial	Regular WPC	03/15/2014	05/22/2014	27,377.80	1,440.54	0000002073 MINE SAFETY APPLIANCES COMPANY Contact: Phone:

PO NUMBER	PO STATUS	PO TYPE	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
ENTERED BY		DEPARTMENT					
DESCRIPTION							
14-000261	Open	Regular		05/28/2014	11,695.92	11,695.92	0000004847
RJohnson		POLICE					ADVANCED WIRELESS TELECOMMUNICATION
NSO 800MHZ RADIOS							Contact:
							Phone:
14-000263	Completed	Regular	05/23/2014	05/28/2014	37,125.00	0.00	0000005107
CDavila		HR					AMERAPLAN INC
ADMINISTRATIVE FEE FOR THOSE COVERED UNDER HEALTH CARE							Contact:
							Phone:
14-000265	Open	Regular		05/28/2014	47,520.00	47,520.00	0000005129
RJohnson		POLICE					RED CROSS STORE
EMERGENCY PREPAREDNESS KITS							Contact:
							Phone:
14-000269	Completed	Regular	04/14/2014	05/30/2014	5,500.00	0.00	0000005109
CDotson		CED					ETC TRAINING SERVICES GROUP
ETC, HQS TRAINING							Contact:
							Phone:
14-000272	Cancelled	CONTRACT		05/07/2014	85,100.00	0.00	0000005125
RJohnson		POLICE					CENTER FOR PUBLIC SAFETY MANAGEMENT
PUBLIC SAFETY STUDY							Contact:
							Phone:
14-000273	Partial	CONTRACT		05/07/2014	85,100.00	53,060.00	0000005125
BDBond		POLICE					CENTER FOR PUBLIC SAFETY MANAGEMENT
PUBLIC SAFETY STUDY							Contact:
							Phone:
14-000274	Open	Regular	04/15/2014	06/03/2014	25,584.50	25,584.50	0000005130
KWallace		WPC					EN POINTE TECHNOLOGIES SALES INC
PROVIDE PARTS AS LISTED ETHERNET COMMUNICATIONS SWITCHES							Contact:
							Phone:
14-000283	Open	Regular	04/02/2014	06/09/2014	300,000.00	300,000.00	0000003238
CDotson		CED					GENESEE COUNTY LAND BANK AUTHORITY
GENESEE COUNTY LAND BANK WEED AND TRASH ABATEMENT FHUD14CDBG							Contact:
							Phone:
14-000284	Open	Regular		06/09/2014	22,375.00	22,375.00	0000000133
BDuncan		TE					MCNAUGHTON MCKAY ELECTRIC CO
DECORATIVE LIGHTING SUPPLIES							Contact:
							Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000285 BDuncan TRAFFIC COUNTERS AND ACCESSORIES	Open	Regular TE		06/11/2014	7,000.00	7,000.00	0000000035 CARRIER AND GABLE Contact: Phone:
14-000287 KNeumann MOVING ASSESSMENT	Partial	Regular MAINT		06/11/2014	7,572.50	4,653.00	0000001911 CORRIGAN MOVING SYSTEMS Contact: Phone:
14-000288 KNeumann NEIGHBORHOOD CLEANUP'S - DUMPSTERS	Partial	Blanket TRAN ADMIN		06/11/2014	5,000.00	4,278.39	0000004862 RWS OF MID MICHIGAN Contact: Phone:
14-000300 JEvans AUTO MARK SERVICE AND MAINTENANCE	Completed	Regular CLERK	06/12/2014	06/18/2014	7,504.00	0.00	0000003867 RBM CONSULTING, LLC Contact: Phone:
14-000301 VFoster COMPUTER WRITERS, DVD BURNERS, SWITCHES, ACCESSORIES, CABLES,	Open	Regular IS	06/15/2014	06/18/2014	5,793.15	5,793.15	0000004499 NEWEGG INC. Contact: Phone:
14-000306 VFoster LAPTOPS, MONITORS, AND PRINTERS	Open	Regular IS	06/15/2014	06/24/2014	10,007.22	10,007.22	0000000822 DELL MARKETING LP Contact: Phone:
14-000309 JEvans OFFICE SUPPLIES FOR UPCOMING ELECTION	Open	Regular CLERK		06/25/2014	6,000.00	6,000.00	0000000156 *OFFICE DEPOT* Contact: Phone:
14-000310 VFoster DESKTOP MEMORY	Open	Regular IS	06/15/2014	06/25/2014	13,901.45	13,901.45	0000002983 BEST BUY GOV LLC Contact: Phone:
Grand Totals:		62			5,034,889.78	2,561,790.54	

Section Separator

(d) A description of any new position created or any vacancy in a position filled by the appointing authority.

Positions Hired or Vacancy Filled

April	May	June
Court Recorder	IT Specialist	(8) Casual Skilled Laborers
HR/LR Assistant	(2) Captain	WP Lab Assistant
Principal Clerk Typist	(4)Lieutenant	WP Operator Maint. Trainee
Exec. Sec. to HR/LR Director	Deputy City Treasurer	HR/LR Services Specialist
Associate Planner	Litigation File Clerk	
Sewer Construction Oper.	Planning & GIS Assistant	
(7) WP Operator Trainee		
(7) Water Dist. Oper. Trainee		
Caseworker Coordinator		
School Crossing Guard		
Demo. Grants Monitor		
Retirement Specialist		
Judicial Sec/Court Recorder		
Police Officer		
Street Operator Maintainer		

Vacany Filled

STATE OF MICHIGAN
68TH JUDICIAL DISTRICT

PRESIDING JUDGE WILLIAM H. CRAWFORD II • JUDGE TRACY COLLIER-NIX • JUDGE M. CATHY DOWD
JUDGE HERMAN MARABLE, JR. • JUDGE NATHANIEL C. PERRY III
PAULA J. McGLOWN, Court Administrator

October 24, 2013

To: Paula J. McGlown, Court Administrator

From: Hon. Tracy Collier-Nix, District Court Judge

Re: Court Recorder/Judicial Secretary appointment

Please be advised that I have selected Suzette Hawkins to serve as my Court Recorder/Judicial Secretary. It is my understanding that Ms. Hawkins will be compensated at Level 22E on the Exempt compensation schedule. This appointment is effective January 13, 2014.

Tracy Collier-Nix

Hon. Tracy Collier-Nix
Judge, 68th District Court

cc: Hon. Richard Yuille, Chief Judge
Suzette Hawkins, Casework Coordinator

630 S. SAGINAW STREET • SUITE 1
FLINT, MICHIGAN 48502-1526
(810) 766-8968
FAX (810) 766-8967

ADMINISTRATION 766-8970

Vacany Filled

STATE OF MICHIGAN
68TH JUDICIAL DISTRICT

PRESIDING JUDGE WILLIAM H. CRAWFORD II • JUDGE TRACY COLLIER-NIX • JUDGE M. CATHY DOWD
JUDGE HERMAN MARABLE, JR. • JUDGE NATHANIEL C. PERRY III
PAULA J. McGLOWN, Court Administrator

October 4, 2013

To: Paula J. McGlown, Court Administrator

From: Hon. Nathaniel C. Perry III, District Court Judge

Re: Court Recorder/Judicial Secretary appointment

Please be advised that I have selected Brandy Graham to serve as my Court Recorder/Judicial Secretary. It is my understanding that Ms. Graham will be compensated at Level 22E on the Exempt compensation schedule. This appointment is effective October 28, 2013.

Hon. Nathaniel C. Perry
Judge, 68th District Court

cc: Hon. Richard Yuille, Chief Judge
Brandy Graham, Provisional Casework Coordinator

630 S. SAGINAW STREET • SUITE 1
FLINT, MICHIGAN 48502-1526
(810) 766-8968
FAX (810) 766-8967

ADMINISTRATION 766-8970

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Human Resources & Labor Relations Assistant	**Job Code Number:**	16-C-165
Established:	May 25, 2007	**Bargaining Unit:**	Exempt

GENERAL STATEMENT OF DUTIES:
Assists in Human Resources and Labor Relations related transactions by performing moderately complex clerical work where the use of a computer is essential; processes and maintains a variety of personnel records, documents, and files; performs related work as required.

SUPERVISION RECEIVED:
The work is performed under the supervision of the Human Resources and Labor Relations Director and/or their designee.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Assists professional staff with recruitment efforts as assigned. Provides general support services to employees of the department relative to Human Resources and Labor Relations.
2. Reviews employment applications for seasonal employees; checks references, interviews applicants and sets up interviews with departments.
3. Posts job notices; reviews job applications; establishes order of applicants based on labor contract; contacts departments with regard to promotions and transfers.
4. Schedules new employees for physical examination; provides initial orientation to employees regarding benefits.
5. Prepares a variety of reports for personnel management purposes; prepares statistical data for reports.
6. Tracks and logs personnel requisitions, grievances, requests for information; completes salary and benefits surveys as needed.
7. Provides technical assistance to other Human Resources staff, as needed.
8. Provides clerical support for the Unemployment Compensation activities; maintains unemployment files and reports.
9. Performs miscellaneous clerical tasks, such as scheduling of appointments and meetings, taking and referring phone calls and providing information to the public and other City departments; filing, receiving and distributing mail and operating office equipment.
10. Uses a computer to compose and type a variety of correspondence, reports, manuals and other documents, applying knowledge of departmental operations and regulations. May use database, spreadsheet or other software to create files and records. Uses the City's office automation network to create, maintain and file a variety of documents; schedule events and communicates electronically with other network users.
11. Schedules employees for photo identification badges; operates Photo ID System; prepares employee identification cards.
12. Processes employment verifications; maintains computerized employment verification log.

ESSENTIAL DUTIES AND RESPONSIBILITIES CON'T.:

13. Performs other duties as assigned.

MINIMUM ENTRANCE REQUIREMENTS:

A. Graduation from High School; college or business school training preferred.
B. Two years working with employee records; or any equivalent combination of training and experience.
C. Ability to type at a rate of forty (40) words per minute.
C. Working knowledge of and ability to operate a computer;
D. Ability to operate a personal computer; ability to demonstrate proficiency in the databases and spreadsheet programs utilized by the City.
E. Ability to maintain and keep detailed clerical records, to assemble and organize data, compile charts and prepare reports from data.
F. Ability to maintain confidentiality.
G. Ability to listen and ascertain the needs of customers; ability to find and communicate information concerning process, policies and procedures to other employees and the general public.
H. Ability to establish effective working relationships with applicants, employees, officials, labor unions and the general public; Ability to maintain confidential and sensitive information; ability to understand and follow instructions.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle or feel objects, tools, or controls; and reach with hands and arms.

The employee must occasionally lift and/or move up to 10 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

Classification History
Established: Personnel 5/24/07
Revised & Reallocated: Human Resources 09/13/13

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Principal Clerk Typist	Job Code Number:	16-A-010
Established:	July 30, 1981	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Acts as secretary to the administrator of a large department or major operating division; performs difficult and complex clerical work involving a considerable degree of decision; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of an administrative employee who assigns work and reviews for accuracy, but allows considerable independence of action.

SUPERVISION EXERCISED: Exercises working supervision over a few clerical employees engaged in a variety of clerical duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Types from a variety of drafts, forms, letters, receipts, records, reports, tape recordings and other materials which includes frequent use of technical terminology; prepares rough draft narratives and tabulations.
2. Researches and gathers a variety of data for use in composing and typing correspondence, applying knowledge of departmental operations and regulations.
3. Performs a variety of secretarial activities, taking action as necessary in disposing of matters assigned by superiors.
4. Receives and interviews visitors; makes appointments and arranges meetings; opens, reads, and distributes incoming mail; assembles pertinent files and materials relevant to reply; maintains confidential files.
5. Checks the accuracy and completeness of reports and computations made by others; makes difficult computations and tabulations; may perform bookkeeping work and maintain accounting records; maintains petty cash fund.
6. Maintains payroll records; computes payroll distribution; distributes payroll checks to employees.
7. Performs a variety of clerical work such as answering the phone, waiting on the counter, receiving fees, copying and the requisitioning of supplies.
8. Operates various office machines; may operate a dictation machine or a variety of other word processing equipment.
9. May supervise or assist subordinate clerical employees in the performance of routine to moderately complex office work.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least two years of experience in the performance of responsible and difficult clerical or secretarial work.
B. Considerable knowledge of modern office practices and procedures and of Business English and Arithmetic.
C. Ability to type from plain copy at the rate of fifty (50) net words per minute at a computer keyboard.
D. Ability to use computer software as related to office practices including electronic word processing, database, and spreadsheet packages.
E. Ability to compose letters and reports relative to work which does not depart substantially from routine.
F. Ability to keep involved clerical records; to assemble and organize data; and to prepare reports from such data.
G. Ability to prepare effective correspondence.
H. Ability to plan and supervise the work of subordinate clerical employees.
I. Ability to make decisions independently in accordance with rules, regulations and departmental policies and procedures.
J. Ability to deal with the public courteously and tactfully.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History
Established: Personnel 07/30/81
Reallocated: Personnel (Wage Inequity) 07/01/87
Revised: Personnel 04/20/98
Revised: Human Resources 10/06/04
Revised: Human Resources 02/25/05
Reallocated: Human Resources 10/22/06

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

EM SUBMISSION NO.: EME 2362014

PRESENTED: 4-11-14

ADOPTED: 4-17-14

BY THE EMERGENCY MANAGER:

RESOLUTION APPROVING THE TEMPORARY APPOINTMENT OF CONCEPION DAVILA TO THE POSITION OF EXECUTIVE SECRETARY IN THE HUMAN RESOURCES AND LABOR REALTIONS DEPARTMENT

Pursuant to the authority granted the Emergency Manager by Public Act 436, Concepion Davila shall be employed by the City of Flint in the Human Resources and Labor Relations Department performing duties relative to complex secretarial and technical functions related to the personnel operations of the City. In order to provide temporary support to the Director of Human Resources and Labor Relations, the Emergency Manager has determined that it would be advantageous for the City to appoint Concepion Davila as the Executive Secretary in the Human Resources and Labor Relations Department.

Mrs. Davila possesses the necessary knowledge and experience, and is best suited to assist the Human Resources and Labor Relations Department; and

Compensation shall be at the rate of $15.00 per hour budgeted and funded from the Human Resources and Labor Relations budget line item 101-270.100-702.000 - Wages and Salaries. Mrs. Davila shall be paid in bi-weekly installments and subject to customary withholdings and receive direct fringes of 10.49%. No other benefits shall be provided.

IT IS RESOLVED, that the Emergency Manager shall, on behalf of the City of Flint appoint Concepion Davila as the Executive Secretary. The agreed upon compensation is $15.00 per hour and subject to customary withholdings. Further Mrs. Davila's appointment in this capacity is subject to the parameters set forth above.

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:

For

Gerald Ambrose, Finance Director

EM DISPOSTION

ENACT ✓ **REFER TO COUNCIL** **FAIL**

Darnell Earley, Emergency Manger

DATED 4-17-14

RESOLUTION STAFF REVIEW FORM

DATE: April 1, 2014

Agenda Item Title: Resolution approving the temporary appointment of Concepion Davila to the position of Executive Secretary in Human Resources and Labor Relations Department

Prepared By: Erycka K. Hunter, Director
Human Resources/Labor Relations

Background/Summary of Proposed Action: In order to provide continuity of services in the Human Resources and Labor Relations Department; performs complex secretarial and technical functions related to the personnel operations of the City, exercising initiative, a high degree of accuracy, sound judgment and discretion in the performance of duties; assists the Director of Human Resources and Labor Relations with the administrative functions of the Department; takes and transcribes difficult and/or technical dictation; may assist other staff with various duties; performs related work as required.

Financial Implications: Compensation shall be at the rate of $15.00 per hour, there will also be fringe benefits at a rate of 10.49% of wages.

Budgeted Expenditure: no

Account #: 101-270.100-702.000 (Wages/Salaries) and 101-275.100-719.100 (Direct Fringes).

Pre-encumbered: no

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: _____ **Approval:** _____
(Administration)

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Associate Planner	Job Code Number:	22A-C-205
Established:	May 10, 2011	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: The Associate Planner will assist the Chief Planner in managing a comprehensive master planning process for the City of Flint. Primary duties will include staffing city entities involved in the planning process and serving as a liaison among city entities, consulting firms, and the Chief Planner's office. This position requires strong analytical, project management, and communication skills, including the ability to provide critical feedback on the substantive work of developing the plan, facilitate and manage group processes, and communicate clearly among multiple stakeholder groups both in writing and orally. The position will also involve research and data collection and analysis. Activities will be performed under the supervision of the Chief Planner.

SUPERVISION RECEIVED:
Works under the general supervision of the Chief Planner who gives administrative guidance and instruction.

SUPERVISION EXERCISED:
None

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Provides staff support to local governmental units and/or consultant teams as assigned, including: coordination and facilitation of meetings; recording minutes of meeting discussions; seeking and compiling information and data, as directed; preparation of documents that communicate information in a clear and concise manner.
2. Communicates regularly with Chief Planner regarding day-to-day duties and to enable effective coordination of the planning process across various units.
3. Attends meetings and makes presentations to various community and governmental groups on work-related activities.
4. Prepares written reports as necessary.

MINIMUM ENTRANCE REQUIREMENTS:

1. Bachelor's degree in Planning, Community Development, Urban Studies, Resource Development, or a related field; Master's degree is preferred.

   – OR –

   Bachelor's degree and two (2) years' professional planning experience in a planning office, private sector, or non-profit organization that primarily provides services to the public sector.
2. Knowledge of urban planning principles and practice.
3. Understanding of form-based zoning codes.
4. Knowledge of social, economic, and environmental issues facing Flint and similar post industrial cities.
5. Ability to communicate effectively both orally and in writing.

MINIMUM ENTRANCE REQUIREMENTS (Cont'd):

6. Ability to interpret and follow complex oral and written directions.
7. Ability to manage meetings among multiple stakeholders with divergent goals.
8. Knowledge of basic research techniques and reference sources.
9. Ability to read maps and other graphic materials.
10. Knowledge of word processing, Excel, and PowerPoint software.
11. Familiarity with Geographical Information Systems (GIS) mapping software is highly desirable.

NECESSARY SPECIAL REQUIREMENT(S):

* Requires the ability to travel to community meetings.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms. The employee must occasionally lift and/or move up to 10 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

Classification History:
Established 05/10/2011

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title: Sewer Construction Equipment Operator	Job Code Number:	21-N-062
Established: June 28, 1984	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Operates, maintains, and repairs tractor-loader-backhoe and hydraulic excavator used for digging, loading, unloading, and handling materials used in the installation and maintenance of the City Sewer Systems. Operates other heavy equipment such as tapping machines utilized in field work of the Sewer Division. Assists foreman in directing field crews. Performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of an employee of higher grade who assigns work and inspects jobs in progress.

SUPERVISION EXERCISED: May assist foreman in exercising working supervision over a small number of employees engaged in the installation and maintenance of the City Sewer Systems.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Operates, maintains, and repairs a hydraulic excavator to dig excavations for repair and installation of sanitary and storm sewers; manholes and drainage structures. Loads and unloads materials and supplies to and from trucks, railroad cars and stockpiles.
2. Operates hydraulic excavator for excavating and handling materials for various other City Departments in unusual or critical area.
3. Operates, maintains, and repairs diesel-powered tractor-loader-backhoe used for the installation, maintenance and repair of the City Sewer Systems.
4. May assist foreman and in his absence performs the duties of the lead man in directing field crews in installation and repairs of the City Sewer Systems.
5. May be required to operate other construction equipment such as bulldozers, graders and similar equipment.

MINIMUM ENTRANCE REQUIREMENTS:

1. One (1) year experience as a Sewer Systems Maintainer - **OR** - One (1) year experience operating a material moving industrial tractor for the City of Flint.
2. Working knowledge of the principles of heavy automotive and diesel powered construction equipment operation and its uses.
3. Knowledge of the construction of heavy automotive and diesel powered equipment.
4. Ability to make minor repairs and adjustments and to service heavy construction equipment.
5. Skill in the operation of heavy automotive and diesel powered construction equipment.
6. Ability to meet the physical, mental, and visual standards of the job.
7. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

NECESSARY SPECIAL REQUIREMENT(S):

- Possession of a valid State of Michigan Driver's License at time of appointment.
- Possession of a valid State of Michigan Commercial Driver's License Class "A" within six (6) months of appointment.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee regularly works in outside weather conditions. The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must occasionally lift and/or move up to 50 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus.

Classification History:
Established: Personnel 06-28-84
Revised: Personnel 10-10-94, 09-04-97
Revised: Human Resources 09-01-05, 07-21-06, 07-25-06
Reallocated (Wage Inequity) 10/21/07

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Water Plant Operator Trainee	Job Code Number:	12-N-001
Established:	October 22, 1974	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Under an on-the-job training program with close supervision, maintains, operates and repairs water pumping, softening, disinfecting and other treatment equipment; performs related work as required. (After six (6) months experience as a Water Plant Operator Trainee, the employee will be eligible for **and must pass** ~~to take~~ the examination for promotion to Water Plant Maintainer.

SUPERVISION RECEIVED: Works under the direct supervision of the Water Plant Maintenance Supervisor or Water Plant Operations Foreman or another employee of higher grade who assigns work, provides assistance when needed and reviews work for satisfactory completion.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Inspects, cleans adjust and repairs water plant equipment such as filter beds, valves, controllers, recording gauges, coagulators, chlorinators, chemical feeders, softening equipment, sump and sludge pumps, compressors, pumps and motors.
2. Maintains, operates, and repairs settling basins, clear wells, hydraulic valves, and pumping equipment; operates and maintains dams.
3. Performs routine inspections of water treatment equipment and facilities; performs record keeping functions with regard to such inspections.
4. Backwash and cleans filters, checks filter valves, records loss of head, rate of flow; installs, and repairs water lines.
5. Takes water samples and makes simple chemical test such as hourly chlorine residuals of tap settled and effluent water; makes turbidity and coagulation tests.
6. Assists in maintaining and repairing plant buildings and appurtenances.
7. Loads and unloads material and supplies.

MINIMUM ENTRANCE REQUIREMENTS:

~~A. Completion of 10th grade in high school.~~ **High School Diploma or Equivalent.**
B. Working knowledge of the methods, practices, tools, and materials used in the mechanical trades.
C. Ability to perform mathematical calculations involving algebra and geometry.
D. Ability to perform semi-skilled maintenance task as directed.
E. Ability to use common hand tools with a reasonable degree of skill.
F. Ability to meet the physical, mental and visual standards of the job.
G. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons, or equipment.

NECESSARY SPECIAL REQUIREMENT:

- Possession of a valid State of Michigan Driver's License at the time of application.
- **Possession of an MDEQ F4 license is required within eighteen (18) months of appointment.**

PHYSICAL DEMANDS:

The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus. Hand-eye coordination is necessary to operate computers and various pieces of office equipment.

Classification History:
Established CSC Mtg: 10-22-74
Revised: Personnel 06-27-78, 02-27-80, 04-15-85, 12-07-89
Revised & re-titled: Personnel 02-07-97 (formerly Water Trainee)
Revised: Human Resources 08/06/08
Revised: Human Resources 01/09/14

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Water Distribution Operator Trainee	Job Code Number:	16-N-035
Established:	June 26, 1961	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Under an on-the-job training program with close supervision installs, maintains and repairs water mains, valves, meters, hydrants and other appurtenances of the water supply system; performs related work as required. As the training progresses, supervision may be proportionately decreased and the responsibility of assignments increased. After completion of 2080 paid working hours, not including overtime, of on-the-job training, in the Water Service Center Division, the training period will be considered complete and the employee eligible for examination for promotion to Water Distribution Operator.

SUPERVISION RECEIVED: Works under the direct supervision of a foreman or employee of a higher grade who assigns work and checks for proper performance of duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Installs water mains and new service lines; inserts tapping valves for new mains and service lines.
2. Lays and repairs water mains; repairs gate valves; installs, repairs and tests fire hydrants; constructs and repairs wells on line gates.
3. Installs service connections, including tapping water main and laying service pipe; connects and disconnects shut-off valves and stop box; digs and back-fills trenches; locates and digs up curb boxes as necessary; thaws frozen lines in winter.
4. Caulks joints, cuts pipe, cuts out broken pipe, puts on sleeves, shuts off gate valves, repairs stuffing boxes.
5. Installs and removes consumer water meters. Performs water turn on and off's.
6. Operates equipment such as air compressors, valve turning or other equipment associated with water distribution and repair.
7. Drives utility dump trucks or other vehicles; orders materials; makes out simple reports on work performed and materials used.
8. May work with one or more Water Service Center employees.
9. May clean and repack water meters and/or be assigned duties in the stockroom.
10. May be required to perform duties in Sewer Operations.

MINIMUM ENTRANCE REQUIREMENTS:

A. Ability to communicate orally and carry out oral instructions.
B. Skill in the use of the more common shop tools.
C. Ability to perform manual labor for extended periods under unfavorable climatic conditions or in mud or water.
D. Mechanical aptitude.
E. Ability to meet the physical, mental and visual standards of the job.
F. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.
G. Underground excavation and heavy equipment experience preferred.

NECESSARY SPECIAL REQUIREMENT:

A. Possession and maintenance of a valid Driver's License.
B. Possession and maintenance of a valid CDL Class B Driver's License.
C. Progression in the training series to Senior Operator level is required to remain in the program. Must make continuous satisfactory progress in the training program including promotion to Operator within twelve (12) months to remain employed in the series. Operational knowledge and training progress will be assessed periodically by WSC supervision.
D. Employee must successfully complete six (6) month probationary period.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee regularly works in outside weather conditions. The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is frequently required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must frequently lift and/or move up to 50 pounds and occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus.

Classification History

Allocated: CSC MTG. 05/15/61
Established: SC MTG. 06/26/61
Reallocated: CSC MTG. 12/12/69
Re-titled: CSC MTG. 07/02/74
Revised: Personnel 07/07/81, 03/17/82, 05/03/90, 02/01/01, 02/25/11
Revised, Reallocated, Retitled: Human Resources 11/08/2013
(Formerly Water Distribution Maintainer Trainee)

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Casework Coordinator	Job Code Number:	23-M-028
Established:	September 16, 2011	Bargaining Unit:	Local 1799

GENERAL STATEMENT OF DUTIES: Performs a variety of tasks to assist the Court Services Manager and/or Court Administrator including, but not limited to, the following: supervises multiple departments, coordinates the training, assignments, and scheduling of clerical work. Develops policies and guidelines specific to the operation of each department of the Court, including orientation and reference material. Attends State training sessions and develops procedures to ensure compliance. Establishes new court programs as mandated by the State.

SUPERVISION RECEIVED: Works under the supervision of the Court Administrator and/or Court Services Manager or Administrative employee designated by the Court Administrator.

SUPERVISION EXERCISED: Exercises working supervision over District Court employees performing the following functions: Caseflow (Traffic/Criminal/Civil), Fiscal (Accounting/Payroll/Tellers), Information Systems (Computer Support), Court Officers/Jury (Noticing & Impaneling), and all support service activities to the Court.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Supervises employees engaged in processing a variety of District Court functions.
2. Assigns daily duties, work schedules, and training.
3. Provides orientation, training, and guidance to District Court employees as it relates to Administrative policies and procedures, State mandated requirements, and compliance with the Supreme Court.
4. Monitors the development of staff. Fairly administers discipline when necessary.
5. Responsible for the completion of work assigned to each division. Addresses problem files and/or situations: identifying the cause, drafts written procedures and policies to address work flow.
6. Provides assistance and direction (verbal and written) on court matters to Attorneys, Law Enforcements Officers, and members of the public. Provides non-legal information and services to the Attorneys, Process Servers, Jurors, Citizens, Police and the public regarding the processing of District Court cases.
7. Coordinates the scheduling of juries and ensures guarding and attending to the needs of juries during trial deliberations. Maintains accurate records and coordinates attendance, call-in, and recordkeeping for juror service.
8. Coordinates the scheduling and notification of all court proceedings, physical caseflow, records retention/disposal,
9. Provides input to the Court Services Manager and/or Court Administrator on the development/revision of procedures impacting the designated areas of responsibility.
10. Performs some of the more complex case and record processing functions of the division(s).
11. Assists staff by dealing with the more difficult or belligerent individuals.
12. Maintains effective communication between and among other sections of the Court.
13. Operates SOS/LEIN terminal to enter and/or remove warrants. Operates a computer terminal to enter and access data related to court cases.
14. Assists the Accounts Analysts by preparing bond checks and assisting in daily bank deposits or cash outs as needed.
15. Compiles court activity statistics and prepares reports containing caseload and financial information. Analyzes case activity.

ESSENTIAL DUTIES AND RESPONSIBILITIES(Con't):

16. May serve as court representative on task forces and committees as assigned by the Court Services Manager and/or Court Administrator.

17. Performs related duties as assigned.

MINIMUM ENTRANCE REQUIREMENTS:

A. Associate degree in public, business, or court administration (or legal related field) OR work equivalent experience of six (6) years with preferably two (2) to (4) years progressive responsibility.
B. Knowledge of State mandated requirements, laws, and City ordinances as they relate to the 68th District Court operational procedures.
C. Knowledge of the terminology, operation, policies, and procedures of the 68th District Court, Michigan statutes, and Court rules.
D. Knowledge of data processing procedures as they relate to the 68th District Court operational procedures.
E. Knowledge of Court Collection standards, State auditing requirements, LEIN standards, standard office procedures,
F. Ability to supervise staff, delegate work assignment, communicate effectively (both verbal and written), and fairly administer discipline.
G. Ability to work professionally with people of all social strata as it relates to staff or the general public.
H. Ability to gather data and make accurate mathematical calculations and tabulations.
I. Ability to establish and maintain professional relationships with co-workers, Attorneys, Police personnel, and the general public.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit, talk, hear, walk, use hands to fingers, handle or feel object, tools, or controls; and reach with hands and arms. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required for this job include close vision and the ability to adjust focus.

Classification History
Established: Human Resources 09/16/11

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	School Crossing Guard	Job Code Number:	02-P-031
Established:	August 31, 1964	Bargaining Unit:	None

GENERAL STATEMENT OF DUTIES: Assists school children in safely crossing the streets at or near a school; notes traffic or other law violators and reports them to Police Department; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of Police personnel who makes assignments and frequent inspections.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Assists school children in crossing streets or street intersections by directing or halting traffic when necessary.

2. Gives directions answers questions, and otherwise assists the general public.

3. Observes traffic or other law violators and reports them to police authorities.

4. Performs related work as required.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least 18 years of age or high school graduation. (Applicants beyond the age of 70 may be appointed to this position.)
B. Working knowledge of State laws and City ordinances pertaining to traffic regulations.
C. Working knowledge of the location of City streets and buildings.
D. Ability to follow oral and written directions.
E. Ability to deal courteously but firmly with the public.
F. Ability to deal successfully with school children, the general public and police officers.
G. No serious defects of vision, hearing, or members. (Vision, hearing, and cardiovascular system to be checked prior to start of each school year.)
H. Ability to meet the physical, mental, and visual standards of the job.
I. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to stand; sit; walk; talk or hear; use hands to finger or handle objects, tools or controls; and reach with hands and arms. While performing the duties of this job, the employee regularly works in outside weather conditions and around traffic. The employee is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, extreme cold, extreme heat and vibration.

Classification History:
Allocated: CSC 07/01/63
Established: City Comm. 08/31/64
Revised: Personnel 06/21/79, 01/11/82
Revised: Human Resources March 2005

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

EFM SUBMISSION NO.: EMC 174-2014

PRESENTED: 3-11-14

ADOPTED: 3-14-14

BY THE EMERGENCY FINANCIAL MANAGER:

RESOLUTION TO EMPLOY THE SERVICES OF CHRISTOPHER JONES

Pursuant to the authority granted the Emergency Manager by Public Act 436, Christopher Jones shall be employed by the City of Flint in the Community Development Department – Building Safety Inspections Division performing assignments related to the coordination of the Demolition Program. Mr. Jones's employment with the City of Flint shall be at the will of the Director of Planning and Development until such time as it is determined that his employment shall cease or until the grant funding is no longer available; and

Mr. Jones holds the knowledge and expertise in grant programs, understanding of grant processing procedures and is best suited to assist in meeting grant deadlines; and

Mr. Jones shall be compensated at an hourly rate of $18.00 per hour budgeted and funded through grants in the FY13-14 BSI Demolition Program from account CDBG (274-748.150-702.000) on a bi-weekly basis, subject to customary withholdings (FICA taxes, etc.). Deduction from line item would depend on what grant is being worked on during the specific pay period; and

Mr. Jones shall receive fringe benefits at a rate of 10.49% of wages coming from line item "Other-departmental Fringes." No other benefits shall be provided.

IT IS RESOLVED that the Emergency Manager shall, on behalf of the City of Flint, appoint Christopher Jones under the terms and conditions stated above. Compensation shall be drawn from appropriated funds in the respective budgets according to work performed.

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ **REFER TO COUNCIL**_____ **FAIL**_____

Darnell Earley, Emergency Manager

DATED: 3-14-14

RESOLUTION STAFF REVIEW FORM

DATE: March 6, 2014

Agenda Item Title: Resolution to Employ the Services of Christopher Jones

Prepared By: Matthew Williams, Associate Planner

Background/Summary of Proposed Action:
Christopher Jones employment is vital to replace an employee who is leaving this position. Mr. Jones holds the knowledge and expertise in grant programs, understanding of grant processing procedures and is best suited to assist in meeting grant deadlines.

Mr. Jones shall be employed by the City of Flint in the Community Development Department -Building Safety Inspections Division performing assignments related to the coordination of the Demolition Program.

In order to provide continuity of services, the Emergency Manager has determined that it would be advantageous for the City to employ Christopher Jones under the terms and conditions stated above.

Financial Implications:
This position is budgeted and funded through grants in the FY'13-'14 BSI Demolition Program from CDBG account (274-748.150-702.000). Mr. Jones shall be compensated at an hourly rate of $18.00 to include mandatory statutory benefits (FICA taxes) from various grant-funded sources, as identified in the respective budgets according to the work performed. Mr. Jones shall be paid in biweekly installments consistent with established written policies and procedures of the City of Flint and subject to customary withholdings.

Budgeted Expenditure: Yes __X__ No _____ **Please explain, if no:** _____

Pre-encumbered: Yes __X__ No _____ Funding available in the FY '14 budget from the various funding allocations to be distributed in accordance with the approved budget.

Staff Recommendation:
The Director of Department of Planning and Development/Chief Planning Officer recommends approval of this resolution.

Staff Person: for Matthew Williams
Megan Hunter, Chief Planning Officer, Director of Planning and Development

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Retirement Specialist	Job Code Number:	22-C-152
Established:	August 23, 2004	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Assists the Retirement & Benefits Manager in determining employees' eligibility for retirement, death benefits, contribution withdrawals, etc. according to individual collective bargaining agreements and the City of Flint's Retirement System Ordinance. Performs duties as outlined by guidelines, which exist in the form of program policies and procedures and City, State and Federal retirement regulations and laws. Interacts consistently with active and retired Retirement System members, employees in central and departmental personnel units, financial planners and health care carriers to disseminate and obtain information. Performs related work as required.

SUPERVISION RECEIVED: Works independently under the general supervision of the Retirement & Benefits Manager.

SUPERVISION EXERCISED: May exercise working supervision over a few employees engaged in Retirement and Benefits activities.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Research and compile Retirement System members' retirement records affecting potential retirement benefits including work history, contributions, service time and compensation. Audits retirement data and assists in correcting deficiencies.

2. Manually calculate all components of retiring individual's benefits; manually calculate periods of unpaid time from retirement card file or other sources containing service history; calculate average salary and amount of retirement credit.

3. Prepare analysis of information to assist potential retirees in making financial decisions.

4. Respond to inquiries concerning Retirement System policies and procedures, and interpret and explain City, State and Federal rules and regulations concerning retirement.

5. Provide information pertaining to pension estimates, retiree benefits and cost of living adjustments.

6. Compile, research and report on data relating to retirements, deaths, death benefits and bonus payments.

7. Schedule retirement interviews and assist with development of interview guides and documents; draft routine correspondence and reports.

8. Maintain confidential retirement system files for active and retired members.

9. Composes and edits a variety of correspondence, reports, memoranda, and other related material requiring judgement as to content, accuracy, and completeness. May type Retirement Board minutes and agenda.

10. Performs other related duties of a comparable level/type as assigned.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least three (3) years paid work experience performing responsible and highly confidential office work, one (1) year of which must have been in a position with primary responsibility for the preparation and maintenance of benefits and/or medical records.
B. Two years of full-time paid work experience in investments, accounting or the administration of a payroll, retirement or fringe benefit plan.
C. Ability to work under pressure with frequent interruptions; Ability to maintain confidentiality.
D. Knowledge of the organization, work, functions, policies and procedures involved in the administration of employee retirement and benefit systems and the related laws and regulations.
E. Ability to make arithmetic computations quickly and accurately, including basic algebra.
F. Ability to perform mathematical computations to compute retirement benefits and to research, use initiative and judgment to gather the appropriate data to perform the calculations
G. Ability to use automated mainframe systems and microcomputer analytical programs to generate pension fund performance reports and payroll charts and reports.
H. Ability to supervise the maintenance of involved records and files and to assemble, organize and prepare detailed and difficult reports from them.
I. Ability to deal effectively with other City employees, retirees, elected policy boards, money managers and the general public.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle or feel objects, tools or controls; and reach with hands and arms.
The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History:
Established: Human Resources 08/23/04

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

STATE OF MICHIGAN
68TH JUDICIAL DISTRICT

PRESIDING JUDGE WILLIAM H. CRAWFORD II • JUDGE TRACY COLLIER-NIX • JUDGE M. CATHY DOWD
JUDGE HERMAN MARABLE, JR. • JUDGE NATHANIEL C. PERRY III
PAULA J. McGLOWN, Court Administrator

68TH DISTRICT COURT
SERVICES AGREEMENT

IT IS AGREED THAT:

Judge Herman Marable, Jr., of the 68th District Court, has need for the services of a Contract Court Recorder/Judicial Secretary.

1. Sandra Quiel possesses the State certification, knowledge, skills, and experience necessary to perform the duties required of Contract Court Recorder/Judicial Secretary for Judge Herman Marable, Jr., of the 68th District Court.

2. Judge Herman Marable, Jr., of the 68th District Court shall utilize the services of Sandra Quiel at the hourly rate of pay of $23.81 per hour. Any hours worked beyond 40 hours per week will be paid at time and a half. In addition, any hours worked on holidays and/or weekends will be paid at time and a half. This agreement does not entitle Sandra Quiel to any employment benefits.

3. Sandra Quiel shall submit time records for services rendered. Said time records shall indicate dates and hours for which services were performed.

4. This agreement is effective April 1, 2014, and shall be binding on the parties and their successors in interest.

5. This agreement is terminable at will by either party upon written notice.

Paula J McGlown
For the 68th District Court
Paula J. McGlown, Court Administrator

Date: 3-28-14

Witness

Sandra S. Quiel
Sandra S. Quiel
Contract Court Recorder/Judicial Secretary
SS#: 376-70-3192

Date: 3-28-14

Date: 3-28-14

630 S. SAGINAW STREET • SUITE 1
FLINT, MICHIGAN 48502-1526
(810) 766-8968
FAX (810) 766-8967

ADMINISTRATION 766-8970

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Police Officer	Job Code Number:	18-P-012
Established:		Bargaining Unit:	FPOA

GENERAL STATEMENT OF DUTIES: Patrols the City of Flint to prevent crime, arrest violators of law, protect life and property, investigate traffic accidents, control traffic and maintain law and order; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of a Sergeant or a command officer who reviews work for conformance with departmental orders and regulations

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Patrols assigned areas on foot, horse, motorcycle, cruiser or aircraft using radio equipment to prevent crime, direct traffic, investigate traffic accidents and to enforce federal, state and local laws.
2. Investigates suspicious activities and apprehends persons endangering the public. Conduct investigations at the scene and gather, preserve and mark evidence pertaining to criminal cases and submit investigations for prosecution.
3. Consults with people regarding inquiries, complaints and information and makes proper disposition or refers to command officer.
4. Investigates traffic accidents to determine cause, takes statements, measurements and other evidence that may determine which party is at fault.
5. Maintains records on accidents, arrests, property damage and duty sheets Appears as witness to accidents, crimes and other law violations as well as in probate and juvenile court. Prepares justice, circuit court records and probate court petitions and papers. Serves warrants and subpoenas.
6. May participate in special services functions as: water rescue squad, mounted patrol, communications, impounding automobiles, turnkey, crime research activities or surveillance of labor management disputes as required. May be assigned as school resource officer between Flint Police Department and Flint school system performing all duties customarily performed by school resource officer. May be assigned as mounted patrol officer performing all duties customarily performed by a mounted patrol officer. May be assigned as aircraft officer performing all the duties customarily performed by aircraft officers. May be assigned as dog handler performing all the duties customarily performed by dog handlers.
7. Escorts prisoners to headquarters for booking and is responsible for their safety and property while in custody.
8. Cooperates with prosecutor in preparation and prosecution of cases
9. Checks security of residences and businesses while on patrol
10. Provides public relations for the department by giving tours, speeches, information and assistance to general public.

MINIMUM ENTRANCE REQUIREMENTS:

A. Must be certified or certifiable as a State ofMichigan law enforcement officer.
B. Ability to operate an automobile safely and in accordance with traffic laws.
C. Ability to understand and adhere to the laws and rules of the department.
D. Ability to understand and follow oral and written instructions.
E. Ability to prepare written reports.
F. Ability to deal courteously and firmly with the general public.
G. Aptitude for, or skill in, the use of firearms.
H. Ability to qualify on physical strength and agility test
I. Vision must be a minimum of 20/50 in each eye, corrected to 20/20.
J. Hearing must be normal in each ear.

MINIMUM ENTRANCE REQUIREMENTS: (con't)

K. Personal record such as to withstand rigid criminal and character background investigations.
L. Ability to meet the mental standards of the job.
M. Ability and willingness to work in a manner that will not needlessly endanger the safety of one's self, other persons and equipment.
N. Possession of a good moral character as determined by a background investigation under procedures established by the City of Flint Police Department.
O. No felony convictions or high court misdemeanors.
P. Ability to successfully pass drug screening, physical and psychological evaluations.

NECESSARY SPECIAL REQUIREMENT(S):

- Twenty-one (21) years of age inclusive on date of application. (Applicants who will attain minimum age within three (3) calendar months following date of examination shall be deemed acceptable.)
- Possession of a valid Drivers License (a valid State of Michigan Driver's License will be required at time of appointment).

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is regularly required to stand and walk; occasionally required to run and jump; use hands to finger, handle or feel objects, tools or controls; reach with hands and arms; climb or balance; stoop, kneel, crouch or crawl; taste or smell.

The employee must occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception and the ability to adjust focus.

The employee must be able to withstand exposure to traffic hazards continuously; withstand exposure to weather, wet conditions, high noise levels, hazardous materials and personal danger occasionally.

The employee may, at any time, be at risk of personal danger including, but not be limited to, the result of an intentional attack by people and/or animals as well as environmental hazards.

The employee frequently works in outside weather conditions. The employee occasionally works near moving mechanical parts; in high, precarious places; and with explosives; and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, toxic or caustic chemicals, extreme cold, extreme heat and vibration.

Classification History

Revised: CSC MTG. 02/25/69, 05/26/71, 04/04/72, 04/03/73
Retitled: CSC MTG. 07/02/74
Revised: CSC MTG. 07/01/75
Revised: Personnel 01/04/77
Revised: Police Dept. 07/01/78
Revised: Human Resources 10/09/03
Revised: Human Resources 10/12/04
Revised: Human Resources 11/18/04

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Street Operator/Maintainer	Job Code Number:	22-G-018
Established:	January 7, 1993	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
Operates one or more pieces of heavy construction or maintenance equipment in the installation, construction, maintenance, and repair of city streets, utilities, sidewalks, curbs, gutters, and the building and grounds facilities of the City. Performs skilled labor in the finishing of cement for streets, sidewalks, curbs, gutters and pavements. Performs related work as required.

SUPERVISION RECEIVED:
Works under the supervision of an employee of higher level who inspects work for conformance to standards.

SUPERVISION EXERCISED:
May act as crew leader over a small number of employees on work projects.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Operates diverse pieces of heavy equipment used in performing a variety of grading, excavating, filling, compacting, shaping, construction and maintenance of road surfaces. Performs trenching, snow plowing and removal, sweeping, and salting as required.

2. Assists in the construction and maintenance of streets, sidewalks, concrete curbs and gutters and concrete or asphalt pavements. Cleans, repairs, and places forms used for laying concrete.

3. Operates a loader, tractor or backhoe for loading, unloading or moving materials. Operates a front end loader to load, unload and transfer materials on construction projects such as digging, performs on the spot sewer repairs during street resurfacing activities. Operates a tractor mounted mower for City mowing programs.

4. Performs manual labor and does a variety of routine tasks such as hand shoveling, hand grading, mixing cement, preparing concrete and bituminous pavements or walks for repairs, breaking streets & curbs for repair, tamping asphalt and finishing concrete. Sets curb forms, cuts and fits pipes, raises catch basins and manholes, runs air hammers and sets grades.

5. Operates an asphalt paving machine in the construction and repair of asphalt streets. Operates a tandem roller to compact asphalt paving materials. Operates equipment necessary in making excavations and backfilling and shoring trenches.

6. Performs less difficult inspections of street & construction & repair projects to determine conformance with plans, specifications and departmental work practices.

7. Drives truck to transport equipment, materials and supplies and to plow and salt streets. May act as a crew leader on maintenance work and construction projects.

8. Services and makes minor repairs to equipment. May assist mechanics in the field or garage. May on occasion perform welding and cutting on equipment used in the performance of job duties.

MINIMUM ENTRANCE REQUIREMENTS:

A. Must have completed at least twelve (12) months of on the job training in the job classification Street Operator/Maintainer Trainee I; and at least 2200 hours of on the job training in the job classification of Street Operator/Maintainer Trainee II.
B. Ability to finish concrete.
C. Ability to operate heavy automotive equipment.
D. Ability to perform the semi-skilled tasks involved in street construction and maintenance.
E. Ability to understand and follow oral and written instructions.
F. Ability to service and make minor repairs and adjustments to equipment used and to assist in major repair and overhaul of said equipment.
G. Ability to perform manual labor for extended periods under unfavorable climatic conditions.
H. Mechanical aptitude.
I. Working knowledge of the materials, methods, and practices of construction and maintenance.
J. Willingness to work in a safe manner that will not needlessly endanger the safety to one's self, other persons, and equipment.

NECESSARY SPECIAL REQUIREMENT(S):

- Possession of a Michigan Drivers License.
- Possession of a Commercial Drivers License Type A.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee regularly works in outside weather conditions. The employee regularly works near moving mechanical parts and is exposed to inclement conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is regularly required to reach with hands and arms and is required to stand and walk; and use hands to finger, handle, feel or operate objects, tools, or controls. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; and talk or hear.

The employee must frequently lift and/or move up to 25 pounds and occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, and the ability to adjust focus.

Classification History:
Established: Personnel 1/07/93
Revised: Personnel 03/09/94
Reallocated: Wage Inequity 07/03/94
Revised: Human Resources 07/27/06
Reallocated (Wage Inequity): 10/21/07

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

EM SUBMISSION NO.: EME2482014

PRESENTED: 4-25-14

ADOPTED: 4-28-14

BY THE EMERGENCY MANAGER:

RESOLUTION TO EMPLOY THE SERVICES OF CALIX MARTINEZ AS A TEMPORARY PLANNING & GIS ASSISTANT

Pursuant to the authority granted the Emergency Manager by Public Act 72, Calix Martinez shall be employed by the City of Flint Planning and Development Department performing assignments related to geographic information systems while providing support to the master plan implementation process. Mr. Martinez's employment with the City of Flint shall be at the will of the Director of Planning and Development until such time as she determines that his employment shall cease or until the grant funding is no longer available. Funding has been identified and approved from the HUD Community Challenge Master Plan grant (Grant No. CCPMI0013-10)

Calix Martinez shall be compensated at a rate of $17.00 per hour - gross, budgeted and funded through the HUD Community Challenge Master Plan Grant (Account #296-690.400-702.000), while receiving fringe benefits at a rate of 10.49% of wages, coming from line item "Other Fringes" (Account #296-690.400-719.100). No other benefits shall be provided.

IT IS RESOLVED, that the Emergency Manager shall, on behalf of the City of Flint, appoint Calix Martinez under the terms and conditions stated above.

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ **REFER TO COUNCIL**_____ **FAIL**_____

Darnell Earley, Emergency Manager

DATED: 4-28-14

RESOLUTION STAFF REVIEW FORM

DATE: **April 17th, 2014**

Agenda Item Title: Resolution to Employ the Services of Calix Martinez as temporary Planning & GIS Assistant

Prepared By: Kevin Schronce, Associate Planner

Background/Summary of Proposed Action:
Given the departure by an Associate Planner, planning staff is looking to secure immediate temporary support for the continuation of master plan development and plan implementation. Primary support is needed in GIS mapping and database management, with additional support also being required for master plan implementation project management.

The HUD Community Challenge Master Plan grant (Grant No. CCPMI0013-10) has available resources in the direct wages line item (Account #296-690.400-702.100), and will be active until June 30, 2014. At this time, temporary employment will cease unless additional funds have been identified.

Assistance is needed with basic mapping tasks including but not limited to: creating polygon topologies; conducting attribute updates and preparing visually appealing custom maps; geodatabase design, data classification and organization; and knowledge of spatial analysis tools. Calix Martinez has been identified to fill this temporary role and has previously served as a GIS/Master Plan intern and provides familiarity and understanding of on-going planning operations.

The GIS and Planning Assistant will work no more than 40 hours per week and would not be paid benefits. A wage of $17.00 per hour has been allocated for this position with fringe benefits at a rate of 10.49%, paid in biweekly installments consistent with established written policies and procedures of the City of Flint. Calix's pay rate should be $17.00 per hour - gross.

Financial Implications:
This position is budgeted and funded from the HUD Community Challenge Master Plan Grant (Grant No. CCPMI0013-10). Mr. Martinez shall be compensated at a rate of $17.00 per hour – gross - (Account #296-690.400-702.000) and receive fringe benefits at a rate of 10.49% of wages coming from line item "Other Fringes" (Account #296-690.400-719.100). No other benefits shall be provided.

Budgeted Expenditure: Yes __X__ No _____ **Please explain, if no:** _____

Pre-encumbered: Yes __X__ No _____ HUD Community Challenge Master Plan Grant (CCPMI0013-10)

Staff Recommendation:
The Director of Department of Planning and Development/Chief Planning Officer recommends approval of this resolution.

Staff Person: Megan Hunter

Megan Hunter, Director of Planning and Development

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Information Technology Specialist	Job Code Number:	24-B-063
Established:	June 1, 2012	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Provides resolution of hardware and software issues relating to the City's Information Technology Infrastructure as well as assisting the Information Technology Services Network Administrator or designee in aspects of network administration duties.

SUPERVISION RECEIVED: Works under the direct supervision of the Information Technology Services Network Administrator or designee and periodically works with all development staff.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Assists the Network Administrator or designee with duties related to backup and recovery, security management, user account management, e-mail management, internet access, virus protection, firewall access, and applications support.

2. Maintains and supports IT hardware; including any computers, radios, cell phones, switches, closed circuit TV's, electronic sirens, video tape recorders, test equipment, portable transceivers, tape recorders, PA equipment, or any electronic device used in the operation of IT services.

3. Coordinates the development of hardware and software to ensure optimal deployment of resources.

4. Assists with technology planning through ongoing research.

5. Installs software, network servers and work stations; assists in configuring the setup parameters. Logs receipt of software and configuration as installed.

6. Installs for assists in the installation of network equipment (LAN, WAN, WLAN); configures network specifications on servers, routers, switches, hubs and/or work stations.

7. Documents hardware and network configurations and maintains a log of configuration parameters.

8. Documents network projects and prepares written status reports.

9. Assists in the training of users on PCs as it pertains to the City network.

10. Troubleshoots and repairs network issues.

11. Installs, configures, and maintains network systems.

12. Provides recommendations as required for the design, installation and maintenance of hardware and software.

13. Performs inspection of hardware equipment for malfunctions.

14. Performs additional duties as required.

MINIMUM ENTRANCE REQUIREMENTS:

A. A Bachelor's Degree from an accredited college in Computer Science or a related field, or ~~at least five (5) years of~~ **education/**experience **equivalent** ~~holding a position in Information Technology~~.
B. ~~At least two (2) years of full time, paid work experience in a medium sized municipal government environment.~~
C. Experience in desktop systems and communications devices using current technologies.
D. Knowledge of Windows servers and desktop products.
E. Knowledge of setting up remote access for users.
F. Ability to support networked printers and photocopiers.

MINIMUM ENTRANCE REQUIREMENTS: (con't)

G. Working knowledge of current communications devices and protocols, server and desktop technologies.
H. Ability to train and provide orientation of new staff.
I. Ability to manage multiple projects, activities, and tasks simultaneously.
J. Excellent verbal and written communication skills.
K. Excellent critical thinking and analytical skills.
L. Excellent presentation skills.
M. Excellent strategic planning skills.

NECESSARY SPECIAL REQUIREMENT(S):

- Valid State of Michigan driver's license at time of application.
- Certification for CompTIA in Network+, A+, or CTP+ is required within six (6) months of appointment.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to operate, finger, handle or feel objects, tools or controls; and reach with hands and arms. The employee must occasionally lift and/or move up to 50 pounds. Specific vision abilities required by this job include close vision and ability to adjust focus.

Classification History
Established: Human Resources/Labor Relations 06/01/12
Revised: Human Resources 01/09/14

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Police Captain	Job Code Number:	28-P-015
Established:		Bargaining Unit:	PLTC

GENERAL STATEMENT OF DUTIES: Plans, organizes, directs, coordinates and evaluates the operation of a division or assigned area of responsibility or significant and complex program in the department or a bureau. Assigns and directs divisional personnel; maintains and enforces discipline; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of a Deputy Police Chief, Assistant Chief or the Chief of Police.

SUPERVISION EXERCISED: Exercises supervision over Lieutenants, Sergeants, Police Officers, Police Officer Recruits and civilian employees within an assigned area of responsibility; acts as Officer-in-Charge in absence of a Deputy Police Chief.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Supervises, plans, schedules, assigns and evaluates subordinate personnel, within a Division/Bureau or assigned project; maintains discipline; provides instruction and technical assistance.

2. Coordinates, organizes, directs, and reviews the activities of an assigned area of responsibility; confers with personnel on cases and projects, giving instructions, advice and assistance when needed; prepares or supervises the preparation of records, reports, and correspondence.

3. Identifies and monitors problem areas within an assigned area of responsibility; responds to employee complaints and grievances; responsible for conducting investigations regarding Police Department Personnel; keeps supervisor informed; recommends appropriate action; conducts inspections as required.

4. Meets and confers with immediate supervisor to apprise and keep informed of activities, problem areas, and events of significance occurring which could affect the Division, Bureau, Department or City.

5. Insures that subordinate supervisors assigned to their area of responsibility properly plan, assign, direct, supervise, and coordinate personnel and assignments, and evaluates quality of performance.

6. Conducts or participates in the more difficult or complex projects, programs or assignments; investigates complaints concerning possible violation of departmental rules and regulations by subordinate employees and makes recommendations concerning appropriate action; enforces discipline as directed.

7. Attends public meetings, and addresses the public as required; addresses school groups, clubs, and civic organizations on police policy, procedures and the prevention of crime.

8. Assists in the budgetary process by recommending staffing and equipment needs for his particular area of responsibility. Evaluates resource needs as assigned and requisitions supplies, materials, and equipment.

9. Coordinates divisional activities with other divisions within the bureau as well as other units of the department, government, and law enforcement agencies as directed.

10. Attends, coordinates, or conducts meetings, conferences, and training related to assigned area of responsibility.

ESSENTIAL DUTIES AND RESPONSIBILITIES: (con't)

11. Reviews reports prepared by subordinates and provides technical advice and assistance as needed.

12. Performs, as occasion demands, the duties of Deputy or Assistant Chief of Police in his absence and those of a Deputy District Court Clerk in the signing of complaints and warrants; serves on trial board within Police Department, as required.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least six years experience in the Flint Police Department immediately prior to the deadline date for filing for the promotional examination, the last year of which must have been in the rank of Police Lieutenant.
B. Knowledge of modern police administrative methods, organization and procedures.
C. Knowledge of pertinent Federal, State and Municipal laws and ordinances and departmental rules and regulations.
D. Knowledge of police and governmental Civil Liability.
E. Knowledge of police training principles and methods.
F. Ability to gather information and develop written and oral reports.
G. Ability to evaluate information obtained in investigations.
H. Ability to interpret departmental procedures, rules and regulations, and policies.
I. Ability to analyze problem situations and to make decisions.
J. Ability to plan, assign, supervise and review varied police work.
K. Ability to deal courteously and effectively with police personnel, administrators and the general public.
L. Ability to meet the physical, mental and visual standards of the job.
M. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

NECESSARY SPECIAL REQUIREMENTS:

- Possession of a valid State of Michigan driver's license.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to stand; walk; use hands to finger, handle or feel objects, tools or controls; reach with hands and arms; climb or balance; stoop, kneel, crouch or crawl; taste or smell. The employee must occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception and the ability to adjust focus.

While performing the duties of this job, the employee frequently works in outside weather conditions. The employee occasionally works near moving mechanical parts; in high, precarious places; and with explosives and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, toxic or caustic chemicals, extreme cold, extreme heat and vibration.

Classification History:
Revised: CSC 02-20-61, 06-26-67 & 03-26-68
Reallocated: CSC 11-11-69
Reactivated & Revised: Personnel 02-21-86
Revised: Personnel 12-27-94
Revised: Human Resources 07-08-04

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Police Lieutenant	Job Code Number:	25-P-014
Established:	July 10, 1973	Bargaining Unit:	PLTCPA

GENERAL STATEMENT OF DUTIES: Supervises sergeants, police officers, and civilians engaged in law enforcement duties and support activities; supervises and conducts police training programs; supervises community relations programs; supervises and participates in investigative activities and provides advice on investigations to sergeants and police officers. Performs relate work as required.

SUPERVISION RECEIVED: Works under the supervision of a Police Captain or an administrative employee of higher rank.

SUPERVISION EXERCISED: Exercises working supervision over sergeants, police officers and civilian employees engaged in patrol, traffic or investigative duties and support activates; acts as Officer-In-Charge in the absence of a Police Captain.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Supervises the activities of a police patrol on an assigned shift including Sergeants, Police Officers and others; makes necessary inspections of employees on this shift and evaluates the quality of performance of employees under his/her supervision.
2. Supervises and directs, as assigned, a detail or squad of Sergeants in the control, detection, and elimination of crime or the investigation of the practices, associations and haunts of criminals; may investigate cases as required.
3. Supervises, when assigned to the patrol/traffic division, Sergeants in assuring that roll call is properly administered and that laws are enforced by officers under command in assignment of details and reassignment of personnel to meet emergencies and special events.
4. Reviews and assigns complaints; conducts, concludes and reviews results of investigations of crime or is assigned on a full/time basis, with responsibility for results to one ore more of the major details of criminal activity such as homicide, robbery, theft, arson, burglary, fraud, vice, automobile, juvenile or sexual offenses; reviews investigations with Prosecutor.
5. Supervises community policing activities. Develops programs to improve communication and understanding between the Police Department and various groups and individuals in the community.
6. Supervises sworn and civilian personnel engaged in support activities of the department.
7. Responsible for conducting investigations regarding Police Department Personnel and conducting inspections of all Police Department Bureaus.
8. Performs, as occasion demands, the duties of higher ranking officers in their absence and those of a deputy court clerk in the signing of complaints and warrants; serves on trial board within Police Department as required.
9. Assists outside police agencies in the investigation of crime and locating witnesses for crimes committed outside City of Flint; attends autopsies and confers with the Medical Examiner concerning questionable deaths. Arraigns prisoners; prepares reports and maintains records pertaining thereto.
10. Conducts surveillance and supervises the conduction of surveillance by subordinates.
11. Maintains and supervises the maintenance of modus operandi and criminal photograph files in such categories as burglary, arson, vice, hold-up, shoplifting and narcotics. Maintains an irregular patrol of the City in a police car as a means of inspecting the work of Police Officers and Sergeants on duty.
12. Assumes charge of police activities on scene in case of large fires, riots or other major emergencies.
13. Develops and is responsible for the implementation of in-service training programs, federally funded police projects, and research projects pertaining to equipment, uniforms, policies, procedures, training and grants; speaks before school groups and civic organizations on crime prevention.

MINIMUM ENTRANCE REQUIREMENTS:

A. Education equivalent to completion of high school.
B. Five (5) years of experience in the Flint Police Department immediately prior to the deadline date for filing for the promotional examination, at least (1) year of which must have been in the rank of Sergeant.
C. Thorough knowledge of the rules and regulations of the Police Department and of pertinent federal, state and city laws.
D. Thorough knowledge of modern approved principles, practices, and procedures in the investigation and prevention of crime and the apprehension of criminals.
E. Considerable knowledge of the rules relating to the admission of evidence in court procedures.
F. Ability to analyze involved police problems.
G. Ability to plan, assign and review varied police and investigating work.
H. Ability to deal courteously but firmly with the general public.
I. Ability to meet the physical, mental, and visual standards of the job.
J. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

LINE OF PROMOTION:

- Sergeant to Police Lieutenant

NECESSARY SPECIAL REQUIREMENT(S):

- Possession of a valid State of Michigan Driver's License.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to stand; walk; use hands to finger, handle or feel objects, tools or controls; reach with hands and arms; climb or balance; stoop, kneel, crouch or crawl; taste or smell.
The employee must occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception and the ability to adjust focus.
The employee must be able to withstand exposure to traffic hazards continuously; withstand exposure to weather, wet conditions, high noise levels, hazardous materials and personal danger occasionally.
The employee may, at any time, be at risk of personal danger including, but not be limited to, the result of an intentional attack by people and/or animals as well as environmental hazards.
The employee frequently works in outside weather conditions. The employee occasionally works near moving mechanical parts; in high, precarious places; and with explosives and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, toxic or caustic chemicals, extreme cold, extreme heat and vibration.

Classification History:
Established: 07/10/73
(combined Police Lieutenant and Det. Lieutenant into one reallocated class)
Revised: Personnel 11/07/80, 06/27/83, 05/05/86

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

EM SUBMISSION NO.: EME270-2014

PRESENTED: 5-14-14

ADOPTED: 5-14-14

BY THE EMERGENCY MANAGER:

RESOLUTION APPOINTING AMANDA TRUJILLO AS DEPUTY CITY TREASURER AND SETTING COMPENSATION LEVEL

Pursuant to the authority granted the Emergency Manager by Public Act 436, Amanda Trujillo shall be appointed as Deputy City Treasurer for the City of Flint effective immediately upon adoption of this resolution; and

Ms. Trujillo shall be compensated at an hourly rate of $32.41, paid in biweekly installments consistent with established written policies and procedures of the City of Flint and shall receive all statutory and customary fringe benefits associated with her position and salary. Compensation shall be drawn from appropriated funds to be determined by the Emergency Manager.

IT IS RESOLVED, that the Emergency Manager shall, on behalf of the City of Flint, appoint Amanda Trujillo as the Deputy City Treasurer for the City of Flint. Hourly compensation of $32.41 shall be drawn from appropriated funds to be determined by the Emergency Manager.

APPROVED AS TO FORM:

for

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

EM DISPOSITION:

ENACT Y **REFER TO COUNCIL** _____ **FAIL** _____

Darnell Earley, Emergency Manager

DATED: 5-14-14

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Vacany Filled

EM SUBMISSION NO.: EME2602014

PRESENTED: 5-2-14

ADOPTED: 5-15-14

BY THE EMERGENCY MANAGER:

RESOLUTION AUTHORIZING THE EMPLOYMENT OF RACHEL GOYETTE AS A TEMPORARY LITIGATION FILE CLERK FOR THE LAW DEPARTMENT AND SETTING COMPENSATION LEVEL

Pursuant to the authority granted the Emergency Manager by Public Act 436, Rachel Goyette shall be employed as a temporary Litigation File Clerk for the period May 5, 2014, through May 23, 2014; and

Ms. Goyette's employment with the Law Department shall be at the will of the City Attorney; and

Ms. Goyette shall receive a 1099 as record of her compensation; and

Ms. Goyette shall be compensated at an hourly rate of $12.00, for the period May 5, 2014 through May 16, 2014, for a total expenditure of $960.00, to be paid from appropriated funds from line item 677-266.200-801.000, Professional Services.

IT IS RESOLVED, that the Emergency Manager shall, on behalf of the City of Flint, employ Rachel Goyette under the terms and conditions stated above. Hourly compensation of $12.00 shall be drawn from appropriated funds from line item 677-266.200-801.000, for a total expenditure of $960.00.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ **REFER TO COUNCIL** _____ **FAIL** _____

Darnell Earley, Emergency Manager

DATED: 5-15-14

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Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Water Plant Laboratory Assistant	Job Code Number:	21-N-066
Established:	January 22, 1987	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
Assists in the performance of routine physical, chemical and bacteriological analysis, collects samples, acquires data from various sources, enters data into computer programs and performs related work as required.

SUPERVISION RECEIVED:
Works under the direct supervision of an employee of higher level who trains, instructs, assigns, evaluates and reviews work performance for conformance to standard procedures, laboratory protocols and work rules.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Performs physical analysis such as pH, color, turbidity, temperature, total and suspended solids, jar tests and all related quality control and quality assurance procedures.
2. Performs chemical analysis such a total hardness, alkalinity, fluoride, chloride, chlorine, phosphorus, nitrogen and ammonia and related tests as directed.
3. Assists in the calibration and maintenance of laboratory equipment and facilities.
4. Performs microbiological analysis such as total coliform, fecal coliform, heterotrophic plate count, plankton identification and enumeration, and the preparation of all media related to microbiological testing.
5. Collects samples from a variety of water treatment plant, collection and distribution system locations in an investigative and compliant manner using proper protocol, techniques and apparatus.
6. Answers customer questions regarding water quality and conducts investigations as directed.
7. Utilizes computers and various application programs such as database, word processing, spreadsheets, drafting and drawing programs, and the Internet.
8. Assists in the preparation of routine and special reports.

MINIMUM ENTRANCE REQUIREMENTS:
A. An Associate of Science degree or two (2) years of college education with at least twenty (20) cumulative semester hours of study in mathematics and science including chemistry and biology or one (1) year of full-time paid work experience performing quantitative chemical analyses.
B. Working knowledge of biology, microbiology, chemistry and computers.
C. Ability to manipulate, assemble and handle laboratory and other heavy equipment.
D. Ability to prepare and maintain accurate and detailed records and reports using a computer.
E. Ability to follow oral and written technical instructions.
F. Ability to perform chemical, physical and biological analyses using standard methods.
G. Ability to wear a respirator and self-contained breathing apparatus.
H. Ability to effectively communicate ideas orally in English.
I. Ability to work effectively with employees, customers and the public.

NECESSARY SPECIAL REQUIREMENT:

- Must possess and maintain a valid Michigan Driver's License.
- Must obtain a Michigan F-4 Water Plant License within two (2) years of appointment and complete all necessary requirements to maintain certification.
- Ability to work weekends, holidays and shift work as required.

PHYSICAL DEMANDS:

The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus. Hand-eye coordination is necessary to operate computers and various pieces of office equipment.

Classification History
Established: 01/22/87
Revised: 05/10/02
Reallocated (Wage Inequity): 11/16/08

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Water Plant Operator Trainee	Job Code Number:	12-N-001
Established:	October 22, 1974	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Under an on-the-job training program with close supervision, maintains, operates and repairs water pumping, softening, disinfecting and other treatment equipment; performs related work as required. (After six (6) months experience as a Water Plant Operator Trainee, the employee will be eligible for examination for promotion to Water Plant Maintainer).

SUPERVISION RECEIVED: Works under the direct supervision of the Water Plant Maintenance Supervisor or Water Plant Operations Foreman or another employee of higher grade who assigns work, provides assistance when needed and reviews work for satisfactory completion.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Inspects, cleans adjust and repairs water plant equipment such as filter beds, valves, controllers, recording gauges, coagulators, chlorinators, chemical feeders, softening equipment, sump and sludge pumps, compressors, pumps and motors.
2. Maintains, operates, and repairs settling basins, clear wells, hydraulic valves, and pumping equipment; operates and maintains dams.
3. Performs routine inspections of water treatment equipment and facilities; performs record keeping functions with regard to such inspections.
4. Backwash and cleans filters, checks filter valves, records loss of head, rate of flow; installs, and repairs water lines.
5. Takes water samples and makes simple chemical test such as hourly chlorine residuals of tap settled and effluent water; makes turbidity and coagulation tests.
6. Assists in maintaining and repairing plant buildings and appurtenances.
7. Loads and unloads material and supplies.

MINIMUM ENTRANCE REQUIREMENTS:

A. Completion of 10th grade in high school.
B. Working knowledge of the methods, practices, tools, and materials used in the mechanical trades.
C. Ability to perform mathematical calculations involving algebra and geometry.
D. Ability to perform semi-skilled maintenance task as directed.
E. Ability to use common hand tools with a reasonable degree of skill.
F. Ability to meet the physical, mental and visual standards of the job.
G. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons, or equipment.

NECESSARY SPECIAL REQUIREMENT:

- Possession of a valid State of Michigan Driver's License at the time of application.

PHYSICAL DEMANDS:

The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus. Hand-eye coordination is necessary to operate computers and various pieces of office equipment.

Classification History:
Established CSC Mtg: 10-22-74
Revised: Personnel 06-27-78, 02-27-80, 04-15-85, 12-07-89
Revised & re-titled: Personnel 02-07-97 (formerly Water Trainee)
Revised: Human Resources 08/06/08

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Human Resources Employee Services Specialist	**Job Code Number:**	20-C-???
Established:	November 1, 2013	**Bargaining Unit:**	Exempt

GENERAL STATEMENT OF DUTIES: This is advanced professional work providing Personnel and Labor Relations services by performing moderately difficult and complex clerical work. Processes and maintains a variety of personnel and labor relations records, documents and files. Acts as a liaison with other departments and the general public; performs related work as required.

SUPERVISION RECEIVED: The work is performed under the managerial direction of the Director of Human Resources/Labor Relations.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Investigates employee complaints and coordinates their resolution; schedules compliant meetings; writes responses; clarifies issues.
2. Organizes and conducts training seminars for personnel and labor relations.
3. Organizes the City's Unemployment Compensation by reviewing, and collecting all documentation relevant to case.
4. Represents the City in unemployment compensation hearings before the Michigan Employment Security Commission.
5. May assist in the collection and compilation of data for grievances, arbitration hearings, and administrative agency and court proceedings.
6. Assists with employment recruitment processes; including evaluating credentials, reference checks, scheduling, administering and scoring of examinations and creating statistical reports.
7. May assist with maintaining seniority lists for the classified service and determining layoff, recall and bumping rights as applicable.
8. May prepare requisitions and maintain inventory of forms and supplies.
9. Composes and types a variety of correspondence, reports, manuals and other documents, applying knowledge of departmental operations and regulations. May use database, spreadsheet or other software to create files and records. May gather and organize information for statistic surveys.
10. Prepares a variety of correspondence and reports related to the work; attends a variety of meetings related to the work.
11. Answers questions from employees and the public regarding job openings, benefits and other personnel matters.
12. Carries out a variety of special projects as needed.
13. Performs other related duties as assigned.

MINIMUM ENTRANCE REQUIREMENTS:

A. Possession of a bachelor's degree in business or public administration, liberal arts or related field and two (2) years of progressively responsible professional experience in public personnel management; OR at least three (3) years of office experience, two (2) of which must specifically have been in a Human Resources or Labor Relations office; performing recruitment, examination, Labor Relations and/or Human Resources activities.
B. Basic knowledge of employment law.
C. Considerable knowledge of the principles, theories and practices of personnel management.
D. Working knowledge of and ability to operate a computer utilizing worked processing software; ability to learn database and spreadsheet software.
E. Ability to conduct research and to prepare analyses and reports.

MINIMUM ENTRANCE REQUIREMENTS CON'T.:

F. Ability to maintain and keep involved clerical records, to assemble and organize data, compile charts and prepare reports from data.
G. Ability to establish and maintain working relationships with other employees and the general public.
H. Ability to communicate complex ideas effectively, both orally and in writing.
I. Ability to weigh and consider facts, evidence, testimony fairly and objectively.
J. Ability to establish and maintain effective working relationships with other employees, city officials, representatives from governmental and community agencies and labor organizations, and the general public.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms.

The employee must occasionally lift and/or move up to 10 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

Classification History
Established: Human Resources 11/01/2013

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Section Separator

(d) A description of any new position created or any vacancy in a position filled by the appointing authority.

Positions Hired or Vacancy Filled

April	May	June
Court Recorder	IT Specialist	(8) Casual Skilled Laborers
HR/LR Assistant	(2) Captain	WP Lab Assistant
Principal Clerk Typist	(4)Lieutenant	WP Operator Maint. Trainee
Exec. Sec. to HR/LR Director	Deputy City Treasurer	HR/LR Services Specialist
Associate Planner	Litigation File Clerk	
Sewer Construction Oper.	Planning & GIS Assistant	
(7) WP Operator Trainee		
(7) Water Dist. Oper. Trainee		
Caseworker Coordinator		
School Crossing Guard		
Demo. Grants Monitor		
Retirement Specialist		
Judicial Sec/Court Recorder		
Police Officer		
Street Operator Maintainer		

Vacany Filled

STATE OF MICHIGAN
68TH JUDICIAL DISTRICT

PRESIDING JUDGE WILLIAM H. CRAWFORD II • JUDGE TRACY COLLIER-NIX • JUDGE M. CATHY DOWD
JUDGE HERMAN MARABLE, JR. • JUDGE NATHANIEL C. PERRY III
PAULA J. McGLOWN, Court Administrator

October 24, 2013

To: Paula J. McGlown, Court Administrator

From: Hon. Tracy Collier-Nix, District Court Judge

Re: Court Recorder/Judicial Secretary appointment

Please be advised that I have selected Suzette Hawkins to serve as my Court Recorder/Judicial Secretary. It is my understanding that Ms. Hawkins will be compensated at Level 22E on the Exempt compensation schedule. This appointment is effective January 13, 2014.

Tracy Collier-Nix

Hon. Tracy Collier-Nix
Judge, 68th District Court

cc: Hon. Richard Yuille, Chief Judge
Suzette Hawkins, Casework Coordinator

630 S. SAGINAW STREET • SUITE 1
FLINT, MICHIGAN 48502-1526
(810) 766-8968
FAX (810) 766-8967

ADMINISTRATION 766-8970

Vacany Filled

STATE OF MICHIGAN
68TH JUDICIAL DISTRICT

PRESIDING JUDGE WILLIAM H. CRAWFORD II • JUDGE TRACY COLLIER-NIX • JUDGE M. CATHY DOWD
JUDGE HERMAN MARABLE, JR. • JUDGE NATHANIEL C. PERRY III
PAULA J. McGLOWN, Court Administrator

October 4, 2013

To: Paula J. McGlown, Court Administrator

From: Hon. Nathaniel C. Perry III, District Court Judge

Re: Court Recorder/Judicial Secretary appointment

Please be advised that I have selected Brandy Graham to serve as my Court Recorder/Judicial Secretary. It is my understanding that Ms. Graham will be compensated at Level 22E on the Exempt compensation schedule. This appointment is effective October 28, 2013.

Hon. Nathaniel C. Perry
Judge, 68th District Court

cc: Hon. Richard Yuille, Chief Judge
Brandy Graham, Provisional Casework Coordinator

630 S. SAGINAW STREET • SUITE 1
FLINT, MICHIGAN 48502-1526
(810) 766-8968
FAX (810) 766-8967

ADMINISTRATION 766-8970

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Human Resources & Labor Relations Assistant	**Job Code Number:**	16-C-165
Established:	May 25, 2007	**Bargaining Unit:**	Exempt

GENERAL STATEMENT OF DUTIES:
Assists in Human Resources and Labor Relations related transactions by performing moderately complex clerical work where the use of a computer is essential; processes and maintains a variety of personnel records, documents, and files; performs related work as required.

SUPERVISION RECEIVED:
The work is performed under the supervision of the Human Resources and Labor Relations Director and/or their designee.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Assists professional staff with recruitment efforts as assigned. Provides general support services to employees of the department relative to Human Resources and Labor Relations.
2. Reviews employment applications for seasonal employees; checks references, interviews applicants and sets up interviews with departments.
3. Posts job notices; reviews job applications; establishes order of applicants based on labor contract; contacts departments with regard to promotions and transfers.
4. Schedules new employees for physical examination; provides initial orientation to employees regarding benefits.
5. Prepares a variety of reports for personnel management purposes; prepares statistical data for reports.
6. Tracks and logs personnel requisitions, grievances, requests for information; completes salary and benefits surveys as needed.
7. Provides technical assistance to other Human Resources staff, as needed.
8. Provides clerical support for the Unemployment Compensation activities; maintains unemployment files and reports.
9. Performs miscellaneous clerical tasks, such as scheduling of appointments and meetings, taking and referring phone calls and providing information to the public and other City departments; filing, receiving and distributing mail and operating office equipment.
10. Uses a computer to compose and type a variety of correspondence, reports, manuals and other documents, applying knowledge of departmental operations and regulations. May use database, spreadsheet or other software to create files and records. Uses the City's office automation network to create, maintain and file a variety of documents; schedule events and communicates electronically with other network users.
11. Schedules employees for photo identification badges; operates Photo ID System; prepares employee identification cards.
12. Processes employment verifications; maintains computerized employment verification log.

ESSENTIAL DUTIES AND RESPONSIBILITIES CON'T.:

13. Performs other duties as assigned.

MINIMUM ENTRANCE REQUIREMENTS:

A. Graduation from High School; college or business school training preferred.
B. Two years working with employee records; or any equivalent combination of training and experience.
C. Ability to type at a rate of forty (40) words per minute.
C. Working knowledge of and ability to operate a computer;
D. Ability to operate a personal computer; ability to demonstrate proficiency in the databases and spreadsheet programs utilized by the City.
E. Ability to maintain and keep detailed clerical records, to assemble and organize data, compile charts and prepare reports from data.
F. Ability to maintain confidentiality.
G. Ability to listen and ascertain the needs of customers; ability to find and communicate information concerning process, policies and procedures to other employees and the general public.
H. Ability to establish effective working relationships with applicants, employees, officials, labor unions and the general public; Ability to maintain confidential and sensitive information; ability to understand and follow instructions.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle or feel objects, tools, or controls; and reach with hands and arms.

The employee must occasionally lift and/or move up to 10 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

Classification History
Established: Personnel 5/24/07
Revised & Reallocated: Human Resources 09/13/13

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Principal Clerk Typist	Job Code Number:	16-A-010
Established:	July 30, 1981	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Acts as secretary to the administrator of a large department or major operating division; performs difficult and complex clerical work involving a considerable degree of decision; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of an administrative employee who assigns work and reviews for accuracy, but allows considerable independence of action.

SUPERVISION EXERCISED: Exercises working supervision over a few clerical employees engaged in a variety of clerical duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Types from a variety of drafts, forms, letters, receipts, records, reports, tape recordings and other materials which includes frequent use of technical terminology; prepares rough draft narratives and tabulations.
2. Researches and gathers a variety of data for use in composing and typing correspondence, applying knowledge of departmental operations and regulations.
3. Performs a variety of secretarial activities, taking action as necessary in disposing of matters assigned by superiors.
4. Receives and interviews visitors; makes appointments and arranges meetings; opens, reads, and distributes incoming mail; assembles pertinent files and materials relevant to reply; maintains confidential files.
5. Checks the accuracy and completeness of reports and computations made by others; makes difficult computations and tabulations; may perform bookkeeping work and maintain accounting records; maintains petty cash fund.
6. Maintains payroll records; computes payroll distribution; distributes payroll checks to employees.
7. Performs a variety of clerical work such as answering the phone, waiting on the counter, receiving fees, copying and the requisitioning of supplies.
8. Operates various office machines; may operate a dictation machine or a variety of other word processing equipment.
9. May supervise or assist subordinate clerical employees in the performance of routine to moderately complex office work.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least two years of experience in the performance of responsible and difficult clerical or secretarial work.
B. Considerable knowledge of modern office practices and procedures and of Business English and Arithmetic.
C. Ability to type from plain copy at the rate of fifty (50) net words per minute at a computer keyboard.
D. Ability to use computer software as related to office practices including electronic word processing, database, and spreadsheet packages.
E. Ability to compose letters and reports relative to work which does not depart substantially from routine.
F. Ability to keep involved clerical records; to assemble and organize data; and to prepare reports from such data.
G. Ability to prepare effective correspondence.
H. Ability to plan and supervise the work of subordinate clerical employees.
I. Ability to make decisions independently in accordance with rules, regulations and departmental policies and procedures.
J. Ability to deal with the public courteously and tactfully.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History
Established: Personnel 07/30/81
Reallocated: Personnel (Wage Inequity) 07/01/87
Revised: Personnel 04/20/98
Revised: Human Resources 10/06/04
Revised: Human Resources 02/25/05
Reallocated: Human Resources 10/22/06

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

EM SUBMISSION NO.: EME 2362014

PRESENTED: 4-11-14

ADOPTED: 4-17-14

BY THE EMERGENCY MANAGER:

RESOLUTION APPROVING THE TEMPORARY APPOINTMENT OF CONCEPION DAVILA TO THE POSITION OF EXECUTIVE SECRETARY IN THE HUMAN RESOURCES AND LABOR REALTIONS DEPARTMENT

Pursuant to the authority granted the Emergency Manager by Public Act 436, Concepion Davila shall be employed by the City of Flint in the Human Resources and Labor Relations Department performing duties relative to complex secretarial and technical functions related to the personnel operations of the City. In order to provide temporary support to the Director of Human Resources and Labor Relations, the Emergency Manager has determined that it would be advantageous for the City to appoint Concepion Davila as the Executive Secretary in the Human Resources and Labor Relations Department.

Mrs. Davila possesses the necessary knowledge and experience, and is best suited to assist the Human Resources and Labor Relations Department; and

Compensation shall be at the rate of $15.00 per hour budgeted and funded from the Human Resources and Labor Relations budget line item 101-270.100-702.000 - Wages and Salaries. Mrs. Davila shall be paid in bi-weekly installments and subject to customary withholdings and receive direct fringes of 10.49%. No other benefits shall be provided.

IT IS RESOLVED, that the Emergency Manager shall, on behalf of the City of Flint appoint Concepion Davila as the Executive Secretary. The agreed upon compensation is $15.00 per hour and subject to customary withholdings. Further Mrs. Davila's appointment in this capacity is subject to the parameters set forth above.

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:

for

Gerald Ambrose, Finance Director

EM DISPOSTION

ENACT ✓ **REFER TO COUNCIL** **FAIL**_____

Darnell Earley, Emergency Manger

DATED 4-17-14

RESOLUTION STAFF REVIEW FORM

DATE: April 1, 2014

Agenda Item Title: Resolution approving the temporary appointment of Concepion Davila to the position of Executive Secretary in Human Resources and Labor Relations Department

Prepared By: Erycka K. Hunter, Director
Human Resources/Labor Relations

Background/Summary of Proposed Action: In order to provide continuity of services in the Human Resources and Labor Relations Department; performs complex secretarial and technical functions related to the personnel operations of the City, exercising initiative, a high degree of accuracy, sound judgment and discretion in the performance of duties; assists the Director of Human Resources and Labor Relations with the administrative functions of the Department; takes and transcribes difficult and/or technical dictation; may assist other staff with various duties; performs related work as required.

Financial Implications: Compensation shall be at the rate of $15.00 per hour, there will also be fringe benefits at a rate of 10.49% of wages.

Budgeted Expenditure: no

Account #: 101-270.100-702.000 (Wages/Salaries) and 101-275.100-719.100 (Direct Fringes).

Pre-encumbered: no

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: _____ **Approval:** _____
(Administration)

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Associate Planner	Job Code Number:	22A-C-205
Established:	May 10, 2011	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: The Associate Planner will assist the Chief Planner in managing a comprehensive master planning process for the City of Flint. Primary duties will include staffing city entities involved in the planning process and serving as a liaison among city entities, consulting firms, and the Chief Planner's office. This position requires strong analytical, project management, and communication skills, including the ability to provide critical feedback on the substantive work of developing the plan, facilitate and manage group processes, and communicate clearly among multiple stakeholder groups both in writing and orally. The position will also involve research and data collection and analysis. Activities will be performed under the supervision of the Chief Planner.

SUPERVISION RECEIVED:
Works under the general supervision of the Chief Planner who gives administrative guidance and instruction.

SUPERVISION EXERCISED:
None

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Provides staff support to local governmental units and/or consultant teams as assigned, including: coordination and facilitation of meetings; recording minutes of meeting discussions; seeking and compiling information and data, as directed; preparation of documents that communicate information in a clear and concise manner.
2. Communicates regularly with Chief Planner regarding day-to-day duties and to enable effective coordination of the planning process across various units.
3. Attends meetings and makes presentations to various community and governmental groups on work-related activities.
4. Prepares written reports as necessary.

MINIMUM ENTRANCE REQUIREMENTS:

1. Bachelor's degree in Planning, Community Development, Urban Studies, Resource Development, or a related field; Master's degree is preferred.

   – OR –

   Bachelor's degree and two (2) years' professional planning experience in a planning office, private sector, or non-profit organization that primarily provides services to the public sector.
2. Knowledge of urban planning principles and practice.
3. Understanding of form-based zoning codes.
4. Knowledge of social, economic, and environmental issues facing Flint and similar post industrial cities.
5. Ability to communicate effectively both orally and in writing.

MINIMUM ENTRANCE REQUIREMENTS (Cont'd):

6. Ability to interpret and follow complex oral and written directions.
7. Ability to manage meetings among multiple stakeholders with divergent goals.
8. Knowledge of basic research techniques and reference sources.
9. Ability to read maps and other graphic materials.
10. Knowledge of word processing, Excel, and PowerPoint software.
11. Familiarity with Geographical Information Systems (GIS) mapping software is highly desirable.

NECESSARY SPECIAL REQUIREMENT(S):

* Requires the ability to travel to community meetings.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms. The employee must occasionally lift and/or move up to 10 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

Classification History:
Established 05/10/2011

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title: Sewer Construction Equipment Operator	Job Code Number:	21-N-062
Established: June 28, 1984	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Operates, maintains, and repairs tractor-loader-backhoe and hydraulic excavator used for digging, loading, unloading, and handling materials used in the installation and maintenance of the City Sewer Systems. Operates other heavy equipment such as tapping machines utilized in field work of the Sewer Division. Assists foreman in directing field crews. Performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of an employee of higher grade who assigns work and inspects jobs in progress.

SUPERVISION EXERCISED: May assist foreman in exercising working supervision over a small number of employees engaged in the installation and maintenance of the City Sewer Systems.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Operates, maintains, and repairs a hydraulic excavator to dig excavations for repair and installation of sanitary and storm sewers; manholes and drainage structures. Loads and unloads materials and supplies to and from trucks, railroad cars and stockpiles.
2. Operates hydraulic excavator for excavating and handling materials for various other City Departments in unusual or critical area.
3. Operates, maintains, and repairs diesel-powered tractor-loader-backhoe used for the installation, maintenance and repair of the City Sewer Systems.
4. May assist foreman and in his absence performs the duties of the lead man in directing field crews in installation and repairs of the City Sewer Systems.
5. May be required to operate other construction equipment such as bulldozers, graders and similar equipment.

MINIMUM ENTRANCE REQUIREMENTS:

1. One (1) year experience as a Sewer Systems Maintainer - **OR** - One (1) year experience operating a material moving industrial tractor for the City of Flint.
2. Working knowledge of the principles of heavy automotive and diesel powered construction equipment operation and its uses.
3. Knowledge of the construction of heavy automotive and diesel powered equipment.
4. Ability to make minor repairs and adjustments and to service heavy construction equipment.
5. Skill in the operation of heavy automotive and diesel powered construction equipment.
6. Ability to meet the physical, mental, and visual standards of the job.
7. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

NECESSARY SPECIAL REQUIREMENT(S):

- Possession of a valid State of Michigan Driver's License at time of appointment.
- Possession of a valid State of Michigan Commercial Driver's License Class "A" within six (6) months of appointment.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee regularly works in outside weather conditions. The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must occasionally lift and/or move up to 50 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus.

Classification History:
Established: Personnel 06-28-84
Revised: Personnel 10-10-94, 09-04-97
Revised: Human Resources 09-01-05, 07-21-06, 07-25-06
Reallocated (Wage Inequity) 10/21/07

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Water Plant Operator Trainee	Job Code Number:	12-N-001
Established:	October 22, 1974	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Under an on-the-job training program with close supervision, maintains, operates and repairs water pumping, softening, disinfecting and other treatment equipment; performs related work as required. (After six (6) months experience as a Water Plant Operator Trainee, the employee will be eligible for **and must pass** ~~to take~~ the examination for promotion to Water Plant Maintainer.

SUPERVISION RECEIVED: Works under the direct supervision of the Water Plant Maintenance Supervisor or Water Plant Operations Foreman or another employee of higher grade who assigns work, provides assistance when needed and reviews work for satisfactory completion.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Inspects, cleans adjust and repairs water plant equipment such as filter beds, valves, controllers, recording gauges, coagulators, chlorinators, chemical feeders, softening equipment, sump and sludge pumps, compressors, pumps and motors.
2. Maintains, operates, and repairs settling basins, clear wells, hydraulic valves, and pumping equipment; operates and maintains dams.
3. Performs routine inspections of water treatment equipment and facilities; performs record keeping functions with regard to such inspections.
4. Backwash and cleans filters, checks filter valves, records loss of head, rate of flow; installs, and repairs water lines.
5. Takes water samples and makes simple chemical test such as hourly chlorine residuals of tap settled and effluent water; makes turbidity and coagulation tests.
6. Assists in maintaining and repairing plant buildings and appurtenances.
7. Loads and unloads material and supplies.

MINIMUM ENTRANCE REQUIREMENTS:

~~A. Completion of 10th grade in high school.~~ **High School Diploma or Equivalent.**
B. Working knowledge of the methods, practices, tools, and materials used in the mechanical trades.
C. Ability to perform mathematical calculations involving algebra and geometry.
D. Ability to perform semi-skilled maintenance task as directed.
E. Ability to use common hand tools with a reasonable degree of skill.
F. Ability to meet the physical, mental and visual standards of the job.
G. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons, or equipment.

NECESSARY SPECIAL REQUIREMENT:

- Possession of a valid State of Michigan Driver's License at the time of application.
- **Possession of an MDEQ F4 license is required within eighteen (18) months of appointment.**

PHYSICAL DEMANDS:

The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus. Hand-eye coordination is necessary to operate computers and various pieces of office equipment.

Classification History:
Established CSC Mtg: 10-22-74
Revised: Personnel 06-27-78, 02-27-80, 04-15-85, 12-07-89
Revised & re-titled: Personnel 02-07-97 (formerly Water Trainee)
Revised: Human Resources 08/06/08
Revised: Human Resources 01/09/14

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Water Distribution Operator Trainee	Job Code Number:	16-N-035
Established:	June 26, 1961	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Under an on-the-job training program with close supervision installs, maintains and repairs water mains, valves, meters, hydrants and other appurtenances of the water supply system; performs related work as required. As the training progresses, supervision may be proportionately decreased and the responsibility of assignments increased. After completion of 2080 paid working hours, not including overtime, of on-the-job training, in the Water Service Center Division, the training period will be considered complete and the employee eligible for examination for promotion to Water Distribution Operator.

SUPERVISION RECEIVED: Works under the direct supervision of a foreman or employee of a higher grade who assigns work and checks for proper performance of duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Installs water mains and new service lines; inserts tapping valves for new mains and service lines.
2. Lays and repairs water mains; repairs gate valves; installs, repairs and tests fire hydrants; constructs and repairs wells on line gates.
3. Installs service connections, including tapping water main and laying service pipe; connects and disconnects shut-off valves and stop box; digs and back-fills trenches; locates and digs up curb boxes as necessary; thaws frozen lines in winter.
4. Caulks joints, cuts pipe, cuts out broken pipe, puts on sleeves, shuts off gate valves, repairs stuffing boxes.
5. Installs and removes consumer water meters. Performs water turn on and off's.
6. Operates equipment such as air compressors, valve turning or other equipment associated with water distribution and repair.
7. Drives utility dump trucks or other vehicles; orders materials; makes out simple reports on work performed and materials used.
8. May work with one or more Water Service Center employees.
9. May clean and repack water meters and/or be assigned duties in the stockroom.
10. May be required to perform duties in Sewer Operations.

MINIMUM ENTRANCE REQUIREMENTS:

A. Ability to communicate orally and carry out oral instructions.
B. Skill in the use of the more common shop tools.
C. Ability to perform manual labor for extended periods under unfavorable climatic conditions or in mud or water.
D. Mechanical aptitude.
E. Ability to meet the physical, mental and visual standards of the job.
F. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.
G. Underground excavation and heavy equipment experience preferred.

NECESSARY SPECIAL REQUIREMENT:

A. Possession and maintenance of a valid Driver's License.
B. Possession and maintenance of a valid CDL Class B Driver's License.
C. Progression in the training series to Senior Operator level is required to remain in the program. Must make continuous satisfactory progress in the training program including promotion to Operator within twelve (12) months to remain employed in the series. Operational knowledge and training progress will be assessed periodically by WSC supervision.
D. Employee must successfully complete six (6) month probationary period.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee regularly works in outside weather conditions. The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is frequently required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must frequently lift and/or move up to 50 pounds and occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus.

Classification History

Allocated: CSC MTG. 05/15/61
Established: SC MTG. 06/26/61
Reallocated: CSC MTG. 12/12/69
Re-titled: CSC MTG. 07/02/74
Revised: Personnel 07/07/81, 03/17/82, 05/03/90, 02/01/01, 02/25/11
Revised, Reallocated, Retitled: Human Resources 11/08/2013
(Formerly Water Distribution Maintainer Trainee)

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Casework Coordinator	Job Code Number:	23-M-028
Established:	September 16, 2011	Bargaining Unit:	Local 1799

GENERAL STATEMENT OF DUTIES: Performs a variety of tasks to assist the Court Services Manager and/or Court Administrator including, but not limited to, the following: supervises multiple departments, coordinates the training, assignments, and scheduling of clerical work. Develops policies and guidelines specific to the operation of each department of the Court, including orientation and reference material. Attends State training sessions and develops procedures to ensure compliance. Establishes new court programs as mandated by the State.

SUPERVISION RECEIVED: Works under the supervision of the Court Administrator and/or Court Services Manager or Administrative employee designated by the Court Administrator.

SUPERVISION EXERCISED: Exercises working supervision over District Court employees performing the following functions: Caseflow (Traffic/Criminal/Civil), Fiscal (Accounting/Payroll/Tellers), Information Systems (Computer Support), Court Officers/Jury (Noticing & Impaneling), and all support service activities to the Court.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Supervises employees engaged in processing a variety of District Court functions.
2. Assigns daily duties, work schedules, and training.
3. Provides orientation, training, and guidance to District Court employees as it relates to Administrative policies and procedures, State mandated requirements, and compliance with the Supreme Court.
4. Monitors the development of staff. Fairly administers discipline when necessary.
5. Responsible for the completion of work assigned to each division. Addresses problem files and/or situations: identifying the cause, drafts written procedures and policies to address work flow.
6. Provides assistance and direction (verbal and written) on court matters to Attorneys, Law Enforcements Officers, and members of the public. Provides non-legal information and services to the Attorneys, Process Servers, Jurors, Citizens, Police and the public regarding the processing of District Court cases.
7. Coordinates the scheduling of juries and ensures guarding and attending to the needs of juries during trial deliberations. Maintains accurate records and coordinates attendance, call-in, and recordkeeping for juror service.
8. Coordinates the scheduling and notification of all court proceedings, physical caseflow, records retention/disposal,
9. Provides input to the Court Services Manager and/or Court Administrator on the development/revision of procedures impacting the designated areas of responsibility.
10. Performs some of the more complex case and record processing functions of the division(s).
11. Assists staff by dealing with the more difficult or belligerent individuals.
12. Maintains effective communication between and among other sections of the Court.
13. Operates SOS/LEIN terminal to enter and/or remove warrants. Operates a computer terminal to enter and access data related to court cases.
14. Assists the Accounts Analysts by preparing bond checks and assisting in daily bank deposits or cash outs as needed.
15. Compiles court activity statistics and prepares reports containing caseload and financial information. Analyzes case activity.

ESSENTIAL DUTIES AND RESPONSIBILITIES(Con't):

16. May serve as court representative on task forces and committees as assigned by the Court Services Manager and/or Court Administrator.

17. Performs related duties as assigned.

MINIMUM ENTRANCE REQUIREMENTS:

A. Associate degree in public, business, or court administration (or legal related field) OR work equivalent experience of six (6) years with preferably two (2) to (4) years progressive responsibility.
B. Knowledge of State mandated requirements, laws, and City ordinances as they relate to the 68th District Court operational procedures.
C. Knowledge of the terminology, operation, policies, and procedures of the 68th District Court, Michigan statutes, and Court rules.
D. Knowledge of data processing procedures as they relate to the 68th District Court operational procedures.
E. Knowledge of Court Collection standards, State auditing requirements, LEIN standards, standard office procedures,
F. Ability to supervise staff, delegate work assignment, communicate effectively (both verbal and written), and fairly administer discipline.
G. Ability to work professionally with people of all social strata as it relates to staff or the general public.
H. Ability to gather data and make accurate mathematical calculations and tabulations.
I. Ability to establish and maintain professional relationships with co-workers, Attorneys, Police personnel, and the general public.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit, talk, hear, walk, use hands to fingers, handle or feel object, tools, or controls; and reach with hands and arms. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required for this job include close vision and the ability to adjust focus.

Classification History
Established: Human Resources 09/16/11

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	School Crossing Guard	Job Code Number:	02-P-031
Established:	August 31, 1964	Bargaining Unit:	None

GENERAL STATEMENT OF DUTIES: Assists school children in safely crossing the streets at or near a school; notes traffic or other law violators and reports them to Police Department; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of Police personnel who makes assignments and frequent inspections.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Assists school children in crossing streets or street intersections by directing or halting traffic when necessary.

2. Gives directions answers questions, and otherwise assists the general public.

3. Observes traffic or other law violators and reports them to police authorities.

4. Performs related work as required.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least 18 years of age or high school graduation. (Applicants beyond the age of 70 may be appointed to this position.)
B. Working knowledge of State laws and City ordinances pertaining to traffic regulations.
C. Working knowledge of the location of City streets and buildings.
D. Ability to follow oral and written directions.
E. Ability to deal courteously but firmly with the public.
F. Ability to deal successfully with school children, the general public and police officers.
G. No serious defects of vision, hearing, or members. (Vision, hearing, and cardiovascular system to be checked prior to start of each school year.)
H. Ability to meet the physical, mental, and visual standards of the job.
I. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to stand; sit; walk; talk or hear; use hands to finger or handle objects, tools or controls; and reach with hands and arms. While performing the duties of this job, the employee regularly works in outside weather conditions and around traffic. The employee is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, extreme cold, extreme heat and vibration.

Classification History:
Allocated: CSC 07/01/63
Established: City Comm. 08/31/64
Revised: Personnel 06/21/79, 01/11/82
Revised: Human Resources March 2005

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

EFM SUBMISSION NO.: EMC 174-2014

PRESENTED: 3-11-14

ADOPTED: 3-14-14

BY THE EMERGENCY FINANCIAL MANAGER:

RESOLUTION TO EMPLOY THE SERVICES OF CHRISTOPHER JONES

Pursuant to the authority granted the Emergency Manager by Public Act 436, Christopher Jones shall be employed by the City of Flint in the Community Development Department – Building Safety Inspections Division performing assignments related to the coordination of the Demolition Program. Mr. Jones's employment with the City of Flint shall be at the will of the Director of Planning and Development until such time as it is determined that his employment shall cease or until the grant funding is no longer available; and

Mr. Jones holds the knowledge and expertise in grant programs, understanding of grant processing procedures and is best suited to assist in meeting grant deadlines; and

Mr. Jones shall be compensated at an hourly rate of $18.00 per hour budgeted and funded through grants in the FY13-14 BSI Demolition Program from account CDBG (274-748.150-702.000) on a bi-weekly basis, subject to customary withholdings (FICA taxes, etc.). Deduction from line item would depend on what grant is being worked on during the specific pay period; and

Mr. Jones shall receive fringe benefits at a rate of 10.49% of wages coming from line item "Other-departmental Fringes." No other benefits shall be provided.

IT IS RESOLVED that the Emergency Manager shall, on behalf of the City of Flint, appoint Christopher Jones under the terms and conditions stated above. Compensation shall be drawn from appropriated funds in the respective budgets according to work performed.

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ **REFER TO COUNCIL**_____ **FAIL**_____

Darnell Earley, Emergency Manager

DATED: 3-14-14

RESOLUTION STAFF REVIEW FORM

DATE: March 6, 2014

Agenda Item Title: Resolution to Employ the Services of Christopher Jones

Prepared By: Matthew Williams, Associate Planner

Background/Summary of Proposed Action:
Christopher Jones employment is vital to replace an employee who is leaving this position. Mr. Jones holds the knowledge and expertise in grant programs, understanding of grant processing procedures and is best suited to assist in meeting grant deadlines.

Mr. Jones shall be employed by the City of Flint in the Community Development Department -Building Safety Inspections Division performing assignments related to the coordination of the Demolition Program.

In order to provide continuity of services, the Emergency Manager has determined that it would be advantageous for the City to employ Christopher Jones under the terms and conditions stated above.

Financial Implications:
This position is budgeted and funded through grants in the FY'13-'14 BSI Demolition Program from CDBG account (274-748.150-702.000). Mr. Jones shall be compensated at an hourly rate of $18.00 to include mandatory statutory benefits (FICA taxes) from various grant-funded sources, as identified in the respective budgets according to the work performed. Mr. Jones shall be paid in biweekly installments consistent with established written policies and procedures of the City of Flint and subject to customary withholdings.

Budgeted Expenditure: Yes __X__ No _____ **Please explain, if no:** _____

Pre-encumbered: Yes __X__ No _____ Funding available in the FY '14 budget from the various funding allocations to be distributed in accordance with the approved budget.

Staff Recommendation:
The Director of Department of Planning and Development/Chief Planning Officer recommends approval of this resolution.

Staff Person: for Matthew Williams
Megan Hunter, Chief Planning Officer, Director of Planning and Development

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Retirement Specialist	Job Code Number:	22-C-152
Established:	August 23, 2004	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Assists the Retirement & Benefits Manager in determining employees' eligibility for retirement, death benefits, contribution withdrawals, etc. according to individual collective bargaining agreements and the City of Flint's Retirement System Ordinance. Performs duties as outlined by guidelines, which exist in the form of program policies and procedures and City, State and Federal retirement regulations and laws. Interacts consistently with active and retired Retirement System members, employees in central and departmental personnel units, financial planners and health care carriers to disseminate and obtain information. Performs related work as required.

SUPERVISION RECEIVED: Works independently under the general supervision of the Retirement & Benefits Manager.

SUPERVISION EXERCISED: May exercise working supervision over a few employees engaged in Retirement and Benefits activities.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Research and compile Retirement System members' retirement records affecting potential retirement benefits including work history, contributions, service time and compensation. Audits retirement data and assists in correcting deficiencies.

2. Manually calculate all components of retiring individual's benefits; manually calculate periods of unpaid time from retirement card file or other sources containing service history; calculate average salary and amount of retirement credit.

3. Prepare analysis of information to assist potential retirees in making financial decisions.

4. Respond to inquiries concerning Retirement System policies and procedures, and interpret and explain City, State and Federal rules and regulations concerning retirement.

5. Provide information pertaining to pension estimates, retiree benefits and cost of living adjustments.

6. Compile, research and report on data relating to retirements, deaths, death benefits and bonus payments.

7. Schedule retirement interviews and assist with development of interview guides and documents; draft routine correspondence and reports.

8. Maintain confidential retirement system files for active and retired members.

9. Composes and edits a variety of correspondence, reports, memoranda, and other related material requiring judgement as to content, accuracy, and completeness. May type Retirement Board minutes and agenda.

10. Performs other related duties of a comparable level/type as assigned.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least three (3) years paid work experience performing responsible and highly confidential office work, one (1) year of which must have been in a position with primary responsibility for the preparation and maintenance of benefits and/or medical records.
B. Two years of full-time paid work experience in investments, accounting or the administration of a payroll, retirement or fringe benefit plan.
C. Ability to work under pressure with frequent interruptions; Ability to maintain confidentiality.
D. Knowledge of the organization, work, functions, policies and procedures involved in the administration of employee retirement and benefit systems and the related laws and regulations.
E. Ability to make arithmetic computations quickly and accurately, including basic algebra.
F. Ability to perform mathematical computations to compute retirement benefits and to research, use initiative and judgment to gather the appropriate data to perform the calculations
G. Ability to use automated mainframe systems and microcomputer analytical programs to generate pension fund performance reports and payroll charts and reports.
H. Ability to supervise the maintenance of involved records and files and to assemble, organize and prepare detailed and difficult reports from them.
I. Ability to deal effectively with other City employees, retirees, elected policy boards, money managers and the general public.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle or feel objects, tools or controls; and reach with hands and arms.
The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History:
Established: Human Resources 08/23/04

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

STATE OF MICHIGAN
68TH JUDICIAL DISTRICT

PRESIDING JUDGE WILLIAM H. CRAWFORD II • JUDGE TRACY COLLIER-NIX • JUDGE M. CATHY DOWD
JUDGE HERMAN MARABLE, JR. • JUDGE NATHANIEL C. PERRY III
PAULA J. McGLOWN, Court Administrator

68TH DISTRICT COURT
SERVICES AGREEMENT

IT IS AGREED THAT:

Judge Herman Marable, Jr., of the 68th District Court, has need for the services of a Contract Court Recorder/Judicial Secretary.

1. Sandra Quiel possesses the State certification, knowledge, skills, and experience necessary to perform the duties required of Contract Court Recorder/Judicial Secretary for Judge Herman Marable, Jr., of the 68th District Court.

2. Judge Herman Marable, Jr., of the 68th District Court shall utilize the services of Sandra Quiel at the hourly rate of pay of $23.81 per hour. Any hours worked beyond 40 hours per week will be paid at time and a half. In addition, any hours worked on holidays and/or weekends will be paid at time and a half. This agreement does not entitle Sandra Quiel to any employment benefits.

3. Sandra Quiel shall submit time records for services rendered. Said time records shall indicate dates and hours for which services were performed.

4. This agreement is effective April 1, 2014, and shall be binding on the parties and their successors in interest.

5. This agreement is terminable at will by either party upon written notice.

Paula J McGlown
For the 68th District Court
Paula J. McGlown, Court Administrator

Date: 3-28-14

Witness

Sandra S. Quiel
Sandra S. Quiel
Contract Court Recorder/Judicial Secretary
SS#: 376-70-3192

Date: 3-28-14

Date: 3-28-14

630 S. SAGINAW STREET • SUITE 1
FLINT, MICHIGAN 48502-1526
(810) 766-8968
FAX (810) 766-8957

ADMINISTRATION 766-8970

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Police Officer	Job Code Number:	18-P-012
Established:		Bargaining Unit:	FPOA

GENERAL STATEMENT OF DUTIES: Patrols the City of Flint to prevent crime, arrest violators of law, protect life and property, investigate traffic accidents, control traffic and maintain law and order; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of a Sergeant or a command officer who reviews work for conformance with departmental orders and regulations.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Patrols assigned areas on foot, horse, motorcycle, cruiser or aircraft using radio equipment to prevent crime, direct traffic, investigate traffic accidents and to enforce federal, state and local laws.
2. Investigates suspicious activities and apprehends persons endangering the public. Conduct investigations at the scene and gather, preserve and mark evidence pertaining to criminal cases and submit investigations for prosecution.
3. Consults with people regarding inquiries, complaints and information and makes proper disposition or refers to command officer.
4. Investigates traffic accidents to determine cause, takes statements, measurements and other evidence that may determine which party is at fault.
5. Maintains records on accidents, arrests, property damage and duty sheets. Appears as witness to accidents, crimes and other law violations as well as in probate and juvenile court. Prepares justice, circuit court records and probate court petitions and papers. Serves warrants and subpoenas.
6. May participate in special services functions as: water rescue squad, mounted patrol, communications, impounding automobiles, turnkey, crime research activities or surveillance of labor management disputes as required. May be assigned as school resource officer between Flint Police Department and Flint school system performing all duties customarily performed by school resource officer. May be assigned as mounted patrol officer performing all duties customarily performed by a mounted patrol officer. May be assigned as aircraft officer performing all the duties customarily performed by aircraft officers. May be assigned as dog handler performing all the duties customarily performed by dog handlers.
7. Escorts prisoners to headquarters for booking and is responsible for their safety and property while in custody.
8. Cooperates with prosecutor in preparation and prosecution of cases
9. Checks security of residences and businesses while on patrol.
10. Provides public relations for the department by giving tours, speeches, information and assistance to general public.

MINIMUM ENTRANCE REQUIREMENTS:

A. Must be certified or certifiable as a State ofMichigan law enforcement officer.
B. Ability to operate an automobile safely and in accordance with traffic laws.
C. Ability to understand and adhere to the laws and rules of the department.
D. Ability to understand and follow oral and written instructions.
E. Ability to prepare written reports.
F. Ability to deal courteously and firmly with the general public.
G. Aptitude for, or skill in, the use of firearms.
H. Ability to qualify on physical strength and agility test
I. Vision must be a minimum of 20/50 in each eye, corrected to 20/20.
J. Hearing must be normal in each ear.

MINIMUM ENTRANCE REQUIREMENTS: (con't)

K. Personal record such as to withstand rigid criminal and character background investigations.
L. Ability to meet the mental standards of the job.
M. Ability and willingness to work in a manner that will not needlessly endanger the safety of one's self, other persons and equipment.
N. Possession of a good moral character as determined by a background investigation under procedures established by the City of Flint Police Department.
O. No felony convictions or high court misdemeanors.
P. Ability to successfully pass drug screening, physical and psychological evaluations.

NECESSARY SPECIAL REQUIREMENT(S):

- Twenty-one (21) years of age inclusive on date of application. (Applicants who will attain minimum age within three (3) calendar months following date of examination shall be deemed acceptable.)
- Possession of a valid Drivers License (a valid State of Michigan Driver's License will be required at time of appointment).

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is regularly required to stand and walk; occasionally required to run and jump; use hands to finger, handle or feel objects, tools or controls; reach with hands and arms; climb or balance; stoop, kneel, crouch or crawl; taste or smell.

The employee must occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception and the ability to adjust focus.

The employee must be able to withstand exposure to traffic hazards continuously; withstand exposure to weather, wet conditions, high noise levels, hazardous materials and personal danger occasionally.

The employee may, at any time, be at risk of personal danger including, but not be limited to, the result of an intentional attack by people and/or animals as well as environmental hazards.

The employee frequently works in outside weather conditions. The employee occasionally works near moving mechanical parts; in high, precarious places; and with explosives; and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, toxic or caustic chemicals, extreme cold, extreme heat and vibration.

Classification History

Revised: CSC MTG. 02/25/69, 05/26/71, 04/04/72, 04/03/73
Retitled: CSC MTG. 07/02/74
Revised: CSC MTG. 07/01/75
Revised: Personnel 01/04/77
Revised: Police Dept. 07/01/78
Revised: Human Resources 10/09/03
Revised: Human Resources 10/12/04
Revised: Human Resources 11/18/04

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Street Operator/Maintainer	Job Code Number:	22-G-018
Established:	January 7, 1993	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
Operates one or more pieces of heavy construction or maintenance equipment in the installation, construction, maintenance, and repair of city streets, utilities, sidewalks, curbs, gutters, and the building and grounds facilities of the City. Performs skilled labor in the finishing of cement for streets, sidewalks, curbs, gutters and pavements. Performs related work as required.

SUPERVISION RECEIVED:
Works under the supervision of an employee of higher level who inspects work for conformance to standards.

SUPERVISION EXERCISED:
May act as crew leader over a small number of employees on work projects.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Operates diverse pieces of heavy equipment used in performing a variety of grading, excavating, filling, compacting, shaping, construction and maintenance of road surfaces. Performs trenching, snow plowing and removal, sweeping, and salting as required.

2. Assists in the construction and maintenance of streets, sidewalks, concrete curbs and gutters and concrete or asphalt pavements. Cleans, repairs, and places forms used for laying concrete.

3. Operates a loader, tractor or backhoe for loading, unloading or moving materials. Operates a front end loader to load, unload and transfer materials on construction projects such as digging, performs on the spot sewer repairs during street resurfacing activities. Operates a tractor mounted mower for City mowing programs.

4. Performs manual labor and does a variety of routine tasks such as hand shoveling, hand grading, mixing cement, preparing concrete and bituminous pavements or walks for repairs, breaking streets & curbs for repair, tamping asphalt and finishing concrete. Sets curb forms, cuts and fits pipes, raises catch basins and manholes, runs air hammers and sets grades.

5. Operates an asphalt paving machine in the construction and repair of asphalt streets. Operates a tandem roller to compact asphalt paving materials. Operates equipment necessary in making excavations and backfilling and shoring trenches.

6. Performs less difficult inspections of street & construction & repair projects to determine conformance with plans, specifications and departmental work practices.

7. Drives truck to transport equipment, materials and supplies and to plow and salt streets. May act as a crew leader on maintenance work and construction projects.

8. Services and makes minor repairs to equipment. May assist mechanics in the field or garage. May on occasion perform welding and cutting on equipment used in the performance of job duties.

MINIMUM ENTRANCE REQUIREMENTS:

A. Must have completed at least twelve (12) months of on the job training in the job classification Street Operator/Maintainer Trainee I; and at least 2200 hours of on the job training in the job classification of Street Operator/Maintainer Trainee II.
B. Ability to finish concrete.
C. Ability to operate heavy automotive equipment.
D. Ability to perform the semi-skilled tasks involved in street construction and maintenance.
E. Ability to understand and follow oral and written instructions.
F. Ability to service and make minor repairs and adjustments to equipment used and to assist in major repair and overhaul of said equipment.
G. Ability to perform manual labor for extended periods under unfavorable climatic conditions.
H. Mechanical aptitude.
I. Working knowledge of the materials, methods, and practices of construction and maintenance.
J. Willingness to work in a safe manner that will not needlessly endanger the safety to one's self, other persons, and equipment.

NECESSARY SPECIAL REQUIREMENT(S):

- Possession of a Michigan Drivers License.
- Possession of a Commercial Drivers License Type A.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee regularly works in outside weather conditions. The employee regularly works near moving mechanical parts and is exposed to inclement conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is regularly required to reach with hands and arms and is required to stand and walk; and use hands to finger, handle, feel or operate objects, tools, or controls. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; and talk or hear.

The employee must frequently lift and/or move up to 25 pounds and occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, and the ability to adjust focus.

Classification History:
Established: Personnel 1/07/93
Revised: Personnel 03/09/94
Reallocated: Wage Inequity 07/03/94
Revised: Human Resources 07/27/06
Reallocated (Wage Inequity): 10/21/07

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

EM SUBMISSION NO.: EME248 2014

PRESENTED: 4-25-14

ADOPTED: 4-28-14

BY THE EMERGENCY MANAGER:

RESOLUTION TO EMPLOY THE SERVICES OF CALIX MARTINEZ AS A TEMPORARY PLANNING & GIS ASSISTANT

Pursuant to the authority granted the Emergency Manager by Public Act 72, Calix Martinez shall be employed by the City of Flint Planning and Development Department performing assignments related to geographic information systems while providing support to the master plan implementation process. Mr. Martinez's employment with the City of Flint shall be at the will of the Director of Planning and Development until such time as she determines that his employment shall cease or until the grant funding is no longer available. Funding has been identified and approved from the HUD Community Challenge Master Plan grant (Grant No. CCPMI0013-10)

Calix Martinez shall be compensated at a rate of $17.00 per hour - gross, budgeted and funded through the HUD Community Challenge Master Plan Grant (Account #296-690.400-702.000), while receiving fringe benefits at a rate of 10.49% of wages, coming from line item "Other Fringes" (Account #296-690.400-719.100). No other benefits shall be provided.

IT IS RESOLVED, that the Emergency Manager shall, on behalf of the City of Flint, appoint Calix Martinez under the terms and conditions stated above.

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ **REFER TO COUNCIL**_____ **FAIL**_____

DATED: 4-28-14

Darnell Earley, Emergency Manager

RESOLUTION STAFF REVIEW FORM

DATE: **April 17th, 2014**

Agenda Item Title: Resolution to Employ the Services of Calix Martinez as temporary Planning & GIS Assistant

Prepared By: Kevin Schronce, Associate Planner

Background/Summary of Proposed Action:
Given the departure by an Associate Planner, planning staff is looking to secure immediate temporary support for the continuation of master plan development and plan implementation. Primary support is needed in GIS mapping and database management, with additional support also being required for master plan implementation project management.

The HUD Community Challenge Master Plan grant (Grant No. CCPMI0013-10) has available resources in the direct wages line item (Account #296-690.400-702.100), and will be active until June 30, 2014. At this time, temporary employment will cease unless additional funds have been identified.

Assistance is needed with basic mapping tasks including but not limited to: creating polygon topologies; conducting attribute updates and preparing visually appealing custom maps; geodatabase design, data classification and organization; and knowledge of spatial analysis tools. Calix Martinez has been identified to fill this temporary role and has previously served as a GIS/Master Plan intern and provides familiarity and understanding of on-going planning operations.

The GIS and Planning Assistant will work no more than 40 hours per week and would not be paid benefits. A wage of $17.00 per hour has been allocated for this position with fringe benefits at a rate of 10.49%, paid in biweekly installments consistent with established written policies and procedures of the City of Flint. Calix's pay rate should be $17.00 per hour - gross.

Financial Implications:
This position is budgeted and funded from the HUD Community Challenge Master Plan Grant (Grant No. CCPMI0013-10). Mr. Martinez shall be compensated at a rate of $17.00 per hour – gross - (Account #296-690.400-702.000) and receive fringe benefits at a rate of 10.49% of wages coming from line item "Other Fringes" (Account #296-690.400-719.100). No other benefits shall be provided.

Budgeted Expenditure: Yes __X__ No _____ **Please explain, if no:** _____

Pre-encumbered: Yes __X__ No _____ HUD Community Challenge Master Plan Grant (CCPMI0013-10)

Staff Recommendation:
The Director of Department of Planning and Development/Chief Planning Officer recommends approval of this resolution.

Staff Person: _____
Megan Hunter, Director of Planning and Development

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Information Technology Specialist	Job Code Number:	24-B-063
Established:	June 1, 2012	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Provides resolution of hardware and software issues relating to the City's Information Technology Infrastructure as well as assisting the Information Technology Services Network Administrator or designee in aspects of network administration duties.

SUPERVISION RECEIVED: Works under the direct supervision of the Information Technology Services Network Administrator or designee and periodically works with all development staff.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Assists the Network Administrator or designee with duties related to backup and recovery, security management, user account management, e-mail management, internet access, virus protection, firewall access, and applications support.
2. Maintains and supports IT hardware; including any computers, radios, cell phones, switches, closed circuit TV's, electronic sirens, video tape recorders, test equipment, portable transceivers, tape recorders, PA equipment, or any electronic device used in the operation of IT services.
3. Coordinates the development of hardware and software to ensure optimal deployment of resources.
4. Assists with technology planning through ongoing research.
5. Installs software, network servers and work stations; assists in configuring the setup parameters. Logs receipt of software and configuration as installed.
6. Installs for assists in the installation of network equipment (LAN, WAN, WLAN); configures network specifications on servers, routers, switches, hubs and/or work stations.
7. Documents hardware and network configurations and maintains a log of configuration parameters.
8. Documents network projects and prepares written status reports.
9. Assists in the training of users on PCs as it pertains to the City network.
10. Troubleshoots and repairs network issues.
11. Installs, configures, and maintains network systems.
12. Provides recommendations as required for the design, installation and maintenance of hardware and software.
13. Performs inspection of hardware equipment for malfunctions.
14. Performs additional duties as required.

MINIMUM ENTRANCE REQUIREMENTS:

A. A Bachelor's Degree from an accredited college in Computer Science or a related field, or ~~at least five (5) years of~~ **education/**experience **equivalent** ~~holding a position in Information Technology~~.
B. ~~At least two (2) years of full time, paid work experience in a medium-sized municipal government environment.~~
C. Experience in desktop systems and communications devices using current technologies.
D. Knowledge of Windows servers and desktop products.
E. Knowledge of setting up remote access for users.
F. Ability to support networked printers and photocopiers.

MINIMUM ENTRANCE REQUIREMENTS: (con't)

G. Working knowledge of current communications devices and protocols, server and desktop technologies.
H. Ability to train and provide orientation of new staff.
I. Ability to manage multiple projects, activities, and tasks simultaneously.
J. Excellent verbal and written communication skills.
K. Excellent critical thinking and analytical skills.
L. Excellent presentation skills.
M. Excellent strategic planning skills.

NECESSARY SPECIAL REQUIREMENT(S):

- Valid State of Michigan driver's license at time of application.
- Certification for CompTIA in Network+, A+, or CTP+ is required within six (6) months of appointment.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to operate, finger, handle or feel objects, tools or controls; and reach with hands and arms. The employee must occasionally lift and/or move up to 50 pounds. Specific vision abilities required by this job include close vision and ability to adjust focus.

Classification History
Established: Human Resources/Labor Relations 06/01/12
Revised: Human Resources 01/09/14

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Police Captain	Job Code Number:	28-P-015
Established:		Bargaining Unit:	PLTC

GENERAL STATEMENT OF DUTIES: Plans, organizes, directs, coordinates and evaluates the operation of a division or assigned area of responsibility or significant and complex program in the department or a bureau. Assigns and directs divisional personnel; maintains and enforces discipline; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of a Deputy Police Chief, Assistant Chief or the Chief of Police.

SUPERVISION EXERCISED: Exercises supervision over Lieutenants, Sergeants, Police Officers, Police Officer Recruits and civilian employees within an assigned area of responsibility; acts as Officer-in-Charge in absence of a Deputy Police Chief.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Supervises, plans, schedules, assigns and evaluates subordinate personnel, within a Division/Bureau or assigned project; maintains discipline; provides instruction and technical assistance.

2. Coordinates, organizes, directs, and reviews the activities of an assigned area of responsibility; confers with personnel on cases and projects, giving instructions, advice and assistance when needed; prepares or supervises the preparation of records, reports, and correspondence.

3. Identifies and monitors problem areas within an assigned area of responsibility; responds to employee complaints and grievances; responsible for conducting investigations regarding Police Department Personnel; keeps supervisor informed; recommends appropriate action; conducts inspections as required.

4. Meets and confers with immediate supervisor to apprise and keep informed of activities, problem areas, and events of significance occurring which could affect the Division, Bureau, Department or City.

5. Insures that subordinate supervisors assigned to their area of responsibility properly plan, assign, direct, supervise, and coordinate personnel and assignments, and evaluates quality of performance.

6. Conducts or participates in the more difficult or complex projects, programs or assignments; investigates complaints concerning possible violation of departmental rules and regulations by subordinate employees and makes recommendations concerning appropriate action; enforces discipline as directed.

7. Attends public meetings, and addresses the public as required; addresses school groups, clubs, and civic organizations on police policy, procedures and the prevention of crime.

8. Assists in the budgetary process by recommending staffing and equipment needs for his particular area of responsibility. Evaluates resource needs as assigned and requisitions supplies, materials, and equipment.

9. Coordinates divisional activities with other divisions within the bureau as well as other units of the department, government, and law enforcement agencies as directed.

10. Attends, coordinates, or conducts meetings, conferences, and training related to assigned area of responsibility.

ESSENTIAL DUTIES AND RESPONSIBILITIES: (con't)

11. Reviews reports prepared by subordinates and provides technical advice and assistance as needed.

12. Performs, as occasion demands, the duties of Deputy or Assistant Chief of Police in his absence and those of a Deputy District Court Clerk in the signing of complaints and warrants; serves on trial board within Police Department, as required.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least six years experience in the Flint Police Department immediately prior to the deadline date for filing for the promotional examination, the last year of which must have been in the rank of Police Lieutenant.
B. Knowledge of modern police administrative methods, organization and procedures.
C. Knowledge of pertinent Federal, State and Municipal laws and ordinances and departmental rules and regulations.
D. Knowledge of police and governmental Civil Liability.
E. Knowledge of police training principles and methods.
F. Ability to gather information and develop written and oral reports.
G. Ability to evaluate information obtained in investigations.
H. Ability to interpret departmental procedures, rules and regulations, and policies.
I. Ability to analyze problem situations and to make decisions.
J. Ability to plan, assign, supervise and review varied police work.
K. Ability to deal courteously and effectively with police personnel, administrators and the general public.
L. Ability to meet the physical, mental and visual standards of the job.
M. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

NECESSARY SPECIAL REQUIREMENTS:

- Possession of a valid State of Michigan driver's license.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to stand; walk; use hands to finger, handle or feel objects, tools or controls; reach with hands and arms; climb or balance; stoop, kneel, crouch or crawl; taste or smell. The employee must occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception and the ability to adjust focus.

While performing the duties of this job, the employee frequently works in outside weather conditions. The employee occasionally works near moving mechanical parts; in high, precarious places; and with explosives and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, toxic or caustic chemicals, extreme cold, extreme heat and vibration.

Classification History:
Revised: CSC 02-20-61, 06-26-67 & 03-26-68
Reallocated: CSC 11-11-69
Reactivated & Revised: Personnel 02-21-86
Revised: Personnel 12-27-94
Revised: Human Resources 07-08-04

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Police Lieutenant	Job Code Number:	25-P-014
Established:	July 10, 1973	Bargaining Unit:	PLTCPA

GENERAL STATEMENT OF DUTIES: Supervises sergeants, police officers, and civilians engaged in law enforcement duties and support activities; supervises and conducts police training programs; supervises community relations programs; supervises and participates in investigative activities and provides advice on investigations to sergeants and police officers. Performs relate work as required.

SUPERVISION RECEIVED: Works under the supervision of a Police Captain or an administrative employee of higher rank.

SUPERVISION EXERCISED: Exercises working supervision over sergeants, police officers and civilian employees engaged in patrol, traffic or investigative duties and support activates; acts as Officer-In-Charge in the absence of a Police Captain.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Supervises the activities of a police patrol on an assigned shift including Sergeants, Police Officers and others; makes necessary inspections of employees on this shift and evaluates the quality of performance of employees under his/her supervision.
2. Supervises and directs, as assigned, a detail or squad of Sergeants in the control, detection, and elimination of crime or the investigation of the practices, associations and haunts of criminals; may investigate cases as required.
3. Supervises, when assigned to the patrol/traffic division, Sergeants in assuring that roll call is properly administered and that laws are enforced by officers under command in assignment of details and reassignment of personnel to meet emergencies and special events.
4. Reviews and assigns complaints; conducts, concludes and reviews results of investigations of crime or is assigned on a full/time basis, with responsibility for results to one ore more of the major details of criminal activity such as homicide, robbery, theft, arson, burglary, fraud, vice, automobile, juvenile or sexual offenses; reviews investigations with Prosecutor.
5. Supervises community policing activities. Develops programs to improve communication and understanding between the Police Department and various groups and individuals in the community.
6. Supervises sworn and civilian personnel engaged in support activities of the department.
7. Responsible for conducting investigations regarding Police Department Personnel and conducting inspections of all Police Department Bureaus.
8. Performs, as occasion demands, the duties of higher ranking officers in their absence and those of a deputy court clerk in the signing of complaints and warrants; serves on trial board within Police Department as required.
9. Assists outside police agencies in the investigation of crime and locating witnesses for crimes committed outside City of Flint; attends autopsies and confers with the Medical Examiner concerning questionable deaths. Arraigns prisoners; prepares reports and maintains records pertaining thereto.
10. Conducts surveillance and supervises the conduction of surveillance by subordinates.
11. Maintains and supervises the maintenance of modus operandi and criminal photograph files in such categories as burglary, arson, vice, hold-up, shoplifting and narcotics. Maintains an irregular patrol of the City in a police car as a means of inspecting the work of Police Officers and Sergeants on duty.
12. Assumes charge of police activities on scene in case of large fires, riots or other major emergencies.
13. Develops and is responsible for the implementation of in-service training programs, federally funded police projects, and research projects pertaining to equipment, uniforms, policies, procedures, training and grants; speaks before school groups and civic organizations on crime prevention.

MINIMUM ENTRANCE REQUIREMENTS:

A. Education equivalent to completion of high school.
B. Five (5) years of experience in the Flint Police Department immediately prior to the deadline date for filing for the promotional examination, at least (1) year of which must have been in the rank of Sergeant.
C. Thorough knowledge of the rules and regulations of the Police Department and of pertinent federal, state and city laws.
D. Thorough knowledge of modern approved principles, practices, and procedures in the investigation and prevention of crime and the apprehension of criminals.
E. Considerable knowledge of the rules relating to the admission of evidence in court procedures.
F. Ability to analyze involved police problems.
G. Ability to plan, assign and review varied police and investigating work.
H. Ability to deal courteously but firmly with the general public.
I. Ability to meet the physical, mental, and visual standards of the job.
J. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

LINE OF PROMOTION:

- Sergeant to Police Lieutenant

NECESSARY SPECIAL REQUIREMENT(S):

- Possession of a valid State of Michigan Driver's License.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to stand; walk; use hands to finger, handle or feel objects, tools or controls; reach with hands and arms; climb or balance; stoop, kneel, crouch or crawl; taste or smell.
The employee must occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception and the ability to adjust focus.
The employee must be able to withstand exposure to traffic hazards continuously; withstand exposure to weather, wet conditions, high noise levels, hazardous materials and personal danger occasionally.
The employee may, at any time, be at risk of personal danger including, but not be limited to, the result of an intentional attack by people and/or animals as well as environmental hazards.
The employee frequently works in outside weather conditions. The employee occasionally works near moving mechanical parts; in high, precarious places; and with explosives and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, toxic or caustic chemicals, extreme cold, extreme heat and vibration.

Classification History:
Established: 07/10/73
(combined Police Lieutenant and Det. Lieutenant into one reallocated class)
Revised: Personnel 11/07/80, 06/27/83, 05/05/86

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

EM SUBMISSION NO.: EME270-2014

PRESENTED: 5-14-14

ADOPTED: 5-14-14

BY THE EMERGENCY MANAGER:

RESOLUTION APPOINTING AMANDA TRUJILLO AS DEPUTY CITY TREASURER AND SETTING COMPENSATION LEVEL

Pursuant to the authority granted the Emergency Manager by Public Act 436, Amanda Trujillo shall be appointed as Deputy City Treasurer for the City of Flint effective immediately upon adoption of this resolution; and

Ms. Trujillo shall be compensated at an hourly rate of $32.41, paid in biweekly installments consistent with established written policies and procedures of the City of Flint and shall receive all statutory and customary fringe benefits associated with her position and salary. Compensation shall be drawn from appropriated funds to be determined by the Emergency Manager.

IT IS RESOLVED, that the Emergency Manager shall, on behalf of the City of Flint, appoint Amanda Trujillo as the Deputy City Treasurer for the City of Flint. Hourly compensation of $32.41 shall be drawn from appropriated funds to be determined by the Emergency Manager.

APPROVED AS TO FORM:

for

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

EM DISPOSITION:

ENACT Y **REFER TO COUNCIL** _____ **FAIL** _____

Darnell Earley, Emergency Manager

DATED: 5-14-14

S:\P Bade\EM2014\Resos\Amanda Trujillo Appt Deputy City Treasurer Reso 5 14 14.docx

Vacany Filled

EM SUBMISSION NO.: EME2602014

PRESENTED: 5-2-14

ADOPTED: 5-15-14

BY THE EMERGENCY MANAGER:

RESOLUTION AUTHORIZING THE EMPLOYMENT OF RACHEL GOYETTE AS A TEMPORARY LITIGATION FILE CLERK FOR THE LAW DEPARTMENT AND SETTING COMPENSATION LEVEL

Pursuant to the authority granted the Emergency Manager by Public Act 436, Rachel Goyette shall be employed as a temporary Litigation File Clerk for the period May 5, 2014, through May 23, 2014; and

Ms. Goyette's employment with the Law Department shall be at the will of the City Attorney; and

Ms. Goyette shall receive a 1099 as record of her compensation; and

Ms. Goyette shall be compensated at an hourly rate of $12.00, for the period May 5, 2014 through May 16, 2014, for a total expenditure of $960.00, to be paid from appropriated funds from line item 677-266.200-801.000, Professional Services.

IT IS RESOLVED, that the Emergency Manager shall, on behalf of the City of Flint, employ Rachel Goyette under the terms and conditions stated above. Hourly compensation of $12.00 shall be drawn from appropriated funds from line item 677-266.200-801.000, for a total expenditure of $960.00.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ **REFER TO COUNCIL** _____ **FAIL** _____

Darnell Earley, Emergency Manager

DATED: 5-15-14

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Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Water Plant Laboratory Assistant	Job Code Number:	21-N-066
Established:	January 22, 1987	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
Assists in the performance of routine physical, chemical and bacteriological analysis, collects samples, acquires data from various sources, enters data into computer programs and performs related work as required.

SUPERVISION RECEIVED:
Works under the direct supervision of an employee of higher level who trains, instructs, assigns, evaluates and reviews work performance for conformance to standard procedures, laboratory protocols and work rules.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Performs physical analysis such as pH, color, turbidity, temperature, total and suspended solids, jar tests and all related quality control and quality assurance procedures.
2. Performs chemical analysis such a total hardness, alkalinity, fluoride, chloride, chlorine, phosphorus, nitrogen and ammonia and related tests as directed.
3. Assists in the calibration and maintenance of laboratory equipment and facilities.
4. Performs microbiological analysis such as total coliform, fecal coliform, heterotrophic plate count, plankton identification and enumeration, and the preparation of all media related to microbiological testing.
5. Collects samples from a variety of water treatment plant, collection and distribution system locations in an investigative and compliant manner using proper protocol, techniques and apparatus.
6. Answers customer questions regarding water quality and conducts investigations as directed.
7. Utilizes computers and various application programs such as database, word processing, spreadsheets, drafting and drawing programs, and the Internet.
8. Assists in the preparation of routine and special reports.

MINIMUM ENTRANCE REQUIREMENTS:
A. An Associate of Science degree or two (2) years of college education with at least twenty (20) cumulative semester hours of study in mathematics and science including chemistry and biology or one (1) year of full-time paid work experience performing quantitative chemical analyses.
B. Working knowledge of biology, microbiology, chemistry and computers.
C. Ability to manipulate, assemble and handle laboratory and other heavy equipment.
D. Ability to prepare and maintain accurate and detailed records and reports using a computer.
E. Ability to follow oral and written technical instructions.
F. Ability to perform chemical, physical and biological analyses using standard methods.
G. Ability to wear a respirator and self-contained breathing apparatus.
H. Ability to effectively communicate ideas orally in English.
I. Ability to work effectively with employees, customers and the public.

NECESSARY SPECIAL REQUIREMENT:

- Must possess and maintain a valid Michigan Driver's License.
- Must obtain a Michigan F-4 Water Plant License within two (2) years of appointment and complete all necessary requirements to maintain certification.
- Ability to work weekends, holidays and shift work as required.

PHYSICAL DEMANDS:

The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus. Hand-eye coordination is necessary to operate computers and various pieces of office equipment.

Classification History
Established: 01/22/87
Revised: 05/10/02
Reallocated (Wage Inequity): 11/16/08

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Water Plant Operator Trainee	Job Code Number:	12-N-001
Established:	October 22, 1974	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Under an on-the-job training program with close supervision, maintains, operates and repairs water pumping, softening, disinfecting and other treatment equipment; performs related work as required. (After six (6) months experience as a Water Plant Operator Trainee, the employee will be eligible for examination for promotion to Water Plant Maintainer).

SUPERVISION RECEIVED: Works under the direct supervision of the Water Plant Maintenance Supervisor or Water Plant Operations Foreman or another employee of higher grade who assigns work, provides assistance when needed and reviews work for satisfactory completion.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Inspects, cleans adjust and repairs water plant equipment such as filter beds, valves, controllers, recording gauges, coagulators, chlorinators, chemical feeders, softening equipment, sump and sludge pumps, compressors, pumps and motors.
2. Maintains, operates, and repairs settling basins, clear wells, hydraulic valves, and pumping equipment; operates and maintains dams.
3. Performs routine inspections of water treatment equipment and facilities; performs record keeping functions with regard to such inspections.
4. Backwash and cleans filters, checks filter valves, records loss of head, rate of flow; installs, and repairs water lines.
5. Takes water samples and makes simple chemical test such as hourly chlorine residuals of tap settled and effluent water; makes turbidity and coagulation tests.
6. Assists in maintaining and repairing plant buildings and appurtenances.
7. Loads and unloads material and supplies.

MINIMUM ENTRANCE REQUIREMENTS:

A. Completion of 10th grade in high school.
B. Working knowledge of the methods, practices, tools, and materials used in the mechanical trades.
C. Ability to perform mathematical calculations involving algebra and geometry.
D. Ability to perform semi-skilled maintenance task as directed.
E. Ability to use common hand tools with a reasonable degree of skill.
F. Ability to meet the physical, mental and visual standards of the job.
G. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons, or equipment.

NECESSARY SPECIAL REQUIREMENT:

- Possession of a valid State of Michigan Driver's License at the time of application.

PHYSICAL DEMANDS:

The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus. Hand-eye coordination is necessary to operate computers and various pieces of office equipment.

Classification History:
Established CSC Mtg: 10-22-74
Revised: Personnel 06-27-78, 02-27-80, 04-15-85, 12-07-89
Revised & re-titled: Personnel 02-07-97 (formerly Water Trainee)
Revised: Human Resources 08/06/08

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacany Filled

CITY OF FLINT
Position Description

Class Title:	Human Resources Employee Services Specialist	**Job Code Number:**	20-C-???
Established:	November 1, 2013	**Bargaining Unit:**	Exempt

GENERAL STATEMENT OF DUTIES: This is advanced professional work providing Personnel and Labor Relations services by performing moderately difficult and complex clerical work. Processes and maintains a variety of personnel and labor relations records, documents and files. Acts as a liaison with other departments and the general public; performs related work as required.

SUPERVISION RECEIVED: The work is performed under the managerial direction of the Director of Human Resources/Labor Relations.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Investigates employee complaints and coordinates their resolution; schedules compliant meetings; writes responses; clarifies issues.
2. Organizes and conducts training seminars for personnel and labor relations.
3. Organizes the City's Unemployment Compensation by reviewing, and collecting all documentation relevant to case.
4. Represents the City in unemployment compensation hearings before the Michigan Employment Security Commission.
5. May assist in the collection and compilation of data for grievances, arbitration hearings, and administrative agency and court proceedings.
6. Assists with employment recruitment processes; including evaluating credentials, reference checks, scheduling, administering and scoring of examinations and creating statistical reports.
7. May assist with maintaining seniority lists for the classified service and determining layoff, recall and bumping rights as applicable.
8. May prepare requisitions and maintain inventory of forms and supplies.
9. Composes and types a variety of correspondence, reports, manuals and other documents, applying knowledge of departmental operations and regulations. May use database, spreadsheet or other software to create files and records. May gather and organize information for statistic surveys.
10. Prepares a variety of correspondence and reports related to the work; attends a variety of meetings related to the work.
11. Answers questions from employees and the public regarding job openings, benefits and other personnel matters.
12. Carries out a variety of special projects as needed.
13. Performs other related duties as assigned.

MINIMUM ENTRANCE REQUIREMENTS:

A. Possession of a bachelor's degree in business or public administration, liberal arts or related field and two (2) years of progressively responsible professional experience in public personnel management; OR at least three (3) years of office experience, two (2) of which must specifically have been in a Human Resources or Labor Relations office; performing recruitment, examination, Labor Relations and/or Human Resources activities.
B. Basic knowledge of employment law.
C. Considerable knowledge of the principles, theories and practices of personnel management.
D. Working knowledge of and ability to operate a computer utilizing worked processing software; ability to learn database and spreadsheet software.
E. Ability to conduct research and to prepare analyses and reports.

MINIMUM ENTRANCE REQUIREMENTS CON'T.:

F. Ability to maintain and keep involved clerical records, to assemble and organize data, compile charts and prepare reports from data.
G. Ability to establish and maintain working relationships with other employees and the general public.
H. Ability to communicate complex ideas effectively, both orally and in writing.
I. Ability to weigh and consider facts, evidence, testimony fairly and objectively.
J. Ability to establish and maintain effective working relationships with other employees, city officials, representatives from governmental and community agencies and labor organizations, and the general public.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms.

The employee must occasionally lift and/or move up to 10 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

Classification History
Established: Human Resources 11/01/2013

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Section Separator

(g) The salary and benefits of the emergency manager.

Salary and Benefits of the Emergency Manager:

Per the Emergency Manager's Contract Section 3. Compensation For Services Provided

3.1 Source of Payment. The State shall pay the compensation of the Emergency Manager for all services rendered under this Contract.

3.2 Salary. The Emergency Manager's salary for services rendered under this Contract shall be $180,000.00 per year. If this Contract is terminated after the Emergency Manager has provided services for a portion of the month, the Emergency Manager shall be entitled, for that portion of that month, to $15,000.00 multiplied by the proportion that the number of days of the month for which services were provided bears to the number of days of the whole month.

3.3 Payment for Services. The Emergency Manager shall be paid in installments consistent with the established written policies and procedures of the Michigan Department of Treasury. If requested by the State Treasurer, the Emergency Manager shall provide to the Michigan Department of Treasury additional information regarding services performed pursuant to the Contract.

3.4 Reimbursement for Actual and Necessary Expenses. The actual and necessary expenses of the Emergency Manager, including customary expenses related to travel, meals, and lodging which are incurred in connection with service to the City will be reimbursed by the City. The Emergency Manager shall provide original copies of all receipts for meals, lodging, and travel reimbursement with any request for reimbursement. Any reimbursement for expenses under this contract shall be reviewed and approved in writing by the City's Chief Financial Officer.

Section Separator

(f) A copy of the contract with the emergency manager as provided in section 9(3)(e).

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

CONTRACT FOR EMERGENCY MANAGER SERVICES

Rick Snyder, Governor of the State of Michigan (Governor) and the Michigan Department of Treasury retain and appoint Darnell Earley as the Emergency Manager (Emergency Manager) for the City of Flint (City) under Public Act 436 of 2012, the Local Financial Stability and Choice Act, MCL 141.1541 *et seq.* (the Act).

The Emergency Manager will provide services to the City pursuant to the terms and conditions set forth in this Contract and the Act.

The Emergency Manager's role is to remedy the financial distress of the City by requiring, within available resources, prudent fiscal management and an efficient provision of municipal services by exercising the necessary authority conferred herein to take appropriate action on behalf of the City and its residents. In accepting this appointment, the Emergency Manager agrees to leverage all the Emergency Manager's skills and abilities to accomplish these objectives on behalf of City residents.

1. PARTIES, PURPOSE, DUTIES, AND REPORTS

1.1 Parties. The parties to this Contract are the State of Michigan by the Department of Treasury and Darnell Earley.

1.2 Purpose. The parties to this Contract agree that Darnell Earley will act as the Emergency Manager for the City. The Emergency Manager's duties and responsibilities are delineated in the Act and include conducting all aspects of the operations of the City and establishing and implementing a written financial plan as required by Section 11 of the Act.

1.3 Duties. The Emergency Manager shall possess all the powers and duties authorized under the Act, including those specifically related to local governments. In addition, the Emergency Manager shall work cooperatively with the Office of the Governor and the State Treasurer. The Emergency Manager agrees to continue to keep these officials informed of major initiatives to be undertaken in furtherance of this Contract before their public announcement. The Emergency Manager shall seek the approval of the State Treasurer before entering into a new collective bargaining agreement.

1.4 Reports. The Emergency Manager shall file quarterly reports with the Department of Treasury beginning on January 15, 2014, for the immediately preceding quarter and shall file the first report required by Section 17 of the Act within six months of the Emergency Manager's appointment and every three months thereafter.

1.5 Communications. The Emergency Manager shall establish and maintain an appropriate protocol for ongoing communications with officials of the City, City residents, and the media. The communications protocol should include a variety of means, including personal interactions.

2. TERM OF CONTRACT

2.1 The Emergency Manager serves at the pleasure of the Governor except as provided in Section 9(3)(d) and Section 9(6)(c) of the Act.

2.2 Effective Date. This contract is effective on Tuesday October 8, 2013.

3. COMPENSATION FOR SERVICES PROVIDED

3.1 Source of Payment. The State shall pay the compensation of the Emergency Manager for all services rendered under this Contract.

3.2 Salary. The Emergency Manager's salary for services rendered under this Contract shall be $180,000.00 per year. If this Contract is terminated after the Emergency Manager has provided services for a portion of the month, the Emergency Manager shall be entitled, for that portion of that month, to $15,000.00 multiplied by the proportion that the number of days of the month for which services were provided bears to the number of days of the whole month.

3.3 Payment for Services. The Emergency Manager shall be paid in installments consistent with the established written policies and procedures of the Michigan Department of Treasury. If requested by the State Treasurer, the Emergency Manager shall provide to the Michigan Department of Treasury additional information regarding services performed pursuant to this Contract.

3.4 Reimbursement for Actual and Necessary Expenses. The actual and necessary expenses of the Emergency Manager, including customary expenses related to travel, meals, and lodging which are incurred in connection with service to the City will be reimbursed by the City. The Emergency Manager shall provide original copies of all receipts for meals, lodging, and travel reimbursement with any request for reimbursement. Any reimbursement for expenses under this contract shall be reviewed and approved in writing by the City's Chief Financial Officer.

4. ADDITIONAL STAFF AND CONSULTANT FEES

4.1 Staff. The Emergency Manager may, as provided in the Act, appoint additional staff as necessary to fulfill the obligations of the Emergency Manager's appointment and duties under this Contract. Payment of compensation for additional staff will be the obligation of the City. While authority to hire additional staff rests with the Emergency Manager, the Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before extending offers of employment for positions paying $50,000.00, or more, annually. The Emergency Manager shall issue a written employment contract to each individual hired pursuant to this Section, regardless of the compensation paid to that individual. The employment contract

issued pursuant to this Section shall, as of the date the individual is hired by the Emergency Manager, prohibit the individual from engaging in any other employment for remuneration without the express written approval of the Emergency Manager. The Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before approving outside employment for any individual. A breach of this Section shall be a material breach of this Contract.

4.2 Professional Assistance. The Emergency Manager may, as provided in the Act, secure professional assistance as necessary to fulfill the obligations of the Emergency Manager's appointment and duties under this Contract. Payment of compensation for additional professional assistance will be the obligation of the City. The Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before authorizing professional services contracts of $50,000.00, or more, per engagement or project. If a contract under this Section, or under Section 4.1, has a value of $50,000 or more, the Emergency Manager shall not execute the contract unless the contract is subject to competitive bidding by the Emergency Manager or the Emergency Manager receives prior written approval from the State Treasurer.

4.3 Security. The Emergency Manager will be entitled to receive security protection in connection with the Emergency Manager's duties under this Contract. Security personnel will be retained only upon the approval of the State Treasurer, or the designee of the State Treasurer, and only after consultation with the Director of the Michigan Department of State Police, or the designee of the Director of the Michigan Department of State Police. Payment of compensation for security personnel will be the obligation of the City.

5. REPRESENTATIONS

5.1 Qualifications. By signing this Contract, the Emergency Manager, represents that the Emergency Manager meets the minimum qualifications for appointment set forth in the Act. The Emergency Manager shall perform the duties of that office on a full-time basis, except as otherwise approved by the State Treasurer, and shall not accept any other employment or engage in any other activity for remuneration without the express written approval of the State Treasurer.

5.2 Conflict of Interest. The Emergency Manager represents and warrants that the Emergency Manager has no personal or financial interest, and will not acquire any such interest, that would conflict in any manner or degree with the performance of this Contract.

5.3 Non-competition. The Emergency Manager represents and warrants that the Emergency Manager is not subject to any non-disclosure, non-competition, or similar clause with current or prior clients or employers that will interfere with the performance of this Contract. The State will not be subject to any liability for any such claim.

5.4 Facilities and Personnel. The City will provide the Emergency Manager with proper facilities and personnel to perform the services and work required to be performed pursuant to this Contract.

5.5 Records. The Emergency Manager shall maintain complete records in accordance with

generally accepted accounting practices and sound business practices. This requirement applies to all information maintained or stored in the computer system of the Emergency Manager or computer system of the City. The State Treasurer and his designees shall have the right to inspect all records related to this Contract.

5.6 Non-Discrimination.

a) The Emergency Manager shall comply with Public Act 220 of 1976, the Persons with Disabilities Civil Rights Act, MCL 37.1101 *et seq.*, and all applicable federal, State, and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that the Emergency Manager will not discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. The Emergency Manager shall impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant shall be a material breach of this Contract.

b) The Emergency Manager shall comply with Public Act 453 of 1976, the Elliott-Larsen Civil Rights Act, MCL 37.2101 *et seq.*, and all applicable federal, State, and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that the Emergency Manager will not discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, or marital status. The Emergency Manager shall impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant shall be a material breach of this Contract.

5.7 Unfair Labor Practices. The Emergency Manager shall not enter into a contract for the performance of any obligation imposed by this Contract with a subcontractor, manufacturer, or supplier whose name appears in the register prepared pursuant to Public Act 278 of 1980, MCL 423.322, of employers found in contempt of court for failure to correct unfair labor practices. The State may void this Contract if the Emergency Manager, or any subcontractor, manufacturer, or supplier of the Emergency Manager that is a party to a contract for the performance of any obligation imposed by this Contract, appears in the above mentioned register.

5.8 Independent Contractor. The relationship of the Emergency Manager to the State and to the City under this Contract is that of an independent contractor. Except as specifically provided in the Act, no liability, benefits, workers compensation rights or liabilities, insurance rights or liabilities, or any other rights or liabilities arising out of, or related to, a contract for hire, nor employer-employee relationship, shall arise, accrue, or be implied to either party under this Contract or to an agent, subcontractor, or employee of either party under this Contract, as a result of the performance of this Contract.

6. NOTICES

6.1 The State Treasurer is the designee for this Contract unless notice of another designa-

tion is provided by the Governor. All notices, correspondence, requests, inquiries, billing statements, and other documents mentioned in this Contract shall be directed to the attention of the State Treasurer, Andy Dillon, and to the following:

For the State:

Michigan Department of Treasury
Office of Legal Affairs
Richard H. Austin Building, 430 West Allegan Street
Lansing, Michigan 48922
Phone: (517) 373-3223

For the Emergency Manager:

Darnell Earley
Flint City Hall
1101 South Saginaw Street
Flint, Michigan 48502

7. LIMITATION UPON LIABILITY

7.1 The State. The State, the Governor, the State Treasurer, and all other State officials are not liable for any obligation of or claim against the City resulting from actions taken in accordance with the Act or this Contract.

7.2 The Emergency Manager. Pursuant to the Act, in performing this Contract the Emergency Manager is engaging in a governmental function and is immune from liability for any action taken which the Emergency Manager reasonably believes to be within the scope of the Emergency Manager's authority granted by the Act or by this Contract.

8. INSURANCE

8.1 General. The Emergency Manager may procure and maintain, at the expense of the City, health, worker's compensation, general liability, professional liability, and motor vehicle insurance for the Emergency Manager and any employee, agent, appointee, or contractor of the Emergency Manager as may be provided to elected officials, appointed officials, or employees of the City. The insurance procured and maintained by the Emergency Manager may extend to any claim, demand, or lawsuit asserted or costs recovered against the Emergency Manager and any employee, agent, appointee, or contractor of the Emergency Manager to the extent permitted by the Act.

8.2 Post-Contract. If, after the date that the service of the Emergency Manager is concluded, the Emergency Manager or any employee, agent, appointee, or contractor of the Emergency Manager is subject to a claim, demand, or lawsuit arising from an action taken during the service of the Emergency Manager, and not covered by a procured insurance policy, litigation expenses, including but not limited to attorney fees, payments in satisfaction of judgments, and

payments made in settlement as specified pursuant to the Act, shall be paid by the City. If such expenses are not paid by the City, they shall be treated as a debt owed to this State pursuant to section 17a(5) of Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971, MCL 141.917a.

8.3 Additional Insurance. If the City has purchased, or otherwise obtained, an errors and omissions policy, then the Emergency Manager may choose to be covered under such policy at the expense of the City.

8.4 Payment by City. All insurance required under this Contract shall be acquired at the expense of the City under valid and enforceable policies, issued by insurers of recognized responsibility. The State Treasurer reserves the right to reject as unacceptable any insurer.

9. TERMINATION OF CONTRACT AND APPOINTMENT

9.1 Termination by the State.

a) The State. The Emergency Manager serves at the pleasure of the Governor except as provided in Section 9(3)(d) and Section 9(6)(c) of the Act. The Governor has the power to rescind the appointment and terminate this Contract at any time, and without cause, by issuing a Notice of Termination to the Emergency Manager.

9.2 Termination Process. Upon receipt of a Notice of Termination, and except as otherwise directed, the Emergency Manager shall:

a) Cease work under this Contract upon the date and to the extent specified in the Notice of Termination;

b) Incur no costs beyond the date specified by the Notice of Termination;

c) Submit to the State Treasurer on the date the termination is effective all records, reports and documents as this State shall specify and carry out such directives as the State Treasurer may issue concerning the safeguarding and disposition of files and property; and

d) Submit within 30 calendar days a closing memorandum and final billing, which shall be paid within 30 days.

9.3 Termination by Emergency Manager. The Emergency Manager may terminate this Contract at any time, with or without cause, with 30 days written notice to the State Treasurer. Within 30 days of the Emergency Manager's final day of service, the Emergency Manager shall submit a closing memorandum and final billing, which shall be paid within 30 calendar days.

10. GENERAL PROVISIONS

10.1 Governing Law and Jurisdiction. This Contract shall be subject to, and construed according to, the laws of the State of Michigan, and no action shall be commenced against this State,

its agents, or employees for any matter whatsoever arising out of this Contract, in any court other than a Michigan State court.

10.2 No Waiver. A party's failure to insist on the strict performance of this Contract shall not constitute waiver of any breach of the Contract.

10.3 Other Debts. The Emergency Manager represents and warrants that the Emergency Manager is not, and will not become, in arrears on any contract, debt, or other obligation to the State of Michigan, including taxes.

10.4 Invalidity. If any provision of this Contract or its application to any persons or circumstances shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Contract shall not be affected, and each remaining provision of this Contract shall be valid and enforceable to the fullest extent permitted by law.

10.5 Headings. Section headings contained in this Contract are for convenience only and shall not be used to interpret the scope or intent of this Contract.

10.6 Entire Agreement. This Contract represents the entire and exclusive agreement between the parties and supersedes all proposals or other prior agreements, oral or written, and all other communications between the parties.

10.7 Amendment. No Contract amendment will be effective and binding upon the parties to this Contract unless the amendment expressly makes reference to this Contract, is in writing, and is signed by duly authorized representatives of all parties and all the requisite State approvals are obtained.

10.8 Order of Priority. This Contract and the Act shall be read to be consistent one with the other. However, if a conflict is deemed to exist between the terms of this Contract and the Act, the Act shall supersede the terms of this Contract.

10.9 Counterparts. This Contract may be executed in separate counterparts, each of which when executed shall be deemed an original, but all of which when taken together shall constitute one and the same Contract.

IN WITNESS WHEREOF, the Governor and the Emergency Manager have signed and executed this Contract.

STATE OF MICHIGAN

Dated: 10/2/13

Rick Snyder, Governor

Dated: 10-3-13

Darnell Earley, Emergency Manager

Approved as to form and content pursuant to Section 9(3)(e) of Public Act 436 of 2012, the Local Financial Stability and Choice Act, MCL 141.1541 *et seq.*

Dated: 10/3/13

Andy Dillon, State Treasurer

Section Separator

(e) A description of any position that has been eliminated or from which an employee has been laid off.

Positions Eliminated

April	May	June
		Rehab Monitor Specialist
		Receivables Examiner

Positions Laid Off

April	May	June
Utilities Data Technician	Sr. Sewage Station Operator	
Building Maintainer		
Bldg & Grounds Custodian		
Sew Pump Station Operator		
Fire Apparatus Operator		
Street Operator Maintainer		
Water Dist Operator Trainee		

Position Eliminated

CITY OF FLINT
Position Description

Class Title:	Rehabilitation Monitoring & Evaluation Specialist	Job Code Number:	25-C-172
Established:	January 16, 2003	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Monitor and coordinate CDBG funded rehabilitation; prepares specifications and reviews and approves work performed by contractors; insures compliance with HUD Rules and Regulations; performs related work as required.

SUPERVISION RECEIVED: Works under the general supervision of an administrative employee of higher level who reviews work for effectiveness and conformance to policies and procedures.

SUPERVISION EXERCISED: May exercise working supervision over a small number of employees engaged in rehabilitation work or clerical duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Monitors the progress and contract compliance of contractors in the performance of rehabilitation work; performs periodic work-site inspections, prepares and reviews work progress schedules and reports from architects and contractors; initiates corrective action as required.
2. Prepares specifications and cost estimates for projects funded with Federal and State funds.
3. Assists in the bidding and is aware of procedures for contracted rehabilitation work, including assurance that necessary bid bonds, performance bonds, maintenance guarantees, warranties, certificates, tests and other issuances are furnished or performed.
4. Requisitions funds and monitors expenditures; ensures that all necessary budgetary forms and papers are processed relative to rehabilitation work.
5. Ensures compliance with HUD rules and regulations, monitors all phases of the rehabilitation process.
6. Advises affected staff, architects, engineers and other relevant parties regarding HUD policies and procedures and state and local laws, codes, ordinances and other regulations relevant to contracted rehabilitation work.

MINIMUM ENTRANCE REQUIREMENTS:

A. An Associate's degree from an accredited college with a major in business, construction management, public administration or other related field.
B. Two (2) years of paid experience in federal construction management, housing improvement or housing maintenance. Work experience may be substituted year-for-year for the education requirement.
C. Knowledge of the basic concepts of all the building and mechanical trades.
D. Knowledge of construction methods and of building materials and terminology.
E. Knowledge of HUD rules and regulations.
F. Ability to plan, lay out, write specifications and develop a cost estimate for housing rehabilitation work.
G. Ability to effectively meet and deal with homeowners/tenants, contractors, government officials, insurance agents, architects, engineers and others involved in rehabilitation and modernization work.
H. Ability to maintain records and prepare reports.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle or feel objects, tools or controls; and reach with hands and arms.
The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History
Established: 01/16/03
Revised: Human Resources 05/28/03
Reclassified (from 23-C-143): Human Resources 06/01/08

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Position Eliminated

CITY OF FLINT
Position Description

Class Title:	Receivables Examiner	Job Code Number:	20-D-015
Established:	March 27, 1987	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Creates and maintains a large computerized receivables master file and complex automated tax master ownership files. Analyzes master files to determine integrity of receivable and distribution of payments. Supervises employees in the maintenance of automated master files and reconciliation procedures. Maintains control of City and County ad valorem taxes and special assessment records; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of an administrative employee who oversees work and checks for conformance with standard procedures.

SUPERVISION EXERCISED: Exercises supervision over clerical employees engaged in a variety of clerical and accounting duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Analyzes master files to determine integrity of the receivable creation and distribution of payments.

2. Assigns and supervises clerical employees in the maintenance of the computerized master files and other reconciliation procedures.

3. Responsible for maintaining controls for all City receivables; computes distributions for non-automated in house tax payments for outside taxing agencies.

4. Maintains delinquent receivables and distributes for annual return to County Treasurer's Office. Prepares required reports and data for the State of Michigan regarding City receivables.

5. Creates various receivables based on requests by other City Departments.

6. Solves the more complex reconciliation problems and answers the more complex or non-routine taxpayer inquiries. Assists in the formulation of new procedures and recommends policy changes.

7. Requests divisional and departmental data processing reports and assists in data processing reports schedules.

8. Reviews accounts to determine those to be turned over to a collection agency. Audits requests from other departments for receivable adjustments. Audits payment postings, results and requests any overpayment checks.

9. Trains, instructs and assists new Receivables Examiners, Clerk Tellers and Customer Service Clerks in departmental policies and procedures.

10. Initiates requests for inquiries based on detection of automated program errors; assists in automated system development; suggests changes and enhancements to the automated system; assists in the creation and verification of the tax rolls.

ESSENTIAL DUTIES AND RESPONSIBILITIES: (con't)

11. Reviews all name, address and ownership changes.

12. Maintains billing files for all lending and financial institutions with appropriate follow-up correspondence to insure accuracy.

13. Maintains documentation to insure timely reinstatement of checks not honored by financial institutions. Prepares the Treasury Division's daily deposit.

MINIMUM ENTRANCE REQUIREMENTS:

A. A Bachelor's degree from an accredited college in Accounting or related field **OR** an Associate's degree in Accounting, Economics, Business Administration or related field **AND** at least one (1) year of full time paid work experience performing entry level accounting **or** as a Customer Service Administrative Clerk, Senior Customer Service Clerk, Clerk Teller or Senior Account Clerk in the Finance Department (Additional years of experience may be substituted for the required college on a year for year basis) **OR** three (3) years experience as a Customer Service Clerk (Treasury Clerk and/or Water Account Clerk), Senior Customer Service Clerk, Senior Account Clerk or Clerk Teller.
B. Knowledge of bookkeeping, accounting, and auditing principles, methods and practices.
C. Knowledge of data processing procedures as it relates to accounting principle.
D. Knowledge of office practices and procedures.
E. Ability to prepare complex financial reports and statements.
F. Ability to understand and execute general oral and written instructions and to independently work out detailed procedures.
G. Ability to make complex arithmetical computations quickly and accurately.
H. Ability to analyze administrative problems and procedures and to make effectual recommendations for solutions.
I. Ability to communicate effectively both orally and written.
J. Ability to establish and maintain effective working relationships with other employees and the public.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle or feel objects, tools or controls; and reach with hands and arms.
The employee must occasionally lift and/or move up to 10 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

Classification History:
Established: Personnel 03/27/87
Revised: Personnel 05/17/89, 5/16/94
Retitled & Revised: Personnel 05/06/97
(formerly Treasury Receivables Examiner)
Revised: Human Resources 09/30/05
Revised: Human Resources 07/28/06

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Lay Off Position

CITY OF FLINT
Position Description

Class Title:	Utilities Data Technician	Job Code Number:	20-N-085
Established:	January 8, 2003	Union:	Local 1600

GENERAL STATEMENT OF DUTIES:
Coordinates, updates and maintains maintenance manuals using the Maintenance Manager System, a hydraulic model (computer application), AutoCad, and/or SCADA systems in a division of the City of Flint's Utilities Department. Organizes and maintains plant blueprints, and updates drawings to reflect modifications to the facilities. Maintains the Utilities' Material Safety Data Sheet (MSDS) Program. Assists in Safety and Environmental related projects. Performs related work as required.

SUPERVISION RECEIVED:
Works under the supervision of an employee of higher level who reviews work through conferences and written or oral communications.

SUPERVISION EXERCISED:
May exercise working supervision over lower level employees, temporary employees and/or co-op students.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Researches and gathers a variety of data for use in administering and maintaining maintenance manuals, plant system databases, blue prints and engineering records and drawings, shop and mechanical drawings and the main water plant filing system.
2. Administers and maintains computerized Maintenance Manager Program.
3. Performs Contractor Safety Training.
4. Handles occasional public contacts of a divisional unit by giving information, explaining policies, procedures and activities of the department; answers routine questions
5. Administers and maintains MSDS Program.
6. Operates microcomputers and minicomputer terminals to produce complex reports and drawings; operates office machine equipment not requiring special previous training.
7. Uses information processing software such as data base management programs, electronic spreadsheet, word processing programs and computer aided design programs.
8. May assist in plotting field notes of surveys, computing areas and preparing field data; may assist in computing bearings, angles, distances, and areas.
9. Operates, performs data entry, makes changes and updates a hydraulic model and/or maps of the City of Flint's water supply and/or wastewater collection systems.
10. Performs routine system maintenance to SCADA system(s).

MINIMUM ENTRANCE REQUIREMENTS:
A. Two years of college education (62 credit hours) specializing in Engineering, Computer Science or a related field **OR** and additional two (2) years full time paid work experience in Engineering, Computer Science or a related field.
B. Two (2) years of experience in general engineering which must have included drafting, CAD work and inspection **OR** two (2) years of experience using a computer to manage maintenance programs, databases, AutoCAD and/or similar applications.
C. Two (2) years of experience using various computer software and/or Windows' applications.

MINIMUM ENTRANCE REQUIREMENTS: (con't)

D. Knowledge of mechanical and electrical equipment and water system hydraulics.
E. Working knowledge and the ability to work from sketches drawings blue prints, digitized drawings and operational and maintenance manuals.
F. Ability to make freehand sketches and generate drawings to scale.
G. Ability to operate a microcomputer for purposes of review and updating of plant systems, maps, manuals and CAD/CAM systems.
H. Ability to meet the physical, mental and visual standards for the job.
I. Demonstrated experience in computers comprising operating systems, spreadsheets, word processing, CAD drawings, photo and presentations software.

NECESSARY SPECIAL REQUIREMENT:

- Ability to work various shifts and some weekends.
- Possession of a valid State of Michigan driver's license.
- Capable of being certified for Permit Required Confined Space entry.

PHYSICAL DEMANDS

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is frequently required to walk; use hands to finger, handle or feel objects, tools or controls; and reach with hands and arms. The employee may occasionally need to climb ladders and enter subterranean vaults. May occasionally need to access roof-mounted structures. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History:
Established: 01/08/03
Revised & Retitled: 09/03/03
(Previously Water Plant Data Technician)
Revised: 01/24/05

Lay Off Position

CITY OF FLINT
Position Description

Class Title:	Building Maintainer	Job Code Number:	16-F-011
Established:	April 24, 1945	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
Performs semi-skilled work and assists in the maintenance, repair and alteration of buildings and related mechanical and electrical equipment and fixtures; performs related work as required.

SUPERVISION RECEIVED:
Works under the supervision of an employee of a higher level who assigns and inspects work for conformance with standards.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Performs semi-skilled tasks, or may assist higher level employee(s) in performing more skilled tasks, in the installation, maintenance and repair of plumbing fixtures and equipment including water pipes, faucets, valves, joints, traps and sewer systems.

2. Performs semi-skilled tasks or may assist higher level employee(s) in performing more skilled tasks in the installation, maintenance and repair of heating and cooling systems, including hot water and steam boilers, air conditioners, and ventilation systems; adjusts and tightens fans and blowers; replaces gaskets, steam pipes, radiator traps and other accessories and fittings.

3. Performs semi-skilled tasks, or may assist higher level employee(s) in performing more skilled tasks in the alteration, repair and maintenance of buildings, floors, stairways, partitions, doors, windows, window screens, furniture and woodwork.

4. Performs semi-skilled tasks or assists higher level employee(s) in performing more skilled tasks in the repair and installation of electrical equipment such as wiring, switches, plugs, fixtures, electric motors and related equipment.

5. Performs minor plastering, cement work and interior and external painting.

6. Performs semi-skilled tasks, or assists higher level employee(s) in performing more skilled tasks, in the installation, maintenance and repair of refrigeration, ventilation, kitchen and other mechanical equipment.

7. Reads blueprints, interprets diagrams and charts to determine location of work indicated.

8. Operates power equipment such as drill presses, lathes, planers, saws, sanders, torches, welders and other equipment; also miscellaneous hand tools.

9. May be called upon to maintain yards and lawns and remove snow from parking lots, sidewalks and building entrances using hand and power equipment; drives a truck in transporting equipment.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least one (1) year experience performing varied semi-skilled building and related mechanical tasks.
B. Familiarity with the more common practices, methods, materials and tools of the building and related mechanical trades.
C. Ability to perform semi-skilled maintenance tasks as directed.
D. Ability to use common hand tools with a reasonable degree of skill.
E. Ability to perform building and related mechanical and electrical equipment maintenance tasks.
F. Ability to perform manual tasks involving physical strength.
G. Ability to work from blueprints, diagrams and charts.
H. Ability to work harmoniously with fellow workers and other personnel.
I. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self or other persons and equipment.
J. Ability to meet the physical, mental and visual standards of the job.

NECESSARY SPECIAL REQUIREMENT:

A. Possession of a valid State of Michigan Driver's License at time of appointment.

PHYSICAL DEMANDS

While performing the duties of this job, the employee regularly required to reach with hands and arms. The employee is frequently required to stand, walk, and use hands to finger, handle, feel or operate objects, tools, or controls. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; and talk or hear.

The employee must frequently lift and/or move up to 25 pounds and occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, and the ability to adjust focus.

Classification History

REVISED: CSC. 04/24/45
REALLOCATED: Barrington System 06/27/65
REVISED: CSC. 03/20/67
REVISED: Personnel 04/19/77, 04/25/86
REALLOCATED: Personnel (Wage Inequity) 07/01/86

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Lay Off Position

CITY OF FLINT
Position Description

Class Title: Sewage Pumping Station Operator	Job Code Number:	17-N-026
Established:	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: As a part of a continuous three-(3) shift, seven-(7) day per week operation, operates, inspects, maintains, and repairs sewage pumping plant and lift station equipment; takes readings and makes power consumption reports; performs custodial and maintenance duties in and around buildings and on the ground, performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of a operations employee of a higher level who assigns work and checks for proper performance of duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Inspects, cleans, adjusts packing, and lubricates operating equipment such as pumps, motors, grinders, air compressors, air handling units and boilers; determines if equipment is functioning correctly; operates hydraulic air powered, and hand operated valves.

2. Starts and stops pumps in accordance with load demand; checks level of water in wells; operates control and communications equipment.

3. Monitors equipment status and alarm screens. In case of a breakdown, contacts utility companies and designated personnel for repairs. Transports and installs emergency portable generators, when necessary.

4. Operates and cleans grinders, screens, pumps, and conveyors.

5. Assists in the repair of grinders, screens, pumps, valves, pipes and lubricators; performs minor electrical repairs, such as changing certain 110 volt light bulbs, and fuses.

6. Performs custodial duties in and around the buildings and grounds, such as: cleaning, scrubbing, polishing, washing windows, monitoring operation of the furnace, and maintaining lawn, walk, and driveway areas, as well as minor building and grounds repair work; operates related powered utility equipment such as mowers, snow plows, and similar equipment.

7. Makes daily reports on power consumption and pumpage; takes hourly readings on meters; makes hourly watch rounds of station; answers the phone.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least six months of experience in the operation, maintenance, or repair of Sewage Pumping and Lift Station or Water Pollution Control equipment, or one (1) year of general maintenance experience.
B. Skill in the use of common hand tools.
C. Working knowledge of the methods, materials, and tools used in general mechanical and electrical repair work.
D. Working knowledge of proper methods of cleaning and lubricating machinery.
E. Good general mechanical ability.
F. Ability to read blueprints, drawings, and repair and operation manuals.
G. Ability to understand and follow oral and written instructions.
H. Ability to keep routine work related records.
I. Ability to meet the physical, mental, and visual standards of the job.
J. Ability and willingness to work safely.

NECESSARY SPECIAL REQUIREMENT(S):

- Possession and maintenance of a valid State of Michigan Driver's License.
- Must be willing and able to work all shifts and be available for duty on a standby basis.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to reach with hands and arms. The employee is frequently required to stand; walk; use hands to finger, feel or operate objects, tools or controls. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch or crawl; and talk or hear.

The employee must frequently lift and/or move up to 25 pounds and occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

Classification History:

Revised & Reclassified: Personnel Office 05/30/76
Revised: Personnel 01/12/78,
10/01/83, 07/25/85,
01\08\91, 02/17/98
Revised: Human Resources 11/01/08

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

BUILDING AND GROUNDS CUSTODIAN 12-F-10

GENERAL STATEMENT OF DUTIES: Installs, maintains, and repairs fixtures, facilities and equipment at a municipal complex; cares for grounds and land; services heating and ventilating equipment; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of an employee of higher grade who assigns and inspects work for conformance with acceptable standards.

SUPERVISION EXERCISED: May exercise partial supervision over a janitor.

EXAMPLES OF DUTIES:

1. Installs, maintains and repairs fixtures, facilities and equipment.
2. Maintains grounds around buildings, including such tasks as removing litter, trash and weeds, trimming or removing dead or broken branches, and caring for grass and flowers.
3. Maintains parking lots, steps, driveways and sidewalks; removes snow and ice.
4. Operates a large incinerator; disposes of refuse and participates in the refinishing, waxing and repairing of floors.
5. Services heating and ventilating equipment; paints and repairs equipment and rooms.
6. Cleans and repairs fixtures in washrooms; washes windows; empties receptacles.
7. Sweeps and dusts corridors and stairways; scrubs and buffs floors with electric machines.
8. May on occasion operate a truck, tractor or other power equipment.

MINIMUM ENTRANCE REQUIREMENTS:

One (1) year's experience in performing a variety of custodial or related work.
Familiarity with the more common practices, methods, materials and tools used in building maintenance and housekeeping.
Ability to understand and follow simple oral and written instructions.
Ability to perform manual tasks involving physical strength.
Ability to develop and maintain effective relationships with tenants, visitors and staff personnel.

NECESSARY SPECIAL REQUIREMENTS:

Must possess a valid State of Michigan motor vehicle operator's license.

Classification History:

REVISED: CSC MTG 1/12/71
REVISED: Personnel 10/10/79 & 11/15/83
REVISED: Personnel 3/17/86

Lay Off Position

FIRE APPARATUS OPERATOR F2-Q-09

GENERAL STATEMENT OF DUTIES: Operates and maintains a major piece of firefighting apparatus which may or may not involve combating, extinguishing and preventing fires; operates and maintains pumper, or other piece of fire apparatus; performs routine maintenance and housekeeping tasks in a fire station; performs related work as required.

SUPERVISION RECEIVED: Works under the direct supervision of a Sergeant or a Fire Officer of higher rank who assigns and reviews work for conformance with departmental orders and regulations.

EXAMPLES OF DUTIES:

1. Drives fire apparatus to and from fires and has charge of its operation while there.
2. Keeps apparatus clean; see that fuel tank, oil system, and chemical tanks are filled and that it is in proper working order at all times.
3. Makes minor repairs and adjustments to the apparatus and reports problems to the appropriate personnel.
4. As a pumper operator, operates equipment at a fire, maintaining a water supply of adequate pressure and volume and is responsible for the operations and condition of equipment.
5. As a ladder, aerial ladder, or squad operator, not only operates the equipment at a fire but also combats, extinguishes and prevents fires as would any firefighter.
6. Participates in cleaning firefighting apparatus, hose and firehouse; participates in all tests of equipment to maintain it in immediate working condition.
7. Performs routine household duties in the upkeep of the station by cleaning, cooking, making beds; caring for heating plant, caring for grounds around station; painting or other miscellaneous work as assigned.
8. At a fire station, stands regular house watch for receiving fire or other emergency alarms and dispatching fire apparatus. Assists in communications center as required.
9. Assists in firefighting as required.
10. Will check and maintain any spare fire apparatus within the work location as designated by department scheduling.

MINIMUM ENTRANCE REQUIREMENTS:

Education equivalent to completion of the twelfth school grade.
Ability to show Safety Training Officer or Apparatus Supervisor working knowledge of apparatus.
Knowledge of high school mathematics.
Familiarity with first aid methods.
Ability to learn a wide variety of specialized firefighting duties and methods within a reasonable period of time.
Ability to understand and to follow oral and written directions.
Ability to get along well with others.
Aptitude for mechanical work.

Physical requirements: Inasmuch as Firefighters are assigned to 2nd Driver/Fire Apparatus Operator position, divergence from physical standards may be expected.

NECESSARY SPECIAL REQUIREMENTS:
Possession of a valid Michigan Driver's License.

Classification History:
REVISED & RETITLED: CSC Mtg. 01/21/75
REVISED & RETITLED: Personnel 01/23/95
RC from Firefighter 1st Driver

Lay Off Position

Lay Off Position

CITY OF FLINT
Position Description

Class Title:	Street Operator/Maintainer	Job Code Number:	22-G-018
Established:	January 7, 1993	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
Operates one or more pieces of heavy construction or maintenance equipment in the installation, construction, maintenance, and repair of city streets, utilities, sidewalks, curbs, gutters, and the building and grounds facilities of the City. Performs skilled labor in the finishing of cement for streets, sidewalks, curbs, gutters and pavements. Performs related work as required.

SUPERVISION RECEIVED:
Works under the supervision of an employee of higher level who inspects work for conformance to standards.

SUPERVISION EXERCISED:
May act as crew leader over a small number of employees on work projects.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Operates diverse pieces of heavy equipment used in performing a variety of grading, excavating, filling, compacting, shaping, construction and maintenance of road surfaces. Performs trenching, snow plowing and removal, sweeping, and salting as required.

2. Assists in the construction and maintenance of streets, sidewalks, concrete curbs and gutters and concrete or asphalt pavements. Cleans, repairs, and places forms used for laying concrete.

3. Operates a loader, tractor or backhoe for loading, unloading or moving materials. Operates a front end loader to load, unload and transfer materials on construction projects such as digging, performs on the spot sewer repairs during street resurfacing activities. Operates a tractor mounted mower for City mowing programs.

4. Performs manual labor and does a variety of routine tasks such as hand shoveling, hand grading, mixing cement, preparing concrete and bituminous pavements or walks for repairs, breaking streets & curbs for repair, tamping asphalt and finishing concrete. Sets curb forms, cuts and fits pipes, raises catch basins and manholes, runs air hammers and sets grades.

5. Operates an asphalt paving machine in the construction and repair of asphalt streets. Operates a tandem roller to compact asphalt paving materials. Operates equipment necessary in making excavations and backfilling and shoring trenches.

6. Performs less difficult inspections of street & construction & repair projects to determine conformance with plans, specifications and departmental work practices.

7. Drives truck to transport equipment, materials and supplies and to plow and salt streets. May act as a crew leader on maintenance work and construction projects.

8. Services and makes minor repairs to equipment. May assist mechanics in the field or garage. May on occasion perform welding and cutting on equipment used in the performance of job duties.

MINIMUM ENTRANCE REQUIREMENTS:

A. Must have completed at least twelve (12) months of on the job training in the job classification Street Operator/Maintainer Trainee I; and at least 2200 hours of on the job training in the job classification of Street Operator/Maintainer Trainee II.
B. Ability to finish concrete.
C. Ability to operate heavy automotive equipment.
D. Ability to perform the semi-skilled tasks involved in street construction and maintenance.
E. Ability to understand and follow oral and written instructions.
F. Ability to service and make minor repairs and adjustments to equipment used and to assist in major repair and overhaul of said equipment.
G. Ability to perform manual labor for extended periods under unfavorable climatic conditions.
H. Mechanical aptitude.
I. Working knowledge of the materials, methods, and practices of construction and maintenance.
J. Willingness to work in a safe manner that will not needlessly endanger the safety to one's self, other persons, and equipment.

NECESSARY SPECIAL REQUIREMENT(S):

- Possession of a Michigan Drivers License.
- Possession of a Commercial Drivers License Type A.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee regularly works in outside weather conditions. The employee regularly works near moving mechanical parts and is exposed to inclement conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is regularly required to reach with hands and arms and is required to stand and walk; and use hands to finger, handle, feel or operate objects, tools, or controls. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; and talk or hear.

The employee must frequently lift and/or move up to 25 pounds and occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, and the ability to adjust focus.

Classification History:
Established: Personnel 1/07/93
Revised: Personnel 03/09/94
Reallocated: Wage Inequity 07/03/94
Revised: Human Resources 07/27/06
Reallocated (Wage Inequity): 10/21/07

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Lay Off Position

CITY OF FLINT
Position Description

Class Title:	Water Distribution Operator Trainee	Job Code Number:	16-N-035
Established:	June 26, 1961	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Under an on-the-job training program with close supervision installs, maintains and repairs water mains, valves, meters, hydrants and other appurtenances of the water supply system; performs related work as required. As the training progresses, supervision may be proportionately decreased and the responsibility of assignments increased. After completion of 2080 paid working hours, not including overtime, of on-the-job training, in the Water Service Center Division, the training period will be considered complete and the employee eligible for examination for promotion to Water Distribution Operator.

SUPERVISION RECEIVED: Works under the direct supervision of a foreman or employee of a higher grade who assigns work and checks for proper performance of duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Installs water mains and new service lines; inserts tapping valves for new mains and service lines.
2. Lays and repairs water mains; repairs gate valves; installs, repairs and tests fire hydrants; constructs and repairs wells on line gates.
3. Installs service connections, including tapping water main and laying service pipe; connects and disconnects shut-off valves and stop box; digs and back-fills trenches; locates and digs up curb boxes as necessary; thaws frozen lines in winter.
4. Caulks joints, cuts pipe, cuts out broken pipe, puts on sleeves, shuts off gate valves, repairs stuffing boxes.
5. Installs and removes consumer water meters. Performs water turn on and off's.
6. Operates equipment such as air compressors, valve turning or other equipment associated with water distribution and repair.
7. Drives utility dump trucks or other vehicles; orders materials; makes out simple reports on work performed and materials used.
8. May work with one or more Water Service Center employees.
9. May clean and repack water meters and/or be assigned duties in the stockroom.
10. May be required to perform duties in Sewer Operations.

MINIMUM ENTRANCE REQUIREMENTS:

A. Ability to communicate orally and carry out oral instructions.
B. Skill in the use of the more common shop tools.
C. Ability to perform manual labor for extended periods under unfavorable climatic conditions or in mud or water.
D. Mechanical aptitude.
E. Ability to meet the physical, mental and visual standards of the job.
F. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.
G. Underground excavation and heavy equipment experience preferred.

NECESSARY SPECIAL REQUIREMENT:

A. Possession and maintenance of a valid Driver's License.
B. Possession and maintenance of a valid CDL Class B Driver's License.
C. Progression in the training series to Senior Operator level is required to remain in the program. Must make continuous satisfactory progress in the training program including promotion to Operator within twelve (12) months to remain employed in the series. Operational knowledge and training progress will be assessed periodically by WSC supervision.
D. Employee must successfully complete six (6) month probationary period.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee regularly works in outside weather conditions. The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is frequently required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must frequently lift and/or move up to 50 pounds and occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus.

Classification History

Allocated: CSC MTG. 05/15/61
Established: SC MTG. 06/26/61
Reallocated: CSC MTG. 12/12/69
Re-titled: CSC MTG. 07/02/74
Revised: Personnel 07/07/81, 03/17/82, 05/03/90, 02/01/01, 02/25/11
Revised, Reallocated, Retitled: Human Resources 11/08/2013
(Formerly Water Distribution Maintainer Trainee)

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

SENIOR SEWAGE PUMPING STATION OPERATOR 19-N-25

GENERAL STATEMENT OF DUTIES: Operates, inspects, maintains, and repairs sewage pumping stations and lift stations; performs skilled maintenance and custodial tasks in and around the buildings and on the grounds; maintains logs, prepares written reports and takes readings; performs related work as required.

SUPERVISION RECEIVED: Works under the general supervision of a Water Pollution Control Facilities employee of higher grade who assigns and reviews work for conformance with established policies.

SUPERVISION EXERCISED: May exercise technical leadership over other employees of a lower classification engaged in lift station and pumping station operations, maintenance and custodial tasks.

EXAMPLES OF DUTIES:

1. In a lead role, operates, inspects, and performs preventative and corrective maintenance at sewage pumping and lift stations, including the associated buildings and grounds. Monitors control panels, Supervisory Control and Data Acquisition System, and other indicators to control flows and levels as required. Takes readings and maintains records and logs. Uses personal computers and other related equipment as part of performing daily duties.

2. Operates, inspects, maintains, lubricates and repairs as necessary where appropriate a variety of sewage pumping stations and lift stations and appurtenances associated with collection system, such as valves, sluice gates, weirs, motor operated controls, hoists, conveyors, augers, screws, pneumatic temperature and electric controls, belt and chain drive mechanisms, compressors, air dryers, meters regulators, instrumentation, circuit breakers, variable speed drives, grinders centrifugal pumps, limitorques, solenoids, check valves, bubbler tubes, sampling devices, heating and cooling devices, bar screens, odor control equipment and computer apparatus.

3. Responds to and troubleshoots lift station and pump station alarm conditions such as low wet well, high wet well, high bar screen differential, intruder alert and combustible gas in wet well.

4. Responds to and troubleshoots lift station and pump station equipment failures, including instrumentation, and when appropriate, contacts utility companies and/or designed personnel for repairs.

5. Transports, installs and operates portable generators where necessary.

6. Performs custodial tasks in and around the sewage pumping stations and lift stations such as cleaning, scrubbing, polishing, litter abatement, graffiti removal and window washing; mows lawns and removes snow from walks and driveways.

7. Prepares a variety of daily, weekly, monthly and annual reports on operational and maintenance activities; maintains operational and maintenance records; prepares work schedules; provides information for divisional budget such as equipment needs, material and repair requirements. Maintains overtime records and payroll records.

8. Participates in Water Pollution Control Facilities safety programs such as respiratory protection program, confined space entry program, process safety, hazardous waste operations and emergency response, laboratory hygiene, ladder safety, electrical lockout, asbestos awareness and right-to-know.

12. Interacts with the public regarding complaints and other issues as related to the operation and maintenance of the pump station and remote lift stations.

13. Maintains constant communication with Water Pollution Control by telephone, radio, or cellphone.

MINIMUM ENTRANCE REQUIREMENTS:

At least one (1) year of experience in the operations and maintenance of a wastewater treatment facility or related work.
Skill in the maintenance of mechanical equipment, buildings, and associated equipment.
Considerable knowledge of the functions, methods, operation, maintenance, and repair of a sewage pumping plant and its associated lift stations.
Considerable knowledge of the methods, materials, and tools used in performing semi-skilled to skilled maintenance and repair tasks.
Ability to work from blueprints, drawings, repair and operation manuals.

Lay Off Position

MINIMUM ENTRANCE REQUIREMENTS: (Cont)

Ability to maintain accurate records and detailed reports, using standard mathematical computations and formulas.
Ability to follow oral and written instructions.
Ability to perform routine, repetitive manual and technical tasks.
Ability to meet the physical, mental and visual standards of the the work.
Ability to deal courteously with the public.
Ability and willingness to work safely.

NECESSARY SPECIAL REQUIREMENTS:

Must possess and maintain a valid State of Michigan Drivers License during employment.
Must be willing to remain on stand-by as required.
Must obtain, within six (6) months of appointment, a Certificate of Completion for the following California State University, Sacramento correspondence courses: Operations and Maintenance of Wastewater Collection Systems, Volumes I & II.
Ability to obtain a fit test certification with respirator on an annual basis and maintain certification (facial hair and other articles must be maintained in a manner as to not interfere with the seal).
Ability to obtain and maintain a confined space entry attendant and entrant certification.
Ability to obtain and maintain the following hazardous waste operations and emergency response certification: first responder awareness, first responder operations and hazardous materials technician.

Classification History:

ESTABLISHED:	CSC Meeting 09/04/73
REALLOCATED:	Personnel 02/21/77
REVISED:	Personnel 11/15/63, 03/17/86, 11/21/91
REALLOCATED & REVISED:	Personnel 12/30/96
REVISED:	Personnel 07/17/98, 10/13/00
REVISED:	Human Resources 09/01/04

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

ANALYSIS REPORT

TO: Edward Koryzno, Administrator; Office of Fiscal Responsibility

FROM: Eric Cline. Unit Operations Specialist

SUBJECT: Updated Flint Water System Status Assessment

DATE: February 21, 2013

Analysis Summary

On November 26, 2012, the Department of Treasury commissioned the firm of Tucker, Young, Jackson & Tull, Inc. (TYJT) to analyze options for the City of Flint to either remain a customer of the Detroit Water & Sewer Department (DWSD) or to join the Karegnondi Water Authority (KWA) in Genesee County. The overarching purpose of this study was to provide objective analyses to the State Treasurer and to Flint's Emergency Financial Manager (EFM) in order to secure potable drinking water for the City for the foreseeable future. The Office of Fiscal Responsibility (OFR) has been the lead office representing Treasury in this project.

On January 14, 2013, the State Treasurer requested responses to three questions: 1) Show the different, projected construction costs provided by TYJT and by the City of Flint/KWA. If these costs are different, explain why Treasury believes that the projects provided by Flint/KWA are acceptable; 2) identify the construction contingencies included in the TYJT and Flint/KWA projections; and 3) identify the options Flint will utilize in the event of a construction cost overrun or a delay in construction by KWA.

This has been a very difficult project to analyze because of the number of proposals to consider, differences of opinion about the conclusions of various engineering analyses that have been conducted, the fact that the analyses are comparing an existing, operational water system with one that has not yet been designed, and conditions within the City of Flint that make it difficult to assess their true water needs.

However, despite these difficulties, I believe that **KWA** presents the best future option to provide potable water for the City of Flint in the future. Long-term, KWA appears to be the cheaper option; the quality of water will almost certainly improve; Genesee County appears willing to assist the City in securing the financial resources for their portion of the project; this project could signify the beginning of better collaboration between the City of Flint and Genesee County; the KWA project has both political and popular support.

The following details how this recommendation was arrived at:

Background:

On December 21, 2012, staff from TYJT met with representatives from the Department of Treasury and the City of Flint to provide a preliminary report on their findings. At this meeting, TYJT outlined 5 options that they had analyzed. These options were: 1) 100% water provision by the City of Flint Water Plant from its water source of the Flint River; 2) 100% provision of untreated Lake Huron Water by KWA (which would require treatment by the Flint Water Plant); 3) Effective 100% provision of treated drinking water by DWSD; 4) Provision of variable amounts of water from DWSD through the existing Potter & Baxter master meter (this option called for Flint to treat and *blend* river water into DWSD water in order to reach their daily needs); and 5) Provision of variable amounts of water from DWSD through the 72" Imlay City main (this option also called for Flint to treat and *blend* river water into DWSD water in order to reach their daily needs). Each of the blending options looked at Flint purchasing 4, 8, or 12 Million Gallons per Day (MGD) from DWSD and blending the balance in river water to achieve their maximum daily water needs of 18 MGD. The Imlay City option also provided for DWSD to sell the 72" main to the City of Flint, which would then become the operational and maintenance responsibility of Flint.

From the presentation of the preliminary report on December 21 to the submission of the final report to the State by TYJT on January 29, 2013, a number of developments occurred that made analysis and arriving at a final decision very difficult. They were:

- DWSD provided the City of Flint with at least two modified proposals to consider.
- TYJT and Rowe Professional Services Company (Rowe), the principal engineering firm for KWA (and Genesee County and the City of Flint), began disputing the others' conclusions and estimates regarding the construction of the KWA pipeline.
- The Flint EFM also disputed several of TYJT's conclusions. At a January 10, 2013, meeting with Treasury, the EFM also eliminated the 100% Water Plant option, using the Flint River as a 100% water source (which was cheapest option, as determined by TYJT).
- At a January 10, 2013 meeting, Flint officials eliminated all of the DWSD Imlay City options (which were the cheapest DWSD options) over concerns of owning and maintaining the 72" water main. They also eliminated consideration of any of the blending options originally proposed to DWSD, in part over concerns of added costs to soften the water. This effectively left the only options remaining under consideration by Flint to be the 100% DWSD option (which TYJT estimated to be more expensive than either of the KWA cost options) or joining KWA.

I believe that TYJT's analysis was hampered by the very short timeframe in which they attempted to conduct this analysis; which, may have led to be being more conservative in some of their estimates. I believe that some of the comparable systems used in their analysis may not have been the best options but given that KWA is still in the design phase, may represent the best selection of comparable. I also believe, for whatever reasons, that all of the information (from both DWSD and KWA) TYJT needed to effectively analyze these options was not provided to them.

Projected Construction Costs:

Based upon the provided construction estimates, TYJT estimates the KWA construction costs at **$357.6-million.** KWA estimates construction costs at **$272.4-million.** TYJT states in their final report that they received "limited information" from KWA, which might have resulted in more conservative estimates.

The primary differences between the two estimates center around 1) the cost of constructing the pumping stations; 2) land acquisition costs; 3) contingency costs (discussed below); 4) the provision of

construction management services; 5) design costs; and 6) redundant power at the pumping stations. Cost estimates were reasonably similar by both firms in other areas except for those noted above.

The cost of constructing the pumping stations is the biggest difference between the two estimates (**$24.6-million vs. $54.5-million**). TYJT stated that they believe KWA had not designed the pumping stations to the point where more accurate numbers could be achieved. TYJT also stated that their estimates were based on construction costs for a similar project in SE Michigan. KWA maintains that construction costs in Genesee County are much lower than in SE Michigan and that they have extensive experience in construction projects that will help keep costs in-line. KWA has also stated that the construction of the transmission pipeline will be done by multiple contractors in order to save time and allow more Michigan contractors to bid on the project.

TYJT added **$1.2-million** to their estimates for land and easement acquisition. KWA has stated that they have already secured nearly all of the land and easement accesses needed for this project. It is likely that TYJT was unaware of this when they developed their estimates.

TYJT also added 5% (**$14.4-million**) to their estimated base cost for construction management services. TYJT has stated that KWA has not taken these costs into account. KWA maintains that they have accounted for them and these costs will not be that high.

Nearly **$18-million** was added to TYJT's estimates for design costs and legal work for the design of both the pumping stations and the transmission pipeline. KWA maintains that they have accounted for these expenses.

TYJT also included **$1.3-million** in new costs for standby power at the pumping stations. KWA has made no provisions for redundant power at the pumping facilities. TYJT included the provision of redundant power in their estimates and notes that this is an industry standard. KWA officials have stated that the new water plant will have redundant power but that the pumping stations will not. The stated reasons for not including redundant power were cost containment, that Flint can use the Flint River as a backup water supply in the event of an extended power outage and that the KWA systems' water storage capacity will allow for 7 days of reserve supply. KWA has also stated that they will look at installing standby power later but can utilize portable generators at the pumping stations, if necessary.

If the additional costs are not included, then the TYJT and the KWA estimates are within 5% of each other. This may/may not be acceptable differences, but I believe the only way to verify the accuracy of either estimate would be to utilize a third engineering firm to independently review both TYJT and KWA's estimates.

Project Contingency:

Construction contingency costs, also known as Engineering, Land, Administration, and Contingency costs (ELAC) are summarized in an attached chart developed by Rowe for the City of Flint. KWA/Rowe estimates total construction at $272.4-million, with **$53.2-million** (25%) for ELAC contingencies. County Water and Sewer Administrator John O'Brien clarified at a January 28, 2013 meeting that there is a 15% contingency for unforeseen issues and 10% "extra." TYJT estimates total construction at $357.6-million, with **$107.3-million** (30%) for ELAC contingencies.

TYJT stated that they believe that 25% ELAC for a project of this scope that is (at the time of the final report) less than 15% designed is insufficient; hence the more conservative estimate. The 5% difference in ELAC costs adds nearly $40-million to the TYJT estimate.

Construction Cost Overrun/Construction Delay Options:

The OFR is not aware of any contingency plans developed by either KWA or the City of Flint to address construction cost overruns or significant construction delays. The final TYJT Water Supply Assessment Report does reference an October 31, 2012 letter from KWA to EFM Kurtz in which KWA anticipates a "worse-case scenario" of a 15% cost overrun and a one-year operational delay. KWA projects, under this scenario, that water from DWSD would be cheaper than KWA until 2020 as opposed to 2016; reducing projected cumulative savings from $19-million to $3.9-million by Year 8 (2020).

County Drain Commissioner Jeff Wright stated at a January 28 meeting that, if necessary, KWA has the authority to borrow more funds to complete the project in the event that delays or cost overruns necessitate the borrowing of more funds. However, Mr. O'Brien also stated that the January 28 meeting that KWA expects to purchase insurance policies to insure against delays to the project. It has been suggested that a one-year delay in completion could increase project costs by as much as $20-million. Further discussion with Mr. O'Brien reveals that KWA is looking into purchasing a "wrap-around" policy against construction delays and a builders' risk policy; the costs of which are still being determined by KWA. Drain Commission Wright also indicated at the January 28 meeting that if construction bids come-in significantly higher than estimated that KWA will likely reassess its approach to this project.

Conclusions:

It is likely that TYJT's estimates are overly conservative. Their own analysis concludes that KWA's projections are cheaper than their estimate of the KWA project. Even with a 15% cost overrun and a one-year delay (Worst-case scenario), KWA's estimate is still lower than TYJT. All estimates for KWA are cheaper than the 100% DWSD option (all other DWSD options were eliminated from consideration by the EFM).

That is not to say that the KWA estimates are without fault. KWA is a new venture and the "unknowns" exist at the initial phases of the project. KWA has the potential to be the cheaper, long-term cost for the City of Flint after the bond debt for construction is retired. Significant construction delays and/or cost overruns could greatly add to the cost of this project, which could add to the financial burden on Flint.

Realistically, the true cost for this project will likely be in the middle of the two estimates. The bids for construction of the KWA lake water intake will be opened on February 26, 2013, with the expectation of presenting a recommendation for bid award on March 20. Comparison of the bids and the estimates for intake construction could be an indicator of the more valid estimate.

There are also some additional factors that are outside of the three questions asked by the State Treasurer that influence a final recommendation on this project. The first is DWSD. DWSD is a "known" entity and the system is already in-place and in operation. DWSD may also be the cheaper option in the short term. However, selecting DWSD requires a 30-year commitment and the unknown aspect of future rate increases is very concerning to Flint officials. EFM Kurtz has stated that the City has experienced rate volatility over the history of its relationship with DWSD. According to the EFM, the average historical annual rate increase for the City is **6.7%**, but over the past 10-years the average annual rate increase has been **10.5%**.

All estimates show KWA being cheaper to Flint than DWSD after capital costs are retired. There also appears to be considerable local resistance to continuing a relationship with DWSD.

The upfront costs and the premium water charges assessed by DWSD while KWA is being constructed are of great concern to City officials. Flint officials have indicated that approximately **$3.5-million** in capital upgrades is needed for the Water Plant if the KWA option is selected. However, at a January 28,

2013 meeting, County Drain Commissioner Wright indicated that Genesee County will permit Flint to participate in its revenue bond sale for KWA for Flint's 30% share of capacity in the KWA System and for plant upgrades. Given Flint's current financial situation, were this participation to occur, it will be a positive development for the City because it is likely Flint would have a very difficult time issuing bonds on the strength of its own credit rating. The Drain Commissioner also indicated a willingness to discuss how KWA might mitigate the $5- to $6-million cost of the "premium" rate that would be charged to the City of Flint by DWSD for the City to purchase water while KWA was being constructed.

On February 4, 2013, a proposal was received from EFM Kurtz that outlined a two-phased approach to resolve the cost of this premium charge. First, the City will transfer six miles of 72" water main owned by the City that extends into Genesee County in lieu of the **$2.3-million** up-front payment the City would have to make for construction of the KWA system. The second phase involves KWA entering into negotiations with DWSD to purchase their 72" water main that runs from Imlay City to Genesee County and agreeing to purchase water from DWSD for redundant purposes in-exchange for DWSD eliminating the **15%** premium rate to Flint during the three-year KWA construction period.

Recommendation:

A recommendation is being made to support the City of Flint joining KWA. Given, the conservatism of TYJT's estimates and the fact that all KWA estimates are cheaper than the 100% DWSD option, KWA appears to be the logical choice. EFM Kurtz has stated that he believes the KWA option is the cheaper alternative over time. There appears to be public support for the KWA project and EFM Kurtz has also stated that he believes that the Flint Mayor and City Council will support the KWA Project.

Also, the potential inclusion of Flint in the issuance of revenue bonds by Genesee County and the potential for KWA to assist the City in mitigating some of the DWSD premium charges could greatly reduce Flint's financial concerns.

There also appears to be good cooperation between City and County officials in discussing this project and this level of engagement and dialogue between city and county officials because of this project could continue to grow and lead to additional areas of cooperation and collaboration.

If further analysis on this issue is needed, please let me know.

Copy: Randall Byrne, State Administrative Manager; Office of Fiscal Responsibility

Attachment

S \OFR\Cities\City of Flint\KWA Water Authority\UPDATED FLINT DWSD KWA ASSESSMENT Version VIII 02-21-13 doc

RESOLUTION STAFF REVIEW

DATE:
July 15, 2014

Agenda Item Title.
IDEXX

Prepared By:
Brent Wright, Supervisor

Background/Summary of Proposed Action:
The Flint Water Plant Laboratory is a state certified bacteriological lab. The Michigan Department of Environmental Quality (MDEQ) requires the City to perform a minimum of 100 bacteria samples on the water distribution system, along with an additional 14 samples within the Water Treatment Plant, because it is fully operational. The Lab has only been certified in using Colilert and Simplate media test for performing these samples by the State. Both of these media tests are only supplied by IDEXX. To become certified in using a different media test, the City staff would need to conduct side by side proficiency tests and become certified by the State, which can be very time consuming and costly. The City is requesting approval to procure these test media from the sole source provider of IDEXX

Financial Implications: Please approve the purchase order for IDEXX. The funds are available in the FY14 amended budget in an amount not to exceed $70,000.00

Budgeted Expenditure? Yes ☒ No☐ Please explain if no: N/A

Account No.: 591-545.200-726.000

Pre-encumbered? Yes ☒ No☐ Requisition # 140000602

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person:
(Dept Head or other authorized staff)

Byrne, Randall (Treasury)

From:	Maxine Murray <mmurray@cityofflint.com>
Sent:	Tuesday, July 15, 2014 4:48 PM
To:	Clinton, Kevin (TREASURY)
Cc:	Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Jim Ananich; Phil Phelps; Woodrow Stanley; Dayne Walling
Subject:	Quarterly Financial Report
Attachments:	Flint Qrtly Financial Rpt 071514.zip

Good afternoon,

Please find attached the quarterly report of the Emergency Manager of the City of Flint.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

July 14, 2014

Mr. R. Kevin Clinton, State Treasurer
Michigan Department of Treasury
Bureau of Local Government Services
4th floor Treasury building
430 West Allegan Street
Lansing, MI 48922

Dear Mr. Clinton:

I am attaching for your consideration the quarterly report of the Emergency Manager of the City of Flint as required by Section 9 (5) of P.A. 436 of 2012. The report details activities for the period of April 1, 2014 through June 30, 2014.

Respectfully submitted,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Attachments

cc: Wayne Workman, Deputy Treasurer
Edward Koryzno, Bureau Director of Local Government Services
Randall Byrne, Office of Fiscal Responsibility
James Ananich, State Senator
Woodrow Stanley, State Representative
Phil Phelps, State Representative
Dayne Walling, Mayor City of Flint

QUARTERLY REPORT TO THE STATE TREASURER REGARDING THE FINANCIAL CONDITION OF THE CITY OF FLINT

July 15, 2014

This quarterly report covers the period from April 1, 2014 through June 30, 2014 and addresses the financial condition of the City of Flint.

Per P.A. 436 Section 9 (MCL141.1549) requires that you submit quarterly reports to the State Treasurer with respect to the financial condition of your local government, secondly, a copy to each state senator and state representative who represents your local government. In addition, each quarterly report shall be posted on the local government's website within 7 days after the report is submitted to the State Treasurer.

Status of the Financial Condition of the City of Flint
April 1, 2014 through June 30, 2014

Summary of FY14 Fourth Quarter and FY 14 Budget Status

As the city has reached the end of the fourth quarter of FY14, the budget continues to be in balance and the year is expected to end with approximately $3.8 million in revenue over expenses. One set of budget adjustments, with approval of Treasury was implemented in December 2013 and a second budget adjustment was made with approval by Treasury in April 2014. (Attachment A FY14 Revenue and Expense Report June 30, 2014)

Current Cash Flow

The City's cash flow has improved significantly from the $13 million cash on hand in December of 2011. Thirteen million dollars is less than one month's operating expenses. By comparison, the cash on hand on June 30, 2014 was in excess of $52 million. (Attachment B Cash Flow Comparisons)

FY 15 AND FY 16 Budget

The FY14 budget was developed within the context of a five year projection of revenues and expenses. This exercise pointed out the continuing challenge the City of Flint will have in achieving long term financial stability. The Finance Department and the Council Finance/Administration Committee completed the FY15-19 strategic plan and financial projections. The City Council has also adopted a Mission, Vision, Goals and Budget Priorities statement. This was incorporated into the FY 14/15 and FY 15/16 Budget document (Attachment C Final FY15 & FY16 Budget Document). Consulting firm Ernst & Young assisted the City with an update to the five year financial projections. The biennial budget was adopted on June 23, 2014 via EM Order #13.

Retiree Healthcare Lawsuit Status

As previously reported, the City's effort to restructure retiree healthcare was challenged by a group of retirees in a federal lawsuit, *Welch v City of Flint.* On January 3, 2014, the U.S. 6th Circuit Court of Appeals reinstated an injunction prohibiting the City from modifying retiree health care benefits. The City is aggressively litigating this matter, as it does not have the resources to afford the current level of healthcare coverage, and projected cost increases for the upcoming fiscal year are substantial. If the federal district court's decision is not reversed, the City will be in an extremely precarious financial position, with insufficient resources to meet basic functions.

On June 30, 2014 Judge Tarnow issued an order modifying in part his preliminary injunction barring the City from modifying retiree health care benefits. The Judge's order now permits the City to modify retiree health care as the City had proposed in a settlement proposal which was previously submitted to the Court.

While the details of the Judge's recent order are still being reviewed, and while the details of implementing the order are still being developed, it appears that the ruling will have a positive financial impact on the City, at least for the period while the litigation continues.

Attachments:
Attachment A Revenue and Expense Report April 1 – June 30, 2014
Attachment B Cash Flow Projection
Attachment C Final Budget Document FY15 and FY16
Attachment D Compliance Monitoring Report

Attachment A FY14 Budget Report
Revenue and Expense

07/14/2014 BUDGET REPORT

Calculations as of 06/30/2014

DESCRIPTION	2013-14 AMENDED BUDGET	2013-14 PROJECTED ACTIVITY	% CHANGE
Fund 101 - General Fund			
ESTIMATED REVENUES			
Total - Function General government	42,025,310.07	41,609,792.46	99.0%
Total - Function Judicial	1,714,085.00	1,974,838.39	115.2%
Total - Function Police	3,967,136.66	3,354,176.69	84.5%
Total - Function Emergency dispatch	1,334,000.00	1,320,900.20	99.0%
Total - Function Fire	395,586.00	375,884.58	95.0%
Total - Function Building inspections	25,000.00	39,525.60	158.1%
Total - Function Transportation		522.05	100.0%
Total - Function Community development		57,634.80	100.0%
Total - Function Facilities and Maintenance	19,000.00	27,545.59	145.0%
Total - Function Transfers in	4,077,998.00	5,031,176.00	123.4%
TOTAL ESTIMATED REVENUES	53,558,115.73	53,791,996.36	100.4%
APPROPRIATIONS			
Total - Function General government	9,762,489.29	9,065,670.60	92.9%
Total - Function Legislative	373,225.00	339,979.08	91.1%
Total - Function Judicial	5,194,306.66	5,164,072.29	99.4%
Total - Function Police	21,930,336.58	21,047,474.38	96.0%
Total - Function Emergency dispatch	3,745,525.00	3,243,523.20	86.6%
Total - Function Fire	11,699,795.90	10,080,833.71	86.2%
Total - Function Building inspections	121,875.00	88,820.62	72.9%
Total - Function Transportation		449.82	100.0%
Total - Function Community development	186,292.34	247,964.92	133.1%
Total - Function Facilities and Maintenance	5,100.00	77,108.54	1511.9%
Total - Function Transfers out	539,169.96	539,169.96	100.0%
TOTAL APPROPRIATIONS	53,558,115.73	49,895,067.12	93.2%
NET OF REVENUES/APPROPRIATIONS - FUND 101		3,896,929.24	
BEGINNING FUND BALANCE	(12,895,642.00)	(12,895,642.00)	100.0%
ENDING FUND BALANCE	(12,895,642.00)	(8,998,712.76)	69.8%
Fund 202 - Major Street Fund			
ESTIMATED REVENUES			
Total - Function Unclassified	(549,121.80)		0.0%
Total - Function General government	6,123,591.00	5,355,790.16	87.5%
Total - Function Transportation	760,937.20	631,393.72	83.0%
TOTAL ESTIMATED REVENUES	6,335,406.40	5,987,183.88	94.5%

DESCRIPTION	2013-14 AMENDED BUDGET	2013-14 PROJECTED ACTIVITY	% CHANGE
APPROPRIATIONS			
Total - Function Transportation	6,212,783.73	5,154,166.02	83.0%
Total - Function Debt services - interest	9,098.31	9,853.84	108.3%
Total - Function Debt services - principal	109,524.36	118,621.96	108.3%
TOTAL APPROPRIATIONS	6,331,406.40	5,282,641.82	83.4%
NET OF REVENUES/APPROPRIATIONS - FUND 202	4,000.00	704,542.06	100.0%
BEGINNING FUND BALANCE	3,031,165.88	3,031,165.88	100.0%
ENDING FUND BALANCE	3,035,165.88	3,735,707.94	123.1%
Fund 203 - Local Street Fund			
ESTIMATED REVENUES			
Total - Function Unclassified	124,932.79		0.0%
Total - Function General government	1,763,896.00	1,501,084.90	85.1%
Total - Function Transportation	712,262.00	755,058.02	106.0%
TOTAL ESTIMATED REVENUES	2,601,090.79	2,256,142.92	86.7%
APPROPRIATIONS			
Total - Function Transportation	2,601,090.79	2,391,237.31	91.9%
TOTAL APPROPRIATIONS	2,601,090.79	2,391,237.31	91.9%
NET OF REVENUES/APPROPRIATIONS - FUND 203		(135,094.39)	
BEGINNING FUND BALANCE	1,483,998.39	1,483,998.39	100.0%
ENDING FUND BALANCE	1,483,998.39	1,348,904.00	90.9%
Fund 205 - Public Safety			
ESTIMATED REVENUES			
Total - Function General government	1,845,827.35	4,377,446.35	237.2%
TOTAL ESTIMATED REVENUES	1,845,827.35	4,377,446.35	237.2%
APPROPRIATIONS			
Total - Function Police	1,845,827.35	1,077,329.24	58.4%
TOTAL APPROPRIATIONS	1,845,827.35	1,077,329.24	58.4%
NET OF REVENUES/APPROPRIATIONS - FUND 205		3,300,117.11	
BEGINNING FUND BALANCE	5,063,475.30	5,063,475.30	100.0%
ENDING FUND BALANCE	5,063,475.30	8,363,592.41	165.2%
Fund 207 - Police Fund			
ESTIMATED REVENUES			
Total - Function General government	1,196,000.00	1,420,992.79	118.8%
Total - Function Police	354,180.00	333,196.01	94.1%
TOTAL ESTIMATED REVENUES	1,550,180.00	1,754,188.80	113.2%

DESCRIPTION	2013-14 AMENDED BUDGET	2013-14 PROJECTED ACTIVITY	% CHANGE
APPROPRIATIONS			
Total - Function Police	1,550,179.86	1,656,029.79	106.8%
TOTAL APPROPRIATIONS	1,550,179.86	1,656,029.79	106.8%
NET OF REVENUES/APPROPRIATIONS - FUND 207	0.14	98,159.01	
BEGINNING FUND BALANCE	224,248.74	224,248.74	100.0%
ENDING FUND BALANCE	224,248.88	322,407.75	143.8%
Fund 208 - Park/Recreation Fund			
ESTIMATED REVENUES			
Total - Function General government	373,089.00	355,242.32	95.2%
Total - Function Facilities and Maintenance		4,267.36	100.0%
Total - Function Transfers in	360,975.38	135,385.76	37.5%
TOTAL ESTIMATED REVENUES	734,064.38	494,895.44	67.4%
APPROPRIATIONS			
Total - Function Facilities and Maintenance	734,064.38	589,264.08	80.3%
TOTAL APPROPRIATIONS	734,064.38	589,264.08	80.3%
NET OF REVENUES/APPROPRIATIONS - FUND 208		(94,368.64)	
BEGINNING FUND BALANCE	75,499.68	75,499.68	100 0%
ENDING FUND BALANCE	75,499.68	(18,868.96)	
Fund 213 - Park & Recreation Senior Citizen Centers			
ESTIMATED REVENUES			
Total - Function Facilities and Maintenance	227,652.00	157,469.27	69.2%
TOTAL ESTIMATED REVENUES	227,652.00	157,469.27	69.2%
APPROPRIATIONS			
Total - Function Facilities and Maintenance	227,652.00	187,371.90	82.3%
TOTAL APPROPRIATIONS	227,652.00	187,371.90	82.3%
NET OF REVENUES/APPROPRIATIONS - FUND 213		(29,902.63)	
BEGINNING FUND BALANCE	4,053.87	4,053.87	100.0%
ENDING FUND BALANCE	4,053.87	(25,848.76)	
Fund 219 - Street Light			
ESTIMATED REVENUES			
Total - Function General government	2,982,960.20	3,247,608.12	108.9%
Total - Function Transportation		3,739.90	100.0%
TOTAL ESTIMATED REVENUES	2,982,960.20	3,251,348.02	109.0%
APPROPRIATIONS			
Total - Function General government	105,884.00	114,681.53	108.3%

DESCRIPTION	2013-14 AMENDED BUDGET	2013-14 PROJECTED ACTIVITY	% CHANGE
Total - Function Transportation	2,877,076.00	2,199,727.59	76.5%
TOTAL APPROPRIATIONS	2,982,960.00	2,314,409.12	77.6%
NET OF REVENUES/APPROPRIATIONS - FUND 219	0.20	936,938.90	100.0%
BEGINNING FUND BALANCE	213,421.25	213,421.25	100.0%
ENDING FUND BALANCE	213,421.45	1,150,360.15	539.0%
Fund 226 - Rubbish Collection Fund			
ESTIMATED REVENUES			
Total - Function General government	5,131,490.00	5,224,627.41	101.8%
Total - Function Transportation		1,949.55	#DIV/0!
Total - Function Public works	1,000.00	606.53	60.7%
TOTAL ESTIMATED REVENUES	5,132,490.00	5,227,183.49	101.8%
APPROPRIATIONS			
Total - Function Transportation	150,000.00	44,313.38	29.5%
Total - Function Public works	4,982,490.00	4,373,856.31	87.8%
TOTAL APPROPRIATIONS	5,132,490.00	4,418,169.69	86.1%
NET OF REVENUES/APPROPRIATIONS - FUND 226		809,013.80	
BEGINNING FUND BALANCE			
ENDING FUND BALANCE		809,013.80	100.0%
Fund 246 - COF - EDA Revolving loan fund			
ESTIMATED REVENUES			
Total - Function Unclassified		2,700.42	100.0%
Total - Function Community development	287,874.00	37,013.47	12.9%
TOTAL ESTIMATED REVENUES	287,874.00	39,713.89	13.8%
APPROPRIATIONS			
Total - Function Community development	287,874.00	6,503.61	2.3%
TOTAL APPROPRIATIONS	287,874.00	6,503.61	2.3%
NET OF REVENUES/APPROPRIATIONS - FUND 246		33,210.28	100.0%
BEGINNING FUND BALANCE	258,853.58	258,853.58	100.0%
FUND BALANCE ADJUSTMENTS	71,150.81	71,150.81	100.0%
ENDING FUND BALANCE	330,004.39	363,214.67	110.1%
Fund 265 - Drug Law Enforcement Fund			
ESTIMATED REVENUES			
Total - Function General government	284,041.99		0.0%
Total - Function Police	151,000.00	22,661.52	15.0%
TOTAL ESTIMATED REVENUES	435,041.99	22,661.52	5.2%

DESCRIPTION	2013-14 AMENDED BUDGET	2013-14 PROJECTED ACTIVITY	% CHANGE
APPROPRIATIONS			
Total - Function Police	435,041.99	191,485.44	44.0%
TOTAL APPROPRIATIONS	435,041.99	191,485.44	44.0%
NET OF REVENUES/APPROPRIATIONS - FUND 265		(168,823.92)	
BEGINNING FUND BALANCE	947,295.69	947,295.69	100.0%
ENDING FUND BALANCE	947,295.69	778,471.77	82.2%
Fund 274 - HUD CDBG, ESG, & HOME GRANTS			
ESTIMATED REVENUES			
Total - Function Unclassified	20,010.00		0.0%
Total - Function General government	314,506.06	731.08	0.2%
Total - Function Fire	545,524.00	337,749.55	61.9%
Total - Function Building inspections	609,197.26	196,911.94	32.3%
Total - Function Transportation	207,422.33		0.0%
Total - Function Community development	10,071,069.91	3,081,187.84	30.6%
TOTAL ESTIMATED REVENUES	11,767,729.56	3,616,580.41	30.7%

DESCRIPTION	2013-14 AMENDED BUDGET	2013-14 PROJECTED ACTIVITY	% CHANGE
APPROPRIATIONS			
Total - Function Unclassified	20,010.00	8,029.10	40.1%
Total - Function General government	314,506.06	89,268.30	28.4%
Total - Function Fire	545,524.00	506,970.38	92.9%
Total - Function Building inspections	609,197.26	205,574.99	33.7%
Total - Function Transportation	207,422.33		0.0%
Total - Function Community development	10,071,069.91	3,443,356.81	34.2%
TOTAL APPROPRIATIONS	11,767,729.56	4,253,199.58	36.1%
NET OF REVENUES/APPROPRIATIONS - FUND 274		(636,619 17)	
BEGINNING FUND BALANCE			
FUND BALANCE ADJUSTMENTS	(415,253.32)	(415,253.32)	100.0%
ENDING FUND BALANCE	(415,253.32)	(1,051,872.49)	253.3%
Fund 296 - Other Grants Fund			
ESTIMATED REVENUES			
Total - Function General government	700.00		0.0%
Total - Function Police	3,853,524.71	1,350,703.82	35.1%
Total - Function Public works	50,000.00	53,861.87	107.7%
Total - Function Community development	1,228,281.70	2,402,586.56	195.6%
Total - Function Facilities and Maintenance	1,334,389.50	92,062.31	6.9%
Total - Function Utilities			
TOTAL ESTIMATED REVENUES	6,466,895.91	3,899,214.56	60.3%
APPROPRIATIONS			
Total - Function General government	700.00		0.0%
Total - Function Police	3,853,524.71	1,468,849.80	38.1%
Total - Function Public works	50,000.00		0.0%
Total - Function Community development	1,228,281.70	1,917,620.21	156.1%
Total - Function Facilities and Maintenance	1,334,389.50	254,874.85	19.1%
Total - Function Utilities			
TOTAL APPROPRIATIONS	6,466,895.91	3,641,344.86	56.3%
NET OF REVENUES/APPROPRIATIONS - FUND 296		257,869.70	
BEGINNING FUND BALANCE	864,077.56	864,077.56	100.0%
FUND BALANCE ADJUSTMENTS	(1,090,725 26)	(1,090,725.26)	100.0%
ENDING FUND BALANCE	(226,647.70)	31,222.00	
Fund 297 - Federal Stimulus Fund			
ESTIMATED REVENUES			
Total - Function Fire	3,252,213.38	2,642,423.93	81.3%
Total - Function Building inspections	379,772.59	399,870.62	105.3%
Total - Function Community development	892,122.32	1,649,522.45	184.9%

DESCRIPTION	2013-14 AMENDED BUDGET	2013-14 PROJECTED ACTIVITY	% CHANGE
TOTAL ESTIMATED REVENUES	4,524,108.29	4,691,817.00	103.7%
APPROPRIATIONS			
Total - Function Fire	3,252,213.38	3,375,215.77	103.8%
Total - Function Building inspections	379,772.59	400,382.08	105.4%
Total - Function Community development	892,122.32	1,460,283.57	163.7%
TOTAL APPROPRIATIONS	4,524,108.29	5,235,881.42	115.7%
NET OF REVENUES/APPROPRIATIONS - FUND 297		(544,064.42)	
BEGINNING FUND BALANCE	371,875.70	371,875.70	100.0%
ENDING FUND BALANCE	371,875.70	(172,188.72)	
Fund 301 - General Debt Serv(Voted Bonds)			
ESTIMATED REVENUES			
Total - Function Transfers in	726,953.00	787,352.66	108.3%
TOTAL ESTIMATED REVENUES	726,953.00	787,352.66	108.3%
APPROPRIATIONS			
Total - Function Debt services - interest	260,000.00	488,647.81	187.9%
Total - Function Debt services - principal	466,953.00	297,848.66	63.8%
TOTAL APPROPRIATIONS	726,953.00	786,496.47	108.2%
NET OF REVENUES/APPROPRIATIONS - FUND 301		856.19	
BEGINNING FUND BALANCE	2.01	2.01	100.0%
ENDING FUND BALANCE	2.01	858.20	100.0%
Fund 402 - Public Improvement Fund			
ESTIMATED REVENUES			
Total - Function Unclassified	275,000.00		0.0%
Total - Function General government	1,875,000.00	2,238,439.72	119.4%
TOTAL ESTIMATED REVENUES	2,150,000.00	2,238,439.72	104.1%
APPROPRIATIONS			
Total - Function General government	695,943.24	412,571.69	59.3%
Total - Function Debt services - interest	407,103.76	440,928.40	108.3%
Total - Function Debt services - principal	195,000.00	211,201.78	108.3%
Total - Function Transfers out	851,953.00	922,738.42	108.3%
TOTAL APPROPRIATIONS	2,150,000.00	1,987,440.29	92.4%
NET OF REVENUES/APPROPRIATIONS - FUND 402		250,999.43	
BEGINNING FUND BALANCE	7,499,170.72	7,499,170.72	100.0%
ENDING FUND BALANCE	7,499,170.72	7,750,170.15	103.3%
Fund 542 - Building Inspection Fund			

DESCRIPTION	2013-14 AMENDED BUDGET	2013-14 PROJECTED ACTIVITY	% CHANGE
ESTIMATED REVENUES			
Total - Function Building inspections	2,009,285.71	2,146,776.30	106.8%
Total - Function Transfers in	539,169.96	583,967.46	108.3%
TOTAL ESTIMATED REVENUES	2,548,455.67	2,730,743.76	107.2%
APPROPRIATIONS			
Total - Function General government		(743.73)	0.0%
Total - Function Building inspections	2,548,455.45	2,472,836.44	97.0%
Total - Function Transfers out		119,139.47	100.0%
TOTAL APPROPRIATIONS	2,548,455.45	2,591,232.18	101.7%
NET OF REVENUES/APPROPRIATIONS - FUND 542	0.22	139,511.58	
BEGINNING FUND BALANCE	400,968.71	400,968.71	100.0%
ENDING FUND BALANCE	400,968.93	540,480.29	134.8%
Fund 590 - Sewer Fund			
ESTIMATED REVENUES			
Total - Function Unclassified	10,872.00		0.0%
Total - Function General government	10,000.00		0.0%
Total - Function Utilities	31,908,397.00	28,539,399.14	89.4%
TOTAL ESTIMATED REVENUES	31,929,269.00	28,539,399.14	89.4%
APPROPRIATIONS			
Total - Function General government	48,888.32	50,479.51	103.3%
Total - Function Debt services - interest	897.98	972.59	108.3%
Total - Function Debt services - principal	5,763.46	6,242.32	108.3%
Total - Function Transfers out	1,860,000.00	1,860,000.00	100.0%
Total - Function Utilities	30,013,719.01	21,592,054.53	71.9%
TOTAL APPROPRIATIONS	31,929,268.77	23,509,748.95	73.6%
NET OF REVENUES/APPROPRIATIONS - FUND 590	0.23	5,029,650.19	
BEGINNING FUND BALANCE	64,827,168.00	64,827,168.00	100.0%
ENDING FUND BALANCE	64,827,168.23	69,856,818.19	107.8%
Fund 591 - Water Fund			
ESTIMATED REVENUES			
Total - Function Unclassified	10,872.00		0.0%
Total - Function General government		29,943.30	100.0%
Total - Function Transportation		6,566.05	100.0%
Total - Function Utilities	47,886,000.00	50,234,811.45	104.9%
TOTAL ESTIMATED REVENUES	47,896,872.00	50,271,320.80	105.0%
APPROPRIATIONS			

Calculations as of 06/30/2014

DESCRIPTION	2013-14 AMENDED BUDGET	2013-14 PROJECTED ACTIVITY	% CHANGE
Total - Function General government	48,888.32	50,478.70	103.3%
Total - Function Transfers out	3,768,071.00	4,081,145.15	108.3%
Total - Function Utilities	44,079,912.81	40,930,752.58	92.9%
TOTAL APPROPRIATIONS	47,896,872.13	45,062,376.43	94.1%
NET OF REVENUES/APPROPRIATIONS - FUND 591	(0 13)	5,208,944.37	
BEGINNING FUND BALANCE	26,442,011.00	26,442,011.00	100.0%
ENDING FUND BALANCE	26,442,010.87	31,650,955.37	119.7%
ESTIMATED REVENUES - ALL FUNDS	183,700,986.27	174,135,097.99	94.8%
APPROPRIATIONS - ALL FUNDS	183,696,985 61	155,077,229.30	84.4%
NET OF REVENUES/APPROPRIATIONS - ALL FUNDS	4,000.66	19,057,868.69	
BEGINNING FUND BALANCE - ALL FUNDS	98,811,644.08	98,811,644.08	100.0%
FUND BALANCE ADJUSTMENTS - ALL FUNDS	(1,434,827.77)	(1,434,827.77)	100.0%
ENDING FUND BALANCE - ALL FUNDS	97,380,816.97	116,434,685.00	119.6%

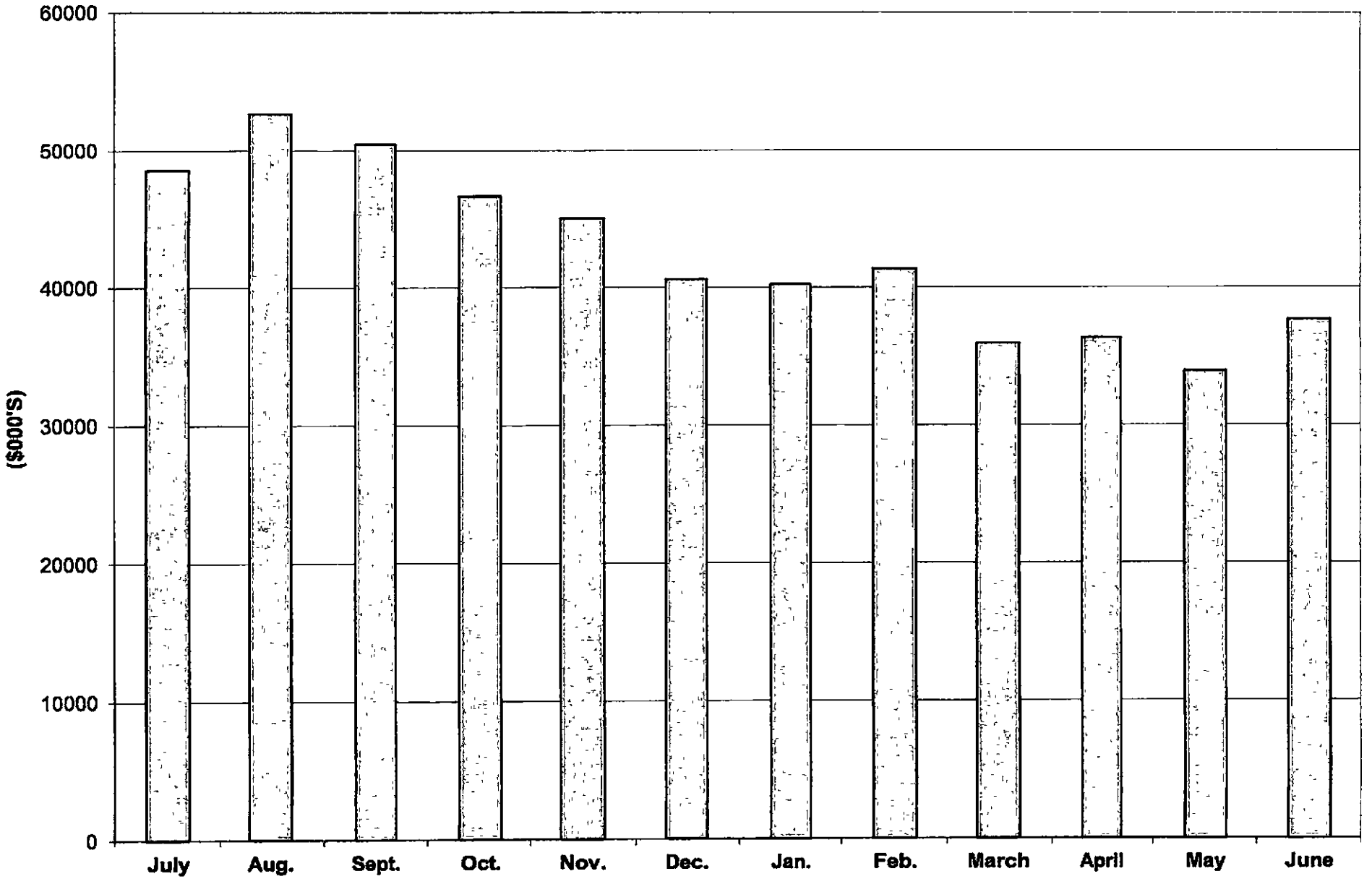
Attachment B Cash Flow Projection

Cash Flow 2013-2014
Pooled Cash Balance – End of Month – Bar chart
Pooled Cash Balance – Project FY14, FY14, FY13, FY12 – Bar Chart
Pooled Cash Balance - Data

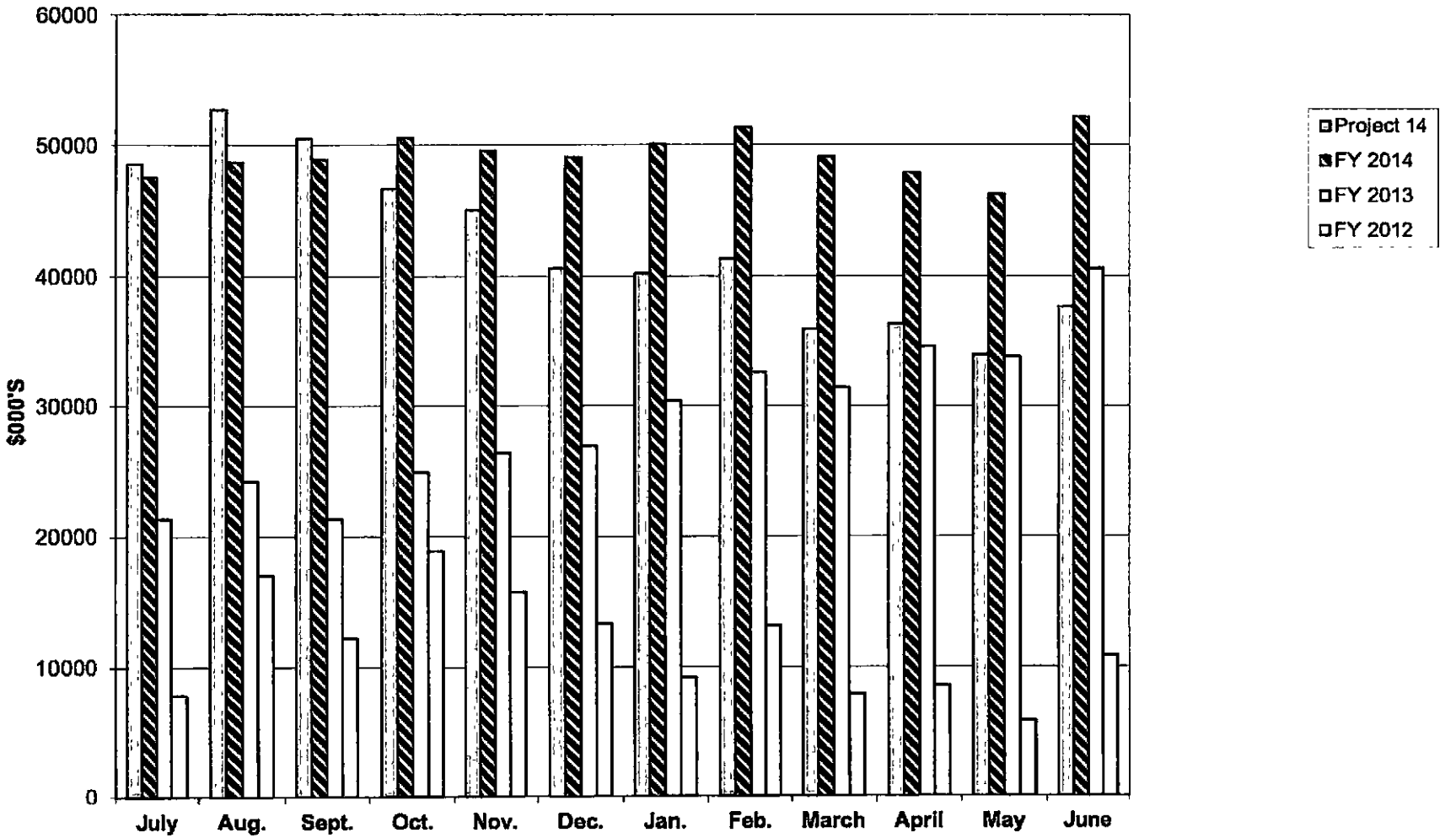
CASH FLOW 2013 - 2014

$000's	July	August	Sept.	Oct.	Nov.	Dec.	Jan	Feb.	March	April	May	June		Total
CASH OUTFLOW:														
Payroll	2,146	3,161	1,074	3,203	2,239	2,080	2,238	2,161	2,088	3,444	2,451	2,327		28,664
Pensions	1,222	1,544	1,733	1,649	2,357	1,624	1,627	1,638	1,635	1,624	1,374	1,469		19,498
Disbursements	6,837	20,358	4,981	7,765	9,775	7,734	8,809	9,091	6,964	7,882	6,884	5,463		102,733
Bond and/or Loan Repayments	0	0	1,178	805	0	431	0	0	1,572	423	0	17		4,526
Health Care Payments	3,093	1,377	1,204	486	810	760	1,305	1,183	1,952	1,533	1,402	1,232		16,319
Income Tax Refunds	668	322	389	176	419	140	35	142	325	707	487	161		3,970
Misc.-Lawsuits	250	0	0	0	0	0	0	67	0	0	0	0		317
Total Cash Outflow	14,216	26,762	10,559	14,164	15,600	12,769	14,014	14,302	14,546	15,713	12,698	10,669		176,022
CASH INFLOW:														
Water & Sewer-Lockbox	1,575	680	2,450	1,505	1,535	2,600	1,500	1,520	1,525	2,060	1,260	2,130		20,330
Property Taxes-Lockbox	5,730	1,550	340	975	1,565	345	610	959	995	0	0	0		13,069
Income Taxes-Lockbox	695	400	1,040	1,330	1,045	800	990	1,025	1,215	1,400	1,510	1,300		12,750
Parks & Rec.														0
Cash Register Receipts *	10,910	19,828	5,604	8,693	9,389	6,178	9,610	8,620	7,693	7,462	6,745	4,584		105,914
Parking Meter														0
DCD Reimb.-Urban Renewal	170	410	260	0	180	0	1,220	410	0	0	910	0		3,560
Other Misc. (including Rev. Sharing	691	3,690	874	3,138	688	3,075	605	3,018	682	3,560	654	3,077		23,968
Other-Grants/Delq Co Rtn **	1,380	1,140	0	0	0	0	0	0	0	0	0	5,443		7,963
Total Cash Inflow	21,151	27,698	10,768	15,841	14,400	12,996	14,535	15,550	12,310	14,502	11,089	16,534		187,554
Net Cash Flow (inflows less Outflows)	6,935	1,119	209	1,677	(1,200)	227	521	1,248	(2,236)	(1,211)	(1,629)	5,875		11,532
Prior Month's Ending Balance	40,597	47,532	48,648	48,857	50,534	49,334	49,561	50,082	51,330	49,094	47,883	46,254		
Unrecorded Revenue														
End of Month Balance-Pooled Cash/Investments	47,532	48,648	48,857	50,534	49,334	49,561	50,082	51,330	49,094	47,883	46,254	52,129		
	July	August	Sept.	Oct.	Nov.	Dec.	Jan	Feb.	March	April	May	June		
Cash increase/(decrease) 7/1/13 - 6/30/14														11,532
* Includes Tax Hold (+,-)														
** Grants included in Cash Reg Receipts														
Actuals thru June														

POOLED CASH BALANCE
END OF THE MONTH



POOLED CASH BALANCE



	Pooled Cash Balance Project 14	FY 2014	FY 2013	FY 2012
July	48532	47532	21333	7811
Aug.	52667	48648	24186	17060
Sept.	50464	48856	21338	12244
Oct.	46645	50534	24912	18903
Nov.	45032	49553	26425	15804
Dec.	40584	49061	26937	13368
Jan.	40213	50082	30391	9202
Feb.	41352	51330	32608	13191
March	35937	49094	31406	7880
April	36352	47882	34618	8551
May	33949	46254	33808	5842
June	37672	52129	40597	10887

Attachment C Final Budget Document FY15 and FY16

CITY OF FLINT, MICHIGAN

Setting a Sustainable Course for the City of Flint

Five Year Financial Projections 2015-2019

Adopted Budgets for FY15 and FY16

Future Projections for FY17, FY18 and FY19

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Prepared by
Department of Finance
Gerald Ambrose, Finance Director
Antonio Brown, Deputy Finance Director

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6. FY15 and FY16 General Fund Budget
7. City of Flint Staffing Projection
8. Projected 5-Year Facilities Improvements
9. Deficit Elimination/Reserve Accumulation Projections
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City of Flint 5-Year Financial Plan

Preface

This adopted budget for the City of Flint covers the FY15 and FY16 fiscal years which begin July 1, 2014 and July 1, 2015 respectively. Financial projections for the following 3 fiscal years are included as well.

This budget has been developed within the context of the City's recently adopted Master Plan, the Vision, Mission, and Goals for the City government as adopted by the City Council, and the Budget Priorities as adopted by the City Council. Accompanying this budget is a preliminary statement of objectives initially proposed to be accomplished during the two years.

Taken together, the budget and strategic plan will serve as a template to move the City government forward to become a well-managed, financially stable, and accountable organization focused on creating a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

However, this budget demonstrates the continuing financial challenges facing the City of Flint. Stagnant revenue growth in property tax and income tax revenues, coupled with significant increases in legacy costs, retiree health care in particular, create a significant gap between revenues and expenses which require increases in other revenues and decreases in City staffing and services including the possibility of adjustments in public safety services.

Unfortunately, the financial forecast for the next several years beyond FY16 show a continuing gap between projected revenues and expenses. Within the next few years, without significant means to identify and collect additional revenues, or to further reduce the cost base, the City of Flint will be extremely challenged to provide even the most basic of City services.

Over the last several weeks, this adopted budget has been reviewed by the City Council, which will also held a public hearing to receive citizen input. The Mayor and Council subsequently provided comments and recommendations pertaining to the budget to the Emergency Manager.

Background

The City of Flint has been in state receivership since December, 2011, as a result of consistent deficits in the General Fund, a decline in pooled cash, unrealistic budgeting, and unfunded liabilities for postemployment benefits. Significant progress has been made in addressing these financial issues, as the $19.1 million deficit at the end of FY12 had been reduced to $12.9 million at the end of FY13, cash position had improved, and the FY14 budget was realistically balanced, with further reduction of the deficit anticipated.

The FY14 budget was designed and implemented with the same goals in mind -- operating within the constraints of available revenues; restructuring operations and cost factors to enhance future financial stability, and continuing to reduce the remaining $12.9 million deficit. The FY14 budget was constructed with the specific intent of further reducing the deficit by a minimum of $1 million, by budgeting expenses at $1 million less than projected revenues. As of January 31, 2014, seven months into the FY14 year, revenues and expenses are on target.

In order to regain and maintain financial solvency, it is not only necessary to eliminate the remaining accumulated deficit but to have an adequate amount of reserves to protect the City in the event of unexpected financial losses. Planning to accomplish this requires a continual dedication of revenues over the next several years to eliminate the remaining deficit and establish an adequate reserve level. A draft deficit elimination plan to accomplish this is currently under review by the Michigan Department of Treasury.

Making progress to date has required hard decisions and sacrifices for all. The FY13 and FY14 budgets were balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Revenue increase included a 25 percent increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, establishment of a special assessment district for street lighting, and implementation of a fee sufficient to cover the cost of waste collection. Expenditure reductions included elimination of 20 percent of the City's workforce, compensation decreases equivalent to a 20 percent wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

The actions taken to-date to restructure healthcare benefits for current employees and retirees have also had a significant impact on reducing both current costs and long-term liabilities. The 20% reduction in the workforce required significant reorganizational activities focused on reducing current costs. Long term liabilities were reduced by eliminating traditional defined benefit pension programs for new employees in favor of hybrid plans; by moving the City's retirement system into the a state wide retirement system; by restructuring health insurance benefits for current employees and placing retirees into those same plans; and by eliminating the promise of retiree health care for new employees in favor of providing retiree medical savings accounts. Much of the positive financial result in FY13 came from these actions. The restructuring, which was implemented during the course of FY12, reduced the City's OPEB liabilities alone from nearly $900 million to less than $325 million as noted in the FY13 audit.

The efforts of the City to regain financial solvency have been aided by support from numerous Federal, State and private partners. State police troopers have been placed in the City to support local law enforcement efforts, and funds have been allocated to enhance prosecution activities and to operate the City's lock up. The Governor's proposed budget continues this support.

The steps taken to begin to restore the City to financial solvency have not been without conflict and changing circumstances. A significant legal challenge has been made to the decision to move retirees from their historical health insurance plans into the same plans offered current employees. This action resulted in an initial cost reduction in FY13 of $3.5 million to the City and imposed deductibles and co-pays on retirees. This challenge is currently pending in federal court. If the challenge is ultimately upheld, it will pose a significant challenge to the City in its efforts to regain and maintain financial and service solvency. Due to the stay imposed by the federal court, the City must increase its budget for retiree healthcare costs in the FY15 budget by $5 million and may even need to pay more as retirees seek reimbursement for past medical expenses. These healthcare expenses will continue to increase in subsequent years.

Legacy costs in total will continue to be a cost burden to the City of Flint. In FY 14, the City budgeted $30.2 million for its retiree healthcare and pension costs, an amount equal to 17% of its total revenues. The General Fund alone budgeted $16.4 million, an amount equal to 31% of its total revenues. By FY19, it is projected that the City will need to budget over $43 million, an amount equal to 23% of its total revenues. For the General Fund alone, the amount projected to be needed will exceed $21 million, an amount equal to 34% of General Fund revenues.

The future financial solvency of Flint will also be challenged by a continuing structural deficit. As part of the planning for future financial solvency, five year projections and a strategic plan were developed. This exercise indicated a significant financial challenge forthcoming in FY15, due to the current status of the retiree health care lawsuit and the ending of a major grant supporting firefighting resources. Future year projections also show a continuing gap between revenues and projections.

Finally, the most important challenge to be addressed in the City of Flint will be instituting structural changes in the organization of the City to foster financial solvency as a core value and to assure that future governance and management of the City is conducted in a financially responsible manner. To this end, the current Emergency Manager has created a Blue Ribbon Committee on Governance, charged with developing recommended changes to current ordinances, procedures, and the Charter. The recommendations of the Task Force are anticipated within six months.

Overview

The City of Flint has spent considerable time planning for the community's future through the comprehensive master plan and creating an organizational framework focused on the City's new vision, mission, and goals. The 2-Year budget has been developed in a balanced manner to best meet the needs of a variety of service areas and challenges.

However, challenges to changes in retiree healthcare and the loss of grant funds have required that a new service baseline be established; this also poses significant and immediate challenges to the City's financial viability. Current court rulings in regards to the retiree health care lawsuit have increased retiree health care expenses nearly $5 million in FY15, and the loss of the SAFER grant ($ 3.4 million) eliminates funding for 39 of the City's 65 firefighters.

The harsh winter increased the need to remove hundreds (if not thousands) of damaged and fallen trees throughout the city, and to repair damaged roads and sidewalks. The winter also placed additional stress on the antiquated city facilities as they faced water leaks and damage to walkways and sidewalks. Implementing the master plan, and continuing to eliminate blight will also require dedicated resources going forward.

The recently completed study of the water and sewer system finances also demonstrated a shortfall in revenues needed to operate this critical service and provide for necessary maintenance. As much as the high rates for providing water and sewer services pose significant financial challenges and community implications, the alternative of not addressing basic maintenance and adjustments based on guidance in the master plan is equally challenging.

These factors have a significant effect on the adopted staffing levels. Reductions in city staffing over the past two years have come almost exclusively from City services other than police, fire, and 911. As a result, those remaining city services are thinly staffed, and despite valiant efforts of dedicated employees, service levels have been reduced. In some cases, the reductions have been severe and counter-productive. For example, reductions in customer service at Treasury and staffing at Utilities has reduced capacity to effectively pursue collection of delinquent bills. Reductions in Information Technology have slowed the implementation of technology which can improve effective processing. Reductions in Human Resources have slowed the process of hiring employees. Reductions in Building Safety have slowed the process of conducting inspections and issuing permits, and have eliminated much in the way of code compliance efforts.

Therefore, balancing the budget in a financially sustainable way requires addressing the impact of these issues. It also requires that they are addressed within the context of the Mayor's and Council's stated budget priorities. The Council's stated priorities are:

- Maintaining police and fire staffing levels at the maximum level feasible
- Reducing the General Fund deficit by at least $1 million
- Continuing efforts to reduce blight, including demolition
- Hiring an experienced City Administrator
- Assure that capacity exists to implement the Master Plan
- Add capacity in the areas of Economic Development

- Fund years 1 & 2 of capital improvements identified in the Master Plan
- Improve street maintenance
- Establish parks partnerships
- Improve customer service through training and technology
- Increase removal of dead and diseased trees
- Evaluate ways to reduce water and sewer rates for constituents in the budget process

Balancing the budget responsibly in the context of these immediate and significant financial challenges, while addressing stated priorities, is a significantly difficult task. The unplanned addition of $5 million in expenses for increased retiree health care is a "Game-Changer" and seriously undermines the ability of the City government to move forward in becoming a positive force helping to create a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve quality of life.

As the development of the FY15 budget began, there was a significant gap between projected General Fund revenues and General Fund expenses alone. While some revenue sources indicated a slight increase over the current year, projected expenses were significantly above the current year. The expense increases are due primarily to a nearly $5 million increase in costs for retiree health care and an increase in the per person cost of pension contribution. In addition, there was recognition of the need to assure capacity to implement the Master Plan to continue addressing blight, to address increased costs of health care for current employees, and to address critically needed facility maintenance.

The budget presented here is balanced in a financially responsible manner, in that revenues and expenses meet. However, the consequence is that, where possible, revenues have been increased, and where necessary, expenses have been decreased. Whether the result is an acceptable result, in the context of the needs and the future of the City, is uncertain.

It is clear that proposed changes in service levels reflected in this budget are significant, and that at the same time the financial plan is being finalized within the confines of available revenues, considerable efforts will continue to mitigate the impacts. Continued efforts to achieve a satisfactory resolution of the retiree healthcare lawsuit, as well as to continue searching for additional sustainable funding, or to engage in mutually beneficial partnerships will continue. The changes necessary to achieve necessary balancing of revenues and expenses will be done in a managed way, not in a crisis response.

The financial projection for the years following FY15 and FY16 show the continuing challenge of a structural deficit. Without a means to identify a new significant revenue source or to sustain and even make further reductions in the City's cost base, such as retiree health care, Flint will be extremely challenged to provide even the most basic of City services in future years.

Highlights of the Adopted Budget

Costs to taxpayers are increased....

- Property tax levies remain unchanged
- Street lighting assessment increased to $71 in FY15 and $74 in FY16
- Solid Waste fee increased to $163 in FY15 and $169 in FY16
- Water and Sewer rates increased by a total of 6.5% in FY15 and 6% in FY16

Costs to City employees are increased....

- 20% premium share for health insurance implemented
- Premium contribution for non-Medicare eligible employees retiring after July 1, 2014 established
- 50% premium share for dental and vision insurance implemented
- Vacation and sick leave replaced with PTO, new accumulation caps established
- All new employees enrolled in hybrid pension plan
- All new employees enrolled in RMSA in lieu of promise of retiree health care

Legacy costs are increased significantly...

- General Fund costs for retiree health care are increased 25%, from $8 million to $10 million in FY15, increasing on an annual basis thereafter
- General Fund costs for retiree health care and pension in total are projected to increase from $16.4 million (31% of total revenues) in FY14 to $21.5 million (34% of total revenues) by FY19
- For all funds, total costs for retiree healthcare and pension are projected to increase from $30.4 million (or 17% of total revenues)in FY14 to $43.5 million (23% of total revenues) by FY19

City staffing is budgeted at 522 in FY15 and 523 in FY16.....

- Staffing is maintained in District Court, 911, Finance, Assessing, Transportation, IT, and Fleet
- Police Department – Total department staffing will be 115, with 7 vacant positions and 29 additional positions eliminated through attrition by end of FY15. Additionally, a recently offered COPS Hiring grant for six School Resource Officers will not be accepted. The next several months will be focused on mitigating the impact of this through reorganization with the assistance of consultants specialized in police and fire service; seeking additional funds; and obtaining assistance from law enforcement partners in order to achieve the best possible level of police response.
- Fire Department – Total department will be 75, with 19 positions eliminated as the SAFER grant expires. There are several vacant positions to be eliminated as part of this, with a goal of needed reduction no later than December, 2014. The next several months will be focused on mitigating the impact of this through reorganization and restructuring obtained with the assistance of consultants specialized in fire and police service.

- Planning and Development Department - Staffing is at 25, with adding 1 position. The department is being reorganized to assure capacity to implement the newly adopted Master Plan and continue efforts of blight management. Continued assistance in the form of grants and partnerships will be utilized, and general fund support for those activities is increased.
- Public Works Department - 6 positions are added to the Utilities division as the Water Treatment Plant begins operation as the primary source for Flint water; 1 position is added to Facilities to address critically needed maintenance issues.
- Finance and Administration Department - 3 positions are added to the Treasurer's Office to increase delinquent collections, with the added cost to be offset by additional revenues.
- Governance – As efforts to resolve the financial emergency progress, the position of City Administrator will be filled. Additionally, the salaries of Mayor and Council are partially restored as their role in governance increases.

Council budget priorities are addressed as follows:

- Maintaining police and fire staffing levels at the maximum level feasible – Due to revenue shortfall, increased retiree health care, and lack of other options, staffing is reduced. The Police and Fire millage funds will be used to fund 20 fire fighters and 26 police officers through FY15 and FY16. However, the accumulated millage funds will be fully used by the end of FY16.
- Reducing the General Fund deficit by at least $1 million – General Fund expenses are budgeted at $1 million less than revenues, and $800,000 in Capital Improvement Funds will be appropriated to the Utilities, thus reducing the General Funds debt to the Utility Fund by an additional $800,000. The plan is to continue this commitment for the next several years until the deficit is eliminated, and then the commitment will become one of building a financial reserve equal to 15% of General Fund revenues.
- Continuing efforts to reduce blight, including demolition – CDBG funds continue to be used for demolition and General Fund is assuming partial cost of the Blight Coordinator position
- Hiring an experienced City Administrator – Funds are included in budget.
- Assure that capacity exists to implement the Master Plan – General Fund is assuming partial cost of the Planning and Development Director, and Associate Planner, and a position of GIS technician is created, whose funding is shared among various city funds. Lead partners will be identified in each work area. Also, the Mayor has committed to overseeing the process of assuring that Master Plan implementation is an ongoing important part of city operations.
- Add capacity in the areas of Economic Development-The P&D Director is committed to defining a program for small business development, to be funded in FY16 through CDBG funds. Additionally, 20% of staff time of two DCED staffers and a portion of the Director's time will be devoted to economic development. Also, the Mayor has committed to leading the City's economic development efforts with partners and the assistance of this City staff.
- Fund years 1 & 2 of capital improvements identified in the Master Plan – the CIP portion of the Master Plan will be finalized in FY15, and the results will be considered for inclusion in the FY16 budget.

- Improve street maintenance – Due to minimal increases in state funding for streets, maintenance efforts will continue at the current levels. State financial support has been sought and obtained for some major street projects, in particular those related to economic development projects.

- Establish parks partnerships – The Planning and Development Department now has oversight of Parks, and as one of its strategic objectives, has committed to increase the number of parks partnerships in FY15 and FY16. Funding even the most basic of parks maintenance activities is increasingly challenging within the constraints of the parks millage funds. The goal is to eliminate General Fund support of these activities by the end of FY16.

- Improve customer service through training and technology– Human Resources, as it did in FY14, is committed to continuing ongoing training for supervisors and will be extending these efforts to all employees. IT likewise is committed to providing ongoing training for employees. Finally, most departments are including funds for ongoing training for employees. For example, the Treasury's customer service division is committed to specific customer service training for its front line employees.

- Increase removal of dead and diseased trees – Oversight of removal of trees within street right of ways is now the responsibility of the Transportation Division of Public Works, removal of trees within Parks is now the responsibility of Planning and Development; and removal of trees on other city properties is the responsibility of the Facilities Division of Public Works. Unfortunately, there is only a limited amount of funds available for these purposes, and the general effort will be focused on emergency responses. However, the Transportation Division is committed to attempting to secure assistance from other entities to increase capacity to address this problem.

- Evaluate ways to reduce water and sewer rates for constituents in the budget process-The results of the recent rate study confirm that it unlikely that water and sewer rates can be decreased at any time in the foreseeable future, and in fact, rates need to be increased. However, the actions taken to date to join KWA and to temporarily use the Flint River show that future rate increases will be less than had the City stayed with its prior provider.

Absent new sources of funding or reduced expenses in areas such as retiree healthcare, the commitments to progress and the staffing and service levels here are anticipated to continue for both FY15 and FY16. It is anticipated that the slight additional revenues in the General Fund for FY 16 will not be sufficient to cover increased costs, and it will be necessary to utilize additional funding from the police and fire millage to cover the costs of some police or fire positions in the General Fund in FY15. Depending on the rate of attrition in the Police Department, there should be sufficient remaining funds in the Police and Fire millage to avoid additional reductions in police or fire positions in FY16.

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

June 3, 2014

Mr. Scott Kincaid, President
Members of the Flint City Council
1101 S. Saginaw St.
Flint, MI 48502

Dear Mr. Kincaid and Members of the Flint City Council:

Transmitted herewith are the final numbers for the biennial budget beginning FY14-15 and ending FY 15-16.

This budget is reflective of some of the recommended revisions offered following the Council's departmental budget hearings. All recommendations put forth by City Council were reviewed and thoroughly vetted at Treasury. The attached budget document was revised upwards by $90,000 and includes the details of the incorporated revisions.

The budget was revised to include your recommendations, along with those of the Mayor, which I felt could be implemented without adversely impacting the organizational structure, management, and the anticipated transition of the City of Flint to a Receivership Transition Advisory Board during the course of this spending plan.

Following the public hearing and consideration of the comments received, it is my intent to execute the order adopting the budget at the next Council meeting scheduled for June 23, 2014. At that time, Council will be able to officially receive the two-year budget consistent with PA 436 and the 7 Point Transition Management Plan.

You should also be aware that effective July 1, 2014, the day-to-day operations of the departments of Planning and Development, and Public Works will be shifted to Mayor Dayne Walling. The Mayor is currently putting together a plan for the allocation of resources within those departments. Similarly, Police Chief Tolbert and Fire Chief Cox are also putting together their work plans to utilize the final resource allocations for public safety.

The assistance and cooperation from you and the Council given to me, the Mayor, and the Administration in this process is greatly appreciated. I think we can agree that this is a responsible and realistic snapshot of the City's financial stability over the next two years, given its myriad financial challenges.

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

CC: Dayne Walling, Mayor
Inez Brown, City Clerk
Administration

Proposed Changes to the City of Flint Proposed FY15 & FY16 Budget

On April 30, 2014, Emergency Manager Darnell Earley transmitted a proposed bi-annual budget to the Mayor and City Council, with a request that the Mayor and Council review and comment on the proposed budget. Accordingly, the City Council, acting as Committee of the Whole chaired by Finance Chair Josh Freeman, met five times to review the budget. At the conclusion, a set of recommendations was adopted and given to the Emergency Manager.

This document summarizes the key recommendations of the Council and Mayor and outlines changes made to the proposed budget as a result.

Summary of Council and Mayor Recommended Changes to FY15 & FY16 Proposed Budget

1. The recommendation of the Council identifies $1,824,510 in additional funds to be used by the Police Department:

- Specifically, $1 million of the $2.5 million in state appropriated revenues for the Lock-Up is proposed to be moved to the Police Budget.
- In addition, $1 million is identified by increasing the allocation in the CIP Fund for the purpose of reducing the deficit, thus freeing up the $1 million in the General Fund which has been identified for deficit reduction. Of that $1 million, $763,000) ($628,000 + $135,000) would be moved to the Police budget. Additionally, $61,510 is identified to be moved from the Finance Budget to the Police Budget.

2. The remaining funds from the proposed re-appropriation of the freed-up General Fund revenues ($237,000) would be used for the following:

- $50,000 - District Court
- $72,000 - City Clerk
- $50,000 - City Council Staff
- $45,000 – Additional Pay Raises for Council
- $10,000 – Brennen Center
- $10,000 – Hasselbring

3. Finally, there is a recommendation to eliminate funding for the Human Relations Commission ($22,547) and split those funds equally between Brennen Center and Hasselbring:

- Brennen - $11,274
- Hasselbring - $11,274

4. The Mayor has also made recommendations in other areas, including:

- Adding capacity to Economic Development by replacing the 20% of 2 DCED staff currently subsidized by the GF with CDBG funds and directing that staff to perform 100%

CDGB activities. The freed-up funds ($51,458) would then be used to contract for economic development services.

- Reduce DCED program staff by 1 FTE and utilize CDBG administrative funds for 50% of administrative staff support in Planning and Development
- Add 1 new FTE in Planning and Development dedicated to the new Business Licensing function
- Add to the Strategic Plan a key objective under Governance and Administration: "Respond to a minimum of 500 constituent services per month, including those formerly addressed by the Human Relations Commission staff."

Changes to the Proposed FY15 & FY16 Recommended Budget in response to Council and Mayor recommended changes

The changes proposed by the Mayor and Council have been reviewed, and changes made as considered appropriate within the context of maintaining a viable financial plan for the next two years. The proposed budget, as submitted to the Mayor and Council on April 30, 2014, will be revised as follows in response:

1. The Proposed Budget anticipates a reduction in public safety staffing of 36 officers and 19 firefighters. However, it also does not anticipate these reductions (other than vacancies occurring through attrition) until the comprehensive study of the police and fire departments is concluded. That study is to be completed prior to the end of 2014. At that time, depending on the study recommendations, a decision will be made as to the need for additional resources, and to the extent that funds in the General Fund which are currently targeted for deficit reduction can be used. Although the State will not agree to utilize funds appropriated for the operation of the Lock-Up to fund Flint police officers and firefighters, the Mayor and Emergency Manager will continue their efforts to obtain other state funding to support police and fire operations in Flint during this critical time.
2. The concern of the City Clerk, and supported by both the Council and the Mayor, of her inability to properly conduct the upcoming elections with the proposed staffing reduction, is acknowledged. Accordingly, the proposed budget is revised to continue FY14 budget level of staffing within the Clerk's Office. The business license position, originally moved to the Planning and Zoning Department in the FY15 and FY16 Proposed Budget, has been restored back to City Clerk's department. The new Business Licensing process is scheduled to be implemented by January 1, 2015; at which time, the responsibility for the process will be assumed by the Department of Planning and Development. Since the Clerk's Office staff will remain the same while reducing the responsibilities of the Clerks' Office, there should be adequate staff to conduct the elections and to provide additional support to the Council Office. Until such time as the

Business Licensing process is assumed by the Department of Planning and Development, the Clerk is authorized to increase the hours of the current part-time employee in the Council Office. $15,000 in temporary wages is added to the Council's budget for FY15.

3. The concern of the Council and the Mayor that financial support be continued to assist in the transition of the senior citizen programming at the Brennen Center and Hasselbring is acknowledged. The end goal is for there to be successful senior citizen programming at these locations, supported in their entirety by the County's senior citizen millage, which has been approved by voters within the City of Flint as well as the rest of Genesee County. Instead of adding additional funding to the FY15 and FY16 budgets, however, an amendment to the FY14 budget is being prepared to make a one-time appropriation to each center in the amount of $20,000, for a total expenditure of $40,000. The purpose of this appropriation is to support this transition.
4. The concern of the Council to add additional resources to the District Court is noted. However, during the presentation by the Court at its budget hearing, it became apparent that the proposed strategy of the Court to utilize part time employees may not be consistent with the requirement that temporary employees working in excess of 29 hours per week must be provided access to health care to the extent that full time employees are. Thus, additional funds in the amount of $40,000 is added to the Court's budget to address this potential problem.
5. The recommendation of the Mayor to add additional capacity to economic development as stated in #4 above is acknowledged. Additional resources for economic development was also a stated priority of the Council. The change recommended by the Mayor provides $50,000 in financial capacity, is revenue neutral, and is incorporated into the budget.
6. The recommendation of the Mayor with respect to reducing DCED staff by 1 FTE and redistributing the funds as noted above are also incorporated into the budget.
7. The recommendation of the Mayor to add one new FTE in Planning and Development dedicated to the new Business Licensing function is also acknowledged as being valuable in helping to assure that the new process is implemented aggressively and successfully. Accordingly, $64,000 for wages and fringes is added to the budget of Planning and Development for that purpose.
8. Finally, the recommendation of the Mayor to add an additional objective to the Governance and Administration section of the Strategic Plan is acknowledged and will be incorporated. Accordingly, while the Human Relations Commission may continue as a volunteer board, the proposed allocation is eliminated. As it has become apparent that the Human Resources Director is fully engaged with managing the Human Resources function, the portion of the Director's salary allocated to the HRC budget will be transferred to the Human Resources Budget.

Implementing the changes noted above require identifying $119,000 in FY15 General Fund appropriations and $104,000 in FY16 appropriations. The revenue and expense projections in the budget have been reviewed, and the necessary funds have been identified from the following sources:

FY15:

- $39,000 - reduction in audit costs
- $ 2,600 – net reduction in HRC budget
- $38,400 - additional projected revenue - income tax revenue
- $39,000 – additional projected revenue – delinquent income tax collections

FY16:

- $31,000 - reduction in audit costs
- $ 2,678 – net reduction in HRC budget
- $32,000 - additional projected revenue - income tax revenue
- $38,322 - additional projected revenue - delinquent income tax collections

Appreciation is extended to the Mayor, Council, and staff for the time and effort spent reviewing the proposed budget. The citizens of Flint will be better served by the changes made.

Proposed Budget FY15 and FY16 Technical Adjustments

1. Included the pension expense in the Office of the Clerk - $29,519

2. Removed wages and fringes for GIS Technician from Assessing Department because it was already budgeted in the Planning and Zoning Department - $60,518

3. Corrected the inclusion of all salaries, wages, and fringes in the Planning and Zoning department for all the approved positions - $123,596

4. Corrected Fund 202 FY15 and FY16 fund balance use. The indirect cost allocation was double reported in FY15. This was a $536,000 reduction in cost in FY15. In FY16, wages in administration was entered in error causing salaries to be overstated by $812,000. This correction was made.

FLINT STRATEGIC PLAN

2015 -2019

Setting a Sustainable Course for the City of Flint

The Vision for the City Government of Flint:

A well managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

The Mission of the City Government:

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly and financially responsible manner

The Goals:

In order to realize our Mission, residents, businesses, students and visitors can expect that:

The City will provide a highly trained and professional staff of elected leaders, appointed officials and employees

The City will provide for a safe, secure, and healthy environment in which to live, work, learn and play

The City will provide access to dependable and affordable water, sewer, and waste collection

The City will provide access to an adequate and well maintained transportation network serving motorized, non-motorized, and pedestrian needs

The City will foster cooperation between business, non-profit, and foundation partners and residents to create a climate that supports community and economic development

The City government will also:

Seek partnerships with Local, State and Federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting its Mission

Provide municipal services consistent with the City's Master Plan and also work with residents, businesses, and others to foster development of the City and its infrastructure in a manner consistent with its Master Plan

Encourage partnerships for recreation and access to open space across the City

Enforce building and occupancy codes and to aggressively work with others to address blighted conditions

Assure that City ordinances and regulatory activities are consistent with the Master plan and supportive of economic development

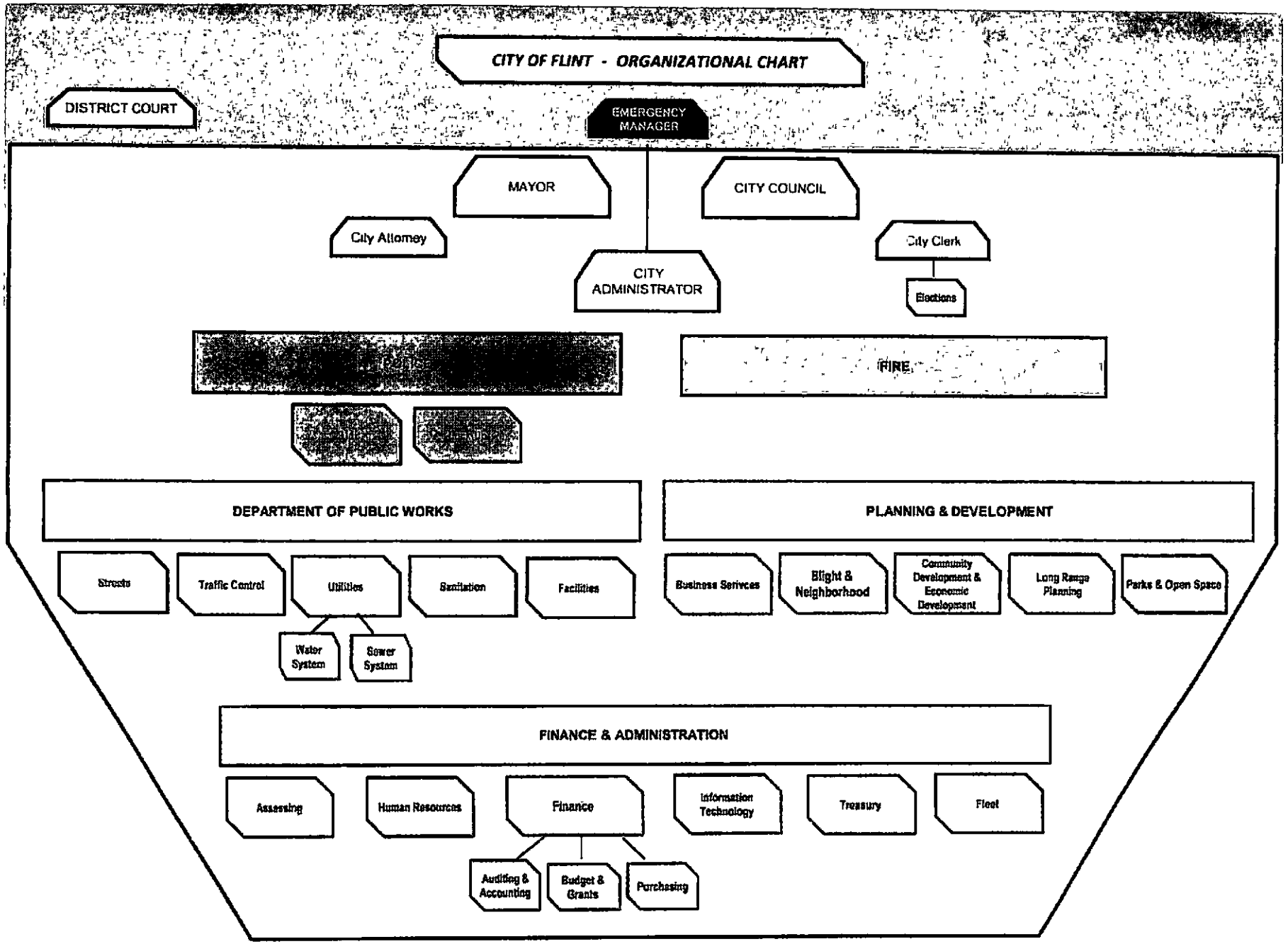
Operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits

Mayor and Council Priorities for Developing the Two-year (FY15 & FY16) Budget

The Mayor and Council request that the two-year budget to be developed will include a set of objective which, when achieved, will result in significant progress being made towards achieving their stated Vision, Mission, and Goals.

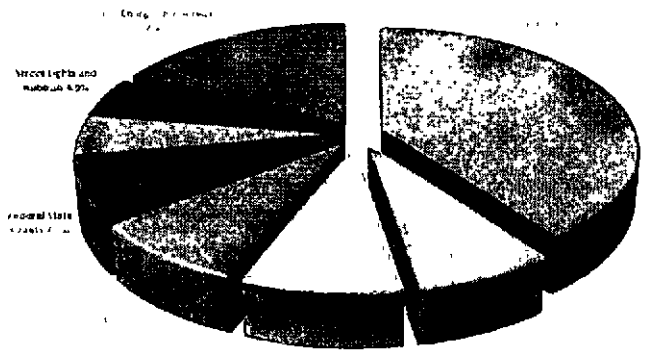
Additionally, the Mayor and Council request that the two-year budget to be developed address the following specific priorities:

1. Maintain police and fire staffing levels at the maximum level feasible
2. Reduce the General Fund deficit by at least $1 million
3. Continue efforts to reduce blight, including demolition
4. Hire an experienced and professional City Administrator
5. Assure that capacity exists to implement the Master Plan
6. Add capacity in the area of Economic Development
7. Fund years 1 & 2 of capital improvements identified in the Master Plan
8. Improve street maintenance
9. Establish parks partnerships
10. Improve customer service through training and technology
11. Increase removal of dead and diseased trees
12. Evaluate ways to reduce water and sewer rates for constituents in the budget process

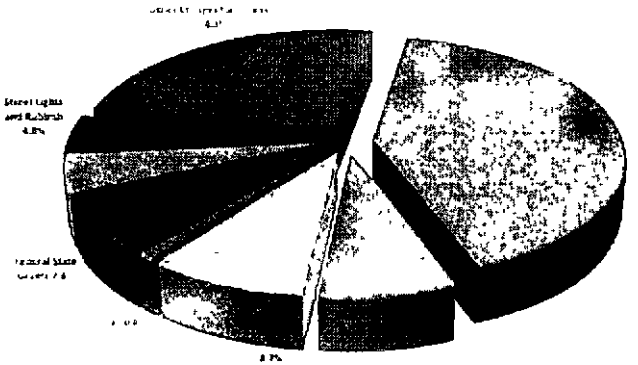

CITY OF FLINT - ORGANIZATIONAL CHART
DISTRICT COURT
EMERGENCY MANAGER
MAYOR
CITY COUNCIL
City Attorney
CITY ADMINISTRATOR
City Clerk
Elections
FIRE
DEPARTMENT OF PUBLIC WORKS
PLANNING & DEVELOPMENT
Streets
Traffic Control
Utilities
Sanitation
Facilities
Water System
Sewer System
Business Services
Blight & Neighborhood
Community Development & Economic Development
Long Range Planning
Parks & Open Space
FINANCE & ADMINISTRATION
Assessing
Human Resources
Finance
Information Technology
Treasury
Fleet
Auditing & Accounting
Budget & Grants
Purchasing

REVENUE - ALL FUNDS

FY15 $165,609,588

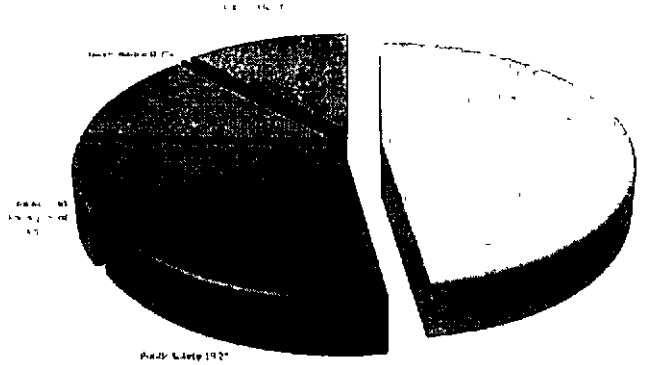


FY16 $169,482,080

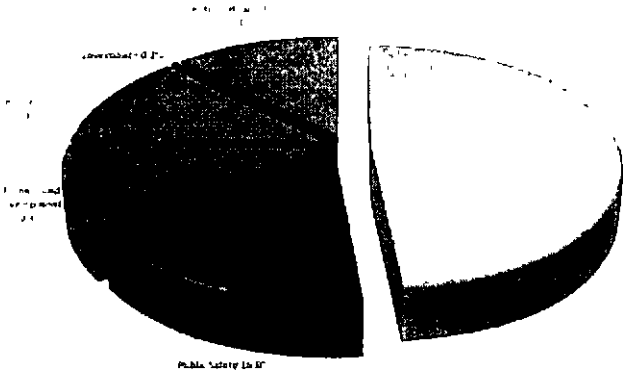


EXPENSES - ALL FUNDS

FY15 $162,186,042



FY16 $166,592,999



CITY OF FLINT - FIVE YEAR OUTLOOK

All Funds Summary

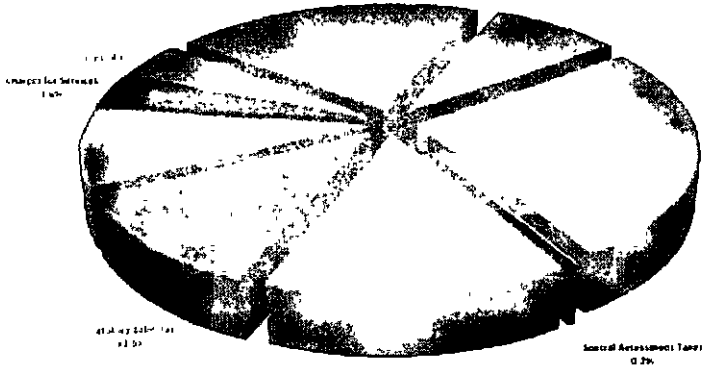
		Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund	**101**						
	Revenues*	**$53,658,121**	**$55,097,880**	**$56,308,236**	**$56,816,010**	**$56,985,455**	**$57,488,324**
	Expenses	**$53,658,121**	**$55,097,880**	**$56,308,236**	**$58,616,874**	**$61,020,166**	**$63,644,033**
	Cumulative Gap	**$0**	**$0**	**$0**	**($1,801,864)**	**($5,836,574)**	**($11,982,282)**
	Annual Gap	**$0**	**$0**	**$0**	**($1,801,864)**	**($4,034,710)**	**($6,145,708)**
*Includes $1 million for deficit elimination							
Major Streets	**202**						
	Revenues	$6,335,406	$7,022,888	$7,306,888	$7,511,255	$7,721,670	$7,945,495
	Expenses	$6,331,406	$7,022,888	$7,306,888	$7,577,015	$7,842,210	$8,124,630
	Cumulative Gap	$4,000	$0	$0	($65,760)	($186,400)	($365,435)
	Annual Gap	$0	$0	$0	($65,760)	($120,640)	($179,034)
Local Streets	**203**						
	Revenues	$2,601,090	$2,694,458	$2,763,112	$2,841,557	$2,904,072	$2,967,981
	Expenses	$2,601,090	$2,694,458	$2,763,112	$2,880,521	$2,972,698	$3,067,824
	Cumulative Gap	$0	$0	$0	($38,964)	($107,590)	($207,452)
	Annual Gap	$0	$0	$0	($38,964)	($68,626)	($99,863)
Police and Fire Millage	**205**						
	Revenues	$1,845,827	$9,258,560	$7,249,000	$4,494,640	$4,602,941	$4,671,995
	Expenses	$1,845,827	$9,258,560	$7,249,000	$7,538,060	$7,848,057	$8,169,828
	Cumulative Gap	$0	$0	$0	($3,074,420)	($5,319,537)	($9,817,379)
	Annual Gap	$0	$0	$0	($3,074,420)	($3,245,117)	($3,497,843)
Neighborhood Police Millage	**207**						
	Revenues	$1,550,180	$1,405,180	$1,416,300	$1,448,668	$1,491,513	$1,513,885
	Expenses	$1,550,180	$1,378,104	$1,406,660	$1,465,008	$1,525,072	$1,587,600
	Cumulative Gap	$0	$27,076	$9,640	($16,340)	($51,699)	($125,814)
	Annual Gap	$0	$0	$0	($16,340)	($33,559)	($73,714)
Parks Millage	**208**						
	Revenues	$373,064	$440,140	$344,370	$351,257	$362,148	$367,579
	Expenses	$373,064	$440,140	$344,343	$358,117	$372,600	$388,084
	Cumulative Gap	$0	$0	$27	($6,859)	($17,512)	($38,018)
	Annual Gap	$0	$0	$0	($6,859)	($10,653)	($20,506)
Lighting Special Assessment	**219**						
	Revenues	$2,882,980	$2,694,870	$2,698,300	$2,561,485	$2,433,411	$2,311,740
	Expenses	$2,882,980	$2,694,870	$2,698,300	$2,698,300	$2,698,300	$2,696,300
	Cumulative Gap	$0	$0	$0	($134,815)	($397,704)	($782,264)
	Annual Gap	$0	$0	$0	($134,815)	($262,889)	($384,560)

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		226						
	Revenues		$5,132,460	$5,398,293	$5,450,723	$5,178,187	$4,919,278	$4,673,314
	Expenses		$5,132,460	$5,398,293	$5,450,723	$5,559,737	$5,670,932	$5,784,351
	Cumulative Gap		$0	$0	$0	($381,551)	($1,133,205)	($2,244,243)
	Annual Gap		$0	$0	$0	($381,551)	($751,655)	($1,111,037)
Drug Forfeiture		285						
	Revenues		$435,042	$439,093	$439,093	$452,235	$465,802	$479,776
	Expenses		$435,042	$425,093	$433,399	$446,401	$459,793	$473,587
	Cumulative Gap		$0	$14,000	$5,694	$5,834	$11,843	$18,032
	Annual Gap		$0	$0	$0	$5,834	$6,009	$6,189
HUD Grant 2014		274						
	Revenues		$11,787,729	$5,035,900	$5,035,900	$5,186,977	$5,342,586	$5,502,884
	Expenses		$11,787,729	$5,035,900	$5,035,900	$5,186,977	$5,342,586	$5,502,884
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Other Grants		296						
	Revenues		$7,483,689	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Expenses		$7,477,931	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Cumulative Gap		$5,758	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Federal Stimulus Grant		297						
	Revenues		$4,524,108	$0	$0	$0	$0	$0
	Expenses		$4,524,108	$0	$0	$0	$0	$0
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Public Improvement Fund		402						
	Revenues		$2,150,000	$2,860,957	$2,887,987	$2,925,347	$3,019,032	$3,081,273
	Expenses*		$2,150,000	$2,860,957	$2,887,987	$2,982,708	$3,102,015	$3,226,095
	Cumulative Gap		$0	$0	$0	($57,360)	($143,342)	($308,164)
	Annual Gap		$0	$0	$0	($57,360)	($85,983)	($164,822)
* Includes $800,000 for deficit elimination								
Building Safety Fund		542						
	Revenues		$2,548,458	$2,396,629	$2,484,700	$2,484,700	$2,484,700	$2,484,700
	Expenses		$2,548,458	$2,396,629	$2,484,700	$2,584,088	$2,687,452	$2,794,950
	Cumulative Gap		$0	$0	$0	($99,388)	($302,140)	($612,389)
	Annual Gap		$0	$0	$0	($99,388)	($202,752)	($310,250)
TOTAL General City								
	Revenues		$103,286,162	$99,596,694	$99,249,336	$97,230,141	$97,890,758	$98,794,987
	Expenses		$103,278,404	$99,555,618	$99,234,004	$102,903,628	$106,701,333	$110,776,135
	Cumulative Gap		$9,758	$41,076	$15,331	($5,673,486)	($14,484,081)	($26,465,208)
	Annual Gap		$0	$0	$0	($5,673,486)	($8,810,575)	($11,981,148)

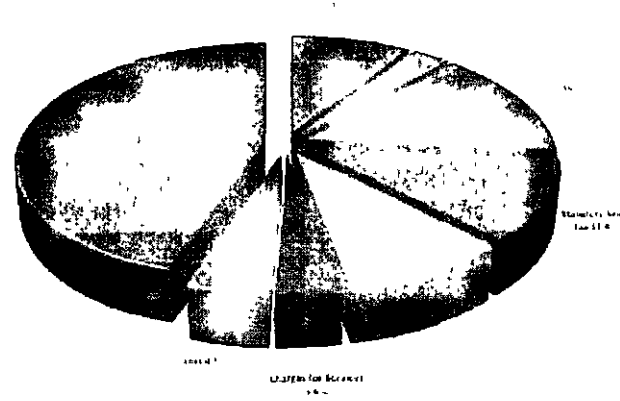
		Current	Adopted	Adopted	Projected	Projected	Projected
Sewer Fund	690	FY14	FY15	FY16	FY17	FY18	FY19
	Revenues	$31,929,269	$28,126,894	$32,346,745	$32,346,745	$32,346,745	$32,346,745
	Expenses	$31,929,269	$28,126,894	$32,346,745	$34,609,089	$36,149,143	$37,216,857
	Cumulative Gap	$0	$0	$0	($2,262,354)	($6,064,752)	($10,934,864)
	Annual Gap	$0	$0	$0	($2,262,354)	($3,802,398)	($4,870,212)
Water Fund	691						
	Revenues	$47,896,872	$37,886,000	$37,886,000	$37,500,000	$37,500,000	$37,600,000
	Expenses	$47,896,872	$34,503,530	$35,012,260	$38,841,189	$40,741,906	$41,943,725
	Cumulative Gap	$0	$3,382,470	$2,873,750	($1,341,189)	($4,583,095)	($8,926,820)
	Annual Gap	$0	$0	$0	($1,341,189)	($3,241,906)	($4,443,725)
Water and Sewer	**690 & 691**						
	Revenues	**$79,826,141**	**$66,012,894**	**$70,232,745**	**$69,846,745**	**$69,846,745**	**$69,946,745**
	Expenses	**$79,826,141**	**$62,630,424**	**$67,358,995**	**$73,450,288**	**$76,891,049**	**$79,160,682**
	Cumulative Gap	**$0**	**$3,382,470**	**$2,873,750**	**($3,603,543)**	**($10,647,847)**	**($19,961,784)**
	Annual Gap	**$0**	**$0**	**$0**	**($3,603,543)**	**($7,044,304)**	**($9,313,937)**
TOTAL CITY							
	Revenues	**$183,114,303**	**$166,609,588**	**$169,482,080**	**$167,076,898**	**$167,737,503**	**$169,841,732**
	Expenses	**$183,104,545**	**$162,186,042**	**$166,592,999**	**$176,353,916**	**$183,692,382**	**$189,936,817**
	Cumulative Gap	**$9,758**	**$3,423,546**	**$2,889,081**	**($9,277,029)**	**($25,131,908)**	**($46,426,993)**
	Annual Gap	**$0**	**$0**	**$0**	**($9,277,029)**	**($15,854,879)**	**($21,295,085)**

REVENUE - GENERAL FUND

FY15 $55,097,880

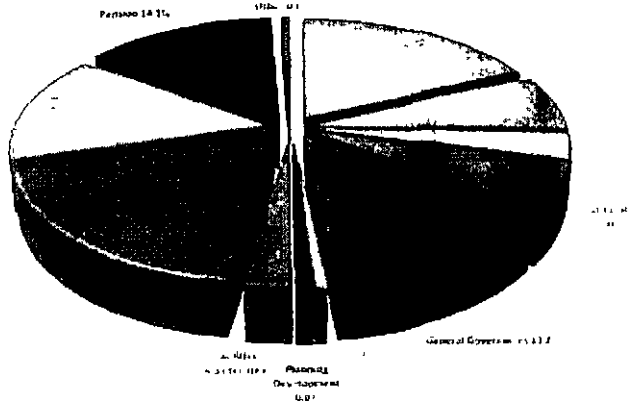


FY16 $56,308,239

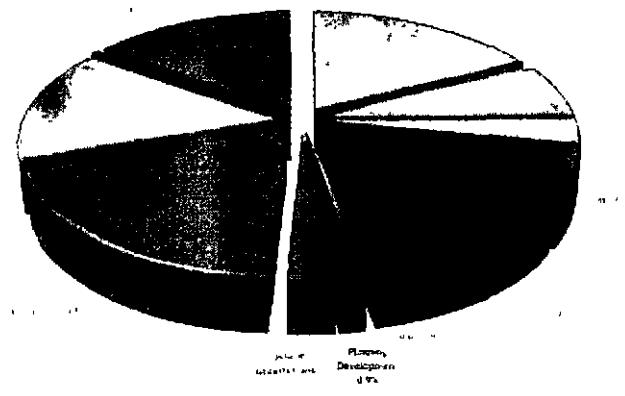


EXPENSES - GENERAL FUND

FY15 $55,097,880



FY16 $56,308,239



CITY OF FLINT PORPOSED FINANCIAL BUDGET
FOR FISCAL YEARS 2015 AND 2016
GENERAL FUND

DESCRIPTION	2013-14 AMENDED BUDGET	2014-15 PROPOSED BUDGET	2015-16 PROPOSED BUDGET
Fund 101 - General Fund			
ESTIMATED REVENUES			
Function: General government			
Property Taxes	$ 4,622,000	$ 4,970,000	$ 5,069,400
Income taxes	14,210,000	14,238,400	14,354,000
Special assessment taxes	97,941	89,000	89,000
State revenues	16,730,120	17,181,829	17,347,719
License and Permits	1,303,626	1,296,626	1,396,626
Fines and forfeitures	1,825,000	1,862,600	1,897,000
Charges for service rendered	9,842,485	11,161,416	11,582,811
Interest and dividend income	850,000	919,000	1,118,325
Other revenues	898,946	801,011	605,360
Transfers in	4,077,998	3,777,998	3,777,998
Drawings from fund balance	(1,000,000)	(1,000,000)	(1,000,000)
Total - Function General government	53,558,116	55,097,880	56,308,239
TOTAL ESTIMATED REVENUES	$ 53,558,116	$ 55,097,880	$ 56,308,239
APPROPRIATIONS			
Function: Legislative			
City Council	$ 373,220	$ 356,505	$ 341,080
Total - Function Legislative	373,220	356,505	341,080
Function: General governemnt			
District Court	5,194,307	4,099,999	4,167,078
Office Of Mayor	228,813	215,426	218,278
City Administrator	396,646	352,912	356,034
Finance -Admin/Accounting/Payroll	1,188,137	951,331	962,846
Finance Purchasing	130,229	139,185	141,145
Total Finance and Purchasing Department	1,318,366	1,090,516	1,103,991
Office Of City Clerk	220,645	153,145	154,955
City Clerk-License And Permits	90,850	185,408	185,851
City Clerk-Board Of Review	10,500	11,601	11,601
City Clerk-Election	403,183	391,241	399,979
Cty Clk Elec Div. - Election Workers	138,654	179,591	179,627
Total City Clerk and Elections	863,832	920,986	931,613
Customer Services-Treasury Operations	380,321	275,977	278,810
Customer Services-Income Tax	465,825	432,000	433,740
Customer Services-Water Collection	1,018,852	1,240,933	1,263,429
Customer Service-Sewer collection	1,020,102	1,243,133	1,264,475
Delinquent Collections	167,686	263,063	267,313
Total Treasury Department	3,052,786	3,455,106	3,508,767
Assessment	1,084,221	1,160,515	1,176,686
Law Office Operations	962,042	940,589	953,797

Human Relations Commission	26,237		
Personnel Office	551,542	624,409	629,970
Personnel Office-Personnel-Training	70,625	55,500	56,415
Total Human Relations and Personnel	648,404	679,909	686,385
Police - Fleet	990,000	990,000	1,000,000
Police Reduction		(2,608,823)	(2,635,863)
Pol Admin Bureau - Admin	5,023,126	409,669	419,941
Pol Admin Bureau-Inspections	127,354	125,505	126,865
Pol Admin - City Lock up	2,673,649	2,554,329	2,534,329
Pol Tech Serv-Records & Identification	1,831,592	2,121,908	2,168,785
Pol Tech Serv-Planning, Research, & Trai	135,359	129,847	130,692
Pol Tech Serv - City Impound	437,323	436,575	439,969
Pol Invst Ovrhd - Criminal Invest Overh	2,469,997	2,369,062	2,398,335
Pol Invst Ovrhd - Police School Liason	764,011	751,475	760,749
Pol Invst Ovrhd - Special Operations	707,250	738,802	749,143
Patrol Bureau - Administration	5,502,823	4,263,373	4,326,180
Patrol Bureau-School Crossing Guards	287,854	285,712	285,712
Total Police Department	21,930,336	12,569,434	12,504,837
Public Safety 911 - Administration	3,745,525	2,504,021	2,540,188
Office Of Fire Chief	753,547	692,077	709,158
Fire Admin-Maintenance	116,000	412,500	424,500
Fire Admin - Training	253,400	161,541	164,771
Firefighting Division-Fire Battalion Chi	3,349,980	496,649	506,293
Firefighting Division-Fire Station Overh	5,858,149	4,101,133	4,168,260
SAFER Grant EMW-2011-FH-00843	1,083,370		
Fire Prevent - Inspection And Training	285,370	315,903	322,422
Total Fire Department	11,699,796	6,179,803	6,295,404
Development-Planning & Zoning	121,876	395,277	397,634
DCD - Administration	186,293	278,007	285,416
Golf Division - Kearsley Lake Gc	3,500		
Golf Division-Mott Park Gc		9,000	9,270
Golf Division-Swartz Crk Gc	1,600		
Total Planning and Development Department	313,268	683,284	692,320
Facilities Maint-Municipal Center	1,207,382	1,484,233	1,532,362
Total - Function General government	52,645,726	36,416,733	36,669,940
Cost Allocation and Retiree Healthcare		17,911,941	18,986,658
Transfer out to Fund 208		99,140	
Transfers out to fund 542	539,170	313,561	313,561
Total - Function Transfers out	539,170	412,701	313,561
TOTAL APPROPRIATIONS	$ 53,558,116	$ 55,097,880	$ 56,308,238
NET OF REVENUES/APPROPRIATIONS - FUND 101	0	0	0
BEGINNING FUND BALANCE	(12,895,642)	(11,895,642)	(10,895,642)
ENDING FUND BALANCE	(11,895,642)	(10,895,642)	(9,895,642)

CITY OF FLINT STAFFING PROJECTION

	FY11 ACTUAL	FY12 ACTUAL	FY13 ACTUAL	FY14 CURRENT	FY15 PROPOSED	FY16 PROPOSED
GOVERNANCE AND ADMINISTRATION	38.5	20	17	19	20	20
POLICE	150	148	144	151	115	115
911	25.5	23	22	23	23	23
FIRE	75	94	91	94	75	75
DISTRICT COURT	49	35	30	31	31	31
DEPARTMENT OF PUBLIC WORKS	263	207	156	166	173	173
PLANNING AND DEVELOPMENT	71	56	26	24	25	26
FINANCE AND ADMINISTRATION	120.5	103	60	57	60	60
TOTALS	792.5	686	546	565	522	523

PROJECTED FACILITIES IMPROVEMENTS FY15-FY19

IMPROVEMENT	RANK	COST	FY15	FY16	FY17	FY18	FY19
City Hall Elevators(2 main only)	1	400,000.00	$ 400,000.00				
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 155,000.00				
Assessing Renovations	3	65,000.00	$ 65,000.00				
Roof Repair - Main Fire Station	4	127,400.00	$ 127,400.00				
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 10,000.00				
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 20,000.00				
I.S. Water Leaks PART I OF II	7	50,000.00	$ 50,000.00				
Legal Renovations	8	40,000.00	$ 40,000.00				
Police Station Bridge to 5th St	9	30,000.00	$ 30,000.00				
Roof Repair - North building	10	99,384.00	$ 99,384.00				
Motion Lights, City Hall & Police	11	100,000.00	$ 100,000.00				
Pave City Hall Parking Lot	12	100,000.00		$ 100,000.00			
911 Consoles & Telephones	13	330,000.00		$ 330,000.00			
I.S. Water Leaks PART II OF II	14	50,000.00		$ 50,000.00			
Council Chambers Renovations PART I OF III	15	116,666.67		$ 116,666.67			
City Hall Building Facade PART I OF III	16	500,000.00		$ 500,000.00			
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00			$ 250,000.00		
Council Chambers Renovations PART II OF III	18	116,666.67			$ 116,666.67		
City Hall Building Facade PART II OF III	19	500,000.00			$ 500,000.00		
Council Chambers Renovations PART III OF III	20	116,666.67				$ 116,666.67	
City Hall Building Facade PART III OF III	21	500,000.00				$ 500,000.00	
Police Shooting Range	22	250,000.00				$ 250,000.00	
Fire Station Kitchens - Remodel	23	60,000.00				$ 60,000.00	
TOTAL		$3,926,784.00	$ 1,096,784.00	$ 1,096,666.67	$ 866,666.67	$ 926,666.67	$ -

IMPROVEMENT	RANK	COST	CUMULATIVE COST
City Hall Elevators(2 main only)	1	400,000.00	
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 555,000.00
Assessing Renovations	3	65,000.00	$ 620,000.00
Roof Repair - Main Fire Station	4	127,400.00	$ 747,400.00
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 757,400.00
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 777,400.00
I.S. Water Leaks PART I OF II	7	50,000.00	$ 827,400.00
Legal Renovations	8	40,000.00	$ 867,400.00
Police Station Bridge to 5th St	9	30,000.00	$ 897,400.00
Roof Repair - North building	10	99,384.00	$ 996,784.00
Motion Lights, City Hall & Police	11	100,000.00	$ 1,096,784.00
Pave City Hall Parking Lot	12	100,000.00	$ 1,196,784.00
911 Consoles & Telephones	13	330,000.00	$ 1,526,784.00
I.S. Water Leaks PART II OF II	14	50,000.00	$ 1,576,784.00
Council Chambers Renovations PART I OF III	15	116,666.67	$ 1,693,450.67
City Hall Building Facade PART I OF III	16	500,000.00	$ 2,193,450.67
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00	$ 2,443,450.67
Council Chambers Renovations PART II OF III	18	116,666.67	$ 2,560,117.33
City Hall Building Facade PART II OF III	19	500,000.00	$ 3,060,117.33
Council Chambers Renovations PART III OF III	20	116,666.67	$ 3,176,784.00
City Hall Building Facade PART III OF III	21	500,000.00	$ 3,676,784.00
Police Shooting Range	22	250,000.00	$ 3,926,784.00
Fire Station Kitchens - Remodel	23	60,000.00	$ 3,986,784.00
TOTAL		**$3,926,784.00**	**$ 3,986,784.00**

DEFICIT ELIMINATION AND RESERVE ACCUMULATION PROJECTIONS

FINANCIAL COMMITMENT NECESSARY TO ELIMINATE THE DEFICIT AND ACCUMULATE AN APPROPRIATE BUDGET STABILIZATION RESERVE OF 10% -15%

	DEFICIT REDUCTION						
	FY14	FY15	FY16	FY17	FY18	FY19	FY20
DEFICIT	($12,895,642)	($11,095,642)	($9,295,642)	($7,495,642)	($5,695 642)	($3,895,642)	($2,095,642)
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000
REMAINING DEFICIT	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)	($295,642)
GENERAL FUND REVENUE	$53,555,121	$55,080,609	$56,281,965	$56,788,503	$56,958,868	$57,471,498	$58,620,928
	RESERVE ACCUMULATION						
	FY21	FY22	FY23	FY24	FY25		
RESERVE	($295,642)	$1,504,358	$3,304,358	$5,104,358	$6,904,358		
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000		
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000		
ACCUMULATED RESERVE	$1,504,358	$3,304,358	$5,104,358	$6,904,358	$8,704,358	Equals 13%	
GENERAL FUND REVENUE	$59,793,347	$60,989,213	$62,208,998	$63,453,178	**$64,722,241**	of GF Revenues	

CITY OF FLINT - FIVE YEAR OUTLOOK
Pension and Retiree Healthcare Costs

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund		101						
	Retiree Healthcare Expense		$8,034,324	$10,167,701	$10,777,763	$11,424,429	$12,109,895	$12,836,488
	Pension Expense		$8,401,335	$7,981,672	$8,439,553	$8,946,244	$9,483,019	$10,052,000
	Other Expenses		$37,122,462	$36,948,608	$37,090,623	$38,246,204	$39,427,255	$40,755,548
	Total Expenses		$53,558,121	$55,097,981	$56,308,239	$58,616,877	$61,020,169	$63,644,036
	Retiree Healthcare as % of Total Expenses		15%	18%	19%	19%	20%	20%
	Pension as % of Total Expenses		16%	14%	15%	15%	16%	16%
	Healthcare & Pension Costs as % of Total		31%	33%	34%	35%	35%	36%
Major Streets		202						
	Retiree Healthcare		$528,155	$1,056,180	$1,119,551	$1,186,724	$1,257,928	$1,333,403
	Pension		$585,832	$551,416	$596,563	$632,357	$670,298	$710,516
	Other expenses		$6,167,419	$5,415,263	$5,400,954	$5,697,004	$6,783,353	$6,981,277
	Total		$6,331,406	$7,022,858	$8,116,668	$8,416,985	$8,711,579	$9,025,196
	Healthcare & Pension %		18%	23%	21%	22%	22%	23%
Local Streets		203						
	Retiree Healthcare		$388,761	$200,824	$212,873	$225,645	$239,184	$253,535
	Pension		$331,106	$330,318	$354,959	$376,257	$398,832	$422,762
	Other expenses		$1,861,223	$2,163,318	$2,215,280	$2,278,819	$2,334,692	$2,391,627
	Total		$2,581,090	$2,694,458	$2,783,112	$2,880,821	$2,972,695	$3,067,824
	Healthcare & Pension %		28%	20%	20%	21%	21%	22%
Police and Fire Millage		205						
	Retiree Healthcare		$0	$1,337,828	$1,416,098	$1,503,184	$1,593,375	$1,688,977
	Pension		$448,624	$2,593,093	$2,748,679	$2,913,600	$3,088,416	$3,273,721
	Other expenses		$1,397,303	$5,327,839	$5,082,223	$5,122,176	$5,166,267	$5,207,130
	Total		$1,845,927	$9,258,560	$7,249,000	$7,538,960	$7,848,057	$8,169,828
	Healthcare & Pension %		24%	42%	57%	59%	60%	61%
Neighborhood Police Millage		207						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$378,934	$302,795	$318,844	$337,975	$358,253	$379,748
	Other expenses		$1,170,246	$1,077,309	$915,030	$945,254	$977,588	$1,010,863
	Total		$1,550,180	$1,378,104	$1,233,874	$1,283,228	$1,335,841	$1,390,611
	Healthcare & Pension %		25%	22%	26%	26%	27%	27%
Parks Millage		208						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$5,591	$20,663	$20,663	$21,903	$23,217	$24,610
	Other expenses		$367,473	$419,477	$320,760	$333,177	$346,421	$360,183
	Total		$373,064	$440,140	$341,423	$355,080	$369,638	$384,793
	Healthcare & Pension %		1%	5%	6%	6%	6%	6%
Lighting Special Assessment		219						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$5,029	$5,390	$5,773	$7,180	$7,911
	Other expenses		$2,982,980	$2,689,841	$2,689,910	$2,689,527	$2,689,120	$2,688,689
	Total		$2,982,980	$2,694,870	$2,695,300	$2,695,300	$2,696,300	$2,696,300
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		226						
	Retiree Healthcare		$821,190	$411,202	$435,874	$462,026	$489,749	$519,133
	Pension		$25,335	$12,689	$13,767	$14,593	$15,469	$16,397
	Other expenses		$4,455,963	$4,972,103	$5,001,082	$5,083,116	$5,185,718	$5,248,621
	Total		$5,132,490	$5,396,293	$5,450,723	$5,559,737	$5,670,932	$5,784,351
	Healthcare & Pension %		13%	8%	8%	9%	9%	9%
Drug Forfeiture		265						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$122,739	$82,406	$87,351	$92,592	$98,148	$104,036
	Other expenses		$312,303	$342,697	$346,048	$353,809	$361,645	$369,550
	Total		$435,042	$425,083	$433,399	$446,401	$459,793	$473,587
	Healthcare & Pension %		28%	19%	20%	21%	21%	22%
HUD Grant 2014		274						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$230,159	$282,418	$282,418	$309,963	$328,561	$348,275
	Other expenses		$11,537,570	$4,743,481	$4,743,481	$4,877,013	$5,014,024	$5,154,588
	Total		$11,767,729	$5,035,899	$5,035,899	$5,186,976	$5,342,585	$5,502,863
	Healthcare & Pension %		2%	6%	6%	6%	6%	6%
Other Grants		286						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$40,027	$230,605	$230,605	$244,441	$259,108	$274,654
	Other expenses		$7,437,904	$4,634,371	$4,634,371	$4,766,484	$4,902,145	$5,041,439
	Total		$7,477,931	$4,864,976	$4,864,976	$5,010,926	$5,161,253	$5,316,091
	Healthcare & Pension %		1%	5%	5%	5%	5%	5%
Federal Stimulus Grant		287						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$1,365,631	$0	$0	$0	$0	$0
	Other expenses		$3,159,127	$0	$0	$0	$0	$0
	Total		$4,524,108	$0	$0	$0	$0	$0
	Healthcare & Pension %		30%	0%	0%	0%	0%	0%
Public Improvement Fund		402						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$0	$0	$0	$0	$0
	Other expenses		$2,150,000	$2,850,957	$2,857,997	$2,982,706	$3,104,957	$3,232,392
	Total		$2,150,000	$2,850,957	$2,857,997	$2,982,706	$3,104,957	$3,232,392
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%
Building Safety Fund		542						
	Retiree Healthcare		$552,954	$393,633	$417,251	$442,288	$468,823	$496,953
	Pension		$151,734	$237,525	$251,696	$266,699	$283,019	$300,000
	Other expenses		$1,939,768	$1,764,268	$1,815,663	$1,874,803	$1,935,609	$1,997,997
	Total		$2,648,456	$2,395,529	$2,484,700	$2,584,088	$2,687,452	$2,794,950
	Healthcare & Pension %		26%	26%	27%	27%	28%	29%
Internal Service Funds								
	Retiree Healthcare		$300,210	$722,428	$722,428	$764,504	$809,105	$856,382
	Pension		$382,109	$383,747	$383,747	$406,772	$431,178	$457,049
	Other expenses		$2,795,975	$6,750,612	$7,845,631	$8,119,882	$8,396,419	$8,684,357
	Total		$9,478,291	$7,856,787	$8,951,806	$9,288,178	$9,636,703	$9,997,788
	Healthcare & Pension %		6%	14%	12%	13%	13%	13%

TOTAL General City							
	Retiree Healthcare Expense	**$10,605,584**	**$14,289,796**	**$15,103,838**	**$16,008,788**	**$16,958,057**	**$17,984,872**
	Pension Expense	**$12,440,403**	**$13,023,777**	**$13,745,725**	**$14,570,469**	**$15,444,697**	**$16,371,378**
	Other Expenses	**$97,288,980**	**$97,976,618**	**$98,920,349**	**$81,555,874**	**$84,241,648**	**$97,122,057**
	Total Expenses	**$118,302,313**	**$116,374,211**	**$115,564,931**	**$123,285,281**	**$127,573,827**	**$132,770,552**
	Retiree Healthcare as % of Total Expenses	**9%**	**12%**	**13%**	**13%**	**13%**	**14%**
	Pension as % of Total Expenses	**11%**	**11%**	**12%**	**12%**	**12%**	**12%**
	Healthcare & Pension Costs as % of Total	**19%**	**23%**	**24%**	**25%**	**25%**	**26%**

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Sewer Fund		590						
	Retiree Healthcare		$2,329,983	$2,447,668	$2,594,420	$2,750,085	$2,915,090	$3,089,996
	Pension		$2,176,100	$2,040,716	$2,163,159	$2,292,948	$2,430,525	$2,576,357
	Other expenses		$27,420,186	$25,768,264	$27,589,168	$29,666,065	$30,803,527	$31,550,504
	Total		$31,929,269	$30,256,645	$32,346,745	$34,659,098	$36,149,143	$37,216,857
	Healthcare & Pension %		14%	15%	15%	15%	15%	15%
Water Fund		591						
	Retiree Healthcare		$1,680,082	$2,963,588	$3,141,403	$3,329,887	$3,529,680	$3,741,461
	Pension		$1,818,687	$1,803,096	$1,911,284	$2,025,961	$2,147,519	$2,276,370
	Other expenses		$44,401,123	$29,736,844	$29,559,563	$33,485,341	$35,064,707	$35,923,894
	Total		$47,899,872	$34,503,530	$35,012,250	$38,841,189	$40,741,906	$41,943,725
	Healthcare & Pension %		7%	14%	14%	14%	14%	14%
Water and Sewer		590 & 591						
	Retiree Healthcare		$4,010,045	$5,411,154	$5,735,823	$6,079,972	$6,444,771	$6,831,457
	Pension		$3,994,787	$3,843,813	$4,074,443	$4,318,910	$4,578,044	$4,852,727
	Other expenses		$71,821,309	$55,505,108	$57,148,729	$63,151,406	$65,868,234	$67,474,398
	Total		$79,826,141	$64,760,075	$67,358,995	$73,450,288	$76,891,049	$79,160,582
	Retiree Healthcare as % of Total Expenses		5%	8%	9%	8%	8%	9%
	Pension as % of Total Expenses		5%	6%	6%	6%	6%	6%
	Healthcare & Pension %		10%	14%	15%	14%	14%	15%
TOTAL CITY								
	Retiree Healthcare		$14,516,639	$19,700,950	$20,839,661	$22,088,771	$23,412,828	$24,816,329
	Pension		$16,436,190	$16,867,590	$17,820,168	$18,889,378	$20,022,741	$21,224,105
	Other expenses		$169,110,298	$143,480,727	$148,459,078	$154,607,260	$160,110,180	$164,698,555
	Total		$188,128,454	$181,134,286	$186,213,826	$196,735,649	$204,764,876	$211,931,284
	Retiree Healthcare %		7%	11%	11%	11%	11%	12%
	Pension %		8%	9%	10%	10%	10%	10%
	Healthcare & Pension %		16%	20%	21%	21%	21%	22%

PROJECTED TAXPAYER IMPACT

$41,000 House, $40,000 Income

Values	FY14 Current Winter & Summer		FY15 Adopted Winter & Summer		FY16 Adopted Winter & Summer
House value	$41,000.00		$41,000.00		$41,000.00
Taxable value	$20,500.00		$20,500.00		$20,500.00
Annual Income	$40,000.00		$40,000.00		$40,000.00
Tax rate (mills)	65.88		65.88		65.88
Street Lights	$67.87		$70.94		$74.14
Garbage	$146.00		$162.63		$168.84
Water Bill	$1,800.00		$1,917.00		$2,032.02
Payments					
Property taxes	$1,351.00		$1,351.00		$1,351.00
Street lights	$67.87		$70.94		$74.14
Rubbish	$146.00		$162.63		$168.84
Income tax	$400.00		$400.00		$400.00
Water bill	$1,800.00		$1,917.00		$2,032.02
Total Payments	$3,764.87		$3,901.57		$4,026.00
		$137 3.6%		$124 3.2%	

$61,500 House, $50,000 Income

Values	FY14 Current Winter & Summer		FY15 Adopted Winter & Summer		FY16 Adopted Winter & Summer
House value	$61,500.00		$61,500.00		$61,500.00
Taxable value	$30,750.00		$30,750.00		$30,750.00
Annual Income	$50,000.00		$50,000.00		$50,000.00
Tax rate (mills)	65.88		65.88		65.88
Street Lights	$67.87		$70.94		$74.14
Garbage	$146.00		$162.63		$168.84
Water Bill	$1,800.00		$1,917.00		$2,032.02
Payments					
Property taxes	$2,026.00		$2,026.00		$2,026.00
Street lights	$67.87		$70.94		$74.14
Garbage	$146.00		$162.63		$168.84
Income tax	$500.00		$500.00		$500.00
Water bill	$1,800.00		$1,917.00		$2,032.02
Total Payments	$4,539.87		$4,676.57		$4,801.00
		$137 3.0%		$124 2.7%	

ATTACHMENT D June 30, 2014 Quarterly Report

EMERGENCY MANAGER'S COMPLIANCE MONITORING REPORT

a) CONFIRM – That revenues recorded in the most recent quarterly financial statements are fairly stated in all material respects on a modified accrual basis of accounting, except that in the case of the water and sewer fund, revenues recorded in the most recent quarterly financial statements shall be fairly stated in all material respects on a full accrual basis of accounting.

b) CONFIRM – That expenditures recorded in the most recent quarterly financial statements are fairly stated in all material respects on a modified accrual basis of accounting, except that in the case of the water and sewer fund, expenditures recorded in the most recent quarterly financial statements shall be fairly stated in all material respects on a full accrual basis of accounting. Accounts payable, vouchers payable, and accrued payrolls are to be included in the determination of expenditures.

c) CONFIRM – That all appropriate inter-fund transactions have been recorded in the financial records of the City.

d) CONFIRM – That the City is in compliance with its budget for the fiscal year on a year-to-date basis and that the budget has been amended as required by law.

e) CONFIRM – That the reconciliation of bank accounts has been completed and appropriate adjusting journal entries have been made to the general ledger of the City. The City has completed bank reconciliations for major bank accounts up through May 2014.

f) CONFIRM – That remittance of payroll taxes, pension payments, 401(k) payments, debt payments, and taxes collected for other governmental units were completed on a timely basis.

g) CONFIRM – That cash flow reported for the most recent preceding month is fairly stated in all material respects.

h) CONFIRM – That overtime is properly disclosed and recorded in the most recent quarterly financial report of the City.

i) CONFIRM – That the originals of all source financial documents have been properly retained and preserved and that the City is in compliance with all other legal requirements, except to the extent specified in the report.

Byrne, Randall (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Tuesday, July 22, 2014 11:41 AM
To: Byrne, Randall (Treasury)
Cc: Porubsky, Carmen (TREASURY)
Subject: July 2014 Section 9 Quarterly Report
Attachments: Flint_Sect9_071514.pdf; July 2014 Quarterly Report.docx

Importance: High

Randy,

Attached is the analysis and recommendations for the City of Flint – July 2014 Section 9 Quarterly Report.

If additional work on this is needed, please let me know.

Thank you,

Robert Widigan | Departmental Analyst | Office of Fiscal Responsibility
State of Michigan | Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2130 | WidiganR@michigan.gov

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

ANALYSIS REPORT – City of Flint – Section 9 Quarterly Report

DATE: July 18, 2014

TO: Randall Byrne, State Administrative Manager; Office of Fiscal Responsibility

FROM: Robert Widigan, Departmental Analyst; Office of Fiscal Responsibility

SUBJECT: City of Flint – July 2014 Section 9 Quarterly Report

---

Subject of Analysis:

Review of the Section 9 Quarterly Report submitted by the City of Flint Emergency Manager, Darnell Earley. The report details activities for the period of April 1, 2014 through June 30, 2014.

Analysis:

This report substantially complies with the requirements of the law. The following should be noted:

1. The budget continues to balance, and this fiscal year is expected to close with approximately $3.8M in revenue over expenses.
2. Cash on hand as of June 30, 2014 is in excess of $52M.

3. The biennial budget was adopted on June 23, 2014 through EM Order #13.
    - The biennial budget has a fiscal year (FY) 2019 projected total deficit of $46.4M.
    - Note: the adopted FY 2016 budget has a surplus of $3M, whereas the City projects a FY 2017 budget deficit of $9.3M. What is driving this deficit?

4. On June 30, 2014 Judge Tarnow granted the City to permission to modify retiree healthcare as previously requested in a settlement proposal submitted to the Court.
    - The City believes this ruling will have a positive financial impact on the City.

If additional information is desired, please let me know.

FLINT

Current Status Report as of June 3, 2014

Darnell Earley, Emergency Manager
Appointed October 6, 2013

Significant Actions/Issues

- Federal District Court Judge granted the Plaintiff's a TRO (six retirees challenged changes the EM made to healthcare coverage): the U.S. Court of Appeals approved the restraining order.
- New Police Chief, James Tolbert appointed September 2013.
- Water Plant placed into full time service.

Anticipated Exit: April 2015

- Eliminate City's structural deficit.
- Address City's unmet capital needs.
- Obtain a favorable decision in lawsuit challenging changes to retiree healthcare.
- Adopt a two-year budget including all contractual and employment agreements.
- Monitor completion of Karegnondi Water Authority project.

Byrne, Randall (Treasury)

From:	Darnell Earley <dearley@cityofflint.com>
Sent:	Wednesday, June 04, 2014 4:23 PM
To:	Porubsky, Carmen (TREASURY)
Cc:	Byrne, Randall (Treasury); Jason Lorenz; Howard Croft; Daugherty Johnson; Peter Bade; Elizabeth Murphy
Subject:	Re: Treasurer Approval Letter

Good Afternoon Ms. Porubsky:

Thank you for the good news. It is my intent to make this information available through media release tomorrow.

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Flint, MI

On Tue, Jun 3, 2014 at 4:43 PM, Porubsky, Carmen (TREASURY) <PorubskyC@michigan.gov> wrote:

Good afternoon,

The Treasurer has approved your request to sell two pipelines that are no longer of use to the City. I've attached a scanned version to this email, and will mail out the original tomorrow morning.

Please let me know if you have any questions or concerns.

Thank you,

Carmen Porubsky | Executive Secretary - Office of Fiscal Responsibility

State of Michigan | Michigan Department of Treasury

430 W. Allegan Street, 3rd Floor | Lansing, MI 48922

517.335.2439 | porubskyc@michigan.gov

Byrne, Randall (Treasury)

From: Darnell Earley <dearley@cityofflint.com>
Sent: Wednesday, June 04, 2014 5:18 PM
To: Porubsky, Carmen (TREASURY)
Cc: Byrne, Randall (Treasury)
Subject: RE: Treasurer Approval Letter

So noted. Thank you for the clarity.

DE

On Jun 4, 2014 4:54 PM, "Porubsky, Carmen (TREASURY)" <PorubskyC@michigan.gov> wrote:

Mr. Earley,

Please excuse the error in my previous email. The approval is only for the sale of one pipeline discussed in the actual letter.

Thank you,

Carmen

From: Darnell Earley [mailto:dearley@cityofflint.com]
Sent: Wednesday, June 04, 2014 4:23 PM
To: Porubsky, Carmen (TREASURY)
Cc: Byrne, Randall (Treasury); Jason Lorenz; Howard Croft; Daugherty Johnson; Peter Bade; Elizabeth Murphy
Subject: Re: Treasurer Approval Letter

Good Afternoon Ms. Porubsky:

Thank you for the good news. It is my intent to make this information available through media release tomorrow.

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

DATE: June 5, 2014

TO: Rick Snyder, governor

FROM: Kevin Clinton, Treasurer

SUBJECT: Status of Financially Stressed Local Governments

EMERGENCY MANAGER

Allen Park
Emergency Manager: Joyce Parker
Appointed: October 26, 2012
Anticipated Exit: September 2014

Recent Developments:
- Sale of Southfield Lease Properties to Time Equities for $12M expected to close during June 2014
- A $3.3M emergency loan application to pay debt service associated with Southfield Lease Property bonds and to pay outstanding MERS payment is expected to be considered by the Emergency Loan Board during June 2014

Significant Actions/Issues:
- A 10 year, 6.75 mill Public Safety Millage approved by voters on ?????
- Implemented a reduction of future OPEB liabilities in the amount of $????
- Litigation filed by retirees challenging EM's authority to reduce OPEB (Randy court date?)

Issues to Resolve before EM Exit:
- Complete bond tender offer
- Finalize compliance settlement with SEC
- Reduce pension liabilities and transfer pension from City to MERS

Detroit
Emergency Manager: Kevyn Orr
Appointed: March 14, 2013

Anticipated Exit: September 2014

Significant Actions/Issues:
- Kevyn Orr filed for Chapter 9 bankruptcy on July 18, 2013 and Federal Judge Rhodes ruled on December 3, 2013 the City is eligible.
- Kevyn Orr submitted plan of adjustment on February 21, 2014.

Flint
Emergency Manager: Darnell Earley
Appointed: November 28, 2013
Anticipated Exit: April 2015

Recent Developments:
- FY 14-15 Budget contains a reduction of 19 fire fighters and 36 police officers
- $1.1M FY 15 State appropriation to fund front line public safety positions
- EM proposal to City Council, pending State Treasurer approval, to impose collective bargaining agreement terms that will save the city $336K and long term projected savings of $4.3M
- Water plant placed into fulltime service durng ??? 2014 ending contractual relationship with DWSD
- $3.4M SAFER grant for fire fighter staffing expired during ?????

Significant Actions/Issues:
- Police Chief, James Tolbert appointed September 2013
- Federal District Court Judge granted plaintiff's a TRO (six retirees challenged modifications made by the EM to retiree healthcare coverage): the U.S. Court of Appeals approved the TRO. Annual increased cost to the city approximately $5M. (need date of decision???)
-

Issues to Resolve before EM Exit:
- Eliminate annual structural deficit projected at $1.7M for FY 17 and growing to $11.9M during FY 19
- Hire an experienced professional City Administrator
- Retiree Healthcare Litigation

Hamtramck
Emergency Manager: Cathy Square
Appointed: July 1, 2013
Anticipated Exit: July 2014

Recent Developments:
- A $2.1M emergency loan to resolve an equivalent liability to MERS is expected to be considered by the Emergency Loan Board during June 2014
- Retiree healthcare changes implemented during ? 2014

Koryzno, Edward (Treasury)

From:	Elizabeth Murphy <emurphy@cityofflint.com>
Sent:	Tuesday, June 10, 2014 1:49 PM
To:	Byrne, Randall (Treasury); Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); West, Samantha (GOV); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Larkin, Brian (GOV); Darnell Earley; Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject:	Flint Conference Call Agenda June 11, 2014
Attachments:	Agenda for Treasury Conf. Call 061114.pdf; Audit firm recommendation.pdf

Please find attached the agenda and supporting document for the Wednesday, June 11th conference call.

--
Liz Murphy
Assistant to the Emergency Manager
City of Flint
810 237 2025

City of Flint Wednesday 9:00am Phone Conference Agenda

June 11, 2014

1) **Public Safety Update – FPD, MSP, (FFD, if needed)**
   a) FPD stats – homicides status
   b) FFD Vote
   c) Other update from Chief Tolbert and MSP

2) **Governor's Office Update - Rich, Baird, H. Hollins**

3) **Lawsuits – Status, Issues**
   a) Kincaid v City of Flint – TRO has been denied.

   b) Retiree Lawsuit – Our attorneys filed a motion Friday, May 23, 2014 asking Judge Tarnow to reverse his decision on the injunction which is resulting in the additional $5 million in expenses in the upcoming budget, offset by significant reductions in police and fire staffing. A status conference has been scheduled for mid-June.

   c) Letters were sent last week via Registered Mail to pre-65 retirees because 40% did not respond to the requirement to enroll in health insurance.

4) **Financial Update**
   a) Budget revisions have been completed. Preparing EM Order to adopt 6/23/14. Also, as part of FY15, the day-today management of the Public Works Department and the Planning & Development Department will be handled by Mayor Walling.

   b) Preparing for close of the fiscal year 6/30/14. No surprises to report.

   c) Treasury financial support for FY15.

   d) Bid for Audit Services – see attached.

   e) Treasury has draft to impose FPOA contract; COF is awaiting response. This needs to be ready to go to City Council for the June 23rd meeting. Note also, AFSME Local 1600 voted to ratify new contract; a decision point is coming on Local 1799.

   f) EM is preparing to issue an Order approving the deficit elimination plan.

g) Treasury has been 3 weeks reviewing the EM Resolution for $250,000 to Ginosko for public areas landscaping at Smith Village. Can we get this moving?

5) **City Council Update**
   a) Public hearings on the biennial budget, the street lightening assessment were held on Monday, June 9, 2014. We did not hear any comments which will cause a revision to the proposed budget.

   b) The next monthly City Council meeting is scheduled for Monday, June 23, 2014 when the Council will officially receive the two year budget.

6) **Blue Ribbon Committee on Governance**
   a) Dr. Scorsone is writing the first draft of the report of the Blue Ribbon Committee's findings. The committee will meet to make any changes to the report at the end of June and expects to hold a public comment session in mid-July.

7) **Water Issues**
   a) River processed water continues to meet all DEQ standards.
   b) Pipe line sale – COF is waiting for corrected letter from Treasury approving sale.

8) **Other Items**

Attachment: Audit Information

1-[redacted] access code [redacted]

Created on: 06/09/14

June 9, 2014

TO: Darnell Earley

FROM: Jerry Ambrose

RE: Recommendation for Audit Firm

The Finance Department recently gave you a recommendation to retain the firm of Yeo and Yeo to conduct the City's audit for the five year period beginning with the FY14 audit. While three firms submitted proposals, only Plante Moran and Yeo& Yeo were considered for further evaluation. The third firm, Clark Schafer Hackett, was a firm from out of state, with no Michigan references. Plante Moran and Yeo & Yeo both have offices in the State of Michigan and in the Flint area.

Both firms are reputable, experienced with municipal governments in Michigan, and have a strong understanding of the City of Flint's financial conditions.

The analysis of the proposal submitted by Yeo and Yeo concluded their services would cost $689,000 over the five year period. The areas to be covered included the following:

City audit - $540,000

Single audit - $ 75,000

DDA – $ 37,000

EDC – $ 37,000

The analysis of the proposal submitted by Plante Moran concluded that their services would cost $766,766 for the same period. This total was based on the following:

City audit - $545,165

Single audit - $ 39,076 (base fee)

Single audit- $ 72,000 ($4,500 additional per major program,

(projected to be 16 programs over 5 years)

DDA - $ 60,860

EDC - $ 48,665

While the cost proposals from Yeo & Yeo and Plante Moran were very close for the City audit alone, the costs proposed for the Single Audit, DDA, and EDC by Plante Moran were significantly higher. In total, the Plante Moran cost proposal was $77,766 (or 11%) higher than Yeo & Yeo.

The attached evaluation documents the reasons for the recommendation to award the contract to Yeo & Yeo.

CITY OF FLINT, MICHIGAN
Department of Finance

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Gerald Ambrose
Finance Director

Dayne Walling
Mayor

City of Flint Audit Recommendation
Fiscal Years 2014 – 2018

1. Scope of Audit

The City of Flint, a municipal corporation, requested proposals from qualified firms of Certified Public Accountants to audit its financial statement from the fiscal years ending June 30, 2014 thru June 30, 2018. The engagement also included and audit of any federal single audit(s) as needed.

2. Reports

a. Compiled and Audited Financial Statements (CAFS): Compiled and Audited Financial statements for the City including all funds, account groups and applicable component units. The auditor will prepare all financial statements, schedules, supplementary information and notes to the financial statements.

b. Management Discussion and Analysis (MD&A): The auditor will work with the City on an acceptable format and will update all charts, graphs, tables and figures. The City will provide the narrative\explanatory information.

c. A stand-alone, plain language, explanatory summary of the results of the City audit (separate from the MD&A) as a tool to aid the Council and public in understanding the audit results.

d. State of Michigan auditing procedures report.

e. A report on the financial statements, internal control and compliance in accordance with the audit guide and standards for compliance with the Single Audit Act, as may be required.

f. Any supplemental reports, schedules or other required by the State of Michigan, Federal Government, GASB or GAAP, including the F-65.

g. A management report containing comments and recommendations regarding a municipality's system of internal controls: its methods of safeguarding its assets, ensuring the accuracy of its financial information, promoting efficiency and adhering to municipal policies. This letter should contain comments and recommendations for

transition. Two partners and 2 senior managers have been assigned to the audit. It is my belief and confidence that while Plante & Moran has been an outstanding partner and knows a lot of the inner workings of the City of Flint's financial conditions, Yeo & Yeo has the experience and is willing to make the same commitment to serving the City.

E. The proposal from Yeo & Yeo met all of the requirements and expectations in the audit RFP.

controlling any internal weaknesses discovered and shall be reviewed by the Finance Department before finalizing.

h. Other mandatory or required reports.

3. Audit Schedule and Report Requirements

a. The City's fiscal year ends on June 30th and the selected auditors must be able to substantially adhere to the following timeline for the audit; with the understanding that the earlier the audit can be completed, the better:

b. Pre-Audit Meeting with commence during the month of July

c. Field work will begin during the month of October

d. Preliminary and field work completed by no later than November 8th

e. Draft reports completed by no later November 15th

f. Final reports by no later than November 26th

g. Presentation of Audit by no later than January 12th

h. If the proposing firm sees any problem with meeting this schedule, it should be noted in the proposal with an alternate schedule.

i. All deadlines for the CAFS and other reports shall be adhered to. The City will deliver the final report to the State.

4. Recommendation

The Finance Department of the City of Flint recommends the selection of Yeo & Yeo CPAs & Business Consultants as our auditor for the next five years. There were other bids from Plante & Moran and Clark Schaefer Hackett. Although Clark Schaefer Hackett's bid was the lowest, there were other reasons for our recommendation to go with Yeo & Yeo.

A. Clark Schaefer Hackett does not have a presence in the State of Michigan. The firm is located in Ohio. All the client references were Ohio based clients. It is our practice to put a premium on awarding contracts to Michigan based, especially Flint based businesses.

B. Plante & Moran has been a partner with the City of Flint more many years. They have been a valuable resource for expertise and assistance with helping the City to meet many of the challenges it faced. However, given the state of the financial conditions of the City of Flint, they were the highest bidder. The City is estimated to save $50,000 over the next 5 years with Yeo & Yeo's bid.

C. Yeo & Yeo is a reputable firm with high many qualifications noted throughout the accounting industry. They have experience with governmental entities under Emergency Managers and have expressed a strong understanding of the City of Flint's financial conditions. As Plante & Moran has a local presence, so does Yeo & Yeo.

D. I do not believe that the quality of the audit will suffer by changing auditors. Yeo & Yeo has committed to have the office most senior staff on the audit in the first year to assist with the

Company:	Yeo & Yeo			
Unit:	City of Flint			
Audit Period	Fee to Perform Audit	Fee for Single Audit	Sub & Totals	
July 2013 -June 2014	$ 102,000.00	$ 14,000.00	$ 116,000.00	
July 2014-June 2015	$ 105,000.00	$ 14,500.00	$ 119,500.00	
July 2015-June 2016	$ 108,000.00	$ 15,000.00	$ 123,000.00	
July 2016-June 2017	$ 111,000.00	$ 15,500.00	$ 126,500.00	
July 2017-June 2018	$ 114,000.00	$ 16,000.00	$ 130,000.00	
	Subtotal		$ 615,000.00	
Unit:	**DDA**			
July 2013 -June 2014	$ 7,000.00	$ -	$ 7,000.00	
July 2014-June 2015	$ 7,200.00	$ -	$ 7,200.00	
July 2015-June 2016	$ 7,400.00	$ -	$ 7,400.00	
July 2016-June 2017	$ 7,600.00	$ -	$ 7,600.00	
July 2017-June 2018	$ 7,800.00	$ -	$ 7,800.00	
	Subtotal		$ 37,000.00	
Unit:	**EDC**			
July 2013 -June 2014	$ 7,000.00	$ -	$ 7,000.00	
July 2014-June 2015	$ 7,200.00	$ -	$ 7,200.00	
July 2015-June 2016	$ 7,400.00	$ -	$ 7,400.00	
July 2016-June 2017	$ 7,600.00	$ -	$ 7,600.00	
July 2017-June 2018	$ 7,800.00	$ -	$ 7,800.00	
	Subtotal		$ 37,000.00	
Total Cost			$ 689,000.00	

Company:	Plant Moran			
Unit:	City of Flint			
Audit Period	Fee to Perform Audit	Fee for Single Audit	Sub & Totals	
July 2013 -June 2014	$ 104,950.00	$ 7,505.00	*	$ 112,455.00
July 2014-June 2015	$ 107,050.00	$ 7,660.00	*	$ 114,710.00
July 2015-June 2016	$ 109,190.00	$ 7,813.00	*	$ 117,003.00
July 2016-June 2017	$ 111,375.00	$ 7,970.00	*	$ 119,345.00
July 2017-June 2018	$ 113,600.00	$ 8,128.00	*	$ 121,728.00
			*	$ 585,241.00
July 2013 -June 2014	$ 11,660.00			$ 11,660.00
July 2014-June 2015	$ 11,935.00			$ 11,935.00
July 2015-June 2016	$ 12,175.00			$ 12,175.00
July 2016-June 2017	$ 12,420.00			$ 12,420.00
July 2017-June 2018	$ 12,670.00			$ 12,670.00
				$ 60,860.00
July 2013 -June 2014	$ 9,210.00			$ 9,210.00
July 2014-June 2015	$ 9,570.00			$ 9,570.00
July 2015-June 2016	$ 9,765.00			$ 9,765.00
July 2016-June 2017	$ 9,960.00			$ 9,960.00
July 2017-June 2018	$ 10,160.00			$ 10,160.00
				$ 48,665.00
				$766,766.00

*$4,500 for each additional program (16 programs)- adjusted amt of $657,241.00

Byrne, Randall (Treasury)

From: Porubsky, Carmen (TREASURY)
Sent: Thursday, June 12, 2014 8:25 AM
To: Byrne, Randall (Treasury)
Subject: FW: City of Flint Pipeline Approval Letter
Attachments: Flint Pipeline Final Approval Letter.pdf

From: Porubsky, Carmen (TREASURY)
Sent: Wednesday, June 11, 2014 3:31 PM
To: Darnell Earley (dearley@cityofflint.com)
Cc: Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury)
Subject: City of Flint Pipeline Approval Letter

Good afternoon,

As requested, here is the revised approval letter for the pipeline sale.

Thank you,

Carmen Porubsky | Executive Secretary - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
517.335.2439 | porubskyc@michigan.gov

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72 (Rev. 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

May 30, 2014

Darnell Earley, Emergency Manager
City of Flint
1101 South Saginaw Street
Flint, MI 48502

Mr. Earley:

This letter serves as a notice of my approval to sell the 72" (inch) pipeline and appurtenances from the DWSD connection at Potter and Baxter Roads; west to the proposed 36" (inch) KWA connection at Center and Pierson Roads for $3,987,700 to Genesee County Water & Waste.

Because the sale is referenced in the F&O Plan, no approval is necessary under Sections 12(1)(r) and 15(1) as the plan is considered adequate. However, 12(3) requires Treasurer approval for contracts over $50,000 because the sale was not competitively bid. In addition, Section 19 requires that this sale must be submitted to the City Council to approve or deny. The Flint City Council failed to take action on the matter by the required date; therefore, the proposed action is considered to be approved.

State Treasurer Approval:

I, R. Kevin Clinton, State Treasurer for the State of Michigan, pursuant to the authority assigned by Public Act 436 of 2012, do hereby:

__✓__ Approve Submitted Recommendation

_____ Deny Submitted Recommendation

Sincerely,

Wayne L. Workman

Wayne Workman, Deputy Treasurer
for R. Kevin Clinton
Michigan Department of Treasury

5/30/14
Date

Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Friday, June 13, 2014 5:05 PM
Subject: Fwd: PRESS RELEASE: Pipeline Sale Finalized
Attachments: Pipeline.Sale.Approved.pdf

For Immediate Release

Michigan Department of Treasury Approves City of Flint's Sale of Section of 72" Pipeline to Genesee County Water & Waste, Sale Finalized This Week

Flint, Michigan – June 13, 2014 – The City of Flint's sale of a section of 72" pipeline to the Genesee County Drain Commission for $3,987,700 has been approved by the Michigan Department of Treasury and the sale was finalized this week. The pipeline section being sold is from the connection the City of Flint formerly used to receive water from the Detroit Water & Sewerage Department, located at Potter and Baxter Roads. "The sale of this 9 mile section of water main, which no longer provides any practical function to the City of Flint, is a fortuitous one-time revenue gain from which the proceeds will be reinvested into the ongoing maintenance and operations of the Flint water system," said Emergency Manager Darnell Earley. Genesee County was the sole prospective buyer of the pipeline.

The Emergency Manager presented the pipeline sale proposal to Flint City Council in May to be approved or denied, as provided under Public Act 436. City Council voted not to accept the proposal and did not provide an alternative proposal as required under PA 436, thereby allowing the Emergency Manager's recommendation to be considered approved by Treasury.

–END–

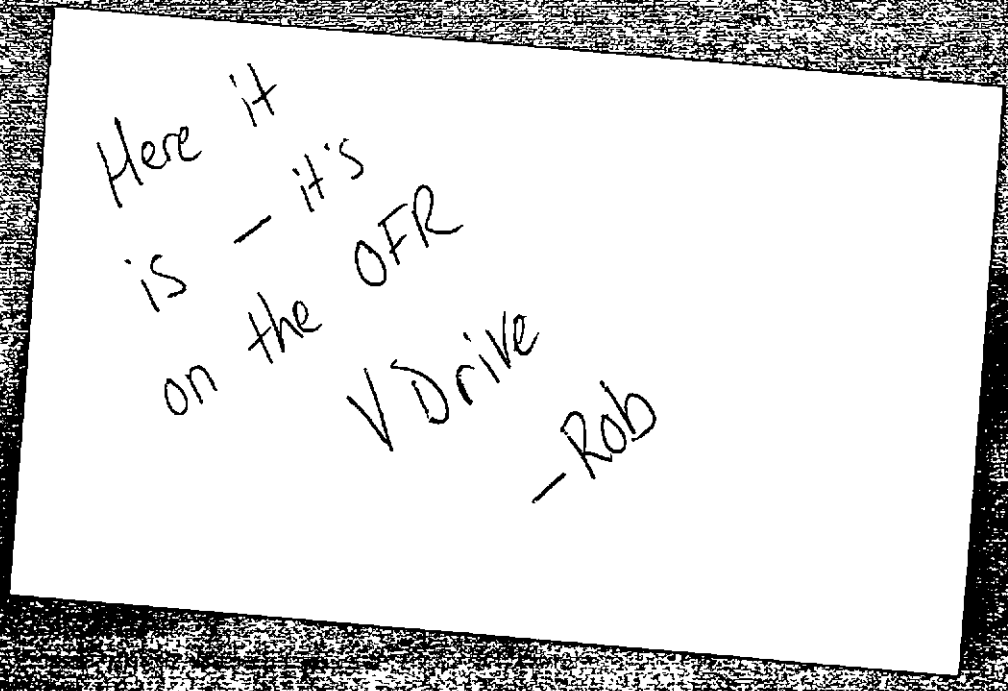
-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

RAFTELIS
FINANCIAL CONSULTANTS, INC

CITY OF FLINT

Water and Wastewater Rate Study

Final Report | June 19, 2014



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1. EXECUTIVE SUMMARY

1.1 BACKGROUND OF THE STUDY

On November of 2013, the City of Flint ("City") engaged Raftelis Financial Consultants ("RFC") to perform water and wastewater utility rate studies. The scope of services included the following:

- Evaluate the adequacy of existing water and wastewater revenues to meet each utility's projected revenue requirements
- Develop comprehensive water and wastewater financial plans based on sound financial management practices for a 10 year forecast period
- Determine water and wastewater rates which adequately recover the cost of operating the water and wastewater utilities under the existing rate structures and provide alternatives based on a comprehensive cost of service study
- Analyze the impact of transitioning from the use of purchased potable water from the Detroit Water and Sewerage District ("DWSD") to the treatment of raw water from the Karegnondi Water Authority ("KWA").
- Review the City's water and wastewater operations in comparison to Best Management Practices criteria.

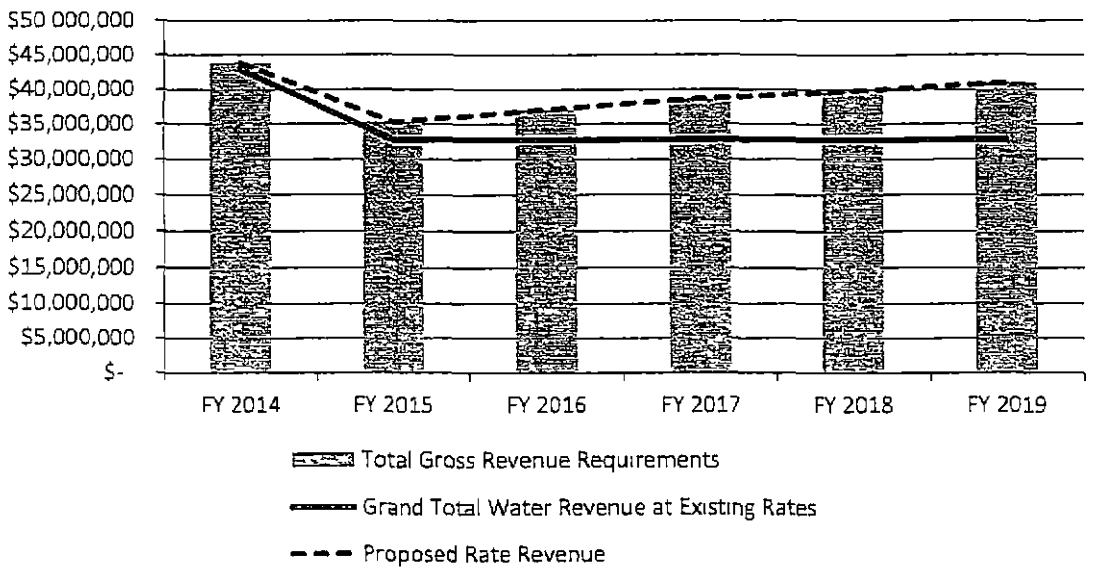
1.2 ADEQUACY OF EXISTING WATER AND WASTEWATER REVENUES

Charts ES-1 and 2 below summarize our conclusions with respect to the adequacy of water and wastewater revenue at existing rates. As the charts indicate, beginning in FY 2015, water and wastewater utility revenues are insufficient to recover each utility's revenue requirement. Key drivers of this disparity are:

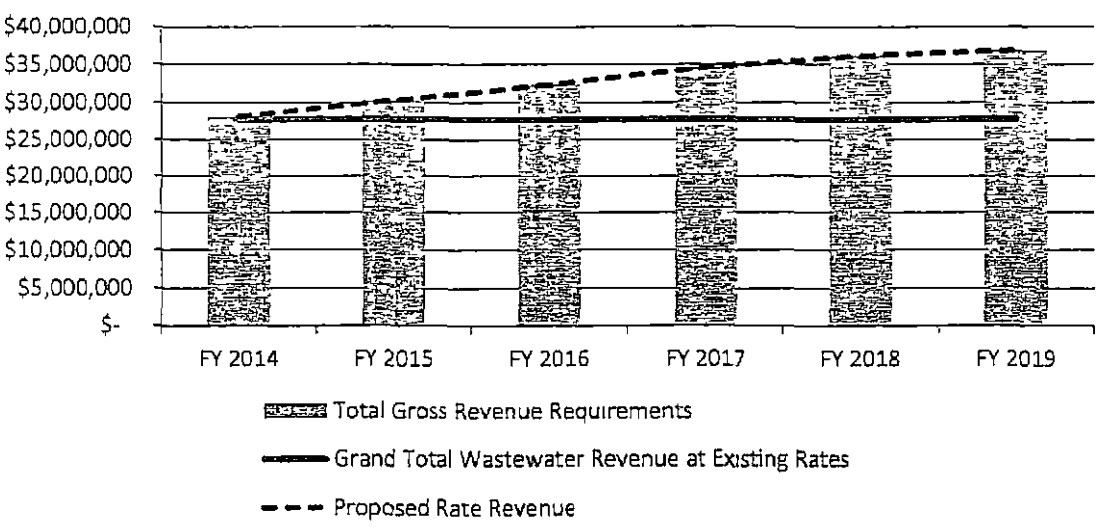
- A marked decrease in billed usage, the cause of which is currently being evaluated by RFC under a separate contract.
- A normal pattern of declining per customer usage for both utilities overall due to conservation, efficient appliances, etc.
- Increases in utility revenue requirements associated with the financial plans including operating cost inflation, capital improvements and policies which support the sound financial management of each utility in accordance with best management practices.

Consequently, the proposed increases in rate revenue are necessary to ensure each utility can adequately fund its operation and maintenance expenditures, make payments on existing debt service, provide funding for needed capital improvements and ensure adequate operating reserves.

ES-1: Water Utility Revenues at Existing Rates



ES-2: Wastewater Utility Revenues at Existing Rates



1.3 WATER AND WASTEWATER FINANCIAL PLANS

Tables ES-3 and ES-4 below summarize the proposed water and wastewater financial plans and rate revenue increases for the first 5 years of the forecast period.
The financial plans and proposed increased in rate revenues are driven by the following factors:

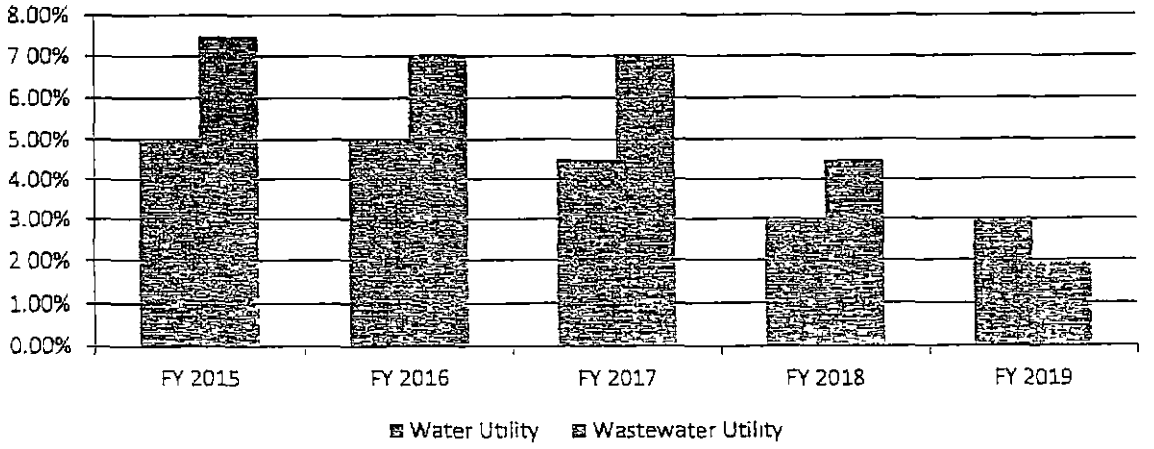
- Inflationary increases in O&M expenditures for both utilities
- For the water utility:
  - Decreases in revenues associated with the cessation of service to Genesee County
  - Decreases in O&M expenditures associated with an elimination of DWSD water purchases
  - Increases in O&M expenditures associated with transitioning from back-up to primary operation of the Flint WTP
  - Increases in capital expenditures associated with improvements to the Flint WTP in preparation for the treatment of raw water from KWA
  - Increases in debt service associated with Flint's share of projected KWA debt service
- Necessary cash funded recapitalization of wastewater utility assets
- A build-up, for each utility, of operating reserves equivalent to 90 days of projected O&M expenditures and debt service payments, the minimum, according to financial management practices ("BMP").

ES-3: SUMMARY OF WATER AND WASTEWATER FINANCIAL PLANS

Water Utility	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019
REVENUES						
Grand Total Water Revenue at Existing Rates	$ 42,974,374	$ 32,762,575	$ 32,762,575	$ 32,762,575	$ 32,762,575	$ 32,762,575
Additional Revenue from Rate Increases	$ -	$ 1,638,100	$ 3,358,100	$ 4,983,500	$ 6,116,900	$ 7,282,300
Total Non-Rate Revenues	$ 888,000	$ 913,314	$ 931,844	$ 927,686	$ 928,503	$ 929,131
Add Transfers in from General Fund	$ -	$ -	$ -	$ -	$ -	$ -
Total Rate and Non-Rate Revenues	$ 43,860,374	$ 35,313,989	$ 37,052,518	$ 38,673,761	$ 39,808,978	$ 40,974,006
GROSS REVENUE REQUIREMENTS						
O&M	$ 36,865,206	$ 21,483,441	$ 22,140,012	$ 23,316,857	$ 23,959,504	$ 24,705,148
Capital	$ 9,747,946	$ 11,742,821	$ 11,246,423	$ 16,148,448	$ 15,644,008	$ 16,143,196
Transfer to Operating Reserve	$ (2,752,778)	$ 2,087,727	$ 3,665,883	$ (791,543)	$ 163,465	$ 125,862
Total Gross Revenue Requirements	$ 43,860,374	$ 35,313,989	$ 37,052,318	$ 38,673,761	$ 39,806,978	$ 40,974,006
DEFICIT (EXISTING REVENUES - REVENUE REQ'T)	$ -	$ (1,638,100)	$ (3,358,100)	$ (4,983,500)	$ (6,116,900)	$ (7,282,300)

Wastewater Utility	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019
REVENUES						
Grand Total Wastewater Revenue at Existing Rates	$ 27,777,374	$ 27,777,374	$ 27,777,374	$ 27,777,374	$ 27,777,374	$ 27,777,374
Additional Revenue from Rate Increases	$ -	$ 2,083,300	$ 4,173,500	$ 6,410,100	$ 7,948,500	$ 8,053,000
Total Non-Rate Revenues	$ 395,872	$ 423,562	$ 420,948	$ 426,058	$ 422,741	$ 439,354
Add Transfers in from General Fund	$ -	$ -	$ -	$ -	$ -	$ -
Total Rate and Non-Rate Revenues	$ 28,173,246	$ 30,284,237	$ 32,371,823	$ 34,613,532	$ 36,148,615	$ 36,878,728
GROSS REVENUE REQUIREMENTS						
O&M	$ 24,523,627	$ 23,053,392	$ 23,394,671	$ 24,091,569	$ 24,612,101	$ 25,557,113
Capital	$ 5,500,000	$ 7,000,000	$ 9,500,000	$ 9,500,000	$ 12,000,000	$ 8,000,000
Transfer to Operating Reserve	$ (1,850,381)	$ 230,845	$ (522,848)	$ 1,021,963	$ (463,486)	$ 3,322,615
Total Gross Revenue Requirements	$ 28,173,246	$ 30,284,237	$ 32,371,823	$ 34,613,532	$ 36,148,615	$ 36,878,728
DEFICIT (EXISTING REVENUES - REVENUE REQ'T)	$ -	$ (2,083,300)	$ (4,173,500)	$ (6,410,100)	$ (7,948,500)	$ (8,053,000)

ES-4: Annual % Rate Revenue Increases



As indicated in the previous section, water and wastewater utility revenues at existing rates are not adequate to recover the projected costs each utility will incur over the forecast period. Consequently additional rate revenue will be needed to ensure adequate recovery of each utility's revenue requirements.

1.4 COST OF SERVICE STUDY AND WATER AND WASTEWATER RATES

Table ES-5 below summarizes the results of the water and wastewater cost of service studies. The customer classes included are those which are recognized in the City's existing customer information system ("CIS"). While the City does not currently have either a water or wastewater rate structure which recognizes these customer classes, rates by customer class have been calculated and are included as appendices A and B to this report. The totals for each customer class represent the contribution of that class to the overall costs of each utility. This is based on the allocation processes described in sections 4 and 5 of this report.

Given the transition from KWA to DWSD the City will not be making any rate structure changes at this time. It is our opinion that the current water and wastewater rate structures are reasonable. The declining block water rates generally recognizing the fact that higher volume customers (i.e. large commercial and industrial) contribute less to peak demand, and overall water utility costs. Additionally, the relatively high proportion of fixed charge revenue recovery provides a less climatically variable revenue stream, which given that the majority of the utility's costs are fixed, is entirely appropriate.

ES-5: SUMMARY OF COST OF SERVICE STUDY RESULTS

CUSTOMER CLASS	WATER	WASTEWATER
Allocated Cost of Service		
Total Inside City Residential COS	$ 18,345,672	$ 16,412,799
Total Inside City Commercial/Industrial COS	$ 15,263,704	$ 13,378,697
Total Inside City Lawn COS	$ 370,646	N/A
Total Inside City COS	$ 33,980,022	$ 29,791,496
Total Outside City Residential COS	$ 99,483	$ 2,382
Total Outside City Commercial/Industrial COS	$ 321,169	$ 66,796
Total Outside City Lawn COS	$ -	N/A
Total Outside City COS	$ 420,653	$ 69,178
Total System Cost of Service	$ 34,400,675	$ 29,860,674

Tables ES-6 and ES-7 summarize the projected fixed and volumetric rates for the first 5 years of the forecast period, given financial plans and rate revenue increases proposed above. For every dollar of rate revenue generated by each utility approximately $.66 is derived from volumetric charges and $.34 is derived from fixed charges.

It is typical for water and wastewater utilities to design fixed charges which recover, at a minimum, the costs of meter reading, billing and collection and customer service. Additionally, fixed charges may also relate to fixed investment in utility assets associated with providing service which is available at all times regardless of usage levels by City customers. These costs, known as readiness to serve costs, have also been incorporated into the water and wastewater fixed charges.

Volumetric rates recover the variable costs associated with operating the water and wastewater utilities. For the water utility variable costs are associated with water treatment, transmission and distribution, pumping, and storage and are driven primarily by the design requirements associated with peak water usage. For the wastewater utility variable costs are associated with wastewater treatment, collection, and pumping, and are driven by the wastewater volume and strength.

ES-6: SUMMARY OF WATER AND WASTEWATER VOLUMETRIC RATES

Water Volumetric Rates

CUSTOMER CLASS	CONSUMPTION BLOCK	UNITS	FY 2014 Existing Block Rates	Test Year FY 2015 Proposed Block Rates	Forecast FY 2016 Proposed Block Rates	Forecast FY 2017 Proposed Block Rates	Forecast FY 2018 Proposed Block Rates	Forecast FY 2019 Proposed Block Rates
Annual % Increase in Rate Revenues			0.00%	5.00%	5.00%	4.50%	3.00%	3.00%
Total Inside City All Classes								
Inside City Block 1	0-35 CCF	($/CCF)	$ 7.52	$ 7.82	$ 8.32	$ 8.69	$ 8.95	$ 9.22
Inside City Block 2	36-2000 CCF	($/CCF)	$ 7.31	$ 7.62	$ 8.00	$ 8.36	$ 8.61	$ 8.87
Inside City Block 3	above 2000 CCF	($/CCF)	$ 5.79	$ 6.09	$ 6.40	$ 6.69	$ 6.89	$ 7.09
Total Outside City All Classes								
Outside City Block 1	0-35 CCF	($/CCF)	$ 11.26	$ 11.88	$ 12.48	$ 13.04	$ 13.43	$ 13.83
Outside City Block 2	36-2000 CCF	($/CCF)	$ 10.77	$ 11.42	$ 12.00	$ 12.54	$ 12.91	$ 13.30
Outside City Block 3	above 2000 CCF	($/CCF)	$ 8.68	$ 9.14	$ 9.60	$ 10.03	$ 10.33	$ 10.64

Wastewater Volumetric Rates

CUSTOMER CLASS		FY 2014 Existing Rates	Test Year FY 2015 Proposed Rates	Forecast FY 2016 Proposed Rates	Forecast FY 2017 Proposed Rates	Forecast FY 2018 Proposed Rates	Forecast FY 2019 Proposed Rates
Annual % Increase in Rate Revenues		0.00%	7.50%	7.00%	7.00%	4.50%	2.00%
Total Inside City All Classes	($/CCF)	$ 4.80	$ 5.17	$ 5.53	$ 5.92	$ 6.18	$ 6.31
Total Outside City All Classes	($/CCF)	$ 5.29	$ 5.68	$ 6.08	$ 6.51	$ 6.80	$ 6.94

ES-7: SUMMARY OF WATER AND WASTEWATER FIXED CHARGES

	WATER FIXED CHARGES						WASTEWATER FIXED CHARGES					
CUSTOMER CLASS	FY 2014 Existing Charge	Test Year FY 2015 Proposed Charge	Forecast FY 2016 Proposed Charge	Forecast FY 2017 Proposed Charge	Forecast FY 2018 Proposed Charge	Forecast FY 2019 Proposed Charge	FY 2014 Existing Charge	Test Year FY 2015 Proposed Charge	Forecast FY 2016 Proposed Charge	Forecast FY 2017 Proposed Charge	Forecast FY 2018 Proposed Charge	Forecast FY 2019 Proposed Charge
Inside City Residential												
5/8"	$ 21.78	$ 22.90	$ 24.05	$ 25.13	$ 25.89	$ 28.66	$ 32.00	$ 34.46	$ 36.90	$ 39.48	$ 41.26	$ 42.08
3/4"	$ 41.88	$ 44.03	$ 46.23	$ 46.31	$ 49.76	$ 51.25	$ 46.92	$ 50.56	$ 54.10	$ 57.89	$ 60.49	$ 61.70
1"	$ 55.28	$ 58.15	$ 61.05	$ 63.80	$ 65.72	$ 67.69	$ 65.34	$ 70.41	$ 75.33	$ 80.61	$ 84.24	$ 85.92
1-1/2"	$ 55.28	$ 58.15	$ 61.05	$ 63.80	$ 65.72	$ 67.69	$ 65.34	$ 70.41	$ 75.33	$ 80.61	$ 84.24	$ 85.92
2"	$ 55.28	$ 58.15	$ 61.05	$ 63.80	$ 65.72	$ 67.69	$ 65.34	$ 70.41	$ 75.33	$ 80.61	$ 84.24	$ 85.92
Inside City Commercial												
5/8"	$ 53.39	$ 55.79	$ 58.58	$ 61.21	$ 63.05	$ 64.94	$ 51.92	$ 55.90	$ 59.81	$ 64.00	$ 66.88	$ 68.21
3/4"	$ 81.26	$ 84.92	$ 87.22	$ 70.25	$ 72.35	$ 74.52	$ 64.43	$ 69.37	$ 74.23	$ 79.42	$ 83.00	$ 84.66
1"	$ 75.10	$ 78.48	$ 82.41	$ 88.11	$ 88.70	$ 91.36	$ 84.71	$ 91.20	$ 97.58	$ 104.41	$ 109.11	$ 111.29
1-1/2"	$ 107.76	$ 112.60	$ 118.23	$ 123.58	$ 127.26	$ 131.08	$ 137.84	$ 148.40	$ 158.79	$ 169.91	$ 177.55	$ 181.10
2"	$ 150.82	$ 157.40	$ 165.27	$ 172.71	$ 177.89	$ 183.22	$ 198.18	$ 211.19	$ 225.97	$ 241.79	$ 252.67	$ 257.73
3"	$ 297.45	$ 310.83	$ 326.37	$ 341.06	$ 351.29	$ 361.83	$ 436.06	$ 471.62	$ 504.64	$ 539.96	$ 564.26	$ 575.55
4"	$ 523.50	$ 547.05	$ 574.40	$ 600.25	$ 618.26	$ 636.81	$ 721.84	$ 777.14	$ 831.64	$ 889.75	$ 929.79	$ 948.39
6"	$ 1,029.43	$ 1,075.75	$ 1,129.54	$ 1,180.37	$ 1,215.78	$ 1,252.25	$ 1,459.85	$ 1,571.80	$ 1,681.82	$ 1,799.55	$ 1,880.63	$ 1,918.14
8"	$ 1,492.88	$ 1,560.05	$ 1,638.05	$ 1,711.77	$ 1,763.12	$ 1,816.01	$ 2,148.21	$ 2,312.79	$ 2,474.68	$ 2,647.91	$ 2,767.07	$ 2,822.41
10"	$ 2,080.75	$ 2,153.48	$ 2,261.16	$ 2,362.91	$ 2,433.80	$ 2,506.81	$ 2,916.39	$ 3,141.97	$ 3,361.91	$ 3,597.24	$ 3,759.12	$ 3,834.30
12"	$ 2,493.12	$ 2,605.31	$ 2,735.57	$ 2,858.07	$ 2,944.43	$ 3,032.77	$ 3,428.23	$ 3,668.72	$ 3,946.93	$ 4,223.22	$ 4,413.26	$ 4,501.52
16"	$ 3,102.64	$ 3,242.25	$ 3,404.36	$ 3,557.56	$ 3,664.28	$ 3,774.21	$ 4,523.95	$ 4,870.53	$ 5,211.47	$ 5,576.27	$ 5,827.20	$ 5,943.74
20"	$ 3,351.16	$ 3,501.96	$ 3,677.08	$ 3,842.54	$ 3,957.82	$ 4,076.56	$ 5,328.87	$ 5,734.98	$ 6,136.41	$ 6,565.98	$ 6,861.42	$ 6,998.65
Outside City Residential												
5/8"	$ 32.48	$ 34.17	$ 35.87	$ 37.49	$ 38.61	$ 39.77	$ 41.01	$ 44.19	$ 47.28	$ 50.59	$ 52.87	$ 53.93
3/4"	$ 62.71	$ 65.95	$ 69.25	$ 72.37	$ 74.54	$ 76.78	$ 58.01	$ 60.35	$ 64.57	$ 69.09	$ 72.20	$ 73.64
1"	$ 82.79	$ 87.08	$ 91.43	$ 95.55	$ 98.42	$ 101.37	$ 76.99	$ 82.96	$ 88.78	$ 94.98	$ 99.25	$ 101.23
1-1/2"	$ 82.79	$ 87.08	$ 91.43	$ 95.55	$ 98.42	$ 101.37	$ 76.99	$ 82.96	$ 88.78	$ 94.98	$ 99.25	$ 101.23
2"	$ 82.79	$ 87.08	$ 91.43	$ 95.55	$ 98.42	$ 101.37	$ 76.99	$ 82.96	$ 88.78	$ 94.98	$ 99.25	$ 101.23
Outside City Commercial												
5/8"	$ 80.13	$ 83.74	$ 87.93	$ 91.86	$ 94.64	$ 97.48	$ 58.12	$ 62.57	$ 66.95	$ 71.64	$ 74.86	$ 76.36
3/4"	$ 91.72	$ 95.84	$ 100.63	$ 105.18	$ 108.32	$ 111.57	$ 73.62	$ 79.26	$ 84.81	$ 90.75	$ 94.83	$ 96.73
1"	$ 112.67	$ 117.74	$ 123.63	$ 129.19	$ 133.07	$ 137.06	$ 98.05	$ 105.56	$ 112.95	$ 120.86	$ 126.30	$ 128.82
1-1/2"	$ 161.79	$ 169.06	$ 177.52	$ 185.51	$ 191.07	$ 196.80	$ 184.80	$ 177.43	$ 189.85	$ 203.14	$ 212.28	$ 216.52
2"	$ 226.09	$ 236.26	$ 248.07	$ 259.24	$ 267.01	$ 275.02	$ 232.43	$ 250.24	$ 267.76	$ 286.50	$ 299.39	$ 305.38
3"	$ 446.47	$ 466.65	$ 492.08	$ 514.23	$ 529.65	$ 545.54	$ 522.87	$ 562.93	$ 602.33	$ 644.49	$ 673.50	$ 686.97
4"	$ 785.37	$ 820.71	$ 861.74	$ 900.52	$ 927.53	$ 955.36	$ 886.01	$ 953.89	$ 1,020.66	$ 1,092.10	$ 1,141.25	$ 1,164.07
6"	$ 1,543.87	$ 1,613.34	$ 1,694.00	$ 1,770.23	$ 1,823.34	$ 1,878.04	$ 1,770.13	$ 1,905.74	$ 2,039.14	$ 2,181.88	$ 2,280.07	$ 2,325.67
8"	$ 2,239.47	$ 2,340.24	$ 2,457.26	$ 2,567.83	$ 2,644.87	$ 2,724.21	$ 2,648.52	$ 2,849.27	$ 3,048.72	$ 3,262.13	$ 3,408.93	$ 3,477.11
10"	$ 3,107.48	$ 3,247.30	$ 3,409.67	$ 3,563.10	$ 3,670.00	$ 3,780.10	$ 3,522.54	$ 3,792.41	$ 4,057.88	$ 4,341.93	$ 4,537.31	$ 4,628.08
12"	$ 3,739.51	$ 3,907.77	$ 4,103.16	$ 4,287.80	$ 4,416.44	$ 4,548.93	$ 4,132.57	$ 4,449.17	$ 4,760.62	$ 5,093.86	$ 5,323.08	$ 5,429.54
16"	$ 4,653.87	$ 4,863.28	$ 5,106.44	$ 5,336.23	$ 5,496.32	$ 5,661.21	$ 5,497.91	$ 5,919.11	$ 6,333.45	$ 6,776.79	$ 7,081.75	$ 7,223.38
20"	$ 5,403.62	$ 5,709.67	$ 5,995.16	$ 6,264.94	$ 6,452.89	$ 6,646.48	$ 6,532.02	$ 7,032.44	$ 7,524.72	$ 8,051.45	$ 8,413.76	$ 8,582.04

1.5 TRANSITION FROM DWSD TO KWA

A key aspect of this study involved analyzing the impact of the anticipated April 1, 2014 transition from the Detroit Water and Sewerage District ("DWSD") to the Karegnondi Water Authority ("KWA"). The expectation is that the transition will strengthen the water utility's financial position going forward, by affording the City greater control over its operating and capital costs. As part of this engagement the City asked RFC to estimate the potential savings to a typical Flint customer as a result of transitioning from DWSD to the KWA.

A summary of the potential savings, based on an alternative water financial planning scenario is summarized in Table ES-8 below. For example, a City customer using 5 CCF per month would see a combined monthly bill of approximately $122.83 under the KWA. This is based on a 5% water rate increase over existing rates. That same customer, should the City continue receiving service from DWSD, is estimated to have a bill of approximately $127 70. This represents estimated 13% water rate increase over existing rates. Consequently, the savings to the typical City is approximately $4.87 per month, or $58.44 per year. Finally, note that the cumulative water rate increase over the next 5 years is estimated to be 18% under the KWA and 41% under DWSD.

ES-8: POTENTIAL RESIDENTIAL BILL SAVINGS (KWA VS. DWSD)

Cumulative Increase KWA (Water Rates)	0%	5%	10%	15%	19%	22%
Additional With DWSD (Water Rates)	0%	9%	19%	20%	21%	21%
Total Under DWSD	0%	14%	29%	35%	39%	44%

RATE IMPACT 5/8" Customer	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Monthly Usage (CCF)						
1	$ 66.10	$ 70.48	$ 74.79	$ 79.22	$ 82.28	$ 84.27
2	$ 78.41	$ 83.57	$ 88.64	$ 93.83	$ 97.41	$ 99.80
3	$ 90.73	$ 96.66	$ 102.49	$ 108.44	$ 112.55	$ 115.33
4	$ 103.05	$ 109.74	$ 116.33	$ 123.05	$ 127.68	$ 130.85
5	$ 115.37	$ 122.83	$ 130.18	$ 137.65	$ 142.82	$ 146.38
6	$ 127.69	$ 135.92	$ 144.03	$ 152.26	$ 157.95	$ 161.91
7	$ 140.00	$ 149.01	$ 157.88	$ 166.87	$ 173.09	$ 177.44
8	$ 152.32	$ 162.10	$ 171.72	$ 181.48	$ 188.23	$ 192.97
9	$ 164.64	$ 175.19	$ 185.57	$ 196.09	$ 203.36	$ 208.49
10	$ 176.96	$ 188.28	$ 199.42	$ 210.70	$ 218.50	$ 224.02

ESTIMATED MONTHLY SAVINGS	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Monthly Usage (CCF)						
1	$ -	$ (2.42)	$ (5.37)	$ (5.80)	$ (5.98)	$ (6.15)
2	$ -	$ (3.04)	$ (6.74)	$ (7.28)	$ (7.50)	$ (7.72)
3	$ -	$ (3.65)	$ (8.11)	$ (8.76)	$ (9.02)	$ (9.29)
4	$ -	$ (4.26)	$ (9.47)	$ (10.23)	$ (10.54)	$ (10.86)
5	$ -	$ (4.87)	$ (10.84)	$ (11.71)	$ (12.06)	$ (12.42)
6	$ -	$ (5.48)	$ (12.21)	$ (13.19)	$ (13.58)	$ (13.99)
7	$ -	$ (6.09)	$ (13.58)	$ (14.67)	$ (15.11)	$ (15.56)
8	$ -	$ (6.71)	$ (14.94)	$ (16.14)	$ (16.63)	$ (17.13)
9	$ -	$ (7.32)	$ (16.31)	$ (17.62)	$ (18.15)	$ (18.69)
10	$ -	$ (7.93)	$ (17.68)	$ (19.10)	$ (19.67)	$ (20.26)

1.6 WATER AND WASTEWATER UTILITY OPERATIONS AND BEST MANAGEMENT PRACTICES

We reviewed the City's water and wastewater utility performance in relation to Best Management Practices ("BMP") that have been published by Fitch Ratings ("Fitch"). These criteria are used by Fitch when reviewing the performance of a utility as part of the bond rating process. Table ES-9 below summarizes our assessment of the City's water and wastewater utility operations with respect to BMP. The City's operations generally comport with BMP. The City is working to improve consistency in four areas: first, as mentioned above, the financial plans build-up to the minimum recommended 90 operating reserve and should achieve this reserve, all else equal, in the next 5 years. Second, the City is working with RFC, under a separate contract, to identify sources of lost water and wastewater revenue to improve the City's revenue collections, and reduce the cost of utility service theft to paying customers. Third, the City is currently determining arrangements whereby the general fund can repay its obligations to the water and wastewater utilities, ensuring the water and wastewater funds are not subsidizing general government operations going forward. Finally, the transition to KWA will allow the City greater control over its operating and capital costs, and as mentioned above, should result in more affordable rates than the alternative.

ES-9: FITCH BEST MANAGEMENT PRACTICES

Criteria	Consistent	Improving	Inconsistent
Financial Profile			
Financial Forecasting	✖		
Debt Service Coverage and Operating Reserves		✖	
Financial Reporting and Monitoring	✖		
Limited Exposure to Growth Revenues	✖		
Timely Collection of Payment and Penalty Enforcement		✖	
Political Willingness to Adjust Rates	✖		
Limited Exposure to General Govt. Finances		✖	
GAAP Compliance	✖		
Affordability			✖
Debt Profile			
Prioritized Capital Improvement Plans	✖		
Debt Policy	✖		
Hedge Agreements			
Operating Profile			
Management Experience	✖		
Use of Professional Engineers	✖		
Consultation with Local/Regional Growth Planners	✖		

2. INTRODUCTION AND STUDY OBJECTIVES

2.1 INTRODUCTION

In November of 2013, the City of Flint ("City") engaged Raftelis Financial Consultants ("RFC") to perform water and wastewater utility rate studies. The need for engagement was precipitated by the City's transition from the use of purchased water from the Detroit Water and Sewerage District ("DWSD") to participation in the Karegnondi Water Authority ("KWA") on April 1, 2014. Following the transition, the City will treat raw water from the KWA at its existing water treatment plant, which is currently undergoing the improvements necessary to become the primary source of treated water for the City of Flint. The expectation is that the transition will strengthen the water utility's financial position going forward, affording the City greater control over its operating and capital costs as a result.

From a financial perspective, the following are a few notable aspects of the transition:

- Water Operation and Maintenance ("O&M") expenditures are projected to decrease significantly as the cost of purchasing water from DWSD ceases as of FY 2015,
- Water Capital costs are projected to increase as the City begins paying its share of the Karegnondi Water Authority's debt service and incurs the cost of the necessary water treatment plant improvements.
- Water utility revenues will decrease as the City's wholesale customer, Genesee County ("County"), will no longer be receiving water service from the City as a result of the transition
- Projected water increases under the KWA are projected to be lower than they would have been, had the City continued to purchase water from DWSD
- City of Flint residential customer water bills are projected to be lower under the KWA than if the City had continued to purchase water from DWSD (see Table 1 below).

TABLE 1: ESTIMATED RATE INCREASES (KWA VS. DWSD)

CUMULATIVE % RATE REVENUE INCREASE	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
KWA	0%	5%	10%	15%	19%	22%
DWSD	0%	14%	29%	35%	39%	44%

ESTIMATED MONTHLY SAVINGS	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Monthly Usage (CCF)						
1	$ -	$ (2 42)	$ (5 37)	$ (5.80)	$ (5.98)	$ (6 15)
2	$ -	$ (3.04)	$ (6 74)	$ (7 28)	$ (7.50)	$ (7 72)
3	$ -	$ (3.65)	$ (8.11)	$ (8 76)	$ (9.02)	$ (9.29)
4	$ -	$ (4.26)	$ (9 47)	$ (10.23)	$ (10.54)	$ (10.86)
5	$ -	$ (4 87)	$ (10 84)	$ (11 71)	$ (12 06)	$ (12 42)
6	$ -	$ (5 48)	$ (12.21)	$ (13.19)	$ (13.58)	$ (13 99)
7	$ -	$ (6.09)	$ (13 58)	$ (14 67)	$ (15.11)	$ (15 56)
8	$ -	$ (6 71)	$ (14 94)	$ (16 14)	$ (16.63)	$ (17.13)
9	$ -	$ (7.32)	$ (16.31)	$ (17 62)	$ (18 15)	$ (18 69)
10	$ -	$ (7 93)	$ (17 68)	$ (19 10)	$ (19.67)	$ (20 26)

2.2 RATE STUDY OBJECTIVES

The objectives of this study are as follows:

- Evaluate the adequacy of existing water and wastewater revenues to meet the projected revenue requirements
- Develop comprehensive water and wastewater financial plans based on sound financial management practices for a 10 year forecast period
- Determine water and wastewater rates which adequately recover the cost of operating the water and wastewater utilities under the existing rate structures and provide alternatives based on a comprehensive cost of service study
- Evaluate the City's current financial position and adjust the comprehensive financial plans for both the mid-year transition to the KWA and going forward.

3. WATER AND WASTEWATER UTILITY FINANCIAL PLANS

3.1 THE FINANCIAL PLANNING PROCESS

The general objective of the financial planning process is to arrive at the level of water and wastewater rate revenue required to ensure the financial sustainability of each utility on a going forward basis. This revenue requirement is then distributed to each customer class as part of the cost of service study.

For this study financial plans were developed for the current fiscal year, the test year and a ten-year forecast period. The current year is typically the year in which the study occurs, in this case fiscal

year 2014 ("FY 2014"), or the year ending July 30, 2014. For the current year the financial plans represent an estimate, for each utility, of year-end financial position.

This serves as the basis for the test year financial plan. For this study, the test year is the following fiscal year, FY 2015. While the current year serves as an estimate of each utility's current financial position, the test year represents a projection of utility revenues, expenditures and operating reserve levels. The ten-year forecast period allows the City to evaluate trends over time and evaluate the impact of challenges that occur beyond the test year. For the purposes of this study separate financial plans were developed for each utility to ensure that each would be self-sustaining.

The following steps are necessary to arrive at the test year revenue requirement for each utility:

- Forecast customer units of service and revenue at existing water and wastewater rates
- Forecast operation and maintenance expenditures ("O&M") for each utility
- Forecast capital expenditures, including the payment of existing water and wastewater debt service and the financing of planned capital improvements
- Develop detailed cash flow forecasts summarizing planned O&M and capital expenditures, recommended rate revenue increases and operating reserve levels

3.2 WATER UTILITY FINANCIAL PLAN

3.2.1 Forecast Water Units of Service and Revenue at Existing Rates

Water Utility Rates

The City recovers the cost of operating the water utility via volumetric rates (rates based on the amount of water used) and fixed monthly service charges (a charge per customer bill). The City's existing water volumetric charge is a declining block rate, or a rate that decreases on a per unit basis as the amount of water consumed increases. The existing water volumetric rate structure is shown in Table 2 below:

TABLE 2: EXISTING WATER VOLUMETRIC RATES

CUSTOMER CLASS	CONSUMPTION BLOCK	UNITS	FY 2014 Existing Block Rates
Total Inside City All Classes			
Inside City Block 1	0-35 CCF	($/CCF)	$ 7.52
Inside City Block 2	36-2000 CCF	($/CCF)	$ 7.31
Inside City Block 3	above 2000 CCF	($/CCF)	$ 5.79
Total Outside City All Classes			
Outside City Block 1	0-35 CCF	($/CCF)	$ 11.26
Outside City Block 2	36-2000 CCF	($/CCF)	$ 10.77
Outside City Block 3	above 2000 CCF	($/CCF)	$ 8.68

A distinction is made between customers residing within in the City of Flint, and those who receive City water service, but do not reside within the City As Table 2 indicates, outside city volumetric rates are approximately 150% of inside city volumetric rates. This is a common policy for municipal water utilities and recognizes inside city customers as "owners" of the utility, who should be compensated for the risk of investing in and maintaining their utility system.

In addition to the volumetric rates, the existing water rate structure includes a fixed service charge which varies by customer water meter size. The rates are charged per customer bill and are shown in Table 3 on the following page.

TABLE 3: EXISTING WATER FIXED CHARGES

CUSTOMER CLASS	FY 2014 Proposed Fixed Charge
Inside City Residential Customers	
5/8"	$ 21.78
3/4"	$ 41.86
1"	$ 55.28
1-1/2"	$ 55.28
2"	$ 55.28
Inside City Commercial/Industrial Customers	
5/8"	$ 53 39
3/4"	$ 61.26
1"	$ 75 10
1-1/2"	$ 107 76
2"	$ 150.62
3"	$ 297 45
4"	$ 523.50
6"	$ 1,029 43
8"	$ 1,492.88
10"	$ 2,060 75
12"	$ 2,493.12
16"	$ 3,102.64
20"	$ 3,351.18
Outside City Residential Customers	
5/8"	$ 32.48
3/4"	$ 62.71
1"	$ 82.79
1-1/2"	$ 82.79
2"	$ 82.79
Outside City Commercial/Industrial Customers	
5/8"	$ 80.13
3/4"	$ 91.72
1"	$ 112.67
1-1/2"	$ 161.79
2"	$ 226.09
3"	$ 448.47
4"	$ 785 37
6"	$ 1,543.87
8"	$ 2,239 47
10"	$ 3,107.48
12"	$ 3,739.51
16"	$ 4,653.87
20"	$ 5,463.82

Most Flint residential customers have a 5/8" meter and currently pay the $21.78 fixed monthly service charge. For the monthly fixed charge the same distinction is made between inside and outside city customers, with the outside city charge set at approximately 150% of the inside city charge. Additionally, the current fixed charge structure further distinguishes between residential commercial customers.

In addition to the retail rates discussed above, the City currently serves a wholesale water customer, Genesee County. Genesee County pays a commodity charge of $346,863, a fixed monthly service charge of $114,000 and a volumetric rate of $1.30 per CCF. As mentioned above, as of April 1, 2014, the County will no longer be a customer of the City.

Forecast Water Units of Service

In order to forecast the level of revenue under existing water rates, the number of water accounts at each meter size and the level of water consumption in each consumption block must be estimated for the forecast period.

The number of accounts at each meter size was determined by dividing the number of annual bills at each meter size by the 12 monthly billing periods. The number of historical and forecast water utility customer accounts, by meter size, is indicated in Tables 4 and 5 on the following two pages. Note that the historical data appear to indicate a 14% increase in inside city accounts and a 27% increase in outside city accounts from FY 2012 to FY 2013. This increase in accounts does not appear to have been sustained into FY 2014. The City has indicated that water and wastewater billings have decreased approximately 12% from FY 2013 to FY 2014 year to date. Given this change and for the sake of developing a conservative estimate we have adjusted the forecast level of water accounts to 13% below their FY 2013 level. As no significant growth in the City's customer base is expected, no growth in water utility accounts has been projected over the forecast period.

TABLE 4: FORECAST INSIDE CITY WATER ACCOUNTS

Meter Size	Historical FY 2012	Historical FY 2013	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Inside City Residential														
5/8"	25,003	28,490	24,777	24,777	24,777	24,777	24,777	24,777	24,777	24,777	24,777	24,777	24,777	24,777
3/4"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1"	272	338	284	284	284	284	284	284	284	284	284	284	284	284
1-1/2"	26	33	29	29	29	29	29	29	29	29	29	29	29	29
2"	9	11	8	8	8	8	8	8	8	8	8	8	8	8
Unmetered	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Inside City Residential Remote	25,310	28,882	25,110	25,110	25,110	25,110	25,110	25,110	25,110	25,110	25,110	25,110	25,110	25,110
Inside City Commercial/Industrial														
5/8"	382	406	356	356	356	356	356	356	356	356	356	356	356	356
3/4"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1"	245	281	244	244	244	244	244	244	244	244	244	244	244	244
1-1/2"	260	276	242	242	242	242	242	242	242	242	242	242	242	242
2"	260	296	249	249	249	249	249	249	249	249	249	249	249	249
3"	81	95	83	83	83	83	83	83	83	83	83	83	83	83
4"	59	63	55	55	55	55	55	55	55	55	55	55	55	55
6"	36	41	36	36	36	36	36	36	36	36	36	36	36	36
8"	2	2	2	2	2	2	2	2	2	2	2	2	2	2
10"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unmetered	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Inside City Commercial/Industrial	1,307	1,457	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288
Inside City Lawn														
5/8"	28	35	30	30	30	30	30	30	30	30	30	30	30	30
3/4"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1"	11	13	11	11	11	11	11	11	11	11	11	11	11	11
1-1/2"	4	5	4	4	4	4	4	4	4	4	4	4	4	4
2"	1	1	1	1	1	1	1	1	1	1	1	1	1	1
3"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20"	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unmetered	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Inside City Lawn	43	53	48	48	48	48	48	48	48	48	48	48	48	48
Total Inside City Accounts	26,661	30,372	26,423	26,423	26,423	26,423	26,423	26,423	26,423	26,423	26,423	26,423	26,423	26,423
% Change		14%	-13%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

TABLE 5: FORECAST OUTSIDE CITY WATER ACCOUNTS

Outside City Meter Size	Historical FY 2012	Historical FY 2013	Budget FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Outside City Residential														
"0		0	-	-	-	-	-	-	-	-	-	-	-	-
"00		0	-	-	-	-	-	-	-	-	-	-	-	-
5/8"	108	141	123	123	123	123	123	123	123	123	123	123	123	123
3/4"		0	-	-	-	-	-	-	-	-	-	-	-	-
1"	2	3	3	3	3	3	3	3	3	3	3	3	3	3
1-1/2"		0	-	-	-	-	-	-	-	-	-	-	-	-
2"		0	-	-	-	-	-	-	-	-	-	-	-	-
Unmetered		0	-	-	-	-	-	-	-	-	-	-	-	-
Total Outside City Residential Remote	110	144	125	125	125	125	125	125	125	125	125	125	125	125
Outside City Commercial/Industrial														
"0			-	-			-	-	-		-	-	-	-
"00			-	-	-	-		-	-	-	-	-	-	-
5/8"	14	18	13	13	13	13	13	13	13	13	13	13	13	13
3/4"			-	-	-	-	-	-	-	-	-	-	-	-
1"	10	12	11	11	11	11	11	11	11	11	11	11	11	11
1-1/2"	3	4	3	3	3	3	3	3	3	3	3	3	3	3
2"	6	7	6	6	6	6	6	6	6	6	6	6	6	6
3"			-	-			-	-	-		-	-	-	-
4"	1	1	1	1	1	1	1	1	1	1	1	1	1	1
6"	1	0	0	0	0	0	0	0	0	0	0	0	0	0
8"			-	-	-	-	-	-	-	-	-	-	-	-
10"			-	-	-	-	-	-	-	-	-	-	-	-
12"			-	-	-	-	-	-	-	-	-	-	-	-
16"			-	-	-	-	-	-	-	-	-	-	-	-
20"			-	-	-	-	-	-	-	-	-	-	-	-
Unmetered			-	-	-	-	-	-	-	-	-	-	-	-
Total Outside City Commercial/Industrial	35	40	35	35	35	35	35	35	35	35	35	35	35	35
Outside City Lawn														
"0	0	0	-	-	-			-				-		-
"00	0	0	-	-		-	-	-	-	-				
5/8"	0	0	-	-	-	-	-	-	-	-	-	-	-	-
3/4"	0	0	-	-		-	-	-	-	-		-		-
1"	0	0		-			-	-			-			-
1-1/2"	0	0	-	-	-	-	-	-	-	-	-	-	-	-
2"	0	0	-	-	-	-	-	-	-	-	-	-	-	-
3"	0	0	-		-			-		-	-	-	-	-
4"	0	0	-	-	-	-	-	-	-	-	-	-	-	-
6"	0	0	-	-	-	-	-	-	-	-	-	-	-	-
8"	0	0		-	-	-		-	-	-	-	-	-	-
10"	0	0	-	-	-	-	-	-	-	-	-	-	-	-
12"	0	0	-	-	-	-	-	-	-	-				-
16"	0	0	-	-	-	-	-	-	-	-	-	-	-	-
20"	0	0	-	-	-	-	-	-	-	-	-		-	-
Unmetered	0	0	-	-	-	-	-	-	-	-	-	-	-	-
Total Outside City Lawn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Outside City Accounts	145	184	160	160	160	160	160	160	160	160	160	160	160	160
% Change		27%	-13%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

In addition to forecasting the number of accounts by meter size, the level of water consumption in each consumption block must be estimated for the forecast period. The historical and forecast level of water consumption by customer class and block is indicated in Tables 6 and 7 on the following two pages.

Note that—consistent with the significant increase in inside city water accounts in FY 2013—inside city water consumption has increased significantly in FY 2013 (18%). Given the uncertainty surrounding the increase in billed consumption in FY 2013, and the subsequent decrease in billed revenues in FY 2014, we have forecast retail consumption at 6% below FY 2013 levels for FY 2014, FY 2015 and the remainder of the ten year forecast period.

As noted above, the City anticipates discontinuing DWSD water service as of April 1, 2014. At that point Genesee County will no longer be a wholesale customer of the City. Therefore the forecast of the County's consumption has been adjusted to account for the final 3 months of FY 2014 (i.e. April, May and June) during which the City will not be providing water service to the County

TABLE 6: FORECAST INSIDE CITY WATER CONSUMPTION

		[illegible] FY 2013	[illegible] FY 2014	Budget Year FY 2015	Last Year FY 2016	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Inside City Residential															
Inside City Block 1	0-35	1,640,564	1,728,885	1,625 913	1,625,913	1 625 913	1,625,913	1 625'913	1 625 913	1,625 913	1,625 913	1,625 913	1 625,913	1,625,913	1,625,913
Inside City Block 2	35-2000	74,688	84,254	88 599	88 599	88 699	88,699	88 599	88 599	88 699	88,699	88,699	88,699	88 699	88 699
Inside City Block 3	above 2000	27,1	33,003	31,023	31,023	31,023	31,023	31,023	31,023	31,023	31,023	31,023	31,023	31,023	31,023
Total Inside City Residential		1,815 249	1,856,962	1,746,535	1 745,536	1,746,636	1,746,636	1,746 536	1,746 535	1,745,535	1,746,535	1 746,635	1 745,535	1,746,635	1,746,636
Inside City Commercial/Industrial															
Inside City Block 1	0-35	106,182	118,632	111,702	111 702	111,702	111,702	111,702	111,702	111 702	111,702	111,702	111,702	111,702	111,702
Inside City Block 2	35-2000	802,340	815,699	860,767	860,767	860,767	860,767	860,767	860,767	860,767	860,767	860,767	860 767	860,767	860,767
Inside City Block 3	above 2000	378,839	644,447	511,780	511,780	611,780	611,780	611,780	611,780	611,780	611,780	611,780	611,780	611,780	611,780
Total Inside City Commercial/Industrial		1,290,311	1,578 978	1,484,239	1,484 239	1,484,239	1,484,239	1 484,239	1,484,239	1 484 239	1 484 239	1 484,239	1 484,239	1,484,239	1,484,239
Inside City Lawn															
Inside City Block 1	0 36	4,159	5,855	5 504	5,604	5,504	5 504	5,604	5 504	5,604	5 504	5 604	5,604	5,604	5 604
Inside City Block 2	36-2000	6,666	7,634	7,082	7,082	7,082	7,082	7,082	7 082	7,082	7,082	7 082	7,082	7,082	7,082
Inside City Block 3	above 2000	[illegible]	[illegible]	-	-			-	-	-	-	-	-	-	-
Total Inside City Lawn		10 118 00	13 369 00	12,586 66	12 586 66	12,586 66	12,586 66	12,586 66	12,586 66	12 586 66	12,586 66	12,586 66	12 586 66	12,586 66	12,586 66
Total Inside City All Classes															
Inside City Block 1	0-35	1 853,839	1,854 382	1,743,119	1,743 119	1,743 119	1,743,119	1 743 119	1,743 119	1,743,119	1,743,119	1,743,119	1 743,119	1 743 119	1 743 119
Inside City Block 2	35-2000	882,994	1,017,487	958,438	966,438	958,438	956 438	958 438	958 438	958,438	966,438	958,438	958 438	958 438	958 438
Inside City Block 3	above 2000	378,839	677,460	642,803	642,803	642,803	642,803	642,803	642,803	642,803	642,803	642,803	642,803	642,803	642,803
Grand Total Inside City Water Consumption		2,815,672	3,449,319	3 242,360	3,242 360	3,242,360	3 242,360	3 242,360	3 242,360	3,242,360	3,242,360	3 242,360	3 242,360	3,242,360	3,242,360
			18%	-6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

TABLE 7: FORECAST OUTSIDE CITY WATER CONSUMPTION

	Actual FY 2012	Actual FY 2013	Budget Year FY 2014	Estimate FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Outside City Residential														
Outside City Block 1 0-35	5,932	7,690	7 229	7 229	7 229	7 229	7,229	7 229	7 229	7 229	7 229	7 229	7 229	7 229
Outside City Block 2 36-2000	188	940	884	884	884	884	884	884	884	884	884	884	884	884
Outside City Block 3 above 2000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Outside City Residential	6,120	8,630	8,112	8 112	8,112	8 112	8 112	8,112	8 112	8 112	8,112	8,112	8,112	8 112
Outside City Commercial/Industrial														
Outside City Block 1 0-35	3,242	3,500	3,298	3 298	3,298	3,298	3 298	3,298	3 298	3,298	3,298	3 298	3 298	3 298
Outside City Block 2 36-2000	2,878	1 10,220	9 607	9 607	9,607	9 607	9 607	9 607	9 607	9 607	9,607	9 607	9 607	9 607
Outside City Block 3 above 2000	36,398	14,214	13,361	13,361	13,361	13,361	13 361	13,361	13,361	13,361	13,361	13,361	13,361	13,361
Total Outside City Commercial/Industrial	*42,518*	*27 943*	*26,266*	*26,266*	*26 266*	*26 266*	*26,266*	*26 266*	*26 266*	*26,266*	*26 266*	*26,266*	*26,266*	*26,266*
Outside City Lawn														
Outside City Block 1 0-35			-	-	-	-	-	-	-	-	-	-	-	-
Outside City Block 2 36-2000			-	-	-	-	-	-	-	-	-	-	-	-
Outside City Block 3 above 2000			-	-	-	-	-	-	-	-	-	-	-	-
Total Outside City Lawn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Outside City All Classes														
Outside City Block 1 0-35	9 174	11,189	10,527	10,527	10,527	10,527	10,527	10,527	10 527	10,527	10 527	10 527	10,527	10,527
Outside City Block 2 36-2000	3 066	11,160	10 490	10 490	10 490	10 490	10 490	10 490	10 490	10 490	10 490	10 490	10 490	10 490
Outside City Block 3 above 2000	*36,398*	*14,214*	*13,361*	*13 361*	*13 361*	*13,361*	*13,361*	*13,361*	*13,361*	*13,361*	*13 361*	*13 361*	*13,361*	*13,361*
Grand Total Inside City Water Consumption	48 638	36 573	34 379	34 379	34 379	34 379	34 379	34,379	34 379	34 379	34 379	34 379	34 379	34 379
TOTAL RETAIL														
Total Block 1	1,663 013	1 865 881	1,753 646	1 753 646	1,753,646	1,753,646	1,753 646	1,753 646	1 753 646	1,753 646	1 753 646	1 753 646	1 753 646	1,753,646
Total Block 2	886 090	1 028 647	968 928	968 928	968 928	968 928	968 928	968 928	968 928	968 928	968 928	968 928	968 928	968,928
Total Block 3	415 237	591,864	556,164	556,164	556,164	556 164	556,164	556,164	556 164	556,164	556,164	556,164	556,164	556,164
Grand Total Retail Consumption	2,964,340	3,486,392	3,276 738	3,276 738	3,276 738	3,276 738	3,276 738	3,276 738	3 276 738	3,276 738	3,276 738	3,276,738	3 276 738	3,276,738
		18%	-6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
WHOLESALE														
Genesee County Wholesale Rate														
Genesee County Consumption	6,121,560	6,214,740	4,861,055	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL WATER CONSUMPTION	9,085,900	9,700 632	7,837,793	3,276,738	3,276,738	3 276 738	3,276,738	3 276 738	3,276 738	3 276 738	3 276 738	3,276,738	3,276,738	3,276,738
		7%	-19%	-58%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Forecast Water Revenue at Existing Rates

Water utility revenue at existing rates is the sum of the volumetric and fixed charge revenue. Fixed charge revenue at existing rates was determined by multiplying the number of forecast accounts at each meter size, by the existing rate for that size and again by 12, for each of the monthly bills. Volumetric revenue was determined by multiplying the level of consumption in each consumption block, by the existing rate for that block. Table 8 on the following page summarizes the level of water revenue at existing water rates.

The total level of water revenue at existing rates in FY 2014 is forecast to be approximately $43 Million. Of this, around 70% is derived from the volumetric rates and 30% is associated with the fixed monthly service charges. In FY 2015, the level of revenue at existing rates is forecast to decline to approximately $32 Million. This change can be attributed to the loss of Flint's existing wholesale customer Genesee County, which will occur as a result of the City's discontinuing DWSD water service. On a going forward basis, the level of revenues at existing water rates would remain at 32 Million assuming consumption and account growth remain flat and the City makes no adjustments to water rates.

TABLE 8: FORECAST WATER REVENUE AT FY 2014 RATES

SUMMARY OF FORECAST WATER RATE REVENUE AT EXISTING RATES	Budget Year FY 2015	Test Year FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
GRAND TOTAL SYSTEM CONSUMPTION REVENUE	$29,661,666	$23,667,633	$23,667,633	$23,667,633	$23,667,633	$23,667,633	$23,667,633	$23,667,633	$23,667,633	$23,667,633	$23,667,633
GRAND TOTAL SYSTEM FIXED CHARGE REVENUE	$13,322,709	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942
GRAND TOTAL WATER REVENUE AT EXISTING RATES	$42,984,374	$32,762,575	$32,762,575	$32,762,575	$32,762,575	$32,762,575	$32,762,575	$32,762,575	$32,762,575	$32,762,575	$32,762,575

SUMMARY OF METERED WATER REVENUE	Budget Year FY 2015	Test Year FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
TOTAL RETAIL CONSUMPTION REVENUE											
Total Inside City Residential	$ 13,141,856	$ 13,141,856	$ 13,141,856	$ 13,141,856	$ 13,141,856	$ 13,141,856	$ 13,141,856	$ 13,141,856	$ 13,141,856	$ 13,141,856	$ 13,141,856
Total Inside City Commercial/Industrial	$ 10,352,630	$ 10,352,630	$ 10,352,630	$ 10,352,630	$ 10,352,630	$ 10,352,630	$ 10,352,630	$ 10,352,630	$ 10,352,630	$ 10,352,630	$ 10,352,630
Total Inside City Lawn	$ 93,146	$ 93,146	$ 93,146	$ 93,146	$ 93,146	$ 93,146	$ 93,146	$ 93,146	$ 93,146	$ 93,146	$ 93,146
	$23,587,633	$23,587,633	$23,587,633	$23,587,633	$23,587,633	$23,587,633	$23,587,633	$23,587,633	$23,587,633	$23,587,633	$23,587,633
WHOLESALE CONSUMPTION REVENUE											
Genesee County Consumption	$ 6,084,033	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GRAND TOTAL SYSTEM CONSUMPTION REVENUE	$29,661,666	$23,667,633	$23,667,633	$23,667,633	$23,667,633	$23,667,633	$23,667,633	$23,667,633	$23,667,633	$23,667,633	$23,667,633

SUMMARY OF FIXED CHARGE WATER REVENUE	Budget Year FY 2015	Test Year FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
TOTAL RETAIL FIXED CHARGE REVENUE											
Total Inside City Residential	$ 6,745,537	$ 6,745,537	$ 6,745,537	$ 6,745,537	$ 6,745,537	$ 6,745,537	$ 6,745,537	$ 6,745,537	$ 6,745,537	$ 6,745,537	$ 6,745,537
Total Inside City Commercial/Industrial	$ 2,393,266	$ 2,393,266	$ 2,393,266	$ 2,393,266	$ 2,393,266	$ 2,393,266	$ 2,393,266	$ 2,393,266	$ 2,393,266	$ 2,393,266	$ 2,393,266
Total Inside City Lawn	$ 36,139	$ 36,139	$ 36,139	$ 36,139	$ 36,139	$ 36,139	$ 36,139	$ 36,139	$ 36,139	$ 36,139	$ 36,139
	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942
WHOLESALE FIXED CHARGE REVENUE											
Total Genesee County Fixed Charge	$ 4,147,767	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GRAND TOTAL SYSTEM FIXED CHARGE REVENUE	$13,322,709	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942	$ 9,174,942

3.2.2 *Forecast of Water Operation and Maintenance Expenditures*

Water O&M Inflation Rates

The budgets provided by the City are the basis for the forecast of water utility O&M expenditures. Given that the transition from DWSD to KWA involves significant shifts in budgetary expenditures on a relatively detailed level, the City provided uninflated estimates of budgeted O&M expenditures for FY 2014 through FY 2017. To forecast the level of water utility O&M expenditures that the City would incur over the forecast period we applied the escalation rates shown in Table 9 below.

TABLE 9: WATER O&M ESCALATION RATES

Category	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Wages & Salaries	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Benefits	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Pension	0%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Medical	0%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Materials/Supplies	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
General	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Vehicle	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Pilot	0%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Depnc/Deplc Equip Replace	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Cost Alloc Plan-Expense	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Utilities	0%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Maintenance	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Capital Outlay	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Water Supply Costs	0%	0%	0%	0%	5%	5%	5%	5%	5%	5%	5%	5%
KWA Bond Payment	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
KWA Initiation Fee	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Purchase of KWA raw water	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Transfer to 101	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Transfer to 493	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

The rates shown above were developed based on discussions with City staff, and our experience with similar utilities.

Forecast Water Utility Operation and Maintenance Expenditures

Tables 10 and 11 on the following page indicate the estimated level of water utility O&M expenditures over the forecast period, both by the escalation rate categories and by department. In FY 2014, the largest O&M expenditures related to the "Water Plant-Operations" department within which the bulk water purchases from DWSD were included. Note that this amount decreases significantly in FY 2015 and going forward as the City transitions from DWSD to KWA. Excluding purchased water, the most notable expenditures are associated with personnel: Wages and Salaries, Benefits, Pension, and the City's share of retiree healthcare benefits ("Cost Alloc. Plan-Expense"). In general, water O&M expenditures are projected to decrease from around $36 Million currently to $21 Million in FY 2015 with inflationary increases thereafter.

TABLE 10: WATER O&M BY CATEGORY

O&M SUMMARY BY EXPENDITURE CATEGORY	Budget Year FY 2014	Last Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Wages & Salaries	$ 3,228,467	$ 3,672,236	$ 3,782,403	$ 3,895,875	$ 4,012,751	$ 4,133,134	$ 4,257,128	$ 4,384,842	$ 4,516,387	$ 4,651,878	$ 4,791,436	$ 4,935,179
Benefits	$ 1,187,924	$ 1,223,562	$ 1,260,269	$ 1,298,077	$ 1,337,019	$ 1,377,130	$ 1,418,443	$ 1,460,997	$ 1,504,827	$ 1,549,971	$ 1,596,471	$ 1,644,365
Pension	$ 1,803,088	$ 1,893,262	$ 1,987,915	$ 2,087,311	$ 2,191,676	$ 2,301,260	$ 2,416,323	$ 2,537,139	$ 2,663,996	$ 2,797,196	$ 2,937,056	$ 3,083,809
Medical	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Materials/Supplies	$ 1,615,800	$ 2,503,724	$ 2,578,836	$ 2,328,383	$ 2,398,234	$ 2,470,181	$ 2,544,287	$ 2,620,615	$ 2,699,234	$ 2,780,211	$ 2,863,617	$ 2,949,526
General	$ 3,311,632	$ 3,443,280	$ 3,546,589	$ 3,652,986	$ 3,762,576	$ 3,875,453	$ 3,991,717	$ 4,111,469	$ 4,234,812	$ 4,361,857	$ 4,492,712	$ 4,627,494
Vehicle	$ 650,336	$ 692,206	$ 702,672	$ 723,753	$ 745,466	$ 767,829	$ 790,864	$ 814,590	$ 839,028	$ 864,198	$ 890,124	$ 916,828
Pilot	$ 740,150	$ 764,953	$ 770,052	$ 786,453	$ 801,162	$ 817,186	$ 833,529	$ 850,200	$ 867,204	$ 884,548	$ 902,239	$ 920,283
Depric/Deptic Equip Replace	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cost Alloc Plan-Expense	$ 4,040,600	$ 4,161,818	$ 4,286,673	$ 4,416,273	$ 4,547,731	$ 4,684,163	$ 4,824,688	$ 4,969,428	$ 5,118,511	$ 5,272,067	$ 5,430,229	$ 5,593,136
Utilities	$ 910,000	$ 1,565,200	$ 1,527,808	$ 1,467,948	$ 1,526,666	$ 1,587,732	$ 1,651,241	$ 1,717,291	$ 1,786,983	$ 1,857,422	$ 1,931,719	$ 2,008,988
Maintenance	$ 187,200	$ 422,300	$ 434,969	$ 448,018	$ 461,459	$ 475,302	$ 489,561	$ 504,248	$ 519,376	$ 534,957	$ 551,006	$ 567,536
Capital Outlay	$ 60,000	$ 30,900	$ 31,827	$ 32,782	$ 33,766	$ 34,778	$ 35,822	$ 36,896	$ 38,003	$ 39,143	$ 40,317	$ 41,527
Water Supply Costs	$ 18,000,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
KWA Bond Payment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
KWA Initiation Fee	$	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Purchase of KWA raw water	$	$ -	$ -	$ 1,061,000	$ 1,061,000	$ 1,061,000	$ 1,061,000	$ 1,061,000	$ 1,061,000	$ 1,061,000	$ 1,061,000	$ 1,061,000
Transfer to 101	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000
Transfer to 493	$	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ 36,866,206	$ 21,483,441	$ 22,140,012	$ 23,316,857	$ 23,999,604	$ 24,705,148	$ 25,434,603	$ 26,188,715	$ 26,966,360	$ 27,774,448	$ 28,607,924	$ 29,469,768

TABLE 11: WATER O&M BY DEPARTMENT

DEPARTMENT FORECAST YEARS ENDED JUNE 30	Budget Year FY 2014	Last Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Total Dept 535 100-Utilities - Water Administration	$ 7,492,304	$ 7,716,511	$ 7,945,462	$ 8,179,197	$ 8,419,955	$ 8,667,940	$ 8,923,374	$ 9,186,486	$ 9,457,512	$ 9,736,696	$ 10,024,269	$ 10,320,648
Total Dept 536 208-Utilities - Water Cross Connection Proj	$ 104,509	$ 108,204	$ 112,097	$ 116,016	$ 120,142	$ 124,426	$ 128,872	$ 133,488	$ 138,279	$ 143,254	$ 148,419	$ 153,782
Total Dept 540 100-Water Service Center Management	$ 1,223,240	$ 1,244,890	$ 1,284,276	$ 1,324,940	$ 1,366,926	$ 1,410,276	$ 1,455,037	$ 1,501,257	$ 1,548,985	$ 1,598,273	$ 1,649,172	$ 1,701,738
Total Dept 540 800-WSC - Capital Improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 540 200-Wsc-Meter Reading - Water	$ 730,577	$ 533,281	$ 551,628	$ 570,642	$ 590,350	$ 610,779	$ 631,957	$ 653,913	$ 676,677	$ 700,281	$ 724,759	$ 750,146
Total Dept 540,202-Wsc-Water Distribution Mains	$ 3,250,697	$ 3,698,236	$ 3,824,447	$ 3,955,207	$ 4,090,691	$ 4,231,081	$ 4,376,566	$ 4,527,344	$ 4,683,618	$ 4,845,604	$ 5,013,523	$ 5,187,608
Total Dept 545 200-Water Plant - Operations	$ 21,645,159	$ 5,420,868	$ 5,608,034	$ 6,300,105	$ 6,482,080	$ 6,670,603	$ 6,865,922	$ 7,066,291	$ 7,277,976	$ 7,496,250	$ 7,720,402	$ 7,953,729
Total Dept 545 201-Water Plant Maintenance	$ 1,288,821	$ 1,629,451	$ 1,684,136	$ 1,740,761	$ 1,799,361	$ 1,860,043	$ 1,922,876	$ 1,987,937	$ 2,055,313	$ 2,125,091	$ 2,197,362	$ 2,272,219
Total Dept 545,202-Water Plant - Dam Operations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 545 203-Water Plant - Dam Maintenance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 545 300-Water Plant - Capital Improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 995 101-Transfers out to fund 101	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GRAND TOTAL WATER UTILITY	$ 36,866,206	$ 21,483,441	$ 22,140,012	$ 23,316,857	$ 23,999,604	$ 24,705,148	$ 25,434,603	$ 26,188,715	$ 26,966,360	$ 27,774,448	$ 28,607,924	$ 29,469,768

3.2.3 Water Utility CIP and CIP Financing

Tables 12 and 13 on the following two pages indicate the water capital improvements program ("CIP") provided by the City and the CIP financing plan.

As the plan we received from the City was presented in current year dollars, we escalated the project amounts 3% per year from FY 2015 onward. The largest capital improvements in dollar terms are associated with the rehabilitation of the City's water treatment plant (i.e. Water Plant-Phase II projects). These projects are in large part associated with transitioning the City's water treatment plant from back-up status to the primary source of treated water for the City. As discussed above, the improvements to the water treatment plant will allow the City to treat raw water purchased from the KWA for distribution to City customers. In general, the level of spending in the CIP decreases from $10 Million to $7.5 Million as the plant improvements are completed and increases again in the out years due to planned annual recapitalization.

There are three items of note in Table 13. First, all projects are projected to be cash financed at this time. The City may seek to leverage its revenue stream in the future via use of the State of Michigan's ("State") Drinking Water Revolving Revenue Fund ("DWRRF") loan program. This would be particularly beneficial for major water capital improvements, as it would spread the financing responsibility over existing and future ratepayers who receive the benefit of the improvement throughout the asset's useful life. Second, note that the proceeds from the recently completed sale of the Flint pipeline to Genesee County have been included to offset the costs of the treatment plant improvements. Finally, note that the "uses" category includes a line for additional uses, which represent the KWA initiation payments required of the City until it begins paying its share of KWA debt service in FY 2017.

TABLE 12: WATER CAPITAL IMPROVEMENTS PROGRAM

WATER CAPITAL PROJECTS (REGULATED)																	
Project	Fund	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2015	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029
3800' of Transmission Main Annually	WSC Water Fund	$ -	$ 2,163,000	$ 2,662,250	$ 2,841,090	$ 2,926,323	$ 3,014,113	$ 3,104,536	$ 3,197,672	$ 3,293,602	$ 3,392,410	$ 3,494,183	$ 3,599,008				
Water Meter Replacement	WSC Water Fund	$ 600,000	$ 1,287,500	$ 1,326,125	$ 64,836	$ 66,275	$ 67,964	$ 69,703	$ 61,494	$ 63,339	$ 65,239	$ 67,196	$ 69,212				
Data Collection and GIS Implementation	WSC Water Fund	$ -	$ 515,000	$ 530,450	$ 646,364	$ 112,651	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Vehicles, Dump Truck, Flatbeds, Step Van, Tractor	WSC Water Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Valve Exercising	WSC Water Fund	$ 60,000	$ 61,800	$ 63,654	$ 65,564	$ 67,531	$ 69,556	$ 71,643	$ 73,792	$ 76,006	$ 78,286	$ 80,635	$ 83,054				
Water Plant-Phase II, Segment I Rehabilitation	Water Plant	$ 7,200,000	$ 1,030,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Water Plant-Phase II, Segment II Lime Residual Disposal	Water Plant	$ 795,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Terrey Rd Booster Station Upgrades	Water Plant	$ 120,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Cedar St Electrical Upgrades	Water Plant	$ 600,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Westside Roof Replacement	Water Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
24" Water Line Loop	Water Plant	$ -	$ 103,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
SCADA Upgrades	Water Plant	$ 400,000	$ 412,000	$ 424,360	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Plant 2 to Dart Reservoir Lift Pump Station	Water Plant	$ -	$ 2,060,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Residual Treatment Solids Handling	Water Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Plant 2 Lab and Ops Center Roof Replacement	Water Plant	$ -	$ 257,500	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Electrical Upgrades	Water Plant	$ -	$ 377,698	$ 388,926	$ 400,594	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Raw Water Line to PS4	Water Plant	$ -	$ -	$ 636,540	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Alum Feed System	Water Plant	$ -	$ -	$ 39,263	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Post Filtration System	Water Plant	$ -	$ -	$ 387,229	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Hamilton Dam Sheet Piling	Water Plant	$ -	$ -	$ 1,050,800	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Yard Valve Replacement 4	Water Plant	$ -	$ -	$ -	$ 218,545	$ 225,102	$ 231,855	$ 238,810	$ 245,975	$ 253,354	$ 260,955	$ 268,783	$ 276,847				
Phosphoric Acid Feed System	Water Plant	$ -	$ -	$ -	$ 185,784	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Elevated Tank Altitude Valve Rebuilt	Water Plant	$ -	$ -	$ -	$ 64,836	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
New Fencing Around Water Plant	Water Plant	$ -	$ -	$ -	$ 109,273	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Security Cameras	Water Plant	$ -	$ -	$ -	$ 10,927	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Thread Lake Dam Replacement	Water Plant	$	$	$ -	$ 655,636	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
Various Control Station Roof Replacements	Water Plant	$ -	$	$ -	$ -	$ 662,764	$ 678,837	$ 697,026	$ 614,937	$ 633,386	$ 652,387	$ 671,958	$ 692,117				
Replace Pump 1 @ PS#3 with VFD	Water Plant	$ -	$ -	$ -	$ -	$ 46,020	$ 46,371	$ 47,762	$ 49,195	$ 50,671	$ 52,191	$ 53,757	$ 55,369				
Replace Pumps 1&2 @ PS#4 with VFD's	Water Plant	$ -	$ -	$ -	$ -	$ 168,826	$ 173,891	$ 179,108	$ 184,481	$ 190,016	$ 195,716	$ 201,587	$ 207,635				
Holloway Drum Gate Rehab	Water Plant	$ -	$ -	$ -	$ -	$ 1,126,509	$ 1,159,274	$ 1,194,052	$ 1,229,074	$ 1,266,770	$ 1,304,773	$ 1,343,816	$ 1,384,234				
Ongoing System Re-Capitalization	WSC Water Fund	$ -	$ -	$ 530,450	$ 1,092,727	$ 1,126,509	$ 1,159,274	$ 1,791,078	$ 1,844,811	$ 1,900,156	$ 1,957,160	$ 2,015,875	$ 2,076,351				
		$ 9,675,000	$ 8,267,398	$ 8,040,137	$ 6,236,766	$ 6,416,400	$ 6,491,936	$ 7,293,719	$ 7,502,231	$ 7,727,297	$ 7,959,116	$ 8,197,880	$ 8,443,827				

TABLE 13: WATER CIP FINANCING PLAN

	Budget Year FY 2016	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Beginning CIP Fund Balance												
Beginning Year Construction Fund Balance	$ -	$ 144,700	$ 293,302	$ 169,165	$ 433,409	$ 18,009	$ 26,074	$ 242,355	$ 240,125	$ 12,827	$ 53,711	$ 356,821
Carry-Over CIP from Previous Year	$ -											
Net Funds Available for Current CIP	$ -	$ 144,700	$ 293,302	$ 169,165	$ 433,409	$ 18,009	$ 26,074	$ 242,355	$ 240,125	$ 12,827	$ 53,711	$ 356,821
Sources of CIP Financing												
Water Revenue Bonds Issued	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Water Commercial Paper Program	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Water Rate Revenue Financing (Cash)	$ 7,000,000	$ 9,000,000	$ 8,500,000	$ 8,500,000	$ 8,000,000	$ 8,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 8,000,000	$ 8,500,000	$ 8,500,000
SDC Receipts Used for CIP Financing												
Proceeds from Sale of Flint Waterline	$ 3,987,700											
	$ 10,987,700	$ 9,144,700	$ 8,793,302	$ 8,669,165	$ 8,433,409	$ 8,518,009	$ 7,526,074	$ 7,742,355	$ 7,740,125	$ 8,012,827	$ 8,553,711	$ 8,856,821
Uses of CIP Funds												
Total WSC Water Fund	$ 680,000	$ 4,027,300	$ 5,102,929	$ 4,600,381	$ 4,298,188	$ 4,300,807	$ 5,028,880	$ 5,177,769	$ 5,333,102	$ 5,493,095	$ 5,657,888	$ 5,827,626
Total Water Plant	$ 9,115,000	$ 4,240,088	$ 2,837,208	$ 1,635,375	$ 2,127,212	$ 2,181,028	$ 2,256,759	$ 2,324,462	$ 2,394,196	$ 2,466,021	$ 2,540,002	$ 2,616,202
Additional Uses	$ 1,188,000	$ 584,000	$ 684,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Current Year CIP	$ 10,843,000	$ 8,851,388	$ 8,624,137	$ 6,235,756	$ 6,415,400	$ 6,491,835	$ 7,283,719	$ 7,502,231	$ 7,727,297	$ 7,959,116	$ 8,197,890	$ 8,443,827
Bond Issuance Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Refunding of Commercial Paper	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
EQUALS. Ending CIP Fund Balance	$ 144,700	$293,302	$169,165	$433,409	$18,009	$26,074	$242,355	$240,125	$12,827	$53,711	$356,821	$411,994
Target Balance (% of Next Years CIP) 25.00%	$ 2,212,850	$ 2,156,034	$ 1,558,939	$ 1,603,850	$ 1,622,984	$ 1,820,930	$ 1,875,558	$ 1,931,824	$ 1,989,779	$ 2,049,472	$ 2,110,957	$ -
Variance from Target	($2,068,150)	($1,862,732)	($1,389,774)	($1,170,441)	($1,604,975)	($1,794,855)	($1,633,202)	($1,691,700)	($1,976,952)	($1,986,762)	($1,755,138)	$411,994

3.2.4 *Water Cash Flow Forecast*

The final step in the development of the water utility financial plan involves the preparation of a comprehensive cash flow forecast. A summary of the water cash flow forecast is presented in Table 14 on the following page. The key components of the forecast are Financial Plan Inputs, Revenues, Expenditures, and Operating Performance.

- The Financial Plan Inputs component indicates the forecast rate revenue increases. These increases were determined in consultation with City staff and are designed to:
- Ensure recovery of O&M expenditures and existing water utility debt service
- Provide cash financing for the capital projects outlined in the CIP including those necessary to transition from DWSD to the KWA
- Minimize the risk associated with operating a climate dependent enterprise via the build-up of operating reserves equivalent to 90 days of O&M and Debt Service

The Revenues component indicates the revenue at existing rates discussed previously, non-rate revenue and the additional revenue generated by the rate revenue increases shown in the inputs section. Given the forecast of water demand, O&M and capital expenditures and the 90 Day operating reserve benchmark, the "additional revenue" line represents the amount of revenue needed—above existing rate revenues --to ensure adequate recovery of the water utility's revenue requirement in each year of the forecast.

The Expenditures component indicates the major sources of expenditures for the City's water utility: O&M expenditures, Capital expenditures (Rate Revenue Financing and Debt Service) and Transfers to the Operating Reserve.

The Operating performance component indicates the year end position of the water utility with respect to a few key factors. Included are the estimated operating reserve balance, the target reserve balance (90 Days of O&M and Debt Service), the construction fund ending balance and the water utility's debt service coverage ratio.

TABLE 14: WATER CASH FLOW FORECAST

Water Utility	Test Year FY 2017	1st Year Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
FINANCIAL PLAN INPUTS												
Cumulative % Increase		5.0%	10.3%	16.2%	18.7%	22.2%	25.3%	27.8%	30.3%	33.0%	35.6%	38.3%
Annual % Increase in Rate Revenues	0.0%	5.0%	5.0%	4.6%	3.0%	3.0%	2.8%	2.0%	2.0%	2.0%	2.0%	2.0%
REVENUES												
Grand Total Water Revenue at Existing Rates	$ 42,974,374	$ 32,762,575	$ 32,762,575	$ 32,762,575	$ 32,762,575	$ 32,762,575	$ 32,762,575	$ 32,762,575	$ 32,762,575	$ 32,762,575	$ 32,762,575	$ 32,762,575
Additional Revenue from Rate Increases	$ -	$ 1,638,100	$ 3,358,100	$ 4,983,600	$ 6,115,900	$ 7,282,300	$ 8,293,400	$ 9,104,300	$ 9,941,600	$ 10,786,700	$ 11,668,900	$ 12,555,600
Total Non-Rate Revenues	$ 888,000	$ 913,314	$ 931,844	$ 927,886	$ 928,603	$ 929,131	$ 931,145	$ 930,726	$ 933,187	$ 936,360	$ 936,627	$ 942,181
Add Transfers In from General Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Rate and Non-Rate Revenues	*$ 43,860,374*	*$ 35,313,989*	*$ 37,052,318*	*$ 38,673,761*	*$ 39,806,978*	*$ 40,974,006*	*$ 41,977,120*	*$ 42,797,601*	*$ 43,637,362*	*$ 44,484,635*	*$ 45,368,002*	*$ 46,260,556*
EXPENDITURES												
Total O&M Expenditures	*$ 38,865,208*	*$ 21,483,441*	*$ 22,140,012*	*$ 23,316,857*	*$ 23,999,504*	*$ 24,705,148*	*$ 25,434,603*	*$ 26,188,715*	*$ 26,988,360*	*$ 27,774,448*	*$ 28,607,924*	*$ 29,488,768*
Grand Total Existing and Proposed Debt Service	$ 2,747,948	$ 2,742,821	$ 2,746,423	$ 9,648,446	$ 9,644,008	$ 9,643,198	$ 9,639,827	$ 9,192,721	$ 8,678,674	$ 8,085,823	$ 8,423,746	$ 6,900,000
Water Rate Revenue Financing (Cash)	$ 7,000,000	$ 9,000,000	$ 8,500,000	$ 6,500,000	$ 6,000,000	$ 6,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 8,000,000	$ 8,500,000	$ 8,500,000
Water Transfer to Equipment Replacement Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Capital Expenditures	*$ 9,747,948*	*$ 11,742,821*	*$ 11,246,423*	*$ 16,148,446*	*$ 15,644,008*	*$ 16,143,198*	*$ 17,139,827*	*$ 16,692,721*	*$ 16,178,674*	*$ 16,085,823*	*$ 16,923,746*	*$ 15,400,000*
Add Net Surplus/(Deficit)	*$ (2,752,778)*	*$ 2,087,727*	*$ 3,665,883*	*$ (791,543)*	*$ 163,466*	*$ 125,662*	*$ (597,311)*	*$ (83,835)*	*$ 492,328*	*$ 634,563*	*$ (166,668)*	*$ 1,360,788*
GROSS REVENUE REQUIREMENTS												
O&M	$ 38,865,208	$ 21,483,441	$ 22,140,012	$ 23,316,857	$ 23,999,504	$ 24,705,148	$ 25,434,603	$ 26,188,715	$ 26,988,360	$ 27,774,448	$ 28,607,924	$ 29,488,768
Capital	$ 9,747,948	$ 11,742,821	$ 11,246,423	$ 16,148,446	$ 15,644,008	$ 16,143,198	$ 17,139,827	$ 16,692,721	$ 16,178,674	$ 16,085,823	$ 16,923,746	$ 15,400,000
Operating Surplus/Deficit	$ (2,752,778)	$ 2,087,727	$ 3,665,883	$ (791,543)	$ 163,466	$ 125,662	$ (597,311)	$ (83,835)	$ 492,328	$ 634,563	$ (166,668)	$ 1,360,788
Total Gross Revenue Requirements	*$ 43,860,374*	*$ 35,313,989*	*$ 37,052,318*	*$ 38,673,761*	*$ 39,806,978*	*$ 40,974,008*	*$ 41,977,120*	*$ 42,797,601*	*$ 43,637,362*	*$ 44,484,835*	*$ 45,365,002*	*$ 46,260,556*
OPERATING PERFORMANCE												
Ending Operating Reserve Balance	$ 3,375,098	$ 5,462,823	$ 9,128,706	$ 8,337,164	$ 8,500,629	$ 8,626,291	$ 9,028,981	$ 8,945,146	$ 9,437,474	$ 10,072,037	$ 9,905,369	$ 11,266,158
Target Operating Reserve Balance	$ 9,903,268	$ 6,056,566	$ 6,221,809	$ 6,241,326	$ 6,410,878	$ 6,587,088	$ 6,768,609	$ 6,845,389	$ 6,911,258	$ 6,985,016	$ 8,257,918	$ 9,092,442
Variance From Target	$ (6,528,192)	$ (593,742)	$ 2,907,097	$ 95,838	$ 89,751	$ 1,038,206	$ 260,373	$ 99,757	$ 526,216	$ 1,107,019	$ 647,451	$ 2,203,714
Construction Fund Ending Balance	*$ 144,700*	*$ 293,302*	*$ 159,185*	*$ 433,409*	*$ 18,009*	*$ 26,074*	*$ 242,355*	*$ 240,125*	*$ 12,827*	*$ 53,711*	*$ 356,821*	*$ 411,994*
Stand Alone DSCR	*2.55*	*5.04*	*5.43*	*1.59*	*1.64*	*1.69*	*1.72*	*1.81*	*1.92*	*2.07*	*1.99*	*2.43*

3.3 WASTEWATER UTILITY FINANCIAL PLAN

3.3.1 Forecast Wastewater Units of Service and Revenues at Existing Rates

Wastewater Utility Rates

The City recovers the cost of operating the wastewater utility via volumetric rates (i.e. rates based on the amount of wastewater discharged) and fixed monthly service charges (a charge per customer bill). The City's existing wastewater volumetric charge is a uniform rate, or a rate that does not vary (on a per unit basis) as the amount of wastewater discharged varies. The existing wastewater volumetric rate structure is indicated in Table 15 below. Similar to the water utility volumetric rate structure a distinction is made between inside and outside city customers, with the outside city rate set at approximately 110% of the inside city rate.

TABLE 15: EXISTING WASTEWATER VOLUMETRIC RATES

CUSTOMER CLASS		Test Year FY 2014 Existing Rates
Total Inside City All Classes	($/CCF)	$ 4.80
Total Outside City All Classes	($/CCF)	$ 5.29

The existing wastewater rate structure includes a fixed service charge which varies by customer water meter size. The rates are shown in Table 16 on the following page. Most Flint residential customers have a 5/8" meter and currently pay the $32.00 fixed monthly service charge. Similar to the wastewater volumetric rate, the wastewater fixed charges include an inside outside city differential (120%).

In addition to the retail wastewater rates, the City currently serves a wholesale wastewater customer, Beecher Metropolitan District ("District"). The District currently pays $1.34 per CCF of wastewater discharged, an amount that was negotiated in the 1995 Contract between the City and the District.

TABLE 16: EXISTING WASTEWATER FIXED CHARGES

CUSTOMER CLASS	Test Year FY2014 Existing Rates
Inside City Residential Customers	
5/8"	$ 32.00
3/4"	$ 46.92
1"	$ 65.34
1-1/2"	$ 65.34
2"	$ 65.34
Inside City Commercial/Industrial Customers	
5/8"	$ 51.92
3/4"	$ 64.43
1"	$ 84.71
1-1/2"	$ 137.84
2"	$ 196.16
3"	$ 438.06
4"	$ 721.84
6"	$ 1,459.95
8"	$ 2,148.21
10"	$ 2,918.39
12"	$ 3,426.23
16"	$ 4,523.95
20"	$ 5,326.87
Outside City Residential Customers	
5/8"	$ 41.01
3/4"	$ 56.01
1"	$ 76.99
1-1/2"	$ 76.99
2"	$ 76.99
Outside City Commercial/Industrial Customers	
5/8"	$ 58.12
3/4"	$ 73.62
1"	$ 98.05
1-1/2"	$ 164.80
2"	$ 232.43
3"	$ 522.87
4"	$ 886.01
6"	$ 1,770.13
8"	$ 2,646.52
10"	$ 3,522.54
12"	$ 4,132.57
16"	$ 5,497.91
20"	$ 6,532.02

Forecast Wastewater Units of Service

In order to forecast the level of revenue expected under existing wastewater fixed and volumetric rates, the number of wastewater accounts and the level of wastewater usage must be estimated for the forecast period. The number of historical and forecast wastewater utility accounts is indicated in Tables 17 and 18 on the following two pages.

Note that the raw billing data appear to indicate a 14% increase in inside city accounts and an 18% increase in outside city accounts from FY 2012 to FY 2013. This increase in accounts does not appear to have been sustained into FY 2014. The City has indicated that wastewater billings have decreased approximately 12% from FY 2013. Given this change we have adjusted the forecast level of wastewater accounts to be around 13% less than their FY 2013 level. As no significant growth the City's customer base is expected, no customer growth has been forecast on a going forward basis.

TABLE 17: FORECAST INSIDE CITY WASTEWATER ACCOUNTS

Customer Class	Actual FY 2012	Actual FY 2013	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Inside City Residential														
5/8"	24,575	28,460	24,760	24,760	24,760	24,760	24,760	24,760	24,760	24,760	24,760	24,760	24,760	24,760
1"	271	337	293	293	293	293	293	293	293	293	293	293	293	293
1-1/2"	26	33	29	29	29	29	29	29	29	29	29	29	29	29
2"	9	11	9	9	9	9	9	9	9	9	9	9	9	9
Total Inside City Residential Remote	25,282	28,841	25,091	25,091	25,091	25,091	25,091	25,091	25,091	25,091	25,091	25,091	25,091	25,091
Inside City Commercial/Industrial														
5/8"	374	402	350	350	350	350	350	350	350	350	350	350	350	350
1"	240	273	238	238	238	238	238	238	238	238	238	238	238	238
1-1/2"	208	269	229	229	229	229	229	229	229	229	229	229	229	229
2"	237	271	236	236	236	236	236	236	236	236	236	236	236	236
3"	78	89	77	77	77	77	77	77	77	77	77	77	77	77
4"	60	61	53	53	53	53	53	53	53	53	53	53	53	53
6"	30	41	36	36	36	36	36	36	36	36	36	36	36	36
8"	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Total Inside City Commercial/Industrial	1,261	1,403	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221
Total Inside City Accounts	26,543	30,244	26,312	26,312	26,312	26,312	26,312	26,312	26,312	26,312	26,312	26,312	26,312	26,312
		14%	-13%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

TABLE 18: FORECAST OUTSIDE CITY WASTEWATER ACCOUNTS

Customer Class	Historical FY 2013	Historical FY 2013	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Outside City Residential														
5/8"	6	7	6	6	6	6	6	6	6	6	6	6	6	6
Total Outside City Residential Remote	6	7	6	6	6	6	6	6	6	6	6	6	6	6
Outside City Commercial/Industrial														
5/8"	5	5	4	4	4	4	4	4	4	4	4	4	4	4
1"	2	6	3	3	3	3	3	3	3	3	3	3	3	3
1-1/2"	3	3	3	3	3	3	3	3	3	3	3	3	3	3
2"	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Total Outside City Commercial/Industrial	11	13	11	11	11	11	11	11	11	11	11	11	11	11
Total Outside City Accounts	17	20	17	17	17	17	17	17	17	17	17	17	17	17
		18%	-13%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

In addition to forecasting the number of accounts by meter size and customer class, the level of wastewater usage must also be estimated for the forecast period. The historical and forecast level of wastewater usage by customer class can be on Table 19 on the following page.

Note that—consistent with the significant increase in inside city water accounts in FY 2013—inside city wastewater usage has increased significantly in FY 2013 (18%). Given the uncertainty surrounding this most recent upswing in billed wastewater usage, and the subsequent decrease in billed wastewater revenues, retail usage has been forecast at 15% below FY 2013 levels for FY 2014, FY 2015 and the remainder of the ten year forecast period.

TABLE 19: FORECAST WASTEWATER USAGE

Customer Class	Historical FY 2012	Historical FY 2013	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
INSIDE CITY														
Inside City Metered Wastewater Rates														
Total Inside City Residential	1,349,811	1,854,801	1,676,666	1,676,666	1,676,666	1,676,666	1,676,666	1,676,666	1,676,666	1,676,666	1,676,666	1,676,666	1,676,666	1,676,666
Total Inside City Commercial/Industrial	1,395,944	1,645,654	1,398,721	1,398,721	1,398,721	1,398,721	1,398,721	1,398,721	1,398,721	1,398,721	1,398,721	1,398,721	1,398,721	1,398,721
Total Inside City All Classes	2,746,556	3,500,455	2,976,387	2,976,387	2,976,387	2,976,387	2,976,387	2,976,387	2,976,387	2,976,387	2,976,387	2,976,387	2,976,387	2,976,387
		27%	15%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
OUTSIDE CITY														
Outside City Metered Wastewater Rates														
Total Outside City Residential	219	242	208	208	208	208	208	208	208	208	208	208	208	208
Total Outside City Commercial/Industrial	8,505	8,249	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012
Total Outside City All Classes	8,724	8,491	7,217	7,217	7,217	7,217	7,217	7,217	7,217	7,217	7,217	7,217	7,217	7,217
		-3%	-15%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
TOTAL RETAIL														
Total Residential	1,348,830	1,855,143	1,676,872	1,676,872	1,676,872	1,676,872	1,676,872	1,676,872	1,676,872	1,676,872	1,676,872	1,676,872	1,676,872	1,676,872
Total Commercial/Industrial	1,404,449	1,653,903	1,405,733	1,405,733	1,405,733	1,405,733	1,405,733	1,405,733	1,405,733	1,405,733	1,405,733	1,405,733	1,405,733	1,405,733
	2,754,279	3,508,946	2,982,604	2,982,604	2,982,604	2,982,604	2,982,604	2,982,604	2,982,604	2,982,604	2,982,604	2,982,604	2,982,604	2,982,604
		27%	15%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
WHOLESALE														
Beecher Metro Wholesale Rate														
Beecher Metro Wholesale Rate	520,393	513,673	513,673	513,673	513,673	513,673	513,673	513,673	513,673	513,673	513,673	513,673	513,673	513,673
GRAND TOTAL WASTEWATER USAGE	3,274,672	4,022,619	3,496,277	3,496,277	3,496,277	3,496,277	3,496,277	3,496,277	3,496,277	3,496,277	3,496,277	3,496,277	3,496,277	3,496,277
		23%	-13%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Forecast Wastewater Revenue at Existing Rates

Wastewater utility revenue at existing rates is the sum of wastewater volumetric and fixed charge revenue Fixed charge revenue at existing rates was determined by multiplying the number of forecast accounts at each meter size, by the existing rate for that size and again by 12 for each of the monthly bills. Volumetric revenue was determined by multiplying the level of consumption by customer class, by the existing volumetric rates. Table 20 on the following page indicates the level of wastewater revenue at existing rates.

Total wastewater revenue at existing rates in FY 2014 is forecast to be approximately $27 Million. Of this, approximately 54% is derived from the volumetric rates and 46% is associated with the fixed monthly service charges. On a going forward basis, the level of revenues at existing wastewater rates would remain at $27 Million assuming consumption remains flat and the City makes no adjustments to wastewater rates.

TABLE 20: FORECAST WASTEWATER REVENUE AT FY 2014 RATES

SUMMARY OF FORECAST WASTEWATER RATE REVENUE AT EXISTING RATES													
Customer Class	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
GRAND TOTAL SYSTEM USAGE REVENUE	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754
GRAND TOTAL SYSTEM FIXED CHARGE REVENUE	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621
GRAND TOTAL WASTEWATER REVENUE AT EXISTING RA	$27,777,374	$27,777,374	$27,777,374	$27,777,374	$27,777,374	$27,777,374	$27,777,374	$27,777,374	$27,777,374	$27,777,374	$27,777,374	$27,777,374

SUMMARY OF METERED WASTEWATER REVENUE												
Customer Class	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
TOTAL RETAIL USAGE REVENUE												
Total Inside City Residential	$ 7,569,083	$ 7,569,083	$ 7,569,083	$ 7,569,083	$ 7,569,083	$ 7,569,083	$ 7,569,083	$ 7,569,083	$ 7,569,083	$ 7,569,083	$ 7,569,083	$ 7,569,083
Total Inside City Commercial/Industrial	$ 6,750,917	$ 6,750,917	$ 6,750,917	$ 6,750,917	$ 6,750,917	$ 6,750,917	$ 6,750,917	$ 6,750,917	$ 6,750,917	$ 6,750,917	$ 6,750,917	$ 6,750,917
	$14,320,000	$14,320,000	$14,320,000	$14,320,000	$14,320,000	$14,320,000	$14,320,000	$14,320,000	$14,320,000	$14,320,000	$14,320,000	$14,320,000
WHOLESALE USAGE REVENUE												
Beecher Metro Wholesale Rate	$ 685,753	$ 685,753	$ 685,753	$ 685,753	$ 685,753	$ 685,753	$ 685,753	$ 685,753	$ 685,753	$ 685,753	$ 685,753	$ 685,753
GRAND TOTAL SYSTEM USAGE REVENUE	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754	$15,005,754

SUMMARY OF FIXED CHARGE WASTEWATER REVENUE												
Customer Class	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
TOTAL RETAIL FIXED CHARGE REVENUE												
Total Inside City Residential	$ 9,771,131	$ 9,771,131	$ 9,771,131	$ 9,771,131	$ 9,771,131	$ 9,771,131	$ 9,771,131	$ 9,771,131	$ 9,771,131	$ 9,771,131	$ 9,771,131	$ 9,771,131
Total Inside City Commercial/Industrial	$ 2,972,974	$ 2,972,974	$ 2,972,974	$ 2,972,974	$ 2,972,974	$ 2,972,974	$ 2,972,974	$ 2,972,974	$ 2,972,974	$ 2,972,974	$ 2,972,974	$ 2,972,974
	$12,744,105	$12,744,105	$12,744,105	$12,744,105	$12,744,105	$12,744,105	$12,744,105	$12,744,105	$12,744,105	$12,744,105	$12,744,105	$12,744,105
WHOLESALE FIXED CHARGE REVENUE												
Beecher Metro Fixed Charge	$ 27,516	$ 27,516	$ 27,516	$ 27,516	$ 27,516	$ 27,516	$ 27,516	$ 27,516	$ 27,516	$ 27,516	$ 27,516	$ 27,516
GRAND TOTAL SYSTEM FIXED CHARGE REVENUE	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621	$12,771,621

3.3.2 Forecast Wastewater Utility Operation and Maintenance Expenditures

Wastewater O&M Inflation Rates

The budgets provided by the City are the basis for the forecast of wastewater utility O&M expenditures. To forecast the level of wastewater utility O&M expenditures that the City is projected to incur over the forecast period we applied escalation rates shown in Table 21 below.

TABLE 21: WASTEWATER O&M ESCALATION RATES

Category	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Wages & Salaries	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Benefits	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Pension	0%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Medical	0%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Materials/Supplies	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
General	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Vehicle	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Pilot	0%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Deprc/Deplic Equip Replace	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Cost Alloc Plan-Expense	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Utilities	0%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Maintenance	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Capital Outlay	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Water Supply Costs	0%	0%	0%	0%	5%	5%	5%	5%	5%	5%	5%	5%
KWA Bond Payment	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
KWA Initiation Fee	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Purchase of KWA raw water	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Transfer to 101	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Transfer to 493	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Forecast Wastewater Operation and Maintenance Expenditures

Tables 22 and 23 on the following page indicate level of wastewater O&M expenditures over the forecast period, by the escalation rate categories and by department.

Unlike the water utility there is no single large cost driver. The most notable expenditures are associated with personnel: Wages and Salaries, Benefits, Pension, and the City's share of retiree healthcare benefits ("Cost Alloc. Plan-Expense"). In general, wastewater O&M expenditures are projected to decrease from 24 Million in FY 2014 to 23 Million in FY 2015 with inflationary increases thereafter.

TABLE 22: WASTEWATER O&M BY CATEGORY

Category	Budget Year FY 2014	Est. Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Wages & Salaries	$ 4,289,608	$ 4,321,276	$ 4,450,913	$ 4,584,440	$ 4,721,973	$ 4,863,633	$ 6,009,542	$ 6,159,828	$ 5,314,823	$ 5,474,061	$ 6,638,283	$ 5,807,432
Benefits	$ 1,584,693	$ 1,696,181	$ 1,843,036	$ 1,692,327	$ 1,743,097	$ 1,795,390	$ 1,849,252	$ 1,904,729	$ 1,961,871	$ 2,020,727	$ 2,081,348	$ 2,143,790
Pension	$ 2,047,927	$ 2,091,618	$ 2,196,199	$ 2,306,009	$ 2,421,309	$ 2,542,375	$ 2,669,494	$ 2,802,968	$ 2,943,117	$ 3,090,273	$ 3,244,786	$ 3,407,028
Medical	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Materials/Supplies	$ 1,491,050	$ 1,636,782	$ 1,581,856	$ 1,629,311	$ 1,678,190	$ 1,728,536	$ 1,780,392	$ 1,833,803	$ 1,888,818	$ 1,945,482	$ 2,003,847	$ 2,063,962
General	$ 3,301,203	$ 1,762,239	$ 1,804,806	$ 1,858,950	$ 1,914,719	$ 1,972,161	$ 2,031,325	$ 2,092,265	$ 2,155,033	$ 2,219,684	$ 2,286,275	$ 2,354,863
Vehicle	$ 780,802	$ 783,627	$ 807,136	$ 831,349	$ 856,290	$ 881,979	$ 908,438	$ 935,691	$ 963,762	$ 992,675	$ 1,022,455	$ 1,053,129
Pilot	$ 1,218,300	$ 1,242,666	$ 1,267,519	$ 1,292,870	$ 1,318,727	$ 1,345,102	$ 1,372,004	$ 1,399,444	$ 1,427,433	$ 1,456,981	$ 1,486,101	$ 1,514,803
Depric/Deplc Equip Replace	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cost Alloc Plan-Expense	$ 6,038,744	$ 5,189,906	$ 5,345,604	$ 5,505,972	$ 5,671,151	$ 5,841,285	$ 6,016,524	$ 6,197,020	$ 6,382,930	$ 6,574,418	$ 6,771,651	$ 6,974,800
Utilities	$ 2,283,000	$ 2,218,320	$ 1,960,941	$ 2,039,378	$ 2,120,954	$ 2,205,792	$ 2,294,023	$ 2,385,784	$ 2,481,216	$ 2,580,464	$ 2,683,683	$ 2,791,030
Maintenance	$ 401,600	$ 413,648	$ 426,057	$ 438,839	$ 452,004	$ 465,564	$ 479,531	$ 493,917	$ 508,736	$ 523,997	$ 539,717	$ 555,908
Capital Outlay	$ 46,700	$ 48,131	$ 50,606	$ 52,123	$ 53,687	$ 55,297	$ 56,956	$ 58,665	$ 60,425	$ 62,238	$ 64,105	$ 66,028
Water Supply Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
KWA Bond Payment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
KWA Initiation Fee	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Purchase of KWA raw water	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Principal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfer to 101	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000
Transfer to 493	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ 24,323,627	$ 23,053,392	$ 23,394,671	$ 24,091,669	$ 24,812,101	$ 25,667,113	$ 26,327,481	$ 27,124,115	$ 27,947,961	$ 28,800,000	$ 29,681,251	$ 30,592,770

TABLE 23: WASTEWATER O&M BY DEPARTMENT

O&M DETAIL FOR FISCAL YEAR ENDED JUNE 30 DEPARTMENTS	Budget Year FY 2014	Est. Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Total Dept 638 101-Utilities - Sewer Administration	$ 7,442,428	$ 7,653,942	$ 7,871,578	$ 8,095,616	$ 8,325,945	$ 8,563,051	$ 8,807,033	$ 9,058,091	$ 9,316,436	$ 9,582,281	$ 9,856,847	$ 10,137,362
Total Dept 640 100-Water Service Center Management	$ 2,713,445	$ 839,478	$ 866,367	$ 894,148	$ 922,848	$ 952,502	$ 983,141	$ 1,014,800	$ 1,047,513	$ 1,081,318	$ 1,116,254	$ 1,152,359
Total Dept 640 300-WSC - Capital Improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 640 207-Wsc-Meter Reading - Sewer	$ 700,618	$ 738,418	$ 762,919	$ 788,273	$ 814,510	$ 841,653	$ 869,768	$ 898,858	$ 928,970	$ 960,143	$ 992,417	$ 1,025,832
Total Dept 640 208-Wsc-Sewer Maint./Construction	$ 2,703,183	$ 2,797,696	$ 2,886,717	$ 2,997,382	$ 3,102,837	$ 3,212,232	$ 3,325,725	$ 3,443,478	$ 3,565,664	$ 3,692,468	$ 3,824,049	$ 3,960,627
Total Dept 650 100-Wpc Operations	$ 5,176,142	$ 5,616,166	$ 6,387,112	$ 5,557,829	$ 5,755,178	$ 5,960,028	$ 6,172,460	$ 6,392,766	$ 6,621,266	$ 6,858,238	$ 7,104,049	$ 7,359,024
Total Dept 650 200-Wpc-Third Ave Pump Station	$ 909,913	$ 736,282	$ 761,801	$ 789,306	$ 817,834	$ 847,425	$ 878,119	$ 909,960	$ 942,990	$ 977,267	$ 1,012,807	$ 1,049,680
Total Dept 650 202-Wpc-Maintenance Expense	$ 2,817,899	$ 2,912,411	$ 3,009,177	$ 3,109,314	$ 3,212,960	$ 3,320,211	$ 3,431,235	$ 3,546,160	$ 3,665,132	$ 3,788,303	$ 3,915,829	$ 4,047,876
Total Dept 650 300-WPC - Capital Improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 650 600-Non_dep_Exp-Sewer Portion	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 866 101-Transfers out to fund 101	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GRAND TOTAL WASTEWATER UTILITY	$ 24,323,627	$ 23,053,392	$ 23,394,671	$ 24,091,669	$ 24,812,101	$ 25,667,113	$ 26,327,481	$ 27,124,115	$ 27,947,961	$ 28,800,000	$ 29,681,251	$ 30,592,770

3.3.3 Wastewater Utility CIP and CIP Financing

Tables 24 and 25 on the following two pages indicate the wastewater capital improvements program ("CIP") provided by the City and the CIP financing plan. As the plan we received from the City was presented in current year dollars, we escalated the project amounts 3% per year from FY 2015 onward. The largest capital projects relate to rehabilitation of the City's wastewater treatment plant and pumping stations. In general, the level of spending in the CIP peaks at from $12 Million in FY 2018 and returns to an average level of around $8 Million going forward.

Table 25 summarizes the wastewater utility CIP financing plan. While the CIP financing plan used for this report only incorporates cash financing, the City may seek to leverage its revenue stream in the future via the issuance of revenue bonds or other alternative financing instruments. This would be particularly beneficial for major wastewater capital improvements, as it would spread the financing responsibility over existing and future ratepayers who receive the benefit of the improvement throughout the asset's useful life.

TABLE 24: WASTEWATER CAPITAL IMPROVEMENTS PROGRAM

| WASTEWATER CAPITAL PROJECTS (ESCALATED) | | |

TABLE 25: WASTEWATER CIP FINANCING PLAN

Water Construction Fund/Account		Budget Year FY 2015	Test Year FY 2016	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Beginning CIP Fund Balance													
Beginning Year Construction Fund Balance			$ 294,324	$ 74,024	$ 301,768	$ 18,573	$ 764,047	$ 91,165	$ 160,717	$ 86,993	$ 286,357	$ 272,002	$ 6,916
Carry-Over CIP from Previous Year													
Net Funds Available for Current CIP		$ -	$ 294,324	$ 74,024	$ 301,768	$ 18,573	$ 764,047	$ 91,165	$ 160,717	$ 86,993	$ 286,357	$ 272,002	$ 6,916
Sources of CIP Financing													
Wastewater Revenue Bonds Issued		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Wastewater Commercial Paper Program		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Wastewater Rate Revenue Financing (Cash)		$ 6,500,000	$ 7,000,000	$ 9,500,000	$ 9,500,000	$ 12,600,000	$ 7,500,000	$ 8,000,000	$ 7,500,000	$ 8,000,000	$ 8,000,000	$ 8,000,000	$ 8,500,000
SDC Receipts Used for CIP Financing													
Other Sources of CIP Financing													
		$ 6,500,000	$ 7,294,324	$ 9,574,024	$ 9,801,768	$ 12,618,573	$ 8,264,047	$ 8,091,165	$ 7,660,717	$ 8,086,993	$ 8,286,357	$ 8,272,002	$ 8,506,916
Uses of CIP Funds													
Total WSC Sewer Fund		$ 2,120,000	$ 3,337,200	$ 6,559,116	$ 4,425,544	$ 6,583,819	$ 7,013,608	$ 7,224,016	$ 7,440,737	$ 7,663,959	$ 7,893,878	$ 8,130,694	$ 8,374,615
Total Water Pollution Control		$ 3,086,676	$ 3,883,100	$ 3,713,160	$ 5,357,840	$ 6,070,708	$ 1,159,274	$ 716,431	$ 122,987	$ 126,877	$ 130,477	$ 134,392	$ 138,423
Additional Uses													
Total Current Year CIP		$ 5,206,676	$ 7,220,300	$ 9,272,268	$ 9,783,185	$ 11,754,528	$ 8,172,882	$ 7,940,448	$ 7,563,724	$ 7,790,835	$ 8,024,355	$ 8,265,086	$ 8,513,038
Bond Issuance Costs		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Refunding of Commercial Paper		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
EQUALS - Ending CIP Fund Balance		$294,324	$74,024	$301,756	$18,573	$764,047	$91,165	$150,717	$86,993	$296,357	$272,002	$6,916	($6,122)
Target Balance (% of Next Years CIP)	26.00%	$ 1,895,078	$ 2,318,067	$ 2,445,786	$ 2,938,631	$ 2,043,221	$ 1,985,112	$ 1,890,931	$ 1,947,659	$ 2,006,089	$ 2,065,271	$ 2,126,260	$ -
Variance from Target		($1,510,761)	($2,244,042)	($2,144,038)	($2,920,058)	($1,279,173)	($1,893,947)	($1,740,214)	($1,860,666)	($1,709,732)	($1,794,269)	($2,121,343)	($6,122)

3.3.4 Wastewater Cash Flow Forecast

The final step in the development of the wastewater utility financial plan involves the preparation of a comprehensive cash flow forecast. A summary of the wastewater cash flow forecast is presented in Table 26 on the following page. The key components of the forecast are Financial Plan Inputs, Revenues, Expenditures, and Operating Performance.

The Financial Plan Inputs component indicates the forecast rate revenue increases. These increases were determined in consultation with City staff and are designed to:

- Ensure recovery of wastewater utility O&M expenditures
- Provide cash financing for the wastewater capital projects outlined in the CIP
- Minimize risk via the build-up of operating reserves equivalent to 90 days of O&M and Debt Service

The Revenues component indicates the revenue at existing rates discussed previously, non-rate revenue and the additional revenue generated by the rate revenue increases shown in the inputs section. Given the forecast of wastewater demand, O&M and capital expenditures and the 90 Day operating benchmark, the "additional revenue" line represents the amount of revenue needed—above existing rate revenues—to ensure adequate recovery of the wastewater utility's revenue requirement going forward.

The Expenditures component indicates the major sources of expenditures for the City's wastewater utility: O&M expenditures, Capital expenditures (Rate Revenue Financing and Debt Service) and Transfers to the Operating Reserve.

The Operating performance section indicates the year end position of the wastewater utility with respect to a few key factors. Included are the estimated operating reserve balance, the target reserve balance (90 Days of O&M and Debt Service), and the construction fund ending balance.

TABLE 26: WASTEWATER CASH FLOW FORECAST

Wastewater Utility	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
FINANCIAL PLAN INPUTS												
Cumulative % Increase		7.5%	15.0%	23.1%	28.6%	31.2%	33.8%	36.5%	39.2%	42.0%	44.9%	47.7%
Annual % Increase in Rate Revenues	0.0%	7.5%	7.0%	7.0%	4.6%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
REVENUES												
Grand Total Wastewater Revenue at Existing Rates	$ 27,777,374	$ 27,777,374	$ 27,777,374	$ 27,777,374	$ 27,777,374	$ 27,777,374	$ 27,777,374	$ 27,777,374	$ 27,777,374	$ 27,777,374	$ 27,777,374	$ 27,777,374
Additional Revenue from Rate Increases	$ -	$ 2,083,300	$ 4,173,500	$ 6,410,100	$ 7,048,600	$ 8,693,000	$ 9,391,800	$ 10,136,200	$ 10,893,500	$ 11,668,900	$ 12,456,800	$ 13,260,500
Total Non-Rate Revenues	$ 895,872	$ 423,562	$ 420,848	$ 426,058	$ 422,741	$ 439,384	$ 801,058	$ 620,110	$ 536,407	$ 552,390	$ 567,990	$ 580,618
Add Transfers In From General Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Rate and Non-Rate Revenues	*$ 28,673,246*	*$ 30,284,237*	*$ 32,371,823*	*$ 34,613,532*	*$ 36,148,616*	*$ 36,879,758*	*$ 37,670,242*	*$ 38,432,688*	*$ 39,207,281*	*$ 39,998,665*	*$ 40,801,164*	*$ 41,618,493*
EXPENDITURES												
Total O&M Expenditures	*$ 24,323,627*	*$ 23,053,392*	*$ 23,394,671*	*$ 24,091,569*	*$ 24,812,101*	*$ 25,557,113*	*$ 26,327,461*	*$ 27,124,116*	*$ 27,947,961*	*$ 28,800,000*	*$ 29,681,251*	*$ 30,592,770*
Grand Total Existing and Proposed Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Wastewater Rate Revenue Financing (Cash)	$ 6,500,000	$ 7,000,000	$ 9,500,000	$ 9,500,000	$ 12,000,000	$ 8,000,000	$ 8,000,000	$ 7,500,000	$ 8,000,000	$ 8,000,000	$ 8,000,000	$ 8,500,000
Wastewater Transfer to Equipment Replacement Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Capital Expenditures	*$ 6,500,000*	*$ 7,000,000*	*$ 9,500,000*	*$ 9,500,000*	*$ 12,000,000*	*$ 8,000,000*	*$ 8,000,000*	*$ 7,500,000*	*$ 8,000,000*	*$ 8,000,000*	*$ 8,000,000*	*$ 8,500,000*
Add Net Surplus/Deficit	*$ (1,650,381)*	*$ 230,845*	*$ (522,848)*	*$ 1,021,963*	*$ (663,485)*	*$ 3,322,645*	*$ 3,342,781*	*$ 3,808,570*	*$ 3,259,320*	*$ 3,198,664*	*$ 3,119,913*	*$ 2,625,723*
GROSS REVENUE REQUIREMENTS												
O&M	$ 24,328,627	$ 23,053,392	$ 23,394,671	$ 24,091,569	$ 24,812,101	$ 25,557,113	$ 26,327,461	$ 27,124,116	$ 27,947,961	$ 28,800,000	$ 29,681,251	$ 30,592,770
Capital	$ 6,500,000	$ 7,000,000	$ 9,500,000	$ 9,500,000	$ 12,000,000	$ 8,000,000	$ 8,000,000	$ 7,500,000	$ 8,000,000	$ 8,000,000	$ 8,000,000	$ 8,500,000
Operating Surplus/Deficit	$ (1,650,381)	$ 230,845	$ (522,848)	$ 1,021,963	$ (663,485)	$ 3,322,645	$ 3,342,781	$ 3,808,570	$ 3,259,320	$ 3,198,664	$ 3,119,913	$ 2,625,723
Total Gross Revenue Requirements	*$ 28,673,246*	*$ 30,284,237*	*$ 32,371,823*	*$ 34,613,532*	*$ 36,148,616*	*$ 36,879,758*	*$ 37,670,242*	*$ 38,432,688*	*$ 39,207,281*	*$ 39,998,665*	*$ 40,801,164*	*$ 41,618,493*
OPERATING PERFORMANCE												
Ending Operating Reserve Balance	$ 5,307,252	$ 5,538,097	$ 5,015,249	$ 6,037,212	$ 5,373,726	$ 17,696,341	$ 21,039,102	$ 24,847,672	$ 28,106,991	$ 31,305,656	$ 34,423,569	$ 36,949,292
Target Operating Reserve Balance	$ 6,080,907	$ 5,763,348	$ 5,848,668	$ 6,022,892	$ 6,203,025	$ 6,389,278	$ 6,581,870	$ 6,781,029	$ 6,986,990	$ 7,200,000	$ 7,420,313	$ 7,648,192
Variance From Target	$ (773,655)	$ (225,251)	$ (833,419)	$ 14,320	$ (829,300)	$ 11,307,063	$ 14,457,232	$ 18,066,643	$ 21,120,001	$ 24,105,656	$ 27,003,256	$ 29,301,100
Construction Fund Ending Balance	*$ 294,324*	*$ 74,024*	*$ 301,768*	*$ 16,573*	*$ 284,047*	*$ 91,166*	*$ 150,717*	*$ 86,993*	*$ 296,357*	*$ 272,002*	*$ 6,916*	*$ (8,122)*
Stand Alone DSCR	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*

4. WATER UTILITY COST OF SERVICE STUDY

Following the determination of the water utility financial plan, the next steps are to summarize the water utilities total rate revenue requirement, determine the proportion of that requirement which is attributable to each customer class, and calculate the volumetric and fixed rates.

4.1 WATER REVENUE REQUIREMENT FROM RATES

Table 27 below indicates the level of water utility expenditures which must be recovered from rates in the FY 2015 test year and each year of the forecast period. It is comprised of the forecast water utility O&M and capital expenditures, and is offset by non-rate revenues the water utility is anticipated to receive over the forecast period. The total test year revenue requirement is approximately $34 Million.

TABLE 27: WATER REVENUE REQUIREMENTS

OPERATION AND MAINTENANCE EXPENDITURES Fiscal Year Ending Revenue Year	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Total Dept 536 100-Utilities - Water Administration	$ 7,492,304	$ 7,718,511	$ 7,945,452	$ 8,179,197	$ 8,419,955	$ 8,667,940	$ 8,923,374	$ 9,186,486	$ 9,457,512	$ 9,736,695	$ 10,024,288	$ 10,320,548
Total Dept 536 206-Utilities - Water Cross Connection P	$ 104,502	$ 108,204	$ 112,037	$ 116,015	$ 120,142	$ 124,426	$ 128,872	$ 133,488	$ 138,279	$ 143,254	$ 148,419	$ 153,782
Total Dept 540 100-Water Service Center Management	$ 1,223,240	$ 1,244,890	$ 1,284,276	$ 1,324,940	$ 1,366,925	$ 1,410,276	$ 1,455,037	$ 1,501,267	$ 1,548,985	$ 1,598,273	$ 1,649,172	$ 1,701,738
Total Dept 540 300-WSC - Capital Improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 540.200-Wsc-Meter Reading - Water	$ 730,677	$ 538,281	$ 551,628	$ 570,842	$ 590,360	$ 610,779	$ 631,957	$ 653,913	$ 676,677	$ 700,281	$ 724,769	$ 750,145
Total Dept 540.202-Wsc-Water Distribution Mains	$ 3,250,697	$ 3,608,236	$ 3,824,447	$ 3,955,207	$ 4,090,691	$ 4,231,081	$ 4,376,566	$ 4,527,344	$ 4,683,618	$ 4,845,604	$ 5,013,523	$ 5,187,608
Total Dept 545.200-Water Plant - Operations	$ 21,645,158	$ 5,420,858	$ 5,608,034	$ 6,300,105	$ 6,482,060	$ 6,670,603	$ 6,866,922	$ 7,068,291	$ 7,277,975	$ 7,495,260	$ 7,720,402	$ 7,953,729
Total Dept 545.201-Water Plant Maintenance	$ 1,286,921	$ 1,629,461	$ 1,684,138	$ 1,740,781	$ 1,799,361	$ 1,860,043	$ 1,922,875	$ 1,987,937	$ 2,055,313	$ 2,125,091	$ 2,197,362	$ 2,272,219
Total Dept 545.202-Water Plant - Dam Operations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 545.203-Water Plant - Dam Maintenance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 545.300-Water Plant - Capital Improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 966.101-Transfers out to fund 101	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000	$ 1,130,000
Total Operation and Maintenance Expenditures	$ 36,865,208	$ 21,493,441	$ 22,140,012	$ 23,316,887	$ 23,998,504	$ 24,705,148	$ 25,434,603	$ 26,188,716	$ 26,968,360	$ 27,774,448	$ 28,607,924	$ 29,469,788
DEBT/CAPEX EXPENDITURES Fiscal Year Ending Revenue Year	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Grand Total Existing and Proposed Debt Service	$ 2,747,848	$ 2,742,821	$ 2,746,423	$ 9,848,446	$ 9,844,008	$ 9,843,188	$ 8,838,827	$ 9,182,721	$ 8,678,874	$ 8,655,823	$ 8,423,745	$ 8,800,000
Water Rate Revenue Financing (Cash)	$ 7,000,000	$ 9,000,000	$ 8,500,000	$ 6,500,000	$ 6,000,000	$ 6,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 8,000,000	$ 8,500,000	$ 8,500,000
Add Net Operating Surplus/(Deficit)	$ (2,782,778)	$ 2,087,727	$ 3,665,883	$ (791,540)	$ 153,465	$ 126,862	$ (597,311)	$ (63,635)	$ 492,328	$ 634,553	$ (166,666)	$ 1,390,788
Add Water Transfers to Equipment Replacement Fu	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Capital Expenditures	$ 6,995,188	$ 13,830,548	$ 14,912,306	$ 15,556,903	$ 15,807,474	$ 16,268,888	$ 16,642,517	$ 16,608,886	$ 16,669,002	$ 16,720,197	$ 16,757,077	$ 16,790,788
GROSS REVENUE REQUIREMENT FROM RATES	$ 43,860,972	$ 35,324,369	$ 37,052,318	$ 39,873,790	$ 39,805,978	$ 40,974,036	$ 42,077,120	$ 42,797,601	$ 43,637,362	$ 44,494,645	$ 45,360,822	$ 46,260,788
NON-RATE REVENUES Fiscal Year Ending Revenue Year	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Total Non-Rate Revenues	$ 886,000	$ 916,314	$ 931,644	$ 927,686	$ 928,503	$ 929,131	$ 931,145	$ 930,728	$ 933,187	$ 936,360	$ 936,827	$ 942,481
NET REVENUE REQUIREMENT FROM RATES	$ 42,974,972	$ 34,408,055	$ 36,120,674	$ 38,946,104	$ 38,877,475	$ 40,044,905	$ 41,145,975	$ 41,866,873	$ 42,704,175	$ 43,558,285	$ 44,424,995	$ 45,318,307

4.2 WATER REVENUE REQUIREMENTS BY CUSTOMER CLASS

Following the development of the total test year revenue requirement, the proportion of the total revenue requirement allocable to each customer class must be determined. This allocation represents the level of revenues that must be recovered from each customer class, given the operational demands that class places on the water utility system. This allocation is performed via the multi-step process described below.

4.2.1 O&M Allocation to Function Categories

The first step in determining revenue requirements by customer class is to allocate the test year O&M revenue requirement to functional categories. These categories are functions that the water utility must perform in order to deliver water service to City customers. For the water utility they are: Administrative and General, Customer Service, Source of Supply, Pumping, Treatment, Storage, Transmission Mains, Distribution Mains, Meters and Services and Hydrants.
The O&M allocations, by department, are shown in Table 28 on the following page.

TABLE 28: WATER O&M ALLOCATION TO FUNCTIONAL CATEGORIES

Account DEPARTMENT	Total $ Allocation	Administrative and General	Customer Service	Source of Supply	Pumping	Treatment	Storage	Transmission Mains	Distribution Mains	Meters & Services	Hydrants
Total Dept 536 100-Utilities - Water Administration	$ 7,718,611	$ 7,718,611	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 536 206-Utilities - Water Cross Connection P	$ 108,204	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 108,204	$ -	$ -
Total Dept 540 100-Water Service Center Management	$ 1,244,880	$ -	$ 1,244,880	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 540 300-WSC - Capital Improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 540 200-Wsc-Meter Reading - Water	$ 533,281	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 533,281	$ -
Total Dept 540 202-Wsc-Water Distribution Mains	$ 3,698,236	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,698,236	$ -	$ -
Total Dept 545 200-Water Plant - Operations	$ 5,420,868	$ -	$ -	$ -	$ -	$ 5,420,868	$ -	$ -	$ -	$ -	$ -
Total Dept 545 201-Water Plant Maintenance	$ 1,629,451	$ -	$ -	$ -	$ -	$ 1,629,451	$ -	$ -	$ -	$ -	$ -
Total Dept 545 202-Water Plant - Dam Operations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 545 203-Water Plant - Dam Maintenance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 545 300-Water Plant - Capital Improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 966 101-Transfers out to fund 101	$ 1,130,000	$ 1,130,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GRAND TOTAL WATER UTILITY	$ 21,483,441	$ 8,848,611	$ 1,244,880	$ -	$ -	$ 7,050,319	$ -	$ -	$ 3,806,440	$ 533,281	$ -

4.2.2 O&M Allocation to Cost Components

Once O&M costs have been allocated to functional categories, the total O&M revenue requirement allocated to each functional category must be further allocated based on the operational need that function is designed to fulfill. For this allocation RFC has utilized the "Base Extra Capacity" method described in the American Water Works Association ("AWWA") publication, "Manual of Water Supply Practices M1, Principles of Rates, Fees and Charges (M1)."

The cost components utilized in this study are: base demand, or water demand under average conditions; maximum day and hour demand, or water demand under peak load conditions; customer service, for functions related to customer billing and service; and fire protection, for functions pertaining to the use of public hydrants and private fire lines. Table 29 below indicates the classification of water O&M expenditures to the cost components described above.

TABLE 29: WATER O&M ALLOCATION TO COST COMPONENTS

	$ Allocation									
			Max Day		Max Hour		Customer Units		Fire Protection	
		Base	Extra		Extra		Equivalent Meters		Private Fire	Public Fire
FUNCTIONAL CLASSIFICATION	Total $ Allocation	Demand	Capacity		Capacity		& Services	Bills	Equivalent Connections	Bills	Hydrants
Administrative and General	$ 8,848,511	$ 2,791,751	$ 4,451,013	$	360,456	$	1,245,291	$ -	$ -	$ -	$ -
Customer Service	$ 1,244,890	$ -	$ -	$	-	$	1,244,890	$ -	$ -	$ -	$ -
Source of Supply	$ -	$ -	$ -	$	-	$	-	$ -	$ -	$ -	$ -
Pumping	$ -	$ -	$ -	$	-	$	-	$ -	$ -	$ -	$ -
Treatment	$ 7,050,319	$ 2,717,572	$ 4,332,747	$	-	$	-	$ -	$ -	$ -	$ -
Storage	$ -	$ -	$ -	$	-	$	-	$ -	$ -	$ -	$ -
Transmission Mains	$ -	$ -	$ -	$	-	$	-	$ -	$ -	$ -	$ -
Distribution Mains	$ 3,806,440	$ 1,268,813	$ 2,022,926	$	514,701	$	-	$ -	$ -	$ -	$ -
Meters and Services	$ 533,281	$ -	$ -	$	-	$	533,281	$ -	$ -	$ -	$ -
Hydrants	$ -	$ -	$ -	$	-	$	-	$ -	$ -	$ -	$ -
	$ 21,483,441	$ 6,778,137	$ 10,806,686	$	875,157	$	3,023,462	$ -	$ -	$ -	$ -

4.2.3 Capital Cost Allocation to Functional Components

Similar to the allocation of the O&M revenue requirement described in the previous section, the capital revenue requirement must be allocated to functional categories. Table 30 on the following page indicates the functional allocation of capital costs.

The basis for the allocation of capital costs was the existing level of water utility investment in fixed assets. The existing net book value of each major asset class was allocated to the functional categories. The total capital revenue requirement, approximately 14 Million in the test year, was then allocated according to the proportion of existing investment in each functional category. As indicated, a large proportion of investment in fixed assets pertains to upgrades to the City's water treatment plant. As such, the majority of the capital revenue requirement (68%) has been allocated to the treatment function.

TABLE 30: WATER CAPITAL ALLOCATION TO FUNCTIONAL CATEGORIES

Allocation of Capital Costs to Functional Categories	Total	Administrative and General	Customer Service	Source of Supply	Pumping	Treatment	Storage	Transmission Mains	Distribution Mains	Meters and Services	Hydrants
Breakdown of Fixed Assets by Functional Category	100%	0.21%	0.00%	9.63%	0.48%	68.39%	0.00%	0.00%	19.26%	2.09%	0.04%
Total Capital Expenditures	$ 13,830,648	$ 29,611	$ -	$ 1,317,606	$ 66,010	$ 9,456,193	$ -	$ -	$ 2,663,837	$ 289,676	$ 5,813

Allocation of Water Fixed Assets to Functional Categories											
FIXED ASSET CATEGORY	Total Book Value	Administrative and General	Customer Service	Source of Supply	Pumping	Treatment	Storage	Transmission Mains	Distribution Mains	Meters and Services	Hydrants
01Land	$ 724,317	$ 73,898	$ -	$ 603,947	$ 6,389	$ 34,933	$ -	$ -	$ 5,050	$ -	$ -
02Construction-In-Progress	$ 756,881	$ 1,618	$ -	$ 71,982	$ 3,607	$ 516,782	$ -	$ -	$ 145,549	$ 15,828	$ 307
20Land Improvement	$ 198,668	$ 426	$ -	$ 18,929	$ 948	$ 135,875	$ -	$ -	$ 38,268	$ 4,161	$ 61
21Building Improvements	$ 3,464,892	$ 7,418	$ -	$ 330,084	$ 16,537	$ 2,369,448	$ -	$ -	$ 667,339	$ 72,670	$ 1,408
23Dist Plant - Hydrants	$ 18,458	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,458
24Dist Plant - Water mains	$ 7,176,835	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,176,835	$ -	$ -
25Dist Plant - Meters	$ 848,348	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 848,348	$ -
26Dist - Struc & Improv	$ 629,696	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 629,696	$ -	$ -
27Lab Equip	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
28Office Equip & Furn	$ 12,823	$ 12,823	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
29power operated equip	$ 6,000	$ 13	$ -	$ 572	$ 29	$ 4,103	$ -	$ -	$ 1,156	$ 126	$ 2
31Pump Plant (Electric Pump Equip)	$ 120,581	$ -	$ -	$ -	$ 120,581	$ -	$ -	$ -	$ -	$ -	$ -
32Pump Plant - Struc & Imp	$ 66,574	$ -	$ -	$ -	$ 66,574	$ -	$ -	$ -	$ -	$ -	$ -
33Source of Supplies - Main (Pipe Line)	$ 2,475,416	$ -	$ -	$ 2,475,416	$ -	$ -	$ -	$ -	$ -	$ -	$ -
34Source of Water Supplies - Structure	$ 783,912	$ -	$ -	$ 783,912	$ -	$ -	$ -	$ -	$ -	$ -	$ -
35Tools, Cars, & Garage Eq	$ 3,080	$ 7	$ -	$ 293	$ 15	$ 2,107	$ -	$ -	$ 593	$ 65	$ 1
36Vehicle	$ 849,753	$ 747	$ -	$ 33,226	$ 1,666	$ 238,499	$ -	$ -	$ 67,172	$ 7,305	$ 142
37Treatment - Struc & Impr	$ 384,545	$ -	$ -	$ -	$ -	$ 384,545	$ -	$ -	$ -	$ -	$ -
38Treatment Plant Equip	$ 116,892	$ -	$ -	$ -	$ -	$ 116,892	$ -	$ -	$ -	$ -	$ -
DWRLF Phase 1/Seg 1 Total	$ 3,976,530	$ -	$ -	$ -	$ -	$ 3,976,530	$ -	$ -	$ -	$ -	$ -
DWRLF Phase 1/Seg 2 Total	$ 4,366,011	$ -	$ -	$ -	$ -	$ 4,366,011	$ -	$ -	$ -	$ -	$ -
DWRLF Phase 1/Seg 3 Total	$ 4,388,568	$ -	$ -	$ -	$ -	$ 4,388,568	$ -	$ -	$ -	$ -	$ -
DWRLF Phase 1/Seg 4 Total	$ 7,579,456	$ -	$ -	$ -	$ -	$ 7,579,456	$ -	$ -	$ -	$ -	$ -
DWRLF Phase 1/Seg 5 Total	$ 6,885,886	$ -	$ -	$ -	$ -	$ 6,885,886	$ -	$ -	$ -	$ -	$ -
Total Water Fixed assets	$ 45,328,750	$ 97,049	$ -	$ 4,318,369	$ 216,343	$ 30,998,834	$ -	$ -	$ 8,730,657	$ 948,401	$ 18,397
% Breakdown	100.00%	0.21%	0.00%	9.53%	0.48%	68.39%	0.00%	0.00%	19.26%	2.09%	0.04%

4.2.4 *Capital Cost Allocation to Cost Components*

As with the allocation of the O&M revenue requirement described above, the functionally allocated capital revenue requirement must also be allocated according to the operational need for which each function is designed to fulfill.

The "Base Extra Capacity" method described in AWWA M1 is also used to allocate the capital revenue requirement to cost components. Table 31 below summarizes this allocation.

TABLE 31. WATER CAPITAL ALLOCATION TO COST COMPONENTS

	$ Allocation									
		Base	Max Day Extra	Max Hour Extra	Customer Units Equivalent Meters & Services	Bills	Fire Protection Private Fire Equivalent Connections	Bills	Public Fire Hydrants
FUNCTIONAL CLASSIFICATION	Total $ Allocation	Demand	Capacity	Capacity					
Administrative and General	29,611	-	-	-	29,611	-	-		-
Customer Service	-	-		-			-		-
Source of Supply	1,317,605	1,317,605	-	-	-	-	-	-	-
Pumping	66,010	25,444	40,566	-	-	-	-		-
Treatment	9,458,193	3,645,697	5,812,497	-	-	-	-		-
Storage	-	-	-		-	-	-		-
Transmission Mains	-	-	-	-	-	-	-		-
Distribution Mains	2,663,837	887,946	1,415,691	360,200	-	-	-		-
Meters and Services	289,678	-	-	-	289,678	-	-		-
Hydrants	5,613	5,613	-	-	-	-	-	-	-
Total Capital Expenditures	13,830,548	5,882,305	7,268,754	360,200	319,289	-	-	-	-

4.2.5 *Non-Rate Revenue Allocation to Cost Components*

Non-rate revenue must be excluded from the O&M and Capital revenue requirements as these amounts are an offset to the revenue requirement which will be recovered from rates. Consequently, non-rate revenues are allocated to the cost components so that they can be removed from the total revenue requirement. In this case, non-rate revenues were allocated proportionally according to the total O&M revenue requirement allocation and can be seen in Table 32 on the below.

TABLE 32: WATER NON-RATE REVENUE ALLOCATION TO COST COMPONENTS

			Allocation								
			Base	Max Day		Max Hour	Customer Units		Fire Protection		
			Base	Extra		Extra	Equivalent Meters		Private Fire		Public Fire
Account Code	Description	Total Allocation	Demand	Capacity		Capacity	& Services	Bills	Equivalent Connections	Bills	Hydrants
591-536.100-615.000	Fees - Utilities -Bills Regn		-			-		-		-	-
591-536.100-642.000	Charges For Sale	-	-			-			-	-	-
591-536.100-648.000	Scrap Sales	5,000	1,578	2,515		204	704		-	-	-
591-536.100-657.000	Fines - Turn- On Fees - Utilities	120,000	37,881	60,363		4,888	16,868		-	-	-
591-536.100-657.100	Forfeited Discount - Utilities	350,000	110,427	176,058		14,256	49,257		-	-	
591-536.100-665.000	Interest Earned On Bank Clg &	27,314	8,618	13,740		1,113	3,844		-	-	-
591-536.100-670.000	Rental - City Property		-			-			-	-	
591-536.100-673.400	Sale Of Fixed Assets	25,000	7,888	12,576		1,018	3,518	-	-	-	-
591-536.100-699.000	Discounts Earned	-	-	-		-		-	-	-	-
591-536.100-699.999	Prior Year Revenue	-	-					-	-	-	
591-540.100-643.000	Meter Water Sales			-					-	-	-
591-540.100-648.000	Scrap Sales	-	-			-		-	-	-	
591-540.100-670.000	Rents - City Property	-	-	-		-			-	-	-
591-540.100-677.000	Reimbursements		-			-		-	-	-	
591-540.208-601.000	Mrchnd & Job Charge Service	150,000	47,328	75,454		6,110	21,110	-	-	-	-
591-540.204-642.000	Charges For Sale	-	-			-		-		-	
591-540.208-601.900	Mrchnd & Job Charge Service	226,000	74,459	118,714		9,614	33,213	-		-	
591-545.200-615.000	Fees - Water testing - Utilities		-	-		-			-		-
591-545.200-642.000	Charges For Sale	-	-			-		-	-	-	
591-545.200-648.000	Scrap Sales		-	-			-		-	-	-
591-545.200-671.300	Other Income		-			-		-	-		
591-545.200-677.000	Reimbursements		-	-					-		
591-545.203-699.000	Discounts Earned	-	-			-			-		
Add Transfers in from General Fund		-	-			-	-	-	-	-	-
Total Non-Rate Revenues		913,314	288,155	459,419		37,205	128,535		-		

4.2.6 Determination of Maximum Day and Hour Peaking Factors

Once each component of the revenue requirements has been determined, maximum day and hour peaking factors for each customer class are estimated. These are the basis upon which the maximum day and hour cost allocations, determined in the previous step, are allocated to each customer class. In general, the guidelines for determining maximum day and hour peaking factors outlined in AWWA M1 were the basis for this component of the analysis.

The maximum day demand for each customer class is estimated as the average usage per day in the highest usage month, divided by the annual average usage per day, weighted by the ratio of maximum day demand to the average demand in the maximum month for the entire water system. In other words:

- System Max Day to Average Day in Max Month=(System Max Day Demand)/(System Max Month/30)
- Class Maximum Day=[(Class Max Month/30)/(Class Annual Total)/365]*[System Max Day to Average Day in Max Month]

The weighting occurs because the exact maximum day, by customer class is not known, but is assumed to have the same relationship to the average day in the maximum month as the entire system. As the exact customer class maximum hour is not known, a similar weighting process occurs to determine the customer class maximum hour demands:

- System Max Hour to Average Day in Max Month=(System Max Hour)/(System Max Month/30)
- Class Maximum Hour=Class Max Day*System Max Hour to Average Day in Max Month

The determination of customer class peaking factors is shown in Table 33 on the below.

TABLE 33: WATER PEAKING FACTOR CALCULATIONS

System Production Statistics											
	Annual Total	System Annual Average Day	System Max Month	Max Month to Average Day Ratio	System Max Day	System Max Day to Average Day	System Max Day to Average Day Ratio	System Max Hour Peak (Estimated)	System Max Hour to Average Day Ratio	System Peak Hour to Average Day	System Max Hour to Max Day Ratio
Total System	3,485,892	9,550	426,416	14,214	24,727	2.59	1.74	33,202	28,651	3.00	2.02

Determination of Customer Class Peaking Factors										
Customer Class	Annual Total	Max Month	Max Day in Max Month	Annual Average Day	Max Month to Average Day Ratio	System Max Day to Average Day	Max Day Peaking Factor	System Max Hour to Average Day	Max Hour Peaking Factor
INSIDE CITY RETAIL									
Total Inside City Residential	1,856,952	220,002	7,333	5,088	1.44	1.75	2.52	1.95	4.92
Total Inside City Commercial/Industrial	1,578,978	195,367	6,646	4,326	1.54	1.75	2.69	1.95	5.24
Total Inside City Lawn	13,389	5,105	170	37	4.64	1.75	8.12	1.95	15.83
Total Inside City	3,449,319	424,474	14,149	9,450	1.50	1.75	2.62	1.95	5.11
OUTSIDE CITY RETAIL									
Total Outside City Residential	8,630	1,216	41	24	1.71	1.75	3.00	1.95	5.85
Total Outside City Commercial/Industrial	27,943	4,257	142	77	1.85	1.75	3.24	1.95	6.33
Total Outside City Lawn	-	-	-	-		1.75		1.95	
Total Outside City	36,573	4,864	162	100	1.62	1.75	2.83	1.95	5.52
Total System	3,485,892	426,416	14,214	9,550	1.49				

4.2.7 Calculation of Units of Service

The next step in the cost allocation process is to summarize the units of service, which are the basis for the allocation of the total revenue requirement to each of the customer classes. The units are Base units, Maximum Day Extra Capacity units, Maximum Hour Extra Capacity units, Customer units and Direct Fire Protection Units and are indicated in Table 34 on the following page.

Base units are the annual usage for each customer class. Maximum Day Extra Capacity units represent the water demand in excess of that which is used on an average day for that customer class, and is a function of the average daily usage and the customer class peaking factor determined in the prior step.

As an example, the residential class is forecast to use 1.7 Million CCF on an annual basis in the test year. This equates to 4,700 CCF/day on an average day. Based on the maximum day peaking factor determined in the previous step, Residential customers, on their highest usage day of the year, typically use 1.7 times their average day usage, or around 8,200 CCF. The difference between the maximum day and average day, around 3,500 CCF, represents the Maximum Day Extra Capacity units.

A similar calculation is used to determine the Maximum Hour Extra Capacity Units, which are simply the usage forecast in the highest hour of the test year, less the maximum day demand.

Customer Units are equivalent meters, and customer monthly bills. The number of bills for each customer class was ascertained via an examination of the billing data from the City's Customer Information System ("CIS"). The equivalent meters are the number of customer meters at each meter size weighted by the potential water demand each meter can place on the water system.

Private fire connections and hydrants were not included as the City does not currently bill separately for public or private fire protection.

TABLE 34: WATER UNITS OF SERVICE

Water Units of Service	Base Units		Maximum Day Extra Capacity Units			Maximum Hour Extra Capacity Units			Customer Units		Direct Fire Protection Units
CUSTOMER CLASS	Annual Demand (CCF)	Average Day Demand	Peaking Factor	Total Capacity	Extra Capacity	Peaking Factor	Total Capacity	Extra Capacity	Equivalent Meters	Equivalent Services	Equivalent Connections
INSIDE CITY RETAIL CONSUMPTION REVENUE											
Total Inside City Residential	1 746,535	4 782	2.52	12,063	7 281	4.62	23 524	11 460	26 821	301 317	
Total Inside City Commercial/Industrial	1 484 239	4,066	2.69	10,932	6,866	5.24	21 317	10 385	8 909	15,210	
Total Inside City Lawn	12,666	34	8 12	280	245	76 93	546	286	139	555	
Total Inside City	3,242,360	8 883		23,276	14,392	26	45 387	22,112	34 669	317,082	
OUTSIDE CITY RETAIL CONSUMPTION REVENUE											
Total Outside City Residential	8,112	22	3 00	67	44	6 85	130	63	129	1 603	
Total Outside City Commercial/Industrial	26,266	72	3 24	233	161	8 33	455	222	168	417	
Total Outside City Lawn	-	0	0 00	-	-	0 00	-	-	-	-	
Total Outside City	34,379	94		300	206	12	585	285	296	1,920	
Grand Total System Units of Service	3,276,738	8,977		23,576	14,598	38	45,972	22,397	34,964	319,002	

4.2.8 *Unit Cost of Service*

Following the allocation of the water revenue requirements to each of the cost components and the calculation of the units of service, a unit cost of service for each cost component can be determined. These unit costs are basis by which the revenue requirements by customer class are determined. The unit cost of service is the revenue requirement, as allocated to the cost components, divided by the units of service attributable to that component and is shown in Table 35 below.

TABLE 35 WATER UNIT COST OF SERVICE

| | | |

TABLE 36: WATER REVENUE REQUIREMENTS BY CUSTOMER CLASS

CUSTOMER CLASS									
Total System Revenue Requirements	$34 400 675	$12,372,286	$17 618,021	$1 198 152	$ 3,214,216	$ -	$ -	$ -	$ -
Total System Unit COS		$ 3 78	$ 1,206 74	$ 53.50	$ 91.93	$ -	$ -	$ -	$ -
Units of Service									
Total Inside City Residential		1,745 535	7,281	11 460	25,621	301,317	-	-	-
Total Inside City Commercial/Industrial		1 484 239	6,886	10,385	8,909	15,210	-	-	-
Total Inside City Lawn		12,596	245	266	138	555	-	-	-
Total Inside City		3,242,360	14,392	22,112	34,669	317 082		-	-
Total Outside City Residential		8,112	44	63	129	1,503	-	-	-
Total Outside City Commercial/Industrial		26,268	161	222	166	417	-	-	-
Total Outside City Lawn		-	-	-	-	-	-	-	-
Total Outside City		34,379	206	285	295	1 920	-	-	-
Total System Units of Service		3,276,738	14,598	22,397	34,964	319,002	-		-
Allocated Cost of Service									
Total Inside City Residential COS	$18 345 872	$ 8,590 778	$ 6,788 440	$ 813 089	$ 2 355 365	$	$	$	$
Total Inside City Commercial/Industrial COS	$15,283,704	$ 5,804,180	$ 8,284,911	$ 555,585	$ 819 028	$ -	$ -	$ -	$ -
Total Inside City Lawn COS	$ 370,646	$ 47,521	$ 296 185	$ 14 226	$ 12 714	$ -	$	$ -	$ -
Total Inside City COS	$33,580,022	$12,242,479	$17 367,536	$1 182,900	$ 3 187 107	$ -	$	$ -	$ -
Total Outside City Residential COS	$ 99 463	$ 30 630	$ 53 842	$ 3 389	$ 11 823	$ -	$ -	$ -	$ -
Total Outside City Commercial/Industrial COS	$ 321 189	$ 99 177	$ 194,843	$ 11,863	$ 15,286	$ -	$ -	$ -	$ -
Total Outside City Lawn COS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Outside City COS	$ 420,653	$ 129,807	$ 248,485	$ 15,252	$ 27 109	$ -	$ -	$ -	$ -
Total System Cost of Service	$34,400,675	$12,372,286	$17 618,021	$1 198 152	$ 3,214,216	$	$ -	$ -	$ -
Check on Total System COS (Should be $0)	$ -								

As Table 36 indicates, the revenue requirement for each customer class is the total unit cost of service determined previously, multiplied by the units of service for each customer class. The total allocation is based on each customer class's contribution to the water utility's overall operating and capital costs, as represented by their units of service.

4.3 WATER RATE DESIGN

As mentioned previously, the water rates have been calculated under the City's existing rate structure. The rate calculation under existing rates will be presented here, with the alternative rates by customer class presented as Appendix A for informational purposes.

4.3.1 Volumetric Rate Calculations

As mentioned above, the City did not indicate a desire to significantly modify its water rate structure at this time. Therefore RFC maintained various components of the existing water volumetric rates including:

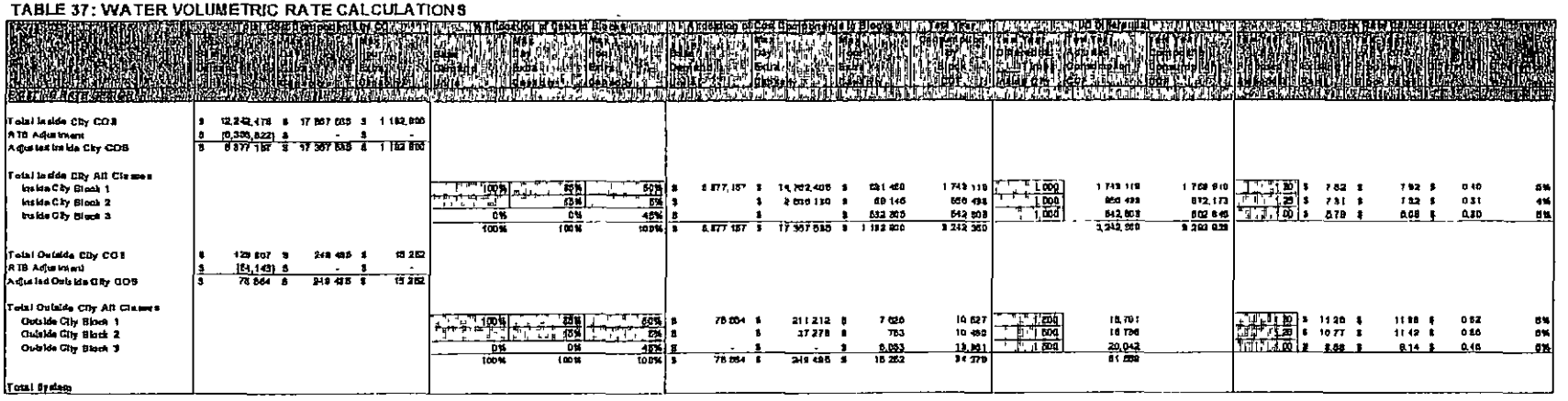
- The existing inside/outside city differential (i.e. outside=150% of inside)
- The existing steepness or difference between the highest, middle and lowest block rates
- The existing structure which charges the same volumetric rates for all customer classes
- The existing shift of some volumetric costs to the fixed service charge (i.e. a readiness to serve adjustment)

The calculation of the water volumetric rates involves the following steps

- Determine total composite volumetric revenue requirement:
    - Adjust the test-year volumetric revenue requirement (i.e. Base, Max Day and Max Hour costs) by the readiness to serve amount
    - Allocate the adjusted volumetric revenue requirement to the three consumption blocks
    - Add the block allocation for inside and outside city customers to determine a composite volumetric revenue requirement for all customer classes
- Determine the composite water volumetric units:
    - Multiply the consumption, by block, for inside and outside city customers, by their respective differentials (Outside=150% of Inside).
    - Add those units together.
- *Calculate Inside and Outside City Volumetric Rates:*
    - Determine a composite rate, for each block, for all customer classes:
        - Multiply the composite consumption for each block by the proposed steepness for that block and sum the result
        - *For the lowest block divide the total composite revenue requirement* by the total determined above.
        - For Blocks 2 and 3 multiply the Block 1 rate by the proposed steepness for Blocks 2 and 3.
    - Multiply the composite rates, by block determined above, by the outside and inside city differentials to determine the block rates for inside and outside city customers.

A summary of the water volumetric rate calculations are indicated in Table 37 below.

TABLE 37: WATER VOLUMETRIC RATE CALCULATIONS



4.3.2 *Fixed Charge Calculations*

As noted above, the City did not express a desire to change rate structures at this time. Consequently, the following aspects of the existing rate structure have been maintained including:

- The existing inside/outside city differential (i.e. outside=150% of inside)
- The existing shift of some volumetric costs to the fixed service charge (i.e. a readiness to serve adjustment)
- The flow equivalencies for the various meter sizes

The calculation of the water fixed charges involves the following steps

- Determine total composite fixed charge revenue requirement by summing the fixed charge revenue requirements (i.e. those allocated to the customer service related cost components) and the readiness to serve revenue requirement
- Determine the composite fixed charge water units.
    - Multiply the number of inside and outside city equivalent accounts by the existing I/O differential (Outside=150% of Inside)
    - Add those units together to determine the composite number of equivalent customer accounts
- Calculate Inside and Outside City Volumetric Rates.
    - Determine an annual composite rate for all customer classes by dividing the total composite revenue requirement determined above, by the total composite water equivalent accounts
    - Determine a monthly rate for the 5/8" equivalent account by dividing the annual rate by 12.
    - Multiply the composite fixed charges by the Inside and Outside City differentials (100% for Inside City and 150% for Outside City) to determine the monthly fixed charge per 5/8" equivalent account for inside and outside city customer classes.
    - Multiply the monthly fixed charge for a 5/8" equivalent account by the meter equivalencies for each meter size to determine the monthly fixed charge for the remaining meter sizes

The fixed charge calculations are shown in Table 38 on the following page.

TABLE 38: WATER FIXED CHARGE CALCULATIONS

CHARGE	Total Revenue Requirements by Charge	Composite Revenue Requirements	Equivalent Accounts	Test Year Differential Times Inside City	Test Year Adjusted Equivalent Accounts	Test Year Composite Equivalent Accounts	Monthly Fixed Charge Per Equivalent
Total Inside City Residential	$ 7,068,524	$ 7,094,959	26,621	1.00	26,621	26,914	$ 22.90
Total Inside City Commercial/Industrial	$ 2,492,905	$ 2,538,722	9,048	1.00	9,048	8,297	$ 22.76
	$ 9,552,429	$ 9,633,681	34,669		34,669	35,111	
Total Outside City Residential	$ 35,435		129	1.50	193		$ 34.36
Total Outside City Commercial/Industrial	$ 45,817		165	1.50	249		$ 34.13
	81,252		295		442		

CUSTOMER CLASS	Inside City Meter Equivalency	Outside City Meter Equivalency	Proposed Fixed Charge INSIDE CITY	Existing Fixed Charge INSIDE CITY	Difference	Proposed Fixed Charge OUTSIDE CITY	Existing Fixed Charge OUTSIDE CITY	Difference
Residential Customers								
5/8"	1.00	0.99	$ 22.90	$ 21.78	5%	$ 34.17	$ 32.48	5%
3/4"	1.92	1.92	$ 44.03	$ 41.86	5%	$ 65.95	$ 62.71	5%
1"	2.54	2.53	$ 58.15	$ 55.28	5%	$ 87.08	$ 82.79	5%
1-1/2"	2.54	2.53	$ 58.15	$ 55.28	5%	$ 87.08	$ 82.79	5%
2"	2.54	2.53	$ 58.15	$ 55.28	5%	$ 87.08	$ 82.79	5%
Commercial/Industrial Customers								
5/8"	2.45	2.45	$ 55.79	53,385	4%	$ 83.74	$ 80.13	4%
3/4"	2.81	2.81	$ 64.02	61,263	4%	$ 95.84	$ 91.72	4%
1"	3.45	3.45	$ 78.48	75,103	4%	$ 117.74	$ 112.67	4%
1-1/2"	4.96	4.95	$ 112.60	107,756	4%	$ 169.06	$ 161.79	4%
2"	6.92	6.92	$ 157.40	150,622	4%	$ 236.36	$ 226.09	4%
3"	13.66	13.73	$ 310.83	297,448	4%	$ 466.85	$ 448.47	4%
4"	24.04	24.04	$ 547.05	523,495	4%	$ 820.71	$ 785.37	4%
6"	47.27	47.27	$ 1,075.75	1029,429	4%	$ 1,613.34	$ 1,543.67	4%
8"	68.56	68.56	$ 1,560.05	1492,875	4%	$ 2,340.24	$ 2,239.47	4%
10"	94.63	95.13	$ 2,153.48	2060,754	4%	$ 3,247.30	$ 3,107.48	4%
12"	114.49	114.48	$ 2,605.31	2493,124	4%	$ 3,907.77	$ 3,739.51	4%
16"	142.48	142.48	$ 3,242.25	3102,636	4%	$ 4,863.28	$ 4,653.87	4%
20"	153.89	167.27	$ 3,501.98	3351,183	4%	$ 5,709.67	$ 5,463.62	4%

4.3.3 Summary of Existing and Forecast Water Rates

Based on the calculations from the previous two sections, the existing and proposed rates for the forecast period are shown on Tables 39 and 40 on the following two pages. Note that while the test year rates have been calculated within the cost of service study, the rates for FY 2016 and beyond are based on the overall rate revenue increase from the water utility financial plan.

TABLE 39: SUMMARY OF EXISTING AND FORECAST VOLUMETRIC WATER RATES

WATER VOLUMETRIC RATES																					
CUSTOMER CLASS	BLOCK DESIGNATION	UNITS	Current FY 2014 Existing Block Rates	Test Year FY 2015 Proposed Block Rates	Forecast FY 2016 Proposed Block Rates	Forecast FY 2017 Proposed Block Rates	Forecast FY 2018 Proposed Block Rates	Forecast FY 2019 Proposed Block Rates	Forecast FY 2020 Proposed Block Rates	Forecast FY 2021 Proposed Block Rates	Forecast FY 2022 Proposed Block Rates	Forecast FY 2023 Proposed Block Rates	Forecast FY 2024 Proposed Block Rates	Forecast FY 2025 Proposed Block Rates	Forecast FY 2026 Proposed Block Rates	Forecast FY 2027 Proposed Block Rates	Forecast FY 2028 Proposed Block Rates	Forecast FY 2029 Proposed Block Rates	Forecast FY 2030 Proposed Block Rates	Forecast FY 2031 Proposed Block Rates	Forecast FY 2032 Proposed Block Rates
Total Inside City All Classes																					
Inside City Block 1	0-35 CCF	($/CCF)	$ 7.62	$ 7.92	$ 8.32	$ 8.69	$ 8.95	$ 9.22	$ 9.45	$ 9.64	$ 9.83	$ 10.03	$ 10.23	$ 10.44	$ 10.65	$ 10.87	$ 11.09	$ 11.31	$ 11.54	$ 11.77	$ 12.01
Inside City Block 2	36-2000 CCF	($/CCF)	$ 7.31	$ 7.62	$ 8.00	$ 8.36	$ 8.61	$ 8.87	$ 9.09	$ 9.27	$ 9.46	$ 9.64	$ 9.84	$ 10.03	$ 10.24	$ 10.44	$ 10.66	$ 10.87	$ 11.09	$ 11.32	$ 11.54
Inside City Block 3	above 2000 CCF	($/CCF)	$ 6.79	$ 6.09	$ 6.40	$ 6.69	$ 6.89	$ 7.09	$ 7.27	$ 7.42	$ 7.56	$ 7.72	$ 7.87	$ 8.03	$ 8.19	$ 8.35	$ 8.52	$ 8.69	$ 8.87	$ 9.05	$ 9.23
Total Outside City All Classes																					
Outside City Block 1	0-35 CCF	($/CCF)	$ 11.26	$ 11.98	$ 12.48	$ 13.04	$ 13.43	$ 13.83	$ 14.18	$ 14.46	$ 14.76	$ 15.04	$ 15.36	$ 15.65	$ 15.98	$ 16.30	$ 16.64	$ 16.97	$ 17.32	$ 17.66	$ 18.02
Outside City Block 2	36-2000 CCF	($/CCF)	$ 10.77	$ 11.42	$ 12.00	$ 12.54	$ 12.91	$ 13.30	$ 13.63	$ 13.90	$ 14.18	$ 14.47	$ 14.76	$ 15.06	$ 15.36	$ 15.66	$ 15.98	$ 16.30	$ 16.63	$ 16.97	$ 17.31
Outside City Block 3	above 2000 CCF	($/CCF)	$ 8.58	$ 9.14	$ 9.60	$ 10.03	$ 10.33	$ 10.64	$ 10.91	$ 11.12	$ 11.35	$ 11.57	$ 11.80	$ 12.04	$ 12.28	$ 12.53	$ 12.78	$ 13.04	$ 13.30	$ 13.57	$ 13.84

TABLE 40: SUMMARY OF EXISTING AND FORECAST WATER FIXED CHARGES

Water Fixed Charges																	
Meter Size	FY 2014 Existing	FY 2015 Proposed	Forecast FY 2016 Proposed	Forecast FY 2017 Proposed	Forecast FY 2018 Proposed	Forecast FY 2019 Proposed	Forecast FY 2020 Proposed	Forecast FY 2021 Proposed	Forecast FY 2022 Proposed	Forecast FY 2023 Proposed	Forecast FY 2024 Proposed	Forecast FY 2025 Proposed
CUSTOMER CLASS	Fixed Charge	Fixed Charge	Fixed Charge	Fixed Charge	Fixed Charge	Fixed Charge	Fixed Charge	Fixed Charge	Fixed Charge	Fixed Charge	Fixed Charge	Fixed Charge
Inside City Residential Customers												
5/8"	$ 21.78	$ 22.90	$ 24.05	$ 25.13	$ 25.89	$ 26.66	$ 27.33	$ 27.88	$ 28.43	$ 29.00	$ 29.58	$ 30.17
3/4"	$ 41.85	$ 44.03	$ 46.23	$ 48.31	$ 49.76	$ 51.25	$ 52.53	$ 53.69	$ 54.66	$ 55.76	$ 56.87	$ 58.00
1"	$ 66.28	$ 69.15	$ 61.05	$ 63.80	$ 65.72	$ 67.69	$ 69.38	$ 70.77	$ 72.18	$ 73.63	$ 76.10	$ 76.60
1-1/2"	$ 66.28	$ 69.15	$ 61.05	$ 63.80	$ 65.72	$ 67.69	$ 69.38	$ 70.77	$ 72.18	$ 73.63	$ 76.10	$ 76.60
2"	$ 66.28	$ 69.15	$ 61.05	$ 63.80	$ 65.72	$ 67.69	$ 69.38	$ 70.77	$ 72.18	$ 73.63	$ 76.10	$ 76.60
Inside City Commercial/Industrial Customers												
5/8"	$ 63.39	$ 65.79	$ 68.58	$ 61.21	$ 63.06	$ 84.94	$ 66.56	$ 67.90	$ 69.26	$ 70.64	$ 72.05	$ 73.49
3/4"	$ 81.26	$ 64.02	$ 67.22	$ 70.26	$ 72.36	$ 74.52	$ 76.39	$ 77.91	$ 79.47	$ 81.06	$ 82.68	$ 84.34
1"	$ 76.10	$ 78.48	$ 82.41	$ 86.11	$ 88.70	$ 91.36	$ 93.64	$ 95.52	$ 97.43	$ 99.37	$ 101.36	$ 103.38
1-1/2"	$ 107.76	$ 112.60	$ 118.23	$ 123.66	$ 127.26	$ 131.08	$ 134.36	$ 137.04	$ 139.78	$ 142.68	$ 146.43	$ 148.34
2"	$ 150.62	$ 157.40	$ 166.27	$ 172.71	$ 177.89	$ 183.22	$ 187.81	$ 191.56	$ 195.39	$ 199.30	$ 203.29	$ 207.35
3"	$ 297.45	$ 310.83	$ 326.37	$ 341.06	$ 351.29	$ 361.83	$ 370.88	$ 378.29	$ 385.86	$ 393.58	$ 401.46	$ 409.48
4"	$ 523.50	$ 547.05	$ 574.40	$ 600.25	$ 618.28	$ 636.81	$ 652.73	$ 665.78	$ 679.10	$ 692.68	$ 706.53	$ 720.68
6"	$ 1,029.43	$ 1,075.75	$ 1,129.54	$ 1,180.97	$ 1,216.78	$ 1,252.25	$ 1,283.56	$ 1,309.23	$ 1,335.41	$ 1,362.12	$ 1,389.36	$ 1,417.15
8"	$ 1,492.88	$ 1,560.05	$ 1,638.05	$ 1,711.77	$ 1,763.12	$ 1,816.01	$ 1,861.41	$ 1,898.64	$ 1,936.61	$ 1,975.36	$ 2,014.86	$ 2,055.16
10"	$ 2,060.75	$ 2,153.48	$ 2,261.16	$ 2,362.91	$ 2,433.80	$ 2,506.81	$ 2,569.48	$ 2,620.87	$ 2,673.28	$ 2,726.76	$ 2,781.29	$ 2,836.91
12"	$ 2,493.12	$ 2,605.31	$ 2,735.57	$ 2,858.67	$ 2,944.43	$ 3,032.77	$ 3,108.69	$ 3,170.76	$ 3,234.17	$ 3,298.86	$ 3,364.83	$ 3,432.13
16"	$ 3,102.64	$ 3,242.25	$ 3,404.36	$ 3,557.66	$ 3,664.28	$ 3,774.21	$ 3,868.67	$ 3,946.94	$ 4,024.88	$ 4,105.35	$ 4,187.48	$ 4,271.21
20"	$ 3,351.18	$ 3,501.98	$ 3,677.08	$ 3,842.64	$ 3,957.82	$ 4,076.56	$ 4,178.47	$ 4,262.04	$ 4,347.28	$ 4,434.23	$ 4,522.91	$ 4,613.37
Outside City Residential Customers												
5/8"	$ 32.48	$ 34.17	$ 35.87	$ 37.49	$ 38.61	$ 39.77	$ 40.77	$ 41.58	$ 42.41	$ 43.26	$ 44.13	$ 46.01
3/4"	$ 62.71	$ 65.86	$ 69.26	$ 72.37	$ 74.54	$ 76.78	$ 78.69	$ 80.27	$ 81.87	$ 83.51	$ 86.18	$ 86.89
1"	$ 82.79	$ 87.08	$ 91.43	$ 95.55	$ 98.42	$ 101.37	$ 103.90	$ 105.98	$ 108.10	$ 110.26	$ 112.47	$ 114.72
1 1/2"	$ 82.79	$ 87.08	$ 91.43	$ 95.55	$ 98.42	$ 101.37	$ 103.90	$ 105.98	$ 108.10	$ 110.26	$ 112.47	$ 114.72
2"	$ 82.79	$ 87.08	$ 91.43	$ 95.55	$ 98.42	$ 101.37	$ 103.90	$ 105.98	$ 108.10	$ 110.26	$ 112.47	$ 114.72
Outside City Commercial/Industrial Customers												
5/8"	$ 80.13	$ 83.74	$ 87.93	$ 91.88	$ 94.64	$ 97.48	$ 99.92	$ 101.91	$ 103.96	$ 106.03	$ 108.16	$ 110.32
3/4"	$ 91.72	$ 95.84	$ 100.63	$ 105.16	$ 108.32	$ 111.57	$ 114.36	$ 116.64	$ 118.98	$ 121.36	$ 123.78	$ 126.26
1"	$ 112.67	$ 117.74	$ 123.65	$ 129.19	$ 133.07	$ 137.06	$ 140.49	$ 143.30	$ 146.16	$ 149.09	$ 152.07	$ 155.11
1-1/2"	$ 181.79	$ 189.06	$ 177.52	$ 185.51	$ 191.07	$ 196.80	$ 201.72	$ 205.76	$ 209.87	$ 214.07	$ 218.35	$ 222.72
2"	$ 228.09	$ 238.28	$ 248.07	$ 259.24	$ 267.01	$ 276.02	$ 281.90	$ 287.54	$ 293.29	$ 299.16	$ 305.14	$ 311.24
3"	$ 448.47	$ 468.66	$ 492.08	$ 514.23	$ 529.66	$ 545.54	$ 559.18	$ 570.38	$ 581.77	$ 593.41	$ 605.27	$ 617.38
4"	$ 785.37	$ 820.71	$ 861.74	$ 900.62	$ 927.63	$ 955.36	$ 979.24	$ 998.83	$ 1,018.81	$ 1,039.18	$ 1,059.97	$ 1,081.17
6"	$ 1,543.87	$ 1,613.34	$ 1,694.00	$ 1,770.23	$ 1,823.34	$ 1,878.04	$ 1,924.99	$ 1,963.49	$ 2,002.76	$ 2,042.82	$ 2,083.67	$ 2,125.36
8"	$ 2,239.47	$ 2,340.24	$ 2,457.26	$ 2,567.83	$ 2,644.87	$ 2,724.21	$ 2,792.32	$ 2,848.16	$ 2,905.13	$ 2,963.23	$ 3,022.50	$ 3,082.96
10"	$ 3,107.48	$ 3,247.30	$ 3,409.67	$ 3,563.10	$ 3,670.00	$ 3,780.10	$ 3,874.60	$ 3,952.09	$ 4,031.13	$ 4,111.76	$ 4,193.99	$ 4,277.87
12"	$ 3,739.61	$ 3,907.77	$ 4,103.16	$ 4,287.80	$ 4,416.44	$ 4,548.93	$ 4,662.65	$ 4,756.91	$ 4,851.03	$ 4,948.06	$ 6,047.01	$ 5,147.96
16"	$ 4,653.87	$ 4,863.28	$ 5,108.44	$ 5,336.23	$ 5,496.32	$ 5,661.21	$ 5,802.74	$ 5,918.79	$ 6,037.17	$ 6,157.91	$ 6,281.07	$ 6,406.69
20"	$ 5,483.82	$ 6,709.67	$ 5,995.16	$ 6,264.94	$ 6,452.89	$ 6,646.48	$ 6,812.64	$ 6,948.89	$ 7,087.87	$ 7,229.63	$ 7,374.22	$ 7,521.70

4.3.4 *Projected Residential Water Bills*

Table 41 below indicates projected water bills for Residential Inside City customers with a 5/8" meter. Also included are estimates of the bills, which residential customer may have seen, had the City continued to purchase water from DWSD. For example, had the City continued to purchase water from DWSD, a typical Flint customer using 5 CCF per month would have an estimated water bill in FY 2015 of $67.38 Given the shift to KWA, that same customer would see a bill of $62.51, a savings of $4.87 per month, or $58.44 per year

TABLE 41: PROJECTED RESIDENTIAL WATER BILLS

ESTIMATED MONTHLY SAVINGS (DWSD vs. KWA)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Monthly Usage (CCF)												
1	$ -	$ (2.42)	$ (5.37)	$ (5.80)	$ (6.98)	$ (6.15)	$ (6.31)	$ (6.65)	$ (7.00)	$ (7.37)	$ (7.75)	$ (7.90)
2	$ -	$ (3.04)	$ (6.74)	$ (7.28)	$ (7.50)	$ (7.72)	$ (7.91)	$ (8.34)	$ (8.78)	$ (9.25)	$ (9.73)	$ (9.92)
3	$ -	$ (3.65)	$ (8.11)	$ (8.76)	$ (9.02)	$ (9.28)	$ (9.52)	$ (10.04)	$ (10.57)	$ (11.13)	$ (11.70)	$ (11.93)
4	$ -	$ (4.25)	$ (9.47)	$ (10.23)	$ (10.54)	$ (10.86)	$ (11.13)	$ (11.73)	$ (12.36)	$ (13.01)	$ (13.68)	$ (13.95)
5	$ -	$ (4.87)	$ (10.84)	$ (11.71)	$ (12.06)	$ (12.42)	$ (12.74)	$ (13.43)	$ (14.14)	$ (14.88)	$ (15.65)	$ (15.96)
6	$ -	$ (5.48)	$ (12.21)	$ (13.19)	$ (13.58)	$ (13.99)	$ (14.34)	$ (15.12)	$ (15.83)	$ (16.76)	$ (17.63)	$ (17.98)
7	$ -	$ (6.09)	$ (13.58)	$ (14.67)	$ (15.11)	$ (15.56)	$ (15.95)	$ (16.81)	$ (17.71)	$ (18.64)	$ (19.60)	$ (19.99)
8	$ -	$ (6.71)	$ (14.94)	$ (16.14)	$ (16.63)	$ (17.13)	$ (17.56)	$ (18.51)	$ (19.50)	$ (20.52)	$ (21.58)	$ (22.01)
9	$ -	$ (7.32)	$ (16.31)	$ (17.62)	$ (18.15)	$ (18.69)	$ (19.16)	$ (20.20)	$ (21.28)	$ (22.40)	$ (23.55)	$ (24.03)
10	$ -	$ (7.93)	$ (17.68)	$ (19.10)	$ (19.67)	$ (20.26)	$ (20.77)	$ (21.90)	$ (23.07)	$ (24.28)	$ (25.53)	$ (26.04)

RATE IMPACT 5/8" Customer (KWA Version)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Monthly Usage (CCF)												
1	$ 29.29	$ 30.83	$ 32.37	$ 33.82	$ 34.84	$ 35.88	$ 36.78	$ 37.52	$ 38.27	$ 39.03	$ 39.81	$ 40.61
2	$ 36.81	$ 38.75	$ 40.68	$ 42.51	$ 43.79	$ 45.10	$ 46.23	$ 47.16	$ 48.10	$ 49.06	$ 50.04	$ 51.04
3	$ 44.33	$ 46.67	$ 49.00	$ 51.21	$ 52.74	$ 54.32	$ 55.68	$ 56.80	$ 57.93	$ 59.08	$ 60.27	$ 61.48
4	$ 51.85	$ 54.59	$ 57.32	$ 59.90	$ 61.69	$ 63.55	$ 65.13	$ 66.44	$ 67.77	$ 69.12	$ 70.50	$ 71.91
5	$ 59.37	$ 62.51	$ 65.64	$ 68.59	$ 70.65	$ 72.77	$ 74.59	$ 76.08	$ 77.60	$ 79.15	$ 80.73	$ 82.35
6	$ 66.88	$ 70.43	$ 73.95	$ 77.28	$ 79.60	$ 81.99	$ 84.04	$ 85.72	$ 87.43	$ 89.18	$ 90.96	$ 92.78
7	$ 74.40	$ 78.35	$ 82.27	$ 85.97	$ 88.55	$ 91.21	$ 93.49	$ 95.36	$ 97.27	$ 99.21	$ 101.20	$ 103.22
8	$ 81.92	$ 86.27	$ 90.59	$ 94.66	$ 97.50	$ 100.43	$ 102.94	$ 105.00	$ 107.10	$ 109.24	$ 111.43	$ 113.65
9	$ 89.44	$ 94.20	$ 98.91	$ 103.36	$ 106.46	$ 109.65	$ 112.39	$ 114.64	$ 116.93	$ 119.27	$ 121.66	$ 124.09
10	$ 96.96	$ 102.12	$ 107.22	$ 112.05	$ 115.41	$ 118.87	$ 121.84	$ 124.28	$ 126.77	$ 129.30	$ 131.89	$ 134.52

RATE IMPACT 5/8" Customer (DWSD Version)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Monthly Usage (CCF)												
1	$ 29.29	$ 33.25	$ 37.74	$ 39.62	$ 40.81	$ 42.04	$ 43.08	$ 44.17	$ 45.27	$ 46.40	$ 47.55	$ 48.51
2	$ 36.81	$ 41.78	$ 47.42	$ 49.79	$ 51.29	$ 52.83	$ 54.15	$ 55.50	$ 56.89	$ 58.31	$ 59.77	$ 60.96
3	$ 44.33	$ 50.31	$ 57.11	$ 59.96	$ 61.76	$ 63.61	$ 65.20	$ 66.83	$ 68.51	$ 70.22	$ 71.97	$ 73.41
4	$ 51.85	$ 58.85	$ 66.79	$ 70.13	$ 72.24	$ 74.40	$ 76.26	$ 78.17	$ 80.12	$ 82.13	$ 84.18	$ 85.86
5	$ 59.37	$ 67.38	$ 76.48	$ 80.30	$ 82.71	$ 85.19	$ 87.32	$ 89.50	$ 91.74	$ 94.03	$ 96.39	$ 98.31
6	$ 66.88	$ 75.91	$ 86.16	$ 90.47	$ 93.18	$ 95.98	$ 98.38	$ 100.84	$ 103.36	$ 105.94	$ 108.59	$ 110.76
7	$ 74.40	$ 84.45	$ 95.85	$ 100.64	$ 103.66	$ 106.77	$ 109.44	$ 112.17	$ 114.98	$ 117.85	$ 120.80	$ 123.21
8	$ 81.92	$ 92.98	$ 105.53	$ 110.81	$ 114.13	$ 117.56	$ 120.50	$ 123.51	$ 126.60	$ 129.76	$ 133.00	$ 135.66
9	$ 89.44	$ 101.51	$ 115.22	$ 120.98	$ 124.61	$ 128.34	$ 131.55	$ 134.84	$ 138.21	$ 141.67	$ 145.21	$ 148.11
10	$ 96.96	$ 110.05	$ 124.90	$ 131.16	$ 135.08	$ 139.13	$ 142.61	$ 146.18	$ 149.83	$ 153.58	$ 157.42	$ 160.56

5. WASTEWATER UTILITY COST OF SERVICE STUDY

Following the development of the wastewater utility financial plans the next step is to determine the level of rate revenues required to adequately recover the cost of providing wastewater service This is typically performed for a test year, which—as mentioned previously—is the year ending June 30, 2014 (FY 2015).

5.1 WASTEWATER REVENUE REQUIREMENT FROM RATES

Table 42 below indicates the level of wastewater utility expenditures which must be recovered from rates in the FY 2015 test year. As the table indicates, the total test year revenue requirement is approximately $29 Million.

TABLE 42: WASTEWATER REVENUE REQUIREMENTS

OPERATION AND MAINTENANCE EXPENDITURES													
Fiscal Year Ending June 30	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Total Dept 596.101-Utilities - Sewer Administration	$ 7,442,426	$ 7,653,942	$ 7,653,942	$ 7,653,942	$ 7,871,578	$ 8,095,516	$ 8,326,945	$ 8,563,051	$ 8,807,033	$ 9,058,091	$ 9,316,486	$ 9,582,281
Total Dept 540.100-Water Service Center Management	$ 2,713,446	$ 639,476	$ 639,476	$ 639,476	$ 658,367	$ 894,148	$ 922,849	$ 952,502	$ 983,141	$ 1,014,800	$ 1,047,513	$ 1,081,318
Total Dept 540.300-WSC - Capital Improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 540.207-Wsc-Meter Reading - Sewer	$ 700,618	$ 738,419	$ 738,419	$ 738,419	$ 762,919	$ 788,273	$ 814,610	$ 841,883	$ 869,768	$ 898,855	$ 928,970	$ 960,143
Total Dept 540.208-Wsc-Sewer Maint/Construction	$ 2,703,185	$ 2,797,696	$ 2,797,696	$ 2,797,696	$ 2,895,717	$ 2,997,382	$ 3,102,837	$ 3,212,232	$ 3,325,726	$ 3,443,478	$ 3,565,654	$ 3,692,459
Total Dept 550.100-Wpc Operations	$ 5,176,142	$ 5,516,166	$ 5,183,366	$ 5,183,366	$ 5,357,112	$ 5,557,629	$ 5,755,178	$ 5,960,026	$ 6,172,460	$ 6,392,788	$ 6,621,256	$ 6,858,239
Total Dept 550.200-Wpc-Third Ave Pump Station	$ 909,913	$ 735,282	$ 785,282	$ 735,282	$ 761,601	$ 789,006	$ 817,834	$ 847,426	$ 878,119	$ 909,960	$ 942,990	$ 977,257
Total Dept 550.202-Wpc-Maintenance Expense	$ 2,817,899	$ 2,912,411	$ 2,912,411	$ 2,912,411	$ 3,009,177	$ 3,109,314	$ 3,212,950	$ 3,320,211	$ 3,431,235	$ 3,546,160	$ 3,665,132	$ 3,788,303
Total Dept 550.300-WPC - Capital Improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 550.600-Non_dep_Exp-Sewer Portion	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Dept 966.101-Transfers out to fund 101	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000	$ 1,860,000
Total Operation and Maintenance Expenditures	**$ 24,323,627**	**$ 25,053,392**	**$ 22,720,592**	**$ 22,720,592**	**$ 23,384,671**	**$ 24,091,888**	**$ 24,812,101**	**$ 25,557,113**	**$ 26,327,481**	**$ 27,124,115**	**$ 27,947,981**	**$ 28,800,000**
DEBT/CAPEX EXPENDITURES												
Fiscal Year Ending June 30	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Grand Total Existing and Proposed Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Wastewater Rate Revenue Financing (Cash)	$ 6,500,000	$ 6,500,000	$ 10,000,000	$ 9,500,000	$ 12,500,000	$ 7,500,000	$ 8,000,000	$ 7,500,000	$ 8,000,000	$ 8,000,000	$ 8,000,000	$ 6,500,000
Add Net Operating Surplus/(Deficit)	$ (2,650,381)	$ 1,454,161	$ (1,091,396)	$ 817,090	$ (1,396,471)	$ 3,806,363	$ 3,141,840	$ 3,624,149	$ 3,092,644	$ 3,049,055	$ 2,692,773	$ 2,420,486
Add Wastewater Transfers to Equipment Replacement Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Capital Expenditures	**$ 9,849,619**	**$ 8,954,161**	**$ 8,908,604**	**$ 10,317,090**	**$ 11,103,529**	**$ 11,306,363**	**$ 11,141,840**	**$ 11,124,149**	**$ 11,092,644**	**$ 11,049,055**	**$ 10,692,773**	**$ 10,920,486**
GROSS REVENUE REQUIREMENT FROM RATES	$ 28,173,246	$ 30,007,553	$ 31,629,196	$ 33,037,682	$ 34,488,200	$ 35,397,992	$ 35,953,941	$ 36,681,262	$ 37,420,125	$ 38,173,170	$ 38,640,754	$ 39,720,486
NON-RATE REVENUES												
Fiscal Year Ending June 30	Budget Year FY 2014	Test Year FY 2015	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025
Total Non-Rate Revenues	$ 395,672	$ 424,679	$ 410,222	$ 423,308	$ 416,326	$ 434,357	$ 495,067	$ 513,187	$ 526,651	$ 543,698	$ 558,860	$ 570,962
NET REVENUE REQUIREMENT FROM RATES	$ 27,777,574	$ 29,582,874	$ 31,209,974	$ 32,614,374	$ 34,061,874	$ 34,963,634	$ 35,458,874	$ 36,168,074	$ 36,893,474	$ 37,629,472	$ 38,081,894	$ 39,149,524

5.2 WASTEWATER REVENUE REQUIREMENTS BY CUSTOMER CLASS

Following the development of the total test year revenue requirement, the proportion of that revenue requirement attributable to each customer class must be determined. This allocation is performed via the multi-step process described below.

5.2.1 O&M Allocation to Function Categories

The first step in determining revenue requirements by customer class is to allocate the test year O&M revenue requirement to functional categories. These categories are functions that the wastewater utility must perform in order to deliver wastewater service to City customers. For the wastewater utility they are: Administrative and General, Customer Service, Collection, Pumping, and Treatment.

The O&M allocations, by department, are shown in Table 43 below:

TABLE 43: WASTEWATER O&M ALLOCATION TO FUNCTIONAL CATEGORIES

DEPARTMENT	Total $ Allocation	Administrative and General	Customer Service	Collection System	Lift Stations and Pumping	Wastewater Treatment
Total Dept 536 101-Utilities - Sewer Administration	$ 7,853,942	$ 7,653,942	$ -	$ -	$ -	$ -
Total Dept 540 100-Water Service Center Management	$ 839,476	$ -	$ 839,476	$ -	$ -	$ -
Total Dept 540 300-WSC - Capital Improvements	$ -	$	$ -	$ -	$ -	$ -
Total Dept 540 207-Wsc-Meter Reading - Sewer	$ 738,419	$ -	$ 738,419	$ -	$ -	$ -
Total Dept 540 208-Wsc-Sewer Maint./Construction	$ 2,797,696	$ -	$ -	$ 2,797,696	$ -	$ -
Total Dept 550 100-Wpc Operations	$ 5,516,166	$ -	$ -	$ -	$ -	$ 5,516,166
Total Dept 550 200-Wpc-Third Ave Pump Station	$ 735,282	$ -	$	$ -	$ 735,282	$ -
Total Dept 550 202-Wpc-Maintenance Expense	$ 2,912,411	$ -	$	$ -	$ -	$ 2,912,411
Total Dept 550 300-WPC - Capital Improvements	$ -	$ -	$	$ -	$ -	$ -
Total Dept 550 800-Non_dep_Exp-Sewer Portion	$ -	$ -	$	$ -	$ -	$ -
Total Dept 966 101-Transfers out to fund 101	$ 1,860,000	$ 1,860,000	$ -	$ -	$ -	$ -
GRAND TOTAL WASTEWATER UTILITY	$ 23,053,392	$ 9,513,942	$ 1,577,894	$ 2,797,696	$ 735,282	$ 8,428,576

5.2.2 O&M Allocation to Cost Components

Once O&M costs have been allocated to functional categories, the total O&M revenue requirement allocated to each functional category must be further allocated based on the operational need which they are designed to fulfill. For this allocation RFC has generally utilized the cost allocation methodology described in the Water Environment Federation's Manual of Practice No. 27, "Financing and Charges for Wastewater Systems."

The costs components utilized in this study are: volume or wastewater utility costs which are incurred on the basis of the quantity of wastewater discharged into the system, strength measures such as Biochemical Oxygen Demand ("BOD"), Total Suspended Solids ("TSS") and Phosphorus; and customer measures such as equivalent meters and monthly bills. A summary of the allocation of the wastewater O&M revenue requirement is included in Table 44 on the following page.

TABLE 44: WASTEWATER O&M ALLOCATION TO COST COMPONENTS

			Strength			Customer	
FUNCTIONAL CLASSIFICATION	Total $ Allocation	Volume Allocation	Allocation to BOD	Allocation to TSS	Allocation to Phosphorus	Customer Meters	Customer Bills
Administrative and General	$ 8,513,942	$ 2,482,564	$ 1,974,206	$ 1,974,206	$ 1,974,208	$ 1,108,760	$ -
Customer Service	$ 1,577,894	$ -	$ -	$ -	$ -	$ 1,577,894	$ -
Collection System	$ 2,797,696	$ 2,797,696	$ -	$ -	$ -	$ -	$ -
Lift Stations and Pumping	$ 735,282	$ 735,282	$ -	$ -	$ -	$ -	$ -
Wastewater Treatment	$ 8,428,578	$ -	$ 2,809,526	$ 2,809,526	$ 2,809,526	$ -	$ -
	$ 23,053,392	$ 6,015,542	$ 4,783,732	$ 4,783,732	$ 4,783,732	$ 2,686,654	$ -

5.2.3 *Capital Cost Allocation to Functional Components*

Similar to the allocation of the O&M revenue requirement described in the previous section, the capital revenue requirement must be allocated to functional categories. Table 45 below indicates the allocation of capital costs.

TABLE 45: WASTEWATER CAPITAL ALLOCATION TO FUNCTIONAL CATEGORIES

Allocation of Capital Costs to Functional Categories						
	Total	Administrative and General	Customer Service	Collection System	Lift Stations and	Wastewater Treatment
Breakdown of Fixed Assets by Function	100%	0.32%	0.00%	82.79%	4.31%	12.58%
Total Capital Expenditures	$ 7,230,846	$ 22,823.92	$ -	$ 5,986,709	$ 311,745	$ 909,567

$ Allocation of Water Fixed Assets to Functional Categories						
FIXED ASSET CATEGORY	Net Book Value	Administrative and General	Customer Service	Collection System	Lift Stations and	Wastewater Treatment
01Land	$ 38,077	$ 120	$ -	$ 31,526	$ 1,642	$ 4,790
02Construction-in-progress	$ 527,286	$ 1,664	$ -	$ 436,561	$ 22,733	$ 66,327
11Land Improvements	$ 3,480,377	$ 10,986	$ -	$ 2,881,545	$ 150,050	$ 437,796
12Building Improvements	$ 752,957	$ 2,377	$ -	$ 623,399	$ 32,462	$ 94,714
13Sewage disposal plant & equipment	$ 6,581,444	$ -	$ -	$ -	$ -	$ 6,581,444
14Vehicle	$ 456,125	$ -	$ -	$ 456,125	$ -	$ -
15 Sewage Pumping Station	$ 2,255,719	$ -	$ -	$ -	$ 2,255,719	$ -
16Office & Other Equipment	$ 28,892	$ 28,892	$ -	$ -	$ -	$ -
17Sewer SSR	$ 42,852,474	$ -	$ -	$ 42,852,474	$ -	$ -
18Sanitary Sewers (Engg only)	$ 136,257	$ 136,257	$ -	$ -	$ -	$ -
Total Water Fixed assets	$ 57,119,603	$ 180,296	$ -	$ 47,291,630	$ 2,462,606	$ 7,185,071
% Breakdown	100.00%	0.32%	0.00%	82.79%	4.31%	12.58%

As the table above indicates, the basis for the allocation of capital costs was the existing level of wastewater utility investment in fixed assets. The existing net book value of each major asset class was allocated to the functional categories. The total capital revenue requirement, approximately 7 Million in the test year, was then allocated according to the proportion of existing investment in each functional category. For example, a large proportion of investment in wastewater fixed assets relates to the rehabilitation of the City's collection system ("Sewer SSR"). As such, the majority of the capital revenue requirement (82%) has been allocated to the collection system function.

5.2.4 *Capital Cost Allocation to Cost Components*

As with the allocation of the O&M revenue requirement described above, the functionally allocated capital revenue requirement must also be further allocated according to the operational need that each function is designed to fulfill.

Table 46 below summarizes this allocation.

TABLE 46: WASTEWATER CAPITAL ALLOCATION TO COST COMPONENTS

			Strength			Customer	
FUNCTIONAL CLASSIFICATION	Total $ Allocation	Volume Allocation	Allocation to BOD	Allocation to TSS	Allocation to Phosphorous	Customer Meters	Customer Bills
Administrative and General	22,824	19,944	960	960	960	-	-
Customer Service	-	-	-	-	-	-	-
Collection System	5,986,709	5,986,709	-	-	-	-	-
Lift Stations and Pumping	311,745	311,745	-	-	-	-	-
Wastewater Treatment	909,567	-	303,189	303,189	303,189	-	-
Total Capital Expenditures	7,230,845	6,318,397	304,149	304,149	304,149	-	-

5.2.5 *Non-Rate Revenue Allocation to Cost Components*

Non-rate revenue must be excluded from the O&M and Capital revenue requirements as these amounts are an offset to the revenue requirement which will be recovered from rates. Consequently, non-rate revenues are allocated to the cost components so that they can be removed from the total revenue requirement. In this case, non-rate revenues were allocated proportionally according to the total O&M revenue requirement allocation and can be seen in Table 47 below.

TABLE 47: WASTEWATER NON-RATE REVENUE ALLOCATION TO COST COMPONENTS

			Strength			Customer	
ACCOUNT CODE DESCRIPTION	Total $Allocation	Volume Allocation	Allocation to BOD	Allocation to TSS	Allocation to Phosphorou	Customer Meters	Customer Bills
590-536.101-455.000 Bus Licences & Permits - Utilities	21,372	5,707	4,539	4,539	4,539	2,549	-
590-536.101-530.000 Federal Grants	-	-	-	-	-	-	-
590-536.101-539.000 State Grants	-	-	-	-	-	-	-
590-536.101-657.000 Fines - Turn- On Fees - Utilities	-	-	-	-	-	-	-
590-536.101-657.100 Forfeited Discount - Utilities	350,000	91,329	72,627	72,627	72,627	40,789	-
590-536.101-658.000 Self Insurance recoveries	-	-	-	-	-	-	-
590-536.101-699.998 Due From Fund Balance	-		-	-			-
590-536.101-699.999 Prior Year Revenue	-	-	-	-	-		-
590-540.100-677.000 Reimbursements	-	-	-	-	-	-	-
590-540.208-626.000 Charges For Services Rendered		-	-	-	-		-
590-540.208-626.900 Charges For Service Rendered - Intercity	-	-	-	-	-	-	-
590-540.208-677.000 Reimbursements	-	-	-	-	-	-	-
590-540.208-677.500 Reimbursements -proprietary funds	-		-	-	-	-	-
590-550.100-649.000 Scrap Sales	20,000	5,219	4,150	4,150	4,150	2,331	-
590-550.100-649.000 Auction Rev - Forfeited & Others	-	-	-	-	-	-	-
590-550.100-657.000 Fines - Turn- On Fees - Utilities	-	-	-	-	-		-
590-550.100-677.000 Reimbursements	-	-	-	-	-	-	-
590-550.100-699.998 Due From Fund Balance	-	-	-	-	-	-	-
590-550.200-696.000 Discounts Earned	2,000	522	415	415	415	233	-
590-550.201-455.000 Bus.Licences & Permits - Utilities	2,000	522	415	415	415	233	-
590-550.202-699.998 Due From Fund Balance	-	-	-	-	-	-	-
590-550.600-664.100 Interest Earned	27,690	7,226	5,746	5,746	5,746	3,227	-
Add Transfers in from General Fund	-	-	-	-	-	-	-
Total Non-Rate Revenues	423,562	110,524	87,892	87,892	87,892	49,362	-

5.2.6 *Plant Balance Analysis*

Once each component of the revenue requirements has been determined, wastewater strength units, by customer class must be estimated. These are the basis upon which the strength costs, determined in the previous step, are allocated to each customer class.

This allocation is performed via a proportional distribution of each measure of strength to each customer class, based on the contribution of that class to overall billed wastewater volumes. This calculation is shown in Table 48 below.

TABLE 48 WASTEWATER PLANT BALANCE ANALYSIS CALCULATIONS

CUSTOMER CLASS	Test Year Volume (CCF)	Biochemical Oxygen Demand mg/L	Biochemical Oxygen Demand Pounds	Total Suspended Solids mg/L	Total Suspended Solids Pounds	Phosphorous mg/L	Phosphorous Pounds	Test Year Combined Pounds
Treatment Plant Volumes	3,669,016	84.5	1,935,231.27	78.5	1,797,911.30	4.225	96,768.56	3,830,009
Less:								
Total Inside City Residential	1,576,666	100	989,080	93	916,437	2	17,177	1,922,694
Total Inside City Commercial/Industrial	1,398,721	100	877,451	93	813,007	2	15,238	1,705,696
Total Outside City Residential	208	100	129	93	120	2	2	251
Total Outside City Commercial/Industrial	7,012	100	4,399	93	4,076	2	76	8,550
Total System Billed Volumes	2,982,604	100	1,871,059	93	1,733,639	2	32,494	3,637,192
Total Infiltration and Inflow	686,412	15	64,272.49	15	64,272.49	15	64,272.49	192,817
Balance	-		(0)		(0)			-
Gallons per CCF	748							
Milligrams per Pound	453,592							
Liters per Gallon	3.785411							
% Infiltration and Inflow	23%							

As an example, consider Biochemical Oxygen Demand. The proportion of BOD contributed to the wastewater system by each class, is function of the overall volume contributed by that class. Therefore the BOD units are allocated to each customer class based on their proportion of total billed volumes. Inside City Residential customers, for example, are forecasted to contribute 1.5 Million CCF in billed wastewater volumes in the test year, or 53% of total billed volumes. Consequently, they are assigned 53% of total forecast BOD. The same calculations are performed for the remaining strength units, TSS and Phosphorous.

The result is a total level of strength units for each customer class, which is then used to determine unit costs by customer class and allocate the test year revenue requirement.

5.2.7 *Calculation of Units of Service*

The next step in the cost allocation process is to summarize the units of service, which are used as the basis for the allocation of the total revenue requirement to each of the customer classes. The units pertain to each of the cost components mentioned above (i.e. strength, volume and customer units). In the following step, the units will be used to determine a unit cost for each cost component.

The wastewater units of service are shown in Table 49 below.

TABLE 49: WASTEWATER UNITS OF SERVICE

WASTEWATER UNITS OF SERVICE		Residential		Commercial/Industrial	
	Total System (CCF)	Total Inside City Residential	Total Outside City Residential	Total Inside City Commercial/Industrial	Total Outside City Commercial/Industrial
Volume Units					
% Breakdown		52.9%	0.0%	46.9%	0.2%
Total System Billed Volumes	2,982,604	1,576,666	206	1,398,721	7,012
Total Infiltration and Inflow	686,412	362,852	47	321,900	1,614
Total Volume	3,669,016	1,939,517	253	1,720,620	8,625
Strength Units					
BOD	1,671,059	989,080	129	677,451	4,399
TSS	1,733,639	916,437	120	813,007	4,076
Phosporous	32,494	17,177	2	15,238	76
Total Wastewater Strength (Pounds)	3,637,192	1,922,694	251	1,705,696	8,550
Customer Units					
Meters	33,177	25,436	6	7,699	35
Bills	315,952	301,096	71	14,646	137

As mentioned above the units determined for each customer class are volume (the total forecast wastewater contribution) strength (the proportion of wastewater strength units determined in the plant balance analysis) and customer (equivalent meters and customer bills as in the water cost of service study).

5.2.8 Unit Cost of Service

Following the allocation of the wastewater revenue requirements to each of the cost components and the calculation of the units of service, a unit cost of service for each cost component can be determined. These unit costs are the basis by which the revenue requirements by customer class are determined.

The unit cost of service is the total revenue requirement, as allocated to the cost components, divided by the units of service attributable to each component and is shown in Table 50 on the following page.

TABLE 50: WASTEWATER UNIT COST OF SERVICE

Wastewater Units of Service		Strength			Customer	
CUSTOMER CLASS	Volume Allocation	Allocation to BOD	Allocation to TSS	Allocation to Phosphorous	Customer Meters	Customer Bills
Total Inside City Residential	1,939,517	989,080	916,437	17,177	25,436	301,096
Total Outside City Residential	253	129	120	2	6	71
Total Inside City Commercial/Industrial	1,720,620	877,451	813,007	16,238	7,899	14,846
Total Outside City Commercial/Industrial	8,625	4,399	4,076	76	35	137
Grand Total System Units of Service	3,669,016	1,871,059	1,733,639	32,494	33,177	316,852

Wastewater Cash Basis Revenue Requirements			Strength			Customer	
REVENUE REQUIREMENT	Total	Volume Allocation	Allocation to BOD	Allocation to TSS	Allocation to Phosphorous	Customer Meters	Customer Bills
Total Operation and Maintenance Expenditures	$ 23,053,392	$ 6,016,542	$ 4,783,732	$ 4,783,732	$ 4,783,732	$2,686,854	$ -
Unit Cost		$ 1.64	$ 2.56	$ 2.76	$ 147.22	$ 80.98	$ -
Total Capital Expenditures	$ 7,230,845	$ 6,318,397	$ 304,149	$ 304,149	$ 304,149	$ -	$ -
Unit Cost		$ 1.72	$ 0.16	$ 0.18	$ 9.36	$	$ -
Total Non-Rate Revenues	$ (423,562)	$ (110,524)	$ (87,892)	$ (87,892)	$ (87,892)	$ (49,362)	$ -
Unit Cost		$ (0.03)	$ (0.05)	$ (0.05)	$ (2.70)	$ (1.49)	$ -
Total System Revenue Requirements	$ 29,860,674	$ 12,223,415	$ 4,999,989	$ 4,999,989	$ 4,999,989	$2,637,292	$ -
Total System Unit COS	$ -	$ 3.33	$ 2.67	$ 2.88	$ 153.87	$ 79.49	$ -

For example, the total volume units are 3.6 Million CCF. This means that the O&M, Capital and Non-Rate Revenue Requirements cost $1.64, $1.72 and $(.03) per unit of wastewater volume. The total unit cost associated with wastewater volume is $3.33/CCF. The calculation is repeated for each cost component to determine the overall unit cost associated with wastewater volume, strength (BOD, TSS and Phosphorous) and customer service

5.2.9 Revenue Requirements by Customer Class

The customer class revenue requirements are the basis for establishing alternative rates by customer class. The City's existing wastewater rate structure does not include distinct rates by customer class. At this time the City does not wish to make major rate structure changes. However, the revenue requirements by customer class are shown in Table 51 on the following page and are the basis for the alternative wastewater rates presented as appendix B to this report.

TABLE 51: WASTEWATER REVENUE REQUIREMENTS BY CUSTOMER CLASS

Wastewater Units of Service			Strength			Customer	
CUSTOMER CLASS		Volume Allocation	Allocation to BOD	Allocation to TSS	Allocation to Phosphorous	Customer Meters	Customer Bills
Total System Revenue Requirements	$ 29,860,674	$ 12,223,415	$ 4,999,989	$ 4,999,989	$ 4,999,989	$2,637,292	$ -
Total System Unit COS		$ 3.33	$ 2.67	$ 2.88	$ 153.87	$ 79.49	$ -
Units of Service							
Total Inside City Residential		1,936,517	989,080	916,437	17,177	25,436	301,096
Total Inside City Commercial/Industrial		1,720,620	877,451	813,007	15,238	7,698	14,646
		3,660,138	1,866,531	1,729,444	32,415	33,136	315,743
Total Outside City Residential		253	129	120	2	6	71
Total Outside City Commercial/Industrial		8,625	4,399	4,076	76	36	137
		8,878	4,528	4,195	79	42	209
Total System Units of Service		3,669,016	1,871,059	1,733,639	32,494	33,177	315,952
Allocated Cost of Service							
Total Inside City Residential COS	$ 16,412,799	$ 6,461,549	$ 2,643,097	$ 2,643,097	$ 2,643,097	$2,021,959	$ -
Total Inside City Commercial/Industrial COS	$ 13,378,697	$ 5,732,288	$ 2,344,793	$ 2,344,793	$ 2,344,793	$ 612,030	$ -
Total Inside City All Classes	$ 29,791,496	$ 12,193,837	$ 4,987,890	$ 4,987,890	$ 4,987,890	$2,633,989	$ -
Total Outside City Residential COS	2,382.16	$ 843	$ 345	$ 345	$ 345	$ 505	$ -
Total Outside City Commercial/Industrial COS	66,796.05	$ 28,735	$ 11,754	$ 11,754	$ 11,754	$ 2,798	$ -
Total Outside City All Classes	$ 69,178	$ 29,578	$ 12,099	$ 12,099	$ 12,099	$ 3,303	$ -
Total System Cost of Service	$ 29,860,674	$ 12,223,415	$ 4,999,989	$ 4,999,989	$ 4,999,989	$2,637,292	$ -
Check on Total System COS (Should be $0)	$ -						

The revenue requirement for each customer class is the total unit cost of service determined previously, multiplied by the units of service for each customer class. The result is a total allocation to each customer class made up of each of the cost components discussed previously. The allocation is based on each customer class's contribution to the wastewater utility's overall operating and capital costs, as represented by their units of service.

5.3 WASTEWATER RATE DESIGN

The wastewater rates have been calculated under the existing rate structure and under a new structure which recognizes the customer classes present in the City's CIS. The rate calculation under existing rates will be presented here, with the alternative rates by customer class presented as an appendix B.

5.3.1 Volumetric Rate Calculations

As mentioned above, the City did not indicate a desire to significantly modify the existing wastewater rate structure. Therefore RFC maintained various components of the existing water volumetric rates including:

- The existing inside/outside city differential (i.e. outside=110% of inside)
- The existing structure which charges the same volumetric rates for all customer classes
- The existing shift of some volumetric costs to the fixed service charge (i.e. a readiness to serve adjustment)

The calculation of the wastewater volumetric rates involves the following steps

- Determine total composite volumetric revenue requirement:
  - Adjust the test-year revenue requirement allocated to the volume cost component by the readiness to serve amount
  - Add the wastewater strength related cost components (BOD, TSS and Phosphorous)
  - Remove Beecher Metro Revenue
  - Add the inside and outside city revenue requirements to determine a composite revenue requirement for all customer classes
- Determine the composite wastewater units:
  - Multiply the units of inside and outside city customers by the existing I/O differential (Outside=110% of Inside)
  - Add those units together.
- Calculate Inside and Outside City Volumetric Rates:
  - Determine a composite rate for all customer classes by dividing the total composite revenue requirement determined above, by the total composite wastewater units
  - Multiply the composite rates by the Inside and Outside City differentials (100% for Inside City and 110% for Outside City) to determine the rates for each customer class.

The above calculations are summarized in Table 52 on the following page.

TABLE 62: WASTEWATER VOLUMETRIC RATE CALCULATIONS

	Test Year Revenue at Current Rates	Test Year Revenue at Proposed Rates	Test Year Revenue at Proposed Rates (Less Uncollectibles)	Test Year Revenue at Proposed Rates (Less Uncollectibles)	Test Year Revenue at Proposed Rates (Less Uncollectibles)	Less: Surcharge / Meter Reserves	Adjusted Revenue Requirement	Surcharge Revenue Requirement	Test Year Billed Volumes	Test Year Billed Volumes	Test Year Billed Volumes	Test Year Billed Volumes	Test Year Billed Volumes	Test Year Rates	Test Year Rates	Test Year Rates	Test Year Rates
Customer Class	Current Rates	Proposed Rates	Increase	Increase	Increase	Proposed	Test Year Volumetric Rate Revenue	Test Year Volumetric Rate Revenue	Billed Volumes (CCF)	% of Test Year	Test Year Billed Volumes (Inside City Limits) (CCF)	Test Year Billed Volumes (All Other Customers) (CCF)	Test Year Billed Volumes (Outside City Limits) (CCF)	Volumetric Rate (CCF)	Surcharge Rate (CCF)	Difference	Difference
Existing Rates																	
Total Inside City COS	$ 12,108,537	$ 9,987,890	$ 4,987,890	$ 4,987,890	$ 4,987,890	$ -	$ -	$ -	$ -								
RTS Adjustment	$ (11,078,309)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -								
Total Inside City All Classes	$ 1,116,528	$ 4,987,890	$ 4,987,890	$ 4,987,890	$ 4,987,890	$ 18,079,199	$ (711,543)	$ 15,367,859	$ 16,417,814	2,982,804	100.00%	1,850	2,983,326	2,983,326	$ 5.17	$ 4.8	$ 0.37	8%
Total Outside City COS	$ 29,676	$ 12,099	$ 12,099	$ 12,099	$ 12,099	$ -	$ -	$ -	$ -								
RTS Adjustment	$ (13,991)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -								
Total Outside City All Classes	$ 15,685	$ 12,099	$ 12,099	$ 12,099	$ 12,099	$ 51,985	$ (1,725)	$ 50,259	$ -			1,100			$ 5.58	$ 5.259	$ 0.48	8%
Total System	$ 1,131,213	$ 4,999,989	$ 4,999,989	$ 4,999,989	$ 4,999,989	$ 18,131,183	$ (713,269)	$ 15,417,814	$ 16,417,814								

5.3.2 *Fixed Charge Calculations*

As noted above, the City did not express a desire to change rate structures at this time. Consequently, the following aspects of the existing rate structure have been maintained including:

- The existing inside/outside city differential (i.e. outside=120% of inside)
- The existing shift of some volumetric costs to the fixed service charge (i.e. a readiness to serve adjustment)
- The flow equivalencies for the various meter sizes

The calculation of the wastewater fixed charges involves the following steps:

- Determine total composite fixed charge revenue requirement by summing the fixed charge revenue requirements (i.e. those allocated to the customer service related cost components) and the readiness to serve revenue requirement.
- Determine the composite fixed charge wastewater units:
    - Multiply the number of inside and outside city equivalent accounts by the existing I/O differential (Outside=120% of Inside)
    - Add those units together to determine the composite number of equivalent customer accounts
- Calculate Inside and Outside City Volumetric Rates by:
    - Determine an annual composite rate for all customer classes by dividing the total composite revenue requirement determined above, by the total composite wastewater equivalent accounts
    - Determine a monthly rate for the 5/8" equivalent account by dividing the annual rate by 12.
    - Multiply the composite fixed charges by the Inside and Outside City differentials (100% for Inside City and 110% for Outside City) to determine the monthly fixed charge per 5/8" equivalent account for inside and outside city customer classes.
    - Multiply the monthly fixed charge for a 5/8" equivalent account by the meter equivalencies for each meter size to determine the monthly fixed charge for the remaining meter sizes.

The calculations described in the narrative above are summarized in Table 53 on the following page.

TABLE 53: WASTEWATER FIXED CHARGE CALCULATIONS

CUSTOMER CLASS	Fixed Charge Revenue Requirement	Readiness to Serve Adjustment	Readiness to Serve Revenue Req.	Base-Fixed RR Allocated on Customer Services	RR Allocated on Customer Bills
Total Inside City Residential COS	$ 2,021,959	420.6%	$ 8,504,168	$ 2,021,969	$ -
Total Outside City Residential COS	$ 505	420.6%	$ 2,123	$ 505	$ -
Total Inside City Commercial/Industrial COS	$ 612,030	420.6%	$ 2,574,140	$ 612,030	$ -
Total Outside City Commercial/Industrial COS	$ 2,798	420.6%	$ 11,768	$ 2,798	$ -
Total Inside City Residential COS Adjustment	$ 2,021,959	$ 8,504,168			
Total Outside City Residential COS Adjustment	$ 505	$ 2,123			
Total Inside City Commercial/Industrial COS Adjustment	$ 612,030	$ 2,574,140			
Total Outside City Commercial/Industrial COS Adjustment	$ 2,798	$ 11,768			

CHARGE	Total Revenue Requirements By Charge	Composite Revenue Requirements	Equivalent Accounts	Test Year Differential Times Inside City	Test Year Adjusted Equivalent Accounts	Test Year Composite Equivalent Accounts	Monthly Fixed Charge Per Str. Equivalent
Total Inside City Residential	$ 10,526,127	$ 10,528,755	25,436	1.00	25,436	25,444	$ 34.48
Total Inside City Commercial/Industrial	$ 3,186,170	$ 3,200,736	7,699	1.00	7,699	7,742	$ 34.45
	$ 13,712,298	$ 13,729,491	33,136		33,136	33,186	
Total Outside City Residential	$ 2,627		6	1.2	8		$ 41.38
Total Outside City Commercial/Industrial	$ 14,566		35	1.2	42		$ 41.34
	17,193		42		50		

CUSTOMER CLASS	Inside City Meter Equivalency	Inside City Meter Equivalency	Proposed Fixed Charge INSIDE CITY	Existing Fixed Charge INSIDE CITY	Difference	Proposed Fixed Charge OUTSIDE CITY	Existing Fixed Charge OUTSIDE CITY	Difference
Residential Customers								
5/8"	1.00	1.07	$ 34.48	$ 32.00	8%	$ 44.19	$ 41.01	8%
3/4"	1.47	1.46	$ 50.56	$ 46.92	8%	$ 60.35	$ 56.01	8%
1"	2.04	2.00	$ 70.41	$ 65.34	8%	$ 82.96	$ 76.99	8%
1-1/2"	2.04	2.00	$ 70.41	$ 65.34	8%	$ 82.96	$ 76.99	8%
2"	2.04	2.00	$ 70.41	$ 65.34	8%	$ 82.96	$ 76.99	8%
Commercial/Industrial Customers								
5/8"	1.62	1.51	$ 55.90	51.919	8%	$ 62.57	$ 58.12	8%
3/4"	2.01	1.92	$ 69.37	64.434	8%	$ 79.26	$ 73.62	8%
1"	2.65	2.55	$ 91.20	84.708	8%	$ 105.56	$ 98.05	8%
1-1/2"	4.31	4.29	$ 148.40	137.843	8%	$ 177.43	$ 164.80	8%
2"	6.13	6.05	$ 211.19	196.163	8%	$ 250.24	$ 232.43	8%
3"	13.69	13.62	$ 471.62	438.063	8%	$ 562.93	$ 522.87	8%
4"	22.56	23.07	$ 777.14	721.842	8%	$ 953.89	$ 886.01	8%
6"	45.60	46.09	$ 1,571.80	1459.948	8%	$ 1,906.74	$ 1,770.13	8%
8"	67.13	68.92	$ 2,312.79	2148.213	8%	$ 2,849.27	$ 2,646.52	8%
10"	91.19	91.73	$ 3,141.97	2918.392	8%	$ 3,792.41	$ 3,522.54	8%
12"	107.06	107.61	$ 3,688.72	3426.233	8%	$ 4,449.17	$ 4,132.57	8%
16"	141.36	143.17	$ 4,870.63	4523.945	8%	$ 5,919.11	$ 5,497.91	8%
20"	166.45	170.09	$ 5,734.96	5326.865	8%	$ 7,032.44	$ 6,532.02	8%

5.3.3 *Summary of Existing and Forecast Wastewater Rates*

Based on the calculations from the previous two sections, the existing and proposed rates for the forecast period are shown in Tables 54 and 55 on the following page.

Note that while the test year FY 2015 rates have been calculated within the cost of service study, the rates for FY 2016 and beyond are based on the overall rate revenue increase from the wastewater utility financial plan.

TABLE 54: SUMMARY OF EXISTING AND FORECAST VOLUMETRIC WASTEWATER RATES

CUSTOMER CLASS		Test Year FY 2017 Existing Rates	Test Year FY 2018 Proposed Rates	Forecast FY 2019 Proposed Rates	Forecast FY 2017 Proposed Rates	Forecast FY 2018 Proposed Rates	Forecast FY 2019 Proposed Rates	Forecast FY 2020 Proposed Rates	Forecast FY 2021 Proposed Rates	Forecast FY 2022 Proposed Rates	Forecast FY 2023 Proposed Rates	Forecast FY 2024 Proposed Rates	Forecast FY 2025 Proposed Rates
Total Inside City All Classes	($/CCF)	$ 4.80	$ 5.17	$ 5.53	$ 5.92	$ 6.18	$ 6.31	$ 6.43	$ 6.56	$ 6.69	$ 6.83	$ 6.96	$ 7.10
Total Outside City All Classes	($/CCF)	$ 5.29	$ 5.68	$ 6.08	$ 6.51	$ 6.80	$ 6.94	$ 7.08	$ 7.22	$ 7.36	$ 7.51	$ 7.66	$ 7.81

TABLE 55. SUMMARY OF EXISTING AND FORECAST WASTEWATER FIXED CHARGES

CUSTOMER CLASS	Test Year FY2014 Existing Rates	Year 1 FY2015 Proposed Rates	Forecast FY2016 Proposed Rates	Forecast FY2017 Proposed Rates	Forecast FY2018 Proposed Rates	Forecast FY2019 Proposed Rates	Forecast FY2020 Proposed Rates	Forecast FY2021 Proposed Rates	Forecast FY2022 Proposed Rates	Forecast FY2023 Proposed Rates	Forecast FY2024 Proposed Rates	Forecast FY2025 Proposed Rates
Inside City Residential Customers												
5/8"	$ 32.00	$ 34.48	$ 36.98	$ 39.48	$ 41.26	$ 42.08	$ 42.92	$ 43.78	$ 44.66	$ 45.55	$ 46.46	$ 47.39
3/4"	$ 45.92	$ 50.58	$ 54.10	$ 57.89	$ 60.49	$ 61.70	$ 62.94	$ 64.19	$ 65.48	$ 66.79	$ 68.12	$ 69.49
1"	$ 65.34	$ 70.41	$ 75.33	$ 80.61	$ 84.24	$ 85.92	$ 87.64	$ 89.39	$ 91.18	$ 93.00	$ 94.86	$ 96.76
1-1/2"	$ 65.34	$ 70.41	$ 75.33	$ 80.61	$ 84.24	$ 85.92	$ 87.64	$ 89.39	$ 91.18	$ 93.00	$ 94.86	$ 96.76
2"	$ 65.34	$ 70.41	$ 75.33	$ 80.61	$ 84.24	$ 85.92	$ 87.64	$ 89.39	$ 91.18	$ 93.00	$ 94.86	$ 96.76
Inside City Commercial/Industrial Customers												
5/8"	$ 51.92	$ 55.90	$ 59.91	$ 64.00	$ 66.88	$ 68.21	$ 69.58	$ 70.97	$ 72.39	$ 73.84	$ 75.31	$ 76.82
3/4"	$ 64.43	$ 69.37	$ 74.33	$ 79.42	$ 83.00	$ 84.66	$ 86.35	$ 88.08	$ 89.84	$ 91.63	$ 93.47	$ 95.34
1"	$ 84.71	$ 91.20	$ 97.58	$ 104.41	$ 109.11	$ 111.29	$ 113.52	$ 115.79	$ 118.10	$ 120.47	$ 122.89	$ 125.33
1-1/2"	$ 137.84	$ 148.40	$ 158.79	$ 169.91	$ 177.55	$ 181.10	$ 184.73	$ 188.42	$ 192.19	$ 196.03	$ 199.95	$ 203.95
2"	$ 196.16	$ 211.18	$ 225.97	$ 241.79	$ 252.67	$ 257.73	$ 262.88	$ 268.14	$ 273.50	$ 278.97	$ 284.55	$ 290.24
3"	$ 438.06	$ 471.62	$ 504.64	$ 539.96	$ 564.25	$ 575.55	$ 587.06	$ 598.80	$ 610.77	$ 622.98	$ 635.45	$ 648.18
4"	$ 721.84	$ 777.14	$ 831.54	$ 889.75	$ 929.79	$ 948.39	$ 967.35	$ 986.70	$ 1,006.43	$ 1,026.56	$ 1,047.09	$ 1,068.04
6"	$ 1,459.05	$ 1,571.00	$ 1,681.02	$ 1,799.55	$ 1,880.53	$ 1,918.14	$ 1,956.50	$ 1,995.63	$ 2,035.54	$ 2,076.26	$ 2,117.78	$ 2,160.14
8"	$ 2,148.21	$ 2,312.78	$ 2,474.69	$ 2,647.91	$ 2,767.07	$ 2,822.41	$ 2,878.86	$ 2,936.44	$ 2,995.16	$ 3,055.07	$ 3,116.17	$ 3,178.49
10"	$ 2,918.39	$ 3,141.97	$ 3,361.91	$ 3,597.24	$ 3,759.12	$ 3,834.30	$ 3,910.99	$ 3,989.21	$ 4,068.99	$ 4,150.37	$ 4,233.38	$ 4,318.05
12"	$ 3,426.23	$ 3,688.72	$ 3,946.83	$ 4,223.22	$ 4,413.28	$ 4,501.52	$ 4,591.59	$ 4,683.39	$ 4,777.05	$ 4,872.60	$ 4,970.05	$ 5,069.45
16"	$ 4,523.95	$ 4,870.53	$ 5,211.47	$ 5,576.27	$ 5,837.20	$ 5,953.74	$ 6,052.82	$ 6,183.87	$ 6,307.55	$ 6,433.70	$ 6,562.37	$ 6,693.62
20"	$ 5,326.87	$ 5,734.98	$ 6,136.41	$ 6,565.96	$ 6,851.42	$ 6,990.86	$ 7,130.68	$ 7,291.40	$ 7,427.03	$ 7,575.57	$ 7,727.08	$ 7,881.62
Outside City Residential Customers												
5/8"	$ 41.01	$ 44.19	$ 47.28	$ 50.69	$ 52.87	$ 53.93	$ 55.01	$ 56.11	$ 57.23	$ 58.37	$ 59.54	$ 60.73
3/4"	$ 56.01	$ 60.35	$ 64.57	$ 69.09	$ 72.20	$ 73.64	$ 75.12	$ 76.62	$ 78.16	$ 79.72	$ 81.31	$ 82.94
1"	$ 75.99	$ 82.96	$ 88.76	$ 94.98	$ 99.25	$ 101.23	$ 103.26	$ 105.32	$ 107.43	$ 109.58	$ 111.77	$ 114.01
1-1/2"	$ 75.99	$ 82.96	$ 88.76	$ 94.98	$ 99.25	$ 101.23	$ 103.26	$ 105.32	$ 107.43	$ 109.58	$ 111.77	$ 114.01
2"	$ 75.99	$ 82.96	$ 88.76	$ 94.98	$ 99.25	$ 101.23	$ 103.26	$ 105.32	$ 107.43	$ 109.58	$ 111.77	$ 114.01
Outside City Commercial/Industrial Customers												
5/8"	$ 58.12	$ 62.57	$ 66.85	$ 71.64	$ 74.88	$ 76.38	$ 77.89	$ 79.44	$ 81.03	$ 82.65	$ 84.31	$ 85.99
3/4"	$ 73.62	$ 79.28	$ 84.61	$ 90.75	$ 94.83	$ 96.73	$ 98.66	$ 100.64	$ 102.65	$ 104.70	$ 106.80	$ 108.93
1"	$ 98.05	$ 105.58	$ 112.85	$ 120.86	$ 126.30	$ 128.82	$ 131.40	$ 134.03	$ 136.71	$ 139.44	$ 142.23	$ 145.08
1-1/2"	$ 164.80	$ 177.43	$ 189.65	$ 203.14	$ 212.28	$ 216.52	$ 220.86	$ 225.27	$ 229.78	$ 234.37	$ 239.06	$ 243.84
2"	$ 232.43	$ 250.24	$ 267.76	$ 286.50	$ 299.39	$ 305.38	$ 311.49	$ 317.72	$ 324.07	$ 330.55	$ 337.17	$ 343.91
3"	$ 522.87	$ 562.93	$ 602.33	$ 644.49	$ 673.50	$ 686.97	$ 700.71	$ 714.72	$ 729.01	$ 743.59	$ 758.47	$ 773.64
4"	$ 866.01	$ 953.89	$ 1,020.69	$ 1,092.10	$ 1,141.25	$ 1,164.07	$ 1,187.36	$ 1,211.10	$ 1,235.32	$ 1,260.03	$ 1,285.23	$ 1,310.94
6"	$ 1,770.13	$ 1,905.74	$ 2,039.14	$ 2,181.88	$ 2,280.07	$ 2,325.67	$ 2,372.16	$ 2,419.62	$ 2,468.02	$ 2,517.39	$ 2,567.72	$ 2,619.08
8"	$ 2,848.62	$ 2,849.27	$ 3,048.72	$ 3,262.13	$ 3,408.93	$ 3,477.11	$ 3,546.65	$ 3,617.58	$ 3,689.93	$ 3,763.73	$ 3,839.01	$ 3,915.78
10"	$ 3,522.54	$ 3,782.41	$ 4,057.68	$ 4,341.93	$ 4,537.31	$ 4,628.06	$ 4,720.62	$ 4,815.03	$ 4,911.33	$ 5,009.58	$ 5,109.76	$ 5,211.95
12"	$ 4,132.57	$ 4,449.17	$ 4,760.82	$ 5,093.66	$ 5,323.08	$ 5,429.54	$ 5,538.14	$ 5,648.90	$ 5,761.88	$ 5,877.11	$ 5,994.68	$ 6,114.56
16"	$ 5,497.81	$ 5,919.11	$ 6,333.45	$ 6,778.79	$ 7,081.78	$ 7,223.38	$ 7,367.85	$ 7,515.21	$ 7,665.51	$ 7,818.82	$ 7,975.20	$ 8,134.70
20"	$ 8,532.02	$ 7,032.44	$ 7,524.72	$ 8,051.45	$ 8,413.76	$ 8,582.04	$ 8,753.68	$ 8,928.75	$ 9,107.33	$ 9,289.47	$ 9,475.26	$ 9,664.77

5.3.4 *Projected Residential Wastewater Bills*

Table 56 below indicates projected wastewater bills for Residential Inside City customers with a 5/8" meter.

TABLE 56: PROJECTED RESIDENTIAL WASTEWATER BILLS

RATE IMPACT SR Customer	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Monthly Usage (CCF)												
1	$ 36.80	$ 39.65	$ 42.43	$ 45.40	$ 47.44	$ 48.39	$ 49.36	$ 50.34	$ 51.35	$ 52.38	$ 53.42	$ 54.49
2	$ 41.60	$ 44.82	$ 47.96	$ 51.31	$ 53.62	$ 54.70	$ 55.79	$ 56.90	$ 58.04	$ 59.20	$ 60.39	$ 61.60
3	$ 46.40	$ 49.99	$ 53.49	$ 57.23	$ 59.81	$ 61.00	$ 62.22	$ 63.47	$ 64.74	$ 66.03	$ 67.35	$ 68.70
4	$ 51.20	$ 55.16	$ 59.02	$ 63.15	$ 65.99	$ 67.31	$ 68.66	$ 70.03	$ 71.43	$ 72.86	$ 74.31	$ 75.80
5	$ 56.00	$ 60.32	$ 64.55	$ 69.06	$ 72.17	$ 73.62	$ 75.09	$ 76.59	$ 78.12	$ 79.68	$ 81.28	$ 82.90
6	$ 60.80	$ 65.49	$ 70.08	$ 74.98	$ 78.36	$ 79.92	$ 81.52	$ 83.15	$ 84.81	$ 86.51	$ 88.24	$ 90.01
7	$ 65.60	$ 70.66	$ 75.61	$ 80.90	$ 84.54	$ 86.23	$ 87.95	$ 89.71	$ 91.51	$ 93.34	$ 95.20	$ 97.11
8	$ 70.40	$ 75.83	$ 81.14	$ 86.81	$ 90.72	$ 92.54	$ 94.39	$ 96.27	$ 98.20	$ 100.16	$ 102.17	$ 104.21
9	$ 75.20	$ 81.00	$ 86.67	$ 92.73	$ 96.90	$ 98.84	$ 100.82	$ 102.84	$ 104.89	$ 106.99	$ 109.13	$ 111.31
10	$ 80.00	$ 86.16	$ 92.20	$ 98.65	$ 103.09	$ 105.15	$ 107.25	$ 109.40	$ 111.59	$ 113.82	$ 116.09	$ 118.42

6. DISCUSSION OF BEST MANAGEMENT PRACTICES (BMP)

We reviewed the City's water and wastewater utility performance in relation to Best Management Practices that have been published by Fitch Ratings ("Fitch"). These criteria are used by Fitch when reviewing the performance of a utility as part of the bond rating process.

6.1 FINANCIAL PROFILE

"Long term integrated financial forecasting that considers future demand, expected rate increases, regulations, and infrastructure renovation and renewal needs."

In general, the City's practices are consistent with this BMP. This report includes ten year comprehensive financial plans for both the water and wastewater utilities. These were developed in collaboration with City staff and reflect the rate revenue increases necessary to adequately fund operation and maintenance expenditures, make necessary capital improvements and ensure fiscal sustainability for each utility on a going forward basis. In addition to these general objectives, the water utility financial plans reflect the transition from DWSD to the KWA, which is expected to lower the level of future rate increases and afford the City greater control over the water utility's operating costs.

"Policies ensure appropriate financial margins, including debt service coverage and operating liquidity levels."

In general the City is taking steps to improve consistency with this BMP. The aforementioned water and wastewater utility financial plans move the City towards an operating reserve target of 90 days

of O&M and debt service. These reserves are critical to mitigate the risk inherent in operating a seasonal enterprise. That said, it is also importance to recognize the sensitivity of ratepayers to further increases, especially given the relatively high level of existing rates. Consequently, the City has decided to work up to the 90 day target over the next few fiscal years to mitigate the potential rate impact.

Coverage of existing water utility debt service is quite strong. This stems primarily from the fact that, given the City's past financial difficulties, it has limited access to capital markets for the purpose of funding its capital improvements. At this time, all major capital improvements are forecast to be made out of current rate revenues. If this policy is maintained throughout the forecast period, water utility debt service coverage will likely continue to improve In the future the City may choose to leverage its water revenues via the Michigan Drinking Water Revolving Revenue Fund, which would spread the rate impact of the forecast capital improvements. Currently, the City does not have any outstanding wastewater debt.

"Regular financial reporting and monitoring systems enable policymaker's access to timely information on fiscal performance relative to the budget."

It is our understanding that the City's reporting systems are consistent with this BMP.

"Limited exposure to growth sensitive revenues, such as tap, connection, or impact fees."

The City's practices are consistent with this BMP. The City currently receives little to no revenue from growth related fees, mostly due to the fact that customer account growth has largely been negative or flat in recent years. Consequently the City is not overly reliant on such fees. However, if customer account growth becomes positive in the future, the City should consider implementing growth related fees to ensure that new customers are adequately compensating existing customers for their investment in the water and wastewater systems.
"Collection policies that regularly track the rate of timely payment receipts and enforce penalties against late payers or terminate service for non-payment."

The City has taken steps to improve consistency with this BMP In recent years, account delinquency and non-payment has become a significant problem for the City. In addition, City staff has cited issues regarding potential water theft. Given these challenges, the City has engaged a consulting firm to aid in the analysis of their customer information system data, in an effort to recover the lost revenue associated with these issues. This is a critical in that it ensures paying customers are not bearing the burden of water theft going forward.

"Willingness of political leaders to adjust rates when necessary."

The City's practices are consistent with this BMP. Emergency Manager Darnell Early has the authority to raise rates as necessary to ensure the ongoing financial sustainability of the water and wastewater utilities. It is our understanding however, that input from political stakeholders will continue to be part of that City's rate adjustment process going forward.

"Limited exposure to financial operations of the general government, so that system revenues can be relied upon for use to operate and improve the utility For transfers to the general fund policies that specifically limit their scope and growth are favorable."

The City is taking steps to improve consistency with this BMP. It is our understanding that approximately $10 million is due from the City's general fund to the water and wastewater utilities. A potential course of action would be to reduce the amount of administrative fees the water and wastewater utilities pay each year to the general fund, until the amount owed is paid back in full. Regardless of the method, the City has indicated that, as a worst case scenario, the general fund would repay the amount owed to the water and wastewater utilities by FY 2019

"Compliance with industry accounting practices and establishment of appropriate internal controls."

It is our understanding that the City's accounting practices adhere to the generally accepted accounting practices ("GAAP") set forth by the Governmental Accounting Standards Board ("GASB").

"Rate affordability guidelines that consider absolute levels of rates and their affordability relative to income levels."

The City is working to improve consistency with this BMP. Affordability is a critical consideration for the City especially given the relatively high level of existing rates. As mentioned above, a key component of this study involved analyzing the impact of transitioning from DWSD to the KWA, a policy which should generate savings to ratepayers in lieu of what would have happened had the City continued to purchase water from DWSD.

6.2 DEBT PROFILE RELATED

"Prioritized capital improvement plans that cover at least five years and consider capacity, supply, regulatory and replacement and renewal needs."

The City's practices are consistent with this BMP. The City has provided five year capital improvements plans for the water and wastewater utilities as well as guidance for forecasting beyond that period, both of which have been incorporates into the water and wastewater financial plans. Based on our experience with utility operations and an examination of the provided plans, it is our opinion that the City is working to address capacity, supply and regulatory issues.

"Debt issuance policies including types, terms, and suitability under specific conditions, as well as the amount of variable-rate debt deemed appropriate."

Currently the City's wastewater utility has no debt and the level of water utility relatively modest. Though the debt associated with the joining KWA will increase this amount in the coming years, it will not reach unsustainable levels.

"Development of comprehensive policies on the use of hedge agreements and their disclosure prior to entering into any such agreements."

The water and wastewater utilities are not currently party to any such agreements and there are no plans to utilize such agreements in the future.

6.3 OPERATING PROFILE RELATED

"Key management industry experience and active participation in organizations that keep pace with sector issues, regulatory mandates and technological advances."

The City's practices are consistent with BMP in this regard

"Use of professional engineers, either within the utility or outside of it, to prepare objective reviews of system performance and needs on regular basis and provide periodic revisions to construction cost estimates."

The City's practices are consistent with BMP in this regard.

"Regular consultation with regional and local growth planners, community development officials, and demographers to predict and, if possible, limit infrastructure needs related to population and business growth."

The City has been very active in such activities in recent years, as evidenced by their participation in the KWA effort to secure a more economical source of water to better meet the City's needs in the future.

APPENDICES

APPENDIX A: ALTERNATIVE WATER VOLUMETRIC RATES

RATE DESIGN ADJUSTMENTS	Base Demand	Max Day Extra Capacity	Max Hour Extra Capacity	Base Demand	Max Day Extra Capacity	Max Hour Extra Capacity	Contribution to Fire Flow	Test Year Differential Times Code City	Test Year Adjusted Consumption	Test Year Composite Consumption	Test Year Proposed Rates	Test Year Current Rates	Test Year Proposed Rates	Test Year Current Rates	Proposed Rates	Current Rates
Inside City Residential																
Inside City Block 1	100%	85%	60%	$ 1,886,619	$ 7,468,474	$ 306,845	1,626,913	1.000	1,626,913	1,636,758	1.30	$ 7.82	$ 8.80	$ (1.02)	-14%	
Inside City Block 2		15%	5%	$ -	$ 1,317,969	$ 30,854	88,590	1.000	88,590	89,924	1.25	$ 7.31	$ 8.25	$ (1.06)	-15%	
Inside City Block 3	0%	0%	45%	$ -	$ -	$ 276,890	31,023	1.000	31,023	31,023	1.00	$ 6.79	$ 8.00	$ (0.79)	-14%	
	100%	100%	100%	$ 1,886,619	$ 8,786,443	$ 613,089	1,746,536		1,746,535	1,757,703						
Outside City Residential																
Outside City Block 1	100%	85%	60%	$ 7,017	$ 46,696	$ 1,894	7,229	1.500	10,843		1.30	$ 11.26	$ 9.74	$ (1.51)	-13%	
Outside City Block 2		15%	5%	$ -	$ 6,946	$ 189	884	1.500	1,325		1.25	$ 10.77	$ 9.37	$ (1.39)	-13%	
Outside City Block 3	0%	0%	45%	$ -	$ -	$ 1,525	-	1.500	-		1.00	$ 8.68	$ 7.80	$ (1.18)	-14%	
	100%	100%	100%	$ 7,017	$ 53,642	$ 3,388	8112.2		12,168							
Total Residential																
Inside City Commercial/Industrial																
Inside City Block 1	100%	85%	60%	$ 3,988,409	$ 7,042,174	$ 277,792	111,702	1.000	111,702	115,650	1.80	$ 7.818	$ 9.57	$ 2.06	27%	
Inside City Block 2		15%	5%	$ -	$ 1,242,737	$ 27,779	860,767	1.000	860,767	875,187	1.26	$ 7.31	$ 9.20	$ 1.89	26%	
Inside City Block 3	0%	0%	45%	$ -	$ -	$ 250,013	511,790	1.000	511,790	531,822	1.00	$ 5.792	$ 7.38	$ 1.57	27%	
	100%	100%	100%	$ 3,988,409	$ 8,284,911	$ 555,585	1,484,239		1,484,239	1,523,639						
Outside City Commercial/Industrial																
Outside City Block 1	100%	85%	60%	$ 88,648	$ 155,617	$ 6,832	3 298	500	4 648		1.30	11 259	$ 14 36	$ 3 10	27%	
Outside City Block 2		15%	5%	$ -	$ 29 228	$ 593	9,607	1.500	14,410		1.25	10 786	$ 13 80	$ 3 04	28%	
Outside City Block 3	0%	0%	45%	$ -	$ -	$ 5,338	13,361	1.800	20,042		1.00	8 677	$ 11 04	$ 2.37	27%	
	100%	100%	100%	$ 88,648	$ 184 843	$ 11,883	26 266		39 400							
Total Commercial/Industrial																
Inside City Lawn																
Inside City Block 1	100%	85%	60%	$ 22,129	$ 251 767	$ 7,113	5,604	1.000	5,604	5 604	1.80	$ 7.818	$ 27 01	$ 19 49	259%	
Inside City Block 2		15%	5%	$ -	$ 44 428	$ 711	7,082	1.000	7,082	7 082	1.26	$ 7.31	$ 26 97	$ 19 66	269%	
Inside City Block 3	0%	0%	45%	$ -	$ -	$ 6,402	-	1.000	-		1.00	$ 5.792	$ 20 77	$ 14 98	259%	
Outside City Lawn																
Outside City Block 1	100%	85%	60%	$ -	$ -	$ -	-	1.500			1.30	11 259	$ 40 81	$ 29.25	260%	
Outside City Block 2		15%	5%	$ -	$ -	$ -		1.500	-		1.25	10 786	$ 38 95	$ 28 19	262%	
Outside City Block 3	0%	0%	45%	$ -	$ -	$ -	-	1.500	-		1.00	8 677	$ 31.16	$ 22.48	259%	
	100%	100%	100%	$ -	$ -	$ -	$ -		-							
Total Lawn																

APPENDIX B: ALTERNATIVE WASTEWATER VOLUMETRIC RATES

		Test Year Volumes					Test Year Rate Calculation			
	Composite Revenue Requirement	Test Year Billed Volumes CCF	Test Year Billed Volumes %Breakdown	Test Year Differential Uses Inside City	Test Year Adjusted Consumption CCF	Test Year Composite Consumption CCF	Test Year Volumetric Rates $/CCF	Existing Volumetric Rates $/CCF	Difference $	Difference %
RATE DESIGN BY CUSTOMER CLASS										
Total Inside City Residential COS										
Total Inside City Residential COS Adjustment										
Total Inside City Residential	$ 5,508,328	1,576,666	52.88%	1.000	1,576,666	1,576,892	$ 3.49	4.8	$ (1.31)	-27%
Total Outside City Residential COS										
Total Outside City Residential COS Adjustment										
Total Outside City Residential		205	0.01%	1.103	226		$ 3.84	5.285	$ (1.44)	-27%
Total Inside City Commercial/Industrial COS										
Total Inside City Commercial/Industrial COS Adjustment										
Total Inside City Commercial/Industrial	$ 9,906,586	1,398,721	46.90%	1.000	1,398,721	1,406,434	$ 7.05	4.8	$ 2.25	47%
Total Outside City Commercial/Industrial COS										
Total Outside City Commercial/Industrial COS Adjustment										
Total Outside City Commercial/Industrial		7,012	0.24%	1.100	7,713		$ 7.75	5.285	$ 2.46	47%

Byrne, Randall (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, March 05, 2014 9:18 PM
To: Byrne, Randall (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: Fwd: Consent Order re lime disposal - Flint WTP

Randy,

Have Drew or Eric contact Mr. Craig to determine what the status of this issue is and what we can do to move it along.

Ed

Sent from my iPad

Begin forwarded message:

> **From:** Gerald Ambrose <gambrose@cityofflint.com>
> **Date:** March 5, 2014, 6:16:33 PM EST
> **To:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>
> **Cc:** Darnell Earley <dearley@cityofflint.com>
> **Subject: Consent Order re lime disposal - Flint WTP**
>
> Wayne and Ed,
>
> John Craig in Enforcement at DEQ is the contact.
>
> Thanks for any help you can give.
>
> KWA has rating agency calls scheduled for Friday AM.
>
> Jerry

Cline, Richard (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, March 06, 2014 10:28 AM
To: Dempkowski, Angela (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: RE: One Resolution for Approval EME1792014

Angela,

FYI. I am holding on this.

I cannot determine if this project was bid or if this is a sole source expenditure.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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From: Dempkowski, Angela (Treasury)
Sent: Thursday, March 06, 2014 9:16 AM
To: Cline, Richard (Treasury)
Subject: FW: One Resolution for Approval EME1792014

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Thursday, March 06, 2014 9:00 AM
To: Dempkowski, Angela (Treasury)
Subject: One Resolution for Approval EME1792014

Angela,

We are submitting the following resolution for State approval:

EME1792014 - Resolution to Metron-Farnier for Residential Water Meters - $199,645.00 (Water Fund, Sewer Fund)

Please see attached.

14-5041

(Bid #14-095)

EM SUBMISSION NO.: EME179 2014

PRESENTED: 2-28-14

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO METRON-FARNIER FOR RESIDENTIAL WATER METERS

BY THE EMERGENCY MANAGER

RESOLUTION

The Utilities/Water Service Center has estimated the need to purchase 1,065 each 5/8" residential water meters to process requests for water turn-ons and to replace non-functioning older meters through the remainder of the fiscal year budget, and

Metron-Farnier, LLC, 5661 Airport Blvd., Suite B, Boulder, Colorado is the manufacturer of said 5/8" residential composite water meters that are supported by the city's automated meter reading system. Funding will come from the following account numbers 591-540.200-726.000 ($89,840.25), 590-540.207-726.000 ($109,804.75); and

IT IS RESOLVED, that the Department of Purchases and Supplies, upon the Emergency Manager's approval, is hereby authorized to issue a purchase order to Metron-Farnier, LLC for purchase of 1,065 each 5/8" residential water meters in the amount of $199,645.00. (Water Fund, Sewer Fund)

APPROVED-PURCHASING DEPT:

Derrick F. Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

EM DISPOSITION:

ENACT _____ REFER TO COUNCIL _____ FAIL _____

_____ DATED: _____

Darnell Earley, Emergency Manager

02/24/14- BDB

RESOLUTION STAFF REVIEW

DATE: 1-25-14

Agenda Item Title: Water Meters

Prepared By: Cheri Priest, WSC Support Technician

Background/Summary of Proposed Action: The Water Service Center is requesting the purchase of 1065 5/8" residential water meters. The WSC meter stock is currently depleted with very limited stock on hand. Unfortunately, without meters, the City is unable to process water turn-ons or any other order that requires a meter to be set or changed.

Financial Implications: Adequate funding exists in the below listed accounts

Budgeted Expenditure? Yes ☒ No☐ **Please explain if no:**

Account No.: 590-540.207-726-000 $109,804.75
591-540.200-726-000 $ 89,840.25

Pre-encumbered? Yes ☒ No☐ **Requisition #** 140000039

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: Robert Burial
(Dept Head or other authorized staff)

Cline, Richard (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, March 06, 2014 10:31 AM
To: mmurray@cityofflint.com
Cc: Dempkowski, Angela (Treasury)
Subject: FW: One Resolution for Approval EME1792014
Attachments: EME1792014.PDF

Tracking:	**Recipient**	**Delivery**
	mmurray@cityofflint.com	
	Dempkowski, Angela (Treasury)	Delivered: 3/6/2014 10:31 AM

Maxine,

Good morning.

I have a question on this specific resolution. Was this project bid and Metron-Farnier is the winning bid?

I am unclear if they are the winning bid or if they are a sole source provider of these water meters. I want to ensure that other providers have been examined.

Please clarify.

Thank you.

Regards,

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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From: Dempkowski, Angela (Treasury)
Sent: Thursday, March 06, 2014 9:16 AM
To: Cline, Richard (Treasury)
Subject: FW: One Resolution for Approval EME1792014

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

First DEP rec'd 3-6-14

		Debit	Credit		Debit	Credit	Deficit Reduction	12,895,642	Comments
#1	General Fund #101			Neighborhood Policing #207					
FY 2014	Due to Other Funds	142,183		Cash	142,183				
	Cash		142,183	Due from Other Funds		142,183		12,895,642	Only BS accounts impacted, does not change deficit
#2	General Fund #101			Fringe Benefits #627					
FY 2014	Due to Other Funds	1,500,000		Debt Forgiveness (Exp)	1,500,000				
	Debt Forgiveness (Rev)		1,500,000	Due from Other Funds		1,500,000	1,500,000	11,395,642	Debt Forgiveness
	General Fund #101			Data Processing #686					
	Due to Other Funds	500,000		Debt Forgiveness (Exp)	500,000				
	Debt Forgiveness (Rev)		500,000	Due from Other Funds		500,000	500,000	10,895,642	Debt Forgiveness
	General Fund #101			Building Department #542					
	Due to Other Funds	110,000		Debt Forgiveness (Exp)	110,000				
	Debt Forgiveness (Rev)		110,000	Due from Other Funds		110,000	100,000	10,795,642	Debt Forgiveness
#3	General Fund #101								
FY 2014	Cash	1,000,000							
	Expenditures	$2,548,116							
	Revenue		53,548,116				1,000,000	9,795,642	Budget revenues over expenditures by 1,000,000
	General Fund #101			Water Fund #591					
	Advance from Other Funds	1,000,000		Cash	1,000,000				
	Cash		1,000,000	Advance to Other Funds		1,000,000	0	9,795,642	Only BS accounts impacted, does not change deficit. (not included in DEP as reducing deficit)
	General Fund #101			Public Improvement #402					
	Cash	800,000		Transfer to Other Funds	800,000				
	Transfer from Other Funds		800,000	Cash		800,000	800,000	9,995,642	Transfer
	General Fund #101			Sewage Disposal Division #590					
	Advance from Other Funds	800,000		Cash	800,000				
	Cash		800,000	Advance to Other Funds		800,000	0	9,995,642	Only BS accounts impacted, does not change deficit. (not included in DEP as reducing deficit)
FY 2015	General Fund #101								
	Cash	1,000,000							
	Expenditures	$2,548,116							
	Revenue		53,548,116				1,000,000	7,995,642	Budget revenues over expenditures by 1,000,000
	General Fund #101			Public Improvement #402					
	Cash	800,000		Transfer to Other Funds	800,000				
	Transfer from Other Funds		800,000	Cash		800,000	800,000	7,195,642	Transfer
	General Fund #101			Sewage Disposal Division #590					
	Advance from Other Funds	800,000		Cash	800,000				
	Cash		800,000	Advance to Other Funds		800,000	0	7,195,642	Only BS accounts impacted, does not change deficit. (not included in DEP as reducing deficit)
FY 2016	General Fund #101								
	Cash	1,000,000							
	Expenditures	$2,548,116							
	Revenue		53,548,116				1,000,000	6,195,642	Budget revenues over expenditures by 1,000,000
	General Fund #101			Public Improvement #402					
	Cash	800,000		Transfer to Other Funds	800,000				
	Transfer from Other Funds		800,000	Cash		800,000	800,000	5,395,642	Transfer
	General Fund #101			Sewage Disposal Division #590					
	Advance from Other Funds	800,000		Cash	800,000				
	Cash		800,000	Advance to Other Funds		800,000	0	5,395,642	Only BS accounts impacted, does not change deficit. (not included in DEP as reducing deficit)
FY 2017	General Fund #101								
	Cash	1,000,000							
	Expenditures	$2,548,116							
	Revenue		53,548,116				1,000,000	4,395,642	Budget revenues over expenditures by 1,000,000
	General Fund #101			Public Improvement #402					
	Cash	800,000		Transfer to Other Funds	800,000				
	Transfer from Other Funds		800,000	Cash		800,000	800,000	3,595,642	Transfer
	General Fund #101			Sewage Disposal Division #590					
	Advance from Other Funds	800,000		Cash	800,000				
	Cash		800,000	Advance to Other Funds		800,000	0	3,595,642	Only BS accounts impacted, does not change deficit (not included in DEP as reducing deficit)
FY 2018	General Fund #101								
	Cash	1,000,000							
	Expenditures	$2,548,116							
	Revenue		53,548,116				1,000,000	2,595,642	Budget revenues over expenditures by 1,000,000
	General Fund #101			Public Improvement #402					
	Cash	800,000		Transfer to Other Funds	800,000				
	Transfer from Other Funds		800,000	Cash		800,000	800,000	1,795,642	Transfer
	General Fund #101			Sewage Disposal Division #590					
	Advance from Other Funds	800,000		Cash	800,000				
	Cash		800,000	Advance to Other Funds		800,000	0	1,795,642	Only BS accounts impacted, does not change deficit. (not included in DEP as reducing deficit)
FY 2019	General Fund #101								
	Cash	1,000,000							
	Expenditures	$2,548,116							
	Revenue		53,548,116				1,000,000	795,642	Budget revenues over expenditures by 1,000,000 (DEP not included in DEP as reducing deficit)
	General Fund #101			Public Improvement #402					
	Cash	800,000		Transfer to Other Funds	800,000				
	Transfer from Other Funds		800,000	Cash		800,000	800,000	(4,358)	Transfer
	General Fund #101			Sewage Disposal Division #590					
	Advance from Other Funds	800,000		Cash	800,000				
	Cash		800,000	Advance to Other Funds		800,000	0	(4,358)	Only BS accounts impacted, does not change deficit. (not included in DEP as reducing deficit)

Unassigned Fund Bal 6,338,000 → ? ideas about future capital projects

→ pay sewer

now ?

Byrne, Randall (Treasury)

From:	Gerald Ambrose <gambrose@cityofflint.com>
Sent:	Thursday, March 06, 2014 3:55 PM
To:	Cline, Richard (Treasury)
Cc:	Byrne, Randall (Treasury); Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury); Darnell Earley
Subject:	Re: DEQ Consent Order - Flint WTP

Richard,

Thanks so much for taking the time to contact DEQ!

Jerry

On Thu, Mar 6, 2014 at 3:08 PM, Cline, Richard (Treasury) <clinerl@michigan.gov> wrote:
All:

I spoke with Mr. Craig at the DEQ and he was working on the current version of the Consent Order when I called.

Mr. Craig indicated that the order is intended to temporarily reopen the lime disposal area so the WTP upgrades can go forward. In the future the area would be evaluated for clean-up or capping (or other measures after an environmental assessment occurs).

Mr. Craig stated that he hopes to send his comments back to the City's attorney at Werner, Norcross & Judd either tomorrow or Monday.

I requested periodic updates on the status of this project but if anyone wishes any follow-up, please let me know.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | clinerl@michigan.gov

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CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

ELECTRONIC COMMUNICATION

March 7, 2014

Ms. Sue McCormick
Detroit Water and Sewer Department
Detroit, Michigan

RE: DWSD Water Rates

Dear Ms. McCormick:

Thank you for the correspondence dated February 12, 2014 which provides Flint with the option of continuing to purchase water from DWSD following the termination of the current contract as of April 17, 2014.

Following DWSD's April 17, 2013 notice of termination of the water service contract between the City of Flint and DWSD, the City of Flint has actively pursued using the Flint River as a temporary water source while the KWA pipeline is being constructed. We expect that the Flint Water Treatment Plant will be fully operational and capable of treating Flint River water prior to the date of termination. In that case, there will be no need for Flint to continue purchasing water to serve its residents and businesses after April 17, 2014.

We are aware that Genesee County has been in negotiations with DWSD to purchase water from DWSD following the termination of our contract, and we understand that an agreement may be imminent. Should that occur, there would be no further need for the City to discuss with DWSD any continuing purchase of water. Should that not occur, however, we would be interested, if Genesee County were to so request, to purchase water from DWDS for some period of time. In such an event, our demand for water would be only for the amount necessary to provide Genesee County with water. That amount would be approximately half of the amount Flint is currently purchasing from DWSD.

However, in the very unlikely event that the City of Flint is not able to draw water from the Flint River no later than April 17, 2014, then the City would like the option of continuing to purchase water from DWSD for a period of time, up to the time water is available from KWA.

Consequently, I am requesting that you clarify your proposal for the City of Flint to continue purchasing water from DWSD under the following scenarios:

- Flint, upon the request of Genesee County, purchases water for sale to Genesee County for up to 3 years, beginning April 17, 2014, in an amount approximately 50% of the volume currently purchased by the City;
- Flint purchases water from DWSD in approximately the same volume as currently, for up to 3 years, beginning April 17,2014, with the ability to reduce that volume by up to 50% during that period, upon 30 days notice to DWSD
- Flint purchases water from DWSD in approximately the same volume as currently, for up to 3 years, beginning April 17, 2014, with the ability to reduce that volume by up to 50% during that period, upon 30 days notice to DWSD, and further, to terminate the reduced volume purchase should Genesee County and DWSD reach an agreement whereby Genesee County directly purchases water from DWSD.

Thank you and please contact me if you have any questions. I look forward to your response.

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager
City of Flint

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Monday, March 10, 2014 1:12 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: FW: City of Flint

FYI.

Here is the current status on KWA, as sent by the DEQ.

I will keep you posted as I receive information.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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From: Craig, John (DEQ)
Sent: Friday, March 07, 2014 5:13 PM
To: Cline, Richard (Treasury)
Cc: Feighner, Bryce (DEQ); Shekter Smith, Liane (DEQ)
Subject: City of Flint

Mr. Cline,

This is to let you know that we just send the revised draft consent order regarding the City's Bray Road site to Mr. Michael Robinson, Warner Norcross & Judd. As I discussed with you earlier this week, Mr. Robinson is representing the City regarding its Safe Drinking Water Act permit and the environmental issues at the Bray Road site – the site the City intends to use to manage the residuals from its water treatment plant as it moves forward to use the Flint River as source water for the treatment plant. I expect that Mr. Robinson will be contacting the Department of Environmental Quality staff that he has been working with to schedule a meeting to discuss the draft document.

If you require any information regarding the progress of the discussions between the City and DEQ, please do not hesitate to contact me.

Sincerely,

John

John Craig, Chief,
Enforcement Section*
Office of Waste Management and Radiological Protection
Department of Environmental Quality
Constitution Hall
525 W. Allegan Street
P.O. Box 30241
Lansing, MI 48909
☎ Phone: 517-284-6546 | 🖷 Facsimile: 517-373-4797 | Internet: www.michigan.gov/deq

Cline, Richard (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, March 11, 2014 8:47 AM
To: Dempkowski, Angela (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: FW: One Resolution for Approval EME1792014
Attachments: EME1792014.PDF

Categories: Orange Category

Angela,

I have received a reply from Flint regarding the following resolution:

EME1792014 - Resolution to Metron-Farnier for Residential Water Meters - $199,645.00 (Water Fund, Sewer Fund)

It appears that the quoted price for these meters was bid out and this price was the lowest bid and this cost has been continued by the vendor for a while.

As such, I am recommending approval of this resolution.

Please note that I have also been informed that the City's supply of spare meters is currently exhausted, so they are requesting prompt attention to this resolution.

If there are further questions, please let me know.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | clinerl@michigan.gov

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Good morning Mr. Cline,

Please see the requested clarification below from Mr. Jones.

Thank you.

Maxine

---------- Forwarded message ----------
From: **Derrick Jones** <djones@cityofflint.com>
Date: Mon, Mar 10, 2014 at 9:33 AM

Subject: Re: FW: One Resolution for Approval EME1792014
To: Maxine Murray <mmurray@cityofflint.com>

Good Morning Max;
Please see the explanation below concerning the resolution in question:

The City of Flint has nearly 35,000 water meters, in which approximately 30% of these meters are well past their expected life cycle. The City solicited a proposal in 2009 to determine the most feasible and cost effective solution for replacing meters, while retaining our current water meter remote reading system. The City also must obtain meters that adhere to the NSF/ANSI Standard 61 that require meters with no lead while continuing to be compatible to our system. After reviewing the proposal it was determined that the City would continue to purchase meters from the lowest price vendor, Metron. The product is compatible with our current remote reading system and adheres to the aforementioned standard.

The City is requesting to replenish the stock of meters and it is not feasible to change meters when the inventory is depleted, therefore, Metron the sole provider for our requirements.

Please let me know if Mr. Cline needs additional information.

On Thu, Mar 6, 2014 at 2:10 PM, Maxine Murray <mmurray@cityofflint.com> wrote:
Derrick,

Please see below from Mr. Cline regarding EME1792014.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

From: Dempkowski, Angela (Treasury)
Sent: Thursday, March 06, 2014 9:16 AM
To: Cline, Richard (Treasury)
Subject: FW: One Resolution for Approval EME1792014

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Thursday, March 06, 2014 9:00 AM
To: Dempkowski, Angela (Treasury)
Subject: One Resolution for Approval EME1792014

Angela,

We are submitting the following resolution for State approval:

EME1792014 - Resolution to Metron-Farnier for Residential Water Meters - $199,645.00 (Water Fund, Sewer Fund)

Please see attached.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

14-5041

(Bid #14-095)

EM SUBMISSION NO.: EME1792014

PRESENTED: 2-28-14

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO METRON-FARNIER FOR RESIDENTIAL WATER METERS

BY THE EMERGENCY MANAGER

RESOLUTION

The Utilities/Water Service Center has estimated the need to purchase 1,065 each 5/8" residential water meters to process requests for water turn-ons and to replace non-functioning older meters through the remainder of the fiscal year budget, and

Metron-Farnier, LLC, 5661 Airport Blvd., Suite B, Boulder, Colorado is the manufacturer of said 5/8" residential composite water meters that are supported by the city's automated meter reading system. Funding will come from the following account numbers 591-540.200-726.000 ($89,840.25), 590-540.207-726.000 ($109,804.75); and

IT IS RESOLVED, that the Department of Purchases and Supplies, upon the Emergency Manager's approval, is hereby authorized to issue a purchase order to Metron-Farnier, LLC for purchase of 1,065 each 5/8" residential water meters in the amount of $199,645.00. (Water Fund, Sewer Fund)

APPROVED PURCHASING DEPT: _____
Derrick F. Jones, Purchasing Manager

APPROVED AS TO FINANCE: _____
Gerald Ambrose, Finance Director

APPROVED AS TO FORM: _____
Peter M. Bade, City Attorney

EM DISPOSITION:

ENACT _____ REFER TO COUNCIL _____ FAIL _____

_____ DATED: _____
Darnell Earley, Emergency Manager

02/24/14- BDB

RESOLUTION STAFF REVIEW

DATE: 1-25-14

Agenda Item Title: Water Meters

Prepared By: Cheri Priest, WSC Support Technician

Background/Summary of Proposed Action: The Water Service Center is requesting the purchase of 1065 5/8" residential water meters. The WSC meter stock is currently depleted with very limited stock on hand. Unfortunately, without meters, the City is unable to process water turn-ons or any other order that requires a meter to be set or changed.

Financial Implications: Adequate funding exists in the below listed accounts

Budgeted Expenditure? Yes ☒ No☐ Please explain if no:

Account No.: 590-540.207-726-000 $109,804.75
591-540.200-726-000 $ 89,840.25

Pre-encumbered? Yes ☒ No☐ Requisition # 140000039

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: Robert Bunch
(Dept Head or other authorized staff)

Goodrich, Harlan G. (Treasury)

From: Goodrich, Harlan G. (Treasury)
Sent: Friday, March 14, 2014 10:41 AM
To: Schafer, Suzanne K. (Treasury)
Cc: Zahrt, Angelica (Treasury); Schwartz, Jeffrey (Treasury)
Subject: RE: Fund Names, Flint DEP/RAP

Suzanne,

Our comments regarding the Flint DEP are as follows:

1. Item #1 for $142,183 repayment of loan, while not necessarily a bad thing, doesn't reduce the deficit (only impacts balance sheet).
2. Item #2 for $2,110,000 loan forgiveness – we're okay here.
3. Item #3 for $1,000,000, do we want copy of future budgets showing revenue > expenditures by $1,000,000? We think this will be okay.
4. Item #3 for $800,000, we can't confirm what they're doing here based on their explanation. We think we know what they want to do (transfer from other fund to general fund), but need to confirm – will probably be okay.
5. FY19 shows $843,459 budget surplus instead of $1,000,000. Looks like this is a plug to get accumulated deficit to $0. Should confirm it's still $1,000,000, and will be transferred to sewer fund.

I will provide details of the above when needed.

Harlan

From: Schafer, Suzanne K. (Treasury)
Sent: Monday, March 10, 2014 11:28 AM
To: Goodrich, Harlan G. (Treasury)
Subject: FW: Fund Names, Flint DEP/RAP

This will help with the review of the DEP.

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Monday, March 10, 2014 10:59 AM
To: Schafer, Suzanne K. (Treasury)
Cc: Antonio Brown
Subject: Fund Names, Flint DEP/RAP

Hi Suzanne,

Attached please find the fund names referenced in the draft DEP/RAP. When we get to finalizing the document, we can include the names if that is more appropriate.

Thanks for the quick review and please contact me if you have any other questions or comments.

Jerry

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, March 18, 2014 10:49 AM
To: Dempkowski, Angela (Treasury); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Cline, Richard (Treasury)
Subject: FW: One Resolution for Approval - EME1982014
Attachments: EME1982014.PDF

Given our conversation today about who approves what can we put the reference in each approval under PA 436 or the EM contract as to who can approve each transaction?

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W Allegan Street | Lansing, MI 48922

From: Dempkowski, Angela (Treasury)
Sent: Tuesday, March 18, 2014 10:33 AM
To: Workman, Wayne (TREASURY)
Subject: FW: One Resolution for Approval - EME1982014

Please approve.

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Cline, Richard (Treasury)
Sent: Tuesday, March 18, 2014 10:24 AM
To: Dempkowski, Angela (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: FW: One Resolution for Approval - EME1982014

Angela,

I have reviewed the following resolution:

EME1982014 - Resolution to Zito Construction for Initial Watermain Cut-In @ the Water Plant - $676,300.00 (Water Fund)

The recommended vendor was the only submission to the City's request for bid. Typically, I have concerns about awarding bids to only one bidder

However, the City has a very aggressive timeline in order to meet an April completion date before losing service from DWSD. The City also stated that they held multiple meetings to encourage maximum vendor participation, however, this aggressive timeline may have impacted the number of bids received.

The City appears confident that this contract can execute the requested work. Given the aggressive timeline, I am, therefore, recommending approval of this resolution.

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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From: Dempkowski, Angela (Treasury)
Sent: Tuesday, March 18, 2014 9:43 AM
To: Cline, Richard (Treasury)
Subject: FW: One Resolution for Approval - EME1982014

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Monday, March 17, 2014 11:37 AM
To: Dempkowski, Angela (Treasury)
Subject: One Resolution for Approval - EME1982014

Good morning Angela,

I am submitting the following resolution for State approval:

EME1982014 - Resolution to Zito Construction for Initial Watermain Cut-In @ the Water Plant - $676,300.00 (Water Fund)

Please see the attached.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

17-2068

(Bid No 14-092)

EM SUBMISSION NO.: EME 198 2014

PRESENTED: 3-13-14

ADOPTED: _____

BY THE EMERGENCY MANAGER:

RESOLUTION TO ZITO CONSTRUCTION FOR INITIAL WATERMAIN CUT-IN @ WATER PLANT

BY THE EMERGENCY MANAGER

RESOLUTION

The Department of Purchases and Supplies has solicited a bid for an initial watermain cut-in @ the Water Plant as part of an upgrade project to said facility; and

Zito Construction was the sole bidder from eight solicitations for said requirements. The funding for this request will come from the following account number: 591-545.300-801.000; and

IT IS RESOLVED, that the Proper City Official, upon the Emergency Manager's approval, are hereby authorized to enter into a contract with Zito Construction for watermain cut-in at the Water Plant in an amount not to exceed $676,300.00. (Water Fund)

APPROVED-PURCHASING DEPT:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

For

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

\EFM DISPOSITION:

ENACT _____ **REFER TO COUNCIL** _____ **FAIL** _____

_____ **DATED:** _____

Darnell Earley, Emergency Manager

071013 – DFJ

RESOLUTION STAFF REVIEW

DATE:
March 13, 2014

Agenda Item Title:
Water Main Cut-in

Prepared By:
Brent Wright, Water Plant Supervisor

Background/Summary of Proposed Action:
The City of Flint is upgrading its Water Treatment Plant to become our Primary Drinking water source. As part that overall project the Initial Water Main Cut-in and midpoint Chlorination process systems must be completed This will allow for the use of the River as source water and prepare the connection for the KWA source once completed.

The City did have two pre-conference meeting to discuss the aforementioned projects to encourage maximum participation from the vendor community. The City received one vendor to submit and we are requesting the approval of Zito Construction to perform the work.

Financial Implications: Funding available for purchase

Budgeted Expenditure? **Yes** ☒ **No** ☐ **Please explain if no: N/A**

Account Nos: **591-545.300-801.000**

Pre-encumbered? Yes ☐ **No** ☐ **Requisition # (Various)**

Other Implications (i.e., collective bargaining): None
The City is requesting that this request be expedited in order to meet aggressive timeline.

Staff Recommendation: Recommend Approval

Staff Person: _____
(Dept Head or other authorized staff)

Koryzno, Edward (Treasury)

From:	Maxine Murray <mmurray@cityofflint.com>
Sent:	Tuesday, March 18, 2014 4:15 PM
To:	BymeR1@michigan.gov; Deasy, Thomas (MSP); Kapp, Gene (MSP); Lee, Nichole (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Sands, Thomas (MSP); Sipes, Stephen (MSP); West, Samantha (GOV); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Larkin, Brian (GOV); Darnell Earley; Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject:	Conference Call Agenda
Attachments:	Agenda 031914 Conf. Call with Treasury.pdf

Good afternoon,

Please find attached the agenda for the conference call scheduled for Wednesday, March 19, 9:00 am.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00 am Phone Conference Agenda
March 19, 2014

1) **Public Safety Update – FPD, MSP (FFD if needed)**

a) Per H. Hollins request Criminal Justice System Advisory Council met with a hybrid group March 12, 2014. Results: see attachment A.

b) Series of supportive stories for SAFER grant renewal from Flint Journal.

c) Other update by Chief Tolbert and MSP.

2) **Governor's Office Update –Rich Baird, H. Hollins**

3) **Retiree Lawsuit – Status, Issues**

There was a 3/14/14 meeting with attorneys and healthcare consultant. There are 3 objectives going forward: 1) reimbursement process in place; 2) provide financial impact to plaintiff attorney; 3) work toward goal of getting judge to reverse injunction.

4) **Financial Update**

a) Deficit Elimination Plan – S. Schafer found no accounting concerns. COF is intending to proceed along lines of DEP as we await formal approval.

b) Approval of the budget amendment still pending – 4 weeks. Because of Water Treatment Plant update expense and timeline, we are proceeding as we await formal approval of the amendment. That is also important because the amendment maintains the $1million in deficit reduction.

c) Thanks to Treasury for assistance in moving Administrative Consent Order through the DEQ, however the process is still moving slowly. ACO is still not approved.

d) Update on E&Y contract: held a phone conference with Treasury about Hurley, Water and Sewer study and their update of the 5 year financial projections.

5) **City Council Update**

a) A timeline has been issued for the FY15 and 16 Budget prep and approval process (see attachment B). Strategic Plan revisions are also approaching

completion – Council is to vote on Mar 24 meeting. This process re-engages Mayor and Council in the planning and budget process.

b) Council is also re-scheduling the Mar 12, 2014 meeting to receive MML training on Ethics and Parliamentary Procedure. Cancelled due to bad weather for trainer's travel.

c) 7 Point Plan for Transition Management is being refined and will be on City Council agenda in March 24 for approval/acceptance.

d) The next City Council meeting is scheduled for Monday, March 24, 2014.

6) **Blue Ribbon Committee**

BRC held its fifth meeting on 3/13/14. Committee is working its way through a list of issues for form of government revision; seeking to achieve group consensus. Council-Manager form of government is receiving strong support.

7) **Water Issues**

The Water Plant held a ceremonial ground-breaking for the update to the water treatment plant in preparation to transition to Flint River use as drinking water source.

We will know by the first of next week the certainty of being on the river in April.

We are currently in negotiations with GCDC on purchase of pipeline. COF is making counter-proposal on sale of pipeline (using $4million appraisal value). Need to know Treasury will approve sale using this appraisal.

8) **Scrap Metal Bill (HR 4593)**

Brian Larkin to update at this meeting.

9) **Other items**

Created on: 03/17/14

1-888-557-8511, access code 3389106

Attachments:

A. Public Safety Initiatives
B. Proposed FY 15 and 16 Budget Calendar

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, March 19, 2014 9:18 AM
To: Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury); Stibitz, Brom (Treasury)
Subject: RE: order for Flint

I think her # is [redacted] Although that might be her cell.

From: Workman, Wayne (TREASURY)
Sent: Wednesday, March 19, 2014 8:58 AM
To: Saxton, Thomas (Treasury); Stibitz, Brom (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: RE: order for Flint

Is Madhu there. I can call her

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W. Allegan Street | Lansing, MI 48922

From: Saxton, Thomas (Treasury)
Sent: Wednesday, March 19, 2014 8:45 AM
To: Workman, Wayne (TREASURY); Stibitz, Brom (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: RE: order for Flint

I can send an email to Dan & Sygo to get it started (& maybe Madhu)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, March 19, 2014 7:19 AM
To: Saxton, Thomas (Treasury); Stibitz, Brom (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: FW: order for Flint

See Gerry Ambrose and Dave Massaron's comments about need for DEQ approval of the Flint water project. Can we get a call into the Director to push this through? No one appears to be doubting the need but they can't get to the market without DEQ approving the ACO. Thanks, Wayne

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W. Allegan Street | Lansing, MI 48922

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Tuesday, March 18, 2014 5:22 PM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury)
Cc: Darnell Earley; Cline, Richard (Treasury)
Subject: Fwd: order for Flint

Wayne and Ed,

We greatly appreciate the call made after our last meeting to DEQ by Eric Cline regarding the pending ACO. It has moved along, but still in process.

Any additional assistance you an give would be greatly appreciated. As you can see from Dave Massaron's email, formal approval of the ACO is required in order for the bond sale to proceed.

Thanks and see you tomorrow.

Jerry

---------- Forwarded message ----------
From: **Massaron, David P.** <Massaron@millercanfield.com>
Date: Tue, Mar 18, 2014 at 2:53 PM
Subject: RE: order for Flint
To: Gerald Ambrose <gambrose@cityofflint.com>
Cc: Darnell Earley <dearley@cityofflint.com>, Elizabeth Murphy <emurphy@cityofflint.com>, "Robinson, Michael" <MRobinson@wnj.com>

Jerry,

As you know the KWA is far along in the process of issuing the first series of bonds (approximately $220,000,000) for the construction of the pipeline. It has received Treasury Approval, engaged an underwriter, and begun the rating process. Paul Stauder, as financial advisor to KWA, and TJ Whitehouse, as KWA's investment banker at JPMorgan, are working hard on the rating agencies now in hopes of having a rating by the end of the week.

The next step is to post investor disclosure after receipt of ratings. Once that investor disclosure, or preliminary official statement, is posted, KWA can close on its bond issue within two weeks according to its banker and financial advisor.

However, we cannot take that step until the DEQ Administrative Consent Order ("ACO") is effective. The DEQ order is necessary for two reasons: 1) There is extensive disclosure on the water treatment plant, ACO and Flint's ability to use that plant in the POS and 2) More importantly, if the KWA project is done to comply with an ACO, the debt associated with the project would not "count" towards the City's debt limit. As you know, the City of Flint has lived through a dramatic decline in property values and state revenue sharing. These declines have dramatically reduced its debt capacity under the Home Rule City Act. In order to ensure that the entire project can be financed (1st and 2nd series of bonds) and that the City will have some debt capacity in the future, the ACO is a condition precedent to proceeding with transaction. Put another way, we will cannot continue with the transaction without the ACO. If there is much more of a delay, the KWA will have expended its initial resources and be forced to stop construction and the project will be delayed for at least one construction cycle. Assuming the ratings come in as planned, the City needs the ACO in place by the end of this week.

By way of background, it is my understanding that there is not disagreement at DEQ about what is being ordered in the ACO. In fact, what is being ordered is exactly why Flint is moving forward with KWA. The ACO simply states that after Detroit cancelled the contract and Flint decided to use its water treatment plant, the City has two options under current DEQ standards. It can either undertake the KWA Improvement project or it will need to undertake other public improvement projects to use the Flint River as a water source. Flint, in consultation with its engineers, has decided that improvements needed to use the river are more costly than the KWA project.

Hope this helps,

-Dave

David P. Massaron | Attorney and Counselor at Law

Miller Canfield
Detroit 1.313.496.7523 | **Lansing** 1.517.483.4912 |

Mobile 1[redacted]ax 1.313.496.8451 |

massaron@millercanfield.com | View Profile + VCard

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Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, March 19, 2014 10:30 AM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: Appraisal for Flint's 72 inch waterline
Attachments: 72_inch_Valuation_Final_Report_01 28 14.pdf

Wayne and Ed:

I've attached the executive summary for Flint's 72 inch waterline appraisal. Please let me know if you have any questions.

Thanks,
Randy,

Randall D. Byrne, Manager, Office of Fiscal Responsibility
State of Michigan 430 W. Allegan St. , Lansing, MI 48922
ByrneR1@michigan.gov (517) 335-2521

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Present Value Analysis of 72-inch Water Transmission Main for City of Flint

Final Report – January 28, 2014

Lockwood, Andrews & Newnam, Inc.

Project # 130-10701-001

Lockwood, Andrews & Newnam, Inc.
A LEO A DALY COMPANY

PLANNING ENGINEERING PROGRAM MANAGEMENT

Introduction

Lockwood, Andrews, & Newnam, Inc. (LAN) was retained by the City of Flint (City) to perform a pipeline value assessment of the existing 72-inch water transmission main from the Detroit pipeline connection at the intersection of Baxter and Potter Roads to the Flint Water Treatment Plant (FWTP). The 72-inch transmission main was constructed from 1966 to 1968 to supply the FWTP with water from the Detroit Water and Sewerage Department (DWSD). With the original 30 year contract with DWSD expired, the City of Flint plans to establish a new contract with the Karegnondi Water Authority (KWA) beginning in 2015, which would require the KWA to provide raw water to the FWTP.

In order to provide raw water to the FWTP, the KWA will connect a 36-inch transmission main to the existing City-owned 72-inch water main near the northeast corner of Center and Pierson Roads. The Genesee County Drain Commissioner's Office-Division of Water & Waste is interested in purchasing the east portion of the 72-inch transmission main from this connection to the DWSD connection at Baxter and Potter Roads which is being defined in this analysis as Segment 1, while KWA has requested the use of the 72-inch pipeline west of this connection point to the FWTP which is being classified as Segment 2. Our analysis of these two segments is intended to help the City establish an equitable monetary value of both sections. A schematic of the limits of the pipeline and segments 1& 2 is shown in Attachment A.

Analyses

In order to value the segments of the 72-inch transmission main requested, quantities were derived from original construction drawings. Using the as-built cost established from the quantity take off, two (2) analyses were performed on the water main based on different valuation methods. Original Cost Less Depreciation (OCLD) and Reproduction Cost New Less Depreciation (RCNLD) methods were used in conjunction with the sinking fund depreciation technique to develop a credible current value assessment of the pipeline.

Quantity Take-Off

Using the Consoer, Townsend & Associates construction drawings dated 1966 (Attachment B) and the payment document dated January 1969 (Attachment C), a quantity take-off analysis was performed to determine the original construction cost of the section of 72-inch water main as described above. Line items originally listed as "linear feet" or "each" were summed to determine the value within the evaluation limits. Lump sum line items with information available, such as "gate valves complete in place" and "rubber seated butterfly valves," were counted and the ratio of the items within the limits to the whole project was applied to the lump sum price. For any unit with no quantifiable documentation, such as "sand and gravel refill" and "sand and gravel backfill," the ratio of the 72-inch pipeline within the evaluation limits to the whole project was applied to the total cost for the unknown line item. Line items determined to be outside the limits of the valuation were listed with a zero percent ratio.

OCLD Analysis

The Original Cost Less Depreciation valuation method uses the original cost of the project when constructed minus the depreciated value to determine the current value. The initial asset value was determined using the information established from the quantity take-off analysis and the original cost information found in the payment document dated January 1969.

RCNLD Analysis

Reproduction Cost New Less Depreciation is a valuation method that translates initial project costs to present day cost of construction. A new present day construction cost is calculated based on the original construction, followed by a depreciation method used to calculate the current book

value of the asset. The Engineering News-Record (ENR) Construction Index and the Handy-Whitman Cost Index for Concrete Cylinder Mains were possible references to determine the ratio used in calculating the present day cost. For this evaluation, the ENR index was selected to calculate the RCNLD initial asset value. A ratio of the current ENR index from September 2013 (9551.58) to the bid date ENR index from May 1966 (1014) was multiplied by the OCLD asset value to get the RCNLD initial asset value.

Sinking Fund Depreciation

The sinking fund depreciation method is commonly used within the utility industry. This method of depreciation accurately reflects the service life of a utility line, having a low initial depreciation upon installation due to low maintenance during the early years of a utility. As the service life of a utility progresses and maintenance becomes more frequent and comprehensive, the depreciation of the asset increases over time.

Due to the fact that a transmission pipeline must be functional and meet all necessary standards of service until the day it is taken out of service, an intrinsic value will always remain; therefore, a salvage value must be determined prior to the depreciation calculation. Similarly, the useful life of the asset must be pre-determined. The industry standard for the useful life of a pipeline ranges from 50 to 100 years. Typically, lower useful life values are used for distribution mains, whereas higher values are used for transmission systems. For transmission mains similar to the 72-inch being analyzed, a useful life of 75 to 90 years is common. We have selected a useful life of 80 years for this analysis.

In addition to the salvage value and useful life, sinking fund depreciation requires a sinking fund rate, which was selected as 4.50% and 0.75% for OCLD and RCNLD respectively, reflecting the federal discount rate during the construction time analyzed. Due to the sinking fund rate, the annual depreciation varies depending on the year and can be calculated using Eq. 1 and Eq. 2 below.

Eq. 1 $$D_t = \frac{(A-S)*(1+j)^{(t-1)}}{S_{n|j}}$$

Eq. 2 $$S_{n|j} = \frac{(1+j)^n-1}{j}$$

where:

t	=	Evaluation time (years)
D_t	=	Depreciation at year t
A	=	Initial asset value
S	=	Salvage value of asset
J	=	Sinking fund rate

The sum of the annual depreciation values until the evaluation year is subtracted from the initial value to calculate the current book value of the asset value.

Results

Segment 1

RCNLD and OCLD analyses were performed using a sinking fund depreciation of the 72-inch pipeline and appurtenances from the DWSD connection at Baxter and Potter Roads, west to the

proposed 36-inch KWA connection at Center and Pierson Roads. Due to the size of the project and the portion involved in this segment (similar size piping and valves only) the RCNLD value of $27,400,000 was determined to be unrepresentative of the actual asset value. Utilizing the OCLD values listed below, **a book value of $3,988,000** was calculated for this portion of the pipeline.

Table 1 – Segment 1 OCLD Analysis

ORIGINAL COST LESS DEPRECIATION SINKING FUND DEPRECIATION ANALYSIS	
INPUTS	
Initial Cost	$ 4,735,900
Useful Life (years)	80
Salvage Value at End of Life*	$ 1,184,000
Sinking Fund Rate	4.50%
Evaluation Year	47
OUTPUTS	
S_{nlj}	729 56
Total Depreciation at Year 47	$ 748,200
Book Value	**$ 3,987,700**

*25% Salvage value

Segment 2

RCNLD and OCLD analyses were performed using a sinking fund depreciation of the 72-inch pipeline and appurtenances beginning at the KWA tie-in at Center and Pierson Roads, west to the property line of the FWTP. Utilizing the RCNLD values listed below, a book value of $5,269,600 was calculated for this portion of the pipeline using the following evaluation criteria:

Table 2 – Segment 2 RCNLD Analysis

REAL COST NEW LESS DEPRECIATION SINKING FUND DEPRECIATION ANALYSIS	
INPUTS	
Initial Cost	$ 8,953,900
Useful Life (years)	80
Salvage Value at End of Life*	$ 1,790,800
Sinking Fund Rate	4.50%
Evaluation Year	47
OUTPUTS	
S_{nlj}	109.07
Total Depreciation at Year 47	$ 3,684,300
Book Value	**$ 5,269,600**

*20% Salvage value

Utilizing the OCLD values listed below, a book value of $790,400 was calculated for this portion of the pipeline using the following evaluation criteria:

Table 3 – Segment 2 OCLD Analysis

ORIGINAL COST LESS DEPRECIATION SINKING FUND DEPRECIATION ANALYSIS	
INPUTS	
Initial Cost	$ 950,600
Useful Life (years)	80
Salvage Value at End of Life*	$ 190,100
Sinking Fund Rate	4.50%
Evaluation Year	47
OUTPUTS	
S_{nlj}	729.56
Total Depreciation at Year 47	$ 160,200
Book Value	**$ 790,400**

*20% Salvage value

The asset value of segment 2 was determined using the average of the OCLD and RCNLD analyses. **A current book value of $3,030,000 was calculated.**

Summary

OCLD and RCNLD analyses are an effective method of calculating the depreciation of an installed utility, as well as the opportunity cost to the buyer of purchasing an installed utility. After performing these analyses using the sinking fund method of depreciation, current book values of the segments were determined. The portion of the 72-inch transmission main from the DWSD connection at Baxter and Potter Roads, west to the proposed 36-inch KWA connection at Center and Pierson Road, **Segment 1, has a current book value of $3,987,700.** The portion of the 72-inch transmission main beginning at the KWA tie-in at Center and Pierson Roads, west to the property line of the FWTP, **Segment 2, has a current book value of $3,030,000.**

Attachment A

Byrne, Randall (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Thursday, March 20, 2014 12:21 PM
To: Byrne, Randall (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: Status of ZITO resolution

Follow Up Flag: Follow up
Flag Status: Completed

Hi Randy,

Can you please advise when we can expect approval?

This is beginning to impact our time schedule.

Thanks,

Jerry

Koryzno, Edward (Treasury)

From: Byrne, Randall (Treasury)
Sent: Friday, March 21, 2014 12:03 PM
To: Gerald Ambrose
Cc: Koryzno, Edward (Treasury); Workman, Wayne (TREASURY); Dempkowski, Angela (Treasury); Cline, Richard (Treasury)
Subject: 72 inch Water Transmission Main Present value analysis

Jerry:

I wanted to follow-up on our earlier telephone conversation on the valuation analysis for this water main. You have approval to discuss this with the Genesee County Drain Office. The number for the sale needs to the book value stated in the study. This will also need to be approved by the Treasurer. Let me know if you have any questions.

Thanks,
Randy,

Randall D. Byrne, Manager, Office of Fiscal Responsibility
State of Michigan 430 W. Allegan St. , Lansing, MI 48922
ByrneR1@michigan.gov (517) 335-2521

Think Green! Don't print this e-mail unless you need to.

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Cline, Richard (Treasury)

From: Cline, Richard (Treasury)
Sent: Wednesday, March 26, 2014 8:53 AM
To: mmurray@cityofflint.com
Cc: Dempkowski, Angela (Treasury); Byrne, Randall (Treasury)
Subject: FW: Two Resolutions for Approval EME2132014 and EME2142014
Attachments: EME2132014.PDF; ATT00001.htm; EME2142014.PDF; ATT00002.htm

Importance: High

Maxine,

Good morning.

The .pdf's attached to this document are defective and unable to be read. Please resend them, though it might require the creation of a new .pdf.

I was able to read a very small portion of the Zito resolution. If the repair is a true emergency and poses a potential threat then consideration should be given to addressing the issue. I don't want to see a true crisis develop while we are sorting out defective .pdf's.

If you have additional questions, please let me know.

Regards,

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | cliner1@michigan.gov

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From: Dempkowski, Angela (Treasury)
Sent: Tuesday, March 25, 2014 10:02 AM
To: Cline, Richard (Treasury)
Subject: Fwd: Two Resolutions for Approval EME2132014 and EME2142014

FYI

Sent from my iPhone

Begin forwarded message:

> **From:** "Maxine Murray" <mmurray@cityofflint.com>
> **To:** "Dempkowski, Angela (Treasury)" <DempkowskiA@michigan.gov>
> **Subject: Two Resolutions for Approval EME2132014 and EME2142014**

Good morning Angela,

We are submitting the following two resolutions for State approval:

1. Resolution to Zito Construction for Emergency Underground Utility Excavation and Repair in the 716 W. Pierson Road Area - $82,500.00 (Sewer Fund)

2. Resolution to Mersino Dewatering for Emergency Pumping/Bypass Services for the Sewer Repair in the 716 W. Pierson Road Area - (Sewer Fund)

Please see the attached.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

72 (Rev. 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

MEMORANDUM

TO: Darnell Early, Emergency Manager; City of Flint

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: City of Flint Emergency Manager Spending Resolutions

DATE: March 26, 2014

The Department of Treasury has been reviewing the requirements regarding the City's submission of Emergency Manager Spending Resolutions that are over $50,000 in total value to the Office of Fiscal Responsibility for review and recommendation prior to execution. Treasury staff has determined that the current review process is generally inconsistent with the provisions contained within Public Act 436 of 2012 and largely unnecessary. Therefore, I am ordering an immediate end to this review process for an spending resolution that does not fall within the parameters outlined in P.A. 436.

P.A. 436 contains three sections where Treasury must review items with a total value exceeding $50,000. These sections are Section 12 (3), Section 15 (1), and Section 19 (1). Section 12 (3) requires an Emergency Manager to competitively bid any contract with a cumulative value exceeding $50,000 unless the State Treasurer authorizes a waiver from this requirement.

Section 15 (1) requires an Emergency Manager to acquire the approval of the State Treasurer before selling an asset with a value in excess of $50,000 unless said action is already contained within the Financial and Operating Plan. Section 19 (1) requires that the actions taken under Section 12 (1)(r) or Section 14 (d) and have a value in excess of $50,000 must be submitted to the governing body of the local government for approval.

Provided that any future Emergency Manager actions conform to the three aforementioned sections, all other review of Emergency Manager spending resolutions can stop immediately.

If you have further questions regarding this issue, please contact me.

S:\OFR\Cities\City of Flint\Financial\City of Flint.EM Spending Resolutions.03-26-14.doc

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, March 26, 2014 2:38 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Gelisse, Ashley (TREASURY)
Subject: FW: Contracts for Flint Water Treatment Plant expansion

Who needs to approve Treasurer or Governor? We need to expedite

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W. Allegan Street | Lansing, MI 48922

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Wednesday, March 26, 2014 2:27 PM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury)
Cc: Byrne, Randall (Treasury); Darnell Earley
Subject: Contracts for Flint Water Treatment Plant expansion

Hello Wayne and Ed.

There are 2 contracts related to the Flint WTP expansion at Treasury for approval. As you know, time is of the essence and the contractor (Zito) is unwilling to begin work without knowledge that the proposed contract is approved.

Any assistance you can give in getting these contracts approved is greatly appreciated.

Thanks!

Jerry

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Thursday, March 27, 2014 7:45 AM
To: Gelisse, Ashley (TREASURY)
Cc: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: RE: Contracts for Flint Water Treatment Plant expansion

OK

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W Allegan Street | Lansing, MI 48922

From: Gelisse, Ashley (TREASURY)
Sent: Thursday, March 27, 2014 7:41 AM
To: Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: Re: Contracts for Flint Water Treatment Plant expansion

You're right, if it's in the F&O plan it doesn't need approval. I thought when we discussed this last week or so it wasn't in the F&O plan. Is this the same project related to sale of the water pipeline? Maybe this project is different than what I thought it was. We'll talk in a bit.

Sent from my iPhone

On Mar 27, 2014, at 7:16 AM, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov> wrote:

> lets discuss as staff think if they are competitively bid and in the financial plan they are OK to proceed
>
> Wayne Workman | Deputy State Treasurer
> State of Michigan | 430 W. Allegan Street | Lansing, MI 48922
>
> ---
>
> **From:** Gelisse, Ashley (TREASURY)
> **Sent:** Wednesday, March 26, 2014 5:33 PM
> **To:** Workman, Wayne (TREASURY)
> **Cc:** Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
> **Subject:** Re: Contracts for Flint Water Treatment Plant expansion
>
> Both will need to approve in this case.
>
> Sent from my iPad
>
> On Mar 26, 2014, at 2:37 PM, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov> wrote:
>
> > Who needs to approve Treasurer or Governor? We need to expedite
> >
> > Wayne Workman | Deputy State Treasurer
> > State of Michigan | 430 W. Allegan Street | Lansing, MI 48922

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

PERMIT APPLICATION FOR WATER SUPPLY SYSTEMS

(CONSTRUCTION - ALTERATION - ADDITION OR IMPROVEMENT) AS DESCRIBED HEREIN

Required under the Authority of 1976 PA 399, as amended

This application becomes an Act 399 Permit only when signed and issued by authorized Michigan Department of Environmental Quality (DEQ) Staff. See instructions below for completion of this application.

1. **Municipality or Organization, Address and WSSN** that will own or control the water facilities to be constructed This permit is to be issued to: City of Flint 4500 North Dort Highway Flint, MI 48505 **WSSN:** 02310	Permit Stamp Area (DEQ use only) MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY PERMIT NO. W 140026 APR 09 2014 EXAMINED AND APPROVED FOR COMPLIANCE WITH ACT 399, P.A. 1976	
2. **Owner's Contact Person** (provide name for questions). Contact: Brent Wright Title: Plant Supervisor Phone 810-787-6537		
3. **Project Name** (Provide phase number if project is segmented) Flint WTP Phase II, Segment II - Lime Residual Disposal	4. **Project Location** (City, Village, Township): City of Flint	5. **County** (location of project): Genesee County

ISSUED UNDER THE AUTHORITY OF THE DIRECTOR OF THE DEPARTMENT OF ENVIRONMENT QUALITY

cc:

Issued by: _____

Reviewed by Patrick Cook for MFP
for Mike Prysby

☐ **If this box is marked see attached special conditions.**

Instructions: Complete items 1 through 5 above and 6 through 21 on the following pages of this application. Print or type all information except for signatures. Mail completed application, plans and specifications, and any attachments to the DEQ District Office having jurisdiction in the area of the proposed construction.

Please Note:

a. This **PERMIT** only authorizes the construction, alteration, addition or improvement of the water system described herein and is issued solely under the authority of 1976 PA 399, as amended.
b. The issuance of this **PERMIT** does not authorize violation of any federal, state or local laws or regulations, nor does it obviate the necessity of obtaining such permits, including any other DEQ permits, or approvals from other units of government as may be required by law.
c. This **PERMIT** expires two (2) years after the date of issuance in accordance with R 325.11306, 1976 PA 399, administrative rules, unless construction has been initiated prior to expiration.
d Noncompliance with the conditions of this permit and the requirements of the Act constitutes a violation of the Act.
e. Applicant must give notice to public utilities in accordance with 1974 PA 53, (MISS DIG), being Section 460.701 to 460 718 of the Michigan Compiled Laws, and comply with each of the requirements of that Act.
f. All earth changing activities must be conducted in accordance with the requirements of the Soil Erosion and Sedimentation Control Act, Part 91, 1994 PA 451, as amended.
g All construction activity impacting wetlands must be conducted in accordance with the Wetland Protection Act, Part 303, 1994 PA 451, as amended.
h. Intentionally providing false information in this application constitutes fraud which is punishable by fine and/or imprisonment.
i. Where applicable for water withdrawals, the issuance of this permit indicates compliance with the requirements of Part 327 of Act 451, Great Lakes Preservation Act.

6. **Facilities Description** – In the space below provide a detailed description of the proposed project. Applications without adequate facilities descriptions **will be returned**. SEE EXAMPLES BELOW. Use additional sheets if needed.

Improvements to the City of Flint Lime Sludge Lagoons at Bray Road to allow lime sludge from the the Flint WTP to be stored during the interim period when the plant will be treating Flint River water. The lagoons will not be needed for continuous use when the plant switches to treatment of raw water from the KWA Lake Huron Water Supply:

PHASE II, SEGMENT II - LIME RESIDUAL DISPOSAL (@BRAY ROAD):
* Plugging and abandonment of 8" inlet piping; construction of 306 LF of new 10" inlet piping; installation of bulkhead on existing outlet structure to prevent discharge to surface water.
* Clay Berm barrier improvements to separate concrete debris pile from lime sludge.
* Construction of new decant tower structure, 8" gravity sewer, and decant pump station (duplex submersible) with CO2 feed system for pH adjustment. Vortex impeller pumps (2) shall each be rated at 140 gpm at 22' TDH; CO2 feed consists of 6 ton storage tank, 15 pph pH controlled feed system, SS gas piping, and diffusers installed in the decant tower.
* Construction of approx. 3,800 LF of 6" HDPE decant forcemain and connection to existing City santiary sewer system.

EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES	
Water Mains	500 feet of 8-inch water main in First Street from Main Street north to State Street. **OR** 250 feet of 12-inch water main in Clark Road from an existing 8-inch main in Third Avenue north to a hydrant.
Booster Stations	A booster station located at the southwest corner of Third Avenue and Main Street, and equipped with two, 15 Hp pumps each rated 150 gpm @ 200 feet TDH. Station includes backup power and all other equipment as required for proper operation.
Elevated Storage Tank	A 300,000 gallon elevated storage tank located in City Park. The proposed tank shall be spherical, all welded construction and supported on a single pedestal. The tank shall be 150 feet in height, 40 feet in diameter with a normal operating range of 130 – 145 feet. The interior coating system shall be ANSI/NSF Standard 61 approved or equivalent. The tank will be equipped with a cathodic protection system, and includes a tank level control system with telemetry.
Chemical Feed	A positive displacement chemical feed pump, rated at 24 gpd @ 110 psi to apply a chlorine solution for Well No. 1. Chlorine is 12.5% NaOCL, ANSI/NSF Standard 60 approved and will be applied at a rate of 1.0 mg/l of actual chlorine.
Water Supply Well	Well No. 3, a 200 foot deep well with 170 feet of 8-inch casing and 30 feet of 8-inch, 10 slot screen. The well will be equipped with a 20 Hp submersible pump and motor rated 200 gpm @ 225 feet TDH, set at 160 feet below land surface.
Treatment Facilities	A 5 million gpd water treatment plant located at the north end of Second Avenue. The facility will include 6 low service pumps, 2 rapid mix basins, 4 flocculation/sedimentation basins, 8 dual media filters, 3 million gallon water storage reservoir and 6 high service pumps. Also included are chemical feed pumps and related appurtenances for the addition of alum, fluoride, phosphate and chlorine.

General Project Information – Complete all boxes below.

7. Design engineer's name, engineering firm, address, phone number, and email address:

Jeremy N. Nakashima, PE
Lockwood, Andrews & Newnam, Inc.
1 Oakbrook Terrace, Suite 207
Oakbrook Terrace, IL 60181
630-495-4123 / jnnakashima@lan-inc.com

8. Indicate who will provide project construction inspection:
☒Organization listed in Box 1.
☒Engineering firm listed in Box 7.
☐Other - name, address, and phone number listed below.

9. Is a basis of design attached?
☒YES ☐NO

If no, briefly explain why a basis of design is not needed. Submitted previously under separate cover.

10. Are sealed and signed engineering plans attached?
☒YES ☐NO

If no, briefly explain why engineering plans are not needed. Plans and specs submitted previously under separate cover.

11. Are sealed and signed construction specifications attached?
☒YES ☐NO

If specifications are not attached, they need to be on file at DEQ.

12. Were Recommended Standards for Water Works, Suggested Practice for Water Works, AWWA guidelines, and the requirements of Act 399 and its administrative rules followed?
☒YES ☐NO

If no, explain which deviations were made and why.

13. Are all coatings, chemical additives and construction materials ANSI/NSF or other adequate 3rd party approved?
☒YES ☐NO

If no, describe what coatings, additives or materials did not meet the applicable standard and why.

14. Are all water system facilities being installed in the public right-of-way or a dedicated utility easement? (For projects not located in the public right-of-way, utility easements must be shown on the plans.)
☐YES ☒NO

If no, explain how access will be obtained. Most work will be on City owned property, except forcemain.

15. Is the project construction activity within a wetland (as defined by Section 324.30301(d)) of Part 303, 1994 PA 451?
☐YES ☒NO

If yes, a wetland permit must be obtained.

16. Is the project construction activity within a 100-year floodplain (as defined by R 323.1311(e)) of Part 31, 1994 PA 451, administrative rules?
☐YES ☒NO

If yes, a flood plain permit must be obtained.

17. Is the project construction activity within 500 feet of a lake, reservoir, or stream?
☒YES ☐NO

If yes, a Soil and Erosion Control Permit must be obtained or indicate if the owner listed in box 2 of this application is an Authorized Public Agency (Section 10 of Part 91, 1994 PA 451) ☐ Owner is APA.

18. Will the proposed construction activity be part of a project involving the disturbance of five (5) or more acres of land?
☐YES ☒NO
If yes, is this activity regulated by the National Pollutant Discharge Elimination System storm water regulations?
☐YES: NPDES Authorization to discharge storm water from construction activities must be obtained.

☐NO: Describe why activity is not regulated:
Please call 517-241-8993 with questions regarding the applicability of the storm water regulations.

19. Is the project in or adjacent to a site of suspected or known soil or groundwater contamination?
☐YES ☒NO

If yes, attach a copy of a plan acceptable to the DEQ for handling contaminated soils and/or groundwater disturbed during construction. Contact the local DEQ district office for listings of Michigan sites of environmental contamination.

20. IF YOU ARE A CUSTOMER/WHOLESALE/BULK PURCHASER, COMPLETE THE FOLLOWING

1) Name and WSSN of source water supply system (seller) _____

2) Does the water service contract require water producer/seller to review and approve customer/wholesale/bulk purchaser water system construction plans?
☐YES ☐NO

If yes to #2, the producer/seller approval letter must be attached when submitted to DEQ.

21. **Owner's Certification** The owner of the proposed facilities or the owner's authorized representative shall complete the owner's certification. It is anticipated that the owner will either be a governmental agency (city, village, township, county, etc.) or a private owner (individual, company, association, etc.) of a Type I public water supply.

OWNER'S CERTIFICATION

I, BRENT F. WRIGHT (print) (name), acting as the WATER PLANT SUPERVISOR (print) (title/position) for

CITY OF FLINT (print) (entity owning proposed facilities) certify that this project has been reviewed and approved as detailed by the Plans and Specifications submitted under this application, and is in compliance with the requirements of 1976 PA 399, as amended, and its administrative rules.

Signature* 3-31-2014 Date (810)787-6537 Phone

*Original signature only, no photocopies will be accepted.

PROJECT BASIS OF DESIGN – FOR WATER MAIN PROJECTS

PROJECT NAME: _____

For this PROJECT the following information must be provided per Act 399 unless waived by the Department. For projects other than water main installation, or if additional space is needed, attach separate sheet(s) with detailed Basis of Design calculations.

A. A general map of the initial and ultimate service areas
☐ Included on engineering plans ☐ Attached separately

B. Number of service connections served by this permit application _____

C. Total number of service connections ultimately served by entire project _____

D. Residential Equivalent Units (REUs) served by this permit application _____

E. Total Residential Equivalent Units (REUs) ultimately served by entire project _____

F. Water flow rates for proposed project based on REUs listed in "D' and "E" above

1. Initial design average day flow (mgd) _____
2. Initial design maximum day flow (mgd) _____
3. Total design average day flow (mgd) _____
4. Total design maximum day flow (mgd) _____
5. Required fire flows: (1) _____ gpm for _____ hours

G. Actual flows and pressures of existing system at the connection point(s) (2)
_____ gpm at _____ psi
_____ gpm at _____ psi
_____ gpm at _____ psi
_____ gpm at _____ psi

H. Estimated minimum flows and pressures within the proposed water main system (3) _____ gpm at _____ psi

(1) Every water system must decide what levels of fire fighting flows they wish to provide. Fire flow should be appropriate for the area (residential, commercial, industrial) being served by the project. Typical fire flow rates can be obtained from the water supply, local fire dept., ISO or AWWA. The water system must then be designed to be able to provide the required fire flows while maintaining at least 20 psi in all portions of the distribution system.

(2) Flows and pressures at the connection points must be given to determine if the existing water main(s) are able to deliver water to the new service area. These numbers can be obtained from a properly modeled and calibrated distribution system hydraulic analysis or hydrant flow tests performed in the field. If more than one connection is proposed, list as needed.

(3) List what the estimated minimum flows can be expected in the proposed water mains based on estimated water demands, head losses, elevation changes and other factors that may affect flows, such as dead end mains.

Cline, Richard (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, May 01, 2014 9:21 AM
To: Maxine Murray
Cc: Dempkowski, Angela (Treasury)
Subject: RE: FW: One Resolution for Approval EME2282014
Attachments: State Tres No Bid Contract Approval.04-30-14.pdf

Categories: Orange Category

Maxine,

Good morning.

Attached is the approval from the State Treasurer to proceed with this purchase.

Sorry about the delay on this; one of those "en route" snafu's.

Regards,

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2078 | clinerl@michigan.gov | Traverse City Extension (231) 922-5228

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From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Tuesday, April 22, 2014 12:30 PM
To: Cline, Richard (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: Fwd: FW: One Resolution for Approval EME2282014

Good afternoon Mr. Cline,

Below is the Purchasing Manager's response to your inquiry regarding resolution EME2282014.

Thank you.

Maxine

---------- Forwarded message ----------
From: **Derrick Jones** <djones@cityofflint.com>
Date: Tue, Apr 22, 2014 at 9:45 AM
Subject: Re: FW: One Resolution for Approval EME2282014
To: Maxine Murray <mmurray@cityofflint.com>

Good Morning Max;

Listed below is the additional information for Mr. Cline for the approval of the resolution for ozone parts:

The City purchased ozone generators in 2005 as part of a facility upgrade at the Water Plant. The manufacturer selected for these generators was Ozonia North America. This manufacturer was selected instead of the Fuji or General Electric brand. The Water Plant is requesting to purchase dielectrics and there corresponding components for said generators. These are internal parts of the Ozonia generators, and other manufacturer parts are not compatible. Therefore, Ozonia is the only vendor that can provide these parts.

The City originally canvass vendors that service the generators to procure the requested parts, however, it was determined that these vendors also order their parts from Ozonia. It was determined that the City order parts directly from Ozonia.

If you need additional information, please let me know. Thanks.

On Wed, Apr 16, 2014 at 9:31 AM, Maxine Murray <mmurray@cityofflint.com> wrote:

Good morning Derrick,

Mr. Cline is requesting additional information on EME2282014. Please see below.

Thank you.

Maxine

---------- Forwarded message ----------
From: **Cline, Richard (Treasury)** <clinerl@michigan.gov>
Date: Tue, Apr 15, 2014 at 4:11 PM
Subject: FW: One Resolution for Approval EME2282014
To: "mmurray@cityofflint.com" <mmurray@cityofflint.com>
Cc: "Dempkowski, Angela (Treasury)" <DempkowskiA@michigan.gov>, "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov>

Maxine,

Good afternoon.

Earlier today you received a copy of a memo explaining how Treasury is going to change its review process for EM Spending Resolutions.

The attached resolution falls under these new rules. The attached resolution is a no bid contract that is in-excess of $50,000 in value. As such, approval of the State Treasurer is needed.

In order to formulate a recommendation, I need more information as to why the contract is no bid. The resolution states that the recommended vendor is the original producer of the equipment but are they the only source? Will only their equipment work? More detail is needed.

Please forward this request to the proper department.

Thank you for your ongoing help on these projects.

Regards,

Eric Cline | Unit Operations Specialist - Office of Fiscal Responsibility

State of Michigan | Michigan Department of Treasury

430 W. Allegan Street, 3rd Floor | Lansing, MI 48922

(517) 335-2078 | cliner1@michigan.gov | Traverse City Extension (231) 922-5228

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From: Dempkowski, Angela (Treasury)
Sent: Tuesday, April 15, 2014 2:32 PM
To: Cline, Richard (Treasury)
Subject: FW: One Resolution for Approval EME2282014

Under the new rules, will this be reviewed by us? If not, I'll clear it out of the folder with Maxine. Thanks

Angela Dempkowski

Senior Executive Management Assistant

Michigan Department of Treasury

dempkowskia@michigan.gov

(517) 373-4415

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Wednesday, April 09, 2014 5:06 PM
To: Dempkowski, Angela (Treasury)
Subject: One Resolution for Approval EME2282014

Good afternoon Angela,

We are submitting the following resolution for State approval:

EME2282014 - Resolution to Ozonia for Various Ozone Parts - $55,815.00 (Water Fund)

Thank you.

--

Maxine Murray

Executive Assistant to

Mayor Dayne Walling

Darnell Earley, Emergency Manager

1101 S. Saginaw Street

Flint, MI 48502

810.237.2035 Telephone

810.766.7218 Fax

--

SUPPLEMENT DATED MAY 1, 2014
TO OFFICIAL STATEMENT DATED APRIL 1, 2014
relating to

KAREGNONDI WATER AUTHORITY
COUNTIES OF GENESEE, LAPEER AND SANILAC
STATE OF MICHIGAN

$220,500,000
WATER SUPPLY SYSTEM BONDS
(KAREGNONDI WATER PIPELINE), SERIES 2014A

This Supplement, dated May 1, 2014, supplements and amends the above referenced Official Statement, dated April 1, 2014, relating to the above referenced bonds (the "Bonds"). On April 30, 2014, Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., lowered its rating on the Bonds from "A+" to "A." The outlook is stable.

NEW ISSUE
Book-Entry-Only

Rating: See "RATING" herein

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, assuming compliance with certain covenants by the Issuer, the interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See" TAX MATTERS" and "FORM OF APPROVING OPINION" herein for a description of certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which may affect the tax treatment of interest on the Bonds for certain Bondholders.

KAREGNONDI WATER AUTHORITY
COUNTIES OF GENESEE, LAPEER AND SANILAC
STATE OF MICHIGAN

$220,500,000
WATER SUPPLY SYSTEM BONDS
(KAREGNONDI WATER PIPELINE), SERIES 2014A

Dated: Date of Delivery

Principal Due: November 1, as shown on Inside Cover Page

The Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A (the "Bonds") are issued under the provisions of Act 233, Public Acts of Michigan, 1955, as amended, and a resolution adopted by the Board of Trustees of the Karegnondi Water Authority, Counties of Genesee, Lapeer and Sanilac, State of Michigan (the "Issuer") on November 20, 2013. The Bonds are being issued for the purpose of paying a portion of the cost of acquiring and constructing the Issuer's Water Supply System (the "System") to serve initially the City of Flint and the County of Genesee (individually a "Local Unit" and collectively, the "Local Units"), funding a debt service reserve account, paying capitalized interest and paying the costs of issuing the Bonds. The Bonds are to be issued in anticipation of, and are payable primarily as to principal and interest from, payments (the "Contractual Payments") to be made by the Local Units to the Issuer pursuant to a Contract among the Issuer and the Local Units dated as of August 1, 2013 (the "Contract"). The Contractual Payments will be in installments that will equal the principal and interest payments on the Bonds. Further, each Local Unit has pledged its limited tax full faith and credit for the payment of its Contractual Payments and is obligated, to the extent necessary, as a first budget obligation to levy ad valorem taxes on all taxable property within its boundaries for such purpose, subject to applicable constitutional, statutory and charter tax limitations. Each Local Unit is expected to make its Contractual Payments from revenues collected from charges imposed on the customers of its respective water supply system. The County of Genesee in the Contract has pledged to make all payments that the City of Flint fails to make to the Issuer under the Contract. The Issuer has irrevocably pledged the Contractual Payments for the payment of the principal of and interest on the Bonds.

The Bonds are issuable only as fully registered Bonds without coupons, and when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry only form, in the denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See *BOOK-ENTRY ONLY SYSTEM* herein.

Interest on the Bonds will be payable semiannually on May 1 and November 1 of each year commencing on November 1, 2014. The Bonds will be registered Bonds, of the denomination of $5,000 or multiples thereof not exceeding for each maturity the principal amount of such maturity. The principal and interest shall be payable at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any change in interest payment date (the "Transfer Agent"). Interest shall be paid when due by check mailed to the registered owner as shown by the registration books as of the fifteenth day of the month preceding the payment date for each interest payment. Payment of principal and interest to Beneficial Owners shall be made as described in *BOOK-ENTRY ONLY SYSTEM* herein.

The Bonds are subject to redemption at par, as described herein.

The Bonds are offered when, as and if issued by the Issuer and subject to receipt of the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Dickinson Wright PLLC, Troy and Lansing, Michigan. It is expected that delivery of the Bonds through DTC will be made in New York, New York on or about April 16, 2014.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT.

J.P. Morgan

Wells Fargo Securities **Stifel, Nicolaus & Company, Incorporated**

Dated: April 1, 2014

MATURITY SCHEDULE

WATER SUPPLY SYSTEM BONDS (KAREGNONDI WATER PIPELINE), SERIES 2014A

SERIAL BONDS
(Base CUSIP§: 48563U)

Year	Amount	Interest Rate	Yield	CUSIP§	Year	Amount	Interest Rate	Yield	CUSIP§
2017	$2,000,000	3.000%	1.460%	AA9	2024	$5,595,000	5.000%	3.660%*	AY7
2017	$2,105,000	5.000%	1.460%	AR2	2025	$5,875,000	5.000%	3.820%*	AZ4
2018	$1,300,000	4.000%	1.870%	AB7	2026	$6,165,000	5.000%	3.940%*	BA8
2018	$2,975,000	5.000%	1.870%	AS0	2027	$6,475,000	5.250%	4.050%*	AF8
2019	$2,000,000	3.000%	2.320%	AC5	2028	$6,815,000	5.250%	4.110%*	AG6
2019	$2,475,000	5.000%	2.320%	AT8	2029	$7,175,000	5.250%	4.200%*	AH4
2020	$2,000,000	4.000%	2.780%	AD3	2030	$7,550,000	5.250%	4.290%*	AJ0
2020	$2,655,000	5.000%	2.780%	AU5	2031	$7,945,000	5.250%	4.380%*	AK7
2021	$2,000,000	3.000%	3.050%	AE1	2032	$8,365,000	5.250%	4.450%*	AL5
2021	$2,870,000	5.000%	3.050%	AV3	2033	$8,800,000	4.500%	4.670%	AM3
2022	$5,075,000	5.000%	3.310%	AW1	2034	$9,200,000	5.250%	4.570%*	AN1
2023	$5,325,000	5.000%	3.490%	AX9	2035	$9,680,000	5.250%	4.620%*	AP6

TERM BONDS

Year	Amount	Interest Rate	Yield	CUSIP§
2040	$56,590,000	5.250%	4.740%*	BB6
2043	$41,490,000	5.000%	4.890%*	AQ4

*Yield to the November 1, 2023 first call date

§ Registered trademark of American Bankers Association. CUSIP numbers are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Issuer does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

KAREGNONDI WATER AUTHORITY

G-4610 Beecher Road
Flint, Michigan 48532-2617
(810) 732-7870
Fax: (810) 732-9773

BOARD OF TRUSTEES

Dayne Walling, Chairperson
Greg Alexander, Vice Chairperson
Jamie Curtis
Joshua Freeman
Larry Green
Richard E. Hammel
Ted Henry
Marilyn Hoffman
Dale Kerbyson
Steve Landaal
Sheldon Neely
Joseph Suma
Thomas Svrcek
Tracey Tucker
Paula Zelenko

CHIEF EXECUTIVE OFFICER

Jeffrey Wright

PROFESSIONAL SERVICES

TRANSFER AGENT ..... *The Huntington National Bank*

BOND COUNSEL ..... *Miller, Canfield, Paddock and Stone, P.L.C*

FINANCIAL ADVISOR ..... *Stauder, BARCH & ASSOCIATES, Inc*

No dealer, broker, salesman or other person has been authorized by the Issuer to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth in this Official Statement has been obtained from the Issuer, the County of Genesee, the City of Flint and other sources which are believed to be reliable, including The Depository Trust Company with respect to the information contained under the heading BOOK-ENTRY ONLY SYSTEM, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuer. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above or that the other information or opinions are correct as of any time subsequent to the date of this Official Statement. The Transfer Agent has not participated in the preparation of this Official Statement and assumes no responsibility for it.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY ISSUER. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement contains forward-looking statements, which can be identified by the use of the future tense or other forward-looking terms such as "may," "intend," "will," "expect," "anticipate," "plan," "management believes," "estimate," "continue," "should," "strategy," or "position" or the negatives of those terms or other variations of them or by comparable terminology. In particular, any statements express or implied, concerning future receipts of federal grants or the ability to generate cash flow to service indebtedness are forward-looking statements. Investors are cautioned that reliance on any of those forward-looking statements involves risks and uncertainties and that, although the Issuer's management believes that the assumptions on which those forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate. As a result, the forward-looking statements based on those assumptions also could be incorrect, and actual results may differ materially from any results indicated or suggested by those assumptions. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Official Statement should not be regarded as a representation by the Issuer or that its plans and objectives will be achieved. All forward-looking statements are expressly qualified by the cautionary statements contained in this paragraph. The Issuer undertakes no duty to update any forward-looking statements.

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OFFICIAL STATEMENT

KAREGNONDI WATER AUTHORITY
COUNTIES OF GENESEE, LAPEER AND SANILAC
STATE OF MICHIGAN
$220,500,000
WATER SUPPLY SYSTEM BONDS
(KAREGNONDI WATER PIPELINE)
SERIES 2014A

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by the Karegnondi Water Authority, Counties of Genesee, Lapeer and Sanilac, State of Michigan (the "Issuer") of its Water Supply System Bonds (Karegnondi Water Pipeline). Series 2014A (the "Bonds") in the aggregate principal amount of $220,500,000.

PURPOSE

The Bonds are issued under the provisions of Act 233, Public Acts of Michigan, 1955, as amended ("Act 233"), and a resolution authorizing the issuance of the Bonds (the "Resolution") adopted by the Board of Trustees of the Issuer on November 20, 2013. The Bonds are being issued for the purpose of paying a portion of the cost of acquiring and constructing the Issuer's Water Supply System (the "System") that is being established for the purpose of supplying raw water to its member communities, funding the Debt Service Reserve Account as hereinafter described, paying capitalized interest on the Bonds and paying the costs of issuing the Bonds. The Issuer was incorporated in October, 2010 pursuant to Act 233 by the County of Genesee ("Genesee"), the County of Lapeer, the County of Sanilac, the City of Flint ("Flint") and the City of Lapeer for the purpose of providing its member communities with a new source of water. Although the Issuer was incorporated in 2010, planning and design for the System in its present configuration began in 2001.

The System is expected ultimately to supply raw water for the three county area consisting of over 2,232 square miles and a population of over one half million residents, but the System will initially provide raw water to Genesee and Flint (individually a "Local Unit" and collectively, the "Local Units"). Currently, Genesee and Flint receive finished water from the City of Detroit, through its Detroit Water and Sewerage Department ("DWSD"), but Flint expects that it will no longer receive water from DWSD after April 17, 2014 and as a result, Genesee is pursuing a separate contract for an interim water supply from DWSD. Genesee and Flint participated in the establishment of the Issuer in order to have a more reliable supply of water at rates that they expect ultimately to be less than what would otherwise be payable to DWSD. For a description of the proposed System and the interim arrangements for water supply for Genesee and Flint until the System is completed and operational, see the heading KAREGNONDI WATER AUTHORITY SYSTEM herein.

SECURITY

Contractual Payments

The Bonds are being issued in anticipation of, and are payable primarily as to principal and interest from, payments (the "Contractual Payments") to be made by the Local Units to the Issuer pursuant to the Karegnondi Water Authority Financing Contract among the Issuer and the Local Units dated as of August 1, 2013 (the "Contract"). The Contractual Payments will be in installments that will equal the principal and interest payments on the Bonds. Further, each Local Unit has pledged its limited tax full faith and credit for the payment of its Contractual Payments and is obligated, to the extent necessary, as a first budget obligation to levy ad valorem taxes on all taxable property within its boundaries for such purpose, subject to applicable constitutional, statutory and charter tax limitations as to rate and amount. After credit is given to Genesee for payment of the principal of and interest on the Genesee Bonds (as described under the heading KAREGNONDI WATER AUTHORITY – The System below), Genesee is responsible for paying approximately 66% of the principal of and interest due on the Bonds, and Flint is responsible for paying approximately 34% of the principal of and interest on the Bonds. In addition, pursuant to the Contract, if Flint fails to make any of its Contractual Payments when due, Genesee is obligated under the Contract to make such Contractual Payments within one day of being notified of Flint's failure to pay. Further, the Issuer is obligated under the Contract to undertake all legal action and make use of all remedies available under the Contract to enforce the payment obligations of Flint under the Contract.

Each Local Unit expects to make its Contractual Payments from revenues collected from charges imposed on the customers of its respective water supply system. The water supply system of Genesee is hereinafter referred to as the "Genesee System" and the water supply system of Flint in hereinafter referred to as the "Flint System." The Issuer has irrevocably pledged the Contractual Payments for the payment of the principal of and interest on the Bonds. See The Report of the Engineering Consultant in APPENDIX I for a description of the Genesee System and the Flint System.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

A copy of the Contract is included as APPENDIX H. For additional information on Genesee, see APPENDIX A and APPENDIX B hereto, and for additional information on Flint, see APPENDIX C and APPENDIX D hereto.

Debt Service Reserve Account

Pursuant to the Resolution, the Issuer has established a Debt Retirement Fund, and within the Debt Retirement Fund has established a Debt Service Reserve Account. All Contractual Payments as received are required to be deposited in the Debt Retirement Fund and used to pay the principal of and interest on the Bonds. The Debt Service Reserve Account will be funded from the proceeds of the Bonds in an amount equal to $15,237,437.50, which is equal to the lesser of (1) maximum annual principal and interest requirements during any calendar year on the

Bonds then outstanding, (2) ten percent (10%) of the original principal amount of the Bonds, and (3) one hundred twenty-five percent (125%) of the average annual principal and interest requirements during any calendar year on the Bonds then outstanding (the "Reserve Account Requirement"). Moneys in the Debt Service Reserve Account shall be used solely for the payment of the principal of and interest on the Bonds when due whenever and to the extent that the Contractual Payments being held by the Issuer shall be insufficient for such purposes.

There shall be credited to the Debt Service Reserve Account beginning on the first day of the month following any month in which the amount in the Debt Service Reserve Account shall be less than an amount equal to the Reserve Account Requirement as a result of the failure of a Local Unit to pay its Contractual Payments, and continuing on the first day of each month thereafter, an amount equal to one-thirty-sixth (1/36) of any deficit therein, until the amount on deposit is equal to the Reserve Account Requirement; however, if the amount on deposit in the Debt Service Reserve Account is less than 100% of the Reserve Account Requirement as a result of investment losses with respect to the Debt Service Reserve Account, commencing on the first day of the month following such evaluation, and continuing on the first day of each month thereafter, an amount equal to one-fourth (1/4) of the amount necessary to restore the Debt Service Reserve Account to 100% of the Reserve Account Requirement, unless and until the amount on deposit in the Debt Service Reserve Account shall equal 100% of the Reserve Account Requirement. Further, if a Local Unit fails to pay its Contractual Payment causing a shortfall and the Debt Service Reserve Account is drawn upon to pay the Bonds, the replenishment of such Debt Service Reserve Account shall be an obligation of the Local Unit that failed to pay such Contractual Payment, in the manner described in the preceding sentence; provided, however, if Flint fails to fulfill its obligation to replenish the Debt Service Reserve Account, as with the failure to make Contractual Payments under the Contract, Genesee has agreed in the Contract to make such payments.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds

Par amount of Bonds	$220,500,000.00
Net Original Issue Premium	11,815,544.05
Total Sources	$232,315,544.05

Use of Funds

Deposit to Construction Fund	$187,137,367.59
Capitalized Interest	28,282,364.06
Deposit to Debt Service Reserve Account	15,237,437.50
Costs of Issuance	712,000.00
Underwriters' Discount	946,374.90
Total Uses	$232,315,544.05

THE BONDS

The Bonds will be dated the date of delivery thereof, will bear interest from the date of delivery at the rates and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement and will be subject to redemption prior to maturity as described below. Interest on the Bonds will be payable semiannually on May 1 and November 1 of each year commencing on November 1, 2014. Interest on the Bonds shall be computed using a 360-day year and twelve 30-day months.

The Bonds will be issued as fully registered Bonds as described in APPENDIX G, BOOK-ENTRY-ONLY SYSTEM. Subject to the provisions for the book-entry system, the principal of and any redemption premium on the Bonds will be payable upon surrender thereof at the designated office of the Transfer Agent, and interest will be payable by check or draft mailed by the Transfer Agent to the registered owners of the Bonds as shown on the registration books of the Issuer maintained by the Transfer Agent as of the close of business on the fifteenth day of the calendar month preceding the month in which the interest payment is due. The Transfer Agent also may pay interest on Bonds by wire transfer or such other method as is acceptable to the Transfer Agent and the Bondholder to whom payment is being made.

PRIOR REDEMPTION OF BONDS

Optional Redemption

Bonds maturing in the years 2017 to 2023, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of Bonds in multiples of $5,000 maturing in the year 2024 and thereafter shall be subject to redemption prior to maturity, at the option of the Issuer, in any order of maturity and by lot within any maturity, on any date on or after November 1, 2023, at par and accrued interest to the date fixed for redemption.

Mandatory Redemption of Term Bonds

The Bonds maturing in the years 2040 and 2043 (the "Term Bonds") shall be subject to annual mandatory redemption on November 1 of the following years and in the following amounts, at par, plus accrued interest to the date of mandatory redemption.

Term Bonds due November 1, 2040

Redemption Dates	Principal Amounts
November 1, 2036	$10,190,000
November 1, 2037	$10,725,000
November 1, 2038	$11,290,000
November 1, 2039	$11,880,000
November 1, 2040 (Maturity)	$12,505,000
TOTAL	$56,590,000

Term Bonds due November 1, 2043

Redemption Dates	Principal Amounts
November 1, 2041	$13,160,000
November 1, 2042	$13,820,000
November 1, 2043 (Maturity)	$14,510,000
TOTAL	$41,490,000

When Term Bonds are purchased by the Issuer and delivered to the Transfer Agent for cancellation or are redeemed in a manner other than by mandatory redemption, the principal amount of Term Bonds affected shall be reduced by the principal amount of the Term Bonds so purchased or redeemed in the order determined by the Issuer.

In case less than the full amount of an outstanding Bond is called for redemption, the Transfer Agent, upon presentation of the Bond called for redemption, shall register, authenticate and deliver to the registered owner of record a new Bond in the principal amount of the portion of the original Bond not called for redemption.

Notice of redemption shall be given to the registered owner of any Bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A Bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem said Bond or portion thereof.

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DEBT SERVICE SCHEDULE

The following schedule sets forth the principal and interest payable with respect to the Bonds.

Fiscal Year Ended 12/31	Principal	Interest	Total P&I
2014		$6,027,389*	$6,027,389
2015		11,127,488*	11,127,488
2016		11,127,488*	11,127,488
2017	$4,105,000	11,127,488	15,232,488
2018	4,275,000	10,962,238	15,237,238
2019	4,475,000	10,761,488	15,236,488
2020	4,655,000	10,577,738	15,232,738
2021	4,870,000	10,364,988	15,234,988
2022	5,075,000	10,161,488	15,236,488
2023	5,325,000	9,907,738	15,232,738
2024	5,595,000	9,641,488	15,236,488
2025	5,875,000	9,361,738	15,236,738
2026	6,165,000	9,067,988	15,232,988
2027	6,475,000	8,759,738	15,234,738
2028	6,815,000	8,419,800	15,234,800
2029	7,175,000	8,062,013	15,237,013
2030	7,550,000	7,685,325	15,235,325
2031	7,945,000	7,288,950	15,233,950
2032	8,365,000	6,871,838	15,236,838
2033	8,800,000	6,432,675	15,232,675
2034	9,200,000	6,036,675	15,236,675
2035	9,680,000	5,553,675	15,233,675
2036	10,190,000	5,045,475	15,235,475
2037	10,725,000	4,510,500	15,235,500
2038	11,290,000	3,947,438	15,237,438
2039	11,880,000	3,354,713	15,234,713
2040	12,505,000	2,731,013	15,236,013
2041	13,160,000	2,074,500	15,234,500
2042	13,820,000	1,416,500	15,236,500
2043	14,510,000	725,500	15,235,500
TOTAL	$220,500,000	$219,133,064	$439,633,064

*Capitalized interest; paid from Bond proceeds.

KAREGNONDI WATER AUTHORITY SYSTEM

The Issuer is expected ultimately to supply raw water for the three county area (Genesee, Lapeer and Sanilac) consisting of over 2,232 square miles and a population of over one half million residents. The Issuer will supply metered, untreated water to each contracting member. The actual cost for appurtenances and maintenance of the System will be allocated based on water sold and each contracting member will be responsible for its proportional share of the cost. Each contracting member will be responsible for treating and distributing treated water to its individual customers.

The Issuer currently has entered into two water purchase contracts (the "Water Purchase Contracts"), effective October 1, 2013: one with Flint to supply up to 18 mgd and one with the Genesee County Drain Commissioner, as County Agency of Genesee under Act 342, Public Acts of Michigan, 1939, as amended (the "County Agency"), on behalf of Genesee, to supply 42 mgd. The charges to be paid by Flint and the County Agency in the Water Purchase Contracts are broken down into two distinct portions: an annual fixed or capital fee and an annual commodity or operations and maintenance fee. Flint and the County Agency expect to pay such charges from the revenues of their respective water supply systems as an operation and maintenance expense in the same manner that each presently pays for water furnished by DWSD.

The size of the System is based on the volume identified in the Water Purchase Contracts and any additional water purchase contracts entered into with additional parties, up to a maximum of 85 mgd, the Issuer's permit limit. Each contracting party will be responsible for the annual fixed fee regardless of the amount of water taken. The other members of the Issuer had until October 16, 2013 to enter into a water purchase contract with the Issuer at the same rates set forth in the Water Purchase Contracts. No additional water purchase contracts were entered into on or before such date and as a result, members entering into water purchase contracts with the Issuer subsequent to such date will pay any incremental costs associated with accommodating their water purchase contracts.

The System

To supply water to its contracting members, the Issuer will be required to construct a lake intake on Lake Huron, approximately 63 miles of pipe from the intake plant to the City of Flint and 2 pump stations, one of which will be located near the intake facility. Such facilities collectively constitute the System. The engineering design of the System is to withdraw water from Lake Huron and pump it to a standpipe in Lynn Township in St. Clair County, and from there the water will be pumped to a site in Oregon Township in Lapeer County, approximately 14 miles east of Flint, which site will contain a 150 million gallon earthen reservoir and Genesee's new water treatment plant (discussed below). The reservoir and new treatment plant will be owned by Genesee. Raw water flowing to the site in Oregon Township will be directed to Flint's water treatment plant and to Genesee's water treatment plant and reservoir. Figure 1 shows the location of the System facilities, the Flint water treatment plant and the proposed Genesee treatment plant and reservoir.

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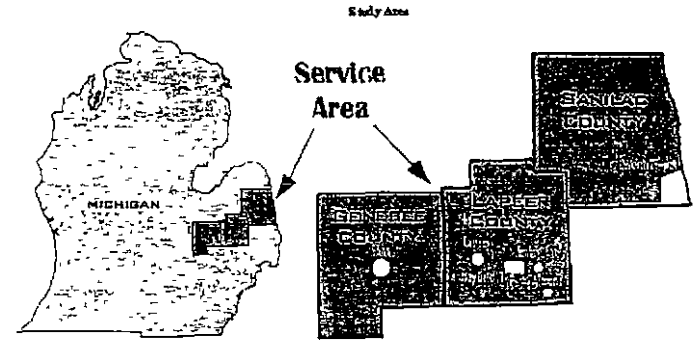
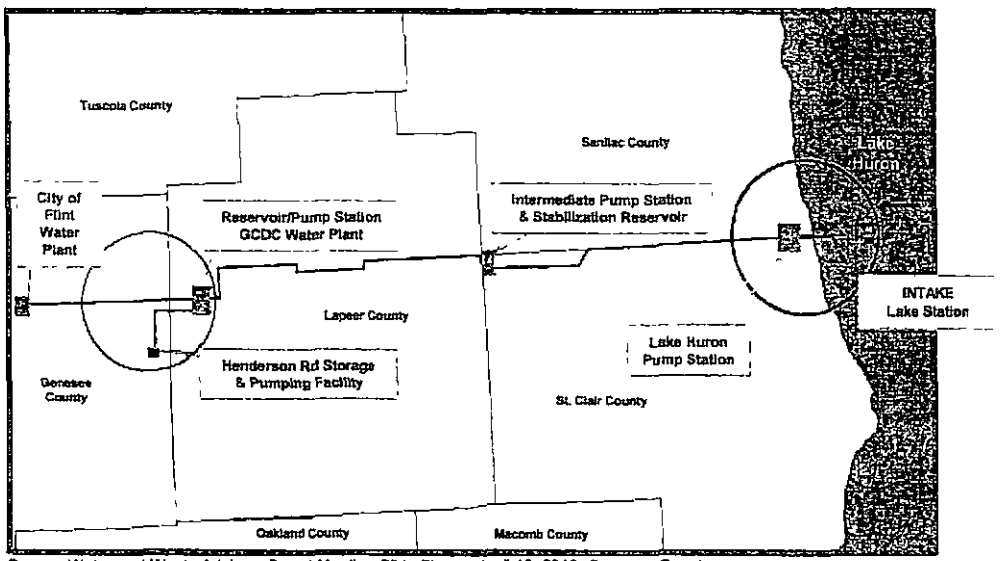
Figure 1



Source www.karegnondi.com



Source Water and Waste Advisory Board Meeting Slide Show – April 10, 2013, Genesee County

The intake facility and the site therefor (the "Genesee Project") were financed through the issuance of bonds by Genesee in the principal amount of $35,000,000 in October, 2013 (the "Genesee Bonds"), with the understanding that Genesee would make the Genesee Project available to the Issuer for use by the Issuer as part of the System. Genesee is solely responsible for paying the principal of and interest on the Genesee Bonds from the net revenues derived from the users of the Genesee System and Genesee has pledged its limited tax full faith and credit as additional security for the Genesee Bonds. The lake intake is currently under construction, the County Agency having supervised the design of the facility and the receipt and award of construction bids for the facility. The lake intake is expected to be completed in October, 2014.

The Issuer has retained the services of the County Agency to administer the design and construction of the System. In addition, it is expected that the Issuer will also contract with the County Agency for operation and maintenance of the System after the System is completed and fully operational. The County Agency has significant experience in planning, operating and managing wastewater systems, having been responsible for planning, operating and managing the Genesee System since 1972. The County Agency currently employs approximately 128 people in connection with the operation and management of the Genesee System, and it is

expected that from this group, 5 full time equivalent employees will be involved in the operation and maintenance of the System. The Issuer is not expected to have any full time employees.

On behalf of the Issuer, the County Agency has acquired 40 acres of land with 100 feet of frontage on Lake Huron in Sanilac County for the intake plant and pump station and 40 acres of land on the northwest corner of Martin Road and Hull Road in Lynn Township in St. Clair County for the standpipe and second pump station. The County Agency has also acquired approximately 76 acres of land on the northeast corner of Marathon Road and Stanley Road in Oregon Township in Lapeer County to serve as the site for Genesee's new water treatment plant and reservoir.

In anticipation of the construction of the System, the County Agency has obtained a permit from the Michigan Department of Environmental Quality ("MDEQ") authorizing the withdrawal of up to 85 million gallons per day ("mgd") from Lake Huron. Such permit will not need to be renewed at any time while the Bonds are outstanding. In addition, the County Agency has hired project managers which have to date secured the route of the pipe line, identified all environmental issues and prepared preliminary permits for the entire 63-mile route, and also has retained consulting firms to complete the design of the remaining System facilities.

The County Agency has commissioned the design of the two pump stations and 63 miles of pipeline (36" to 66" in size). The design and construction is broken up into seven individual projects. They are as follows:

Lake Huron Pump Station
12 miles of 66-inch transmission main
12 miles of 66-inch transmission main
Intermediate Pump Station and Standpipe
12 miles of 60-inch transmission main
13 miles of 60-inch transmission main
14 miles of 36-inch transmission main

Since the contractor needs 15 months of good weather to complete each pipeline project, the pipeline projects were broken down into projects for a construction period of 15 months each. The design of the pipelines is 60 percent complete. The pipelines will be bid in a staggered format beginning in April, 2014 through September, 2014. Each contract will be awarded within two months of bid opening. Final pipeline contracts will be awarded no later than November, 2014, and with a 15-month construction period, the final pipeline is expected to be completed on or before March, 2016.

The System facilities call for 63 miles of large diameter piping, and the Issuer recognized that with limited capacity in the United States to produce the needed materials within the necessary time frame for construction, alternative methods of procurement would be required. In 2013, the Issuer Authority requested proposals for large diameter piping and valves, and in October, 2013, the Issuer entered into a contract with American Cast Iron Pipe Company (ACIPCO) for the delivery of all 66-inch diameter, 60-inch diameter, and 36-inch diameter pipe. In addition, ACIPCO will provide all large diameter valves for the pipeline and pump station yard piping and valves.

The Issuer has acquired all lands and easements necessary for construction of the System. In January 2014, MDEQ held four public hearings with regard to the Issuer's wetland crossing permit. MDEQ has participated in the 30 percent, 60 percent and 90 percent reviews of the design, and its comments have been incorporated. Upon 100% design completion of each pipeline project, the Issuer will submit an application to MDEQ for its construction permit for such project. In addition, the Issuer will submit for its local permits from the local road commissions and soil erosion enforcement agencies. The Issuer expects to receive all such permits for the construction of the System in time to complete the System as anticipated.

The design of the two pump stations is 90 percent complete. Final site plans have been submitted to the local municipalities, and bids for the pump stations are expected to be received in April, 2014, with the contracts to be awarded no later than June, 2014. There is a 22-month construction schedule for the pump stations, and they are expected to be completed and in operation on or before May, 2016.

Based upon the foregoing, the System is expected to be available for service no later than May 1, 2016. Each contract for construction has a completion date of at least 30-days prior to May 1, 2016 and a liquidated damage clause for failure to complete on a timely basis. Each contract identifies substantial completion (operation of the pipeline) and final completion (pipeline, clean-up, and paperwork). The County Agency can begin operation of the pipeline on behalf of the Issuer after substantial completion but prior to final completion.

The estimated construction costs for the System, including the lake intake and site financed by Genesee, are $268,844,053 based on water purchase contracts of 60 mgd. The Issuer and the Local Units have entered into the Contract, whereby the Issuer has agreed to issue the Bonds and other bonds of the Issuer, in an aggregate amount not to exceed $300,000,000 (collectively, the "System Bonds"), to finance the remaining facilities for the System in anticipation of the Contractual Payments to be made by the Local Units as provided therein. The estimated construction costs of the remaining facilities for the System is $233,725,381, and the amount of System Bonds to be issued to finance the costs of the remaining System facilities, including capitalized interest, amounts to fund the Debt Service Reserve Account, and issuance costs, is estimated to be $300,000,000. The Contract is contemplated in the Water Purchase Contracts and sets forth the manner in which the capital costs of the System facilities will be allocated. Under the Contract, Flint and Genesee are responsible for paying 34.2% and 65.8%, respectively, of the debt service on the System Bonds. This allocation takes into account and credits Genesee for financing and being responsible for the payment of 100% of the costs of the Genesee Project. In addition, in the event and to the extent that Flint fails to pay its share of the debt service on the System Bonds, Genesee will be responsible for making up the shortfall. Flint and Genesee each expects to make such payments from the revenues to be derived from the customers of the Genesee System and the Flint System, respectively, but each has pledged its limited tax full faith and credit to the making of such payments.

Interim Water Supply Arrangements for Genesee and Flint

Flint has purchased treated water from DWSD for approximately 30 years. The County Agency has a contract with Flint that requires Flint to purchase water from DWSD and provide that water to the County Agency. Historically, the County Agency has not had a contract directly with DWSD.

On April 17, 2013, DWSD notified Flint that it was terminating its contract with Flint for the supply of water in one (1) year as required by the contract. As a result, no later than April 17, 2014, Flint intends to begin withdrawing water from the Flint River, treat the water in its water treatment plant and then make such treated water available to the customers of the Flint System until the System is completed and operational. After the notification from DWSD, Flint sought another source of water and determined to use its water treatment plant to provide water to its customers. In order to do so it negotiated an administrative consent order with MDEQ that permitted the temporary use of the Flint River (the "ACO"). The ACO requires Flint to either undertake a public improvement project to connect to the System or undertake other public improvements to continue to use the Flint River. In order to comply with the ACO, Flint has determined that connecting to the System is the most cost effective means to obtain untreated water and to comply with the ACO.

However, the Flint River will not be able to supply the volume of water needed to provide water to the customers of the Genesee System. Inasmuch as the County Agency has a valid contract with Flint for the supply of water via DWSD, Flint is contractually obligated to continue to purchase water from DWSD in order to supply water to the County Agency. This may be accomplished, notwithstanding Flint utilizing the Flint River for a water source, by Flint continuing to purchase water from DWSD and directing the water to be transmitted directly to the County Agency by isolation valves currently installed in the Flint System.

In January, 2014, the County Agency entered into contract negotiations with DWSD to secure a water supply directly from DWSD for the customers of the Genesee System without using Flint as a pass through, until the System has been completed and is operational. DWSD representatives have indicated that in the event that an agreement cannot be reached with the County Agency during these negotiations, DWSD will continue to supply water to the County Agency via Flint without a contract in place. The County Agency and DWSD are negotiating two separate contracts, the first to satisfy Genesee's need for a short-term (3 year) contract for the supply of water during the time in which the System is being constructed, and the second that would require DWSD to provide a long-term emergency stand-by service to ensure the delivery of water to customers of the Genesee System if the System fails at any time in the future. Although no assurances can be made as to the eventual outcome of contract negotiations, both parties are negotiating in good faith.

In the event that the County Agency and DWSD are unable reach agreement on a proposed short-term contract for the supply of water during the construction period for the System, the County Agency has the ability to adjust Genesee's rates to the extent necessary, but cannot predict with certainty the price to be paid by customers of the Genesee System for water from DWSD until the System is completed and operational. See BONDHOLDERS' RISKS herein.

Related Facilities

In order to provide finished water to its customers, Flint expects to utilize its existing water treatment plant, which is currently operating in a back-up role with a capacity of 36 mgd and will be permitted to treat water drawn from the Flint River until the System is operational. Flint will be required to make an estimated $8,000,000 in improvements to convert the plant from stand-by to fully operational and to accommodate the flow of water from the System.

Additional improvements to Flint's water treatment plant may be made in the future. In order to provide finished water to Genesee's customers, the County Agency will be required to build a new water treatment plant, reservoir, pump station and approximately 5 miles of watermain running from the new treatment plant to Genesee's main distribution facility at Henderson Road, at an estimated cost of $60,000,000. The County Agency has acquired 76 acres approximately 14 miles east of the City of Flint in Oregon Township in Lapeer County, which is expected to serve as the site of Genesee's new water treatment plant, reservoir and pump station. In addition, on or before April 17, 2014, the County Agency expects to acquire 9 miles of 72-inch watermain from Flint, which will be used to support Genesee's distribution system to its customers. The new water treatment plant, reservoir, pump station and watermain are expected to be constructed and fully operational on or before May 1, 2016, the date on which the System is expected to be fully operational.

The completion date for the System is projected for May 1, 2016, at which time Flint expects to cease pumping water from the Flint River and the County Agency expects to discontinue purchasing water from DWSD, and Flint and the County Agency expect to begin purchasing water from the Issuer and producing their own water.

REPORT OF THE ENGINEERING CONSULTANT

Jones & Henry Engineers, Ltd., Toledo, Ohio, has prepared the Report of the Engineering Consultant, dated as of March 17, 2014, a copy of which is attached hereto as Appendix I. The Report of the Engineering Consultant describes key factors that will affect water rates to be charged by Flint and the County Agency to customers of the Flint System and the Genesee System, respectively, from 2014 through 2018, and sets forth the assumptions on which the conclusions in the Report are based.

As set forth in the Report of the Engineering Consultant, the long term projections comparing the rates to be charged by KWA to Flint and the County Agency for use of the System plus other expenses related to operating, maintaining and improving their current treatment systems compared with rates historically charged to Flint and the County Agency by DWSD for comparable service show more stable rates from KWA for customers of both the Flint System and the Genesee System. Most of the future expenses for the Flint System and the Genesee System are expected to be capital which will not increase annually and operating costs which will increase annually due to inflation. DWSD charges to Flint and the County Agency, which historically have constituted a significant portion of both Flint's and the County Agency's total water expenses, have increased annually at a rate greater than the rate of inflation. Rates are not expected to increase under KWA as they have under DWSD, and with appropriate rate increases Flint and the County Agency will be able to pay their respective share of the debt service on the System Bonds and the operation and maintenance expenses of the System plus other expenses related to operating, maintaining and improving, respectively, the Flint System and the Genesee System.

The Report of the Engineering Consultant should be read in its entirety for a complete understanding of the assumptions and conclusions contained therein. As noted in the Report of the Engineering Consultant, any conclusions are subject to uncertainties, and some assumptions used to develop the conclusions will not be realized, and unanticipated events and circumstances

may occur. Therefore, there could be differences between the conclusions and the actual results and those differences could be material.

BONDHOLDERS' RISKS

The following discussion of some of the risk factors associated with the Bonds is not, and is not intended to be, exhaustive, and such risks are not necessarily presented in the order of their magnitude.

This Official Statement does not describe all of the risks of an investment in the Bonds and the Underwriters disclaim any responsibility to advise prospective investors of such risks as they exist at the date of this Official Statement or as they change from time to time. Prospective investors should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds and the suitability of investing in the Bonds in light of their particular circumstances. Prospective investors should be able to bear the risks relating to an investment in the Bonds and should carefully consider, among other factors, the matters described below.

Assumptions With Regard to Local Unit Revenues

Certain assumptions have been made with regard to the ability of Genesee and Flint to charge and collect revenues from the customers of the Genesee System and the Flint System, respectively, in amounts sufficient to pay their respective Contractual Payments. These assumptions are believed to be reasonable, but to the extent that such revenues are not sufficient to enable Genesee and/or Flint to pay their Contractual Payments, the Contractual Payments would nevertheless be required to be paid from the general fund of Genesee and/or Flint, which could strain such general fund. The assumptions are based on factors beyond Genesee's and Flint's control and there is no assurance that these projections will be achieved. Many factors may prevent the projections from being achieved. These include yearly changes in water consumption, population, population growth, household income, competitive facilities, accessibility, absorption, occupancy, vacancy and market penetration.

NO GUARANTEE CAN BE MADE THAT THE PROJECTIONS CONTAINED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE IN FORMULATING THE PROJECTIONS. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES, CHANGES IN EMPLOYEE RELATIONS, APPLICABLE GOVERNMENTAL REGULATION, ECONOMIC AND DEMOGRAPHIC TRENDS, AND COMPETITION.

Inability to Finance the System; System Completion Risk

As described under the heading KAREGNONDI WATER AUTHORITY SYSTEM, the System is intended initially to supply raw water for customers of the Genesee System and the Flint System. If for any reason the Issuer is unable to acquire, construct, complete or place the System in service, the System facilities to be financed with the proceeds of the Bonds will not be

useful to the Genesee System or the Flint System unless Genesee and/or Flint constructs its own pipeline. At this time, it is unclear whether Genesee and/or Flint would undertake constructing its own pipeline.

The rates and charges currently established by Genesee and Flint are projected to be sufficient to pay the Contractual Payments and their share of the principal of and interest on the Bonds. However, if the System is not placed in service, the additional costs associated with paying for the debt service on the Bonds without a tangible benefit to be derived from the System could ultimately have an adverse effect on the ability of Genesee and Flint to generate sufficient revenues from the customers of their respective water supply systems and their ability to pay their share of debt service on the Bonds.

In order to provide customers for the System, the County Agency and Flint have entered into the Water Purchase Contracts. Genesee and Flint have also entered into the Contract, under which they are responsible for paying their respective share of the Bonds and the second series of the System Bonds to be issued to finance the costs of the remaining System facilities (approximately $80,000,000). Genesee's share of the Bonds and the approximately $80,000,000 of the second series of the System Bonds will be the entire amount if Flint fails to fulfill its obligation to pay its Contractual Payments under the Contract for any reason.

Genesee and Flint each faces potential exposure to its general fund and to the rates and charges to be paid by its water customers served by the Genesee System and Flint System, respectively, for the debt service associated with the Genesee Bonds (only in the case of Genesee) and up to an estimated $300,000,000 for the System Bonds if for any reason the remaining System facilities are not completed. The remaining System facilities could fail to be completed because of an inability to gain market access for the financing for all or part of such facilities, cost overruns in construction, or acts of God.

Genesee intends for its obligations with respect to the Genesee Bonds and the System to be paid for by rates and charges from the users of the Genesee System. If Flint fails to pay its share of the System Bonds, either from rates and charges to users of the Flint System or from its general fund, Genesee would be responsible for making up the shortfall. If Genesee's general fund is needed to pay a significant portion of the System Bonds, it could cause significant financial strain on Genesee.

As noted under the heading KAREGNONDI WATER AUTHORITY SYSTEM, in order for Flint to provide finished water to its customers, it needs to undertake approximately $8,000,000 in improvements to its existing water treatment plant. If Flint is unable to timely complete such improvements for any reason (including without limitation, a referendum on the financing, an inability to gain market access for the financing for the improvements, cost overruns in construction, or acts of God), Flint may be unable to generate sufficient rates and charges from its customers to cover its share of the debt service on the System Bonds as provided in the Contract. Without sufficient rates and charges, it is unclear whether Flint's general fund will have sufficient funds to fulfill its obligations under the Contract, which in turn could strain Genesee's general fund or the amount of rates and charges to be charged to Genesee's customers.

Finally, similar to Flint, Genesee needs to construct a water treatment plant, reservoir, pump station and 5 miles of watermain at an estimated cost of $60,000,000 as described under the heading KAREGNONDI WATER AUTHORITY SYSTEM in order to provide finished water to its customers. If Genesee is unable to timely complete the new treatment plant, reservoir, pump station and watermain for any reason (including without limitation, an inability to gain market access for the financing, cost overruns in construction, or acts of God), Genesee may be unable to generate sufficient rates and charges from its customers to cover its share of the debt service on the System Bonds as provided in the Contract, which could strain Genesee's general fund.

Financial Condition of the City of Flint and Genesee for future Obligations to Issuer

Flint is currently operating under a State-appointed Emergency Manager under the Local Financial Stability and Choice Act, Act No. 436, Public Acts of Michigan, 2012 ("Act 436"). Flint's options to improve its fiscal health are limited. The United States Bankruptcy Code, 11 U.S.C. Section 101, *et. seq.* (the "Bankruptcy Code") does not authorize municipalities to be subject to involuntary bankruptcy cases. Flint must be specifically authorized to be a debtor under chapter 9 of the Bankruptcy Code by State law or by a governmental officer or organization empowered by State law to authorize Flint to be a debtor under chapter 9 of the Bankruptcy Code. Act 436 provides such authorization after Flint first complies with certain requirements set forth therein. The effect of a Flint bankruptcy on its obligations to the Issuer is unknown at this time, including without limitation its obligations to continue to make payments to the Issuer under its Water Purchase Contract with the Issuer and under the Contract. If Flint fails to fulfill its payment obligations under the Contract for any reason, including a bankruptcy filing by Flint, Genesee will be required to pay Flint's share of the debt service on the System Bonds. While this provides protection for the Issuer, such payments could cause significant financial strain on the general fund of Genesee and the net revenues of the Genesee System, potentially limiting the extent of this protection. Similarly, if Flint fails to fulfill its payment obligation under its Water Purchase Contract, the Issuer could be obligated to continue supplying raw water to Flint without payment for a period of 60 days, or longer in the event of a Flint bankruptcy case.

For a discussion of litigation that could affect Flint's financial condition and the rates that are charged to customers of the Flint System, see the heading LITIGATION – Other Litigation herein, and for a discussion of the financial condition of Flint see the information under the heading "Update on City of Flint Financial Position" in APPENDIX C.

Although no Act 436 proceedings have ever occurred with respect to Genesee, nor has the Michigan Department of Treasury ever indicated the intent to begin such proceedings, if Genesee were to experience severe financial difficulties, the same analysis that applies to Flint applies with respect to the County Agency's and Genesee's respective obligations under the Water Purchase Contract and the Contract.

LITIGATION

Pending Litigation

The Issuer has no litigation pending or, to its knowledge, threatened, wherein an unfavorable decision, ruling or finding would adversely affect the issuance of the Bonds or materially affect the Issuer's ability to pay the principal of and interest on the Bonds.

Other Litigation

Flint Health Care Retirement Benefits

Flint's Emergency Manager has issued several orders under Act 436 which modified existing contracts and collective bargaining agreements with respect to health care benefits of municipal retirees. While the modifications stand to save Flint $5 million per year and potentially more in future years, the changes also shift some out-of-pocket medical expenses to retirees.

As a result of such orders, a class action lawsuit has been filed by individual retired municipal workers, their eligible spouses, dependents, and the United Retired Governmental Employees ("URGE"), an organization that represents the interests of municipal retirees (collectively, the "Plaintiffs") seeking injunctive relief and damages under 42 U.S.C. § 1983, against Flint, its current and former Emergency Managers, its Retirement Officer Manager, and its Finance Director (collectively, "Defendants"). (Welch et al v. Brown, et al. Case No.12-13808, Judge Arthur Tarnow, ED Michigan). According to Plaintiffs, Defendants violated the Contract and Bankruptcy Clauses of the United States Constitution and deprived them of a property interest without due process or just compensation. The class has not yet been certified by the federal district court.

Plaintiffs requested a preliminary injunction to enjoin Defendants from modifying the contracts and ordinances governing their health-care benefits and to restore any already modified agreements to the status quo ante. Defendants maintain that reducing retiree benefits is a necessary change to avoid bankruptcy. The federal district court was not persuaded by Defendants' position based on the evidence and argument presented and granted preliminary injunctive relief to the Plaintiffs. Defendants appealed to the United States Court of Appeals for the Sixth Circuit. The Sixth Circuit reviewed the matter and affirmed the district court's order granting preliminary injunctive relief. (COA Case # 13-1476 decided 1/3/14).

The Sixth Circuit made clear the door remains open for Flint to prove its case, stating that "additional fact finding may illuminate whether the orders were indeed appropriate under the circumstances of this case." The Welch case comes down to whether Flint's modifications of retiree healthcare benefits were reasonable and necessary to remedy the economic problems facing Flint. In order to prove that, Flint must show that the modifications were virtually the only choice it had to avoid significant social harm, including:

1. That bankruptcy was/is imminent if the changes were not made;
2. That Flint was/is contemplating bankruptcy if it cannot modify the retiree healthcare benefits;

3. That alternative strategies to addressing the economic problems have been considered and will not work to address the economic problems; and
4. That the alternatives proposed by the Plaintiffs to address the economic problems will not work.

Flint intends to vigorously contest this litigation and pursue all available remedies to have the orders of the Emergency Manager sustained. If the Plaintiffs ultimately prevail in this litigation, Flint projects that it will incur an additional $5 million annually for retiree health care costs and that it will be in an extremely precarious financial position, with insufficient resources to meet basic functions. This projection of $5 million in additional costs could increase significantly based on future increases in premium costs that the City's modifications require be borne by retirees. The health care changes as well as all of the other changes made by the Emergency Manager were deemed to be necessary for Flint to avoid insolvency. Flint is unable to predict the outcome of this litigation at this time. See the information under the heading "Update on City of Flint Financial Position" in APPENDIX C.

Flint Water Rates

On August 15, 2011, the Mayor of Flint directed a rate increase for Flint's water and sewer rates because the City was spending more to provide water and sewer services than it was receiving in user funds. Flint increased rates for 2012 by approximately 35 percent. The President of the Flint Council, William Kincaid, and others filed an original action in the Michigan Court of Appeals, Kincaid v City of Flint, alleging that the fee increases were unconstitutional taxes levied without the approval of the electors of Flint that violated the Headlee Amendment to the Michigan Constitution. Flint filed a motion for summary disposition, arguing that there was no issue of fact that the fees charged were proportionate to the costs of providing water and sewer service, and as such were valid user fees, not taxes. Flint introduced evidence that the fee increases were required to pay the projected costs of the water and sewer systems for Fiscal Year 2012. The Michigan Court of Appeals agreed that the water and sewer fees charged by the City were valid user fees, not disguised taxes, as they were proportionate to the costs of providing service. As such, the Headlee Amendment did not apply. The plaintiffs filed an application for leave to appeal the decision to the Michigan Supreme Court, and for peremptory reversal of the Court of Appeals' decision. The Supreme Court denied the application for leave to appeal.

The plaintiffs then filed an action in Genesee County Circuit Court alleging that water rate increases which were accomplished by a directive dated August 15, 2011 were implemented in a manner that was in violation of a Flint ordinance which required that action to modify water rates be done on or before April 15 of the year in which it was to take effect. Additionally, the plaintiffs alleged that the City failed to create a first lien in favor of bondholders for water and sewer funds, as required by the Revenue Bond Act (Act 94, Public Acts of Michigan, 1933, as amended). The Court granted Flint's motion for summary disposition, finding that the powers of the Emergency Manager pursuant to Act 4, Public Acts of Michigan, 2011 rendered the alleged violation of the Flint ordinance moot and dismissed the claim with respect to the Revenue Bond Act. The plaintiffs have since filed an appeal with the Court of Appeals, which is currently pending. Flint is unable to predict the outcome of this litigation at this time.

TAX MATTERS

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, the interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Bond Counsel is also of the opinion that, under existing law, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The opinion on federal and State of Michigan tax matters is based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Issuer contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excludable from gross income for federal and State of Michigan income tax purposes. The Issuer has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excludable from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. Bond Counsel's opinion assumes the accuracy of the Issuer's certifications and representations and the continuing compliance with the Issuer's covenants. Noncompliance with these covenants by the Issuer may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal and State of Michigan income tax purposes of interest on the Bonds or the market prices of the Bonds.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to the excludability of interest on the Bonds from gross income for federal and State of Michigan income tax purposes but is not a guarantee of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give and has not given any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986, as amended (the "Code"), the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

Tax Treatment of Accruals on Original Issue Discount Bonds

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Bond is less than the stated redemption price of such Bonds at maturity, then such Bond is considered to have "original issue discount" equal to the difference between such initial offering price and the amount payable at maturity (such Bonds are referred to as "OID Bonds"). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

All holders of the OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition of an OID Bond to the extent such loss is attributable to accrued original issue discount.

Amortizable Bond Premium

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Bonds (collectively, the "Original Premium Bonds") an amortizable bond premium. Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer's basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the "Premium Bonds"). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

Market Discount

The "market discount rules" of the Code apply to the Bonds. Accordingly, holders acquiring their Bonds subsequent to the initial issuance of the Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid after March 31, 2007 on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

Future Developments

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds and, unless separately engaged, bond counsel is not obligated to defend the Issuer in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. BOND COUNSEL EXPRESSES NO OPINION REGARDING ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

APPROVAL BY THE MICHIGAN DEPARTMENT OF TREASURY

The Issuer has received a letter from the Department of Treasury of the State of Michigan, dated February 28, 2014, approving the issuance of the Bonds as provided in the Revised Municipal Finance Act, Act No. 34, Public Acts of Michigan, 2001, as amended.

BOND COUNSEL'S RESPONSIBILITY

The fees of Miller, Canfield, Paddock and Stone, P.L.C. ("Bond Counsel") for services rendered in connection with its approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds and tax matters relating to the Bonds and the interest thereon, and except as stated below, Bond Counsel has not been retained to examine or review, and has not examined or reviewed, any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

Bond Counsel has reviewed the statements in this Official Statement under the headings entitled "PURPOSE," "SECURITY," "THE BONDS," "PRIOR REDEMPTION OF BONDS," "TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM," "TAX MATTERS," "APPROVAL BY THE MICHIGAN DEPARTMENT OF TREASURY," "BOND COUNSEL'S RESPONSIBILITY," and "CONTINUING DISCLOSURE" (first two paragraphs only). Bond Counsel has not been retained to review and has not reviewed any other portions of the Official Statement for accuracy or completeness, and has not made inquiry of any official or employee of the Issuer or any other person and has made no independent verification of such other portions hereof, and further has not expressed and will not express an opinion or belief as to any such other portions hereof.

CONTINUING DISCLOSURE

Prior to the delivery of the Bonds, the Issuer and each Local Unit will execute a Continuing Disclosure Undertaking (individually an "Undertaking" and collectively, the "Undertakings") for the benefit of the holders of the Bonds or Beneficial Owners to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and

Exchange Commission under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis, and the other terms of the Undertaking are set forth in *APPENDIX E-FORM OF CONTINUING DISCLOSURE UNDERTAKINGS* to this Official Statement.

A failure by the Issuer or a Local Unit to comply with its Undertaking will not constitute an event or default under the Resolution authorizing the issuance of the Bonds and holders of the Bonds or Beneficial Owners are limited to the remedies described in the Undertakings.

Genesee discovered in the summer of 2013 it had failed to comply with certain of its continuing disclosure obligations under previous undertakings entered into pursuant to the Rule with respect to annual information filings required for fiscal years 2008-2010. Genesee was required to file this information within a period of time specified in each previous undertaking after the end of the fiscal year which ends on September 30. The filings were subsequently made for fiscal year 2008 in December 2010, for fiscal year 2009 in June 2010 and for fiscal year 2010 in December 2011 for the Genesee's sewer, water supply, capital improvement and general obligation bonds. The filings for fiscal years 2008-2010 were subsequently made for the Issuer's building authority bonds on July 23, 2013. Genesee has filed its annual audited financial statements for fiscal years 2011 and 2012 on a timely basis.

In addition, Genesee failed to provide notice of certain underlying rating changes that occurred in 2010 affecting its sewer, water supply, building authority, capital improvement and general obligation bonds. Genesee subsequently filed notice of these rating changes and the current ratings on those bonds with a filing dated July 16, 2013. Furthermore, Genesee failed to provide notice of certain insured rating downgrades affecting its sewer, water supply and building authority bonds, of which Genesee was not separately notified by the relevant rating agencies, and which resulted from a series of widely reported downgrades of the applicable municipal bond insurer for those bonds. Genesee subsequently filed notice of these rating changes and the current ratings on those bonds with a filing dated July 16, 2013. Genesee has taken steps to assure that it will comply with its Undertaking and its previous undertakings, including the annual filing requirements, in the future. Genesee entered into an agreement in October, 2011 with Stauder, Barch & Associates, Inc. to serve as disclosure agent and assist Genesee in completing all required filings on a timely basis.

Flint has not entered into any previous continuing disclosure undertakings under the Rule.

A failure by the Issuer or either Local Unit to comply with its Undertaking must be reported by the Issuer or such Local Unit in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

LEGAL OPINION

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., attorneys of Detroit, Michigan,

Bond Counsel. A copy of the opinion of Bond Counsel will be furnished with the Bonds, which opinion will be substantially in the form set forth in APPENDIX F.

FINANCIAL ADVISOR

Stauder, Barch & Associates, Inc., Ann Arbor, Michigan, (the "Financial Advisor") has been retained by the Issuer to provide certain financial advisory services including, among other things, preparation of portions of the deemed "final" Preliminary Official Statement and the final Official Statement (the "Official Statements"). The information contained in the Official Statements was prepared in part by the Financial Advisor and is based on information supplied by various officials from records, statements and reports required by various local county or state agencies of the State of Michigan in accordance with constitutional or statutory requirements.

To the best of the Financial Advisor's knowledge, all of the information contained in the Official Statements, which it assisted in preparing, while it may be summarized is (i) complete and accurate; (ii) does not contain any untrue statement of material fact; and (iii) does not omit any material fact, or make any statement which would be misleading in light of the circumstances under which these statements are being made. However, the Financial Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements.

The Financial Advisor's duties, responsibilities and fees arise solely from that as financial advisor to the Issuer and they have no secondary obligations or other responsibility. The Financial Advisor's fees are expected to be paid from Bond proceeds.

UNDERWRITING

The Bonds are being purchased by the Underwriters listed on the cover page of this Official Statement. The Underwriters have agreed, subject to certain conditions, to purchase all of the Bonds from the Issuer at an underwriters' discount of $946,374.90 from the initial offering prices set forth in this Official Statement. The Underwriters are obligated to purchase all of the Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement with respect to the Bonds, the approval of certain legal matters by counsel and certain other conditions. The initial public offering prices of the Bonds may be changed from time to time by the Underwriters. The Bonds may be offered and sold by the Underwriters to certain dealers (including dealers depositing the Bonds in unit investment trusts, some of which may be managed by the Underwriters) and certain dealer banks and banks acting as agents at prices lower than the public offering prices set forth in this Official Statement.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into a negotiated dealer agreement ("Dealer Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to the Dealer Agreement (if applicable to this transaction), CS&Co. will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association ("WFBNA"). WFBNA, one of the underwriters of the Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters have, from time to time, and may in the future perform, various investment banking services for the Issuer for which it received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities may involve securities and instruments of the Issuer.

RATING

Moody's Investors Service has assigned the Bonds a rating of "A2," and Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc., has assigned the Bonds a rating of "A+." No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. Any explanation of the significance of each such rating may only be obtained from the rating agency. Generally, a rating agency bases its rating on such information and materials and on investigations, studies and assumptions by the rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of the rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

OTHER MATTERS

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

KAREGNONDI WATER AUTHORITY

By: /s/ Jeffrey Wright
Jeffrey Wright, Chief Executive Officer

Karegnondi Water Documents - February 10, 2016

- November 28, 2012 – Notice of Contract with Tucker, Young, Jackson, Tull, Inc. for Water Supply Assessment for City of Flint – Contract No. 271N3200089.

- December 21, 2012 – Rowe Professional Services Company analysis of "draft" Tucker, Young, Jackson, Tull Inc. City of Flint Water Supply Assessment.

- January 14, 2013 – Tucker, Young, Jackson, Tull Inc. response to Rowe Professional Services Company analysis to "draft" water supply assessment.

- January 30, 2013 – Proof of payment ($33,281.40) to Tucker, Young, Jackson, Tull Inc. for invoice #1 for services on City of Flint Water Supply Assessment contract

- February 22, 2013 – Proof of final payment ($6,218.60) to Tucker, Young, Jackson, Tull Inc. for invoice #2 for services on City of Flint Water Supply Assessment contract.

- February 2013 – Tucker, Young, Jackson, Tull Inc. Final City of Flint Water Supply Assessment.

- No Date – Tucker, Young, Jackson, Tull Inc. – Response to water supply alternatives and other questions requested from Treasury regarding the Final City of Flint Water Supply Assessment.

- March 25, 2013 – News article - City of Flint approves resolution to purchase water from KWA.

- March 29, 2013 – Letter from Ed Kurtz, Emergency Manager to Andy Dillon, State Treasurer requesting approval for the City of Flint to adopt a resolution and enter into a contract with KWA, not subject to competitive bid.

- April 11, 2013 – Letter from Andy Dillon, State Treasurer to Ed Kurtz, Emergency Manager in response to the March 29, 2013 letter authorizing the City of Flint to adopt a resolution and enter into a contract with KWA.

- April 15, 2013 – Letter from Sue McCormick, DWSD Director to Ed Kurtz, Emergency Manager and KWA regarding cost estimates and proposed alternative scenarios for long-term water supply to the City of Flint.

- April 16, 2013 – Letter to Andy Dillon, State Treasurer from Ed Kurtz, Emergency Manager in response to April 15, 2015 letter from DWSD regarding cost estimates and proposed alternative scenarios for long-term water supply to the City of Flint.

- April 16, 2013 – Email from Eric Cline, Unit Operations Specialist to Ed Koryzno, Bureau Director regarding observations/comments on the April 15, 2013 letter from DWSD regarding cost estimates and proposed alternative scenarios for long-term water supply to the City of Flint.

- April 18, 2013 – Memo to Brom Stibitz, Sr. Policy Advisor from Eric Cline, Unit Operations Specialist – Summary Report on Flint Water System.

MICHIGAN DEPARTMENT OF TREASURY

Transaction Report

Fiscal Year:	2013	**Index :**	42600
Appropriation Year:	2012	**Fund:**	0001
Fiscal Month:	6 - March	**Appropriation:**	04201
TC:	222	**AOBJ:**	0321
Reverse Indicator:		***AOBJ Group:***	10
GL Debit:	3501	**COBJ:**	6125
Debit Amount:	$33,281 40		
GL Credit:	1211	**Organization:**	4210
Credit Amount:	33 281 40	**PCA:**	42001
Calculated Amount:	$33,281 40	**Appropriated / Fund:**	0110
Vendor:	TUCKER YOUNG JACKSON TULL INC	**Warrant:**	248044345
Vendor ID:	2382508733	**Bank ID:**	000
Document/Suffix:	V3200536 / 001	**Operator / Released By:**	#271CLT
Reference/Suffix:	N3200089 / 001	**Effective Date:**	03/11/2013
Current/Suffix:	V3200536 / 001	**Trans. Description.**	WATER SUPPLY ASSESSMENT
Invoice Number:	1	**Document Date:**	03/11/2013
Invoice Date:	01/30/2013	**Transaction Date:**	03/11/2013

Ct 3.11.13 V3200536 ✓

TODAY ✓

TUCKER, YOUNG, JACKSON, TULL, INC.
615 Griswold, Suite 600
DETROIT, MICHIGAN 48226-41316

(313) 963-0612 FAX (313) 963-2156

LETTER OF TRANSMITTAL

2/11/13 ✓

S

DATE 1/30/13	JOB NO. 8-120025
ATTENTION: Mr. Eric Cline, Unit Operation Specialist	
RE: P.O. No. 271N3200089, Statement of Work	
No. Flint Municipal Water Supply Assessment	
271Q3209	

TO: STATE OF MICHIGAN, DEPT OF TREASURY
430 WEST ALLEGAN STREET
LANSING, MI 48922

WE ARE SENDING YOU ☑ Attached ☐ Under separate cover via _____ the following items.

☐ Shop drawings ☐ Prints ☐ Plans ☐ Samples ☐ Specifications

☐ Copy of letter ☐ Change order X Contract Amendment

COPIES	DATE	NO.	DESCRIPTION
1	1/30/13		Original Invoice No. 1

MICH DEP'T OF TREASURY
RECEIVED
FEB 07 2013
Finance & Accts. Division

THESE ARE TRANSMITTED as checked below.

☐ For approval ☐ Approved as submitted ☐ Resubmit _____ copies for approval

☑ For your use ☐ Approved as noted ☐ Submit _____ copies for distribution

☑ As requested ☐ Returned for corrections ☐ Return _____ corrected prints

☐ For review and comment ☐ _____

☐ FOR BIDS DUE _____ _____ ☐ PRINTS RETURNED AFTER LOAN TO US

REMARKS _____

FEB 11 2013

COPY TO 8-120025

Approved
C Kelly
2/26/2013

SIGNED: Coretta D. Richardson

If enclosures are not as noted, kindly notify us at once.

✓

TUCKER, YOUNG,
JACKSON, TULL INC.
CONSULTING ENGINEERS-PLANNERS
615 Griswold Suite 600
Detroit, Michigan 48226
(313)963-6612 FAX (313)963-2156

INVOICE

State of Michigan, Department of Treasury
430 West Allegan Street
Lansing, Michigan 48922

Date: 30-Jan-2013
Project No: 8-120025
Invoice No: 1

Attention: Mr. Eric Cline
Unit Operations Specialist

Re: P.O. No. 271N3200089, Statement of Work No. Flint Municipal Water Supply Assessment 271Q3209

For Professional Services for the period ending: 31-Dec-2012

ITEM	Budget	Previously Invoiced		This Invoice		Cummulative to Date		Remaining
		% Complete	Amount	% Complete	Amount	% Complete	Amount	Amount
Completed Tasks								
Task 1 - Data Collection and Review	$ 6,500.00	0.0%			$ 6,415.40		$ 6,415.40	$ 84.60
Task 2 - Engineering Evaluation	$ 30,000.00	0.0%			$ 24,966.16		$ 24,966.16	$ 5,033.84
Task 3 - Provide Copies of Findings and Review Findings	$ 3,000.00	0.0%			$ 1,899.84		$ 1,899.84	$ 1,100.16
Totals	*$ 39,500.00*	*0.0%*	*$ -*	*84.3%*	*$ 33,281.40*	*84.3%*	*$ 33,281.40*	*$ 6,218.60*

AMOUNT DUE THIS INVOICE $ 33,281.40

Please make payment to Tucker, Young, Jackson, Tull, Inc.

George Y. Karmo, P.E., BCEE

Tucker Young Jackson Tull Inc.

Professional Services for the Period Ending: 31-Dec-12

Invoice No: 1
Project No: 8-120025

Task 1. - Data Collection

LABOR

Classification	Employee	RATE	HOURS		AMOUNT
Principle-in-charge	Karmo	$214.68	2.0	$	429.36
Vice President	Guastella	$209.98	18.0	$	3,779.64
Vice President	Qaqish	$209.98	8.0	$	1,679.84
Sr. Financial Advisor	Cubba	$110.00	4.8	$	526.56
			32.8		
Total Labor Cost				$	6,415.40

OTHER DIRECT COSTS

Description		
Telephone	$	-
Equipment & Supplies		
Auto		
Total Other Direct Costs	$	-

TOTAL DUE	$	6,415.40

Tucker Young Jackson Tull Inc.

Professional Services for the Period Ending: 31-Dec-12

Invoice No: 1
Project No: 8-

Task 2. - Engineering Evaluation

LABOR

Classificaiton	Employee	RATE	HOURS		AMOUNT
Principle-in-charge	Karmo	$214.68	6.0	$	1,288.08
Vice President	Guastella	$209.98	52.0	$	10,918.96
Vice President	Qaqish	$209.98	44.0	$	9,239.12
Sr. Financial Advisor	Cubba	$110.00	32.0	$	3,520.00
			134.0		
Total Labor Cost				$	24,966.16

OTHER DIRECT COSTS

Description		
Telephone	$	-
Equipment & Supplies		
Auto		
Total Other Direct Costs	$	-

TOTAL DUE	$	24,966.16

MICHIGAN DEPARTMENT OF TREASURY

Transaction Report

Fiscal Year:	2013	**Index :**	42600
Appropriation Year:	2012	**Fund:**	0001
Fiscal Month:	6 - March	**Appropriation:**	04201
TC:	222	**AOBJ:**	0321
Reverse Indicator:		**AOBJ Group:**	10
GL Debit:	3501	**COBJ:**	6125
Debit Amount:	$6,218 60		
GL Credit:	1211	**Organization:**	4210
Credit Amount:	6,218 60	**PCA:**	42001
Calculated Amount:	$6,218 60	**Appropriated / Fund:**	0110
Vendor:	TUCKER YOUNG JACKSON TULL INC	**Warrant:**	248089403
Vendor ID:	2382508733	**Bank ID:**	000
Document/Suffix:	V3200580 / 001	**Operator / Released By:**	#271KMM
Reference/Suffix:	N3200089 / 001	**Effective Date:**	03/15/2013
Current/Suffix:	V3200580 / 001	**Trans. Description:**	WATER SUPPLY ASSESSMENT
Invoice Number:	2	**Document Date:**	03/15/2013
Invoice Date:	02/22/2013	**Transaction Date:**	03/15/2013

V3200580
3/15/13

LETTER OF TRANSMITTAL

TUCKER, YOUNG, JACKSON, TULL, INC.
615 Griswold, Suite 600
DETROIT, MICHIGAN 48226-41316
3/25
2382508733 (F)
(313) 963-0612 FAX (313) 963-2156

DATE 2/22/13	JOB NO. 8-120025 68 Km 3/18/13
ATTENTION: Mr. Eric Cline, Unit Operation Specialist	
RE: P.O. No. 271N3200089, Statement of Work	
No. Flint Municipal Water Supply Assessment	
271Q3209	

TO: STATE OF MICHIGAN, DEPT. OF TREASURY
430 WEST ALLEGAN STREET
LANSING, MI 48922

WE ARE SENDING YOU ☐ Attached ☐ Under separate cover via _____ the following items.
☐ Shop drawings ☐ Prints ☐ Plans ☐ Samples ☐ Specifications

☐ Copy of letter ☐ Change order X Contract Amendment

COPIES	DATE	NO	DESCRIPTION
1	2/20/13		Original invoice No. 2

THESE ARE TRANSMITTED as checked below:

☐ For approval ☐ Approved as submitted ☐ Resubmit _____ copies for approval

☐ For your use ☐ Approved as noted ☐ Submit _____ copies for distribution

☐ As requested ☐ Returned for corrections ☐ Return _____ corrected prints

☐ For review and comment ☐ _____

☐ FOR BIDS DUE _____ _____ ☐ PRINTS RETURNED AFTER LOAN TO US

REMARKS _____

COPY TO 8-120025

SIGNED: Coretta D. Richardson

If enclosures are not as noted, kindly notify us at once.

TUCKER, YOUNG,
JACKSON, TULL INC.
CONSULTING ENGINEERS-PLANNERS
615 Griswold Suite 600
Detroit, Michigan 48226
(313)963-0612 FAX (313)963-2168

INVOICE

State of Michigan, Department of Treasury
430 West Allegan Street
Lansing, Michigan 48922

Date. 20-Feb-2013
Project No 8-120025
Invoice No 2

Attention: Mr. Eric Cline
Unit Operations Specialist

Re: P.O. No. 271N3200089, Statement of Work No. Flint Municipal Water Supply Assessment 271Q3209

For Professional Services for the period ending: 15-Feb-2013

ITEM	Budget	Previously Invoiced		This Invoice		Cummulative to Date		Remaining
		% Complete	Amount	% Complete	Amount	% Complete	Amount	Amount
Completed Tasks								
Task 1 - Data Collection and Review	$ 6,500.00	98.7%	$ 6,415.40		$ 84.60	98.7%	$ 6,500.00	$ -
Task 2 - Engineering Evaluation	$ 30,000.00	83.2%	$ 24,966.16		$ 5,033.84	83.2%	$ 30,000.00	$ -
Task 3 - Provide Copies of Findings and Review Findings	$ 3,000.00	63.3%	$ 1,899.84		$ 1,100.16	63.3%	$ 3,000.00	$ -
Totals	*$ 39,500.00*	*84.3%*	*$ 33,281.40*	*15.7%*	*$ 6,218.60*	*100.0%*	*$ 39,500.00*	*$ -*

AMOUNT DUE THIS INVOICE *$ 6,218.60*

Please make payment to Tucker, Young, Jackson, Tull, Inc.

George Y. Karmo, P.E., BCEE

615 GRISWOLD STREET, SUITE 600, DETROIT MI. 48226
TEL. (313) 963-06120 FAX (313) 963-2156

Tucker Young Jackson Tull Inc.

Professional Services for the Period Ending: 15-Feb-13

Invoice No: 2
Project No: 8-120025

Task 1. - Data Collection

LABOR

Classification	Employee	RATE	HOURS		AMOUNT
Principle-in-charge	Karmo	$214.68	0.0	$	-
Vice President	Guastella	$209.98	0.4	$	84.60
Vice President	Qaqish	$209.98	0.0	$	-
Sr. Financial Advisor	Cubba	$110.00	0.0	$	-
			0.4		
Total Labor Cost				**$**	**84.60**

OTHER DIRECT COSTS

Description		
Telephone	$	-
Equipment & Supplies		-
Auto		
Total Other Direct Costs	**$**	**-**

TOTAL DUE **$ 84.60**

Tucker Young Jackson Tull Inc.

Professional Services for the Period Ending: 15-Feb-13

Invoice No: 2
Project No: 8-120025

Task 2. - Engineering Evaluation

LABOR

Classification	Employee	RATE	HOURS		AMOUNT
Principle-in-charge	Karmo	$214.68	4.0	$	858.72
Vice President	Guastella	$209.98	11.7	$	2,455.20
Vice President	Qaqish	$209.98	4.0	$	839.92
Sr. Financial Advisor	Cubbo	$110.00	8.0	$	880.00
			27.7		
Total Labor Cost				$	5,033.84

OTHER DIRECT COSTS

Description		
Telephone	$	-
Equipment & Supplies		
Auto		
Total Other Direct Costs	$	-

TOTAL DUE	$	**5,033.84**

Tucker Young Jackson Tull Inc.

Professional Services for the Period Ending: 15-Feb-13 Invoice No: 2
Project No: 8-120025

Task 3. - Provide Copies of Findings and Review Findings

LABOR

Classification	Employee	RATE	HOURS		AMOUNT
Principle-in-charge	Karmo	$214.68	1.0	$	214.68
Vice President	Guastella	$209.98	3.2	$	675.50
Vice President	Qaqish	$209.98	1.0	$	209.98
Sr. Financial Advisor	Cubba	$110.00	0.0	$	-
			5.2		
Total Labor Cost				$	1,100.16

OTHER DIRECT COSTS

Description		
Telephone	$	-
Equipment & Supplies		
Auto		
Total Other Direct Costs	$	-

TOTAL DUE	$	1,100.16

TUCKER, YOUNG,
JACKSON, TULL INC.
CONSULTING ENGINEERS-PLANNERS
615 Griswold Suite 600
Detroit, Michigan 48226
(313)963-6612 FAX (313)963-2156

INVOICE

State of Michigan, Department of Treasury
430 West Allegan Street
Lansing, Michigan 48922

Date: 20-Feb-2013
Project No: 8-120025
Invoice No: 2

Attention: Mr. Eric Cline
Unit Operations Specialist

Re: P.O. No. 271N3200089, Statement of Work No. Flint Municipal Water Supply Assessment 271Q3209

For Professional Services for the period ending: 15-Feb-2013

ITEM	Budget	Previously Invoiced		This Invoice		Cummulative to Date		Remaining
		% Complete	Amount	% Complete	Amount	% Complete	Amount	Amount
Completed Tasks								
Task 1 - Data Collection and Review	$ 6,500.00	98.7%	$ 6,415.40		$ 84.60	98.7%	$ 6,500.00	$ -
Task 2 - Engineering Evaluation	$ 30,000.00	83.2%	$ 24,966.16		$ 5,033.84	83.2%	$ 30,000.00	$ -
Task 3 - Provide Copies of Findings and Review Findings	$ 3,000.00	63.3%	$ 1,899.84		$ 1,100.16	63.3%	$ 3,000.00	$ -
Totals	$ 39,500.00	84.3%	$ 33,281.40	15.7%	$ 6,218.60	100.0%	$ 39,500.00	$ -

AMOUNT DUE THIS INVOICE $ 6,218.60

Please make payment to Tucker, Young, Jackson, Tull, Inc.

George Y. Karmo, P.E., BCEE

615 GRISWOLD STREET, SUITE 600, DETROIT MI. 48226
TEL. (313) 963-06120 FAX (313) 963-2156

Approved
E. Kam
3/14/2013

Tucker Young Jackson Tull Inc.

Professional Services for the Period Ending: 15-Feb-13

Invoice No. 2
Project No: 8-120025

Task 1. - Data Collection

LABOR

Classification	Employee	RATE	HOURS		AMOUNT
Principle-in-charge	Kamo	$214.68	0.0	$	-
Vice President	Guastella	$209.98	0.4	$	84.60
Vice President	Qaqish	$209.98	0.0	$	-
Sr. Financial Advisor	Cubba	$110.00	0.0	$	-
			0.4		
Total Labor Cost				$	84.60

OTHER DIRECT COSTS

Description		
Telephone	$	-
Equipment & Supplies		
Auto		
Total Other Direct Costs	$	-

TOTAL DUE	$	84.60

Tucker Young Jackson Tull Inc.

Professional Services for the Period Ending: 15-Feb-13

Invoice No: 2
Project No: 8-120025

Task 2. - Engineering Evaluation

LABOR

Classification	Employee	RATE	HOURS		AMOUNT
Principle-In-charge	Karmo	$214.68	4.0	$	858.72
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Vice President	Gaalsh	$209.98	4.0	$	839.92
Sr. Financial Advisor	Cubbo	$110.00	8.0	$	880.00
			27.7		
Total Labor Cost				$	5,033.84

OTHER DIRECT COSTS

Description		
Telephone	$	-
Equipment & Supplies		
Auto		
Total Other Direct Costs	$	-

TOTAL DUE $ 5,033.84

Tucker Young Jackson Tull Inc.

Professional Services for the Period Ending: 15-Feb-13 Invoice No: 2
Project No: 8-120025

Task 3. - Provide Copies of Findings and Review Findings

LABOR

Classification	Employee	RATE	HOURS		AMOUNT
Principle-in-charge	Karmo	$214.68	1.0	$	214.68
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Vice President	Qaqish	$209.98	1.0	$	209.98
Sr. Financial Advisor	Cubbo	$110.00	0.0	$	-
			5.2		
Total Labor Cost				$	1,100.16

OTHER DIRECT COSTS

Description		
Telephone	$	-
Equipment & Supplies		
Auto		
Total Other Direct Costs	$	-
TOTAL DUE	$	1,100.16

Form No. DTMB-3522 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
PURCHASING
P.O. BOX 30791, LANSING, MI 48909
OR
430 W. ALLEGAN, LANSING, MI 48933

NOTICE OF CONTRACT NO. 271N3200089
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Tucker, Young, Jackson, Tull, Inc	George Y. Karmo, BCEE, P.E	gkarmo@tyjt.com
565 East Larned, Suite 300	TELEPHONE	CONTRACTOR #, MAIL CODE
Detroit, Michigan 48226	313-963-0612	On-file

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	Treasury	Eric Cline	517-373-4415	clinerl@michigan.gov
BUYER:	Treasury	Thomas Falik	517-373-3185	falikt@michigan.gov

CONTRACT SUMMARY

DESCRIPTION			
Municipal Water Supply Assessment			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
Two Months	11/28/2012	01/31/2013	0
PAYMENT TERMS	F.O.B.	SHIPPED	SHIPPED FROM
NET30	Destination	N/A	N/A
ALTERNATE PAYMENT OPTIONS			AVAILABLE TO MIDEAL PARTICIPANTS
☐ P-card ☐ Direct Voucher (DV) ☐ Other			☐ YES ☒ NO
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
The terms and conditions of Indefinite-Scope, Indefinite-Delivery Contract No. 00383 (Discretionary Contract Number 00263), Statement of Work (SOW) #271Q3209 and clarification dated November 21, 2012 apply to this Contract.			
TOTAL CONTRACT VALUE	$39,500.00		

This Contract Agreement is awarded on the basis of our inquiry bearing solicitation #271Q3208.

Form No. IIINB-3522 (Rev. 4/2012).

Notice of Contract #: 271N3200089

FOR THE CONTRACTOR:	FOR THE STATE:
Tucker, Young, Jackson, Tull, Inc	
Firm Name	
Authorized Agent Signature	Signature
GEORGE Y. KARMO	Thomas Falik/Purchasing Manager
Authorized Agent (Print or Type)	Name/Title
	Department of Treasury
	Enter Name of Agency
11-25-2012	11-28-12
Date	Date

Article 1 – Statement of Work (SOW)

Note to Contractors: Proposals must include detailed responses to all tasks as requested in Article 1. Contractors should provide thorough responses to each task, or, when appropriate, state their agreement that the Contractor will provide the requested services. Contractors are encouraged to provide detailed responses in order to allow the State to fully evaluate the Contractor's capabilities.

Throughout this SOW, language referring to Contract or Contractor(s) refers to any Contract awarded from this SOW. This SOW in itself is not to be construed as a Contract.

1.010 Project Identification

1.011 Project Request

This is an SOW for a Municipal Water Supply Assessment on behalf of the Department of Treasury and the City of Flint in Genesee County. This is a formal request to prospective Contractors to solicit bids or price quotations. Contractors must submit written proposals according to the instructions contained within this document, discussing how they will meet the specific requirements.

Any awarded Purchase Order(s) between the State and any awarded Contractor(s) is a separate document, whose terms are limited by the Contract.

1.012 Background

The Treasury Department is charged with monitoring, oversight and provision of assistance to local units of government under various statutes, including but not limited to, the Home Rule City Act (Act 279 of 1909), the Uniform Budgeting and Accounting Act (Act 2 of 1968), and the Glenn Steil State Revenue Sharing Act (Act 140 of 1971). In providing such monitoring and assistance to local units of government, the Treasury Department strives to preserve the capacity of local units to provide those services essential to the public health, safety and welfare of the citizens of this State.

The City of Flint is currently supplied potable water from the Detroit Water and Sewerage Department (DWSD). This supply is provided through a single 72-inch water main that terminates at a master meter. The City of Flint's water treatment plant uses the Flint River as a back-up and redundancy supply source to the DWSD supply, as required by the Michigan Department of Environmental Quality (MDEQ). The City of Flint also provides potable water to Genesee County downstream of the DWSD master meter.

The newly formed Karegnondi Water Authority (KWA) plans to construct a raw water supply system that will feed Flint's water treatment plant with water directly from Lake Huron. The Flint water treatment plant could be upgraded to accommodate and treat this new raw water source. DWSD has also proposed alternatives to the existing agreement with the City of Flint that could also be pursued.

A Contractor is needed to provide services to the Department of Treasury and the City of Flint upon request of the Treasury Department. The Department of Treasury is requesting a Contractor provide an analysis of the water supply options for the City of Flint to assist the Department of Treasury and the City of Flint in determining the best available option.

1.020 Scope of Work and Deliverables

1.021 In Scope

The Contractor must provide Water Supply Assessment as requested by the Department of Treasury These services will include data collection and review, an engineering evaluation and the generation of recommendations.

Bidder Response:

Agreed; our attached Sample Project Plan describes our approach for these services

1.022 Work and Deliverable

Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

A Data Collection and Review

1 Provide all labor, materials and equipment to fully perform the work of data collection and review for an assessment of water supply options for the City of Flint.

Bidder Response

Our Price Proposal in Attachment A includes all labor, materials and equipment to perform the base work described in our Sample Project Plan.

2 Perform an analysis and comparison of the KWA and DWSD proposals that includes all capital, financing, operational and maintenance costs

Bidder Response

Agreed; our attached Sample Project Plan describes our approach for these services.

3 Prepare and submit for Department of Treasury and City of Flint review a preliminary report on the findings by Thursday, December 20, 2012; additionally, a final inspection report of findings and recommendations must be presented no later than January 8, 2013 (also see Section 1 022.E).

Bidder Response

Agreed. however, meeting these dates are predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012.

B Data collection and analysis services must include the following:

1 DWSD's proposed contract with the City of Flint.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan

2. DWSD's proposed water rates with the City of Flint.

Bidder Response:

Agreed; this is included in our attached Sample Project Plan.

3. Other relevant DWSD documents or information regarding the provision of municipal water to the City of Flint.

Bidder Response.

Agreed

4 KWA's proposed contract with the City of Flint

Bidder Response·

Agreed, this is included in our attached Sample Project Plan

5 Any engineering or environmental reports that evaluate KWA's proposal to provide municipal water to the City of Flint.

Bidder Response·

Agreed

6 Other relevant KWA documents or information regarding the provision of municipal water to the City of Flint

Bidder Response·

Agreed

C **Engineering Evaluation:**

1. Evaluation and recommendation of a potential water supply for the City of Flint must be based upon: 1) Cost; 2) System redundancy and reliability; and 3) The capacity for the Flint River to supply all of the City of Flint's water needs

Bidder Response·

Agreed, this is included in our attached Sample Project Plan

2 Evaluation and recommendation of a potential water supply for the City of Flint will also be based upon any additional criteria mutually agreed upon by the Department of Treasury, the City of Flint and the Contractor

Bidder Response·

Agreed

D The Contractor must carry out its operations in strict accordance with local, state, federal regulations.

Bidder Response:

Agreed.

E. Provide electronic copies (in the most suitable format) of the final inspection report of findings and recommendations to the City of Flint and the Department of Treasury, Office of Fiscal Responsibility by January 8, 2013:

Bidder Response:

Agreed.

1. Describe format of findings and recommendations. Format should also include a description of all work performed.

Bidder Response.

Our attached Sample Project Plan describes our approach for the findings and recommendations. TYJT will draft a report for the Treasurer that identifies the information collected, the analysis process, our findings, and the recommendations made. Our recommendations will be based on the risks to Flint associated with the options identified

a) Preliminary inspection report of findings and recommendations must be presented by December 20, 2012.

Bidder Response

Agreed this is included in our attached Sample Project Plan and the date is predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012

b) Final inspection report of findings and recommendations must be presented no later than January 8, 2013

Bidder Response

Agreed, this is included in our attached Sample Project Plan and the date is predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012

2. Describe electronic formats available

Bidder Response.

Document formats would include PDF's or in their initial format (Word, Excel, GIS/CAD, etc.).

F Submit findings and recommendations to an independent Quality Control and Quality Assurance (QA/QC) review process for validation

Bidder Response:

Agreed; the independent QA/QC approach is included in our attached Sample Project Plan.

1 Provide electronic copies (in the most suitable format) of the independent QA/QC review to the City of Flint and the Department of Treasury, Office of Fiscal Responsibility by January 8, 2013, with the final inspection report

Bidder Response:

Agreed; however, meeting this date are predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012.

1.030 Roles and Responsibilities

1.031 Contractor Staff, Roles, and Responsibilities

1. Contractor must identify staff who will be involved in the project, including the name of each individual, work locations, and detailed descriptions of their roles and responsibilities.

   Note: If an overall organization chart has been developed, provide a reference to that chart as well. Note any part-time personnel

Bidder Response

The staff will be comprised of our senior management. Messrs David Guastella and Awni Qaqish Also, we will be supported by our part-time staff member, former Finance Director of Redford Their roles will include meeting with Flint, KWA, and DWSD; estimating capital costs of all options, estimating all operation and maintenance costs of all options a financial analysis for funding capital; and all other issues related to the costs of service

2 Specific work schedules for this project are Monday through Friday, 8:00 a.m. to 5:00 p m Eastern Time, however, possible night and weekend hours may be required

Bidder Response

Agreed

1.032 State Staff, Roles, and Responsibilities

1. Contract Compliance Inspector (CCI) The State's CCI provides oversight and monitoring of the selected Contractor's adherence to the terms and conditions of this project and the Contract

2 Project Manager: The State's Project Manager will monitor the project activities.

1.040 Project Plan

1.041 Project Plan Management

1 The Contractor will carry out this project under the direction and control of the CCI or designee.

2 Although there will be continuous liaison with the Contractor team, the CCI or designee will meet quarterly as a minimum, or as requested by the CCI or designee, with the Contractor's Project Manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.

3 Contractors must provide a sample project plan with proposal for the deliverables proposed in section 1 022 The plan must include the details noted in section 1.041.4

Contractor Response

Agreed, the Sample Project Plan is attached.

4 Within five working days of Contract or purchase order award, the Contractor must submit to the CCI or designee for final approval a detailed project plan. This final project plan must be in agreement with the Contractor's proposal and accepted by the State for Contract, and must include the following:

   a. The Contractor's project organizational structure.

   b. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions

due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State

c. The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each (e.g., estimated levels of effort for each level of personnel for Contractor personnel, including any contractual employees, and State personnel).

1.042 Reports

1 The Contractor must submit written bi-weekly summaries of progress which outline the work accomplished during the reporting period, work to be accomplished during the subsequent reporting period, problems, real or anticipated, which should be brought to the attention of the CCI; and notification of any significant deviation from previously agreed-upon work plans

1.050 Acceptance – Deleted – N/A

1.060 Proposal Pricing

1.061 Proposal Pricing

1 For authorized Services and Price List, see Attachment A (Price Proposal) Please complete Attachment A and submit with proposal.

2 Bidders are encouraged to offer quick payment terms (i e. _0__% discount off invoice if paid within _____ days) This information can be noted on the Bidders price proposal (see Attachment A). This may be a factor considered in the award decision.

3. Contractor's out-of-pocket expenses are not separately reimbursable by the State or local unit of government unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates See www.michigan.gov/dtmb for current rates

4. Invoicing and payment must occur per Article 2 (Compensation) of Indefinite Scope Indefinite Delivery Contract No 263 (Discretionary Contract Number 00263) and Attachment A.

1.070 Additional Requirements – Deleted – N/A

Attachment A, Price Proposal

Bidders are encouraged to offer quick payment terms (i e __0__% discount off invoice if paid within _____ days) This information can be noted on the price proposal. This may be a factor considered in the award decision.

Provide the price per deliverable for the proposed services in section 1 022.	
Deliverable	**Price**
A. Municipal Water Supply Assessment	
1. Data Collection and Review	$ 6,500
2 Engineering Evaluation	$ 30,000
3 Provide Copies of Findings and Review Findings	$ 3,000
Grand Total	$ 39,500
B Optional Services	
1	$
2	$
3.	$
4.	$
5	$

Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT
SAMPLE PROJECT PLAN

November 2012

1. Scope of Work

Tucker, Young, Jackson, Tull, Inc (TYJT), at the request of the State Treasurer is providing a proposal to perform an analysis of the water supply options being considered by the City of Flint The work would be completed as an authorized task under the reference contract, Contract No 00383 This proposal provides a background of our understanding of the issues, our approach, schedule dates, and the level of effort to perform the task.

2. Background

The City of Flint is presently supplied potable water from the Detroit Water and Sewerage Department (DWSD) This supply is from a single 72-inch water main that terminates at a master meter located at Potter and Baxter. Additionally, downstream of the DWSD master meter, Flint supplies its customer Genesee County. The City of Flint also operates a water treatment plant that uses the Flint River as its source of supply to provide back up and redundancy to the DWSD supply as required by MDEQ

The Karegnondi Water Authority (KWA) is planning on constructing a raw water supply system that could provide Lake Huron water to the Flint's Water Treatment Plant. Flint's existing plant would be upgraded to treat the new raw water source

The State Treasurer has appointed an emergency financial manager for the City of Flint. As such the Treasurer has requested TYJT to provide an analysis of the water supply options to assist the Treasurer in determining the best course going forward for the City of Flint.

3. Scope of Work

The proposed scope of work summarizes TYJT's approach to perform the analysis. The work includes data collection and review, an engineering evaluation, and recommendations. The recommendations would be provided in a report that would also include a description of all the work performed under this task.

3.1. Data Collection and Review

To perform an analysis of competing proposals it is important to provide a relative or "apples-to-apples" comparison. As example, DWSD's cost of service includes all capital, financing, and operation and maintenance costs to deliver the water to Flint's system. Therefore, it will be necessary for an assessment of KWA's proposal to also include all of these costs in the comparison.

Additionally, DWSD is proposing other alternatives to its existing agreement with Flint that will also need to be evaluated. The options currently proposed include:

- Using DWSD's new model contract that provides reduction in cost for communities with their own storage,
- Moving the location of supply from Potter and Baxter to the Imlay Pumping Station to reduce fees associated with elevation and distance from DWSD's water plants,
- Providing finished (potable) non-pumped water from the Lake Huron Water Treatment Plant, and
- Providing raw (not treated) non-pumped water from the Lake Huron Water Treatment Plant.

This phase of the work would include the collection and review of the following documents.

- The Lake Huron Water Supply Karegnondi Water Authority Preliminary Engineering Report, dated September 2009 and the 2012 update by Rowe Engineering;
- The Analysis of the Flint River as a Permanent Water Supply for the City of Flint Report, dated July 2011,
- Proposed or draft contract agreements that would be used between the KWA and the City of Flint;
- DWSD's contract rates based on the new model contracts,
- Information related to other DWSD proposals for service to Flint; and
- Other letters, minutes, etc. from all parties that provide information that could be used in the evaluation

All information provided would be evaluated and subsequent meetings would be held with the DWSD, Flint and the KWA to address any data gaps or clarifications that may be required. These meetings would be coordinated with the Treasurer so that its representatives can be present at the meetings. For the purpose of this proposal, TYJT has assumed a total of two meetings for both the DWSD and KWA.

3.2. Engineering Evaluation

The City of Flint Emergency Financial Manager has indicated that he believes the determination of who supplies water to the City's system should mainly be based on the following criteria (in order of importance).

- Cost,
- System redundancy/reliability, and
- The recognized limitation of the Flint River as a source to supplying all of Flint's water needs.

In consultation with the Treasurer, these factors plus additional ones that may be identified in the evaluation process would be used.

An analysis will be performed for the options identified and a comparison will be made based on cost, reliability of supply, and any limitations that may identified by both suppliers in providing the needed service.

TYJT will draft a report for the Treasurer that identifies the information collected, the analysis process, our findings, and the recommendations made. Our recommendations will be based on the risks to Flint associated with the options identified. TYJT will then incorporate comments from the Treasury's review and submit a final document to the Department of Treasury for their use.

Furthermore, as is done as a standard of practice at TYJT for quality control and quality assurance (QA/QC), an independent review will be completed by staff or outside consultants not directly involved in the project. These reviewers will have noted experience in the field necessary to complete the QA/QC reviews. Two reviews are envisioned, one to review the evaluation process and the other to review the findings and recommendations.

4. Schedule

At the meeting between all interested parties on November 1, 2012, two dates were identified by the Treasurer. The first date identified was December 20, 2012 for the preliminary evaluation to be provided to the State. The second date was January 15, 2013 for the Treasury to make a decision on the City of Flint water supply. TYJT proposes to complete the draft report for submittal on December 20th. This will provide a two week review period by the Treasury. The final report would then be completed and submitted one week prior to the January 15th deadline. TYJT will also be available, if requested by the Treasurer, to attend a general meeting with all parties involved at the conclusion of the work.

Review of TYJT December 21, 2012 Presentation
City of Flint Water Supply Assessment
Prepared by Rowe Professional Services Company

DWSD Supply (Slides 7 through 9)

1 The 8 mgd maximum day supply by DWSD options can result in periods during the summer when most of the water to meet demands will be supplied by the City from the river. To aid in maintaining a consistent water quality, softening of the water from the river should be provided with this option, greatly increasing the City's costs

2 Upgrades to Flint's WTP and dams will be needed for options requiring blending, since the WTP will be required to provide continuous, reliable service and compliance with recent surface water treatment regulations

3 The rates for the options analyzed are shown on Slide 9 as "TYJT Estimates" Options and rates shown are different than presented by DWSD previously

	DWSD 11/29/2012	TYJT Estimates
18 mgd Maximum Day - P&B	$16.24	$16.37
12 mgd Maximum Day - P&B	$16.30	$16.31
8 mgd Maximum Day -P&B		$12 68
12 mgd Maximum Day - Imlay	$14.38	$14 38
8 mgd Maximum Day - Imlay		$11 11

4 Since the rates used in the analyses are shown as estimates, are they actual offers or just presented as "what if" scenarios?

5 We assume that the Imlay options are based on transfer of the 72" main through Lapeer County to Flint The analyses show a capital cost of $4 7 million, we assume that this is the proposed purchase / lease cost to Flint. This should be clarified along with pertinent details

6 If the transmission main is transferred to Flint, what are Flint's responsibilities regarding service to the Lapeer County customers? If they remain DWSD customers, then Flint should receive some revenue for the use the main. It does not appear this is included in the TYJT analyses.

7. If the transmission main is transferred to Flint, we assume that the city will be responsible for the maintenance of the 50 year old main. The TYJT analysis did not include this.

8 Do the rates shown include the credit for "reliability" which had been discussed with DWSD?

9. If the point of commerce is changed from Baxter and Potter to Imlay, a new meter pit will be required. The cost of this does not appear to be included in the TYJT cost analyses

Flint River Supply (Slide 10)

1 If any of the "blending" options are chosen, it will be necessary to upgrade the Flint WTP and dams to provide reliable, continuous service and compliance with recent surface water treatment regulations.

Data Collected (Slide 14)

1 The slide notes that Flint blending is based on DWSD supplying 2/3 and Flint supplying 1/3 of 12 MGD ADD For the maximum day demand (18 mgd), if DWSD supplies a maximum of 8 mgd, Flint will supply 10 mgd or 56% of the total. However, such a large portion will make it more difficult to blend and achieve consistent water quality. Flint will need to soften water for these options

Benchmarking Comparisons (Slide 16)

1 The slide subtitles are "KWA O&M Inflation Factor" and "DWSD and Flint Rate Inflation Factor" It seems appropriate to benchmark O&M costs for the KWA, because future costs of service will be dependent on how operating costs are impacted by inflation. For Flint, it does not seem appropriate that "rate inflation" from other utilities be used to determine the impact of inflation on future cost of service. Rates are impacted by inflation, but also by other factors such as debt and customer base. O&M expenses and rates are different and care should be exercised not to mix the two during analyses The TYJT analyses apply an inflation factor (based on rates from other utilities) to the Flint WTP operating expenses, which does not seem to be consistent

2 The KWA will supply raw water; SOCWA and YUCA both supply finished water Regulations impact the O&M for finished water suppliers but should not impact the KWA O&M. The use of data from SOCWA and YUCA does not seem like a comparable comparison with the KWA Finished water suppliers will have increased costs due to regulatory compliance, which really are not due to "inflation" of the costs of wages, power, chemicals, etc

3 DWSD has a history of rates to Flint and other suburban wholesale customers. Rates tend to be quite specific to each utility, based on much more than just the costs of operating and maintenance. It appears that DWSD historical rates have not been considered in projecting future DWSD rate increases

Capital Financing (Slide 17)

1. KWA bonds are planned to be general obligation bonds, backed by member counties.

O&M Inflation Factor (Slide 20)

1. SOCWA and YUCA are finished water suppliers; ever-changing regulatory requirements will impact their operating costs more than a raw water supplier, such as KWA
2. KWA will be a supplier of raw water. O&M costs should primarily be limited to power and labor, with a little chemical use for zebra mussel control. KWA will not provide treatment of the water.

3. The KWA study assumed power, labor, and chemical costs increase at an annual average of 3%. TYJT indicated this is too low and suggested 5%.

4 Following are examples of historical inflation, which support the 3% as a reasonable assumption for O&M expenses (not rates)
   a. Labor- GCDC-WWS labor costs have increased at an annual average rate of 2.5% since 2003
   b Electricity Rates in Michigan (per U.S Energy Information Administration) have increased an average of 3.2% since 1999
   c The U.S Bureau of Labor Statistics indicates that the inflation rate over the last 30 years has been an average of 2.8%.

Finished Water Rate Inflation (Slide 21)

1 TYJT bases their assumptions for rate inflation on a survey of rates from three other water suppliers, but ignored the actual rate history of DWSD TYJT assumed DWSD rate increases of 4.4% annually (if water is purchased from P&B) and 2.9% annually (if water is purchased from Imlay) Based on the actual charges by DWSD to Flint, DWSD historical rates are as follows:
   a. 10 year increase in DWSD rates to Flint 10.5% annually
   b Average annual increase through 45 year history 6.7%

2 Note that for the KWA analyses, an inflation factor has just been applied to power, labor, and chemicals. Although higher prices for labor, power, and chemicals impacts utility rates; rates are impacted by many other factors, many of which are not related to inflation. Rate inflation will likely be different than O&M inflation. Other factors impacting rates:
   a. Debt – the amount of debt varies widely between utilities
   b Number of customers / quantity of water sold – there are many fixed expenses with a utility, that if are distributed amongst more users/more gallons sold will result in lower rates. Conversely, if there are fewer users or less water sold, the rates are higher. Assumptions regarding future water consumption will have a great impact on "rate inflation"

3 Unlike KWA and Flint operating expenses which will increase over time based on inflation, the cost of continued DWSD service should be based on the inflation of DWSD rates, to include the increasing cost of other DWSD expenses such as debt and the impact of reduced customers / demands in addition to increasing O&M expenses.

4 Even though there could be a one-time reduction in DWSD rates through adopting the model contract, limiting peak demands, and or changing the point of commerce; it doesn't seem reasonable to assume that subsequent annual increases will only average 4.4% through the 30 year period of analysis. This is significantly less than historical performance (yet TYJT suggests that inflation for KWA O&M expenses will increase at almost double the rate of historical indicators)

Capital Financing with Revenue Bonds (Slide 24)

1 Note that the KWA bonds will be general obligation bonds backed by the member counties

2 The 2009 KWA Study assumed 6%, 25 year financing. The interest rate for planning was reduced in the 2012 Study update to 5%, which is still higher than if bonds were sold today

3 Financial consultants determined the charges for purchasing capacity in the KWA supply based on the estimated project cost plus appropriate financing costs Based on 60 units of capacity, $538,764,000 will be generated for repayment of debt and project costs using the capacity charges in the KWA capacity agreement.

25 years * 60 units * $355,300 / unit =	$532,950,000
3 years * 60 units * $32,300 / unit =	$ 5,814,000
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4 For a KWA project cost of $272,421,558, total P&I is $483 million The difference of $55,500,000 is available for financing expenses (capitalized interest, bond issuance costs, etc) and additional contingencies.

5 Bond holder reserve is not a requirement for general obligation bonds.

6 TYJT assumed that 3% interest would be earned on the bond holder reserve during the 25 year bond period Current interest rates are less than 1% and it seems inappropriate to assume such a high rate will be earned on retained funds

7 Bondholder reserve, if provided, should be applied against the last couple of P&I payments. The TYJT did not apply it. This will reduce their project costs

KWA Construction (Slides 26 through 29)

TYJT has indicated that the KWA construction cost estimate is too low The primary differences in cost estimates for the project appear to be the following components

1 Pump Stations (Slide 27) – The TYJT estimate for the pump stations is more than double that used by the KWA ($54,573,314 vs. $24,618,080) KWA estimates were based on actual construction costs from recent projectd completed by Genesee County within the last eight years.
   a. 32mgd water pump station including two-10 MG ground storage tanks - $13 4 million
   b 80 mgd wastewater pump station, 50 feet deep wetwell – $8.3 million
   c 30 mgd wastewater pump station, 50 feet deep wetwell – $9 4 million

   The KWA budgeted amount seems reasonable for two pumping stations as currently planned and to be constructed in rural areas (not southeast Michigan)

2 Redundant Power – There is no need for redundant power; other provisions will provide reliability of supply.

3 Land – Preliminary engineering has continued so earlier budgets established for planning for land acquisition can be greatly reduced. Options have been obtained on all properties which must be

purchased, so purchase prices are known. It will be necessary to obtain easements for only two miles of pipeline construction. All land costs are now estimated at $1.25 million.

4 Engineering, Legal, Administration & Contingencies

a. The October 2012 KWA estimate provided an allowance of 25% of construction cost to cover engineering, legal, administration, and contingencies (ELAC). This was reduced from the 38% allowance used in the 2009 Study because ongoing planning and design have firmed up many of the details of the project, including:

i. The intake design has been completed and all regulatory permits obtained

ii. The transmission main route has been determined. Meetings with road agencies have firmed up the requirements for construction and restoration within rights-of-way. Environmental review and permitting are in process

b TYJT costs for Intake Crib, Pump Stations, and Transmission Mains (Slide 30) include a 30% allowance for ELAC These allowances (from Slides 26 through 28) total $72,139,566. In addition, Slide 30 provides the following additional ELAC costs in the project total.

Design Engineering / Pump Stations	$16,939,581
Construction Management	$14,434,410
Administration	$ 349,440
Legal	$ 831,000
Total	$32,554,431

c Combining this with the $72,139,566 totals $104,693,997 or 43% of the estimated construction cost We believe that such a high allowance for ELAC is not appropriate for a project of this magnitude where preliminary engineering and some design have already been completed.

Cost Comparison (Slide 30)

1 The TYJT pump station price is too high based on costs of similar projects; costs used by KWA are based on costs of recent local projects. The KWA estimate is believed to be sufficient for the proposed pumping stations

2 Redundant power is not required, this does not need to be included in the TYJT estimate.

3 Land for LHPS – actual price is $360,000

4 Design Engineering / PS and Transmission – KWA included engineering in the 25% ELAC allowance included in the $207,752,895 estimated cost of transmission mains; TYJT included engineering in their 30% ELAC allowance included in the $218,811,559 estimated cost. By adding $16,939,581 for design engineering, $14,434,609 for construction administration, $349,440 for administration, and $831,000; it seems that ELAC is being "double-counted". The TYJT 43% allowance for ELAC seems unwarranted for a project with a great deal of preliminary and design engineering completed. The 25% KWA allowance is believed to be sufficient.

5. Easements and land (other than LHPS) should total $1,140,000, based on current options and specific needs for easements.

Other Considerations – Redundancy / Reliability (Slide 33)

1 Unfunded Mandates/ Future Regulations
   a. The proposed KWA supply will deliver raw water; it is not anticipated to be affected by future changes to regulations. Regulations will impact the City of Flint with respect to treatment and/or distribution of finished water The City will be subject to these requirements with any of the DWSD blending options, just as they will be responsible for them if supplied by KWA Some compliance costs may actually be less with the higher-quality Lake Huron water rather than Flint River water as the source

2 State Goals
   a. The TYJT presentation indicates that creation of a new raw water supply is contrary to the governor's goals as suggested However, the development of a new raw water supply provides new opportunities. Communities in Sanilac, St. Clair, and Lapeer counties will have the option to join a regional water supply and replace their small local supplies where limited supplies and high concentrations of arsenic have been a concern. The new water supply also provides great economic development opportunities. The raw water supplied by KWA will make a new commodity, raw water, available to the region. A large, low-cost supply of raw water can be a valuable resource for industries and agri-businesses The development of a new water supply will also create construction jobs through the short term period of building the new water supply and subsequently over a longer period as new businesses and industries are developed in the area.
   b The City of Flint and area communities will benefit as permanent jobs are created for operating and maintaining the local treatment facilities.

3 Redundancy
   a. We agree that the KWA and DWSD options are similar with respect to redundancy Both provide the primary water supply; customers are responsible for their backup supply

Other Considerations – Cost Slide 34

1 TYJT indicates that the DWSD 8 mgd supply option is the least cost alternative
   a. The TYJT analysis does not include the cost of needed upgrades to the City's WTP or increased operating costs in their analysis During summer months, water from the river will need to be softened before blending. More than half of the water supplied will be provided from the river. When the cost of upgrades to the WTP and the increased operating costs (for softening) are added to the TYJT analysis, the KWA option is less than the DWSD 8 mgd option.

2. For any of the DWSD "blending" options, upgrades will need to be made at the WTP to provide for continuous, reliable operation and compliance with new surface water treatment rules. Increased capital and operating costs for treating water from the river should be added to the TYJT costs for comparison with the other options.

3 Water from the river will require greater effort to treat than water from Lake Huron (more chemicals, power, and residuals). The TYJT analysis shows about the same O&M costs for the Flint WTP, regardless of water source. It seems that the WTP O&M costs for the KWA options should be reduced to reflect the savings from treating Lake Huron water

4 The TYJT presentation noted that the KWA analysis did not include allowances for mechanical and process improvements within the planning period. The KWA will supply raw water. The facilities consist of pipe, pumps, and a tank. There are no treatment facilities which would be susceptible to future regulatory changes. The only improvements that seem likely would be the need to provide additional capacity Capacity expansion is planned to be financed through capacity charges to new users.

5 The provision for redundant connections between the City's water system and the GCDC system was included in the most recent wafer supply agreement between the two, in 2011 Although not a KWA cost, the cost of the redundant connections should be considered with all options

6. The $2.3 million budgeted for land by KWA was intended to cover all land requirements. Since the October update, options have been obtained on all land to be purchased and the locations of easements needed has been finalized. Total land costs are now estimated to be about $1.5 million.

7 The 2004 study included a 47% allowance for engineering, legal, administration, and contingencies (ELAC) The 2009 study reduced the allowance for ELAC to 37% because many of the details since the 2004 conceptual study had been better defined. For the October 2012 update, the allowance for ELAC was reduced to 25% because continued planning and preliminary engineering further addressed details from the earlier concepts.

a. The detailed design (plans and specifications) and permitting have been completed.
b. The transmission main route has been finalized. Meetings with road agencies have established requirements for construction and restoration within road rights-of-way. Environmental permitting is in process. The primary remaining unknown is pipe sizing, which is largely dependent on Flint's participation.

It is our experience that the 25% ELAC allowance is appropriate for a project of this magnitude at this stage in the planning / design stage. The 43% ELAC allowance recommended by TYJT is excessive for a project in the design phase

8 Flint's WTP as a backup to the KWA will be less difficult to provide for than the current arrangement as a backup to DWSD We believe there is potential for challenges with chemistry and treatment for the proposed DWSD blending options, too

9 It doesn't seem that oversizing the KWA capacity is a good solution for the city's water loss problems, if that is what is being suggested.

10 Yes, it would be nice if the KWA system could be constructed to firmly determine its cost and time to complete before making a decision about water supply alternatives. However, a decision is needed regarding Flint's participation so that the sizing and design can be completed, before it can be built

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January 14, 2013

Mr Eric Cline
Unit Operations Specialist
430 West Allegan Street
Lansing, Michigan 48922

Dear Mr Cline,

RE SOW No 271Q3209, Flint Municipal Water Supply Assessment

Subject Response to Rowe Professional Services Company Comments on TYJT's December 20, 2012 Presentation

The purpose of this letter is to respond to the subject comments provided to TYJT on January 9, 2013. The comments are provided below followed by our response. The presentation is provided as an attachment for reference

It should be noted that due to the time constraints identified, our evaluation was completed in a very short duration. Our analysis is therefore based on the limited information that was provided We believe that the assumptions made are valid, however, if further analysis is required, TYJT suggests that more information such as the KWA route including topography and easement information, pump station siting, condition of the Flint WTP, and water chemistry information related to blending is obtained

Furthermore, per the Treasury's direction, Flint has indicated that they do not want to pursue the stand-alone option of only using their plant nor do they want to consider being supplied from the Imlay Station because they are concerned with long-term costs associated with the 72" line Therefore, responses to comments specific to these options are not provided

DWSD Supply (Slides 7 through 9)

Rowe Comment No 1 The 8 mgd maximum day supply by DWSD options can result in periods during the summer when most of the water to meet demands will be supplied by the City from the river To aid in maintaining a consistent water quality, softening of the water from the river should be provided with this option, greatly increasing the City's costs.

TYJT's Response: Flint's email dated 12/6/12 indicates that the average production rate when they operate the plant is 11 MGD. It was assumed that plant water quality produced was sufficient to meet the necessary water quality requirements since it is to serve as a backup to the DWSD supply.

If softening is required then its cost required for maximum flow rate analyzed would need to be included. Another question that should be addressed is if softening is required, why it is not part of the current treatment for the backup supply

Furthermore, from the meeting on November 20, 2012, KWA indicated that the Flint River would serve as a backup supply to the KWA system This would mean that the Flint WTP would have to maintain two treatment trains, one for lake water and one for river water Depending on how long the plant would have to operate as a backup could trigger the need under the KWA option to improve the river infrastructure as the Flint WTP would need to produce up to 18 MGD

Rowe Comment No 2: Upgrades to Flint's WTP and dams will be needed for options requiring blending, since the WTP will be required to provide continuous, reliable service and compliance with recent surface water treatment regulations.

TYJT's Response: As indicated in our previous response, it was assumed that the plant has capacity to supply up to 11 MGD Furthermore, per the LAN/Rowe report on the Flint River dated July 2011, the summary on Page 12 states that without making any modifications to the river infrastructure, the water plant is limited to 11 6 MGD. Therefore, if the maximum needed from the plant under the various scenarios presented is 10 MGD, no additional work to the dams should be required

Rowe Comment No 3: The rates for the options analyzed are shown on Slide 9 as "TYJT Estimates" Options and rates shown are different than presented by DWSD previously

	DWSD 11/29/2012	TYJT Estimates
18 mgd Maximum Day - P&B	$16.24	$16.37
12 mgd Maximum Day - P&B	$16.30	$16.31
8 mgd Maximum Day -P&B		$12 68
12 mgd Maximum Day - Imlay	$14.38	$14.38
8 mgd Maximum Day - Imlay		$11 11

TYJT's Response. The rates presented were provided by DWSD and are provided as an attachment to this response.

Rowe Comment No 4: Since the rates used in the analyses are shown as estimates, are they actual offers or just presented as "what if" scenarios?

TYJT's Response: Per DWSD, the allocated costs of service and rates computed for Flint follow an "all else being equal" application of the current (FY 2012-13) DWSD unit costs. This is consistent with the figures used in discussions with Flint representatives previously. Whenever the actual service requirements get applied, the lower DWSD System units associated with lower Flint units will raise the unit costs for all customers, creating a moderate impact for all customers. This has been described to Flint representatives.

As such, in DWSD's discussions with Flint they've identified these figures as hypothetical results indicative of rate calculations, as opposed to firm offers. So, while the rates are still estimates until the volume and type of the purchase is determined, it can be assumed that the actual rates will be similar to the estimates shown

Rowe Comment No 5 We assume that the Imlay options are based on transfer of the 72" main through Lapeer County to Flint. The analyses show a capital cost of $4 7 million; we assume that this is the proposed purchase / lease cost to Flint. This should be clarified along with pertinent details

TYJT's Response In the Treasurer's email to TYJT, dated January 9, 2013, this option is no longer being considered by Flint Therefore, a response is not required

Rowe Comment No. 6 If the transmission main is transferred to Flint, what are Flint's responsibilities regarding service to the Lapeer County customers? If they remain DWSD customers, then Flint should receive some revenue for the use the main It does not appear this is included in the TYJT analyses.

TYJT's Response In the Treasurer's email to TYJT, dated January 9, 2013, this option is no longer being considered by Flint Therefore, a response is not required

Rowe Comment No. 6 If the transmission main is transferred to Flint, we assume that the city will be responsible for the maintenance of the 50 year old main The TYJT analysis did not include this

TYJT's Response In the Treasurer's email to TYJT, dated January 9, 2013, this option is no longer being considered by Flint Therefore, a response is not required

Rowe Comment No 6: Do the rates shown include the credit for "reliability" which had been discussed with DWSD?

TYJT's Response TYJT has not been party to the discussions regarding a reliability credit, so we assume that the rates used in our presentation do not include the credit.

Rowe Comment No. 9: If the point of commerce is changed from Baxter and Potter to Imlay, a new meter pit will be required. The cost of this does not appear to be included in the TYJT cost analyses

TYJT's Response: In the Treasurer's email to TYJT, dated January 9, 2013; this option is no longer being considered by Flint. Therefore, a response is not required

Flint River Supply (Slide 10)

Rowe Comment No. 1: If any of the "blending" options are chosen, it will be necessary to upgrade the Flint WTP and dams to provide reliable, continuous service and compliance with recent surface water treatment regulations.

TYJT's Response: Please refer to our response to Comments No. 1 and No. 2 for Slides 7 through 9.

Data Collected (Slide 14)

Rowe Comment No 1. The slide notes that Flint blending is based on DWSD supplying 2/3 and Flint supplying 1/3 of 12 MGD ADD. For the maximum day demand (18 mgd), if DWSD supplies a maximum of 8 mgd, Flint will supply 10 mgd or 56% of the total. However, such a large portion will make it more difficult to blend and achieve consistent water quality Flint will need to soften water for these options.

TYJT's Response. Please refer to our response to Comments No 1 for Slides 7 through 9

Benchmarking Comparisons (Slide 16)

Rowe Comment No. 1. The slide subtitles are "KWA O&M Inflation Factor" and "DWSD and Flint Rate Inflation Factor" It seems appropriate to benchmark O&M costs for the KWA, because future costs of service will be dependent on how operating costs are impacted by inflation For Flint, it does not seem appropriate that "rate inflation" from other utilities be used to determine the impact of inflation on future cost of service. Rates are impacted by inflation, but also by other factors such as debt and customer base O&M expenses and rates are different and care should be exercised not to mix the two during analyses The TYJT analyses apply an inflation factor (based on rates from other utilities) to the Flint WTP operating expenses, which does not seem to be consistent.

TYJT's Response It is widely acceptable to compare O&M costs of similar facilities and communities and Benchmarking the Flint WTP rate was one item used in determining the best way to account for inflation associated with O&M costs for the planning period. Based on our analysis, we believe that the 4.51% is appropriate. It is also worth noting that in the letter to Mr Kurtz from the Flint Finance Director, Mr Ambrose, he used and inflation factor of 5% for the Flint WTP operations with the KWA system.

Rowe Comment No 2: The KWA will supply raw water; SOCWA and YUCA both supply finished water Regulations impact the O&M for finished water suppliers but should not impact the KWA O&M. The use of data from SOCWA and YUCA does not seem like a comparable comparison with the KWA. Finished water suppliers will have increased costs due to regulatory compliance, which really are not due to "inflation" of the costs of wages, power, chemicals, etc.

TYJT's Response: Benchmarking the KWA rate was one item used in determining the best way to account for inflation associated with O&M costs for the planning period. Additionally, per Mr. O'Brien's statement in our meeting on November 20, 2012, he suggested that we use GC-WWS inflation rate. Over the last 10 years, GC-WWS increase was 10.5%

Based on our analysis, we believe that the 5% is appropriate It is also worth noting that in the letter to Mr. Kurtz from the Flint Finance Director, Mr. Ambrose, he used and inflation factor of 5% for the KWA system.

Rowe Comment No 3 DWSD has a history of rates to Flint and other suburban wholesale customers Rates tend to be quite specific to each utility, based on much more than just the costs of operating and maintenance It appears that DWSD historical rates have not been considered in projecting future DWSD rate increases

TYJT's Response This is incorrect Please see the attachment provided by DWSD that shows the historical rates for Flint

Capital Financing (Slide 17)

Rowe Comment No 1. KWA bonds are planned to be general obligation bonds, backed by member counties

TYJT's Response: Reference is made to an email from Mr Kurtz, dated 12/4/12 that indicated revenue bonds would be used to finance the capital needs of KWA and this has been our basis of analysis We would need to recalculate the capital cost if general obligation bonds are used

It is worth noting that general obligation bonds are backed by the full faith and credit of the issuer. Our previous discussions with Flint indicated that they were not even sure if they could get a bond rating Furthermore, Genesee County indicated that they would not back Flint's share of the obligations We are surprised that general obligation bonds are now being considered

O&M Inflation Factor (Slide 20)

Rowe Comment No 1 SOCWA and YUCA are finished water suppliers; ever-changing regulatory requirements will impact their operating costs more than a raw water supplier, such as KWA.

TYJT's Response: Please refer to our response to Slide 16, Comment No 2

Rowe Comment No 2 KWA will be a supplier of raw water O&M costs should primarily be limited to power and labor, with a little chemical use for zebra mussel control. KWA will not provide treatment of the water

TYJT's Response: Please refer to our response to Slide 16, Comment No 2.

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b Electricity Rates in Michigan (per U.S Energy Information Administration) have increased an average of 3.2% since 1999

c The U.S. Bureau of Labor Statistics indicates that the inflation rate over the last 30 years has been an average of 2.8%.

TYJT's Response. *Please refer to our response to Slide 16, Comment No. 2.*

Finished Water Rate Inflation (Slide 21)

Rowe Comment No 1 TYJT bases their assumptions for rate inflation on a survey of rates from three other water suppliers, but ignored the actual rate history of DWSD. TYJT assumed DWSD rate increases of 4 4% annually (if water is purchased from P&B) and 2.9% annually (if water is purchased from Imlay) Based on the actual charges by DWSD to Flint, DWSD historical rates are as follows.

a 10 year increase in DWSD rates to Flint: 10 5% annually

b Average annual increase through 45 year history 6 7%

TYJT's Response. Please provide documentation of the referenced increases Per our response to Slide 7 through 9, Comment No. 3, DWSD has provided their historic rates over the past 10 years It could also be argued that these rate increases are skewed higher than they will be in the future since a dramatic reduction in water sales due to the recession required DWSD's fixed costs to be distributed over less units

Rowe Comment No. 2. Note that for the KWA analyses, an inflation factor has just been applied to power, labor, and chemicals. Although higher prices for labor, power, and chemicals impacts utility rates; rates are impacted by many other factors, many of which are not related to inflation Rate inflation will likely be different than O&M inflation. Other factors impacting rates

a Debt – the amount of debt varies widely between utilities

b. Number of customers / quantity of water sold – there are many fixed expenses with a utility, that if are distributed amongst more users/more gallons sold will result in lower rates Conversely, if there are fewer users or less water sold, the rates are higher. Assumptions regarding future water consumption will have a great impact on "rate inflation".

TYJT's Response: Rowe's comment is noted.

Rowe Comment No 3: Unlike KWA and Flint operating expenses which will increase over time based on inflation, the cost of continued DWSD service should be based on the inflation of DWSD rates, to include the increasing cost of other DWSD expenses such as debt and the impact of reduced customers / demands in addition to increasing O&M expenses.

TYJT's Response: DWSD's rates do include these variables as their rates are inclusive of their total costs; operations and fixed. It is also worth noting that once the KWA construction begins, Flint fixed costs will be set regardless of their actual water use.

Rowe Comment No 4 Even though there could be a one-time reduction in DWSD rates through adopting the model contract, limiting peak demands, and or changing the point of commerce, it doesn't seem reasonable to assume that subsequent annual increases will only average 4.4% through the 30 year period of analysis This is significantly less than historical performance (yet TYJT suggests that inflation for KWA O&M expenses will increase at almost double the rate of historical indicators)

TYJT's Response Please see our response to Slide 16, Comment No. 3.

Capital Financing with Revenue Bonds (Slide 24)

Rowe Comment No 1 Note that the KWA bonds will be general obligation bonds backed by the member counties

TYJT's Response: Please refer to our response to Slide 17, Comment No. 1

Rowe Comment No 2 The 2009 KWA Study assumed 6%, 25 year financing The interest rate for planning was reduced in the 2012 Study update to 5%, which is still higher than if bonds were sold today

TYJT's Response We believe that it was prudent to use 5% as a conservative assumption This is consistent with the KWA study.

Rowe Comment No 3. Financial consultants determined the charges for purchasing capacity in the KWA supply based on the estimated project cost plus appropriate financing costs Based on 60 units of capacity, $538,764,000 will be generated for repayment of debt and project costs using the capacity charges in the KWA capacity agreement.

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Rowe Comment No. 6. TYJT assumed that 3% interest would be earned on the bond holder reserve during the 25 year bond period. Current interest rates are less than 1% and it seems inappropriate to assume such a high rate will be earned on retained funds.

TYJT's Response: Although the current interest rate is less than 1% it was assumed that current fiscal policy could not be sustained for 30 years Therefore 3% was assumed. Note that this is interest coming back to KWA and actually reduces the total cost.

Rowe Comment No 7· Bondholder reserve, if provided, should be applied against the last couple of P&I payments. The TYJT did not apply it This will reduce their project costs.

TYJT's Response: The reserve was only applied over the duration of the loan

KWA Construction (Slides 26 through 29)

TYJT has indicated that the KWA construction cost estimate is too low The primary differences in cost estimates for the project appear to be the following components

Rowe Comment No 1 Pump Stations (Slide 27) – The TYJT estimate for the pump stations is more than double that used by the KWA ($54,573,314 vs $24,618,080). KWA estimates were based on actual construction costs from recent projects completed by Genesee County within the last eight years

a. 32 mgd water pump station including two-10 MG ground storage tanks - $13 4 million
b. 80 mgd wastewater pump station, 50 feet deep wetwell – $8.3 million
c. 30 mgd wastewater pump station, 50 feet deep wetwell – $9.4 million

The KWA budgeted amount seems reasonable for two pumping stations as currently planned and to be constructed in rural areas (not southeast Michigan)

TYJT's Response. Of the three projects identified only the first one is a water system project, the other two are wastewater lift stations. Since these estimates are based on a preliminary design, TYJT believes that our estimate is a more prudent representation of cost.

Rowe Comment No 2 Redundant Power – There is no need for redundant power, other provisions will provide reliability of supply

TYJT's Response TYJT disagrees with this statement. Backup power is a standard practice in the water industry. Furthermore, a loss of power at either pumping facility will prevent the supply of water to both Flint and Genesee County. TYJT is not aware of what "other provisions" are being provided.

Rowe Comment No 3 Land – Preliminary engineering has continued so earlier budgets established for planning for land acquisition can be greatly reduced Options have been obtained on all properties which must be purchased, so purchase prices are known It will be necessary to obtain easements for only two miles of pipeline construction. All land costs are now estimated at $1.25 million.

TYJT's Response: Our analysis has been based on the information provided to us. Revising and changing numbers will require another analysis.

Rowe Comment No 4: Engineering, Legal, Administration & Contingencies.

a. The October 2012 KWA estimate provided an allowance of 25% of construction cost to cover engineering, legal, administration, and contingencies (ELAC). This was reduced from the 38% allowance used in the 2009 Study because ongoing planning and design have firmed up many of the details of the project, including

   i. The intake design has been completed and all regulatory permits obtained

   ii. The transmission main route has been determined. Meetings with road agencies have firmed up the requirements for construction and restoration within rights-of- way. Environmental review and permitting are in process

b. TYJT costs for Intake Crib, Pump Stations, and Transmission Mains (Slide 30) include a 30% allowance for ELAC. These allowances (from Slides 26 through 28) total $72,139,566. In addition, Slide 30 provides the following additional ELAC costs in the project total:

Design Engineering / Pump Stations	$16,939,581
Construction Management	$14,434,410
Administration	$ 349,440
Legal	$ 831,000
Total	$32,554,431

c. *Combining this with the* $72,139,566 totals $104,693,997 or 43% of the estimated construction cost. We believe that such a high allowance for ELAC is not appropriate for a project of this magnitude where preliminary engineering and some design have already been completed

TYJT's Response. In an email from Mr O'Brien on December 5, 2012, the design is less than 15% complete on the pipeline and the final route is only 90% confirmed Since these estimates are based on a preliminary design, TYJT believes that our estimate is a more prudent representation of cost.

The $72,139,566 is for construction contingencies only This figure includes $5,519,213 for ELAC of 25% per KWA's cost estimate for the intake construction which is reasonable for a project at the 90% design completion The balance of the construction contingency of $66,620,335 is based on 30% contingency since the design for the transmission mains and the IPS is at only 15% preliminary design.

The $32,554,431 is a budget for:

a. completing the design of the IPS and transmission mains to 100% bidding stage,

b. construction management fee for the firm responsible to oversee the construction startup and commissioning of the project,

c. legal and survey fee to acquire the land and 277 easements (per KWA 2009 report), and

d. for the KWA staff to administer the project.

In summary the $72 million is for construction contingency and the $32 million is for the engineering and administration of the project.

Cost Comparison (Slide 30)

Rowe Comment No 1 The TYJT pump station price is too high based on costs of similar projects; costs used by KWA are based on costs of recent local projects The KWA estimate is believed to be sufficient for the proposed pumping stations.

TYJT's Response Please see our response to Slide 26 through 29, Comment No 1.

Rowe Comment No 2 Redundant power is not required, this does not need to be included in the TYJT estimate

TYJT's Response Please see our response to Slide 26 through 29. Comment No 2

Rowe Comment No 3 Land for LHPS – actual price is $360,000

TYJT's Response. The $2.3 million for land came from the KWA Preliminary Engineering Report, dated September 2009 and Appendix 20 the updated report, dated October 4, 2012 Paragraph 2 3.2 (page 3) of Appendix 2 of the Preliminary Engineering Report dated September 2009 states, "Genesee County purchased 230 acres of land in Worth Township, Sanilac County in 2002. The land was purchased for the potential use as a water supply facility The land was purchased for $2.3 million." This same $2.3 million is shown as the cost for the land (Figure 1-KWA Water Supply Project Cost) in, Appendix 20 October 2012 Preliminary Engineering Report Update- Final Report

Rowe Comment No. 4: Design Engineering / PS and Transmission – KWA included engineering in the 25% ELAC allowance included in the $207,752,895 estimated cost of transmission mains; TYJT included engineering in their 30% ELAC allowance included in the $218,811,559 estimated cost. By adding 16,939,581 for design engineering, $14,434,609 for construction administration, $349,440 for administration, and $831,000; it seems that ELAC is being "double-counted" The TYJT 43% allowance for ELAC seems unwarranted for a project with a great deal of preliminary and design engineering completed. The 25% KWA allowance is believed to be sufficient

TYJT's Response: TYJT did not double count the ELAC. TYJT broke down the ELAC into engineering fee for design, legal cost to acquire easements and land for the project, KWA administrative and management cost, and construction management fee. These cost amount to approximately $32.5 million The 30% contingency listed in TYJT's cost estimate is a construction contingency since the design is at 15% (other than the intake) according to John O'Brien's statement during the meeting with the City of Flint on November 20, 2012.

Rowe Comment No. 5: Easements and land (other than LHPS) should total $1,140,000, based on current options and specific needs for easements.

TYJT's Response: Appendix 5 of the KWA 2009 report listed the cost for land acquisition for the Lake Huron Transmission at $615, 740, for the North Transmission Main at $214,300, and the Flint Transmission at $336,130 for a total of $1,166,170. TYJT estimated the land cost for the IPS and

reservoir only at $75,000 since the LHPS land has already been purchased by Genesee County TYJT estimate for easements and land (not the LHPS) to be $1,241,170 versus Rowe's recent information of $1,140,000 for a difference of $101,000 For all practical matter TYJT and KWA estimates are the same

Other Considerations – Redundancy / Reliability (Slide 33)

Rowe Comment No 1 Unfunded Mandates/ Future Regulations

a The proposed KWA supply will deliver raw water, it is not anticipated to be affected by future changes to regulations Regulations will impact the City of Flint with respect to treatment and/or distribution of finished water The City will be subject to these requirements with any of the DWSD blending options, just as they will be responsible for them if supplied by KWA Some compliance costs may actually be less with the higher quality Lake Huron water rather than Flint River water as the source.

TYJT's Response: This is obviously hard to quantify since identifying regulation requirements over 30 years is hard to determine However, it is widely understood that a large system has greater ability to respond to unfunded mandates because the cost can be distributed over a large customer base

Rowe Comment No 2 State Goals

a. The TYJT presentation indicates that creation of a new raw water supply is contrary to the governor's goals as suggested. However, the development of a new raw water supply provides new opportunities. Communities in Sanilac, St. Clair, and Lapeer counties will have the option to join a regional water supply and replace their small local supplies where limited supplies and high concentrations of arsenic have been a concern. The new water supply also provides great economic development opportunities The raw water supplied by KWA will make a new commodity, raw water, available to the region A large, low-cost supply of raw water can be a valuable resource for industries and agri-businesses. The development of a new water supply will also create construction jobs through the short term period of building the new water supply and subsequently over a longer period as new businesses and industries are developed in the area

b. The City of Flint and area communities will benefit as permanent jobs are created for operating and maintaining the local treatment facilities.

TYJT's Response: Reference is made to the Treasury policy that promotes consolidation of resources and services Therefore, two existing customers of DWSD (Flint and Genesee County) along with the potential of others customers (Lapeer, Mayfield, Imlay City) separating to form another water system is counter to the initiative

Rowe Comment No. 3: Redundancy:

a. We agree that the KWA and DWSD options are similar with respect to redundancy. Both provide the primary water supply; customers are responsible for their backup supply.

TYJT's Response. Agreed, however, from the meeting on November 20, 2012, KWA indicated that the Flint River would serve as a backup supply to the KWA system. This would mean that the Flint WTP would have to maintain two treatment trains; one for lake water and one for river water. Whether there is sufficient space or additional capital required for the WTP was not investigated as part of this study

Other Considerations – Cost Slide 34

Rowe Comment No 1. TYJT indicates that the DWSD 8 mgd supply option is the least cost alternative

a The TYJT analysis does not include the cost of needed upgrades to the City's WTP or increased operating costs in their analysis During summer months, water from the river will need to be softened before blending More than half of the water supplied will be provided from the river When the cost of upgrades to the WTP and the increased operating costs (for softening) are added to the TYJT analysis, the KWA option is less than the DWSD 8 mgd option

TYJT's Response Please see our response to Slide 7 through 9, Comment No 1 Furthermore, our operating costs for the Flint WTP were increased per the analysis provided to KWA for review

Rowe Comment No 2. For any of the DWSD "blending" options, upgrades will need to be made at the WTP to provide for continuous, reliable operation and compliance with new surface water treatment rules Increased capital and operating costs for treating water from the river should be added to the TYJT costs for comparison with the other options.

TYJT's Response Please see our response to Slide 7 through 9, Comment No 1 and No 2

Rowe Comment No 3: Water from the river will require greater effort to treat than water from Lake Huron (more chemicals, power, and residuals). The TYJT analysis shows about the same O&M costs for the Flint WTP, regardless of water source. It seems that the WTP O&M costs for the KWA options should be reduced to reflect the savings from treating Lake Huron water

TYJT's Response. Please see our response to Slide 7 through 9, Comment No. 1. Additionally, we used the chemical costs from February 2009 preliminary design report adjusted for inflation

Rowe Comment No. 4: The TYJT presentation noted that the KWA analysis did not include allowances for mechanical and process improvements within the planning period The KWA will supply raw water. The facilities consist of pipe, pumps, and a tank There are no treatment facilities which would be susceptible to future regulatory changes. The only improvements that seem likely would be the need to provide additional capacity. Capacity expansion is planned to be financed through capacity charges to new users

TYJT's Response The point made here is that replacement costs of equipment were not included e g., pumps, motors, etc.

Rowe Comment No 5: The provision for redundant connections between the City's water system and the GCDC system was included in the most recent water supply agreement between the two, in 2011 Although not a KWA cost, the cost of the redundant connections should be considered with all options

TYJT's Response Noted, but the redundancy is limited since both of the water systems would be supplied by KWA and a loss of power to one of the pumping facilities without backup power would interrupt the supply

Rowe Comment No 6 The $2 3 million budgeted for land by KWA was intended to cover all land requirements Since the October update, options have been obtained on all land to be purchased and the locations of easements needed has been finalized Total land costs are now estimated to be about $1.5 million

TYJT's Response. Please see our response to Slide 7 through 9, Comment No. 1

Rowe Comment No 7. The 2004 study included a 47% allowance for engineering, legal, administration, and contingencies (ELAC) The 2009 study reduced the allowance for ELAC to 37% because many of the details since the 2004 conceptual study had been better defined For the October 2012 update, the allowance for ELAC was reduced to 25% because continued planning and preliminary engineering further addressed details from the earlier concepts.

a The detailed design (plans and specifications) and permitting have been completed

b The transmission main route has been finalized. Meetings with road agencies have established requirements for construction and restoration within road rights-of-way. Environmental permitting is in process. The primary remaining unknown is pipe sizing, which is largely dependent on Flint's participation

It is our experience that the 25% ELAC allowance is appropriate for a project of this magnitude at this stage in the planning / design stage. The 43% ELAC allowance recommended by TYJT is excessive for a project in the design phase

TYJT's Response Please see our response to Slide 30, Comment No 4

Rowe Comment No 8 Flint's WTP as a backup to the KWA will be less difficult to provide for than the current arrangement as a backup to DWSD We believe there is potential for challenges with chemistry and treatment for the proposed DWSD blending options, too

TYJT's Response: Please see our response to Slide 33, Comment No 3.

Rowe Comment No 9: It doesn't seem that oversizing the KWA capacity is a good solution for the city's water loss problems, if that is what is being suggested.

TYJT's Response. It would be recommended to determine what the water loss is in Flint and what the implication would be on sizing the KWA pipe. A determination could then be made once this analysis was performed.

Rowe Comment No. 10. Yes, it would be nice if the KWA system could be constructed to firmly determine its cost and time to complete before making a decision about water supply alternatives However, a decision is needed regarding Flint's participation so that the sizing and design can be completed, before it can be built

TYJT's Response Noted.

Please let us know how we should proceed Should you have any questions or need any additional information, please contact me

Sincerely,
TUCKER, YOUNG, JACKSON, TULL, INC

David Guastella, P E.
Project Manager

Attachments

Koryzno, Edward (Treasury)

From: Byrne, Randall (Treasury)
Sent: Friday, May 02, 2014 10:18 AM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: Flint pipeline sale
Attachments: FW: Flint Pipeline Sale

Wayne and Ed:

I just spoke to Jerry Ambrose regarding the pipeline sale. I've asked for a copy of the sale agreement and advised him that it would have to go to the City Council for approval. I am attaching several e-mail discussions on the issue between Ashley and Drew outlining the required steps. Please let me know if you have any questions.

Thanks,
Randy,

Randall D. Byrne, Manager, Office of Fiscal Responsibility
State of Michigan 430 W. Allegan St. , Lansing, MI 48922
ByrneR1@michigan.gov (517) 335-2521

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Vandegrift, Drew (TREASURY)

From: Vandegrift, Drew (TREASURY)
Sent: Thursday, May 01, 2014 9:50 AM
To: Gelisse, Ashley (DTMB)
Subject: RE: Flint Pipeline Sale

Ashley,

Sounds good. In my mind, the key would be for all EMs to post complete section 17 quarterly reports on their websites (as mandated by MCL 141.1557). If these reports always contained an updated F&O plan as they should (See MCL 141.1557(h)) then our office can simply compare the approval request to the latest F&O plan, and determine what approvals are necessary.

It is my hope that the upcoming EM conference will be an opportunity to get all the EMs submitting proper reports.

It is still the plan for my office to operate as if the Governor has delegated approvals for sales of all assets <100k, under 12(1)(r)?

-Drew

From: Gelisse, Ashley (TREASURY)
Sent: Thursday, May 01, 2014 9:38 AM
To: Vandegrift, Drew (TREASURY)
Subject: RE: Flint Pipeline Sale

Drew,

I agree with everything you've outlined below. You're correct that if there was no competitive bidding process the Treasurer's approval would still be needed. I'm curious as to why it wasn't bid out somehow though ... maybe just too few buyers.

Anyhow, Fred and I spoke about this today and he agrees that the mention in the F&O plan, such as it is, is sufficient. After some discussion, we'd recommend a two-pronged approach going forward:

- Amend the PA 436 guidance document (the one I sent to you yesterday) to clarify that OFR expects to be kept up to date on projects mentioned in the F&O plan as they develop. This can be done via memo, meeting, or in the weekly calls that OFR has with the EMs. Absent such updates, OFR may still require separate approval under PA 436.

- If an EM is not willing to share information, or if they aren't as politically savvy as one may hope (to be clear, I don't think this is a problem with the current EMs, just thinking worst-case scenario), OFR may additionally require that the F&O plan be updated on a more regular basis to ensure that the necessary details are included therein.

I hope this is helpful. Thanks.

Ashley

From: Vandegrift, Drew (TREASURY)
Sent: Wednesday, April 30, 2014 4:59 PM
To: Gelisse, Ashley (TREASURY)
Subject: FW: Flint Pipeline Sale

From: Koryzno, Edward (Treasury)
Sent: Wednesday, April 30, 2014 4:14 PM
To: Vandegrift, Drew (TREASURY)
Cc: Byrne, Randall (Treasury)
Subject: Re: Flint Pipeline Sale

Thanks, can you send me the details about the sale and the price?

Sent from my iPhone

On Apr 30, 2014, at 1:56 PM, "Vandegrift, Drew (TREASURY)" <VandegriftD@michigan.gov> wrote:

> Ed,
>
> The reference of the sale in the F&O plan does not reduce the City's requirement to comply with section 19; this must go to council regardless of the adequacy of the F&O plan.
>
> Where the F&O plan is at issue is in Subsections 12(1)(r) and 15(1). These subsections respectively require Governor and Treasurer approval for sales of municipal assets. Should decision makers determine that the F&O plan language is sufficient, then approval under these sections is not necessary. Ashley has explained that the Governor has requested that only sales >100k which are not in the F&O plan are to be submitted to him.

This sale is also a contract and so subsection 12(3) is implicated. This law mandates that contracts >50k which were not subject to competitive biding must be approved by the Treasurer. I understand that this sale was not subject to such a competitive process, and so this action must be submitted for Treasurer approval under this section.

Note again that all actions under 12(1)(r) must comply with Section 19. Regardless of the contents of the F&O plan or any competitive bidding process, this action must be taken to council. Then they have 10 days to disapprove and 7 more to propose an alternate proposal. In this situation, an ELB meeting will be held to select the best plan.

-Drew

From: Koryzno, Edward (Treasury)
Sent: Wednesday, April 30, 2014 1:33 PM
To: Vandegrift, Drew (TREASURY)
Cc: Workman, Wayne (TREASURY); Byrne, Randall (Treasury); Dempkowski, Angela (Treasury)
Subject: Fwd: Flint Pipeline Sale

Drew,

What does PA 436 call for so that we may advise Flint?

Ed

Sent from my iPad

Begin forwarded message:

> **From:** Elizabeth Murphy <emurphy@cityofflint.com>
> **Date:** April 30, 2014 at 12:57:02 PM EDT
> **To:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>
> **Cc:** Darnell Earley <dearley@cityofflint.com>, Gerald Ambrose <gambrose@cityofflint.com>
> **Subject: Flint Pipeline Sale**
>
> Wayne and Ed,
> Per your request in the conference call this morning: Flint's Financial and Operating Plan contains this statement: "The Finance Department is proceeding with the following projects... Negotiation with Genesee County Water and Sewer System for the sale of a portion of the City's water line,..."
>
> This can be found on page 7, second bullet point in the April 8, 2014 document.

Is this enough to avoid having to present to City Council for an alternative plan?

--
Liz Murphy
Assistant to the Emergency Manager
City of Flint
810 237 2025

Koryzno, Edward (Treasury)

From: Byrne, Randall (Treasury)
Sent: Friday, May 02, 2014 1:31 PM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury)
Cc: Dempkowski, Angela (Treasury); Vandegrift, Drew (TREASURY)
Subject: FW: City of Flint / Genesee County Drain Commissioner Transmission Main Agreement
Attachments: Water Main Sale Agreement Submitted to Treasury May 2 2014.doc

Wayne and Ed:

This is a copy of the proposed sale agreement for the Flint Waterline. The attorney, Mr. Chubb is proceeding to send this to the City Council for approval. Please let me know if you have any questions.

Thanks,
Randy,

From: Anthony Chubb [mailto:achubb@cityofflint.com]
Sent: Friday, May 02, 2014 1:24 PM
To: Byrne, Randall (Treasury)
Cc: Kevin K. Kilby
Subject: City of Flint / Genesee County Drain Commissioner Transmission Main Agreement

Mr. Byrne,

It was good to speak with you today. Per your request, attached please find the proposed sale agreement. Should you have any questions or concerns, please do not hesitate to contact Kevin or me about it.

--
Anthony Chubb
Deputy City Attorney
City of Flint
1101 S. Saginaw Street, 3rd Floor
Flint, MI 48502

(810) 237-2078

WATER TRANSMISSION MAIN

ACQUISITION AGREEMENT

BY AND BETWEEN

CITY OF FLINT

AND THE

GENESEE COUNTY DRAIN COMMISSIONER AS COUNTY AGENCY

DATED _____, 2014

ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT ("Agreement") is made this ____ day of _____, 2014 ("Execution Date"), and effective April 1, 2014 ("Effective Date"), by and between the City of Flint, a Michigan municipal corporation (hereinafter "Flint"), and the Genesee County Drain Commissioner, as County Agency, a public agency pursuant to the County Public Improvement Act of 1939, as amended (the "County Agency"). The Effective Date of this Agreement shall be contingent upon a condition antecedent that the Agreement has been reviewed by the City of Flint City Council and no alternative has been proposed and the State of Michigan Department of Treasury has approved this Agreement as required by Act 436 of the Michigan Public Acts of 2012, as amended, which is commonly referred to as the Local Financial Stability and Choice Act. If either the City of Flint City Council or the State of Michigan Department of Treasury fails to approve this Agreement prior to May 1, 2014, then the Agreement shall be effective immediately upon the City of Flint City Council failing to offer an alternative and the Michigan Department of Treasury approving this Agreement.

PREAMBLE

It is the intent of the Parties for Flint to sell to the County Agency the Water Main, *subject only to the restrictions more fully set forth in this Agreement*, for the mutual consideration set forth in this Agreement for the County Agency's unrestricted use.

RECITALS

A. Flint desires to sell the Water Main to the County Agency; and

B. The County Agency desires to purchase the Water Main from Flint; and

C. The Parties have determined that it is in their respective best interests for the County Agency to acquire, upon the terms and subject to the conditions set forth herein, the Water Main from Flint if the Karegnondi Water Authority constructs a new raw water pipeline from Worth Township, Michigan to Genesee County, which shall furnish raw water to the City of Flint; and

D. In furtherance thereof, it is proposed that the County Agency acquire the Water Main for the mutual consideration set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and representations set forth in this Agreement, the Parties agree as follows:

ARTICLE I
INTRODUCTORY PROVISIONS; DEFINITIONS

1.1. Adoption of Preamble and Recitals. All of the matters stated in the preamble and recitals of this Agreement are true and correct and are hereby incorporated into the body of this Agreement as through fully set forth in their entirety herein, provided that in cases of

conflict, provisions of this Agreement shall control over matters stated in the preamble and recitals.

1.2. Definitions. The following terms and expressions as used in this Agreement, unless the context clearly shows otherwise, shall have the following meanings:

a. "Closing" means the closing of the transactions contemplated by this Agreement.

b. "Closing Date" means the mutually acceptable date to be scheduled within thirty (30) days after execution of this Agreement or on a date as mutually acceptable to the Parties for the Closing to take place.

c. "County Agency" means the Genesee County Drain Commissioner, as County Agency, Genesee County, Michigan, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended.

d. "Emergency Manager" means an emergency manager or financial emergency manager as defined by law that is appointed by the Governor of the State of Michigan pursuant to law.

e. "Flint" means the City of Flint, Genesee County, Michigan.

f. "Party" or "Parties" means the Genesee County Drain Commissioner, as County Agency, individually, the City of Flint, individually, or the Genesee County Drain Commissioner, as County Agency and the City of Flint, collectively.

g. "Real Property Agreements" means all agreements that affect real property, including, but not limited to, licenses, leases, easements, or similar documents.

h. "Water Main" means the water transmission main as more fully described in **Exhibit A**, including, but not limited to, all appurtenances thereto including any meter pits connected thereto, along with the water contained therein and all drawings, files, laying schedules, records of repairs, maintenance files, repair parts, etc. Including by way of example, and not as a limitation, meter vaults, meters, pumps, air relief valves, sump pumps, electrical connections, communication devices and all other mechanical, electrical, or other equipment used to pump water through the Water Main or bring attention to an emergency situation.

ARTICLE II
THE PURCHASE AND SALE

2.1 Transfer to the County Agency. In accordance with the provisions of this Agreement, in consideration for the payment of the Purchase Price as set forth in Section 2.3 of this Agreement and other good and valuable consideration, and subject to the contingencies set forth in Article 8 and Article 9, Flint shall transfer and convey the Water Main to the County

Agency, effective either when Flint provides the County Agency thirty (30) days written notice of its intent to transfer the Water Main or at 12:01 a.m. local time on July 1, 2014, whichever event occurs first in time, including all rights as Flint may have pursuant and any and all Rights of Way and Easements, copies of which are attached hereto as **Exhibit B**, and other instruments of transfer to be delivered at the Closing, as set forth in Article III of this Agreement, in accordance with the provisions relating to the Closing.

2.2 Acquisition by the County Agency. The County Agency, in reliance upon the covenants and representations of Flint contained herein and the documents provided by Flint, hereby agrees to acquire the Water Main from Flint.

2.3 Purchase Price. As part of the consideration for the transfer and conveyance of the Water Main to the County Agency from Flint, the County Agency shall make a lump sum payment within thirty (30) days from the execution of this Agreement, in a sum equal to Three Million Nine Hundred Eighty-Seven Thousand Seven Hundred Dollars and Zero Cents ($3,987,700.00), inclusive of all interest, fees, charges, or other costs (the "Purchase Price").

ARTICLE III
CLOSING

3.1 Closing. The Closing will take place at the offices of Sargent's Title Company, 625 S. Grand Traverse, Flint, Genesee County, Michigan, on such date as shall be mutually acceptable to the Parties within thirty (30) days after the execution of this Agreement or on a date as mutually acceptable to the Parties.

3.2 Deliveries. At the Closing, the transactions listed below shall occur.

a. The County Agency shall deliver to Flint:

1. A certified letter from the Genesee County Drain Commissioner stating that he has the authority, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, to execute and deliver this Agreement and the transactions contemplated hereby; and

2. An opinion of legal counsel to the County Agency reasonably satisfactory to Flint, providing that the transactions contemplated by this Agreement do not violate the provisions of Act 342 of the Michigan Public Acts of 1939, as amended, or other applicable laws and such additional matters and in form and substance satisfactory to Flint and its counsel; and

3. A certified letter from the Genesee County Drain Commissioner as to the accuracy of its representations and warranties as of the date of this Agreement and as of the Closing and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing; and

b. Flint shall deliver to the County Agency:

1. A certified resolution of the City Council of the City of Flint or an Order of the Emergency Manager, if applicable, or both, authorizing the execution and delivery of this Agreement and the transactions contemplated hereby; and

2. An executed bill of sale for all of the Water Main that is tangible personal and real property executed by a representative of Flint authorized to sign the bill of sale or an Order of the Emergency Manager, if applicable, or both; and

3. An Assignment of Rights of Way and Easements, or such other appropriate document or instrument of transfer, as the case may require, and executed by a representative of Flint authorized to sign the bill of sale or an Order of the Emergency Manager, if applicable, or both; and

4. Such other documents and other instruments of transfer and conveyance as may reasonably be needed to complete the transactions contemplated hereby; and

5. A certified letter from the Mayor or Emergency Manager as to the accuracy of its representations and warranties as of the date of this Agreement and as of the Closing and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing; and

6. An opinion of legal counsel of Flint, reasonably satisfactory to the County Agency, providing that the transactions contemplated by this Agreement do not violate the City Charter of Flint, local ordinances or laws, and such additional matters and in form and substance satisfactory to the County Agency and its counsel and

3.3 Transfer of Operation. The County Agency shall take over from Flint all of the operation, maintenance and administration of the Water Main upon the happening of one of the following events, whichever event occurs first in time:

a. As of the date and time set forth in the written notice to be provided by Flint to the County Agency of Flint's intent to transfer the Water Main; or

b. Upon the execution of this Agreement; or.

c. Upon the County Agency executing an agreement or contract with Detroit Water and Sewerage Department ("DWSD") to purchase water directly from DWSD.

3.4 Expenses. Flint and the County Agency shall each bear their own expenses incurred by them in connection with the transactions contemplated by this Agreement, including without limitation, consultants' fees, legal fees and accounting fees, whether or not such transaction is consummated.

3.5 Closing Costs. If there are any costs associated with the Closing, including costs to be paid to the title company, filings, recording costs, or other costs, fees, or expenses, the costs shall be paid by the County Agency.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF FLINT

Flint makes the following representatives and warranties to the County Agency:

4.1 Corporate Organization. Flint is a municipal corporation duly organized, validly existing and in good standing under the laws of the State of Michigan.

4.2 Authorization. Flint or the Emergency Manager has the requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and thereby. Assuming due and valid authorization, this Agreement will constitute a legal, valid and binding obligation of Flint, enforceable against Flint in accordance with its terms, except as the enforcement thereof may be limited by applicable principles of bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors and subject to general principles of equity.

4.3 Easements and Rights of Way.

a. **Exhibit C** identifies all of the real property occupied by the Water Main.

b. Upon reasonable title search and review provided by the County Agency to Flint of all of the real property occupied by the Water Main, Flint possesses all necessary, permanent, perpetual and transferable real property rights including easements, licenses or rights of way by prescription, necessity, implication or acquiescence necessary for the use, routine operation, and maintenance of the Water Main, except as disclosed on **Exhibit D**.

c. Flint has good and marketable title to the Water Main.

d. As of the Execution Date, there are no pending or threatened disputes or pending or threatened litigation with respect to any real property rights pertaining to the Water Main.

e. Flint agrees to provide access to the County Agency to any and all documents that are in Flint's possession regarding the Water Main. These documents include, but are not limited to, as built drawings, shop drawings, maintenance records, land records and easements, and any other document that relates to the

Water Main. The County Agency is free to take possession of the documents for the limited purpose of making any copies that are deemed necessary in the opinion of the County Agency. All original documents shall be returned by the County Agency to Flint in a timely manner.

4.4 WATER MAIN. **THE WATER MAIN SHALL BE CONVEYED BY FLINT TO THE COUNTY AGENCY IN "AS IS", "WHERE IS" AND "WITH ALL FAULTS" PHYSICAL CONDITION, WITH NO ADDITIONAL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PHYSICAL CONDITION OF THE WATER MAIN THAT EXTEND BEYOND THE WARRANTIES EXPRESSLY STATED IN THIS AGREEMENT. EXCEPT FOR ANY EXPRESS WARRANTIES STATED IN THIS AGREEMENT, THE WATER MAIN SHALL BE CONVEYED WITH NO EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR USE.**

4.5 Litigation. As of the Execution Date there is no action, suit or proceeding pending or threatened against or affecting Flint before any governmental entity in which there is a reasonable possibility of an adverse decision which could have a material adverse effect upon the ability of Flint to perform its obligations under this Agreement or which in any manner questions the validity of this Agreement.

4.6 Water Main Parts and Equipment. Flint agrees that it will provide to the County Agency any spare parts or equipment which, in the sole discretion of Flint, may only be used exclusively on the Water Main.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE COUNTY AGENCY

The County Agency makes the following representations and warranties to Flint and delivered to Flint on Execution Date, a copy of which is attached hereto:

5.1 Corporate Organization. The County Agency was established pursuant to Act 342 of the Michigan Public Acts of 1939, as amended. As County Agency, it is organized and validly existing under the laws of the State of Michigan and has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

5.2 Authorization. The County Agency has the requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and thereby. This Agreement will constitute a legal, valid and binding obligation of the County Agency, enforceable against the County Agency in accordance with its terms, except as the enforcement thereof may be limited by applicable principles of bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors and subject to general principles of equity.

5.3 No Conflict. The execution, delivery and performance by the County Agency of this Agreement, the compliance by the County Agency with any of the provisions hereof and thereof, and the consummation by the County Agency of the transactions contemplated hereby and thereby: (i) do not violate any Applicable Law; (ii) do not require the consent,

approval, clearance, waiver, order or authorization of any person, organization, or entity; and (iii) do not conflict with, or result in any breach of, or default or loss of any right under (or an event or circumstance that, with notice or the lapse of time, or both, would result in a default), or the creation of any encumbrance pursuant to, or cause or permit the acceleration prior to maturity of any amounts owing under any indenture, mortgage, deed of trust, lease or other agreement to which the County Agency is a party, which failure, violation, conflict or breach would, in the aggregate, materially hinder or impair the consummation of the transactions contemplated by this Agreement.

5.4 Litigation. As of the Execution Date, there is no action, suit or proceeding pending or threatened against or affecting the County Agency before any governmental entity in which there is a reasonable possibility of an adverse decision which could have a material adverse effect upon the ability of the County Agency to perform its obligations under this Agreement or which in any manner questions the validity of this Agreement.

5.5 Due Diligence and Inspection. The County Agency acknowledges that it is being afforded the opportunity to conduct due diligence and investigation with respect to the transaction contemplated by this Agreement. The County Agency represents and warrants that it has conducted any and all such legal, factual, and other examinations, inquiries, investigations, and inspections, including conducting any tests, studies and examinations, that it, in its sole discretion, has determined necessary to complete such due diligence inspection to determine that the subject matter of this Agreement is suitable for the County Agency's intended use.

5.6 Environmental Matters. The County Agency represents and warrants that it has conducted any and all such legal, factual, and other examinations, inquiries, investigations, and inspections, including conducting any tests, studies and examinations, that it, in its sole discretion, has determined necessary to complete such due diligence inspection to have full knowledge of the environmental condition of the subject matter of this Agreement. County Agency shall enter into this Agreement subject to any and all environmental conditions present upon the subject matter of this Agreement.

5.7 Emergency Water Supply. The County Agency warrants that it will provide, to the extent the Detroit Water and Sewerage Department has available capacity treated water through the water main that is the subject matter of this Agreement in an emergency situation to Flint until such time as the Karegnondi Water Authority Water Transmission Pipeline construction is completed (which is estimated to be completed by May 2017) and the Karegnondi Water Authority is providing raw water to its customers.

The emergency supply of treated water to the Flint by the County Agency during the construction of the Karegnondi Water Authority Water Transmission Pipeline shall be at the prevailing rate and any additional charges, fees, special charges, and penalties, as billed by the Detroit Water and Sewerage Department to the County Agency.

If Flint shall need an emergency water supply after the Karegnondi Water Authority Water Transmission Pipeline has been installed and is operational, the County Agency will provide, to the extent the County Agency has available capacity, treated water through the water main that is the subject matter of this Agreement in an emergency situation to Flint. The emergency supply of treated water to Flint by the County Agency after the Water

Transmission Pipeline has been installed and is operational, shall be at the prevailing rate and any additional charges, fees, special charges, and penalties, if applicable, as billed by the Detroit Water and Sewerage Department to the County Agency.

ARTICLE 6
COVENANTS OF FLINT

Flint covenants and agrees with the County Agency as follows:

6.1 Operation and Maintenance of the Water Main until Closing. Between the Execution Date of this Agreement and the Effective Date of this Agreement, Flint shall:

a. Operate the Water Main in the ordinary course of business; and

b. Maintain all books and records relating to the operation of the Water Main in the ordinary course of business; and

c. Fix any known breaks or leaks in the Water Main, except those set forth on **Exhibit F**; and

c. Promptly notify the County Agency of any emergency or other change in the normal course relating to the Water Main (or communications indicating that the same may be contemplated.

6.2 Litigation and Claims. Flint shall promptly inform the County Agency in writing of any Claims of which Flint is or becomes aware that are or might reasonably be expected to become the subject of litigation affecting the Water Main or the transactions contemplated by this Agreement.

6.3 Notice of Changes. Flint shall inform the County Agency in writing if it becomes aware that any representation or warranty made by Flint in this Agreement has ceased to be accurate or if Flint becomes aware of the occurrence of any breach of any covenant or other agreement required by this Agreement to be performed or complied with by Flint.

ARTICLE 7
COVENANTS OF THE COUNTY AGENCY

The County Agency hereby covenants and agrees with Flint as follows:

7.1 Cooperation. Subject to the terms and conditions of this Agreement, the County Agency shall cooperate with Flint to use its best efforts to secure all necessary consents, approvals, authorizations, exemptions and waivers from all persons and entities as shall be requested by Flint or required to be obtained in order to consummate the transactions contemplated hereby.

7.2 Litigation and Claims. The County Agency shall promptly inform Flint in writing of any claims (or communications indicating that the same may be contemplated) of which the County Agency is or becomes aware that are or might reasonably be expected

to become the subject of litigation affecting the Water Main or the transactions contemplated by this Agreement.

7.3 Notice of Changes. The County Agency shall inform Flint in writing if it becomes aware that any representation or warranty made by the County Agency in this Agreement has ceased to be accurate or if the County Agency becomes aware of the occurrence of any breach of any covenant or other agreement required by this Agreement to be performed or complied with by the County Agency.

ARTICLE 8
CONDITIONS AND OBLIGATIONS OF FLINT

The obligations of Flint to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction (or waiver by Flint) on or prior to the Closing of all of the following conditions:

8.1 Accuracy of Representations and Warranties. Except as otherwise noted in this Agreement, the representations and warranties of Flint set forth in this Agreement shall be true and correct in all material respects as of the date when made and as of the Closing.

8.2 Performance of Covenants and Agreements. Flint shall have duly performed and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing. None of the events or conditions entitling the County Agency to terminate this Agreement under Article 10 hereof shall have occurred and be continuing.

8.3 Consents. Any consent required for the consummation of this purchase and sale under any agreement, contract, law, license or other instrument described in any exhibit hereto or referred to herein, or for the continued enjoyment by the County Agency of any benefits of such agreement, contract, license or other instrument after the Closing, which consent Flint is specifically obligated to obtain pursuant to this Agreement shall have been obtained and be effective as set forth in this Agreement.

8.4 Governmental Approvals. All requisite regulatory approvals, if any, shall have been obtained or made and shall be in full force and effect. There shall be no injunction, restraining order or decree of any nature that restrains or prohibits the transactions contemplated by this Agreement.

8.5 No Proceedings. Since the Execution Date of this Agreement, there shall not have been commenced or threatened against Flint, including any proceeding (a) involving any challenge to, or seeking damages or other relief in connection with, the transactions contemplated by this Agreement, or (b) that may have the effect of preventing, delaying, making illegal, imposing limitations or conditions on or otherwise interfering with any of the transactions contemplated by this Agreement.

8.6 Documents. Flint shall have received from the County Agency all of the documents identified in Sections 3.2.a.1, 3.2.a.2, and 3.2.a.3 of this Agreement.

ARTICLE 9
CONDITIONS AND OBLIGATIONS OF THE COUNTY AGENCY

The obligations of the County Agency to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction (or waiver by the County Agency) on or prior to the Closing of all of the following conditions:

9.1 Accuracy of Representations and Warranties. Except as set forth in the Exhibits, the representations and warranties of the County Agency set forth in this Agreement shall be true and correct in all material respects as of the date when made and at and as of the Closing.

9.2 Performance of Covenants and Agreements. The County Agency shall have duly performed and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing. None of the events or conditions entitling the County Agency to terminate this Agreement under Article 10 hereof shall have occurred and be continuing.

9.3 Consents. Any consent required for the consummation of the transactions contemplated by this Agreement under any agreement, contract, license or other instrument described in any schedule or exhibit hereto or referred to herein, which consent the County Agency is specifically obligated to obtain pursuant to this Agreement shall have been obtained and shall be effective as set forth in this Agreement.

9.4 Governmental Approvals. All requisite regulatory approvals shall have been obtained or made and shall be in full force and effect. There shall be no injunction, restraining order or decree of any nature that restrains or prohibits the transactions contemplated by this Agreement.

9.5 No Proceedings. Since the Execution Date of this Agreement, there shall not have been commenced or threatened against the County Agency any proceeding (a) involving any challenge to, or seeking damages or other relief in connection with, the transactions contemplated by this Agreement, or (b) that may have the effect of preventing, delaying, making illegal, imposing limitations or conditions on or otherwise interfering with any of the transactions contemplated by this Agreement.

9.6 Documents. The County Agency shall have received the documents identified in all of the Sections of this Agreement to be provided by Flint.

ARTICLE 10
TERMINATION PRIOR TO CLOSING

10.1 Termination.

a. This Agreement may be terminated at any time prior to the Closing:

1. By the mutual written consent of Flint and the County Agency;

2. By Flint in writing if the County Agency fails to perform any condition, obligation of any provision of this Agreement and fails to correct the non-performance within five (5) days (or other period of time as mutually agreed to by the Parties) of being notified by Flint;

3. By the County Agency in writing if Flint fails to perform any condition, obligation of any provision of this Agreement and fails to correct the non-performance within five (5) days (or other period of time as mutually agreed to by the Parties) of being notified by the County Agency;

4. By Flint if the transaction is not approved by all its governing body, the emergency manager, or the Treasurer of the State of Michigan, if such approval is required;

5. By either Party, if the other Party fails to timely satisfy those conditions set forth in Article 8 or Article 9, as appropriate.

b. This Agreement may be terminated by the County Agency in writing on or before May 1, 2014, if it shall not have been satisfied in its sole discretion with the results of the County Agency's continuing due diligence investigations of the Water Main, including, without limitation, with respect to all operational, financial, environmental, legal and accounting matters.

c. This Agreement may be terminated by either party upon written notice if the Karegnondi Water Authority fails to construct the proposed Water Main from Worth Township to Genesee County.

d. This Agreement may be terminated by either party upon written notice if the cost of construction of the Water Main from Worth Township to Genesee County by the Karegnondi Water Authority exceeds the limitations set forth in the Financing Agreement between the Karegnondi Water Authority, Flint, and the County Agency. A unit is defined as one million gallon per day, U.S. Liquid Measure.

e. In the event of any termination pursuant to this Article 10, any amounts paid by the County Agency to Flint or from Flint to the County Agency shall be refunded within thirty (30) days. In the event that either party to this Agreement fails to refund any amounts paid within thirty (30) days, the amount due and owing shall

accumulate interest at the rate of 1.5% per month, until such time as the debt is paid.

10.2 Effect on Obligations. Termination of this Agreement pursuant to this Article 10 shall terminate all obligations of the Parties hereto; provided, however, that termination pursuant to Sections 10.a.2 or 10.a.3 hereof shall not relieve any defaulting party from any liability to the other party hereto resulting from such failure to perform. Notwithstanding the foregoing, any and all existing agreements (other than this Agreement) between Flint and the County Agency which are related to the Water Main shall remain in full force and effect following any termination of this Agreement unless and until such existing agreements are otherwise terminated pursuant to the terms thereof.

ARTICLE 11
TERMINATION AFTER CLOSING BY COUNTY AGENCY

This Agreement may be terminated at the sole discretion of the County Agency after Closing, if Flint fails to provide the County Agency with an easement, license, or similar document for the portion of the Water Main that is located on private property as identified in **Exhibit D,** prior to Friday, June 30, 2015, unless Flint has filed an action in a court of competent jurisdiction to condemn the property or a portion of the property necessary to ensure that the County Agency has access to the Water Main under the private property to replace, repair, maintain, or perform any other action commonly associated with the ownership of a water main.

In the event of a termination by the County Agency pursuant to this ARTICLE 11, the County Agency shall be entitled to a complete refund or repayment of any amounts paid to Flint pursuant to ARTICLE 2, Section 2.4 of this Agreement. If this Agreement is terminated by the County Agency for any reason set forth herein, then Flint shall immediate become responsible for the operation, maintenance and administration of the Water Main beginning at 12:01 a.m. (local time) the next business day after the notice of termination is received by Flint.

After the County Agency receives all amounts to be refunded or repaid by Flint as set forth in the preceding paragraph, the County Agency shall execute any and all documents necessary to return title to the Water Main to Flint. Additionally, the County Agency shall assign or transfer any property easements and execute any other documents necessary to fully transfer the Water Main back to Flint as if this Agreement did not exist. Flint shall be responsible for all costs of recording the documents and any closing costs in the event of a termination pursuant to this ARTICLE 11 by the County Agency.

ARTICLE 12
REMEDIES FOR BREACHES OF THIS AGREEMENT

12.1 Survival of Representations and Warranties. All of the representations, warranties and covenants of the County Agency and Flint contained in this Agreement and the Exhibits

hereto shall survive the Closing and continue in full force and effect forever thereafter (subject only to any applicable statutes of limitations applicable to their breach).

12.2 Remedies Generally. It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies existing at law or in equity may be availed of by any Party hereto and shall be cumulative. The Parties agrees that failure in the performance of this Agreement cannot be adequately compensated in money damages alone. In the event of any default by a Party, the other Party shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies which may also be available. No waiver or waivers of any breach or default (or any breaches or defaults) by any Party hereto or of performance by any other Party of any duty or obligation hereunder shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character or description, under any circumstance.

12.3 Remedies for Breach of Representations, Warranties and Covenants. If a Party sustains any losses because the representations or warranties provided by the other Party are incorrect or untrue or because the other Party has breached its covenants given herein, the other Party shall be liable for all losses incurred by the Party to cure such representations, warranties or covenants, including attorney fees. In addition or in the alternative, the Party may require the other Party to take such actions as required to cure such misrepresentations, warranties or breached covenants, within three (3) months or other amount of time mutually agreed to by the Parties.

12.4 Limitations on Certain Remedies.

a. The injured Party will take reasonable steps to mitigate all losses relating to a claim, including availing itself of any defenses, limitations, and will provide such evidence and documentation of the nature and extent of a claim as may be reasonably requested by the other Party. The injured Party's reasonable steps include the reasonable expenditure of money to mitigate or otherwise reduce or eliminate any loss or expense for which a remedy would otherwise be due under this ARTICLE 12, and the reimbursing Party will reimburse the injured Party for the injured Party's reasonable expenditures, including attorney fees and costs.

b. Notwithstanding anything contained to the contrary in any other provision of this Agreement, except in cases of a Party's gross negligence, willful misconduct or fraud, the obligations of each Party under Sections 12.2 and 12.3, and the recovery by any injured Party of any liabilities suffered or incurred by it as a result of any breach or non-fulfillment by a Party or any of its representations, warranties, covenants, agreements or other obligations under this Agreement, shall be limited to actual damages.

12.5 Survival of Remedies. The rights and obligations to remedies given in this Article 11 shall survive the Closing indefinitely.

ARTICLE 13
TERMINATION OF WATER SUPPLY CONTRACTS, AMENDMENTS, AND WAIVER OF NOTICE TO TERMINATE

Flint and Genesee County by and through its Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, have executed several Agreements in the past that shall be affected upon the execution of this Agreement. By executing this Agreement, Flint and the Genesee County by and through its Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, hereby expressly mutually terminate the following agreements in their entirety and further expressly waive any notice provisions set forth therein:

1. Agreement between the CITY OF FLINT, a Michigan Home Rule City Corporation and the COUNTY OF GENESEE, a Michigan County Corporation, by and through the Genesee County Drain Commissioner, having been designed as such by appropriate legislation in compliance with Act 342 of the Public Acts of 1939, and any subsequently named Agent for the County of Genesee dated June 28, 1972 (hereinafter "Water Agreement"); and

2. Agreement to amend the Water Agreement dated March 5, 1981; and

3. SUPPLEMENTAL AGREEMENT AND AMENDMENT TO CITY/COUNTY WATER AGREEMENT, dated March 31, 1988; and

4. AGREEMENT between the CITY OF FLINT, a Michigan municipal corporation, and the GENESEE COUNTY DRAIN COMMISSIONER, a designated County Agency dated February 20, 2001; and

5. 3rd AMENDMENT TO 1973 CITY/COUNTY WATER SUPPLY AGREEMENT, dated October 21, 2003, between the City of Flint, a Michigan municipal corporation and the County of Genesee, a political subdivision of the State fo Michigan and the Genesee County Dain Commissioner, the County Agency designated by the Genesee County Board of Commissioners pursuant to Act 342 of the Public Acts of 1939, as amended; and

6. 4th AMENDMENT TO 1973 CITY/COUNTY WATER SUPPLY AGREEMENT, dated December 30, 2011, between the City of Flint, a Michigan municipal corporation and the County of Genesee, a political subdivision of the State of Michigan by and through the Genesee County Drain Commissioner, the County Agency designated by the Genesee County Board of Commissioners pursuant to Act 342 of the Public Acts of 1939, as amended.

7. Any other Agreement or part of Agreement that directly conflicts with this Agreement and the intent contained therein as mutually agreed upon in writing by the parties hereto.

ARTICLE 14
MISCELLANEOUS

14.1 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated there under, unless the context requires otherwise. The word "including" shall mean including without limitation.

14.2 Incorporation of Exhibits. The following Exhibits attached hereto are incorporated herein by reference and made a part hereof:

Exhibit A: Description of Water Main

Exhibit B: Rights of way and easements held by Flint

Exhibit C: Real property occupied by the Water Main

Exhibit D: Flint's disclosure of real property occupied by the Water Main that Flint does not have the necessary transferable easement or real property rights for the use, routine, operation, and maintenance of the Water Main

Exhibit E: Flint's disclosure of any breaks or leaks in the Water Main that are known by Flint and that have not been repaired

14.3 Entire Agreement. This Agreement constitutes the sole understanding of the Parties hereto with respect to the matters provided for herein and supersedes any previous agreements and understandings between the Parties with respect to the subject matter hereof. No amendment, modification or alteration of the terms or provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by Flint and the County Agency and in compliance with Section 14.9.

14.4 Successors and Assigns. This Agreement will inure to the benefit of and be binding upon Flint and the County Agency and their respective successors and assigns. This Agreement and any of the rights, interests or obligations hereunder may be assigned by either Party hereto without the prior written consent of the other Party hereto.

14.5 Invalidity. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the practical, economic and legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination

that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible. Invalid provisions shall be severed from this Agreement.

14.6 Counterparts; Facsimile Signatures. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument. This Agreement may be executed by facsimile signatures that shall be considered originals.

14.7 Headings. The headings of the articles, sections and paragraphs of this Agreement and of the Exhibits hereto are included for convenience of reference only and in no way define, limit or describe the scope of intent of any provision of this Agreement.

14.8 Construction and References. Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. Unless otherwise specified, all references in this Agreement to articles, sections, paragraphs or clauses are deemed references to the corresponding articles, sections, paragraphs or clauses in this Agreement, and all references in this Agreement to exhibits are references to the corresponding exhibits attached to this Agreement.

14.9 Modification and Waiver. Any of the terms or conditions of this Agreement may be waived in writing at any time by the Party that is entitled to the benefits thereof. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provisions hereof (whether or not similar). Oral modifications of this Agreement are not permitted. Modification or amendment of this Agreement shall require the written approval of the Genesee County Drain Commissioner and the Flint City Council.

14.10 Addresses and Notice. Unless otherwise provided herein, any notice, communication, request, reply or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner described above shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to Flint, to:

City of Flint
Attn: CHIEF LEGAL OFFICER
1101 South Saginaw Street
Flint, Michigan 48502

If to the County Agency, to:

Genesee County Drain Commissioner's Office
Division of Water and Waste Services
Attn: Drain Commissioner
G-4610 Beecher Road
Flint, Michigan 48532

The Parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days written notice to the other party hereto.

14.11 Governing Law; Interpretation. This Agreement shall be construed in accordance with and governed by the laws of the State of Michigan. The Parties hereto (a) consent to the personal jurisdiction of the state courts located in Flint, Michigan or federal courts located in Southeastern Michigan in connection with any controversy related to this Agreement including, but not limited to, counterclaims or third party demands raised as a result of third party counterclaims initiated in any other jurisdiction; (b) waive any argument that venue in any such forum is not convenient; (c) agree that any litigation initiated by the County Agency or Flint in connection with this Agreement may be brought in either the state court located in Flint, Michigan or federal court located in Detroit, Michigan; and (d) agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

14.12 No Third-Party Beneficiaries. This Agreement is not intended to confer upon any person or entity, other than the Parties hereto, any rights or remedies of any kind or nature whatsoever.

14.13 Freedom of Information Act Requests. Flint agrees that if it receives a request for any documents relating to this Agreement, including Freedom of Information Act requests, Flint shall forward a copy of the request to the County Agency.

The County Agency agrees that if it receives a request for any documents relating to this Agreement, including Freedom of Information Act requests, the County Agency shall forward a copy of the request to Flint.

14.14 Interpretation. For purposes of interpretation of this Agreement, neither the County Agency nor Flint shall be deemed to have been the drafter of this Agreement.

14.15 Negotiated Agreement. This Agreement has been prepared and negotiations have occurred in connection with said preparation pursuant to the joint efforts of the Parties. This Agreement therefore shall not be construed against any Party to this Agreement.

ARTICLE 15
INDEMNIFICATION/HOLD HARMLESS

If at any time while Flint is securing legal access to any property identified in Exhibit D a the Water Main malfunctions, leaks, or requires the County Agency to enter onto the property to repair the Water Main or perform another necessary service, and in the opinion of the County Agency the malfunction or leak may wait until access to the property is secured, Flint shall indemnify/hold harmless the County Agency for any water loss, damage, and/or environmental issues that may result from the malfunction or leak.

Any amount of water loss shall be determined by the County Agency with the assistance of Flint. The amount of loss shall be based on past experiences and practice. The County Agency shall invoice Flint for the total loss from the date the malfunction or leak was discovered until the repair has been completed. Flint shall timely pay the invoice pursuant to the terms stated in the invoice.

If the Water Main malfunction or leak requires immediate entry onto the property identified in Exhibit D, Flint shall provide all of the necessary resources necessary, including, but not limited to, an immediate payment for an easement, immediately filing an action for condemnation, or requesting a court of competent jurisdiction to provide a right of entry, to secure legal access to the property to repair any malfunction or leak.

It is expressly understood by the Parties hereto, that until such time as Flint secures access to the property identified in Exhibit D, Flint shall be responsible for any and all loss that is the result of a malfunction or break of the Water Main under the property identified in Exhibit D.

In Witness Whereof, the Parties hereto have executed this Agreement as of the date first above written.

COUNTY AGENCY

By: _____
Jeff Wright, Genesee County Drain Commissioner, County Agency

ATTEST:

By: _____

(OFFICIAL SEAL)

APPROVED AS TO FORM AND LEGALITY:

By: _____
Kevin K. Kilby, Counsel for the County Agency

FLINT

By: _____
Dayne Walling, Mayor of the City of Flint

FLINT

By: _____
Darnell Earley, Emergency Manager

ATTEST:

By: _____
Inez M. Brown, Clerk of the City of Flint

(OFFICIAL SEAL)

APPROVED AS TO FORM:

By: _____
Name and Title:

This Contract was prepared by:
McGraw Morris P.C.
Attorney Kevin Kilby (P68599)
2075 West Big Beaver Road
Suite 750
Troy, Michigan 48084
(248) 502-4000
kkilby@mcgrawmorris.com

Exhibit A

Description of Water Main

[LIMITED TO PORTION OF 72" PIPELINE AND APPURTENANCES FROM THE DWSD CONNECTION AT BAXTER ROAD AND POTTER ROAD, WEST TO THE PROPOSED 36 INCH KWA CONNECTION AT CENTER AND PIERSON ROAD]

Exhibit B

Rights of way and easements held by Flint

Exhibit C

Real property occupied by the Water Main

Exhibit D

Flint's disclosure of real property occupied by the Water Main that Flint does not have the necessary transferable easement or real property rights for the use, routine, operation, and maintenance of the Water Main

Exhibit E:

Flint's disclosure of any breaks or leaks in the Water Main that are known by Flint and that have not been repaired.

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, May 02, 2014 2:33 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Dempkowski, Angela (Treasury)
Subject: Fwd: DWSD
Attachments: Earley letter (5-2-14).pdf; ATT00001.htm

For the files

Sent from my iPad

Begin forwarded message:

> **From:** Wendy Mullins <WMullins@OttenwessLaw.com>
> **Date:** May 2, 2014 at 2:29:07 PM EDT
> **To:** "'dearley@cityofflint.com'" <dearley@cityofflint.com>, "'jwright@co.genesee.mi.us'" <jwright@co.genesee.mi.us>, "'orrk@detroitmi.gov'" <orrk@detroitmi.gov>, "'koester@dwsd.org'" <koester@dwsd.org>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "'kkilby@mcgrawmorris.com'" <kkilby@mcgrawmorris.com>, "'achubb@cityofflint.com'" <achubb@cityofflint.com>, "'mccormick@dwsd.org'" <mccormick@dwsd.org>
> **Subject: DWSD**
>
> Good afternoon-
>
> Attached please find correspondence from Mr. Schenk.
>
> Thank you.
>
> **Wendy J. Mullins**
> OTTENWESS, TAWEEL & SCHENK, PLC
> The Buhl Building
> 535 Griswold Street, Suite 850
> Detroit, MI 48226
> (313) 965-2121, ext. 219
> (313) 965-7680- Fax
>
> *This electronic message and all contents contain information from the law firm of Ottenwess, Taweel & Schenk, PLC which may be privileged, confidential or otherwise protected from disclosure. The information is intended to be for the addressee only. If you are not the addressee, any disclosure, copy, distribution or use of the contents of this message is prohibited. If you have received this electronic message in error, please notify us immediately and destroy the original message and all copies.*

OTTENWESS, TAWEEL & SCHENK, PLC

ATTORNEYS AT LAW

The Buhl Building
535 Griswold, Suite 850
Detroit, MI 48226
(313) 965-2121
(313) 965-7680
www.ottenwesslaw.com

David M. Ottenwess
A. Tony Taweel
Matthew A. Schenk
Stephanie P. Ottenwess
John R. Monnich
Joseph A. Campbell

Matthew A. Schenk
Direct Dial (313) 965-2121 ext. 214
E-Mail: mschenk@ottenwesslaw.com

May 2, 2014

Mr. Darnell Earley, ICMA-MC, MPA
Emergency Manager
City of Flint
1101 S. Saginaw Street
Flint, MI 48502

RE: Your letter of April 29, 2014 to Mr. Kevyn Orr

Mr. Earley,

I am in receipt of your letter of April 29, 2014 addressed to Detroit's Emergency Manager, Mr. Kevyn Orr. In that letter, you indicated that Flint stopped using DWSD water as of that date and that "City officials have closed multiple valves within our infrastructure so that our system is now completely isolated from DWSD infrastructure."

I am writing this letter to confirm the information discussed in a conference call with Deputy City Attorney, Mr. Anthony Chubb, and representatives of the Genesee County Drain Commissioner's Office on May 1, 2014. During that call, as we reviewed flow data from the DWSD FL-01 meter, it was acknowledged that Flint continued to use DWSD water through April 30, 2014. As a result, DWSD will bill the City of Flint for water usage through the end of April as opposed to the earlier date indicated within your letter.

Since that time, DWSD has worked with the Genesee County Drain Commissioner's Office to confirm the closure of valves associated with Flint's usage of DWSD water.

Should you have any questions regarding this matter, please do not hesitate to contact me.

Very Truly Yours,

Ottenwess, Taweel & Schenk, PLC

Matthew Schenk

Cc: Hon. Jeff Wright, Genesee County Drain Commissioner
Mr. Kevyn Orr, Detroit Emergency Manager
Ms. Sue McCormick, Director DWSD
Ms. Laurie Koester, DWSD Associate General Counsel
Mr. Wayne Workman, Deputy Treasurer, State of Michigan
Mr. Kevin Kilby, Esq., GCDC
Mr. Anthony Chubb, Flint Deputy City Attorney

Lamphier, Wendy (Treasury)

From: Gelisse, Ashley (TREASURY)
Sent: Friday, May 02, 2014 2:34 PM
To: Workman, Wayne (TREASURY)
Cc: Vandegrift, Drew (TREASURY);Byrne, Randall (Treasury);Koryzno, Edward (Treasury);Dempkowski, Angela (Treasury)
Subject: RE: City of Flint / Genesee County Drain Commissioner Transmission Main Agreement

Follow Up Flag: Follow up
Flag Status: Flagged

Just Treasurer.

From: Workman, Wayne (TREASURY)
Sent: Friday, May 02, 2014 2:34 PM
To: Gelisse, Ashley (TREASURY)
Cc: Vandegrift, Drew (TREASURY); Byrne, Randall (Treasury); Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury)
Subject: Re: City of Flint / Genesee County Drain Commissioner Transmission Main Agreement

Governor also? Or just Treasurer?

Sent from my iPad

On May 2, 2014, at 2:28 PM, "Gelisse, Ashley (TREASURY)" <GelisseA@michigan.gov> wrote:

> Yes, after city council, please.
>
> ---
>
> **From:** Vandegrift, Drew (TREASURY)
> **Sent:** Friday, May 02, 2014 2:28 PM
> **To:** Gelisse, Ashley (TREASURY); Workman, Wayne (TREASURY); Byrne, Randall (Treasury)
> **Cc:** Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury)
> **Subject:** RE: City of Flint / Genesee County Drain Commissioner Transmission Main Agreement
>
> Sounds good! I note that because this is a 12(1)(r) situation, the plan for sale must go to city council per section 19. If the council disapproves and offers their own counter-proposal, this matter could go to the ELB. Should we wait for the city to sort out its section 19 action before seeking treasurer approval?
>
> Randy spoke today with City attorney Chubb who is going to submit this plan to council soon
>
> --DDV
>
> ---
>
> **From:** Gelisse, Ashley (TREASURY)
> **Sent:** Friday, May 02, 2014 2:10 PM
> **To:** Vandegrift, Drew (TREASURY); Workman, Wayne (TREASURY); Byrne, Randall (Treasury)
> **Cc:** Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury)
> **Subject:** RE: City of Flint / Genesee County Drain Commissioner Transmission Main Agreement
>
> Thanks, Drew.

A memo may still be helpful, as it sounds like the Treasurer will have to grant a waiver of competitive bidding. Typically, he requests a copy of the appraisal, contract, and a cover memo from the city with a brief synopsis of the deal & associated approval being requested.

Hope this helps!

From: Vandegrift, Drew (TREASURY)
Sent: Friday, May 02, 2014 2:08 PM
To: Workman, Wayne (TREASURY); Byrne, Randall (Treasury)
Cc: Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury); Gelisse, Ashley (TREASURY)
Subject: RE: City of Flint / Genesee County Drain Commissioner Transmission Main Agreement

I approached Ashley about the sufficiency of the F&O language. She took the matter to Fred, who determined that the mention in the Plan was enough. Ashley's and my correspondence is reproduced below for ease of review.

-DDV

Drew

I agree with everything you've outlined below. You're correct that if there was no competitive bidding process the Treasurer's approval would still be needed. I'm curious as to why it wasn't bid out somehow though … maybe just too few buyers.

Anyhow, Fred and I spoke about this today and he agrees that the mention in the F&O plan, such as it is, is sufficient. After some discussion, we'd recommend a two-pronged approach going forward:

- Amend the PA 436 guidance document (the one I sent to you yesterday) to clarify that OFR expects to be kept up to date on projects mentioned in the F&O plan as they develop. This can be done via memo, meeting, or in the weekly calls that OFR has with the EMs. Absent such updates, OFR may still require separate approval under PA 436.

- If an EM is not willing to share information, or if they aren't as politically savvy as one may hope (to be clear, I don't think this is a problem with the current EMs, just thinking worst-case scenario), OFR may additionally require that the F&O plan be updated on a more regular basis to ensure that the necessary details are included therein.

I hope this is helpful. Thanks.

Ashley

From: Workman, Wayne (TREASURY)
Sent: Friday, May 02, 2014 2:02 PM
To: Byrne, Randall (Treasury)
Cc: Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury); Vandegrift, Drew (TREASURY); Gelisse, Ashley (TREASURY)
Subject: Re: City of Flint / Genesee County Drain Commissioner Transmission Main Agreement

We should prepare a memo outlining what took place with mention of the appraisal. Given the vague reference to the sale in the F and O Plan, Should this be approved by the Governor?

Sent from my iPad

On May 2, 2014, at 1:30 PM, "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov> wrote:

Wayne and Ed:

This is a copy of the proposed sale agreement for the Flint Waterline. The attorney, Mr. Chubb is proceeding to send this to the City Council for approval. Please let me know if you have any questions.

Thanks,
Randy,

From: Anthony Chubb [mailto:achubb@cityofflint.com]
Sent: Friday, May 02, 2014 1:24 PM
To: Byrne, Randall (Treasury)
Cc: Kevin K. Kilby
Subject: City of Flint / Genesee County Drain Commissioner Transmission Main Agreement

Mr. Byrne,

It was good to speak with you today. Per your request, attached please find the proposed sale agreement. Should you have any questions or concerns, please do not hesitate to contact Kevin or me about it.

--
Anthony Chubb
Deputy City Attorney
City of Flint
1101 S. Saginaw Street, 3rd Floor
Flint, MI 48502

(810) 237-2078

<Water Main Sale Agreement Submitted to Treasury May 2 2014.doc>

Lamphier, Wendy (Treasury)

From: Gelisse, Ashley (TREASURY)
Sent: Friday, May 02, 2014 2:39 PM
To: Workman, Wayne (TREASURY)
Cc: Vandegrift, Drew (TREASURY);Byrne, Randall (Treasury);Koryzno, Edward (Treasury);Dempkowski, Angela (Treasury)
Subject: RE: City of Flint / Genesee County Drain Commissioner Transmission Main Agreement

Follow Up Flag: Follow up
Flag Status: Flagged

Agree, that will do the trick. Thanks!

From: Workman, Wayne (TREASURY)
Sent: Friday, May 02, 2014 2:37 PM
To: Gelisse, Ashley (TREASURY)
Cc: Vandegrift, Drew (TREASURY); Byrne, Randall (Treasury); Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury)
Subject: Re: City of Flint / Genesee County Drain Commissioner Transmission Main Agreement

We have the appraisal and there is only one possible buyer so a competitive process could not work. We just need to lay it out in the memo.

Sent from my iPad

On May 2, 2014, at 2:10 PM, "Gelisse. Ashley (TREASURY)" <GelisseA@michigan.gov> wrote:

> Thanks. Drew.
>
> A memo may still be helpful, as it sounds like the Treasurer will have to grant a waiver of competitive bidding. Typically, he requests a copy of the appraisal, contract, and a cover memo from the city with a brief synopsis of the deal & associated approval being requested.
>
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>
> **From:** Vandegrift, Drew (TREASURY)
> **Sent:** Friday, May 02, 2014 2:08 PM
> **To:** Workman, Wayne (TREASURY); Byrne, Randall (Treasury)
> **Cc:** Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury); Gelisse, Ashley (TREASURY)
> **Subject:** RE: City of Flint / Genesee County Drain Commissioner Transmission Main Agreement
>
> I approached Ashley about the sufficiency of the F&O language. She took the matter to Fred, who determined that the mention in the Plan was enough. Ashley's and my correspondence is reproduced below for ease of review.
>
> -DDV
> ---
> Drew

I agree with everything you've outlined below. You're correct that if there was no competitive bidding process the Treasurer's approval would still be needed. I'm curious as to why it wasn't bid out somehow though ... maybe just too few buyers.

Anyhow, Fred and I spoke about this today and he agrees that the mention in the F&O plan, such as it is, is sufficient. After some discussion, we'd recommend a two-pronged approach going forward:

- Amend the PA 436 guidance document (the one I sent to you yesterday) to clarify that OFR expects to be kept up to date on projects mentioned in the F&O plan as they develop. This can be done via memo, meeting, or in the weekly calls that OFR has with the EMs. Absent such updates, OFR may still require separate approval under PA 436.

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I hope this is helpful. Thanks.

Ashley

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Sent: Friday, May 02, 2014 2:02 PM
To: Byrne, Randall (Treasury)
Cc: Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury); Vandegrift, Drew (TREASURY); Gelisse, Ashley (TREASURY)
Subject: Re: City of Flint / Genesee County Drain Commissioner Transmission Main Agreement

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Sent from my iPad

On May 2, 2014, at 1:30 PM, "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov> wrote:

> Wayne and Ed:
>
> This is a copy of the proposed sale agreement for the Flint Waterline. The attorney, Mr. Chubb is proceeding to send this to the City Council for approval. Please let me know if you have any questions.
>
> Thanks,
> Randy,
>
> **From:** Anthony Chubb [mailto:achubb@cityofflint.com]
> **Sent:** Friday, May 02, 2014 1:24 PM
> **To:** Byrne, Randall (Treasury)
> **Cc:** Kevin K. Kilby
> **Subject:** City of Flint / Genesee County Drain Commissioner Transmission Main Agreement
>
> Mr. Byrne,

It was good to speak with you today. Per your request, attached please find the proposed sale agreement. Should you have any questions or concerns, please do not hesitate to contact Kevin or me about it.

--
Anthony Chubb
Deputy City Attorney
City of Flint
1101 S. Saginaw Street, 3rd Floor
Flint, MI 48502

(810) 237-2078

<Water Main Sale Agreement Submitted to Treasury May 2 2014.doc>

Byrne, Randall (Treasury)

From:	Maxine Murray <mmurray@cityofflint.com>
Sent:	Tuesday, May 13, 2014 9:20 AM
To:	Byrne, Randall (Treasury); Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); West, Samantha (GOV); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Larkin, Brian (GOV); Darnell Earley; Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject:	Conference Call Agenda May 14, 2014
Attachments:	Agenda 051414 Conf Call.pdf

Good morning,

Please find attached the agenda for the Wednesday, May 14th conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am Phone Conference Agenda
May 14, 2014

1) **Public Safety Update – FPD, MSP, (FFD, if needed)**
   a) FFD - MIOSHA citation update
   Chief Cox reports that everything is ok with the ventilation system and all the firefighters should be tested within two weeks.

   b) Public Safety Study – contract has been signed, approximately six months until final report received.

   c) Other update from Chief Tolbert and MSP

2) **Governor's Office Update - Rich, Baird, H. Hollins**

3) **Lawsuits – Status, Issues**
   a) Kincaid v City of Flint – see attachment.

   b) Retiree Lawsuit - Contact from plaintiffs' attorney? Status of E&Y "Ability to Pay" analysis?

4) **Financial Update**
   a) Budget was prepared and presented to Council on Wednesday, April 30. Department reviews by Council are now underway.

   b) Rep. Phil Phelps proposed a budget amendment which would send money to Flint for public safety. Phelps is proposing $5 million. On May 8th State Sen. Jim Ananich offered a proposal on the Senate floor to prevent police and fire layoffs in Flint. This was voted down.

   c) FPD is also investigating the potential for any waivers on the COPS grants – matches and/or retention.

   d) COF is implementing the 80/20 premium share and open enrollment is underway for both active employees and pre-65 retirees.

5) **City Council Update**
   a) Council and Mayor attended an Ethics and Parliamentary Procedure Training on May 7th. This training was provided by Michigan Municipal League.

b) Guidelines for handling disorderly conduct during Council or Committee meetings have been clarified for the Council President and for the FPD.

c) Finance and Administration budget committee meetings have been lengthy but are progressing. Committee has been meeting as a committee of the whole.

6) **Blue Ribbon Committee on Governance**
   a) BRC is now holding public workshops, one completed last week and two more are scheduled. Expect to complete final report in June.

7) **Water Issues**
   a) The City received written notification from the DEQ that no back-up water service contract is required. Notification has been made to DWSD.

   b) The Water Treatment Plant has been operating very well.

   c) Pipeline Sale to GCDC – status?

8) **Other Items**

1) Attachment – communication from P. Bade

[redacted]1, access code[redacted]

Created on: 05/09/14

CITY OF FLINT
LEGAL DEPARTMENT
MEMORANDUM

Confidential communications between Attorney and Client are privileged, and may not be disclosed without approval of the Law Department; furthermore all notes, opinions and impressions contained in this memorandum are considered confidential work product.

TO: Darnell Earley, Emergency Manager

FROM: Peter M. Bade, Chief Legal Officer

RE: Kincaid, Poole, et. al. v. City of Flint

DATE: May 12, 2014

There have been three (3) separate lawsuits filed by Plaintiffs, two in state court and the most recent in federal court, each alleging the City failed to follow its own ordinances when raising water and sewer rates. The Michigan Court of Appeals dismissed the initial claim.

In the second state court case, Genesee County Circuit Court Judge Richard Yuille granted summary disposition to the City based upon a motion arguing that, assuming arguendo the City did fail to follow its own ordinances, the EM ratified the rates thereafter pursuant to his statutory power, which rendered their argument moot. Plaintiffs' motion for reconsideration was denied. Plaintiffs have filed an appeal that is currently pending in the Michigan Court of Appeals.

On appeal, the Plaintiffs are asserting 1. That the grant of summary was inappropriate because Act 4 does not allow an EM to retroactively ratify prior actions, and 2. that Judge Yuille improperly relied upon an auditor's affidavit in granting motion in violation of C(8) (which allows only for reliance upon the pleadings). He is seeking remand for further proceedings.

We believe these claims are wholly without merit. Even if there was a period in which the rates charged were illegally set, there is no cause of action to recoup those funds (and even if there was, we'd pay the judgment by raising the water rates), and the reliance upon the affidavit is a mischaracterization of dicta in Judge Yuille's opinion.

Last week the City was served with the third lawsuit that was filed in federal court. The federal case essentially restates the state court claims. Plaintiffs brought suit under 42 USC 1983 alleging a protectable due process property interest in receiving water at a certain rate, the contours of which are defined by state and local law, and that they were deprived of that right. We've found no federal case that has recognized this type of action. We have a strong possibility of getting the case dismissed on qualified immunity grounds, as there was no "clearly established" constitutional right being violated here and Plaintiffs have pursued adequate state law remedies and thus far failed.

Pursuant to FRCP 6(b)(1)(A), we have requested Plaintiffs concur in a 12(b)(6) motion to dismiss and for costs. Among other grounds, the motion will assert qualified immunity; a Monell defense to municipal liability; the failure to allege a recognized constitutionally protected property interest; the failure to allege deprivation of any protected interest; the existence of an adequate state remedy barring 1983 relief; that the Michigan Constitution does not authorize claims for money damages; and that the federal court action has already been litigated in state court unsuccessfully barring 1983 relief and the doctrine of constitutional avoidance.

S:\P. Bade\EM2014\Memos\Earley.Memo.05.12.14.Kincaid.v.COF.status.doc

Koryzno, Edward (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Monday, May 19, 2014 9:28 PM
Subject: PRESS RELEASE: Emergency Manager Statement Re: Pipeline Proposal Rejection
Attachments: EM Statement on Pipeline Proposal Rejection.pdf

For Immediate Release

Emergency Manager Darnell Earley Statement on City Council's Rejection of Pipeline Sale Proposal

Flint, Michigan – May 19, 2014 – **Flint Emergency Manager Darnell Earley has released the following statement in regard to the Flint City Council's 7-2 rejection of the sale of the 9 mile segment of pipeline sought by the Genesee County Drain Commissioner:**

"I look forward to seeing the City Council's alternative proposal for the sale of this asset, as required by Public Act 436, which will net the city $3.9 million or more for an asset which is no longer necessary to the City of Flint but which gives the city more options in managing its $12.9 million deficit. "

-Darnell Earley, ICMA-CM, MPA

Emergency Manager,

City of Flint

–END–

-Jason Lorenz
Public Information Officer

City of Flint
(810) 237-2039
jlorenz@cityofflint.com

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Tuesday, May 20, 2014 9:19 AM
To: Workman, Wayne (TREASURY); Darnell Earley
Cc: Dempkowski, Angela (Treasury)
Subject: RE: Sale of the Pipeline

How about 4:00 pm today?

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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Thank you

From: Workman, Wayne (TREASURY)
Sent: Monday, May 19, 2014 9:45 PM
To: Darnell Earley
Cc: Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury)
Subject: Re: Sale of the Pipeline

I am traveling till Thursday night but maybe we can connect late afternoon Tuesday or Wednesday.

Sent from my iPhone

On May 19, 2014, at 8:56 PM, "Darnell Earley" <dearley@cityofflint.com> wrote:

> The Flint City Council voted 7 to 2 to disapprove the sale of the pipeline to Genesee County. We can talk more tomorrow but I need your support on dealing with councilman Mays, as prescribed on PA 436.
>
> DE

Koryzno, Edward (Treasury)

From: Darnell Earley <dearley@cityofflint.com>
Sent: Tuesday, May 20, 2014 9:31 AM
To: Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury)
Subject: Re: Sale of the Pipeline

4 doesn't work for me.

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Flint, MI

On Tue, May 20, 2014 at 7:02 AM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:
We will to get the Council alternative, if any and take it to the ELB.

Sent from my iPad

On May 19, 2014, at 8:56 PM, "Darnell Earley" <dearley@cityofflint.com<mailto:dearley@cityofflint.com>> wrote:

The Flint City Council voted 7 to 2 to disapprove the sale of the pipeline to Genesee County. We can talk more tomorrow but I need your support on dealing with councilman Mays, as prescribed on PA 436.

DE

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, May 21, 2014 2:48 PM
To: Byrne, Randall (Treasury); Carpenter, Brian (TREASURY); Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury)
Subject: Fwd: EY Invoice - City of Flint
Attachments: image001.gif; ATT00001.htm; EY Invoice - City of Flint - 2014-05-21.pdf; ATT00002.htm

FYI

Sent from my iPhone

Begin forwarded message:

> **From:** Deven V Patel <Deven.Patel@ey.com>
> **Date:** May 21, 2014 at 2:34:15 PM EDT
> **To:** Darnell Earley <dearley@cityofflint.com>
> **Cc:** Gerald Ambrose <gambrose@cityofflint.com>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, Juan Santambrogio <Juan.Santambrogio@ey.com>, Gaurav Malhotra <Gaurav.Malhotra@ey.com>
> **Subject: EY Invoice - City of Flint**
>
> Mr. Earley,
>
> Please reference attached for our second invoice based on the agreed fees and expenses pursuant the EY's November Statement of Work. This represents 50% of agreed fees and expenses for work related to the Hurley valuation, the five year forecast, and the assessment of the water/sewer systems for the City of Flint.
>
> Best,

Ernst & Young LLP
200 Plaza Drive
Secaucus, NJ 07094

INVOICE NUMBER: US0131055512

May 19, 2014

PLEASE REMIT TO:
Ernst & Young LLP
Pittsbg Ntnl Bnk - Pitt 640382
P.O. Box 640382
Pittsburgh, PA 15264-0382
[redacted]

City of Flint
Attention: Mr. Darnell Earley
Emergency Manager
cc: Mr. Wayne Workman, State of Michigan
1101 S. Saginaw Street
Flint, MI 48502

BU: **US002** CLIENT NUMBER: **61056759**

Professional services pursuant to our Statement of Work dated November 21, 2013.

Fees	$125,000
Expenses	5,000
Total Due	**$130,000**

PLEASE PAY BY INVOICE NUMBER AND ENCLOSE REMITTANCE ADVICE
Due Upon Receipt

CLIENT COPY

REMITTANCE ADVICE

INVOICE NUMBER: US0131055512

May 19, 2014

PLEASE REMIT TO:
Ernst & Young LLP
Pittsbg Ntnl Bnk - Pitt 640382
P.O. Box 640382
Pittsburgh, PA 15264-0382

EIN: [redacted]

City of Flint
Attention: Mr. Darnell Earley
Emergency Manager
cc: Mr. Wayne Workman, State of Michigan
1101 S. Saginaw Street
Flint, MI 48502

BU: **US002** CLIENT NUMBER: **61056759**

Total Due **$130,000**

ELECTRONIC FUNDS TRANSFER INFORMATION

Wire Transfer:
Wells Fargo Bank, NA
ABA#: [redacted]
Account name: Ernst & Young U.S. LLP
A/C#: [redacted]

ACH Transfer:
Wells Fargo Bank, NA
ABA# [redacted]
Account name: Ernst & Young U.S. LLP
A/C# [redacted]

To ensure proper application of your electronic payment,
please provide client and invoice number details directly to:
gss.accountsreceivable@xe02.ey.com or fax to 1-866-423-5274

Koryzno, Edward (Treasury)

From: Elizabeth Murphy <emurphy@cityofflint.com>
Sent: Tuesday, May 27, 2014 3:27 PM
To: Byrne, Randall (Treasury); Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); West, Samantha (GOV); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Larkin, Brian (GOV); Darnell Earley; Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); Peter Bade; David Cox Jr.
Subject: Conference Call Agenda May 28, 2014
Attachments: Agenda 052814 Conf Call.pdf

Good Afternoon.
Please find attached the agenda for the Wednesday, May 28th conference call.

--
Liz Murphy
Assistant to the Emergency Manager
City of Flint
810 237 2025

City of Flint Wednesday 9:00am Phone Conference Agenda
May 28, 2014

1) **Public Safety Update – FPD, MSP, (FFD, if needed)**
   a) FFD - MIOSHA citation update
   Chief Cox reports that all pulmonary tests have been completed except 4-5 people on vacation. A wrap-up phone call between Chief Cox and MIOSHA rep will be held today.

   b) Public Safety Study – data collection has begun.

   c) Other update from Chief Tolbert and MSP

2) **Governor's Office Update - Rich, Baird, H. Hollins**

3) **Lawsuits – Status, Issues**
   a) Kincaid v City of Flint –

   b) Retiree Lawsuit – Our attorneys filed a motion Friday, May 23, 2014 asking Judge Tarnow to reverse his decision on the injunction which is resulting in the additional $5 million in expenses in the upcoming budget, offset by significant reductions in police and fire staffing. City Attorney Bade and J. Ambrose are advising not to make any announcement or statement on this action at this time. Should we be asked, a "no comment on pending litigation" would be appropriate. Until the Judge reacts, there is not much to say.

4) **Financial Update**
   a) All Finance Committee budget hearings have been completed. The Council has proposed a number of changes, primarily to keep several police positions.

   b) Five Year Financial Analysis – The City is preparing to adopt a biennial budget, yet the next three years continue to exhibit structural deficits. See attached 5 year projection. In April of 2015 the Mayor and Council can vote to remove the EM. A long term plan needs to be discussed.

5) **City Council Update**
   a) Guidelines for handling disorderly conduct during Council or Committee meetings have been clarified for the Council President and for the FPD. City Attorney Bade issued a memo on May 21, 2014 clarifying

EM Orders 8 and 10. These Orders specify the Council Meeting Protocol and Council Agenda format. Council members and the Council President have attempted to stray from these orders repeatedly.

b) Councilman Mays has been in court this week defending himself against charges from the wrong way driving incident in January 2014.

6) **Blue Ribbon Committee on Governance**
   a) BRC Public Workshops have been completed and crafting of the report to the EM is underway. A method to receive public feedback on the draft report is planned. The Committee's report, when completed, will be provided to the Transition Advisory Board for review with the Dept. of Treasury and the Governor before the City of flint is returned to home rule order.

7) **Water Issues**
   a) The City Council met twice to discuss the sale of a 9 mile section of unused pipeline to the GCDC. The City had negotiated a sale price of $3.9 million. Council first voted to reject the sale. A second meeting resulted in a vote to sell the pipe section for $3.9 million but receive the funds in two payments over two fiscal years. It is unknown if the City council made a submission of this proposal to the local emergency financial assistance loan board. Does Flint have Treasury's approval to execute the contract of sale?

8) **Other Items**

Attachment: Five Year Financial Projection

[redacted]; access code [redacted]

Created on: 05/23/14

CITY OF FLINT - FIVE YEAR OUTLOOK

All Funds Summary

		Current FY14	Proposed FY15	Proposed FY16	Projected FY17	Projected FY18	Projected FY19
General Fund	**101**						
	Revenues*	**$53,558,121**	**$55,080,609**	**$56,232,962**	**$56,739,059**	**$56,909,276**	**$57,421,459**
	Expenses	**$53,558,121**	**$55,080,609**	**$56,232,962**	**$58,538,513**	**$60,938,592**	**$63,558,952**
	Cumulative Gap	**$0**	**$0**	**$0**	**($1,799,455)**	**($5,828,771)**	**($11,966,264)**
	Annual Gap	**$0**	**$0**	**$0**	**($1,799,455)**	**($4,029,317)**	**($6,137,493)**
*Includes $1 million for deficit elimination							
Major Streets	202						
	Revenues	$6,335,406	$7,022,888	$8 116 668	$8 343 935	$8 577 565	$8,826 314
	Expenses	$6,331 406	$7,022,888	$8 116,668	$8,416,985	$8 711 579	$9,025 196
	Cumulative Gap	$4 000	$0	$0	($73 050)	($207 064)	($405 946)
	Annual Gap	$0	$0	$0	$73 050)	($134 014)	($198 882)
Local Streets	203						
	Revenues	$2,601 090	$2,694 458	$2 783 112	$2 841 557	$2 904,072	$2,967,961
	Expenses	$2,601 090	$2 694,458	$2 783 112	$2 880 521	$2 972,698	$3 067,824
	Cumulative Gap	$0	$0	$0	($38 964)	($107 590)	($207 452)
	Annual Gap	$0	$0	$0	$38 964)	($68 626)	($99 863)
Police and Fire Millage	205						
	Revenues	$1 845 827	$8,258 560	$7,249 000	$4 464 540	$4 602,941	$4 671 985
	Expenses	$1,845,827	$8,258,560	$7 249 000	$7 538,960	$7,848 057	$8 169 828
	Cumulative Gap	$0	$0	$0	($3 074 420)	($6 319 537)	$9 817 379)
	Annual Gap	$0	$0	$0	($3 074 420)	($5 245 117)	($3 497 843)
Neighborhood Police Millage	207						
	Revenues	$1,550 180	$1,378 104	$1 233,874	$1 258,551	$1 297,567	$1 317,030
	Expenses	$1,550,180	$1 378 104	$1 233 874	$1,283,229	$1,335,841	$1 390,611
	Cumulative Gap	$0	$0	$0	($24 677)	($62 952)	($136 533)
	Annual Gap	$0	$0	$0	($24 67	$38 275)	$73 581
Parks Millage	208						
	Revenues	$373,064	$440 140	$341 423	$348,251	$359,047	$364,433
	Expenses	$373,064	$440 140	$341 423	$355,080	$368,638	$384 783
	Cumulative Gap	$0	$0	$0	($6 828)	($17 419)	($37 780)
	Annual Gap	$0	$0	$0	($6 828)	($10 591)	($20 360)
Lighting Special Assessment	219						
	Revenues	$2,982,960	$2,694 870	$2 696,300	$2 561 485	$2 433 411	$2,311,740
	Expenses	$2 982 960	$2,694 870	$2 696,300	$2 696,300	$2,696,300	$2,696,300
	Cumulative Gap	$0	$0	$0	($134 815)	($397 704)	($782 264)
	Annual Gap	$0	$0	$0	($134 815)	$262 889)	$384 560)

			Current FY14	Proposed FY15	Proposed FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		226						
	Revenues		$5 132,490	$5,396 293	$5 450 723	$5 178 187	$4 919 278	$4 673 314
	Expenses		$5,132 490	$5 396 293	$5 450 723	$5 559 737	$5,670,932	$5 784 351
	Cumulative Gap		$0	$0	$0	($381 551)	$1 133 205)	($2 244 243)
	Annual Gap		$0	$0	$0	$381 551)	$751 65[illegible]	($1 111 037)
Drug Forfeiture		265						
	Revenues		$435 042	$425 063	$433,399	$446 401	$459 793	$473 587
	Expenses		$435 042	$425 063	$433 399	$446,401	$459,793	$473 587
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
HUD Grant 2014		274						
	Revenues		$11,767 729	$5 035 899	$5 035 899	$5 186 976	$5,342 585	$5 502 863
	Expenses		$11 767 729	$5 035 899	$5 035 899	$5 186 976	$5,342 585	$5 502,863
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Other Grants		286						
	Revenues		$7 483,689	$4,864 976	$4,864 976	$5 010,925	$5,161 253	$5 316,091
	Expenses		$7,477,931	$4,864,976	$4,864 976	$5 010 925	$5 161 253	$5 316,091
	Cumulative Gap		$5 758	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Federal Stimulus Grant		287						
	Revenues		$4,524,108	$0	$0	$0	$0	$0
	Expenses		$4,524,108	$0	$0	$0	$0	$0
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Public Improvement Fund		402						
	Revenues		$2 150,000	$2,850 957	$2 867,987	$2 925,347	$3 018,032	$3,061 273
	Expenses*		$2,150 000	$2,850 957	$2,867,987	$2 982 706	$3 104,997	$3 232 302
	Cumulative Gap		$0	$0	$0	($57 360)	($146 125	($317 354)
	Annual Gap		$0	$0	$0	($57 360)	($88 985	($171 029)
* Includes $800,000 for deficit elimination								
Building Safety Fund		542						
	Revenues		$2 548 456	$2 395,529	$2,484,700	$2 484 700	$2 484 700	$2 484,700
	Expenses		$2,548 456	$2 395,529	$2,484 700	$2,584 088	$2 687,452	$2 794,950
	Cumulative Gap		$0	$0	$0	($99 388)	($302 140)	($612 389)
	Annual Gap		$0	$0	$0	($99 388)	($202 752)	($310 250)
TOTAL General City								
	Revenues		**$103,288,162**	**$99,538,346**	**$99,791,023**	**$97,789,914**	**$98,467,519**	**$99,392,750**
	Expenses		**$103,278,404**	**$99,538,346**	**$99,791,023**	**$103,480,422**	**$107,299,719**	**$111,397,647**
	Cumulative Gap		**$9,758**	**$0**	**$0**	**($5,690,508)**	**($14,522,707)**	**($26,527,604)**
	Annual Gap		**$0**	**$0**	**$0**	**($5,690,508)**	**($8,832,200)**	**($12,004,897)**

			Current FY14	Proposed FY15	Proposed FY16	Projected FY17	Projected FY18	Projected FY19
Sewer Fund		590						
	Revenues		$31 929 269	$30 256,545	$32,346 745	$32 346 745	$32,346 745	$32 346 745
	Expenses		$31 929 269	$30 256,545	$32,346 745	$34,609,099	$36,149 143	$37,216 957
	Cumulative Gap		$0	$0	$0	($2 262 354)	($6 084 752)	($10 934 984)
	Annual Gap		$0	$0	$0	($2 262 354)	($3 802 398)	($4 870 212)
Water Fund		591						
	Revenues		$47,896 872	$37,500,000	$37 500 000	$37,500,000	$37 500 000	$37 500 000
	Expenses		$47,896,872	$34,503,530	$35,012 250	$38,841,189	$40,741 906	$41 943 725
	Cumulative Gap		$0	$2,996,470	$2 487,750	($1 341 189)	($4 583 095)	($9 026 820)
	Annual Gap		$0	$0	$0	($1 341 189)	($3 241 906)	($4 443 725)
Water and Sewer		**590 & 591**						
	Revenues		**$79,826,141**	**$67,756,545**	**$69,846,745**	**$69,846,745**	**$69,846,745**	**$69,846,745**
	Expenses		**$79,826,141**	**$64,760,075**	**$67,358,995**	**$73,450,288**	**$76,891,049**	**$79,160,682**
	Cumulative Gap		**$0**	**$2,996,470**	**$2,487,750**	**($3,603,543)**	**($10,647,847)**	**($19,961,784)**
	Annual Gap		**$0**	**$0**	**$0**	**($3,603,543)**	**($7,044,304)**	**($9,313,937)**
TOTAL CITY								
	Revenues		**$183,114,303**	**$167,294,891**	**$169,637,768**	**$167,636,659**	**$168,314,264**	**$169,239,495**
	Expenses		**$183,104,545**	**$164,298,421**	**$167,150,018**	**$176,930,710**	**$184,190,768**	**$190,558,329**
	Cumulative Gap		**$9,758**	**$2,996,470**	**$2,487,750**	**($9,294,051)**	**($25,170,554)**	**($46,489,388)**
	Annual Gap		**$0**	**$0**	**$0**	**($9,294,051)**	**($15,876,504)**	**($21,318,834)**

CITY OF FLINT - FIVE YEAR OUTLOOK
Pension and Retiree Healthcare Costs

			Current FY14	Proposed FY15	Proposed FY16	Projected FY17	Projected FY18	Projected FY19
General Fund		101						
	Retiree Healthcare Expense		$8,034,324	$10,167,701	$10,777,763	$11,424,429	$12,109,895	$12,836,488
	Pension Expense		$9,401,335	$7,887,617	$7,380,876	$7,802,529	$8,270,680	$8,766,921
	Other Expenses		$37,122,462	$37,026,291	$38,143,326	$39,362,588	$40,611,121	$42,010,930
	Total Expenses		$53,558,121	$55,080,609	$56,281,965	$58,589,526	$60,991,696	$63,614,339
	Retiree Healthcare as % of Total Expenses		15%	18%	19%	19%	20%	20%
	Pension as % of Total Expenses		18%	14%	13%	13%	14%	14%
	Healthcare & Pension Costs as % of Total		31%	33%	32%	33%	33%	34%
Major Streets		202						
	Retiree Healthcare		$595,155	$1,056,180	$1,119,551	$1,186,724	$1,257,928	$1,333,403
	Pension		$565,832	$551,415	$596,683	$632,357	$670,298	$710,516
	Other expenses		$5,167,419	$5,415,283	$5,499,554	$5,597,804	$5,783,363	$5,981,277
	Total		$6,331,406	$7,022,888	$8,116,668	$8,416,885	$8,711,578	$9,025,196
	Healthcare & Pension %		18%	23%	21%	22%	22%	23%
Local Streets		203						
	Retiree Healthcare		$388,761	$200,824	$212,873	$225,645	$239,184	$253,535
	Pension		$331,108	$330,318	$354,955	$376,267	$398,832	$422,762
	Other expenses		$1,881,223	$2,163,319	$2,215,280	$2,276,819	$2,334,692	$2,391,527
	Total		$2,601,090	$2,694,458	$2,783,112	$2,880,921	$2,972,688	$3,067,824
	Healthcare & Pension %		28%	20%	20%	21%	21%	22%
Police and Fire Millage		205						
	Retiree Healthcare		$0	$1,337,628	$1,416,098	$1,503,164	$1,593,376	$1,688,977
	Pension		$448,524	$2,593,099	$2,748,679	$2,913,600	$3,088,416	$3,273,721
	Other expenses		$1,397,303	$5,327,539	$3,092,223	$3,123,176	$3,159,267	$3,207,130
	Total		$1,845,827	$9,258,560	$7,249,000	$7,539,960	$7,848,057	$8,169,828
	Healthcare & Pension %		24%	42%	57%	59%	60%	61%
Neighborhood Police Millage		207						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$379,934	$300,795	$318,844	$337,975	$358,253	$379,748
	Other expenses		$1,170,246	$1,077,309	$915,030	$945,254	$977,588	$1,010,863
	Total		$1,550,180	$1,378,104	$1,233,874	$1,283,229	$1,335,841	$1,390,611
	Healthcare & Pension %		25%	22%	26%	26%	27%	27%
Parks Millage		208						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$3,591	$20,663	$20,663	$21,903	$23,217	$24,610
	Other expenses		$367,473	$419,477	$320,760	$333,177	$346,421	$360,183
	Total		$373,064	$440,140	$341,423	$355,080	$369,638	$384,793
	Healthcare & Pension %		1%	5%	6%	6%	6%	6%
Lighting Special Assessment		219						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$6,029	$6,390	$6,773	$7,180	$7,611
	Other expenses		$2,982,960	$2,688,841	$2,689,910	$2,689,527	$2,689,120	$2,688,689
	Total		$2,982,960	$2,694,870	$2,696,300	$2,696,300	$2,696,300	$2,696,300
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%

			Current FY14	Proposed FY15	Proposed FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		225						
	Retiree Healthcare		$621,160	$411,202	$435,874	$462,026	$489,748	$519,133
	Pension		$25,335	$12,888	$13,767	$14,593	$15,469	$16,397
	Other expenses		$4,485,965	$4,972,103	$5,001,082	$5,083,118	$5,164,716	$5,249,621
	Total		$5,132,460	$5,396,293	$5,450,723	$5,559,737	$5,670,932	$5,784,351
	Healthcare & Pension %		13%	8%	8%	9%	9%	9%
Drug Forfeiture		255						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$122,739	$82,405	$87,351	$92,592	$98,148	$104,036
	Other expenses		$312,303	$342,657	$346,048	$353,809	$361,645	$369,650
	Total		$435,042	$425,063	$433,399	$446,401	$459,793	$473,687
	Healthcare & Pension %		28%	19%	20%	21%	21%	22%
HUD Grant 2014		274						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$230,169	$282,418	$282,418	$309,993	$328,591	$348,275
	Other expenses		$11,537,570	$4,743,481	$4,743,481	$4,877,013	$5,014,024	$5,154,588
	Total		$11,767,729	$5,025,898	$5,025,899	$5,186,976	$5,342,585	$5,502,863
	Healthcare & Pension %		2%	6%	6%	6%	6%	6%
Other Grants		286						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$40,027	$230,605	$230,605	$244,441	$259,108	$274,654
	Other expenses		$7,437,904	$4,634,371	$4,634,371	$4,766,484	$4,902,145	$5,041,438
	Total		$7,477,931	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Healthcare & Pension %		1%	5%	5%	5%	5%	5%
Federal Stimulus Grant		297						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$1,356,981	$0	$0	$0	$0	$0
	Other expenses		$3,168,127	$0	$0	$0	$0	$0
	Total		$4,524,108	$0	$0	$0	$0	$0
	Healthcare & Pension %		30%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Public Improvement Fund		402						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$0	$0	$0	$0	$0
	Other expenses		$2,150,000	$2,850,697	$2,687,887	$2,682,706	$3,104,997	$3,232,302
	Total		$2,150,000	$2,850,697	$2,687,887	$2,682,706	$3,104,997	$3,232,302
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%
Building Safety Fund		542						
	Retiree Healthcare		$562,954	$393,633	$417,251	$442,286	$468,823	$496,953
	Pension		$181,734	$237,628	$251,886	$266,999	$283,019	$300,000
	Other expenses		$1,833,768	$1,764,268	$1,815,563	$1,874,803	$1,935,609	$1,997,997
	Total		$2,548,456	$2,395,529	$2,484,700	$2,584,088	$2,687,452	$2,794,950
	Healthcare & Pension %		28%	26%	27%	27%	28%	28%
TOTAL General City								
	Retiree Healthcare Expense		$10,266,384	$13,567,368	$14,331,410	$15,244,285	$16,158,952	$17,128,489
	Pension Expense		$12,858,297	$12,545,975	$12,283,001	$13,019,891	$13,801,160	$14,629,251
	Other Expenses		$81,014,723	$73,425,603	$74,175,615	$75,267,159	$77,392,690	$79,695,284
	Total Expenses		$103,278,404	$99,538,946	$99,840,026	$103,531,434	$107,352,822	$111,453,034
	Retiree Healthcare as % of Total Expenses		10%	14%	14%	15%	15%	15%
	Pension as % of Total Expenses		12%	13%	12%	13%	13%	13%
	Healthcare & Pension Costs as % of Total		22%	26%	27%	27%	28%	28%

			Current FY14	Proposed FY15	Proposed FY16	Projected FY17	Projected FY18	Projected FY19
Sewer Fund		590						
	Retiree Healthcare		$2,329,993	$2,447,665	$2,594,420	$2,750,085	$2,915,090	$3,089,995
	Pension		$2,179,100	$2,040,715	$2,163,159	$2,292,949	$2,430,525	$2,576,357
	Other expenses		$27,420,166	$25,768,264	$27,589,156	$29,668,055	$30,803,527	$31,550,604
	Total		$31,929,259	$30,256,645	$32,346,745	$34,509,089	$36,149,143	$37,216,957
	Healthcare & Pension %		14%	15%	15%	15%	15%	15%
Water Fund		591						
	Retiree Healthcare		$1,680,062	$2,963,568	$3,141,403	$3,329,887	$3,529,680	$3,741,461
	Pension		$1,815,687	$1,803,098	$1,911,284	$2,025,961	$2,147,519	$2,276,370
	Other expenses		$44,401,123	$29,739,844	$29,859,583	$33,485,341	$35,064,707	$35,925,894
	Total		$47,896,872	$34,503,530	$35,012,250	$38,841,189	$40,741,906	$41,943,725
	Healthcare & Pension %		7%	14%	14%	14%	14%	14%
Water and Sewer		590 & 591						
	Retiree Healthcare		$4,010,046	$5,411,154	$5,735,823	$6,079,972	$6,444,771	$6,831,457
	Pension		$3,994,787	$3,843,813	$4,074,443	$4,318,910	$4,578,044	$4,852,727
	Other expenses		$71,821,309	$55,508,108	$57,448,739	$63,051,406	$65,868,234	$67,476,498
	Total		$79,826,141	$64,760,075	$67,258,985	$73,450,288	$76,891,049	$79,160,682
	Retiree Healthcare as % of Total Expenses		5%	8%	9%	8%	8%	9%
	Pension as % of Total Expenses		5%	6%	6%	6%	6%	6%
	Healthcare & Pension %		10%	14%	15%	14%	14%	15%
TOTAL CITY								
	Retiree Healthcare		$14,215,429	$16,978,522	$20,117,233	$21,324,267	$22,603,723	$23,959,948
	Pension		$16,053,094	$15,388,788	$16,357,444	$17,338,891	$18,379,224	$19,481,978
	Other expenses		$152,836,032	$128,930,111	$130,724,344	$139,316,585	$143,280,924	$147,171,792
	Total		$183,104,545	$161,298,421	$167,199,021	$178,981,722	$184,243,871	$190,613,718
	Retiree Healthcare %		8%	12%	12%	12%	12%	13%
	Pension %		9%	10%	10%	10%	10%	10%
	Healthcare & Pension %		17%	22%	22%	22%	22%	23%

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, May 27, 2014 3:51 PM
To: Darnell Earley
Cc: Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Headen, Frederick (Treasury); Peter Bade
Subject: RE: Order Relevant to PA 436, 141.1550, Sec. 10 (1)

We will see you then

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W Allegan Street | Lansing, MI 48922

From: Darnell Earley [mailto:dearley@cityofflint.com]
Sent: Tuesday, May 27, 2014 3:50 PM
To: Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Headen, Frederick (Treasury); Peter Bade
Subject: Re: Order Relevant to PA 436, 141.1550, Sec. 10 (1)

Okay, let's try to squeeze it in, in the hopes that we can finish our 9:00 ASAP. Pete will be joining Jerry and I at Treasury tomorrow.

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Flint, MI

On Tue, May 27, 2014 at 3:47 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

I have a 10;00, but we can squeeze it in or talk after my 10:00 as it will only last 15 minutes

Wayne Workman | Deputy State Treasurer

State of Michigan | 430 W. Allegan Street | Lansing, MI 48922

From: Darnell Earley [mailto:dearley@cityofflint.com]
Sent: Tuesday, May 27, 2014 3:22 PM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Headen, Frederick (Treasury); Peter Bade
Subject: Fwd: Order Relevant to PA 436, 141.1550, Sec. 10 (1)

Can we discuss this matter following our 9:00 tomorrow? We usually wind up around 10.

Darnell Earley, ICMA-CM, MPA

Emergency Manager

Flint, MI

---------- Forwarded message ----------
From: **Peter Bade** <pbade@cityofflint.com>
Date: Tue, May 27, 2014 at 2:02 PM
Subject: Re: Order Relevant to PA 436, 141.1550, Sec. 10 (1)
To: Darnell Earley <dearley@cityofflint.com>
Cc: "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov>, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>, "Headen, Frederick (Treasury)" <HeadenF@michigan.gov>

In follow-up to our discussion on Friday, attached is a revised order.

Thanks

On Thu, May 22, 2014 at 1:56 PM, Darnell Earley <dearley@cityofflint.com> wrote:

Since I will be in Lansing, I plan to come in to Treasury.

Darnell Earley, ICMA-CM, MPA

Emergency Manager

Flint, MI

On Thu, May 22, 2014 at 1:32 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

Wayne Workman to host

Call in – 1[redacted]

Access Code [redacted]

Maxine: Please forward this meeting notice to Peter Bade. Thank you.

--

Peter M Bade

Chief Legal Officer

City of Flint

p 810 766 7146

f 810 232 2114

EMERGENCY MANAGER
CITY OF FLINT
GENESEE COUNTY MICHIGAN

ORDER No. 13

PROHIBITING COUNCILMAN ERIC MAYS FROM ACCESS TO LOCAL GOVERNMENT FACILITIES

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER ("EMERGENCY MANAGER") FOR THE CITY OF FLINT, MICHIGAN ("CITY") PURSUANT TO MICHIGAN'S PUBLIC ACT 436 OF 2012, LOCAL FINANCIAL STABILITY AND CHOICE ACT, ("PA 436"); DARNELL EARLEY, THE EMERGENCY MANAGER, ISSUES THE FOLLOWING ORDER:

Pursuant to Public Act 436, the Emergency Manager has broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the City of Flint and its capacity to provide or cause to be provided necessary services essential to the public health, safety and welfare; and

Pursuant to Public Act 436, the Emergency Manager acts in place of local officials, specifically the Mayor and City Council, unless the Emergency Manager delegates specific authority; and

Pursuant to Public Act 436, the Emergency Manager has broad power to manage the local government, and may issue orders to elected and appointed officials necessary to accomplish the purpose of the act. An order issued under PA 436 is binding on the person to whom it is issued; and

Pursuant to Public Act 436, the Emergency Manager may prohibit a local elected official from access to the local government's office, facilities, electronic mail, and internal information systems for failure to abide by an order which disrupts the Emergency Manager's ability to manage the local government; and

Emergency Manager Order 3, Directives to Councilman Eric Mays, dated December 13, 2013, a copy of which is attached, attempted to address a pattern of extremely disruptive and disorderly behavior by Councilman Eric Mays that has interfered with my ability to manage the City of Flint; and

Councilman Mays has consistently disregarded and not carried out the provisions of Order 3, including but not limited to:

1. Engaging in loud, disruptive and obnoxious behavior during meetings of the Flint City Council.
2. Repeatedly disregarding directives of the Council President during meetings.
3. Continuing to speak after having been called to order by the Council President.
4. Repeatedly engaging in disorderly conduct that causes the Council President to seek police assistance in removing him from Council Chambers.
5. Openly refusing to comply with the Council President's efforts to restore order at meetings.
6. Openly advocating that the Emergency Manager orders be disregarded at meetings.
7. Interrupting other members of Council and speaking over them.
8. Speaking out of turn and speaking without being recognized by the Council President.
9. Engaging in disjointed, rambling and excessively long diatribes that unnecessarily delay Council action.
10. Inappropriately engaging members of the public during meetings.
11. Being verbally abusive toward staff, other Council members, Council leadership, and the Emergency Manager.

Emergency Manager Order 8, Council Meeting Protocol, dated March 5, 2014, a copy of which is attached, provides, in part, that "Council members shall not make comments during Council meetings, other than to respond to roll call or to respond directly to a request of the Council President, or at his recognition. When recognizing a member, the Council President shall limit comments, discussion or debate to a reasonable amount of time;" and

Councilman Mays has consistently disregarded and not carried out this provision of Order 8. He has repeatedly spoken at meetings without being recognized; refused to follow the directives of the Council President; ignored the Council President's efforts to call him to order; continued speaking after having been requested by the Council President to stop; and interfered with the Council President's efforts to conduct meetings in an orderly manner; and

Emergency Manager Order 8 and Emergency Manager Order 10, Council Meeting Agenda, dated April 1, 2014, copies of which are attached, seek to ensure that "the business of the City of Flint conducted at City Council meetings occurs in an orderly, dignified, and efficient manner, reflecting the level of professionalism deserved by Council members, City officials, staff and the public;" and

Councilman Eric Mays has consistently disregarded and not carried out this provision of Orders 8 and 10. Councilman Mays' behavior significantly undermines the orderly conduct of Council

meetings, and causes an undignified, inefficient and highly unprofessional atmosphere for conducting the important business of the City of Flint; and

Governance of the City of Flint is subject to extraordinary circumstances due to a financial emergency necessitating a response to Mr. Mays' disruptive behavior; and

Emergency Manager Orders 3, 8 and 10 are necessary to accomplish the purposes of Public Act 436; and

Councilman Mays' consistent refusal to abide by Order Nos. 3, 8, and 10 has substantially disrupted and interfered with my ability to manage the local government; and

Implementation of my financial and operating plan requires that Council function in a competent, professional and efficient manner, and that it properly address assignments; and

I have assigned important matters to Council, including review of the Fiscal Year 2015 budget; proposed ordinances and ordinance amendments; formation of multiple advisory committees; and have increasingly solicited their input regarding municipal affairs; and

It is my intention to increase the assignments to Council, with the expectation that Council will assume greater responsibility for duties mandated in the Flint City Charter, and allowing the City to move to a transition advisory board, as contemplated by MCL 141.1563; and

Councilman Mays' continuous disruptive behavior has significantly impaired Council's ability to address the assignments I have directed to that body, thereby disrupting my ability to manage the local government; and

Order No. 3 was issued as a progressive step in an attempt to persuade Councilman Mays to correct his behavior and participate as a member of Council in a professional, constructive and thoughtful manner, consistent with the purposes of Public Act 436; and

If allowed to continue, Councilman Mays' disruptive behavior will significantly undermine my efforts to address the financial emergency and to accomplish the purposes of Public Act 436; and

Based upon the above, Councilman Eric Mays is prohibited from access to Flint City Hall and all other City governmental office facilities, electronic mail, and internal information systems.

This Order is effective May 21, 2014.

This Order may be amended, modified, repealed or terminated by any subsequent order issued by the Emergency Manager.

Dated: _____ By: _____

Darnell Earley
Emergency Manager

xc: State of Michigan Department of Treasury
Mayor Dayne Walling
Flint City Council
Inez Brown, City Clerk

S \P Bade\EM2014\Orders\Order No 13 Mays 05 20 14.doc

Byrne, Randall (Treasury)

From: Darnell Earley <dearley@cityofflint.com>
Sent: Wednesday, May 28, 2014 4:09 PM
To: Byrne, Randall (Treasury)
Cc: Koryzno, Edward (Treasury); Workman, Wayne (TREASURY); Gerald Ambrose; Peter Bade; Howard Croft; Daugherty Johnson
Subject: Asset Sale Proceeds
Attachments: Pipeline Proceeds.pdf

Good Afternoon Randy:

As discussed. Please contact me with any questions.

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Flint, MI

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

MEMORANDUM

TO: Randall Byrne, State Administrative Manager
FROM: Darnell Earley, Emergency Manager
RE: Proceeds From the Sale of the City of Flint Water Main
Date: May 28, 2014
CC: Gerald Ambrose, Daugherty Johnson, Howard Croft, Peter Bade

During our regular meeting this morning you mentioned that there was an inquiry regarding the possible use of a portion of the $3.9 million proceeds that the City of Flint will receive from Genesee County, to supplement the cost for maintaining sworn positions in the Flint Police Department. As you know, in order to produce a balanced biennial budget as required by PA 436, my proposed budget eliminates 36 sworn officer positions for fiscal years 2014/15 and 2015/16.

I have discussed this matter with staff, and as a practical matter will not be recommending the use of these proceeds for any purpose other than reinvestment into the City's water system for the following reasons:

1. The pipeline is clearly part of the infrastructure of the water and sewer system, paid for with water and sewer fees. Thus, the proceeds should in normal circumstances be returned to the water and sewer system.

2. In addition, the current state of the water and sewer infrastructure clearly demonstrates that significant reinvestment in that infrastructure is needed, in the amount of approximately $15 million annually. The recent analysis by the Raftelis Group substantiates this need, as does the number of repairs necessary to the infrastructure this past winter, and the demonstrated increase in the amount of unbilled water. By focusing the proceeds on the systems water loss issues such as metering and infrastructure, the City stands to receive a quick return on the reinvestment through the capture of lost revenue.

3. The City of Flint Water Reliability Study commissioned in 2013 projects that increased accuracy in metering and reducing the number of main breaks through infrastructure repairs could result in recovering as much as $3 million

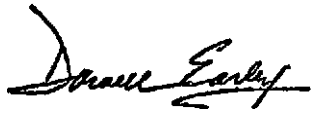
annually to the Water and Sewer Fund. This is an initiative that we are pursuing in hopes of further stabilizing water and sewer rates.

4. Also, the decision to move to KWA, as well as the opportunity to discontinue the purchase of water from DWSD, required an immediate and unplanned $6 million - $8 million upgrade to the Water Treatment Plant in this fiscal year. Doing so, while financially beneficial to the system over the next few years, required postponing other needed capital improvements. The sale of the pipeline offsets the unexpected cost by half.

5. Finally, the use of one-time proceeds for ongoing operational purposes, whether for the water and sewer system, or for non- utility purposes (such as police), only works for one year. Use of one-time proceeds is not a sustainable revenue source, and does not address the long term funding needs for police.

While these factors in and of themselves present a compelling argument to place the proceeds in the Water Fund to reduce the cost of expanding the Water Treatment Plant and to meet the our new supply and distribution obligations going forward, just as important is the outcome of the data-driven, comprehensive public safety study currently underway. The study will be used to design a public safety model for police and fire services into the future. This will put the City in a better position to identify long-term solutions rather than short-term, as the suggestion for the use of these funds for public safety services would indicate, based upon the factors stated above.

Should you have any questions or would like to discuss this matter in greater detail, please don't hesitate to contact me.



City of Flint Weekly 9:00 am Phone Conference Agenda

✓ 1) Michigan State Police – checklist, comments, concerns

✓ 2) Chief Tolbert's Update – Stats, initiatives, other

✓ 3) Fire Department Issues (if any)

✓ 4) Rich Baird – Gov. Office comments

5) B. Clement – comments, questions

~~6) Retiree Law Suit Status – off line follow up~~

✓ 7) Budget Update: FY13 – Audit, FY14 – current status, FY15 - plan

Model Labor Contracts – status

→ ✓ 8) KWA, Water Plant Preparation, Water/Sewer Rate Study

9) City Ordinance Review

10) Deficit Elimination Plan – Treasury

✓ 11) Master Plan Implementation Activity - Zoning Ordinance Revision

✓ 12) Status Report on the Flint City Council

✓ 13) Governance Revision

✓ 14) 9-1-1 Reconsolidation Plan

✓ 15) BS&A Upgrade – on track

✓ 16) Strong Cities, Strong Community Update

✓ 17) 45 Day Financial and Operating Plan – submitted 11/21/13

✓ 18) MEDC – Transportation Economic Development Fund - Application/Waiver

19) Other

Created on 01/14/14

Tolbert drug items below faster than ever before, comfortable w/ progress
- Gene Kuzyk
- property taxes
- rest writing
- citizens drug

83% below homicide year end rept. due end of the week

= New World System on site.

75% of item on MSP/Flint list reviewed
- Required surgery ord

BAIRD
DEASY
KAAP, Gene
MSP \ SANDS, TOM
MSP \ SIGLER, Steve
\ Lorken Burns, Darnell
Gary A.
Ty Murphy
\ HOLLINS, O'Neal, Steve

WANT TO DRAW H2O FROM THAT RIVER 4/17

Discussion on system handing w/ DWSD

Darnell ask Council Pres. to appt. legislative committee, will see EM order est. committee

Need to get dept. continues

last notify 1/13/14, Darnell disappointed audit, ordinance

committee est. city attny to send agenda to you subject, will let committee decide to go on or not

on track

selected to receive annual additional in kind technical assistance

moved w/ council, fully rept to date as of 1/15/14

- Council President to appt. a public safety committee (neighborhood reps) by Paper 433

Room @ council city hall 1/13/14

0888 537 8511
338 9106
8303

BATH C.
KLOTZ J.

City of Flint Weekly 9:00 am Phone Conference Agenda

weather events consuming time

1) Michigan State Police – checklist, comments, concerns (KAPP)
2) Chief Tolbert's Update – Stats, initiatives, other
3) Fire Department Issues (if any) SAFER GRANT? WONT KNOW UNTIL JUNE '14
4) Rich Baird – Gov. Office comments (NOTHING) compliments on advisory's STATE HELP FOR PLANNING,
5) B. Clement – comments, questions
6) Retiree Law Suit Status { City figuring out response / plan to (meet court order) / set up reimbursement system
7) Budget Update: FY13 – Audit, FY14 – current status, FY15 - plan

Model Labor Contracts – status Meeting to respond will be scheduled

8) KWA, Water Plant Preparation, Water/Sewer Rate Study – no thing new
9) City Ordinance Review ongoing
10) Deficit Elimination Plan – Treasury
11) Master Plan Implementation Activity - Zoning Ordinance Revision
12) Status Report on the Flint City Council
13) Governance Revision mtg. 1/16/14, id. 23 people to sit on committee
14) 9-1-1 Reconsolidation Plan Tower ~~plan~~ construction proceeding @ planned
15) BS&A Upgrade OK
16) Strong Cities, Strong Community Update NOT SURE IF city was chosen.
17) 45 Day Financial and Operating Plan – submitted 11/21/13
18) MEDC – Transportation Economic Development Fund - Application/Waiver
19) Other

Created on 01/7/14

Angela set phone calls w/ Trudi at 10 after hour between pre 65.

- STATE WIDE RESERVES MGMNT SYSTEM

WAYNE
RANDY
AMBROSE T.
ONeil Steve
KAPP GENE
DEASY, TOM
SANDS, TOM
PEKEWL, DAN
SIPES, STEVE
MURPHY, LIZ
TOLBERT, CHIEF
EARLY, DARWELL
BAIRD, RICH
NOLLINS, HARVEY
LARKIN, BRIAN

11/20/13

City of Flint Weekly 10am Phone Conference Agenda

1) Budget Update — 1st/2nd wk of Dec. complete
   - FY 13 – Audit — Increased w/ Dep. Treas Dir is going thru portfolio
   - FY 14 – current status — Rev/exp Exp by $4M
   - FY 15 – plan — ok, so far,
2) Model Labor Contracts – status — Many pieces in a few weeks
   - FPOA mtg 11/22 regarding to go forward, employee issues not
3) KWA, Water Plant Preparation — Prep. taking place — Mayor & Council serving on Authority — FFD
4) City Ordinance Review — New manager wants don't want anyone — study done in 60 days — No H2O/sewer rate
5) Deficit Elimination Plan – Treasury — Suzanne; close to finalizing — preconsolidation less than $1M for FY13,
6) Master Plan Implementation Activity
   - Zoning Ordinance Revision — Appt. of City Planner as Dir. of Dept, review of zoning ordinances to take place
7) Retiree Law Suit Status — M.P appealed by city Council unanimously
   - NO NEWS – NO ANTICIPATED DEADLINE FOR A COURT RULING
8) Public Safety Activity — GOOD NEWS,
9) Status Report on the Flint City Council — Susan out, will send order (EM) for hiring consultant
10) Governance Revision — IMPORTANT ISSUE, BLUE RIBBON COMMITTEE
11) 9-1-1 Reconsolidation Plan — OK
12) BS&A Upgrade – Progressing as planned
13) Other — Strong Cities, Strong County Lead - guest a type Homeland Security Justice Dept will be in Flint 11/20/13. Finalists for the grants will have before 11/22/13, 5:00pm @ ~~5:00pm~~
14) 45 Day Transition & Ops. Plan —
15) ~~Other~~ — ~~Boston~~ Pizza Company looking in North Flint, local needs need support. Need $2M MDOT grant, category A 20% match, city asking for assistance. Kelton Stephens

Under $50K RATES complete 12/31/13 MOTT MC fund study

Content Dan Gilmartin for

Dec. 6 or 11.. Send to Harry

- Darnell, Liz, Harry

STATE OF MICHIGAN CONTRACT NO. 271N3200089

CITY OF FLINT WATER SUPPLY ASSESSMENT

February 2013

For Submittal to:

State of Michigan, Department of Treasury

Submitted by:

TUCKER, YOUNG, JACKSON, TULL INC.

CONSULTING ENGINEERS-PLANNERS
615 Griswold Suite 600
Detroit, Michigan 48226
(313)963-0812 FAX (313)963-2156

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Appendix B – Cost Worksheets

1. INTRODUCTION

Tucker, Young, Jackson, Tull, Inc. (TYJT), at the request of the State Treasurer performed an analysis of the water supply options being considered by the City of Flint. The City of Flint is presently supplied potable water from the Detroit Water and Sewerage Department (DWSD). This supply is from a single 72-inch water main that terminates at a master meter located at Potter and Baxter. Additionally, downstream of the DWSD master meter, Flint supplies its customer Genesee County. The City of Flint also operates a water treatment plant that uses the Flint River as its source of supply to provide back up and redundancy to the DWSD supply as required by MDEQ

The Karegnondi Water Authority (KWA) is planning on constructing a raw water supply system that could provide Lake Huron water to the Flint Water Treatment Plant. Flint's existing plant would be upgraded to treat the new raw water source.

The State Treasurer has appointed an emergency financial manager for the City of Flint. As such the Treasurer has requested TYJT to provide an analysis of the water supply options to assist the Treasurer in determining any potential risk and the best course going forward for supplying potable water to the City of Flint.

Report Organization

The following sections of this report are described below:

Section 2 – The basis of the analysis is described in this section. The options include the KWA option and several options offered by DWSD.

Section 3 – A significant amount of information and data was collected including memorandums, reports, drawings, financial reports, and other documents. This section summarizes the information used in the analysis.

Section 4 – This section describes the evaluation of the cost of supply for the Flint options. The costs are comprised of the initial cost of operations plus the annual rate of escalation/inflation.

Section 5 – The evaluation process used to analyze the construction costs associated with the KWA supply system is described in this section. Additionally, the cost of financing the capital requirements is described.

Section 6 – This section presents the financial review of the options considered to supply potable water to Flint. A summary of these options is also provided.

Section 7 – In addition to the financial analysis other considerations were identified that should be considered in understanding the risks and determining the best option to supply Flint. They include items related to cost, redundancy and reliability, and Flint's ability to control their future cost of water supply.

2. FLINT WATER SUPPLY OPTIONS

Two water purveyor options were evaluated; the KWA water supply system and continued supply from DWSD. Both suppliers would provide water from Lake Huron as the source. The KWA system is a raw water supply, which means that the water would have to be treated by Flint before distributing the potable water to its customers. The DWSD supply is potable or "finished" water and would not need additional treatment.

Additionally, an option for the Flint WTP to supply the City of Flint without being supplied from either DWSD or KWA was initially considered. The preliminary investigation evaluated the cost associated with the required improvements to the plant and to the Flint River dam system. Although it appeared that this was a viable option, Flint in a meeting on December 20, 2012 with the Treasury, stated that the City did not want to pursue the option and it is no longer being considered.

Karegnondi Water Authority (KWA) Lake Huron Water Supply

The KWA water supply system schematic is shown in Figure 2-1. The system is comprised of an intake in Lake Huron that supplies water to the Lake Huron Pump Station (LHPS). The LHPS lifts the water and pumps it through an approximately 22 mile long 60-inch pipeline. The pipeline terminates at a 5 MG reservoir and is then pumped from the Intermediate Pump Station (IPS) through approximately 26 miles of 60-inch and 18 miles of 30-inch pipeline to the existing Flint WTP. Downstream of the IPS, approximately half way to the Flint WTP, the 60-inch line would also supply a new Genesee County WTP.

The raw water transmission system has a 60 MGD capacity and is sized to deliver a maximum of 18 MGD to the Flint WTP with an average day supply of 12 MGD. Improvements at the Flint WTP would also be required to treat the lake water as the plant is currently designed to treat the Flint River water.

The term of the KWA contract for Flint is 40 years.

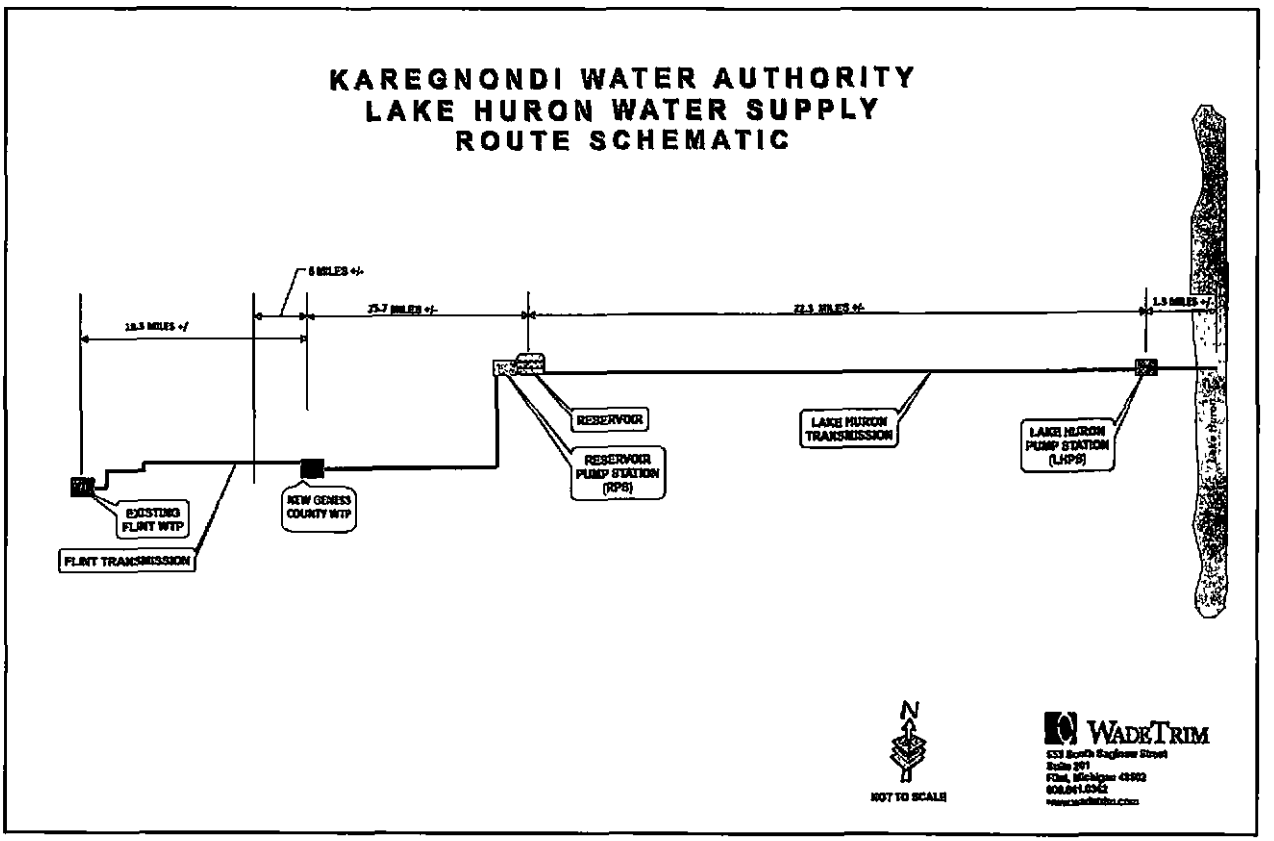

Figure 2-1: KWA Raw Water System

DWSD Water System

The DWSD system schematic is shown in Figure 2-2. Flint is currently supplied by DWSD at Master Meter FL-1, located at Potter and Baxter. Flint typically gets its water from the Lake Huron WTP, located in Fort Gratiot, Michigan; near the Lake Huron shoreline. Water is treated and pumped at the Lake Huron WTP and supplied through a 120-inch pipeline to an intermediate pump station called the Imlay Pump Station. The Imlay Pump Station has 20 MG of reservoir capacity. Depending on the time of year and the DWSD system demand, water is either bypassed directly to Flint or it is re-pumped at Imlay. It should be noted that the DWSD supply to Flint is part of a very large water system and during emergencies or outages water can be supplied from the south up to Flint in lieu of the Lake Huron facility.

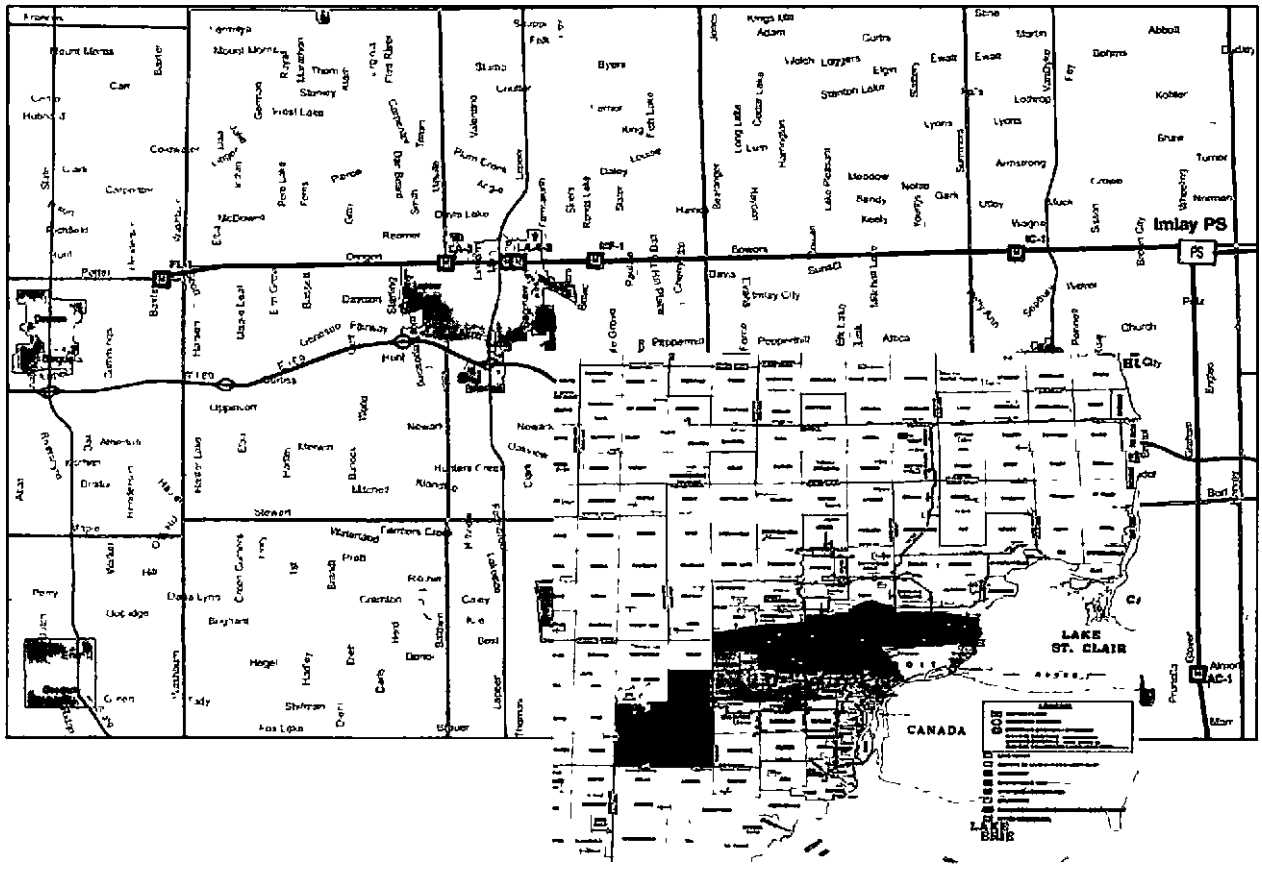

Figure 2-2: DWSD Water System

The pipeline from Imlay to FL-1 is a 72-inch pipeline. It has been estimated that the 72-inch line serving Flint has a capacity in excess of 90 MGD.

DWSD has presented several contractual options to Flint and all of them are based on Flint signing a new 30 year contract. The options shown in Table 2-1 are based on two different supply points; one at the current master meter location FL-1 at Potter and Baxter (P&B) and the other at the location of the Imlay Pump Station. The reason for the varying options is to provide a lower water rate at the Imlay Station, since the DWSD rate formula is based on distance and elevation factors related to the supply location.

The rates are also dependent on the maximum amount of water DWSD supplies. As example, if DWSD supplies a maximum day demand of 18 MGD that would equal the entire amount of water required by Flint.

For the options less than the maximum of 18 MGD means that the Flint WTP would supplement the difference by supplying water treated from the Flint River. These options are known as "blending" and would allow for Flint to blend two sources of water to supply its customers; the Flint River using the Flint WTP and Lake Huron from DWSD system.

Description	Average Day Demand
18 MGD Maximum Day Customer – FL-1	12 MGD
12 MGD Maximum Day Customer – FL-1	8 MGD
8 MGD Maximum Day Customer – FL-1	8 MGD
12 MGD Maximum Day Customer - Imlay	12 MGD
8 MGD Maximum Day Customer - Imlay	12 MGD

Table 2-1: DWSD Supply Options

3. DATA COLLECTION

During the course of the investigation several documents were used to perform the analysis. The names of the documents are listed below for reference.

KWA and Flint

- Preliminary Engineering Report, Lake Huron Water Supply Karegnondi Water Authority, September 2009;
- Analysis of the Flint River as a Permanent Water Supply for the City of Flint, July 2011;
- Cost Comparison, KWA vs. DWSD, Letter to Mr. Kurtz, October 31, 2012;
- Lake Huron Supply Study, KWA, Appendix 20, October 2012 Preliminary Report Update, Final Report (DRAFT), October 4, 2012;
- Articles of Incorporation of Karegnondi Water Authority, endorsed in 2010;
- Karegnondi Water Authority Bylaws, October 26, 2010;
- KWA Raw Water Supply Contract;
- Flint WTP Statement of Revenues and Expenditures 09' – 12';
- GCDC Division of Water and Waste Services Financial Statements 03' – 11'; and
- Assorted emails with further clarification of questions and documentation.

DWSD

- Historical Rates and Charges to Flint 04' – 13';
- Historical Rates and Charges to Flint with Hypothetical Model Contract 10' – 13';
- 2013 Rates and Charges for the following options:
  - 18 MGD Maximum Day Customer at FL-1;
  - 12 MGD Maximum Day Customer at FL-1 (Flint blending*);
  - 8 MGD Maximum Day Customer at FL-1 (Flint blending*);
  - 12 MGD Maximum Day Customer at Imlay (Flint blending*);
  - 8 MGD Maximum Day Customer at Imlay (Flint blending*); and
- Assorted emails with further clarification of questions and documentation.

* Flint blending based on DWSD supplying two-thirds and Flint one-third of 12 MGD average day demand.

Two meetings were also held; one with DWSD and one with Flint and Genesee County representing KWA. The meetings were held on November 19, 2012 and November 20, 2012, respectively. Minutes from these meetings are included in Appendix A.

4. COST OF SERVICE

Information provided by DWSD, Flint, and representatives of the KWA were used in the cost of service evaluation. To evaluate the annual escalation/inflation rate over the planning period, the rate adjustment for DWSD was estimated based on the recent rate adjustment history. For the KWA system both the estimated cost of operations when the system begins supplying water and the annual rate adjustment or inflation was evaluated. The existing cost of operations and escalation for the Flint WTP was based on actual costs provided and then adjusted depending on the scenario considered. This section describes the evaluation process and the rates used in the analysis.

DWSD Water Supply

The City of Flint has been a customer of DWSD since 1967. The Flint WTP has been maintained as a backup to the DWSD system. As indicated previously, several options were provided by DWSD depending on the type of service Flint was to select. The unit cost of water for each of these options is shown in Table 4-1. These rates are based on DWSD's FY13, which are current until July 2013.

Description	Average Day Demand (MGD)	Unit Rate ($/MCF)
18 MGD Maximum Day Customer – FL-1	12	16.37
12 MGD Maximum Day Customer – FL-1	8	16.31
8 MGD Maximum Day Customer – FL-1	8	12.68
12 MGD Maximum Day Customer - Imlay	12	14.38
8 MGD Maximum Day Customer - Imlay	12	11.11

Table 4-1: Cost of DWSD Supply Options

To determine annual escalation rate, DWSD's last 10 years of history was used along with other large urban water systems in Michigan. The water systems used for benchmarking comparison were: Lansing, Grand Rapids, and Saginaw.

Table 4-2 identifies the annual and average rate of increase to Flint based on supplying water either to the current FL-1 at Potter and Baxter or Imlay. Note the last three years of the rates (FY 2011 through FY 2013) assumes that Flint's cost would be based on the new 30 year contract; FY 2011 being the first year that the new contract was available.

Fiscal Year	Average Unit Cost ($/MCF)	Annual Change (%)
2004	11.06	
2005	10.24	-7.4
2006	10.56	3.1
2007	11.09	5.0
2008	11.35	2.3
2009	13.07	15.2
2010	11.73	-10.3
2011	13.89	18.4
2012	15.08	8.6
2013	16.24	7.7
Average		4.4%

From FL-1

Fiscal Year	Average Unit Cost ($/MCF)	Annual Change (%)
2004	11.06	
2005	10.24	-7.4
2006	10.56	3.1
2007	11.09	5.0
2008	11.35	2.3
2009	13.07	15.2
2010	11.16	-14.6
2011	12.23	9.6
2012	13.28	8.6
2013	14.32	7.8
Average		2.9%

From Imlay

Table 4-2: Recent DWSD Water Rates

Audited financial reports were used to determine the rate of inflation associated with other three large municipal systems. The results are shown in Table 4-3.

Water Systems	Years Evaluated	Average Rate (%)
Lansing	05'-12'	4.6
Grand Rapids	04'-11'	1.6
Saginaw	04'-11'	7.0

Table 4-3: O&M Inflation Rates of Other Large Water Systems

Based on the information analyzed from DWSD and the other communities, it was determined that a fair annual rate of inflation for operations and maintenance cost for the analysis should be 4.4%. The 4.4% has historical significance from Flint's current water supplier and falls within the range of the other communities.

KWA Water Supply

The initial projected O&M cost for the KWA supply would be comprised of KWA's O&M costs as well as Flint's O&M costs. Because there was limited information provided, the initial estimated rate of $1.50/MCF was used. This rate is based on information from the cost comparison analysis attached to the letter to Mr. Kurtz, dated October 31, 2012.

The KWA cost evaluation used an annual O&M inflation rate of 5%. To validate this rate a similar analysis to DWSD's operations and maintenance annual rate of inflation was used. First, in discussions with Flint and the Genesee County Drain Commission (GCDC), they believed that the annual rate of inflation for the new KWA system would be similar to the GCDC Water & Waste Services (WWS). Additionally, two large transmission systems were used to benchmark the inflation rates: the Southeastern Oakland County Water Authority (SOCWA) and the Ypsilanti Utility Community Authority (YUCA). Although both of these systems transmit finished water opposed to raw water, they were considered similar enough for comparison as they are comprised of only large water mains, pumping facilities and storage.

Once again audited financial statements were used to calculate the inflation rates. A summary of the findings are shown in Table 4-4. Based on the fact that the information analyzed showed a large difference between the two systems, it was determined that the KWA assumption of 5% was a good rate of inflation to use in the financial analysis. This rate is almost equally between the GCDC rate and the other two transmission systems.

Systems	Years Evaluated	Average Rate (%)
GCDC WWS	03' – 11'	10.5
SOCWA	04'-12'	--
YUCA	04'-12'	0.7

Table 4-4: O&M Inflation Rates of Other Comparable Systems to KWA

Flint WTP

The Flint WTP currently serves as a backup supply to the DWSD service to Flint. To maintain backup operations, the City of Flint operates the plant approximately 20 days each year. Flint indicated that the average production rate when they operate is 11 MGD.

For the blending options and the KWA supply considered, Flint would be required to operate its plant all year around. Therefore, their operating and maintenance costs were evaluated and adjusted to determine an annual cost associated with year-round operations.

The Flint WTP provided three years of operating costs for the assessment. Additionally, reports listed in Section 3 were also used as reference to determine both operating costs for the plant processing Flint River water (blending options) and Lake Huron raw water (KWA option).

Major cost centers were analyzed to estimate annual operation and maintenance. They included: labor, utilities, chemicals and residual management. In general, as recommended by the Flint plant staff, labor and overhead were increased from the current costs by two-thirds. Additionally, variable costs for power, chemicals and residual cost were increased to estimate full time treatment at the Flint WTP. Data from the KWA Preliminary Report and annual operating data for the Flint WTP (provided separately) were analyzed to make these forecasts.

The annual operating and maintenance costs developed for Flint WTP used are shown in Table 4-5.

Source of Supply	Average Daily Production (MGD)	Estimated Annual O&M Cost
Flint River (Blending with DWSD)	4	$5,895,097
Lake Huron (Supplied by KWA)	12	$7,913,118

Table 4-5: FY 13 O&M Costs for Year-round Operations

It was determined that a fair annual rate of inflation for operations and maintenance cost for the Flint WTP plant should be 4.51%. The 4.51% is an average of Lansing, Grand Rapids and Saginaw facilities.

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5. CAPITAL REQUIREMENTS

Large capital investments would be required by Flint and GCDC to construct the KWA supply system. Furthermore, some of the options presented by DWSD (supply point from Imlay) would require the purchase by Flint of DWSD's 72-inch water main. Performing the financial analysis; therefore, required an analysis of the KWA construction cost estimate for the transmission system and Flint WTP improvements.

Revenue bonds were also identified as the source of financing the new supply system and associated improvements. This section describes the assumptions made and the interest used for financing the improvements.

KWA Supply System

The most current cost estimate of the KWA system was presented in the document titled; Lake Huron Supply Study, KWA, Appendix 20, October 2012 Preliminary Report Update, Final Report (DRAFT), October 4, 2012. The cost of construction is estimated at $272,421,558. Flint's portion would be 30% or $81,726,467.

Due to the significance of this expenditure, a detailed review of the cost was performed and is presented in this section. The analysis was performed based on the main elements of the supply system: the lake intake, the two pumping stations, and the transmission pipeline. Additionally, an analysis was performed related to construction contingencies and other costs such as engineering, legal, and administration.

Lake Intake

KWA representatives indicated in a meeting in November that the design documents for the intake were at 90% and that it was planned for advertisement in January 2013. A summary of the estimate is shown in Table 5-1.

Description	Estimate
Intake and Crib	$22,076,850
ELAC at 25%	5,519,213
Property	2,300,000
Total	**$29,896,063**

Table 5-1: KWA Intake Cost Estimate

Based on the evaluation, it appeared that the cost estimate was reasonable. Given that the design was nearly complete, the engineering, legal, administration, and construction contingencies (ELAC) at 25% were also found to be appropriate.

Pumping Stations

KWA representatives indicated that the pump stations were estimated at a level of design less than 15%. Therefore, in addition to an evaluation of their cost estimate, other water pumping station costs were used for comparison. Additionally, contractors were also contacted for costs. Table 5-2 summarizes the KWA cost estimate compared to our cost estimate performed for the Treasury.

Description	KWA	Estimate	TYJT	Estimate
Pumping Stations		$24,618,080		$54,573,314
Land for Intermediate Pump Station and Reservoir		–		75,000
Subtotal		$24,618,080		$54,648,314
ELAC for Construction	25%	6,154,520	30%	16,394,494
Total		**$30,772,600**		**$71,042,808**

Table 5-2: Pumping Stations Cost Estimate

Two things to note regarding the difference in the cost estimates; firstly, there is a large difference in the cost estimates of the pumping stations. The estimate developed for the Treasury used several other pumping stations construction costs from Southeastern Michigan and discussions with contractors. These costs were then computed on a $/MG's for comparison.

Secondly, our estimate for the Treasury is based on an ELAC of 30% instead of KWA's 25%. Although 25% was acceptable for the intake, it is believed to be too low for the pumping station estimate given that the engineering effort is less than 15%.

Transmission Main

Although the specific route for the transmission main was not provided, an estimate was calculated based on the general information provided. Once again, the KWA estimate was based on a level of design less than 15%. The estimate performed for the Treasury used the line items provided by KWA for the pipeline and also consulted with contractors to evaluate the cost of construction. The comparison is shown in Table 5-3.

Although the cost of construction of the pipeline is similar, a value of 30% was used for ELAC due to the level of design. Additionally, KWA did not believe there would be any additional costs for easements; however, this did not seem practical. Therefore an estimate for acquiring the easements was added to the Treasury estimate and is based on the 277 easements identified by KWA. The cost shown includes surveying, legal, engineering, administration, etc.

Description	KWA	Estimate	TYJT	Estimate
Transmission Mains		$166,202,316		$167,419,530
ELAC for Construction	25%	41,550,579	30%	50,225,859
Subtotal		$207,752,895		$217,645,389
Easements		–		1,166,170
Total		**$207,752,895**		**$218,811,559**

Table 5-3: Transmission Pipeline Cost Estimate

Other KWA Costs

In prior estimates of the construction cost, KWA used an ELAC of 37%. In this case it could be considered that the engineering effort associated with the design would have been included. However, it is believed that KWA's reduced ELAC of 25%, does not include the design effort. Additionally, it would be prudent to assume that the owner would want a construction manager during construction of this large project. A summary of these costs are shown in Table 5-4.

Description	Estimate
Design Engineering for Pumping Stations and the Transmission Pipeline	$16,939,581
Construction Management at 5%of Project Cost Estimate of $217,645,389	14,434,609
Administration	349,440
Legal, Easements, Contract Documents	831,000
Total	**$32,554,630**

Table 5-4: Other Costs

Summary Comparison

A summary of the two cost estimates are shown in Table 5-5. Based on the comparison, the estimate performed by TYJT shows a higher cost to Flint by approximately $25,000,000.

Note that there are two other costs shown in the summary that were not previously addressed; power and backup power. Regarding the cost of providing power to the pumping facilities, the cost of $4,000,000 appears reasonable.

The KWA has repeatedly indicated that backup power is not needed. Backup power is a standard practice in the water industry. Furthermore, a loss of power at either pumping facility will prevent the supply of water to both Flint and Genesee County. For these reasons, the cost of providing backup power was included in our estimate for the Treasury.

Description	KWA Estimate	TYJT Estimate
Intake/Crib	$ 27,596,063	$ 27,596,063
Pump Stations	30,772,600	71,042,808
Transmission Mains	207,752,895	217,645,389
Power	4,000,000	4,000,000
Redundant Power for PS		1,273,200
Land for Lake Huron Pumping Station	2,300,000	2,300,000
Design Engineering/PS and Transmission		16,939,581
Construction Management		14,434,410
Administration		349,440
Legal/Easement/Contract Documents		831,000
Easements		1,166,170
Total	**$ 272,421,558**	**$ 357,578,060**
Flint Share at 30%	**$81,726,467**	**$107,273,418**

Table 5-5: Total Cost Comparison

Flint WTP Improvements

The KWA analysis identified capital costs required to convert the existing WTP from river water treatment to treating lake water. The cost estimate was identified as $7,100,000 in the 2009 report. This number was used in the our analysis, since additional information was not provided. For the purpose of the financial analysis; however, the $7,100,000 was increased by 3% each year for three years to account for inflation.

DWSD Imlay Station Supply Options

The options identified by DWSD to supply service to Flint at the Imlay Pump Station would require Flint to purchase the 72-inch water main from Imlay to Master Meter, FL-1. The pipeline is approximately 25 miles long. The estimated cost provided by DWSD for estimating purposes is $4,700,000.

Financing

The cost of financing the revenue bonds for the capital work was investigated. Based on conversations with local financial advisors knowledgeable in bond financing, an interest rate of 5% for the 25 year

period was considered acceptable. This is based on a Standard and Poor's bond rating of A without insurance.

Additional costs associated with the bond include the reserve and bond issuance fee. The bond holders will require a reserve of approximately 10% of the loan to be held for the 25 year payment period. The cost associated with the bond issuance has been estimated at 2.25% of the principal borrowed for the KWA project and 3% for the smaller loan associated with the Flint WTP improvements or the purchase of the 72-inch main.

Furthermore, since no revenue will be generated to pay on the bonds for the first three years that the system is being constructed, the cost associated with capitalizing the interest was also included.

Finally, interest on the reserve will be provided back to KWA and Flint. Although the interest is currently less than 1%, it was determined that a 3% rate would be more prudent long-term.

6. FINDINGS

Using the information described in the previous sections, a cost evaluation was conducted for the KWA supply and the DWSD options. Individual worksheets for each option are provided in Appendix B. For the purpose of comparison a 30 year period was used. This period includes the 3 year construction period, the 25 loan period and an additional two years to get a sense of the cost of operation after the loans have been paid.

There were three separate cost sheets prepared for the KWA option. The first cost sheet (KWA) is based on the cost estimate provided by KWA. The costs provided assumed no overruns or delay in construction. With KWA's own assumptions of an overrun in construction of 15% and a one year delay in operations, the KWA estimated cost becomes $686,375,920 through Year 2042.

Since this cost estimate did not appear to include the financing of revenue bonds, another cost sheet (KWA-1) was developed that included KWA's cost estimate without overruns with the additional finance costs associated with the revenue bonds. A final cost sheet (KWA-2) includes the cost associated with the revenue bonds based on the estimate provided by TYJT for the Treasury.

A summary of the cost sheets provided in Appendix B are shown in Table 6-1. Figure 6-1 shows the cumulative annual costs associated with each option.

Option	Costs through 2042 ($)	Ranking by Cost
DWSD 8 MGD Maximum Day at Imlay Station	634,795,488	1
KWA *(10/31/12 No Overruns, As Provided)**	649,775,166	2
DWSD 8 MGD Maximum Day at FL-1	672,671,705	3
KWA-1 *(10/31/12 No Overruns with Cost of Financing)*	707,279,715	4
DWSD 12 MGD Maximum Day at Imlay Station	725,576,803	5
DWSD 12 MGD Maximum Day at FL-1	762,110,308	6
KWA-2 *(Treasury Estimate)*	766,784,313	7
DWSD 18 MGD Maximum Day at FL-1	821,226,268	8

* $686,375,920 with 15% overrun in construction and a one year delay in operations

Table 6-1: Total Cost of Options through 2042

Based on the analysis, it is prudent to assume the KWA water supply option costs would be somewhere between the KWA-1 and KWA-2 options. Therefore, the analysis indicates that the two DWSD options of supplying 8 MGD on a maximum day and up to 8 MGD on average are the least cost options for Flint. These options allow Flint to maximize the use of existing assets; the City of Flint's (the Flint WTP) and DWSD's (the existing 72-inch main).

Additionally, in recent conversations with the Treasury another option was discussed that could potentially be the most cost-effective solution. Currently the Flint WTP serves as a backup if service is

lost through either the DWSD or KWA pipeline. If the a twin pipe paralleling the DWSD 72-inch water main were constructed with interconnects with the 72-inch line, then the new water main could serve as the backup to Flint and the Flint WTP could be abandoned or potentially sold to Genesee County for their use.

The construction of the parallel pipeline would be considered in the DWSD capital expenditure as a Common to All (CTA) cost. This means that the capital cost of the pipeline would be shared by all DWSD customers and not just by Flint. Preliminary analysis of this option appears to be the most cost-effective of all the options discussed. However, a more thorough cost analysis is warranted and this approach would require an agreement between Flint and DWSD.

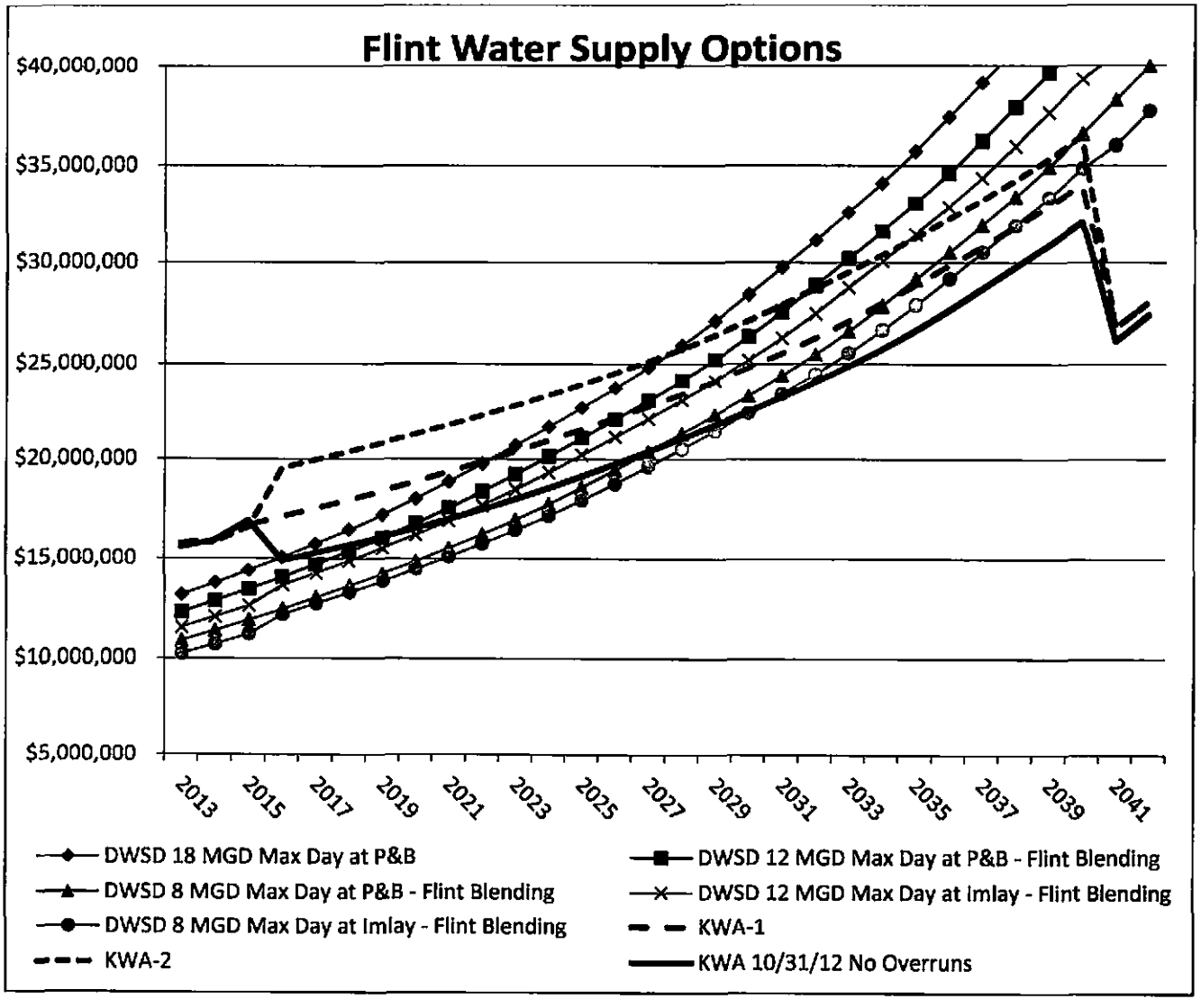

Figure 6-1: Flint Water Supply Options through 2042

7. OTHER CONSIDERATIONS

As part of the investigation other issues were identified that may result in risks to Flint that should be considered by the Treasury in determining how Flint's potable water should be supplied. These issues are related to redundancy and reliability, other items affecting cost, and Flint's desire to control its own destiny related to its water supply. These are described further below.

Redundancy/Reliability

In one of the first meetings related to this task assessment, which was held on November 1, 2012, the Genesee County Drain Commissioner, Mr. Jeff Wright, stated that one of the main reasons for pursuing the KWA supply option related to the lack of reliability of the DWSD system. He pointed to the Northeast blackout of 2003; a widespread power outage that occurred throughout parts of the Northeastern and Midwestern United States and Ontario, Canada, on Thursday, August 14, 2003. He stated that Flint and Genesee County were out of water for several days.

It is worth noting that this was a power outage of historic proportions that affected millions of Americans. However, DWSD did begin supplying water again relatively quickly in comparison to other major cities impacted by the same power outage.

Furthermore, the KWA supply system offers less redundancy to Flint than the current DWSD system. Under both options, Flint is supplied by a single pipeline; however, DWSD has backup power at all of its major facilities supplying Flint. The KWA system will not have a redundant power at its pumping facilities. This would be a major risk.

Currently, backup to the DWSD system for Flint is Flint's WTP using the Flint River as the source of supply. KWA has stated that the Flint River source would also be used as backup to Flint if the KWA supply through its pipeline was lost. However, since the Flint WTP would be upgraded to treat Lake Huron water under the KWA option, using the Flint River as a backup source would require the Flint WTP to maintain two process treatment streams.

In addition to Flint and Genesee County, the DWSD's 72-inch main supplies Imlay City, Mayfield and the Greater Lapeer County Utilities Authority (GLCUA). The volume of water contained within the 72-inch main is approximately 30 MG. Only supplying these three remaining communities would cause the water age to increase dramatically; somewhere in excess of three weeks old, before reaching the customers' master meters. Since the half-life of chlorine in the DWSD system is approximately 5 days, the chlorine would most probably be near zero requiring re-chlorination of the finished water upstream of the master meters.

Re-chlorinating is a costly and risky process due to the instability of chlorine gas. It is unknown whether DWSD would pursue this improvement or possibly abandoned the 72-inch pipeline.

If Flint is supplied by the KWA system, then DWSD supplying their other customers along the 72-inch water main may be reconsidered. Since the KWA system is a raw water supply, the communities would

either have to build a treatment facility to treat the water from KWA or find another water source for their communities.

Additional Cost and Risk Considerations

The design of the KWA supply and the construction of the system have not been completed; therefore, final costs and time to complete are unknown. Cost overruns and delays in completion will both negatively impact Flint's final cost. As example, if the project is not completed within the three year period, payment on the bonds will be due, but the revenue source needed from the sale of water could not be provided.

Furthermore, there is always a risk with large water system construction; especially those including an intake in the Great Lakes, pumping stations and rehabilitation of older water treatment plants. These risks include the potential of explosive gases in tunneling below Lake Huron, changing site conditions associated with the large number of miles of pipe installation and rehabilitating an older WTP, and the startup and debugging of the entire pumping system.

Flint has indicated that they have a high water loss. Not addressing this issue prior to sizing the Flint supply pipeline from KWA could cause the water main to be oversized along with its incremental cost in construction.

Also, the KWA supply option appears to run counter to the Treasury's Competitive Grant Assistance Program (Formerly EVIP Grant). This program has been put in place to allow for communities to consolidate their services and save money. Two existing customers of DWSD (Flint and Genesee County) along with the potential of others customers (GLCUA, Mayfield, Imlay City) separating to from another water system is in contradiction to the program.

Finally, there is a concern over the ability of smaller systems (KWA) over larger systems (DWSD) to pay for future unfunded mandates and regulations. Obviously, identifying regulation requirements over 30 years is hard to determine. However, it is widely accepted that a large system has greater ability to respond to unfunded mandates because the cost can be distributed over a large customer base.

Flint's Autonomy

Flint has indicated that a major point of consideration is that they have no control over the rate increases issued to Flint by DWSD. All other counties supplied by DWSD have representatives on the Board of Water Commissioners (BOWC). The BOWC is one of the governing bodies that approve the water rates. Since Flint and Genesee County do not have a representative on the BOWC, Flint believes they are held "hostage" to DWSD's rates and cost of service.

This issue was stated in Flint's handout at the November 1, 2012 meeting. The handout is titled, "Flint Water Supply Future." However, it is worth noting in the same handout, Flint also identifies similar concerns with the governing board of the KWA system. Notably, that although Flint and Genesee County will be the only customers and Flint will be responsible for 30 percent of the construction cost,

they will have a minority vote on the KWA board. Furthermore, there are other communities (Lapeer County, the City of Lapeer, and Sanilac County) that sit on the board and vote. However, they are not purchasing water nor contributing to the construction costs.

STATE OF MICHIGAN CONTRACT NO. 271N3200089

CITY OF FLINT WATER SUPPLY ASSESSMENT

State of Michigan, Department of Treasury

Appendix A: Meeting Minutes

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MEETING MINUTES

IN ATTENDANCE: Sue McCormick, DWSD Director
Darryl Latimer, DWSD Deputy Director
George Karmo, TYJT
Awni Qaqish, TYJT
Dave Guastella, TYJT

DATE: November 24, 2012

PURPOSE OF MEETING: Meeting with DWSD for the Indefinite-scope, Indefinite-delivery Contract Number 00383, 2012 Professional General Architectural/Engineering Services – City of Flint Water Supply Assessment

PREPARED BY: Dave Guastella

A meeting was held at the DWSD Main Office Building on November 19, 2012 to discuss the water supply options being presented by DWSD to the City of Flint. The main items discussed generally followed the attached DWSD Discussion/Questions that were provided to the Department prior to the meeting. A summary of the key points discussed are provided below.

DISCUSSION ITEMS

1. Question/Discussion Item: Verify that the four options presented at the November 1, 2012 meeting are still available for consideration:

    a. Supplied from Potter & Baxter using the new model contract (assume a Maximum Day Customer),

    b. Supplied from Imlay Station,

    c. Finished un-pumped supply from Lake Huron WTP, and

    d. Raw un-pumped supply from Lake Huron WTP.

    DWSD prefers to focus on the first two supply point listed; from the current location at Potter & Baxter and at the Imlay Pump Station as these apply specifically to Flint.

    DWSD provided the attached summary regarding the current costs to Flint based on the various options that DWSD is offering. The savings associated with each option is provided as well. As example, if Flint were to purchase water from the supply point located at Imlay Station, the current cost to Flint would be $5,661,000 and it would be a savings of nearly 50%

Comments: Meeting minutes were recorded based on the understanding of the author. Please contact the author within three days if you have any different understanding of the meeting. These minutes will be considered approved unless comments are provided within three days.

compared to Flint's current rate.

2. Question/Discussion Item: What additional capital improvements will be required for each option?

   If Imlay Pump Station is selected as the supply point then Flint would need to purchase the 72-inch water main and an agreement to supply Lapeer would need to be worked out. DWSD believes that this could be worked out through a "wheeling" charge over the 72-inch main or possibly moving the supply point downstream of the Lapeer connection.. DWSD estimates the value of the water main at $4.7M. Flint could bond for this amount or DWSD could include the cost into Flint's rate.

3. Question/Discussion Item: Are there other options being presented that should be considered (e.g., blending)?

   Only the two options indicated above are currently being considered and both would include blending; DWSD providing 2/3 of the supply and the Flint WTP providing the other 1/3.

4. Question/Discussion Item: To evaluate each option over the 25 year planning period, provide:

   a. Annual water rate for Flint for 2002 through 2012, and the

   b. Projected annual rate adjustment for each option. What are the proposed measures to keep the rate adjustments down in the future?

   DWSD provided the attached historical rates from 2002 through 2012 for the existing water contract with Flint. The attachment also includes what the rates would have been if Flint had signed the new model contract or had taken service from Imlay. These rates were provided back to 2010.

   DWSD believes that 5% would be a good estimation to assume for their annual escalation in rates over the 25 year planning period.

5. Question/Discussion Item: Flint stated a 10% increase in the capacity charge. What number did DWSD provide Flint?

   It was unclear to DWSD where the 10% increase in capacity charge stated by Flint came from. DWSD's information provided shows an average of 6.3%. DWSD offered a meeting with TYJT to discuss how the fixed and commodity charges are allocated.

6. Question/Discussion Item: Flint financial comparison is based on the initial Cost of $14,413,858, which includes $2,725,538 for Flint WTP operating cost; i.e, DWSD charge is $11,688,320. How good is this number?

   DWSD indicated that the charge of $11,638,320 is good through 6/30/13.based on their existing contract with DWSD.

7. Question/Discussion Item: KWA's initial charge to Flint is based on 12 MGD. Is DWSD charge

based on 12 MGD?

Yes, 12 MGD from DWSD would be a maximum with Flint supplying 6 MGD for a total of 18 MGD (2/3 vs. 1/3).

Comments: Meeting minutes were recorded based on the understanding of the author. Please contact the author within three days if you have any different understanding of the meeting. These minutes will be considered approved unless comments are provided within three days.

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Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT

DWSD Discussion/Questions for the November 19, 2012 Meeting

1. Verify that the four options presented at the November 1, 2012 meeting are still available for consideration:
    c. Supplied from Potter & Baxter using the new model contract (assume a Maximum Day Customer),
    d. Supplied from Imlay Station,
    e. Finished un-pumped supply from Lake Huron WTP, and
    f. Raw un-pumped supply from Lake Huron WTP.
2. What additional capital improvements will be required for each option?
3. Are there other options being presented that should be considered (e.g., blending)?
4. To evaluate each option over the 25 year planning period, provide:
    g. Annual water rate for Flint for 2002 through 2012, and the
    h. Projected annual rate adjustment for each option. What are the proposed measures to keep the rate adjustments down in the future?
5. Flint stated a 10% increase in the capacity charge. What number did DWSD provide Flint?
6. Flint financial comparison is based on the initial Cost of $14,413,858, which includes $2,725,538 for Flint WTP operating cost, i.e DWSD charge is $11,688,320. How good is this number?
7. KWA's initial charge to Flint is based on 12 MGD. Is DWSD charge based on 12 MGD?

Comments: Meeting minutes were recorded based on the understanding of the author. Please contact the author within three days if you have any different understanding of the meeting. These minutes will be considered approved unless comments are provided within three days.

Summary of DWSD Cost Allocations to Flint Under Various Scenarios

Flint Only

	Revenue	Rates and Charges		
	Requirement	Fixed	Commodity	Avg Unit Cost
1 **Status Quo**	11,461,700	357,271	12.46	19.91
2 **Model Contract**	9,732,100	275,517	11.16	16.90
3 Change	(1,729,600)	(81,754)	(1.30)	(3.00)
4 % Change	*-15.1%*	*-22 9%*	*-10 4%*	*-15.1%*
5 **Max Day Only**	9,424,700	271,010	10.72	16.37
6 Change	(307,400)	(4,507)	(0.44)	(0.53)
7 % Change	*-3.3%*	*-1 7%*	*-4.1%*	*-3.3%*
8 **Allow Blending**	6,302,800	182,369	10.72	16.42
9 Change	(3,121,900)	(88,641)	0.00	0.05
10 % Change	*-49 5%*	*-48.6%*	*0.0%*	*0 3%*
11 **Imlay City Connections**	5,800,700	170,912	9.77	15.11
12 Change	(502,100)	(11,457)	(0.95)	(1.31)
13 % Change	*-8.7%*	*-6.7%*	*-9 7%*	*-8.7%*
14 Cumulative Change	(5,661,000)	(186,359)	(2.69)	(4.80)
15 Cumulative %Change	*-49.4%*	*-52.2%*	*-21.6%*	*-24 1%*

	Assumptions					
	Avg Day	Max Day	Peak Hour	Distance	Elevation	Sales
	mgd	*mgd*	*mgd*	*miles*	*feet*	*mgd*
1 **Status Quo**	11.8	21.6	22.6	52.0	866	**11.8**
2 **Model Contract**	11.8	**17.9**	**18.8**	52.0	866	11.8
3 **Max Day Only**	11.8	17.9	**17.9**	52.0	866	11.8
4 **Allow Blending**	7.9	**11.9**	**11.9**	52.0	866	7.9
5 **Imlay City Connections**	7.9	11.9	11.9	**45.2**	**866**	7.9

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			*Average*
	Fixed	Commodity	Avg Unit Cost	Fixed	Commodity	Avg Unit Cost	*Annual Change*
	$/mo	*$/Mcf*	*$/Mcf*	*$/mo*	*$/Mcf*	*$/Mcf*	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12.46	19.12	59.6%	-6.7%	9.1%	**6.3%**
Hypothetical Model Contract							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		***13.96***	***13.96***			6.8%	
2011	***145,918***	***13.74***	***15.28***		-1.6%	9.5%	
2012	***378,968***	***12.58***	***16.57***	159.7%	-8.4%	8.4%	
2013	***597,323***	***11.63***	***17.93***	57.6%	-7.6%	8.2%	**5.5%**

Recent DWSD Water Rates to Flint

	Rates and Charges			Annual Change			*Average*
FY	Fixed	Commodity	Avg Unit Cost	Fixed	Commodity	Avg Unit Cost	*Annual Change*
	$/mo	*$/Mcf*	*$/Mcf*	*$/mo*	*$/Mcf*	*$/Mcf*	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12.46	19.12	59.6%	-6.7%	9.1%	**6.3%**
*Hypothetical Model Contract - **Flint Only***							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		*11.73*	*11.73*			-10.3%	
2011	*70,060*	*12.45*	*13.89*		6.1%	18.4%	
2012	*175,882*	*11.47*	*15.08*	151.0%	-7.9%	8.6%	
2013	*272,923*	*10.65*	*16.24*	55.2%	-7.1%	7.7%	**4.4%**

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			*Average Annual Change*
	Fixed *$/mo*	Commodity *$/Mcf*	Avg Unit Cost *$/Mcf*	Fixed *$/mo*	Commodity *$/Mcf*	Avg Unit Cost *$/Mcf*	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12.46	19.12	59.6%	-6.7%	9.1%	**6.3%**
*Hypothetical Model Contract - **Flint Only @ Imlay***							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		***11.16***	***11.16***			-14.6%	
2011	***65,919***	***10.88***	***12.23***		-2.5%	9.6%	
2012	***165,275***	***9.89***	***13.28***	150.7%	-9.1%	8.6%	
2013	***255,580***	***9.09***	***14.32***	54.6%	-8.1%	7.8%	**2.9%**

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CONSULTING ENGINEERS-PLANNERS
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Detroit, Michigan 48226
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MEETING MINUTES

IN ATTENDANCE:	Ed Kurtz; Flint Emergency Financial Manager, City of Flint Dayne Walling; Mayor, City of Flint Mike Brown, City of Flint John O'Brien, Genesee County Howard Croft, City of Flint Dwayne "Duffy" Johnson, City of Flint Brent Wright, City of Flint Awni Qaqish, TYJT Dave Guastella, TYJT
DATE:	November 24, 2012
PURPOSE OF MEETING:	Meeting with the City of Flint for the Indefinite-scope, Indefinite-delivery Contract Number 00383, 2012 Professional General Architectural/Engineering Services – City of Flint Water Supply Assessment
PREPARED BY:	Dave Guastella

A meeting was held at the City of Flint Municipal Center on November 20, 2012 to discuss the water supply option being presented by the Karegnondi Water Authority (KWA) to the City of Flint. The main items discussed generally followed the attached KWA Discussion/Questions that were provided to City prior to the meeting. A summary of the key points discussed are provided below.

The questions submitted are repeated in the Discussion Items for easy reference. A summary of the action items generated from the meeting follow the Discussion Items.

DISCUSSION ITEMS

1. Question/Discussion Item: Is the maximum day demand of 18 MGD for Flint the maximum day demand (MDD) throughout the 25 year planning period? If not, what is the 25 year projected MDD?

   KWA would supply up to 18 MGD. 18 MGD has been assumed as the maximum day demand and 12 MGD is assumed as the average day demand throughout the 25 year planning period.

2. Question/Discussion Item: Copy of the intake contract documents and engineer's estimate.

   The intake contract documents are approximately 90% complete and are not available for distribution. However, the updated Appendix 20, dated October 4, 2012 includes the most recent cost estimate of the intake based on the current design in process.

Comments: Meeting minutes were recorded based on the understanding of the author. Please contact the author within three days if you have any different understanding of the meeting. These minutes will be considered approved unless comments are provided within three days.

3. Question/Discussion Item: Documentation of the Flint WTP improvements required and cost estimate.

   The costs are approximately $7M as presented in the September 2009 Preliminary Engineering Report. However, this estimate has been updated. Some processes have been eliminated. John O'Brien will provide the updated costs and the description of the planned improvements to the plant.

4. Question/Discussion Item: Confirm Flint's allocated percentage of the KWA capital improvements (30%?).

   Yes, the allocation is based on 18 MGD/60 MGD total capacity.

5. Question/Discussion Item: Copy of the proposed KWA operating agreement for Flint.

   John O'Brien will provide the operating agreement as well as the Capacity Contract and Articles of Incorporation.

6. Question/Discussion Item: What is the annual operating agreement adjustment projected for the 25 year planning period?

   This information is provided in Appendix 14, Table 14.2 of the September 2009 Preliminary Engineering Report. Operating cost based on Table 1. Used 12 MGD as average day demand (ADD). Assumed 5% as the annual increase in operating costs. John O'Brien indicated that these operating costs were based on Genesee County's operating costs. John O'Brien will provide the last 10 years of audited financial statements for the water fund.

   To assess operating and maintenance costs for the Flint WTP, Duffy will provide multiple years of financial statements for the water fund. Duffy did not believe they had 10 years, but they will provide what they have.

   Regarding operation and maintenance costs, Flint believes that these costs will increase by 2/3 of what they are now.

7. Question/Discussion Item: Need the route of the pipelines and the locations of the facilities proposed. Purpose is to identify constraints that impact costs (i.e., utilities, environmental (e.g. wetlands), easements, etc.).

   KWA will not release the route due to concerns regarding speculation of land and easements. John O'Brien did indicate that the Lake Huron pump station would be at Fisher and M-25. The intermediate pump station site is near a location of the Lapeer/Sanilac/St. Clair border; where all three meet.

8. Question/Discussion Item: KWA's initial charge to Flint is based on a 12 MGD average day demand. What is the basis of this number? Are there population projections and water use figures available that were used to determine the Flint demand for the 25 year planning period?

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This was answered in Question No. 1 above.

9. Question/Discussion Item: Is there a transition plan and cost during construction of the KWA system identified?

   Flint is looking for an agreement with DWSD for back-up supply from the 72-inch main at the Genesee border.

10. Question/Discussion Item: The October 4, 2012 Preliminary Engineering Report Update states: "no backup power is planned for the pumps" (LHPS) and "No backup power is planned for pumping" (IPS). In case of power loss, how would Flint supply its customers?

    Flint indicated that they have adequate storage to supply the system for 6 to 7 days. Flint has 55 MG of storage and Genesee County has 65 MG for 2.5 days.

11. Question/Discussion Item: The latest plan shows only a 5 million gallon ground reservoir is planned for balancing between LHPS and IPS. How is redundancy maintained?

    In cases of emergency, Flint indicated that the back-up for the KWA system will be the same as it is now with DWSD; they will use the Flint River as the source water. Flint currently operates their plant four times a year.

    When questioned as to whether the WTP will be able to treat both lake water from the KWA system and river water Flint indicated that once the improvements identified in the September 2009 Preliminary Engineering Report are completed they will be able to accomplish both treatment processes. Flint will provide a schematic of the treatment trains at the WTP and a copy of the Flint transmission system.

    Genesee County indicated that additional redundancy would also be provided from the new Genesee County WTP.

    Regarding hydraulic transients; Genesee County indicated that a model analysis has not been included, but capital costs for mitigating transients have been included.

12. Question/Discussion Item: Related to the construction cost:

    a. Does it include an additional traffic lane since the construction will occupy half the right of way? *Not required, all roads are county roads; however, there are a few State road crossings.*

    b. Does it include costs/fees for permit requirements such as inspection cost by the jurisdictional authorities? As a point of reference, the permit fee costs for the Flint Transmission System came out to be $5.8 million. *Not required; all of the counties have waived any fees.*

    c. Does the cost of the steel pipe segments include corrosion protection measures such as

anode stations and related O&M? *Yes; however, the KWA has not settled on using steel pipe. PCCP pipe may be used. Steel shown in estimate because it is highest in cost and therefore the pricing is conservative.*

d. SCADA monitoring stations require power. Is the cost of bring power to the SCADA stations included? Again, as a point of reference for the Flint Transmission System we estimated $800,000 for power to SCADA and valve operators. *Yes, Genesee County did emphasize that the SCADA system will be simple and straightforward because a lot of controls are not required.*

e. Other items discussed at the meeting included:

- The 2009 plant improvement cost is still good; however, there will be some reduction, such as a sulfuric chloride feed system that was eliminated. Plant capacity now is 36MGD, but will be 18 MGD.
- The KWA Lake Huron Pumping Station (LHPS) is now only high lift pump station.
- Genesee County will provide the distance of the intake pipe from the crib to the LHPS.
- The intake project is almost ready to bid; waiting for the COE permit.
- Genesee County is estimating the construction for the pipe lines and pump stations will begin July 2013.
- The route has been flown for survey.
- Genesee County is estimating construction will be complete and the project will be placed in service by Jan 2016.
- Genesee County to provide a list of assumptions that the $272 million cost estimate is based on since the route is now known.

13. The Flint River is identified as a backup: At what capacity? MDD or emergency supply?

    The Flint River would serve as a back up supply.

14. Where did the 40 years come from (Flint hostage to Detroit)? DWSD's new contracts are 30 years with openers to revise terms of supply (volume and pressure) after the first two years, then three years, and then in five year increments thereafter.

    The 40 years was stated in error. The reference was to DWSD's requirement to sign a 30 year contract.

    After 40 years Flint will own 30% of the project and can sell their share of ownership if they want. Conversely, with DWSD, they continue to pay for the capital projects but have no ownership. Flint believes they will know what they will be charged for the next 25 years versus DWSD that can't commit to a fixed escalation.

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Action Items for Follow-up		
Items:	***Assigned To:***	***Date to Complete***
1. Updated Costs for the Flint WTP Improvements and a description of the improvements.	John O'Brien	11/21/12
2. KWA Operating Agreement, Capacity Contract and Articles of Incorporation.	John O'Brien	11/20/12
3. Provide the last 10 years of audited financial statements for the Genesee water fund.	John O'Brien	11/20/12
4. Provide multiple years of financial statements for the City of Flint water fund.	Duffy Johnson	11/26/12
5. Provide schematic of the Flint WTP and a map of the Flint transmission system.	Brent Wright	11/26/12
6. Provide the length of the intake pipe from the crib to the pump station.	John O'Brien	11/20/12
7. Provide a list of assumptions that the $272 million cost estimate is based on since the route is now known.	John O'Brien	11/26/12

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Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT

KWA Discussion/Questions for the November 20, 2012 Meeting

1. Is the maximum day demand of 18 MGD for Flint the maximum day demand (MDD) throughout the 25 year planning period? If not, what is the 25 year projected MDD?
2. Copy of the intake contract documents and engineer's estimate.
3. Documentation of the Flint WTP improvements required and cost estimate.
4. Confirm Flint's allocated percentage of the KWA capital improvements (30%?).
5. Copy of the proposed KWA operating agreement for Flint.
6. What is the annual operating agreement adjustment projected for the 25 year planning period?
7. Need the route of the pipelines and the locations of the facilities proposed. Purpose is to identify constraints that impact costs (i.e., utilities, environmental (e.g. wetlands), easements, etc.).
8. KWA's initial charge to Flint is based on a 12 MGD maximum day demand. What is the basis of this number? Are there population projections and water use figures available that were used to determine the Flint demand for the 25 year planning period?
9. Is there a transition plan and cost during construction of the KWA system identified?
10. The October 4, 2012 Preliminary Engineering Report Update states: "no backup power is planned for the pumps" (LHPS) and "No backup power is planned for pumping" (IPS). In case of power loss, how would Flint supply its customers?
11. The latest plan shows only a 5 million gallon ground reservoir is planned for balancing between LHPS and IPS. How is redundancy maintained?
12. Related to the construction cost:
    a. Does it include an additional traffic lane since the construction will occupy half the right of way?
    b. Does it include costs/fees for permit requirements such as inspection cost by the jurisdictional authorities? As a point of reference, the permit fee costs for the Flint Transmission System came out to be $5.8 million.

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c. Does the cost of the steel pipe segments include corrosion protection measures such as anode stations and related O&M?
d. SCADA monitoring stations require power. Is the cost of bring power to the SCADA stations included? Again, as a point of reference the for the Flint Transmission System we estimated $800,000 for power to SCADA and valve operators.

13. The Flint River is identified as a backup: At what capacity? MDD or emergency supply?
14. Where did the 40 years come from (Flint hostage to Detroit)? DWSD's new contracts are 30 years with openers to revise terms of supply (volume and pressure) after the first two years, then three years, and then in five year increments thereafter.

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STATE OF MICHIGAN CONTRACT NO. 271N3200089

CITY OF FLINT WATER SUPPLY ASSESSMENT

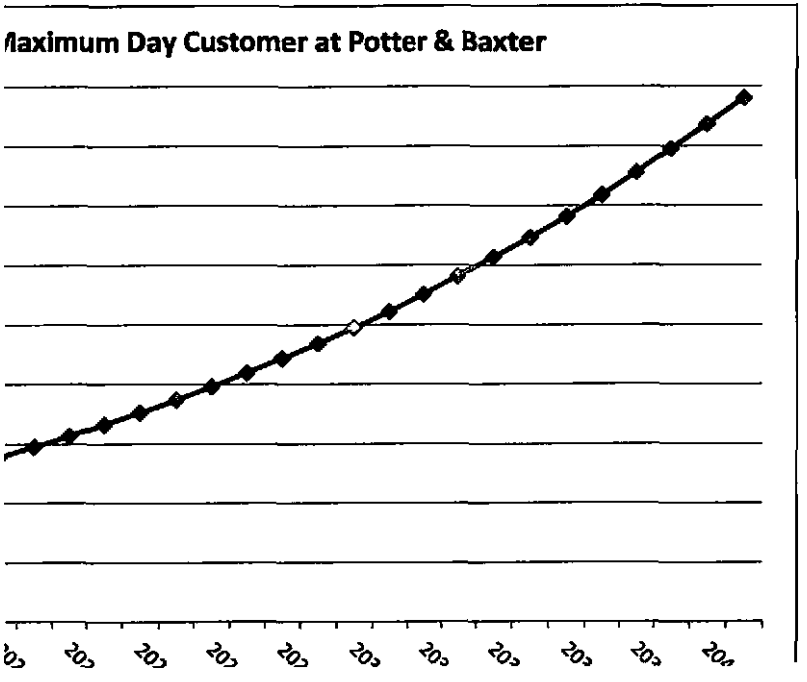
State of Michigan, Department of Treasury

Appendix B: Cost Worksheets

0.60	MGD	81	MCF/Day		Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
12	MGD	1,604	MCF/Day	1	2013	$ 3,538,214	9,585,642		-	$ 13,123,856
				2	2014	$ 3,697,788	10,036,167		-	$ 13,733,955
				3	2015	$ 3,864,558	10,507,867		-	$ 14,372,425
				4	2016	$ 4,038,850	11,001,736	-	-	$ 15,040,586
29,412	MCF			5	2017	$ 4,221,002	11,518,818	-	-	$ 15,739,820
585,561	MCF			6	2018	$ 4,411,369	12,060,203	-	-	$ 16,471,571
				7	2019	$ 4,610,322	12,627,032	-	-	$ 17,237,354
				8	2020	$ 4,818,247	13,220,503	-	-	$ 18,038,750
120.30	/MCF	$ 3,538,214	/Yr	9	2021	$ 5,035,550	13,841,866	-	-	$ 18,877,416
16.37	/MCF	$ 9,585,642	/Yr	10	2022	$ 5,262,653	14,492,434	-	-	$ 19,755,087
				11	2023	$ 5,499,999	15,173,578	-	-	$ 20,673,577
				12	2024	$ 5,748,049	15,886,736	-	-	$ 21,634,785
				13	2025	$ 6,007,286	16,633,413	-	-	$ 22,640,699
4.51%	/Yr			14	2026	$ 6,278,215	17,415,183	-	-	$ 23,693,398
4.7%	/Yr			15	2027	$ 6,561,362	18,233,697	-	-	$ 24,795,059
				16	2028	$ 6,857,279	19,090,681	-	-	$ 25,947,960
				17	2029	$ 7,166,543	19,987,943	-	-	$ 27,154,486
				18	2030	$ 7,489,754	20,927,376	-	-	$ 28,417,130
-				19	2031	$ 7,827,542	21,910,963	-	-	$ 29,738,505
-	0%	Reserve Rate:	0.00%	20	2032	$ 8,180,564	22,940,778	-	-	$ 31,121,342
-				21	2033	$ 8,549,507	24,018,995	-	-	$ 32,568,502
5%				22	2034	$ 8,935,090	25,147,887	-	-	$ 34,082,977
25				23	2035	$ 9,338,063	26,329,838	-	-	$ 35,667,901
$0				24	2036	$ 9,759,209	27,567,341	-	-	$ 37,326,550
				25	2037	$ 10,199,350	28,863,006	-	-	$ 39,062,355
					2038	$ 10,659,340	30,219,567	-	-	$ 40,878,907
					2039	$ 11,140,076	31,639,886	-	-	$ 42,779,963
					2040	$ 11,642,494	33,126,961	-	-	$ 44,769,455
					2041	$ 12,167,570	34,683,928	-	-	$ 46,851,499
					2042	$ 12,716,328	36,314,073	-	-	$ 49,030,401
						$ 216,222,171				

25 Yrs Cummulative	
$	596,916,044

30 Yrs Cummulative	
$	821,226,268

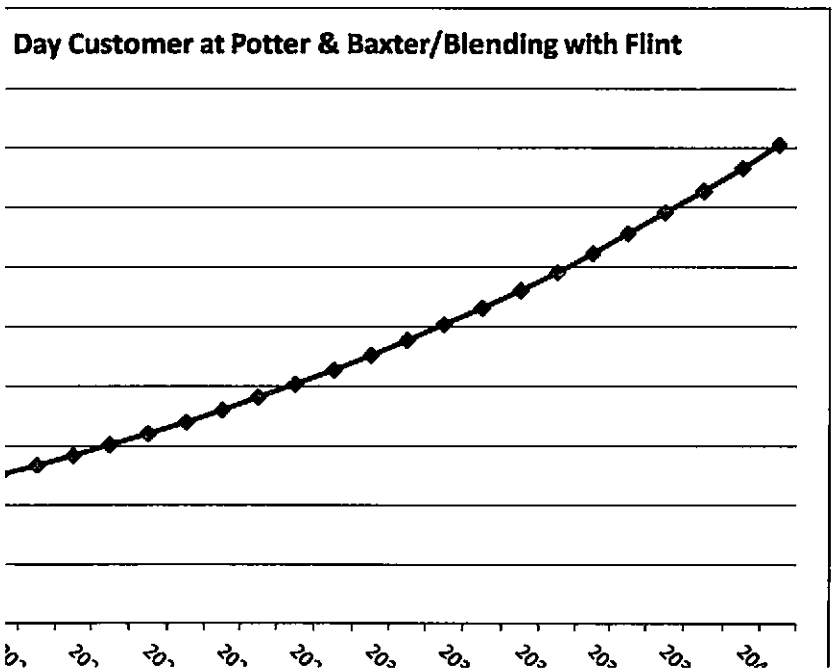


4	MGD	535	MCF/Day							
8	MGD	1,070	MCF/Day							
195,187	MCF		195187.1658							
390,374	MCF									
			5895097.471							
30.20	/MCF	$ 5,895,097	/Yr							
16.31	/MCF	$ 6,367,005	/Yr							
4.51%	/Yr									
4.7%	/Yr									
-										
-	0%	Reserve Rate:	0.00%							
-										
5%										
25										
$0										

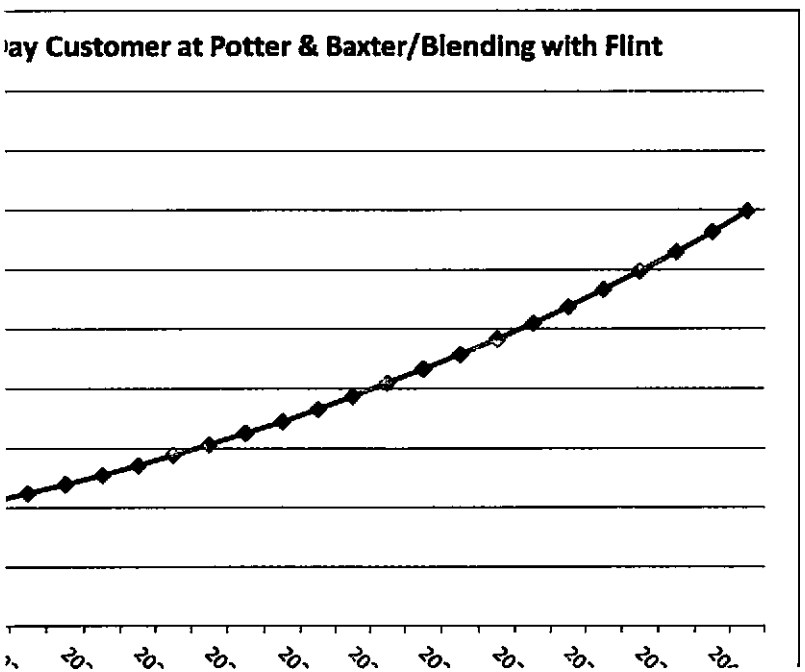
	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895,097	6,367,005		-	$ 12,262,103
2	2014	$ 6,160,966	6,666,255		-	$ 12,827,221
3	2015	$ 6,438,826	6,979,569		-	$ 13,418,395
4	2016	$ 6,729,217	7,307,608	-	-	$ 14,036,825
5	2017	$ 7,032,705	7,651,066	-	-	$ 14,683,771
6	2018	$ 7,349,880	8,010,666	-	-	$ 15,360,546
7	2019	$ 7,681,359	8,387,167	-	-	$ 16,068,527
8	2020	$ 8,027,789	8,781,364	-	-	$ 16,809,153
9	2021	$ 8,389,842	9,194,088	-	-	$ 17,583,930
10	2022	$ 8,768,224	9,626,210	-	-	$ 18,394,434
11	2023	$ 9,163,671	10,078,642	-	-	$ 19,242,313
12	2024	$ 9,576,952	10,552,338	-	-	$ 20,129,291
13	2025	$ 10,008,873	11,048,298	-	-	$ 21,057,171
14	2026	$ 10,460,273	11,567,568	-	-	$ 22,027,841
15	2027	$ 10,932,031	12,111,244	-	-	$ 23,043,275
16	2028	$ 11,425,066	12,680,473	-	-	$ 24,105,538
17	2029	$ 11,940,336	13,276,455	-	-	$ 25,216,791
18	2030	$ 12,478,845	13,900,448	-	-	$ 26,379,294
19	2031	$ 13,041,641	14,553,769	-	-	$ 27,595,410
20	2032	$ 13,629,819	15,237,796	-	-	$ 28,867,616
21	2033	$ 14,244,524	15,953,973	-	-	$ 30,198,497
22	2034	$ 14,886,952	16,703,810	-	-	$ 31,590,762
23	2035	$ 15,558,354	17,488,889	-	-	$ 33,047,242
24	2036	$ 16,260,035	18,310,866	-	-	$ 34,570,902
25	2037	$ 16,993,363	19,171,477	-	-	$ 36,164,840
	2038	$ 17,759,764	20,072,537	-	-	$ 37,832,300
	2039	$ 18,560,729	21,015,946	-	-	$ 39,576,675
	2040	$ 19,397,818	22,003,695	-	-	$ 41,401,513
	2041	$ 20,272,660	23,037,869			$ 43,310,528
	2042	$ 21,186,956	24,120,649			$ 45,307,605

25 Yrs Cummulative	
$	554,681,686

30 Yrs Cummulative	
$	762,110,308



4	MGD	535	MCF/Day							
8	MGD	1,070	MCF/Day							
195,187	MCF									
390,374	MCF									
30.20	/MCF	$ 5,895,097	/Yr							
12.68	/MCF	$ 4,949,947	/Yr							
4.51%	/Yr									
4.7%	/Yr									
-										
-	0%	Reserve Rate:	0.00%							
-										
5%										
25										
$0										



	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895,097	4,949,947		-	$ 10,845,044
2	2014	$ 6,160,966	5,182,594		-	$ 11,343,560
3	2015	$ 6,438,826	5,426,176		-	$ 11,865,002
4	2016	$ 6,729,217	5,681,206	-	-	$ 12,410,423
5	2017	$ 7,032,705	5,948,223	-	-	$ 12,980,928
6	2018	$ 7,349,880	6,227,789	-	-	$ 13,577,669
7	2019	$ 7,681,359	6,520,495	-	-	$ 14,201,855
8	2020	$ 8,027,789	6,826,959	-	-	$ 14,854,747
9	2021	$ 8,389,842	7,147,826	-	-	$ 15,537,668
10	2022	$ 8,768,224	7,483,774	-	-	$ 16,251,997
11	2023	$ 9,163,671	7,835,511	-	-	$ 16,999,182
12	2024	$ 9,576,952	8,203,780	-	-	$ 17,780,732
13	2025	$ 10,008,873	8,589,358	-	-	$ 18,598,230
14	2026	$ 10,460,273	8,993,057	-	-	$ 19,453,330
15	2027	$ 10,932,031	9,415,731	-	-	$ 20,347,762
16	2028	$ 11,425,066	9,858,271	-	-	$ 21,283,336
17	2029	$ 11,940,336	10,321,609	-	-	$ 22,261,945
18	2030	$ 12,478,845	10,806,725	-	-	$ 23,285,570
19	2031	$ 13,041,641	11,314,641	-	-	$ 24,356,282
20	2032	$ 13,629,819	11,846,429	-	-	$ 25,476,248
21	2033	$ 14,244,524	12,403,211	-	-	$ 26,647,735
22	2034	$ 14,886,952	12,986,162	-	-	$ 27,873,114
23	2035	$ 15,558,354	13,596,512	-	-	$ 29,154,866
24	2036	$ 16,260,035	14,235,548	-	-	$ 30,495,583
25	2037	$ 16,993,363	14,904,619	-	-	$ 31,897,982
	2038	$ 17,759,764	15,605,136	-	-	$ 33,364,899
	2039	$ 18,560,729	16,338,577	-	-	$ 34,899,306
	2040	$ 19,397,818	17,106,490	-	-	$ 36,504,308
	2041	$ 20,272,660	17,910,495			$ 38,183,155
	2042	$ 21,186,956	18,752,288			$ 39,939,245

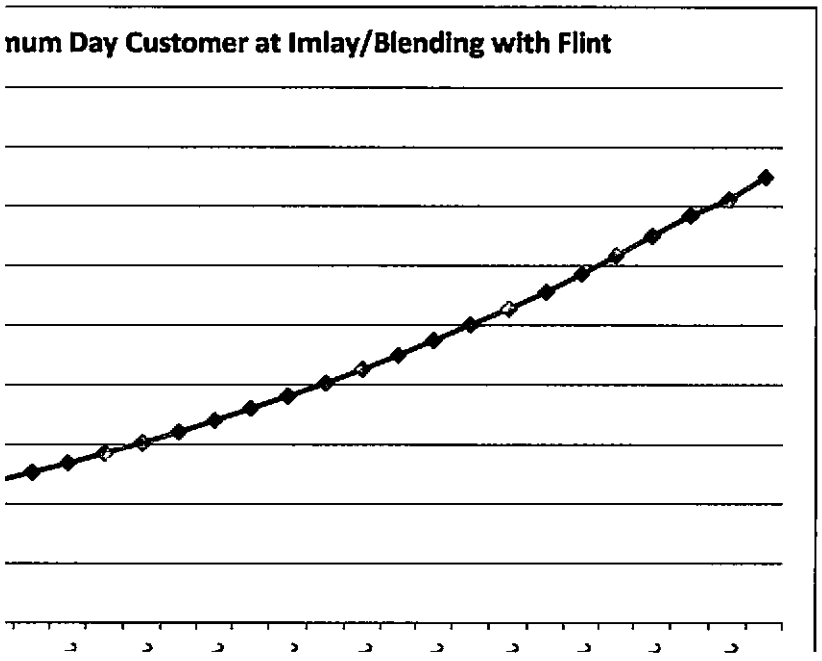
25 Yrs Cummulative	
$	489,780,792

30 Yrs Cummulative	
$	672,671,705

4	MGD	535	MCF/Day		Year	Flint WTP O&M	Water Purchase	Bond Payment	on Reserve	TOTAL
8	MGD	1,070	MCF/Day	1	2013	$ 5,895,097	5,613,583		19,500	$ 11,489,180
				2	2014	$ 6,160,966	5,877,421		19,500	$ 12,018,888
				3	2015	$ 6,438,826	6,153,660		19,500	$ 12,572,986
				4	2016	$ 6,729,217	6,442,882	462,610	19,500	$ 13,615,209
195,187	MCF			5	2017	$ 7,032,705	6,745,698	462,610	19,500	$ 14,221,512
390,374	MCF			6	2018	$ 7,349,880	7,062,745	462,610	19,500	$ 14,855,735
				7	2019	$ 7,681,359	7,394,694	462,610	19,500	$ 15,519,164
				8	2020	$ 8,027,789	7,742,245	462,610	19,500	$ 16,213,144
30.20	/MCF	$ 5,895,097	/Yr	9	2021	$ 8,389,842	8,106,131	462,610	19,500	$ 16,939,082
14.38	/MCF	$ 5,613,583	/Yr	10	2022	$ 8,768,224	8,487,119	462,610	19,500	$ 17,698,452
				11	2023	$ 9,163,671	8,886,013	462,610	19,500	$ 18,492,794
				12	2024	$ 9,576,952	9,303,656	462,610	19,500	$ 19,323,718
				13	2025	$ 10,008,873	9,740,928	462,610	19,500	$ 20,192,910
4.51%	/Yr			14	2026	$ 10,460,273	10,198,751	462,610	19,500	$ 21,102,134
4.7%	/Yr			15	2027	$ 10,932,031	10,678,093	462,610	19,500	$ 22,053,234
				16	2028	$ 11,425,066	11,179,963	462,610	19,500	$ 23,048,139
				17	2029	$ 11,940,336	11,705,421	462,610	19,500	$ 24,088,867
4,700,000				18	2030	$ 12,478,845	12,255,576	462,610	19,500	$ 25,177,531
195,000	Check:	3.0%		19	2031	$ 13,041,641	12,831,588	462,610	19,500	$ 26,316,339
975,000	Check:	5.0%	/Yr (Bond Interest on Total)	20	2032	$ 13,629,819	13,434,673	462,610	19,500	$ 27,507,602
650,000	Check:	10.0%		21	2033	$ 14,244,524	14,066,102	462,610	19,500	$ 28,753,736
5,520,000				22	2034	$ 14,886,952	14,727,209	462,610	19,500	$ 30,057,271
5%				23	2035	$ 15,558,354	15,419,388	462,610	19,500	$ 31,420,852
25				24	2036	$ 16,260,035	16,144,099	462,610	19,500	$ 32,847,245
$462,610				25	2037	$ 16,993,363	16,902,872	462,610	19,500	$ 34,339,345
3%					2038	$ 17,759,764	17,697,307	462,610	19,500	$ 35,900,181
					2039	$ 18,560,729	18,529,080	462,610	19,500	$ 37,532,919
					2040	$ 19,397,818	19,399,947	462,610	19,500	$ 39,240,875
					2041	$ 20,272,660	20,311,745			$ 40,584,404
					2042	$ 21,186,956	21,266,397			$ 42,453,353

25 Yrs Cummulative
$ 529,865,071

30 Yrs Cummulative
$ 725,576,803

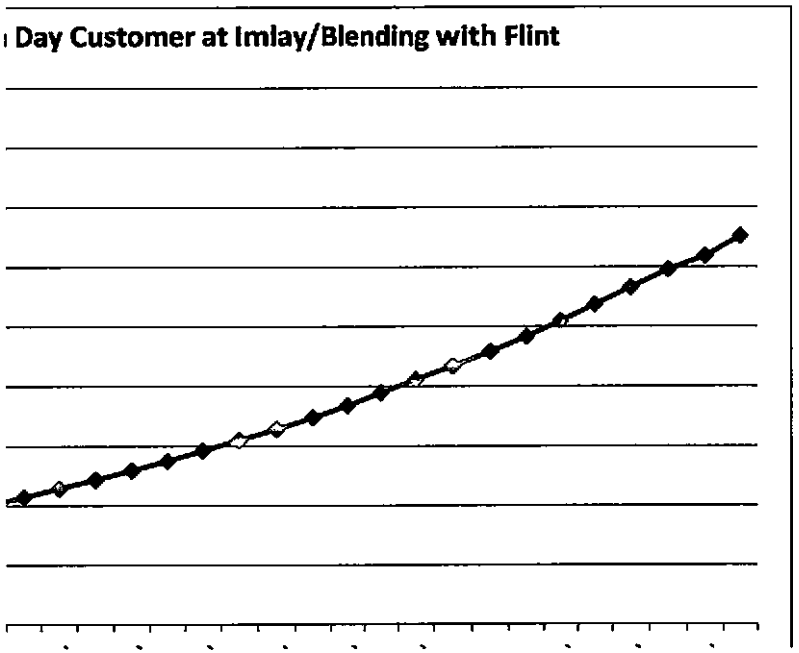


4	MGD	535	MCF/Day	1	Year	Flint WTP O&M	Water Purchase	Bond Payment	Interest on Reserve	TOTAL
8	MGD	1,070	MCF/Day	2	2013	$ 5,895,097	4,337,059		19,500	$ 10,212,656
				3	2014	$ 6,160,966	4,540,901		19,500	$ 10,682,367
				4	2015	$ 6,438,826	4,754,323		19,500	$ 11,173,649
				5	2016	$ 6,729,217	4,977,776	462,610	19,500	$ 12,150,103
195,187	MCF			6	2017	$ 7,032,705	5,211,732	462,610	19,500	$ 12,687,546
890,374	MCF			7	2018	$ 7,349,880	5,456,683	462,610	19,500	$ 13,249,673
				8	2019	$ 7,681,359	5,713,147	462,610	19,500	$ 13,837,616
				9	2020	$ 8,027,789	5,981,665	462,610	19,500	$ 14,452,564
30.20	/MCF	$ 5,895,097	/Yr	10	2021	$ 8,389,842	6,262,803	462,610	19,500	$ 15,095,755
11.11	/MCF	$ 4,337,059	/Yr	11	2022	$ 8,768,224	6,557,155	462,610	19,500	$ 15,768,489
				12	2023	$ 9,163,671	6,865,341	462,610	19,500	$ 16,472,122
				13	2024	$ 9,576,952	7,188,012	462,610	19,500	$ 17,208,074
				14	2025	$ 10,008,873	7,525,849	462,610	19,500	$ 17,977,832
4.51%	/Yr			15	2026	$ 10,460,273	7,879,564	462,610	19,500	$ 18,782,947
4.7%	/Yr			16	2027	$ 10,932,031	8,249,903	462,610	19,500	$ 19,625,044
				17	2028	$ 11,425,066	8,637,649	462,610	19,500	$ 20,505,824
				18	2029	$ 11,940,336	9,043,618	462,610	19,500	$ 21,427,064
700,000				19	2030	$ 12,478,845	9,468,668	462,610	19,500	$ 22,390,624
195,000	Check:	3.0%		20	2031	$ 13,041,641	9,913,696	462,610	19,500	$ 23,398,447
975,000	Check:	5.0%	/Yr (Bond Interest on Total)	21	2032	$ 13,629,819	10,379,639	462,610	19,500	$ 24,452,569
550,000	Check:	10.0%		22	2033	$ 14,244,524	10,867,482	462,610	19,500	$ 25,555,117
520,000				23	2034	$ 14,886,952	11,378,254	462,610	19,500	$ 26,708,316
5%				24	2035	$ 15,558,354	11,913,032	462,610	19,500	$ 27,914,496
25				25	2036	$ 16,260,035	12,472,945	462,610	19,500	$ 29,176,090
462,610					2037	$ 16,993,363	13,059,173	462,610	19,500	$ 30,495,646
3%					2038	$ 17,759,764	13,672,954	462,610	19,500	$ 31,875,828
					2039	$ 18,560,729	14,315,583	462,610	19,500	$ 33,319,422
					2040	$ 19,397,818	14,988,415	462,610	19,500	$ 34,829,343
					2041	$ 20,272,660	15,692,871			$ 35,965,530
					2042	$ 21,186,956	16,430,436			$ 37,617,392

25 Yrs Cummulative
$ 493,063,801

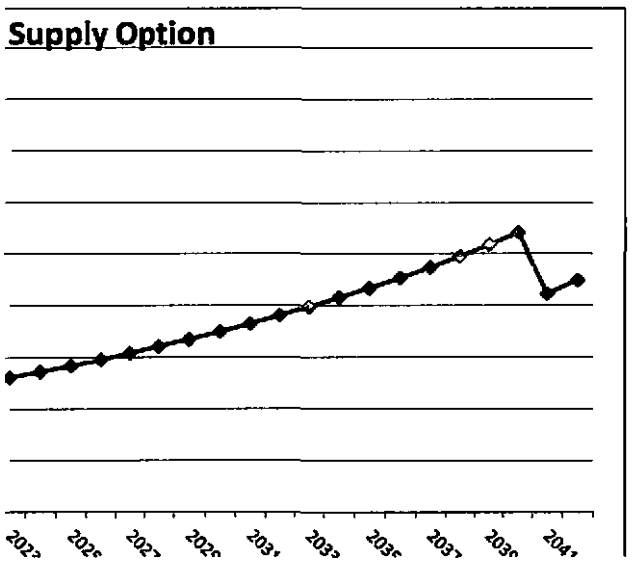
30 Yrs Cummulative
$ 634,795,488

Day Customer at Imlay/Blending with Flint



KWA Debt service	Nalit WTP Debt Service	Operations	Operations with KWA	TOTAL
				$ 15,576,658
				$ 15,936,535
				$ 16,946,934
6,593,155	572,781	878,869	6,843,344	$ 14,888,149
6,593,155	572,781	922,812	7,185,511	$ 15,274,260
6,593,155	572,781	968,953	7,544,787	$ 15,679,676
6,593,155	572,781	1,017,401	7,922,026	$ 16,105,363
6,593,155	572,781	1,068,271	8,318,127	$ 16,552,334
6,593,155	572,781	1,121,684	8,734,034	$ 17,021,654
6,593,155	572,781	1,177,769	9,170,735	$ 17,514,440
6,593,155	572,781	1,236,657	9,629,272	$ 18,031,865
6,593,155	572,781	1,298,490	10,110,736	$ 18,575,162
6,593,155	572,781	1,363,414	10,616,273	$ 19,145,623
6,593,155	572,781	1,431,585	11,147,086	$ 19,744,607
6,593,155	572,781	1,503,164	11,704,441	$ 20,373,541
6,593,155	572,781	1,578,322	12,289,663	$ 21,033,921
6,593,155	572,781	1,657,239	12,904,146	$ 21,727,320
6,593,155	572,781	1,740,101	13,549,353	$ 22,455,390
6,593,155	572,781	1,827,106	14,226,821	$ 23,219,862
6,593,155	572,781	1,918,461	14,938,162	$ 24,022,559
6,593,155	572,781	2,014,384	15,685,070	$ 24,865,390
6,593,155	572,781	2,115,103	16,469,323	$ 25,750,362
6,593,155	572,781	2,220,858	17,292,789	$ 26,679,584
6,593,155	572,781	2,331,901	18,157,429	$ 27,655,266
6,593,155	572,781	2,448,496	19,065,300	$ 28,679,733
6,593,155	572,781	2,570,921	20,018,565	$ 29,755,422
6,593,155	572,781	2,699,467	21,019,494	$ 30,884,897
6,593,155	572,781	2,834,440	22,070,468	$ 32,070,845
		2,976,162	23,173,992	$ 26,150,154
		3,124,970	24,332,691	$ 27,457,662

30 Yrs Cummulative
$ 649,775,166



2 MGD 1,604 MCF/Day
2 MGD 1,604 MCF/Day

MCF
MCF

1 /MCF $ 7,913,118 /Yr
/MCF $ 878,869 /Yr

6 /Yr
6 /Yr

David Guastella:
Assumes Bond Issuance and Reserves are not included

Check: 2 25%
Check: 5.0% /Yr (Bond Interest on Total)
Check: 10.0%

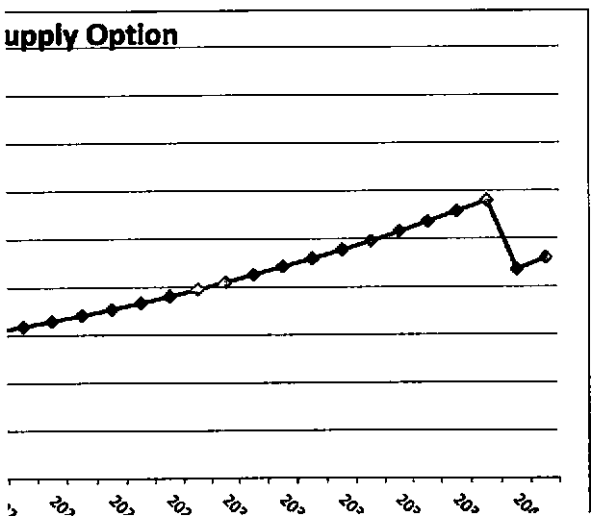
6
5
2
6

David Guastella:
Increased by 3%/Yr to 2012 $'s

Check 2.25%
Check: 5 0% /Yr (Bond Interest on Total)
Check: 10.0%

6
5
5
6

	Year	Flint WTP O&M	Water Purchase	Pre-bond Entry Fee & Bond Payment	Flint Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ *3,538,214*	*11,461,700*	1,162,800		369,600	$ 15,793,114
2	2014	$ *3,697,788*	*12,034,785*	581,400		369,600	$ 15,944,373
3	2015	$ *3,864,558*	*12,636,524*	581,400		369,600	$ 16,712,882
4	2016	$ 7,913,118	878,869	7,968,562	756,946	369,600	$ 17,147,896
5	2017	$ 8,270,000	922,812	7,968,562	756,946	369,600	$ 17,548,721
6	2018	$ 8,642,977	968,953	7,968,562	756,946	369,600	$ 17,967,838
7	2019	$ 9,032,775	1,017,401	7,968,562	756,946	369,600	$ 18,406,084
8	2020	$ 9,440,153	1,068,271	7,968,562	756,946	369,600	$ 18,864,332
9	2021	$ 9,865,904	1,121,684	7,968,562	756,946	369,600	$ 19,343,497
10	2022	$ 10,310,857	1,177,769	7,968,562	756,946	369,600	$ 19,844,533
11	2023	$ 10,775,876	1,236,657	7,968,562	756,946	369,600	$ 20,368,441
12	2024	$ 11,261,868	1,298,490	7,968,562	756,946	369,600	$ 20,916,266
13	2025	$ 11,769,779	1,363,414	7,968,562	756,946	369,600	$ 21,489,101
14	2026	$ 12,300,596	1,431,585	7,968,562	756,946	369,600	$ 22,088,089
15	2027	$ 12,855,352	1,503,164	7,968,562	756,946	369,600	$ 22,714,425
16	2028	$ 13,435,129	1,578,322	7,968,562	756,946	369,600	$ 23,369,359
17	2029	$ 14,041,053	1,657,239	7,968,562	756,946	369,600	$ 24,054,200
18	2030	$ 14,674,305	1,740,101	7,968,562	756,946	369,600	$ 24,770,313
19	2031	$ 15,336,116	1,827,106	7,968,562	756,946	369,600	$ 25,519,130
20	2032	$ 16,027,775	1,918,461	7,968,562	756,946	369,600	$ 26,302,144
21	2033	$ 16,750,627	2,014,384	7,968,562	756,946	369,600	$ 27,120,919
22	2034	$ 17,506,080	2,115,103	7,968,562	756,946	369,600	$ 27,977,092
23	2035	$ 18,295,605	2,220,858	7,968,562	756,946	369,600	$ 28,872,371
24	2036	$ 19,120,737	2,331,901	7,968,562	756,946	369,600	$ 29,808,546
25	2037	$ 19,983,082	2,448,496	7,968,562	756,946	369,600	$ 30,787,486
	2038	$ 20,884,319	2,570,921	7,968,562	756,946	369,600	$ 31,811,148
	2039	$ 21,826,201	2,699,467	7,968,562	756,946	369,600	$ 32,881,577
	2040	$ 22,810,563	2,834,440	7,968,562	756,946	369,600	$ 34,000,912
	2041	$ 23,839,320	2,976,162				$ 26,815,482
	2042	$ 24,914,473	3,124,970				$ 28,039,443

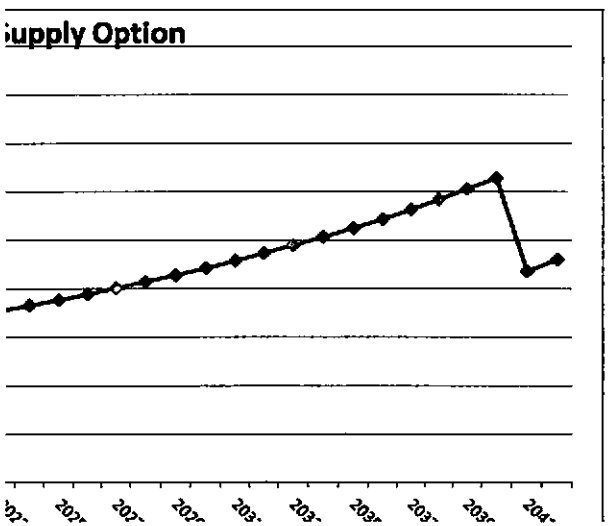


25 Yrs Cummulative
$ 553,731,153

30 Yrs Cummulative
$ 707,279,715

				Year	Flint WTP O&M	Water Purchase	Fee & Bond Payment	Flint Revenue Bond Payment	Interest on Reserve	TOTAL
L2 MGD	1,604	MCF/Day	1	2013	*$ 3,538,214*	*11,461,700*	1,162,800		473,100	$ 15,689,614
L2 MGD	1,604	MCF/Day	2	2014	*$ 3,697,788*	*12,034,785*	581,400		473,100	$ 15,840,873
			3	2015	*$ 3,864,558*	*12,636,524*	581,400		473,100	$ 16,609,382
			4	2016	$ 7,913,118	878,869	10,464,666	756,946	473,100	$ 19,540,500
1 MCF			5	2017	$ 8,270,000	922,812	10,464,666	756,946	473,100	$ 19,941,325
1 MCF			6	2018	$ 8,642,977	968,953	10,464,666	756,946	473,100	$ 20,360,442
			7	2019	$ 9,032,775	1,017,401	10,464,666	756,946	473,100	$ 20,798,688
			8	2020	$ 9,440,153	1,068,271	10,464,666	756,946	473,100	$ 21,256,936
1 /MCF	$ 7,913,118	/Yr	9	2021	$ 9,865,904	1,121,684	10,464,666	756,946	473,100	$ 21,736,101
D /MCF	$ 878,869	/Yr	10	2022	$ 10,310,857	1,177,769	10,464,666	756,946	473,100	$ 22,237,137
			11	2023	$ 10,775,876	1,236,657	10,464,666	756,946	473,100	$ 22,761,045
			12	2024	$ 11,261,868	1,298,490	10,464,666	756,946	473,100	$ 23,308,870
			13	2025	$ 11,769,779	1,363,414	10,464,666	756,946	473,100	$ 23,881,705
% /Yr			14	2026	$ 12,300,596	1,431,585	10,464,666	756,946	473,100	$ 24,480,693
% /Yr			15	2027	$ 12,855,352	1,503,164	10,464,666	756,946	473,100	$ 25,107,029
			16	2028	$ 13,435,129	1,578,322	10,464,666	756,946	473,100	$ 25,761,963
			17	2029	$ 14,041,053	1,657,239	10,464,666	756,946	473,100	$ 26,446,804
			18	2030	$ 14,674,305	1,740,101	10,464,666	756,946	473,100	$ 27,162,917
D			19	2031	$ 15,336,116	1,827,106	10,464,666	756,946	473,100	$ 27,911,733
D Check:	2.25%		20	2032	$ 16,027,775	1,918,461	10,464,666	756,946	473,100	$ 28,694,748
D Check:	5.0%	/Yr (Bond Interest on Total)	21	2033	$ 16,750,627	2,014,384	10,464,666	756,946	473,100	$ 29,513,523
D Check:	10.0%		22	2034	$ 17,506,080	2,115,103	10,464,666	756,946	473,100	$ 30,369,696
D			23	2035	$ 18,295,605	2,220,858	10,464,666	756,946	473,100	$ 31,264,975
8			24	2036	$ 19,120,737	2,331,901	10,464,666	756,946	473,100	$ 32,201,150
%]			25	2037	$ 19,983,082	2,448,496	10,464,666	756,946	473,100	$ 33,180,090
'5				2038	$ 20,884,319	2,570,921	10,464,666	756,946	473,100	$ 34,203,752
6				2039	$ 21,826,201	2,699,467	10,464,666	756,946	473,100	$ 35,274,181
%]				2040	$ 22,810,563	2,834,440	10,464,666	756,946	473,100	$ 36,393,516
				2041	$ 23,839,320	2,976,162				$ 26,815,482
2				2042	$ 24,914,473	3,124,970				$ 28,039,443
D Check:	2.25%									
D Check:	5.0%	/Yr (Bond Interest on Total)								
D Check:	10.0%									
2										
%]										
5										
6										
%]										

upply Option



25 Yrs Cummulative
$ 606,057,940

30 Yrs Cummulative
$ 766,784,313

- HARVEY
- DARNELL, LIZ, JERRY
- BRIAN

12/4/13

888-557-8511

3389106

- **City of Flint Weekly 10am Phone Conference Agenda**

ANGELA SCHEDULE MTG W/ MAXINE DARNELL/ SUZANNE RIDER (REMOVED) LOWN

1) Budget Update
   FY 13 – Audit FINAL #'s by 12/6/13 CAFR READY IN 1 WK.
   FY 14 – current status
   FY 15 – plan BUDGET & AUDIT PROCESSES WORKING WELL, DEP. FIN. DIR IS GROWING, STOKE TO HARLAN ABOUT DRAFT DEP
2) Model Labor Contracts – status Cost estimate to Darnell good discussion FOPA INITIAL MTG MTG AGAIN ON 12/16, MTG W/ to Jerry
3) KWA, Water Plant Preparation PROCEEDING AS PLANNED, AFSCME MTG 12/4, chitto to discuss
4) City Ordinance Review FIRE HOUSE COMPLEX operational issues 12/6
   NOTHING NEW
5) Deficit Elimination Plan – Treasury → BUDGET AMENDMENT OF H2O/sewer forth WILL BE MTG W/ Council RE: H2O/com

REQUIRED @ TUES. NOV

6) Master Plan Implementation Activity
   Zoning Ordinance Revision
   SAME
7) Retiree Law Suit Status NOTHING NEW
8) Public Safety Activity PLEASED W/ PROGRESS, LEVEL OF LEADERSHIP, ENGAGED IN THE COMMITTEE,
9) Status Report on the Flint City Council
10) Governance Revision RETIRED, MML PRESENTATION, ROLE POST EM ED KURTZ ORDER, PART OF DARNELL'S FINAL EM ORDER, BLUE RIBBON GOVERNANCE COMMITTEE
11) 9-1-1 Reconsolidation Plan
    NOTHING NEW
12) BS&A Upgrade
    PROCEEDING AS PLANNED
13) Strong Cities, Strong Community Update
14) 45 Day Financial and Operating Plan UNDER REVIEW
15) Other

CONSIDER MML FORUMS FOR FUTURE COUNCIL TRAINING SESSIONS

Created on 11/12/2013

City of Flint

Discussion Document

May 15, 2013

Preliminary Draft: For discussion purposes only

The analysis in this document is based on the 5-year projection dated April 29, 2013 and does not reflect the May 18, 2013 update which reflects increased deficits

Disclaimer

Information contained herein has not been independently verified and is subject to material change based on continuing review. Accordingly, the information contained herein is not intended to be and should not be relied upon as legal, auditing or accounting advice.

The assumptions and underlying data are the product of the City of Flint (the "City" or the "Client") and its management ("Management") and consist of information obtained solely from the Client or publicly available resources. With respect to prospective financial information received from the Client on April 29, 2013, Ernst & Young LLP ("EY") did not examine, compile or apply agreed upon procedures to such information in accordance with attestation standards established by the AICPA and EY expresses no assurance of any kind on the information presented. It is the Client's responsibility to make its own decision based on the information available to it.

Management has the knowledge, experience and ability to form its own conclusions. There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected and those differences may be material. EY takes no responsibility for the achievement of projected results. Accordingly, reliance on this report is prohibited by any third party as the projected financial information contained herein is subject to material change and may not reflect actual results.

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I. Executive Summary

Strategic Overview - Over the last 18 months, the Flint executive team has made significant progress towards addressing the City's budget imbalance by increasing revenues and achieving cost savings

- In a short period of time the City has been able to stop its chronic pattern of deficit spending, which resulted in an accumulated $19.1 million deficit as of June 31, 2012. Current projections for the FY13 budget indicate that revenues will exceed expenses at years end, and the recently announced FY14 budget appears to be also credibly balanced, including a financial commitment to reduce the accumulated deficit. Additionally, cash flow has improved with the passage of a police and fire millage, institution of new fees, and one-time gains from the sale of assets

- Key changes implemented during this period include:
  - Approval of Public Safety millage to replace funds provided through grants expiring in FY14
  - Increase in Water and Sewer rates
  - Creation of Street Lighting assessment and garbage fee (including related outsourcing of waste collection service)
  - Headcount reductions
  - Labor related savings equivalent to 20% of salaries and fringes
  - Reform of healthcare benefits, including consolidation of plans and meaningful changes to medical plan designs
  - Reform of pension benefits, including:
    - Eligibility criteria
    - Reduction of multipliers
    - Increase in employee contributions
    - Changes to final average compensation
    - Radical change to governance structure by transitioning plan to MERS

- These and other changes allowed the City to rebuild its depleted cash reserves to acceptable current levels

- Although, these changes have placed a heavy burden on citizens and city employees, they were absolutely necessary to address, in a very short period of time, an unsustainable structural deficit

- Despite these positive changes, key challenges remain, as the City continues to spend a significant percentage of its revenues in paying for legacy expenditures, and does not have any ability to reinvest in City infrastructure and blight removal to make Flint an attractive place for businesses and residents

Strategic Overview - The City should consider undertaking a comprehensive restructuring process to address its current financial condition allowing for reinvestment and blight removal in the City

- The City's operating deficit is likely to increase over the forthcoming years especially during FY15 – FY18 due to legacy costs and salary inflation. Management has undertaken several tough initiatives, however, the City has acknowledged that addressing the structural deficit will be extremely challenging and will further impact the provision of services to citizens
- The chronic scarcity of capital has resulted in the City having antiquated information systems and a dilapidated infrastructure. City officials have estimated capital needs in the range of $300M – none of this capital requirement is addressed in the 5 year plan
- In a review of the expense structure of the City, it is evident that legacy costs are the most significant burden on the budget. Further rationalization of legacy costs will be imperative to address the long term strategic needs of the City
  - Pension and OPEB costs account for nearly 33% of total General City expenditures; which is higher than Detroit, Warren, Lansing and Kalamazoo
- The City's budget constraints will continue to impact its citizens:
  - Public Safety is at risk with the expiration of certain federal grants in FY15. These expirations will result in a drop in Police and Firefighter headcount and will likely impact emergency response times
  - The City has higher rates for services such as Water and Sewer in comparison to other municipalities in Michigan
  - The City's property tax millage is among the highest in the State
- An initial review of the City's technology infrastructure & purchasing/billing functions was conducted which focused on IT, Police, Purchasing and Water and Sewer. The resulting observations are as follows: (i) the IT function is antiquated and inefficient and in need of additional funding, (ii) the Police systems are currently run on dozens of access databases, which leads to inefficiencies and limitations on data access, and (iii) the Water and Sewer departments are experiencing significant issues surrounding the process for billing / collection which has led to a substantial increases in bad debt
- With consideration of the above, it is clear that the City should undertake a comprehensive restructuring as an option to rationalize the cost structure and allow for capital investment in the City. It may be the only alternative to address the blight of the City and create an environment to attract citizens and businesses to the City

Strategic Overview - A benchmarking summary comparing Flint to other Michigan cities shows that Flint is lagging in basic public safety, City services and demographics metrics

- Flint has suffered a significant loss in population and increase in unemployment in the last 10 years
- Flint's public safety metrics (citizens/police and fire, and police/fire per square mile) indicate the City's existing staffing is less than adequate
- Flint's active to retiree ratio is the worst of the comparable cities, resulting in the highest ratio of Pension and OPEB cost as a percentage of total expenditures

	Mean	Median	Flint	Warren	Lansing	Kalamazoo	Detroit
Demographics							
Change in population (2003-2011)	-10.1%	-4.1%	-15.3%	-2.4%	-4.1%	-3.7%	-25.0%
Unemployment rate (2003)	10.4%	8.8%	14.7%	8.8%	7.0%	7.6%	13.9%
Unemployment rate (most recent)	14.0%	11.3%	18.9%	10.2%	11.3%	11.3%	18.3%
Governmental metrics							
Change in employees (2003-2011)	-22.1%	-21.3%	-26.1%	-21.3%	-18.5%	-11.3%	-33.5%
Employees / retiree	0.44	0.44	0.44	n/a	n/a	0.44	0.45
Citizens / employee	129	129	148	185	129	114	68
Citizens / firefighter [1,3]	924	1,080	1,080	1,115	639	n/a	568
Citizens / police officer [1,3]	517	560	686	560	440	n/a	237
Firefighters / sq mile [1,3]	4.48	3.48	2.76	3.48	4.88	n/a	9.06
Firestations / sq mile [1,3]	0.20	0.17	0.15	0.17	0.16	0.28	0.33
Police officers / sq mile [1,3]	8.81	6.94	4.35	6.94	7.09	n/a	21.73
Governmental activities - Revenue per capita [4]	$ 1,208	$ 1,086	$ 928	$ 675	$ 1,215	$ 1,086	$ 2,135
Governmental activities - Debt per capita [2,4]	$ 1,052	$ 690	$ 311	$ 690	$ 301	$ 763	$ 3,195
Change in revenue (2003-most recent) [4]	-85.9%	-86.2%	-79.2%	-86.2%	-85.3%	-89.9%	-89.0%
State shared revenue as % of total revenue [4]	11.5%	11.3%	13.9%	13.2%	9.2%	10.0%	11.3%
Pension & OPEB costs as % of expenditures [4,5]	21.9%	24.5%	34.1%	24.5%	25.8%	7.4%	18.0%

Notes:

Sources: Data obtained from the respective city's most recent Comprehensive Annual Financial Report (CAFR)

1. Firefighter and police staffing represented uniform and non-uniform employees
2. Excludes debt from revenue bonds
3. Flint represents currently available data based on FY13 actuals for Flint. All other data based on FY12 CAFR/Budget
4. Based on FY12 CAFR/Budget
5. Flint Pension & OPEB reflects General City only

Summary of 5 Year Plan - The City's initial draft five year projection shows an increase in accumulated deficit of $22.4M and does not allow for capital to reinvest in infrastructure to enhance services to citizens

The analysis in this document is based on the 5-year projection dated April 29, 2013 and does not reflect the May 18, 2013 update which reflects increased deficits

- The City is in the process of developing a 5-year business plan. The plan remains a work in progress and the City intends to make further changes to attempt to address the deficit that is currently projected. Key issues for consideration include:
  - On-going litigation surrounding retiree health benefits. This risk is likely to be highlighted in the next month when the retirees are informed of their required contributions to the health premiums
  - The City continues to experience significant increases in delinquencies on revenues, including property taxes and Water and Sewer bills. There is risk that the City has underestimated the impact on receipts
  - The current projection reflects significant reduction to fire staffing, including a consolidation of stations from 5 to 3. It is not clear that this reduction is feasible without having a material impact on response times
  - The City's projection includes minimal capital maintenance and improvements resulting in degradation of roads, sidewalks, sanitation and water, facilities, and parks. Flint estimates it has unmet capital needs of approximately $286M

$ in millions				Amended Budget	Budget	Projection				5-year
	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
General City Revenues	$ 74.7	$ 103.5	$ 83.0	$ 85 7	$ 68.2	$ 58 7	$ 58.1	$ 58.1	$ 58.7	$ 301.8
General City Operating expenditures	(63.7)	(78.8)	(75 1)	(59 1)	(43 7)	(39.2)	(40.6)	(42.1)	(43.8)	(209.4)
Net Operating Surplus	11 0	24.7	7.9	26.6	24.5	19.5	17.5	16.0	14.9	92.5
Legacy Expenditures										
OPEB / Retiree Healthcare	(13.1)	(8 5)	(11.1)	(13.2)	(10.5)	(10.9)	(11.5)	(12.4)	(13.3)	(58.6)
Pension - UAAL	(7.7)	(6 1)	(8.4)	(6.8)	(9.8)	(10.1)	(10.4)	(10.8)	(11.2)	(52.2)
Charter Pension	(0 1)	(0.1)	(0.1)	-	-	-	-	-	-	-
Debt Service	(2 3)	(2.0)	(1.1)	(1.8)	(1.7)	(0.6)	(0.6)	(0.6)	(0.6)	(4.1)
Total Legacy	(23 2)	(16.6)	(20.7)	(21.9)	(21.9)	(21.5)	(22.5)	(23.8)	(25.1)	(114.9)
Surplus / (Deficit)	$ (12.2)	$ 8.1	$ (12.8)	$ 4.7	$ 2.6	$ (2.0)	$ (5.0)	$ (7.8)	$ (10.2)	$ (22.4)
Legacy as a percentage of total cost	27%	17%	22%	27%	33%	35%	36%	36%	36%	35%
Deficit Roll Forward - General City										
Beginning Balance	(2.2)	(14.4)	(6.4)	(19.2)	(14.5)	(12.0)	(14.0)	(19.0)	(26.8)	(14.5)
Surplus / (deficit)	(12.2)	8.1	(12.8)	4.7	2.6	(2.0)	(5.0)	(7.8)	(10.2)	(22.4)
Ending Fund Balances	$ (14.4)	$ (6.4)	$ (19.2)	$ (14.5)	$ (12.0)	$ (14.0)	$ (19.0)	$ (26.8)	$ (37.0)	$ (37.0)
Memo:										
Forecast deficit elimination (forecast by City)	-	-	-	-	(1.0)	(1.0)	(1.5)	(1.8)	(1.9)	(7.1)

Summary of 5 Year Plan - The City has generated positive cash flow during FY2013 suggesting a year end surplus; the City should review this surplus to understand opportunities in the projection period

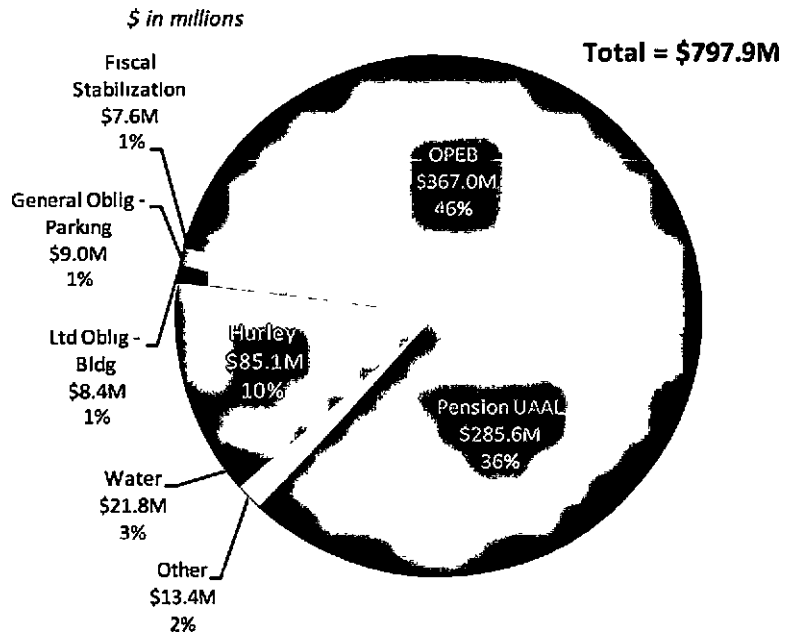
- There also remain opportunities to improve on the projections as currently drafted
  - The cash generation that has occurred during FY13 suggests the City is likely to end the year with a surplus. This factor has not been considered in the FY14 budget and future projections.
  - There are many expense areas currently under budget – to the extent these are permanent differences, this may suggest future periods have further opportunity for expense reductions

- The City's pooled cash balance as of April 30, 2013 was $34.6M and is projected to end the fiscal year with $35.6M (see appendix on page 43 for detailed cash flows)
  - The pooled cash balance is projected to increase during FY13 by $24.7M, mainly as a result of:
    - Mid-year approval of tax millage for police and fire
    - Changes to health benefits plans
    - Sale of garbage trucks as part of the outsourcing transaction
    - Unspent budget across the City in professional fees and unallocated expenses
  - Potential cash flow issues going forward include:
    - Incremental delinquency rates and bad debt

Long-Term Liabilities - The City is burdened with substantial long term liabilities, mostly composed of legacy liabilities

- The City's projected long-term liabilities as of June 30, 2013 is $798.8M (excluding Hurley pension and OPEB liabilities)
- 82%, or $652.6M of the City's liabilities are made up of OPEB and Pension UAAL
- The City is projecting to pay $21.9M for General City legacy expenditures in FY14, representing 33% of General City revenues

Long-term liabilities



	FY13 LT - Liability Expense	LT - Liabilities	%
OPEB[1]	$10.5M	$367.0M	46%
Pension UAAL[2]	9.8M	285.6M	36%
Hurley	5.1M	85.1M	11%
Water	2.3M	21.8M	3%
Other[3,4]	0.9M	13.4M	2%
General Obligation - Parking	0.3M	9.0M	1%
Limited Obligation- Human Svcs Bldg	0.1M	8.4M	1%
Fiscal Stabilization	0.2M	7.6M	1%
Total	$29.1M	$797.9M	100%

A review of valuation assumptions and revaluation could result in a 2x-3x increase to OPEB and pension liabilities

Notes:

This schedule excludes unamortized bond discount and capital leases

1. OPEB liability as of 06/30/12 CAFR
2. Pension UAAL, excluding Hurley based on the June 30, 2011 Actuarial Report
3. Primarily Section 108 Loans (CDBG backed loans). See appendix for comprehensive debt schedule
4. Includes SIB 3rd Avenue reconstruction loan of $1.9M

Long-Term Liabilities - Despite significant recent changes to healthcare and pension benefits, these costs will continue to be a significant burden on the City's budget

Healthcare Benefits

The City has implemented plan design changes and consolidated plans reducing OPEB liability by 57% and annual expenses by approximately $6M

Current State

- The City consolidated to 3 plans for actives and retirees, simplifying and creating substantial costs savings
- For calendar 2013, the City chose the State imposed limits
  - Most actives do not contribute to premiums because they fall below the imposed caps
  - Many retirees will exceed the limits and the City has budgeted contributions from the retirees
    - Collection from retirees who never contributed to premiums may be problematic
    - The City is planning to bill retirees, giving them the option to have the premiums deducted from pension checks. This issue is likely to result in risks to collection and risk of litigation
- The City is currently litigating these changes with retirees, which could result in some of the changes being reversed

Observations / opportunities

- Consider switching to 80/20 premium sharing for actives and retirees, which could generate savings of $1.5M or otherwise require actives to make contributions to premiums
- OPEB obligations will increase significantly if the changes are reversed
  - Even after the changes highlighted above, the City is projecting a substantial portion of its net operating cash flow on OPEB obligations

Pension Benefits

While the City has changed pension benefits for future service and has transferred administrative and fiduciary responsibility to MERS, the pension plan still remains significantly underfunded

Current State

- The pension plan is substantially underfunded, with funding levels near 50%. The ratio of actives to retirees of 1 to 3 creates a significant burden on actives to be able to fund the plan
- Normal cost is low (10-15% of salaries and wages) but UAAL contribution is 55% for general and 47% for P&F
- Annual pension contribution per active employee is approximately $30k
- The City has recently implemented significant changes to the pension that materially reduced the unfunded liability and required contributions. These changes include:
  - Transfer to MERS to addresses governance issues
  - Changes to multipliers for future service and Average Final Compensation (eliminated OT, shift premium, call-in and stand-by pay)
  - Eliminated the 13th check payout until the funding levels exceed 90%
  - Placed new hires on hybrid plans

Observations / opportunities

- Opportunity to implement further identified changes to final average compensation calculations and to multipliers
- Perform an independent review of the plan assumptions and funding levels
- Based on other situations, it is possible that the underfunded status is even higher due to the aggressive return assumptions used in actuarial calculations

Restructuring Considerations - In order to make necessary investment in the City for the long-term, the City needs to consider a comprehensive restructuring plan that will reduce its legacy burden

The analysis in this document is based on the 5-year projection dated April 29, 2013 and does not reflect the May 18, 2013 update which reflects increased deficits

Reinvestment in the City and department restructuring

- A significant reduction in annual legacy expenditures would result in the City being able to set aside funds to deal with:
  - Capital expenditures including streets, Water and Sewer infrastructure, facilities, parks
  - Demolition
  - IT updates – both systems and processes
  - Department restructuring to achieve increased efficiency

$ in millions	Budget	Projection				5-year
	2014	2015	2016	2017	2018	total
Total City Revenues	$ 182.7	$ 166.4	$ 169.2	$ 172.6	$ 178 3	$ 869.2
Total City Operating expenditures	(153.7)	(132.8)	(137.3)	(142.8)	(147.0)	(713.6)
Net Operating Surplus	28.9	33.6	31.9	29.9	31.3	155.6
Restructuring Initiatives (hypothetical)						
Pension contribution (normal cost only)	(3.1)	(3.2)	(3.3)	(3.4)	(3.5)	(16.5)
Wage give backs (5%, 3.75% already in baseline)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(1.9)
Department rest. (5% of op exp years 1 and 2; 2.5% year 3)	(7.7)	(6.6)	(3.4)	-	-	(17.8)
Capital investment (facilities, parks, roads, W&S - $236m - 25% City funded)	(11.8)	(11.8)	(11.8)	(11.8)	(11.8)	(59.0)
Demolition ($50m; 25% City funded)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(12.5)
Asset monetization	*tbd*	*tbd*	*tbd*	*tbd*	*tbd*	-
Prop. and income tax upside	-	-	-	2.0	3.0	5.0
Total Restructuring	**(25.4)**	**(24.5)**	**(21.4)**	**(16.1)**	**(15.2)**	**(102.6)**
Cash Flow Available for Long Term Liabilities	3.5	9.1	10.5	13.8	16.1	52.9
Debt Service (all debt assumed to be secured)	(3.2)	(2.1)	(2.1)	(2.1)	(2.1)	(11.5)
Net Cash Available for Legacy Liabilities	$ 0.4	$ 7.0	$ 8.4	$ 11.7	$ 14.0	$ 41.4
Legacy Liabilites						
OPEB / Retiree Healthcare	(15.0)	(15.6)	(16.5)	(17.9)	(19.3)	(84.3)
Pension - UAAL	(13.9)	(14.5)	(15.0)	(15.6)	(16.2)	(75.1)
Total Legacy Liabilities	**$ (28.9)**	**$ (30.1)**	**$ (31.5)**	**$ (33.4)**	**$ (35.4)**	**$ (159.4)**
Cash available as a % of Legacy Liabilities	*1.3%*	*23.3%*	*26.6%*	*34.9%*	*39.4%*	*26.0%*

Next Steps - The City should move quickly to evaluate a comprehensive restructuring solution

Actuarial analyses

- The City should obtain actuarial analyses to have a better assessment of existing pension and OPEB obligations and alternative solutions/scenarios to address them

Retain restructuring legal counsel

- Retention of restructuring counsel would be the first step towards obtaining a better understanding of the potential benefits of a comprehensive restructuring solution for the City

Additional analysis on 5-year plan

- The City should develop a detailed bottoms up financial model by department and by fund to enhance its understanding of its projected financials
- The City should develop financial projections under two alternative scenarios: (a) status quo scenario with additional changes including increasing income tax rate, increasing State revenue sharing and further changes to medical and pension benefits and (b) a comprehensive restructuring scenario, which provides a solution to the City's pension and OPEB liabilities
- A full reconciliation of cash vs. FY13 budget is necessary. The FY13 budget is used as the basis to project the expenses in future periods. It appears there are areas where the City is experiencing significant positive variances in spending, including:
    - Professional services
    - Water purchases from the City of Detroit

There are many benefits for moving with speed in the evaluation of a comprehensive restructuring strategy

- **Strong liquidity position:** The implementation of a comprehensive restructuring will be more effective if implemented while the City has strong liquidity. Decisions should be made quickly before cash dissipates
- **Unresolved retiree medical:** There is a substantial drain on cash flow that results from the unresolved retiree medical changes (particularly on prescription related expenditures). An accelerated implementation will limit this drain
- **On-going litigation:** The City is likely to face further litigation with the implementation of the retiree contributions to healthcare premiums. A comprehensive restructuring would address current and future litigation, and avoid a drain due to litigation expense
- **Needed capital improvements:** Addressing capital needs of the City and removing blight will take many years to see results. Further delay in this process will impair the ultimate achievability
- **Major grant expiration:** Completing a comprehensive restructuring before the expiration of existing grants would help address the projected deficits for FY15 and beyond

II. Review of Five Year Plan

The City's five year plan projects deficits in FY15 and beyond as a result of the loss of grant revenues and the escalation of labor related costs

The analysis in this document is based on the 5-year projection dated April 29, 2013 and does not reflect the May 18, 2013 update which reflects increased deficits

Five Year Plan (see appendix for detailed total city projections)

- The City prepared a draft five year plan that includes a detailed budget (by object code) for FY14 and incremental high-level projections for FY15 through FY18
  - FY14 projects a deficit reduction of $2.6M given that the City is not projecting to spend the entire amount collected from the public safety millage
  - FY15 projects a $2M deficit. The City has plans to address the loss of grant revenues totaling $7M, mostly related to public safety, by using the public safety millage
  - FY16 through FY18 project increased deficits as a result of escalating labor related costs

$ in millions	Budget	Projection				5-year
	2014	2015	2016	2017	2018	Total
General City Revenues	$ 68.2	$ 58.7	$ 58.1	$ 58.1	$ 58.7	$ 301.8
General City Operating expenditures	(43.7)	(39.2)	(40.6)	(42.1)	(43.8)	(209.4)
Net Operating Surplus	24.5	19.5	17.5	16.0	14.9	92.5
Legacy Expenditures						
OPEB / Retiree Healthcare	(10.5)	(10.9)	(11.5)	(12.4)	(13.3)	(58.6)
Pension - UAAL	(9.8)	(10.1)	(10.4)	(10.8)	(11.2)	(52.2)
Charter Pension	-	-	-	-	-	-
Debt Service	(1.7)	(0.6)	(0.6)	(0.6)	(0.6)	(4.1)
Total Legacy	(21.9)	(21.5)	(22.5)	(23.8)	(25.1)	(114.9)
Surplus / (Deficit)	**$ 2.6**	**$ (2.0)**	**$ (5.0)**	**$ (7.8)**	**$ (10.2)**	**$ (22.4)**
Legacy as a percentage of total cost	33%	35%	36%	36%	36%	35%
Deficit Roll Forward - General City						
Beginning Balance	**(14.5)**	**(12.0)**	**(14.0)**	**(19.0)**	**(26.8)**	**(14.5)**
Surplus / (deficit)	2.6	(2.0)	(5.0)	(7.8)	(10.2)	(22.4)
Ending Fund Balances	**$ (12.0)**	**$ (14.0)**	**$ (19.0)**	**$ (26.8)**	**$ (37.0)**	**$ (37.0)**
Memo:						
Projected deficit elimination (projected by City)	(1.0)	(1.0)	(1.5)	(1.8)	(1.9)	(7.1)

Note: the 5-year plan presented above is for the General City only.

The five year plan is based on reasonable assumptions, but does not account for significant risks or reinvestment requirements that could have a negative impact on the financial projections

Key trends

- Modest decline in prop taxes and income taxes due to declining home values and wages, respectively
- Significant loss of grant revenues starting in FY15
- Increasing cost of salaries, healthcare and pension contributions (at a rate of 3.75% annually)

Major risks

- Significant annual deficits projected for FY15 and beyond, with limited or no ability to increase revenues or issue debt
- Delinquency rates for property taxes and Water and Sewer could be higher than projected given recent increases in rates and millage - currently projected at 30%, up from historical of 20%
- Inability to collect healthcare premium sharing from retirees - for plans exceeding the cap. Implementation could face potential further litigation
- Risk of healthcare plan design litigation - if negative ruling expands to all retirees (currently only 6 retirees impacted)
- No major capital expenditures projected (see appendix for details) - this will result in declining levels of service. No reinvestment in the City to attract people and businesses. This fact puts pressure on other macro-economic trends including population and property values
- MERS change to 25 year UAAL amortization - currently City uses 30 years. MERS has indicated it is willing to work with the City for a gradual transition
- Pension contributions projected to grow at 3.75% based on Gabriel Roeder's input - however, MERS may require higher growth in contributions if 8% return on assets not achieved
- A detailed execution plan for the improvements and capacity for Flint internal resources to deliver on improvements is continuing to be reviewed
- Some of the above risks may be offset by the City's ability to achieve additional cash savings. Results to date for FY13 suggest expenses are running materially below budget. If this trend continues, this may address some of the deficit issues

The City should evaluate options that may be available under a comprehensive restructuring. This is likely to be the only forum to adequately address the legacy costs

The proposed budget demonstrates significant strategic deficiencies. As currently structured, there is no clear plan on how to address the budget deficit once grant money is exhausted. Even before considering further cost cuts and revenue enhancements to address this issue, the City is faced with an outlook that strains the citizens and does not address significant capital improvements that will be necessary to address the blight in the City

The following are key issues the City must address:

- Any revised plan should consider solutions that avoid further burdens on the citizens
- A revised plan should consider some progress on making investment in the City. Without further investment, it will be difficult to reverse the adverse trends in the City
- It will be very difficult for the City to find substantial costs savings from its active work force without further impairing necessary services to the City
- The most significant areas that may be addressed without further impairing City services are the legacy costs. As demonstrated previously, these costs represent a significant portion of the overall City expense

Property taxes have continued to decline since 2008 related to drops in property values, and increases in foreclosures and delinquencies and are projected to decline

The analysis in this document is based on the 5-year projection dated April 29, 2013 and does not reflect the May 18, 2013 update which reflects increased deficits

$ in millions	Fiscal year ended			Amended Budget	Budget	Projection			
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Revenues									
General City									
Property tax	$ 11.3	$ 10.7	$ 8.8	$ 7.3	$ 5 7	$ 5.3	$ 5.1	$ 5.1	$ 5.2
Special assessments	3.6	3 4	2.8	7.9	5.4	4.7	4 5	4.5	4.6
Income tax	13.6	14.4	14.8	15.3	14 2	14.2	14 1	13.9	14 1
State revenue sharing	16.4	16.4	13.1	13.1	13.9	13.9	13.9	13.9	14 0
Charges For service rendered - Intercity	5.3	5.5	4.7	7.4	5.4	5.2	5.0	5.0	5 0
Water & Sewer Pilot	2.4	2.4	2.4	2.0	2 0	2 0	2 0	2.0	2 0
Grants	7.3	13.4	10.0	18.1	7.3	0.3	0.3	0.3	0.3
Other revenues	14.8	29.3	26.3	14.7	13.4	12.2	11.8	11.7	11.7
Procds from loans	-	8 0	-	-	-	-	-	-	-
Sub-total revenues - General City	**74.7**	**103.5**	**83.0**	**85.7**	**67.2**	**57.7**	**56.6**	**56.4**	**56.8**
Other					67.4				
CDBG and other restricted grants	7.6	4.2	4.4	11 7	13.8	4 2	4 0	3.8	3.6
State restricted revenue (major/local streets)	10.2	10.8	10 6	10.6	9.2	8.3	8 5	8.4	8.5
Assessments & Fees (Street Light/Garbage)	3 8	5 4	4 7	7.9	8.1	8.4	8.8	9.1	10.0
Water	32 2	36.8	44 9	50.5	52.4	54 5	56 7	58.9	61.0
Sewer	16 7	17.7	23 4	32.0	31.9	33 2	34.5	35.9	38.5
Sub-total other revenues	**70.5**	**75.0**	**87.9**	**112.7**	**115.5**	**108.7**	**112.5**	**116.2**	**121.5**
Total revenue - City Services	**$ 145.2**	**$ 178.4**	**$ 171.0**	**$ 198.4**	**$ 182.7**	**$ 166.4**	**$ 169.2**	**$ 172.6**	**$ 178.3**

Historical

- Property taxes have continued to decline since 2008 related to drops in property values, and increases in foreclosures and delinquencies
- Delinquent property taxes are transferred to Genesee County and the City receives payment in advance. Charge-backs are netted against those payments
- The City's total tax levy has decreased more than 40% over the last 10-years compounded by an increase in delinquency rates from 5% to ~15%

Projection

- Property tax revenues are projected to decrease due to a combination of assumed decline in property taxable valuations, declining population and high charge-backs. The rate of decline is expected to be 18% in 2014, 8% in 2015 and then flattening in the years that follow
- With assessment reductions set at 18% in FY 14, the City has only allowed for an additional 3% decline related to challenged assessments, loss in population, bad debt loss, etc. This may create a risk on achievement
- Property taxes are projected net of distributions

Special Assessments were increased in FY13 to provide funding for public safety

The analysis in this document is based on the 5-year projection dated April 29, 2013 and does not reflect the May 18, 2013 update which reflects increased deficits

$ in millions	Fiscal year ended			Amended Budget	Budget	Projection			
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Revenues									
General City									
Property tax	$ 11.3	$ 10.7	$ 8.8	$ 7.3	$ 5.7	$ 5.3	$ 5.1	$ 5.1	$ 5.2
Special assessments	3.6	3.4	2.8	7.9	5.4	4.7	4.5	4.5	4.6
Income tax	13.6	14.4	14.8	15.3	14.2	14.2	14.1	13.9	14.1
State revenue sharing	16.4	16.4	13.1	13.1	13.9	13.9	13.9	13.9	14.0
Charges For service rendered - Intercity	5.3	5.5	4.7	7.4	5.4	5.2	5.0	5.0	5.0
Water & Sewer PIlot	2.4	2.4	2.4	2.0	2.0	2.0	2.0	2.0	2.0
Grants	7.3	13.4	10.0	18.1	7.3	0.3	0.3	0.3	0.3
Other revenues	14.8	29.3	26.3	14.7	13.4	12.2	11.8	11.7	11.7
Procds from loans	-	8.0	-	-	-	-	-	-	-
Sub-total revenues - General City	**74.7**	**103.5**	**83.0**	**85.7**	**67.2**	**57.7**	**56.6**	**56.4**	**56.8**
Other					67.4				
CDBG and other restricted grants	7.6	4.2	4.4	11.7	13.8	4.2	4.0	3.8	3.6
State restricted revenue (major/local streets)	10.2	10.8	10.6	10.6	9.2	8.3	8.5	8.4	8.5
Assessments & Fees (Street Light/Garbage)	3.8	5.4	4.7	7.9	8.1	8.4	8.8	9.1	10.0
Water	32.2	36.8	44.9	50.5	52.4	54.5	56.7	58.9	61.0
Sewer	16.7	17.7	23.4	32.0	31.9	33.2	34.5	35.9	38.5
Sub-total other revenues	**70.5**	**75.0**	**87.9**	**112.7**	**115.5**	**108.7**	**112.5**	**116.2**	**121.5**
Total revenue - City Services	**$ 145.2**	**$ 178.4**	**$ 171.0**	**$ 198.4**	**$ 182.7**	**$ 166.4**	**$ 169.2**	**$ 172.6**	**$ 178.3**

Historical

- Includes 2 mill police services tax to maintain police officers who would have otherwise been laid - off
- Includes 0.5 mill for parks and recreation to maintain and operate the City's parks
- Public improve mill also included and primarily used for capital improvements and debt service on the 2011 fiscal stabilization bonds

Projection

- The City has introduced a new fire and police tax mill to maintain police and fire staffing at approximately 75 fire fighters and 150 police officers in response to the loss of SAFER, Mott and COPS grants projected in FY15
- Voters approved a 6 mill incremental tax in FY13 which was added to the winter tax bill. Proceeds are intended to be deferred until FY14 and beyond to replace the loss of grant revenue
- Special assessments carry a certain risk factor as delinquencies grow in the face of a rising tax rates and continued lower taxable valuations. However, this risk is tempered by the fact that the overall tax burden on the citizen is reduced by on-going property value declines

Income Taxes have stabilized in recent years and are projected to remain flat

The analysis in this document is based on the 5-year projection dated April 29, 2013 and does not reflect the May 18, 2013 update which reflects increased deficits

$ in millions	Fiscal year ended			Amended Budget	Budget	Projection			
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Revenues									
General City									
Property tax	$ 11.3	$ 10.7	$ 8.8	$ 7 3	$ 5 7	$ 5.3	$ 5 1	$ 5.1	$ 5 2
Special assessments	3.6	3.4	2 8	7 9	5 4	4.7	4 5	4.5	4 6
Income tax	13.6	14.4	14.8	15 3	14.2	14.2	14.1	13.9	14.1
State revenue sharing	16.4	16.4	13.1	13 1	13 9	13.9	13.9	13 9	14.0
Charges For service rendered - Intercity	5.3	5.5	4.7	7.4	5.4	5.2	5 0	5.0	5 0
Water & Sewer Pllot	2 4	2.4	2.4	2.0	2.0	2 0	2 0	2.0	2 0
Grants	7.3	13.4	10.0	18.1	7 3	0.3	0 3	0.3	0 3
Other revenues	14.8	29.3	26.3	14.7	13.4	12 2	11.8	11.7	11 7
Procds from loans	-	8.0	-	-	-	-	-	-	-
Sub-total revenues - General City	**74.7**	**103.5**	**83.0**	**85.7**	**67.2**	**57.7**	**56.6**	**56.4**	**56.8**
Other					67 4				
CDBG and other restricted grants	7 6	4.2	4.4	11.7	13 8	4.2	4.0	3.8	3.6
State restricted revenue (major/local streets)	10.2	10 8	10.6	10 6	9.2	8.3	8.5	8 4	8.5
Assessments & Fees (Street Light/Garbage)	3.8	5 4	4.7	7.9	8.1	8.4	8.8	9.1	10 0
Water	32.2	36 8	44 9	50.5	52.4	54.5	56.7	58 9	61.0
Sewer	16 7	17 7	23.4	32.0	31.9	33.2	34.5	35 9	38.5
Sub-total other revenues	**70.5**	**75.0**	**87.9**	**112.7**	**115.5**	**108.7**	**112.5**	**116.2**	**121.5**
Total revenue - City Services	**$ 145.2**	**$ 178.4**	**$ 171.0**	**$ 198.4**	**$ 182.7**	**$ 166.4**	**$ 169.2**	**$ 172.6**	**$ 178.3**

Historical

- Income taxes have stabilized in recent years despite continued decline in population

Projection

- Projections of revenues is driven heavily by recent trends in collections through Treasury. As such, FY 14 appears consistent with most recent collection delay and is a reasonable basis for projection

State Revenue Sharing is projected to increase slightly from FY13 levels then remain flat

The analysis in this document is based on the 5-year projection dated April 29, 2013 and does not reflect the May 18, 2013 update which reflects increased deficits

$ in millions	Fiscal year ended			Amended Budget	Budget	Projection			
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Revenues									
General City									
Property tax	$ 11.3	$ 10.7	$ 8.8	$ 7.3	$ 5.7	$ 5 3	$ 5 1	$ 5.1	$ 5.2
Special assessments	3.6	3.4	2 8	7.9	5.4	4 7	4 5	4.5	4 6
Income tax	13.6	14.4	14 8	15.3	14 2	14 2	14 1	13.9	14.1
State revenue sharing	16.4	16.4	13.1	13.1	13.9	13.9	13.9	13.9	14 0
Charges For service rendered - Intercity	5.3	5.5	4 7	7.4	5.4	5.2	5.0	5.0	5 0
Water & Sewer Pilot	2.4	2.4	2.4	2.0	2.0	2 0	2 0	2.0	2.0
Grants	7.3	13.4	10 0	18.1	7.3	0.3	0.3	0.3	0 3
Other revenues	14.8	29.3	26.3	14.7	13.4	12.2	11 8	11.7	11 7
Procds from loans	-	8.0	-	-	-	-	-	-	-
Sub-total revenues - General City	**74.7**	**103.5**	**83.0**	**85.7**	**67.2**	**57.7**	**56.6**	**56.4**	**56.8**
Other					67.4				
CDBG and other restricted grants	7.6	4.2	4 4	11.7	13.8	4.2	4.0	3.8	3 6
State restricted revenue (major/local streets)	10.2	10.8	10 6	10.6	9.2	8.3	8.5	8.4	8 5
Assessments & Fees (Street Light/Garbage)	3.8	5.4	4 7	7.9	8 1	8 4	8.8	9.1	10 0
Water	32.2	36.8	44 9	50.5	52.4	54.5	56.7	58.9	61 0
Sewer	16 7	17.7	23.4	32.0	31.9	33 2	34.5	35.9	38 5
Sub-total other revenues	**70.5**	**75.0**	**87.9**	**112.7**	**115.5**	**108.7**	**112.5**	**116.2**	**121.5**
Total revenue - City Services	**$ 145.2**	**$ 178.4**	**$ 171.0**	**$ 198.4**	**$ 182.7**	**$ 166.4**	**$ 169.2**	**$ 172.6**	**$ 178.3**

Historical

- Historical changes in rates are driven by changes to the sharing methodology. The FY 12-13 collections are under a consistent methodology with what is expected going forward

Projection

- The budget for FY 14 is consistent with the state's existing statements for Flint. While the City continues to have reporting required this year to receive full funding, it appears they are on track to comply
- Statutory revenue sharing payments were eliminated and replaced by the Economic Vitality Incentive Program. The total amount available to be paid to municipalities decreased and the payment method is now based on performance metrics to reward "best practices"

Most grants are projected to expire in FY15

The analysis in this document is based on the 5-year projection dated April 29, 2013 and does not reflect the May 18, 2013 update which reflects increased deficits

$ in millions	Fiscal year ended			Amended Budget	Budget	Projection			
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Revenues									
General City									
Property tax	$ 11.3	$ 10.7	$ 8.8	$ 7.3	$ 5.7	$ 5.3	$ 5.1	$ 5.1	$ 5.2
Special assessments	3.6	3.4	2.8	7.9	5.4	4.7	4.5	4.5	4.6
Income tax	13.6	14.4	14.8	15.3	14.2	14.2	14.1	13.9	14.1
State revenue sharing	16.4	16.4	13.1	13.1	13.9	13.9	13.9	13.9	14.0
Charges For service rendered - Intercity	5.3	5.5	4.7	7.4	5.4	5.2	5.0	5.0	5.0
Water & Sewer Pilot	2.4	2.4	2.4	2.0	2.0	2.0	2.0	2.0	2.0
Grants	7.3	13.4	10.0	18.1	7.3	0.3	0.3	0.3	0.3
Other revenues	14.8	29.3	26.3	14.7	13.4	12.2	11.8	11.7	11.7
Procds from loans	-	8.0	-	-	-	-	-	-	-
Sub-total revenues - General City	**74.7**	**103.5**	**83.0**	**85.7**	**67.2**	**57.7**	**56.6**	**56.4**	**56.8**
Other					67.4				
CDBG and other restricted grants	7.6	4.2	4.4	11.7	13.8	4.2	4.0	3.8	3.6
State restricted revenue (major/local streets)	10.2	10.8	10.6	10.6	9.2	8.3	8.5	8.4	8.5
Assessments & Fees (Street Light/Garbage)	3.8	5.4	4.7	7.9	8.1	8.4	8.8	9.1	10.0
Water	32.2	36.8	44.9	50.5	52.4	54.5	56.7	58.9	61.0
Sewer	16.7	17.7	23.4	32.0	31.9	33.2	34.5	35.9	38.5
Sub-total other revenues	**70.5**	**75.0**	**87.9**	**112.7**	**115.5**	**108.7**	**112.5**	**116.2**	**121.5**
Total revenue - City Services	**$ 145.2**	**$ 178.4**	**$ 171.0**	**$ 198.4**	**$ 182.7**	**$ 166.4**	**$ 169.2**	**$ 172.6**	**$ 178.3**

Historical

- The City has had a healthy grant program in recent years providing funds for several important initiatives:
  - Hiring and sustaining police officer and fire fight staffing levels
  - City of Flint Mater Plan
  - HUD – CDBG grants supporting community development

Projection

- Revenues are projected based on existing contracted grants. The substantial decline in FY 14-15 is related to the roll off of significant grants including, SAFER, Lockup, MOTT and others
- Currently there are no identified replacement grant programs – rather, increased tax millage are designed to replace some of the lost grant revenue

Salaries, Wages & Overtime expenses are driven by headcount. The City reduced headcount substantially from FY08 to FY13 and very little additional room to cut salaries expenses further

The analysis in this document is based on the 5-year projection dated April 29, 2013 and does not reflect the May 18, 2013 update which reflects increased deficits

$ in millions	Fiscal year ended			Amended Budget	Budget	Projection			
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Expenditures									
General City									
Operating expenditures									
Wages & Salaries	(26 7)	(24.6)	(22.2)	(20.6)	(21.0)	(19.7)	(20.4)	(21 3)	(22 2)
Overtime	(2.4)	(2.7)	(2.2)	(2.2)	(1.8)	(1.7)	(1.8)	(1.9)	(1.9)
Active Healthcare (Med)	(6.6)	(6.8)	(7 7)	(8.4)	(3 9)	(4 0)	(4.3)	(4.6)	(4.9)
Other benefits (Fringe, OPEB, Pension)	(25 1)	(25.2)	(27 0)	(26 9)	(25.7)	(23.8)	(24 8)	(26 2)	(27 6)
Professional Service	(4.3)	(6.2)	(4.9)	(7.2)	(3 5)	(3.0)	(3.1)	(3.3)	(3 4)
Utilities	(3.4)	(3.6)	(3 5)	(0 8)	(0 6)	(0.6)	(0.6)	(0.7)	(0.7)
Other operating expenditures	(18.3)	(26.4)	(28 4)	(14 8)	(9.2)	(7.8)	(8.0)	(8 0)	(8 1)
Total operating expenditures	(86.9)	(95.4)	(95 8)	(81 0)	(65.6)	(60.7)	(63.1)	(65 9)	(68 9)
Other									
CDBG and other restricted grants	(7.6)	(4 6)	(4 1)	(11 7)	(13.8)	(4.2)	(4.0)	(3 8)	(3.6)
State restricted revenue (major/local streets)	(13.2)	(11.1)	(9.5)	(10.6)	(8.3)	(5 9)	(6.0)	(6.7)	(6 2)
Assessments & Fees (Street Light/Garbage)	(4.7)	(4 4)	(4.8)	(7.8)	(8 1)	(8.8)	(9.2)	(9 6)	(10.0)
Water	(40.5)	(43 4)	(43.8)	(54.7)	(56.2)	(54.2)	(56.4)	(58 6)	(61.0)
Sewer	(33.0)	(31.8)	(27.3)	(37.0)	(36 9)	(34 2)	(35.6)	(37.0)	(38.5)
Sub-total other expenditures	**(99.1)**	**(95.3)**	**(89.6)**	**(121.8)**	**(123.3)**	**(107.4)**	**(111.1)**	**(115.7)**	**(119.3)**
Total expenditures - City Services	**$ (186.0)**	**$ (190.8)**	**$ (185.4)**	**$ (202.8)**	**$ (188.9)**	**$ (168.1)**	**$ (174.2)**	**$ (181.7)**	**$ (188.1)**

Historical

- The City has reduced general city headcount from FY10 to FY13 by approximately 480 FTE's, equivalent to 58% (see appendix for detailed headcount information)
- General City salaries and wages decreased by 23% although overtime has remained relatively flat

Projection

- The projection includes a further reduction in total city headcount of 70 FTE's
- Public safety millage is intended to limit reduction in public safety with plans to reduce fire fighter headcount to a steady level of 75 FTEs and police officers to ~150 FTEs
- Salaries and wages are projected to increase 3.5% annually

Other expenses are primarily comprised of professional services, utilities, and other operating expenditures

The analysis in this document is based on the 5-year projection dated April 29, 2013 and does not reflect the May 18, 2013 update which reflects increased deficits

$ in millions	Fiscal year ended			Amended Budget	Budget	Projection			
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Expenditures									
General City									
Operating expenditures									
Wages & Salaries	(26.7)	(24 6)	(22 2)	(20.6)	(21.0)	(19.7)	(20.4)	(21 3)	(22.2)
Overtime	(2.4)	(2.7)	(2.2)	(2.2)	(1.8)	(1.7)	(1 8)	(1.9)	(1.9)
Active Healthcare (Med)	(6.6)	(6 8)	(7 7)	(8.4)	(3.9)	(4.0)	(4 3)	(4.6)	(4.9)
Other benefits (Fringe, OPEB, Pension)	(25.1)	(25.2)	(27 0)	(26.9)	(25.7)	(23.8)	(24 8)	(26 2)	(27.6)
Professional Service	(4.3)	(6.2)	(4.9)	(7.2)	(3.5)	(3.0)	(3.1)	(3.3)	(3.4)
Utilities	(3.4)	(3.6)	(3 5)	(0.8)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)
Other operating expenditures	(18.3)	(26.4)	(28.4)	(14.8)	(9.2)	(7.8)	(8 0)	(8 0)	(8.1)
Total operating expenditures	(86.9)	(95.4)	(95.8)	(81.0)	(65.6)	(60.7)	(63.1)	(65.9)	(68.9)
Other									
CDBG and other restricted grants	(7.6)	(4.6)	(4 1)	(11.7)	(13.8)	(4.2)	(4 0)	(3 8)	(3 6)
State restricted revenue (major/local streets)	(13 2)	(11.1)	(9.5)	(10.6)	(8.3)	(5 9)	(6.0)	(6 7)	(6 2)
Assessments & Fees (Street Light/Garbage)	(4 7)	(4.4)	(4.8)	(7.8)	(8.1)	(8 8)	(9 2)	(9 6)	(10 0)
Water	(40.5)	(43.4)	(43.8)	(54.7)	(56 2)	(54.2)	(56 4)	(58 6)	(61 0)
Sewer	(33 0)	(31.8)	(27.3)	(37.0)	(36.9)	(34.2)	(35.6)	(37.0)	(38.5)
Sub-total other expenditures	**(99.1)**	**(95.3)**	**(89.6)**	**(121.8)**	**(123.3)**	**(107.4)**	**(111.1)**	**(115.7)**	**(119.3)**
Total expenditures - City Services	$ (186.0)	$ (190.8)	$ (185.4)	$ (202.8)	$ (188.9)	$ (168.1)	$ (174.2)	$ (181.7)	$ (188.1)

Historical

- Utilities expense relates primarily to power for the City's street lights and was captured in the general fund
- Other expenses in FY09 include a one-time $7M lawsuit settlement
- Other expenses in FY10 include a one-time $7M capital project funded by HUD grant proceeds

Projection

- The projection period reflects significant reductions in other expenses primarily driven by cost reductions across the City
- Utilities expenses related to street lights have been transferred to the Street Light special assessment fund (~$3M annually)
- The reduction in other expenses is primarily driven by a reduction in charges for central services and inter-City billings. The assumption is driven by centralizing services, reduction of the overall City footprint and outsourcing
- **The Water and Sewer projection does not include changes/savings due to conversion to the KWA (Karegnondi Water Authority)**

The Water and Sewer department has had to significantly increase rates to eliminate past deficits and generate revenue levels necessary for operations

The analysis in this document is based on the 5-year projection dated April 29, 2013 and does not reflect the May 18, 2013 update which reflects increased deficits

$ in millions	Fiscal year ended			Amended Budget	Budget	Projection			
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Expenditures									
General City									
Operating expenditures									
Wages & Salaries	(26 7)	(24 6)	(22.2)	(20 6)	(21 0)	(19 7)	(20 4)	(21 3)	(22 2)
Overtime	(2.4)	(2.7)	(2.2)	(2.2)	(1.8)	(1 7)	(1 8)	(1 9)	(1.9)
Active Healthcare (Med)	(6.6)	(6 8)	(7.7)	(8 4)	(3 9)	(4 0)	(4 3)	(4.6)	(4 9)
Other benefits (Fringe, OPEB, Pension)	(25 1)	(25 2)	(27.0)	(26 9)	(25 7)	(23 8)	(24.8)	(26.2)	(27 6)
Professional Service	(4.3)	(6.2)	(4.9)	(7.2)	(3.5)	(3.0)	(3 1)	(3.3)	(3.4)
Utilities	(3 4)	(3 6)	(3.5)	(0 8)	(0 6)	(0.6)	(0.6)	(0.7)	(0 7)
Other operating expenditures	(18.3)	(26.4)	(28.4)	(14.8)	(9 2)	(7.8)	(8 0)	(8.0)	(8.1)
Total operating expenditures	(86 9)	(95.4)	(95.8)	(81 0)	(65.6)	(60.7)	(63.1)	(65.9)	(68 9)
Other									
CDBG and other restricted grants	(7 6)	(4.6)	(4.1)	(11.7)	(13 8)	(4.2)	(4.0)	(3.8)	(3 6)
State restricted revenue (major/local streets)	(13.2)	(11 1)	(9.5)	(10.6)	(8.3)	(5 9)	(6 0)	(6.7)	(6.2)
Assessments & Fees (Street Light/Garbage)	(4.7)	(4.4)	(4.8)	(7.8)	(8.1)	(8.8)	(9.2)	(9.6)	(10.0)
Water	(40 5)	(43.4)	(43.8)	(54.7)	(56.2)	(54.2)	(56.4)	(58.6)	(61.0)
Sewer	(33.0)	(31.8)	(27.3)	(37.0)	(36.9)	(34.2)	(35.6)	(37.0)	(38.5)
Sub-total other expenditures	**(99.1)**	**(95.3)**	**(89.6)**	**(121.8)**	**(123.3)**	**(107.4)**	**(111.1)**	**(115.7)**	**(119.3)**
Total expenditures - City Services	**$ (186.0)**	**$ (190.8)**	**$ (185.4)**	**$ (202.8)**	**$ (188.9)**	**$ (168.1)**	**$ (174.2)**	**$ (181.7)**	**$ (188.1)**

Historical

- In recent years, the Water and Sewer departments had been operating at deficits despite little to no capital investment

Projection

- The City significantly raised Water and Sewer rates to both eliminate deficits and to ensure that department operation can be funded at minimal levels
- The Water and Sewer projection does not include changes/savings due to conversion to the KWA (Karegnondi Water Authority)

III. Healthcare Benefits

The City's recent implementation of changes to active and retiree healthcare plans resulted in significant savings, approximating 25% of its annual spend

Recent plan design changes

- The City used to have in excess of 60 plans, given that the City offered each retiree the healthcare plan that they participated in which was in place when they retired
- Flint made the decision to consolidate its healthcare plans into 3 main plans for FY13
  - Blue Cross Community Blue Plan – self insured
  - Health Plus Plan – fully insured
  - McLaren Plan – fully insured
- Main changes to plan designs included:
  - Increases in deductibles from a range of $50 to $150 in the old plans for singles to $1,000 deductible for BCBS and Health Plus plans and $500 for the McLaren plan
  - Increase in co-insurance percentages, out-of-pocket maximums and increases in office visits
  - Increases in prescription co-pays

2013 Plans	**BC Community Blue Self Insured**	**Health Plus Fully Insured**	**McLaren Fully Insured**
General plan coverage			
Employee premium contribution	Subject to State Caps	Subject to State Caps	Subject to State Caps
Plan deductible (single/family)	$1,000/$2000	$1,000/$2000	$500/$1,000
Co-insurance %	20%	20%	20%
Co-insurance maximum (OOP max)	$3,500	$3,500	$2,000
Office visit	$30	$30	$30
Rx drug plan coverage			
Co-pay	$10/$40/$80	$20/$40/$60	$10/$40/$80

- Cornerstone (healthcare advisor) estimates for healthcare savings (City contribution) were as follows:

$ in millions			**Estimated Savings**	
	FY 2012	**FY 2013**	**$**	**%**
Actives - Medical and Rx	$ 7.4	$ 5.8	$ (1.6)	-22%
Pre-65 Medical	9.9	6.6	(3.3)	-33%
RX - Post 2000 Retirees	7.5	7.2	(0.3)	-4%
Post-65 Medical	2.9	1.0	(1.8)	-64%
Total Savings Estimate	**$ 27.7**	**$ 20.6**	**$ (7.0)**	**-25%**

Despite recent changes and resulting cost savings, the City's healthcare costs continue to be high for actives and retirees

Average cost of healthcare plans

- The City's total projected FY14 medical costs are estimated to be approximately $20M
- This amount is net of expected premium contributions of about $3M from retirees whose plans cost exceeds the State imposed caps
- Assuming the City is able to collect $3M from its retirees, the average medical cost to the City would be:
  - $7,707 per retiree
  - $9,873 per active

Flint should evaluate switching to 80/20 cost sharing, which could generate savings of approximately $1.5M, mostly from actives contributions

$ in million	Projected for FY-14		
	Participants	**Average Spend**	**City Cost**
Retiree medical	1,947	$ 9,282.4	$ 18.1
Actives medical	538	9,872.5	5.3
Total medical	2,485	$ 9,410.2	$ 23.4
Hard cap retirees			15.0
Hard cap actives			6.6
Hard Cap Total			$ 21.6
Over/(Under) Cap Retiree			$ 3.1
Over/(Under) Cap Active			(1.3)
Calculation using caps			
City Cost - Retirees	1,947	$ 7,706.9	$ 15.0
City Cost - Actives	538	9,872.5	5.3
Retiree Contribution	1,947	$ 1,575.5	$ 3.1
Active Contribution	538	-	-
Total City with Caps	**2,485**	**$ 8,175.8**	**$ 20.3**

Existing and future lawsuits may impair the City's ability to realize healthcare savings as planned

Issue	Considerations

Current Retiree Lawsuits	▪ Retirees have filed 2 lawsuits against the City for imposed plan changes:
	  ▪ Pre-2000 retirees litigation: a settlement reached in 2002 prevents any changes to these retirees' prescription drug cards. After the City imposed changes to Rx co-pays in 2011, a judge ruled in favor of the retirees and reinstated the old drug cards. The City has filed an appeal the case is pending resolution
	  ▪ 6 retirees filed a lawsuit opposing the plan design changes. The judge granted a preliminary injunction in favor of the retirees. The City has appealed the ruling. The city of Pontiac is going through a similar lawsuit in which the judge's ruling favored the City's position. Now both cases are in front of the 6th Circuit
	▪ The City reversed the plan design changes for the 6 retirees being represented. If the City needs to reverse the plan design changes for all retirees, the **potential impact would be $3.5M to $4M of additional healthcare costs for the City**

Potential further litigation resulting from imposing State caps	▪ The City has chosen to apply the State caps for actives and retirees, even though the legislation does not explicably address retirees ▪ As shown in the previous page, average plan costs for actives do not reach the State caps. Therefore, actives are not required to contribute to healthcare plan premiums ▪ Most of the retiree plans exceed the State imposed caps. Therefore, the City is planning to charge retirees (for the first time) for the excess above the State caps. This amounts on average to $1,500 per retiree for FY14 ▪ The City will be sending notices to retirees regarding their obligation to pay their portion of the plan premiums and give retirees the option make a payment directly to the City or have a deduction taken from their pension checks ▪ If retirees do not respond to notices, the City is planning to move them to a cheaper plan that falls below the State caps ▪ **There is a potential for the City not to be able to collect these premiums and there is also potential for further litigation from retirees that will be charged a premium for the first time. This litigation risk increases if the City changes the structure of the plan (which could be considered inconsistent with rights of retirees)**
Alternative strategies	▪ **The City's retiree healthcare cost is unsustainable. Significant further changes should be considered in a long term strategy**

IV. Pension Benefits

Despite significant recent changes to pension benefits, the City's pension plan continues to be severely underfunded and requires contributions that are significantly higher than other cities

During the last 18 months, the City has implemented significant changes to it pension benefits, including:

- Plan transfer from FERS (Flint Employees Retirement System) to MERS. The FERS board has been dissolved and all assets and liabilities are now under the administration of MERS
- Increased employee required contributions to DB plan
- Changes to FAC (Final Average Compensation) calculations to eliminate certain components such as overtime
- Reduction in multipliers for service accrued in the future
- Limitations on eligibility for payment of 13th check – plan has to be funded at 90% or higher for 13th check to be paid
- Introduction of hybrid plan for new hires
- Changes to job elimination provisions

Despite the changes introduced to pension benefits, the plan continues to be severely underfunded and continues to be a significant burden on the City's financial condition.

- The ratio of actives to retirees is one third (excluding Hurley)
- The plan funding level for general City employees is 40% and for police and fire is 61%. Total UAAL was $287M as of the 6/30/2011 valuation
- This valuation results in the City's required pension contributions to be very significant as a percentage of actives wages
  - General City employees contribution is 55% of payroll and Police and Fire contributions are 47%, mostly driven by the UAAL portion of contributions
  - On average, for each active employee, the City has to contribute $30k to the pension plan

	Flint (6/30/2011)			
	General	P&F	Hurley[2]	Total
Participants				
Active employees	320	246	710	1,276
Retirees	999	748	1,147	2,894
Total	1,319	994	1,857	4,170
Ratio Active/Retiree	0.32	0.33	0.62	0.44
Active payroll ($m)	$ 16.0	$ 15.0	$ 32.0	$ 63.1
Average pay/EE ($k)	$ 50.1	$ 61.1	$ 45.1	$ 49.4
Retiree benefits paid ($m)	$ 24.0	$ 23.6	$ 17.0	$ 64.6
Average pay/retiree ($k)	$ 24.0	$ 31.5	$ 14.9	$ 22.3
Balance sheet				
Actuarial asset value ($m)	$ 111.1	$ 182.8	$ 212.5	$ 506.5
Actuarial accrued liab ($m)	(279.6)	(300.1)	(249.7)	(829.4)
UAAL ($m)	$ (168.5)	$ (117.2)	$ (37.1)	$ (322.9)
Percent Funded	40%	61%	85%	61%
FY 2014 Contribution[1]				
Normal	10.0%	15.2%	9.8%	11.2%
UAAL	56.0%	41.6%	7.4%	27.9%
Interest				
EE Contrib	-10.6%	-9.5%	-3.1%	-6.5%
Total %	55.5%	47.3%	14.1%	32.5%
City contribution[1] ($m)	$ 9.6	$ 7.7	$ 4.1	$ 21.3
City contribution/active ($k)	$ 29.9	$ 31.1	$ 5.7	$ 16.7

Notes:

1. Information based on Gabriel Roeder Smith actuarial valuation for Flint (67th version)
2. The Hurley pension data only relates to the portion invested in the FERS plan

Implemented and potential further changes to pension benefits (without impacting vested benefits) will not result in a comprehensive solution to the City's pension issues

Issue	Considerations

Potential for further changes	▪ Further changes could include:
	  ▪ Additional reductions to Police and Fire multipliers
	  ▪ Additional changes to FAC calculation
	  ▪ Elimination of 13th check
	  ▪ Further increases in employee contributions
	  ▪ Move every employee to hybrid plan

Actuarial assumptions appear to be aggressive	▪ Actuarial assumptions that could be challenged include:
	  ▪ Rate of return assumption:
	  ▪ Previously, the assumed rate of return net of investment expenses was 8%
	  ▪ As part of the 2013 valuation, the assumed rate was changed to 8% net of investment **and administrative** expenses, which results in a 1.45% reduction in contribution rates
	  ▪ 8% is at the top of the range for assumed rates of return. A more reasonable assumption would be between 6.5% and 7%
	  ▪ UAAL amortization period:
	  ▪ The City has historically used a 30-year amortization period
	  ▪ MERS uses a 25-year amortization period
	  ▪ The City will need to move to a 25-year amortization in the near term, and this will result in increased contributions

Changes to eligibility, future service accrual and FAC calculations will not be sufficient to address underfunding	▪ Although changes implemented and potential future changes are positive to limit the City's exposure to its pension issues, they will not address the significant underfunding and burden on the City's financial condition ▪ **Only more drastic actions, including a major restructuring could provide a comprehensive solution to the City's pension issues**

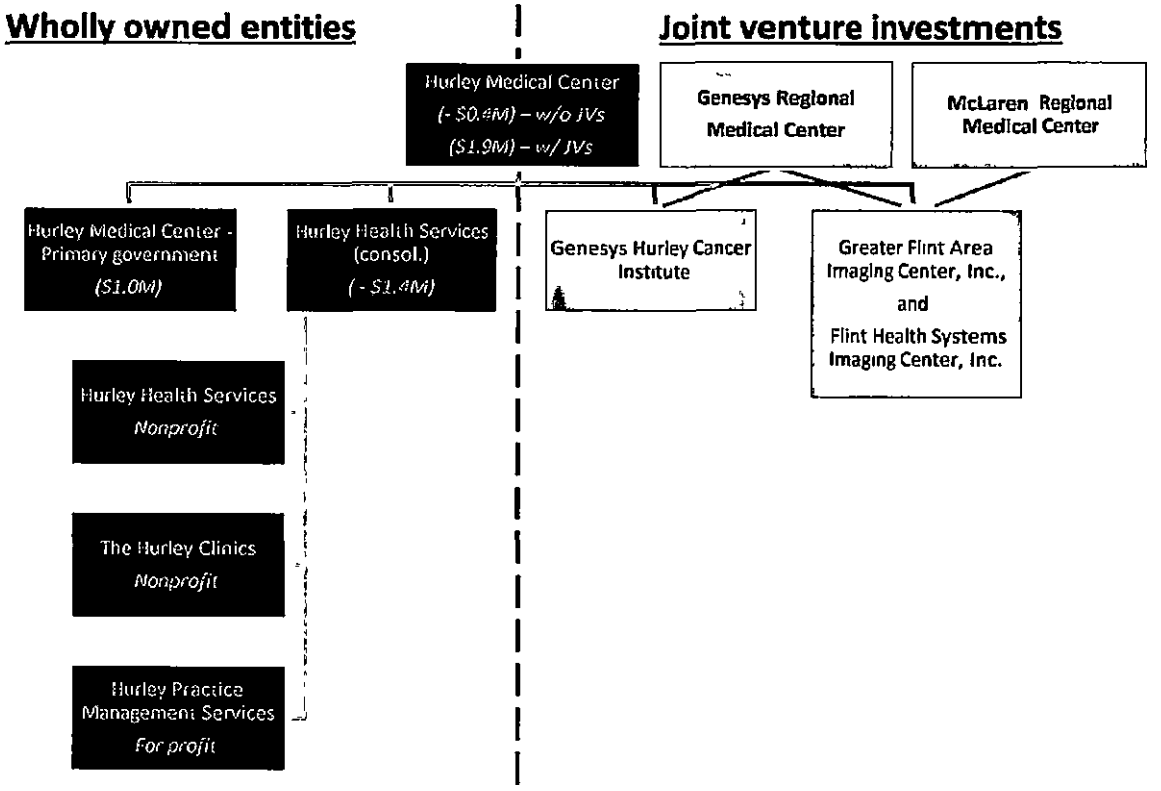
VI. Review of Hurley Medical Center

Hurley Medical Center is a Component Unit of the City of Flint and therefore, reported separately in the City's financial statements

Description

Hurley Medical Center provides inpatient, outpatient, and emergency care services and generates ~$380M with approximately 420 total available beds. It is a discrete component unit of the city of Flint, Michigan, and as such is exempt from federal income taxes

Hurley Medical Center is comprised of the primary government portion as well as a wholly owned subsidiary: Hurley Health Services, which itself includes two nonprofits entities and one for profit corporation. Additionally, the Medical center participates in two joint ventures with other local hospitals. The organizational chart below depicts the expanse of Hurley Medical Center's component entities:



Hurley operates 400+ available beds and its budget is roughly breakeven

Operational summary

The primary Hurley Medical Center facility is located at One Hurley Plaza, Flint, MI 48503. This facility consists of 247 routine service beds and 114 special care beds and 57 others for a total of 418 available beds. Beyond general medicine (1,033 inpatients) and as with many other hospitals, the top departments seeing Medicare inpatients are Cardiology (746 inpatients with an average stay of 5.76 days) and Pulmonology (520 inpatients with an average stay of 7.03 days)

Hurley Medical Center serves a low income population as is reflected in their Disproportionate Share Hospital share percentage of 40%. Additional operational details are presented in the following section on Competitive Landscape

Financial summary

Hurley Medical Center, inclusive of its wholly owned components, generates $380M revenues annually. Approximately 95% of these revenues are used to pay operational expenses, such as salaries & benefits, supplies, and other purchased services. Depreciation & amortization accounts for an additional 3.5% of revenue or $13M (net property, plant and equipment is $114M). As a result, the Medical Center, through its wholly owned component, has been operating at roughly break-even. Joint venture income has also been low: $1.5M and $2.3M in 2011 and 2012, respectively

As of March 31, 2013, the Medical Center had $10M in unrestricted cash & cash equivalents. Net debt ($79.5M) is made up of $4.5M current and $101M long-term, less $26M held in trust. This amount represents approximately 39% of total capital

Hurley Medical Center also holds a substantial off balance sheet pension liability. This unfunded actuarial accrued liability was last valued (as of 6/30/2010) at approximately $111M, which equates to 57% of balance sheet liabilities. Employer contributions are made each year with the purpose of providing a sufficiently funded pension plan; these contributions have been roughly $10M over the past few years

See appendix for Hurly financial statements

Hurley competes with 2 other major hospitals in the area that are similar in size

Comparable hospitals

Three large medical centers serve Flint, Michigan and the immediate surrounding area:

Hospital	Hurley Medical Center	Mclaren - Flint	Genesys Regional MC
Provider number	*230132*	*230141*	*230197*

These entities are comparable, including available beds, inpatient counts, and total revenues (gross patient revenue + non-patient revenue). Additionally, these medical centers have partnered in a joint venture to provide imaging services through both Greater Flint Area Imaging Center, Inc. and Flint Health Systems Imaging Center, Inc. Hurley and Genesys also established a joint venture focused on cancer treatment: Genesys Hurley Cancer Institute

The information below summarizes some of size indicators of these medical centers:

Beds and Patient Days by Unit (including swing beds)

	Available Beds			Inpatient Days		
	Hurley	McLaren	Genesys	Hurley	McLaren	Genesys
Routine Services	247	256	292	53,660	70,706	79,207
Special Care	114	36	56	30,166	11,832	14,937
Nursery	0	0	0	3,659	1,187	5,566
Total Hospital	418	336	380	100,336	97,155	104,951

Financial Statistics

$ in millions	Hurley	McLaren	Genesys
Total Gross Revenue	$1,001	$1,108	$1,277
Gross Patient Revenue	97.1%	98.6%	98.0%
Non-Patient Revenue	2.9%	1.4%	2.0%
Net margin (or Loss)	0.5%	2.0%	1.6%

Competitive Landscape

Medicare & Medicaid summary

Select medicare & medicaid measurement items	Hurley	McLaren	Genesys
Total beds (routine & special care)	361	292	348
Total bed days available	132,126	106,580	127,368
Total medicare days	24,158	47,314	46,396
Total medicaid days	10,783	2,705	5,101
Total hospital days	87,485	83,725	99,710
Interns & residents	107	72	150
Total employees (on payroll)	2,340	2,232	2,669
Medicare discharges	3,700	10,343	8,036
Medicaid discharges	1,871	1,074	893
Total discharges	15,667	19,970	20,817
$ in millions			
Indirect Medical Education payments	$ 5.1	$ 14.1	$ 20.6
Disproportionate Share Hospital (DSH) allotment	$ 12.7	$ 3.2	$ 3.5
DSH share percentage	40.0%	3.0%	4.0%
Graduate Medical Education (GME) PART A	$ 4.0	$ 4.7	$ 6.4
Graduate Medical Education (GME) PART B	$ 0.9	$ 1.1	$ 1.6

Source:
Centers for Medicare & Medicaid Services

Strategic Choices – Can Hurley be a source of liquidity for the City?

Issue	Considerations
Cash distribution to the City	▪ Limited by debt covenant requirements which create a default if cash drops below approximately $50M. Current levels of cash do not provide significant excess above the minimum cash requirements ▪ Break-even operations run-rate – the hospital is not building cash and is unlikely to create significant funds in the future
Annual fee on hospital	▪ The City is currently considering additional fees that may be charged to the hospital. The City already charges Hurley for safety – there may be additional fees that can be assessed
Additional debt raise / cash distribution	▪ Limitations on debt capacity - The debt burden on the hospital is generally at industry standards. Additional debt will become more difficult to obtain ▪ Limits on use of funds – unlikely to find lending source that will allow new funds to be used for a cash distribution out to the City
Sale of joint ventures	▪ The hospital currently has an interest in 2 JV's with other hospitals in the market. There may be market value in the JV's and the likely buyers would be the JV partners ▪ Strategic considerations – must consider strategic benefits of joint ventures and impact of selling interest to JV partners that compete in the local market
Sale of hospital	▪ Valuation issues w/ Pension – unlikely to effect a sale that includes assumption of pension liability. The $150M+ of unfunded pension liability is likely to fully offset the enterprise value ▪ Value may be further eroded by the conversion to a for-profit. This conversion will impact the DSH payments (currently at $15M) and would likely decline if the hospital is converted to a for profit ▪ Marketability: Limited growth opportunities in the market impacts interested buyers. Unlikely to attract financial buyers ▪ Reimbursement issues must be evaluated to consider impact of a sale, particularly if converting to a for-profit ▪ Comprehensive restructuring should be evaluated in conjunction with City strategy to determine how that may impact ability to generate liquidity

VII. Review of City Operations

City Operations – An initial review of several departments across the City indicates a significant need for a comprehensive IT infrastructure upgrade and City-wide integration of its centralized processes

Function	Observations
IT	▪ The technology infrastructure, support capabilities and governance appear to be in very poor condition ▪ The IT function is currently in a stage of transition in terms of people and investment. There is heavy reliance on third party advisors and little ownership by the departments utilizing the function ▪ The existing systems are antiquated and inefficient in structure. As an example, the Police system is run off of dozens of Access databases – which are relied upon to track critical data such as crime and intelligence data. Moreover, the ability to assess the patrol/arrest process time allocation is limited ▪ Police have received grants that make possible a system upgrade. However, the grant funding does not adequately cover the cost of process redesign, which will be a critical step in getting value from the IT upgrade ▪ It is apparent that the basic infrastructure and resources would need to be stabilized prior to optimizing specific systems. This includes a long term IT governance, disaster recovery and management / resource plan ▪ Telecommunication contracts appear to provide an opportunity for improvement. The current cost is in excess of $1M projected for FY14. It is possible that the restructuring of these contracts to match the needs of the City may result in savings as much as 40%
Purchasing/ Accounting	▪ The current process and tools limit the ability to empower the department heads to track and manage budget / actual accountability and impacting also the ability to encumber current funds and limit multi-year rollovers. There is some expectation that the new accounting systems will provide the tools to improve these processes ▪ Vendor management, IFB and RFP process needs to be enhanced to ensure that Bid to Delivery process is tracked
Water and Sewer	▪ The City is experiencing significant issues surrounding the large increases in water costs. Water rates have more than doubled in the past 2 years and that has resulted in declining collections. The City has more than 8,000 or ~25% customers past due and does not yet have a strategy / process / resources to address this issue ▪ The City only has the capacity to perform 150 shut-offs a week. Given the level of delinquencies, it is clear there are not resources to properly enforce collections ▪ The City has also identified a growing issue surrounding unbilled water. This is a result of both fire department usage (driven by high number of fires) and theft.

Appendices

a) **5-year projection supplementary schedules**

b) **Impact on Citizens**

c) **Overview of Hurley financials**

a) 5-year projection supplementary schedules
Total City 5-Year plan

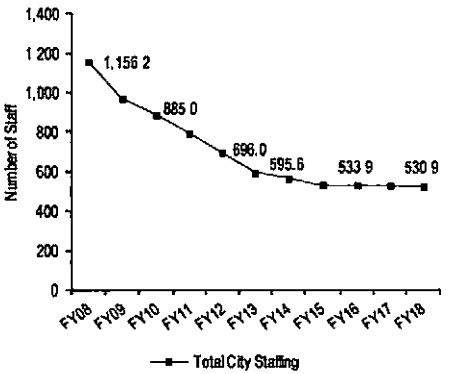
The analysis in this document is based on the 5-year projection dated April 29, 2013 and does not reflect the May 18, 2013 update which reflects increased deficits

$ in millions	Fiscal year ended			Amended Budget	Budget	Projection			
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Revenues									
General City									
Property tax	$ 11.3	$ 10.7	$ 8.8	$ 7.3	$ 5.7	$ 5.3	$ 5.1	$ 5.1	$ 5.2
Special assessments	3.6	3.4	2.8	7.9	5.4	4.7	4.5	4.5	4.6
Income tax	13.6	14.4	14.8	15.3	14.2	14.2	14.1	13.9	14.1
State revenue sharing	16.4	16.4	13.1	13.1	13.9	13.9	13.9	13.9	14.0
Charges For service rendered - Intercity	5.3	5.5	4.7	7.4	5.4	5.2	5.0	5.0	5.0
Water & Sewer Pilot	2.4	2.4	2.4	2.0	2.0	2.0	2.0	2.0	2.0
Grants	7.3	13.4	10.0	18.1	7.3	0.3	0.3	0.3	0.3
Other revenues	14.8	29.3	26.3	14.7	13.4	12.2	11.8	11.7	11.7
Procds from loans	-	8.0	-	-	-	-	-	-	-
Sub-total revenues - General City	**74.7**	**103.5**	**83.0**	**85.7**	**67.2**	**57.7**	**56.6**	**56.4**	**56.8**
Other									
CDBG and other restricted grants	7.6	4.2	4.4	11.7	13.8	4.2	4.0	3.8	3.6
State restricted revenue (major/local streets)	10.2	10.8	10.6	10.6	9.2	8.3	8.5	8.4	8.5
Assessments & Fees (Street Light/Garbage)	3.8	5.4	4.7	7.9	8.1	8.4	8.8	9.1	10.0
Water	32.2	36.8	44.9	50.5	52.4	54.5	56.7	58.9	61.0
Sewer	16.7	17.7	23.4	32.0	31.9	33.2	34.5	35.9	38.5
Sub-total other revenues	**70.5**	**75.0**	**87.9**	**112.7**	**115.5**	**108.7**	**112.5**	**116.2**	**121.5**
Total revenue - City Services	**$ 145.2**	**$ 178.4**	**$ 171.0**	**$ 198.4**	**$ 182.7**	**$ 166.4**	**$ 169.2**	**$ 172.6**	**$ 178.3**
Expenditures									
General City									
Operating expenditures									
Wages & Salaries	(26.7)	(24.6)	(22.2)	(20.6)	(21.0)	(19.7)	(20.4)	(21.3)	(22.2)
Overtime	(2.4)	(2.7)	(2.2)	(2.2)	(1.8)	(1.7)	(1.8)	(1.9)	(1.9)
Active Healthcare (Med)	(4.9)	(10.1)	(8.6)	(8.5)	(3.9)	(4.0)	(4.3)	(4.6)	(4.9)
Other benefits (Fringe, OPEB, Pension)	(26.9)	(22.0)	(26.0)	(26.8)	(25.7)	(23.8)	(24.8)	(26.2)	(27.6)
Professional Service	(4.3)	(6.2)	(4.9)	(7.2)	(3.5)	(3.0)	(3.1)	(3.3)	(3.4)
Utilities	(3.4)	(3.6)	(3.5)	(0.8)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)
Other operating expenditures	(5.3)	(26.4)	(28.4)	(14.8)	(9.2)	(7.8)	(8.0)	(8.0)	(8.1)
Total operating expenditures	(73.9)	(95.4)	(95.8)	(81.0)	(65.6)	(60.7)	(63.1)	(65.9)	(68.9)
Legacy expenditures / Long term debt									
OPEB / Retiree Healthcare	(13.1)	(8.5)	(11.1)	(13.2)	(10.5)	(10.9)	(11.5)	(12.4)	(13.3)
Pension - Normal	(1.7)	(1.3)	(1.8)	(1.5)	(2.1)	(2.2)	(2.3)	(2.4)	(2.4)
Pension - UAAL	(7.7)	(6.1)	(8.4)	(6.8)	(9.8)	(10.1)	(10.4)	(10.8)	(11.2)
Charter Pension	(0.1)	(0.1)	(0.1)	-	-	-	-	-	-
Debt Service	(2.3)	(2.0)	(1.1)	(1.8)	(1.7)	(0.6)	(0.6)	(0.6)	(0.6)
Sub-total expenditures - General City	**(98.8)**	**(113.4)**	**(118.4)**	**(104.4)**	**(89.7)**	**(84.5)**	**(87.9)**	**(92.1)**	**(96.4)**
Other									
CDBG and other restricted grants	(7.6)	(4.6)	(4.1)	(11.7)	(13.8)	(4.2)	(4.0)	(3.8)	(3.6)
State restricted revenue (major/local streets)	(13.2)	(11.1)	(9.5)	(10.6)	(8.3)	(5.9)	(6.0)	(6.7)	(6.2)
Assessments & Fees (Street Light/Garbage)	(4.7)	(4.4)	(4.8)	(7.8)	(8.1)	(8.8)	(9.2)	(9.6)	(10.0)
Water	(40.5)	(43.4)	(43.8)	(54.7)	(56.2)	(54.2)	(56.4)	(58.6)	(61.0)
Sewer	(33.0)	(31.8)	(27.3)	(37.0)	(36.9)	(34.2)	(35.6)	(37.0)	(38.5)
Sub-total other expenditures	**(99.1)**	**(95.3)**	**(89.6)**	**(121.8)**	**(123.3)**	**(107.4)**	**(111.1)**	**(115.7)**	**(119.3)**
Total expenditures - City Services	**$ (172.9)**	**$ (190.8)**	**$ (185.4)**	**$ (202.8)**	**$ (188.9)**	**$ (168.1)**	**$ (174.2)**	**$ (181.7)**	**$ (188.1)**
Surplus / (deficit)									
General City	**$ 0.9**	**$ 8.1**	**$ (12.8)**	**$ 4.7**	**$ 1.6**	**$ (3.0)**	**$ (5.5)**	**$ (9.6)**	**$ (12.1)**
Total City services	**$ (27.7)**	**$ (12.3)**	**$ (14.4)**	**$ (4.4)**	**$ (6.2)**	**$ (1.8)**	**$ (5.1)**	**$ (9.1)**	**$ (9.8)**

a) 5-year projection supplementary schedules
Headcount Summary

	FY2008	FY2009	FY2010	FY2011	FY2012	FY13 Current	Percent of total	Proj FY2014	Proj FY2015	Proj FY216	Proj FY2017	Proj FY2018	Change FY13 - FY18
Police	329.0	247.0	188.5	150.0	148 0	151 0	25%	151.0	150.0	148 0	147.0	140 5	(10 5)
Fire	134 0	123.0	97.0	75.0	94 0	94 0	16%	94 0	75.0	75 0	75.0	75.0	(19.0)
District Court	52.0	63.0	55.0	49.0	35.0	31 0	5%	31.0	31.0	31 0	31.0	31.0	-
911	28.0	26.0	25.5	25.5	23.0	23 0	4%	23.0	23.0	23 0	23.0	23.0	-
Treasury	51.0	42.0	36.0	33.0	26.0	21 0	4%	23 0	23.0	23 0	23.0	23.0	2.0
Building Inspection Fund	27.0	15.0	21.0	26.0	27.0	12.0	2%	5.5	5.5	5.5	5.5	5.5	(6.5)
Fleet	13.0	9.0	13.0	14.0	12.0	10.0	2%	8.0	8.0	8.0	8.0	8.0	(2.0)
All other general city	228.2	168.0	173.0	157.0	114.0	72.3	12%	60.8	57.1	57.1	57.1	57.1	(15.2)
General City Staffing	**862.2**	**693.0**	**609.0**	**529.5**	**479.0**	**342.0**	**57%**	**396.3**	**372.6**	**370.6**	**369.6**	**363.1**	**21.1**
Sewer	144 0	140.0	148.0	142.0	124.0	90.8	15%	90 8	90.8	90.8	90.8	90.8	0.0
Major and Local Streets[1]	73 0	67.0	65 0	56.0	41.0	43.3	7%	30 6	30.6	30.6	30.6	30.6	(12.7)
Water	34.0	31.0	34.0	32.0	25.0	38.8	7%	38.8	38.8	38.8	38.8	38.8	0.0
Other[2]	43.0	37.0	29.0	33.0	27.0	8.6	1%	9.5	1.1	1.1	1.1	1.1	(7.5)
Total Staffing including general city	**1,156.2**	**968.0**	**885.0**	**792.5**	**696.0**	**595.6**	**100%**	**566.0**	**533.9**	**531.9**	**530.9**	**524.4**	**(71.2)**

- As noted, the planned reductions in fire department work force will impact service response times in the community. This change will likely leave the city with service levels well below the average of comparable MI cities. It is worth noting that the stretched fire department currently faces one of the highest rates of fire emergencies in the state
- The decline in street personnel is consistent with the limited investment. This staffing is not likely to be adequate if the city chooses to invest in infrastructure.
- The limited staffing in building inspection is not likely to be adequate to ensure compliance with city codes and/or ordinances



Notes:

Source: Flint FY12 CAFR and 5-year budget

General: Historical headcount excludes crossing guards

1. Major and local streets include engineering, street maintenance, traffic control, traffic administration, and utilities administration
2. Other includes rubbish collection and Community Development Block Grant Program ("CDBG")

a) 5-year projection supplementary schedules

Actual cash at the end of April was $34.6M which is ~$24.7M higher than projected

$ in millions	Actual Jul	Actual Aug	Actual Sep	Actual Oct	Actual Nov	Actual Dec	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Projected May	Projected Jun	Total	Aug Proj Total	Variance
Receipts															
Water & Sewer Lockbox	$ 1.6	$ 1.8	$ 2.1	$ 2.3	$ 1.4	$ 2.5	$ 1.8	$ 1.2	$ 1.2	$ 1.8	$ 1.5	$ 1.5	$ 20.7	$ 18.4	$ 2.3
Property tax - Lockbox	7.6	3.2	-	1.6	0.8	0.6	1.7	2.8	0.3	-	-	-	18.6	18.8	(0.2)
Income tax - Lockbox	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.8	0.4	0.9	0.5	0.5	5.8	5.8	0.0
Cash receipts (incl. tax hold)	10.7	25.4	7.8	6.7	10.1	3.2	10.3	7.8	10.7	7.3	6.5	6.0	112.5	102.1	10.4
DCD Reimb. (Grant)	0.8	0.2	0.9	0.8	0.1	0.4	-	0.7	0.4	0.6	-	-	4.9	1.0	3.9
Other Misc (Incl. Rev Sharing)	0.7	-	2.2	2.4	0.7	2.9	0.6	0.6	0.6	2.9	0.6	2.8	17.0	20.0	(3.0)
Other - Grants/Delinq Reimb	(0.1)	1.7	(0.4)	0.6	1.1	3.1	0.3	5.7	3.8	2.1	2.3	3.8	24.2	26.1	(2.0)
Total Receipts	**21.6**	**32.6**	**13.0**	**14.8**	**14.6**	**13.1**	**15.1**	**19.6**	**17.4**	**15.6**	**11.4**	**14.6**	**203.7**	**192.1**	**11.6**
Disbursements															
Payroll	(2.2)	(3.5)	(1.2)	(3.4)	(2.3)	(2.2)	(2.3)	(2.3)	(2.2)	(3.5)	(2.3)	(2.3)	(29.7)	(31.0)	1.3
Pension	(0.0)	(0.0)	(3.3)	(0.0)	(0.0)	(0.0)	(0.0)	(5.1)	(0.0)	(0.0)	(2.0)	(1.0)	(11.4)	(14.3)	2.8
Disbursements (A/P)	(5.6)	(23.3)	(6.9)	(6.6)	(9.4)	(9.1)	(4.9)	(8.5)	(12.0)	(5.7)	(7.0)	(6.0)	(104.9)	(112.7)	7.7
Bond and/or Loan repayment	(1.3)	(0.1)	(1.8)	(0.9)	-	-	(0.7)	(0.2)	(1.6)	(1.7)	(0.4)	(0.0)	(8.6)	(6.8)	(1.8)
Health Care (Benefits)	(2.0)	(2.6)	(2.1)	(0.1)	(1.3)	(1.1)	(1.6)	(1.4)	(2.6)	(1.3)	(1.9)	(1.6)	(19.6)	(24.3)	4.7
Income Tax Refunds	(0.2)	(0.2)	(0.1)	(0.2)	(0.1)	(0.1)	(0.2)	(0.0)	(0.2)	(0.3)	(0.3)	(0.2)	(2.2)	(1.9)	(0.2)
Misc - Law suits	-	(0.0)	(0.5)	(0.0)	(0.0)	-	(2.0)	-	(0.0)	-	-	-	(2.5)	(2.5)	(0.0)
Total disbursements	**(11.3)**	**(29.7)**	**(15.9)**	**(11.2)**	**(13.1)**	**(12.6)**	**(11.7)**	**(17.4)**	**(18.6)**	**(12.4)**	**(13.9)**	**(11.1)**	**(179.0)**	**(193.5)**	**14.5**
Beginning Balance	**10.9**	21.2	24.2	21.3	24.9	26.4	26.9	30.4	32.6	31.4	34.6	32.1	10.9	10.9	-
Net Cash Flow	10.3	3.0	(2.8)	3.6	1.5	0.5	3.5	2.2	(1.2)	3.2	(2.5)	3.5	24.7	(1.4)	26.1
Ending Balance	**$ 21.2**	**$ 24.2**	**$ 21.3**	**$ 24.9**	**$ 26.4**	**$ 26.9**	**$ 30.4**	**$ 32.6**	**$ 31.4**	**$ 34.6**	**$ 32.1**	**$ 35.6**	**$ 35.6**	**$ 9.5**	**$ 26.1**
Cumulative Cash Flow	**10.3**	**13.3**	**10.5**	**14.0**	**15.5**	**16.1**	**19.5**	**21.7**	**20.5**	**23.7**	**21.2**	**24.7**			

Bridge to Forecast		**Comments**
Forecast ending balance on 06/30/13	$ 35.6	The City will end the year with a positive net cash flow of ~$26 million
Expected net CF through 06/30/13	(1.0)	
Actual cash 04/30/13	$ 34.6	
P&F Millage	(4.0)	The City passed a 6 mill increase to maintain fire & police payroll during the FY15 - FY18 period
Rubbish Fund (sale of trucks)	(1.5)	As a part of the City's outsourcing of waste collection to a third party, the City sold its garbage trucks
Professional fees / capital projects	(7.0)	The City has budgeted professional fees across departments (primarily water/sewer) that it has not spent
Changes to healthcare benefits	(4.7)	Changes to healthcare plans made in the Fall of 2012 including plan design and plan consolidation
Unallocated Budget	(5.0)	Unallocated budget expense that the City has not spent against to date in FY13
Other	(2.9)	
Forecast Cash on 04/30/13 (per August 31, 2012 reforecast)	9.5	

a) 5-year projection supplementary schedules
Debt Detail

USD millions	2013	2014	2015	2016	2017	2018
Fiscal Stabilization Bonds - 2011 - Fund 402 Direct Payment						
Beginning balance	$ 7.8	$ 7.6	$ 7.4	$ 7.2	$ 7.0	$ 6 8
Principal	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Interest	(0.4)	(0.4)	(0.4)	(0 4)	(0.4)	(0.4)
Ending balance	**7.6**	**7.4**	**7.2**	**7.0**	**6.8**	**6.5**
Limited Obligation - Series 2001 - DDA						
Beginning balance	8.4	8.4	8.3	8.2	8.1	8.0
Principal	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Interest	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Fees	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0 0)
Ending Balance	**8.4**	**8.3**	**8.2**	**8.1**	**8.0**	**7.8**
GO Cap Improvement - Fund 402						
MMBA Series: Capital Improvement Parking bonds						
Beginning balance	9.2	9.0	8.7	8.4	8.0	7.7
Principal	(0.3)	(0 3)	(0.3)	(0.3)	(0.3)	(0.4)
Interest	(0.5)	(0 4)	(0.4)	(0.4)	(0.4)	(0.4)
Ending balance	**9.0**	**8.7**	**8.4**	**8.0**	**7.7**	**7.3**
Government Activities - Section 108 Loans - HUD						
Beginning balance	11.6	11.2	10.6	9.9	9.3	8.6
Principal	(0.3)	(0.6)	(0.6)	(0.6)	(0.7)	(0.6)
Interest	(0.4)	(0.4)	(0.4)	(0.4)	(0.3)	(0.3)
Fees	(0 0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Ending Balance	**11.2**	**10.6**	**9.9**	**9.3**	**8.6**	**8.1**
MDOT - SIB 3rd Ave Reconstruction Loan - Fund 202						
Beginning balance	1 9	1.8	1.7	1.6	1.5	1.4
Principal	(0.1)	(0.1)	(0.1)	(0 1)	(0.1)	(0.1)
Interest	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Ending balance	**1.8**	**1.7**	**1.6**	**1.5**	**1.4**	**1.3**
Water Revolving Funds - Water						
Beginning balance	24.0	21.8	19.5	17.2	14.8	12.4
Principal	(2.2)	(2.3)	(2.3)	(2.4)	(2.4)	(2.5)
Interest	(0.6)	(0.5)	(0.5)	(0.4)	(0.4)	(0.3)
Fees	-	-	-	-	-	-
Ending Balance	**21.8**	**19.5**	**17.2**	**14.8**	**12.4**	**9.9**
Hurley - Component Unit Debt						
Beginning balance	90.0	85.1	80.1	74.8	69.2	63.3
Principal	(4.8)	(5.1)	(5.3)	(5.6)	(5.9)	
Interest	(5 3)	(5.0)	(4.7)	(4.4)	(4.1)	
Ending balance	**85.1**	**80.1**	**74.8**	**69.2**	**63.3**	**63.3**

b) Citizen Impact -The City's plan assumes burdening citizens with high Water and Sewer rates and special assessments to provide minimum City services while leaving no room for capital reinvestment

Public Safety is at risk with the expiration of certain federal grants in FY15. These expirations will result in a drop in Police and Firefighter headcount and will likely impact emergency response times

- **Police & Fire**
  - In FY13 the police department employed approximately 152 FTE's or 736 citizens per police officer
    - The COPS and MOTT grants are projected to expire in FY15, resulting in a loss of $2.8M in annual funding
  - In FY13 the fire department employed approximately 94 FTE's across 5 stations or 1,080 citizens per firefighter
    - The SAFER grant currently funds 38 fire fighters and is projected to expire in FY15 which could lead to the closing of 2 of the City's 5 fire stations
  - Flint already ranks poorly in key public safety indicators versus comparable Michigan cities, further budget reductions and loss of grant revenue will only compound these issues

The burden of legacy costs and the necessity to maintain minimal level of public safety have resulted in little to no Capital reinvestment

- The City's budget includes minimal capital maintenance and improvements resulting in degradation of roads, sidewalks, sanitation and water, facilities, and parks
- Flint estimates it has unmet capital needs are approximately $286M
- Additional unidentified capital needs or cost overruns could result in an increase in capital costs

USD millions	Estimated Capital Needs
Roads	$ 83.0
Vacant Home Demolition	50.0
Sidewalks	45.0
Sanitary and Stormwater	40.0
Water Distribution system	27 0
Water Pollution Control	16.0
Facilities	15.0
Parks	10.0
Minimum estimated total	**$ 286.0**
Investment in public safety	*tbd*
Water system cost overruns	*tbd*
IT system upgrades	*tbd*

c) Overview of Hurley Financials

Income statement

The following presents three years of historical income statement data as well as revenues and expenses for the nine months ending March 31, 2013:

$ in millions	FY2010[1]	FY2011	FY2012	9-months ended 3/31/2013
Net patient service revenue	$ 330.6	$ 322.3	$ 328.8	$ 247.2
Other operating revenue	28.3	49.2	51.0	28.0
Total operating revenues	358.9	371.5	379.7	275
Salaries & wages	(147.1)	(164.6)	(170.3)	(117.4)
Employee benefits & payroll taxes	(60.7)	(58.0)	(61.9)	(43.4)
Operating supplies and expenses	(44.1)	(42.7)	(42.3)	(31.8)
Professional services	(38.8)	(39.7)	(41.4)	(32.6)
Purchased services & other	(49.9)	(51.8)	(50.8)	(36.3)
Net operating income (excl. D&A)	18.5	14.7	13.1	14
Depreciation & amortization	(11.1)	(10.8)	(13.4)	(12.5)
Net operating income	7.3	3.8	(0.4)	1
Non-operating revenues/(expenses)				
Investment income	n/a	2.0	4.3	(0.1)
Joint venture income	n/a	1.5	2.3	1.0
Other income (expense)	n/a	(0.0)	(0.0)	0.0
Interest expense	(2.2)	(3.8)	(4.4)	(4.3)
Excess of revenues over expenses	$ 5.1	$ 3.5	$ 1.7	$ (2.1)

Notes:

1. FY 2010 does not include the Hurley Health Services component of the financials. Additionally, non-operating expenses have not been allocated into Individual categories

c) Overview of Hurley Financials

Balance sheet

The following presents three years of historical balance sheet data as well as the balances as of March 31, 2013:

$ in millions	FY2010	FY2011	FY2012	9-months ended 3/31/2013
Assets				
Current assets	$ 77.9	$ 63.8	$ 72.9	$ 98.0
Assets limited as to use	127.1	121.9	101.0	92.0
Capital assets	73.2	95.3	114.3	114.2
Other assets	9.0	6.3	7.9	8.0
Total assets	287.3	287.4	296.1	312.2
Liabilities				
Current liabilities	75.9	75.9	76.8	79.4
Long-term debt	86.9	83.2	83.3	101.4
Accrued expenses	32.4	31.1	35.2	31.7
Total liabilities	195.2	190.2	195.4	212.5
Net assets				
Invested in capital assets, net	27.2	36.8	44.1	n/a
Donor restricted for specific ops	5.0	5.6	4.9	5.9
Unrestricted	59.8	54.9	51.8	93.7
Total net assets	92.0	97.2	100.7	99.6
Total liabilities & net assets	**$ 287.3**	**$ 287.4**	**$ 296.1**	**$ 312.2**

c) Overview of Hurley Financials

Supplemental financial items

The following presents Hurley Medical Center's historical cash and debt position for the same three year period:

$ in millions	FY2010	FY2011	FY2012	9-months ended 3/31/2013
Cash & cash equivalents (unrestricted)	n/a	$ 7.1	$ 2.6	$ 10.3
Current portion of debt	n/a	4.0	4.8	4.5
Amounts held by trustee - Bond	n/a	(29.5)	(18.0)	(26.4)
Total debt	n/a	87.1	88.1	105.9
Net debt (net of amounts held by trustee)	n/a	57.6	70.1	79.5
Net debt / Capital (net assets + total debt)	n/a	31.2%	37.1%	38.7%
EBITDA (annualized)	18.5	14.7	13.1	18.3
Adjusted EBITDA (including JV income)	n/a	16.1	15.4	19.5
Interest expense (annualized)	(2.2)	(3.8)	(4.4)	(5.7)
Adj. EBITDA / interest expense	n/a	4.2x	3.5x	3.4x
Net debt / Adj. EBITDA	n/a	3.6x	4.6x	4.1x

Goodrich, Harlan G. (Treasury)

From: Goodrich, Harlan G. (Treasury)
Sent: Thursday, May 29, 2014 2:26 PM
To: Headen, Frederick (Treasury)
Cc: Schafer, Suzanne K. (Treasury)
Subject: RE: Memo re Alternative Proposal for Sale of Water Transmission Main

No, I did not.

From: Headen, Frederick (Treasury)
Sent: Thursday, May 29, 2014 2:24 PM
To: Goodrich, Harlan G. (Treasury)
Subject: FW: Memo re Alternative Proposal for Sale of Water Transmission Main

I gather you did not receive anything from the Flinty City Council regarding this?

From: Peter Bade [mailto:pbade@cityofflint.com]
Sent: Wednesday, May 28, 2014 4:15 PM
To: Workman, Wayne (TREASURY); Byrne, Randall (Treasury); Headen, Frederick (Treasury); Darnell Earley
Subject: Memo re Alternative Proposal for Sale of Water Transmission Main

In follow-up to our meeting this morning, attached is my memorandum regarding this matter.

If you have any further questions, please let me know.

--
Peter M Bade
Chief Legal Officer
City of Flint
p 810 766 7146
f 810 232 2114

DEPARTMENT OF LAW

MEMORANDUM

TO: Wayne Workman
Randall Byrne
Fred Headen

CC: Darnell Earley

FROM: Peter M. Bade

RE: Alternative Proposal for Sale of Water Transmission Main

DATE: May 28, 2014

On May 12, 2014, Emergency Manager Darnell Earley presented to the Flint City Council a proposal for sale of a portion of the 72 inch water transmission main to the Genesee County Drain Commissioner.

A special meeting of the Flint City Council was held on Monday, May 19, 2014 to discuss the proposal. Pursuant to MCL 141.1559(2), Council adopted a resolution rejecting the proposal.

A second special meeting was scheduled on Wednesday, May 21, 2014 for the purpose of discussing an alternative proposal.

At the May 21st meeting, Council members acknowledged they did not have an alternative proposal. However, pursuant to a motion by Councilman Sheldon Neeley, a resolution was adopted recommending the water main sale price be increased to $4 million dollars, with equal payments over two years.

Pursuant to MCL 141.1559(2), Council had seven (7) days from the date of their rejection of the proposed action to submit to the local emergency financial assistant loan board an alternative proposal that would yield substantially the same financial result as the action proposed by the

Emergency Manager. Accordingly, the deadline for submission of Council's alternative proposal was Tuesday, May 27, 2014.

Council did not submit an alternative proposal to the local emergency financial assistant loan board.

S:\P. Bade\EM2014\Memos\Revised MM to DEarley re Water Transmission Main 5-28-14.docx

Byrne, Randall (Treasury)

From: Headen, Frederick (Treasury)
Sent: Thursday, May 29, 2014 3:50 PM
To: Peter Bade; Workman, Wayne (TREASURY); Byrne, Randall (Treasury); Headen, Frederick (Treasury); Darnell Earley
Subject: RE: Memo re Alternative Proposal for Sale of Water Transmission Main

Pete:

Thanks for the summary. Section 19(2) of the Act is unambiguous in its requirement that a local governing body that disapproves an emergency manager proposal shall submit an alternative within 7 days. However, rather than pursue a mandamus action to compel compliance where a local governing body fails, or refuses, to submit an alternative, the Department of Treasury has taken the position that it will deem as an approval by a local governing body under Section 19(1) any instance in which the local governing body disapproves an emergency manager's proposal but fails, or refuses, to submit an alternative as required by the Act.

Fred

From: Peter Bade [mailto:pbade@cityofflint.com]
Sent: Wednesday, May 28, 2014 4:15 PM
To: Workman, Wayne (TREASURY); Byrne, Randall (Treasury); Headen, Frederick (Treasury); Darnell Earley
Subject: Memo re Alternative Proposal for Sale of Water Transmission Main

In follow-up to our meeting this morning, attached is my memorandum regarding this matter.

If you have any further questions, please let me know.

--
Peter M Bade
Chief Legal Officer
City of Flint
p 810 766 7146
f 810 232 2114

72 (Rev. 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

May 30, 2014

Darnell Earley, Emergency Manager
City of Flint
1101 South Saginaw Street
Flint, MI 48502

Mr. Earley:

This letter serves as a notice of my approval to sell the 72" (inch) pipeline and appurtenances from the DWSD connection at Potter and Baxter Roads; west of the proposed 36" (inch) KWA connection at Center and Pierson Roads for $3,987,700 to Genesee County Water & Waste.

Because the sale is referenced in the F&O Plan, no approval is necessary under Sections 12(1)(r) and 15(1) as the plan is considered adequate. However, 12(3) requires Treasurer approval for contracts over $50,000 because the sale was not competitively bid. In addition, Section 19 requires that this sale must be submitted to the City Council to approve or deny. The Flint City Council failed to take action on the matter by the required date; therefore, the proposed action is considered to be approved.

State Treasurer Approval:

I, R. Kevin Clinton, State Treasurer for the State of Michigan, pursuant to the authority assigned by Public Act 436 of 2012, do hereby:

__✓__ Approve Submitted Recommendation

_____ Deny Submitted Recommendation

Sincerely,

R. K. Clinton

R. Kevin Clinton, State Treasurer
Michigan Department of Treasury

6/2/14
Date

72 (Rev. 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: May 30, 2014

TO: R. Kevin Clinton, State Treasurer

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: Approval for Sale of Pipeline in the City of Flint

Emergency Manager Early wishes to sell a 72" (inch) pipeline and appurtenances from the DWSD connection at Potter and Baxter Roads, west of the proposed 36" (inch) KWA connection at Center and Pierson Roads for $3,987,700 to Genesee County Water and Waste. The City of Flint hired the firm of Lockwood, Andrews, and Newman, Inc. to appraise the value of the pipeline. The appraisal report dated January 28, 2014 indicated that the value of the pipeline is $3,987,700. A copy of the report summary is attached.

Because the sale is referenced in the F&O Plan, no approval is necessary under Sections 12(1)(r) and 15(1), as the plan is considered adequate. However, 12(3) requires Treasurer approval for contracts over $50,000 because the sale was not competitively bid. In addition, Section 19 requires that this sale must be submitted to the City Council to approve or deny. The Flint City Council failed to take action on the matter by the required date; therefore, the proposed action is considered to be approved.

Staff has concluded that this sale is beneficial to the City, because the pipeline no longer serves a purpose. The proceeds of the sale can be returned to the City's Water Fund to be used to fund other water related projects.

If additional information is required, please let me know.

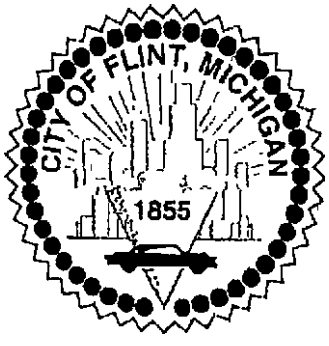
Attachments

Present Value Analysis of 72-inch Water Transmission Main for City of Flint

Final Report – January 28, 2014

Lockwood, Andrews & Newnam, Inc.

Project # 130-10701-001



Lockwood, Andrews & Newnam, Inc.
A LEO A DALY COMPANY
PLANNING ENGINEERING PROGRAM MANAGEMENT

Introduction

Lockwood, Andrews, & Newnam, Inc. (LAN) was retained by the City of Flint (City) to perform a pipeline value assessment of the existing 72-inch water transmission main from the Detroit pipeline connection at the intersection of Baxter and Potter Roads to the Flint Water Treatment Plant (FWTP). The 72-inch transmission main was constructed from 1966 to 1968 to supply the FWTP with water from the Detroit Water and Sewerage Department (DWSD). With the original 30 year contract with DWSD expired, the City of Flint plans to establish a new contract with the Karegnondi Water Authority (KWA) beginning in 2015, which would require the KWA to provide raw water to the FWTP.

In order to provide raw water to the FWTP, the KWA will connect a 36-inch transmission main to the existing City-owned 72-inch water main near the northeast corner of Center and Pierson Roads. The Genesee County Drain Commissioner's Office-Division of Water & Waste is interested in purchasing the east portion of the 72-inch transmission main from this connection to the DWSD connection at Baxter and Potter Roads which is being defined in this analysis as Segment 1, while KWA has requested the use of the 72-inch pipeline west of this connection point to the FWTP which is being classified as Segment 2. Our analysis of these two segments is intended to help the City establish an equitable monetary value of both sections. A schematic of the limits of the pipeline and segments 1& 2 is shown in Attachment A.

Analyses

In order to value the segments of the 72-inch transmission main requested, quantities were derived from original construction drawings. Using the as-built cost established from the quantity take off, two (2) analyses were performed on the water main based on different valuation methods. Original Cost Less Depreciation (OCLD) and Reproduction Cost New Less Depreciation (RCNLD) methods were used in conjunction with the sinking fund depreciation technique to develop a credible current value assessment of the pipeline.

Quantity Take-Off

Using the Consoer, Townsend & Associates construction drawings dated 1966 (Attachment B) and the payment document dated January 1969 (Attachment C), a quantity take-off analysis was performed to determine the original construction cost of the section of 72-inch water main as described above. Line items originally listed as "linear feet" or "each" were summed to determine the value within the evaluation limits. Lump sum line items with information available, such as "gate valves complete in place" and "rubber seated butterfly valves," were counted and the ratio of the items within the limits to the whole project was applied to the lump sum price. For any unit with no quantifiable documentation, such as "sand and gravel refill" and "sand and gravel backfill," the ratio of the 72-inch pipeline within the evaluation limits to the whole project was applied to the total cost for the unknown line item. Line items determined to be outside the limits of the valuation were listed with a zero percent ratio.

OCLD Analysis

The Original Cost Less Depreciation valuation method uses the original cost of the project when constructed minus the depreciated value to determine the current value. The initial asset value was determined using the information established from the quantity take-off analysis and the original cost information found in the payment document dated January 1969.

RCNLD Analysis

Reproduction Cost New Less Depreciation is a valuation method that translates initial project costs to present day cost of construction. A new present day construction cost is calculated based on the original construction, followed by a depreciation method used to calculate the current book

value of the asset. The Engineering News-Record (ENR) Construction Index and the Handy-Whitman Cost Index for Concrete Cylinder Mains were possible references to determine the ratio used in calculating the present day cost. For this evaluation, the ENR index was selected to calculate the RCNLD initial asset value. A ratio of the current ENR index from September 2013 (9551.58) to the bid date ENR index from May 1966 (1014) was multiplied by the OCLD asset value to get the RCNLD initial asset value.

Sinking Fund Depreciation

The sinking-fund depreciation method is commonly used within the utility industry. This method of depreciation accurately reflects the service life of a utility line, having a low initial depreciation upon installation due to low maintenance during the early years of a utility. As the service life of a utility progresses and maintenance becomes more frequent and comprehensive, the depreciation of the asset increases over time.

Due to the fact that a transmission pipeline must be functional and meet all necessary standards of service until the day it is taken out of service, an intrinsic value will always remain; therefore, a salvage value must be determined prior to the depreciation calculation. Similarly, the useful life of the asset must be pre-determined. The industry standard for the useful life of a pipeline ranges from 50 to 100 years. Typically, lower useful life values are used for distribution mains, whereas higher values are used for transmission systems. For transmission mains similar to the 72-inch being analyzed, a useful life of 75 to 90 years is common. We have selected a useful life of 80 years for this analysis.

In addition to the salvage value and useful life, sinking fund depreciation requires a sinking fund rate, which was selected as 4.50% and 0.75% for OCLD and RCNLD respectively, reflecting the federal discount rate during the construction time analyzed. Due to the sinking fund rate, the annual depreciation varies depending on the year and can be calculated using Eq. 1 and Eq. 2 below.

Eq. 1 $$D_t = \frac{(A-S)*(1+J)^{(t-1)}}{S_{n|j}}$$

Eq. 2 $$S_{n|j} = \frac{(1+J)^n-1}{j}$$

where:

t	=	Evaluation time (years)
D_t	=	Depreciation at year t
A	=	Initial asset value
S	=	Salvage value of asset
J	=	Sinking fund rate

The sum of the annual depreciation values until the evaluation year is subtracted from the initial value to calculate the current book value of the asset value.

Results

Segment 1

RCNLD and OCLD analyses were performed using a sinking fund depreciation of the 72-inch pipeline and appurtenances from the DWSD connection at Baxter and Potter Roads, west to the

proposed 36-inch KWA connection at Center and Pierson Roads. Due to the size of the project and the portion involved in this segment (similar size piping and valves only) the RCNLD value of $27,400,000 was determined to be unrepresentative of the actual asset value. Utilizing the OCLD values listed below, a **book value of $3,988,000** was calculated for this portion of the pipeline.

Table 1 – Segment 1 OCLD Analysis

ORIGINAL COST LESS DEPRECIATION SINKING FUND DEPRECIATION ANALYSIS	
INPUTS	
Initial Cost	$ 4,735,900
Useful Life (years)	80
Salvage Value at End of Life*	$ 1,184,000
Sinking Fund Rate	4.50%
Evaluation Year	47
OUTPUTS	
$S_{n|j}$	729.56
Total Depreciation at Year 47	$ 748,200
Book Value	**$ 3,987,700**

*25% Salvage value

Segment 2

RCNLD and OCLD analyses were performed using a sinking fund depreciation of the 72-inch pipeline and appurtenances beginning at the KWA tie-in at Center and Pierson Roads, west to the property line of the FWTP. Utilizing the RCNLD values listed below, a book value of $5,269,600 was calculated for this portion of the pipeline using the following evaluation criteria:

Table 2 – Segment 2 RCNLD Analysis

REAL COST NEW LESS DEPRECIATION SINKING FUND DEPRECIATION ANALYSIS	
INPUTS	
Initial Cost	$ 8,953,900
Useful Life (years)	80
Salvage Value at End of Life*	$ 1,790,800
Sinking Fund Rate	4.50%
Evaluation Year	47
OUTPUTS	
$S_{n|j}$	109.07
Total Depreciation at Year 47	$ 3,684,300
Book Value	**$ 5,269,600**

*20% Salvage value

Utilizing the OCLD values listed below, a book value of $790,400 was calculated for this portion of the pipeline using the following evaluation criteria:

Table 3 – Segment 2 OCLD Analysis

ORIGINAL COST LESS DEPRECIATION SINKING FUND DEPRECIATION ANALYSIS	
INPUTS	
Initial Cost	$ 950,600
Useful Life (years)	80
Salvage Value at End of Life*	$ 190,100
Sinking Fund Rate	4.50%
Evaluation Year	47
OUTPUTS	
$S_{n|j}$	729.56
Total Depreciation at Year 47	$ 160,200
Book Value	**$ 790,400**

*20% Salvage value

The asset value of segment 2 was determined using the average of the OCLD and RCNLD analyses. **A current book value of $3,030,000 was calculated.**

Summary

OCLD and RCNLD analyses are an effective method of calculating the depreciation of an installed utility, as well as the opportunity cost to the buyer of purchasing an installed utility. After performing these analyses using the sinking fund method of depreciation, current book values of the segments were determined. The portion of the 72-inch transmission main from the DWSD connection at Baxter and Potter Roads, west to the proposed 36-inch KWA connection at Center and Pierson Road, **Segment 1, has a current book value of $3,987,700.** The portion of the 72-inch transmission main beginning at the KWA tie-in at Center and Pierson Roads, west to the property line of the FWTP, **Segment 2, has a current book value of $3,030,000.**

DEPARTMENT OF LAW

MEMORANDUM

TO: Wayne Workman
Randall Byrne
Fred Headen

CC: Darnell Earley

FROM: Peter M. Bade PMB

RE: Alternative Proposal for Sale of Water Transmission Main

DATE: May 28, 2014

On May 12, 2014, Emergency Manager Darnell Earley presented to the Flint City Council a proposal for sale of a portion of the 72 inch water transmission main to the Genesee County Drain Commissioner.

A special meeting of the Flint City Council was held on Monday, May 19, 2014 to discuss the proposal. Pursuant to MCL 141.1559(2), Council adopted a resolution rejecting the proposal.

A second special meeting was scheduled on Wednesday, May 21, 2014 for the purpose of discussing an alternative proposal.

At the May 21st meeting, Council members acknowledged they did not have an alternative proposal. However, pursuant to a motion by Councilman Sheldon Neeley, a resolution was adopted recommending the water main sale price be increased to $4 million dollars, with equal payments over two years.

Pursuant to MCL 141.1559(2), Council had seven (7) days from the date of their rejection of the proposed action to submit to the local emergency financial assistant loan board an alternative proposal that would yield substantially the same financial result as the action proposed by the

Emergency Manager. Accordingly, the deadline for submission of Council's alternative proposal was Tuesday, May 27, 2014.

Council did not submit an alternative proposal to the local emergency financial assistant loan board.

S:\P. Bade\EM2014\Memos\Revised MM to DEadey re Water Transmission Main 5-28-14.docx

WATER TRANSMISSION MAIN

ACQUISITION AGREEMENT

BY AND BETWEEN

CITY OF FLINT

AND THE

GENESEE COUNTY DRAIN COMMISSIONER AS COUNTY AGENCY

DATED MAY 12, 2014

ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT ("Agreement") is made this 12 day of May, 2014 ("Execution Date"), and effective May 12, 2014 ("Effective Date"), by and between the City of Flint, a Michigan municipal corporation (hereinafter "Flint"), and the Genesee County Drain Commissioner, as County Agency, a public agency pursuant to the County Public Improvement Act of 1939, as amended (the "County Agency"). The Effective Date of this Agreement shall be *contingent upon a condition antecedent that the Agreement* has been reviewed by the City of Flint City Council and no alternative has been proposed and the State of Michigan Department of Treasury has approved this Agreement as required by Act 436 of the Michigan Public Acts of 2012, as amended, which is commonly referred to as the Local Financial Stability and Choice Act. If either the City of Flint City Council or the State of Michigan Department of Treasury fails to approve this Agreement prior to May 1, 2014, then the Agreement shall be effective immediately upon the City of Flint City Council failing to offer an alternative and the Michigan Department of Treasury approving this Agreement.

PREAMBLE

It is the intent of the Parties for Flint to sell to the County Agency the Water Main, subject only to the restrictions more fully set forth in this Agreement, for the mutual consideration set forth in this Agreement for the County Agency's unrestricted use.

RECITALS

A. Flint desires to sell the Water Main to the County Agency; and

B. The County Agency desires to purchase the Water Main from Flint; and

C. The Parties have determined that it is in their respective best interests for the County Agency to acquire, upon the terms and subject to the conditions set forth herein, the Water Main from Flint if the Karegnondi Water Authority constructs a new raw water pipeline from Worth Township, Michigan to Genesee County, which shall furnish raw water to the City of Flint; and

D. In furtherance thereof, it is proposed that the County Agency acquire the Water Main for the mutual consideration set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and representations set forth in this Agreement, the Parties agree as follows:

ARTICLE I
INTRODUCTORY PROVISIONS; DEFINITIONS

1.1. Adoption of Preamble and Recitals. All of the matters stated in the preamble and recitals of this Agreement are true and correct and are hereby incorporated into the body of this Agreement as through fully set forth in their entirety herein, provided that in cases of

conflict, provisions of this Agreement shall control over matters stated in the preamble and recitals.

1.2. Definitions. The following terms and expressions as used in this Agreement, unless the context clearly shows otherwise, shall have the following meanings:

a. "Closing" means the closing of the transactions contemplated by this Agreement.

b. "Closing Date" means the mutually acceptable date to be scheduled within thirty (30) days after execution of this Agreement or on a date as mutually acceptable to the Parties for the Closing to take place.

c. "County Agency" means the Genesee County Drain Commissioner, as County Agency, Genesee County, Michigan, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended.

d. "Emergency Manager" means an emergency manager or financial emergency manager as defined by law that is appointed by the Governor of the State of Michigan pursuant to law.

e. "Flint" means the City of Flint, Genesee County, Michigan.

f. "Party" or "Parties" means the Genesee County Drain Commissioner, as County Agency, individually, the City of Flint, individually, or the Genesee County Drain Commissioner, as County Agency and the City of Flint, collectively.

g. "Real Property Agreements" means all agreements that affect real property, including, but not limited to, licenses, leases, easements, or similar documents.

h. "Water Main" means the water transmission main as more fully described in **Exhibit A**, including, but not limited to, all appurtenances thereto including any meter pits connected thereto, along with the water contained therein and all drawings, files, laying schedules, records of repairs, maintenance files, repair parts, etc. Including by way of example, and not as a limitation, meter vaults, meters, pumps, air relief valves, sump pumps, electrical connections, communication devices and all other mechanical, electrical, or other equipment used to pump water through the Water Main or bring attention to an emergency situation.

ARTICLE II
THE PURCHASE AND SALE

2.1 Transfer to the County Agency. In accordance with the provisions of this Agreement, in consideration for the payment of the Purchase Price as set forth in Section 2.3 of this Agreement and other good and valuable consideration, and subject to the contingencies set forth in Article 8 and Article 9, Flint shall transfer and convey the Water Main to the County

Agency, effective either when Flint provides the County Agency thirty (30) days written notice of its intent to transfer the Water Main or at 12:01 a.m. local time on July 1, 2014, whichever event occurs first in time, including all rights as Flint may have pursuant and any and all Rights of Way and Easements, copies of which are attached hereto as **Exhibit B**, and other instruments of transfer to be delivered at the Closing, as set forth in Article III of this Agreement, in accordance with the provisions relating to the Closing.

2.2 Acquisition by the County Agency. The County Agency, in reliance upon the covenants and representations of Flint contained herein and the documents provided by Flint, hereby agrees to acquire the Water Main from Flint.

2.3 Purchase Price. As part of the consideration for the transfer and conveyance of the Water Main to the County Agency from Flint, the County Agency shall make a lump sum payment within thirty (30) days from the execution of this Agreement, in a sum equal to Three Million Nine Hundred Eighty-Seven Thousand Seven Hundred Dollars and Zero Cents ($3,987,700.00), inclusive of all interest, fees, charges, or other costs (the "Purchase Price").

ARTICLE III
CLOSING

3.1 Closing. The Closing will take place at the offices of Sargent's Title Company, 625 S. Grand Traverse, Flint, Genesee County, Michigan, on such date as shall be mutually acceptable to the Parties within thirty (30) days after the execution of this Agreement or on a date as mutually acceptable to the Parties.

3.2 Deliveries. At the Closing, the transactions listed below shall occur.

a. The County Agency shall deliver to Flint:

1. A certified letter from the Genesee County Drain Commissioner stating that he has the authority, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, to execute and deliver this Agreement and the transactions contemplated hereby; and

2. An opinion of legal counsel to the County Agency reasonably satisfactory to Flint, providing that the transactions contemplated by this Agreement do not violate the provisions of Act 342 of the Michigan Public Acts of 1939, as amended, or other applicable laws and such additional matters and in form and substance satisfactory to Flint and its counsel; and

3. A certified letter from the Genesee County Drain Commissioner as to the accuracy of its representations and warranties as of the date of this Agreement and as of the Closing and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing; and

b. Flint shall deliver to the County Agency:

1. A certified resolution of the City Council of the City of Flint or an Order of the Emergency Manager, if applicable, or both, authorizing the execution and delivery of this Agreement and the transactions contemplated hereby; and

2. An executed bill of sale for all of the Water Main that is tangible personal and real property executed by a representative of Flint authorized to sign the bill of sale or an Order of the Emergency Manager, if applicable, or both; and

3. An Assignment of Rights of Way and Easements, or such other appropriate document or instrument of transfer, as the case may require, and executed by a representative of Flint authorized to sign the bill of sale or an Order of the Emergency Manager, if applicable, or both; and

4. Such other documents and other instruments of transfer and conveyance as may reasonably be needed to complete the transactions contemplated hereby; and

5. A certified letter from the Mayor or Emergency Manager as to the accuracy of its representations and warranties as of the date of this Agreement and as of the Closing and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing; and

6. An opinion of legal counsel of Flint, reasonably satisfactory to the County Agency, providing that the transactions contemplated by this Agreement do not violate the City Charter of Flint, local ordinances or laws, and such additional matters and in form and substance satisfactory to the County Agency and its counsel and

3.3 Transfer of Operation. The County Agency took over maintenance and operation of the Water Main pursuant to the MOU between the parties dated April 29, 2014, and it is understood by the parties that the County Agency shall continue to operate and maintain the water main from this date forward.

3.4 Expenses. Flint and the County Agency shall each bear their own expenses incurred by them in connection with the transactions contemplated by this Agreement, including without limitation, consultants' fees, legal fees and accounting fees, whether or not such transaction is consummated.

3.5 Closing Costs. If there are any costs associated with the Closing, including costs to be paid to the title company, filings, recording costs, or other costs, fees, or expenses, the costs shall be paid by the County Agency.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF FLINT

Flint makes the following representatives and warranties to the County Agency:

4.1 Corporate Organization. Flint is a municipal corporation duly organized, validly existing and in good standing under the laws of the State of Michigan.

4.2 Authorization. Flint or the Emergency Manager has the requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and thereby. Assuming due and valid authorization, this Agreement will constitute a legal, valid and binding obligation of Flint, enforceable against Flint in accordance with its terms, except as the enforcement thereof may be limited by applicable principles of bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors and subject to general principles of equity.

4.3 Easements and Rights of Way.

a. **Exhibit C** identifies all of the real property occupied by the Water Main.

b. Upon reasonable title search and review provided by the County Agency to Flint of all of the real property occupied by the Water Main, Flint possesses all necessary, permanent, perpetual and transferable real property rights including easements, licenses or rights of way by prescription, necessity, implication or acquiescence necessary for the use, routine operation, and maintenance of the Water Main, except as disclosed on **Exhibit D.**

c. Flint has good and marketable title to the Water Main.

d. As of the Execution Date, there are no pending or threatened disputes or pending or threatened litigation with respect to any real property rights pertaining to the Water Main.

e. Flint agrees to provide access to the County Agency to any and all documents that are in Flint's possession regarding the Water Main. These documents include, but are not limited to, as built drawings, shop drawings, maintenance records, land records and easements, and any other document that relates to the

Water Main. The County Agency is free to take possession of the documents for the limited purpose of making any copies that are deemed necessary in the opinion of the County Agency. All original documents shall be returned by the County Agency to Flint in a timely manner.

4.4 WATER MAIN. **THE WATER MAIN SHALL BE CONVEYED BY FLINT TO THE COUNTY AGENCY IN "AS IS", "WHERE IS" AND "WITH ALL FAULTS" PHYSICAL CONDITION, WITH NO ADDITIONAL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PHYSICAL CONDITION OF THE WATER MAIN THAT EXTEND BEYOND THE WARRANTIES EXPRESSLY STATED IN THIS AGREEMENT. EXCEPT FOR ANY EXPRESS WARRANTIES STATED IN THIS AGREEMENT, THE WATER MAIN SHALL BE CONVEYED WITH NO EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR USE.**

4.5 Litigation. As of the Execution Date there is no action, suit or proceeding pending or threatened against or affecting Flint before any governmental entity in which there is a reasonable possibility of an adverse decision which could have a material adverse effect upon the ability of Flint to perform its obligations under this Agreement or which in any manner questions the validity of this Agreement.

4.6 Water Main Parts and Equipment. Flint agrees that it will provide to the County Agency any spare parts or equipment which, in the sole discretion of Flint, may only be used exclusively on the Water Main.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE COUNTY AGENCY

The County Agency makes the following representations and warranties to Flint and delivered to Flint on Execution Date, a copy of which is attached hereto:

5.1 Corporate Organization. The County Agency was established pursuant to Act 342 of the Michigan Public Acts of 1939, as amended. As County Agency, it is organized and validly existing under the laws of the State of Michigan and has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

5.2 Authorization. The County Agency has the requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and thereby. This Agreement will constitute a legal, valid and binding obligation of the County Agency, enforceable against the County Agency in accordance with its terms, except as the enforcement thereof may be limited by applicable principles of bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors and subject to general principles of equity.

5.3 No Conflict. The execution, delivery and performance by the County Agency of this Agreement, the compliance by the County Agency with any of the provisions hereof and thereof, and the consummation by the County Agency of the transactions contemplated hereby and thereby: (i) do not violate any Applicable Law; (ii) do not require the consent,

approval, clearance, waiver, order or authorization of any person, organization, or entity; and (iii) do not conflict with, or result in any breach of, or default or loss of any right under (or an event or circumstance that, with notice or the lapse of time, or both, would result in a default), or the creation of any encumbrance pursuant to, or cause or permit the acceleration prior to maturity of any amounts owing under any indenture, mortgage, deed of trust, lease or other agreement to which the County Agency is a party, which failure, violation, conflict or breach would, in the aggregate, materially hinder or impair the consummation of the transactions contemplated by this Agreement.

5.4 Litigation. As of the Execution Date, there is no action, suit or proceeding pending or threatened against or affecting the County Agency before any governmental entity in which there is a reasonable possibility of an adverse decision which could have a material adverse effect upon the ability of the County Agency to perform its obligations under this Agreement or which in any manner questions the validity of this Agreement.

5.5 Due Diligence and Inspection. The County Agency acknowledges that it is being afforded the opportunity to conduct due diligence and investigation with respect to the transaction contemplated by this Agreement. The County Agency represents and warrants that it has conducted any and all such legal, factual, and other examinations, inquiries, investigations, and inspections, including conducting any tests, studies and examinations, that it, in its sole discretion, has determined necessary to complete such due diligence inspection to determine that the subject matter of this Agreement is suitable for the County Agency's intended use.

5.6 Environmental Matters. The County Agency represents and warrants that it has conducted any and all such legal, factual, and other examinations, inquiries, investigations, and inspections, including conducting any tests, studies and examinations, that it, in its sole discretion, has determined necessary to complete such due diligence inspection to have full knowledge of the environmental condition of the subject matter of this Agreement. County Agency shall enter into this Agreement subject to any and all environmental conditions present upon the subject matter of this Agreement.

5.7 Emergency Water Supply. The County Agency warrants that it will provide, to the extent the Detroit Water and Sewerage Department has available capacity treated water through the water main that is the subject matter of this Agreement in an emergency situation to Flint until such time as the Karegnondi Water Authority Water Transmission Pipeline construction is completed (which is estimated to be completed by May 2017) and the Karegnondi Water Authority is providing raw water to its customers.

The emergency supply of treated water to the Flint by the County Agency during the construction of the Karegnondi Water Authority Water Transmission Pipeline shall be at the prevailing rate and any additional charges, fees, special charges, and penalties, as billed by the Detroit Water and Sewerage Department to the County Agency.

If Flint shall need an emergency water supply after the Karegnondi Water Authority Water Transmission Pipeline has been installed and is operational, the County Agency will provide, to the extent the County Agency has available capacity, treated water through the water main that is the subject matter of this Agreement in an emergency situation to Flint. The emergency supply of treated water to Flint by the County Agency after the Water

Transmission Pipeline has been installed and is operational, shall be at the prevailing rate and any additional charges, fees, special charges, and penalties, if applicable, as billed by the Detroit Water and Sewerage Department to the County Agency.

ARTICLE 6
COVENANTS OF FLINT

Flint covenants and agrees with the County Agency as follows:

6.1 Operation and Maintenance of the Water Main until Closing. Between the Execution Date of this Agreement and the Effective Date of this Agreement, Flint shall:

a. Operate the Water Main in the ordinary course of business; and

b. Maintain all books and records relating to the operation of the Water Main in the ordinary course of business; and

c. Fix any known breaks or leaks in the Water Main, except those set forth on **Exhibit F**; and

c. Promptly notify the County Agency of any emergency or other change in the normal course relating to the Water Main (or communications indicating that the same may be contemplated.

6.2 Litigation and Claims. Flint shall promptly inform the County Agency in writing of any Claims of which Flint is or becomes aware that are or might reasonably be expected to become the subject of litigation affecting the Water Main or the transactions contemplated by this Agreement.

6.3 Notice of Changes. Flint shall inform the County Agency in writing if it becomes aware that any representation or warranty made by Flint in this Agreement has ceased to be accurate or if Flint becomes aware of the occurrence of any breach of any covenant or other agreement required by this Agreement to be performed or complied with by Flint.

ARTICLE 7
COVENANTS OF THE COUNTY AGENCY

The County Agency hereby covenants and agrees with Flint as follows:

7.1 Cooperation. Subject to the terms and conditions of this Agreement, the County Agency shall cooperate with Flint to use its best efforts to secure all necessary consents, approvals, authorizations, exemptions and waivers from all persons and entities as shall be requested by Flint or required to be obtained in order to consummate the transactions contemplated hereby.

7.2 Litigation and Claims. The County Agency shall promptly inform Flint in writing of any claims (or communications indicating that the same may be contemplated) of which the County Agency is or becomes aware that are or might reasonably be expected

to become the subject of litigation affecting the Water Main or the transactions contemplated by this Agreement.

7.3 Notice of Changes. The County Agency shall inform Flint in writing if it becomes aware that any representation or warranty made by the County Agency in this Agreement has ceased to be accurate or if the County Agency becomes aware of the occurrence of any breach of any covenant or other agreement required by this Agreement to be performed or complied with by the County Agency.

ARTICLE 8
CONDITIONS AND OBLIGATIONS OF FLINT

The obligations of Flint to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction (or waiver by Flint) on or prior to the Closing of all of the following conditions:

8.1 Accuracy of Representations and Warranties. Except as otherwise noted in this Agreement, the representations and warranties of Flint set forth in this Agreement shall be true and correct in all material respects as of the date when made and as of the Closing.

8.2 Performance of Covenants and Agreements. Flint shall have duly performed and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing. None of the events or conditions entitling the County Agency to terminate this Agreement under Article 10 hereof shall have occurred and be continuing.

8.3 Consents. Any consent required for the consummation of this purchase and sale under any agreement, contract, law, license or other instrument described in any exhibit hereto or referred to herein, or for the continued enjoyment by the County Agency of any benefits of such agreement, contract, license or other instrument after the Closing, which consent Flint is specifically obligated to obtain pursuant to this Agreement shall have been obtained and be effective as set forth in this Agreement.

8.4 Governmental Approvals. All requisite regulatory approvals, if any, shall have been obtained or made and shall be in full force and effect. There shall be no injunction, restraining order or decree of any nature that restrains or prohibits the transactions contemplated by this Agreement.

8.5 No Proceedings. Since the Execution Date of this Agreement, there shall not have been commenced or threatened against Flint, including any proceeding (a) involving any challenge to, or seeking damages or other relief in connection with, the transactions contemplated by this Agreement, or (b) that may have the effect of preventing, delaying, making illegal, imposing limitations or conditions on or otherwise interfering with any of the transactions contemplated by this Agreement.

8.6 Documents. Flint shall have received from the County Agency all of the documents identified in Sections 3.2.a.1, 3.2.a.2, and 3.2.a.3 of this Agreement.

ARTICLE 9
CONDITIONS AND OBLIGATIONS OF THE COUNTY AGENCY

The obligations of the County Agency to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction (or waiver by the County Agency) on or prior to the Closing of all of the following conditions:

9.1 Accuracy of Representations and Warranties. Except as set forth in the Exhibits, the representations and warranties of the County Agency set forth in this Agreement shall be true and correct in all material respects as of the date when made and at and as of the Closing.

9.2 Performance of Covenants and Agreements. The County Agency shall have duly performed and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing. None of the events or conditions entitling the County Agency to terminate this Agreement under Article 10 hereof shall have occurred and be continuing.

9.3 Consents. Any consent required for the consummation of the transactions contemplated by this Agreement under any agreement, contract, license or other instrument described in any schedule or exhibit hereto or referred to herein, which consent the County Agency is specifically obligated to obtain pursuant to this Agreement shall have been obtained and shall be effective as set forth in this Agreement.

9.4 Governmental Approvals. All requisite regulatory approvals shall have been obtained or made and shall be in full force and effect. There shall be no injunction, restraining order or decree of any nature that restrains or prohibits the transactions contemplated by this Agreement.

9.5 No Proceedings. Since the Execution Date of this Agreement, there shall not have been commenced or threatened against the County Agency any proceeding (a) involving any challenge to, or seeking damages or other relief in connection with, the transactions contemplated by this Agreement, or (b) that may have the effect of preventing, delaying, making illegal, imposing limitations or conditions on or otherwise interfering with any of the transactions contemplated by this Agreement.

9.6 Documents. The County Agency shall have received the documents identified in all of the Sections of this Agreement to be provided by Flint.

ARTICLE 10
TERMINATION PRIOR TO CLOSING

10.1 Termination.

a. This Agreement may be terminated at any time prior to the Closing:

1. By the mutual written consent of Flint and the County Agency;

2. By Flint in writing if the County Agency fails to perform any condition, obligation of any provision of this Agreement and fails to correct the non-performance within five (5) days (or other period of time as mutually agreed to by the Parties) of being notified by Flint;

3. By the County Agency in writing if Flint fails to perform any condition, obligation of any provision of this Agreement and fails to correct the non-performance within five (5) days (or other period of time as mutually agreed to by the Parties) of being notified by the County Agency;

4. By Flint if the transaction is not approved by all its governing body, the emergency manager, or the Treasurer of the State of Michigan, if such approval is required;

5. By either Party, if the other Party fails to timely satisfy those conditions set forth in Article 8 or Article 9, as appropriate.

b. This Agreement may be terminated by the County Agency in writing on or before May 1, 2014, if it shall not have been satisfied in its sole discretion with the results of the County Agency's continuing due diligence investigations of the Water Main, including, without limitation, with respect to all operational, financial, environmental, legal and accounting matters.

c. This Agreement may be terminated by either party upon written notice if the Karegnondi Water Authority fails to construct the proposed Water Main from Worth Township to Genesee County.

d. This Agreement may be terminated by either party upon written notice if the cost of construction of the Water Main from Worth Township to Genesee County by the Karegnondi Water Authority exceeds the limitations set forth in the Financing Agreement between the Karegnondi Water Authority, Flint, and the County Agency. A unit is defined as one million gallon per day, U.S. Liquid Measure.

e. In the event of any termination pursuant to this Article 10, any amounts paid by the County Agency to Flint or from Flint to the County Agency shall be refunded within thirty (30) days. In the event that either party to this Agreement fails to refund any amounts paid within thirty (30) days, the amount due and owing shall

accumulate interest at the rate of 1.5% per month, until such time as the debt is paid.

10.2 Effect on Obligations. Termination of this Agreement pursuant to this Article 10 shall terminate all obligations of the Parties hereto; provided, however, that termination pursuant to Sections 10.a.2 or 10.a.3 hereof shall not relieve any defaulting party from any liability to the other party hereto resulting from such failure to perform. Notwithstanding the foregoing, any and all existing agreements (other than this Agreement) between Flint and the County Agency which are related to the Water Main shall remain in full force and effect following any termination of this Agreement unless and until such existing agreements are otherwise terminated pursuant to the terms thereof.

ARTICLE 11
TERMINATION AFTER CLOSING BY COUNTY AGENCY

This Agreement may be terminated at the sole discretion of the County Agency after Closing, if Flint fails to provide the County Agency with an easement, license, or similar document for the portion of the Water Main that is located on private property as identified in **Exhibit D,** prior to Friday, June 30, 2015, unless Flint has filed an action in a court of competent jurisdiction to condemn the property or a portion of the property necessary to ensure that the County Agency has access to the Water Main under the private property to replace, repair, maintain, or perform any other action commonly associated with the ownership of a water main.

In the event of a termination by the County Agency pursuant to this ARTICLE 11, the County Agency shall be entitled to a complete refund or repayment of any amounts paid to Flint pursuant to ARTICLE 2, Section 2.4 of this Agreement. If this Agreement is terminated by the County Agency for any reason set forth herein, then Flint shall immediate become responsible for the operation, maintenance and administration of the Water Main beginning at 12:01 a.m. (local time) the next business day after the notice of termination is received by Flint.

After the County Agency receives all amounts to be refunded or repaid by Flint as set forth in the preceding paragraph, the County Agency shall execute any and all documents necessary to return title to the Water Main to Flint. Additionally, the County Agency shall assign or transfer any property easements and execute any other documents necessary to fully transfer the Water Main back to Flint as if this Agreement did not exist. Flint shall be responsible for all costs of recording the documents and any closing costs in the event of a termination pursuant to this ARTICLE 11 by the County Agency.

ARTICLE 12
REMEDIES FOR BREACHES OF THIS AGREEMENT

12.1 Survival of Representations and Warranties. All of the representations, warranties and covenants of the County Agency and Flint contained in this Agreement and the Exhibits

hereto shall survive the Closing and continue in full force and effect forever thereafter (subject only to any applicable statutes of limitations applicable to their breach).

12.2 Remedies Generally. It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies existing at law or in equity may be availed of by any Party hereto and shall be cumulative. The Parties agrees that failure in the performance of this Agreement cannot be adequately compensated in money damages alone. In the event of any default by a Party, the other Party shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies which may also be available. No waiver or waivers of any breach or default (or any breaches or defaults) by any Party hereto or of performance by any other Party of any duty or obligation hereunder shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character or description, under any circumstance.

12.3 Remedies for Breach of Representations, Warranties and Covenants. If a Party sustains any losses because the representations or warranties provided by the other Party are incorrect or untrue or because the other Party has breached its covenants given herein, the other Party shall be liable for all losses incurred by the Party to cure such representations, warranties or covenants, including attorney fees. In addition or in the alternative, the Party may require the other Party to take such actions as required to cure such misrepresentations, warranties or breached covenants, within three (3) months or other amount of time mutually agreed to by the Parties.

12.4 Limitations on Certain Remedies.

a. The injured Party will take reasonable steps to mitigate all losses relating to a claim, including availing itself of any defenses, limitations, and will provide such evidence and documentation of the nature and extent of a claim as may be reasonably requested by the other Party. The injured Party's reasonable steps include the reasonable expenditure of money to mitigate or otherwise reduce or eliminate any loss or expense for which a remedy would otherwise be due under this ARTICLE 12, and the reimbursing Party will reimburse the injured Party for the injured Party's reasonable expenditures, including attorney fees and costs.

b. Notwithstanding anything contained to the contrary in any other provision of this Agreement, except in cases of a Party's gross negligence, willful misconduct or fraud, the obligations of each Party under Sections 12.2 and 12.3, and the recovery by any injured Party of any liabilities suffered or incurred by it as a result of any breach or non-fulfillment by a Party or any of its representations, warranties, covenants, agreements or other obligations under this Agreement, shall be limited to actual damages.

12.5 Survival of Remedies. The rights and obligations to remedies given in this Article 11 shall survive the Closing indefinitely.

ARTICLE 13
TERMINATION OF WATER SUPPLY CONTRACTS, AMENDMENTS, AND WAIVER OF NOTICE TO TERMINATE

Flint and Genesee County by and through its Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, have executed several Agreements in the past that shall be affected upon the execution of this Agreement. By executing this Agreement, Flint and the Genesee County by and through its Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, hereby expressly mutually terminate the following agreements in their entirety and further expressly waive any notice provisions set forth therein:

1. Agreement between the CITY OF FLINT, a Michigan Home Rule City Corporation and the COUNTY OF GENESEE, a Michigan County Corporation, by and through the Genesee County Drain Commissioner, having been designed as such by appropriate legislation in compliance with Act 342 of the Public Acts of 1939, and any subsequently named Agent for the County of Genesee dated June 28, 1972 (hereinafter "Water Agreement"); and

2. Agreement to amend the Water Agreement dated March 5, 1981; and

3. SUPPLEMENTAL AGREEMENT AND AMENDMENT TO CITY/COUNTY WATER AGREEMENT, dated March 31, 1988; and

4. AGREEMENT between the CITY OF FLINT, a Michigan municipal corporation, and the GENESEE COUNTY DRAIN COMMISSIONER, a designated County Agency dated February 20, 2001; and

5. 3rd AMENDMENT TO 1973 CITY/COUNTY WATER SUPPLY AGREEMENT, dated October 21, 2003, between the City of Flint, a Michigan municipal corporation and the County of Genesee, a political subdivision of the State fo Michigan and the Genesee County Dain Commissioner, the County Agency designated by the Genesee County Board of Commissioners pursuant to Act 342 of the Public Acts of 1939, as amended; and

6. 4th AMENDMENT TO 1973 CITY/COUNTY WATER SUPPLY AGREEMENT, dated December 30, 2011, between the City of Flint, a Michigan municipal corporation and the County of Genesee, a political subdivision of the State of Michigan by and through the Genesee County Drain Commissioner, the County Agency designated by the Genesee County Board of Commissioners pursuant to Act 342 of the Public Acts of 1939, as amended.

7. Any other Agreement or part of Agreement that directly conflicts with this Agreement and the intent contained therein as mutually agreed upon in writing by the parties hereto.

ARTICLE 14
MISCELLANEOUS

14.1 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated there under, unless the context requires otherwise. The word "including" shall mean including without limitation.

14.2 Incorporation of Exhibits. The following Exhibits attached hereto are incorporated herein by reference and made a part hereof:

Exhibit A: Description of Water Main

Exhibit B: Rights of way and easements held by Flint

Exhibit C: Real property occupied by the Water Main

Exhibit D: Flint's disclosure of real property occupied by the Water Main that Flint does not have the necessary transferable easement or real property rights for the use, routine, operation, and maintenance of the Water Main

Exhibit E: Flint's disclosure of any breaks or leaks in the Water Main that are known by Flint and that have not been repaired

14.3 Entire Agreement. This Agreement constitutes the sole understanding of the Parties hereto with respect to the matters provided for herein and supersedes any previous agreements and understandings between the Parties with respect to the subject matter hereof. No amendment, modification or alteration of the terms or provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by Flint and the County Agency and in compliance with Section 14.9.

14.4 Successors and Assigns. This Agreement will inure to the benefit of and be binding upon Flint and the County Agency and their respective successors and assigns. This Agreement and any of the rights, interests or obligations hereunder may be assigned by either Party hereto without the prior written consent of the other Party hereto.

14.5 Invalidity. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the practical, economic and legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination

that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible. Invalid provisions shall be severed from this Agreement.

14.6 Counterparts; Facsimile Signatures. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument. This Agreement may be executed by facsimile signatures that shall be considered originals.

14.7 Headings. The headings of the articles, sections and paragraphs of this Agreement and of the Exhibits hereto are included for convenience of reference only and in no way define, limit or describe the scope of intent of any provision of this Agreement.

14.8 Construction and References. Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. Unless otherwise specified, all references in this Agreement to articles, sections, paragraphs or clauses are deemed references to the corresponding articles, sections, paragraphs or clauses in this Agreement, and all references in this Agreement to exhibits are references to the corresponding exhibits attached to this Agreement.

14.9 Modification and Waiver. Any of the terms or conditions of this Agreement may be waived in writing at any time by the Party that is entitled to the benefits thereof. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provisions hereof (whether or not similar). Oral modifications of this Agreement are not permitted. Modification or amendment of this Agreement shall require the written approval of the Genesee County Drain Commissioner and the Flint City Council.

14.10 Addresses and Notice. Unless otherwise provided herein, any notice, communication, request, reply or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner described above shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to Flint, to:

City of Flint
Attn: CHIEF LEGAL OFFICER
1101 South Saginaw Street
Flint, Michigan 48502

If to the County Agency, to:

Genesee County Drain Commissioner's Office
Division of Water and Waste Services
Attn: Drain Commissioner
G-4610 Beecher Road
Flint, Michigan 48532

The Parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days written notice to the other party hereto.

14.11 Governing Law; Interpretation. This Agreement shall be construed in accordance with and governed by the laws of the State of Michigan. The Parties hereto (a) consent to the personal jurisdiction of the state courts located in Flint, Michigan or federal courts located in Southeastern Michigan in connection with any controversy related to this Agreement including, but not limited to, counterclaims or third party demands raised as a result of third party counterclaims initiated in any other jurisdiction; (b) waive any argument that venue in any such forum is not convenient; (c) agree that any litigation initiated by the County Agency or Flint in connection with this Agreement may be brought in either the state court located in Flint, Michigan or federal court located in Detroit, Michigan; and (d) agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

14.12 No Third-Party Beneficiaries. This Agreement is not intended to confer upon any person or entity, other than the Parties hereto, any rights or remedies of any kind or nature whatsoever.

14.13 Freedom of Information Act Requests. Flint agrees that if it receives a request for any documents relating to this Agreement, including Freedom of Information Act requests, Flint shall forward a copy of the request to the County Agency.

The County Agency agrees that if it receives a request for any documents relating to this Agreement, including Freedom of Information Act requests, the County Agency shall forward a copy of the request to Flint.

14.14 Interpretation. For purposes of interpretation of this Agreement, neither the County Agency nor Flint shall be deemed to have been the drafter of this Agreement.

14.15 Negotiated Agreement. This Agreement has been prepared and negotiations have occurred in connection with said preparation pursuant to the joint efforts of the Parties. This Agreement therefore shall not be construed against any Party to this Agreement.

ARTICLE 15
INDEMNIFICATION/HOLD HARMLESS

If at any time while Flint is securing legal access to any property identified in Exhibit D a the Water Main malfunctions, leaks, or requires the County Agency to enter onto the property to repair the Water Main or perform another necessary service, and in the opinion of the County Agency the malfunction or leak may wait until access to the property is secured, Flint shall indemnify/hold harmless the County Agency for any water loss, damage, and/or environmental issues that may result from the malfunction or leak.

Any amount of water loss shall be determined by the County Agency with the assistance of Flint. The amount of loss shall be based on past experiences and practice. The County Agency shall invoice Flint for the total loss from the date the malfunction or leak was discovered until the repair has been completed. Flint shall timely pay the invoice pursuant to the terms stated in the invoice.

If the Water Main malfunction or leak requires immediate entry onto the property identified in Exhibit D, Flint shall provide all of the necessary resources necessary, including, but not limited to, an immediate payment for an easement, immediately filing an action for condemnation, or requesting a court of competent jurisdiction to provide a right of entry, to secure legal access to the property to repair any malfunction or leak.

It is expressly understood by the Parties hereto, that until such time as Flint secures access to the property identified in Exhibit D, Flint shall be responsible for any and all loss that is the result of a malfunction or break of the Water Main under the property identified in Exhibit D.

In Witness Whereof, the Parties hereto have executed this Agreement as of the date first above written.

COUNTY AGENCY

By: _____
Jeff Wright, Genesee County Drain Commissioner, County Agency

ATTEST:

By: _____

(OFFICIAL SEAL)

APPROVED AS TO FORM AND LEGALITY:

By: _____
Kevin K. Kilby, Counsel for the County Agency

FLINT

By: _____
Darnell Earley, Emergency Manager

ATTEST:

By: _____
Inez M. Brown, Clerk of the City of Flint

(OFFICIAL SEAL)

APPROVED AS TO FORM:

By: _____
Name and Title:

This Contract was prepared by:
McGraw Morris P.C.
Attorney Kevin Kilby (P68599)
2075 West Big Beaver Road
Suite 750
Troy, Michigan 48084
(248) 502-4000
kkilby@mcgrawmorris.com

N:\GCDC\2155-1000 (General)\Contracts and Agreements\Water Main Purchase from Flint\Water Main Sale Agreement COF GCDC - COF Version 1 as presented by Flint v10 April 22 2014 (clean).doc

Exhibit A

Description of Water Main

[LIMITED TO PORTION OF 72" PIPELINE AND APPURTENANCES FROM THE DWSD CONNECTION AT BAXTER ROAD AND POTTER ROAD, WEST TO THE PROPOSED 36 INCH KWA CONNECTION AT CENTER AND PIERSON ROAD]

Exhibit B

Rights of way and easements held by Flint

Exhibit C

Real property occupied by the Water Main

Exhibit D

Flint's disclosure of real property occupied by the Water Main that Flint does not have the necessary transferable easement or real property rights for the use, routine, operation, and maintenance of the Water Main

Exhibit E:

Flint's disclosure of any breaks or leaks in the Water Main that are known by Flint and that have not been repaired.

Byrne, Randall (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Monday, November 10, 2014 3:14 PM
To: Carter, Jerry (MSP); Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Darnell Earley; Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); Hill, Darryl (MSP); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Smith, Paul (GOV); Byrne, Randall (Treasury); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); West, Samantha (GOV)
Subject: Treasury Conference Call Agenda
Attachments: Agenda 110714 Conf Call with Treasury.docx

Follow Up Flag: Follow up
Flag Status: Completed

Good afternoon,

In light of the meeting cancellation, please add to the attached agenda any items/updates from Michigan State Police, Governor's Office, or others and share with the group. These updates will be added to the on-going agenda.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

Attention Michigan State Police and Governor's Office: please add your agenda items and share with the group. These additions, once received, will become part of the on-going agenda.

City of Flint Wednesday 9:00am Phone Conference Agenda
November 12, 2014 CANCELLED

1) **Public Safety Update – FPD, MSP, (FFD, if needed)**
   a) FPD –
      i. The final draft report for the evaluation of both the Police Department has been received. We are awaiting the final draft of the Fire Department.
      ii. Completing revisions to SRMS MOA.
      iii. The Citizens Radio Patrol was operating the evening before Halloween. Only two fires were reported that evening – the lowest in recent memory.
      iv. Emergency Manager Earley is setting up a meeting with MSP Post and District Commanders to prepare for transition and keep momentum going with COF PD and MSP. The ICMA Public Safety Study will be included for discussion.
      v. Lock-up financial issue: City submitted the September invoice submitted by the County in the amount of $248,819.02; the State informed us that the current contract ended September 30, 2014. The State has requested another contract with the County. Sheriff Pickell informed Chief Tolbert that he is in the process of finalizing the contract/budget and will ensure the City receives a copy before he submits to MDOC. Treasury, please let us know if MDOC plans on covering the expenditures from September.
   b) FFD
   c) Other update from Chief Tolbert and MSP

2) **Governor's Office Update – R. Baird, H. Hollins, B. Clement**
   a) Court Consolidation Status
   b) The legislative initiative to allow a vote on a local income tax increase will be handled by Mayor Walling who will be working through the Governor's Office and H. Hollins. A meeting is being scheduled with H. Hollins, Mayor Walling, Rep. Stanley, D. Earley, and J. Ambrose.
   c) Other

3) **Lawsuits – Status, Issues**
   a) Retiree Lawsuit – No updates

4) **Financial and Administrative Update**
   a) Remaining bargaining units in "meet and confer" sessions: Fire
   b) Next benchmark is audit.

c) Fund balance ordinances including OPEB and BSF have been drafted. Also drafted ordinance for budgeting and strategic planning process will be reviewed by Finance and Admin. Cmte. at the December meeting.

5) City Council Update

a) The Council meeting schedule has been revised for the balance of the year to accommodate election of officers and the November and December holidays.
b) Two Council seats will become vacant on January 1, 2015. An appointment process is under consideration by the EM. P.A. 436 will guide the process which could involve direct EM appointment or collaborative effort with City Council.

6) Charter Review Commission

a) Three of the six charter revision ballot proposals passed: establishment of a Charter Review Commission; an add to the current charter regarding financial best practices, and a reduction in the number of Mayoral appointees from 10 to 5.
b) Notice has been sent out on new timing for the election of commissioners. See attached press release. Election will be held in May 2015.

7) **Water Issues**

a) General Motors Water Issues – working through lawyers at this point. We are close to a final agreement regarding their level as a customer with the City of Flint.
b) A meeting with the Department of Environmental Quality was held on October 29. A number of steps for continued support were discussed. More follow-up is planned. We are awaiting action from the DEQ on getting a message of support out to the public.

8) Messaging

a) A plan is being developed to present to the community at-large and to the various interest groups (i.e. business, investors, foundations) the background of the financial emergency, the actions taken and next steps to emerge from receivership. This will be an on-going item for discussion.
b) Starting a new communication strategy with an EM press briefing the afternoon of a Council meeting or important Committee meeting.
c) Hurley Hospital Valuation City - beginning regular meetings with the Hurley leadership to identify strategy beneficial both Hurley and the City of Flint.
d) Deputy Finance Director has resigned. Need to develop an internal plan for succession and filling vacancies for the newly appointed City Administrator. These will also need to include the City HR Director who is the HR finalist for the Flint Community Schools.

9) 9-1-1 Reconsolidation Plan

a) The Genesee County 9-1-1 Consortium has voted to accept Flint's request to join. Consolidation is expected to be complete by July 1, 2015. Mayor Walling has been

appointed the City's representative on the Membership Board. Work is progressing to complete merger before July 1, 2015.

b) C-GAP award for 9-1-1 Tower will have ~$400,000 balance. Would like to use for 9-1-1 consolidation expenses.

10) Recruitment and Selection of City Administrator/Manager

a) Provide guidance on several considerations: duration of appointment, contract, consistent with TAB, working with TAB, etc. – Finalize timeline after January 1, 2015.

b) Five finalist candidates will be interviewed today. The Recruitment Advisory Committee includes: Mayor Walling, Councilwoman Galloway, Jerry Ambrose, Randy Byrne, Pastor Al Harris - Chairman of the Concerned Pastors for Social Action, Steve Landaal – a Flint resident and business owner, and Emergency Manager Earley.

11) Other Items

Attachment: Charter Review Commission Press Release

1-[redacted] access code [redacted]
Created on: 11/10/14

EMERGENCY MANAGER				
Unit of Government	**Current Emergency Manager**	**Initial Appointment Date**	**Target Exit Date**	**Notes**
City of Allen Park	Joyce Parker	October 26, 2012	September 2014	*Finalize sale of movie studio with Time Equities - $12M *Complete bond tender offer April/May 2014 *Implement future reduction of OPEB liability *Finalize compliance settlement with SEC
City of Benton Harbor	Tony Saunders	April 1, 2010	February 2014	*Appointed new City Manager Darwin Watson *Establish RTAB – March 2014 *Funded Emergency Loan - $2 3M
City of Detroit	Kevyn Orr	March 14, 2013	September 2014	*Tax (property and income) assessment and collections procedures being evaluated and updated *Post governance – FAB role? *DWSD – establishment of new authority
City of Flint	Darnell Earley	November 28, 2011	April 2015	*Positive resolution of pending retiree healthcare lawsuit *Monitor completion of Karegnondi Water Authority Project *Complete E&Y Phase II analysis to develop deficit elimination strategy *Renegotiate CBAs
City of Hamtramck	Cathy Square	June 26, 2013	June 2014	*Eliminate MERS liability ($2.1M) *Internal restructuring (new hires and outsource) *Fill City Manager position

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)				
Unit of Government	**Board Members**	**Appointment Date**	**Target Exit Date**	**Notes**
City of Ecorse	Edward Koryzno Robert Bovitz Joyce Parker	May 1, 2013	TBD	*Hire City Administrator *FY 2013 budget balanced *Loss of U.S Steel tax settlement revenue in FY 2015-16 ($1M)
City of Pontiac	Edward Koryzno Robert Daddow Louis Schimmel Keith Sawdon	August 19, 2013	TBD	*Resolve $6M annual retiree healthcare obligation *Proceed with Phoenix Center demolition *Resolve litigation - Police/Fire VEBA ($34M in assets that may be depleted in 15 years) *Transition additional responsibilities to Mayor

Sampson, Jeremy (TREASURY)

From: Stanton, Terry A. (Treasury)
Sent: Thursday, November 19, 2015 2:38 PM
To: Wurfel, Sara (GOV); Murray, David (GOV); Sampson, Jeremy (TREASURY)
Cc: Heaton, Anna (GOV); Kennedy, Jordan (GOV)
Subject: FW: Flint water
Attachments: 271Q3209 Flint Water Supply Assessment Final Report 2-6-13.pdf

Importance: High

All—

Please see below from Egan. This is essentially the same "?" Nancy Kaffer asked of Jeremy a couple weeks back. Intend to say something along the lines of the following...please advise.

The Tucker-Young report offered an initial perspective on the situation, but as additional information was received and considered by the city, city officials determined that KWA offered the best long-term solution for Flint. As has been noted previously, all involved, the mayor and city council, believed the move to KWA was appropriate and supported the move.

As we have discussed previously, consideration of the development of a Flint-area/Genesee County water system had been on-going since the early 2000's and the City of Flint had been in discussions about joining a new system for much of that time.

From: Egan, Paul [mailto:pegan@freepress.com]
Sent: Thursday, November 19, 2015 1:09 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Flint water

Terry attached is the City of Flint Water Supply Assessment, a February 2013 study commissioned by the state treasurer and carried out by Tucker, Young, Jackson, Tull Inc.
Why did the state and city opt to split with DWSD and go with KWA when this study found it would be more costly to do so?

(From p. 17) "Based on the analysis, it is prudent to assume the KWA water supply option costs would be somewhere between the KWA-1 and KWA-2 options. Therefore, the analysis indicates that the two DWSD options of supplying 8 MGD on a maximum day and up to 8 MGD on average are the least cost options for Flint. These options allow Flint to maximize the use of existing assets; the City of Flint's (the Flint WTP) and DWSD's (the existing 72-inch main)."

Thanks, Paul Egan
Detroit Free Press
517-372-8660

Byrne, Randall (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Friday, November 21, 2014 2:20 PM
To: Byrne, Randall (Treasury)
Cc: Porubsky, Carmen (TREASURY)
Subject: City of Flint Quarterly Repot
Attachments: October 2014 Quarterly Report.docx; Sect 9 Report 101514.pdf

Randy,

Attached is the analysis and recommendations for the City of Flint's October Section 9 Report.

If additional work on this is needed, please let me know.

Thank you,

Robert Widigan | Departmental Analyst | Office of Fiscal Responsibility
State of Michigan | Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2130 | WidiganR@michigan.gov

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CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

October 15, 2014

Mr. R. Kevin Clinton, State Treasurer
Michigan Department of Treasury
Bureau of Local Government Services
4th floor Treasury building
430 West Allegan Street
Lansing, MI 48922

Dear Mr. Clinton:

I am attaching for your consideration the quarterly report of the Emergency Manager of the City of Flint as required by Section 9 (5) of P.A. 436 of 2012. The report details activities for the period of July 1, 2014 through September 30, 2014.

Respectfully submitted,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Attachments

cc: Wayne Workman, Deputy Treasurer
Edward Koryzno, Bureau Director of Local Government Services
Randall Byrne, Office of Fiscal Responsibility
James Ananich, State Senator
Woodrow Stanley, State Representative
Phil Phelps, State Representative
Dayne Walling, Mayor City of Flint

QUARTERLY REPORT TO THE STATE TREASURER REGARDING THE FINANCIAL CONDITION OF THE CITY OF FLINT

October 15, 2014

This quarterly report covers the period from July 1, 2014 through September 30, 2014 and addresses the financial condition of the City of Flint.

Per P.A. 436 Section 9 (MCL141.1549) requires that you submit quarterly reports to the State Treasurer with respect to the financial condition of your local government, secondly, a copy to each state senator and state representative who represents your local government. In addition, each quarterly report shall be posted on the local government's website within 7 days after the report is submitted to the State Treasurer.

Status of the Financial Condition of the City of Flint
July 1, 2014 through September 30, 2014

The City of Flint has adopted a biennial budget for fiscal years 2015 and 2016, and is committed to ongoing review of revenues and expenses.

Summary of FY15 First Quarter and FY 15 Budget Status

In summary, at the end of the 1st quarter, the financial outlook for the remaining FY15 appears to be on track. In total, revenues and expenditures are generally meeting expectations. The City continues to make timely pension contributions and healthcare premium payment for both active employees and retirees. (Attachment A: Summary and Revenue & Expense Report 1st Quarter FY15)

Some further observations on the current budget status:

- In the General Fund, actual revenues are just above 20% of budgeted revenues. At the time of the report, however, the City had not received its portion of State Shared Revenues, and when those revenues are received (approximately $2.4 million), they will be accrued back to the 1st quarter.
- General Fund expenditures are reported at 22% of the budgeted expenditures, in line with expectations. However, it has been discovered that $13,000 in communications expenses was inadvertently deleted from the District Court budget. It will be necessary to consider an adjustment to the District Court budget to address this shortfall.
- Also, we continue to monitor the personnel expenses in the Police and Fire budgets to determine the budgetary impact that reducing staffing levels through attrition rather than layoffs at the beginning of the year will have. It appears that attrition is moving staffing levels down to the budgeted levels, with Fire already at its reduced level of 75, and Police currently at 121 (VERIFY), with a target of 115. By the end of the second quarter we anticipate that the reduced levels will be met by then and in addition, we will have the results of the ICMA organizational and staffing study. We will also be beginning to receive a portion of the $1 million allocated for police and fire expenditures in the state budget. We presently anticipate that these funds will be sufficient to offset any shortfall in the personnel line items in these budgets. With the second quarter report, we will provide any necessary budget amendments in these areas.
- Special Revenue Funds, Major and Local Street Funds are operating below budgeted revenues and expenditures. Major Streets, Fund 202, revenues are down due to timing in which State revenues of the Gas and Weight Tax allocations have not been received as of the date of the report. Budgets in the Grant Funds, Funds 274, 295, and 296 reflect timing differences as well. The revenues in these funds have not been received as of the date of the report. In addition, it will be necessary to create a budget for Fund 297 to reflect the final expenditure of a COPS Hiring Grant, with funds carried over into the FY15 budget year.
- Revenues in the Building Safety and Inspections Fund (Fund 542) are coming in higher than anticipated for the first quarter of the year. This was due largely to

the new construction of the paint shop on the General Motor's property expansion.

- Revenues in the Water and Sewer funds are coming in at 19% and 16% respectively in comparison to the budgeted totals. At the same time, expenditures are coming in a 13% and 11% of the budgeted totals. It appears that the trend of reduced water billings are continuing, and efforts are underway to increase compliance and to identify areas of water loss from leaks as well as from theft. Actual expenditures currently do not include many of the capital improvement projects that are budgeted this fiscal year. The DPW and the Finance Department will continue to closely monitor the Utilities revenues and expenditures to keep them in line.
- The June 30, 2014 ruling by the Federal Court which modified its injunction to allow the City to implement certain changes to retiree health care benefits should provide some financial relief to the City budget, at least for the time during which the matter is being litigated. However, at this time it is not possible to project the amount of relief from the $5 million which was added to the budget for retiree health care as a result of the Courts initial decision prohibiting any change to retiree health care. This is because implementing the approved changes will not be effective until November 1 because of the time necessary to incorporate the changes into the current plans. With the second quarter report, we anticipate being able to project the anticipated costs in comparison to the budgeted amounts.

Current Cash Flow

The City's cash flow has improved significantly from the $13 million cash on hand in December of 2011. Thirteen million dollars is less than one month's operating expenses. By comparison, the cash on hand on September 30, 2014 was in excess of $61 million. (Attachment B Cash Flow Comparisons)

FY 15 AND FY 16 Budget

The FY14 budget was developed within the context of a five year projection of revenues and expenses. This exercise pointed out the continuing challenge the City of Flint will have in achieving long term financial stability. The Finance Department and the Council Finance/Administration Committee completed the FY15-19 strategic plan and financial projections. The City Council has also adopted a Mission, Vision, Goals and Budget Priorities statement. This was incorporated into the FY 14/15 and FY 15/16 Budget document (Attachment C Final FY15 & FY16 Budget Document). Consulting firm Ernst & Young assisted the City with an update to the five year financial projections. The biennial budget was adopted on June 23, 2014 via EM Order #13.

Attachments:
Attachment A Summary and Revenue & Expense Report 1st Quarter FY15
Attachment B Cash Flow Projection
Attachment C Final Budget Document FY15 and FY16
Attachment D Compliance Monitoring Report

Attachment A: Summary and Revenue & Expense Report
1st Quarter FY15

City of Flint Strategic Plan

Quarterly Report

July 1, 2014 – September 30, 2014

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

DATE: October 10, 2014

TO: Scott Kincaid, President, Flint City Council
City Council

FROM: Darnell Earley, Emergency Manager
Dayne Walling, Mayor

RE: City of Flint Strategic Plan, First Quarter Report

Earlier this year, the City Council of Flint adopted a Strategic Plan for the City of Flint. This Plan announced a Vision, Mission, and Goals to guide the operation of the City government for the next five years, and was adopted in the context of the City's recently adopted Master Plan for the community. It was followed by a statement of budget priorities adopted by the City Council, and ultimately by a biennial budget for FY15 and FY16. The budget also projected the City's finances for the following three years – FY17, FY18, and FY19. During this same period a Deficit Elimination Plan and Reserve Accumulation Plan was approved by the State and a Seven Point Transition Management Plan was enacted to guide the way by which the operation of the City will be assumed by the Mayor and City Council . The integration of the Strategic Plan into the organizational processes of the City is a key component of the Seven Point Transition Management Plan.

In total, these actions comprise a broad framework guiding the direction of the Flint City government as it restores financial stability and once again becomes an active leader focused on making Flint a safe, secure city attractive to residents, businesses, students, and visitors.

The first quarter of FY15 ended on September 30, 2014. We are pleased to report on the progress which has been made. While significant progress has been made on many fronts, significant challenges and risks remain.

We wish to commend the Management Team and our employees for their dedicated efforts to move the City forward. We look forward to discussing the contents of the report with you.

Overview

The City of Flint has a vision and a plan and now it is focused on implementation in order to achieve a stronger and financially sound municipal government along with a safer and more stable community. To succeed, however, City leaders must follow the plan with discipline and commitment. They cannot stop halfway or leave work half-done—and everyone has an important role to play. Working together as a team, the City of Flint has been successful in the previous quarter in increasing public safety, improving infrastructure, creating jobs and development, eliminating blight, engaging citizens and managing financial and administrative challenges. Areas of success include.

- Law enforcement is working hard with growing community support and total homicide victims is down 28% compared with 2013.
- Utilities is managing with an eye toward the future and the construction of the KWA pipeline is underway, on time and within budget
- Development activities have increased with new facilities under construction at GM Flint Assembly, on the Buick City brownfield site with American Pipe, and downtown in the Health and Wellness District.
- Blighted properties continue to be eliminated, using state and federal funds, and neighborhood volunteer groups have removed more than 2 million pounds of trash in major clean-up efforts.
- The General Fund deficit continues to be reduced, and the City's financial position is stabilized at least for the near term. Preliminary projections show the deficit as of June 30, 2014 to be $9 million, a reduction from $12 9 million the previous year.
- Revenues and expenses for the first quarter of FY15 are in line with expectations.
- Internal restructuring of the City continues at it strives to become efficient, effective, and customer service focused in an environment much smaller than in the past.
- The transition from state oversight to traditional home rule is underway, guided by the Seven Point Plan recently enacted If progress continues as anticipated, the next step in transition will occur in 2015.

Challenges also continue. The transition from DWSD to the Flint River for the City's temporary supply of water until KWA is complete has occurred; however, the work of producing treated water has been complicated by the system's aging infrastructure and varying temperatures. A badly needed update to the City's web site is underway; progress has been delayed from initial completion targets as the selected vendor was unable to perform necessary tasks. The retiree lawsuit, whose outcome can seriously affect the financial solvency of the City, remains unresolved. Work continues to get done under difficult circumstances with limited resources, however the new strategic planning process is improving the City of Flint's productivity, responsiveness and accountability.

Assuring Accountability to Adopted Plans and Budget

The Strategic Plan for FY15-FY19 and the Biennial Budget for FY15 and FY16 charts the course for the Flint City government as it emerges from near financial insolvency and establishes itself as a municipal government providing residents, businesses, students and visitors public services in a customer friendly and financially responsible manner. Near term steps for achieving this have further been defined by a set of priorities set by the Mayor and City Council as the biennial

budget was adopted. Likewise, the Master Plan for a Sustainable Flint, adopted in October 2013 by the Flint City Council and the Flint Planning Commission, provides the framework for ongoing efforts to improve the community as a whole.

Achieving the outcomes desired will be a lengthy and ongoing process. Specific steps to move along this course have been outlined in a series of objectives to be accomplished over the next several years. The purpose of the quarterly report is to hold the City of Flint government accountable to the highlight progress as well as to identify areas of weak performance. The first quarter of FY15 ended on September 30, 2014, and progress has been assessed.

Highlights

Increasing Public Safety

A primary goal of the City is to assure a safe, secure, and healthy environment in which to live, work and play. Well-functioning police, fire and emergency response systems are essential to achieving this. While challenged significantly with less than adequate resources, progress has been made to improve public safety, thanks in part to the assistance and collaboration of the State Police:

- Incidence of Part One crime is down 13%, including a 28% reduction in the number of homicides
- Response time for police and fire has been decreased
- The decision has been made that the City will rejoin the Genesee County 9-1-1 Consortium. Anticipated to occur by July 1, 2015, this action will result in enhanced service with access to updated technology and will provide some $1 million annually in reduced costs.
- Internal reorganizations and process improvements have been made in the Police and Fire departments to accommodate the reduced staffing made necessary by the City's financial condition. With the assistance of financial assistance from the state, the City is engaged in a comprehensive review of its police and fire structure to determine the most efficient and effective organization for the future.

Improving Infrastructure

A key goal of the City is to provide access to dependable and affordable water sewer, and waste. Another key goal is to assure an adequate and well maintained transportation network. The financial challenges of the past several years has left the City with significant need for reinvestment in virtually all of its infrastructure. While the challenge is enormous, positive steps have been taken:

- The first draft of the City's first comprehensive Capital Improvement Plan has been completed and will shortly be shared with the public for its input.
- The City has recently been notified that it will receive $750,000 in funding for roads, as contained in the new State budget. Planning for use of these funds is beginning, with the expectation that it will be used for badly needed road repairs in the spring.

- The construction of the KWA pipeline is underway, on time and within budget. The transition from DWSD to the Flint River for the City's temporary supply of water until KWA is complete has occurred; however, the work of producing treated water has been complicated by the system's aging infrastructure and varying temperatures.
- Concerns regarding the cost of water to Flint residents and businesses remains a high concern. Investigation of sources of water loss – both from theft and pipe leakage is ongoing. Reports of theft have resulted in criminal investigations, which are significant and ongoing. Several criminal complaints have resulted from the investigation and more are anticipated Comprehensive programs of water meter replacement and leak detection are being developed.
- Construction will begin in October of a load out facility that will allow the city to shut down the incinerator and realize up to $400,000 a year in operational savings in the sewer fund.
- Investments in the underground utilities infrastructure are being finalized, utilizing budgeted funds for pipe replacement, pipe lining, and installation of technologically advanced water meters.
- Work is being planned to address the condition of city facilities. A contract has been signed to repair the employee and police parking lot and to replace the lighting with LED lights, while a process for evaluating potential energy savings at the Municipal complex is being finalized.

Creating Jobs and Development

One of the goals in the recently adopted Master Plan is to have a growing and diverse economy that spurs innovation and small business development along with an education system that prepares our workforce for jobs paying a livable wage. The Strategic Plan likewise commits the City to foster cooperation between businesses, higher education and medical institutions, nonprofit organizations and community groups to create jobs and development. It also identifies the need for the City to better define the role of the public sector in economic development and also to improve the business climate.

A number of business and community development initiatives are underway across the city

- Development activities have increased as evidenced by revenues collected from building permits and rental inspections. These revenues are currently projected to exceed budgeted revenues by $300,000 by the end of the fiscal year
- Increased capacity for compliance with the City's Rental Registration Ordinance is being put into place. A contract for services has been executed, with inspections planned to begin before November 1.
- A new Medical Marijuana ordinance has been enacted. Application forms and related materials are being developed.
- Aggressive pursuit of funding for specific projects promoting development has resulted in more than $4 million to the City, including some $2 million for the redevelopment of Chevy Commons, $1.6 million for reconstruction of Dupont Street. Other grants have been awarded for a revitalization plan the South Saginaw corridor, road diet and bike lanes for Harrison Street, and an analysis of housing for the downtown area.

- Smith Village Development - Of 39 new homes built, 21 have sold, there are six purchase agreements, and 12 are remaining to be sold.
- Gundry and Salem NSP1 Purchase-Rehab-Resale – 14 homes were rehabbed, there are seven purchase agreements, and one home has been sold. Six of the 12 deeds that are in litigation with a previous developer by order of the Court.
- 26 units of senior apartments were made available with the ribbon cutting of Oak Street Apartments, a repurposed closed school building. Renovation was kick started with City of Flint CDBG demolition funds.
- An assessment of the development capacity of Flint's network of Community Housing Development Organizations (CHDO) and Community Development Corporations (CDC) has been completed in partnership with Local Initiatives Support Corporation (LISC). A planning is now underway to determine how the network can support implementation of the city's Master Plan and Blight Elimination Framework.
- In partnership with the local community foundation, public library, community college, and non-profits, began a six month community planning process where over 200 volunteers and stakeholders will create a well-coordinated, integrated system for literacy service delivery that increases literacy levels through a well-managed coalition of organizations.
- The $2.3 Million Community Development Block Grant (CDBG) programming allocation has been implemented. This allocation supports $928,000 of blight elimination, $725,000 in housing rehabilitation and emergency repairs, $227,000 to increase literacy, $124,000 for victim advocacy and fair housing and $184,000 in youth initiatives.

Improving Parks

Encouraging partnerships for recreation and access to open space across the City is a key goal of the Strategic Plan. While City support of its park system has been minimal for the past several years, positive steps, and the creation of partnerships in particular, have been taken towards achieving this goal:

- All City parks are being mowed at least twice per month, and their progress monitored on a regular basis
- Partnerships have been formalized with the Crim Foundation for Basset Park; with Friends of Rollingwood for additional park improvements; with Genesee Conservation District for forestry services; and with Mott Community college for Kearsley Softball Field and the Longway Greenbelt.
- A partnership with Mott Park Association for golf course and clubhouse is being developed.
- Substantial progress on park improvements are occurring at Max Brandon, aided by $200,000 in grant funding.
- Grant funding has also aided improvements at McKinley, and fostered progress on the Grand Traverse Greenway.
- Other improvements are occurring at Thread Lake and Flint Park Lake through the Genesee County Parks Partnership.

- The City is working in partnership with stakeholders at Whaley, Berston, Dewey, Kearsley, Hasselbring and Brennan Parks to leverage additional funding and volunteer assistance to construct further improvements.
- The Senior Center leases have been completed for Hasselbring and Brennen, assuring that senior citizen programming will continue in the City.

Eliminating Blight

Eliminating blight within the next five years is one of the objectives incorporated into the Master Plan, and is recognized by the City as being critical to creating and maintaining a vibrant and growing community. To date:

- A draft Blight Elimination Framework has been developed and widely circulated for public input, reaching approximately 400 residents who have committed to its implementation. The City has committed to organizing its resources around this plan and has appropriated approximately $928,000 for blight elimination activities including the development of a code enforcement program, demolition, and coordination of extensive neighborhood clean ups.
- Several hundred citizen volunteers, working with Cities of Service, Clean & Green, and many neighborhood associations, have spent countless hours on many projects, including removal of more than 2 million pounds of trash from blighted areas, boarding of 575 vacant properties, and mowing some 12,500 properties a total of 28,000 times
- Over $900,000 in CDBG allocations has been contracted to the Genesee County Land Bank for demolition of approximately 70 commercial and residential structures.
- $2.6 million in Hardest Hit funds were recently allocated to the City in partnership with the Land Bank to demolish some 225 homes in Civic Park. This funding is in addition to the nearly $23 million of both Michigan Blight Elimination and Hardest Hit Grant Funding for demolition of approximately 2,000 debilitated homes. The City has completed more than 1,500 Cut and Plugs in preparation for scheduled demolitions.
- An average of 240 Code Compliance issues are addressed monthly by the City's Blight Elimination Manager. 80% of these are resolved without further code enforcement action.
- The City has recruited 2 AmeriCorps VISTAs volunteers who will start in November and focus on implementation of the Blight Elimination Framework

Engaging Citizens

An engaged citizenry is essential to creating and maintaining a vibrant growing community. Citizen engagement in Flint increased significantly over the past few years as the City engaged them in the development of the Master Plan. Master Plan implementation has continued to engage citizens, as have other activities fostered by the City:

- All Master Plan Implementation Task Groups have met twice, working on individual actions plans The City will also be working with 41 neighborhood groups who have

been trained on assessment work and will complete the neighborhood inventory for housing and street lighting by mid-November.

- The Police Department has engaged citizens in several ways, including increased participation by its command officers in community meetings, and by partnership and participation in APLACT (Advocates and Leaders for Police and Community Trust),
- The Department has also expanded use of Blue Badge volunteers in many areas, such as the newly established Citizens Radio Patrol.
- The department also become an active user of social media, promoting Crime Stoppers and Operation Fresh Start, and creating a presence on Facebook and Twitter.
- The Fire Department has also increased its presence in the community through its "Knock and Talk" initiative.
- Citizen engagement has also been enhanced with the placement of national service teams in the City of Flint, one from the National Civilian Community Corps and one from VISTA. More than 800 volunteers have been engaged with these teams on various projects, including removal of more than 2 million pounds of trash from blighted areas, emergency preparedness education for more than 900 residents, and participation in the national day of service on 9/11.

Managing Financial Challenges

Operating in a financially sustainable manner is essential if the City is to achieve its Mission of assuring that residents, businesses, students and visitors receive municipal services in a customer friendly and financially responsible manner. While the City continues to address an accumulated General Fund deficit, significant legacy costs, and a continuing structural deficit, progress continues to be made

- The General Fund deficit continues to be reduced, and the City's financial position is stabilized at least for the near term. Preliminary projections show the deficit as of June 30, 2014 to be $9 million, a reduction from $12.9 million the previous year. The City's cash position is adequate.
- A plan to eliminate the General Fund deficit no later than FY19 and to accumulate an adequate level of financial reserves no later than FY24 has been approved by the State.
- Revenues and expenses for the first quarter of FY15, which ended September 30, are generally in line with expectations.
- The City is vigorously pursuing external funding and resources to implement important projects in areas such as blight elimination, housing, and park improvements. More than $3 million has been received so far this year from federal agencies, state entities and community foundations, and additional applications are pending.

However, the legal challenge to changes made to retiree health care as part of restoring financial solvency continues. The June 30 decision by the Federal Court to permit the City to modify health care for retirees should provide some financial relief to the City while the case is being litigated. Should the City not prevail, however, the $5 million additional cost added to the FY15 budget will be continued, and may result in Flint's return to financial solvency becoming exceedingly difficult if not impossible

Improving Internal Operations

Achieving the goals set forth in the Strategic Plan will require a city organization that is efficient and effective, and capable of operating in an environment of limited resources. Elected leaders, appointed officials, and employees must be highly trained and professional, and place high priority on excellent customer service. Its organizational structures and process must be efficient, modern, and focused on results. Much remains to be done, but progress is being made:

- The search for an experienced professional City Administrator is underway, and several charter amendments are being considered by the voters, which would further enhance the efficiency of the government.
- A badly needed update to the City's web site is underway; progress has been delayed from initial completion targets as the selected vendor was unable to perform necessary tasks.
- A comprehensive review of City Ordinances is underway, with revisions in business licensing and zoning ordinances nearly complete.
- The organizational structure of the City has been revised to assure that capacity exists to implement the Master Plan.
- Professional development opportunities have been defined and are being provided for city staff. Current focuses include supervision and use of technology.
- An in-depth evaluation of the structure of the police and fire departments is underway with the goal of identifying the most efficient and effective structure for the delivery of public safety services.
- Nearly all labor contracts and personnel policies have been revised to improved organizational efficiency while containing short and long term costs associated with employee compensation.
- Review of the City's capacity to provide capacity and leadership in economic development is underway, including the potential of collaborative efforts with other entities.
- Reorganization of current staff positions to enhance constituent services is underway.
- Internal reorganizations and policy/procedure updates within the Police and Fire Departments have been enacted.
- The City's Emergency Management Plan has been updated.
- Reorganizations within the Utilities Division are being implemented to increase capacity to respond to maintenance and other needs.
- The Transportation Division has increased its capacity and lowered its costs to perform right-of-way maintenance activities by assigning casual skilled labor to work with street Maintenance crews.
- Agreement executed with Genesee County Conservation District to compile an inventory of street trees in order to develop a sustainable plan for the care and preservation of the urban street tree forestry.
- Improved processes for grant administration and compliance monitoring are being implemented
- Planning is leading an effort to fully utilize GIS capabilities to serve all departments.

- Asset management tools for Transportation and Utilities, such as GPS units, web reporting, and a new work order system, are scheduled for installation in the coming months.
- A city wide program to recognize employees is being evaluated. Currently, recognition programs exist on a departmental basis, including the Police Department, and a new program is scheduled for introduction in Department of Public Works.
- The Community and Economic Development Division continues to enact corrective actions, refine and adopt policies and procedures and provide technical assistance to sub-recipients for federal and state funded programs that reduce the potential repayment from historical HUD OIG monitoring findings and current Field Office and MSHDA monitoring, reducing exposure to General Fund for repayment.

Transitioning Back to Home Rule

The City has been under the jurisdiction of the State this time since November, 2011, as its financial condition placed it on the brink of insolvency. Much progress has been made to address that, and the focus is now preparing for the transition back to Home Rule Progress to date includes:

- A 7 Point Plan enacted by the Emergency Manager identifies specific objectives to be accomplished in order for the transition to proceed
- Target completion dates have been identified for many of the steps
- Specific objectives which have been accomplished include approval of a Deficit Elimination Plan, initiation of the search for a City Administrator, completion of a report by the Blue Ribbon Committee and the placement of 5 Charter Amendments plus the question of forming a Charter Review Commission on the November ballot.

Conclusion

Progress is being made in accordance with the expectations of the Strategic Plan and its specific objectives. Significant steps are being taken to improve its financial condition and to restructure the organization to improve efficiency and effectiveness. Steps are also being taken to prepare the City for return to traditional Home Rule governance.

Not surprisingly, because this is a first quarter report, not all objectives have been completed, and some have yet to start. In addition, many of the objectives require significant amounts of time and energy to achieve.

The positive progress outlined in this report must be read in the context of the current overall condition of the City of Flint. The level of services currently provided by the City is marginal as it struggles to regain financial solvency. Flint continues to be challenged by population loss, relatively low per capita income, aging infrastructure, and an insufficient revenue stream to support a desired level of services It still has a significant General Fund deficit to be addressed, along with significant legacy costs. And it still faces the possibility of insolvency should the challenge to changes in retiree health care prevail.

CITY OF FLINT
STRATEGIC PLAN

2014 -2019

Setting a Sustainable Course for the City of Flint

Quarterly Report

July 1, 2014 - September 30, 2014

CITY OF FLINT STRATEGIC PLAN

2015 -2019

Setting a Sustainable Course for the City of Flint

The Vision for the City Government of Flint

A well managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life

The Mission of the City Government

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly and financially responsible manner

The Goals

In order to realize our Mission, businesses, students and visitors can expect that:

- The City will provide a highly trained and professional staff of elected leaders, appointed officials and employees
- The City will provide for a safe, secure, and healthy environment in which to live, work, learn and play
- The City will provide access to dependable and affordable water, sewer, and waste collection
- The City will provide access to an adequate and well maintained transportation network serving motorized, non-motorized, and pedestrian needs
- The City will foster cooperation between business, non-profit, foundation partners and residents to create a climate that supports community and economic development

The City government will also:

- Seek partnerships with Local, State and Federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting its Mission
- Provide municipal services consistent with the City's Master Plan and also work with residents, businesses, and others to foster development of the City and its infrastructure in a manner consistent with its Master Plan
- Encourage partnerships for recreation and access to open space across the City
- Enforce building and occupancy codes and to aggressively work with others to address blighted conditions
- Assure that City ordinances and regulatory activities are consistent with the Master plan and supportive of economic development
- Operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits

GOVERNANCE AND ADMINISTRATION

VISION Statement

The City of Flint s Governance will adapt to change and be a model of professionalism transparency and sustainability in order to provide effective government to each of our City s residents (as written in the Charter Preamble)

MISSION Statement

The Executive Management and Elected Leadership Directs and guides the City government in order operate in an open and financially responsible manner including improving citizen access focusing on measurable results improving the City s financial position and eliminating accumulated deficits within the context of the City of Flint Master Plan

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
EMERGENCY MANAGER		Promote vision, set priorities and measure results	Formally assess City readiness for Transition Advisory Board and progress towards achievement of Seven-Point Plan	I
MAYOR & COUNCIL			Participate with MML and others on an ongoing basis in advocating for state reforms in municipal financing, including PP T and EVIP	C
	Management of City Government		Continue to participate with MML and partners with new legislative session in advocating for state reforms in municipal financing including OPEB and Prop A	I
CITY ADMINISTRATOR	Chief Elected Official	Leadership Provide direction, guidance and support to the leadership in the Departments of Public Safety Planning & Development, Public Works and Finance & Administration in order for the achievement of their goals and objectives	Reduce deficit by no less than $1 8 million by end of FY15 and each year thereafter in accord with City Deficit Elimination Plan and continuing to accumulate an appropriate level of reserves	I
	Legislative Body of the City		Begin search for City Administrator	C
MAYOR			Formally assess dept head's progress on attaining objectives and then semi-annually thereafter	I
		Partnerships Seek partnerships with local, state and federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting the City's mission	Conduct organizational review of all departments completing Public Safety in FY15 and Public Works in FY16	I
CITY COUNCIL			Resolve retiree healthcare lawsuit by December 31 2015	I
			Conduct formal quarterly budget and strategic plan review with Council	I
HUMAN RELATIONS		Training. Prioritize attracting and retaining a highly trained and professional staff of elected leaders appointed officials and employees by offering training opportunities encouraging best practices measuring performance and providing evaluations	Complete assessment of Hurley's future as a community hospital	I
			Apply for 20 grants annually and receive $10 million in competitive/non-entitlement awards beginning in FY15	I
CIVIL SERVICE/OMBUDSMAN			Secure ongoing financial and other support for public safety and blight including city lock-up for FY15-FY19	I
			Develop proposals for 911 consolidation and courts consolidation	I
		Citizen Access Manage municipal services in a customer friendly manner by providing public information respond to constituent concerns	Design citizen service system to process up to 500 requests each month	I
			All Council members and Mayor to attain MML Level Two certification	I
			Update the video capabilities of the City Council chambers to facilitate in-house recording, production and uploading of video	I
		Volunteer Service. Develop a culture of national service and community volunteering that demonstrates how the City and community priorities can be addressed through service solutions	EM and Mayor to approve professional development training schedule for department heads	I
			EM and Mayor to approve professional development training schedule for employees based on recommendations from department heads and Human Resources	I
			Updated web site to be implemented	I
			All appointments to City boards to be current	I
		Climate for Growth Foster cooperation among business nonprofit foundation partners and residents to create a climate that supports community and economic development	Create 1 000 Volunteer opportunities annually	I
			Mayor/EM to implement policies and procedures for improving citizen access to City government	I
			Formally assess future city role in promoting economic and community development for consideration in FY16 budget	I

GOVERNANCE AND ADMINISTRATION

(cont)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
CITY ATTORNEY				
CITY ATTORNEY'S OFFICE	Provide legal advice to Mayor Council City Administrator and Department Heads on matters of City business	Update City ordinances	Revised Business Licensing ordinance to be in effect on July 1 2014 revised Zoning ordinance by November 2014 schedule of remaining ordinance revisions to be developed by July 1 2016	I
	Prosecutes violations of City Ordinances		Develop strategy and timeline for renegotiating Cable Franchise agreement (agreement expires December 2016)	I
	Responds to FOIA requests	Provide for most cost effective means of litigation	Handle 95% of litigation in house	C
	Advises in labor relations and employment relations issues		Implement program for increasing amount of delinquent collections	I
	Represents City in lawsuits and other legal matters	Develop and implement administrative efficiencies	Define proposed process for handling paper and digital files, including time frame for implementation	I
			Define process and procedures for improving standardization of procedures for common legal matters, including time frame for implementation	I
		Improve staff skill sets and working environment	Program for improving skill sets of all staff to be scheduled/implemented	I
			Proposal for improving the appearance of City Attorney's Office to be presented to Facilities	C
CITY CLERK				
CITY CLERK'S OFFICE	Records proceeding of City Council and other bodies	Maintains all records of meetings of City Council and its committees Publishes notices of meetings and records minutes	Define ongoing training needs of City Council staff including law changes affecting legislative bodies (such as public notices open meetings) and the Legistar cataloging system and implement training	I
	Provides administrative and professional support to City Council and other bodies		Review and update City Council's constituent complaint referral process	I
RECORDS	Custodian of City Records	Manages custody and retention of city records, including minutes of official bodies	Release a RFP by January 1, 2015 seeking comprehensive proposals for analyzing the state of all City current and historical records and providing recommendations for preserving, cataloging, and accessing records utilizing a records retention schedule with implementation to begin in FY16	N
	Codifies city ordinances every ten years		Assure orderly transition of the Licensing Division to the Planning & Development Department	I
ELECTIONS	Oversight of elections	Conducts elections in accordance with state law	Continue ongoing training calendar for Election Inspectors and City staff involved with elections	I
		Maintains current and historical voter registration lists and related documents	Secure State grant for polling accessibility study to meet ADA requirements and continue to seek public and non-profit grants for election related activities	I

POLICE DEPARTMENT

VISION Statement

The Flint Police Department will be the anchor resource in a collaborative effort with the community businesses and visitors to the City of Flint. We will provide model law enforcement services with an emphasis on innovation and technology

MISSION Statement

The City of Flint Police Department is committed to protecting and serving all the people of our community with respect, fairness and compassion

Acting in partnership with our community to protect life and property, we strive to prevent crimes and preserve peace, order and safety

We will seek just solutions with honesty and integrity

We encourage need and expect community involvement to work toward a mutual goal of enhancing the quality of life within our city

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
POLICE				
ADMINISTRATION	Management & Planning	Utilize tangible departmental resources in an efficient and effective manner	Recommend vendor for Record Management System by October 1 2014 and propose funding and implementation strategy for inclusion in FY16 budget	C
		Utilize tangible departmental resources in an efficient and effective manner	Establish criteria that identifies each supervisor's responsibilities in the supervision of their respective subordinates	C
		Institute fair and reliable performance accountability at all levels within the Flint Police Department	Review administrative responsibilities	C
		Utilize tangible departmental resources in an efficient and effective manner	Revitalize the Flint Police Department's Chaplain Corps	I
	Community Policing	Implement a comprehensive impactful community involvement/engagement strategy	Launch FPD website	C
		Implement a comprehensive impactful community involvement/engagement strategy	Acquire and implement an online Crime Mapping capability that is accessible to community members	C
		Implement a comprehensive impactful community involvement/engagement strategy	Develop train, and implement a "Citizen's Radio Patrol" utilizing Blue Badge Volunteers in their respective neighborhoods	I
INVESTIGATIONS	Investigation of Crimes	Utilize tangible departmental resources in an efficient and effective manner	Evaluate call management strategies currently in place	C
		Utilize tangible departmental resources in an efficient and effective manner	Increase use of IB techs at crime scenes develop latent prints and compare to files to ID perpetrators by June 30 2016	N
		Utilize tangible departmental resources in an efficient and effective manner	Develop an informational document from the Detective Bureau to assist in identifying crime patterns	C
LOCKUP	Oversight of lock-up facility	Utilize tangible departmental resources in an efficient and effective manner	Move to have GCSD handle entire booking process eliminate IB techs from process	N
PATROL	Deployment of officers on patrol	Effective and efficient deployment of personnel based on calls for service and crime data to include (a) place based, (b) time based and (c) offender based observations	Reduce response time to calls for service by 8%	I

POLICE DEPARTMENT

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
		Utilize tangible departmental resources in an efficient and effective manner	Develop a data driven strategy that can be utilized by Patrol Lieutenants through recurring reports	C
RECORDS/PROPERTY MANAGEMENT	Custody of police records and confiscated properties	Maintain and utilize effective and efficient call management strategies	Examine other alternatives as it relates to calls for service or criminal complaints	C
		Move to electronic property management	Complete refresh of property room	C
	GI section/ Property	Apply updated retention policy	Eliminate all unnecessary historical paper records in the Police Department	C
		Provide a training and qualification venue for FPD and explore the possibility of revenue generation if we rent out to other LE agencies in the area.	Evaluate options and recommend location for new shooting range	N
	Department Management	To use all department empirical data effectively and develop a department-wide goal of strategic thinking. Operationalize responses in functions and responsibilities of each level within the department to achieve the following	A 20% reduction in Violent Part 1 crime	I
			Increase Community Policing efforts, measured by the MSU proactive time study with an increase of 7-10%	I
Administration	Department Management	Increase community volunteers Blue Badge Program	Use Blue Badge as the portal to all volunteer efforts including 1). Citizen Radio Patrol 2). Chaplain Corps, 3) Service Center/Mini Station workers with a goal of 30% increase	N
Administration	Department Management	Increase use of Neighborhood Service Officer Program	Identify funding source to expand the NSO program in size and duties specifically license compliance for problem businesses and scrap and secondhand merchants	C
Chief's Office	School Liaison	Increase and deploy School Resource Officer	Put the COPS grant Hire 6 Officers and deploy in the schools with the emphasis on the school and the community therein focus on safe routes and crimestoppers school program	I
Chief's Office	Department Management	Collaboration with Federal State, and LE agencies that will result in continued crime reduction	1). Continue Partnership with FBI, ATF and USMS 2) Partner with MSP FFD FANG on Arson squad 3) Partner GCSO on Auto Theft Team (GAIN) Develop Area Crime Team with MSP and GCSO	C
			Acquire and implement an online Crime Mapping capability that is accessible to community members	C
			Submit all requested materials from ICMA	C

911

VISION STATEMENT

The City of Flint 911 Department will be a fully functional Next Gen 911 system accessible 24/7 from any device

MISSION Statement

The City of Flint 911 Department is committed to serving our citizens, businesses and visitors with professional emergency services. We will continuously strive to improve our services in the most effective and efficient manner possible

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
911			Reduce use of 911 for non-emergency calls by 25%	I
TELEPHONE ANSWERING & DISPATCH	Receives call and dispatches resources	Provide the best possible emergency telephone answering and dispatch purpose with available resources	Develop plan for Next Gen 911 technology including telephone upgrade and console upgrade	N
	Maintains records and consoles	Provide prompt courteous and efficient customer service	Improve Response to incoming 911 and 7-digit calls by 10% and improve coordination with EMS dispatch	I
RECORDS MANAGEMENT	Management of 911 Carrier	Improve community group relationships through community outreach	Automate billing for structure fires	N
			Develop plan for Consolidation with Genesee County Consortium	I
ADMINISTRATION			Work with Human Resources to create a new employment roster	N
			Working with Fire Department, create program and process for utilizing Fire Fighters on light duty at 911	C
			Complete state required training for all employees	I
			Complete Tower construction	I
			Eliminate Provisional Appointments/Fill vacancies permanently	N
			Strengthen relations with community groups by participating in 24 meetings each year	I
			Implement Quality Assurance program	C

FIRE DEPARTMENT

VISION Statement

A community educated on all matters related to fire safety and fire protection resulting in minimal damage and injury from fire incidents

MISSION Statement

Utilizing available resources the Flint Fire Department will respond quickly and effectively to fire calls and will lead efforts to educate the community on all matters relating to fire safety and protection.

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
FIRE				
ADMINISTRATION & EMERGENCY MANAGEMENT	Department Management coordination of emergency management activities within city		Maintain average fire response time under 8 minutes in FY2015 and develop plan to reduce response time in FY16 to less than 6 minutes	I
			Turnaround time for Fire Inspections to be 5 days or less	C
FIRE SUPPRESSION	Deployment of Fire Fighters to emergencies	Provide the highest quality fire response/fire protection possible	Implement new organizational structure based on 75 full-time positions	C
FIRE INSPECTION & ARSON INVESTIGATION	Investigation of suspicious fires conduct of commercial building inspections		100% Flint School children contacted and provided with fire safety and prevention program	N
			100% of Senior Centers provided with fire safety and prevention program	N
		Engage children students and senior citizens in fire safety awareness and preparedness	100% of City Block Clubs provided fire safety and prevention program	N
COMMUNITY EDUCATION	Education of residents and businesses in fire prevention		At least 4 times per year the Fire Department will provide the community with information regarding fire safety and prevention	C
		Lead City wide emergency preparedness and response	Evaluate and define role of the Fire Department in Emergency Management with report provided to EM	C
			Reduce energy in Fire Departments by 20%	I
			Continue progressive training once per week	I
			Continued training for Suppression Personnel as technology develops for today's high-tech environment	I
			Implement physical fitness program	I
			"Knock and Talk" Fire Suppression Crews and Prevention Staff to distribute Arson Reward literature to 100% of residents	I
			Educate juvenile firesetters by providing one-on-one discussion with 10 juveniles	I

68th DISTRICT COURT

VISION Statement
The 68th Judicial District Court will be a leader among Michigan Courts in the provision of quality service equal access to a fair and effective system of justice and protection of the public's safety

MISSION Statement
The 68th Judicial District Court will provide timely fair and impartial justice in all matters properly presented to the Court.

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
DISTRICT COURT				
ADMINISTRATION	Overall Court Management	Provides the most efficient processing possible within the net current appropriation from the City	To comply with all Trial Court Performance Standards-Annually as dictated by the State Court Administrative Office	C
JUDICIAL PROCESSING	Courtroom activities		Improve Court collections-Annual increases by way of Amnesty and Collections Agency comparing results at the end of each fiscal year to the previous year	I
PROBATION	Provides oversight of probationers		Re-establish Probation Department with (1) Probation Officer	I

PUBLIC WORKS

VISION Statement

The vision of the Public Works Department is to be a well managed and well trained workforce that utilizes all available resources technology and collaborative means to maintain the City's above and underground infrastructure and facilities

MISSION Statement

The Public Works Department is committed to the development of qualified managers and workers with consistent ongoing training, data driven decisions and the creation of new job performance measurables

The DPW will aggressively engage in strategic local and state level partnerships while continuously implementing new and improved technologies procedures and policies

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
UTILITIES	Water Treatment			
WATER TREATMENT PLANT	Water Distribution		Complete the electrical upgrades on Cedar Street Pumping Facility	I
WATER POLLUTION CONTROL	Distribution System Maintenance	Provide dependable and affordable water and sewer service to City residents and businesses	Complete the engineering design work for the Hamilton Dam upgrades	I
WATER SERVICE CENTER	Sanitary Sewer Operation & Maintenance		Complete the rehabilitation of the Torrey Road Booster Station	I
	Storm Water Maintenance		Complete and implement a comprehensive pay scale evaluation for all WTP employees	I
	Dam Maintenance		Complete phase II (of III) of the WTP upgrade in preparation of transition to KWA	I
	Water Turn On's/Off's		Create GIS maps of utility assets (including base-layer)	N
	Cut & Plugs		Implement tracking program for main breaks and sink holes with monthly reporting	I
	Wastewater Treatment	Routine preventative maintenance program - A program that includes written procedures, identification methods, scheduling and measurable tracking.	Develop and implement a written and sustainable "water loss" program Program is to target the identification of a "baseline" loss and create means to maintain a loss percentage of under 16%	I
	Industrial Pretreatment Compliance		Replace 3,000 residential meters	I
			Develop and implement a written root control matrix to reduce infiltration into the sanitary sewer systems	I
			Develop a written pipe replacement matrix that uses multiple criteria to identify the priority pipes to replaced annually	I
			Identify a consultant to write the scope for a comprehensive energy audit of all Utility facilities and send RFP	I
		Long term Utilities planning Continued implementation of objectives that increase the efficiency and sustainability of the Utility department Including the use of Blue/Green infrastructure projects right sizing neighborhood infrastructure and shared services	Develop list of shared service opportunities with Genesee County Drain Commissioner and setup a meeting schedule for talks	I
			Complete the de-commissioning of the incinerator and construction of a load out facility at the Wastewater Treatment Plant	I
			Complete the upgrade plan of burning methane gas from the digester into energy	I
			Complete the development and use of web site access for residents to report main breaks	I
		Increase community engagement community input and community awareness with Utility processes and procedures	Complete Cut & Plug list for hardest hit demolitions	C
			Implement defined response time policy for WSC	N
			Develop capacity to effectuate 100% of non-pay water shut-off notices	C

PUBLIC WORKS

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
TRANSPORTATION	Maintenance and repair of sidewalks	Implement processes, procedures and activities that enable the City to efficiently maintain and preserve a multi-modal transportation network that meets the needs of all motorists pedestrians and bicyclists	Complete a sidewalk inventory that identifies the location and surface condition rating of all sidewalks within the City	N
STREET MAINTENANCE	Enforcement of Right-of-Way Ordinances		Implement a 50/50 Sidewalk Repair Program targeting enforcement of the Sidewalk Ordinance and repair of 500 sidewalk squares and repair of 1,000 squares	N
	Maintenance of City owned streets including paving, plowing and sweeping		Perform preventive maintenance activities on 15 miles of streets and pave 4.8 miles of streets in addition to preventive maintenance on another 15 miles of streets	I
			Complete an inventory of city street trees	I
	Maintenance of City street trees		Develop a Tree Maintenance plan that identifies the location of street trees condition risk factors and schedule of planned maintenance activities over a six-year cycle	I
			Initiate a web-based application that will allow the public to electronically report pothole street, street tree and sidewalk complaints	C
CAPITAL PROJECTS ADMINISTRATION	Capital Improvement Projects (Planning and Management)		Develop and implement a written Public Participation Plan that details how the public will be engaged in the transportation planning process	N
			Invest $20,000 in non-motorized facilities by providing funding to secure preliminary engineering services for the Genesee Valley non-motorized trail project	C
			Develop a reconfiguration plan for Harrison Street and South Saginaw Street that includes facilities for multi-modal travel and traffic calming devices	I
			Identify a funding source to develop engineering plans to reopen Lerth Street	N
TRAFFIC CONTROL	Maintenance of signs traffic signals and pavement markings	Install, maintain, repair, and utilize traffic control devices to facilitate the efficient movement of vehicles and people and to improve traffic flow and communicate same to the public	Perform an audit of all signalized intersections to identify unwarranted traffic signals and implement a preventive maintenance plan for traffic signals	I
	Barricading Activities/Special Events		Perform regulatory and warning sign upgrades in 3 areas of the City in FY15 and an additional 3 areas each year thereafter	I
SANITATION (Contract Management)	collection composting and recycling	Assure the reliable and efficient collection and disposal of residential waste compost and recyclable materials	Develop and execute a Compost Plan that will result in the processing and removal of compostable materials from the Chevy In the Hole site	C
			Issue Waste Collection Services RFP for new contract period	N
			Increase the City's recycling participation to 10% in FY15 and 12% in FY16	I
			Develop a recommendation on the feasibility of implementing a 96-gallon cart recycling program	I
			Monitor Waste Collection Services contractor's collection and disposal activities on a monthly basis to ensure compliance with contract provisions	I
			Formally evaluate performance of Waste Collection Services contractor	N
			Work with foundations Police and City partners to develop a new special event management protocol	C
			Provide timely instruction to public with respect to leaf collection process	C

PUBLIC WORKS
(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
FACILITY MAINTENANCE	Maintenance of city facilities and grounds	Right size city facilities by consolidating uses and recommending disposal of unneeded facilities	Complete disposition of Police Academy Fire Station FAEC McKinley and Park Supply buildings	I
	Planning for optimal facility usage		Elimination of unneeded storage and relocation of employees into a permanent workspace	I
	Facilitating use of city facilities		Implement new staffing plan for Facility Maintenance	C
			Increase capacity for maintenance services through a wider network of support vendors	C
		Plan for needed facility improvements that assures a clean safe, and sanitary workplace environment for employees	Establish a contract management performance review that has a semi-annual written report	C
			Develop a comprehensive routine and preventive maintenance plan that documents areas of concern, structures the way we effectuate repairs and supports the CIP	I
			Develop 5-year capital improvement plan for City facilities and update annually thereafter	C
		Adopt an energy efficiency and conservation policy that builds toward being carbon neutral	Replace exterior City Hall lights with LED's and motion sensors	I
			Identify a vendor and a funding mechanism to provide an energy evaluation of the City Hall campus, producing a 2015 energy "baseline" in which to measure progress	I
			Modify 8-year Facility capital improvement plan annually prior to the budget presentation to Council	I
			Complete the transition of senior center operations to other entities contracting directly with the County for operational support	C
CHEVY COMMONS			Infrastructure remediation and Storm Sewer discharge compliance	I
			Development and Construction of Phase 1 Green cap	I
	Future usable green space		Implementation of USDA Phytoremediation $400k grant	I
			Events Management	C
			Implement compost operations DEQ Consent Decree	I

PLANNING AND DEVELOPMENT

VISION Statement

The Planning and Development Department will partner with residents businesses and visitors to implement the Master Plan and help transform Flint into a safe vibrant, sustainable and healthy city

MISSION Statement

The Planning and Development Department is committed to ensuring the public safety health and well-being of Flint's residents, businesses and visitors through targeted investment and rational well designed and physically integrated land use and development that advances economic prosperity eliminates blight and stabilizes neighborhoods protects the environment and promotes a better quality of life in the City

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
CASE MANAGEMENT	Current Planning	Provide streamlined business friendly plan review permitting property disposition and business licensing in compliance with state and local laws in order to protect the health and welfare of the community	Complete all plan reviews within 3 weeks and inspections within 72 hours	I
	Permitting		Implement a comprehensive form-based zoning code that streamlines the approval process for projects that adhere to the regulations	I
	Service Counter/Business Support		Process all planning applications within the prescribed time limits and minimize the number of discretionary cases to be reviewed quarterly thereafter	I
	Major Cases		Designate designated case manager to guide major projects through the City s determination process	C
			Complete acquisition of the Grand Traverse Greenway Trail	I
			Coordinate with Redevelopment Ready Communities to reorganize department procedures to provide a seamless case management process for new and existing businesses to help facilitate redevelopment	I
			Implement P & D management of business licensing ordinance	I
	Business Licensing		Achieve 25% licensing compliance in FY16	N
			Achieve 50% licensing compliance in FY17	N
			Achieve 90% licensing compliance in FY18	N
BLIGHT ELIMINATION & NEIGHBORHOOD STABILIZATION	Code Enforcement	Eradicate blight in the City by 2020 and work with residents to stabilize Flint's neighborhoods.	Develop and implement a comprehensive code enforcement program	I
	Rental Registration		Implement an updated rental registration ordinance	N
			Achieve 25% rental registration compliance FY16	N
			Achieve 50% rental registration compliance FY17	N
			Achieve 90% rental registration compliance FY18	N
	Business License Enforcement		Secure funding and demolition assistance to demolish 1 200 homes and 80 commercial buildings each year for 5 years with progress measured annually	I
	Blight Elimination & Street Lighting Coordination		Secure formal commitment of at least 60 neighborhood groups and community organizations to maintain 2 000 vacant parcels	I

PLANNING AND DEVELOPMENT

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
COMMUNITY DEVELOPMENT & ECONOMIC DEVELOPMENT	Neighborhood Planning	Create safe, healthy, and desirable neighborhoods near quality community services	Comply with all HUD regulations and time submission requirements for all reports	I
	Small Neighborhood Projects		Implement a grants management system utilizing BS&A to better track performance	I
	Fair Housing		Provide ongoing technical assistance and training to all sub-recipients and sub-contractors to insure full compliance and timely processing of payments	I
	Historic Preservation		Process all requests for economic development support (tax abatements, etc.) within prescribed time frames, to be monitored quarterly	I
	Program Management (CDBG, HOME)		Complete Smith Village development	I
			Sell all Smith Village and NSP homes	I
			Define the ongoing role for city involvement in economic development and present budgetary request for consideration in FY16 budget	I
	Economic Development		Implement a formally defined CDBG allocation process that is transparent and advances the goals of the Master Plan	C
	Major Development Projects		Complete a formal written comprehensive housing investment strategy to include a housing program that provides rehabilitation and home buyer incentives to encourage residents to move to or remain in Flint	I
	Workforce Development	Promote a growing and diverse economy that spurs innovation and small business development and prepares the workforce for today's jobs and those of the future	Secure other sources of grant funding for entire department to increase available revenue by 10% per year, beginning with FY15	I
	Small Business Development		Respond in a timely manner to requests for assistance in expanding existing or attracting new businesses, with particular focus on small businesses and brownfields	I
			Implement the EDC Deficit Elimination Plan	C
	Oak Business Center & EDC		Attract new businesses to Oak Business Center to reduce vacancy rate to less than 15%	I
			Secure a monitoring and compliance contractor to allow staff to focus on proactive community development	I
LONG RANGE PLANNING	Master Plan Implementation	Guide the update and implementation of the Master Plan and provide data-driven, technical expertise to city officials and the public on land use and development matters.	Develop a commercial investment framework based on the Master Plan	N
	Performance Management		In coordination with local, regional, and state economic development agencies, develop a formal long term strategy and role for the City government to help expand existing or attract new businesses, with particular focus on small businesses and brownfields; funding request to be presented for potential funding in FY16	I
	Transportation Planning		Create 8 subarea plans	I
	Public Safety Planning		Develop the City's first combined Capital Improvement Plan	I
	GIS Services		Hold annual engagement to discuss progress of Master Plan and solicit additional feedback on action plan	N
	Infrastructure Planning		Establish short term (1-3 years) action plans for each chapter of the Master Plan	C
	Sustainability Planning		Develop between 10-15 neighborhood plans covering every residential area by 2020, at the rate of 20% per year	I
	Zone Changes		Develop a citywide sustainability plan	N
	Plan Amendments		Maintain on an ongoing basis updated demographic and housing data easily available to internal and external customers	I
			Develop a proposal for providing citywide Geographic Information Services to internal and external customers and implement plan	I
			Coordinate the implementation of at least 1 strategy in each chapter of the Master Plan every year, with progress measured annually	I
			Submit proposal to the EPA for a Brownfield Area wide Planning Grant or technical assistance grant to create a brownfield development for the area around the Chevy Commons	C
			Present blight elimination framework to the Planning Commission for adoption as part of the Master Plan Implementation	I
			Begin update of the Master Plan	N
			Complete a formal written blight elimination framework for neighborhoods	C

	Implement structure within P&D which has responsibility for developing a plan for improving street lighting within the City for managing the lighting special assessment and payment of bills

PLANNING AND DEVELOPMENT

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
PARKS & OPEN SPACE	Parks Maintenance	Establish a new park management framework and secure resources necessary to maintain the City's parks and open spaces	Refine the City's parks classification system and develop service standards that align with the MDNR and the needs and desires of the Flint community	I
			Assure that all city parks are mowed at least twice per month based upon individual plan for land management contractor performance to be reviewed on a quarterly basis	C
			Complete a naturalization demonstration in Max Brandon Park and then 3 other parks	I
	Parks Planning	Improve the ecological health of the City's parks and open spaces through responsible planning and development	Complete improvements to Riverbank Park and McKinley Park as specified in the MDNR grant	I
			Complete improvements to McKinley Park as specified in the MDNR grant	I
			Update the Parks and Recreation Master Plan with additional focus on park equity and enhancing recreational use of the Flint River and adjacent parks and open spaces	N
	Parks Partnership	Provide parks open space and recreation infrastructure that both meets the needs of the community and is maintainable by the City and its community partners	Establish at least 3 "Adopt A Park" agreements every year complete the establishment of the "Friends of Berston" group	I
			Work with the County to establish a joint maintenance agreement for at least one of the City's larger parks	C
			Develop a management plan for the City's 4 golf courses	I
	Parks Programming	Engage the Flint Community to support the programming and use of park and recreation facilities	Develop the plan to adjust the CANUSA Games Housing and field of play locations	N
	Open Space		Submit at least one grant proposal each year for MDNR funding	C
	Trail Development		Complete construction of the Genesee Valley Trail	I

FINANCE AND ADMINISTRATION

VISION Statement

A robust division capable of meeting the external and internal needs of the City of Flint in the areas of finance treasury assessments, human resources information technology and fleet

MISSION Statement

To manage the financial and administration division of the City of Flint through promoting fiscal responsibility and industry best practices in order to respond to the needs of the City of Flint with efficiency and timeliness

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
FINANCE				
ACCOUNTING	Payroll Production & Reporting	Provides for a financially secure organization with sound business practices providing for the purchase of goods and services and financial reporting Provides professional and technical advice to departments regarding financial and purchasing needs and on grant administration processes	Reduce the General Fund deficit by $1 8 million in FY15	C
			Reduce the General Fund deficit by $1 8 million in FY16	N
	Vendor Management and Payment		Convert to new fixed asset accounting and develop fixed asset policy	I
			Review rates and master fee schedule to ensure they are appropriately set	N
AUDITING	Monitoring Financial Performance		Implement Finance Department reorganization	I
	Preparation of Financial Reports		Audit completed and filed with state	I
BUDGETING	Monitoring Grant Performance		Schedule and conduct 4 city wide finance and accounting training sessions	I
	Accounting for Revenues and Expenses		Establish and implement internship program for Finance	I
RISK MANAGEMENT	Development of Long Term Financial Projections Deficit Elimination Plans and Strategies for Financial Solvency		Establish a paperless process for procuring goods and services	I
			Prepare a RPF for copier services in FY16 in time to allow issuance of request before contract expires in FY16	N
PURCHASING	Administration of Property and Liability Insurances		Provide recommendations for updating procurement policies to be used during and after transition and to increase efficiencies	I
	Selection and Monitoring of Benefit Program vendors		Increase the usage of P-cards to boost the City's annual rebate by 15% progress to be measured regularly	I
GRANT ADMIN			Establish management expectations of turn-around time on vendor payments purchasing requests position filling requests and other areas monitor performance beginning with FY15 final quarter results to be evaluated and monitored monthly	I
			Establish formal process for reviewing, processing, and making timely decisions for applications on tax abatements	I
			Adopt stabilization ordinance and fund balance policy	I
			Establish expectations of turn-around time on purchasing requests and monitor performance beginning with FY15 and evaluated quarterly	I
TREASURY				
CUSTOMER SERVICE		Provides for a customer friendly accountable entity managing receipts and collections Monitors collections of property taxes income taxes water and sewer and other receivables to assess budgetary compliance	Identify additional $500 000 00 to $1,000 000 00 in unreported income tax, utilizing the 2011 State income tax data	N
			Increase the collection of delinquent taxes by 15-20% through continued efforts to collect delinquent income tax and personal property taxes and by new efforts to collect delinquent Miscellaneous Receivables and Water bills	N
			Reorganize Customer Service to assure that after that time that all utility bills are mailed two weeks prior to the due date that checks are processed within 10 days from the postmark date and that customer wait time in the office and on the phone are reduced by 25%	I
DELINQUENT COLLECTIONS			Replace the current vendor for processing electronic payments with Point and Pay in order to allow the City to accept water property tax miscellaneous receivables special assessment and permit payments electronically	C
			Install a kiosk in the City Hall lobby in order to allow the City to accept water property tax miscellaneous receivables special assessment and permit payments electronically	I
			Create description of City s efforts to manage delinquent water accounts while obtaining the City s financial goals and assisting those who are facing financial hardships	N
			Implement electronic income tax withholding	I
			Update City efforts to assist those unable to pay for utilities	N
			Re-examine efforts to assist individuals to pay utility bills	N

	Establish and implement an ongoing schedule of Customer Service "Team Work" and How to deal with difficult customer" training for all Treasury staff	I

FINANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
ASSESSING				
	Assessing of Properties		Determine schedule of staff training in Assessing net as necessary and for annual compliance with state requirements during course of FY15 and annually thereafter	C
ASSESSORS OFFICE	Administration of Valuation Appeals		Conduct comprehensive site inspections of residential and commercial tracts between April and November of each year in sufficient number annually to canvas 12 tracts annually	I
	Processing of Poverty exemption requests	Assures the assessment of properties within the City in a professional and equitable manner in conformance with state law and professional practices addresses appeals of values to Board of Review represents City at state level appeals	Secure contract to achieve the conversion of remaining hard copy records and drawings to digital format utilizing APEX and/or digital scanning with financial plan submitted for FY16 budget	I
	Provision of property and tax information to businesses and residents		Provide for the timely process of MTT appeals, and split/combination applications 2012 and 2013 appeals will be completed by end of FY15 and appeals filed in 2014 will be resolved by end of FY15 The processing of splits and combination requests is required to be completed end of each year to be incorporated in the following year's assessment roll	I
			Working with Facilities finalize plan for relocating Assessing from its temporary site	I
	Maintenance of Property descriptions and tax rolls		Analyze options for lessening the workload impact of processing poverty exemption applications	C
			Participate with Planning and Development IT and others to develop the ongoing process for establishing and maintaining of the parcel layer for City GIS and for providing GIS services to internal and external customers	C
HUMAN RESOURCES			Utilize a master position list for confirming the need to recruit promote or reduce employees	C
	Recruitment and Selection	Recruit and oversee hiring of qualified employees in compliance with laws and ordinances	Update personnel rules and procedures including ordinances	I
EMPLOYMENT	Testing		Update testing protocols for recruitment/selection	I
		Recommend changes in personnel policies and labor contracts	Complete and implement 1600 contract	C
			Complete and implement FPOA contract	I
			Complete and implement updated 1799 contract	I
	Contract Negotiations		Complete and implement updated IAFF contract	N
			Complete and implement updated Capt/Lt contract	I
			Complete and implement Sergeants contract	I
	Employment law allegations		Inform department heads and supervisors of contract changes prior to implementation	C
LABOR RELATIONS	Grievances and Arbitrations	Train and assist departments in managing employees and resolving disputes	Answer 100% of all new grievances within required time frames measured with quarterly reports	I
	Benefit administration	Enroll employees in payroll and benefit systems	Complete and implement changes to Exempt and Appointed benefit programs	I
ENROLLMENT	Payroll enrollment and changes		Develop and implement ongoing training curriculum and schedule in conjunction with Department Heads	C
	FMLA oversight		Implement new FMLA process	I
	Worker's Compensation Administration	Assure that city FMLA and worker safety policies and practices are in accord with law and properly administered	Implement new EAP program	C
	MIOSHA/OSHA Administration		Redesign Occupational Health and Safety Program for the City	N
WORKERS SAFETY	Employee Clinic		Administrative policies/procedures to be updated	I

FINANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
FLEET		Complete and maintain a current fleet and equipment inventory	Monthly rental of Special Operations vehicles	I
			Evaluate and make recommendation of GPS tracking units for DPW AND Utilities vehicles	I
ADMINISTRATION	Maintains fleet inventory		Update the replacement schedule to reflect replaced required and disposed of vehicles and equipment to be used in preparation of annual budget for annual budget preparation	N
			Jib Winch for Traffic bucket truck	I
			Purchase 10 Front Plows for DPW snow removal	I
			Purchase one-man Leaf Vac truck for Street Maintenance	I
			Evaluate use of farm equipment tractor rentals recommended by DPW for winter snow removal	I
			Dump trucks for Utilities/DPW snow removal	N
		Maintain vehicle/equipment replacement schedule	Add-on and auxiliary equipment for Enterprise Lease vehicles	N
SERVICE WRITING AND PARTS MANAGEMENT			FY14 & FY15 Lease Vehicles and Equipment	I
			Complete 100% audit of City owned vehicles and equipment, including condition to be used in preparation of the annual budget	N
VEHICLE AND EQUIPMENT REPLACEMENT ADDITION DELETION			Complete the Fleet Focus software upgrade install a mechanic workstation and bar code labels in the Stock Room	I
	Equips and repairs fleet	Complete 75% of work orders within 72 hours	Complete a Stock Room audit and enter all parts into the Fleet Focus software program	I
VEHICLE AND EQUIPMENT REPAIR		Maintain scheduled/actual preventative/maintenance ratio > 75%	Distribute to departments PM and DOT schedule detailing responsibility of departments and drivers for daily inspections compliance with DOT requirements, and maintenance responsibilities	I
			Monitor department and driver compliance with PM and DOT schedules and responsibilities on a quarterly basis	N
	Recommends specifications of vehicles and equipment to be purchased	Sustain average vehicle availability rates above 70%	Complete the bid process for DOT and PM services for heavy equipment and passenger vehicles	I
			Complete the bid process for vendor repair services including 24 hour emergency response	I
			Complete evaluation and develop schedule annual departmental training needs and tool purchases	I
	Develops and maintains vehicle and equipment replacement schedule	By April 30 2015 and annually thereafter complete 100% audit of City owned vehicles and equipment, including condition, to be used in	Complete the bid process for alternate emergency fuel source	N
			Complete the sale and removal of the unused fuel tank at the Police Northside Precinct	C
			Determine if the fuel tank at Parks & Rec is still needed at this facility and take action accordingly	N
		Implement fuel program to minimize fuel storage and cost	Complete the removal of underground storage tanks at Fire Station #3 and determine if the above ground storage tank at Parks & Rec can be utilized there	I
			Recommend fueling station needs at current site	N
		Improve interdepartmental communications of seasonal needs and expectations	Meet with all departments to discern fall and winter program needs	C
			Meet with all departments annually to discern spring program needs	N

FINANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY13 & FY19	STATUS
INFORMATION TECHNOLOGY	Oversees the design purchase implementation, and operation of the City s technology infrastructure, provides professional and technical advice to departments in utilization of technology identifies and provides technology related training	To ensure internal and external customers have appropriate and reliable technology which enables them to achieve their goals in an efficient manner	Implement Governance Model	I
			Complete implementation of BS&A net (BS&A implementation contract complete)	I
			Develop and schedule implementation of a telecommunications infrastructure upgrade	I
			Establish and implement a Technology Training Calendar for all employees	I
			Install 22 new fully functioning mobile data computers	I
			Maintain uptime for internet and intra net by 95% of the time as measured by quarterly reports	C
			Reduce the number of shadow access systems by 40% (base number as of May 1 2014)	I
			First issue resolution and same day resolution achieved for 70% of Help Desk tickets as measured by quarterly reports	C
			Recommend vendor for Record Management System and propose funding and implementation strategy for inclusion in FY16 budget	I
			Complete a federally compliant IT Disaster Recovery and Security Plan	N
			Complete a Mobile Device Readiness Assessment	N
			Reduce telecommunication expenses by 30%	I
			Equip Mayor Finance South Bldg Police and Fire Conference Rooms with access to technology	N
			Upgrade IT Training Room	I
			Develop plan to convert technology infrastructure to wireless	N
			Upgrade space housing IT servers etc	N

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 101 - General Fund			
Revenues			
General government	45,232,924.00	9,182,371.13	20.76
Judicial	1,697,000.00	383,198.50	22.58
Police	3,792,257.55	627,168.15	16.54
Emergency dispatch	1,189,000.00	0.00	0.00
Fire	351,700.00	34,721.00	9.87
Building inspections	36,000.00	4,657.00	12.94
Transportation	0.00	482.00	100.00
Facilities and Maintenance	21,000.00	17,786.09	84.70
Transfers in	3,777,998.00	944,499.51	25.00
Deficit Reduction	(1,000,000.00)		0.00
TOTAL Revenues	55,097,879.55	11,194,883.38	20.32
Expenditures			
General government	28,187,133.14	5,381,889.95	19.09
Legislative	356,505.00	70,281.22	19.71
Judicial	4,099,999.48	1,451,818.49	35.41
Police	12,563,432.44	3,049,912.03	24.28
Emergency dispatch	2,604,021.00	598,041.26	22.97
Fire	6,177,803.16	1,471,430 53	23.82
Building inspections	395,276.70	66,974.87	16.94
Community development	292,007.15	46,491.27	15.92
Facilities and Maintenance	9,000.00	2,522.26	28.03
Transfers out	412,701.00	103,175.25	25.00
TOTAL Expenditures	55,097,879.07	12,242,537.13	22.22
Fund 101 - General Fund:			
TOTAL REVENUES	55,097,879.55	11,194,883.38	20.32
TOTAL EXPENDITURES	55,097,879.07	12,242,537.13	22.22
NET OF REVENUES & EXPENDITURES	0.48	(1,047,653.75)	

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 202 - Major Street Fund			
Revenues			
General government	6,366,549.69	786,053.03	12.35
Transportation	657,072.15	42,462.70	6.46
TOTAL Revenues	7,023,621.84	828,515.73	11.80
Expenditures			
General government	1,619,530.00	404,882.49	25.00
Transportation	5,285,469.17	657,822.39	12.45
Debt services - interest	8,550.69	8,550.32	100.00
Debt services - principal	110,071.98	110,069.80	100.00
TOTAL Expenditures	7,023,621.84	1,181,325.00	16.82
Fund 202 - Major Street Fund:			
TOTAL REVENUES	7,023,621.84	828,515.73	11.80
TOTAL EXPENDITURES	7,023,621.84	1,181,325.00	16.82
NET OF REVENUES & EXPENDITURES	0.00	(352,809.27)	100.00
Fund 203 - Local Street Fund			
Revenues			
General government	1,877,827.00	181,468.92	9.66
Transportation	724,762.00	9,845.29	1.36
Unclassified	91,870.00	0.00	0.00
TOTAL Revenues	2,694,459.00	191,314.21	7.10
Expenditures			
General government	448,391.00	112,097.74	25.00
Transportation	2,246,067.39	342,527.45	15.25
TOTAL Expenditures	2,694,458.39	454,625.19	16.87
Fund 203 - Local Street Fund:			
TOTAL REVENUES	2,694,459.00	191,314.21	7.10
TOTAL EXPENDITURES	2,694,458.39	454,625.19	16.87
NET OF REVENUES & EXPENDITURES	0.61	(263,310.98)	

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 205 - Public Safety			
Revenues			
General government	9,258,560.00	3,765,159.40	40.67
TOTAL Revenues	9,258,560.00	3,765,159.40	40.67
Expenditures			
General government	1,337,828.00	334,457.00	25.00
Police	2,690,340.00	276,200.86	10.27
Fire	5,230,392.00	888,285.16	16.98
TOTAL Expenditures	9,258,560.00	1,498,943.02	16.19
Fund 205 - Public Safety:			
TOTAL REVENUES	9,258,560.00	3,765,159.40	40.67
TOTAL EXPENDITURES	9,258,560.00	1,498,943.02	16.19
NET OF REVENUES & EXPENDITURES	0.00	2,266,216.38	100.00
Fund 207 - Police Fund			
Revenues			
General government	1,312,000.00	1,276,166.75	97.27
Police	93,180.00	0.00	0.00
TOTAL Revenues	1,405,180.00	1,276,166.75	90.82
Expenditures			
Police	1,378,103.87	290,299.25	21.07
TOTAL Expenditures	1,378,103.87	290,299.25	21.07
Fund 207 - Police Fund:			
TOTAL REVENUES	1,405,180.00	1,276,166.75	90.82
TOTAL EXPENDITURES	1,378,103.87	290,299.25	21.07
NET OF REVENUES & EXPENDITURES	27,076.13	985,867.50	3,641.09

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 208 - Park/Recreation Fund			
Revenues			
General government	393,000.00	319,010.92	81.17
Facilities and Maintenance	4,000.00	1,190.00	29.75
Transfers in	99,140.00	24,785.01	25.00
TOTAL Revenues	496,140.00	344,985.93	69.53
Expenditures			
Facilities and Maintenance	496,140.00	88,949.02	17.93
TOTAL Expenditures	496,140.00	88,949.02	17.93
Fund 208 - Park/Recreation Fund:			
TOTAL REVENUES	496,140.00	344,985.93	69.53
TOTAL EXPENDITURES	496,140.00	88,949.02	17.93
NET OF REVENUES & EXPENDITURES	0.00	256,036.91	100.00
Fund 213 - Park & Recreation Senior Citizen Centers			
Revenues			
General government	6,000.00	0.00	0.00
Facilities and Maintenance	60,000.00	14,760.38	24.60
TOTAL Revenues	66,000.00	14,760.38	22.36
Expenditures			
Facilities and Maintenance	60,000.00	29,871.88	49.79
TOTAL Expenditures	60,000.00	29,871.88	49.79
Fund 213 - Park & Recreation Senior Citizen Centers:			
TOTAL REVENUES	66,000.00	14,760.38	22.36
TOTAL EXPENDITURES	60,000.00	29,871.88	49.79
NET OF REVENUES & EXPENDITURES	6,000.00	(15,111.50)	251.86
Fund 219 - Street Light			
Revenues			
General government	2,694,869.62	2,766,715.28	102.67
TOTAL Revenues	2,694,869.62	2,766,715.28	102.67
Expenditures			
General government	12,153.00	30,288.24	249.22
Transportation	2,682,716.62	407,662.05	15.20
TOTAL Expenditures	2,694,869.62	437,950.29	16.25
Fund 219 - Street Light:			
TOTAL REVENUES	2,694,869.62	2,766,715.28	102.67
TOTAL EXPENDITURES	2,694,869.62	437,950.29	16.25
NET OF REVENUES & EXPENDITURES	0.00	2,328,764.99	100.00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 226 - Rubbish Collection Fund			
Revenues			
General government	5,395,794.00	5,617,844.04	104.12
Public works	500.00	22,719.72	4,543.94
TOTAL Revenues	5,396,294.00	5,640,563.76	104.53
Expenditures			
General government	887,554.00	221,888.50	25.00
Transportation	150,000.00	2,510.00	1.67
Public works	4,358,739.36	1,067,591.49	24.49
TOTAL Expenditures	5,396,293.36	1,291,989.99	23.94
Fund 226 - Rubbish Collection Fund:			
TOTAL REVENUES	5,396,294.00	5,640,563.76	104.53
TOTAL EXPENDITURES	5,396,293.36	1,291,989.99	23.94
NET OF REVENUES & EXPENDITURES	0.64	4,348,573.77	
Fund 265 - Drug Law Enforcement Fund			
Revenues			
General government	321,562.82	0.00	0.00
Police	117,500.00	6,298.23	5.36
TOTAL Revenues	439,062.82	6,298.23	1.43
Expenditures			
Police	425,062.82	102,611.49	24.14
TOTAL Expenditures	425,062.82	102,611.49	24.14
Fund 265 - Drug Law Enforcement Fund:			
TOTAL REVENUES	439,062.82	6,298.23	1.43
TOTAL EXPENDITURES	425,062.82	102,611.49	24.14
NET OF REVENUES & EXPENDITURES	14,000.00	(96,313.26)	687.95

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 274 - HUD CDBG, ESG, & HOME GRANTS			
Revenues			
General government	215,349.80	100.00	0.05
Fire	14,765.50	0.00	0.00
Building inspections	782,484.86	0.00	0.00
Transportation	307,422.33	0.00	0.00
Community development	10,494,206.16	69,772.71	0.66
Unclassified	20,010.02	0.00	0.00
TOTAL Revenues	11,834,238.67	69,872.71	0.59
Expenditures			
General government	215,349.80	30,938.81	14.37
Fire	14,765.50	0.00	0.00
Building inspections	782,484.86	6,682.66	0.85
Transportation	307,422.33	6,145.68	2.00
Community development	10,494,206.16	544,772.19	5.19
Unclassified	20,010.02	0.00	0.00
TOTAL Expenditures	11,834,238.67	588,539.34	4.97
Fund 274 - HUD CDBG, ESG, & HOME GRANTS :			
TOTAL REVENUES	11,834,238.67	69,872.71	0.59
TOTAL EXPENDITURES	11,834,238.67	588,539.34	4.97
NET OF REVENUES & EXPENDITURES	0.00	(518,666.63)	100.00
Fund 295 - Section 108 Loans			
Revenues			
Community development	664,625.00	795,541.46	119.70
TOTAL Revenues	664,625.00	795,541.46	119.70
Expenditures			
Community development	966,617.00	802,969.24	83.07
TOTAL Expenditures	966,617.00	802,969.24	83.07
Fund 295 - Section 108 Loans:			
TOTAL REVENUES	664,625.00	795,541.46	119.70
TOTAL EXPENDITURES	966,617.00	802,969.24	83.07
NET OF REVENUES & EXPENDITURES	(301,992.00)	(7,427.78)	2.46

City of Flint
Revenue and Expenditure Report
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GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 296 - Other Grants Fund			
Revenues			
General government	14,661.97	0.00	0.00
Police	2,703,720.08	153,202.62	5.67
Community development	638,585.16	369,016.92	57.79
Facilities and Maintenance	1,057,076.23	67,523.18	6.39
Public works	50,000.00	49,730.00	99.46
TOTAL Revenues	4,464,043.44	639,472.72	14.32
Expenditures			
General government	14,661.97	0.00	0.00
Police	2,703,720.08	855,488.29	31.64
Community development	638,585.16	77,588.27	12.15
Facilities and Maintenance	1,057,076.23	14,111.08	1.33
Public works	50,000.00	0.00	0.00
TOTAL Expenditures	4,464,043.44	947,187.64	21.22
Fund 296 - Other Grants Fund:			
TOTAL REVENUES	4,464,043.44	639,472.72	14.32
TOTAL EXPENDITURES	4,464,043.44	947,187.64	21.22
NET OF REVENUES & EXPENDITURES	0.00	(307,714.92)	100.00
Fund 297 - Federal Stimulus Fund			
Revenues			
Community development	0.00	87,662.04	100.00
TOTAL Revenues	0.00	87,662.04	100.00
Expenditures			
Community development	0.00	87,662.04	100.00
TOTAL Expenditures	0.00	87,662.04	100.00
Fund 297 - Federal Stimulus Fund:			
TOTAL REVENUES	0.00	87,662.04	100.00
TOTAL EXPENDITURES	0.00	87,662.04	100.00
NET OF REVENUES & EXPENDITURES	0.00	0.00	0.00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 301 - General Debt Serv(Voted Bonds)			
Revenues			
Transfers in	726,953.00	0.00	0.00
TOTAL Revenues	726,953.00	0.00	0.00
Expenditures			
Debt services - interest	260,000.00	0.00	0.00
Debt services - principal	466,953.00	0.00	0.00
TOTAL Expenditures	726,953.00	0.00	0.00
Fund 301 - General Debt Serv(Voted Bonds):			
TOTAL REVENUES	726,953.00	0.00	0.00
TOTAL EXPENDITURES	726,953.00	0.00	0.00
NET OF REVENUES & EXPENDITURES	0.00	0.00	0.00
Fund 402 - Public Improvement Fund			
Revenues			
General government	2,083,000.00	1,595,223.34	76.58
Unclassified	767,957.00	0.00	0.00
TOTAL Revenues	2,850,957.00	1,595,223.34	55.95
Expenditures			
General government	721,900.00	0.00	0.00
Transfers out	726,953.00	0.00	0.00
Debt services - interest	407,104.00	0.00	0.00
Debt services - principal	195,000.00	0.00	0.00
Public works	800,000.00	200,000.01	25.00
TOTAL Expenditures	2,850,957.00	200,000.01	7.02
Fund 402 - Public Improvement Fund:			
TOTAL REVENUES	2,850,957.00	1,595,223.34	55.95
TOTAL EXPENDITURES	2,850,957.00	200,000.01	7.02
NET OF REVENUES & EXPENDITURES	0.00	1,395,223.33	100.00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 542 - Building Inspection Fund			
Revenues			
General government	400,968.00	0.00	0.00
Building inspections	1,681,000.00	1,394,384.50	82.95
Transfers in	313,561.00	78,390.24	25.00
TOTAL Revenues	2,395,529.00	1,472,774.74	61.48
Expenditures			
General government	1,127,233.00	281,772.75	25.00
Building inspections	1,268,295.98	199,584.46	15.74
TOTAL Expenditures	2,395,528.98	481,357.21	20.09
Fund 542 - Building Inspection Fund:			
TOTAL REVENUES	2,395,529.00	1,472,774.74	61.48
TOTAL EXPENDITURES	2,395,528.98	481,357.21	20.09
NET OF REVENUES & EXPENDITURES	0.02	991,417.53	
Fund 590 - Sewer Fund			
Revenues			
Transfers in	0.00	200,000.01	100.00
Unclassified	3,365,101.75	0.00	0.00
Utilities	28,126,894.00	5,350,096.52	19.02
TOTAL Revenues	31,491,995.75	5,550,096.53	17.62
Expenditures			
General government	5,654,386.00	1,408,436.86	24.91
Transfers out	1,860,000.00	465,000.00	25.00
Debt services - interest	695.21	0.00	0.00
Debt services - principal	6,016.23	1,665.36	27.68
Public works	1,990,000.00	0.00	0.00
Utilities	21,980,898.31	2,361,741.13	10.74
TOTAL Expenditures	31,491,995.75	4,236,843.35	13.45
Fund 590 - Sewer Fund:			
TOTAL REVENUES	31,491,995.75	5,550,096.53	17.62
TOTAL EXPENDITURES	31,491,995.75	4,236,843.35	13.45
NET OF REVENUES & EXPENDITURES	0.00	1,313,253.18	100.00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 591 - Water Fund			
Revenues	3,150,000.00	8,251.60	0.26
General government	37,886,000.00	6,217,326.13	16.41
Utilities	41,036,000.00	6,225,577.73	15.17
TOTAL Revenues			
Expenditures	5,762,876.00	1,435,671.33	24.91
General government	3,768,071.00	282,500.01	7.50
Transfers out	3,190,000.00	0.00	0.00
Public works	24,932,583.15	2,268,352.43	9.10
Utilities	37,653,530.15	3,986,523.77	10.59
TOTAL Expenditures			
Fund 591 - Water Fund:	41,036,000.00	6,225,577.73	15.17
TOTAL REVENUES	37,653,530.15	3,986,523.77	10.59
TOTAL EXPENDITURES	3,382,469.85	2,239,053.96	66.20
NET OF REVENUES & EXPENDITURES			
	180,036,408.69	**42,465,584.32**	**23.59**
TOTAL REVENUES - ALL FUNDS	**176,908,852.96**	**28,950,184.86**	**16.36**
TOTAL EXPENDITURES - ALL FUNDS	**3,127,555.73**	**13,515,399.46**	
NET OF REVENUES & EXPENDITURES			

Attachment B: Cash Flow Projection

Cash Flow 2014-2015

Pooled Cash Balance — End of Month — Bar chart

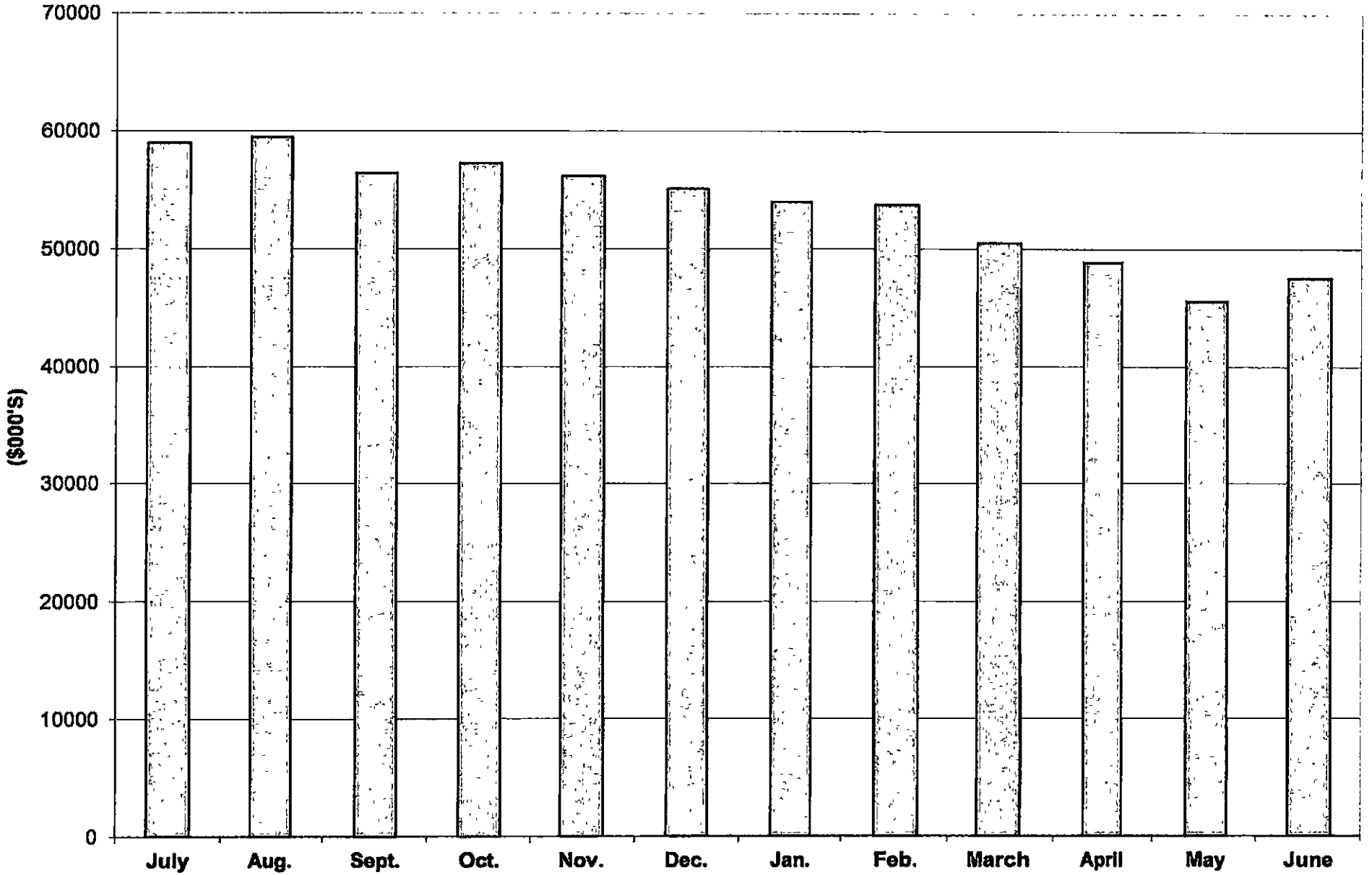
Pooled Cash Balance — Project FY15, FY14, FY14, FY13 — Bar Chart

Pooled Cash Balance - Data

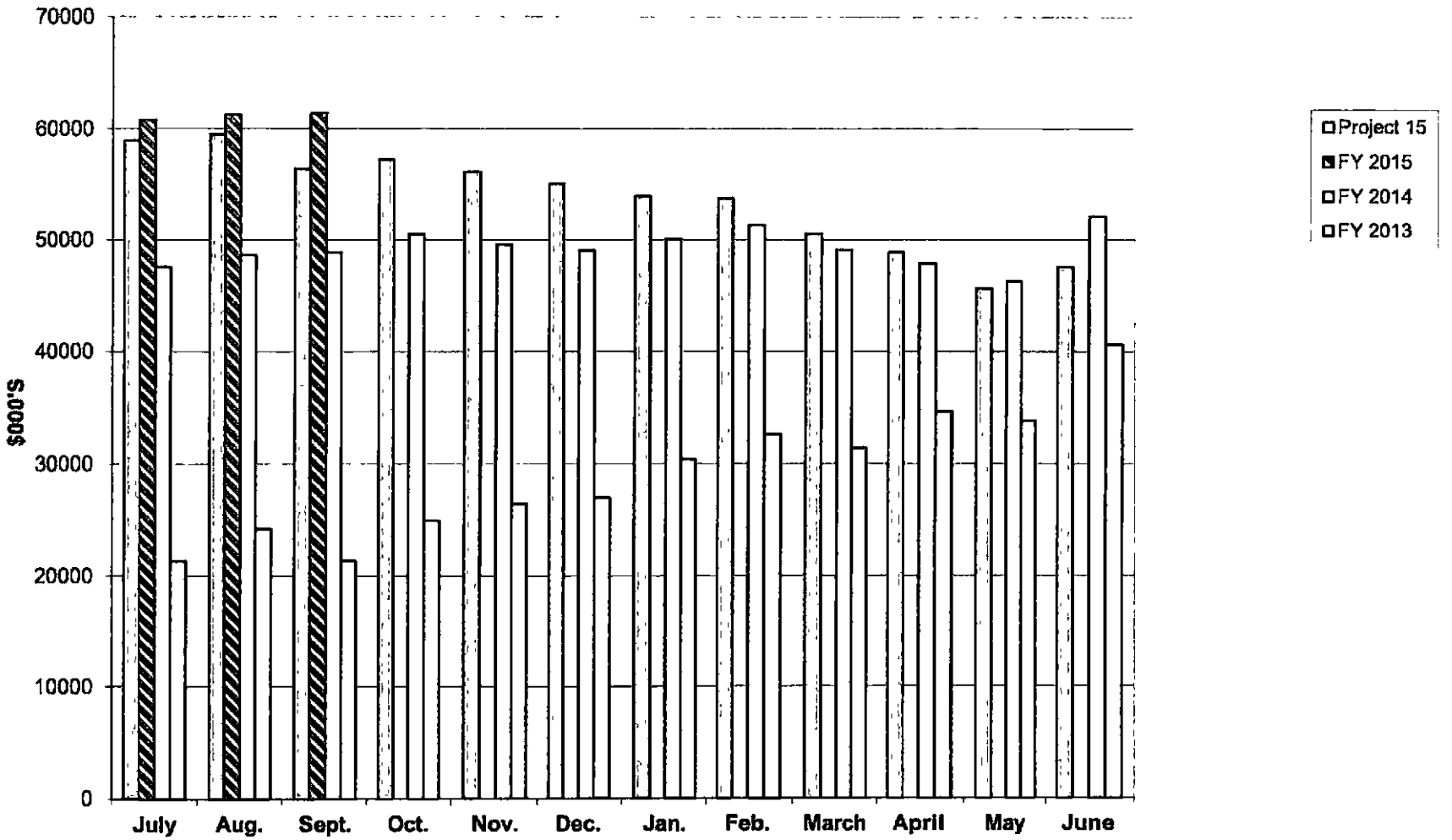
CASH FLOW 2014 - 2015

$000's	July	August	Sept.	Oct.	Nov.	Dec.	Jan	Feb	March	April	May	June	Total
CASH OUTFLOW:													
Payroll	2,529	2,206	3,127	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	29,462
Pensions	1,342	1,676	1,626	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	19,494
Disbursements	6,114	12,811	5,278	7,700	10,000	7,700	8,800	10,000	7,500	8,000	7,000	7,000	97,903
Bond and/or Loan Repayments			1,176	900		430			1,660	420		17	4,493
Health Care Payments	1,381	1,114	1,673	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	17,418
Income Tax Refunds	56	50	16	50	50	50	100	150	350	700	450	150	2,172
Misc.-Lawsuits	0	0	0	10	10	10	10	10	10	10	10	10	90
Total Cash Outflow	11,422	17,857	13,096	14,160	15,560	13,690	14,410	15,660	14,910	14,630	12,960	12,677	171,032
CASH INFLOW:													
Water & Sewer-Lockbox	1,630	950	2,806	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	20,085
Property Taxes-Lockbox	9,300	1,250	298	900	1,750	400	600	1,000	1,000	0	0	0	16,498
Income Taxes-Lockbox	1,240	1,140	1,855	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	14,135
Parks & Rec.													0
Cash Register Receipts *	6,812	12,624	6,942	6,500	9,000	6,500	9,000	9,000	8,000	6,650	6,000	5,000	94,228
Parking Meter													0
DCD Reimb.-Urban Renewal	130	0	525	300	300	300	300	300	300	300	300	300	3,355
Other Misc. (including Rev. Sharing	670	2,392	873	3,097	700	3,237	700	3,432	700	2,957	700	3,128	22,588
Other-Grants/Delq Co Rtn **													0
Total Cash Inflow	20,082	18,358	13,208	15,497	14,450	13,137	13,300	16,432	12,700	12,807	9,700	11,128	170,797
Net Cash Flow (Inflows less Outflows)	8,660	499	112	1,337	(1,110)	(553)	(1,110)	772	(2,210)	(1,823)	(3,260)	(1,549)	(235)
Prior Month's Ending Balance	52,129	60,789	61,288	61,400	62,737	61,627	61,074	59,964	60,736	58,526	56,703	53,443	
													-
End of Month Balance-Pooled Cash/Investments	60,789	61,288	61,400	62,737	61,627	61,074	59,964	60,736	58,526	56,703	53,443	51,894	
	July	August	Sept.	Oct.	Nov.	Dec.	Jan	Feb.	March	April	May	June	
Cash increase/(decrease) 7/1/14 - 6/30/15													-235
* Includes Tax Hold (+,-)													
** Grants included in Cash Reg Receipts													
Actuals thru Sept													

POOLED CASH BALANCE
END OF THE MONTH



POOLED CASH BALANCE



	Pooled Cash Balance Project 15	FY 2015	FY 2014	FY 2013
July	58969	60790	47532	21333
Aug.	59513	61288	48648	24186
Sept.	56423	61400	48856	21338
Oct.	57260		50534	24912
Nov.	56150		49553	26425
Dec.	55097		49061	26937
Jan.	53987		50082	30391
Feb.	53759		51330	32608
March	50549		49094	31406
April	48876		47882	34618
May	45616		46254	33808
June	47567		52129	40597

Attachment C: FY15 & FY16 Budget

CITY OF FLINT, MICHIGAN

Setting a Sustainable Course for the City of Flint

Five Year Financial Projections 2015-2019

Adopted Budgets for FY15 and FY16

Future Projections for FY17, FY18 and FY19

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Prepared by
Department of Finance
Gerald Ambrose, Finance Director
Antonio Brown, Deputy Finance Director

Contents

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2. City Council Adopted Vision and Mission Goals
3. City Council Approved Budget Priorities
4. Organization Chart
5. FY15 and FY16 Budgets and 3-Year Forecast
6. FY15 and FY16 General Fund Budget
7. City of Flint Staffing Projection
8. Projected 5-Year Facilities Improvements
9. Deficit Elimination/Reserve Accumulation Projections
10. Five Year Outlook – Pension and Retiree Healthcare Costs
11. Projected Taxpayer Impact

City of Flint 5-Year Financial Plan

Preface

This adopted budget for the City of Flint covers the FY15 and FY16 fiscal years which begin July 1, 2014 and July 1, 2015 respectively. Financial projections for the following 3 fiscal years are included as well.

This budget has been developed within the context of the City's recently adopted Master Plan, the Vision, Mission, and Goals for the City government as adopted by the City Council, and the Budget Priorities as adopted by the City Council. Accompanying this budget is a preliminary statement of objectives initially proposed to be accomplished during the two years.

Taken together, the budget and strategic plan will serve as a template to move the City government forward to become a well-managed, financially stable, and accountable organization focused on creating a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

However, this budget demonstrates the continuing financial challenges facing the City of Flint. Stagnant revenue growth in property tax and income tax revenues, coupled with significant increases in legacy costs, retiree health care in particular, create a significant gap between revenues and expenses which require increases in other revenues and decreases in City staffing and services including the possibility of adjustments in public safety services.

Unfortunately, the financial forecast for the next several years beyond FY16 show a continuing gap between projected revenues and expenses. Within the next few years, without significant means to identify and collect additional revenues, or to further reduce the cost base, the City of Flint will be extremely challenged to provide even the most basic of City services.

Over the last several weeks, this adopted budget has been reviewed by the City Council, which will also held a public hearing to receive citizen input. The Mayor and Council subsequently provided comments and recommendations pertaining to the budget to the Emergency Manager.

Background

The City of Flint has been in state receivership since December, 2011, as a result of consistent deficits in the General Fund, a decline in pooled cash, unrealistic budgeting, and unfunded liabilities for postemployment benefits. Significant progress has been made in addressing these financial issues, as the $19.1 million deficit at the end of FY12 had been reduced to $12.9 million at the end of FY13, cash position had improved, and the FY14 budget was realistically balanced, with further reduction of the deficit anticipated.

The FY14 budget was designed and implemented with the same goals in mind – operating within the constraints of available revenues; restructuring operations and cost factors to enhance future financial stability, and continuing to reduce the remaining $12.9 million deficit. The FY14 budget was constructed with the specific intent of further reducing the deficit by a minimum of $1 million, by budgeting expenses at $1 million less than projected revenues. As of January 31, 2014, seven months into the FY14 year, revenues and expenses are on target.

In order to regain and maintain financial solvency, it is not only necessary to eliminate the remaining accumulated deficit but to have an adequate amount of reserves to protect the City in the event of unexpected financial losses. Planning to accomplish this requires a continual dedication of revenues over the next several years to eliminate the remaining deficit and establish an adequate reserve level. A draft deficit elimination plan to accomplish this is currently under review by the Michigan Department of Treasury.

Making progress to date has required hard decisions and sacrifices for all. The FY13 and FY14 budgets were balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Revenue increase included a 25 percent increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, establishment of a special assessment district for street lighting, and implementation of a fee sufficient to cover the cost of waste collection. Expenditure reductions included elimination of 20 percent of the City's workforce, compensation decreases equivalent to a 20 percent wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

The actions taken to-date to restructure healthcare benefits for current employees and retirees have also had a significant impact on reducing both current costs and long-term liabilities. The 20% reduction in the workforce required significant reorganizational activities focused on reducing current costs. Long term liabilities were reduced by eliminating traditional defined benefit pension programs for new employees in favor of hybrid plans; by moving the City's retirement system into the a state wide retirement system; by restructuring health insurance benefits for current employees and placing retirees into those same plans; and by eliminating the promise of retiree health care for new employees in favor of providing retiree medical savings accounts. Much of the positive financial result in FY13 came from these actions. The restructuring, which was implemented during the course of FY12, reduced the City's OPEB liabilities alone from nearly $900 million to less than $325 million as noted in the FY13 audit.

The efforts of the City to regain financial solvency have been aided by support from numerous Federal, State and private partners. State police troopers have been placed in the City to support local law enforcement efforts, and funds have been allocated to enhance prosecution activities and to operate the City's lock up. The Governor's proposed budget continues this support.

The steps taken to begin to restore the City to financial solvency have not been without conflict and changing circumstances. A significant legal challenge has been made to the decision to move retirees from their historical health insurance plans into the same plans offered current employees. This action resulted in an initial cost reduction in FY13 of $3.5 million to the City and imposed deductibles and co-pays on retirees. This challenge is currently pending in federal court. If the challenge is ultimately upheld, it will pose a significant challenge to the City in its efforts to regain and maintain financial and service solvency. Due to the stay imposed by the federal court, the City must increase its budget for retiree healthcare costs in the FY15 budget by $5 million and may even need to pay more as retirees seek reimbursement for past medical expenses. These healthcare expenses will continue to increase in subsequent years.

Legacy costs in total will continue to be a cost burden to the City of Flint. In FY 14, the City budgeted $30.2 million for its retiree healthcare and pension costs, an amount equal to 17% of its total revenues. The General Fund alone budgeted $16.4 million, an amount equal to 31% of its total revenues. By FY19, it is projected that the City will need to budget over $43 million, an amount equal to 23% of its total revenues. For the General Fund alone, the amount projected to be needed will exceed $21 million, an amount equal to 34% of General Fund revenues.

The future financial solvency of Flint will also be challenged by a continuing structural deficit. As part of the planning for future financial solvency, five year projections and a strategic plan were developed. This exercise indicated a significant financial challenge forthcoming in FY15, due to the current status of the retiree health care lawsuit and the ending of a major grant supporting firefighting resources. Future year projections also show a continuing gap between revenues and projections.

Finally, the most important challenge to be addressed in the City of Flint will be instituting structural changes in the organization of the City to foster financial solvency as a core value and to assure that future governance and management of the City is conducted in a financially responsible manner. To this end, the current Emergency Manager has created a Blue Ribbon Committee on Governance, charged with developing recommended changes to current ordinances, procedures, and the Charter. The recommendations of the Task Force are anticipated within six months.

Overview

The City of Flint has spent considerable time planning for the community's future through the comprehensive master plan and creating an organizational framework focused on the City's new vision, mission, and goals. The 2-Year budget has been developed in a balanced manner to best meet the needs of a variety of service areas and challenges.

However, challenges to changes in retiree healthcare and the loss of grant funds have required that a new service baseline be established; this also poses significant and immediate challenges to the City's financial viability. Current court rulings in regards to the retiree health care lawsuit have increased retiree health care expenses nearly $5 million in FY15, and the loss of the SAFER grant ($ 3.4 million) eliminates funding for 39 of the City's 65 firefighters.

The harsh winter increased the need to remove hundreds (if not thousands) of damaged and fallen trees throughout the city, and to repair damaged roads and sidewalks. The winter also placed additional stress on the antiquated city facilities as they faced water leaks and damage to walkways and sidewalks. Implementing the master plan, and continuing to eliminate blight will also require dedicated resources going forward.

The recently completed study of the water and sewer system finances also demonstrated a shortfall in revenues needed to operate this critical service and provide for necessary maintenance. As much as the high rates for providing water and sewer services pose significant financial challenges and community implications, the alternative of not addressing basic maintenance and adjustments based on guidance in the master plan is equally challenging.

These factors have a significant effect on the adopted staffing levels. Reductions in city staffing over the past two years have come almost exclusively from City services other than police, fire, and 911. As a result, those remaining city services are thinly staffed, and despite valiant efforts of dedicated employees, service levels have been reduced. In some cases, the reductions have been severe and counter-productive. For example, reductions in customer service at Treasury and staffing at Utilities has reduced capacity to effectively pursue collection of delinquent bills. Reductions in Information Technology have slowed the implementation of technology which can improve effective processing. Reductions in Human Resources have slowed the process of hiring employees. Reductions in Building Safety have slowed the process of conducting inspections and issuing permits, and have eliminated much in the way of code compliance efforts.

Therefore, balancing the budget in a financially sustainable way requires addressing the impact of these issues. It also requires that they are addressed within the context of the Mayor's and Council's stated budget priorities. The Council's stated priorities are:

- Maintaining police and fire staffing levels at the maximum level feasible
- Reducing the General Fund deficit by at least $1 million
- Continuing efforts to reduce blight, including demolition
- Hiring an experienced City Administrator
- Assure that capacity exists to implement the Master Plan
- Add capacity in the areas of Economic Development

- Fund years 1 & 2 of capital improvements identified in the Master Plan
- Improve street maintenance
- Establish parks partnerships
- Improve customer service through training and technology
- Increase removal of dead and diseased trees
- Evaluate ways to reduce water and sewer rates for constituents in the budget process

Balancing the budget responsibly in the context of these immediate and significant financial challenges, while addressing stated priorities, is a significantly difficult task. The unplanned addition of $5 million in expenses for increased retiree health care is a "Game-Changer" and seriously undermines the ability of the City government to move forward in becoming a positive force helping to create a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve quality of life.

As the development of the FY15 budget began, there was a significant gap between projected General Fund revenues and General Fund expenses alone. While some revenue sources indicated a slight increase over the current year, projected expenses were significantly above the current year. The expense increases are due primarily to a nearly $5 million increase in costs for retiree health care and an increase in the per person cost of pension contribution. In addition, there was recognition of the need to assure capacity to implement the Master Plan to continue addressing blight, to address increased costs of health care for current employees, and to address critically needed facility maintenance.

The budget presented here is balanced in a financially responsible manner, in that revenues and expenses meet. However, the consequence is that, where possible, revenues have been increased, and where necessary, expenses have been decreased. Whether the result is an acceptable result, in the context of the needs and the future of the City, is uncertain.

It is clear that proposed changes in service levels reflected in this budget are significant, and that at the same time the financial plan is being finalized within the confines of available revenues, considerable efforts will continue to mitigate the impacts. Continued efforts to achieve a satisfactory resolution of the retiree healthcare lawsuit, as well as to continue searching for additional sustainable funding, or to engage in mutually beneficial partnerships will continue. The changes necessary to achieve necessary balancing of revenues and expenses will be done in a managed way, not in a crisis response.

The financial projection for the years following FY15 and FY16 show the continuing challenge of a structural deficit. Without a means to identify a new significant revenue source or to sustain and even make further reductions in the City's cost base, such as retiree health care, Flint will be extremely challenged to provide even the most basic of City services in future years.

Highlights of the Adopted Budget

Costs to taxpayers are increased....

- Property tax levies remain unchanged
- Street lighting assessment increased to $71 in FY15 and $74 in FY16
- Solid Waste fee increased to $163 in FY15 and $169 in FY16
- Water and Sewer rates increased by a total of 6.5% in FY15 and 6% in FY16

Costs to City employees are increased....

- 20% premium share for health insurance implemented
- Premium contribution for non-Medicare eligible employees retiring after July 1, 2014 established
- 50% premium share for dental and vision insurance implemented
- Vacation and sick leave replaced with PTO, new accumulation caps established
- All new employees enrolled in hybrid pension plan
- All new employees enrolled in RMSA in lieu of promise of retiree health care

Legacy costs are increased significantly...

- General Fund costs for retiree health care are increased 25%, from $8 million to $10 million in FY15, increasing on an annual basis thereafter
- General Fund costs for retiree health care and pension in total are projected to increase from $16.4 million (31% of total revenues) in FY14 to $21.5 million (34% of total revenues) by FY19
- For all funds, total costs for retiree healthcare and pension are projected to increase from $30.4 million (or 17% of total revenues)in FY14 to $43.5 million (23% of total revenues) by FY19

City staffing is budgeted at 522 in FY15 and 523 in FY16.....

- Staffing is maintained in District Court, 911, Finance, Assessing, Transportation, IT, and Fleet
- Police Department – Total department staffing will be 115, with 7 vacant positions and 29 additional positions eliminated through attrition by end of FY15. Additionally, a recently offered COPS Hiring grant for six School Resource Officers will not be accepted. The next several months will be focused on mitigating the impact of this through reorganization with the assistance of consultants specialized in police and fire service; seeking additional funds; and obtaining assistance from law enforcement partners in order to achieve the best possible level of police response.
- Fire Department – Total department will be 75, with 19 positions eliminated as the SAFER grant expires. There are several vacant positions to be eliminated as part of this, with a goal of needed reduction no later than December, 2014. The next several months will be focused on mitigating the impact of this through reorganization and restructuring obtained with the assistance of consultants specialized in fire and police service.

- Planning and Development Department - Staffing is at 25, with adding 1 position. The department is being reorganized to assure capacity to implement the newly adopted Master Plan and continue efforts of blight management. Continued assistance in the form of grants and partnerships will be utilized, and general fund support for those activities is increased.
- Public Works Department - 6 positions are added to the Utilities division as the Water Treatment Plant begins operation as the primary source for Flint water; 1 position is added to Facilities to address critically needed maintenance issues.
- Finance and Administration Department - 3 positions are added to the Treasurer's Office to increase delinquent collections, with the added cost to be offset by additional revenues.
- Governance – As efforts to resolve the financial emergency progress, the position of City Administrator will be filled. Additionally, the salaries of Mayor and Council are partially restored as their role in governance increases.

Council budget priorities are addressed as follows:

- Maintaining police and fire staffing levels at the maximum level feasible – Due to revenue shortfall, increased retiree health care, and lack of other options, staffing is reduced. The Police and Fire millage funds will be used to fund 20 fire fighters and 26 police officers through FY15 and FY16. However, the accumulated millage funds will be fully used by the end of FY16.
- Reducing the General Fund deficit by at least $1 million – General Fund expenses are budgeted at $1 million less than revenues, and $800,000 in Capital Improvement Funds will be appropriated to the Utilities, thus reducing the General Funds debt to the Utility Fund by an additional $800,000. The plan is to continue this commitment for the next several years until the deficit is eliminated, and then the commitment will become one of building a financial reserve equal to 15% of General Fund revenues.
- Continuing efforts to reduce blight, including demolition – CDBG funds continue to be used for demolition and General Fund is assuming partial cost of the Blight Coordinator position
- Hiring an experienced City Administrator – Funds are included in budget.
- Assure that capacity exists to implement the Master Plan – General Fund is assuming partial cost of the Planning and Development Director, and Associate Planner, and a position of GIS technician is created, whose funding is shared among various city funds. Lead partners will be identified in each work area. Also, the Mayor has committed to overseeing the process of assuring that Master Plan implementation is an ongoing important part of city operations.
- Add capacity in the areas of Economic Development-The P&D Director is committed to defining a program for small business development, to be funded in FY16 through CDBG funds. Additionally, 20% of staff time of two DCED staffers and a portion of the Director's time will be devoted to economic development. Also, the Mayor has committed to leading the City's economic development efforts with partners and the assistance of this City staff.
- Fund years 1 & 2 of capital improvements identified in the Master Plan – the CIP portion of the Master Plan will be finalized in FY15, and the results will be considered for inclusion in the FY16 budget.

- Improve street maintenance – Due to minimal increases in state funding for streets, maintenance efforts will continue at the current levels. State financial support has been sought and obtained for some major street projects, in particular those related to economic development projects.

- Establish parks partnerships – The Planning and Development Department now has oversight of Parks, and as one of its strategic objectives, has committed to increase the number of parks partnerships in FY15 and FY16. Funding even the most basic of parks maintenance activities is increasingly challenging within the constraints of the parks millage funds. The goal is to eliminate General Fund support of these activities by the end of FY16.

- Improve customer service through training and technology– Human Resources, as it did in FY14, is committed to continuing ongoing training for supervisors and will be extending these efforts to all employees. IT likewise is committed to providing ongoing training for employees. Finally, most departments are including funds for ongoing training for employees. For example, the Treasury's customer service division is committed to specific customer service training for its front line employees.

- Increase removal of dead and diseased trees – Oversight of removal of trees within street right of ways is now the responsibility of the Transportation Division of Public Works, removal of trees within Parks is now the responsibility of Planning and Development; and removal of trees on other city properties is the responsibility of the Facilities Division of Public Works. Unfortunately, there is only a limited amount of funds available for these purposes, and the general effort will be focused on emergency responses. However, the Transportation Division is committed to attempting to secure assistance from other entities to increase capacity to address this problem.

- Evaluate ways to reduce water and sewer rates for constituents in the budget process-The results of the recent rate study confirm that it unlikely that water and sewer rates can be decreased at any time in the foreseeable future, and in fact, rates need to be increased. However, the actions taken to date to join KWA and to temporarily use the Flint River show that future rate increases will be less than had the City stayed with its prior provider.

Absent new sources of funding or reduced expenses in areas such as retiree healthcare, the commitments to progress and the staffing and service levels here are anticipated to continue for both FY15 and FY16. It is anticipated that the slight additional revenues in the General Fund for FY 16 will not be sufficient to cover increased costs, and it will be necessary to utilize additional funding from the police and fire millage to cover the costs of some police or fire positions in the General Fund in FY15. Depending on the rate of attrition in the Police Department, there should be sufficient remaining funds in the Police and Fire millage to avoid additional reductions in police or fire positions in FY16.

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

June 3, 2014

Mr. Scott Kincaid, President
Members of the Flint City Council
1101 S. Saginaw St.
Flint, MI 48502

Dear Mr. Kincaid and Members of the Flint City Council.

Transmitted herewith are the final numbers for the biennial budget beginning FY14-15 and ending FY 15-16.

This budget is reflective of some of the recommended revisions offered following the Council's departmental budget hearings. All recommendations put forth by City Council were reviewed and thoroughly vetted at Treasury. The attached budget document was revised upwards by $90,000 and includes the details of the incorporated revisions.

The budget was revised to include your recommendations, along with those of the Mayor, which I felt could be implemented without adversely impacting the organizational structure, management, and the anticipated transition of the City of Flint to a Receivership Transition Advisory Board during the course of this spending plan.

Following the public hearing and consideration of the comments received, it is my intent to execute the order adopting the budget at the next Council meeting scheduled for June 23, 2014. At that time, Council will be able to officially receive the two-year budget consistent with PA 436 and the 7 Point Transition Management Plan.

You should also be aware that effective July 1, 2014, the day-to-day operations of the departments of Planning and Development, and Public Works will be shifted to Mayor Dayne Walling. The Mayor is currently putting together a plan for the allocation of resources within those departments. Similarly, Police Chief Tolbert and Fire Chief Cox are also putting together their work plans to utilize the final resource allocations for public safety.

The assistance and cooperation from you and the Council given to me, the Mayor, and the Administration in this process is greatly appreciated. I think we can agree that this is a responsible and realistic snapshot of the City's financial stability over the next two years, given its myriad financial challenges.

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

CC: Dayne Walling, Mayor
Inez Brown, City Clerk
Administration

Proposed Changes to the City of Flint Proposed FY15 & FY16 Budget

On April 30, 2014, Emergency Manager Darnell Earley transmitted a proposed bi-annual budget to the Mayor and City Council, with a request that the Mayor and Council review and comment on the proposed budget. Accordingly, the City Council, acting as Committee of the Whole chaired by Finance Chair Josh Freeman, met five times to review the budget. At the conclusion, a set of recommendations was adopted and given to the Emergency Manager.

This document summarizes the key recommendations of the Council and Mayor and outlines changes made to the proposed budget as a result.

Summary of Council and Mayor Recommended Changes to FY15 & FY16 Proposed Budget

1. The recommendation of the Council identifies $1,824,510 in additional funds to be used by the Police Department:

- Specifically, $1 million of the $2.5 million in state appropriated revenues for the Lock-Up is proposed to be moved to the Police Budget.
- In addition, $1 million is identified by increasing the allocation in the CIP Fund for the purpose of reducing the deficit, thus freeing up the $1 million in the General Fund which has been identified for deficit reduction. Of that $1 million, $763,000) ($628,000 + $135,000) would be moved to the Police budget. Additionally, $61,510 is identified to be moved from the Finance Budget to the Police Budget.

2. The remaining funds from the proposed re-appropriation of the freed-up General Fund revenues ($237,000) would be used for the following:

- $50,000 - District Court
- $72,000 - City Clerk
- $50,000 - City Council Staff
- $45,000 – Additional Pay Raises for Council
- $10,000 – Brennen Center
- $10,000 – Hasselbring

3. Finally, there is a recommendation to eliminate funding for the Human Relations Commission ($22,547) and split those funds equally between Brennen Center and Hasselbring:

- Brennen - $11,274
- Hasselbring - $11,274

4. The Mayor has also made recommendations in other areas, including:

- Adding capacity to Economic Development by replacing the 20% of 2 DCED staff currently subsidized by the GF with CDBG funds and directing that staff to perform 100%

CDGB activities. The freed-up funds ($51,458) would then be used to contract for economic development services.

- Reduce DCED program staff by 1 FTE and utilize CDBG administrative funds for 50% of administrative staff support in Planning and Development
- Add 1 new FTE in Planning and Development dedicated to the new Business Licensing function
- Add to the Strategic Plan a key objective under Governance and Administration: "Respond to a minimum of 500 constituent services per month, including those formerly addressed by the Human Relations Commission staff."

Changes to the Proposed FY15 & FY16 Recommended Budget in response to Council and Mayor recommended changes

The changes proposed by the Mayor and Council have been reviewed, and changes made as considered appropriate within the context of maintaining a viable financial plan for the next two years. The proposed budget, as submitted to the Mayor and Council on April 30, 2014, will be revised as follows in response:

1. The Proposed Budget anticipates a reduction in public safety staffing of 36 officers and 19 firefighters. However, it also does not anticipate these reductions (other than vacancies occurring through attrition) until the comprehensive study of the police and fire departments is concluded. That study is to be completed prior to the end of 2014. At that time, depending on the study recommendations, a decision will be made as to the need for additional resources, and to the extent that funds in the General Fund which are currently targeted for deficit reduction can be used. Although the State will not agree to utilize funds appropriated for the operation of the Lock-Up to fund Flint police officers and firefighters, the Mayor and Emergency Manager will continue their efforts to obtain other state funding to support police and fire operations in Flint during this critical time.
2. The concern of the City Clerk, and supported by both the Council and the Mayor, of her inability to properly conduct the upcoming elections with the proposed staffing reduction, is acknowledged. Accordingly, the proposed budget is revised to continue FY14 budget level of staffing within the Clerk's Office. The business license position, originally moved to the Planning and Zoning Department in the FY15 and FY16 Proposed Budget, has been restored back to City Clerk's department. The new Business Licensing process is scheduled to be implemented by January 1, 2015; at which time, the responsibility for the process will be assumed by the Department of Planning and Development. Since the Clerk's Office staff will remain the same while reducing the responsibilities of the Clerks' Office, there should be adequate staff to conduct the elections and to provide additional support to the Council Office. Until such time as the

Business Licensing process is assumed by the Department of Planning and Development, the Clerk is authorized to increase the hours of the current part-time employee in the Council Office. $15,000 in temporary wages is added to the Council's budget for FY15.

3. The concern of the Council and the Mayor that financial support be continued to assist in the transition of the senior citizen programming at the Brennen Center and Hasselbring is acknowledged. The end goal is for there to be successful senior citizen programming at these locations, supported in their entirety by the County's senior citizen millage, which has been approved by voters within the City of Flint as well as the rest of Genesee County. Instead of adding additional funding to the FY15 and FY16 budgets, however, an amendment to the FY14 budget is being prepared to make a one-time appropriation to each center in the amount of $20,000, for a total expenditure of $40,000. The purpose of this appropriation is to support this transition.
4. The concern of the Council to add additional resources to the District Court is noted. However, during the presentation by the Court at its budget hearing, it became apparent that the proposed strategy of the Court to utilize part time employees may not be consistent with the requirement that temporary employees working in excess of 29 hours per week must be provided access to health care to the extent that full time employees are. Thus, additional funds in the amount of $40,000 is added to the Court's budget to address this potential problem.
5. The recommendation of the Mayor to add additional capacity to economic development as stated in #4 above is acknowledged. Additional resources for economic development was also a stated priority of the Council. The change recommended by the Mayor provides $50,000 in financial capacity, is revenue neutral, and is incorporated into the budget.
6. The recommendation of the Mayor with respect to reducing DCED staff by 1 FTE and redistributing the funds as noted above are also incorporated into the budget.
7. The recommendation of the Mayor to add one new FTE in Planning and Development dedicated to the new Business Licensing function is also acknowledged as being valuable in helping to assure that the new process is implemented aggressively and successfully. Accordingly, $64,000 for wages and fringes is added to the budget of Planning and Development for that purpose.
8. Finally, the recommendation of the Mayor to add an additional objective to the Governance and Administration section of the Strategic Plan is acknowledged and will be incorporated. Accordingly, while the Human Relations Commission may continue as a volunteer board, the proposed allocation is eliminated. As it has become apparent that the Human Resources Director is fully engaged with managing the Human Resources function, the portion of the Director's salary allocated to the HRC budget will be transferred to the Human Resources Budget.

Implementing the changes noted above require identifying $119,000 in FY15 General Fund appropriations and $104,000 in FY16 appropriations. The revenue and expense projections in the budget have been reviewed, and the necessary funds have been identified from the following sources:

FY15:

- $39,000 - reduction in audit costs
- $ 2,600 – net reduction in HRC budget
- $38,400 - additional projected revenue - income tax revenue
- $39,000 – additional projected revenue – delinquent income tax collections

FY16:

- $31,000 - reduction in audit costs
- $ 2,678 – net reduction in HRC budget
- $32,000 - additional projected revenue - income tax revenue
- $38,322 - additional projected revenue - delinquent income tax collections

Appreciation is extended to the Mayor, Council, and staff for the time and effort spent reviewing the proposed budget. The citizens of Flint will be better served by the changes made.

Proposed Budget FY15 and FY16 Technical Adjustments

1. Included the pension expense in the Office of the Clerk - $29,519

2. Removed wages and fringes for GIS Technician from Assessing Department because it was already budgeted in the Planning and Zoning Department - $60,518

3. Corrected the inclusion of all salaries, wages, and fringes in the Planning and Zoning department for all the approved positions - $123,596

4. Corrected Fund 202 FY15 and FY16 fund balance use. The indirect cost allocation was double reported in FY15. This was a $536,000 reduction in cost in FY15. In FY16, wages in administration was entered in error causing salaries to be overstated by $812,000. This correction was made.

FLINT STRATEGIC PLAN

2015 -2019

Setting a Sustainable Course for the City of Flint

The Vision for the City Government of Flint:

A well managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

The Mission of the City Government:

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly and financially responsible manner

The Goals:

In order to realize our Mission, residents, businesses, students and visitors can expect that:

The City will provide a highly trained and professional staff of elected leaders, appointed officials and employees

The City will provide for a safe, secure, and healthy environment in which to live, work, learn and play

The City will provide access to dependable and affordable water, sewer, and waste collection

The City will provide access to an adequate and well maintained transportation network serving motorized, non-motorized, and pedestrian needs

The City will foster cooperation between business, non-profit, and foundation partners and residents to create a climate that supports community and economic development

The City government will also:

Seek partnerships with Local, State and Federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting its Mission

Provide municipal services consistent with the City's Master Plan and also work with residents, businesses, and others to foster development of the City and its infrastructure in a manner consistent with its Master Plan

Encourage partnerships for recreation and access to open space across the City

Enforce building and occupancy codes and to aggressively work with others to address blighted conditions

Assure that City ordinances and regulatory activities are consistent with the Master plan and supportive of economic development

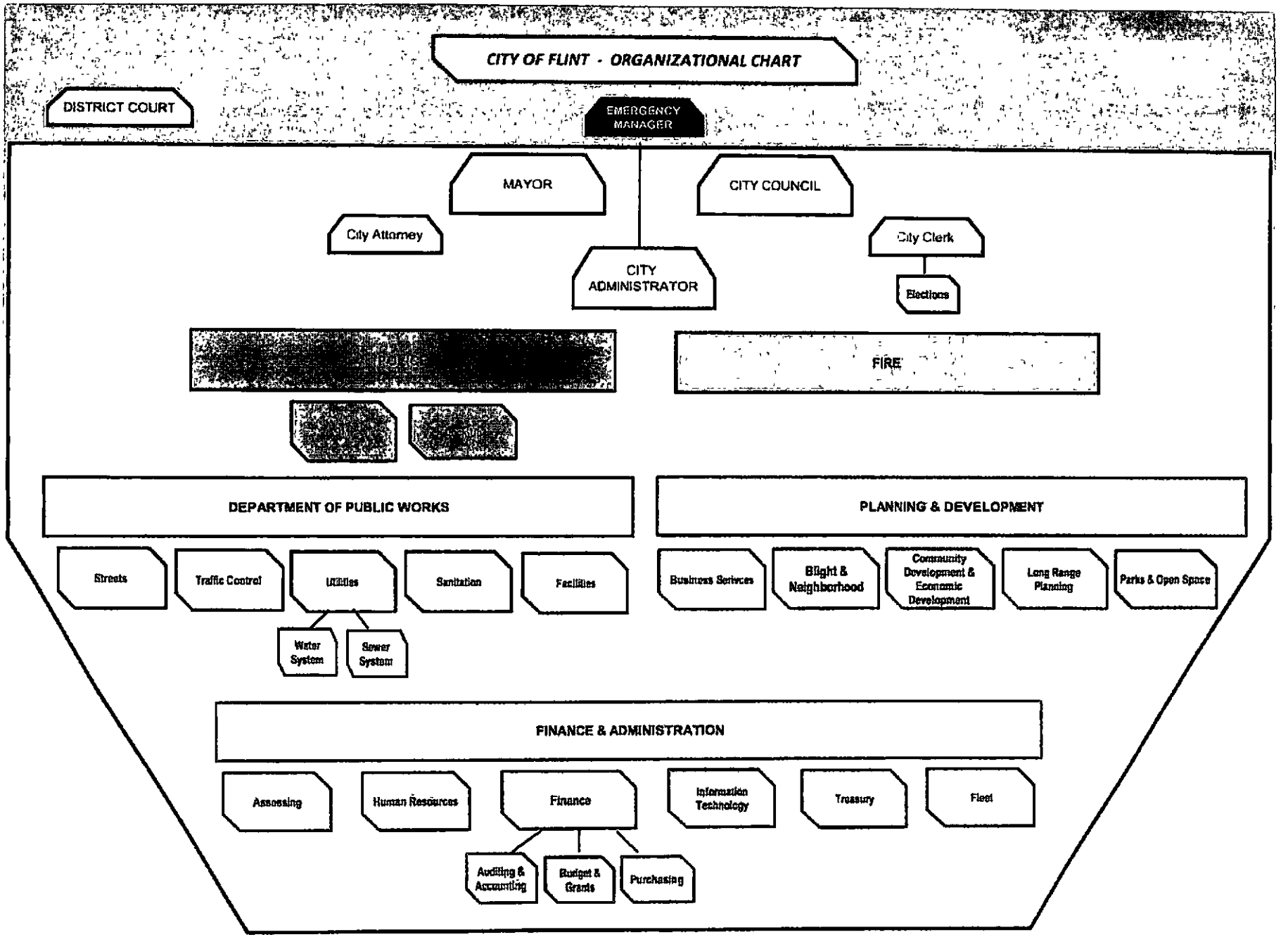
Operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits

Mayor and Council Priorities for Developing the Two-year (FY15 & FY16) Budget

The Mayor and Council request that the two-year budget to be developed will include a set of objective which, when achieved, will result in significant progress being made towards achieving their stated Vision, Mission, and Goals.

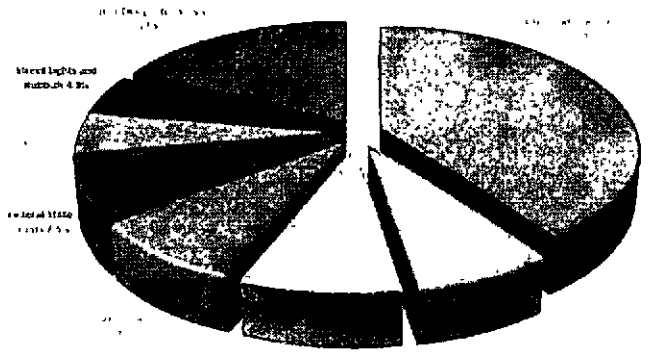
Additionally, the Mayor and Council request that the two-year budget to be developed address the following specific priorities:

1. Maintain police and fire staffing levels at the maximum level feasible
2. Reduce the General Fund deficit by at least $1 million
3. Continue efforts to reduce blight, including demolition
4. Hire an experienced and professional City Administrator
5. Assure that capacity exists to implement the Master Plan
6. Add capacity in the area of Economic Development
7. Fund years 1 & 2 of capital improvements identified in the Master Plan
8. Improve street maintenance
9. Establish parks partnerships
10. Improve customer service through training and technology
11. Increase removal of dead and diseased trees
12. Evaluate ways to reduce water and sewer rates for constituents in the budget process

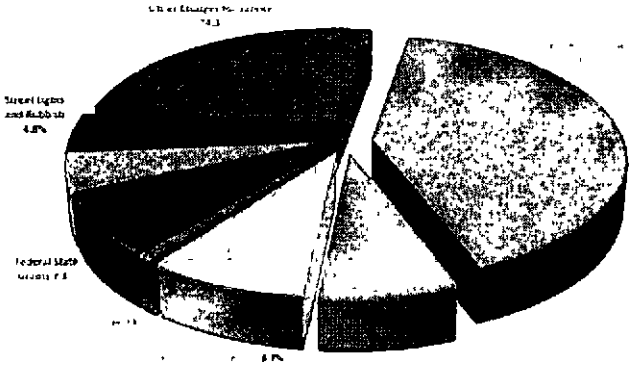

CITY OF FLINT - ORGANIZATIONAL CHART
DISTRICT COURT
EMERGENCY MANAGER
MAYOR
CITY COUNCIL
City Attorney
City Clerk
Elections
CITY ADMINISTRATOR
FIRE
DEPARTMENT OF PUBLIC WORKS
PLANNING & DEVELOPMENT
Streets
Traffic Control
Utilities
Sanitation
Facilities
Water System
Sewer System
Business Serivces
Blight & Neighborhood
Community Development & Economic Development
Long Range Planning
Parks & Open Space
FINANCE & ADMINISTRATION
Assessing
Human Resources
Finance
Information Technology
Treasury
Fleet
Auditing & Accounting
Budget & Grants
Purchasing

REVENUE - ALL FUNDS

FY15 $165,609,588

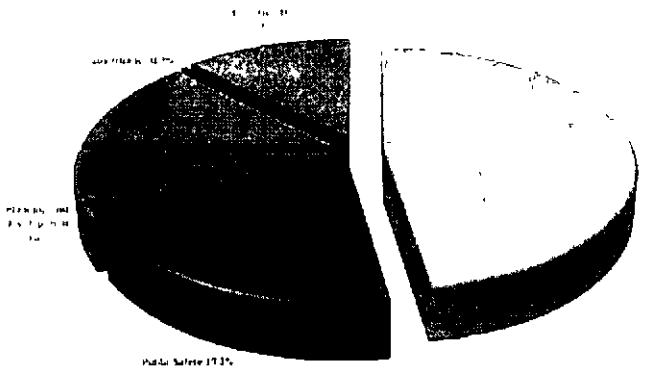


FY16 $169,482,080

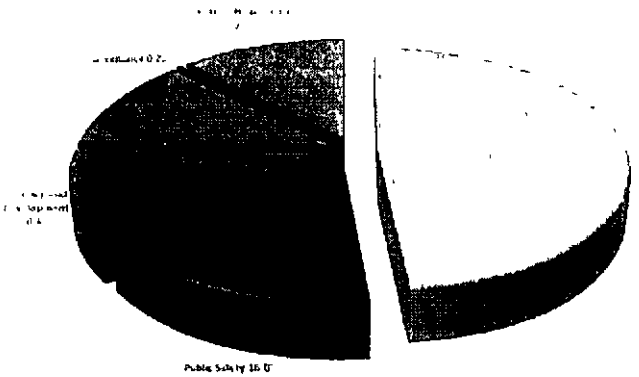


EXPENSES - ALL FUNDS

FY15 $162,186,042



FY16 $166,592,999



CITY OF FLINT - FIVE YEAR OUTLOOK
All Funds Summary

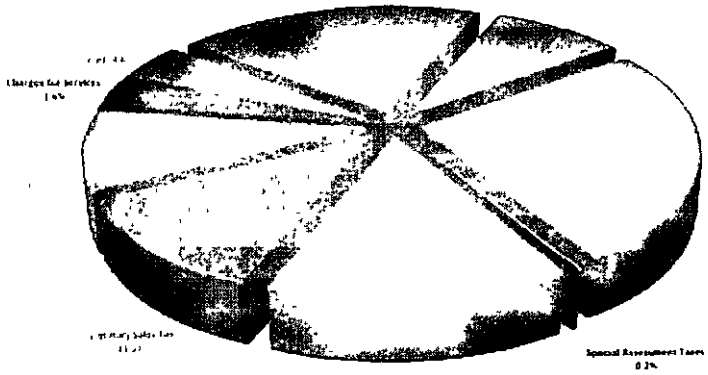
		Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund	101						
	Revenues*	**$53,668,121**	**$55,097,880**	**$56,308,236**	**$56,815,010**	**$56,985,456**	**$57,498,324**
	Expenses	**$53,668,121**	**$55,097,880**	**$56,308,236**	**$58,616,874**	**$61,020,165**	**$63,644,033**
	Cumulative Gap	**$0**	**$0**	**$0**	**($1,801,864)**	**($5,836,574)**	**($11,982,282)**
	Annual Gap	**$0**	**$0**	**$0**	**($1,801,864)**	**($4,034,710)**	**($6,145,708)**
*Includes $1 million for deficit elimination							
Major Streets	202						
	Revenues	$6,335,406	$7,022,888	$7,306,888	$7,511,256	$7,721,670	$7,945,485
	Expenses	$6,331,406	$7,022,888	$7,306,888	$7,577,016	$7,842,210	$8,124,630
	Cumulative Gap	$4,000	$0	$0	($65,760)	($188,400)	($368,435)
	Annual Gap	$0	$0	$0	($65,760)	($120,640)	($179,934)
Local Streets	203						
	Revenues	$2,601,090	$2,694,458	$2,763,112	$2,841,557	$2,934,072	$2,967,981
	Expenses	$2,601,090	$2,694,458	$2,763,112	$2,880,521	$2,972,698	$3,067,824
	Cumulative Gap	$0	$0	$0	($38,964)	($107,590)	($207,452)
	Annual Gap	$0	$0	$0	($38,964)	($68,626)	($99,863)
Police and Fire Millage	205						
	Revenues	$1,845,827	$9,258,560	$7,249,000	$4,464,640	$4,602,841	$4,671,885
	Expenses	$1,845,827	$9,258,560	$7,249,000	$7,538,060	$7,846,057	$8,169,628
	Cumulative Gap	$0	$0	$0	($3,074,420)	($6,319,637)	($9,817,378)
	Annual Gap	$0	$0	$0	($3,074,420)	($3,245,117)	($3,497,843)
Neighborhood Police Millage	207						
	Revenues	$1,550,180	$1,405,180	$1,419,300	$1,449,686	$1,491,513	$1,513,885
	Expenses	$1,550,180	$1,378,104	$1,409,660	$1,465,006	$1,525,072	$1,587,600
	Cumulative Gap	$0	$27,076	$9,640	($15,340)	($51,699)	($125,614)
	Annual Gap	$0	$0	$0	($15,340)	($33,599)	($73,714)
Parks Millage	208						
	Revenues	$373,064	$440,140	$344,370	$351,257	$362,146	$367,579
	Expenses	$373,064	$440,140	$344,343	$368,117	$372,800	$388,094
	Cumulative Gap	$0	$0	$27	($6,859)	($17,512)	($38,016)
	Annual Gap	$0	$0	$0	($6,859)	($10,653)	($20,508)
Lighting Special Assessment	219						
	Revenues	$2,982,960	$2,694,870	$2,698,300	$2,561,485	$2,433,411	$2,311,740
	Expenses	$2,982,960	$2,694,870	$2,698,300	$2,698,300	$2,698,300	$2,698,300
	Cumulative Gap	$0	$0	$0	($134,815)	($397,704)	($782,264)
	Annual Gap	$0	$0	$0	($134,815)	($262,889)	($384,560)

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		226						
	Revenues		$5,132,490	$5,396,293	$5,460,723	$5,178,187	$4,919,278	$4,673,314
	Expenses		$5,132,490	$5,396,293	$5,460,723	$5,559,737	$5,670,932	$5,784,351
	Cumulative Gap		$0	$0	$0	($381,551)	($1,133,205)	($2,244,243)
	Annual Gap		$0	$0	$0	($381,551)	($751,655)	($1,111,037)
Drug Forfeiture		265						
	Revenues		$435,042	$439,093	$439,093	$452,235	$465,802	$479,776
	Expenses		$435,042	$425,093	$433,389	$446,401	$459,793	$473,587
	Cumulative Gap		$0	$14,000	$5,684	$5,834	$11,843	$18,032
	Annual Gap		$0	$0	$0	$5,834	$6,009	$6,189
HUD Grant 2014		274						
	Revenues		$11,767,729	$5,035,900	$5,035,900	$5,186,977	$5,342,586	$5,502,864
	Expenses		$11,767,729	$5,035,900	$5,035,900	$5,186,977	$5,342,586	$5,502,864
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Other Grants		296						
	Revenues		$7,483,689	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Expenses		$7,477,931	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Cumulative Gap		$5,758	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Federal Stimulus Grant		297						
	Revenues		$4,624,108	$0	$0	$0	$0	$0
	Expenses		$4,624,108	$0	$0	$0	$0	$0
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Public Improvement Fund		402						
	Revenues		$2,150,000	$2,850,957	$2,887,987	$2,925,347	$3,016,032	$3,061,273
	Expenses*		$2,150,000	$2,850,957	$2,887,987	$2,982,708	$3,102,016	$3,225,095
	Cumulative Gap		$0	$0	$0	($57,360)	($143,342)	($308,164)
	Annual Gap		$0	$0	$0	($57,360)	($85,983)	($164,822)
* Includes $800,000 for deficit elimination								
Building Safety Fund		542						
	Revenues		$2,548,458	$2,385,529	$2,484,700	$2,484,700	$2,484,700	$2,484,700
	Expenses		$2,548,458	$2,385,529	$2,484,700	$2,584,088	$2,687,452	$2,794,950
	Cumulative Gap		$0	$0	$0	($99,388)	($302,140)	($612,389)
	Annual Gap		$0	$0	$0	($99,388)	($202,752)	($310,250)
TOTAL General City								
	Revenues		$103,288,162	$99,696,694	$99,249,335	$97,230,141	$97,890,768	$98,784,987
	Expenses		$103,278,404	$99,655,616	$99,234,004	$102,903,628	$106,701,333	$110,776,135
	Cumulative Gap		$9,758	$41,078	$15,331	($5,673,486)	($14,484,061)	($26,466,208)
	Annual Gap		$0	$0	$0	($5,673,486)	($8,810,575)	($11,981,148)

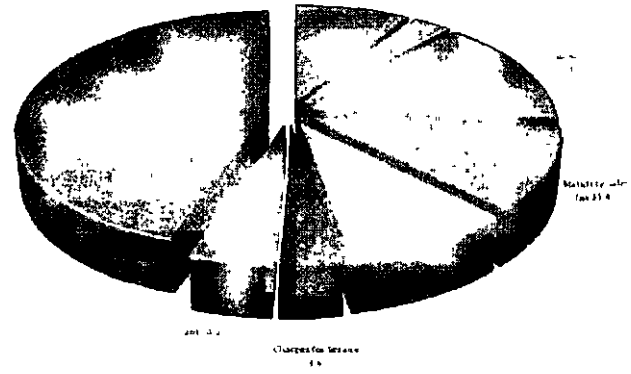
		Current	Adopted	Adopted	Projected	Projected	Projected
Sewer Fund	590	FY14	FY15	FY16	FY17	FY18	FY19
	Revenues	$31,929,269	$28,126,894	$32,346,745	$32,346,745	$32,346,745	$32,346,745
	Expenses	$31,929,269	$28,126,894	$32,346,745	$34,609,099	$38,149,143	$37,216,857
	Cumulative Gap	$0	$0	$0	($2,262,354)	($5,064,752)	($10,934,964)
	Annual Gap	$0	$0	$0	($2,262,354)	($3,802,398)	($4,670,212)
Water Fund	591						
	Revenues	$47,896,872	$37,886,000	$37,886,000	$37,500,000	$37,500,000	$37,500,000
	Expenses	$47,896,872	$34,503,530	$35,012,250	$38,841,189	$40,741,806	$41,943,726
	Cumulative Gap	$0	$3,382,470	$2,873,750	($1,341,189)	($4,583,095)	($9,026,820)
	Annual Gap	$0	$0	$0	($1,341,189)	($3,241,906)	($4,443,726)
Water and Sewer	**590 & 591**						
	Revenues	**$79,826,141**	**$66,012,894**	**$70,232,745**	**$69,846,745**	**$69,846,745**	**$69,846,745**
	Expenses	**$79,826,141**	**$62,630,424**	**$67,358,995**	**$73,450,288**	**$78,891,049**	**$79,160,682**
	Cumulative Gap	**$0**	**$3,382,470**	**$2,873,750**	**($3,603,543)**	**($10,647,847)**	**($19,961,784)**
	Annual Gap	**$0**	**$0**	**$0**	**($3,603,543)**	**($7,044,304)**	**($9,313,937)**
TOTAL CITY							
	Revenues	**$183,114,303**	**$165,609,588**	**$169,482,080**	**$167,076,588**	**$167,737,503**	**$168,641,732**
	Expenses	**$183,104,545**	**$162,186,042**	**$166,592,999**	**$176,363,916**	**$183,592,382**	**$189,836,817**
	Cumulative Gap	**$9,758**	**$3,423,546**	**$2,889,081**	**($9,277,029)**	**($25,131,908)**	**($46,426,993)**
	Annual Gap	**$0**	**$0**	**$0**	**($9,277,029)**	**($15,854,879)**	**($21,295,085)**

REVENUE - GENERAL FUND

FY15 $55,097,880

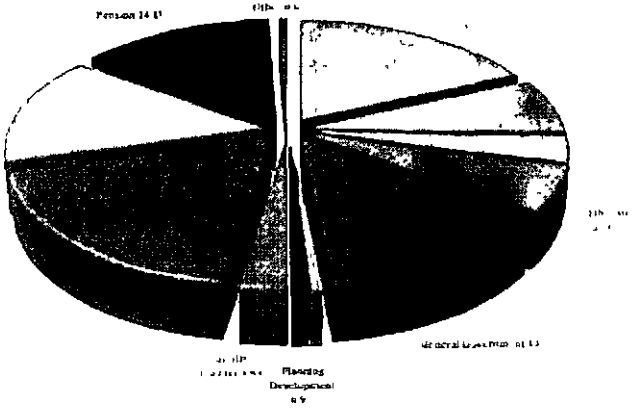


FY16 $56,308,239

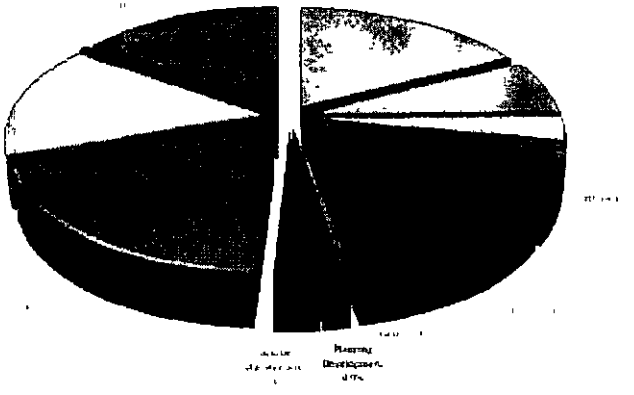


EXPENSES - GENERAL FUND

FY15 $55,097,880



FY16 $56,308,239



CITY OF FLINT PORPOSED FINANCIAL BUDGET
FOR FISCAL YEARS 2015 AND 2016
GENERAL FUND

DESCRIPTION	2013-14 AMENDED BUDGET	2014-15 PROPOSED BUDGET	2015-16 PROPOSED BUDGET
Fund 101 - General Fund			
ESTIMATED REVENUES			
Function: General government			
Property Taxes	$ 4,622,000	$ 4,970,000	$ 5,069,400
Income taxes	14,210,000	14,238,400	14,354,000
Special assessment taxes	97,941	89,000	89,000
State revenues	16,730,120	17,181,829	17,347,718
License and Permits	1,303,626	1,296,626	1,396,626
Fines and forfeitures	1,825,000	1,862,600	1,867,000
Charges for service rendered	9,942,485	11,161,416	11,582,811
Interest and dividend income	850,000	919,000	1,118,325
Other revenues	898,946	601,011	605,360
Transfers in	4,077,998	3,777,999	3,777,998
Drawings from fund balance	(1,000,000)	(1,000,000)	(1,000,000)
Total - Function General government	53,558,116	55,097,880	56,308,239
TOTAL ESTIMATED REVENUES	$ 53,558,116	$ 55,097,880	$ 56,308,239
APPROPRIATIONS			
Function: Legislative			
City Council	$ 373,220	$ 356,505	$ 341,080
Total - Function Legislative	373,220	356,505	341,080
Function: General governemnt			
District Court	5,194,307	4,099,999	4,167,078
Office Of Mayor	228,813	215,426	218,278
City Administrator	396,646	352,912	356,034
Finance -Admin/Accounting/Payroll	1,188,137	951,331	962,846
Finance Purchasing	130,229	139,185	141,145
Total Finance and Purchasing Department	1,318,366	1,090,516	1,103,991
Office Of City Clerk	220,645	163,145	164,955
City Clerk-License And Permits	90,850	185,408	185,651
City Clerk-Board Of Review	10,500	11,601	11,601
City Clerk-Election	403,183	391,241	399,979
Cty Clk Elec Div. - Election Workers	136,654	179,591	179,627
Total City Clerk and Elections	863,832	920,986	931,813
Customer Services-Treasury Operations	380,321	275,977	278,810
Customer Services-Income Tax	465,825	432,000	433,740
Customer Services-Water Collection	1,018,852	1,240,933	1,263,429
Customer Service-Sewer collection	1,020,102	1,243,133	1,264,476
Delinquent Collections	167,686	263,063	267,313
Total Treasury Department	3,052,786	3,455,106	3,508,767
Assessment	1,084,221	1,160,515	1,175,686
Law Office Operations	962,042	940,589	953,797

Human Relations Commission	26,237		
Personnel Office	551,542	624,409	629,970
Personnel Office-Personnel-Training	70,625	55,500	58,415
Total Human Relations and Personnel	648,404	679,909	688,385
Police - Fleet	990,000	990,000	1,000,000
Police Reduction		(2,606,823)	(2,835,863)
Pol Admin Bureau - Admin	6,023,126	409,669	419,941
Pol Admin Bureau-Inspections	127,354	125,505	126,865
Pol Admin - City Lock up	2,873,649	2,554,329	2,634,329
Pol Tech Serv-Records & Identification	1,831,592	2,121,908	2,168,785
Pol Tech Serv-Planning, Research, & Trai	135,359	129,847	130,692
Pol Tech Serv - City Impound	437,323	436,575	439,969
Pol Invst Ovrhd - Criminal Invest Overh	2,469,897	2,369,092	2,398,335
Pol Invst Ovrhd - Police School Liason	764,011	751,475	760,749
Pol Invst Ovrhd - Special Operations	707,250	738,802	749,143
Patrol Bureau - Administration	5,502,623	4,263,373	4,328,180
Patrol Bureau-School Crossing Guards	287,854	285,712	285,712
Total Police Department	21,930,338	12,569,434	12,504,837
Public Safety 911 - Administration	3,745,825	2,604,021	2,540,188
Office Of Fire Chief	753,647	692,077	709,158
Fire Admin-Maintenance	116,000	412,500	424,500
Fire Admin - Training	253,400	161,541	164,771
Firefighting Division-Fire Battalion Chi	3,349,980	498,649	508,293
Firefighting Division-Fire Station Overh	5,858,149	4,101,133	4,168,260
SAFER Grant EMW-2011-FH-00843	1,083,370		
Fire Prevent - Inspection And Training	285,370	315,903	322,422
Total Fire Department	11,699,796	6,179,803	6,295,404
Development-Planning & Zoning	121,875	385,277	397,634
DCD - Administration	186,293	279,007	285,416
Golf Division - Kearsley Lake Gc	3,500		
Golf Division-Mott Park Gc		9,000	9,270
Golf Division-Swartz Crk Gc	1,600		
Total Planning and Development Department	313,268	693,284	692,320
Facilities Maint-Municipal Center	1,207,382	1,464,233	1,532,362
Total - Function General government	52,645,726	38,416,733	38,666,940
Cost Allocation and Retiree Healthcare		17,911,941	18,986,658
Transfer out to Fund 208		99,140	
Transfers out to fund 542	539,170	313,561	313,561
Total - Function Transfers out	539,170	412,701	313,561
TOTAL APPROPRIATIONS	$ 53,558,116	$ 55,097,880	$ 56,308,239
NET OF REVENUES/APPROPRIATIONS - FUND 101	0	0	0
BEGINNING FUND BALANCE	(12,895,642)	(11,895,642)	(10,895,642)
ENDING FUND BALANCE	(11,895,642)	(10,895,642)	(9,895,642)

CITY OF FLINT STAFFING PROJECTION

	FY11 ACTUAL	FY12 ACTUAL	FY13 ACTUAL	FY14 CURRENT	FY15 PROPOSED	FY16 PROPOSED
GOVERNANCE AND ADMINISTRATION	38.5	20	17	19	20	20
POLICE	150	148	144	151	115	115
911	25.5	23	22	23	23	23
FIRE	75	94	91	94	75	75
DISTRICT COURT	49	35	30	31	31	31
DEPARTMENT OF PUBLIC WORKS	263	207	156	166	173	173
PLANNING AND DEVELOPMENT	71	56	26	24	25	26
FINANCE AND ADMINISTRATION	120.5	103	60	57	60	60
TOTALS	792.5	686	546	565	522	523

PROJECTED FACILITIES IMPROVEMENTS FY15-FY19

IMPROVEMENT	RANK	COST	FY15	FY16	FY17	FY18	FY19
City Hall Elevators(2 main only)	1	400,000.00	$ 400,000.00				
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 155,000.00				
Assessing Renovations	3	65,000.00	$ 65,000.00				
Roof Repair - Main Fire Station	4	127,400.00	$ 127,400.00				
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 10,000.00				
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 20,000.00				
I.S. Water Leaks PART I OF II	7	50,000.00	$ 50,000.00				
Legal Renovations	8	40,000.00	$ 40,000.00				
Police Station Bridge to 5th St	9	30,000.00	$ 30,000.00				
Roof Repair - North building	10	99,384.00	$ 99,384.00				
Motion Lights, City Hall & Police	11	100,000.00	$ 100,000.00				
Pave City Hall Parking Lot	12	100,000.00		$ 100,000.00			
911 Consoles & Telephones	13	330,000.00		$ 330,000.00			
I.S. Water Leaks PART II OF II	14	50,000.00		$ 50,000.00			
Council Chambers Renovations PART I OF III	15	116,666.67		$ 116,666.67			
City Hall Building Facade PART I OF III	16	500,000.00		$ 500,000.00			
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00			$ 250,000.00		
Council Chambers Renovations PART II OF III	18	116,666.67			$ 116,666.67		
City Hall Building Facade PART II OF III	19	500,000.00			$ 500,000.00		
Council Chambers Renovations PART III OF III	20	116,666.67				$ 116,666.67	
City Hall Building Facade PART III OF III	21	500,000.00				$ 500,000.00	
Police Shooting Range	22	250,000.00				$ 250,000.00	
Fire Station Kitchens - Remodel	23	60,000.00				$ 60,000.00	
TOTAL		$3,926,784.00	$ 1,096,784.00	$ 1,096,666.67	$ 866,666.67	$ 926,666.67	$ -

IMPROVEMENT	RANK	COST	CUMULATIVE COST
City Hall Elevators(2 main only)	1	400,000.00	
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 555,000.00
Assessing Renovations	3	65,000.00	$ 620,000.00
Roof Repair - Main Fire Station	4	127,400.00	$ 747,400.00
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 757,400.00
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 777,400.00
I.S. Water Leaks PART I OF II	7	50,000.00	$ 827,400.00
Legal Renovations	8	40,000.00	$ 867,400.00
Police Station Bridge to 5th St	9	30,000.00	$ 897,400.00
Roof Repair - North building	10	99,384.00	$ 996,784.00
Motion Lights, City Hall & Police	11	100,000.00	$ 1,096,784.00
Pave City Hall Parking Lot	12	100,000.00	$ 1,196,784.00
911 Consoles & Telephones	13	330,000.00	$ 1,526,784.00
I.S. Water Leaks PART II OF II	14	50,000.00	$ 1,576,784.00
Council Chambers Renovations PART I OF III	15	116,666.67	$ 1,693,450.67
City Hall Building Facade PART I OF III	16	500,000.00	$ 2,193,450.67
Parking lot lighting - City Hall, Pal, Stevens & 7th St Lots	17	250,000.00	$ 2,443,450.67
Council Chambers Renovations PART II OF III	18	116,666.67	$ 2,560,117.33
City Hall Building Facade PART II OF III	19	500,000.00	$ 3,060,117.33
Council Chambers Renovations PART III OF III	20	116,666.67	$ 3,176,784.00
City Hall Building Facade PART III OF III	21	500,000.00	$ 3,676,784.00
Police Shooting Range	22	250,000.00	$ 3,926,784.00
Fire Station Kitchens - Remodel	23	60,000.00	$ 3,986,784.00
TOTAL		$3,926,784.00	$ 3,986,784.00

DEFICIT ELIMINATION AND RESERVE ACCUMULATION PROJECTIONS

FINANCIAL COMMITMENT NECESSARY TO ELIMINATE THE DEFICIT AND ACCUMULATE AN APPROPRIATE BUDGET STABILIZATION RESERVE OF 10% -15%

	DEFICIT REDUCTION						
	FY14	FY15	FY16	FY17	FY18	FY19	FY20
DEFICIT	($12,895,642)	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000
REMAINING DEFICIT	($11,095,642)	($9,295,642)	($7,495,642)	($5,695 642)	($3,895,642)	($2,095,642)	($295,642)
GENERAL FUND REVENUE	$53,555,121	$55,080,609	$56,281,965	$56,788 503	$56 958 868	$57 471,498	$58,620,928

	RESERVE ACCUMULATION					
	FY21	FY22	FY23	FY24	FY25	
RESERVE	($295,642)	$1,504,358	$3,304,358	$5,104,358	$6,904,358	
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	
ACCUMULATED RESERVE	$1,504,358	$3,304,358	$5,104,358	$6,904,358	$8,704,358	Equals 13%
GENERAL FUND REVENUE	$59,793,347	$60,989,213	$62,208,998	$63,453,178	**$64,722,241**	of GF Revenues

CITY OF FLINT - FIVE YEAR OUTLOOK
Pension and Retiree Healthcare Costs

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund		101						
	Retiree Healthcare Expense		$8,034,324	$10,167,701	$10,777,783	$11,424,429	$12,109,895	$12,836,489
	Pension Expense		$8,401,335	$7,881,672	$8,439,853	$8,946,244	$9,483,019	$10,052,000
	Other Expenses		$37,122,462	$36,848,508	$37,090,623	$38,246,204	$39,427,255	$40,755,548
	Total Expenses		$53,558,121	$55,097,881	$56,308,239	$58,616,877	$61,020,169	$63,644,039
	Retiree Healthcare as % of Total Expenses		15%	18%	19%	19%	20%	20%
	Pension as % of Total Expenses		16%	14%	15%	15%	16%	16%
	Healthcare & Pension Costs as % of Total		31%	33%	34%	35%	35%	36%
Major Streets		202						
	Retiree Healthcare		$598,165	$1,056,180	$1,119,551	$1,186,724	$1,257,928	$1,333,403
	Pension		$555,832	$551,415	$588,569	$632,357	$670,298	$710,516
	Other expenses		$5,167,419	$5,416,283	$5,400,884	$5,597,804	$5,783,353	$5,981,277
	Total		$6,331,406	$7,022,888	$8,110,558	$8,416,885	$8,711,579	$9,025,193
	Healthcare & Pension %		18%	23%	21%	22%	22%	23%
Local Streets		203						
	Retiree Healthcare		$388,781	$200,624	$212,873	$226,845	$239,184	$253,535
	Pension		$331,106	$330,318	$354,959	$378,267	$398,832	$422,762
	Other expenses		$1,851,223	$2,163,316	$2,215,280	$2,278,516	$2,334,682	$2,391,627
	Total		$2,601,090	$2,694,458	$2,783,112	$2,880,621	$2,972,698	$3,067,824
	Healthcare & Pension %		28%	20%	20%	21%	21%	22%
Police and Fire Millage		205						
	Retiree Healthcare		$0	$1,337,628	$1,418,088	$1,503,184	$1,593,375	$1,688,977
	Pension		$448,524	$2,693,033	$2,748,678	$2,913,600	$3,088,416	$3,273,721
	Other expenses		$1,397,303	$5,327,639	$3,082,223	$3,122,176	$3,169,267	$3,207,130
	Total		$1,845,827	$9,258,550	$7,248,990	$7,538,960	$7,848,057	$8,169,828
	Healthcare & Pension %		24%	42%	57%	59%	60%	61%
Neighborhood Police Millage		207						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$379,934	$369,795	$318,844	$337,975	$358,253	$378,748
	Other expenses		$1,170,246	$1,077,309	$915,030	$948,254	$977,588	$1,010,863
	Total		$1,550,180	$1,376,104	$1,233,874	$1,283,229	$1,335,841	$1,390,611
	Healthcare & Pension %		25%	22%	26%	25%	27%	27%
Parks Millage		208						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$5,591	$20,663	$20,663	$21,903	$23,217	$24,610
	Other expenses		$367,473	$419,477	$320,769	$333,177	$346,421	$359,183
	Total		$373,064	$440,140	$341,428	$355,080	$369,638	$384,793
	Healthcare & Pension %		1%	5%	6%	6%	6%	6%
Lighting Special Assessment		219						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$6,028	$6,390	$6,773	$7,180	$7,611
	Other expenses		$2,982,960	$2,688,841	$2,689,910	$2,689,527	$2,689,120	$2,688,689
	Total		$2,982,960	$2,694,870	$2,696,300	$2,696,300	$2,696,300	$2,696,300
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		226						
	Retiree Healthcare		$621,190	$411,202	$438,874	$462,026	$486,748	$510,133
	Pension		$25,335	$12,683	$13,787	$14,693	$15,499	$16,397
	Other expenses		$4,485,985	$4,972,103	$5,001,062	$5,083,118	$5,168,716	$5,248,821
	Total		$5,132,400	$5,396,253	$5,450,723	$5,559,737	$5,670,632	$5,784,351
	Healthcare & Pension %		13%	8%	8%	9%	9%	9%
Drug Forfeiture		265						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$122,739	$82,408	$87,251	$92,582	$98,148	$104,038
	Other expenses		$312,303	$342,657	$346,048	$353,809	$361,845	$369,550
	Total		$435,042	$425,063	$433,299	$446,401	$459,763	$473,587
	Healthcare & Pension %		28%	19%	20%	21%	21%	22%
HUD Grant 2014		274						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$230,169	$262,418	$262,418	$309,993	$328,581	$348,275
	Other expenses		$11,537,570	$4,743,481	$4,743,481	$4,877,013	$5,014,024	$5,154,588
	Total		$11,767,729	$5,035,899	$5,035,899	$5,186,978	$5,342,585	$5,502,863
	Healthcare & Pension %		2%	5%	5%	5%	6%	6%
Other Grants		298						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$40,027	$230,605	$230,605	$244,441	$259,108	$274,654
	Other expenses		$7,437,604	$4,634,371	$4,634,371	$4,766,484	$4,902,146	$5,041,435
	Total		$7,477,631	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Healthcare & Pension %		1%	5%	5%	5%	5%	5%
Federal Stimulus Grant		297						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$1,359,981	$0	$0	$0	$0	$0
	Other expenses		$3,164,127	$0	$0	$0	$0	$0
	Total		$4,524,108	$0	$0	$0	$0	$0
	Healthcare & Pension %		30%	0%	0%	0%	0%	0%
Public Improvement Fund		402						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$0	$0	$0	$0	$0
	Other expenses		$2,160,000	$2,850,857	$2,697,997	$2,982,709	$3,104,997	$3,232,392
	Total		$2,160,000	$2,850,857	$2,697,997	$2,982,709	$3,104,997	$3,232,392
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%
Building Safety Fund		542						
	Retiree Healthcare		$582,854	$393,633	$417,251	$442,286	$468,823	$496,953
	Pension		$151,734	$237,925	$251,800	$266,999	$283,019	$300,000
	Other expenses		$1,833,769	$1,784,268	$1,815,563	$1,974,803	$1,935,609	$1,997,997
	Total		$2,548,456	$2,395,829	$2,484,709	$2,584,088	$2,687,452	$2,794,950
	Healthcare & Pension %		28%	25%	27%	27%	28%	29%
Internal Service Funds								
	Retiree Healthcare		$300,210	$722,428	$722,428	$764,504	$809,106	$858,382
	Pension		$382,108	$383,747	$383,747	$406,772	$431,178	$457,049
	Other expenses		$7,795,978	$6,750,612	$7,645,031	$8,119,902	$8,396,419	$8,684,357
	Total		$8,478,291	$7,856,787	$8,851,206	$9,288,178	$9,636,703	$9,997,788
	Healthcare & Pension %		8%	14%	12%	13%	13%	13%

TOTAL General City							
Retiree Healthcare Expense	$10,505,554	$14,289,798	$15,103,839	$16,009,759	$16,988,087	$17,984,872
Pension Expense	$12,440,403	$13,023,777	$13,745,725	$14,570,469	$15,444,687	$16,371,378
Other Expenses	$97,288,989	$87,975,819	$88,920,349	$91,685,874	$94,241,946	$97,122,057
Total Expenses	$118,302,313	$116,374,211	$118,654,931	$123,285,281	$127,873,627	$132,770,582
Retiree Healthcare as % of Total Expenses	9%	12%	13%	13%	13%	14%
Pension as % of Total Expenses	11%	11%	12%	12%	12%	12%
Healthcare & Pension Costs as % of Total	19%	23%	24%	25%	25%	26%

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Sewer Fund		590						
	Retiree Healthcare		$2,329,883	$2,447,656	$2,594,420	$2,750,085	$2,915,090	$3,089,995
	Pension		$2,179,100	$2,040,716	$2,163,159	$2,292,949	$2,430,526	$2,576,357
	Other expenses		$27,420,186	$28,768,284	$27,338,189	$29,358,035	$30,800,527	$31,550,804
	Total		$31,929,269	$30,256,645	$32,345,745	$34,809,069	$36,149,143	$37,216,957
	Healthcare & Pension %		14%	15%	15%	15%	15%	16%
Water Fund		591						
	Retiree Healthcare		$1,680,082	$2,963,688	$3,141,403	$3,329,887	$3,529,680	$3,741,461
	Pension		$1,815,687	$1,803,088	$1,911,264	$2,025,981	$2,147,519	$2,276,370
	Other expenses		$44,401,123	$28,738,644	$29,959,563	$33,485,341	$35,064,707	$35,926,894
	Total		$47,896,872	$34,503,530	$35,012,250	$38,841,189	$40,741,906	$41,943,725
	Healthcare & Pension %		7%	14%	14%	14%	14%	14%
Water and Sewer		590 & 591						
	Retiree Healthcare		$4,010,045	$5,411,154	$5,735,823	$6,079,972	$6,444,771	$6,831,457
	Pension		$3,994,787	$3,843,813	$4,074,443	$4,318,910	$4,578,044	$4,852,727
	Other expenses		$71,821,309	$57,505,108	$57,548,729	$63,091,406	$65,865,234	$67,476,498
	Total		$79,826,141	$64,760,075	$67,358,995	$73,450,288	$76,891,049	$79,160,682
	Retiree Healthcare as % of Total Expenses		5%	8%	9%	8%	8%	9%
	Pension as % of Total Expenses		5%	6%	6%	6%	6%	6%
	Healthcare & Pension %		10%	14%	15%	14%	14%	15%
TOTAL CITY								
	Retiree Healthcare		$14,515,539	$19,700,950	$20,839,651	$22,088,771	$23,412,828	$24,816,329
	Pension		$18,438,190	$16,857,520	$17,820,168	$18,889,376	$20,022,741	$21,224,105
	Other expenses		$169,110,298	$143,480,727	$146,469,078	$154,607,280	$160,110,180	$164,698,565
	Total		$198,128,454	$161,134,286	$185,213,928	$195,735,849	$204,764,876	$211,931,264
	Retiree Healthcare %		7%	11%	11%	11%	11%	12%
	Pension %		9%	9%	10%	10%	10%	10%
	Healthcare & Pension %		16%	20%	21%	21%	21%	22%

PROJECTED TAXPAYER IMPACT

$41,000 House, $40,000 Income

Values	FY14 Current Winter & Summer	FY15 Adopted Winter & Summer	FY16 Adopted Winter & Summer
House value	$41,000.00	$41,000.00	$41,000.00
Taxable value	$20,500.00	$20,500.00	$20,500.00
Annual Income	$40,000.00	$40,000.00	$40,000.00
Tax rate (mills)	65.88	65.88	65.88
Street Lights	$67.87	$70.94	$74.14
Garbage	$146.00	$162.63	$168.84
Water Bill	$1,800.00	$1,917.00	$2,032.02
Payments			
Property taxes	$1,351.00	$1,351.00	$1,351.00
Street lights	$67.87	$70.94	$74.14
Rubbish	$146.00	$162.63	$168.84
Income tax	$400.00	$400.00	$400.00
Water bill	$1,800.00	$1,917.00	$2,032.02
Total Payments	$3,764.87	$3,901.57	$4,026.00
	$137 3.6%	$124 3.2%	

$61,500 House, $50,000 Income

Values	FY14 Current Winter & Summer	FY15 Adopted Winter & Summer	FY16 Adopted Winter & Summer
House value	$61,500.00	$61,500.00	$61,500.00
Taxable value	$30,750.00	$30,750.00	$30,750.00
Annual Income	$50,000.00	$50,000 00	$50,000.00
Tax rate (mills)	65.88	65.88	65.88
Street Lights	$67.87	$70.94	$74.14
Garbage	$146.00	$162.63	$168.84
Water Bill	$1,800.00	$1,917.00	$2,032.02
Payments			
Property taxes	$2,026.00	$2,026.00	$2,026.00
Street lights	$67.87	$70.94	$74.14
Garbage	$146.00	$162.63	$168.84
Income tax	$500.00	$500.00	$500.00
Water bill	$1,800.00	$1,917.00	$2,032.02
Total Payments	$4,539.87	$4,676.57	$4,801.00
	$137 3.0%	$124 2.7%	

ATTACHMENT D September 30, 2014 Quarterly Report

EMERGENCY MANAGER'S COMPLIANCE MONITORING REPORT

a) CONFIRM – That revenues recorded in the most recent quarterly financial statements are fairly stated in all material respects on a modified accrual basis of accounting, except that in the case of the water and sewer fund, revenues recorded in the most recent quarterly financial statements shall be fairly stated in all material respects on a full accrual basis of accounting.

b) CONFIRM – That expenditures recorded in the most recent quarterly financial statements are fairly stated in all material respects on a modified accrual basis of accounting, except that in the case of the water and sewer fund, expenditures recorded in the most recent quarterly financial statements shall be fairly stated in all material respects on a full accrual basis of accounting. Accounts payable, vouchers payable, and accrued payrolls are to be included in the determination of expenditures.

c) CONFIRM – That all appropriate inter-fund transactions have been recorded in the financial records of the City.

d) CONFIRM – That the City is in compliance with its budget for the fiscal year on a year-to-date basis and that the budget has been amended as required by law.

e) CONFIRM – That the reconciliation of bank accounts has been completed and appropriate adjusting journal entries have been made to the general ledger of the City. The City has completed bank reconciliations for major bank accounts up through August 2014.

f) CONFIRM – That remittance of payroll taxes, pension payments, 401(k) payments, debt payments, and taxes collected for other governmental units were completed on a timely basis.

g) CONFIRM – That cash flow reported for the most recent preceding month is fairly stated in all material respects.

h) CONFIRM – That overtime is properly disclosed and recorded in the most recent quarterly financial report of the City.

i) CONFIRM – That the originals of all source financial documents have been properly retained and preserved and that the City is in compliance with all other legal requirements, except to the extent specified in the report.

Pleyte, Beth (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, November 25, 2014 3:42 PM
To: Carter, Jerry (MSP); Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Darnell Earley; Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); Hill, Darryl (MSP); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Smith, Paul (GOV); Byrne, Randall (Treasury); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); West, Samantha (GOV)
Subject: Bi-Weekly Conference Call Agenda
Attachments: Agenda & Attachments 112614 Conf Call with Treasury.pdf

Good afternoon,

Please find attached the agenda for the Wednesday, November 26th, 9:00 am conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am Phone Conference Agenda
November 26, 2014

1) **Public Safety Update – FPD, MSP, (FFD, if needed)**
   a) FPD –
      i. The final draft reports for the evaluation of both the Police and the Fire Departments have been received.
      ii. Completing revisions to SRMS MOA.
      iii. The Citizens Radio Patrol was operating the evening before Halloween and is continuing patrols.
      iv. Emergency Manager Earley held a meeting with MSP Post and District Commanders to prepare for transition and keep momentum going with COF PD and MSP. The ICMA Public Safety Study and communication plans were discussed.
      v. Need contact number for AG's Office for processing sexual assault kits.
   b) FFD
   c) Other update from Chief Tolbert and MSP

2) **Governor's Office Update – R. Baird, H. Hollins, B. Clement**
   a) Court Consolidation Status
   b) The legislative initiative to allow a vote on a local income tax increase will be handled by Mayor Walling who will be working through the Governor's Office and H. Hollins. A letter was sent to Treasurer Clinton on Nov. 17 from EM Earley.
   c) Chicago Fed Letter – see attached.
   d) Other

3) **Lawsuits – Status, Issues**
   a) Retiree Lawsuit – No updates

4) **Financial and Administrative Update**
   a) Remaining bargaining units in "meet and confer" sessions: Fire
   b) Audit is expected to be completed the week of December 1, 2014.
   c) Fund balance ordinances including Fund Balance Policy, OPEB, BSF and strategic planning processes have been referred by Council Finance Committee to its Legislative Affairs Committee. Council consideration to be scheduled for Council's December 15 meeting.

d) Hardest Hits Funds: Need to get clarity for Flint's eligibility status. (See attached).

5) City Council Update

a) The Council meeting schedule has been revised for the balance of the year to accommodate election of officers and the November and December holidays.
b) Two Council seats will become vacant on January 1, 2015. An appointment process is under consideration by the EM. P.A. 436 will guide the process which could involve direct EM appointment or collaborative effort with City Council. Self-nominations have been requested from residents of Wards 3 & 6.

6) Charter Review Commission

a) Notice has been sent out on new timing for the election of commissioners. Election will be held in May 2015.

7) Water Issues

a) General Motors Water Issues – working through lawyers at this point. We are close to a final agreement regarding their level as a customer with the City of Flint.
b) A meeting with the Department of Environmental Quality was held on October 29. A number of steps for continued support were discussed. More follow-up is planned. We are awaiting action from the DEQ on getting a message of support out to the public.

8) Messaging

a) A plan is being developed to present to the community at-large and to the various interest groups (i.e. business, investors, foundations) the background of the financial emergency, the actions taken and next steps to emerge from receivership. This will be an on-going item for discussion.
b) Starting a new communication strategy with an EM press briefing the afternoon of a Council meeting or important Committee meeting.
c) Hurley Hospital Valuation City - beginning regular meetings with the Hurley leadership to identify strategy beneficial both Hurley and the City of Flint.
d) Deputy Finance Director and HR Director have resigned. Internal candidates for Deputy Finance Director are being interviewed; recruiting

firms are being solicited to identify candidates for HR Director and eventually Finance Director.

9) 9-1-1 Reconsolidation Plan

a) The Genesee County 9-1-1 Consortium has voted to accept Flint's request to join. Consolidation is expected to be complete by July 1, 2015. Mayor Walling has been appointed the City's representative on the Membership Board. Work is progressing to complete merger before July 1, 2015.

b) C-GAP award for 9-1-1 Tower will have ~$400,000 balance. Would like to use for 9-1-1 consolidation expenses.

10) Recruitment and Selection of City Administrator/Manager

a) Provide guidance on several considerations: duration of appointment, contract, consistent with TAB, working with TAB, etc. – Finalize timeline after January 1, 2015.

b) Five finalist candidates were interviewed on November 12. The Recruitment Advisory Committee included: Mayor Walling, Councilwoman Galloway, Jerry Ambrose, Randy Byrne, Pastor Al Harris - Chairman of the Concerned Pastors for Social Action, Steve Landaal – a Flint resident and business owner, and Emergency Manager Earley. Three finalists were chosen for second interviews and those were held Nov. 18. Currently completing reference and background checks.

11) Other Items

Attachment: Chicago Fed Letter
Demo Request Letter, Map and Chart

1-[redacted], access code [redacted]
Created on: 11/19/14

City of Flint Wednesday 9:00am Phone Conference Agenda
October 1, 2014

1) **Public Safety Update – FPD, MSP, (FFD, if needed)**
   a) FPD
      i) Status of Sherman St. house demo and site clean-up? MSP initially agreed and now the decision appears to have changed.
   b) FFD
   c) Other update from Chief Tolbert and MSP

2) **Governor's Office Update – R. Baird, H. Hollins, B. Clement**
   a) Court Consolidation
   b) Other

3) **Lawsuits – Status, Issues**
   a) Retiree Lawsuit – No updates

4) **Financial and Administrative Update**
   a) Remaining bargaining units in "meet and confer" sessions: Fire
   b) Sgts., and Capts. & Lts. bargaining units have achieved Tentative Agreements.
   c) The City is amending the DEP to show future commitment on retiree healthcare.
   d) Need to start to develop a plan to begin pre-funding employee healthcare.
   e) Next benchmark is audit. Budget is on track at this point; preparing for 1st quarter end.
   f) Status of legislative initiative to allow vote on local income tax increase.

5) **City Council Update**
   a) Flint City Council postponed action on the Budget Stabilization ordinance and fund Balance policy and the primary reason given was that these recommendations came from the EM. This editorial from the Flint Journal is an excellent summation: http://www.mlive.com/opinion/flint/index.ssf/2014/09/editorial_flint_city_council.html#incart_river

6) **Blue Ribbon Committee on Governance**
   a) The "Vote YES for Change" committee held its first community discussion on Thursday, September 25.

7) **Water Issues**
   a) Flint will continue to investigate why conditions develop which are favorable for more severe problems to occur. Pursuing these investigations may include seeking additional professional assistance to review both systems and processes.

b) General Motors Water Issues – working through lawyers at this point. However, if this should become an issue for the GCDC with DWSD we would hope Treasury will be supportive of the GM-GCDC franchise customer agreement.

8) Messaging

a) A plan is being developed to present to the community at-large and to the various interest groups (i.e. business, investors, foundations) the background of the financial emergency, the actions taken and next steps to emerge from receivership. This will be an on-going item for discussion.

b) Hurley Hospital Valuation City - beginning regular meetings with the Hurley leadership to identify strategy beneficial both Hurley and the City of Flint.

9) 9-1-1 Reconsolidation Plan

a) The Genesee County 9-1-1 Consortium has voted to accept Flint's request to join. Consolidation expected to be complete by July 1, 2015.

10) Recruitment and Selection of City Administrator/Manager

a) Provide guidance on several considerations: duration of appointment, contract, consistent with TAB, working with TAB, etc. – Finalize timeline after January 1, 2015.

b) Emergency Manager has developed a recruitment package and a recruitment and appointment timeline; recruitment began September 1, 2014.

11)Other Items

1-888-557-8511, access code 3389106
Created on: 09/26/14

~~JET Consulting Inc.~~
09/30/14
City of Flint Call 10/01 9am

1. Chief Talbert
   27% reduction in hom...
   - 3 hom in past week
   21% reduction in CSC Criminal Sexual Conduct.
   Overall 13% ↓ For one Crimes

- ITMA study complete — Report finalized late october/ mid November
- 121 officers + civilians total

2. FFD
   - Increase in arsons

3. MSP
   - Increase in arsons — creating investigation squad
   - Will met w/ CoF chief to increase communications

4. Gov. Office — Paul, H. Hollins
   - No update

5. Budget Stabilization — council not interested bc EM suggested it

7. - Water issues: City is doing what they can to avoid boil advisorys
   - Looking to stop Water theft.

messaging: looking to increase messaging to the community

III: Expect completion by June 2015

ity Admin: 17 applicants received - take until Jan

Mary Mullins: DPS lawsuit - challenges the term of ~~EMS~~ EMs

October 8 and quarterly on 15

Friday: Met w/ staff to re-touch - Set up meeting Logistics

Team meeting - Possibly move to Tues

Widigan, Robert (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Friday, October 03, 2014 10:25 AM
To: Howard Croft
Subject: RE: Water Issue

Good morning, Howard:

Thank you very much, this fits our needs.

Thank you,

Robert Widigan | Departmental Analyst | Office of Fiscal Responsibility
State of Michigan | Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2130 | WidiganR@michigan.gov

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From: Howard Croft [mailto:hcroft@cityofflint.com]
Sent: Friday, October 03, 2014 10:12 AM
To: Widigan, Robert (TREASURY)
Subject: Water Issue

Rob,

Here is the overview of the recent boil water advisory, please review and see if this fits your needs.

Thank you,

--
Howard Croft
Public Works Director
City of Flint
1101 S. Saginaw Street
Flint, MI 48502
PH# 810.766.7346 Ext.2043
hcroft@cityofflint.com

CITY OF FLINT

Department of Public Works

Dayne Walling
Mayor

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Howard Croft
Director

MEMORANDUM

TO: Darnell Earley, Emergency Manager
Dayne Walling, Mayor

FROM: Howard Croft, Public Works Director

DATE: September 16, 2014

RE: Recent Boil Water Advisory

Mr. Earley,

I have compiled a bullet point list of the pertinent events surrounding the recent boil water advisory in the City of Flint. I have separated the events into five categories and attempted to condense them into a comprehensive sequence for your review.

OVERVIEW

- On Friday September 5, 2014 the City of Flint issued a boil water advisory to residents in two of ten test areas around the city.
- The advisory was due to multiple positive tests for "total coliform" and the area covered approximately 9 square miles.
- On Sunday September 7, 2014 the City expanded the advisory to include another of the ten test areas due to a subsequent positive total coliform test.
- The boil water advisories were lifted on Tuesday September 9th at 5:00pm after consultation with the DEQ.

BACKGROUND

- State of Michigan Regulations requires that the City of Flint Water Treatment Plant perform testing of its water distribution system on a routine basis in ten different locations around the City.
- The tests take twenty four hours to produce valid results and are sent directly to the Department of Environmental Quality for review.
- Test results which show positive for "E.coli" or "fecal coliform" trigger boil water notices for the test area and the advisories usually remain in effect until three consecutive tests return negative results.
- A single positive test for "total coliform" does not generally result in a boil water advisory, rather it indicates that the environment is conducive for bacteria.
- Typically, investigation into possible causes followed by corrective measures such as flushing the affected area with open hydrants will cleanse the system.
- This process is overseen by an employee who is required to hold an F-1 State License and is listed as the Operator in Charge of the Water Plant and an employee who holds an S-1 State License which is required to maintain distribution systems of this municipal size.
- The City of Flint has over 500 miles of pipe in its distribution system, much of which is over 70 years old.
- The City of Flint has over ten-thousand valves throughout its distribution system.
- The City of Flint has a professional reliability study of its system which was updated in December 2013.

PROBLEM

- ❖ After detecting the initial positive test for total coliform, normal procedures did not clear the condition and multiple positive tests ensued.
- ❖ The continued positive total coliform tests were the cause for issuing the boil water notice.
- ❖ Additional discoveries showed that residual chlorine levels in the affected area were considerably lower than normal.

SOLUTION

- ✓ On Monday September 8, 2014 the City convened all licensed personnel, Utility Supervisors, and DPW Director to a single meeting location and held a brainstorming session with the DEQ on conference call.
- ✓ It was agreed that while not totally isolated, the concern was mainly present in a specific large transmission line that ran through all positive testing areas.
- ✓ It was determined to expand the hydrant flushing outside of the immediate impact area.
- ✓ It was found that a 24" valve which feeds this transition main was broken in the OFF position outside of the immediate impact area.
- ✓ The broken valve was preventing fresh water from being pushed directly into the impacted area while causing water to travel from the water plant around the entire city and preventing adequate circulation of fresh water.
- ✓ After repairing the broken valve, virtually all of the symptoms were erased over a 24 hour period and the chlorine count has steadily risen back to normal levels throughout the transmission main.

CONCLUSION

- ✓ It was determined that the broken valve was not the single cause of the problem but was a significant factor in the development of the problem.
- ✓ Other possible factors include:
  - Low usage in the area
  - Pipe size in relation to volume of usage
  - Temperature change of surface water
  - Water Pressure in the area
- ✓ It was determined that the broken valve was the main reason that normal remedies were ineffective.
- ✓ Throughout the event, the City was in direct contact with DEQ personnel daily.
- ✓ The positive tests were for "total coliform" only.
- ✓ The following statement about total coliform was approved by the DEQ and distributed to the public as part of the recent boil water advisory:

Total coliform bacteria are generally not harmful themselves. Coliforms are bacteria which are naturally present in the environment and are used as an indicator that other, potentially-harmful, bacteria may be present.
Usually, coliforms are a sign that there could be a problem with the treatment or

distribution system (pipes). Whenever we detect coliform bacteria in any sample, we do follow-up testing to see if other bacteria of greater concern, such as fecal coliform or E. coli, are present. We did not find any of these bacteria in our subsequent testing. If we had, we would have notified you immediately. However, we are still finding coliforms in the drinking water.

- ✓ The City of Flint is in the first year of strategic budgetary investment in an infrastructure strategy.
- ✓ The City of Flint infrastructure strategy has been, and will continue to be developed with state licensed employees, industry experts, and proven experienced consultants.

Howard D. Croft
Public Works Director

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: October 3, 2014

TO: Rick Snyder, Governor

FROM: R. Kevin Clinton, Treasurer

SUBJECT: Status of Financially Stressed Local Governments

EMERGENCY MANAGER

Flint
Emergency Manager: Darnell Earley
Appointed: November 28, 2013
Anticipated Exit: April 2015

Recent Developments

- Emergency Manager Darnell Earley initiated a search for a qualified and experienced City Administrator. Ideally, the chosen candidate will begin on January 30, 2015.
- Five Charter amendments and a general Charter revision question have been placed on the November 2014 ballot. These include eliminating the Office of Ombudsmen and Civil Service Commission, reducing mayoral staff appointments from ten to five, eliminating the requirement for specific executive departments, and requiring that the annual budget include a budget message, multi-year financial plans, revenue projections, and a Budget Stabilization Fund.
- The City has contacted the Michigan Health Endowment Fund at MDCH to determine if grant funds are available to start a fund to assist citizens who are unable to pay their water/sewer bills.

Significant Actions/Issues

- On September 5, 2014 a boil water advisory was issued due to multiple positive tests for "total coliform" covering approximately a 9 square mile area. This was caused from a broken valve which feeds the transition main.
- In August, Treasury staff met with the Mayor and City Council in one-on-one meetings to discuss the possibility of the Emergency Manager exiting in April 2015, and to explain the function of a Receivership Transition Advisory Board. An April 2015 exit will not be possible if the pending retiree lawsuit outcome is unfavorable to the City. Decision date is still to be determined.
- Accumulated deficit for FY 2013 was $12.9M; the City reduced the deficit by $3.9M to $9M in FY 2014 (unaudited).

- A $1.1M State appropriation was received to fund front-line public safety positions for FY 2015.
- The sale of the water pipeline for $3.9M was completed in June 2014.
- The Genesee County 911 Consortium approved Flint's return to the county-wide system by July 1, 2015. This will result in about $1M in annual savings to the City. Currently, the City spends $2.4M annually to subsidize its own 911 operations.
- The results of a comprehensive public safety study, being prepared by ICMA, will be available this fall.

Issues to Resolve before EM Exit

- Eliminate annual operating/structural deficit which is projected at $1.7M for FY 2017, and grows to $11.9M by FY 2019 if the City loses the lawsuit over retiree healthcare. If the City loses this lawsuit, it will permanently add $5M annually to the cost of retiree healthcare. The City's budget does not assume this additional $5M potential expense.

Hamtramck

Emergency Manager: Cathy Square
Appointed: July 1, 2013
Anticipated Exit: November 2014

Recent Developments

- Both the Public Works Director and the Income Tax Director have been terminated for misfeasance; a replacement Public Works Director is being vetted. while the Income Tax Office has been outsourced to a third party.

Significant Actions/Issues

- A firm has been hired to conduct a search for a qualified City Manager candidate.
- The City closed on its emergency loan on September 23, 2014, which was approved by the Emergency Loan Board on June 26, 2014. The proceeds will resolve a $2.1M liability to MERS.
- Retiree healthcare changes were implemented in December 2013 at a cost savings of over $1.8M.
- The annual pension liability is anticipated to increase from $3.5M in FY 2015 to $4.3M in 2019. This resulted from the closing of certain pension plans and the MERS policy of accelerating the actuarial required contribution for closed plans.

Issues to Resolve before EM Exit

- Retiree healthcare litigation.
- Hire a qualified City Manager.

Lincoln Park

Emergency Manager: Brad Coulter
Appointed: July 3, 2014
Anticipated Exit: January 2016

Recent Developments

- SAFEbuilt was selected to perform building inspections for the City. Inspections were not being completed on a timely basis and the Building Inspector was terminated.

Significant Actions/Issues

- The Police and Fire pension plan is 30% funded. The General Employee plan is 22% funded.
- An Emergency Manager Order to charge $60 for each vehicle towed by the City will result in additional revenue of $100,000 per year.
- A Financial and Operating Plan was submitted to the Treasurer on August 22, 2014. The Plan's proposal includes 1) Fire Department restructuring - $1M annual savings, 2) OPEB plan reform or elimination - $3.2M+ for duration of fiscal emergency, 3) CBA changes include sick, vacation, unused sick and vacation buy backs, average final compensation, etc. This will likely result in hundreds of thousands in annual savings, 4) health plan changes - $150K annual savings, and 5) outsource Building Department - $75K annual savings.
- FY 2013 ended with a General Fund accumulated deficit of $89K. In the prior FY, the City had a positive fund balance of $2M.

Issues to Resolve before EM Exit

- Police and fire contracts need to be renegotiated.
- Pension and OPEB funding.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

Emergency Manager: Kevyn Orr
Appointed: March 14, 2013
Anticipated Exit: November 2014

Recent Developments

- On September 25, 2014, Mayor Duggan and the City Council reached a deal to keep Kevyn Orr on as Emergency Manager until the court approves the City's Plan of Adjustment. Mr. Orr's remaining tenure is strictly limited to those actions necessary to bring the bankruptcy proceedings to a close.
- As part of this arrangement, Kevyn Orr signed an order to return all operational authority to the City. While most operational duties had already been returned, Kevyn Orr had continued to oversee the financial and budgetary functions of the City prior to September 25, 2014.
- Mr. Orr also signed several orders to effectuate restructuring and consolidation of City functions. These included finance and budgetary functions, as well as information technology, planning, and grants management functions.
- While the court's exact timeline cannot be known, it is anticipated that proceedings could end over the next 3-6 weeks. In preparation, Treasury is coordinating with the Governor's Office to implement the new Financial Review Commission, which is required by the "Grand Bargain" legislation. This commission will help to ensure the full and timely implementation of the City's Plan of Adjustment.

Significant Actions/Issues

- On September 26, 2014, the Local Emergency Financial Assistance Loan Board approved exit financing for the City. This included the approval of four bond deals that, taken together, are worth up to $1.1B. All bonds had been previously approved by City Council.
- On the same day, the Local Emergency Financial Assistance Loan Board also approved the Emergency Manager's proposal to sell several properties in the footprint of the New International Trade Crossing to the Land Bank Fast Track Authority for a total of $1.4M.

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Allen Park

RTAB Appointed: September 26, 2014
RTAB Members: Suzanne Schafer, Joyce Parker, Fredrick Frank, Karen Barann

Recent Developments

- Emergency Manager Joyce Parker exited on September 25, 2014 and a Receivership Transition Advisory Board was appointed.
- A $2.6M emergency loan was approved by the Emergency Loan Board on September 23, 2014 with the closing occurring the same day. The proceeds will be used to pay the delinquent pension obligation. Recent actuarial valuation revealed pension funding for General Employees at 79.2% and Police/Fire at 79.5%.

Significant Actions/Issues

- Future OPEB liabilities reduced by $48.8M (33%).
- Litigation was filed by retirees challenging the Emergency Manager's authority to reduce OPEB liabilities. A court date on this matter is pending.
- The Southfield Lease Properties were sold on August 22, 2014 to Time Equities for $12M.
- A compliance settlement with SEC must be finalized.
- A five-year financial forecast must be developed within 90 days of the Emergency Manager exit.
- The restructuring of the Southfield Lease Properties Debt and Tender Offer must be completed.

Benton Harbor

RTAB Appointed: March 10, 2014
RTAB Members: Cary Vaughn, Bret Witkowski, Marvin Raglon, Sharon Hunt

Recent Developments

- The City submitted a $4.8M Capital Improvements Plan (CIP) which was approved by the RTAB on September 24, 2014.
- A litigation study was recently completed by UHY which will assist the City in improving its process of managing legal and litigation issues.
- Due to the resignation of another City Commissioner, a new vacancy has occurred on the City Commission. It is anticipated that the vacancy will be filled by November 2014.

Significant Actions/Issues

- General Fund revenues are projected to exceed expenditures by $2.9M for FY 2014 ($2.3M from loan proceeds).
- The City Manager implemented a twelve-month operational plan to guide City operations.
- Lawsuit filed against the City and former Emergency Manager Saunders by former Public Safety Director; alleges he was dismissed for complaining to the State.
- The Michigan Court of Appeals has ordered the Benton Harbor Mayor recall election off the November 2014 ballot.

Ecorse

RTAB Appointed: May 1, 2013

RTAB Members: Edward Koryzno, Robert Bovitz, Joyce Parker

Recent Developments

- The City continues to search for a qualified interim City Administrator, and is currently operating without one.
- The RTAB annual evaluation will be voted on at the November meeting; while some elements are positive or neutral, much of the report is negative. An eventual recommendation for the reappointment of an Emergency Manager is foreseeable.

Significant Actions/Issues

- City Council repeatedly rejected a CGAP grant which would have saved the City $1M; offsetting the lost tax settlement revenue.
- Pension contributions are anticipated to increase from $1.8M in FY 2015 to $2.4M in FY 2016.
- The State has approved $750K in State Revolving Funds for a sanitary sewer project.
- The RTAB rejected the City's proposed five-year budget in June 2014 due to unrealistic projections. The firing of the City Administrator and the uncertainty of Plante Moran's continued financial services have delayed the completion of a viable five-year budget. The amended budget completion date is unknown.
- Plante Moran has renewed their call for reform within the City (e.g. begin immediate search for permanent City Administrator, contract with neighboring community or an outside agency to provide HR services to the City). Plante Moran's future with the City is in doubt due to the City's failure to meet the conditions it previously agreed to.

Pontiac

RTAB Appointed: August 19, 2013

RTAB Members: Edward Koryzno, Louis Schimmel, Keith Sawdon, Robert Burgess

Recent Developments

- The City of Pontiac Retired Employees Association v. City of Pontiac lawsuit in the United States District Court was recently reassigned from Judge Lawrence P. Zatkoff to Judge Avern Cohn. Judge Cohn has requested the parties participate in facilitation as a means to reaching a settlement. The City of Pontiac and the Retired Employees Association have agreed to participate in facilitation.
- In April 2014, the Final Emergency Manager Order was amended to create a Deputy Mayor position. Interviews are tentatively scheduled on October 20 and 21, 2014.

Significant Actions/Issues

- General Fund accumulated fund balance for FY 2014 is approximately $4M.
- The RTAB is currently reviewing the City's proposed FY 2016 budget, which will be the City's first adopted budget since the Emergency Manager's required two-year budget.
- General Fund is structurally balanced in FY 2015 and expenditures are projected to exceed revenues by $360K.
- The $6M annual retiree healthcare obligation and related federal litigation must be resolved prior to August 2015, when the existing Emergency Manager Final Order regulating this issue expires. Expiration of this order would increase the annual cost of retiree healthcare to between $10-13M, which would be approximately one-third of the City's $30M General Fund budget.
- The General Employee Retirement System application for tax exempt status was extended for another five year period by the IRS until December 31, 2019, as required by federal law. This extension resolves the issue of the proposed 420 Transfer and the RTAB has ceased review of the issue unless the City presents any new proposals.
- The City expects condemnation litigation involving the Phoenix Center building to be resolved in the near future. At that time, the City will proceed with the budgeted $2M demolition of the building.
- The City Charter Commission has completed a draft of a new City Charter, which is under review by the Office of the Attorney General. The Charter will eventually have to be adopted by a vote of the electorate. A possible election date has yet to be determined.
- The City Administrator has informed the RTAB that additional financial training for the City Council is needed.

CONSENT AGREEMENT

Inkster

Date Executed: February 20, 2012
Consultant/Treasury Representative: Mark Stuhldreher
Term of Consent Agreement: N/A

Recent Developments

- A GASB Actuarial report indicated that the City has reduced its OPEB liability by 73% between July 1, 2012 and July 1, 2014 from $27M to $7M.
    - As of January 1, 2014, the City no longer allows any participant to enroll in the City's healthcare plans at retirement. This includes future and existing retirees. The City provides them with a monthly stipend that they use to acquire healthcare elsewhere. The stipend for a one-person household Pre-Medicare is $500 per month; $200 per month if Medicare eligible. The stipend for a two-person household Pre-Medicare is $1,000 per month; $400 per month if Medicare eligible.

Significant Actions/Issues

- The City was awarded a $486K CGAP grant on April 1, 2014 to contract with the Wayne County Sheriff's Department; the City is working with Michigan State Police to augment police staffing. This is currently on hold until a permanent chief is selected.
- The City of Westland was awarded a $347K CGAP grant to consolidate the Inkster Fire Department into the Wayne/Westland Fire Authority on April 1, 2014.
- General Fund revenues are projected to exceed expenditures by $1.5M in FY 2014.
- The Police Chief resigned in July; Interim Chief Vicky Yost was appointed August 4, 2014; a search firm has been retained to find a permanent chief.

River Rouge

Date Executed: December 15, 2009
Consultant/Treasury Representative: N/A (P.A. 72)
Term of Consent Agreement: N/A

Recent Developments

- A reduction in healthcare benefits for all current active employees will be implemented on November 1, 2014. The City is currently working to determine the estimated annual savings.

Significant Actions/Issues

- U.S. Steel annual $1M tax settlement payment to the City expires in FY 2015.
- General Fund revenues are expected to exceed expenditures by $986K in FY 2014.

Royal Oak Township

Effective Date: April 21, 2014
Consultant/Treasury Representative: Robert Burgess

Recent Developments

- The consulting firm (UHY) is assisting the Consent Agreement Consultant and the Township in developing a Financial & Operating Plan. The Township has requested that the plan deadline be extended to November 1, 2014.
- The Township will be approving a new contract for waste disposal services in October. A 10% cost reduction will be achieved under this new agreement.
- The State of Michigan, Bureau of Construction Codes ordered the Township Building Inspector to inspect and issue a report regarding the conditions at the Township's Recreation Center. The report was ordered after Treasury contacted the Bureau of Construction Codes when receiving a complaint from a Township Parks Commissioner regarding possible health and safety violations at the Recreation Center. Treasury will receive a copy of any determinations issued by the Bureau of Construction Codes.
- The Township is planning to submit several applications to the new Financially Distressed Cities, Villages, and Townships grant program.

Significant Actions/Issues

- The Michigan State Police continue to provide police services to the Township.
- A committee consisting of the Township Supervisor, Consent Agreement Consultant, and one Township Trustee continues to explore contracting for police and fire services. The Michigan State Police and Treasury are also involved with this process. The City of Ferndale and the City of Hazel Park have expressed interest in providing these services.
- A Deficit Elimination Plan is required for police, fire, and street lighting funds to address a total deficit of $547.6K and was due by August 23, 2014. The Township has not yet submitted its Plan.
- On July 30, 2014, the Township submitted a Corrective Action Plan to address deficiencies identified in its FY 2013 Audit; Treasury is currently reviewing the plan.
- Surplus pension assets of $619K administered by MERS were transferred to the Township. The State Treasurer approved a Consent Agreement Order by the Township Supervisor prohibiting the use of these funds until the Financial & Operating Plan is approved. The Office of the Attorney General is reviewing the legal authority regarding the use of these funds for any purpose other than pension expenses.

NEUTRAL EVALUATION

Highland Park

Financial Review Team Appointed: December 2, 2013
Financial Emergency Declared: January 30, 2014
PA 436 Option Selected: Neutral Evaluation

Recent Developments

- The Emergency Loan Board approved the Emergency Loan Agreement and a $3M Emergency Loan on September 23, 2014. The Emergency Loan closed on September 24, 2014.
- The City requested proposals to prepare a water and sewer rate study. The deadline to submit a proposal is October 9, 2014.
- Ronald Rose has contracted with the City to facilitate the provisions of the Loan Agreement.
- Summary of the Plan of Adjustment for the City of Highland Park adopted on August 28, 2014.
    - Fifth Third Bank has finalized an agreement to settle for 50 cents on the dollar for outstanding debt.
    - By June 15, 2015, Highland Park (at the State's insistence) must have a third party operator for its water/sewer systems.
    - After the selection of this third party operator, DWSD and Highland Park will negotiate a long-term settlement for outstanding sewer debt.
    - Work to reduce retiree healthcare benefit cost has begun.
    - An additional emergency loan of $16.5M will be required to restructure $4.8M in existing emergency loans, to refund $2.7M in Fiscal Stabilization Bonds, $5.2M in Financial Recovery Bonds, and 3.6M in State Revolving Fund bonds.

Significant Actions/Issues

- Liabilities total $117.6M - some of the major components are: $55.3M debt (including $20.7M owed to DWSD), $17.7M pension bonds, and $26.1M unfunded OPEB liabilities.
- The City defaulted on its State emergency loan payment due May 19, 2014. Treasury withheld $101K from State Revenue Sharing on June 30, 2014 to cover the default.
- A long-term lease of its 32-acre tree farm in Rochester Hills for $1M was announced by the City.

OTHER COMMUNITIES

Melvindale

Significant Actions/Issues

- The General Fund deficit for FY 2013 is $1.9M, an increase of $248K from the FY 2012 deficit.
- The City's ice arena unrestricted annual deficit for FY 2013 is $1.9M, which is approximately $160K more than what the City projected. It continues to negatively impact the General Fund.
- The City met with Treasury representatives on August 19, 2014 to discuss the City's proposed deficit elimination plan. The City provided a well-crafted plan and it is under review by Treasury.
- The City Council approved placing two millage proposals on the November ballot. The first is to pay the debt on the ice arena and the other is for street/sidewalk repair.

Taylor

Significant Actions/Issues

- The General Fund has an unrestricted deficit of $2.2M for FY 2013.
- The City made only 47% of its required annual contribution for OPEB. The unfunded liability is $232.7M and continues to grow.
- There are several contingent liabilities that may impact the financial stability of the City, including the possible need to subsidize Brownfield Redevelopment Bonds of $14.2M.
- A 1996 levy to pay a general obligation bond expires in 2015, potentially resulting in a $6.2M drain per year on the General Fund during FY 2016 and FY 2017.

City of Wayne

Recent Developments

- City Manager Joe Merucci resigned, effective October 11, 2014 and has taken an immediate leave of absence.
- Police Chief Jason Wright was appointed Interim City Manager on September 11, 2014.

Significant Actions/Issues

- Projected General Fund deficits for FY 2014 and beyond.
- The City is discussing a May 2015 ballot proposal that would seek voter approval for additional millage.
- The positions of Finance Director, Personnel Director, and Parks and Recreation Director are currently vacant.
- The Mayor of the City of Westland has publically expressed concern about the stability of the City of Wayne and the collaborative agreements between the two cities.

Wayne County

Recent Developments

- In a letter from the Director of Labor Relations, the Director indicated that negotiations with all bargaining units have stalled.
- The County anticipates another short-term borrowing in December 2014 for $75M. Cash reserves reaches its lowest point in May 2015 with pooled cash falling to approximately $63M (average balance is $170M).

Significant Actions/Issues

- The County submitted a revised DEP, approved by the County Commission, which removes the changes to retiree healthcare. The loss of the $9.2M in savings will be offset by the $10M anticipated increase in revenue sharing. County Treasurer agreed to transfer $150M from the Delinquent Tax Revolving Fund to the General Fund. Of that $150M, $82M has already been transferred and applied to the accumulated deficit, and $44M has been applied to the operating/structural deficit in accordance with the DEP. The additional $24M, which was not part of the DEP, will be used to help reduce the accumulated deficit.
- Approval of the County's revised DEP is on hold until the new Wayne County Executive takes office.

EMERGENCY MANAGER				
Unit of Government	**Current Emergency Manager**	**Initial Appointment Date**	**Target Exit Date**	**Notes**
City of Flint	Darnell Earley	November 28, 2011	April 2015	* Five Charter amendments and a general Charter revision question have been placed on the 11/14 ballot * A $1.1M state appropriation received to fund front-line public safety positions for FY 15.
City of Hamtramck	Cathy Square	July 1, 2013	October 2014	* Firm hired to conduct search for qualified City Manager candidate. * City requested $2 1M emergency loan which was approved by the ELB. Proceeds will resolve $2.1M liability to MERS.
City of Lincoln Park	Brad Coulter	July 3, 2014	January 2016	* F & O Plan submitted in August * Police and Fire pension plan is 30% funded. General Employee plan is 22% funded.
FINANCIAL REVIEW COMMISSION (FRC)				
Unit of Government	**Current Emergency Manager**	**Initial Appointment Date**	**Target Exit Date**	
City of Detroit	Kevyn Orr	March 14, 2013	November 2014	* On 9/25/14 Mayor and City Council reached deal to keep K. Orr as EM until court approves City's Plan of Adjustment. * On 9/26/14 the ELB approved exit financing for the City. * ELB approved EM proposal to sell several properties in the footprint of the NITC to the Land Bank Fast Track Authority for a total of $1 4M
RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)				
Unit of Government	**Board Members**	**Appointment Date**	**Target Exit Date**	**Notes**
City of Allen Park	Suzanne Schafer Joyce Parker Fredrick Frank Karen Barann	September 26, 2014	NA	* EM exited on 9/25/14 and RTAB appointed * $2.6M emergency loan approved by ELB on 9/23/14 and closed the same day. Proceeds to pay delinquent pension obligation * Litigation filed by retirees challenging EM authority to reduce OPEB liabilities. * Compliance settlement with SEC must be finalized * Restructuring of Southfield Lease Properties Debt and Tender Offer must be completed
City of Benton Harbor	Cary Vaughn Bret Witkowski Marvin Raglon Sharon Hunt	March 10, 2014	NA	* FY 15 budget is balanced. * City submitted $4.8M CIP which was approved by RTAB on 9/24/14 * Study initiated to review cost of ongoing litigation issues * General Fund revenues projected to exceed expenditures by $2.9M for FY 14.

City of Ecorse	Edward Koryzno Robert Bovitz Joyce Parker	May 1, 2013	NA	* State approved $750k in SRF Funds for sanitary sewer project. * City Council has repeatedly rejected a CGAP grant, which would have saved the City $1M, offsetting the lost tax settlement revenue. * RTAB rejected City's proposed 5-yr budget due to unrealistic projections
City of Pontiac	Edward Koryzno Louis Schimmel Keith Sawdon Robert Burgess	August 19, 2013	NA	* General Fund expenditures projected to exceed revenues by $360k in FY 15 * Conclude condemnation litigation process and proceed with budgeted $2M demolition of Phoenix Center.
CONSENT AGREEMENT				
Unit of Government	**Treasury Representative/Consultant**	**Date Executed**	**Term of Consent Agreement**	**Notes**
City of Inkster	Mark Stuhldreher, City Treasurer/Finance Director	February 20, 2012	N/A	* GASB Actuarial Report indicates City reduced OPEB liability by 73% * General Fund revenues projected to exceed expenditures by $1.5M in FY 14
City of River Rouge	N/A (P.A. 72)	December 15, 2009	N/A	* Implemented reduction in healthcare benefits for active employees in 11/14. * General Fund revenues expected to exceed expenditures by $986k in FY 14. * U.S. Steel annual $1M tax settlement payment to City expires in FY 15.
Royal Oak Township	Robert Burgess	April 21, 2014	October 31, 2017	* Consulting firm assisting Consent Agreement Consultant and Township to develop an F & O Plan. * DEP required and not yet submitted * Surplus pension assets of $619K administered by MERS transferred to Township.
NEUTRAL EVALUATION				
Unit of Government	**Financial Review Team Appointed**	**Financial Emergency Declared**	**Date Option Selected**	**Notes**
City of Highland Park	December 2, 2013	January 30, 2014	May 1, 2014	* Summary of Plan of Adjustment adopted on 8/28/14. * Liabilities total $117.6M - major components are $55.3M debt (includes $20.7M owed to DWSD), $17.7M unfunded pension, and $26.1M unfunded OPEB liabilities. * Plan of Adjustment adopted on 8/28/14.
OTHER COMMUNITIES				
City of Melvindale * City of Taylor * City of Wayne * Wayne County				

EMERGENCY MANAGER				
Unit of Government	**Emergency Manager**	**Appointment Date**	**Target Exit Date**	**Notes**
Detroit Public Schools	Jackie Martin	July 15, 2013	January 2015	* Current attendance as of 9/29/14 at approximately 95% of budget target. * On 9/30/12 the Board voted to remove Jack Martin from position as EM A hearing was held on 10/1/14 whereby the judge granted summary disposition of the matter in favor of the defendant, effectively ruling the earliest the Board could remove the EM is January 2015 * $107 8M short-term borrowing closed 8/29/14, loan proceeds requisitioned; approx $43M remains * FY 15 budget reflects ($127M) deficit fund balance, amount may exceed $130M; revised DEP due by 11/6/14 * Aged AP approx. $70M, ORS delinquencies $25M, to be repaid by12/14. * Developing exit strategy
Highland Park School District	Gregory Weatherspoon	October 16, 2013	April 2015	* Current attendance as of 9/29/14 at approximately 78% of target (504 of 650), preparing budget amendment * Working with LARA on building improvements, temporary occupancy permits ext 60 days * Amended FY 14 budget results ($433K) deficit * Review of F & O Plan for former district underway.
Muskegon Heights School District	Gregory Weatherspoon	October 16, 2013	April 2015	* Current attendance as of 9/29/14 exceeding budget target (906, budget predicated on 850) * Working with LARA on building improvements; permanent occupancy permits expected by 10/31/14 * Review of F & O Plan for former district underway.
CONSENT AGREEMENT				
Unit of Government	**Consultant**	**Appointment Date**	**Target Exit Date**	**Notes**
School District of City of Pontiac	Donald Weatherspoon	October 15, 2013	September 2015	* Current attendance as of 9/29/14 exceeding budget target (4,379 vs. 4,223) * FY 14 - 2nd budget amendment ($44 6M) deficit fund balance; decrease from ($51.7M). * FY 15 budget ($39.7M) deficit fund balance. * 1st amendment of F & O Plan due with submittal of 2014 Audit (November) * Continue to monitor cash flow and enrollment. * Plan for disposal of 19 surplus properties underway.

UNDER FINANCIAL REVIEW				
Unit of Government	**Financial Review Team Appointed**	**Financial Emergency Confirmed**	**Date Option Selected**	**Notes**
Benton Harbor Schools	June 23, 2014	August 19, 2014	August 25, 2014	* Attendance as of 9/22/14 at approximately 92% of budget target. * Consent Agreement successfully negotiated, Board adopted 9/23/14 * In process of selecting Consultant, expected to be on the ground at District end of 10/14 * Currently managing payables to make emergency loan debt service payment (October) and payroll

SCHOOLS WATCH LIST
* Flint Community Schools – Current attendance at approximately 98% of budget target; Near term cash flow needs, Revised DEP submitted to MDE on 7/31/14, extending the recently approved DEP by 3 additional years to FY 21; FY 14 budget amendment ($20.4M) deficit fund balance, increased from ($10.4M) in FY 13.

Financial and Operating Plan for the City of Flint – Update 7
October 8, 2014

Introduction

This update to the Financial and Operating Plan for the City of Flint is submitted by the Emergency Manager for the City of Flint to Governor Rick Snyder, through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 17.

This report includes a summary of the financial conditions and goals for the City of Flint, the plan to conduct the operations of the City, the on-going actions being taken to resolve the financial emergency, and the outline of a plan to prepare for an eventual transition as prescribed in P.A. 436 This update will be posted on the City's website. www.cityofflint.com .

Summary of the EM/EFM Appointment Sequence and Development of the Operating and Financial Plan

The Flint Financial Review Team determined in November 2011 that the City of Flint was in a financial emergency. (See Attachment #1)

On December 1, 2011 Governor Rick Snyder appointed Michael K Brown as Emergency Manager. EM Brown developed the Financial and Operating Plan utilizing the resources of a five person Advisory Committee as well as five additional advisory committees. EM Brown sought broad expertise to ensure public engagement and to maintain a sense of continuity with the Mayor and City Council. All nine City Council members and over fifty other citizens participated in the advisory committees.

EM Brown's original Financial and Operating Plan (45 Day Plan) was submitted to the State Treasurer on January 15, 2012; the first update to the Plan was submitted on June 1, 2012. On August 8, 2012, PA 4 was suspended and Edward J. Kurtz was appointed Emergency Financial Manager under P.A. 72 (Mr. Brown stepped aside as he was prohibited from serving as EFM due to his recent service as Interim Mayor for the City of Flint.)

EFM Kurtz established a new Advisory Committee in accordance with the requirements of P.A. 72. Utilizing the Advisory Committee and the City of Flint management team, EFM Kurtz presented a second update to the Financial and Operating Plan and submitted this to the State Treasurer on February 8, 2013

When P A. 436 took effect on March 28, 2013 Mr. Kurtz was re-appointed by Governor Snyder as Flint's Emergency Manager. Mr Kurtz continued in that capacity until his resignation after the end of fiscal year 2013. At that time Mr. Kurtz submitted his closing

memorandum and the third update to the Financial and Operating Plan. Governor Snyder then reappointed Mr Brown as Emergency Manager. On October 8, 2013 I was appointed by Governor Snyder as Flint's fifth Emergency Manager following Mr Brown's resignation On November 21, 2013 I submitted the 45 Day Plan as required by P.A. 436 Section 11(2); that plan became Update #4 The fifth and sixth updates to the Financial and Operating Plan fulfilled P.A. 436, Section 17 six month and subsequent three month report requirement.

This report, indicated as Update #7, again fulfills P.A 436, Section 17 requirement for an update each subsequent three months.

Priority List for the Resolution of the Financial Emergency

- Stabilize the financial future of the City: maintain a balanced budget, eliminate the accumulated General Fund deficit, seek increased revenue, and reduce unfunded pension and OPEB liability.

- Re-establish Flint as one of the safest cities in Michigan — both in reality and perception· provide public safety services, focusing on reducing violent crime, commensurate with cities of comparable size and resources, utilizing regional cooperation as appropriate This includes implementation of the plan for the Flint 9-1-1 Center to join the Genesee County 9-1-1 Consortium.

- Implement the Blight Elimination Plan: manage demolitions, enforce blight ordinances

- Maintain access to a clean, sustainable water source: implement the steps necessary to participate in the Karegnondi Water Authority (KWA) including interim water supply implementation, disposition of current pipeline sections. City Water Treatment Plant updates, a long term water supply back up plan, and a long term financial plan for the stability of the water and sewer funds

- Implement the Master Plan of the City of Flint: update the Zoning Ordinance, evaluate the capital investment needs, and incorporate Master Plan activities in the annual budget development.

- Explore Governance Models for the City of Flint: receive report from the citizen's committee which was formed to evaluate city governance models, recommend course of action for Charter revision as a part of transition discussions.

- Implement the 7 Point Transition Management Plan (Attachment #2) which has been adopted by the Flint City Council and Mayor Walling. This Plan incorporates specific objectives which provide a strategy for determining and evaluating criteria for assessing when the City might be prepared to emerge from emergency management to home rule order with oversight of a Receivership

Transition Advisory Board. This plan has been further refined with a chart encompassing specific implementation steps and completion dates.

Operations of the City of Flint

Shortly after his appointment as EM, Michael Brown took steps to reorganize the city government operations including: elimination of departments, consolidation of departments, elimination of management level positions, adjustment of the compensation of elected and appointed officials, elimination of the Civil Service operation and the Office of Ombudsman

Management appointments were made to ensure that the essential services necessary for the public's health, safety and welfare are provided, and to continue conducting all aspects of the City of Flint's operation within the resources available. Necessary employment contracts were extended with the approval of the Treasury Department.

Department management reconfigurations were completed in anticipation of reductions in staffing levels as provided in the FY 13 Budget. Subsequently, as part of the FY 14 Budget process a Strategic Plan was adopted and more changes in the organizational structure occurred. The primary change was the inclusion of a new Planning and Development Department (See Attachment #3 Organizational Chart July 2014). I have made personnel adjustments to complete this reorganization of the Planning and Development Department.

The FY14/15 and FY15/16 biennial budget has been adopted. This year the budget process involved over 30 hours of active participation by the Mayor and the City Council Finance and Administration Committee sitting as the committee of the whole. As part of this process the Council adopted a five year Strategic Plan and a list of priorities for the development of the two year budget. This document has been updated to show the progress which has been made in each of the department level objectives (See Attachment #4 Strategic Plan of the City of Flint 2015-2019 1st Quarter Update).

When P A. 436 became effective in March 2013 the City Council members' and Mayor's compensation was eliminated. EM Kurtz partially restored compensation for Mayor and Council through Orders 1 and 2. These orders also defined specific responsibilities and requirements. For example, the City Council members were required to complete Level One of the Michigan Municipal League (MML) core course for municipal government and receive the MML education award within one year. I determined that this Order was still in effect, and the Council members all individually signed acceptance of these requirements as a condition of receiving compensation. Mayor Walling has fulfilled these obligations. All Council members have begun, but not yet fulfilled these obligations. Through adoption of EM Orders 15 and 16, beginning with the FY14/15 budget, the Mayor and Council received an increase in compensation commensurate with the increased duties assigned to them.

All Orders and Directives issued by the Emergency Financial Manager (under P.A. 72) and Orders issued by the Emergency Manager (under PA4 and P.A. 436) are listed in Attachment #5: Orders and Directives of the EFM and EM.

The 7 Point Transition Management Plan which emphasizes re-engagement of the Mayor and City Council has been a top priority. The Council is meeting monthly on a regular basis; five Council Committees are operational: Finance/Administration, Legislative, Public Works, Public Safety, and Planning and Development. Each Committee is meeting regularly and then reporting at the following Council meeting. Order 8 was issued in March 2014 and defines format of action and participation at the Council meetings. Order 9 established monthly Council and Committee meetings; and Order 10 set the format of the Council meeting agenda. Additionally, Mayor Walling has been assigned day to day oversight of the Department of Public Works and the Department of Planning and Development. These steps as outlined in the 7 Point Transition Management Plan are part of preparing the City to resume local control under a Receivership Transition Advisory Board.

The 7 Point Transition Management Plan has been further refined through the development of a chart entitled: *Steps to Prepare for Transition from Emergency Manager to Receivership Advisory Board.* This chart has set target completion dates for essential steps necessary to prepare for this transition (Attachment # 2).

Financial Status

FY12 Budget and Audit

The Comprehensive Annual Financial Report (CAFR) for FY12 was completed and was filed with the State in a timely manner. The results were as expected, with fewer auditor comments than in past years. Deficits existed in the General Fund ($19.1 million) and in the Water Fund ($8.8 million).

The $19.1 million accumulated deficit reflected an excess of expenditures in the General Fund for FY12 of $10.2 million plus $8.9 million for FY11. This was anticipated by Emergency Manager Brown shortly after being appointed, which was almost six months into the FY12 year. Given that FY12 was nearly half over, and that significant unplanned reductions in services, primarily public safety, would need to occur if the projected deficit were to be immediately eliminated, the decision of the Emergency Manager, in consultation with Treasury, was to contain costs as much as possible but without significantly reducing services – especially public safety - for the balance of the year.

Pursuant to State statute, Deficit Elimination Plans for both FY11 and FY12 were submitted to the Department of Treasury. Both plans involved a mix of borrowing and expenditure reductions over the next five years. However, no final action was taken to implement the intended courses of action.

FY13 Budget and Audit

FY13 was the first budget developed and administered by the Emergency Manager and his team. Faced with a projected gap of more than $25 million, the FY13 budget was balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Previous reports detail the 25% increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, conversion of the waste collection millage to a fee and the creation of a special assessment for street lighting, elimination of 20% of the City's workforce, compensation decreases equivalent to a 20% wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

Results of FY13 year end show a surplus of revenues over expenses in the General Fund exceeding $6.2 million. This surplus reduced the City's accumulated $19.1 million deficit as of the end of FY12 to less than $12.9 million. Since the goal of the EM team was to assure that FY13 would not end with any additional deficit, this result significantly exceeded expectations.

The FY13 audit was completed and submitted to Treasury on December 20, 2013. All items surrounding the audit, including submission of the Form F-65 and Comprehensive Annual Financial Reporting Program were completed by December 31, 2013. The audit was presented to City Council as well on January 13, 2014.

FY 14 Budget and Strategic Plan

The FY14 budget was adopted via Emergency Manager Edward Kurtz Order #4 on June 7, 2013. This budget was developed with the same goal as FY13 – to assure the provision of essential services within the constraint of a balanced budget and continued deficit reduction. Accordingly, the FY14 budget included a $1.0 million commitment from the General Fund to further reduce the deficit. This is considered a minimum level of deficit reduction.

The Emergency Manager's team, crafted a draft strategic plan in preparation for the FY14 budget development. Vision, Mission and Goals were established for the City government. Department managers then set specific, measurable objectives. Within the strategic plan was a five year financial projection.

Achieving the balanced budget again required reducing the workforce; however, with significant efforts from department heads and others involved in developing the budget, and building on ongoing reorganization of city processes, the level of services currently provided generally continued at FY13 levels. Most importantly, the quest to at least maintain FY13 levels of police and fire staffing was achieved, although one consequence was that the additional reductions in staffing came from non-public safety areas. This was equivalent to an additional 10% reduction of staffing in those areas.

As the city has reached the end of FY14, the unaudited close shows a General Fund balance of more than $4 million of revenue over expenses; this balance will be applied to the deficit as planned. One set of budget adjustments, with approval of Treasury was implemented in December 2013. A second budget adjustment was approved by Treasury and was adopted on April 3, 2014. The closing budget amendment was approved by resolution on June 25, 2014.

The City's cash flow has improved significantly from the $13 million cash on hand in December of 2011. Thirteen million dollars is less than one month's operating expenses. By comparison, the cash on hand on August 2014 was in excess of $60 million.

Deficit Elimination Plan 2014

A deficit elimination plan which also incorporates a reserve accumulation plan was approved by the Department of Treasury and was adopted by EM Order 18 on July 15, 2014. The City recognizes that a goal needs to be set to develop a reserve equal to 15% of General Fund revenues. This is one of many financial best practices which the City will incorporate to assure a sustainable municipal model. As of June 30, 2014 the deficit stands at approximately $9 million. In budget years FY15-FY20, $1.8 million will be allocated each year which will eliminate the deficit without need for borrowing.

FY 15-19 Strategic Plan and FY 15/FY 16 Budget

The FY14 budget was developed within the context of an updated five year projection of revenues and expenses. This exercise pointed out the continuing challenge the City of Flint will have in achieving long term financial stability. The Finance Department and the Council Finance/Administration Committee developed the FY15-19 strategic plan and financial projections. The City Council has adopted a Strategic Plan which included Mission, Vision, Goals and a Budget Priorities statement (Attachment #4: Strategic Plan of the City of Flint 2015-2019 1st Quarter Update). Consulting firm Ernst & Young assisted the City with an update to the five year financial projections.

The EM, in concert with the Mayor, developed a two year budget for FY15 and FY16. The goal continued to be to provide the best level of service possible within available resources while continuing to restore financial solvency. It is clear that in balancing these budgets the City will continue to be faced with addressing an on-going structural deficit; and the biggest challenge by far remains the outcome of the retiree health care lawsuit.

The City Council received the recommended two year budget April 30, 2014. The Finance/Administration Committee (sitting as the committee of the whole) used the first two weeks of May to hold five meetings on specific program areas. At the conclusion of the departmental reviews the Council send a list of budget revision

proposals to me. Several of the recommendations were incorporated into the revised budget. The Council then held a public hearing on June 9, 2014.

This budget does include significant staffing reductions in public safety. In the two prior budgets other General Fund departments were reduced in size, combined, or contracted services. For this budget cycle, there were no other General Fund areas to reduce, except public safety services.

The targeted personnel reductions in public safety will not result in lay-offs prior to December 31, 2014. In the interim, the City has contracted for a comprehensive study of the police and fire operations. Based on the results of this study, and the managed attrition reductions, the personnel levels in both Police and Fire will be re-evaluated.

The State budget which begins October 1, 2014, contains an appropriation of $1.1 million for use in Flint's public safety departments. The boilerplate of the State budget includes:

> *The appropriation of $1,100,000.00 in part 1 for the city of Flint shall be allocated to support city police and firefighters. The emergency manager shall determine which public safety personnel are to be funded from this award. If the city has an appointed receivership transition advisory board, then that board is vested with the authority to make the determination of which personnel are funded from this award.*

The City is grateful to receive this funding and will use this to implement the recommendations of the Public Safety study which will be concluded in October 2014.

The Emergency Manager's Order 13 adopted the biennial budget; Order 11 adopted the street lighting assessment for FY2015 and FY2016; Order 14 adopted the Strategic Plan; Resolution EME3302014 adopted the FY2015 and FY2016 Master Fee Schedule (which includes water and sewer rates, and waste collection fee); Resolution EME3312014 adopted the 2014 and 2015 operating millage rates (Attachment #6 FY15 & FY16 Biennial Budget).

I additionally note that Mayor Walling and the City Council have been fully engaged with City staff and me as this two year budget was developed. Also, as part of FY15, the day-to-day management of the Public Works Department and the Planning & Development Department will be handled by Mayor Walling.

Five Year Projection

FY15/FY16 budgets include more than $5 million each year in increased retiree health care, as a result of Judge Tarnow's injunction. FY15 & FY16 is balanced, but projections for FY17 indicate a deficit between projected revenues and status quo expenses of $5 million. If there is no relief from the $5 million in increased retiree health care expenses, or no new revenue source, balancing the FY17

budget without compromising the City's ability to provide even the most basic level of city services - including public safety, will most likely not be possible.

Retiree Health Insurance Revisions

The City's approach to containing its OPEB liabilities has been to restructure both active and retiree health care benefits, and to eliminate the promise of retiree health care for new employees. The changes have had a significant impact on the City's OPEB liabilities, reducing the total unfunded liability from nearly $900 million to less than $400 million, and reducing the Annual Required Contribution (ARC) from $60 million to $22 million.

As previously reported, the City's effort to restructure retiree healthcare was challenged by a group of retirees in a federal lawsuit, *Welch v City of Flint*. On January 3, 2014, the U.S. 6th Circuit Court of Appeals reinstated an injunction prohibiting the City from modifying retiree health care benefits. The City is aggressively litigating this matter, as it does not have the resources to afford the current level of healthcare coverage, and projected cost increases for the upcoming fiscal years are substantial. If the federal district court's decision is not reversed, the City will be in an extremely precarious financial position, with insufficient resources to meet basic functions

The City is working to comply with the court's order, beginning with establishment of a reimbursement program for retirees whose expenses since January 3, 2013 are greater than their old plans. Work is also proceeding in anticipation of a court hearing sometime in the future, and settlement options are being explored.

On June 30, 2014 Judge Tarnow issued an order modifying in part his preliminary injunction barring the City from modifying retiree health care benefits. The Judge's order now permits the City to modify retiree health care as the City had proposed in a settlement proposal which was previously submitted to the Court.

While the details of the Judge's recent order are still being reviewed, and while the details of implementing the order are still being developed, it appears that the ruling will have a positive financial impact on the City, at least for the period while the litigation continues.

Otherwise, the City is utilizing the services of Cornerstone Municipal Consulting in ongoing review of various Employee/Retiree health care options including plan design, delivery systems, Medicare Advantage, Medicare Wrap Around, benefit carve-outs, etc. in an effort to control health care costs. Administration of the City's health insurance benefits program is being handled by Cornerstone. In addition to the retiree lawsuit, attention is now focused on minimizing the City's cost for health care (for current employees and retirees) in the FY15 and FY16 budgets.

Operating Plan

The city continues to review all departments and services to reduce costs through contract rebidding, merger, consolidation, contracted service, shared services with other governmental entities, privatization or elimination. As a result of these reviews the City will determine what continuing activities should be subsidized with general property tax dollars, what will be paid by the users, which services can be eliminated, and which services or activities can be handled by lower cost vendors.

The functions, goals and key objectives of each department and functional area of the City of Flint have been encompassed in the Flint Strategic Plan 2015-2019. This plan also contains target dates for completion of each key objective. (Attachment #4: Strategic Plan for the City of Flint 2015-2019. 1st Quarterly Report)

The progress made in this past first quarter of FY15 is presented in Attachment #4 and includes the narrative and the Strategic Plan with all objectives updated to the current status.

Major Up-coming Activities

68th District Court

- The City currently funds the operation of the 68th District Court; in FY14 this amounted to $3.5 million net. Senate Substitute for House Bill 5125 passed the Senate and the House in March 2014. The Bill authorizes consolidation of the 67th and 68th District Courts. It requires that the consolidation be approved by the City and the County. The County approval requires the affirmative vote of at least two-thirds of the County Board members. I strongly encourage the State to continue the process of working to consolidate the 67th and 68th District Courts; the City of Flint will work to support this consolidation.

9-1-1 Operation

- On September 9, 2014 the Genesee County 9-1-1 Consortium voted to admit the City of Flint as a member of the Consortium. The goal to complete the incorporation of the Flint 9-1-1 Center operation into the Consortium is June 30, 2014. As part of this process the City of Flint will contribute $325,000 toward the $1.2 million cost for new equipment and building expansion at the Consortium's Corunna Rd. location. The City will also transfer the ownership of the simulcast tower which is currently under construction. The City will also provide a no cost lease for the area on which the tower stands. The $325,000 is currently allocated for the Flint 9-1-1 phone system upgrade. This upgrade will not be required with the joining of operations.

Public Safety

- A data-driven public safety study to assess the operations of the City's Police and Fire Departments began in May 2014 utilizing the services of the Center for

Public Safety Management. This report is due in October 2014 and will be used to evaluate both departments' organization and staffing.

*7 **Point Transition Plan***

- Within the next quarter the selection process will be completed to hire a City Administrator.

- Six ballot initiatives, which were recommended by the Blue Ribbon Committee, will be voted on during the November general elections. The first proposal begins the process to open the current Charter for a complete review:
  PROPOSAL 1 GENERAL REVISION OF CITY CHARTER
  Shall there be a general revision of the city charter?

- These five initiatives are amendments to the current Flint City Charter:
  PROPOSAL 2 AN AMENDMENT TO REDUCE THE NUMBER OF MAYORAL PRINCIPAL STAFF APPOINTMENTS
  Shall the Flint City Charter Section 4-202(A) and (C) be amended by reducing the number of Mayoral principal staff appointments for legal counsel and administrative services from no more than ten (10) to no more than five (5)?

  PROPOSAL 3 AN AMENDMENT TO REQUIRE BUDGETARY BEST PRACTICES
  Shall the Flint City Charter be amended to provide that the annual budget presented to Council shall be accompanied by a budget message explaining the budget, to provide for multi-year financial plans and revenue projections and the establishment of a budget stabilization fund?

  PROPOSAL 4 AN AMENDMENT TO ELIMINATE FLINT CITY CHARTER SECTION 4-203(A), EXECUTIVE DEPARTMENTS
  Shall the Flint City Charter be amended by eliminating Section 4-203(A), which would eliminate the requirement for specific executive departments?

  PROPOSAL 5 AN AMENDMENT TO ELIMINATE THE CIVIL SERVICE COMMISSION
  Shall the Flint City Charter be amended by eliminating Section 5-101 through Section 5402, which would eliminate the Civil Service Commission?

  PROPOSAL 6 AN AMENDMENT TO ELIMINATE THE OFFICE OF THE OMBUDSMAN
  Shall the Flint City Charter be amended by eliminating Section 3-501 through Section 3-517, which would eliminate the Office of the Ombudsman?

Facilities Management

- The Facilities manager is reviewing all city owned assets (both real property and capital equipment) to determine if disposal should be pursued.

- All city owned facilities are under review for energy savings, revenue generation from tenants, or possible liquidation.

Emergency Manager's Conclusions

Significant work has been accomplished to stabilize the financial situation of the City of Flint. The whole organization has been being restructured to reflect a smaller, leaner government operation Services which were routinely provided are being inspected to determine if they should continue and if so, in what format. Technology solutions which can increase efficiencies are being implemented

The many improvements to-date and those represented in the Strategic Plan have been based on data-driven management plans. The approval of the KWA participation, water and sewer rates, capital improvements, departments staffing and priorities are all based on using rational data analysis. Collecting, analyzing and then utilizing data concentrates work and dollars where the most beneficial results can be expected

I acknowledge that substantial progress has been made, however the City is still experiencing an on-going financial emergency Resolution of the financial emergency will not be complete without providing a basic framework for, and implementation of, an objective model for the organization to follow.

A sustainable municipal organization incorporates the utilization of best practices financially, structures a governance model which clearly delineates between legislative, policy, and administrative responsibilities, and develops a management plan to provide services to residents in a consistent, reliable manner.

The 7 Point Transition Management Plan and the steps to Transition Chart which I have developed provides the roadmap to resolve the financial emergency and to achieve sustainability for the City of Flint.

For two years, FY13 and FY14, the goal of containing overspending has been achieved. The city must continuously function within a balanced budget, eliminate the accumulated deficit and further reduce the legacy and pension costs. Projections through 2019 demonstrate Flint's continuing challenges. Projecting current revenues and expenses into the future shows a continuing gap of $2 to $4 million annually.

Stable revenue is necessary in order for this City, and most other cities in Michigan, to continue to avoid a bankruptcy situation. We have asked our residents to accept a significant 6 mill Police and Fire Protection Millage; and they have done so. We have imposed a street lighting assessment, a waste collection fee and significant water and

sewer rate increases. However, our residents have not enjoyed increasing services, increasing property valuations or increasing employment opportunities.

As noted previously, there are very few additional revenue options We are approaching the limit of the City's borrowing capability. Capital improvement funds are fully committed and the property tax millage rate in within .1 mill of maximum. State Revenue Sharing has increased but minimally and is now tied to EVIP and competitive granting. We have made a request through our State Legislative representatives and the State Treasurer to push legislation to allow City voters the opportunity to decide to increase the income tax. This action could generate $7 million annually and would eliminate the City's structural deficit. A bill has been introduced but has not been acted upon

While the City will benefit from the temporary revision of Judge Tarnow's order on retiree healthcare, it is important to remember that this lawsuit continues. Final resolution in the lawsuit will determine if the financial emergency is resolved or if it will force the City to consider bankruptcy. Bankruptcy is the alternative which we have worked diligently to avoid. If, by the beginning of FY17 the City of Flint does not receive permanent relief from retiree health care costs, either in the form of reduced city expenditures or additional revenues, it is unlikely that the City will be able to provide even the most basic level of city services.

I do not recommend beginning the transition back to the Mayor/Council management of the City at this time. However, I expect the overall situation to become much clearer in the next three to six months, given the plans and organizational changes which have been put in place. The City still has critical on-going budgeting issues. There has been action on several sections of the 7 Point Transition Management Plan, but more needs to be completed. Also, the City Council is still required to complete the Michigan Municipal League Level 1 Certification as required by Order 2 (04/12/13). So far, only Mayor Walling has met this requirement.

Flint has twice been placed in the hands of a State appointed emergency manager A third failure should be avoided at all costs. The Blue Ribbon Committee on Governance, which I appointed in January 2014, completed their evaluation of governance revisions needed in the City. The Blue Ribbon Committee's final report (http://www.cityofflint.com/FinancialMgr/2014/IMAGES/BRC%20Final%20Report%20071714.pdf) recommended five amendments to the current Charter; these proposals have been placed on the November ballot. They also recommended return to the Council-Manager form of government. This can be achieved through a multi-step process, beginning with the approval of the Flint voters to agree to a general revision of the City Charter This proposal has also been placed on the November ballot.

I have now spent one year as Emergency Manager in Flint. Many major steps have been taken to resolve the financial emergency. Flint is on a much more stable footing than it was three years ago. However, the level of services being provided to the citizenry is at a minimal level, at best. I feel strongly that it is incumbent upon me to make sure that the

city reaches it goal of sustained financial solvency. The financial emergency is not fully resolved until the long-term sustainable structure is secured.

Another update of this report is expected to be presented in January 2015 as required by P.A. 436. Other updates will be provided as appropriate.

Respectfully submitted,

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Flint, MI

Attachments:
1. Summary of Findings of the Flint Financial Review Team
2. 7 Point Transition Management Plan and Transition Status Chart
3. Organizational Chart July 2014
4. Strategic Plan for the City of Flint 2015-2019: 1st Quarter Report
5. Orders and Directives of the EFM and EM
6. FY15 & FY16 Biennial Budget

Attachment 1. Summary of Findings of the Flint Financial Review Team

Summary of Findings of the Flint Financial Review Team
November 2011

- The City has a general fund deficit of$14,621,546 as of June 30, 2010 which was not eliminated within the two year preceding period.

- The City previously submitted a five year deficit elimination plan for a cumulative general fund deficit of$7,046,820 as of June 30, 2008. However, by June 30, 2010 the cumulative general fund deficit had grown to $14,621,546. An updated plan submitted for 2010 does not purport to eliminate the cumulative deficit until 2030 and that relies upon the issuance of an additional $12 million of debt in 2013.

- A structural operating deficit existed in the general fund as of June 30, 2007, 2008, 2009, 2010 and the general fund is projected to have a $6,768,864 deficit as of June 30, 2011.

Attachment 2. 7 Point Transition Management Plan and Transition Status Chart

7 Point Transition Management Plan

Goal: To provide a strategy for determining and evaluating relevant and specific criteria for assessing when the City of Flint might be prepared to emerge from Emergency Manager (EM) oversight to a Transition Advisory Board (TAB), as provided in Public Act 436. The seven points identified provide comprehensive and well defined benchmarks to be reviewed before the determination is made The Plan also defines a data-driven and measurable process for the objective, results-oriented determination of facts. The Plan establishes the criteria now so that it is clear what the conditions are that will have to be satisfied before the Emergency Manager recommends the establishment of a Transition Advisory Board.

GOAL	STRATEGY	OBJECTIVES	STATUS
1. Deficit Elimination Plan	Deficit Elimination Plan and Reserve Accumulation Plan will be presented by the EM/Mayor/Finance Dir. to City Council through its Finance Committee to receive Council support. Also a commitment by the Mayor and Council to implement the plan will be required.	City Council to pass resolution of support for DEP/RAP from EM/Mayor/Fin Dir. Receive Treasury acceptance of the DEP/RAP. Confirmation by Mayor and Council that DEP/RAP actions will be a top priority in budgeting.	_____ _____ _____
2. Five-Year Financial Analysis	The development, monitoring and updating of a five-year financial analysis is critical to the ongoing challenges of financial solvency. It must remain an ongoing process to measure the City's ability to fund services, produce budgets, and proactively manage expenditures. It should be an expectation of the Council that the EM/Mayor/Fin. Dir. shall annually prepare and Council shall review and adopt said projection; and shall continue to use the projection as a basis for future budgeting actions	EM/Mayor/Fin Dir to annually prepare a 5 yr. R/E projection. Council Finance Committee review 5 yr. analysis and move to Council. City Council adopts 5 Year Analysis Finance Committee shall annually review analysis in February each year and send to Council for approval	_____ _____ _____ _____
3. Governance	The EM will consider recommendations from the Blue Ribbon Committee, National Civic League Model Charter, proposed charter amendments, review of electoral structure, Executive appointments, etc. It is expected that a formal agreement would be reached among the EM, Mayor, and Council as to what governance revisions are to be implemented, including time frames for implementation	Blue Ribbon Cmte. Complete Report and Submit to EM Mayor and Council Submit Comments on Report to EM EM developes proposed governance structure and sends to Governor. Mayor and Council have an opportunity to review and comment on EM proposal. Completion of City Ordinance review by Council as proposed by EM	_____ _____ _____ _____ _____

GOAL	STRATEGY	OBJECTIVES	STATUS
4. Organization Development	Review the City's organizational structure including Public Safety, 9-1-1 plan, courts consolidation plan, recommendations on other long-term services, and role of the city administrator (who will be appointed prior to the TAB). Finalize the organizational relationship among Mayor, Administration and Council This will result in an agreed upon detailed description of the roles and responsibilities of the Mayor and Council, including items such as respective roles in strategic planning, budgeting, monitoring and assessment of results, appointments, and protocols for addressing citizen complaints.	EM/Mayor determines recommended City organizational structure. EM/Mayor to recommend Council action (ordinance changes) to implement organizational structure. Council to review and adopt revised organizational structure EM/Mayor to hire City Administrator/Manager. Finalize organization structure and roles Mayor, Council, Administration. Labor contracts to be completed for all City unions	
5. Legacy Costs	Retiree Health Care remains the biggest challenge to managing legacy costs and the City is currently facing a legal challenge. It will be unlikely that the financial emergency will be declared resolved until this issue is settled in a manner which does not risk the solvency of the City. Sustaining the changes within RHC are essential to the City's future solvency.	Mayor and Council to support City's position on retiree health care or adopt measures offsetting the increased costs. Annual budgets to include payment of appropriate pension and health care costs and liabilities	
6. Strategic Plan	The adoption of a long-range strategic plan by the Emergency Manager, Mayor, and Council for the governing actions of the City will provide a guidance mechanism for determining budgeting, priorities, goals and objectives.	EM/Mayor/Fin Dir. to present 5 yr Strategic Plan through Finance Cmte to Council for approval Council to set spending priorities EM/Mayor to utilize Strategic Plan to develop budget Council to adopt budget in line with Strategic Plan and budget priorities. Council to receive quarterly reports from Mayor/Fin. Dir. on *progress of achieving strategic objectives and priorities* Strategic Plan to be updated annually	

GOAL	STRATEGY	OBJECTIVES	STATUS
7. Sustainability	Factors for determining sustainability are rooted in the 7 points. More specifically, the measures that will be evaluated include: achievement of consensus decision-making on the part of the Mayor and the Council, adoption of best practices, continuing commitment to training and development for the Mayor and Council members, ongoing monitoring and updating of plans necessary for the financial stability of the City including but not limited to 2-year budgets, 5-year *financial analyses, and the ongoing* implementation of the Master Plan	Council and Mayor update methods to develop policy recommendations and achieving consensus.	
		Council and Mayor attend all training sessions as scheduled by EM	
		Council and Mayor to actively participate in development and adoption of 2 yr. budget.	
		Implement Master Plan (evidence of Master Plan implementation in annual budget).	
		Define and incorporate financial and organizational best practices	
		Implement system of performance measurement	
		Utilize data-driven methods of decision making and performance measurement.	

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Chief Administrative Officer			4	
* National Recruitment	9/1/14			
* Appoint Selection Committee	10/1/14			
* Select finalists	11/10/14			
* Conduct Interviews	11/24/14			
* Recommend Candidate	12/15/14			
* EM Appoints Selected Candidate	12/15/14			
Organizational Development				
* EM/Mayor determine recommended City organizational structure	5/17/14	5/17/2014	4	
* EM/Mayor recommend Council action on ordinance changes to implement organizational structure		6/26/2014	4	
* Council to review and adopt revised organizational structure	5/17/14	6/26/2014	4	
* Finalization organizational structure roles: Mayor, Council, Administration	6/26/14	6/26/2014	4	
Complete Bargaining Units Contracts			4	
* Local 1600	7/1/14	Ratified		
* Local 1799	7/1/14	Ratified		
* FPOA	7/1/14	Imposed		
* PD - Sgts.	7/1/14	TA		
* PD -Capts & Lts	7/1/14	TA		
* Fire Union	7/1/14			

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Comprehensive Public Safety Study			4	
* *Contract with ICMA for Study*		5/8/2014		
* Collect Data	5/9/14-9/30/14			
* Receive Draft Report	9/30/14			
* Receive Final Report	11/1/14			
* Plan Implementation				
* Determine best, most appropriate use of $1.1 million State Allocation				
Retiree Health Care Lawsuit			5	
* City Notified of Lawsuit				
* Injunction Received		1/13/2014		
* Injunction Modified		6/30/2014		
* Cornerstone determines impact on FY15 & 16 Budget	9/1/14			
* Implement Modifications	11/1/14			
* Scheduling Conference				
* Mayor and Council to support City's position on retiree health care or adopt measures offsetting increased costs	6/26/14	6/26/2014	5	
Biennial Budget Implementation			6	
* Biennial Budget Adopted		6/26/2014		
* 1st Quarter Status	10/1/14			
* 2nd Quarter Status	1/1/15			
FY 14 Budget Close Out				
* Preliminary Close				
* Audit Received	11/30/14			
* Audit Presentation to City Council	12/15/14			

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Governance				
* EM receives BRC Final Report	7/18/14	7/18/2014	3	
* Present Report to Mayor and City Council	7/28/14	7/28/14		
* Mayor and Council Submit Comments to EM	7/28/14	7/28/14	3	
* EM Orders BRC Recommended Charter Admendments and Charter Commission Initiative on Nov Ballot	7/30/14	8/5/2014		
* EM develops proposed governance structure and sends to governor			3	Part of Final Order
* Mayor and Council Comments on EM Proposal	7/28/14	7/28/2014	3	
* Define and incorporate financial and organizational best practices	3/25/13	3/25/2014	7	Reso on TAB
Deficit Elimination/Reserve Accumulation Plan			1	
* EM Submits Plan to Treasury	7/1/14	7/1/2014		
* Treasury Approval Received		7/16/2014		
* EM Orders DE/RAP Adoption		7/15/2014		
* City Council passes resolution of support for DE/RAP		3/25/2014	1	Reso on TAB
* Confirmation by Mayor and Council that DE/RAP actions will be a top priority in budgeting	6/26/14	6/26/2014	1	

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
City Council Activity				
* Council to receive quarterly reports from Mayor/Fin. Director on progress of achieving strategic objectives and priorities	9/22/14		6	
* Completion of City Ordinance Review by Council as proposed by EM	9/22/14		3	
* Review Strategic Plan, FY16 Budget	1/20/15		6/7	
* 6 mos. FY15 Budget Review/Amendments	1/20/15		6/7	
* Strategic Plan to be updated annually	2/20/15		6	
* FY17 Budget Development	2/20/15			
* Completion of MML Level One Education Award per EM Order 2	3/28/14		7	
Five Year Financial Analysis			2	
* City Council adopts 5 Year Analysis	6/1/14	6/1/2014	2	
* Finance/Adm Cmte shall annually review analysis in February each year and Send to Council for approval	2/20/15		2	
Issue outgoing EM Order	4/8/2015			

Attachment 3. Organizational Chart July 2014

CITY OF FLINT – ORGANIZATIONAL CHART – *July 2014*

Citizens of Flint

68th District Court Judges
Tracey Colller -Nix
William H Crawford
Herman Marable Jr
Nathaniel C Perry III
Mary C Dowd

EMERGENCY MANAGER
Darnell Earley

CITY COUNCIL
Ward 1 – Eric Mays
Ward 2 – Jackie Poplar
Ward 3 – Bryant Nolden – **VP.**
Ward 4 – Josh Freeman
Ward 5 – Wantwaz Davis
Ward 6 – Sheldon Neely
Ward 7 – Monica Galloway
Ward 8 – Vickie VanBuren
Ward 9 – Scott Kincaid – **Pres.**

CITY CLERK – Inez Brown
ELECTIONS

LAW DEPT.
City Attorney

PUBLIC INFORMATION
P.I Official

ASSISTANT CITY ADMINISTRATOR

MAYOR
Dayne Walling

FINANCE & ADMINISTRATION
Director

- HUMAN RESOURCES *Director*
- PURCHASING *Director*
- I.T. SERVICES *Director*
- FLEET *Supervisor*
- ASSESSMENT
- TREASURER
- ACCOUNTING
- BUDGET
- GRANT ADMINISTRATION
- DELINQUENT COLLECTIONS
- AUDITING
- BENEFITS/RISK MANAGEMENT
- HUMAN RESOURCES
- FACILITY MANAGEMENT

PUBLIC SAFETY

- POLICE *Police Chief*
- FIRE *Fire Chief*
- LOCK-UP
- 911 CENTER

PLANNING & DEVELOPMENT
Director

- BUILDING PERMITS & INSP *Chief Bldg Official*
- PLANNING & ZONING *Chief Planner*
- COMMUNITY DEVELOPMENT *Chief Officer*
- RENTAL REGISTRATION
- BUSINESS LICENSES
- ECONOMIC DEVELOPMENT
- CODE ENFORCEMENT
- PARKS & RECREATION
- FORESTRY
- STREETLIGHTS

PUBLIC WORKS
Director

- FACILITIES *Supervisor*
- TRANSPORTATION *Director*
- UTILITIES *Administrator*
- STREETS *Manager*
- WATER PLANT *Supervisor*
- TRAFFIC ENGINEERING *Supervisor*
- SERVICE CENTER *Supervisor*
- TRAFFIC CONTROL *Supervisor*
- WASTEWATER PLANT *Supervisor*

Attachment 4. Strategic Plan for the City of Flint 2015-2019 – 1st Quarter Update

City of Flint Strategic Plan

Quarterly Report

July 1, 2014 – September 30, 2014

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

DATE: October 10, 2014

TO: Scott Kincaid, President, Flint City Council
City Council

FROM: Darnell Earley, Emergency Manager
Dayne Walling, Mayor

RE: City of Flint Strategic Plan, First Quarter Report

Earlier this year, the City Council of Flint adopted a Strategic Plan for the City of Flint. This Plan announced a Vision, Mission, and Goals to guide the operation of the City government for the next five years, and was adopted in the context of the City's recently adopted Master Plan for the community. It was followed by a statement of budget priorities adopted by the City Council, and ultimately by a biennial budget for FY15 and FY16. The budget also projected the City's finances for the following three years – FY17, FY18, and FY19. During this same period a Deficit Elimination Plan and Reserve Accumulation Plan was approved by the State and a Seven Point Transition Management Plan was enacted to guide the way by which the operation of the City will be assumed by the Mayor and City Council . The integration of the Strategic Plan into the organizational processes of the City is a key component of the Seven Point Transition Management Plan.

In total, these actions comprise a broad framework guiding the direction of the Flint City government as it restores financial stability and once again becomes an active leader focused on making Flint a safe, secure city attractive to residents, businesses, students, and visitors.

The first quarter of FY15 ended on September 30, 2014. We are pleased to report on the progress which has been made. While significant progress has been made on many fronts, significant challenges and risks remain.

We wish to commend the Management Team and our employees for their dedicated efforts to move the City forward. We look forward to discussing the contents of the report with you.

Overview

The City of Flint has a vision and a plan and now it is focused on implementation in order to achieve a stronger and financially sound municipal government along with a safer and more stable community To succeed, however, City leaders must follow the plan with discipline and commitment They cannot stop halfway or leave work half-done—and everyone has an important role to play Working together as a team, the City of Flint has been successful in the previous quarter in increasing public safety, improving infrastructure, creating jobs and development, eliminating blight, engaging citizens and managing financial and administrative challenges. Areas of success include

- Law enforcement is working hard with growing community support and total homicide victims is down 28% compared with 2013
- Utilities is managing with an eye toward the future and the construction of the KWA pipeline is underway, on time and within budget
- Development activities have increased with new facilities under construction at GM Flint Assembly, on the Buick City brownfield site with American Pipe, and downtown in the Health and Wellness District
- Blighted properties continue to be eliminated, using state and federal funds, and neighborhood volunteer groups have removed more than 2 million pounds of trash in major clean-up efforts
- The General Fund deficit continues to be reduced, and the City's financial position is stabilized at least for the near term Preliminary projections show the deficit as of June 30, 2014 to be $9 million, a reduction from $12.9 million the previous year
- Revenues and expenses for the first quarter of FY15 are in line with expectations
- Internal restructuring of the City continues at it strives to become efficient, effective, and customer service focused in an environment much smaller than in the past.
- The transition from state oversight to traditional home rule is underway, guided by the Seven Point Plan recently enacted If progress continues as anticipated, the next step in transition will occur in 2015

Challenges also continue. The transition from DWSD to the Flint River for the City's temporary supply of water until KWA is complete has occurred, however, the work of producing treated water has been complicated by the system's aging infrastructure and varying temperatures. A badly needed update to the City's web site is underway, progress has been delayed from initial completion targets as the selected vendor was unable to perform necessary tasks The retiree lawsuit, whose outcome can seriously affect the financial solvency of the City, remains unresolved. Work continues to get done under difficult circumstances with limited resources, however the new strategic planning process is improving the City of Flint's productivity, responsiveness and accountability.

Assuring Accountability to Adopted Plans and Budget

The Strategic Plan for FY15-FY19 and the Biennial Budget for FY15 and FY16 charts the course for the Flint City government as it emerges from near financial insolvency and establishes itself as a municipal government providing residents, businesses, students and visitors public services in a customer friendly and financially responsible manner. Near term steps for achieving this have further been defined by a set of priorities set by the Mayor and City Council as the biennial

budget was adopted Likewise, the Master Plan for a Sustainable Flint, adopted in October 2013 by the Flint City Council and the Flint Planning Commission, provides the framework for ongoing efforts to improve the community as a whole.

Achieving the outcomes desired will be a lengthy and ongoing process. Specific steps to move along this course have been outlined in a series of objectives to be accomplished over the next several years The purpose of the quarterly report is to hold the City of Flint government accountable to the highlight progress as well as to identify areas of weak performance The first quarter of FY15 ended on September 30, 2014, and progress has been assessed

Highlights

Increasing Public Safety

A primary goal of the City is to assure a safe, secure, and healthy environment in which to live, work and play. Well-functioning police, fire and emergency response systems are essential to achieving this. While challenged significantly with less than adequate resources, progress has been made to improve public safety, thanks in part to the assistance and collaboration of the State Police:

- Incidence of Part One crime is down 13%, including a 28% reduction in the number of homicides
- Response time for police and fire has been decreased
- The decision has been made that the City will rejoin the Genesee County 9-1-1 Consortium. Anticipated to occur by July 1, 2015, this action will result in enhanced service with access to updated technology and will provide some $1 million annually in reduced costs
- Internal reorganizations and process improvements have been made in the Police and Fire departments to accommodate the reduced staffing made necessary by the City's financial condition With the assistance of financial assistance from the state, the City is engaged in a comprehensive review of its police and fire structure to determine the most efficient and effective organization for the future.

Improving Infrastructure

A key goal of the City is to provide access to dependable and affordable water sewer, and waste. Another key goal is to assure an adequate and well maintained transportation network The financial challenges of the past several years has left the City with significant need for reinvestment in virtually all of its infrastructure. While the challenge is enormous, positive steps have been taken.

- The first draft of the City's first comprehensive Capital Improvement Plan has been completed and will shortly be shared with the public for its input
- The City has recently been notified that it will receive $750,000 in funding for roads, as contained in the new State budget. Planning for use of these funds is beginning, with the expectation that it will be used for badly needed road repairs in the spring.

- The construction of the KWA pipeline is underway, on time and within budget. The transition from DWSD to the Flint River for the City's temporary supply of water until KWA is complete has occurred, however, the work of producing treated water has been complicated by the system's aging infrastructure and varying temperatures
- Concerns regarding the cost of water to Flint residents and businesses remains a high concern. Investigation of sources of water loss – both from theft and pipe leakage is ongoing. Reports of theft have resulted in criminal investigations, which are significant and ongoing. Several criminal complaints have resulted from the investigation and more are anticipated. Comprehensive programs of water meter replacement and leak detection are being developed
- Construction will begin in October of a load out facility that will allow the city to shut down the incinerator and realize up to $400,000 a year in operational savings in the sewer fund
- Investments in the underground utilities infrastructure are being finalized, utilizing budgeted funds for pipe replacement, pipe lining, and installation of technologically advanced water meters
- Work is being planned to address the condition of city facilities. A contract has been signed to repair the employee and police parking lot and to replace the lighting with LED lights, while a process for evaluating potential energy savings at the Municipal complex is being finalized.

Creating Jobs and Development

One of the goals in the recently adopted Master Plan is to have a growing and diverse economy that spurs innovation and small business development along with an education system that prepares our workforce for jobs paying a livable wage. The Strategic Plan likewise commits the City to foster cooperation between businesses, higher education and medical institutions, nonprofit organizations and community groups to create jobs and development. It also identifies the need for the City to better define the role of the public sector in economic development and also to improve the business climate

A number of business and community development initiatives are underway across the city

- Development activities have increased as evidenced by revenues collected from building permits and rental inspections. These revenues are currently projected to exceed budgeted revenues by $300,000 by the end of the fiscal year
- Increased capacity for compliance with the City's Rental Registration Ordinance is being put into place. A contract for services has been executed, with inspections planned to begin before November 1
- A new Medical Marijuana ordinance has been enacted. Application forms and related materials are being developed.
- Aggressive pursuit of funding for specific projects promoting development has resulted in more than $4 million to the City, including some $2 million for the redevelopment of Chevy Commons, $1.6 million for reconstruction of Dupont Street. Other grants have been awarded for a revitalization plan the South Saginaw corridor, road diet and bike lanes for Harrison Street, and an analysis of housing for the downtown area.

- Smith Village Development - Of 39 new homes built, 21 have sold, there are six purchase agreements, and 12 are remaining to be sold.
- Gundry and Salem NSP1 Purchase-Rehab-Resale – 14 homes were rehabbed, there are seven purchase agreements, and one home has been sold. Six of the 12 deeds that are in litigation with a previous developer by order of the Court.
- 26 units of senior apartments were made available with the ribbon cutting of Oak Street Apartments, a repurposed closed school building. Renovation was kick started with City of Flint CDBG demolition funds.
- An assessment of the development capacity of Flint's network of Community Housing Development Organizations (CHDO) and Community Development Corporations (CDC) has been completed in partnership with Local Initiatives Support Corporation (LISC). A planning is now underway to determine how the network can support implementation of the city's Master Plan and Blight Elimination Framework.
- In partnership with the local community foundation, public library, community college, and non-profits, began a six month community planning process where over 200 volunteers and stakeholders will create a well-coordinated, integrated system for literacy service delivery that increases literacy levels through a well-managed coalition of organizations.
- The $2.3 Million Community Development Block Grant (CDBG) programming allocation has been implemented. This allocation supports $928,000 of blight elimination, $725,000 in housing rehabilitation and emergency repairs, $227,000 to increase literacy, $124,000 for victim advocacy and fair housing and $184,000 in youth initiatives.

Improving Parks

Encouraging partnerships for recreation and access to open space across the City is a key goal of the Strategic Plan. While City support of its park system has been minimal for the past several years, positive steps, and the creation of partnerships in particular, have been taken towards achieving this goal:

- All City parks are being mowed at least twice per month, and their progress monitored on a regular basis
- Partnerships have been formalized with the Crim Foundation for Basset Park; with Friends of Rollingwood for additional park improvements; with Genesee Conservation District for forestry services; and with Mott Community college for Kearsley Softball Field and the Longway Greenbelt.
- A partnership with Mott Park Association for golf course and clubhouse is being developed.
- Substantial progress on park improvements are occurring at Max Brandon, aided by $200,000 in grant funding.
- Grant funding has also aided improvements at McKinley, and fostered progress on the Grand Traverse Greenway.
- Other improvements are occurring at Thread Lake and Flint Park Lake through the Genesee County Parks Partnership.

- *The City is working in partnership with stakeholders at Whaley, Berston, Dewey,* Kearsley, Hasselbring and Brennan Parks to leverage additional funding and volunteer assistance to construct further improvements.
- The Senior Center leases have been completed for Hasselbring and Brennen, assuring that senior citizen programming will continue in the City

Eliminating Blight

Eliminating blight within the next five years is one of the objectives incorporated into the Master Plan, and is recognized by the City as being critical to creating and maintaining a vibrant and growing community To date

- *A draft Blight Elimination Framework has been developed and widely circulated for* public input, reaching approximately 400 residents who have committed to its implementation The City has committed to organizing its resources around this plan and has appropriated approximately $928,000 for blight elimination activities including the development of a code enforcement program, demolition, and coordination of extensive neighborhood clean ups
- Several hundred citizen volunteers, working with Cities of Service, Clean & Green, and many neighborhood associations, have spent countless hours on many projects, including removal of more than 2 million pounds of trash from blighted areas, boarding of 575 vacant properties, and mowing some 12,500 properties a total of 28,000 times
- Over $900,000 in CDBG allocations has been contracted to the Genesee County Land Bank for demolition of approximately 70 commercial and residential structures
- $2 6 million in Hardest Hit funds were recently allocated to the City in partnership with the Land Bank to demolish some 225 homes in Civic Park. This funding is in addition to the nearly $23 million of both Michigan Blight Elimination and Hardest Hit Grant Funding for demolition of approximately 2,000 debilitated homes The City has completed more than 1,500 Cut and Plugs in preparation for scheduled demolitions.
- An average of 240 Code Compliance issues are addressed monthly by the City's Blight Elimination Manager 80% of these are resolved without further code enforcement action
- The City has recruited 2 AmeriCorps VISTAs volunteers who will start in November and focus on implementation of the Blight Elimination Framework.

Engaging Citizens

An engaged citizenry is essential to creating and maintaining a vibrant growing community Citizen engagement in Flint increased significantly over the past few years as the City engaged them in the development of the Master Plan Master Plan implementation has continued to engage citizens, as have other activities fostered by the City:

- All Master Plan Implementation Task Groups have met twice, working on individual actions plans The City will also be working with 41 neighborhood groups who have

been trained on assessment work and will complete the neighborhood inventory for housing and street lighting by mid-November.

- The Police Department has engaged citizens in several ways, including increased participation by its command officers in community meetings, and by partnership and participation in APLACT (Advocates and Leaders for Police and Community Trust),
- The Department has also expanded use of Blue Badge volunteers in many areas, such as the newly established Citizens Radio Patrol
- The department also become an active user of social media, promoting Crime Stoppers and Operation Fresh Start, and creating a presence on Facebook and Twitter
- The Fire Department has also increased its presence in the community through its "Knock and Talk" initiative.
- Citizen engagement has also been enhanced with the placement of national service teams in the City of Flint, one from the National Civilian Community Corps and one from VISTA. More than 800 volunteers have been engaged with these teams on various projects, including removal of more than 2 million pounds of trash from blighted areas, emergency preparedness education for more than 900 residents, and participation in the national day of service on 9/11.

Managing Financial Challenges

Operating in a financially sustainable manner is essential if the City is to achieve its Mission of assuring that residents, businesses, students and visitors receive municipal services in a customer friendly and financially responsible manner. While the City continues to address an accumulated General Fund deficit, significant legacy costs, and a continuing structural deficit, progress continues to be made

- The General Fund deficit continues to be reduced, and the City's financial position is stabilized at least for the near term. Preliminary projections show the deficit as of June 30, 2014 to be $9 million, a reduction from $12.9 million the previous year. The City's cash position is adequate
- A plan to eliminate the General Fund deficit no later than FY19 and to accumulate an adequate level of financial reserves no later than FY24 has been approved by the State.
- Revenues and expenses for the first quarter of FY15, which ended September 30, are generally in line with expectations
- The City is vigorously pursuing external funding and resources to implement important projects in areas such as blight elimination, housing, and park improvements. More than $3 million has been received so far this year from federal agencies, state entities and community foundations, and additional applications are pending

However, the legal challenge to changes made to retiree health care as part of restoring financial solvency continues. The June 30 decision by the Federal Court to permit the City to modify health care for retirees should provide some financial relief to the City while the case is being litigated. Should the City not prevail, however, the $5 million additional cost added to the FY15 budget will be continued, and may result in Flint's return to financial solvency becoming exceedingly difficult if not impossible

Improving Internal Operations

Achieving the goals set forth in the Strategic Plan will require a city organization that is efficient and effective, and capable of operating in an environment of limited resources. Elected leaders, appointed officials, and employees must be highly trained and professional, and place high priority on excellent customer service. Its organizational structures and process must be efficient, modern, and focused on results. Much remains to be done, but progress is being made:

- The search for an experienced professional City Administrator is underway, and several charter amendments are being considered by the voters, which would further enhance the efficiency of the government.
- A badly needed update to the City's web site is underway; progress has been delayed from initial completion targets as the selected vendor was unable to perform necessary tasks.
- A comprehensive review of City Ordinances is underway, with revisions in business licensing and zoning ordinances nearly complete.
- The organizational structure of the City has been revised to assure that capacity exists to implement the Master Plan.
- Professional development opportunities have been defined and are being provided for city staff. Current focuses include supervision and use of technology.
- An in-depth evaluation of the structure of the police and fire departments is underway with the goal of identifying the most efficient and effective structure for the delivery of public safety services.
- Nearly all labor contracts and personnel policies have been revised to improved organizational efficiency while containing short and long term costs associated with employee compensation.
- Review of the City's capacity to provide capacity and leadership in economic development is underway, including the potential of collaborative efforts with other entities.
- Reorganization of current staff positions to enhance constituent services is underway
- Internal reorganizations and policy/procedure updates within the Police and Fire Departments have been enacted.
- The City's Emergency Management Plan has been updated.
- Reorganizations within the Utilities Division are being implemented to increase capacity to respond to maintenance and other needs.
- The Transportation Division has increased its capacity and lowered its costs to perform right-of-way maintenance activities by assigning casual skilled labor to work with street Maintenance crews.
- Agreement executed with Genesee County Conservation District to compile an inventory of street trees in order to develop a sustainable plan for the care and preservation of the urban street tree forestry.
- Improved processes for grant administration and compliance monitoring are being implemented
- Planning is leading an effort to fully utilize GIS capabilities to serve all departments.

- Asset management tools for Transportation and Utilities, such as GPS units, web reporting, and a new work order system, are scheduled for installation in the coming months
- A city wide program to recognize employees is being evaluated. Currently, recognition programs exist on a departmental basis, including the Police Department, and a new program is scheduled for introduction in Department of Public Works
- The Community and Economic Development Division continues to enact corrective actions, refine and adopt policies and procedures and provide technical assistance to sub-recipients for federal and state funded programs that reduce the potential repayment from historical HUD OIG monitoring findings and current Field Office and MSHDA monitoring, reducing exposure to General Fund for repayment.

Transitioning Back to Home Rule

The City has been under the jurisdiction of the State this time since November, 2011, as its financial condition placed it on the brink of insolvency Much progress has been made to address that, and the focus is now preparing for the transition back to Home Rule Progress to date includes

- A 7 Point Plan enacted by the Emergency Manager identifies specific objectives to be accomplished in order for the transition to proceed
- Target completion dates have been identified for many of the steps
- Specific objectives which have been accomplished include approval of a Deficit Elimination Plan, initiation of the search for a City Administrator, completion of a report by the Blue Ribbon Committee and the placement of 5 Charter Amendments plus the question of forming a Charter Review Commission on the November ballot.

Conclusion

Progress is being made in accordance with the expectations of the Strategic Plan and its specific objectives. Significant steps are being taken to improve its financial condition and to restructure the organization to improve efficiency and effectiveness Steps are also being taken to prepare the City for return to traditional Home Rule governance.

Not surprisingly, because this is a first quarter report, not all objectives have been completed, and some have yet to start In addition, many of the objectives require significant amounts of time and energy to achieve

The positive progress outlined in this report must be read in the context of the current overall condition of the City of Flint. The level of services currently provided by the City is marginal as it struggles to regain financial solvency. Flint continues to be challenged by population loss, relatively low per capita income, aging infrastructure, and an insufficient revenue stream to support a desired level of services. It still has a significant General Fund deficit to be addressed, along with significant legacy costs And it still faces the possibility of insolvency should the challenge to changes in retiree health care prevail.

GOVERNANCE AND ADMINISTRATION

VISION Statement

The City of Flint s Governance will adapt to change and be a model of professionalism transparency, and sustainability in order to provide effective government to each of our City s residents (as written in the Charter Preamble)

MISSION Statement

The Executive Management and Elected Leadership Directs and guides the City government in order operate in an open and financially responsible manner, including improving citizen access, focusing on measurable results, improving the City's financial position and eliminating accumulated deficits within the context of the City of Flint Master Plan

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
EMERGENCY MANAGER		Promote vision, set priorities, and measure results	Formally assess City readiness for Transition Advisory Board and progress towards achievement of Seven-Point Plan	I
MAYOR & COUNCIL			Participate with MML and others on an ongoing basis in advocating for state reforms in municipal financing Including PP T and EVIP	C
	Management of City Government		Continue to participate with MML and partners with new legislative session in advocating for state reforms in municipal financing, including OPEB and Prop A	I
CITY ADMINISTRATOR	Chief Elected Official	Leadership Provide direction guidance and support to the leadership in the Departments of Public Safety, Planning & Development, Public Works and Finance & Administration in order for the achievement of their goals and objectives	Reduce deficit by no less than $1 8 million by end of FY15 and each year thereafter in accord with City Deficit Elimination Plan, and continuing to accumulate an appropriate level of reserves	I
	Legislative Body of the City		Begin search for City Administrator	C
MAYOR			Formally assess dept head's progress on attaining objectives and then semi-annually thereafter	I
		Partnerships Seek partnerships with local, state and federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting the City's mission	Conduct organizational review of all departments completing Public Safety in FY15 and Public Works in FY16	I
CITY COUNCIL			Resolve retiree healthcare lawsuit by December 31, 2015	I
			Conduct formal quarterly budget and strategic plan review with Council	I
HUMAN RELATIONS		Training Prioritize attracting and retaining a highly trained and professional staff of elected leaders, appointed officials and employees by offering training opportunities, encouraging best practices, measuring performance and providing evaluations	Complete assessment of Hurley's future as a community hospital	I
			Apply for 20 grants annually and receive $10 million in competitive/non-entitlement awards, beginning in FY15	I
CIVIL SERVICE/OMBUDSMAN			Secure ongoing financial and other support for public safety and blight including city lock up for FY15-FY19	I
		Citizen Access Manage municipal services in a customer friendly manner by providing public information respond to constituent concerns	Develop proposals for 911 consolidation and courts consolidation	I
			Design citizen service system to process up to 500 requests each month	I
			All Council members and Mayor to attain MML Level Two certification	I
			Update the video capabilities of the City Council chambers to facilitate in-house recording production and uploading of video	I
		Volunteer Service Develop a culture of national service and community volunteering that demonstrates how the City and community priorities can be addressed through service solutions	EM and Mayor to approve professional development training schedule for department heads	I
			EM and Mayor to approve professional development training schedule for employees, based on recommendations from department heads and Human Resources	I
			Updated web site to be implemented	I
		Climate for Growth Foster cooperation among business nonprofit foundation partners and residents to create a climate that supports community and economic development	All appointments to City boards to be current	I
			Create 1 000 Volunteer opportunities annually	I
			Mayor/EM to implement policies and procedures for improving citizen access to City government	I
			Formally assess future city role in promoting economic and community development for consideration in FY16 budget	I

GOVERNANCE AND ADMINISTRATION

(cont)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
CITY ATTORNEY				
CITY ATTORNEY'S OFFICE	Provide legal advice to Mayor, Council, City Administrator and Department Heads on matters of City business	Update City ordinances	Revised Business Licensing ordinance to be in effect on July 1, 2014 revised Zoning ordinance by November 2014 schedule of remaining ordinance revisions to be developed by July 1, 2016	I
	Prosecutes violations of City Ordinances		Develop strategy and timeline for renegotiating Cable Franchise agreement (agreement expires December, 2016)	I
	Responds to FOIA requests	Provide for most cost effective means of litigation	Handle 95% of litigation in-house	C
	Advises in labor relations and employment relations issues		Implement program for increasing amount of delinquent collections	I
	Represents City in lawsuits and other legal matters	Develop and implement administrative efficiencies	Define proposed process for handling paper and digital files including time frame for implementation	I
			Define process and procedures for improving standardization of procedures for common legal matters, including time frame for implementation	I
		Improve staff skill sets and working environment	Program for improving skill sets of all staff to be scheduled/implemented	I
			Proposal for improving the appearance of City Attorney's Office to be presented to Facilities	C

CITY CLERK				
CITY CLERK'S OFFICE	Records proceeding of City Council and other bodies	Maintains all records of meetings of City Council and its committees Publishes notices of meetings and records minutes	Define ongoing training needs of City Council staff, including law changes affecting legislative bodies (such as public notices open meetings) and the Legistar cataloging system and implement training	I
	Provides administrative and professional support to City Council and other bodies		Review and update City Council's constituent complaint referral process	I
RECORDS	Custodian of City Records	Manages custody and retention of city records including minutes of official bodies	Release a RFP by January 1 2015 seeking comprehensive proposals for analyzing the state of all City current and historical records and providing recommendations for preserving, cataloging, and accessing records utilizing a records retention schedule, with implementation to begin in FY16	N
	Codifies city ordinances every ten years		Assure orderly transition of the Licensing Division to the Planning & Development Department	I
ELECTIONS	Oversight of elections	Conducts elections in accordance with state law	Continue ongoing training calendar for Election Inspectors and City staff involved with elections	I
		Maintains current and historical voter registration lists and related documents	Secure State grant for polling accessibility study to meet ADA requirements and continue to seek public and non-profit grants for election related activities	I

POLICE DEPARTMENT

VISION Statement

The Flint Police Department will be the anchor resource in a collaborative effort with the community businesses and visitors to the City of Flint We will provide model law enforcement services with an emphasis on innovation and technology

MISSION Statement

The City of Flint Police Department is committed to protecting and serving all the people of our community with respect, fairness and compassion
Acting in partnership with our community to protect life and property, we strive to prevent crime and preserve peace order and safety
We will seek just solutions with honesty and integrity
We encourage, need, and expect community involvement to work toward a mutual goal of enhancing the quality of life within our city

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
POLICE				
ADMINISTRATION	Management & Planning	Utilize tangible departmental resources in an efficient and effective manner	*Recommend vendor for Record Management System by October 1, 2014, and propose funding and implementation strategy for inclusion in FY15 budget*	C
		Utilize tangible departmental resources in an efficient and effective manner	Establish criteria that identifies each supervisor's responsibilities in the supervision of their respective subordinates	C
		Institute fair and reliable performance accountability at all levels within the Flint Police Department	Review administrative responsibilities	C
		Utilize tangible departmental resources in an efficient and effective manner	Revitalize the Flint Police Department's Chaplain Corps	I
	Community Policing	Implement a comprehensive impactful community involvement/engagement strategy	Launch FPD website	C
		Implement a comprehensive impactful community involvement/engagement strategy	Acquire and implement an online Crime Mapping capability that is accessible to community members	C
		Implement a comprehensive impactful community involvement/engagement strategy	Develop train and implement a "Citizen's Radio Patrol" utilizing Blue Badge Volunteers in their respective neighborhoods	I
INVESTIGATIONS	Investigation of Crimes	Utilize tangible departmental resources in an efficient and effective manner	Evaluate call management strategies currently in place	C
		Utilize tangible departmental resources in an efficient and effective manner	Increase use of IB techs at crime scenes, develop latent prints and compare to files to ID perpetrators by June 30, 2015	N
		Utilize tangible departmental resources in an efficient and effective manner	Develop an informational document from the Detective Bureau to assist in identifying crime patterns	C
LOCKUP	Oversight of lock-up facility	Utilize tangible departmental resources in an efficient and effective manner	Move to have GCSD handle entire booking process eliminate IB techs from process	N
PATROL	Deployment of officers on patrol	Effective and efficient deployment of personnel based on calls for service and crime data to include (a) place based (b) time based and (c) offender based observations	Reduce response time to calls for service by 8%	I

POLICE DEPARTMENT

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
RECORDS/PROPERTY MANAGEMENT		Utilize tangible departmental resources in an efficient and effective manner	Develop a data driven strategy that can be utilized by Patrol Lieutenants through recurring reports	C
	Custody of police records and confiscated properties	Maintain and utilize effective and efficient call management strategies	Examine other alternatives as it relates to calls for service or criminal complaints	D
		Move to electronic property management	Complete refresh of property room	C
	IB section/ Property	Apply updated retention policy	Eliminate all unnecessary historical paper records in the Police Department	C
		Provide a training and qualification venue for FPD and explore the possibility of revenue generation if we rent out to other LE agencies in the area	Evaluate options and recommend location for new shooting range	N
	Department Management	To use all department empirical data effectively and develop a department-wide goal of strategic thinking	A 20% reduction in Violent Part 1 crime	I
		Operationalize responses in functions and responsibilities at *each level within the department to achieve the following:*	Increase Community Policing efforts, measured by the MSU, proactive time study with an increase of 7-10%	I
Administration	Department Management	Increase community volunteers Blue Badge Program	Use Blue Badge as the portal to all volunteer efforts, including 1) Citizen Radio Patrol, 2) Chaplain Corps, 3) Service Center/Mini Station workers with a goal of 30% increase	N
Administration	Department Management	Increase use of Neighborhood Service Officer Program	Identify funding source to expand the NSO program in size and duties specifically license compliance for problem businesses and scrap and secondhand merchants	C
Chief's Office	School Liaison	Increase and deploy School Resource Officer	Per the COPS grant Hire 8 Officers and deploy in the schools with the emphasis on the school and the community therein focus on safe routes and crimestoppers school program	I
Chief's Office	Department Management	Collaboration with Federal, State, and LE agencies that will result in continued crime reduction	1) Continue Partnership with FBI ATF and USMS 2). Partner with MSP, FFD, FANG on Arson squad, 3), Partner GCSO on Auto Theft Team (GAIN) Develop Area Crime Team with MSP and GCSO	C
			Acquire and implement an online Crime Mapping capability that is accessible to community members	C
			Submit all requested materials from ICMA	C

911

VISION STATEMENT

The City of Flint 911 Department will be a fully functional Next Gen 911 system, accessible 24/7 from any device

MISSION Statement

The City of Flint 911 Department is committed to serving our citizens businesses and visitors with professional emergency services We will continuously strive to improve our services in the most effective and efficient manner possible

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
911			Reduce use of 911 for non-emergency calls by 25%	I
TELEPHONE ANSWERING & DISPATCH	Receives call and dispatches resources	Provide the best possible emergency telephone answering and dispatch purpose with available resources	Develop plan for Next Gen 911 technology, including telephone upgrade and console upgrade	N
	Maintains records and consoles	Provide prompt, courteous, and efficient customer service	Improve Response to incoming 911 and 7-digit calls by 10% and improve coordination with EMS dispatch	I
RECORDS MANAGEMENT	Management of 911 Center	Improve community group relationships through community outreach	Automate billing for structure fires	N
			Develop plan for Consolidation with Genesee County Consortium	I
ADMINISTRATION			Work with Human Resources to create a new employment roster	N
			Working with Fire Department, create program and process for utilizing Fire Fighters on light duty at 911	C
			Complete state required training for all employees	I
			Complete Tower construction	I
			Eliminate Provisional Appointments/Fill vacancies permanently	N
			Strengthen relations with community groups by participating in 24 meetings each year	I
			Implement Quality Assurance program	C

FIRE DEPARTMENT

VISION Statement

A community educated on all matters related to fire safety and fire protection resulting in minimal damage and injury from fire incidents

MISSION Statement

Utilizing available resources the Flint Fire Department will respond quickly and effectively to fire calls, and will lead efforts to educate the community on all matters relating to fire safety and protection

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
FIRE				
ADMINISTRATION & EMERGENCY MANAGEMENT	Department Management; coordination of emergency management activities within city		Maintain average fire response time under 9 minutes in FY2015 and develop plan to reduce response time in FY16 to less than 8 minutes	I
			Turnaround time for Fire Inspections to be 5 days or less	C
FIRE SUPPRESSION	Deployment of Fire Fighters to emergencies	Provide the highest quality fire response/fire protection possible	Implement new organizational structure based on 75 full-time positions	C
			100% Flint School children contacted and provided with fire safety and prevention program	N
FIRE INSPECTION & ARSON INVESTIGATION	Investigation of suspicious fires, conduct of commercial building inspections		100% of Senior Centers provided with fire safety and prevention program	N
		Engage children students and senior citizens in fire safety awareness and preparedness	100% of City Block Clubs provided fire safety and prevention program	N
COMMUNITY EDUCATION	Education of residents and businesses in fire prevention		At least 4 times per year, the Fire Department will provide the community with information regarding fire safety and prevention	C
		Lead City wide emergency preparedness and response	Evaluate and define role of the Fire Department in Emergency Management with report provided to EM	C
			Reduce energy in Fire Departments by 20%	I
			Continue progressive training once per week	I
			Continued training for Suppression Personnel as technology develops for today's high-tech environment	I
			Implement physical fitness program	I
			"Knock and Talk" Fire Suppression Crews and Prevention Staff to distribute Arson Reward literature to 100% of residents	I
			Educate juvenile firesetters by providing one-on-one discussion with 10 juveniles	I

68th DISTRICT COURT

VISION Statement

The 68th Judicial District Court will be a leader among Michigan Courts in the provision of quality service equal access to a fair and effective system of justice and protection of the public s safety

MISSION Statement

The 68th Judicial District Court will provide timely, fair, and impartial justice in all matters properly presented to the Court.

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
DISTRICT COURT				
ADMINISTRATION	Overall Court Management	Provides the most efficient processing possible within the re current appropriation from the City	To comply with all Trial Court Performance Standards Annually, as dictated by the State Court Administrative Office	C
JUDICIAL PROCESSING	Courtroom activities		Improve Court collections Annual increases by way of Amnesty and Collections Agency comparing results at the end of each fiscal year to the previous year	I
PROBATION	Provides oversight of probationers		Re-establish Probation Department with (1) Probation Officer	I

PUBLIC WORKS

VISION Statement

The vision of the Public Works Department is to be a well managed and well trained workforce that utilizes all available resources, technology and collaborative means to maintain the City's above and underground infrastructure and facilities

MISSION Statement

The Public Works Department is committed to the development of qualified managers and workers with consistent ongoing training, data driven decisions, and the creation of new job performance measurables

The DPW will aggressively engage in strategic local and state level partnerships while continuously implementing new and improved technologies, procedures, and policies

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
UTILITIES	Water Treatment			
WATER TREATMENT PLANT	Water Distribution	Provide dependable and affordable water and sewer service to City residents and businesses	Complete the electrical upgrades on Cedar Street Pumping Facility	I
WATER POLLUTION CONTROL	Distribution System Maintenance		Complete the engineering design work for the Hamilton Dam upgrades	I
WATER SERVICE CENTER	Sanitary Sewer Operation & Maintenance		Complete the rehabilitation of the Torrey Road Booster Station	I
	Storm Water Maintenance		Complete and implement a comprehensive pay scale evaluation for all WTP employees	I
	Dam Maintenance		Complete phase II (of III) of the WTP upgrade in preparation of transition to KWA	I
	Water Turn On's/Off's	Routine preventative maintenance program - A program that includes written procedures, identification methods, scheduling and measurable tracking	Create GIS maps of utility assets (including base-layer)	N
	Cut & Plugs		Implement tracking program for main breaks and sink holes with monthly reporting	I
	Wastewater Treatment		Develop and implement a written and sustainable "water loss" program. Program is to target the identification of a "baseline" loss and create means to maintain a loss percentage of under 16%	I
	Industrial Pretreatment Compliance		Replace 3,000 residential meters	I
			Develop and implement a written root control matrix to reduce infiltration into the sanitary sewer systems	I
			Develop a written pipe replacement matrix that uses multiple criteria to identify the priority pipes to replaced annually	I
		Long term Utilities planning - Continued implementation of objectives that increase the efficiency and sustainability of the Utility department including the use of Blue/Green Infrastructure projects right sizing neighborhood infrastructure, and shared services	Identify a consultant to write the scope for a comprehensive energy audit of all Utility facilities and send RFP	I
			Develop list of shared service opportunities with Genesee County Drain Commissioner and setup a meeting schedule for talks	I
			Complete the de-commissioning of the incinerator and construction of a load out facility at the Wastewater Treatment Plant	I
			Complete the upgrade plan of turning methane gas from the digester into energy	I
		Increase community engagement, community input, and community awareness with Utility processes and procedures	Complete the development and use of web site access for residents to report main breaks	I
			Complete Cut & Plug list for hardest hit demolitions	C
			Implement defined response time policy for WSC	N
			Develop capacity to effectuate 100% of non pay water shut-off notices	C

PUBLIC WORKS
(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
TRANSPORTATION	Maintenance and repair of sidewalks	Implement processes procedures and activities that enable the City to efficiently maintain and preserve a multi-modal transportation network that meets the needs of all motorists pedestrians, and bicyclists	Complete a sidewalk inventory that identifies the location and surface condition rating of all sidewalks within the City	N
STREET MAINTENANCE	Enforcement of Right-of-Way Ordinances		Implement a 50/50 Sidewalk Repair Program targeting enforcement of the Sidewalk Ordinance and repair of 500 sidewalk squares and repair of 1,000 squares	N
	Including paving, plowing and sweeping		Perform preventive maintenance activities on 15 miles of streets and pave 4 5 miles of streets in addition to preventive maintenance on another 15 miles of streets	I
	Maintenance of City street trees		Complete an inventory of city street trees	I
			Develop a Tree Maintenance plan that identifies the location of street trees condition, risk factors, and schedule of planned maintenance activities over a six-year cycle	I
			Initiate a web-based application that will allow the public to electronically report pothole, street, street tree, and sidewalk complaints	C
CAPITAL PROJECTS ADMINISTRATION	Capital Improvement Projects (Planning and Management)		Develop and implement a written Public Participation Plan that details how the public will be engaged in the transportation planning process	N
			Invest $20,000 in non-motorized facilities by providing funding to secure preliminary engineering services for the Genesee Valley non-motorized trail project	C
			Develop a reconfiguration plan for Harrison Street and South Saginaw Street that includes facilities for multi modal travel and traffic calming devices	I
			Identify a funding source to develop engineering plans to reopen Leith Street	N
TRAFFIC CONTROL	Maintenance of signs traffic signals, and pavement markings	*Install, maintain repair and utilize traffic control devices to* facilitate the efficient movement of vehicles and people and to improve traffic flow, and communicate same to the public	*Perform an audit of all signalized intersections to identify unwarranted traffic signals and implement a preventive maintenance plan for traffic signals*	I
	Barricading Activities/Special Events		Perform regulatory and warning sign upgrades in 3 areas of the City in FY15 and an additional 3 areas each year thereafter	I
SANITATION (Contract Management)	collection, composting, and recycling	Assure the reliable and efficient collection and disposal of residential waste, compost, and recyclable materials	Develop and execute a Compost Plan that will result in the processing and removal of compostable materials from the Chevy in the Hole site	C
			Issue Waste Collection Services RFP for new contract period	N
			Increase the City's recycling participation to 10% in FY15 and 12% in FY16	I
			Develop a recommendation on the feasibility of implementing a 96-gallon cart recycling program	I
			Monitor Waste Collection Services contractor's collection and disposal activities on a monthly basis to ensure compliance with contract provisions	I
			Formally evaluate performance of Waste Collection Services contractor	N
			Work with foundations, Police and City partners to develop a new special event management protocol	C
			Provide timely instruction to public with respect to leaf collection process	C

PUBLIC WORKS
(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY13 & FY14	STATUS
FACILITY MAINTENANCE	Maintenance of city facilities and grounds	Right size city facilities by consolidating uses and recommending disposal of unneeded facilities	Complete disposition of Police Academy Fire Station FAEC McKinley, and Park Supply buildings	I
	Planning for optimal facility usage		Elimination of unneeded storage and relocation of employees into a permanent workspace	I
	Facilitating use of city facilities	Plan for needed facility improvements that assures a clean safe and sanitary workplace environment for employees	Implement new staffing plan for Facility Maintenance	C
			Increase capacity for maintenance services through a wider network of support vendors	C
			Establish a contract management performance review that has a semi-annual written report	C
			Develop a comprehensive routine and preventive maintenance plan that documents areas of concern, structures the way we effectuate repairs and supports the CIP	I
			Develop 5-year capital improvement plan for City facilities and update annually thereafter	C
		Adopt an energy efficiency and conservation policy that builds toward being carbon neutral	Replace exterior City Hall lights with LED's and motion sensors	I
			Identify a vendor and a funding mechanism to provide an energy evaluation of the City Hall campus producing a 2015 energy "baseline" in which to measu progress	I
			Modify 5-year Facility capital improvement plan annually prior to the budget presentation to Council	I
			Complete the transition of senior center operations to other entities contracting directly with the County for operational support	C
CHEVY COMMONS			Infrastructure remediation and Storm Sewer discharge compliance	I
	Future usable green space		Development and Construction of Phase 1 Green cap	I
			Implementation of USDA Phytoremediation $400k grant	I
			Events Management	C
			Implement compost operations DEQ Consent Decree	I

PLANNING AND DEVELOPMENT

VISION Statement

The Planning and Development Department will partner with residents businesses, and visitors to implement the Master Plan and help transform Flint into a safe vibrant sustainable and healthy city

MISSION Statement

The Planning and Development Department is committed to ensuring the public safety health, and well-being of Flint's residents, businesses and visitors through targeted investment and rational well-designed and physically integrated land use and development that advances economic prosperity eliminates blight and stabilizes neighborhoods, protects the environment and promotes a better quality of life in the City

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
CASE MANAGEMENT	Current Planning	Provide streamlined, business friendly plan review permitting, property disposition, and business licensing in compliance with state and local laws in order to protect the health and welfare of the community	Complete all plan reviews within 3 weeks and inspections within 72 hours	I
	Permitting		Implement a comprehensive form-based zoning code that streamlines the approval process for projects that adhere to the regulations	I
	Service Counter/Business Support		Process all planning applications within the prescribed time limits and minimize the number of discretionary cases to be reviewed quarterly thereafter	I
	Major Cases		Designate designated case manager to guide major projects through the City s determination process	C
			Complete acquisition of the Grand Traverse Greenway Trail	I
			Coordinate with Redevelopment Ready Communities to reorganize department procedures to provide a seamless case management process for new and existing businesses to help facilitate redevelopment	I
	Business Licensing		Implement P & D management of business licensing ordinance	I
			Achieve 25% licensing compliance in FY16	N
			Achieve 50% licensing compliance in FY17	N
			Achieve 80% licensing compliance in FY18	N
BLIGHT ELIMINATION & NEIGHBORHOOD STABILIZATION	Code Enforcement	Eradicate blight in the City by 2020 and work with residents to stabilize Flint's neighborhoods	Develop and implement a comprehensive code enforcement program	N
	Rental Registration		Implement an updated rental registration ordinance	N
			Achieve 25% rental registration compliance FY16	N
			Achieve 50% rental registration compliance FY17	N
			Achieve 90% rental registration compliance FY18	N
	Business License Enforcement		Secure funding and demolition assistance to demolish 1 200 homes and 80 commercial buildings each year for 5 years with progress measured annually	I
	Blight Elimination & Street Lighting Coordination		Secure formal commitment of at least 60 neighborhood groups and community organizations to maintain 2,000 vacant parcels	I
			Implement structure within P&D which has responsibility for developing a plan for improving street lighting within the City, for managing the lighting special assessment and payment of bills beginning July 1 2014	

PLANNING AND DEVELOPMENT

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
COMMUNITY DEVELOPMENT & ECONOMIC DEVELOPMENT	Neighborhood Planning	Create safe, healthy and desirable neighborhoods near quality community services	Comply with all HUD regulations and time submission requirements for all reports	I
	Small Neighborhood Projects		Implement a grants management system utilizing BS&A to better track performance	I
	Fair Housing		Provide ongoing technical assistance and training to all sub recipients and sub-contractors to insure full compliance and timely processing of payments	N
	Historic Preservation		Process all requests for economic development support (tax abatements, etc.) within prescribed time frames, to be monitored quarterly	I
	Program Management (CDBG HOME)		*Complete Smith Village development*	I
			Sell all Smith Village and NSP homes	I
			Define the ongoing role for city involvement in economic development and present budgetary request for consideration in FY16 budget	N
	Economic Development	Promote a growing and diverse economy that spurs innovation and small business development and prepares the workforce for today's jobs and those of the future	Implement a formally defined CDBG allocation process that is transparent and advances the goals of the Master Plan	C
	Major Development Projects		Complete a formal written comprehensive housing investment strategy to include a housing program *that provides rehabilitation and home buyer incentives* to encourage residents to move to or remain in Flint	I
	Workforce Development		Secure other sources of grant funding for entire department to increase available revenue by 10% per year, beginning with FY15	I
	Small Business Development		Respond in a timely manner to requests for assistance in expanding existing or attracting new businesses with particular focus on small businesses and brownfields	I
			Implement the EDC Deficit Elimination Plan	C
	Oak Business Center & EDC		Attract new businesses to Oak Business Center to reduce vacancy rate to less than 15%	I
			Secure a monitoring and compliance contractor to allow staff to focus on proactive community development	I
LONG RANGE PLANNING	Master Plan Implementation	Guide the update and implementation of the Master Plan and provide data-driven, technical expertise to city officials and the public on land use and development matters	Develop a commercial investment framework based on the Master Plan	N
	Performance Management		In coordination with local regional and state economic development agencies develop a formal long term strategy and role for the City government to help expand existing or attract new businesses, with particular focus on small businesses and brownfields, funding request to be presented for potential funding in	N
	Transportation Planning		Create 8 subarea plans	I
	Public Safety Planning		*Develop the City's first combined Capital Improvement Plan*	I
	GIS Services		Hold annual engagement to discuss progress of Master Plan and solicit additional feedback on action plan	N
	Infrastructure Planning		Establish short term (1-3 years) action plans for each chapter of the Master Plan	I
	Sustainability Planning		Develop between 10-15 neighborhood plans covering every residential area by 2020, at the rate of 20% per year	N
	Zone Changes		Develop a citywide sustainability plan	N
	Plan Amendments		Maintain on an ongoing basis updated demographic and housing data easily available to internal and external customers	I
			Develop a proposal for providing citywide Geographic Information Services to internal and external customers and implement plan	I
			Coordinate the implementation of at least 1 strategy in each chapter of the Master Plan every year, with progress measured annually	I
			Submit proposal to the EPA for a Brownfield Area wide Planning Grant or technical assistance grant to create a brownfield development for the area around the Chevy Commons	C
			Present blight elimination framework to the Planning Commission for adoption as part of the Master Plan Implementation	I
			Begin update of the Master Plan	N
			Complete a formal written blight elimination framework for neighborhoods	C
			Implement structure within P&D which has responsibility for developing a plan for improving street lighting within the City for managing the lighting special assessment and payment of bills	I

PLANNING AND DEVELOPMENT

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
PARKS & OPEN SPACE	Parks Maintenance	Establish a new park management framework and secure resources necessary to maintain the City s parks and open spaces	Refine the City's parks classification system and develop service standards that align with the MDNR and the needs and desires of the Flint community	I
			Assure that all city parks are mowed at least twice per month based upon individual plan for land management, contractor performance to be reviewed on a quarterly basis	C
	Parks Planning	Improve the ecological health of the City s parks and open spaces through responsible planning and development	Complete a naturalization demonstration in Max Brandon Park and then 3 other parks	I
			Complete improvements to Riverbank Park and McKinley Park as specified in the MDNR grant	I
			Complete improvements to McKinley Park as specified in the MDNR grant	I
			Update the Parks and Recreation Master Plan with additional focus on park equity and enhancing recreational use of the Flint River and adjacent parks an open spaces	N
	Parks Partnership	Provide parks open space, and recreation infrastructure that both meets the needs of the community and is maintainable by the City and its community partners	Establish at least 3 "Adopt A Park" agreements every year; complete the establishment of the "Friends of Stanton" group	I
			Work with the County to establish a joint maintenance agreement for at least one of the City s larger parks	C
	Parks Programming	Engage the Flint Community to support the programming and use of park and recreation facilities	Develop a management plan for the City s 4 golf courses	I
			Develop the plan to adjust the CANUSA Games Housing and field of play locations	N
	Open Space		Submit at least one grant proposal each year for MDNR funding	C
	Trail Development		Complete construction of the Genesee Valley Trail	I

FINANCE AND ADMINISTRATION

VISION Statement

A robust division capable of meeting the external and internal needs of the City of Flint in the areas of finance treasury, assessments human resources information technology, and fleet

MISSION Statement

To manage the financial and administration division of the City of Flint through promoting fiscal responsibility and industry best practices in order to respond to the needs of the City of Flint with efficiency and timeliness

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
FINANCE				
ACCOUNTING	Payroll Production & Reporting	*Provides for a financially secure organization with sound* business practices providing for the purchase of goods and services and financial reporting Provides professional and technical advice to departments regarding financial and purchasing needs and on grant administration processes	Reduce the General Fund deficit by $1 8 million in FY15	C
			Reduce the General Fund deficit by $1 8 million in FY16	N
	Vendor Management and Payment		Convert to new fixed asset accounting and develop fixed asset policy	I
			Review rates and master fee schedule to ensure they are appropriately set	N
AUDITING	Monitoring Financial Performance		Implement Finance Department reorganization	I
	Preparation of Financial Reports		Audit completed and filed with state	I
BUDGETING	Monitoring Grant Performance		Schedule and conduct 4 city wide finance and accounting training sessions	I
	Accounting for Revenues and Expenses		Establish and implement internship program for Finance	I
RISK MANAGEMENT	Development of Long Term Financial Projections, Deficit Elimination Plans and Strategies for Financial Solvency		Establish a paperless process for procuring goods and services	I
			Prepare a RFP for copier services in FY15 in time to allow issuance of request before contract expires in FY16	N
PURCHASING	Administration of Property and Liability Insurances		Provide recommendations for updating procurement policies to be used during and after transition and to increase efficiencies	I
	Selection and Monitoring of Benefit Program vendors		Increase the usage of P-cards to boost the City's annual rebate by 15%, progress to be measured regularly	I
GRANT ADMIN			Establish management expectations of turn-around time on vendor payments purchasing requests, position filling requests, and other areas monitor performance beginning with FY15 first quarter results to be evaluated and monitored monthly	I
			Establish formal process for reviewing, processing, and making timely decisions for applications on tax abatements	I
			Adopt stabilization ordinance and fund balance policy	I
			Establish expectations of turn-around time on purchasing requests and monitor performance beginning with FY15 and evaluated quarterly	I
TREASURY				
CUSTOMER SERVICE		Provides for a customer friendly accountable entity managing receipts and collections Monitors collections of property taxes income taxes, water and sewer, and other receivables to assess budgetary compliance	Identify additional $500,000 00 to $1 000 000 00 in unreported income tax utilizing the 2011 State income tax data	N
			Increase the collection of delinquent taxes by 15-20% through continued efforts to collect delinquent income tax and personal property taxes and by new efforts to collect delinquent Miscellaneous Receivables and Water bills	N
			Reorganize Customer Service to assure that after that time, that all utility bills are mailed two weeks prior to the due date that checks are processed within 10 days from the postmark date, and that customer wait time in the office and on the phone are reduced by 25%	I
DELINQUENT COLLECTIONS			Replace the current vendor for processing electronic payments with Point and Pay in order to allow the City to accept water property tax, miscellaneous receivables, special assessment and permit payments electronically	C
			Install a kiosk in the City Hall lobby in order to allow the City to accept water property tax miscellaneous receivables, special assessment and permit payments electronically	I
			Create description of City s efforts to manage delinquent water accounts while obtaining the City's financial goals and assisting those who are facing financial hardships	N
			Implement electronic income tax withholding	I
			Update City efforts to assist those unable to pay for utilities	N
			Re-examine efforts to assist individuals to pay utility bills	N
			Establish and implement an ongoing schedule of Customer Service", "Team Work" and "How to deal with difficult customer" training for all Treasury staff	I

FINANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
ASSESSING				
ASSESSORS OFFICE	Assessing of Properties	Assures the assessment of properties within the City in a professional and equitable manner in conformance with state law and professional practices, addresses appeals of values to Board of Review; represents City at state level appeals	Determine schedule of staff training in Assessing net as necessary and for annual compliance with state requirements during course of FY15, and annually thereafter	C
	Administration of Valuation Appeals		Conduct comprehensive site inspections of residential and commercial tracts between April and November of each year in sufficient number annually to canvas 12 tracts annually	I
	Processing of Poverty exemption requests		Secure contract to achieve the conversion of remaining hard copy records and drawings to digital format utilizing APEX and/or digital scanning, with financial plan submitted for FY16 budget	I
	Provision of property and tax information to businesses and residents		Provide for the timely process of MTT appeals, and split/combination applications 2012 and 2013 appeals will be completed by end of FY15 and appeals filed in 2014 will be resolved by end of FY16 The processing of splits and combination requests is required to be completed end of each year to be incorporated in the following year's assessment roll	I
			Working with Facilities finalize plan for relocating Assessing from its temporary site	I
	Maintenance of Property descriptions and tax rolls		Analyze options for lessening the workload impact of processing poverty exemption applications	C
			Participate with Planning and Development, IT and others to develop the ongoing process for establishing and maintaining of the parcel layer for City GIS, and for providing GIS services to internal and external customers.	C
HUMAN RESOURCES			Utilize a master position list for confirming the need to recruit, promote or reduce employees	C
EMPLOYMENT	Recruitment and Selection	Recruit and oversee hiring of qualified employees in compliance with laws and ordinances	Update personnel rules and procedures, including ordinances	I
	Testing		Update testing protocols for recruitment/selection	I
	Contract Negotiations	Recommend changes in personnel polices and labor contracts	Complete FPOA contract	C
			Implement FPOA contract	I
			Implement updated 1799 contract	I
			Implement updated IAFF contract	N
			Implement updated Capt/Lt contract	I
			Update Sergeants contract	I
	Employment law allegations		Inform department heads and supervisors of contract changes prior to implementation	C
LABOR RELATIONS	Grievances and Arbitrations	Train and assist departments in managing employees and resolving disputes	Answer 100% of all new grievances within required time frames measured with quarterly reports	I
	Benefit administration	Enroll employees in payroll and benefit systems,	Implement updated Exempt and Appointed benefit programs	I
ENROLLMENT	Payroll enrollment and changes		Develop and implement ongoing training curriculum and schedule in conjunction with Department Heads	C
	FMLA oversight	Assure that city FMLA and worker safety policies and practices are in accord with law and properly administered	Implement new FMLA process	I
	Worker's Compensation Administration		Implement new EAP program	C
	MIOSHA/OSHA Administration		Redesign Occupational Health and Safety Program for the City	N
WORKERS SAFETY	Employee Clinic		Administrative policies/procedures to be updated	I

FINANCE AND ADMINISTRATION
(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
FLEET		Complete and maintain a current fleet and equipment inventory	Monthly rental of Special Operations vehicles	I
			Evaluate and make recommendation of GPS tracking units for DPW AND Utilities vehicles	I
ADMINISTRATION	Maintains fleet inventory		Update the replacement schedule to reflect replaced, required and disposed of vehicles and equipment, to be used in preparation of annual budget for annual budget preparation	N
			Jib Winch for Traffic bucket truck	I
			Purchase 10 Front Plows for DPW snow removal	I
			Purchase one-man Leaf Vac truck for Street Maintenance	I
			Evaluate use of farm equipment tractor rentals recommended by DPW for winter snow removal	I
			Dump trucks for Utilities/DPW snow removal	N
		Maintain vehicle/equipment replacement schedule	Add-on and auxiliary equipment for Enterprise Lease vehicles	N
SERVICE WRITING AND PARTS MANAGEMENT			FY14 & FY15 Lease Vehicles and Equipment	I
			Complete 100% audit of City owned vehicles and equipment, including condition to be used in preparation of the annual budget	N
VEHICLE AND EQUIPMENT REPLACEMENT, ADDITION, DELETION	Equips and repairs fleet	Complete 75% of work orders within 72 hours	Complete the Fleet Focus software upgrade, *install a mechanic workstation and bar code labels in the Stock Room*	I
			Complete a Stock Room audit and enter all parts into the Fleet Focus software program	I
VEHICLE AND EQUIPMENT REPAIR		Maintain scheduled/actual preventative/maintenance ratio > 75%	Distribute to departments PM and DOT schedule detailing responsibility of departments and drivers for daily inspections compliance with DOT requirements, and maintenance responsibilities	I
			Monitor department and driver compliance with PM and DOT schedules and responsibilities on a quarterly basis	N
	Recommends specifications of vehicles and equipment to be purchased	Sustain average vehicle availability rates above 70%	Complete the bid process for DOT and PM services for heavy equipment and passenger vehicles	I
			Complete the bid process for vendor repair services including 24-hour emergency response	I
	Develops and *maintains* vehicle and equipment replacement schedule	*By April 30, 2015 and annually thereafter, complete 100%* audit of City owned vehicles and equipment including condition, to be used in	Complete evaluation and develop schedule annual departmental training needs and tool purchases	I
			Complete the bid process for alternate emergency fuel source	N
			Complete the sale and removal of the unused fuel tank at the Police Northside Precinct	C
		Implement fuel program to minimize fuel storage and cost	Determine if the fuel tank at Parks & Rec is still needed at this facility and take action accordingly	N
			Complete the removal of underground storage tanks at Fire Station #3 and determine if the above ground storage tank at Parks & Rec can be utilized there	I
			Recommend fueling station needs at current site	N
		Improve interdepartmental communications of seasonal needs and expectations	Meet with all departments to discern fall and winter program needs	C
			Meet with all departments annually to discern spring program needs	N

FINANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
INFORMATION TECHNOLOGY			Implement Governance Model	I
	Oversees the design purchase, implementation and operation of the City's technology infrastructure provides professional and technical advice to departments in utilization of technology; identifies and provides technology related training	To ensure internal and external customers have appropriate and reliable technology which enables them to achieve their goals in an efficient manner	Complete implementation of BS&A net (BS&A implementation contract complete)	I
			Develop and schedule implementation of a telecommunications infrastructure upgrade	I
			Establish and implement a Technology Training Calendar for all employees	I
			Install 22 new fully functioning mobile data computers	I
			Maintain uptime for internet and intra net by 95% of the time as measured by quarterly reports	C
			Reduce the number of shadow access systems by 40% (base number as of May 1 2014)	I
			First issue resolution and same day resolution achieved for 70% of Help Desk tickets, as measured by quarterly reports	C
			Recommend vendor for Record Management System and propose funding and implementation strategy for inclusion in FY16 budget	I
			Complete a federally compliant IT Disaster Recovery and Security Plan	N
			Complete a Mobile Device Readiness Assessment	N
			Reduce telecommunication expenses by 30%	I
			Equip Mayor, Finance South Bldg, Police and Fire Conference Rooms with access to technology	N
			Upgrade IT Training Room	I
			Develop plan to convert technology infrastructure to wireless	N
			Upgrade space housing IT servers etc	N

Attachment 5. Orders and Directives of the EFM and EM

Executive Orders

DATE	ORDER #	DESCRIPTION
09/12/14	24	ADOPTION OF BENEFIT MODIFICATIONS FOR NON-UNION EMPLOYEES
07/16/14	23	ACCEPTANCE AND IMPOSITION OF COLLECTIVE BARGAINING AGREEMENT WITH THE FLINT POLICE OFFICERS ASSOCIATION UNION
07/16/14	22	ACCEPTANCE AND ADOPTION OF COLLECTIVE BARGAINING AGREEMENT WITH AFSCME COUNCIL 25, LOCAL 1799
07/15/14	21	AMENDED WASTE COLLECTION USER FEE
07/01/14	20	ACCEPTANCE AND ADOPTION OF COLLECTWE BARGAIMNG AGREEMENT WITH AFSCME COUNCIL 25, LOCAL 1600
07/15/14	18	ADOPTION OF THE DEFICIT ELIMINATION/RESERVE ACCUMULATION PLAN
07/01/14	11	SPECIAL STREET LIGHTING ASSESSMENT FOR FY15 AND FY16
06/26/14	13	ADOPTION OF BIENNIAL BUDGET FOR FISCAL YEARS 2015 AND 2016
06/20/14	15	MAYOR DAYNE WALLJNG'S INCREASED RESPONSIBILITIES AND COMPENSATION
06/20/14	16	FLINT CITY COUNCIL'S INCREASED RESPONSIBILITIES AND COMPENSATION
06/20/14	14	ADOPTION OF STRATEGIC PLAN FOR THE CITY OF FLINT

04/30/14	12	COMPLIANCE WITH PUBLICLY FUNDED HEALTH INSURANCE CONTRIBUTION ACT, ACT 152 OF 2011
04/01/14	10	COUNCIL MEETING AGENDA
03/21/14	9.0	MONTHLY CITY COUNCIL AND COMMITTEE MEETING SCHEDULE
03/06/14	6.1	REVISION TO CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS
03/05/14	08	COUNCIL MEETING PROTOCOL
02/25/14	07	AUTHORITY FOR THE PRESENTATION OF THE MAYOR'S ANNUAL STATE OF THE CITY ADDRESS
02/25/14	06	CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS
01/31/14	05	CITY COUNCIL AND CITY COUNCIL COMMITTEE MEETING SCHEDULE FOR FEBRUARY 2014
01/31/14	04	CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS
12/11/13	003	DIRECTIVES TO COUNCILMAN ERIC MAYS
12/11/13	002	CANCELLATION OF CITY COUNCIL MEETING
12/11/13	002	CANCELLATION OF CITY COUNCIL MEETING
11/01/13	001	CITY COUNCIL MEETING SCHEDULE FOR THE REMAINDER OF 2013
06/13/13	004	ADOPTION OF FISCAL YEAR 2014 BUDGET
06/06/13	003	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING

04/12/13 002 CITY COUNCIL'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION

03/28/13 001 MAYOR DAYNE WALLING'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION

03/27/13 011 WATER SERVICE PROCEDURES

03/15/13 010 GRANT APPLICATIONS

12/12/12 EFM009 INVALIDATING COUNCIL ACTION

10/11/12 EFM008 POVERTY EXEMPTION TO STREET LIGHTING SPECIAL ASSESSMENT

10/11/12 EFM007 CITY COUNCIL ADOPTION OF AMENDMENT TO RENTAL INSPECTION ORDINANCE IS NULL AND VOID

09/14/12 EFM006 OVERTIME

09/12/12 EFM005 CITY TREASURER AUTHORIZED TO CORRECT ASSESSMENTS OR FEES IF PROPERTY OWNER ENTITLED TO WAIVER

08/24/12 EFM004 ADVISORY COMMITTEE

08/24/12 EFM003 BUDGETARY OVERSIGHT & TERMINATION OF LINE ITEM LEVEL

08/24/12 EFM002 PROCEDURE FOR SUBMISSION OF RESOLUTIONS AND ORDINANCES

08/24/12 EFM001 PROCEDURES FOR PURCHASING

08/08/12 034 FLINT POLICE OFFICERS ASSOCIATION UNION CONTRACT PROVISION MODIFICATION/ TERMINATION - TRANSFER TO THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN

08/08/12 033	CONSOLIDATION OF FLINT AREA ENTERPRISE COMMUNITY WITH ECONOMIC DEVELOPMENT CORPORATION AND ELIMINATION OF CITIZENS DISTRICT COUNCILS
06/27/12 032	ESTABLISHMENT OF SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12 031	WATER AND SEWER RATE INCREASES
05/30/12 030	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12 029	APPLICATION TO STATE ADMINISTRATIVE BOARD FOR APPROVAL TO ISSUE NOT TO EXCEED $9,300,000 IN FISCAL STABILIZATION BONDS
04/25/12 028	WASTE COLLECTION USER FEE
04/25/12 027	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH AFSCME LOCAL 1799
04/25/12 026	AFSCME LOCAL 1600 ("LOCAL 1600") CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12 025	AFSCME LOCAL 1799 RETIREE INSURANCE RECIPIENTS
04/25/12 024	AFSCME LOCAL 1600 RETIREE INSURANCE RECIPIENTS
04/25/12 023	FLINT I.A.F.F. - FLINT FIREFIGHTERS UNION RETIREE INSURANCE RECIPIENTS
04/25/12 022	FLINT POLICE OFFICERS ASSOCIATION UNION RETIREE INSURANCE RECIPIENTS

04/25/12 021	P.O.L.C. - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12 020	P.O.L.C. - FLINT POLICE SERGEANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12 019	NON-UNION ACTIVES AND RETIREE INSURANCE RECIPIENTS
04/25/12 018	FLINT POLICE OFFICERS ASSOCIATION CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12 017	ADOPTION OF FISCAL YEAR 2013 BUDGET
04/24/12 016	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH FLINT I.A.F.F. - FLINT FIREFIGHTERS UNION
04/24/12 015	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P.O.L.C. - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION
04/24/12 014	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P.O.L.C. - FLINT POLICE SERGEANTS UNION
04/13/12 013	Modification of Section 10 of the settlement agreement and release of all claims dated OCTOBER 2, 2002, between the City of Flint and plaintiffs RICHARD DICKS, LEON NOVACK, SHIRLEY NOVACK, THE UNITED RETIREMENT GOVERNMENTAL EMPLOYEES (URGE), AND SANDRA YURK relating to prescription drug coverage for all retiree groups of the City of Flint
01/11/12 012	Monthly Meetings with Flint City Council

01/11/12	011	Procedure for Submission of Matters Involving a Recommendation by the Planning Commission
12/20/11	010	Council's Responsibilities & Compensation
12/20/11	009	Mayor's Responsibilities &Compensation
12/19/11	008	Advisory Committee
12/13/11	007	Budgetary Oversight & Termination of Line Item Level
12/08/11	006	Elimination of Civil Service Commission
12/08/11	005	Elimination of Office of Ombudsman
12/08/11	004	Procedures for Resolutions and Ordinances
12/08/11	003	Procedures for Purchasing
12/02/11	002	Elimination of Salaries for Mayor & Council
12/01/11	001	Termination of Appointments

Attachment 6. FY 14/15 and FY 15/16 Biennial Budget

CITY OF FLINT, MICHIGAN

Setting a Sustainable Course for the City of Flint

Five Year Financial Projections 2015-2019

Adopted Budgets for FY15 and FY16

Future Projections for FY17, FY18 and FY19

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Prepared by
Department of Finance
Gerald Ambrose, Finance Director
Antonio Brown, Deputy Finance Director

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City of Flint 5-Year Financial Plan

Preface

This adopted budget for the City of Flint covers the FY15 and FY16 fiscal years which begin July 1, 2014 and July 1, 2015 respectively. Financial projections for the following 3 fiscal years are included as well.

This budget has been developed within the context of the City's recently adopted Master Plan, the Vision, Mission, and Goals for the City government as adopted by the City Council, and the Budget Priorities as adopted by the City Council. Accompanying this budget is a preliminary statement of objectives initially proposed to be accomplished during the two years.

Taken together, the budget and strategic plan will serve as a template to move the City government forward to become a well-managed, financially stable, and accountable organization focused on creating a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

However, this budget demonstrates the continuing financial challenges facing the City of Flint. Stagnant revenue growth in property tax and income tax revenues, coupled with significant increases in legacy costs, retiree health care in particular, create a significant gap between revenues and expenses which require increases in other revenues and decreases in City staffing and services including the possibility of adjustments in public safety services.

Unfortunately, the financial forecast for the next several years beyond FY16 show a continuing gap between projected revenues and expenses. Within the next few years, without significant means to identify and collect additional revenues, or to further reduce the cost base, the City of Flint will be extremely challenged to provide even the most basic of City services.

Over the last several weeks, this adopted budget has been reviewed by the City Council, which will also held a public hearing to receive citizen input. The Mayor and Council subsequently provided comments and recommendations pertaining to the budget to the Emergency Manager.

Background

The City of Flint has been in state receivership since December, 2011, as a result of consistent deficits in the General Fund, a decline in pooled cash, unrealistic budgeting, and unfunded liabilities for postemployment benefits. Significant progress has been made in addressing these financial issues, as the $19.1 million deficit at the end of FY12 had been reduced to $12.9 million at the end of FY13, cash position had improved, and the FY14 budget was realistically balanced, with further reduction of the deficit anticipated.

The FY14 budget was designed and implemented with the same goals in mind – operating within the constraints of available revenues; restructuring operations and cost factors to enhance future financial stability, and continuing to reduce the remaining $12.9 million deficit. The FY14 budget was constructed with the specific intent of further reducing the deficit by a minimum of $1 million, by budgeting expenses at $1 million less than projected revenues. As of January 31, 2014, seven months into the FY14 year, revenues and expenses are on target.

In order to regain and maintain financial solvency, it is not only necessary to eliminate the remaining accumulated deficit but to have an adequate amount of reserves to protect the City in the event of unexpected financial losses. Planning to accomplish this requires a continual dedication of revenues over the next several years to eliminate the remaining deficit and establish an adequate reserve level. A draft deficit elimination plan to accomplish this is currently under review by the Michigan Department of Treasury.

Making progress to date has required hard decisions and sacrifices for all. The FY13 and FY14 budgets were balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Revenue increase included a 25 percent increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, establishment of a special assessment district for street lighting, and implementation of a fee sufficient to cover the cost of waste collection. Expenditure reductions included elimination of 20 percent of the City's workforce, compensation decreases equivalent to a 20 percent wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

The actions taken to-date to restructure healthcare benefits for current employees and retirees have also had a significant impact on reducing both current costs and long-term liabilities. The 20% reduction in the workforce required significant reorganizational activities focused on reducing current costs. Long term liabilities were reduced by eliminating traditional defined benefit pension programs for new employees in favor of hybrid plans; by moving the City's retirement system into the a state wide retirement system; by restructuring health insurance benefits for current employees and placing retirees into those same plans; and by eliminating the promise of retiree health care for new employees in favor of providing retiree medical savings accounts. Much of the positive financial result in FY13 came from these actions. The restructuring, which was implemented during the course of FY12, reduced the City's OPEB liabilities *alone from nearly $900 million to less than $325 million as noted in the FY13 audit.*

The efforts of the City to regain financial solvency have been aided by support from numerous Federal, State and private partners. State police troopers have been placed in the City to support local law enforcement efforts, and funds have been allocated to enhance prosecution activities and to operate the City's lock up. The Governor's proposed budget continues this support.

The steps taken to begin to restore the City to financial solvency have not been without conflict and changing circumstances. A significant legal challenge has been made to the decision to move retirees from their historical health insurance plans into the same plans offered current employees. This action resulted in an initial cost reduction in FY13 of $3.5 million to the City and imposed deductibles and co-pays on retirees. This challenge is currently pending in federal court. If the challenge is ultimately upheld, it will pose a significant challenge to the City in its efforts to regain and maintain financial and service solvency. Due to the stay imposed by the federal court, the City must increase its budget for retiree healthcare costs in the FY15 budget by $5 million and may even need to pay more as retirees seek reimbursement for past medical expenses. These healthcare expenses will continue to increase in subsequent years.

Legacy costs in total will continue to be a cost burden to the City of Flint. In FY 14, the City budgeted $30.2 million for its retiree healthcare and pension costs, an amount equal to 17% of its total revenues. The General Fund alone budgeted $16.4 million, an amount equal to 31% of its total revenues. By FY19, it is projected that the City will need to budget over $43 million, an amount equal to 23% of its total revenues. For the General Fund alone, the amount projected to be needed will exceed $21 million, an amount equal to 34% of General Fund revenues.

The future financial solvency of Flint will also be challenged by a continuing structural deficit. As part of the planning for future financial solvency, five year projections and a strategic plan were developed. This exercise indicated a significant financial challenge forthcoming in FY15, due to the current status of the retiree health care lawsuit and the ending of a major grant supporting firefighting resources. Future year projections also show a continuing gap between revenues and projections.

Finally, the most important challenge to be addressed in the City of Flint will be instituting structural changes in the organization of the City to foster financial solvency as a core value and to assure that future governance and management of the City is conducted in a financially responsible manner. To this end, the current Emergency Manager has created a Blue Ribbon Committee on Governance, charged with developing recommended changes to current ordinances, procedures, and the Charter. The recommendations of the Task Force are anticipated within six months.

Overview

The City of Flint has spent considerable time planning for the community's future through the comprehensive master plan and creating an organizational framework focused on the City's new vision, mission, and goals. The 2-Year budget has been developed in a balanced manner to best meet the needs of a variety of service areas and challenges.

However, challenges to changes in retiree healthcare and the loss of grant funds have required that a new service baseline be established; this also poses significant and immediate challenges to the City's financial viability. Current court rulings in regards to the retiree health care lawsuit have increased retiree health care expenses nearly $5 million in FY15, and the loss of the SAFER grant ($ 3.4 million) eliminates funding for 39 of the City's 65 firefighters.

The harsh winter increased the need to remove hundreds (if not thousands) of damaged and fallen trees throughout the city, and to repair damaged roads and sidewalks. The winter also placed additional stress on the antiquated city facilities as they faced water leaks and damage to walkways and sidewalks. Implementing the master plan, and continuing to eliminate blight will also require dedicated resources going forward.

The recently completed study of the water and sewer system finances also demonstrated a shortfall in revenues needed to operate this critical service and provide for necessary maintenance. As much as the high rates for providing water and sewer services pose significant financial challenges and community implications, the alternative of not addressing basic maintenance and adjustments based on guidance in the master plan is equally challenging.

These factors have a significant effect on the adopted staffing levels. Reductions in city staffing over the past two years have come almost exclusively from City services other than police, fire, and 911. As a result, those remaining city services are thinly staffed, and despite valiant efforts of dedicated employees, service levels have been reduced. In some cases, the reductions have been severe and counter-productive. For example, reductions in customer service at Treasury and staffing at Utilities has reduced capacity to effectively pursue collection of delinquent bills. Reductions in Information Technology have slowed the implementation of technology which can improve effective processing. Reductions in Human Resources have slowed the process of hiring employees. Reductions in Building Safety have slowed the process of conducting inspections and issuing permits, and have eliminated much in the way of code compliance efforts.

Therefore, balancing the budget in a financially sustainable way requires addressing the impact of these issues. It also requires that they are addressed within the context of the Mayor's and Council's stated budget priorities. The Council's stated priorities are:

- Maintaining police and fire staffing levels at the maximum level feasible
- Reducing the General Fund deficit by at least $1 million
- Continuing efforts to reduce blight, including demolition
- Hiring an experienced City Administrator
- Assure that capacity exists to implement the Master Plan
- Add capacity in the areas of Economic Development

- Fund years 1 & 2 of capital improvements identified in the Master Plan
- Improve street maintenance
- Establish parks partnerships
- Improve customer service through training and technology
- Increase removal of dead and diseased trees
- Evaluate ways to reduce water and sewer rates for constituents in the budget process

Balancing the budget responsibly in the context of these immediate and significant financial challenges, while addressing stated priorities, is a significantly difficult task. The unplanned addition of $5 million in expenses for increased retiree health care is a "Game-Changer" and seriously undermines the ability of the City government to move forward in becoming a positive force helping to create a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve quality of life.

As the development of the FY15 budget began, there was a significant gap between projected General Fund revenues and General Fund expenses alone. While some revenue sources indicated a slight increase over the current year, projected expenses were significantly above the current year. The expense increases are due primarily to a nearly $5 million increase in costs for retiree health care and an increase in the per person cost of pension contribution. In addition, there was recognition of the need to assure capacity to implement the Master Plan to continue addressing blight, to address increased costs of health care for current employees, and to address critically needed facility maintenance.

The budget presented here is balanced in a financially responsible manner, in that revenues and expenses meet. However, the consequence is that, where possible, revenues have been increased, and where necessary, expenses have been decreased. Whether the result is an acceptable result, in the context of the needs and the future of the City, is uncertain.

It is clear that proposed changes in service levels reflected in this budget are significant, and that at the same time the financial plan is being finalized within the confines of available revenues, considerable efforts will continue to mitigate the impacts. Continued efforts to achieve a satisfactory resolution of the retiree healthcare lawsuit, as well as to continue searching for additional sustainable funding, or to engage in mutually beneficial partnerships will continue. The changes necessary to achieve necessary balancing of revenues and expenses will be done in a managed way, not in a crisis response.

The financial projection for the years following FY15 and FY16 show the continuing challenge of a structural deficit. Without a means to identify a new significant revenue source or to sustain and even make further reductions in the City's cost base, such as retiree health care, Flint will be extremely challenged to provide even the most basic of City services in future years.

Highlights of the Adopted Budget

Costs to taxpayers are increased....

- Property tax levies remain unchanged
- Street lighting assessment increased to $71 in FY15 and $74 in FY16
- *Solid Waste fee increased to $163 in FY15 and $169 in FY16*
- Water and Sewer rates increased by a total of 6.5% in FY15 and 6% in FY16

Costs to City employees are increased....

- *20% premium share for health insurance implemented*
- Premium contribution for non-Medicare eligible employees retiring after July 1, 2014 *established*
- 50% premium share for dental and vision insurance implemented
- Vacation and sick leave replaced with PTO, new accumulation caps established
- *All new employees enrolled in hybrid pension plan*
- All new employees enrolled in RMSA in lieu of promise of retiree health care

Legacy costs are increased significantly...

- *General Fund costs for retiree health care are increased 25%, from $8 million to $10 million in FY15, increasing on an annual basis thereafter*
- *General Fund costs for retiree health care and pension in total are projected to increase from $16.4 million (31% of total revenues) in FY14 to $21.5 million (34% of total revenues) by FY19*
- For all funds, total costs for retiree healthcare and pension are projected to increase from $30.4 million (or 17% of total revenues)in FY14 to $43.5 million (23% of total revenues) by FY19

City staffing is budgeted at 522 in FY15 and 523 in FY16.....

- Staffing is maintained in District Court, 911, Finance, Assessing, Transportation, IT, and Fleet
- Police Department – Total department staffing will be 115, with 7 vacant positions and 29 additional positions eliminated through attrition by end of FY15. Additionally, a recently offered COPS Hiring grant for six School Resource Officers will not be accepted. The next several months will be focused on mitigating the impact of this through reorganization with the assistance of consultants specialized in police and fire service; seeking additional funds; and obtaining assistance from law enforcement partners in order to achieve the best possible level of police response.
- Fire Department – Total department will be 75, with 19 positions eliminated as the SAFER grant expires. *There are several vacant positions to be eliminated as part of this, with a goal of* needed reduction no later than December, 2014. The next several months will be focused on mitigating the impact of this through reorganization and restructuring obtained with the assistance of consultants specialized in fire and police service.

- Planning and Development Department - Staffing is at 25, with adding 1 position. The department is being reorganized to assure capacity to implement the newly adopted Master Plan and continue efforts of blight management. Continued assistance in the form of grants and partnerships will be utilized, and general fund support for those activities is increased.
- Public Works Department - 6 positions are added to the Utilities division as the Water Treatment Plant begins operation as the primary source for Flint water; 1 position is added to Facilities to address critically needed maintenance issues.
- Finance and Administration Department - 3 positions are added to the Treasurer's Office to increase delinquent collections, with the added cost to be offset by additional revenues.
- Governance – As efforts to resolve the financial emergency progress, the position of City Administrator will be filled. Additionally, the salaries of Mayor and Council are partially restored as their role in governance increases.

Council budget priorities are addressed as follows:

- Maintaining police and fire staffing levels at the maximum level feasible – Due to revenue shortfall, increased retiree health care, and lack of other options, staffing is reduced. The Police and Fire millage funds will be used to fund 20 fire fighters and 26 police officers through FY15 and FY16. However, the accumulated millage funds will be fully used by the end of FY16.
- Reducing the General Fund deficit by at least $1 million – General Fund expenses are budgeted at $1 million less than revenues, and $800,000 in Capital Improvement Funds will be appropriated to the Utilities, thus reducing the General Funds debt to the Utility Fund by an additional $800,000. The plan is to continue this commitment for the next several years until the deficit is eliminated, and then the commitment will become one of building a financial reserve equal to 15% of General Fund revenues.
- Continuing efforts to reduce blight, including demolition – CDBG funds continue to be used for demolition and General Fund is assuming partial cost of the Blight Coordinator position
- Hiring an experienced City Administrator – Funds are included in budget.
- Assure that capacity exists to implement the Master Plan – General Fund is assuming partial cost of the Planning and Development Director, and Associate Planner, and a position of GIS technician is created, whose funding is shared among various city funds. Lead partners will be identified in each work area. Also, the Mayor has committed to overseeing the process of assuring that Master Plan implementation is an ongoing important part of city operations.
- Add capacity in the areas of Economic Development-The P&D Director is committed to defining a program for small business development, to be funded in FY16 through CDBG funds. Additionally, 20% of staff time of two DCED staffers and a portion of the Director's time will be devoted to economic development. Also, the Mayor has committed to leading the City's economic development efforts with partners and the assistance of this City staff.
- Fund years 1 & 2 of capital improvements identified in the Master Plan – the CIP portion of the Master Plan will be finalized in FY15, and the results will be considered for inclusion in the FY16 budget.

- Improve street maintenance – Due to minimal increases in state funding for streets, maintenance efforts will continue at the current levels. State financial support has been sought and obtained for some major street projects, in particular those related to economic development projects.

- Establish parks partnerships – The Planning and Development Department now has oversight of Parks, and as one of its strategic objectives, has committed to increase the number of parks partnerships in FY15 and FY16. Funding even the most basic of parks maintenance activities is increasingly challenging within the constraints of the parks millage funds. The goal is to eliminate General Fund support of these activities by the end of FY16.

- Improve customer service through training and technology– Human Resources, as it did in FY14, is committed to continuing ongoing training for supervisors and will be extending these efforts to all employees. IT likewise is committed to providing ongoing training for employees. Finally, most departments are including funds for ongoing training for employees. For example, the Treasury's customer service division is committed to specific customer service training for its front line employees.

- Increase removal of dead and diseased trees – Oversight of removal of trees within street right of ways is now the responsibility of the Transportation Division of Public Works, removal of trees within Parks is now the responsibility of Planning and Development; and removal of trees on other city properties is the responsibility of the Facilities Division of Public Works. Unfortunately, there is only a limited amount of funds available for these purposes, and the general effort will be focused on emergency responses. However, the Transportation Division is committed to attempting to secure assistance from other entities to increase capacity to address this problem.

- Evaluate ways to reduce water and sewer rates for constituents in the budget process-The results of the recent rate study confirm that it unlikely that water and sewer rates can be decreased at any time in the foreseeable future, and in fact, rates need to be increased. However, the actions taken to date to join KWA and to temporarily use the Flint River show that future rate increases will be less than had the City stayed with its prior provider.

Absent new sources of funding or reduced expenses in areas such as retiree healthcare, the commitments to progress and the staffing and service levels here are anticipated to continue for both FY15 and FY16. It is anticipated that the slight additional revenues in the General Fund for FY 16 will not be sufficient to cover increased costs, and it will be necessary to utilize additional funding from the police and fire millage to cover the costs of some police or fire positions in the General Fund in FY15. Depending on the rate of attrition in the Police Department, there should be sufficient remaining funds in the Police and Fire millage to avoid additional reductions in police or fire positions in FY16.

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

June 3, 2014

Mr. Scott Kincaid President
Members of the Flint City Council
1101 S. Saginaw St.
Flint, MI 48502

Dear Mr. Kincaid and Members of the Flint City Council:

Transmitted herewith are the final numbers for the biennial budget beginning FY14-15 and ending FY 15-16

This budget is reflective of some of the recommended revisions offered following the Council's departmental budget hearings. All recommendations put forth by City Council were reviewed and thoroughly vetted at Treasury The attached budget document was revised upwards by $90,000 and includes the details of the incorporated revisions.

The budget was revised to include your recommendations, along with those of the Mayor, which I felt could be implemented without adversely impacting the organizational structure, management, and the anticipated transition of the City of Flint to a Receivership Transition Advisory Board during the course of this spending plan.

Following the public hearing and consideration of the comments received, it is my intent to execute the order adopting the budget at the next Council meeting scheduled for June 23, 2014. At that time, Council will be able to officially receive the two-year budget consistent with PA 436 and the 7 Point Transition Management Plan.

You should also be aware that effective July 1, 2014, the day-to-day operations of the departments of Planning and Development, and Public Works will be shifted to Mayor Dayne Walling. The Mayor is currently putting together a plan for the allocation of resources within those departments. Similarly, Police Chief Tolbert and Fire Chief Cox are also putting together their work plans to utilize the final resource allocations for public safety.

The assistance and cooperation from you and the Council given to me, the Mayor, and the Administration in this process is greatly appreciated. I think we can agree that this is a responsible and realistic snapshot of the City's financial stability over the next two years, given its myriad financial challenges.

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

CC: Dayne Walling, Mayor
Inez Brown, City Clerk
Administration

Proposed Changes to the City of Flint Proposed FY15 & FY16 Budget

On April 30, 2014, Emergency Manager Darnell Earley transmitted a proposed bi-annual budget to the Mayor and City Council, with a request that the Mayor and Council review and comment on the proposed budget. Accordingly, the City Council, acting as Committee of the Whole chaired by Finance Chair Josh Freeman, met five times to review the budget. At the conclusion, a set of recommendations was adopted and given to the Emergency Manager.

This document summarizes the key recommendations of the Council and Mayor and outlines changes made to the proposed budget as a result.

Summary of Council and Mayor Recommended Changes to FY15 & FY16 Proposed Budget

1. The recommendation of the Council identifies $1,824,510 in additional funds to be used by the Police Department:

- Specifically, $1 million of the $2.5 million in state appropriated revenues for the Lock-Up is proposed to be moved to the Police Budget.
- In addition, $1 million is identified by increasing the allocation in the CIP Fund for the purpose of reducing the deficit, thus freeing up the $1 million in the General Fund which has been identified for deficit reduction. Of that $1 million, $763,000) ($628,000 + $135,000) would be moved to the Police budget. Additionally, $61,510 is identified to be moved from the Finance Budget to the Police Budget.

2. The remaining funds from the proposed re-appropriation of the freed-up General Fund revenues ($237,000) would be used for the following:

- $50,000 - District Court
- $72,000 - City Clerk
- $50,000 - City Council Staff
- $45,000 – Additional Pay Raises for Council
- $10,000 – Brennen Center
- $10,000 – Hasselbring

3. Finally, there is a recommendation to eliminate funding for the Human Relations Commission ($22,547) and split those funds equally between Brennen Center and Hasselbring:

- Brennen - $11,274
- Hasselbring - $11,274

4. The Mayor has also made recommendations in other areas, including:

- Adding capacity to Economic Development by replacing the 20% of 2 DCED staff currently subsidized by the GF with CDBG funds and directing that staff to perform 100%

CDGB activities. The freed-up funds ($51,458) would then be used to contract for economic development services.

- Reduce DCED program staff by 1 FTE and utilize CDBG administrative funds for 50% of administrative staff support in Planning and Development
- Add 1 new FTE in Planning and Development dedicated to the new Business Licensing function
- Add to the Strategic Plan a key objective under Governance and Administration: "Respond to a minimum of 500 constituent services per month, including those formerly addressed by the Human Relations Commission staff."

Changes to the Proposed FY15 & FY16 Recommended Budget in response to Council and Mayor recommended changes

The changes proposed by the Mayor and Council have been reviewed, and changes made as considered appropriate within the context of maintaining a viable financial plan for the next two years. The proposed budget, as submitted to the Mayor and Council on April 30, 2014, will be revised as follows in response:

1. The Proposed Budget anticipates a reduction in public safety staffing of 36 officers and 19 firefighters. However, it also does not anticipate these reductions (other than vacancies occurring through attrition) until the comprehensive study of the police and fire departments is concluded. That study is to be completed prior to the end of 2014. At that time, depending on the study recommendations, a decision will be made as to the need for additional resources, and to the extent that funds in the General Fund which are currently targeted for deficit reduction can be used. Although the State will not agree to utilize funds appropriated for the operation of the Lock-Up to fund Flint police officers and firefighters, the Mayor and Emergency Manager will continue their efforts to obtain other state funding to support police and fire operations in Flint during this critical time.
2. The concern of the City Clerk, and supported by both the Council and the Mayor, of her inability to properly conduct the upcoming elections with the proposed staffing reduction, is acknowledged. Accordingly, the proposed budget is revised to continue FY14 budget level of staffing within the Clerk's Office. The business license position, originally moved to the Planning and Zoning Department in the FY15 and FY16 Proposed Budget, has been restored back to City Clerk's department. The new Business Licensing process is scheduled to be implemented by January 1, 2015; at which time, the responsibility for the process will be assumed by the Department of Planning and Development. Since the Clerk's Office staff will remain the same while reducing the responsibilities of the Clerks' Office, there should be adequate staff to conduct the elections and to provide additional support to the Council Office. Until such time as the

Business Licensing process is assumed by the Department of Planning and Development, the Clerk is authorized to increase the hours of the current part-time employee in the Council Office. $15,000 in temporary wages is added to the Council's budget for FY15.

3. The concern of the Council and the Mayor that financial support be continued to assist in the transition of the senior citizen programming at the Brennen Center and Hasselbring is acknowledged. The end goal is for there to be successful senior citizen programming at these locations, supported in their entirety by the County's senior citizen millage, which has been approved by voters within the City of Flint as well as the rest of Genesee County. Instead of adding additional funding to the FY15 and FY16 budgets, however, an amendment to the FY14 budget is being prepared to make a one-time appropriation to each center in the amount of $20,000, for a total expenditure of $40,000. The purpose of this appropriation is to support this transition.
4. The concern of the Council to add additional resources to the District Court is noted. However, during the presentation by the Court at its budget hearing, it became apparent that the proposed strategy of the Court to utilize part time employees may not be consistent with the requirement that temporary employees working in excess of 29 hours per week must be provided access to health care to the extent that full time employees are. Thus, additional funds in the amount of $40,000 is added to the Court's budget to address this potential problem.
5. The recommendation of the Mayor to add additional capacity to economic development as stated in #4 above is acknowledged. Additional resources for economic development was also a stated priority of the Council. The change recommended by the Mayor provides $50,000 in financial capacity, is revenue neutral, and is incorporated into the budget.
6. The recommendation of the Mayor with respect to reducing DCED staff by 1 FTE and redistributing the funds as noted above are also incorporated into the budget.
7. The recommendation of the Mayor to add one new FTE in Planning and Development dedicated to the new Business Licensing function is also acknowledged as being valuable in helping to assure that the new process is implemented aggressively and successfully. Accordingly, $64,000 for wages and fringes is added to the budget of Planning and Development for that purpose.
8. Finally, the recommendation of the Mayor to add an additional objective to the Governance and Administration section of the Strategic Plan is acknowledged and will be incorporated. Accordingly, while the Human Relations Commission may continue as a volunteer board, the proposed allocation is eliminated. As it has become apparent that the Human Resources Director is fully engaged with managing the Human Resources function, the portion of the Director's salary allocated to the HRC budget will be transferred to the Human Resources Budget.

Implementing the changes noted above require identifying $119,000 in FY15 General Fund appropriations and $104,000 in FY16 appropriations. The revenue and expense projections in the budget have been reviewed, and the necessary funds have been identified from the following sources:

FY15:

- $39,000 - reduction in audit costs
- $ 2,600 – net reduction in HRC budget
- $38,400 - additional projected revenue - income tax revenue
- $39,000 – additional projected revenue – delinquent income tax collections

FY16:

- $31,000 - reduction in audit costs
- $ 2,678 – net reduction in HRC budget
- $32,000 - additional projected revenue - income tax revenue
- $38,322 - additional projected revenue - delinquent income tax collections

Appreciation is extended to the Mayor, Council, and staff for the time and effort spent reviewing the proposed budget. The citizens of Flint will be better served by the changes made.

Proposed Budget FY15 and FY16 Technical Adjustments

1. Included the pension expense in the Office of the Clerk - $29,519

2. Removed wages and fringes for GIS Technician from Assessing Department because it was already budgeted in the Planning and Zoning Department - $60,518

3. Corrected the inclusion of all salaries, wages, and fringes in the Planning and Zoning department for all the approved positions - $123,596

4. Corrected Fund 202 FY15 and FY16 fund balance use. The indirect cost allocation was double reported in FY15. This was a $536,000 reduction in cost in FY15. In FY16, wages in administration was entered in error causing salaries to be overstated by $812,000. This correction was made.

FLINT STRATEGIC PLAN

2015 -2019

Setting a Sustainable Course for the City of Flint

The Vision for the City Government of Flint:

A well managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

The Mission of the City Government:

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly and financially responsible manner

The Goals:

In order to realize our Mission, residents, businesses, students and visitors can expect that:

The City will provide a highly trained and professional staff of elected leaders, appointed officials and employees

The City will provide for a safe, secure, and healthy environment in which to live, work, learn and play

The City will provide access to dependable and affordable water, sewer, and waste collection

The City will provide access to an adequate and well maintained transportation network serving motorized, non-motorized, and pedestrian needs

The City will foster cooperation between business, non-profit, and foundation partners and residents to create a climate that supports community and economic development

The City government will also:

Seek partnerships with Local, State and Federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting its Mission

Provide municipal services consistent with the City's Master Plan and also work with residents, businesses, and others to foster development of the City and its infrastructure in a manner consistent with its Master Plan

Encourage partnerships for recreation and access to open space across the City

Enforce building and occupancy codes and to aggressively work with others to address blighted conditions

Assure that City ordinances and regulatory activities are consistent with the Master plan and supportive of economic development

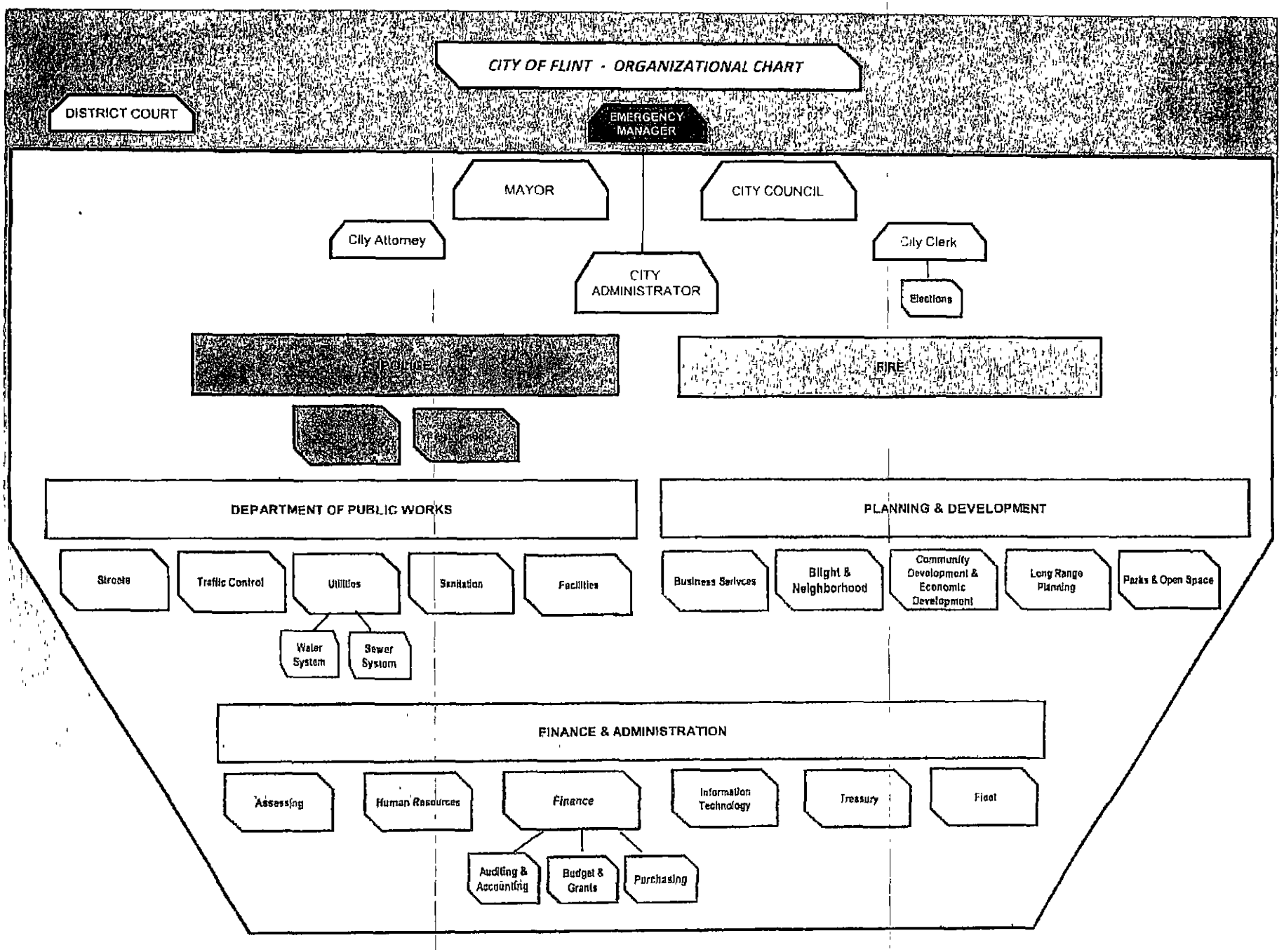
Operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits

Mayor and Council Priorities for Developing the Two-year (FY15 & FY16) Budget

The Mayor and Council request that the two-year budget to be developed will include a set of objective which, when achieved, will result in significant progress being made towards achieving their stated Vision, Mission, and Goals.

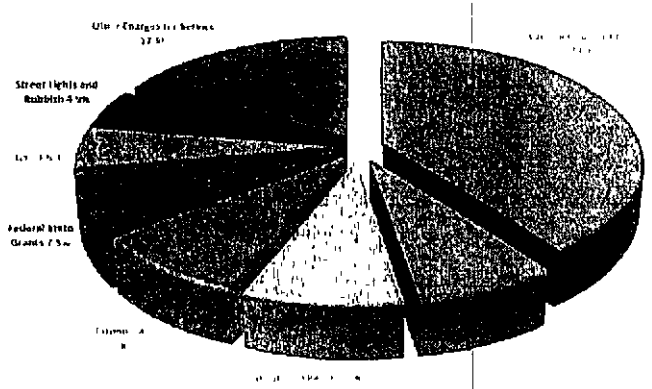
Additionally, the Mayor and Council request that the two-year budget to be developed address the following specific priorities:

1. Maintain police and fire staffing levels at the maximum level feasible
2. Reduce the General Fund deficit by at least $1 million
3. Continue efforts to reduce blight, including demolition
4. Hire an experienced and professional City Administrator
5. Assure that capacity exists to implement the Master Plan
6. Add capacity in the area of Economic Development
7. Fund years 1 & 2 of capital improvements identified in the Master Plan
8. Improve street maintenance
9. Establish parks partnerships
10. Improve customer service through training and technology
11. Increase removal of dead and diseased trees
12. Evaluate ways to reduce water and sewer rates for constituents in the budget process

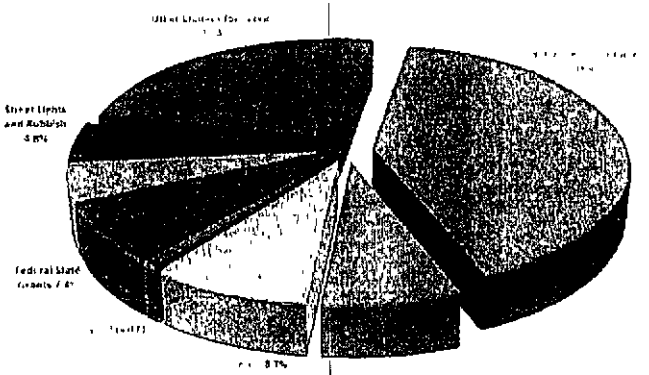

CITY OF FLINT - ORGANIZATIONAL CHART
DISTRICT COURT
EMERGENCY MANAGER
MAYOR
CITY COUNCIL
City Attorney
City Clerk
CITY ADMINISTRATOR
Elections
POLICE
FIRE
DEPARTMENT OF PUBLIC WORKS
PLANNING & DEVELOPMENT
Streets
Traffic Control
Utilities
Sanitation
Facilities
Business Serivces
Blight & Neighborhood
Community Development & Economic Development
Long Range Planning
Parks & Open Space
Water System
Sewer System
FINANCE & ADMINISTRATION
Assessing
Human Resources
Finance
Information Technology
Treasury
Fleet
Auditing & Accounting
Budget & Grants
Purchasing

REVENUE - ALL FUNDS

FY15 $165,609,588

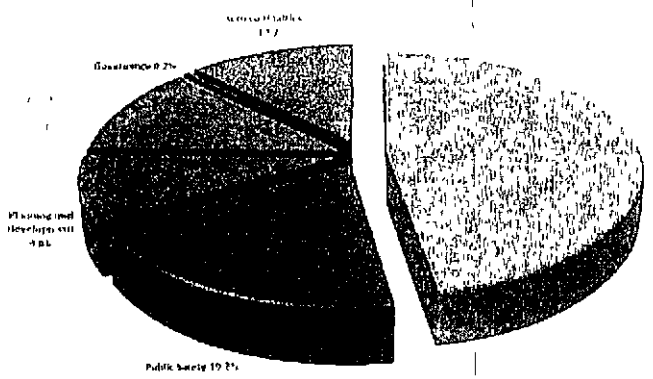


FY16 $169,482,080

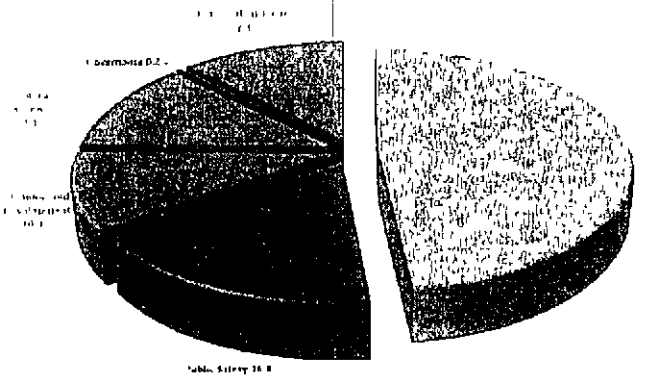


EXPENSES - ALL FUNDS

FY15 $162,186,042



FY16 $166,592,999



CITY OF FLINT - FIVE YEAR OUTLOOK
All Funds Summary

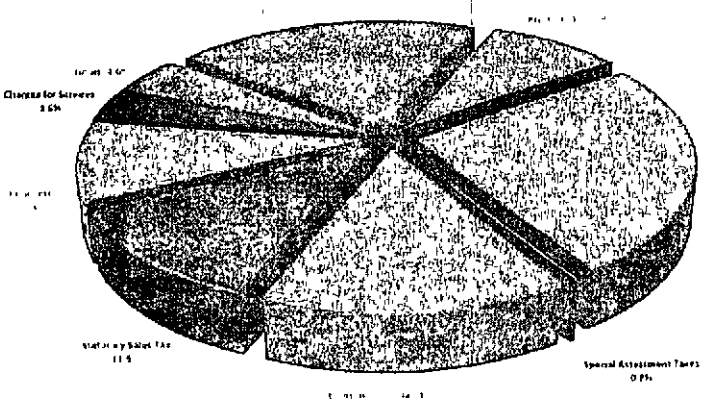
		Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund	101						
	Revenues*	$53,558,121	$55,097,880	$56,308,236	$56,816,010	$56,986,455	$57,498,324
	Expenses	$53,558,121	$55,097,880	$56,308,236	$58,616,874	$61,020,166	$63,644,033
	Cumulative Gap	$0	$0	$0	($1,801,864)	($5,836,574)	($11,982,282)
	Annual Gap	$0	$0	$0	($1,801,864)	($4,034,710)	($6,145,708)
*Includes $1 million for deficit elimination							
Major Streets	202						
	Revenues	$8,335,406	$7,022,888	$7,306,888	$7,511,255	$7,721,570	$7,945,495
	Expenses	$8,331,406	$7,022,888	$7,306,888	$7,577,015	$7,842,210	$8,124,630
	Cumulative Gap	$4,000	$0	$0	($65,760)	($186,400)	($365,435)
	Annual Gap	$0	$0	$0	($65,760)	($120,640)	($179,034)
Local Streets	203						
	Revenues	$2,601,090	$2,694,458	$2,783,112	$2,841,557	$2,904,072	$2,987,961
	Expenses	$2,601,090	$2,694,458	$2,783,112	$2,880,521	$2,972,698	$3,087,924
	Cumulative Gap	$0	$0	$0	($38,964)	($107,590)	($207,452)
	Annual Gap	$0	$0	$0	($38,964)	($68,626)	($99,863)
Police and Fire Millage	205						
	Revenues	$1,845,827	$9,258,560	$7,249,000	$4,464,640	$4,602,941	$4,671,985
	Expenses	$1,845,827	$9,258,560	$7,249,000	$7,538,960	$7,846,087	$8,169,928
	Cumulative Gap	$0	$0	$0	($3,074,420)	($6,318,537)	($9,817,379)
	Annual Gap	$0	$0	$0	($3,074,420)	($3,245,117)	($3,497,843)
Neighborhood Police Millage	207						
	Revenues	$1,560,180	$1,405,180	$1,418,300	$1,448,666	$1,481,513	$1,513,885
	Expenses	$1,560,180	$1,378,104	$1,408,660	$1,466,006	$1,525,072	$1,587,600
	Cumulative Gap	$0	$27,076	$9,640	($18,340)	($51,899)	($125,614)
	Annual Gap	$0	$0	$0	($18,340)	($33,559)	($73,714)
Parks Millage	208						
	Revenues	$373,064	$440,140	$344,370	$351,257	$362,146	$367,579
	Expenses	$373,064	$440,140	$344,343	$358,117	$372,800	$386,084
	Cumulative Gap	$0	$0	$27	($6,859)	($17,512)	($36,018)
	Annual Gap	$0	$0	$0	($6,859)	($10,653)	($20,508)
Lighting Special Assessment	219						
	Revenues	$2,882,980	$2,694,870	$2,698,300	$2,561,485	$2,433,411	$2,311,740
	Expenses	$2,882,980	$2,694,870	$2,698,300	$2,696,300	$2,697,704	$2,782,264
	Cumulative Gap	$0	$0	$0	($134,815)	($262,869)	($384,560)
	Annual Gap	$0	$0	$0	($134,815)	($262,869)	($384,560)

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		226						
	Revenues		$5,132,480	$5,396,293	$5,450,723	$5,178,187	$4,919,278	$4,673,314
	Expenses		$5,132,480	$5,396,293	$5,450,723	$5,559,737	$5,870,932	$5,784,351
	Cumulative Gap		$0	$0	$0	($381,551)	($1,133,206)	($2,244,243)
	Annual Gap		$0	$0	$0	($381,551)	($751,655)	($1,111,037)
Drug Forfeiture		265						
	Revenues		$436,042	$439,083	$439,083	$452,235	$465,802	$479,776
	Expenses		$436,042	$425,083	$433,399	$446,401	$459,793	$473,587
	Cumulative Gap		$0	$14,000	$5,684	$5,834	$11,843	$18,032
	Annual Gap		$0	$0	$0	$5,834	$6,009	$6,189
HUD Grant 2014		274						
	Revenues		$11,767,729	$5,035,900	$5,035,900	$5,186,977	$5,342,586	$5,502,864
	Expenses		$11,767,729	$5,035,900	$5,035,900	$5,186,977	$5,342,586	$5,502,864
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Other Grants		296						
	Revenues		$7,483,889	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Expenses		$7,477,931	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Cumulative Gap		$5,758	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Federal Stimulus Grant		297						
	Revenues		$4,624,108	$0	$0	$0	$0	$0
	Expenses		$4,624,108	$0	$0	$0	$0	$0
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Public Improvement Fund		402						
	Revenues		$2,150,000	$2,850,957	$2,887,987	$2,925,347	$3,016,032	$3,061,273
	Expenses*		$2,150,000	$2,850,957	$2,887,987	$2,982,706	$3,102,015	$3,226,095
	Cumulative Gap		$0	$0	$0	($57,360)	($143,342)	($308,164)
	Annual Gap		$0	$0	$0	($57,360)	($85,983)	($164,822)
* Includes $600,000 for debt elimination								
Building Safety Fund		542						
	Revenues		$2,548,458	$2,386,529	$2,484,700	$2,484,700	$2,484,700	$2,484,700
	Expenses		$2,548,458	$2,386,529	$2,484,700	$2,584,088	$2,687,452	$2,794,950
	Cumulative Gap		$0	$0	$0	($99,388)	($302,140)	($612,389)
	Annual Gap		$0	$0	$0	($99,388)	($202,752)	($310,250)
TOTAL General City								
	Revenues		$103,288,162	$99,696,694	$99,249,335	$97,230,141	$97,890,758	$98,794,987
	Expenses		$103,278,404	$99,555,618	$99,234,004	$102,903,628	$106,701,333	$110,776,135
	Cumulative Gap		$9,758	$41,076	$15,331	($5,673,486)	($14,484,061)	($26,465,209)
	Annual Gap		$0	$0	$0	($5,673,486)	($8,810,575)	($11,981,148)

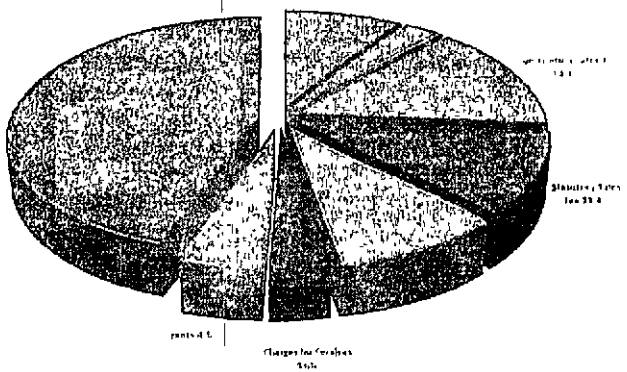
		Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Sewer Fund	590						
	Revenues	$31,929,269	$28,126,894	$32,346,745	$32,346,745	$32,346,745	$32,346,745
	Expenses	$31,929,269	$28,126,894	$32,346,745	$34,609,099	$36,149,143	$37,216,957
	Cumulative Gap	$0	$0	$0	($2,262,354)	($5,064,752)	($10,934,964)
	Annual Gap	$0	$0	$0	($2,262,354)	($3,802,398)	($4,870,212)
Water Fund	591						
	Revenues	$47,896,872	$37,886,000	$37,886,000	$37,500,000	$37,500,000	$37,500,000
	Expenses	$47,896,872	$34,503,530	$35,012,250	$38,841,189	$40,741,908	$41,943,725
	Cumulative Gap	$0	$3,382,470	$2,873,750	($1,341,189)	($4,583,095)	($9,026,820)
	Annual Gap	$0	$0	$0	($1,341,189)	($3,241,906)	($4,443,725)
Water and Sewer	**590 & 591**						
	Revenues	$79,826,141	$66,012,894	$70,232,745	$69,846,745	$69,846,745	$69,846,745
	Expenses	$79,826,141	$62,630,424	$67,358,995	$73,450,288	$76,891,049	$79,160,682
	Cumulative Gap	$0	$3,382,470	$2,873,750	($3,603,543)	($10,647,847)	($19,961,784)
	Annual Gap	$0	$0	$0	($3,603,543)	($7,044,304)	($9,313,937)
TOTAL CITY							
	Revenues	$183,114,303	$166,609,586	$169,482,080	$167,076,886	$167,737,503	$168,841,732
	Expenses	$183,104,545	$162,186,042	$166,592,999	$176,353,916	$183,592,382	$189,936,817
	Cumulative Gap	$9,758	$3,423,546	$2,889,081	($9,277,029)	($25,131,908)	($46,426,993)
	Annual Gap	$0	$0	$0	($9,277,029)	($15,854,879)	($21,295,085)

REVENUE - GENERAL FUND

FY15 $55,097,880

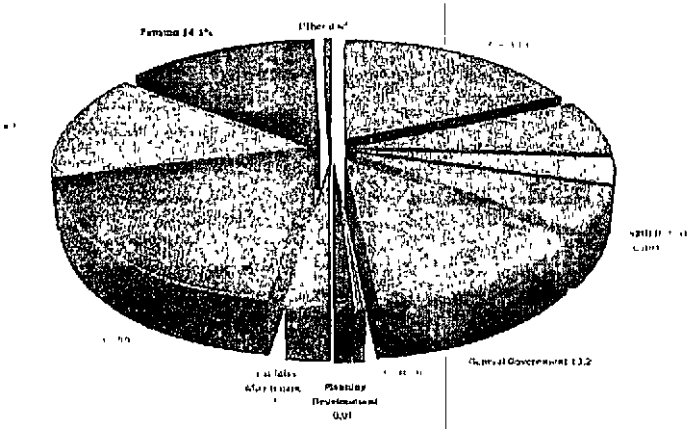


FY16 $56,308,239

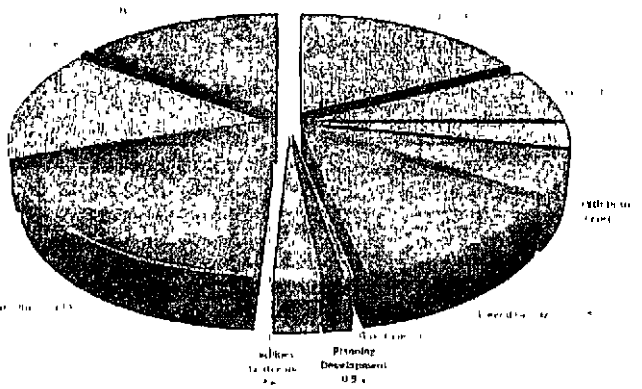


EXPENSES - GENERAL FUND

FY15 $55,097,880



FY16 $56,308,239



CITY OF FLINT PORPOSED FINANCIAL BUDGET
FOR FISCAL YEARS 2015 AND 2016
GENERAL FUND

DESCRIPTION	2013-14 AMENDED BUDGET	2014-15 PROPOSED BUDGET	2015-16 PROPOSED BUDGET
Fund 101 - General Fund			
ESTIMATED REVENUES			
Function: General government			
Property Taxes	$ 4,622,000	$ 4,970,000	$ 5,069,400
Income taxes	14,210,000	14,238,400	14,354,000
Special assessment taxes	97,941	89,000	89,000
State revenues	16,730,120	17,181,829	17,347,719
License and Permits	1,303,626	1,296,626	1,396,626
Fines and forfeitures	1,825,000	1,862,600	1,967,000
Charges for service rendered	9,942,485	11,161,416	11,582,811
Interest and dividend income	850,000	919,000	1,118,325
Other revenues	898,946	601,011	605,360
Transfers in	4,077,998	3,777,998	3,777,998
Drawings from fund balance	(1,000,000)	(1,000,000)	(1,000,000)
Total - Function General government	53,558,116	55,097,880	56,308,239
TOTAL ESTIMATED REVENUES	$ 53,558,116	$ 55,097,880	$ 56,308,239
APPROPRIATIONS			
Function: Legislative			
City Council	$ 373,220	$ 356,505	$ 341,080
Total - Function Legislative	373,220	356,505	341,080
Function: General governemnt			
District Court	5,194,307	4,099,999	4,167,078
Office Of Mayor	228,813	215,426	218,278
City Administrator	396,646	352,912	356,034
Finance -Admin/Accounting/Payroll	1,188,137	951,331	962,846
Finance Purchasing	130,229	139,185	141,145
Total Finance and Purchasing Department	1,318,366	1,090,516	1,103,991
Office Of City Clerk	220,645	153,145	154,955
City Clerk-License And Permits	90,850	185,408	185,661
City Clerk-Board Of Review	10,500	11,601	11,601
City Clerk-Election	403,183	391,241	399,979
Cty Clk Elec Div. - Election Workers	138,654	179,591	179,527
Total City Clerk and Elections	863,832	920,986	931,813
Customer Services-Treasury Operations	380,321	275,977	279,810
Customer Services-Income Tax	466,825	432,000	433,740
Customer Services-Water Collection	1,018,852	1,240,933	1,263,429
Customer Service-Sewer collection	1,020,102	1,243,133	1,264,475
Delinquent Collections	167,686	263,063	267,313
Total Treasury Department	3,052,786	3,455,106	3,508,767
Assessment	1,084,221	1,160,515	1,175,686
Law Office Operations	962,042	940,589	953,797

Human Relations Commission	26,237		
Personnel Office	551,542	624,409	629,970
Personnel Office-Personnel-Training	70,625	55,500	56,415
Total Human Relations and Personnel	648,404	679,909	686,385
Police - Fleet	990,000	990,000	1,000,000
Police Reduction		(2,608,823)	(2,835,863)
Pol Admin Bureau - Admin	5,023,126	409,669	419,941
Pol Admin Bureau-Inspections	127,354	125,505	126,865
Pol Admin - City Lock up	2,673,649	2,554,329	2,534,329
Pol Tech Serv-Records & Identification	1,831,592	2,121,908	2,168,785
Pol Tech Serv-Planning, Research, & Trai	135,359	129,847	130,692
Pol Tech Serv - City Impound	437,323	438,575	439,969
Pol Invst Ovrhd - Criminal Invest Overh	2,469,997	2,369,062	2,398,335
Pol Invst Ovrhd - Police School Liason	764,011	751,475	760,749
Pol Invst Ovrhd - Special Operations	707,250	738,802	749,143
Patrol Bureau - Administration	5,502,823	4,263,373	4,326,180
Patrol Bureau-School Crossing Guards	267,854	285,712	285,712
Total Police Department	21,930,338	12,569,434	12,504,837
Public Safety 911 - Administration	3,745,525	2,604,021	2,540,188
Office Of Fire Chief	753,547	692,077	709,158
Fire Admin-Maintenance	116,000	412,500	424,500
Fire Admin - Training	253,400	161,541	164,771
Firefighting Division-Fire Battalion Chi	3,349,960	496,649	506,293
Firefighting Division-Fire Station Overh	5,858,149	4,101,133	4,168,260
SAFER Grant EMW-2011-FH-00843	1,083,370		
Fire Prevent - Inspection And Training	285,370	315,903	322,422
Total Fire Department	11,699,796	6,179,803	6,295,404
Development-Planning & Zoning	121,875	395,277	397,634
DCD - Administration	186,293	279,007	285,416
Golf Division - Kearsley Lake Gc	3,500		
Golf Division-Mott Park Gc		9,000	9,270
Golf Division-Swartz Crk Gc	1,600		
Total Planning and Development Department	313,268	683,284	692,320
Facilities Maint-Municipal Center	1,207,382	1,464,233	1,532,362
Total - Function General government	52,645,726	36,416,733	36,666,940
Cost Allocation and Retiree Healthcare		17,911,941	18,986,658
Transfer out to Fund 208		99,140	
Transfers out to fund 542	539,170	313,561	313,561
Total - Function Transfers out	539,170	412,701	313,561
TOTAL APPROPRIATIONS	$ 53,558,116	$ 55,097,880	$ 56,308,239
NET OF REVENUES/APPROPRIATIONS - FUND 101	0	0	0
BEGINNING FUND BALANCE	(12,895,642)	(11,895,642)	(10,895,642)
ENDING FUND BALANCE	(11,895,642)	(10,895,642)	(9,895,642)

CITY OF FLINT STAFFING PROJECTION

	FY11 ACTUAL	FY12 ACTUAL	FY13 ACTUAL	FY14 CURRENT	FY15 PROPOSED	FY16 PROPOSED
GOVERNANCE AND ADMINISTRATION	38.5	20	17	19	20	20
POLICE	150	148	144	151	115	115
911	25.5	23	22	23	23	23
FIRE	75	94	91	94	75	75
DISTRICT COURT	49	35	30	31	31	31
DEPARTMENT OF PUBLIC WORKS	263	207	156	166	173	173
PLANNING AND DEVELOPMENT	71	56	26	24	25	26
FINANCE AND ADMINISTRATION	120.5	103	60	57	60	60
TOTALS	792.5	686	546	565	522	523

PROJECTED FACILITIES IMPROVEMENTS FY15-FY19

IMPROVEMENT	RANK	COST	FY15	FY16	FY17	FY18	FY19
City Hall Elevators(2 main only)	1	400,000.00	$ 400,000.00				
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 155,000.00				
Assessing Renovations	3	65,000.00	$ 65,000.00				
Roof Repair - Main Fire Station	4	127,400.00	$ 127,400.00				
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 10,000.00				
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 20,000.00				
I.S. Water Leaks PART I OF II	7	50,000.00	$ 50,000.00				
Legal Renovations	8	40,000.00	$ 40,000.00				
Police Station Bridge to 5th St	9	30,000.00	$ 30,000.00				
Roof Repair - North building	10	99,384.00	$ 99,384.00				
Motion Lights, City Hall & Police	11	100,000.00	$ 100,000.00				
Pave City Hall Parking Lot	12	100,000.00		$ 100,000.00			
911 Consoles & Telephones	13	330,000.00		$ 330,000.00			
I.S. Water Leaks PART II OF II	14	50,000.00		$ 50,000.00			
Council Chambers Renovations PART I OF III	15	116,666.67		$ 116,666.67			
City Hall Building Facade PART I OF III	16	500,000.00		$ 500,000.00			
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00			$ 250,000.00		
Council Chambers Renovations PART II OF III	18	116,666.67			$ 116,666.67		
City Hall Building Facade PART II OF III	19	500,000.00			$ 500,000.00		
Council Chambers Renovations PART III OF III	20	116,666.67				$ 116,666.67	
City Hall Building Facade PART III OF III	21	500,000.00				$ 500,000.00	
Police Shooting Range	22	250,000.00				$ 250,000.00	
Fire Station Kitchens - Remodel	23	60,000.00				$ 60,000.00	
TOTAL		**$3,926,784.00**	**$ 1,096,784.00**	**$ 1,096,666.67**	**$ 866,666.67**	**$ 926,666.67**	**$ -**

IMPROVEMENT	RANK	COST	CUMULATIVE COST
City Hall Elevators(2 main only)	1	400,000.00	
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 555,000.00
Assessing Renovations	3	65,000.00	$ 620,000.00
Roof Repair - Main Fire Station	4	127,400.00	$ 747,400.00
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 757,400.00
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 777,400.00
I.S. Water Leaks PART I OF II	7	50,000.00	$ 827,400.00
Legal Renovations	8	40,000.00	$ 867,400.00
Police Station Bridge to 5th St	9	30,000.00	$ 897,400.00
Roof Repair - North building	10	99,384.00	$ 996,784.00
Motion Lights, City Hall & Police	11	100,000.00	$ 1,096,784.00
Pave City Hall Parking Lot	12	100,000.00	$ 1,196,784.00
911 Consoles & Telephones	13	330,000.00	$ 1,526,784.00
I.S. Water Leaks PART II OF II	14	50,000.00	$ 1,576,784.00
Council Chambers Renovations PART I OF III	15	116,666.67	$ 1,693,450.67
City Hall Building Facade PART I OF III	16	500,000.00	$ 2,193,450.67
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00	$ 2,443,450.67
Council Chambers Renovations PART II OF III	18	116,666.67	$ 2,560,117.33
City Hall Building Facade PART II OF III	19	500,000.00	$ 3,060,117.33
Council Chambers Renovations PART III OF III	20	116,666.67	$ 3,176,784.00
City Hall Building Facade PART III OF III	21	500,000.00	$ 3,676,784.00
Police Shooting Range	22	250,000.00	$ 3,926,784.00
Fire Station Kitchens - Remodel	23	60,000.00	$ 3,986,784.00
TOTAL		**$3,926,784.00**	**$ 3,986,784.00**

DEFICIT ELIMINATION AND RESERVE ACCUMULATION PROJECTIONS

FINANCIAL COMMITMENT NECESSARY TO ELIMINATE THE DEFICIT AND ACCUMULATE AN APPROPRIATE BUDGET STABILIZATION RESERVE OF 10% -15%

	DEFICIT REDUCTION						
	FY14	FY15	FY16	FY17	FY18	FY19	FY20
DEFICIT	($12,895,642)	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000
REMAINING DEFICIT	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)	($295,642)
GENERAL FUND REVENUE	$53,555,121	$55,080,609	$56,281,965	$56,788,503	$56,958,868	$57,471,498	$58,620,928

	RESERVE ACCUMULATION					
	FY21	FY22	FY23	FY24	FY25	
RESERVE	($295,642)	$1,504,358	$3,304,358	$5,104,358	$6,904,358	
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	
ACCUMULATED RESERVE	$1,504,358	$3,304,358	$5,104,358	$6,904,358	$8,704,358	Equals 13%
GENERAL FUND REVENUE	$59,793,347	$60,989,213	$62,208,998	$63,453,178	**$64,722,241**	of GF Revenues

CITY OF FLINT - FIVE YEAR OUTLOOK
Pension and Retiree Healthcare Costs

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund		101						
	Retiree Healthcare Expense		$8,034,324	$10,167,701	$10,777,763	$11,424,429	$12,109,895	$12,836,488
	Pension Expense		$6,401,335	$7,981,672	$8,439,853	$8,946,244	$9,483,019	$10,052,000
	Other Expenses		$37,122,462	$36,948,508	$37,090,623	$38,246,204	$39,427,255	$40,755,548
	Total Expenses		$53,558,121	$55,097,881	$56,308,239	$58,616,877	$61,020,169	$63,644,036
	Retiree Healthcare as % of Total Expenses		15%	18%	19%	19%	20%	20%
	Pension as % of Total Expenses		12%	14%	15%	15%	16%	16%
	Healthcare & Pension Costs as % of Total		31%	33%	34%	35%	35%	36%
Major Streets		202						
	Retiree Healthcare		$588,155	$1,056,180	$1,119,551	$1,186,724	$1,257,928	$1,333,403
	Pension		$585,832	$551,415	$596,663	$632,357	$670,298	$710,516
	Other expenses		$5,167,419	$5,416,283	$5,400,554	$5,697,904	$5,783,365	$5,981,277
	Total		$6,331,406	$7,022,868	$8,116,668	$8,416,985	$8,711,579	$9,025,196
	Healthcare & Pension %		18%	23%	21%	22%	22%	23%
Local Streets		203						
	Retiree Healthcare		$388,761	$200,824	$212,873	$225,646	$239,184	$253,535
	Pension		$331,106	$330,316	$354,959	$376,257	$398,832	$422,762
	Other expenses		$1,881,223	$2,163,318	$2,216,280	$2,278,819	$2,334,682	$2,391,527
	Total		$2,601,090	$2,694,458	$2,783,112	$2,880,621	$2,972,695	$3,067,824
	Healthcare & Pension %		28%	20%	20%	21%	21%	22%
Police and Fire Millage		205						
	Retiree Healthcare		$0	$1,337,828	$1,416,098	$1,803,184	$1,893,375	$1,988,977
	Pension		$448,524	$2,593,093	$2,748,679	$2,913,600	$3,088,416	$3,273,721
	Other expenses		$1,397,303	$5,337,639	$3,082,223	$3,122,176	$3,186,267	$3,207,130
	Total		$1,845,827	$9,268,560	$7,249,000	$7,838,960	$7,848,057	$8,169,828
	Healthcare & Pension %		24%	42%	57%	59%	60%	61%
Neighborhood Police Millage		207						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$379,934	$300,795	$316,844	$337,875	$358,253	$379,748
	Other expenses		$1,170,246	$1,077,309	$916,030	$945,354	$977,988	$1,010,863
	Total		$1,550,180	$1,378,104	$1,233,874	$1,283,229	$1,336,841	$1,390,611
	Healthcare & Pension %		25%	22%	26%	26%	27%	27%
Parks Millage		208						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$5,681	$20,663	$20,663	$21,903	$23,217	$24,610
	Other expenses		$367,473	$419,477	$320,760	$333,177	$346,421	$360,183
	Total		$373,064	$440,140	$341,423	$355,080	$369,638	$384,793
	Healthcare & Pension %		1%	5%	6%	6%	6%	6%
Lighting Special Assessment		219						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$6,028	$6,360	$6,773	$7,180	$7,611
	Other expenses		$2,882,980	$2,688,841	$2,689,910	$2,689,527	$2,689,120	$2,688,689
	Total		$2,882,980	$2,694,870	$2,696,300	$2,696,300	$2,696,300	$2,696,300
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		228						
	Retiree Healthcare		$621,190	$411,202	$435,874	$462,026	$489,748	$519,133
	Pension		$25,335	$12,888	$13,787	$14,553	$15,469	$16,397
	Other expenses		$4,486,985	$4,972,193	$5,001,062	$5,083,118	$5,185,718	$5,248,621
	Total		$5,132,400	$5,396,283	$5,450,723	$5,559,737	$5,670,932	$5,784,351
	Healthcare & Pension %		13%	8%	8%	9%	9%	9%
Drug Forfeiture		265						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$122,739	$82,409	$87,351	$92,592	$98,148	$104,036
	Other expenses		$312,303	$342,657	$346,048	$353,809	$361,645	$369,550
	Total		$435,042	$425,063	$433,399	$446,401	$459,793	$473,587
	Healthcare & Pension %		28%	19%	20%	21%	21%	22%
HUD Grant 2014		274						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$230,159	$292,418	$292,418	$309,963	$328,561	$346,275
	Other expenses		$11,537,570	$4,743,481	$4,743,481	$4,877,013	$5,014,024	$5,154,868
	Total		$11,767,729	$5,035,899	$5,035,899	$5,186,976	$5,342,585	$5,502,883
	Healthcare & Pension %		2%	6%	6%	6%	6%	6%
Other Grants		286						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$40,027	$230,605	$230,605	$244,441	$259,108	$274,654
	Other expenses		$7,437,904	$4,634,371	$4,634,371	$4,766,484	$4,902,148	$5,041,436
	Total		$7,477,931	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Healthcare & Pension %		1%	5%	5%	5%	5%	5%
Federal Stimulus Grant		287						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$1,365,881	$0	$0	$0	$0	$0
	Other expenses		$3,158,127	$0	$0	$0	$0	$0
	Total		$4,524,108	$0	$0	$0	$0	$0
	Healthcare & Pension %		30%	0%	0%	0%	0%	0%
Public Improvement Fund		402						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$0	$0	$0	$0	$0
	Other expenses		$2,150,000	$2,850,657	$2,887,987	$2,982,708	$3,104,997	$3,232,302
	Total		$2,150,000	$2,850,657	$2,887,987	$2,982,708	$3,104,997	$3,232,302
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%
Building Safety Fund		542						
	Retiree Healthcare		$552,954	$393,633	$417,251	$442,288	$468,823	$496,953
	Pension		$151,734	$237,625	$251,886	$266,999	$283,019	$300,000
	Other expenses		$1,833,768	$1,764,288	$1,815,503	$1,874,803	$1,935,609	$1,997,897
	Total		$2,540,456	$2,395,529	$2,484,700	$2,584,068	$2,687,452	$2,794,850
	Healthcare & Pension %		28%	26%	27%	27%	28%	29%
Internal Service Funds								
	Retiree Healthcare		$300,210	$722,428	$722,428	$764,804	$809,105	$855,382
	Pension		$382,106	$383,747	$383,747	$406,772	$431,178	$457,049
	Other expenses		$7,795,976	$8,750,612	$7,845,631	$8,118,902	$8,396,419	$8,684,387
	Total		$8,478,291	$7,856,787	$8,951,806	$9,288,178	$9,636,703	$9,997,788
	Healthcare & Pension %		8%	14%	12%	13%	13%	13%
TOTAL General City								
	Retiree Healthcare Expense		$10,505,694	$14,269,796	$15,103,838	$16,008,789	$16,988,057	$17,984,972
	Pension Expense		$12,440,403	$13,023,777	$13,745,725	$14,570,489	$15,444,697	$16,371,378
	Other Expenses		$97,268,989	$87,975,619	$88,920,349	$91,585,874	$94,241,946	$97,122,087
	Total Expenses		$118,302,313	$116,374,211	$118,854,931	$123,285,261	$127,673,827	$132,770,582
	Retiree Healthcare as % of Total Expenses		9%	12%	13%	13%	13%	14%
	Pension as % of Total Expenses		11%	11%	12%	12%	12%	12%
	Healthcare & Pension Costs as % of Total		19%	23%	24%	25%	25%	26%

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Sewer Fund		590						
	Retiree Healthcare		$2,329,883	$2,447,666	$2,594,420	$2,750,085	$2,915,090	$3,089,996
	Pension		$2,179,100	$2,040,716	$2,163,159	$2,292,949	$2,430,526	$2,576,357
	Other expenses		$27,420,169	$28,766,264	$27,589,166	$28,668,065	$30,803,527	$31,650,604
	Total		$31,929,269	$30,266,645	$32,346,745	$34,609,099	$36,149,143	$37,316,957
	Healthcare & Pension %		14%	15%	15%	15%	15%	15%
Water Fund		591						
	Retiree Healthcare		$1,680,092	$2,963,588	$3,141,403	$3,329,887	$3,529,680	$3,741,461
	Pension		$1,815,687	$1,803,098	$1,911,284	$2,025,961	$2,147,519	$2,276,370
	Other expenses		$44,491,133	$29,736,844	$29,959,553	$33,485,341	$35,094,707	$35,925,894
	Total		$47,698,872	$34,503,530	$35,012,250	$38,841,189	$40,741,906	$41,943,726
	Healthcare & Pension %		7%	14%	14%	14%	14%	14%
Water and Sewer		590 & 591						
	Retiree Healthcare		$4,010,046	$5,411,154	$5,735,823	$6,079,972	$6,444,771	$6,831,457
	Pension		$3,994,787	$3,843,813	$4,074,443	$4,318,910	$4,578,044	$4,852,727
	Other expenses		$71,821,302	$58,505,108	$57,548,729	$63,051,406	$65,898,234	$67,476,498
	Total		$79,826,141	$64,760,075	$67,359,995	$73,450,288	$76,891,049	$79,160,682
	Retiree Healthcare as % of Total Expenses		5%	8%	9%	8%	8%	9%
	Pension as % of Total Expenses		5%	6%	6%	6%	6%	6%
	Healthcare & Pension %		10%	14%	15%	14%	14%	15%
TOTAL CITY								
	Retiree Healthcare		$14,515,639	$19,700,950	$20,839,661	$22,088,771	$23,412,828	$24,816,329
	Pension		$16,435,190	$16,867,590	$17,820,166	$18,889,376	$20,022,741	$21,224,105
	Other expenses		$169,110,286	$143,480,727	$146,469,078	$154,607,280	$160,110,180	$164,898,555
	Total		$198,128,454	$181,134,286	$186,213,926	$196,735,949	$204,764,876	$211,931,264
	Retiree Healthcare %		7%	11%	11%	11%	11%	12%
	Pension %		8%	9%	10%	10%	10%	10%
	Healthcare & Pension %		16%	20%	21%	21%	21%	22%

PROJECTED TAXPAYER IMPACT

$41,000 House, $40,000 Income

Values	FY14 Current Winter & Summer		FY15 Adopted Winter & Summer		FY16 Adopted Winter & Summer
House value	$41,000.00		$41,000.00		$41,000.00
Taxable value	$20,500.00		$20,500.00		$20,500.00
Annual Income	$40,000.00		$40,000.00		$40,000.00
Tax rate (mills)	65.88		65.88		65.88
Street Lights	$67.87		$70.94		$74 14
Garbage	$146.00		$162 63		$168.84
Water Bill	$1,800.00		$1,917 00		$2,032.02
Payments					
Property taxes	$1,351.00		$1,351.00		$1,351.00
Street lights	$67.87		$70.94		$74 14
Rubbish	$146.00		$162.63		$168.84
Income tax	$400.00		$400.00		$400.00
Water bill	$1,800.00		$1,917.00		$2,032.02
Total Payments	$3,764.87		$3,901.57		$4,026.00
		$137 3.6%		$124 3.2%	

$61,500 House, $50,000 Income

Values	FY14 Current Winter & Summer		FY15 Adopted Winter & Summer		FY16 Adopted Winter & Summer
House value	$61,500.00		$61,500.00		$61,500.00
Taxable value	$30,750.00		$30,750.00		$30,750.00
Annual Income	$50,000.00		$50,000.00		$50,000.00
Tax rate (mills)	65.88		65.88		65.88
Street Lights	$67.87		$70.94		$74.14
Garbage	$146.00		$162.63		$168.84
Water Bill	$1,800.00		$1,917.00		$2,032.02
Payments					
Property taxes	$2,026.00		$2,026.00		$2,026.00
Street lights	$67.87		$70.94		$74.14
Garbage	$146.00		$162.63		$168.84
Income tax	$500.00		$500.00		$500.00
Water bill	$1,800.00		$1,917.00		$2,032.02
Total Payments	$4,539.87		$4,676.57		$4,801.00
		$137 3.0%		$124 2.7%	

Widigan, Robert (TREASURY)

From: Byrne, Randall (Treasury)
Sent: Thursday, October 09, 2014 6:37 AM
To: Widigan, Robert (TREASURY)
Cc: Porubsky, Carmen (TREASURY)
Subject: FW: City of Flint Three Month Report
Attachments: Flint October Report to State 100814.zip

Robert:

Please review.

Randy,

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Wednesday, October 08, 2014 4:36 PM
To: Clinton, Kevin (TREASURY); SenRRichardville@senate.michigan.gov; JaseBolger@house.mi.gov; Jim Ananich; Woodrow Stanley; Phil Phelps; Inez Brown; Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Darnell Earley; Elizabeth Murphy
Subject: City of Flint Three Month Report

Good afternoon:

Attached is the October Report to the Governor as required by P.A. 436, Section 17.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM MPA
Emergency Manager

October 8, 2014

Mr. R Kevin Clinton, State Treasurer
Michigan Department of Treasury
4th Floor Treasury Building
430 West Allegan Street
Lansing, MI 48922

Dear Mr Clinton:

Attached please find the three month report for the period July 8, 2014 through October 8, 2014 as required by Public Act 436, Section 17. This report is being submitted through you to Governor Rick Snyder.

The entire report will be posted on the City of Flint website www.cityofflint.com as soon as it is approved.

Respectfully submitted.

Darnell Earley, ICMA-CM MPA
Emergency Manager

cc:
Governor Rick Snyder
Randy Richardville, Senate Majority Leader
James Bolger, Speaker of the House of Representatives
James Ananich, State Senator
Woodrow Stanley, State Representative
Phil Phelps, State Representative
Inez Brown, Clerk of the City of Flint
Wayne Workman, Deputy Treasurer
Edward Koryzno, Bureau Director of Local Government Services
Randall Byrne, Office of Fiscal Responsibility

Public Act 436, Section 17: Three Month Report

October 8, 2014

Introduction

This Three Month Report of the status of the Financial and Operating Plan for the City of Flint is submitted to the Governor Rick Snyder, the Senate Majority Leader, the Speaker of the House of Representatives, and Clerk of the City of Flint through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 17 which requires this report beginning six months after the appointment of the Emergency Manager.

Included are the items detailed below from P.A. 436, Section 17:

(a) A description of each expenditure made, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the source of the funds.

(b) A list of each contract that the emergency manager awarded or approved with a cumulative value of $5000 or more, the purpose of the contract, and the identity of the contractor.

(c) A description of each loan sought, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the proposed use of the funds.

(d) A description of any new position created or any vacancy in a position filled by the appointing authority.

(e) A description of any position that has been eliminated or from which an employee has been laid off.

(f) A copy of the contract with the emergency manager as provided in section 9(3)(e).

(g) The salary and benefits of the emergency manager.

(h) The financial and operating plan as required under section 11. Update #7 to the Financial and Operating Plan for the City of Flint.

Section Separator

(a) A description of each expenditure made, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the source of the funds.

INVOICE GL DISTRIBUTION REPORT FOR CITY OF FLINT
POST DATES 06/28/2014 - 09/30/2014
BOTH JOURNALIZED AND UNJOURNALIZED
BOTH OPEN AND PAID

GL Number	Grant	Inv	Ref #	Vendor	Invoice Desc.	Invoice	Chk Date	Amount	Cl
Fund 101 General Fund									
Dept 000.000 Balance Sheet Activity									
101-000.000-275.000		D	266705	DORT COURT PLAZA		41-16-101-018	07/24/14	6,289.71	1
101-000.000-275.000		D	267737	SBA 2012 TC ASSETS,		41-04-302-016	08/14/14	7,094.31	1
101-000.000-275.000		D	269896	GSA PROPERTY		21-00-663-001	09/25/14	13,632.02	1
					Total For Dept 000.000 Balance Sheet			27,016.04	
Dept 101.100 City Council									
101-101.100-729.000		P	268301	MAIL ROOM SERVICE		07140261	09/12/14	4.54	
101-101.100-801.000		F	267862	YEO & YEO PC	FY14 AUDIT SERVICES	341513	08/29/14	9,400.00	
101-101.100-801.000		F	268956	YEO & YEO PC	FY14 AUDIT SERVICES	342687	09/12/14	11,500.00	
101-101.100-823.000		P	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	183.29	
101-101.100-823.000		P	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	459.95	
101-101.100-823.000		P	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	183.29	
					Total For Dept 101.100 City Council			21,731.07	
Dept 136.100 District Court									
101-136.100-729.000		P	270322	PITNEY BOWES	POSTAGE FOR 68TH DC	15082373		10,000.00	
101-136.100-814.000		E	267448	STATE OF MICHIGAN	AT	1530-02	08/07/14	7,902.33	1
101-136.100-850.000		C	266428	AT & T SBS	14	8102303151595	07/17/14	167.43	1
101-136.100-940.000		R	267762	GENESEE COUNTY		APRIL 2015		59,508.00	
101-136.100-940.000		R	267763	GENESEE COUNTY		MAY 2015		59,508.00	
101-136.100-940.000		R	267764	GENESEE COUNTY		JUNE 2015		59,508.00	
101-136.100-940.000		R	267757	GENESEE COUNTY		NOVEMBER 2014		59,508.00	
101-136.100-940.000		R	267758	GENESEE COUNTY		DECEMBER 2014		59,508.00	
101-136.100-940.000		R	267759	GENESEE COUNTY		JANUARY 2015		59,508.00	
101-136.100-940.000		R	267760	GENESEE COUNTY		FEBRUARY 2015		59,508.00	
101-136.100-940.000		R	267761	GENESEE COUNTY		MARCH 2015		59,508.00	
101-136.100-940.000		R	267753	GENESEE COUNTY		JULY 2014	08/22/14	59,508.00	
101-136.100-940.000		R	267754	GENESEE COUNTY		AUGUST 2014	08/22/14	59,508.00	
101-136.100-940.000		R	267755	GENESEE COUNTY		SEPTEMBER 2014	08/29/14	59,508.00	
101-136.100-940.000		R	267756	GENESEE COUNTY		OCTOBER 2014	09/26/14	59,508.00	
101-136.100-940.000		R	267863	GENESEE COUNTY		08122014	08/22/14	21,106.00	
					Total For Dept 136.100 District Cour			753,271.76	
Dept 171.100 Office Of Mayor									
101-171.100-729.000		P	268301	MAIL ROOM SERVICE		07140261	09/12/14	14.62	
101-171.100-823.000		P	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	91.64	
101-171.100-823.000		P	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	406.49	
101-171.100-823.000		P	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	91.64	
101-171.100-850.000		C	266428	AT & T SBS	14	8102303151595	07/17/14	26.74	1

GL Number	Grant	Inv	Ref #	Vendor	Invoice Desc.		Invoice	Chk Date	Amount Cl
Fund 101 General Fund									
Dept 171.100 Office Of Mayor									
101-171.100-880.000		C	267905	BRENNAN ELM PARK			07022014	08/29/14	20,000.00
101-171.100-880.000		C	267904	UNITED SENIOR			07022014	08/29/14	20,000.00
					Total For Dept 171.100 Office Of May				40,631.13
Dept 172.100 City Administrator									
101-172.100-801.000		P	266248	MANUFACTURIN	14		0114402	07/18/14	10,000.00
101-172.100-823.000		P	266046	XEROX CORP	14	XEROX COPY MACHINES	800631981	07/25/14	91.65
101-172.100-823.000		P	267376	XEROX CORP		XEROX COPY MACHINES ACCT	800634579	08/08/14	406.50
101-172.100-823.000		P	269264	XEROX CORP		XEROX COPY MACHINES ACCT	800635894	09/26/14	91.65
					Total For Dept 172.100 City Administ				10,589.80
Dept 191.100 Finance -Admin/Accounting/Payroll									
101-191.100-729.000		P	268301	MAIL ROOM SERVICE			07140261	09/12/14	91.73
101-191.100-823.000		X	266046	XEROX CORP	14	XEROX COPY MACHINES	800631981	07/25/14	181.16
101-191.100-823.000		X	267376	XEROX CORP		XEROX COPY MACHINES ACCT	800634579	08/08/14	181.16
101-191.100-823.000		X	269264	XEROX CORP		XEROX COPY MACHINES ACCT	800635894	09/26/14	181.16
					Total For Dept 191.100 Finance -Admi				635.21
Dept 191.201 Finance Purchasing									
101-191.201-729.000		P	268301	MAIL ROOM SERVICE			07140261	09/12/14	54.41
101-191.201-823.000		P	266046	XEROX CORP	14	XEROX COPY MACHINES	800631981	07/25/14	183.29
101-191.201-823.000		P	267376	XEROX CORP		XEROX COPY MACHINES ACCT	800634579	08/08/14	353.10
101-191.201-823.000		P	269264	XEROX CORP		XEROX COPY MACHINES ACCT	800635894	09/26/14	183.29
					Total For Dept 191.201 Finance Purch				774.09
Dept 215.200 City Clerk-License And Permits									
101-215.200-452.000		C	268979	FLINT BOARD OF			TAX YR 14	09/12/14	10,548.82
101-215.200-729.000		P	268301	MAIL ROOM SERVICE			07140261	09/12/14	33.77
101-215.200-823.000		V	266046	XEROX CORP	14	XEROX COPY MACHINES	800631981	07/25/14	113.61
101-215.200-823.000		V	267376	XEROX CORP		XEROX COPY MACHINES ACCT	800634579	08/08/14	113.61
101-215.200-823.000		V	269264	XEROX CORP		XEROX COPY MACHINES ACCT	800635894	09/26/14	113.61
					Total For Dept 215.200 City Clerk-Li				10,923.42
Dept 233.100 Purchasing									
101-233.100-823.000		V	266046	XEROX CORP	14	XEROX COPY MACHINES	800631981	07/25/14	113.61
101-233.100-823.000		Y	266046	XEROX CORP	14	XEROX COPY MACHINES	800631981	07/25/14	48.56
101-233.100-823.000		V	266046	XEROX CORP	14	XEROX COPY MACHINES	800631981	07/25/14	113.61
101-233.100-823.000		L	266046	XEROX CORP	14	XEROX COPY MACHINES	800631981	07/25/14	74.35
101-233.100-823.000		L	266046	XEROX CORP	14	XEROX COPY MACHINES	800631981	07/25/14	74.35
101-233.100-823.000		L	266046	XEROX CORP	14	XEROX COPY MACHINES	800631981	07/25/14	74.35
101-233.100-823.000		Y	266046	XEROX CORP	14	XEROX COPY MACHINES	800631981	07/25/14	48.56

GL Number	Grant	Int	Ref #	Vendor	Invoice Desc.	Invoice	Chk Date	Amount	Cl
Fund 101 General Fund									
Dept 233.100 Purchasing									
101-233.100-823.000		Y	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	48.56	
101-233.100-823.000		Y	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	48.56	
101-233.100-823.000		V	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	113.61	
101-233.100-823.000		Y	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	48.56	
101-233.100-823.000		Y	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	48.56	
101-233.100-823.000		Y	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	48.56	
101-233.100-823.000		Y	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	48.56	
101-233.100-823.000		V	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	113.61	
101-233.100-823.000		L	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	74.35	
101-233.100-823.000		L	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	74.35	
101-233.100-823.000		L	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	74.35	
101-233.100-823.000		V	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	113.61	
101-233.100-823.000		Y	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	48.56	
101-233.100-823.000		Y	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	48.56	
101-233.100-823.000		Y	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	48.56	
101-233.100-823.000		Y	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	48.56	
101-233.100-823.000		V	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	113.61	
101-233.100-823.000		L	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	74.35	
101-233.100-823.000		L	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	74.35	
101-233.100-823.000		L	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	74.35	
					Total For Dept 233.100 Purchasing			1,933.53	
Dept 253.200 Customer Services-Treasury Operations									
101-253.200-729.000		P	268301	MAIL ROOM SERVICE		07140261	09/12/14	150.69	
101-253.200-823.000		L	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	396.02	
101-253.200-823.000		L	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	475.74	
101-253.200-823.000		L	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	396.02	
101-253.200-850.000		C	266428	AT & T SBS	14	8102303151595	07/17/14	57.84	1
101-253.200-900.000		P	266022	SSS PRINTING	PRINTING AND MAILING AND	14331	07/11/14	5,403.52	
					Total For Dept 253.200 Customer Serv			6,879.83	
Dept 253.201 Customer Services-Income Tax									
101-253.201-729.000		P	268301	MAIL ROOM SERVICE		07140261	09/12/14	836.12	
101-253.201-801.000		P	267014	INNOVATIVE	14	1180	08/01/14	31,424.10	
					Total For Dept 253.201 Customer Serv			32,260.22	
Dept 253.202 Customer Services-Water Collection									
101-253.202-729.000		P	266036	SSS PRINTING		14325	07/11/14	7,500.00	
101-253.202-729.000		P	268301	MAIL ROOM SERVICE		07140261	09/12/14	452.58	

GL Number	Grant	In\Ref #	Vendor	Invoice Desc.	Invoice	Chk Date	Amount	Cl
Fund 101 General Fund								
Dept 253.202 Customer Services-Water Collection								
101-253.202-729.000		P 268761	SSS PRINTING		14676	09/05/14	25,000.00	
101-253.202-900.000		P 257897	LEVEL ONE LLC		0020354		3,909.32	
				Total For Dept 253.202 Customer Serv			36,861.90	
Dept 253.203 Customer Service-Sewer collection								
101-253.203-729.000		P 266036	SSS PRINTING		14325	07/11/14	7,500.00	
101-253.203-729.000		P 268301	MAIL ROOM SERVICE		07140261	09/12/14	452.58	
101-253.203-823.000		L 266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	74.35	
101-253.203-823.000		L 267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	74.35	
101-253.203-823.000		L 269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	74.35	
101-253.203-900.000		P 257897	LEVEL ONE LLC		0020354		3,909.31	
				Total For Dept 253.203 Customer Serv			12,084.94	
Dept 253.204 Delinquent Collections								
101-253.204-823.000		V 266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	113.61	
101-253.204-823.000		V 267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	113.61	
101-253.204-823.000		V 269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	113.61	
				Total For Dept 253.204 Delinquent Co			340.83	
Dept 257.100 Assessment								
101-257.100-729.000		P 268301	MAIL ROOM SERVICE		07140261	09/12/14	152.20	
101-257.100-801.000		P 267776	GENESEE COUNTY	14	14-026	08/22/14	38,000.00	
101-257.100-823.000		P 266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	183.29	
101-257.100-823.000		P 267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	225.00	
101-257.100-823.000		P 269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	183.29	
101-257.100-850.000		C 266428	AT & T SBS	14	8102303151595	07/17/14	27.67	1
				Total For Dept 257.100 Assessment			38,771.45	
Dept 262.100 City Clerk-Election								
101-262.100-729.000		P 268301	MAIL ROOM SERVICE		07140261	09/12/14	2,414.11	
101-262.100-930.262		M 265911	RBM CONSULTING, LLC	PREVENTIVE MAINTENANCE	29464	07/25/14	14,760.00	
101-262.100-977.000		P 268897	PRODUCTIVITY	PURCHASE AND INSTALLATION OF	26597	09/12/14	24,469.60	
				Total For Dept 262.100 City Clerk-El			41,643.71	
Dept 266.100 Law Office Operations								
101-266.100-729.000		P 268301	MAIL ROOM SERVICE		07140261	09/12/14	47.38	
101-266.100-823.000		L 266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	396.02	
101-266.100-823.000		L 267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	452.59	
101-266.100-823.000		L 269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	396.02	
				Total For Dept 266.100 Law Office Op			1,292.01	
Dept 270.100 Personnel Office								

GL Number	Grant	Inv	Ref #	Vendor	Invoice Desc.	Invoice	Chk Date	Amount	Ch
Fund 101 General Fund									
Dept 270.100 Personnel Office									
101-270.100-729.000		P	268301	MAIL ROOM SERVICE		07140261	09/12/14	6.05	
101-270.100-823.000		L	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	74.35	
101-270.100-823.000		P	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	183.29	
101-270.100-823.000		L	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	74.35	
101-270.100-823.000		P	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	439.64	
101-270.100-823.000		L	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	74.35	
101-270.100-823.000		P	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	183.29	
					Total For Dept 270.100 Personnel Off			1,035.32	
Dept 302.100 Pol Admin Bureau - Admin									
101-302.100-729.000		P	268301	MAIL ROOM SERVICE		07140261	09/12/14	117.43	
101-302.100-823.000		P	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	183.29	
101-302.100-823.000		P	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	332.68	
101-302.100-823.000		P	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	183.29	
101-302.100-850.000		C	266428	AT & T SBS	14	8102303151595	07/17/14	3,123.38	1
					Total For Dept 302.100 Pol Admin Bur			3,940.07	
Dept 302.200 Pol Admin Bureau-Inspections									
101-302.200-823.000		V	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	113.61	
101-302.200-823.000		V	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	113.61	
101-302.200-823.000		V	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	113.61	
					Total For Dept 302.200 Pol Admin Bur			340.83	
Dept 302.205 Pol Admin - City Lock up									
101-302.205-801.000		P	265918	GENESEE COUNTY	14	21	07/25/14	198,583.90	
101-302.205-801.000		P	267592	GENESEE COUNTY		22	09/12/14	196,738.75	
101-302.205-801.000		P	268913	GENESEE COUNTY		23	09/12/14	251,741.41	
					Total For Dept 302.205 Pol Admin - C			647,064.06	
Dept 305.200 Pol Tech Serv-Records & Identification									
101-305.200-726.000		R	267730	WINDER POLICE	FLARES	20142179	08/15/14	4,862.29	
101-305.200-726.000		S	267730	WINDER POLICE	FLARES	20142179	08/15/14	377.16	
101-305.200-823.000		X	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	181.16	
101-305.200-823.000		X	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	181.16	
101-305.200-823.000		X	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	181.16	
101-305.200-931.000		M	265597	NEW WORLD SYSTEMS	15	035380	07/25/14	4,160.00	
					Total For Dept 305.200 Pol Tech Serv			9,942.93	
Dept 305.206 Pol Tech Serv - City Impound									
101-305.206-801.000		P	266172	COMPLETE TOWING	14	077	07/25/14	13,900.00	
101-305.206-801.000		T	267663	COMPLETE TOWING	TOWING & STORAGE SERVICES	078		12,695.00	

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Fund 101 General Fund								
Dept 305.206 Pol Tech Serv - City Impound								
101-305.206-801.000		T	268993	COMPLETE TOWING	TOWING & STORAGE SERVICES	079		10,755.00
					Total For Dept 305.206 Pol Tech Serv			37,350.00
Dept 308.200 Pol Invst Ovrhd - Criminal Invest Overh								
101-308.200-823.000		X	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	181.16
101-308.200-823.000		X	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	181.16
101-308.200-823.000		X	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	181.16
					Total For Dept 308.200 Pol Invst Ovr			543.48
Dept 308.202 Pol Invst Ovrhd - Police School Liason								
101-308.202-823.000		L	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	74.35
101-308.202-823.000		L	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	74.35
101-308.202-823.000		L	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	74.35
					Total For Dept 308.202 Pol Invst Ovr			223.05
Dept 315.100 Patrol Bureau - Administration								
101-315.100-823.000		V	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	113.61
101-315.100-823.000		B	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	488.06
101-315.100-823.000		Y	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	48.56
101-315.100-823.000		B	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	1,016.76
101-315.100-823.000		Y	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	48.56
101-315.100-823.000		V	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	113.61
101-315.100-823.000		B	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	488.06
101-315.100-823.000		V	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	113.61
101-315.100-823.000		Y	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	48.56
101-315.100-940.000		M	267377	VEHICLE CITY HARLEY	15 MOTORCYCLE LEASE	462669	08/08/14	6,000.00
101-315.100-977.500		5	268115	GREAT LAKES	UP-FITTING OF MOTORCYCLES	14022	08/22/14	1,206.43
101-315.100-977.500		S	268115	GREAT LAKES	UP-FITTING OF MOTORCYCLES	14022	08/22/14	2,256.87
101-315.100-977.500		A	268115	GREAT LAKES	UP-FITTING OF MOTORCYCLES	14022	08/22/14	297.36
101-315.100-977.500		M	268115	GREAT LAKES	UP-FITTING OF MOTORCYCLES	14022	08/22/14	1,410.34
101-315.100-977.500		T	268115	GREAT LAKES	UP-FITTING OF MOTORCYCLES	14022	08/22/14	400.00
101-315.100-977.500		I	268115	GREAT LAKES	UP-FITTING OF MOTORCYCLES	14022	08/22/14	1,200.00
					Total For Dept 315.100 Patrol Bureau			15,250.39
Dept 315.207 Patrol Bureau-Traffic Safety								
101-315.207-823.000		L	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	396.02
101-315.207-823.000		L	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	644.83
101-315.207-823.000		L	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	396.02
					Total For Dept 315.207 Patrol Bureau			1,436.87
Dept 325.100 Public Safety 911 - Administration								

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Fund 101 General Fund									
Dept 325.100 Public Safety 911 - Administration									
101-325.100-729.000		P	268301	MAIL ROOM SERVICE		07140261	09/12/14	22.68	
101-325.100-823.000		L	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	74.35	
101-325.100-823.000		L	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	74.35	
101-325.100-823.000		L	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	74.35	
101-325.100-850.000		C	266428	AT & T SBS	14	8102303151595	07/17/14	2,104.57	1
101-325.100-930.000		R	265597	NEW WORLD SYSTEMS	15	035380	07/25/14	161,620.00	
					Total For Dept 325.100 Public Safety			163,970.30	
Dept 337.100 Office Of Fire Chief									
101-337.100-729.000		P	268301	MAIL ROOM SERVICE		07140261	09/12/14	6.55	
101-337.100-823.000		P	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	183.29	
101-337.100-823.000		P	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	732.02	
101-337.100-823.000		P	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	183.29	
101-337.100-850.000		C	266428	AT & T SBS	14	8102303151595	07/17/14	5,842.36	1
					Total For Dept 337.100 Office Of Fir			6,947.51	
Dept 371.209 Development-Planning & Zoning									
101-371.209-729.000		P	268301	MAIL ROOM SERVICE		07140261	09/12/14	14.62	
					Total For Dept 371.209 Development-P			14.62	
Dept 690.100 DCD - Administration									
101-690.100-801.000		C	270008	URBAN BUILDER &	CDBG 2013EM076 REHAB	104		4,519.18	
					Total For Dept 690.100 DCD - Adminis			4,519.18	
Dept 752.101 Parks - Recreation Division									
101-752.101-850.000		C	266428	AT & T SBS	14	8102303151595	07/17/14	182.20	1
					Total For Dept 752.101 Parks - Recre			182.20	
Dept 753.200 Facilities Maint-Municipal Center									
101-753.200-801.000		P	265979	DU ALL CLEANING INC	14	10560	07/18/14	5,798.00	
101-753.200-801.000		J	267459	DU ALL CLEANING INC	JANITORIAL SERVICES FOR CITY OF	10463	08/15/14	5,798.00	
101-753.200-801.000		S	268183	HD CONSTRUCTION	SUSPENDED GRID CEILING SYSTEM -	08122014	08/29/14	5,136.00	
101-753.200-801.000		O	268183	HD CONSTRUCTION	SUSPENDED GRID CEILING SYSTEM -	08122014	08/29/14	1,925.00	
101-753.200-801.000		M	268183	HD CONSTRUCTION	SUSPENDED GRID CEILING SYSTEM -	08122014	08/29/14	500.00	
101-753.200-801.000		J	269013	DU ALL CLEANING INC	JANITORIAL SERVICES FOR CITY OF	10655	09/19/14	5,798.00	
101-753.200-801.000		A	269278	NEWKIRK ELECTRIC	ELECTRICAL UPGRADES TO THE	9049	09/26/14	8,135.00	
101-753.200-850.000		C	266428	AT & T SBS	14	8102303151595	07/17/14	76.72	1
101-753.200-920.000			267603	Consumers Energy	ML061814-071714 1101 S SAGINAW	100000298446	08/14/14	31,413.38	1
101-753.200-920.000			268396	Consumers Energy	ML071814-081514 1101 S SAGINAW	100000298446	09/04/14	31,191.95	1
					Total For Dept 753.200 Facilities Ma			95,772.05	
					Total For Fund 101 General Fund			2,026,173.80	

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Fund 202 Major Street Fund									
Dept 441.702 Transportation-Tip Contribution									
202-441.702-801.000		P	266075	ROWE ENGINEERING	14	0073759	07/25/14	5,707.25	
202-441.702-801.000		P	266083	ROWE ENGINEERING	14	0074205	07/25/14	9,976.25	
202-441.702-801.000		P	266084	ROWE ENGINEERING	14	0074207	07/25/14	11,691.50	
202-441.702-801.000		P	266619	WADE TRIM, INC	14	3000761	07/25/14	58,541.69	
202-441.702-801.000		P	267884	WADE TRIM, INC		3001157	08/29/14	26,515.74	
202-441.702-801.000		P	269204	WADE TRIM, INC	PIERSON RD CMAQ, MDOT	3001308		19,765.39	
202-441.702-801.000		P	269279	ROWE ENGINEERING		0074644		6,510.00	
					Total For Dept 441.702 Transportatio			138,707.82	
Dept 442.100 Transportation Major And Local Streets									
202-442.100-729.000		P	268301	MAIL ROOM SERVICE		07140261	09/12/14	29.23	
202-442.100-823.000		P	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	183.29	
202-442.100-823.000		P	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	537.48	
202-442.100-823.000		P	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	183.29	
					Total For Dept 442.100 Transportatio			933.29	
Dept 443.200 Trans Engg-Routine Maint-Strts/Repairs									
202-443.200-801.000		P	269321	ROWE ENGINEERING		0074702		25,435.75	
					Total For Dept 443.200 Trans Engg-Ro			25,435.75	
Dept 443.201 Traffic Engineering Service Maintenance									
202-443.201-726.000		C	265550	CARRIER AND GABLE	TRAFFIC SIGNAL	248478	07/03/14	6,174.00	
202-443.201-726.000		C	265554	CARRIER AND GABLE	TRAFFIC SIGNAL	248482	07/03/14	7,260.00	
202-443.201-726.000		C	265551	CARRIER AND GABLE	TRAFFIC SIGNAL	248479	07/03/14	7,593.58	
202-443.201-726.000		D	265533	MCNAUGHTON MCKAY	DECORATIVE LIGHTING SUPPLIES	13221701-00	07/03/14	22,375.00	
202-443.201-726.000		S	266591	CARRIER AND GABLE	TRAFFIC SIGNAL	248644	07/25/14	6,550.72	
202-443.201-726.000		S	267361	RATHCO SAFETY		146713		10,629.83	
202-443.201-726.000		S	268240	RATHCO SAFETY		147069		8,995.15	
202-443.201-726.000		B	268922	LIGHTLE ENTERPRISES	CONES & BARRICADES	2784		4,141.50	
202-443.201-801.000		P	266023	M & M PAVEMENT	14	2661	07/18/14	20,906.50	
202-443.201-823.000		V	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	113.61	
202-443.201-823.000		L	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	74.35	
202-443.201-823.000		L	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	74.35	
202-443.201-823.000		V	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	113.61	
202-443.201-823.000		V	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	113.61	
202-443.201-823.000		L	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	74.35	
202-443.201-920.000		U	266113	CONSUMERS ENERGY	14 AT	1000 0029 8321	07/24/14	12,452.10	1
202-443.201-920.000		U	267680	CONSUMERS ENERGY	AT	1000 0029 8321	08/28/14	13,134.77	1
202-443.201-920.000		U	269159	CONSUMERS ENERGY	AT	201359217705	09/25/14	13,348.10	1

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Fund 202 Major Street Fund									
Dept 443.201 Traffic Engineering Service Maintenance									
202-443.201-920.000		S	269498	STATE OF MICHIGAN	AT TRAFFIC SIGNAL	AP 369641		12,994.80	
202-443.201-930.000		C	266623	CSX TRANSPORTATION	SIGNAL MAINTENANCE	8275980	08/29/14	18,902.00	
					Total For Dept 443.201 Traffic Engin			166,021.93	
Dept 449.201 St Maint-Routine Maint-Strts/Repairs-Act									
202-449.201-782.000		A	266444	ACE SAGINAW PAVING		1966336	09/26/14	4,336.61	
202-449.201-782.000		A	266951	ACE SAGINAW PAVING		1967745	09/26/14	386.51	
202-449.201-782.000		A	268776	ACE SAGINAW PAVING		1980063		1,390.09	
202-449.201-823.000		Y	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	48.56	
202-449.201-823.000		Y	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	48.56	
202-449.201-823.000		Y	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	48.56	
202-449.201-850.000		C	266428	AT & T SBS	14	8102303151595	07/17/14	25.90	1
					Total For Dept 449.201 St Maint-Rout			6,284.79	
Dept 449.211 Water cut repairs - transportation									
202-449.211-782.000		A	266444	ACE SAGINAW PAVING		1966336	09/26/14	732.38	
202-449.211-782.000		A	266951	ACE SAGINAW PAVING		1967745	09/26/14	283.50	
					Total For Dept 449.211 Water cut rep			1,015.88	
					Total For Fund 202 Major Street Fund			338,399.46	
Fund 203 Local Street Fund									
Dept 443.201 Traffic Engineering Service Maintenance									
203-443.201-726.000		S	267361	RATHCO SAFETY		146713		8,502.33	
203-443.201-726.000		B	268922	LIGHTLE ENTERPRISES	CONES & BARRICADES	2784		4,141.50	
					Total For Dept 443.201 Traffic Engin			12,643.83	
Dept 449.201 St Maint-Routine Maint-Strts/Repairs-Act									
203-449.201-782.000		A	266444	ACE SAGINAW PAVING		1966336	09/26/14	211.21	
203-449.201-782.000		A	266951	ACE SAGINAW PAVING		1967745	09/26/14	2,395.11	
203-449.201-782.000		A	268776	ACE SAGINAW PAVING		1980063		3,712.92	
203-449.201-782.000		A	269945	ACE SAGINAW PAVING		1986795		12,951.36	
					Total For Dept 449.201 St Maint-Rout			19,270.60	
Dept 449.211 Water cut repairs - transportation									
203-449.211-782.000		A	266951	ACE SAGINAW PAVING		1967745	09/26/14	4,042.72	
203-449.211-782.000		A	268776	ACE SAGINAW PAVING		1980063		523.07	
					Total For Dept 449.211 Water cut rep			4,565.79	
					Total For Fund 203 Local Street Fund			36,480.22	
Fund 205 Public Safety									
Dept 338.201 Firefighting Division-Fire Station Overh									
205-338.201-758.000		F	266197	WEST SHORE FIRE INC	TURNOUT GEAR	8004	07/18/14	7,360.00	
205-338.201-758.000		F	266197	WEST SHORE FIRE INC	TURNOUT GEAR	8004	07/18/14	5,312.00	

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Fund 205 Public Safety								
Dept 338.201 Firefighting Division-Fire Station Overh								
205-338.201-758.000	F	269039	WEST SHORE FIRE INC	TURNOUT GEAR	8319	09/12/14	41,400.00	
205-338.201-758.000	F	269039	WEST SHORE FIRE INC	TURNOUT GEAR	8319	09/12/14	29,880.00	
				Total For Dept 338.201 Firefighting			83,952.00	
				Total For Fund 205 Public Safety			83,952.00	
Fund 207 Police Fund								
Dept 315.204 Patrol Bureau-Patrol - 4Th Shift								
207-315.204-823.000	Y	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	48.56	
207-315.204-823.000	Y	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	48.56	
207-315.204-823.000	Y	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	48.56	
207-315.204-850.000	C	266428	AT & T SBS	14	8102303151595	07/17/14	679.43	1
				Total For Dept 315.204 Patrol Bureau			825.11	
				Total For Fund 207 Police Fund			825.11	
Fund 208 Park/Recreation Fund								
Dept 752.100 Parks & Recreation Admin								
208-752.100-729.000	P	268301	MAIL ROOM SERVICE		07140261	09/12/14	2.02	
208-752.100-850.000	C	266428	AT & T SBS	14	8102303151595	07/17/14	23.97	1
				Total For Dept 752.100 Parks & Recre			25.99	
Dept 752.102 Parks - Forestry Admin								
208-752.102-801.000	F	265557	MIKE'S LANDSCAPING	14	131	07/18/14	22,039.00	
208-752.102-801.000	P	265557	MIKE'S LANDSCAPING	14	131	07/18/14	5,941.00	
208-752.102-801.000	P	265510	GROUND EFFECTS		06202014	07/25/14	5,000.00	
208-752.102-801.000	P	266079	ROWE ENGINEERING	14	0074172		12,318.50	
208-752.102-801.000	F	267483	MIKE'S LANDSCAPING	MIKE'S LANDSCAPING FY15 MOWING	143	08/08/14	14,459.00	
208-752.102-801.000	F	268772	MIKE'S LANDSCAPING	MIKE'S LANDSCAPING FY15 MOWING	153	09/12/14	14,739.00	
208-752.102-801.000	P	269888	CRIM FITNESS		79		5,000.00	
208-752.102-920.900	I	266326	TREASURER CITY OF	14	SAGN-003300-01	07/24/14	6,108.49	1
208-752.102-920.900	I	266312	TREASURER CITY OF	14	FORE-002201-01	07/24/14	12,081.84	1
				Total For Dept 752.102 Parks - Fores			97,686.83	
				Total For Fund 208 Park/Recreation F			97,712.82	
Fund 213 Park & Recreation Senior Citizen Centers								
Dept 752.120 Brennan Community Center								
213-752.120-801.000	P	266110	BRENNAN ELM PARK	14	06302014	07/18/14	7,164.51	
213-752.120-801.000	P	267682	BRENNAN ELM PARK		JULY 2014	08/15/14	5,126.50	
213-752.120-801.000	P	269001	BRENNAN ELM PARK		AUGUST 2014	09/12/14	6,837.79	
				Total For Dept 752.120 Brennan Commu			19,128.80	
Dept 752.160 Hasselbring Community Center								
213-752.160-801.000	P	266100	UNITED SENIOR	14	06302014	07/18/14	8,558.28	

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Fund 213 Park & Recreation Senior Citizen Centers									
Dept 752.160 Hasselbring Community Center									
213-752.160-801.000		P	267474	UNITED SENIOR		JULY 2014	08/08/14	9,028.63	
213-752.160-801.000		P	268990	UNITED SENIOR		AUGUST 2014	09/12/14	8,578.96	
					Total For Dept 752.160 Hasselbring C			26,165.87	
					Total For Fund 213 Park & Recreation			45,294.67	
Fund 219 Street Light									
Dept 443.206 Street Lighting									
219-443.206-920.000		U	266112	CONSUMERS ENERGY	14 AT	1000 0029 8404	07/10/14	197,425.52	1
219-443.206-920.000		U	267582	CONSUMERS ENERGY	AT	1000 0029 8404	08/14/14	198,052.36	1
219-443.206-920.000		U	269157	CONSUMERS ENERGY	AT	201359217707	09/18/14	198,611.20	1
					Total For Dept 443.206 Street Lighti			594,089.08	
					Total For Fund 219 Street Light			594,089.08	
Fund 226 Rubbish Collection Fund									
Dept 528.201 Waste Collection - Sanitation									
226-528.201-801.000		P	266040	RWS OF MID MICHIGAN	14	0237-001327153	07/18/14	324,336.87	
226-528.201-801.000		R	266941	RWS OF MID MICHIGAN	ADD'L YR. OF CONTRACTED	0237-001329414	08/08/14	332,174.70	
226-528.201-801.000		R	268198	RWS OF MID MICHIGAN	ADD'L YR. OF CONTRACTED	0237-001336850	08/29/14	332,174.70	
226-528.201-801.000		R	269836	RWS OF MID MICHIGAN	ADD'L YR. OF CONTRACTED	0237-001343470	09/26/14	332,174.70	
					Total For Dept 528.201 Waste Collect			1,320,860.97	
Dept 528.204 Waste Collect-Composting(Leaves & Grass)									
226-528.204-801.000		P	266078	ROWE ENGINEERING	14	0074208A	08/01/14	19,013.75	
					Total For Dept 528.204 Waste Collect			19,013.75	
Dept 528.205 Waste Collection - Neighborhood Cleanup									
226-528.205-674.000		C	266446	RWS OF MID MICHIGAN	14	237001327153	07/25/14	(64,729.00)	
226-528.205-801.000		P	266446	RWS OF MID MICHIGAN	14	237001327153	07/25/14	84,729.00	
					Total For Dept 528.205 Waste Collect			20,000.00	
Dept 528.207 Waste Collection - Compost site									
226-528.207-801.000		P	266418	RESOURCE RECYCLING		727127	07/25/14	18,750.00	
226-528.207-801.000		C	267985	RESOURCE RECYCLING	COMPOST PROCESSING/DISPOSITION	727136	09/05/14	18,750.00	
226-528.207-801.000		C	269540	RESOURCE RECYCLING	COMPOST PROCESSING/DISPOSITION	727161	09/26/14	18,750.00	
					Total For Dept 528.207 Waste Collect			56,250.00	
					Total For Fund 226 Rubbish Collectio			1,416,124.72	
Fund 265 Drug Law Enforcement Fund									
Dept 308.207 Pol Invst Ovrhd - Doj/Dea Forfeiture									
265-308.207-823.000		P	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	183.29	
265-308.207-823.000		P	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	243.73	
265-308.207-823.000		P	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	183.29	
265-308.207-850.000		C	266428	AT & T SBS	14	8102303151595	07/17/14	23.97	1

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Fund 265 Drug Law Enforcement Fund								
Dept 308.207 Pol Invst Ovrhd - Doj/Dea Forfeiture								
					Total For Dept 308.207 Pol Invst Ovr			634.28
					Total For Fund 265 Drug Law Enforcem			634.28
Fund 274 HUD CDBG, ESG, & HOME GRANTS								
Dept 012.093 DiPonio Smith village								
274-012.093-211.000		C	267885	DIPONIO CONTRACTING		12007-11	08/29/14	11,985.37
					Total For Dept 012.093 DiPonio Smith			11,985.37
Dept 748.100 Cof Cdbg Administration								
274-748.100-801.000	FHUD14CDI	P	266567	METRO COMMUNITY	METRO COMMUNITY -SUBRECIPIENT	1315105	07/25/14	4,293.35
274-748.100-823.000	FHUD14CDI	C	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	396.02
274-748.100-823.000	FHUD14CDI	C	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	822.28
274-748.100-823.000	FHUD15CDI	C	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	396.02
					Total For Dept 748.100 Cof Cdbg Admi			5,907.67
Dept 748.102 COF - Rehab								
274-748.102-805.327	FCDBGPRI(	C	270008	URBAN BUILDER &	CDBG 2013EM076 REHAB	104		497.29
					Total For Dept 748.102 COF - Rehab			497.29
Dept 748.133 COf-DCED City wide emergency repair								
274-748.133-805.327	FCDBGPRI(	1	266736	PHILIP JOHNSON	14	1116416	08/01/14	5,443.00
					Total For Dept 748.133 COf-DCED City			5,443.00
Dept 748.215 COF Parks & Rec Berston Fac Improv.								
274-748.215-801.000	FHUD13CDI	S	268954	EFFICIENT	DIRT FOR BERSTON FIELD HOUSE -	2014-11	09/19/14	9,800.00
274-748.215-801.000	FHUD13CDI	P	268954	EFFICIENT	DIRT FOR BERSTON FIELD HOUSE -	2014-11	09/19/14	2,000.00
274-748.215-801.000	FHUD14CDI	P	269242	OAK CONSTRUCTION		13-6-47	09/19/14	12,000.00
274-748.215-801.000	FHUD14CDI	I	269480	WALKER	INTERNAL & EXTERNAL LIGHTING AT	14-2821	09/26/14	13,025.00
					Total For Dept 748.215 COF Parks & R			36,825.00
Dept 748.222 COF-POLICE-CODE ENF-HUD 14								
274-748.222-726.000	FHUD14CDI	K	266360	ADVANCED WIRELESS	NSO 800MHZ RADIOS	40932	08/22/14	6,894.61
274-748.222-726.000	FHUD14CDI	R	266360	ADVANCED WIRELESS	NSO 800MHZ RADIOS	40932	08/22/14	586.96
274-748.222-729.000	FHUD14CDI	S	268301	MAIL ROOM SERVICE		07140261	09/12/14	2.52
					Total For Dept 748.222 COF-POLICE-CO			7,484.09
Dept 748.290 Disability Network Ramps & Access								
274-748.290-805.327	FHUD14CDI	1	269231	DISABILITY NETWORK		1310407		6,093.99
					Total For Dept 748.290 Disability Ne			6,093.99
Dept 748.365 GCCARD CWE								
274-748.365-805.327	FHUD14CDI	H	269657	GENESEE CTY	HOUSING/FACILITY IMPROVEMENTS	1310301		40,548.95
					Total For Dept 748.365 GCCARD CWE			40,548.95
Dept 748.371 Genesee County Land Bank								
274-748.371-805.126	FHUD14CDI	G	266727	GENESEE COUNTY LAND	14 GENESEE COUNTY LAND BANK	1400401	08/29/14	121,237.71

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Fund 274 HUD CDBG, ESG, & HOME GRANTS								
Dept 748.371 Genesee County Land Bank								
					Total For Dept 748.371 Genesee Count			121,237.71
Dept 748.512 Unite Way Youth Recreation								
274-748.512-805.105	FHUD14CDBY		267570	UNITED WAY OF	14 CDBG, PUBLIC SERVICES,	1309505		12,798.84
					Total For Dept 748.512 Unite Way You			12,798.84
Dept 749.181 COF - Smith Village project								
274-749.181-805.276	FHOMEPRI(1		266080	ROWE ENGINEERING	14	0074212		8,330.50
274-749.181-805.276	FHOMEPRI(1		266071	ROWE ENGINEERING	14	0074211		20,056.25
274-749.181-805.276	FHOMEPRI(H		267381	GDC SMITH VILLAGE	14	1208702	08/08/14	200,096.08
274-749.181-805.276	FHOMEPRI(H		268420	GDC SMITH VILLAGE		1208703	09/19/14	69,824.11
					Total For Dept 749.181 COF - Smith V			298,306.94
Dept 749.333 Flint Nipp - Rental rehab								
274-749.333-805.327	FHOMEPRI(H		269322	FLINT NEIGHBORHOOD	CHG ORDER #2	0805736		6,560.00
					Total For Dept 749.333 Flint Nipp -			6,560.00
Dept 750.102 METRO COMM DEV - ESG ADMIN								
274-750.102-805.100	FHUD13ESG(P		266567	METRO COMMUNITY	METRO COMMUNITY -SUBRECIPIENT	1315105	07/25/14	6,706.65
274-750.102-805.100	FHUD14ESG(E		266739	METRO COMMUNITY	14 FESGPRIOR PROGRAM ADMIN &	1315201	08/15/14	7,283.12
					Total For Dept 750.102 METRO COMM DE			13,989.77
Dept 750.200 METRO COMM DEV - ESG PROGRAMS								
274-750.200-805.101	FHUD14ESG(E		267738	METRO COMMUNITY	14 METRO ESG ADMIN & PROGRAM	1315205	08/15/14	24,693.25
274-750.200-805.101	FHUD14ESG(E		267989	METRO COMMUNITY	METRO ESG ADMIN & PROGRAM	1315206	09/26/14	15,923.73
274-750.200-805.101	FHUD14ESG(E		269866	METRO COMMUNITY	METRO ESG ADMIN & PROGRAM	1315207		5,361.29
274-750.200-805.122	FHUD14ESG(E		267738	METRO COMMUNITY	14 METRO ESG ADMIN & PROGRAM	1315205	08/15/14	11,994.99
274-750.200-805.122	FHUD14ESG(E		267989	METRO COMMUNITY	METRO ESG ADMIN & PROGRAM	1315206	09/26/14	7,531.88
274-750.200-805.122	FHUD13ESG(M		269655	METRO COMMUNITY	METRO COMMUNITY -SUBRECIPIENT	1315101		6,806.86
274-750.200-805.122	FHUD14ESG(E		269866	METRO COMMUNITY	METRO ESG ADMIN & PROGRAM	1315207		2,821.94
274-750.200-805.123	FHUD14ESG(E		269866	METRO COMMUNITY	METRO ESG ADMIN & PROGRAM	1315207		7,451.85
274-750.200-805.124	FHUD14ESG(E		267738	METRO COMMUNITY	14 METRO ESG ADMIN & PROGRAM	1315205	08/15/14	3,616.36
274-750.200-805.124	FHUD14ESG(E		267989	METRO COMMUNITY	METRO ESG ADMIN & PROGRAM	1315206	09/26/14	1,808.18
					Total For Dept 750.200 METRO COMM DE			88,010.33
					Total For Fund 274 HUD CDBG, ESG, &			655,688.95
Fund 295 Section 108 Loans								
Dept 690.300 Sec 108 -Manhattan Place								
295-690.300-992.000		P	266269	BANK OF NEW YORK		B-00-MC-26-	07/18/14	150,000.00
295-690.300-996.000		I	266269	BANK OF NEW YORK		B-00-MC-26-	07/18/14	5,048.20
					Total For Dept 690.300 Sec 108 -Manh			155,048.20
Dept 690.305 Sec 108 -Ok Industries								
295-690.305-992.000		P	266453	BANK OF NEW YORK		B-01-MC-26-	07/18/14	21,000.00

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Fund 295 Section 108 Loans									
Dept 690.305 Sec 108 -Ok Industries									
295-690.305-996.000		I	266453	BANK OF NEW YORK		B-01-MC-26-	07/18/14	1,777.65	
					Total For Dept 690.305 Sec 108 -Ok I			22,777.65	
Dept 690.320 Sec 108 - 500 Block Project									
295-690.320-992.000		P	266452	BANK OF NEW YORK		B-05-MC-26-	07/18/14	295,000.00	
295-690.320-996.000		I	266452	BANK OF NEW YORK		B-05-MC-26-	07/18/14	57,726.50	
					Total For Dept 690.320 Sec 108 - 500			352,726.50	
Dept 690.321 500 block - Bus loan section 108									
295-690.321-996.000		I	266450	BANK OF NEW YORK		B-01-MC-26-	07/18/14	67,293.40	
					Total For Dept 690.321 500 block - B			67,293.40	
Dept 690.325 Sec. 108 Bus Loan Prog									
295-690.325-996.000		I	266450	BANK OF NEW YORK		B-01-MC-26-	07/18/14	7,820.40	
					Total For Dept 690.325 Sec. 108 Bus			7,820.40	
Dept 690.330 2021 W. Carpenter Rd - Sec 108									
295-690.330-992.000		P	267347	BANK OF NEW YORK		B-08-MC-26-	08/01/14	98,000.00	
					Total For Dept 690.330 2021 W. Carpe			98,000.00	
Dept 690.335 Michigan Truss Section 108 - Bus loan pr									
295-690.335-992.000		P	266450	BANK OF NEW YORK		B-01-MC-26-	07/18/14	75,000.00	
295-690.335-996.000		I	266450	BANK OF NEW YORK		B-01-MC-26-	07/18/14	22,567.50	
					Total For Dept 690.335 Michigan Trus			97,567.50	
					Total For Fund 295 Section 108 Loans			801,233.65	
Fund 296 Other Grants Fund									
Dept 301.600 Recovery Act JAG 2009									
296-301.600-977.000	**FMSP14JA(**	M	270009	FLINT COMMUNITY	METAL DETECTORS & RADIOS FOR	10001		5,161.00	
296-301.600-977.000	**FMSP14JA(**	G	270009	FLINT COMMUNITY	METAL DETECTORS & RADIOS FOR	10001		1,815.00	
296-301.600-977.000	**FMSP14JA(**	G	270009	FLINT COMMUNITY	METAL DETECTORS & RADIOS FOR	10001		12,780.00	
					Total For Dept 301.600 Recovery Act			19,756.00	
Dept 301.612 Cities of Service Impact Volun. Grant									
296-301.612-726.000	**OCOS14VO**	E	267739	RED CROSS STORE	14 EMERGENCY PREPAREDNESS KITS	OH3332	08/14/14	36,300.00	1
296-301.612-726.000	**OCOS14VO**	F	267739	RED CROSS STORE	14 EMERGENCY PREPAREDNESS KITS	OH3332	08/14/14	11,220.00	1
296-301.612-726.000	**OCOS14VO**	S	267739	RED CROSS STORE	14 EMERGENCY PREPAREDNESS KITS	OH3332	08/14/14	2,032.82	1
296-301.612-801.000	**OCOS14VO**	P	266389	RWS OF MID MICHIGAN	14	0237-001327847	07/25/14	5,312.77	
296-301.612-801.000	**OCOS14VO**	P	266446	RWS OF MID MICHIGAN	14	237001327153	07/25/14	25,000.00	
296-301.612-801.000	**OCOS14VO**	P	267686	RWS OF MID MICHIGAN		0237-001335484	09/19/14	5,984.97	
					Total For Dept 301.612 Cities of Ser			85,850.56	
Dept 301.613 CS Mott - Back to Bricks									
296-301.613-801.000	**LCSM14BR**	P	269556	GENESEE COUNTY		24		18,309.42	

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Fund 296 Other Grants Fund									
Dept 301.613 CS Mott - Back to Bricks									
					Total For Dept 301.613 CS Mott - Bac			18,309.42	
Dept 301.680 Comp Grant Assist Program (CGAP-SOM)									
296-301.680-801.000	SSOM13CG	P	267535	MOTOROLA INC		41197903	09/05/14	259,702.00	
296-301.680-801.000	SSOM13CG	P	269035	MOTOROLA INC		41199110		23,189.00	
296-301.680-977.000	SSOM13CG	E	267535	MOTOROLA INC		41197903	09/05/14	400,298.00	
					Total For Dept 301.680 Comp Grant As			683,189.00	
Dept 301.731 DOJ Highway Safety grant									
296-301.731-977.000	FDOJ10SA	E	267472	STATE OF MICHIGAN	AT	AS 368234	08/14/14	25,000.00	1
					Total For Dept 301.731 DOJ Highway S			25,000.00	
Dept 690.342 DCD - MDEQ Site Assessment FY									
296-690.342-801.000	SMDEQ04S		269270	ASTI ENVIRONMENTAL		025154	09/26/14	12,298.86	
					Total For Dept 690.342 DCD - MDEQ Si			12,298.86	
Dept 690.375 Countrywide Settlement Grant									
296-690.375-726.000	OCOUNTRY	K	266360	ADVANCED WIRELESS	NSO 800MHZ RADIOS	40932	08/22/14	4,214.35	
					Total For Dept 690.375 Countrywide S			4,214.35	
Dept 690.396 R MOTT MATCH 4 MDNR (RIVERBANK PARK)									
296-690.396-801.000	LRMOTT13	R	269869	WADE TRIM, INC	ENGINEERING SERVICES FOR THE	3001378		14,022.75	
					Total For Dept 690.396 R MOTT MATCH			14,022.75	
Dept 690.402 C. S. Mott Master Plan Grant									
296-690.402-801.000	LCSMOTTM1	M	266176	HOUSEAL LAVIGNE	14	2571	08/01/14	51,015.65	
296-690.402-801.000	LCSMOTTM1	M	268062	HOUSEAL LAVIGNE	PROFESSIONAL SERVICES	2590		18,285.78	
296-690.402-801.000	LCSMOTTM1	M	268912	HOUSEAL LAVIGNE	PROFESSIONAL SERVICES	2602		6,501.69	
					Total For Dept 690.402 C. S. Mott Ma			75,803.12	
Dept 690.406 U of M Max Brandon Park									
296-690.406-801.000	LGLAA14P1	P	269886	OWEN TREE SERVICE		395149		9,250.00	
296-690.406-801.000	LGLAA14P1	P	270015	GENESEE COUNTY		915		18,900.00	
					Total For Dept 690.406 U of M Max Br			28,150.00	
Dept 690.408 US Conf of Mayors Lead Safe 4 Kids Sake									
296-690.408-730.000	OUSCM15L	P	269376	UNITED STATES		44606	09/18/14	9,181.00	1
					Total For Dept 690.408 US Conf of Ma			9,181.00	
					Total For Fund 296 Other Grants Fund			975,775.06	
Fund 297 Federal Stimulus Fund									
Dept 743.100 Neighborhood Stabilization program 2									
297-743.100-802.400		U	266566	MICHIGAN STATE		PAYMENT #4	07/25/14	35,545.41	
297-743.100-802.400		U	268448	MICHIGAN STATE		PAYMENT #5	09/05/14	52,116.63	
					Total For Dept 743.100 Neighborhood			87,662.04	

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Fund 297 Federal Stimulus Fund									
					Total For Fund 297 Federal Stimulus			87,662.04	
Fund 402 Public Improvement Fund									
Dept 753.200 Facilities Maint-Municipal Center									
402-753.200-976.000		S	266516	SCHAEFERS OFFICE	Schaefers Office Sourc, Council	06/10/2014	07/17/14	5,000.00	
					Total For Dept 753.200 Facilities Ma			5,000.00	
					Total For Fund 402 Public Improvemen			5,000.00	
Fund 542 Building Inspection Fund									
Dept 371.100 Development - Administration									
542-371.100-729.000		P	268301	MAIL ROOM SERVICE		07140261	09/12/14	205.12	
542-371.100-823.000		P	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	183.29	
542-371.100-823.000		P	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	382.96	
542-371.100-823.000		P	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	183.29	
					Total For Dept 371.100 Development -			954.66	
					Total For Fund 542 Building Inspecti			954.66	
Fund 590 Sewer Fund									
Dept 536.101 Utilities - Sewer Administration									
590-536.101-801.000		P	268874	GENESEE COUNTY		GCDC2014-0077		9,291.25	
					Total For Dept 536.101 Utilities - S			9,291.25	
Dept 540.100 Water Service Center Management									
590-540.100-801.000		P	266365	ADVANCED	14	694	07/25/14	28,250.00	
590-540.100-801.000		P	267350	LIQUI-FORCE	14	US1640	07/31/14	41,500.00	1
590-540.100-823.000		V	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	56.81	
590-540.100-823.000		V	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	56.81	
590-540.100-823.000		V	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	56.81	
					Total For Dept 540.100 Water Service			69,920.43	
Dept 540.208 Wsc-Sewer Maint./Construction									
590-540.208-726.000		S	266562	CYDI OF MICHIGAN		828427	07/25/14	6,210.93	
590-540.208-863.000		V	267390	M TECH COMPANY	14	IN141822	08/08/14	7,261.76	
					Total For Dept 540.208 Wsc-Sewer Mai			13,472.69	
Dept 550.100 Wpc Operations									
590-550.100-740.500		T	266134	POLYDYNE INC		895832	07/18/14	6,574.30	
590-550.100-740.500		P	267017	POLYDYNE INC	FY 2015 WPC POLYMER - BELT	900623	08/08/14	6,795.00	
590-550.100-740.500		P	268193	POLYDYNE INC	FY 2015 WPC POLYMER - BELT	906993	08/29/14	6,750.00	
590-550.100-740.500		P	269875	POLYDYNE INC	FY 2015 WPC POLYMER - BELT	914311		6,759.00	
590-550.100-850.000		C	266428	AT & T SBS	14	8102303151595	07/17/14	121.22	1
590-550.100-920.200		G	265903	LAKESHORE ENERGY	14	200-1406-1865	07/11/14	34,600.50	
590-550.100-920.200		G	266111	CONSUMERS ENERGY	14 AT	1000 0000 4430	07/10/14	6,941.18	1
590-550.100-920.200		G	267584	BP CANADA ENERGY		5425113	08/08/14	40,412.40	

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Fund 590 Sewer Fund									
Dept 550.100 Wpc Operations									
590-550.100-920.200		G	267681	CONSUMERS ENERGY	AT	1000 0000 4430	08/14/14	10,967.78	1
590-550.100-920.200		G	269003	BP CANADA ENERGY		5427617	09/12/14	40,507.60	
590-550.100-920.200		G	269156	CONSUMERS ENERGY	AT	201003463736	09/18/14	9,463.21	1
590-550.100-920.300			266633	Consumers Energy	14 ML051714-061714 4652 BEECHER	100000148773	07/24/14	133,441.04	1
590-550.100-920.300			267602	Consumers Energy	ML061814-071714 4652 BEECHER RD	100000148773	08/07/14	126,969.00	1
590-550.100-920.300			268395	Consumers Energy	ML071814-081514 4652 BEECHER RD	100000148773	09/04/14	126,124.81	1
590-550.100-920.400		P	266451	SWEDISH BIOGAS	14	2014-99011	07/25/14	31,187.38	
590-550.100-930.000		R	267740	EVOQUA WATER	15	901818726	08/22/14	7,714.50	
					Total For Dept 550.100 Wpc Operation			595,328.92	
Dept 550.200 Wpc-Third Ave Pump Station									
590-550.200-850.000		C	267568	EN POINTE		92812121	08/08/14	25,584.50	
590-550.200-920.300			266681	Consumers Energy	ML061814-071614 2301 UNIVERSITY	100000290393	07/24/14	37,781.15	1
590-550.200-920.300			268358	Consumers Energy	ML071714-081414 2301 UNIVERSITY	100000290393	09/04/14	12,514.93	1
					Total For Dept 550.200 Wpc-Third Ave			75,880.58	
Dept 550.202 Wpc-Maintenance Expense									
590-550.202-775.000		P	269526	HAMLETT	FY 2015 WPC POSITIVE	2526126	09/26/14	7,351.58	
590-550.202-775.000		N	269819	MID STATES BOLT &	FY 2015 WPC NUTS, BOLTS, TOOLS,	30409380	09/26/14	5,007.75	
590-550.202-775.000		R	269994	PROFESSIONAL PUMP	FY 2015 WPC SUMP PUMP(S)	5065505		5,488.00	
590-550.202-930.000		R	265996	OAK CONSTRUCTION	14	13-6-37	07/18/14	15,000.00	
590-550.202-930.000		R	268949	POWER PLUS		53121	09/12/14	13,630.00	
					Total For Dept 550.202 Wpc-Maintenan			46,477.33	
Dept 550.300 WPC - Capital Improvements									
590-550.300-930.000		E	265500	SORENSEN GROSS	ADJUST INCORRECT ORIGINAL	APP #3	07/03/14	5,196.96	
590-550.300-930.000		N	265502	SORENSEN GROSS	WPC NORTHWEST PUMP STATION	APP 2	07/03/14	5,410.68	
					Total For Dept 550.300 WPC - Capital			10,607.64	
					Total For Fund 590 Sewer Fund			820,978.84	
Fund 591 Water Fund									
Dept 536.100 Utilities - Water Administration									
591-536.100-801.000		P	266000	KAREGNONDI WATER		07012014	07/25/14	48,450.00	
591-536.100-801.000		A	266096	LOCKWOOD, ANDREWS &	14	130-10701-001-	07/18/14	28,650.25	
591-536.100-801.000		A	266265	LOCKWOOD, ANDREWS &	14	130-10701-001-	07/18/14	12,643.35	
591-536.100-801.000		P	267503	KAREGNONDI WATER		08012014	08/08/14	48,450.00	
591-536.100-801.000		P	267629	UNITED STATES		90272552	08/08/14	9,000.00	
591-536.100-801.000		P	268759	KAREGNONDI WATER		09022014	09/05/14	48,450.00	
591-536.100-801.000		A	269290	LOCKWOOD, ANDREWS &		130-10701-001-	09/19/14	19,826.00	
					Total For Dept 536.100 Utilities - W			215,469.60	

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Fund 591 Water Fund									
Dept 540.100 Water Service Center Management									
591-540.100-729.000		P	268301	MAIL ROOM SERVICE		07140261	09/12/14	1.01	
591-540.100-823.000		V	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	56.80	
591-540.100-823.000		V	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	56.80	
591-540.100-823.000		V	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	56.80	
591-540.100-850.000		C	266428	AT & T SBS	14	8102303151595	07/17/14	76.20	1
591-540.100-940.000		R	266558	ALLIED	14	167810-1	07/25/14	9,725.17	
					Total For Dept 540.100 Water Service			9,972.78	
Dept 540.202 Wsc-Water Distribution Mains									
591-540.202-726.000		S	268741	ETNA SUPPLY COMPANY	REPAIR CLAMPS	S101167624.003		21,322.19	
591-540.202-726.000		S	269224	ETNA SUPPLY COMPANY	REPAIR CLAMPS	S101179561.004		8,347.50	
591-540.202-726.000		S	270024	ETNA SUPPLY COMPANY	REPAIR CLAMPS	S101193681.001		4,888.78	
591-540.202-726.000		S	270024	ETNA SUPPLY COMPANY	REPAIR CLAMPS	S101193681.001		11,031.97	
					Total For Dept 540.202 Wsc-Water Dis			45,590.44	
Dept 545.200 Water Plant - Operations									
591-545.200-726.000		B	268266	IDEXX LABORATORIES	BACTERIOLOGICAL SUPPLIES	280833948	08/29/14	6,345.00	
591-545.200-729.000		P	268301	MAIL ROOM SERVICE		07140261	09/12/14	12.10	
591-545.200-740.000		O	266029	PVS TECHNOLOGIES	14	187138	07/18/14	9,086.81	
591-545.200-740.000		O	266030	PVS TECHNOLOGIES	14	187184	07/18/14	9,490.33	
591-545.200-740.000		L	266272	GRAYMONT WESTERN	LIME	40220 RI	07/18/14	6,834.26	
591-545.200-740.000		L	266273	GRAYMONT WESTERN	LIME	40330 RI	08/01/14	3,165.74	
591-545.200-740.000		O	266273	GRAYMONT WESTERN	LIME	40330 RI	08/01/14	3,576.54	
591-545.200-740.000		O	266445	PVS TECHNOLOGIES		187515	07/25/14	6,063.66	
591-545.200-740.000		O	266557	PVS TECHNOLOGIES		187720	07/25/14	5,994.63	
591-545.200-740.000		O	266571	GRAYMONT WESTERN		40704 RI	07/25/14	6,895.58	
591-545.200-740.000		O	266875	PVS TECHNOLOGIES		187809	08/01/14	6,101.01	
591-545.200-740.000		O	266874	PVS TECHNOLOGIES		187747	08/01/14	6,315.15	
591-545.200-740.000		O	266946	GRAYMONT WESTERN		41120 RI	08/01/14	6,818.20	
591-545.200-740.000		O	266891	GRAYMONT WESTERN		40880 RI	08/01/14	6,826.96	
591-545.200-740.000		P	266933	CHEMCO PRODUCTS INC	POLYMER	100685	08/01/14	9,900.00	
591-545.200-740.000		Q	267411	GRAYMONT WESTERN	QUICK LIME FOR SOFTENING	41314 RI	08/15/14	6,816.74	
591-545.200-740.000		Q	267532	GRAYMONT WESTERN	QUICK LIME FOR SOFTENING	41490 RI	08/15/14	6,783.16	
591-545.200-740.000		F	267504	PVS TECHNOLOGIES	FERRIC CHLORIDE 39%	188198	08/22/14	6,090.25	
591-545.200-740.000		O	267583	CHEMCO PRODUCTS INC	15 POLYMER	100398	08/08/14	8,400.00	
591-545.200-740.000		H	267649	ALEXANDER CHEMICAL	HYDROFLUOSILICIC ACID 20% TO	SLS 10021675	08/22/14	6,277.80	
591-545.200-740.000		F	267644	PVS TECHNOLOGIES	FERRIC CHLORIDE 39%	187949	08/22/14	6,069.47	
591-545.200-740.000		F	267643	PVS TECHNOLOGIES	FERRIC CHLORIDE 39%	187321	08/22/14	6,070.76	

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Fund 591 Water Fund									
Dept 545.200 Water Plant - Operations									
591-545.200-740.000		F	267642	PVS TECHNOLOGIES	FERRIC CHLORIDE 39%	187313	08/22/14	6,084.13	
591-545.200-740.000		O	267734	CHEMCO PRODUCTS INC	14	100310	08/22/14	8,400.00	
591-545.200-740.000		P	267735	CHEMCO PRODUCTS INC	POLYMER	100959	08/22/14	100.00	
591-545.200-740.000		O	267735	CHEMCO PRODUCTS INC	POLYMER	100959	08/22/14	9,800.00	
591-545.200-740.000		Q	267814	GRAYMONT WESTERN	QUICK LIME FOR SOFTENING	41988 RI	08/22/14	6,734.98	
591-545.200-740.000		Q	267813	GRAYMONT WESTERN	QUICK LIME FOR SOFTENING	41829 RI	08/22/14	6,758.34	
591-545.200-740.000		F	267860	PVS TECHNOLOGIES	FERRIC CHLORIDE 39%	188361	08/22/14	5,983.95	
591-545.200-740.000		F	267891	PVS TECHNOLOGIES	FERRIC CHLORIDE 39%	188516	08/22/14	6,287.19	
591-545.200-740.000		Q	268027	GRAYMONT WESTERN	QUICK LIME FOR SOFTENING	42191	08/22/14	6,834.26	
591-545.200-740.000		Q	268025	GRAYMONT WESTERN	QUICK LIME FOR SOFTENING	42434	08/22/14	6,787.54	
591-545.200-740.000		Q	268238	GRAYMONT WESTERN	QUICK LIME FOR SOFTENING	42605	08/29/14	6,806.52	
591-545.200-740.000		Q	268869	GRAYMONT WESTERN	QUICK LIME FOR SOFTENING	42976 RI	09/12/14	6,822.58	
591-545.200-740.000		F	268887	PVS TECHNOLOGIES	FERRIC CHLORIDE 39%	189157	09/12/14	6,223.33	
591-545.200-740.000		P	268908	CHEMCO PRODUCTS INC		101201	09/12/14	13,500.00	
591-545.200-740.000		Q	269037	GRAYMONT WESTERN	QUICK LIME FOR SOFTENING	43259 RI	09/19/14	6,850.32	
591-545.200-740.000		Q	269038	GRAYMONT WESTERN	QUICK LIME FOR SOFTENING	43297 RI	09/19/14	6,867.84	
591-545.200-740.000		H	269216	ALEXANDER CHEMICAL	HYDROFLUOSILICIC ACID 20% TO	SLS 10022938	09/19/14	6,277.80	
591-545.200-740.000		F	269298	PVS TECHNOLOGIES	FERRIC CHLORIDE 39%	189529	09/19/14	6,273.21	
591-545.200-740.000		Q	269450	GRAYMONT WESTERN	QUICK LIME FOR SOFTENING	43731 RI	09/26/14	6,679.50	
591-545.200-740.000		P	269555	CHEMCO PRODUCTS INC		101478		9,900.00	
591-545.200-740.000		Q	269759	GRAYMONT WESTERN	QUICK LIME FOR SOFTENING	44107 RI		6,718.92	
591-545.200-740.000		Q	269758	GRAYMONT WESTERN	QUICK LIME FOR SOFTENING	44055 RI		6,867.84	
591-545.200-740.000		Q	269929	GRAYMONT WESTERN	QUICK LIME FOR SOFTENING	44274 RI		6,902.88	
591-545.200-740.000		Q	270021	GRAYMONT WESTERN	QUICK LIME FOR SOFTENING	44454 RI		6,870.76	
591-545.200-823.000		P	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	183.29	
591-545.200-823.000		P	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	282.94	
591-545.200-823.000		P	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	183.29	
591-545.200-850.000		C	266428	AT & T SBS	14	8102303151595	07/17/14	15,770.13	1
591-545.200-920.300			266651	Consumers Energy	14 ML061414-071614 1416 DUPONT	100000294981	07/24/14	5,718.63	1
591-545.200-920.300		P	266694	CONSUMERS ENERGY	14 3/29-4/30 4500 N DORT HWY	100000177871	07/24/14	28,261.52	1
591-545.200-920.300		P	266693	CONSUMERS ENERGY	14 5/1-5/29 4500 N DORT HWY 2	100000177871	07/24/14	76,009.05	1
591-545.200-920.300			269394	Consumers Energy	ML081314-091214 1416 DUPONT ST	100000294981	09/25/14	5,841.77	1
591-545.200-920.300			269388	Consumers Energy	ML073114-082714 4500 N DORT HWY	100000177871	09/25/14	72,248.43	1
591-545.200-930.000		R	266376	SERVPRO OF FENTON &	14	4272204	07/25/14	5,648.81	
					Total For Dept 545.200 Water Plant -			517,413.90	

Dept 545.201 Water Plant Maintenance

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Fund 591 Water Fund									
Dept 545.201 Water Plant Maintenance									
591-545.201-726.000		C	269040	CHEMICAL SYSTEMS	HYPOCHLORITE BRIQUETTE	3325	09/19/14	8,604.00	
591-545.201-726.000		A	269932	CHEMICAL SYSTEMS	HYPOCHLORITE BRIQUETTE	3342		8,604.00	
591-545.201-930.000		R	266372	FIN-TEK CORPORATION	14	INV979604	07/18/14	13,475.50	
591-545.201-930.000		L	269833	AMERICAN ELECTRIC	LARGE ELECTRIC MOTOR REPAIR	50965	09/26/14	7,158.00	
					Total For Dept 545.201 Water Plant M			37,841.50	
Dept 545.202 Water Plant - Dam Operations									
591-545.202-850.000		C	266428	AT & T SBS	14	8102303151595	07/17/14	55.37	1
					Total For Dept 545.202 Water Plant -			55.37	
Dept 545.300 Water Plant - Capital improvements									
591-545.300-801.000		W	267343	ZITO CONSTRUCTION	14 WATERMAIN CUT IN	2	08/01/14	181,950.00	
591-545.300-801.000		L	267341	ZITO CONSTRUCTION	LIME RESIDUAL DISPOSAL	3	08/01/14	290,640.00	
591-545.300-801.000		L	267339	ZITO CONSTRUCTION	14 LIME RESIDUAL DISPOSAL	2	08/01/14	455,850.00	
591-545.300-801.000		L	267382	ZITO CONSTRUCTION	LIME RESIDUAL DISPOSAL	1	08/01/14	40,375.00	
591-545.300-976.000		B	265608	GRAYMONT WESTERN	14	39755 RI	07/11/14	6,953.98	
591-545.300-976.000		B	265607	GRAYMONT WESTERN	14	39597 RI	07/11/14	6,831.34	
591-545.300-976.000		B	266196	GRAYMONT WESTERN	14	39933 RI	07/18/14	6,917.48	
591-545.300-977.000		E	266138	MCNAUGHTON MCKAY	14	13065462-00	07/18/14	111,874.00	
591-545.300-977.000		E	266301	YOUNGS	14	224983	07/24/14	11,737.02	1
591-545.300-977.000		C	266863	MCNAUGHTON MCKAY	CEDAR STREET PROJECT	13137353-01	08/01/14	6,040.00	
591-545.300-977.000		C	268738	MCNAUGHTON MCKAY	CEDAR STREET PROJECT	13137353-02	09/12/14	13,025.00	
					Total For Dept 545.300 Water Plant -			1,132,193.82	
					Total For Fund 591 Water Fund			1,958,537.41	
Fund 627 Fringe Benefit Fund									
Dept 000.000 Balance Sheet Activity									
627-000.000-232.100		P	266427	STATE OF MICHIGAN	14	C38-6004611	07/17/14	84,218.23	
627-000.000-232.100		P	267736	STATE OF MICHIGAN		C38-6004611	08/14/14	85,112.59	
627-000.000-232.100		P	269201	STATE OF MICHIGAN		C38-6004611	09/11/14	73,455.30	
					Total For Dept 000.000 Balance Sheet			242,786.12	
Dept 000.105 Retiree Health Insurance									
627-000.105-716.100		H	266871	AMERAPLAN INC		0814-01	08/01/14	12,375.00	
627-000.105-716.100		M	266961	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161608	08/14/14	8,781.98	1
627-000.105-716.100		M	266960	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161607	08/14/14	14,277.62	1
627-000.105-716.100		M	266959	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161605	08/14/14	26,708.66	1
627-000.105-716.100		M	266957	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161602	08/14/14	47,385.72	1
627-000.105-716.100		M	266958	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161603	08/14/14	19,246.46	1
627-000.105-716.100		M	266956	BLUE CROSS BLUE	MEDICARE ADVANTAGE-RETIREES	25161601	08/14/14	22,680.85	1

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Fund 627 Fringe Benefit Fund									
Dept 000.105 Retiree Health Insurance									
627-000.105-716.100		3	266999	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054357	08/15/14	5,507.93	
627-000.105-716.100		3	266979	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054090	08/15/14	5,746.92	
627-000.105-716.100		3	267000	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054358	08/15/14	37,996.57	
627-000.105-716.100		3	266986	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054098	08/15/14	24,915.50	
627-000.105-716.100		3	266977	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054088	08/15/14	25,297.70	
627-000.105-716.100		3	266987	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054099	08/15/14	18,365.74	
627-000.105-716.100		3	266985	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054097	08/15/14	19,653.00	
627-000.105-716.100		3	266988	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054100	08/15/14	21,499.92	
627-000.105-716.100		3	266997	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054354	08/15/14	16,882.80	
627-000.105-716.100		3	266995	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054107	08/15/14	11,035.95	
627-000.105-716.100		3	266990	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054102	08/15/14	11,479.00	
627-000.105-716.100		3	266993	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054105	08/15/14	8,689.62	
627-000.105-716.100		3	266973	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054084	08/15/14	6,835.04	
627-000.105-716.100		3	266992	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054104	08/15/14	7,223.34	
627-000.105-716.100		M	267833	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161608	08/21/14	8,758.54	1
627-000.105-716.100		M	267832	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161607	08/21/14	14,663.78	1
627-000.105-716.100		M	267830	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161605	08/21/14	26,659.00	1
627-000.105-716.100		M	267828	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161602	08/21/14	45,829.58	1
627-000.105-716.100		M	267829	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161603	08/21/14	19,509.86	1
627-000.105-716.100		M	267827	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161601	08/21/14	22,843.08	1
627-000.105-716.100		3	267958	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054784	08/22/14	5,084.32	
627-000.105-716.100		3	267937	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054538	08/22/14	5,746.92	
627-000.105-716.100		3	267947	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054548	08/22/14	33,931.40	
627-000.105-716.100		3	267945	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054546	08/22/14	36,562.06	
627-000.105-716.100		3	267959	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054785	08/22/14	39,369.94	
627-000.105-716.100		3	267935	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054536	08/22/14	29,445.78	
627-000.105-716.100		3	267944	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054545	08/22/14	22,061.02	
627-000.105-716.100		3	267946	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054547	08/22/14	15,006.34	
627-000.105-716.100		3	267956	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054782	08/22/14	15,731.70	
627-000.105-716.100		3	267949	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054550	08/22/14	12,710.76	
627-000.105-716.100		3	267931	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054532	08/22/14	8,572.50	
627-000.105-716.100		3	267954	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054555	08/22/14	8,617.39	
627-000.105-716.100		3	267952	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054553	08/22/14	7,704.21	
627-000.105-716.100		H	268154	CORNERSTONE		22957	08/29/14	30,000.00	
627-000.105-716.100		3	269372	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100055193	09/26/14	5,084.32	
627-000.105-716.100		3	269352	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054958	09/26/14	5,719.11	

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Fund 627 Fringe Benefit Fund									
Dept 000.105 Retiree Health Insurance									
627-000.105-716.100		3	269373	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100055194	09/26/14	40,743.31	
627-000.105-716.100		3	269359	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054966	09/26/14	33,041.97	
627-000.105-716.100		3	269350	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054956	09/26/14	29,303.28	
627-000.105-716.100		3	269361	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054968	09/26/14	31,203.72	
627-000.105-716.100		3	269360	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054967	09/26/14	18,276.87	
627-000.105-716.100		3	269358	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054965	09/26/14	21,954.27	
627-000.105-716.100		3	269370	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100055191	09/26/14	15,731.70	
627-000.105-716.100		3	269363	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054970	09/26/14	12,649.26	
627-000.105-716.100		3	269346	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054952	09/26/14	8,531.01	
627-000.105-716.100		3	269368	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054975	09/26/14	10,632.49	
627-000.105-716.100		3	269365	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054972	09/26/14	5,906.64	
627-000.105-716.100		3	269366	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054973	09/26/14	7,666.92	
627-000.105-716.100		M	269512	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161608	09/25/14	8,951.62	1
627-000.105-716.100		M	269511	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161607	09/25/14	14,663.78	1
627-000.105-716.100		M	269509	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161605	09/25/14	26,489.36	1
627-000.105-716.100		M	269507	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161602	09/25/14	45,443.42	1
627-000.105-716.100		M	269508	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161603	09/25/14	19,486.42	1
627-000.105-716.100		M	269506	BLUE CROSS BLUE	AT MEDICARE ADVANTAGE-RETIREES	25161601	09/25/14	22,532.80	1
627-000.105-801.000		H	269252	CORNERSTONE	HEALTHCARE & BENEFITS SERVICE	22969	09/19/14	8,316.52	
627-000.105-801.000		H	269834	CORNERSTONE	HEALTHCARE & BENEFITS SERVICE	22971	09/26/14	888.46	
627-000.105-801.000		P	269834	CORNERSTONE	HEALTHCARE & BENEFITS SERVICE	22971	09/26/14	6,249.60	
					Total For Dept 000.105 Retiree Healt			1,180,860.35	
Dept 270.300 Personnel - Workers compensation									
627-270.300-850.000		C	266428	AT & T SBS	14	B102303151595	07/17/14	27.92	1
					Total For Dept 270.300 Personnel - W			27.92	
Dept 853.250 Fringe Benefit - Hospitalization Insuran									
627-853.250-716.000		3	266968	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054079	08/15/14	56,228.38	
627-853.250-716.000		3	266966	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054077	08/15/14	15,131.84	
627-853.250-716.000		3	266967	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054078	08/15/14	12,335.17	
627-853.250-716.000		3	266965	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054076	08/15/14	12,690.84	
627-853.250-716.000		3	266970	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054081	08/15/14	8,125.06	
627-853.250-716.000		H	267494	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-13	08/15/14	5,662.76	
627-853.250-716.000		H	267487	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-02	08/15/14	7,300.92	
627-853.250-716.000		H	267492	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-09	08/15/14	7,411.52	
627-853.250-716.000		H	267490	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-07	08/15/14	22,961.08	
627-853.250-716.000		H	267497	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-16	08/15/14	9,060.42	

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Fund 627 Fringe Benefit Fund								
Dept 853.250 Fringe Benefit - Hospitalization Insuran								
627-853.250-716.000		H 267797	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-09	08/22/14	7,411.52	
627-853.250-716.000		H 267795	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-07	08/22/14	22,197.75	
627-853.250-716.000		H 267791	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-02	08/22/14	7,780.28	
627-853.250-716.000		H 267802	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-16	08/22/14	7,876.39	
627-853.250-716.000		3 267926	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054527	08/22/14	37,127.89	
627-853.250-716.000		3 267928	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054529	08/22/14	16,250.12	
627-853.250-716.000		3 267925	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054526	08/22/14	10,785.33	
627-853.250-716.000		3 267923	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054524	08/22/14	11,109.08	
627-853.250-716.000		3 267924	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054525	08/22/14	11,936.08	
627-853.250-716.000		H 268455	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-09	09/05/14	7,411.52	
627-853.250-716.000		H 268460	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-16	09/05/14	12,972.88	
627-853.250-716.000		H 268453	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-07	09/05/14	17,846.67	
627-853.250-716.000		H 268449	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-02	09/05/14	7,780.28	
627-853.250-716.000		3 269342	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054947	09/26/14	52,786.97	
627-853.250-716.000		3 269339	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054944	09/26/14	12,860.17	
627-853.250-716.000		3 269340	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054945	09/26/14	14,025.28	
627-853.250-716.000		3 269341	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054946	09/26/14	10,733.44	
627-853.250-716.000		3 269344	HEALTHPLUS OF	HEALTH CARE PLAN FOR EMPLOYEES	AC0100054950	09/26/14	7,002.65	
627-853.250-716.000		H 269858	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-09		7,411.52	
627-853.250-716.000		H 269856	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-07		19,764.11	
627-853.250-716.000		H 269852	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-02		7,780.28	
627-853.250-716.000		H 269863	MCLAREN HEALTH PLAN	EMPLOEE HEALTH PLAN	101537-16		11,634.42	
				Total For Dept 853.250 Fringe Benefi			479,392.62	
Dept 853.300 Fringe Benefit - Life Insurance								
627-853.300-717.000		L 268447	STANDARD		SEPTEMBER 2014	09/05/14	7,280.16	
627-853.300-717.000		L 270005	STANDARD		00 645126 0001		7,173.54	
				Total For Dept 853.300 Fringe Benefi			14,453.70	
				Total For Fund 627 Fringe Benefit Fu			1,917,520.71	
Fund 636 Information Services Fund								
Dept 228.100 Information Services								
636-228.100-801.000		P 266218	PLANTE & MORAN, LLP	14	1173287	07/25/14	5,960.00	
636-228.100-801.000		P 266454	GREAT LAKES	14	INV241810	07/24/14	14,163.00	1
636-228.100-801.000		P 267661	EPIC TECHNOLOGY		3734	08/15/14	5,747.50	
636-228.100-801.000		P 270014	UNKNOWN VENDOR		21097-1		8,951.50	
636-228.100-814.600		P 266776	ASSETWORKS INC	Purchase Assetworks Inc.	06/17/2014	07/25/14	5,000.00	
636-228.100-814.600		C 267543	BS & A SOFTWARE		097198		82,858.00	

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Fund 636 Information Services Fund								
Dept 228.100 Information Services								
636-228.100-814.600		P 269676	ESRI INC	Purchase Esri Inc	25625561	09/25/14	5,400.00	
636-228.100-823.000		P 266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	183.30	
636-228.100-823.000		P 267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	292.90	
636-228.100-823.000		P 269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	183.30	
636-228.100-850.000		C 265891	AT & T	AT	8956479017	07/10/14	7,013.66	1
636-228.100-850.000		C 266354	AT & T	AT	810R01039407	07/17/14	13,827.68	1
636-228.100-850.000		C 266428	AT & T SBS	14	8102303151595	07/17/14	3,100.41	1
636-228.100-850.000		C 266433	AT & T	15	810766700007	07/17/14	29,661.51	1
636-228.100-850.000		C 267037	AT & T	AT	8956698087	07/31/14	7,013.66	1
636-228.100-850.000		C 267722	AT & T	AT	810R01039408	08/14/14	13,827.68	1
636-228.100-850.000		C 267781	AT & T		810766700008	08/14/14	39,339.13	1
636-228.100-850.000		C 268067	AT & T SBS		8102303151595	09/11/14	35,849.04	1
636-228.100-850.000		C 268465	AT & T	AT	8956914853	09/04/14	7,013.66	1
636-228.100-850.000		C 268464	AT & T	AT	9760815204	09/18/14	6,441.56	1
636-228.100-850.000		C 269153	AT & T	AT	810R01039409	09/18/14	13,827.68	1
636-228.100-850.000		C 269433	AT & T SBS		8102303151595	09/25/14	36,342.77	1
636-228.100-850.000		C 269504	AT & T	AT	810766700009	09/25/14	32,339.70	1
636-228.100-977.000		E 266037	DELL MARKETING LP	14	XJFDFRFJ9	07/17/14	8,610.72	1
636-228.100-977.000		E 266255	BEST BUY GOV	14	1634921	07/24/14	13,901.45	1
636-228.100-977.000		P 266744	SCHAEFERS OFFICE	15 PURCHASE SCHAEFERS OFFICE	0003213	07/25/14	6,584.85	
636-228.100-977.000		E 267360	DELL FINANCIAL		77431165	08/08/14	12,652.80	
636-228.100-977.000		E 268871	DELL FINANCIAL		77482647	09/12/14	12,652.80	
636-228.100-977.000		E 269986	DELL FINANCIAL		77540951		12,652.80	
				Total For Dept 228.100 Information S			441,393.06	
				Total For Fund 636 Information Servi			441,393.06	
Fund 661 Fleet/Central Garage Fund								
Dept 000.000 Balance Sheet Activity								
661-000.000-110.400		I 265958	KNOBLOCK ACE	14	334376	07/11/14	5,323.80	
				Total For Dept 000.000 Balance Sheet			5,323.80	
Dept 451.100 Fleet Management								
661-451.100-751.000		G 265905	MARATHON FLINT OIL		85755	07/10/14	6,321.85	
661-451.100-751.000		G 266178	MARATHON FLINT OIL		85874	07/17/14	7,635.43	
661-451.100-751.000		G 266840	MARATHON FLINT OIL		86020	07/31/14	5,065.73	
661-451.100-751.000		G 266846	MARATHON FLINT OIL		86167	07/31/14	5,464.16	
661-451.100-751.000		G 266842	MARATHON FLINT OIL		86162	07/31/14	5,669.96	
661-451.100-751.000		G 267622	MARATHON FLINT OIL		86310	08/07/14	7,297.97	

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Fund 661 Fleet/Central Garage Fund									
Dept 451.100 Fleet Management									
661-451.100-751.000		G	267910	MARATHON FLINT OIL		86637	08/21/14	5,849.02	
661-451.100-751.000		G	268165	MARATHON FLINT OIL		86794	08/28/14	5,464.29	
661-451.100-751.000		G	268410	MARATHON FLINT OIL		86928	09/11/14	6,233.62	
661-451.100-751.000		G	269294	MARATHON FLINT OIL		87207	09/25/14	5,207.89	
661-451.100-751.000		G	269291	MARATHON FLINT OIL		87038	09/25/14	6,230.88	
661-451.100-751.000		G	269292	MARATHON FLINT OIL		87202	09/25/14	6,695.74	
661-451.100-751.000		G	269438	MARATHON FLINT OIL		87286	09/25/14	5,822.82	
661-451.100-751.000		G	269437	MARATHON FLINT OIL		87285	09/25/14	6,225.98	
661-451.100-751.000		G	269891	MARATHON FLINT OIL		87388	09/25/14	8,221.26	
661-451.100-751.000		G	270054	MARATHON FLINT OIL		87555		8,708.62	
661-451.100-823.000		V	266046	XEROX CORP	14 XEROX COPY MACHINES	800631981	07/25/14	113.61	
661-451.100-823.000		V	267376	XEROX CORP	XEROX COPY MACHINES ACCT	800634579	08/08/14	113.61	
661-451.100-823.000		V	269264	XEROX CORP	XEROX COPY MACHINES ACCT	800635894	09/26/14	113.61	
661-451.100-930.000		R	268907	C & S MOTORS	REPAIRS TO 4450	FS73781	09/12/14	10,166.15	
661-451.100-940.000		R	268250	DEERE CREDIT INC		0063090		30,799.88	
661-451.100-940.000		R	268252	UNKNOWN VENDOR		3346349		71,559.00	
					Total For Dept 451.100 Fleet Managem			214,981.08	
					Total For Fund 661 Fleet/Central Gar			220,304.88	
Fund 677 Self Insurance Fund									
Dept 174.851 Risk And Benefit- Insurance/Bonds									
677-174.851-955.000		A	266621	MICHIGAN AUTOMOBILE	14 AUTO SELF INSURANCE	AC1407M053	07/25/14	12,947.00	
677-174.851-955.000		I	268356	LAKE AGENCY		EWC009030	08/29/14	75,106.00	
677-174.851-955.000		I	270029	LAKE AGENCY		55465		344,433.38	
					Total For Dept 174.851 Risk And Bene			432,486.38	
Dept 266.200 Law Office-Suits/Settlements									
677-266.200-801.500		L	266045	HARVEY KRUSE PC	14	372178	07/11/14	12,040.35	
677-266.200-801.500		L	266177	MILLER, CANFIELD,	14	1250983	07/18/14	20,475.00	
677-266.200-801.500		L	266559	GIARMARCO MULLINS &	14	29	07/25/14	6,369.10	
677-266.200-801.500		L	266920	LAW OFFICE OF	LEGAL SERVICES - COLLECTIONS	14-009	08/01/14	17,166.11	
677-266.200-801.500		L	266920	LAW OFFICE OF	LEGAL SERVICES - COLLECTIONS	14-009	08/01/14	6,030.56	
677-266.200-801.500		L	267632	MILLER, CANFIELD,	LEGAL SERVICES	1253708	08/15/14	16,222.90	
677-266.200-801.500		L	267898	GIARMARCO MULLINS &	LEGAL SERVICES	30	08/22/14	6,553.98	
677-266.200-956.300		L	265593	PIFER INC	15	EME3472014	07/03/14	49,500.00	
677-266.200-956.300		L	261488	CONSUMERS ENERGY		96706399		10,797.11	
677-266.200-956.300		L	268319	PATRICK M GERACE		EME4422014	08/29/14	7,240.00	
677-266.200-956.300		L	269325	ALBERT LEE		13-099866-NI	09/25/14	5,000.00	1

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Fund 677 Self Insurance Fund									
Dept 266.200 Law Office-Suits/Settlements									
677-266.200-956.300		L	269500	KELLI DAVIS & HER		EME4982014	09/25/14	48,298.00	1
					Total For Dept 266.200 Law Office-Su			205,693.11	
					Total For Fund 677 Self Insurance Fu			638,179.49	
Fund 701 General Agency Fund									
Dept 000.000 Balance Sheet Activity									
701-000.000-202.000		B	267515	JETHENE E ROSS	BD Bond Refund	B14-00011	08/07/14	8,129.00	1
701-000.000-202.000		B	268197	FICK EXCAVATING INC	BD Bond Refund	B13-00042	08/28/14	8,295.00	1
701-000.000-202.000		B	268195	FLY-IN-WHEELS MC	BD Bond Refund	B13-00049	08/29/14	8,250.00	
701-000.000-202.000		B	269924	BURNASH WRECKING,	BD Bond Refund	B14-00005		5,700.00	
701-000.000-202.000		B	269930	SHAWN MIKULA	BD Bond Refund	B14-00014		35,125.00	
701-000.000-202.000		B	269925	STEPHANIE M LEWIS	BD Bond Refund	B11-00080		7,873.00	
					Total For Dept 000.000 Balance Sheet			73,372.00	
					Total For Fund 701 General Agency Fu			73,372.00	
Fund 702 Tax Collection Fund - Prior Years									
Dept 000.000 Balance Sheet Activity									
702-000.000-202.950		A	267002	STATE OF MICHIGAN	AT	2013 PILOT TAX	07/31/14	187,242.82	1
702-000.000-202.950		A	267004	C S MOTT COMMUNITY		2013	08/01/14	12,613.43	
702-000.000-202.950		A	267005	FLINT BOARD OF		2013 PILOT TAX	08/01/14	17,643.62	
702-000.000-202.950		A	267006	GENESEE		2013 PILOT TAX	08/01/14	15,588.58	
702-000.000-202.950		A	267007	MASS TRANSPORTATION		2013 PILOT TAX	08/01/14	6,175.27	
702-000.000-202.950		A	267008	FLINT PUBLIC		2013 PILOT TAX	08/01/14	14,997.08	
702-000.000-202.950		A	267009	GENESEE COUNTY		2013 PILOT TAX	08/01/14	36,507.31	
					Total For Dept 000.000 Balance Sheet			290,768.11	
Dept 001.000 Delinq Fsd Property Tax Levy									
702-001.000-274.500		E	269330	FLINT BOARD OF		FY 13-14 PRIOR	09/26/14	115,159.19	
					Total For Dept 001.000 Delinq Fsd Pr			115,159.19	
Dept 001.001 Delinqent County Property Tax Levy									
702-001.001-274.500		E	269337	GENESEE COUNTY		FY 13-14 PRIOR	09/26/14	77,699.22	
					Total For Dept 001.001 Delinqent Cou			77,699.22	
Dept 001.002 Delinqent Mott Property Tax Levy									
702-001.002-274.500		E	269327	C S MOTT COMMUNITY		FY 13-14 PRIOR	09/26/14	26,226.84	
					Total For Dept 001.002 Delinqent Mot			26,226.84	
Dept 001.006 Delinqent Gisd Property Tax Levy									
702-001.006-274.500		E	269331	GENESEE		FY 13-14 PRIOR	09/26/14	32,980.93	
					Total For Dept 001.006 Delinqent Gis			32,980.93	
Dept 004.001 Delinquent Airport Property Tax Levy									
702-004.001-274.500		E	269326	BISHOP INTERN'L		FY 13-14 PRIOR	09/26/14	5,274.87	

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Fund 702 Tax Collection Fund - Prior Years								
Dept 004.001 Delinquent Airport Property Tax Levy								
				Total For Dept 004.001 Delinquent Ai			5,274.87	
Dept 004.006 Delinquent Mta Property Tax Levy								
702-004.006-274.500	E	269332	MASS TRANSPORTATION		FY 13-14 PRIOR	09/26/14	13,904.97	
				Total For Dept 004.006 Delinquent Mt			13,904.97	
Dept 011.000 Delinquent SET Property Tax Levy								
702-011.000-274.500	E	269336	GENESEE COUNTY		FY 13-14 PRIOR	09/26/14	50,718.88	
				Total For Dept 011.000 Delinquent SE			50,718.88	
Dept 021.000 Delinquent Library Tax Levy								
702-021.000-274.500	E	269335	FLINT PUBLIC		FY 13-14 PRIOR	09/26/14	29,673.59	
				Total For Dept 021.000 Delinquent Li			29,673.59	
				Total For Fund 702 Tax Collection Fu			642,406.60	
Fund 703 Current Tax Collection Fund								
Dept 000.000 Balance Sheet Activity								
703-000.000-202.900	A	269536	DORT HWY	41-20-476-045 MTT REF	41-20-476-045	09/25/14	5,041.97	1
				Total For Dept 000.000 Balance Sheet			5,041.97	
Dept 001.100 2010 Fsd Property Tax Levy								
703-001.100-274.000	U	266712	FLINT BOARD OF		TAX YR 14	07/25/14	119,522.91	
703-001.100-274.000	U	267783	FLINT BOARD OF		TAX YR 14	08/15/14	,181,524.36	
703-001.100-274.000	U	268303	FLINT BOARD OF		08152014	08/29/14	93,303.26	
703-001.100-274.000	U	268979	FLINT BOARD OF		TAX YR 14	09/12/14	29,603.66	
703-001.100-274.000	U	269767	FLINT BOARD OF		TAX YR 14	09/26/14	24,411.45	
				Total For Dept 001.100 2010 Fsd Prop			1,448,365.64	
Dept 001.101 2010 County prop tax levy								
703-001.101-274.000	U	266718	GENESEE COUNTY		TAX YR 14	07/25/14	108,428.24	
703-001.101-274.000	U	267789	GENESEE COUNTY		TAX YR 14	08/15/14	,763,843.93	
703-001.101-274.000	U	268309	GENESEE COUNTY		08152014	08/29/14	141,178.22	
703-001.101-274.000	U	268985	GENESEE COUNTY		TAX YR 14	09/12/14	21,121.08	
703-001.101-274.000	U	269773	GENESEE COUNTY		TAX YR 14	09/26/14	37,451.21	
				Total For Dept 001.101 2010 County			2,072,022.68	
Dept 001.102 2010 Mott Property Tax Levy								
703-001.102-274.000	U	266709	C S MOTT COMMUNITY		TAX YR 14	07/25/14	26,230.32	
703-001.102-274.000	U	267779	C S MOTT COMMUNITY		TAX YR 14	08/15/14	985,364.90	
703-001.102-274.000	U	268307	C S MOTT COMMUNITY		08152014	08/29/14	73,387.92	
703-001.102-274.000	U	268977	C S MOTT COMMUNITY		TAX YR 14	09/12/14	17,058.75	
703-001.102-274.000	U	269764	C S MOTT COMMUNITY		TAX YR 14	09/26/14	19,442.98	
				Total For Dept 001.102 2010 Mott Pro			1,121,484.87	

GL Number	Grant	Inv	Ref #	Vendor	Invoice Desc.	Invoice	Chk Date	Amount	Cl
Fund 703 Current Tax Collection Fund									
Dept 001.103 2010 DDA prop tax levy									
703-001.103-274.000		U	267782	DOWNTOWN		TAX YR 14	08/15/14	37,478.02	
					Total For Dept 001.103 2010 DDA prop			37,478.02	
Dept 001.105 2010 Carman Property Tax Lev									
703-001.105-274.000		U	266710	CARMAN SCHOOL		TAX YR 14	07/25/14	13,180.44	
703-001.105-274.000		U	267780	CARMAN SCHOOL		TAX YR 14	08/15/14	790,576.09	
703-001.105-274.000		U	268304	CARMAN SCHOOL		08152014	08/29/14	34,173.39	
					Total For Dept 001.105 2010 Carman P			837,929.92	
Dept 001.106 2010 Gisd Property Tax Lev									
703-001.106-274.000		U	266713	GENESEE		TAX YR 14	07/25/14	18,872.45	
703-001.106-274.000		U	267784	GENESEE		TAX YR 14	08/15/14	,213,493.59	
703-001.106-274.000		U	268306	GENESEE		08152014	08/29/14	90,582.95	
703-001.106-274.000		U	268980	GENESEE		TAX YR 14	09/12/14	18,137.49	
703-001.106-274.000		U	269768	GENESEE		TAX YR 14	09/26/14	24,027.86	
					Total For Dept 001.106 2010 Gisd Pro			1,365,114.34	
Dept 001.108 2010 Swartzcreek Property Tax Lev									
703-001.108-274.000		U	267786	SWARTZ CREEK SCHOOL		TAX YR 14	08/15/14	20,350.91	
703-001.108-274.000		U	268305	SWARTZ CREEK SCHOOL		08152014	08/29/14	15,036.49	
703-001.108-274.000		U	269770	SWARTZ CREEK SCHOOL		TAX YR 14	09/26/14	13,306.85	
					Total For Dept 001.108 2010 Swartzcr			48,694.25	
Dept 004.106 2010 Mta Property Tax Levy									
703-004.106-274.000		U	266714	MASS TRANSPORTATION		TAX YR 14	07/25/14	11,812.15	
703-004.106-274.000		U	267785	MASS TRANSPORTATION		TAX YR 14	08/15/14	204,611.49	
703-004.106-274.000		U	268310	MASS TRANSPORTATION		08152014	08/29/14	15,380.08	
					Total For Dept 004.106 2010 Mta Prop			231,803.72	
Dept 009.100 2010 State Ift/Cft Prop Tax Levy									
703-009.100-274.000		U	267572	STATE OF MICHIGAN	FI	TAX YR 13	08/07/14	360,750.77	1
					Total For Dept 009.100 2010 State If			360,750.77	
Dept 011.100 2010 MET Prop Tax Levy									
703-011.100-274.000		U	266717	GENESEE COUNTY		TAX YR 14	07/25/14	88,799.51	
703-011.100-274.000		U	267788	GENESEE COUNTY		TAX YR 14	08/15/14	,898,905.64	
703-011.100-274.000		U	268302	GENESEE COUNTY		08152014	08/29/14	156,256.46	
703-011.100-274.000		U	268984	GENESEE COUNTY		TAX YR 14	09/12/14	30,635.19	
703-011.100-274.000		U	269772	GENESEE COUNTY		TAX YR 14	09/26/14	45,331.82	
					Total For Dept 011.100 2010 MET Prop			2,219,928.62	
Dept 021.100 2010 Library prop tax levy									
703-021.100-274.000		U	266716	FLINT PUBLIC		TAX YR 14	07/25/14	66,941.76	

GL Number	Grant	InvRef #	Vendor	Invoice Desc.	Invoice	Chk Date	Amount	Cl
Fund 703 Current Tax Collection Fund								
Dept 021.100 2010 Library prop tax levy								
703-021.100-274.000		U 267787	FLINT PUBLIC		TAX YR 14	08/15/14	,159,534.77	
703-021.100-274.000		U 268308	FLINT PUBLIC		08152014	08/29/14	87,161.85	
703-021.100-274.000		U 268983	FLINT PUBLIC		TAX YR 14	09/12/14	17,454.72	
703-021.100-274.000		U 269771	FLINT PUBLIC		TAX YR 14	09/26/14	23,122.23	
				Total For Dept 021.100 2010 Library			1,354,215.33	
Dept 024.100 City of Brownfield Authority- Elba Devel								
703-024.100-274.000		U 269131	ELBA ROAD		TAX YR 10-13	09/12/14	153,970.14	
				Total For Dept 024.100 City of Brown			153,970.14	
				Total For Fund 703 Current Tax Colle			1,256,800.27	
Fund 735 Retirees' Life Insurance Fund								
Dept 000.101 Retirement System-Death Benefits Admin								
735-000.101-874.500		D 267509	AMERICAN CAPITAL	FI	08012014	08/07/14	5,000.00	1
735-000.101-874.500		D 267510	ANIKA WILBORN,	FI	08012014	08/07/14	5,000.00	1
735-000.101-874.500		D 267511	GREGORY A	FI	08012014	08/07/14	5,000.00	1
				Total For Dept 000.101 Retirement Sy			15,000.00	
				Total For Fund 735 Retirees' Life In			15,000.00	

GL Number	Grant	InvRef #	Vendor	Invoice Desc.	Invoice	Chk Date	Amount Ch
			Fund Totals:				
				Fund 101 General Fund			2,026,173.80
				Fund 202 Major Street Fund			338,399.46
				Fund 203 Local Street Fund			36,480.22
				Fund 205 Public Safety			83,952.00
				Fund 207 Police Fund			825.11
				Fund 208 Park/Recreation Fund			97,712.82
				Fund 213 Park & Recreation Senior Ci			45,294.67
				Fund 219 Street Light			594,089.08
				Fund 226 Rubbish Collection Fund			1,416,124.72
				Fund 265 Drug Law Enforcement Fund			634.28
				Fund 274 HUD CDBG, ESG, & HOME GRANT			655,688.95
				Fund 295 Section 108 Loans			801,233.65
				Fund 296 Other Grants Fund			975,775.06
				Fund 297 Federal Stimulus Fund			87,662.04
				Fund 402 Public Improvement Fund			5,000.00
				Fund 542 Building Inspection Fund			954.66
				Fund 590 Sewer Fund			820,978.84
				Fund 591 Water Fund			1,958,537.41
				Fund 627 Fringe Benefit Fund			1,917,520.71
				Fund 636 Information Services Fund			441,393.06
				Fund 661 Fleet/Central Garage Fund			220,304.88
				Fund 677 Self Insurance Fund			638,179.49
				Fund 701 General Agency Fund			73,372.00
				Fund 702 Tax Collection Fund - Prior			642,406.60
				Fund 703 Current Tax Collection Fund			1,256,800.27
				Fund 735 Retirees' Life Insurance Fu			15,000.00
							5,150,493.78

Section Separator

(b) A list of each contract that the emergency manager awarded or approved with a cumulative value of $5000 or more, the purpose of the contract, and the identity of the contractor.

PO NUMBER	PO STATUS	PO TYPE	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
ENTERED BY		DEPARTMENT					
DESCRIPTION							
14-000564	Open	Blanket	07/01/2014	07/28/2014	68,000.00	68,000.00	0000000554
BDuncan		TE					3M COMPANY
PAVEMENT MARKING SUPPLIES AND MATERIAL							Contact:
							Phone:
14-000566	Partial	Regular		07/29/2014	24,500.00	18,218.75	0000005152
VFoster		IS					ABILITA-LANSING
TELECOMMUNICATIONS EXPENSE AND COST ANALYSIS STUDY							Contact:
							Phone:
14-000348	Partial	Blanket	07/01/2014	07/01/2014	10,000.00	4,603.94	0000004863
KNeumann		STREET					ACE SAGINAW PAVING COMPANY
ASPHALT FOR PATCHING AND PAVEMENT BREAKS							Contact:
							Phone:
14-000709	Partial	Regular		08/28/2014	10,200.00	5,387.30	0000004863
CPriest		WSC					ACE SAGINAW PAVING COMPANY
SEASONAL REQ FOR ASPHALT (ALL ACTIVITIES)							Contact:
							Phone:
14-000734	Partial	Blanket	07/01/2014	09/07/2014	172,561.00	140,045.71	0000004863
KNeumann		STREET					ACE SAGINAW PAVING COMPANY
							Contact:
							Phone:
14-000426	Partial	Blanket	07/01/2014	07/17/2014	242,807.73	208,861.34	0000003378
RKelly		WA PLANT					AIR LIQUIDE INDUSTRIAL U.S. LP
LIQUID OXYGEN 99% PURE FOR OZONE PRODUCTION							Contact:
							Phone:
14-000447	Partial	Regular	07/01/2014	07/17/2014	5,000.00	4,015.85	0000000230
KWallace		WPC					AIRGAS INC
FY 2015 WPC CALIBRATION AND TEST GASES							Contact:
							Phone:
14-000667	Partial	Regular	08/13/2014	08/19/2014	6,692.08	61.98	0000002244
MRule		FLEET					AL SERRA INC
REPAIRS TO POLICE VEHICLES 2379 AND 2381							Contact:
							Phone:
14-000516	Partial	Regular	07/01/2014	07/21/2014	45,000.00	38,330.17	0000000556
CPriest		WSC					ALDRIDGE TRUCKING
SAND							Contact:
							Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000350 DJones HYDROFLUOSILICIC ACID 20% TO 40%	Partial	Blanket WA PLANT	07/01/2014	07/02/2014	8,000.00	1,722.20	0000000451 ALEXANDER CHEMICAL CORP Contact: Phone:
14-000351 DJones LIQUID CHLORINE IN TON CYLINDERS FOR POST CHLORINATION	Open	Blanket WA PLANT		07/02/2014	6,000.00	6,000.00	0000000451 ALEXANDER CHEMICAL CORP Contact: Phone:
14-000425 RKelly SODIUM BIOSULFATE IN 55 GALLON DRUMS	Open	Blanket WA PLANT	07/01/2014	07/17/2014	30,000.00	30,000.00	0000000451 ALEXANDER CHEMICAL CORP Contact: Phone:
14-000427 RKelly HYDROFLUOSILICIC ACID 20% TO 40%	Partial	Blanket WA PLANT	07/01/2014	07/17/2014	62,000.00	55,722.20	0000000451 ALEXANDER CHEMICAL CORP Contact: Phone:
14-000430 KWallace FY 2015 WPC LIQUID CHLORINE	Partial	Regular WPC	07/01/2014	07/17/2014	33,659.00	26,719.00	0000000451 ALEXANDER CHEMICAL CORP Contact: Phone:
14-000431 RKelly LIQUID CHLORINE IN TON CYLINDERS FOR POST CHLORINATION	Partial	Blanket WA PLANT	07/01/2014	07/17/2014	64,000.00	54,978.00	0000000451 ALEXANDER CHEMICAL CORP Contact: Phone:
14-000532 KWallace FY 2015 WPC LIQUID SULFUR DIOXIDE	Partial	Regular WPC	07/01/2014	07/22/2014	31,349.00	24,610.00	0000000451 ALEXANDER CHEMICAL CORP Contact: Phone:
14-000533 KWallace FY 2015 WPC AQUEOUS SODIUM HYPOCHLORITE	Partial	Regular WPC	07/01/2014	07/22/2014	26,288.00	22,734.12	0000000451 ALEXANDER CHEMICAL CORP Contact: Phone:
14-000489 MRule PARTS AND SUPPLIES - STEEL, ALUMINUM, ETC.	Open	Blanket FLEET	07/01/2014	07/21/2014	5,000.00	5,000.00	0000002140 ALRO STEEL CORP Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000308 BWideman RENTAL OF KUBOTA TRACTOR/BRUSH HOG FOR GRASS CUTTING	Partial	Regular STREET	07/01/2014	07/01/2014	8,850.00	2,950.00	0000005174 ALTA CONSTRUCTION EQUIPMENT LLC Contact: Phone:
14-000730 RKelly HEAVY EQUIPMENT RENTAL	Open	Regular WA PLANT	07/01/2014	09/04/2014	5,000.00	5,000.00	0000005174 ALTA CONSTRUCTION EQUIPMENT LLC Contact: Phone:
14-000759 RKelly LARGE ELECTRIC MOTOR REPAIR	Partial	Blanket WA PLANT	07/01/2014	09/18/2014	25,000.00	17,842.00	0000002670 AMERICAN ELECTRIC MOTOR CORP Contact: Phone:
14-000797 KWallace PRIMARY TANK SCUM TROUGH WALL BEARING	Open	Regular WPC	07/01/2014	09/29/2014	73,986.00	73,986.00	0000004765 AMWELL, DIVISION OF MCNISH CORP Contact: Phone:
14-000753 KWallace FY 2015 WPC VIBRATION ANALYSIS SERVICES	Partial	Regular WPC	07/01/2014	09/15/2014	5,000.00	4,320.00	0000002343 ANALYSIS & ALIGNMENT SERVICES, INC Contact: Phone:
14-000755 RKelly VIBRATION ANALYSIS	Open	Blanket WA PLANT	07/01/2014	09/18/2014	5,500.00	5,500.00	0000002343 ANALYSIS & ALIGNMENT SERVICES, INC Contact: Phone:
14-000491 MRule GM REPAIRS	Partial	Blanket FLEET	07/01/2014	07/21/2014	10,000.00	9,025.02	0000000016 APPLEGATE CHEVROLET Contact: Phone:
14-000790 MRule OIL CHANGES	Open	Blanket FLEET	07/01/2014	09/26/2014	6,000.00	6,000.00	0000000016 APPLEGATE CHEVROLET Contact: Phone:
14-000410 RKelly BOILER CHEMICALS (OXYGEN REMOVER)	Open	Blanket WA PLANT	07/01/2014	07/16/2014	6,500.00	6,500.00	0000004618 AQUA SCIENCE, INC Contact: Phone:

PO NUMBER	PO STATUS	PO TYPE	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
ENTERED BY		DEPARTMENT					
DESCRIPTION							
14-000514	Open	Blanket	07/01/2014	07/21/2014	7,000.00	7,000.00	0000003421
KWallace		WPC					ARNOLD SALES
FY 2015 WPC JANITORIAL SUPPLIES							Contact:
							Phone:
14-000553	Partial	Blanket	07/01/2014	07/25/2014	23,678.89	20,089.51	0000003421
KNeumann		MAINT					ARNOLD SALES
JANITORIAL SUPPLIES -PAPER SUPPLIES FOR FACILITIES MAINTENANCE							Contact:
							Phone:
14-000712	Partial	Blanket		09/01/2014	10,000.00	9,358.60	0000003421
DDunlap		FIRE					ARNOLD SALES
ANNUAL JANITORIAL SUPPLIES							Contact:
							Phone:
14-000492	Partial	Blanket	07/01/2014	07/21/2014	5,000.00	4,380.15	0000000019
MRule		FLEET					AUSTINS BODY SHOP
MISC REPAIRS							Contact:
							Phone:
14-000436	Partial	Blanket	07/01/2014	07/17/2014	77,000.00	72,622.01	0000002410
KWallace		WPC					BDI
FY 2015 WPC NON STOCK MECHANICAL PARTS							Contact:
							Phone:
14-000493	Partial	Blanket	07/01/2014	07/21/2014	5,000.00	4,766.72	0000004915
MRule		FLEET					BEAVER RESEARCH COMPANY
SOAPS, CLEANERS AND SUPPLIES							Contact:
							Phone:
14-000494	Open	Blanket	07/01/2014	07/21/2014	5,000.00	5,000.00	0000000696
MRule		FLEET					BELL EQUIPMENT COMPANY
PARTS AND SUPPLIES - STREET SWEEPERS							Contact:
							Phone:
14-000570	Open	Regular		07/29/2014	13,901.45	13,901.45	0000002983
VFoster		IS					BEST BUY GOV LLC
DESKTOP MEMORY REPLACES PO #14-000310							Contact:
							Phone:
14-000557	Partial	Blanket		07/28/2014	2,000,000.00	1,562,147.60	0000004821
KRau		FINANCE					BLUE CROSS BLUE SHIELD OF MICHIGAN
MEDICARE ADVANTAGE-RETIREES							Contact:
							Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000381 MRule PARTS AND SUPPLIES - AUTO AND TRUCK	Completed	Regular FLEET	07/08/2014	07/09/2014	8,000.00	0.00	0000000429 BROWN & SONS COMPANY, INC. Contact: Phone:
14-000791 DJones PARTS AND SUPPLIES - AUTO AND TRUCK	Open	Regular FLEET		09/26/2014	10,000.00	10,000.00	0000000429 BROWN & SONS COMPANY, INC. Contact: Phone:
14-000655 VFoster	Open	Blanket IS		08/18/2014	82,735.00	82,735.00	0000000599 BS & A SOFTWARE Contact: Phone:
14-000547 DJones REPAIRS TO 4450	Partial	Regular FLEET		07/24/2014	12,460.03	2,293.88	0000000029 C & S MOTORS Contact: Phone:
14-000800 MRule JIB WINCH	Open	Blanket FLEET	08/29/2014	09/30/2014	14,675.17	14,675.17	0000000474 CANNON ENGINEERING AND EQUIP CO, LL Contact: Phone:
14-000454 BDuncan TRAFFIC SIGNAL REPAIR/REPLACEMENT & MISC EQUIPMENT	Partial	Blanket TE	07/01/2014	07/19/2014	128,000.00	119,925.24	0000000035 CARRIER AND GABLE Contact: Phone:
14-000500 rtibbetts OFFICE SUPPLIES	Open	Regular 68DC	07/17/2014	07/21/2014	5,000.00	5,000.00	0000000597 CDW GOVERNMENT INC Contact: Phone:
14-000465 KNeumann CONCRETE FOR PAVEMENT BREAKS/WATER REPAIRS	Partial	Blanket STREET	07/01/2014	07/19/2014	48,504.00	14,408.25	0000004151 CENTRAL CONCRETE PRODUCTS, INC Contact: Phone:
14-000515 CPriest CONCRETE	Partial	Regular WSC	07/01/2014	07/21/2014	30,000.00	22,161.50	0000004151 CENTRAL CONCRETE PRODUCTS, INC Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000766 CDotson C21, EXCLUSIVE RIGHT TO SELL, NSP1 HOMES, F14022	Open	Regular CED	07/01/2014	09/19/2014	7,500.00	7,500.00	0000005133 CENTURY 21 WOODLAND Contact: Phone:
14-000682 TWilliams CITY PHYSICIAN	Open	Regular CLINIC	07/01/2014	08/22/2014	30,000.00	30,000.00	0000003816 CHARLES E SYRJAMAKI, M.D. Contact: Phone:
14-000393 YGray POLYMER	Completed	Regular WA PLANT	07/10/2014	07/11/2014	10,000.00	0.00	0000005111 CHEMCO PRODUCTS INC Contact: Phone:
14-000722 RKelly	Partial	Blanket WA PLANT	07/01/2014	09/01/2014	42,000.00	11,400.00	0000005111 CHEMCO PRODUCTS INC Contact: Phone:
14-000695 MPOISSON HYPOCHLORITE BRIQUETTE	Cancelled	Regular WA PLANT		08/26/2014	8,604.00	0.00	0000004352 CHEMICAL SYSTEMS INC Contact: Phone:
14-000697 DJones HYPOCHLORITE BRIQUETTE	Partial	Regular WA PLANT		08/26/2014	18,604.00	1,396.00	0000004352 CHEMICAL SYSTEMS INC Contact: Phone:
14-000673 KWallace FY15 -UNIFORM/LAB COAT/TOWELS/FLOOR MATS RENTALS	Partial	Blanket WPC	07/01/2014	08/20/2014	14,000.00	12,373.03	0000000716 CINTAS CORP Contact: Phone:
14-000772 MPOISSON UNIFORMS	Open	Blanket WA PLANT	09/19/2014	09/23/2014	5,000.00	5,000.00	0000000716 CINTAS CORP Contact: Phone:
14-000666 BWideman FY15 SWEEPER DUMPS	Partial	Regular STREET	07/30/2014	08/19/2014	9,500.00	8,741.00	0000000041 CITIZENS DISPOSAL INC Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000789 MRule HEAVY TOWING	Open	Blanket FLEET	07/01/2014	09/26/2014	10,000.00	10,000.00	0000000571 COMPLETE AUTO AND TRUCK PARTS, INC Contact: Phone:
14-000746 RJohnson TOWING & STORAGE SERVICES	Open	Blanket POLICE		09/12/2014	300,000.00	300,000.00	0000000221 COMPLETE TOWING SERVICE Contact: Phone:
14-000378 BDuncan STREET LIGHT INSTALLATION	Open	Blanket TE	07/01/2014	07/08/2014	5,000.00	5,000.00	0000000048 CONSUMERS ENERGY Contact: Phone:
14-000656 VFoster HEALTHCARE & BENEFITS SERVICE	Completed	Regular FINANCE		08/18/2014	10,000.00	0.00	0000003463 CORNERSTONE MUNICIPAL ADVISORY GR. Contact: Phone:
14-000561 MRule ANTIFREEZE AND LUBRICANTS	Partial	Blanket FLEET	07/01/2014	07/28/2014	40,000.00	34,543.28	0000004801 CORRIGAN OIL CO NO II Contact: Phone:
14-000499 rtibbetts	Partial	Regular 68DC	07/15/2014	07/21/2014	10,000.00	3,654.19	0000005149 CRYSTAL DAWN SOLEM Contact: Phone:
14-000458 BDuncan SIGNAL MAINTENANCE	Partial	Blanket TE	07/01/2014	07/19/2014	21,000.00	2,098.00	0000002309 CSX TRANSPORTATION INC Contact: Phone:
14-000444 CPriest STONE	Partial	Regular WSC	07/01/2014	07/17/2014	32,000.00	31,217.30	0000004445 CYDI OF MICHIGAN Contact: Phone:
14-000446 KWallace FY 2015 WPC VARIOUS AGGREGATES	Open	Blanket WPC	07/01/2014	07/17/2014	5,000.00	5,000.00	0000004445 CYDI OF MICHIGAN Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000732 KWallace FY 2015 - JOHN DEERE LEASE TO OWN AGREEMENT	Open	CONTRACT WPC	07/01/2014	07/01/2014	6,106.32	6,106.32	0000004770 DEERE CREDIT INC Contact: Phone:
14-000796 KNeumann SALT FOR FY2015 WINTER SEASON	Open	Blanket STREET	07/01/2014	09/29/2014	260,000.00	260,000.00	0000000842 DETROIT SALT CO Contact: Phone:
14-000683 DJones CITY PHYSICIAN/ADD'L TO DR. SYRJAMAKI	Open	Regular CLINIC		08/22/2014	25,000.00	25,000.00	0000004294 DONALD HARDMAN, MD Contact: Phone:
14-000407 rtibbetts PUBLIC DEFENDER	Partial	Regular 68DC	07/15/2014	07/16/2014	10,000.00	8,000.00	0000000172 DONALD WILLIAM SHAW Contact: Phone:
14-000345 BGrisi BANKRUPCTY LEGAL SERVICES	Partial	Blanket LAW	07/01/2014	07/01/2014	36,000.00	30,000.00	0000000275 DOUGLASS M PHILPOTT, P.C. Contact: Phone:
14-000725 RKelly DOOR HARDWARE	Open	Blanket WA PLANT	07/01/2014	09/02/2014	5,000.00	5,000.00	0000003756 DOVER & COMPANY Contact: Phone:
14-000470 KNeumann JANITORIAL SERVICES FOR CITY OF FLINT - CHANGE ORDER #1	Partial	Blanket MAINT	07/01/2014	07/20/2014	72,000.00	60,404.00	0000004789 DU ALL CLEANING INC Contact: Phone:
14-000437 KNeumann DIRT FOR BERSTON FIELD HOUSE - EFFICIENT DEMOLITION	Completed	Blanket MAINT		07/17/2014	9,800.00	0.00	0000005151 EFFICIENT DEMOLITION INC Contact: Phone:
14-000505 rtibbetts VAL. PARKING FOR FISCAL '15	Partial	Regular 68DC	07/17/2014	07/21/2014	5,500.00	4,303.00	0000000067 ELLIS PARKING CO Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000669 BDuncan PAINT & SUPPLIES	Open	Blanket TE	07/01/2014	08/20/2014	12,180.00	12,180.00	0000004156 ENNIS PAINT, INC Contact: Phone:
14-000384 DJones LAB PROFICENCY TESTING	Open	Blanket WA PLANT		07/09/2014	6,000.00	6,000.00	0000000640 ENVIRONMENTAL RESOURCE ASSOCIATES Contact: Phone:
14-000731 VFoster EXPIRES 6/30/15	Partial	Blanket IS		09/04/2014	217,925.00	211,275.00	0000004746 EPIC TECHNOLOGY SOLUTIONSLLC Contact: Phone:
14-000671 CPriest REPAIR CLAMPS	Partial	Regular WSC	07/01/2014	08/20/2014	45,000.00	43,333.41	0000000069 ETNA SUPPLY COMPANY Contact: Phone:
14-000743 RJohnson METAL DETECTORS & RADIOS FOR FLINT SCHOOLS	Completed	CONTRACT POLICE		09/10/2014	19,756.00	0.00	0000003863 FLINT COMMUNITY SCHOOLS Contact: Phone:
14-000389 JEvans PUBLIC HEARING NOTICES	Open	Regular CLERK	07/01/2014	07/10/2014	5,000.00	5,000.00	0000000080 FLINT JOURNAL ADVERTISING Contact: Phone:
14-000518 MRule REPAIR PARTS FOR FORD, NEW HOLLAND, TEREX AND KUBOTA EQUIPMENT	Open	Blanket FLEET	07/01/2014	07/21/2014	10,000.00	10,000.00	0000000247 FLINT NEW HOLLAND, INC Contact: Phone:
14-000544 KWallace FY 15 - PROVIDE TRACTOR REPAIR PARTS	Open	Blanket WPC	07/01/2014	07/23/2014	5,000.00	5,000.00	0000000247 FLINT NEW HOLLAND, INC Contact: Phone:
14-000792 KWallace LOADER PACKAGE FOR TRACTOR	Open	Regular WPC	09/13/2014	09/29/2014	6,591.00	6,591.00	0000000247 FLINT NEW HOLLAND, INC Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000630 KWallace FY 2015 WPC WELDING SUPPLIES	Partial	Blanket WPC	07/01/2014	08/12/2014	10,000.00	9,930.00	0000000084 FLINT WELDING SUPPLY CO Contact: Phone:
14-000633 MRule WELDING SUPPLIES & GASES	Partial	Blanket FLEET	07/01/2014	08/12/2014	5,000.00	4,953.20	0000000084 FLINT WELDING SUPPLY CO Contact: Phone:
14-000519 MRule PARTS AND SUPPLIES - SALT TRUCKS	Open	Blanket FLEET	07/01/2014	07/21/2014	5,000.00	5,000.00	0000003217 FORCE AMERICA INC Contact: Phone:
14-000390 JEvans TABLES AND CHAIRS FOR POLLING SITES	Partial	Blanket CLERK	07/01/2014	07/10/2014	6,200.00	4,444.00	0000000728 FORD'S RENTAL INC Contact: Phone:
14-000501 rtibbetts OFFICE SUPPLIES	Open	Regular 68DC	07/17/2014	07/21/2014	6,000.00	6,000.00	0000000086 FORMS TRAC ENTERPRISES Contact: Phone:
14-000565 MRule PARTS AND SUPPLIES - TIRES, WHEELS AND SERVICE	Partial	Blanket FLEET	07/01/2014	07/28/2014	150,000.00	139,558.16	0000005145 GCR TIRES & SERVICE Contact: Phone:
14-000455 JEvans BALLOTS, POSTINGS, PRINTING	Open	Blanket CLERK	07/01/2014	07/19/2014	39,200.00	39,200.00	0000000615 GENESEE COUNTY CLERKS OFFICE Contact: Phone:
14-000372 BDuncan SIGNAL MAINTENANCE	Partial	Blanket TE	07/01/2014	07/08/2014	10,000.00	9,432.39	0000000094 GENESEE COUNTY ROAD COMMISSION Contact: Phone:
14-000745 CPriest INTERNAL INVESTIGATIONS	Open	Regular WSC		09/11/2014	48,296.10	48,296.10	0000003168 GENESEE COUNTY SHERIFF Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000507 rtibbetts JURY DUTY	Partial	Regular 68DC	07/17/2014	07/21/2014	10,000.00	1,492.16	0000000270 GENESEE COUNTY TREASURER Contact: Phone:
14-000641 rtibbetts COUNTY TELEPHONE CHARGES	Partial	Regular 68DC	08/14/2014	08/14/2014	6,500.00	5,388.87	0000000270 GENESEE COUNTY TREASURER Contact: Phone:
14-000680 RJohnson AFIS CONSORTIUM DUES	Open	Regular POLICE		08/21/2014	29,500.00	29,500.00	0000000270 GENESEE COUNTY TREASURER Contact: Phone:
14-000344 BGrisi LEGAL SERVICES	Partial	Blanket LAW	07/01/2014	07/01/2014	50,000.00	35,677.71	0000004413 GIARMARCO MULLINS & HORTON PC Contact: Phone:
14-000408 rtibbetts PUBLIC DEFENDER	Partial	Regular 68DC	07/15/2014	07/16/2014	10,000.00	7,000.00	0000004622 GLEN M-D COTTON, PLC Contact: Phone:
14-000793 RJohnson 3- 2015 POLICE CRUISERS - FORD EXPLORERS P.I. UTILITY, 4WD	Open	Blanket POLICE		09/29/2014	78,879.00	78,879.00	0000004598 GORNO FORD Contact: Phone:
14-000457 BDuncan SIGNAL & ELECTRICAL MAINTENANCE	Open	Blanket TE	07/01/2014	07/19/2014	14,000.00	14,000.00	0000002132 GRAND TRUNK WESTERN RR Contact: Phone:
14-000398 JEvans MAINTENANCE AGREEMENT LEGIS-STAR SOFTWARE USED BY CITY COUNCIL	Open	Regular CLERK	07/01/2014	07/15/2014	15,000.00	15,000.00	0000004722 GRANICUS INC Contact: Phone:
14-000392 YGray LIME	Completed	Regular WA PLANT	07/10/2014	07/11/2014	10,000.00	0.00	0000004944 GRAYMONT WESTERN LIME INC Contact: Phone:

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14-000555 RKelly QUICK LIME FOR SOFTENING	Partial	Blanket WA PLANT	07/01/2014	07/25/2014	302,306.08	200,203.90	0000004944 GRAYMONT WESTERN LIME INC Contact: Phone:
14-000770 KWallace FY2015 WPC DIVING SERVICES	Open	Regular WPC	07/01/2014	09/22/2014	5,000.00	5,000.00	0000000672 GREAT LAKES DIVING CO Contact: Phone:
14-000535 RJohnson UP-FITTING OF MOTORCYCLES	Completed	Regular POLICE		07/22/2014	7,858.48	0.00	0000004403 GREAT LAKES EMERGENCY PRODUCTS LLC Contact: Phone:
14-000396 KWallace FY 2015 WPC SUPPLIES FOR HACH DR/850 ANALYZER	Partial	Blanket WPC	07/01/2014	07/14/2014	10,000.00	9,754.53	0000000107 HACH COMPANY Contact: Phone:
14-000696 MPOISSON LAB SUPPLIES	Partial	Regular WA PLANT		08/26/2014	6,000.00	2,794.81	0000000107 HACH COMPANY Contact: Phone:
14-000721 RKelly LAB SUPPLIES FOR HACH EQUIPMENT	Partial	Blanket WA PLANT	07/01/2014	09/01/2014	30,000.00	29,773.00	0000000107 HACH COMPANY Contact: Phone:
14-000670 KWallace FY 2015 WPC POSITIVE DISPLACEMENT PUMP PARTS	Partial	Blanket WPC	07/01/2014	08/20/2014	20,000.00	12,648.42	0000005023 HAMLETT ENVIRONMENTAL TECHNOLOGIES Contact: Phone:
14-000343 BGrisi LEGAL SERVICES	Partial	Blanket LAW	07/01/2014	07/01/2014	10,000.00	4,456.00	0000001924 HARVEY KRUSE PC Contact: Phone:
14-000621 KNeumann SUSPENDED GRID CEILING SYSTEM - ASSESSMENT	Completed	Regular MAINT		08/12/2014	7,561.00	0.00	4981 HD CONSTRUCTION GROUP Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000738 KNeumann ASSESSMENT - BUILD KNEE-WALL WITH COUNTERTOP	Open	Regular MAINT		09/09/2014	8,190.00	8,190.00	4981 HD CONSTRUCTION GROUP Contact: Phone:
14-000760 KNeumann PEDESTRIAN BRIDGE REPAIR - HD CONSTRUCTION GROUP VE 4981	Open	Regular MAINT	07/01/2014	09/19/2014	10,920.00	10,920.00	4981 HD CONSTRUCTION GROUP Contact: Phone:
14-000676 CPriest HYDRANT, MANHOLE & CATCH BASIN GRATES	Partial	Regular WSC	07/01/2014	08/20/2014	80,000.00	79,000.92	0000003110 HD SUPPLY WATERWORKS, LTD. Contact: Phone:
14-000559 KRau HEALTH CARE PLAN FOR EMPLOYEES (ACTIVE AND RETIRED)	Partial	Blanket FINANCE		07/28/2014	6,153,825.00	5,028,888.27	0000004165 HEALTHPLUS OF MICHIGAN Contact: Phone:
14-000679 RKelly BACTERIOLOGICAL SUPPLIES	Partial	Blanket WA PLANT	07/01/2014	08/20/2014	10,000.00	3,478.00	0000000446 IDEXX LABORATORIES INC Contact: Phone:
14-000744 DJones BACTERIOLOGICAL SUPPLIES	Open	Blanket WA PLANT		09/11/2014	60,000.00	60,000.00	0000000446 IDEXX LABORATORIES INC Contact: Phone:
14-000643 PEllison SOFTWARE SERVICE/PROCESSING INCOME TAX	Open	Regular CSC	07/01/2014	08/15/2014	375,000.00	375,000.00	0000002671 INNOVATIVE SOFTWARE SERVICES, INC Contact: Phone:
14-000748 CDavila CDL MDOT DRUG TESTING	Open	Blanket HR	07/01/2014	09/12/2014	5,000.00	5,000.00	0000004611 INTEGRITY TESTING & SAFETY Contact: Phone:
14-000349 BWideman EMERGENCY TREE REMOVAL/TRIMMING	Partial	Regular STREET	07/02/2014	07/02/2014	10,000.00	7,175.00	0000000232 J & M TREE SERVICE Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000538 KNeumann J & M TREE SERVICE - MOWING OF PARKS FY15	Partial	Blanket PARKS	07/01/2014	07/23/2014	39,976.80	31,534.60	0000000232 J & M TREE SERVICE Contact: Phone:
14-000713 KWallace FY 2015 WPC CHOPPER PUMP PARTS	Partial	Blanket WPC	07/01/2014	09/01/2014	10,000.00	5,675.00	0000002425 J.G.M. VALVE CORP Contact: Phone:
14-000406 rtibbetts PUBLIC DEFENDER	Partial	Regular 68DC	07/15/2014	07/16/2014	10,000.00	9,000.00	0000000215 JEFFREY A. CHILDERS Contact: Phone:
14-000627 KWallace FY 2015 ROSEMOUNT INSTRUMENTATION	Open	Regular WPC	07/01/2014	08/12/2014	15,000.00	15,000.00	0000004215 KECO ENGINEERED CONTROLS Contact: Phone:
14-000799 MRule PLOWS AND MOUNTS	Open	Blanket FLEET	08/29/2014	09/30/2014	25,300.00	25,300.00	0000000217 KNAPHEIDE JURSIK TRUCK EQUIP INC Contact: Phone:
14-000521 MRule PARTS AND SUPPLIES - FIRE TRUCK AND APPARATUS	Partial	Blanket FLEET	07/01/2014	07/21/2014	20,000.00	19,249.88	0000000122 KNOBLOCK ACE HARDWARE CO Contact: Phone:
14-000531 CPriest HARDWARE ITEMS	Partial	Regular WSC	07/01/2014	07/22/2014	5,000.00	3,029.19	0000000122 KNOBLOCK ACE HARDWARE CO Contact: Phone:
14-000719 MRule PARTS AND SUPPLIES - HARDWARE AND HANDTOOLS	Open	Blanket FLEET	07/01/2014	09/01/2014	15,000.00	15,000.00	0000000122 KNOBLOCK ACE HARDWARE CO Contact: Phone:
14-000795 KWallace FY 2015 WPC OVERHEAD CRANES (TWELVE) PM	Open	Regular WPC	07/01/2014	07/01/2014	15,000.00	15,000.00	0000003390 KONECRANES INC. Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000409 rtibbetts PUBLIC DEFENDER	Partial	Regular 68DC	07/15/2014	07/16/2014	10,000.00	9,000.00	0000003882 KRAIG S SIPPELL LAW OFFICE OF Contact: Phone:
14-000337 BGrisi LEGAL SERVICES - COLLECTIONS	Completed	Blanket LAW	07/01/2014	07/01/2014	20,000.00	0.00	0000004842 LAW OFFICE OF I'LANTA M ROBBINS PLC Contact: Phone:
14-000330 BGrisi ONLINE LEGAL RESEARCH FEES	Partial	Blanket LAW	07/01/2014	07/01/2014	7,500.00	5,542.12	0000004896 LEXIS NEXIS Contact: Phone:
14-000380 BDuncan CONES & BARRICADES	Open	Blanket TE	07/01/2014	07/09/2014	10,000.00	10,000.00	0000004649 LIGHTLE ENTERPRISES OF OHIO LLC Contact: Phone:
14-000451 BDuncan STREET BARRICADES & DRUMS	Open	Blanket TE	07/01/2014	07/19/2014	40,000.00	40,000.00	0000004649 LIGHTLE ENTERPRISES OF OHIO LLC Contact: Phone:
14-000394 DJones LIQUID CARBON DIOXIDE FOR PH REDUCTION	Completed	Blanket WA PLANT	07/01/2014	07/11/2014	10,000.00	0.00	0000005176 LINDE LLC Contact: Phone:
14-000424 RKelly LIQUID NITROGEN 99% PURE FOR OZONE PRODUCTION	Partial	Blanket WA PLANT	07/01/2014	07/17/2014	80,000.00	79,239.15	0000005176 LINDE LLC Contact: Phone:
14-000428 RKelly LIQUID CARBON DIOXIDE FOR PH REDUCTION	Partial	Blanket WA PLANT	07/01/2014	07/17/2014	100,000.00	94,937.82	0000005176 LINDE LLC Contact: Phone:
14-000367 PEllison ARMORED CAR SERVICE	Partial	Blanket CSC	07/01/2014	07/08/2014	6,432.00	3,000.62	0000000126 LOOMIS FARGO & COMPANY Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000464 BDuncan SPRING & FALL PAVEMENT MARKINGS	Open	Blanket TE	07/01/2014	07/19/2014	75,000.00	75,000.00	0000000324 M & M PAVEMENT MARKING, INC Contact: Phone:
14-000439 KWallace FY 2015 IRON DUCTILE PIPING AND/OR FITTINGS	Open	Blanket WPC	07/01/2014	07/17/2014	10,000.00	10,000.00	0000000377 MACOMB GROUP Contact: Phone:
14-000440 KWallace FY 2015 WPC VARIOUS PIPING SUPPLIES	Partial	Blanket WPC	07/01/2014	07/17/2014	52,000.00	45,661.52	0000000377 MACOMB GROUP Contact: Phone:
14-000346 MMurray MANUFACTURING ALLIANCE OF COMMUNITIES ANNUAL MEMBERSHIP	Open	Regular MAYOR	07/01/2014	07/01/2014	10,000.00	10,000.00	0000004988 MANUFACTURING ALLIANCE OF Contact: Phone:
14-000558 KRau EMPLOEE HEALTH PLAN	Partial	Blanket FINANCE		07/28/2014	584,543.28	309,820.87	0000004670 MCLAREN HEALTH PLAN Contact: Phone:
14-000422 KWallace FY 2015 WPC ALLEN BRADLEY MODULES	Partial	Regular WPC	07/01/2014	07/17/2014	86,000.00	78,998.64	0000000133 MCNAUGHTON MCKAY ELECTRIC CO Contact: Phone:
14-000423 RKelly ALLEN BRADLEY DRIVES/PLC	Open	Blanket WA PLANT	07/01/2014	07/17/2014	40,000.00	40,000.00	0000000133 MCNAUGHTON MCKAY ELECTRIC CO Contact: Phone:
14-000432 KWallace FY 2015 WPC ELECTRICAL PARTS	Partial	Blanket WPC	07/01/2014	07/17/2014	32,000.00	23,563.06	0000000133 MCNAUGHTON MCKAY ELECTRIC CO Contact: Phone:
14-000435 RKelly ELECTRICAL PARTS	Partial	Blanket WA PLANT	07/01/2014	07/17/2014	10,000.00	8,385.67	0000000133 MCNAUGHTON MCKAY ELECTRIC CO Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000460 BDuncan ELECTRICAL SUPPLIES	Partial	Blanket TE	07/01/2014	07/19/2014	25,000.00	20,283.70	0000000133 MCNAUGHTON MCKAY ELECTRIC CO Contact: Phone:
14-000548 KNeumann ELECTRICAL SUPPLIES FOR FACILITIES MAINTENANCE	Partial	Blanket MAINT	07/01/2014	07/25/2014	10,000.00	6,906.91	0000000133 MCNAUGHTON MCKAY ELECTRIC CO Contact: Phone:
14-000453 BDuncan TRAFFIC SIGN POSTS	Open	Blanket TE	07/01/2014	07/19/2014	50,000.00	50,000.00	0000004959 MD SOLUTIONS Contact: Phone:
14-000434 VFoster AUTO SELF INSURANCE ASSESSMENT FEES	Completed	Regular FINANCE		07/17/2014	12,947.00	0.00	0000004976 MICHIGAN AUTOMOBILE INSURANCE Contact: Phone:
14-000771 KWallace FY 2015 WPC SAFETY SUPPLIES	Open	Blanket WPC	07/01/2014	07/01/2014	6,900.00	6,900.00	0000004672 MICHIGAN ELECTRIC SUPPLY COMPANY Contact: Phone:
14-000635 CPriest PIPE, FITTINGS, FERNCOS	Partial	Regular WSC	07/01/2014	08/12/2014	25,000.00	20,411.19	0000002328 MICHIGAN PIPE & VALVE - FLINT Contact: Phone:
14-000478 KNeumann DOOR AND KEY SERVICES FOR MAINTENANCE	Partial	Blanket MAINT	07/01/2014	07/20/2014	8,000.00	7,213.00	0000000149 MID MICHIGAN LOCK & SAFE SERVICE Contact: Phone:
14-000441 KWallace FY 2015 WPC NUTS, BOLTS, TOOLS, & EQUIPMENT	Partial	Blanket WPC	07/01/2014	07/17/2014	27,500.00	15,720.36	0000000148 MID STATES BOLT & SCREW CO Contact: Phone:
14-000779 MRule PARTS AND SUPPLIES - NUTS AND BOLTS	Open	Blanket FLEET	07/01/2014	09/25/2014	15,000.00	15,000.00	0000000148 MID STATES BOLT & SCREW CO Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000479 KNeumann MOWING OF CITY HALL - FY15	Partial	Blanket MAINT	07/01/2014	07/20/2014	5,070.00	3,315.00	0000004916 MIKE'S LANDSCAPING Contact: Phone:
14-000537 KNeumann MIKE'S LANDSCAPING FY15 MOWING OF PARKS	Partial	Blanket PARKS	07/01/2014	07/23/2014	93,792.00	64,594.00	0000004916 MIKE'S LANDSCAPING Contact: Phone:
14-000341 BGrisi LEGAL SERVICES	Completed	Blanket LAW	07/01/2014	07/01/2014	25,000.00	0.00	0000004450 MILLER, CANFIELD, PADDOCK AND STONE Contact: Phone:
14-000419 RKelly SMALL ELECTRIC MOTOR REPAIR	Partial	Blanket WA PLANT	07/01/2014	07/16/2014	6,000.00	2,472.72	0000000667 MOORE BROTHERS ELECTRIC COMPANY INC Contact: Phone:
14-000678 KNeumann MOTORS, PUMPS, ELECTICAL CONTROLS, MOTOR REPAIRS	Partial	Blanket MAINT	07/01/2014	08/20/2014	10,000.00	9,745.00	0000000667 MOORE BROTHERS ELECTRIC COMPANY INC Contact: Phone:
14-000687 KNeumann FREQUENCY DRIVE UNITS & INSTALLATION	Partial	Blanket MAINT		08/25/2014	7,264.48	4,142.09	0000000667 MOORE BROTHERS ELECTRIC COMPANY INC Contact: Phone:
14-000556 KRau OPTICAL CARE	Partial	Blanket FINANCE		07/28/2014	73,200.00	57,382.99	0000000150 MUTUAL EYE CLAIM AUDIT INC Contact: Phone:
14-000751 MJarvis RENTAL INSPECTION SERVICES	Open	Blanket DEV	07/01/2014	09/12/2014	300,000.00	300,000.00	0000005131 NAN MCKAY & ASSOCIATES INC Contact: Phone:
14-000448 KWallace FY 2015 WPC PROCESS CONTROL COMPUTER PARTS	Open	Blanket WPC	07/01/2014	07/17/2014	5,000.00	5,000.00	0000004499 NEWEGG INC. Contact: Phone:

PO NUMBER	PO STATUS	PO TYPE	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
ENTERED BY		DEPARTMENT					
DESCRIPTION							
14-000623	Completed	Regular		08/12/2014	8,135.00	0.00	0000000465
KNeumann		MAINT					NEWKIRK ELECTRIC ASSOCIATES INC
ELECTRICAL UPGRADES TO THE ASSESSMENT OFFICE							Contact:
							Phone:
14-000761	Open	Regular		09/19/2014	12,870.00	12,870.00	0000000465
KNeumann		MAINT					NEWKIRK ELECTRIC ASSOCIATES INC
HVAC EMERGENCY REPAIRS TO POLICE ROOM USED BY THE STATE POLICE							Contact:
							Phone:
14-000420	Partial	Regular	07/01/2014	07/17/2014	78,000.00	74,895.00	0000004532
KWallace		WPC					OAK CONSTRUCTION CORPORATION
FY 2015 WPC CONCRETE STRUCTURAL AND JOINT REPAIRS							Contact:
							Phone:
14-000421	Open	Blanket	07/01/2014	07/17/2014	40,000.00	40,000.00	0000004532
RKelly		WA PLANT					OAK CONSTRUCTION CORPORATION
CONCRETE REPAIR SERVICE							Contact:
							Phone:
14-000513	Open	Regular	07/01/2014	07/21/2014	27,300.00	27,300.00	0000004532
KWallace		WPC					OAK CONSTRUCTION CORPORATION
REPAIR/REPLACE CHLORINE MONORAIL CRANE							Contact:
							Phone:
14-000605	Partial	Regular	07/01/2014	08/10/2014	5,500.00	5,242.04	0000000156
KWallace		WPC					OFFICE DEPOT
FY 2015 - WPC OFFICE SUPPLIES							Contact:
							Phone:
14-000642	Partial	Regular	07/01/2014	08/15/2014	6,500.00	5,827.18	0000000156
PEllison		CSC					OFFICE DEPOT
CSC OFFICE SUPPLIES							Contact:
							Phone:
14-000685	Open	Regular	08/01/2014	08/25/2014	5,000.00	5,000.00	0000000156
TWeiss		ASSESSMENT					OFFICE DEPOT
OFFICE SUPPLIES							Contact:
							Phone:
14-000686	Open	Blanket	07/01/2014	08/25/2014	6,000.00	6,000.00	0000000156
CPriest		WSC					OFFICE DEPOT
OFFICE SUPPLIES							Contact:
							Phone:

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14-000768 KWallace LIFT OUT AERATION EQUIPMENT	Open	Regular WPC	07/01/2014	09/22/2014	74,999.00	74,999.00	0000005184 ONLINE ENGINEERING CORP Contact: Phone:
14-000562 BDuncan STREET MARKER BRACKETS	Open	Regular TE	07/01/2014	07/28/2014	6,000.00	6,000.00	0000004435 OSBURN ASSOCIATES INC Contact: Phone:
14-000563 BDuncan SIGN SHEETING	Open	Blanket TE	07/01/2014	07/28/2014	15,000.00	15,000.00	0000004435 OSBURN ASSOCIATES INC Contact: Phone:
14-000735 KNeumann GARAGE DOOR REPAIRS & PARTS FOR FIRE STATIONS	Partial	Blanket MAINT	07/01/2014	09/07/2014	7,000.00	6,875.00	0000002101 OVERHEAD DOOR OF FLINT Contact: Phone:
14-000737 KWallace FY 2015 WPC OVERHEAD DOOR REPAIR AND PM	Open	Blanket WPC	07/01/2014	09/07/2014	5,000.00	5,000.00	0000002101 OVERHEAD DOOR OF FLINT Contact: Phone:
14-000786 RJohnson PRINTING - MULTIPLE FORMS	Open	Blanket POLICE		09/26/2014	5,009.00	5,009.00	0000004923 PARISEAU'S PRINTING INC Contact: Phone:
14-000710 KWallace FY 2015 WPC SECURITY SYSTEM REPAIR PARTS	Partial	Regular WPC	07/01/2014	08/29/2014	5,000.00	4,832.00	0000004440 PCT SECURITY LLC Contact: Phone:
14-000767 rtibbetts POSTAGE FOR 68TH DC	Completed	Regular 68DC	09/19/2014	09/19/2014	10,000.00	0.00	0000000774 PITNEY BOWES PURCHASE POWER Contact: Phone:
14-000569 VFoster PLANTE MORAN CONSULTATION SERVICES	Partial	Blanket IS		07/29/2014	33,931.25	28,083.25	0000000266 PLANTE & MORAN, LLP Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000404 KWallace FY 2015 WPC POLYMER - GRAVITY BELT THICKENER	Open	Regular WPC	07/01/2014	07/15/2014	11,868.00	11,868.00	0000000161 POLYDYNE INC Contact: Phone:
14-000517 KWallace FY 2015 WPC POLYMER - BELT FILTER PRESS	Partial	Regular WPC	07/01/2014	07/21/2014	63,750.00	43,446.00	0000000161 POLYDYNE INC Contact: Phone:
14-000560 JEvans PURCHASE AND INSTALLATION OF NEW ROTARY FILE	Completed	Regular CLERK		07/28/2014	24,469.60	0.00	0000000772 PRODUCTIVITY SYSTEMS INC Contact: Phone:
14-000395 KWallace FY 2015 WPC SUMP PUMP(S)	Partial	Blanket WPC	07/01/2014	07/14/2014	10,000.00	5,572.00	0000004815 PROFESSIONAL PUMP INC Contact: Phone:
14-000534 KWallace FY 2015 WPC AQUEOUS FERROUS CHLORIDE	Open	Regular WPC	07/01/2014	07/22/2014	60,000.00	60,000.00	0000003888 PVS NOLWOOD CHEMICALS Contact: Phone:
14-000429 RKelly FERRIC CHLORIDE 39%	Partial	Blanket WA PLANT	07/01/2014	07/17/2014	444,793.52	391,556.02	0000000458 PVS TECHNOLOGIES INC Contact: Phone:
14-000399 JEvans PREVENTIVE MAINTENANCE AGREEMENT ON VOTING EQUIPMENT	Completed	Regular CLERK	07/01/2014	07/15/2014	14,760.00	0.00	0000003867 RBM CONSULTING, LLC Contact: Phone:
14-000780 MRule REPAIRS/SERVICE	Open	Blanket FLEET	07/01/2014	09/25/2014	5,000.00	5,000.00	0000005159 RC FLUID POWER INC Contact: Phone:
14-000502 rtibbetts OFFICE SUPPLIES	Partial	Regular 68DC	07/17/2014	07/21/2014	5,000.00	4,678.95	0000004070 RELIABLE OFFICE SUPPLIES Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000653 KNeumann COMPOST PROCESSING/DISPOSITION @ CHEVY IN THE HOLE	Partial	CONTRACT TRAN ADMIN		07/01/2014	146,250.00	108,750.00	0000004355 RESOURCE RECYCLING SYSTEMS INC Contact: Phone:
14-000331 BGrisi PROFESSIONAL SERVICES	Open	Blanket LAW	07/01/2014	07/01/2014	10,000.00	10,000.00	0000000165 RIPKA BOROSKI AND ASSOCIATES Contact: Phone:
14-000711 KWallace FY 2015 WPC GLOVES	Partial	Blanket WPC	07/01/2014	08/29/2014	12,000.00	11,016.00	0000005153 RITZ SAFETY SUPPLIES Contact: Phone:
14-000762 KNeumann ENGINEERING SERVICES CO #2 - ROWE ENG.	Open	Regular TRAN ADMIN		09/19/2014	75,000.00	75,000.00	0000000169 ROWE ENGINEERING INC Contact: Phone:
14-000723 KWallace FY 2015 WPC SPECIALTY OIL	Open	Blanket WPC	07/01/2014	09/01/2014	15,000.00	15,000.00	0000003824 ROWLEYS WHOLESALE Contact: Phone:
14-000724 MPOISSON LOW TOX LUBRICATION	Open	Regular WA PLANT	08/06/2014	09/01/2014	10,000.00	10,000.00	0000003824 ROWLEYS WHOLESALE Contact: Phone:
14-000592 KNeumann	Cancelled	Blanket TRAN ADMIN	07/01/2014	08/01/2014	4,129,108.00	0.00	0000004862 RWS OF MID MICHIGAN Contact: Phone:
14-000593 KNeumann ADD'L YR. OF CONTRACTED SERVICES FOR RESIDENTIAL WASTE COLLECTION	Partial	Blanket TRAN ADMIN		07/01/2014	4,026,097.00	3,025,591.90	0000004862 RWS OF MID MICHIGAN Contact: Phone:
14-000775 RJohnson EQUIPMENT SUPPLIES & VOLUNTEER & COMMUNITY PROGRAM LIABILITY COVERAGE	Open	Regular POLICE		09/24/2014	5,138.55	5,138.55	0000002233 SALEM HOUSING COMM DEVELOPMENT CORP Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000754 KWallace PROGESSIVE CAVITY CAKE PUMP SYSTEM	Open	Regular WPC		09/15/2014	477,417.00	477,417.00	0000005186 SEEPEX, INC Contact: Phone:
14-000338 BGrisi LEGAL SERVICES	Partial	Blanket LAW	07/01/2014	07/01/2014	25,000.00	17,746.02	0000004307 SHEDD,FRASIER_PLC Contact: Phone:
14-000400 JEvans TRANSPORTATION OF ELECTION EQUIPMENT	Partial	Blanket CLERK	07/01/2014	07/15/2014	10,000.00	3,824.00	0000000392 SHUE & VOEKS, INC Contact: Phone:
14-000339 BGrisi LEGAL SERVICES	Partial	Blanket LAW	07/01/2014	07/01/2014	20,000.00	13,427.54	0000000175 SIMEN, FIGURA & PARKER PLC Contact: Phone:
14-000365 PEllison PRINT/MAIL UTILITY BILLS	Partial	Blanket CSC	07/01/2014	07/08/2014	21,480.00	16,404.49	0000004985 SSS PRINTING Contact: Phone:
14-000369 PEllison PRINTING AND MAILING AND POSTAGE OF PROP TAX BILLS	Partial	Blanket CSC	07/01/2014	07/08/2014	8,542.00	3,138.48	0000004985 SSS PRINTING Contact: Phone:
14-000674 KWallace FY 2015 WPC SQUARE D PLC MODULES	Partial	Regular WPC	07/01/2014	08/20/2014	20,000.00	12,846.45	0000000183 STANDARD ELECTRIC CO Contact: Phone:
14-000675 RKelly SQUARE "D" PARTS	Open	Blanket WA PLANT	07/01/2014	08/20/2014	5,000.00	5,000.00	0000000183 STANDARD ELECTRIC CO Contact: Phone:
14-000353 RJohnson LEIN FEES	Partial	Regular POLICE		07/05/2014	8,400.00	6,300.00	SMI0009A00 STATE OF MICHIGAN Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000385 RKelly LAB TESTING	Partial	Blanket WA PLANT	07/01/2014	07/09/2014	10,000.00	8,905.00	SMI0001A03 STATE OF MICHIGAN Contact: Phone:
14-000456 BDuncan TRAFFIC SIGNAL ENERGY	Open	Blanket TE	07/01/2014	07/19/2014	23,910.09	23,910.09	SMI0002A00 STATE OF MICHIGAN Contact: Phone:
14-000576 rtibbetts QUARTERLY SOFTWARE SUPPORT	Open	Regular 68DC	07/15/2014	07/29/2014	31,609.32	31,609.32	SMI0005A00 STATE OF MICHIGAN Contact: Phone:
14-000597 RJohnson ELECTRONIC HIGHWAY SAFETY SIGN	Open	Blanket POLICE		08/07/2014	91,300.00	91,300.00	SMI0002A00 STATE OF MICHIGAN Contact: Phone:
14-000568 VFoster TELEPHONE PROGRAMMING ASSISTANCE	Partial	Regular IS		07/29/2014	8,000.00	7,467.50	0000003493 STRATEGIC PRODUCTS AND SERVICES Contact: Phone:
14-000794 KWallace FY 2015 WPC SOR ULTRASONIC TRANSMITTER PM	Open	Blanket WPC	09/29/2014	07/01/2014	11,500.00	11,500.00	0000000488 SW CONTROLS INC Contact: Phone:
14-000403 KWallace ROTORK ACTUATOR RETROFIT	Open	Regular WPC	07/01/2014	07/15/2014	19,973.50	19,973.50	0000004100 SYSTEMS SPECIALTIES Contact: Phone:
14-000624 KWallace FY 2015 - ANNUAL ENVIRONMENTAL MONITORING AND ANALYSES	Partial	Blanket WPC	07/01/2014	08/12/2014	40,000.00	35,599.50	0000000337 TESTAMERICA ANALYTICAL TESTING CORP Contact: Phone:
14-000783 MRule VEHICLE WASHES	Partial	Blanket FLEET	07/01/2014	09/25/2014	6,000.00	5,678.00	0000002001 TOP HAT AUTO WASH Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000542 KWallace FY 15 - PROVIDE MISCELLANEOUS LAND CARE SUPPLIES	Partial	Regular WPC	07/01/2014	07/23/2014	8,000.00	6,942.92	0000003567 TRI COUNTY EQUIPMENT Contact: Phone:
14-000508 rtibbetts COURT INTERPRETER	Partial	Regular 68DC	07/17/2014	07/21/2014	5,000.00	2,891.12	0000000192 UMA LANGUAGE SERVICES Contact: Phone:
14-000543 KWallace FY 15 - PROVIDE SHIPPING SERVICES	Partial	Blanket WPC	07/01/2014	07/23/2014	5,000.00	4,767.12	0000003365 UNITED PARCEL SERVICE CHAIN SOLUTIO Contact: Phone:
14-000689 KNeumann BAG IT LEAF COLLECTION	Partial	Regular TRAN ADMIN		08/25/2014	5,000.00	2,500.00	0000002627 UNITED WAY OF GENESEE COUNTY Contact: Phone:
14-000582 RJohnson MOTORCYCLE LEASE	Completed	Regular POLICE		07/30/2014	6,000.00	0.00	0000004317 VEHICLE CITY HARLEY-DAVIDSON Contact: Phone:
14-000412 RKelly EIM VALVE CONTROLER PARTS	Open	Blanket WA PLANT	07/01/2014	07/16/2014	5,000.00	5,000.00	0000004989 VENTURE TECHNOLOGY GROUPS INC Contact: Phone:
14-000530 MRule PARTS AND SUPPLIES FOR DUMP TRUCKS	Open	Blanket FLEET	07/01/2014	07/21/2014	5,000.00	5,000.00	0000004614 VIKING-CIVES MIDWEST, INC Contact: Phone:
14-000452 BDuncan TRAFFIC SIGNS	Open	Blanket TE	07/01/2014	07/19/2014	70,000.00	70,000.00	0000002518 VULCAN SIGNS Contact: Phone:
14-000690 KNeumann CITY-WIDE BRIDGE INSPECTIONS - WADE TRIM	Open	Regular TRAN ADMIN		08/25/2014	21,250.00	21,250.00	0000000198 WADE TRIM, INC Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000752 TLewis CONSTRUCTION ENGINEERING - MDOT PROJ 114111	Open	CONTRACT TRAN ADMIN		09/12/2014	44,593.10	44,593.10	0000000198 WADE TRIM, INC Contact: Phone:
14-000726 KNeumann INTERNAL & EXTERNAL LIGHTING AT BERSTON	Completed	Blanket MAINT	07/01/2014	09/03/2014	13,025.00	0.00	0000002701 WALKER ELECTRIC, INC. Contact: Phone:
14-000340 BGrisi LEGAL SERVICES	Partial	Blanket LAW	07/01/2014	07/01/2014	35,000.00	33,453.08	0000000201 WARNER NORCROSS AND JUDD LLT Contact: Phone:
14-000311 DDunlap TURNOUT GEAR	Partial	Regular FIRE	07/01/2014	07/01/2014	95,040.00	11,088.00	0000000718 WEST SHORE FIRE INC Contact: Phone:
14-000413 RKelly HVAC PARTS & SUPPLIES	Partial	Blanket WA PLANT	07/01/2014	07/16/2014	5,000.00	1,423.82	0000000200 WILLIAM E WALTER INC Contact: Phone:
14-000580 RJohnson FLARES	Completed	Regular POLICE		07/30/2014	5,239.45	0.00	0000002176 WINDER POLICE EQUIPMENT CO Contact: Phone:
14-000342 BGrisi LEGAL SERVICES	Open	Blanket LAW	07/01/2014	07/01/2014	10,000.00	10,000.00	0000002719 WINEGARDEN, HALEY, LINDHOLM & Contact: Phone:
14-000511 rtibbetts MAIN. AGREE. ON COPIERS	Partial	Regular 68DC	07/17/2014	07/21/2014	8,300.00	7,084.56	0000000229 XEROX CORPORATION Contact: Phone:
14-000583 JEvans FY14 AUDIT SERVICES	Partial	Regular CLERK		07/30/2014	116,000.00	95,100.00	0000005150 YEO & YEO PC Contact: Phone:

PO NUMBER	PO STATUS	PO TYPE	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
ENTERED BY		DEPARTMENT					
DESCRIPTION							
Grand Totals:		234			25,197,633.27	17,068,464.23	

Section Separator

(c) A description of each loan sought, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the proposed use of the funds.

The City of Flint has not sought, approved or disapproved any loan during the reporting period of July 8, 2014 through October 8, 2014.

Section Separator

(d) A description of any new position created or any vacancy in a position filled by the appointing authority.

Vacancies Filled - July 2014-September 2014
Planner II
Planning & Development Mgt. Assistant
Casual Skilled Laborer
Emergency 911 Communications Specialist I
Construction & Maintenance Specialist
DPW Executive Analyst
GIS Technician
Planner I
Principal Clerk Typist
School Crossing Guard
Water Distribution Operator Trainee
Traffic Safety Maintainer
Utilities Data Technician
WP Laboratory Assistant
WP Operator Trainee
Street Operator Maintainer
Sr. Sewage Pumping Station Operator
Transportation Operations Manager
Sr. Customer Service Clerk

Laid off Positions - July 4014-September 2014
Street Operator Maintainer
Police Terminal Operator

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Planner II	Job Code Number:	30-C-205
Established:	May 10, 2011	Bargaining Unit:	1600

GENERAL STATEMENT OF DUTIES:
Planner II position plans, coordinates and reviews the work of City Planning initiatives. The position is responsible for a variety of City planning activities such as master plan implementation, neighborhood planning, environmental planning, zoning administration, and related type work. On occasion, the Planner II position may function as a project manager while performing work on large planning projects and exercising a high degree of decision-making authority. A Planner II will also be tasked with conducting public hearings and public meetings. The Planner II collects and analyzes data, evaluates existing conditions and trends, and conducts development review analyses and/or Plan monitoring activities. Additionally, prepares a variety of written materials including research reports, staff reports, environmental assessments, planning studies and evaluations, and public hearing items. Makes presentations to staff, Planning Commission, and/or citizens groups.

SUPERVISION RECEIVED:
Supervision Required: Planner II works under the guidance of Planner III and direct supervision of the Department Director.

Supervision Exercised: Management skills are required to provide oversight of contractors, Planner I, and planning interns.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Research, develop and guide the implementation of master plan strategies
2. Provide guidance and support regarding city planning issues and concerns.
3. Provide planning, information and analysis to other departments, outside agencies and the general public.
4. Ability to prepare neighborhood and small area plans in collaboration with city neighborhood planning efforts.
5. Deliver presentations to report recommendations and other findings.
6. Monitor and evaluate the progress and effectiveness of implementation programs.
7. Maintains the planning websites and social media outreach.
8. Ability to manage and report on division operating budget.
9. Leads multiple public planning groups through convening, facilitation, and organization.
10. Ability to manage multiple planning department interns simultaneously. Provides grant-writing assistance to City entities.

12. Leads the preparation and maintenance of programs and large planning projects for the department.
13. Performs professional planning work, data collection, assists in writing reports; completes project reviews.
14. Assists as needed in city committees.

MINIMUM ENTRANCE REQUIREMENTS:

A. Bachelor's Degree in Planning, Community Development, Urban Studies, Resource Development, Public Administration or a related field; Master's Degree is preferred; and at least:
B. At minimum (3) Years' professional planning experience in a planning office, private sector, or non-profit organization that primarily provides services to the public sector.
C. Knowledge of urban planning principles and practice.
D. Extensive understanding of the Imagine Flint master plan and Flint's 5-year strategic plan.
E. Knowledge of social, economic, and environmental issues facing Flint.
F. Ability to communicate effectively both orally and in writing.
G. Ability to interpret and follow complex oral and written directions.
H. Ability to lead and convene meetings among multiple stakeholders.
I. Ability to administer tasks and provide necessary follow-up.
J. Ability to read maps and other graphic materials.
K. Proficient in desktop computing, including Microsoft Office Suite.
L. Familiarity with Geographical Information Systems (GIS) mapping software is highly desirable.
M. Familiarity with graphic design software is highly desirable.
N. Working ability in website design.

NECESSARY SPECIAL REQUIREMENT:

1. Ability to travel to community meetings.
2. Ability to attend evening and weekend meetings and conferences.
3. Have a valid driver's license and ready access to a motor vehicle

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit, talk, hear, stand, walk, use hands to finger, handle or operate objects, tools or controls, reach with hands and arms. The employee is occasionally required to climb or balance, stoop, kneel, crouch or crawl, taste and smell. The employee must frequently lift and/or move up to 50 pounds and occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception and the ability to adjust focus.

Classification History

Established: Established 05/10/2011
Revised, Reallocated and Retitled Human Resources: 07/30/14

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Planning & Development Management Assistant	Job Code Number:	26-E-130
Established:	July 2014	Bargaining Unit:	1600

GENERAL STATEMENT OF DUTIES:
The Planning & Development Management Assistant position within the Department of Planning and Development performs duties that relate to data collection, administrative difficulties, report writing, program coordination, and development of policy, compiling, analyzing data and formulating recommendations. This position will entail communicating clearly orally and in writing; learning, interpreting and applying city policies, procedures, rules and regulations all within a fast paced environment. The Planning & Development Management Assistant will be asked to performs complex, technical administrative duties in providing staff assistance to the Director of Planning and Development.

SUPERVISION RECEIVED: Works under the general supervision of the Director of Planning and Development.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Performs basic research on projects.
2. Provides planning, information and analysis to other departments, outside agencies and the general public.
3. Responsible for the development and routing of inter-department resolutions.
4. Responsible for responding to inquiries and complaints.
5. Provides project management of contractual services.
6. Assists in the coordination of intra-departmental and departmental activities with other City departments and outside agencies.
7. Confers with other departments on a variety of administrative matters.
8. Coordinates and participates in special projects.
9. Compiles and prepares reports, memoranda, policies, and manuals.
10. Provides direct support to the director of Planning and Development
11. Responsible for the daily administrative duties for planning staff.

MINIMUM ENTRANCE REQUIREMENTS:

A. Degree from a recognized four-year college or university is strongly encouraged; or minimum of (2) years of increasingly responsible administrative experience.
B. Ability to learn, retain and apply complex information, terminology, policies and procedures; work effectively with a wide variety of people on a broad scope of issues.
C. Maintain composure under difficult circumstances; prioritize project activities, deadlines, and coordinate completion with other staff.
D. Ability to work independently with minimal supervision.

E. Ability to communicate effectively both orally and in writing.
F. Ability to multi-task and meet necessary deadlines.
G. Ability to interpret and follow complex oral and written directions.
H. Possess strong attention-to-detail, initiative, and self-motivation.
I. Have strong organizational skills.
J. Proficient in Microsoft Office Suite.

NECESSARY SPECIAL REQUIREMENT:

1. Ability to travel to community meetings.
2. Ability to attend evening and weekend meetings and conferences outside of normal working hours.
3. Have a valid driver's license and ready access to a motor vehicle

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit, talk and hear. The employee is occasionally required to walk; use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms. The employee must occasionally lift and/or move up to 10 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

Classification History
Established: Human Resources: July 2014

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Casual Skilled Laborer (Street Maintenance)	Job Code Number:	12-V-001
Established:	9/2014	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
Performs a variety of manual laboring duties in a City department; performs related work as required.

SUPERVISION RECEIVED:
Works under the immediate supervision of a foreman or employee of higher grade who assigns and inspects work for conformance with standards.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Sweeps and cleans streets and gutters, collects and loads refuse into an accompanying truck or movable can; rakes leaves from streets and loads into trucks, shovels snow and breaks ice from streets and loads on trucks.
2. Performs pick and shovel work on asphalt, concrete and unpaved streets.
3. Performs simple tasks involved in building and repairing sidewalks, culverts, sewers, curbs, gutters, inlets and catch basins.
4. Loads and unloads trucks and care of pipe, cement and a variety of materials.
5. Lifts and loads sludge; mows and sprinkles golf course lawns; cuts weeds.
6. Skims clarifiers; washes signs and signal tanks.
7. Makes pavement markings and sign installation.
8. Assists with the removal, storing, and placing of park benches, tables, playground equipment and building supplies.
9. May on occasion operate a light or medium duty truck; may operate other non-driven power equipment and perform simple maintenance.

MINIMUM ENTRANCE REQUIREMENTS:
A. High School Diploma or Equivalent.
B. Preferably the ability to read and write.
C. Ability to follow simple oral instructions.
D. Ability to perform strenuous manual labor.
E. Ability to withstand exposure to variable weather conditions and to perform work which is generally out of doors.
F. Ability to meet the physical, mental and visual standards of the job.
G. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons, and equipment.

NECESSARY SPECIAL REQUIREMENT:
- Must possess a valid State of Michigan motor vehicle operator's license.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee is frequently required to sit, talk, hear, stand, walk, use hands to finger, handle or operate objects, tools or controls, reach with hands and arms. The employee is occasionally required to climb or balance, stoop, kneel, crouch or crawl, taste and smell. The employee must frequently lift and/or move up to 50 pounds and occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception and the ability to adjust focus.

Classification History
Established: 9/2014

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Emergency 911 Communications Specialist I	Job Code Number:	16C-Q-035
Established:	September 19, 2008	Bargaining Unit:	Local 352

GENERAL STATEMENT OF DUTIES: Responsible for utilizing a computerized 911 telephone system to receive and enter 911 emergency calls and non-emergency telephone calls for service; responsible for the operation of computerized radio console equipment to respond appropriate Public Safety personnel to calls for service. Monitors, directs, and coordinates all police and fire radio traffic on primary and back-up channels; uses the computer keyboard and mouse for all automated call and dispatch activity.; receives and dispatches requests for emergency medical services; performs all related dispatch center duties as assigned.

SUPERVISION RECEIVED: Works under the direct supervision of a Communications Specialist II and the oversight of the 911 Administrator or designee in the absence of the Administrator.

SUPERVISION EXERCISED: On occasion may be required to act as a Communications Specialist II exercising the appropriate authority over other 911 personnel on duty on that shift.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Receives emergency and complaint calls, assesses their relative severity and urgency, prioritizes it, and determines the appropriate response, and dispatches appropriate emergency personnel and vehicles. Wears a headset at all times while doing so.
2. Maintains a log and notifies Communications Specialist II's of all transmissions and departmental communication as related to Police, Fire, EMS, and 911.
3. Learns and utilizes all CAD system dispatch and call entry type codes. Utilizes the CAD system for all dispatch center work.
4. May be required to input data changes or upgrade information into the CAD system as necessary.
5. Reports CAD and MSAG errors on appropriate forms for assistance in maintaining the accuracy and efficiency of the computerized system.
6. In the event of system upgrade or system failure, will be required to perform duties manually.
7. May be required to operate a data entry device connected to a police information network to enter, modify, retrieve, or cancel a variety of police information.
8. May be required to assist in the training of new employees.
9. Assists with keeping the dispatch center and related rooms clean and neat.
10. Provides professional, polite, and caring service to all residents.

MINIMUM ENTRANCE REQUIREMENTS:

A. Ability to accurately keyboard at thirty (30) words per minute.
B. Must possess proficiency in typing numerical and alphabetical data.
C. Ability to speak proper English with clear enunciation.
D. Must meet minimum physical requirement of the job including sight and hearing.

MINIMUM ENTRANCE REQUIREMENTS (Con't):

E. Ability to compose and/or enter information clearly and concisely.
F. Ability to handle stressful duties and to exercise quick and sound judgment.
G. Ability to establish strong working relationships with other dispatch personnel.
H. Ability to accept supervision and operate in a paramilitary authority structure.
I. Knowledge of the geography of the City of Flint as well as location of streets.

NECESSARY SPECIAL REQUIREMENT(S):

- Hearing must be in the normal range.
- Must pass a thorough background check and drug screen.
- Must be able to accept normal work shifts that include weekends, holidays, and various regular and irregular shifts.
- Must work overtime as necessary.
- Must meet minimum physical requirement of the job including sight and hearing.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee works in a seated position for prolonged periods of time. The employee is occasionally required to walk; use hands to finger, handle or feel objects, tools or controls; and reach with hands and arms.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History:
Established: Human Resources 09/29/2008

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Construction & Maintenance Specialist	Job Code Number:	23-H-024
Established:	June 23, 1970	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Performs skilled work in the installation, maintenance and repair of all electrical wiring, apparatus, fixtures, motors and other electrical equipment; performs one or more other skilled trades in the general maintenance alterations and repair of the City buildings; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of an administrative employee of higher grade who assigns and inspects work for conformance with established standards.

SUPERVISION EXERCISED: Exercises working supervision over skilled and semi-skilled workers of various trades, and other workers of lower grade.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Performs skilled tasks in alteration, maintenance and repair of wiring systems, electrical motors, transformers, wiring, lighting fixtures, electrical control devices, motors, electronic equipment and electrically operated devices.
2. Maintains and repairs overhead, underground and under floor duct and wiring systems.
3. Plans work; reads blueprints, diagrams, charts and specifications to analyze scope of work; estimates and requests equipment, materials and supplies required.
4. Installs and maintains motors, meters and controls, and does the electrical and mechanical work in repairing and replacing parts.
5. Makes emergency repairs and adjustments to electrical and mechanical systems.
6. Performs replacement of plastering and drywall work, cement work, interior and exterior painting. Replaces broken glass; repairs or replaces window cords.
7. Replaces, repairs, tests and maintains existing plumbing systems, air, water and gas piping systems; waste disposal and sewer systems.
8. Operates, repairs, tests, and maintains heating and cooling systems, to include hot water boilers, domestic hot water and air conditioning.
9. Performs duties related to the alteration of offices to include doors, metal partitions, ceilings, floors, and related electrical work.
10. Keeps necessary records of service schedules, operating schedules and repairs on assigned equipment and structures; maintains stock of electrical and plumbing supplies and controls as required.
11. Snow removal and plowing of City facilities.

MINIMUM ENTRANCE REQUIREMENTS:

A. Considerable knowledge of the hazards and precautionary methods peculiar to the trade.
B. Must have previous demolition experience.
C. Ability to work from drawings and specifications and to understand and effectively carry out oral and written instructions.
D. Skill in the use of tools and in the operation of equipment of the trade.
E. Possess at least three years snowplowing experience.
F. Ability to design and analyze load-bearing structures.
G. Experience as skilled tradesman or experience as a licensed builder or able to provide documentation showing a minimum of four years of construction experience.

MINIMUM ENTRANCE REQUIREMENTS: (con't)

H. Ability to meet the physical, mental and visual standards of the job.

I. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

J. Ability to coordinate assignments and work with other trades.

NECESSARY SPECIAL REQUIREMENT(S):

- Possession of a valid State of Michigan Motor Vehicle Operator's License.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to reach with hands and arms. The employee is frequently required to stand; walk; use hands to finger, feel or operate objects, tools or controls. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch or crawl; and talk or hear.

The employee must frequently lift and/or move up to 25 pounds and occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

Classification History

Established: CSC Meeting 6/23/70
Revised & Reclassified: Personnel 3/17/76
Retitled: Personnel 8/9/78
Revised & Reallocated (Wage Inequity): 7/1/82
Revised: Personnel 04/25/83 & 01/11/84
Reallocated: 01/18/03
Revised & Retitled: Human Resources 06/27/14
(Formerly Building & Electrical Systems Maintainer)

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title: DPW EXECUTIVE ANALYST	Job Code Number: 26-C-218
Established: July 28, 2014	Bargaining Unit: Exempt

GENERAL STATEMENT OF DUTIES
Duties include providing high-level analytical and administrative support for the Department of Public Works and its Administrators. Responsible for analyzing and evaluating documents, conducting studies and evaluations, and preparing research reports. Monitors and tracks DPW related legislation and legislative actions. Identifies grant opportunities and initiates grant writing activities. Performs general and advanced administrative support tasks on an as-needed basis. May supervise clerical staff members. Must function as an integral and indispensable team member of the DPW staff.

SUPERVISION RECEIVED
Works under the supervision of a high level Administrator, however is allowed considerable independence of action.

SUPERVISION EXERCISED
Exercises working supervision over clerical employees to execute plans and activities on behalf of DPW Administrators.

ESSENTIAL DUTIES AND RESPONSIBILITIES
1. Prepare pertinent analytical reports, written research reports, and statistical studies.
2. Prepare graphs, charts, diagrams, and similar aids to illustrate observations and conclusions.
3. Produce documents for operational and legislative action.
4. Conduct legislative research and monitor legislative activities.
5. Identify and obtain information required to formulate programs, policies and procedures.
6. Coordinate with DPW staff to monitor, track, and report achievement of DPW objectives in alignment with the performance based budget and City's Master Plan.
7. Conduct and coordinate grant writing activities.
8. Develop and maintain record retention systems for DPW Administration.
9. Serve as an Administrator's liaison who communicates with governmental, private and public agencies, and the public-at-large to resolve issues and complaints.
10. Assist with investigatory activities required to resolve issues and complaints.
11. Manage DPW Administrators' calendars, coordinate meetings, take messages, and perform other support activities on an as-needed basis.

KNOWLEDGE, SKILLS, AND ABILITIES
A. Excellent oral, written and presentation skills.
B. Ability to conduct research, draw conclusions from data gathered and to prepare concise, detailed reports on a variety of subjects.
C. Ability to prepare comprehensive grant applications.
D. Ability to act in a decisive manner, using good judgment.
E. Ability to maintain confidentiality.
F. Ability to assess problems and situations, and be able to anticipate needs and evaluate alternatives.
G. Ability to concurrently coordinate and implement multiple projects and activities.

MINIMUM ENTRANCE REQUIREMENTS:

A. Education equivalent to graduation from a four (4) year college; preferably concentration in Business Administration or Public Administration including coursework in public relations, communication, college algebra, statistics, strategic planning, grant writing and computer software; or five (5) years experience in the performance of responsible and difficult analyst or executive administrative activities, including supervisory responsibilities.
B. Ability to use computer software as related to office practices including electronic word processing, database, and spreadsheet packages.
C. Proficient use of Excel, Word, PowerPoint, and Publisher software.
D. Working knowledge of equipment, methods, and terminology used in a Public Works environment.
E. Working knowledge of basic statistical procedures; ability to compile statistics, to analyze data, and to present data in graphic form.
F. Ability to keep involved records, to assemble and organize data, and to prepare effective reports from such data.
G. Ability to prepare grant applications.
H. Ability to make decisions independently in accordance with rules, regulations, and departmental policies and procedures.
I. Ability to carry out routine administrative and supervisory detail, independently.
J. Ability to courteously interact and maintain positive and effective working relationships.
K. Ability to communicate effectively with the general public, consultants, governmental agencies, private and public businesses, members of the city council, and other city employees.
L. Ability to understand and effectively carry out oral and written instructions.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk, or hear. The employee is required to walk; use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms.

Specific vision abilities required by this job include close vision and the ability to adjust focus.

Classification History
Established: Human Resources 7/28/14

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	GIS Technician	Job Code Number:	26-B-056
Established:	June 24, 1994	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
The City of Flint is seeking highly motivated GIS Tech with a strong commitment to Flint and a strong desire to support the master plan with an interest in community planning. The Tech would be responsible for the design, management, administrations, and updating of the City's Geographic Information Systems database, with a specific focus on assisting the Planning and Development division. In addition to possessing a strong work ethic, an ideal candidate must have high confidence in their abilities to create and correct polygon topologies, attribute updates and custom maps. The position involves processing applications, preparing written and verbal reports, assisting the public, and maintaining records pertaining to the City's ordinances and zoning codes. Limited fieldwork will be required in the case of data collection/verification. Ideal GIS candidates would also possess considerable knowledge of the following: Geo-database usage and creation; locating, classifying, organizing, and analyzing data; creation of spatial data and attributes; and satellite ortho-imagery and labeling techniques.

SUPERVISION RECEIVED:
The individual will work under the guidance of a Planner II and Director of Planning and Development.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Creates, maintains and updates databases using GIS; Performs complex research on proposed projects;
2. Operates computer workstation to update maps as new data is received relative to developments, capital improvement projects, zoning requirements, and other projects.
3. Conducts research (Assessors Office, files, and database) of legal documents to insure correct platting of property descriptions.
4. Produces printed maps for both the Assessor's Office and the general public showing map features, property boundaries, platted lots, recorded bearings and distances as applicable, parcel numbers, etc.
5. Provides technical and administrative assistance for the City's GIS program.
6. Manages operation of GIS equipment, software, data, and products;
7. Performs professional planning work, assists in writing reports; completes project reviews.
8. Other related duties assigned by the Department Staff.
9. Attends meetings, conferences, workshops.

MINIMUM ENTRANCE REQUIREMENTS:

1. Bachelor's Degree in Urban Planning, Community Development, Urban Studies, Resource Development, Public Administration, Computer Science, Geography, Environmental Science or a related field; and/or

MINIMUM ENTRANCE REQUIREMENTS CON'T.

2. (2+) Years' applicable GIS training and experience with ARCGIS for desktop and supplementary ESRI software.
3. Have worked with ESRI ArcGIS 10.0 or higher for a minimum of one year; with the ability to use ArcGIS software to perform mapping and analysis tasks.
4. Working knowledge of spatial and attribute data creation, editing and manipulation.
5. Knowledge of urban planning principles and practice.
6. Understanding of the Imagine Flint master plan and Flint's 5-year strategic plan.
7. Ability to work independently with minimal technological supervision.
8. Knowledge of social, economic, and environmental issues facing Flint.
9. Ability to communicate effectively both orally and in writing.
10. Ability to multi-task and meet necessary deadlines.
11. Ability to interpret and follow complex oral and written directions.
12. Have the demonstrated ability to work independently and in teams;
13. Possess strong attention-to-detail, initiative, and self-motivation;
14. Have strong organizational skills;
15. Proficient in Microsoft Office Suite
16. AutoCAD experience a plus

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to operate, finger, handle or feel objects, tools or controls; and reach with hands and arms. The employee must occasionally lift and/or move up to 50 pounds. Specific vision abilities required by this job include close vision and ability to adjust focus.

Classification History:

ESTABLISHED: Personnel 06/24/94
REALLOCATED & REVISED: Personnel 10/29/99
REVISED: Personnel 08/30/00
REVISED: Human Resources 04/21/06
Revised & Reallocated: Human Resources 07/30/14

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Planner I	Job Code Number:	26-C-216
Established:	July 30, 2014	Bargaining Unit:	1600

GENERAL STATEMENT OF DUTIES:
The Planner I position within the Department of Planning and Development assists with the coordination and facilitation of neighborhood planning initiatives and Parks and Recreation responsibilities. The position is responsible to ensure efforts related to both parks and recreation and community development are in complete alignment with the master plan. These duties include but are not limited to: community outreach and engagement, neighborhood planning initiatives, day to day oversight of parks maintenance and partnership opportunities, community and economic development activities, and providing support to Department efforts related to master plan implementation. The individual should have working knowledge of HUD programming, as well as compliance review awareness.

SUPERVISION RECEIVED: Works under the general supervision of the Director of Planning and Development or Planner II or Planner III.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Understand the elements of land use plans, detailed site plans, and property site analysis.
2. Provides support when needed to relevant Department staff for public commissions, councils, planning meetings.
3. Analyze and synthesize demographic, housing and development data.
4. Ability to provide excellent customer service to residents, neighborhood associations, city staff, and community stakeholders
5. Provide information and analysis to other departments, outside agencies and the public.
6. Have an understanding of HUD grant programs such as CDBG, HOME, ESG grant
7. Ability to monitor, evaluate and coordinate on-going planning processes with the city to align with master plan implementation.
8. Ability to assist in preparation of neighborhood and small area plans in collaboration City neighborhood planning efforts.
9. Guides community outreach and engagement activities for planning related initiatives, responsible for ensuring public awareness of city planning efforts and community events.
10. Handles the development and documentation of annual neighborhood gatherings, including updating and maintaining comprehensive data on neighborhood level programs and projects.
11. Give thoughtful and thorough public presentations.
12. Monitors, assesses, and provides task assistance to various projects and committees
13. Performs planning work, data collection, assists in writing reports; and project review.
14. Assists in programming project objectives, research activities, and related activities
15. Analyzes data, designs, and reviews and makes recommendations for revisions of plans, programs, or proposals.

MINIMUM ENTRANCE REQUIREMENTS:

A. Bachelor's Degree in Planning, Community Development, Urban Studies, Resource Development, Public Administration or a related field; Master's Degree is preferred; and; at minimum (1) Years' professional planning experience in a planning office, private sector, or non-profit organization that primarily provides services to the public sector.
B. Knowledge of urban planning principles and practice.
C. Extensive understanding of the Imagine Flint master plan and 5-year strategic plan.
D. Knowledge of social, economic, and environmental issues facing Flint.
E. Ability to communicate effectively both orally and in writing.
F. Ability to interpret and follow complex oral and written directions.
G. Ability to lead and convene meetings among multiple stakeholders.
H. Ability to administer tasks and provide necessary follow-up.
I. Ability to read maps and other graphic materials.
J. Proficient in desktop computing, including Microsoft Office Suite.
K. Familiarity with Geographical Information Systems (GIS) mapping software is highly desirable.
L. Familiarity with graphic design software is highly desirable.

NECESSARY SPECIAL REQUIREMENT:

1. Ability to travel to community meetings.
2. Ability to attend evening and weekend meetings and conferences outside of normal working hours.
3. Have a valid driver's license and ready access to a motor vehicle

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit, talk and hear. The employee is occasionally required to walk; use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms. The employee must occasionally lift and/or move up to 10 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

Classification History
Established: Human Resources 07/30/14

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Principal Clerk Typist	Job Code Number:	16-A-010
Established:	July 30, 1981	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Acts as secretary to the administrator of a large department or major operating division; performs difficult and complex clerical work involving a considerable degree of decision; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of an administrative employee who assigns work and reviews for accuracy, but allows considerable independence of action.

SUPERVISION EXERCISED: Exercises working supervision over a few clerical employees engaged in a variety of clerical duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Types from a variety of drafts, forms, letters, receipts, records, reports, tape recordings and other materials which includes frequent use of technical terminology; prepares rough draft narratives and tabulations.
2. Researches and gathers a variety of data for use in composing and typing correspondence, applying knowledge of departmental operations and regulations.
3. Performs a variety of secretarial activities, taking action as necessary in disposing of matters assigned by superiors.
4. Receives and interviews visitors; makes appointments and arranges meetings; opens, reads, and distributes incoming mail; assembles pertinent files and materials relevant to reply; maintains confidential files.
5. Checks the accuracy and completeness of reports and computations made by others; makes difficult computations and tabulations; may perform bookkeeping work and maintain accounting records; maintains petty cash fund.
6. Maintains payroll records; computes payroll distribution; distributes payroll checks to employees.
7. Performs a variety of clerical work such as answering the phone, waiting on the counter, receiving fees, copying and the requisitioning of supplies.
8. Operates various office machines; may operate a dictation machine or a variety of other word processing equipment.
9. May supervise or assist subordinate clerical employees in the performance of routine to moderately complex office work.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least two years of experience in the performance of responsible and difficult clerical or secretarial work.
B. Considerable knowledge of modern office practices and procedures and of Business English and Arithmetic.
C. Ability to type from plain copy at the rate of fifty (50) net words per minute at a computer keyboard.
D. Ability to use computer software as related to office practices including electronic word processing, database, and spreadsheet packages.
E. Ability to compose letters and reports relative to work which does not depart substantially from routine.
F. Ability to keep involved clerical records; to assemble and organize data; and to prepare reports from such data.
G. Ability to prepare effective correspondence.
H. Ability to plan and supervise the work of subordinate clerical employees.
I. Ability to make decisions independently in accordance with rules, regulations and departmental policies and procedures.
J. Ability to deal with the public courteously and tactfully.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History
Established: Personnel 07/30/81
Reallocated: Personnel (Wage Inequity) 07/01/87
Revised: Personnel 04/20/98
Revised: Human Resources 10/06/04
Revised: Human Resources 02/25/05
Reallocated: Human Resources 10/22/06

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	School Crossing Guard	Job Code Number:	02-P-031
Established:	August 31, 1964	Bargaining Unit:	None

GENERAL STATEMENT OF DUTIES: Assists school children in safely crossing the streets at or near a school; notes traffic or other law violators and reports them to Police Department; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of Police personnel who makes assignments and frequent inspections.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Assists school children in crossing streets or street intersections by directing or halting traffic when necessary.

2. Gives directions answers questions, and otherwise assists the general public.

3. Observes traffic or other law violators and reports them to police authorities.

4. Performs related work as required.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least 18 years of age or high school graduation. (Applicants beyond the age of 70 may be appointed to this position.)
B. Working knowledge of State laws and City ordinances pertaining to traffic regulations.
C. Working knowledge of the location of City streets and buildings.
D. Ability to follow oral and written directions.
E. Ability to deal courteously but firmly with the public.
F. Ability to deal successfully with school children, the general public and police officers.
G. No serious defects of vision, hearing, or members. (Vision, hearing, and cardiovascular system to be checked prior to start of each school year.)
H. Ability to meet the physical, mental, and visual standards of the job.
I. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to stand; sit; walk; talk or hear; use hands to finger or handle objects, tools or controls; and reach with hands and arms. While performing the duties of this job, the employee regularly works in outside weather conditions and around traffic. The employee is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, extreme cold, extreme heat and vibration.

Classification History:
Allocated: CSC 07/01/63
Established: City Comm. 08/31/64
Revised: Personnel 06/21/79, 01/11/82
Revised: Human Resources March 2005

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

CITY OF FLINT
Position Description

Class Title:	Water Distribution Operator Trainee	Job Code Number:	16-N-035
Established:	June 26, 1961	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Under an on-the-job training program with close supervision installs, maintains and repairs water mains, valves, meters, hydrants and other appurtenances of the water supply system; performs related work as required. As the training progresses, supervision may be proportionately decreased and the responsibility of assignments increased. After completion of 2080 paid working hours, not including overtime, of on-the-job training, in the Water Service Center Division, the training period will be considered complete and the employee eligible for examination for promotion to Water Distribution Operator.

SUPERVISION RECEIVED: Works under the direct supervision of a foreman or employee of a higher grade who assigns work and checks for proper performance of duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Installs water mains and new service lines; inserts tapping valves for new mains and service lines.
2. Lays and repairs water mains; repairs gate valves; installs, repairs and tests fire hydrants; constructs and repairs wells on line gates.
3. Installs service connections, including tapping water main and laying service pipe; connects and disconnects shut-off valves and stop box; digs and back-fills trenches; locates and digs up curb boxes as necessary; thaws frozen lines in winter.
4. Caulks joints, cuts pipe, cuts out broken pipe, puts on sleeves, shuts off gate valves, repairs stuffing boxes.
5. Installs and removes consumer water meters. Performs water turn on and off's.
6. Operates equipment such as air compressors, valve turning or other equipment associated with water distribution and repair.
7. Drives utility dump trucks or other vehicles; orders materials; makes out simple reports on work performed and materials used.
8. May work with one or more Water Service Center employees.
9. May clean and repack water meters and/or be assigned duties in the stockroom.
10. May be required to perform duties in Sewer Operations.

MINIMUM ENTRANCE REQUIREMENTS:

A. Ability to communicate orally and carry out oral instructions.
B. Skill in the use of the more common shop tools.
C. Ability to perform manual labor for extended periods under unfavorable climatic conditions or in mud or water.
D. Mechanical aptitude.
E. Ability to meet the physical, mental and visual standards of the job.
F. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.
G. Underground excavation and heavy equipment experience preferred.

NECESSARY SPECIAL REQUIREMENT:

A. Possession and maintenance of a valid Driver's License.
B. Possession and maintenance of a valid CDL Class B Driver's License.
C. Progression in the training series to Senior Operator level is required to remain in the program. Must make continuous satisfactory progress in the training program including promotion to Operator within twelve (12) months to remain employed in the series. Operational knowledge and training progress will be assessed periodically by WSC supervision.
D. Employee must successfully complete six (6) month probationary period.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee regularly works in outside weather conditions. The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is frequently required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must frequently lift and/or move up to 50 pounds and occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus.

Classification History

Allocated: CSC MTG. 05/15/61
Established: SC MTG. 06/26/61
Reallocated: CSC MTG. 12/12/69
Re-titled: CSC MTG. 07/02/74
Revised: Personnel 07/07/81, 03/17/82, 05/03/90, 02/01/01, 02/25/11
Revised, Reallocated, Retitled: Human Resources 11/08/2013
(Formerly Water Distribution Maintainer Trainee)

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT

Position Description

Class Title:	Traffic Safety Maintainer	Job Code Number:	22-H-019
Established:	February 11, 1969	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Installs and maintains permanent and temporary traffic control signs; keeps records of time, date, and place of installation; conducts field studies to determine traffic information; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of an employee of higher grade who reviews work by inspection and by review of work reports.

SUPERVISION EXERCISED: Exercises working supervision over one or more employees who assist in the performance of assigned tasks.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Assembles, installs, replaces, and repairs street or traffic signs, and pavement markings in accordance with the Michigan Manual of Uniform Traffic Control Devices.
2. Installs detour and traffic control barricades according to instructions, diagrams or plans; installs detours for construction activities, parades, special events and other restricted areas; utilizes aerial truck to install overhead signing and flags; and aids police in barricading during emergencies.
3. Uses pneumatic and hydraulic tools in the installation of signposts and signs. Makes emergency repairs of sign installation tools in the field. Maintains and repairs parts on compressor and air and hydraulic driven equipment.
4. Fabricates signs in sign shop; operates sign machine system, ramset, general machine shop tools, acetylene torch, and welding machine.
5. Installs pavement markings of various types; operates a pavement marking machine (spray gun) in applying paint to various surfaces; applies plastic pavement marking materials to various surfaces; repairs and maintains pavement marking equipment.
6. Provides records of sign installation as to date, time, and place installed for purpose of inventory and for legal reference; credits sign repairs proper work number; makes out daily report sheets of man hours utilized and sign installation work performed.
7. Answers service calls on a 24-hour basis.
8. Conducts the annual traffic count program.
9. Places, secures, and retrieves automatic traffic counters; records data to access the volume, type and movement of vehicular or pedestrian traffic at specified times.
10. Gathers date from hand count sheets, machine count tapes or radar speed checks.
11 Measures and records the speed of vehicular traffic, using electrical timing devices or radar equipment.
12. Study traffic delays by noting times of delays, the number of vehicles affected and vehicle speed through the delay area.
13. Times spotlights or other delays using a stopwatch.
14. Interviews appropriate parties about specific intersections or highways to gather road condition information for use in planning.
15. Obtains pedestrian and vehicle manual turning movement counts, conducts counts for school crossings.

ESSENTIAL DUTIES AND RESPONSIBILITIES CON'T.:

16. Study factors affecting traffic conditions, such as lighting or sign and marking visibility to assess their effectiveness.

17. Prepares work orders for repair, maintenance or changes in traffic systems.

18. Performs various duties assigned by the Supervisor.

MINIMUM ENTRANCE REQUIREMENTS:

a. At least six (6) months experience as a Utility Worker (Traffic), or at least one (1) year experience performing varied semi-skilled mechanical maintenance tasks.
b. Familiarity with the more common practices, methods, materials, and tools used in the fabrication and maintenance of signs, as well as pavement markings and painting.
c. Mechanical aptitude, including ability (any physical strength) to safely operate pavement marking machine, city vehicles and equipment.
d. Ability to read diagrams, route plans, and blueprints, including basic traffic engineering drawings.
e. Ability to understand and follow oral and written instructions.
f. Ability to maintain a variety of work-related records.
g. Ability to perform manual tasks involving physical strength.
h. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

NECESSARY SPECIAL REQUIREMENT:

- Possession and maintenance of a valid State of Michigan driver's license.

PHYSICAL DEMANDS: The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must frequently lift and/or move up to 25 pounds and occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus. Hand-eye coordination is necessary to operate various pieces of equipment.

Classification History:

Allocated: CSC 02-11-69
Revised: Personnel 03-26-79
Reallocated: Personnel (Wage Inequity) 07-01-86
Revised: Personnel 07-12-89
Revised & Reallocated: Personnel 06-14-96
Revised: Personnel 3-21-01
Revised: 03-27-03
Reallocated (Wage Inequity): 10/26/07
Revised & Reallocated: 08/19/14

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Utilities Data Technician	Job Code Number:	20-N-085
Established:	January 8, 2003	Union:	Local 1600

GENERAL STATEMENT OF DUTIES:
Coordinates, updates and maintains maintenance manuals using the Maintenance Manager System, a hydraulic model (computer application), AutoCad, and/or SCADA systems in a division of the City of Flint's Utilities Department. Organizes and maintains plant blueprints, and updates drawings to reflect modifications to the facilities. Maintains the Utilities' Material Safety Data Sheet (MSDS) Program. Assists in Safety and Environmental related projects. Performs related work as required.

SUPERVISION RECEIVED:
Works under the supervision of an employee of higher level who reviews work through conferences and written or oral communications.

SUPERVISION EXERCISED:
May exercise working supervision over lower level employees, temporary employees and/or co-op students.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Researches and gathers a variety of data for use in administering and maintaining maintenance manuals, plant system databases, blue prints and engineering records and drawings, shop and mechanical drawings and the main water plant filing system.
2. Administers and maintains computerized Maintenance Manager Program.
3. Performs Contractor Safety Training.
4. Handles occasional public contacts of a divisional unit by giving information, explaining policies, procedures and activities of the department; answers routine questions
5. Administers and maintains MSDS Program.
6. Operates microcomputers and minicomputer terminals to produce complex reports and drawings; operates office machine equipment not requiring special previous training.
7. Uses information processing software such as data base management programs, electronic spreadsheet, word processing programs and computer aided design programs.
8. May assist in plotting field notes of surveys, computing areas and preparing field data; may assist in computing bearings, angles, distances, and areas.
9. Operates, performs data entry, makes changes and updates a hydraulic model and/or maps of the City of Flint's water supply and/or wastewater collection systems.
10. Performs routine system maintenance to SCADA system(s).

MINIMUM ENTRANCE REQUIREMENTS:
A. Two years of college education (62 credit hours) specializing in Engineering, Computer Science or a related field **OR** and additional two (2) years full time paid work experience in Engineering, Computer Science or a related field.
B. Two (2) years of experience in general engineering which must have included drafting, CAD work and inspection **OR** two (2) years of experience using a computer to manage maintenance programs, databases, AutoCAD and/or similar applications.
C. Two (2) years of experience using various computer software and/or Windows' applications.

MINIMUM ENTRANCE REQUIREMENTS: (con't)

D. Knowledge of mechanical and electrical equipment and water system hydraulics.
E. Working knowledge and the ability to work from sketches drawings blue prints, digitized drawings and operational and maintenance manuals.
F. Ability to make freehand sketches and generate drawings to scale.
G. Ability to operate a microcomputer for purposes of review and updating of plant systems, maps, manuals and CAD/CAM systems.
H. Ability to meet the physical, mental and visual standards for the job.
I. Demonstrated experience in computers comprising operating systems, spreadsheets, word processing, CAD drawings, photo and presentations software.

NECESSARY SPECIAL REQUIREMENT:

- Ability to work various shifts and some weekends.
- Possession of a valid State of Michigan driver's license.
- Capable of being certified for Permit Required Confined Space entry.

PHYSICAL DEMANDS

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is frequently required to walk; use hands to finger, handle or feel objects, tools or controls; and reach with hands and arms. The employee may occasionally need to climb ladders and enter subterranean vaults. May occasionally need to access roof-mounted structures. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History:
Established: 01/08/03
Revised & Retitled: 09/03/03
(Previously Water Plant Data Technician)
Revised: 01/24/05

Vacancy Filled

CITY OF FLINT
Position Description

Class Title: Water Plant Laboratory Assistant	Job Code Number: 21-N-066
Established: January 22, 1987	Bargaining Unit: Local 1600

GENERAL STATEMENT OF DUTIES:
Assists in the performance of routine physical, chemical and bacteriological analysis, collects samples, acquires data from various sources, enters data into computer programs and performs related work as required.

SUPERVISION RECEIVED:
Works under the direct supervision of an employee of higher level who trains, instructs, assigns, evaluates and reviews work performance for conformance to standard procedures, laboratory protocols and work rules.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Performs physical analysis such as pH, color, turbidity, temperature, total and suspended solids, jar tests and all related quality control and quality assurance procedures.
2. Performs chemical analysis such a total hardness, alkalinity, fluoride, chloride, chlorine, phosphorus, nitrogen and ammonia and related tests as directed.
3. Assists in the calibration and maintenance of laboratory equipment and facilities.
4. Performs microbiological analysis such as total coliform, fecal coliform, heterotrophic plate count, plankton identification and enumeration, and the preparation of all media related to microbiological testing.
5. Collects samples from a variety of water treatment plant, collection and distribution system locations in an investigative and compliant manner using proper protocol, techniques and apparatus.
6. Answers customer questions regarding water quality and conducts investigations as directed.
7. Utilizes computers and various application programs such as database, word processing, spreadsheets, drafting and drawing programs, and the Internet.
8. Assists in the preparation of routine and special reports.

MINIMUM ENTRANCE REQUIREMENTS:
A. An Associate of Science degree or two (2) years of college education with at least twenty (20) cumulative semester hours of study in mathematics and science including chemistry and biology or one (1) year of full-time paid work experience performing quantitative chemical analyses.
B. Working knowledge of biology, microbiology, chemistry and computers.
C. Ability to manipulate, assemble and handle laboratory and other heavy equipment.
D. Ability to prepare and maintain accurate and detailed records and reports using a computer.
E. Ability to follow oral and written technical instructions.
F. Ability to perform chemical, physical and biological analyses using standard methods.
G. Ability to wear a respirator and self-contained breathing apparatus.
H. Ability to effectively communicate ideas orally in English.
I. Ability to work effectively with employees, customers and the public.

NECESSARY SPECIAL REQUIREMENT:

- Must possess and maintain a valid Michigan Driver's License.
- Must obtain a Michigan F-4 Water Plant License within two (2) years of appointment and complete all necessary requirements to maintain certification.
- Ability to work weekends, holidays and shift work as required.

PHYSICAL DEMANDS:

The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus. Hand-eye coordination is necessary to operate computers and various pieces of office equipment.

Classification History
Established: 01/22/87
Revised: 05/10/02
Reallocated (Wage Inequity): 11/16/08

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Water Plant Operator Trainee	Job Code Number:	12-N-001
Established:	October 22, 1974	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Under an on-the-job training program with close supervision, maintains, operates and repairs water pumping, softening, disinfecting and other treatment equipment; performs related work as required. (After six (6) months experience as a Water Plant Operator Trainee, the employee will be eligible for **and must pass** ~~to take~~ the examination for promotion to Water Plant Maintainer.

SUPERVISION RECEIVED: Works under the direct supervision of the Water Plant Maintenance Supervisor or Water Plant Operations Foreman or another employee of higher grade who assigns work, provides assistance when needed and reviews work for satisfactory completion.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Inspects, cleans adjust and repairs water plant equipment such as filter beds, valves, controllers, recording gauges, coagulators, chlorinators, chemical feeders, softening equipment, sump and sludge pumps, compressors, pumps and motors.
2. Maintains, operates, and repairs settling basins, clear wells, hydraulic valves, and pumping equipment; operates and maintains dams.
3. Performs routine inspections of water treatment equipment and facilities; performs record keeping functions with regard to such inspections.
4. Backwash and cleans filters, checks filter valves, records loss of head, rate of flow; installs, and repairs water lines.
5. Takes water samples and makes simple chemical test such as hourly chlorine residuals of tap settled and effluent water; makes turbidity and coagulation tests.
6. Assists in maintaining and repairing plant buildings and appurtenances.
7. Loads and unloads material and supplies.

MINIMUM ENTRANCE REQUIREMENTS:

~~A. Completion of 10th grade in high school.~~ **High School Diploma or Equivalent.**
B. Working knowledge of the methods, practices, tools, and materials used in the mechanical trades.
C. Ability to perform mathematical calculations involving algebra and geometry.
D. Ability to perform semi-skilled maintenance task as directed.
E. Ability to use common hand tools with a reasonable degree of skill.
F. Ability to meet the physical, mental and visual standards of the job.
G. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons, or equipment.

NECESSARY SPECIAL REQUIREMENT:

- Possession of a valid State of Michigan Driver's License at the time of application.
- **Possession of an MDEQ F4 license is required within eighteen (18) months of appointment.**

PHYSICAL DEMANDS:

The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus. Hand-eye coordination is necessary to operate computers and various pieces of office equipment.

Classification History:
Established CSC Mtg: 10-22-74
Revised: Personnel 06-27-78, 02-27-80, 04-15-85, 12-07-89
Revised & re-titled: Personnel 02-07-97 (formerly Water Trainee)
Revised: Human Resources 08/06/08
Revised: Human Resources 01/09/14

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Street Operator/Maintainer	Job Code Number:	22-G-018
Established:	January 7, 1993	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
Operates one or more pieces of heavy construction or maintenance equipment in the installation, construction, maintenance, and repair of city streets, utilities, sidewalks, curbs, gutters, and the building and grounds facilities of the City. Performs skilled labor in the finishing of cement for streets, sidewalks, curbs, gutters and pavements. Performs related work as required.

SUPERVISION RECEIVED:
Works under the supervision of an employee of higher level who inspects work for conformance to standards.

SUPERVISION EXERCISED:
May act as crew leader over a small number of employees on work projects.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Operates diverse pieces of heavy equipment used in performing a variety of grading, excavating, filling, compacting, shaping, construction and maintenance of road surfaces. Performs trenching, snow plowing and removal, sweeping, and salting as required.

2. Assists in the construction and maintenance of streets, sidewalks, concrete curbs and gutters and concrete or asphalt pavements. Cleans, repairs, and places forms used for laying concrete.

3. Operates a loader, tractor or backhoe for loading, unloading or moving materials. Operates a front end loader to load, unload and transfer materials on construction projects such as digging, performs on the spot sewer repairs during street resurfacing activities. Operates a tractor mounted mower for City mowing programs.

4. Performs manual labor and does a variety of routine tasks such as hand shoveling, hand grading, mixing cement, preparing concrete and bituminous pavements or walks for repairs, breaking streets & curbs for repair, tamping asphalt and finishing concrete. Sets curb forms, cuts and fits pipes, raises catch basins and manholes, runs air hammers and sets grades.

5. Operates an asphalt paving machine in the construction and repair of asphalt streets. Operates a tandem roller to compact asphalt paving materials. Operates equipment necessary in making excavations and backfilling and shoring trenches.

6. Performs less difficult inspections of street & construction & repair projects to determine conformance with plans, specifications and departmental work practices.

7. Drives truck to transport equipment, materials and supplies and to plow and salt streets. May act as a crew leader on maintenance work and construction projects.

8. Services and makes minor repairs to equipment. May assist mechanics in the field or garage. May on occasion perform welding and cutting on equipment used in the performance of job duties.

MINIMUM ENTRANCE REQUIREMENTS:

A. Must have completed at least twelve (12) months of on the job training in the job classification Street Operator/Maintainer Trainee I; and at least 2200 hours of on the job training in the job classification of Street Operator/Maintainer Trainee II.
B. Ability to finish concrete.
C. Ability to operate heavy automotive equipment.
D. Ability to perform the semi-skilled tasks involved in street construction and maintenance.
E. Ability to understand and follow oral and written instructions.
F. Ability to service and make minor repairs and adjustments to equipment used and to assist in major repair and overhaul of said equipment.
G. Ability to perform manual labor for extended periods under unfavorable climatic conditions.
H. Mechanical aptitude.
I. Working knowledge of the materials, methods, and practices of construction and maintenance.
J. Willingness to work in a safe manner that will not needlessly endanger the safety to one's self, other persons, and equipment.

NECESSARY SPECIAL REQUIREMENT(S):

- Possession of a Michigan Drivers License.
- Possession of a Commercial Drivers License Type A.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee regularly works in outside weather conditions. The employee regularly works near moving mechanical parts and is exposed to inclement conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is regularly required to reach with hands and arms and is required to stand and walk; and use hands to finger, handle, feel or operate objects, tools, or controls. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; and talk or hear.

The employee must frequently lift and/or move up to 25 pounds and occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, and the ability to adjust focus.

Classification History:
Established: Personnel 1/07/93
Revised: Personnel 03/09/94
Reallocated: Wage Inequity 07/03/94
Revised: Human Resources 07/27/06
Reallocated (Wage Inequity): 10/21/07

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Sr. Sewage Pumping Station Operator	Job Code Number:	22-N-025
Established:	September 4, 1973	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Operates, inspects, maintains, and repairs sewage pumping stations and lift stations; performs skilled maintenance and custodial tasks in and around the buildings and on the grounds; maintains logs, prepares written reports and takes readings; performs related work as required.

SUPERVISION RECEIVED: Works under the general supervision of a Water Pollution Control Facilities employee of higher grade who assigns and reviews work for conformance with established policies.

SUPERVISION EXERCISED: May exercise technical leadership over other employees of a lower classification engaged in lift station and pumping station operations, maintenance and custodial tasks.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. In a lead role, operates, inspects, and performs preventative and corrective maintenance at sewage pumping and lift stations, including the associated buildings and grounds. Monitors control panels, Supervisory Control and Data Acquisition System, and other indicators to control flows and levels as required. Takes readings and maintains records and logs. Uses personal computers and other related equipment as part of performing daily duties.
2. Operates, inspects, maintains, lubricates and repairs as necessary where appropriate a variety of sewage pumping stations and lift stations and appurtenances associated with collection system, such as valves, sluice gates, weirs, motor operated controls, hoists, conveyors, augers, screws, pneumatic temperature and electric controls, belt and chain drive mechanisms, compressors, air dryers, meters regulators, instrumentation, circuit breakers, variable speed drives, grinders centrifugal pumps, limitorques, solenoids, check valves, bubbler tubes, sampling devices, heating and cooling devices, bar screens, odor control equipment and computer apparatus.
3. Responds to and troubleshoots lift station and pump station alarm conditions such as low wet well, high wet well, high bar screen differential, intruder alert and combustible gas in wet well.
4. Responds to and troubleshoots lift station and pump station equipment failures, including instrumentation, and when appropriate, contacts utility companies and/or designed personnel for repairs.
5. Transports, installs and operates portable generators where necessary.
6. Performs custodial tasks in and around the sewage pumping stations and lift stations such as cleaning, scrubbing, polishing, litter abatement, graffiti removal and window washing; mows lawns and removes snow from walks and driveways.
7. Prepares a variety of daily, weekly, monthly and annual reports on operational and maintenance activities; maintains operational and maintenance records; prepares work schedules; provides information for divisional budget such as equipment needs, material and repair requirements. Maintains overtime records and payroll records.
8. Participates in Water Pollution Control Facilities safety programs such as respiratory protection program, confined space entry program, process safety, hazardous waste operations and emergency response, laboratory hygiene, ladder safety, electrical lockout, asbestos awareness and right-to-know.
9. Interacts with the public regarding complaints and other issues as related to the operation and maintenance of the pump station and remote lift stations.
10. Maintains constant communication with Water Pollution Control by telephone, radio, or cellphone.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least one (1) year of experience in the operations and maintenance of a wastewater treatment facility or related work.
B. Skill in the maintenance of mechanical equipment, buildings, and associated equipment.
C. Considerable knowledge of the functions, methods, operation, maintenance, and repair of a sewage pumping plant and its associated lift stations.
D. Considerable knowledge of the methods, materials, and tools used in performing semi-skilled to skilled maintenance and repair tasks.
E. Ability to work from blueprints, drawings, repair and operation manuals.
F. Ability to maintain accurate records and detailed reports, using standard mathematical computations and formulas.
G. Ability to follow oral and written instructions.

MINIMUM ENTRANCE REQUIREMENTS (Con't):

H. Ability to perform routine, repetitive manual and technical tasks.
I. Ability to meet the physical, mental and visual standards of the the work.
J. Ability to deal courteously with the public.
K. Ability and willingness to work safely.

NECESSARY SPECIAL REQUIREMENT(S):

- Must possess and maintain a valid State of Michigan Drivers License during employment.
- Must be willing to remain on stand-by as required.
- Must obtain, within six (6) months of appointment, a Certificate of Completion for the following California State University, Sacramento correspondence courses: Operations and Maintenance of Wastewater Collection Systems, Volumes I & II.
- Ability to obtain a fit test certification with respirator on an annual basis and maintain certification (facial hair and other articles must be maintained in a manner as to not interfere with the seal).
- Ability to obtain and maintain a confined space entry attendant and entrant certification.
- Ability to obtain and maintain the following hazardous waste operations and emergency response certification: first responder awareness, first responder operations and hazardous materials technician.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee regularly works in outside weather conditions and often in confining close quarters. The employee regularly works near moving mechanical parts and is exposed to inclimate conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is regularly required to reach with hands and arms and is required to stand and walk; and use hands to finger, handle, feel or operate objects, tools or controls. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch or crawl; and talk or hear. The employee must frequently lift and/or move up to 25 pounds and occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, and the ability to adjust focus.

Classification History:
Established: CSC Meeting 09/04/73
Reallocated: Personnel 02/21/77
Revised: Personnel 11/15/63, 3/17/86, 11/21/91
Reallocated & Revised: Personnel 12/30/96
Revised: Personnel 07/17/98, 10/13/00
Revised: Human Resources 09/01/04
Reallocated: Wage Inequity 10/26/07

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title: Transportation Operations Manager	Job Code Number: 30-H-102
Established: June 20, 2013	Bargaining Unit: Exempt

GENERAL STATEMENT OF DUTIES

Plans, directs, coordinates, and facilitates the daily operations of the Street Maintenance and Enforcement Divisions in collaboration with Infrastructure and Development Administrators. Duties and responsibilities include formulating and implementing policies and procedures, managing daily operations, and planning the use of materials and human resources. Responsible for monitoring and tracking all activities performed in the public right-of-way including/but not limited to those conducted by in-house staff, contracted service providers, public/private partnerships, and private contractors. Routinely conducts infrastructure maintenance and preservation studies and evaluations.

SUPERVISION RECEIVED

Works under the supervision of a high level Administrator, however is allowed considerable independence of action.

SUPERVISION EXERCISED

Exercises working supervision over clerical, Street Maintenance and Enforcement Division employees to execute plans and activities on behalf of the Administrator in charge of right-of-way related activities.

ESSENTIAL DUTIES AND RESPONSIBILITIES

1. Supervise Street Maintenance and Enforcement Division employees and/or coordinate and facilitate the activities of contracted services providers.
2. Review documents, such as production schedules, work orders, or staffing rosters, to determine personnel or materials required to perform infrastructure repair projects.
3. Plan and organize production schedules to ensure work can be accomplished in a manner that improves efficiency and productivity; coordinates weekly activities of crews, provides scheduling information and site specific mobilization strategy to utilize equipment and manpower efficiently.
4. Assign work to employees based on material or worker requirements of specific jobs.
5. Direct or coordinate the Street Maintenance and Enforcement Divisions' financial or budgetary activities to fund current/future operations, maximize division potential and/or increase efficiency.
6. Analyze operations to evaluate performance of the Street Maintenance Division and its staff in order to meet benchmarks or to determine areas of potential cost reduction, project improvement or policy/ordinance changes.
7. Confer with administrators, councilpersons, city engineering, civic organizations and other county/local officials to discuss issues, coordinate activities and/or resolve problems.
8. Direct, plan or implement policies, objectives or activities with organizations and/or businesses to ensure continuing operations, and/or increase productivity.
9. Prepare activity budgets for approval, including those for funding or implementation of programs and/or projects.
10. Develops infrastructure needs assessment; prepares an annual maintenance and preservation plan that includes a mix of fixes and pricing options to extend and preserve infrastructure assets' life cycles.
11. Direct or coordinate activities of businesses or departments concerned with the implementation of a "mix of fixes" for preserving the city's current infrastructure (i.e. streets and/or sidewalks).
12. Review specifications to determine construction requirements or to plan specific job related procedures.
13. Inspect work in progress, equipment or construction sites to verify safety or to ensure that specifications are met, both for contracted services and city provided services.
14. Coordinate work activities with other construction project activities.

15. Confer with administration or technical personnel, other departments or contractors to resolve problems or to coordinate activities.
16. Prepares graphs, charts, diagrams, and similar aids to illustrate observations and conclusions; prepares pertinent analytical and written reports and statistical studies.
17. Analyze worker or productivity problems and recommend solutions, such as improving productivity methods or implementing motivational plans.
18. Provide 24 hour on-call assistance year-round for all right-of-way related emergencies.
19. During winter maintenance and while on-call, respond to either administration or police within a ½ hour period.
20. Coordinate activities to maintain a safe and hazard free driving surface during the winter months for all city streets (major, local and state trunk line).
21. Coordinate with outside entities for snow/ice removal in case of emergency.

MINIMUM ENTRANCE REQUIREMENTS:

A. Education equivalent to graduation from a two (2) year college; course work including a course in college algebra, and preferably including a course in statistics; or five (5) years experience in the performance of responsible and difficult Transportation related activities, including supervisory responsibilities.
B. Working knowledge of equipment, methods, and terminology used in a Transportation environment.
C. Working knowledge of basic statistical procedures; ability to compile statistics, to analyze data, and to present data in graphic form.
D. Ability to carry out routine administrative and supervisory detail, independently.
E. Ability to courteously interact with the public and to establish and maintain effective relations with administrators, City workers, and outside agency personnel.
F. Ability to use computer software as related to office practices including electronic word processing, database, and spreadsheet packages.
G. Ability to keep involved records; to assemble and organize data; and to prepare effective reports from such data.
I. Ability to make decisions independently in accordance with rules, regulations, and departmental policies and procedures.
J. Ability to understand and effectively carry out oral and written instructions.

PHYSICAL DEMANDS;

While performing the duties of this job, the employee is frequently required to sit and talk, or hear. The employee is required to walk; use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

Classification History
Established: Human Resources 6/20/13

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Sr. Customer Service Clerk	Job Code Number:	18-D-046
Established:	August 1, 1994	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Performs difficult and complex work in the processing of account transactions; Assists customers with difficult problems relative to taxes, utilities or other receivables; oversees and coordinates work assignments associated with utility billing, ad valorem tax billing, income tax, mail processing, bankruptcies, receipting of payments, and customer service; trains and instructs employees; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of an administrative employee who assigns work and reviews for completeness and accuracy.

SUPERVISION EXERCISED: Exercises working supervision over clerical employees engaged in billing, collection and reconciliation of city receivables.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Trains and instructs clerical employees engaged in transactions involving utility account billing, tax billing and responding to taxpayer inquires and assists in coordinating job assignments.

2. Prepares and maintains monthly residential, industrial and commercial billing accounts. Computes utility usage according to compound meter readings and computes special IPP rates.

3. Processes a variety of transactions on utility, real property, personal property, and other related accounts. Examples of these transactions include but are not limited to: water billing adjustments, deposits, lost and frozen meters, remote installations, bankruptcy accounts and maintenance of third party billing files.

4. Prepares batch requests for sending and receiving meter read files. Verifies reads through edit reports.

5. Assigns billing information to applications; enters deposit requirements into the automated files.

~~6. Participates in the preparation and maintenance of employee records and the verification and the maintenance of payroll records and reports.~~

7. Assists citizens with more difficult billing/account inquiries and processes relevant to income tax, utility bills, property taxes and other receivables.

8. Makes financial adjustments using prescribed procedures, prepares journal vouchers and other adjustments and posts as necessary to insure correctness of accounts; verifies bank statements; inputs data, receipts and other accounting entries; balances manual records to computer print-outs.

ESSENTIAL DUTIES AND RESPONSIBILITIES: (con't)

9. Oversees utility pre-bill functions, ensuring that automated billings occur on schedule; prepares and posts cash transfers to reflect amounts reported by Customer Service Center; prepares and balances spreadsheets.

10. Researches accounts utilizing appropriate manual and/or automated files to provide title clearances based on the data retrieved. Verifies ownership of properties based on a review of a variety of legal documents such as but not limited to deeds, land contracts and mortgages.

11. Assists employees of a higher level in the reconciliation of daily business. Utilizing a computer terminal inputs financial transactions that have rejected.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least two (2) years of full-time paid work experience performing responsible office duties which includes the maintaining of clerical records; one (1) year of which must have been as a Customer Service Clerk.
B. Considerable knowledge of bookkeeping and routine auditing principles, methods and practices.
C. Ability to perform a variety of mathematical computations quickly and accurately.
D. Ability to gather data and prepare reports from the data.
E. Ability to understand and follow oral and written directions.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle or feel objects, tools or controls; and reach with hands and arms.
The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History:
Established: Personnel 08/01/94
Revised: Personnel 02/19/98
Revised: Human Resources 07/16/04
Revised:

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Section Separator

(e) A description of any position that has been eliminated or from which an employee has been laid off.

Laid off Position

CITY OF FLINT
Position Description

Class Title:	Street Operator/Maintainer	Job Code Number:	22-G-018
Established:	January 7, 1993	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
Operates one or more pieces of heavy construction or maintenance equipment in the installation, construction, maintenance, and repair of city streets, utilities, sidewalks, curbs, gutters, and the building and grounds facilities of the City. Performs skilled labor in the finishing of cement for streets, sidewalks, curbs, gutters and pavements. Performs related work as required.

SUPERVISION RECEIVED:
Works under the supervision of an employee of higher level who inspects work for conformance to standards.

SUPERVISION EXERCISED:
May act as crew leader over a small number of employees on work projects.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Operates diverse pieces of heavy equipment used in performing a variety of grading, excavating, filling, compacting, shaping, construction and maintenance of road surfaces. Performs trenching, snow plowing and removal, sweeping, and salting as required.

2. Assists in the construction and maintenance of streets, sidewalks, concrete curbs and gutters and concrete or asphalt pavements. Cleans, repairs, and places forms used for laying concrete.

3. Operates a loader, tractor or backhoe for loading, unloading or moving materials. Operates a front end loader to load, unload and transfer materials on construction projects such as digging, performs on the spot sewer repairs during street resurfacing activities. Operates a tractor mounted mower for City mowing programs.

4. Performs manual labor and does a variety of routine tasks such as hand shoveling, hand grading, mixing cement, preparing concrete and bituminous pavements or walks for repairs, breaking streets & curbs for repair, tamping asphalt and finishing concrete. Sets curb forms, cuts and fits pipes, raises catch basins and manholes, runs air hammers and sets grades.

5. Operates an asphalt paving machine in the construction and repair of asphalt streets. Operates a tandem roller to compact asphalt paving materials. Operates equipment necessary in making excavations and backfilling and shoring trenches.

6. Performs less difficult inspections of street & construction & repair projects to determine conformance with plans, specifications and departmental work practices.

7. Drives truck to transport equipment, materials and supplies and to plow and salt streets. May act as a crew leader on maintenance work and construction projects.

8. Services and makes minor repairs to equipment. May assist mechanics in the field or garage. May on occasion perform welding and cutting on equipment used in the performance of job duties.

MINIMUM ENTRANCE REQUIREMENTS:

A. Must have completed at least twelve (12) months of on the job training in the job classification Street Operator/Maintainer Trainee I; and at least 2200 hours of on the job training in the job classification of Street Operator/Maintainer Trainee II.
B. Ability to finish concrete.
C. Ability to operate heavy automotive equipment.
D. Ability to perform the semi-skilled tasks involved in street construction and maintenance.
E. Ability to understand and follow oral and written instructions.
F. Ability to service and make minor repairs and adjustments to equipment used and to assist in major repair and overhaul of said equipment.
G. Ability to perform manual labor for extended periods under unfavorable climatic conditions.
H. Mechanical aptitude.
I. Working knowledge of the materials, methods, and practices of construction and maintenance.
J. Willingness to work in a safe manner that will not needlessly endanger the safety to one's self, other persons, and equipment.

NECESSARY SPECIAL REQUIREMENT(S):

- Possession of a Michigan Drivers License.
- Possession of a Commercial Drivers License Type A.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee regularly works in outside weather conditions. The employee regularly works near moving mechanical parts and is exposed to inclement conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is regularly required to reach with hands and arms and is required to stand and walk; and use hands to finger, handle, feel or operate objects, tools, or controls. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; and talk or hear.

The employee must frequently lift and/or move up to 25 pounds and occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, and the ability to adjust focus.

Classification History:
Established: Personnel 1/07/93
Revised: Personnel 03/09/94
Reallocated: Wage Inequity 07/03/94
Revised: Human Resources 07/27/06
Reallocated (Wage Inequity): 10/21/07

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Laid off Position

CITY OF FLINT
Position Description

Class Title:	Police Terminal Operator	Job Code Number:	14-P-029
Established:	6/15/1981	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
Performs a variety of clerical work in the processing of police records. Operates a data entry device connected to a police information network to enter, modify, retrieve, or cancel a variety of police information; operates a two-way radio in the receiving and sending of inquiries and messages; operates a cash register in receiving payments and issuing receipts for police records and vehicle releases; performs related work as required.

SUPERVISION RECEIVED:
Works under the supervision of an administrative employee who makes work assignments and reviews work for conformance to departmental rules and procedures.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Performs a variety of clerical work in the processing of police records; receives and records information on criminal complaints; receives and processes requests for criminal history checks; waits on the counter, answers the telephone, and provides information to the public on policies and procedures of the Records and Identification Bureau.
2. Types a variety of reports and forms, such as complaints, fingerprint cards, firearm permits, applications for concealed weapons and criminal history checks.
3. Receives from police personnel in person or via phone or radio a variety of inquiries such as records on vehicle or gun registrations, stolen items, warrants, missing persons, criminal records and Secretary of State data. Operates a data entry device connected to a police information network to obtain such records.Transmits records to police personnel.
4. Receives and marks property and prepares records of receipt of property. Testifies in court as to chain of evidence of such property.
5. Enters, modifies and cancels data in the Flint Police Department computer by use of a data entry device.
6. Answers emergency and non-emergency telephone calls and relays information to dispatchers and police officers. Receives and transmits a variety of administrative messages between the Flint Police Department and other law enforcement and criminal justice agencies.
7. Performs a variety of related clerical duties, such as typing, filing and receiving monies. Assists in the receiving and distribution of supplies and equipment.

MINIMUM ENTRANCE REQUIREMENTS:
A. At least six (6) months office experience.
B. Ability to type from plain copy at the rate of forty (40) net words per minute. Proficiency in typing alphabetical and numerical data.
C. Working knowledge of Business English.
D. Ability to spell accurately, including familiarity with the spelling of more common given and surnames.
E. Reasonable knowledge of offices practices and procedures.

F. Ability to write legibly.
G. Ability to code and translate messages under stressful situations.
H. Personal record such as to withstand rigid criminal investigation and character evaluation.
I. Ability to communicate clearly and effectively with other employees and the general public.
J. Ability to work in a manner that will not needlessly endanger the safety to one's self, other persons, or equipment.

NECESSARY SPECIAL REQUIREMENTS:

- Appointee must successfully complete the State of Michigan Basic Lein School.
- Able to work periodic weekends and holidays, and various shifts based upon shift preference.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle or feel objects, tools or controls; and reach with hands and arms. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

The job description does not constitute an employment agreement between the employer and the employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Classification History
Established: 6/15/1981
Revised: 1/25/1993
Revised: 11/17/1998
Revised: 7/10/2003
Reallocated: 10/22/2006

Section Separator

(f) A copy of the contract with the emergency manager as provided in section 9(3)(e).

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

CONTRACT FOR EMERGENCY MANAGER SERVICES

Rick Snyder, Governor of the State of Michigan (Governor) and the Michigan Department of Treasury retain and appoint Darnell Earley as the Emergency Manager (Emergency Manager) for the City of Flint (City) under Public Act 436 of 2012, the Local Financial Stability and Choice Act, MCL 141.1541 *et seq*, (the Act).

The Emergency Manager will provide services to the City pursuant to the terms and conditions set forth in this Contract and the Act.

The Emergency Manager's role is to remedy the financial distress of the City by requiring, within available resources, prudent fiscal management and an efficient provision of municipal services by exercising the necessary authority conferred herein to take appropriate action on behalf of the City and its residents. In accepting this appointment, the Emergency Manager agrees to leverage all the Emergency Manager's skills and abilities to accomplish these objectives on behalf of City residents.

1. PARTIES, PURPOSE, DUTIES, AND REPORTS

1.1 Parties. The parties to this Contract are the State of Michigan by the Department of Treasury and Darnell Earley.

1.2 Purpose. The parties to this Contract agree that Darnell Earley will act as the Emergency Manager for the City. The Emergency Manager's duties and responsibilities are delineated in the Act and include conducting all aspects of the operations of the City and establishing and implementing a written financial plan as required by Section 11 of the Act.

1.3 Duties. The Emergency Manager shall possess all the powers and duties authorized under the Act, including those specifically related to local governments. In addition, the Emergency Manager shall work cooperatively with the Office of the Governor and the State Treasurer. The Emergency Manager agrees to continue to keep these officials informed of major initiatives to be undertaken in furtherance of this Contract before their public announcement. The Emergency Manager shall seek the approval of the State Treasurer before entering into a new collective bargaining agreement.

1.4 Reports. The Emergency Manager shall file quarterly reports with the Department of Treasury beginning on January 15, 2014, for the immediately preceding quarter and shall file the first report required by Section 17 of the Act within six months of the Emergency Manager's appointment and every three months thereafter.

1.5 Communications. The Emergency Manager shall establish and maintain an appropriate protocol for ongoing communications with officials of the City, City residents, and the media. The communications protocol should include a variety of means, including personal interactions.

2. TERM OF CONTRACT

2.1 The Emergency Manager serves at the pleasure of the Governor except as provided in Section 9(3)(d) and Section 9(6)(c) of the Act.

2.2 Effective Date. This contract is effective on Tuesday October 8, 2013.

3. COMPENSATION FOR SERVICES PROVIDED

3.1 Source of Payment. The State shall pay the compensation of the Emergency Manager for all services rendered under this Contract.

3.2 Salary. The Emergency Manager's salary for services rendered under this Contract shall be $180,000.00 per year. If this Contract is terminated after the Emergency Manager has provided services for a portion of the month, the Emergency Manager shall be entitled, for that portion of that month, to $15,000.00 multiplied by the proportion that the number of days of the month for which services were provided bears to the number of days of the whole month.

3.3 Payment for Services. The Emergency Manager shall be paid in installments consistent with the established written policies and procedures of the Michigan Department of Treasury. If requested by the State Treasurer, the Emergency Manager shall provide to the Michigan Department of Treasury additional information regarding services performed pursuant to this Contract.

3.4 Reimbursement for Actual and Necessary Expenses. The actual and necessary expenses of the Emergency Manager, including customary expenses related to travel, meals, and lodging which are incurred in connection with service to the City will be reimbursed by the City. The Emergency Manager shall provide original copies of all receipts for meals, lodging, and travel reimbursement with any request for reimbursement. Any reimbursement for expenses under this contract shall be reviewed and approved in writing by the City's Chief Financial Officer.

4. ADDITIONAL STAFF AND CONSULTANT FEES

4.1 Staff. The Emergency Manager may, as provided in the Act, appoint additional staff as necessary to fulfill the obligations of the Emergency Manager's appointment and duties under this Contract. Payment of compensation for additional staff will be the obligation of the City. While authority to hire additional staff rests with the Emergency Manager, the Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before extending offers of employment for positions paying $50,000.00, or more, annually. The Emergency Manager shall issue a written employment contract to each individual hired pursuant to this Section, regardless of the compensation paid to that individual. The employment contract

issued pursuant to this Section shall, as of the date the individual is hired by the Emergency Manager, prohibit the individual from engaging in any other employment for remuneration without the express written approval of the Emergency Manager. The Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before approving outside employment for any individual. A breach of this Section shall be a material breach of this Contract.

4.2 Professional Assistance. The Emergency Manager may, as provided in the Act, secure professional assistance as necessary to fulfill the obligations of the Emergency Manager's appointment and duties under this Contract. Payment of compensation for additional professional assistance will be the obligation of the City. The Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before authorizing professional services contracts of $50,000.00, or more, per engagement or project. If a contract under this Section, or under Section 4.1, has a value of $50,000 or more, the Emergency Manager shall not execute the contract unless the contract is subject to competitive bidding by the Emergency Manager or the Emergency Manager receives prior written approval from the State Treasurer.

4.3 Security. The Emergency Manager will be entitled to receive security protection in connection with the Emergency Manager's duties under this Contract. Security personnel will be retained only upon the approval of the State Treasurer, or the designee of the State Treasurer, and only after consultation with the Director of the Michigan Department of State Police, or the designee of the Director of the Michigan Department of State Police. Payment of compensation for security personnel will be the obligation of the City.

5. REPRESENTATIONS

5.1 Qualifications. By signing this Contract, the Emergency Manager, represents that the Emergency Manager meets the minimum qualifications for appointment set forth in the Act. The Emergency Manager shall perform the duties of that office on a full-time basis, except as otherwise approved by the State Treasurer, and shall not accept any other employment or engage in any other activity for remuneration without the express written approval of the State Treasurer.

5.2 Conflict of Interest. The Emergency Manager represents and warrants that the Emergency Manager has no personal or financial interest, and will not acquire any such interest, that would conflict in any manner or degree with the performance of this Contract.

5.3 Non-competition. The Emergency Manager represents and warrants that the Emergency Manager is not subject to any non-disclosure, non-competition, or similar clause with current or prior clients or employers that will interfere with the performance of this Contract. The State will not be subject to any liability for any such claim.

5.4 Facilities and Personnel. The City will provide the Emergency Manager with proper facilities and personnel to perform the services and work required to be performed pursuant to this Contract.

5.5 Records. The Emergency Manager shall maintain complete records in accordance with

generally accepted accounting practices and sound business practices. This requirement applies to all information maintained or stored in the computer system of the Emergency Manager or computer system of the City. The State Treasurer and his designees shall have the right to inspect all records related to this Contract.

5.6 Non-Discrimination.

a) The Emergency Manager shall comply with Public Act 220 of 1976, the Persons with Disabilities Civil Rights Act, MCL 37.1101 *et seq.*, and all applicable federal, State, and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that the Emergency Manager will not discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. The Emergency Manager shall impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant shall be a material breach of this Contract.

b) The Emergency Manager shall comply with Public Act 453 of 1976, the Elliott-Larsen Civil Rights Act, MCL 37.2101 *et seq.*, and all applicable federal, State, and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that the Emergency Manager will not discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, or marital status. The Emergency Manager shall impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant shall be a material breach of this Contract.

5.7 Unfair Labor Practices. The Emergency Manager shall not enter into a contract for the performance of any obligation imposed by this Contract with a subcontractor, manufacturer, or supplier whose name appears in the register prepared pursuant to Public Act 278 of 1980, MCL 423.322, of employers found in contempt of court for failure to correct unfair labor practices. The State may void this Contract if the Emergency Manager, or any subcontractor, manufacturer, or supplier of the Emergency Manager that is a party to a contract for the performance of any obligation imposed by this Contract, appears in the above mentioned register.

5.8 Independent Contractor. The relationship of the Emergency Manager to the State and to the City under this Contract is that of an independent contractor. Except as specifically provided in the Act, no liability, benefits, workers compensation rights or liabilities, insurance rights or liabilities, or any other rights or liabilities arising out of, or related to, a contract for hire, nor employer-employee relationship, shall arise, accrue, or be implied to either party under this Contract or to an agent, subcontractor, or employee of either party under this Contract, as a result of the performance of this Contract.

6. NOTICES

6.1 The State Treasurer is the designee for this Contract unless notice of another designa-

tion is provided by the Governor. All notices, correspondence, requests, inquiries, billing statements, and other documents mentioned in this Contract shall be directed to the attention of the State Treasurer, Andy Dillon, and to the following:

For the State:

Michigan Department of Treasury
Office of Legal Affairs
Richard H. Austin Building, 430 West Allegan Street
Lansing, Michigan 48922
Phone: (517) 373-3223

For the Emergency Manager:

Darnell Earley
Flint City Hall
1101 South Saginaw Street
Flint, Michigan 48502

7. LIMITATION UPON LIABILITY

7.1 The State. The State, the Governor, the State Treasurer, and all other State officials are not liable for any obligation of or claim against the City resulting from actions taken in accordance with the Act or this Contract.

7.2 The Emergency Manager. Pursuant to the Act, in performing this Contract the Emergency Manager is engaging in a governmental function and is immune from liability for any action taken which the Emergency Manager reasonably believes to be within the scope of the Emergency Manager's authority granted by the Act or by this Contract.

8. INSURANCE

8.1 General. The Emergency Manager may procure and maintain, at the expense of the City, health, worker's compensation, general liability, professional liability, and motor vehicle insurance for the Emergency Manager and any employee, agent, appointee, or contractor of the Emergency Manager as may be provided to elected officials, appointed officials, or employees of the City. The insurance procured and maintained by the Emergency Manager may extend to any claim, demand, or lawsuit asserted or costs recovered against the Emergency Manager and any employee, agent, appointee, or contractor of the Emergency Manager to the extent permitted by the Act.

8.2 Post-Contract. If, after the date that the service of the Emergency Manager is concluded, the Emergency Manager or any employee, agent, appointee, or contractor of the Emergency Manager is subject to a claim, demand, or lawsuit arising from an action taken during the service of the Emergency Manager, and not covered by a procured insurance policy, litigation expenses, including but not limited to attorney fees, payments in satisfaction of judgments, and

payments made in settlement as specified pursuant to the Act, shall be paid by the City. If such expenses are not paid by the City, they shall be treated as a debt owed to this State pursuant to section 17a(5) of Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971, MCL 141.917a.

8.3 Additional Insurance. If the City has purchased, or otherwise obtained, an errors and omissions policy, then the Emergency Manager may choose to be covered under such policy at the expense of the City.

8.4 Payment by City. All insurance required under this Contract shall be acquired at the expense of the City under valid and enforceable policies, issued by insurers of recognized responsibility. The State Treasurer reserves the right to reject as unacceptable any insurer.

9. TERMINATION OF CONTRACT AND APPOINTMENT

9.1 Termination by the State.

a) The State. The Emergency Manager serves at the pleasure of the Governor except as provided in Section 9(3)(d) and Section 9(6)(c) of the Act. The Governor has the power to rescind the appointment and terminate this Contract at any time, and without cause, by issuing a Notice of Termination to the Emergency Manager.

9.2 Termination Process. Upon receipt of a Notice of Termination, and except as otherwise directed, the Emergency Manager shall:

a) Cease work under this Contract upon the date and to the extent specified in the Notice of Termination;

b) Incur no costs beyond the date specified by the Notice of Termination;

c) Submit to the State Treasurer on the date the termination is effective all records, reports and documents as this State shall specify and carry out such directives as the State Treasurer may issue concerning the safeguarding and disposition of files and property; and

d) Submit within 30 calendar days a closing memorandum and final billing, which shall be paid within 30 days.

9.3 Termination by Emergency Manager. The Emergency Manager may terminate this Contract at any time, with or without cause, with 30 days written notice to the State Treasurer. Within 30 days of the Emergency Manager's final day of service, the Emergency Manager shall submit a closing memorandum and final billing, which shall be paid within 30 calendar days.

10. GENERAL PROVISIONS

10.1 Governing Law and Jurisdiction. This Contract shall be subject to, and construed according to, the laws of the State of Michigan, and no action shall be commenced against this State,

its agents, or employees for any matter whatsoever arising out of this Contract, in any court other than a Michigan State court.

10.2 No Waiver. A party's failure to insist on the strict performance of this Contract shall not constitute waiver of any breach of the Contract.

10.3 Other Debts. The Emergency Manager represents and warrants that the Emergency Manager is not, and will not become, in arrears on any contract, debt, or other obligation to the State of Michigan, including taxes.

10.4 Invalidity. If any provision of this Contract or its application to any persons or circumstances shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Contract shall not be affected, and each remaining provision of this Contract shall be valid and enforceable to the fullest extent permitted by law.

10.5 Headings. Section headings contained in this Contract are for convenience only and shall not be used to interpret the scope or intent of this Contract.

10.6 Entire Agreement. This Contract represents the entire and exclusive agreement between the parties and supersedes all proposals or other prior agreements, oral or written, and all other communications between the parties.

10.7 Amendment. No Contract amendment will be effective and binding upon the parties to this Contract unless the amendment expressly makes reference to this Contract, is in writing, and is signed by duly authorized representatives of all parties and all the requisite State approvals are obtained.

10.8 Order of Priority. This Contract and the Act shall be read to be consistent one with the other. However, if a conflict is deemed to exist between the terms of this Contract and the Act, the Act shall supersede the terms of this Contract.

10.9 Counterparts. This Contract may be executed in separate counterparts, each of which when executed shall be deemed an original, but all of which when taken together shall constitute one and the same Contract.

IN WITNESS WHEREOF, the Governor and the Emergency Manager have signed and executed this Contract.

STATE OF MICHIGAN

Dated: 10/2/13

Rick Snyder, Governor

Dated: 10-3-13

Darnell Earley, Emergency Manager

Approved as to form and content pursuant to Section 9(3)(e) of Public Act 436 of 2012, the Local Financial Stability and Choice Act, MCL 141.1541 *et seq.*

Dated: 10/3/13

Andy Dillon, State Treasurer

Section Separator

(g) The salary and benefits of the emergency manager.

Salary and Benefits of the Emergency Manager:

Per the Emergency Manager's Contract Section 3. Compensation For Services Provided

3.1 Source of Payment. The State shall pay the compensation of the Emergency Manager for all services rendered under this Contract.

3.2 Salary. The Emergency Manager's salary for services rendered under this Contract shall be $180,000.00 per year. If this Contract is terminated after the Emergency Manager has provided services for a portion of the month, the Emergency Manager shall be entitled, for that portion of that month, to $15,000.00 multiplied by the proportion that the number of days of the month for which services were provided bears to the number of days of the whole month.

3.3 Payment for Services. The Emergency Manager shall be paid in installments consistent with the established written policies and procedures of the Michigan Department of Treasury. If requested by the State Treasurer, the Emergency Manager shall provide to the Michigan Department of Treasury additional information regarding services performed pursuant to the Contract.

3.4 Reimbursement for Actual and Necessary Expenses. The actual and necessary expenses of the Emergency Manager, including customary expenses related to travel, meals, and lodging which are incurred in connection with service to the City will be reimbursed by the City. The Emergency Manager shall provide original copies of all receipts for meals, lodging, and travel reimbursement with any request for reimbursement. Any reimbursement for expenses under this contract shall be reviewed and approved in writing by the City's Chief Financial Officer.

Section Separator

(h) The financial and operating plan as required under section 11. Update #7 to the Financial and Operating Plan for the City of Flint.

Financial and Operating Plan for the City of Flint – Update 7
October 8, 2014

Introduction

This update to the Financial and Operating Plan for the City of Flint is submitted by the Emergency Manager for the City of Flint to Governor Rick Snyder, through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 17.

This report includes a summary of the financial conditions and goals for the City of Flint, the plan to conduct the operations of the City, the on-going actions being taken to resolve the financial emergency, and the outline of a plan to prepare for an eventual transition as prescribed in P.A. 436. This update will be posted on the City's website: www.cityofflint.com .

Summary of the EM/EFM Appointment Sequence and Development of the Operating and Financial Plan

The Flint Financial Review Team determined in November 2011 that the City of Flint was in a financial emergency. (See Attachment #1)

On December 1, 2011 Governor Rick Snyder appointed Michael K. Brown as Emergency Manager. EM Brown developed the Financial and Operating Plan utilizing the resources of a five person Advisory Committee as well as five additional advisory committees. EM Brown sought broad expertise to ensure public engagement and to maintain a sense of continuity with the Mayor and City Council. All nine City Council members and over fifty other citizens participated in the advisory committees.

EM Brown's original Financial and Operating Plan (45 Day Plan) was submitted to the State Treasurer on January 15, 2012; the first update to the Plan was submitted on June 1, 2012. On August 8, 2012, PA 4 was suspended and Edward J. Kurtz was appointed Emergency Financial Manager under P.A. 72. (Mr. Brown stepped aside as he was prohibited from serving as EFM due to his recent service as Interim Mayor for the City of Flint.)

EFM Kurtz established a new Advisory Committee in accordance with the requirements of P.A. 72. Utilizing the Advisory Committee and the City of Flint management team, EFM Kurtz presented a second update to the Financial and Operating Plan and submitted this to the State Treasurer on February 8, 2013.

When P.A. 436 took effect on March 28, 2013 Mr. Kurtz was re-appointed by Governor Snyder as Flint's Emergency Manager. Mr. Kurtz continued in that capacity until his resignation after the end of fiscal year 2013. At that time Mr. Kurtz submitted his closing

memorandum and the third update to the Financial and Operating Plan. Governor Snyder then reappointed Mr. Brown as Emergency Manager. On October 8, 2013 I was appointed by Governor Snyder as Flint's fifth Emergency Manager following Mr. Brown's resignation. On November 21, 2013 I submitted the 45 Day Plan as required by P.A. 436 Section 11(2); that plan became Update #4. The fifth and sixth updates to the Financial and Operating Plan fulfilled P.A. 436, Section 17 six month and subsequent three month report requirement.

This report, indicated as Update #7, again fulfills P.A. 436, Section 17 requirement for an update each subsequent three months.

Priority List for the Resolution of the Financial Emergency

- Stabilize the financial future of the City: maintain a balanced budget, eliminate the accumulated General Fund deficit, seek increased revenue, and reduce unfunded pension and OPEB liability.

- Re-establish Flint as one of the safest cities in Michigan — both in reality and perception: provide public safety services, focusing on reducing violent crime, commensurate with cities of comparable size and resources, utilizing regional cooperation as appropriate. This includes implementation of the plan for the Flint 9-1-1 Center to join the Genesee County 9-1-1 Consortium.

- Implement the Blight Elimination Plan: manage demolitions, enforce blight ordinances.

- Maintain access to a clean, sustainable water source: implement the steps necessary to participate in the Karegnondi Water Authority (KWA) including interim water supply implementation, disposition of current pipeline sections, City Water Treatment Plant updates, a long term water supply back up plan, and a long term financial plan for the stability of the water and sewer funds.

- Implement the Master Plan of the City of Flint: update the Zoning Ordinance, evaluate the capital investment needs, and incorporate Master Plan activities in the annual budget development.

- Explore Governance Models for the City of Flint: receive report from the citizen's committee which was formed to evaluate city governance models, recommend course of action for Charter revision as a part of transition discussions.

- Implement the 7 Point Transition Management Plan (Attachment #2) which has been adopted by the Flint City Council and Mayor Walling. This Plan incorporates specific objectives which provide a strategy for determining and evaluating criteria for assessing when the City might be prepared to emerge from emergency management to home rule order with oversight of a Receivership

Transition Advisory Board. This plan has been further refined with a chart encompassing specific implementation steps and completion dates.

Operations of the City of Flint

Shortly after his appointment as EM, Michael Brown took steps to reorganize the city government operations including: elimination of departments, consolidation of departments, elimination of management level positions, adjustment of the compensation of elected and appointed officials, elimination of the Civil Service operation and the Office of Ombudsman.

Management appointments were made to ensure that the essential services necessary for the public's health, safety and welfare are provided, and to continue conducting all aspects of the City of Flint's operation within the resources available. Necessary employment contracts were extended with the approval of the Treasury Department.

Department management reconfigurations were completed in anticipation of reductions in staffing levels as provided in the FY 13 Budget. Subsequently, as part of the FY 14 Budget process a Strategic Plan was adopted and more changes in the organizational structure occurred. The primary change was the inclusion of a new Planning and Development Department (See Attachment #3 Organizational Chart July 2014). I have made personnel adjustments to complete this reorganization of the Planning and Development Department.

The FY14/15 and FY15/16 biennial budget has been adopted. This year the budget process involved over 30 hours of active participation by the Mayor and the City Council Finance and Administration Committee sitting as the committee of the whole. As part of this process the Council adopted a five year Strategic Plan and a list of priorities for the development of the two year budget. This document has been updated to show the progress which has been made in each of the department level objectives (See Attachment #4 Strategic Plan of the City of Flint 2015-2019 1st Quarter Update).

When P.A. 436 became effective in March 2013 the City Council members' and Mayor's compensation was eliminated. EM Kurtz partially restored compensation for Mayor and Council through Orders 1 and 2. These orders also defined specific responsibilities and requirements. For example, the City Council members were required to complete Level One of the Michigan Municipal League (MML) core course for municipal government and receive the MML education award within one year. I determined that this Order was still in effect, and the Council members all individually signed acceptance of these requirements as a condition of receiving compensation. Mayor Walling has fulfilled these obligations. All Council members have begun, but not yet fulfilled these obligations. Through adoption of EM Orders 15 and 16, beginning with the FY14/15 budget, the Mayor and Council received an increase in compensation commensurate with the increased duties assigned to them.

All Orders and Directives issued by the Emergency Financial Manager (under P.A. 72) and Orders issued by the Emergency Manager (under PA4 and P.A. 436) are listed in Attachment #5: Orders and Directives of the EFM and EM.

The 7 Point Transition Management Plan which emphasizes re-engagement of the Mayor and City Council has been a top priority. The Council is meeting monthly on a regular basis; five Council Committees are operational: Finance/Administration, Legislative, Public Works, Public Safety, and Planning and Development. Each Committee is meeting regularly and then reporting at the following Council meeting. Order 8 was issued in March 2014 and defines format of action and participation at the Council meetings. Order 9 established monthly Council and Committee meetings; and Order 10 set the format of the Council meeting agenda. Additionally, Mayor Walling has been assigned day to day oversight of the Department of Public Works and the Department of Planning and Development. These steps as outlined in the 7 Point Transition Management Plan are part of preparing the City to resume local control under a Receivership Transition Advisory Board.

The 7 Point Transition Management Plan has been further refined through the development of a chart entitled: *Steps to Prepare for Transition from Emergency Manager to Receivership Advisory Board.* This chart has set target completion dates for essential steps necessary to prepare for this transition (Attachment # 2).

Financial Status

FY12 Budget and Audit

The Comprehensive Annual Financial Report (CAFR) for FY12 was completed and was filed with the State in a timely manner. The results were as expected, with fewer auditor comments than in past years. Deficits existed in the General Fund ($19.1 million) and in the Water Fund ($8.8 million).

The $19.1 million accumulated deficit reflected an excess of expenditures in the General Fund for FY12 of $10.2 million plus $8.9 million for FY11. This was anticipated by Emergency Manager Brown shortly after being appointed, which was almost six months into the FY12 year. Given that FY12 was nearly half over, and that significant unplanned reductions in services, primarily public safety, would need to occur if the projected deficit were to be immediately eliminated, the decision of the Emergency Manager, in consultation with Treasury, was to contain costs as much as possible but without significantly reducing services – especially public safety - for the balance of the year.

Pursuant to State statute, Deficit Elimination Plans for both FY11 and FY12 were submitted to the Department of Treasury. Both plans involved a mix of borrowing and expenditure reductions over the next five years. However, no final action was taken to implement the intended courses of action.

FY13 Budget and Audit

FY13 was the first budget developed and administered by the Emergency Manager and his team. Faced with a projected gap of more than $25 million, the FY13 budget was balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Previous reports detail the 25% increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, conversion of the waste collection millage to a fee and the creation of a special assessment for street lighting, elimination of 20% of the City's workforce, compensation decreases equivalent to a 20% wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

Results of FY13 year end show a surplus of revenues over expenses in the General Fund exceeding $6.2 million. This surplus reduced the City's accumulated $19.1 million deficit as of the end of FY12 to less than $12.9 million. Since the goal of the EM team was to assure that FY13 would not end with any additional deficit, this result significantly exceeded expectations.

The FY13 audit was completed and submitted to Treasury on December 20, 2013. All items surrounding the audit, including submission of the Form F-65 and Comprehensive Annual Financial Reporting Program were completed by December 31, 2013. The audit was presented to City Council as well on January 13, 2014.

FY 14 Budget and Strategic Plan

The FY14 budget was adopted via Emergency Manager Edward Kurtz Order #4 on June 7, 2013. This budget was developed with the same goal as FY13 – to assure the provision of essential services within the constraint of a balanced budget and continued deficit reduction. Accordingly, the FY14 budget included a $1.0 million commitment from the General Fund to further reduce the deficit. This is considered a minimum level of deficit reduction.

The Emergency Manager's team, crafted a draft strategic plan in preparation for the FY14 budget development. Vision, Mission and Goals were established for the City government. Department managers then set specific, measurable objectives. Within the strategic plan was a five year financial projection.

Achieving the balanced budget again required reducing the workforce; however, with significant efforts from department heads and others involved in developing the budget, and building on ongoing reorganization of city processes, the level of services currently provided generally continued at FY13 levels. Most importantly, the quest to at least maintain FY13 levels of police and fire staffing was achieved, although one consequence was that the additional reductions in staffing came from non-public safety areas. This was equivalent to an additional 10% reduction of staffing in those areas.

As the city has reached the end of FY14, the unaudited close shows a General Fund balance of more than $4 million of revenue over expenses; this balance will be applied to the deficit as planned. One set of budget adjustments, with approval of Treasury was implemented in December 2013. A second budget adjustment was approved by Treasury and was adopted on April 3, 2014. The closing budget amendment was approved by resolution on June 25, 2014.

The City's cash flow has improved significantly from the $13 million cash on hand in December of 2011. Thirteen million dollars is less than one month's operating expenses. By comparison, the cash on hand on August 2014 was in excess of $60 million.

Deficit Elimination Plan 2014

A deficit elimination plan which also incorporates a reserve accumulation plan was approved by the Department of Treasury and was adopted by EM Order 18 on July 15, 2014. The City recognizes that a goal needs to be set to develop a reserve equal to 15% of General Fund revenues. This is one of many financial best practices which the City will incorporate to assure a sustainable municipal model. As of June 30, 2014 the deficit stands at approximately $9 million. In budget years FY15-FY20, $1.8 million will be allocated each year which will eliminate the deficit without need for borrowing.

FY 15-19 Strategic Plan and FY 15/FY 16 Budget

The FY14 budget was developed within the context of an updated five year projection of revenues and expenses. This exercise pointed out the continuing challenge the City of Flint will have in achieving long term financial stability. The Finance Department and the Council Finance/Administration Committee developed the FY15-19 strategic plan and financial projections. The City Council has adopted a Strategic Plan which included Mission, Vision, Goals and a Budget Priorities statement (Attachment #4: Strategic Plan of the City of Flint 2015-2019 1st Quarter Update). Consulting firm Ernst & Young assisted the City with an update to the five year financial projections.

The EM, in concert with the Mayor, developed a two year budget for FY15 and FY16. The goal continued to be to provide the best level of service possible within available resources while continuing to restore financial solvency. It is clear that in balancing these budgets the City will continue to be faced with addressing an on-going structural deficit; and the biggest challenge by far remains the outcome of the retiree health care lawsuit.

The City Council received the recommended two year budget April 30, 2014. The Finance/Administration Committee (sitting as the committee of the whole) used the first two weeks of May to hold five meetings on specific program areas. At the conclusion of the departmental reviews the Council send a list of budget revision

proposals to me. Several of the recommendations were incorporated into the revised budget. The Council then held a public hearing on June 9, 2014.

This budget does include significant staffing reductions in public safety. In the two prior budgets other General Fund departments were reduced in size, combined, or contracted services. For this budget cycle, there were no other General Fund areas to reduce, except public safety services.

The targeted personnel reductions in public safety will not result in lay-offs prior to December 31, 2014. In the interim, the City has contracted for a comprehensive study of the police and fire operations. Based on the results of this study, and the managed attrition reductions, the personnel levels in both Police and Fire will be re-evaluated.

The State budget which begins October 1, 2014, contains an appropriation of $1.1 million for use in Flint's public safety departments. The boilerplate of the State budget includes:

> *The appropriation of $1,100,000.00 in part 1 for the city of Flint shall be allocated to support city police and firefighters. The emergency manager shall determine which public safety personnel are to be funded from this award. If the city has an appointed receivership transition advisory board, then that board is vested with the authority to make the determination of which personnel are funded from this award.*

The City is grateful to receive this funding and will use this to implement the recommendations of the Public Safety study which will be concluded in October 2014.

The Emergency Manager's Order 13 adopted the biennial budget; Order 11 adopted the street lighting assessment for FY2015 and FY2016; Order 14 adopted the Strategic Plan; Resolution EME3302014 adopted the FY2015 and FY2016 Master Fee Schedule (which includes water and sewer rates, and waste collection fee); Resolution EME3312014 adopted the 2014 and 2015 operating millage rates (Attachment #6 FY15 & FY16 Biennial Budget).

I additionally note that Mayor Walling and the City Council have been fully engaged with City staff and me as this two year budget was developed. Also, as part of FY15, the day-to-day management of the Public Works Department and the Planning & Development Department will be handled by Mayor Walling.

Five Year Projection

FY15/FY16 budgets include more than $5 million each year in increased retiree health care, as a result of Judge Tarnow's injunction. FY15 & FY16 is balanced, but projections for FY17 indicate a deficit between projected revenues and status quo expenses of $5 million. If there is no relief from the $5 million in increased retiree health care expenses, or no new revenue source, balancing the FY17

budget without compromising the City's ability to provide even the most basic level of city services - including public safety, will most likely not be possible.

Retiree Health Insurance Revisions

The City's approach to containing its OPEB liabilities has been to restructure both active and retiree health care benefits, and to eliminate the promise of retiree health care for new employees. The changes have had a significant impact on the City's OPEB liabilities, reducing the total unfunded liability from nearly $900 million to less than $400 million, and reducing the Annual Required Contribution (ARC) from $60 million to $22 million.

As previously reported, the City's effort to restructure retiree healthcare was challenged by a group of retirees in a federal lawsuit, *Welch v City of Flint.* On January 3, 2014, the U.S. 6th Circuit Court of Appeals reinstated an injunction prohibiting the City from modifying retiree health care benefits. The City is aggressively litigating this matter, as it does not have the resources to afford the current level of healthcare coverage, and projected cost increases for the upcoming fiscal years are substantial. If the federal district court's decision is not reversed, the City will be in an extremely precarious financial position, with insufficient resources to meet basic functions

The City is working to comply with the court's order, beginning with establishment of a reimbursement program for retirees whose expenses since January 3, 2013 are greater than their old plans. Work is also proceeding in anticipation of a court hearing sometime in the future, and settlement options are being explored.

On June 30, 2014 Judge Tarnow issued an order modifying in part his preliminary injunction barring the City from modifying retiree health care benefits. The Judge's order now permits the City to modify retiree health care as the City had proposed in a settlement proposal which was previously submitted to the Court.

While the details of the Judge's recent order are still being reviewed, and while the details of implementing the order are still being developed, it appears that the ruling will have a positive financial impact on the City, at least for the period while the litigation continues.

Otherwise, the City is utilizing the services of Cornerstone Municipal Consulting in ongoing review of various Employee/Retiree health care options including plan design, delivery systems, Medicare Advantage, Medicare Wrap Around, benefit carve-outs, etc. in an effort to control health care costs. Administration of the City's health insurance benefits program is being handled by Cornerstone. In addition to the retiree lawsuit, attention is now focused on minimizing the City's cost for health care (for current employees and retirees) in the FY15 and FY16 budgets.

Operating Plan

The city continues to review all departments and services to reduce costs through contract rebidding, merger, consolidation, contracted service, shared services with other governmental entities, privatization or elimination. As a result of these reviews the City will determine what continuing activities should be subsidized with general property tax dollars, what will be paid by the users, which services can be eliminated, and which services or activities can be handled by lower cost vendors.

The functions, goals and key objectives of each department and functional area of the City of Flint have been encompassed in the Flint Strategic Plan 2015-2019. This plan also contains target dates for completion of each key objective. (Attachment #4: Strategic Plan for the City of Flint 2015-2019: 1st Quarterly Report)

The progress made in this past first quarter of FY15 is presented in Attachment #4 and includes the narrative and the Strategic Plan with all objectives updated to the current status.

Major Up-coming Activities

68th District Court

- The City currently funds the operation of the 68th District Court; in FY14 this amounted to $3.5 million net. Senate Substitute for House Bill 5125 passed the Senate and the House in March 2014. The Bill authorizes consolidation of the 67th and 68th District Courts. It requires that the consolidation be approved by the City and the County. The County approval requires the affirmative vote of at least two-thirds of the County Board members. I strongly encourage the State to continue the process of working to consolidate the 67th and 68th District Courts; the City of Flint will work to support this consolidation.

9-1-1 Operation

- On September 9, 2014 the Genesee County 9-1-1 Consortium voted to admit the City of Flint as a member of the Consortium. The goal to complete the incorporation of the Flint 9-1-1 Center operation into the Consortium is June 30, 2014. As part of this process the City of Flint will contribute $325,000 toward the $1.2 million cost for new equipment and building expansion at the Consortium's Corunna Rd. location. The City will also transfer the ownership of the simulcast tower which is currently under construction. The City will also provide a no cost lease for the area on which the tower stands. The $325,000 is currently allocated for the Flint 9-1-1 phone system upgrade. This upgrade will not be required with the joining of operations.

Public Safety

- A data-driven public safety study to assess the operations of the City's Police and Fire Departments began in May 2014 utilizing the services of the Center for

Public Safety Management. This report is due in October 2014 and will be used to evaluate both departments' organization and staffing.

7 Point Transition Plan

- Within the next quarter the selection process will be completed to hire a City Administrator.

- Six ballot initiatives, which were recommended by the Blue Ribbon Committee, will be voted on during the November general elections. The first proposal begins the process to open the current Charter for a complete review:
  PROPOSAL 1 GENERAL REVISION OF CITY CHARTER
  Shall there be a general revision of the city charter?

- These five initiatives are amendments to the current Flint City Charter:
  PROPOSAL 2 AN AMENDMENT TO REDUCE THE NUMBER OF MAYORAL PRINCIPAL STAFF APPOINTMENTS
  Shall the Flint City Charter Section 4-202(A) and (C) be amended by reducing the number of Mayoral principal staff appointments for legal counsel and administrative services from no more than ten (10) to no more than five (5)?

  PROPOSAL 3 AN AMENDMENT TO REQUIRE BUDGETARY BEST PRACTICES
  Shall the Flint City Charter be amended to provide that the annual budget presented to Council shall be accompanied by a budget message explaining the budget, to provide for multi-year financial plans and revenue projections and the establishment of a budget stabilization fund?

  PROPOSAL 4 AN AMENDMENT TO ELIMINATE FLINT CITY CHARTER SECTION 4-203(A), EXECUTIVE DEPARTMENTS
  Shall the Flint City Charter be amended by eliminating Section 4-203(A), which would eliminate the requirement for specific executive departments?

  PROPOSAL 5 AN AMENDMENT TO ELIMINATE THE CIVIL SERVICE COMMISSION
  Shall the Flint City Charter be amended by eliminating Section 5-101 through Section 5402, which would eliminate the Civil Service Commission?

  PROPOSAL 6 AN AMENDMENT TO ELIMINATE THE OFFICE OF THE OMBUDSMAN
  Shall the Flint City Charter be amended by eliminating Section 3-501 through Section 3-517, which would eliminate the Office of the Ombudsman?

Facilities Management

- The Facilities manager is reviewing all city owned assets (both real property and capital equipment) to determine if disposal should be pursued.

- All city owned facilities are under review for energy savings, revenue generation from tenants, or possible liquidation.

Emergency Manager's Conclusions

Significant work has been accomplished to stabilize the financial situation of the City of Flint. The whole organization has been being restructured to reflect a smaller, leaner government operation. Services which were routinely provided are being inspected to determine if they should continue and if so, in what format. Technology solutions which can increase efficiencies are being implemented.

The many improvements to-date and those represented in the Strategic Plan have been based on data-driven management plans. The approval of the KWA participation, water and sewer rates, capital improvements, departments staffing and priorities are all based on using rational data analysis. Collecting, analyzing and then utilizing data concentrates work and dollars where the most beneficial results can be expected.

I acknowledge that substantial progress has been made, however the City is still experiencing an on-going financial emergency. Resolution of the financial emergency will not be complete without providing a basic framework for, and implementation of, an objective model for the organization to follow.

A sustainable municipal organization incorporates the utilization of best practices financially, structures a governance model which clearly delineates between legislative, policy, and administrative responsibilities, and develops a management plan to provide services to residents in a consistent, reliable manner.

The 7 Point Transition Management Plan and the steps to Transition Chart which I have developed provides the roadmap to resolve the financial emergency and to achieve sustainability for the City of Flint.

For two years, FY13 and FY14, the goal of containing overspending has been achieved. The city must continuously function within a balanced budget, eliminate the accumulated deficit and further reduce the legacy and pension costs. Projections through 2019 demonstrate Flint's continuing challenges. Projecting current revenues and expenses into the future shows a continuing gap of $2 to $4 million annually.

Stable revenue is necessary in order for this City, and most other cities in Michigan, to continue to avoid a bankruptcy situation. We have asked our residents to accept a significant 6 mill Police and Fire Protection Millage; and they have done so. We have imposed a street lighting assessment, a waste collection fee and significant water and

sewer rate increases. However, our residents have not enjoyed increasing services, increasing property valuations or increasing employment opportunities.

As noted previously, there are very few additional revenue options. We are approaching the limit of the City's borrowing capability. Capital improvement funds are fully committed and the property tax millage rate in within .1 mill of maximum. State Revenue Sharing has increased but minimally and is now tied to EVIP and competitive granting. We have made a request through our State Legislative representatives and the State Treasurer to push legislation to allow City voters the opportunity to decide to increase the income tax. This action could generate $7 million annually and would eliminate the City's structural deficit. A bill has been introduced but has not been acted upon.

While the City will benefit from the temporary revision of Judge Tarnow's order on retiree healthcare, it is important to remember that this lawsuit continues. Final resolution in the lawsuit will determine if the financial emergency is resolved or if it will force the City to consider bankruptcy. Bankruptcy is the alternative which we have worked diligently to avoid. If, by the beginning of FY17 the City of Flint does not receive permanent relief from retiree health care costs, either in the form of reduced city expenditures or additional revenues, it is unlikely that the City will be able to provide even the most basic level of city services.

I do not recommend beginning the transition back to the Mayor/Council management of the City at this time. However, I expect the overall situation to become much clearer in the next three to six months, given the plans and organizational changes which have been put in place. The City still has critical on-going budgeting issues. There has been action on several sections of the 7 Point Transition Management Plan, but more needs to be completed. Also, the City Council is still required to complete the Michigan Municipal League Level 1 Certification as required by Order 2 (04/12/13). So far, only Mayor Walling has met this requirement.

Flint has twice been placed in the hands of a State appointed emergency manager. A third failure should be avoided at all costs. The Blue Ribbon Committee on Governance, which I appointed in January 2014, completed their evaluation of governance revisions needed in the City. The Blue Ribbon Committee's final report (http://www.cityofflint.com/FinancialMgr/2014/IMAGES/BRC%20Final%20Report%20071714.pdf) recommended five amendments to the current Charter; these proposals have been placed on the November ballot. They also recommended return to the Council-Manager form of government. This can be achieved through a multi-step process, beginning with the approval of the Flint voters to agree to a general revision of the City Charter. This proposal has also been placed on the November ballot.

I have now spent one year as Emergency Manager in Flint. Many major steps have been taken to resolve the financial emergency. Flint is on a much more stable footing than it was three years ago. However, the level of services being provided to the citizenry is at a minimal level, at best. I feel strongly that it is incumbent upon me to make sure that the

city reaches it goal of sustained financial solvency. The financial emergency is not fully resolved until the long-term sustainable structure is secured.

Another update of this report is expected to be presented in January 2015 as required by P.A. 436. Other updates will be provided as appropriate.

Respectfully submitted,

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Flint, MI

Attachments:
1. Summary of Findings of the Flint Financial Review Team
2. 7 Point Transition Management Plan and Transition Status Chart
3. Organizational Chart July 2014
4. Strategic Plan for the City of Flint 2015-2019: 1st Quarter Report
5. Orders and Directives of the EFM and EM
6. FY15 & FY16 Biennial Budget

Attachment 1. Summary of Findings of the Flint Financial Review Team

Summary of Findings of the Flint Financial Review Team
November 2011

- The City has a general fund deficit of$14,621,546 as of June 30, 2010 which was not eliminated within the two year preceding period.

- The City previously submitted a five year deficit elimination plan for a cumulative general fund deficit of$7,046,820 as of June 30, 2008. However, by June 30, 2010 the cumulative general fund deficit had grown to $14,621,546. An updated plan submitted for 2010 does not purport to eliminate the cumulative deficit until 2030 and that relies upon the issuance of an additional $12 million of debt in 2013.

- A structural operating deficit existed in the general fund as of June 30, 2007, 2008, 2009, 2010 and the general fund is projected to have a $6,768,864 deficit as of June 30, 2011.

Attachment 2. 7 Point Transition Management Plan and Transition Status Chart

7 Point Transition Management Plan

Goal: To provide a strategy for determining and evaluating relevant and specific criteria for assessing when the City of Flint might be prepared to emerge from Emergency Manager (EM) oversight to a Transition Advisory Board (TAB), as provided in Public Act 436. The seven points identified provide comprehensive and well defined benchmarks to be reviewed before the determination is made. The Plan also defines a data-driven and measurable process for the objective, results-oriented determination of facts. The Plan establishes the criteria now so that it is clear what the conditions are that will have to be satisfied before the Emergency Manager recommends the establishment of a Transition Advisory Board.

GOAL	STRATEGY	OBJECTIVES	STATUS
1. Deficit Elimination Plan	Deficit Elimination Plan and Reserve Accumulation Plan will be presented by the EM/Mayor/Finance Dir. to City Council through its Finance Committee to receive Council support. Also a commitment by the Mayor and Council to implement the plan will be required.	City Council to pass resolution of support for DEP/RAP from EM/Mayor/Fin. Dir. Receive Treasury acceptance of the DEP/RAP. Confirmation by Mayor and Council that DEP/RAP actions will be a top priority in budgeting.	_____ _____ _____
2. Five-Year Financial Analysis	The development, monitoring and updating of a five-year financial analysis is critical to the ongoing challenges of financial solvency. It must remain an ongoing process to measure the City's ability to fund services, produce budgets, and proactively manage expenditures. It should be an expectation of the Council that the EM/Mayor/Fin. Dir. shall annually prepare and Council shall review and adopt said projection; and shall continue to use the projection as a basis for future budgeting actions.	EM/Mayor/Fin. Dir to annually prepare a 5 yr. R/E projection. Council Finance Committee review 5 yr. analysis and move to Council. City Council adopts 5 Year Analysis. Finance Committee shall annually review analysis in February each year and send to Council for approval.	_____ _____ _____ _____
3. Governance	The EM will consider recommendations from the Blue Ribbon Committee, National Civic League Model Charter, proposed charter amendments, review of electoral structure, Executive appointments, etc. It is expected that a formal agreement would be reached among the EM, Mayor, and Council as to what governance revisions are to be implemented, including time frames for implementation.	Blue Ribbon Cmte. Complete Report and Submit to EM Mayor and Council Submit Comments on Report to EM EM developes proposed governance structure and sends to Governor. Mayor and Council have an opportunity to review and comment on EM proposal. Completion of City Ordinance review by Council as proposed by EM.	_____ _____ _____ _____ _____

GOAL	STRATEGY	OBJECTIVES	STATUS
4. Organization Development	Review the City's organizational structure including: Public Safety, 9-1-1 plan, courts consolidation plan, recommendations on other long-term services, and role of the city administrator (who will be appointed prior to the TAB). Finalize the organizational relationship among Mayor, Administration and Council. This will result in an agreed upon detailed description of the roles and responsibilities of the Mayor and Council, including items such as respective roles in strategic planning, budgeting, monitoring and assessment of results, appointments, and protocols for addressing citizen complaints.	EM/Mayor determines recommended City organizational structure. EM/Mayor to recommend Council action (ordinance changes) to implement organizational structure. Council to review and adopt revised organizational structure. EM/Mayor to hire City Administrator/Manager. Finalize organization structure and roles: Mayor, Council, Administration. Labor contracts to be completed for all City unions	_____ _____ _____ _____ _____ _____
5. Legacy Costs	Retiree Health Care remains the biggest challenge to managing legacy costs and the City is currently facing a legal challenge. It will be unlikely that the financial emergency will be declared resolved until this issue is settled in a manner which does not risk the solvency of the City. Sustaining the changes within RHC are essential to the City's future solvency.	Mayor and Council to support City's position on retiree health care or adopt measures offsetting the increased costs. Annual budgets to include payment of appropriate pension and health care costs and liabilities.	_____ _____
6. Strategic Plan	The adoption of a long-range strategic plan by the Emergency Manager, Mayor, and Council for the governing actions of the City will provide a guidance mechanism for determining budgeting, priorities, goals and objectives.	EM/Mayor/Fin. Dir. to present 5 yr Strategic Plan through Finance Cmte. to Council for approval. Council to set spending priorities. EM/Mayor to utilize Strategic Plan to develop budget. Council to adopt budget in line with Strategic Plan and budget priorities. Council to receive quarterly reports from Mayor/Fin. Dir. on progress of achieving strategic objectives and priorities. Strategic Plan to be updated annually.	_____ _____ _____ _____ _____ _____

GOAL	STRATEGY	OBJECTIVES	STATUS
7. Sustainability	Factors for determining sustainability are rooted in the 7 points. More specifically, the measures that will be evaluated include: achievement of consensus decision-making on the part of the Mayor and the Council, adoption of best practices, continuing commitment to training and development for the Mayor and Council members, ongoing monitoring and updating of plans necessary for the financial stability of the City including but not limited to 2-year budgets, 5-year financial analyses, and the ongoing implementation of the Master Plan.	Council and Mayor update methods to develop policy recommendations and achieving consensus. Council and Mayor attend all training sessions as scheduled by EM. Council and Mayor to actively participate in development and adoption of 2 yr. budget. Implement Master Plan (evidence of Master Plan implementation in annual budget). Define and incorporate financial and organizational best practices. Implement system of performance measurement. Utilize data-driven methods of decision making and performance measurement.	

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Chief Administrative Officer			4	
* National Recruitment	9/1/14			
* Appoint Selection Committee	10/1/14			
* Select finalists	11/10/14			
* Conduct Interviews	11/24/14			
* Recommend Candidate	12/15/14			
* EM Appoints Selected Candidate	12/15/14			
Organizational Development				
* EM/Mayor determine recommended City organizational structure	5/17/14	5/17/2014	4	
* EM/Mayor recommend Council action on ordinance changes to implement organizational structure		6/26/2014	4	
* Council to review and adopt revised organizational structure	5/17/14	6/26/2014	4	
* Finalization organizational structure roles: Mayor, Council, Administration	6/26/14	6/26/2014	4	
Complete Bargaining Units Contracts			4	
* Local 1600	7/1/14	Ratified		
* Local 1799	7/1/14	Ratified		
* FPOA	7/1/14	Imposed		
* PD - Sgts.	7/1/14	TA		
* PD -Capts & Lts.	7/1/14	TA		
* Fire Union	7/1/14			

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Comprehensive Public Safety Study			4	
* Contract with ICMA for Study		5/8/2014		
* Collect Data	5/9/14-9/30/14			
* Receive Draft Report	9/30/14			
* Receive Final Report	11/1/14			
* Plan Implementation				
* Determine best, most appropriate use of $1.1 million State Allocation				
Retiree Health Care Lawsuit			5	
* City Notified of Lawsuit				
* Injunction Received		1/13/2014		
* Injunction Modified		6/30/2014		
Cornerstone determines impact on FY15				
* & 16 Budget	9/1/14			
* Implement Modifications	11/1/14			
* Scheduling Conference				
* Mayor and Council to support City's position on retiree health care or adopt measures offsetting increased costs	6/26/14	6/26/2014	5	
Biennial Budget Implementation			6	
* Biennial Budget Adopted		6/26/2014		
* 1st Quarter Status	10/1/14			
* 2nd Quarter Status	1/1/15			
FY 14 Budget Close Out				
* Preliminary Close				
* Audit Received	11/30/14			
* Audit Presentation to City Council	12/15/14			

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Governance				
* EM receives BRC Final Report	7/18/14	7/18/2014	3	
* Present Report to Mayor and City Council	7/28/14	7/28/14		
* Mayor and Council Submit Comments to EM	7/28/14	7/28/14	3	
* EM Orders BRC Recommended Charter Admendments and Charter Commission Initiative on Nov. Ballot	7/30/14	8/5/2014		
* EM develops proposed governance structure and sends to governor			3	Part of Final Order
* Mayor and Council Comments on EM Proposal	7/28/14	7/28/2014	3	
* Define and incorporate financial and organizational best practices	3/25/13	3/25/2014	7	Reso on TAB
Deficit Elimination/Reserve Accumulation Plan				
* EM Submits Plan to Treasury	7/1/14	7/1/2014		
* Treasury Approval Received		7/16/2014		
* EM Orders DE/RAP Adoption		7/15/2014		
* City Council passes resolution of support for DE/RAP		3/25/2014	1	Reso on TAB
* Confirmation by Mayor and Council that DE/RAP actions will be a top priority in budgeting	6/26/14	6/26/2014	1	

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
City Council Activity				
* Council to receive quarterly reports from Mayor/Fin. Director on progress of achieving strategic objectives and priorities	9/22/14		6	
* Completion of City Ordinance Review by Council as proposed by EM	9/22/14		3	
* Review Strategic Plan, FY16 Budget	1/20/15		6/7	
* 6 mos. FY15 Budget Review/Amendments	1/20/15		6/7	
* Strategic Plan to be updated annually	2/20/15		6	
* FY17 Budget Development	2/20/15			
* Completion of MML Level One Education Award per EM Order 2	3/28/14		7	
Five Year Financial Analysis			2	
* City Council adopts 5 Year Analysis	6/1/14	6/1/2014	2	
* Finance/Adm Cmte shall annually review analysis in February each year and Send to Council for approval	2/20/15		2	
Issue outgoing EM Order	4/8/2015			

Attachment 3. Organizational Chart July 2014

CITY OF FLINT – ORGANIZATIONAL CHART – *July 2014*

Citizens of Flint

68th District Court Judges
Tracey Collier-Nix
William H Crawford
Herman Marable Jr.
Nathaniel C Perry III
Mary C. Dowd

EMERGENCY MANAGER
Darnell Earley

CITY COUNCIL
Ward 1 – Eric Mays
Ward 2 – Jackie Poplar
Ward 3 – Bryant Nolden – **VP.**
Ward 4 – Josh Freeman
Ward 5 – Wantwaz Davis
Ward 6 – Sheldon Neely
Ward 7 – Monica Galloway
Ward 8 – Vickie VanBuren
Ward 9 – Scott Kincaid – **Pres.**

CITY CLERK – Inez Brown
ELECTIONS

LAW DEPT.
City Attorney

PUBLIC INFORMATION
P I Official

ASSISTANT CITY ADMINISTRATOR

MAYOR
Dayne Walling

FINANCE & ADMINISTRATION
Director

- **HUMAN RESOURCES** *Director*
- **PURCHASING** *Director*
- **I.T. SERVICES** *Director*
- **FLEET** *Supervisor*
- **ASSESSMENT**
- **TREASURER**
- **ACCOUNTING**
- **BUDGET**
- **GRANT ADMINISTRATION**
- **DELINQUENT COLLECTIONS**
- **AUDITING**
- **BENEFITS/RISK MANAGEMENT**
- **HUMAN RESOURCES**
- **FACILITY MANAGEMENT**

PUBLIC SAFETY

- **POLICE** *Police Chief*
- **FIRE** *Fire Chief*
- **LOCK-UP**
- **911 CENTER**

PLANNING & DEVELOPMENT
Director

- **BUILDING PERMITS & INSP** *Chief Bldg Official*
- **PLANNING & ZONING** *Chief Planner*
- **COMMUNITY DEVELOPMENT** *Chief Officer*
- **RENTAL REGISTRATION**
- **BUSINESS LICENSES**
- **ECONOMIC DEVELOPMENT**
- **CODE ENFORCEMENT**
- **PARKS & RECREATION**
- **FORESTRY**
- **STREETLIGHTS**

PUBLIC WORKS
Director

- **FACILITIES** *Supervisor*
- **TRANSPORTATION** *Director*
- **UTILITIES** *Administrator*
- **STREETS** *Manager*
- **WATER PLANT** *Supervisor*
- **TRAFFIC ENGINEERING** *Supervisor*
- **SERVICE CENTER** *Supervisor*
- **TRAFFIC CONTROL** *Supervisor*
- **WASTEWATER PLANT** *Supervisor*

Attachment 4. Strategic Plan for the City of Flint 2015-2019 – 1st Quarter Update

City of Flint Strategic Plan

Quarterly Report

July 1, 2014 – September 30, 2014

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

DATE: October 10, 2014

TO: Scott Kincaid, President, Flint City Council
City Council

FROM: Darnell Earley, Emergency Manager
Dayne Walling, Mayor

RE: City of Flint Strategic Plan, First Quarter Report

Earlier this year, the City Council of Flint adopted a Strategic Plan for the City of Flint. This Plan announced a Vision, Mission, and Goals to guide the operation of the City government for the next five years, and was adopted in the context of the City's recently adopted Master Plan for the community. It was followed by a statement of budget priorities adopted by the City Council, and ultimately by a biennial budget for FY15 and FY16. The budget also projected the City's finances for the following three years – FY17, FY18, and FY19. During this same period a Deficit Elimination Plan and Reserve Accumulation Plan was approved by the State and a Seven Point Transition Management Plan was enacted to guide the way by which the operation of the City will be assumed by the Mayor and City Council . The integration of the Strategic Plan into the organizational processes of the City is a key component of the Seven Point Transition Management Plan.

In total, these actions comprise a broad framework guiding the direction of the Flint City government as it restores financial stability and once again becomes an active leader focused on making Flint a safe, secure city attractive to residents, businesses, students, and visitors.

The first quarter of FY15 ended on September 30, 2014. We are pleased to report on the progress which has been made. While significant progress has been made on many fronts, significant challenges and risks remain.

We wish to commend the Management Team and our employees for their dedicated efforts to move the City forward. We look forward to discussing the contents of the report with you.

Overview

The City of Flint has a vision and a plan and now it is focused on implementation in order to achieve a stronger and financially sound municipal government along with a safer and more stable community To succeed, however, City leaders must follow the plan with discipline and commitment. They cannot stop halfway or leave work half-done—and everyone has an important role to play. Working together as a team, the City of Flint has been successful in the previous quarter in increasing public safety, improving infrastructure, creating jobs and development, eliminating blight, engaging citizens and managing financial and administrative challenges. Areas of success include:

- Law enforcement is working hard with growing community support and total homicide victims is down 28% compared with 2013.
- Utilities is managing with an eye toward the future and the construction of the KWA pipeline is underway, on time and within budget.
- Development activities have increased with new facilities under construction at GM Flint Assembly, on the Buick City brownfield site with American Pipe, and downtown in the Health and Wellness District.
- Blighted properties continue to be eliminated, using state and federal funds, and neighborhood volunteer groups have removed more than 2 million pounds of trash in major clean-up efforts.
- The General Fund deficit continues to be reduced, and the City's financial position is stabilized at least for the near term. Preliminary projections show the deficit as of June 30, 2014 to be $9 million, a reduction from $12.9 million the previous year.
- Revenues and expenses for the first quarter of FY15 are in line with expectations.
- Internal restructuring of the City continues at it strives to become efficient, effective, and customer service focused in an environment much smaller than in the past.
- The transition from state oversight to tradtional home rule is underway, guided by the Seven Point Plan recently enacted. If progress continues as anticipated, the next step in transition will occur in 2015

Challenges also continue. The transition from DWSD to the Flint River for the City's temporary supply of water until KWA is complete has occurred; however, the work of producing treated water has been complicated by the system's aging infrastructure and varying temperatures. A badly needed update to the City's web site is underway, progress has been delayed from initial completion targets as the selected vendor was unable to perform necessary tasks. The retiree lawsuit, whose outcome can seriously affect the financial solvency of the City, remains unresolved. Work continues to get done under difficult circumstances with limited resources, however the new strategic planning process is improving the City of Flint's productivity, responsiveness and accountability

Assuring Accountability to Adopted Plans and Budget

The Strategic Plan for FY15-FY19 and the Biennial Budget for FY15 and FY16 charts the course for the Flint City government as it emerges from near financial insolvency and establishes itself as a municipal government providing residents, businesses, students and visitors public services in a customer friendly and financially responsible manner. Near term steps for achieving this have further been defined by a set of priorities set by the Mayor and City Council as the biennial

budget was adopted. Likewise, the Master Plan for a Sustainable Flint, adopted in October 2013 by the Flint City Council and the Flint Planning Commission, provides the framework for ongoing efforts to improve the community as a whole.

Achieving the outcomes desired will be a lengthy and ongoing process. Specific steps to move along this course have been outlined in a series of objectives to be accomplished over the next several years. The purpose of the quarterly report is to hold the City of Flint government accountable to the highlight progress as well as to identify areas of weak performance. The first quarter of FY15 ended on September 30, 2014, and progress has been assessed.

Highlights

Increasing Public Safety

A primary goal of the City is to assure a safe, secure, and healthy environment in which to live, work and play. Well-functioning police, fire and emergency response systems are essential to achieving this. While challenged significantly with less than adequate resources, progress has been made to improve public safety, thanks in part to the assistance and collaboration of the State Police:

- Incidence of Part One crime is down 13%, including a 28% reduction in the number of homicides.
- Response time for police and fire has been decreased
- The decision has been made that the City will rejoin the Genesee County 9-1-1 Consortium. Anticipated to occur by July 1, 2015, this action will result in enhanced service with access to updated technology and will provide some $1 million annually in reduced costs.
- Internal reorganizations and process improvements have been made in the Police and Fire departments to accommodate the reduced staffing made necessary by the City's financial condition. With the assistance of financial assistance from the state, the City is engaged in a comprehensive review of its police and fire structure to determine the most efficient and effective organization for the future.

Improving Infrastructure

A key goal of the City is to provide access to dependable and affordable water sewer, and waste. Another key goal is to assure an adequate and well maintained transportation network. The financial challenges of the past several years has left the City with significant need for reinvestment in virtually all of its infrastructure. While the challenge is enormous, positive steps have been taken:

- The first draft of the City's first comprehensive Capital Improvement Plan has been completed and will shortly be shared with the public for its input.
- The City has recently been notified that it will receive $750,000 in funding for roads, as contained in the new State budget. Planning for use of these funds is beginning, with the expectation that it will be used for badly needed road repairs in the spring

- The construction of the KWA pipeline is underway, on time and within budget. The transition from DWSD to the Flint River for the City's temporary supply of water until KWA is complete has occurred; however, the work of producing treated water has been complicated by the system's aging infrastructure and varying temperatures.
- Concerns regarding the cost of water to Flint residents and businesses remains a high concern. Investigation of sources of water loss – both from theft and pipe leakage is ongoing. Reports of theft have resulted in criminal investigations, which are significant and ongoing. Several criminal complaints have resulted from the investigation and more are anticipated. Comprehensive programs of water meter replacement and leak detection are being developed.
- Construction will begin in October of a load out facility that will allow the city to shut down the incinerator and realize up to $400,000 a year in operational savings in the sewer fund.
- Investments in the underground utilities infrastructure are being finalized, utilizing budgeted funds for pipe replacement, pipe lining, and installation of technologically advanced water meters.
- Work is being planned to address the condition of city facilities. A contract has been signed to repair the employee and police parking lot and to replace the lighting with LED lights, while a process for evaluating potential energy savings at the Municipal complex is being finalized.

Creating Jobs and Development

One of the goals in the recently adopted Master Plan is to have a growing and diverse economy that spurs innovation and small business development along with an education system that prepares our workforce for jobs paying a livable wage. The Strategic Plan likewise commits the City to foster cooperation between businesses, higher education and medical institutions, nonprofit organizations and community groups to create jobs and development. It also identifies the need for the City to better define the role of the public sector in economic development and also to improve the business climate.

A number of business and community development initiatives are underway across the city.

- Development activities have increased as evidenced by revenues collected from building permits and rental inspections. These revenues are currently projected to exceed budgeted revenues by $300,000 by the end of the fiscal year
- Increased capacity for compliance with the City's Rental Registration Ordinance is being put into place. A contract for services has been executed, with inspections planned to begin before November 1.
- A new Medical Marijuana ordinance has been enacted. Application forms and related materials are being developed.
- Aggressive pursuit of funding for specific projects promoting development has resulted in more than $4 million to the City, including some $2 million for the redevelopment of Chevy Commons, $1.6 million for reconstruction of Dupont Street. Other grants have been awarded for a revitalization plan the South Saginaw corridor, road diet and bike lanes for Harrison Street, and an analysis of housing for the downtown area.

- Smith Village Development - Of 39 new homes built, 21 have sold, there are six purchase agreements, and 12 are remaining to be sold.
- Gundry and Salem NSP1 Purchase-Rehab-Resale – 14 homes were rehabbed, there are seven purchase agreements, and one home has been sold. Six of the 12 deeds that are in litigation with a previous developer by order of the Court.
- 26 units of senior apartments were made available with the ribbon cutting of Oak Street Apartments, a repurposed closed school building. Renovation was kick started with City of Flint CDBG demolition funds.
- An assessment of the development capacity of Flint's network of Community Housing Development Organizations (CHDO) and Community Development Corporations (CDC) has been completed in partnership with Local Initiatives Support Corporation (LISC). A planning is now underway to determine how the network can support implementation of the city's Master Plan and Blight Elimination Framework.
- In partnership with the local community foundation, public library, community college, and non-profits, began a six month community planning process where over 200 volunteers and stakeholders will create a well-coordinated, integrated system for literacy service delivery that increases literacy levels through a well-managed coalition of organizations.
- The $2.3 Million Community Development Block Grant (CDBG) programming allocation has been implemented. This allocation supports $928,000 of blight elimination, $725,000 in housing rehabilitation and emergency repairs, $227,000 to increase literacy, $124,000 for victim advocacy and fair housing and $184,000 in youth initiatives.

Improving Parks

Encouraging partnerships for recreation and access to open space across the City is a key goal of the Strategic Plan. While City support of its park system has been minimal for the past several years, positive steps, and the creation of partnerships in particular, have been taken towards achieving this goal:

- All City parks are being mowed at least twice per month, and their progress monitored on a regular basis
- Partnerships have been formalized with the Crim Foundation for Basset Park; with Friends of Rollingwood for additional park improvements; with Genesee Conservation District for forestry services; and with Mott Community college for Kearsley Softball Field and the Longway Greenbelt.
- A partnership with Mott Park Association for golf course and clubhouse is being developed.
- Substantial progress on park improvements are occurring at Max Brandon, aided by $200,000 in grant funding.
- Grant funding has also aided improvements at McKinley, and fostered progress on the Grand Traverse Greenway.
- Other improvements are occurring at Thread Lake and Flint Park Lake through the Genesee County Parks Partnership.

- The City is working in partnership with stakeholders at Whaley, Berston, Dewey, Kearsley, Hasselbring and Brennan Parks to leverage additional funding and volunteer assistance to construct further improvements
- The Senior Center leases have been completed for Hasselbring and Brennen, assuring that senior citizen programming will continue in the City.

Eliminating Blight

Eliminating blight within the next five years is one of the objectives incorporated into the Master Plan, and is recognized by the City as being critical to creating and maintaining a vibrant and growing community. To date:

- A draft Blight Elimination Framework has been developed and widely circulated for public input, reaching approximately 400 residents who have committed to its implementation. The City has committed to organizing its resources around this plan and has appropriated approximately $928,000 for blight elimination activities including the development of a code enforcement program, demolition, and coordination of extensive neighborhood clean ups.
- Several hundred citizen volunteers, working with Cities of Service, Clean & Green, and many neighborhood associations, have spent countless hours on many projects, including removal of more than 2 million pounds of trash from blighted areas, boarding of 575 vacant properties, and mowing some 12,500 properties a total of 28,000 times.
- Over $900,000 in CDBG allocations has been contracted to the Genesee County Land Bank for demolition of approximately 70 commercial and residential structures.
- $2.6 million in Hardest Hit funds were recently allocated to the City in partnership with the Land Bank to demolish some 225 homes in Civic Park. This funding is in addition to the nearly $23 million of both Michigan Blight Elimination and Hardest Hit Grant Funding for demolition of approximately 2,000 debilitated homes. The City has completed more than 1,500 Cut and Plugs in preparation for scheduled demolitions.
- An average of 240 Code Compliance issues are addressed monthly by the City's Blight Elimination Manager. 80% of these are resolved without further code enforcement action.
- The City has recruited 2 AmeriCorps VISTAs volunteers who will start in November and focus on implementation of the Blight Elimination Framework.

Engaging Citizens

An engaged citizenry is essential to creating and maintaining a vibrant growing community. Citizen engagement in Flint increased significantly over the past few years as the City engaged them in the development of the Master Plan. Master Plan implementation has continued to engage citizens, as have other activities fostered by the City:

- All Master Plan Implementation Task Groups have met twice, working on individual actions plans The City will also be working with 41 neighborhood groups who have

been trained on assessment work and will complete the neighborhood inventory for housing and street lighting by mid-November.

- The Police Department has engaged citizens in several ways, including increased participation by its command officers in community meetings, and by partnership and participation in APLACT (Advocates and Leaders for Police and Community Trust),
- The Department has also expanded use of Blue Badge volunteers in many areas, such as the newly established Citizens Radio Patrol.
- The department also become an active user of social media, promoting Crime Stoppers and Operation Fresh Start, and creating a presence on Facebook and Twitter.
- The Fire Department has also increased its presence in the community through its "Knock and Talk" initiative.
- Citizen engagement has also been enhanced with the placement of national service teams in the City of Flint, one from the National Civilian Community Corps and one from VISTA. More than 800 volunteers have been engaged with these teams on various projects, including removal of more than 2 million pounds of trash from blighted areas, emergency preparedness education for more than 900 residents, and participation in the national day of service on 9/11.

Managing Financial Challenges

Operating in a financially sustainable manner is essential if the City is to achieve its Mission of assuring that residents, businesses, students and visitors receive municipal services in a customer friendly and financially responsible manner. While the City continues to address an accumulated General Fund deficit, significant legacy costs, and a continuing structural deficit, progress continues to be made·

- The General Fund deficit continues to be reduced, and the City's financial position is stabilized at least for the near term. Preliminary projections show the deficit as of June 30, 2014 to be $9 million, a reduction from $12.9 million the previous year. The City's cash position is adequate.
- A plan to eliminate the General Fund deficit no later than FY19 and to accumulate an adequate level of financial reserves no later than FY24 has been approved by the State.
- Revenues and expenses for the first quarter of FY15, which ended September 30, are generally in line with expectations.
- The City is vigorously pursuing external funding and resources to implement important projects in areas such as blight elimination, housing, and park improvements. More than $3 million has been received so far this year from federal agencies, state entities and community foundations, and additional applications are pending.

However, the legal challenge to changes made to retiree health care as part of restoring financial solvency continues. The June 30 decision by the Federal Court to permit the City to modify health care for retirees should provide some financial relief to the City while the case is being litigated. Should the City not prevail, however, the $5 million additional cost added to the FY15 budget will be continued, and may result in Flint's return to financial solvency becoming exceedingly difficult if not impossible

Improving Internal Operations

Achieving the goals set forth in the Strategic Plan will require a city organization that is efficient and effective, and capable of operating in an environment of limited resources. Elected leaders, appointed officials, and employees must be highly trained and professional, and place high priority on excellent customer service. Its organizational structures and process must be efficient, modern, and focused on results. Much remains to be done, but progress is being made:

- The search for an experienced professional City Administrator is underway, and several charter amendments are being considered by the voters, which would further enhance the efficiency of the government.
- A badly needed update to the City's web site is underway; progress has been delayed from initial completion targets as the selected vendor was unable to perform necessary tasks.
- A comprehensive review of City Ordinances is underway, with revisions in business licensing and zoning ordinances nearly complete.
- The organizational structure of the City has been revised to assure that capacity exists to implement the Master Plan.
- Professional development opportunities have been defined and are being provided for city staff. Current focuses include supervision and use of technology.
- An in-depth evaluation of the structure of the police and fire departments is underway with the goal of identifying the most efficient and effective structure for the delivery of public safety services.
- Nearly all labor contracts and personnel policies have been revised to improved organizational efficiency while containing short and long term costs associated with employee compensation.
- Review of the City's capacity to provide capacity and leadership in economic development is underway, including the potential of collaborative efforts with other entities.
- Reorganization of current staff positions to enhance constituent services is underway.
- Internal reorganizations and policy/procedure updates within the Police and Fire Departments have been enacted.
- The City's Emergency Management Plan has been updated.
- Reorganizations within the Utilities Division are being implemented to increase capacity to respond to maintenance and other needs.
- The Transportation Division has increased its capacity and lowered its costs to perform right-of-way maintenance activities by assigning casual skilled labor to work with street Maintenance crews.
- Agreement executed with Genesee County Conservation District to compile an inventory of street trees in order to develop a sustainable plan for the care and preservation of the urban street tree forestry.
- Improved processes for grant administration and compliance monitoring are being implemented
- Planning is leading an effort to fully utilize GIS capabilities to serve all departments.

- Asset management tools for Transportation and Utilities, such as GPS units, web reporting, and a new work order system, are scheduled for installation in the coming months.
- A city wide program to recognize employees is being evaluated. Currently, recognition programs exist on a departmental basis, including the Police Department, and a new program is scheduled for introduction in Department of Public Works.
- The Community and Economic Development Division continues to enact corrective actions, refine and adopt policies and procedures and provide technical assistance to sub-recipients for federal and state funded programs that reduce the potential repayment from historical HUD OIG monitoring findings and current Field Office and MSHDA monitoring, reducing exposure to General Fund for repayment.

Transitioning Back to Home Rule

The City has been under the jurisdiction of the State this time since November, 2011, as its financial condition placed it on the brink of insolvency. Much progress has been made to address that, and the focus is now preparing for the transition back to Home Rule Progress to date includes.

- A 7 Point Plan enacted by the Emergency Manager identifies specific objectives to be accomplished in order for the transition to proceed
- Target completion dates have been identified for many of the steps
- Specific objectives which have been accomplished include approval of a Deficit Elimination Plan, initiation of the search for a City Administrator, completion of a report by the Blue Ribbon Committee and the placement of 5 Charter Amendments plus the question of forming a Charter Review Commission on the November ballot.

Conclusion

Progress is being made in accordance with the expectations of the Strategic Plan and its specific objectives. Significant steps are being taken to improve its financial condition and to restructure the organization to improve efficiency and effectiveness. Steps are also being taken to prepare the City for return to traditional Home Rule governance.

Not surprisingly, because this is a first quarter report, not all objectives have been completed, and some have yet to start In addition, many of the objectives require significant amounts of time and energy to achieve.

The positive progress outlined in this report must be read in the context of the current overall condition of the City of Flint. The level of services currently provided by the City is marginal as it struggles to regain financial solvency. Flint continues to be challenged by population loss, relatively low per capita income, aging infrastructure, and an insufficient revenue stream to support a desired level of services It still has a significant General Fund deficit to be addressed, along with significant legacy costs. And it still faces the possibility of insolvency should the challenge to changes in retiree health care prevail.

GOVERNANCE AND ADMINISTRATION

VISION Statement

The City of Flint's Governance will adapt to change and be a model of professionalism, transparency and sustainability in order to provide effective government to each of our City's residents (as written in the Charter Preamble)

MISSION Statement

The Executive Management and Elected Leadership Directs and guides the City government in order operate in an open and financially responsible manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits within the context of the City of Flint Master Plan

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
EMERGENCY MANAGER		Promote vision, set priorities, and measure results	Formally assess City readiness for Transition Advisory Board and progress towards achievement of Seven-Point Plan	I
MAYOR & COUNCIL			Participate with MML and others on an ongoing basis in advocating for state reforms in municipal financing, including PP T and EVIP	C
	Management of City Government		Continue to participate with MML and partners with new legislative session in advocating for state reforms in municipal financing, including OPEB and Prop A	I
CITY ADMINISTRATOR	Chief Elected Official	Leadership Provide direction, guidance and support to the leadership in the Departments of Public Safety, Planning & Development, Public Works, and Finance & Administration in order for the achievement of their goals and objectives	Reduce deficit by no less than $1 8 million by end of FY15 and each year thereafter in accord with City Deficit Elimination Plan and continuing to accumulate an appropriate level of reserves	I
	Legislative Body of the City		Begin search for City Administrator	C
MAYOR			Formally assess dept head's progress on attaining objectives and then semi-annually thereafter	I
		Partnerships Seek partnerships with local, state and federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting the City's mission	Conduct organizational review of all departments completing Public Safety in FY15 and Public Works in FY16	I
CITY COUNCIL			Resolve retiree healthcare lawsuit by December 31, 2015	I
			Conduct formal quarterly budget and strategic plan review with Council	I
HUMAN RELATIONS		Training: Prioritize attracting and retaining a highly trained and professional staff of elected leaders, appointed officials and employees by offering training opportunities, encouraging best practices, measuring performance and providing evaluations.	Complete assessment of Hurley's future as a community hospital	I
			Apply for 20 grants annually and receive $10 million in competitive/non-entitlement awards, beginning in FY15	I
CIVIL SERVICE/OMBUDSMAN			Secure ongoing financial and other support for public safety and blight, including city lock-up, for FY15-FY19	I
		Citizen Access Manage municipal services in a customer friendly manner by providing public information, respond to constituent concerns	Develop proposals for 911 consolidation and courts consolidation	I
			Design citizen service system to process up to 500 requests each month	I
			All Council members and Mayor to attain MML Level Two certification	I
			Update the video capabilities of the City Council chambers to finalize in-house recording, production and uploading of video	I
		Volunteer Service Develop a culture of national service and community volunteering that demonstrates how the City and community priorities can be addressed through service solutions	EM and Mayor to approve professional development training schedule for department heads	I
			EM and Mayor to approve professional development training schedule for employees based on recommendations from department heads and Human Resources	I
			Updated web site to be implemented	I
		Climate for Growth. Foster cooperation among business, nonprofit, foundation partners and residents to create a climate that supports community and economic development	All appointments to City boards to be current	I
			Create 1,000 Volunteer opportunities annually	I
			Mayor/EM to implement policies and procedures for improving citizen access to City government	I
			Formally assess future city role in promoting economic and community development for consideration in FY16 budget	I

GOVERNANCE AND ADMINISTRATION

(cont)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
CITY ATTORNEY				
CITY ATTORNEY'S OFFICE	Provide legal advice to Mayor Council City Administrator and Department Heads on matters of City business	Update City ordinances	Revised Business Licensing ordinance to be in effect on July 1, 2014, revised Zoning ordinance by November, 2014 schedule of remaining ordinance revisions to be developed by July 1, 2015	I
	Prosecutes violations of City Ordinances		Develop strategy and timeline for renegotiating Cable Franchise agreement (agreement expires December, 2016)	I
	Responds to FOIA requests	Provide for most cost effective means of litigation	Handle 95% of litigation in-house	C
	Advises in labor relations and employment relations issues		Implement program for increasing amount of delinquent collections	I
	Represents City in lawsuits and other legal matters	Develop and implement administrative efficiencies	Define proposed process for handling paper and digital files including time frame for implementation	I
			Define process and procedures for improving standardization of procedures for common legal matters, including time frame for implementation	I
		Improve staff skill sets and working environment	Program for improving skill sets of all staff to be scheduled/implemented	I
			Proposal for improving the appearance of City Attorney's Office to be presented to Facilities	C
CITY CLERK				
CITY CLERK'S OFFICE	Records proceeding of City Council and other bodies	Maintains all records of meetings of City Council and its committees. Publishes notices of meetings and records minutes.	Define ongoing training needs of City Council staff, including law changes affecting legislative bodies (such as public notices, open meetings) and the Legistar cataloging system and implement training	I
	Provides administrative and professional support to City Council and other bodies		Review and update City Council's constituent complaint referral process	I
RECORDS	Custodian of City Records	Manages custody and retention of city records, including minutes of official bodies.	Release a RFP by January 1, 2015 seeking comprehensive proposals for analyzing the state of all City current and historical records and providing recommendations for preserving, cataloging, and accessing records, utilizing a records retention schedule, with implementation to begin in FY16	N
	Codifies city ordinances every ten years		Assure orderly transition of the Licensing Division to the Planning & Development Department	I
ELECTIONS	Oversight of elections	Conducts elections in accordance with state law	Continue ongoing training calendar for Election Inspectors and City staff involved with elections	I
		Maintains current and historical voter registration lists and related documents	Secure State grant for polling accessibility study to meet ADA requirements and continue to seek public and non-profit grants for election related activities.	I

POLICE DEPARTMENT

VISION Statement

The Flint Police Department will be the anchor resource in a collaborative effort with the community, businesses and visitors to the City of Flint. We will provide model law enforcement services with an emphasis on innovation and technology

MISSION Statement

The City of Flint Police Department is committed to protecting and serving all the people of our community with respect, fairness, and compassion
Acting in partnership with our community to protect life and property we strive to prevent crime and preserve peace, order and safety
We will seek just solutions with honesty and integrity
We encourage need, and expect community involvement to work toward a mutual goal of enhancing the quality of life within our city

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
POLICE				
ADMINISTRATION	Management & Planning	Utilize tangible departmental resources in an efficient and effective manner	Recommend vendor for Record Management System by October 1, 2014, and propose funding and implementation strategy for inclusion in FY16 budget	C
		Utilize tangible departmental resources in an efficient and effective manner	Establish criteria that identifies each supervisor's responsibilities in the supervision of their respective subordinates	C
		Institute fair and reliable performance accountability at all levels within the Flint Police Department	Review administrative responsibilities	C
		Utilize tangible departmental resources in an efficient and effective manner	Revitalize the Flint Police Department's Chaplain Corps	I
	Community Policing	Implement a comprehensive impactful community involvement/engagement strategy	Launch FPD website	C
		Implement a comprehensive impactful community involvement/engagement strategy	Acquire and implement an online Crime Mapping capability that is accessible to community members	C
		Implement a comprehensive impactful community involvement/engagement strategy	Develop, train, and implement a "Citizen s Radio Patrol" utilizing Blue Badge Volunteers in their respective neighborhoods	I
INVESTIGATIONS	Investigation of Crimes	Utilize tangible departmental resources in an efficient and effective manner	Evaluate call management strategies currently in place	C
		Utilize tangible departmental resources in an efficient and effective manner	Increase use of IB techs at crime scenes, develop latent prints and compare to files to ID perpetrators by June 30, 2015	N
		Utilize tangible departmental resources in an efficient and effective manner	Develop an informational document from the Detective Bureau to assist in identifying crime patterns	C
LOCKUP	Oversight of lock-up facility	Utilize tangible departmental resources in an efficient and effective manner	Move to have GCSD handle entire booking process eliminate IB techs from process	N
PATROL	Deployment of officers on patrol	Effective and efficient deployment of personnel based on calls for service and crime data to include (a) place based (b) time based and (c) offender based observations.	Reduce response time to calls for service by 5%	I

POLICE DEPARTMENT

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
RECORDS/PROPERTY MANAGEMENT		Utilize tangible departmental resources in an efficient and effective manner	Develop a data driven strategy that can be utilized by Patrol Lieutenants through recurring reports	C
	Custody of police records and confiscated properties	Maintain and utilize effective and efficient call management strategies	Examine other alternatives as it relates to calls for service or criminal complaints	C
		Move to electronic property management	Complete refresh of property room	C
	IB section/ Property	Apply updated retention policy	Eliminate all unnecessary historical paper records in the Police Department	C
		Provide a training and qualification venue for FPD and explore the possibility of revenue generation if we rent out to other LE agencies in the area.	Evaluate options and recommend location for new shooting range	N
	Department Management	To use all department empirical data effectively and develop a department-wide goal of strategic thinking. Operationalize responses in functions and responsibilities at each level within the department to achieve the following:	A 20% reduction in Violent Part 1 crime	I
			Increase Community Policing efforts measured by the MSU, proactive time study with an increase of 7-10%	I
Administration	Department Management	Increase community volunteers Blue Badge Program	Use Blue Badge as the portal to all volunteer efforts, including 1). Citizen Radio Patrol, 2). Chaplain Corps, 3) Service Center/Mini Station workers with a goal of 30% increase	N
Administration	Department Management	Increase use of Neighborhood Service Officer Program	Identify funding source to expand the NSO program in size and duties, specifically license compliance for problem businesses and scrap and secondhand merchants	C
Chief's Office	School Liaison	Increase and deploy School Resource Officer	Per the COPS grant Hire 8 Officers and deploy in the schools with the emphasis on the school and the community therein, focus on safe routes and crimestoppers school program	I
Chief's Office	Department Management	Collaboration with Federal, State and LE agencies that will result in continued crime reduction	1) Continue Partnership with FBI, ATF and USMS 2) Partner with MSP, FFD, FANG on Arson squad, 3), Partner GCSO on Auto Theft Team (GAIN), Develop Area Crime Team with MSP and GCSO	C
			Acquire and implement an online Crime Mapping capability that is accessible to community members	C
			Submit all requested materials from ICMA	C

911

VISION STATEMENT

The City of Flint 911 Department will be a fully functional Next Gen 911 system, accessible 24/7 from any device

MISSION Statement

The City of Flint 911 Department is committed to serving our citizens, businesses and visitors with professional emergency services We will continuously strive to improve our services in the most effective and efficient manner possible

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
911			Reduce use of 911 for non-emergency calls by 25%	I
TELEPHONE ANSWERING & DISPATCH	Receives call and dispatches resources	Provide the best possible emergency telephone answering and dispatch purpose with available resources	Develop plan for Next Gen 911 technology, including telephone upgrade and console upgrade	N
	Maintains records and consoles	Provide prompt, courteous, and efficient customer service	Improve Response to incoming 911 and 7-digit calls by 10% and improve coordination with EMS dispatch	I
RECORDS MANAGEMENT	Management of 911 Center	Improve community group relationships through community outreach	Automate billing for structure fires	N
			Develop plan for Consolidation with Genesee County Consortium	I
ADMINISTRATION			Work with Human Resources to create a new employment roster	N
			Working with Fire Department, create program and process for utilizing Fire Fighters on light duty at 911	C
			Complete state required training for all employees	I
			Complete Tower construction	I
			Eliminate Provisional Appointments/Fill vacancies permanently	N
			Strengthen relations with community groups by participating in 24 meetings each year	I
			Implement Quality Assurance program	C

FIRE DEPARTMENT

VISION Statement

A community educated on all matters related to fire safety and fire protection resulting in minimal damage and injury from fire incidents.

MISSION Statement

Utilizing available resources, the Flint Fire Department will respond quickly and effectively to fire calls, and will lead efforts to educate the community on all matters relating to fire safety and protection

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
FIRE	Department Management; coordination of emergency management activities within city		Maintain average fire response time under 9 minutes in FY2015 and develop plan to reduce response time in FY16 to less than 6 minutes	I
ADMINISTRATION & *EMERGENCY MANAGEMENT*			Turnaround time for Fire Inspections to be 5 days or less	C
FIRE SUPPRESSION	Deployment of Fire Fighters to emergencies	Provide the highest quality fire response/fire protection possible	Implement new organizational structure based on 75 full-time positions	C
FIRE INSPECTION & ARSON INVESTIGATION	Investigation of suspicious fires, conduct of commercial building inspections		100% Flint School children contacted and provided with fire safety and prevention program	N
		Engage children students, and senior citizens in fire safety awareness and preparedness.	100% of Senior Centers provided with fire safety and prevention program	N
			100% of City Block Clubs provided fire safety and prevention program	N
COMMUNITY EDUCATION	Education of residents and businesses in fire prevention		At least 4 times per year the Fire Department will provide the community with information regarding fire safety and prevention	C
		Lead City wide emergency preparedness and response	Evaluate and define role of the Fire Department in Emergency Management, with report provided to EM	C
			Reduce energy in Fire Departments by 20%	I
			Continue progressive training once per week	I
			Continued training for Suppression Personnel as technology develops for today's high-tech environment	I
			Implement physical fitness program	I
			"Knock and Talk" Fire Suppression Crews and Prevention Staff to distribute Arson Reward literature to 100% of residents	I
			Educate juvenile firesetters by providing one-on-one discussion with 10 juveniles	I

68th DISTRICT COURT

VISION Statement
The 68th Judicial District Court will be a leader among Michigan Courts in the provision of quality service, equal access to a fair and effective system of justice, and protection of the public's safety

MISSION Statement
The 68th Judicial District Court will provide timely fair, and impartial justice in all matters properly presented to the Court.

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY13 & FY14	STATUS
DISTRICT COURT				
ADMINISTRATION	Overall Court Management	Provides the most efficient processing possible within the ne current appropriation from the City	To comply with all Trial Court Performance Standards-Annually, as dictated by the State Court Administrative Office	C
JUDICIAL PROCESSING	Courtroom activities		Improve Court collections-Annual increases by way of Amnesty and Collections Agency, comparing results at the end of each fiscal year to the previous year	I
PROBATION	Provides oversight of probationers		Re-establish Probation Department with (1) Probation Officer	I

PUBLIC WORKS

VISION Statement

The vision of the Public Works Department is to be a well managed and well trained workforce that utilizes all available resources technology, and collaborative means to maintain the City's above and underground infrastructure and facilities

MISSION Statement

The Public Works Department is committed to the development of qualified managers and workers with consistent ongoing training, data driven decisions, and the creation of new job performance measurables

The DPW will aggressively engage in strategic local and state level partnerships while continuously implementing new and improved technologies procedures, and policies

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
UTILITIES	Water Treatment			
WATER TREATMENT PLANT	Water Distribution	Provide dependable and affordable water and sewer service to City residents and businesses.	Complete the electrical upgrades on Cedar Street Pumping Facility	I
WATER POLLUTION CONTROL	Distribution System Maintenance		Complete the engineering design work for the Hamilton Dam upgrades	I
WATER SERVICE CENTER	Sanitary Sewer Operation & Maintenance		Complete the rehabilitation of the Torrey Road Booster Station	I
	Storm Water Maintenance		Complete and implement a comprehensive pay scale evaluation for all WTP employees	I
	Dam Maintenance		Complete phase II (of III) of the WTP upgrade in preparation of transition to KWA	I
	Water Turn On's/Off's	Routine preventative maintenance program - A program that includes written procedures, identification methods, scheduling, and measurable tracking	Create GIS maps of utility assets (including base-layer)	N
	Cut & Plugs		Implement tracking program for main breaks and sink holes with monthly reporting	I
	Wastewater Treatment		Develop and implement a written and sustainable "water loss" program. Program is to target the identification of a "baseline" loss and create means to maintain a loss percentage of under 15%	I
	Industrial Pretreatment Compliance		Replace 3 000 residential meters	I
			Develop and implement a written root control matrix to reduce infiltration into the sanitary sewer systems	I
			Develop a written pipe replacement matrix that uses multiple criteria to identify the priority pipes to replaced annually	I
		Long term Utilities planning - Continued implementation of objectives that increase the efficiency and sustainability of the Utility department. Including the use of Blue/Green Infrastructure projects, right sizing neighborhood infrastructure, and shared services.	Identify a consultant to write the scope for a comprehensive energy audit of all Utility facilities and send RFP	I
			Develop list of shared service opportunities with Genesee County Drain Commissioner and setup a meeting schedule for talks	I
			Complete the de-commissioning of the incinerator and construction of a load out facility at the Wastewater Treatment Plant	I
			Complete the upgrade plan of turning methane gas from the digester into energy	I
		Increase community engagement, community input, and community awareness with Utility processes and procedures	Complete the development and use of web site access for residents to report main breaks	I
			Complete Cut & Plug list for hardest hit demolitions	C
			Implement defined response time policy for WSC	N
			Develop capacity to effectuate 100% of non-pay water shut-off notices	C

PUBLIC WORKS
(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
TRANSPORTATION	Maintenance and repair of sidewalks	Implement processes procedures and activities that enable the City to efficiently maintain and preserve a multi-modal transportation network that meets the needs of all motorists, pedestrians and bicyclists	Complete a sidewalk inventory that identifies the location and surface condition rating of all sidewalks within the City	N
STREET MAINTENANCE	Enforcement of Right-of-Way Ordinances		Implement a 50/50 Sidewalk Repair Program targeting enforcement of the Sidewalk Ordinance and repair of 500 sidewalk squares and repair of 1,000 squares	N
	including paving, plowing and sweeping		Perform preventive maintenance activities on 15 miles of streets and pave 4 5 miles of streets in addition to preventive maintenance on another 15 miles of streets	I
	Maintenance of City street trees		Complete an inventory of city street trees	I
			Develop a Tree Maintenance plan that identifies the location of street trees, condition, risk factors and schedule of planned maintenance activities over a six-year cycle	I
			Initiate a web-based application that will allow the public to electronically report pothole, street, street tree, and sidewalk complaints	C
CAPITAL PROJECTS ADMINISTRATION	Capital Improvement Projects (Planning and Management)		Develop and implement a written Public Participation Plan that details how the public will be engaged in the transportation planning process	N
			Invest $20,000 in non-motorized facilities by providing funding to secure preliminary engineering services for the Genesee Valley non-motorized trail project	C
			Develop a reconfiguration plan for Harrison Street and South Saginaw Street that includes facilities for multi-modal travel and traffic calming devices	I
			Identify a funding source to develop engineering plans to reopen Leith Street	N
TRAFFIC CONTROL	Maintenance of signs traffic signals, and pavement markings	Install, maintain, repair and utilize traffic control devices to facilitate the efficient movement of vehicles and people and to improve traffic flow, and communicate same to the public	Perform an audit of all signalized intersections to identify unwarranted traffic signals and implement a preventive maintenance plan for traffic signals	I
	Barricading Activities/Special Events		Perform regulatory and warning sign upgrades in 3 areas of the City in FY15 and an additional 3 areas each year thereafter	I
SANITATION (Contract Management)	collection, composting, and recycling	Assure the reliable and efficient collection and disposal of residential waste, compost, and recyclable materials.	Develop and execute a Compost Plan that will result in the processing and removal of compostable materials from the Chevy in the Hole site	C
			Issue Waste Collection Services RFP for new contract period	N
			Increase the City's recycling participation to 10% in FY15 and 12% in FY16	I
			Develop a recommendation on the feasibility of implementing a 96-gallon cart recycling program	I
			Monitor Waste Collection Services contractor's collection and disposal activities on a monthly basis to ensure compliance with contract provisions	I
			Formally evaluate performance of Waste Collection Services contractor	N
			Work with foundations, Police, and City partners to develop a new special event management protocol	C
			Provide timely instruction to public with respect to leaf collection process	C

PUBLIC WORKS
(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
FACILITY MAINTENANCE	Maintenance of city facilities and grounds	Right size city facilities by consolidating uses and recommending disposal of unneeded facilities	Complete disposition of Police Academy, Fire Station, FAEC McKinley and Park Supply buildings	I
	Planning for optimal facility usage		Elimination of unneeded storage and relocation of employees into a permanent workspace	I
	Facilitating use of city facilities	Plan for needed facility improvements that assures a clean, safe, and sanitary workplace environment for employees	Implement new staffing plan for Facility Maintenance	C
			Increase capacity for maintenance services through a wider network of support vendors	C
			Establish a contract management performance review that has a semi-annual written report	C
			Develop a comprehensive routine and preventive maintenance plan that documents areas of concern, structures the way we effectuate repairs, and supports the CIP	I
			Develop 5-year capital improvement plan for City facilities and update annually thereafter	C
		Adopt an energy efficiency and conservation policy that builds toward being carbon neutral.	Replace exterior City Hall lights with LED's and motion sensors	I
			Identify a vendor and a funding mechanism to provide an energy evaluation of the City Hall campus producing a 2015 energy "baseline" in which to measu progress	I
			Modify 5-year Facility capital improvement plan annually prior to the budget presentation to Council	I
			Complete the transition of senior center operations to other entities contracting directly with the County for operational support	C
CHEVY COMMONS			Infrastructure remediation and Storm Sewer discharge compliance	I
	Future usable green space		Development and Construction of Phase 1 Green cap	I
			Implementation of USDA Phytoremediation $400k grant	I
			Events Management	C
			Implement compost operations DEQ Consent Decree	I

PLANNING AND DEVELOPMENT

VISION Statement

The Planning and Development Department will partner with residents, businesses, and visitors to implement the Master Plan and help transform Flint into a safe vibrant, sustainable, and healthy city

MISSION Statement

The Planning and Development Department is committed to ensuring the public safety health, and well-being of Flint's residents, businesses and visitors through targeted investment and rational, well-designed and physically integrated land use and development that advances economic prosperity eliminates blight and stabilizes neighborhoods, protects the environment, and promotes a better quality of life in the City

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY16 & FY18	STATUS
CASE MANAGEMENT	Current Planning	Provide streamlined, business friendly plan review, permitting, property disposition, and business licensing in compliance with state and local laws in order to protect the health and welfare of the community	Complete all plan reviews within 3 weeks and inspections within 72 hours	I
	Permitting		Implement a comprehensive form-based zoning code that streamlines the approval process for projects that adhere to the regulations	I
	Service Counter/Business Support		Process all planning applications within the prescribed time limits and minimize the number of discretionary cases to be reviewed quarterly thereafter	I
	Major Cases		Designate designated case manager to guide major projects through the City's determination process	C
			Complete acquisition of the Grand Traverse Greenway Trail	I
			Coordinate with Redevelopment Ready Communities to reorganize department procedures to provide a seamless case management process for new and existing businesses to help facilitate redevelopment	I
	Business Licensing		Implement P & D management of business licensing ordinance	I
			Achieve 25% licensing compliance in FY16	N
			Achieve 50% licensing compliance in FY17	N
			Achieve 90% licensing compliance in FY18	N
BLIGHT ELIMINATION & NEIGHBORHOOD STABILIZATION	Code Enforcement	Eradicate blight in the City by 2020 and work with residents to stabilize Flint's neighborhoods.	Develop and implement a comprehensive code enforcement program	N
	Rental Registration		Implement an updated rental registration ordinance	N
			Achieve 25% rental registration compliance FY16	N
			Achieve 50% rental registration compliance FY17	N
			Achieve 90% rental registration compliance FY18	N
	Business License Enforcement		Secure funding and demolition assistance to demolish 1,200 homes and 50 commercial buildings each year for 5 years with progress measured annually	I
	Blight Elimination & Street Lighting Coordination		Secure formal commitment of at least 60 neighborhood groups and community organizations to maintain 2,000 vacant parcels	I
			Implement structure within P&D which has responsibility for developing a plan for improving street lighting within the City, for managing the lighting special assessment and payment of bills, beginning July 1, 2014	

PLANNING AND DEVELOPMENT

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
COMMUNITY DEVELOPMENT & ECONOMIC DEVELOPMENT	Neighborhood Planning	Create safe healthy and desirable neighborhoods near quality community services	Comply with all HUD regulations and time submission requirements for all reports	I
	Small Neighborhood Projects		Implement a grants management system utilizing BS&A to better track performance	I
	Fair Housing		Provide ongoing technical assistance and training to all sub-recipients and sub-contractors to insure full compliance and timely processing of payments	N
	Historic Preservation		Process all requests for economic development support (tax abatements, etc) within prescribed time frames, to be monitored quarterly	I
	Program Management (CDBG, HOME)		Complete Smith Village development	I
			Sell all Smith Village and NSP homes	I
			Define the ongoing role for city involvement in economic development and present budgetary request for consideration in FY16 budget	N
	Economic Development	Promote a growing and diverse economy that spurs innovation and small business development and prepares the workforce for today's jobs and those of the future	Implement a formally defined CDBG allocation process that is transparent and advances the goals of the Master Plan	C
	Major Development Projects		Complete a formal written comprehensive housing investment strategy to include a housing program that provides rehabilitation and home buyer incentives to encourage residents to move to or remain in Flint	I
	Workforce Development		Secure other sources of grant funding for entire department to increase available revenue by 10% per year, beginning with FY15	I
	Small Business Development		Respond in a timely manner to requests for assistance in expanding existing or attracting new businesses, with particular focus on small businesses and brownfields	I
			Implement the EDC Deficit Elimination Plan	C
	Oak Business Center & EDC		Attract new businesses to Oak Business Center to reduce vacancy rate to less than 15%	I
			Secure a monitoring and compliance contractor to allow staff to focus on proactive community development	I
LONG RANGE PLANNING	Master Plan Implementation	Guide the update and implementation of the Master Plan and provide data-driven, technical expertise to city officials and the public on land use and development matters.	Develop a commercial investment framework based on the Master Plan	N
	Performance Management		In coordination with local, regional, and state economic development agencies, develop a formal long term strategy and role for the City government to help expand existing or attract new businesses, with particular focus on small businesses and brownfields, funding request to be presented for potential funding in	N
	Transportation Planning		Create 8 subarea plans	I
	Public Safety Planning		Develop the City's first combined Capital Improvement Plan	I
	GIS Services		Hold annual engagement to discuss progress of Master Plan and solicit additional feedback on action plan	N
	Infrastructure Planning		Establish short-term (1-3 years) action plans for each chapter of the Master Plan	I
	Sustainability Planning		Develop between 10-15 neighborhood plans covering every residential area by 2020, at the rate of 20% per year	N
	Zone Changes		Develop a citywide sustainability plan	N
	Plan Amendments		Maintain on an ongoing basis updated demographic and housing data easily available to internal and external customers	I
			Develop a proposal for providing citywide Geographic Information Services to internal and external customers and implement plan	I
			Coordinate the implementation of at least 1 strategy in each chapter of the Master Plan every year, with progress measured annually	I
			Submit proposal to the EPA for a Brownfield Area wide Planning Grant or technical assistance grant to create a brownfield development for the area around the Chevy Commons	C
			Present blight elimination framework to the Planning Commission for adoption as part of the Master Plan Implementation	I
			Begin update of the Master Plan	N
			Complete a formal written blight elimination framework for neighborhoods	C
			Implement structure within P&D which has responsibility for developing a plan for improving street lighting within the City for managing the lighting special assessment and payment of bills	I

PLANNING AND DEVELOPMENT

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
PARKS & OPEN SPACE	Parks Maintenance	Establish a new park management framework and secure resources necessary to maintain the City's parks and open spaces	Refine the City's parks classification system and develop service standards that align with the MDNR and the needs and desires of the Flint community	I
			Assure that all city parks are mowed at least twice per month based upon individual plan for land management; contractor performance to be reviewed on a quarterly basis	C
	Parks Planning	Improve the ecological health of the City s parks and open spaces through responsible planning and development.	Complete a naturalization demonstration in Max Brandon Park and then 3 other parks	I
			Complete improvements to Riverbank Park and McKinley Park as specified in the MDNR grant	I
			Complete improvements to McKinley Park as specified in the MDNR grant	I
			Update the Parks and Recreation Master Plan with additional focus on park equity and enhancing recreational use of the Flint River and adjacent parks an open spaces	N
	Parks Partnership	Provide parks open space, and recreation infrastructure that both meets the needs of the community and is maintainable by the City and its community partners.	Establish at least 3 "Adopt A Park" agreements every year complete the establishment of the "Friends of Berston" group	I
			Work with the County to establish a joint maintenance agreement for at least one of the City's larger parks	C
	Parks Programming	Engage the Flint Community to support the programming and use of park and recreation facilities	Develop a management plan for the City's 4 golf courses	I
			Develop the plan to adjust the CANUSA Games Housing and field of play locations	N
	Open Space		Submit at least one grant proposal each year for MDNR funding	C
	Trail Development		Complete construction of the Genesee Valley Trail	I

FINANCE AND ADMINISTRATION

VISION Statement

A robust division capable of meeting the external and internal needs of the City of Flint in the areas of finance, treasury, assessments, human resources information technology and fleet.

MISSION Statement

To manage the financial and administration division of the City of Flint through promoting fiscal responsibility and industry best practices in order to respond to the needs of the City of Flint with efficiency and timeliness

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
FINANCE				
ACCOUNTING	Payroll Production & Reporting	Provides for a financially secure organization with sound business practices providing for the purchase of goods and services and financial reporting. Provides professional and technical advise to departments regarding financial and purchasing needs and on grant administration processes	Reduce the General Fund deficit by $1.8 million in FY15	C
			Reduce the General Fund deficit by $1.8 million in FY16	N
	Vendor Management and Payment		Convert to new fixed asset accounting and develop fixed asset policy	I
			Review rates and master fee schedule to ensure they are appropriately set	N
AUDITING	Monitoring Financial Performance		Implement Finance Department reorganization	I
	Preparation of Financial Reports		Audit completed and filed with state	I
BUDGETING	Monitoring Grant Performance		Schedule and conduct 4 city wide finance and accounting training sessions	I
	Accounting for Revenues and Expenses		Establish and implement internship program for Finance	I
RISK MANAGEMENT	Development of Long Term Financial Projections, Deficit Elimination Plans and Strategies for Financial Solvency		Establish a paperless process for procuring goods and services	I
			Prepare a RPF for copier services in FY15 in time to allow issuance of request before contract expires in FY16	N
PURCHASING	Administration of Property and Liability Insurances		Provide recommendations for updating procurement policies to be used during and after transition and to increase efficiencies	I
	Selection and Monitoring of Benefit Program vendors		Increase the usage of P-cards to boost the City's annual rebate by 15% progress to be measured regularly	I
GRANT ADMIN			Establish management expectations of turn-around time on vendor payments purchasing requests, position filling requests, and other areas monitor performance, beginning with FY15 first quarter results to be evaluated and monitored monthly	I
			Establish formal process for reviewing, processing, and making timely decisions for applications on tax abatements	I
			Adopt stabilization ordinance and fund balance policy	I
			Establish expectations of turn-around time on purchasing requests and monitor performance, beginning with FY15 and evaluated quarterly	I
TREASURY				
CUSTOMER SERVICE		Provides for a customer friendly accountable entity managing receipts and collections. Monitors collections of property taxes, income taxes, water and sewer, and other receivables to assess budgetary compliance	Identify additional $500 000.00 to $1,000,000.00 in unreported income tax, utilizing the 2011 State income tax data.	N
			Increase the collection of delinquent taxes by 15-20% through continued efforts to collect delinquent income tax and personal property taxes and by new efforts to collect delinquent Miscellaneous Receivables and Water bills	N
DELINQUENT COLLECTIONS			Reorganize Customer Service to assure that after that time that all utility bills are mailed two weeks prior to the due date that checks are processed within 10 days from the postmark date, and that customer wait time in the office and on the phone are reduced by 25%	I
			Replace the current vendor for processing electronic payments with Point and Pay in order to allow the City to accept water, property tax miscellaneous receivables, special assessment and permit payments electronically	C
			Install a kiosk in the City Hall lobby in order to allow the City to accept water, property tax, miscellaneous receivables, special assessment and permit payments electronically	I
			Create description of City's efforts to manage delinquent water accounts while obtaining the City's financial goals and assisting those who are facing financial hardships	N
			Implement electronic income tax withholding	I
			Update City efforts to assist those unable to pay for utilities	N
			Re-examine efforts to assist individuals to pay utility bills	N
			Establish and implement an ongoing schedule of Customer Service", "Team Work" and "How to deal with difficult customer" training for all Treasury staff	I

FINANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
ASSESSING				
ASSESSORS OFFICE	Assessing of Properties	Assures the assessment of properties within the City in a professional and equitable manner in conformance with state law and professional practices, addresses appeals of values to Board of Review; represents City at state level appeals	Determine schedule of staff training in Assessing.net as necessary and for annual compliance with state requirements during course of FY15 and annually thereafter	C
	Administration of Valuation Appeals		Conduct comprehensive site inspections of residential and commercial tracts between April and November of each year in sufficient number annually to canvas 12 tracts annually	I
	Processing of Poverty exemption requests		Secure contract to achieve the conversion of remaining hard copy records and drawings to digital format utilizing APEX and/or digital scanning, with financial plan submitted for FY15 budget	I
	Provision of property and tax information to businesses and residents		Provide for the timely process of MTT appeals, and split/combination applications 2012 and 2013 appeals will be completed by end of FY15 and appeals filed in 2014 will be resolved by end of FY16 The processing of splits and combination requests is required to be completed end of each year to be incorporated in the following year's assessment roll.	I
			Working with Facilities, finalize plan for relocating Assessing from its temporary site	I
	Maintenance of Property descriptions and tax rolls		Analyze options for lessening the workload impact of processing poverty exemption applications	C
			Participate with Planning and Development, IT and others to develop the ongoing process for establishing and maintaining of the parcel layer for City GIS, and for providing GIS services to internal and external customers.	C
HUMAN RESOURCES			Utilize a master position list for confirming the need to recruit, promote or reduce employees	C
EMPLOYMENT	Recruitment and Selection	Recruit and oversee hiring of qualified employees in compliance with laws and ordinances	Update personnel rules and procedures, including ordinances	I
	Testing		Update testing protocols for recruitment/selection	I
	Contract Negotiations	Recommend changes in personnel polices and labor contracts	Complete FPOA contract	C
			Implement FPOA contract	I
			Implement updated 1799 contract	I
			Implement updated IAFF contract	N
			Implement updated Capt/Lt contract	I
			Update Sergeants contract	I
	Employment law allegations		Inform department heads and supervisors of contract changes prior to implementation	C
LABOR RELATIONS	Grievances and Arbitrations	Train and assist departments in managing employees and resolving disputes	Answer 100% of all new grievances within required time frames, measured with quarterly reports	I
	Benefit administration	Enroll employees in payroll and benefit systems,	Implement updated Exempt and Appointed benefit programs	I
ENROLLMENT	Payroll enrollment and changes		Develop and implement ongoing training curriculum and schedule in conjunction with Department Heads	C
	FMLA oversight	Assure that city FMLA and worker safety policies and practices are in accord with law and properly administered	Implement new FMLA process	I
	Worker's Compensation Administration		Implement new EAP program	C
	MIOSHA/OSHA Administration		Redesign Occupational Health and Safety Program for the City	N
WORKERS SAFETY	Employee Clinic		Administrative policies/procedures to be updated	I

FINANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
FLEET				
ADMINISTRATION	Maintains fleet inventory	Complete and maintain a current fleet and equipment inventory	Monthly rental of Special Operations vehicles	I
			Evaluate and make recommendation of GPS tracking units for DPW AND Utilities vehicles	I
			Update the replacement schedule to reflect replaced, required, and disposed of vehicles and equipment, to be used in preparation of annual budget for annual budget preparation	N
			Jib Winch for Traffic bucket truck	I
			Purchase 10 Front Plows for DPW snow removal	I
			Purchase one-man Leaf Vac truck for Street Maintenance	I
			Evaluate use of farm equipment tractor rentals recommended by DPW for winter snow removal	I
			Dump trucks for Utilities/DPW snow removal	N
		Maintain vehicle/equipment replacement schedule	Add-on and auxiliary equipment for Enterprise Lease vehicles	N
SERVICE WRITING AND PARTS MANAGEMENT			FY14 & FY15 Lease Vehicles and Equipment	I
			Complete 100% audit of City owned vehicles and equipment, including condition to be used in preparation of the annual budget	N
VEHICLE AND EQUIPMENT REPLACEMENT, ADDITION DELETION	Equips and repairs fleet	Complete 75% of work orders within 72 hours	Complete the Fleet Focus software upgrade, install a mechanic workstation and bar code labels in the Stock Room	I
			Complete a Stock Room audit and enter all parts into the Fleet Focus software program	I
VEHICLE AND EQUIPMENT REPAIR		Maintain scheduled/actual preventative/maintenance ratio > 75%	Distribute to departments, PM and DOT schedule detailing responsibility of departments and drivers for daily inspections, compliance with DOT requirements, and maintenance responsibilities.	I
			Monitor department and driver compliance with PM and DOT schedules and responsibilities on a quarterly basis	N
	Recommends specifications of vehicles and equipment to be purchased	Sustain average vehicle availability rates above 70%	Complete the bid process for DOT and PM services for heavy equipment and passenger vehicles	I
			Complete the bid process for vendor repair services, including 24-hour emergency response	I
	Develops and maintains vehicle and equipment replacement schedule	By April 30, 2015, and annually thereafter complete 100% audit of City owned vehicles and equipment, including condition, to be used in	Complete evaluation and develop schedule annual departmental training needs and tool purchases	I
			Complete the bid process for alternate emergency fuel source	N
			Complete the sale and removal of the unused fuel tank at the Police Northside Precinct	C
		Implement fuel program to minimize fuel storage and cost	Determine if the fuel tank at Parks & Rec is still needed at this facility and take action accordingly	N
			Complete the removal of underground storage tanks at Fire Station #3 and determine if the above ground storage tank at Parks & Rec can be utilized there.	I
			Recommend fueling station needs at current site	N
		Improve interdepartmental communications of seasonal needs and expectations	Meet with all departments to discern fall and winter program needs	C
			Meet with all departments annually to discern spring program needs	N

FINANCE AND ADMINISTRATION
(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
INFORMATION TECHNOLOGY			Implement Governance Model	I
	Oversees the design, purchase, implementation, and operation of the City's technology infrastructure, provides professional and technical advice to departments in utilization of technology; identifies and provides technology related training	To ensure internal and external customers have appropriate and reliable technology which enables them to achieve their goals in an efficient manner	Complete implementation of BS&A.net (BS&A implementation contract complete)	I
			Develop and schedule implementation of a telecommunications infrastructure upgrade	I
			Establish and implement a Technology Training Calendar for all employees	I
			Install 22 new fully functioning mobile data computers	I
			Maintain uptime for internet and intra net by 95% of the time, as measured by quarterly reports	C
			Reduce the number of shadow access systems by 40% (base number as of May 1, 2014)	I
			First issue resolution and same day resolution achieved for 70% of Help Desk tickets, as measured by quarterly reports	C
			Recommend vendor for Record Management System and propose funding and implementation strategy for inclusion in FY16 budget	I
			Complete a federally compliant IT Disaster Recovery and Security Plan	N
			Complete a Mobile Device Readiness Assessment	N
			Reduce telecommunication expenses by 30%	I
			Equip Mayor Finance, South Bldg, Police and Fire Conference Rooms with access to technology	N
			Upgrade IT Training Room	I
			Develop plan to convert technology infrastructure to wireless	N
			Upgrade space housing IT servers etc.	N

Attachment 5. Orders and Directives of the EFM and EM

Executive Orders

DATE	ORDER #	DESCRIPTION
09/12/14	24	ADOPTION OF BENEFIT MODIFICATIONS FOR NON-UNION EMPLOYEES
07/16/14	23	ACCEPTANCE AND IMPOSITION OF COLLECTIVE BARGAINING AGREEMENT WITH THE FLINT POLICE OFFICERS ASSOCIATION UNION
07/16/14	22	ACCEPTANCE AND ADOPTION OF COLLECTIVE BARGAINING AGREEMENT WITH AFSCME COUNCIL 25, LOCAL 1799
07/15/14	21	AMENDED WASTE COLLECTION USER FEE
07/01/14	20	ACCEPTANCE AND ADOPTION OF COLLECTWE BARGAIMNG AGREEMENT WITH AFSCME COUNCIL 25, LOCAL 1600
07/15/14	18	ADOPTION OF THE DEFICIT ELIMINATION/RESERVE ACCUMULATION PLAN
07/01/14	11	SPECIAL STREET LIGHTING ASSESSMENT FOR FY15 AND FY16
06/26/14	13	ADOPTION OF BIENNIAL BUDGET FOR FISCAL YEARS 2015 AND 2016
06/20/14	15	MAYOR DAYNE WALLJNG'S INCREASED RESPONSIBILITIES AND COMPENSATION
06/20/14	16	FLINT CITY COUNCIL'S INCREASED RESPONSIBILITIES AND COMPENSATION
06/20/14	14	ADOPTION OF STRATEGIC PLAN FOR THE CITY OF FLINT

04/30/14	12	COMPLIANCE WITH PUBLICLY FUNDED HEALTH INSURANCE CONTRIBUTION ACT, ACT 152 OF 2011
04/01/14	10	COUNCIL MEETING AGENDA
03/21/14	9.0	MONTHLY CITY COUNCIL AND COMMITTEE MEETING SCHEDULE
03/06/14	6.1	REVISION TO CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS
03/05/14	08	COUNCIL MEETING PROTOCOL
02/25/14	07	AUTHORITY FOR THE PRESENTATION OF TIIE MAYOR'S ANNUAL STATE OF THE CITY ADDRESS
02/25/14	06	CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS
01/31/14	05	CITY COUNCIL AND CITY COUNCIL COMMITTEE MEETING SCHEDULE FOR FEBRUARY 2014
01/31/14	04	CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS
12/11/13	003	DIRECTIVES TO COUNCILMAN ERIC MAYS
12/11/13	002	CANCELLATION OF CITY COUNCIL MEETING
12/11/13	002	CANCELLATION OF CITY COUNCIL MEETING
11/01/13	001	CITY COUNCIL MEETING SCHEDULE FOR THE REMAINDER OF 2013
06/13/13	004	ADOPTION OF FISCAL YEAR 2014 BUDGET
06/06/13	003	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING

04/12/13	002	CITY COUNCIL'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
03/28/13	001	MAYOR DAYNE WALLING'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
03/27/13	011	WATER SERVICE PROCEDURES
03/15/13	010	GRANT APPLICATIONS
12/12/12	EFM009	INVALIDATING COUNCIL ACTION
10/11/12	EFM008	POVERTY EXEMPTION TO STREET LIGHTING SPECIAL ASSESSMENT
10/11/12	EFM007	CITY COUNCIL ADOPTION OF AMENDMENT TO RENTAL INSPECTION ORDINANCE IS NULL AND VOID
09/14/12	EFM006	OVERTIME
09/12/12	EFM005	CITY TREASURER AUTHORIZED TO CORRECT ASSESSMENTS OR FEES IF PROPERTY OWNER ENTITLED TO WAIVER
08/24/12	EFM004	ADVISORY COMMITTEE
08/24/12	EFM003	BUDGETARY OVERSIGHT & TERMINATION OF LINE ITEM LEVEL
08/24/12	EFM002	PROCEDURE FOR SUBMISSION OF RESOLUTIONS AND ORDINANCES
08/24/12	EFM001	PROCEDURES FOR PURCHASING
08/08/12	034	FLINT POLICE OFFICERS ASSOCIATION UNION CONTRACT PROVISION MODIFICATION/ TERMINATION - TRANSFER TO THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN

08/08/12 033	CONSOLIDATION OF FLINT AREA ENTERPRISE COMMUNITY WITH ECONOMIC DEVELOPMENT CORPORATION AND ELIMINATION OF CITIZENS DISTRICT COUNCILS
06/27/12 032	ESTABLISHMENT OF SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12 031	WATER AND SEWER RATE INCREASES
05/30/12 030	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12 029	APPLICATION TO STATE ADMINISTRATIVE BOARD FOR APPROVAL TO ISSUE NOT TO EXCEED $9,300,000 IN FISCAL STABILIZATION BONDS
04/25/12 028	WASTE COLLECTION USER FEE
04/25/12 027	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH AFSCME LOCAL 1799
04/25/12 026	AFSCME LOCAL 1600 ("LOCAL 1600") CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12 025	AFSCME LOCAL 1799 RETIREE INSURANCE RECIPIENTS
04/25/12 024	AFSCME LOCAL 1600 RETIREE INSURANCE RECIPIENTS
04/25/12 023	FLINT I.A.F.F. - FLINT FIREFIGHTERS UNION RETIREE INSURANCE RECIPIENTS
04/25/12 022	FLINT POLICE OFFICERS ASSOCIATION UNION RETIREE INSURANCE RECIPIENTS

04/25/12 021	P.O.L.C. - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12 020	P.O.L.C. - FLINT POLICE SERGEANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12 019	NON-UNION ACTIVES AND RETIREE INSURANCE RECIPIENTS
04/25/12 018	FLINT POLICE OFFICERS ASSOCIATION CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12 017	ADOPTION OF FISCAL YEAR 2013 BUDGET
04/24/12 016	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH FLINT I.A.F.F. - FLINT FIREFIGHTERS UNION
04/24/12 015	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P.O.L.C. - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION
04/24/12 014	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P.O.L.C. - FLINT POLICE SERGEANTS UNION
04/13/12 013	Modification of Section 10 of the settlement agreement and release of all claims dated OCTOBER 2, 2002, between the City of Flint and plaintiffs RICHARD DICKS, LEON NOVACK, SHIRLEY NOVACK, THE UNITED RETIREMENT GOVERNMENTAL EMPLOYEES (URGE), AND SANDRA YURK relating to prescription drug coverage for all retiree groups of the City of Flint
01/11/12 012	Monthly Meetings with Flint City Council

01/11/12	011	Procedure for Submission of Matters Involving a Recommendation by the Planning Commission
12/20/11	010	Council's Responsibilities & Compensation
12/20/11	009	Mayor's Responsibilities &Compensation
12/19/11	008	Advisory Committee
12/13/11	007	Budgetary Oversight & Termination of Line Item Level
12/08/11	006	Elimination of Civil Service Commission
12/08/11	005	Elimination of Office of Ombudsman
12/08/11	004	Procedures for Resolutions and Ordinances
12/08/11	003	Procedures for Purchasing
12/02/11	002	Elimination of Salaries for Mayor & Council
12/01/11	001	Termination of Appointments

Attachment 6. FY 14/15 and FY 15/16 Biennial Budget

CITY OF FLINT, MICHIGAN

Setting a Sustainable Course for the City of Flint

Five Year Financial Projections 2015-2019

Adopted Budgets for FY15 and FY16

Future Projections for FY17, FY18 and FY19

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Prepared by
Department of Finance
Gerald Ambrose, Finance Director
Antonio Brown, Deputy Finance Director

Contents

1. City of Flint 5-Year Financial Plan
    a. Preface
    b. Background
    c. Overview
    d. Highlights
    e. Addendum for City Council and Mayor Recommendations
2. City Council Adopted Vision and Mission Goals
3. City Council Approved Budget Priorities
4. Organization Chart
5. FY15 and FY16 Budgets and 3-Year Forecast
6. FY15 and FY16 General Fund Budget
7. City of Flint Staffing Projection
8. Projected 5-Year Facilities Improvements
9. Deficit Elimination/Reserve Accumulation Projections
10. Five Year Outlook – Pension and Retiree Healthcare Costs
11. Projected Taxpayer Impact

City of Flint 5-Year Financial Plan

Preface

This adopted budget for the City of Flint covers the FY15 and FY16 fiscal years which begin July 1, 2014 and July 1, 2015 respectively. Financial projections for the following 3 fiscal years are included as well.

This budget has been developed within the context of the City's recently adopted Master Plan, the Vision, Mission, and Goals for the City government as adopted by the City Council, and the Budget Priorities as adopted by the City Council. Accompanying this budget is a preliminary statement of objectives initially proposed to be accomplished during the two years.

Taken together, the budget and strategic plan will serve as a template to move the City government forward to become a well-managed, financially stable, and accountable organization focused on creating a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

However, this budget demonstrates the continuing financial challenges facing the City of Flint. Stagnant revenue growth in property tax and income tax revenues, coupled with significant increases in legacy costs, retiree health care in particular, create a significant gap between revenues and expenses which require increases in other revenues and decreases in City staffing and services including the possibility of adjustments in public safety services.

Unfortunately, the financial forecast for the next several years beyond FY16 show a continuing gap between projected revenues and expenses. Within the next few years, without significant means to identify and collect additional revenues, or to further reduce the cost base, the City of Flint will be extremely challenged to provide even the most basic of City services.

Over the last several weeks, this adopted budget has been reviewed by the City Council, which will also held a public hearing to receive citizen input. The Mayor and Council subsequently provided comments and recommendations pertaining to the budget to the Emergency Manager.

Background

The City of Flint has been in state receivership since December, 2011, as a result of consistent deficits in the General Fund, a decline in pooled cash, unrealistic budgeting, and unfunded liabilities for postemployment benefits. Significant progress has been made in addressing these financial issues, as the $19.1 million deficit at the end of FY12 had been reduced to $12.9 million at the end of FY13, cash position had improved, and the FY14 budget was realistically balanced, with further reduction of the deficit anticipated.

The FY14 budget was designed and implemented with the same goals in mind – operating within the constraints of available revenues; restructuring operations and cost factors to enhance future financial stability, and continuing to reduce the remaining $12.9 million deficit. The FY14 budget was constructed with the specific intent of further reducing the deficit by a minimum of $1 million, by budgeting expenses at $1 million less than projected revenues. As of January 31, 2014, seven months into the FY14 year, revenues and expenses are on target.

In order to regain and maintain financial solvency, it is not only necessary to eliminate the remaining accumulated deficit but to have an adequate amount of reserves to protect the City in the event of unexpected financial losses. Planning to accomplish this requires a continual dedication of revenues over the next several years to eliminate the remaining deficit and establish an adequate reserve level. A draft deficit elimination plan to accomplish this is currently under review by the Michigan Department of Treasury.

Making progress to date has required hard decisions and sacrifices for all. The FY13 and FY14 budgets were balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Revenue increase included a 25 percent increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, establishment of a special assessment district for street lighting, and implementation of a fee sufficient to cover the cost of waste collection. Expenditure reductions included elimination of 20 percent of the City's workforce, compensation decreases equivalent to a 20 percent wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

The actions taken to-date to restructure healthcare benefits for current employees and retirees have also had a significant impact on reducing both current costs and long-term liabilities. The 20% reduction in the workforce required significant reorganizational activities focused on reducing current costs. Long term liabilities were reduced by eliminating traditional defined benefit pension programs for new employees in favor of hybrid plans; by moving the City's retirement system into the a state wide retirement system; by restructuring health insurance benefits for current employees and placing retirees into those same plans; and by eliminating the promise of retiree health care for new employees in favor of providing retiree medical savings accounts. Much of the positive financial result in FY13 came from these actions. The restructuring, which was implemented during the course of FY12, reduced the City's OPEB liabilities alone from nearly $900 million to less than $325 million as noted in the FY13 audit.

The efforts of the City to regain financial solvency have been aided by support from numerous Federal, State and private partners. State police troopers have been placed in the City to support local law enforcement efforts, and funds have been allocated to enhance prosecution activities and to operate the City's lock up. The Governor's proposed budget continues this support.

The steps taken to begin to restore the City to financial solvency have not been without conflict and changing circumstances. A significant legal challenge has been made to the decision to move retirees from their historical health insurance plans into the same plans offered current employees. This action resulted in an initial cost reduction in FY13 of $3.5 million to the City and imposed deductibles and co-pays on retirees. This challenge is currently pending in federal court. If the challenge is ultimately upheld, it will pose a significant challenge to the City in its efforts to regain and maintain financial and service solvency. Due to the stay imposed by the federal court, the City must increase its budget for retiree healthcare costs in the FY15 budget by $5 million and may even need to pay more as retirees seek reimbursement for past medical expenses. These healthcare expenses will continue to increase in subsequent years.

Legacy costs in total will continue to be a cost burden to the City of Flint. In FY 14, the City budgeted $30.2 million for its retiree healthcare and pension costs, an amount equal to 17% of its total revenues. The General Fund alone budgeted $16.4 million, an amount equal to 31% of its total revenues. By FY19, it is projected that the City will need to budget over $43 million, an amount equal to 23% of its total revenues. For the General Fund alone, the amount projected to be needed will exceed $21 million, an amount equal to 34% of General Fund revenues.

The future financial solvency of Flint will also be challenged by a continuing structural deficit. As part of the planning for future financial solvency, five year projections and a strategic plan were developed. This exercise indicated a significant financial challenge forthcoming in FY15, due to the current status of the retiree health care lawsuit and the ending of a major grant supporting firefighting resources. Future year projections also show a continuing gap between revenues and projections.

Finally, the most important challenge to be addressed in the City of Flint will be instituting structural changes in the organization of the City to foster financial solvency as a core value and to assure that future governance and management of the City is conducted in a financially responsible manner. To this end, the current Emergency Manager has created a Blue Ribbon Committee on Governance, charged with developing recommended changes to current ordinances, procedures, and the Charter. The recommendations of the Task Force are anticipated within six months.

Overview

The City of Flint has spent considerable time planning for the community's future through the comprehensive master plan and creating an organizational framework focused on the City's new vision, mission, and goals. The 2-Year budget has been developed in a balanced manner to best meet the needs of a variety of service areas and challenges.

However, challenges to changes in retiree healthcare and the loss of grant funds have required that a new service baseline be established; this also poses significant and immediate challenges to the City's financial viability. Current court rulings in regards to the retiree health care lawsuit have increased retiree health care expenses nearly $5 million in FY15, and the loss of the SAFER grant ($ 3.4 million) eliminates funding for 39 of the City's 65 firefighters.

The harsh winter increased the need to remove hundreds (if not thousands) of damaged and fallen trees throughout the city, and to repair damaged roads and sidewalks. The winter also placed additional stress on the antiquated city facilities as they faced water leaks and damage to walkways and sidewalks. Implementing the master plan, and continuing to eliminate blight will also require dedicated resources going forward.

The recently completed study of the water and sewer system finances also demonstrated a shortfall in revenues needed to operate this critical service and provide for necessary maintenance. As much as the high rates for providing water and sewer services pose significant financial challenges and community implications, the alternative of not addressing basic maintenance and adjustments based on guidance in the master plan is equally challenging.

These factors have a significant effect on the adopted staffing levels. Reductions in city staffing over the past two years have come almost exclusively from City services other than police, fire, and 911. As a result, those remaining city services are thinly staffed, and despite valiant efforts of dedicated employees, service levels have been reduced. In some cases, the reductions have been severe and counter-productive. For example, reductions in customer service at Treasury and staffing at Utilities has reduced capacity to effectively pursue collection of delinquent bills. Reductions in Information Technology have slowed the implementation of technology which can improve effective processing. Reductions in Human Resources have slowed the process of hiring employees. Reductions in Building Safety have slowed the process of conducting inspections and issuing permits, and have eliminated much in the way of code compliance efforts.

Therefore, balancing the budget in a financially sustainable way requires addressing the impact of these issues. It also requires that they are addressed within the context of the Mayor's and Council's stated budget priorities. The Council's stated priorities are:

- Maintaining police and fire staffing levels at the maximum level feasible
- Reducing the General Fund deficit by at least $1 million
- Continuing efforts to reduce blight, including demolition
- Hiring an experienced City Administrator
- Assure that capacity exists to implement the Master Plan
- Add capacity in the areas of Economic Development

- Fund years 1 & 2 of capital improvements identified in the Master Plan
- Improve street maintenance
- Establish parks partnerships
- Improve customer service through training and technology
- Increase removal of dead and diseased trees
- Evaluate ways to reduce water and sewer rates for constituents in the budget process

Balancing the budget responsibly in the context of these immediate and significant financial challenges, while addressing stated priorities, is a significantly difficult task. The unplanned addition of $5 million in expenses for increased retiree health care is a "Game-Changer" and seriously undermines the ability of the City government to move forward in becoming a positive force helping to create a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve quality of life.

As the development of the FY15 budget began, there was a significant gap between projected General Fund revenues and General Fund expenses alone. While some revenue sources indicated a slight increase over the current year, projected expenses were significantly above the current year. The expense increases are due primarily to a nearly $5 million increase in costs for retiree health care and an increase in the per person cost of pension contribution. In addition, there was recognition of the need to assure capacity to implement the Master Plan to continue addressing blight, to address increased costs of health care for current employees, and to address critically needed facility maintenance.

The budget presented here is balanced in a financially responsible manner, in that revenues and expenses meet. However, the consequence is that, where possible, revenues have been increased, and where necessary, expenses have been decreased. Whether the result is an acceptable result, in the context of the needs and the future of the City, is uncertain.

It is clear that proposed changes in service levels reflected in this budget are significant, and that at the same time the financial plan is being finalized within the confines of available revenues, considerable efforts will continue to mitigate the impacts. Continued efforts to achieve a satisfactory resolution of the retiree healthcare lawsuit, as well as to continue searching for additional sustainable funding, or to engage in mutually beneficial partnerships will continue. The changes necessary to achieve necessary balancing of revenues and expenses will be done in a managed way, not in a crisis response.

The financial projection for the years following FY15 and FY16 show the continuing challenge of a structural deficit. Without a means to identify a new significant revenue source or to sustain and even make further reductions in the City's cost base, such as retiree health care, Flint will be extremely challenged to provide even the most basic of City services in future years.

Highlights of the Adopted Budget

Costs to taxpayers are increased....

- Property tax levies remain unchanged
- Street lighting assessment increased to $71 in FY15 and $74 in FY16
- Solid Waste fee increased to $163 in FY15 and $169 in FY16
- Water and Sewer rates increased by a total of 6.5% in FY15 and 6% in FY16

Costs to City employees are increased....

- 20% premium share for health insurance implemented
- Premium contribution for non-Medicare eligible employees retiring after July 1, 2014 established
- 50% premium share for dental and vision insurance implemented
- Vacation and sick leave replaced with PTO, new accumulation caps established
- All new employees enrolled in hybrid pension plan
- All new employees enrolled in RMSA in lieu of promise of retiree health care

Legacy costs are increased significantly...

- General Fund costs for retiree health care are increased 25%, from $8 million to $10 million in FY15, increasing on an annual basis thereafter
- General Fund costs for retiree health care and pension in total are projected to increase from $16.4 million (31% of total revenues) in FY14 to $21.5 million (34% of total revenues) by FY19
- For all funds, total costs for retiree healthcare and pension are projected to increase from $30.4 million (or 17% of total revenues)in FY14 to $43.5 million (23% of total revenues) by FY19

City staffing is budgeted at 522 in FY15 and 523 in FY16.....

- Staffing is maintained in District Court, 911, Finance, Assessing, Transportation, IT, and Fleet
- Police Department – Total department staffing will be 115, with 7 vacant positions and 29 additional positions eliminated through attrition by end of FY15. Additionally, a recently offered COPS Hiring grant for six School Resource Officers will not be accepted. The next several months will be focused on mitigating the impact of this through reorganization with the assistance of consultants specialized in police and fire service; seeking additional funds; and obtaining assistance from law enforcement partners in order to achieve the best possible level of police response.
- Fire Department – Total department will be 75, with 19 positions eliminated as the SAFER grant expires. There are several vacant positions to be eliminated as part of this, with a goal of needed reduction no later than December, 2014. The next several months will be focused on mitigating the impact of this through reorganization and restructuring obtained with the assistance of consultants specialized in fire and police service.

- Planning and Development Department - Staffing is at 25, with adding 1 position. The department is being reorganized to assure capacity to implement the newly adopted Master Plan and continue efforts of blight management. Continued assistance in the form of grants and partnerships will be utilized, and general fund support for those activities is increased.
- Public Works Department - 6 positions are added to the Utilities division as the Water Treatment Plant begins operation as the primary source for Flint water; 1 position is added to Facilities to address critically needed maintenance issues.
- Finance and Administration Department - 3 positions are added to the Treasurer's Office to increase delinquent collections, with the added cost to be offset by additional revenues.
- Governance – As efforts to resolve the financial emergency progress, the position of City Administrator will be filled. Additionally, the salaries of Mayor and Council are partially restored as their role in governance increases.

Council budget priorities are addressed as follows:

- Maintaining police and fire staffing levels at the maximum level feasible – Due to revenue shortfall, increased retiree health care, and lack of other options, staffing is reduced. The Police and Fire millage funds will be used to fund 20 fire fighters and 26 police officers through FY15 and FY16. However, the accumulated millage funds will be fully used by the end of FY16.
- Reducing the General Fund deficit by at least $1 million – General Fund expenses are budgeted at $1 million less than revenues, and $800,000 in Capital Improvement Funds will be appropriated to the Utilities, thus reducing the General Funds debt to the Utility Fund by an additional $800,000. The plan is to continue this commitment for the next several years until the deficit is eliminated, and then the commitment will become one of building a financial reserve equal to 15% of General Fund revenues.
- Continuing efforts to reduce blight, including demolition – CDBG funds continue to be used for demolition and General Fund is assuming partial cost of the Blight Coordinator position
- Hiring an experienced City Administrator – Funds are included in budget.
- Assure that capacity exists to implement the Master Plan – General Fund is assuming partial cost of the Planning and Development Director, and Associate Planner, and a position of GIS technician is created, whose funding is shared among various city funds. Lead partners will be identified in each work area. Also, the Mayor has committed to overseeing the process of assuring that Master Plan implementation is an ongoing important part of city operations.
- Add capacity in the areas of Economic Development-The P&D Director is committed to defining a program for small business development, to be funded in FY16 through CDBG funds. Additionally, 20% of staff time of two DCED staffers and a portion of the Director's time will be devoted to economic development. Also, the Mayor has committed to leading the City's economic development efforts with partners and the assistance of this City staff.
- Fund years 1 & 2 of capital improvements identified in the Master Plan – the CIP portion of the Master Plan will be finalized in FY15, and the results will be considered for inclusion in the FY16 budget.

- Improve street maintenance – Due to minimal increases in state funding for streets, maintenance efforts will continue at the current levels. State financial support has been sought and obtained for some major street projects, in particular those related to economic development projects.

- Establish parks partnerships – The Planning and Development Department now has oversight of Parks, and as one of its strategic objectives, has committed to increase the number of parks partnerships in FY15 and FY16. Funding even the most basic of parks maintenance activities is increasingly challenging within the constraints of the parks millage funds. The goal is to eliminate General Fund support of these activities by the end of FY16.

- Improve customer service through training and technology– Human Resources, as it did in FY14, is committed to continuing ongoing training for supervisors and will be extending these efforts to all employees. IT likewise is committed to providing ongoing training for employees. Finally, most departments are including funds for ongoing training for employees. For example, the Treasury's customer service division is committed to specific customer service training for its front line employees.

- Increase removal of dead and diseased trees – Oversight of removal of trees within street right of ways is now the responsibility of the Transportation Division of Public Works, removal of trees within Parks is now the responsibility of Planning and Development; and removal of trees on other city properties is the responsibility of the Facilities Division of Public Works. Unfortunately, there is only a limited amount of funds available for these purposes, and the general effort will be focused on emergency responses. However, the Transportation Division is committed to attempting to secure assistance from other entities to increase capacity to address this problem.

- Evaluate ways to reduce water and sewer rates for constituents in the budget process-The results of the recent rate study confirm that it unlikely that water and sewer rates can be decreased at any time in the foreseeable future, and in fact, rates need to be increased. However, the actions taken to date to join KWA and to temporarily use the Flint River show that future rate increases will be less than had the City stayed with its prior provider.

Absent new sources of funding or reduced expenses in areas such as retiree healthcare, the commitments to progress and the staffing and service levels here are anticipated to continue for both FY15 and FY16. It is anticipated that the slight additional revenues in the General Fund for FY 16 will not be sufficient to cover increased costs, and it will be necessary to utilize additional funding from the police and fire millage to cover the costs of some police or fire positions in the General Fund in FY15. Depending on the rate of attrition in the Police Department, there should be sufficient remaining funds in the Police and Fire millage to avoid additional reductions in police or fire positions in FY16.

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

June 3, 2014

Mr. Scott Kincaid, President
Members of the Flint City Council
1101 S. Saginaw St.
Flint, MI 48502

Dear Mr. Kincaid and Members of the Flint City Council:

Transmitted herewith are the final numbers for the biennial budget beginning FY14-15 and ending FY 15-16.

This budget is reflective of some of the recommended revisions offered following the Council's departmental budget hearings. All recommendations put forth by City Council were reviewed and thoroughly vetted at Treasury. The attached budget document was revised upwards by $90,000 and includes the details of the incorporated revisions.

The budget was revised to include your recommendations, along with those of the Mayor, which I felt could be implemented without adversely impacting the organizational structure, management, and the anticipated transition of the City of Flint to a Receivership Transition Advisory Board during the course of this spending plan.

Following the public hearing and consideration of the comments received, it is my intent to execute the order adopting the budget at the next Council meeting scheduled for June 23, 2014. At that time, Council will be able to officially receive the two-year budget consistent with PA 436 and the 7 Point Transition Management Plan.

You should also be aware that effective July 1, 2014, the day-to-day operations of the departments of Planning and Development, and Public Works will be shifted to Mayor Dayne Walling. The Mayor is currently putting together a plan for the allocation of resources within those departments. Similarly, Police Chief Tolbert and Fire Chief Cox are also putting together their work plans to utilize the final resource allocations for public safety.

The assistance and cooperation from you and the Council given to me, the Mayor, and the Administration in this process is greatly appreciated. I think we can agree that this is a responsible and realistic snapshot of the City's financial stability over the next two years, given its myriad financial challenges.

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

CC: Dayne Walling, Mayor
Inez Brown, City Clerk
Administration

Proposed Changes to the City of Flint Proposed FY15 & FY16 Budget

On April 30, 2014, Emergency Manager Darnell Earley transmitted a proposed bi-annual budget to the Mayor and City Council, with a request that the Mayor and Council review and comment on the proposed budget. Accordingly, the City Council, acting as Committee of the Whole chaired by Finance Chair Josh Freeman, met five times to review the budget. At the conclusion, a set of recommendations was adopted and given to the Emergency Manager.

This document summarizes the key recommendations of the Council and Mayor and outlines changes made to the proposed budget as a result.

Summary of Council and Mayor Recommended Changes to FY15 & FY16 Proposed Budget

1. The recommendation of the Council identifies $1,824,510 in additional funds to be used by the Police Department:

- Specifically, $1 million of the $2.5 million in state appropriated revenues for the Lock-Up is proposed to be moved to the Police Budget.
- In addition, $1 million is identified by increasing the allocation in the CIP Fund for the purpose of reducing the deficit, thus freeing up the $1 million in the General Fund which has been identified for deficit reduction. Of that $1 million, $763,000) ($628,000 + $135,000) would be moved to the Police budget. Additionally, $61,510 is identified to be moved from the Finance Budget to the Police Budget.

2. The remaining funds from the proposed re-appropriation of the freed-up General Fund revenues ($237,000) would be used for the following:

- $50,000 - District Court
- $72,000 - City Clerk
- $50,000 - City Council Staff
- $45,000 – Additional Pay Raises for Council
- $10,000 – Brennen Center
- $10,000 – Hasselbring

3. Finally, there is a recommendation to eliminate funding for the Human Relations Commission ($22,547) and split those funds equally between Brennen Center and Hasselbring:

- Brennen - $11,274
- Hasselbring - $11,274

4. The Mayor has also made recommendations in other areas, including:

- Adding capacity to Economic Development by replacing the 20% of 2 DCED staff currently subsidized by the GF with CDBG funds and directing that staff to perform 100%

CDGB activities. The freed-up funds ($51,458) would then be used to contract for economic development services.

- Reduce DCED program staff by 1 FTE and utilize CDBG administrative funds for 50% of administrative staff support in Planning and Development
- Add 1 new FTE in Planning and Development dedicated to the new Business Licensing function
- Add to the Strategic Plan a key objective under Governance and Administration: "Respond to a minimum of 500 constituent services per month, including those formerly addressed by the Human Relations Commission staff."

Changes to the Proposed FY15 & FY16 Recommended Budget in response to Council and Mayor recommended changes

The changes proposed by the Mayor and Council have been reviewed, and changes made as considered appropriate within the context of maintaining a viable financial plan for the next two years. The proposed budget, as submitted to the Mayor and Council on April 30, 2014, will be revised as follows in response:

1. The Proposed Budget anticipates a reduction in public safety staffing of 36 officers and 19 firefighters. However, it also does not anticipate these reductions (other than vacancies occurring through attrition) until the comprehensive study of the police and fire departments is concluded. That study is to be completed prior to the end of 2014. At that time, depending on the study recommendations, a decision will be made as to the need for additional resources, and to the extent that funds in the General Fund which are currently targeted for deficit reduction can be used. Although the State will not agree to utilize funds appropriated for the operation of the Lock-Up to fund Flint police officers and firefighters, the Mayor and Emergency Manager will continue their efforts to obtain other state funding to support police and fire operations in Flint during this critical time.
2. The concern of the City Clerk, and supported by both the Council and the Mayor, of her inability to properly conduct the upcoming elections with the proposed staffing reduction, is acknowledged. Accordingly, the proposed budget is revised to continue FY14 budget level of staffing within the Clerk's Office. The business license position, originally moved to the Planning and Zoning Department in the FY15 and FY16 Proposed Budget, has been restored back to City Clerk's department. The new Business Licensing process is scheduled to be implemented by January 1, 2015; at which time, the responsibility for the process will be assumed by the Department of Planning and Development. Since the Clerk's Office staff will remain the same while reducing the responsibilities of the Clerks' Office, there should be adequate staff to conduct the elections and to provide additional support to the Council Office. Until such time as the

Business Licensing process is assumed by the Department of Planning and Development, the Clerk is authorized to increase the hours of the current part-time employee in the Council Office. $15,000 in temporary wages is added to the Council's budget for FY15.

3. The concern of the Council and the Mayor that financial support be continued to assist in the transition of the senior citizen programming at the Brennen Center and Hasselbring is acknowledged. The end goal is for there to be successful senior citizen programming at these locations, supported in their entirety by the County's senior citizen millage, which has been approved by voters within the City of Flint as well as the rest of Genesee County. Instead of adding additional funding to the FY15 and FY16 budgets, however, an amendment to the FY14 budget is being prepared to make a one-time appropriation to each center in the amount of $20,000, for a total expenditure of $40,000. The purpose of this appropriation is to support this transition.
4. The concern of the Council to add additional resources to the District Court is noted. However, during the presentation by the Court at its budget hearing, it became apparent that the proposed strategy of the Court to utilize part time employees may not be consistent with the requirement that temporary employees working in excess of 29 hours per week must be provided access to health care to the extent that full time employees are. Thus, additional funds in the amount of $40,000 is added to the Court's budget to address this potential problem.
5. The recommendation of the Mayor to add additional capacity to economic development as stated in #4 above is acknowledged. Additional resources for economic development was also a stated priority of the Council. The change recommended by the Mayor provides $50,000 in financial capacity, is revenue neutral, and is incorporated into the budget.
6. The recommendation of the Mayor with respect to reducing DCED staff by 1 FTE and redistributing the funds as noted above are also incorporated into the budget.
7. The recommendation of the Mayor to add one new FTE in Planning and Development dedicated to the new Business Licensing function is also acknowledged as being valuable in helping to assure that the new process is implemented aggressively and successfully. Accordingly, $64,000 for wages and fringes is added to the budget of Planning and Development for that purpose.
8. Finally, the recommendation of the Mayor to add an additional objective to the Governance and Administration section of the Strategic Plan is acknowledged and will be incorporated. Accordingly, while the Human Relations Commission may continue as a volunteer board, the proposed allocation is eliminated. As it has become apparent that the Human Resources Director is fully engaged with managing the Human Resources function, the portion of the Director's salary allocated to the HRC budget will be transferred to the Human Resources Budget.

Implementing the changes noted above require identifying $119,000 in FY15 General Fund appropriations and $104,000 in FY16 appropriations. The revenue and expense projections in the budget have been reviewed, and the necessary funds have been identified from the following sources:

FY15:

- $39,000 - reduction in audit costs
- $ 2,600 – net reduction in HRC budget
- $38,400 - additional projected revenue - income tax revenue
- $39,000 – additional projected revenue – delinquent income tax collections

FY16:

- $31,000 - reduction in audit costs
- $ 2,678 – net reduction in HRC budget
- $32,000 - additional projected revenue - income tax revenue
- $38,322 - additional projected revenue - delinquent income tax collections

Appreciation is extended to the Mayor, Council, and staff for the time and effort spent reviewing the proposed budget. The citizens of Flint will be better served by the changes made.

Proposed Budget FY15 and FY16 Technical Adjustments

1. Included the pension expense in the Office of the Clerk - $29,519

2. Removed wages and fringes for GIS Technician from Assessing Department because it was already budgeted in the Planning and Zoning Department - $60,518

3. Corrected the inclusion of all salaries, wages, and fringes in the Planning and Zoning department for all the approved positions - $123,596

4. Corrected Fund 202 FY15 and FY16 fund balance use. The indirect cost allocation was double reported in FY15. This was a $536,000 reduction in cost in FY15. In FY16, wages in administration was entered in error causing salaries to be overstated by $812,000. This correction was made.

FLINT STRATEGIC PLAN

2015 -2019

Setting a Sustainable Course for the City of Flint

The Vision for the City Government of Flint:

A well managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

The Mission of the City Government:

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly and financially responsible manner

The Goals:

In order to realize our Mission, residents, businesses, students and visitors can expect that:

The City will provide a highly trained and professional staff of elected leaders, appointed officials and employees

The City will provide for a safe, secure, and healthy environment in which to live, work, learn and play

The City will provide access to dependable and affordable water, sewer, and waste collection

The City will provide access to an adequate and well maintained transportation network serving motorized, non-motorized, and pedestrian needs

The City will foster cooperation between business, non-profit, and foundation partners and residents to create a climate that supports community and economic development

The City government will also:

Seek partnerships with Local, State and Federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting its Mission

Provide municipal services consistent with the City's Master Plan and also work with residents, businesses, and others to foster development of the City and its infrastructure in a manner consistent with its Master Plan

Encourage partnerships for recreation and access to open space across the City

Enforce building and occupancy codes and to aggressively work with others to address blighted conditions

Assure that City ordinances and regulatory activities are consistent with the Master plan and supportive of economic development

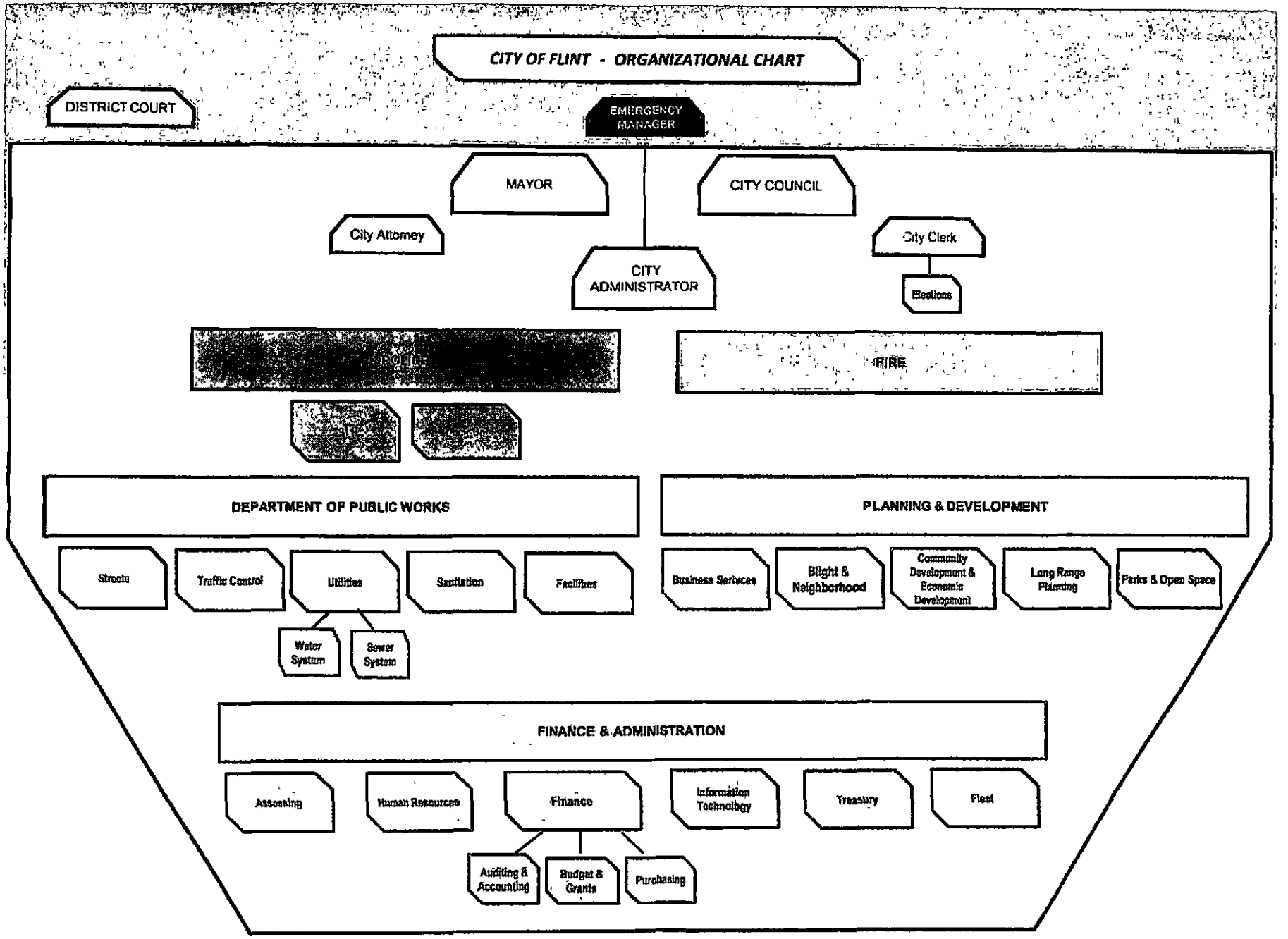
Operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits

Mayor and Council Priorities for Developing the Two-year (FY15 & FY16) Budget

The Mayor and Council request that the two-year budget to be developed will include a set of objective which, when achieved, will result in significant progress being made towards achieving their stated Vision, Mission, and Goals.

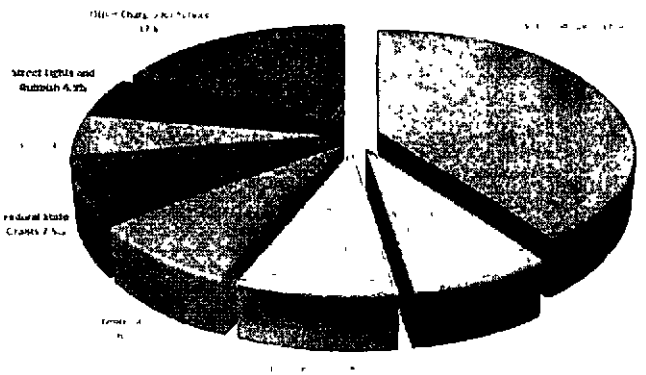
Additionally, the Mayor and Council request that the two-year budget to be developed address the following specific priorities:

1. Maintain police and fire staffing levels at the maximum level feasible
2. Reduce the General Fund deficit by at least $1 million
3. Continue efforts to reduce blight, including demolition
4. Hire an experienced and professional City Administrator
5. Assure that capacity exists to implement the Master Plan
6. Add capacity in the area of Economic Development
7. Fund years 1 & 2 of capital improvements identified in the Master Plan
8. Improve street maintenance
9. Establish parks partnerships
10. Improve customer service through training and technology
11. Increase removal of dead and diseased trees
12. Evaluate ways to reduce water and sewer rates for constituents in the budget process

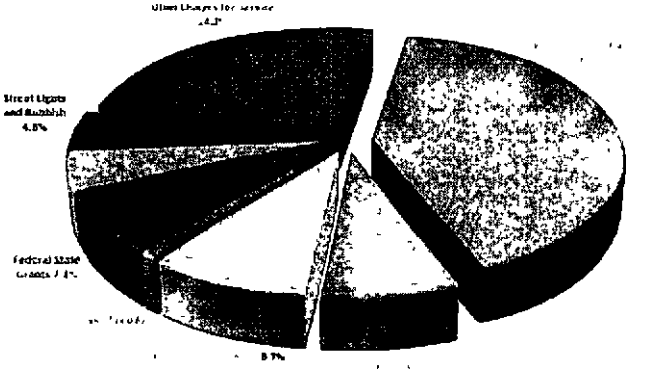

CITY OF FLINT - ORGANIZATIONAL CHART
DISTRICT COURT
EMERGENCY MANAGER
MAYOR
CITY COUNCIL
City Attorney
CITY ADMINISTRATOR
City Clerk
Elections
[redacted]
FIRE
DEPARTMENT OF PUBLIC WORKS
Streets
Traffic Control
Utilities
Sanitation
Facilities
Water System
Sewer System
PLANNING & DEVELOPMENT
Business Services
Blight & Neighborhood
Community Development & Economic Development
Long Range Planning
Parks & Open Space
FINANCE & ADMINISTRATION
Assessing
Human Resources
Finance
Information Technology
Treasury
Fleet
Auditing & Accounting
Budget & Grants
Purchasing

REVENUE - ALL FUNDS

FY15 $165,609,588

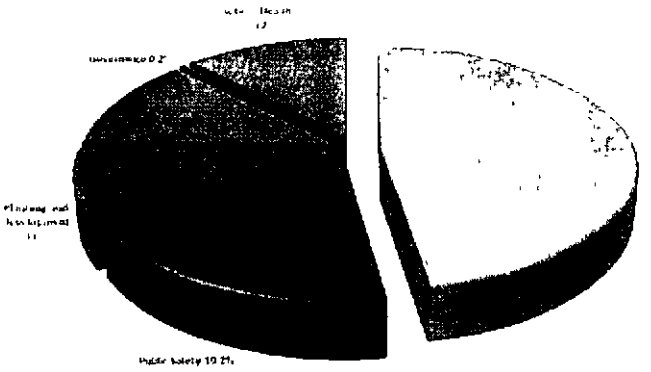


FY16 $169,482,080

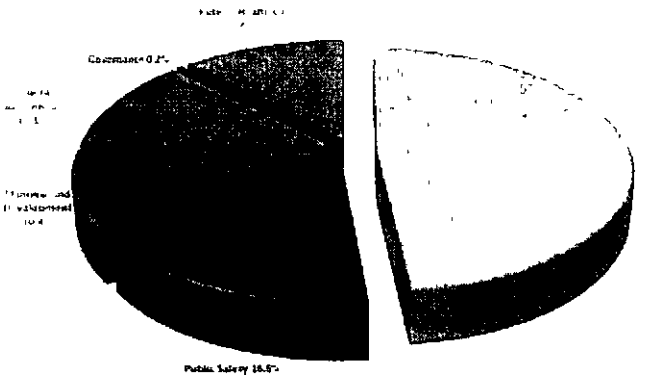


EXPENSES - ALL FUNDS

FY15 $162,186,042



FY16 $166,592,999



CITY OF FLINT - FIVE YEAR OUTLOOK
All Funds Summary

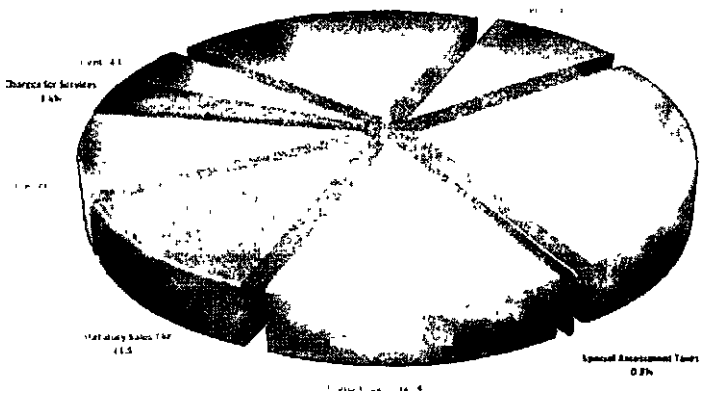
		Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund	101						
	Revenues*	$53,558,121	$55,097,880	$56,308,236	$56,816,010	$56,986,456	$57,498,324
	Expenses	$53,558,121	$55,097,880	$56,308,236	$58,616,874	$61,020,166	$63,644,033
	Cumulative Gap	$0	$0	$0	($1,801,864)	($5,836,574)	($11,982,282)
	Annual Gap	$0	$0	$0	($1,801,864)	($4,034,710)	($6,145,708)
*Includes $1 million for deficit elimination							
Major Streets	202						
	Revenues	$6,335,408	$7,022,888	$7,306,888	$7,511,255	$7,721,670	$7,945,495
	Expenses	$6,331,408	$7,022,888	$7,306,888	$7,577,015	$7,842,210	$8,124,680
	Cumulative Gap	$4,000	$0	$0	($65,760)	($188,400)	($388,435)
	Annual Gap	$0	$0	$0	($65,760)	($120,640)	($179,034)
Local Streets	203						
	Revenues	$2,601,090	$2,694,458	$2,783,112	$2,841,557	$2,904,072	$2,967,981
	Expenses	$2,601,090	$2,694,458	$2,783,112	$2,880,521	$2,972,698	$3,067,824
	Cumulative Gap	$0	$0	$0	($38,964)	($107,590)	($207,452)
	Annual Gap	$0	$0	$0	($38,964)	($68,626)	($99,863)
Police and Fire Millage	205						
	Revenues	$1,645,827	$8,258,560	$7,249,000	$4,464,840	$4,602,841	$4,671,985
	Expenses	$1,645,827	$9,258,560	$7,249,000	$7,538,960	$7,846,057	$8,169,828
	Cumulative Gap	$0	$0	$0	($3,074,420)	($6,319,637)	($9,817,378)
	Annual Gap	$0	$0	$0	($3,074,420)	($3,245,117)	($3,497,843)
Neighborhood Police Millage	207						
	Revenues	$1,550,180	$1,405,180	$1,418,300	$1,448,668	$1,491,513	$1,513,885
	Expenses	$1,550,180	$1,378,104	$1,408,660	$1,485,008	$1,526,072	$1,587,600
	Cumulative Gap	$0	$27,076	$9,640	($18,340)	($51,899)	($125,614)
	Annual Gap	$0	$0	$0	($18,340)	($33,559)	($73,714)
Parks Millage	208						
	Revenues	$373,064	$440,140	$344,370	$361,257	$382,148	$387,578
	Expenses	$373,064	$440,140	$344,343	$368,117	$372,860	$388,084
	Cumulative Gap	$0	$0	$27	($6,859)	($17,512)	($38,018)
	Annual Gap	$0	$0	$0	($6,859)	($10,653)	($20,506)
Lighting Special Assessment	219						
	Revenues	$2,882,880	$2,894,870	$2,698,300	$2,561,485	$2,433,411	$2,311,740
	Expenses	$2,882,880	$2,894,870	$2,698,300	$2,698,300	$2,698,300	$2,696,300
	Cumulative Gap	$0	$0	$0	($134,815)	($397,704)	($782,264)
	Annual Gap	$0	$0	$0	($134,815)	($262,889)	($384,560)

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		226						
	Revenues		$5,132,480	$5,396,293	$5,450,723	$5,178,187	$4,919,278	$4,673,314
	Expenses		$5,132,480	$5,396,293	$5,450,723	$5,559,737	$5,970,932	$5,784,351
	Cumulative Gap		$0	$0	$0	($381,551)	($1,133,205)	($2,244,243)
	Annual Gap		$0	$0	$0	($381,551)	($751,655)	($1,111,037)
Drug Forfeiture		265						
	Revenues		$435,042	$439,093	$439,093	$452,235	$465,802	$479,776
	Expenses		$435,042	$425,093	$433,389	$446,401	$459,793	$473,587
	Cumulative Gap		$0	$14,000	$5,684	$5,834	$11,843	$18,032
	Annual Gap		$0	$0	$0	$5,834	$6,009	$6,189
HUD Grant 2014		274						
	Revenues		$11,767,729	$5,035,900	$5,035,900	$5,186,977	$5,342,586	$5,502,864
	Expenses		$11,767,729	$5,035,900	$5,035,900	$5,186,977	$5,342,586	$5,502,864
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Other Grants		296						
	Revenues		$7,483,689	$4,884,976	$4,884,976	$5,010,925	$5,161,253	$5,316,091
	Expenses		$7,477,931	$4,884,976	$4,884,976	$5,010,925	$5,161,253	$5,316,091
	Cumulative Gap		$5,758	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Federal Stimulus Grant		297						
	Revenues		$4,524,108	$0	$0	$0	$0	$0
	Expenses		$4,524,108	$0	$0	$0	$0	$0
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Public Improvement Fund		402						
	Revenues		$2,150,000	$2,850,957	$2,887,957	$2,925,347	$3,016,032	$3,061,273
	Expenses*		$2,150,000	$2,850,957	$2,887,957	$2,982,706	$3,102,015	$3,226,095
	Cumulative Gap		$0	$0	$0	($57,360)	($143,342)	($308,164)
	Annual Gap		$0	$0	$0	($57,360)	($85,983)	($164,822)
* Includes $865,000 for deficit elimination								
Building Safety Fund		542						
	Revenues		$2,548,458	$2,395,629	$2,484,700	$2,484,700	$2,484,700	$2,484,700
	Expenses		$2,548,458	$2,395,629	$2,484,700	$2,584,088	$2,687,452	$2,794,950
	Cumulative Gap		$0	$0	$0	($99,388)	($302,140)	($612,389)
	Annual Gap		$0	$0	$0	($99,388)	($202,752)	($310,250)
TOTAL General City								
	Revenues		$103,288,162	$99,696,694	$99,249,335	$97,230,141	$97,890,758	$98,794,987
	Expenses		$103,278,404	$99,655,618	$99,234,004	$102,903,628	$108,701,333	$110,776,135
	Cumulative Gap		$9,758	$41,076	$15,331	($5,673,486)	($14,484,061)	($26,466,209)
	Annual Gap		$0	$0	$0	($5,673,486)	($8,810,575)	($11,981,148)

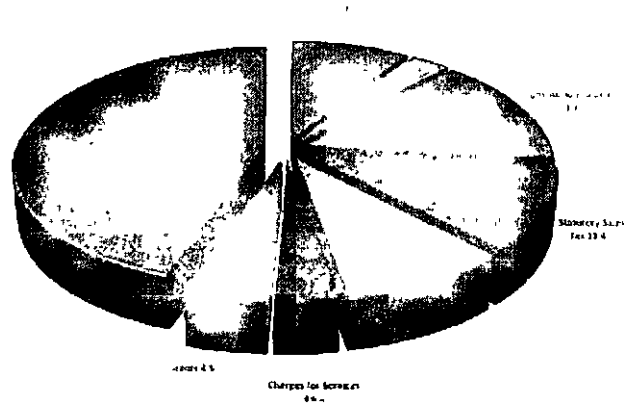
Sewer Fund	690	Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
	Revenues	$31,929,289	$28,126,894	$32,346,745	$32,346,745	$32,346,745	$32,346,745
	Expenses	$31,929,289	$28,126,894	$32,346,745	$34,609,099	$38,149,143	$37,216,957
	Cumulative Gap	$0	$0	$0	($2,262,354)	($5,064,752)	($10,934,964)
	Annual Gap	$0	$0	$0	($2,262,354)	($3,802,398)	($4,870,212)
Water Fund	691						
	Revenues	$47,898,872	$37,886,000	$37,886,000	$37,500,000	$37,500,000	$37,500,000
	Expenses	$47,898,872	$34,503,530	$35,012,250	$38,841,189	$40,741,806	$41,943,725
	Cumulative Gap	$0	$3,382,470	$2,873,750	($1,341,189)	($4,583,095)	($9,026,820)
	Annual Gap	$0	$0	$0	($1,341,189)	($3,241,806)	($4,443,725)
Water and Sewer	**690 & 691**						
	Revenues	**$79,828,141**	**$66,012,894**	**$70,232,745**	**$69,846,745**	**$69,846,745**	**$69,846,745**
	Expenses	**$79,828,141**	**$62,630,424**	**$67,358,995**	**$73,450,288**	**$76,891,049**	**$79,160,682**
	Cumulative Gap	**$0**	**$3,382,470**	**$2,873,750**	**($3,603,543)**	**($10,647,847)**	**($19,961,784)**
	Annual Gap	**$0**	**$0**	**$0**	**($3,603,543)**	**($7,044,304)**	**($9,313,937)**
TOTAL CITY							
	Revenues	**$183,114,303**	**$166,609,588**	**$169,482,080**	**$167,076,888**	**$167,737,503**	**$168,841,732**
	Expenses	**$183,104,545**	**$162,186,042**	**$166,592,989**	**$178,353,916**	**$183,592,382**	**$189,936,817**
	Cumulative Gap	**$9,758**	**$3,423,546**	**$2,889,091**	**($9,277,029)**	**($25,131,908)**	**($46,426,993)**
	Annual Gap	**$0**	**$0**	**$0**	**($9,277,029)**	**($16,854,879)**	**($21,295,085)**

REVENUE - GENERAL FUND

FY15 $55,097,880

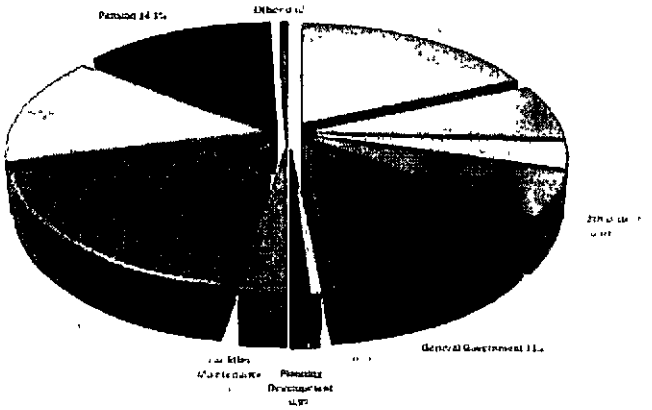


FY16 $56,308,239

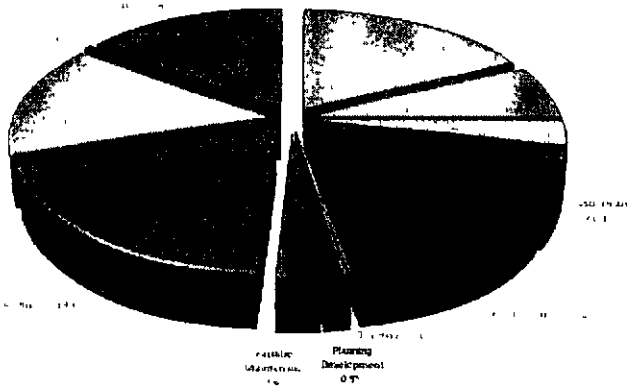


EXPENSES - GENERAL FUND

FY15 $55,097,880



FY16 $56,308,239



CITY OF FLINT PORPOSED FINANCIAL BUDGET
FOR FISCAL YEARS 2016 AND 2016
GENERAL FUND

DESCRIPTION	2013-14 AMENDED BUDGET	2014-15 PROPOSED BUDGET	2015-16 PROPOSED BUDGET
Fund 101 - General Fund			
ESTIMATED REVENUES			
Function: General government			
Property Taxes	$ 4,622,000	$ 4,970,000	$ 5,069,400
Income taxes	14,210,000	14,238,400	14,354,000
Special assessment taxes	97,941	89,000	89,000
State revenues	16,730,120	17,181,829	17,347,719
License and Permits	1,303,626	1,296,626	1,396,626
Fines and forfeitures	1,825,000	1,862,600	1,967,000
Charges for service rendered	9,942,486	11,161,416	11,582,811
Interest and dividend income	850,000	919,000	1,118,325
Other revenues	898,946	601,011	605,360
Transfers In	4,077,998	3,777,998	3,777,998
Drawings from fund balance	(1,000,000)	(1,000,000)	(1,000,000)
Total - Function General government	53,558,116	55,097,880	56,308,239
TOTAL ESTIMATED REVENUES	$ 53,558,116	$ 55,097,880	$ 56,308,239
APPROPRIATIONS			
Function: Legislative			
City Council	$ 373,220	$ 356,505	$ 341,080
Total - Function Legislative	373,220	356,505	341,080
Function: General governemnt			
District Court	5,194,307	4,099,999	4,167,078
Office Of Mayor	228,813	215,428	218,278
City Administrator	396,648	352,912	356,034
Finance -Admin/Accounting/Payroll	1,188,137	951,331	962,846
Finance Purchasing	130,229	139,185	141,145
Total Finance and Purchasing Department	1,318,366	1,090,516	1,103,991
Office Of City Clerk	220,645	153,145	154,955
City Clerk-License And Permits	90,850	185,408	185,651
City Clerk-Board Of Review	10,600	11,601	11,601
City Clerk-Election	403,183	391,241	399,979
Cty Clk Elec Div. - Election Workers	138,654	179,591	179,627
Total City Clerk and Elections	863,932	920,986	931,813
Customer Services-Treasury Operations	380,321	275,977	278,810
Customer Services-Income Tax	465,825	432,000	433,740
Customer Services-Water Collection	1,018,852	1,240,933	1,263,429
Customer Service-Sewer collection	1,020,102	1,243,133	1,264,475
Delinquent Collections	167,686	263,063	267,313
Total Treasury Department	3,052,786	3,456,106	3,508,767
Assessment	1,084,221	1,160,515	1,175,686
Law Office Operations	862,042	940,569	953,797

Human Relations Commission	26,237		
Personnel Office	551,542	624,409	629,970
Personnel Office-Personnel-Training	70,625	55,500	58,415
Total Human Relations and Personnel	648,404	679,909	688,385
Police - Fleet	990,000	990,000	1,000,000
Police Reduction		(2,606,623)	(2,835,863)
Pol Admin Bureau - Admin	6,023,126	409,669	419,941
Pol Admin Bureau-Inspections	127,364	125,505	126,865
Pol Admin - City Lock up	2,873,649	2,554,329	2,534,329
Pol Tech Serv-Records & Identification	1,831,592	2,121,908	2,168,785
Pol Tech Serv-Planning, Research, & Trai	135,359	129,847	130,692
Pol Tech Serv - City Impound	437,323	438,575	439,969
Pol Invst Ovrhd - Criminal Invest Overh	2,469,997	2,369,062	2,398,335
Pol Invst Ovrhd - Police School Liason	764,011	751,476	760,749
Pol Invst Ovrhd - Special Operations	707,250	738,802	749,143
Patrol Bureau - Administration	5,502,823	4,263,373	4,328,180
Patrol Bureau-School Crossing Guards	267,854	285,712	285,712
Total Police Department	21,930,338	12,569,434	12,504,837
Public Safety 911 - Administration	3,745,525	2,604,021	2,540,188
Office Of Fire Chief	753,547	692,077	709,158
Fire Admin-Maintenance	116,000	412,500	424,500
Fire Admin - Training	253,400	161,541	164,771
Firefighting Division-Fire Battalion Chi	3,349,980	498,649	508,293
Firefighting Division-Fire Station Overh	5,858,149	4,101,133	4,168,260
SAFER Grant EMW-2011-FH-00843	1,083,370		
Fire Prevent - Inspection And Training	285,370	315,903	322,422
Total Fire Department	11,699,796	6,179,803	6,295,404
Development-Planning & Zoning	121,875	395,277	397,634
DCD - Administration	188,293	279,007	285,416
Golf Division - Kearsley Lake Gc	3,500		
Golf Division-Matt Park Gc		9,000	9,270
Golf Division-Swartz Crk Gc	1,600		
Total Planning and Development Department	313,268	683,284	692,320
Facilities Maint-Municipal Center	1,207,382	1,464,233	1,532,362
Total - Function General government	52,645,726	36,416,733	36,666,940
Cost Allocation and Retiree Healthcare		17,911,941	18,986,658
Transfer out to Fund 208		99,140	
Transfers out to fund 542	539,170	313,561	313,561
Total - Function Transfers out	539,170	412,701	313,561
TOTAL APPROPRIATIONS	$ 53,558,116	$ 55,097,880	$ 56,308,239
NET OF REVENUES/APPROPRIATIONS - FUND 101	0	0	0
BEGINNING FUND BALANCE	(12,895,642)	(11,895,642)	(10,895,642)
ENDING FUND BALANCE	(11,895,642)	(10,895,642)	(9,895,642)

CITY OF FLINT STAFFING PROJECTION

	FY11 ACTUAL	FY12 ACTUAL	FY13 ACTUAL	FY14 CURRENT	FY15 PROPOSED	FY16 PROPOSED
GOVERNANCE AND ADMINISTRATION	38.5	20	17	19	20	20
POLICE	150	148	144	151	115	115
911	25.5	23	22	23	23	23
FIRE	75	94	91	94	75	75
DISTRICT COURT	49	35	30	31	31	31
DEPARTMENT OF PUBLIC WORKS	263	207	156	166	173	173
PLANNING AND DEVELOPMENT	71	56	26	24	25	26
FINANCE AND ADMINISTRATION	120.5	103	60	57	60	60
TOTALS	792.5	686	546	565	522	523

PROJECTED FACILITIES IMPROVEMENTS FY15-FY19

IMPROVEMENT	RANK	COST	FY15	FY16	FY17	FY18	FY19
City Hall Elevators(2 main only)	1	400,000.00	$ 400,000.00				
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 155,000.00				
Assessing Renovations	3	65,000.00	$ 65,000.00				
Roof Repair - Main Fire Station	4	127,400.00	$ 127,400.00				
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 10,000.00				
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 20,000.00				
I.S. Water Leaks PART I OF II	7	50,000.00	$ 50,000.00				
Legal Renovations	8	40,000.00	$ 40,000.00				
Police Station Bridge to 5th St	9	30,000.00	$ 30,000.00				
Roof Repair - North building	10	99,384.00	$ 99,384.00				
Motion Lights, City Hall & Police	11	100,000.00	$ 100,000.00				
Pave City Hall Parking Lot	12	100,000.00		$ 100,000.00			
911 Consoles & Telephones	13	330,000.00		$ 330,000.00			
I.S. Water Leaks PART II OF II	14	50,000.00		$ 50,000.00			
Council Chambers Renovations PART I OF III	15	116,666.67		$ 116,666.67			
City Hall Building Facade PART I OF III	16	500,000.00		$ 500,000.00			
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00			$ 250,000.00		
Council Chambers Renovations PART II OF III	18	116,666.67			$ 116,666.67		
City Hall Building Facade PART II OF III	19	500,000.00			$ 500,000.00		
Council Chambers Renovations PART III OF III	20	116,666.67				$ 116,666.67	
City Hall Building Facade PART III OF III	21	500,000.00				$ 500,000.00	
Police Shooting Range	22	250,000.00				$ 250,000.00	
Fire Station Kitchens - Remodel	23	60,000.00				$ 60,000.00	
TOTAL		$3,926,784.00	$ 1,096,784.00	$ 1,096,666.67	$ 866,666.67	$ 926,666.67	$ -

IMPROVEMENT	RANK	COST	CUMULATIVE COST
City Hall Elevators(2 main only)	1	400,000.00	
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 555,000.00
Assessing Renovations	3	65,000.00	$ 620,000.00
Roof Repair - Main Fire Station	4	127,400.00	$ 747,400.00
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 757,400.00
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 777,400.00
I.S. Water Leaks PART I OF II	7	50,000.00	$ 827,400.00
Legal Renovations	8	40,000.00	$ 867,400.00
Police Station Bridge to 6th St	9	30,000.00	$ 897,400.00
Roof Repair - North building	10	99,384.00	$ 996,784.00
Motion Lights, City Hall & Police	11	100,000.00	$ 1,096,784.00
Pave City Hall Parking Lot	12	100,000.00	$ 1,196,784.00
911 Consoles & Telephones	13	330,000.00	$ 1,526,784.00
I.S. Water Leaks PART II OF II	14	50,000.00	$ 1,576,784.00
Council Chambers Renovations PART I OF III	15	116,666.67	$ 1,693,450.67
City Hall Building Facade PART I OF III	16	500,000.00	$ 2,193,450.67
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00	$ 2,443,450.67
Council Chambers Renovations PART II OF III	18	116,666.67	$ 2,560,117.33
City Hall Building Facade PART II OF III	19	500,000.00	$ 3,060,117.33
Council Chambers Renovations PART III OF III	20	116,666.67	$ 3,176,784.00
City Hall Building Facade PART III OF III	21	500,000.00	$ 3,676,784.00
Police Shooting Range	22	250,000.00	$ 3,926,784.00
Fire Station Kitchens - Remodel	23	60,000.00	$ 3,986,784.00
TOTAL		**$3,926,784.00**	**$ 3,986,784.00**

DEFICIT ELIMINATION AND RESERVE ACCUMULATION PROJECTIONS

FINANCIAL COMMITMENT NECESSARY TO ELIMINATE THE DEFICIT AND ACCUMULATE AN APPROPRIATE BUDGET STABILIZATION RESERVE OF 10% -15%

	DEFICIT REDUCTION						
	FY14	FY15	FY16	FY17	FY18	FY19	FY20
DEFICIT	($12,895,642)	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000
REMAINING DEFICIT	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)	($295,642)
GENERAL FUND REVENUE	$53,555,121	$55,080,609	$56,281,965	$56,788,503	$56,958,868	$57,471,498	$58,620,928
	RESERVE ACCUMULATION						
	FY21	FY22	FY23	FY24	FY25		
RESERVE	($295,642)	$1,504,358	$3,304,358	$5,104,358	$6,904,358		
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000		
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000		
ACCUMULATED RESERVE	$1,504,358	$3,304,358	$5,104,358	$6,904,358	$8,704,358	Equals 13%	
GENERAL FUND REVENUE	$59,793,347	$60,989,213	$62,208,998	$63,453,178	$64,722,241	of GF Revenues	

CITY OF FLINT - FIVE YEAR OUTLOOK
Pension and Retiree Healthcare Costs

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund		101						
	Retiree Healthcare Expense		$9,034,324	$10,167,701	$10,777,763	$11,424,429	$12,109,895	$12,836,489
	Pension Expense		$8,401,335	$7,931,672	$8,439,853	$8,946,244	$9,483,019	$10,052,000
	Other Expenses		$37,122,462	$36,948,509	$37,090,623	$38,246,204	$39,427,255	$40,755,548
	Total Expenses		$53,558,121	$55,097,881	$56,308,239	$58,616,877	$61,020,169	$63,644,036
	Retiree Healthcare as % of Total Expenses		15%	18%	19%	19%	20%	20%
	Pension as % of Total Expenses		16%	14%	15%	15%	16%	16%
	Healthcare & Pension Costs as % of Total		31%	33%	34%	35%	35%	36%
Major Streets		202						
	Retiree Healthcare		$593,165	$1,058,180	$1,119,551	$1,188,724	$1,267,928	$1,333,403
	Pension		$885,832	$851,416	$905,553	$832,357	$870,295	$710,519
	Other expenses		$5,197,419	$5,415,293	$5,400,564	$5,597,504	$5,783,393	$6,981,277
	Total		$6,331,406	$7,022,888	$8,116,668	$8,418,585	$8,711,679	$9,025,199
	Healthcare & Pension %		18%	23%	21%	22%	22%	23%
Local Streets		203						
	Retiree Healthcare		$388,761	$200,824	$212,873	$226,648	$239,184	$253,539
	Pension		$331,108	$330,318	$354,959	$376,257	$398,832	$422,762
	Other expenses		$1,881,223	$2,183,318	$2,215,280	$2,278,619	$2,334,882	$2,391,527
	Total		$2,601,090	$2,694,458	$2,783,112	$2,880,521	$2,972,898	$3,067,824
	Healthcare & Pension %		28%	20%	20%	21%	21%	22%
Police and Fire Millage		205						
	Retiree Healthcare		$0	$1,337,828	$1,418,088	$1,503,184	$1,593,375	$1,688,977
	Pension		$448,824	$2,553,088	$2,748,879	$2,913,600	$3,088,416	$3,273,721
	Other expenses		$1,397,303	$5,327,839	$3,052,223	$3,122,176	$3,189,297	$3,207,130
	Total		$1,845,827	$9,258,560	$7,249,600	$7,538,960	$7,848,087	$8,169,828
	Healthcare & Pension %		24%	42%	57%	59%	60%	61%
Neighborhood Police Millage		207						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$379,934	$300,795	$318,844	$337,975	$358,253	$379,748
	Other expenses		$1,170,246	$1,077,309	$915,030	$945,254	$977,588	$1,010,863
	Total		$1,550,180	$1,378,104	$1,233,874	$1,283,229	$1,335,841	$1,390,611
	Healthcare & Pension %		25%	22%	26%	26%	27%	27%
Parks Millage		208						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$5,591	$20,653	$20,663	$21,903	$23,217	$24,610
	Other expenses		$367,473	$419,477	$320,760	$333,177	$346,421	$360,183
	Total		$373,064	$440,140	$341,423	$355,080	$369,638	$384,793
	Healthcare & Pension %		1%	5%	6%	6%	6%	6%
Lighting Special Assessment		219						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$3,028	$5,390	$5,773	$7,160	$7,511
	Other expenses		$2,962,980	$2,629,641	$2,689,910	$2,689,527	$2,689,120	$2,688,689
	Total		$2,962,980	$2,694,670	$2,695,300	$2,695,300	$2,696,300	$2,696,309
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		226						
	Retiree Healthcare		$521,190	$411,202	$439,674	$462,028	$489,748	$519,133
	Pension		$25,335	$12,688	$13,797	$14,593	$15,469	$16,397
	Other expenses		$4,485,885	$4,972,103	$5,001,092	$5,063,118	$5,165,716	$5,248,821
	Total		$5,132,400	$5,396,293	$5,450,723	$5,539,737	$5,670,932	$5,784,351
	Healthcare & Pension %		13%	8%	8%	9%	9%	9%
Drug Forfeiture		265						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$122,739	$82,408	$87,351	$92,592	$98,148	$104,036
	Other expenses		$312,303	$342,857	$346,048	$353,809	$361,645	$369,550
	Total		$435,042	$425,063	$433,399	$446,401	$459,793	$473,587
	Healthcare & Pension %		28%	19%	20%	21%	21%	22%
HUD Grant 2014		274						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$230,169	$252,418	$262,416	$309,963	$328,561	$348,275
	Other expenses		$11,537,570	$4,743,481	$4,743,481	$4,977,019	$5,014,624	$5,154,588
	Total		$11,767,729	$5,035,899	$5,035,899	$5,186,978	$5,342,585	$5,502,863
	Healthcare & Pension %		2%	5%	5%	6%	6%	6%
Other Grants		299						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$40,027	$230,605	$230,605	$244,441	$259,108	$274,654
	Other expenses		$7,437,804	$4,534,371	$4,534,371	$4,766,484	$4,892,146	$5,041,439
	Total		$7,477,831	$4,564,976	$4,564,976	$5,010,925	$5,151,253	$5,316,091
	Healthcare & Pension %		1%	5%	5%	5%	5%	5%
Federal Stimulus Grant		297						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$1,355,981	$0	$0	$0	$0	$0
	Other expenses		$3,168,127	$0	$0	$0	$0	$0
	Total		$4,524,108	$0	$0	$0	$0	$0
	Healthcare & Pension %		30%	0%	0%	0%	0%	0%
Public Improvement Fund		402						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$0	$0	$0	$0	$0
	Other expenses		$2,150,000	$2,830,657	$2,697,697	$2,692,708	$3,104,697	$3,232,302
	Total		$2,150,000	$2,830,657	$2,697,697	$2,692,708	$3,104,697	$3,232,302
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%
Building Safety Fund		542						
	Retiree Healthcare		$582,654	$393,533	$417,251	$442,288	$468,823	$496,953
	Pension		$161,734	$237,626	$251,885	$266,999	$283,019	$300,000
	Other expenses		$1,833,788	$1,784,269	$1,815,603	$1,874,803	$1,935,650	$1,997,997
	Total		$2,548,456	$2,395,528	$2,484,709	$2,584,088	$2,687,492	$2,794,950
	Healthcare & Pension %		28%	26%	27%	27%	28%	29%
Internal Service Funds								
	Retiree Healthcare		$300,210	$722,428	$722,428	$764,894	$809,106	$855,382
	Pension		$382,106	$383,747	$383,747	$406,772	$431,178	$457,049
	Other expenses		$7,795,976	$6,789,612	$7,845,631	$8,118,882	$8,396,418	$8,684,357
	Total		$8,478,291	$7,856,787	$8,951,806	$9,288,178	$9,636,703	$9,997,788
	Healthcare & Pension %		8%	14%	12%	13%	13%	13%

TOTAL General City							
Retiree Healthcare Expense	$10,505,594	$14,289,798	$15,103,838	$16,008,789	$16,968,057	$17,984,872	
Pension Expense	$12,440,403	$13,023,777	$13,745,725	$14,570,469	$15,444,697	$16,371,378	
Other Expenses	$97,356,306	$97,978,619	$99,920,349	$91,695,874	$94,241,948	$97,122,057	
Total Expenses	$118,302,313	$116,374,211	$118,854,931	$123,285,281	$127,873,927	$132,770,582	
Retiree Healthcare as % of Total Expenses	9%	12%	13%	13%	13%	14%	
Pension as % of Total Expenses	11%	11%	12%	12%	12%	12%	
Healthcare & Pension Costs as % of Total	19%	23%	24%	25%	25%	26%	

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Sewer Fund		590						
	Retiree Healthcare		$2,329,983	$2,447,566	$2,594,420	$2,760,085	$2,918,090	$3,089,999
	Pension		$2,179,100	$2,040,716	$2,163,159	$2,282,949	$2,430,628	$2,576,357
	Other expenses		$27,420,186	$25,768,284	$27,569,166	$29,556,055	$30,603,527	$31,550,604
	Total		$31,929,269	$30,256,545	$32,345,745	$34,609,089	$36,149,143	$37,216,957
	Healthcare & Pension %		14%	15%	15%	15%	15%	15%
Water Fund		591						
	Retiree Healthcare		$1,680,082	$2,963,558	$3,141,403	$3,329,887	$3,529,680	$3,741,461
	Pension		$1,816,667	$1,803,098	$1,911,284	$2,025,961	$2,147,519	$2,276,370
	Other expenses		$44,401,123	$29,736,844	$29,959,563	$33,486,341	$35,064,707	$35,925,694
	Total		$47,896,872	$34,503,530	$35,012,250	$38,841,189	$40,741,906	$41,943,725
	Healthcare & Pension %		7%	14%	14%	14%	14%	14%
Water and Sewer		590 & 591						
	Retiree Healthcare		$4,010,045	$5,411,154	$5,735,823	$6,079,972	$6,444,771	$6,831,457
	Pension		$3,994,767	$3,843,813	$4,074,443	$4,318,910	$4,578,044	$4,852,727
	Other expenses		$71,821,309	$55,505,108	$57,548,729	$63,051,406	$66,668,234	$67,476,498
	Total		$79,826,141	$64,760,075	$67,358,995	$73,450,288	$76,691,049	$79,160,682
	Retiree Healthcare as % of Total Expenses		5%	8%	8%	8%	8%	9%
	Pension as % of Total Expenses		5%	6%	6%	6%	6%	6%
	Healthcare & Pension %		10%	14%	15%	14%	14%	15%
TOTAL CITY								
	Retiree Healthcare		$14,518,639	$19,700,850	$20,839,681	$22,088,771	$23,412,828	$24,816,329
	Pension		$18,438,190	$16,867,590	$17,820,168	$18,889,378	$20,022,741	$21,224,105
	Other expenses		$169,119,288	$143,480,727	$146,459,078	$154,607,280	$160,110,180	$164,698,565
	Total		$192,128,454	$181,134,286	$185,213,928	$195,735,649	$204,764,876	$211,931,264
	Retiree Healthcare %		7%	11%	11%	11%	11%	12%
	Pension %		9%	9%	10%	10%	10%	10%
	Healthcare & Pension %		16%	20%	21%	21%	21%	22%

PROJECTED TAXPAYER IMPACT

$41,000 House, $40,000 Income

Values	FY14 Current Winter & Summer	FY15 Adopted Winter & Summer	FY16 Adopted Winter & Summer
House value	$41,000.00	$41,000.00	$41,000.00
Taxable value	$20,500.00	$20,500.00	$20,500.00
Annual Income	$40,000.00	$40,000.00	$40,000.00
Tax rate (mills)	65.88	65.88	65.88
Street Lights	$67.87	$70.94	$74.14
Garbage	$146.00	$162.63	$168.84
Water Bill	$1,800.00	$1,917.00	$2,032.02
Payments			
Property taxes	$1,351.00	$1,351.00	$1,351.00
Street lights	$67.87	$70.94	$74.14
Rubbish	$146.00	$162.63	$168.84
Income tax	$400.00	$400.00	$400.00
Water bill	$1,800.00	$1,917.00	$2,032.02
Total Payments	$3,764.87	$3,901.57	$4,026.00
	$137 3.6%	$124 3.2%	

$61,500 House, $50,000 Income

Values	FY14 Current Winter & Summer	FY15 Adopted Winter & Summer	FY16 Adopted Winter & Summer
House value	$61,500.00	$61,500.00	$61,500.00
Taxable value	$30,750.00	$30,750.00	$30,750.00
Annual Income	$50,000.00	$50,000.00	$50,000.00
Tax rate (mills)	65.88	65.88	65.88
Street Lights	$67.87	$70.94	$74.14
Garbage	$146.00	$162.63	$168.84
Water Bill	$1,800.00	$1,917.00	$2,032.02
Payments			
Property taxes	$2,026.00	$2,026.00	$2,026.00
Street lights	$67.87	$70.94	$74.14
Garbage	$146.00	$162.63	$168.84
Income tax	$500.00	$500.00	$500.00
Water bill	$1,800.00	$1,917.00	$2,032.02
Total Payments	$4,539.87	$4,676.57	$4,801.00
	$137 3.0%	$124 2.7%	

Pleyte, Beth (Treasury)

From:	Maxine Murray <mmurray@cityofflint.com>
Sent:	Monday, October 13, 2014 4:37 PM
To:	Byrne, Randall (Treasury); Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Darnell Earley; Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); Hill, Darryl (MSP); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Smith, Paul (GOV); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); West, Samantha (GOV)
Subject:	Bi-Weekly Conference Call Agenda
Attachments:	Agenda & Attachments 101514 Conf Call with Treasury.pdf

Good afternoon,

Please find attached the Agenda for the Wednesday, October 15th, 9:00 am conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am Phone Conference Agenda
October 15, 2014

1) **Public Safety Update – FPD, MSP, (FFD, if needed)**
   a) FPD –
      i. The City has decided to join the State Records Management System. This is a collaborative measure with SRMS, City of Flint and the Michigan State Police.
      ii. The initial draft reports for the evaluation of both the Police and the Fire departments have been received. These are data compilations. The final drafts with recommendations will be completed by the end of October.
   b) FFD
   c) Other update from Chief Tolbert and MSP

2) **Governor's Office Update – R. Baird, H. Hollins, B. Clement**
   a) Court Consolidation
   b) The legislative initiative to allow a vote on a local income tax increase will be handled by Mayor Walling who will be working through the Governor's Office and H. Hollins.
   c) Other

3) **Lawsuits – Status, Issues**
   a) Retiree Lawsuit – No updates

4) **Financial and Administrative Update**
   a) Remaining bargaining units in "meet and confer" sessions: Fire
   b) Sgts., and Capts. & Lts. bargaining units have achieved Tentative Agreements.
   c) The City is amending the DEP to show future commitment on retiree healthcare.
   d) Need to start to develop a plan to begin pre-funding employee healthcare.
   e) Next benchmark is audit. Budget is on track at this point; preparing for 1st quarter end.

5) **City Council Update**
   a) The Finance Committee of the Flint City Council received the first quarter update of the FY15 budget status and the quarterly update of the objectives in the Strategic Plan. (See attachments).

6) **Blue Ribbon Committee on Governance**
   a) Another forum on the governance ballot proposals was held Oct. 14 at the Flint Public Library.
   b) The Flint Journal has begun a series exploring each of the six Flint ballot proposals.

7) **Water Issues**
   a) Flint will continue to investigate why conditions develop which are favorable for more severe problems to occur. Pursuing these investigations may include seeking additional professional assistance to review both systems and processes. Whenever hydrants are

running to clear lines: new signs are posted to show intended water running. Major line breaks are announced through a press release and include estimated time to resolve.

b) General Motors Water Issues – working through lawyers at this point. We are close to a final agreement regarding their level as a customer with the City of Flint.

8) Messaging

a) A plan is being developed to present to the community at-large and to the various interest groups (i.e. business, investors, foundations) the background of the financial emergency, the actions taken and next steps to emerge from receivership. This will be an on-going item for discussion.

b) Starting a new communication strategy with an EM press briefing the afternoon of a Council meeting or important Committee meeting.

c) Hurley Hospital Valuation City - beginning regular meetings with the Hurley leadership to identify strategy beneficial both Hurley and the City of Flint.

9) 9-1-1 Reconsolidation Plan

a) The Genesee County 9-1-1 Consortium has voted to accept Flint's request to join. Consolidation is expected to be complete by July 1, 2015. Mayor Walling has been appointed the City's representative on the Membership Board. Work is progressing to complete merger before July 1, 2015.

10) Recruitment and Selection of City Administrator/Manager

a) Provide guidance on several considerations: duration of appointment, contract, consistent with TAB, working with TAB, etc. – Finalize timeline after January 1, 2015.

b) Emergency Manager has developed a recruitment package, and a recruitment & appointment timeline; recruitment began September 1, 2014. Over 25 applications have been received to-date. Initial reviews will begin this month and five finalists will be selected for more in-depth interviews.

11) Other Items

Attachments: Strategic Plan - First Quarter Update
Quarterly Financial Report 101514

1[redacted], access code[redacted]
Created on: 10/13/14

City of Flint Strategic Plan

Quarterly Report

July 1, 2014 – September 30, 2014

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

DATE: October 10, 2014

TO: Scott Kincaid, President, Flint City Council
City Council

FROM: Darnell Earley, Emergency Manager
Dayne Walling, Mayor

RE: City of Flint Strategic Plan, First Quarter Report

Earlier this year, the City Council of Flint adopted a Strategic Plan for the City of Flint. This Plan announced a Vision, Mission, and Goals to guide the operation of the City government for the next five years, and was adopted in the context of the City's recently adopted Master Plan for the community. It was followed by a statement of budget priorities adopted by the City Council, and ultimately by a biennial budget for FY15 and FY16. The budget also projected the City's finances for the following three years – FY17, FY18, and FY19. During this same period a Deficit Elimination Plan and Reserve Accumulation Plan was approved by the State and a Seven Point Transition Management Plan was enacted to guide the way by which the operation of the City will be assumed by the Mayor and City Council . The integration of the Strategic Plan into the organizational processes of the City is a key component of the Seven Point Transition Management Plan.

In total, these actions comprise a broad framework guiding the direction of the Flint City government as it restores financial stability and once again becomes an active leader focused on making Flint a safe, secure city attractive to residents, businesses, students, and visitors.

The first quarter of FY15 ended on September 30, 2014. We are pleased to report on the progress which has been made. While significant progress has been made on many fronts, significant challenges and risks remain.

We wish to commend the Management Team and our employees for their dedicated efforts to move the City forward. We look forward to discussing the contents of the report with you.

Overview

The City of Flint has a vision and a plan and now it is focused on implementation in order to achieve a stronger and financially sound municipal government along with a safer and more stable community. To succeed, however, City leaders must follow the plan with discipline and commitment. They cannot stop halfway or leave work half-done—and everyone has an important role to play. Working together as a team, the City of Flint has been successful in the previous quarter in increasing public safety, improving infrastructure, creating jobs and development, eliminating blight, engaging citizens and managing financial and administrative challenges. Areas of success include:

- Law enforcement is working hard with growing community support and total homicide victims is down 28% compared with 2013.
- Utilities is managing with an eye toward the future and the construction of the KWA pipeline is underway, on time and within budget.
- Development activities have increased with new facilities under construction at GM Flint Assembly, on the Buick City brownfield site with American Pipe, and downtown in the Health and Wellness District.
- Blighted properties continue to be eliminated, using state and federal funds, and neighborhood volunteer groups have removed more than 2 million pounds of trash in major clean-up efforts.
- The General Fund deficit continues to be reduced, and the City's financial position is stabilized at least for the near term. Preliminary projections show the deficit as of June 30, 2014 to be $9 million, a reduction from $12.9 million the previous year.
- Revenues and expenses for the first quarter of FY15 are in line with expectations.
- Internal restructuring of the City continues at it strives to become efficient, effective, and customer service focused in an environment much smaller than in the past.
- The transition from state oversight to traditional home rule is underway, guided by the Seven Point Plan recently enacted. If progress continues as anticipated, the next step in transition will occur in 2015.

Challenges also continue. The transition from DWSD to the Flint River for the City's temporary supply of water until KWA is complete has occurred; however, the work of producing treated water has been complicated by the system's aging infrastructure and varying temperatures. A badly needed update to the City's web site is underway; progress has been delayed from initial completion targets as the selected vendor was unable to perform necessary tasks. The retiree lawsuit, whose outcome can seriously affect the financial solvency of the City, remains unresolved. Work continues to get done under difficult circumstances with limited resources, however the new strategic planning process is improving the City of Flint's productivity, responsiveness and accountability.

Assuring Accountability to Adopted Plans and Budget

The Strategic Plan for FY15-FY19 and the Biennial Budget for FY15 and FY16 charts the course for the Flint City government as it emerges from near financial insolvency and establishes itself as a municipal government providing residents, businesses, students and visitors public services in a customer friendly and financially responsible manner. Near term steps for achieving this have further been defined by a set of priorities set by the Mayor and City Council as the biennial

budget was adopted. Likewise, the Master Plan for a Sustainable Flint, adopted in October 2013 by the Flint City Council and the Flint Planning Commission, provides the framework for ongoing efforts to improve the community as a whole.

Achieving the outcomes desired will be a lengthy and ongoing process. Specific steps to move along this course have been outlined in a series of objectives to be accomplished over the next several years. The purpose of the quarterly report is to hold the City of Flint government accountable to the highlight progress as well as to identify areas of weak performance. The first quarter of FY15 ended on September 30, 2014, and progress has been assessed.

Highlights

Increasing Public Safety

A primary goal of the City is to assure a safe, secure, and healthy environment in which to live, work and play. Well-functioning police, fire and emergency response systems are essential to achieving this. While challenged significantly with less than adequate resources, progress has been made to improve public safety, thanks in part to the assistance and collaboration of the State Police:

- Incidence of Part One crime is down 13%, including a 28% reduction in the number of homicides.
- Response time for police and fire has been decreased
- The decision has been made that the City will rejoin the Genesee County 9-1-1 Consortium. Anticipated to occur by July 1, 2015, this action will result in enhanced service with access to updated technology and will provide some $1 million annually in reduced costs
- Internal reorganizations and process improvements have been made in the Police and Fire departments to accommodate the reduced staffing made necessary by the City's financial condition. With the assistance of financial assistance from the state, the City is engaged in a comprehensive review of its police and fire structure to determine the most efficient and effective organization for the future.

Improving Infrastructure

A key goal of the City is to provide access to dependable and affordable water sewer, and waste. Another key goal is to assure an adequate and well maintained transportation network. The financial challenges of the past several years has left the City with significant need for reinvestment in virtually all of its infrastructure. While the challenge is enormous, positive steps have been taken:

- The first draft of the City's first comprehensive Capital Improvement Plan has been completed and will shortly be shared with the public for its input.
- The City has recently been notified that it will receive $750,000 in funding for roads, as contained in the new State budget. Planning for use of these funds is beginning, with the expectation that it will be used for badly needed road repairs in the spring.

- The construction of the KWA pipeline is underway, on time and within budget. The transition from DWSD to the Flint River for the City's temporary supply of water until KWA is complete has occurred; however, the work of producing treated water has been complicated by the system's aging infrastructure and varying temperatures.
- Concerns regarding the cost of water to Flint residents and businesses remains a high concern. Investigation of sources of water loss – both from theft and pipe leakage is ongoing. Reports of theft have resulted in criminal investigations, which are significant and ongoing. Several criminal complaints have resulted from the investigation and more are anticipated. Comprehensive programs of water meter replacement and leak detection are being developed.
- Construction will begin in October of a load out facility that will allow the city to shut down the incinerator and realize up to $400,000 a year in operational savings in the sewer fund.
- Investments in the underground utilities infrastructure are being finalized, utilizing budgeted funds for pipe replacement, pipe lining, and installation of technologically advanced water meters.
- Work is being planned to address the condition of city facilities. A contract has been signed to repair the employee and police parking lot and to replace the lighting with LED lights, while a process for evaluating potential energy savings at the Municipal complex is being finalized.

Creating Jobs and Development

One of the goals in the recently adopted Master Plan is to have a growing and diverse economy that spurs innovation and small business development along with an education system that prepares our workforce for jobs paying a livable wage. The Strategic Plan likewise commits the City to foster cooperation between businesses, higher education and medical institutions, nonprofit organizations and community groups to create jobs and development. It also identifies the need for the City to better define the role of the public sector in economic development and also to improve the business climate.

A number of business and community development initiatives are underway across the city

- Development activities have increased as evidenced by revenues collected from building permits and rental inspections. These revenues are currently projected to exceed budgeted revenues by $300,000 by the end of the fiscal year
- Increased capacity for compliance with the City's Rental Registration Ordinance is being put into place. A contract for services has been executed, with inspections planned to begin before November 1.
- A new Medical Marijuana ordinance has been enacted. Application forms and related materials are being developed.
- Aggressive pursuit of funding for specific projects promoting development has resulted in more than $4 million to the City, including some $2 million for the redevelopment of Chevy Commons, $1.6 million for reconstruction of Dupont Street. Other grants have been awarded for a revitalization plan the South Saginaw corridor, road diet and bike lanes for Harrison Street, and an analysis of housing for the downtown area.

- Smith Village Development - Of 39 new homes built, 21 have sold, there are six purchase agreements, and 12 are remaining to be sold.
- Gundry and Salem NSP1 Purchase-Rehab-Resale – 14 homes were rehabbed, there are seven purchase agreements, and one home has been sold. Six of the 12 deeds that are in litigation with a previous developer by order of the Court.
- 26 units of senior apartments were made available with the ribbon cutting of Oak Street Apartments, a repurposed closed school building. Renovation was kick started with City of Flint CDBG demolition funds.
- An assessment of the development capacity of Flint's network of Community Housing Development Organizations (CHDO) and Community Development Corporations (CDC) has been completed in partnership with Local Initiatives Support Corporation (LISC). A planning is now underway to determine how the network can support implementation of the city's Master Plan and Blight Elimination Framework.
- In partnership with the local community foundation, public library, community college, and non-profits, began a six month community planning process where over 200 volunteers and stakeholders will create a well-coordinated, integrated system for literacy service delivery that increases literacy levels through a well-managed coalition of organizations.
- The $2.3 Million Community Development Block Grant (CDBG) programming allocation has been implemented. This allocation supports $928,000 of blight elimination, $725,000 in housing rehabilitation and emergency repairs, $227,000 to increase literacy, $124,000 for victim advocacy and fair housing and $184,000 in youth initiatives.

Improving Parks

Encouraging partnerships for recreation and access to open space across the City is a key goal of the Strategic Plan. While City support of its park system has been minimal for the past several years, positive steps, and the creation of partnerships in particular, have been taken towards achieving this goal:

- All City parks are being mowed at least twice per month, and their progress monitored on a regular basis
- Partnerships have been formalized with the Crim Foundation for Basset Park; with Friends of Rollingwood for additional park improvements; with Genesee Conservation District for forestry services; and with Mott Community college for Kearsley Softball Field and the Longway Greenbelt.
- A partnership with Mott Park Association for golf course and clubhouse is being developed.
- Substantial progress on park improvements are occurring at Max Brandon, aided by $200,000 in grant funding.
- Grant funding has also aided improvements at McKinley, and fostered progress on the Grand Traverse Greenway.
- Other improvements are occurring at Thread Lake and Flint Park Lake through the Genesee County Parks Partnership.

- The City is working in partnership with stakeholders at Whaley, Berston, Dewey, Kearsley, Hasselbring and Brennan Parks to leverage additional funding and volunteer assistance to construct further improvements.
- The Senior Center leases have been completed for Hasselbring and Brennen, assuring that senior citizen programming will continue in the City.

Eliminating Blight

Eliminating blight within the next five years is one of the objectives incorporated into the Master Plan, and is recognized by the City as being critical to creating and maintaining a vibrant and growing community. To date:

- A draft Blight Elimination Framework has been developed and widely circulated for public input, reaching approximately 400 residents who have committed to its implementation. The City has committed to organizing its resources around this plan and has appropriated approximately $928,000 for blight elimination activities including the development of a code enforcement program, demolition, and coordination of extensive neighborhood clean ups.
- Several hundred citizen volunteers, working with Cities of Service, Clean & Green, and many neighborhood associations, have spent countless hours on many projects, including removal of more than 2 million pounds of trash from blighted areas, boarding of 575 vacant properties, and mowing some 12,500 properties a total of 28,000 times.
- Over $900,000 in CDBG allocations has been contracted to the Genesee County Land Bank for demolition of approximately 70 commercial and residential structures.
- $2.6 million in Hardest Hit funds were recently allocated to the City in partnership with the Land Bank to demolish some 225 homes in Civic Park. This funding is in addition to the nearly $23 million of both Michigan Blight Elimination and Hardest Hit Grant Funding for demolition of approximately 2,000 debilitated homes. The City has completed more than 1,500 Cut and Plugs in preparation for scheduled demolitions.
- An average of 240 Code Compliance issues are addressed monthly by the City's Blight Elimination Manager. 80% of these are resolved without further code enforcement action.
- The City has recruited 2 AmeriCorps VISTAs volunteers who will start in November and focus on implementation of the Blight Elimination Framework.

Engaging Citizens

An engaged citizenry is essential to creating and maintaining a vibrant growing community. Citizen engagement in Flint increased significantly over the past few years as the City engaged them in the development of the Master Plan. Master Plan implementation has continued to engage citizens, as have other activities fostered by the City:

- All Master Plan Implementation Task Groups have met twice, working on individual actions plans. The City will also be working with 41 neighborhood groups who have

been trained on assessment work and will complete the neighborhood inventory for housing and street lighting by mid-November.

- The Police Department has engaged citizens in several ways, including increased participation by its command officers in community meetings, and by partnership and participation in APLACT (Advocates and Leaders for Police and Community Trust),
- The Department has also expanded use of Blue Badge volunteers in many areas, such as the newly established Citizens Radio Patrol.
- The department also become an active user of social media, promoting Crime Stoppers and Operation Fresh Start, and creating a presence on Facebook and Twitter.
- The Fire Department has also increased its presence in the community through its "Knock and Talk" initiative.
- Citizen engagement has also been enhanced with the placement of national service teams in the City of Flint, one from the National Civilian Community Corps and one from VISTA. More than 800 volunteers have been engaged with these teams on various projects, including removal of more than 2 million pounds of trash from blighted areas, emergency preparedness education for more than 900 residents, and participation in the national day of service on 9/11.

Managing Financial Challenges

Operating in a financially sustainable manner is essential if the City is to achieve its Mission of assuring that residents, businesses, students and visitors receive municipal services in a customer friendly and financially responsible manner. While the City continues to address an accumulated General Fund deficit, significant legacy costs, and a continuing structural deficit, progress continues to be made:

- The General Fund deficit continues to be reduced, and the City's financial position is stabilized at least for the near term. Preliminary projections show the deficit as of June 30, 2014 to be $9 million, a reduction from $12.9 million the previous year. The City's cash position is adequate.
- A plan to eliminate the General Fund deficit no later than FY19 and to accumulate an adequate level of financial reserves no later than FY24 has been approved by the State.
- Revenues and expenses for the first quarter of FY15, which ended September 30, are generally in line with expectations.
- The City is vigorously pursuing external funding and resources to implement important projects in areas such as blight elimination, housing, and park improvements. More than $3 million has been received so far this year from federal agencies, state entities and community foundations, and additional applications are pending.

However, the legal challenge to changes made to retiree health care as part of restoring financial solvency continues. The June 30 decision by the Federal Court to permit the City to modify health care for retirees should provide some financial relief to the City while the case is being litigated. Should the City not prevail, however, the $5 million additional cost added to the FY15 budget will be continued, and may result in Flint's return to financial solvency becoming exceedingly difficult if not impossible

Improving Internal Operations

Achieving the goals set forth in the Strategic Plan will require a city organization that is efficient and effective, and capable of operating in an environment of limited resources. Elected leaders, appointed officials, and employees must be highly trained and professional, and place high priority on excellent customer service. Its organizational structures and process must be efficient, modern, and focused on results. Much remains to be done, but progress is being made:

- The search for an experienced professional City Administrator is underway, and several charter amendments are being considered by the voters, which would further enhance the efficiency of the government.
- A badly needed update to the City's web site is underway; progress has been delayed from initial completion targets as the selected vendor was unable to perform necessary tasks.
- A comprehensive review of City Ordinances is underway, with revisions in business licensing and zoning ordinances nearly complete.
- The organizational structure of the City has been revised to assure that capacity exists to implement the Master Plan.
- Professional development opportunities have been defined and are being provided for city staff. Current focuses include supervision and use of technology.
- An in-depth evaluation of the structure of the police and fire departments is underway with the goal of identifying the most efficient and effective structure for the delivery of public safety services.
- Nearly all labor contracts and personnel policies have been revised to improved organizational efficiency while containing short and long term costs associated with employee compensation.
- Review of the City's capacity to provide capacity and leadership in economic development is underway, including the potential of collaborative efforts with other entities.
- Reorganization of current staff positions to enhance constituent services is underway.
- Internal reorganizations and policy/procedure updates within the Police and Fire Departments have been enacted.
- The City's Emergency Management Plan has been updated.
- Reorganizations within the Utilities Division are being implemented to increase capacity to respond to maintenance and other needs.
- The Transportation Division has increased its capacity and lowered its costs to perform right-of-way maintenance activities by assigning casual skilled labor to work with street Maintenance crews.
- Agreement executed with Genesee County Conservation District to compile an inventory of street trees in order to develop a sustainable plan for the care and preservation of the urban street tree forestry.
- Improved processes for grant administration and compliance monitoring are being implemented
- Planning is leading an effort to fully utilize GIS capabilities to serve all departments.

- Asset management tools for Transportation and Utilities, such as GPS units, web reporting, and a new work order system, are scheduled for installation in the coming months.
- A city wide program to recognize employees is being evaluated. Currently, recognition programs exist on a departmental basis, including the Police Department, and a new program is scheduled for introduction in Department of Public Works.
- The Community and Economic Development Division continues to enact corrective actions, refine and adopt policies and procedures and provide technical assistance to sub-recipients for federal and state funded programs that reduce the potential repayment from historical HUD OIG monitoring findings and current Field Office and MSHDA monitoring, reducing exposure to General Fund for repayment.

Transitioning Back to Home Rule

The City has been under the jurisdiction of the State this time since November, 2011, as its financial condition placed it on the brink of insolvency. Much progress has been made to address that, and the focus is now preparing for the transition back to Home Rule. Progress to date includes:

- A 7 Point Plan enacted by the Emergency Manager identifies specific objectives to be accomplished in order for the transition to proceed
- Target completion dates have been identified for many of the steps
- Specific objectives which have been accomplished include approval of a Deficit Elimination Plan, initiation of the search for a City Administrator, completion of a report by the Blue Ribbon Committee and the placement of 5 Charter Amendments plus the question of forming a Charter Review Commission on the November ballot.

Conclusion

Progress is being made in accordance with the expectations of the Strategic Plan and its specific objectives. Significant steps are being taken to improve its financial condition and to restructure the organization to improve efficiency and effectiveness. Steps are also being taken to prepare the City for return to traditional Home Rule governance.

Not surprisingly, because this is a first quarter report, not all objectives have been completed, and some have yet to start. In addition, many of the objectives require significant amounts of time and energy to achieve.

The positive progress outlined in this report must be read in the context of the current overall condition of the City of Flint. The level of services currently provided by the City is marginal as it struggles to regain financial solvency. Flint continues to be challenged by population loss, relatively low per capita income, aging infrastructure, and an insufficient revenue stream to support a desired level of services. It still has a significant General Fund deficit to be addressed, along with significant legacy costs. And it still faces the possibility of insolvency should the challenge to changes in retiree health care prevail.

CITY OF FLINT
STRATEGIC PLAN

2014 -2019

Setting a Sustainable Course for the City of Flint

Quarterly Report

July 1, 2014 - September 30, 2014

CITY OF FLINT STRATEGIC PLAN

2015 -2019

Setting a Sustainable Course for the City of Flint

The Vision for the City Government of Flint

A well managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life

The Mission of the City Government

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly and financially responsible manner

The Goals

In order to realize our Mission, businesses, students and visitors can expect that:

- The City will provide a highly trained and professional staff of elected leaders, appointed officials and employees
- The City will provide for a safe, secure, and healthy environment in which to live, work, learn and play
- The City will provide access to dependable and affordable water, sewer, and waste collection
- The City will provide access to an adequate and well maintained transportation network serving motorized, non-motorized, and pedestrian needs
- The City will foster cooperation between business, non-profit, foundation partners and residents to create a climate that supports community and economic development

The City government will also:

- Seek partnerships with Local, State and Federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting its Mission
- Provide municipal services consistent with the City's Master Plan and also work with residents, businesses, and others to foster development of the City and its infrastructure in a manner consistent with its Master Plan
- Encourage partnerships for recreation and access to open space across the City
- Enforce building and occupancy codes and to aggressively work with others to address blighted conditions
- Assure that City ordinances and regulatory activities are consistent with the Master plan and supportive of economic development
- Operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits

GOVERNANCE AND ADMINISTRATION

VISION Statement

The City of Flint's Governance will adapt to change and be a model of professionalism transparency and sustainability in order to provide effective government to each of our City s residents (as written in the Charter Preamble)

MISSION Statement

The Executive Management and Elected Leadership Directs and guides the City government in order operate in an open and financially responsible manner including improving citizen access focusing on measurable results improving the City s financial position and eliminating accumulated deficits within the context of the City of Flint Master Plan

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
EMERGENCY MANAGER		Promote vision, set priorities and measure results	Formally assess City readiness for Transition Advisory Board and progress towards achievement of Seven-Point Plan	I
MAYOR & COUNCIL			Participate with MML and others on an ongoing basis in advocating for state reforms in municipal financing, including PP T and EVIP	C
	Management of City Government		Continue to participate with MML and partners with new legislative session in advocating for state reforms in municipal financing, including OPEB and Prop A	I
CITY ADMINISTRATOR	Chief Elected Official	Leadership: Provide direction, guidance and support to the leadership in the Departments of Public Safety Planning & Development, Public Works, and Finance & Administration in order for the achievement of their goals and objectives	Reduce deficit by no less than $1 8 million by end of FY15, and each year thereafter in accord with City Deficit Elimination Plan and continuing to accumulate an appropriate level of reserves	I
	Legislative Body of the City		Begin search for City Administrator	C
MAYOR			Formally assess dept head's progress on attaining objectives and then semi-annually thereafter	I
		Partnerships Seek partnerships with local, state and federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting the City's mission	Conduct organizational review of all departments completing Public Safety in FY15 and Public Works in FY16	I
CITY COUNCIL			Resolve retiree healthcare lawsuit by December 31 2015	I
			Conduct formal quarterly budget and strategic plan review with Council	I
HUMAN RELATIONS		Training: Prioritize attracting and retaining a highly trained and professional staff of elected leaders, appointed officials and employees by offering training opportunities, encouraging best practices measuring performance and providing evaluations.	Complete assessment of Hurley's future as a community hospital	I
			Apply for 20 grants annually and receive $10 million in competitive/non-entitlement awards, beginning in FY15	I
CIVIL SERVICE/OMBUDSMAN			Secure ongoing financial and other support for public safety and blight, including city lock-up for FY15-FY19	I
			Develop proposals for 911 consolidation and courts consolidation	I
		Citizen Access Manage municipal services in a customer friendly manner by providing public information respond to constituent concerns.	Design citizen service system to process up to 500 requests each month	I
			All Council members and Mayor to attain MML Level Two certification	I
			Update the video capabilities of the City Council chambers to facilitate in-house recording, production and uploading of video	I
		Volunteer Service: Develop a culture of national service and community volunteering that demonstrates how the City and community priorities can be addressed through service solutions	EM and Mayor to approve professional development training schedule for department heads	I
			EM and Mayor to approve professional development training schedule for employees based on recommendations from department heads and Human Resources	I
			Updated web site to be implemented	I
			All appointments to City boards to be current	I
		Climate for Growth. Foster cooperation among business nonprofit, foundation partners and residents to create a climate that supports community and economic development	Create 1,000 Volunteer opportunities annually	I
			Mayor/EM to implement policies and procedures for improving citizen access to City government	I
			Formally assess future city role in promoting economic and community development for consideration in FY16 budget	I

GOVERNANCE AND ADMINISTRATION

(cont)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
CITY ATTORNEY				
CITY ATTORNEY'S OFFICE	Provide legal advice to Mayor Council City Administrator and Department Heads on matters of City business	Update City ordinances	Revised Business Licensing ordinance to be in effect on July 1 2014 revised Zoning ordinance by November 2014, schedule of remaining ordinance revisions to be developed by July 1 2015	I
	Prosecutes violations of City Ordinances		Develop strategy and timeline for renegotiating Cable Franchise agreement (agreement expires December 2016)	I
	Responds to FOIA requests	Provide for most cost effective means of litigation	Handle 95% of litigation in-house	C
	Advises in labor relations and employment relations issues		Implement program for increasing amount of delinquent collections	I
	Represents City in lawsuits and other legal matters	Develop and implement administrative efficiencies	Define proposed process for handling paper and digital files, including time frame for implementation	I
			Define process and procedures for improving standardization of procedures for common legal matters including time frame for implementation	I
		Improve staff skill sets and working environment	Program for improving skill sets of all staff to be scheduled/implemented	I
			Proposal for improving the appearance of City Attorney's Office to be presented to Facilities	C
CITY CLERK				
CITY CLERK'S OFFICE	Records proceeding of City Council and other bodies	Maintains all records of meetings of City Council and its committees Publishes notices of meetings and records minutes	Define ongoing training needs of City Council staff including law changes affecting legislative bodies (such as public notices open meetings) and the Legistar cataloging system and implement training	I
	Provides administrative and professional support to City Council and other bodies		Review and update City Council's constituent complaint referral process	I
RECORDS	Custodian of City Records	Manages custody and retention of city records, including minutes of official bodies	Release a RFP by January 1 2015 seeking comprehensive proposals for analyzing the state of all City current and historical records and providing recommendations for preserving, cataloging, and accessing records, utilizing a records retention schedule with implementation to begin in FY16	N
	Codifies city ordinances every ten years		Assure orderly transition of the Licensing Division to the Planning & Development Department	I
ELECTIONS	Oversight of elections	Conducts elections in accordance with state law	Continue ongoing training calendar for Election Inspectors and City staff involved with elections	I
		Maintains current and historical voter registration lists and related documents	Secure State grant for polling accessibility study to meet ADA requirements and continue to seek public and non-profit grants for election related activities	I

POLICE DEPARTMENT

VISION Statement

The Flint Police Department will be the anchor resource in a collaborative effort with the community businesses and visitors to the City of Flint. We will provide model law enforcement services with an emphasis on innovation and technology

MISSION Statement

The City of Flint Police Department is committed to protecting and serving all the people of our community with respect, fairness and compassion

Acting in partnership with our community to protect life and property we strive to prevent crime and preserve peace order and safety

We will seek just solutions with honesty and integrity

We encourage, need, and expect community involvement to work toward a mutual goal of enhancing the quality of life within our city

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
POLICE				
ADMINISTRATION	Management & Planning	Utilize tangible departmental resources in an efficient and effective manner	Recommend vendor for Record Management System by October 1 2014 and propose funding and implementation strategy for inclusion in FY16 budget	C
		Utilize tangible departmental resources in an efficient and effective manner	Establish criteria that identifies each supervisor's responsibilities in the supervision of their respective subordinates	C
		Institute fair and reliable performance accountability at all levels within the Flint Police Department	Review administrative responsibilities	C
		Utilize tangible departmental resources in an efficient and effective manner	Revitalize the Flint Police Department's Chaplain Corps	I
	Community Policing	Implement a comprehensive impactful community involvement/engagement strategy	Launch FPD website	C
		Implement a comprehensive impactful community involvement/engagement strategy	Acquire and implement an online Crime Mapping capability that is accessible to community members	C
		Implement a comprehensive impactful community involvement/engagement strategy	Develop, train, and implement a "Citizen's Radio Patrol" utilizing Blue Badge Volunteers in their respective neighborhoods	I
INVESTIGATIONS	Investigation of Crimes	Utilize tangible departmental resources in an efficient and effective manner	Evaluate call management strategies currently in place	C
		Utilize tangible departmental resources in an efficient and effective manner	Increase use of IB techs at crime scenes develop latent prints and compare to files to ID perpetrators by June 30 2015	N
		Utilize tangible departmental resources in an efficient and effective manner	Develop an informational document from the Detective Bureau to assist in identifying crime patterns	C
LOCKUP	Oversight of lock-up facility	Utilize tangible departmental resources in an efficient and effective manner	Move to have GCSD handle entire booking process eliminate IB techs from process	N
PATROL	Deployment of officers on patrol	Effective and efficient deployment of personnel based on calls for service and crime data to include (a) place based, (b) time based, and (c) offender based observations	Reduce response time to calls for service by 5%	I

POLICE DEPARTMENT

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
		Utilize tangible departmental resources in an efficient and effective manner	Develop a data driven strategy that can be utilized by Patrol Lieutenants through recurring reports	C
RECORDS/PROPERTY MANAGEMENT	Custody of police records and confiscated properties	Maintain and utilize effective and efficient call management strategies	Examine other alternatives as it relates to calls for service or criminal complaints	C
		Move to electronic property management	Complete refresh of property room	C
	IB section/ Property	Apply updated retention policy	Eliminate all unnecessary historical paper records in the Police Department	C
		Provide a training and qualification venue for FPD and explore the possibility of revenue generation if we rent out to other LE agencies in the area.	Evaluate options and recommend location for new shooting range	N
	Department Management	To use all department empirical data effectively and develop a department-wide goal of strategic thinking. Operationalize responses in functions and responsibilities of each level within the department to achieve the following:	A 20% reduction in Violent Part 1 crime	I
			Increase Community Policing efforts, measured by the MSU proactive time study with an increase of 7-10%	I
Administration	Department Management	Increase community volunteers Blue Badge Program	Use Blue Badge as the portal to all volunteer efforts including 1) Citizen Radio Patrol 2). Chaplain Corps 3) Service Center/Mini Station workers with a goal of 30% increase	N
Administration	Department Management	Increase use of Neighborhood Service Officer Program	Identify funding source to expand the NSO program in size and duties, specifically license compliance for problem businesses and scrap and secondhand merchants	C
Chief's Office	School Liaison	Increase and deploy School Resource Officer	Per the COPS grant Hire 6 Officers and deploy in the schools with the emphasis on the school and the community therein, focus on safe routes and crimestoppers school program	I
Chief's Office	Department Management	Collaboration with Federal, State, and LE agencies that will result in continued crime reduction	1). Continue Partnership with FBI ATF and USMS 2) Partner with MSP FFD, FANG on Arson squad. 3) Partner GCSO on Auto Theft Team (GAIN), Develop Area Crime Team with MSP and GCSO	C
			Acquire and implement an online Crime Mapping capability that is accessible to community members	C
			Submit all requested materials from ICMA	C

911

VISION STATEMENT

The City of Flint 911 Department will be a fully functional Next Gen 911 system accessible 24/7 from any device.

MISSION Statement

The City of Flint 911 Department is committed to serving our citizens, businesses and visitors with professional emergency services. We will continuously strive to improve our services in the most effective and efficient manner possible

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
911			Reduce use of 911 for non-emergency calls by 25%	I
TELEPHONE ANSWERING & DISPATCH	Receives call and dispatches resources	Provide the best possible emergency telephone answering and dispatch purpose with available resources	Develop plan for Next Gen 911 technology including telephone upgrade and console upgrade	N
	Maintains records and consoles	Provide prompt, courteous, and efficient customer service	Improve Response to incoming 911 and 7-digit calls by 10% and improve coordination with EMS dispatch	I
RECORDS MANAGEMENT	Management of 911 Center	Improve community group relationships through community outreach	Automate billing for structure fires	N
			Develop plan for Consolidation with Genesee County Consortium	I
ADMINISTRATION			Work with Human Resources to create a new employment roster	N
			Working with Fire Department, create program and process for utilizing Fire Fighters on light duty at 911	C
			Complete state required training for all employees	I
			Complete Tower construction	I
			Eliminate Provisional Appointments/Fill vacancies permanently	N
			Strengthen relations with community groups by participating in 24 meetings each year	I
			Implement Quality Assurance program	C

FIRE DEPARTMENT

VISION Statement

A community educated on all matters related to fire safety and fire protection resulting in minimal damage and injury from fire incidents

MISSION Statement

Utilizing available resources the Flint Fire Department will respond quickly and effectively to fire calls and will lead efforts to educate the community on all matters relating to fire safety and protection.

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
FIRE			Maintain average fire response time under 9 minutes in FY2015 and develop plan to reduce response time in FY16 to less than 6 minutes	I
ADMINISTRATION & EMERGENCY MANAGEMENT	Department Management, coordination of emergency management activities within city		Turnaround time for Fire Inspections to be 5 days or less	C
FIRE SUPPRESSION	Deployment of Fire Fighters to emergencies	Provide the highest quality fire response/fire protection possible	Implement new organizational structure based on 75 full-time positions	C
FIRE INSPECTION & ARSON INVESTIGATION	Investigation of suspicious fires conduct of commercial building inspections		100% Flint School children contacted and provided with fire safety and prevention program	N
			100% of Senior Centers provided with fire safety and prevention program	N
		Engage children students and senior citizens in fire safety awareness and preparedness	100% of City Block Clubs provided fire safety and prevention program	N
COMMUNITY EDUCATION	Education of residents and businesses in fire prevention		At least 4 times per year the Fire Department will provide the community with information regarding fire safety and prevention	C
		Lead City wide emergency preparedness and response	Evaluate and define role of the Fire Department in Emergency Management, with report provided to EM	C
			Reduce energy in Fire Departments by 20%	I
			Continue progressive training once per week	I
			Continued training for Suppression Personnel as technology develops for today's high-tech environment	I
			Implement physical fitness program	I
			"Knock and Talk" Fire Suppression Crews and Prevention Staff to distribute Arson Reward literature to 100% of residents	I
			Educate juvenile firesetters by providing one-on-one discussion with 10 juveniles	I

68th DISTRICT COURT

VISION Statement

The 68th Judicial District Court will be a leader among Michigan Courts in the provision of quality service equal access to a fair and effective system of justice and protection of the public's safety

MISSION Statement

The 68th Judicial District Court will provide timely fair and impartial justice in all matters properly presented to the Court.

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
DISTRICT COURT				
ADMINISTRATION	Overall Court Management		To comply with all Trial Court Performance Standards-Annually as dictated by the State Court Administrative Office	C
JUDICIAL PROCESSING	Courtroom activities	Provides the most efficient processing possible within the net current appropriation from the City	Improve Court collections-Annual increases by way of Amnesty and Collections Agency comparing results at the end of each fiscal year to the previous year	I
PROBATION	Provides oversight of probationers		Re-establish Probation Department with (1) Probation Officer	I

PUBLIC WORKS

VISION Statement

The vision of the Public Works Department is to be a well managed and well trained workforce that utilizes all available resources technology and collaborative means to maintain the City's above and underground infrastructure and facilities

MISSION Statement

The Public Works Department is committed to the development of qualified managers and workers with consistent ongoing training, data driven decisions, and the creation of new job performance measurables.

The DPW will aggressively engage in strategic local and state level partnerships while continuously implementing new and improved technologies procedures, and policies.

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
UTILITIES	Water Treatment			
WATER TREATMENT PLANT	Water Distribution		Complete the electrical upgrades on Cedar Street Pumping Facility	I
WATER POLLUTION CONTROL	Distribution System Maintenance	Provide dependable and affordable water and sewer service to City residents and businesses.	Complete the engineering design work for the Hamilton Dam upgrades	I
WATER SERVICE CENTER	Sanitary Sewer Operation & Maintenance		Complete the rehabilitation of the Torrey Road Booster Station	I
	Storm Water Maintenance		Complete and implement a comprehensive pay scale evaluation for all WTP employees	I
	Dam Maintenance		Complete phase II (of III) of the WTP upgrade in preparation of transition to KWA	I
	Water Turn On's/Off's		Create GIS maps of utility assets (including base-layer)	N
	Cut & Plugs		Implement tracking program for main breaks and sink holes with monthly reporting	I
	Wastewater Treatment	Routine preventative maintenance program - A program that includes written procedures identification methods scheduling, and measurable tracking	Develop and implement a written and sustainable "water loss" program Program is to target the identification of a "baseline" loss and create means to maintain a loss percentage of under 16%	I
	Industrial Pretreatment Compliance		Replace 3,000 residential meters	I
			Develop and implement a written root control matrix to reduce infiltration into the sanitary sewer systems	I
			Develop a written pipe replacement matrix that uses multiple criteria to identify the priority pipes to replaced annually	I
		Long term Utilities planning - Continued implementation of objectives that increase the efficiency and sustainability of the Utility department including the use of Blue/Green Infrastructure projects right sizing neighborhood infrastructure, and shared services.	Identify a consultant to write the scope for a comprehensive energy audit of all Utility facilities and send RFP	I
			Develop list of shared service opportunities with Genesee County Drain Commissioner and setup a meeting schedule for talks	I
			Complete the de-commissioning of the incinerator and construction of a load out facility at the Wastewater Treatment Plant	I
			Complete the upgrade plan of turning methane gas from the digester into energy	I
			Complete the development and use of web site access for residents to report main breaks	I
		Increase community engagement, community input, and community awareness with Utility processes and procedures	Complete Cut & Plug list for hardest hit demolitions	C
			Implement defined response time policy for WSC	N
			Develop capacity to effectuate 100% of non-pay water shut-off notices	C

PUBLIC WORKS
(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
TRANSPORTATION	Maintenance and repair of sidewalks	Implement processes, procedures and activities that enable the City to efficiently maintain and preserve a multi-modal transportation network that meets the needs of all motorists, pedestrians and bicyclists	Complete a sidewalk inventory that identifies the location and surface condition rating of all sidewalks within the City	N
STREET MAINTENANCE	Enforcement of Right-of-Way Ordinances		Implement a 50/50 Sidewalk Repair Program targeting enforcement of the Sidewalk Ordinance and repair of 500 sidewalk squares and repair of 1 000 squares	N
	Maintenance of City owned streets including paving, plowing and sweeping		Perform preventive maintenance activities on 15 miles of streets and pave 4.5 miles of streets in addition to preventive maintenance on another 15 miles of streets	I
	Maintenance of City street trees		Complete an inventory of city street trees	I
			Develop a Tree Maintenance plan that identifies the location of street trees condition risk factors, and schedule of planned maintenance activities over a six-year cycle	I
			Initiate a web-based application that will allow the public to electronically report pothole, street, street tree, and sidewalk complaints	C
CAPITAL PROJECTS ADMINISTRATION	Capital Improvement Projects (Planning and Management)		Develop and implement a written Public Participation Plan that details how the public will be engaged in the transportation planning process	N
			Invest $20 000 in non-motorized facilities by providing funding to secure preliminary engineering services for the Genesee Valley non-motorized trail project	C
			Develop a reconfiguration plan for Harrison Street and South Saginaw Street that includes facilities for multi-modal travel and traffic calming devices	I
			Identify a funding source to develop engineering plans to reopen Leith Street	N
TRAFFIC CONTROL	Maintenance of signs, traffic signals, and pavement markings	Install, maintain, repair and utilize traffic control devices to facilitate the efficient movement of vehicles and people and to improve traffic flow and communicate same to the public	Perform an audit of all signalized intersections to identify unwarranted traffic signals and implement a preventive maintenance plan for traffic signals	I
	Barricading Activities/Special Events		Perform regulatory and warning sign upgrades in 3 areas of the City in FY15 and an additional 3 areas each year thereafter	I
SANITATION (Contract Management)	collection composting and recycling	Assure the reliable and efficient collection and disposal of residential waste, compost, and recyclable materials	Develop and execute a Compost Plan that will result in the processing and removal of compostable materials from the Chevy in the Hole site	C
			Issue Waste Collection Services RFP for new contract period	N
			Increase the City's recycling participation to 10% in FY15 and 12% in FY16	I
			Develop a recommendation on the feasibility of implementing a 96-gallon cart recycling program	I
			Monitor Waste Collection Services contractor's collection and disposal activities on a monthly basis to ensure compliance with contract provisions	I
			Formally evaluate performance of Waste Collection Services contractor	N
			Work with foundations Police and City partners to develop a new special event management protocol	C
			Provide timely instruction to public with respect to leaf collection process	C

PUBLIC WORKS
(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
FACILITY MAINTENANCE	Maintenance of city facilities and grounds	Right size city facilities by consolidating uses and recommending disposal of unneeded facilities	Complete disposition of Police Academy Fire Station FAEC McKinley and Park Supply buildings	I
	Planning for optimal facility usage		Elimination of unneeded storage and relocation of employees into a permanent workspace	I
	Facilitating use of city facilities		Implement new staffing plan for Facility Maintenance	C
			Increase capacity for maintenance services through a wider network of support vendors	C
		Plan for needed facility improvements that assures a clean safe, and sanitary workplace environment for employees.	Establish a contract management performance review that has a semi-annual written report	C
			Develop a comprehensive routine and preventive maintenance plan that documents areas of concern structures the way we effectuate repairs, and supports the CIP	I
			Develop 5-year capital improvement plan for City facilities and update annually thereafter	C
		Adopt an energy efficiency and conservation policy that builds toward being carbon neutral	Replace exterior City Hall lights with LED's and motion sensors	I
			Identify a vendor and a funding mechanism to provide an energy evaluation of the City Hall campus producing a 2015 energy "baseline" in which to measure progress	I
			Modify 5-year Facility capital improvement plan annually prior to the budget presentation to Council	I
			Complete the transition of senior center operations to other entities contracting directly with the County for operational support	C
CHEVY COMMONS			Infrastructure remediation and Storm Sewer discharge compliance	I
			Development and Construction of Phase 1 Green cap	I
	Future usable green space		Implementation of USDA Phytoremediation $400k grant	I
			Events Management	C
			Implement compost operations DEQ Consent Decree	I

PLANNING AND DEVELOPMENT

VISION Statement

The Planning and Development Department will partner with residents businesses and visitors to implement the Master Plan and help transform Flint into a safe, vibrant, sustainable, and healthy city

MISSION Statement

The Planning and Development Department is committed to ensuring the public safety health and well-being of Flint's residents, businesses and visitors through targeted investment and rational well-designed and physically integrated land use and development that advances economic prosperity eliminates blight and stabilizes neighborhoods, protects the environment, and promotes a better quality of life in the City

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
CASE MANAGEMENT	Current Planning	Provide streamlined, business friendly plan review permitting, property disposition, and business licensing in compliance with state and local laws in order to protect the health and welfare of the community	Complete all plan reviews within 3 weeks and inspections within 72 hours	I
	Permitting		Implement a comprehensive form-based zoning code that streamlines the approval process for projects that adhere to the regulations	I
	Service Counter/Business Support		Process all planning applications within the prescribed time limits and minimize the number of discretionary cases to be reviewed quarterly thereafter	I
	Major Cases		Designate designated case manager to guide major projects through the City's determination process	C
			Complete acquisition of the Grand Traverse Greenway Trail	I
			Coordinate with Redevelopment Ready Communities to reorganize department procedures to provide a seamless case management process for new and existing businesses to help facilitate redevelopment	I
			Implement P & D management of business licensing ordinance	I
	Business Licensing		Achieve 25% licensing compliance in FY16	N
			Achieve 50% licensing compliance in FY17	N
			Achieve 80% licensing compliance in FY18	N
BLIGHT ELIMINATION & NEIGHBORHOOD STABILIZATION	Code Enforcement	Eradicate blight in the City by 2020 and work with residents to stabilize Flint's neighborhoods	Develop and implement a comprehensive code enforcement program	I
	Rental Registration		Implement an updated rental registration ordinance	N
			Achieve 25% rental registration compliance FY16	N
			Achieve 50% rental registration compliance FY17	N
			Achieve 90% rental registration compliance FY18	N
	Business License Enforcement		Secure funding and demolition assistance to demolish 1,200 homes and 80 commercial buildings each year for 5 years with progress measured annually	I
	Blight Elimination & Street Lighting Coordination		Secure formal commitment of at least 60 neighborhood groups and community organizations to maintain 2,000 vacant parcels	I

PLANNING AND DEVELOPMENT

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
COMMUNITY DEVELOPMENT & ECONOMIC DEVELOPMENT	Neighborhood Planning	Create safe, healthy and desirable neighborhoods near quality community services	Comply with all HUD regulations and time submission requirements for all reports	I
	Small Neighborhood Projects		Implement a grants management system utilizing BS&A to better track performance	I
	Fair Housing		Provide ongoing technical assistance and training to all sub-recipients and sub-contractors to insure full compliance and timely processing of payments	I
	Historic Preservation		Process all requests for economic development support (tax abatements, etc.) within prescribed time frames to be monitored quarterly	I
	Program Management (CDBG, HOME)		Complete Smith Village development	I
			Sell all Smith Village and NSP homes	I
			Define the ongoing role for city involvement in economic development and present budgetary request for consideration in FY15 budget	I
	Economic Development	Promote a growing and diverse economy that spurs innovation and small business development and prepares the workforce for today's jobs and those of the future	Implement a formally defined CDBG allocation process that is transparent and advances the goals of the Master Plan	C
	Major Development Projects		Complete a formal written comprehensive housing investment strategy to include a housing program that provides rehabilitation and home buyer incentives to encourage residents to move to or remain in Flint	I
	Workforce Development		Secure other sources of grant funding for entire department to increase available revenue by 10% per year beginning with FY15	I
	Small Business Development		Respond in a timely manner to requests for assistance in expanding existing or attracting new businesses with particular focus on small businesses and brownfields	I
			Implement the EDC Deficit Elimination Plan	C
	Oak Business Center & EDC		Attract new businesses to Oak Business Center to reduce vacancy rate to less than 15%	I
			Secure a monitoring and compliance contractor to allow staff to focus on proactive community development	I
LONG RANGE PLANNING	Master Plan Implementation	Guide the update and implementation of the Master Plan and provide data-driven, technical expertise to city officials and the public on land use and development matters	Develop a commercial investment framework based on the Master Plan	N
	Performance Management		In coordination with local, regional, and state economic development agencies, develop a formal long term strategy and role for the City government to help expand existing or attract new businesses, with particular focus on small businesses and brownfields funding request to be presented for potential funding in FY16	I
	Transportation Planning		Create 8 subarea plans	I
	Public Safety Planning		Develop the City's first combined Capital Improvement Plan	I
	GIS Services		Hold annual engagement to discuss progress of Master Plan and solicit additional feedback on action plan	N
	Infrastructure Planning		Establish short-term (1-3 years) action plans for each chapter of the Master Plan	C
	Sustainability Planning		Develop between 10-15 neighborhood plans covering every residential area by 2020, at the rate of 20% per year	I
	Zone Changes		Develop a citywide sustainability plan	N
	Plan Amendments		Maintain on an ongoing basis updated demographic and housing data easily available to internal and external customers	I
			Develop a proposal for providing citywide Geographic Information Services to internal and external customers and implement plan	I
			Coordinate the implementation of at least 1 strategy in each chapter of the Master Plan every year with progress measured annually	I
			Submit proposal to the EPA for a Brownfield Area wide Planning Grant or technical assistance grant to create a brownfield development for the area around the Chevy Commons	C
			Present blight elimination framework to the Planning Commission for adoption as part of the Master Plan implementation	I
			Begin update of the Master Plan	N
			Complete a formal written blight elimination framework for neighborhoods	C

	Implement structure within P&D which has responsibility for developing a plan for improving street lighting within the City for managing the lighting special assessment and payment of bills	I

PLANNING AND DEVELOPMENT

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
PARKS & OPEN SPACE	Parks Maintenance	Establish a new park management framework and secure resources necessary to maintain the City's parks and open spaces	Refine the City's parks classification system and develop service standards that align with the MDNR and the needs and desires of the Flint community	I
			Assure that all city parks are mowed at least twice per month based upon individual plan for land management, contractor performance to be reviewed on a quarterly basis	C
			Complete a naturalization demonstration in Max Brandon Park and then 3 other parks	I
	Parks Planning	Improve the ecological health of the City's parks and open spaces through responsible planning and development	Complete improvements to Riverbank Park and McKinley Park as specified in the MDNR grant	I
			Complete improvements to McKinley Park as specified in the MDNR grant	I
			Update the Parks and Recreation Master Plan with additional focus on park equity and enhancing recreational use of the Flint River and adjacent parks and open spaces	N
	Parks Partnership	Provide parks, open space and recreation infrastructure that both meets the needs of the community and is maintainable by the City and its community partners.	Establish at least 3 "Adopt A Park" agreements every year complete the establishment of the "Friends of Berston" group	I
			Work with the County to establish a joint maintenance agreement for at least one of the City's larger parks	C
			Develop a management plan for the City's 4 golf courses	I
	Parks Programming	Engage the Flint Community to support the programming and use of park and recreation facilities	Develop the plan to adjust the CANUSA Games Housing and field of play locations	N
	Open Space		Submit at least one grant proposal each year for MDNR funding	C
	Trail Development		Complete construction of the Genesee Valley Trail	I

FINANCE AND ADMINISTRATION

VISION Statement

A robust division capable of meeting the external and internal needs of the City of Flint in the areas of finance, treasury, assessments, human resources, information technology, and fleet

MISSION Statement

To manage the financial and administration division of the City of Flint through promoting fiscal responsibility and industry best practices in order to respond to the needs of the City of Flint with efficiency and timeliness

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
FINANCE				
ACCOUNTING	Payroll Production & Reporting	Provides for a financially secure organization with sound business practices providing for the purchase of goods and services and financial reporting. Provides professional and technical advice to departments regarding financial and purchasing needs and on grant administration processes	Reduce the General Fund deficit by $1.8 million in FY15	C
			Reduce the General Fund deficit by $1.8 million in FY16	N
	Vendor Management and Payment		Convert to new fixed asset accounting and develop fixed asset policy	I
			Review rates and master fee schedule to ensure they are appropriately set	N
AUDITING	Monitoring Financial Performance		Implement Finance Department reorganization	I
	Preparation of Financial Reports		Audit completed and filed with state	I
BUDGETING	Monitoring Grant Performance		Schedule and conduct 4 city wide finance and accounting training sessions	I
	Accounting for Revenues and Expenses		Establish and implement internship program for Finance	I
RISK MANAGEMENT	Development of Long Term Financial Projections, Deficit Elimination Plans and Strategies for Financial Solvency		Establish a paperless process for procuring goods and services	I
			Prepare a RPF for copier services in FY15 in time to allow issuance of request before contract expires in FY16	N
PURCHASING	Administration of Property and Liability Insurances		Provide recommendations for updating procurement policies to be used during and after transition and to increase efficiencies	I
	Selection and Monitoring of Benefit Program vendors		Increase the usage of P-cards to boost the City's annual rebate by 15%, progress to be measured regularly	I
GRANT ADMIN			Establish management expectations of turn-around time on vendor payments, purchasing requests, position filling requests, and other areas, monitor performance, beginning with FY15 first quarter results to be evaluated and monitored monthly	I
			Establish formal process for reviewing, processing, and making timely decisions for applications on tax abatements	I
			Adopt stabilization ordinance and fund balance policy	I
			Establish expectations of turn-around time on purchasing requests and monitor performance, beginning with FY15 and evaluated quarterly	I
TREASURY				
			Identify additional $500,000.00 to $1,000,000.00 in unreported income tax, utilizing the 2011 State income tax data.	N
CUSTOMER SERVICE			Increase the collection of delinquent taxes by 15-20% through continued efforts to collect delinquent income tax and personal property taxes and by new efforts to collect delinquent Miscellaneous Receivables and Water bills	N
		Provides for a customer friendly accountable entity managing receipts and collections. Monitors collections of property taxes, income taxes, water and sewer, and other receivables to assess budgetary compliance.	Reorganize Customer Service to assure that after that time that all utility bills are mailed two weeks prior to the due date, that checks are processed within 10 days from the postmark date, and that customer wait time in the office and on the phone are reduced by 25%	I
DELINQUENT COLLECTIONS			Replace the current vendor for processing electronic payments with Point and Pay in order to allow the City to accept water, property tax, miscellaneous receivables, special assessment and permit payments electronically	C
			Install a kiosk in the City Hall lobby in order to allow the City to accept water, property tax, miscellaneous receivables, special assessment and permit payments electronically	I
			Create description of City's efforts to manage delinquent water accounts while obtaining the City's financial goals and assisting those who are facing financial hardships	N
			Implement electronic income tax withholding	I
			Update City efforts to assist those unable to pay for utilities	N
			Re-examine efforts to assist individuals to pay utility bills	N

	Establish and implement an ongoing schedule of Customer Service" "Team Work" and "How to deal with difficult customer" training for all Treasury staff	I

FINANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
ASSESSING				
ASSESSORS OFFICE	Assessing of Properties	Assures the assessment of properties within the City in a professional and equitable manner in conformance with state law and professional practices addresses appeals of values to Board of Review represents City at state level appeals	Determine schedule of staff training in Assessing net as necessary and for annual compliance with state requirements during course of FY15 and annually thereafter	C
	Administration of Valuation Appeals		Conduct comprehensive site inspections of residential and commercial tracts between April and November of each year in sufficient number annually to canvas 12 tracts annually	I
	Processing of Poverty exemption requests		Secure contract to achieve the conversion of remaining hard copy records and drawings to digital format utilizing APEX and/or digital scanning, with financial plan submitted for FY16 budget	I
	Provision of property and tax information to businesses and residents		Provide for the timely process of MTT appeals and split/combination applications. 2012 and 2013 appeals will be completed by end of FY15 and appeals filed in 2014 will be resolved by end of FY16 The processing of splits and combination requests is required to be completed end of each year to be incorporated in the following year's assessment roll	I
			Working with Facilities, finalize plan for relocating Assessing from its temporary site	I
	Maintenance of Property descriptions and tax rolls		Analyze options for lessening the workload impact of processing poverty exemption applications	C
			Participate with Planning and Development, IT and others to develop the ongoing process for establishing and maintaining of the parcel layer for City GIS and for providing GIS services to internal and external customers	C
HUMAN RESOURCES			Utilize a master position list for confirming the need to recruit, promote or reduce employees	C
EMPLOYMENT	Recruitment and Selection	Recruit and oversee hiring of qualified employees in compliance with laws and ordinances	Update personnel rules and procedures including ordinances	I
	Testing		Update testing protocols for recruitment/selection	I
		Recommend changes in personnel policies and labor contracts	Complete and implement 1600 contract	C
			Complete and implement FPOA contract	I
	Contract Negotiations		Complete and implement updated 1799 contract	I
			Complete and implement updated IAFF contract	N
			Complete and implement updated Capt/Lt contract	I
			Complete and implement Sergeants contract	I
	Employment law allegations		Inform department heads and supervisors of contract changes prior to implementation	C
LABOR RELATIONS	Grievances and Arbitrations	Train and assist departments in managing employees and resolving disputes	Answer 100% of all new grievances within required time frames measured with quarterly reports	I
	Benefit administration	Enroll employees in payroll and benefit systems	Complete and implement changes to Exempt and Appointed benefit programs	I
ENROLLMENT	Payroll enrollment and changes		Develop and implement ongoing training curriculum and schedule in conjunction with Department Heads	C
	FMLA oversight		Implement new FMLA process	I
	Worker's Compensation Administration	Assure that city FMLA and worker safety policies and practices are in accord with law and properly administered	Implement new EAP program	C
	MIOSHA/OSHA Administration		Redesign Occupational Health and Safety Program for the City	N
WORKERS SAFETY	Employee Clinic		Administrative policies/procedures to be updated	I

FINANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY13 & FY14	STATUS
FLEET		Complete and maintain a current fleet and equipment inventory	Monthly rental of Special Operations vehicles	I
			Evaluate and make recommendation of GPS tracking units for DPW AND Utilities vehicles	I
ADMINISTRATION	Maintains fleet inventory		Update the replacement schedule to reflect replaced required and disposed of vehicles and equipment to be used in preparation of annual budget for annual budget preparation	N
			Jib Winch for Traffic bucket truck	I
			Purchase 10 Front Plows for DPW snow removal	I
			Purchase one-man Leaf Vac truck for Street Maintenance	I
			Evaluate use of farm equipment tractor rentals recommended by DPW for winter snow removal	I
			Dump trucks for Utilities/DPW snow removal	N
		Maintain vehicle/equipment replacement schedule	Add-on and auxiliary equipment for Enterprise Lease vehicles	N
SERVICE WRITING AND PARTS MANAGEMENT			FY14 & FY15 Lease Vehicles and Equipment	I
			Complete 100% audit of City owned vehicles and equipment, including condition to be used in preparation of the annual budget	N
VEHICLE AND EQUIPMENT REPLACEMENT ADDITION DELETION		Complete 75% of work orders within 72 hours	Complete the Fleet Focus software upgrade, install a mechanic workstation and bar code labels in the Stock Room	I
	Equips and repairs fleet		Complete a Stock Room audit and enter all parts into the Fleet Focus software program	I
VEHICLE AND EQUIPMENT REPAIR		Maintain scheduled/actual preventative/maintenance ratio > 70%	Distribute to departments, PM and DOT schedule detailing responsibility of departments and drivers for daily inspections compliance with DOT requirements and maintenance responsibilities	I
			Monitor department and driver compliance with PM and DOT schedules and responsibilities on a quarterly basis	N
	Recommends specifications of vehicles and equipment to be purchased	Sustain average vehicle availability rates above 70%	Complete the bid process for DOT and PM services for heavy equipment and passenger vehicles	I
			Complete the bid process for vendor repair services, including 24-hour emergency response	I
			Complete evaluation and develop schedule annual departmental training needs and tool purchases	I
	Develops and maintains vehicle and equipment replacement schedule	By April 30 2015 and annually thereafter complete 100% audit of City owned vehicles and equipment, including condition, to be used in	Complete the bid process for alternate emergency fuel source	N
			Complete the sale and removal of the unused fuel tank at the Police Northside Precinct	C
			Determine if the fuel tank at Parks & Rec is still needed at this facility and take action accordingly	N
		Implement fuel program to minimize fuel storage and cost	Complete the removal of underground storage tanks at Fire Station #3 and determine if the above ground storage tank at Parks & Rec can be utilized there	I
			Recommend fueling station needs at current site	N
		Improve interdepartmental communications of seasonal needs and expectations	Meet with all departments to discern fall and winter program needs	C
			Meet with all departments annually to discern spring program needs	N

FINANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	GOALS	KEY OBJECTIVES FY15 & FY16	STATUS
INFORMATION TECHNOLOGY	Oversees the design, purchase implementation, and operation of the City's technology infrastructure provides professional and technical advice to departments in utilization of technology, identifies and provides technology related training	To ensure internal and external customers have appropriate and reliable technology which enables them to achieve their goals in an efficient manner	Implement Governance Model	I
			Complete implementation of BS&A.net (BS&A implementation contract complete)	I
			Develop and schedule implementation of a telecommunicaborns infrastructure upgrade	I
			Establish and implement a Technology Training Calendar for all employees	I
			Install 22 new fully functioning mobile data computers	I
			Maintain uptime for internet and intra net by 95% of the time as measured by quarterly reports	C
			Reduce the number of shadow access systems by 40% (base number as of May 1 2014)	I
			First issue resolution and same day resolution achieved for 70% of Help Desk tickets, as measured by quarterly reports	C
			Recommend vendor for Record Management System and propose funding and implementation strategy for inclusion in FY16 budget	I
			Complete a federally compliant IT Disaster Recovery and Security Plan	N
			Complete a Mobile Device Readiness Assessment	N
			Reduce telecommunication expenses by 30%	I
			Equip Mayor Finance, South Bldg, Police and Fire Conference Rooms with access to technology	N
			Upgrade IT Training Room	I
			Develop plan to convert technology infrastructure to wireless	N
			Upgrade space housing IT servers etc	N

CITY OF FLINT, MICHIGAN
Department of Finance

Dayne Walling
Mayor

City Hall, Room #203
1101 South Saginaw Street
Flint, MI 48502
(810) 766-7268 / (810) 766-8675 (fax)

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Gerald Ambrose
Finance Director

DATE: October 10, 2014

TO: Darnell Earley, Emergency Manager
Dayne Walling, Mayor
Flint City Council

FROM: Jerry Ambrose, Finance Director
Antonio Brown, Deputy Finance Director

RE: City of Flint Quarterly Financial Report
July 1, 2014 – September 30, 2014

The City of Flint's Strategic Plan envisions a "well managed financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students and visitors and improve our quality of life."

Operating in a financially sustainable manner is a key component to achieving that vision. As part of this, a biennial budget has been adopted for fiscal years 2015 and 2016, and a commitment has been made to a regular and ongoing review of revenues and expenses. To this end, a quarterly report on the status of the City's budget will be provided to the Finance Committee on an ongoing basis.

Attached is a comparison of the City's budgeted revenues and expenses to actual revenues and expenses as of September 30, 2014.

In summary, at the end of the 1st quarter, the financial outlook for the remaining FY15 appears to be on track. In total, revenues and expenditures are generally meeting expectations. The City continues to make timely pension contributions and healthcare premium payment for both active employees and retirees.

Some further observations on the current budget status:

- In the General Fund, actual revenues are just above 20% of budgeted revenues. At the time of the report, however, the City had not received its portion of State Shared Revenues, and when those revenues are received (approximately $2.4 million), they will be accrued back to the 1st quarter.

- General Fund expenditures are reported at 22% of the budgeted expenditures, in line with expectations. However, it has been discovered that $13,000 in communications expenses was inadvertently deleted from the District Court budget. It will be necessary to consider an adjustment to the District Court budget to address this shortfall.
- Also, we continue to monitor the personnel expenses in the Police and Fire budgets to determine the budgetary impact that reducing staffing levels through attrition rather than layoffs at the beginning of the year will have. It appears that attrition is moving staffing levels down to the budgeted levels, with Fire already at its reduced level of 75, and Police currently at 121, with a target of 115. By the end of the second quarter we anticipate that the reduced levels will be met by then and in addition, we will have the results of the ICMA organizational and staffing study. We will also be beginning to receive a portion of the $1 million allocated for police and fire expenditures in the state budget. We presently anticipate that these funds will be sufficient to offset any shortfall in the personnel line items in these budgets. With the second quarter report, we will provide any necessary budget amendments in these areas.
- Special Revenue Funds, Major and Local Street Funds are operating below budgeted revenues and expenditures. Major Streets, Fund 202, revenues are down due to timing in which State revenues of the Gas and Weight Tax allocations have not been received as of the date of the report. Budgets in the Grant Funds, Funds 274, 295, and 296 reflect timing differences as well. The revenues in these funds have not been received as of the date of the report. In addition, it will be necessary to create a budget for Fund 297 to reflect the final expenditure of a COPS Hiring Grant, with funds carried over into the FY15 budget year.
- Revenues in the Building Safety and Inspections Fund (Fund 542) are coming in higher than anticipated for the first quarter of the year. This was due largely to the new construction of the paint shop on the General Motor's property expansion.
- Revenues in the Water and Sewer funds are coming in at 19% and 16% respectively in comparison to the budgeted totals. At the same time, expenditures are coming in a 13% and 11% of the budgeted totals. It appears that the trend of reduced water billings are continuing, and efforts are underway to increase compliance and to identify areas of water loss from leaks as well as from theft. Actual expenditures currently do not include many of the capital improvement projects that are budgeted this fiscal year. The DPW and the Finance Department will continue to closely monitor the Utilities revenues and expenditures to keep them in line.
- The June 30, 2014 ruling by the Federal Court which modified its injunction to allow the City to implement certain changes to retiree health care benefits should provide some financial relief to the City budget, at least for the time during which the matter is being litigated. However, at this time it is not possible to project the amount of relief from the $5 million which was added to the budget for retiree health care as a result of the Courts initial decision prohibiting any change to retiree health care. This is because implementing the approved changes will not be effective until November 1 because of the time necessary to incorporate the changes into the current plans. With the second quarter report, we anticipate being able to project the anticipated costs in comparison to the budgeted amounts.

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 101 - General Fund			
Revenues			
General government	45,232,924.00	9,182,371.13	20.76
Judicial	1,697,000.00	383,198.50	22.58
Police	3,792,257.55	627,188.15	16.54
Emergency dispatch	1,189,000.00	0.00	0.00
Fire	351,700.00	34,721.00	9.87
Building inspections	36,000.00	4,657.00	12.94
Transportation	0.00	482.00	100.00
Facilities and Maintenance	21,000.00	17,786.09	84.70
Transfers in	3,777,998.00	944,499.51	25.00
Deficit Reduction	(1,000,000.00)		0.00
TOTAL Revenues	55,097,879.55	11,194,883.38	20.32
Expenditures			
General government	28,187,133.14	5,381,889.95	19.09
Legislative	356,505.00	70,281.22	19.71
Judicial	4,099,899.48	1,451,818.49	35.41
Police	12,563,432.44	3,049,912.03	24.28
Emergency dispatch	2,604,021.00	598,041.26	22.97
Fire	6,177,803.16	1,471,430.53	23.82
Building inspections	395,276.70	66,974.87	16.94
Community development	292,007.15	46,491.27	15.92
Facilities and Maintenance	9,000.00	2,522.26	28.03
Transfers out	412,701.00	103,175.25	25.00
TOTAL Expenditures	55,097,879.07	12,242,537.13	22.22
Fund 101 - General Fund:			
TOTAL REVENUES	55,097,879.55	11,194,883.38	20.32
TOTAL EXPENDITURES	55,097,879.07	12,242,537.13	22.22
NET OF REVENUES & EXPENDITURES	0.48	(1,047,653.75)	

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 202 - Major Street Fund			
Revenues			
General government	6,366,549.69	786,053.03	12.35
Transportation	657,072.15	42,462.70	6.46
TOTAL Revenues	7,023,621.84	828,515.73	11.80
Expenditures			
General government	1,619,530.00	404,882.49	25.00
Transportation	5,285,469.17	657,922.39	12.45
Debt services - interest	8,550.69	8,550.32	100.00
Debt services - principal	110,071.98	110,069.80	100.00
TOTAL Expenditures	7,023,621.84	1,181,325.00	16.82
Fund 202 - Major Street Fund:			
TOTAL REVENUES	7,023,621.84	828,515.73	11.80
TOTAL EXPENDITURES	7,023,621.84	1,181,325.00	16.82
NET OF REVENUES & EXPENDITURES	0.00	(352,809.27)	100.00
Fund 203 - Local Street Fund			
Revenues			
General government	1,877,827.00	181,468.92	9.66
Transportation	724,762.00	9,845.29	1.36
Unclassified	91,870.00	0.00	0.00
TOTAL Revenues	2,694,459.00	191,314.21	7.10
Expenditures			
General government	448,391.00	112,097.74	25.00
Transportation	2,246,067.39	342,527.45	15.25
TOTAL Expenditures	2,694,458.39	454,625.19	16.87
Fund 203 - Local Street Fund:			
TOTAL REVENUES	2,694,459.00	191,314.21	7.10
TOTAL EXPENDITURES	2,694,458.39	454,625.19	16.87
NET OF REVENUES & EXPENDITURES	0.61	(263,310.98)	

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 205 - Public Safety			
Revenues			
General government	9,258,560.00	3,765,159.40	40.67
TOTAL Revenues	9,258,560.00	3,765,159.40	40.67
Expenditures			
General government	1,337,828.00	334,457.00	25.00
Police	2,690,340.00	276,200.66	10.27
Fire	5,230,392.00	888,285.16	16.98
TOTAL Expenditures	9,258,560.00	1,498,943.02	16.19
Fund 205 - Public Safety:			
TOTAL REVENUES	9,258,560.00	3,765,159.40	40.67
TOTAL EXPENDITURES	9,258,560.00	1,498,943.02	16.19
NET OF REVENUES & EXPENDITURES	0.00	2,266,216.38	100.00
Fund 207 - Police Fund			
Revenues			
General government	1,312,000.00	1,276,166.75	97.27
Police	93,160.00	0.00	0.00
TOTAL Revenues	1,405,160.00	1,276,166.75	90.82
Expenditures			
Police	1,378,103.87	290,299.25	21.07
TOTAL Expenditures	1,378,103.87	290,299.25	21.07
Fund 207 - Police Fund:			
TOTAL REVENUES	1,405,160.00	1,276,166.75	90.82
TOTAL EXPENDITURES	1,378,103.87	290,299.25	21.07
NET OF REVENUES & EXPENDITURES	27,076.13	985,867.50	3,641.09

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 208 - Park/Recreation Fund			
Revenues			
General government	393,000.00	319,010.92	81.17
Facilities and Maintenance	4,000.00	1,190.00	29.75
Transfers in	99,140.00	24,785.01	25.00
TOTAL Revenues	496,140.00	344,985.93	69.53
Expenditures			
Facilities and Maintenance	496,140.00	88,949.02	17.93
TOTAL Expenditures	496,140.00	88,949.02	17.93
Fund 208 - Park/Recreation Fund:			
TOTAL REVENUES	496,140.00	344,985.93	69.53
TOTAL EXPENDITURES	496,140.00	88,949.02	17.93
NET OF REVENUES & EXPENDITURES	0.00	256,036.91	100.00
Fund 213 - Park & Recreation Senior Citizen Centers			
Revenues			
General government	6,000.00	0.00	0.00
Facilities and Maintenance	60,000.00	14,760.38	24.60
TOTAL Revenues	66,000.00	14,760.38	22.36
Expenditures			
Facilities and Maintenance	60,000.00	29,871.88	49.79
TOTAL Expenditures	60,000.00	29,871.88	49.79
Fund 213 - Park & Recreation Senior Citizen Centers:			
TOTAL REVENUES	66,000.00	14,760.38	22.36
TOTAL EXPENDITURES	60,000.00	29,871.88	49.79
NET OF REVENUES & EXPENDITURES	6,000.00	(15,111.50)	251.86
Fund 219 - Street Light			
Revenues			
General government	2,694,869.62	2,766,715.28	102.67
TOTAL Revenues	2,694,869.62	2,766,715.28	102.67
Expenditures			
General government	12,153.00	30,288.24	249.22
Transportation	2,682,716.62	407,662.05	15.20
TOTAL Expenditures	2,694,869.62	437,950.29	16.25
Fund 219 - Street Light:			
TOTAL REVENUES	2,694,869.62	2,766,715.28	102.67
TOTAL EXPENDITURES	2,694,869.62	437,950.29	16.25
NET OF REVENUES & EXPENDITURES	0.00	2,328,764.99	100.00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 226 - Rubbish Collection Fund			
Revenues			
General government	5,395,794.00	5,617,844.04	104.12
Public works	500.00	22,719.72	4,543.94
TOTAL Revenues	5,396,294.00	5,640,563.76	104.53
Expenditures			
General government	887,554.00	221,888.50	25.00
Transportation	150,000.00	2,510.00	1.67
Public works	4,358,739.36	1,067,591.49	24.49
TOTAL Expenditures	5,396,293.36	1,291,989.99	23.94
Fund 226 - Rubbish Collection Fund:			
TOTAL REVENUES	5,396,294.00	5,640,563.76	104.53
TOTAL EXPENDITURES	5,396,293.36	1,291,989.99	23.94
NET OF REVENUES & EXPENDITURES	0.64	4,348,573.77	
Fund 265 - Drug Law Enforcement Fund			
Revenues			
General government	321,562.82	0.00	0.00
Police	117,500.00	6,298.23	5.36
TOTAL Revenues	439,062.82	6,298.23	1.43
Expenditures			
Police	425,062.82	102,611.49	24.14
TOTAL Expenditures	425,062.82	102,611.49	24.14
Fund 265 - Drug Law Enforcement Fund:			
TOTAL REVENUES	439,062.82	6,298.23	1.43
TOTAL EXPENDITURES	425,062.82	102,611.49	24.14
NET OF REVENUES & EXPENDITURES	14,000.00	(96,313.26)	687.95

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 274 - HUD CDBG, ESG, & HOME GRANTS			
Revenues			
General government	215,349.80	100.00	0.05
Fire	14,765.50	0 00	0.00
Building inspections	782,484.86	0.00	0.00
Transportation	307,422.33	0.00	0.00
Community development	10,494,206 16	69,772 71	0.66
Unclassified	20,010.02	0.00	0.00
TOTAL Revenues	11,834,238.67	69,872.71	0.59
Expenditures			
General government	215,349 80	30,938 81	14.37
Fire	14,765 50	0.00	0.00
Building inspections	782,484.86	6,682.66	0.85
Transportation	307,422 33	6,145.68	2.00
Community development	10,494,206.16	544,772.19	5 19
Unclassified	20,010 02	0.00	0.00
TOTAL Expenditures	11,834,238.67	588,539.34	4.97
Fund 274 - HUD CDBG, ESG, & HOME GRANTS			
TOTAL REVENUES	11,834,238.67	69,872.71	0.59
TOTAL EXPENDITURES	11,834,238.67	588,539.34	4.97
NET OF REVENUES & EXPENDITURES	0.00	(518 666 63)	100.00
Fund 295 - Section 108 Loans			
Revenues			
Community development	664,625.00	795,541.46	119.70
TOTAL Revenues	664,625.00	795,541 46	119.70
Expenditures			
Community development	966,617.00	802,969 24	83.07
TOTAL Expenditures	966.617.00	802,969.24	83.07
Fund 295 - Section 108 Loans:			
TOTAL REVENUES	664,625.00	795,541.46	119.70
TOTAL EXPENDITURES	966,617.00	802,969.24	83.07
NET OF REVENUES & EXPENDITURES	(301 992 00)	(7 427 78)	2 46

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 296 - Other Grants Fund			
Revenues			
General government	14,661.97	0.00	0.00
Police	2,703,720.08	153,202.62	5.67
Community development	638,585.16	369,016.92	57.79
Facilities and Maintenance	1,057,076.23	67,523.18	6.39
Public works	50,000.00	49,730.00	99.46
TOTAL Revenues	4,464,043.44	639,472.72	14.32
Expenditures			
General government	14,661.97	0.00	0.00
Police	2,703,720.08	855,488.29	31.64
Community development	638,585.16	77,588.27	12.15
Facilities and Maintenance	1,057,076.23	14,111.08	1.33
Public works	50,000.00	0.00	0.00
TOTAL Expenditures	4,464,043.44	947,187.64	21.22
Fund 296 - Other Grants Fund:			
TOTAL REVENUES	4,464,043.44	639,472.72	14.32
TOTAL EXPENDITURES	4,464,043.44	947,187.64	21.22
NET OF REVENUES & EXPENDITURES	0.00	(307,714.92)	100.00
Fund 297 - Federal Stimulus Fund			
Revenues			
Community development	0.00	87,662.04	100.00
TOTAL Revenues	0.00	87,662.04	100.00
Expenditures			
Community development	0.00	87,662.04	100.00
TOTAL Expenditures	0.00	87,662.04	100.00
Fund 297 - Federal Stimulus Fund:			
TOTAL REVENUES	0.00	87,662.04	100.00
TOTAL EXPENDITURES	0.00	87,662.04	100.00
NET OF REVENUES & EXPENDITURES	0.00	0.00	0.00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 301 - General Debt Serv(Voted Bonds)			
Revenues			
Transfers in	726,953.00	0.00	0.00
TOTAL Revenues	726,953.00	0.00	0.00
Expenditures			
Debt services - interest	260,000.00	0.00	0.00
Debt services - principal	466,953.00	0.00	0.00
TOTAL Expenditures	726,953.00	0.00	0.00
Fund 301 - General Debt Serv(Voted Bonds):			
TOTAL REVENUES	726,953.00	0.00	0.00
TOTAL EXPENDITURES	726,953.00	0.00	0.00
NET OF REVENUES & EXPENDITURES	0.00	0.00	0.00
Fund 402 - Public Improvement Fund			
Revenues			
General government	2,083,000.00	1,595,223.34	76.58
Unclassified	767,957.00	0.00	0.00
TOTAL Revenues	2,850,957.00	1,595,223.34	55.95
Expenditures			
General government	721,800.00	0.00	0.00
Transfers out	726,953.00	0.00	0.00
Debt services - interest	407,104.00	0.00	0.00
Debt services - principal	195,000.00	0.00	0.00
Public works	800,000.00	200,000.01	25.00
TOTAL Expenditures	2,850,957.00	200,000.01	7.02
Fund 402 - Public Improvement Fund:			
TOTAL REVENUES	2,850,957.00	1,595,223.34	55.95
TOTAL EXPENDITURES	2,850,957.00	200,000.01	7.02
NET OF REVENUES & EXPENDITURES	0.00	1,395,223.33	100.00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 542 - Building Inspection Fund			
Revenues			
General government	400,868.00	0.00	0.00
Building inspections	1,681,000.00	1,394,384.50	82.95
Transfers in	313,661.00	78,390.24	25.00
TOTAL Revenues	2,395,529.00	1,472,774.74	61.48
Expenditures			
General government	1,127,233.00	281,772.75	25.00
Building inspections	1,268,295.98	199,584.46	15.74
TOTAL Expenditures	2,395,528.98	481,357.21	20.09
Fund 642 - Building Inspection Fund:			
TOTAL REVENUES	2,395,529.00	1,472,774.74	61.48
TOTAL EXPENDITURES	2,395,528.98	481,357.21	20.09
NET OF REVENUES & EXPENDITURES	0.02	991,417.53	
Fund 590 - Sewer Fund			
Revenues			
Transfers in	0.00	200,000.01	100.00
Unclassified	3,365,101.75	0.00	0.00
Utilities	28,126,894.00	5,350,096.52	19.02
TOTAL Revenues	31,491,995.75	5,550,096.53	17.62
Expenditures			
General government	5,654,386.00	1,408,436.86	24.91
Transfers out	1,860,000.00	465,000.00	25.00
Debt services - interest	695.21	0.00	0.00
Debt services - principal	6,016.23	1,665.36	27.68
Public works	1,990,000.00	0.00	0.00
Utilities	21,980,898.31	2,361,741.13	10.74
TOTAL Expenditures	31,491,995.75	4,236,843.35	13.45
Fund 590 - Sewer Fund:			
TOTAL REVENUES	31,491,995.75	5,550,096.53	17.62
TOTAL EXPENDITURES	31,491,995.75	4,236,843.35	13.45
NET OF REVENUES & EXPENDITURES	0.00	1,313,253.18	100.00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 591 - Water Fund			
Revenues	3,150,000.00	8,251.60	0.26
General government	37,886,000.00	6,217,326.13	16.41
Utilities	41,036,000.00	6,225,577.73	15.17
TOTAL Revenues			
Expenditures	5,762,876.00	1,435,671.33	24.91
General government	3,766,071.00	282,500.01	7.50
Transfers out	3,190,000.00	0.00	0.00
Public works	24,932,583.15	2,268,352.43	9.10
Utilities	37,653,530.15	3,986,523.77	10.59
TOTAL Expenditures			
Fund 591 - Water Fund:	41,036,000.00	6,225,577.73	15.17
TOTAL REVENUES	37,653,530.15	3,986,523.77	10.59
TOTAL EXPENDITURES	3,382,469.85	2,239,053.96	66.20
NET OF REVENUES & EXPENDITURES			
	180,036,408.69	42,465,584.32	23.59
TOTAL REVENUES - ALL FUNDS	176,908,862.96	26,950,184.66	15.36
TOTAL EXPENDITURES - ALL FUNDS	3,127,555.73	13,515,399.46	
NET OF REVENUES & EXPENDITURES			

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 101 - General Fund			
Revenues			
General government	45,232,924.00	9,182,371.13	20.76
Judicial	1,697,000.00	383,198.50	22.58
Police	3,792,257.55	627,168.15	16.54
Emergency dispatch	1,189,000.00	0.00	0.00
Fire	351,700.00	34,721.00	9.87
Building inspections	36,000.00	4,657.00	12.94
Transportation	0.00	482.00	100.00
Facilities and Maintenance	21,000.00	17,786.09	84.70
Transfers in	3,777,998.00	944,499.51	25.00
Deficit Reduction	(1,000,000.00)		0.00
TOTAL Revenues	55,097,879.55	11,194,883.38	20.32
Expenditures			
General government	28,187,133.14	5,381,889.95	19.09
Legislative	356,505.00	70,281.22	19.71
Judicial	4,099,999.48	1,451,818.49	35.41
Police	12,563,432.44	3,049,912.03	24.28
Emergency dispatch	2,604,021.00	598,041.26	22.97
Fire	6,177,803.16	1,471,430.53	23.82
Building inspections	395,276.70	66,974.87	16.94
Community development	292,007.15	46,491.27	15.92
Facilities and Maintenance	9,000.00	2,522.26	28.03
Transfers out	412,701.00	103,175.25	25.00
TOTAL Expenditures	55,097,879.07	12,242,537.13	22.22
Fund 101 - General Fund:			
TOTAL REVENUES	55,097,879.55	11,194,883.38	20.32
TOTAL EXPENDITURES	55,097,879.07	12,242,537.13	22.22
NET OF REVENUES & EXPENDITURES	0.48	(1,047,653.75)	

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 202 - Major Street Fund			
Revenues			
General government	6,366,549.69	786,053.03	12.35
Transportation	657,072.15	42,462.70	6.46
TOTAL Revenues	7,023,621.84	828,515.73	11.80
Expenditures			
General government	1,619,530.00	404,882.49	25.00
Transportation	5,285,469.17	657,822.39	12.45
Debt services - interest	8,550.69	8,550.32	100.00
Debt services - principal	110,071.98	110,069.80	100.00
TOTAL Expenditures	7,023,621.84	1,181,325.00	16.82
Fund 202 - Major Street Fund:			
TOTAL REVENUES	7,023,621.84	828,515.73	11.80
TOTAL EXPENDITURES	7,023,621.84	1,181,325.00	16.82
NET OF REVENUES & EXPENDITURES	0.00	(352,809.27)	100.00
Fund 203 - Local Street Fund			
Revenues			
General government	1,877,827.00	181,468.92	9.66
Transportation	724,762.00	9,845.29	1.36
Unclassified	91,870.00	0.00	0.00
TOTAL Revenues	2,694,459.00	191,314.21	7.10
Expenditures			
General government	448,391.00	112,097.74	25.00
Transportation	2,246,067.39	342,527.45	15.25
TOTAL Expenditures	2,694,458.39	454,625.19	16.87
Fund 203 - Local Street Fund:			
TOTAL REVENUES	2,694,459.00	191,314.21	7.10
TOTAL EXPENDITURES	2,694,458.39	454,625.19	16.87
NET OF REVENUES & EXPENDITURES	0.61	(263,310.98)	

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 205 - Public Safety			
Revenues			
General government	9,258,560.00	3,765,159.40	40.67
TOTAL Revenues	9,258,560.00	3,765,159.40	40.67
Expenditures			
General government	1,337,828.00	334,457.00	25.00
Police	2,690,340.00	276,200.86	10.27
Fire	5,230,392.00	888,285.16	16.98
TOTAL Expenditures	9,258,560.00	1,498,943.02	16.19
Fund 205 - Public Safety:			
TOTAL REVENUES	9,258,560.00	3,765,159.40	40.67
TOTAL EXPENDITURES	9,258,560.00	1,498,943.02	16.19
NET OF REVENUES & EXPENDITURES	0.00	2,266,216.38	100.00
Fund 207 - Police Fund			
Revenues			
General government	1,312,000.00	1,276,166.75	97.27
Police	93,160.00	0.00	0.00
TOTAL Revenues	1,405,160.00	1,276,166.75	90.82
Expenditures			
Police	1,378,103.87	290,299.25	21.07
TOTAL Expenditures	1,378,103.87	290,299.25	21.07
Fund 207 - Police Fund:			
TOTAL REVENUES	1,405,160.00	1,276,166.75	90.82
TOTAL EXPENDITURES	1,378,103.87	290,299.25	21.07
NET OF REVENUES & EXPENDITURES	27,076.13	985,867.50	3,641.09

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 208 - Park/Recreation Fund			
Revenues			
General government	393,000.00	319,010.92	81.17
Facilities and Maintenance	4,000.00	1,190.00	29.75
Transfers in	99,140.00	24,785.01	25.00
TOTAL Revenues	496,140.00	344,985.93	69.53
Expenditures			
Facilities and Maintenance	496,140.00	88,949.02	17.93
TOTAL Expenditures	496,140.00	88,949.02	17.93
Fund 208 - Park/Recreation Fund:			
TOTAL REVENUES	496,140.00	344,985.93	69.53
TOTAL EXPENDITURES	496,140.00	88,949.02	17.93
NET OF REVENUES & EXPENDITURES	0.00	256,036.91	100.00
Fund 213 - Park & Recreation Senior Citizen Centers			
Revenues			
General government	6,000.00	0.00	0.00
Facilities and Maintenance	60,000.00	14,760.38	24.60
TOTAL Revenues	66,000.00	14,760.38	22.36
Expenditures			
Facilities and Maintenance	60,000.00	29,871.88	49.79
TOTAL Expenditures	60,000.00	29,871.88	49.79
Fund 213 - Park & Recreation Senior Citizen Centers:			
TOTAL REVENUES	66,000.00	14,760.38	22.36
TOTAL EXPENDITURES	60,000.00	29,871.88	49.79
NET OF REVENUES & EXPENDITURES	6,000.00	(15,111.50)	251.86
Fund 219 - Street Light			
Revenues			
General government	2,694,869.62	2,766,715.28	102.67
TOTAL Revenues	2,694,869.62	2,766,715.28	102.67
Expenditures			
General government	12,153.00	30,288.24	249.22
Transportation	2,682,716.62	407,662.05	15.20
TOTAL Expenditures	2,694,869.62	437,950.29	16.25
Fund 219 - Street Light:			
TOTAL REVENUES	2,694,869.62	2,766,715.28	102.67
TOTAL EXPENDITURES	2,694,869.62	437,950.29	16.25
NET OF REVENUES & EXPENDITURES	0.00	2,328,764.99	100.00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 226 - Rubbish Collection Fund			
Revenues			
General government	5,395,794.00	5,617,844.04	104.12
Public works	500.00	22,719.72	4,543.94
TOTAL Revenues	5,396,294.00	5,640,563.76	104.53
Expenditures			
General government	887,554.00	221,888.50	25.00
Transportation	150,000.00	2,510.00	1.67
Public works	4,358,739.36	1,067,591.49	24.49
TOTAL Expenditures	5,396,293.36	1,291,989.99	23.94
Fund 226 - Rubbish Collection Fund:			
TOTAL REVENUES	5,396,294.00	5,640,563.76	104.53
TOTAL EXPENDITURES	5,396,293.36	1,291,989.99	23.94
NET OF REVENUES & EXPENDITURES	0.64	4,348,573.77	
Fund 265 - Drug Law Enforcement Fund			
Revenues			
General government	321,562.82	0.00	0.00
Police	117,500.00	6,298.23	5.36
TOTAL Revenues	439,062.82	6,298.23	1.43
Expenditures			
Police	425,062.82	102,611.49	24.14
TOTAL Expenditures	425,062.82	102,611.49	24.14
Fund 265 - Drug Law Enforcement Fund:			
TOTAL REVENUES	439,062.82	6,298.23	1.43
TOTAL EXPENDITURES	425,062.82	102,611.49	24.14
NET OF REVENUES & EXPENDITURES	14,000.00	(96,313.26)	687.95

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 274 - HUD CDBG, ESG, & HOME GRANTS			
Revenues			
General government	215,349.80	100.00	0.05
Fire	14,765.50	0 00	0.00
Building inspections	782,484.86	0.00	0 00
Transportation	307,422 33	0 00	0.00
Community development	10,494,206 16	69,772 71	0.66
Unclassified	20,010.02	0.00	0.00
TOTAL Revenues	11,834,238.67	69,872.71	0.59
Expenditures			
General government	215,349.80	30,938 81	14 37
Fire	14,765.50	0.00	0 00
Building inspections	782,484.86	6,682.66	0.85
Transportation	307,422.33	6,145.68	2.00
Community development	10.494,206 16	544,772.19	5 19
Unclassified	20,010.02	0 00	0.00
TOTAL Expenditures	11,834,238.67	588,539 34	4 97
Fund 274 - HUD CDBG, ESG, & HOME GRANTS			
TOTAL REVENUES	11,834,238 67	69,872.71	0.59
TOTAL EXPENDITURES	11,834,238 67	588,539.34	4.97
NET OF REVENUES & EXPENDITURES	0 00	(518,666 63)	100.00
Fund 295 - Section 108 Loans			
Revenues			
Community development	664,625.00	795,541.46	119.70
TOTAL Revenues	664,625.00	795,541 46	119 70
Expenditures			
Community development	966,617.00	802,969.24	83.07
TOTAL Expenditures	966,617 00	802,969.24	83 07
Fund 295 - Section 108 Loans			
TOTAL REVENUES	664,625.00	795,541 46	119.70
TOTAL EXPENDITURES	966,617.00	802,969.24	83.07
NET OF REVENUES & EXPENDITURES	(301 992 00)	(7 427 78)	2 46

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 286 - Other Grants Fund			
Revenues			
General government	14,661.97	0.00	0.00
Police	2,703,720.08	153,202.62	5.67
Community development	638,585.16	369,016.92	57.79
Facilities and Maintenance	1,057,076.23	67,623.18	6.39
Public works	50,000.00	49,730.00	99.46
TOTAL Revenues	4,464,043.44	639,472.72	14.32
Expenditures			
General government	14,661.97	0.00	0.00
Police	2,703,720.08	855,488.29	31.64
Community development	638,585.16	77,588.27	12.15
Facilities and Maintenance	1,057,076.23	14,111.08	1.33
Public works	50,000.00	0.00	0.00
TOTAL Expenditures	4,464,043.44	947,187.64	21.22
Fund 286 - Other Grants Fund:			
TOTAL REVENUES	4,464,043.44	639,472.72	14.32
TOTAL EXPENDITURES	4,464,043.44	947,187.64	21.22
NET OF REVENUES & EXPENDITURES	0.00	(307,714.92)	100.00
Fund 287 - Federal Stimulus Fund			
Revenues			
Community development	0.00	87,662.04	100.00
TOTAL Revenues	0.00	87,662.04	100.00
Expenditures			
Community development	0.00	87,662.04	100.00
TOTAL Expenditures	0.00	87,662.04	100.00
Fund 287 - Federal Stimulus Fund:			
TOTAL REVENUES	0.00	87,662.04	100.00
TOTAL EXPENDITURES	0.00	87,662.04	100.00
NET OF REVENUES & EXPENDITURES	0.00	0.00	0.00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 301 - General Debt Serv(Voted Bonds)			
Revenues			
Transfers in	726,953.00	0.00	0.00
TOTAL Revenues	726,953.00	0.00	0.00
Expenditures			
Debt services - interest	260,000.00	0.00	0.00
Debt services - principal	466,953.00	0.00	0.00
TOTAL Expenditures	726,953.00	0.00	0.00
Fund 301 - General Debt Serv(Voted Bonds):			
TOTAL REVENUES	726,953.00	0.00	0.00
TOTAL EXPENDITURES	726,953.00	0.00	0.00
NET OF REVENUES & EXPENDITURES	0.00	0.00	0.00
Fund 402 - Public Improvement Fund			
Revenues			
General government	2,083,000.00	1,595,223.34	76.58
Unclassified	767,957.00	0.00	0.00
TOTAL Revenues	2,850,957.00	1,595,223.34	55.95
Expenditures			
General government	721,900.00	0.00	0.00
Transfers out	726,953.00	0.00	0.00
Debt services - interest	407,104.00	0.00	0.00
Debt services - principal	195,000.00	0.00	0.00
Public works	800,000.00	200,000.01	25.00
TOTAL Expenditures	2,850,957.00	200,000.01	7.02
Fund 402 - Public Improvement Fund:			
TOTAL REVENUES	2,850,957.00	1,595,223.34	55.95
TOTAL EXPENDITURES	2,850,957.00	200,000.01	7.02
NET OF REVENUES & EXPENDITURES	0.00	1,395,223.33	100.00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 542 - Building Inspection Fund			
Revenues			
General government	400,988.00	0.00	0.00
Building inspections	1,681,000.00	1,394,384.50	82.95
Transfers in	313,561.00	78,390.24	25.00
TOTAL Revenues	2,395,529.00	1,472,774.74	61.48
Expenditures			
General government	1,127,233.00	281,772.75	25.00
Building inspections	1,268,295.98	199,584.46	15.74
TOTAL Expenditures	2,395,528.98	481,357.21	20.09
Fund 542 - Building Inspection Fund:			
TOTAL REVENUES	2,395,529.00	1,472,774.74	61.48
TOTAL EXPENDITURES	2,395,528.98	481,357.21	20.09
NET OF REVENUES & EXPENDITURES	0.02	991,417.53	
Fund 590 - Sewer Fund			
Revenues			
Transfers in	0.00	200,000.01	100.00
Unclassified	3,365,101.75	0.00	0.00
Utilities	28,126,894.00	5,350,096.52	19.02
TOTAL Revenues	31,491,995.75	5,550,096.53	17.62
Expenditures			
General government	5,654,386.00	1,408,436.86	24.91
Transfers out	1,860,000.00	465,000.00	25.00
Debt services - interest	695.21	0.00	0.00
Debt services - principal	6,016.23	1,665.36	27.68
Public works	1,990,000.00	0.00	0.00
Utilities	21,980,898.31	2,361,741.13	10.74
TOTAL Expenditures	31,491,995.75	4,236,843.35	13.45
Fund 590 - Sewer Fund:			
TOTAL REVENUES	31,491,995.75	5,550,096.53	17.62
TOTAL EXPENDITURES	31,491,995.75	4,236,843.35	13.45
NET OF REVENUES & EXPENDITURES	0.00	1,313,253.18	100.00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 591 - Water Fund			
Revenues			
General government	3,150,000.00	8,251.60	0.26
Utilities	37,886,000.00	6,217,326.13	16.41
TOTAL Revenues	41,036,000.00	6,225,577.73	15.17
Expenditures			
General government	5,762,876.00	1,435,671.33	24.91
Transfers out	3,766,071.00	282,500.01	7.50
Public works	3,190,000.00	0.00	0.00
Utilities	24,932,583.15	2,268,352.43	9.10
TOTAL Expenditures	37,653,530.15	3,986,523.77	10.59
Fund 591 - Water Fund:			
TOTAL REVENUES	41,036,000.00	6,225,577.73	15.17
TOTAL EXPENDITURES	37,653,530.15	3,986,523.77	10.59
NET OF REVENUES & EXPENDITURES	3,382,469.85	2,239,053.96	66.20
TOTAL REVENUES - ALL FUNDS	**180,036,408.69**	**42,465,584.32**	**23.59**
TOTAL EXPENDITURES - ALL FUNDS	**176,908,852.98**	**28,850,184.86**	**16.36**
NET OF REVENUES & EXPENDITURES	**3,127,555.73**	**13,515,399.46**	

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, October 14, 2014 5:20 PM
To: Muchmore, Dennis (GOV); Saxton, Thomas (Treasury)
Subject: RE: Flint water

We are involved and will escalate our involvement.

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W. Allegan Street | Lansing, MI 48922

From: Muchmore, Dennis (GOV)
Sent: Tuesday, October 14, 2014 3:52 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: FW: Flint water

Can you guys step into this?

From: Gadola, Michael (GOV)
Sent: Tuesday, October 14, 2014 3:42 PM
To: Brader, Valerie (GOV); Muchmore, Dennis (GOV); Agen, Jarrod (GOV); Clement, Elizabeth (GOV)
Subject: RE: Flint water

Good gravy. First, just to clarify, when Valerie says GM is leaving, she means leaving the Flint water system, not abandoning the City altogether.

Second, to anyone who grew up in Flint as I did, the notion that I would be getting my drinking water from the Flint River is downright scary. Too bad the EM didn't ask me what I thought, though I'm sure he heard it from plenty of others. My Mom is a City resident. Nice to know she's drinking water with elevated chlorine levels and fecal coliform.

I agree with Valerie. They should try to get back on the Detroit system as a stopgap ASAP before this thing gets too far out of control.

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Sent: Tuesday, October 14, 2014 3:30 PM
To: Muchmore, Dennis (GOV); Gadola, Michael (GOV); Agen, Jarrod (GOV); Clement, Elizabeth (GOV)
Subject: Flint water

As you know there have been problems with the Flint water quality since they left the DWSD system, which was a decision by the emergency manager there. Specifically, there has been a boil water order due to bacterial contamination. What is not yet broadly known is that attempts to fix that have led to some levels of chlorine-related chemicals that can cause long-term damage if not remedied (though we believe they will remedy them before any damage would occur in the population). Now apparently the reduced quality is causing GM to leave due to rusted parts.

I am fairly sure that GM's departure now means the economic rationale for Flint leaving DWSD in the interim while the new intake is constructed has just been eliminated. Moreover, our DEQ has been working with Flint's team to try to address the technical problem, but doing a blend of DWSD water and Flint water, or going back altogether for a year or two while the new lake intake is constructed, have not really been solutions on the table.

Now we are getting comments about being lab rats in the media, which are going to be exacerbated when it comes out that after the boil water order, there were chemicals in the water that exceeded health-based water quality standards. I

think we should ask the EM to consider coming back to the Detroit system in full or in part as an interim solution to both the quality, and now the financial, problems that the current solution is causing. That additional revenue would also help DWSD, obviously, and the infrastructure is already in place, so this could be implemented quickly. I am not sure who is the best person to initiate that conversation with the EM, but I see this as an urgent matter to fix.

--Valerie

P.S. Note:I have not copied DEQ on this message for FOIA reasons. I have sent them the below message from the Senator's office and had conversations with them re making sure to brief the EM directly on the water quality issues.

From: Bryanna McGarry [BMcGarry@senate.michigan.gov]
Sent: Tuesday, October 14, 2014 12:45 PM
To: Brader, Valerie (GOV)
Cc: Tom Lenard (tomlenard@jimananich.com); Sean Walser; jananich@att.net
Subject: GM's decision to stop using Flint River water will cost Flint $400,000 per year

Hi Valerie,

Hope you're doing well. Senator Ananich asked me to forward you this article about GM's decision to stop using Flint River water: http://www.mlive.com/news/flint/index.ssf/2014/10/gms_decision_to_stop_using_fli.html. He mentioned he'd had a conversation with you about Flint's water issues and just wanted to ensure you saw the latest.

Thanks! Have a wonderful afternoon. :)

Best,

Bryanna

--
Bryanna McGarry, MSW
Legislative Director
State Senator Jim Ananich
District 27
517-373-5133

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, October 14, 2014 7:26 PM
To: Darnell Earley
Cc: Koryzno, Edward (Treasury); Gerald Ambrose; Dempkowski, Angela (Treasury); Crockett, Tracy (MSHDA)
Subject: Re: Flint water

I have a meeting at 9:30 i cant miss. Can we talk at 12:00?

Sent from my iPhone

On Oct 14, 2014, at 7:09 PM, "Darnell Earley" <dearley@cityofflint.com> wrote:

> Wayne,
>
> Let's talk after the 9:00. I have some serious concerns about this issue and the way it is being portrayed.
>
> DE
>
> On Oct 14, 2014 5:27 PM, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov> wrote:
>
> We need to talk about this. This is not getting fixed and it is escalating. Let s talk but NOT on the 9;00 call
>
> Wayne Workman | Deputy State Treasurer
>
> State of Michigan | 430 W Allegan Street | Lansing, MI 48922
>
> ---
>
> **From:** Muchmore, Dennis (GOV)
> **Sent:** Tuesday, October 14, 2014 3:52 PM
> **To:** Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
> **Subject:** FW: Flint water
>
> Can you guys step into this?
>
> ---
>
> **From:** Gadola, Michael (GOV)
> **Sent:** Tuesday, October 14, 2014 3:42 PM

To: Brader, Valerie (GOV); Muchmore, Dennis (GOV); Agen, Jarrod (GOV); Clement, Elizabeth (GOV)
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Thanks! Have a wonderful afternoon. :)

Best,

Bryanna

--

Bryanna McGarry, MSW

Legislative Director

State Senator Jim Ananich

District 27

Widigan, Robert (TREASURY)

From: Byrne, Randall (Treasury)
Sent: Wednesday, October 15, 2014 11:06 AM
To: Widigan, Robert (TREASURY)
Cc: Porubsky, Carmen (TREASURY)
Subject: FW: Quarterly Financial Report to Treasury
Attachments: Flint Quarterly Financial Report 101514.zip

Robert:

Please review this quarterly report.

Thanks,
Randy,

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Wednesday, October 15, 2014 10:40 AM
To: Clinton, Kevin (TREASURY); Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Jim Ananich; Woodrow Stanley; Phil Phelps; Dayne Walling; Inez Brown
Cc: Darnell Earley; Elizabeth Murphy
Subject: Quarterly Financial Report to Treasury

Good morning,

Please find attached the Quarterly Report of the Emergency Manager of the City of Flint as required by Section 9 (5) of P.A. 436 of 2012.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

October 15, 2014

Mr. R. Kevin Clinton, State Treasurer
Michigan Department of Treasury
Bureau of Local Government Services
4th floor Treasury building
430 West Allegan Street
Lansing, MI 48922

Dear Mr. Clinton:

I am attaching for your consideration the quarterly report of the Emergency Manager of the City of Flint as required by Section 9 (5) of P.A. 436 of 2012. The report details activities for the period of July 1, 2014 through September 30, 2014.

Respectfully submitted,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Attachments

cc: Wayne Workman, Deputy Treasurer
Edward Koryzno, Bureau Director of Local Government Services
Randall Byrne, Office of Fiscal Responsibility
James Ananich, State Senator
Woodrow Stanley, State Representative
Phil Phelps, State Representative
Dayne Walling, Mayor City of Flint

QUARTERLY REPORT TO THE STATE TREASURER
REGARDING THE FINANCIAL CONDITION OF THE CITY OF FLINT

October 15, 2014

This quarterly report covers the period from July 1, 2014 through September 30, 2014 and addresses the financial condition of the City of Flint.

Per P.A. 436 Section 9 (MCL141.1549) requires that you submit quarterly reports to the State Treasurer with respect to the financial condition of your local government, secondly, a copy to each state senator and state representative who represents your local government. In addition, each quarterly report shall be posted on the local government's website within 7 days after the report is submitted to the State Treasurer.

Status of the Financial Condition of the City of Flint
July 1, 2014 through September 30, 2014

The City of Flint has adopted a biennial budget for fiscal years 2015 and 2016, and is committed to ongoing review of revenues and expenses.

Summary of FY15 First Quarter and FY 15 Budget Status

In summary, at the end of the 1st quarter, the financial outlook for the remaining FY15 appears to be on track. In total, revenues and expenditures are generally meeting expectations. The City continues to make timely pension contributions and healthcare premium payment for both active employees and retirees. (Attachment A: Summary and Revenue & Expense Report 1st Quarter FY15)

Some further observations on the current budget status:

- In the General Fund, actual revenues are just above 20% of budgeted revenues. At the time of the report, however, the City had not received its portion of State Shared Revenues, and when those revenues are received (approximately $2.4 million), they will be accrued back to the 1st quarter.
- General Fund expenditures are reported at 22% of the budgeted expenditures, in line with expectations. However, it has been discovered that $13,000 in communications expenses was inadvertently deleted from the District Court budget. It will be necessary to consider an adjustment to the District Court budget to address this shortfall.
- Also, we continue to monitor the personnel expenses in the Police and Fire budgets to determine the budgetary impact that reducing staffing levels through attrition rather than layoffs at the beginning of the year will have. It appears that attrition is moving staffing levels down to the budgeted levels, with Fire already at its reduced level of 75, and Police currently at 121 (VERIFY), with a target of 115. By the end of the second quarter we anticipate that the reduced levels will be met by then and in addition, we will have the results of the ICMA organizational and staffing study. We will also be beginning to receive a portion of the $1 million allocated for police and fire expenditures in the state budget. We presently anticipate that these funds will be sufficient to offset any shortfall in the personnel line items in these budgets. With the second quarter report, we will provide any necessary budget amendments in these areas.
- Special Revenue Funds, Major and Local Street Funds are operating below budgeted revenues and expenditures. Major Streets, Fund 202, revenues are down due to timing in which State revenues of the Gas and Weight Tax allocations have not been received as of the date of the report. Budgets in the Grant Funds, Funds 274, 295, and 296 reflect timing differences as well. The revenues in these funds have not been received as of the date of the report. In addition, it will be necessary to create a budget for Fund 297 to reflect the final expenditure of a COPS Hiring Grant, with funds carried over into the FY15 budget year.
- Revenues in the Building Safety and Inspections Fund (Fund 542) are coming in higher than anticipated for the first quarter of the year. This was due largely to

the new construction of the paint shop on the General Motor's property expansion.

- Revenues in the Water and Sewer funds are coming in at 19% and 16% respectively in comparison to the budgeted totals. At the same time, expenditures are coming in a 13% and 11% of the budgeted totals. It appears that the trend of reduced water billings are continuing, and efforts are underway to increase compliance and to identify areas of water loss from leaks as well as from theft. Actual expenditures currently do not include many of the capital improvement projects that are budgeted this fiscal year. The DPW and the Finance Department will continue to closely monitor the Utilities revenues and expenditures to keep them in line.
- The June 30, 2014 ruling by the Federal Court which modified its injunction to allow the City to implement certain changes to retiree health care benefits should provide some financial relief to the City budget, at least for the time during which the matter is being litigated. However, at this time it is not possible to project the amount of relief from the $5 million which was added to the budget for retiree health care as a result of the Courts initial decision prohibiting any change to retiree health care. This is because implementing the approved changes will not be effective until November 1 because of the time necessary to incorporate the changes into the current plans. With the second quarter report, we anticipate being able to project the anticipated costs in comparison to the budgeted amounts.

Current Cash Flow

The City's cash flow has improved significantly from the $13 million cash on hand in December of 2011. Thirteen million dollars is less than one month's operating expenses. By comparison, the cash on hand on September 30, 2014 was in excess of $61 million. (Attachment B Cash Flow Comparisons)

FY 15 AND FY 16 Budget

The FY14 budget was developed within the context of a five year projection of revenues and expenses. This exercise pointed out the continuing challenge the City of Flint will have in achieving long term financial stability. The Finance Department and the Council Finance/Administration Committee completed the FY15-19 strategic plan and financial projections. The City Council has also adopted a Mission, Vision, Goals and Budget Priorities statement. This was incorporated into the FY 14/15 and FY 15/16 Budget document (Attachment C Final FY15 & FY16 Budget Document). Consulting firm Ernst & Young assisted the City with an update to the five year financial projections. The biennial budget was adopted on June 23, 2014 via EM Order #13.

Attachments:
Attachment A Summary and Revenue & Expense Report 1st Quarter FY15
Attachment B Cash Flow Projection
Attachment C Final Budget Document FY15 and FY16
Attachment D Compliance Monitoring Report

Attachment A: Summary and Revenue & Expense Report
1st Quarter FY15

CITY OF FLINT, MICHIGAN
Department of Finance

City Hall, Room #203
1101 South Saginaw Street
Flint, MI 48502
(810) 766-7268 / (810) 766-8675 (fax)

Dayne Walling
Mayor

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Gerald Ambrose
Finance Director

DATE: October 10, 2014

TO: Darnell Earley, Emergency Manager
Dayne Walling, Mayor
Flint City Council

FROM: Jerry Ambrose, Finance Director
Antonio Brown, Deputy Finance Director AB

RE: City of Flint Quarterly Financial Report
July 1, 2014 – September 30, 2014

The City of Flint's Strategic Plan envisions a "well managed financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students and visitors and improve our quality of life."

Operating in a financially sustainable manner is a key component to achieving that vision. As part of this, a biennial budget has been adopted for fiscal years 2015 and 2016, and a commitment has been made to a regular and ongoing review of revenues and expenses. To this end, a quarterly report on the status of the City's budget will be provided to the Finance Committee on an ongoing basis.

Attached is a comparison of the City's budgeted revenues and expenses to actual revenues and expenses as of September 30, 2014.

In summary, at the end of the 1st quarter, the financial outlook for the remaining FY15 appears to be on track. In total, revenues and expenditures are generally meeting expectations. The City continues to make timely pension contributions and healthcare premium payment for both active employees and retirees.

Some further observations on the current budget status:

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City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 101 - General Fund			
Revenues			
General government	45,232,924.00	9,182,371 13	20.76
Judicial	1,697,000.00	383,198.50	22.58
Police	3,792,257.55	627,168 15	16.54
Emergency dispatch	1,189,000.00	0.00	0.00
Fire	351,700 00	34,721 00	9.87
Building inspections	36,000 00	4,657.00	12.94
Transportation	0 00	482.00	100.00
Facilities and Maintenance	21,000 00	17,786.09	84.70
Transfers in	3,777,998.00	944,499 51	25.00
Deficit Reduction	(1,000,000 00)		0.00
TOTAL Revenues	55,097,879 55	11,194,883.38	20.32
Expenditures			
General government	28,187,133.14	5,381,889.95	19.09
Legislative	356,505.00	70,281.22	19.71
Judicial	4,099,999.48	1,451,818.49	35.41
Police	12,563,432.44	3,049,912.03	24.28
Emergency dispatch	2,604,021.00	598,041.26	22 97
Fire	6,177,803 16	1,471,430.53	23.82
Building inspections	395,276.70	66,974.87	16.94
Community development	292,007.15	46,491.27	15.92
Facilities and Maintenance	9,000 00	2,522.26	28.03
Transfers out	412,701.00	103,175.25	25.00
TOTAL Expenditures	55,097,879.07	12,242,537 13	22.22
Fund 101 - General Fund:			
TOTAL REVENUES	55,097,879.55	11,194,883.38	20.32
TOTAL EXPENDITURES	55,097,879 07	12,242,537.13	22.22
NET OF REVENUES & EXPENDITURES	0 48	(1,047,653.75)	

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 202 - Major Street Fund			
Revenues			
General government	6,366,549 69	786,053.03	12.35
Transportation	657,072 15	42,462 70	6 46
TOTAL Revenues	7,023,621 84	828,515 73	11 80
Expenditures			
General government	1,619,530.00	404,882.49	25.00
Transportation	5,285,469.17	657,822.39	12 45
Debt services - interest	8,550 69	8,550.32	100.00
Debt services - principal	110,071 98	110,069.80	100.00
TOTAL Expenditures	7,023,621.84	1,181,325 00	16.82
Fund 202 - Major Street Fund:			
TOTAL REVENUES	7,023,621 84	828,515 73	11.80
TOTAL EXPENDITURES	7,023,621.84	1,181,325.00	16.82
NET OF REVENUES & EXPENDITURES	0 00	(352,809.27)	100.00
Fund 203 - Local Street Fund			
Revenues			
General government	1,877,827.00	181,468.92	9 66
Transportation	724,762.00	9,845.29	1.36
Unclassified	91,870 00	0 00	0.00
TOTAL Revenues	2,694,459.00	191,314.21	7.10
Expenditures			
General government	448,391.00	112,097.74	25.00
Transportation	2,246,067.39	342,527.45	15.25
TOTAL Expenditures	2,694,458 39	454,625.19	16.87
Fund 203 - Local Street Fund:			
TOTAL REVENUES	2,694,459 00	191,314.21	7.10
TOTAL EXPENDITURES	2,694,458.39	454,625.19	16.87
NET OF REVENUES & EXPENDITURES	0.61	(263,310.98)	

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 205 - Public Safety			
Revenues			
General government	9,258,560.00	3,765,159 40	40 67
TOTAL Revenues	9,258,560.00	3,765,159.40	40.67
Expenditures			
General government	1,337,828 00	334,457.00	25 00
Police	2,690,340 00	276,200 86	10.27
Fire	5,230,392.00	888,285.16	16.98
TOTAL Expenditures	9,258,560.00	1,498,943.02	16 19
Fund 205 - Public Safety:			
TOTAL REVENUES	9,258,560 00	3,765,159.40	40.67
TOTAL EXPENDITURES	9,258,560.00	1,498,943.02	16 19
NET OF REVENUES & EXPENDITURES	0.00	2,266,216.38	100.00
Fund 207 - Police Fund			
Revenues			
General government	1,312,000.00	1,276,166 75	97.27
Police	93,180.00	0.00	0 00
TOTAL Revenues	1,405,180.00	1,276,166 75	90 82
Expenditures			
Police	1,378,103.87	290,299.25	21 07
TOTAL Expenditures	1,378,103.87	290,299.25	21.07
Fund 207 - Police Fund:			
TOTAL REVENUES	1,405,180.00	1,276,166.75	90 82
TOTAL EXPENDITURES	1,378,103.87	290,299.25	21 07
NET OF REVENUES & EXPENDITURES	27,076.13	985,867.50	3,641.09

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 208 - Park/Recreation Fund			
Revenues			
General government	393,000 00	319,010.92	81.17
Facilities and Maintenance	4,000.00	1,190 00	29 75
Transfers in	99,140 00	24,785.01	25 00
TOTAL Revenues	496,140.00	344,985.93	69.53
Expenditures			
Facilities and Maintenance	496,140 00	88,949 02	17 93
TOTAL Expenditures	496,140.00	88,949.02	17.93
Fund 208 - Park/Recreation Fund.			
TOTAL REVENUES	496,140 00	344,985.93	69.53
TOTAL EXPENDITURES	496,140.00	88,949.02	17.93
NET OF REVENUES & EXPENDITURES	0 00	256,036.91	100.00
Fund 213 - Park & Recreation Senior Citizen Centers			
Revenues			
General government	6,000.00	0.00	0.00
Facilities and Maintenance	60,000.00	14,760.38	24 60
TOTAL Revenues	66,000 00	14,760 38	22.36
Expenditures			
Facilities and Maintenance	60,000.00	29,871.88	49.79
TOTAL Expenditures	60,000 00	29,871.88	49 79
Fund 213 - Park & Recreation Senior Citizen Centers:			
TOTAL REVENUES	66,000 00	14,760.38	22.36
TOTAL EXPENDITURES	60,000 00	29,871.88	49.79
NET OF REVENUES & EXPENDITURES	6,000 00	(15,111.50)	251.86
Fund 219 - Street Light			
Revenues			
General government	2,694,869 62	2,766,715.28	102.67
TOTAL Revenues	2,694,869.62	2,766,715.28	102.67
Expenditures			
General government	12,153.00	30,288.24	249.22
Transportation	2,682,716.62	407,662.05	15.20
TOTAL Expenditures	2,694,869.62	437,950.29	16.25
Fund 219 - Street Light:			
TOTAL REVENUES	2,694,869 62	2,766,715.28	102.67
TOTAL EXPENDITURES	2,694,869 62	437,950.29	16.25
NET OF REVENUES & EXPENDITURES	0.00	2,328,764.99	100 00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 226 - Rubbish Collection Fund			
Revenues			
General government	5,395,794 00	5,617,844.04	104.12
Public works	500.00	22,719.72	4,543 94
TOTAL Revenues	5,396,294.00	5,640,563.76	104.53
Expenditures			
General government	887,554 00	221,888.50	25 00
Transportation	150,000.00	2,510 00	1 67
Public works	4,358,739.36	1,067,591.49	24 49
TOTAL Expenditures	5,396,293.36	1,291,989.99	23.94
Fund 226 - Rubbish Collection Fund			
TOTAL REVENUES	5,396,294.00	5,640,563.76	104.53
TOTAL EXPENDITURES	5,396,293.36	1,291,989 99	23.94
NET OF REVENUES & EXPENDITURES	0.64	4,348,573 77	
Fund 265 - Drug Law Enforcement Fund			
Revenues			
General government	321,562.82	0 00	0.00
Police	117,500.00	6,298 23	5.36
TOTAL Revenues	439,062.82	6,298.23	1.43
Expenditures			
Police	425,062.82	102,611.49	24 14
TOTAL Expenditures	425,062.82	102,611.49	24.14
Fund 265 - Drug Law Enforcement Fund:			
TOTAL REVENUES	439,062 82	6,298.23	1 43
TOTAL EXPENDITURES	425,062 82	102,611.49	24.14
NET OF REVENUES & EXPENDITURES	14,000 00	(96,313.26)	687.95

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 274 - HUD CDBG, ESG, & HOME GRANTS			
Revenues			
General government	215,349.80	100.00	0.05
Fire	14,765.50	0.00	0 00
Building inspections	782,484 86	0.00	0 00
Transportation	307,422.33	0.00	0.00
Community development	10,494,206.16	69,772.71	0.66
Unclassified	20,010 02	0.00	0.00
TOTAL Revenues	11,834,238.67	69,872.71	0 59
Expenditures			
General government	215,349.80	30,938.81	14.37
Fire	14,765.50	0.00	0.00
Building inspections	782,484 86	6,682.66	0.85
Transportation	307,422.33	6,145 68	2 00
Community development	10,494,206.16	544,772 19	5.19
Unclassified	20,010.02	0.00	0 00
TOTAL Expenditures	11,834,238.67	588,539.34	4.97
Fund 274 - HUD CDBG, ESG, & HOME GRANTS :			
TOTAL REVENUES	11,834,238 67	69,872 71	0.59
TOTAL EXPENDITURES	11,834,238.67	588,539.34	4.97
NET OF REVENUES & EXPENDITURES	0.00	(518,666.63)	100.00
Fund 295 - Section 108 Loans			
Revenues			
Community development	664,625.00	795,541 46	119.70
TOTAL Revenues	664,625.00	795,541.46	119.70
Expenditures			
Community development	966,617 00	802,969.24	83.07
TOTAL Expenditures	966,617.00	802,969.24	83.07
Fund 295 - Section 108 Loans:			
TOTAL REVENUES	664,625.00	795,541 46	119.70
TOTAL EXPENDITURES	966,617.00	802,969.24	83.07
NET OF REVENUES & EXPENDITURES	(301,992.00)	(7,427.78)	2 46

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 296 - Other Grants Fund			
Revenues			
General government	14,661.97	0.00	0.00
Police	2,703,720.08	153,202.62	5.67
Community development	638,585 16	369,016.92	57.79
Facilities and Maintenance	1,057,076.23	67,523.18	6.39
Public works	50,000.00	49,730.00	99 46
TOTAL Revenues	4,464,043.44	639,472 72	14.32
Expenditures			
General government	14,661.97	0 00	0.00
Police	2,703,720.08	855,488.29	31.64
Community development	638,585.16	77,588.27	12.15
Facilities and Maintenance	1,057,076.23	14,111.08	1.33
Public works	50,000 00	0.00	0.00
TOTAL Expenditures	4,464,043.44	947,187.64	21.22
Fund 296 - Other Grants Fund:			
TOTAL REVENUES	4,464,043.44	639,472.72	14.32
TOTAL EXPENDITURES	4,464,043 44	947,187.64	21.22
NET OF REVENUES & EXPENDITURES	0.00	(307,714 92)	100.00
Fund 297 - Federal Stimulus Fund			
Revenues			
Community development	0 00	87,662.04	100.00
TOTAL Revenues	0.00	87,662.04	100.00
Expenditures			
Community development	0 00	87,662.04	100.00
TOTAL Expenditures	0.00	87,662.04	100.00
Fund 297 - Federal Stimulus Fund:			
TOTAL REVENUES	0.00	87,662.04	100.00
TOTAL EXPENDITURES	0.00	87,662.04	100.00
NET OF REVENUES & EXPENDITURES	0 00	0 00	0 00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 301 - General Debt Serv(Voted Bonds)			
Revenues			
Transfers in	726,953.00	0.00	0.00
TOTAL Revenues	726,953.00	0.00	0.00
Expenditures			
Debt services - interest	260,000.00	0.00	0.00
Debt services - principal	466,953.00	0.00	0.00
TOTAL Expenditures	726,953.00	0.00	0.00
Fund 301 - General Debt Serv(Voted Bonds):			
TOTAL REVENUES	726,953.00	0.00	0.00
TOTAL EXPENDITURES	726,953.00	0.00	0.00
NET OF REVENUES & EXPENDITURES	0.00	0.00	0.00
Fund 402 - Public Improvement Fund			
Revenues			
General government	2,083,000.00	1,595,223.34	76.58
Unclassified	767,957.00	0.00	0.00
TOTAL Revenues	2,850,957.00	1,595,223.34	55.95
Expenditures			
General government	721,900.00	0.00	0.00
Transfers out	726,953.00	0.00	0.00
Debt services - interest	407,104.00	0.00	0.00
Debt services - principal	195,000.00	0.00	0.00
Public works	800,000.00	200,000.01	25.00
TOTAL Expenditures	2,850,957.00	200,000.01	7.02
Fund 402 - Public Improvement Fund.			
TOTAL REVENUES	2,850,957.00	1,595,223.34	55.95
TOTAL EXPENDITURES	2,850,957.00	200,000.01	7.02
NET OF REVENUES & EXPENDITURES	0.00	1,395,223.33	100.00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 542 - Building Inspection Fund			
Revenues			
General government	400,968.00	0.00	0 00
Building inspections	1,681,000.00	1,394,384.50	82.95
Transfers in	313,561.00	78,390.24	25.00
TOTAL Revenues	2,395,529.00	1,472,774 74	61.48
Expenditures			
General government	1,127,233 00	281,772.75	25.00
Building inspections	1,268,295 98	199,584 46	15.74
TOTAL Expenditures	2,395,528.98	481,357.21	20.09
Fund 542 - Building Inspection Fund:			
TOTAL REVENUES	2,395,529 00	1,472,774 74	61.48
TOTAL EXPENDITURES	2,395,528.98	481,357.21	20.09
NET OF REVENUES & EXPENDITURES	0.02	991,417 53	
Fund 590 - Sewer Fund			
Revenues			
Transfers in	0 00	200,000.01	100 00
Unclassified	3,365,101 75	0.00	0.00
Utilities	28,126,894.00	5,350,096.52	19 02
TOTAL Revenues	31,491,995.75	5,550,096 53	17.62
Expenditures			
General government	5,654,386.00	1,408,436.86	24.91
Transfers out	1,860,000.00	465,000 00	25.00
Debt services - interest	695.21	0.00	0.00
Debt services - principal	6,016.23	1,665.36	27.68
Public works	1,990,000.00	0 00	0 00
Utilities	21,980,898.31	2,361,741.13	10 74
TOTAL Expenditures	31,491,995 75	4,236,843.35	13.45
Fund 590 - Sewer Fund:			
TOTAL REVENUES	31,491,995.75	5,550,096.53	17 62
TOTAL EXPENDITURES	31,491,995 75	4,236,843.35	13.45
NET OF REVENUES & EXPENDITURES	0.00	1,313,253.18	100.00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 591 - Water Fund			
Revenues	3,150,000 00	8,251 60	0.26
General government	37,886,000 00	6,217,326.13	16 41
Utilities	41,036,000.00	6,225,577.73	15.17
TOTAL Revenues			
Expenditures	5,762,876.00	1,435,671 33	24.91
General government	3,768,071.00	282,500 01	7.50
Transfers out	3,190,000.00	0.00	0.00
Public works	24,932,583.15	2,268,352 43	9.10
Utilities	37,653,530.15	3,986,523.77	10.59
TOTAL Expenditures			
Fund 591 - Water Fund	41,036,000 00	6,225,577 73	15.17
TOTAL REVENUES	37,653,530.15	3,986,523 77	10 59
TOTAL EXPENDITURES	3,382,469.85	2,239,053 96	66.20
NET OF REVENUES & EXPENDITURES			
	180,036,408.69	**42,465,584.32**	**23.59**
TOTAL REVENUES - ALL FUNDS	**176,908,852.96**	**28,950,184.86**	**16.36**
TOTAL EXPENDITURES - ALL FUNDS	**3,127,555.73**	**13,515,399.46**	
NET OF REVENUES & EXPENDITURES			

Attachment B: Cash Flow Projection

Cash Flow 2014-2015

Pooled Cash Balance — End of Month — Bar chart

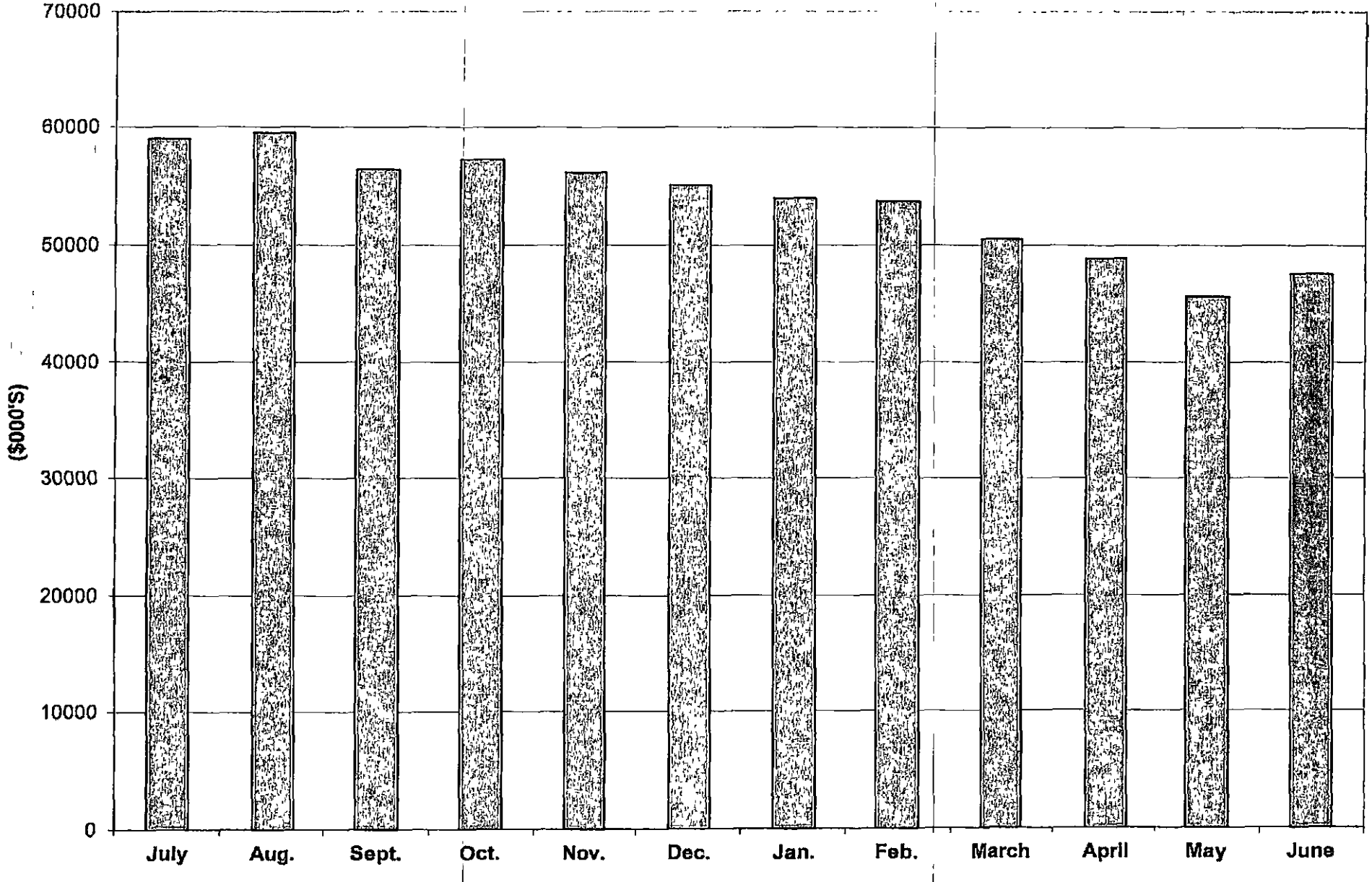
Pooled Cash Balance — Project FY15, FY14, FY14, FY13 — Bar Chart

Pooled Cash Balance - Data

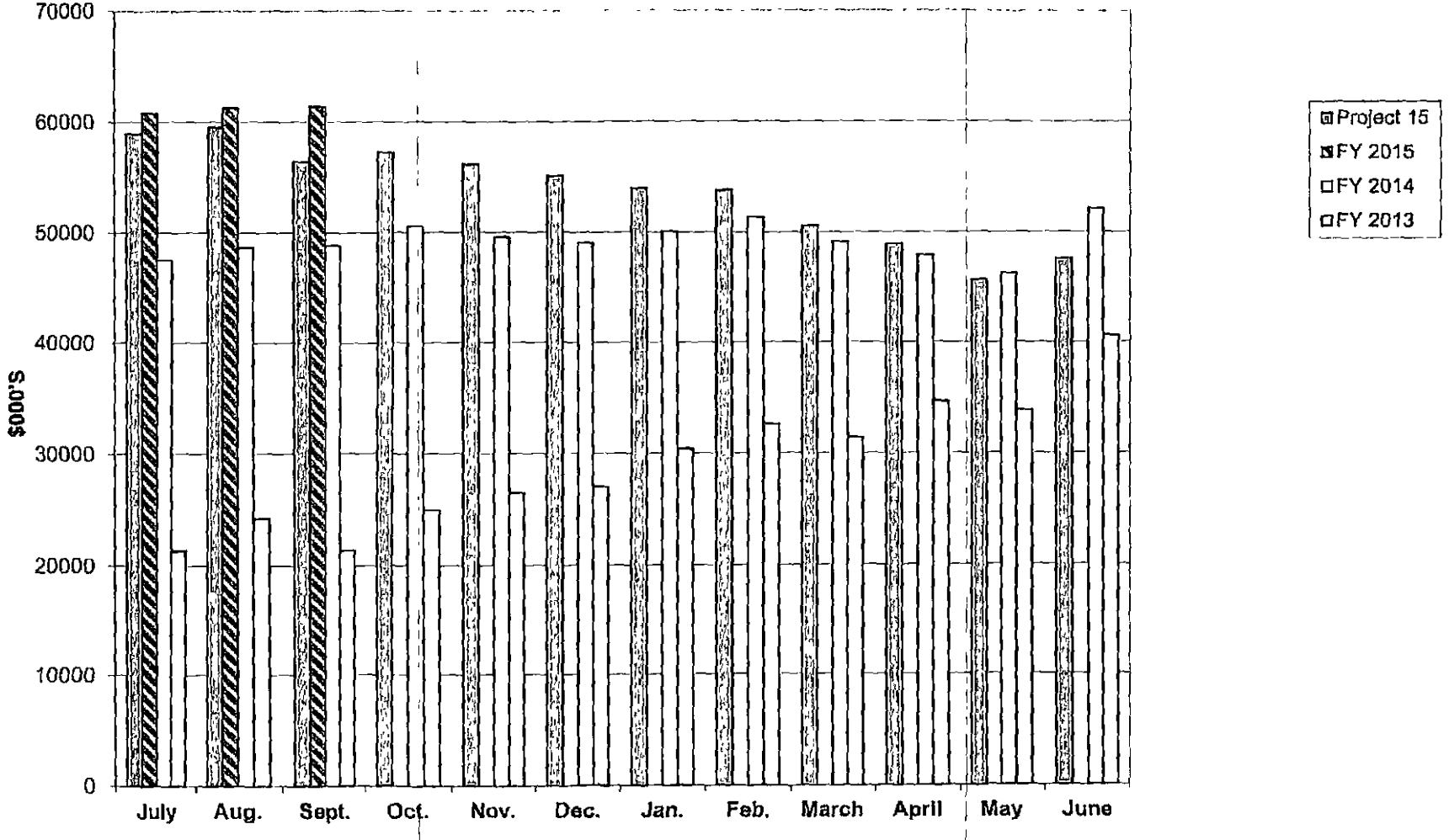
CASH FLOW 2014 - 2015

$000's	July	August	Sept.	Oct.	Nov.	Dec.	Jan	Feb	March	April	May	June	Total
CASH OUTFLOW:													
Payroll	2,529	2,206	3,127	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	29,462
Pensions	1,342	1,676	1,626	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,680	19,494
Disbursements	6,114	12,611	5,278	7,700	10,000	7,700	8,800	10,000	7,500	8,000	7,000	7,000	97,903
Bond and/or Loan Repayments			1,176	900		430			1,550	420		17	4,493
Health Care Payments	1,381	1,114	1,873	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	17,418
Income Tax Refunds	56	50	18	50	50	50	100	150	350	700	450	150	2,172
Misc.-Lawsuits	0	0	0	10	10	10	10	10	10	10	10	10	90
Total Cash Outflow	11,422	17,657	13,099	14,160	15,560	13,690	14,410	15,660	14,910	14,630	12,960	12,677	171,032
CASH INFLOW:													
Water & Sewer-Lockbox	1,930	950	2,805	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	20,085
Property Taxes-Lockbox	9,300	1,250	298	900	1,750	400	600	1,000	1,000	0	0	0	16,498
Income Taxes-Lockbox	1,240	1,140	1,855	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	14,135
Parks & Rec.													0
Cash Register Receipts *	6,812	12,824	6,942	8,500	9,000	8,500	9,000	9,000	8,000	6,850	6,000	6,000	94,228
Parking Meter													0
DCD Reimb.-Urban Renewal	130	0	525	300	300	300	300	300	300	300	300	300	3,355
Other Misc. (including Rev. Sharing	670	2,392	873	3,097	700	3,237	700	3,432	700	2,957	700	3,128	22,586
Other-Grants/Delq Co Rtn **													0
Total Cash Inflow	20,082	18,356	13,208	15,497	14,450	13,137	13,300	16,432	12,700	12,807	9,700	11,128	170,797
Net Cash Flow (Inflows less Outflows)	8,660	499	112	1,337	(1,110)	(553)	(1,110)	772	(2,210)	(1,823)	(3,260)	(1,548)	(235)
Prior Month's Ending Balance	52,129	60,789	61,288	61,400	62,737	61,627	61,074	59,964	60,736	58,526	56,703	53,443	
													-
End of Month Balance-Pooled Cash/Investments	60,789	61,288	61,400	62,737	61,627	61,074	59,964	60,736	58,526	56,703	53,443	51,894	
	July	August	Sept.	Oct.	Nov.	Dec.	Jan	Feb.	March	April	May	June	
Cash Increase/(decrease) 7/1/14 - 6/30/15													-235
* Includes Tax Hold (+,-)													
** Grants included in Cash Reg Receipts													
Actuals thru Sept													

POOLED CASH BALANCE
END OF THE MONTH



POOLED CASH BALANCE



	Pooled Cash Balance Project 15	FY 2015	FY 2014	FY 2013
July	58969	60790	47532	21333
Aug.	59513	61288	48648	24186
Sept.	56423	61400	48856	21338
Oct.	57260		50534	24912
Nov.	56150		49553	26425
Dec.	55097		49061	26937
Jan.	53987		50082	30391
Feb.	53759		51330	32608
March	50549		49094	31406
April	48876		47882	34618
May	45616		46254	33808
June	47567		52129	40597

Attachment C: FY15 & FY16 Budget

Byrne, Randall (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Wednesday, October 15, 2014 11:30 AM
To: Koryzno, Edward (Treasury)
Cc: Workman, Wayne (TREASURY); Darnell Earley; Byrne, Randall (Treasury); Elizabeth Murphy; Howard Croft
Subject: Noon phone call

Follow Up Flag: Follow up
Flag Status: Completed

Ed,

Darnell and I suggest that it would be useful to have DEQ on the line for the noon call, since we have been working with them continuously on water quality issues. Mike Prysby, District Engineer for MDEQ, has been our primary contact.

Jerry

Byrne, Randall (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Wednesday, October 15, 2014 4:32 PM
To: Workman, Wayne (TREASURY)
Cc: Byrne, Randall (Treasury); Koryzno, Edward (Treasury); Hollins, Harvey (GOV); Darnell Earley; Jerry Ambrose; Liz Murphy; Howard Croft; Daugherty Johnson; Jason Lorenz; Kelly Rossman-McKinney
Subject: Electronic Communication
Attachments: Conference Call Summary.PDF

Good afternoon,

Please find attached an electronic communication from Emergency Manager Earley.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

TO: Wayne Workman, Deputy State Treasurer

Cc: Randall Byrne, Manager, Office of Fiscal Responsibility
Edward Koryzno, Director, Bureau of Local Government Services
Harvey Hollins, Director, Governor's Office of Urban and Metropolitan Initiatives

FROM: Darnell Earley, Emergency Manager, City of Flint

DATE: October 15, 2014

RE: City of Flint Water Issues Conference Call Summary

A conference call was held today between the Department of Treasury and the City of Flint to discuss recent water issues in the City. This memo is a summary of that discussion.

1) Department of Environmental Quality – The DEQ has been supportive of the decision for Flint to move to use of the Flint River as a water source. The DEQ receives regular reports from the City's continuous water quality monitoring. They have agreed that the water being produced for distribution is safe. Flint needs the DEQ to make an unequivocal statement that the Flint River water is safe for drinking and all other uses.

2) The City of Flint has been following all of the recommendations from the Water Reliability Study for water production. This study was conducted by Rowe Engineering and Potter Consulting; updated in December 2013. The DEQ has frequently indicated that the guidelines in this study should be used as a basis for water production decisions.

3) The Flint River has some inherent differences as compared to the water from Lake Huron. The lake water comes from deep in the lake and is colder and more consistent than the water in a much less deep river and the conditions of which fluctuate in heavy rain events. These differences do impact the additives required, including chlorine levels. While these variations result in more work at the treatment plant, the end product is still well within DEQ quality standards.

4) History of Boil Water Notices in Flint – The City performs three times/week testing at 10 locations around the City. On one occasion, in one location, a sample was found to have fecal coliform. A boil water notice for only a specific section of the city was issued. Corrective actions were taken: hydrants were flushed, chlorine levels were increased and follow-up samples were taken. Two other situations developed total coliform conditions in areas different than the first boil water notice. Total coliform is naturally developing and means conditions exist for more bacteria to grow. Hydrant flushing began and a failed valve was identified and repaired. Boil water notices were issued in these instances due to the prior fecal coliform condition. This was required by the DEQ in an abundance of caution.

5) Specific General Motors Water Situation – The General Motors Engine Plant in Flint found that a specific machining operation was developing a rust condition. GM identified the source of the rust to higher chloride levels in the Flint River water than were present in the water received through DWSD. This is a condition which is exacerbated by GM's water recycling process which concentrates the chloride levels. Please note: the manufacturing water use that GM requires for its water supply is not a parallel to the potable drinking water standards approved by the DEQ and thus ***is not the same issue.*** The City has agreed to allow this GM plant to use DWSD water through Flint Township for the period between now and the introduction of KWA water. This will cost the City of Flint Water Fund ~ $400,000/year in revenue. This reduction in revenue has not negated the net positive impact of changing to the Flint River water source on a temporary basis.

6) Handling Repairs to the Water Infrastructure – The City has identified a large number of broken valves and main breaks which require repair. Some of these repairs are on large lines which will result in loss of pressure and subsequent boil water advisories in specific areas of the City. We are planning on extensive notification to residents but this is complicated by our other recent water issues. This is part of improving the whole distribution system. As the Water Fund has gotten healthier and there is a willingness on the part of the administration to address these problems, there will be many more short term shut downs and repairs taking place. This is a good thing, but it is not being received in that light by the residents or some of our council members. Additionally, I would note that the Flint Water Service staff is highly capable of managing these repair issues as they occur, as they have always done and will continue to do so.

7) KWA vs DWSD as a Water Source – This has been a long running discussion over several decades. The Flint City Council voted to approve the move to KWA in 2013. We still believe that was and is a good decision. As part of that move, $8 million in upgrades were required to be made at the Flint Water Treatment Plant. Using the Flint River as the primary water source between 2014 and the completion of KWA in 2016 allowed the City to manage these upgrades without needing to borrow this money. Additionally, the Flint River will be our permanent back-up water source.

8) Public Notification – The City is working with the firm Truscott-Rossman to assist us in crafting a clear message to the residents of Flint that the water is safe, the repairs that are being made are part of a much larger plan for infrastructure upgrades. This is just the beginning of the infrastructure replacement work which was defined in the Master Plan and the Capital Improvement Plan. In fact, in the coming Spring 11,000 feet of water line will be replaced. In the following years another 11,000 feet per year will be replaced.

Thank you for your assistance in helping us clarify this issue to the Governor and other interested parties.

Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Wednesday, October 15, 2014 5:12 PM
Subject: PRESS RELEASE: Water Main & System Repairs
Attachments: Water Map 10.15.2014.pdf; Water Main Repairs 10.15.14.pdf

MEDIA AVAILABILITY FOR QUESTIONS AND COMMENTS WILL BE 9:00AM, THURSDAY OCTOBER 16, 2014. PLEASE CONTACT THIS OFFICE TO CONFIRM.

For Immediate Release

Major Water Line Repairs Will Take Place in Robert T. Longway Blvd & Dort Hwy. Area, More Repairs to System Scheduled

Flint, Michigan – October 15, 2014 – The City of Flint's Department of Public Works is working to repair a water main break in the area of Dort and Longway. That repair will be followed by more scheduled repairs to the system in the area which will begin on Saturday, October 18, 2014 and which should be completed by evening Sunday, October 19. The work being performed will result in improved operational control over a large transmission line running down Dort Hwy. which will include improving chlorine residuals in the southern portion of Flint. No residential customers are connected to this line; however, there will be a reduction of pressure to the system, which may cause low water pressure in the surrounding area.

In accordance with DEQ regulations the City of Flint will be issuing a Boil Water Advisory for the area (see attached map) ONLY if residents lose water service during this 24 hour period. Residents who lose water service during that time should expect to use boiled water for 24 hours after service is restored based on testing. If residents in the area do not experience a loss of water service, then there is no need to boil water. Any residents who do experience a loss of water should call the Water Service Center at 810-766-7202 between 8:00am and 4:00pm on Saturday to report the issue.

A Boil Water Advisory is restricted to drinking water and un-boiled water used for cooking. Once again, this is merely a precaution as no one in the affected area should be directly connected to the portion of the system being repaired. Low pressure and discoloration may occur for those in the area, but this is no cause for concern. The City of Flint asks that residents watch their local news station for announcement of the completion of repairs.

A break in the sixteen inch water main was discovered a week ago and crews have since been examining the surrounding system. As a result of that examination, a number of valves in the area were identified as "long overdue" for replacement. "The valves we are replacing in this area have needed attention for quite some time," said Flint Utilities Administrator Daugherty Johnson, "the fact that we now have the resources and planning to perform this work is a tremendous benefit for the entire City."

All of the scheduled work taking place is part of an ongoing, broader plan to examine different sections of the water system citywide for needed repairs and upgrades. Upgrading critical infrastructure such as the water system is a key part of the City's Strategic Plan, which is directly guided by the Master Plan, and part of the City's commitment to deliver the highest quality water possible.

– ATTACHMENT (Affected Area Shaded)–

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 15, 2014 8:40 PM
To: Koryzno, Edward (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: Re: Flint - water

Perfect

Sent from my iPhone

On Oct 15, 2014, at 8:39 PM, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov> wrote:

> I can call @ 7:30 am, is a good time?
>
> Sent from my iPad
>
> On Oct 15, 2014, at 7:39 PM, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov> wrote:
>
> > Lets talk first thing in am
> >
> > Sent from my iPhone
> >
> > Begin forwarded message:
> >
> > **From:** "Sygo, Jim (DEQ)" <SygoJ@michigan.gov>
> > **Date:** October 15, 2014 at 7:33:33 PM EDT
> > **To:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> > **Cc:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>
> > **Subject: Re: Flint - water**
> >
> > Probably best to talk to Liane Shekter Smith.
> > 517-284-6543
> >
> > Sent from my iPhone
> >
> > On Oct 15, 2014, at 5:23 PM, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov> wrote:
> >
> > > Jim – as you know Treasury (thru its EM) is engaged in Flint. Obviously the recent stories re their water quality have raised some concerns. Wayne who is the overall lead for us on this had a conversation with the City today including some of their public works staff. Is there someone we could talk to @ DEQ to get your perspective & corroborate what we are hearing from Flint ? Thanks

Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Thursday, October 16, 2014 2:14 PM
Subject: PRESS RELEASE: Statement on GM Water Agreement
Attachments: GM.Water.Agreement.Statement.pdf

For Immediate Release

Water Issues for General Motors are Not Issues for Residents

Flint, Michigan – October 16, 2014 – The City of Flint is committed to ensuring that all Flint residents have safe quality drinking water. That is why we recently reached an agreement with General Motors to allow the company to temporarily use Flint Township as a water source for their manufacturing needs.

The City of Flint uses chloride as an important component in making water safe for drinking, but that can cause problems for GM's machining work. The agreement comes after GM raised concerns about chloride levels in Flint's treated water.

This temporary switch is needed to allow GM to use water that does not have the same level of treatment provided for high quality drinking water. This ensures that Flint residents will continue to have safe quality drinking water but minimizes the impact on GM's machining work. City officials continuously test drinking water to ensure quality.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039

Koryzno, Edward (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, October 28, 2014 3:20 PM
To: Byrne, Randall (Treasury); Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Darnell Earley; Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); Hill, Darryl (MSP); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Smith, Paul (GOV); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); West, Samantha (GOV)
Subject: Conference Call Agenda - Wednesday, October 29, 2014
Attachments: Agenda & Attachment 102914 Conf Call with Treasury.pdf

Good afternoon,

Please find attached the agenda for the Wednesday, October 29th, 9:00 am conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am Phone Conference Agenda
October 29, 2014

1) **Public Safety Update – FPD, MSP, (FFD, if needed)**
   a) FPD –
      i. The initial draft reports for the evaluation of both the Police and the Fire departments have been received. These are data compilations. The final drafts with recommendations will be completed by the end of October.
      ii. Completing revisions to SRMS MOA.
      iii. The Citizens Radio Patrol will be working tomorrow evening before Halloween.
      iv. Request clarification of State Attorney General's requirement for handling sexual assault kit backlog processing. City has 346 kits in need of processing.
      v. Emergency Manager Earley is setting up a meeting with MSP Post and District Commanders to prepare for transition and keep momentum going with COF PD and MSP.
   b) FFD
   c) Other update from Chief Tolbert and MSP

2) **Governor's Office Update – R. Baird, H. Hollins, B. Clement**
   a) Court Consolidation
   b) The legislative initiative to allow a vote on a local income tax increase will be handled by Mayor Walling who will be working through the Governor's Office and H. Hollins.
   c) Other

3) **Lawsuits – Status, Issues**
   a) Retiree Lawsuit – No updates

4) **Financial and Administrative Update**
   a) Remaining bargaining units in "meet and confer" sessions: Fire
   b) Sgts., and Capts. & Lts. bargaining units have achieved ratified CBAs.
   c) Next benchmark is audit. Budget is on track at 1st quarter end.
   d) Fund balance ordinances including OPEB and BSF have been drafted. Also drafted ordinance for budgeting and strategic planning process will be reviewed by Finance and Admin. Cmte. at the December meeting.

5) **City Council Update**
   a) The Council meeting schedule has been revised for the balance of the year to accommodate election of officers and the November and December holidays. The October meeting has been cancelled.

6) **Blue Ribbon Committee on Governance**
   a) The Flint Journal has published a series of articles exploring each of the six Flint ballot proposals and this past Sunday issued an endorsement of all 6 proposals.

7) **Water Issues**
   a) General Motors Water Issues – working through lawyers at this point. We are close to a final agreement regarding their level as a customer with the City of Flint.
   b) A meeting with the Department of Environmental Quality will follow this meeting today.

8) **Messaging**
   a) A plan is being developed to present to the community at-large and to the various interest groups (i.e. business, investors, foundations) the background of the financial emergency, the actions taken and next steps to emerge from receivership. This will be an on-going item for discussion.
   b) Starting a new communication strategy with an EM press briefing the afternoon of a Council meeting or important Committee meeting.
   c) Hurley Hospital Valuation City - beginning regular meetings with the Hurley leadership to identify strategy beneficial both Hurley and the City of Flint.

9) **9-1-1 Reconsolidation Plan**
   a) The Genesee County 9-1-1 Consortium has voted to accept Flint's request to join. Consolidation is expected to be complete by July 1, 2015. Mayor Walling has been appointed the City's representative on the Membership Board. Work is progressing to complete merger before July 1, 2015.
   b) C-GAP award for 9-1-1 Tower will have ~$400,000 balance. Would like to use for 9-1-1 consolidation expenses.

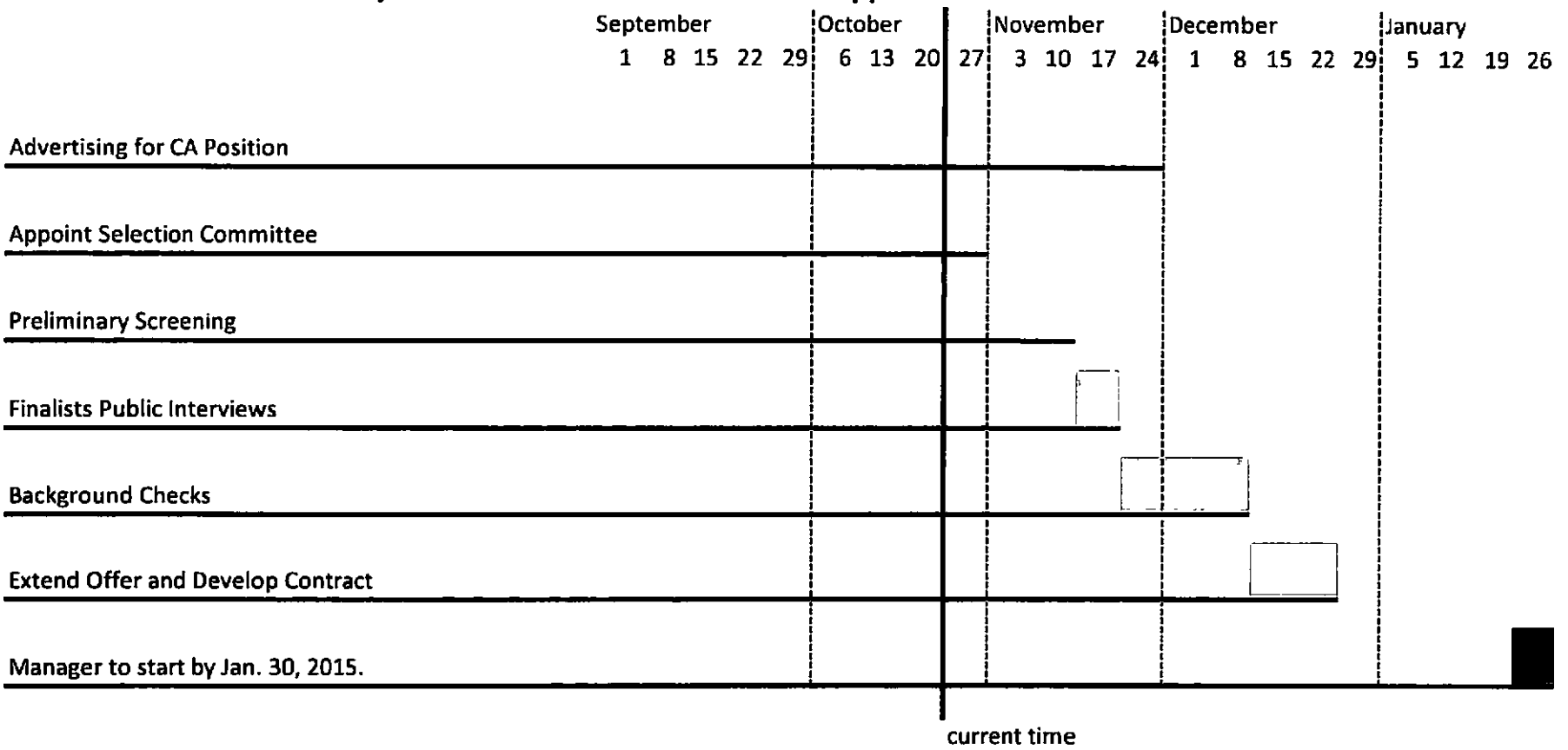
10) **Recruitment and Selection of City Administrator/Manager**
   a) Provide guidance on several considerations: duration of appointment, contract, consistent with TAB, working with TAB, etc. – Finalize timeline after January 1, 2015.
   b) 25 applications have been received to-date. The interview team will include: Mayor Walling, Councilwoman Galloway, Jerry Ambrose, Randy Byrne, a representative from the Concerned Pastors, a representative of the Flint business community, and Emergency Manager Earley. Preliminary screening has begun and five finalists will be selected for public, in-person interviews. Recruitment timeline is attached.

11) **Other Items**

Attachment: City Administrator Recruitment and Appointment Timeline

1[redacted], access code[redacted]
Created on: 10/24/14

City Administrator Recruitment and Appointment Timeline



Revision: 10/27/14

Koryzno, Edward (Treasury)

From: Juan Santambrogio <Juan.Santambrogio@ey.com>
Sent: Thursday, October 30, 2014 8:53 AM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Saxton, Thomas (Treasury)
Cc: Joseph E Fontana; Stephanie Chesnick; Evlon E Charles; Gaurav Malhotra
Subject: City of Flint - Water & Sewer report and revenue scenarios
Attachments: Flint Final 102214 .pdf; Flint - Revenue Index Summary.pdf

Wayne, Ed and Tom,

Attached are the following files to be discussed on the call today:

- Water Service Center Strategic Analysis, including value ranges under various scenarios
- Indexed revenue analysis, which shows a comparison of the projected revenues under the various scenarios included in the report

Look forward to discussing at 2.00 pm ET.

Juan

Juan Santambrogio | Restructuring
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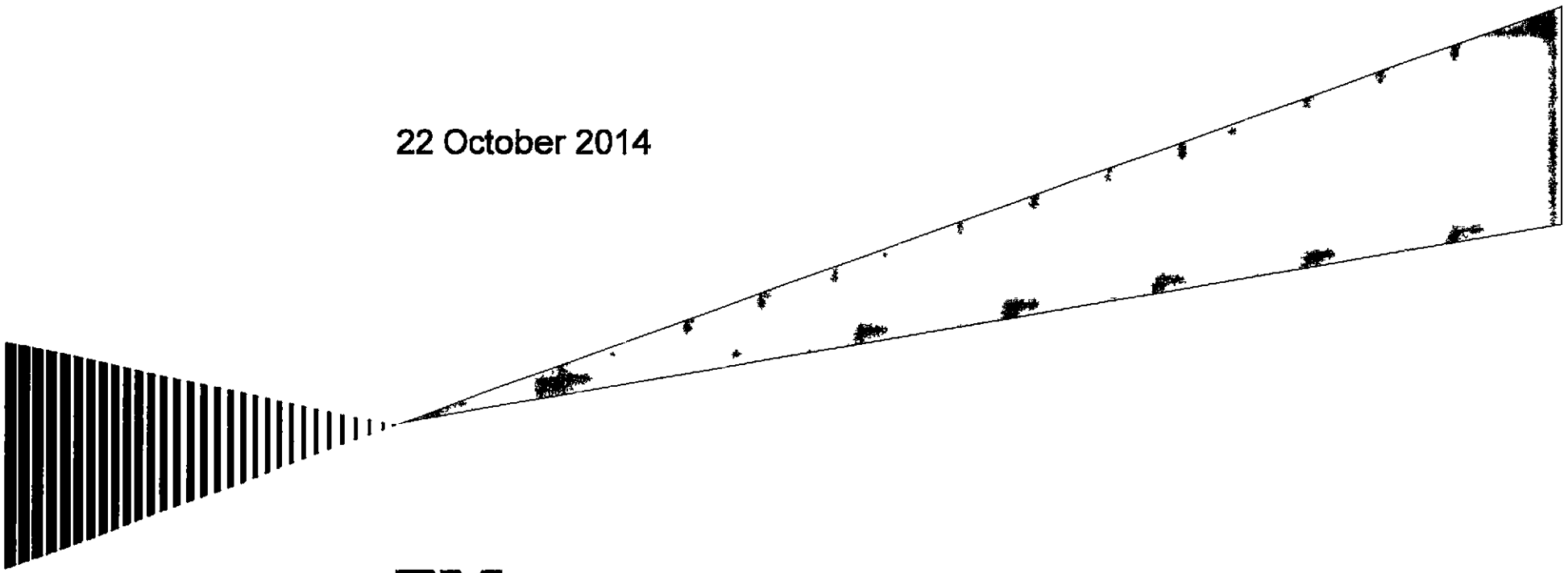
City of Flint

Flint Water Service Center Strategic Analysis

22 October 2014



EY
Building a better working world

Reliance Restricted

Executive summary

The Flint Water Service Center (WSC) houses both the Water Distribution and Sewer Maintenance Divisions of the City of Flint. These Divisions convey water to Flint residents and businesses and remove the sewage to the Water Pollution Control Facility. Management is exploring various strategic alternatives regarding the future direction and ownership of WSC. To support the assessment, you requested EY provide valuation advisory services to evaluate various alternatives for WSC. As part of our analysis, we calculated a range of values for WSC as shown below:

	Range of Calculated Values		
	Low	Mid-point	High
Cost of equity	11.0%	10.0%	9.0%
Calculated net asset value	$125,426,300	$142,899,300	$165,307,200
Indicated range of Calculated Values of City of Flint's net asset value	$125,426,300	$142,899,300	$165,307,200

	Implied range of multiples		
Implied TIC/Book value	1.3x	1.5x	1.7x
Implied TIC/Tangible book value	1.3x	1.5x	1.7x

The calculated range of values reflects the perspective of a strategic investor maximizing its allowable return in a regulated water utility such as WSC. We calculated additional ranges of value based on management's projections, with no adjustments for an investor's allowable return, and our observed findings related to potential operating expense reductions of 10-30% as shown below. The sensitivities were included to illustrate how a potential buyer could achieve its desired return while accomplishing the City of Flint's stated goal of not raising rates to customers above the levels determined by their baseline forecasts.

	Range of Calculated Values		
	Low	Mid-point	High
Discounted cash flow analysis - No rate adjustment	46,519,400	50,779,300	56,220,300
Discounted cash flow analysis - 10.0% reduction in operating expenses	125,467,500	142,946,400	165,362,000
Discounted cash flow analysis - 20.0% reduction in operating expenses	125,508,800	142,993,500	165,416,900
Discounted cash flow analysis - 30.0% reduction in operating expenses	125,550,000	143,040,600	165,471,800

Scope of service
Flint Water Service Center

The valuation services consisted of performing calculations of value related to WSC and performing services related to the development of cash flow forecast sensitivities that are based upon market rate of return considerations for WSC. We performed the following procedures in the completion of our services:

- Research regarding rates of return for regulated utilities operating in a similar industry
- Development of an appropriate discount rate for WSC
- Development of forecast sensitivities based upon market rate of return considerations
- Analysis of the performance and market position of WSC relative to similar publicly-traded companies
- Analysis of financial data and valuation multiples of similar publicly-traded companies
- Calculations[1] of a value for the equity value of WSC utilizing applicable valuation methodologies
- Consideration of the Income Approach to value
- Prepared a presentation summarizing the methodologies employed in our analysis and the assumptions on which our analysis was based

[1]Calculations do not constitute an "appraisal", as that term is defined in BVS-I, General Requirements for Developing a Business Valuation, of the Business Valuation Standards of the American Society of Appraisers. A calculation does not represent EY's opinion or recommendation of value

Valuation methodologies

Three different approaches to value may be employed to estimate value: (i) the Income Approach, (ii) the Market Approach and (iii) the Cost Approach. The nature of the investment or asset and the availability of data will dictate which approaches are ultimately utilized to derive value.

Income Approach

- The Income Approach focuses on the income-producing capability of the subject company or asset. The underlying premise of this approach is that the value of an asset can be measured by the present worth of the net economic benefit (cash receipts, less cash outlays) to be received over the life of the subject asset. The steps followed in applying this approach include:
  - Estimating the expected after-tax cash flows attributable to the asset over its life
  - Converting these after-tax cash flows to present value through "discounting"
- The discounting process uses a rate of return that accounts for both the time value of money and investment risk factors. Finally, the present values of the after-tax cash flows over the life of the asset are totaled to arrive at an indication of the calculated value for the asset.

Market Approach

- The Market Approach measures value based on what other purchasers in the market have paid for assets that can be considered reasonably similar to those being valued. When the Market Approach is utilized, data is collected on the prices paid for reasonably comparable assets. Adjustments are made to the prices paid to compensate for differences between reasonably similar assets and the asset being valued.

Cost Approach

- The Cost Approach is based on the premise that a prudent investor would pay no more for an asset than its replacement or reproduction cost new. The cost to replace the asset would include the cost of constructing a similar asset of equivalent utility at prices applicable at the time of the valuation analysis. To arrive at an estimate of value using the Cost Approach, the replacement or reproduction cost new is estimated and reduced for appraisal depreciation.

Selected approach

- Based on facts and circumstances and availability of information, we utilized the Income Approach in arriving at the calculated range of equity values for WSC.

Strategic Value Assumptions Summary

We utilized the following assumptions in our valuation analysis, which were developed based on discussions with management and/or through industry research:

- Transaction expected to be financed with 45.0% equity and 55.0% debt
- City of Flint expected to retain and redeploy existing cash
- Future capital expenditures expected to be financed with 45.0% equity and 55.0% debt
- Allowable return on equity assumed to be equal to 11.0%
- Outstanding collectibles available to a strategic buyer immediately
- Transition to raw water from Karegnondi Water Authority (KWA) in 2015
- Post-employment benefits liability currently funded through cash flows
- Outstanding debt of $21.8 million extinguished at time of transaction
- Deferred tax liability available to the buyer due to temporary differences between book and tax calculations

City of Flint

Flint WSC Strategic Analysis
Table of contents
Date of valuation: 31 March 2014

Exhibits	
Summary of calculated values	Exhibit A
Discounted cash flow analysis sensitivity - Base case	Exhibit B
Revenue Build-Up - Base case	Exhibit C
Discounted cash flow analysis sensitivity - No rate adjustment	Exhibit D
Revenue Build-Up - No rate adjustment	Exhibit E
Discounted cash flow analysis sensitivity - 10.0% reduction in operating expenses	Exhibit F
Revenue Build-Up - 10.0% reduction in operating expenses	Exhibit G
Discounted cash flow analysis sensitivity - 20.0% reduction in operating expenses	Exhibit H
Revenue Build-Up - 20.0% reduction in operating expenses	Exhibit I
Discounted cash flow analysis sensitivity - 30.0% reduction in operating expenses	Exhibit J
Revenue Build-Up - 30.0% reduction in operating expenses	Exhibit K
Cost of Equity	Exhibit L
Rate of return benchmarking	Exihibit M.1
Return on equity benchmarking	Exhibit M.2
Equity multiples	Exhibit N
Balance sheet - Water	Exhibit O.1
Balance sheet - Wastewater	Exhibit O.2
Operating and maintenance benchmarking	Exhibit P

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City of Flint

Exhibit A

Flint WSC Strategic Analysis
Summary of Calculated Values
Date of valuation: 31 March 2014
(US$)

	Range of Calculated Values (a)		
	Low	Mid-point	High
Cost of equity	11.0%	10.0%	9.0%
Calculated net asset value	$125,426,300	$142,899,300	$165,307,200
Indicated range of Calculated Values of City of Flint's equity	**$125,426,300**	**$142,899,300**	**$165,307,200**

	Range of Calculated Values		
	Low	Mid-point	High
Discounted cash flow analysis - Base Case(a)	$125,426,300	$142,899,300	$165,307,200
Discounted cash flow analysis - No rate adjustment (b)	46,519,400	50,779,300	56,220,300
Discounted cash flow analysis - 10.0% reduction in operating expenses (c)	125,467,500	142,946,400	165,362,000
Discounted cash flow analysis - 20.0% reduction in operating expenses (d)	125,508,800	142,993,500	165,416,900
Discounted cash flow analysis - 30.0% reduction in operating expenses (e)	125,550,000	143,040,600	165,471,800

Notes:

(a) Based on projections provided by Raftelis Financial Consultants, Inc. and includes rate adjustments to achieve required annual return on equity of 11.0%. See Exhibit B.
(b) Based on projections provided by Raftelis Financial Consultants, Inc with no additional rate adjustments.
(c) Reflects a 10.0% reduction in operating expenses from the projections provided by Raftelis Financial Consultants, Inc. and associated rate adjustments to achieve the required annual return on equity of 11.0%.
(c) Reflects a 20.0% reduction in operating expenses from the projections provided by Raftelis Financial Consultants, Inc. and associated rate adjustments to achieve the required annual return on equity of 11.0%.
(d) Reflects a 30.0% reduction in operating expenses from the projections provided by Raftelis Financial Consultants, Inc. and associated rate adjustments to achieve the required annual return on equity of 11.0%.

Source of underlying data and certain information: City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis - Consolidated
Discounted cash flow analysis sensitivity - Base case(a)
Date of valuation: 31 March 2014
(US$)

	For the 3.0 months ending	Test year	For the twelve month periods ending 30 June									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Fund	10 696 062	35 259 364	37 094 595	38 841 189	40 741 808	41 943 725	42 774 452	43 617 070	44 477 071	45 357 751	46 249 622	47 157 495
Wastewater Fund	7 024 015	30 269 423	32 365 201	34 609 069	36 149 143	37 218 957	38 364 022	39 496 140	40 681 954	41 864 919	43 103 680	44 379 380
Rate adjustment [b]		(2 831 895)	(4 275 773)	1 706 991	2 085 540	3 910 796	6 112 651	8 445 700	10 858 066	13,171 069	15 609 916	17 620 620
Total operating revenue	$17 669 067	$62 762 911	$65 124 024	$75 159 279	$78 976 599	$83 071 478	$87 251 308	$91 559 910	$96 996 091	$100 393 737	$104 957 269	$109 387 495
Cost of water [c]	0	0	0	5 800 000	5 800 000	5 800 000	5 800 000	5 800 000	5 800 000	5 800 000	5 800 000	5 800 000
Operating expenses	15 252 343	44 549 234	44 109 434	44 643 404	45 952 815	47 308 913	48 704 692	50 151 175	51 648 450	53,192 452	54 791 006	56 444 026
EBITDA	2 708 724	18 206 677	21 014 590	23 615 845	26 123 973	28 865 565	31 646 473	34 508 734	37 448 642	40 301 285	43 166 262	46 023 473
Existing Depreciation [d]	1 251 571	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036
Additional Depreciation [d]	46 950	992 318	2 071 319	2 950 321	3 954 443	5 033 588	6,139 050	7 317 564	8 547 203	9 778 981	11 091 903	12,411 972
EBIT	1 410 203	12 194 323	13,923 235	15 645 489	17 149 495	18 811 941	20 488 378	22 171 134	23 881 403	25 504 269	27 054 324	28 591 465
Interest Expense	(25 531)	(522 821)	(1 080 684)	(1 511 035)	(1 957 981)	(2 510 682)	(3 019 462)	(3 560 861)	(4 085 776)	(4 593 949)	(5 115 679)	(5 620 691)
Return on debt funded rate base	(705 286)	(2 785 609)	(3,018 882)	(3,391 174)	(3,819 248)	(3 892 323)	(4,181 237)	(4 454 440)	(4 740 679)	(5,022,863)	(5 259 699)	(5 521 822)
Pretax income	678 386	8 885 894	9 823 669	10 743 280	11 532 268	12 406 936	13,287 677	14 165 813	15 055 050	15 887 448	16 679 945	17 449 053
Income taxes @ 38.9% (e)	(263 892)	(3 456 652)	(3 821 407)	(4 179 136)	(4,486 051)	(4 827 037)	(5,169 907)	(5 510 901)	(5 856,414)	(6 180 216)	(6 488,489)	(6,787,595)
Net income	414 494	5 429 242	6 002 262	6 564 144	7 046 215	7 581 799	8,118 771	8 655 312	9 198 636	9 707 229	10 191 447	10 661 377
Add: Existing Depreciation [d]	1 251 571	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036
Add: Additional Depreciation [d]	46 950	992 318	2 071 319	2 950 321	3 954 443	5 033 588	6 139 050	7 317 564	8 547 203	9 778 981	11 091 903	12,411 972
Add/(less): Changes in NWC (f)	(897 953)	2 249 981	(352 267)	(1 195 840)	(317 915)	(347 350)	(352,352)	(352 713)	(372,571)	(381 690)	(393 348)	(352 474)
Add/(less): Changes in Deferred Tax Balance	(128 281)	620 671	713 405	682 624	557 414	441 995	322,715	160 999	144 846	129 691	100 715	76 049
Add: Principal borrowings - Capex related (i)	2 128 307	8 392 483	11 476 644	9 293 574	10 738 760	11 626 617	11 670 605	12,875 159	13 448 352	13 458 064	14 298 742	14 557 832
Less: Principal Repayments - Capex related (i)	(16 047)	(321 394)	(594 547)	(939 836)	(1 374 596)	(1 766 006)	(2,246 778)	(2,749 495)	(3 292 572)	(3 854 147)	(4 459 785)	(5 155 445)
Add: Principal borrowings - Acquisition related (k)	76 594 615											
Less: Principal Repayments - Acquisition related (i)	(592 598)	(2 495 750)	(2 620 537)	(2 751 564)	(2,889 142)	(3 033 599)	(3,185,279)	(3,344 543)	(3 511 770)	(3 687 359)	(3 871 727)	(4 065 313)
Less: Capital expenditures - Equity Funded(j)	(1 721 331)	(6 825 577)	(9 389 982)	(7 603 830)	(8 788 268)	(9 514 323)	(9 794 132)	(10 534 221)	(11 001 569)	(11 009 507)	(11 099 971)	(11 806 469)
Less: Capital expenditures - Debt Funded(j)	(2 128 307)	(8 392 483)	(11 476 644)	(9 293 574)	(10 738 760)	(11 626 617)	(11,670 605)	(12,875 159)	(13 448 352)	(13 458 064)	(14 298 742)	(14 557 832)
Free cash flow to equity	76 963 419	4 828 908	759 689	2 688 052	3,210 194	3 367 201	4 021 002	4 183 639	4 732 237	5 711 531	5 970 268	6 552 659
Present value factor @ 10% Cost of Equity	0.9882	0.9311	0.8464	0.7695	0.6995	0.6359	0.5781	0.5256	0.4778	0.4344	0.3949	0.3590
Present value of free cash flow to equity	$76 044 529	$4 496 057	$643 024	$2 051 479	$2,246 824	$2,164 041	$2,324 635	$2,199 779	$2,261 006	$2 480 618	$2 357 456	$2 388 113

		Discount Rate sensitivity		
		9.0%	10.0%	11.0%
Sum of present value of free cash flow to equity	$101 645 570			
Add: Terminal value	47 940 695	Indicated equity value	$165 307 200	$142 899 300	$125 428 300
Add: Outstanding collectibles at risk	15 137 163				
Less: Book value of existing debt	(21 824 336)	Implied Equity/Book value	1.7x	1.5x	1.3x
Total indicated equity value	$142,899,200	Implied Equity/Tangible book value	1.7x	1.5x	1.3x
Total indicated equity value (rounded)	$142,899,000				

Rate base											
Asset base	264 257 317	288 105 695	314 186 993	335 787 017	353 347 048	373 429 480	395 014 395	417 101 537	440 691 913	465 284 591	489 990 252	515 978 680
Less: Accumulated depreciation	159 109 764	169 122 118	206 213 473	214 183 829	223 158 308	233,212,031	244 370 127	256 707 727	270,274 966	285 071,893	301 173 921	318 605 929
Plus: Capital expenditures	3 849 638	19 080 031	21 590 031	17 590 031	20 092 432	21 664 905	22,097 452	23 590 078	24 592,778	24 696 561	26 096 425	26 601 361
Less: Accumulated Deferred tax liability/(asset)		694 690	1,406 088	2,089,720	2,648 134	3,083,100	3,412,815	3 593 511	3,738,367	3 868,348	3 969 062	4 047,111
Rate base	104 997 191	114 370 179	126 145 449	137 072 499	147 623 039	158 712,254	169 318 895	180 390 676	191,271 368	200 939 821	210 835 631	219 927 021
ROE calculation- rate based											
Return on Rate Base		8 737 572	10 101 628	11 488 353	12 653 443	13 984 804	15 319 470	16 629 633	18 024 988	19 324 042	20 575 825	21 803 781
Average rate base		109 683 685	121 257 814	132,608 974	142,347 769	153 167 647	164 016 575	174 854 785	185 831 021	196 105 845	205 887 809	215 381 359
Return on Rate Base %		8.0%	8.3%	8.8%	8.9%	9.1%	9.3%	9.5%	9.7%	9.9%	10.0%	10.1%
Equity financed Rate Base		49 357 858	54 565 016	59 674 035	64 059 498	68 925 441	73 807 009	78 694 653	83 623 960	88 247 540	92 649 514	96 921 611
ROE [g]		11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Selected financial data											
Growth in revenue	N/A	12.9%	3.8%	15.4%	5.1%	5.2%	5.0%	4.9%	4.8%	4.5%	4.4%	4.3%
Operating expenses as a % of revenue	84.8%	71.0%	67.7%	59.4%	58.2%	56.9%	55.8%	54.8%	53.3%	53.0%	52.2%	51.6%
EBITDA growth	N/A	87.6%	15.4%	12.4%	10.6%	10.5%	9.6%	9.0%	8.5%	7.6%	7.1%	6.6%
EBITDA margin	15.1%	29.0%	32.3%	31.4%	33.1%	34.7%	36.3%	37.7%	39.0%	40.1%	41.2%	42.1%
Depreciation as a % of revenue	7.2%	9.6%	10.8%	10.8%	11.4%	12.1%	12.6%	13.5%	14.1%	14.7%	15.4%	15.9%
Growth in capital expenditures	N/A	N/A	36.7%	19.0%	15.6%	8.3%	2.9%	7.6%	4.4%	0.1%	8.3%	2.0%
Capital expenditures as a % of revenue	21.4%	24.3%	32.0%	22.5%	24.7%	25.5%	24.9%	25.6%	25.5%	24.4%	24.8%	24.3%
Debt to equity capital	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
NWC as a % of revenue	5.0%	4.2%	4.7%	5.0%	5.2%	5.2%	5.1%	5.1%	5.1%	5.0%	5.0%	4.9%
Cost of debt (h)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Notes
BV = Book value EBIT = Earnings before interest and taxes EBITDA = Earnings before interest tax depreciation and amortization N/A = not applicable NWC = Net working capital OPEB = Other post employment benefits P= Price ROR = Rate of return, ROE = Return on equity TBV = Tangible book value
(a) Based on projections provided by Raftelis Financial Consultants Inc
(b) Equals revenue rate adjustment required to achieve annual return on equity
(c) Based on discussions with Management this represents agreed payments to the Karegnondi Water Authority
(d) Based on 20-year straight line depreciation of current fixed assets and capital expenditures.
(e) Equals effective tax rate for the State of Michigan
(f) Based on the LTM average days sales outstanding and days sales payable outstanding of the guideline companies
(g) Based on a review of pending and historical rate cases in the utility industry
(h) Based on the Moody's BAA bond rating as of the valuation date
(i) Assumes additional capex financed over a 20-year term with new debt

Source of underlying data and certain information: City of Flint Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis - Consolidated
Discounted Cash Flow Method - Terminal value
Date of valuation: 31 March 2014
(US$)

Terminal value calculation - Consolidated

Normalized working capital	
2025 total operating revenues	$109,367,499
Long-term growth rate	2.0%
NWC requirement (a)	5.0%
Implied increase / (decrease) in NWC	($107,223)

Normalized debt-free cash flow	
EBITDA	$46,023,473
Depreciation (normalized)	26,523,332
Operating income	$19,500,142
Interest expense	(5,620,581)
Return on debt funded rate base	(5,521,822)
Earnings before taxes	$8,357,738
Income taxes	3,251,160
Earnings after taxes	5,106,578
Add Depreciation (normalized)	26,523,332
(Increase) / decrease in NWC	(107,223)
Less: Principal repayments - Capex related	(5,155,448)
Add Principal borrowings - Capex related	14,587,832
Less Capital expenditures	(26,523,332)
Normalized FCFE	$14,431,739

Constant growth model	Normalized
FCFE, normalized	$14,431,739
FCFE Terminal year growth rate	2.0%
FCFE, year ahead	14,720,374
Divided by: Capitalization rate	8.0%
Capitalized value at end of estimation period	$184,004,674
Remaining debt funded acquisition payments	(50,453,082)
Discount period	11.7
Present value factor @ 10%	0.3590
Terminal value	$47,940,886

Notes:
EBIT = Earnings before interest and taxes; FCFE = Free cash flow to equity; NWC = Debt-free net working capital
(a) Based on the consideration of City of Flint's ten year average of net working capital as a percentage of revenue

Source of underlying data and certain information: City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis - Consolidated
Discounted cash flow analysis sensitivity - Revenue Build-Up(a)
Date of valuation: 31 March 2014
(US$)

	For the 3.0 months ending	Test year	For the twelve month periods ending 30 June									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cost of water (a)	0	0	0	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000
Operating expenses	15,250,343	44,548,234	44,109,434	44,643,434	45,952,615	47,305,913	48,704,892	50,151,176	51,648,450	53,192,482	54,791,026	56,444,026
Existing Depreciation (b)	1,251,571	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036
Additional Depreciation(b)	46,950	992,318	2,071,319	2,950,321	3,954,443	5,033,688	6,138,060	7,317,564	8,547,203	9,776,981	11,081 903	12,411,972
Interest Expense (c)	26,531	522,821	1,080,584	1,511,035	1,997,981	2,510,682	3,019,462	3,550,881	4,085,775	4,593,949	5,115,679	5,620,581
Return on debt funded rate base (d)	705,286	2,785,508	3,018 982	3,391,174	3,819,248	3,892,323	4,181,237	4,454,440	4,740,578	5,022,883	5,268,699	5,521,822
Return on equity grossed up	2,120,754	8,885,994	9,823,669	10,743,280	11,532,268	12,408,836	13,287,677	14,165,813	15,055,050	15,887,446	16,879,945	17,449,063
Total revenue requirement	19,401,435	62,752,911	65,124,024	75,159,279	78,976,589	83,071,478	87,251,365	91,559,910	95,995,091	100,393,737	104,857,288	109,387,499
Base Revenue Forecast (c)	17,959,067	65,584,777	69,399,797	73,450,289	76,891,049	79,160,682	81,138,514	83,113,210	85,139,025	87,222,671	89,353,371	91,546,879
Excess/(Deficient) revenue over base forecast		2,831,866	4,275,773	(1,708,991)	(2,085,540)	(3,910,796)	(6,112,851)	(8,446,700)	(10,856,066)	(13,171,066)	(15 503,916)	(17,820,620)

Notes:
BV = Book value EBIT = Earnings before interest and taxes; EBITDA = Earnings before interest, tax, depreciation and amortization; N/A = not applicable, NWC = Net working capital; OPEB = Other post employment benefits, P= Price, ROR = Rate of return, ROE = Return on equity; TBV = Tangible book value
(a) Based on discussions with Management this represents agreed payments to the Karegnodi Water Authority
(b) Based on 20-year straight line depreciation of annual capital expenditures.
(c) Equals interest expense on additional capex financed over twenty-year term.
(d) Equals return to debt holders on debt-financed portions of acquisition.

Source of underlying data and certain information: City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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City of Flint

Flint WSC Strategic Analysis - Consolidated
Discounted cash flow analysis sensitivity - No rate adjustment(a)
Date of valuation: 31 March 2014
(US$)

	For the 3.0 months ending	Test year	For the twelve month periods ending 30 June									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Fund	10 995 052	35 238 354	37 034 595	38 841 189	40 741 906	41 943 725	42 774 422	43 617 070	44 477 071	45 357 751	46 249 692	47 157 439
Wastewater Fund	7 024 015	30 288 423	32 365 201	34 539 099	36 149 143	37 218 957	38 364 022	39 459 140	40 661 954	41 864 919	43 103 680	44 379 380
Rate adjustment [b]		0	0	0	0	0	0	0	0	0	0	0
Total operating revenue	$17 969 067	$65 594 777	$69 399 797	$73 460 289	$76 891 049	$79 162 682	$81 138 514	$83 113 210	$85 139 025	$87 222 671	$89 353 371	$91 546 819
Cost of water [c]	0	0	0	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000
Operating expenses	15 260 343	44 545 236	44 109 434	44 643 434	45 852 815	47 305 913	48 704 892	50 161 179	51 648 450	53 162 452	54 701 026	56 444 026
EBITDA	2 708 724	21 038 643	25 290 363	24 036 433	24 954 739	25 533 822	25 682 034	26 622 576	27 130 209	27 682 348	28 202 853	28 702 793
Existing Depreciation [d]	1 251 571	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036
Additional Depreciation [d]	46 850	892 318	2 071 319	2 950 321	3 854 443	5 033 658	6 138 060	7 317 564	8 547 203	9 776 881	11 081 903	12 411 972
EBIT	1 410 203	15 026 190	18 199 008	16 063 866	14 901 045	14 376 525	13 724 434	13 025 337	12 333 192	11 660 402	10 770 845	10 270 785
Interest Expense	(26 631)	(522 821)	(1 060 584)	(1 511 005)	(1 957 681)	(2 510 632)	(3 019 462)	(3 550 681)	(4 085 775)	(4 559 949)	(5 115 679)	(5 620 581)
Return on debt funded rate base	(705,296)	(2 785 508)	(3 018 992)	(3 391 174)	(3 619 249)	(3 992 323)	(4 181 237)	(4 454 440)	(4 740 678)	(5 022 833)	(5 258 939)	(5 521 822)
Pretax income	678 386	11 717 860	14 099 442	9 004 289	9 448 729	8 499 040	7 174 627	5 719 113	4 198 984	2 716 379	1 178 023	(371 958)
Income taxes @ 38.9% (e)	(263,692)	(4 556 248)	(5 484 683)	(3 514 339)	(3 674 776)	(3 305 737)	(2 791 006)	(2 224 736)	(1 633,406)	(1 056,972)	(457,476)	0
Net income	414 494	7 159 613	8 614 759	5 519 951	5 771 950	5 192,302	4 383 619	3 494 378	2,565 579	1 659 708	718 664	(371 958)
Add: Existing Depreciation [d]	1,251 571	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036
Add: Additional Depreciation [d]	46 850	892 318	2 071 319	2,950 321	3 854 443	5 033 658	6 138 060	7 317,564	8 547,203	9 776 881	11 081 903	12,411 972
Add/(less): Changes in NWC (f)	(897 853)	1 893 844	(533 843)	(443 235)	(270 564)	(117 828)	(75 476)	(69,223)	(69 555)	(70 574)	(69 984)	(71 141)
Add/(less): Changes in Deferred Tax Balance	(126,281)	820 971	713 405	692 924	557 414	441 665	322,715	180 695	144 848	129 691	100 715	78 049
Add: Principal borrowings - Capex related (i)	2,126 307	8 392,483	11 478 844	9,293 574	10 736 760	11 628 617	11 870 605	12,876 159	13 448,352	13 456 054	14,298 742	14 687 832
Less: Principal Repayments - Capex related (i)	(16 047)	(321 394)	(694 547)	(999 536)	(1 374 998)	(1 765 005)	(2 248 778)	(2,749 495)	(3 292,672)	(3 864 147)	(4 469 785)	(5 155 448)
Add: Principal borrowings - Acquisition related (i)	27 925 515											
Less: Principal Repayments - Acquisition related (i)	(210 530)	(666 855)	(931,209)	(977 769)	(1 026 657)	(1 077 990)	(1 131 890)	(1 188 484)	(1 247,908)	(1,310 304)	(1 376 819)	(1 444 810)
Less: Capital expenditures - Equity Funded(i)	(1 721 331)	(5 828 577)	(9 389 982)	(7 603 403)	(8 780 258)	(9 614 322)	(9 794 130)	(10 634,221)	(11 001 569)	(11 039 507)	(11 698 971)	(11 935 499)
Less: Capital expenditures - Debt Funded(i)	(2,126,307)	(8 392,483)	(11 478,644)	(9,293,574)	(10 736 760)	(11 628,617)	(11 870,605)	(12,876 159)	(13,448,352)	(13 456 054)	(14,298 742)	(14,687 832)
Free cash flow to equity	26 669 437	7 811 949	4 879 939	4 148 259	3 846 768	3 182,848	2 618,366	1 472,251	668 029	332 184	(713 353)	(1 458 200)
Present value factor @ 10% Cost of Equity	0.9892	0.8911	0.8454	0.7835	0.6995	0.6268	0.5781	0.5256	0.4778	0.4344	0.3949	0.3590
Present value of free cash flow to equity	$26 384 447	$7 273,493	$4 130 525	$3 192 010	$2,690,225	$2,024 088	$1 512,576	$773 768	$318,221	$144 265	($281 676)	($527 036)

Sum of present value of free cash flow to equity	$47 604 918
Add: Terminal value	9 851 535
Add: Outstanding collectibles at risk	13 137 183
Less: Book value of existing debt	(21 824,356)
Total indicated equity value	$50 779,279
Total indicated equity value (rounded)	$50,779,300

	Discount Rate sensitivity		
	9.0%	10.0%	11.0%
Indicated equity value	$56,220 300	$50 779 300	$46 519 400
Implied Equity/Book value	0.6x	0.5x	0.5x
Implied Equity/Tangible book value	0.6x	0.5x	0.5x

Rate base

Asset base	294 257 317	308 185 955	314 185 955	335 757 017	353 347 048	373 429 480	395 014,395	417 101 837	440 691 913	465,284 691	489 880,252	515 978,680
Less: Accumulated depreciation	193 109 784	198 122,118	208,213 473	214 183 829	223 158 308	233,212,031	244 370 127	256 707 727	270,274 966	285 071 983	301 173 921	318 805,925
Plus: Capital expenditures	3 849 636	10 080 001	21 590 031	17 590 031	20 092,432	21,584 905	22,097 452	23 600 076	24 922 778	24 595,561	26 099,428	26 621,381
Less: Accumulated Deferred tax liability/(asset)		694,690	1,408 098	2,089,720	2,648,134	3 090 100	3,412,615	3 693 511	3,738,357	3 869,343	3 993,052	4,047,111
Rate base	104 997 101	114,370 179	126,145 449	137 072,499	147 623 039	158 712,254	169 318 836	180 300 875	191 271 368	200 939 92'	210 835 697	219 927 021

ROE calculation- rate based

Return on Rate Base		10 457,942	12,714 325	10 422 159	11 389 179	11 595 308	11 594 518	11 439 899	11,361 932	11,278,521	11 102,932	10 770,648
Average rate base		109 683 695	121,257 814	132,608 974	142,347 769	153 167 647	164 015 545	174 854 785	185,831 021	196,105 646	205 887 809	215 331,359
Return on Rate Base %		9.5%	10.5%	7.9%	8.0%	7.6%	7.1%	6.5%	6.1%	5.8%	5.4%	5.0%
Equity financed Rate Base		43 357 658	54 685 018	59 674 038	64 065 456	68 825 441	73 807 009	78 684 653	83 623 950	88 247 540	92,649 514	98 921 611
ROE (g)		14.5%	15.8%	9.3%	9.0%	7.5%	6.9%	4.4%	3.1%	1.9%	0.8%	-0.4%

Selected financial data

Growth in revenue	N/A	-3.0%	5.8%	5.8%	4.7%	3.0%	2.5%	2.4%	2.4%	2.4%	2.4%	2.5%
Operating expenses as a % of revenue	84.9%	67.9%	63.6%	60.8%	59.6%	59.8%	60.0%	60.3%	60.7%	61.0%	61.3%	61.7%
EBITDA growth	N/A	676.6%	20.2%	13.4%	9.7%	3.8%	2.3%	2.1%	2.0%	2.0%	2.0%	2.0%
EBITDA margin	15.1%	32.1%	36.4%	32.7%	32.5%	32.3%	31.6%	31.4%	31.2%	31.1%	31.0%	30.8%
Depreciation as a % of revenue	7.2%	9.2%	10.2%	10.9%	11.7%	12.7%	13.6%	14.5%	15.3%	17.0%	18.0%	19.0%
Growth in capital expenditures	N/A	N/A	36.7%	19.0%	15.6%	8.3%	2.9%	7.6%	4.4%	0.1%	6.3%	2.0%
Capital expenditures as a % of revenue	21.4%	23.3%	30.1%	23.0%	26.4%	26.7%	26.6%	28.2%	28.7%	28.0%	29.1%	29.0%
Debt to equity capital	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
NWC as a % of revenue	5.0%	4.2%	4.7%	5.0%	5.2%	5.2%	5.1%	5.1%	5.1%	5.0%	5.0%	4.9%
Cost of debt (h)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Notes

BV = Book value EBIT = Earnings before interest and taxes EBITDA = Earnings before interest tax depreciation and amortization N/A = not applicable NWC = Net working capital OPEB = Other post employment benefits P= Price ROR = Rate of return ROE = Return on equity TBV = Tangible book value

(a) Based on projections provided by Raftelis Financial Consultants, Inc.
(b) Equals revenue rate adjustment required to achieve annual return on equity
(c) Based on discussions with Management this represents agreed payments to the Karegnondi Water Authority
(d) Based on 20-year straight line depreciation of current fixed assets and capital expenditures.
(e) Equals effective tax rate for the State of Michigan
(f) Based on the LTM average days sales outstanding and days sales payable outstanding of the guideline companies
(g) Based on a review of pending and historical rate cases in the utility industry
(h) Based on the Moody's BAA bond rating as of the valuation date.
(i) Assumes additional capex financed over a 20-year term with new debt

Source of underlying data and certain information: City of Flint Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis - Consolidated
Discounted Cash Flow Method - Terminal value
Date of valuation: 31 March 2014
(US$)

Terminal value calculation - Consolidated

Normalized working capital	
2025 total operating revenues	$91,546,879
Long-term growth rate	2.0%
NWC requirement (a)	5.0%
Implied increase / (decrease) in NWC	($89,752)

Normalized debt-free cash flow	
EBITDA	$28,202,853
Depreciation (normalized)	26,523,332
Operating income	$1,679,521
Interest expense	(5,620,581)
Return on debt funded rate base	(5,521,822)
Earnings before taxes	($9,462,882)
Income taxes	(3,681,061)
Earnings after taxes	(5,781,821)
Add. Depreciation (normalized)	26,523,332
(Increase) / decrease in NWC	(89,752)
Less Principal repayments - Capex related	(5,155,448)
Add: Principal borrowings - Capex related	14,587,832
Less: Capital expenditures	(26,523,332)
Normalized FCFE	$3,560,811

Constant growth model	Normalized
FCFE, normalized	$3,560,811
FCFE Terminal year growth rate	2.0%
FCFE, year ahead	3,632,027
Divided by: Capitalization rate	8.0%
Capitalized value at end of estimation period	$45,400,343
Remaining debt funded acquisition payments	(17,928,515)
Discount period	11.7
Present value factor @ 10%	0.3590
Terminal value	$9,861,536

Notes:
EBIT = Earnings before interest and taxes, FCFE = Free cash flow to equity; NWC = Debt-free net working capital
(a) Based on the consideration of City of Flint's ten year average of net working capital as a percentage of revenue

Source of underlying data and certain information City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis - Consolidated

Discounted cash flow analysis sensitivity - Revenue Build-Up(a)

Date of valuation: 31 March 2014

(US$)

	For the 3.0 months ending	Test year	For the twelve month periods ending 30 June									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cost of water (a)	0	0	0	6,900,000	6 900,000	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000
Operating expenses	15,250,343	44,546,234	44,109,434	44,643,434	45 952,615	47,305,913	48,704,892	50,151,176	51,646 450	53,192,482	54,791,026	56,444,026
Existing Depreciation (b)	1,251,571	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036
Additional Depreciation(b)	46,950	992,318	2,071,319	2,950,321	3,954,443	5,033,688	6,138,060	7,317,564	8,547,203	9,776,981	11,081,903	12,411,972
Interest Expense (c)	26,531	522,821	1,080,584	1,511,035	1,997,981	2,510,662	3,019,462	3,550,881	4,085,775	4,593,949	5,115,679	5,620,581
Return on debt funded rate base (d)	705,286	2,785,508	3,018,982	3,391,174	3 819,248	3,892,323	4 181,237	4,454,440	4,740,578	5,022,883	5,268,699	5,521,822
Return on equity grossed up	2,120,754	8,885,994	9,823,669	10,743,260	11,532,266	12,408,838	13,287,677	14,165,813	15,055,050	15,887,446	16,679,945	17,448,063
Total revenue requirement	19,401,435	62,752,911	65,124,024	75,159,279	78,976,589	83,071,478	87,251,365	91,559,910	95,995,091	100,393,737	104,857,288	109,367,499
Base Revenue Forecast (c)	17,959,067	65,584,777	69,399,797	73,450,289	76,891,049	79,160,882	81,138,514	83,113,210	85,139,025	87,222,671	89,353,371	91,546,879
Excess/(Deficient) revenue over base forecast		2,831,866	4,275,773	(1,708,991)	(2,085 540)	(3,910,798)	(6,112,851)	(8 446,700)	(10,856,066)	(13,171,066)	(15,503 916)	(17,820,620)

Notes:

BV = Book value, EBIT = Earnings before interest and taxes; EBITDA = Earnings before interest, tax, depreciation and amortization, N/A = not applicable, NWC = Net working capital, OPEB = Other post employment benefits; P= Price, ROR = Rate of return, ROE = Return on equity; TBV = Tangible book value

(a) Based on discussions with Management this represents agreed payments to the Karegnodi Water Authority.

(b) Based on 20-year straight line depreciation of annual capital expenditures.

(c) Equals interest expense on additional capex financed over twenty-year term.

(d) Equals return to debt holders on debt-financed portions of acquisition.

Source of underlying data and certain information: City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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City of Flint

Flint WSC Strategic Analysis - Consolidated
Discounted cash flow analysis sensitivity - 10.0% reduction in operating expenses(a)
Date of valuation: 31 March 2014
(US$)

	For the 3.0 months ending 2014	Test year 2015	2016	2017	2018	For the twelve month periods ending 30 June 2019	2020	2021	2022	2023	2024	2025
Water Fund	10 935 052	35 286 354	37 034 595	38 841 189	40 741 606	41 843 725	42 774 432	43 617 070	44 477 071	45 357 751	46 249 632	47 157 499
Wastewater Fund	7 024 015	30,288 423	32,365,201	34 609 099	36 149 143	37,218 967	38 364 022	39 499 140	40 661 954	41 864 919	43 103 630	44 379 300
Rate adjustment [b]		(7,288 440)	(8 638,716)	(2,758 353)	(2,529 721)	(819 706)	1,242,362	3 431,553	5,691 421	7 851 820	10 024 814	12,179,218
Total operating revenue	$17 959 067	$58 286 288	$60 713 081	$70 694 936	$74 391 327	$78 340 886	$82 380 816	$86 544 763	$90 830 446	$95 074 491	$99 378 186	$103 723 797
Cost of water [c]	0	0	0	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000
Operating expenses	15 250 343	40 091 611	39 698 491	40 179 091	41 357 364	42 575 322	43 834 403	45 136 058	46 481 806	47 873 215	49 311 823	50 798 923
EBITDA	2,708 724	18 208 977	21 014 590	23 615 845	26 123 973	28 865 565	31 646 413	34 508 704	37 448 642	40 301 275	43 166 362	46 023 473
Existing Depreciation [d]	1,251 671	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036
Additional Depreciation [d]	48 650	892,318	2,071 319	2,950 321	3,854 443	5 033,685	6 138,060	7,317,564	8 547,203	9 778 981	11 061 903	12,411 972
EBIT	1 410 203	12 194 323	13 923,235	15 645 489	17 149 496	18 811 841	20 488 318	22,171 104	23 881 403	25 504 259	27 084 324	28 591 464
Interest Expense	(29,531)	(522,821)	(1 080 584)	(1 511 035)	(1 997 981)	(2 510 622)	(3 019 482)	(3 550 681)	(4 086 775)	(4 593 945)	(5 115 679)	(5 620 681)
Return on debt funded rate base	(705,266)	(2,765 508)	(3 018,982)	(3 391 174)	(3 619 245)	(3 892 323)	(4 181 237)	(4 454 442)	(4 740,578)	(5 022,863)	(5 308 699)	(5 521,622)
Pretax income	675 396	8 905 994	9 823 669	10 743 280	11 532 268	12 408 836	13 287 677	14 165 813	15 055 050	15 887 448	16 679 945	17 449 083
Income taxes @ 38 9% [e]	(263,852)	(3,458,652)	(3,821 407)	(4,179 135)	(4,498,061)	(4,827,037)	(5,168,957)	(5,510 501)	(5,859,414)	(6,180 215)	(6,488 499)	(6,787,686)
Net income	414 494	5 429 342	6 002,262	6 564 144	7 046 215	7 581 799	8 118 771	8 668 312	9 199,636	9 707 229	10 191 447	10 661 377
Add: Existing Depreciation [d]	1,251 671	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036
Add: Additional Depreciation [d]	48 650	892,318	2,071 319	2,950 321	3 854 443	5 033 685	6 138 060	7 317 564	8 547,203	9 778 981	11 061 903	12,411 972
Add/(less): Changes in NWC (f)	(697 953)	2 258 604	(362 361)	(1 185 737)	(317 665)	(347 100)	(362,123)	(362 436)	(372,264)	(381 397)	(383 041)	(382 157)
Add/(less): Changes in Deferred Tax Balance	(126,231)	820 971	713 405	692 624	657 414	441 955	322 715	180 698	144 848	129 991	100 715	78 049
Add: Principal borrowings - Capex related [y]	2,126 307	8 392 483	11 476 644	9 293 574	10 738 760	11 628 617	11 970 805	12,875 159	13 446 352	13 459 084	14 298 742	14 587 832
Less: Principal Repayments - Capex related [y]	(16 047)	(321 364)	(594 647)	(999 636)	(1 374 596)	(1 765 005)	(2,246 778)	(2,746 495)	(3,292,572)	(3 864 147)	(4 489 785)	(5 158 448)
Add: Principal borrowings - Acquisition related (i)	78 620 520											
Less: Principal Repayments - Acquisition related [y]	(592,793)	(2,493,572)	(2,621 401)	(2,752,471)	(2,890 095)	(3 034 599)	(3 186 329)	(3 345 646)	(3 512,929)	(3 688,574)	(3 873 003)	(4 066 653)
Less: Capital expenditures - Equity Funded(k)	(1 721 331)	(6 893,677)	(9 389 662)	(7 609 833)	(8 786,258)	(9 614 323)	(9 794 132)	(10 634 221)	(11 001 569)	(11 009 527)	(11 698 971)	(11 936 499)
Less: Capital expenditures - Debt Funded(k)	(2,126,307)	(8 392,483)	(11,476 644)	(9,293 574)	(10 738,760)	(11,628,617)	(11,970 805)	(12,875 159)	(13 446,352)	(13,459,084)	(14,298 742)	(14,587 832)
Free cash flow to equity	76 879 126	4 838 628	758 742	2,625,245	3 209 450	3 388 450	4 020 220	4 182 811	4 731 397	5 710 612	6 959,299	6 951 576
Present value factor @ 10% Cost of Equity	0 8932	0 8311	0 8454	0 7695	0 6995	0 6359	0 5781	0 5259	0 4778	0 4344	0 3949	0 3590
Present value of free cash flow to equity	$76 669 935	$4 503,256	$642 222	$2,050 690	$2,245 133	$2,153 870	$2,324 183	$2,198 349	$2,260 589	$2,480 419	$2,357 073	$2,387 745

Sum of present value of free cash flow to equity	$101 873 331
Add: Terminal value	47 960,243
Add: Outstanding collectibles at risk	15 137 193
Less: Book value of existing debt	[21 824,336]
Total indicated equity value	$142,946 599
Total indicated equity value (rounded)	$142,946 600

	Discount Rate sensitivity		
	9.0%	10.0%	11.0%
Indicated equity value	$165 362,000	$142,946 400	$125 467 500
Implied Equity/Book value	1 7x	1 5x	1 3x
Implied Equity/Tangible book value	1 7x	1 5x	1 3x

Rate base

Asset base	294 257 317	298 108,855	314 166 886	335 787 017	353 347 048	373 429 480	395 014 385	417 101 837	440 691 913	465 254 691	489 680 252	515 678 680
Less: Accumulated depreciation	193 109 764	198 122,118	206,213 473	214 183,829	223 159,308	233,212,031	244 370 127	256,707 727	270,274 958	285 071 883	301 173 821	318 605 926
Plus: Capital expenditures	3 849 638	18 080 031	21 580 031	17 580 031	20 080 432	21 584 805	22,087 462	23 593 075	24 592 778	24 595 551	26 099 439	26,601 381
Less: Accumulated Deferred tax liability/(asset)		634,690	1,408 096	2,030 720	2,648 134	3 069 100	3,412 815	3 553,511	3,736,357	3 858 346	3 969,092	4 047 111
Rate base	104 997 191	114 370 179	126 145 449	137 072 499	147 623 039	158 712,254	169 318 895	180 393 675	191 271 368	200 839 921	210 636 697	219,927 021

ROE calculation--rate based

Return on Rate Base	8,737 672	10 101 528	11 466 353	12,683 443	13 984 804	15 319 470	16 680 633	18 024 988	19 324 042	20 575 625	21 800 781
Average rate base	109 683 685	121,257 814	132,608 974	142,347 769	153 167 547	164 015 575	174 856 785	185 831 021	196 105 645	205 687 809	215 381 359
Return on Rate Base %	8.0%	8.3%	8.6%	8.9%	9 1%	9 3%	9 5%	9 7%	9 9%	10.0%	10 1%
Equity financed Rate Base	43 357 656	54 508 016	59 674 036	64 058 498	68 925 441	73 607 009	78 654 653	83 623 950	88 247 540	92,849 514	98 621 611
ROE [g]		11 0%	11.0%	11.0%	11 0%	11.0%	11 0%	11.0%	11.0%	11.0%	11 0%

Selected financial data

Growth in revenue	N/A	19 1%	4 1%	16.4%	5.2%	5.3%	5.2%	5 1%	5 0%	4 7%	4.5%	4 4%
Operating expenses as a % of revenue	84 9%	63.8%	65.4%	56.8%	55.6%	54 3%	53.2%	52.2%	51.2%	50 4%	49 6%	49 0%
EBITDA growth	N/A	67 6%	15.4%	12.4%	10.6%	10.5%	9.6%	9 0%	8 5%	7 6%	7 1%	6 6%
EBITDA margin	15 1%	31.2%	34.6%	33.4%	35.1%	36.8%	38.4%	39 9%	41.2%	42.4%	43 4%	44 4%
Depreciation as a % of revenue	7.2%	10.3%	11 7%	11.3%	12.1%	12.8%	13 5%	14 3%	14 9%	15 6%	16.2%	16.8%
Growth in capital expenditures	N/A	N/A	35 7%	19 0%	15.6%	8 3%	2 9%	7 8%	4 4%	0 1%	6.3%	2.0%
Capital expenditures as a % of revenue	21 4%	26.2%	34 4%	23 8%	26.2%	27.0%	26 4%	27 0%	26.8%	25 7%	26.2%	25 6%
Debt to equity capital	65 0%	65 0%	65.0%	65 0%	65 0%	65 0%	65 0%	65 0%	65 0%	65 0%	65 0%	65 0%
NWC as a % of revenue	5 0%	4.2%	4 7%	5 0%	5.2%	5.2%	5 1%	5.1%	5 1%	5 0%	5 0%	4 9%
Cost of debt (h)	5 0%	5.0%	5.0%	5 0%	5 0%	5.0%	5 0%	5.0%	5 0%	5 0%	5 0%	5 0%

Notes
EV = Book value EBIT = Earnings before interest and taxes EBITDA = Earnings before interest tax depreciation and amortization N/A = not applicable NWC = Net working capital OPEB = Other post employment benefits P= Price ROR = Rate of return, ROE = Return on equity TBV = Tangible book value
(a) Based on projections provided by Rafalis Financial Consultants, Inc
(b) Equals revenue rate adjustment required to achieve annual return on equity
(c) Based on discussions with Management this represents agreed payments to the Karegnondi Water Authority
(d) Based on 20-year straight line depreciation of current fixed assets and capital expenditures.
(e) Equals effective tax rate for the State of Michigan.
(f) Based on the 1 TM average days sales outstanding and days sales payable outstanding of the guideline companies
(g) Based on a review of pending and historical rate cases in the utility industry
(h) Based on the Moody's BAA bond rating as of the valuation date.
(i) Assumes additional capex financed over a 20-year term with new debt

Source of underlying data and certain information: City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis - Consolidated
Discounted Cash Flow Method - Terminal value
Date of valuation: 31 March 2014
(US$)

Terminal value calculation - Consolidated

Normalized working capital	
2025 total operating revenues	$103,723,097
Long-term growth rate	2.0%
NWC requirement (a)	5.0%
Implied increase / (decrease) in NWC	($101,689)

Normalized debt-free cash flow	
EBITDA	$46,023,473
Depreciation (normalized)	26,523,332
Operating income	$19,500,142
Interest expense	(5,620,581)
Return on debt funded rate base	(5,521,822)
Earnings before taxes	$8,357,738
Income taxes	3,251,160
Earnings after taxes	5,106,578
Add: Depreciation (normalized)	26,523,332
(Increase) / decrease in NWC	(101,689)
Less: Principal repayments - Capex related	(5,155,448)
Add Principal borrowings - Capex related	14,587,832
Less Capital expenditures	(26,523,332)
Normalized FCFE	$14,437,273

Constant growth model	Normalized
FCFE, normalized	$14,437,273
FCFE Terminal year growth rate	2.0%
FCFE, year ahead	14,726,018
Divided by Capitalization rate	8.0%
Capitalized value at end of estimation period	$184,075,229
Remaining debt funded acquisition payments	(50,469,711)
Discount period	11.7
Present value factor @ 10%	0.3590
Terminal value	$47,960,243

Notes:
EBIT = Earnings before interest and taxes, FCFE = Free cash flow to equity, NWC = Debt-free net working capital.
(a) Based on the consideration of City of Flint's ten year average of net working capital as a percentage of revenue

Source of underlying data and certain information. City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis - Consolidated
Discounted cash flow analysis sensitivity - Revenue Build-Up(a)
Date of valuation: 31 March 2014
(US$)

	For the 3.0 months ending	Test year	For the twelve month periods ending 30 June									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cost of water (a)	0	0	0	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000
Operating expenses	15,250,343	40,091,611	39,698 491	40,179,091	41,357,354	42,575,322	43,834,403	45,136,058	46 481,805	47,873,215	49 311,923	50,799,623
Existing Depreciation (b)	1,251,571	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036
Additional Depreciation(b)	48,950	992,318	2,071 319	2,950,321	3,954,443	5,033,688	6,138,060	7,317,564	8,547,203	9,776,981	11 081,903	12,411,972
Interest Expense (c)	26,531	522,821	1,080,584	1,511,035	1,997,981	2,510,682	3,019,462	3,550,881	4,085,775	4,593,949	5,115,679	5,620,581
Return on debt funded rate base (d)	705,286	2,785,508	3,018 982	3,391,174	3,619,248	3,892,323	4,181,237	4,454,440	4,740,578	5,022,863	5,268,699	5,521,822
Return on equity grossed up	2,120,754	8,885,994	9,823,669	10,743,280	11,532,266	12,408,836	13,287,677	14,165,813	15,055,050	15,887,446	16,679,945	17,449,063
Total revenue requirement	19,401,435	58,298,288	60,713,081	70,694,936	74,381,327	78,340,886	82,380,875	88,544,793	90,830,448	95,074,491	99,378,185	103,723,097
Base Revenue Forecast (c)	17,959,067	65,584,777	69,399,797	73,450,289	76,891,049	79,160,882	81,138,514	83,113,210	85,139,025	87,222,671	89,353,371	91,546,879
Excess/(Deficient) revenue over base forecast		7,286,490	8,686,716	2,755,353	2,509,721	819,796	(1,242,362)	(3,431,583)	(5,691,421)	(7,851,820)	(10,024,814)	(12,176,218)

Notes:
BV = Book value, EBIT = Earnings before interest and taxes, EBITDA = Earnings before interest, tax, depreciation and amortization; N/A = not applicable, NWC = Net working capital, OPEB = Other post employment benefits, P= Price, ROR = Rate of return
ROE = Return on equity; TBV = Tangible book value
(a) Based on discussions with Management this represents agreed payments to the Karegnodi Water Authority
(b) Based on 20-year straight line depreciation of annual capital expenditures.
(c) Equals interest expense on additional capex financed over twenty-year term.
(d) Equals return to debt holders on debt-financed portions of acquisition.

Source of underlying data and certain information: City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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City of Flint

Flint WSC Strategic Analysis - Consolidated
Discounted cash flow analysis sensitivity - 20.0% reduction in operating expenses(a)
Date of valuation: 31 March 2014
(US$)

	For the 3.0 months ending 2014	Test year 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
						For the twelve month periods ending 30 June						
Water Fund	10 935 052	35 238 354	37 034 556	38 841 189	40 741 906	41 843 725	42 774 492	43 617 070	44 477 071	45 352 751	46 249 652	47 167 499
Wastewater Fund	7 024 015	30,266 429	32 365,201	34 609 099	36 149 143	37,216 957	38 364 022	39 458,140	40 681 954	41 864 919	43 103 680	44 379 300
Rate adjustment [b]		(11 741,113)	(13,097 680)	(7,219 936)	(7 104,983)	(5 550 387)	(3 529,127)	(1 953,535)	526,778	2,532,574	4,545,711	6,631 815
Total operating revenue	$17 959 067	$53 843 664	$56 302 137	$66 230 593	$69 786 066	$73 510 295	$77 610 386	$81 529 675	$85 685 801	$89 755 245	$93 899 063	$98 078 694
Cost of water [c]	0	0	0	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000
Operating expenses	15 250 343	35 636 997	35 287 547	35 714,747	36 762,082	37 844 721	38 963 914	40 120 941	41 317 100	42,553 909	43,832 824	45 155,221
EBITDA	2,708 724	18,206 677	21 014 590	23 615 846	26 123 973	28 865 573	31 646,473	34 508 734	37 448 642	40 301,276	43 166,262	46 023 473
Existing Depreciation [d]	1 251 671	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036
Additional Depreciation [e]	48 950	992 316	2 071 319	2 950 321	3 864,443	5 033 668	6 138,080	7,317,664	8,547,203	9 776 881	11 061 603	12 411 972
EBIT	1 410,203	12,194 323	13 923 235	15 645 489	17 149 496	18 811 841	20 488 378	22,171 134	23 881 403	25 504 359	27 084,324	28 591 466
Interest Expense	(26 631)	(522,621)	(1 060 564)	(1 511 035)	(1 997 661)	(2 510 882)	(3 019 462)	(3 550 881)	(4 085 775)	(4 693 945)	(5 115 679)	(5 620 681)
Return on debt funded rate base	(705,286)	(2,785 606)	(3 018 992)	(3 391 174)	(3 819,249)	(3 892 323)	(4 191 237)	(4 454,440)	(4 740,573)	(5 022,953)	(5,298 886)	(5,521,822)
Pretax income	678 286	8 886 094	9 823 669	10 743,280	11 332,586	12 408 636	13 287 677	14 165 813	15 055 050	15 687 446	16 679 845	17 449 063
Income taxes @ 38.9% [a]	(263 692)	(3,456 852)	(3,821 407)	(4 179 139)	(4 406 051)	(4 827 037)	(5 168,807)	(5 510 501)	(5 856 414)	(6 100,215)	(6 488 495)	(6 787,635)
Net income	414 494	5 429 342	6,002,262	6 564 144	7 048 215	7 581 769	8 118 771	8 655 312	9 198 636	9 707 229	10 191 447	10 661 377
Add: Existing Depreciation [d]	1 251 671	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036
Add: Additional Depreciation [e]	48 950	992 316	2,071 319	2,950 321	3 864 443	5 033 668	6 138 080	7 317 664	8 547,203	9 776 881	11 061 603	12 411 972
Add/(less): Changes in NWC (f)	(997 853)	2,287 047	(362,435)	(1 195 635)	(317 414)	(349 841)	(351 855)	(352 158)	(371 999)	(351 100)	(352 734)	(361 040)
Add/(less): Changes in Deferred Tax Balance	(125,281)	820 971	713 405	692,824	557 414	441 965	322 715	180 036	144 846	129 951	100 715	78 049
Add: Principal borrowings - Capex related (h)	2 128 307	8 392 453	11 478 644	9,293 574	10 738 760	11 628 617	11 970 635	12 876 159	13 446 352	13 456 064	14 298 742	14 587 832
Less: Principal Repayments - Capex related (g)	(15 047)	(321 394)	(684 547)	(699 805)	(1 374 696)	(1 765 009)	(2 246 778)	(2 748 436)	(3 292,572)	(3 864 147)	(4 489 785)	(5 155 445)
Add: Principal borrowings - Acquision related (i)	78 646 425											
Less: Principal Repayments - Acquisition related (i)	(592 969)	(2,497 395)	(2,622,268)	(2,753 378)	(2,891 047)	(3 036 599)	(3 187 378)	(3 348 743)	(3,514 085)	(3 639 760)	(3 874 279)	(4 067 993)
Less: Capital expenditures - Equity Funded(i)	(1 721 331)	(6 895 577)	(9 389 982)	(7 603 830)	(8 788 258)	(9 514 323)	(9 794 132)	(10 534,221)	(11 001 559)	(11 039 507)	(11 556 971)	(11 935 499)
Less: Capital expenditures - Debt Funded(i)	(2,128 307)	(8 392 453)	(11 478 644)	(9,293 574)	(10 738 760)	(11,628 617)	(11,970 635)	(12 876 159)	(13 446 352)	(13,456 064)	(14 298 742)	(14,587 832)
Free cash flow to equity	77 004 838	4 844 349	757 794	2 654 443	3 205 791	3 355 720	4 019 439	4 191 896	4 730 498	5 709 693	5 908 329	6 650 653
Present value factor @ 10% Cost of Equity	0 9892	0 8911	0 8454	0 7938	0 6935	0 6309	0,5781	0,5256	0 4778	0 4344	0,3949	0 3590
Present value of free cash flow to equity	$76 095 341	$4 819 443	$640 420	$2,050 241	$2,244 643	$2,153 100	$2,323 731	$2 197 812	$2,260 173	$2,480 020	$2,358 630	$2,387 378

Sum of present value of free cash flow to equity	$101 701 052
Add: Terminal value	47 979 801
Add: Outstanding collectibles at risk	15 137 163
Less: Book value of existing debt	(21 824 398)
Total indicated equity value	$142 993 518
Total indicated equity value (rounded)	$142,993,000

	Discount Rate sensitivity		
	9.0%	10.0%	11.0%
Indicated equity value	$155,418,000	$142,993 000	$125 506,000
Implied Equity/Book value	1 7x	1 6x	1 3x
Implied Equity/Tangible book value	1 7x	1 6x	1 3x

Rate base											
Asset base	294,257 317	298 108 955	314 186,966	335 767 017	353,347 049	373 429 490	395 014 395	417 101 837	440 691 913	465 284 691	489 880 252	515 978 630
Less: Accumulated depreciation	193 109 764	199 122 118	206,213 473	214 183 829	223 156,308	233,212,031	244,370 127	256 707 727	270 274 955	285 071 883	301 173 921	318 605 928
Plus: Capital expenditures	3,849 638	15 080 031	21 580 031	17 580 031	20 082,432	21 684,805	22 087 452	23 990 075	24 992 778	24 996 531	26 098 429	26 601 381
Less: Accumulated Deferred tax liability/(asset)		894 690	1 406,095	2,090 720	2,843 134	3,000 100	3,412,815	3 560 511	3 738 357	3,868,349	3 969 052	4 047,111
Rate base	104,897 191	114 370 179	125 145 449	137 072,488	147 523 039	158 712,264	169 318,896	180 360 875	191 271 366	200 939 892	210 835 697	219 927 021
ROE calculation- rate based											
Return on Rate Base		8 737 872	10 101 626	11 466 353	12,953 443	13,994,804	15,319 470	16 660 633	18 024 988	19 324 042	20 575 625	21 803 781
Average rate base		109 683 685	121 257,814	132 808 974	142,347 769	153 187,647	164 015 575	174 854 785	185 831 021	196 105 645	205 887 609	215 381 359
Return on Rate Base %		8.0%	8.3%	8.6%	9.0%	9 1%	9 3%	9.5%	9 7%	9 9%	10,0%	10 1%
Equity financed Rate Base		45 357 629	54 565 016	59 574 038	64 056 496	68 825 441	73 607 009	78 564 653	83 623 960	88,247 540	92,649 514	96 921 811
ROE [g]		11 0%	11 0%	11 0%	11 0%	11 0%	11 0%	11 0%	11 0%	11 0%	11 0%	11 0%
Selected financial data											
Growth in revenue	N/A	-25.3%	4 6%	17 6%	5 4%	5 5%	5 3%	5 2%	5 1%	4 8%	4 6%	4 5%
Operating expenses as a % of revenue	84 9%	66 2%	62 7%	53 9%	52 7%	51 4%	50 3%	49 2%	48 2%	47 4%	46 7%	46 0%
EBITDA growth	N/A	57 0%	15 4%	12 4%	10 6%	10 5%	9 6%	9 0%	8 5%	7 6%	7 1%	6 6%
EBITDA margin	15 1%	33 8%	37 3%	35 7%	37 4%	39 2%	40 8%	42 3%	43 7%	44 9%	46 0%	46 9%
Depreciation as a % of revenue	7 2%	11 2%	12 6%	12 0%	12 9%	13 7%	14 4%	15 1%	15 8%	16 5%	17 1%	17 6%
Growth in capital expenditures	N/A	N/A	36 7%	19 0%	15 5%	8 3%	2 8%	7 5%	4 4%	0 1%	6 3%	2 0%
Capital expenditures as a % of revenue	21 4%	28 3%	37 1%	25 5%	28 0%	28 7%	28 1%	28 7%	28 5%	27 3%	27 7%	27 0%
Debt to equity capital	55 0%	55 0%	55 0%	55 0%	55 0%	55 0%	55 0%	55 0%	55 0%	55 0%	55 0%	55 0%
NWC as a % of revenue	5 0%	4 2%	4 7%	5 0%	5 2%	5 2%	5 1%	5 1%	5 1%	5 0%	5 0%	4 9%
Cost of debt (h)	5 0%	5 0%	5 0%	5 0%	5 0%	5 0%	5 0%	5 0%	5 0%	5 0%	5 0%	5 0%

Notes
BV = Book value EBIT = Earnings before interest and taxes EBITDA = Earnings before interest tax depreciation and amortization N/A = not applicable NWC = Net working capital OPEB = Other post employment benefits P= Price ROR = Rate of return ROE = Return on equity TBV = Tangible book value.
(a) Based on projections provided by Rafalis Financial Consultants Inc.
(b) Equals revenue rate adjustment required to achieve annual return on equity
(c) Based on discussions with Management the represents agreed payments to the Karegnondi Water Authority
(d) Based on 20-year straight line depreciation of current fixed assets and capital expenditures.
(e) Equals effective tax rate for the State of Michigan.
(f) Based on the LTM average days sales outstanding and days sales payable outstanding of the guideline companies
(g) Based on a review of pending and historical rate cases in the utility industry
(h) Based on the Moody's BAA bond rating as of the valuation date
(i) Assumes additional capex financed over a 20-year term with new debt.

Source of underlying data and certain information: City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis - Consolidated
Discounted Cash Flow Method - Terminal value
Date of valuation: 31 March 2014
(US$)

Terminal value calculation - Consolidated

Normalized working capital	
2025 total operating revenues	$98,078,694
Long-term growth rate	2.0%
NWC requirement (a)	5.0%
Implied increase / (decrease) in NWC	($96,156)

Normalized debt-free cash flow	
EBITDA	$46,023,473
Depreciation (normalized)	26,523,332
Operating income	$19,500,142
Interest expense	(5,620,581)
Return on debt funded rate base	(5,521,822)
Earnings before taxes	$8,357,738
Income taxes	3,251,160
Earnings after taxes	5,106,578
Add. Depreciation (normalized)	26,523,332
(Increase) / decrease in NWC	(96,156)
Less Principal repayments - Capex related	(5,155,448)
Add: Principal borrowings - Capex related	14,587,832
Less. Capital expenditures	(26,523,332)
Normalized FCFE	$14,442,807

Constant growth model	Normalized
FCFE, normalized	$14,442,807
FCFE Terminal year growth rate	2.0%
FCFE, year ahead	14,731,663
Divided by: Capitalization rate	8.0%
Capitalized value at end of estimation period	$184,145,784
Remaining debt funded acquisition payments	(50,486,341)
Discount period	11.7
Present value factor @ 10%	0.3590
Terminal value	$47,979,601

***Notes*:**
EBIT = Earnings before interest and taxes; FCFE = Free cash flow to equity, NWC = Debt-free net working capital
(a) Based on the consideration of City of Flint's ten year average of net working capital as a percentage of revenue

Source of underlying data and certain information: City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis - Consolidated
Discounted cash flow analysis sensitivity - Revenue Build-Up(a)
Date of valuation: 31 March 2014
(US$)

	For the 3.0 months ending	Test year	For the twelve month periods ending 30 June									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cost of water (a)	0	0	0	6,900,000	6,900,000	6,900,000	6,900,000	6 900,000	6,900,000	6 900,000	6,900,000	6,900,000
Operating expenses	15,250,343	35,636,987	35,287,547	35,714,747	36,762,092	37,844,731	38,963,914	40,120,941	41,317,160	42,553,969	43,832,821	45,155,221
Existing Depreciation (b)	1,251,571	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5 020,036	5,020,036	5,020,036
Additional Depreciation(b)	46,850	992,318	2,071,319	2,950,321	3,954,443	5,033,688	6,138,060	7,317,564	8,547,203	9,776,981	11,081,903	12,411,972
Interest Expense (c)	26,531	522,821	1,080,584	1,511,035	1,997,981	2,510,682	3,019,462	3,550,881	4,085,775	4,593,949	5,115,679	5,620,581
Return on debt funded rate base (d)	705,286	2,785,508	3,018,982	3 391,174	3,619,248	3,892,323	4,181,237	4,454,440	4,740 578	5,022,663	5,268,699	5,521,822
Return on equity grossed up	2,120,754	8,685,994	9,823,689	10,743,260	11,532,266	12,408,836	13,287,677	14,165,813	15,055,050	15,887,446	16,679,945	17,449,063
Total revenue requirement	19,401,435	53,643,664	56,302,137	66,230,593	69,786,066	73,610,295	77,510,386	81,529,675	85,665,801	89,755,245	93,899,083	98,078,694
Base Revenue Forecast (c)	17,959,067	65,584,777	69,399,797	73,450,289	76,891,049	79,160,682	81,138,514	83,113,210	85,139,025	87,222,671	88,353,371	91,548,879
Excess/(Deficient) revenue over base forecast		11,741,113	13,097,660	7,219,696	7,104,983	5,550,387	3,628,127	1,583,535	(526,776)	(2,532,574)	(4,545,711)	(6,531,815)

Notes

BV = Book value, EBIT = Earnings before interest and taxes, EBITDA = Earnings before interest, tax, depreciation and amortization, N/A = not applicable, NWC = Net working capital, OPEB = Other post employment benefits, P= Price, ROR = Rate of return, ROE = Return on equity; TBV = Tangible book value.

(a) Based on discussions with Management this represents agreed payments to the Karegnondi Water Authority.

(b) Based on 20-year straight line depreciation of annual capital expenditures.

(c) Equals interest expense on additional capex financed over twenty-year term.

(d) Equals return to debt holders on debt-financed portions of acquisition.

Source of underlying data and certain information City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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City of Flint

Flint WSC Strategic Analysis - Consolidated
Discounted cash flow analysis sensitivity - 30.0% reduction in operating expenses(a)
Date of valuation: 31 March 2014
(US$)

	For the 3.0 months ending	Test year	For the twelve month periods ending 30 June									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Fund	10 935 052	35 298 354	37 004 595	38 841 189	40 741 906	41 943 726	42 774 492	43 617 070	44 477 071	45 357 751	46 249 632	47 157 499
Wastewater Fund	7 024 015	30 269 423	32 305 201	34 609 099	36 149 143	37 216 957	38 304 022	39 436 140	40 681 954	41 864 919	43 103 690	44 379 380
Rate adjustment [b]		(16 195 736)	(17 508 605)	(11 624 032)	(10 280 045)	(8 438 817)	(6 538 553)	(4 637 863)	(2 788 672)	(933 391)	537 413	
Total operating revenue	$17 959 067	$49 369 041	$51 801 194	$61 826 249	$66 130 804	$69 679 704	$72 539 957	$76 514 557	$80 501 169	$84 435 999	$89 419 980	$92 434 291
Cost of water [c]	0	0	0	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000	6 900 000
Operating expenses	15 250 343	31 192 364	30 878 604	31 260 404	32 166 831	33 114 139	34 093 424	35 105 823	36 152 516	37 234 723	38 353 718	39 510 818
EBITDA	2 708 724	18 208 677	21 014 590	23 665 845	26 123 973	28 665 566	31 646 473	34 508 734	37 448 642	40 301 276	43 166 262	46 023 473
Existing Depreciation [d]	1 251 157	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036
Additional Depreciation [e]	46 960	992 318	2 071 319	2 950 321	3 954 443	5 003 588	6 138 060	7 317 564	8 547 203	9 778 881	11 061 803	12 411 972
EBIT	1 410 209	12 194 323	13 923 236	15 695 489	17 149 495	18 641 941	20 488 376	22 171 134	23 881 403	25 504 359	27 084 324	28 591 466
Interest Expense	(28 531)	(522 821)	(1 080 884)	(1 511 035)	(1 997 981)	(2 510 592)	(3 019 462)	(3 560 891)	(4 086 776)	(4 693 849)	(5 115 679)	(5 520 531)
Return on debt funded rate base	(705 268)	(2 785 535)	(3 018 980)	(3 351 177)	(3 619 248)	(3 892 320)	(4 181 237)	(4 454 440)	(4 740 578)	(5 022 883)	(5 253 539)	(5 521 823)
Pretax income	676 388	8 885 994	9 823 659	10 743 280	11 532 268	12 408 838	13 287 677	14 165 813	15 055 050	15 837 445	16 579 945	17 449 053
Income taxes @ 38.9% (e)	(263 892)	(3 459 652)	(3 821 407)	(4 179 136)	(4 486 051)	(4 827 037)	(5 169 907)	(5 510 501)	(5 856 414)	(6 160 215)	(6 483 496)	(6 787 585)
Net income	414 494	5 429 342	6 002 252	6 564 144	7 046 216	7 581 799	8 118 771	8 656 312	9 198 636	9 707 229	10 191 447	10 661 377
Add: Existing Depreciation [d]	1 251 157	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036	5 020 036
Add: Additional Depreciation [e]	46 960	992 318	2 071 319	2 950 321	3 954 443	5 003 588	6 138 060	7 317 564	8 547 203	9 778 881	11 061 803	12 411 972
Add/(less): Changes in NWC [f]	(697 953)	2 275 550	(352 810)	(1 185 532)	(317 163)	(345 551)	(351 587)	(361 691)	(371 711)	(350 804)	(362 428)	(351 523)
Add/(less): Changes in Deferred Tax Balance	(126 281)	609 971	713 405	692 024	557 414	441 908	322 715	180 696	144 846	129 891	100 715	78 049
Add: Principal borrowings - Capex related (i)	2 129 307	8 392 483	11 475 644	9 293 574	10 736 760	11 626 617	11 970 605	12 875 159	13 448 352	13 456 064	14 299 742	14 527 832
Less: Principal Repayments - Capex related (i)	(18 047)	(321 394)	(684 847)	(999 606)	(1 374 598)	(1 768 005)	(2 246 778)	(2 749 495)	(3 292 572)	(3 864 147)	(4 489 795)	(5 155 445)
Add: Principal borrowings - Acquisition related (i)	76 672 300											
Less: Principal Repayments - Acquisition related (i)	(553 164)	(2 458 218)	(2 623 128)	(2 784 285)	(2 891 569)	(3 036 599)	(3 189 429)	(3 347 850)	(3 515 240)	(3 691 005)	(3 875 555)	(4 069 333)
Less: Capital expenditures - Equity Funded(i)	(1 721 331)	(6 868 677)	(9 369 852)	(7 600 633)	(8 786 259)	(9 514 320)	(9 794 132)	(10 534 221)	(11 001 569)	(11 009 507)	(11 698 971)	(11 935 459)
Less: Capital expenditures - Debt Funded(i)	(2 129 307)	(8 392 483)	(11 475 644)	(9 293 574)	(10 736 760)	(11 626 617)	(11 970 605)	(12 875 159)	(13 448 352)	(13 456 064)	(14 299 742)	(14 527 832)
Free cash flow to equity	77 000 643	4 852 009	765 847	2 653 639	3 208 050	3 394 979	4 018 657	4 181 161	4 729 625	5 705 774	5 937 380	6 649 630
Present value factor @ 10% Cost of Equity	0.9882	0.9311	0.8434	0.7595	0.6866	0.6259	0.5781	0.5255	0.4776	0.4344	0.3949	0.3590
Present value of free cash flow to equity	$76 120 747	$4 517 632	$646 018	$2 049 622	$2 244 152	$2 162 629	$2 323 279	$2 197 478	$2 259 157	$2 479 621	$2 345 307	$2 387 011

		Discount Rate sensitivity		
		9.0%	10.0%	11.0%
Sum of present value of free cash flow to equity	$101 729 854			
Add: Terminal value	47 866 959	Indicated equity value	$155 471 800	$143 040 600	$125 660 000
Add: Outstanding collectibles at risk	15 137 153				
Less: Book value of existing debt	(21 824 336)	Implied Equity/Book value	1.7x	1.5x	1.3x
Total indicated equity value	$143 040 637	Implied Equity/Tangible book value	1.7x	1.5x	1.3x
Total indicated equity value (rounded)	$143 040 600				

Rate base												
Asset base	294 257 317	299 109 955	314 186 986	335 757 017	353 347 049	373 429 480	395 014 385	417 101 837	440 691 913	465 284 691	489 880 252	515 978 630
Less: Accumulated depreciation	193 109 764	199 122 118	206 213 473	214 183 829	223 158 309	233 212 031	244 370 127	256 707 727	270 274 998	285 071 983	301 173 921	318 635 928
Plus: Capital expenditures	3 849 638	15 080 031	21 580 031	17 580 031	20 082 432	21 584 905	22 087 452	23 590 076	24 992 778	24 695 561	25 038 428	28 621 361
Less: Accumulated Deferred tax liability/(asset)		624 660	1 408 086	2 080 720	2 648 134	3 000 100	3 412 815	3 893 511	3 738 367	3 868 348	3 939 052	4 067 111
Rate base	104 997 191	114 300 179	128 145 449	137 072 499	147 623 039	159 712 254	169 318 895	180 390 675	191 271 358	200 039 921	210 805 697	219 927 021
ROE calculation- rate based												
Return on Rate Base		8 737 672	10 101 828	11 468 253	12 683 443	13 864 804	15 319 470	16 650 633	18 024 886	18 324 042	20 575 825	21 803 781
Average rate base		109 623 685	121 257 814	132 608 974	142 347 769	153 167 647	164 515 576	174 854 785	185 831 021	196 105 640	205 837 809	215 361 359
Return on Rate Base %		8.0%	8.3%	8.6%	8.9%	9.1%	9.3%	9.5%	9.7%	9.3%	10.0%	10.1%
Equity financed Rate Base		43 357 659	54 668 016	59 674 099	64 065 498	68 823 441	73 807 009	78 684 053	83 623 886	88 247 540	92 849 614	98 921 011
ROE (a)		11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Selected financial data												
Growth in revenue	N/A	31.4%	5.1%	19.0%	5.5%	5.7%	5.5%	5.3%	5.2%	4.9%	4.7%	4.5%
Operating expenses as a % of revenue	84.9%	63.1%	59.6%	50.6%	48.3%	48.1%	46.9%	45.9%	44.9%	44.1%	43.4%	42.7%
EBITDA growth	N/A	572.2%	15.4%	12.6%	10.4%	9.7%	9.6%	9.0%	8.5%	7.6%	7.1%	6.6%
EBITDA margin	15.1%	36.9%	40.6%	38.3%	40.1%	41.2%	43.6%	45.1%	46.5%	47.7%	48.3%	49.8%
Depreciation as a % of revenue	7.2%	12.2%	13.7%	12.9%	13.6%	14.0%	15.4%	16.1%	16.9%	17.5%	18.2%	18.9%
Growth in capital expenditures	N/A	N/A	36.7%	19.0%	15.6%	8.3%	2.9%	7.6%	4.4%	0.1%	6.3%	2.0%
Capital expenditures as a % of revenue	21.4%	30.9%	40.2%	27.4%	30.0%	30.7%	30.0%	30.6%	30.4%	29.0%	29.4%	28.7%
Debt to equity capital	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
WACC as a % of revenue	5.0%	4.2%	4.7%	5.0%	5.2%	5.2%	5.1%	5.1%	5.1%	5.0%	5.0%	4.9%
Cost of debt (h)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Notes
BV = Book value EBIT = Earnings before interest and taxes EBITDA = Earnings before interest, tax depreciation and amortization N/A = not applicable NWC = Net working capital OPEB = Other post employment benefits P= Price ROR = Rate of return ROE = Return on equity TBV = Tangible book value
(a) Based on projections provided by Raftelis Financial Consultants, Inc.
(b) Equals revenue rate adjustment required to achieve annual return on equity
(c) Based on discussions with Management this represents agreed payments to the Karegnondi Water Authority
(d) Based on 20-year straight line depreciation of current fixed assets and capital expenditures
(e) Equals effective tax rate for the State of Michigan
(f) Based on the LTM average days sales outstanding and days sales payable outstanding of the guideline companies
(g) Based on a review of pending and historical rate cases in the utility industry
(h) Based on the Moody's BAA bond rating as of the valuation date
(i) Assumes additional capex financed over a 20-year term with new debt

Source of underlying data and certain information: City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis - Consolidated
Discounted Cash Flow Method - Terminal value
Date of valuation: 31 March 2014
(US$)

Terminal value calculation - Consolidated

Normalized working capital	
2025 total operating revenues	$92,434,291
Long-term growth rate	2.0%
NWC requirement (a)	5.0%
Implied increase / (decrease) in NWC	($90,622)

Normalized debt-free cash flow	
EBITDA	$46,023,473
Depreciation (normalized)	26,523,332
Operating income	$19,500,142
Interest expense	(5,620,581)
Return on debt funded rate base	(5,521,822)
Earnings before taxes	$8,357,738
Income taxes	3,251,160
Earnings after taxes	5,106,578
Add. Depreciation (normalized)	26,523,332
(Increase) / decrease in NWC	(90,622)
Less Principal repayments - Capex related	(5,155,448)
Add: Principal borrowings - Capex related	14,587,832
Less: Capital expenditures	(26,523,332)
Normalized FCFE	$14,448,340

Constant growth model	Normalized
FCFE, normalized	$14,448,340
FCFE Terminal year growth rate	2.0%
FCFE, year ahead	14,737,307
Divided by: Capitalization rate	8.0%
Capitalized value at end of estimation period	$184,216,339
Remaining debt funded acquisition payments	(50,502,970)
Discount period	11.7
Present value factor @ 10%	0.3590
Terminal value	$47,998,959

Notes:
EBIT = Earnings before interest and taxes, FCFE = Free cash flow to equity, NWC = Debt-free net working capital.
(a) Based on the consideration of City of Flint's ten year average of net working capital as a percentage of revenue

Source of underlying data and certain information: City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis - Consolidated
Discounted cash flow analysis sensitivity - Revenue Build-Up(a)
Date of valuation: 31 March 2014
(US$)

	For the 3.0 months ending	Test year	For the twelve month periods ending 30 June									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cost of water (a)	0	0	0	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000	6 900,000	6,900,000	6,900,000
Operating expenses	15,250 343	31,182,384	30 876,604	31,250,404	32,166,831	33,114,139	34,093,424	35,105,823	36,152,515	37,234,723	38,353,718	39,510,818
Existing Depreciation (b)	1,251,571	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,036	5,020,038	5,020,036
Additional Depreciation(b)	46,950	992,318	2,071,319	2,950,321	3 954,443	5,033,688	6,138,060	7,317,564	8,547,203	9 776 981	11,081,903	12,411 972
Interest Expense (c)	26,531	522,821	1,080,584	1,511,035	1,997,981	2,510,682	3,019,462	3,550,881	4,085,775	4,593,949	5,115,679	5,620,581
Return on debt funded rate base (d)	705,286	2,785,508	3 018,982	3,391,174	3 619,248	3,892,323	4,181,237	4,454,440	4,740,578	5,022,883	5,288,699	5,521,822
Return on equity grossed up	2,120,754	8,385,994	9,823,669	10,743,280	11,532,266	12,408,836	13,287,877	14,165,813	15,055,050	15,887,446	16 879,945	17,449,063
Total revenue requirement	19,401,435	49,389,041	51,891,194	61,766,249	65,190,604	68,879,704	72,639,897	76,514,557	80,501,158	84,435,999	88,419,980	92,434,291
Base Revenue Forecast (c)	17,959,067	65,584,777	69,399,797	73,450,289	76,891,049	79,160,682	81,138,514	83,113,210	85,139,025	87,222,671	89,353,371	91,546,879
Excess/(Deficient) revenue over base forecast		16,195,736	17 508,603	11,684 039	11 700,245	10,280,978	8,498,617	6,598,653	4,637,868	2,786,672	933,391	(887,413)

Notes

BV = Book value, EBIT = Earnings before interest and taxes, EBITDA = Earnings before interest, tax, depreciation and amortization; N/A = not applicable, NWC = Net working capital, OPEB = Other post employment benefits, P= Price, ROR = Rate of return, ROE = Return on equity; TBV = Tangible book value.

(a) Based on discussions with Management this represents agreed payments to the Karegnodi Water Authority

(b) Based on 20-year straight line depreciation of annual capital expenditures.

(c) Equals interest expense on additional capex financed over twenty-year term.

(d) Equals return to debt holders on debt-financed portions of acquisition.

Source of underlying data and certain information: City of Flint. Some totals may not add due to rounding. See statement of limiting conditions

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Flint WSC Strategic Analysis - Consolidated
Cost of equity
Date of valuation: 31 March 2014
(US$)

	Ticker symbol	Equity beta (a)	LTM Total debt	LTM equity market	Debt/ equity market value	LTM income taxes	LTM pretax income	Income tax rate	Asset beta
American Water Works Company, Inc.	AWK	0 7	$5,874,539,000	$8,113,025,400	72.4%	$236,206,000	$605,470,000	39 0%	0.5
Aqua America Inc	WTR	0.7	1,591,611,000	4,437,923,910	35 9%	22,690,000	227,683,000	40.0%	0.6
Artesian Resources Corp.	ARTN.A	0.6	117,720,000	198,118,090	59.4%	5,568,000	13,889,000	40.2%	0.4
California Water Service Group	CWT	0 7	480,865,000	1,142,919,540	42.1%	20,469,000	67,723,000	30.2%	0.6
Connecticut Water Service Inc	CTWS	0 7	179,163,000	378,697,220	47.3%	5,944,000	24,213,000	24.5%	0.5
Middlesex Water Co.	MSEX	0 8	163,634,000	351,329,580	46.6%	8,621,000	25,254,000	34 1%	0 6
SJW Corp.	SJW	0 9	357,951,000	597,200,680	59.9%	14,135,000	36,519,000	38 7%	0 7
The York Water Company	YORW	0.8	86,569,000	265,159,200	32.6%	5,812,000	15,466,000	37 6%	0.6
Mean		0.7			49 5%			35.6%	0.6
Median		0.7			46 9%			38.1%	0.6

Cost of equity calculation	
Selected asset beta	0 6
Selected debt to equity market value	50.0%
Expected income tax rate	38.9%
Risk-free rate 20 year treasury bonds (b)	3.3%
Relevered beta	0.8
Equity market risk premium (c)	6.0%
Unsystematic risk premium (d)	2.0%
Cost of equity capital	9.9%
Cost of equity capital (rounded)	**10.0%**

Notes:
LTM = Latest twelve months
(a) Adjusted five-year weekly betas relative to the S&P 500 Index as of 31 March 2014. Source S&P Capital IQ
(b) 20-year US Treasury Bond yield as of 31 March 2014 as reported by the Federal Reserve
(c) Equity market risk premium is based on historical risk premia and forward-looking premium estimates
(d) Based on our assessment of the level of forecast risk associated with the projected financial information.

Source of underlying data and certain information Standard & Poor's Capital IQ. Some totals may not add due to rounding See statement of limiting conditions.

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Flint WSC Strategic Analysis - Consolidated
Cost of equity
Date of valuation: 31 March 2014
(US$)

American Water Works Company, Inc.	American Water Works Company, Inc., through its subsidiaries, provides water and wastewater services in the United States and Canada. The company's Regulated Businesses segment offers water and wastewater services to approximately 1,500 communities in 16 states. It operates approximately 80 surface water treatment plants, 500 groundwater treatment plants; 1,000 groundwater wells, 100 wastewater treatment facilities, 1,200 treated water storage facilities, 1,300 pumping stations, 87 dams; and 47,000 miles of mains and collection pipes. This segment serves residential customers, commercial customers, such as shops and businesses, industrial customers, including manufacturing and production operations, public authorities, which comprise government buildings and other public sector facilities; and other water utilities, as well as supplies water to public fire hydrants for firefighting purposes, and private fire customers for use in fire suppression systems in office buildings and other facilities. Its Market-Based Operations segment undertakes contracts to design, build, operate, and maintain water and wastewater facilities for the United States military, municipalities, the food and beverage industry, and other customers, provides services to homeowners and smaller commercial establishments to protect against the cost of repairing broken or leaking water pipes, and clogged or blocked sewer pipes inside and outside their accommodations, and offers biosolids management, transport, and disposal services to municipal and industrial customers, as well as products for cleansing water and wastewater, and wastewater residuals management services American Water Works Company, Inc. serves approximately 14 million people with drinking water, wastewater, and other water-related services in approximately 40 states and 2 Canadian provinces. The company was founded in 1886 and is headquartered in Voorhees, New Jersey.
Aqua America Inc.	Aqua America, Inc., through its subsidiaries, operates regulated utilities that provide water or wastewater services in the United States. The company offers liquid waste hauling and disposal, and water and wastewater services through operating and maintenance contracts with municipal authorities and other parties. It also provides water and sewer line repair services, and protection solutions to households, backflow prevention, construction, and other non-regulated water and wastewater services, and non-utility raw water supply services for firms in the natural gas drilling industry. The company serves residential, commercial, fire protection, industrial, other water, wastewater, and other utility customers. As of February 28, 2014, it served 3 million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Indiana, and Virginia. The company was formerly known as Philadelphia Suburban Corporation and changed its name to Aqua America, Inc. in 2004. Aqua America, Inc. was founded in 1968 and is based in Bryn Mawr, Pennsylvania.
Artesian Resources Corp	Artesian Resources Corporation, through its subsidiaries, provides water, wastewater, and other services on the Delmarva Peninsula. It distributes and sells water to residential, commercial, industrial, municipal, and utility customers in the states of Delaware, Maryland, and Pennsylvania. The company also offers water for public and private fire protection to customers in its service territories. In addition, it provides contract water and wastewater services, water and sewer service line protection plans, and wastewater management services, as well as design, construction, and engineering services. As of December 31, 2013, the company served approximately 79,700 metered water customers through 1,182 miles of transmission and distribution mains. Artesian Resources Corporation was founded in 1905 and is headquartered in Newark, Delaware.
California Water Service Group	California Water Service Group, through its subsidiaries, provides water utility and other related services in California, Washington, New Mexico, and Hawaii. The company is engaged in the production, purchase, storage, treatment, testing, distribution, and sale of water for domestic, industrial, public, and irrigation uses, as well as for fire protection. It provides its services to approximately 475,100 customers in 83 California communities, 4,200 water and wastewater customers on the islands of Maui and Hawaii; 16,000 customers in the Tacoma and Olympia areas in Washington and 7,600 water and wastewater customers in the Belen, Los Lunes, and Elephant Butte areas in New Mexico. The company is also involved in the non-regulated water-related services, including operating water and waste water systems, providing operating and maintenance, meter reading, and billing services to municipalities and private companies, leasing communication antenna sites on its properties to telecommunication companies, operating recycled water systems; providing lab services for water quality testing, billing of third-party insurance programs to its residential customers, and offering sewer and refuse billing services to various municipalities. California Water Service Group was founded in 1926 and is headquartered in San Jose California.

Source Capital IQ

EY

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Flint WSC Strategic Analysis - Consolidated
Cost of equity
Date of valuation: 31 March 2014
(US$)

Connecticut Water Service Inc.	Connecticut Water Service, Inc., through its subsidiaries, operates as a regulated water company. The company operates in three segments: Water Activities, Real Estate Transactions, and Services and Rentals. The Water Activities segment supplies public drinking water. The Real Estate Transactions segment is involved in the sale or donation of its real estate holdings. The Services and Rentals segment provides contracted services to water and wastewater utilities, and other clients. Its services include contract operations of water and wastewater facilities. Linebacker, a service line protection plan for public drinking water customers; and providing bulk deliveries of emergency drinking water to businesses and residences through tanker trucks. This segment also rents and leases residential and commercial properties to third parties. As of December 31, 2013, the company supplied water to 121,768 customers in Connecticut and Maine, the United States. Connecticut Water Service, Inc. was founded in 1956 and is headquartered in Clinton, Connecticut.
Middlesex Water Co.	Middlesex Water Company, through its subsidiaries, provides regulated and unregulated water, and wastewater utility services. The company operates in two segments, Regulated and Non-Regulated. The Regulated segment is involved in collecting, treating, and distributing water on a retail and wholesale basis to residential, commercial, industrial, and fire protection customers in parts of New Jersey, Delaware, and Pennsylvania. This segment also operates regulated wastewater systems in New Jersey and Delaware. The Non-Regulated segment provides non-regulated contract services for the operation and maintenance of municipal and private water and wastewater systems in New Jersey and Delaware. Middlesex Water Company was founded in 1897 and is headquartered in, New Jersey.
SJW Corp	SJW Corp., through its subsidiaries, operates as a water utility company. The company operates through two segments, Water Utility Services and Real Estate Services. It is engaged in the production, purchase, storage, purification, distribution, wholesale, and retail sale of water. The company also provides non-tariffed services, including water system operations, maintenance agreements, and antenna leases. Its water supply consists of groundwater from wells, surface water from watershed run-off and diversion, and imported water purchased from the Santa Clara Valley Water District. The company offers water service to approximately 228,000 connections that serve customers in portions of the cities of Cupertino and San Jose, as well as in Campbell, Monte Sereno, Saratoga, the Town of Los Gatos, and adjacent unincorporated territories in Santa Clara County, California. It also provides water service to approximately 11,000 connections, which serve approximately 36,000 people in a service area comprising approximately 240 square miles in the region between San Antonio and Austin, Texas. In addition, the company, through its subsidiary, SJW Land Company, owns undeveloped land in California and Tennessee, owns and operates commercial buildings in California, Texas, Arizona, and Tennessee, and holds a 70% limited partnership interest in 444 West Santa Clara Street, L.P., a real estate limited partnership that operates commercial building rentals. SJW Corp. was founded in 1866 and is headquartered in San Jose, California.
The York Water Company	The York Water Company is engaged in impounding, purifying, and distributing drinking water. It operates two wastewater collection and treatment systems, and has two reservoirs comprising Lake Williams and Lake Redman, which together hold up to approximately 2.2 billion gallons of water. The company also has a 15-mile pipeline from the Susquehanna River to Lake Redman, which provides access to an additional supply of 12.0 million gallons of untreated water per day; and owns two wells providing approximately 100,000 gallons per day to supply water to its customers in Carroll Valley, Adams County. As of December 31, 2013, it served 63,774 customers in 39 municipalities within York County and 8 municipalities within Adams County in Pennsylvania. The company serves various customers in fixtures and furniture, electrical machinery, food products, paper, ordnance units, textile products, air conditioning systems, laundry detergent, barbells, and motorcycles industries. The York Water Company was founded in 1816 and is based in York, Pennsylvania.

Source: Capital IQ

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Flint WSC Strategic Analysis
Rate of return benchmarking
Date of valuation: 31 March 2014

Location	Pending return on equity (%)				Pending return on equity (%)			
	United States				Michigan			
Service	All	Electric	Natural Gas	Steam	All	Electric	Natural Gas	Steam
Count	55.0	29 0	25.0	1 0	1.0	1 0	0.0	0.0
High	11.5	11.5	11.5	10.1	10.8	10.8	n/a	n/a
3rd quartile	10.7	10.7	10.7	10.1	10.8	10.8	n/a	n/a
Mean	10 5	10.5	10.5	10.1	10.8	10.8	n/a	n/a
Median	10.4	10.4	10.4	10.1	10.8	10.8	n/a	n/a
1st quartile	10 3	10.3	10 3	10.1	10.8	10.8	n/a	n/a
Low	8.7	8.7	9.7	10.1	10.8	10.8	n/a	n/a

Location	Historical return on equity (%)				Historical return on equity (%)			
	United States				Michigan			
Service	All	Electric	Natural Gas	Steam	All	Electric	Natural Gas	Steam
Count	178.0	121.0	57.0	0.0	11.0	6.0	5.0	0.0
High	12.9	12.9	10.5	n/a	10.5	10.5	10.5	n/a
3rd quartile	10.3	10.3	10.3	n/a	10.4	10.3	10.5	n/a
Mean	10.1	10.2	9 9	n/a	10.3	10.3	10.4	n/a
Median	10.0	10.0	10 0	n/a	10.3	10.3	10.4	n/a
1st quartile	9.7	9.8	9 5	n/a	10.2	10.2	10.3	n/a
Low	8.7	8.7	8.8	n/a	10.1	10.1	10.3	n/a

Source of underlying data and certain information. SNL, Inc. Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis
Return on equity benchmarking
Date of valuation: 31 March 2014
(US$)

ROE on LTM Revenue	Date	LTM Revenue	LTM Net Income	Assets	Equity	ROE	ROA
American Water Works Company, Inc.	12/31/2013	2,901,858,000	369,264,000	15,069,533,000	4,727,804,000	7.8%	2.5%
Aqua America Inc.	12/31/2013	768,643,000	221,300,000	5,051,817,000	1,535,043,000	14.4%	4.4%
Artesian Resources Corp	12/31/2013	69,073,000	8,301,000	403,832,000	121,836,000	6.8%	2.1%
California Water Service Group	12/31/2013	584,103,000	47,254,000	1,959,855,000	598,756,000	7.9%	2.4%
Connecticut Water Service Inc	12/31/2013	91,461,000	18,269,000	630,811,000	198,525,000	9.2%	2.9%
Middlesex Water Co	12/31/2013	114,846,000	16,633,000	530,341,000	191,631,000	8.7%	3.1%
SJW Corp.	12/31/2013	276,869,000	22,364,000	1,109,986,000	321,175,000	7.0%	2.0%
The York Water Company	12/31/2013	42,383,000	9,654,000	282,529,000	103,511,000	9.3%	3.4%
High		2,901,858,000	369,264,000	15,069,533,000	4,727,804,000	14.4%	4.4%
3rd quartile		630,238,000	90,765,500	2,732,845,500	832,827,750	9.2%	3.2%
Mean		606,157,000	89,132,375	3,129,838,000	974,785,125	8.9%	2.8%
Median		195,857,500	20,326,500	670,398,500	259,850,000	8.3%	2.7%
1st quartile		85,879,000	14,888,250	498,713,750	174,182,250	7.6%	2.3%
Low		42,383,000	8,301,000	282,529,000	103,511,000	6.8%	2.0%

ROE on 5-year averages	Dates	Revenues	Net Income	Assets	Equity	ROE	ROA
American Water Works Company, Inc	Dec-09 to 13	2,658,092,800	214,338,200	14,420,759,400	4,310,172,800	5.0%	1.5%
Aqua America Inc.	Dec-09 to 13	701,434,400	157,852,000	4,416,216,400	1,291,408,400	12.2%	3.6%
Artesian Resources Corp.	Dec-09 to 13	66,100,600	7,955,000	380,941,400	107,866,600	7.4%	2.1%
California Water Service Group	Dec-09 to 13	511,130,800	42,400,800	1,805,502,600	475,691,400	8.9%	2.3%
Connecticut Water Service Inc	Dec-09 to 13	74,104,000	12,643,200	498,438,400	145,382,200	8.7%	2.5%
Middlesex Water Co	Dec-09 to 13	104,254,400	13,756,600	515,374,800	175,319,000	7.8%	2.7%
SJW Corp.	Dec-09 to 13	241,821,200	21,031,400	1,010,026,200	273,514,200	7.7%	2.1%
The York Water Company	Dec-09 to 13	40,101,400	8,896,400	269,601,200	95,356,000	9.3%	3.3%
High		2,658,092,800	214,338,200	14,420,759,400	4,310,172,800	12.2%	3.6%
3rd quartile		558,706,700	71,263,600	2,458,256,050	679,620,650	9.0%	2.8%
Mean		549,629,950	59,859,200	2,914,620,050	859,338,825	8.4%	2.5%
Median		173,037,800	17,394,000	762,700,500	224,416,600	8.3%	2.4%
1st quartile		72,103,150	11,706,500	469,064,150	136,003,300	7.6%	2.1%
Low		40,101,400	7,955,000	269,601,200	95,356,000	5.0%	1.5%

Notes:
ROA = Return on assets, ROE = return on equity; LTM = 31 December 2013

Source of underlying data and certain information: Standard and Poor's Capital IQ. Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis
Rate on equity benchmarking
Date of valuation: 31 March 2014
(US$)

ROE on LFY Revenue	Date	LFY Revenue	LFY Net Income	Assets	Equity	ROE	ROA
American Water Works Company, Inc	12/31/2013	2,901,858,000	369,264,000	15,069,533,000	4,727,804,000	7.8%	2.5%
Aqua America Inc.	12/31/2013	768,643,000	221,300,000	5,051,817,000	1,535,043,000	14.4%	4.4%
Artesian Resources Corp.	12/31/2013	69,073,000	8,301,000	403,832,000	121,836,000	6.8%	2.1%
California Water Service Group	12/31/2013	584,103,000	47,254,000	1,959,855,000	598,756,000	7.9%	2.4%
Connecticut Water Service Inc.	12/31/2013	91,481,000	18,269,000	630,811,000	198,525,000	9.2%	2.9%
Middlesex Water Co	12/31/2013	114,846,000	16,633,000	530,341,000	191,631,000	8.7%	3.1%
SJW Corp	12/31/2013	276,869,000	22,384,000	1,109,986,000	321,175,000	7.0%	2.0%
The York Water Company	12/31/2013	42,383,000	9,654,000	282,529,000	103,511,000	9.3%	3.4%
	High	2,901,858,000	369,264,000	15,069,533,000	4,727,804,000	14.4%	4.4%
	3rd quartile	630,238,000	90,765,500	2,732,845,500	832,827,750	9.2%	3.2%
	Mean	606,157,000	89,132,375	3,129,838,000	974,785,125	8.9%	2.8%
	Median	195,857,500	20,326,500	870,398,500	259,850,000	8.3%	2.7%
	1st quartile	85,879,000	14,888,250	498,713,750	174,182,250	7.6%	2.3%
	Low	42,383,000	8,301,000	282,529,000	103,511,000	6.8%	2.0%

ROE on 3-year averages	Dates	Revenues	Net Income	Assets	Equity	ROE	ROA
American Water Works Company, Inc	Dec-11 to 13	2,814,994,333	345,649,000	14,854,966,667	4,471,058,667	7.7%	2.3%
Aqua America Inc.	Dec-11 to 13	737,898,000	186,977,333	4,752,918,000	1,390,917,333	13.4%	3.9%
Artesian Resources Corp.	Dec-11 to 13	68,235,333	8,297,667	391,427,667	117,671,000	7.1%	2.1%
California Water Service Group	Dec-11 to 13	548,627,667	44,598,000	1,936,788,667	507,432,333	8.8%	2.3%
Connecticut Water Service Inc.	Dec-11 to 13	81,573,667	14,403,000	550,905,667	167,869,000	8.6%	2.6%
Middlesex Water Co	Dec-11 to 13	109,098,000	14,825,333	543,201,000	185,650,000	8.0%	2.7%
SJW Corp.	Dec-11 to 13	259,123,667	21,860,000	1,078,765,000	286,594,333	7.6%	2.0%
The York Water Company	Dec-11 to 13	41,486,333	9,347,000	279,746,000	99,533,667	9.4%	3.3%
	High	2,814,994,333	345,649,000	14,854,966,667	4,471,058,667	13.4%	3.9%
	3rd quartile	595,945,250	80,192,833	2,640,821,000	728,303,583	8.9%	2.9%
	Mean	582,629,625	80,744,667	3,048,589,833	903,340,792	8.8%	2.7%
	Median	184,110,833	18,342,667	814,835,333	236,122,167	8.3%	2.5%
	1st quartile	78,239,083	13,139,000	505,257,667	155,319,500	7.7%	2.3%
	Low	41,486,333	8,297,667	279,746,000	99,533,667	7.1%	2.0%

Notes
ROA = Return on assets, ROE = return on equity.

Source of underlying data and certain information Standard and Poor's Capital IQ Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis
Equity multiples
Date of valuation: 31 March 2014

Guideline companies	Book value LFY	Book value LTM	Tangible book value LFY	Tangible book value LTM
Aqua America Inc.	1,534,835	1,554,011	1,506,404	1,525,789
American Water Works Company, Inc.	4,727,804	4,801,087	3,520,040	3,593,022
Artesian Resources Corp.	121,836	122,775	121,836	122,775
California Water Service Group	598,756	585,984	583,922	583,369
Connecticut Water Service Inc.	198,525	199,410	166,068	166,953
Middlesex Water Co.	191,631	192,204	188,745	189,345
SJW Corp.	321,175	319,346	308,019	319,346
The York Water Company	103,511	103,972	103,511	103,972

Guideline companies	Market capital	Price / Book LFY	Price / Book LTM	Price / Tangible book LFY	Price / Tangible book LTM
Aqua America Inc.	4,437,716	2.9x	2.9x	2.9x	2.9x
American Water Works Company, Inc.	8,113,025	1.7x	1.7x	2.3x	2.3x
Artesian Resources Corp.	198,118	1.6x	1.6x	1.6x	1.6x
California Water Service Group	1,142,920	1.9x	2.0x	2.0x	2.0x
Connecticut Water Service Inc.	378,125	1.9x	1.9x	2.3x	2.3x
Middlesex Water Co	348,444	1.8x	1.8x	1.8x	1.8x
SJW Corp.	597,201	1.9x	1.9x	1.9x	1.9x
The York Water Company	265,159	2.6x	2.6x	2.6x	2.6x
High		2.9x	2.9x	2.9x	2.9x
Mean		2.0x	2.0x	2.2x	2.2x
Median		1.9x	1.9x	2.1x	2.1x
Low		1.6x	1.6x	1.6x	1.6x

Notes:
LFY=Last Fiscal Year; LTM = Latest twelve months. NFY=Next Fiscal Year; NFY+1=Year After Next Fiscal Year; N/A = not available.
(a) LFY growth for each financial metric is from 12 months ending 31 December 2012 to 12 months ending 31 December 2013.
(b) LTM growth for each financial metric is from 12 months ending 31 March 2013 to 12 months ending 31 March 2014.

Source of underlying data and certain information Standard and Poor's Capital IQ Some totals may not add due to rounding See statement of limiting conditions

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Flint WSC Strategic Analysis
Balance sheet - Water
Date of valuation: 31 March 2014
(US$)

Current assets	As of 31 March 2014
Commercial Pooled Cash Account	$3,408,655
Cash Reserve	5,848,116
Bank - Urban Renewal - 230006018089	2,593
Bills For Collection	203,839
Receivable - Water & Sewer A/R	8,353,104
Receivable - Water Deposit	(9,093)
Misc. Receivable - Water Fund	280,268
Res -Uncollected Bills For Collection	(936,000)
Receivable - Miscellaneous	4,143,061
Due From Fund 101	1,000,000
Inventories - Wsc	492,163
Inventory - Gas & Fuel	14,458
Property Tax Receivable	181
Enforcement Receivable - Property Tax	19,699
Reserve For Property Tax Receivable	(181)
Property Tax Receivable	1,175,799
Total current assets	**$23,996,662**
Long-term assets	
Land	$724,317
Construction In Progress	755,681
Fixed Assets	113,263,867
Accumulated Depreciation - Fixed Assets	(69,415,115)
Total long-term assets	$45,328,750
Total assets	**$69,325,412**
Reserve - Doubtful Receivable	$530,910
Accounts Payable	3,481,056
A/P - Treas Refund Interface	396
Water Customer Deposits	771,886
Accrued Interest On Customer Deposit	84,262
Accrued OPEB liability	12,788,870
Revenue Bond - Current Portion	149,002
Accrued Vacation And Sick Leave Payable	263,178
Retainage - Sorensen Gross Wtr plt Seg 3	5,915
Reserve - Enforce Tax Collection	19,467
Revenue Bond - Long-term portion	21,675,336
Total liabilities	**$39,770,257**
Unrestricted Net Assets	($4,444,167)
Restricted For Debt Services	2,811,626
Restricted For Capital Replacement	3,038,490
Investment In Capital Assets	24,962,214
Net of Revenues VS Expenditures	3,188,992
Total net asset value	**$29,555,155**
Total liabilities and net asset value	**$69,325,412**
Check	($0)

Source of underlying data and certain information: City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis
Balance sheet - Wastewater
Date of valuation: 31 March 2014
(US$)

Current assets	As of 31 March 2014
Commercial Pooled Cash Account	$8,848,093
Receivable - Water & Sewer A/R	7,046,202
Misc. Receivable - Water Fund	146,474
Res -Uncollected Bills For Collection	(775,000)
Receivable - Miscellaneous	2,466,753
Due From Fund 101	9,800,000
Property Tax Receivable	121
Enforcement Receivable - Property Tax	13,133
Reserve For Property Tax Receivable	(121)
Property Tax Receivable	783,866
Inventories - Wpc	$625,656
Inventory - Gas & Fuel	3,978
Total current assets	**$28,959,154**
Long-term assets	
Land	38,077
Construction In Progress	527,286
Fixed Assets	178,948,090
Accumulated Depreciation - Fixed Assets	(122,396,128)
Intangible Assets	948,406
Accum Depletion - Intangible Assets	(875,473)
Total long-term assets	**$57,190,258**
Total assets	**$86,149,412**
Reserve - Doubtful Receivable	$353,940
Accounts Payable	187,814
Accrued OPEB liability	16,686,794
Accrued Vacation And Sick Leave Payable	275,591
Retainage - Sorensen Gross Incin Impr	40,000
Reserve - Enforce Tax Collection	12,978
Contract Payable-Retained Percentage	5,597
Contract Payable-Retained Percentage	7,363
Total liabilities	**$17,570,077**
Unrestricted Net Assets	$3,431,890
Investment In Capital Assets	61,395,278
Net of Revenues VS Expenditures	3,752,167
Total net asset value	**$68,579,335**
Total liabilities and net asset value	**$86,149,412**
Check	$0

Source of underlying data and certain information: City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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Flint WSC Strategic Analysis
Operating and maintenance expense analysis
Date of valuation: 31 March 2014
(US$)

Comparable Companies	Operating & Maintenance Costs (Millions)	Customers	Operating & Maintenance Costs per Customer
American Water Works Company, Inc.	$1,312.7	3,219,499	$407.7
Aqua America Inc.	285.3	941,007	303.2
Artesian Resources Corp.	36.6	81,900	447.3
Califfornia Water Service Group	87.1	502,900	173.2
Connecticut Water Service Inc.	44.6	121,768	366.0
Middlesex Water Co.	60.7	115,720	525.0
SJW Corp.	63.5	238,977	265.9
The York Water Company	7.4	64,118	114.6
		high	525.0
		mean	325.4
		median	334.6
		low	114.6
City of Flint[1]	$40.1	32,702	$1,226
Percent difference to mean			-73.5%
Percent difference to median			-72.7%

Notes:
1. Represents 2015 operating expense forecast and customer count from City of Flint Comprehensive Financial Report June 30, 2013.

Source of underlying data and certain information: City of Flint. Some totals may not add due to rounding. See statement of limiting conditions.

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Statement of limiting conditions

- Nothing has come to our attention to cause us to believe that the facts and data set forth in this presentation are not correct.
- Provision of calculations of values and considerations of the issues described herein are areas of regular valuation practice for which we believe that we have, and hold ourselves out to the public as having, substantial knowledge and experience. The services provided are limited to such knowledge and experience and do not represent audit, advisory or tax-related services that may otherwise be provided by Ernst & Young LLP. Notwithstanding this limitation, the advice contained herein was not intended or written by Ernst & Young LLP to be used, and cannot be used, by the recipient or any other taxpayer for the purposes of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax laws.
- No investigation of the title to the subject Client and subject assets has been made, and the owner's claim to the subject Client and subject assets is assumed to be valid. To the extent that Ernst & Young LLP's services include any analysis of assets, properties or business interests, Ernst & Young LLP assumes no responsibility for matters of legal description or title, and Ernst & Young LLP shall be entitled to make the following assumptions: (i) title is good and marketable, (ii) there exist no liens or encumbrances, (iii) there is full compliance with all applicable Federal, state, local and national regulations and laws (including, without limitation, usage, environmental, zoning and similar laws and/or regulations), and (iv) all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any Federal, state, local, or national government, private entity or organization have been or can be obtained or renewed for any use on which Ernst & Young LLP services are to be based.
- This presentation has been prepared solely for the purpose stated, and may not be used for any other purpose. Neither this presentation nor any portions hereof may be copied or disseminated through advertising, public relations, news, sales, Securities and Exchange Commission disclosure documents or any other public (or private) media without the express prior written approval of Ernst & Young LLP.
- The calculations of value contained herein are not intended to represent the values of the subject assets at any time other than the effective date that is specifically stated in this presentation. Changes in market conditions could result in recommendations of value substantially different than those presented at the stated effective date. We assume no responsibility for changes in market conditions or for the inability of the owner to locate a purchaser of the subject assets at the values stated herein.
- No responsibility is assumed for information furnished by others, including management, and such information is believed to be reliable.

Statement of limiting conditions (Continued)

- In the course of our analysis, we were provided with written information, oral information, and/or data in electronic form, related to the structure, operation, and financial performance of the subject Client and subject assets. We have relied upon this information in our analyses and in the preparation of this presentation and have not independently verified its accuracy or completeness.
- Certain historical financial data used in our valuation were derived from audited and/or unaudited financial statements and are the responsibility of management. The financial statements may include disclosures required by generally accepted accounting principles. We have not independently verified the accuracy or completeness of this data provided and do not express an opinion or offer any form of assurance regarding its accuracy or completeness.
- The estimates of cash flow data included herein are solely for use in the valuation analysis and are not intended for use as forecasts or projections of future operations. We have not performed an examination or compilation, nor have we performed an agreed-upon procedures engagement with regard to the accompanying cash flow data in accordance with standards prescribed by the American Institute of Certified Public Accountants, and, accordingly, do not express an opinion or offer any form of assurance on the accompanying cash flow data or their underlying assumptions. Furthermore, there will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.
- We assume no responsibility for any financial and tax reporting judgments, which are appropriately those of management. It is our understanding that management accepts responsibility for any financial statement and tax reporting issues with respect to the assets covered by our analysis, and for the ultimate use of our presentation.
- Ernst & Young LLP is not required to furnish additional work or services, or to give testimony, or be in attendance in court with reference to the assets, properties, or business interest in question or to update any presentation, recommendation, analysis, conclusion or other document relating to its services for any events or circumstances unless arrangements acceptable to Ernst & Young LLP have been separately agreed with the Client.
- This presentation does not comprise a Comprehensive Written Business Valuation Report as described in BVS-VIII, by the Business Valuation Committee of the American Society of Appraisers (ASA) and approved by the ASA Board of Governors. Sections consisting of descriptions concerning the history and nature of the business, industry and economic outlook and historical financial analysis may have been omitted from this presentation. Where applicable, the data underlying these sections will be retained in our working papers.

Elowsky, Denise (Treasury)

From:	Maxine Murray <mmurray@cityofflint.com>
Sent:	Friday, October 31, 2014 4:27 PM
To:	TreasRevenueSharing
Subject:	Financially Distressed Cities, Villages, and Townships Application- Water Main Leak Detection Survey and Condition Assessment
Attachments:	Water Main Leak Detection Application 103114.pdf

Good afternoon:

Please find attached the Water Main Leak Detection Survey and Condition Assessment Project application from the City of Flint.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

RECEIVED
OCT 31 2014
Office of Revenue & Tax Analysis

Application Due Date: October 31, 2014

Financially Distressed Cities, Villages, and Townships Application (FY 2015)

Issued under authority of 2014 Public Act 252.

PART 1: APPLICANT INFORMATION

1. Applicant Name	2. Applicant Local Unit Code
City of Flint	252040
3. Applicant FEIN	**4. Applicant County**
38-6004611	Genesee

5. Mailing Address	6. City	7. State	8. ZIP Code
1101 S. Saginaw St.	Flint	MI	48502

PART 2: PROPOSAL OVERVIEW

9. Proposal Title
Water Main Leak Detection Survey and Condition Assessment

10. Estimated Start Date	11. Estimated Completion Date
04/15/2015	06/30/0215
12. Estimated Total Proposal Cost	**13. Grant Amount Requested**
$ 900,000.00	$ 900,000.00

14. Additional Local Units. If Participating in a Shared Service Project (include county and local unit code). Attach letters of support from each of the participating local units.

See attached.

15. Is the applicant(s) willing to devote appropriate resources and time to this proposal?

☒ Yes ☐ No If no, explain why the applicant(s) is unable to devote appropriate resources and time to the proposal.

PART 3: PROPOSAL CONTACT INFORMATION

Note: The proposal contact individual should be a vital part of the grant proposal and will be the Michigan Department of Treasury's contact.

16. Contact Name	17. Contact Title
Howard Croft	Director, Department of Public Works
18. Contact Telephone Number	**19. Contact Fax Number**
(810) 237-2043	(810) 766-7218

20. Contact E-mail Address
hcroft@cityofflint.com

21. Contact Entity Name
City of Flint

PART 4: CONDITIONS OF PROBABLE FINANCIAL DISTRESS

22. Indicate the conditions affecting the applicant that indicate probable financial distress (check all that apply and attach proof of existence for each condition checked).

☐ 1. The governing body or the chief administrative officer of the city, village or township has requested a preliminary review. The request shall be in writing and shall identify the existing or anticipated financial conditions or events that make the request necessary.

☐ 2. The state financial authority has received a written request from a creditor with an undisputed claim that remains unpaid 6 months after its due date against the city, village, or township that exceeds the greater of $10,000.00 or 1% of the annual general fund budget of the city, village, or township, provided that the creditor has notified the city, village or township in writing at least 30 days before the creditor's request to the state financial authority of the creditor's intention to submit a written request.

☐ 3. The state financial authority has received a petition containing specific allegations of financial distress signed by a number of registered electors residing within the city's, village's, or township's jurisdiction equal to not less than 5% of the total vote cast for all candidates for governor within the city's, village's, or township's jurisdiction at the last preceding election at which a governor was elected. The petition shall not have been filed within 60 days before any election of the city, village, or township.

☐ 4. The state financial authority has received a written notification that the city, village, or township has not timely deposited its minimum obligation payment to the city's, village's, or township's pension fund, as required by law.

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

October 30, 2014

Michigan Department of Treasury
Office of Revenue and Tax Analysis
P. O. Box 30722
Lansing, MI 48909

County: Genesee Local Unit Code: 252040

Please accept this letter as the City of flint's commitment to the Michigan Department of Treasury Financially Distressed Cities, Villages, and Townships Grant Program for the *Water Main Leak Detection Survey and Condition Assessment* project.

The City of Flint needs to implement this project in order to develop a baseline of the condition of its one hundred twenty-five miles of aging water mains. Leak detection, and ultimately repair, is needed to significantly reduce the unbilled water volume, which can approach 30% of produced water. The City of Flint expects this project can result in over $182,500 in annual savings. This project will strengthen the Water Enterprise Fund and provide the capability for needed investment in the water infrastructure.

I am committed to ensuring the success and sustainability of this initiative.

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

PART 4: CONDITIONS OF PROBABLE FINANCIAL DISTRESS, CONTINUED

- ☐ 5. The state financial authority has received a written notification that the city, village, or township has failed for a period of 7 days or more after the scheduled date of payment to pay wages and salaries or other compensation owed to employees or benefits owed to retirees.
- ☐ 6. The state financial authority has received a written notification from a trustee, paying agent, bondholder, or auditor engaged by the city, village, or township of a default in a bond or note payment or a violation of 1 or more bond or note covenants.
- ☐ 7. The state financial authority has received a resolution from either the senate or the house of representatives requesting a preliminary review of the city, village, or township.
- ☐ 8. The city, village, or township has violated a requirement of, or a condition of an order issued pursuant to, former 1943 PA 202, revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140, the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, or any other law governing the issuance of bonds or notes.
- ☐ 9. The city, village, or township has violated the conditions of an order issued by the local emergency financial assistance loan board pursuant to the emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942.
- ☐ 10. The city, village, or township has violated a requirement of sections 17 to 20 of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.437 to 141.440.
- ☐ 11. The city, village, or township has failed to timely file an annual financial report or audit that conforms with the minimum procedures and standards of the state financial authority and is required for cities, villages, and townships under the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.
- ☐ 12. The city, village, or township is delinquent in the distribution of tax revenues, as required by law, that it has collected for another taxing jurisdiction, and that taxing jurisdiction requests a preliminary review.
- ☐ 13. The city, village, or township is in breach of its obligations under a deficit elimination plan or an agreement entered into pursuant to a deficit elimination plan.
- ☐ 14. A court has ordered an additional tax levy without the prior approval of the governing body of the city, village, or township.
- ☒ 15. The city, village, or township has ended a fiscal year in a deficit condition as defined in section 21 of the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.921, or has failed to comply with the requirements of that section for filing or instituting a financial plan to correct the deficit condition.
- ☐ 16. The city, village, or township has been assigned a long-term debt rating within or below the BBB category or its equivalent by 1 or more nationally recognized credit rating agencies.
- ☒ 17. There is an existence of other facts or circumstances that, in the state treasurer's sole discretion for a city, village or township, are indicative of probable financial stress. See attached for more information

PART 5: PROPOSAL DETAILS

23. Describe Current Services: What is working well? What is not working?

The City of Flint has historically noted a 25-35% rate in unbilled water amounts when it was purchasing water from DWSD and selling approximately 50% of that amount to Genesee County. The City no longer purchases water from DWSD and no longer sells any water to Genesee County. With these changes, it has become apparent that the amount of unbilled water, as a percentage of water produced, appears to be is significantly higher than historically. The signficant amount of unbilled water appears to be due to a combination of factors - water theft, malfunctioning meters, and faulty infrastructure. (Continued on attached page)

24. Describe Strategy, Project, or Service Proposal:

The City of Flint proposes to hire a qualified contractor to perform a leak detection survey of the 124 miles of water lines, which includes 1.5 miles of greater than 16" diameter pipe. Additionally, the contractor will conduct a condition assessment, known as Acoustic Average Wall Thickness of approximately 2 miles of pipe. The City will receive a mapping of leak locations and an assessment of leak severity. This data will allow the City to prioritize leak repair in order to receive the most beneficial water savings result. The condition assessment will guide the City's water main replacement program, with the most vunerable and lines of greatest impact replaced first.

PART 5: PROPOSAL DETAILS, CONTINUED

25. Describe How Grant Funding will Lead the Applicant Toward Financial Stability:

The Water Treatment Plant and the water distribution system is funded through the Water Enterprise Fund which receives revenue via residential and commercial water bills. The fund has been replenished in recent years, but significant rate increases were required to do so. Also, savings in operations are sought to decrease expenditures and stabilize rates. A healthy fund balance allows the City to make needed investment in water system infrastructure improvements.

26. Goals, Measures, and Business Objectives of this Proposal: What are the outcomes you hope to achieve? How will you measure the outcomes? Provide the measures which will be used to determine the success of the proposal.

The overarching goal is to identify and reduce unbilled produced water. Leak detection and follow-up repair reduces the volume of water which must be produced. The current production of 16-17 MGD requires use of both the main and back-up production lines. A reduction to 12-14 MGD eliminates the need to use the back-up portion of the water plant, reduces the treatment chemical use and cost, and provides flexibility in the production paths. Measures of success include decreased daily water production volumes, number of leaks repaired, and monthly total costs of treatment plant operation.

27. Potential Barriers: Describe any barriers that currently exist that may have an impact on the implementation of the proposal.

The start date of the project may be impacted depending upon the severity of the winter and the frost level. All frost needs to be out of the ground prior to testing launch.

28. Cost Savings: Will the proposal save money? ☒ Yes ☐ No

A. SHORT-TERM (1 year or less)	☒ Yes	☐ No	Estimated Short-Term Savings: $ 182,500.00
B. LONG-TERM (Greater than 1 year)	☒ Yes	☐ No	Estimated Annual Long-Term Savings: $ 182,500.00
			Estimated 5 Year Total Savings: $ 912,500.00

C. Did you attach a detailed calculation of the cost savings and provide an explanation of how the cost savings were calculated?

☒ Yes ☐ No

29. Work Plan and Proposal Timeline: What are the implementation steps to ensure this proposal's success? What are the projected outcomes at each step?

See attached.

PART 5: PROPOSAL DETAILS, CONTINUED

30. Total Grant Budget Worksheet: For each budget category, attach a detailed list of proposed expenditures. Explain how the expenditures support and are essential to the proposal.

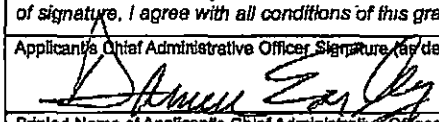
Budget Category	Estimated Total Proposal Cost	Grant Budget Amount Requested (Total Limited to $2.0 million)
Project Planning	$ 90,000.00	$ 90,000.00
Mobilization of Crew to Site	$ 27,000.00	$ 27,000.00
Leak detection < 16" dia.	$ 378,000.00	$ 378,000.00
Leak detection 16" dia. or >	$ 270,000.00	$ 270,000.00
Pipe Condition Assessments	$ 135,000.00	$ 135,000.00
	TOTAL ESTIMATED PROPOSAL COST $ 900,000.00	TOTAL GRANT AMOUNT REQUESTED $ 900,000.00

31. Additional Information and Comments:

The Flint water distribution system averages 50 years of age for pipe sections. The system now serves half of the peak population, and expenses are distributed over many fewer users. This has raised costs for all users. Produced, unbilled water is wasteful, costly, and causes additional problems such as sinkholes. This project is independent of the source water. Leak detection is a responsible management tool to identify and prioritize leak repairs and/or pipe section replacement planning and budgeting. The annual water production savings can be redirected to leak repair and pipe replacement. Timely maintenance increases the stability of the distribution system.

PART 6: CERTIFICATION

32 I certify that all statements in this application, including all requested supplemental information, are true, complete and accurate to the best of my knowledge. If awarded, I agree to allow the Michigan Department of Treasury and the State Auditor General's Office (and/or any of their duly authorized representatives) access, for the purposes of inspection, audit, and examination, to any books, documents, papers, and records of the grantee which are related to this proposal. I agree to allow the Michigan Department of Treasury to conduct periodic program reviews of the proposal. The purpose of these reviews will be to determine adherence to stated proposal goals and to review progress of the proposal in meeting its objectives. I agree to submit semiannual and final narrative and financial status reports and a one-year Final Follow-up Report to the Michigan Department of Treasury. I understand that failure to submit any required reports may result in the termination of the grant. I understand that this grant may be terminated if the Michigan Department of Treasury concludes that I am not in compliance with the conditions and provisions of this grant, or have falsified any information. By way of signature, I agree with all conditions of this grant program

Applicant's Chief Administrative Officer Signature (as defined in MCL 141 422b)	Date
	10-31-14
Printed Name of Applicant's Chief Administrative Officer (as defined in MCL 141.422b)	**Title**
Darnell Earley, ICMA-CM, MPA	Emergency Manager

Applications are due October 31, 2014. Completed applications submitted via mail or e-mail must be received by the Michigan Department of Treasury no later than 11:59 p.m. on Friday, October 31, 2014. Incomplete applications may not be considered.

A signed and completed application (including attachments) can be submitted by e-mail to TreasRevenueSharing@michigan.gov or by mail to.

Michigan Department of Treasury
Office of Revenue and Tax Analysis
PO Box 30722
Lansing, MI 48909

Water Main Leak Detection Survey and Condition Assessment Grant Application

Supplemental Responses

Part 4 Question 17.

The City of Flint has been in receivership since December 2011. At that time the State of Michigan Financial Review Team found:

- The City has a general fund deficit of$ 14,621,546 as of June 30, 2010 which was not eliminated within the two year preceding period.
- The City previously submitted a five year deficit elimination plan for a cumulative general fund deficit of $7,046,820 as of June 30, 2008. However, by June 30, 2010 the cumulative general fund deficit had grown to $14,621,546. An updated plan submitted for 2010 does not purport to eliminate the cumulative deficit until 2030 and that relies upon the issuance of an additional $12 million of debt in 2013.
- A structural operating deficit existed in the general fund as of June 30, 2007, 2008, 2009, 2010 and the general fund is projected to have a $6,768,864 deficit as of June 30, 2011.

The Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2011 was received in December 2011. The City's General Fund, which had a $14.6 million deficit at the beginning of the year, ended it with an $8.9 million deficit. The reduction in the deficit was due solely to an $8 million Fiscal Stabilization Bond issued by the city in March 2011. In total, excluding the impact of the FSB proceeds and the Genesee Towers judgment levy, expenses in the General Fund exceeded revenues.

The City's Water Supply and Sewage Disposal systems also reported losses of $6.6 million and $14.1 million respectively. Increases in water and sewer fees have been implemented since the end of the fiscal year in an effort to forestall additional losses. However, the increases do not appear sufficient to address past deficits.

The City had actuarial accrued liability for post-employment benefits other than pension (OPEB) of $862 million at June 30, 2011. Currently, the City is operating on a pay-as-you-go basis. In FYI I, $19.6 million was spent on premiums for health care, compared to the recommended amount of $61.4 million.

The Auditors comments continued to note concerns with cash flow and with the timeliness of certain account and bank reconciliations.

Part 5. Question 23. (Continued)

The City has committed dedicated resources to criminal investigations of water theft, has replaced all commercial meters and is beginning the process of replacing all residential meters. It also desires to move quickly into a comprehensive leak detection program, examining its aged distribution system for

major leaks. Unfortunately, at this time, city resources are limited and are primarily occupied with responding to obvious leaks.

Question 28(c)

Provide a detailed calculation of cost savings and provide an explanation of how cost savings were calculated.

Current daily volume water produced: 16-17 MGD

Expected daily volume based on customer use: 12-14 MGD

Net produced, unbilled: 3MGD average X 365 days/yr = 1095 MG/ 1 year

Estimated volume lost due to system leaks: 33% (1095 MG/yr) = 365MG/yr

Produced cost $/Gallon: $.0005/gallon

Total cost saved: 365,000,000 gallons/yr x $.0005/gallon = $182,500/ yr

The total volume of water produced but unbilled averages 3 MGD. System leaks is the major reason for lost, unbilled water. Other reasons include water theft and metering error. For this calculation leaks were assumed to 33% of this loss.

Once identified and repaired it was assumed that 100% of the loss could be avoided. The earlier a leak is identified the greater the savings. Also, the more severe the leak that is repaired, the greater the savings and the greater the probability a more catastrophic failure is avoided.

Produced water is billed at $ 7.51/unit. A unit = 748 gallons; each gallon is billed at $.01/gal. The savings is approximately 5% of the billed value. Production costs would be saved, but distribution costs would continue.

Question 29.

Work Plan and Proposed Timeline

Implementation Steps to ensure proposals success and projected outcomes at each step.

Issue Request for Proposal November 1, 2014 (proposal sample attached)

1. Select Vendor and sign contract January 6, 2015
2. Vendor Project Planning January – March 2015
3. Vendor mobilizes all personnel and ancillary equipment to perform work April, 2015
4. Pipe Condition Assessments May 2015
5. Leak detection 16" diameter or greater pipes April – May 2015
6. Leak detection less than 16" diameter pipes April – June 2015

Steps 4-6 will identify leaks and/or severe pipe weakness which can be scheduled for repair and or replacement. Each repair saves thousands of gallons of lost, unbilled water.

Question 30.

Detailed list of proposed expenditures. Explain how the expenditures support and are essential to the proposal.

Project Planning – identify all water main locations, plan access points and any associated street or lane closings required, plan equipment holding location, plan format of data and final report format.

Mobilization of Crew to Site – the contractor will be responsible for providing all ancillary equipment required to perform the work including vehicles to transport the leak detection team, ground microphones for confirming leak locations, tools for accessing valve chambers, confined space entry equipment, GPS receivers to accurately record leak locations, all hand tools required for the work, and any other site specific equipment.

Leak Detection < 16" Diameter Water Mains – the majority of the water mains in the City are < 16" diameter. This work will comprise the bulk of the detection work; these are also the lines which can be most easily overlooked when a lead occurs as it takes the longest for these leaks to reach the surface.

Leak Detection 16" diameter or > - Water mains measuring 16" diameter or greater are the major lines carrying water in the City. A leak in these lines can result in thousands of gallons being lost in a short period of time.

Pipe Condition Assessments – This section would be conducted on 2 miles of pipe using an acoustic average wall thickness testing system to measure the average minimum structural wall thickness of water distribution pipelines. Leak detection must be conducted concurrently with this test. This evaluation will allow the City to plan the rate of pipe deterioration and to develop a pipeline replacement schedule.

JIM ANANICH
27TH DISTRICT
P.O. BOX 30036
LANSING, MI 48909-7536
PHONE: (517) 373-0142
FAX: (517) 373-3939

THE SENATE
STATE OF MICHIGAN

October 29, 2014

Michigan Department of Treasury
Office of Revenue and Tax Analysis
P.O. Box 30722
Lansing, MI 48909

To Whom It May Concern:

Please accept this letter as my strong support for the City of Flint's application to the Michigan Department of Treasury Financially Distressed Cities, Villages, and Townships Grant Program for the ***Water Main Leak Detection Survey and Condition Assessment*** project.

The City of Flint needs to implement this project in order to develop a baseline of the condition of its one hundred and twenty-five miles of aging water mains. Leak detection, and ultimately repair, is needed to significantly reduce the unbilled water volume which can approach 30% of produced water. The City Flint expects this project can result in over $182,000 in annual savings. This project will strengthen the Water Enterprise Fund and provide the capability for needed investment in the water infrastructure.

In addition to Flint's recent water contamination issues, there are also *huge* cost concerns that have resulted in major water thefts, protests over high rates, and people having their water shutoff daily. This grant would not only help the City of Flint update their water infrastructure, but ultimately reduce costs on residents.

For the above reasons and many more, I want to again express my strong support of this proposal. It is my hope that you give the ***Water Main Leak Detection Survey and Condition Assessment*** proposal strong consideration. If you have any additional questions about this proposal and my reasons for supporting it, please don't hesitate to contact me at my office: (517) 373-0142.

Sincerely,

Jim Ananich
State Senator
27th District
517-373-0142

Recycled Paper

3500 (Rev 01-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: September 1, 2014

TO: Rick Snyder, Governor

FROM: R. Kevin Clinton, Treasurer

SUBJECT: Status of Financially Stressed Local Governments

EMERGENCY MANAGER

Allen Park
Emergency Manager: Joyce Parker
Appointed: October 26, 2012
Anticipated Exit: September 2014

Recent Developments
- The Southfield Lease Properties were sold on August 22 to Time Equities for $12M. took place
- The City's request for a $2.7M emergency loan will be considered by the Emergency Loan Board during September. If approved, proceeds would be used to pay the delinquent pension obligation. Recent actuarial valuation revealed pension funding for General Employees at 79.22% and Police/Fire at 79.5%.
- EM Joyce Parker's proposed exit date is Thursday, September 25, 2014.

Significant Actions/Issues
- Future OPEB liabilities reduced by $48.8M (33%).
- Litigation was filed by retirees challenging the Emergency Manager's authority to reduce OPEB liabilities. A court date on this matter is pending.

Issues to Resolve before EM Exit
- Complete tender offer and debt refinancing related to the Southfield Lease Properties by September 2014.
- Finalize compliance settlement with SEC.
- Reduce pension liabilities.

Detroit
Emergency Manager: Kevyn Orr
Appointed: March 14, 2013
Anticipated Exit: September 2014

Recent Developments
- The Department of Treasury is coordinating with the Governor's Office to implement the new Financial Review Commission, which is required by the "Grand Bargain" legislation.
- Participating with City advisors on two contemplated financings: 1) exit financing – DIP 'take out' and 2) DWSD new money and restructuring.

Flint
Emergency Manager: Darnell Earley
Appointed: November 28, 2013
Anticipated Exit: April 2015

Recent Developments
- Overall deficit reduced to $9M in FY 2014.
- In August, Treasury staff met with the Mayor and City Council members in one-on-one meetings to discuss the possible Emergency Manager exit in April 2015 and to explain the function of a Receivership Transition Advisory Board.

Significant Actions/Issues
- The sale of the water pipeline for $3.7M was completed in June 2014. KWA project is still moving forward as planned.
- Water Plant placed into full-time service in April 2014, ending the contractual relationship with DWSD.
- A $1.1M State appropriation was received to fund front-line public safety positions for FY 2015.
- The Federal District Court Judge modified the preliminary injunction on June 30, 2014 (six retirees challenged modifications made by the Emergency Manager to retiree healthcare coverage). The City can implement cost saving measures pending the trial outcome. However, if the challenge stands, the City's cost will increase by approximately $5M annually.
- The Emergency Manager has imposed collective bargaining agreement terms that will save the City $336K annually with long-term projected savings of $4.3M effective July 2014.

Issues to Resolve before EM Exit
- Eliminate annual operating/structural deficit which is projected at $1.7M for FY 2015 and grows to $11.9M during FY 2019 if the City loses the lawsuit over retiree healthcare.

Hamtramck
Emergency Manager: Cathy Square
Appointed: July 1, 2013
Anticipated Exit: October 2014

Recent Developments
- A firm has been hired to conduct the search for a qualified City Manager candidate.

Significant Actions/Issues
- The City requested a $2.1M emergency loan, which was approved by the Emergency Loan Board on June 26, 2014. Proceeds will resolve a $2.1M liability to MERS.
- Retiree healthcare changes were implemented in December 2013 at a cost savings of over $1.8M.

Issues to Resolve before EM Exit
- Retiree healthcare litigation must be addressed.
- Hire a qualified City Manager before exit.
- The annual pension liability is anticipated to increase from $3.5M in FY 2015 to $4.3M in 2019.

Lincoln Park
Emergency Manager: Brad Coulter
Appointed: July 3, 2014
Anticipated Exit: January 2016

Recent Developments
- A Financial and Operating Plan was submitted to the Treasurer on August 22.
- .

Significant Actions/Issues
- The Police and Fire pension plan is 30% funded. The General Employee plan is 22% funded.
- Brad Coulter was appointed as Emergency Manager July 3, 2014
- FY 2013 ended with a General Fund deficit of $89K. In the prior fiscal year, the City had a positive fund balance of $2M.

Issues to Resolve before EM Exit
- Police and fire contracts need to be renegotiated.
-

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Benton Harbor
RTAB Appointed: March 10, 2014
RTAB Members: Cary Vaughn, Bret Witkowski, Marvin Raglon, Sharon Hunt

Recent Developments
- A study was initiated to review the cost of ongoing litigation issues.
- FY 2015 budget is balanced.
- The City Commission appointed Mary Donald to the fill the vacant Commission seat.
- Due to the resignation of another City Commissioner a new vacancy has occurred on the City Commission.
- Berrien County Circuit Court approved the ballot signatures necessary to recall Mayor Hightower. This is the disputed second recall attempt against the Mayor. The recall question will appear on the November 2014 ballot. The Berrien County Clerk's Office has appealed the Court's decision. A recall effort has been initiated against the Berrien County Clerk for challenging the Court's decision.

Significant Actions/Issues
- Former Department of Public Works Director Darwin Watson was appointed City Manager in February 2014.
- General Fund revenues are projected to exceed expenditures by $2.9M for FY 2014.
- A six-year capital improvement plan has been developed and has identified capital needs exceeding $4.8M. RTAB approval is pending.
- The City Manager implemented a twelve-month operational plan to guide City operations.
- Lawsuit filed during October 2013 against the City and former EM Suanders by former Public Saftey Director alleging he was dismissed for complaining to the State.

Ecorse
RTAB Appointed: May 1, 2013
RTAB Members: Edward Koryzno, Robert Bovitz, Joyce Parker

Recent Developments
- The City is still operating without a City Administrator; an interim search is ongoing. The Michigan Municipal League has submitted a proposal to perform a search for a permanent City Administrator. Treasury has agreed to assume 50% the cost of the search ($6,500)
- The State has approved $750K in SRF funds for a sewer project.
- The first annual RTAB evaluation will be submitted to the Board in September.
-

Significant Actions/Issues
- City Council has repeatedly rejected a CGAP grant which would have saved the City $1M, offsetting the lost tax settlement revenue.

- Pension contributions are anticipated to increase from $1.8M in FY 2015 to $2.4M in FY 2016.
- The RTAB rejected the City's proposed five-year budget in June 2014 due to unrealistic projections. The firing of the City Administrator and the uncertainty of Plante Moran's continued financial services have delayed the completion of a viable five-year budget. The amended budget completion date is unknown.
- Plante Moran has suspended their previous letter of termination, contingent on certain conditions. (e.g. begin immediate search for permanent City Administrator, contract with neighboring community or an outside agency to provide HR services to the City).
-

Pontiac
RTAB Appointed: August 19, 2013
RTAB Members: Edward Koryzno, Louis Schimmel, Keith Sawdon, Robert Burgess

Recent Developments

-
- In April 2014, the Final Emergency Manager Order was amended to create a Deputy Mayor position. Thirty-six candidates applied and applications are being reviewed.

Significant Actions/Issues

- A $6M annual retiree healthcare obligation and related federal litigation must be resolved prior to August 2015, when the Emergency Manager Final Order expires.
- The RTAB continues to review the financial impact of the IRS 420 Transfer for payment of retiree healthcare costs approved by the Pontiac Pension Board and City Council. The tax exempt status of the pension system was extended by the IRS until December 2019.
- Resolve condemnation litigation and proceed with the budgeted $2M demolition of the Phoenix Center.
- General Fund revenues are projected to exceed expenditures by $4M in FY 2014.
-

CONSENT AGREEMENT

Inkster
Date Executed: February 20, 2012
Consultant/Treasury Representative: Mark Stuhldreher
Term of Consent Agreement: N/A

Recent Developments

-
- The Police Chief resigned in July; Interim Chief Vicky Yost was appointed August 4, 2014; search firm has been retained to find a permanent chief.
-

Significant Actions/Issues

- Mary Stubbleber, City Treasurer, was granted certain Emergency Manager powers in February 2012.
- Richard Marsh was appointed as City Manager in August of 2013.
- The City was awarded a $486K CGAP grant on April 1, 2014 to contract with the Wayne County Sheriff's Department; the City is working with Michigan State Police to augment police staffing (on hold pending the hiring of a permanent chief).
- The City of Westland was awarded a $347K CGAP grant to consolidate the Inkster Fire Department into the Wayne/Westland Fire Authority on April 1, 2014.
- A study of the Police Department has been completed and was very critical of the Police Chief and the City Administration.
- General Fund revenues are projected to exceed expenditures by $1.5M in FY 2014.
-

River Rouge
Date Executed: December 15, 2009
Consultant/Treasury Representative: N/A (P.A. 72)
Term of Consent Agreement: N/A

Recent Developments

-
- Implemented a reduction in healthcare benefits for employees.

Significant Actions/Issues
- U.S. Steel annual $1M tax settlement payment to the City expires in FY 2015.
- General Fund revenues are expected to exceed expenditures by $986k in FY 2014.

Royal Oak Township
Effective Date: April 21, 2014
Consultant/Treasury Representative: Robert Burgess
Term of Consent Agreement: October 31, 2017

Recent Developments
- A consulting firm (UHY) is assisting the Consent Agreement Consultant and the Township in developing a Finance & Operating Plan. The deadline to complete the Financial & Operating Plan has been extended to September 30, 2014 by the State Treasurer.
- Surplus pension assets of $619K administered by MERS were transferred to the Township. The State Treasurer approved the issuance of a Consent Agreement Order by the Township Supervisor prohibiting the use of these funds until the Finance & Operating Plan is approved. The Office of the Attorney General is reviewing the legal authority regarding the use of these funds for any purpose other than pension expenses.
-

Significant Actions/Issues
- The Michigan State Police continues to provide police services to the Township.

- A committee consisting of the Township Supervisor, Consent Agreement Consultant, and one Township Trustee met with the City of Ferndale on August 19th to explore contracting police and fire services. The Michigan State Police and Department of Treasury participated in these negotiations. The City of Oak Park will also be contacted to determine if they can provide police and fire services to the Township.
- A Deficit Elimination Plan for Police, Fire, and Street Lighting Funds must be submitted.
- An assistant was hired to aid the Consent Agreement Consultant.The Township must submit a Corrective Action Plan to address deficiencies identified in its 2013 Audit. On July 30, 2014 the Township submitted a Corrective Action Plan; it is currently under review by LAFD.

NEUTRAL EVALUATION

Highland Park
Financial Review Team Appointed: December 2, 2013
Financial Emergency Declared: January 30, 2014
PA 436 Option Selected: May 1, 2014

Recent Developments
- A long-term lease of its 32-acre tree farm in Rochester Hills for $1M was announced by the City.
- The City is discussing the preparation of a RFP to privatize water and sewer system operations.
- A draft Plan of Adjustment was prepared by the City. The City is seeking an Emergency Loan from Treasury to refinance a portion of its debt. This will have to be re-evaluated on Thursday.

Significant Actions/Issues
- Ronald Rose, former Dykema Gossett bankruptcy attorney, was appointed as a Neutral Evaluator in May 2014.
- The City announced that it has exercised its right under PA 436 to extend the neutral evaluation process another 30 days, ending on August 28, 2014.
- Liabilities total $117.6M; of which some of the major components are: $55.3M is debt, including $20.7M owed to DWSD, $17.7M is pension bonds, and $26.1M is unfunded OPEB liabilities.
- OPEB costs are paid from the General Fund on a pay-as-you-go basis.
- Fifth Third Bank notified the City on September 11, 2013 that "Event of Defaults" have occurred regarding the Letter of Credit held by the bank. The bank terminated the Letter of Credit, transferred $7M in unexpended bond proceeds, and is seeking to capture pledged state revenue sharing.
- The City defaulted on its State emergency loan payment due May 19, 2014. Treasury withheld $101K from State Revenue Sharing on June 30, 2014 to cover the default.

OTHER COMMUNITIES

Melvindale

Significant Actions/Issues
- The General fund deficit for FY 2013 is $1.9M, an increase of $248K from the FY 2012 deficit.
- The City's ice arena unrestricted annual deficit for FY 2013 is $1.9M, which is approximately $160K more than what the City projected. It continues to negatively impact the General Fund.
- .

Treasury representatives will meet with city officials in August to discuss strategies of addressing deficits. Suzanne will provide additional language

- The City is considering millage proposals for the November ballot. The first is to pay the debt on the ice arena and the other is for street/sidewalk repair.

Taylor

Significant Actions/Issues

- The General Fund has an unrestricted deficit of $2.2M.
- The City made only 47% of its required annual contribution for OPEB. The unfunded liability is $232.7M and continues to grow.
- There are several contingent liabilities that may impact the financial stability of the City, including the possible need to subsidize Brownfield Redevelopment bonds of $14.2M.
- A 1996 levy to pay a general obligation bond expires in 2015, potentially resulting in a $6.2M drain per year on the General Fund during FY 2016 and FY 2017.

City of Wayne

Significant Actions/Issues

- Projected General Fund deficits for FY 2014 and beyond.
- Treasury prepared and presented recommendations for the City during April 2014.
- The City is discussing a May 2015 ballot proposal that would seek voter approval for additional millage.

Wayne County

Recent Developments

- Warren Evans defeated Robert Ficano with 44% of the vote in the primary election for Wayne County Executive held August 5, 2014.
- The County Finance Director continues to pursue the implementation of the Waste Water Authority by meeting with the affected local units and the attorneys for several of the existing systems.
- The County believes it has sufficient documentation to support the County's ownership of the various waste water systems.

Significant Actions/Issues

- Treasury met with County Finance officials on July 1, 2014 to discuss progress on the Deficit Elimination Plan (DEP). Another meeting is scheduled for August 18, 2014. The County submitted a revised DEP, approved by the County Commission, which removes the changes to retiree healthcare. The loss of the $9.2M in savings will be offset by the $10M anticipated increase in revenue sharing.
- County Treasurer agreed to transfer $150M from the Delinquent Tax Revolving Fund to the General Fund. Of that $150M, $82M has already been transferred and applied to the accumulated deficit, and $44M has been applied to the operating/structural deficit in accordance with the DEP. The additional $24M, which was not part of the DEP, will be used to help reduce the accumulated deficit.
- The elimination of the accumulated deficit is dependent upon the transfer of excess funds held in the Delinquent Tax Revolving Fund and the creation of a Wastewater Authority.

The plan to eliminate the operating/structural deficit depends on significant labor costs savings and pension revisions.

- The Treasurer received letters from the law firm of Foster Swift and the Downriver Utility Wastewater Authority on behalf of several communities affected by the Waste Water Authority proposed in the County's DEP. They expressed disagreement with the plan and also questioned the ownership of the assets.
- The County reduced the amount needed to borrow for general operating cash flow purposes from $100M to $75M. The Tax Anticipation note was issued on May 28, 2014 and the proceeds were placed in escrow.
- The County received $25M of its cash flow borrowing of May 28, 2014 upon closing. A second draw in the amount of $25M was approved by Treasury on July 2, 2014 leaving a balance of $25M in escrow. Estimated final release date is expected to be by August 15, 2014.

Koryzno, Edward (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, September 02, 2014 8:31 AM
To: Byrne, Randall (Treasury); Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); West, Samantha (GOV); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Darnell Earley; Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Smith, Paul (GOV); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Conference Call Agenda for 09/03/14
Attachments: Agenda & Attachments 090314 Conf Call with Treasury.pdf

Good morning,

Please find attached the agenda and attachment for the September 3rd, 9:00 am conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am Phone Conference Agenda
September 3, 2014

1) **Public Safety Update – FPD, MSP, (FFD, if needed)**
   a) FPD
      i. Water Theft Warrants issue – may need assistance from Attorney General
   b) FFD
   c) Traffic Accidents Resulting in Death of Flint Citizens – Update on Strategies Special ALPACT Meeting held August 22, 2014
   d) Would like to have a statement of the mission, goals, and objectives of MSP/FPD collaboration.
   e) Other update from Chief Tolbert and MSP

2) **Governor's Office Update – R. Baird, H. Hollins, B. Clement**
   a) Court Consolidation
   b) Other

3) **Lawsuits – Status, Issues**
   a) Retiree Lawsuit – No updates
   b) MSP - Crash Lawsuit – Flint street design and maintenance

4) **Financial and Administrative Update**
   a) Remaining bargaining units in "meet and confer" sessions: Fire, Sgts., and Capts. & Lts. Parties have exchanged proposals.
   b) Need to start to develop a plan to begin pre-funding employee healthcare.
   c) Next benchmark is audit. Budget is on track at this point.

5) **City Council Update**
   a) A grid-timeline has been developed using the 7 point Transition Management plan. This will be used as an itemized list of steps to be completed in order to prepare for transition. This was reviewed with each Council member in individual meetings with Treasury on August 20, 2014.

6) **Blue Ribbon Committee on Governance**
   a) Five Charter Amendments and the question of whether to have a general revision of the current charter have been placed on the November ballot. These were as recommended by the BRC.

7) **Water Issues**
   a) Glenn Acres – water turn-on order from Judge Hayman. Judge has put complex in hands of a receiver.

b) Limited area boil-water notice – resolved.
c) General Motors Water Issues – resolved. However, if this should become an issue for the GCDC with DWSD we would hope Treasury will be supportive of the GM-GCDC franchise customer agreement.

8) Messaging

a) A plan is being developed to present to the community at-large and to the various interest groups (i.e. business, investors, foundations) the background of the financial emergency, the actions taken and next steps to emerge from receivership. This will be an on-going item for discussion.
b) Hurley Hospital Valuation City - beginning regular meetings with the Hurley leadership to identify strategy beneficial both Hurley and the City of Flint.

9) 9-1-1 Reconsolidation Plan

a) Genesee County Consortium plans to hold a full membership meeting to discuss allowing flint to rejoin the County 9-1-1 Consortium on September 9, 2014. Reconsolidation is both a financial and resident benefit for Flint. General Fund currently supplements 9-1-1 operations $2.4 million per year. Significant feature and equipment upgrades will be required of the Flint system if it continues as a stand-alone operation.

10) Recruitment and Selection of City Administrator/Manager

a) Provide guidance on several considerations: duration of appointment, contract, consistent with TAB, working with TAB, etc. – Finalize timeline after January 1, 2015.
b) Emergency Manager has developed a recruitment package and a recruitment and appointment timeline; recruitment to begin September 1, 2014. (See attached)

11)Other Items

Attachments:

City Administrator Recruitment Package
City Administrator Recruitment and Appointment Timeline

1-888[redacted] access code [redacted]
Created on: 08/28/14

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
DARNELL EARLEY
ICMA-CM, MPA

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com

For Immediate Release

City of Flint Boil Water Advisory in Effect for Area Affected Due to Abnormal Water Sample

Flint, Michigan – September 5, 2014 – The City of Flint's Utilities Department in conjunction with the Department of Environmental Quality has issued a boil water advisory for a portion of the city. The boil water advisory is in effect for the area bordered by Dayton Street on the north, DuPont Street on the east, the Flint River on the south, and by Lavelle Road (to the Flint River) on the west. Testing over the last 48 hours has shown that the water in the area above tests positive for the presence of total coliform bacteria. Residents in the area should continue to boil water or use bottled water for drinking, bathing, making ice, brushing teeth, washing dishes, and preparing food until further notice. Boiling the water kills bacteria or other harmful organisms.

Total coliform bacteria are generally not harmful themselves. Coliforms are bacteria which are naturally present in the environment and are used as an indicator that other, potentially-harmful, bacteria *may be present.* Usually, coliforms are a sign that there could be a problem with the treatment or distribution system (pipes).

–CONTINUE–

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
DARNELL EARLEY
ICMA-CM, MPA

Whenever we detect coliform bacteria in any sample, we do follow-up testing to see if other bacteria of greater concern, such as fecal coliform or E. coli, are present. We did not find any of these bacteria in our subsequent testing. If we had, we would have notified you immediately. However, we are still finding coliforms in the drinking water.

The City of Flint Utilities Department will be flushing the system in that part of the city and increasing the chlorine added to water in the area. The City anticipates that the problem will be resolved within the next three days, which is the minimum amount of time for a boil water notice. All water testing results at the City of Flint Water Treatment Plant have shown the City's drinking water meets all Safe Water Drinking Standards. Testing of the drinking water is a part of the routine process for ensuring the quality and safety of the system which happens weekly at ten different sites around the city. Anyone with questions about the advisory or any other water issues should call 810-787-6537.

–END–

LOCALIZED DRINKING WATER WARNING

Coliform bacteria detected in localized area of Flint water system

BOIL YOUR WATER BEFORE USING

Our water system detected the presence of coliform bacteria in the water supply on September 3, 2014. We routinely monitor for the presence of drinking water contaminants. We took routine samples for coliform bacteria during on September 2, 2014 from all sampling locations throughout the city. The location near Flushing Road and Chevrolet Avenue showed the presence of coliform bacteria. We took three repeat samples at this location and at adjacent locations on September 3 and again on September 4, 2014. Two of the three samples on the 3rd showed the presence of total coliform bacteria and three of the three samples collected on the 4th in this same area showed the presence of total coliform bacteria. All other monitoring locations in the City continue to show no presence of Coliform bacteria.

What should I do?

DO NOT DRINK THE WATER WITHOUT BOILING IT FIRST. Bring all water to a boil, let it boil for one minute, and let it cool before using, or use bottled water. Boiled or bottled water should be used for drinking, making ice, brushing teeth, washing dishes, and preparing food. Boiling kills bacteria and other organisms in the water. **Continue using boiled or bottled water until further notice.** This boil notice is limited to the area bordered by Dayton Street (north), DuPont Street (east), Flint River (south), and LaVelle Road to Flint River (west)

If you have a severely compromised immune system, have an infant, are pregnant, or are elderly, you may be at increased risk and should seek advice from your health care providers about drinking this water.

What does this mean?

Total coliform bacteria are generally not harmful themselves. *Coliforms are bacteria which are naturally present in the environment and are used as an indicator that other, potentially-harmful, bacteria may be present.*

Usually, coliforms are a sign that there could be a problem with the treatment or distribution system (pipes). Whenever we detect coliform bacteria in any sample, we do follow-up testing to see if other bacteria of greater concern, such as fecal coliform or E. coli, are present. We did not find any of these bacteria in our subsequent testing. If we had, we would have notified you immediately. However, we are still finding coliforms in the drinking water.

What happened? What is being done?

We are still detecting coliform bacteria. We will inform you when our sampling shows that no bacteria are detected. We are flushing the system and increasing the chlorine residual within the affected area. We anticipate resolving the problem within the next two to three days. In the meantime, please continue using boiled or bottled water until we notify you otherwise.

If you have questions, you may contact Mr. Brent Wright of the City of Flint at 810-787-6537, bwright@cityofflint.com , 4500 North Dort Highway, Flint MI. 48505 or Daughtry Johnson, Utilities Administrator (810) 766-7135, ext. 2602. General guidelines on ways to lessen the risk of infection by microbes are available from EPA's Safe Drinking Water Hotline at 1-800-426-4791.

2310

CERTIFICATION: WSSN: [enter Water Supply Serial Number]

I certify that this water supply has fully complied with the public notification requirements in the Michigan Safe Drinking Water Act, 1976 PA 399, as amended, and he administrative rules.

Signature	Title	Date Distributed
[signature]	Utilities Administrator	9/5/14

Reminder to water supplier: This notice / certification must be sent to the DEQ.

cc: [cc the local health department and the Michigan Department of Agriculture and Rural Development if the boil affects a municipal supply]

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments, nursing homes, schools, and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is being sent to you as a precautionary measure by the City of Flint.

CERTIFICATION: WSSN: [enter Water Supply Serial Number]

I certify that this water supply has fully complied with the public notification requirements in the Michigan Safe Drinking Water Act, 1976 PA 399, as amended, and the administrative rules.

Signature Title Date Distributed

Reminder to water supplier: This notice / certification must be sent to the DEQ.

cc: [cc the local health department and the Michigan Department of Agriculture and Rural Development if the boil affects a municipal supply.]

Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Saturday, September 06, 2014 10:20 PM
Subject: Fwd: Boil Water Update
Attachments: Scan028.PDF

Please see attached.

--
Brent Wright
Water Plant Supervisor
City of Flint
4500 N. Dort Hwy.
Flint, MI. 48505
Ph: 810.787.6537 ext. [redacted]
Fx: 810.787.3710

Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Monday, September 08, 2014 5:46 PM
To: WNEM; ABC12news; Flint Journal; NBC25 Newsroom; Ron Fonger
Subject: PRESS RELEASE: Boil Water Advisory Extended
Attachments: Boil Water Advisory 9.8.2014.pdf

For Immediate Release

City of Flint Boil Water Advisory Remains in Effect for Previously Identified Area

Flint, Michigan – September 8, 2014 – The City of Flint's Utilities Department has extended both of the boil water advisories from Friday and Saturday for a portion of the city. Friday's boil water advisory is in effect for the area bordered by Dayton Street on the north, DuPont Street on the east, the Flint River on the south, and by Lavelle Road (to the Flint River) on the west. Saturday's boil water advisory also covered the area bordered by Stewart Ave. (north), Saginaw (east) Hamilton Ave (south), and Clio Rd (west). This remains a localized issue to those portions of the city.

The Utilities Department believes that due to the low usage and demand of the area, water remains in the system for a longer period of time compared to the rest of the city. The City of Flint Utilities Department is increasing the chlorine added to water in the area, and to improve water circulation, will continue flushing the system in that part of the city. Residents can expect to see open hydrants in the area. The City of Flint will continue to aggressively investigate this issue until it has been corrected.

The Utilities Department has opted to keep the advisory in effect until the results of a citywide sampling taken today are known. This advisory is a precautionary measure to ensure the safety of drinking water for city residents. Residents in the area should continue to boil water or use bottled water for drinking, making ice,

brushing teeth, washing dishes, and preparing food until further notice. Boiling the water kills bacteria or other harmful organisms.

Total coliform bacteria are generally not harmful themselves. Coliforms are bacteria

which are naturally present in the environment and are used as an indicator that other, potentially-harmful, bacteria *may be present.* Usually, coliforms are a sign that there could be a problem with the treatment or distribution system (pipes).

Whenever we detect coliform bacteria in any sample, we do follow-up testing to see if other bacteria of greater concern, such as fecal coliform or E. coli, are present. We did not find any of these bacteria in our subsequent testing. If we had, we would have notified you immediately. However, we are still finding coliforms in the drinking water.

All water testing results at the City of Flint Water Treatment Plant have shown the City's drinking water meets all Safe Water Drinking Standards and this remains a localized problem. Testing of the drinking water is a part of the routine process for ensuring the quality and safety of the system which happens weekly at ten different sites around the city. Anyone with questions about the advisory or any other water issues should call 810-787-6537.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

LOCALIZED DRINKING WATER WARNING

Coliform bacteria detected in localized area of Flint water system
BOIL YOUR WATER BEFORE USING

Our water system detected the presence of coliform bacteria in the water supply on September 3, 2014. We routinely monitor for the presence of drinking water contaminants. We took routine samples for coliform bacteria during on September 2, 2014 from all sampling locations throughout the city. The location near Flushing Road and Chevrolet Avenue showed the presence of coliform bacteria. We took three repeat samples at this location and at adjacent locations on September 3 and again on September 4, 2014. Two of the three samples on the 3rd showed the presence of total coliform bacteria and three of the three samples collected on the 4th in this same area showed the presence of total coliform bacteria. On September 5th two of three sample showed presence of total coliform bacteria. **Updated area of ML King and Pasadena.** On September 4th one sample showed presence of total coliform bacteria. On September 5th two of the three samples at adjacent locations showed presence of total coliform bacteria. All other monitoring locations in the City continue to show no presence of Coliform bacteria.

What should I do?
DO NOT DRINK THE WATER WITHOUT BOILING IT FIRST. Bring all water to a boil, let it boil for one minute, and let it cool before using, or use bottled water. Boiled or bottled water should be used for drinking, making ice, brushing teeth, washing dishes, and preparing food. Boiling kills bacteria and other organisms in the water. **Continue using boiled or bottled water until further notice.** This boil notice is limited to the area bordered by Dayton Street (north), DuPont Street (east), Flint River (south), and LaVelle Road to Flint River (west).
The current boil water notice is being expanded to the north. This boil water notice is being expanded to the area bordered by Stewart Ave. (north), Saginaw (east), Hamilton Ave (south), and Clio Rd (west).

If you have a severely compromised immune system, have an infant, are pregnant, or are elderly, you may be at increased risk and should seek advice from your health care providers about drinking this water.

What does this mean?
Total coliform bacteria are generally not harmful themselves. *Coliforms are bacteria which are naturally present in the environment and are used as an indicator that other, potentially-harmful, bacteria may be present.*

Usually, coliforms are a sign that there could be a problem with the treatment or distribution system (pipes). Whenever we detect coliform bacteria in any sample, we do follow-up testing to see if other bacteria of greater concern, such as fecal coliform or E. coli, are present. We did not find any of these bacteria in our subsequent testing. If we had, we would have notified you immediately. However, we are still finding coliforms in the drinking water.

2310

CERTIFICATION: WSSN: «WSSN»

I certify that this water supply has fully complied with the public notification requirements in the Michigan Safe Drinking Water Act, 1976 PA 399, as amended, and the administrative rules.

Signature	PLANT SUPERVISOR	9/6/2014
	Title	Date Distributed

Reminder to water supplier This notice / certification must be sent to the DNRE

What happened? What is being done?
We are still detecting coliform bacteria. We will inform you when our sampling shows that no bacteria are detected. We are flushing the system and increasing the chlorine residual within the affected area. We anticipate resolving the problem within the next two to three days. In the meantime, please continue using boiled or bottled water until we notify you otherwise.

If you have questions, you may contact Mr. Brent Wright of the City of Flint at 810-787-6537,bwright@cityofflint.com , 4500 North Dort Highway, Flint MI. 48505 or Daughtry Johnson, Utilities Administrator
(810) 766-7135, ext. 2602. General guidelines on ways to lessen the risk of infection by microbes are
available from EPA's Safe Drinking Water Hotline at 1-800-426-4791.

2310

CERTIFICATION: WSSN: «WSSN»

I certify that this water supply has fully complied with the public notification requirements in the Michigan Safe Drinking Water Act, 1976 PA 399, as amended, and the administrative rules.

Signature	PLANT SUPERVISOR Title	9/6/20 H Date Distributed

Reminder to water supplier This notice / certification must be sent to the DNRE.

Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Tuesday, September 09, 2014 5:15 PM
To: Jason Lorenz
Subject: Re: PRESS RELEASE: Boil Water Advisory Lifted
Attachments: Recent Boil Water Notice Lifted 9.9.14.pdf

PLEASE SEE ATTACHED.

Thank You.

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

On Tue, Sep 9, 2014 at 4:36 PM, Jason Lorenz <jlorenz@cityofflint.com> wrote:

For Immediate Release (Official Signed Notice to Follow)

City of Flint Boil Water Advisory Lifted

Flint, Michigan – September 9, 2014 – The City of Flint's Utilities Department and the DEQ have lifted both of the boil water advisories from this week for a western portion of the city. Testing results from all areas of the city confirm that the water is safe for all purposes. "The investigation into the cause of the boil water advisories continues," said Emergency Manager Darnell Earley, "we will share the results from that investigation once it is available."

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, September 10, 2014 2:00 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: FW: PRESS RELEASE: Boil Water Advisory Lifted

Let me know what you find out

From: Clement, Elizabeth (GOV)
Sent: Wednesday, September 10, 2014 1:59 PM
To: Workman, Wayne (TREASURY); Muchmore, Dennis (GOV); Saxton, Thomas (Treasury)
Subject: RE: PRESS RELEASE: Boil Water Advisory Lifted

The boil water advisory was lifted yesterday while I was talking to John Gleason. The source has still not been identified and the plant and DEQ are working to figure it out. I told Gleason that his suggestion to have contingency plans for these water events makes great sense but I had to look into the specifics of using the Guard and I would get back to him. This is more for DEQ and the Guard to assist with at this time but please keep us posted on what the EM may share as far as updates.

From: Workman, Wayne (TREASURY)
Sent: Wednesday, September 10, 2014 1:46 PM
To: Muchmore, Dennis (GOV); Clement, Elizabeth (GOV); Saxton, Thomas (Treasury)
Subject: FW: PRESS RELEASE: Boil Water Advisory Lifted

Water is back on as of yesterday. Checking with City on how confident they are that it is fixed.

From: Byrne, Randall (Treasury)
Sent: Wednesday, September 10, 2014 1:33 PM
To: Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury)
Subject: FW: PRESS RELEASE: Boil Water Advisory Lifted

Wayne:

I received this late yesterday.

Randy,

From: Jason Lorenz [mailto:jlorenz@cityofflint.com]
Sent: Tuesday, September 09, 2014 5:15 PM
To: Jason Lorenz
Subject: Re: PRESS RELEASE: Boil Water Advisory Lifted

PLEASE SEE ATTACHED.

Thank You.

CITY OF FLINT

Department of Public Works

Dayne Walling
Mayor

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Howard Croft
Director

MEMORANDUM

TO: Darnell Earley, Emergency Manager
Dayne Walling, Mayor

FROM: Howard Croft, Public Works Director

DATE: September 16, 2014

RE: Recent Boil Water Advisory

Mr. Earley,

I have compiled a bullet point list of the pertinent events surrounding the recent boil water advisory in the City of Flint. I have separated the events into five categories and attempted to condense them into a comprehensive sequence for your review.

OVERVIEW

- On Friday September 5, 2014 the City of Flint issued a boil water advisory to residents in two of ten test areas around the city.
- The advisory was due to multiple positive tests for "total coliform" and the area covered approximately 9 square miles.
- On Sunday September 7, 2014 the City expanded the advisory to include another of the ten test areas due to a subsequent positive total coliform test.
- The boil water advisories were lifted on Tuesday September 9th at 5:00pm after consultation with the DEQ.

BACKGROUND

- State of Michigan Regulations requires that the City of Flint Water Treatment Plant perform testing of its water distribution system on a routine basis in ten different locations around the City.
- The tests take twenty four hours to produce valid results and are sent directly to the Department of Environmental Quality for review.
- Test results which show positive for "E.coli" or "fecal coliform" trigger boil water notices for the test area and the advisories usually remain in effect until three consecutive tests return negative results.
- A single positive test for "total coliform" does not generally result in a boil water advisory, rather it indicates that the environment is conducive for bacteria.
- Typically, investigation into possible causes followed by corrective measures such as flushing the affected area with open hydrants will cleanse the system.
- This process is overseen by an employee who is required to hold an F-1 State License and is listed as the Operator in Charge of the Water Plant and an employee who holds an S-1 State License which is required to maintain distribution systems of this municipal size.
- The City of Flint has over 500 miles of pipe in its distribution system, much of which is over 70 years old.
- The City of Flint has over ten-thousand valves throughout its distribution system.
- The City of Flint has a professional reliability study of its system which was updated in December 2013.

PROBLEM

- ❖ After detecting the initial positive test for total coliform, normal procedures did not clear the condition and multiple positive tests ensued.
- ❖ The continued positive total coliform tests were the cause for issuing the boil water notice.
- ❖ Additional discoveries showed that residual chlorine levels in the affected area were considerably lower than normal.

SOLUTION

- ✓ On Monday September 8, 2014 the City convened all licensed personnel, Utility Supervisors, and DPW Director to a single meeting location and held a brainstorming session with the DEQ on conference call.
- ✓ It was agreed that while not totally isolated, the concern was mainly present in a specific large transmission line that ran through all positive testing areas.
- ✓ It was determined to expand the hydrant flushing outside of the immediate impact area.
- ✓ It was found that a 24" valve which feeds this transition main was broken in the OFF position outside of the immediate impact area.
- ✓ The broken valve was preventing fresh water from being pushed directly into the impacted area while causing water to travel from the water plant around the entire city and preventing adequate circulation of fresh water.
- ✓ After repairing the broken valve, virtually all of the symptoms were erased over a 24 hour period and the chlorine count has steadily risen back to normal levels throughout the transmission main.

CONCLUSION

- ✓ It was determined that the broken valve was not the single cause of the problem but was a significant factor in the development of the problem.
- ✓ Other possible factors include:
  - Low usage in the area
  - Pipe size in relation to volume of usage
  - Temperature change of surface water
  - Water Pressure in the area
- ✓ It was determined that the broken valve was the main reason that normal remedies were ineffective.
- ✓ Throughout the event, the City was in direct contact with DEQ personnel daily.
- ✓ The positive tests were for "total coliform" only.
- ✓ The following statement about total coliform was approved by the DEQ and distributed to the public as part of the recent boil water advisory:

Total coliform bacteria are generally not harmful themselves. Coliforms are bacteria which are naturally present in the environment and are used as an indicator that other, potentially-harmful, bacteria may be present.
Usually, coliforms are a sign that there could be a problem with the treatment or

distribution system (pipes). Whenever we detect coliform bacteria in any sample, we do follow-up testing to see if other bacteria of greater concern, such as fecal coliform or E. coli, are present. We did not find any of these bacteria in our subsequent testing. If we had, we would have notified you immediately. However, we are still finding coliforms in the drinking water.

- ✓ The City of Flint is in the first year of strategic budgetary investment in an infrastructure strategy.
- ✓ The City of Flint infrastructure strategy has been, and will continue to be developed with state licensed employees, industry experts, and proven experienced consultants.

Howard D. Croft
Public Works Director

Koryzno, Edward (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Monday, September 15, 2014 11:37 AM
To: Byrne, Randall (Treasury); Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); West, Samantha (GOV); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Darnell Earley; Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Smith, Paul (GOV); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Agenda for Wednesday, September 17, 2014
Attachments: Agenda 091714 Conf Call with Treasury.pdf

Good morning,

Please find attached the agenda for the Wednesday, September 17th conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am Phone Conference Agenda
September 17, 2014

1) **Public Safety Update – FPD, MSP, (FFD, if needed)**
   a) FPD
      i. Water Theft Warrants issue – Update/may need assistance from Attorney General
   b) FFD
   c) Other update from Chief Tolbert and MSP

2) **Governor's Office Update – R. Baird, H. Hollins, B. Clement**
   a) Court Consolidation
   b) Other

3) **Lawsuits – Status, Issues**
   a) Retiree Lawsuit – No updates

4) **Financial and Administrative Update**
   a) Remaining bargaining units in "meet and confer" sessions: Fire
   b) Sgts., and Capts. & Lts. bargaining units have achieved Tentative Agreements.
   c) The City is amending the DEP to show future commitment on retiree healthcare.
   d) Working to enact a budget stabilization ordinance.
   e) Need to start to develop a plan to begin pre-funding employee healthcare.
   f) Next benchmark is audit. Budget is on track at this point.
   g) Status of legislative initiative to allow vote on local income tax increase.

5) **City Council Update**
   a) The next City Council meeting is scheduled for Monday, September 22, 2014.
   EM shared w/ media regarding level one mmc training
   • Have until transition.

6) **Blue Ribbon Committee on Governance**
   a) Five Charter Amendments and the question of whether to have a general revision of the current charter have been placed on the November ballot. These were as recommended by the BRC. Group of BRC members met 9/8/14 to discuss forming a committee to promote these initiatives.
   • Update next time.

7) **Water Issues**
   a) Two more areas had five day boil-water notices – resolved, broken 24" valve was a major contributor to the problem.
   b) Flint will continue to investigate why conditions develop which are favorable for more severe problems to occur. Pursuing these investigations may include seeking additional professional assistance to review both systems and processes.

What is causing the ↑ issues?

c) General Motors Water Issues – working through lawyers at this point. However, if this should become an issue for the GCDC with DWSD we would hope Treasury will be supportive of the GM-GCDC franchise customer agreement.

8) Messaging

a) A plan is being developed to present to the community at-large and to the various interest groups (i.e. business, investors, foundations) the background of the financial emergency, the actions taken and next steps to emerge from receivership. This will be an on-going item for discussion.

b) Hurley Hospital Valuation City - beginning regular meetings with the Hurley leadership to identify strategy beneficial both Hurley and the City of Flint.

9) 9-1-1 Reconsolidation Plan

a) The Genesee County 9-1-1 Consortium has voted to accept Flint's request to join. Consolidation expected to be complete by July 1, 2015.

10) Recruitment and Selection of City Administrator/Manager

a) Provide guidance on several considerations: duration of appointment, contract, consistent with TAB, working with TAB, etc. – Finalize timeline after January 1, 2015.

b) Emergency Manager has developed a recruitment package and a recruitment and appointment timeline; recruitment began September 1, 2014.

11) Other Items

1-888-[redacted], access code [redacted]
Created on: 09/12/14

CoF - Call 09/17/14

EM, Harvey Hollins, BD, DST, SAR, Gery Ambrose, MSP, CoF chief

1)

a. Hs very high with people who are obtaining water illegally
- Full cooperation w/ prosecuters ~~office~~ office.
- FBI will sit in on interviews to ensure this doesn't go acrosse multiple city offices.

b. Increase in fires (not arson)

c. MSP - ICMA will be in town - looking to expand patrol.
123 total officers + cavilians
40% reduction in homicide
19% reduction in assult
13.9% overall reduction in Stat 1 crime.
- ATF working to get guns/felons off the streets.

9) 911 → allowed/accepted CoF to join end of FY (July)
- $1M savings to the City - Need to ajust the budget.

2) Gov:

3) Retirees received letters that they can change preimums.

4) Meeting w/ Fire this AM

b - d) Fund balance policy
Updated 'budget stabilization fund'
- finalized around end of Nov
• Updating cancil in Oct on the End of first quarter

G) Reviewing w/ Treasury, Cancil + Mayor
Income Tax: Looking to increase local income tax,
+ Stanley is supportave of it - submitted a bill
Note: Not before november → West side communities, I-69 corridor,
> In for City? Govs office interested.
* Allow local income tax collected w/ State income tax.
• Task force in treasury working on this

6) Charter amendments - NAACP apposed to the idea.
• Also charter commission → they will bok @ the charter.

7. Boil water. broken valve
• Working w/ DEQ → they've okayed water to drink.
> System needs to be fixed.
Note: Look @ potential grant applications ~~FDCVT~~ (FDCVT)
• GM situation: In hands of the attorney
- Solution: location of plant @ SW corner of City; allow GM to tap into county line.
• Use Flint Cityseweg not City water.
8. Positive messeging system - talk about the positive ideas
(Hurley, water, crime, Blue Ribbon, etc...)

10) Recruitment of CM etc.

1)

Govts office — water issue

Byrne, Randall (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, September 30, 2014 8:42 AM
To: Byrne, Randall (Treasury); Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Darnell Earley; Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Smith, Paul (GOV); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); West, Samantha (GOV)
Subject: Conference Call Agenda
Attachments: Agenda 100114 Conf Call with Treasury.pdf

Good morning,

Attached is the agenda for the conference call on **Wednesday, October 1st, 9:00 am.**

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am Phone Conference Agenda
October 1, 2014

1) **Public Safety Update – FPD, MSP, (FFD, if needed)**
   a) FPD
      i) Status of Sherman St. house demo and site clean-up? MSP initially agreed and now the decision appears to have changed.
   b) FFD
   c) Other update from Chief Tolbert and MSP

2) **Governor's Office Update – R. Baird, H. Hollins, B. Clement**
   a) Court Consolidation
   b) Other

3) **Lawsuits – Status, Issues**
   a) Retiree Lawsuit – No updates

4) **Financial and Administrative Update**
   a) Remaining bargaining units in "meet and confer" sessions: Fire
   b) Sgts., and Capts. & Lts. bargaining units have achieved Tentative Agreements.
   c) The City is amending the DEP to show future commitment on retiree healthcare.
   d) Need to start to develop a plan to begin pre-funding employee healthcare.
   e) Next benchmark is audit. Budget is on track at this point; preparing for 1st quarter end.
   f) Status of legislative initiative to allow vote on local income tax increase.

5) **City Council Update**
   a) Flint City Council postponed action on the Budget Stabilization ordinance and fund Balance policy and the primary reason given was that these recommendations came from the EM. This editorial from the Flint Journal is an excellent summation: http://www.mlive.com/opinion/flint/index.ssf/2014/09/editorial_flint_city_council.html#incart_river

6) **Blue Ribbon Committee on Governance**
   a) The "Vote YES for Change" committee held its first community discussion on Thursday, September 25.

7) **Water Issues**
   a) Flint will continue to investigate why conditions develop which are favorable for more severe problems to occur. Pursuing these investigations may include seeking additional professional assistance to review both systems and processes.

b) General Motors Water Issues – working through lawyers at this point. However, if this should become an issue for the GCDC with DWSD we would hope Treasury will be supportive of the GM-GCDC franchise customer agreement.

8) Messaging

a) A plan is being developed to present to the community at-large and to the various interest groups (i.e. business, investors, foundations) the background of the financial emergency, the actions taken and next steps to emerge from receivership. This will be an on-going item for discussion.

b) Hurley Hospital Valuation City - beginning regular meetings with the Hurley leadership to identify strategy beneficial both Hurley and the City of Flint.

9) 9-1-1 Reconsolidation Plan

a) The Genesee County 9-1-1 Consortium has voted to accept Flint's request to join. Consolidation expected to be complete by July 1, 2015.

10) Recruitment and Selection of City Administrator/Manager

a) Provide guidance on several considerations: duration of appointment, contract, consistent with TAB, working with TAB, etc. – Finalize timeline after January 1, 2015.

b) Emergency Manager has developed a recruitment package and a recruitment and appointment timeline; recruitment began September 1, 2014.

11)Other Items

1-888-[redacted], access code [redacted]
Created on: 09/26/14

Karegnondi Water Authority

Financial Report
September 30, 2014

plante moran

Plante & Moran, PLLC
Suite 360
4444 W Bristol Road
Flint, MI 48507-3153
Tel 810 767 5350
Fax 810 767 8150
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Karegnondi Water Authority

Report on the Financial Statements

We have audited the accompanying basic financial statements of Karegnondi Water Authority, a component unit of Genesee County Water and Waste Services, from inception through the year ended September 30, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Praxity
MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

The Karegnondi Water Authority (KWA) was incorporated in October, 2010 pursuant to Act 233, Public Acts of Michigan, 1955, as amended, by the County of Genesee ("Genesee Co."), the County of Lapeer, the County of Sanilac, the City of Flint ("Flint"), and the City of Lapeer for the purpose of providing its member communities with a new source of water for treatment and distribution. This new water source will come from a Water Supply System (the "System") which is currently being constructed. The System will use Lake Huron as its source.

The System is expected ultimately to supply raw water for the three-county area consisting of over 2,200 square miles and a population of over one half million residents, but the System will initially provide raw water primarily to residents in Flint and Genesee Co. Currently, Genesee Co. receives finished water from the City of Detroit, through its Detroit Water and Sewerage Department (DWSD). Flint, which received water from DWSD through April 2014, is temporarily using and treating water from the Flint River. Genesee Co. and Flint participated in the establishment of the KWA in order to have a more reliable supply of water and long-term stabilization of rates.

The KWA will supply metered, untreated water to contracting members who will in turn be responsible for treating and distributing treated water to their individual customers. The actual cost for administration, operation, and maintenance of the System will be allocated based on water sold, and each contracting member will be responsible for its proportional share of these costs.

The KWA currently has entered into two Water Purchase Contracts (the "Contracts") effective October 1, 2013: one with Flint to supply up to 18 million gallons per day (mgd), and one with the Genesee County Drain Commissioner, as County Agency of Genesee Co. under Act 342, Public Acts of Michigan, 1939, as amended (the "County Agency"), on behalf of Genesee Co., to supply up to 42 mgd. The charges to be paid by Flint and the County Agency in the Contracts are broken down into two distinct portions: an annual fixed or capital fee and an annual commodity or operations and maintenance fee. Flint and the County Agency expect to pay such charges from the revenues of their respective water supply systems as an operation and maintenance expense in the same manner that each paid or presently pays for water furnished by DWSD.

The size of the System is based on the volume identified in the above Contracts. Each contracting party is responsible for the annual fixed fee regardless of the amount of water taken. The other members of the KWA had until October 16, 2013 to enter into a water purchase contract with the KWA at the same rates set forth in the Contracts. No additional water purchase contracts were entered into on or before that date and as a result, members entering into water purchase contracts with the KWA subsequent to that date will pay all incremental costs associated with accommodating their water purchase contracts.

The intake facility and property were financed through the issuance of bonds by the Genesee Co. Agency in the principal amount of $35,000,000 in October 2013, with the understanding that the County Agency would make the intake and property available to the KWA for use by the KWA as part of the System. Genesee Co. is solely responsible for paying the principal of and interest on these bonds from the net revenues derived from its users. Genesee Co. has pledged its limited tax full faith and credit as additional security for the bonds. The lake intake is currently under construction. The County Agency supervised the design of the facility and the receipt and award of construction bids for the facility. The lake intake is expected to be completed in 2015.

The KWA has retained the services of the County Agency to administer the design and construction of the System. The County Agency provided these services at no cost to the KWA since its inception through September 2014. In October 2014, the KWA began paying the County Agency $3,000.00 monthly for these services. In addition, it is expected that the KWA will also contract with the County Agency for operation and maintenance of the System after the System is completed and fully operational. The County Agency has significant experience in planning, operating and managing water and wastewater systems, having been responsible for planning, operating and managing its own system since 1966. The County Agency currently employs approximately 128 people in connection with the operation and management of its current system, and it is expected that from this group, five full-time equivalent employees will be involved in the operation and maintenance of the System. The KWA is not expected to have any employees.

On behalf of the KWA, the County Agency has acquired 40 acres of land with 100 feet of frontage on Lake Huron in Sanilac County for the intake plant and first pump station, and 40 acres of land on the northwest corner of Martin Road and Hull Road in Lynn Township in St. Clair County for the standpipe and second pump station. The County Agency has also acquired approximately 80 acres of land on the northeast corner of Marathon Road and Stanley Road in Oregon Township in Lapeer County to serve as the site for the County Agency's new water treatment plant, reservoir, and the Westside Pump Station.

In anticipation of the construction of the System, the County Agency previously obtained a permit from the Michigan Department of Environmental Quality ("MDEQ") authorizing the withdrawal of up to 85 mgd from Lake Huron. In addition, the County Agency has hired project managers which have to date secured the route of the pipe line, identified all environmental issues and obtained preliminary permits for the entire 63-mile route, and retained consulting firms to complete the design of the remaining System facilities. At this time, the intake, the first two pumping stations, and portions of the pipeline are under construction.

The estimated construction costs for the System, including the lake intake and site financed by the County Agency, are approximately $269,000,000 based on water purchase contracts of 60 mgd. The KWA and the Local Units have entered into contracts, whereby the KWA has agreed to issue bonds in an aggregate amount not to exceed $300,000,000 (collectively, the "System Bonds"), to finance the remaining facilities for the System in anticipation of the Contractual Payments to be made by the Local Units as provided therein. The Contract is contemplated in the Water Purchase Contracts and sets forth the manner in which the capital costs of the System facilities will be allocated. Under the Contracts, Flint and the County Agency are responsible for paying approximately 34.2% and 65.8%, respectively, of the debt service on the System Bonds. This allocation takes into account and credits the County Agency for financing and being responsible for the payment of 100% of the costs of the Intake. In addition, Genesee Co. has pledged its limited tax full faith and credit to 100% of the debt service on the System Bonds.

Interim Water Supply Arrangements for Genesee Co. and Flint

Flint had purchased treated water from DWSD for approximately 30 years, during which time the County Agency had a contract with Flint that required Flint to purchase water from DWSD and provide that water to the County Agency. Flint is currently using the Flint River as a temporary water source, while the County Agency is purchasing treated water directly from DWSD.

Related Facilities

In order to provide finished water to its customers, Flint made numerous upgrades to its existing water treatment plant (which had been operating in a back-up only role) and is currently permitted to treat water drawn from the Flint River until the System is operational. In order to provide finished water to Genesee Co. customers, the County Agency will be required to build a new water treatment plant, reservoir, and approximately five miles of watermain running from the new treatment plant to the County Agency's main distribution facility at Henderson Road, at an estimated cost of $80,000,000.

The completion date for the System is projected for no later than July 31, 2016, at which time Flint expects to cease treating water from the Flint River, and will begin purchasing and treating water from the KWA . Once the County Agency completes its water treatment plant and associated pipeline in 2017, it will discontinue purchasing water from DWSD, and will also begin purchasing and treating water from the KWA.

Objectives

The main objectives of the KWA are to build and maintain a high quality water delivery system at rates which will be fair and cost-effective to all concerned. And in accordance with its bylaws, the KWA maintains a yearly budget of income and expenses. The budget is reviewed and approved by the KWA board.

Karegnondi Water Authority

Statement of Net Position
September 30, 2014

Assets	
Current assets:	
Cash and cash equivalents (Note 2)	$ 3,587,535
Receivables:	
Accrued interest receivable	32,667
Bond proceeds receivable	4,679,146
Total current assets	8,299,348
Noncurrent assets:	
Restricted assets (Note 3)	176,961,787
Capital assets - Assets not subject to depreciation (Note 4)	60,169,807
Deposit with pipe supplier	33,960,593
Total noncurrent assets	271,092,187
Total assets	279,391,535
Liabilities	
Current liabilities - Accounts payable	2,808
Noncurrent liabilities:	
Payable from restricted assets (Note 1)	10,600,077
Long-term debt (Note 5)	266,921,693
Total noncurrent liabilities	277,521,770
Total liabilities	277,524,578
Equity	
Net position:	
Net investment in capital assets	(1,750,437)
Unrestricted	3,617,394
Total net position	**$ 1,866,957**

The Notes to Financial Statements are an Integral Part of this Statement.

Karegnondi Water Authority

Statement of Cash Flows
Year Ended September 30, 2014

Cash Flows from Operating Activities	
Receipts from customers	$ 4,915
Payments to suppliers	(136,285)
Net cash used in operating activities	(131,370)
Cash Flows from Noncapital Financing Activities - Water supply contract operating subsidy	3,714,500
Cash Flows from Capital and Related Financing Activities	
Proceeds from issuance of bonded debt	232,315,544
Deposit with pipe supplier	(33,960,593)
Purchase of capital assets	(19,779,771)
Bond issuance costs	(1,717,769)
Net cash provided by capital and related financing activities	176,857,411
Cash Flows from Investing Activities	
Investment income	108,781
Purchase of investment securities	(163,553,205)
Net cash used in investing activities	(163,444,424)
Net Increase in Cash and Cash Equivalents	16,996,117
Cash and Cash Equivalents - Beginning of year	-
Cash and Cash Equivalents - End of year	**$ 16,996,117**
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and cash equivalents	3,587,535
Restricted assets	176,961,787
Less amounts classified as investments	(163,553,205)
Total cash and cash equivalents	$ 16,996,117
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	$ (134,178)
Changes in assets and liabilities - Accounts payable	2,808
Net cash used in operating activities	**$ (131,370)**

The Notes to Financial Statements are an Integral Part of this Statement.

Note 1 - Summary of Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments - Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Prepaid Items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the fund financial statements.

Restricted Assets - The Authority's bond indenture requires amounts to be set aside in a construction account and a debt service reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of Karegnondi Water Authority water lines.

Liabilities Payable from Restricted Assets - The portion of interest due within the next year will be payable from these restricted assets and therefore has been reported as a noncurrent liability. The construction accounts payable will also be liquidated from the construction account and has been reported in this category.

Capital Assets - Capital assets are defined by the Authority as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Currently, the Authority is in the process of constructing a water transmission line from Lake Huron; these costs are being reported as construction in progress during construction, after which time they will be depreciated over their estimated useful lives.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, $5,029,289 of interest expense was capitalized as part of the cost of assets under construction.

Long-term Obligations - Bond premiums are deferred and amortized over the life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium. Bond issuance costs are expensed at the time they are incurred.

Note 2 - Deposits and Investments (Continued)

Michigan Compiled Laws Section 129 91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the State of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Authority has designated three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Authority's deposits and investment policies are in accordance with statutory authority.

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At year end, the Authority had no bank deposits (certificates of deposit, checking and savings accounts) that were not fully insured or collateralized.

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a policy for custodial credit risk. At year end, $120,000,000 of investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Authority's name.

Investment Type	Carrying Value	How Held
Repurchase agreements	$ 120,000,000	Agent

Note 4 - Capital Assets (Continued)

Construction Commitments - The Authority has active construction projects at year end. The project is to complete the water pipeline. At year end, the Authority's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Water pipeline	$ 28,443,815	$ 205,515,229

Note 5 - Long-term Debt

The Authority issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Authority.

Description	Amount
Business-type Activities	
General Obligations -	
2014A Water supply system bond, used to construct water pipeline, bearing interest from 3% to 5.25%, maturing in 2043	$ 220,500,000

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Bonds	$ -	$220,500,000	$ -	$220,500,000	$ -
Plus deferred amounts - Issuance premiums	-	11,815,544	393,851	11,421,693	393,851
Total bonds payable	$ -	$232,315,544	$ 393,851	$231,921,693	$ 393,851
Capital lease (Note 6)	-	35,000,000	-	35,000,000	-
Total business-type activities	$ -	$267,315,544	$ 393,851	$266,921,693	$ 393,851

Note 6 - Capital Lease

Capital Leases - The Authority has entered into a lease agreement as lessee for financing the purchase of the intake pump station. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value are as follows:

Years Ending September 30	Amount
2015	$ 2,529,423
2016	2,526,837
2017	2,527,388
2018	2,527,188
2019	2,527,588
2020-2024	12,636,337
2025-2029	12,639,975
2030-2034	12,632,175
2035-2039	12,637,343
Total minimum lease payments	63,184,254
Less amount representing interest	(28,184,254)
Present value	$ 35,000,000

Note 7 - Water Supply Contract Operating Subsidy

Understanding that the goal of the Authority is to provide water to both the City of Flint and Genesee County Drain Commision (local units), the local units have agreed to pay the Authority a good faith payment equal to $32,300 per unit of water that the local unit has contractually agreed to purchase once the pipeline is fully operational. The City of Flint and Genesee County Drain Commission have contractually agreed to purchase 18 and 42 units, respectively, on a yearly basis. The yearly good faith payment will be paid through monthly installments and is expected to bring cash flows of $1,938,000 to the Authority. When the pipeline becomes fully operational, the monthly payments will be suspended and the contract with the local units indicates that a credit will be given on their monthly bills to return the funds contributed to the Authority. The terms of the repayment will be decided by the Board of Directors at the time that the pipeline is operational; however, the funds must be repaid within a maximum of 40 years.

plante moran

Plante & Moran, PLLC
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4444 W. Bristol Road
Flint, MI 48507-3153
Tel: 810 767 5350
Fax: 810 767 8150
plantemoran.com

March 17, 2015

To the Board of Directors
Karegnondi Water Authority

We have audited the financial statements of Karegnondi Water Authority (KWA or the "Authority") as of and for the year ended September 30, 2014 and have issued our report thereon dated March 17, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 5, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of Karegnondi Water Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on November 14, 2014.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Karegnondi Water Authority are described in Note 1 to the financial statements.

Praxity
MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Board of Directors
Karegnondi Water Authority

March 17, 2015

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Authority, and business plans and strategies that may affect the risks of material misstatement with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 17, 2015.

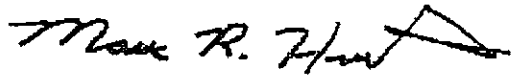
Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Authority's financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such other information is properly stated.

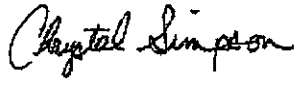
This information is intended solely for the use of the Board of Directors and management of Karegnondi Water Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC



Mark R. Hurst, CPA
Partner



Chrystal Simpson, CPA
Manager

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 301 - General Debt Serv(Voted Bonds)			
Revenues			
Transfers in	726,953.00	0.00	0.00
TOTAL Revenues	726,953.00	0.00	0.00
Expenditures			
Debt services - interest	260,000.00	0.00	0.00
Debt services - principal	466,953.00	0.00	0.00
TOTAL Expenditures	726,953.00	0.00	0.00
Fund 301 - General Debt Serv(Voted Bonds):			
TOTAL REVENUES	726,953.00	0.00	0.00
TOTAL EXPENDITURES	726,953.00	0.00	0.00
NET OF REVENUES & EXPENDITURES	0.00	0.00	0.00
Fund 402 - Public Improvement Fund			
Revenues			
General government	2,083,000.00	1,595,223.34	76.58
Unclassified	767,957.00	0.00	0.00
TOTAL Revenues	2,850,957.00	1,595,223.34	55.95
Expenditures			
General government	721,900.00	0.00	0.00
Transfers out	726,953.00	0.00	0.00
Debt services - interest	407,104.00	0.00	0.00
Debt services - principal	195,000.00	0.00	0.00
Public works	800,000.00	200,000.01	25.00
TOTAL Expenditures	2,850,957.00	200,000.01	7.02
Fund 402 - Public Improvement Fund:			
TOTAL REVENUES	2,850,957.00	1,595,223.34	55.95
TOTAL EXPENDITURES	2,850,957.00	200,000.01	7.02
NET OF REVENUES & EXPENDITURES	0.00	1,395,223.33	100.00

City of Flint
Revenue and Expenditure Report
For Year to Date ending September 30, 2014

GL NUMBER	2014-15 AMENDED BUDGET	YTD BALANCE 09/30/2014	% BDGT USED
Fund 591 - Water Fund			
Revenues			
General government	3,150,000.00	8,251.60	0.26
Utilities	37,888,000.00	6,217,326.13	16.41
TOTAL Revenues	41,038,000.00	6,225,577.73	15.17
Expenditures			
General government	5,762,876.00	1,435,671.33	24.91
Transfers out	3,768,071.00	282,500.01	7.50
Public works	3,190,000.00	0.00	0.00
Utilities	24,932,583.15	2,268,352.43	9.10
TOTAL Expenditures	37,653,530.15	3,986,523.77	10.59
Fund 591 - Water Fund:			
TOTAL REVENUES	41,038,000.00	6,225,577.73	15.17
TOTAL EXPENDITURES	37,653,530.15	3,986,523.77	10.59
NET OF REVENUES & EXPENDITURES	3,382,469.85	2,239,053.96	66.20
TOTAL REVENUES - ALL FUNDS	180,036,408.69	42,465,584.32	23.59
TOTAL EXPENDITURES - ALL FUNDS	176,908,852.96	28,950,184.86	16.36
NET OF REVENUES & EXPENDITURES	3,127,555.73	13,515,399.46	

Dempkowski, Angela (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Monday, April 06, 2015 11:31 AM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury)
Subject: Fwd: request for comment

FYI... and this is the Vice President of the City Council!
---------- Forwarded message ----------
From: **Jason Lorenz** <jlorenz@cityofflint.com>
Date: Mon, Apr 6, 2015 at 11:06 AM
Subject: Fwd: request for comment
To: Gerald Ambrose <gambrose@cityofflint.com>
Cc: Natasha Henderson <nhenderson@cityofflint.com>, Daugherty Johnson <djohnson@cityofflint.com>, Dayne Walling <dwalling@cityofflint.com>, Elizabeth Murphy <emurphy@cityofflint.com>, Howard Croft <hcroft@cityofflint.com>, Kelly Rossman-McKinney <krossman@truscottrossman.com>, Peter Bade <pbade@cityofflint.com>, Sharon Emery <semery@truscottrossman.com>, Wendy Larner <wlarner@truscottrossman.com>

All,

See Below. We need to talk about this and have a response for Ron about these obviously outrageous claims.

Thanks,

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

---------- Forwarded message ----------
From: **Ronald Fonger** <RFONGER1@mlive.com>
Date: Mon, Apr 6, 2015 at 9:47 AM
Subject: request for comment
To: "jlorenz@cityofflint.com" <jlorenz@cityofflint.com>

Jason: We are working on a story about a recent Facebook comment of Councilman Wantwaz Davis, which I've included.

I've asked the governor's office for comment as well.

Davis says the emergency manager and governor are "creating an obvious genocide against the residents in Flint, Michigan, who are forced to drink the contaminated, unhealthy water …"

He actually claims a genocide is occurring three times in the one post.

Would Jerry Ambrose want to comment?

Wantwaz Davis

18 hrs Edited

It has become apparent to me that the emergency manager and Governor Rick Snyder is creating an obvious genocide against the residents in Flint, Michigan, who are forced to drink the contaminated, unhealthy water, that is going to commit an imminent danger to the lives of those who have a compromised immune system, and infants who biologically doesn't have a fully developed immune system. When I become mayor, I will certainly make the governor and all who took part in continuing to have the residents in Flint, Michigan exposed to this injustice and inexcusable danger accountable; this cannot carry on without someone becoming accountable and or responsible; It is so unfair that people in the future may contract a disease that will carry through the duration of their lives. The emergency manager is choosing finances and fixture of infrastructure, i.e., old pipes that hasn't been worked on for the past 60 to 70 years over lives and welfare of innocent civilians. Someone has to be charged with this neglect and imposition of danger amongst a helpless people; all of this is the effects of bad leadership. I must reiterate and can never say it enough, when I become mayor, which will be the best leader and or Chief administrator the City Of Flint, Michigan has ever chose. I will fight hard, not only against the unjust conditions we have long suffered from, but will make someone accountable for this genocide and address these unfortunate conditions around the nation and beg for the assistance of the Department of Justice (United States Attorney General's office) to do a through investigation, so in the end, if any one contracts a disease in the future, I would attempt to have them charged and brought to justice, including a civil suit, in the federal courts; someone has to be punished for the ills of the residents of Flint, Michigan. In conclusion, please vote August 4, 2015, for Wantwaz Davis for Mayor. Bad leadership and decision making has to come to an end at some point and time, and that will certainly be the day I am sworn in as your new mayor and Chief Administrator. This is a picture of reminder that in the past summer, I conducted 4 protest against the contaminated water and high water bills, I was telling people about the unhealthy water, before any notices came out to the public, attempting to keep these issues at the forefront, as mayor I will continue to fight even harder, these issues will not die until justice is brought to the people and someone is charged for this imminent genocide.

Ron Fonger

MLive Media Group

Reporter

mobile 810.347.9963

email rfonger1@mlive.com

Dempkowski, Angela (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Monday, April 06, 2015 12:09 PM
To: Koryzno, Edward (Treasury)
Cc: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Re: request for comment

Jerry should have a well-oiled response to this by now. Claim being ridiculous given all the work that's been done etc.

TS

On Apr 6, 2015, at 11:55 AM, Koryzno, Edward (Treasury) <KoryznoE@michigan.gov> wrote:

FYI

<image001.jpg>

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

Think Green! Don't print this e-mail unless you need to.

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments.
Thank you

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
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Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Wednesday, April 08, 2015 12:04 PM
Subject: PRESS RELEASE: Flint Water Improvements
Attachments: Flint Water Improvements 2015.pdf

For Immediate Release

City of Flint Announces Action Plan to Maintain Safety and Improve Quality of Flint Water

Flint, Michigan – April 8, 2015 – The City of Flint is proceeding with a series of actions to ensure the continued safety of Flint drinking water is maintained and that issues of discoloration and odor continue to be addressed. Most notably, the installation of a Granulated Active Charcoal filter (GAC) at the Water Treatment Plant is expected to be authorized this week by Emergency Manager Jerry Ambrose.

The introduction of the GAC to the treatment process at Flint's plant will absorb or reduce the chemical precursors which will block or eliminate the formation of TTHM during the filtration process. Engineering and design are underway and installation of the GAC is targeted for completion by mid-July. Cost of this improvement is projected at $1.5 million and will be paid for by the proceeds from the state approved restructuring of the City's Drinking Water Revolving Fund loans.

In addition to the installation of the GAC, the City of Flint is undertaking a number of other improvements to the water system in the coming months, including a water leak detection monitoring, completion of the hydraulic model and subsequent targeted hydrant flushing program, and the replacement of two miles of water main pipe in a critical area of the city. All of these improvements scheduled to occur within the next six months.

"The replacement of this two mile section of pipe along Dupont Street has been identified by a water reliability study as a significant piece of infrastructure and will greatly improve the movement of water in that area of the city," said Dept. of Public Works Director Howard Croft. Increasing the circulation of the water in the system will immediately result in improvements in water aesthetics, such as discoloration and odor. The MDEQ has given its approval to the project and the process of bidding for construction will begin next week. Construction will take place during the summer of this year.

Ongoing repairs and maintenance also continue to improve the health of the system. To date, about 200 water main breaks have been repaired this year. Whenever major work that may disrupt service is scheduled, the City works to notify residents in the affected area with signage and with posts to cityofflint.com. Updates will include the area of work and the estimated time of completion.

Each main break repair stirs sediments in the line. "Residents should know that there is a chance of discoloration or odor any time work is being done on a main in their area," said Croft. "This is nothing to be alarmed about and it doesn't mean the water is unsafe." If discoloration of water or odor occurs due to repairs, residents are reminded that running the water for a few minutes should clear the line. Anyone with water questions should call 810-787-6537.

The City of Flint remains committed to addressing water related issues. Along with maintaining the safety of the water, addressing quality and affordability are top priorities. The steps outlined above are indicators of the City's progress in addressing the most pressing concerns surrounding water. Emergency Manager Ambrose reiterated that development of a contract with DWSD was not going to happen.

"Those advocating for a return to DWSD do not want to recognize the financial realities of such a move. Not only would such a move increase the City's costs by more than $1million per month, but the water from Detroit is no safer than Flint water, as both entities are measured by the same MDEQ standards that have been in place for years. Why anyone would want to send a million dollars a month to DWSD rather than make necessary repairs to the City's own system is beyond me."

Further updates on the progress being made to improve Flint's water system will released in regular updates to the media and in updates to the City's website, cityofflint.com. Anyone wishing to report an issue can do so under "Online Services". Anyone with questions about these or any other water issues should call the water treatment plant at 810-787-6537.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

RESOLUTION STAFF REVIEW

DATE: April 8, 2015

Agenda Item Title: Resolution Authorizing Appropriate City Officials to Enter Into Change Order #4 with Lockwood, Andrews, & Newnam

Prepared By: Yolanda Gray, Utilities Accounting Coordinator

Background/Summary of Proposed Action
The City of Flint Department of Public Works & Utilities (DPW & Utilities) entered into a contract with Lockwood, Newnam, to study the feasibility and develop cost estimates for utilizing the Water Plant as a primary drinking water source in a contract amount not to exceed $1,378,700.00.

The DPW & Utilities through recommendations of Veolia North America water consultants is requesting additional services due to TTHM concerns. The additional services will provide a turn key system of new GAC media in the twelve (12) filters at the Flint Water Plant including MDEQ permitting. The focus will be to provide design, procurement, and construction implementation services for upgrading the filters to address TTHM concerns. The additional cost for these services is not to exceed $1,601,740.00, for a total contract price of $2,980,440.00.

Financial Implications: Funding will be made available in professional services account 591-536.100-801.000.

Account: 591-536.100-801.000

Pre-encumbered: Yes___ No _x_ Requisition:

Other Implications (i.e., collective bargaining):

Staff Recommendation: Recommend Approval

Staff Person: _____
(Dept Head or other authorized staff)

Lockwood, Andrews & Newnam, Inc.
A LEO A DALY COMPANY

Client Additional Services Authorization Date: 4-7-15

Project Name Flint WTP Phase II Segment I Initial Watermain Cut-in Flint WTP Phase II Segment I Rehab Flint WTP Ph II-Seg II - Lime Residual Disposal	**Additional Services Authorization No.**
Client Name City of Flint	**To Project No.** 130-10701-001
Subject of Additional Services	**Original Contract Date**

Description

Deliver a new GAC media to replace current anthracite media in the 12 filters at the Flint Water Treatment Plant (FWTP) through design-construction management at agency services. The purpose of the project will to be replace the existing filter system with a new GAC media in order to assist the city in addressing TTHM concerns as detailed in the "Flint, Michigan Water Quality Report" dated March 12, 2015 by Veolia North America (Veoila Report). The services shall include:

1- Design the GAC Filter replacement for the FWTP, which will include assisting the City in obtaining the necessary MDEQ Permit(s) and providing construction oversight; ($147,840.00)
2- Provide construction management at agency services for the removal of the existing media and the installation of the GAC filter at the FWTP. On behalf of the City, as City's CM Agent, engage a vendor that will procure new GAC Media, remove existing 18" anthracite and replace it with the new 18" GAC; (approximately $1,300,000.00)
3- Set up, upgrade and calibrate the Flint Distribution Water System to include field Tesing Verification and Support in order to analyze system perfomance and water age mapping and assist the City with line flushing/and or Ice Pigging Program; ($99,900.00)
4- Project Engineering Services to assist the City with monitoring and coordinating activities with city staff, MDEQ and vendors during the maintenance and implementation of improvements needed thru the August TTHM Sampling period. Services will be provided based on 60 hours/month for a total of five (5) months period; ($54,000)

Reason for Change

1) Pursuant to the Veolia Report replacing the anthracite in the filters with new GAC Media will assist in lowering the levels of TTHM. The replacement of the existing filter requires the performance of CT Analyses, conducting an evaluation of Hydraulic Loading and Backwash Capacities of the new GAC cross section, and meeting and coordinating with MDEQ to obtain MDEQ's approval of changes to the current permit;
2) In addition to the design, the replacement requires managing, on behalf of the City, the construction services of a vendor to implement design improvements of the filter system upgrade to the GAC media.
3) Modificaions to the hydraulic model are needed to upgrade the model and calibrate actual system performance and operation to include valve operational performance based on Service Center Report.
4) Provide a project engineer to work with the City, MDEQ and the vendors will assist in implementing Veolia's recommendations to the extent accepted by the City. Such engineering services will provide weekly progress reports to the City allowing the City to monitor the progress of the Project.

Compensation:

☐ Will be an amount equal to _____ times Salary Cost plus reimbursable expenses, both defined in the **PROFESSIONAL SERVICES AGREEMENT**, and in addition to the compensation for **BASIC SERVICES**. Total charges for these **ADDITIONAL SERVICES** are estimated to be approximately $_____.

☐ Will be the lump sum of $_____ for these **ADDITIONAL SERVICES.**

☒ Other Cost plus based on current rates for a Not-To Exceed amount of $1,601,740.00 *(use reverse if necessary)*

Completion:	Current Date	6-15-14	
	This Extension	3 months	
	New Date	9-15-15	
	All terms and conditions of the original agreement remain in full force and effect.		
Proposed By:	Lockwood, Andrews & Newnam, Inc		
	Warren Green, PE		4-7-15
	Print Name/Title	Signature	Date
Approved By	City of Flint		
	Client		
	Print Name/Title	Signature	Date
	Execute in duplicate – (1) copy to Client, (1) copy to Accounting		

C-026-90

Pleyte, Beth (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Wednesday, April 08, 2015 11:51 AM
To: Workman, Wayne (TREASURY); Clement, Elizabeth (GOV)
Cc: Saxton, Thomas (Treasury)
Subject: RE: Fyi..I had hoped we would be announcing our action plan this week ,ie going forth with the GAC. Will see what we can do to get a release out...

So much for putting Harris on the RTAB.

From: Workman, Wayne (TREASURY)
Sent: Wednesday, April 08, 2015 11:46 AM
To: Muchmore, Dennis (GOV); Clement, Elizabeth (GOV)
Cc: Saxton, Thomas (Treasury)
Subject: Fwd: Fyi..I had hoped we would be announcing our action plan this week ,ie going forth with the GAC. Will see what we can do to get a release out...

Assume you saw this.

Sent from my iPhone

Begin forwarded message:

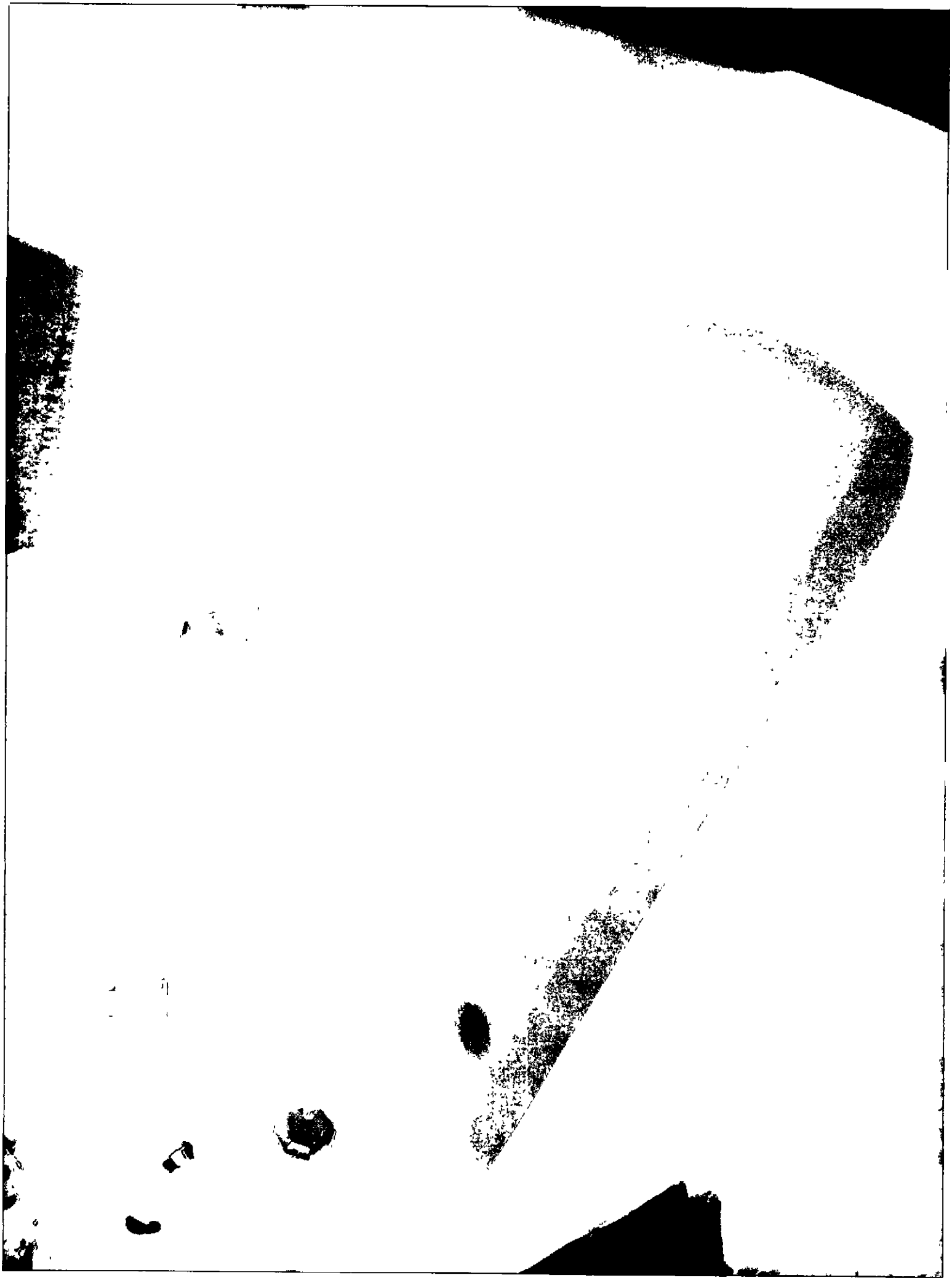
> **From:** Gerald Ambrose <gambrose@cityofflint.com>
> **Date:** April 7, 2015 at 8:27:36 PM EDT
> **To:** "Wayne Workman (TREASURY)" <workmanw@michigan.gov>, Edward Koryzno <koryznoE@michigan.gov>, Randy Burn <ByrneR1@michigan.gov>
> **Subject: Fyi..I had hoped we would be announcing our action plan this week ,ie going forth with the GAC. Will see what we can do to get a release out...**
>
> **Flint pastors plan news conference on 'lack of progress' on Flint water issues**
>
> FLINT, MI -- Concerned Pastors for Social Action plan to speak out on a "lack of progress" on Flint water issues Wednesday, April 8. The Rev. Alfred Harris, president of the Concerned Pastors, said his group will detail its concerns at the 1:30 p.m. news conference at City Hal Read More http://www.mlive.com/news/flint/index.ssf/2015/04/flint_pastors_plan_news_confer.html

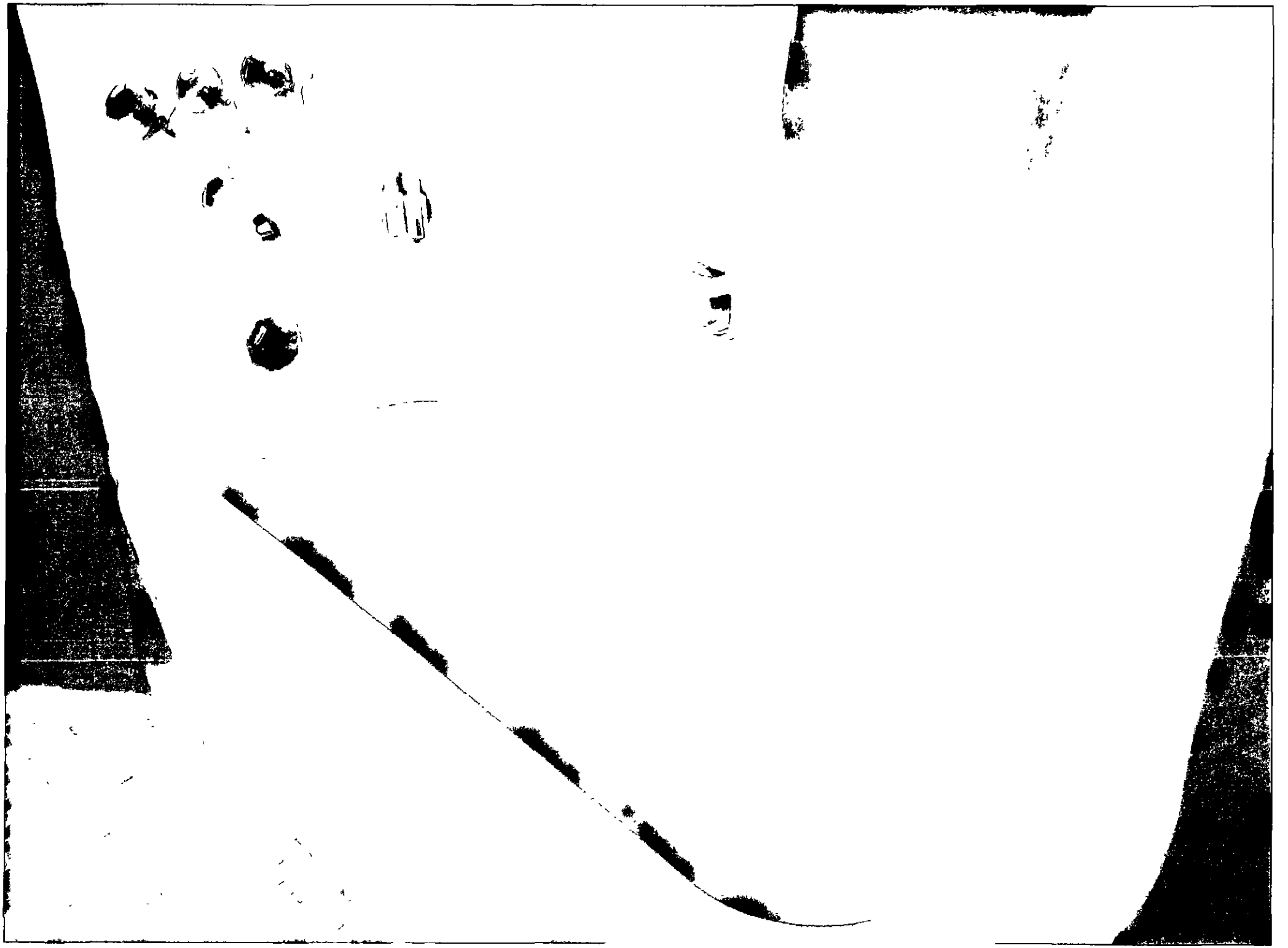
Lamphier, Wendy (Treasury)

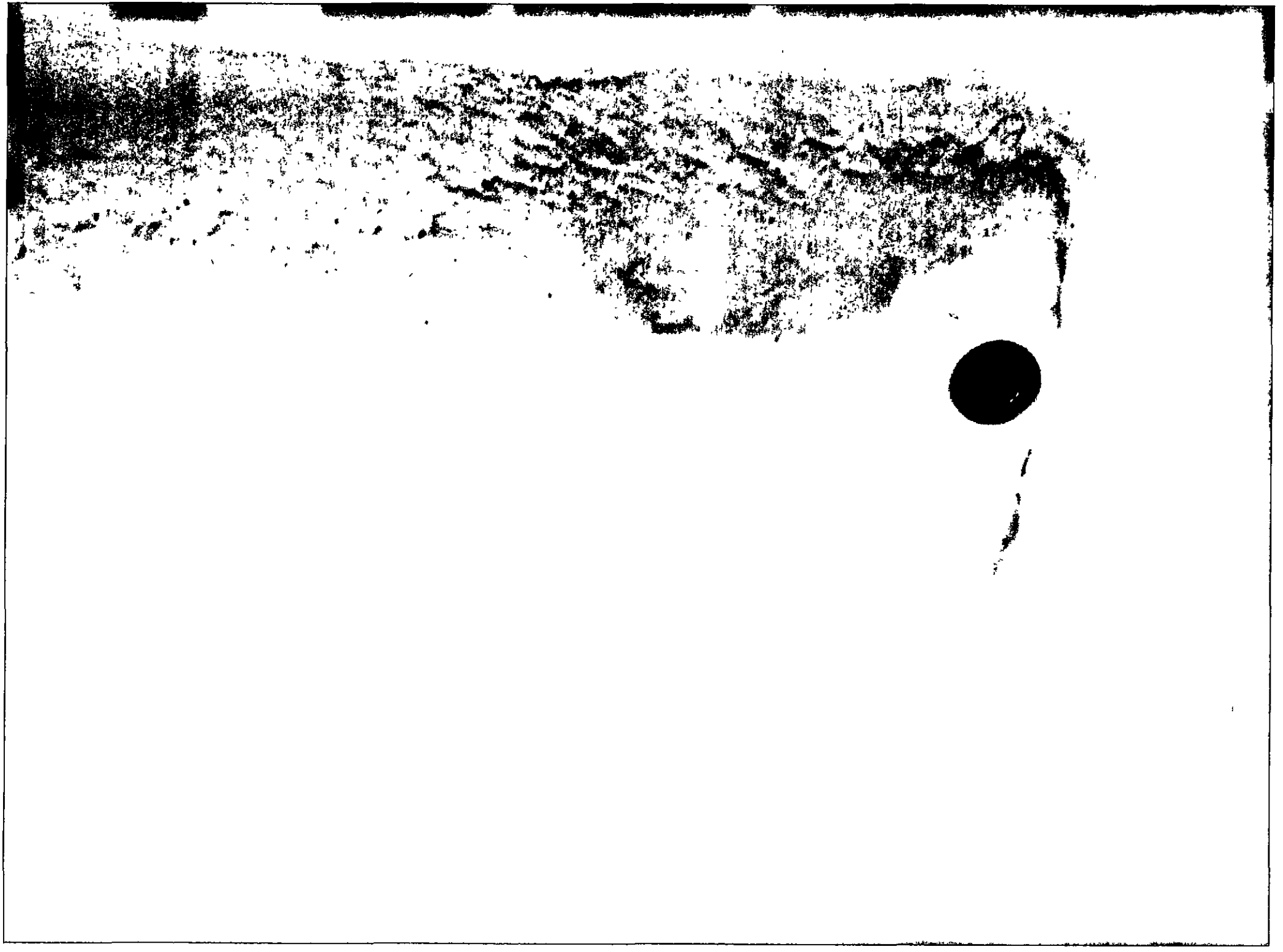
From: Gelisse, Ashley (TREASURY)
Sent: Wednesday, April 08, 2015 8:43 AM
To: Koryzno, Edward (Treasury)
Subject: FW: Water from tub after being away 2 weeks.
Attachments: IMG_1406.JPG; IMG_1407.JPG; IMG_1408.JPG; IMG_1410.JPG

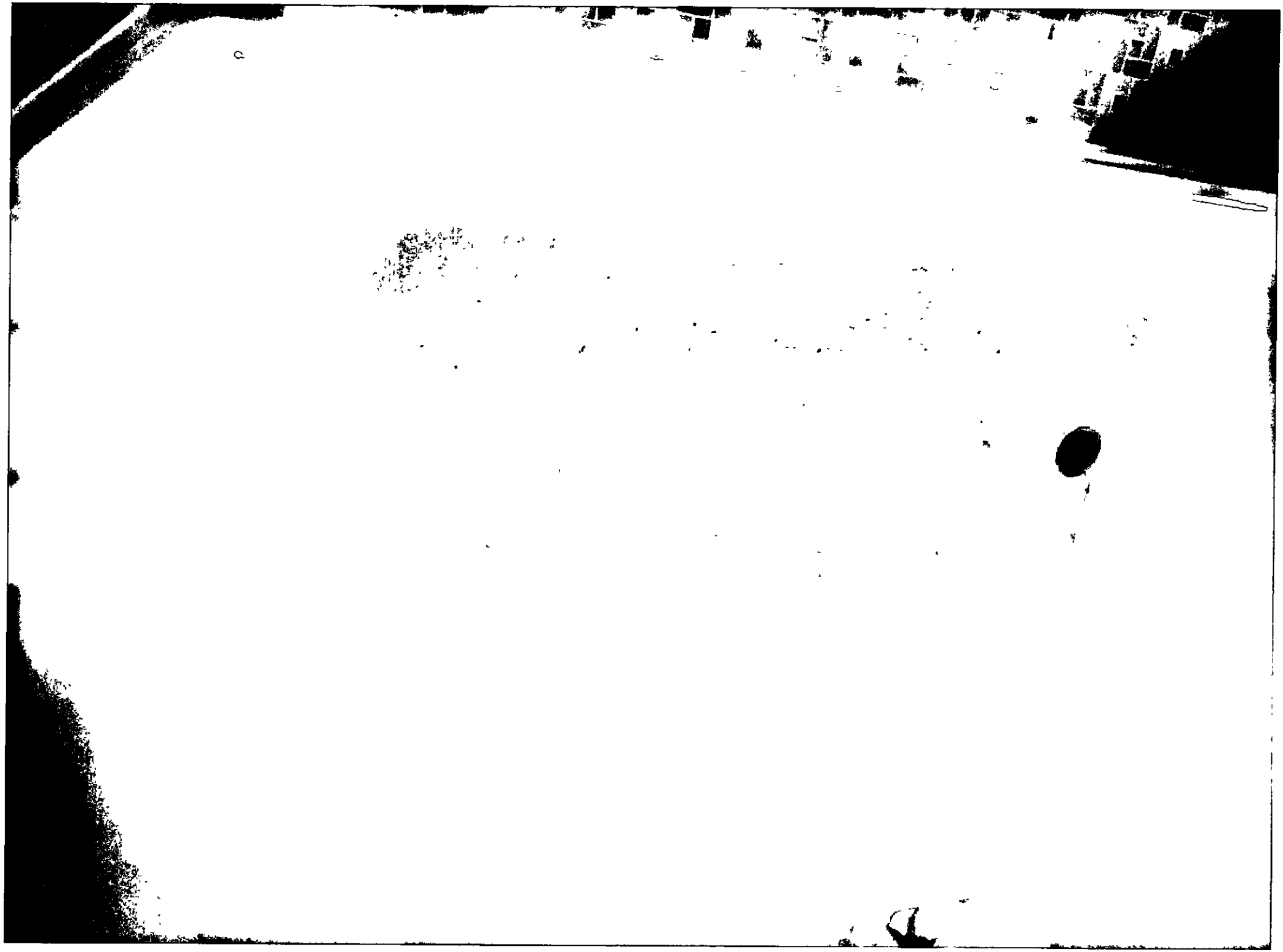
Follow Up Flag: Follow up
Flag Status: Flagged

These are the pictures I was telling you about this morning.









Pleyte, Beth (Treasury)

From: Gelisse, Ashley (TREASURY)
Sent: Wednesday, April 08, 2015 1:23 PM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Subject: RE: RTAB for FLINT
Attachments: IMG_1406.jpg; IMG_1407.jpg; IMG_1408.jpg; IMG_1410.jpg

I share your concerns. I'm around tomorrow if you want to touch base when you're back in town ... I'm free from 9-10, and 1:30-3. Or, call my cell tonight or Friday if you'd rather (517-[redacted].

Related, attached are pictures of my parent's water as of 3/27. They showed me at Easter (my mom also had rashes on her hands because of the water). I thought they were over the worst of it, but this is frankly much worse than I thought it was ...

From: Workman, Wayne (TREASURY)
Sent: Wednesday, April 08, 2015 11:17 AM
To: Saxton, Thomas (Treasury); Gelisse, Ashley (TREASURY)
Subject: Fwd: RTAB for FLINT

We need to talk about this RTAB appointments. I am not responding till we talk. I have a lot of concern about who ends up on this RTAB

Sent from my iPad

Begin forwarded message:

> **From:** "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
> **Date:** April 8, 2015 at 10:16:25 AM EDT
> **To:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Cc:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Clement, Elizabeth (GOV)" <clemente@michigan.gov>, "Posthumus, Dick (GOV)" <Posthumusd@michigan.gov>, "Redford, James (GOV)" <RedfordJ@michigan.gov>, "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>
> **Subject: RE: RTAB for FLINT**
>
> We would also suggest Pastor Harris or Pastor Overton if you want community input. Mr. Leavitt will be calling Mr. Daly today. We need more local diversity on this committee if they meet the qualifications.
>
> -----Original Message-----
> From: Workman, Wayne (TREASURY)
> Sent: Tuesday, April 07, 2015 12:57 PM
> To: Muchmore, Dennis (GOV)
> Cc: Saxton, Thomas (Treasury); Clement, Elizabeth (GOV); Posthumus, Dick (GOV); Redford, James (GOV)
> Subject: Re: RTAB for FLINT
>
> We have reached out to John Daly and have not heard back from him. Liz Lukasik has the

current list submitted to date. Do you know Pastor Martin? Wayne

Sent from my iPad

> On Apr 7, 2015, at 10:29 AM, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov> wrote:
>
> Please give special consideration to these two names and see whether either of them would fit on the RTAB for Flint.
>
> -----Original Message-----
> From: Andrew Leavitt [mailto:ALeavitt@senate.michigan.gov]
> Sent: Monday, April 06, 2015 2:08 PM
> To: Muchmore, Dennis (GOV)
> Subject: Re: RTAB
>
> Hi Dennis,
>
> Please see the names below.
>
> Thanks,
>
> Andy
>
> John Daly-Manager, Genesee County Road Commission
> 810-[redacted]
> [redacted]
> [redacted]MI[redacted]
>
> Pastor Chris Martin
> [redacted]
> [redacted]Ln
> [redacted] MI [redacted]

On 4/3/15, 1:51 PM, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov> wrote:

> Just names and contact info.
>
> -----Original Message-----
> From: Andrew Leavitt [mailto:ALeavitt@senate.michigan.gov]
> Sent: Thursday, April 02, 2015 9:54 PM
> To: Muchmore, Dennis (GOV)
> Subject: Re: RTAB
>
> Dennis,
>
> Thanks for reaching out.
>
> Jim and I have been kicking around somee names for the last week or so.
> Do you need a letter of rec or just names and contact info for our desired candidates?
>
> Thanks,
>
> Andy
>
> On 4/2/15, 5:42 PM, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
> wrote:
>
>> Andy-
>> Would you ask Jim for suggestions as to people he'd like to have
>> appointed to the RTAB in Flint when we pull the EM out? They need
>> to have a skill set, either investment, CPA or management wise. If
>> you can give us some names we'll vet them and put them on if you
>> want. We could put on Emerson if you'd like.

Stanton, Terry A. (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, April 08, 2015 9:12 PM
To: Saxton, Thomas (Treasury); Barton, John (Treasury); Gelisse, Ashley (TREASURY); Stanton, Terry A. (Treasury); Koryzno, Edward (Treasury)
Subject: Fwd: Rep. Kildee asks EPA about clearing Flint's $22-million water loans

If this happened, who is next? Seems like we need to come with real world response about why this is crazy and really bad for the whole state

Sent from my iPhone

Begin forwarded message:

> **From:** Gerald Ambrose <gambrose@cityofflint.com>
> **Date:** April 8, 2015 at 8:03:43 PM EDT
> **To:** "Wayne Workman (TREASURY)" <workmanw@michigan.gov>, Edward Koryzno <koryznoE@michigan.gov>, Randy Burn <ByrneR1@michigan.gov>
> **Subject: Rep. Kildee asks EPA about clearing Flint's $22-million water loans**
>
> **Rep. Kildee asks EPA about clearing Flint's $22-million water loans**
>
> FLINT, MI -- U.S. Rep. Dan Kildee says the state may have the authority to forgive Flint's $22 million in remaining water loans, potentially freeing up that money for "immediate water infrastructure improvements." "We don't know if the state would grant relief, (but) we d Read More http://www.mlive.com/news/flint/index.ssf/2015/04/kildee_asks_feds_about_forgive.html

Vandegrift, Drew (TREASURY)

From: Dube, Mathieu (Treasury)
Sent: Thursday, April 09, 2015 8:52 AM
To: Cline, Richard (Treasury); Byrne, Randall (Treasury); Vandegrift, Drew (TREASURY); Widigan, Robert (TREASURY)
Subject: RE: Pastors threaten lawsuit over Flint River water, demand reconnection to Detroit system | MLive.com

Are they suing DWSD or the City? Since DWSD terminated the agreement it seems like they would have to be sued and not Fling. Also if the cost of connecting is not an issue for the pastors are they going to provide the City with the $12M?

Mathieu

-----Original Message-----
From: Cline, Richard (Treasury)
Sent: Wednesday, April 08, 2015 5:48 PM
To: Byrne, Randall (Treasury); Dube, Mathieu (Treasury); Vandegrift, Drew (TREASURY); Widigan, Robert (TREASURY)
Subject: Pastors threaten lawsuit over Flint River water, demand reconnection to Detroit system | MLive.com

http://www.mlive.com/news/flint/index.ssf/2015/04/pastors_threaten_lawsuit_over.html

FYI.

Cousineau, Sara (Treasury)

From: Stoken, Laura (GOV)
Sent: Thursday, April 09, 2015 3:38 PM
To: Cousineau, Sara (Treasury)
Subject: RE: Meeting: Flint Pastors Warn They'll Go To Court To Get City Off Flint River Water

Sara, Is Ashley available on the corrected date?

From: Cousineau, Sara (Treasury)
Sent: Thursday, April 09, 2015 3:31 PM
To: Stoken, Laura (GOV); Pleyte, Beth (Treasury); Dempkowski, Angela (Treasury); Clayton, Stacie (GOV)
Cc: Wisniewski, Wendy (GOV)
Subject: RE: Meeting: Flint Pastors Warn They'll Go To Court To Get City Off Flint River Water

Ashley can do the 15th.

From: Stoken, Laura (GOV)
Sent: Thursday, April 09, 2015 3:22 PM
To: Cousineau, Sara (Treasury); Pleyte, Beth (Treasury); Dempkowski, Angela (Treasury); Clayton, Stacie (GOV)
Cc: Wisniewski, Wendy (GOV)
Subject: Meeting: Flint Pastors Warn They'll Go To Court To Get City Off Flint River Water

Hi Team,

Per the below e-mail, I need to schedule a meeting for early next week to continue this discussion. Please let me know if your person is available on any of the following dates/times: Stacie, I can have EC dial HH to join the meeting.

Tuesday, April 14 anytime between 10-12
Thursday, April 16 from 8-9 or 2-3

Attendees:
EC/DM/HH
Wayne Workman
Tom Saxton
Ashley Gelisse

Please advise.

Thank you,

Laura Stoken on behalf of Wendy Wisniewski
Administrative Services
Executive Office of the Governor, Rick Snyder
517 [redacted]

Koryzno, Edward (Treasury)

From: Storberg, Ann Marie (TREASURY)
Sent: Thursday, April 09, 2015 5:35 PM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury)
Cc: Saxton, Thomas (Treasury); Gelisse, Ashley (TREASURY); Dempkowski, Angela (Treasury)
Subject: RE: GAC Filter install at WTP

Wayne – it appears per PA 436, within Sec. 12, if the contact is $50k or more, the Treasurer may authorize this contract.

> **(3) Except as otherwise provided in this subsection, any contract involv is subject to competitive bidding by an emergency manager. However, if a p of $50,000.00 or more, the emergency manager may submit the potential c the state treasurer may authorize that the potential contract is not subjec**

From: Workman, Wayne (TREASURY)
Sent: Thursday, April 09, 2015 5:14 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury)
Cc: Saxton, Thomas (Treasury); Storberg, Ann Marie (TREASURY); Gelisse, Ashley (TREASURY); Dempkowski, Angela (Treasury)
Subject: Fwd: GAC Filter install at WTP

Let's try to get this approved by Monday. If you don't see anything wrong, I think going without bids is OK. This is an emergency. Prepare the appropriate papers and I will get it signed by Kevin or does it need the Gov signing? Have a meeting on Flint Tuesday am that I can get it OKd at.

Sent from my iPad

Begin forwarded message:

> **From:** Gerald Ambrose <gambrose@cityofflint.com>
> **Date:** April 9, 2015 at 5:06:57 PM EDT
> **To:** Edward Koryzno <koryznoE@michigan.gov>, Randy Burn <ByrneR1@michigan.gov>, "Workman, Wayne (TREASURY)" <workmanw@michigan.gov>
> **Cc:** Natasha Henderson <nhenderson@cityofflint.com>
> **Subject: GAC Filter install at WTP**
>
> Good afternoon,
>
> I submitted this afternoon through our normal process a request for approval to install the GAC filter at the water treatment plant. The most expeditious way to get it done is by amending our contract with LAN, who will be responsible for the design, procurement and install. The price quoted for the material and install is within the estimates provided by Velioa. Veolia did provide us with a comprehensive proposal to oversee all improvements, but it was very expensive.

In my judgement, this is the way to go. Completion of the install is mid July which I am told will be in sufficient time to forestall another TTHM violation. Funding will come from the restructuring of the DWRF loan.

Thanks for your help and your quick approval is requested.

Jerry

Widigan, Robert (TREASURY)

From: Cline, Richard (Treasury)
Sent: Friday, April 10, 2015 8:26 AM
To: Widigan, Robert (TREASURY)
Subject: FW: GAC Filter install at WTP

Did anything come to you on this? I have not seen anything.

Also, later emails note that this is over $50K, so we will need additional approval.

If we don't have it, we are going to need to speak to Angela to see if she received something.

It appears that we are to make this a priority.

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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From: Workman, Wayne (TREASURY)
Sent: Thursday, April 09, 2015 5:14 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury)
Cc: Saxton, Thomas (Treasury); Storberg, Ann Marie (TREASURY); Gelisse, Ashley (TREASURY); Dempkowski, Angela (Treasury)
Subject: Fwd: GAC Filter install at WTP

Let's try to get this approved by Monday. If you don't see anything wrong, I think going without bids is OK. This is an emergency. Prepare the appropriate papers and I will get it signed by Kevin or does it need the Gov signing? Have a meeting on Flint Tuesday am that I can get it OKd at.

Sent from my iPad

Begin forwarded message:

> **From:** Gerald Ambrose <gambrose@cityofflint.com>
> **Date:** April 9, 2015 at 5:06:57 PM EDT
> **To:** Edward Koryzno <koryznoE@michigan.gov>, Randy Burn <ByrneR1@michigan.gov>, "Workman, Wayne (TREASURY)" <workmanw@michigan.gov>
> **Cc:** Natasha Henderson <nhenderson@cityofflint.com>
> **Subject: GAC Filter install at WTP**
>
> Good afternoon,

I submitted this afternoon through our normal process a request for approval to install the GAC filter at the water treatment plant. The most expeditious way to get it done is by amending our contract with LAN, who will be responsible for the design, procurement and install. The price quoted for the material and install is within the estimates provided by Velioa. Veolia did provide us with a comprehensive proposal to oversee all improvements, but it was very expensive.

In my judgement, this is the way to go. Completion of the install is mid July which I am told will be in sufficient time to forestall another TTHM violation. Funding will come from the restructuring of the DWRF loan.

Thanks for your help and your quick approval is requested.

Jerry

Doyle, Maureen (Treasury)

From: Dempkowski, Angela (Treasury)
Sent: Friday, April 10, 2015 1:29 PM
To: Doyle, Maureen (Treasury); Widigan, Robert (TREASURY)
Subject: Kevin's signature

Follow Up Flag: Follow up
Flag Status: Completed

Maureen: On Monday Robert Widigan is going to bring down a document for Kevin's signature regarding upgrading City of Flint filters to address the TTHM problem in the city water. This is an urgent matter and we need to have it approved no later than Monday. Thanks for your help!

Angela Dempkowski | Senior Executive Management Assistant/Treasury
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
dempkowskia@michigan.gov

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Thank you

Widigan, Robert (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Friday, April 10, 2015 2:16 PM
To: Cline, Richard (Treasury); Widigan, Robert (TREASURY); Byrne, Randall (Treasury)
Subject: FW: Flint Approval Letter
Attachments: Flint GAC Purchase Memo.docx; Flint GAC Purchase TA Letter.docx

FYI

From: Workman, Wayne (TREASURY)
Sent: Friday, April 10, 2015 2:16 PM
To: Doyle, Maureen (Treasury); Clinton, Kevin (TREASURY)
Cc: Gelisse, Ashley (TREASURY); Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Storberg, Ann Marie (TREASURY); Dempkowski, Angela (Treasury); Koryzno, Edward (Treasury)
Subject: FW: Flint Approval Letter

Kevin, Attached is a memo from me describing the need to approve a contract for the City Flint to install a new charcoal water filtration system as additional treatment of Flint`s drinking water. The second attachment is a letter for your signature approving or denying the rquest.We have reviewed the request and recommend it`s approval. It is a key part of the Veolia engineering firm`s recommendation and within the budget estimate for the work. It will be funded with debt service savings from restructuring Flint`s DWRF loans with the MFA. The request was received late yesterday and we are expediting review and approval so that work can begin immediately for a July 2015 completion. Please call with any questions. Wayne

From: Dempkowski, Angela (Treasury)
Sent: Friday, April 10, 2015 2:02 PM
To: Workman, Wayne (TREASURY)
Subject: Flint Approval Letter

Here you go.

Angela Dempkowski | Senior Executive Management Assistant/Treasury
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
dempkowskia@michigan.gov

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Thank you

RICK SNYDER
72 (Rev 11-13) GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

R. KEVIN CLINTON
STATE TREASURER

DATE: April 10, 2015

TO: Kevin Clinton, State Treasurer

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: City of Flint Sole Source Contract Approval – GAC Filters

On April 9, 2015, the City of Flint requested approval to amend the existing contract with Lockwood, Andrews and Newnam, for additional design, procurement, and construction services, not to exceed $1,601,740, for a total revised contract price of $2,980,440. The purpose of the project is to replace the existing filter system with a new Granulated Activated Carbon (GAC) media that will assist the City in reducing the levels of TTHM.

As the monetary value of this proposal exceeds $50,000, Section 12(3) of P.A. 436 of 2012 is implicated. To satisfy this section, the State Treasurer must approve this request. Because the purchase of the GAC Filters is necessary for the City to provide essential services to its residents and address TTHM concerns detailed in the Flint, Michigan Water Quality Report, I recommend that this contract be approved.

Because there has been so much controversy regarding the water quality in the City of Flint, we consider this water improvement project to be urgent.

If additional information is desired, please let me know.

Widigan, Robert (TREASURY)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Monday, April 13, 2015 11:27 AM
To: Widigan, Robert (TREASURY)
Cc: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Dempkowski, Angela (Treasury); Cline, Richard (Treasury)
Subject: Re: Resolution #EMA1572015 - GAC Filter

Good morning Mr. Widigan,

Thank you!

Maxine

On Mon, Apr 13, 2015 at 11:06 AM, Widigan, Robert (TREASURY) <WidiganR@michigan.gov> wrote:

Good morning, Maxine:

Attached is a copy of the approval letter for resolution #EMA1572015, authorizing the City to enter into change order #4 with Lockwood, Andrews and Newman to address TTHM levels.

The signed original will be mailed to you via US Postal Service.

Thank you,

Robert Widigan | Office of Fiscal Responsibility

State of Michigan | Department of Treasury

430 W. Allegan Street | Lansing, MI 48922

Office (517) 335-2130 | Cell (517) 243-8645

WidiganR@michigan.gov

RICK SNYDER
72 (Rev. 11-13) GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

R. KEVIN CLINTON
STATE TREASURER

April 13, 2015

Gerald Ambrose, Emergency Manager
City of Flint
1101 South Saginaw Street
Flint, MI 48502

Mr. Ambrose:

I am in receipt of your request dated April 9, 2015 in which you are requesting approval to amend the existing contract with Lockwood, Andrews and Newnam, for additional design, procurement, and construction services, not to exceed $1,601,740, for a total revised contract price of $2,980,440.00.

Pursuant to P.A. 436 of 2012, any no-bid contract with a value exceeding $50,000 must receive approval from the State Treasurer. I am approving this request based on the City's need for new Granulated Activated Carbon (GAC) Filters to assist reducing the levels of TTHM.

State Treasurer Approval:

I, R. Kevin Clinton, State Treasurer for the State of Michigan, pursuant to the authority assigned by Public Act 436 of 2012, do hereby:

✓ Approve Submitted Recommendation

_____ Deny Submitted Recommendation

Sincerely,

R. Kevin Clinton

R. Kevin Clinton, State Treasurer
Michigan Department of Treasury

4/13/15
Date

EM SUBMISSION NO.: EMA 1572015

PRESENTED: 4-9-15

ADOPTED: _____

RESOLUTION AUTHORIZING APPROPIRATE CITY OFFICIALS TO ENTER INTO CHANGE ORDER #4 WITH LOCKWOOD, ANDREWS, & NEWNAM

BY THE EMERGENCY MANAGER:

The City of Flint Department of Public Works & Utilities (DPW & Utilities) entered into a contract with Lockwood, Andrews, and Newnam to study the feasibility and develop cost estimates for the Water Plant as a primary drinking water source in a contract amount not to exceed $1,378,700.00; and

The DPW & Utilities through recommendations of Veolia North America water consultants have identified additional services due to TTHM concerns. The additional services will provide a turn key system of new GAC media in the twelve (12) filters at the Flint Water Plant including MDEQ permitting. The focus will be to provide design, procurement, and construction implementation services for upgrading the filters to address TTHM. The additional cost for these services is not to exceed $1,601,740.00. Funding for said services will come from the following account: 591-545.300-801.000; and

IT IS RESOLVED, that the appropriate City of Flint officials, upon the Emergency Manager's approval, is authorized to enter into change order #4 with Lockwood, Andrews and Newnam, for additional design, procurement, and construction services, not to exceed $1,601,740.00, for a total revised contract price of $2,980,440.00.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

Dawn L Steele

Dawn Steele, Deputy Finance Director

Natasha L. Henderson, City Administrator

EM DISPOSITION:

ENACT _____ **REFER TO COUNCIL** **FAIL** _____

_____ **DATED:** _____ ____

Gerald Ambrose, Emergency Manager

RESOLUTION STAFF REVIEW

DATE: April 8, 2015

Agenda Item Title: Resolution Authorizing Appropriate City Officials to Enter Into Change Order #4 with Lockwood, Andrews, & Newnam

Prepared By: Yolanda Gray, Utilities Accounting Coordinator

Background/Summary of Proposed Action
The City of Flint Department of Public Works & Utilities (DPW & Utilities) entered into a contract with Lockwood, Newnam, to study the feasibility and develop cost estimates for utilizing the Water Plant as a primary drinking water source in a contract amount not to exceed $1,378,700.00.

The DPW & Utilities through recommendations of Veolia North America water consultants is requesting additional services due to TTHM concerns. The additional services will provide a turn key system of new GAC media in the twelve (12) filters at the Flint Water Plant including MDEQ permitting. The focus will be to provide design, procurement, and construction implementation services for upgrading the filters to address TTHM concerns. The additional cost for these services is not to exceed $1,601,740.00, for a total contract price of $2,980,440.00.

Financial Implications: Funding will be made available in professional services account 591-536.100-801.000.

Account: 591-536.100-801.000

Pre-encumbered: Yes____ No _x_ Requisition:

Other Implications (i.e., collective bargaining):

Staff Recommendation: Recommend Approval

Staff Person: _____
(Dept Head or other authorized staff)

Lockwood, Andrews & Newnam, Inc.
A LEO A DALY COMPANY

Client Additional Services Authorization Date: 4-7-15

Project Name Flint WTP Phase II Segment I Initial Watermain Cut-in Flint WTP Phase II Segment I Rehab Flint WTP Ph II-Seg II - Lime Residual Disposal	**Additional Services Authorization No.**
Client Name City of Flint	**To Project No.** 130-10701-001
Subject of Additional Services	**Original Contract Date**

Description

Deliver a new GAC media to replace current anthracite media in the 12 filters at the Flint Water Treatment Plant (FWTP) through design-construction management at agency services. The purpose of the project will to be replace the existing filter system with a new GAC media in order to assist the city in addressing TTHM concerns as detailed in the "Flint, Michigan Water Quality Report" dated March 12, 2015 by Veolia North America (Veolia Report). The services shall include:

1- Design the GAC Filter replacement for the FWTP, which will include assisting the City in obtaining the necessary MDEQ Permit(s) and providing construction oversight; ($147,840.00)
2- Provide construction management at agency services for the removal of the existing media and the installation of the GAC filter at the FWTP. On behalf of the City, as City's CM Agent, engage a vendor that will procure new GAC Media, remove existing 18" anthracite and replace it with the new 18" GAC; (approximately $1,300,000.00)
3- Set up, upgrade and calibrate the Flint Distribution Water System to include field Tesing Verification and Support in order to analyze system perfomance and water age mapping and assist the City with line flushing/and or Ice Pigging Program; ($99,900.00)
4- Project Engineering Services to assist the City with monitoring and coordinating activities with city staff, MDEQ and vendors during the maintenance and implementation of improvements needed thru the August TTHM Sampling period. Services will be provided based on 60 hours/month for a total of five (5) months period; ($54,000)

Reason for Change

1) Pursuant to the Veolia Report replacing the anthracite in the filters with new GAC Media will assist in lowering the levels of TTHM. The replacement of the existing filter requires the performance of CT Analyses, conducting an evaluation of Hydraulic Loading and Backwash Capacities of the new GAC cross section, and meeting and coordinating with MDEQ to obtain MDEQ's approval of changes to the current permit;
2) In addition to the design, the replacement requires managing, on behalf of the City, the construction services of a vendor to implement design improvements of the filter system upgrade to the GAC media.
3) Modificaions to the hydraulic model are needed to upgrade the model and calibrate actual system performance and operation to include valve operational performance based on Service Center Report.
4) Provide a project engineer to work with the City, MDEQ and the vendors will assist in implementing Veolia's recommendations to the extent accepted by the City. Such engineering services will provide weekly progress reports to the City allowing the City to monitor the progress of the Project.

Compensation:

☐ Will be an amount equal to _____ times Salary Cost plus reimbursable expenses, both defined in the **PROFESSIONAL SERVICES AGREEMENT**, and in addition to the compensation for **BASIC SERVICES**. Total charges for these **ADDITIONAL SERVICES** are estimated to be approximately $_____.

☐ Will be the lump sum of $_____ for these **ADDITIONAL SERVICES.**

☒ Other Cost plus based on current rates for a Not-To Exceed amount of $1,601,740.00 (use reverse if necessary)

Completion:	Current Date	6-15-14	
	This Extension	3 months	
	New Date	9-15-15	
	All terms and conditions of the original agreement remain in full force and effect.		
Proposed By:	Lockwood, Andrews & Newnam, Inc.		
	Warren Green, PE		4-7-15
	Print Name/Title	Signature	Date
	City of Flint		
Approved By	Client		
	Print Name/Title	Signature	Date
	Execute in duplicate – (1) copy to Client, (1) copy to Accounting		

C-026-90

Flint Water Interagency Coordinating Committee Subcommittees

Incident Action Plan Subcommittee
Chair - Capt. Chris Kelenske
Harvey Hollins

Water Quality Subcommittee
Chair – Keith Creagh
Nick Lyon
Dr. Laura Sullivan
Dr. Marc Edwards
Dr. Yanna Lambrinidou
Mark Valacak
EPA

Suggested Tasks

- ✓ Response tactics and flow process
- ✓ Testing
  - Lead and Copper
  - Other Contaminants and Disease Transmission
- ✓ Monitoring and reporting entry of contagions

Water Infrastructure Integrity Subcommittee
Chair – Keith Creagh
Jim Koski
Dr. Laura Sullivan
Dr. Marc Edwards
Jamie Curtis
Natasha Henderson
American Water Works Association
EPA

Suggested Tasks

- ✓ Reliability Study
- ✓ Infrastructure upgrade/replacement
- ✓ Lead Line Replacement

KWA Subcommittee
Chair – Khouri
Keith Creagh
Harvey Hollins
Natasha Henderson
Jamie Curtis
Larry Steckelberg
EPA

Suggested Tasks

- ✓ Benefit-Cost Analysis
- ✓ Transition
- ✓ Safety
- ✓ Flint Water Treatment Plant Upgrade
- ✓ Rate Structure

Health and Education Subcommittee
Chair - Nick Lyon
Mayor Karen Weaver
Dr. Mona Hanna-Attisha
Dr. Lawrence Reynolds
Superintendent Brian Whiston
Deputy Superintendent Kyle Guerrant
Sue Moran
Dr. Eden Wells
Dr. Jane Turner
Stan Bien (WIC)
Dawn Sweeney (SNAP)

Suggested Tasks

- ✓ Health and Safety Plan
- ✓ Responder Medical Plan
- ✓ Nutrition
- ✓ Post Exposure Actions
- ✓ Pre-K and Secondary education materials

Policy Subcommittee
Chair – Mike Zimmer
Nick Khouri
Larry Steckelberg
Dr. Marc Edwards
Keith Creagh
Nick Lyon
Dr. Lawrence Reynolds
Mark Valacak

Suggested Tasks

- ✓ Intra-agency Protocols
- ✓ Statewide Policy
- ✓ Lead and Copper Rule Change Recommendations

Communication Protocols and Transparency Subcommittee
Chair – Hollins
Nick Lyon
Meegan Holland
Melanie Brown

Suggested Tasks

- ✓ Public education and awareness

Lamphier, Wendy (Treasury)

From: Gelisse, Ashley (TREASURY)
Sent: Friday, April 10, 2015 4:24 PM
To: Stanton, Terry A. (Treasury)
Subject: RE: Water Quality TPs 4-10-15.docx

Follow Up Flag: Follow up
Flag Status: Flagged

Gotcha. Thanks!

From: Stanton, Terry A. (Treasury)
Sent: Friday, April 10, 2015 4:13 PM
To: Gelisse, Ashley (TREASURY)
Subject: RE: Water Quality TPs 4-10-15.docx

Correct...though Detroit and DPS obviously have a comms staff.

BH, AP, Hamtramck, Highland Park, Lincoln Park== no comms folks.

From: Gelisse, Ashley (TREASURY)
Sent: Friday, April 10, 2015 4:08 PM
To: Stanton, Terry A. (Treasury)
Subject: RE: Water Quality TPs 4-10-15.docx

Thanks, this is good. Also, am I correct that Flint is the only EM's office with a press guy (for lack of a better term)? That is to say, they're actually some of the more proactive and savvy when it comes to messaging?

Just trying to build the case that we need the community liaison thing to be most effective. Thanks again.

Ashley

From: Stanton, Terry A. (Treasury)
Sent: Friday, April 10, 2015 3:36 PM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Cc: Gelisse, Ashley (TREASURY); Storberg, Ann Marie (TREASURY)
Subject: Water Quality TPs 4-10-15.docx

All...

Please find the updated Flint Water talking points.

Let me know if you have any questions, etc.

TS

City of Flint

Water Quality Talking Points:

The City, in conjunction with the Dept. of Environmental Quality, has been working diligently, since December, to address water quality issues in the City and ensure Flint residents have access to clean, safe water.

The City has contracted with international urban water quality expert Veolia North America, which has been on site since mid-February, and has recommended several remedial actions, including operational changes, changes in water treatment, increased maintenance for the aging urban system, and increased training.

Additionally, the city is in regular contact with MDEQ to ensure that residents receive water that complies with state drinking water standards. This system is tested regularly and rigorously, and the results are reported to customers as outlined in the Safe Drinking Water Act.

Last month, Flint issued a Water Quality Update to residents and water customers, as required by DEQ, which indicated that water testing results for the month of March showed Flint Water met all Michigan DEQ and U.S. EPA standards for safety. Total TTHM levels, which caused the issuance of a violation notice in November, are significantly below the maximum acceptable levels at all eight testing sites. This progress was accomplished by:

- **Upgrading the ozone treatment process at the Water Treatment Plant**
- **Increasing water main/hydrant flushing to reduce stagnation**
- **Conducting additional testing of treatment to identify areas of improvement**
- **Improving water circulation by repairing valves and adjusting reservoir levels**

The City has received significant financial assistance through both grant programs and bond restructuring initiatives administered by the MI Department of Treasury. This financial assistance has allowed the City to replace miles of aged pipeline and begin efforts to install a specialized filter at the Water Treatment Plant.

In February, Flint was awarded a total of $2 million through two *Financially Distressed Cities, Villages, and Townships Grants*. $1.1 million was awarded for water system enhancements

through improved waste management while $900,000 was awarded for water system enhancements through leak detection and pipe assessments.

On April 8th, the City announced that it was moving forward with a series of actions to ensure the continued safety of Flint drinking water and address issues of discoloration and odor. The most significant step will be the installation of a Granulated Active Charcoal filter (GAC) at the Water Treatment Plant. The GAC filter will help block or eliminate the formation of TTHM during the filtration process.

A contract for the filter installation is expected to be approved by the State Treasurer next week with the project targeted for completion by mid-July. The $1.5 million project will be funded with proceeds from the state-approved restructuring of Flint's Drinking Water Revolving Fund loans ($2.24 million).

The City is undertaking a number of other improvements to the water system including the acceleration of valve replacements, targeted hydrant flushing, the replacement of two miles of water main in a critical area of the city, and acceleration of the project to automate plant operations.

Pleyte, Beth (Treasury)

Subject:	DM/EC/HH/Wayne Workman/ Tom Saxton/ Ashley Gelisse RE: Flint Pastors Warn They'll Go To Court To Get City Off Flint River Water
Location:	Governor's Conference Room, 2nd Floor Romney
Start:	Tue 4/14/2015 11:00 AM
End:	Tue 4/14/2015 12:00 PM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	Muchmore, Dennis (GOV)
Required Attendees:	Workman, Wayne (TREASURY); Saxton, Thomas (Treasury); Clement, Elizabeth (GOV); Hollins, Harvey (GOV); Gelisse, Ashley (TREASURY); Cousineau, Sara (Treasury); Pleyte, Beth (Treasury); Clayton, Stacie (GOV); Dempkowski, Angela (Treasury)

Attendees:
EC/DM/HH
Wayne Workman
Tom Saxton
Ashley Gelisse

From: Gelisse, Ashley (TREASURY)
Sent: Thursday, April 09, 2015 2:58 PM
To: Workman, Wayne (TREASURY); Muchmore, Dennis (GOV)
Cc: Saxton, Thomas (Treasury); Clement, Elizabeth (GOV); Hollins, Harvey (GOV); Cousineau, Sara (Treasury); Pleyte, Beth (Treasury); Wisniewski, Wendy (GOV); Stoken, Laura (GOV)
Subject: RE: Flint Pastors Warn They'll Go To Court To Get City Off Flint River Water

Wayne and I discussed this further. I think it would be good if this group could meet early next week to have another discussion on Flint.

The purpose of the meeting would be to discuss and finalize Flint RTAB members, and also to discuss the potential ramifications of Rep. Kildee's recommendation that the state forgive Flint's $22M water loan:
http://www.mlive.com/news/flint/index.ssf/2015/04/kildee_asks_feds_about_forgive.html

If you agree, perhaps Wendy (or Laura, in her absence) and Beth can help us find some time. Thanks much.

Ashley

From: Workman, Wayne (TREASURY)
Sent: Wednesday, April 08, 2015 6:40 PM
To: Muchmore, Dennis (GOV)
Cc: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Gelisse, Ashley (TREASURY); Clement, Elizabeth (GOV); Hollins, Harvey (GOV)
Subject: Re: Flint Pastors Warn They'll Go To Court To Get City Off Flint River Water

It is timely to figure that out, because what they is not affordable and they are ignoring the new improvements announced today.

Sent from my iPad

On Apr 8, 2015, at 5:27 PM, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov> wrote:

Why not, we haven't anything else to do except spend our time chasing our tail. This issue isn't going to go away until we do some serious comms work in the city.

From: Workman, Wayne (TREASURY)
Sent: Wednesday, April 08, 2015 5:13 PM
To: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Gelisse, Ashley (TREASURY); Muchmore, Dennis (GOV); Clement, Elizabeth (GOV)
Subject: Fwd: Flint Pastors Warn They'll Go To Court To Get City Off Flint River Water

FYI

Sent from my iPhone

Begin forwarded message:

From: "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>
Date: April 8, 2015 at 4:35:47 PM EDT
To: "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Gelisse, Ashley (TREASURY)" <GelisseA@michigan.gov>
Subject: FW: Flint Pastors Warn They'll Go To Court To Get City Off Flint River Water

FYI

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Widigan, Robert (TREASURY)
Sent: Wednesday, April 08, 2015 4:12 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury); Vandegrift, Drew (TREASURY)
Subject: Flint Pastors Warn They'll Go To Court To Get City Off Flint River Water
Importance: Low

FYI – http://videos.mlive.com/mlive/2015/04/flint_pastors_warn_theyll_go_t.html

Gerald Ambrose
Emergency Manager

Dayne Walling
Mayor

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com

For Immediate Release

City of Flint Moves Ahead with $5 million in Water Treatment Improvements

Flint, Michigan – April 16, 2015 – Emergency Manager Jerry Ambrose, with approval from the Department of Treasury, has authorized a contract with LAN, the City's consulting engineers, to immediately proceed with design and installation of granulated activated carbon filter for the Water Treatment Plant. Installation of the filter was one of the primary recommendations from Veolia and others as a means to help assure that City water will continue to be within EPA guidelines. Installation is scheduled to begin in Mid-June, with completion by mid-July.

Other action steps are also underway at the plant, including cleaning plate settlers, repairing the clarifier, and adjusting chemical dosing and levels as also recommended. Additionally, a contract is being finalized for the water main leak detection project, hydraulic modeling and flushing is underway, and bids for the replacement of 2 miles of major pipe are being reviewed.

Nearly $5 million has been budgeted to implement these actions, which in large measure are the ongoing types of action necessary to maintain the water treatment and distribution system. $2.1 million of this amount is budgeted for replacement of the pipe along Dupont St., and $1.6 million is budgeted for the GAC, with $900,000 budgeted for water main leak detection. Actual replacement of the pipe is scheduled to begin in June, and to be completed by early September.

–CONTINUE–

Gerald Ambrose
Emergency Manager

Dayne Walling
Mayor

These steps are all part of the action plan recently released by the City as it continues its work to maintain the safety of the water and improve its quality. Recent testing has shown that Flint's water is meeting all regulatory safety standards, with TTHM levels being significantly below the maximum level accepted.

The measures that have been taken to date by the Flint Water Plant staff have resulted in a significant improvement in the quality of Flint water since last summer. "Both the hardness and TTHM levels are at the lowest point since the switch to the Flint river last April," said DPW Director Howard Croft. "Installing the GAC filter, in addition to these other steps, will further bolster the positive direction we are moving in to continue improving the quality of water in the City."

–END–

Stanton, Terry A. (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Monday, April 13, 2015 5:15 PM
To: Stanton, Terry A. (Treasury)
Subject: Re: Quick Questions...

Hi Terry,

We have not yet discussed issuing a release announcing approval of the GAC, but we did make an announcement about it last week so that it's known that we are pursuing that option. I can talk to Jerry about another release.

As far as the Karegnondi project timeline, that would need to come from Jeff Wright, the Genesee County Drain Commissioner, who heads the project. I know that there was talk of an early start to the construction season being beneficial to moving the project ahead, but the ETA of the pipeline to Flint is still "mid 2016". Kevin Sylvester handles communications for Wright, he should be able to get more solid information: k_sylvester@gcdcwws.com

Let me know if there is anything I can help you with.

Best,

Jason

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

On Mon, Apr 13, 2015 at 4:23 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Hi Jason...

Are you folks planning to issue a release on the Treasurer's approval of the carbon filter contract? Seems like good collaboration/partnership type news to address the water...

Also, what is the timeline for the Karegondi project? Some here thought that with a mild winter and good spring/summer weather, it might be done sooner...

When is it "supposed" to be done...and has the timeline changed at all (for the good)?

J.

Chief [redacted] Carter (MSP)
Ed
EM
EC
CA
Sipes (MSP)
Kapr (MSP)

City of Flint Wednesday 9:00am Phone Conference Agenda

April 15, 2015

1-[redacted] Access code [redacted]

Last Report

1) Public Safety Update – FPD, MSP, (FFD, If needed)

a) FPD	Crime and Staffing Status Report	Update
	Status of evaluating/implementing ICMA recommendations	In process
b) FFD	• MSP • Flt PD to meet – discuss partnership	
c) Other update from Chief Tolbert and MSP	• Note: MSP arson unit in place over 6 mth ago – NOT BEING CALLED OUT ON!	

2) Governor's Office Update – R. Baird, H. Hollins, B. Clement

a) District Court Consolidation	County Board approved MOU. City Council notified on April 10 of EM's intent to approve consolidation. Council was briefed on April 13 at CoW. Council to meet on April 20 to determine what of any action it wishes to take.	In process
b) Local Income Tax Initiative	Additional source of funds still needed for City. H. Hollins working to find a new sponsor. Projected financial challenges associated with projection of FY17 budget may emphasize the rational.	No Change

– 10 day period
– Council likely to not deny

3) Finance and Administrative Update

a) Management Vacancies	MML has received responses for Treasurer, HR Director and Finance Director positions. Phone conference to review this week	In process
b) Budget	Development underway. Presentation expected late.	In process
c) DEP/RAP	Council approved application for $7 million Emergency Loan to finance deficit.	In process
d) Purchasing	Revised purchasing ordinance enacted effective May 1	Complete

Approved →

Status	#	From LY
Hom	12	30% ↑
CSC	37	↓
Burg	10	7% ↓
Larc	10	7% ↓
Total Part 1	15	7% ↓
114 total employees		

on-line?

* 25↓ sworn officers than LY.
– Two double homs caused increase in #
– Takeover type robberies
  • Concerning increase in robery.
– Closure rate drastically increased.

		Last Report	Status
4) City Council Update			
	a) EM Order	Order signed defining organizational reporting relationships to new City Administrator.	Complete
	b) Council/Mayor Compensation	Order signed re-establishing Council and Mayor salaries at previous levels	Complete
	c) Council Rules	Meeting held by Council last week to update Council rules and procedures. EM monitoring	In process
5) Water Issues			
	a) MDEQ Violation Notice	Water is within federal/state guidelines. Violation notice and water update mailed last week.	Complete
Next water committee In May	b) Drinking Water Revolving Fund	Order #2 was issued to restructure and amend the debt service payments on the DWRF Bonds, by postponing the principal payments. Funds to be used to finance GAC installation and other recommendations	Complete → Installation June 15
	c) Action plan on water quality	Action plan based on consultant's recommendations has been developed and shared with Council and advisory committees. Approval of contract for installation of granulated activated charcoal (GAC) filter (primary recommendation) received from Treasury.	Update
6) 9-1-1 Reconsolidation Plan			
	a) Tower Transfer to Consortium	Final documents being completed	In process

		Last Report	Status
7) Transition Activities			
	a) Final Order	Final order and letter being drafted.	In process

8) Other Items

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Friday, April 17, 2015 2:15 PM
To: Lindsey Smith
Subject: Re: Did the state treasurer approve Flint bond restructure?

Follow Up Flag: Follow up
Flag Status: Completed

Yes.

TS

On Apr 17, 2015, at 1:56 PM, Lindsey Smith <lmsmi@umich.edu> wrote:

> Hi Terry,
>
> Do you know if the state treasurer ever approved this restructure of Flint's four drinking water revolving fund loans? Here's the notice they put out in mid-March, but it says the treasurer would have to approve.
>
> Best~
>
> --
> Lindsey Smith
> West Michigan Reporter
> Michigan Radio
> Office (616) 551-0717
> michiganradio.org

Pleyte, Beth (Treasury)

From: Baird, Richard (GOV)
Sent: Monday, April 27, 2015 6:20 PM
To: Muchmore, Dennis (GOV)
Cc: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury); Clement, Elizabeth (GOV); Wurfel, Sara (GOV); Gelisse, Ashley (TREASURY); Storberg, Ann Marie (TREASURY); Koryzno, Edward (Treasury); Headen, Frederick (Treasury)
Subject: Re: scanned doc

Nope. But I will tell you that your trusty team worked faster than the US postal service and the wrath of God has been forestalled yet again. RPA!

Sent from my iPad

On Apr 27, 2015, at 5:43 PM, Muchmore, Dennis (GOV) <muchmored@michigan.gov> wrote:

> Would someone please explain to me how cutting off water to 10,000 people does anything but bring the wrath of God down on all of us?
>
> Sent from my iPhone
>
> On Apr 27, 2015, at 10:29 AM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:
>
> > We received this letter Friday the 24th. Water shut-off threat continues.
> >
> > **From:** Dempkowski, Angela (Treasury)
> > **Sent:** Monday, April 27, 2015 10:26 AM
> > **To:** Workman, Wayne (TREASURY)
> > **Subject:** scanned doc

<image001.jpg>

Angela Dempkowski | Senior Executive Management Assistant/Treasury
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
dempkowskia@michigan.gov

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Thank you

<DWSD-HP letter.pdf>

Koryzno, Edward (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Monday, April 27, 2015 7:19 PM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Cline, Richard (Treasury); Widigan, Robert (TREASURY)
Subject: Proposed Flint budget would leave water rates unchanged, add 10 part-time cops
Attachments: image.jpg

Proposed Flint budget would leave water rates unchanged, add 10 part-time cops

FLINT, MI -- Water and sewer rates would remain unchanged and 10 part-time police officers would be hired in a proposed Flint budget unveiled Monday, April 27. The $51 million general fund spending plan for the fiscal year starting July 1 would put Flint in a positive financial pos Read More
http://www.mlive.com/news/flint/index.ssf/2015/04/proposed_flint_budget_would_le.html

Dempkowski, Angela (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, April 28, 2015 11:41 AM
To: Workman, Wayne (TREASURY); Dempkowski, Angela (Treasury)
Subject: KWA SUMMARY FOR GOVERNOR
Attachments: KWA SUMMARY FOR GOVERNOR.Version I.04-18-13.doc

Importance: High

Wayne,

This is the final report that I wrote on KWA once the decision was made to join the authority.

This was sent to the Governor's office by Brom in April 2013.

If you need any additional information, please let me know.

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
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CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments Thank you.

Robert, Carla M. (Treasury)

From: Storberg, Ann Marie (TREASURY)
Sent: Tuesday, April 28, 2015 5:01 PM
To: Muchmore, Dennis (GOV); Clement, Elizabeth (GOV)
Cc: Wurfel, Sara (GOV); Stanton, Terry A. (Treasury); Gelisse, Ashley (TREASURY); Saxton, Thomas (Treasury); Workman, Wayne (MSHDA); Koryzno, Edward (Treasury); Khouri, Nick (TREASURY); Redford, James (GOV); Bedan, Morgan (GOV); Sampson, Jeremy (TREASURY); Wisniewski, Wendy (GOV); Lukasik, Liz (GOV); Breslin, Brian (GOV); Harden, Carolyn (GOV); Byrne, Randall (Treasury); Headen, Frederick (Treasury); Rospond, Laurie (GOV); Stoken, Laura (GOV)
Subject: City of Flint EM'S EXIT LETTER
Attachments: Ambrose Exit Ltr.pdf

Dennis & Beth,

Please find attached the Exit Letter from EM Ambrose that was sent to the Governor this afternoon.

Ann M. Storberg
Senior Advisor to State Treasurer
Michigan Department of Treasury
Office (517) 373-6638
Cell (517) 449-3766

From: Storberg, Ann Marie (TREASURY)
Sent: Tuesday, April 28, 2015 4:13 PM
To: Muchmore, Dennis (GOV); Clement, Elizabeth (GOV)
Cc: Wurfel, Sara (GOV); Stanton, Terry A. (Treasury); Gelisse, Ashley (TREASURY); Saxton, Thomas (Treasury); Workman, Wayne (MSHDA); Koryzno, Edward (Treasury); Khouri, Nick (TREASURY); Redford, James (GOV); Bedan, Morgan (GOV); Sampson, Jeremy (TREASURY); Wisniewski, Wendy (GOV); Lukasik, Liz (GOV); Breslin, Brian (GOV); Harden, Carolyn (GOV); Byrne, Randall (Treasury); Headen, Frederick (Treasury); Rospond, Laurie (GOV); Stoken, Laura (GOV)
Subject: City of Flint EM'S FINAL ORDER

Dennis & Beth,

Please find attached the City of Flint EM's Final Order. The EM's exit letter is expected to be sent to the Governor's office shortly. I have not heard that Jerry's final exit letter has been revised significantly from the draft I sent over on Friday. I will send the final letter upon receipt.

Thank you.

Ann M. Storberg
Senior Advisor to State Treasurer
Michigan Department of Treasury
Office (517) 373-6638
Cell (517) 449-3766

From: Storberg, Ann Marie (TREASURY)
Sent: Tuesday, April 28, 2015 2:21 PM
To: Muchmore, Dennis (GOV); Clement, Elizabeth (GOV)
Cc: Wurfel, Sara (GOV); Stanton, Terry A. (Treasury); Gelisse, Ashley (TREASURY); Saxton, Thomas (Treasury); Workman,

Wayne (MSHDA); Koryzno, Edward (Treasury); Khouri, Nick (TREASURY); Redford, James (GOV); Bedan, Morgan (GOV); Sampson, Jeremy (TREASURY); Wisniewski, Wendy (GOV); Lukasik, Liz (GOV); Breslin, Brian (GOV); Harden, Carolyn (GOV); Byrne, Randall (Treasury); Headen, Frederick (Treasury); Rospond, Laurie (GOV); Stoken, Laura (GOV)
Subject: City of Flint EM Transition Plan for TODAY & TOMORROW - Materials and Communication Plan

Dennis & Beth,

PLEASE NOTE REVISIONS TO DATES FROM MY PREVIOUS EMAIL (DATES HAVE MOVED UP BY ONE DAY). SEE REVISED COMMS PLAN ATTACHED.

With the exception of the change in date, the following events outlined below are unchanged from my email sent out this past Friday.

The proposed schedule for today (April 28th) and tomorrow (April 29th) – items listed in order of occurrence:

1. Today – City of Flint's Emergency Manager (EM) Jerry Ambrose issues letter to Governor declaring the financial emergency in the city has been rectified. He will also recommend that a Receivership Transition Advisory Board (RTAB) be appointed in the city.

2. On April 29th, EM Jerry Ambrose issues final order *[this document has been revised from the previous draft sent last week – I will distribute final version of the EM's final order as soon as it is available]* outlining duties of the mayor, city council and soon-to-be-appointed RTAB, effective immediately. This needs a time stamp, either through the Clerk or by transmitting it in an email. Jerry to notify Treasury of issuance.

3. ONLY AFTER NOTIFICATION OF FINAL ORDER BEING ISSUED - Governor's Office issues termination letter to Jerry Ambrose. A copy of the letter is attached. Transmittal of signed letter by email to include a time stamp.

4. AFTER CONFIRMATION OF TERMINATION LETTER BEING SENT - Governor's Appointments Office transmits appointment letter for RTAB. A copy of the letter is attached.

Summary of Governor's Transition Advisory Board Appointment Letter –

The Governor's letter appointing the RTAB contains the following requirements: enforcement of the requirements contained in the EM's final order; recommendation of modifications or termination of the EM's final order; formal evaluation of the City's financial and operational progress and sharing of that information with city officials, residents and stakeholders. The letter also contains conditions which must be satisfied before receivership is waived. These are implementing the Financial Officials Association best practices; implement charter amendments consistent with applicable model charters, and completion of financial and managerial training by city officials.

Pursuant to the updated Communication Plan, a press avail is scheduled for 1:30 pm on Wednesday, April 29th.

Please do not hesitate to let me know if you have any questions. Thank you.

Ann Storberg
Senior Advisor to State Treasurer
Michigan Department of Treasury
430 West Allegan Street
Lansing, MI 48922
Office (517) 373-6638
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Storberga@michigan.gov
NOTICE: *This message is intended for the named recipient(s) only and may contain confidential, privileged, or private information exempt from disclosure under Michigan law. If you have received this message in error do not forward, share, save or duplicate it. Please reply and notify me of the error in transmission and then delete the message. Thank you.*

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Gerald Ambrose
Emergency Manager

April 28, 2015

Honorable Rick Snyder
Governor of Michigan
111 South Capitol Avenue
Lansing, MI 48909

Dear Governor Snyder:

The City of Flint has been in a state of receivership since your declaration of a financial emergency in November 2011. Since that time a number of substantial changes have been implemented and I feel that the financial emergency has been sufficiently addressed. I feel it is appropriate to relinquish my position as Emergency Manager (EM) at this time.

As you are aware, I was appointed Emergency Manager on January 13, 2015, under the authority of PA 436 of 2012. I am the fourth EM to serve the City of Flint; my predecessors were Michael K. Brown (PA 4 and PA 436), Edward Kurtz (PA 72 and PA 436) and Darnell Earley (PA 436). Each EM took major steps toward rectifying the financial emergency. These steps included implementing budgetary and financial best practices, restructuring the City departmental organization, implementing new means and levels of service provision, and preparing the City for long term stability.

Addressing the Financial Emergency:

At the time of placement into state receivership, the City of Flint was a city in financial crisis, characterized by accumulated deficits in the General Fund and Water Fund, marginal cash flow, and unsustainable legacy costs. At the conclusion of FY12, the fiscal year in which an Emergency Manager was appointed, the City's General Fund deficit stood at $19.1 million; its Water Fund had a deficit of $8.8 million; and cash flow was $13 million, or less than one month's expenses. Unfunded OPEB liabilities were more that $850 million.

Addressing these issues and putting Flint back onto a path to sustain financial solvency has been difficult for taxpayers, employees, retirees, and those utilizing city services. Taxes and fees have been raised, including a voter approved six mill special levy for police and fire; a special assessment for street lighting; waste collection was changed to a fee for service from a millage rate; and increases in utility rates to among the highest in the state. Services have been reduced to marginal levels (including public

safety), as the workforce and employee compensation has shrunk by more than 20%. And, retirees have seen their cost of retiree health care increase.

As a result, much progress has been made:

- The deficits in the General Fund and Water Fund have been addressed. The Water Fund is now solvent, although not at the level indicated as adequate; and the remaining $7 million General Fund deficit will be eliminated by June 30, 2015, with a loan authorized by the Emergency Loan Board. City wide cash flow is now more than $67 million.
- New ordinances addressing the achievement and maintenance of financial sustainability have been enacted by the City Council, with support of the Mayor. These ordinances include the requirement for creation and maintenance of a strategic plan; requirement for creation and maintenance of a biennial budget and five year financial projections; establishment of a fund balance reserve, including establishment of a budget stabilization fund; establishment of a requirement to begin funding of OPEB liabilities; and an update of the City's purchasing ordinance.
- Long term liability costs have been reduced significantly. $850 million in OPEB liabilities have been reduced to $240 million, and new employees are given a contribution towards future health care costs at retirement instead of the promise of retiree health care. Current retirees now pay a significant amount towards their health care. Multipliers for remaining employees in defined benefit programs have been reduced, and new employees are enrolled in a hybrid pension plan, which has less long term liability for the City. The Flint Employees Retirement System has been dissolved, with pension administration now handled by the Municipal Employees Retirement System.
- The structure of the City organization has been changed significantly. A new City Administrator has been hired, selected on the basis of professional expertise, and with expanded control over daily activities of the City. The workforce has been reduced by more than 20%, and City operations have been reorganized into four program areas. Waste collection and demolition is no longer being done internally, 911 operations will be transferred to the County effective July 1, 2015, and the City-funded 68th District Court is expected to become part of the County- funded 67th District Court in January, 2016. The purchase of water is now planned to come from the Karegondi Water Authority instead of the Detroit Water and Sewerage Department. Collective bargaining contracts have also been revised; increasing flexibility for management and setting the stage for permanent reductions in legacy costs. Partnerships have been established to improve the level of parks maintenance. Senior Centers are now run by independent non-profit organizations, with reduced assistance from the City; and the City golf courses have been leased to private operators.
- The City has put into place a plan for long term stabilization and future development. A new Master Plan (the first since the 1960's) has been adopted, a new Capital Improvement Plan has been completed, and a new framework for a Blight Elimination Plan has been developed. A new zoning ordinance is well on its way to completion. Each of these major planning pieces significantly engaged members of the community and the final products were approved by the Flint City Council, with the support of the Mayor.

- A Blue Ribbon Committee on Governance was established by EM Earley in 2014. The committee recommended a number of Charter revisions and recommended the election of a Charter Review Committee. In November 2014 the voters in Flint approved several revisions to the current Charter and also approved establishing a Charter Review Commission, the members of which will be elected in May 2015. The Commission will consider whether to maintain the current Strong Mayor form of governance or to propose a new Council-Manager format.
- A formal assessment of the values of both Hurley Hospital and the City's utility system have been completed; and concluded that no change in ownership status would be beneficial at this time.

Continuing Challenges:

Significant work has been accomplished to resolve the conditions which put the City of Flint into State receivership. However, there also still exist several major challenges which will require continued work on the part of the City leaders:

- Retiree health care continues to be a significant concern as the City still faces a federal lawsuit over its decision to change (but not eliminate) health care for current retirees. While the City is currently operating under a judge's order which allows modification of the City's historical level of health care for retirees, a loss could have an impact of more than $5 million annually.
- The five year revenue projections still identify a structural deficit. Annual costs for wages and fringes will continue to rise at an approximate 2.4% rate. There is not a comparable increase in projected revenue, which is closer to 1%. While it may be possible to continue the low level of services that Flint now provides for a short while, even that level will be in jeopardy without a long term sustainable new source of revenue. The low level of services that Flint currently provides is not at the level which will help the City to become an attractive place to live, work, study, and play.
- Aging water and sewer systems designed to serve twice as many customers as the number now using the systems have resulted in water and sewer rates that are among the highest in the state. This is another factor impeding the City's ability to attract and retain businesses and residents. There needs to be a concerted effort to reduce rates by as much as 50%, but that cannot even be contemplated without the commitment of financial assistance from the state and federal governments. While the decision to join with Genesee County in the creation of the KWA will result in costs for purchasing water increasing at a rate less than historically paid to the previous supplier, it will not be sufficient to lower costs.
- Continuing voter support for special millages financing public safety is a concern. In 2012 voters approved a 6 mill property tax levy for police and fire, bringing Flint's total level to within 1 mill of its maximum 20 mill limit. This millage, plus one for 2 mills approved some time ago, are expiring in 2017, and without renewal, the resulting level of public safety services, even with the current level of greatly appreciated State Police support, would be unworkable. This was recently confirmed by an evaluation of the organization and staffing for both the Police and Fire departments. The evaluations found both departments are understaffed, but the understaffing situation is significantly more acute in the Police Department, where it was noted that comparable cities have on average 100 more officers on the street than Flint does.

- Equally important to providing State support in the form of Michigan State Police has been the financial commitment by the State to fund the City's lock up at a cost of more than $2.5 million annually – without which there would be no lock-up. Both FPD and MSP have noted that the opening of the City's 72-hour lock-up has been a key component in the reduction in crime.

Emergency Manager's Recommendation:

Section 22(1) of P.A. 436 of 2012, the Local Financial Stability and Choice Act, provides that if the Emergency Manager determines that the financial emergency has been rectified, he or she is required to inform you and the State Treasurer. Based on the examples presented above, I am prepared to say that I have determined the financial emergency in the City of Flint has been rectified. In addition, as required by Section 21(1) of the Act, a two-year budget has been implemented and all bargaining unit contracts have been settled.

Although the financial emergency has been resolved, I recommend the appointment of a Receivership Transition Advisory Board (RTAB) as allowed by Section 23 of the Act. I believe it is critical that the RTAB oversee and provide guidance to the City as they address the continuing challenges facing the City of Flint and complete transition back to full local control.

The path to sustainable financial solvency for the City of Flint will be very difficult, but doable. The new financial policies and practices, and the new organizational structure, are designed to assist City leaders in achieving this goal. Achieving the goal will allow City leaders to become a positive force in leading the City to become an attractive place to live, work, study, and play. I applaud the efforts of the Mayor and Council members who have worked actively and positively to effectuate these changes and are committed to carrying them into the future.

If, however, the new policies, practices, and organizational changes are ignored in favor of returning to the historic ways of doing business, it is not likely the City will succeed over the long term. The focus of City leaders will then likely once again return to confronting financial insolvency.

I have greatly appreciated the opportunity to have been of service to the City of Flint and to the State of Michigan.

Sincerely,

Gerald Ambrose
Emergency Manager
City of Flint

Cc: Nick A. Khouri, State Treasurer

4/29/2015 ELB Notes

Prepared for Wayne Workman
Prepared by Drew Van de Grift

Accomplishments:

- Complete elimination of operating deficits through cost reductions and the implementation of financial best practices. .
- General Fund accumulated deficit reduction from 19.1 million in 2012 to approximately 7 million currently. ~ 0 by June 30, 15 Water department was 8.8 million now 20.
- ~~Workforce and~~ employee compensation both have been reduced by 20%.
- $850 in unfunded OPEB liabilities has been reduced to $240 million,
- A qualified city administrator has been hired.
- Consolidation of the city-funded 68th District Court into the county-funded 67th District Court. $800k in annual savings
- Consolidation of 911 dispatch services into the county system. More than $1 million in annual savings.
- EM Administrations:
  - Michael Brown December 2011*
  - Ed Kurtz August 2012
  - Michael Brown July 2013
  - Darnell Earley October 2013
  - Gerald Ambrose January 2015

Continuing Challenges:

- OPEB reductions are subject to a federal lawsuit. Loss of this legal action means an additional $5 million annual OPEB expense.
- Future expense reductions are necessary to balance multi-year projections.
- The transition to KWA and maintenance of the aging water distribution infrastructure are important challenges which require significant funding and continued leadership.
- The City must reappraise all of the real property in the City prior to the 2018 Assessment Roll. This will be a costly, but necessary undertaking.

Post Emergency Manager Flint

- It is anticipated that the Governor will appoint a Receivership Transition Advisory Board to assist the City as it navigates future challenges.
- The City has adopted its first Master Plan since the 1960s. This Plan is sound and will provide direction for future years.
- A new Capital Improvement Plan has been adopted.
- A new methodology for blight elimination has been implemented, which will improve the city and the lives of the residents.

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A KHOURI
STATE TREASURER

DATE: April 29, 2015

TO: Local Emergency Financial Assistance Loan Board (ELB)

FROM: Drew Van de Grift, Michigan Department of Treasury

SUBJECT: City of Flint Emergency Loan

Executive Summary

Major financial and operational progress has occurred in the City of Flint, under the direction of emergency management. The City of Flint is now requesting a $7 million emergency loan to fully eliminate its remaining General Fund accumulated deficit. Such a loan will enable the successful exit of Mr. Ambrose as emergency manager on April 30, 2015.

Financial Background

In November 2011, a financial emergency was declared by Governor Snyder. By the close of fiscal year 2012, the City's General Fund accumulated deficit increased to $19.1 million, while its Water Fund had an $8.8 million accumulated deficit. The City had not complied with previous deficit elimination plans and had engaged in deficit spending for each of the preceding five fiscal years. Additionally, the City's pension and retiree healthcare systems were underfunded to a point of insolvency, with pension assets approximating less than 60% of the correlating liability. Unfunded OPEB liabilities exceeded $850 million. These circumstances were dire and jeopardized the continued delivery of essential municipal services.

Progress and Accomplishments

Four emergency managers have been appointed since the City entered receivership. Great progress has been made during these administrations, and the financial condition of the City has improved markedly. Changes in the structure of the City have led to more professional and responsible management of municipal assets and to reduction of expenses. The new city administrator operates with an emergency manager approved plan for increased efficiencies. New ordinances have been enacted by the City, ordinances which control the City's strategic plan, balanced multi-year budget, fund balance usage, the establishment of a budget stabilization fund, and the purchasing process for the City. Modifications to certain collective bargaining agreements have reduced the unfunded OPEB liability, which the City currently calculates to be $240 million - less than a third of what it was only four years ago. These collective bargaining agreement modifications are contested in a pending federal lawsuit, the loss of which could reverse these savings and reinstate the full unfunded OPEB liability. In this event, the City calculates that its cost of OPEB will increase by approximately $5 million a year.

These best practices have largely addressed the financial emergency in Flint. Budgets have been balanced, and accumulated deficits have shrunken precipitously. The City indicates that the accumulated deficit in the Water Fund has been eliminated. The General Fund accumulated deficit now has been reduced to approximately $7 million.

Rational for Emergency Loan

This $7 million emergency loan would fully eliminate the existing accumulated deficit in the City's General Fund. These emergency loan proceeds would also repay a previous loan from the City's Water Fund and enable further water system improvements. This final step would allow Mr. Ambrose to successfully exit as emergency manager and for the City to transition back to local control. The City will be bound to implement the financial and operational best practices covenanted to in the loan agreement, for the life of the outstanding loan. Lastly, the City meets all of the statutory prerequisites to be eligible for this loan under the Emergency Municipal Loan Act, MCL 141.931 *et seq*.

Loan Properties

This $7 million loan will be repaid over 15 years, and carries a 2.09% annual interest rate. The debt service is level throughout the duration of the loan. Further detail is found in the repayment schedule included in this packet.

Conclusion

This emergency loan request comes at a time when the City of Flint has made considerable financial and operational progress. The proceeds of this loan would be used to eliminate the last significant deficit in the City. This action would allow the exit of the emergency manager and bind the City to the terms of this loan to ensure prudent financial management for the future of the City of Flint. The strategy of providing exit financing is consistent with treatment of all other cities upon the exit of the emergency manager.

MICHIGAN DEPARTMENT OF TREASURY
Bureau of Local Government Services
PO Box 30728
Lansing, Michigan 48909
EMERGENCY MUNICIPAL LOAN APPLICATION

Applicant:	City of Flint		
County/Counties of:	Genesee County		
Mailing Address:	1101 S. Saginaw St. Flint MI 48502		
Chief Financial Officer:	Gerald Ambrose	Phone:	810-766-7470 ext. 2062
Contact Person:	Gerald Ambrose	Phone:	810-766-7470 ext. 2062
Loan Amount Requested:	$7,000,000.00		

1. Projected General Fund deficit for the current fiscal year: $7,000,000

2. Date of last Tax Anticipation Note or
   date of last application made to Department of Treasury to issue a Tax Anticipation Note: N/A
   For school districts, date of last State Aid Note:

3. Income Tax Revenue Growth Rate

A. Calendar year preceding application:	2014	Income tax revenue:	$13,038,276
B. Calendar year preceding above year:	2013	Income tax revenue:	$14,674,274
		A/B	0.89

4. Local and State Tax Base Growth Rates

C. Tax year of most recent municipal State Equalized Value:	2014	Municipal SEV (real and personal):	$773,073,560
D. Tax year five years preceding above year:	2009	Municipal SEV (real and personal):	$1,548,866,055
E. Tax year of most recent statewide State Equalized Value:	2014	Statewide SEV (real and personal):	$360,592,938,004
F. Tax year five years preceding above year:	2009	Statewide SEV (real and personal):	$423,901,291,288
		C/D	0.50
		E/F	0.85
		(C/D)/(E/F)	0.59

5. Decrease in State Equalized Value

G. Tax year of most recent municipal SEV:	2014	Municipal SEV (real and personal):	$773,073,560
H. Tax year preceding above year:	2013	Municipal SEV (real and personal):	$797,212,769

6. Ad valorem operating tax millage

I. Maximum levy per charter:	10.0000
J. Maximum levy authorized as approved by voters:	9.1000
K. Current levy:	19.1000

7. Does the municipality have one or more delinquent special assessments? Yes or No. No

   If yes, provide explanation:

8. Does the municipality have outstanding bonds, notes, or other evidences of indebtedness that were issued in anticipation of a contract obligation with, or an assessment obligation against, another municipality that has one or more delinquent special assessments that were levied to satisfy, in whole or in part, the contract or assessment obligation? Yes or No. No

   If yes, provide explanation:

9. School district enrollment

L. Current fiscal year:	2015	Enrollment:	N/A
M. Three years preceding above year:	2012	Enrollment:	N/A
		(M-L)/M	#VALUE!

10. Is the municipality in receivership or subject to a consent agreement under the Local Financial Stability and Choice Act, Public Act 436 of 2012? Yes or No. Yes

ADDITIONAL REQUIRED INFORMATION

11. Resolution adopted by the governing body of the municipality approving the application.

12. Resolution adopted by the governing body of the municipality approving the Deficit Elimination Plan.

13. Deficit Elimination Plan, not less than five years, that eliminates the General Fund deficit and balances future expenditures with anticipated revenues.

14. Budget for current fiscal year and proceding fiscal year(s) if available.

15. Projected monthly cash flows for the proceding 12 months.

16. Accounts Payable Aging Report.

17. Additional comments. Taxable Values are from the tax roll settlement reports and do not reflect the distributions that occur for the Flint DDA, the Brownfield Authority, etc...

Chief Administrative Officer Name: Gerald Ambrose

Chief Administrative Officer Signature: Date: 4/17/15

City of Flint- Deficit Elimination Plan - April 17, 2015

With the currently approved Deficit Elimination/ Reserve Accumulation Plan, adjusted for revised revenue estimates, the current $7 million deficit would not be eliminated until FY22. With the $7 million loan, the deficit is eliminated by the end of FY15, and General Fund reserves accumulate to as much as 10% of projected revenues by FY20, assuming $1 million continues to be budgeted for reserve accumulation as provided for in the current DEP/RAP and City Ordinance.

Impact of Emergency Loan on General Fund Deficit:

1 **Status Quo - No Loan:**

$1 million surplus committed annually by ordinance for deficit elimination/reserve accumulation/OPEB reduction
Assumes revenue-expense gap is not eliminated each year

	Tentative FY16	Tentative FY17	Projected FY18	Projected FY19	Projected FY20
General Fund (101)					
Revenues	$51,239,208	$50,029,123	$50,638,175	$51,160,184	$51,762,300
Expenses	$51,239,208	$50,029,123	$50,638,175	$51,160,184	$51,762,300
Revenues - Expenses Gap	$0	$0	$0	$0	$0
Committed for Deficit Reserve	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Projected Fund Balance June 30, 2015*	($7,000,000)				
Projected Fund Balance FY17 - FY20		($6,000,000)	($5,000,000)	($4,000,000)	($3,000,000)
Ending Fund Balance	($6,000,000)	($5,000,000)	($4,000,000)	($3,000,000)	($2,000,000)

* Accumulated GF Deficit per audit, June 30, 2014	($8,961,427)
$1,000,000 revenue surplus budgeted in GF for FY15 for deficit elimination	$1,000,000
$800,000 budgeted in Public Improvement Fund for FY15 to reduce GF deficit per previous EM order	$800,000
Additional projected GF surplus for FY15 which will reduce deficit	$161,427
	($7,000,000)

2 **With $7 million Loan:**

$1 million surplus committed annually by ordinance for deficit elimination/reserve accumulation/OPEB reduction
Revenue - expense gap is eliminated each year

	Projected FY16	Projected FY17	Projected FY18	Projected FY19	Projected FY20
General Fund (101)					
Revenues	$51,239,208	$50,029,123	$50,638,175	$51,160,184	$51,762,300
Expenses	$51,239,208	$50,029,123	$50,638,175	$51,160,184	$51,762,300
Revenues - Expenses Gap	$0	$0	$0	$0	$0
Committed for Deficit Reserve	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Projected Fund Balance June 30, 2015*	$0				
Projected Fund Balance FY17 - FY20		$1,000,000	$2,000,000	$3,000,000	$4,000,000
Ending Fund Balance	$1,000,000	$2,000,000	$3,000,000	$4,000,000	$5,000,000
Reserves as % of Revenues	2%	4%	6%	8%	10%

* Accumulated GF Deficit per audit, June 30, 2014	($8,961,427)
$1,000,000 revenue surplus budgeted in GF for FY15 for deficit elimination	$1,000,000
$800,000 budgeted in Public Improvement Fund for FY15 to reduce GF deficit per previous EM order	$800,000
Additional projected GF surplus for FY15 which will reduce deficit	$161,427
	($7,000,000)
Loan	$7,000,000
	$0

Submitted April 17, 2015

Gerald Ambrose
Emergency Manager, City of Flint

Pleyte, Beth (Treasury)

From: Wurfel, Brad (DEQ)
Sent: Monday, August 03, 2015 2:49 PM
To: Muchmore, Dennis (GOV); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); Hollins, Harvey (GOV); Wurfel, Sara (GOV); Agen, Jarrod (GOV)
Cc: Clement, Elizabeth (GOV); Wyant, Dan (DEQ)
Subject: RE: dennis muchmore has sent you - Flint pastors tell residents to get their water tested - from Detroit News

That AP brief came from this Flint Journal story:
http://www.mlive.com/news/flint/index.ssf/2015/08/concerned_pastors_urge_flint_r.html#incart_river

Here's one that showcases the local clergy. I presume most of these folks will be with us tomorrow?
http://www.mlive.com/news/flint/index.ssf/2015/06/judge_says_flint_doesnt_have_t_1.html#incart_related_stories

Just had a pre-meet with Stephen Busch, our drinking water expert who oversees the staff regulating Flint. He's planning to bring some information on the history of the water / lead issue in Flint, as well as some data about the most recent statutorily required testing. He'll be able to discuss the state program (which implements the federal statute), what we've been doing by way of testing, what we're finding, and what residents should do if they have concerns.

Anything else anyone wants us to be prepared for?
b

-----Original Message-----
From: Muchmore, Dennis (GOV)
Sent: Monday, August 03, 2015 11:55 AM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); Hollins, Harvey (GOV); Wurfel, Sara (GOV); Wurfel, Brad (DEQ); Agen, Jarrod (GOV)
Cc: Clement, Elizabeth (GOV)
Subject: FW: dennis muchmore has sent you - Flint pastors tell residents to get their water tested - from Detroit News

Here's part of our on-going problem.

-----Original Message-----
From: do-not-reply@detroitnews.com [mailto:do-not-reply@detroitnews.com]
Sent: Monday, August 3, 2015 11:49 AM
To: Muchmore, Dennis (GOV)
Subject: dennis muchmore has sent you - Flint pastors tell residents to get their water tested - from Detroit News

Message from: muchmored@michigan.gov

Flint pastors tell residents to get their water tested

Some area pastors held a rally Sunday to urge residents to get their tap water tested

Check out this story on detroitnews.com: http://detne.ws/1SAH1K6

Weekly Conference Call Notes – August 3, 2015

Allen Park –July 24 –Mayor Matakas, M. Kibby, B. Cady, R. Byrne, E. Cline, P. Dostine, C. Porubsky

- **Weekly Priorities/Misc:**
  - Engineering bids are in. Wade Trim is the City's current engineer.
  - Master Plan bids are due July 28.
  - Five-year financial plan: the City expects to have hard copies available at the next RTAB meeting; Eric asked them to also provide a brief verbal summary.
  - RFP for sewer project due October 5.
  - Master Plan RFP due in August.
  - Salary survey is coming up.
  - Bids are open for engineer.
- **Police Contract Negotiations:**
  - Tentative agreement reached, but have not ratified, lawyers will work on again in August.
  - PPOAM reached an agreement today.
- **FDCVT:**
  - The City was informed that $5M would be available in grant money soon; applications should be available in late August or early September.
- **Retiree Healthcare:**
  - If the City does not switch from BCBS, their costs will increase by 23%, or $644K on October 1. Bob needs the okay from Treasury to proceed with Humana or the deal may not happen.
  - BCBS discovered an $834K arrearage.
  - If the deal with Humana goes through, 192/220 65+ retirees would be switched to that plan.
- **Prescription Drug Bid:**
  - Treasury has received the information, but hasn't had a chance to review yet.
- **Bond Issue:**
  - This should be completed next week, by Thursday or Friday.
  - The City has due diligence questions to turn in by Monday, the lender will have the same by Wednesday.
- **Settlement Conference:**
  - Did not go well; mediation was ordered by the Judge and will take place July 31.
  - The League is willing to pay $75K; the City is hoping for more, however it has not been authorized yet. Settlement is expected to come in around $375K.
- **City Hall Elevators & Status:**
  - The waterproofing work is complete. There is still a little water, but the crew says that it's okay. Walls are going up now, but the inspection was moved back another week.
  - Handicap rails are open, waiting for railing on stairs, cameras have been installed.
- **Boji/City Hall:**

- Eric drafting an amendment to the Order concerning this sale in lieu of recent interest in property.

- **Roof at Community Center:**
  - Only one wing, approximately $30K job.
  - City is soliciting bids, will hopefully go before RTAB in August.

Benton Harbor –July 16 – D. Watson, R. Byrne, R. Widigan, C. Porubsky

- **Weekly Priorities:**
  - At the 07/15/15 Legislative Committee meeting it was discussed that the City will send a resolution to the State saying that the State owes the City for the actions of the former EM and the costs of the lawsuits.
  - Commissioners have been tabling items because they know that the City Manager and State can't force them to act on them.
    - Rob will review the Final Order for a possible amendment to allow the City Manager to act if the Commission refuses to do so.
  - The Commission is concerned about drones.
  - Neighborhood development is picking up with a number of new homes being built.
  - Darwin will remind the Commissioners that the State is looking to set up meetings.
- **Dept. of Labor Settlement:**
  - $19K to settle – will be on the agenda at Monday's meeting.
- **Lange, O'Brien, Unruh Mediation (07-17-15):**
  - Mediation in Grand Rapids – Darwin, Mayor, Mayor Pro-Temp, and Commissioner Muhammad to attend.
  - Outcome will be discussed at Monday's City Commission meeting.
  - Commissioner Muhammad was requested to attend in hopes he will see the need to settle.
  - Will update OFR next week.
  - Insurance – aggregate coverage for back wages up to $50K.
- **Update on Vacant Positions:**
  - Darwin is looking for head hunting firms to help the City find a finance director, assessor, and water department superintendent.
  - He should have a list of possible firms with costs the first part of next week.
- **Status of FDCVT Grants:**
  - Advertisements for water-main projects have been sent out.
  - Hydrant RFPs have been sent out.
  - City appraisal is being developed and a RFP will be sent out.
  - List of blighted structures is completed.
  - $50K for sidewalks doesn't go very far, looking into which sidewalks to do.
  - Randy stated another round of funding ($5M) will open up in August or September.

Ecorse – June 30 – W. O'Neal, R. Byrne, P. Dostine, D. Van de Grift, C. Porubsky

- **Priorities for the week:**
  - Working on five-year budget
  - FBI and AG were there yesterday, Wayne is not at liberty to discuss why they were there.
- **Fire consolidation**
  - No meeting set; Mayor was meeting with Howard Shipman after seeing Wayne last week, but has not heard from since.
- **Five-Year Budget:**
  - Would like to finish this week. Wayne promised he will have it to OFR by next week.
- **PPT/Discussion with Howard Heideman:**
  - John Pepperman contacted Mr. Heideman and was told monies for FY15-16 would be available in the beginning of FY16-17.
- **Sewer Project/Flooding Issues**
  - No calls, positive project
- **Miscellaneous Items:**
  - Loss of Packaging Specialties Inc.: The MEDC gave money to relocate to Romulus, approximately 50 jobs – company wanted to expand, but City would not entertain. Wayne stated the company backs up to DNR property and the City would not be able to sell even if they wanted to. He was not aware that they had decided to relocate.
  - Wayne and the Mayor met with Treasury last Friday, said meeting went well. Wayne stated Tidwell is the best mayor he's worked with. Stated they need to get through the election; Miller is also running, Wayne classified Miller as the "Old Guard." Thirteen people are running for Council.

Flint – July 22 – Mayor D. Walling, N. Henderson, J. Freeman, R. Byrne, P. Dostine, E. Cline, C. Porubsky

- **Priorities/Miscellaneous:**
  - KWA filter installation continues. 6/12 will be completed by next week, the remaining will start in August.
  - Moving forward with leak detection.
  - Usage from plant has decreased, will be able to shut part down soon.
  - The City is getting complaints of water discoloration.
  - No change with the U of M issue.
  - Megan Hunter, Director of Community & Economic Development, is leaving the end of August.
  - The City was giving information on the upcoming FDCVT grant money that will be available.
  - No update on OPEB lawsuit.
  - The Mayor will participate in a blight roundtable update next week with MSHDA and MEDC. He invited Treasury to attend and will forward the information.
  - According to a call from John Blanchard; on August 4, GM will announce an $800M investment.
- **Re-assessment:**
  - Received RFP from Tax Commission.
  - Moving forward, looking for funding.

- **Updates from the City Charter Commission:**
  - Commission meets every week, and has subcommittee meetings weekly as well, 3-4 meetings per week.
  - Budget request -- $59,000 allocated, asking for double. Flint cannot afford the new request. Natasha suggested Commission approach foundations, Mott Foundation may help with funding, Natasha will keep OFR updated.
  - The Commission is operating like a City Council. Natasha thinks they would benefit from a more relaxed set up, and possibly a different attorney that will provide more guidance.
- **Transportation Millage MTA:**
  - Approved; the renewal is for five years.
- **Coalition for Clean Water Lawsuit in Circuit Court:**
  - A Federal Judge dismissed request for injunctive relief, former City Attorney Young resubmitted suit (30 pages of allegations).Mayor Walling and Natasha are both named in the suit. (Nothing new to report this week).
- **Primary Election:**
  - Will be held in a couple weeks.
  - It was noted that the absentee ballot count was lower than anticipated; approximately 200-250 received.

Hamtramck – July 30 – K. Powell, R. Byrne, P. Dostine, D. Van de Grift

- **Absentee Ballots:**
  - There is reason to believe that a portion of absentee ballots received for the upcoming election are fraudulent. Hundreds of ballots have been returned, many with similar-looking signatures. The Hamtramck Police are currently involved; Katrina may also call the FBI.
- **Sewer:**
  - Katrina and the Finance Director spoke with S&P regarding the bond ratings for the sewer project. Their response was "not positive", but another discussion is scheduled for August 11. If worse comes to worse, the City may have to pledge its general revenue sharing.
- **Police Study Update/Meeting with the Wayne County Sheriff:**
  - Katrina recently met with the Wayne County Sheriff and would like to negotiate that they take over the intake and processing of Hamtramck prisoners. Currently, higher-ranking City police are performing these tasks; Katrina would rather have them patrolling the streets.
  - As the City pays three different taxes to the County, including the jail millage; Katrina feels that the Sheriff's Office should be responsible for this or reimburse the City for their cost.
  - A meeting is scheduled with the Sheriff and Wayne County Executive to further discuss this matter. Katrina stated that the Sheriff is sympathetic to her concerns.
- **Reassessment of Parcels:**
  - The City Assessor hired a contractor to reassess the City's residential and commercial properties. The project is moving along well.
- **Meetings with Councilmembers:**
  - Katrina will schedule meetings with Randy and Eric.

Inkster – May 28 – M. Stuhldreher, R. Byrne

- Interviews for the Police Chief position are scheduled for June 11. The City has a travel and lodging line item that will pay the travel and expenses of the two out-of-town candidates.
- Wayne County has contacted Mark regarding the City's outstanding sewer debt ($4.9M).
- The FDCVT grant projects are moving forward toward completion.
- A manufacturer from Madison Heights will be purchasing a building in Inkster that will bring up to 250 jobs over the next five years.
- Mark intends to issue an order on June 1 granting additional authority to approve contract and expenditures.

Lincoln Park – July 29 – B. Coulter, P. Dostine, D. Van de Grift

- **FAC & Wayne County Future Road Projects:**
  - Brad and the DPW Director will begin attending these meetings.
- **New City Manager:**
  - Mr. Coppler will start October 1. Brad has started forwarding informational emails to begin the acclimation process.
- **Five-Year Plan/90-Day Plan:**
  - Both will be submitted soon; the five-year is nearly complete.
  - Projected fund balance this year is $100K, $500K-$700K for next year, and $400K-$500K the year after.
  - If the projected fund balances don't materialize, there are areas that can be modified to reduce expenses. The fire contract allows for modification, first responders could be eliminated, FTEs could be reduced from 18, police shifts could be shortened, and could begin charging for HazMat cleanups.
  - Healthcare costs were decreased by $600K this year.
  - If pension payments cannot be made, a judgement levy should be considered.
- **Order Concerning the New City Manager:**
  - Brad will add language to the Final Order detailing the City Manager's authority.
- **Rental & Vacant Property Ordinances:**
  - Two ordinances, will help to control/monitor the number of rental/vacant properties in the City; this will hopefully help stabilize and perhaps increase property values.
  - It is estimated that between 6-15% of properties in the City are currently vacant.
- **TJ Adams Final Invoice:**
  - The final invoice for the City Manager search will be forwarded to Treasury.
- **Gabriel, Roeder, Smith & Co:**
  - The City is considering filing for the full amount of pension underfunding, $90M.
  - Legal fees would range from $75K-$100K.
  - May or may not be a good risk to take.

Pontiac – July 31 – Mayor Waterman, J. Sobota, N. Nazarko, E. Cline, P. Dostine, R. Widigan, C. Porubsky

- **Weekly Priorities:**
  - Council is no longer on strike; meeting went quick.
  - Law Committee is working on giving early retirement to the "group of 69" – which is now up to 300 individuals.
  - OPEB Litigation – Steve Hitchcock is to meet with the opposing attorney so see where they are in their proposal.
  - The City will hold a department head retreat next Friday afternoon.
  - The Mayor has not posted for the two Community Development positions as of yet. Wishes to go back to Council.
  - The City is working on their two-year rolling budget.
  - The City is advertising on MML and their own website for the Income Tax Administrator position, but has not received any applications as of yet.
- **Deputy Mayor Position**:
  - Will be interviewing candidates for Dep. Mayor next week. Would like to bring two Community Development individuals and the Dep. Mayor candidate to Council and RTAB together.
  - The Mayor is unsure of the timing of these hires. Likely a minimum of 60-90 days to hire.
  - Would like to hire local candidate – only one individual for Dep. Mayor is local.
- **Phoenix Center**:
  - The Mayor met with John Clark yesterday to discuss what the judgment meant.
  - Manager of the Ottawa Towers purchased 8 of the vacant Pontiac schools building.
  - The center and the schools will be discussed at the next economic development meeting.
- **In-House DPW:**
  - No business plan has been started – looking to see what the RTAB thinks.
  - The City was reminded that the RTAB is reactionary not proactive.

Royal Oak Township – July 27 – R. Burgess, D. Squalls, R. Byrne, P. Dostine, C. Porubsky

- **Priorities for the Week/Miscellaneous Items:**
  - Set up meetings for this week or next with potential developers.
  - Code enforcement officers currently have dealership in court over taxes – Donna thinks the best scenario would be for someone to buy both the dealership and motel next to it and demolish the motel.
  - Donna: Finish F&O Plan.
  - Robert: Spoke with Finance on Thursday, need a cash flow analysis for the remainder of the year and to create an amended budget.
  - Current on all bills with the exception of one.
  - Revenue sharing is anticipated to be the only income, but Robert thinks there is enough money to make it thru the year.
  - Randy reminded the Twp. that a monthly financial report is required.
  - General fund renewal is on the ballot August 4; Donna and Robert would like to send a flyer out. Randy cautioned them on the wording
- **Audit:**
  - Completed; Donna said that it was better than last years' and didn't highlight many problems.

- Robert stated that one of the things the audit noted was that an inventory needed to be completed.
- Donna wanted to know if the Board had to approve the audit – Randy said to ask Mr. Wilkerson.

- **Police Update**
  - Donna will know soon after August 4 (election) more regarding Hazel Park.
  - Oak Park is not interested; very short meeting where annexation was suggested.
  - Ferndale: Over $1M, have not talked to.
  - Deadline is August 31; if not completed money will need to be returned.
- **Street Lighting:**
  - Completed last Friday, grant should close this week.
  - A rebate of $9700 is anticipated.
  - Bills should start being lower in September; the entire $10K budgeted for these may not be needed.

Workman, Wayne (TREASURY)

From: Muchmore, Dennis (GOV)
Sent: Monday, August 03, 2015 11:52 AM
To: Lyon, Nick (DHHS); Workman, Wayne (TREASURY); Wurfel, Brad (DEQ); Clement, Elizabeth (GOV); Hollins, Harvey (GOV)
Cc: Saxton, Thomas (Treasury); Wisniewski, Wendy (GOV); Grijalva, Nancy (DHHS)
Subject: RE: Updated Memo on Water Coalition Questions - July 29

Can I reprint Nancy's email?

From: Lyon, Nick (DCH)
Sent: Friday, July 31, 2015 10:57 AM
To: Muchmore, Dennis (GOV); Workman, Wayne (TREASURY); Wurfel, Brad (DEQ); Clement, Elizabeth (GOV); Hollins, Harvey (GOV)
Cc: Saxton, Thomas (Treasury); Wisniewski, Wendy (GOV); Grijalva, Nancy (DCH)
Subject: Re: Updated Memo on Water Coalition Questions - July 29

Our Public Health staff followed up a bit more on the lead question. Below is their email update to me.

From: Grijalva, Nancy (DCH)
Sent: Wednesday, July 29, 2015 11:23 AM
To: Lyon, Nick (DCH)
Subject: FW: Director's Office Assignment -- Flint - need update asap
FYI.....
-----Original Message-----
From: Peeler, Nancy (DCH)
Sent: Tuesday, July 28, 2015 2:57 PM
To: Anderson, Paula (DCH); Miller, Corinne (DCH); Travis, Rashmi (DCH); Moran, Susan (DCH); Grijalva, Nancy (DCH); Fink, Brenda (DCH)
Cc: Priem, Wesley F. (DCH); Dykema, Linda D. (DCH); Bouters, Janese (DCH); Barr, Jacqui (DCH)

Subject: RE: Director's Office Assignment -- Flint - need update asap

I apologize for the delay in responding more specifically to this assignment, it took some time to review our Childhood Lead Poisoning Prevention program data to see if it might contribute to the understanding of the situation in Flint with their water supply. Here is what we found:

We looked at lead testing results for May 2014-April 2015, which is the 12 month time frame just after Flint started drawing their water from the river (water source changed in April 2014).

We compared lead testing rates and lead testing results to the same time frame for the previous 3 years, to see if there were any patterns that suggested that there were increased rates of lead poisoning after the water supply was switched. Per the attached charts –

- Lead testing rates remained about the same from year to year (chart on the right).
- There was a spike in elevated blood lead tests from July-September 2014 (chart on the left, gold line).

• However that pattern was not terribly different from what we saw in the previous three years, especially in 2011-2012 (we are working with our Epidemiologist to statistically verify any significant differences).
• We commonly see a 'seasonal effect' with lead, related to people opening and closing windows more often in the summer, which disturbs old deteriorating paint on the windows, sills and sashes. Window fans frequently blow and spread the lead dust from the deteriorating paint to other parts of the room/house. We suspect that the summer data spike may be related to this effect.
• If the home water supply lines and/or river water were contributing to elevated blood lead tests, we expected that the increased rates would extend beyond the summer, but they drop quite a bit from September to October, stayed low over the winter, and are just starting to tail up again in the spring of 2015.

So upon review, we don't believe our data demonstrates an increase in lead poisoning rates that might be attributable to the change in water source for Flint. We recognize that lead exposure via the water is only a small piece of what may be happening for families in Flint, however, we hope the information is helpful.

Nancy Peeler

From: Muchmore, Dennis (GOV)
Sent: Wednesday, July 29, 2015 9:02 AM
To: Workman, Wayne (TREASURY); Wurfel, Brad (DEQ); Lyon, Nick (DCH); Clement, Elizabeth (GOV); Hollins, Harvey (GOV)
Cc: Saxton, Thomas (Treasury); Wisniewski, Wendy (GOV)
Subject: RE: Updated Memo on Water Coalition Questions - July 29

I think this information is very helpful. It will not answer the main question about the quality of the water (DEQ is working on that through Brad I believe), and the color and smell of the present water, but it does get us to the answers to the less subjective issues. Frankly, the only way the issues will be totally resolved is when the KWA comes on line and the water is perceived to be cleaner and healthier.
I am somewhat surprised that the leadership in Flint has not responded better to the community questions, which don't seem unreasonable at all. Seems like Harvey has a better network into some of the neighborhoods than the city does. The KWA PR department definitely needs to do some outreach or they're headed down the same road as DWSD. Do you know if they go out on a regular basis to the community and talk about the rates, costs, etc.?

From: Workman, Wayne (TREASURY)
Sent: Wednesday, July 29, 2015 8:36 AM
To: Muchmore, Dennis (GOV); Wurfel, Brad (DEQ); Lyon, Nick (DCH); Clement, Elizabeth (GOV)
Cc: Saxton, Thomas (Treasury); Wisniewski, Wendy (GOV)
Subject: FW: Updated Memo on Water Coalition Questions - July 29
Importance: High

All, Attached is a memo and water rate summary answering several of the questions raised by the Flint pastors. Please let me know if you have any questions. Wayne

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Cline, Richard (Treasury)
Sent: Wednesday, July 29, 2015 8:21 AM
To: Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury); Byrne, Randall (Treasury)
Subject: Updated Memo on Water Coalition Questions - July 29
Importance: High

Wayne,

Attached is the water rate table you asked for and I have updated the memo to reference this as an attachment.

If you need anything else, please let me know.

Note that Rob, Randy and I will be in Benton Harbor for a portion of today conducting their annual RTAB evaluation.

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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4425 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

TO: Randall Byrne, State Administrative Manager; Office of Fiscal Responsibility

FROM: Eric Cline, Department Manager; Office of Fiscal Responsibility

SUBJECT: Questions Regarding City of Flint Water System

DATE: July 28, 2015

At a July 23, 2015 meeting, Deputy Treasurer Workman posed several questions regarding the City of Flint's water system. This memo is a response to those questions.

The annual cost to the City of Flint to reconnect to the DWSD system

In a March 3, 2015 memo to Deputy Treasurer Workman, Emergency Manager Ambrose noted that he had been informed by DWSD that such a reconnection would immediately levy a fixed cost on the City of $10.1-million per year.

Actual water purchases would be in addition to the fixed cost fee and would be dependent upon actual usage, but the annual cost was estimated to be as high as $1-million/month; making the entire total of a one year connection back to DWSD as high as $22-million. This cost would be reduced to approximately $19-million/year once the City's $3-million annual expense of operating the water system itself was offset.

These calculations were outlined in a March 2015 memo from the Emergency Manager to Deputy Treasurer Workman and update cost projections provided in a February 11, 2015 memo to Chief Deputy Treasurer Tom Saxton.

The Emergency Manager also stated his concern that for the City to be able to pay these costs that water rates charged to Flint residents would need to be increased by a minimum of 30%. Water rate increases between 2010 and 2015 are illustrated in the table attached.

In addition, DWSD was requiring that the City of Flint negotiate a 30-year contract for the provision of back-up services.

The City of Flint's degree of participation in the management of the KWA system

Mayor Dayne Walling is the City's official representative to the Karegnondi Water Authority (KWA). The participation of the Mayor as the official representative for the City of Flint is established in the KWA Articles of Incorporation. Mayor Walling is the current Chair of the Board of the KWA Board of Directors.

Continued use of Flint River water after the City is connected to the KWA system

The City Administrator has confirmed that once the City is fully connected to the KWA system they will no longer continue to use Flint River water.

The Flint River, however, will be the City's primary back-up water source in the event that a major disruption in the KWA system temporarily prevents the City from receiving water.

The process used to hire Veolia

Veolia responded on January 29, 2015, to a Request for Proposal issued by the City of Flint. Emergency Manager Ambrose made the final decision to retain Veolia.

The importance of hydrant flushing

Fire hydrant flushing is an important part of distribution system maintenance. It is useful in determining flow conditions in water mains.

According to information from the American Water Works Association (AWWA), there are two types of hydrant flushing utilized. The most comprehensive method is fire-flow testing.

Fire-flow testing requires hydrants to be opened, flushed, pressure and flow data to be collected and the potential fire flow at a particular point in a water main to be determined.

Hydrant flushing permits any debris to be cleared from a water main. They process of collecting fire flow data allows the determination of water pressure and flow capabilities for fighting fires at any location within a distribution system. It can also help determine the general condition of a system by detecting reduced water flows in a given area.

Status of the GAC carbon filter installation

Six of the twelve filters will be operational by no later than the first week of August.

Activation of the filters is expected to immediately drop the levels of TTHM within the system.

The remaining six filters are projected to be installed and operational by the end of August.

Status of the DuPont Street Water Main Replacement

After an internal review, the City made the decision to rebid this project.

There were multiple reasons for this decision, which included interference with current road projects, the determination that project bids were too high, and bidding timelines which were not favorable to secure quality bids or contractors.

This project will be rebid by the City later this fiscal year.

If you have any questions or need additional information on this topic, let me know. Thank you.

Attachment

City of Flint Water Rate History

Year (Date Effective)	Average Monthly Water/Sewer Bill*	Percentage Change in Water/Sewer Rates	Water Fund** Total Operating Revenue	Water Fund** Unrestricted Net Position	Water Fund** Capital Improvements
2010	$64	12%	$31.956.754	-$5,795,973	$2,091,160
1/15/2011	$82	29%	$36.762.663	-$12,443,265	$1,403,916
9/16/2011	$111	35%			
7/1/2012	$111	26%	$44.854.439	-$8,758,091	$755,681
2013	$140	0%	$49.903.868	$834,447	$147,462
07/01/13 to 06/30/14	$140	0%	$43.552.152	$760,745	$3,301,700
07/01/14 to 06/30/15	149***	6%	N/A	N/A	N/A

Note* Water rate information is based on average usage of 7 units per month with a 5/8" residential remote meter.
Note** Water fund information was compiled from the City of Flint's CAFR filed with the Michigan Department of Treasury.
Note*** Billing breakdown contained in attached memo.

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Friday, August 07, 2015 9:49 AM
To: Dempkowski, Angela (Treasury)
Subject: Additional Memo updates

Angela:

Here are a few more updates:

Flint

The city is implementing the Veolia recommended improvements to its water system, including water plant improvements, distribution system improvements, new policies and procedures, and better communication with customers. The city has installed a $1.5M granulated active-charcoal filter system to improve water quality. All of the filters were completely installed in early August.

Allen Park

On May 15, 2015, an updated five year budget projection from the city was received. The RTAB approved this item at their August 5, 2015 meeting.

A retired city employee has brought a breach of contract and age discrimination lawsuit against the city. The city's insurance policy covers only a small portion of the alleged damages. A Settlement Conference was held between all parties on July 20, 2015 but no resolution to this case has been announced by the city. Treasury continues to monitor this case.

Randy,

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Monday, August 10, 2015 2:53 PM
To: Byrne, Randall (Treasury)
Subject: meeting notes
Attachments: Meeting with Suzanne August 10.docx

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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Weekly Meeting with Suzanne—August 10, 2015

- **Staff**—_Restructuring Specialist 13, Analyst 9 interview update? The way forward.
- **Allen Park**—issues include information for the Fire Contract discussion, Tender Offer this week, in three weeks we will know the result. City Administrator interviews this week. We are looking for two additional RTAB members. The EM Order on City Hall property-a draft revised Order has been prepared by Eric. Gatos vs Allen Park $1.2M to $1.8M, Beaton vs the City.
- **Benton Harbor**-issues include lawsuit with former Public Safety Director and two former employees. Very good Annual evaluation discussion with Darwin and the Mayor. Meeting with three Council members on Tuesday. Filling of key positions and election? I will suggest AL Mooney as a possible temporary finance director.
- **Ecorse** -The five- year budget questions for city administrator. Discussion last week with River Rouge on merging fire service did not go well. We have a conference call with Wayne on Tuesday. RFP for legal services. We need at least one to two names for RTAB members.
- **Flint** – issues include meeting with Natasha on Thursday in Flint, the Community and Economic Development Director is leaving. Lawsuit on water rates may cause the city to rebate $51M and repay $15.7M, water system issues are getting resolved, and tax assessment problems.
- **Hamtramck**— issues include the status of pension consulting work, police study a new RFP needs to be sent out, meeting with City Council in August. I have two names for possible RTAB members.
- **Highland Park**— an RFP for a collection company has been sent. The amnesty program has expired. We have received another high school cost estimate for preparation of plans and specs, demolition, and project management. It is much cheaper than original estimate. State Office space in the City. Storm sewer lawsuit filed against MDOT. The second E-Loan closing is less than two months away. We are working on requirements for the loan agreement. Cathy's meeting with Bob Daddow. I have asked Cathy for a status report on all issues. Initial purchase of new water meters for $300K.
- **Lincoln Park**— Matt Coppler will start in late September, his contract was approved by the Treasurer. The 345 request will hopefully be on the November ballot and Charter amendments may have to wait. Brad has a plan for the last five months. Police Chief has retired.
- **Inkster**- issues include Chief Riley of Selma Alabama accepted the position and begins work on Monday. Richard Marsh has accepted a buyout and will now be a special advisor to the City agreement has been reached to place a judgement levy on the December tax roll to repay Wayne County for sewer charges, and Order 5 implementation. Patrick will participate in the assistance to Inkster on housing and economic development along with MSHDA and the MEDC...
- **Pontiac**— issues include interview of candidates by the City Council. Phoenix Center discussions, Exit plan is being prepared. City DPW issue.
- **River Rouge**—issues include five year budget and discussion on exit from Consent Agreement, tax base loss and assessment problems. Contracts have been approved now we need to see the savings. The Mayor believes it may reach up to 1M on health insurance.

Cline, Richard (Treasury) Gaucs, Josh, CA, Mayor

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, August 11, 2015 1:24 PM
To: Cline, Richard (Treasury), Byrne, Randall (Treasury)
Cc: Porubsky, Carmen (TREASURY)
Subject: (so far) TPs Flint call Aug 12

Flint telephone call, Aug. 12, 9 AM.

- Priorities
- Kincaid lawsuit. Next move? — Monday Hearing to finalize Order; Appeal Prepared; Att outreach to AG
- Aug 11 special council meeting to discuss adding police - Progress Engineer, 5-1 vote Shift $ FD to PD
- Mayor, MSHDA, MEDC mtg about blight removal, update
- Sale of pipe
- Averill Refuse and Recycling Lawsuit
- Council request to have rep at RTABs, update
- Miscellaneous - Hiring & Spending Freeze - All depts except Fin'd Dec of Special Funding

Patrick Dostine

State of Michigan
Department of Treasury
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

water
Flint working
Lucas very low

No water bill payments being made

$15.7M GF to SF

$ 12M/yr on rates for 4 yrs

No Ready to Serve

No Turn off

FLINT WKLY CALL 8.12 9AM

- JOSH,

KINCAID LAWSUIT

- MON. HEARING SET – WILL FINALIZE ORDER ~~JUDGMENT~~
  - FINANCIAL IMPACT
  - PREPARED A MOTION TO APPEAL – CITY WANTS A STAY
  - WHEN FINALLY APPEAL MAY BE MONDAY?
1. → $15.7 M → DIRECTLY IMPACT G.F. PAYBACK TO SEWER FUND
   - HAPPENING IN 2007
   - CITY
2. RATES – THAT WOULD BE NEGOTIABLE THE IMPACT $12M PER YEAR FROM '11 TO PRESENT
3. READY TO SERVE FEE – CAN'T COLLECT AND CAN'T DO ANY TURN-OFFS

ORDER "WOULD BANKRUPT THE CITY"

ORDER HAS HUGE LEGAL ILLEGALITY OF ACTIONS TAKEN UNDER PA4
JUDGE SAID THAT

FLINT
- HAVE DONE SPENDING / HIRING FREEZE except Planning/Developme
- NO ONE ARE PAYING THEIR WATER BILLS
- HAVE SEEN AN IMMEDIATE IMPACT!!!

MAYOR Police adding

- Flint met w State Pol - Mon morn.
- community feeling - last 2 years all progress w Flint Pol + State Pol is At risk of slipping BACK.
- State pol are stepping UP w Recent violence
  - helicopter
  - K-9 unit
- 75 positions Fire approved budget
  - 6 to 8 unfilled for several months
  - fires are down
  - discussed how best to use unfilled fire positions

Spike in Homicide

- Budget Amendment was presented 8 out of 9 supported bud Amend
- recruiting positions Already
- Chief COX fire chief verified he was gotten by with these unfilled positions —
- GACs ARE NOW in-USE — levels ARE A Lot better!!

Byrne, Randall (Treasury)

From: Natasha Henderson <nhenderson@cityofflint.com>
Sent: Wednesday, August 12, 2015 9:21 AM
To: Dayne Walling; Joshua Freeman; Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: Utilities Update 8_12_15.pdf
Attachments: Utilities Update 8_12_15.pdf

Natasha L. Henderson, City Administrator
City of Flint, Michigan
@Samsung Galaxy Note 4

City of Flint
Water Quality Update
Wednesday August 12th 2015

Leak Detection

What: $900,000 Treasury Distressed City Grant for Leak Detection / Pipe Wall Assessment

Status: Work commencing

The vendor "echologics" has mobilized in the City and is prepping to begin working this week.

Next steps: Work performance.

GAC Installation

What: $1,601,740 contract with LAN to design and install new filter media at the Water Plant

Status: Six filters in use

Six of the twelve filters are completely installed and are now in use.

Internal testing has confirmed a significant drop in the TTHM level leaving the plant, levels were trending between 50 – 60 and have dropped to 20.

Installation has started on the remaining six filters.

All twelve filters will be available for use in advance of our next quarterly testing period which is next week.

Next steps: Install last six filters.

WPC Incinerator Shutdown

What: $1,100,000 Treasury Distressed City Grant for WPC Incinerator Shutdown

Status: In construction phase

Construction continues, the weather has cooperated and the work is on schedule.

Next steps: Continuation of construction work.

Water Meter Installation

What: $5,000,000 contract to purchase and install up to 18,000 water meters.

Status: In progress

The vendor has established a good routine and has completed the installation of ~300 meters each week.

Next steps: Track the progress and maintain information flow.

Howard Croft
Public Works Director

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, August 14, 2015 11:38 AM
To: Snyder, Rick (GOV)
Cc: Muchmore, Dennis (GOV); Clement, Elizabeth (GOV); Scott, Allison (GOV); Khouri, Nick (TREASURY); Roberts, John (DTMB); Baird, Richard (GOV); Walsh, John (GOV); Redford, James (GOV); Allard, Claire (GOV); Wisniewski, Wendy (GOV); Saxton, Thomas (Treasury); Koryzno, Edward (Treasury); Durfee, Sally (TREASURY)
Subject: FW: Local Government Memo and Summary
Attachments: Gov Memo August 2015.docx; 201508_436Summary.docx

Governor Snyder, Attached is the latest update on distressed local governments along with a summary table. We can discuss in detail during our Tuesday briefing. Thank you, Wayne

Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: August 14, 2015

TO: Rick Snyder, Governor

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: Status of Financially Distressed Local Governments

EMERGENCY MANAGER

Lincoln Park
Emergency Manager: Brad Coulter
Appointed: July 3, 2014
Anticipated Exit: January 2016

Recent Developments

- A four-month plan has been developed, listing the priorities to be accomplished for the remainder of EM Coulter's term and beyond.
- The city is contemplating a lawsuit against the pension funds' actuary.
- PA 345 pension system millage of six mills will be on the November 2015 ballot. This is the second time PA 345 is going before Lincoln Park voters.
- The city ended FY 15 with an estimated $100K General Fund operating surplus. The city has a General Fund deficit from previous years. EM Coulter will be submitting a Deficit Elimination Plan to Treasury.
- An actuarial analysis published on May 20, 2015, shows a further decline in pension funding down to 23%. More conservative actuarial assumptions were used in this report.
- EM Coulter has modified retiree collective bargaining agreements to reduce healthcare benefits. These changes were implemented in July 2015 and will reduce annual retiree healthcare costs from $4.1M to $600K.
- On August 10, 2015, the Lincoln Park Retiree Associations filed a lawsuit against the State of Michigan, Department of Treasury, and the City of Lincoln Park regarding the reduction of city retiree healthcare.
- Mathew Coppler, City Manager of Enfield, Connecticut, accepted the position of City Manager. His contract has been finalized and he will begin work October 1, 2015.

Lincoln Park (continued)

Significant Actions/Issues

- FY 15 ended with a General Fund accumulated deficit of $636K, out of a total budget of $21M. This is a significant increase from the FY 13 accumulated deficit of $89K. Increases were in Public Safety - $1.1M, Public Works - $700K, and Culture and Recreation - $600K.
- Last May voters rejected the Firefighters and Police Officers Retirement Act proposal by a 53% to 47% margin. Had it been approved, an additional $3M annually would have helped fund fire/police pension and healthcare costs. EM Coulter is pursuing an alternative plan under provisions of PA 345 of 1927 to create a Board of Trustees to manage and operate the retirement system. A request for up to six mills per year to fund public safety pensions will be placed on the November ballot.

Issues to Resolve before EM Exit

- Increase and stabilize pension funding levels.
- Permanently eliminate structural deficit for future fiscal years.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

FRC Created: November 12, 2014

FRC Members: Nick Khouri, Bill Martin, Brenda Jones, Darrell Burks, John Roberts, Lorron James, Mike Duggan, Stacy Fox, Tony Saunders

Recent Developments

- The Detroit City Council reconsidered the Detroit Water and Sewerage Department's proposed FY 16 water and sewer rate increase and approved it on July 21, 2015. This action eliminated a potential budget deficit, which was a concern raised by the State Treasurer in his July 2, 2015 letter to the city.
- The city issued its FY 14 Comprehensive Annual Financial Report (CAFR) on June 30, 2015 (following two three-month extensions granted by the State Treasurer). The city continued to have a deficit for FY 14 as that year closed prior to the bankruptcy confirmation in December 2014. The city expects to report a surplus in its FY 15 CAFR, which is currently underway and expected to be completed no later than March 2016.
- At the FRC's July 27, 2015 meeting, the city indicated it would reduce its bankruptcy exit financing debt by $30M (from $275M to $245M) prior to its scheduled syndication in mid-August. The State Treasurer and FRC Executive Director are participating in the city's rating agency and investor presentations to discuss the State's oversight role.
- On July 29 and July 30, 2015, the city received its first post-bankruptcy credit ratings from S&P and Moody's. Only S&P rated the city's exit financing, for which it received an investment-grade "A" rating, with a stable outlook. The exit financing is secured by a statutory lien on city income tax revenue. Both rating agencies provided the city with updated underlying General Obligation (GO) ratings. S&P assigned a "B" rating, with a stable outlook. Moody's upgraded the city from "B3" to "B2," with a positive outlook.

Detroit (continued)

Significant Action/Issues

- The first statutorily required biannual report on Detroit was filed by the FRC on May 28, 2015. The report detailed the FRC's activities and formal requirements since its appointment in November 2014. The FRC will file its second biannual report in December 2015.
- The city submitted its Four-Year Financial and Operating Plan (Plan) to the FRC in March. After reviewing the Plan and determining it was based on sound assumptions and met all statutory requirements, the FRC granted approval on April 20, 2015. The city's Plan encompassed the second year (FY 16) of Emergency Manager Orr's two-year budget and used this as its base year with no changes, plus three years (FY 17, FY 18, and FY 19).
- The City of Detroit Assessor's Office is currently conducting a multi-year project to reappraise all properties in Detroit, after the State Tax Commission found significant problems with property valuations. The reappraisal is scheduled to be completed in 2017.

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Allen Park

RTAB Appointed: September 26, 2014

RTAB Members: Suzanne Schafer, Joyce Parker, Fredrick Frank, Karen Barann

Recent Developments

- The City Council has approved a new, four-year collective bargaining agreement with the police bargaining unit. Treasury reviewed the tentative agreements and had a number of concerns with the terms including the identification of over $237K in increased costs in Year 1. Despite these concerns, the RTAB voted 2 to 1 to ratify the approval of these collective bargaining agreements.
- The city wishes to seek bids for retiree health insurance coverage after being informed by Blue Cross that a 23% rate increase of $644K will become effective October 1, 2015. The RTAB has approved this request and Treasury is working with the city to identify potential legal ramifications in the lawsuit with retirees if coverage is changed to a new provider.
- The city was informed by Blue Cross that a billing oversight has resulted in the city underpaying for insurance coverage for retirees in the amount of $853K.
- The city received a $1.2M Staffing for Adequate Fire and Emergency Response Grant, which will allow them to retain six firefighters over the next two years.
- On May 15, 2015, an updated five-year budget projection from the city was received. The RTAB approved this item on August 5, 2015.
- The RTAB approved the hiring of a professional search firm to assist with finding qualified City Administrator candidates. Treasury is participating in the selection process. The City Council will be interviewing the finalists for the position in August 2015.
- Completion of the bond tender process is projected for August 2015. The 2015 Refunding Bonds will be rated Single A, due to the city's pledge of distributable state aid.
- Standard & Poor's released its rating of the city on June 24, 2015, in anticipation of the bond tender release. The city's long-term rating for the existing bonds was downgraded with a negative outlook. The downgrade of these bonds is similar to the rating by Standard and Poor's on the City of Detroit's DWSD tender refinancing.

Allen Park (continued)

Recent Developments (continued)

- A retired city employee has brought a breach of contract and age discrimination lawsuit against the city. The city's insurance policy covers only a small portion of the alleged damages. A Settlement Conference was held between all parties on July 20, 2015, but no resolution was achieved. The court has ordered mediation proceedings.
- The city's current budget is balanced.

Significant Actions/Issues

- The city completed its move to a new temporary City Hall on June 8, 2015.
- The City Council adopted the FY 16 Budget on May 26, 2015, and the RTAB approved this action on June 3, 2015.
- Inquiries are being made to add one member to the RTAB.
- Litigation was filed by retirees challenging the EM's authority to reduce other post-employment benefit (OPEB) liabilities. A motion for summary disposition is pending. No date has been set to hear this motion.

Benton Harbor

RTAB Appointed: March 10, 2014

RTAB Members: Larry Steckelberg, Bret Witkowski, Marvin Raglon, Sharon Hunt

Recent Developments

- On August 3, 2015, the City Commission adopted a resolution requesting a hearing with the Department of Treasury to discuss financial assistance for decisions made during the tenure of emergency managers that resulted in legal fees and settlement costs.
- TAt-Large Commissioner Mary Donald passed away on June 12, 2015. On August 10, 2015, the City Commission appointed Edward Isom to finish her unexpired term, which ends December 31, 2015. On August 11, 2015, the RTAB approved the appointment.
- The first annual evaluation from the RTAB was conducted on July 29, 2015. It will be sent to the RTAB for review.
- The City Commission adopted the FY 16 Budget on June 15, 2015. The RTAB approved this action on June 22, 2015.

Significant Actions/Issues

- FY 14 audited General Fund revenues exceed expenditures by $1M, out of a total budget of $6.1M.
- Former Benton Harbor Public Safety Director Roger Lange brought a Whistleblower and Elliot Larson Civil Rights case against the City of Benton Harbor and former EM Tony Saunders. Mediation took place on July 17, 2015, with Jon March of Miller Johnson serving as the mediator. No settlement was reached.

Ecorse
RTAB Appointed: May 1, 2013
RTAB Members: Edward Koryzno, Robert Bovitz, Joyce Parker

Recent Developments
- The city has completed a balanced five-year financial plan. One challenge includes the outsourcing of fire services which must be realized soon to keep the financial plan solvent. This is the first time the city has proposed a viable path out of receivership.
- The degree of State oversight may be reduced if the city can convincingly show a commitment to the cost saving measures they have promised.
- The RTAB approved the city's choice for city controller at the August meeting. Tim Sadowski will commence work later this month.
- A second annual evaluation from the RTAB will commence in the coming months.

Significant Actions/Issues
- The city continues to have difficulty attracting qualified candidates and filling higher level administrative positions.
- Municipal Employee's Retiree System pension contributions are anticipated to increase from $1.8M in FY 15 to $2.4M in FY 16 due to accelerated funding for closed plans.
- On May 12, 2015, the RTAB approved a narrowly balanced FY 16 Budget. To balance the budget, the city increased an existing PA 33 levy by approximately 15 mills.

Flint
RTAB Appointed: April 29, 2015
RTAB Members: Frederick Headen, Brian Larkin, David McGhee, Beverly Walker-Griffea, Robert McMahan

Recent Developments
- At a special meeting held on August 11, 2015, the City Council approved the transfer of $323K from the Fire Department to the Police Department to hire five additional patrol officers. The RTAB approved this transfer on August 12, 2015.
- On August 7, 2015, Genesee County Circuit Court invalidated the city's 35 percent water and sewer rate increases which were reverted back to 2011 rates. This decision could potentially could cost the City's General Fund up to $50M. The city expects to receive a final order from the Circuit Court on August 17, 2015, and is prepared to file an emergency appeal to the Court of Appeals. The City Administrator has instituted hiring and spending freezes across all departments, and Treasury is working with the city to identify the impact from this decision.
- In addition, on August 7, 2015, Genesee County Circuit Judge Archie Hayman issued an emergency injunction that prevents the city from further charging water service fees, instituted on all water bills to recoup funds used to settle a 2007 lawsuit. The ruling requires the city to repay $15.7M from the General Fund to the Water Fund. The ruling also prohibits the city from disconnecting water service for late payment and prevents the city from placing liens on property for past due water bills. The city plans to appeal this decision.

Flint (continued)

Recent Developments (continued)

- The City Council approved an amendment to the EM adopted FY 15 Budget on June 29, 2015. The city ended FY 15 with an estimated $495K General Fund balance. The RTAB denied the budget amendment at their July 15, 2015 meeting because the City Council also approved the use of $200K of the city's $495K General Fund balance for grass and weed abatement throughout the city. The City Council reconsidered and adopted the budget amendments, which were approved by the RTAB on August 12, 2015. The City Administrator has also developed a plan to allocate additional resources toward grass and weed abatement.
- On July 15, 2015, the RTAB approved the issuance of an Obsolete Property Rehabilitation Act (OPRA) certificate for a downtown property. The City Council had initially rejected issuance of the OPRA certificate but an EM Order permits the RTAB to make the final determination on economic development projects.
- On July 15, 2015, the RTAB also approved ballot language for the renewal of the Regional Flint Mass Transportation Authority millage. The renewal is proposed for five years at the current 0.6 mills per year. This proposal will appear on the November 2015 ballot.
- U.S. District Judge Stephen J. Murphy denied a motion for a preliminary injunction on June 23, 2015, to force the city to purchase water from the City of Detroit. Another lawsuit to force the city to purchase water from the City of Detroit was filed in Genesee County Circuit Court on July 16, 2015.
- The city's Economic and Community Development Director is leaving in August 2015. Current staffing vacancies also include the City Treasurer and the Human Resources Director.
- As a result of a recent review, the State Tax Commission notified the city that it must maintain adequate assessment records in compliance with statute and State Tax Commission Rules, and must implement any corrective actions necessary. In addition, the city shall implement a full reassessment within a time frame agreed upon with the State Tax Commission. The city is preparing to issue an RFP for a reappraisal.
- The city continues to inform residents that it is in violation of the Clean Water Standards Act. Monthly testing is ongoing.
- The city is implementing Veolia recommended improvements to its water system, including water plant improvements, distribution system improvements, new policies and procedures, and better communication with customers. The city installed a $1.5M granulated active-charcoal filter to improve water quality. All twelve filters are completely installed and will be in use by August 17, 2015.
- The city hired Echologics at a cost of $895,850 to perform a leak detection study. This project commenced on August 10, 2015.
- The KWA pipeline is expected to be completed in June 2016. The two pump stations are 75% complete and the intake should be completed in August 2015.

Flint (continued)

Significant Actions/Issues

- The City Administrator has issued a Corrective Action Plan to the City Clerk to correct a number of operational deficiencies that resulted in the wrong election submission dates being provided to local candidates.
- On June 12, 2015, the Michigan Court of Appeals reversed a decision by Genesee County Circuit Judge Richard Yuille, who dismissed a claim that the city violated its own ordinances when the EM raised water and sewer rates in 2011.
- If the city loses a lawsuit over retiree healthcare, the EM's two-year budget does not assume an additional $5M to $6M annual expense.

Hamtramck

RTAB Appointed: December 18, 2014
RTAB Members: Deborah Roberts, Mark Stema, Cathy Square, Karen Young

Recent Developments

- The city is undertaking a $7M sewer infrastructure improvement project which is eligible for State Revolving Fund monies. The project will reduce storm water inflow into the sanitary sewers.
- The City is pursuing a third party police study which will help administrators reduce the overtime rates.
- A contractor is reassessing both residential and commercial properties.

Significant Actions/Issues

- The City Council adopted the FY 16 Budget on June 17, 2015. The RTAB approved this action on June 23, 2015. The city has also developed a long-term capital improvement plan.
- A suit was filed in federal court by Hamtramck retirees over changes to healthcare benefits made in October 2014. The potential exposure to the city is currently unknown.
- The annual pension liability is anticipated to increase from $3.5M in FY 15 to $4.3M by FY 19. This increase is a result of closing certain pension plans and the Michigan Employee's Retirement System (MERS) policy of accelerating the required contribution for closed plans. The increases were included in the EM two-year budget.

Pontiac

RTAB Appointed: August 19, 2013
RTAB Members: Edward Koryzno, Louis Schimmel, Keith Sawdon, Robert Burgess

Recent Developments

- On July 18, 2015, the City Council approved the recommendation of the Local Officer Compensation Commission to increase Council's compensation from $7K to $15K. The RTAB approved this action on July 27, 2015.
- Interviews for the Deputy Mayor position are being held in August 2015.
- The city lost the Supreme Court ruling on efforts to demolish the Phoenix Center. Treasury is working with the city to move forward with the sale to a private operator which frees up $2M in demolition funds.

Pontiac (continued)

Significant Actions/Issues

- On June 18, 2015, the City Council adopted the proposed FY 16 Budget and 2015 tax rates. The RTAB held a special meeting on June 26, 2015, to approve the proposed FY 16 Budget and 2015 tax rates.
- On May 21, 2015, the Securities and Exchange Commission (SEC) issued an Order to initiate proceedings against Gray & Company, the city's pension investment advisor. The proceedings involve Gray & Company's dealings with investments made by several Georgia pension plans in the Gray & Company Alternative Fund II LP, a proprietary private equity fund. The Pension Board met with Mr. Gray to discuss the SEC proceedings, its effects on the Pontiac GERS portfolio, and how much is invested with Gray's firm. The Pension Board has withdrawn its pension assets from Gray & Company controlled funds.
- The city lost a decision at the Michigan Court of Appeals which may make it liable for a $3.5M payment to the Police and Fire VEBA. The city requested reconsideration but was denied. On May 20, 2015, the RTAB approved the city's request to appeal to the Michigan Supreme Court.
- Per the city's FY 14 audit, the general fund's accumulated fund balance is approximately $5M out of a total budget of $27M.
- The City of Pontiac Retired Employees Association v. City of Pontiac lawsuit (in U.S. District Court) was reassigned from Judge Lawrence P. Zatkoff to Judge Avern Cohn. The lawsuit challenges former EM Schimmel's elimination of retiree healthcare and replacement with an annual stipend. The General Employees Retirement System Pension Fund is significantly overfunded and the parties are exploring options to use the overfunded portion to fund retiree healthcare. Mediation is taking place under the supervision of Eugene Driker.

CONSENT AGREEMENT

Inkster

Date Executed: February 20, 2012
Consent Agreement Consultant: Mark Stuhldreher

Recent Developments

- On August 3, 2015, the Inkster City Council voted to change the employment status of City Manager Richard Marsh to Special Advisor to the city. The City Council named City Treasurer Mark Stuhldreher to the position of Interim City Manager. A search firm will conduct a national search to fill the City Manager's position.
- The City Manager with the approval of the City Treasurer, hired William Riley, Police Chief of Selma, Alabama, to the position of Police Chief. Mr. Riley's start date was August 10, 2015.
- On June 29, 2015, a tentative agreement was reached with Wayne County to place a judgment levy starting with the December 2015 tax roll, for five years, to repay the county $4.9M in past due sewer charges. The city would like to postpone the levy until 2016 and are in discussions with Wayne County.
- The city is collaborating with MSHDA and MEDC to seek new housing developments and development of several vacant commercial parcels.

Inkster (continued)

Significant Actions/Issues
- The City Council approved the FY 16 Budget on May 18, 2015.
- On April 20, 2015, the city adopted a working capital reserve policy for the Water and Sewer Fund which will provide funds for emergency situations.
- On June 29, 2015, an Order was issued requiring the City Treasurer to approve all employment matters with city officials and employees, expenditure of funds, and all contracts.

River Rouge
Date Executed: December 15, 2009
Consent Agreement Consultant: N/A (PA 72)

Significant Actions/Issues
- A fire union collective bargaining agreement was approved in March, resulting in a reduction in healthcare costs.
- The city adopted its FY 16 Budget on May 19, 2015. The budget is balanced and has a beginning fund balance of $1,967,613. The city has prepared a proposed five-year budget that shows a deficit in FY 18 to FY 20 unless additional revenues can be found.

Royal Oak Township
Effective Date: April 21, 2014
Consent Agreement Consultant: Robert Burgess

Recent Developments
- On August 4, 2015, voters approved a renewal of 4.5 mills for general operations.
- The township audit was completed. The auditors recommended that the township submit a Deficit Elimination Plan for 2014, select a firm to advise the Township on financial matters and perform an inventory of assets.
- A report issued by the Rehmann Group, the township's financial consultant, noted that the township must make budget adjustments of $164,275 to its FY 15 General Fund Budget to account for expenditures exceeding revenues in FY 14. The township adopted budget amendments on May 28, 2015.
- An Order was issued on June 17, 2015, granting the Consultant broad authority to approve expenditures made by the township and ensure that obligations are being paid. The Order also gives the Consultant authority to return the $620K in reimbursed retirement assets to MERS.

Significant Actions/Issues
- The Michigan State Police continues to provide police services to the township.
- Treasury learned that the Township Supervisor was regularly authorizing overtime for employees, though overtime was not included in the FY 15 Budget and the Consent Agreement requires State Treasurer approval prior to overtime expenditures. An Order was issued May 20, 2015, requiring the Consultant to approve all requests for overtime prior to authorization.

NEUTRAL EVALUATION

Highland Park

Financial Review Team Appointed: December 2, 2013
Financial Emergency Declared: January 30, 2014
PA 436 Option Selected: Neutral Evaluation

Recent Developments

- On August 11, 2015, a report was issued by Meadowbrook Insurance on the progress of reducing the City's healthcare costs. When successfully implemented after October 1, 2015, the $1.4M annual cost of healthcare could be reduced to $630K.
- On July 6, 2015, Wade Trim began duties to operate and maintain the water and sewer systems.
- Louis Schimmel was hired on June 29, 2015, to provide consulting services regarding water and sewer issues.
- On July 31, 2015, the water and sewer amnesty program expired. City Administrator Cathy Square stated the city will work with customers to settle their past due accounts.
- The second phase of emergency loans is tentatively scheduled to take place on September 24, 2015. It would consist of approximately $4.7M to restructure the city's three outstanding emergency loans and $11.5M to refinance outstanding debt.
- The city has purchased the first quantity of water meters at a cost of $343K.
- The city issued an RFP in July to contract-out the collection of past due water and sewer bills from residential and commercial customers.

Significant Actions/Issues

- On June 29, 2015, the City Council approved a substantial increase in water and sewer rates which will allow the city to fund water and sewer operations.
- On May 18, 2015, the City Council adopted a resolution requesting MDOT to pay for storm water drainage from the highways and freeways under MDOT's jurisdiction in the city.
- On May 18, 2015, City Council approved a consultant's recommendation for an amnesty plan for residential customers to pay arrearage amounts owed to the city. The consultant has determined that if all customers take advantage of the amnesty plan, the city could collect $2.08M. The city has extended the amnesty plan until July 31, 2015. This will allow more time for customers to pay past due accounts.
- The city's liabilities total $99.9M. Some major components are: $55.3M debt, including $20.7M owed to the DWSD, and $26.1M unfunded other post-employment benefits (OPEB).

OTHER COMMUNITIES

Wayne County

Recent Developments

- On July 21, 2015, the Review Team reported to the Governor that a financial emergency existed in the County.
- On July 22, 2015, the Governor confirmed the finding of a financial emergency in Wayne County. The County did not request a hearing on the findings as provided for in Public Act 436 of 2012, the Local Financial Stability and Choice Act.
- On August 6, 2015, the County Commissioners voted to choose the option of a consent agreement to address its financial emergency.
- On August 13, 2015, the County Board approved the Consent Agreement negotiated between the County Executive and State Treasurer.

Significant Actions/Issues

- On June 10, 2015, the county reached a settlement with retirees on healthcare. The county will no longer provide health insurance but will instead provide a stipend to retirees. This will result in a savings of $20M annually.
- On June 17, 2015, the Wayne County Executive requested a preliminary review under the Local Financial Stability and Choice Act, Public Act 436 of 2012. After notification to the county, Treasury began its preliminary review of the County's finances on June 19, 2015. A final preliminary review report was issued on June 30, 2015.
- On July 1, 2015, the Local Emergency Financial Assistance Loan Board met and found that probable financial stress exists in the county.
- The county's annual structural General Fund deficit is approximately $52M prior to any of the proposed remedial actions.
- The county's proposed restructuring is approximately $53M in General Fund savings, $25M of which comes from changes to pension and healthcare benefits for active employees and healthcare benefits for retirees. The county has not yet proposed a long-term solution to its jail problems.

SCHEDULE OF WATER RATES & CHARGES
EFFECTIVE FOR BILLS ISSUED AFTER AUGUST 17, 2015

WATER CONSUMPTION RATES

Metered Water

	Rates Effective July 1, 2014		Adjusted Rates per Court Order (8/17/2015)	
Rates per 100 cubic feet (ccf)	Inside City Rate	Outside City Rate	Inside City Rate	Outside City Rate
Through 35 ccf	7.920	11 880	6 187	9 285
Next 1,965 ccf	7 620	11 420	5.935	8 939
Over 2,000 ccf	6.090	9 140	4 755	7 140

WATER MONTHLY SERVICE CHARGES

Remote Meter Monthly Charge

	Rates Effective July 1, 2014		Rates Effective July 1, 2014	
Meter Size	Inside City Charge	Outside City Charge	Inside City Rate	Outside City Rate
5/8"	22 900	34 170	22 900	34.170
3/4"	44 030	65.950	44 030	65 950
1"	58 150	87.080	58 150	87 080
1-1/2"	58 150	87 080	58 150	87.080
2"	58 150	87 080	58 150	87.080

Commercial & Industrial Monthly Charge

	Rates Effective July 1, 2014		Rates Effective July 1, 2014	
Meter Size	Inside City Charge	Outside City Charge	Inside City Rate	Outside City Rate
5/8"	55 790	83 740	55 790	83 740
3/4"	64 020	95 840	64 020	95 840
1"	78 480	117 740	78 480	117 740
1-1/2"	112 600	169 060	112.600	169.060
2"	157 400	236.260	157 400	236.260
3"	310 830	468 650	310.830	468.650
4"	547 050	820 710	547 050	820 710
6"	1,075 750	1,613 340	1,075 750	1,613 340
8"	1,560 050	2,340 240	1,560 050	2,340 240
10"	2,153 480	3,247 300	2,153.480	3,247 300
12"	2,605.310	3,907 770	2,605.310	3,907 770
16"	3,242.250	4,863.280	3,242.250	4,863.280
20"	3,501 980	5,709 670	3,501.980	5,709.670

1000/customer ₦31/month for 32 months

58/month for 32 months = ₦55 million

SCHEDULE OF SEWER RATES & CHARGES
EFFECTIVE FOR BILLS ISSUED AFTER AUGUST 17, 2015

SEWAGE FLOW RATES

Residential Sewage Flow Rates	Rates Effective July 1, 2014		Adjusted Rates per Court Order (8/17/2015)	
	Inside City Rate	Outside City Rate	Inside City Rate	Outside City Rate
Rate per 100 cubic feet (ccf) (Based upon metered water)	5 170	5 680	4 312	4 735

Commercial & Industrial Waste Rates	Rates Effective July 1, 2014		Adjusted Rates per Court Order (8/17/2015)	
	Inside City Rate	Outside City Rate	Inside City Rate	Outside City Rate
Volume (per 100 cubic feet)	1 930	2 189	1 609	1 829
Suspended Solids (per pound)	0 591	0 589	0 493	0 489
Biological/Chemical Oxygen Demand (per pound)	1 257	1 410	1 048	1 180
Phosphorus (per pound)	1 781	1 809	1 485	1 509
Industrial Charge (per 100 cubic feet)	0 032	0 032	0 032	0 032

Wholesale Rates
Beecher Metro District Rate

SEWER MONTHLY SERVICE CHARGE

Residential - Remote Read Meter Charge

Meter Size	Rates Effective July 1, 2014		Rates Effective July 1, 2014	
	Inside City Charge	Outside City Charge	Inside City Charge	Outside City Charge
5/8"	34 480	44 190	34 480	44 190
3/4"	50 560	60 350	50 560	60 350
1"	70 410	82 960	70 410	82 960
1-1/2"	70 410	82 960	70 410	82 960
2"	70 410	82 960	70 410	82 960

Commercial & Industrial Charge

Meter Size	Rates Effective July 1, 2014		Rates Effective July 1, 2014	
	Inside City Charge	Outside City Charge	Inside City Charge	Outside City Charge
5/8"	55 900	62 570	55 900	62 570
3/4"	69 370	79 260	69 370	79 260
1"	91 200	105 560	91 200	105 560
1-1/2"	148 400	177 430	148 400	177 430
2"	211 190	250 240	211 190	250 240
3"	471 620	562 930	471 620	562 930
4"	777 140	953 890	777 140	953 890
6"	1,571 800	1,905 740	1,571 800	1,905 740
8"	2,312.790	2,849 270	2,312 790	2,849.270
10"	3,141 970	3,792 410	3,141 970	3,792 410
12"	3,688 720	4,449 170	3,688 720	4,449 170
16"	4,870 530	5,919 110	4,870 530	5,919 110
20"	5,734 960	7,032 440	5,734.960	7,032 440

Weekly Conference Call Notes – August 17, 2015

Allen Park –August 14 –B. Cady, E. Cline, P. Dostine

- **Weekly Priorities/Misc:**
  - Started construction on Park Street; grant funds are being used for this.
  - Water/sewer rate study has been completed. Rates will increase 6-7% over the next 5-6 years. The fund balance is currently around $450K; an increase is necessary to build it up.
  - The City is working on closing the FY 2015 books, doing journal entries and preparing for the annual audit.
  - New gas pumps were installed at the DPW yard.
  - Making ice at the arena.
  - Council approved policy to sell approximately 35 residential and commercial lots that have been off the tax roll for years. This will be presented at the next RTAB meeting.
- **Humana/Prescription Drug Coverage/Retiree Healthcare**
  - Disruption report for drug coverage has been completed and forwarded to Humara.
  - According to Cady, there is no difference between the BCBS and Humana policies besides a cost savings to the City.
  - A bid went out for health coverage for active employees and retirees under 65. No provider wants to bid on this. If a cheaper provider cannot be identified, the City will self-insure.
  - Currently, there are 106 active members; 97 under 65 (29 single, 37 married, 35 families).
- **TPOAM Contract**
  - Simple contract. "Union didn't ask for much, AP didn't give them much."
  - 90-95% of the cost related to the 2.5% annual raise over four years.
  - $80 for boots.
  - No FAC or pension changes.
- **Fire Contract:**
  - Two issues remain unsettled: duty-disability and the desire to have a voting member on the pension board.
  - Holiday pay and shift differential issues have been settled.
  - Cady committed to sending Treasury a final draft of the fire contact before Council approves it.
- **Gaydos Lawsuit:**
  - The plaintiff was awarded $750K and the retiree healthcare plan; whatever the level coverage is when they reach 52.
  - The City will pay $600K out of their fund balance; MML will pay the remainder.
- **Bond Tender:**
  - Launch was expected August 14 at 4:30.

Benton Harbor –July 16 – D. Watson, R. Byrne, R. Widigan, C. Porubsky

- **Weekly Priorities:**
  - At the 07/15/15 Legislative Committee meeting it was discussed that the City will send a resolution to the State saying that the State owes the City for the actions of the former EM and the costs of the lawsuits.
  - Commissioners have been tabling items because they know that the City Manager and State can't force them to act on them.
    - Rob will review the Final Order for a possible amendment to allow the City Manager to act if the Commission refuses to do so.
  - The Commission is concerned about drones.
  - Neighborhood development is picking up with a number of new homes being built.
  - Darwin will remind the Commissioners that the State is looking to set up meetings.
- **Dept. of Labor Settlement:**
  - $19K to settle – will be on the agenda at Monday's meeting.
- **Lange, O'Brien, Unruh Mediation (07-17-15):**
  - Mediation in Grand Rapids – Darwin, Mayor, Mayor Pro-Temp, and Commissioner Muhammad to attend.
  - Outcome will be discussed at Monday's City Commission meeting.
  - Commissioner Muhammad was requested to attend in hopes he will see the need to settle.
  - Will update OFR next week.
  - Insurance – aggregate coverage for back wages up to $50K.
- **Update on Vacant Positions:**
  - Darwin is looking for head hunting firms to help the City find a finance director, assessor, and water department superintendent.
  - He should have a list of possible firms with costs the first part of next week.
- **Status of FDCVT Grants:**
  - Advertisements for water-main projects have been sent out.
  - Hydrant RFPs have been sent out.
  - City appraisal is being developed and a RFP will be sent out.
  - List of blighted structures is completed.
  - $50K for sidewalks doesn't go very far, looking into which sidewalks to do.
  - Randy stated another round of funding ($5M) will open up in August or September.

Ecorse – June 30 – W. O'Neal, R. Byrne, P. Dostine, D. Van de Grift, C. Porubsky

- **Priorities for the week:**
  - Working on five-year budget
  - FBI and AG were there yesterday, Wayne is not at liberty to discuss why they were there.
- **Fire consolidation**
  - No meeting set; Mayor was meeting with Howard Shipman after seeing Wayne last week, but has not heard from since.

- **Five-Year Budget:**
  - Would like to finish this week. Wayne promised he will have it to OFR by next week.
- **PPT/Discussion with Howard Heideman:**
  - John Pepperman contacted Mr. Heideman and was told monies for FY15-16 would be available in the beginning of FY16-17.
- **Sewer Project/Flooding Issues**
  - No calls, positive project
- **Miscellaneous Items:**
  - Loss of Packaging Specialties Inc.: The MEDC gave money to relocate to Romulus, approximately 50 jobs – company wanted to expand, but City would not entertain. Wayne stated the company backs up to DNR property and the City would not be able to sell even if they wanted to. He was not aware that they had decided to relocate.
  - Wayne and the Mayor met with Treasury last Friday, said meeting went well. Wayne stated Tidwell is the best mayor he's worked with. Stated they need to get through the election; Miller is also running, Wayne classified Miller as the "Old Guard." Thirteen people are running for Council.

Flint – August 12 – N. Henderson, J. Freeman, Mayor Walling, P. Dostine, E. Cline, C. Porubsky

- **Councilman Kincaid's Lawsuit:**
  - Order should be finalized Monday, financial obligation should still be the same.
  - City attorneys have already prepared an appeal.
  - $15.7M direct impact to GF – ordered to pay back to Sewer fund.
  - $12M per year, 2011-present.
  - City Attorney has reached out to the AG's office.
  - CSR are not needed as no one is paying their water bill.
  - Hiring/spending freeze has already been implemented.
- **Police:**
  - Met with MSP Col. Etue Monday morning.
  - Found money to supplement manpower, would like to present budget amendment to RTAB today. Natasha will forward document after call.
  - Eleven homicides in two weeks.
- **Water Quality:**
  - People have noticed higher chlorine level – water is cleaner.

Hamtramck – July 30 – K. Powell, R. Byrne, P. Dostine, D. Van de Grift

- **Absentee Ballots:**
  - There is reason to believe that a portion of absentee ballots received for the upcoming election are fraudulent. Hundreds of ballots have been returned, many with similar-looking signatures. The Hamtramck Police are currently involved; Katrina may also call the FBI.
- **Sewer:**

- Katrina and the Finance Director spoke with S&P regarding the bond ratings for the sewer project. Their response was "not positive", but another discussion is scheduled for August 11. If worse comes to worse, the City may have to pledge its general revenue sharing.

- **Police Study Update/Meeting with the Wayne County Sheriff:**
  - Katrina recently met with the Wayne County Sheriff and would like to negotiate that they take over the intake and processing of Hamtramck prisoners. Currently, higher-ranking City police are performing these tasks; Katrina would rather have them patrolling the streets.
  - As the City pays three different taxes to the County, including the jail millage; Katrina feels that the Sheriff's Office should be responsible for this or reimburse the City for their cost.
  - A meeting is scheduled with the Sheriff and Wayne County Executive to further discuss this matter. Katrina stated that the Sheriff is sympathetic to her concerns.
- **Reassessment of Parcels:**
  - The City Assessor hired a contractor to reassess the City's residential and commercial properties. The project is moving along well.
- **Meetings with Councilmembers:**
  - Katrina will schedule meetings with Randy and Eric.

Inkster – August 13 – M. Stuhldreher, R. Byrne, P. Dostine, C. Porubsky

- **Priorities/Misc.:**
  - DOJ employee came in to facilitate community group (resulted from Dent situation).
  - Richard Marsh is transitioning; Mark is getting used to new position/role.
  - Meeting with MSHDA on Monday; Mark will be in attendance.
  - Discussion will take place Monday at the Council meeting regarding Mark's role as Interim City Manager.
  - Final billing for search has been processed.
  - Police training is needed, but it is hard to send as they are short-staffed. Randy suggested contacting Capt. Yes.
  - TIFA is declining; Mark will have to get money from GF. Debt was issued in 2010 and has about 20 years left. This was in the long-term forecast and is not a surprise. Initial projections were at 4-5%, actual rate of decline was 8-9%.
- **Police Chief:**
  - Started Monday. Interim Chief Thomas is completely separated from the agency now, but the two were able to spend some time together.
  - To Mark's knowledge, the Chief has not met Captain Yesh yet, but has met some MSP members, include Lt. Shaw.
  - Mark stated that the new Chief is straightforward, about business, articulate, and has good people skills. Expects that the community will embrace him.
  - Randy would like to meet the new Chief and see the building.
- **Chargebacks:**
  - Came back lower than budgeted.
  - $300K positive variance on GF, $100K negative on Sewer; everything together is $213K positive variance.

Lincoln Park – July 29 – B. Coulter, P. Dostine, D. Van de Grift

- **FAC & Wayne County Future Road Projects:**
  - Brad and the DPW Director will begin attending these meetings.
- **New City Manager:**
  - Mr. Coppler will start October 1. Brad has started forwarding informational emails to begin the acclimation process.
- **Five-Year Plan/90-Day Plan:**
  - Both will be submitted soon; the five-year is nearly complete.
  - Projected fund balance this year is $100K, $500K-$700K for next year, and $400K-$500K the year after.
  - If the projected fund balances don't materialize, there are areas that can be modified to reduce expenses. The fire contract allows for modification, first responders could be eliminated, FTEs could be reduced from 18, police shifts could be shortened, and could begin charging for HazMat cleanups.
  - Healthcare costs were decreased by $600K this year.
  - If pension payments cannot be made, a judgement levy should be considered.
- **Order Concerning the New City Manager:**
  - Brad will add language to the Final Order detailing the City Manager's authority.
- **Rental & Vacant Property Ordinances:**
  - Two ordinances, will help to control/monitor the number of rental/vacant properties in the City; this will hopefully help stabilize and perhaps increase property values.
  - It is estimated that between 6-15% of properties in the City are currently vacant.
- **TJ Adams Final Invoice:**
  - The final invoice for the City Manager search will be forwarded to Treasury.
- **Gabriel, Roeder, Smith & Co:**
  - The City is considering filing for the full amount of pension underfunding, $90M.
  - Legal fees would range from $75K-$100K.
  - May or may not be a good risk to take.

Pontiac – August 14 – Mayor Waterman, J. Sobota, E. Cline, R. Widigan, C. Porubsky

- **Weekly Priorities:**
  - Working on the blight court ordinance.
  - The Mayor is working on educational opportunities for Council and department heads.
  - At last night's Council meeting, there was concern regarding budgeted projects that will not be moving forward as planned due to issues with obtaining an engineering firm.
    - Possible DEQ violations – Sobota is meeting with the engineering firm to resolve.
- **Deputy Mayor Position:**
  - Moving ahead; setting up a date to meet with Council.
  - The Mayor does not want to move forward with this position until the Community Development positions are moving forward as well.
- **Phoenix Center:**

- The Mayor met with attorneys; an outline has been drafted as to where the City is at in the process.
- Waiting on information from the Ottawa Towers owner.

- **Community Development Positions:**
  - The Mayor wants to post these positions along with the Deputy Mayor.
  - Treasury is looking to see if the salaries for these positions was approved by the RTAB.
- **Two-Year Rolling Budget:**
  - Council is working on a budget amendment, will be sent to the RTAB in September.
  - Will address the two Community Development positions.

Royal Oak Township – July 27 – R. Burgess, D. Squalls, R. Byrne, P. Dostine, C. Porubsky

- **Priorities for the Week/Miscellaneous Items:**
  - Set up meetings for this week or next with potential developers.
  - Code enforcement officers currently have dealership in court over taxes – Donna thinks the best scenario would be for someone to buy both the dealership and motel next to it and demolish the motel.
  - Donna: Finish F&O Plan.
  - Robert: Spoke with Finance on Thursday, need a cash flow analysis for the remainder of the year and to create an amended budget.
  - Current on all bills with the exception of one.
  - Revenue sharing is anticipated to be the only income, but Robert thinks there is enough money to make it thru the year.
  - Randy reminded the Twp. that a monthly financial report is required.
  - General fund renewal is on the ballot August 4; Donna and Robert would like to send a flyer out. Randy cautioned them on the wording
- **Audit:**
  - Completed; Donna said that it was better than last years' and didn't highlight many problems.
  - Robert stated that one of the things the audit noted was that an inventory needed to be completed.
  - Donna wanted to know if the Board had to approve the audit – Randy said to ask Mr. Wilkerson.
- **Police Update**
  - Donna will know soon after August 4 (election) more regarding Hazel Park.
  - Oak Park is not interested; very short meeting where annexation was suggested.
  - Ferndale: Over $1M, have not talked to.
  - Deadline is August 31; if not completed money will need to be returned.
- **Street Lighting:**
  - Completed last Friday, grant should close this week.
  - A rebate of $9700 is anticipated.
  - Bills should start being lower in September; the entire $10K budgeted for these may not be needed.

Pleyte, Beth (Treasury)

From: Wurfel, Brad (DEQ)
Sent: Monday, August 17, 2015 2:47 PM
To: Muchmore, Dennis (GOV); Murray, David (GOV); Agen, Jarrod (GOV); Hollins, Harvey (GOV); Saxton, Thomas (Treasury)
Cc: Stanton, Terry A. (Treasury); Smith, Jennifer (DCH)
Subject: FW: Flint Lead Monitoring Letter
Attachments: City of Flint PbCu15 8_17_15.pdf

Heads up, here is a communication headed for Flint regarding lead & copper testing of their system and the need for 'optimizing' their treatment.

Good News: Based on two rounds of testing, they pass inspection for lead and copper.

Next News (there's no bad news here): They still need to provide a plan to optimize their treatment. This usually means adding phosphate to the water to minimize corrosion.

If you have questions, I'm happy to address them.
Thanks!
b

Brad Wurfel
Communications Director
Michigan Department of Environmental Quality
517-284-6713
517-230-8006 cell

From: Busch, Stephen (DEQ)
Sent: Monday, August 17, 2015 2:36 PM
To: Wurfel, Brad (DEQ)
Cc: Sygo, Jim (DEQ); Benzie, Richard (DEQ); Cook, Pat (DEQ); Prysby, Mike (DEQ); Rosenthal, Adam (DEQ); Pallone, Maggie (DEQ); Shekter Smith, Liane (DEQ)
Subject: Flint Lead Monitoring Letter

Brad,

As there has been much interest regarding lead related to Flint drinking water, I have attached our latest letter which covers the most recent January – June 2015 monitoring period. The City is in compliance with the 15 part per billion action level for lead. Yet based on these results, the treatment cannot be deemed to provide fully optimized corrosion control treatment, and the City will need to recommend additional treatment to achieve this optimization under the Lead and Copper Rule requirements established under the Michigan Safe Drinking Water Act. This is all spelled out in the attached letter.

If you have any questions or would like any additional information you may contact me at the number below.

Stephen Busch, P.E.

RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING DISTRICT OFFICE

DAN WYANT
DIRECTOR

August 17, 2015

Mr. Brent Wright
City of Flint - DPW
Flint Water Plant
4500 North Dort Highway
Flint, Michigan 48505

Dear Mr. Wright:

SUBJECT: Flint, City of WSSN: 02310
Lead and Copper Monitoring of Drinking Water Taps

The Department of Environmental Quality (DEQ), Office of Drinking Water and Municipal Assistance (ODWMA), received your report for the monitoring period January 1, 2015, through June 30, 2015.

Action Levels	Results this monitoring period			
	90th Percentile	# of Samples Above Action Level	# of Samples Required	# of Samples Collected
Lead 15 parts per billion (ppb)	11 ppb	6	60	69
Copper 1.3 parts per million (ppm)	0.16 ppm	0	60	69

Ninety percent or more of the sites you tested are within action levels under the administrative rules promulgated under the Michigan Safe Drinking Water Act, 1976 PA 399, as amended (Act 399). These results must be reported on your 2015 Consumer Confidence Report (CCR) due to our office, your customers, and the local health department, by July 1, 2016. Also include the following statement in the CCR, regardless of the lead and copper levels:

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. The City of Flint is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline at 1-800-426-4791 or at http://www.water.epa.gov/drink/info/lead.

Recent changes to the Lead and Copper Rule (LCR) require the water supply to provide individual lead tap results to people who receive water from sites that were sampled, even if lead was not detected, within 30 days of learning of results. You must also send us a certification that you met all the delivery requirements along with a sample copy of your customer notice by three months after the end of the monitoring period. To download the *Lead and Copper Report and Consumer Notice of Lead Result Certificate* in Microsoft Word or PDF format, visit http://www.michigan.gov/deq. Click on Water, Drinking Water, Community Water Supply, and Reporting Forms under the Manuals, Forms and Brochures heading. Water supplies that fail to distribute the Consumer Notice of Lead Results must include the following statement in their CCR, "During the year, we failed to provide lead results to persons served at the sites that were tested as required by the Lead and Copper Rule."

While the City's LCR compliance monitoring has continued to meet action level requirements, the LCR also requires all large systems (those serving over 50,000 people) to optimize corrosion control regardless of their 90th percentile lead concentration. One way to demonstrate fully optimized corrosion control treatment is through two consecutive six month rounds of LCR compliance monitoring in which the difference between the 90th percentile level and the highest source water lead concentration is less than the Practical Quantitative Level for lead (0.005 milligrams per liter). Since the City did not meet these criteria in both the July – December 2014, and January – June 2015, sampling periods, the City must now recommend a treatment to fully optimize corrosion control treatment within six months in accordance with requirements under Act 399, Administrative Rule 604f (R 325.10604f). **This recommendation must be provided to our office as soon as possible, but no later than January 1, 2016.**

However, given the past use of phosphate treatment by the Detroit Water and Sewerage Department (DWSD) to fully optimize corrosion control treatment when the City was a wholesale customer of DWSD, the ODWMA recommends the City select this as its recommended treatment option, and begin implementation as soon as possible to address ongoing concerns by customers regarding lead levels within their premise plumbing systems. Under the second step of this Rule, the DEQ can specify optimal corrosion control treatment.

Our office will inform you when monitoring needs to be conducted as part of the optimization of the implemented corrosion control treatment. Customer requested samples for lead shall continue to be collected and analyzed. Please make every attempt to select the same sites used in the previous monitoring period, giving Tier 1 sites first priority. If original sites are unavailable, select replacement sites based on the Tier 1, 2, and 3 criteria.

Please contact me at 517-284-6644 or rosenthala@michigan.gov at your earliest convenience to discuss how the City will be complying with the above requirements.

Sincerely,

Adam Rosenthal, Environmental Quality Analyst
Lansing District Office
Office of Drinking Water and Municipal Assistance

cc: Mr. Michael Glasgow, City of Flint

Weekly Critical Issues —August 24, 2015

- **Allen Park**— Tender Offer was launched, in three weeks we will know the result. Discussions with leading candidate did not work out due to cost which means Mr. Kibby will be likely choice. City Council wants to appoint a CA in August or early September. We have several names for serving on the RTAB. The revised draft EM Order on the sale of City Hall property has been prepared by Eric, it includes an appraisal and a survey. Gatos vs Allen Park $600K City and $150 K from the MML Insurance Pool. City intends to pay lawsuit cost out of their fund balance. I asked Mr. Cady to advise us on the new GF balance.
- **Benton Harbor**-The lawsuit with the former Public Safety Director and two former employees is a major issue for the City. Darwin has indicated that it will cost the City $1M to settle these three cases. They are only partially insured. Commissioner Muhammad is responsible for the City Commission approving a resolution seeking a meeting with Treasury to discuss reimbursement of all costs associated the tenure of the EM's. See Eric's notes from our meeting with City Commission members. Filling of key positions is proving to be a real issue in the City. Darwin has scheduled a meeting to discuss the interim Finance Director's position with Al Mooney. I have offered financial assistance for a search for a Finance Director. The Assistant City Manager position will be reduced to part-time due to commuting distance.
- **Ecorse** – Fire fighters were at the City Council meeting last week complaining about discussions with River Rouge on fire service. They received and filed the Memo from Treasury. The City wants to hire the Pentiuk Law Firm. We have several names for filling the RTAB position.
- **Flint** – Lawsuit on water rates may cause the City to rebate $51M and repay $15.7M, water system issues are getting resolved. I have offered financial assistance to the City to assist in determining the financial impact of this court decision. The City has funding to hire five police officers and to place five candidates into the police academy.
- **Hamtramck**-We have several names for the RTAB position to replace Cathy. The pension study payment is in your in box. I am requesting that Segal move from Phase 1 into Phase 3. The City has prepared an RFP for audit services. Katrina wants to reorganize staff.
- **Highland Park**-The City has had difficulty finding a collection firm to collect the past due water and sewer bills, Cathy has one firm that is interested. Finding a collection firm is a requirement of the loan agreement. Cathy has indicated that the OPEB savings of approximately $750K will not be implemented until October 1. The E-loan closing is one month away. Drew and Valerie are working with the AG's office to draft the agreement. We have a number of loan requirements that we are discussing, I have a meeting with Wayne this morning. The City has purchased $300,000 of new water meters as part to the FDCVT grant award. DWSD and GLWA have approved a draft agreement regarding the City's debt to DWSD. Brian Lefler is preparing a financial analysis of the agreement for the City. City Council approval is likely in next two weeks.
- **Lincoln Park**-Brad is placing a PA 345 request on the November Ballot seeking approval of 6 mills to fund the City's pension system. Brad has prepared a four month plan which is being reviewed. Matt Coppler, CM of Enfield Connecticut will be the new City Manager. He will begin his duties in late September.

- **Inkster**-The new police chief, William Riley is on the job. Mark Stuhldreher was appointed as interim City Manager. Former CM Richard Marsh accepted a buyout and is now Special Advisor to the City. He will be working with Treasury, MEDC, and MSHDA on several development projects. Patrick has been assigned to assist on these projects as well. The City won its appeal on the water billing lawsuit. City will probably stop the credit to water and sewer customers. The City is negotiating with Wayne County on its $4.9M sewer debt. A judgement levy for several years will be placed on the July tax roll.
- **Pontiac**-The Mayor has three Deputy Mayor Candidates, she is planning a one on one with each person and an interview with the City Council. We are discussing the exit plan. Jerry Ambrose will be hired as a transition advisor to the Mayor. Meeting in early September regarding the City and School District property on Woodward Avenue.
- **River Rouge**—the five year financial plan will have to be balanced in order to discuss an exit from the Consent Agreement, The City's plan for taking over fire service for the City of Ecorse is on hold for now. The Mayor believes the City may save up to $1M on health insurance changes.
- **Royal Oak Township**— police service proposal from another community has been a problem. Additional discussions with Ferndale, Oak Park, and Hazel Park are planned. The FDCVT grant for police will expire at the end of the month. We have received Robert's six month plan and are reviewing it. He has sent a letter to the accounting firm advising them that their work has been terminated. Robert says that they won't have a deficit at the end of the year. The MERS issue has resurfaced, Robert wants to have a discussion with MERS to determine if they will take the $600K back.
- **Miscellaneous Items**— Work is progressing on draft Consent Agreement template, the RTAB manual and the exit plan for Pontiac I would like to discuss the status of Lansing, Harper Woods, Bangor, and Melvindale with you. I would like to discuss staffing with you as well.

Flint – August 26, N. Henderson, F. Headen, R. Byrne, E. Cline, P. Dostine

- **Priorities**
  - Flint's been highly focused on the Court Order about water/sewer.
  - Flint is hoping for an appellate stay …
  - However, the city has already prepared bills that reflect the Court Order: 35% decrease in rate will go out on next billing.
  - Flint has also suspended all CIPs. That saves approximately $7M.
  - 14 water/sewer positions have been frozen, that saves $1M.
  - Flint estimates that approximately 70 different customers per day stop paying their bills. Which amounts to $70K loss per day.
  - By the end of this week, Henderson said the city will have a better handle on the cost to the Water/Sewer fund from customers opting out to pay current bills.
  - Henderson said the city's plan is if the stay is granted, Flint would reinstate the 35% rate increase immediately. And the city would not escrow that increase because the revenue is needed to operate the department, resume the CIP plan, hiring personnel, etc.
- **Unpaid Water/Sewer Bills. Implications for cash flow, fund solvency**
  - Henderson said if customers keep refusing to pay and the new billing goes out with the 35% reduction, the Water/Sewer fund may possibly stay solvent and operate through the fiscal year.
  - $85M is the estimated cost to the city if it loses the appeal. This doesn't include the $15.7M the Order says is owed to Water/Sewer fund.
- **KWA Bond Payment**
  - In FY 16, Flint must make $6M bond payment to KWA.
- **Finance assistant to help with recent Water/Sewer Court Order**
  - Henderson calling Randy to discuss further
- **Police issue**
  - A police officer has been fired by the city after making derogatory comments on social media during working hours. Henderson said the issue has been picked up by media.
- **PR and Water/Sewer**
  - There has not been much if any support for the City in the media regarding the potentially devastating impact an unsuccessful stay or an appeal would have on the city's financial future.
- **Have any additional police been hired yet?**
  - 5 new police officers have been hired. 5 more are going to be sent to the academy. After academy, will be offered positions.
- **Watermain break night of Aug. 25**
  - "We are doing what we have to do with the staff we have." Henderson
- **Dupont Street project**
  - Henderson said the project is still a-go. The city will request an extension. But no plans to suspend the project.
- **Miscellaneous**

Pleyte, Beth (Treasury)

Subject:	HH/DM & others Re: KWA (Flint Water)
Location:	Governor's Conference Room
Start:	Wed 8/26/2015 1:30 PM
End:	Wed 8/26/2015 2:00 PM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	Clayton, Stacie (GOV)
Required Attendees:	Hollins, Harvey (GOV); Muchmore, Dennis (GOV); Workman, Wayne (TREASURY) (WorkmanW@michigan.gov); Saxton, Thomas (Treasury); Dempkowski, Angela (Treasury); Wendy Wisniewski (WisniewskiW@michigan.gov)

Call In: [redacted]
Access: [redacted]
Harvey will host

Attendees
Dennis Muchmore
Harvey Hollins
Tom Saxton
Wayne Workman – via phone
Jeff Wright, Genesee Drain Commissioner and Chair of KWA
John O'Brien, Genesee Drain Deputy Commissioner
Dave Jansen, assistant to J. Wright

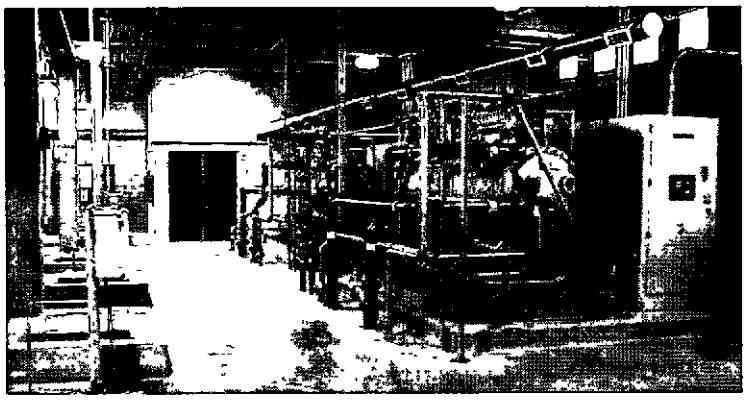
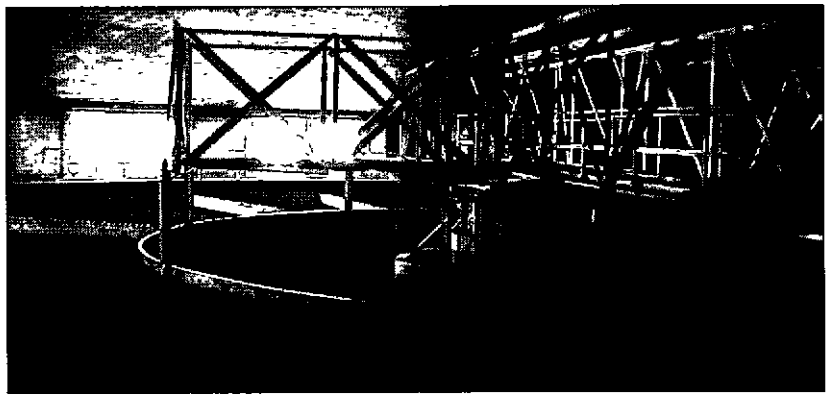
Agenda Items:
1) Financing of new water system
2) Governing of the new water system
3) Timeline for the build out of KWA

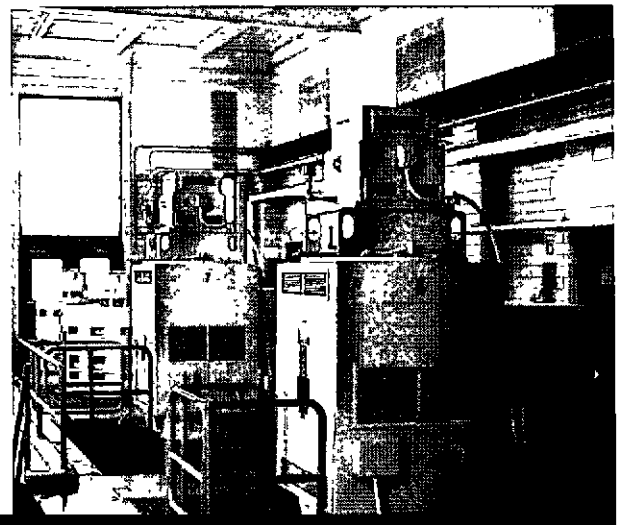
FINAL

Operational Evaluation Report
City of Flint

Trihalomethane Formation Concern

August 27, 2015
In Response to May 2015 Sample Results



Lockwood, Andrews & Newnam, Inc.
A LEO A DALY COMPANY

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EXECUTIVE SUMMARY

Environmental Protection Agency (EPA) and Michigan Department of Environmental Quality (MDEQ) regulations require that public water suppliers test drinking water quarterly throughout the distribution system for disinfectant by-products (DBP's). Two categories of DBP's, tri-halomethanes (THM) and halo-acetic acids (HAA5), are regulated and must be tested for. The City of Flint began operation of their water treatment plant (WTP) full time with the Flint River as the source on April 25, 2014. Since that time, six quarters of samples taken have resulted in annual average violations for total THM. Prior to the first violation (Nov. 2014), the City hired Lockwood, Andrews & Newnam, Inc. (LAN) to complete this Operational Evaluation Report (OER) in conformance with EPA guidelines with the goal to determine the cause(s) of high levels of THM and evaluate possible solutions.

The EPA promulgated the Stage 2 Disinfectants and Disinfection By-Products Rule (DBPR) in January 2006 which set maximum contaminant levels (MCLs) for total trihalomethanes (TTHM) and HAA5 based on an annual running average, tested quarterly, for a given sampling location. The City of Flint reports levels from 8 sampling test locations. Of the six quarterly sampling cycles since Flint began operating the WTP full time, HAA5 levels have been acceptable but TTHM levels have exceeded the MCL. One sampling site was in violation following the May 2015 sampling cycle and results from August 2015 sampling indicate all sites are now within compliance.

A number of issues were identified as possibly contributing to the initial high THM levels measured.

1. Inefficient ozone system functionality which led to in increased chlorine feed.
2. Upstream source influences in terms of increased chlorine demand.
3. Bypass stream around softening contributed to chlorine demand and increased total organic carbon (TOC) levels in the effluent.
4. Unlined cast iron pipes in the distribution system contributing to chlorine demand.
5. High water age in the distribution system due to:
    a. Broken valves causing less than ideal flow patterns
    b. Inefficient pump station pressure zones
    c. Water storage volumes in excess of that needed for today's demands
    d. Oversized water mains
    e. Low water demands
6. High chlorine demand in filters.
7. High THM formation potential (THMFP) in source water.
8. Less than optimal removal of THM precursors.

A graphical representation of how the factors above relate to the timing of THM compliance sampling is shown as Table 1. Compliance sampling dates are hatched. Each row in Table 1 describes a factor that can lead to increased THM levels and the table defines when each of those factors applied. Note the convergence of nearly all factors around the second sampling period on August 21, 2014 to create what appears to have been a worst case scenario. The table also shows that the factors listed as those that the City can control have been addressed prior to 2015 sampling periods. Monthly operating report data up to August 1, 2015 is depicted on the Table

TABLE 1 - SUMMARY OF NEGATIVE INFLUENCES ON THM COMPLIANCE SAMPLING

	FACTOR	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2014	Softening bypass stream over 20% of plant flow												
	Ozone system not feeding optimally												
	Using full water storage capacity of WSR & CSR												
	Chlorine feed at WTP 7.0 mg/l or more												
	Ferric chloride feed rate less than 10 mg/l Fe3+												
	Raw water temp 23 degrees C or more												
	Raw water TOC levels above 8.0 mg/l												
	Raw water coliform over 5000 counts/day												
	Positive bacteria test in dist. system (boil water notice)												
	Water demand less than 15 mgd												
2015	Softening bypass stream over 20% of plant flow												
	Ozone system not feeding optimally												
	Using full water storage capacity of WSR & CSR												
	Chlorine feed at WTP 7.0 mg/l or more												
	Ferric chloride feed rate less than 10 mg/l Fe3+												
	Raw water temp 23 degrees C or more												
	Raw water TOC levels above 8.0 mg/l												
	Raw water coliform over 5000 counts/day												
	Positive bacteria test in dist. system (boil water notice)												
	Water demand less than 15 mgd												

Dates of occurrence
Expected dates of occurrence based on past data
Compliance sampling date

Factors under Flint staff control
Flint River characteristics
System factors

ACTION PLAN

The City of Flint has signed an agreement with the Karegnondi Water Authority (KWA) to purchase raw water drawn from Lake Huron. The KWA system is currently under construction and expected to be operational by late 2016. The water supply from Lake Huron will have entirely different water quality characteristics from the Flint River and those characteristics are expected to yield drastically reduced DPB formation. With that, non-structural options to help reduce THM levels are much preferred over solutions requiring new construction. Therefore, two categories of actions have been devised: Stage 1 being actions that can be completed relatively quickly without major construction and Stage 2 consisting of either long term actions or solutions requiring major construction. The City is actively working to complete Stage 1 actions as soon as possible. Stage 2 actions are to be implemented only if Stage 1 actions are ineffective in adequately reducing TTHM levels and therefore Stage 2 is contingent upon the outcome of Stage 1. As of the date of this report, status updates for action items are shown in red.

Stage 1 – Immediate Actions

- Hire third party water quality expert to complete independent 'water audit'
  - The City hired Veolia Water to review all water quality related operations, procedures, actions taken and planned responses. Recommendations from Veolia were provided in a report and technical memo dated 3/12/15 and 3/30/15 respectively.
- Obtain an in house THM analyzer to allow regular operational monitoring of THM levels
  - THM analyzer was installed 2/17/15
- Hire ozone system manufacturer to troubleshoot ozone system
  - Manufacturer and controls programmers performed on site evaluations followed by corrective modifications in January 2015.
- Bench scale jar testing
  - Match existing process and assess possible areas of improvement
    - Existing process was simulated and an evaluation of existing chemical feed dosages was completed by LAN.
    - Existing process TOC profile was developed by Veolia.
  - Simulate potential modifications to treatment process
    - Soda ash softening evaluation completed and PAC feed testing was completed by LAN.
  - Evaluate coagulation and flocculation polymer aid feeds to assist with TOC removal
    - Evaluations of polymer aids completed by LAN and PVS Technologies.
- WTP operational changes
  - Discontinue softening bypass stream to reduce chlorine demand
    - Operational directive has been set to soften no less than 80% of flow.
  - Disinfection of filter beds to reduce chlorine demand
    - Utility Service Group contracted by City and condition assessment completed. Controls improvements have been completed.
  - *Begin coagulation and flocculation polymer aid feeds to assist with TOC removal if bench scale test results are positive*
    - Jar testing completed to date has not indicated a meaningful benefit to feeding coagulation/flocculation polymer aids. Increased ferric doses have been implemented at the WTP based on positive jar test results

- Increase water main flushing efforts to minimize stagnant water
  - Flushing efforts are ongoing as needed based on chlorine residual levels measured in the system.
- Water system modeling to identify areas with high water age and potential solutions
  - The water model has been improved and preliminary results, including system wide water age, have been produced. Water demand updates and reconciliation with operator's data are underway with expected completion in mid June, 2015.
  - Cedar Street Pump Station potential recirculation
    - Water model analysis to be completed Sept-Oct, 2015.
  - West Side Pump Station potential recirculation
    - Water model analysis to be completed Sept-Oct, 2015.
  - Storage tank volume use
    - Operating levels of West Side and Cedar Street reservoirs have been lowered to reduce water age. Possible elimination of WS or CS to be evaluated Sept-Oct, 2015.
  - Possible broken closed valve locations
    - Model has been updated with known broken valve locations. Model results are being evaluated for indications of other possible broken valves. City has also initiated valve assessment program.
  - Locations in need of flushing
    - High water age areas have been identified in the water model. Further evaluation is expected to be done by November 1, 2015 to determine most effective flushing points.

Stage 2 – Contingent Actions

- Replace filter media with granular activated carbon (GAC) media
  - Filter anthracite media was replaced with GAC media July – August 2015.
- Fix ozone system
  - Repairs have been made to gauges and programming and the system is producing proper ozone and functioning under manual operation. Further minor repairs are planned for the 1st quarter 2015 to allow automatic operation.
- Start feeding coagulation and flocculation polymer aids to lower TOC, if not completed in Stage 1
  - Polymers evaluated by LAN did not demonstrate notable benefit.
  - PVS Technologies evaluated a proprietary polymer that showed little benefit.
- Convert to lime and soda ash softening
  - Option deemed unnecessary due to effectiveness of new GAC media.
- Change disinfectant to chloramine or chlorine dioxide until KWA
  - Option deemed unnecessary due to effectiveness of new GAC media.
- Install pre-oxidant feed (permanganate) at intake to optimize ozone disinfection
  - Option deemed unnecessary due to effectiveness of new GAC media.
- Implement advanced treatment for THM precursor removal
  - Option deemed unnecessary due to effectiveness of new GAC media.

- Increased main flushing based on water modeling results
  - Water model analysis to be completed Sept-Oct, 2015.
- Continue valve replacements with water model assistance
  - Water model analysis to be completed Sept-Oct, 2015.
- Emphasize cast iron pipes on water main replacement priority list
  - Flint has bid replacement of over 2 miles of 24" steel pipe along Dupont and Bishop Streets to be completed when and if the City can allocate funds. The water main section is considered a critical transmission main, and is expected to contribute to decreases in water age when complete

THM samples have been taken and tested 6 times for regulatory reporting since the City began using the Flint River for supply. Numerous additional sets of samples have been taken by the City for internal operational monitoring. Compliance samples were taken in May 2014, August 2014, November 2014, January 2015, February 2015, May 2015, and August 2015. The average of all eight sample sites in August 2014 was 142.1 ug/l and the most recent average of samples taken in August 2015 was 63.6 ug/l. The MCL defined by the EPA is 80 ug/l.

I. BACKGROUND

The City of Detroit Water and Sewer Department (DWSD) has historically provided drinking water for the City of Flint and Genesee County. In the late 1990's growing concern regarding the reliability of the DWSD supply prompted the City of Flint to upgrade their existing water treatment plant (WTP). Those improvements, defined as Phase I, were completed in 2005 and were intended to allow the Flint WTP to operate, using the Flint River as the source, for an extended period of time in the event that supply from the DWSD was temporarily interrupted. Additionally, the Phase I improvements set the stage for Flint to break free from dependence on the DWSD supply and water charges over which they had no control.

A. WATER SUPPLY TRANSITION

1. Detroit Water and Sewer Department (DWSD)

Prior to spring of 2014, the Genesee County and Flint region had been provided drinking water by the DWSD. However, due to excessive cost increases and reliability issues with the DWSD system other options had to be explored.

2. Karegnondi Water Authority (KWA)

In 2010 the Karegnondi Water Authority (KWA) was formed for the purpose of developing a new water supply from Lake Huron to serve the region in lieu of the DWSD supply and the City of Flint elected to join. The KWA expects the new system which is currently being constructed to become operational by the fall of 2016.

3. Flint River – Interim Period

With a renewing water supply agreement between Flint and the DWSD being terminated by the DWSD (effective April 30, 2014) and the KWA system not expected to be operational until late 2016, the City of Flint decided to initiate operation of the existing WTP full time utilizing the Flint River as the interim water source. A variety of WTP improvements were necessary for the Flint plant to become a full time plant. For purposes of this report, Phase II improvements to the Flint WTP are improvements intended to allow the plant to operate full time with either the Flint River as the source or the KWA supply as the source.

B. TTHM VIOLATIONS

The EPA and MDEQ method of determining if TTHM sample results exceed the MCL uses a locational running annual average (LRAA). Flint's first TTHM violation was cited by the MDEQ following the third cycle of sampling completed in November 2014. Of the 8 sampling sites, 4 were in violation. At that time the MDEQ used the following calculation for determining if the MCL had been violated:

(2 x current quarter value + previous 2 quarter values) / 4 = Operational Evaluation Value

Flint has now completed tests for 6 quarters and a straight annual running average applies. Based on samples taken on August 18, 2015 there are no longer any sites in violation of the THM MCL limit. The August 2014 average across all test sites was 142.1 ug/l and the August 2015 average is 63.6 ug/l. Test results are tabulated in Table 2. HAA5 sample results are shown in Table 3, of which Flint has had no violations.

TABLE 2 – TTHM TEST RESULTS (ug/L)								
Sample Location	**5/21/14**	**8/21/14**	**11/21/14**	**2/17/15**	**5/18/15**	**8/18/15**	**May/15 LRAA**	**Aug/15 LRAA**
WTP Tap	56	86	33	-	~35	~25	n/a	n/a
1) 3719 Davison McDonalds	162 4	145.3	58.6	16.2	51.4	75.5	67.9	50.4
2) 822 S. Dort Hwy BP Gas Sta	75.1	112.0	36.2	19.9	46.1	54.9	53.6	39.3
3) 3302 S. Dort Hwy Liquor Palace	111.6	127 2	33.3	16.8	63.5	53.2	60.2	41.7
4) 3606 Corunna Taco Bell	79.2	181.3	33 9	18.1	54 7	61.9	72.0	42.2
5) 2501 Flushing Univ. Market	106.4	196.2	93.6	24.5	59.8	70.6	93.5	62.1
6) 3216 MLK Salem Housing	82.2	112.4	50.1	28 5	72.7	90.3	65.9	60.4
7) 5018 Clio Rite Aid	88.2	144.4	53.6	19.2	60.5	59.5	69.4	48.2
8) 6204 N. Saginaw N. Flint Auto	96.5	118.3	41.1	14.9	45 2	42.6	54.9	36.0

TTHM MCL = 80 ug/l

TABLE 3 – HAA5 TEST RESULTS (ug/L)								
Sample Location	**5/21/14**	**8/21/14**	**11/21/14**	**2/17/15**	**5/18/15**	**8/18/15**	**May/15 LRAA**	**Aug/15 LRAA**
WTP Tap	36 (taken June 14, 2014)						n/a	n/a
1) 3719 Davison McDonalds	64	43	16	9.0	16	15	21.0	14.0
2) 822 S. Dort Hwy BP Gas Sta.	38	40	21	9.0	16	11	21.5	14.3
3) 3302 S. Dort Hwy Liquor Palace	52	31	15	9.0	17	14	18.0	13.8
4) 3606 Corunna Taco Bell	50	24	15	9.0	16	13	16.0	13.3
5) 2501 Flushing Univ. Market	55	17	24	9.0	15	13	16.3	15.3
6) 3216 MLK Salem Housing	41	25	5	2.0	10	2	10.5	4.8
7) 5018 Clio Rite Aid	49	30	17	9.0	22	15	19.5	15.8
8) 6204 N. Saginaw N Flint Auto	48	37	18	9.0	17	10	20.3	13 5

HAA5 MCL = 60 ug/l

C. WATER TREATMENT PLANT RECENT IMPROVEMENTS & STATUS

1. Phase I WTP Improvements

Since 1965, the Flint WTP has remained a secondary or backup supply system to the DWSD primary supply. Typically the secondary supply for a public water system is expected to be needed only during emergency situations and normally is designed for short term operation such as providing the average daily demand for a few days. Conversely, Phase I improvements were designed with the intent to upgrade the Flint WTP in order to allow for an extended short term period (6 weeks) because of the perceived high risk that the DWSD supply would fail and remain out of service for an

extended duration. Regardless, the Flint WTP was still intended to serve as a standby plant and as such the Phase I improvements lacked redundancies that would be required for a primary supply WTP.

2. Past Pilot Study & Testing

During design of the Phase I improvements a treatability study was completed by Alvord, Burdick & Howson, LLC (AB&H) in 2002. The Treatability Study evaluated the current treatment processes that are in place at the Flint WTP today with the Flint River as the source. The report recommended the following:

TABLE 4 – 2002 WTP TREATMENT RECOMMENDATIONS

Treatment	Purpose	Point of Application	Dosage (mg/l)
Sodium permanganate	Zebra mussel control	Intake	0.3
Ozone	Taste & odor removal, disinfection	Diffusor basin	1.5
Ferric chloride	Coagulation	Rapid mix	40
Coag aid polymer	Turbidity & TOC removal	Rapid mix	2.0
Floc aid polymer	Turbidity & TOC removal	Floc basin	0.05
Lime	Softening	Softening basin	175
Soda ash	Softening	Softening basin	52
Carbon dioxide	pH adjustment	Recarb basin	37
Media filters	Filtration	N/A	Na
Chlorine	Disinfection	Filter effluent	1.0

Of the recommended items, zebra mussel control, coagulant and flocculation polymer aids, and soda ash feed have not been incorporated into the treatment process.

3. Phase II WTP Improvements for Full Time Operation

Phase II WTP improvements are those needed to convert the Flint WTP from a back-up supply to a primary supply plant. A number of improvements have already been constructed as they were necessary to operate full time when treating water from the Flint River. The improvements under the title of Phase II that have been completed or are nearly complete include installation of the future raw water feed connection point and valving for the KWA supply, upgrades to the lime sludge lagoon, the lime sludge lagoon decant and disposal system, decant pump station and force main, installation of mid-point chlorination before filtration, new oxygen / nitrogen storage facilities for the ozone system, and upgrade of the electric feed sub-station.

Additional improvements to the Flint WTP that are to be completed to become part of the normal treatment process using water supplied by the KWA are:

- New coagulant feed system
- Electrical
  - Pump Station #4 upgrades (under construction)
  - SCADA and controls upgrades
  - Filter transfer pump station feeders
- Pump replacements and VFD installation in the low and high service pump station (under construction)
- Filter transfer pump station to Dort Reservoir
- Facility security improvements

II. SOURCE WATER EVALUATION

A. DATA ANALYSIS

Based on past data collected and the 2002 Treatability Study by AB&H, the Flint River water quality varies seasonally with higher hardness and alkalinity experienced in the winter. Higher magnesium concentrations are also experienced in the winter, adding difficulty to the settling process due to neutrally buoyant floc. General water quality average characteristics recorded for the 2002 Treatability Study as compared with average characteristics recorded in 2014 are shown in Table 5 below.

TABLE 5 – FLINT RIVER WATER QUALITY CHARACTERISTICS

Period	Turbidity NTU	TOC Mg/l	Alk. Mg/l	Hardness Mg/l as CaCO3	pH	Total Col. Count/day	THMFP Mg/l
2001 Apr–Oct	7.9	9.4	215	272	8.1	870-1230 (7300 max)	410
2014 May–Oct	8.3	10.3 5/22/14	207	252	8.2	1900-9000 (48,300 max)	187

The Flint River characteristics do not appear to have changed significantly over the past 10+ years. Note that near the time Flint initiated withdrawal from the Flint River investigation by City staff revealed a sewer leak upstream of the plant that may have contributed to the total Coliform count. The leak was subsequently repaired.

B. CONCLUSIONS

Considering the minor changes in Flint River water quality, much of the information contained in the 2002 Treatability Study by AB&H remains relevant today. Data from that report assumed to be consistent today include the following:

- Flint River is influenced by groundwater from a dolomitic aquifer
- Hardness varies seasonally with higher hardness and alkalinity in the winter
- Hardness, alkalinity, magnesium concentrations tend to be reduced by run-off

In development of the 2002 Treatability Study, processes were simulated which resulted in low THM levels. Therefore, information contained in that report was used to assist with establishing a baseline jar testing procedure as discussed further in Section III.

III. TREATMENT PROCESS EVALUATION

A. EXISTING PROCESS DESCRIPTION

The existing WTP consists of an intake with screening from the Flint River, low lift pumping, ozonation, rapid mix, flocculation, settling, softening, recarbonation, filtration, storage and high service pumping. A process diagram is shown as Figure 1.

1. Intake

A 72" diameter pipe draws water from the Flint River through 2 traveling screens to the low lift pump structure. No chemicals are currently fed for Zebra mussel control or pre-oxidation as recommended by the 2002 Treatability Study. Manual removal of zebra mussels is more economical than installation of chemical feed equipment considering the short term need.

2. Ozone

There are 2 ozone generators designed to provide adequate ozone for a WTP flow of up to 36 mgd. There are 3 ozone contact basins. The ozone generators were designed to produce 900 lbs/day at 10% concentration and up to 1300 lbs/day at 6% concentration each. Prior to recent repairs, readings indicated a production rate of approximately 700 lbs/day at 4% concentration. It is possible that before the recent improvements the ozone feed might not have been optimized. In fact, it is known that less than optimal ozonation previously led to increased chlorine feed which would have contributed to THM formation.

3. Rapid Mix

East and West rapid mix chambers allow chemical feed prior to the flocculation basins. Each rapid mix chamber is equipped with a 5 hp mixer.

4. Coagulation / Flocculation

The WTP contains two equally sized flocculation basins, east and west, and each basin provides tapered or gradually slowed mixing from inlet to outlet. There are fifteen 2 hp mixers for each basin with VFDs to control mixing speed. The 2002 Treatability Study recommended feeding both coagulation and flocculation polymer aids. Neither polymer aid is being used today because turbidity and TOC removals have been sufficient to meet regulatory requirements.

5. Settling

Primary clarification takes place within 3 basins containing plate settlers. The settlers are operating as designed but are due for cleaning.

6. Softening

Again, there are two basins for softening: east and west. Each basin is 120' in diameter and contains a solids contact softening unit. Each softening basin/unit has a design capacity of 18 mgd. The east clarifier has an effluent weir imbalance that the City intends to fix when low demands allow for construction. Low lift pumping limitations, flow control to the basins, malfunctioning polymer feed pumps, control restrictions on residuals removal, and fluctuating demands have made it difficult for WTP staff to stabilize the softening process. Softening is accomplished by feeding lime. The decision was made by the City not to feed soda ash in order to remove non-carbonate hardness because acceptable hardness levels could be achieved with lime feed only and softening is short term until Lake Huron water becomes available. Lime and soda ash softening is a possible consideration to assist with TOC removal and thus reduce THM formation.

7. Recarbonation

Recarbonation for pH adjustment is accomplished in east and west recarbonation basins between and to the north of the softening basins. Carbon dioxide storage and feed equipment is located west of the recarbonation basins.

8. Filtration

Filtration is accomplished with 12 dual media filters, equally sized and designed to filter 3.0 mgd each. Sand and anthracite media was replaced in July and August 2015 with new sand and GAC at depths of 12" and 18" respectively. Prior to spring of 2014, the filters had been operated intermittently over the years due to the standby nature of the WTP and until recently, chlorine injection took place downstream of the filters. It is possible some microbial growth had developed in the filters leading to increased chlorine demand which could have contributed elevated TTHM. Late 2014, the City recently hired a contractor to upgrade the electrical controls for the filters and that work has been completed.

9. Disinfection

Disinfection is provided by ozonation and by feeding chlorine. Ozonation occurs at the front end of the WTP. Chlorine is fed prior to filtration and prior to finish water storage / high service pumping. The intermediate chlorine injection location was recently constructed under the Phase II, Segment 1 contract.

10. Clear Well & Pumping

The pump building sits adjacent to a 3 MG clear well and contains both low and high service pumps.

B. JAR TESTS / EXPERIMENTS

1. Approach

There are several well practiced methods by which DBPs can be reduced. First, the disinfectant can be changed to an alternate that has a lower tendency to form DBPs. Second, additional treatment systems such as activated carbon or air stripping (depending on the nature of the precursors) can be added to remove DBP precursors. Lastly, the existing treatment processes can be optimized to remove as much DBP precursor as possible. Of these options, optimizing existing treatment processes is the only strategy that does not require the construction of new and expensive facilities. It is anticipated that Flint will be receiving Lake Huron water by late 2016 and this water will have a completely different chemistry from the Flint River. Major process changes instituted to address THM levels using Flint River water are likely to be unnecessary for Lake Huron water and may even be inappropriate. Therefore, those options which require addition of new treatment processes are undesirable at this time. In recognition of this upcoming change in water source, efforts for this study have concentrated on improving the existing processes, rather than adding new ones. New treatment processes will only be recommended if operational changes to the existing treatment train prove ineffective.

Recent sample test results suggest that most of the DBPs are formed in the distribution system rather than within the treatment plant. Therefore, the most logical approach is to reduce the DBP formation potential (DBPFP) rather than simply lowering the levels of DBPs leaving the plant. During bench scale testing, formation potential (FP) levels were the primary indicator of success or failure of proposed process modifications.

2. Protocol

Bench scale pilot testing is intended to reflect actual plant operating and hydraulic conditions so the bench scale treatment units were sized based on various dimensionless factors to ensure the pilot treatment matched the actual system. Bench scale ozonation was not practical due to time and cost limitations. Therefore, water samples were withdrawn from the plant ozone basin effluent. These samples were transported to the laboratory and dispensed into square testing jars. The jars were used to simulate rapid mix, three-stage flocculation, and settling. Rapid mix and flocculation conditions were matched to the plant based on "Gt" values. The "G" value is a measure of the mixing intensity and is a function of mix time, viscosity of the liquid, and mixing power applied to the water. "Gt" then, is a size scaling factor where time has been accounted for. Settling time was scaled to match the shorter settling depth of the testing jars. After settling, samples were decanted from the test jars. The decanted samples were then lime softened; softening conditions were similarly matched on the basis of "Gt". Carbon dioxide was sparged into the samples to reduce the pH. The water was then vacuum filtered through filter paper, sized to simulate the plant's dual media filters. The samples were dosed with excess chlorine and allowed to react for seven days at 25° C before testing for DBPs to determine the formation potential.

The following conditions were applied during testing to properly match small scale testing to actual plant processes.

TABLE 6 – BENCH SCALE TEST MIXING INTENSITIES

Process	G	Duration	Mix RPM
Ozonation	Plant	-	-
Rapid Mix	200	44 sec	160
Flocculation, Stage 1	50	9 min	55
Flocculation, Stage 1	25	9 min	30
Flocculation, Stage 1	12	9 min	19
Settling	N/A	10 min	-
Softening	TBD	10 min	-
Recarbonation	N/A	N/A	-

The primary variables during testing were chemical additions and chemical dosages. Specific chemicals and dosages used for initial testing conditions were selected to reflect current plant usage and the recommendations of the 2002 Treatability Study:

TABLE 7 – BENCH SCALE TEST CHEMICAL FEED RATES

Chemical	Current Usage	2002 Study	Test Values
Ozonation	4.66 mg/l	1.5 mg/l	
Ferric Chloride	7.7 mg/l Fe3+	40 mg/l Fe3+	7.7 – 80 mg/l Fe3+
Coagulant Aid Polymer	Not used	2.0 mg/l	1 – 2 mg/l
Flocculation Aid Polymer	Not used	0.05 mg/l	0 – 0.05 mg/l
Powdered Activated Carbon	Not used	N/A	20 – 100 mg/l
Lime	120 mg/l	175 mg/l	120 – 175 mg/l
Soda Ash	Not used	52 mg/l	0 – 52 mg/l
Cationic Softening Polymer	3.13 mg/l	Not used	3.13 mg/l
Anionic Softening Polymer	0.88 mg/l	Not used	0.88 mg/l
Fluoride	0.45 mg/l	1 mg/l	Not used
Carbon Dioxide	32 mg/l	37 mg/l	Fed to reach pH of 7.5 +- 0.3
Chlorine	6.3 mg/l	1 mg/l	10 mg/l

3. Considerations

The 2002 Treatability Study did not note significant formation of DBPs. This may be a function of different Flint River water chemistry at that time. However, recognizing the considerable differences in chemical usage and dosages between that study and current operations, those differences in chemical use and dosage are an obvious starting point for optimizing treatment to prevent DBP limit exceedance.

Although it is believed that optimization of current treatment can correct the DBP issue, should optimization of present treatment prove insufficient, alternate residual disinfectants (chloramines and chlorine dioxide) could be investigated as additional treatment measures.

4. LAN Test Results

Two rounds of jar testing were completed by LAN during the weeks of December 15, 2014 and January 26, 2015. Detailed test data is included in Appendix A. Testing results can be summarized as follows:

- Increased dosages of ferric chloride resulted in higher reduction of THMFP.
- The currently utilized feed rate of lime at 120 mg/l is appropriate
- Softening with soda ash in addition to lime resulted in minor additional THMFP reduction – in the range of 0% - 10%.
- The benefits of using a cationic polymer during softening at a dosage range of 0.31 - 3.13 mg/l to help reduce THM's are unclear
- The benefits of using an anionic polymer during softening at a dosage range of 0.09 – 0.88 mg/l to help reduce THM's are unclear
- Feeding PAC was ineffective in reducing THMFP within the dosage range of 20 – 100 mg/l.

5. Testing by Others

In addition to jar testing completed by LAN, the chemical supplier who provides ferric chloride for the City, PVS Technologies, ran tests using their recommended flocculant polymer aid. Plus, Veolia Water completed jars testing of their own the week of February 16th to analyze other process details and current WTP parameters. Experiments completed by PVS Technologies showed very little TOC removal beyond that obtained with straight ferric chloride feed.

6. Conclusions

Increasing the dose rate of ferric chloride is an operational change that can easily be implemented without the need for any additional equipment. Test results show that over 40% THMFP removal can be obtained with a dosage of 60 mg/l Fe3+ or higher. Increased dosing of ferric chloride would be most ideal coupled with regular raw water TOC monitoring so that TOC levels would dictate the appropriate ferric chloride feed rate.

Softening with soda ash in addition to lime is another option the City should consider if increased ferric chloride doses are not adequate to maintain THM levels under the MCL, particularly during warmer months. Again, monitoring of TOC in the raw water could provide useful information of when lime/soda ash softening is necessary.

IV. DISTRIBUTION SYSTEM EVALUATION

EPA guidance for the distribution evaluation portion of an OER is focused on identification and isolation of a specific portion of the distribution system that led to the exceedance. The circumstances of Flint's apparent pending TTHM exeedances are unusual in that a new supply has been implemented which clearly corresponds to the high TTHM sample results. Although the new source is one element in increased TTHM levels, value remains in evaluating the distribution system since water age is also a critical factor. Additionally, there may be distribution improvements that can be made to help alleviate the problem.

A. INFRASTRUCTURE

1. Piping

According to the most recent MDEQ Sanitary Survey, the distribution system is estimated to contain 70% cast iron, 20% ductile iron, 2% concrete and 8% steel water mains. Based on discussions with City staff, the percentage of cast iron pipe may be higher than that stated in the MDEQ Sanitary Survey. Unlined cast iron pipe can become pitted, allowing colonization sites for microorganisms leading to chlorine demand. Additionally, much of the piping in the system is aged and in poor condition. Increased chlorine demand could be resulting from biofilm in older pipes and from main breaks/repairs. The extent of contribution is not known but any water main replacement project will decrease chlorine demand somewhat if constructed properly. Unfortunately, water main breaks may also assist with decreasing water age by providing unintentional flushing. All things considered, it is impossible to quantify the impact existing piping has on THM formation without extensive research and long term study.

The City utilizes City Point software and GPS equipment to document main breaks and prioritize replacements. However, main break information is more pertinent to rusty water complaints and has little relevance to THM levels. Areas that have been targeted for main replacements include the transmission main from the WTP west to Dupont and south to the West Side reservoir, Fenton Road, Atherton Road, Dort Highway, Averil Street, and Boulevard Drive.

2. Storage

There are 4 finish water storage tanks and 1 raw water tank as tabulated below:

TABLE 8 – STORAGE TANKS

Name	Type	Water	Volume (MG)	Operating		Absolute	
				LWL	HWL	Bottom	OF
Dort Reservoir	Ground	Raw	20	-	-	730	750
WTP Tank	Elevated	Finished	2	883.0	896.0	863.0	898.0
WTP Clear Well – PS #4	Ground	Finished	3	11'	15'	708.5	726.0
Cedar Street Reservoir	Ground	Finished	20	-	11'	737.2	757.2
Westside Reservoir	Ground	Finished	12	-	12'	761.8	779.0

The MDEQ typically recommends providing a minimum finish water storage volume of 1/3 the maximum daily demand (MDD). According to the 2013 MDEQ Sanitary Survey, the 5 and 10 year MDDs are 21.57 mgd and 30.05 mgd respectively. A common rule of thumb for clear well storage volume at a WTP is 10% of the design flow rate. Another general guideline for reliability is to provide total storage to allow for 2 X the average daily demand plus fire flow demand. For this analysis, fire flow is assumed to be 2,500 gpm for either one industrial fire (2,500 gpm) or a combination of one residential (1,000 gpm) and one commercial (1,500 gpm) fire at a 4 hour

duration which results in a total volume of 600,000 gallons. These go-by approximations are summarized below with the applicable flow rates and are compared to the existing storage volumes currently being utilized.

Common Practice	Flow Rate	Recommended Volume by ROT	Volume In Use
Clear well 10% of Design Flow	18 MGD	1.8 MG	3.0 MG
Finish Storage = 1/3 MDD	30.05 MGD	10.0 MG	37 MG
Total Storage = 2 * ADD + FFD	13.87 MGD	28.3 MG	57 MG

Based on the values above, it appears the storage volume used in the Flint system could be decreased without negatively effecting reliability. The appropriate volumes of individual tanks will be further evaluated using the water system model and discussed in Section V (C).

All reservoirs have baffling to minimize stagnant water. Also, all tanks have been maintained and are in reasonable condition. The Westside reservoir has an exposed roof that is in need of rehabilitation, but its current condition has no influence on THM formation.

3. Pump Stations

All pump stations are in good condition but pumps are generally oversized. As an independent consideration, oversized pumps are not a contributing factor to high THM levels. Control of pumps and pressure zones are discussed in detail below.

B. OPERATIONS AND MAINTENANCE

1. Pump Station & Storage Operations

Pump stations and storage tank levels are controlled as shown in Table 9.

TABLE 9 – PUMP STATION CONTROLS

PS Name	Control Point	On Point	Off Point
PS No 4 Raw	Operator	-	-
PS No. 4 Finish	Match plant flow	-	-
Westside	System pressure (elevated tank)	22.5'	33'
Cedar Street	System pressure (elevated tank)	22.5'	33'
Torrey Road	Distr. – Brown/Bradley	< 45 psi	> 45 psi

Prior to the first TTHM violation, Cedar Street and Westside pump stations were operated as needed and were alternated. Typically, Cedar Street was run in the morning and Westside was run in the evening and reservoirs for each were filled during low demand periods at night.

Westside, Cedar Street and Torrey Road pump stations are used to boost system pressure when high demands warrant it, but there are not well defined pressure zones within the system. Therefore, the possibility exists that water is being recirculated allowing for increased water age.

2. Booster Disinfection Practices
Booster disinfection is provided at the Cedar Street and Westside pump stations. When sustained residuals are not provided by chlorine feed at the WTP, sodium hypochlorite is applied at the reservoirs while being filled.

3. Changes in System Demands
Water demands in the City have been declining since the 1960's as the population has dropped. As a result, many of the water system components are oversized including storage tanks and water mains which both increase the time for water to reach the user.

From a short term perspective, Flint demands tend to increase in summer as is ordinarily expected but also in the winter due to water main breaks. The MDD for Flint often occurs in winter. Regarding THM formation, with lower temperatures and higher flows in the winter, THM levels taken at the distribution sample points are expected to be lowest for February sampling quarters than all others.

C. WATER SYSTEM HYDRAULIC MODELING

As part of this report, the City provided a hydraulic water model, originally developed by Potter Consulting, for LAN to update. Thus far, LAN has modified the model to be capable of extended period simulations, modified controls to reflect current operations, revised the piping to include known broken valve locations, updated pump curves, checked pipe diameters, updated system demands, and developed preliminary water age results throughout the entire system. Water age shown in the revised model corresponds for the most part to TTHM levels at the sampling sites. However, LAN has also identified several issues affecting the model that require further attention to allow for usable and reliable results. Those issues include accurate quantification of lost water and confirmation of the status of valves throughout the system. Preliminary water age results are presented in Table 10. Revised results will be provided when the hydraulic model has been fully updated.

TABLE 10 – PRELIMINARY WATER AGE FROM WATER MODEL

Sample Point	Location	Address	Water Age (Hrs)	May/15 LRAA THM (ug/l)
1	McDonalds	3719 Davison	25	68
2	BP Gas Station	822 S. Dort Hwy	18	54
3	Liquor Palace	3302 S. Dort Hwy	14	60
4	Taco Bell	3606 Corunna	340	72
5	Univ. Market	2501 Flushing	305	94
6	Salem Housing	3216 MLK	45	66
7	Rite Aid	5018 Clio	41	69
8	N. Flint Auto	6204 N. Saginaw	37	55

It is anticipated that topics shown below in italicized font will be detailed after the model is updated in Sept-Oct, 2015.

1. Simulation of Existing System
Match existing conditions. Chlorine and THM data may be used to verify model results. We have chlorine feed data at plant and residuals at 10 locations in each MOR, May 2014 – July 2015.

2. *Identification of Water System Deficiencies*

Specific issues to look at.

- *Water age in entire system*
- *Possible recirculating water through pump stations*
- *Use of storage tanks – volumes in particular*
- *Indications of broken valves*
- *Effectiveness of booster disinfection*

V. RECOMMENDATIONS TO MINIMIZE FUTURE OEL EXCEEDANCES

A. SOURCE

The City of Flint has already committed to the change from the Flint River as the water source to Lake Huron under the KWA system, planned for late 2016. The risk of future TTHM limit violations will decline substantially with the use of water from Lake Huron due to much lower DBP precursors. It is important to recognize that the Flint River will become strictly an emergency supply when the KWA supply becomes available and any investments toward the Flint River should be contemplated accordingly. Recommendations discussed below in this section apply to the Flint River as the source.

Reverting to supply from the DWSD until the KWA supply is available as an option. However, based on information provided by the City of Flint, the annual cost to receive water from the DWSD would be at least $16,000,000/year or $1,333,000/month. Therefore, utilizing the DWSD for interim supply is cost prohibitive under the terms defined by the DWSD.

1. Watershed Management

A volunteer group entitled the Watershed Coalition performs various tasks related to managing the Flint River watershed such as spring cleanups and annual benthic studies to evaluate the river 'health'. No additional action is recommended at this time.

2. Monitoring

The City documents daily raw water flow, pH, alkalinity, carbonate and non-carbonate hardness, chloride, temperature, turbidity and coliform count as part of standard preparation of Monthly Operating Reports (MOR). WTP staff have obtained and installed TOC and THM analyzers. The THM analyzer is set up as an on-line plant tap monitor and operations personnel have begun taking samples most days to track TOC levels throughout the treatment process. It is recommended to implement TOC tracking as a strict daily procedure which would provide staff the data needed to establish correlations to predict distribution system THM formation.

3. Intake Operations

The 2002 Treatability Study recommended pre-oxidation in the form of sodium permanganate as a feed at the intake. It is possible the addition of a pre-oxidant such as hydrogen peroxide or some type of permanganate could enhance the ozone process. Veolia evaluated permanganate demand during jar testing the week of February 16th, 2014 and recommended implementation at a dosage of 0.5 mg/l – 1.2 mg/l to achieve 10% additional TOC removal.

4. Seasonal Strategies

Past data indicates the Flint River is influenced by groundwater and in particular, dolomitic spring water. The result is hard water with high concentrations of magnesium and sulfate. Also, hardness and alkalinity are higher during the winter. Upon initiation of supply from the Flint River, the City made the decision to soften with just lime to focus on removal of carbonate hardness. One potential modification that could assist with TOC removal and thus decrease THMFP would be lime and soda ash softening. A temporary caustic soda feed system is recommended to be put in place in case the need for optimized softening arises.

5. Upstream Contamination Issues

Upstream contamination issues are extremely difficult to prevent and even if detected are difficult to locate. Evaluation of raw water data collected for MORs is the easiest manner in which to detect upstream contamination issues because the data is already collected for treatment purposes. In fact, high total Coliform readings in the past have signaled potential issues that the City was able to identify and remove.

An upstream monitoring and warning system could be established to attempt to detect water quality issues or spill event type contamination early enough to adjust treatment procedures or cease intake prior to the contamination reaching the WTP. However, given the imminent conversion to the KWA supply, the period of full time use would likely be far too short to achieve payback on the capital expenditures.

B. TREATMENT PROCESS

1. Operational Recommendations

- Increase ferric chloride dosage: Previous testing in the 2002 Treatability Study, jar testing completed by LAN, and a review of 2014 ferric chloride dosages compared to THM levels leaving the WTP support that increasing the ferric chloride dosage would help reduce THM formation.
- Increased monitoring: Currently, the MDEQ does not require daily reporting of raw water TOC or finished water TTHM levels. However, daily tracking of such levels would allow the City to develop a correlation between the two, thus providing a predictive tool to help manage TTHM levels.
- Coagulation and flocculation polymer aids: The 2002 Treatability Study suggested the use of coagulation and flocculation polymer aids. These polymer aids were shown in the 2002 Treatability Study to increase TOC removal and thereby reduce THMFP but jar testing by LAN and PVS Technologies did not indicate clearly defined benefits. Addition of coagulation and flocculation polymer aids should be categorized as a future consideration that would require further evaluation.
- Discontinue softening bypass: In early summer of 2014 the City was bypassing a portion of flow around the softening basins because hardness levels did not warrant softening of the full stream. However, this practice was discontinued because it was believed the bypass stream was contributing to chlorine demand and preliminary data has supported that belief. Chlorine demand dropped 0.5 – 1.0 mg/l following elimination of the bypass stream in early November 2014.
- Soften with lime and soda ash: Research has shown that enhanced softening with both lime and soda ash may provide additional TOC removal. Veolia did not recommend this option after conducting jar tests.
- Disinfection of filter beds: Recommendation is no longer applicable since media has been replaced.
- Optimization of all existing treatment processes: Depending on bench scale testing conditions and results, slight modifications to all treatment processes might in order to replicate lower DPBFP.
- Discontinue or adjust softening anionic polymer feed: Some anionic polymers have been found to increase TOC. However, Veolia provided no recommendation to change polymers following their evaluation.

2. Infrastructure Change Recommendations

- Fix and/or replace faulty ozone equipment: Since the ozone equipment was installed it had not been used extensively on a full time basis. Following minor complications, the City hired the equipment manufacturer and a programmer to troubleshoot the system. Replacement of faulty gauges and redesign of the control program have allowed the system to operate properly since January 2015.
- Replace filter media with GAC media: GAC media could help reduce THM levels by reducing both TOC and chlorine demand. For this consideration, the intermediate chlorine feed location should be relocated to a point downstream of the filters. The City elected to pursue this option and 6 filters were completed in July 2015 and the remaining 6 were completed in August 2015. Provisions are also being considered for adding more GAC media and/or regeneration of media next summer.
- Change disinfectant to chloramine or chlorine dioxide: If other options prove to be ineffective, conversion to another disinfectant should be fully evaluated. Various characteristics of chloramination indicate an advantage over chlorine dioxide, but a full analysis would provide clarity as to which would be preferred.
- Install pre-oxidant chemical feed: Hydrogen peroxide or a form of permanganate as a pre-oxidant can enhance the activity of the ozone. Chemical feed could be installed at the intake structure or low service pump station, depending on the reaction time required. Use of a pre-oxidant at the intake might also provide the additional benefit of disinfection credit for ozonation with the MDEQ if an ozone residual can be obtained at the ozone process effluent as a result.
- Repair upstream sewer leak: a sewer leak upstream of the WTP intake was discovered in early summer 2014 and has been repaired by the City.

C. DISTRIBUTION SYSTEM

Potential distribution issues related to water quality issues discussed in Section IV included old cast iron pipe, oversized infrastructure, and remote storage/pump station locations and operations that might be less than ideal. Recommendations to address those issues are offered in this section.

1. Manage Water Age

a) Storage Tanks

Considering the excess storage capacity discussed in Section IV, in the short term it is recommended that operational changes be implemented immediately to reduce the overall volume of water stored to decrease water age. Immediate operational recommendations include lowering high water levels of reservoirs other than the elevated tank, to reduce the total system wide usable storage volume to 30-37 MG.

In the long term, LAN recommends development of the most ideal options for water model evaluation. Excess storage volume and tank locations within the water system afford Flint numerous options to reduce the amount of storage volume utilized. As a starting point, two recommendations are presented below.

Option 1
- Take West Side reservoir and pump station out of service
- Cut storage volume used in half at Cedar Street reservoir
- Adjusted system wide storage volume would be 35 MG

Option 2
- Take Cedar Street reservoir and pump station out of service
- Adjusted system wide storage volume would be 37 MG

b) Residence Time in Pipes

Completely redesigning and replacing the water system to match today's demands is not feasible financially and would be a waste of infrastructure with remaining useful life. Going forward, it is recommended that any future main replacement projects be evaluated for possible downsizing. When the water model is fully updated, it will provide a valuable tool in determining which mains can be downsized and to what extent. Replacement of broken valves and valve exercising are also recommended, which are programs that have already been implemented into Flint's regular operations.

Operationally, hydrant flushing is recommended as needed to minimize water age in low flow areas. Again, the updated water model should be used to locate high water age areas and optimal flushing points.

2. Reduce Disinfectant Demand

Recommendations to reduce disinfectant demand are similar to those described above to reduce water age. Replacement of old cast iron pipes would lead to a reduction of disinfectant demand on the distribution side, but realistically can only be accomplished over a prolonged period of time. In the meantime, hydrant flushing is the most viable means of reducing disinfectant demand in piping. From a storage standpoint, all reservoirs and tanks should be regularly inspected and maintained to prevent entrance of any outside contamination that would contribute to disinfectant demand. Cleaning of all tanks is recommended as well as investigation into stagnant water prevention options.

3. Water Modeling of Recommendations [yet to be completed]

Determine best flushing locations to reduce water age
Evaluate changes in storage tank operations to reduce water age
Valves to close/add to improve pressure zones, reduce recirculation
Optimization of pump station use – smaller pumps? Shut down?
Evaluate booster disinfection

D. BOOSTER DISINFECTION

Decreasing chlorine feed at the WTP and adding booster disinfection in the distribution system is an alternative intended to reduce the reaction time at higher concentrations of chlorine to reduce DPB formation. Extensive looping and branching within the existing system complicate how to best implement and utilize booster disinfection. Water system modeling is recommended to gage the effectiveness of existing feed point locations and dosages. Further discussion and details will be provided when the distribution evaluation results are available.

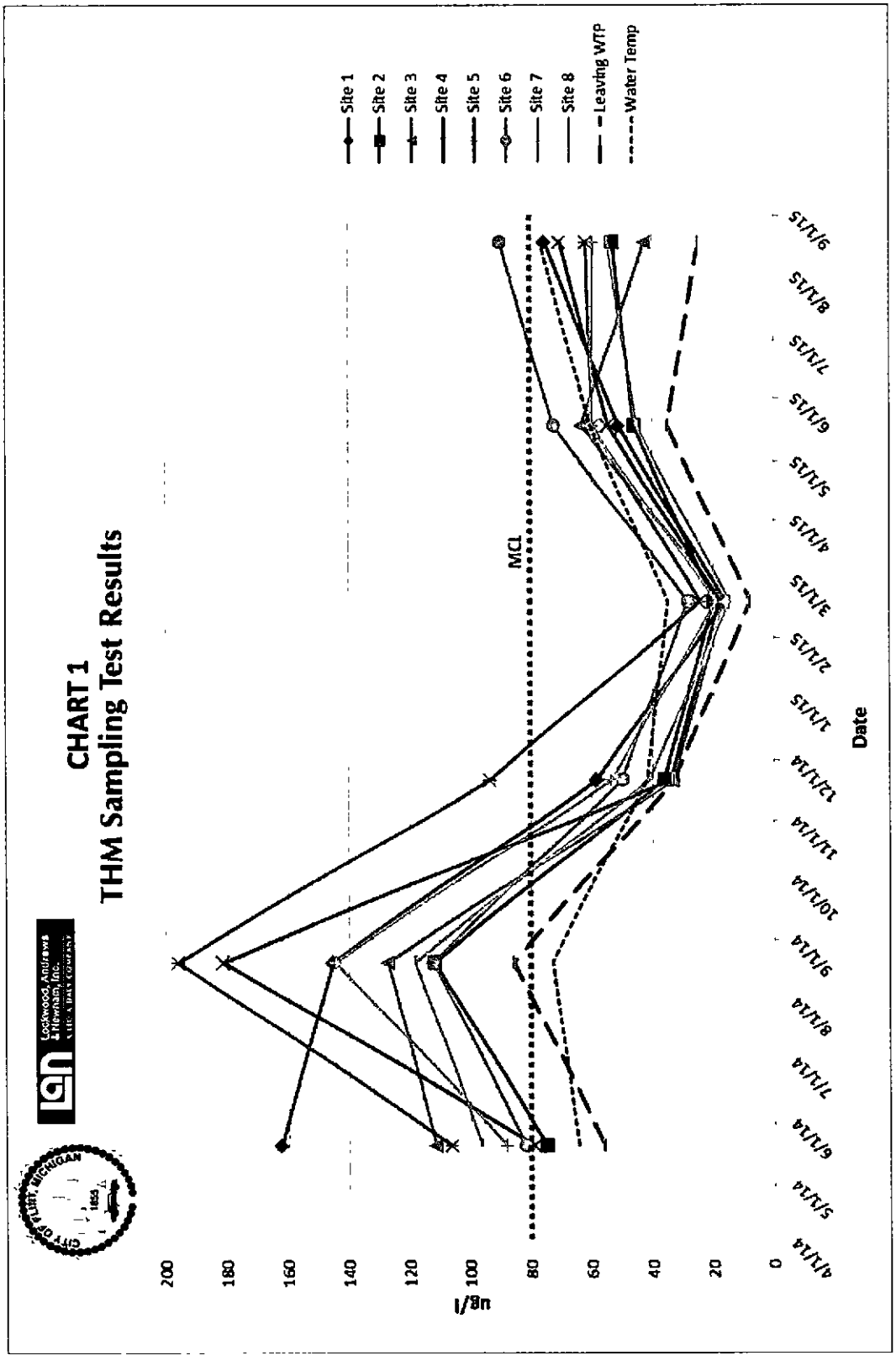
E. CATEGORIZATION OF ACTIONS

Considering that the Flint River is being used as the water source only until the KWA supply is available (expected late 2016), options to address high THM formation that require new construction or extensive time to implement are not preferred. On the other hand, the City understands THM sample results to date dictate that some action is necessary. Two categories have been developed to assist the City in prioritizing actions to take. Stage 1 consists of actions that can be completed relatively quickly without major construction and Stage 2 actions are either long term actions or solutions requiring major construction. Stage 1 actions are to be completed first followed by evaluation of the results prior to consideration of Stage 2 actions. Grouping of actions are shown in the table below.

TABLE 11 – ACTION PLAN

	Action	Purpose	Status
Stage 1	Hire water consultant to complete 'water audit'	Third party review of actions and operations to make sure no options are being missed	Complete
	Increased water quality monitoring – obtain THM and TOC analyzers	Provide information needed to adjust WTP operations to match changing raw water quality	Complete
	Troubleshoot ozone feed system	Reduce chlorine feed and increase TOC removal	Complete
	Bench scale jar testing	Optimize treatment process and evaluate possible modifications	Complete
	Discontinue softening bypass	Reduce chlorine demand	Complete
	Disinfect filters	Reduce chlorine demand	Complete
	Increased water main flushing	Reduce water age / stagnant water	Ongoing
	Water system modeling evaluation	Determine areas with high water age and reasons	Partially complete
	Modify booster disinfection feeds, if appropriate	Decrease water age	Not yet evaluated
Stage 2	Repair ozone system	Reduce chlorine feed and increase TOC removal	Complete
	Continue increased water main flushing	Reduce water age / stagnant water	Ongoing
	Replace filter media with GAC	Reduce TOC and chlorine demand	Complete
	Continue valve replacements based on water model	Reduce water age / stagnant water	Ongoing
	Convert to lime and soda ash softening	Increase TOC removal	Future consideration
	Change disinfectant to chlorine dioxide	Reduce THMFP	Future consideration
	Install pre-oxidant feed at intake	Optimize ozone disinfection, reduce chlorine	Future consideration
	Implement coag. & floc. polymer aids, if appropriate	Increase TOC removal	Future consideration
	Place priority on replacing cast iron water mains	Reduce chlorine demand	Ongoing

Samples were taken August 18th, 2015 for the latest round of quarterly testing. The City has implemented many of the Stage 1 actions and installed GAC media in the filters and THM test results have significantly improved (decreased) since May and August 2014. All sampling results are shown on Chart 1.



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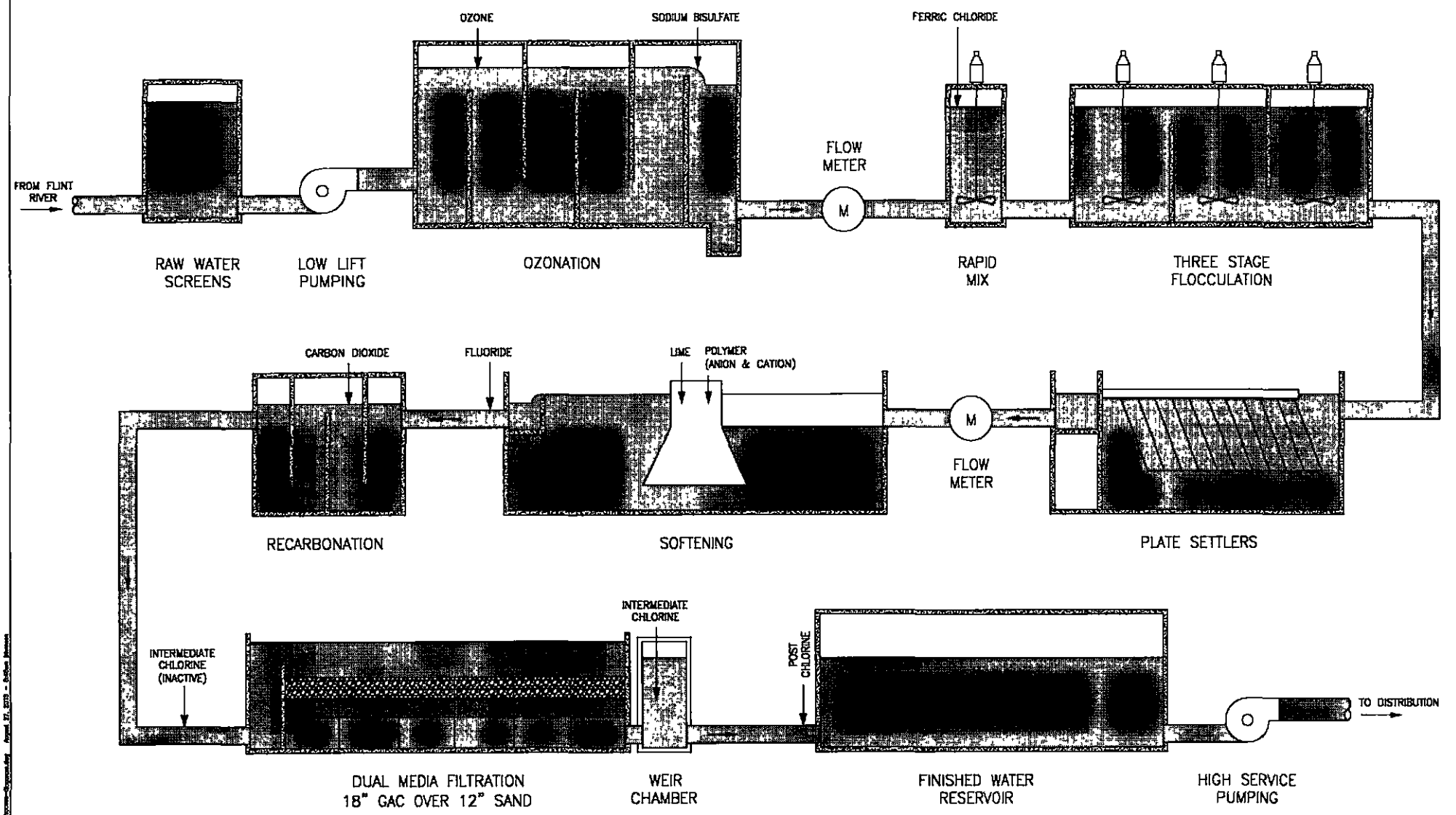

Genesee County

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WATER TREATMENT PLANT

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WATER TREATMENT PLANT
PROCESS DIAGRAM

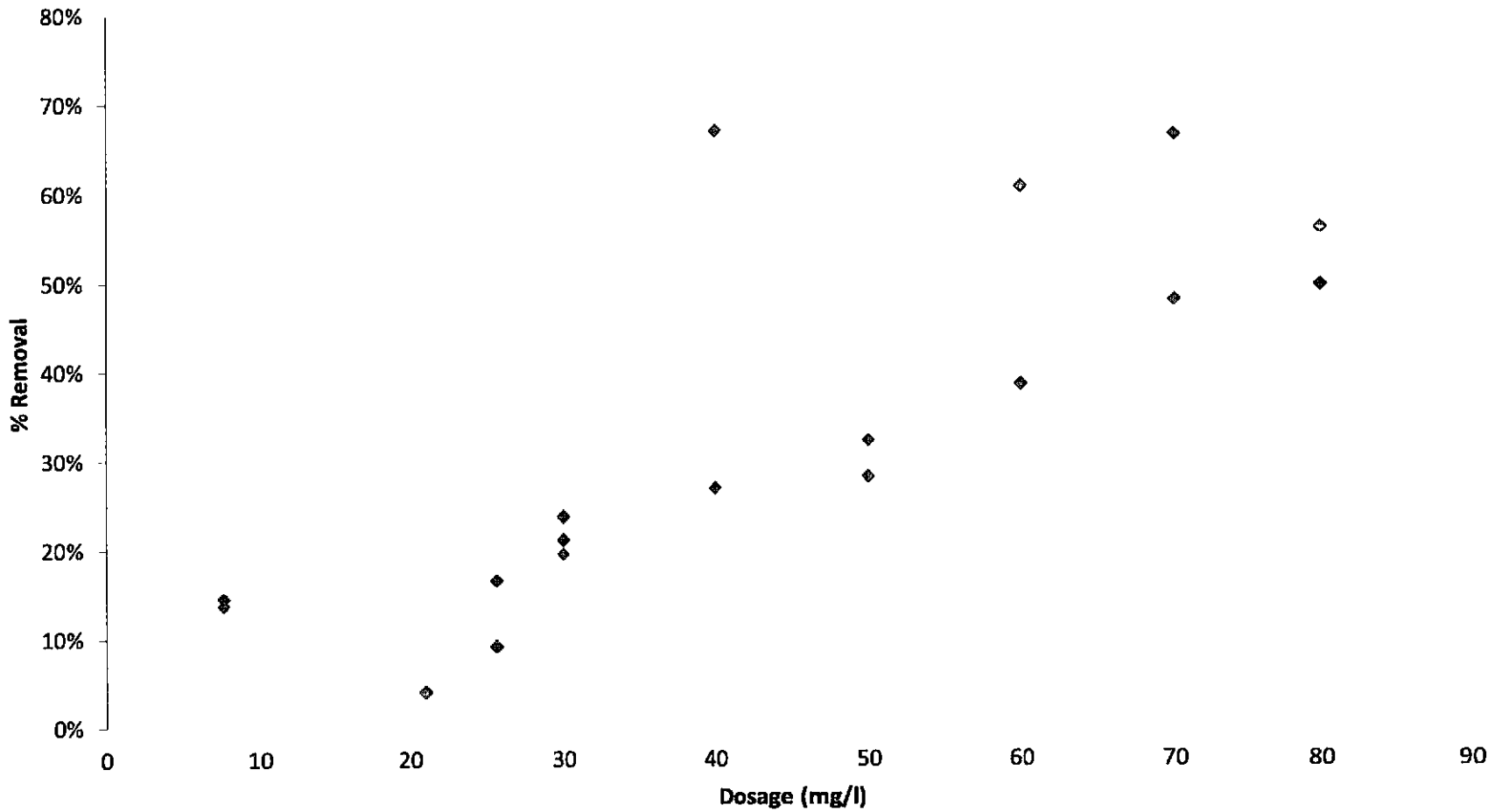
Project No 130-10701-001
Date Aug 27 2015
Sheet
FIG 1

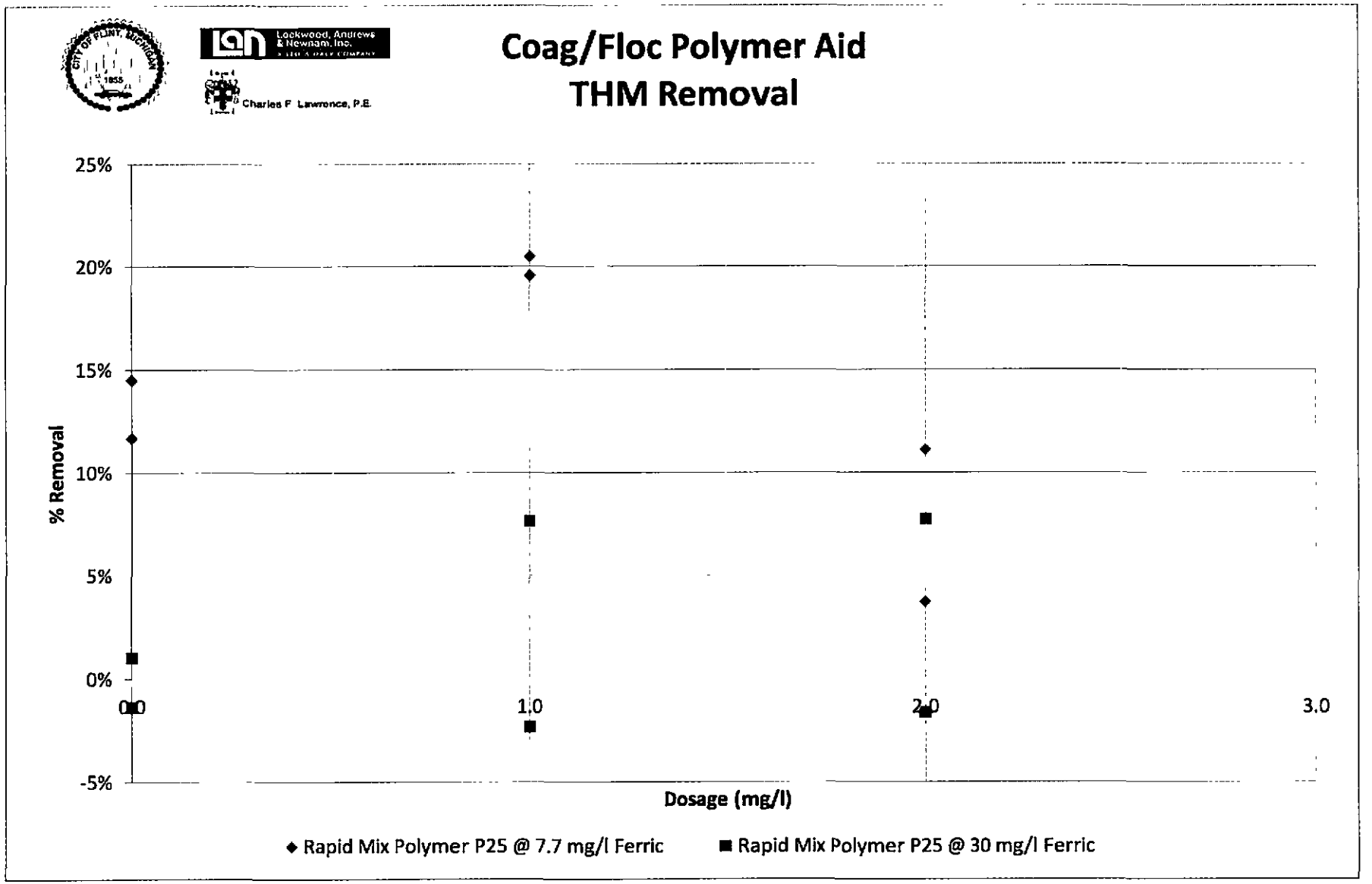
APPENDIX A
JAR TEST DATA

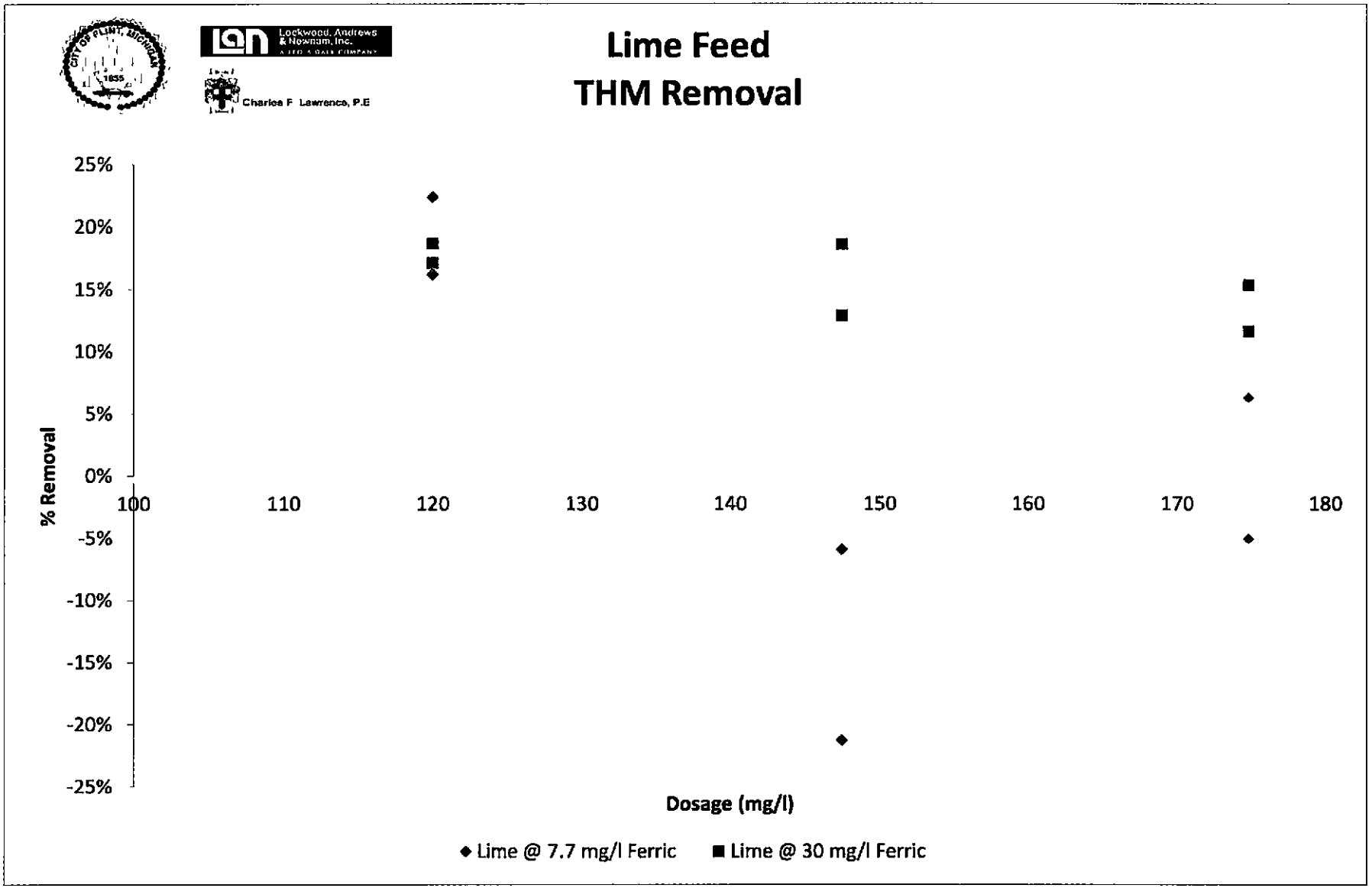
Lockwood, Andrews & Newnam, Inc.
A LEO A DALY COMPANY

Charles F Lawrence P E

Ferric Chloride Feed
THM Removal



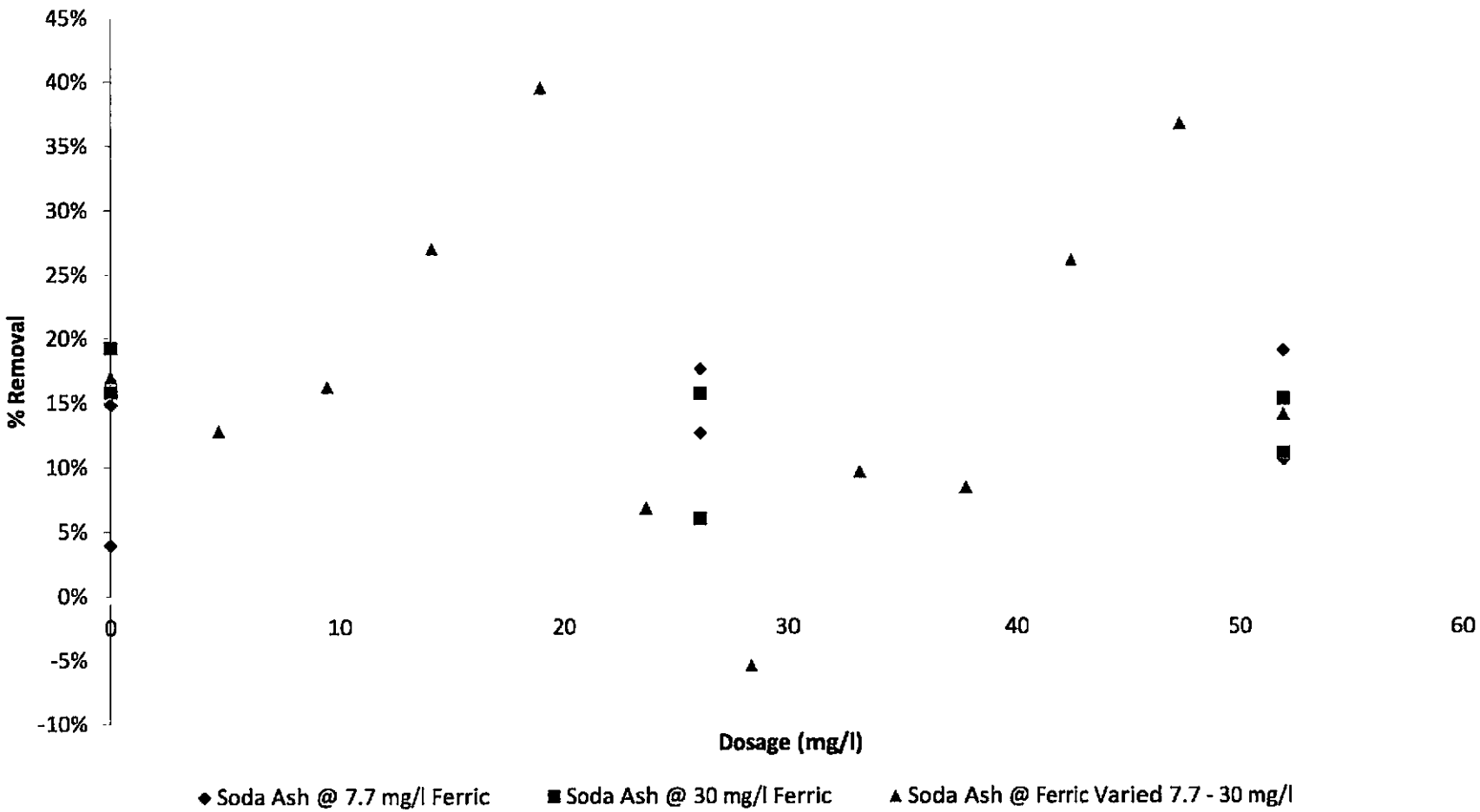

Lockwood, Andrews & Newnam, Inc.
Charles F. Lawrence, P.E.
Coag/Floc Polymer Aid
THM Removal
25%
20%
15%
10%
5%
0%
-5%
% Removal
0.0
1.0
2.0
3.0
Dosage (mg/l)
Rapid Mix Polymer P25 @ 7.7 mg/l Ferric
Rapid Mix Polymer P25 @ 30 mg/l Ferric

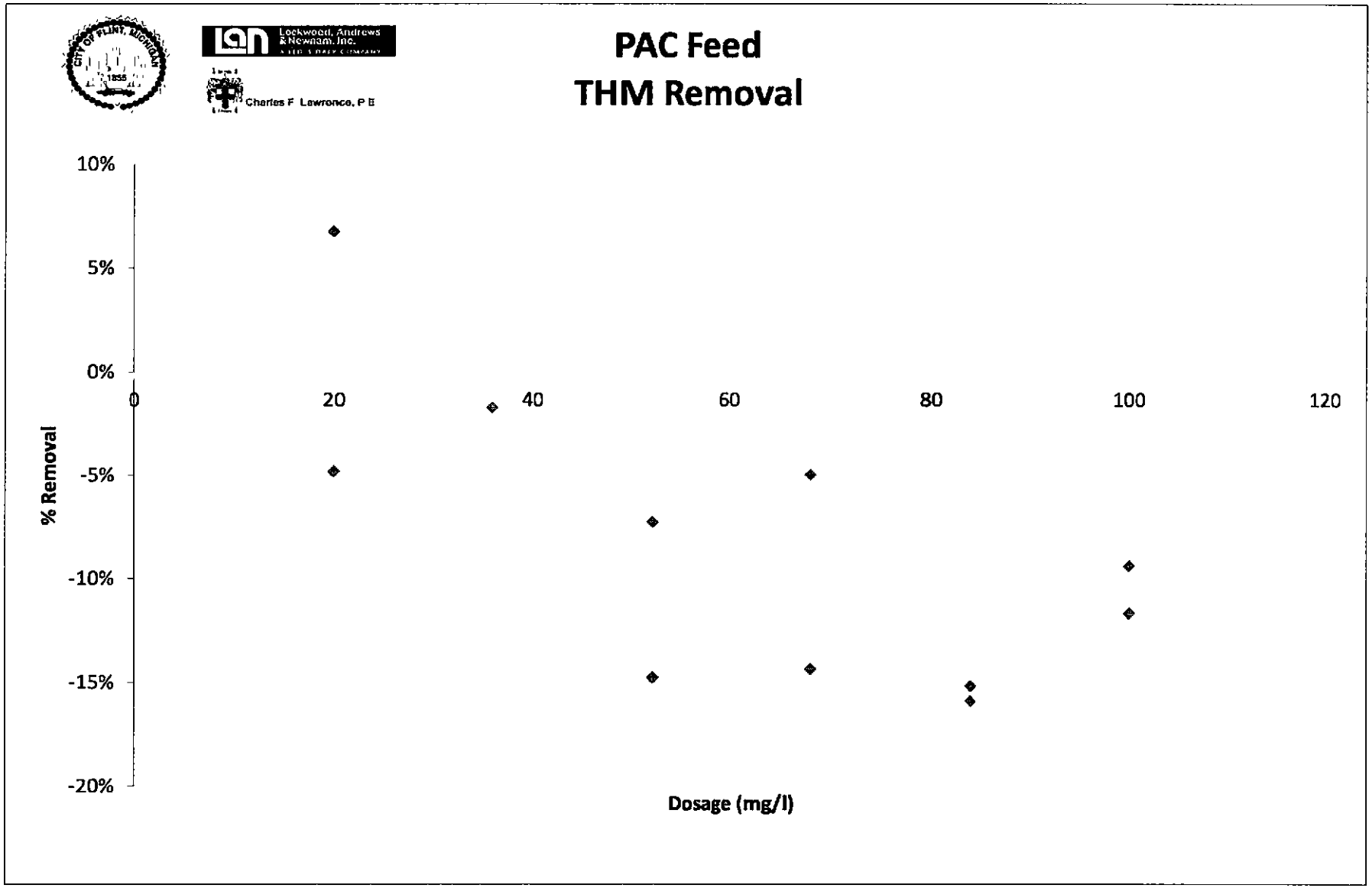

Lockwood, Andrews & Newnam, Inc.
Charles F. Lawrence, P.E
Lime Feed
THM Removal
25%
20%
15%
10%
5%
0%
-5%
-10%
-15%
-20%
-25%
% Removal
100
110
120
130
140
150
160
170
180
Dosage (mg/l)
◆ Lime @ 7.7 mg/l Ferric
■ Lime @ 30 mg/l Ferric

Lockwood, Andrews & Newnam, Inc.

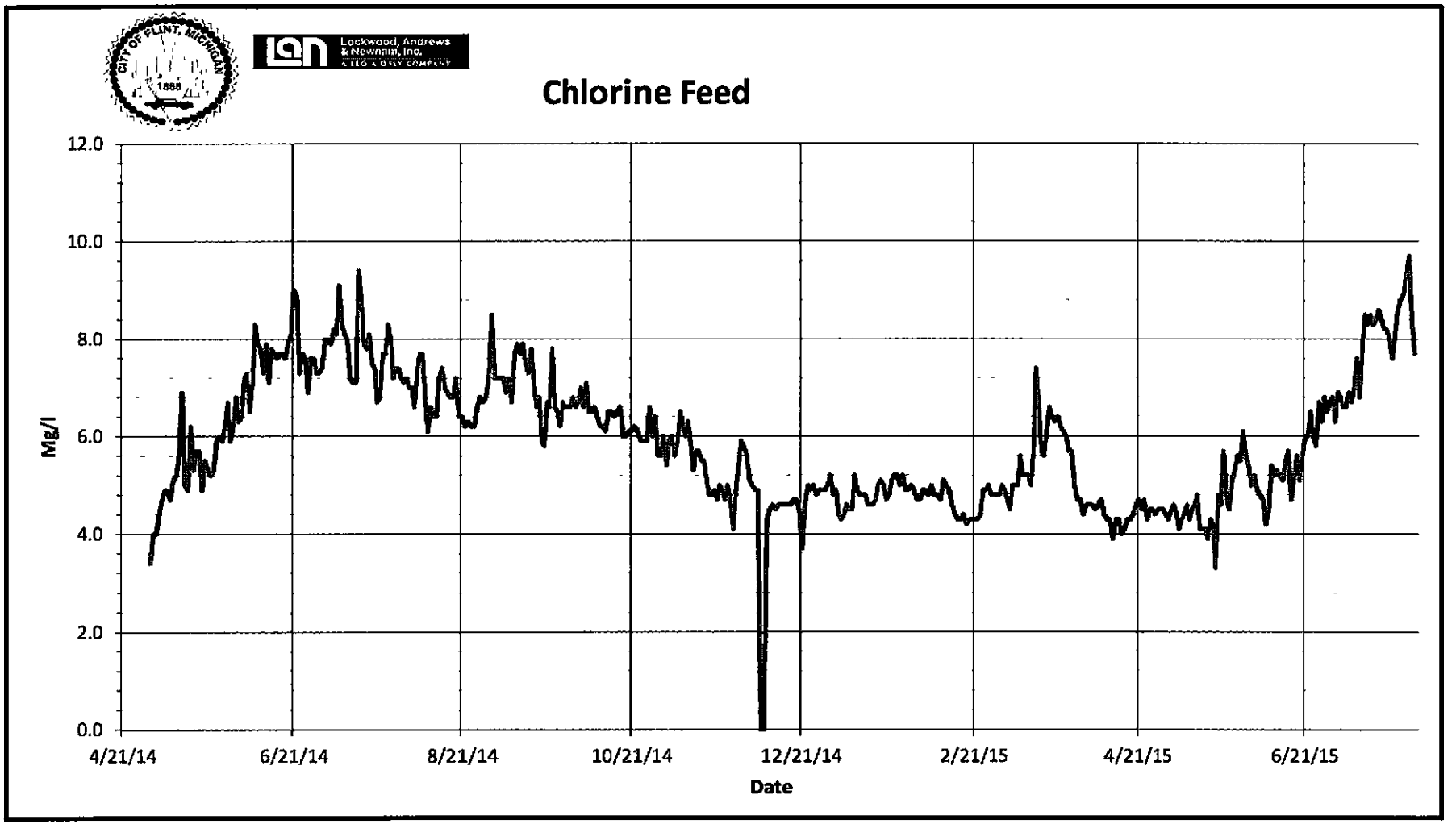
Charles F. Lawrence, P.E.

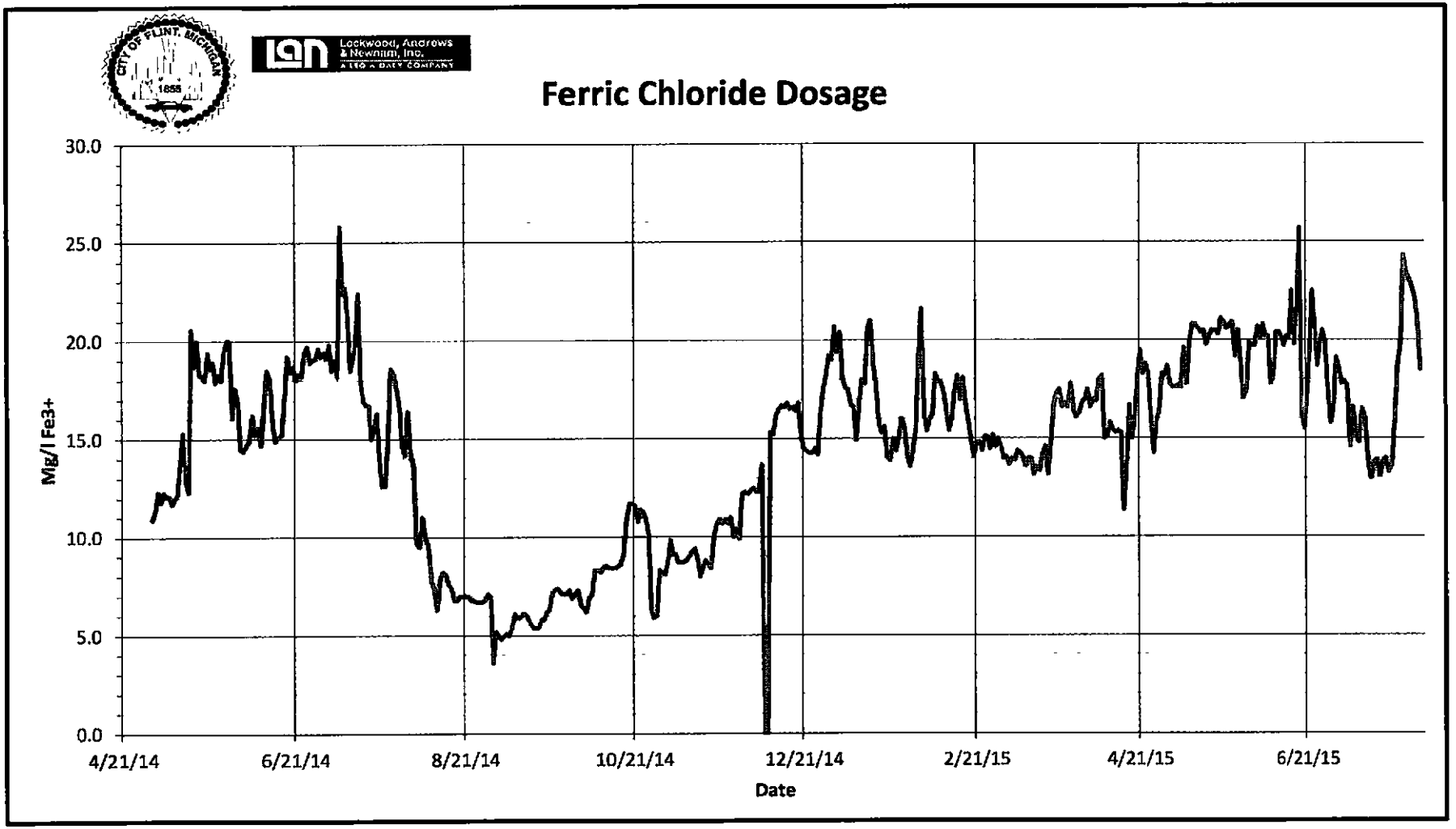
Soda Ash Feed
THM Removal

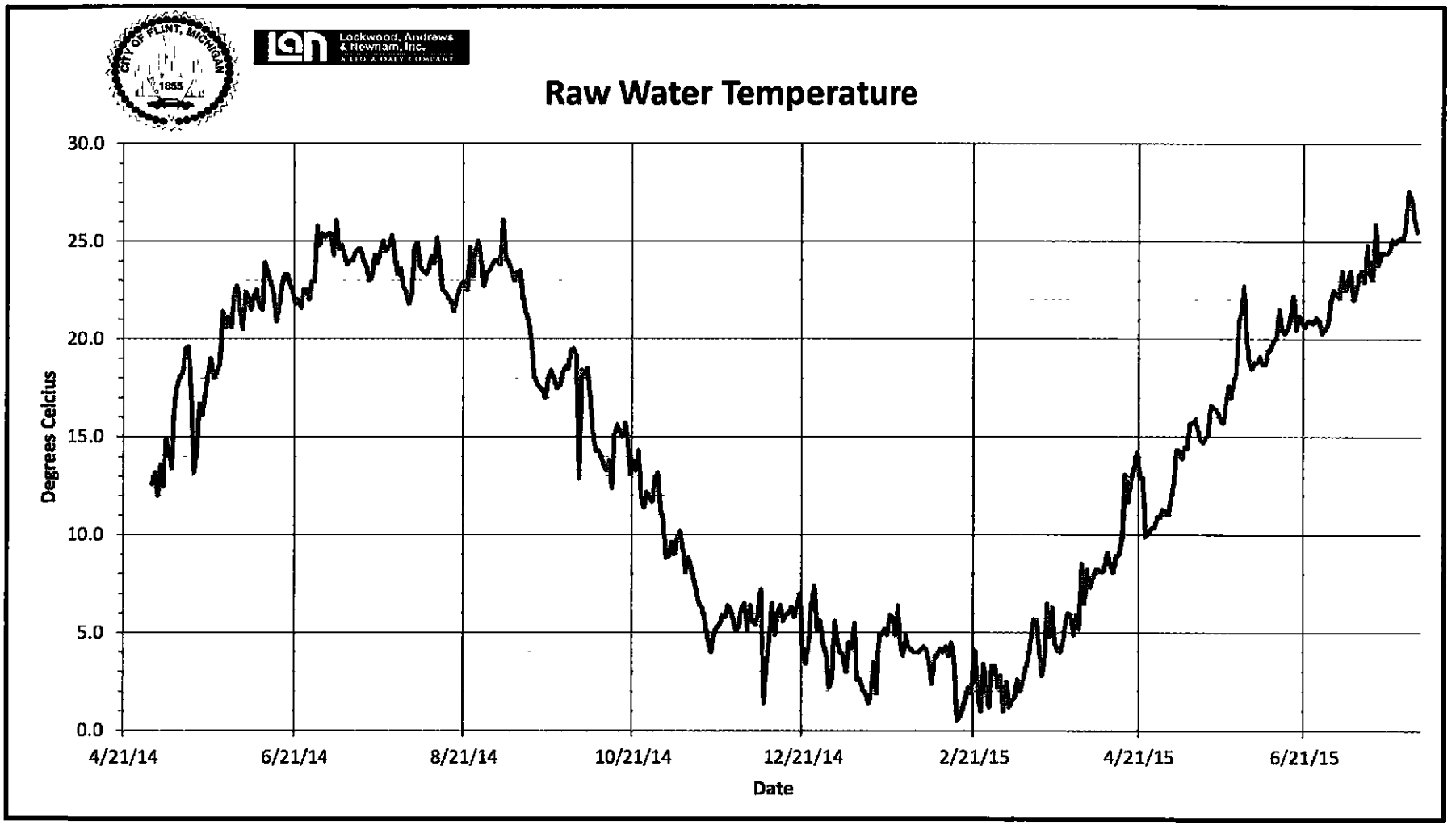


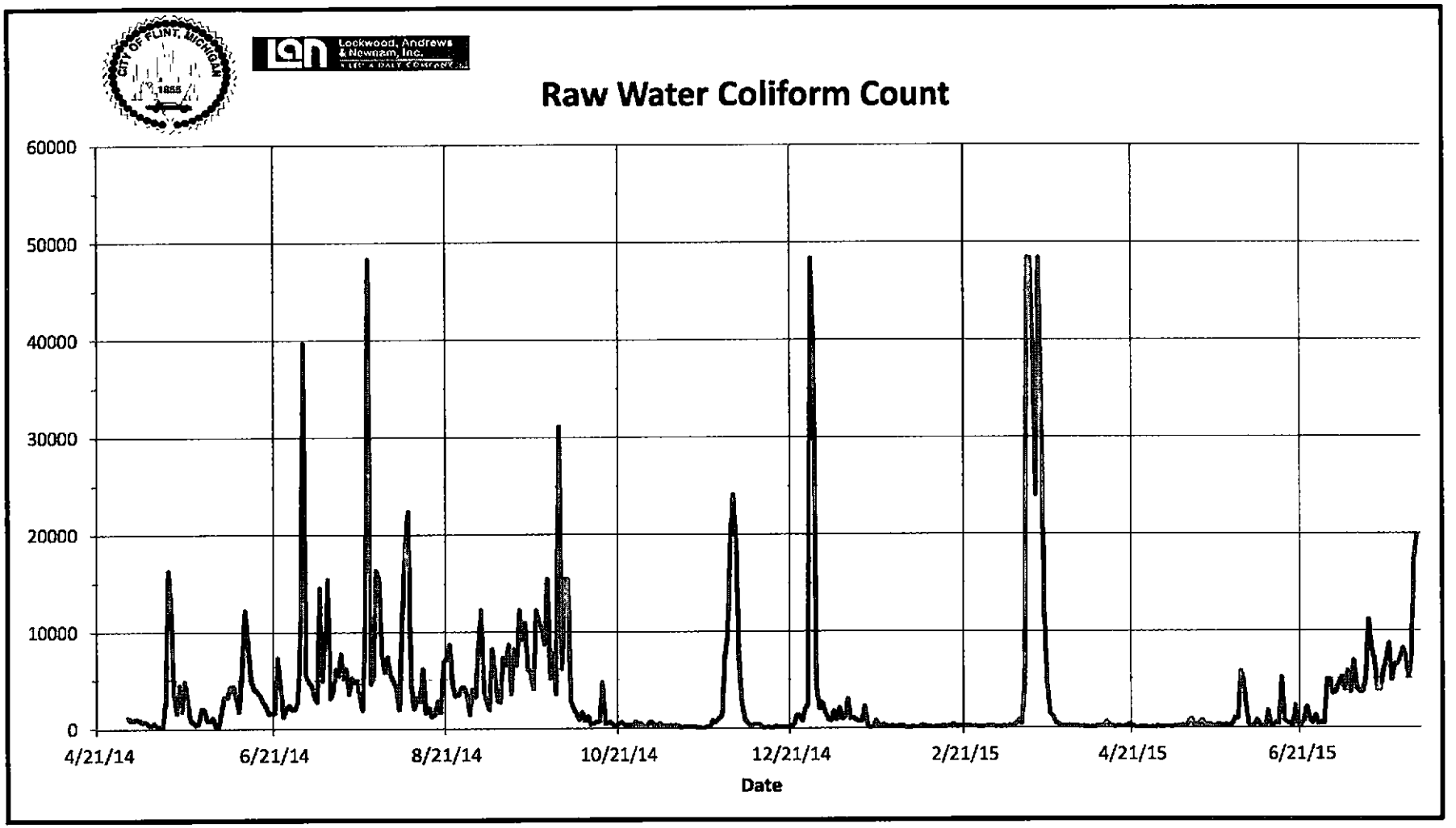

Lockwood, Andrews & Newnam, Inc.
Charles F Lawrence, P E
PAC Feed
THM Removal
10%
5%
0%
-5%
-10%
-15%
-20%
% Removal
0
20
40
60
80
100
120
Dosage (mg/l)

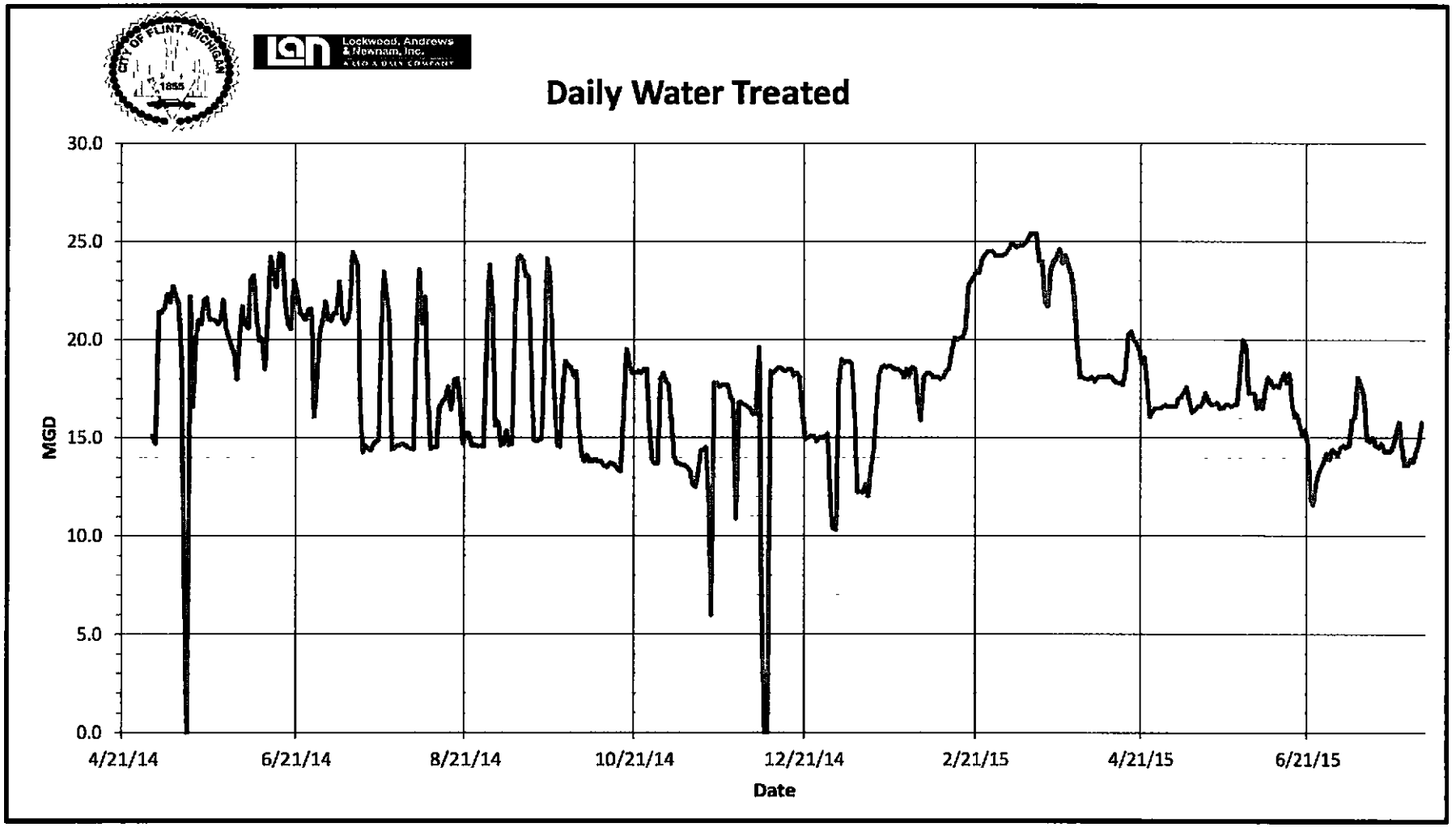
APPENDIX B
WTP DATA


Lockwood, Andrews & Newnam, Inc.
A LEO A DALY COMPANY
Chlorine Feed
12.0
10.0
8.0
6.0
4.0
2.0
0.0
Mg/l
4/21/14
6/21/14
8/21/14
10/21/14
12/21/14
2/21/15
4/21/15
6/21/15
Date


Lockwood, Andrews & Newnam, Inc.
A LEO A DALY COMPANY
Ferric Chloride Dosage
Mg/l Fe3+
30.0
25.0
20.0
15.0
10.0
5.0
0.0
4/21/14
6/21/14
8/21/14
10/21/14
12/21/14
2/21/15
4/21/15
6/21/15
Date


Lockwood, Andrews & Newnam, Inc.
Raw Water Temperature
30.0
25.0
20.0
15.0
10.0
5.0
0.0
Degrees Celcius
4/21/14
6/21/14
8/21/14
10/21/14
12/21/14
2/21/15
4/21/15
6/21/15
Date


Lockwood, Andrews & Newnam, Inc.
A LEO A DALY COMPANY
Raw Water Coliform Count
60000
50000
40000
30000
20000
10000
0
4/21/14
6/21/14
8/21/14
10/21/14
12/21/14
2/21/15
4/21/15
6/21/15
Date


Lockwood, Andrews & Newnam, Inc.
Daily Water Treated
30.0
25.0
20.0
15.0
10.0
5.0
0.0
MGD
4/21/14
6/21/14
8/21/14
10/21/14
12/21/14
2/21/15
4/21/15
6/21/15
Date

Operational Evaluation Report
Trihalomethane Formation Concern

Headquarters
2925 Briarpark Drive
Suite 400
Houston, TX 77042
713.266 6900

info@lan-inc.com

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Florida
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Tampa Bay

Illinois
Chicago

Michigan
Flint
Lansing

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Schafer, Suzanne K. (Treasury)

From: Byrne, Randall (Treasury)
Sent: Monday, August 31, 2015 7:52 AM
To: Schafer, Suzanne K. (Treasury)
Subject: weekly meeting
Attachments: Meeting with Suzanne August 31.docx

Suzanne:

This is a list of critical issues for our weekly meeting.

Thanks,
Randy,

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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Weekly Critical Issues —August 31, 2015

- **Allen Park**— Discussions with leading candidate are not working out due to cost which means Mr. Kibby will be likely choice. City Council wants to appoint a CA in August or early September. We have several names for serving on the RTAB. The revised draft EM Order on the sale of City Hall property has been prepared by Eric, it includes an appraisal and a survey. Gatos vs Allen Park $600K City and $150 K from the MML Insurance Pool. City intends to pay lawsuit cost out of their fund balance.
- **Benton Harbor**-The lawsuit with the former Public Safety Director and two former employees is a major issue for the City. Darwin has indicated that it will cost the City $1.7M to settle these three cases. They are only partially insured. Filling of key positions is proving to be a real issue in the City. Darwin has scheduled a meeting to discuss the interim Finance Director's position with Al Mooney. I have offered financial assistance for a search for a Finance Director. The Assistant City Manager position will be reduced to part-time due to her commuting distance. A job posting for this position will be completed soon.
- **Ecorse** – They received and filed the Memo from Treasury. The City wants to hire the Pentiuk Law Firm. We have several names for filling the RTAB position. Are we ready to approve their five year financial plan?
- **Flint** – Lawsuit on water rates may cause the City to rebate $51M and repay $15.7M, a decision will be made on Monday whether this becomes a class action lawsuit along with additional financial repercussions. I have offered financial assistance to the City to assist in determining the financial impact of this court decision but Natasha has not made a decision. A water main break under the Flint River may cost up to $500K to repair.
- **Hamtramck**-We have several names for the RTAB position to replace Cathy. The pension study payment is in your in box. I am requesting permission to move from Phase 1 into Phase 3. The City has prepared an RFP for audit services. Katrina wants to reorganize staff. Overtime last month was $60K, we are asking her to get quotes for a police study.
- **Highland Park**-The City has had difficulty finding a collection firm to collect the past due water and sewer bills, Cathy has one firm that is interested. Finding a collection firm is a requirement of the loan agreement. Cathy has indicated that the OPEB savings of approximately $750K will not be implemented until October 1. The E-loan closing is one month away. Drew and Valerie are working with the AG's office to draft the agreement. We have a number of loan requirements that will be in the draft document. The City has purchased $300,000 of new water meters as part to the FDCVT grant award. They are set to be installed beginning in early September. DWSD and GLWA have approved a draft agreement regarding the City's debt to DWSD. The City Council on Monday night conditionally approved the agreement. They are asking to extend the number of years required for payback. Brian Lefler has prepared a financial analysis of the agreement for the City. Is the city over its debt limit?
- **Lincoln Park**-Brad is placing a PA 345 request on the November Ballot seeking approval of 6 mills to fund the City's pension system. Brad has prepared a four month plan which is being reviewed. We have met with Brad to discuss the final order. Possible lawsuit against Gabriel Roeder.

- **Inkster**-The new police chief, William Riley is on the job. Mark Stuhldreher was appointed as interim City Manager. Former CM Richard Marsh accepted a buyout and is now Special Advisor to the City. He will be working with Treasury, MEDC, and MSHDA on several development projects. Patrick has been assigned to assist on these projects as well. The City won its appeal on the water billing lawsuit. Mark said the city will be discussing its options. The City is negotiating with Wayne County on its $4.9M sewer debt. A judgement levy for several years will be likely be placed on the July 2016 tax roll.
- **Pontiac**-The Mayor has two Deputy Mayor Candidates, I will be there for the City Council interviews on September 3rd. We are discussing the exit plan. Jerry Ambrose will be hired as a transition advisor to the Mayor. I sent you a copy of the draft contract. Meeting on September 2nd regarding the City and School District property on Woodward Avenue. Pontiac RTAB exit meeting on Tuesday.
- **River Rouge**—the five year financial plan will have to be balanced in order to discuss an exit from the Consent Agreement, the City's plan for taking over fire service for the City of Ecorse is on hold for now. The Mayor has drafted a revised plan that is even more favorable to Ecorse.
- **Royal Oak Township**— police service proposal from another community has been a problem, additional discussions with Ferndale, Oak Park, and Hazel Park are planned. The FDCVT grant for police will expire at the end of the month (September). We have received Robert's six month plan and are reviewing it. He has sent a letter to the accounting firm advising them that their work has been terminated. Robert has requested an Order be drafted. The MERS issue has resurfaced, Robert wants to have a discussion with MERS to determine if they will take the $600K and invest it. We need to discuss this with Wayne. Robert's contract expires at the end of September.
- **Miscellaneous Items**—the draft of the September Governor's Memo has been sent to Angela. We need to discuss the way forward on the Analyst positions. Potential RTAB members discussion and staffing.

Weekly Conference Call Notes – August 31, 2015

Allen Park –August 28 – Mayor Matakas, B. Cady, M. Kibby, R. Byrne, E. Cline, P. Dostine

- **Priorities**
  - Construction on Park Street is moving along.
  - The City's new app, Click It & Fix, is popular with the residents.
  - City to recommend vendor who will update Master Plan to Council.
  - City to recommend vendor who will produce overview/audit of City to ouncil.
  - The MML is progressing on its review of AP's personnel, job reclassifications, and salary survey.
- **Order 54**
  - Brownfield issue. Treasury's Brownfield expert reviewing paperwork. When completed, a conference call will be scheduled with AP to discuss.
- **Order 55**
  - Searching for vendor to do appraisal and survey of the property.
- **Fire Contract**
  - No change. Still two outstanding issues: duty-disability; voting member on pension from fire. Talks to resume Sept. 14.
- **SAFER Grant**
  - Update. This grant is retaining 6 firefighters, not hiring new.
- **Bond Tender**
  - $195K issued as insured. BOA is assuming this piece of the tender.
  - The tender is out until Sept. 16.
- **Prescription Drug Coverage/Healthcare for Under 65, Actives & Over 65**
  - Over 65 switched to Humana, savings of $176K
  - The change to Catamaran drug coverage saved $143K.
  - Under 65 & actives are staying with BCBS. Cady said the overall net increase for the healthcare and prescription drug for the under 65 and actives is $211K.
  - AP must now pay the arrearage fee ($505K, was reduced from $850K) to BCBS over 4 years.
  - Treasury has requested a comprehensive breakdown of this healthcare and drug coverage provider change for the over 65, under 65 and actives.
- **CM Search**
  - All candidates have been interviewed.
  - Treasury asked to be included if candidates appear before council for interviews.
- **F.O. Directive: Quarterly Litigation Report**
  - AP checking on status of reports. Should have been part of the packets. Treasury has not received.
  - A litigation report was emailed after the telephone call today.
- **Elevator**
  - Should be completed today.

Benton Harbor –August 27 – D. Watson, R. Byrne, P. Dostine, R. Widigan

- **Weekly Priorities:**
  - **FLSA Claim:** Checks have been cut for the settlement.
  - There is a new FLSA claim for $25K against the City and Darwin. The individual does not have a solid case at the moment.
  - Audit prep is going well, looking at $140K surplus.
- **Lange, O'Brien/Unruh Lawsuit:** No new information regarding O'Brien/Unruh. Offer to settle all three is $1.8M.
  - Bob Callahan said that Lange wants $595K to settle.
  - Darwin will have a conference call with the attorneys to develop a response to that settlement request.
  - The insurance company has not stated how much they would contribute to just the Lange case.
- **Update on Vacant Positions:**
  - MML proposal is complete and will be sent to Treasury for review (for the head hunting firm).
  - Marja Winters will be working with the City three days a week and will help the City find a new community and economic director/assistant city manager.
    - Posting/job description will be sent out Monday or Tuesday next week.
  - **Assessor position**: Individual is interested, however, they would like to have an assessing assistant.
    - The contract gives 6 months of severance pay when the contract is terminated. The City attorney is reviewing the contract to see if the City still needs to pay it if the assessor is the one leaving.
  - Darwin has a phone call with Al Mooney tomorrow – Al is looking to do more part time.
  - **DPW**: City is filling one position, gearing up for the winter.
- **Status of FDCVT Grant Applications:**
  - Darwin is resubmitting some of the projects from LY as well as additional projects that they are getting cost estimates to submit in new projects.
  - Should be submitted mid-September.

Ecorse – August 25 – W. O'Neal, T. Sadowski, J. Pepperman, R. Byrne, P. Dostine, C. Porubsky

Priorities:

Waiting to hear from Treasury on five-year budget, would like feedback. Randy: does the budget reflect the consolidation with River Rouge? Current fiscal year doesn't show anything, didn't budget for savings. Transferred salaries to professional services. Has some time to show savings. Has leeway in PA 33.

Spoke with RR yesterday, have to put contract on hold. Things are heating up. If the deal does not go thru, all Ecorse FF will be reduced to part-time. Would help with savings needed to balance five-year. Current salaries are around $850-900K, thinks this would cut roughly in half. Would pay RR around $400K. Would like to have shared command with the agency to cut down on overtime costs. Their Public Safety gets a bonus, Ecorse has not had a raise in twelve years.

Tim's first day was yesterday. John and Tim will work together this week. John has volunteered to be on call.

DPW Superintendent resigned last week. Will be brought to the RTAB next month. **This position was being paid salary plus overtime.** Has been here around two years, Wayne thinks he is overwhelmed administratively. Wayne is thinking of moving current employee into vacant treasury position and give an applicant that has water/sewer billing experience the position of DPW Administration Assistant. Wayne stated the bills are going out on time; has some problems to address regarding fraud, etc.

OPEB Benefit Audit is also on the radar, Wayne is going to look at. Has to look at what a couple people are paying for healthcare and ensure it is the correct amount. Pre-65 do not have healthcare anymore, only ones grandfathered in (approximately ½ dozen or more). Wayne has met with MERS multiple occasion. 7.75 rate of return, Wayne was using 8. Need to recalculate.

Prax Air: Got a call from Livese at Prax Air and stated there are things that need to be changed in the resolutions to comply with law. Getting prep work ready, conducting pre-construction meetings, etc.

Council voted to receive and file letter from Wayne Workman.

Flint – August 26 – N. Henderson, F. Headen, R. Byrne, P. Dostine, E. Cline

- **Priorities**
  - Focused on the Court Order regarding water/sewer, is hoping for an appellate stay.
  - The City has already prepared bills that reflect the Order: 35% decrease in rate will go out on next billing.
  - All CIPs have been suspended, saving approximately $7M.
  - 14 water/sewer positions have been frozen, savings of $1M.
  - It is estimated that approximately 70 different customers per day stop paying their bills. Which amounts to $70K loss per day.
  - By the end of this week, Henderson said the City will have a better handle on the cost to the water/sewer fund from customers not paying their current bills.
  - The City's plan, if the stay is granted, is to reinstate the 35% rate increase immediately. The increase would not be escrowed because the revenue is needed to operate the department, resume the CIP plan, hire personnel, etc.
- ***Unpaid Water/Sewer Bills, Implications for Cash Flow, Fund Solvency***
  - If customers continue their refusal to pay and the new billing goes out with the 35% reduction, the water/sewer fund may possibly stay solvent and operate through the fiscal year.
  - If the City loses their appeal, the estimated cost is $85M. This figure does not include the $15.7M in the Order owed to the water/sewer fund.
- **KWA Bond Payment**
  - In FY 16, Flint must make $6M bond payment to KWA.
- **Finance Assistant, Help with Water/Sewer Court Order**

- Natasha will call Randy to discuss further.

- **Police Issue**
  - A police officer has been fired by the City after making derogatory comments on social media during working hours. Henderson said the issue has been picked up by media.
- **PR and Water/Sewer**
  - There has not been much if any support for the City in the media regarding the potentially devastating impact an unsuccessful stay or an appeal would have on the City's financial future.
- **Additional Police Officers**
  - Five new police officers have been hired, another five are being sent to the academy and will be offered positions upon completion.
- **Water Main Break (8/25)**
  - According to Natasha: "We are doing what we have to do with the staff we have."
- **Dupont Street Project**
  - The project is still a go, however the City is requesting an extension. There are no plans to suspend the project.

Hamtramck – August 27 – K. Powell, R. Byrne, P. Dostine, D. Van de Grift

- **Priorities**
  - Processing paperwork for the bond sale (closing in Sept.), and infrastructure project. Anticipated cost is $6.5M.
  - Put out to bid for vendor to perform City audit.
  - Hired an auditor for the housing discrimination fund.
  - Taking the snow removal responsibilities in-house this season, expected to save the City money. DPW began prepping for the winter season.
  - Bidding out the landscaping contract, Katrina said the current cost is too high.
  - Also bidding out contract to do sewer work and repair.
  - Meeting scheduled with Wayne County Executive and Sheriff regarding jail services.
- **Police Overtime**
  - Last month's bill was $60K. Katrina noted that revenues of $96K were generated as a result. Fireworks and a movie night at the school contributed to the $60K overtime figure.
  - Overtime language is in police contract in eight hour shifts. This will need to change in the next contract.
  - Katrina will ask court to break out traffic revenues from forfeiture revenues.
  - The Police Chief is in the process of hiring part-time officers and a dispatcher so higher paid staff will not have to dispatch.
  - Police Study: No progress. Treasury recommends looking at ICMA .
- **Library**
  - A library study is needed. Last fiscal year, the library finished with an $80K deficit. The City bailed them out. According to Katrina, the library has important role in the community and acts as community center in many ways.

- **HR Update**
  - Recently, the City Treasurer's actions resulted in an overdrawn account. The Finance Director sent a memo documenting the error.

Inkster – August 13 – M. Stuhldreher, R. Byrne, P. Dostine, C. Porubsky

- **Priorities/Misc.:**
  - DOJ employee came in to facilitate community group (resulted from Dent situation).
  - Richard Marsh is transitioning; Mark is getting used to new position/role.
  - Meeting with MSHDA on Monday; Mark will be in attendance.
  - Discussion will take place Monday at the Council meeting regarding Mark's role as Interim City Manager.
  - Final billing for search has been processed.
  - Police training is needed, but it is hard to send as they are short-staffed. Randy suggested contacting Capt. Yes.
  - TIFA is declining; Mark will have to get money from GF. Debt was issued in 2010 and has about 20 years left. This was in the long-term forecast and is not a surprise. Initial projections were at 4-5%, actual rate of decline was 8-9%.
- **Police Chief:**
  - Started Monday. Interim Chief Thomas is completely separated from the agency now, but the two were able to spend some time together.
  - To Mark's knowledge, the Chief has not met Captain Yesh yet, but has met some MSP members, include Lt. Shaw.
  - Mark stated that the new Chief is straightforward, about business, articulate, and has good people skills. Expects that the community will embrace him.
  - Randy would like to meet the new Chief and see the building.
- **Chargebacks:**
  - Came back lower than budgeted.
  - $300K positive variance on GF, $100K negative on Sewer; everything together is $213K positive variance.

Lincoln Park – July 29 – B. Coulter, P. Dostine, D. Van de Grift

- **FAC & Wayne County Future Road Projects:**
  - Brad and the DPW Director will begin attending these meetings.
- **New City Manager:**
  - Mr. Coppler will start October 1. Brad has started forwarding informational emails to begin the acclimation process.
- **Five-Year Plan/90-Day Plan:**
  - Both will be submitted soon; the five-year is nearly complete.
  - Projected fund balance this year is $100K, $500K-$700K for next year, and $400K-$500K the year after.
  - If the projected fund balances don't materialize, there are areas that can be modified to reduce expenses. The fire contract allows for modification, first responders could be eliminated, FTEs

could be reduced from 18, police shifts could be shortened, and could begin charging for HazMat cleanups.
  - Healthcare costs were decreased by $600K this year.
  - If pension payments cannot be made, a judgement levy should be considered.
- **Order Concerning the New City Manager:**
  - Brad will add language to the Final Order detailing the City Manager's authority.
- **Rental & Vacant Property Ordinances:**
  - Two ordinances, will help to control/monitor the number of rental/vacant properties in the City; this will hopefully help stabilize and perhaps increase property values.
  - It is estimated that between 6-15% of properties in the City are currently vacant.
- **TJ Adams Final Invoice:**
  - The final invoice for the City Manager search will be forwarded to Treasury.
- **Gabriel, Roeder, Smith & Co:**
  - The City is considering filing for the full amount of pension underfunding, $90M.
  - Legal fees would range from $75K-$100K.
  - May or may not be a good risk to take.

Pontiac – August 28 – Mayor Waterman, J. Sobota, , N. Nazarko, R. Byrne, P. Dostine, R. Widigan

Weekly Priorities:

- GERS Board passed a policy addressing future overpayments of COLA.
- J. Sobota is working on his report to the RTAB.

Deputy Mayor Position: TJ Adams firm sent out letters to council-members to attend a forum to meet the two Dept. Mayor finalist.

- The names will be kept confidential.
- Informal meeting with council on Thursday at 10AM, there will be no vote or evaluation to fill out. Council meeting to follow at 12.
- Randy will attend the sessions on Thursday.

Community Development Positions: Salary approved, positions were posted on August 20. 30 days ends on September 25.

- Met with Oakland Co. to discuss working together on community development once the positions are filled.

Phoenix Center: The City's attorneys have talked with one of the other condemnation attorney's. They are working on setting up a meeting between the owner of the Ottawa Towers owners and the City.

- The Mayor/City is working on a strategic plan for the property/area.

Two-year Rolling Budget: Budget amendment for the 15/16 budget is pending before the finance committee. Once that is complete then the City will prepare and finalize the two-year.

Retiree Lawsuit: The City had a pre-meeting with opposing council. A new list of possible eligible individuals. Once all the information is gathered it will be finalized and sent to the mediator. Next pre-meeting is set for September 21.

- A letter of understanding is being developed and shared with the mediator.

FDCVT Grant Applications: Randy reminded the City.

Royal Oak Township – July 27 – R. Burgess, D. Squalls, R. Byrne, P. Dostine, C. Porubsky

- **Priorities for the Week/Miscellaneous Items:**
  - Set up meetings for this week or next with potential developers.
  - Code enforcement officers currently have dealership in court over taxes – Donna thinks the best scenario would be for someone to buy both the dealership and motel next to it and demolish the motel.
  - Donna: Finish F&O Plan.
  - Robert: Spoke with Finance on Thursday, need a cash flow analysis for the remainder of the year and to create an amended budget.
  - Current on all bills with the exception of one.
  - Revenue sharing is anticipated to be the only income, but Robert thinks there is enough money to make it thru the year.
  - Randy reminded the Twp. that a monthly financial report is required.
  - General fund renewal is on the ballot August 4; Donna and Robert would like to send a flyer out. Randy cautioned them on the wording
- **Audit:**
  - Completed; Donna said that it was better than last years' and didn't highlight many problems.
  - Robert stated that one of the things the audit noted was that an inventory needed to be completed.
  - Donna wanted to know if the Board had to approve the audit – Randy said to ask Mr. Wilkerson.
- **Police Update**
  - Donna will know soon after August 4 (election) more regarding Hazel Park.
  - Oak Park is not interested; very short meeting where annexation was suggested.
  - Ferndale: Over $1M, have not talked to.
  - Deadline is August 31; if not completed money will need to be returned.
- **Street Lighting:**
  - Completed last Friday, grant should close this week.
  - A rebate of $9700 is anticipated.
  - Bills should start being lower in September; the entire $10K budgeted for these may not be needed.

Dr. Karen Weaver
Mayor

Natasha L. Henderson
City Administrator

Jason Lorenz
Public Information Officer
Office: (810) 237-2039
Cell: (810) 875-2576
jlorenz@cityofflint.com

For Immediate Release

Mayor Karen Weaver Unveils 100 Day Plan

Flint, Michigan – December 1, 2015 – Mayor Karen Weaver today laid out the plan for her next 100 days in office at a morning press briefing held in the lobby of Flint City Hall. The Mayor's plan for the next 100 days will focus mainly on addressing issues related to water and lead, but will also include building a vigorous community engagement program, implementation of the City's Master Plan and increased attention to youth initiatives. The plan also lists restoring "Home Rule" to City government as a key objective.

"During the course of my campaign for this esteemed office, I made several pledges to the citizens of this community," said Mayor Weaver. "First and foremost I pledged that I would work tirelessly to resolve the City's water problems. I also made a pledge to work diligently to restore democracy and home rule, in addition to giving voice, truth and transparency to our residents." While there are other items the Mayor is interested in addressing, the next 100 days will focused on those areas.

In dealing with the water issues in Flint, Mayor Weaver is working toward having the City declared a Federal Disaster Area as her first item. "We are faced with the largest public health and public service threat in the history of the City," said the Mayor. "It will require resources far beyond our capabilities to remediate our water infrastructure problems." Mayor Weaver has already begun meeting with representatives and senators at both the State and Federal levels. In addition to the Federal Declaration, the Mayor is also seeking to restructure the City's Water Advisory Committee to include mayoral appointments,

–CONTINUE–

implementing a lead poisoning mitigation program in conjunction with local medical centers and expanding the Keep the Water Flowing program to include additional aid agencies.

Community engagement and the reestablishment of trust in local government will be vigorously sought by Mayor Weaver, as laid out in the 100 day plan. Beginning this month, the Mayor will conduct monthly Town Hall Meetings in each of the City's nine wards. In addition, the Mayor plans to attend block club and neighborhood association meetings frequently, continue the Mayor's "Open Office" time on Wednesday mornings to hear from constituents and create a "Mobile City Hall" to provide direct access to the Mayor.

Another key to the Mayor's outreach strategy will be to meet frequently with various community stakeholders to gather input and reach out to educational institutions in an effort to gain insight into the problems facing Flint. Through relationships with local colleges and universities, the Mayor hopes to develop surveys for such issues as specific as determining the scope of problems with the City's street lights and more general such as identifying citizen needs. Work is also being done through a university partnership to digitize old paper records of underground pipe materials to better track the location of lead-based service lines throughout the City.

Youth engagement is another part of the outreach strategy of the 100 day plan. Mayor Weaver is seeking to establish *Operation HYRE* (Helping Youth Reach Employment) in which she will call upon local businesses and vendors to provide summer employment opportunities for 500 City youth in 2016. The hope is to expand that year to year. In addition, the Mayor is seeking to form a Youth Advisory Council to provide opportunities for engagement in local government with students.

–CONTINUE–

Dr. Karen Weaver
Mayor

Natasha L. Henderson
City Administrator

Mayor Weaver acknowledged that the ambitious scope of her plan will be rely on a spirit of cooperation within the community. "I am working every day to improve our quality of life," the Mayor stated. "Flint's stability depends on our collective effort to provide economic opportunity, promote healthy lifestyles, and ensure community prosperity. With our legendary Flintstone spirit we will prevail."

–END–

Cline, Richard (Treasury) SAM, Analyst II, RTAB II, CA, UCS, Fred, VC Nelsen Mayor

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, December 01, 2015 2:56 PM
To: Heimann, Alexandr (TREASURY); Hudson, Deanna (TREASURY); Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: draft call topics, 9 AM Flint

Flint – Dec. 2 – Mayor Weaver, Council President, N. Henderson, F. Headen, W. Lamphiery, E. Cline, P. Dostine, D. Hudson, A. Heimann

- Greetings from Mayor Karen Weaver – 100 Day Agenda; Focus on Youth Services
- Greetings from Flint City Council President – N/A
- DPW position vacancy – Utilities Admin is Acting; Hire Steed F-1; Trans & Waste direct report to CA w/s
- Updates on grants
  - $1.5M for North End police prog; –
  - $300K neighborhood planning;
  - $70K park grant
- Water updates – Weekly DEQ Meetings; Phosphate Testing - add next week;
- Miscellaneous - Snow Removal OK;

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

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DPW

Interim in next few weeks

PSF

Exceeding Strat Obj

Fire #'s ↓

400 to 299

[Lost some grant $]

Expulsion Prevent Program

1 officer

Charter Comm

VC not ⅋

Wanted $250K

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, December 02, 2015 2:04 PM
To: Natasha Henderson; Byrne, Randall (Treasury)
Subject: RE: RTAB Appointment

Thank you we will get it on the list

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Wednesday, December 02, 2015 2:00 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RTAB Appointment

Hello Randy and Mr. Workman,

I am requesting that you submit Steve Landfall's name as an appointment to the RTAB. He lives in Flint and has a successful business in the City of Flint named Landall Packaging.

Thanks,

Natasha L. Henderson, City Administrator
1101 S. Saginaw St.
Flint, MI
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, December 02, 2015 3:55 PM
To: Headen, Frederick (Treasury); Schafer, Suzanne K. (Treasury)
Subject: RE: Flint Litigation Summaries, 12-2-15

Thank you Fred

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Headen, Frederick (Treasury)
Sent: Wednesday, December 02, 2015 3:49 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: Flint Litigation Summaries, 12-2-15

The following information is per your request:

Mays, et al v *Governor, et al*. This complaint was filed in United States District Court (Eastern District) as a class action and seeks equitable remedial relief and monetary (compensatory and punitive) damages. The claim is that named State officials, City of Flint officials, and former Emergency Managers violated the rights of plaintiffs afforded by the Due Process Clause of the Fourteenth Amendment by deciding to utilize the Flint River as the water source for City residents, thereby exposing them to lead and other toxins.

Status: Filed on November 13, 2015.

Natural Resources Defense Council, et al v *Governor, State Treasurer, Flint RTAB, et al*. The claim of this Notice of Intent to Sue in United States District Court is that named State and City officials are in continuing violation of federal Safe Drinking Water Act requirements (lead and copper rules) for having failed to monitor and control lead levels in the City's drinking water and for having failed to assist certain Michigan schools with testing and remediation.

Status: Not yet filed. Notice of Intent to Sue served to putative defendants on November 16, 2015.

Vandegrift, Drew (TREASURY)

From: Vandegrift, Drew (TREASURY)
Sent: Thursday, December 03, 2015 8:41 AM
To: Schafer, Suzanne K. (Treasury)
Subject: RE: PA 436

Good Morning Suzanne,

I doubt very much that Treasury is involved in these bills. I note that among the Democratic sponsors of both bills is Phil Phelps, who has historically been very critical of PA 436, and who recently filed a lawsuit against the state related to the Flint water matter. The bills are summarized below:

HB- 5089 This amendment to Section 21 of the Act would permit city councils to reverse EM Orders immediately following an EM's exit. Such an amendment would have troubling consequences for RTAB administration (final orders could be reversed), collective bargaining agreement negotiations, and for existing 12(1)(k) retiree healthcare modifications.

HB- 5100 This amendment to Section 23 of the Act would discourage appointment of former EMs to RTAB boards because they would not be able to vote. Because Joyce Parker, and Lou Schimmel have resigned from their respective RTABs, and because we are not seeking to appoint EM Coulter to the LP RTAB, this amendment would have zero effect on our Bureau's operations. The school districts might be a different story though.

Let me know if I can help further.

Kindly,
Drew

From: Schafer, Suzanne K. (Treasury)
Sent: Thursday, December 03, 2015 7:52 AM
To: Vandegrift, Drew (TREASURY)
Subject: PA 436

Drew,

Are you aware of HP 5089 & 5100? Have we been asked to weigh in or do you know if Treasury is behind the bills?

Thanks,

Suzanne

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Thursday, December 03, 2015 7:48 AM
To: Byrne, Randall (Treasury)
Subject: meeting
Attachments: Meeting with Suzanne December3.docx

Randall Byrne | State Administrative Manager
Local Government Services - Fiscal Responsibility Section
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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++++Weekly Critical Issues —December 3, 2015

- **Allen Park**—Status of bond tender.
- **Benton Harbor** We need to schedule a meeting with the Mayor elect and Darwin. What is the status of the RTAB evaluation for Benton Harbor?
- **Ecorse** – Wayne suggested that the City could increase the amount of the judgement levy to pay MERS. Their five year financial plan does not take into account the potential loss of 10% of their residential tax base.
- **Flint** – Meeting in Flint with Mayor Weaver and Natasha next week to discuss searches. City still has not added additional phosphate at water plant, hopefully by next week. City has again requested assistance on lawsuits. Good initial telephone conference with the Mayor and Council President yesterday. Flint lawsuits may affect the upcoming KWA bond sale.
- **Hamtramck**- No update, telephone call later today.
- **Highland Park**-The City has purchased new water meters and is installing them. The FDCVT grant application is being prepared. Cathy is installing heat and will be having the roof repaired on the pump house. Cathy is reluctant to move forward on the water fixes until the new mayor takes office. We still do not have cost estimates for water issues.
- **Lincoln Park**-His exit will be December 18th. I met with Brad and Matt Coppler yesterday. Issues remaining for transition include the 2 and 5 year budgets, EM final order and the appointment of the RTAB members. I have the police collective bargaining agreement letter and memo for your review.
- **Inkster**- Mark and the Mayor came to Treasury yesterday. They drove in separate vehicles.
- **Pontiac**- I visited Pontiac to meet with the Mayor, Joe, and Jane. There is a lack of communication amongst the top administrative officials. We need to prepare a road map for the transition.
- **River Rouge**—exit from Consent Agreement soon.
- **Royal Oak Township**- MERS funds are still an issue. The Township attorney needs to provide guidance on the continued collection of police millage.
- **Miscellaneous Items**— City of Lansing Memo, Holiday ANLV, no new Governor Memo this month, changes in the CDBG program in Wayne County may impact distressed local units revenues.

Pleyte, Beth (Treasury)

From: Darnell Earley <darnell.earley@detroitk12.org>
Sent: Friday, December 04, 2015 12:13 PM
To: Headen, Frederick (Treasury)
Cc: Saxton, Thomas (Treasury); John Clark
Subject: Fw: JY15J0640574; Darnell Early

Fred,

Can you send John Clark a copy of my EM contract with Flint? John is helping verify the coverage we spoke about this morning.

Thanks, and have a great weekend.

DE
Darnell Earley, ICMA-CM, MPA
Emergency Manager
Detroit Public Schools

From: John Clark <jclark@gmhlaw.com>
Sent: Wednesday, December 2, 2015 11:07 AM
To: Darnell Earley
Subject: Re: JY15J0640574; Darnell Early

Not sure I have signed copy

Sent from John Clark's iPhone
[redacted]

> On Dec 2, 2015, at 10:57 AM, Darnell Earley <darnell.earley@detroitk12.org> wrote:
>
> Send him my EM contract with Flint.
>
> Sent from my iPhone
>
>> On Dec 2, 2015, at 10:42 AM, John Clark <jclark@gmhlaw.com> wrote:
>>
>> See below.
>>
>> Sent from John Clark's iPhone
>> [redacted]
>>
>> Begin forwarded message:
>>
>> From: "Lovell, Brian"
>> <Brian.Lovell@ACEGroup.com<mailto:Brian.Lovell@ACEGroup.com>>
>> Date: December 2, 2015 at 10:39:16 AM EST
>> To: John Clark <jclark@gmhlaw.com<mailto:jclark@gmhlaw.com>>

>> Subject: RE: JY15J0640574; Darnell Early
>>
>> Does he have a contract with City of Flint/Michigan that might call for indemnity? Can I have copies of his employment contracts?
>>
>> From: John Clark [mailto:jclark@gmhlaw.com]
>> Sent: Wednesday, December 02, 2015 10:15 AM
>> To: Lovell, Brian
>> Subject: RE: JY15J0640574; Darnell Early
>>
>> Mr. Earley has confirmed that he is not aware of any other applicable insurance coverage that would apply to the subject claim.
>>
>> John
>>
>> From: Lovell, Brian [mailto:Brian.Lovell@ACEGroup.com]
>> Sent: Wednesday, December 02, 2015 9:24 AM
>> To: John Clark
>> Subject: RE: JY15J0640574; Darnell Early
>>
>> John: Is there any contract that might require other applicable insurance to kick in?
>>
>> From: John Clark [mailto:jclark@gmhlaw.com]
>> Sent: Tuesday, December 01, 2015 8:32 AM
>> To: Lovell, Brian
>> Subject: RE: JY15J0640574; Darnell Early
>>
>> Hello Brian – Attached please find a summary of events authored by Mr. Earley, along with two orders that where issued by his predecessor Emergency Manager for the City of Flint. These documents all make clear that the decision on the change to the City's water system was made by the local leaders, and not Mr. Earley.
>>
>> Please advise if you have any questions or need any additional information.
>>
>> Regards,
>>
>> John
>>
>> From: "Lovell, Brian"
>> <Brian.Lovell@ACEGroup.com<mailto:Brian.Lovell@ACEGroup.com><mailto:B
>> rian.Lovell@ACEGroup.com>>
>> Date: November 30, 2015 at 4:19:36 PM EST
>> To:
>> "jclark@gmhlaw.com<mailto:jclark@gmhlaw.com><mailto:jclark@gmhlaw.com
>> >"
>> <jclark@gmhlaw.com<mailto:jclark@gmhlaw.com><mailto:jclark@gmhlaw.com
>> >>
>> Subject: JY15J0640574; Darnell Early
>>
>> Mr. Clark,
>>
>> I am the assigned handler for the above referenced claim number and the class action lawsuit filed by Melissa Mays. In order to complete my review can you summarize Mr. Early's role in this matter?

Agenda Summary

Dempkowski, Angela (Treasury)

From: Cline, Richard (Treasury)
Sent: Friday, December 04, 2015 10:02 AM
To: Dempkowski, Angela (Treasury)
Subject: Flint RTAB Meeting Summary

Importance: High

Angela,

Please provide the following to the Flint RTAB Board members:

Board Members,

At the next Flint RTAB meeting approaches, I wanted to provide a short memo to draw your attention to a few items in the packet.

Please note the following items:

October 12 Meeting:

- **Resolution 828.1** – For the purposes of clarification, this action establishes an OPRA district at Lapeer Road and Averill Ave.
  - The district will be established for a 12-year period.
  - The City has stated that this is the final approval necessary for this project.

- **Resolution 864** – For the purposes of clarification, this agreement is between the City and Genesee County.
  - Under the agreement the Sheriff will be operating the City's holding facility.

- **Resolution 865** – This action implements a series of budget amendments in the General Fund (Police, Fire, Planning), the Drug Enforcement Fund, and the Public Improvement Fund.
  - In the Police Fund, off-setting increases in both Revenue and Expenditures total $145,803. There is no net change to the budget.
  - In the Fire Fund, Expenditures for Supplies are decreased by $27,756, but Personnel Services are increased by the same amount. There is no net change to the budget.
  - In the Planning Fund, off-setting increases in both Revenue and Expenditures total $20,000. There is no net change to the budget.
  - In the Drug Enforcement Fund, $42,273 of Fund Balance is being utilized for Personnel Services.
  - In the Public Improvement Fund, Revenues is being decreased by $300K and Expenditures is being decreased by $800K.

- **Resolution 866** – The Chair has asked that this item be separated for additional discussion.
  - This action implements budget amendments in the Sewer Fund and the Water Fund.
  - In the Sewer Fund, Revenues are being decreased by $6.74M and $2.88M of Fund Balance is being utilized. The net change is an Appropriation decrease of $3.858M.

- In the Water Fund, Revenues are being decreased by $8.56M and $7.287M of Fund Balance is being utilized. The net change is an Appropriation decrease of $207K.

- **Resolutions 872 & 875** – For the purposes of clarification, these items were addressed at the October RTAB meeting.

October 26 Meeting:

- **Resolution 890** – For the purposes of clarification, this project was budgeted in FY 14-15 but not completed.
  - The City wishes to draw $189K from Fund Balance to complete the project this year.
  - The project is a contract between the City and MDOT for bridge repair work.
  - The City has indicated that the project was delayed last fiscal year at the initiation of MDOT.

- **Resolution 887** – This is a Change Order to an existing contract.
  - The project involves repair work at the City's Water Plant.
  - Funds were pre-encumbered and the City has indicated that they will come from the project's Contingency line item.

November 9 Meeting:

- Only 4 items were addressed at this meeting. Two were presentations, one was the approval of Council minutes and the final item was the approval of street closure permits (for events that have already occurred).

November 18 Special Meeting:

- **Resolution 926** – This item is a budget amendment to transfer $102K of non-allocated CDBG funds to the Demolition line item.
  - Sufficient funds are available for this activity.

- **Resolution 927** – This is a joint effort between the City, the Crim Foundation and the MI Department of Health and Human Services for AmeriCorps funding.
  - This is a grant funded project in the amount of $288K.
  - The Crim Foundation acts as the project fiduciary and the City is responsible for making all payments associated with the project.

- **Resolution 931** – This action extends the service contract for one additional year.
  - Funds are budgeted and $604K is available for this activity.

- **Resolutions 933 and 934** – These resolutions are two parts to the same action.
  - The project is a joint activity by which MDOT will be reconstructing portions of Saginaw Street.
  - The City's local share of the project increased due to an overall cost increase to the project.
  - Resolution 934 authorizes $67K from DPW Fund Balance be transferred to Professional Services.
  - Resolution 933 increases the City's local match to this contract by the $67K.

November 23 Meeting:

- **Resolution 929** – This resolution was postponed from the November 18 Special Meeting
  - A Change Order is being executed to retain the firm that was used to design the charcoal filter installation to assist the City in developing recommendations for the lead issue.

- The Change Order is for $907K.
- The City has $1.9M budgeted for services, so sufficient funds are available.

- **Resolution 936** – This resolution executes a Change Order to the City's Towing Contract to add vehicle storage thought the end of the current fiscal year.
  - The added cost is $125K for this fiscal year.
  - The City has $185K budgeted, so sufficient funds are available.

- **Resolution 937** – This resolution addresses the MDOT work on DuPont Street.
  - This resolution extends the project deadline until December 31, 2017.

City Administrator Items:

- No items were received from the City Administrator for consideration at this meeting.

Please review this information. If there are any questions, please contact me.

Thank you.

Sincerely,

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8460 | Traverse City Office (231) 922-8228
E-mail clinerl@michigan.gov

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City of Flint
Receivership Transition Advisory Board Agenda
Wednesday, December 9, 2015
2:00 PM

Flint City Hall
Council Chambers – 3rd Floor
1101 S. Saginaw St.
Flint, Michigan 48502

I. CALL TO ORDER

A. Roll Call

B. Approval of Agenda

C. Approval of October 14, 2015 RTAB meeting minutes (attachment #1)

II. UNFINISHED BUSINESS

NONE

III. NEW BUSINESS

A. Mayor and Council President

B. 2016 Meeting Schedule (attachment #2)

C. Approval of Resolutions & Ordinances for City Council Meetings

1. Resolutions from the Regular City Council meeting of October 12, 2015 (attachment #3) (Resolutions 828.1, 863, 864, 865, 872, 875, 876)

   Discussion Items

   a. Resolution #866 – Budget Amendments/FY16/Water Fund/Sewer Fund (attachment #3a)

2. Resolutions from the Regular City Council meeting of October 26, 2015 (attachment #4) (Resolutions 886, 887, 888, 889, 890, 891, 892, 893)

3. Resolutions from the Regular City Council meeting of November 9, 2015 (attachment #5) (Resolutions 909, 910, 912, 913)

4. Resolutions from the Special City Council meeting of November 18, 2015 (attachment #6) (Resolutions 926, 927, 928, 929, 930, 931, 932, 933, 934,

5. Resolutions from the Regular City Council meeting of November 23, 2015 (attachment #7) (Resolutions 929, 932, 936, 937)

D. City Administrator Items

1. Budget to Actual – September 2015 (attachment #8)

2. Budget to Actual – October 2015 (attachment #9)

IV. PUBLIC COMMENT

V. ADJOURNMENT

Weekly Conference Call Notes – Dec. 7, 2015

Allen Park –Nov. 20 –Mayor Matakas, M. Kibby, B. Cady E. Cline, P Dostine

Bond update

- The cost of issuance, closing costs, is now at $1,109,907.48. The city stated that everything is completed with the exception of paying for the services of the providers.
- Cady and Kibby have requested a telephone conference call with Treasury officials regarding the cost of issuance and the possibility of only breaking even 270 days from now when it's time to sell bonds. They want to map out some different strategies. Cady stated if the city cannot get a favorable rating, this whole bond tender effort will be a wash 270 days from now.

MML Training

- Kibby said he put on a 3 hour workshop with the new council. He said is was long but very productive. Some of the new members will be attending the MML events in Southfield and Ann Arbor. Others have expressed interest in the annual MML conference in Frankenmuth.

Priorities

- City requesting 5 items from the Nov. 24 council meeting be pulled forward. Treasury requested that the packet be sent as soon as possible (it arrived Friday before COB) so it can receive a proper review.
    - The purchase of a new Zamboni. Old one is beyond its useful life. New one is in the 5-year budget and 6-year CIP. City budgeted $40K annually for three years. New Zamboni is approximately $112K.
    - Re-bid solid waste contract. With the roll-back, the rubbish fund not generating enough revenue to cover costs. City said re-bidding contract could save $100K annually.
    - Water / Sewer rates.
    - Budget amendments.
    - City investment policy.

Benton Harbor –Dec. 3 – D. Watson, R. Widigan, D. Hudson

- **Weekly Priorities:**
    - CVTRS has been submitted to Treasury
    - Audit: finishing up the comment portion, will present to Commission on the 14 of December, if everything is finalized.
        - If it is finished in time it will be presented to the RTAB in December.
    - Two individuals have graduated from the police academy and have started working.

- HUD wants the city to work on doing more home repair, city doesn't have the funding in that allocation.

- **City Manager Evaluation Discussion**: No word.

- **Commissioner Muhammad**: will have to resign his seat when he takes the Mayor's seat.
  - He has set up a meeting with Darwin the week of Christmas.

Ecorse – Dec. 1 – W. O'Neal, T. Sadowski, R. Byrne, D. Van de Grift, P. Dostine, A. Heimann, D. Hudson

Priorities

- Town Hall meeting is scheduled. Will be held in council chambers. Wayne will brief council on state of the city.
- Ecorse re-paving the boat ramp, and repairing light poles that were damaged by a trailer.
- Ecorse is looking for a location for the food pantry.
- Ecorse still looking to hire a DPW director. Have 3 applications for the position. Leaning toward a S1-certified, non-PE candidate who currently works for Ecorse's contracted engineering firm. Wayne states the candidate's S1 certification will save Ecorse $15K per year.
- Ecorse in process of bidding out a Water Meter Change-Out Program. Very much needed, Wayne said. City loses between $845K and $1M annually in water. The meters will cost approximately $225 per meter.
- Ecorse is going to bring back McKenna on a contractual basis.
- Wayne is also focusing on old bills / invoices from Great Lakes, looking for fraud.
- Wayne is looking to request quotes from insurance companies. Ecorse striving for a regular insurance carrier and coverage. Currently paying way too much in insurance costs.
- Wayne fired police lieutenant Blade and demoted (took his stripes) a fire sergeant.
- Wayne has directed the city to issue tickets for violating Certificate of Occupancy requirements.
- Wayne heard that Ecorse assessments will decrease another 25 percent next year. That will cost the city $275K.
- Preliminary audit of FY '15 shows a -$34K. Wayne said the city had to book some expenditures which took the operating balance from a positive $500K to a -$34K.

CDBG

- Ecorse is unaware that the county's CDBG program is changing from a formula program to a competitive one.
- Ecorse receives approximately $200K annually. Money is used for: $50K annual payment on fire truck purchase; code enforcement officer, demolition. Wayne said a change in the program would be a big hit to the city.

- City has hired an additional three public safety officers, close to full staffing levels in FD and PD
- Union Park improvements should be completed this spring

- **Lawsuits**: O'Brien, Unruh, and Lange
  - Insurance carrier is looking for a commitment from the City of $300K – settlement was last discussed at $1.7M.
  - Looking to settle with Lange, he is looking for $595K, attorney's think it's only worth $300-$400K.
  - Worst case scenario is it goes to court, policy coverage limits will kick in.
  - Will likely have another

- **Federal Building**:
  - The deed to the building was transferred to the City in 2000, but the deed wasn't recorded.
  - Tony's final order states that the city shall *Take any steps necessary, subject to Board approval, to support and facilitate*
  - *the disposal of the Benton Harbor Federal Building property [Tax Parcel Numbers 11-54-0340-0060-00-3 11-54-0340-0059-00-5, 155 Sixth Street and 109 Park Street, Benton Harbor, MI].*
    - Order 14-27, signed by Tony Saunders, issued an *agreement for sale of real estate* with Prairie Real Estate.
    - Does Darwin have to go back to the Commission to approve a sale that was already approved by EM Saunders.

- **Update on Vacant Positions:**
  - **Finance Director:** MML search was approved, needs RTAB approval.

  - **Water Department Superintendent:** Still being advertised on the AWWA, MI Rule Water, and City's website.

  - **Assistant City Manager/Community Development Director:** Darwin is currently filling this roll.
    - The City will likely use MML for this search.
    - Darwin has talked with Cornerstone Alliance and the Chamber of Commerce.

  - **Assessor** is on board, has been at city hall every day of the week, even though he's just part time (two days a week).
    - City will likely not pass the AMAR (Audit of Minimum Assessing Requirements) – will have to identify way to fix the situation.

- **HUD pay back for an ineligible costs:** Potential pay back of $60K.
  - HUD will reduce future money to pack back $60K, likely over 5 years.

Annual ARC payment

- If Ecorse does not get the $2M FDCVT grant it has requested, Wayne maintains that he can add any increases from MERS to an existing judgement levy.
- Wayne maintains that the annual ARC is in the 5-year budget.
- MERS Ecorse account is funded at 47 percent. City losing 3 percent annually in assets.
- Ecorse is short $29M with MERS.

Flint – Dec. 2 – Mayor Weaver, N. Henderson, Nelson, F. Headen, W. Lamphiery, E. Cline, P. Dostine, D. Hudson, A. Heimann

Greetings from Mayor Karen Weaver

- 18 Minutes late
- Just released her 100 day plan

Greetings from Flint City Council President Nelson

- Is encouraged by the Mayor's focus on engaging youth

DPW position vacancy

- Have several competent people heading Department's in the DPW
- Had first major snow event, went very well
- N. Henderson is looking for someone to fill in as Interim DPW Director, preferably someone with no aspirations to hold the job permanently
- Former Director is transitioning himself out, and getting paid hourly to do so

Updates on grants

- Policing Grant
  - $1.1 Million for program, might also include an additional $200k for additional officers
- Suspension/Expulsion
  - Program to help teens who have been expelled from school complete their High School Degree
  - Unclear whether or not this is a new initiative, or if it is part of another grant that has been mentioned in past phone call

Water updates

- Meeting with DEQ weekly
- Received all of the parts to introduce "Ortho Phosphates" into the water system, but are going to have to test it first. This process is on track, and should be done within the next few weeks.

Charter Commission

- Application submitted for a grant from the MOTT Foundation for $250,000 was denied, the Foundation did not want to appear to steer this document
- N. Henderson does not want to ask for this money from the State, though she acknowledges that this is important, she does not feel that it should take priority over other asks from the State of Michigan

Public Safety

- Both Police and Fire Chiefs are on task to accomplish their longer term goals established for them by the City Administrator
- Fires continue to decrease from previous years (from 400 last year down to 299 this year). This has the potential to jeopardize some of the funding that they receive to help with the Fire Department

Hamtramck – Dec. 3 – K. Powell, P. Dostine, D. Van de Grift, A. Heimann, D. Hudson

Council

- Katrina still very positive about the two new members on council.
- One member will be meeting with Bhama to understand the budget.
- Next week MML training in Southfield; new members attending.
- Katrina heard while she was away last week on vacation, "Anam" on council tried to bring forth a resolution to evaluate her.

Human Resources

- BS&A. Katrina is pursuing BS&A (payroll administration) training for her administrative assistant and accounts payable person.
- Currently, Katrina said the city payroll is calculated by hand. Unacceptable. Every pay period a mistake or two is made.
- BS& A has a payroll module which Hamtramck personnel just need to know how to use it.
- No work being done on the HR side at all currently because the current vacancy.
- Meanwhile Katrina has listed the HR director vacancy on MML. Has received 5 applicants. Katrina wants to hire a consultant to organize and standardize the HR department which has been largely allowed to fall into disarray. After which she wants to fill the vacancy.

CPI

- The city sent letter to CPI arguing that CPI needs to comply with the contract and complete / clean-up 8 separate jobs. CPI filed a breach-of-contract lawsuit against Hamtramck Nov.23. Hamtramck wants out of the contract. Hennessey Engineering has been documenting CPI's poor work quality, helping the city's case to release CPI. Bottom line: Katrina said CPI overcharges for their work, and does poor quality work.

Audit

- Audit has started. Still too preliminary for any numbers
- Audit discovered Detroit owes $500K to Hamtramck. Hamtramck wants to book as a revenue this year. Drew to call Bhama, inform city that Treasury can help. Called a "deferred revenue".

Election fraud

- No update.
- Katrina spoke with Judge Paruk. The judge listened to the allegations. Said he would take them up to the deputy-county prosecutor.

Highland Park– Oct. 14 – C. Square, R. Byrne

- The collection firm has approximately $7M in past due accounts to collect. However, many of these accounts are no longer active.

- Meadowbrook will be providing an updated report on OPEB costs which show a substantial reduction of the annual costs. The new estimated annual costs will be between $200K and $300K.

- New water bills with the new water and sewer rates have been sent out to the customers.

- Wade-Trim has opened its customer service center on Woodward Avenue.

- BSA software installation has been completed.

- The City will be submitting several FDCVT grant applications including master water meters, LED streetlights, and building improvements.

- Wade-Trim has received several shipments of residential water meters that will be installed soon.

Inkster – Nov. 19 – M. Stuhldreher, R. Byrne, A. Heimann, D. Hudson, P. Dostine

Election results commentary

- Mayor. Mark said he's new to politics, the attorney that represented the residents in the water rates lawsuit which prevailed in the lower court but was overturned in the Circuit Court.
- Council and Mayor. Mark reported that the new members want to return to a strong mayor form of government. They would do this by changing the city charter. There has also been some talk, Mark reported, that they want the mayor to also assume city manager responsibilities. Or, they want to hire a city manager and not do a national search.
- The three incumbents whom are no longer on council (which includes Mayor Hampton) take with them 50 years of combined experience.
- Mark reported that the new council and mayor are less inclined to support the consent agreement. Treasury should not be surprised if it receives a letter from the new mayor requesting that the consent agreement come to an end.
- Perhaps Mark and the new mayor will come up to Lansing to meet with Treasury officials.
- Mark has planned an orientation for the new members on council. Five of the seven have already been scheduled for a MML training class. The two that are not going are incumbents. Mark requested grant dollars to cover the expense for sending council to the forthcoming February MML conference in Frankenmuth to get both Level One and Two training.

Parks and Recreation millage commentary

- This was a renewal millage (raises $400K annually for 10 years) that voters approved. It basically means that the status quo is maintained; the millage keeps the doors open. Parks and Rec is still stressed. Mark noted that 25% of the millage goes for heat and electricity bills.

Senior Services millage commentary

- Millage will raise $200K annually for 10 years. This is a new millage.

RRC (Redevelopment Ready Certification) designation

- The city is in the process of updating its Master Plan. In the process, those working on the plan are mindful to incorporate MEDC requirements and criteria necessary to be awarded RRC certification.

Lincoln Park – Nov. 25 – B Coulter, M. Coppler R Byrne, D. Van de Grift, E. Cline, A. Heimann, D. Hudson, P Dostine

- **Audit/ Impact on budget/ 2-year and 5-year budgets**
    - City surprised by final audit numbers. Came in a lot better than anticipated. Why? 1) The chargebacks from Wayne County were lower than expected. Therefore

property tax revenue was higher. 2) The court generated $800K for Lincoln Park. The city had only budgeted $500K. 3) The sale of the cell tower.
    - Next year the city is already anticipating two positive outcomes: 1) Another check from the cell tower sale, and 2) 230K rebate from BCBS.
    - With a better-than-expected audit, Lincoln Park wants to hire more police, build-in to the new contract a 3 percent pay raise for police so as to keep them from leaving the department.
    - Brad said as soon as next week, he will have a draft of the 2-year budget to Treasury because the audit is completed now. The 5-year is close to completion as well.

- **Patrol and Command contracts**
    - Patrol union voted on and passed its contract. There is a 3% raise built in. Command contract to be voted on in the next couple of weeks. There is a salary increase in the Command contract we well. Both will be forwarded to Treasury upon adoption of the Command contract.
- **MERS**
    - Brad said the city makes monthly payments to MERS, therefore the city is already behind in making the additional $800K that MERS wants.
    - Brad and Matt both agreed that the cushion Lincoln Park has right at the moment would be wiped out if the city made the $800K payment to MERS. They do not want to put the city in that position. "Just because our head is above water doesn't mean we have extra money," Brad said. Both agreed that managing Lincoln Park financially in the short term will better position it to address longer term issues like the underfunded pensions.
    - A judgement levy is a possibility.

- **Final Order**
    - A couple of tweaks were made to the Final Order, Brad said. Otherwise it looked good. The Headlee over-ride was pushed back to 2018 so as to not create millage fatigue. The city will ask for a 3-year renewal on the 3.45 millage prior to the Headlee over-ride.
    - Also in the Final Order, Brad capped contributions to pensions at not-to-exceed $8.75M in any one year. The Board can vote a higher contribution.

- **CDBG Consolidated Plan**
    - The new plan is "underway" according to Matt. Treasury has agreed to help the city strategize about the plan in the development process, align future block grant activities, for example, with the city's revitalization plans.

- **RTAB**
    - Names have been forwarded in Treasury for further vetting.

Pontiac – Dec. 4 - R. Byrne, R. Widigan, Mayor Waterman, Deputy Mayor Jane Bais-DiSessa, J. Sobota, N. Narzarko

- **Weekly Priorities:**
  - City received a grant from MSU to work on Rails to Trails.
    - City will be going after more grants in the future.
  - Council wants the DPW Director to come before council to discuss the repairs to the bridge by the Silverdome.
  - Jane and Joseph have been meeting to work on projects.
    - Jane is currently working on two projects.
  - The Council adopted three charter amendments that will need RTAB approval by December 15, one day before the RTAB meeting. City would like to have a special RTAB meeting next week.
  - Nevrus is no pleased with the City's auditor (Rehmann), lack of timeliness, the auditor waited until the last minute (last week) to send the City question.
    - Rehmann is using people who do not have any governmental accounting experience.
    - The City will be talking with the partner (Mark Tschirhart) overseeing the project.

- **$6M with Gray Financial Group:** Waiting on an assessment from the legal department.
  - No changes as of yet, still searching for a new financial advisor.
  - Likely no change, since they are locked into a 10 year contract.
  - Nevrus feels that there is risk involved.
  - Litigation is on-going, for violation to SEC laws.

- **OPEB Mediation:** City is now in contact with Fred Headen.
  - New chair of the GERS Board, he is the former CFO at the Doctors Hospital.

- **Phoenix Center:** It's rumored that the owner would like to get an appraisal of the Center.
  - Contracts to do a structural assessment, they have been signed and are due back January 15.

- **Budget process:** Working on the budget, would like to submit to the budget to Treasury next week.
    - Once received from Treasury – it will be sent in whole to the Council.
  - Will offer to set up study dates for the budget with council.
  - City received additional ACT 51 money for the roads – it has been factored into the budget.

Royal Oak Township – Nov. 16 – R. Burgess, N. Fedewa, . Byrne, P. Dostine, A. Heimann, D. Hudson

- **'15 Cash Flow**
  - Was completed Friday, Nov. 13. ROT is awaiting township Treasurer to weigh-in. Will then forward to Treasury. Revenues over expenditures expected to be $25K.
  - Treasury can expect budget amendments to be submitted by the township sometime early December.

- **MERS**

  - Township is not certain if it will now disperse the $600K back to MERS or Oakland County Govt. or keep it for now. The money was originally booked as a revenue in 2014, put into general fund. The township accountant maintains that the money is not in the '15 Cash Flow projection or the '16 Budget; the $600K has its own fund line. If the funds are invested, a budget amendment would be required.

- **MSHDA – ROT meeting scheduled for Nov. 17.**
  - Treasury will be at the 8:30 AM meeting.

- **FY '16 budget**
  - The '16 budget was advertised in the Saturday, local paper. Runs for 7 days through Nov.21. Board is meeting Nov. 23. At 6:45 PM, public comment period will take place. At 7:30 PM, the Board will vote to pass the budget. It's unclear if the Board will be adopting the appropriation ordinance at the same time.
  - ROT said they will forward Treasury a line-item version of the '16 Budget. A few weeks back, Treasury was sent a "budgetary center" budget.
  - Fund balance for '14 budget is approximately $212K. Township is expecting something similar for '15 Budget.

- **Police Update**
  - Robert has not heard from Oak Park regarding the draft Police Service Agreement. Township has till Dec. 30th to formalize some kind of agreement with a local unit of government to provide police services or risk losing the $217K.
  - Supervisor Squalls has been meeting with Hazel Park, post-election, to discuss a potential police service agreement. No deal yet. Robert is going to reach out to Hazel Park as well.
  - Robert reached out to Ferndale one more time, recently. He said Ferndale is not interested in providing contractual police service to the township.

Pleyte, Beth (Treasury)

From: Barton, John (Treasury)
Sent: Monday, December 07, 2015 9:08 AM
To: Saxton, Thomas (Treasury)
Subject: Flint DWRF Loans
Attachments: Flint Loans 12.4.15_DEQ.XLSX

Tom,

Below is the link to the Detroit News article from yesterday regarding Rep. Kildee push to forgive the DWRF loans. I have also attached is the information sent to EPA (Steve Marquardt Region 5) DEQ on Friday showing the outstanding balances of the Flint DWRF loans.

http://www.detroitnews.com/story/news/politics/2015/12/06/loan-forgiveness-sought-flint-replace-lead-pipes/76845170/

As we discussed, the fund simply cannot forgive the loans as they are pledged to bond issues. Further, any loan not collected will have an impact on future capacity.

Thanks
John

Drinking Water Revolving Fund
City of Flint As of 12/4/2015

Issue Date	Project Number	Rate	Final Loan Amount	Final Maturity	Last Payment	Outstanding Balance
9/30/1999	7019-01	2.50%	7,168,994.00	4/1/2020	10/1/2015	2,543,994.00
9/28/2000	7019-02	2.50%	8,035,000.00	4/1/2021	10/1/2015	3,275,000.00
9/28/2001	7019-03	2.50%	9,311,408.00	4/1/2022	10/1/2015	4,256,408.00
9/25/2003	7019-04	2.50%	18,984,934.00	10/1/2024	10/1/2015	10,694,934.00
			43,500,336.00			20,770,336.00

Pleyte, Beth (Treasury)

From: Darnell Earley <darnell.earley@detroitk12.org>
Sent: Monday, December 07, 2015 1:13 PM
To: Saxton, Thomas (Treasury)
Cc: Jerry Ambrose; edkurtz@baker.edu; Ken Sikkema; Workman, Wayne (TREASURY); Pleyte, Beth (Treasury)
Subject: Re: Flint Water Task Force

So note Tom. The best number to reach me is:

[redacted]

Sent from my iPhone

On Dec 7, 2015, at 1:08 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

> Ed/Darnell/Jerry – As you are aware the Governor formed an independent task force to review actions/steps taken regarding the Flint water situation & to develop recommendations/guidelines for the future should such a situation arise again.
> Ken Sikkema (who you probably know is now with Public Sector Consultants and a former legislator) is leading that task force effort. He requested contact info for each of you. Specifically, Ken is looking for background from your perspective(s) as EMs as events occurred in Flint as well as other related questions.
> I know you will give Ken your full cooperation.
>
> By this email & as a way of introduction; he now has your email addresses & you have his. Please also send him your phone numbers. Ken's phone # is [redacted] Ken will be reaching out to you soon to set up times for phone calls or meetings. Thanks much.
>
> Tom Saxton
> Chief Deputy Treasurer

Workman, Wayne (TREASURY)

From:	Jerry Ambrose <gambrose49@gmail.com>
Sent:	Monday, December 07, 2015 1:19 PM
To:	Saxton, Thomas (Treasury)
Cc:	Ken Sikkema; edkurtz@baker.edu; Workman, Wayne (TREASURY); Darnell.earley@detroitk12.org; Pleyte, Beth (Treasury)
Subject:	Re: Flint Water Task Force

Per request, my phone number is [redacted]

Jerry Ambrose

On Dec 7, 2015 1:08 PM, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov> wrote:

Ed/Darnell/Jerry – As you are aware the Governor formed an independent task force to review actions/steps taken regarding the Flint water situation & to develop recommendations/guidelines for the future should such a situation arise again.

Ken Sikkema (who you probably know is now with Public Sector Consultants and a former legislator) is leading that task force effort. He requested contact info for each of you. Specifically, Ken is looking for background from your perspective(s) as EMs as events occurred in Flint as well as other related questions.

I know you will give Ken your full cooperation.

By this email & as a way of introduction; he now has your email addresses & you have his. Please also send him your phone numbers. Ken's phone # is [redacted] Ken will be reaching out to you soon to set up times for phone calls or meetings. Thanks much.

Tom Saxton

Chief Deputy Treasurer

Byrne, Randall (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Monday, December 07, 2015 2:27 PM
To: Workman, Wayne (TREASURY); Byrne, Randall (Treasury)
Subject: RE: Delivery Final Failure Notice

This may be his personal cell phone. [redacted]

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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Thank you

From: Workman, Wayne (TREASURY)
Sent: Monday, December 07, 2015 1:44 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Subject: Fwd: Delivery Final Failure Notice

Anybody know how to find Ed Kurtz?

Sent from my iPad

Begin forwarded message:

> **From:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> **Date:** December 7, 2015 at 1:42:38 PM EST
> **To:** "Dempkowski, Angela (Treasury)" <DempkowskiA@michigan.gov>, "Pleyte, Beth (Treasury)" <PleyteB@michigan.gov>
> **Cc:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Subject: FW: Delivery Final Failure Notice**
>
> It appears I got an 'undeliverable' on the Ed Kurtz email address. Can you guys chase down the correct one & get him the attached? Thanks
>
> -----Original Message-----
> From: postmaster@Michigan.gov [mailto:postmaster@Michigan.gov]
> Sent: Monday, December 07, 2015 1:09 PM
> To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
> Subject: Delivery Final Failure Notice

Can not deliver the message you sent. Will not retry.

Sender: <SaxtonT@michigan.gov>

The following addresses had delivery problems

<edkurtz@baker.edu> : Reply from ig-in-f27.1e100.net[74.125.193.27]:

RCPT TO:<edkurtz@baker.edu>

<<< 550-5.1.1 The email account that you tried to reach does not exist. Please try
550-5.1.1 double-checking the recipient's email address for typos or
550-5.1.1 unnecessary spaces. Learn more at
550 5.1.1 https://support.google.com/mail/answer/6596 vs1si284483igb.22 - gsmtp

Cline, Richard (Treasury) SAM, RTAB II, Analyst II, UCS, CA, Mayor, Legal, VC Nelson

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, December 08, 2015 2:57 PM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Hudson, Deanna (TREASURY); Heimann, Alexandr (TREASURY)
Subject: draft Flint call topics

Alex or Deanna, would one of you like to scribe this call. I will do the Lincoln Park one.

Flint – Dec. 9 – Mayor Weaver, N. Henderson, Nelson, F. Headen, W. Lamphiery, R. Byrne, E. Cline, P. Dostine, D. Hudson, A. Heimann

- Priorities/updates - 1) Audit ~~Reduct~~ Done → Already impacted by water situation
- Water
  - Water Sewer fund - 1) Phosphate - Tomorrow - Elec work ↳ Spill Containment
- Miscellaneous - 1) Daily EPA updates

MAYOR
Monthly Town Hall's - 200 for first one
1) Water
2) PSF
3) Econ Dev

New KWA appointee

School water update

Water Rates Hearing
Adjourned to Dec 18
Ltr pending for aid on case

Water Bills
0% increase in Collections

Patrick Dostine
State of Michigan
Department of Treasury
Local Government Financial Services Division
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

Arbitration
winning

Planning
use itemized Hit Funds

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PSF

PD
Murder ↑

Fire #'s ↓
Significant Drop
Impacts Grants
Apply for Grant
for Aerial Truck - $1M

911 - working well
Better Service
More Professional
Mayor on Board

Legal
Last Day 12-31
Tony Chubb - Interim
Charlie McClendon - Interim HR

PR Director
Jason Lorenz
Gone

Finance
Spending Freeze Remains

Want Loan Forgiveness
↓
May need new Reliability Study for DWRF Loans ← Asst State to PAY

Flint –Weekly Call
12/09/15

Present:
Mayor Weaver
N. Henderson
Council President Nelson
W. Lamphiery
R. Byrne
E. Cline
P. Dostine
D. Hudson
A. Heimann

Not Present:
F. Headen

Water Issue:

1. EPA- Corrosion control updates are happening daily
2. "Spill containment" is final step before corrosion control
3. Will start corrosion control "today or tomorrow", but to date, they have not yet introduced the anti-corrosion Ortho phosphates.

Public Safety:

1. Homicides are up in Flint. N. Henderson is confident that the new initiatives and partnerships will help reduce the number of violent crimes in the City, but these initiatives have not started yet.
2. Fires are down in the City significantly.
    - Concerns that this drop will affect their ability to receive federal grants
    - Looking for funding to receive an "Areal Truck" which will help them reach the tallest building in the City. Right now, any fire in that area requires assistance from partnerships with other communities. This type of ladder truck will cost and estimated $1M at least.
3. Dispatch arrangement is "working well":
    - N Henderson told a story about meeting with a patrolmen who told her that he liked that they check in every hour.
    - Mayor sits on the council as the representative from the City

Legal issues:

1. Lost current head of counsel (did not catch the name)
    - Will be filled with an interim, Tony Chubb. Chubb is currently the interim head of Human Resources
    - Vacancy as interim in HR will be filled by Charlie Mclendon, who is the City's Labor Dispute counsel

2. Water litigation
   - Current lawsuit to stop the city from collecting water bills had been adjourned on December 8th, will be back in court on the 18th
   - Unclear whether or not this issue will be decided before Christmas
   - **Have submitted a letter of request to the Treasury to help them pay for legal fees in this case**

Financial issues:

1. Still have a spending freeze in the City
   - Delinquent water bills are still not getting paid

2. State revenues, loan sources
   - City and Representative Kildee are looking for loan forgiveness from the State
   - Have had meetings with the DEQ to discuss Revolving Loan Fund – "Green Projects"
     - Fund requires that the city have a "reliability study" done, and though the City already has a standard reliability study conducted, they are required to do a special one. This may result in them asking for some money from the Treasury.
   - Audit has been completed, should have a small positive general fund fund balance.

Public Relations

1. Jason Lorenz "no longer works with the City"

2. Townhall meeting
   - **Both the Mayor and N. Henderson attended, as well as over 200 participants**
   - Topics/presentation included: Water, Public Safety, Economic Development (Though there wasn't much time to talk about ED)

CITY OF FLINT

RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING

DECEMBER 9, 2015

2:00 p.m.

Meeting before the RTAB Board at 1101 S. Saginaw, Flint, Michigan, on Wednesday, December 9, 2015.

BOARD MEMBERS PRESENT:

Frederick Headen - The Chairperson
Robert McMahan
David McGhee
Beverly Walker-Griffea

FROM THE CITY:

Mayor Karen Weaver

Kerry Nelson, City Council President

Vicki VanBuren, City Council Member

Eric Mays, City Council Member

Natasha Henderson, Administrator

Jody Lundquist, CFO

OTHERS PRESENT:

R. Eric Cline
R. L. Mitchell
Brian Larkin

REPORTED BY: Mona Storm, CSR# 4460

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Flint, Michigan

Wednesday, December 9, 2015

2:02 p.m.

THE CHAIRPERSON: The meeting will please be in order. The time is 2:03.

First item of business roll call, please. Let the record reflect that all four members of the RTAB are present.

Item B, the Approval of the Agenda. I wish to note two amendments to the Agenda:

One is under New Business, Item C 1, Resolutions of the City Council meeting of October 12th, 2015, Resolutions 872 and 875 were already approved by the RTAB at its October meeting, so please remove those two resolutions.

And then, secondly, with regards to -- still under New Business, Resolutions from the Regular City Council meeting of November 9th, there are four resolutions listed there. But, upon further review, there were no actions taken by the City Council at that meeting that requires any approval by the RTAB so we'll strike Item Number 3 in its entirety.

Are there other additions or changes to the agenda, for this afternoon's meeting?

If not, is there a motion that the motion --

that the agenda, as amended, be approved?

MR. McMAHAN: So move.

MR. McGHEE: Support.

THE CHAIRPERSON: Without objection, the amended agenda is approved.

Item C, the approval of the October 14, 2015 RTAB meeting minutes. There's Attachment 1. Are there any corrections or additions to those minutes?

If not, is there a motion that the minutes of October 14 be approved at written?

MR. McGHEE: So move.

THE CHAIRPERSON: Is there support?

MR. McMAHAN: Support.

THE CHAIRPERSON: Without objection, minutes of October 14 are approved.

Item 2, Unfinished Business, there is none.

Item 3, New Business, we have a standing agenda item for the Mayor and City Council President. We wish to welcome the new mayor who's here with us this afternoon.

Madam Mayor, we're glad to have you here. If you have any comments you'd like to make to this Board, please feel free. We're not going to hold you to the regular two minutes under Public Comment.

MAYOR WEAVER: Well, thank you. And I am

glad to be here. And I'm glad to have had the opportunity to now have met everybody on the RTAB. Some of you I knew and now I've met everybody so I just wanted to say I'm glad that that's happened now.

What I did was to go through the last set of minutes to see what had been reported out on so I did want to give an update about the last report. And, if you look at that, it was, of course, talking about water.

So I do want to let you know that water is still our top priority here in the City of Flint. And, while we have made the move to go back to Detroit water, we still have issues with lead exposure. And so one of the things we have to be mindful of is that the community is still taking the necessary precautions, we don't want them to get comfortable and relaxed and think, okay, we've made this switch and everything is okay. So we want to keep that up in people's mind.

But I have met with the State and what they have said is that they've agreed to continue to support the filter program. And, in fact, when we had our Town Hall meeting last night, we gave some out. And what we're doing differently is we're giving the replacements out along with the filters. But they have agreed to continue to support the filter program, so

we're pleased about that. We've got to continue to monitor the Detroit water and utilize the best technical expertise that we have available.

One of my concerns is that we know that, when the phosphate gets added, what we've been told is that there's going to be a visual impact and, while that's okay, I think it's going to be alarming to the community because they're going to say that, "You can't tell me cloudy water is good."

And so one of the things we know we have to do is we're going to do an increase with our PSAs because we do want to let them know ahead of time what to expect and -- but -- but that's the concern is -- is the trust factor.

So we're trying to work on that trust factor and let people know what's going on. And we've been doing -- I think -- I believe we've been doing a really good job with notifying the public and letting them know what the issues are and what we've been doing and the necessary steps that we've been taking. But I know that's going to raise red flags for them, even though we know that's what's to be expected.

And what I was told was that that would last anywhere from two to four months before we get to that maintenance dose. So we just need to let the public be

aware and we can continue.

And when I spoke with Lynn Meyers and Julie Wells, they're going to continue that lead education program. But, because of everything that's going on, we do know that we still need State and Federal funding to help deal with this problem. So we're going to be working diligently towards that accomplishment. Flint needs help and we know that we don't have the funds necessary to be able to make all of the changes and to provide the supports that are needed.

So that's just my update from the last report that was given. So I did want to have the opportunity to share that with you and let you know what our concerns are and what we're doing.

Thank you.

THE CHAIRPERSON: Okay. Thank you.

MR. McGHEE: Thank you.

THE CHAIRPERSON: Thank you, Madam Mayor.

Council President Nelson?

MR. NELSON: Good afternoon.

THE CHAIRPERSON: Good afternoon.

MR. NELSON: I think most of you know me. But, since we had met last, I've took over the responsibility of -- I've worked with our new

Madam Mayor, the City Administrator, we've come here and we've talked and meet.

And briefly, you know, water is our top priority; the Mayor stressed that from day one in her Town Hall meeting, she stressed it, again, to bring that trust back in this community and I think that's what we want across the board.

I will be at these meetings. I will not take this mic unless there is a difference in opinion. But, other than that, I will be here. I'm at your disposal, if you need us. Council Member VanBuren is here and Council Member Mays is always here. So you do have Council here present at all times.

Thank you.

THE CHAIRPERSON: Thank you.

Item B is the proposed 2016 Meeting Schedule for the RTAB, which we have an Attachment 2. Any questions or comments about that?

MR. McMAHAN: Not at this time.

THE CHAIRPERSON: Is there a -- a motion, then, that the proposed meeting schedule of 2016 for the RTAB be approved?

MS. WALKER-GRIFFEA: So moved.

THE CHAIRPERSON: Is there support?

MR. McMAHAN: Support.

THE CHAIRPERSON: Those in favor, please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

Motion is adopted.

Item C, under New Business, we have Resolutions from several City Council meetings to approve. We'll begin with those resolutions from the Regular City Council meeting of October 12, 2015, Resolutions 828.1, 863, 864, 865 and 876. Were there any questions or comments with respect to any of those Resolutions?

MR. McMAHAN: No.

THE CHAIRPERSON: If not, is there a motion that those Resolutions be approved?

MR. McGHEE: So move.

THE CHAIRPERSON: Is there support?

MS. WALKER-GRIFFEA: Support.

THE CHAIRPERSON: Those in favor, will you please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

Motion is adopted.

From that particular meeting, we did pull Resolution 866, which was a budget amendment to the

Water and Sewer fund for fiscal year 2016. I thought we would use that as a vehicle to have discussion or at least a status report from either the City Administrator or the Finance Director regarding the Financial condition of those two funds.

MS. LUNDQUIST: Good afternoon. The budget amendment that is before you, the first quarter, recognizes the City's anticipation of adding an increase in the uncollectible accounts that the City anticipates as a result of the Preliminary Injunction Order.

It also includes or it is offset partially by a decrease in the capital improvement projects that were immediately identified to be eliminated with the anticipation of not only the loss of revenue from uncollectible accounts but with the specifics in the Preliminary Injunction Order that required us to reduce our rates. So, at this time, it's over $600,000 per month that the City is not billing as a result of the Preliminary Injunction Order.

Obviously, that has had a significant impact. We tried to anticipate those things with the first quarter budget amendment in carrying out the Preliminary Injunction Order and moving forward with issuing shut-off notices. It was identified that our

initial estimates of uncollectible accounts was most likely low. We're still waiting for final judgment from Judge Hayman on -- on the case.

But while we continue to act in compliance with the Preliminary Injunction Order, the amount that was set aside for us to be able to identify those accounts that had fallen delinquent since we issued bills with the reduced rate structure was -- we had outstanding 11.6 million. So we had identified 8.6 million for the initial first quarter budget amendment but it was, in fact, $11.6 million that we had outstanding as of August 17th.

And especially at September 1st when we reduced the rate structure to move forward with processing shut-off notices, that we anticipated not being able to collect because we cannot enforce collection with the shutoffs, for those.

We have seen a drastic uptick in receipts since our shut-off notices were issued last month and began to be due on December 1st. And if you'll bear with me one second.

For instance, without the ability to enforce payments through issuing and -- issue shut-off notices and then proceeding with those shutoffs, we have seen a drastic decrease in the number of payments we were

receiving per day. At the end of October, we had been down $4 million. I monitor this on a weekly basis so they're actual cash receipts.

So, from the period August 7th, when the Judge said that we could no longer issue shutoffs for delinquent accounts, through the end of October, comparing 2015 to 2014, we collected $4 million less in payments. That averaged at 1. -- at about 135 people less per day paying their bills.

I looked just briefly before this meeting, anticipating there might be a question. So, just for the month of November, we have an average of 335 people paying on their bills per day compared to 439 people the year before.

But, with, then, the public awareness that we had tried to raise when shut-off notices were mailed, we saw an increase just in the first week of December when those shut-off notices then became due, of 681 payments per day. So we did have people that did recognize that they had not been making payments and they came in and they started paying on those shut-off notices.

And that's about on par, exactly what we had the prior year. So I think that reflects greatly the City's need to be able to enforce payments and the fact

that it is an effective tool. So we hope that that trend now continues.

THE CHAIRPERSON: Is -- the $600,000 per month item that you mentioned, is that Water and Sewer combined or is it --

MS. LUNDQUIST: Correct. So the City reduced, per the Preliminary Injunction Order. And I can grab that language if you'd like me to read it specifically.

The Preliminary Injunction Order stated that the City was enjoined from charging and collecting Water and Sewer rates that include the September 16th, 2011, 35 percent rate increase. So the City took this language to mean that we were then required to remove that 2011 rate increase from our current per-unit rates and we did so for both water and sewer.

It was our preliminary charges; that's not that we took our current rates and reduced them by 35 percent, we took the dollar amount of that increase back from 2011 and removed them from our current rates because the City doesn't increase rates, we set rates.

So we don't say, okay, we're going to raise rates 35 percent this year on top of what they were last year, we don't raise them 12 percent the next year based on what they were. We say, No, we had this rate

and now we're setting this new rate. And then, in communicating that change to the public, we refer to it as an increase because people want to know where they're going to be hit in their pocketbooks, they want to know, "What does this rate increase mean to me?"

So -- if that answers your question.

THE CHAIRPERSON: And do you anticipate that the Water and Sewer funds will have sufficient cash to operate through the remainder of the current fiscal year?

MS. LUNDQUIST: We have through the remainder of this current fiscal year.

THE CHAIRPERSON: Do you expect that it will?

MS. LUNDQUIST: Yes.

THE CHAIRPERSON: Okay.

Yes?

MS. WALKER-GRIFFEA: I -- I have two questions for you.

MS. LUNDQUIST: Okay.

MS. WALKER-GRIFFEA: When I looked at this, I was wondering, where is the budget amendment for the reduction to the expenditures?

MS. LUNDQUIST: That -- let me turn to the page.

That's rolled into the appropriations line

item. So, if you'll look to underneath the Sewer fund appropriations, that's where the vast majority of those reductions occurred. Because we do have to keep in mind that it is our top priority to be ready and prepared to accept KWA water when it comes online and there is a significant amount of capital improvements.

So you do not see a drastic reduction in the water fund but in the sewer fund and sewer reductions appropriations of $3.8 million, that's in the second column, under First Quarter, Proposed Amounts, and those are the changes. So it goes from -- the appropriation went from 32 million to 28,5.

MS. WALKER-GRIFFEA: So, then, that is my second question: How did you figure the analyze -- the analyzed budget is that much when you're not taking in that much in that first quarter?

Because, if you did that times three, it would be much lower with what the expectation would be at the end.

MS. LUNDQUIST: I don't understand your question.

MS. WALKER-GRIFFEA: So I thought that you figured out, from the first quarter, what you're predicting it would be at the end, what you will take in, which seems to be a considerable amount depending

on what you took in the first quarter. Because, usually, you would look at that first quarter and then if you're doing a budget amendment, you would kind of base your prediction from that, which was very low, like 2.4 million, I think --

MS. LUNDQUIST: Right.

MS. WALKER-GRIFFEA: -- was the first quarter.

MS. LUNDQUIST: So are you talking about our projected revenue or are you talking about our -- the capital improvements that we eliminated?

MS. WALKER-GRIFFEA: The projected revenue.

MS. LUNDQUIST: I'm sorry, I misunderstood your question.

The projected revenue is shown as a decrease in charges for services on both the Water and Sewer fund, you could see "Charges for Services"; that's the second line item under Revenues for the Sewer fund. If you go over, that's a decrease of 5.9 million there. And then, under "Water fund, Charges for Services", a decrease of 8.6.

MS. WALKER-GRIFFEA: So you think that you're going to get more, eventually, coming in?

MS. LUNDQUIST: No. We hope that we stabilize our collection rate. I mean, at this point,

with the Preliminary Injunction Orders, we will not be able to do anything regarding rates. We can just only hope that we start collecting at a higher level than we have been, once we have the ability to enforce payment through shutoffs but we do not. And the -- I anticipate what I had said was enrolled into the charges for services. So those negative numbers would appear, the negative 5.9 and the negative 8.5. That takes into account two things: It takes into account, one, the fact at that we believe that we will have no ability to collect the outstanding accounts at the time of the Preliminary Injunction Order, and also the reduced revenue that we won't be able to bill.

So the -- at the time, our projection was we had $8.6 million that we will not be able to collect as well as we've had to reduce what we had originally estimated our total billed revenue would be by over $600,000 a month. So these line items include those two items, the uncollectibles as well as the reduced billed rates.

Oh, okay. So the City Administrator just asked me to note that part of the reason we see this, the zeros at the bottom of the Net Revenues in Appropriations is because the budget amendment reflects that, in order to balance the budget, this did call for

drawings from fund balance.

MR. McMAHAN: So you're fully offsetting that decrease in revenues with withdrawals from the fund balance and then decreasing it in Appropriations?

MS. LUNDQUIST: Exactly. So the fund balance is ultimately what is absorbing that loss.

MR. McMAHAN: Okay.

MS. WALKER-GRIFFEA: Okay. That makes sense.

MR. McMAHAN: So if I'm reading this correctly, you have a net reduction in revenue of approximately $14 and a half million of which, approximately, 10 -- 10 million is being offset with withdrawals off the fund balance?

MS. LUNDQUIST: Correct.

MR. McMAHAN: And the remaining four is being offset with decrease in Appropriations?

MS. LUNDQUIST: Exactly.

MR. McMAHAN: What are the implications of this in intermediate and long-term stability of the funds?

MS. LUNDQUIST: Devastating. I mean, it should not be under-estimated, the impact that this Preliminary Injunction Order has had on the City's finances. I mean, the fact of the matter is, when I took this position six months ago, we were on the

course for financial stability, we had a balanced budget. It definitely had its challenges in the coming years as we anticipate revenues either to, you know, have either a zero percent increase or a slight reduction and while expenditures continued to increase.

So we definitely knew that there were challenges ahead but we felt that we were on the path. And now with this Preliminary Injunction Order for the Water and Sewer funds, it has completely handicapped our ability to plan ahead, to be able to be proactive with our repairs and maintenance, to be able to address our lines. Even the meter replacement program, which is crucial to be able to accurately bill our customers, we had to place on hold. That was something I know that the residents were excited about, our City staff was proud of and we had to completely place on hold.

MR. McMAHAN: Is it also true, referring to the Budget and Expenditure Report, that that draw on the Sewer fund represents -- from the Sewer fund represents roughly 10 percent of the available fund balance and then the -- on the Water fund, specifically you have a $7 million draw to the fund balance. So that's essentially the fund balance; is that correct?

MS. LUNDQUIST: Yes. So I don't know if -- I mean, Mr. Headen actually smiled when he asked me, you

know, would we be okay through this fiscal year. And I believe we could get by and on track through this fiscal year perhaps but we very quickly would have to address what would happen when the Water and Sewer funds are out of money.

MR. McMAHAN: Is it fair to say that we are -- we are borrowing from the next fiscal year at some level to the health of next fiscal year to maintain a balanced budget this year?

MS. LUNDQUIST: Well, absolutely. I mean, the entire reason why the City has the financial stability ordinances, why the fast-track is naturally for governments to have fund balance reserve, is so that, when there is an event such as a Preliminary Injunction Order, when there are other events such as public health concerns with lead service lines, that the City has some funds set aside that they can respond to those.

We were fortunate enough to have fund balances in both our Water and Sewer funds at the time the Preliminary Injunction Order was issued in order to absorb this tremendous impact on our revenue and selections. But it has then tied our hands to how we would have otherwise been able to respond to the emergent lead issue, let alone anything else that may

come. So --

MS. WALKER-GRIFFEA: I have a question.

THE CHAIRPERSON: Yes?

MS. WALKER-GRIFFEA: If we don't approve this today, what does that do to anything that you're doing with the budget?

MS. LUNDQUIST: Well, so the budget amendments that are in front of you actually reduce expenditures and anticipate the -- let me back up.

So the General Appropriations Act mandates that the -- or that a municipality must adopt a budget amendment when revenue protections fall short of what had been anticipated when originally adopted. So this is the City's attempt, when an event occurs, to immediately take financial responsibilities and prudent planning to do so. We're still operating within the adopted Appropriations Act of the City. We're still acting within the adopted budget but this simply recognizes the events that have occurred.

MS. WALKER-GRIFFEA: Okay. Thank you.

MS. LUNDQUIST: Are there any other questions?

THE CHAIRPERSON: Any questions?

MR. McMAHAN: I have a lot of questions.

THE CHAIRPERSON: Please.

MS. WALKER-GRIFFEA: And I do, too. And I'm wondering, Mr. Chair, if there would be any way that we will be able to table this until we get more questions answered because I'm not ready to vote.

THE CHAIRPERSON: Sure. Is there a motion for that?

MS. WALKER-GRIFFEA: I move that we table --

MR. McMAHAN: Support. I support.

THE CHAIRPERSON: Motion's been made and seconded.

Assuming no discussion, those in favor, please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

Resolution 866 from the City Council meeting October 1, 2015 has been placed on the table.

Next item would be Item 2, Resolutions from the Regular City Council meeting of October 26. We have the resolutions there noted. Any questions about any of those resolutions at Attachment 4?

MR. McMAHAN: No.

THE CHAIRPERSON: If not, is there a motion that the Resolution listed in the October 26 meeting -- Regular City Council meeting be approved?

MR. McGHEE: So moved.

THE CHAIRPERSON: Support?
MR. McMAHAN: Support.
THE CHAIRPERSON: Motion's been made and seconded.
All those in favor, please say "aye".
BOARD MEMBERS: Aye.
THE CHAIRPERSON: Opposed?
Motion is adopted.
Next item, the Resolutions from the Special City Council meeting of November 18, Resolutions were listed at Attachment 6.
Are there any questions regarding those resolutions?
MR. McMAHAN: I don't have any questions.
THE CHAIRPERSON: If not, is there a motion that those resolutions be approved?
MR. McGHEE: So moved.
THE CHAIRPERSON: Is there support?
MR. McGHEE: Support.
THE CHAIRPERSON: A motion's been made and seconded. Those in favor, please say "aye".
BOARD MEMBERS: Aye.
THE CHAIRPERSON: Opposed?
Motion is adopted.
Resolutions from the Special City Council

meeting November 18th have been approved.

Next item on the agenda would be Item D, City Administrator Items. We have two items: Budget-to-Actual for September, under Attachment 8, and October, Attachment 9.

Ms. Henderson is going to speak now.

MS. HENDERSON: I am not going to let Ms. Lundquist address those report specifics. However, I do think that this amendment that was tabled does go hand-in-hand with this, with our financial reporting, in the sense that I would like to clarify that, in tabling this item, it basically -- we have to come forward with the first quarter with all quarterly amendments and this is inclusive of the City taking all of the capital improvement projects off the table and moving those.

So I just wanted to make that clear, that all capital improvement projects, that's what you see, that's what's been affected when you look at the -- the $8 million and then, also -- let me get to 866 and the 5 -- I think 5.9 and then we also we accounted for not filling any of the vacant positions unless they were definitely needed, that would be a position such as -- a position that requires the certification. So I know it's been tabled but I would like for you all to -- I'm

respectfully asking for you all to -- to look at that so we will be in compliance with what has been set forth, that we bring quarterly amendments to the Council every month and they -- I mean, quarterly. And they have approved this amendment because they understand that -- that we had to take the capital improvement plans off the table.

And so, to just prolong that is to say that, at some point, we are going to realize that money and we will be able to do the capital improvement projects but I would like to account for the fact that we -- that's a loss and that's money that we will not recoup and we will definitely not be able to -- if it were recouped, it wouldn't be in this fiscal year.

So we're coming again with a quarterly amendment very soon. We didn't have a meeting last month and this was, I guess, brought to you -- it would have been in October?

So I just don't want us to get in a habit of, like, delaying these things. So I'm respectfully asking that you all will take that off the table and approve it in the sense that the City Council is showing that they are willing to be fiscally accountable and they have even approved that and recognized the decline in revenue and the fact that we

had to take all of the capital improvements that we had planned and move those back and we're also inserting that into the master plan as well.

And so I think it would be good for the RTAB to recognize that the Council is taking responsibility and accountability and actually looking at the fact that the finances don't support that and they've done that and I would just hate to see that the RTAB did not support that. So I just felt compelled to come --

THE CHAIRPERSON: Are the items of which you speak of such a crucial nature that they cannot wait until our meeting on the 13th of next month?

MS. HENDERSON: Yes, I believe so. And this is why: Because we are going to come forward with another quarterly amendment and we need the quarterly amendment that we've brought forth to you now so that we can do another quarterly amendment. Because we're going to -- going to have to continue to do quarterly amendments and we would like those quarterly amendments done in a timely manner, and that's why I would like for this one to be done because this is a first quarter amendment and then we have to do a second quarter amendment, a third quarter amendment and then we have a fourth quarter amendment.

And, just seeing where we are right now, like

close to the end of the second quarter and we don't have a first quarter amendment approved and the Mayor -- I mean, well, the Council had approved an amendment and they understand that we cannot afford the capital improvements and they have agreed that we will not go forward with those improvements.

And they have actually reflected that being fiscally responsible by reflecting that, okay, we're not -- we're taking the capital improvements off of the table, we're not doing any layoffs at this time but we're being responsible and we're saying we're planning ahead and we see what loss we have -- we've had at this time and we are, like, going to go ahead and amend the budget accordingly.

And so I just think that -- that that helps with the Council, with bringing things forward, that actually supports fiscal sustainability and responsibility and accountability.

MR. McMAHAN: Mr. Chairman?

THE CHAIRPERSON: Certainly.

MR. McMAHAN: I think you misread -- I think you misread -- for one thing, you misread our hesitation here. I mean, what that report actually -- and I won't speak for my colleague. Maybe she may have a different take on this.

But what this report and this budget -- for one thing, this is -- these budget amendments are annualized numbers so I'm -- one question I would have is, these will come back with another amendment. Am I to infer from that that you are going to come back for additional amendments to the Water and Sewer funds so -- with, again, annualized totals?

I mean, when a budget amendment is made, it's made for the year's budget for the annual budget, correct, these are annualized numbers?

MS. HENDERSON: To keep in line that that's why we have an ordinance that stated that we must do quarterly amendments, and that is to support --

MR. McMAHAN: Okay, I understand.

MS. HENDERSON: And that's what we're -- we actually have to abide by that if we see that --

MR. McMAHAN: I understand. I understand.

MS. HENDERSON: Okay.

MR. McMAHAN: The question then becomes, the -- the Finance Director for the City has -- has said that these amendments and their implications on the long-term -- on the budget are -- what was the quote, "devastating"?

MS. HENDERSON: Yeah, "devastating". Any bad word that you can use to say that but it doesn't

change.

MR. McMAHAN: But what this Board -- and that this is her inflection in her answer is, "We're okay, This year was not lost on us." We're -- so we take that to understand we're not okay next year. Because these funds, if this trend continues, these funds do not exist in order to do fund balances, exist to support. So I guess, from my perspective, and --

And you may have a very different take on this.

MS. WALKER-GRIFFEA: Not at all.

MR. McMAHAN: -- is that when bringing forth an amendment like this, I would like to understand a little bit better the -- well, since one of the things that this Board is charged with is oversight and -- of the long-term financial health on the City in the transition process, hopefully, to step out of the process.

But, in the interim, one thing I would like to understand better is, how does this, you know -- where does this put us in June?

What is the thinking and what is the advanced planning that's occurring for next year as we go forward?

Is that -- is that --

MS. WALKER-GRIFFEA: Yes. And I think that was what I was trying to ask the Finance Director initially, when I -- when I did ask, did it need to be -- was there anything that would hinder us to -- to table it for another month and she said there was some losses that were set aside but, in the end, there really wasn't, which is why I shared that I wasn't ready, at this point, to do that.

But the other thing is, it sounds like that there may be other amendments coming for the next year and, as we were talking about that annualized number at the end and how it came up.

So, if you're saying that this is still coming, then I'm then now questioning the number we have right now. Are -- is -- are we assured that this is where it's going to be as it was brought to us earlier or do we think that it's not, which then means I really need to understand what's going on.

MS. HENDERSON: And that is -- and that is exactly what -- I understand what both of you all are saying. However, that is why we quarterly amend the budget; because it's no secret that we have pending litigation. That has everything to do with how things could be just, say, in the third or fourth quarter.

MR. McGHEE: I understand.

MS. HENDERSON: So in the first quarter, this is what was projected and this is -- this was a significant impact. And, to get to where we were now, we had not realized the -- all of the loss that we know we would lose in the sense that, as far as our charging, we knew that we would be charging less. So, therefore, that went into, "Okay, we need to take these capital improvement projects out" and then also, "Oh, we have these positions that are vacant, we don't need to fill these -- these positions."

So this is planning ahead, in the sense that we have already accounted for income that we already know we will not receive.

MR. McMAHAN: We understand.

MS. HENDERSON: So it is -- like I just did want to explain that this is planning out and this is what we're trying to, like, ensure that we continue to do. This is -- this is clearly like planning for until the end of the year and even into the next year.

MR. McMAHAN: Let me change the nature of the question. Let's assume that this budget -- we approve this budget amendment and you bring in no further budget amendments forward to us or you bring them forward and they have zeros in the columns, right, so that this is the status at the end of the year. What

is your thinking going into the next fiscal year; how is this --

I guess, is that a fair way --

MS. WALKER-GRIFFEA: Uh-huh.

MR. McMAHAN: How do you see this -- kind of in the longer term, how do you see this playing out?

Because what we don't want -- I speak only for myself. What we don't want to do is get to June of next year and then have this crisis of understanding what's happening to the structure. We would like some -- some visibility into the -- to the trajectory from here. Because you know this is the reality, we know this is the reality. This is ultimately -- I applaud the Council for having -- for codifying it this way. I don't have any problem and -- with what you are saying. I just --

MS. WALKER-GRIFFEA: Right. But I'd like to jump in. I know, when you listen to the City Council, that, when this came up, I want to say that Councilperson Mays talked about what happened in another meeting and how things were explained to them so that they could come to the agreement of this.

We have not had that opportunity.

MR. McMAHAN: I'm with you on that.

MS. WALKER-GRIFFEA: And so I think that, if

we had the opportunity to ask those questions to understand what's being done, then it may be that we could go ahead and approve this without any issues. But right now we have not.

MS. HENDERSON: I guess -- I mean, from -- from where I stand, it's -- it's clear that we are -- under our judgment, we know that our revenues are decreased and so we know to continue with a budget that -- because this is to say that we're going to continue as though the budget that we have is correct, that's in place, that those are our projections and that's where we're going. That is false. And that's why I believe that we should be supporting the amendment of this budget.

Also, it helps us -- we're in budget training now. We have to -- we're due a two-year budget. But -- and to not accept or realize that, hey, our revenues are significantly dropping; two, those capital improvement projects, we have set those aside.

So, even going into the next year, we don't know if we're going to be able to include any of those projects but it helps us for planning for us to be able to adjust based upon projections when we're doing two-year budgets. And so I guess, myself personally, I can't understand because this is looking well into the

future. We didn't look like -- this is not for just one month, this is for what we see as the rest of the year.

However, we cannot predict what is going to happen with, like right now, we -- we have pending litigation about the rates that we're charging now or whether we can do shutoffs. We cannot control that. However, what we can do is project and we are projecting off of what we definitely know we are charging now, which is less. So we can project that.

And then, also, we can look at, like, how many people are paying this time, this year, and then looking back at last year as to how they were paying. So there are a lot of projections in it. And that's what -- with governmental budgeting, with all of your revenue sources, being property taxes and income taxes, those are your main sources. And even with these enterprise funds, you have to project these are business-type funds. And for us to continue with a budget that says, That seems as though we're going to be exactly like we were when we -- when that budget was put in place, with the two-year budget, I just don't understand how we would go forward with this without having to amend this and then we go into budget planning for the next budget. I just -- and I just

wanted to say that, thinking it doesn't have to happen. But I just felt, as the City Administrator, that I should say something because this did take -- this is not planning for one quarter, this is planning for the rest of this year.

THE CHAIRPERSON: Let me just ask you, are there specific questions that we can reduce to writing and submit those and get answers to those questions?

MS. WALKER-GRIFFEA: That's what I thought we would -- I mean, that's how we did it before.

THE CHAIRPERSON: Why don't -- why don't we do this:

Are you agreeable to passing the Resolution with written conditions, one of which would be receiving adequate responses to any further questions that we submit?

MS. WALKER-GRIFFEA: I could do that.

MR. McGHEE: Yeah.

MR. McMAHAN: Does that satisfy you?

MS. WALKER-GRIFFEA: That would.

MR. McMAHAN: I mean, I'm right there with you. I know exactly --

THE CHAIRPERSON: We are -- we are in a procedural cul-de-sac and we're going to back away out of it.

First, is there a motion to remove from the table, the previous Resolution 866 that was tabled a moment ago?

MS. WALKER-GRIFFEA: I move to remove the motion, the tabled motion.

THE CHAIRPERSON: Is there support?

MR. McGHEE: Support.

THE CHAIRPERSON: Those in favor, please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

That motion is adopted. So the result of that motion is Resolution 866 is now before us again.

And so now, as I understand, we're going to entertain a motion to adopt Resolution 866 with the condition that any RTAB member that wishes to do so can submit written questions to, let's say, the City Administrator or Mr. Cline and receive answers back by, let's say, no later than our January 13, 2016 meeting.

Have I adequately stated just what we're looking for?

MS. WALKER-GRIFFEA: Before the January 13th meeting, so we can already have it reviewed.

THE CHAIRPERSON: Okay.

MS. WALKER-GRIFFEA: So I'd say a week

before, if that's fine.

THE CHAIRPERSON: Okay. So roughly by January 6th?

MS. WALKER-GRIFFEA: Uh-huh.

THE CHAIRPERSON: So that would be the motion. Is there a support for that motion?

MR. McGHEE: I'll support.

THE CHAIRPERSON: Any discussion?

If there's no discussion upon the motion, those in favor, please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

Motion is adopted.

MS. HENDERSON: If I may, sir.

THE CHAIRPERSON: Yes?

MS. HENDERSON: I thank you for offering that consideration, I really do appreciate that consideration. And we will have those to you before the end of December because we have all the information that accompanies this so we will get that to you.

And thanks again.

THE CHAIRPERSON: Please.

MS. LUNDQUIST: I just would like to reiterate her thanks. It helps us procedurally as we do prepare for the second quarter budget amendment

that's proposed in January. So it helps us with our timeline to be able to anticipate and really gauge, you know, where we are and where we're going.

And then I would also like to note that we had an internal staff training for our Directors. It was put on by Dr. Eric Scorsone on Monday afternoon and then Council graciously attended and the hope-found beneficial, my training that -- even so, that was just that past Monday, December 7th, as we prepare to go into our first budget cycle now that the City Council and Mayor are charged with developing a budget.

So that's an exciting time that we're looking forward to and happy to provide you with a timeline that is out laid for the 2016 -- for 2016 for the development of our fiscal year '17/'18 budgets with a three-year projection, that that, as I said, is a process that is now just starting and we kicked it off with training by Dr. Scorsone.

THE CHAIRPERSON: Okay. While we have you here, I think I do have two questions with regard to the budget to actual. We can look at the one for October -- or excuse me -- under the October memo for September, as an example, I wasn't sure that I understood the columns.

And I'm looking roughly at the -- under

revenues of the general fund, the last four columns that are the amended 2015/'16 budget. Now take, for example, income tax as an example, where the amended budget has roughly $13.5 million and then the next column over to the right, Year-to-Date Balance, 2.3 million. Is that the amount that has been collected so far --

MS. LUNDQUIST: Correct.

THE CHAIRPERSON: The amount that's budgeted?

MS. LUNDQUIST: Yes.

THE CHAIRPERSON: And then the next column to the right is available balance, which I really take to mean is the amount that's been budgeted hasn't been collected.

MS. LUNDQUIST: Correct.

THE CHAIRPERSON: Because I assume, with regards to the income tax, the bulk would come in between now and next April 30. So is it -- it's really not the available balance. In other words, it hasn't all been collected and that's the amount that could be spent, it's really the uncollected part of what hasn't -- of what's been budgeted?

MS. LUNDQUIST: Correct. But there aren't -- so, just as a matter of formatting, there isn't a separate column heading when it switches from revenues

to expenditures so available balance is simply showing the amount either not collected or unexpended.

THE CHAIRPERSON: Okay. Okay. Thank you. And then the other item has to do with revenues and expenditures. As I compare fiscal years '15 to '16, the amended budgets, the amount of revenue looks as if it was -- has declined about 6 million -- $6 and a half million, from 57.8 million to 51.3 million. But on the expenditure side, the expenditures year-to-year are projected to go up about 3 million -- 48.3 million to 51.3 million. And I'm wondering what the impact of that is to have a year-to-year projection of your General fund expenditures going up at the same time that the revenues are -- are going down.

MS. LUNDQUIST: Right. So, as I had alluded to earlier, the general reality not only for the City of Flint but for municipalities across the country are that revenues are remaining rather stagnant but expenditures are continuing to increase as we continue to have energy costs, as we continue to have said increases with our union contracts, et cetera.

The large difference that you see that's noted between fiscal year '14/'15 and fiscal year '15/'16 is that we do not anticipate State Treasury to authorize another emergency loan. So there was a

$7 million emergency loan last fiscal year, that's the last line under revenues that we did not budget for it again in fiscal years '15/'16.

So, taking that out of our revenues, you will see that we were rather conservative with our estimates with very little to no increase in our revenue line items but we do take into account those increase for expenditures.

THE CHAIRPERSON: And then I gather from your point that, on the expenditure side, most of these increases are, in one way or another, baked in with your collective bargaining agreements and so forth that you have no control over; is that the point?

MS. LUNDQUIST: Correct. Or our annual payments for our pension systems. So those are known things for which the City does not have control but it's obligated to pay. Or even our emergency loan payments that we did not have last year but we did have to budget for in this current fiscal year.

THE CHAIRPERSON: Okay. Thank you.

Any other questions regarding the items of Budget-to-Actual Reports?

Without objection, then the September and October Budget-to-Actual Reports will be received.

Item 4, Public Comment.

Mr. Cline, anyone that has signed up for Public Comment?

MR. CLINE: Yes, we do have two individuals that signed up for Public Comment. But, before I get to that, just a moment of -- I received a question from the audience and I just wanted to double check because, perhaps, I missed it. And, if I did, I apologize. But did the Board address the resolutions from the November 23rd meeting?

THE CHAIRPERSON: November --

MR. MAYS: That would be Item Number 5 under New Business on the second page of the agenda.

It would be Resolutions 929, 932, 936 and 937.

THE CHAIRPERSON: It appears we did not.

MS. WALKER-GRIFFEA: Yeah, I think Natasha got up and we changed over.

MR. McMAHAN: I thought -- Mr. Chairman, I thought that we had removed those at the beginning.

THE CHAIRPERSON: We had removed Item 3 which would have been --

MR. McMAHAN: Oh, okay. My fault.

THE CHAIRPERSON: But not November 23rd.

Under Attachment 7, Resolutions 929, 932, 936 and 937, any questions regarding those resolutions?

If not, is there a motion that those resolutions from November 23rd be approved?

MR. McGHEE: So move.

THE CHAIRPERSON: Is there support?

MR. McMAHAN: Support.

THE CHAIRPERSON: Motion's been made and seconded. All those in favor, please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

Motion's adopted.

Now Public Comment.

MR. CLINE: All right. I'm glad I asked. So, all right, we had two individuals that signed up for Public Comment. So I'll just announce them now.

First one will be R.L. Mitchell and then followed by Eric Mays.

THE CHAIRPERSON: Please bear in mind the previously adopted motion of two minutes per individual remains in effect.

Mr. Mitchell, good afternoon.

MR. MITCHELL: Yeah. All I want to say is Merry Christmas and happy New Year and I hope you consider Ms. Henderson's -- and don't table the situation that Ms. Henderson the Financial Management offer you for 2016. Work with her in the new year to

come, as a citizen of Flint.

THE CHAIRPERSON: Thank you.

Councilman Mays?

MR. MAYS: All right. Good afternoon. You know I kind of got excited and, you know, I got a couple notes, so in two minutes I'm going to be flying. Reprimand me to sit down, whatever. But I kind of got excited when I seen you all table that because those are the type of questions that I asked in the Council meetings. If I looked at the expenditures that related to the emergency, I told them, when you bring me a budget amendment to spend 2 million for Detroit water, I want to know if I'm spending 10 or 12 million and then I'm waiting on the State or my foundation to reimburse me or make it plant.

My colleagues, just as you guys did -- I'm going to kind of chastise you a little bit -- they counseled the Finance Committee meeting this past month. And I didn't see the reasons. I know where they was at and what they was doing. I take my job very seriously. I didn't like for you all to cancel the November meeting. If the RTAB is going to be involved in our business, then the RTAB need to have some joint sessions with Council.

They take you all way more seriously than

they take me. I'll try to find out what's happening as it relates to details but, remember, I told you, when they say "the Council", we vote differently. I don't always vote with the majority of the five because I'm like you, if I don't know the details, I'm not ready to rubber stamp it.

So you was on the right track but don't get laxed. If you don't take this responsibility to steer the ship, I don't want to look down the road six months, a year from now and then everybody done fumbled the ball. We got revenues generating opportunities. I told them we could have taken a million out the Water and Sewer fund, distributed bottled water and generate revenue because you're selling bad water now, you can distribute good water and get another million or two.

So I want you all to continue to take it seriously. I got excited, I said, "They're going to table" and then guess what? You did just like some of my colleagues. So we'll see if you get your written answers. I'm sure you will. But I want to see you really get into this finance, just as I'm trying to do. You all seem to have a little more power. You know, I don't believe in RTABs. So let's see what you do.

God bless you.

THE CHAIRPERSON: Thank you, Councilman. I

would just --

MR. MAYS: And that's under the two-minute rule. All of that need to go away.

THE CHAIRPERSON: I appreciate that.

MR. MAYS: Maybe one day we'll really talk.

THE CHAIRPERSON: I just want to correct one thing, which is it's not our responsibility to steer the ship. We're not a legislative body. We're not City Council. That responsibility for day-to-day operations and decision-making for the City rests where it should, with the Mayor, City Council and the City Administrator.

We may be along for the ride, to use your ship analogy, but we don't have responsibility for steering the ship, we basically react to actions that are brought to us by the City Administrator or by the Council.

You won't see us initiating management policy because it's not our responsibility. Contrary to what you may think, our responsibility is really quite limited. Our job is to assist you as Council members, the Mayor and the City Administrator.

But you're not typically going to see us micromanaging and trying to substitute our judgment with your judgment. But we do have certain

responsibilities and, as you witnessed this afternoon, we have to get order to charge those responsibilities, to exercise due diligence of our own. But the primary responsibility for steering the ship resides with the elected officials and with the City Administrator.

At least that's my point of view. But other of my colleagues may have a different point of view and they're welcome to express that.

MR. McMAHAN: No, I absolutely am in concurrence. You know, it's distressing for me to see often in the media and other -- other forms an expression of the RTAB as a legislative body. We are not a legislative body. We do not initiate policy. We do not initiate, we react to. And we have oversight function, as I -- as I understand our responsibility, it's not legislative.

MS. WALKER-GRIFFEA: And I'd just like to say, I think that we are a support and we're here support what the Mayor and what the City Manager's trying to accomplish. And so, for me, when I saw what happened, is that we need -- or at least I'm going to speak for me.

I need more information so that I can be a better support system to move the process on and I guess more timely information as well so I can digest

it and understand what's being brought forward. So I'm running with you, Mr. Chair, that we will be here to ride.

THE CHAIRPERSON: I guess that's probably the four of us are probably more interested in seeing our jobs made irrelevant than anyone in the City of Flint.

MS. WALKER-GRIFFEA: Exactly.

MR. McMAHAN: But that, having taken on that job, we take it, that oversight obligation, seriously. And, to you, we'd like to have that information so that we can discharge our responsibilities as partners and as collaborators --

MS. WALKER-GRIFFEA: Exactly.

MR. McMAHAN: -- appropriately.

MS. WALKER-GRIFFEA: Exactly.

MR. McGHEE: Yeah. And essentially, as a matter of due diligence, if we have some of that information here, it's to that point to make sure that we offer the proper diligence. And even though we don't initiate policy and are responsible for the delegation of resources, it is our charge as well because due diligence in how we conduct our -- just thinking back, since we were initiated, I truly believe that most things that the Council and the Mayor and our City Administrator agreed upon, we never had a problem

with.

I know we tabled an open decision but it wasn't because there was a disagreement I had but it was just to -- actually, to create the space for Council to have conversations with the -- the body requesting those. Because they didn't take that opportunity in first.

So our goal is definitely not to operate in a braided way but, more so, in a lended way until we --

THE CHAIRPERSON: I do want to acknowledge Mr. Larkin who's in the audience who's occupying a chair at this meeting. I want to thank him for his service on the RTAB over these many months and wish him the best in his new position with the City.

MR. LARKIN: Thank you.

MR. MAYS: How did you recognize him with a haircut?

THE CHAIRPERSON: Yes.

MR. McGHEE: Just lastly, I would just like to, once again, welcome in our new mayor.

MAYOR WEAVER: Thank you.

THE CHAIRPERSON: Is there any further business before this Board?

If not, is there a motion that we adjourn?

MR. McMAHAN: So move.

MR. McGHEE: Support.

THE CHAIRPERSON: Without objection, we are adjourning.

(Meeting was concluded at 3:08 p.m.)

* * * *

C E R T I F I C A T E

I, Mona Storm, do hereby certify that I have recorded stenographically the proceedings had and testimony taken in the meeting, at the time and place hereinbefore set forth, and I do further certify that the foregoing transcript, consisting of (51) pages, is a true and correct transcript of my said stenographic notes.

_____
Date

_____
Mona Storm
CSR-4460

Pleyte, Beth (Treasury)

From: Darnell Earley <darnell.earley@detroitk12.org>
Sent: Wednesday, December 09, 2015 4:00 PM
To: Saxton, Thomas (Treasury)
Cc: Jerry Ambrose
Subject: Re: lawsuit

I have not retained anyone.

Sent from my iPhone

On Dec 9, 2015, at 2:53 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

> I heard from the AG that you guys have retained or are retaining Plunkket Cooney... if that is so let me know & I won't bug the AG. And does the City know & have they agreed to pay ?
>
> **From:** Jerry Ambrose [mailto:gambrose49@gmail.com]
> **Sent:** Friday, December 04, 2015 10:50 AM
> **To:** darnell.earley@detroitk12.org; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>
> **Subject:** lawsuit
>
> Follow up from our conversation -
>
> Service was accepted yesterday by the Flint City Attorney for both Darnell and myself. Response is due February 1. Flint Deputy City Attorney William Kim has been the attorney with whom I have been communicating.
>
> Let me know if you have further questions.
>
> Jerry

Pleyte, Beth (Treasury)

From: Darnell Earley <darnell.earley@detroitk12.org>
Sent: Wednesday, December 09, 2015 4:09 PM
To: Saxton, Thomas (Treasury)
Cc: Jerry Ambrose
Subject: Re: lawsuit

Tom,

Just checked with Bill Wreising at PC. He is my contact there and knows nothing about it. He is going to ask around there to see where that might have come from, meanwhile...

Keep bugging the AG!

Sent from my iPhone

On Dec 9, 2015, at 2:53 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

> I heard from the AG that you guys have retained or are retaining Plunkket Cooney... if that is so let me know & I won't bug the AG. And does the City know & have they agreed to pay ?
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>
> Let me know if you have further questions.
>
> Jerry

Byrne, Randall (Treasury)

From: Schafer, Suzanne K. (Treasury)
Sent: Thursday, December 10, 2015 10:17 AM
To: Byrne, Randall (Treasury)
Subject: RE: Lead crisis in Flint? Here are cities with even higher rates

Yes. I pretty much have a free day.

From: Byrne, Randall (Treasury)
Sent: Thursday, December 10, 2015 10:16 AM
To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Lead crisis in Flint? Here are cities with even higher rates

Suzanne:

I am in Flint today, are you available for a call regarding the Flint RTAB meeting?

Randy

From: Schafer, Suzanne K. (Treasury)
Sent: Thursday, December 10, 2015 10:09 AM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Lead crisis in Flint? Here are cities with even higher rates

Are you in today? I would like to hear how Flint RTAB went yesterday.

From: Byrne, Randall (Treasury)
Sent: Thursday, December 10, 2015 10:00 AM
To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Lead crisis in Flint? Here are cities with even higher rates

Suzanne:

Thanks for sending me the articles. It is very alarming.

Randy,

From: Schafer, Suzanne K. (Treasury)
Sent: Thursday, December 10, 2015 9:47 AM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: FW: Lead crisis in Flint? Here are cities with even higher rates

From: Bridge Magazine [mailto:info@thecenterformichigan.net]
Sent: Thursday, December 10, 2015 9:32 AM
To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: Lead crisis in Flint? Here are cities with even higher rates

Forward to a friend

Bridge

NEWS AND ANALYSIS FROM THE CENTER FOR MICHIGAN

Far from Flint, lead remains an irreversible scourge

Lead poisoning rates have dropped dramatically in Michigan over the past decade. But in many cities and towns, child exposure rates far exceed those in Flint.

READ FULL STORY

Interactive map: Places with higher lead rates than Flint

Check out cities across Michigan with high lead exposure rates, as well as rates in your neighborhood

READ FULL STORY

Sink or swim: Higher education is key to Michigan's future

A new report by education, business, philanthropic and government leaders says Michigan's rise to an elite state depends on getting far more students to graduate from college or obtain a technical certificate after high school.

READ FULL STORY

Dempkowski, Angela (Treasury)

From: Sean Kammer <skammer@cityofflint.com>
Sent: Friday, December 11, 2015 3:07 PM
Cc: Karen Weaver; Maxine Murray; Natasha Henderson
Subject: Flint Cost Assistance Request
Attachments: Assistance Request from Mich Treasury.PDF

To Whom It May Concern:

Please find attached a letter from Mayor Karen Weaver to Michigan Treasurer Nick A. Khouri requesting financial assistance form the State of Michigan with the cost of defending the lawsuit *Larry Shears v. City of Flint*. The financial effects of this lawsuit are devastating for the City while it simultaneously confronts a public health crisis.

We ask that the State of Michigan and our elected officials to please consider the City's request for assistance in order to avoid further harm to the stability of the City government and the people of Flint.

Regards,

--
Sean Kenneth Kammer, MPA
Assistant to the City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
810-237-2025

CITY OF FLINT

Dr. Karen W. Weaver
Mayor

Natasha L. Henderson
City Administrator

December 10, 2015

Treasurer Nick A. Khouri,
Michigan Department of Treasury
Lansing, Michigan 48922

Re: ***Larry Shears v. City of Flint***

Dear Treasurer Khouri:

We are writing to respectfully request financial assistance from the State of Michigan with the cost of defending the above-reference lawsuit. This is a class action that challenges water/sewer rates set by the City. The rates were established, in part, by Emergency Manager Michael K. Brown in 2011. The plaintiffs seek a 35% reduction in rates, as well as repayment of charges that were allegedly illegal. If successful, the financial impact would be catastrophic.

Due to the gravity of the situation, and at the urging of Treasury officials, the City retained the law firm of Miller Canfield to handle its defense. Miller Canfield has an outstanding reputation and is well-suited to litigate this matter. However, a firm of this caliber is well beyond the financial means of the City of Flint. We are at a crossroads that requires careful consideration. We cannot afford to continue paying Miller Canfield, but equally cannot risk failure in this lawsuit.

The lawsuit has already caused devastating financial harm to the City due to rulings by the court. In August, the court issued a preliminary injunction order that is striking in its breadth. Among other things, it compelled the City to reduce water rates by 35% pending the outcome of litigation, and prevented readiness to serve charges.

Under the injunction, the City has been unable to collect past due water bills, leaving $11.6 million dollars of uncollected revenue. The City is losing over $600,000.00 per month, with many customers taking a wait-and-see approach to paying their bills.

In a Hobbesian choice, the City was forced to abandon desperately needed capital improvements. This will further escalate costs and exacerbate infrastructure needs.

In addition, Genesee County Circuit Court Judge Archie Hayman sue sponte ordered the City to repay $15.7 million dollars from its general fund to the water and sewer fund, on the perception that the money was wrongfully transferred. The court's ruling have consistently been pro-plaintiff. Much of the legal work is focused on appellate review.

These financial pressures are rapidly impacting the City. Despite a hiring/spending freeze, the City will soon confront the difficult question of whether to use the general fund to pay for the water/sewer system. This would necessarily compel cuts in its already short-staffed police force.

It is imperative the claims asserted in this case are confronted and reversed. The City needs a strong legal defense in this matter, as the consequences of not prevailing will be drastic.

In August of 2015, the City retained Miller Canfield at the urging of State officials. At that time, it was suggested the State would provide financial support. Unfortunately, that support has been discussed for months, but not yet provided. Legal fees from Miller Canfield, to date, total more than $80,000. The cost of defending this matter is rapidly exhausting the City's litigation reserves. We need help, or will not be able to continue with this level of defense.

Under Public Act 436, the State does not assume liability for the actions of an emergency manager. However, we believe there are practical considerations that call for financial assistance. By ensuring the City has needed litigation resources, the State can guard against a return to emergency financial crisis in Flint. Without those resources, the risk of a catastrophic judgment substantially increases. Thus, helping Flint now is a prudent investment to avoid a more costly enterprise.

Moreover, a substantial portion of this lawsuit relates to actions taken by an emergency manager under the careful watch of the State of Michigan. The City of Flint should not be left on its own to defend those choices.

Over the past four years, the City has made enormous strides in attempting to rectify its financial crisis. Pain was broadly spread to current employees, retirees and residents. The City was forced to do more with substantially less. Our residents received reduced municipal services, but increased their volunteerism. Contrary to the perception of some, the City and its residents have met the challenge of regaining financial solvency issued by each of the four emergency managers appointed by Governor Snyder. We proudly closed fiscal year 2015 with a balanced budget.

We have come far, but now confront a lawsuit that seriously threatens to undermine the enormous work, hardship and sacrifice of the past four years. We need financial assistance to avert that disaster, and we need it now.

Respectfully submitted,

Dr. Karen Weaver
Mayor

Natasha L. Henderson
City Administrator

PMB/eem

S:\P. Bade\Miscellaneous Letters\Ltr to N. Khouri re Shears, Kincaid 12.7.15.docx

CITY OF FLINT
OFFICE OF THE MAYOR

Dort Karen Weaver
Mayor

Sean Kammer
810-237-2025
skammer@cityofflint.com

For Immediate Release

Mayor Karen Weaver Declares State of Emergency

Flint, MI – December 14, 2015 – Mayor Karen Weaver has declared a State of Emergency in response to a man-made disaster caused by the City switching to the Flint River as a water source. This switch has resulted in elevated lead levels in drinking water which prompted both the City and the County Health department to issue a health advisory earlier this year.

Mayor Weaver states that this was one of the things she had promised to do while campaigning for mayor.

Declaring an emergency intends to help raise awareness of the issue that the water is still not safe to drink and activates the City's Emergency Support Plan in order to respond to the crisis.

On October 16 of this year, the City switched back to the Detroit Water and Sewerage Department as the source of water, however lead levels remain well above the federal action level of 15 parts per billion in many homes. Residents are advised to continue using water filters while long term solutions are being developed.

The Mayor will hold a press conference about the State of Emergency on Tuesday, December 15 at 2pm at City Hall.

-END-

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Monday, December 14, 2015 3:49 PM
To: Tony Minghine
Cc: Schafer, Suzanne K. (Treasury); Headen, Frederick (Treasury); Saxton, Thomas (Treasury)
Subject: Re: Flint rate case

The City's legal counsel approached Treasury on Friday. I believe a request is in the works that we can respond to.

Sent from my iPad

On Dec 14, 2015, at 3:39 PM, "Tony Minghine" <aminghine@mml.org> wrote:

> Suzanne, Wayne and I spoke briefly about this today and he asked that I include you in this email as you would like be asked to help answer this question. I am assisting the City of Flint as an expert witness in their rate case. I have not yet testified but I did observe a full day of testimony and one of the key areas that the judge appears stuck is what is operations and maintenance costs under the revenue bond act. As I explained to Wayne, one of the key issues is the payment from the sewer fund to their internal service insurance fund. They had a major sewer back up claim and as a result charged the sewer fund 15.7 million dollars to pay the claim. The City is self-insured, so the liability will be borne by the city one way or the other. It is the city's position, and I concur with it, that this was an appropriate charge to the sewer fund and while large, was still part of O&M. If the city wasn't self-insured, they would most certainly be paying premiums and deductibles from the sewer fund. When they made the decision, forced or otherwise to self-insure, the sewer fund assumed that risk as did every other city fund for claims that may arise related to their normal activities.
> My question is whether or not Treasury could offer some guidance or affidavit that would help the court understand that in Treasury's view, this was accounted for and handled appropriately? We are back in court on Friday, so Wayne and I discussed possibly chatting tomorrow. I will be in Lansing and at your disposal if that works for the two of you.
> Thanks for looking at this.
> Anthony Minghine
> Associate Executive Director & COO
> Ph: 734-669-6360 I Fax: 734-662-8083
> 1675 Green Road, Ann Arbor MI 48105
> www.mml.org

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Saturday, December 12, 2015 9:09 AM
To: Headen, Frederick (Treasury)
Cc: Saxton, Thomas (Treasury); Pleyte, Beth (Treasury); Dempkowski, Angela (Treasury); Pleyte, Beth (Treasury)
Subject: Re: Flint Letter to Nick

I have a lot of calls set up. But I can make something work

Sent from my iPhone

> On Dec 11, 2015, at 5:05 PM, Headen, Frederick (Treasury) <HeadenF@michigan.gov> wrote:
>
> Tom:
>
> Nick forwarded the attached to me earlier this afternoon. The Flint Mayor and City Administrator are requesting assistance with covering costs associated with defending the two water/sewer rate cases (Shears and Kincaid).
>
> Chris Trebilcock, at Miller Canfield, estimates the total cost would be in the range $245,000 to $385,000. Based on the letter, the City has incurred $80,000 in costs so far. While not every statement in their letter is factual, I believe (as I stated yesterday) that financially assisting the City with this litigation would be money well spent given what is at stake should the City lose.
>
> Hopefully, the three of us can discuss on Monday.
>
> Fred
>
> <Mayor-City Administrator Letter, 12-10-15.pdf>

Connors, Paul (Treasury)

From: Storberg, Ann Marie (TREASURY)
Sent: Monday, December 14, 2015 10:29 AM
To: Dave N Sheeran
Cc: Connors, Paul (Treasury); Headen, Frederick (Treasury)
Subject: RE: City of Flint Lawsuit

Dave – any update from the carriers on what they would like to see from Treasury that would allow them to provide coverage for Mr. Earley? I believe you said his coverage would end on 12/18/15, so it would be good to receive an update today.

Thank you.

Ann M. Storberg
Office of School Review and Fiscal Accountability
Michigan Department of Treasury
Office (517) 373-6638
Cell (517) 449-3766
Storberga@michigan.gov

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From: Dave N Sheeran [mailto:Dave.Sheeran@Meadowbrook.com]
Sent: Tuesday, November 24, 2015 9:53 AM
To: Connors, Paul (Treasury) <ConnorsP@michigan.gov>
Cc: Storberg, Ann Marie (TREASURY) <StorbergA@michigan.gov>; Steven Smith <Steven.Smith@Meadowbrook.com>
Subject: RE: City of Flint Lawsuit

Paul,

Thanks for the email and information. We are in the market for Darnell for the 12/18/15 renewal. Can we set up a phone call to discuss this further?

David N. Sheeran, CPA | Executive Vice President
[o] 248. 204.8544 [c] 248.361.0084 [f] 248.869.6045
26255 American Drive, Southfield MI 48034
MEADOWBROOK INSURANCE AGENCY
DIVISION OF MEADOWBROOK INSURANCE GROUP

From: Connors, Paul (Treasury) [mailto:ConnorsP@michigan.gov]
Sent: Tuesday, November 24, 2015 9:13 AM
To: Dave N Sheeran
Cc: Storberg, Ann Marie (TREASURY)
Subject: FW: City of Flint Lawsuit

Dave

Here is our legal counsel's views. I believe that as an EM the SOM will purchase liability coverage. How much is coverage for the EMs. Do cost vary upon locale?

From: Headen, Frederick (Treasury)
Sent: Friday, November 20, 2015 3:35 PM
To: Connors, Paul (Treasury) <ConnorsP@michigan.gov>
Subject: RE: City of Flint Lawsuit

The conclusion I reached previously was that were litigation to be filed against Darnell for acts taken by him while at the City of Flint, the Attorney General's Office would be obligated to provide legal representation only if such litigation involved either § 20(2)(a) or (c). I have not yet reviewed the complaint to determine the basis for it. See my attached e-mail to you from October 30th for more details.

From: Connors, Paul (Treasury)
Sent: Friday, November 20, 2015 11:40 AM
To: Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Subject: FW: City of Flint Lawsuit

Thoughts?

From: Dave N Sheeran [mailto:Dave.Sheeran@Meadowbrook.com]
Sent: Thursday, November 19, 2015 12:51 PM
To: Connors, Paul (Treasury) <ConnorsP@michigan.gov>
Cc: Steven Smith <Steven.Smith@Meadowbrook.com>
Subject: FW: City of Flint Lawsuit

Dear Paul,

Thanks for your time yesterday. Meanwhile today we received notice of a lawsuit recently filed in regards to the City of Flint water system. As you will note, Darnell Earley is a named defendant.

We have notified the carrier and will follow up with the carrier. Meanwhile, we want to circle back on the State of Michigan defending emergency managers particularly when they are no longer the EM at the public entity. If the SOM agrees to defend a former EM's actions, then the professional liability coverage for a current EM will be more attractive to the markets and cost less. In this case Mr Earley is named in a lawsuit for his actions while at the City of Flint and there is a policy in place. We are working on the renewal for his professional liability coverage while the EM at DPS.

Does the SOM want each EM to purchase individual professional liability and charge the premium to the public entity? What public entity and how would we allocate this premium?

Sorry to bring this up, just looking for clarification.

Please call me to discuss any questions.

David N. Sheeran, CPA | Executive Vice President
[o] 248. 204.8544 [c] 248.361.0084 [f] 248.869.6045
26255 American Drive, Southfield MI 48034

MEADOWBROOK INSURANCE AGENCY
DIVISION OF MEADOWBROOK INSURANCE GROUP

From: John Clark [mailto:jclark@gmhlaw.com]
Sent: Thursday, November 19, 2015 12:00 PM
To: Dave N Sheeran; Steven Smith
Cc: Darnell Earley
Subject: RE: City of Flint Lawsuit

Dave/Steve – Attached is a lawsuit recently filed in regards to the City of Flint water system. As you will note, Darnell Earley is a named defendant. Please take all necessary steps to ensure that the appropriate insurance carrier is notified of this claim.

Please advise

John

John Clark
Giarmarco, Mullins & Horton, P C.
Tenth Floor Columbia Center
101 West Big Beaver Road
Troy, Michigan 48084-5280
Phone: (248) 457-7023
Fax: (248) 404-6323
Email. jclark@gmhlaw.com
www.gmhlaw.com

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Dempkowski, Angela (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Monday, December 14, 2015 11:02 AM
To: Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: FW: Flint + Professional Liability - Class action Melisa Mays et. al
Attachments: darnell early denial-mays.pdf

FYI

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Dave N Sheeran [mailto:Dave.Sheeran@Meadowbrook.com]
Sent: Monday, December 14, 2015 10:15 AM
To: Connors, Paul (Treasury) <ConnorsP@michigan.gov>
Cc: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Steven Smith <Steven.Smith@Meadowbrook.com>
Subject: Flint + Professional Liability - Class action Melisa Mays et. al

Good Monday to you,

The carrier has reviewed the complaint from Melisa Mays et. al against the coverage and has prepared this written response. The claim is being denied, Pursuant to the Policy, any Claim alleging, based upon, arising out of, or attributable to the actual, alleged or threatened discharge or release of Pollutants is excluded from coverage. Professional Liability coverage generally does not provide coverage for bodily injury or pollution. Those coverage's are usually provided through the general liability policy of the entity. This denial letter needs to be provided to the City of Flint for notification to the general liability carrier and/or any pollution liability carrier. How do we get this request to the correct person at the City of Flint?

John Clark has been notified of the carrier response. Darnell is not happy about the denial.

As you know, we are working on the renewal for this Friday.

Please let us know who to contact at Flint.

David N. Sheeran, CPA | Executive Vice President

[o] 248. 204.8544 [c] 248.361.0084 [f] 248.869.6045
26255 American Drive, Southfield MI 48034

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ACE North American
Professional Risk Claims
P.O. Box 5105
Scranton. PA 18505- 0518

201 - 479-6363 telephone
201 - 356-5100 main
201 - 356-5294 fax
brian.lovell@acegroup.com
www.acegroup.com

Brian Lovell
Claims Specialist

December 4, 2015

VIA EMAIL AND CERTIFIED MAIL
Mr. Darnell Early
PO Box 70141
Lansing, MI 48908

CC: Mr. John Clark, Esq.
Jclark@gmhlaw.com

Re:	Insured:	Darnell Early
	ACE Policy No.:	G27158766 002
	Claimant:	Melisa Mays *et. al*
	Claim No.:	JY15J0640574

Dear Mr. Clark:

This letter is to acknowledge receipt of recent correspondence, whereby ACE North American Claims (hereinafter "ACE") on behalf of Westchester Fire Insurance Company (hereinafter "Company"), was advised of the November 13, 2015 purported class action complaint ("Complaint") filed by Melisa Mays; Michael Mays individually and on behalf of three minor; Michael Mays; Jacqueline Pemberton; Keith John Pemberton; Elnora Carthan; and Rhonda Kelso; ("Plaintiffs") seeking damages against Darnell Early ("Insured").

A claim file has been established under the Policy, with the assigned claim number of JY15J0640574 (hereinafter "Claim"). Please refer to this claim number on all future correspondence regarding this matter.

The purpose of this letter is to advise you that based upon a review of the materials provided to ACE, we have determined that the Policy does not provide coverage for this Claim, and thus, the Company has no obligation to either defend or indemnify the Insured. If you have not done so already, we strongly urge you to immediately notify any other insurance carrier of this Claim that may provide the Insured with coverage in this matter.

SUMMARY OF THE CLAIM

Please understand that ACE, on behalf of the Company, has not made any determination as to the validity of the above-referenced matter, nor do we assert that any liability exists. We reference the allegations herein only to describe the matter submitted for coverage.

Based upon the information received to date, it is ACE's understanding that Melissa Mays and her family; the Pemberton Family; Elnora Carthan; and the Kelso family lived in Flint Michigan, and allegedly were unaware of the toxic nature of the tap water supplied by Flint between April 18, 2014 and fall of 2014. Each family and Ms. Carthan allege having sustained high levels of lead and copper in their bloodstreams, brains, bones and other organs; skin lesions and hair loss; chemical induced hypertension; autoimmune disorder; neurological disorders such as "brain fog" and memory loss; and depression, anxiety and post-traumatic stress disorder. Each family and Ms. Carthan also allege property damage as a result of the toxic water supply.

It is alleged by Plaintiffs that the City of Flint decided to use water from the Flint River, which the City was allegedly aware required anti-corrosive treatment to prevent lead, copper and other heavy metals from leaching from lead, copper and iron based water lines. It is also alleged that Flint officials and the Michigan Department of Environmental Quality ("MDEQ") were aware of the presence of elevated levels of Trihalomethanes in the water and above the legal limit.

It is further alleged that Flint City Council members demanded the Insured, Emergency Manager for the City of Flint, to reconnect with Detroit water, but that the Insured refused to do so, and continued to mislead Flint residents to believe that the water was safe. The Insured's tenure as Emergency Manager ended in January of 2015. The Plaintiffs have filed a purposes Class Action Complaint against various Flint City Officials and MDEQ officials, as well as the Insured, for violation of 42 USC Section 1983 of substantive due process for state created danger and bodily integrity.

THE POLICY

ACE issued ACE Miscellaneous Professional Liability Policy No. G27158766-002 to the Insured for the period December 18, 2014 to December 18, 2015 ("Policy"). The Policy has a limit of liability of $1 million per Claim, subject to an Aggregate Limit of $1 million with a per claim retention of $2,500. The Policy provides a Retroactive Date of December 18, 2013 with respect to the limits of liability up to $1 million each Claim and in the aggregate. The Policy requires that ACE defend covered actions. Claims Expenses (including defense costs) are a part of, and not in addition to, the limit of liability.

With respect to this matter, we note the following pertinent policy provisions. Any terms that appear in Bold Face Type have special meaning. Please refer to Section III of the Policy (Definitions) for any terms herein that appear in Bold Face Type and are not defined below.

I. INSURING AGREEMENT AND DEFENSE

a. Insuring Agreement

The **Company** will pay on behalf of the Insured all sums in excess of the Retention that the **Insured** shall become legally obligated to pay as **Damages** and **Claims Expenses** because of a **Claim** first made against the **Insured** and reported to the **Company** during the **Policy Period** or if elected, the **Extended Reporting Period,**

by reason of a **Wrongful Act** committed on or subsequent to the **Retroactive Date** and before the end of the **Policy Period.**

I. DEFINITIONS

A. **Claim** means:

i. A written demand against any **Insured** for monetary or non-monetary damages;

ii. A civil proceeding against any **Insured** for monetary damages, non-monetary damages or injunctive relief, commenced by the service of a complaint or similar pleading;

iii. An arbitration proceeding against any **Insured** for monetary damages, non-monetary damages or injunctive relief;

iv. A civil, administrative or regulatory investigation against any **Insured** commenced by the filing of a notice of charges, investigative order or similar document;

v. A **Disciplinary Proceeding;** including any appeal therefrom

B. **Bodily Injury** means

i. any physical injury to the body, physical pain, sickness, disease, and death. **Bodily Injury** also means mental injury, mental anguish, mental tension, emotional distress, pain and suffering, or shock, whether or not resulting from injury to the body, sickness, disease or death of any person.

C. Pollutants means:

i. Any substance exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by the United States Environmental Protection Agency or any federal, state, county or municipal or local counterpart thereof or any foreign equivalent. Such substances shall include, without limitation, solids, liquids, gaseous or thermal irritants, contaminants, vapor, soot, fumes, acids, alkalis, chemicals or waste materials. Pollutants shall also mean any other air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products, silica or noise.

D. **Property Damage** means:

i. Physical injury to, or loss or destruction of, tangible property, including the loss of use thereof; and

ii. Loss of use of tangible property which has not been physically injured, lost, damaged or destroyed

II. EXCLUSIONS

The **Insurer** shall not be liable for **Damages** or **Claims Expenses** on account of any **Claim**

i. For **Bodily Injury** or **Property Damage** *Section III.B. Contingent Bodily Injury, Property Damage ("For" Preamble) with Sub-limit of Liability*

1. Solely with respect to that portion of any **Claim** attributable to **Bodily Injury** or **Property Damage** which is not excluded under Exclusion B (as amended herein) and is otherwise covered under the

Policy, the maximum limit of liability for all such **Claims** in the aggregate shall be $100,000. This limit is a sublimit which shall be part of and not in addition to the otherwise applicable aggregate limit of liability stated in Item 3 of the Declarations, and will in no way serve to increase the Insurer's maximum liability under the **Policy**. *Section V. Contingent Bodily Injury, Property Damage ("For" Preamble) with Sub-limit of Liability*

ii. alleging, based upon, arising out of, or attributable to:
    1. the actual, alleged or threatened discharge, dispersal, release, escape, seepage, migration or disposal of **Pollutants;** or
    2. any direction or request that any Insured test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**, or any voluntary decision to do so.

COVERAGE POSITION

Based upon a review of the claim material received to date in light of the terms, conditions, provisions and exclusions of the above-referenced Policy, and subject to further investigation of all relevant facts and circumstances, **ACE advises that there is no coverage for this Claim.**

Plaintiffs allege that the water supply in the City of Flint is toxic and dangerous to the health and property of the Flint residents. If further alleges that the water includes lead, copper and other heavy metals in it. Pursuant to the Policy, any Claim alleging, based upon, arising out of, or attributable to the actual, alleged or threatened discharge or release of Pollutants is excluded from coverage. *Section III.M.* The Policy defines a Pollutant as any substance exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by the United States Environmental Protection Agency or any federal, state, county or municipal or local counterpart thereof or any foreign equivalent. Such substances shall include, without limitation, solids, liquids, gaseous or thermal irritants, contaminants, acids, alkalis, chemicals or waste materials. *Section II.O* Therefore, this Claim is denied in its entirety pursuant to this exclusion of the Policy, and there is no coverage.

Additionally, the Plaintiffs allege that they have sustained Bodily Injury as a result of drinking the water from the Flint River; and Property Damage as a result of using the water for cleaning. Pursuant to the Policy, any Claim for Bodily Injury or Property Damage is excluded from coverage. *Section III.B.* Assuming arguendo coverage was not precluded for this Claim, with respect to that portion of any Claim attributable to Bodily Injury and Property Damage and not excluded, the maximum limit of liability for all such Claims would be $100,000 in the aggregate. *Section III.B. Contingent Bodily Injury, Property Damage ("For" Preamble) with Sub-limit of Liability.*

It does not appear to be necessary to identify additional bases for denial of coverage for this matter. Nonetheless, the Company reserve the right to deny coverage based upon grounds other than those expressly set forth in this letter and to supplement and/or amend this letter to address additional coverage issues as they may arise, based upon all of the provisions, terms, conditions, exclusions,

endorsements and definitions found in the Policy and additional facts that may come to the Company's attention.

If you or any Insured believe that any of the information set forth in this letter or the coverage issues identified herein are incorrect, please forward any additional information or documentation which you believe ACE should consider, and it will be reviewed as soon as possible. The Company will take into consideration any additional information that you provide subject to a full reservation of rights. Nothing stated herein and no further action taken by the Company or on its behalf should be construed as a waiver of any of its rights under the Policy. On the contrary, by providing this or any prior correspondence to the Insured, engaging in any prior or future discussion with the Insured, or paying or agreeing to pay any amount on behalf of the Insured, the Company does not waive any rights that it has under the Policy. Please do not hesitate to contact me directly at 201-479-6363 should you have any additional questions or concerns regarding the foregoing.

Respectfully,

Brian Lovell

Brian Lovell
Claims Specialist

CC: Joyce Bonner
jbonner@meadowbrook.com

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: December 15, 2015

TO: Rick Snyder, Governor

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: Status of Financially Distressed Local Governments

	DECEMBER				NOVEMBER			
	Cities	Counties	Schools	**Total**	Cities	Counties	Schools	**Total**
Emergency Manager	1	0	3	**4**	1	0	3	**4**
Financial Review Commission	1	0	0	**1**	1	0	0	**1**
Receivership Transition Advisory Board	6	0	0	**6**	6	0	0	**6**
Consent Agreement	2	1	2	**5**	3	1	2	**6**
Neutral Evaluation	1	0	0	**1**	1	0	0	**1**

EMERGENCY MANAGER

Lincoln Park
Emergency Manager: Brad Coulter
Appointed: July 7, 2014
Exit: December 22, 2015

Recent Developments

- In FY15 the anticipated unassigned general fund balance was $186,901. In FY14 the unassigned general fund balance was a negative $1.0M.
- The police and fire pension millage failed 53% to 47%. The millage would have raised an additional $3M annually.
- MERS recently notified the city that its pension ARC is increasing from last year's amount of $2.2M to a current amount due of $3.9M. EM Coulter believes the city can only pay $3.16M. Treasury and the city are working with MERS to reach a resolution regarding annual contributions to the pension plan.

- The City Council hired a law firm to prepare a complaint against the pension funds' actuary. The city believes that the actuary did not properly advise the city regarding long-term financial sustainability of the pension system. The May 2015 actuarial analysis showed pension funding at 23% for Police and Fire and 20% for MERS. The city paid the required ARC each year, yet the funding levels were reduced to critical levels.

- A collective bargaining agreement with the Technical and Professional Office Workers Association of Michigan was approved by the Treasurer and became effective on November 1, 2015. The city eliminated retiree healthcare and reduced employee paid time off.

Significant Actions/Issues

- On August 10, 2015, the Lincoln Park Retiree Association filed suit against the state. Treasury, and the City of Lincoln Park regarding the reduction of city retiree healthcare.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

FRC Created: November 12, 2014

FRC Members: Nick Khouri, Bill Martin, Brenda Jones, Darrell Burks, John Roberts, Lorron James, Mike Duggan, Stacy Fox, Tony Saunders

Recent Developments

- The city expects to record a larger than expected surplus for FY15. For FY16, the city currently projects a $35M budget surplus.
- The FRC filed its second statutorily required biannual report on Detroit on November 24, 2015. The report detailed the FRC's activities to date and significant developments in the city's finances.
- The city's three police officers' unions have ratified amendments to their existing labor contracts to implement additional pay increases and other work rule changes. The additional cost is projected to be $41M over 4 years (FY16 - FY19) and will be paid for with savings from lower Exit Financing debt service, reallocating budgeted police capital expenses to old bond proceeds, and the elimination of vacant police assistant positions no longer deemed needed.
- The city's EM Orders are subject to revision or rescission by the City Council beginning on December 10, 2015. The city has informed the FRC that the City Council has decided not to modify these EM Orders at this time.
- On December 3, 2015, the DWSD and the GLWA achieved bondholder consent to transfer DWSD debt to GLWA.
- Moody's issued a report on December 7, 2015 indicating Detroit's economic and fiscal health are stronger a year after bankruptcy. Moody's noted the city's ongoing recovery is necessary to meet the challenge in funding its pension obligations from the General Fund starting in FY24. Moody's current rating on Detroit is "B2".

Significant Action/Issues

- The city has started developing its FY17 - FY20 financial plan. This will be the first budget since the EM's departure that Mayor and City Council will develop.

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Allen Park

RTAB Appointed: September 26, 2014
RTAB Members: Suzanne Schafer, Fredrick Frank, Karen Barann, Mark Wollenweber, Scott Lites

Recent Developments

- In FY15 the anticipated unassigned general fund balance was $5.8M. In FY14 the unassigned general fund balance was $2.6M.
- Incumbent Mayor William Matakas defeated challenger Councilman Dennis Hays 62% to 38%.
- The road repair millage passed 52% to 48%. The millage will raise $1.4M in the first year.
- The city closed the bond tender refinancing related to the prior movie studio transaction on November 19, 2015. S&P rated the bonds "BBB."

Significant Actions/Issues

- On September 22, 2015, the Michigan Court of Claims granted the state's motion to dismiss the lawsuit brought by retirees of the City of Allen Park who challenged changes made to their healthcare by the former EM. The retirees may appeal this decision.

Benton Harbor

RTAB Appointed: March 10, 2014
RTAB Members: Larry Steckelberg, Bret Witkowski, Marvin Raglon, Sharon Hunt

Recent Developments

- In FY15 the anticipated unassigned general fund balance was $3.1M. In FY14 the unassigned general fund balance was $2.2M.
- Mayoral challenger Marcus Muhammad defeated incumbent Mayor James Hightower 60% to 40%.
- Treasury has begun planning to reduce the RTAB's role.

Significant Actions/Issues

- The former Public Safety Director brought a lawsuit against the city and the former EM for wrongful termination.
- On August 3, 2015, the City Commission requested financial assistance from the Department of Treasury for legal fees and settlement costs associated with decisions made during the tenure of the EM.

Ecorse

RTAB Appointed: May 1, 2013
RTAB Members: Edward Koryzno, Robert Bovitz, Joan Brophy

Recent Developments

- In FY15 the anticipated unassigned general fund balance was $2.7M. In FY14 the unassigned general fund balance was $2.1M.
- Incumbent Mayor Lamar Tidwell defeated challenger John Miller Jr. 59% to 41%.
- On November 25, 2015, the City Administrator submitted a revised 5-year financial plan. Treasury is in the process of reviewing.

Significant Actions/Issues

- MERS pension contributions are anticipated to increase from $1.8M in FY15 to $2.4M in FY16 due to accelerated funding for closed plans.

Flint

RTAB Appointed: April 29, 2015

RTAB Members: Frederick Headen, David McGhee, Beverly Walker-Griffea, Robert McMahan

Recent Developments

- Mayoral challenger Karen Weaver defeated incumbent Mayor Dayne Walling 56% to 44%.
- The Regional Flint Mass Transportation Authority millage passed 72% to 28%.
- The City Attorney has resigned effective December 31, 2015. A new City Attorney, when appointed, will need to be confirmed by the RTAB.
- On November 13, 2015, a complaint was filed in the U.S. District Court against State officials, City of Flint officials, and the former EM for the decision to utilize the Flint River as a water source for residents.
- On November 16, 2015, a Notice of Intent to Sue was filed in the U.S. District Court against state and City of Flint officials for violating the federal Safe Drinking Water Act requirements.
- On August 7, 2015, a Genesee County Circuit Court lawsuit, Shears vs. Flint, invalidated a previous 35% increase in water and sewer rates, reverting back to 2011 rates. This injunction also requires the city to repay $15.7M from the General Fund to the Water Fund, prevents the city from collecting certain past due water bills, and from disconnecting water service for nonpayment. The city's appellate efforts to date have not been successful. The city has requested financial assistance related to the litigation regarding water issues.
- Kincaid vs. City of Flint litigation was held that the EM had no statutory authority to later ratify water and sewer rate increases from May of 2012. The city filed an appeal to the Michigan Supreme Court, but the Court did not address the appeal because the city missed the filing deadline by one day. The case has been remanded back to Genesee County Circuit Court to resolve outstanding matters.
- As a result of current review, the State Tax Commission notified the city it must maintain adequate assessment records. The city will be issuing an RFP for the reassessment of properties.

Significant Actions/Issues

- On September 11, 2015, Genesee County Circuit Court dismissed the Coalition for Clean Water vs. the City of Flint case to force the city to purchase water from the City of Detroit.
- The KWA pipeline is expected to be completed in June 2016. The pipeline is 80% complete, the two pump houses are 90% complete and the intake is completed.
- If the city loses a lawsuit over retiree healthcare, the EM's two-year budget does not assume an additional $5M to $6M projected annual expense.

Hamtramck
RTAB Appointed: December 18, 2014
RTAB Members: Deborah Roberts, Mark Stema, Karen Young, Albert Bogdan, Peter McInerney

Recent Developments
- In FY15 the anticipated unassigned general fund balance was $3.3M. In FY14 the unassigned general fund balance was $2.6M.
- The city has developed a long-term capital improvements plan.

Significant Actions/Issues
- A suit was filed in federal court by Hamtramck retirees over changes to healthcare benefits made in October 2014. The potential exposure to the city is currently unknown.
- The annual pension liability is anticipated to increase from $3.5M in FY15 to $4.3M by FY19. This increase is a result of closing certain pension plans and the MERS policy of accelerating the required contribution for closed plans. The increases were included in the EM's two-year budget.

Pontiac
RTAB Appointed: August 19, 2013
RTAB Members: Edward Koryzno, Keith Sawdon, Robert Burgess, (one appointment pending)

Recent Developments
- In FY15 the anticipated unassigned general fund balance was $9.9M. In FY15 the unassigned general fund balance was $4.3M.
- The city's former pension advisor Roy Dixon was sentenced to federal prison for bribery involving Pontiac pension board members.
- The Oakland County Circuit Court dismissed the lawsuit filed by the city against Ottawa Towers LLC/ Phoenix Center. Treasury is working with the city to move forward to resolve the litigation and assist with the sale to a private operator, which could free up $2M in demolition funds.
- Treasury is working with the city on a plan to significantly reduce the role of the RTAB by spring of 2016.

Significant Actions/Issues
- A proposed mediation settlement between the city and the Pontiac Retired Employees Association, if approved, could fund pension and OPEB benefits for the GERS and the Police and Fire VEBA members, and resolve the lawsuit filed by the Association.

CONSENT AGREEMENT

Inkster
Date Executed: February 20, 2012
Consent Agreement Consultant: Mark Stuhldreher

Recent Developments
- In FY15 the audited unassigned general fund balance was $1.38M. In FY14 the general fund balance was a negative $837,194.
- Byron Nolen was elected Mayor by defeating Walter Stargill Jr. 87% to 13%.
- The Parks and Recreation millage passed 72% to 28%. It will raise $400K annually.

- The Senior Services millage passed 73% to 27%. It will raise $200K annually.
- The Inkster Public Schools non-homestead millage passed 64% to 34%. It will raise $750K the first year.
- On October 5, 2015, City Council approved an agreement with Wayne County regarding repayment of the $4.9M sewer charges owed to the county through a millage levy and other resources.

River Rouge
Date Executed: December 15, 2009
Consent Agreement Consultant: N/A (PA 72)
Date Released: December 7, 2015

Recent Developments
- The city ended FY 15 with an operating surplus of $1.77M.
- Standard and Poor's ratings services assigned an investment grade "A" rating for a recent $5M refunding bond issue that the city undertook.

Royal Oak Township
Effective Date: April 21, 2014
Consent Agreement Consultant: Robert Burgess

Recent Developments
- In FY15 the anticipated unassigned general fund balance was $267,405. In FY14 the unassigned general fund balance was $154,092. The fiscal year ends December 31, 2015.
- The Township Board voted to extend the Consent Agreement Consultant's contract through March 31, 2016. A replacement will need to be identified.
- The township is exploring options for police services with neighboring jurisdictions, however the proposed costs are greater than what the township's police millage generates. The Michigan State Police have and continue to provide police services to the township.

Wayne County
Effective Date: August 21, 2015
Consent Agreement Consultant: Warren Evans

Recent Developments
- On November 15, 2015, the county submitted a revised cash flow forecast. The cash flow, excluding the Trust and Agency cash, projects a September 2016 balance of $179M, which is $36M less than the October 2015 projection.
- The quarterly financial report submitted by the county on October 15, 2015 projects an operating surplus of $107M.
- The county indicated it has reached/imposed agreements with all collective bargaining units with the exception of the Circuit Court. The Circuit Court contracts do not expire until September 2016 and includes 77 members.
- Two lawsuits are currently pending a motion to dismiss: 1) AFSCME 3317 (sergeants and lieutenants) is a state case; and 2) AFSCME 25 (hearing and vision techs) is a federal case. Neither case prevents the county from carrying out its requirements under the Consent Agreement.

- On May 29, 2015, the Wayne County Circuit Court rendered a decision in favor of the Retirement System resulting in a $49M judgement levy. The county paid $10M of the judgment from available funds and placed $39M on the tax roll. As of November 9, 2015, the county has collected $29M of the amount levied.

Significant Actions/Issues

- The annual structural General Fund deficit is approximately $53.4M prior to any of the proposed remedial actions. Those remedial actions include $36.2M in changes to retiree healthcare, $5.2M in changes to active employee healthcare, and $12M in a combination of revenue increases and potential expenditure reductions.
- The county submitted documentation regarding the long-term solution for its jail. Reviews and discussion are ongoing with the county.

NEUTRAL EVALUATION

Highland Park

Financial Review Team Appointed: December 2, 2013
Financial Emergency Declared: January 30, 2014
PA 436 Option Selected: Neutral Evaluation

Recent Developments

- Mayoral challenger (and former Mayor) Hubert Yopp defeated incumbent Mayor DeAndre Windom 63% to 37%.
- The Highland Park Schools non-homestead millage passed 54% to 46%. It will raise $1.5M the first year.
- A class action lawsuit dated November 6, 2015 has been filed against the city claiming Headlee Amendment violations for alleged overcharging for water and sewer services.
- The City Administrator reported that annual retiree OPEB costs were reduced from $1.5M to $250K, effective October 1, 2015.
- Hearings are being held in U.S. Federal Court regarding the judgement in favor of DWSD over the city's unpaid water bill.
- The city's water system is experiencing low water pressure. City officials are working with Wade Trim, Treasury, DEQ, and GLWA/DWSD to develop a plan to implement immediate repairs which are anticipated to increase water pressure. Treasury expects funding the project through continued grants and loans.

PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
MAJOR STREET FUND (202) - NOVEMBER 2015 SUMMARY

Reso #	Council Review Date	Description	Division	Approval Status	202-441.702-801.000
Amended Budget					**$ 1,276,719.03**
Year-to-date Balance					**$ 217,557.92**
Purchase Orders Approved					**$ 160,565.42**
Available Balance					**$ 898,595.69**
CA1072015	10/26/2015	Fleis & Vanderbrink - Fenton Rd Prelim. Engineering	DPW		$ 156,748.60
CA1082015	10/26/2015	Wade Trim - Kearsley Street Rehab Project	DPW		$ 94,000.00
			Pending RTAB Approval Totals		**$ 250,748.60**
Ending Year to Date Balance Pending Council and RTAB Approval					$ 647,847.09

Dempkowski, Angela (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Tuesday, December 15, 2015 12:12 PM
To: Workman, Wayne (TREASURY); Khouri, Nick (TREASURY); Saxton, Thomas (Treasury); Hollins, Harvey (GOV); Clement, Elizabeth (GOV); Stanton, Terry A. (Treasury); Sampson, Jeremy (TREASURY); Agen, Jarrod (GOV); Wurfel, Brad (DEQ)
Subject: RE: PRESS RELEASE- STATE OF EMERGENCY DECLARED

With the declaration apparently the Mayor is appealing for Fed help to Cong. Kildee. That seems reasonable.

From: Workman, Wayne (TREASURY)
Sent: Tuesday, December 15, 2015 10:32 AM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>
Subject: FW: PRESS RELEASE- STATE OF EMERGENCY DECLARED

FYI

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Byrne, Randall (Treasury)
Sent: Tuesday, December 15, 2015 9:50 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: FW: PRESS RELEASE- STATE OF EMERGENCY DECLARED

Wayne and Suzanne:

Mayor Weaver declared a State of Emergency in Flint last night. I have attached a copy for your review. Natasha tried to discourage her from proceeding on this. FYI, I am going to call the Mayor on the search. It doesn't sound like she wants to use Tom for the search.

Randy,

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Tuesday, December 15, 2015 9:40 AM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Fwd: PRESS RELEASE- STATE OF EMERGENCY DECLARED

Thanks,

Natasha L. Henderson, City Administrator
1101 S. Saginaw St.
Flint, MI
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

---------- Forwarded message ----------
From: "Sean Kammer" <skammer@cityofflint.com>
Date: Dec 14, 2015 10:32 PM
Subject: PRESS RELEASE- STATE OF EMERGENCY DECLARED
To:
Cc:

Mayor Karen Weaver Declares State of Emergency

Flint, MI – December 14, 2015 – Mayor Karen Weaver has declared a State of Emergency in response to a man-made disaster caused by the City switching to the Flint River as a water source. This switch has resulted in elevated lead levels in drinking water which prompted both the City and the County Health department to issue a health advisory earlier this year.

Mayor Weaver states that this was one of the things she had promised to do while campaigning for mayor.

Declaring an emergency intends to help raise awareness of the issue that the water is still not safe to drink and activates the City's Emergency Support Plan in order to respond to the crisis.

On October 16 of this year, the City switched back to the Detroit Water and Sewerage Department as the source of water, however lead levels remain well above the federal action level of 15 parts per billion in many homes. Residents are advised to continue using water filters while long term solutions are being developed.

The Mayor will hold a press conference about the State of Emergency on Tuesday, December 15 at 2pm at City Hall.

END

--

Sean Kenneth Kammer, MPA
Assistant to the City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
810-237-2025

Connors, Paul (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Tuesday, December 15, 2015 3:43 PM
To: Headen, Frederick (Treasury)
Cc: Connors, Paul (Treasury); Storberg, Ann Marie (TREASURY); Saxton, Thomas (Treasury)
Subject: Re: Flint + Professional Liability - Class action Melisa Mays et. al

Fred,

Yes, I will contact Mr. Sheehan.

Ed

Sent from my iPhone

On Dec 15, 2015, at 3:09 PM, Headen, Frederick (Treasury) <HeadenF@michigan.gov> wrote:

> I asked Wayne that yesterday. He suggested they contact the City Administrator, but it was not clear who would let Dave Sheeran know that. I agree this should be handled by Local Government. Ed, can you follow up?
>
> **From:** Connors, Paul (Treasury)
> **Sent:** Tuesday, December 15, 2015 2:43 PM
> **To:** Storberg, Ann Marie (TREASURY) <StorbergA@michigan.gov>
> **Cc:** Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
> **Subject:** RE: Flint + Professional Liability - Class action Melisa Mays et. al
>
> Sounds like a local government issue?
>
> **From:** Storberg, Ann Marie (TREASURY)
> **Sent:** Tuesday, December 15, 2015 2:39 PM
> **To:** Connors, Paul (Treasury) <ConnorsP@michigan.gov>
> **Cc:** Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
> **Subject:** RE: Flint + Professional Liability - Class action Melisa Mays et. al
>
> Has anyone responded to Dave and Steve with the information as to who they should contact at the City of Flint regarding this claim denial by the insurance carrier? I just got off the phone with them and they have not heard back from anyone yet. Both Dave and Steve want to be sure that the city is notified and pursues other insurance coverage, if available. Also, they said if we or John Clark can come up with a good reason to go back to the carrier that denied this claim with a solid argument as to why the claim should not be denied, they are more than willing to have this conversation with the carrier. They reiterated that they represent the policyholder not the carrier and would be more than happy to have that conversation. Although, coming up with an argument to use might be a bit difficult as professional liability coverage normally does not cover pollutants, but I know attorneys can be creative.

On another note, they did inform me that they are expecting a carrier to provide them with a quote for extending Darnell's professional liability coverage. They are hoping to have that number by tomorrow and will relay that to us as soon as they receive it.

From: Connors, Paul (Treasury)
Sent: Monday, December 14, 2015 10:23 AM
To: Storberg, Ann Marie (TREASURY) <StorbergA@michigan.gov>
Subject: Fwd: Flint + Professional Liability - Class action Melisa Mays et. al

Sent from my iPhone

Begin forwarded message:

> **From:** Dave N Sheeran <Dave.Sheeran@Meadowbrook.com>
> **Date:** December 14, 2015 at 10:15:05 AM EST
> **To:** "ConnorsP@michigan.gov" <ConnorsP@michigan.gov>
> **Cc:** "'Koryznoe@michigan.gov'" <Koryznoe@michigan.gov>, Steven Smith <Steven.Smith@Meadowbrook.com>
> **Subject: Flint + Professional Liability - Class action Melisa Mays et. al**
>
> Good Monday to you,
>
> The carrier has reviewed the complaint from Melisa Mays et. al against the coverage and has prepared this written response. The claim is being denied, Pursuant to the Policy, any Claim alleging, based upon, arising out of, or attributable to the actual, alleged or threatened discharge or release of Pollutants is excluded from coverage. Professional Liability coverage generally does not provide coverage for bodily injury or pollution. Those coverage's are usually provided through the general liability policy of the entity. This denial letter needs to be provided to the City of Flint for notification to the general liability carrier and/or any pollution liability carrier. How do we get this request to the correct person at the City of Flint?
>
> John Clark has been notified of the carrier response. Darnell is not happy about the denial.
>
> As you know, we are working on the renewal for this Friday.
>
> Please let us know who to contact at Flint.
>
> **David N. Sheeran, CPA** | Executive Vice President
> [o] 248. 204.8544 [c] 248.361.0084 [f] 248.869.6045
> 26255 American Drive, Southfield MI 48034

Flint Weekly Call
12/16/15

Present:
Mayor Weaver
N. Henderson
Council President Nelson
W. Lamphiery
P. Dostine
F. Headen
A. Heimann

Not Present:
E. Cline

ONGOING ISSUES RELATED TO WATER

Water from KWA Testing

- DEQ/EPA requiring Flint to test water from KWA by installing a temporary pipeline for "one or two months"
- Temporary pipeline will run above the ground, cost about $3-4 Million and will be approximately 3 miles long
- Thinks that they can get KWA to pay for it, because they suggested that this is "their tie to the plant, just because it is not the permanent tie should make no difference in how KWA should approach funding this project".
- N. Henderson also suggested that there is a chance that the County would end up paying for it, but she hasn't explored that option fully yet.

Water Billing

- City residents still aren't paying their water bills
- The city expects that the judge will have a decision rendered by December 18th
- An unfavorable ruling would be, not only financially disastrous, but an "administrative nightmare" for the City to change the systems and re submit bills

Corrosion Control

- City has begun adding corrosion control treatment into the City's water supply, the amounts of the corrosion control will increase over time
- So far, there have been no complaints about foul tastes or water discoloration

State of Emergency Declaration

- Flint declared a state of emergency in Flint for issues related to the lead in the water on Dec 14th
- The city sent a certified declaration of emergency to the county, who will address this declaration at their meeting on Jan 4th, 2016.
- The City hopes that this will "move this issue up" to the Federal level so that they are able to receive some resources to help deal with their ongoing water issues in the City.

OTHER ISSUES

Public Safety

- City has had more shootings, but N. Henderson and others are confident that the grants that they are receiving from the Mott Foundation positively affect this over time. Mott Foundation grant was discussed in several recent calls, but funds community policing and other initiatives.
- Mayor Weaver expressed that the community is "very excited about the Mott Foundation Grant" and had expressed that this was a good thing, because the City was going to "need their help to make sure this works".

Letter submitted to the Treasury for assistance with Legal costs

- The City had submitted a letter to the Treasury asking for assistance with costs associated with various lawsuits they have against them. This is an issue that has been discussed many times in the past
- The Treasury will be sending the City a certified letter as a response to their request within a week.

Workman, Wayne (TREASURY)

From: Headen, Frederick (Treasury)
Sent: Wednesday, December 16, 2015 11:34 AM
To: Workman, Wayne (TREASURY); Schafer, Suzanne K. (Treasury)
Cc: Saxton, Thomas (Treasury)
Subject: RE: Request for Guidance - City of Flint

Yes.

From: Workman, Wayne (TREASURY)
Sent: Wednesday, December 16, 2015 11:33 AM
To: Headen, Frederick (Treasury) ; Schafer, Suzanne K. (Treasury)
Cc: Saxton, Thomas (Treasury)
Subject: RE: Request for Guidance - City of Flint

I assume you guys will craft to helpful reply. They have a hearing Friday

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Headen, Frederick (Treasury)
Sent: Wednesday, December 16, 2015 11:30 AM
To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: FW: Request for Guidance - City of Flint
Importance: High

Suzanne:

Attached is the written request from Miller Canfield about which we spoke. Thanks.

Fred

From: Trebilcock, Christopher M. [mailto:trebilcock@MillerCanfield.com]
Sent: Wednesday, December 16, 2015 11:21 AM
To: Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Cc: Jody Lundquist <jlundquist@cityofflint.com>
Subject: Request for Guidance - City of Flint

Fred:

Thank you for your assistance in this matter. Pursuant to our recent conversation, attached is the City of Flint's request for guidance regarding operating and maintenance expenses related to operation of the City's water and sewer systems.

If you need any additional information, please let me know. As I mentioned on the phone, the hearing is scheduled for September 18 at 10:00 a.m. so we would appreciate receiving a response before that time.

Thanks again,

Chris

Christopher M. Trebilcock | Deputy Practice Group Leader for Employment and Labor
Miller Canfield
150 West Jefferson, Suite 2500
Detroit, Michigan 48226 (USA)
T +1.313.496.7647 | **F** +1.313.496.8453 | **Mobile** +1.313.268.1051
trebilcock@millercanfield.com | View Profile + VCard

Dr. Karen Weaver
Mayor

CITY OF FLINT, MICHIGAN
Department of Finance

Natasha L. Henderson
City Administrator

Jody N. Lundquist
Finance Director

Dawn Steele
Deputy Finance Director

December 16, 2015

Suzanne Schafer, Administrator
Local Audit and Finance Division
State of Michigan Department of Treasury
P.O. Box 30716
Lansing, MI 48909

Dear Ms. Schafer:

The City of Flint (the "City") requests guidance from the State of Michigan Department of Treasury, Local Audit Division as to confirm the appropriateness of charging legal fees and settlements as an operating and maintenance expense to the Water and Sewer Funds of the City where the fees and settlements are related to the operation of the water and sewer system.

Pursuant to GASB Statement 10, the City operates a self-insurance fund for administration of all claims and settlements. It is the City's practice to charge other funds based on historical activity and actual costs in compliance with GASB Statement 10 Paragraph 66. In doing so, the City reported in its Fiscal Year 2007 Audited Comprehensive Annual Financial Report (CAFR) a $15.7 million charge to the Sewer Fund to recognize anticipated settlement claims resulting from litigation directly related to sewer backups. For your reference in responding to our request for administrative guidance. we refer you to the facts and circumstance giving rise to the settlement and judgments arising from the operation of the Flint Sewer System as stated by the Michigan Court of Appeals in *Stevens v City of Flint*, 2005 WL 1683786 (Mich App July 19, 2005), attached to this letter. Specifically the Michigan Court of Appeals found that:

> Defendant owns the water main pipes, storm pipes and sanitary pipes. Every homeowner is mandated by defendant to be connected to its sanitary system, which carries wastewater from each resident's home to defendant's wastewater treatment plant. Defendant approves the "hook-up," controls the sanitary system process, and is solely responsible for maintaining the integrity of the sewer system. Thus, defendant controlled the property from which the nuisance arose.

The Court of Appeals in *Stevens* also ruled "that defendant caused the sewage backups." *Id.* As a

result of this and related rulings, the City was liable for judgments and reached settlements in the other related lawsuits. The judgments and settlements were subsequently paid via the self-insurance fund following City Council approval in fiscal years 2008-2010.

During several hearings held in a lawsuit against the City, *Shears et al v. City of Flint et al*, Case No. 14-103476-CZ, Judge Archie Hayman has stated that he believes the $15.7 million charge does not comply with state law. Judge Hayman believes that the charge (sometimes referred to as a "transfer") from the Sewer Fund to the City's Claims and Settlements Fund was, in fact, a general liability NOT an operating and maintenance expense or other direct or indirect cost of operating and maintaining the system. The Court's position is that the City has violated the Revenue Bond Act and must repay $15.7 million from its General Fund to the Sewer Fund. Should the Court make a final ruling to this effect, it will not only have a devastating financial impact on the City of Flint, but will surely impact the practice of charging Water and Sewer Funds for settlement and claims expenses for all municipalities in Michigan. Judge Hayman has requested that the City provide additional testimony and evidence supporting its position that the charge to the Sewer Fund is permissible under the Revenue Bond Act and the Uniform Budgeting and Accounting Act. The next hearing is scheduled for **December 18, 2015** and we, therefore, request guidance on an expedited basis so that we may provide your response to the Court on December 18.

Thank you for your time and attention to this matter. Please feel free to contact me should additional information be necessary to respond to this inquiry.

Sincerely,

Jody N. Lundquist
Chief Financial Officer

CC: Fred Headen
Wayne Workman
25651988 | 029624-00033

Workman, Wayne (TREASURY)

From: Tony Minghine <aminghine@mml.org>
Sent: Wednesday, December 16, 2015 12:07 PM
To: Workman, Wayne (TREASURY)
Subject: RE: Request for Guidance - City of Flint

That's great.

Thanks

Anthony Minghine
Associate Executive Director & COO
Ph: 734-669-6360 I Fax: 734-662-8083
1675 Green Road, Ann Arbor MI 48105
www.mml.org

From: Workman, Wayne (TREASURY) [mailto:WorkmanW@michigan.gov]
Sent: Wednesday, December 16, 2015 11:34 AM
To: Tony Minghine
Subject: RE: Request for Guidance - City of Flint

Suzanne and Fred are crafting a response that should be helpful

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Tony Minghine [mailto:aminghine@mml.org]
Sent: Wednesday, December 16, 2015 11:27 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: FW: Request for Guidance - City of Flint

FYI – this is the city's request related to the issue we discussed. Any help appreciated.

Anthony Minghine
Associate Executive Director & COO
Ph: 734-669-6360 I Fax: 734-662-8083
1675 Green Road, Ann Arbor MI 48105
www.mml.org

From: Trebilcock, Christopher M. [mailto:trebilcock@MillerCanfield.com]
Sent: Wednesday, December 16, 2015 11:23 AM
To: Tony Minghine <aminghine@mml.org>

Cc: Jody Lundquist <jlundquist@cityofflint.com>; Joe Heffernan <joe.heffernan@plantemoran.com>
Subject: FW: Request for Guidance - City of Flint

For your reference.

Chris

From: Trebilcock, Christopher M.
Sent: Wednesday, December 16, 2015 11:21 AM
To: 'Headen, Frederick (Treasury)'
Cc: 'Jody Lundquist'
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Fred:

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Christopher M. Trebilcock | Deputy Practice Group Leader for Employment and Labor
Miller Canfield
150 West Jefferson, Suite 2500
Detroit, Michigan 48226 (USA)
T +1.313.496.7647 | F +1.313.496.8453 | **Mobile** +1.313.268.1051
trebilcock@millercanfield.com | View Profile + VCard

Dostine, Patrick (TREASURY)

From: Heimann, Alexandr (TREASURY)
Sent: Wednesday, December 16, 2015 12:25 PM
To: Widigan, Robert (TREASURY); Dostine, Patrick (TREASURY); Hudson, Deanna (TREASURY); Vandegrift, Drew (TREASURY); Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: RE: Flint Call Notes - 12-16-15

Sorry,

I am adding one revision to this – F. Headen was also present. See the latest:

Flint Weekly Call
12/16/15

Present:
Mayor Weaver
N. Henderson
Council President Nelson
W. Lamphiery
P. Dostine
F. Headen
A. Heimann

Not Present:
E. Cline

ONGOING ISSUES RELATED TO WATER

Water from KWA Testing

- DEQ/EPA requiring Flint to test water from KWA by installing a temporary pipeline for "one or two months"
- Temporary pipeline will run above the ground, cost about $3-4 Million and will be approximately 3 miles long
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- City residents still aren't paying their water bills
- The city expects that the judge will have a decision rendered by December 18th
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- City has begun adding corrosion control treatment into the City's water supply, the amounts of the corrosion control will increase over time
- So far, there have been no complaints about foul tastes or water discoloration

State of Emergency Declaration

- Flint declared a state of emergency in Flint for issues related to the lead in the water on Dec 14th
- The city sent a certified declaration of emergency to the county, who will address this declaration at their meeting on Jan 4th, 2016.
- The City hopes that this will "move this issue up" to the Federal level so that they are able to receive some resources to help deal with their ongoing water issues in the City.

OTHER ISSUES

Public Safety

- City has had more shootings, but N. Henderson and others are confident that the grants that they are receiving from the Mott Foundation positively affect this over time. Mott Foundation grant was discussed in several recent calls, but funds community policing and other initiatives.
- Mayor Weaver expressed that the community is "very excited about the Mott Foundation Grant" and had expressed that this was a good thing, because the City was going to "need their help to make sure this works".

Letter submitted to the Treasury for assistance with Legal costs

- The City had submitted a letter to the Treasury asking for assistance with costs associated with various lawsuits they have against them. This is an issue that has been discussed many times in the past
- The Treasury will be sending the City a certified letter as a response to their request within a week.

Alexandr Heimann
Municipal Anlayst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 335-2434

From: Heimann, Alexandr (TREASURY)
Sent: Wednesday, December 16, 2015 12:22 PM
To: Widigan, Robert (TREASURY) <WidiganR@michigan.gov>; Dostine, Patrick (TREASURY) <DostineP@michigan.gov>; Hudson, Deanna (TREASURY) <HudsonD4@michigan.gov>; Vandegrift, Drew (TREASURY) <VandegriftD@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Flint Call Notes - 12-16-15

Hello all,

Here are the call notes for the Flint weekly call that we had today (12/16/15):

Flint Weekly Call
12/16/15

Present:
Mayor Weaver
N. Henderson
Council President Nelson
W. Lamphiery
P. Dostine
A. Heimann

Not Present:
E. Cline

Meeting with Treasurer Khouri
December 16, 2015
Agenda

Local Government

1. Lincoln Park
   - Brad Coulter's exit 12/22
   - MERS
2. Flint Water
   - MCPC 50:50 match w/$150k cap
3. Highland Park Water
   - $4M – tech solution re: pressure
   - Settlement
4. Pension Task Force
5. Dashboard
   - Poleski
   - JEC – late January award
   - Funding
6. Governor's Memo
7. Larry Transition
   - Governor meeting (date?)

Schools

1. DPS
   - Property transfer
   - Cash
2. Benton Harbor Schools
   - Superintendent search
   - Cash flow
3. Albion
   - Annexation
   - Superintendent
4. Beecher
   - EDEP
   - Superintendent

Bond Finance

1. SBLF
2. RFP

HR

1. Sally

4425 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

December 17, 2015

Jody N. Lundquist, Chief Financial Officer
City of Flint
1101 S. Saginaw Street
Flint, MI 48502

Dear Ms. Lundquist:

Thank you for your letter of December 16, 2015, requesting guidance on charging legal fees and settlements as an operating and maintenance expense to the Water and Sewer Funds of the City. Due to the necessity of our immediate reply and the Department of Treasury's retention schedule of local government documents, I have based my response solely on the information obtained from the City of Flint's audit for fiscal year ending 2007 and the information contained in your letter.

Your first question is regarding the appropriateness of how the charge or transfer from the Sewer Fund to the City's Claims and Settlement Fund is accounted for. Public Act 2 of 1968, the Uniform Budgeting and Accounting Act, specifically Section 8, states in part, "...financial statements in such reports have been prepared in accordance with generally accepted accounting principles and with applicable rules and regulations of any state department or agency." Based upon the Department of Treasury's interpretation of PA 2 and generally accepted accounting principles, it is our position that the City's treatment of the charge or transfer was acceptable and did not violate PA 2.

Your second concern is regarding a violation of Public Act 94 of 1933, the Revenue Bond Act of 1933. My staff's review of the audit report for fiscal year 2007, indicates there is no issuance of revenue bonds or an outstanding balance. Therefore, we are not willing to presume that PA 94 applies. However, were it to be concluded that Act 94 applies, there are three sections, Section 16, Section 21, and Section 22 which we believe would be relevant to the charge or transfer in question. Section 16 limits the use of revenue bond proceeds to the payment of projects and limits the use of excess bond proceeds. As stated, our review shows no reporting of bond proceeds during the fiscal year.

Section 21 governs the establishment of rates for services before the issuance of revenue bonds and dictates that the rates shall be sufficient to provide for the expenses of administration, operation, and maintenance of the public improvement. As there was no apparent bond issuance, this section does not apply.

Finally, Section 22 dictates the priority of the use of revenue and disposition of surplus. It is our interpretation of this Section that a local unit of government is afforded some flexibility of the use funds after it has satisfied current administration, operation, and maintenance expenses as well as principal and interest payable on the bonds. Furthermore, the Sewer Fund is an enterprise fund in that it is operated as a business entity. Lawsuits and settlements are the cost of doing business. Therefore, we do not consider it inappropriate to characterize a settlement payment as an expense of administration or operation of the Sewer Fund.

I trust the above provides you with the answers you seek. If you have additional questions, please do not hesitate to contact me.

Sincerely,

Suzanne Schafer, Administrator
Local Government Financial Services Division

cc: Fred Headen
Wayne Workman

Schafer, Suzanne K. (Treasury)

From: Byrne, Randall (Treasury)
Sent: Thursday, December 17, 2015 7:55 AM
To: Schafer, Suzanne K. (Treasury)
Subject: meeting this morning
Attachments: Meeting with Suzanne December17.docx

Suzanne:

FYI, for our meeting at 9:00 a.m.

Randy,

Randall Byrne | State Administrative Manager
Local Government Services - Fiscal Responsibility Section
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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++++**Weekly Critical Issues —December 17, 2015**

- **Allen Park**—Status of the brownfield issue.
- **Benton Harbor** We need to schedule a meeting with the Mayor- elect and Darwin. What is the status of the RTAB evaluation for Benton Harbor?
- **Ecorse** –Five year financial plan meeting today. I will schedule a meeting with Ecorse officials to discuss the five year plan. The judgement levy issue looms large. They are looking for a new DPW Director.
- **Flint** – I am getting Wayne's approval to perform a Public Works Director Search for $31,500. City has added additional phosphate at water plant and will gradually increase the amount over the next several weeks. City has again requested assistance on lawsuits and will be receiving a letter from Treasury addressing financial support. Issue with testing the KWA raw water and the need for a temporary line to the water plant. We need long term strategy on Flint and a review of their water and sewer funds for sustainability through crisis.
- **Hamtramck-** Pension plan study is underway.
- **Highland Park-**The City has purchased new water meters and will have them installed by April. The FDCVT grant application is being revised. Cathy is installing heat and will be having the roof repaired on the pump house. Cathy is reluctant to move forward on the water fixes until the new mayor takes office. I will have Angela schedule a meeting with the new Mayor and Chief of Staff in Lansing in early January. We need to schedule a meeting to discuss loan issues. School demolition and water-sewer bills. Agreement between the School District and City will be on the City Council agenda on Monday. Johnston Controls Tax Appeal.
- **Lincoln Park-**EM exit will be December 22nd. We have two Treasurer Approval items to be completed. Issues remaining for transition include the review of two and five year budgets.
- **Inkster-** the City Council is likely to move forward on a Charter revision process. An exit from the Consent Agreement in early July?
- **Pontiac-** I will revisit the PEG channel project with the City. We are preparing a road map for the transition.
- **River Rouge**-we will be scheduling quarterly meetings with the City.
- **Royal Oak Township**- Issue with the Clerk's duties. The Township attorney needs to provide guidance on the continued collection of police millage.
- **Miscellaneous Items**— City of Lansing funding request, holiday issues, discussion on the Governor Memo, changes in the CDBG program in Wayne County may impact distressed local unit's revenues.

Robert, Carla M. (Treasury)

From: Pleyte, Beth (Treasury)
Sent: Thursday, December 17, 2015 1:11 PM
To: Snyder, Rick (GOV)
Cc: Muchmore, Dennis (GOV); Clement, Elizabeth (GOV); Scott, Allison (GOV); Khouri, Nick (TREASURY); Walsh, John (GOV); Roberts, John (DTMB); Baird, Richard (GOV); Redford, James (GOV); Khouri, Claire (GOV); Wisniewski, Wendy (GOV); Saxton, Thomas (Treasury); Durfee, Sally (TREASURY); Agen, Jarrod (GOV); Bedan, Morgan (GOV); Dickinson, Sarah (GOV); Murray, David (GOV)
Subject: Local Government and Schools Update
Attachments: Gov Memo Local Units - Schools 12-17-15.pdf; Summary Local Units Schools DEC 2015.docx

Sent on behalf of Wayne Workman:

Governor Snyder,

This memo and associated summary will serve as background for the Local Government briefing scheduled on January 6, 2016 at 3:00. Similar information is provided for the schools as well.

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: December 17, 2015

TO: Rick Snyder, Governor

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: Status of Financially Distressed Local Governments

	DECEMBER				NOVEMBER			
	Cities	Counties	Schools	Total	Cities	Counties	Schools	Total
Emergency Manager	1	0	3	4	1	0	3	4
Financial Review Commission	1	0	0	1	1	0	0	1
Receivership Transition Advisory Board	6	0	0	6	6	0	0	6
Consent Agreement	2	1	2	5	3	1	2	6
Neutral Evaluation	1	0	0	1	1	0	0	1

EMERGENCY MANAGER

Lincoln Park
Emergency Manager: Brad Coulter
Appointed: July 7, 2014
Exit: December 22, 2015

Recent Developments

- In FY15 the anticipated unassigned general fund balance was $186,901. In FY14 the unassigned general fund balance was a negative $1.0M.
- The police and fire pension millage failed 53% to 47%. The millage would have raised an additional $3M annually.
- MERS recently notified the city that its pension ARC is increasing from last year's amount of $2.2M to a current amount due of $3.9M. EM Coulter believes the city can only pay $3.16M. Treasury and the city are working with MERS to reach a resolution regarding annual contributions to the pension plan.

- The City Council hired a law firm to prepare a complaint against the pension funds' actuary. The city believes that the actuary did not properly advise the city regarding long-term financial sustainability of the pension system. The May 2015 actuarial analysis showed pension funding at 23% for Police and Fire and 20% for MERS. The city paid the required ARC each year, yet the funding levels were reduced to critical levels.

- A collective bargaining agreement with the Technical and Professional Office Workers Association of Michigan was approved by the Treasurer and became effective on November 1, 2015. The city eliminated retiree healthcare and reduced employee paid time off.

Significant Actions/Issues

- On August 10, 2015, the Lincoln Park Retiree Association filed suit against the state, Treasury, and the City of Lincoln Park regarding the reduction of city retiree healthcare.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

FRC Created: November 12, 2014

FRC Members: Nick Khouri, Bill Martin, Brenda Jones, Darrell Burks, John Roberts, Lorron James, Mike Duggan, Stacy Fox, Tony Saunders

Recent Developments

- The city expects to record a larger than expected surplus for FY15. For FY16, the city currently projects a $35M budget surplus.
- The FRC filed its second statutorily required biannual report on Detroit on November 24, 2015. The report detailed the FRC's activities to date and significant developments in the city's finances.
- The city's three police officers' unions have ratified amendments to their existing labor contracts to implement additional pay increases and other work rule changes. The additional cost is projected to be $41M over 4 years (FY16 - FY19) and will be paid for with savings from lower Exit Financing debt service, reallocating budgeted police capital expenses to old bond proceeds, and the elimination of vacant police assistant positions no longer deemed needed.
- The city's EM Orders are subject to revision or rescission by the City Council beginning on December 10, 2015. The city has informed the FRC that the City Council has decided not to modify these EM Orders at this time.
- On December 3, 2015, the DWSD and the GLWA achieved bondholder consent to transfer DWSD debt to GLWA.
- Moody's issued a report on December 7, 2015 indicating Detroit's economic and fiscal health are stronger a year after bankruptcy. Moody's noted the city's ongoing recovery is necessary to meet the challenge in funding its pension obligations from the General Fund starting in FY24. Moody's current rating on Detroit is "B2".

Significant Action/Issues

- The city has started developing its FY17 - FY20 financial plan. This will be the first budget since the EM's departure that Mayor and City Council will develop.

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Allen Park
RTAB Appointed: September 26, 2014
RTAB Members: Suzanne Schafer, Fredrick Frank, Karen Barann, Mark Wollenweber, Scott Lites

Recent Developments
- In FY15 the anticipated unassigned general fund balance was $5.8M. In FY14 the unassigned general fund balance was $2.6M.
- Incumbent Mayor William Matakas defeated challenger Councilman Dennis Hays 62% to 38%.
- The road repair millage passed 52% to 48%. The millage will raise $1.4M in the first year.
- The city closed the bond tender refinancing related to the prior movie studio transaction on November 19, 2015. S&P rated the bonds "BBB."

Significant Actions/Issues
- On September 22, 2015, the Michigan Court of Claims granted the state's motion to dismiss the lawsuit brought by retirees of the City of Allen Park who challenged changes made to their healthcare by the former EM. The retirees may appeal this decision.

Benton Harbor
RTAB Appointed: March 10, 2014
RTAB Members: Larry Steckelberg, Bret Witkowski, Marvin Raglon, Sharon Hunt

Recent Developments
- In FY15 the anticipated unassigned general fund balance was $3.1M. In FY14 the unassigned general fund balance was $2.2M.
- Mayoral challenger Marcus Muhammad defeated incumbent Mayor James Hightower 60% to 40%.
- Treasury has begun planning to reduce the RTAB's role.

Significant Actions/Issues
- The former Public Safety Director brought a lawsuit against the city and the former EM for wrongful termination.
- On August 3, 2015, the City Commission requested financial assistance from the Department of Treasury for legal fees and settlement costs associated with decisions made during the tenure of the EM.

Ecorse
RTAB Appointed: May 1, 2013
RTAB Members: Edward Koryzno, Robert Bovitz, Joan Brophy

Recent Developments
- In FY15 the anticipated unassigned general fund balance was $2.7M. In FY14 the unassigned general fund balance was $2.1M.
- Incumbent Mayor Lamar Tidwell defeated challenger John Miller Jr. 59% to 41%.
- On November 25, 2015, the City Administrator submitted a revised 5-year financial plan. Treasury is in the process of reviewing.

Significant Actions/Issues

- MERS pension contributions are anticipated to increase from $1.8M in FY15 to $2.4M in FY16 due to accelerated funding for closed plans.

Flint

RTAB Appointed: April 29, 2015

RTAB Members: Frederick Headen, David McGhee, Beverly Walker-Griffea, Robert McMahan

Recent Developments

- Mayoral challenger Karen Weaver defeated incumbent Mayor Dayne Walling 56% to 44%.
- The Regional Flint Mass Transportation Authority millage passed 72% to 28%.
- The City Attorney has resigned effective December 31, 2015. A new City Attorney, when appointed, will need to be confirmed by the RTAB.
- On November 13, 2015, a complaint was filed in the U.S. District Court against State officials, City of Flint officials, and the former EM for the decision to utilize the Flint River as a water source for residents.
- On November 16, 2015, a Notice of Intent to Sue was filed in the U.S. District Court against state and City of Flint officials for violating the federal Safe Drinking Water Act requirements.
- Mayor Weaver declared State of Emergency on December 14, 2015.
- On August 7, 2015, a Genesee County Circuit Court lawsuit, Shears vs. Flint, invalidated a previous 35% increase in water and sewer rates, reverting back to 2011 rates. This injunction also requires the city to repay $15.7M from the General Fund to the Water Fund, prevents the city from collecting certain past due water bills, and from disconnecting water service for nonpayment. The city's appellate efforts to date have not been successful. The city has requested financial assistance related to the litigation regarding water issues.
- Kincaid vs. City of Flint litigation was held that the EM had no statutory authority to later ratify water and sewer rate increases from May of 2012. The city filed an appeal to the Michigan Supreme Court, but the Court did not address the appeal because the city missed the filing deadline by one day. The case has been remanded back to Genesee County Circuit Court to resolve outstanding matters.
- As a result of current review, the State Tax Commission notified the city it must maintain adequate assessment records. The city will be issuing an RFP for the reassessment of properties.

Significant Actions/Issues

- On September 11, 2015, Genesee County Circuit Court dismissed the Coalition for Clean Water vs. the City of Flint case to force the city to purchase water from the City of Detroit.
- The KWA pipeline is expected to be completed in June 2016. The pipeline is 80% complete, the two pump houses are 90% complete and the intake is completed.
- If the city loses a lawsuit over retiree healthcare, the EM's two-year budget does not assume an additional $5M to $6M projected annual expense.

Hamtramck
RTAB Appointed: December 18, 2014
RTAB Members: Deborah Roberts, Mark Stema, Karen Young, Albert Bogdan, Peter McInerney

Recent Developments
- In FY15 the anticipated unassigned general fund balance was $3.3M. In FY14 the unassigned general fund balance was $2.6M.
- The city has developed a long-term capital improvements plan.

Significant Actions/Issues
- A suit was filed in federal court by Hamtramck retirees over changes to healthcare benefits made in October 2014. The potential exposure to the city is currently unknown.
- The annual pension liability is anticipated to increase from $3.5M in FY15 to $4.3M by FY19. This increase is a result of closing certain pension plans and the MERS policy of accelerating the required contribution for closed plans. The increases were included in the EM's two-year budget.

Pontiac
RTAB Appointed: August 19, 2013
RTAB Members: Edward Koryzno, Keith Sawdon, Robert Burgess, (one appointment pending)

Recent Developments
- In FY15 the anticipated unassigned general fund balance was $9.9M. In FY15 the unassigned general fund balance was $4.3M.
- The city's former pension advisor Roy Dixon was sentenced to federal prison for bribery involving Pontiac pension board members.
- The Oakland County Circuit Court dismissed the lawsuit filed by the city against Ottawa Towers LLC/ Phoenix Center. Treasury is working with the city to move forward to resolve the litigation and assist with the sale to a private operator, which could free up $2M in demolition funds.
- Treasury is working with the city on a plan to significantly reduce the role of the RTAB by spring of 2016.

Significant Actions/Issues
- A proposed mediation settlement between the city and the Pontiac Retired Employees Association, if approved, could fund pension and OPEB benefits for the GERS and the Police and Fire VEBA members, and resolve the lawsuit filed by the Association.

CONSENT AGREEMENT

Inkster
Date Executed: February 20, 2012
Consent Agreement Consultant: Mark Stuhldreher

Recent Developments
- In FY15 the audited unassigned general fund balance was $1.38M. In FY14 the general fund balance was a negative $837,194.
- Byron Nolen was elected Mayor by defeating Walter Stargill Jr. 87% to 13%.
- The Parks and Recreation millage passed 72% to 28%. It will raise $400K annually.

- The Senior Services millage passed 73% to 27%. It will raise $200K annually.
- The Inkster Public Schools non-homestead millage passed 64% to 34%. It will raise $750K the first year.
- On October 5, 2015, City Council approved an agreement with Wayne County regarding repayment of the $4.9M sewer charges owed to the county through a millage levy and other resources.

River Rouge
Date Executed: December 15, 2009
Consent Agreement Consultant: N/A (PA 72)
Date Released: December 7, 2015

Recent Developments
- The city ended FY 15 with an operating surplus of $1.77M.
- Standard and Poor's ratings services assigned an investment grade "A" rating for a recent $5M refunding bond issue that the city undertook.

Royal Oak Township
Effective Date: April 21, 2014
Consent Agreement Consultant: Robert Burgess

Recent Developments
- In FY15 the anticipated unassigned general fund balance was $267,405. In FY14 the unassigned general fund balance was $154,092. The fiscal year ends December 31, 2015.
- The Township Board voted to extend the Consent Agreement Consultant's contract through March 31, 2016. A replacement will need to be identified.
- The township is exploring options for police services with neighboring jurisdictions, however the proposed costs are greater than what the township's police millage generates. The Michigan State Police have and continue to provide police services to the township.

Wayne County
Effective Date: August 21, 2015
Consent Agreement Consultant: Warren Evans

Recent Developments
- On November 15, 2015, the county submitted a revised cash flow forecast. The cash flow, excluding the Trust and Agency cash, projects a September 2016 balance of $179M, which is $36M less than the October 2015 projection.
- The quarterly financial report submitted by the county on October 15, 2015 projects an operating surplus of $107M.
- The county indicated it has reached/imposed agreements with all collective bargaining units with the exception of the Circuit Court. The Circuit Court contracts do not expire until September 2016 and includes 77 members.
- Two lawsuits are currently pending a motion to dismiss: 1) AFSCME 3317 (sergeants and lieutenants) is a state case; and 2) AFSCME 25 (hearing and vision techs) is a federal case. Neither case prevents the county from carrying out its requirements under the Consent Agreement.

- On May 29, 2015, the Wayne County Circuit Court rendered a decision in favor of the Retirement System resulting in a $49M judgement levy. The county paid $10M of the judgment from available funds and placed $39M on the tax roll. As of November 9, 2015, the county has collected $29M of the amount levied.

Significant Actions/Issues

- The annual structural General Fund deficit is approximately $53.4M prior to any of the proposed remedial actions. Those remedial actions include $36.2M in changes to retiree healthcare, $5.2M in changes to active employee healthcare, and $12M in a combination of revenue increases and potential expenditure reductions.
- The county submitted documentation regarding the long-term solution for its jail. Reviews and discussion are ongoing with the county.

NEUTRAL EVALUATION

Highland Park
Financial Review Team Appointed: December 2, 2013
Financial Emergency Declared: January 30, 2014
PA 436 Option Selected: Neutral Evaluation

Recent Developments

- Mayoral challenger (and former Mayor) Hubert Yopp defeated incumbent Mayor DeAndre Windom 63% to 37%.
- The Highland Park Schools non-homestead millage passed 54% to 46%. It will raise $1.5M the first year.
- A class action lawsuit dated November 6, 2015 has been filed against the city claiming Headlee Amendment violations for alleged overcharging for water and sewer services.
- The City Administrator reported that annual retiree OPEB costs were reduced from $1.5M to $250K, effective October 1, 2015.
- Hearings are being held in U.S. Federal Court regarding the judgement in favor of DWSD over the city's unpaid water bill.
- The city's water system is experiencing low water pressure. City officials are working with Wade Trim, Treasury, DEQ, and GLWA/DWSD to develop a plan to implement immediate repairs which are anticipated to increase water pressure. Treasury expects funding the project through continued grants and loans.

Cline, Richard (Treasury)

From: Headen, Frederick (Treasury)
Sent: Friday, December 18, 2015 11:48 AM
To: Natasha Henderson; Cline, Richard (Treasury)
Cc: Karen Weaver
Subject: RE: RTAB Questions from RTAB Meeting
Attachments: Fwd: RTAB Questions from Earlier today

Categories: Yellow Category

Natasha:

See the attached questions from Beverly Walker-Griffea.

Sincerely,

Frederick Headen
Legal Advisor to the State Treasurer

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Wednesday, December 16, 2015 5:56 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Cc: Karen Weaver <kweaver@cityofflint.com>
Subject: RTAB Questions from RTAB Meeting

On August 7, 2015 Genesee County District Court Judge Archie Hayman issued a Preliminary Injunction Order (the "Order") against the City. As a result of the Order, the City anticipated an immediate and devastating impact on the financial stability of the Water and Sewer Funds if a stay was not quickly granted by the Michigan Supreme Court Appellate Court. Indeed, the City's request was denied and the financial impact of the Court order has been reviewed through the fiscal year ending June 30, 2016.

Upon issuance of the Order, the City was immediately enjoined from charging and collecting water and sewer rates that include the September 16, 2011 35% rate increases and disconnecting water service for its delinquent water and sewer customers wherein the delinquency arose between September 16, 2011 and the date of the Order. This immediately resulted in a decrease in cash collections on outstanding and current water bills and a decrease in total billed revenue.

The following budget amendments reflect a decrease in revenue projections as a result of monthly billing activity for the period September 2015-June 2016. September billing reflected the reduced rates as ordered by the Preliminary Injunction and confirmed preliminary estimates with $670,000 less in billed usage from the

same period in 2014. The City has assumed and average decrease of $616,148 in monthly billed revenue, or $6,777,624 by fiscal year end (for 11 months of billing).

The City had total accounts receivable due of $13,738,190 for all active and inactive accounts at August 7, 2015. It is highly probable that a large percentage of that balance will have to be written off as uncollectible without the ability to enforce payment. The proposed amendments reflect an estimated uncollectible balance at this time of $8,340,823.

The City is working diligently to review the FY2016 operating budgets for additional sources of savings. Upon issuance of the Order, a spending and hiring freeze for all non-critical items was immediately implemented. The City has worked diligently to redevelop its capital improvement plan and has now canceled or postponed many planned projects and purchases until financial stability can be regained.

Changes to appropriations reflect the carry forward of projects in progress but not completed at June 30, 2015 for the Sewer and Water Funds of $41,796 and $1,456,922, respectively. This carry forward is largely offset by decreases to the City's capital improvement plan.

The City's emphasis at this time continues to be on providing safe, clean water to the City's residents and moving forward with preparations for the KWA pipeline to come online. As a result of this re-prioritization, the budget amendments reflect a reduction to budget capital improvements of $5,564,804.

Sewer Fund

The Sewer Fund budget (590) reflects a decrease in projected revenue of $6,741,475 and increase in Use of Fund balance of $2,883,373. The Sewer Fund was paid in full by the 101 fund at the end of FY2015, therefore the budgeted payment of $800,000 from the Public Improvement Fund must be removed. As noted previously, the decrease in Charges for Services of $5,941,475 is a result of the combined impact of inability to enforce collections on balance prior to August 7 and decrease in billed revenue per Court ordered rate reductions.

The roll forward of incomplete FY2015 projects of $41,796 is reflected by a corresponding decrease in cancelled and postponed capital improvement projects of $3,899,898.

Water Fund

The Water Fund budget (591) reflects a decrease in projected revenue of $8,560,824 and increase in Use of Fund balance of $7,287,125. Again, as noted previously, the decrease in Charges for Services are a result of the combined impact of inability to enforce collections on balance prior to August 7 and decrease in billed revenue per Court ordered rate reductions.

The roll forward of incomplete FY2015 projects of $1,456,922 is reflected by a corresponding decrease in cancelled and postponed capital improvement projects of $1,664,906. The City had just begun its much need meter replacement program at the end of FY2015. A significant portion of the roll forward reflects outstanding purchase orders and invoices related to this project prior to the spending freeze. The reduction in FY2016 budgeted improvements reflects the reprioritization of the KWA project and postponement of other significant projects such as the Dupont Street Pipeline Project and Hamilton Dam Sheet Piling.

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

Cline, Richard (Treasury)

From: Beverly Walker-Griffea <b.walkergriffea@mcc.edu>
Sent: Thursday, December 17, 2015 6:12 PM
To: Headen, Frederick (Treasury)
Subject: Fwd: RTAB Questions from Earlier today

Below are my questions for the City Manager. Thank you. Beverly

1. The City Administrator in her email proposes using $7,287,125 of Fund Balance in the water fund to offset the balance projected decrease in the revenue. The latest "budget to actual" report provided shows the Fund Balance in the water fund to be $4,937,210. Will there be an amendment showing where the remaining $2,349,915 will be taken from?

2. The last budget to actual report provided to RTAB (Month Ended October 31, 2015) the 590 Sewer Fund shows a "YTD Balance" at 10/31/15 of $2,480,146 in the "Charges for Services" line item. If I annualize this, the total would be $7,440,438. The budget amendment of a $5,941,475 reduction in that budget line item adjusts the total budgeted amount to be $24,493,240. In what months from November 2015 through June 2015 will there be an acceleration of service for fee revenue that will allow us to achieve the amended budget?

3. The same concern for the Water Fund as well.

--
Lawrence A. Gawthrop, CPA
Chief Financial Officer
Mott Community College
1401 E. Court Street
Flint, MI 48503

(810) 762-0525 (office)
(810) 348-5910 (cellular)
(810) 762-0235 Kim Brown, Executive Assistant

Pleyte, Beth (Treasury)

From: Connors, Paul (Treasury)
Sent: Friday, December 18, 2015 3:35 PM
To: Storberg, Ann Marie (TREASURY); Headen, Frederick (Treasury); Saxton, Thomas (Treasury); Frayer, Shelbi (TREASURY)
Subject: Fwd: Professional Liability claim
Attachments: image001.png; ATT00001.htm; ACE - Extended Reporting Period 1 yr.pdf; ATT00002.htm; ERP terms and conditions.pdf; ATT00003.htm; Michigan Emergency Manager Act.pdf; ATT00004.htm

Sounds like Darnell having trouble getting coverage going forward due to Flint water

Sent from my iPhone

Begin forwarded message:

> **From:** "Steven Smith" <Steven.Smith@Meadowbrook.com>
> **To:** "'Darnell Earley'" <darnell.earley@detroitk12.org>
> **Cc:** "John Clark" <jclark@gmhlaw.com>, "Dave N Sheeran" <Dave.Sheeran@Meadowbrook.com>, "Cathy Weil" <Cathy.Weil@Meadowbrook.com>, "Connors, Paul (Treasury)" <ConnorsP@michigan.gov>
> **Subject: RE: Professional Liability claim**
>
> Darnell;
>
> Attached is the policy that was requested. With respects to the renewal here is where we stand.
>
> The current carrier ACE has non-renewed the first layer of coverage (initial $1M) and the market is turning with respects to covering any prior acts before the renewal. The excess carrier Ironshore is also unwilling to renew the second layer ($2M). Both have stated the Flint water situation is making them uncomfortable to continue offering coverage at any price. (You will have the option to purchase extended reporting which I will describe later in a paragraph below)
>
> With the City of Flint making National headlines the marketplace is tightening up and unwilling to offer coverage with any prior acts. This means we cannot purchase a policy at this point that will cover any potential claim (act) that will provide coverage prior to 12/18/2015. We are searching the marketplace for a carrier that will consider writing a new policy going forward only. That will be the most cost effective way to go, albeit you will have potential exposure for a prior act. But remember it is our understanding that PA 436 (attached) affords protection for you if you are unable to procure a policy.
>
> Our marketing was also delayed in this endeavor as during these efforts it came to our attention the current DPS broker, who we believe is AON, was searching for coverage thus blocking certain markets for us to approach. That further delays the process when two brokers are going to the same carriers. We do not know what the outcomes from that research yielded but it is preventing us from accessing those declinations or proposals. On top of this we do not know the parameters discussed with the carriers by the AON? Were they looking for prior acts or a policy just going forward? This could make a significant difference in what carriers will think or be willing to offer.
>
> We would respectfully ask you to consider one broker to obtain the coverage for you as the insurance industry becomes muddled and slow with more than one broker going to the same carrier(s). Only one broker is going to get a proposal or declination and the other will have to ask for a release from you to

obtain access to the carrier(s). We are comfortable with any decision you make as the ultimate goal is to get coverage for you.

With respects to the expiring policies they do provide for an extended reporting period of 12 months from the expiration date of 12/18/2015. The cost for the extended period is $1,118 for the first layer ($1 M) and $4,100 for the second layer ($2M). We would advise taking advantage of this option as it will give you another 12 months to present claims incurred prior to 12/18/2015, which would include time spent in Flint and DPS. We have 30 days to decide whether to accept the offer for the extension. Just let us know.

We know this is last minute, but the delay in getting the renewal information, the complexity of the Flint issue and the current DPS broker blocking the markets hindered our ability to have quotes presented on a timely basis. Please let us know how you would like us to proceed as we are blocked at our other markets.

Regards,

Steve

From: Darnell Earley [mailto:darnell.earley@detroitk12.org]
Sent: Friday, December 18, 2015 10:13 AM
To: Steven Smith
Cc: John Clark; Dave N Sheeran
Subject: Re: Professional Liability claim

Thanks for the information Steve. I had asked for an electronic copy of the policy and current status given the recent email traffic regarding not only this issue but the renewal status as well. I continue to await that information. Thank you for your assistance with those matters as expeditiously as possible.

Darnell

Sent from my iPhone

On Dec 18, 2015, at 9:53 AM, Steven Smith <Steven.Smith@Meadowbrook.com> wrote:

> Dear Darnell;
>
> We have reviewed the policy for Professional Liability and the denial on the claim for Melisa Mays et al. The suit involved a number of families who are alleging that due to the toxic nature of the City of Flint water system they have suffered bodily injuries (i.e. high levels of copper and lead causing among other things, neurological and autoimmune disorders). Professional Liability policies are written to protect the insured from decisions that cause financial harm and not bodily injury or pollution arising from the decision. Bodily injury and pollution coverage are generally afforded under separate General Liability policies and/or a Pollution Liability policy.
>
> The coverage under your professional policy has specific exclusions for decisions that cause alleged bodily injury or pollution. There is no alleged monetary loss due to the decision of converting the water system (increased monetary costs to the plaintiff's by switching the systems) from Detroit to Flint only that families have suffered alleged bodily injury or property damage due to pollutants in the system. We have calls into the City of Flint notifying them that they need to have their General Liability or Pollution policies respond to the allegations.

Your professional policy has responded to other claims that have been submitted with respects to decisions that have caused alleged financial harm.

We are available for further conversations on this matter

Regards,
Steve

Steven M. Smith, JD | Executive Vice President
[o] 248.204.8235 [c] 248.943.6315 [f] 248.485.6331
26255 American Drive, Southfield MI 48034

LOCAL FINANCIAL STABILITY AND CHOICE ACT (EXCERPT)
Act 436 of 2012

141.1560 Emergency manager; immunity from liability; responsibilities of attorney general; costs; insurance; litigation expenses after conclusion of date of service; failure of municipal government or school district to honor and remit legal expenses.

Sec. 20. (1) An emergency manager is immune from liability as provided in section 7(5) of 1964 PA 170, MCL 691.1407. A person employed by an emergency manager is immune from liability as provided in section 7(2) of 1964 PA 170, MCL 691.1407.

(2) The attorney general shall defend any civil claim, demand, or lawsuit which challenges any of the following:

(a) The validity of this act.

(b) The authority of a state official or officer acting under this act.

(c) The authority of an emergency manager if the emergency manager is or was acting within the scope of authority for an emergency manager under this act.

(3) With respect to any aspect of a receivership under this act, the costs incurred by the attorney general in carrying out the responsibilities of subsection (2) for attorneys, experts, court filing fees, and other reasonable and necessary expenses shall be at the expense of the local government that is subject to that receivership and shall be reimbursed to the attorney general by the local government. The failure of a municipal government that is or was in receivership to remit to the attorney general the costs incurred by the attorney general within 30 days after written notice to the municipal government from the attorney general of the costs is a debt owed to this state and shall be recovered by the state treasurer as provided in section 17a(5) of the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.917a. The failure of a school district that is or was in receivership to remit to the attorney general the costs incurred by the attorney general within 30 days after written notice to the school district from the attorney general of the costs is a debt owed to this state and shall be recovered by the state treasurer as provided in the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896.

(4) An emergency manager may procure and maintain, at the expense of the local government for which the emergency manager is appointed, worker's compensation, general liability, professional liability, and motor vehicle insurance for the emergency manager and any employee, agent, appointee, or contractor of the emergency manager as may be provided to elected officials, appointed officials, or employees of the local government. The insurance procured and maintained by an emergency manager may extend to any claim, demand, or lawsuit asserted or costs recovered against the emergency manager and any employee, agent, appointee, or contractor of the emergency manager from the date of appointment of the emergency manager to the expiration of the applicable statute of limitation if the claim, demand, or lawsuit asserted or costs recovered against the emergency manager or any employee, agent, appointee, or contractor of the emergency manager resulted from conduct of the emergency manager or any employee, agent, appointee, or contractor of the emergency manager taken in accordance with this act during the emergency manager's term of service.

(5) If, after the date that the service of an emergency manager is concluded, the emergency manager or any employee, agent, appointee, or contractor of the emergency manager is subject to a claim, demand, or lawsuit arising from an action taken during the service of that emergency manager, and not covered by a procured worker's compensation, general liability, professional liability, or motor vehicle insurance, litigation expenses of the emergency manager or any employee, agent, appointee, or contractor of the emergency manager, including attorney fees for civil and criminal proceedings and preparation for reasonably anticipated proceedings, and payments made in settlement of civil proceedings both filed and anticipated, shall be paid out of the funds of the local government that is or was subject to the receivership administered by that emergency manager, provided that the litigation expenses are approved by the state treasurer and that the state treasurer determines that the conduct resulting in actual or threatened legal proceedings that is the basis for the payment is based upon both of the following:

(a) The scope of authority of the person or entity seeking the payment.

(b) The conduct occurred on behalf of a local government while it was in receivership under this act.

(6) The failure of a municipal government to honor and remit the legal expenses of a former emergency manager or any employee, agent, appointee, or contractor of the emergency manager as required by this section is a debt owed to this state and shall be recovered by the state treasurer as provided in section 17a(5) of the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.917a. The failure of a school district to honor and remit the legal expenses of a former emergency manager or any employee, agent, appointee, or contractor of the emergency manager as required by this section is a debt owed to this state and shall be recovered by the state treasurer as provided in the state school aid act of 1979, 1979 PA 94, MCL

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388.1601 to 388.1896.

History: 2012, Act 436, Eff. Mar. 28, 2013.

Compiler's note: Enacting section 2 of Act 436 of 2012 provides:

"Enacting section 2. It is the intent of the legislature that this act function and be interpreted as a successor statute to former 1988 PA 101, former 1990 PA 72, and former 2011 PA 4, and that whenever possible a reference to former 1988 PA 101, former 1990 PA 72, or former 2011 PA 4, under other laws of this state or to a function or responsibility of an emergency financial manager or emergency manager under former 1988 PA 101, former 1990 PA 72, or former 2011 PA 4, under other laws of this state shall function and be interpreted to reference to this act, with the other laws of this state referencing former 1988 PA 101, former 1990 PA 72, or former 2011 PA 4, including, but not limited to, all of the following:

(a) The charter township act, 1947 PA 359, MCL 42.1 to 42.34.

(b) 1966 PA 293, MCL 45.501 to 45.521.

(c) 1851 PA 156, MCL 46.1 to 46.32.

(d) The general law village act, 1895 PA 3, MCL 61.1 to 74.25.

(e) The home rule village act, 1909 PA 278, MCL 78.1 to 78.28.

(f) The fourth class city act, 1895 PA 215, MCL 81.1 to 113.20.

(g) The home rule city act, 1909 PA 279, MCL 117.1 to 117.38.

(h) The metropolitan transportation authorities act of 1967, 1967 PA 204, MCL 124.401 to 124.426.

(i) 1947 PA 336, MCL 423.201 to 423.217."

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2 any other **Wrongful Act** whenever occurring which, together with a **Wrongful Act** which has been the subject of such notice, would constitute **Interrelated Wrongful Acts**,

M alleging, based upon, arising out of, or attributable to:
1. the actual, alleged or threatened discharge, dispersal, release, escape, seepage, migration or disposal of **Pollutants**, or
2 any direction or request that any **Insured** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**, or any voluntary decision to do so;

N alleging, based upon, arising out of, or attributable to any validity, invalidity, infringement, violation or misappropriation of any patent, copyright, service mark, trademark, trade name, trade secret or any other intellectual property right;

IV. EXTENDED REPORTING PERIOD

If the **Company** terminates or does not renew this **Policy** (other than for failure to pay a premium when due), or if the **Named Insured** terminates or does not renew this **Policy** and does not obtain replacement coverage as of the effective date of such termination or nonrenewal, the **Named Insured** shall have the right, upon payment of the additional premium described below, to a continuation of the coverage granted by this **Policy** for at least one **Extended Reporting Period** as follows:

A. Automatic **Extended Reporting Period**

The **Named Insured** shall have continued coverage granted by this **Policy** for a period of 60 days following the effective date of such termination or nonrenewal, but only for **Claims** first made during such 60 days and arising from **Wrongful Acts** taking place prior to the effective date of such termination or nonrenewal. This Automatic **Extended Reporting Period** shall immediately expire upon the purchase of replacement coverage by the **Named Insured**

B. Optional **Extended Reporting Period**

1. The **Named Insured** shall have the right, upon payment of the additional premium set forth in Item 9 of the Declarations, to an Optional **Extended Reporting Period**, for the period set forth in Item 9 of the Declarations following the effective date of such termination or nonrenewal, but only for **Claims** first made during such Optional **Extended Reporting Period** and arising from **Wrongful Acts** taking place prior to the effective date of such termination or nonrenewal.

2. This right to continue coverage shall lapse unless written notice of such election is given by the **Named Insured** to the **Company**, and the **Company** receives payment of the additional premium, within 60 days following the effective date of termination or nonrenewal

3. The 60 days of the Optional **Extended Reporting Period**, if it becomes effective, shall run concurrently with the Automatic **Extended Reporting Period**

C. The **Company** shall give the **Named Insured** notice of the premium due for the Optional **Extended Reporting Period** as soon as practicable following the date the **Named Insured** gives such notice of such election, and such premium shall be paid by the **Named Insured** to the **Company** within 10 days following the date of such notice by the **Company** of the premium due. The Optional **Extended Reporting Period** is not cancelable and the entire premium for the Optional **Extended Reporting Period** shall be deemed fully earned and non-refundable upon payment.

D The Automatic and Optional **Extended Reporting Periods** shall be part of and not in addition to the Limit of Liability for the immediately preceding **Policy Period** The Automatic and Optional **Extended Reporting Periods** shall not increase or reinstate the Limit of Liability, which shall be the maximum liability of the **Company** for the **Policy Period** and the Automatic and Optional **Extended Reporting Period**, combined.

E. A change in **Policy** terms, conditions, exclusions and/or premiums shall not be considered a nonrenewal for purposes of triggering the rights to the Automatic or Optional **Extended Reporting Period**

V LIMITS OF LIABILITY AND RETENTION

A Limits

Professional Liability Claims
PO Box 5119
Scranton, PA 18505-0549
First Notices Fax:
215.640 5040 or 1.877.746.4671
General Correspondence Fax:
1 866 635 5688
First Notices Email:
ACEClaimsFirstNotice@acegroup com

B. All other notices:

Professional Risk Division
ACE Westchester Specialty Group
11575 Great Oaks Way, Suite 200
Alpharetta, GA 30022

Item 9. Optional **Extended Reporting Period**:
Additional Premium: 100.00% of last annual premium.
Additional Period: 12 months

Item 10. Endorsements attached upon **Policy** effective date
PF-18874 (02/06) - ACE Advantage Miscellaneous Professional Liability Policy
CC-1K11h (03/14) - Signatures
PF-19061 (10/05) - Spousal Coverage Extension
PF-19236 (12/05) - Insured Definition Amended-Leased, Part Time, Seasonal Employees
PF-19249 (12/05) - Misuse of Confidential Information Exclusion
PF-19806 (02/06) - Additional Insured (Automatic Pursuant to Contract)
PF-19944 (02/06) - Turnaround Consultant Endorsement
PF-19981a (05/07) - Amendatory Endorsement - Michigan
PF-23293 (12/07) - MPL Amendatory Endorsement Definition of Professional Services Amended
PF-23294c (03/10) - Network Security or Privacy Liability Exclusion
PF-23296a (07/08) - Contingent Bodily Injury, Property Damage ("For" Preamble) with Sub-Limit of Liability
PF-28253 (02/10) - MPL Enhancement Endorsement
PF-28389 (02/11) - Financial Consultants and Management Consultants Endorsement
PF-35199 (03/12) - Exclusion D Amended - Interim Officer
ALL-20887 (10/06) - ACE Producer Compensation Practices & Policies
ALL-21101 (11/06) - Trade or Economic Sanctions Endorsement
IL P 001 01 04 - U.S Treasury Departments' Office of Foreign Assets Control ("OFAC") Advisory Notice to Policyholders

IN WITNESS WHEREOF, the **Company** has caused this **Policy** to be countersigned by a duly authorized representative of the **Company**.

DATE: 12/18/2014

JOHN J. LUPICA, President
Authorized Representative

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Weekly Conference Call Notes – Dec. 21, 2015

Allen Park –Dec. 18 –Mayor Matakas, M. Kibby, B. Cady, E. Cline, A. Heimann

- **Position & Classification Study** – Study is progressing. Development of comparable data is underway. Draft presentation is targeted for February 2016.

- **City Hall Flooding Insurance Issue** – Discussion with Time Equities has not gone well. The City noted that they are not easy to deal with and that Mr. Recny threatened to sue the City unless another payment of $200K was made. MML is to respond on this issue.

- **Weekly Calls** – Calls on December 25 and January 1 will be cancelled.

- **January RTAB** – Discussion of a possible movement of the RTAB meeting to the week of January 11. M. Kibby stated that the City has a conflicting Pension Board meeting on the 13th at 1 p.m.

- **Other Issues** – 1) Audit is nearing finalization. City Council approval is pending. 2) Mediation on the health care issue for the Gaydos case has been resolved. 3) Annual Disclosure Training for staff has been completed. 4) 5 of 7 City Council members have been enrolled for MML training.

    - City wishes to get guidance on Order 55-a regarding the sale of City Hall.
        - The City has not sent out proposals, as required by the EM Order but they have received an unsolicited offer for the front 2.5 acres. The offer is for $800K.
        - The City's appraisal was $250K for this piece of the property.
        - The City wishes to know if they have authority to Counter Offer or must they strictly follow the EM Order. The City wants to counter that the buyer must remove the old City Hall.
        - Eric indicated that he would follow-up on this issue.

    - The Mayor inquired if there were any specific Orders that prohibited him from delivering a State of the City Address.
        - He stated that Joyce prohibited him from doing so.
        - Eric stated that he was not aware of any Order on-point but that the City should consider how it wished to proceed.
        - Eric also stated that if he became aware of any orders on this issue, he would inform the City.

Benton Harbor –Dec. 3 – D. Watson, R. Widigan, D. Hudson

- **Weekly Priorities:**
  - CVTRS has been submitted to Treasury
  - Audit: finishing up the comment portion, will present to Commission on the 14 of December, if everything is finalized.
    - If it is finished in time it will be presented to the RTAB in December.
  - Two individuals have graduated from the police academy and have started working.
  - City has hired an additional three public safety officers, close to full staffing levels in FD and PD
  - Union Park improvements should be completed this spring

- **Lawsuits**: O'Brien, Unruh, and Lange
  - Insurance carrier is looking for a commitment from the City of $300K – settlement was last discussed at $1.7M.
  - Looking to settle with Lange, he is looking for $595K, attorney's think it's only worth $300-$400K.
  - Worst case scenario is it goes to court, policy coverage limits will kick in.
  - Will likely have another

- **Federal Building**:
  - The deed to the building was transferred to the City in 2000, but the deed wasn't recorded.
  - Tony's final order states that the city shall *Take any steps necessary, subject to Board approval, to support and facilitate*
  - *the disposal of the Benton Harbor Federal Building property [Tax Parcel Numbers 11-54-0340-0060-00-3 11-54-0340-0059-00-5, 155 Sixth Street and 109 Park Street, Benton Harbor, MI].*
    - Order 14-27, signed by Tony Saunders, issued an *agreement for sale of real estate* with Prairie Real Estate.
    - Does Darwin have to go back to the Commission to approve a sale that was already approved by EM Saunders.

- **Update on Vacant Positions:**
  - **Finance Director:** MML search was approved, needs RTAB approval.
  - **Water Department Superintendent:** Still being advertised on the AWWA, MI Rule Water, and City's website.
  - **Assistant City Manager/Community Development Director:** Darwin is currently filling this roll.
    - The City will likely use MML for this search.

        - Darwin has talked with Cornerstone Alliance and the Chamber of Commerce.

    - **Assessor** is on board, has been at city hall every day of the week, even though he's just part time (two days a week).
        - City will likely not pass the AMAR (Audit of Minimum Assessing Requirements) – will have to identify way to fix the situation.

- **HUD pay back for an ineligible costs:** Potential pay back of $60K.
    - HUD will reduce future money to pack back $60K, likely over 5 years.
    - HUD wants the city to work on doing more home repair, city doesn't have the funding in that allocation.

- **City Manager Evaluation Discussion**: No word.

- **Commissioner Muhammad**: will have to resign his seat when he takes the Mayor's seat.
    - He has set up a meeting with Darwin the week of Christmas.

Ecorse – Dec. 1 – W. O'Neal, T. Sadowski, R. Byrne, D. Van de Grift, P. Dostine, A. Heimann, D. Hudson

Priorities

- Town Hall meeting is scheduled. Will be held in council chambers. Wayne will brief council on state of the city.
- Ecorse re-paving the boat ramp, and repairing light poles that were damaged by a trailer.
- Ecorse is looking for a location for the food pantry.
- Ecorse still looking to hire a DPW director. Have 3 applications for the position. Leaning toward a S1-certified, non-PE candidate who currently works for Ecorse's contracted engineering firm. Wayne states the candidate's S1 certification will save Ecorse $15K per year.
- Ecorse in process of bidding out a Water Meter Change-Out Program. Very much needed, Wayne said. City loses between $845K and $1M annually in water. The meters will cost approximately $225 per meter.
- Ecorse is going to bring back McKenna on a contractual basis.
- Wayne is also focusing on old bills / invoices from Great Lakes, looking for fraud.
- Wayne is looking to request quotes from insurance companies. Ecorse striving for a regular insurance carrier and coverage. Currently paying way too much in insurance costs.
- Wayne fired police lieutenant Blade and demoted (took his stripes) a fire sergeant.
- Wayne has directed the city to issue tickets for violating Certificate of Occupancy requirements.
- Wayne heard that Ecorse assessments will decrease another 25 percent next year. That will cost the city $275K.

- Preliminary audit of FY '15 shows a -$34K. Wayne said the city had to book some expenditures which took the operating balance from a positive $500K to a -$34K.

CDBG

- Ecorse is unaware that the county's CDBG program is changing from a formula program to a competitive one.
- Ecorse receives approximately $200K annually. Money is used for: $50K annual payment on fire truck purchase; code enforcement officer, demolition. Wayne said a change in the program would be a big hit to the city.

Annual ARC payment

- If Ecorse does not get the $2M FDCVT grant it has requested, Wayne maintains that he can add any increases from MERS to an existing judgement levy.
- Wayne maintains that the annual ARC is in the 5-year budget.
- MERS Ecorse account is funded at 47 percent. City losing 3 percent annually in assets.
- Ecorse is short $29M with MERS.

Flint – Dec. 16 – Mayor Weaver, N. Henderson, Nelson, W. Lamphiery, F. Headen, P. Dostine, A. Heimann

Water from KWA Testing

- DEQ/EPA requiring Flint to test water from KWA by installing a temporary pipeline for "one or two months"
- Temporary pipeline will run above the ground, cost about $3-4 Million and will be approximately 3 miles long
- Thinks that they can get KWA to pay for it, because they suggested that this is "their tie to the plant, just because it is not the permanent tie should make no difference in how KWA should approach funding this project".
- N. Henderson also suggested that there is a chance that the County would end up paying for it, but she hasn't explored that option fully yet.

Water Billing

- City residents still aren't paying their water bills
- The city expects that the judge will have a decision rendered by December 18th
- An unfavorable ruling would be, not only financially disastrous, but an "administrative nightmare" for the City to change the systems and re submit bills

Corrosion Control

- City has begun adding corrosion control treatment into the City's water supply, the amounts of the corrosion control will increase over time
- So far, there have been no complaints about foul tastes or water discoloration

State of Emergency Declaration

- Flint declared a state of emergency in Flint for issues related to the lead in the water on Dec 14th
- The city sent a certified declaration of emergency to the county, who will address this declaration at their meeting on Jan 4th, 2016.
- The City hopes that this will "move this issue up" to the Federal level so that they are able to receive some resources to help deal with their ongoing water issues in the City.

OTHER ISSUES

Public Safety

- City has had more shootings, but N. Henderson and others are confident that the grants that they are receiving from the Mott Foundation positively affect this over time. Mott Foundation grant was discussed in several recent calls, but funds community policing and other initiatives.
- Mayor Weaver expressed that the community is "very excited about the Mott Foundation Grant" and had expressed that this was a good thing, because the City was going to "need their help to make sure this works".

Letter submitted to the Treasury for assistance with Legal costs

- The City had submitted a letter to the Treasury asking for assistance with costs associated with various lawsuits they have against them. This is an issue that has been discussed many times in the past
- The Treasury will be sending the City a certified letter as a response to their request within a week.

Hamtramck – Dec. 17 – K. Powell, P. Dostine, D. Hudson

Miscellaneous

- Evaluation of Katrina. Council went into closed session Dec. 15 to discussed Katrina's evaluation. She received high scores from the Mayor, Karpinski and Ian gave Katrina high scores. Hassan, Miah, Musa and Zwolak gave low scores. The Mayor is compiling the scores and will present the outcome to Katrina and the council in the near future. Katrina said the closed session turned into a shouting match.

Human Resources

- BS&A. A company came in for $2,100 to clean up files and train staff in BS&A. Finance dept person – "Gia" -- received BS&A training to start doing payroll electronically rather than paper and pencil. Katrina said first payroll under new system went out without a "glitch".
- Katrina still looking for HR director.

CPI

- Hamtramck is cancelling CPI's contract. It will be on the Dec. 22 RTAB. The city wants a list of temporary vendors approved while an RFP is put together to replace CPI.

'15 Budget

- Audit discovered Detroit owes $500K to Hamtramck. Hamtramck must book Detroit's payment in FY '16, therefore Hamtramck's FY '15 GF fund balance will drop from $1M to $500K.
- Katrina expects the audit to be completed 2nd week in January.

Police overtime

- This month police overtime is up $7K over last month. Katrina sent all the officers, at one time. to get recertified on the gun range. Which hiked overtime.

Election fraud

- No update.

Highland Park– Oct. 14 – C. Square, R. Byrne

- The collection firm has approximately $7M in past due accounts to collect. However, many of these accounts are no longer active.

- Meadowbrook will be providing an updated report on OPEB costs which show a substantial reduction of the annual costs. The new estimated annual costs will be between $200K and $300K.

- New water bills with the new water and sewer rates have been sent out to the customers.

- Wade-Trim has opened its customer service center on Woodward Avenue.
- BSA software installation has been completed.
- The City will be submitting several FDCVT grant applications including master water meters, LED streetlights, and building improvements.
- Wade-Trim has received several shipments of residential water meters that will be installed soon.

Inkster – Nov. 19 – M. Stuhldreher, R. Byrne, A. Heimann, D. Hudson, P. Dostine

Election results commentary

- Mayor. Mark said he's new to politics, the attorney that represented the residents in the water rates lawsuit which prevailed in the lower court but was overturned in the Circuit Court.
- Council and Mayor. Mark reported that the new members want to return to a strong mayor form of government. They would do this by changing the city charter. There has also been some talk, Mark reported, that they want the mayor to also assume city manager responsibilities. Or, they want to hire a city manager and not do a national search.
- The three incumbents whom are no longer on council (which includes Mayor Hampton) take with them 50 years of combined experience.
- Mark reported that the new council and mayor are less inclined to support the consent agreement. Treasury should not be surprised if it receives a letter from the new mayor requesting that the consent agreement come to an end.
- Perhaps Mark and the new mayor will come up to Lansing to meet with Treasury officials.
- Mark has planned an orientation for the new members on council. Five of the seven have already been scheduled for a MML training class. The two that are not going are incumbents. Mark requested grant dollars to cover the expense for sending council to the forthcoming February MML conference in Frankenmuth to get both Level One and Two training.

Parks and Recreation millage commentary

- This was a renewal millage (raises $400K annually for 10 years) that voters approved. It basically means that the status quo is maintained; the millage keeps the doors open. Parks and Rec is still stressed. Mark noted that 25% of the millage goes for heat and electricity bills.

Senior Services millage commentary

- Millage will raise $200K annually for 10 years. This is a new millage.

RRC (Redevelopment Ready Certification) designation

- The city is in the process of updating its Master Plan. In the process, those working on the plan are mindful to incorporate MEDC requirements and criteria necessary to be awarded RRC certification.

Lincoln Park – Dec. 16 – B Coulter, M. Coppler R Byrne, D. Van de Grift, E. Cline, A. Heimann, P Dostine

- **Priorities / updates**
  - Fire contract is close to be extended through 2017, set to expire June 2016.
  - Police dept. The city will be hiring 3 officers. Will be applying next year for a COPS grant which pays 75 percent of the salaries and benefits for 2 offices.

- **MSHDA**
  - A meeting is planned with MSHDA in January. The city has reached out to Talmer Bank and Fifth-Third Bank regarding homeownership programs.
  - Matt said the city is going to reach out to Jim Tischler from MSHDA next.
  - Treasury will be scheduling a meeting in early January, the latest, to talk about Lincoln Park's Consolidated Plan and Action Plan.
- **MERS**
  - No updates to report.

- **Final Order**
  - Brad was informed about the AG's comments on the Final Order: AG did not want Matt Coppler's job description included.
  - Treasury informed Brad to be very careful when to release info to the council about the Final Order. All agreed it will morning of Dec. 22.

- **2-year and 5-year**
  - 2-year budget arrived in Treasury this morning.
  - Treasury told Brad that the 2-year budget should contain as many of the "little" funds as possible, be as complete as possible. This prevents any future "tampering" by electeds when Brad exits.

Pontiac – Dec. 18 - R. Widigan, Mayor Waterman, Deputy Mayor Jane Bais-DiSessa, J. Sobota, N. Narzarko, R Byrne, R. Widigan

- **Weekly priorities:**

- HB 4462 passed the Senate by two votes, House went on holiday recess before it was taken up.
  - Joe and the Mayor stated this bill will have a strong negative financial impact on Pontiac and other cities. Senate fiscal analysis of HB 4462 is attached.

- **Hardest Hit Funds:** $753K possible loss, will have to be returned to Treasury Department.
  - Half of the homes in the city's historic district (20) are owned by the county and could be condemned.
    - They will need historic districts approval prior to demo.

- **PEG:** City will be meeting with the school district on January 20 to go over the project.
  - The project is $100K over what originally planned, after the city meets with the school district they will begin the project.
  - The City will be handling the funds and RFPs.

- **$6M with Gray Financial Group:** No update on the assessment from the legal department.

- **OPEB mediation:** City is working with the attorney to finalize a counterproposal

- **Phoenix Center:** Attorneys are working on the legal side
  - Working with council to get their input

- **Budget process:**
  - Audit was released and posted to the website, sent to council, etc..
    - Best audit the city has seen in years.

- **Council training:** Last week the city stated they were working on internal training – this week they said they weren't.
  - Dept. Mayor will discuss attending MML training.

Royal Oak Township – Dec. 14 – Supervisor Squall, R. Burgess, P. Dostine, D. Hudson

- **Priorities**

- Burgess and Fedewa are working to complete reports that are owed to Treasury per the Consent Agreement and F & O plan.
- Burgess said with police service agreement still uncertain the township has only produced a '16 budget. Can't project without the police agreement in place. The 5-year is on hold.
- Burgess put two Capital Improvement Projects into the '16 budget. He is not currently working on the 6-year CIP.
    - The two projects are 1) Widening of Wyoming Road, and 2) Updating of the accounting system.
- Burgess said for years the township has paid $20K annually for use of Grant School.

- **MERS**

- Burgess did not want to discuss this issue. He said he would like to bring it up during the next call. (Note: Because the supervisor was on the line I think Burgess was reluctant to talk about the MERS money.)

- **Police Update**

- The Supervisor said she had recently talked to the city of Southfield. The city told her it was interested in providing police services, but currently was under-staffed. Southfield said it was a year away from being at full capacity. Until then, it couldn't talk agreements with the township.
- Supervisor said Treasury told the township it could continue to collect the special assessment while it looked for an agreement with a local unit.
- Supervisor pledged to continue to work hard at finding a solution to the issue of no police service.

- **Clerk**
    - Supervisor expressed great frustration at the Clerk's unwillingness to perform her statutory responsibilities.
    - Supervisor said this happens every year around Christmas time.
    - Supervisor will be sending a letter to Treasury requesting advice on handling the situation.

Cline, Richard (Treasury)

From:	Jody Lundquist <jlundquist@cityofflint.com>
Sent:	Tuesday, December 22, 2015 6:18 PM
To:	Cline, Richard (Treasury)
Cc:	Natasha Henderson
Subject:	RTAB Report for the period ending 11/30/2015
Attachments:	RTAB Financial Report Transmittal 11-30-2015.pdf; City of Flint Cash and Investment Summary 11-30-15.pdf; City of Flint Budget to Actual Report 11-30-2015.pdf

Good evening, Mr. Cline.

Please find attached the City's RTAB report for the period ending November 30, 2015.

Please feel free to contact me with any questions and should any additional information be necessary.

Best regards and happy holidays,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 237-2441

Dr. Karen Weaver
Mayor

CITY OF FLINT, MICHIGAN
Department of Finance

Natasha L. Henderson
City Administrator

Jody N. Lundquist
Finance Director

Dawn Steele
Deputy Finance Director

DATE: December 22, 2015

TO: Natasha Henderson, City Administrator

FROM: Jody Lundquist, Finance Director

RE: Budget to Actual Revenue and Expenditure Report

Please find attached the Budget to Actual Revenue and Expenditure Report and Cash and Investment Summary for the period ending November 30, 2015 for your review and submission to the RTAB per Emergency Manager Order 20.

The City's Fiscal Year 2014-2015 audit has been completed. As required by Public Act 2: Uniform Budget and Accounting Act and City Ordinance #3855, audited financial statements for the fiscal year ending June 30, 2015 will be filed with the state and provided to Council no later than December 31, 2015. The column "YTD Balance 06/30/2015" reflects audited activity and ending fund balances. Fiscal Year 2015-16 Amended Budget amounts reflect all amendments adopted by City Council and confirmed by the RTAB as of December 9, 2015.

Please let me know if any additional information is necessary or if you have any questions.

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING NOVEMBER 30, 2015

Fund Account	Description	Beginning Balance 11/01/2015	Ending Balance 11/30/2015
Fund 101 General Fund			
001.000	Commercial Pooled Cash Account	7,574,780	7,113,609
001.450	Citizens - P/R Direct Deposit - 906-9766	-48,015	-48,231
004.000	Imprest Cash	9,300	9,300
004.100	Imprest Cash - Register	5,325	5,325
	General Fund	7,541,390	7,080,003
Fund 202 Major Street Fund			
001.000	Commercial Pooled Cash Account	5,622,529	5,111,538
004.000	Imprest Cash	60	60
	Major Street Fund	5,622,589	5,111,598
Fund 203 Local Street Fund			
001.000	Commercial Pooled Cash Account	1,271,093	1,068,322
Fund 205 Public Safety			
001.000	Commercial Pooled Cash Account	6,788,952	6,507,328
Fund 207 Police Fund			
001.000	Commercial Pooled Cash Account	574,476	543,770
Fund 208 Park/Recreation Fund			
001.000	Commercial Pooled Cash Account	237,399	227,512

Fund 219 Street Light

001.000	Commercial Pooled Cash Account	1,571,754	1,470,210

Fund 226 Rubbish Collection Fund

001.000	Commercial Pooled Cash Account	1,815,254	1,953,319

Fund 265 Drug Law Enforcement Fund

001.000	Commercial Pooled Cash Account	1,121,022	1,108,190

Fund 274 HUD CDBG, ESG, & HOME GRANTS

001.000	Commercial Pooled Cash Account	-1,030,002	-1,224,462
001.100	Bank - Urban Renewal - 230006018089	7,708	7,708
	HUD CDBG, ESG, & HOME GRANTS	-1,022,294	-1,216,754

Fund 296 Other Grants Fund

001.000	Commercial Pooled Cash Account	1,132,782	503,624

Fund 402 Public Improvement Fund

001.000	Commercial Pooled Cash Account	1,806,860	1,808,873

Fund 542 Building Inspection Fund

001.000	Commercial Pooled Cash Account	1,856,560	1,877,903
004.000	Imprest Cash	50	50
	Building Inspection Fund	1,856,610	1,877,953

Fund 590 Sewer Fund

001.000	Commercial Pooled Cash Account	14,283,157	13,163,893
003.000	Certificate Of Deposit	15,321,749	16,522,253
	Sewer Fund	29,604,906	29,686,146

Fund 591 Water Fund

001.000	Commercial Pooled Cash Account	647,714	-439,987
001.001	Cash Reserve	5,848,116	5,848,116
003.000	Certificate Of Deposit	9,793,633	10,593,969
	Water Fund	16,289,462	16,002,098

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING NOVEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 11/30/15	AVAILABLE BALANCE	% BDGT USED
Fund 101 - General Fund						
Property Taxes	4,970,000	4,699,113	4,900,000	4,532,388	367,612	92.50
Special assessment taxes	16,656	20,973	17,000	8,383	8,617	49 31
Income taxes	13,131,100	14,314,826	13,766,000	4,663,067	9,102,933	33.87
Interest and dividend income	235,000	266,167	245,000	30,252	214,748	12 35
State revenues	17,834,960	17,861,513	18,168,013	4,192,037	13,975,976	23.07
Charges for service rendered	7,732,415	7,923,206	8,118,942	3,393,962	4,724,980	41.80
Other revenues	517,153	868,582	541,667	246,174	295,493	45.45
Drawings from fund balance	-1,000,000	-	-1,000,000	-	-1,000,000	-
Fines and forfeitures	1,612,245	1,562,201	1,805,731	452,940	1,352,791	25 08
License and Permits	1,200,300	1,144,949	1,225,000	307,886	917,114	25.13
Proceeds from sale of capital assets	500	500	-	-	-	-
Transfers in	4,577,998	4,577,998	3,777,998	1,574,166	2,203,832	41.67
Proceeds from loan	7,000,000	7,000,000	-	-	-	-
TOTAL REVENUES	57,828,326	60,240,028	51,565,350	19,401,255	32,164,096	37.62
General government	20,292,595.32	20,530,023 26	21,967,042	8,608,794	13,358,248	39.19
Legislative	429,775 00	414,085 15	667,602	255,030	412,572	38 20
Judicial	3,964,720.57	3,929,781 71	4,031,207	1,506,923	2,524,284	37.38
Police	13,132,958 81	12,961,412 35	16,043,555	5,652,467	10,391,088	35.23
Emergency dispatch	2,424,446.72	2,413,532 04	202,919	161,375	41,544	79.53
Fire	5,707,529 32	5,558,909 54	6,434,419	2,284,732	4,149,688	35.51
Community development	868,761.14	742,880 50	854,828	229,448	625,380	26 84
Facilities and Maintenance	1,453,321.68	1,332,444 99	1,462,452	430,917	1,031,535	29 47
Transfers out	99,140 00	149,206 41	-	-	-	-
TOTAL EXPENDITURES	48,373,249	48,032,276	51,664,024	19,129,685	32,534,340	37.03
NET OF REVENUES/EXPENDITURES	9,455,078	12,207,752	(98,674)	271,570	(370,244)	
BEG FUND BALANCE	(8,961,424)	(8,961,424)	3,246,328	3,246,328		
END FUND BALANCE	493.654	3,246,328	3,147,654	3,517,898		
FUND BALANCE AS % OF EXPENDITURES -	1%	7%	6%			
FUND BALANCE AS % OF EXPENDITURES -	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	7,255,987	7,255,987	7,749,604			
VARIANCE ACTUAL TO POLICY	(6,762,333)	(4,009,659)	(4,601,950)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING NOVEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 11/30/15	AVAILABLE BALANCE	% BDGT USED
Fund 202 - Major Street Fund						
State revenues	7,381,806	7,624,369	6,930,520	3,128,846	3,801,674	45 15
Charges for service rendered	23,887	13,461	31,886	70,528	-38,642	221 19
Other revenues	209,229	290,320	183,974	56,677	127,297	30 81
Drawings from fund balance	1,181,572	-	1,476,334	-	1,476,334	-
Interest and Dividend Income	-	29,010	-	-	-	-
Federal revenues	87,680	87,680	-	-	-	-
TOTAL REVENUES	8,884,174	8,044,841	8,622,714	3,256,051	5,366,663	37 76
General government	1,442,892	1,444,565	1,638,378	683,636	954,742	41 73
Transportation	6,478,149	4,960,037	6,297,011	1,937,157	4,359,853	30 76
Debt services - interest	8,551	8,550	8,000	17,101	(9,101)	213 76
Debt services - principal	110,072	110,070	110,622	220,140	(109,518)	199 00
Transfers out	-	-	568,703	236,960	331,743	41.67
TOTAL EXPENDITURES	8,039,664	6,523,221	8,622,714	3,094,993	5,527,721	35.89
NET OF REVENUES/EXPENDITURES	844,510	1,521,619	-	161,057	(161,057)	
BEG. FUND BALANCE	4,926,787	4,926,787	6,448,406	6,448,406		
END FUND BALANCE	4,589,725	6,448,406	4,972,073	6,609,464		
FUND BALANCE AS % OF REVENUES - ACTI	60%	84%	70%			
FUND BALANCE AS % OF REVENUES - POLI	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	1,155,390	1,155,390	1,071,957			
VARIANCE ACTUAL TO POLICY	3,434,335	5,293,016	3,900,116			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING NOVEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 11/30/15	AVAILABLE BALANCE	% BDGT USED
Fund 203 - Local Street Fund						
State revenues	1,941,703	1,942,017	2,016,514	736,715	1,279,799	36.53
Other revenues	618,343	117,135	630,677	338,761	291,916	53 71
Interest and dividend income	-	5,993	-	-	-	-
Transfers in	-	-	568,703	236,960	331,743	41 67
Drawings from fund balance	288,513	-	421,863	-	421,863	-
TOTAL REVENUES	2,848,559	2,065,146	3,637,757	1,312,436	2,325,321	36 08
Fund 203 - Local Street Fund						
General government	314,770	314,770	402,087	167,536	234,551	41 67
Transportation	2,476,948	1,993,800	3,235,670	1,090,086	2,145,584	33 69
TOTAL EXPENDITURES	2,791,717	2,308,570	3,637,757	1,257,622	2,380,135	34.57
NET OF REVENUES/EXPENDITURES	56,842	(243,424)	(0)	54,813	(54,814)	
BEG. FUND BALANCE	1,610,712	1,610,712	1,367,288	1,367,288		
END FUND BALANCE	1,379,041	1,367,288	945,425	1,422,101		
FUND BALANCE AS % OF REVENUES - ACTI	54%	53%	29%			
FUND BALANCE AS % OF REVENUES - POLI	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	384,007	384,007	482,384			
VARIANCE ACTUAL TO POLICY	995,034	983,281	463,041			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING NOVEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 11/30/15	AVAILABLE BALANCE	% BDGT USED
Fund 205 - Public Safety						
Property Taxes	3,688,275	3,842,853	3,700,000	3,776,292	(76,292)	102 06
Interest and dividend income	-	30,798	-	-	-	-
Other revenues	-	5,462	-		-	-
Drawings from fund balance	4,690,318	-	2,481,948	-	2,481,948	-
TOTAL REVENUES	8,378,593	3,879,113	6,181,948	3,776,292	2,405,656	61 09
Police	2,705,773	2,684,119	1,902,722	814,400	1,088,322	42 80
Fire	3,675,510	3,633,122	4,279,226	1,691,224	2,588,002	39 52
TOTAL EXPENDITURES	6,381,283	6,317,241	6,181,948	2,505,624	3,676,324	40 53
NET OF REVENUES/EXPENDITURES	1,997,310	(2,438,128)	-	1,270,668	(1,270,668)	
BEG FUND BALANCE	8,457,278	8,457,278	6,019,150	6,019,150		
END FUND BALANCE	5,764,270	6,019,150	3,537,202	7,289,818		
FUND BALANCE AS % OF REVENUES - ACTI	156%	163%	96%			
FUND BALANCE AS % OF REVENUES - POLI	10%	10%	10%			
DESIGNATED RESERVE PER POLICY (10%)	368,827	368,827	370,000			
VARIANCE ACTUAL TO POLICY	5,395,442	5,650,322	3,167,202			
Fund 207 - Police Fund						
Property Taxes	1,250,306	1,293,783	1,255,000	1,260,588	(5,588)	100 45
Interest and dividend income	-	445	-	-	-	-
Other revenues	93,180	1,740	-	-	-	-
Drawings from fund balance	42,502	-	68,944	-	68,944	-
TOTAL REVENUES	1,385,988	1,295,968	1,323,944	1,260,588	63,356	95 21
Fund 207 - Police Fund						
Police	1,358,912	1,311,361	1,323,944	459,061	864,883	34 67
TOTAL EXPENDITURES	1,358,912	1,311,361	1,323,944	459,061	864,883	34 67
NET OF REVENUES/EXPENDITURES	27,076	(15,392)	-	801,527	(801,527)	
BEG FUND BALANCE	19,656	19,656	4,264	4,264		
END FUND BALANCE	4,230	4,264	(64,680)	805,791		
FUND BALANCE AS % OF REVENUES - ACTI	0%	0%	-5%			
FUND BALANCE AS % OF REVENUES - POLI	10%	10%	10%			
DESIGNATED RESERVE PER POLICY (10%)	134,349	134,349	125,500			
VARIANCE ACTUAL TO POLICY	(130,118)	(130,085)	(190,180)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING NOVEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 11/30/15	AVAILABLE BALANCE	% BDGT USED
Fund 208 - Park/Recreation Fund						
Property Taxes	312,546	323,951	315,000	315,054	(54)	100 02
Interest and dividend income	-	718	-	-	-	-
Other revenues	4,930	16,954	4,825	1,060	3,765	21 97
Drawings from fund balance	97,000	-	87,146	-	87,146	-
Transfers in	99,413	99,140	-	-	-	-
TOTAL REVENUES	513,889	440,762	406,971	316,114	90,856	77 67
Fund 208 - Park/Recreation Fund						
Community development	513,889	459,475	406,971	137,275	269,695	33 73
TOTAL EXPENDITURES	513,889	459,475	406,971	137,275	269,695	33 73
NET OF REVENUES/EXPENDITURES	-	(18,712)	-	178,839	(178,839)	
BEG. FUND BALANCE	99,941	99,941	81,229	81,229		
END FUND BALANCE	2,941	81,229	(5,917)	260,068		
FUND BALANCE AS % OF REVENUES - ACTI	1%	19%	-2%			
FUND BALANCE AS % OF REVENUES - POLI	10%	10%	10%			
DESIGNATED RESERVE PER POLICY (10%)	41,689	41,689	31,983			
VARIANCE ACTUAL TO POLICY	(38,748)	39,540	(37,899)			
Fund 219 - Street Light						
Special assessment taxes	2,738,986	2,415,368	2,718,986	2,616,226	102,760	96.22
Interest and divident income	-	5,272	-	-	-	-
Drawings from fund balance	-	-	105,218	-	-	-
TOTAL REVENUES	2,738,986	2,420,640	2,824,204	2,616,226	207,977	92.64
Fund 219 - Street Light						
General government	91,210	91,210	128,895	53,706	75,189	41 67
Transportation	2,463,195	2,381,159	2,695,308	795,257	1,900,051	29 51
TOTAL EXPENDITURES	2,554,405	2,472,369	2,824,203	848,963	1,975,240	30 06
NET OF REVENUES/EXPENDITURES	184,581	(51,729)	1	1,767,263	(1,767,262)	
BEG FUND BALANCE	709,204	709,204	657,475	657,475		
END FUND BALANCE	893,785	657,475	552,258	2,424,738		
FUND BALANCE AS % OF REVENUES - ACTI	33%	24%	20%			
FUND BALANCE AS % OF REVENUES - POLI	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	410,848	410,848	407,848			
VARIANCE ACTUAL TO POLICY	482,937	246,627	144,410			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING NOVEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 11/30/15	AVAILABLE BALANCE	% BDGT USED
Fund 226 - Rubbish Collection Fund						
Property Taxes	5,517,813	4,909,128	4,829,002	4,624,305	204,697	95 76
Charges for service rendered	11,093	10,877	-	12,055	-12,055	-
Other revenues	-	6,958	-	-	-	-
Drawings from fund balance	-	-	1	-	1	-
License and Permits	1,660	1,840	500	1,000	-500	200 00
TOTAL REVENUES	5,530,566	4,928,803	4,829,503	4,637,360	192,143	96 02
General government	173,143	182,710	250,958	104,566	146,392	41 67
Transportation	49,755	52,546	100,000	1,812	98,188	1 81
Public works	4,551,320	4,380,260	4,478,544	1,791,901	2,686,643	40 01
TOTAL EXPENDITURES	4,774,218	4,615,516	4,829,502	1,898,279	2,931,223	39.31
NET OF REVENUES/EXPENDITURES	756,348	313,287	1	2,739,081	(2,739,080)	
BEG. FUND BALANCE	277,049	277,049	590,336	590,336		
END FUND BALANCE	1,033,397	590,336	590,337	3,329,417		
FUND BALANCE AS % OF REVENUES - ACTI	19%	11%	12%			
FUND BALANCE AS % OF REVENUES - POLI	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	829,585	829,585	724,425			
VARIANCE ACTUAL TO POLICY	203,812	(239,249)	(134,088)			
Fund 265 - Drug Law Enforcement Fund						
Charges for Services Rendered	6,000	4,110				
Other revenues	16,500	3,818	-	3,044	-3,044	-
Interest and dividend income	-	5,170	-	-	-	-
Drawings from fund balance	374,063	-	211,947	-	211,947	-
Fines and forfeitures	95,000	46,189	2,500	28,499	-25,999	1,139 95
TOTAL REVENUES	491,563	59,287	214,447	31,543	182,904	14 71
Police	477,563	298,452	214,447	31,639	182,808	14 75
TOTAL EXPENDITURES	477,563	298,452	214,447	31,639	182,808	14 75
NET OF REVENUES/EXPENDITURES	14,000	(239,165)	-	(96)	96	
BEG FUND BALANCE	768,972	768,972	529,807	529,807		
END FUND BALANCE	408,909	529,807	317,860	529,711		
FUND BALANCE AS % OF EXPENDITURES -	86%	178%	148%			
FUND BALANCE AS % OF EXPENDITURES -	100%	100%	100%			
DESIGNATED RESERVE PER POLICY (100%)	477,563	477,563	214,447			
VARIANCE ACTUAL TO POLICY	(68,654)	52,244	103,413			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING NOVEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 11/30/15	AVAILABLE BALANCE	% BDGT USED
Fund 274 - HUD CDBG, ESG, & HOME GRANTS						
Transfer in from 296 fund		250,540	-	-		
Drawings from Fund Balance	-	-	-	-	-	-
Federal revenues	11,834,239	4,148,623	13,139,463	389,382	12,750,082	2 96
TOTAL REVENUES	11,834,239	4,399,163	13,139,463	389,382	12,750,082	2 96
General government	215,350	165,972	75,668	36,740	38,928	48 55
Fire	14,766	11,847	2,918	-	2,918	-
Community development	812,485	204,349	11,333,247	955,424	10,377,823	8 43
Transportation	10,551,674	3,814,619	204,952	-	204,952	-
Facilities and Maintenance	204,964	-	35,000	-	35,000	
Public works	-	-	30,000	-	30,000	
Building inspections	35,000	-	1,017,195	169,343	847,852	16.65
TOTAL EXPENDITURES	11,834,239	4,196,787	12,698,981	1,161,507	11,537,474	9 15
NET OF REVENUES/EXPENDITURES	-	202,376	440,483	(772,125)	1,212,608	
Fund 296 - Other Grants Fund						
Federal revenues	2,227,809	784,366	1,477,199	193,172	1,284,027	13 08
State revenues	4,350,528	1,108,595	3,671,050	1,570,883	2,100,167	-
Other revenues	354	483	-	-	-	
Local grants	1,082,063	663,225	110,996	561,203	-450,207	505 60
Fines and forfeitures	4,214	4,214	-	-	-	-
Drawings from fund balance	-	-	-16,300	-	-16,300	-
Interest and dividend income	-	-	-	-	-	-
TOTAL REVENUES	7,664,968	2,560,883	5,242,945	2,325,258	2,917,687	44 35
Fund 296 - Other Grants Fund						
General government	19,662	7,506	12,192	-	12,192	-
Police	3,249,069	2,172,819	1,098,602	451,521	647,082	41.10
Community development	1,930,784	456,370	1,742,484	183,319	1,559,165	10 52
Facilities and Maintenance	773,310	165,748	710,973	100,498	610,474	14 14
Transportation	1,642,144	73,603	1,568,541	1,553	1,566,989	0 10
Public works	50,000	49,730	270	-	270	-
Utilities	-	332,919	2,000,000	503,737	1,496,263	-
TOTAL EXPENDITURES	7,664,968	3,258,696	7,133,061	1,240,627	5,892,434	17.39
NET OF REVENUES/EXPENDITURES	(0)	(697,813)	(1,890,116)	1,084,631	(2,974,747)	

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING NOVEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 11/30/15	AVAILABLE BALANCE	% BDGT USED
Fund 402 - Public Improvement Fund						
Property Taxes	1,703,000	1,609,072	1,703,000	1,575,778	127,222	92.53
Other revenues	380,000	38,358	50,000	-	50,000	-
Interest and dividend income	-	7,613	-	-	-	-
Drawings from fund balance	767,957	-	775,967	-	775,967	-
TOTAL REVENUES	2,850,957	1,655,042	2,528,967	1,575,778	953,189	62 31
Facilities and Maintenance	721,900	688,774	700,000	-	700,000	-
Transfers out	407,104	400,191	726,213	302,897	423,316	41.71
Debt services - interest	195,000	200,000	392,754	198,346	194,408	50 50
Debt services - principal	1,526,953	1,526,953	210,000	210,000	-	100.00
TOTAL EXPENDITURES	2,850,957	2,815,918	2,028,967	711,243	1,317,724	192.21
NET OF REVENUES/EXPENDITURES	-	(1,160,875)	500,000	864,536	(364,536)	
BEG FUND BALANCE	9,335,339	9,335,339	8,174,464	8,174,464		
END FUND BALANCE	9,335,339	8,174,464	8,674,464	9,038,999		
FUND BALANCE AS % OF EXPENDITURES -	N/A	N/A	N/A			
FUND BALANCE AS % OF EXPENDITURES -	N/A	N/A	N/A			
DESIGNATED RESERVE PER POLICY			2,928,267			
VARIANCE ACTUAL TO POLICY			5,746,197			
Fund 542 - Building Inspection Fund						
Charges for service rendered	50,579	45,592	-	25,685	-25,685	-
Drawings from fund balance	236,763	-	341,717	-	341,717	-
Interest and dividend income	-	9,114	-	-	-	-
Fines and Forfeitures	1,350	1,160	-	1,120	-1,120	-
License and Permits	2,561,814	2,608,591	1,625,000	764,984	860,016	47.08
TOTAL REVENUES	2,850,506	2,664,457	1,966,717	791,789	1,174,928	40.26
General government	504,425	504,209	619,180	257,901.13	361,278 87	41.65
Building inspections	1,361,108	1,069,570	1,347,536	457,414.88	890,121 12	33.94
TOTAL EXPENDITURES	1,865,533	1,573,779	1,966,716	715,316	1,251,400	36.37
NET OF REVENUES/EXPENDITURES	984,973	1,090,678	1	76,473	(76,472)	
BEG FUND BALANCE	643,476	643,476	1,734,154	1,734,154		
END FUND BALANCE	1,391,686	1,734,154	1,392,438	1,810,627		
FUND BALANCE AS % OF REVENUES - ACTI	53%	66%	86%			
FUND BALANCE AS % OF REVENUES - POLI	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	391,859	391,859	243,750			
VARIANCE ACTUAL TO POLICY	999,827	1,342,295	1,148,688			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING NOVEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 11/30/15	AVAILABLE BALANCE	% BDGT USED
Fund 590 - Sewer Fund						
Interest and dividend income	-	147,488	-	-	-	
Charges for service rendered	30,390,407	30,415,546	24,478,420	5,469,558	19,008,862	22 34
Other revenues	83,646	83,646	1,000	225	775	22.52
License and Permits	27,755	28,580	25,000	8,361	16,639	33.44
Drawings from fund balance	5,189,855	-	1,091,873	-	1,091,873	-
Transfers in	800,000	800,000	-	-	-	-
TOTAL REVENUES	36,491,663	31,475,259	25,596,293	5,478,145	20,118,149	21 40
General government	3,765,455	3,744,850	4,786,371	1,994,321	2,792,050	41.67
Debt services - interest	695	90	695	514	181	73 99
Debt services - principal	6,571	6,571	6,016	1,706	4,310	28.36
Transfers out	2,660,000	2,660,000	1,860,000	775,000	1,085,000	41.67
Public works	1,990,000	309,310	789,095	660,667	128,428	83.72
Utilities	22,971,502	19,055,265	21,047,489	6,664,492	14,382,997	31.66
TOTAL EXPENDITURES	31,394,224	25,776,087	28,489,666	10,096,701	18,392,965	35.44
NET OF REVENUES/EXPENDITURES	5,097,439	5,699,173	(2,893,373)	(4,618,556)	1,725,183	
BEG UNRESTRICTED NET POSITION	12,790,945	12,790,945	(14,158,340)	(14,158,340)		
Adjustments		(32,648,458)				
ENDING UNRESTRICTED NET POSITION	12,698,530	(14,158,340)	(18,143,586)	(18,776,896)		
FUND BALANCE AS % OF EXPENDITURES -	40%	-45%	-64%			
FUND BALANCE AS % OF EXPENDITURES -	25%	25%	25%			
DESIGNATED RESERVE PER POLICY (25%)	7,848,556	7,848,556	7,122,417			
VARIANCE ACTUAL TO POLICY	4,849,974	(22,006,896)	(25,266,003)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING NOVEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 11/30/15	AVAILABLE BALANCE	% BDGT USED
Fund 591 - Water Fund						
Charges for service rendered	33,136,041	33,777,659	28,394,978	4,983,532	3,062,414	17 55
Other revenues	-	-	-	12,676	-	-
Interest and dividend income	-	100,232	-	-	-	-
State Revenues	-	-	6,000,000	6,000,000	-	100 00
Local Grant Revenue	-	-	4,000,000	2,000,000	-	50 00
Drawings from fund balance	4,865,245	-	-	-	-	-
License and Permits	35,000	31,151	-	-	-	-
Fines and forfeitures	-	-	-	416	-	-
Gain on sale of fixed assets	252,337	225,465	100,000	-48,605	14,422	(48 60)
TOTAL REVENUES	38,288,623	34,134,507	38,494,978	12,948,019	25,546,959	33 64
General government	4,255,508	4,290,107	5,319,386	2,217,302	3,102,084	41 68
Transfers out	1,660,571	5,960,469	3,224,259	1,343,441	1,880,818	41.67
Public works	2,760,000	341,630	2,690,000	1,457,594	1,232,406	54.19
Utilities	26,810,605	16,143,856	36,538,458	7,678,924	28,859,534	21 02
TOTAL EXPENDITURES	35,486,684	26,736,062	47,772,103	12,697,262	35,074,841	26 58
NET OF REVENUES/EXPENDITURES	2,801,940	7,398,445	(9,277,125)	250,757	(9,527,882)	
BEG. UNRESTRICTED NET POSITION	760,745	760,745	(20,358,465)	(20,358,465)		
Adjustments		(28,517,655)				
ENDING UNRESTRICTED NET POSITION	(1,302,560)	(20,358,465)	(29,635,590)	(20,107,707)		
FUND BALANCE AS % OF EXPENDITURES -	-4%	-57%	-62%			
FUND BALANCE AS % OF EXPENDITURES -	25%	25%	25%			
DESIGNATED RESERVE PER POLICY (25%)	8,871,671	8,871,671	11,943,026			
VARIANCE ACTUAL TO POLICY	(10,174,231)	(29,230,136)	(41,578,615)			

OAG
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Doug A. Ringler, CPA, CIA
Auditor General

December 23, 2015

The Honorable Jim Ananich
Senate Minority Leader
State Capitol, Room S-105
Lansing, Michigan

Dear Senator Ananich:

Enclosed are answers to the questions you posed in your October 20, 2015 letter to our office regarding the audit we are conducting of the Office of Drinking Water and Municipal Assistance (ODWMA), Department of Environmental Quality (DEQ), specific to lead contamination in the City of Flint's drinking water. Also enclosed are additional questions we developed that are relevant to these issues, along with five exhibits:

- A map showing Flint water samples by zip code.
- A map showing lead counts of 5 parts per billion or higher.
- Two charts showing the number of samples by time period and zip code.
- A time line of the Flint water review.

We appreciate the opportunity to assist you in answering questions regarding this topic. If you have further questions or a request for other services, please do not hesitate to contact our office.

Sincerely,

Doug Ringler

Doug Ringler
Auditor General

Enclosures

Q1: How does ODWMA ensure the data it receives is accurate?

A: With regard to the United States Environmental Protection Agency (EPA) Lead and Copper Rule (LCR) monitoring requirements, DEQ relies on the following key controls to ensure the accuracy of test results:

- State-owned laboratories test water samples.
- State-owned laboratories send test results directly to DEQ.
- The City of Flint Water Treatment Plant (Flint WTP) certifies whether sample sites are classified as tier 1*.

The current Flint WTP LCR sampling process includes:

1. DEQ informs the Flint WTP of the required water lead and copper sample size.
2. The Flint WTP determines the pool of tier 1 sites for sampling.
3. The Flint WTP selects the sample.
4. The Flint WTP sends out sample kits and instructions to residents for collecting water samples.
5. Residents leave samples and signed sampling forms outside their front doors.
6. The Flint WTP employee picks up samples and forms from residents.
7. The Flint WTP employee reviews sample forms for completeness.
8. The Flint WTP employee sends samples to the State-owned laboratories.
9. State-owned laboratories test samples and provide results directly to DEQ.
10. DEQ receives water lead and copper sample results, which include the following information: date collected, date received, address where collected, type of residence (e.g., single family or apartment), and sample point (e.g., kitchen sink or bathroom sink).
11. DEQ tracks, and follows up if necessary, the number of samples collected by the Flint WTP to help ensure that the required minimum number of samples are collected by the monitoring period deadline.

* Single-family or multiple-family residence with lead service line, lead solder copper piping constructed after 1982, or lead plumbing.

12. The Flint WTP submits lead and copper report to DEQ that certifies whether sample sites meet tier 1 criteria.

13. DEQ prepares the LCR 90th percentile calculation report.

During our review, we noted two potential improvements for the Flint WTP sampling process (see Question 5 of the additional questions answered by the OAG regarding tier 1 sample validity):

- DEQ could verify that the sampling pool was limited to only tier 1 sample sites to ensure that the Flint WTP is in compliance with the LCR (Title 40, Part 141, section 86(a)(3) of the *Code of Federal Regulations* [*CFR*]).

- DEQ could independently verify the validity of sample site certifications.

Q2: What accountability measures are in place for ODWMA staff who fail to follow data verification protocols?

A: DEQ does not provide any direct oversight over the Flint WTP and, therefore, does not have any accountability measures over the Flint WTP's LCR data verification protocols. DEQ's data verification protocol for lead and copper water sampling is limited to verification that the WTP certifies samples submitted to the State-owned laboratories for analysis (see steps 7 and 12 in the Flint WTP LCR sampling process noted in Question 1 above). We did not identify any instances in which ODWMA staff failed to verify that submitted samples were certified by the Flint WTP.

Q3: What accountability measures are in place for ODWMA staff who lie or misrepresent information to the EPA?

A: As with all classified employees, ODWMA staff must adhere to the rules and regulations established by the Michigan Civil Service Commission. If any ODWMA staff were determined to misrepresent information to the EPA, they would be subject to Civil Service Rule 2-6, Discipline, which allows an appointing authority to discipline an employee for just cause up to and including dismissal. We are not aware of any DEQ-established measures that are in addition to the Civil Service Rules.

We gained access to the e-mail accounts of key DEQ management (DEQ Director, Deputy Director, ODWMA Chief, and other key ODWMA staff) extending back to January 1, 2013. We did so to identify the key decision points and conversations that occurred leading up to and through the situation in Flint. Our review was also intended to determine whether State, Flint, or other officials attempted to conceal key test results or other information.

We noted one e-mail exchange between DEQ and the EPA that appears to be a significant contributor to the concern that DEQ misrepresented information to the EPA. The EPA requested clarification on February 26, 2015 regarding the type of optimized corrosion control **treatment** the Flint WTP was using. DEQ responded on February 27, 2015 that the city had an optimized corrosion control **program** in place, but DEQ did not provide any program details. DEQ informed us that the Flint WTP corrosion control **program** included performing

lead and copper monitoring for two consecutive six-month periods to determine whether corrosion control **treatment** would be necessary in the future. However, it appears the EPA interpreted corrosion control **program** to mean that corrosion control **treatment** was being performed.

On April 23, 2015, the EPA again inquired as to what the Flint WTP was doing for corrosion control **treatment**. DEQ responded on April 24, 2015 that the Flint WTP was not practicing corrosion control **treatment**.

Based on our review of this and other e-mails, we have no specific reason to believe that DEQ willfully misrepresented the information to the EPA.

Q4: What policies do DEQ and ODWMA have in place to escalate major infractions up the chain of command?

A: We did not note any instances of major infractions (i.e., intentional disregard of policies, laws, regulations or specific directions) committed by DEQ staff during the course of our review. DEQ does not have a formal policy or procedure in place to escalate major infractions performed by ODWMA employees; however, our review of DEQ correspondence confirmed the escalation of key issues up the chain of command related to the Flint situation. DEQ stated that its informal policy is for staff to notify the proper level of management of infractions to determine necessary action.

Application of the LCR

Q1: How did the Flint WTP become the primary water supplier for the City of Flint?

A: Upon notification of the City of Flint's plans to switch to the Karegnondi Water Authority (KWA) in April 2013, the Detroit Water and Sewerage Department (DWSD) submitted a letter to the City of Flint stating that it would terminate its agreement to provide water services on April 17, 2014.

According to DEQ management, the Flint WTP attempted to negotiate with the DWSD to maintain it as the City of Flint water supplier; however, after negotiations were unsuccessful, the City of Flint notified DEQ through a permit request of its intent to operate the Flint WTP full time using the Flint River. Although the Flint City Council voted in March 2013 in support of moving to the KWA pipeline, the vote was silent on the use of the Flint River as a temporary drinking water source.

DEQ informed us that in the 1990s, the City of Flint upgraded the Flint WTP to serve as a backup source of water for emergencies. In 2006, the Flint WTP began quarterly testing of the treated Flint River water at the Flint WTP to ensure water quality standards were met; however, the Flint WTP did not test the water's effect on the distribution system at consumer tap locations.

Q2. Did DEQ consult with the EPA prior to determining how to apply the LCR?

A: DEQ did not consult with the EPA on how to apply the LCR prior to implementing two consecutive six-month monitoring periods of the Flint WTP beginning July 1, 2014. Based on past experiences applying the LCR monitoring requirements, DEQ believed that it had appropriately applied the LCR requirements of a large water system.

Q3: When Flint switched to the Flint River water source, should corrosion control treatment have been maintained?

A: We believe that corrosion control treatment should have been maintained.

According to the LCR, a water system can achieve optimized corrosion control if it submits results of tap water monitoring for two consecutive six-month monitoring periods with acceptable lead levels. However, a water system that has optimized corrosion control, and which has treatment in place, should continue to operate and maintain optimal corrosion control treatment.

DEQ staff explained that they did not treat the switch to Flint River water as a new system, but as a new source. DEQ further stated that because the Flint River was a new water source and there was a change in chemicals needed to treat the new source, a corrosion control study was needed to determine the impact on the water distribution system. Therefore, it was DEQ's interpretation that two rounds of six-month monitoring were still needed to evaluate the water quality and determine optimal corrosion control treatment.

The Flint water system had optimal corrosion control treatment when the DWSD WTP was the water supplier. Based on our review of notes from a July 21, 2015 EPA and DEQ conference call on DEQ's implementation of the LCR regarding whether the Flint WTP should have continued to maintain corrosion control treatment, it appeared that the EPA did not agree with DEQ's interpretation of the LCR. Region 5 EPA staff explained that they would talk to the EPA headquarters about the interpretation of regulations and believes that systems that have been deemed optimized need to "maintain" corrosion control. The Region agreed to provide supporting regulatory citations for the language about maintaining corrosion control.

On November 3, 2015, the EPA issued a memorandum stating that the LCR had differing possible interpretations; however, the EPA concluded that it is important for large water systems to take the steps necessary to ensure that appropriate corrosion control treatment is maintained at all times, thus ensuring that public health is protected. Based on this clarification, it appears that corrosion control treatment should have been maintained.

Q4: Should DEQ have required the Flint WTP to start pursuing optimized corrosion control treatment after the first round of six-month sampling results were above the lead action level of 5 parts per billion (ppb)?

A: Yes. According to DEQ's application of the LCR, within six months after the end of the monitoring period in which the water sample results exceeded the acceptable lead level, DEQ should have required the Flint WTP to start pursuing optimized corrosion control treatment.

The LCR states that the lead action level is exceeded if the lead level, as determined by the 90th percentile calculation, is greater than 15 ppb. If the lead action level is exceeded, water systems are required to take additional actions including educating the public about lead in drinking water as well as commencing lead service line replacement if the water system has already installed corrosion control and/or source water treatment. However, for water systems that have not yet implemented corrosion control treatment, they can be deemed to have optimized corrosion control without installing treatment if they can demonstrate lead levels below 5 ppb for two consecutive six-month periods.

The first round of six-month sampling results was received in late March 2015. Because the results were 1 ppb over the lead action level of 5 ppb, DEQ would not be able to achieve two consecutive six-month periods below 5 ppb. Therefore, DEQ should have notified the Flint WTP to start pursuing optimized corrosion control treatment. However, DEQ waited until the second round of sampling was completed (June 30, 2015) to assess whether water sample results improved.

Water Samples

Q5: Did DEQ verify that only tier 1 sample sites were selected by the Flint WTP in the two rounds of six-month samples?

A: DEQ did not verify that only tier 1 sample sites were selected. DEQ relies on the Flint WTP's certification of sample sites and does not perform any independent verification of those certifications.

In a November 19, 2015 *Flint Journal* article, the Flint WTP indicated that it did not have the ability to ensure that all sites were tier 1. In fact, water samples came from the random distribution of 175 testing bottles without regard for whether the homes were at risk for high lead levels. DEQ issued a formal memorandum on November 9, 2015 requesting that the Flint WTP verify the classification of all prior sample items. The results are due back from the Flint WTP on December 30, 2015.

Q6: DEQ dropped two water sampling sites from its second six-month sample (January 1, 2015 through June 30, 2015). Was this appropriate?

A: Yes, it was appropriate for DEQ to drop these two water sampling sites. Federal regulation 40 *CFR* 141.86(a) states:

> ". . . each water system shall complete a materials evaluation of its distribution system in order to identify a pool of targeted sampling sites that meets the requirements of this section . . . All sites from which first draw samples are collected shall be selected from this pool . . . Sampling sites may not include faucets that have point-of-use or point-of-entry treatment devices designed to remove inorganic contaminants."

This regulation also requires that a water system's targeted sampling pool consist of only tier 1 sampling sites if an adequate number is available to meet monitoring requirements.

According to federal regulation 40 *CFR* 141.86(f), the State may invalidate a water sample if it determines that the sample was taken from a site that did not meet the site selection criteria. A sample invalidated per this regulation does not count toward determining lead or copper 90th percentile levels or toward meeting the minimum monitoring requirements.

DEQ dropped one water sample site from its 90th percentile calculations because the site was from a business that does not meet the tier 1 requirements of being a single-family or multiple-family residence. The second sample site was dropped because the home had a point-of-entry treatment device to filter contaminants. Based on the criteria specified above, it appears that DEQ's rationale for dropping the samples from these two sites appropriately met the requirements for invalidating samples per federal regulation 40 *CFR* 141.86.

Q7: Was flushing of the taps the night before drawing a sample an appropriate sample methodology?

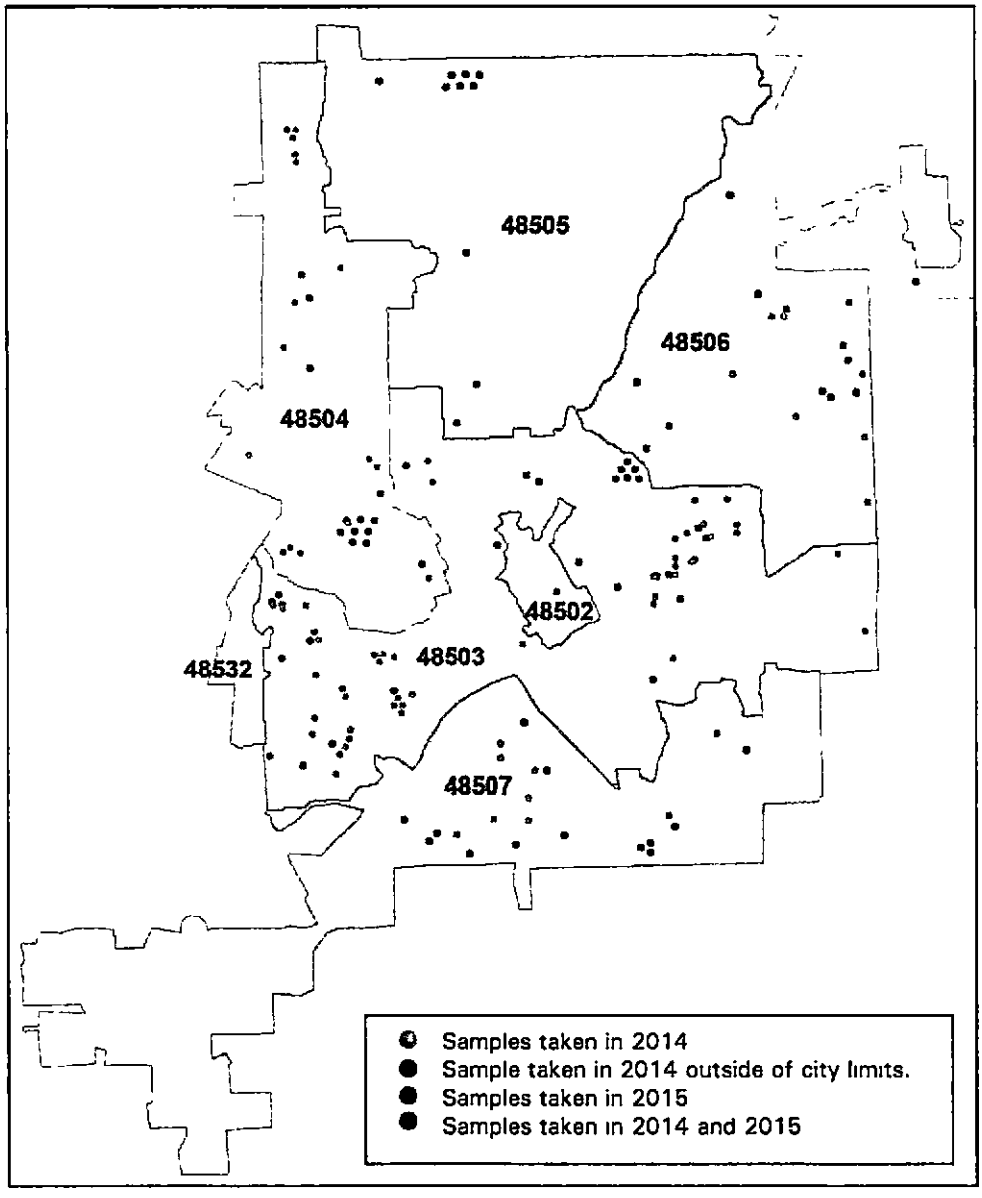
A: Yes. The LCR requires that samples be a first draw of water after six hours of stagnation. The LCR does not indicate whether or not the water line should be flushed prior to collecting the sample. In the sample instructions, DEQ required preflushing to ensure that sampled faucets were not stagnant for an excessive period of time beyond the targeted six hours (e.g., rarely used faucets or when a homeowner has been gone for an extended period of time.)

The LCR requires six hours of stagnation; however, it does not preclude DEQ from instructing residents to flush prior to stagnation.

Flint WTP 2014 and 2015 Sample Locations (Exhibit #1)

In calendar year 1992, the Flint WTP established a tier 1 sample site pool for LCR monitoring. With the change to the Flint River water, the Flint WTP needed to increase the pool of sample locations because of additional sampling requirements. The following exhibit documents the 2014 and 2015 sample locations for LCR monitoring. Based on the data obtained during our review, we could not determine how the locations were selected or whether they were properly classified as tier 1 sample sites.

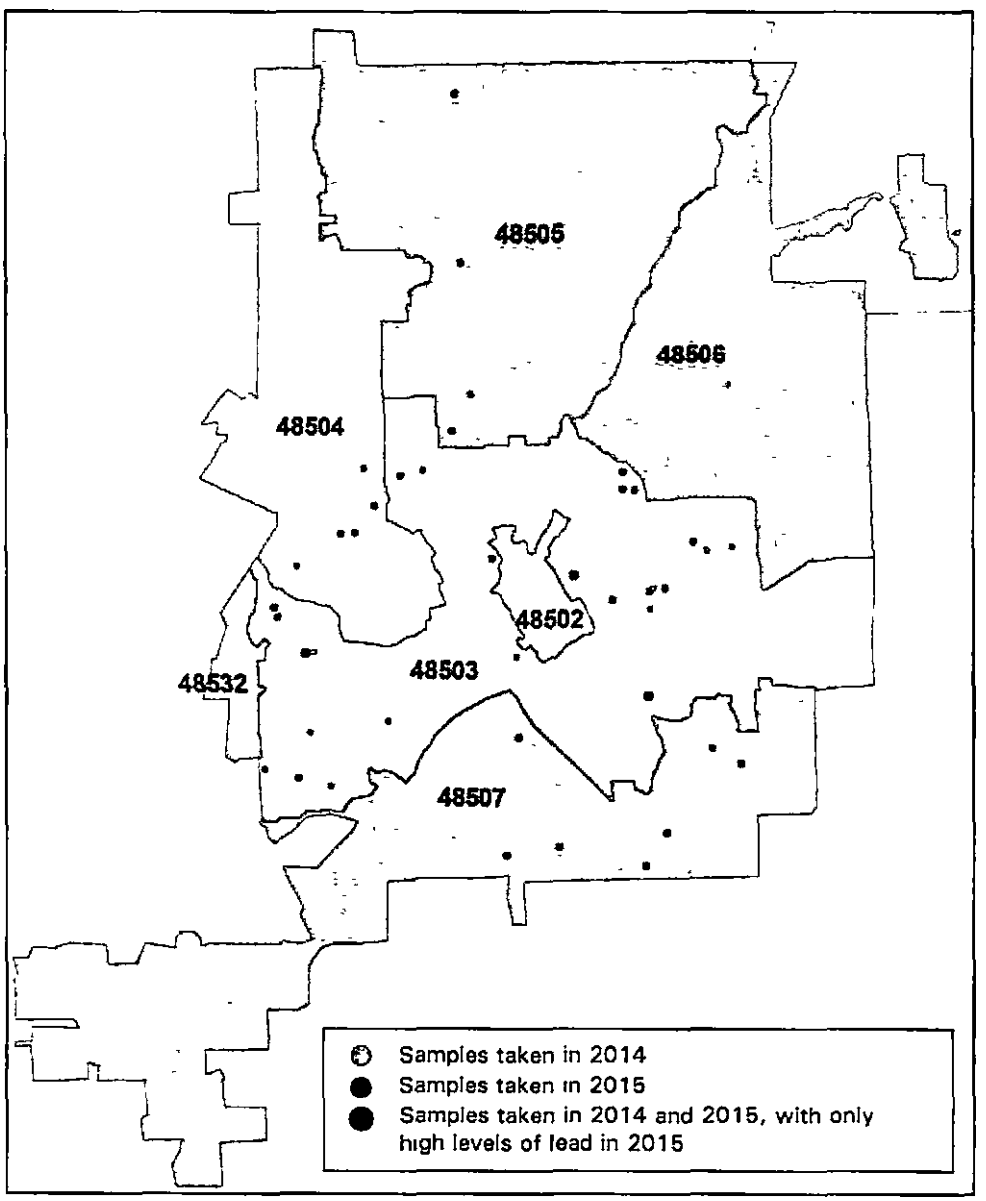
As noted in Question 5 of the additional questions answered by the OAG, DEQ has requested the Flint WTP to verify the tier 1 classification of all prior sample items.



Source: The OAG prepared this map using data obtained from DEQ and ©OpenStreetMap contributors (opendatacommons.org). The sample locations are approximate.

Flint WTP 2014 and 2015 Sample Locations With Lead Counts of 5 Parts Per Billion or Higher (Exhibit #2)

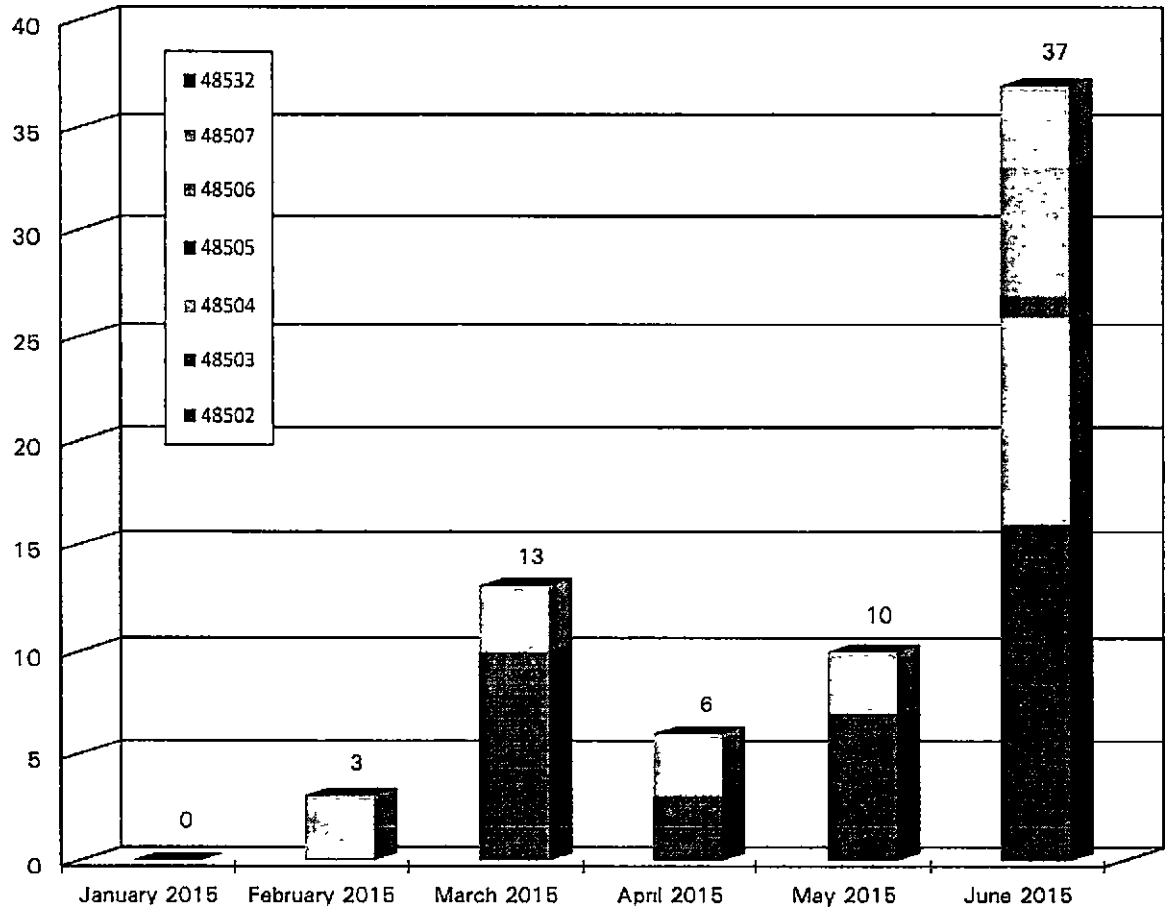
This exhibit documents the 2014 and 2015 sample locations with lead counts of 5 ppb or higher. This information is used in aggregate by DEQ to determine if the city has optimized lead levels.



Source: The OAG prepared this map using data obtained from DEQ and ©OpenStreetMap contributors (opendatacommons.org). The sample locations are approximate

Flint WTP 2015 Number of Samples by Time Period and Zip Code (Exhibit #3)

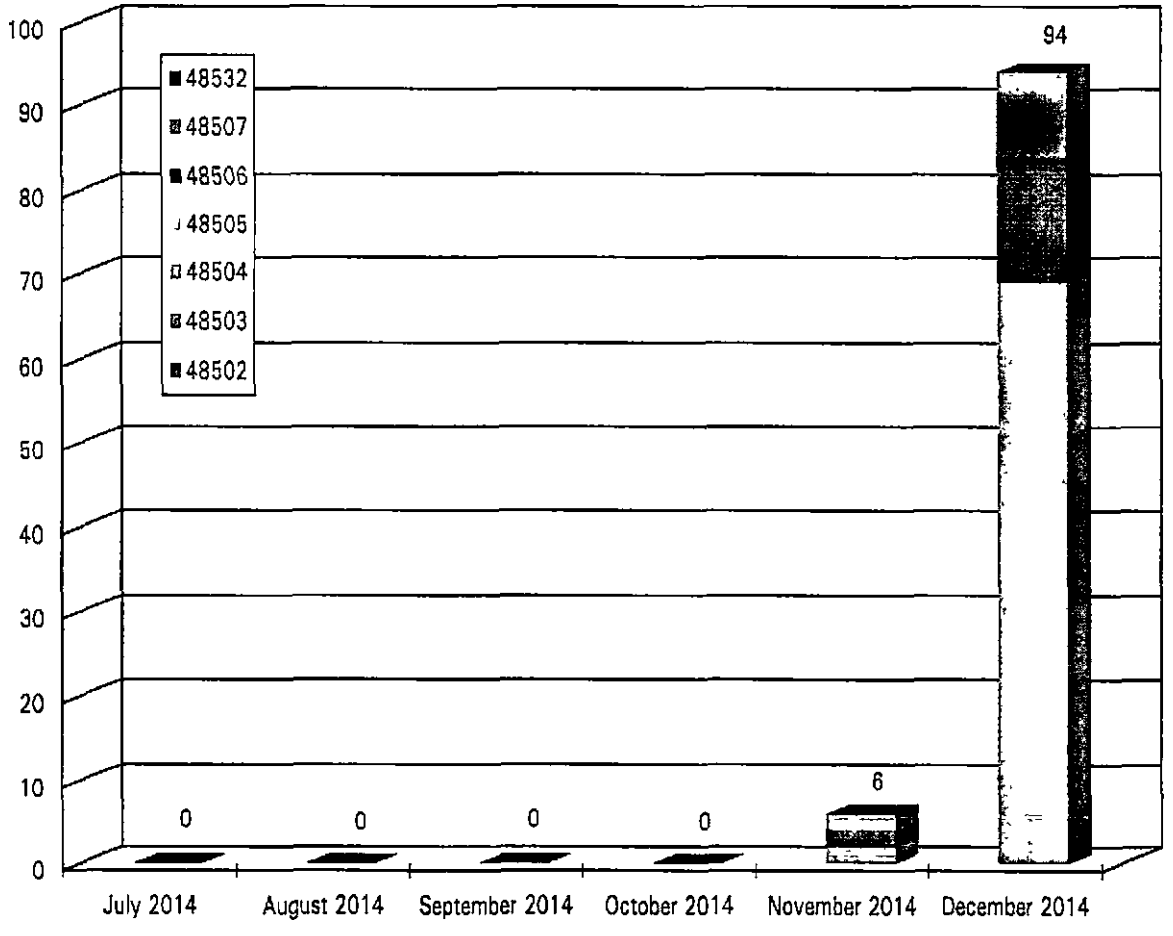
This chart expands on Exhibit #1 to show a summary by zip code and time of selection within the sampling period. Based on the data obtained during our review, we could not determine if the lateness of selection within the monitoring period affected the appropriateness of the sample items.



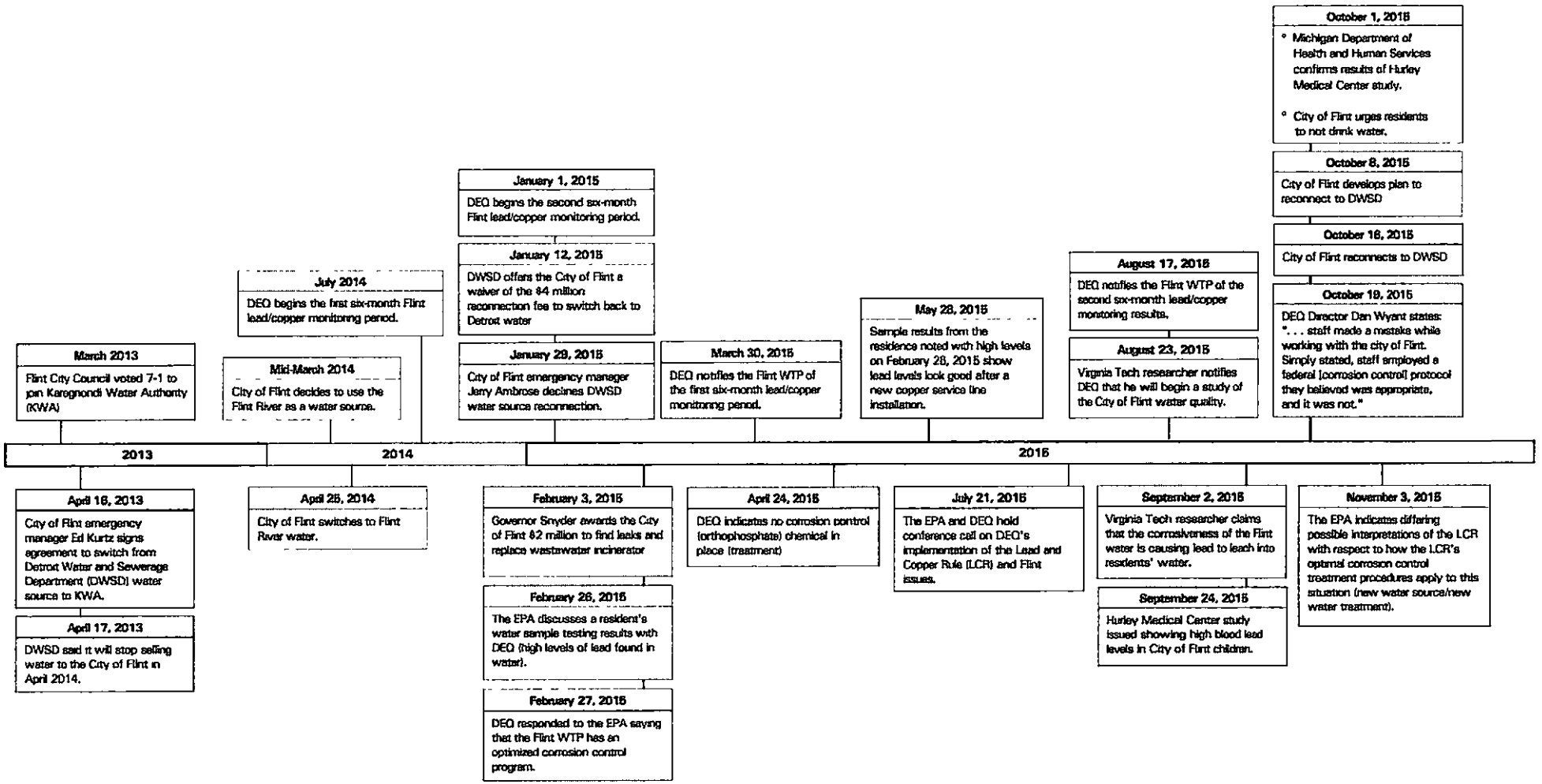
Source: The OAG prepared this chart using data obtained from DEQ

Flint WTP 2014 Number of Samples by Time Period and Zip Code (Exhibit #4)

This chart expands on Exhibit #1 to show a summary by zip code and time of selection within the sampling period. Based on the data obtained during our review, we could not determine if the lateness of selection within the monitoring period affected the appropriateness of the sample items.



Source: The OAG prepared this chart using data obtained from DEQ.



Source The OAG prepared this time line using data (e-mails, meeting notes, and letters) obtained from DEQ, newspaper and press release articles, the Flintwaterstudy.org, and the Hurley Medical Center survey results.

Dostine, Patrick (TREASURY)

From: Heimann, Alexandr (TREASURY)
Sent: Wednesday, December 23, 2015 9:40 AM
To: Widigan, Robert (TREASURY); Dostine, Patrick (TREASURY); Hudson, Deanna (TREASURY); Vandegrift, Drew (TREASURY); Cline, Richard (Treasury); Byrne, Randall (Treasury)
Cc: Schafer, Suzanne K. (Treasury)
Subject: Flint Call Notes - 12-23-15

Hello all,

Here are the call notes from this week's conversation with Flint.

Flint Weekly Call
12/23/15

Present:
E. Cline
P. Dostine
A. Heimann
R. Byrne
Mayor Weaver
Councilor Nelson

Not present:
F. Headen
W. Lamphier
N. Henderson

Water Update:
- Mayor Weaver had a meeting with the EPA who suggested that "everything was going well" in regards to treating the water.
- Mayor has not received any calls from citizens complaining about cloudy/foul tasting water to date
- People are bringing their water in to be tested for lead per the EPA's request

Water billing injunction:
- City received a favorable ruling on newest injunction, will allow the City to start shutting off water to residents for non-payment starting in January.
- Mayor Weaver suggested that there is significant confusion from residents and that many people think that the courts ruled that they did not have to pay their bills at all. She suggested that the City needs to do a significant public awareness campaign to notify people that they have to start paying their bills.
- Mayor needs to develop a strategy for public outreach, some conversation was had about press releases, postings on the City's website and Public Service messages on the radio/Local Television.

DPW Executive Search
- No significant updates about the Executive Search. Weaver has not had a chance to call Tom Adams, and may get in touch with Joyce Parker from the MML in the meantime as well

There will be no call next week on 12/30

Weekly Conference Call Notes – Dec. 28, 2015

Allen Park –Dec. 18 –Mayor Matakas, M. Kibby, B. Cady, E. Cline, P Dostine

- **Position & Classification Study** – Study is progressing. Development of comparable data is underway. Draft presentation is targeted for February 2016.

- **City Hall Flooding Insurance Issue** – Discussion with Time Equities has not gone well. The City noted that they are not easy to deal with and that Mr. Recny threatened to sue the City unless another payment of $200K was made. MML is to respond on this issue.

- **Weekly Calls** – Calls on December 25 and January 1 will be cancelled.

- **January RTAB** – Discussion of a possible movement of the RTAB meeting to the week of January 11. M. Kibby stated that the City has a conflicting Pension Board meeting on the 13th at 1 p.m.

- **Other Issues** – 1) Audit is nearing finalization. City Council approval is pending. 2) Mediation on the health care issue for the Gaydos case has been resolved. 3) Annual Disclosure Training for staff has been completed. 4) 5 of 7 City Council members have been enrolled for MML training.

    - City wishes to get guidance on Order 55-a regarding the sale of City Hall.
        - The City has not sent out proposals, as required by the EM Order but they have received an unsolicited offer for the front 2.5 acres. The offer is for $800K.
        - The City's appraisal was $250K for this piece of the property.
        - The City wishes to know if they have authority to Counter Offer or must they strictly follow the EM Order. The City wants to counter that the buyer must remove the old City Hall.
        - Eric indicated that he would follow-up on this issue.

    - The Mayor inquired if there were any specific Orders that prohibited him from delivering a State of the City Address.
        - He stated that Joyce prohibited him from doing so.
        - Eric stated that he was not aware of any Order on-point but that the City should consider how it wished to proceed.
        - Eric also stated that if he became aware of any orders on this issue, he would inform the City.

Benton Harbor –Dec. 3 – D. Watson, R. Widigan, D. Hudson

- **Weekly Priorities:**
  - CVTRS has been submitted to Treasury
  - Audit: finishing up the comment portion, will present to Commission on the 14 of December, if everything is finalized.
    - If it is finished in time it will be presented to the RTAB in December.
  - Two individuals have graduated from the police academy and have started working.
  - City has hired an additional three public safety officers, close to full staffing levels in FD and PD
  - Union Park improvements should be completed this spring

- **Lawsuits**: O'Brien, Unruh, and Lange
  - Insurance carrier is looking for a commitment from the City of $300K – settlement was last discussed at $1.7M.
  - Looking to settle with Lange, he is looking for $595K, attorney's think it's only worth $300-$400K.
  - Worst case scenario is it goes to court, policy coverage limits will kick in.
  - Will likely have another

- **Federal Building**:
  - The deed to the building was transferred to the City in 2000, but the deed wasn't recorded.
  - Tony's final order states that the city shall *Take any steps necessary, subject to Board approval, to support and facilitate*
  - *the disposal of the Benton Harbor Federal Building property [Tax Parcel Numbers 11-54-0340-0060-00-3 11-54-0340-0059-00-5, 155 Sixth Street and 109 Park Street, Benton Harbor, MI].*
    - Order 14-27, signed by Tony Saunders, issued an *agreement for sale of real estate* with Prairie Real Estate.
    - Does Darwin have to go back to the Commission to approve a sale that was already approved by EM Saunders.

- **Update on Vacant Positions:**
  - **Finance Director:** MML search was approved, needs RTAB approval.
  - **Water Department Superintendent:** Still being advertised on the AWWA, MI Rule Water, and City's website.
  - **Assistant City Manager/Community Development Director:** Darwin is currently filling this roll.
    - The City will likely use MML for this search.

        - Darwin has talked with Cornerstone Alliance and the Chamber of Commerce.

    - **Assessor** is on board, has been at city hall every day of the week, even though he's just part time (two days a week).
        - City will likely not pass the AMAR (Audit of Minimum Assessing Requirements) – will have to identify way to fix the situation.

- **HUD pay back for an ineligible costs:** Potential pay back of $60K.
    - HUD will reduce future money to pack back $60K, likely over 5 years.
    - HUD wants the city to work on doing more home repair, city doesn't have the funding in that allocation.

- **City Manager Evaluation Discussion**: No word.

- **Commissioner Muhammad**: will have to resign his seat when he takes the Mayor's seat.
    - He has set up a meeting with Darwin the week of Christmas.

Ecorse – Dec. 22 – W. O'Neal, R. Byrne, D. Van de Grift, P. Dostine, A. Heimann, R. Widigan

- **Priorities:**
    - Council will receive and file the audit tonight – shows a decrease in fund balance, had to "book liabilities for lawsuits and pensions"
        - Ended with an overall debt of $34K
    - Council will be approving a $1.9M payment on the E-Loan
        - City would like a DEP schedule
    - 47% cash fund balance – the restriction on the U.S. Steel payment has ended.
        - However, this will drop after the $1.9M payment for debt service
    - 5-year budget is being reviewed by treasury
        - Wayne said to fund police and fire it is coming from PA 33 assessment
        - Wayne said if the arc payment goes up, the city has a judgment levy (Order) against it, the city can then levy it.
            - Drew said that the city attorney needs to review the Order before the next RTAB meeting.
            - Wayne said he will read it and talk to the attorney about it
    - City will do training every two months with employees – will have an employee book everyone will sign.
    - Wayne will be meeting with city council on an individual basis to discuss where he would like to head in regards to city attorney and DPW.
        - Wayne thinks he can bring a full time attorney on board for current cost or less.

- **SEV. Assessments:**
    - Decrease of 10% on residential tax base
        - Roughly $250K

- **Miscellaneous:** Wayne stated the City is headed in the right direction, needs to do various capital improvement projects, etc…

Flint – Dec. 23 – Mayor Weaver, Council President Nelson, R. Byrne, P. Dostine, E. Cline, A. Heimann

Water Update:

- Mayor Weaver had a meeting with the EPA who suggested that "everything was going well" in regards to treating the water.
- Mayor has not received any calls from citizens complaining about cloudy/foul tasting water to date
- People are bringing their water in to be tested for lead per the EPA's request

Water billing injunction:

- City received a favorable ruling on newest injunction, will allow the City to start shutting off water to residents for non-payment starting in January.
- Mayor Weaver suggested that there is significant confusion from residents and that many people think that the courts ruled that they did not have to pay their bills at all. She suggested that the City needs to do a significant public awareness campaign to notify people that they have to start paying their bills.
- Mayor needs to develop a strategy for public outreach, some conversation was had about press releases, postings on the City's website and Public Service messages on the radio/Local Television.

DPW Executive Search

- No significant updates about the Executive Search. Weaver has not had a chance to call Tom Adams, and may get in touch with Joyce Parker from the MML in the meantime as well

There will be no call next week on 12/30

Hamtramck – Dec. 17 – K. Powell, P. Dostine, D. Hudson

Miscellaneous

- Evaluation of Katrina. Council went into closed session Dec. 15 to discussed Katrina's evaluation. She received high scores from the Mayor, Karpinski and Ian gave Katrina high scores. Hassan, Miah, Musa and Zwolak gave low scores. The Mayor is compiling the scores and will present the outcome to Katrina and the council in the near future. Katrina said the closed session turned into a shouting match.

Human Resources

- BS&A. A company came in for $2,100 to clean up files and train staff in BS&A. Finance dept person – "Gia" -- received BS&A training to start doing payroll electronically rather than paper and pencil. Katrina said first payroll under new system went out without a "glitch".
- Katrina still looking for HR director.

CPI

- Hamtramck is cancelling CPI's contract. It will be on the Dec. 22 RTAB. The city wants a list of temporary vendors approved while an RFP is put together to replace CPI.

'15 Budget

- Audit discovered Detroit owes $500K to Hamtramck. Hamtramck must book Detroit's payment in FY '16, therefore Hamtramck's FY '15 GF fund balance will drop from $1M to $500K.
- Katrina expects the audit to be completed 2nd week in January.

Police overtime

- This month police overtime is up $7K over last month. Katrina sent all the officers, at one time, to get recertified on the gun range. Which hiked overtime.

Election fraud

- No update.

Highland Park– Oct. 14 – C. Square, R. Byrne

- The collection firm has approximately $7M in past due accounts to collect. However, many of these accounts are no longer active.

- Meadowbrook will be providing an updated report on OPEB costs which show a substantial reduction of the annual costs. The new estimated annual costs will be between $200K and $300K.

- New water bills with the new water and sewer rates have been sent out to the customers.

- Wade-Trim has opened its customer service center on Woodward Avenue.

- BSA software installation has been completed.

- The City will be submitting several FDCVT grant applications including master water meters, LED streetlights, and building improvements.

- Wade-Trim has received several shipments of residential water meters that will be installed soon.

Inkster – Nov. 19 – M. Stuhldreher, R. Byrne, A. Heimann, D. Hudson, P. Dostine

Election results commentary

- Mayor. Mark said he's new to politics, the attorney that represented the residents in the water rates lawsuit which prevailed in the lower court but was overturned in the Circuit Court.
- Council and Mayor. Mark reported that the new members want to return to a strong mayor form of government. They would do this by changing the city charter. There has also been some talk, Mark reported, that they want the mayor to also assume city manager responsibilities. Or, they want to hire a city manager and not do a national search.
- The three incumbents whom are no longer on council (which includes Mayor Hampton) take with them 50 years of combined experience.
- Mark reported that the new council and mayor are less inclined to support the consent agreement. Treasury should not be surprised if it receives a letter from the new mayor requesting that the consent agreement come to an end.
- Perhaps Mark and the new mayor will come up to Lansing to meet with Treasury officials.
- Mark has planned an orientation for the new members on council. Five of the seven have already been scheduled for a MML training class. The two that are not going are incumbents. Mark requested grant dollars to cover the expense for sending council to the forthcoming February MML conference in Frankenmuth to get both Level One and Two training.

Parks and Recreation millage commentary

- This was a renewal millage (raises $400K annually for 10 years) that voters approved. It basically means that the status quo is maintained; the millage keeps the doors open. Parks and Rec is still stressed. Mark noted that 25% of the millage goes for heat and electricity bills.

Senior Services millage commentary

- Millage will raise $200K annually for 10 years. This is a new millage.

RRC (Redevelopment Ready Certification) designation

- The city is in the process of updating its Master Plan. In the process, those working on the plan are mindful to incorporate MEDC requirements and criteria necessary to be awarded RRC certification.

Lincoln Park – Dec. 16 – B Coulter, M. Coppler R Byrne, D. Van de Grift, E. Cline, A. Heimann, P Dostine

- **Priorities / updates**
  - Fire contract is close to be extended through 2017, set to expire June 2016.
  - Police dept. The city will be hiring 3 officers. Will be applying next year for a COPS grant which pays 75 percent of the salaries and benefits for 2 offices.

- **MSHDA**
  - A meeting is planned with MSHDA in January. The city has reached out to Talmer Bank and Fifth-Third Bank regarding homeownership programs.
  - Matt said the city is going to reach out to Jim Tischler from MSHDA next.
  - Treasury will be scheduling a meeting in early January, the latest, to talk about Lincoln Park's Consolidated Plan and Action Plan.
- **MERS**
  - No updates to report.

- **Final Order**
  - Brad was informed about the AG's comments on the Final Order: AG did not want Matt Coppler's job description included.
  - Treasury informed Brad to be very careful when to release info to the council about the Final Order. All agreed it will morning of Dec. 22.

- **2-year and 5-year**
  - 2-year budget arrived in Treasury this morning.

- Treasury told Brad that the 2-year budget should contain as many of the "little" funds as possible, be as complete as possible. This prevents any future "tampering" by electeds when Brad exits.

Pontiac – Dec. 11 - R. Widigan, Mayor Waterman, Deputy Mayor Jane Bais-DiSessa, J. Sobota, N. Narzarko,

- **Weekly priorities:**
  - HB 4462 passed the Senate by two votes, House went on holiday recess before it was taken up.
    - Joe and the Mayor stated this bill will have a strong negative financial impact on Pontiac and other cities. Senate fiscal analysis of HB 4462 is attached.

- **Hardest Hit Funds:** $753K possible loss, will have to be returned to Treasury Department.
  - Half of the homes in the city's historic district (20) are owned by the county and could be condemned.
    - They will need historic districts approval prior to demo.

- **PEG:** City will be meeting with the school district on January 20 to go over the project.
  - The project is $100K over what originally planned, after the city meets with the school district they will begin the project.
  - The City will be handling the funds and RFPs.

- ***$6M with Gray Financial Group:*** *No update on the assessment from the legal department.*

- **OPEB mediation:** City is working with the attorney to finalize a counterproposal

- **Phoenix Center:** Attorneys are working on the legal side
  - Working with council to get their input

- **Budget process:**
  - Audit was released and posted to the website, sent to council, etc..
    - Best audit the city has seen in years.

- **Council training:** Last week the city stated they were working on internal training – this week they said they weren't.
    - Dept. Mayor will discuss attending MML training.

Royal Oak Township – Dec. 14 – Supervisor Squall, R. Burgess, P. Dostine, D. Hudson

- **Priorities**

- Burgess and Fedewa are working to complete reports that are owed to Treasury per the Consent Agreement and F & O plan.
- Burgess said with police service agreement still uncertain the township has only produced a '16 budget. Can't project without the police agreement in place. The 5-year is on hold.
- Burgess put two Capital Improvement Projects into the '16 budget. He is not currently working on the 6-year CIP.
    - The two projects are 1) Widening of Wyoming Road, and 2) Updating of the accounting system.
- Burgess said for years the township has paid $20K annually for use of Grant School.

- **MERS**

- Burgess did not want to discuss this issue. He said he would like to bring it up during the next call. (Note: Because the supervisor was on the line I think Burgess was reluctant to talk about the MERS money.)

- **Police Update**

- The Supervisor said she had recently talked to the city of Southfield. The city told her it was interested in providing police services, but currently was under-staffed. Southfield said it was a year away from being at full capacity. Until then, it couldn't talk agreements with the township.
- Supervisor said Treasury told the township it could continue to collect the special assessment while it looked for an agreement with a local unit.
- Supervisor pledged to continue to work hard at finding a solution to the issue of no police service.

- **Clerk**
    - Supervisor expressed great frustration at the Clerk's unwillingness to perform her statutory responsibilities.
    - Supervisor said this happens every year around Christmas time.
    - Supervisor will be sending a letter to Treasury requesting advice on handling the situation.

December 29, 2015

Dear Governor Snyder:

The Flint Water Advisory Task Force, which you appointed on October 21, 2015, has devoted considerable effort and countless hours to our review of the contamination of the Flint water supply: what happened, why it occurred, and what is needed to prevent a recurrence in Flint or elsewhere in the state. We have also been assessing ongoing mitigation efforts to help assure that short- and long-term public health issues and water management concerns will be properly addressed to safeguard the health and well being of the Flint community.

Shortly after we began our work, we recognized the immediate need for better coordination of the state's response to the ongoing public health issues in Flint, and for assignment of a single person to provide this coordination. We addressed these concerns in a letter to you on December 7, 2015, and you responded with immediate adoption of these recommendations. We thank you for the commitment your response demonstrates.

In our continuing efforts, we have now interviewed numerous individuals at state and local levels; reviewed many documents, articles, and emails; and deliberated repeatedly as a group. Both individually and as a group, we have visited Flint several times during the past several weeks to meet with citizens, public health officials and healthcare providers, individuals who have water management responsibilities at the city and county levels, and other public officials.

It is clear to us, particularly as we listen to the people of Flint, that it is both critical and urgent to establish responsibility for what happened in their community and to ensure accountability. This is a first step in a long process to re-establish the trust they no longer have in their government and the agencies whose responsibility it is to protect their health. It is urgent because this deep distrust of government continues to compromise the effective delivery of protective services designed to address ongoing public health issues. It is for these reasons that we are sending this letter at this time.

We believe the primary responsibility for what happened in Flint rests with the Michigan Department of Environmental Quality (MDEQ). Although many individuals and entities at state and local levels contributed to creating and prolonging the problem, MDEQ is the government agency that has responsibility to ensure safe drinking water in Michigan. It failed in that responsibility and must be held accountable for that failure.

The Safe Drinking Water Act (SDWA) places responsibility for compliance with its requirements on the public water system. In this instance, the City of Flint had the responsibility to operate its water system within SDWA requirements, under the jurisdiction of the MDEQ. The role of the MDEQ is to **ensure** compliance with the SDWA through its regulatory oversight as the primary agency having enforcement responsibility for the Flint water system.

The MDEQ failed in three fundamental ways.

Regulatory Failure

We believe that in the Office of Drinking Water and Municipal Assistance (ODWMA) at MDEQ, a culture exists in which "technical compliance" is considered sufficient to ensure safe drinking water in Michigan.

This minimalist approach to regulatory and oversight responsibility is unacceptable and simply insufficient to the task of public protection. It led to MDEQ's failure to recognize a number of indications that switching the water source in Flint would—and did—compromise both water safety and water quality. The MDEQ made a number of decisions that were, and continue to be, justified on the basis that federal rules "allowed" those decisions to be made. ODWMA must adopt a posture that is driven not by this minimalist technical compliance approach, but rather by one that is founded on *what needs to be done to assure drinking water safety.*

A culture change must occur within ODWMA. It must be driven by a mission that is aspirational regarding the role of the MDEQ in ensuring the safety and the quality of Michigan's drinking water. We believe, and have expressed to MDEQ Director Dan Wyant, that as a Great Lakes State, Michigan should aspire to have the safest drinking water in the nation, rather than merely aiming for technical compliance with regulatory requirements.

Failure in Substance and Tone of MDEQ Response to the Public

Throughout 2015, as the public raised concerns and as independent studies and testing were conducted and brought to the attention of MDEQ, the agency's response was often one of aggressive dismissal, belittlement, and attempts to discredit these efforts and the individuals involved. We find both the tone and substance of many MDEQ public statements to be completely unacceptable. In a real way, the MDEQ represents the public, including the very individuals it treated dismissively and disrespectfully in public statements. We recognize that the agency might disagree with the opinions of others on a variety of issues, including testing protocol, interpretation of testing results, the requirements of federal law and rules, and other matters. What is disturbing about MDEQ's responses, however, is their persistent tone of scorn and derision. In fact, the MDEQ seems to have been more determined to discredit the work of others—who ultimately proved to be right—than to pursue its own oversight responsibility.

Failure in MDEQ Interpretation of the Lead and Copper Rule

The federal Lead and Copper Rule (LCR) is central to what happened in Flint, because that rule, at least theoretically, is designed to prevent lead and copper contamination of drinking water. The federal LCR calls for "optimized corrosion control treatment," which the MDEQ did not require in the switch to the Flint River. Prior to the switch, MDEQ staff instructed City of Flint water treatment staff that corrosion control treatment (CCT) was not necessary until two six-month monitoring periods had been conducted. The need for CCT would be evaluated after the results from those two monitoring periods were reviewed. The decision not to require CCT, made at the direction of the MDEQ, led directly to the contamination of the Flint water system.

The MDEQ seems to have taken different positions on whether it faithfully followed the LCR in the Flint situation. It first maintained that it followed the LCR, then stated that it did not follow the rule properly, and most recently claimed that a federal memorandum issued by the US EPA in early November 2015 suggests that the original MDEQ interpretation was possibly correct.

We are not convinced. Even the MDEQ's latest interpretation of the US EPA's November memorandum is overly legalistic and misunderstands the intent of the LCR, which is to minimize risks of lead and copper exposure for human health.

We believe ODWMA's single-minded legalistic focus is the heart of the problem, and it is part of the "technical compliance" culture described above. ODWMA should not be basing its actions solely on a

legally possible interpretation of the LCR. It should be focusing on how to protect Michigan's citizens from lead in drinking water.

We met with MDEQ Director Wyant on December 16, 2015, to discuss these issues, as well as many others. We note his substantial agreement with many of our conclusions, particularly as it relates to the regulatory failure and the abysmal public response of his agency. It is our understanding that he has drawn similar conclusions in his own evaluation of the MDEQ's role in the Flint water crisis. At the same time, it was disappointing to hear his weak defense of the CCT decision based on the EPA's November 2015 memorandum.

We are not finished with our work. Other individuals and entities made poor decisions, contributing to and prolonging the contamination of the drinking water supply in Flint. As an example, we are particularly concerned by recent revelations of MDHHS's apparent early knowledge of, yet silence about, elevated blood lead levels detected among Flint's children. We also feel it important to further review local government decision processes under emergency management Our final report will highlight and discuss those concerns, among many others, to provide some context to a comprehensive series of recommendations. **As stated earlier in this letter, however, we believe that establishing responsibility is a critical and urgent need, and one that should not wait for our final report in 2016. Individuals and agencies responsible must be held accountable in a timely fashion.**

It is our hope that the heightened awareness of the dangers of lead poisoning can be an opportunity to make Michigan safer, particularly for its children. Drinking water must be recognized as a potential source of health risk exposure when water lines and fixtures containing lead are disturbed or compromised. Proper testing, not only in high-risk areas but also in facilities serving children (e.g., schools), must be considered. Facilitating long-term financing of a model public health program, and also replacement of lead-containing water service lines and fixtures, would enable Michigan to realize a positive lasting legacy from the tragedy of the Flint water crisis. Our final report will address some of these issues

The City of Flint's water customers—fellow Michigan citizens—were needlessly and tragically exposed to toxic levels of lead through their drinking water supply. They deserve a commitment to properly assess responsibility and ensure accountability. They also deserve a commitment to needed mitigation in both the short and long term. The Flint water crisis never should have happened. Having failed to prevent it, state government should coordinate a sustained, public-health-focused response to remedy, to the fullest extent possible, the impacts on the Flint community.

Respectfully yours,

Flint Water Advisory Task Force:

Matt Davis
Chris Kolb
Larry Reynolds
Eric Rothstein
Ken Sikkema

Robert, Carla M. (Treasury)

From: Hollins, Harvey (GOV) <hollinsh@michigan.gov>
Sent: Monday, December 28, 2015 3:52 PM
To: Baird, Richard (GOV); Wyant, Dan (DEQ); Lyon, Nick (DHHS); Holland, Meegan (GOV); Agen, Jarrod (GOV)
Cc: Krisztian, George (DEQ); Brownfield, Michael (GOV); Thelen, Mary Beth (DEQ); Khouri, Nick (TREASURY); Etue, Kriste (MSP); Whiston, Brian (MDE)
Subject: RE: Comments on SoS
Attachments: 20151228_SoS Draft DEQ.docx

Dan,
Thanks for putting this draft together. I agree with Rich's edits, and the attached document has my recommendations. Also, I suggest we add the following departments to comment on this document as the issue in Flint now goes beyond water quality: Treasury, MSP and Dept. of Education. I've taken the liberty to solicit comments from the added directors through this reply.

Best,
Harvey

-----Original Message-----
From: Baird, Richard (GOV)
Sent: Monday, December 28, 2015 12:36 PM
To: Wyant, Dan (DEQ) <WyantD@michigan.gov>; Lyon, Nick (DHHS) <LyonN2@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Holland, Meegan (GOV) <HollandM2@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>
Cc: Krisztian, George (DEQ) <krisztiang@michigan.gov>; Brownfield, Michael (GOV) <BrownfieldM2@michigan.gov>; Thelen, Mary Beth (DEQ) <THELENM2@michigan.gov>
Subject: Comments on SoS

Dan:

I added Jarrod and Meegan since we were engaged with Harvey and with Governor Thursday morning last week. I may be advocating a higher degree of "aggression" than others deem proper and I will defer to Jarrod after having had my say.

My key points on the attached (with suggested language and which have been highlighted) are:

1). Apologize. It happened on our watch and it shouldn't have happened, no matter what the law says.

2). Invite those who were the biggest burrs under the saddle to come work with us. In fact, we should be articulating how they have already been invited to our labs to collaborate on the findings and conclusions.

3). Start framing the infrastructure problem. We have huge problems throughout the state with aged piping and plumbing. Ignoring it will be at the peril of future generations. We should put a number out there on what it is going to take to fix it or conclude it is safe for generations to come.

Thanks for taking the lead.

Regards,

Rich

I have put Comments/Questions/Suggestions in [ ]...

Draft –Not for Distribution 12/28/15

TAKING ACTION ON FLINT WATER

[I would start off with an apology..."Among the things our citizens have a right to expect from their government is clean, safe water. In Flint's case, government failed them on many levels. As the Chief Executive of the state, I apologize for these failures and am absolutely committed to making things right. I would ask that all of our leaders at the local, state and federal level, work with me to solve the immediate problems and put in place long term measures to monitor and address the consequences from exposure. I also want to thank Dr. Mona Attisha Hannah and Dr. Marc Edwards for their diligence in making sure I understood the severity of the problem before us.]

• ~~Flint~~ Every municipality in Michigan deserves safe drinking water.

• ~~The issues around Flint's drinking water represent the challenges of aging infrastructure~~

• As Governor, I am committed to addressing the issue.

• Lead exposure is a serious issue.

• I appreciate those who have brought attention to this issue.

• We are committed to safe drinking water and to working in partnership with the city of Flint, Genesee County, and the U.S. EPA.

• We must learn from what happened in Flint.

• In October, I announced a ten point action plan to address lead exposure in Flint.

• Today, I am outlining additional actions to make sure the public health is protected in Flint and elsewhere in the State of Michigan.

• I am asking for changes in order to see that the Michigan Drinking Water Program becomes a national leader in public health protection.

On October 2, 2015 the Flint Water Action Plan was announced. With the help of the Michigan Legislature and the Mott Foundation, we have taken significant action to address the issue. Actions include:

• Switching back to the Great Lakes Water Authority/DWSD water supply (October 16, 2015)

Commented [HH1]: The issue in Flint is the failure of Government to ensure safe drinking water. The aging infrastructure exacerbated that failure, and serves as the canary in the coal mine re the need for the legislature to address water and sewage infrastructure statewide.

Commented [HH2]: It is important to note that this switch is temporary until KWA is online.

• Provided water filters to residents of Flint. (DHHS to provide update) [Distribution has been a problem--are we addressing it?]

• Testing all Flint schools, preschools and day cares. Summary of results to date.(George to provide)

• Expanded health exposure testing of individual residences. Summary of results to date. (Nick to provide)

• Offer water testing at no cost to Flint residents to assure safe water. Summary of results to date. (George to provide)

• Expedite optimizing corrosion control in the Flint drinking water system. Summary of date completed. (George to summarize)

• Utilize the "Safe Drinking Water Technical Advisory Committee." To ensure the best technology, practices and science are being utilized; national experts have been assembled to provide technical advice. [Will you include Dr. Mona? Larry Reynolds? Mark Edwards?]

• Accelerate water system improvement to address replacement of lead service lines. We are working with the city of Flint and our Congressional delegation on a lead service line replacement plan.

• Working to expedite the completion of the Karegnondi Water Authority. And to provide the expertise to upgrade the water treatment facility in Flint to ensure that the drinking water from KWA is at least the same quality as the water from GLWA/DWSD

• Expand a lead education program.
(DHHS to provide update)

• Dr. Eden Wells was named as the Flint Drinking Water Public Health Advisor to ensure safe drinking water.

[Flint's Head of Mott Children's Hospital, Dr. Larry Reynolds was named to the Flint After Action Task Force].

In addition to the announced Flint Action plan, I am calling for additional actions to be taken.

• Recently appointed Harvey Hollins to serve as my administration's point person to coordinate ongoing activities and partner with the city of Flint. [Harvey will be supported by senior members of my executive team to remove impediments and ensure efficient coordination at all levels.]

• Asking the DEQ to develop a statewide drinking water school testing program.

• Asking for changes in the Michigan Drinking Water Program in order for it to be recognized as a national leader in public health including:
o New administrative leadership.
o Creation of corrosion control expertise.
o Expanded statewide testing.
o Improved testing protocols.

• The creation of a health fund for children affected by lead exposure.

• Calling on the Legislature to work with my administration and stakeholders to develop a Strategic Water Fund to address Michigan's long term safe water and water quality infrastructure needs. [This can't get lost. Need more to educate people that our infrastructure is old, that the average city of 50,000 or more likely requires $$$ in remediation. At some point the anti corrosive treatment is not likely to be sufficient.]

• I will look to implement additional recommendations of the Flint Water Advisory Task Force, and I appreciate their leadership on this issue. [I would say more here—the TF was bi-partisan, independent, and staffed by incredible talent. It has done an incredible job].

• Ensure transparency for the public regarding actions taken in Flint to resolve this crisis

Sent from my iPad

On Dec 28, 2015, at 10:14 AM, Wyant, Dan (DEQ) <WyantD@michigan.gov> wrote:

Please edit, correct, and expand summaries as indicated in the attached document called Taking Action on Flint Water Draft 12-28-15. This document is intended to serve as a basis for the Governor to address the Flint drinking water issue in the State of the State and budget announcement.

I have also attached a pdf of a document called Drinking Water Program Budget Request for your information.

Please send your response back to me and also copy all by Monday, January 4, 2016, Close of Business.

Thank you.

Dan Wyant
Director
517-284-6700
<TAKING ACTION ON FLINT WATER DRAFT 12-28-15.docx>

<Drinking Water Program Budget Request.pdf>

Cline, Richard (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, December 29, 2015 5:26 PM
To: Cline, Richard (Treasury); Dempkowski, Angela (Treasury)
Cc: Natasha Henderson; Sean Kammer
Subject: RTAB Materials
Attachments: AP-City Council (December 14, 2015) FINAL.pdf; Summary Minutes - December 14, 2015 (FINAL) RTAB.pdf; RTAB Financial Report Transmittal 11-30-2015.pdf

Good afternoon,

Please find attached materials for the January 13th RTAB meeting. I have also attached the City Council 2016 meeting schedule. Also, the next meeting of the Flint City Council is scheduled for Wednesday, December 30, 2015 at 5:30 pm. I will send those materials after the meeting tomorrow.

Thank you.

--
Maxine Murray
Executive Assistant to
Dr. Karen W. Weaver, Mayor
City of Flint
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint, Michigan

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Meeting Agenda - Final

Monday, December 14, 2015

6:00 PM

Council Chambers

CITY COUNCIL

Kerry L. Nelson, President, Ward 3
Vicki VanBuren, Vice President, Ward 8

Eric Mays, Ward 1 ***Jacqueline Poplar, Ward 2***
Joshua M. Freeman, Ward 4 ***Wantwaz D. Davis, Ward 5***
Herbert J. Winfrey, Ward 6 ***Monica Galloway, Ward 7***
Scott Kincaid, Ward 9

Inez M . Brown, City Clerk

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

PRESENTATION OF COMMITTEE/COUNCIL MINUTES

150949 Summary Minutes/Flint City Council/Regular Meeting/November 23, 2015

Summary Minutes of the Flint City Council regular meeting held Wednesday, November 23, 2015, at 6:06 p.m., in the City Council Chambers, 3rd Floor, City Hall.

PUBLIC HEARINGS

PUBLIC COMMENT

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes on ANY ITEM PERTAINING TO THIS AGENDA.

PETITIONS AND UNOFFICIAL COMMUNICATIONS

150950 2015 Tax Rate Request/Michigan Department of Treasury/Flint Public Library District

Form L-4029 dated November 5, 2015, re: Millage Request Report to the County Board of Commissioners for a Flint Public Library property tax levy.

150951 Notice of Public Hearing/Michigan Public Service Commission [MPSC]

Notice of Public Hearing received November 23, 2015, re: Michigan Public Service Commission notice of hearing for the electrical customers of Consumers Energy Company, Case No. U-17918, to be held December 4, 2015, at 10:00 a.m., MPSC, Lansing.

150952 Proof of Service and Entire Tribunal Stipulation for Entry of Consent Judgment/Michigan Tax Tribunal/CPH Properties v. City of Flint/MTT Docket No. 15-002821

Communication December 2, 2015, 2015, re: Proof of Service and Entire Tribunal Stipulation for Entry of Consent Judgment filed with the Michigan Tax Tribunal by CPH Properties regarding Parcel No. 41-18-154-043 as it relates to its true cash, assessed and taxable values.

150953 Proof of Service and Small Claims Stipulation for Entry of Consent Judgment/Michigan Tax Tribunal/John N. and Patricia Pavlis v. City of

Flint/MTT Docket No. 15-005021

Communication December 2, 2015, 2015, re: Proof of Service and Small Claims Stipulation for Entry of Consent Judgment filed with the Michigan Tax Tribunal by John N. and Patricia Pavlis regarding Parcels No. 41-18-160-009 and 41-18-159-008 as it relates to their true cash, assessed and taxable values.

COMMUNICATIONS FROM CITY OFFICIALS

150954 Traffic Engineering/Closure Permits

Street and Lane Closures (5) dated November and December, 2015, re: (1) Stevens, Harrison, Boulevard, Kearsley, Wallenberg, Chavez, First and Third Streets (YMCA Family Santa Run/Walk 5K and 1 Mile-Dec. 5th); (2) Harrison and Second Streets (pulling electrical cable-Dec. 9th); (3) Maplewood Avenue (Sunday Fun Day-Nov. 22nd); (4) Dupont Street (renewing gas services-Nov. 30th); and (5) Kearsley and Forest Streets (Holiday Walk-Dec. 1st).

ADDITIONAL COMMUNICATION

APPOINTMENTS

APPOINTMENTS - MAY BE REFERRED FROM COTW

150956 Appointment/[Hurley] Board of Hospital Managers/Ada C. Washington

Resolution approving the appointment of Ada C. Washington (1505 Arrow Lane, Apt. 302, Flint, Michigan, 48502) to the [Hurley] Board of Hospital Managers for the remainder of a five-year term, commencing immediately upon adoption of this resolution and expiring April 30, 2017, as requested by Mayor Karen Weaver. [NOTE: By way of background, Ms. Washington will serve the remainder of Mayor Karen Weaver's term.] [City Administrator Submission No. CA1222015]

150957 Re-Appointment/Flint District Library Board/Matthew Schlinker

Resolution approving the reappointment of Mr. Matthew Schlinker (919 Kensington Avenue, Flint, Michigan, 48503) to the Flint District Library Board for an additional three-year term commencing October 1, 2015, and expiring September 30, 2018, as requested by Mayor Karen Weaver. [City Administrator Submission No. CA1232015]

LICENSES

RESOLUTIONS

RESOLUTIONS - MAY BE REFERRED FROM COTW

150958 Office Depot/Office Supplies/Additional Spending Amount

Resolution resolving that the Finance Department is authorized to issue purchase orders to Office Depot for office supplies, as requested by Development, in an amount NOT-TO-EXCEED $4,000.00, for an aggregate spend amount of $103,925.00, AND, resolving that the Finance Department has the discretion for the remainder of FY2016 to spend an additional amount of not more than 5% of the aforementioned aggregate spend amount to Office Depot for unanticipated requests that may be submitted. [City Administrator Submission No. CA1242015]

150959 CO[#1]/Pricing Proposal/McNaughton McKay Electric/Electrical Supplies

Resolution resolving that the Finance Department is authorized to issue a change order for the second year of a three-year renewable pricing proposal [with McNaughton McKay Electric] for electrical supplies for the FY2015, FY2016 and FY2017 fiscal years, as requested by Utilities, in the amount of $20,000.00, for an aggregate spend amount of $229,500.00 over the first and second years of the three-year pricing proposal, AND, resolving that the Finance Department has the discretion for the remainder of the term of this three-year renewable pricing proposal to spend an additional amount of not more than 5% of the annual requested spend amount to McNaughton McKay Electric for unanticipated requests that may be submitted during the remainder of the agreement.

150960 Budget Amendment/Planning Division/Imagine Flint Neighborhood Planning Grant/Ruth Mott Foundation

Resolution resolving that the appropriate City Officials are authorized to process a budget amendment recognizing grant revenue and the corresponding appropriation of funds under Grant Code LRM-16-NPLAN, in the amount of $320,000.00, as requested by the Planning Division for the implementation of the Imagine Flint Neighborhood Planning Initiative. [City Administrator Submission No. CA1252015]

150961 Budget Amendment/Police Department/FY15 National Sexual Assault Kit Initiative [SAKI]/U.S. Department of Justice Grant

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to appropriate revenue and expenditure amounts in Fund-Dept No. 298-301.732, under Grant Code FDOJ-15-SAKI, in compliance with U.S. Department of Justice Grant Award No. 2015-AK-BX-K016, in the amount of $1,166,409.00, as requested by the Police Department to address the issue of unsubmitted sexual assault kits. [City Administrator Submission No. CA1262015]

150962 Budget Amendment/Police Department/DANY Sexual Assault Kit Backlog Elimination Program/District Attorney's Office of New York [DANY]

Resolution resolving that the appropriate City Officials are authorized to do all

things necessary to appropriate revenue and expenditure amounts in Fund-Dept No. 296-301.733, under Grant Code ODANY-15-SAK, in compliance with New York County District Attorney's Office Sexual Assault Kit Backlog Elimination Grant Program guidelines, in the amount of $163,590.00, as requested by the Police Department to address the issue of unsubmitted sexual assualt kits. [City Administrator Submission No. CA1272015]

150963 Budget Amendment/Planning & Development/Professional Services in City of Flint Parks/Ruth Mott Foundation

Resolution resolving that the appropriate City Officials are authorized to process a budget amendment recognizing grant revenue and corresponding appropriation of funds under Grant Code LRM-16-PKMOW [in the amount of $68,400.00], as requested by Planning & Development for the mowing and maintenance of City parks between November 2015 and October 2016. [City Administrator Submission No. CA1282015]

150964 Budget Amendment/5th Division/Consolidation of 67th and 68th District Courts

Resolution resolving that the amended 5th Division budget amendment for the consolidation of the Sixty-Seventh [67th] and Sixty-Eighth [68th] District Courts, as approved by the Genesee County Board of Commissioners, is hereby authorized as requested by the Finance Department. [City Administrator Submission No. CA1302015]

SPECIAL ORDER

150955 Special Order/Mayor Karen Weaver

A special order to allow for remarks by Mayor Karen Weaver.

LIQUOR LICENSES

ORDINANCES - First Reading

ORDINANCES - Second Reading

PUBLIC SPEAKERS

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes IN GENERAL.

ADDITIONAL COUNCIL DISCUSSION

ADJOURNMENT

150949

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

City of Flint, Michigan
Summary Meeting Minutes For
CITY COUNCIL

Kerry L. Nelson, President, Ward 3
Vicki VanBuren, Vice President, Ward 8

Eric Mays, Ward 1 — *Jacqueline Poplar, Ward 2*
Joshua M. Freeman, Ward 4 — *Wantwaz D. Davis, Ward 5*
Herbert J. Winfrey, Ward 6 — *Monica Galloway, Ward 7*
Scott Kincaid, Ward 9

Inez M. Brown, City Clerk

Monday, November 23, 2015 | **6:06 PM** | **Council Chambers**

SUMMARY FOR 12-14-2015 CITY COUNCIL AGENDA

150941 Special Order/Flint City Council

A special order to allow for a presentation by Council President Kerry L. Nelson.

Presented

150938 Summary Minutes/Flint City Council/Regular Meeting/November 9, 2015

Summary Minutes of the Flint City Council regular meeting held Monday, November 9, 2015, at 6:07 p.m., in the City Council Chambers, 3rd Floor, City Hall.

A motion was made by Councilperson Freeman, seconded by Councilperson Galloway, that this matter be Placed on File. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Davis, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Winfrey

150939 Summary Minutes/Flint City Council/Special Meeting/November 18, 2015

Summary Minutes of the Flint City Council special meeting held Wednesday, November 18, 2015, at 6:02 p.m., in the City Council Chambers, 3rd Floor, City Hall.

A motion was made by Councilperson Freeman, seconded by Councilperson Galloway, that this matter be Placed on File. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Davis, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Winfrey

150940 Traffic Engineering/Closure Permits

Lane Closures (2) dated November, 2015, re: (1) SB Chavez Drive (repairing utility cuts-Nov. 9th); and (2) Dort Highway (repairing utility cuts-Nov. 9th).

A motion was made by Councilperson Freeman, seconded by Councilperson Kincaid, that this matter be Placed on File. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Davis, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Winfrey

150929 CO#5/Contract/Lockwood, Andrews & Newnam/Implementation of Water Plant Operations

Resolution authorizing the appropriate City Officials to do all things necessary to enter into change order #5 [to the contract with Lockwood, Andrews & Newnam for the implementation of Water Plant operations], as requested by the Department of Public Works (DPW), in an amount NOT-TO-EXCEED $907,650.00, for a revised contract amount of $3,888,090.00 [Acct. No. 591-536.100-801.000]. [City Administrator Submission No. CA1142015]

SEPARATED FROM MASTER RESOLUTION

150932 Budget Amendment/Uncommitted Community Development Block Grant (CDBG) Funds/CO#2/Contract/Hi Tech Protection/Smith Village Security Patrolling

Resolution authorizing the appropriate City Officials to do all things necessary to process a budget amendment moving funds from CDBG Uncommitted Accounts to Smith Village Project Accounts, and [enter into] change order #2 to the contract with Hi Tech Protection for Smith Village Security Patrolling, as requested by Community and Economic Development (CED), in an amount NOT-TO-EXCEED $89,653.00, for a revised contract amount of $181,688.00, and extend the contract term until March 2016. [City Administrator Submission No. CA1182015]

SEPARATED FROM MASTER RESOLUTION

150936 CO#4/Contract/Complete Towing/Towing and Storing of Vehicles

Resolution authorizing the Mayor and City Administrator to do all things necessary to enter into change order #4 to the contract with Complete Towing for the towing and storage of vehicles until June 30, 2017, as requested by the Police Department, in an aggregate amount of $425,000.00 ($125,000.00 for FY2016 and $300,000.00 for FY2017) [General Fund Acct. No. 101-305.206-801.000]. [City Administrator Submission No. CA1162015]

SEPARATED FROM MASTER RESOLUTION

150937 CO#1/Contract/Michigan Department of Transportation (MDOT)/Dupont Street Project/Priority Roads Investment Program (PRIP) Grant/Extension of Completion Deadline

Resolution authorizing the appropriate City Officials to enter into change order #1 to Michigan Department of Transportation (MDOT) Contract No. 15-0097 to extend the completion date for the Dupont Street Project (Stewart Avenue to Carpenter Road) until December 31, 2016, as requested by Transportation. [City Administrator Submission No. CA1212015]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150929 CO#5/Contract/Lockwood, Andrews & Newnam/Implementation of Water Plant Operations

Resolution authorizing the appropriate City Officials to do all things necessary to enter into change order #5 [to the contract with Lockwood, Andrews & Newnam for the implementation of Water Plant operations], as requested by the Department of Public Works (DPW), in an amount NOT-TO-EXCEED $907,650.00, for a revised contract amount of $3,888,090.00 [Acct. No. 591-536.100-801.000]. [City Administrator Submission No. CA1142015]

A motion was made by Councilperson Freeman, seconded by Councilperson Kincaid, that this matter be Adopted. The motion carried by the following vote:

Aye: 6 - Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Davis, Vice President VanBuren and Councilperson Kincaid

No: 2 - Councilperson Mays and Councilperson Galloway

Absent: 1 - Councilperson Winfrey

150932 Budget Amendment/Uncommitted Community Development Block Grant (CDBG) Funds/CO#2/Contract/Hi Tech Protection/Smith Village Security Patrolling

Resolution authorizing the appropriate City Officials to do all things necessary to process a budget amendment moving funds from CDBG Uncommitted Accounts to Smith Village Project Accounts, and [enter into] change order #2 to the contract with Hi Tech Protection for Smith Village Security Patrolling, as requested by Community and Economic Development (CED), in an amount NOT-TO-EXCEED $89,653.00, for a revised contract amount of $181,688.00, and extend the contract term until March 2016. [City Administrator Submission No. CA1182015]

A motion was made by Councilperson Freeman, seconded by Councilperson Kincaid, that this matter be Adopted. The motion carried by the following vote:

Aye: 7 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Davis, Vice President VanBuren and Councilperson Kincaid

No: 1 - Councilperson Galloway

Absent: 1 - Councilperson Winfrey

150936 CO#4/Contract/Complete Towing/Towing and Storing of Vehicles

Resolution authorizing the Mayor and City Administrator to do all things necessary to enter into change order #4 to the contract with Complete Towing for the towing and storage of vehicles until June 30, 2017, as requested by the Police Department, in an aggregate amount of $425,000.00 ($125,000.00 for FY2016 and $300,000.00 for FY2017) [General Fund Acct. No. 101-305.206-801.000]. [City Administrator Submission No. CA1162015]

Adopted

Substituted

Amended

A motion was made by Councilperson Freeman, seconded by Councilperson Kincaid, that this matter be Adopted. The motion carried by the following vote:

Aye: 6 - Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Davis, Vice President VanBuren and Councilperson Kincaid

No: 2 - Councilperson Mays and Councilperson Galloway

Absent: 1 - Councilperson Winfrey

150956

RESOLUTION NO.: CA 12 22 2015

PRESENTED: 12-3-15

ADOPTED: _____

RESOLUTION APPROVING THE APPOINTMENT OF ADA C. WASHINGTON TO THE BOARD OF HOSPITAL MANAGERS FOR THE REMAINDER OF DR. KAREN W. WEAVER'S TERM

BY THE MAYOR:

Dr. Karen W. Weaver, Mayor, desires to appoint Ada C. Washington to the Board of Hospital Managers for the remainder of her term that shall expire April 30, 2017; and,

Mayor Weaver recommends the appointment of Ada C. Washington (1505 Arrow Lane, Apartment 302, Flint, MI 48502) to serve out the remainder of her five-year term on the Board of Hospital Managers, commencing immediately upon adoption of this resolution, and expiring April 30, 2017.

IT IS RESOLVED that the Flint City Council approves the appointment of Ada C. Washington (1505 Arrow Lane, Apartment 302, Flint, MI 48502) to serve out the remainder of Dr. Karen W. Weaver's five-year term on the Board of Hospital Managers, commencing immediately upon the adoption of this resolution, and expiring April 30, 2017.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

FOR THE CITY:

Dr. Karen W. Weaver, Mayor

APPROVED BY THE FLINT CITY COUNCIL:

PRESENTED TO CITY COUNCIL: 12/14/2015
ADOPTED BY CITY COUNCIL: 12/14/2015

Memorandum

To: Mayor Dr. Karen Weaver

From: Ada C. Washington

Re: Consideration for Appointment to the Hurley Medical Center Board of Managers

Date: November 30, 2015

Our community faces challenges that cross all social backgrounds, social strata, and community demographics. Hurley Medical Center has been a stalwart in the ongoing battle to save lives and help people. As we move through these challenges in our quest for quality care, it would be an honor to be affiliated with an organization that makes a positive impact in the lives of so many people.

Although my background has focused on creativity and education, having served as a member of the Citizen's Banking Corporate Board of Directors, as well as a member of various community boards and organizations, and on a lighter, but very significant note, being the only lawyer in my household without a law license, I am well prepared to be a valued member of the Hurley Medical Center Board of Managers.

ADA C. WASHINGTON

1505 Arrow Lane, Flint MI 48507
Home 810-742-2441
Cell 810-691-2003
Email: akay0919@aol.com

EDUCATION:

Bachelor of Science, Secondary Education Music Grambling College, Grambling, LA	1972
Masters of Arts Eastern Michigan University, Ypsilanti, MI	1982
Writing for Children and Teenagers Institute of Children's Literature, W. Redding, CT	2005 – Present

PROFESSIONAL EXPERIENCE:

Flint Community Schools Music Education	1973-1985
Full Time Mom and Home Administrator	1985 – 2005
President, Vada, Inc.	2005 – Present
Top-Shelf Lacrosse Director/Manager	2012 - 2014

BOARDS OF DIRECTORS:

Genesee County Bar Auxiliary President	1987 - 1995 1991 - 1992
Center Stage Productions	1988
Michigan Lawyers Auxiliary	1991 – 1993

McLaren Health Care Corporation
Foundation Board 1993 – 1995
401 Children's Fund

Citizens Banking Corporation
Community Director
Michigan Director
Corporate Director 1993 – 2005

American Bar Association Auxiliary
Michigan State Representative 1993 – 1996

Flint Institute of Music
Organized Children's Choir from FCS to
Perform with the Flint Symphony 1991 - 1993

The Valley School 2001

ARTISTIC ENDEAVORS:

Original Works and Performances:

Founded – Miller's Kids
Flint Students' Performing Arts Group 1980 – 1985

McCree Theater Production of the "Wiz"
Role as Glenda the Good Witch 1982

Producer – Trial of Alice in Wonderland – Musical
Doyle Ryder School 1995

Writer and Producer – The Three Little pigs – Musical
Doyle Ryder School 1996

Writer and Producer – The Three Little Pigs – Musical
The Valley School 2001

Writer and Producer – The Apple Fuddggie Festival
The Valley School 2002

Writer and Producer – The Three Little Pigs – Musical
Stewart Community School 2004

Writer and Producer – Pigsburgh™ Musical
"Know Place Like Home" 2005

Writer and Producer – "Aunty K n'em™ in Pigsburgh™
Compact Disc 2005

McCree Theatre Production – "Fame
Director 2009

Art Exhibition Organization:

Luther Washington – "Transitions" January 1995

Students of Doyle Ryder School June 1995

VOLUNTEER ORGANIZATIONS:

Genesee County March of Dimes
Honorary Chairperson 1986 - 1988

Junior League of Flint
Visually Impaired Center 1987

Urban Community Youth Outreach
Metropolitan Baptist Church & Urban Coalition
Fundraising Dinner Multicultural Arts Exhibit 1989

Pierians, Inc. Flint Chapter – Arts Organization
Founding Member and First President 1990 – 1993

Flint Cultural Center Organizational Committee
Representing Flint Community Schools 1991

Pierians Inc. National Organization
Corresponding Secretary 1993 – 1994

Flint Institute of Arts
Docent 1995

Learning Communities Network, Inc.
The Rockefeller Study
Flint Community Schools Parent Representative 1997 – 1999

Director of Children's Choir
St. Paul's Episcopal Church 2001 – 2003

SOCIAL MEMBERSHIPS:

Delta Sigma Theta – Life Member
Flint Alumni Chapter

Society of Children's Book Writers & Illustrators
Member

AWARDS:

Ike Award
Distinguished Service to Eisenhower School 1980

Doyle – Ryder School Appreciation Award
Trial of Alice in Wonderland 1995

150957

RESOLUTION NO.: CA129 2015

PRESENTED: 12-11-15

ADOPTED: _____

RESOLUTION APPROVING THE REAPPOINTMENT OF MATTHEW SCHLINKER TO THE FLINT DISTRICT LIBRARY BOARD

BY THE MAYOR:

Matthew Schlinker's term on the Flint District Library Board expired September 30, 2015; and

Mr. Schlinker, 919 Kensington Avenue, Flint, Michigan, 48503, has expressed a sincere interest in continuing to serve on the Flint District Library Board; and

Mayor Weaver recommends and supports the reappointment of Matthew Schlinker to the Flint District Library Board.

IT IS RESOLVED that the Flint City Council approves the reappointment of Matthew Schlinker (919 Kensington Avenue, Flint, Michigan, 48503) to serve an additional three-year term on the Flint District Library Board, commencing October 1, 2015, and expiring September 30, 2018.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

FOR THE CITY:

Dr. Karen W. Weaver, Mayor

Natasha L. Henderson, City Administrator

APPROVED BY THE FLINT CITY COUNCIL:

Kerry Nelson, President

PRESENTED TO CITY COUNCIL: 12/14/2015
ADOPTED BY CITY COUNCIL: 12/14/2015

150958

(Proposal #380)

SUBMISSION NO.: CA 1232015

PRESENTED: 12-11-15

ADOPTED: _____

RESOLUTION TO OFFICE DEPOT FOR OFFICE SUPPLIES

BY THE CITY ADMINISTRATOR

RESOLUTION

On August 13, 2015 the Receivership Transition Advisory Board (RTAB) authorized the Finance Department, Purchasing and Supplies Division, to issue purchase orders to Office Depot, 2200 Old Germantown Rd., Delray Beach, FL for office supplies in an amount not to exceed $99,925.00 as requested by various departments, and

The Development Department has submitted a request to procure said supplies in an amount not to exceed $4,000.00 as a result of receiving additional funding from a grant. The funding for this purchase will come from the following account: 296-691.400-726.000 FHUD14CHOICE; and

IT IS RESOLVED, that the Finance Department is authorized to issue a purchase order to Office Depot for office supplies in an amount not to exceed $4,000.00 which results in an aggregate spend amount of $103,925.00 to said vendor. (Other Grants Fund)

BE IT FURTHER RESOLVED, that the Finance Department has the discretion for the remainder of the FY16 fiscal year to spend an additional amount of not more than 5% of the aforementioned aggregate spend amount to Office Depot for unanticipated requests that may be submitted.

APPROVED PURCHASING DEPT.:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Judy N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:

Peter M. Bode, Chief Legal Officer

RECEIVERSHIP TRANSITION ADVISORY BOARD:

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Kerry Nelson, Council President

PRESENTED TO CITY COUNCIL: 12/14/2015
ADOPTED BY CITY COUNCIL: 12/14/2015

RESOLUTION STAFF REVIEW FORM

DATE: December 10, 2015

Agenda Item Title: RESOLUTION TO ISSUE A PURCHASE ORDER TO OFFICE DEPOT FOR MISCELLANEOUS OFFICE SUPPLIES FOR FOR THE CHOICE NEIGHBORHOODS PLANNING GRANT.

Prepared By: Mary Jarvis, Senior Accountant

Background/Summary of Proposed Action:

In accordance with the Master Plan, the City applied for a Choice Neighborhoods Planning Grant, from the U.S. Department of Housing and Urban Development, along with a co-applicant, the Flint Housing Commission (FHC). The resolution accepting the grant was not adopted until April 20, 2015. The budget was not entered until July 24, 2015, therefore the request for an Office Depot purchase order was not entered at the same time as other annual requests. This resolution authorizes the City issue a purchase order to Office Depot in the amount of $4,000 to provide office supplies as authorized by the Choice Neighborhoods Planning Grant.

Financial Implications:
$4,000 to be encumbered by a purchase order issued to Office Depot to provide office supplies for the Choice Neighborhoods Planning Grant.

Budgeted Expenditure: Yes __X__ No ___ **Please explain, if no:** _____

Account Number: 296-691.400-726.000 **Grant Code:** FHUD14CHOICE ✓

Pre-encumbered: Yes __X__ No ___ **Requisition # 150000987**

Staff Recommendation:
The Director of Department of Planning and Development/Chief Planning Officer recommends approval of this resolution.

Staff Person: _____
Brian Larkin, Director of Planning and Development

PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
GRANTS (296) - JANUARY 2016 SUMMARY

Reso #	Council Review Date	Description	Division	Approval Status	296-691.400-726.000	
Amended Budget					**$**	**4,510.42**
Year-to-date Balance					**$**	**61.04**
Purchase Orders Approved					**$**	**-**
Available Balance					**$**	**4,449.38**
CA1232015	12/14/2016	Office Depot - Choice Neighborhoods Grant Office Supplies	Planning & Develop.		$	4,000.00
				Pending RTAB Approval Totals	**$**	**4,000.00**
Ending Year to Date Balance Pending Council and RTAB Approval					$	449.38

150959

(Proposal #15000510)

SUBMISSION NO.: CA1242015

PRESENTED: 12-11-15

ADOPTED: _____

RESOLUTION TO MCNAUGHTON MCKAY ELECTRIC FOR ELECTRICAL SUPPLIES

BY THE CITY ADMINISTRATOR

RESOLUTION

On September 9, 2015 the Receivership Transition Advisory Board (RTAB) adopted resolution #CA0672015 in the amount of $97,000.00 with McNaughton McKay Electric, 1011 E. Fifth Ave., Flint, MI 48501 for approval of the second year of a three year renewable pricing proposal for electrical supplies for the FY15, FY16, and FY17 fiscal years as requested by various departments, and

The DPW Utilities Water Treatment Plant has submitted a change order request for an additional $20,000.00 needed for electrical supplies due to multiple upgrades and repairs underway in preparation for the KWA raw water connection. The funding for this purchase will come from the following account: 591-545.201-726.000 and

IT IS RESOLVED, that the Finance Department is authorized to issue a change order for the second year of a three year renewable pricing proposal for electrical supplies for the FY15, FY16, and FY17 fiscal years as requested by the DPW Utilities Water Treatment Plant in an amount of $20,000.00 (Water Fund) which results in an aggregate spend amount of $229,500.00 over the first and second years of the three year pricing proposal.

BE IT FURTHER RESOLVED, that the Finance Department has the discretion for the remainder of the term of this three year renewable pricing proposal to spend an additional amount of not more than 5% of the annual requested spend amount to McNaughton McKay Electric for unanticipated requests that may be submitted during the remainder of the agreement.

APPROVED PURCHASING DEPT.:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

RECEIVERSHIP TRANSITION ADVISORY BOARD:

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Kerry Nelson, Council President

PRESENTED TO CITY COUNCIL: 12/14/2015
ADOPTED BY CITY COUNCIL: 12/14/2015

RESOLUTION STAFF REVIEW

December 7, 2015

Agenda Item Title: Water Plant – Electrical Supplies and Parts

Background/Summary of Proposed Action:
The Flint Water Plant is requesting a change order to P.O. 15-000703 with McNaughton McKay in the amount of $20,000.00. The change order is needed due to the multiple upgrades and repairs currently in progress so the plant is ready when the KWA raw water arrives.

Financial Implications:
Please approve the change order to P.O. 15-000703 with McNaughton McKay for the Water Plant in the FY 2016 amended budget amount of $20,000.00 using account 591-545.201-726.000.

Budgeted Expenditure? **Yes X** **No** **Please explain if no:**

Account No.: 591-545.201-726.000, Parts and supplies

Pre-encumbered? **Yes X** **No** **Requisition: 150001062**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Approve

Department Approval:

PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
WATER FUND (591) - JANUARY 2016 SUMMARY

Reso #	Council Review Date	Description	Division	Approval Status	591-545.201-726.000
Amended Budget					**$ 230,000.00**
Year-to-date Balance					**$ 39,199.71**
Purchase Orders Approved					**$ 131,669.01**
Available Balance					**$ 59,131.28**
CA1242015	12/14/2015	McNaughton McKay Electric - Electrical Supplies	Water Plant		$ 20,000.00
				Pending RTAB Approval Totals	**$ 20,000.00**
Ending Year to Date Balance Pending Council and RTAB Approval					$ 39,131.28

150960

RESOLUTION NO.: CA12520 15

PRESENTED: 12-11-15

ADOPTED: _____

RESOLUTION APPROVING A BUDGET AMENDMENT FOR IMAGINE FLINT NEIGHBORHOOD PLANNING GRANT FROM RUTH MOTT FOUNDATION

BY THE CITY ADMINISTRATOR:

The City was awarded grant funding from the Ruth Mott Foundation in the amount of $320,000.00; and

This grant is for the implementation of the *Imagine Flint* Neighborhood Planning Initiative; and

This program is an effort, led by the City of Flint Planning Division, to work with residents of Flint to develop neighborhood specific plans and strategies over the next two years.

IT IS RESOLVED that appropriate City officials are authorized to process a budget amendment recognizing grant revenue and corresponding appropriation of funds under grant code LRM-16-NPLAN in the amount of $320,000.00.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

Jody N. Lundquist, Chief Financial Officer

FOR THE CITY OF FLINT:

Natasha L. Henderson, City Administrator

APPROVED BY CITY COUNCIL:

Kerry Nelson, City Council President

RECEIVERSHIP TRANSITION ADVISORY BOARD:

PRESENTED TO CITY COUNCIL: 12/14/2015
ADOPTED BY CITY COUNCIL: 12/14/2015

BUDGET AMENDMENT STAFF REVIEW FORM

DATE: **December 10, 2016**

Agenda Item Title: **RESOLUTION APPROVING A BUDGET AMENDMENT FOR IMAGINE FLINT NEIGHBORHOOD PLANNING GRANT FROM RUTH MOTT FOUNDATION**

Prepared By: Kevin Schronce, Planner III

Background/Summary of Proposed Action:

In November 2016, the City received grant funding from the Ruth Mott Foundation (RMF) for a two-year, neighborhood planning initiative. The program will be led by the Planning Division and afford the City the ability to work with residents of Flint to develop neighborhood specific plans and strategies across the City.

The grant is for two years and will allow the Division to hire a Neighborhood Planner and solicit professional services from consultants for plan development. The grant will also enable groups to implement strategies identified in their plan, through funding directly tied to plan execution.

The neighborhood planning initiative will allow the City to further implement its master plan, through the "creation of at least two neighborhood plans annually".

Financial Implications:

This grant leverages existing funds throughout the community, and delivers no impact to the City's General Fund accounts.

Budgeted Expenditure: Yes _X_ No _____ **Please explain, if no:**

Pre-encumbered: Yes __ No _X__

Account No.: To be appropriated by Finance under grant code LRM-16-NPLAN.

Reviewed and approved by M. Jarvis Mary Jarvis

Staff Recommendations:

The Director of Department of Planning and Development recommends approval of this budget amendment.

Brian Larkin, Director of Planning and Development

Ruth Mott Foundation
APPLEWOOD

November 6, 2015

Ms. Natasha Henderson
City Administrator
City of Flint
City Hall
1101 South Saginaw Street
Flint, MI 48502

Dear Ms. Henderson:

I am pleased to inform you the Ruth Mott Foundation has granted $320,000 to the City of Flint for the period 12/1/2015 through 11/30/2017.

Use of Grant
This grant is to be expended solely for the *Imagine Flint* - Neighborhood Planning Initiative (Grant ID: 2060) as outlined in your proposal dated 8/7/2015. Upon receipt of your acceptance, the grant will be paid to City of Flint.

The City of Flint confirms it will act as the fiscal sponsor for this project and this project will be under its complete control. The City of Flint further confirms it will exercise control over the process of selecting any secondary grantee or consultant, that the decision made or that will be made on any such selection is completely independent of the Ruth Mott Foundation, and there does not exist an agreement, written or oral, under which the Ruth Mott Foundation has created or may cause the selection of a secondary grantee or consultant.

The Foundation rarely commits significant grant funds for extended periods of time, and receiving a grant now does not guarantee renewal in the future. Unless this grant is for a one-time activity, grantees should cultivate other sources of support to ensure the sustainability of their program beyond the life of this grant.

We want to alert you to the fact that the Ruth Mott Foundation board is currently engaged in a strategic planning process and the Foundation's grantmaking priorities may change.

Grant Contingencies
The grant is contingent upon the following:

1) Payment in the amount of $144,750 for Year 1:
   - Receipt of signed commitment letter.
2) Payment in the amount of $175,250 for Year 2:
   - Receipt and approval of the Year 1 interim report due 12/29/2016.

Grant Accounting

- You may charge this grant only for services performed or equipment and material received during the grant period specified in this letter.
- You may charge this grant only for line item expenditures that were included in the approved budget in this letter.
- You are required to maintain financial records and receipts for expenditures relating to this project.

Plaza One Financial Center
111 E. Court St., Suite 3C • Flint, MI 48502-1649 • Phone: (810) 233-0170 • Fax: (810) 233-7022
E-Mail: rmf@ruthmott.org • www.ruthmott.org

- You are required to retain all records and supporting documentation relating to this grant for five years after the grant's termination date. You are also required to permit the Ruth Mott Foundation to have reasonable access to your files, records and personnel during the term of this grant and for five years thereafter for the purpose of making financial audits, verifications, or program evaluations.
- You will notify the Foundation immediately in writing of any significant changes in the organization, program or activity supported by the grant including, but not limited to, its budget, expenditures, objectives, key personnel, schedule, or other circumstances that could affect its purpose or intended outcomes.
    1. The Ruth Mott Foundation must approve variances that exceed both $1,000 and 20% over the budget line item amount 30 days in advance of the expenditure.
    2. The Ruth Mott Foundation must approve any variance that changes the grant period or reporting dates, 30 days in advance of the grant end date.
    3. Expenses related to any variances not approved will be the responsibility of the grantee.

Ruth Mott Foundation Contact Person
Foundation program staff may contact you from time to time to arrange for visits to project sites. The purpose of such calls is to review developments, discuss any problems which may have arisen and assess progress. Please direct all correspondence or questions relating to this grant to-Raquel Thueme, Program Director.

Public Information
The Foundation encourages grantees to make announcements of grants upon return of the signed commitment letter and to make mention of the Ruth Mott Foundation. However, we require the opportunity to read and approve in advance all publications, press releases, on-line communications, or other public announcements that make mention of the Ruth Mott Foundation and/or this grant award.

Reports
To assist us in monitoring this grant, we ask you submit reports to the Foundation. Although we do not have a standard reporting format, we do have a few guidelines. We would prefer to receive a concise and precise document (four to five pages). The report, which can take the form of a letter, should provide the Foundation with a candid assessment of the progress of the project including any challenges or difficulties, and what has been learned so far. The report should list the results achieved to date and state what is planned for the next period. In addition to the narrative report, we require a signed financial statement detailing how the Foundation's grant funds have been spent.

The Foundation requires the following report(s):
(To expedite the review process, the cover page of your report should include the grant ID number, project name, grant dates, and the name of the report.)

Grant Dates: **12/1/2016 to 11/30/2017**

Interim Report Due Date: **12/29/2016**

Final Report Due Date: **12/29/2017**

Please report on the following:

1. A narrative summary of the *Imagine Flint* - Neighborhood Planning Initiative to include the following:
    a. Description of planning and implementation activities including number of neighborhood plans developed in year 1 and year 2 (e.g. BNCP project area, Wards 1 and 3 in year 1).
    b. Description of the staffing model in place, including any new positions that have been created, and the effect on the City of Flint's ability to implement neighborhood strategies outlined in the Master Plan.
    c. Results from technical assistance provided to north Flint residents, block clubs and neighborhood groups and a description of the evaluation methods used to assess progress.
    d. Description of attraction efforts for other private and public funding to re-build and reinvest in Flint's hardest hit neighborhoods by leveraging RMF, Community Foundation of Greater Flint and CDBG grants and CDBG neighborhood enhancement funds.
    e. Results from cross-partner resident meetings for Choice Neighborhood and north Flint planning participants.
    f. Provide a copy of the neighborhood planning tool kit and completed neighborhood plans developed by north Flint residents and the City of Flint, and approved by the Flint Planning Commission.

2. Provide photographs (digital) of your project, including parental waivers for all minors featured in photographs.

3. Evaluation or lessons learned which might result in changes in the future.

4. Financial report summarizing the grant expenses and/or balances remaining at the end of the grant reporting period. Once the project is completed, the Foundation requires a final accounting of grant expenditures for the grant total, **$320,000.**
    a. Accounting: Budget vs. Actual:
    Report should include the actual expenditures against the approved budget by line item for the reporting period.
    b. Approved variance explanations: Summary of all approved variances that occurred during the course of the grant.
    c. All Funding Sources: Summary of funding sources (listing by source, amount and grant period) received for this program during the reporting period including cash and in-kind services.
    d. Unspent Funds: Please explain the variance between the total funding received and the total approved budget.
    e. Signature of the appropriate financial officer of your organization.

We would be happy to assist you or answer any questions you may have regarding this reporting requirement.

<u>Undisbursed Funds</u>
You are required to return any undisbursed funds to the Ruth Mott Foundation within three months after the end of this grant or at the time you are unable to fulfill this grant agreement. Any refund of less than $100 will be waived.

Compliance with Laws
You may not use any portion of the grant funds to undertake any activity for any purpose other than one specified in section 170(c)(2)(B) of the Internal Revenue Code for charitable purposes. Further, the Ruth Mott Foundation reserves the right to discontinue, modify, or withhold any payments that might otherwise be due under this grant or to require a refund of any unexpended grant funds if, in the Ruth Mott Foundation's judgment, such action is necessary to comply with the requirements of any law or regulation.

Acceptance
This letter contains the entire agreement between your organization and the Ruth Mott Foundation, and there are no conditions or stipulations, oral or written, governing the use of the grant funds other than those contained in this letter.

If you agree to the grant conditions as stated, please return **one complete copy of this grant agreement in its entirety, with all the original signatures including the president and the board chair** in the space provided. This grant may be withdrawn if the Ruth Mott Foundation has not received your acceptance within one month from the date of this letter. By countersigning this grant letter, your organization also confirms that there has been no change in its qualification as an organization exempt from income taxation under Section 501 (c)(3) of the Internal Revenue Code. Should any change occur, please notify the Ruth Mott Foundation immediately.

It has been a pleasure to work with you in developing this grant commitment, and we are confident that this project will have a positive impact on the community.

Very truly yours,

Handy L. Lindsey, Jr.
President

We acknowledge that appropriate personnel have read and understand this letter, that its terms and conditions are acceptable to us and that we will comply with those terms and conditions. The two signers below are authorized by the organization to enter into this agreement

PROPOSAL NUMBER: 2060

Name of Grantee:	City of Flint
Name of President/Chief Executive Officer:	Natasha Henderson, City Administrator
Signature President/CEO:	Natasha L Henderson
Date Signed:	11-4-2015
Name of Board Chairperson:	Dayne Walling, Mayor of City of Flint
Signature of Board Chair:	
Date Signed:	11/6/15

Ruth Mott Foundation Approved Project Budget
City of Flint
Imagine Flint - Neighborhood Planning Initiative
12/1/2015 - 11/30/2017

See attached approved budget.

150961

SUBMISSION NO.: CA 12 6 2015

PRESENTED: 12-11-15

ADOPTED: _____

RESOLUTION AUTHORIZING AMENDMENT OF THE 2016 BUDGET FOR A POLICE DEPARTMENT GRANT FROM THE DOJ FOR $1,166,409.00

BY THE CITY ADMINISTRATOR:

The City of Flint has applied for and accepted a US Department of Justice (DOJ) grant under the FY15 National Sexual Assault Kit Initiative (SAKI) in the amount of $1,166,409.00.

This funding was created to address the issue of unsubmitted sexual assault kits (SAKs) at law enforcement agencies. This program is also meant to further the Department of Justice's mission by improving state and local jurisdictions' response to violent crime and improving the functioning of the criminal justice system.

The funds will be used over a three year period from October 2015 through September 2018 and must be utilized in compliance with the grant agreement and approved grant budget.

The proposed amendment has been reviewed and approved by the Mayor and City Administrator.

IT IS RESOLVED that the appropriate City officials are authorized to do all things necessary to appropriate revenue and expenditure amounts in fund-dept #296-301.732 under grant code #FDOJ-15-SAKI in compliance with US Department of Justice Grant Award #2015-AK-BX-K016 for the amount of $1,166,409.00.

Peter M. Bade, Chief Legal Officer

Jody N. Lundquist, Chief Financial Officer

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Kerry Nelson, Council President

RECEIVERSHIP TRANSITION ADVISORY BOARD:

PRESENTED TO CITY COUNCIL: 12/14/2015
ADOPTED BY CITY COUNCIL: 12/14/2015

RESOLUTION STAFF REVIEW FORM

DATE: December 3, 2015

Agenda Item Title: Resolution authorizing City of Flint Officials to do all things necessary to approve a budget amendment that adds revenue and expenditure appropriations for a grant from the US Dept Of Justice to process sexual assault kits.

Prepared By: Tamar Lewis, Budget and Grants Administrator

Background/Summary of Proposed Action: This funding was created to address the issue of unsubmitted sexual assault kits (SAKs) at law enforcement agencies. This program is also meant to further the Department of Justice's mission by improving state and local jurisdictions' response to violent crime and improving the functioning of the criminal justice system. The grant is for a three year period and totals $1,166,409.00

It will be used in conjunction with a grant from the New York County District Attorneys Office in the amount of $163,590.00.

The Grant code in the BS&A system is FDOJ-15-SAKI.

Financial Implications: There is no required match, however any ineligible expenditures would need to be paid from the City's General Fund.

Budgeted Expenditure: Yes ____ No__X___ **Please explain, if no:**

Account #: 296 – 301.732
296 = Other Grants Fund
301.732 = DOJ Grant

Pre-encumbered: Yes_____ No__X___ **Requisition #**_____

Other Implications (i.e., collective bargaining:

Staff Recommendation: The Police Department recommends approval of this resolution, and recommend that multi-year projects funded with restricted funds not be accounted for like regular governmental funding items.

Approval: _____
James Tolbert, Chief of Police

CITY OF FLINT
POLICE DEPARTMENT
Natasha L. Henderson, City Administrator

Dr. Karen Weaver
Mayor

James W. Tolbert
Chief of Police

November 24, 2015

Natasha L. Henderson
City Administrator
1101 S. Saginaw St.
Flint, MI. 48502

Re: Grant Acceptance

Ms. Henderson,

The City of Flint Police Department has received the three grant awards listed below:

- Department of Justice FY15 Sexual Assault Kit Initiative (SAKI) grant - $1,166,409.00. No required match. This grant is to investigate sexual assault cases, prosecute Offenders and give assistance to the victims. The grant period is from 10/01/15 to 09/30/18.

- 2015 Sexual Assault Kit Background Elimination Grant from the District Attorney, County of New York, also known as the "DANY" grant. Grant amount is $163,590.00. No required match. This grant works alongside the "SAKI" grant. It collects and sends sexual assault kits out to be tested. This grant period is from 10/10/15 to 09/30/17.

- Auto Theft Prevention Authority (ATPA) Grant, refer to as G.A.I.N. - $56,313.00 with a $56,313.00 match, already budgeted in the Police Operating Budget. This grant period is from 10/01/15 to 09/30/16.

The City of Flint Police Department is requesting the City of Flint accept these grant awards.

- Department of Justice "SAKI" Grant ✓ Accept ____ Deny
- District Attorney, New York "DANY" Grant ✓ Accept ____ Deny
- Auto Theft Grant "G.A.I.N." ✓ Accept ____ Deny

Additional grant information has been attached.

Natasha L. Henderson, City Administrator

Police Department
210 E. Fifth Street - Flint, Michigan 48502
(810) 237-6868 FAX: (810) 237-6960 www.JTolbert@cityofflint.com

GRANT INFORMATION

Grant Name	FY15 National Sexual Assault Kit Initiative (SAKI)
Funded By:	Department of Justice
Awarding Agency:	Office of Justice Programs
Department Receiving grant:	Police
BS&A Account Numbers	296-301.XXX (To be assigned by Finance upon approval)
CFDA #	16.833
Grant ID	2015-AK-BX-K015
Grant Period:	10/01/15 to 09/30/18
Grant Amount:	$1,166,409.00
Grant Financial Monitor	Rick Johnson - Police Financial Coordinator
Grant Programmatic Monitor	Sgt. Patrick Brady
Reporting Requirements:	Quarterly
Reporting Due Dates:	30 days after the last day of the Quarter.

Grant Name	2015 Sexual Assault Kit Backlog Elimination Grant
Funded By:	Bureau of Justice Assistance
Awarding Agency:	New York County District Attorney's Office (DANY)
Department Receiving grant:	Police
BS&A Account Numbers	296-301.XXX (To be assigned by Finance upon approval)
CFDA #	N/A
Grant ID	DANY Grant
Grant Period:	10/01/15 to 09/30/17
Grant Amount:	$163,590.00
Grant Financial Monitor	Rick Johnson - Police Financial Coordinator
Grant Programmatic Monitor	Sgt. Patrick Brady
Reporting Requirements:	Quarterly
Reporting Due Dates:	30 days after the last day of the Quarter.

Grant Name	G.A.I.N.
Funded By:	State of Michigan - Automobile Theft Prevention Authority (ATPA)
Awarding Agency:	Genesee County
Department Receiving grant:	Police
BS&A Account Numbers	296-301.XXX and 101-301.XXX (To be assigned by Finance upon approval)
CFDA #	N/A
Grant ID	G.A.I.N. G-2-16
Grant Period:	10/01/15 to 09/30/16
Grant Amount:	$56,313.00 Match Amt: $56,313.00
Grant Financial Monitor	Rick Johnson - Police Financial Coordinator
Grant Programmatic Monitor	Sgt. Patrick Brady
Reporting Requirements:	Monthly
Reporting Due Dates:	15 Days after the last day of the month

City of Flint Account Number	Approved Budget	2015-AK-BX-K016 FDOJ-15-SAKI
Wages	389,803.00	296 - 301 732 - 702 000
Direct Fringe	20,432.00	296 - 301 732 - 719 100
Pension	33,000.00	296 - 301 732 - 719 155
Other Fringe	121,946.00	296 - 301 732 - 719 200
Supplies	9,090.00	296 - 301 732 - 726 000
Shipping/Postage	7,038.00	296 - 301 732 - 729 000
Consultants/Contracts	574,060.00	296 - 301 732 - 801 000
Travel	11,040.00	296 - 301 732 - 958 000

$ 1,166,409.00

Department of Justice

Office of Justice Programs

Office of the Assistant Attorney General

Washington, D.C. 20531

September 10, 2015

Chief James W. Tolbert
City of Flint Police Department
210 E. Fifth Street
Flint, MI 48502-1616

Dear Chief Tolbert:

On behalf of Attorney General Loretta Lynch, it is my pleasure to inform you that the Office of Justice Programs has approved your application for funding under the FY 15 National Sexual Assault Kit Initiative (SAKI) in the amount of $1,166,459 for City of Flint Police Department.

Enclosed you will find the Grant Award and Special Conditions documents. This award is subject to all administrative and financial requirements, including the timely submission of all financial and programmatic reports, resolution of all interim audit findings, and the maintenance of a minimum level of cash-on-hand. Should you not adhere to these requirements, you will be in violation of the terms of this agreement and the award will be subject to termination for cause or other administrative action as appropriate.

If you have questions regarding this award, please contact:

- Program Questions, Tamara T. White, Program Manager at (202) 353-3303; and
- Financial Questions, the Office of the Chief Financial Officer, Customer Service Center (CSC) at (800) 458-0786, or you may contact the CSC at ask.ocfo@usdoj.gov.

Congratulations, and we look forward to working with you.

Sincerely,

Karol V. Mason

Karol Virginia Mason
Assistant Attorney General

Enclosures

OFFICE FOR CIVIL RIGHTS
Office of Justice Programs
Department of Justice
810 7th Street, NW
Washington, DC 20531

Tel: (202) 307-0690
TTY: (202) 307-2027
E-mail: askOCR@ojp.usdoj.gov
Website: www.ojp.usdoj.gov/ocr

September 10, 2015

Chief James W. Talbert
City of Flint Police Department
210 E. Fifth Street
Flint, MI 48502-1636

Dear Chief Talbert:

Congratulations on your recent award. In establishing financial assistance programs, Congress linked the receipt of federal funding to compliance with federal civil rights laws. The Office for Civil Rights (OCR), Office of Justice Programs (OJP), U.S. Department of Justice (DOJ) is responsible for ensuring that recipients of financial assistance from the OJP, the Office of Community Oriented Policing Services (COPS), and the Office on Violence Against Women (OVW) comply with the applicable federal civil rights laws. We at the OCR are available to help you and your organization meet the civil rights requirements that come with DOJ funding.

Ensuring Access to Federally Assisted Programs

Federal laws that apply to recipients of financial assistance from the DOJ prohibit discrimination on the basis of race, color, national origin, religion, sex, or disability in federally assisted programs or activities, not only in employment but also in the delivery of services or benefits. A federal law also prohibits recipients from discriminating on the basis of age in the delivery of services or benefits.

In March of 2013, President Obama signed the Violence Against Women Reauthorization Act of 2013. The statute amends the Violence Against Women Act of 1994 (VAWA) by including a nondiscrimination grant condition that prohibits discrimination based on actual or perceived race, color, national origin, religion, sex, disability, sexual orientation, or gender identity. The new nondiscrimination grant condition applies to covered programs funded after October 1, 2013. The OCR and the OVW have developed answers to some frequently asked questions about this provision to assist recipients of VAWA funds to understand their obligations. The Frequently Asked Questions are available at http://ojp.gov/about/ocr/vawnondiscrim.htm.

Enforcing Civil Rights Laws

All recipients of federal financial assistance, regardless of the particular funding source, the amount of the grant award, or the number of employees in the workforce, are subject to prohibitions against unlawful discrimination. Accordingly, the OCR investigates recipients that are the subject of discrimination complaints from both individuals and groups. In addition, based on regulatory criteria, the OCR selects a number of recipients each year for compliance reviews, audits that require recipients to submit data showing that they are providing services equitably to all segments of their service population and that their employment practices meet equal opportunity standards.

Providing Services to Limited English Proficiency (LEP) Individuals.

In accordance with DOJ guidance pertaining to Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000d, recipients of federal financial assistance must take reasonable steps to provide meaningful access to their programs and activities for persons with limited English proficiency (LEP). See U.S. Department of Justice, Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons, 67 Fed. Reg. 41,455 (2002). For more information on this civil rights responsibilities that recipients have in providing language services to LEP individuals, please see the website http://www.lep.gov.

Ensuring Equal Treatment for Faith-Based Organizations

The DOJ regulation, Equal Treatment for Faith-Based Organizations, 28 C.F.R. pt. 38, requires State Administering Agencies (SAAs) to treat faith-based organizations the same as any other applicant or recipient. The regulation prohibits SAAs from making award or grant administration decisions on the basis of an organization's religious character or affiliation, religious name, or the religious composition of its board of directors.

The regulation also prohibits faith-based organizations from using financial assistance from the DOJ to fund inherently (or explicitly) religious activities. While faith-based organizations can engage in non-funded inherently religious activities, they must hold them separately from the program funded by the DOJ, and recipients cannot compel beneficiaries to participate in them. The Equal Treatment Regulation also makes clear that organizations participating in programs funded by the DOJ are not permitted to discriminate in the provision of services on the basis of a beneficiary's religion. For more information on the regulation, please see the OCR's website at http://www.ojp.usdoj.gov/about/ocr/equal_fbo.htm.

SAAs and faith-based organizations should also note that the Omnibus Crime Control and Safe Streets Act (Safe Streets Act) of 1968, as amended, 42 U.S.C. § 3789d(c); the Victims of Crime Act of 1984, as amended, 42 U.S.C. § 10604(e); the Juvenile Justice and Delinquency Prevention Act of 1974, as amended, 42 U.S.C. § 5672(b); and VAWA, Pub. L. No. 113-4, sec. 3(b)(4), 127 Stat. 54, 61-62 (to be codified at 42 U.S.C. § 13925(b)(13)) contain prohibitions against discrimination on the basis of religion in employment. Despite these antidiscrimination provisions, the DOJ has concluded that it may construe the Religious Freedom Restoration Act (RFRA) on a case-by-case basis to permit some faith-based organizations to receive DOJ funds while taking into account religion when hiring staff, even if the statute that authorizes the funding program generally forbids recipients from considering religion in employment decisions. Please consult with the OCR if you have any questions about the regulation or the application of RFRA to the statutes that prohibit discrimination in employment.

Using Arrest and Conviction Records in Making Employment Decisions.

The OCR issued an advisory document for recipients on the proper use of arrest and conviction records in making hiring decisions. See Advisory for Recipients of Financial Assistance from the U.S. Department of Justice on the U.S. Equal Employment Opportunity Commission's Enforcement Guidance: Consideration of Arrest and Conviction Records in Employment Decisions Under Title VII of the Civil Rights Act of 1964 (June 2013), available at http://www.ojp.usdoj.gov/about/ocr/pdfs/EEOC_Compliance_Advisory.pdf. Recipients should be mindful that the misuse of arrest or conviction records to screen either applicants for employment or employees for retention or promotion may have a disparate impact based on race or national origin, resulting in unlawful employment discrimination. In light of the Advisory, recipients should consult legal counsel in reviewing their employment practices. If warranted, recipients should also incorporate an analysis of the use of arrest and conviction records in their Equal Employment Opportunity Plans (EEOPs) (see below).

Complying with the Safe Streets Act

An organization that is a recipient of financial assistance subject to the nondiscrimination provisions of the Safe Streets Act, must meet two obligations: (1) complying with the federal regulation pertaining to the development of an EEOP (see 28 C.F.R. pt. 42, subpt. E) and (2) submitting to the OCR findings of discrimination (see 28 C.F.R. §§ 42.204(c), .205(c)(5)).

Meeting the EEOP Requirement

If your organization has less than fifty employees or receives an award of less than $25,000 or is a nonprofit organization, a medical institution, an educational institution, or an Indian tribe, then it is exempt from the EEOP requirement. To claim the exemption, your organization must complete and submit Section A of the Certification Form, which is available online at: http://www.ojp.usdoj.gov/about/ocr/pdfs/cert.pdf.

If your organization is a government agency or private business and receives an award of $25,000 or more, but less than $500,000, and has fifty or more employees (counting both full- and part-time employees but excluding political appointees), then it has to prepare a Utilization Report (formerly called an EEOP Short Form), but it does not have to submit the report to the OCR for review. Instead, your organization has to maintain the Utilization Report on file and make it available for review on request. In addition, your organization has to complete Section B of the Certification Form and return it to the OCR. The Certification Form is available at http://www.ojp.usdoj.gov/about/ocr/pdfs/cert.pdf.

If your organization is a government agency or private business and has received an award for $500,000 or more and has fifty or more employees (counting both full- and part-time employees but excluding political appointees), then it has to prepare a Utilization Report (formerly called an EEOP Short Form) and submit it to the OCR for review within sixty days from the date of this letter. For assistance in developing a Utilization Report, please consult the OCR's website at http://www.ojp.usdoj.gov/about/ocr/eeop.htm. In addition, your organization has to complete Section C of the Certification Form and return it to the OCR. The Certification Form is available at http://www.ojp.usdoj.gov/about/ocr/pdfs/cert.pdf.

To comply with the EEOP requirements, you may receive technical assistance from an EEOP specialist at the OCR by telephone at (202) 307-0690, by TTY at (202) 307-2027, or by e-mail at EEOsubmissions@usdoj.gov.

Meeting the Requirement to Submit Findings of Discrimination

If in the three years prior to the date of the grant award, your organization has received an adverse finding of discrimination based on race, color, national origin, religion, or sex, after a due-process hearing, from a state or federal court or from a state or federal administrative agency, your organization must send a copy of the finding to the OCR.

Ensuring the Compliance of Subrecipients

SAAs must have standard assurances to notify subrecipients of their civil rights obligations, written procedures to address discrimination complaints filed against subrecipients, methods to monitor subrecipients' compliance with civil rights requirements, and a program to train subrecipients on applicable civil rights laws. In addition, SAAs must submit to the OCR every three years written Methods of Administration (MOA) that summarize the policies and procedures that they have implemented to ensure the civil rights compliance of subrecipients. For more information on this MOA requirement, see http://www.ojp.usdoj.gov/funding/other_requirements.htm.

If the OCR can assist you in any way in fulfilling your organization's civil rights responsibilities as a recipient of federal financial assistance, please contact us.

Sincerely,

Michael L. Alston
Director

cc: Omni Manager
Financial Analyst

Department of Justice
Office of Justice Programs
Bureau of Justice Assistance

Cooperative Agreement

1. RECIPIENT NAME AND ADDRESS (including Zip Code)
City of Flint Police Department
810 E. 11th Street
Flint, MI 48503-1816

4. AWARD NUMBER: 2015-AR-BX-K016

5. PROJECT PERIOD: FROM 10/01/2015 TO 09/30/2018
BUDGET PERIOD: FROM 10/01/2015 TO 09/30/2018

6. AWARD DATE 09/10/2015 7. ACTION
8. SUPPLEMENT NUMBER 00 Initial

2a. GRANTEE IRS/VENDOR NO.
386004411

2b. GRANTEE DUNS NO.
073148367

3. PROJECT TITLE
The City of Flint Police Department School Assault Kit Initiative

9. PREVIOUS AWARD AMOUNT $0
10. AMOUNT OF THIS AWARD $ 1,165,409
11. TOTAL AWARD $ 1,165,409

12. SPECIAL CONDITIONS
THE ABOVE GRANT PROJECT IS APPROVED SUBJECT TO SUCH CONDITIONS OR LIMITATIONS AS ARE SET FORTH ON THE ATTACHED PAGE(S).

13. STATUTORY AUTHORITY FOR GRANT
This project is supported under FY15 BJA – Sexual Assault Kit Initiative - Pub. L. No. 113-235, 128 Stat. 2130, 2131

14. CATALOG OF DOMESTIC FEDERAL ASSISTANCE (CFDA Number)
16.833 - National Sexual Assault Kit Initiative

15. METHOD OF PAYMENT
GPRS

[redacted] AGENCY APPROVAL [redacted] [redacted] GRANTEE ACCEPTANCE [redacted]

16. TYPED NAME AND TITLE OF APPROVING OFFICIAL
Karol Virginia Mason
Assistant Attorney General

17. TYPED NAME AND TITLE OF AUTHORIZED GRANTEE OFFICIAL
James W. Tolbert
Chief of Police

18. SIGNATURE OF APPROVING OFFICIAL
Karol V. Mason

19. SIGNATURE OF AUTHORIZED RECIPIENT OFFICIAL
[redacted]

19A. DATE
[redacted]

20. ACCOUNTING CLASSIFICATION CODES

FISCAL YEAR	FUND CODE	BUR. ACT.	OFC.	DIV. REG.	SUB.	PGM	AMOUNT
X	B	AK	10	10	09		$1165409

21. PAR NUMBER
[redacted]

AGENCY USE ONLY
[redacted]

OJP FORM 4000/2 (REV. 3-87) PREVIOUS EDITIONS ARE OBSOLETE.

PROJECT NUMBER 2015-ADBX-K010 AWARD DATE 09/10/2015

SPECIAL CONDITIONS

1. Applicability of Part 200 Uniform Requirements

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements in 2 C.F.R. Part 200, as adopted and supplemented by the Department of Justice (DOJ) in 2 C.F.R. Part 2800 (the "Part 200 Uniform Requirements") apply to this 2015 award from the Office of Justice Programs (OJP). For this 2015 award, the Part 200 Uniform Requirements, which were first adopted by DOJ on December 26, 2014, supersede, among other things, the provisions of 28 C.F.R. Parts 66 and 70, as well as those of 2 C.F.R. Parts 215, 220, 225, and 230.

If this 2015 award supplements funds previously awarded by OJP under the same award number, the Part 200 Uniform Requirements apply with respect to all award funds (whether derived from the initial award or a supplemental award) that are obligated on or after the acceptance date of this 2015 award.

Potential availability of grace period for procurement standards: Under the Part 200 Uniform Requirements, a time-limited grace period may be available under certain circumstances to allow for transition from policies and procedures that complied with previous standards for procurements under federal awards to policies and procedures that comply with the new standards (that is, to those at 2 C.F.R. 200.317 through 200.326).

For more information on the Part 200 Uniform Requirements, including information regarding the potentially-available grace period described above, see the Office of Justice Programs (OJP) website at http://ojp.gov/funding/Part200UniformRequirements.htm.

In the event that an award-related question arises from documents or other materials furnished or distributed by OJP that may appear to conflict with, or differ in some way from, the provisions of the Part 200 Uniform Requirements, the recipient is to contact OJP promptly for clarification.

2. The recipient agrees to comply with the Department of Justice Grants Financial Guide as posted on the OJP website (currently, the "2015 DOJ Grants Financial Guide").

3. The recipient acknowledges that failure to submit an acceptable Equal Employment Opportunity Plan (if recipient is required to submit one pursuant to 28 C.F.R. Section 42.302) that is approved by the Office for Civil Rights, is a violation of the Standard Assurances executed by the recipient, and may result in suspension of funding until such time as the recipient is in compliance, or termination of the award.

4. The recipient understands and agrees that OJP may withhold award funds, or may impose other related requirements, if the recipient does not satisfactorily and promptly address outstanding issues from audits required by the Part 200 Uniform Requirements (or by the terms of this award), or other outstanding issues that arise in connection with audits, investigations, or reviews of DOJ awards.

5. Recipient understands and agrees that it cannot use any federal funds, either directly or indirectly, in support of the enactment, repeal, modification or adoption of any law, regulation or policy, at any level of government, without the express prior written approval of OJP.

6. The recipient and any subrecipient(s) must promptly refer to the DOJ OIG any credible evidence that a principal, employee, agent, subrecipient, contractor, subcontractor, or other person has -- (1) submitted a claim for award funds that violates the False Claims Act; or (2) committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving award funds. Potential fraud, waste, abuse, or misconduct should be reported to the OIG by - mail: Office of the Inspector General, U.S. Department of Justice Investigations Division, 950 Pennsylvania Avenue, N.W. Room 4706, Washington, DC 20530; e-mail: oig.hotline@usdoj.gov hotline (contact information in English and Spanish): (800) 869-4499; or hotline fax: (202) 616-9881. Additional information is available from the DOJ OIG website at www.usdoj.gov/oig.

SPECIAL CONDITIONS

7. Restrictions and certifications regarding non-disclosure agreements and related matters

No recipient or subrecipient under this award, or entity that receives a contract or subcontract with any funds under this award, may require any employee or contractor to sign an internal confidentiality agreement or statement that prohibits or otherwise restricts, or purports to prohibit or restrict, the reporting (in accordance with law) of waste, fraud, or abuse to an investigative or law enforcement representative of a federal department or agency authorized to receive such information.

The foregoing is not intended, and shall not be understood by the agency making this award, to contravene requirements applicable to Standard Form 312 (which relates to classified information), Form 4414 (which relates to sensitive compartmented information), or any other form issued by a federal department or agency governing the nondisclosure of classified information.

1. In accepting this award, the recipient --

a. represents that it neither requires nor has required internal confidentiality agreements or statements from employees or contractors that currently prohibit or otherwise currently restrict (or purport to prohibit or restrict) employees or contractors from reporting waste, fraud, or abuse as described above; and

b. certifies that, if it learns or is notified that it is or has been requiring its employees or contractors to execute agreements or statements that prohibit or otherwise restrict (or purport to prohibit or restrict), reporting of waste, fraud, or abuse as described above, it will immediately stop any further obligations of award funds, will provide prompt written notification to the agency making this award, and will resume (or permit resumption of) such obligations only if expressly authorized to do so by that agency.

2. If the recipient does or is authorized to make subawards or contracts under this award --

a. it represents that --

(1) it has determined that no other entity that the recipient's application proposes may or will receive award funds (whether through a subaward, contract, or subcontract) either requires or has required internal confidentiality agreements or statements from employees or contractors that currently prohibit or otherwise currently restrict (or purport to prohibit or restrict) employees or contractors from reporting waste, fraud, or abuse as described above; and

(2) it has made appropriate inquiry, or otherwise has an adequate factual basis, to support this representation; and

b. it certifies that, if it learns or is notified that any subrecipient, contractor, or subcontractor entity that receives funds under this award is or has been requiring its employees or contractors to execute agreements or statements that prohibit or otherwise restrict (or purport to prohibit or restrict), reporting of waste, fraud, or abuse as described above, it will immediately stop any further obligations of award funds to or by that entity, will provide prompt written notification to the agency making this award, and will resume (or permit resumption of) such obligations only if expressly authorized to do so by that agency.

8. Recipient understands and agrees that it cannot use any federal funds, either directly or indirectly, in support of any contract or agreement to either the Association of Community Organizations for Reform Now (ACORN) or its subsidiaries, without the express prior written approval of OJP.

9. The recipient agrees to comply with any additional requirements that may be imposed during the grant performance period if the agency determines that the recipient is a high-risk grantee. CFR 28 C.F.R. parts 66, 70.

SPECIAL CONDITIONS

10. The recipient agrees to comply with applicable requirements regarding registration with the System for Award Management (SAM) (or with a successor government-wide system officially designated by OMB and OJP). The recipient also agrees to comply with applicable restrictions on subawards to first-tier subrecipients that do not acquire and provide a Data Universal Numbering System (DUNS) number. The details of recipient obligations are posted on the Office of Justice Programs web site at http://www.ojp.gov/funding/sam.htm (Award condition: Registering with the System for Award Management and Universal Identifier Requirements), and are incorporated by reference here. This special condition does not apply to an award to an individual who received the award as a natural person (i.e., unrelated to any business or non-profit organization that he or she may own or operate in his or her name).

11. Pursuant to Executive Order 13513, "Federal Leadership on Reducing Text Messaging While Driving," 74 Fed. Reg. 51225 (October 1, 2009), the Department encourages recipients and subrecipients to adopt and enforce policies banning employees from text messaging while driving any vehicle during the course of performing work funded by this grant, and to establish workplace safety policies and conduct education, awareness, and other outreach to decrease crashes caused by distracted drivers.

12. The recipient agrees to comply with all applicable laws, regulations, policies, and guidance (including specific cost limits, prior approval and reporting requirements, where applicable) governing the use of federal funds for expenses related to conferences, meetings, trainings, and other events, including the provision of food and/or beverages at such events, and costs of attendance at such events. Information on rules applicable to this award appears in the DOJ Grants Financial Guide (currently, as section 3.10 of "Postaward Requirements" in the "2015 DOJ Grants Financial Guide").

13. The recipient understands and agrees that any training or training materials developed or delivered with funding provided under this award must adhere to the OJP Training Guiding Principles for Grantees and Subgrantees, available at http://www.ojp.usdoj.gov/funding/ojptrainingguidingprinciples.htm.

14. The recipient agrees that if it currently has an open award of federal funds or if it receives an award of federal funds other than this OJP award, and those award funds have been, are being, or are to be used, in whole or in part, for one or more of the identical cost items for which funds are being provided under this OJP award, the recipient will promptly notify, in writing, the grant manager for this OJP award, and, if so requested by OJP, seek a budget-modification or change-of-project-scope grant adjustment notice (GAN) to eliminate any inappropriate duplication of funding.

15. The recipient understands and agrees that award funds may not be used to discriminate against or denigrate the religious or moral beliefs of students who participate in programs for which financial assistance is provided from those funds, or of the parents or legal guardians of such students.

16. The recipient understands and agrees that: (a) No award funds may be used to maintain or establish a computer network unless such network blocks the viewing, downloading, and exchanging of pornography, and (b) Nothing in subsection (a) limits the use of funds necessary for any Federal, State, tribal, or local law enforcement agency or any other entity carrying out criminal investigations, prosecution, or adjudication activities.

17. A recipient that is eligible under the Part 200 Uniform Requirements to use the "de minimis" indirect cost rate described in 2 CFR 200.414(f), and that elects to use the "de minimis" indirect cost rate, must advise OJP in writing of both its eligibility and its election, and must comply with all associated requirements in the Part 200 Uniform Requirements. The "de minimis" rate may be applied only to modified total direct cost (MTDC).

18. The recipient must collect, maintain, and provide to OJP, data that measure the performance and effectiveness of activities under this award, in the manner, and within the timeframes, specified in the program solicitation, or as otherwise specified by OJP. Data collection supports compliance with the Government Performance and Results Act (GPRA) and the GPRA Modernization Act, and other applicable laws.

PROJECT NUMBER 2015-AC-BX-K016 AWARD DATE 09/30/2015

SPECIAL CONDITIONS

19. The award recipient agrees to participate in a data collection process measuring program outputs and outcomes. The data elements for this process will be outlined by the Office of Justice Programs.

20. Grantee agrees to comply with the requirements of 28 C.F.R. Part 46 and all Office of Justice Programs policies and procedures regarding the protection of human research subjects, including obtainment of Institutional Review Board approval, if appropriate, and subject informed consent.

21. Grantee agrees to comply with all confidentiality requirements of 42 U.S.C. section 3789g and 28 C.F.R. Part 22 that are applicable to collection, use, and revelation of data or information. Grantee further agrees, as a condition of grant approval, to submit a Privacy Certificate that is in accord with requirements of 28 C.F.R. Part 22 and, in particular, section 22.23.

22. Grantee agrees that assistance funds awarded under this grant will not be used to support any inherently religious activities, such as worship, religious instruction, or proselytization. If the grantee refers participants to, or provides, a non-Federally funded program or service that incorporates such religious activities, (1) any such activities must be voluntary for program participants; and (2) program participants may not be excluded from participation in a program or otherwise penalized or disadvantaged for any failure to accept a referral or services. If participation in a non-Federally-funded program or service that incorporates inherently religious activities is deemed a critical treatment or support service for program participants, the grantee agrees to identify and refer participants who object to the inherently religious activities of such program or service to, or provide a comparable secular alternative program or service.

23. The recipient agrees to cooperate with any assessments, national evaluation efforts, or information or data collection requests, including, but not limited to, the provision of any information required for the assessment or evaluation of any activities within this project.

24. Recipient agrees that funds provided under this award may not be used to operate a "pay-to-stay" program in any local jail. Recipient further agrees not to subaward funds to local jails which operate "pay-to-stay" programs.

25. The recipient agrees to comply with applicable requirements to report first-tier subawards of $25,000 or more and, in certain circumstances, to report the names and total compensation of the five most highly compensated executives of the recipient and first-tier subrecipients of award funds. Such data will be submitted to the FFATA Subaward Reporting System (FSRS). The details of recipient obligations, which derive from the Federal Funding Accountability and Transparency Act of 2006 (FFATA), are posted on the Office of Justice Programs web site at http://ojp.gov/funding/Explore/FFATA.htm (Award condition: Reporting Subawards and Executive Compensation), and are incorporated by reference here. This condition, and its reporting requirement, does not apply to grant awards made to an individual who received the award as a natural person (i.e., unrelated to any business or non-profit organization that he or she may own or operate in his or her name).

26. Award recipients must verify Point of Contact (POC), Principal Point of Contact (PPOC), and Authorized Representative contact information in GMS, including telephone number and e-mail address. If any information is incorrect or has changed, a Grant Adjustment Notice (GAN) must be submitted, via the Grants Management System (GMS) to document changes.

PROJECT NUMBER 2015-AK-BX-K016 AWARD DATE 09/10/2015

SPECIAL CONDITIONS

27. The recipient acknowledges that the Office of Justice Programs (OJP) reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use (in whole or in part, including in connection with derivative works), for Federal purposes: (1) any work subject to copyright developed under an award or subaward; and (2) any rights of copyright to which a recipient or subrecipient purchases ownership with Federal support.

The recipient acknowledges that OJP has the right to: (1) obtain, reproduce, publish, or otherwise use the data first produced under an award or subaward; and (2) authorize others to receive, reproduce, publish, or otherwise use such data for Federal purposes. "Data" includes data as defined in Federal Acquisition Regulation (FAR) provision 52.227-14 (Rights in Data - General).

It is the responsibility of the recipient (and of each subrecipient, if applicable) to ensure that this condition is included in any subaward under this award.

The recipient has the responsibility to obtain from subrecipients, contractors, and subcontractors (if any) all rights and data necessary to fulfill the recipient's obligations to the Government under this award. If a proposed subrecipient, contractor, or subcontractor refuses to accept terms affording the Government such rights, the recipient shall promptly bring such refusal to the attention of the OJP program manager for the award and not proceed with the agreement in question without further authorization from the OJP program office.

28. Any Web site that is funded in whole or in part under this award must include the following statement on the home page, on all major entry pages (i.e., pages (exclusive of documents) whose primary purpose is to navigate the user to interior content), and on any pages from which a visitor may access or use a Web-based service, including any pages that provide results or outputs from the service: "This Web site is funded in whole or in part through a grant from the Bureau of Justice Assistance, Office of Justice Programs, U.S. Department of Justice. Neither the U.S. Department of Justice nor any of its components operate, control, are responsible for, or necessarily endorse, this Web site (including, without limitation, its content, technical infrastructure, and policies, and any services or tools provided)." The full text of the foregoing statement must be clearly visible on the home page. On other pages the statement may be included through a link, entitled "Notice of Federal Funding and Federal Disclaimer," to the full text of the statement.

29. The recipient agrees to submit to BJA for review and approval any curricula, training materials, proposed publications, reports, or any other written materials that will be published, including web-based materials and web site content, through funds from this grant at least thirty (30) working days prior to the targeted dissemination date. Any written, visual, or audio publications, with the exception of press releases, whether published at the grantee's/subgrantee's government's expense, shall contain the following statement: "This project was supported by Grant No. 2015-AK-BX-K016 awarded by the Bureau of Justice Assistance. The Bureau of Justice Assistance is a component of the Department of Justice's Office of Justice Programs, which also includes the Bureau of Justice Statistics, the National Institute of Justice, the Office of Juvenile Justice and Delinquency Prevention, the Office for Victims of Crime, and the SMART Office. Points of view or opinions in this document are those of the author and do not necessarily represent the official position or policies of the U.S. Department of Justice." The current edition of the OJP Financial Guide provides guidance on allowable printing and publication activities.

30. All program authority and responsibility inherent in the Federal stewardship role shall remain with the Bureau of Justice Assistance (BJA). BJA will work in conjunction with the recipient to routinely review and refine the work plan so that the program's goals and objectives can be effectively accomplished. BJA will monitor the project on a continual basis by maintaining ongoing contact with the recipient and will provide input to the program's direction in consultation with the recipient, as needed.

Department of Justice
Office of Justice Programs
Bureau of Justice Assistance

AWARD CONTINUATION SHEET

Cooperative Agreement

PROJECT NUMBER: 2015-AK-BX-K018 AWARD DATE: 9/16/2015

SPECIAL CONDITIONS

31. Within 45 calendar days after the end of any conference, meeting, retreat, seminar, symposium, training activity, or similar event funded under this award, and the total cost of which exceeds $20,000 in award funds, the recipient must provide the program manager with the following information and itemized costs:

1) name of event;

2) event dates;

3) location of event;

4) number of federal attendees;

5) number of non-federal attendees;

6) costs of event space, including rooms for break-out sessions;

7) costs of audio visual services;

8) other equipment costs (e.g., computer fees, telephone fees);

9) costs of printing and distribution;

10) costs of meals provided during the event;

11) costs of refreshments provided during the event;

12) costs of event planners;

13) costs of event facilitators; and

14) any other costs associated with the event.

The recipient must also identify and report any of the following attendee (including participants, presenters, speakers) costs that are paid or reimbursed with cooperative agreement funds:

1) travel and incidental expenses (M&IE portion of per diem);

2) lodging;

3) transportation to/from event location (e.g., common carrier; Privately Owned Vehicle (POV)); and;

4) local transportation (e.g., rental car; POV) at event location.

Note that if any item is paid for with registration fees, or any other non-award funding, then that portion of the expense does not need to be reported.

Further instructions regarding the submission of this data, and how to determine costs, are available in the OJP Financial Guide, Conference Cost Chapter.

SPECIAL CONDITIONS

32. With respect to this award, federal funds may not be used to pay cash compensation (salary plus bonuses) to any employee of the award recipient at a rate that exceeds 110% of the maximum annual salary payable to a member of the federal government's Senior Executive Service (SES) at an agency with a Certified SES Performance Appraisal System for that year. (An award recipient may compensate an employee at a higher rate, provided the amount in excess of this compensation limitation is paid with non-federal funds.)

This limitation on compensation rates allowable under this award may be waived on an individual basis at the discretion of the OJP official indicated in the program announcement under which this award is made.

33. The recipient agrees to participate in BJA-sponsored training events, technical assistance events, or conferences held by BJA or its designees upon BJA's request.

34. The recipient agrees to comply with OJP grant monitoring guidelines, protocols, and procedures, and to cooperate with OJP (including the grant manager for this award and the Office of Chief Financial Officer (OCFO)) on all grant monitoring requests, including requests related to desk reviews, enhanced programmatic desk reviews, and/or site visits. The recipient agrees to provide to OJP all documentation necessary to complete monitoring tasks, including documentation related to any subawards made under this award. Further, the recipient agrees to abide by reasonable deadlines set by OJP for providing the requested documents. Failure to cooperate with OJP's grant monitoring activities may result in sanctions affecting the recipient's DOJ awards, including, but not limited to: withholdings and/or other restrictions on the recipient's access to grant funds; referral to the Office of the Inspector General for audit review; designation of the recipient as a DOJ High Risk grantee; or termination of an award(s).

35. Approval of this award does not authorize approval of any consultant rate in excess of $650 per day. A detailed justification must be submitted to and approved by the Office of Justice Programs (OJP) program office prior to obligation or expenditure of such funds.

36. All procurement (contract) transactions under this award must be conducted in a manner that is consistent with applicable Federal and State law, and with Federal procurement standards specified in regulations governing Federal awards to non-Federal entities. Procurement (contract) transactions should be competitively awarded unless circumstances preclude competition. Non-competitive (e.g., sole source) procurement by the award recipient in excess of the Simplified Acquisition Threshold (currently $150,000) set out in the Federal Acquisition Regulation must receive prior approval from the awarding agency, and must otherwise comply with rules governing such procurements found in the current edition of the OJP Financial Guide.

37. The recipient agrees not to obligate, expend, or draw down any funds until the program office has verified that the recipient has submitted all necessary documentation required to comply with the Department of Justice Procedures for Implementing the National Environmental Policy Act (found at 28 C.F.R. Part 61) and a Grant Adjustment Notice has been issued removing this condition.

38. The recipient may not obligate, expend or draw-down more than 25% of the total eligible award amount until a completed inventory and/or certification of a completed inventory has been provided to BJA. BJA will review the inventory documentation to ensure that it contains a detailed and descriptive list of Sexual Assault Kits (SAKs), containing information such as, but not limited to: kit(s) identifiers; quantity, and location of the item. Once BJA has reviewed and approved the grant recipient's certification or certificate thereof, a Grant Adjustment Notice (GAN) will be issued removing this special condition.

39. Recipient may not obligate, expend, or drawdown funds until the Bureau of Justice Assistance, Office of Justice Programs has reviewed and approved the Budget Narrative portion of the application and has issued a Grant Adjustment Notice (GAN) informing the recipient of this approval.

PROJECT NUMBER 2015-AK-BX-K016 AWARD DATE 09/10/2015

SPECIAL CONDITIONS

40. Recipient may not obligate, expend or drawdown funds until the Bureau of Justice Assistance, Office of Justice Programs has reviewed and approved the Program Narrative portion of the application and has issued a Grant Adjustment Notice (GAN) to formally the recipient of the approval.

41. The recipient may not obligate, expend or draw down funds until the Office of the Chief Financial Officer (OCFO) has approved the budget and budget narrative and a Grant Adjustment Notice (GAN) has been issued to remove this special condition.

Department of Justice
Office of Justice Programs
Bureau of Justice Assistance

GRANT MANAGER'S MEMORANDUM, PT. I: PROJECT SUMMARY

Cooperative Agreement

PROJECT NUMBER
2015-AK-BX-K016

This project is supported under FY15 BJA - Sexual Assault Kit Initiative - Pub. L. No. 113-235, 128 Stat. 2130, 2190

1. STAFF CONTACT (Name & telephone number)
Tamara T. Wills
(202) 353-3193

2. PROJECT DIRECTOR (Name, address & telephone number)
Patrick Brady
Sergeant
210 E. Fifth Street
Flint, MI 48502
(810) 237-6555

3a. TITLE OF THE PROGRAM
BJA FY 15 National Sexual Assault Kit Initiative (SAKI)

3b. JUSTICE CODE (SEE INSTRUCTIONS ON REVERSE)

4. TITLE OF PROJECT
The City of Flint Police Department Sexual Assault Kit Initiative

5. NAME & ADDRESS OF GRANTEE
City of Flint Police Department
210 E. Fifth Street
Flint, MI 48502-1626

6. NAME & ADDRESS OF SUBGRANTEE

7. PROGRAM PERIOD
FROM: 10/01/2015 TO: 09/30/2018

8. BUDGET PERIOD
FROM: 10/01/2015 TO: 09/30/2018

9. AMOUNT OF AWARD
$ 1,186,109

10. DATE OF AWARD
09/30/2015

11. SECOND YEAR'S BUDGET

12. SECOND YEAR'S BUDGET AMOUNT

13. THIRD YEAR'S BUDGET PERIOD

14. THIRD YEAR'S BUDGET AMOUNT

15. SUMMARY DESCRIPTION OF PROJECT (See instruction on reverse)

The National Sexual Assault Kit Initiative (SAKI) provides funding to state, local, and tribal law enforcement agencies, and prosecutor's offices to support multidisciplinary community responses to sexual assault cases involving testing forensic evidence found to previously unsubmitted sexual assault kits (SAKs). Unsubmitted SAKs that have never been submitted to a crime laboratory.

The goal of the SAKI is the creation of a coordinated community response that ensures key responders to these cases will answer possible through a victim-centered approach, as well as to build jurisdictions' capacity to prevent the development of conditions that lead to high numbers of unsubmitted SAKs in the future. The initial program provides jurisdictions with resources to address their unsubmitted SAK issues, including support to inventory, track, and track SAKs' events and post-performance meeting process necessary training to increase effectiveness in addressing the complex issues associated with these cases and engage in multidisciplinary policy development, implementation, and coordination and improve practices related to investigation, prosecution, and victim engagement and

support to coordination with evidence and cases resulting from the testing project.

The City of Flint Police Department will use the 2015 SAKI funds to provide a holistic approach to solving the problem of backlogged untested SAKs and to ensure that backlogs don't occur in the future. The SAKI funds will be used to: employ untested SAKs; fund two police investigators to locally file criminal investigations for each kit based on SAKI analysis; a dedicated prosecutor for the Genesee County Prosecutor's Office to prosecute sexual assault cases; hire a victim/victim advocate through YWCA of Flint to serve victims of sexual assault; and fund property clerk to work with investigators and prosecutor on the inventory of SAKs; fund travel and training expenses; fund contracts associated with expert witnesses, polygraphs, supplies, and fund other expenses necessary for project implementation.

CANCS

150962

SUBMISSION NO.: CA12720 15

PRESENTED: 12-11-15

ADOPTED: _____

RESOLUTION AUTHORIZING AMENDMENT OF THE 2016 BUDGET FOR A POLICE DEPARTMENT GRANT FROM THE DISTRICT ATTORNEYS OFFICE OF NEW YORK (DANY) FOR $163,590.00

BY THE CITY ADMINISTRATOR:

The City of Flint has applied for and accepted a District Attorney of New York grant funded by the DANY Sexual Assault Kit Backlog Elimination Program in the amount of $163,590.00.

This funding was created to address the issue of un-submitted sexual assault kits (SAKs) at law enforcement agencies. The City has also accepted funds from the US Department of Justice (DOJ) for processing sexual assault kits, however DANY and DOJ will share information and coordinate to ensure that there is no duplication of funding awarded to jurisdictions. Jurisdictions may apply to both programs as long as they meet the grant requirements from each program. The funds will be used for a one year period in compliance with the grant agreement and approved grant budget.

The proposed amendment has been reviewed and approved by the Mayor and City Administrator.

IT IS RESOLVED that the appropriate City officials are authorized to do all things necessary to appropriate revenue and expenditure amounts in fund-dept #296-301.733 under grant code #ODANY-15-SAK in compliance with the New York County District Attorney's Office Sexual Assault Kit Backlog Elimination Grant Program guidelines for the amount of $163,590.00.

Peter M. Bade, Chief Legal Officer

Jody N. Lundquist, Chief Financial Officer

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Kerry Nelson, Council President

RECEIVERSHIP TRANSITION ADVISORY BOARD:

PRESENTED TO CITY COUNCIL: 12/14/2015
ADOPTED BY CITY COUNCIL: 12/14/2015

RESOLUTION STAFF REVIEW FORM

DATE: December 3, 2015

Agenda Item Title: Resolution authorizing City of Flint Officials to do all things necessary to approve a budget amendment that adds revenue and expenditure appropriations for a grant from the US Dept Of Justice to process sexual assault kits.

Prepared By: Tamar Lewis, Budget and Grants Administrator

Background/Summary of Proposed Action: This funding was created to address the issue of unsubmitted sexual assault kits (SAKs) at law enforcement agencies. This program is also meant to further the Department of Justice's mission by improving state and local jurisdictions' response to violent crime and improving the functioning of the criminal justice system. The grant is for a three year period and totals $1,166,409.00

It will be used in conjunction with a grant from the New York County District Attorneys Office in the amount of $163,590.00.

The Grant code in the BS&A system is FDOJ-15-SAKI.

Financial Implications: There is no required match, however any ineligible expenditures would need to be paid from the City's General Fund.

Budgeted Expenditure: Yes ____ No__X___ **Please explain, if no:**

Account #: **296 – 301.732**
296 = Other Grants Fund
301.732 = DOJ Grant

Pre-encumbered: Yes_____ No__X___ **Requisition #**_____

Other Implications (i.e., collective bargaining:

Staff Recommendation: The Police Department recommends approval of this resolution, and recommend that multi-year projects funded with restricted funds not be accounted for like regular governmental funding items.

Approval: _____
James Tolbert, Chief of Police

CITY OF FLINT
POLICE DEPARTMENT
Natasha L. Henderson, City Administrator

Dr. Karen Weaver
Mayor

James W. Tolbert
Chief of Police

November 24, 2015

Natasha L. Henderson
City Administrator
1101 S. Saginaw St.
Flint, MI. 48502

Re: Grant Acceptance

Ms. Henderson,

The City of Flint Police Department has received the three grant awards listed below:

- Department of Justice FY15 Sexual Assault Kit Initiative (SAKI) grant - $1,166,409.00. No required match. This grant is to investigate sexual assault cases, prosecute Offenders and give assistance to the victims. The grant period is from 10/01/15 to 09/30/18.

- 2015 Sexual Assault Kit Background Elimination Grant from the District Attorney, County of New York, also known as the "DANY" grant. Grant amount is $163,590.00. No required match. This grant works alongside the "SAKI" grant. It collects and sends sexual assault kits out to be tested. This grant period is from 10/10/15 to 09/30/17.

- Auto Theft Prevention Authority (ATPA) Grant, refer to as G.A.I.N. - $56,313.00 with a $56,313.00 match, already budgeted in the Police Operating Budget. This grant period is from 10/01/15 to 09/30/16.

The City of Flint Police Department is requesting the City of Flint accept these grant awards.

- Department of Justice "SAKI" Grant ✓ Accept ____ Deny
- District Attorney, New York "DANY" Grant ✓ Accept ____ Deny
- Auto Theft Grant "G.A.I.N." ✓ Accept ____ Deny

Additional grant information has been attached.

Natasha L. Henderson, City Administrator

Police Department
210 E. Fifth Street - Flint, Michigan 48502
(810) 237-6868 FAX: (810) 237-6960 www.JTolbert@cityofflint.com

GRANT INFORMATION

Grant Name	FY15 National Sexual Assault Kit Initiative (SAKI)
Funded By:	Department of Justice
Awarding Agency:	Office of Justice Programs
Department Receiving grant:	Police
BS&A Account Numbers	296-301.XXX (To be assigned by Finance upon approval)
CFDA #	16.833
Grant ID	2015-AK-BX-K015
Grant Period:	10/01/15 to 09/30/18
Grant Amount:	$1,166,409.00
Grant Financial Monitor	Rick Johnson - Police Financial Coordinator
Grant Programmatic Monitor	Sgt. Patrick Brady
Reporting Requirements:	Quarterly
Reporting Due Dates:	30 days after the last day of the Quarter.

Grant Name	2015 Sexual Assault Kit Backlog Elimination Grant
Funded By:	Bureau of Justice Assistance
Awarding Agency:	New York County District Attorney's Office (DANY)
Department Receiving grant:	Police
BS&A Account Numbers	296-301.XXX (To be assigned by Finance upon approval)
CFDA #	N/A
Grant ID	DANY Grant
Grant Period:	10/01/15 to 09/30/17
Grant Amount:	$163,590.00
Grant Financial Monitor	Rick Johnson - Police Financial Coordinator
Grant Programmatic Monitor	Sgt. Patrick Brady
Reporting Requirements:	Quarterly
Reporting Due Dates:	30 days after the last day of the Quarter.

Grant Name	G.A.I.N.
Funded By:	State of Michigan - Automobile Theft Prevention Authority (ATPA)
Awarding Agency:	Genesee County
Department Receiving grant:	Police
BS&A Account Numbers	296-301.XXX and 101-301.XXX (To be assigned by Finance upon approval)
CFDA #	N/A
Grant ID	G.A.I.N. G-2-16
Grant Period:	10/01/15 to 09/30/16
Grant Amount:	$56,313.00 Match Amt: $56,313.00
Grant Financial Monitor	Rick Johnson - Police Financial Coordinator
Grant Programmatic Monitor	Sgt. Patrick Brady
Reporting Requirements:	Monthly
Reporting Due Dates:	15 Days after the last day of the month

DISTRICT ATTORNEY
COUNTY OF NEW YORK
ONE HOGAN PLACE
New York, N.Y. 10013
(212) 335-9000

CYRUS R. VANCE, JR.
DISTRICT ATTORNEY

September 10, 2015

Patrick Brady
The City of Flint Police Department
210 E. 5th Street
Flint, MI 48502

Dear Mr. Brady:

Congratulations!

The New York County District Attorney's Office (DANY) is pleased to inform you that The City of Flint Police Department has been selected as an awardee of the 2015 Sexual Assault Kit Backlog Elimination Grant Program to begin on October 1, 2015. Your agency will receive $163,590 over two years to test previously untested sexual assault kits, which will be distributed to your agency on a reimbursement basis. Please note that if the amount of your award is different from the budget you submitted with your proposal, your budget may have included expenditures that were outside the scope of the grant program. You will receive all pertinent grant program information and a formal contract for your review later this week.

We have provided you with a sample press release attached to this email, which you may adapt and disseminate to local media outlets. However, please note that DANY, in collaboration with the Bureau of Justice Assistance, will officially announce awards during a news conference at 11:30 a.m. ET on September 10, 2015. All information about the award, including the information contained in this letter, and the enclosed press release, must be kept strictly embargoed until then.

Thank you for your commitment to addressing the sexual assault kit backlog. We look forward to working together over the next two years to bring justice to victims and make all of our communities safer.

Sincerely,

Cyrus Vance

Cyrus R. Vance, Jr.

New York County District Attorney's Office Sexual Assault Kit Backlog Elimination Grant Program

Frequently Asked Questions

April 24, 2015

PROGRAM OVERVIEW AND ELIGIBILITY

1. **How much funding is available to support the New York County District Attorney's (DANY) Sexual Assault Kit Backlog Elimination Grant Program?**

   Up to $35 million is available for this grant program. Each applicant may request up to $2,000,000 for a two-year period. As resources allow, additional funding may be available through subsequent solicitations to support additional sexual assault kit (SAK) testing efforts. DANY also recognizes that applicants with smaller backlogs will require significantly lesser amounts of funding. All jurisdictions with backlogged kits that meet the minimum requirements of this solicitation, regardless of the size of their backlog, are encouraged to apply.

2. **Who is eligible to apply for the New York County District Attorney's Office grant program?**

   States (including territories), units of local governments (including federally-recognized Indian Tribal governments as determined by the Secretary of the Interior), law enforcement agencies, and public forensic labs. Multi-jurisdictional entities such as states and counties may also apply.

3. **What is the application process?**

   All applications must be submitted through DANY's online grant administration portal https://app.wizehive.com/appform/login/whnycda by June 1, 2015 at 5:00 p.m. EST. Applications may not be submitted in any other way, and no late applications will be accepted. In the event of technical difficulties with the application process, please contact dnabacklog@dany.nyc.gov.

4. **How does this solicitation define "backlogged or untested kit?"**

   A "backlogged" or "untested kit" is one that has not been analyzed by a forensic lab within 365 days of being booked into evidence. Kits from cases in which identity of the offender is not an issue, the statute of limitations has expired, or the offender was convicted without DNA evidence would still fall under this category and should not be excluded.

5. **When will grant funds become available?**

   Applications are due on June 1, 2015 and grantees will be selected by late summer 2015. The contract period will commence by September 1, 2015.

6. **Will DANY award partial funding for a proposal?**

   Yes, DANY may decide to grant a jurisdiction a portion of the total funds requested in its proposal.

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1 Hogan Place, New York, NY 10013
www.manhattanda.org

PERMISSIBLE USES OF FUNDS

7. Can my jurisdiction use this funding to address backlogged SAKs currently awaiting testing in my jurisdiction's crime laboratory?

Yes. Sexual assault kits that have remained untested for at least 365 days and are currently located in police storage, crime labs or other facilities are eligible for testing under this grant program.

8. What can we use the funding for?

Funding must be used only for testing of untested or backlogged SAKs. This includes costs associated with transporting kits to a lab, DNA testing, consumables and supplies associated with kit testing, technical review and uploading profiles into CODIS. You may pay overtime costs for existing lab staff or to contract temporary staff in order to enhance capacity for the period of this grant. Please see the Budget Narrative and Worksheet instructions available at: https://app.wizehive.com/appform/login/whnycda for additional information about allowable Personnel and OTPS costs.

9. Can we use these funds to hire and train new staff, including DNA analysts, data analysts, or an administrator for the project?

No. DANY will not provide funding for training or for hiring new permanent staff. You may use funds to pay for lab staff overtime or to hire contracted lab staff for the duration of this project.

10. Will DANY provide funding for to support the data collection and reporting required under this grant program?

No. DANY will not provide additional funding to support data collection and reporting. However, DANY and its partners will provide assistance to jurisdictions with reporting on an as-need basis.

11. Can I use this funding to start a new public DNA lab in my jurisdiction or add DNA capabilities to an existing public lab?

No.

12. Can I use funding to test SAKs that have undergone other types of testing but not DNA testing?

Yes, any kit that has *not* undergone DNA testing is considered untested under this grant program.

PROGRAM REQUIREMENTS

13. Do we need to know the exact extent of our backlog in order to apply?

No. DANY recognizes that many jurisdictions may not fully know the scope of their backlog at this time. Qualified jurisdictions are encouraged to apply even if they have not completed a full inventory or audit.

14. What kind of reporting will be required under this grant?

All grantees will be expected to report to DANY on a quarterly basis. Grantees must agree to provide follow-up information to DANY for two years after the grant period ends.

15. Does my jurisdiction need to form a multidisciplinary team?

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www.manhattanda.org

While your jurisdiction does not need to create a formal team, this grant program requires that your jurisdiction employ a *multi-disciplinary strategy*. A multi-disciplinary strategy incorporates all critical stakeholders, including law enforcement, prosecutors, system and community-based victim advocates, forensic medical personnel and laboratories, and formalizes the process for coordinating local SAK testing efforts. In some jurisdictions, a working group or task force may be established. Others may consider a less formalized approach.

16. Who should write letters of commitment and what should they include?

Your application should include a letter of commitment from each key stakeholder within your multidisciplinary strategy. These letters should describe, using specifics, how that agency or organization will participate in the initiative, should the jurisdiction receive funding. Letters should also include a commitment from key stakeholders to share relevant data with the lead applicant for reporting purposes.

If you are a multi-jurisdictional entity, such as a state or a county, you are not required to submit a letter of commitment from every stakeholder agency included in your proposal. In such cases, please submit letters of commitment from the key statewide agencies within your jurisdiction, such as the state police department, the state prosecutor's office and the state forensic lab.

17. What is the "forklift" approach, and is my jurisdiction required to adhere to that model?

The "forklift" approach requires testing all SAKs in the backlog regardless of the status or facts of the case. SAKs should not be excluded from the sample of kits to be tested for reasons including, but not limited to: expired statute of limitations, perceived weaknesses in the case, the nature of the victim/defendant relationship, victim cooperation at the time the crime was reported, previous adjudication of the case, including post-conviction cases, or prior partial forensic testing.

All jurisdictions that receive funding through DANY's grant program must adhere to the forklift approach. Successful backlog elimination efforts in New York City, Houston, Detroit, Cleveland and others have proven the value of testing every kit.

18. Will DANY make my jurisdiction's reported data public?

Data collected from jurisdictions through this grant may also be used for evaluation purposes and DANY will only report aggregate, anonymized outcomes. In the case that DANY wishes to report jurisdiction-specific information, prior approval will be sought from the grantee.

19. Is there a maximum age for SAKs that can be tested under this program?

No.

20. Does DANY require applicants to propose testing a minimum number of kits in order to qualify for this grant?

No, there is no minimum number of SAKS required to participate in DANY's grant program. All jurisdictions that meet the grant requirements of this solicitation are encouraged to apply.

21. If I represent a multi-jurisdictional entity such as a state or county, does DANY require a minimum number of law enforcement agencies within my jurisdiction to participate?

No. If a multi-jurisdictional entity applies as the lead applicant to this grant program, there is no limit or minimum number of sub-jurisdictions that the multi-jurisdictional applicant may include in the proposal. However, the lead applicant must explain the scope of the funding request and describe the multi-disciplinary strategy that includes the participating agencies within the jurisdiction. For example, if a state bureau of investigation is the lead applicant on behalf of six participating counties statewide, the application should

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www.manhattanda.org

include a description of the six counties, and the bureau's strategy for collecting kits and information from each.

22. Does this grant program require that jurisdictions test kits that involve non-reporting or anonymous victims?

No. If a victim chooses not to report a crime, the DNA profile is no longer eligible for upload into the FBI's CODIS database, and therefore not required for testing under this grant program Jurisdictions should not test kits related to non-reported cases, sometimes called "anonymous," "unreported," or "Jane Doe" kits unless a victim has changed his/her mind and decided to make a police report at a later time.

23. Will we be able to outsource the kits to private labs?

Yes. Applicants may use any accredited lab of their choice for testing under this grant program, whether that lab is public or private. Applicants may also divide their kits between more than one accredited lab for testing.

Please be advised that DANY has established agreements with two private forensic labs: Bode Cellmark Forensics and Sorenson Forensics. Jurisdictions are under no obligation to use these services and must follow any applicable procurement rules when contracting with any private lab if selected for funding under the SAK Program. Through these established agreements, grantees of the SAK Program will be eligible to receive a competitive rate of $550-650 per kit for initial DNA testing.[1]

24. If my jurisdiction contracts with a private lab, does DANY require a letter of commitment from that lab?

No. You only need to provide a letter of commitment from the public lab(s) that will upload your eligible DNA profiles to CODIS.

25. If my jurisdiction receives DANY funding, how many representatives can we send to U.S. Department of Justice's Bureau of Justice Assistance conference in Washington D.C.?

Applicants should budget for delegations of approximately 2-3 representatives to attend the BJA conference.

26. Can my jurisdiction apply to both the Bureau of Justice Assistance and DANY for funding?

Yes. DANY and BJA will share information and coordinate to ensure that there is no duplication of funding awarded to jurisdictions. Jurisdictions may apply to both programs as long as they meet the grant requirements from each program.

For more information, contact: dnabacklog@dany.nyc.gov or visit: http://manhattanda.org/ending-rape-kit-backlog-nationwide

A copy of the SAK Backlog Elimination Program RFP can be found at: http://tinyurl.com/DANYSAKRFP

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1 ents with Bode Cellmark Forensics and Sorenson Forensics, please contact those labs directly. For Bode, direct inquiries to Andrew Singer at Andrew.Singer@bodetech.com and for Sorenson, direct inquiries to Camilla Green at CGreen@sorensonforensics.com.

New York County District Attorney's Office
1 Hogan Place, New York, NY 10013
www.manhattanda.org

New York County District Attorney's Office SAK Backlog Elimination Budget Detail Worksheet

Agency		Fiscal Contact			
Agency Name:	City of Flint Police Department	Name:	Chief James Tolbert	Phone:	810-237-6856

Personnel Overtime

Position Title	Year 1 Description	Overtime Rate (Hourly)	Total Hours	Year 1 Total Cost	Year 2 Description	Overtime Rate (Hourly)	Total Hours	Year 2 Total Cost	Year 1 & 2 Total Cost
				$ -				$ -	$0
				$ -				$ -	$0
				$ -				$ -	$0
				$ -				$ -	$0
				$ -				$ -	$0
Total	$0				Total	$0			$0

Contracts

Cost Name	Year 1 Description	Year 1 Total Cost	Year 2 Description	Year 2 Total Cost	Year 1 & 2 Total Cost
Laboratory Costs	Testing costs for annual amount kits 248 x $650	$161,200			$161,200
					$0
					$0
					$0
					$0
					$0
					$0
					$0
					$0
					$0
Total	$161,200		Total	$0	$161,200

Other Costs

Cost/Category Name	Year 1 Description	Year 1 Total Cost	Year 2 Description	Year 2 Total Cost	Year 1 & 2 Total Cost
Shipping costs	Costs to ship kits 248 x 15	$3,690			$3,690
					$0
					$0
					$0
					$0
					$0
					$0
					$0
					$0
					$0
Total	$3,690		Total	$0	$3,690

Total Project Costs	$165,890	$0	$165,890

Two Agency Signatures Required:

(Program Representative Signature) (Date)	(Fiscal Representative Signature) (Date)
Chief of Police (Title)	Financial Coordinator (Title)

DANY Use Only		
Name:	Signature:	Approved:

150963

RESOLUTION NO.: CA 12 8 2015

PRESENTED: 12-11-15

ADOPTED: _____

RESOLUTION APPROVING A BUDGET AMENDMENT FOR CITY OF FLINT PARKS PROFESSIONAL SERVICES: MOWING & MAINTENANCE

BY THE CITY ADMINISTRATOR:

The City was awarded grant funding from the Ruth Mott Foundation in the amount of $68,400; and

This grant is for professional services in City of Flint parks, specifically mowing and maintenance.

This grant will ensure that parks are mowed in accordance with the City of Flint Strategic plan between November 2015 and October 2016.

IT IS RESOLVED that appropriate City officials are authorized to process a budget amendment recognizing grant revenue and corresponding appropriation of funds under grant code LRM-16-PKMOW.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

Jody N. Lundquist, Chief Financial Officer

FOR THE CITY OF FLINT:

Natasha L. Henderson, City Administrator

APPROVED BY CITY COUNCIL:

Kerry Nelson, City Council President

RECEIVERSHIP TRANSITION ADVISORY BOARD:

PRESENTED TO CITY COUNCIL: 12/14/2015
ADOPTED BY CITY COUNCIL: 12/14/2015

BUDGET AMENDMENT STAFF REVIEW FORM

DATE: December 10, 2015

Agenda Item Title: RESOLUTION APPROVING A BUDGET AMENDMENT FOR CITY OF FLINT PARK MOWING & MAINTENANCE

Prepared By: Adam Moore, Planner I

Background/Summary of Proposed Action:

In November 2015, the City received grant funding from the Ruth Mott Foundation (RMF) for professional services in City of Flint parks, specifically mowing and maintenance in the City parks.

The grant is for one year and will allow the Division to continue to mow and maintain City parks in accordance with the City's Strategic plan between November 2015 and October 2016.

This grant was necessary after construction overages at Riverbank Park, which were paid for out the parks professional services budget using parks millage funds, jeopardized regular mowing in parks in the last season of the parks millage.

Financial Implications:

This grant leverages existing funds throughout the community, and delivers no impact to the City's General Fund accounts.

Budgeted Expenditure: Yes _X_ No _____ **Please explain, if no:**

Pre-encumbered: Yes __ No _X__

Account No.: To be appropriated by Finance under grant code LRM-16-PKMOW

Reviewed and approved by M. Jarvis Mary Jarvis

Staff Recommendations:

The Director of Department of Planning and Development recommends approval of this budget amendment.

Brian Larkin, Director of Planning and Development

Ruth Mott Foundation

November 3, 2015

Ms. Natasha Henderson
City Administrator
City of Flint
1101 South Saginaw Street
Flint, MI 48502

Dear Ms. Henderson:

I am pleased to inform you the Ruth Mott Foundation has granted $68,400 to the City of Flint for the period 11/1/2015 through 10/31/2016.

Use of Grant
This grant is to be expended solely for **City of Flint Park Mowing and Maintenance (Grant ID: 1551.01)**. Upon receipt of your acceptance, the grant will be paid to the City of Flint.

The City of Flint confirms it will act as the fiscal sponsor for this project and this project will be under its complete control. The City of Flint further confirms it will exercise control over the process of selecting any secondary grantee or consultant, that the decision made or that will be made on any such selection is completely independent of the Ruth Mott Foundation, and there does not exist an agreement, written or oral, under which the Ruth Mott Foundation has created or may cause the selection of a secondary grantee or consultant.

The Foundation rarely commits significant grant funds for extended periods of time, and receiving a grant now does not guarantee renewal in the future. Unless this grant is for a one-time activity, grantees should cultivate other sources of support to ensure the sustainability of their program beyond the life of this grant.

We want to alert you to the fact that the Ruth Mott Foundation board is currently engaged in a strategic planning process and the Foundation's grantmaking priorities may change.

Grant Contingencies
There are no contingencies.

Grant Accounting
- You may charge this grant only for services performed or equipment and material received during the grant period specified in this letter.
- You may charge this grant only for line item expenditures that were included in the approved budget in this letter.
- You are required to maintain financial records and receipts for expenditures relating to this project.
- You are required to retain all records and supporting documentation relating to this grant for five years after the grant's termination date. You are also required to permit the Ruth Mott Foundation to have reasonable access to your files, records and personnel during the term of this grant and for five years thereafter for the purpose of making financial audits, verifications, or program evaluations.

Plaza One Financial Center
111 E. Court St., Suite 3C • Flint, MI 48502-1649 • Phone: (810) 233-0170 • Fax (810) 233-7022
E-Mail: mf@ruthmott.org ⊕ www.ruthmott.org

- You will notify the Foundation immediately in writing of any significant changes in the organization, program or activity supported by the grant including, but not limited to, its budget, expenditures, objectives, key personnel, schedule, or other circumstances that could affect its purpose or intended outcomes.
    1. The Ruth Mott Foundation must approve variances that exceed both $1,000 and 20% over the budget line item amount 30 days in advance of the expenditure.
    2. The Ruth Mott Foundation must approve any variance that changes the grant period or reporting dates, 30 days in advance of the grant end date.
    3. Expenses related to any variances not approved will be the responsibility of the grantee.

Ruth Mott Foundation Contact Person
Foundation program staff may contact you from time to time to arrange for visits to project sites. The purpose of such calls is to review developments, discuss any problems which may have arisen and assess progress. Please direct all correspondence or questions relating to this grant to Elizabeth Jordan, Program Officer.

Public Information
The Foundation encourages grantees to make announcements of grants upon return of the signed commitment letter and to make mention of the Ruth Mott Foundation. However, we require the opportunity to read and approve in advance all publications, press releases, on-line communications, or other public announcements that make mention of the Ruth Mott Foundation and/or this grant award.

Reports
To assist us in monitoring this grant, we ask you submit reports to the Foundation. Although we do not have a standard reporting format, we do have a few guidelines. We would prefer to receive a concise and precise document (four to five pages). The report, which can take the form of a letter, should provide the Foundation with a candid assessment of the progress of the project including any challenges or difficulties, and what has been learned so far. The report should list the results achieved to date and state what is planned for the next period. In addition to the narrative report, we require a signed financial statement detailing how the Foundation's grant funds have been spent.

The Foundation requires the following report(s):
(To expedite the review process, the cover page of your report should include the grant ID number, project name, grant dates, and the name of the report.)

Grant Dates: 11/1/2015 to 10/31/2016

Final Report Due Date: 11/30/2016

Please report on the following:

1. A narrative summary of City of Flint Park Mowing and Maintenance to include the following:
    a. Summary of the approach to providing mowing and basic maintenance of City of Flint parks, including the use of mowing contracts and the frequency of mowing during the growing season.
    b. Discussion of the effect of this grant on the city's parks and recreation millage funds and resources available for park mowing and maintenance in 2015-16.

c. Description of efforts to educate the public about the importance of the City of Flint Parks and Recreation millage renewal and a discussion of how park mowing and maintenance may affect the result of the millage ballot.

2. Provide photographs (digital) of your project, including parental waivers for all minors featured in photographs.

3. Evaluation or lessons learned which might result in changes in the future.

4. Financial report summarizing the grant expenses and/or balances remaining at the end of the grant reporting period. Once the project is completed, the Foundation requires a final accounting of grant expenditures for the grant total, $68,400.
   a. Accounting: Budget vs. Actual:
   Report should include the actual expenditures against the approved budget by line item for the reporting period.
   b. Approved variance explanations: Summary of all approved variances that occurred during the course of the grant.
   c. All Funding Sources: Summary of funding sources (listing by source, amount and grant period) received for this program during the reporting period including cash and in-kind services.
   d. Unspent Funds: Please explain the variance between the total funding received and the total approved budget.
   e. Signature of the appropriate financial officer of your organization.

We would be happy to assist you or answer any questions you may have regarding this reporting requirement.

Undisbursed Funds
You are required to return any undisbursed funds to the Ruth Mott Foundation within three months after the end of this grant or at the time you are unable to fulfill this grant agreement. Any refund of less than $100 will be waived.

Compliance with Laws
You may not use any portion of the grant funds to undertake any activity for any purpose other than one specified in section 170(c)(2)(B) of the Internal Revenue Code for charitable purposes. Further, the Ruth Mott Foundation reserves the right to discontinue, modify, or withhold any payments that might otherwise be due under this grant or to require a refund of any unexpended grant funds if, in the Ruth Mott Foundation's judgment, such action is necessary to comply with the requirements of any law or regulation.

Acceptance
This letter contains the entire agreement between your organization and the Ruth Mott Foundation, and there are no conditions or stipulations, oral or written, governing the use of the grant funds other than those contained in this letter.

If you agree to the grant conditions as stated, please return **one complete copy of this grant agreement in its entirety, with all the original signatures including the president and the board chair** in the space provided. This grant may be withdrawn if the Ruth Mott Foundation has not received your acceptance within one month from the date of this letter. By

countersigning this grant letter, your organization also confirms that there has been no change in its qualification as an organization exempt from income taxation under Section 501 (c)(3) of the Internal Revenue Code. Should any change occur, please notify the Ruth Mott Foundation immediately.

It has been a pleasure to work with you in developing this grant commitment, and we are confident that this project will have a positive impact on the community.

Very truly yours,

Handy L. Lindsey, Jr.
President

We acknowledge that appropriate personnel have read and understand this letter, that its terms and conditions are acceptable to us and that we will comply with those terms and conditions. The two signers below are authorized by the organization to enter into this agreement

PROPOSAL NUMBER: 1551.01

Name of Grantee:	City of Flint
Name of City Administrator:	Natasha Henderson
Signature City Administrator:	Natasha L Henderson
Date Signed:	11-6-2015
Name of Mayor:	Dayne Walling
Signature of Mayor:	D W
Date Signed:	11/6/15

Ruth Mott Foundation Approved Project Budget
City of Flint
Riverbank Park Improvements Phase II
11/1/2015 - 10/31/2016

Line Item	Approved Amount
Mowing and maintenance for City of Flint parks	$68,400

150964

SUBMISSION NO.: CA1302015

PRESENTED: 12-11-15

ADOPTED: _____

RESOLUTION TO AUTHORIZE 5th DIVISION BUDGET AMENDMENT

BY THE CITY ADMINISTRATOR:

On April 28, 2015, the Emergency Manager approved consolidation of the Sixty-Seventh and Sixty-Eighth Districts of Michigan's District Court (resolution EMA2422015); and

The Genesee County Board of Commissioners approved the amended 5th Division budget request at the meeting of its Finance Committee on November 23, 2015;

IT IS RESOLVED that the amended 5th Division budget amendment for the consolidation of the Sixty-Seventh and Sixty-Eighth District Courts, authorized by the Genesee County Board of Commissioners, is hereby authorized.

Peter M. Bade, Chief Legal Officer

Jody N. Lundquist, Chief Financial Officer

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Kerry Nelson, Council President

RECEIVERSHIP TRANSITION ADVISORY BOARD:

PRESENTED TO CITY COUNCIL: 12/14/2015
ADOPTED BY CITY COUNCIL: 12/14/2015

RESOLUTION STAFF REVIEW

DATE: December 11, 2015

Agenda Item Title: Resolution to Authorize 5th Division Budget Amendment

Prepared By: V. Foster

Background/Summary of Proposed Action:

On 4/28/15, the Emergency Manager approved consolidation of the 67th and 68th District Courts (see attached resolution #EMA2422015).

On November 16, 2015, the Genesee County Board of Commissioners gave final approval to the amended 5th Division budget (see attached). The 67th and 68th District Court judges leading the consolidation worked together to identify reorganization of a few positions, which resulted in cost savings. This savings is proposed to offset additional costs necessary to complete the transition such that the City's financial obligation and the bottom line of the budget remains the same.

Financial Implications
None

Budgeted Expenditure? x Yes No Please explain if no:

Account No.:

Pre-encumbered? n/a

Other Implications (i.e., collective bargaining):

Staff Recommendation:
Recommended.

Staff Person: V. Foster Approval: J. Lundquist

15-498

TO THE HONORABLE CHAIRPERSON AND MEMBERS OF THE GENESEE COUNTY BOARD OF COMMISSIONERS, GENESEE COUNTY, MICHIGAN

LADIES AND GENTLEMEN:

BE IT RESOLVED, by this Board of Commissioners of Genesee County, Michigan, that the request by the Director of Court Operations for the 67th District Court to authorize the amended budget for the 5th division of the 67th District Court, changes in staffing positions, and computer upgrades, all as described in the memorandum presented to this Board, is approved (a copy of the memorandum request dated November 17, 2015, and supporting documentation being on file with the official records of the November 23, 2015, meeting of the Finance Committee).

FINANCE COMMITTEE

F112315VIIA
CDB/cdb
12-02-15
12-07-F01

F01

GENESEE COUNTY - 67th District Court - 5th ELECTION DIVISON - Budget
Revision Date: 11/16/2015

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GENESEE COUNTY - 67th District Court - 5th ELECTION DIVISON - Net Cost Summary - 11 Periods

	Period 1 1/2/2016 - 9/30/2016	Period 2 10/1/2016 - 9/30/2017	Period 3 10/1/2017 - 9/30/2018	Period 4 10/1/2018 - 9/30/2019	Period 5 10/1/2019 - 9/30/2020	Period 6 10/1/2020 - 9/30/2021	Period 7 10/1/2021 - 9/30/2022	Period 8 10/1/2022 - 9/30/2023	Period 9 10/1/2023 - 9/30/2024	Period 10 10/1/2024 - 9/30/2025	Period 11 10/1/2025 - 12/31/2025	Total
Total Revenue	$ 1,521,465	$ 2,181,620	$ 2,274,335	$ 2,368,706	$ 2,439,784	$ 2,518,869	$ 2,587,284	$ 2,651,273	$ 2,735,953	$ 2,810,110	$ 705,803	$ 24,796,183
Total Expenditures	2,184,900	3,001,891	3,146,185	3,301,763	3,432,099	3,547,102	3,657,851	3,767,988	3,864,437	3,937,950	989,440	34,791,585
Net Cost	$ (843,435)	$ (820,271)	$ (871,850)	$ (933,056)	$ (992,315)	$(1,028,233)	$(1,070,567)	$(1,116,694)	$(1,128,484)	$(1,127,840)	$ (282,637)	$ (9,995,402)

GENESEE COUNTY - 67th District Court - 5th ELECTION DIVISON - Net Cost Summary - 10 Periods

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Total Revenue	$ 2,028,620	$ 2,232,620	$ 2,288,240	$ 2,395,529	$ 2,454,536	$ 2,540,313	$ 2,602,914	$ 2,667,393	$ 2,758,806	$ 2,827,212	$ 24,796,183
Total Expenditures	2,886,533	3,040,344	3,181,465	3,341,862	3,462,178	3,575,410	3,685,331	3,782,180	3,878,523	3,957,759	$ 34,791,585
Net Cost	$ (857,913)	$ (807,724)	$ (893,225)	$ (946,333)	$(1,007,642)	$(1,035,097)	$(1,082,417)	$(1,114,787)	$(1,119,716)	$(1,130,548)	$ (9,995,402)

GENESEE COUNTY - 67th District Court - 5th ELECTION DIVISION - Budget

	Footnotes	Inflation Factor	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Revenue													
Fines & Costs - Traffic/Criminal	(1)	1.03	1,800,000	1,854,000	1,909,620	1,966,909	2,025,916	2,086,693	2,149,294	2,213,773	2,280,186	2,348,592	20,634,983
Judges Standardization Pay - State of MI			228,620	228,620	228,620	228,620	228,620	228,620	228,620	228,620	228,620	228,620	2,286,200
Probation Services			-	150,000	150,000	300,000	300,000	225,000	225,000	225,000	300,000	300,000	1,950,000
Total Revenue			2,028,620	2,232,620	2,288,240	2,495,529	2,554,536	2,540,313	2,602,914	2,667,393	2,808,806	2,877,212	24,799,183
Personnel Expenditures													
Wages and Salaries	(2)		902,426	925,181	1,044,312	1,122,536	1,157,520	1,187,215	1,223,345	1,243,729	1,253,051	1,258,051	11,302,717
Overtime	(2)		33,230	36,557	40,114	44,225	48,274	47,784	49,063	50,057	50,548	50,548	448,800
Fringes	(2)		678,953	711,030	747,020	784,847	818,131	838,048	862,638	878,541	943,106	881,027	8,417,256
Total Personnel Expenditures			1,615,924	1,672,768	1,831,446	1,951,609	2,024,925	2,088,048	2,135,049	2,208,777	2,256,992	2,201,626	20,168,573
Non-Personnel Expenditures													
Supplies	(3)	1.03	17,500	18,025	18,566	19,123	19,696	20,287	20,896	21,523	22,168	22,834	200,618
Postage	(3)	1.03	17,500	18,025	18,566	19,123	19,696	20,287	20,896	21,523	22,168	22,834	200,618
Newspapers/Ref. Docs & Pubs.	(3)	1.03	3,000	3,155	3,239	3,377	3,478	3,582	3,690	3,800	3,914	4,032	35,423
Subscriptions & Publications	(3)	1.03	8,000	8,240	8,487	8,742	9,004	9,274	9,552	9,839	10,134	10,438	91,751
Professional Service	(3)	1.03	64,000	65,920	67,898	69,935	72,033	74,194	76,419	78,712	81,073	83,505	733,638
EDP Service	(3)	1.03	47,000	48,410	49,862	51,358	52,899	54,486	56,120	57,804	59,538	61,324	538,822
Contractual Payments	(3)	1.03	98,000	100,940	103,968	107,087	110,300	113,609	117,017	120,528	124,143	127,868	1,123,460
Printing & Publishing	(3)	1.03	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619	33,598	295,195
Repairs & Maintenance	(3)	1.03	33,000	33,990	35,010	36,060	37,142	38,256	39,404	40,586	41,803	43,057	378,308
Court Room Security Officers	(3)	1.03	639,955	658,154	672,634	692,823	697,224	625,858	644,735	664,077	683,999	704,519	6,183,970
Rentals - Meters	(3)		-	-	-	-	-	-	-	-	-	-	-
Rentals - Other	(3)	1.03	43,004	43,921	48,878	47,925	48,414	50,857	52,424	53,996	55,616	57,285	503,596
Miscellaneous Expense	(3)	1.03	515	530	546	563	580	597	615	633	652	672	5,904
Education, Training & Conferences	(3)	1.03	2,000	2,122	2,185	2,251	2,319	2,389	2,460	2,534	2,610	2,688	23,618
Tuition Reimbursement	(3)	1.03	1,000	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305	1,344	11,809
Indirect Cost Allocation	(5)	1.03	251,000	209,532	298,818	307,784	316,978	326,971	336,567	343,718	352,086	362,720	3,222,663
Capital Outlay - Equipment	(6)	1.03	5,000	5,150	5,305	5,464	5,628	5,797	5,970	6,149	6,334	6,524	57,319
Computers, Opus, Forms, Programming	(11)		23,136	-	-	-	-	-	-	-	-	-	23,136
Capital Outlay - Court Room Renovations	(7)		-	-	-	-	-	-	-	-	-	-	-
Other	(8)	1.03	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	114,539
Contingencies	(12)		-	83,331	79,833	82,028	82,588	82,164	100,521	100,748	(82,677)	120,000	827,537
Total Non-Personnel Expenditures			1,370,330	1,318,826	1,380,749	1,390,434	1,450,295	1,480,282	1,530,995	1,573,403	1,619,551	1,668,338	14,927,330
Total Expenditures			2,986,253	2,991,594	3,191,194	3,341,992	3,482,178	3,568,410	3,666,931	3,782,180	3,876,543	3,937,780	34,291,695
Net Cost Current Version	(9)		(957,913)	(957,724)	(902,225)	(846,533)	(1,007,642)	(1,028,097)	(1,062,017)	(1,114,787)	(1,116,718)	(1,130,648)	(9,926,492)
Net Cost Prior Version			(957,913)	(957,724)	(902,225)	(846,533)	(1,007,642)	(1,028,097)	(1,062,017)	(1,114,787)	(1,116,718)	(1,130,648)	(9,926,492)
Current Version - Better or (Worse)			-	-	-	-	-	-	-	-	-	-	-
Reconciliation													
Added Non-Recurring Costs	(11)		(73,136)	-	-	-	-	-	-	-	-	-	(73,136)
Added Provision for Contingencies Costs	(12)		-	(83,331)	(79,833)	(82,028)	(82,588)	(82,164)	(100,521)	(100,748)	(82,677)	(120,000)	(827,537)
Reduced Personnel Expenditures	(10)		73,136	83,331	79,833	82,028	82,588	82,164	100,521	100,748	82,677	120,000	827,537
Current Version - Better or (Worse)			-	-	-	-	-	-	-	-	-	-	-

Footnotes:

(1) Year 1 amount is from City's budget
(2) Year 1 amount is from City's budget
(3) Based on the same number of FTEs (4.65) as in the current lease agreement with the City
(4) Lease with the City will end on consolidation; revenue lost from county portion of lease is replaced with (3) above
(5) Based on information provided by Maximus, the County's consultant retained to perform the annual indirect cost allocation study
(6) Estimated
(7) Deferred based on plan to build out space
(8) Funding to be provided by City to achieve "revenue neutral"
(9) See schedules attached
(10)

	Current	Prior
Judges	5.0	5.0
Senalary/Recorder	5.0	5.0
Deputy Clerks - Full Time	11.0	10.0
Administrative Specialists	1.0	2.0
Magistrate/Deputy Clerk	1.0	0.0
Deputy Clerk - Part Time	0.5	0.0
Probation Officers	2.0	4.0
	25.5	26.0

(11) Non-recurring costs in year 1 only to properly equip staff with new computers, create courtroom space and forms, and program software changes for compatibility with JIS
(12) Provision for unanticipated costs

67th District Court - 5th ELECTION DIVISON - CITY OF FLINT - Personnel Expenditures - Summary

	Headcount	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Salary:												
Judges	5	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 2,286,200
Secretary/Recorder	6	$ 180,848	$ 193,993	$ 216,325	$ 220,885	$ 226,708	$ 230,525	$ 235,849	$ 241,165	$ 241,165	$ 241,165	$ 2,227,630
Deputy Clerks - Full Time	11	$ 308,833	$ 344,927	$ 382,932	$ 445,016	$ 477,576	$ 489,357	$ 501,699	$ 514,603	$ 528,429	$ 528,429	$ 4,519,801
Administrative Specialists	1	$ 35,100	$ 39,595	$ 43,010	$ 49,223	$ 50,742	$ 52,326	$ 53,977	$ 55,691	$ 57,537	$ 57,537	$ 495,698
Magistrate/Deputy Clerk	1	$ 53,258	$ 54,608	$ 56,517	$ 58,482	$ 60,373	$ 62,350	$ 62,350	$ 62,350	$ 62,350	$ 62,350	$ 598,358
Deputy Clerk - Part Time	0.5	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 134,200
Probation Officers	2	$ 87,245	$ 99,760	$ 103,388	$ 106,910	$ 111,080	$ 120,718	$ 127,430	$ 127,430	$ 127,430	$ 127,430	$ 1,138,822
Total Salary	25.5	$ 909,426	$ 976,181	$ 1,044,312	$ 1,122,536	$ 1,167,520	$ 1,197,316	$ 1,223,345	$ 1,243,179	$ 1,258,951	$ 1,258,951	$ 11,337,717
		$ 679,820										
Overtime:												
Judges		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Secretary/Recorder		$ 9,042	$ 9,700	$ 10,816	$ 11,044	$ 11,285	$ 11,526	$ 11,792	$ 12,058	$ 12,058	$ 12,058	$ 111,382
Deputy Clerks - Full Time		$ 16,347	$ 17,246	$ 19,147	$ 22,251	$ 23,879	$ 24,469	$ 25,085	$ 25,726	$ 26,421	$ 26,421	$ 226,990
Administrative Specialists		$ 1,805	$ 1,978	$ 2,151	$ 2,461	$ 2,537	$ 2,616	$ 2,699	$ 2,785	$ 2,877	$ 2,877	$ 24,785
Magistrate/Deputy Clerk		$ 2,663	$ 2,745	$ 2,831	$ 2,923	$ 3,019	$ 3,118	$ 3,118	$ 3,118	$ 3,118	$ 3,118	$ 29,763
Deputy Clerk - Part Time		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Probation Officers		$ 4,362	$ 4,988	$ 5,169	$ 5,346	$ 5,554	$ 6,036	$ 6,372	$ 6,372	$ 6,372	$ 6,372	$ 58,941
Total Overtime		$ 33,219	$ 36,657	$ 40,114	$ 44,025	$ 46,274	$ 47,764	$ 49,066	$ 50,057	$ 50,845	$ 50,845	$ 449,866
Total Salaries and Wages		$ 939,645	$ 1,011,839	$ 1,084,426	$ 1,166,561	$ 1,213,794	$ 1,245,080	$ 1,272,410	$ 1,293,236	$ 1,309,797	$ 1,309,797	$ 11,846,583
		$ 704,734										
Fringes:												
Judges		$ 173,258	$ 177,671	$ 182,301	$ 187,158	$ 192,253	$ 197,600	$ 203,210	$ 209,095	$ 215,271	$ 221,761	$ 1,959,558
Secretary/Recorder		$ 128,022	$ 134,701	$ 143,191	$ 148,838	$ 154,771	$ 160,855	$ 167,492	$ 174,303	$ 180,487	$ 186,972	$ 1,579,736
Deputy Clerks - Full Time		$ 285,842	$ 282,190	$ 288,929	$ 329,393	$ 337,204	$ 351,011	$ 365,499	$ 380,680	$ 396,569	$ 410,966	$ 3,409,474
Administrative Specialists		$ 25,592	$ 27,071	$ 28,594	$ 30,842	$ 31,925	$ 33,271	$ 34,681	$ 36,159	$ 37,718	$ 39,017	$ 324,870
Magistrate/Deputy Clerk		$ 29,556	$ 29,725	$ 30,949	$ 32,242	$ 33,556	$ 35,011	$ 36,137	$ 37,317	$ 39,556	$ 39,556	$ 341,945
Deputy Clerk - Part Time		$ 1,134	$ 2,560	$ 2,562	$ 2,564	$ 2,566	$ 2,569	$ 2,571	$ 2,574	$ 2,576	$ 2,579	$ 26,854
Probation Officers		$ 53,784	$ 57,712	$ 60,194	$ 62,750	$ 65,515	$ 69,331	$ 72,746	$ 75,110	$ 77,588	$ 80,139	$ 674,918
Total Fringes		$ 676,288	$ 711,930	$ 747,020	$ 784,847	$ 818,191	$ 850,048	$ 882,838	$ 915,841	$ 949,195	$ 981,627	$ 8,317,256
Total Personnel Costs		$ 1,615,934	$ 1,723,768	$ 1,831,445	$ 1,951,408	$ 2,031,985	$ 2,095,128	$ 2,155,248	$ 2,209,077	$ 2,259,992	$ 2,291,424	$ 20,163,849
Prior Version		1,689,130	1,807,019	1,911,140	2,033,427	2,114,490	2,187,292	2,259,958	2,309,625	2,361,688	2,399,420	21,064,702
Increase		$ (73,196)	$ (83,251)	$ (79,695)	$ (82,020)	$ (82,505)	$ (92,164)	$ (100,521)	$ (100,748)	$ (102,697)	$ (103,996)	$ (900,853)

67th District Court - 6th ELECTION DIVISON - CITY OF FLINT - Personnel Expenditures - Judges

	Inflation Factor	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Salary:											
Per Judge		$ 45,724	$ 45,724	$ 45,724	$ 45,724	$ 45,724	$ 45,724	$ 45,724	$ 45,724	$ 45,724	$ 45,724
Headcount:											
Crawford		1	1	1	1	1	1	1	1	1	1
Collier-Nix		1	1	1	1	1	1	1	1	1	1
Dowd		1	1	1	1	1	1	1	1	1	1
Marabla, Jr.		1	1	1	1	1	1	1	1	1	1
Perry		1	1	1	1	1	1	1	1	1	1
		5	5	5	5	5	5	5	5	5	5
Total Salary		$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620
FICA		7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Worker Comp	1.02	0.70%	0.71%	0.73%	0.74%	0.76%	0.77%	0.79%	0.80%	0.82%	0.84%
Unemployment	1.02	0.10%	0.10%	0.10%	0.11%	0.11%	0.11%	0.11%	0.11%	0.12%	0.12%
Health Insurance - Judges	1.05	$ 16,976	$ 16,774	$ 17,612	$ 18,493	$ 19,418	$ 20,389	$ 21,408	$ 22,478	$ 23,602	$ 24,782
Optical Insurance	1.05	$ 109	$ 114	$ 120	$ 126	$ 132	$ 139	$ 146	$ 153	$ 161	$ 169
Dental Insurance	1.05	$ 1,052	$ 1,105	$ 1,160	$ 1,218	$ 1,279	$ 1,343	$ 1,410	$ 1,480	$ 1,554	$ 1,632
Life Insurance	1.02	$ 921	$ 939	$ 958	$ 977	$ 997	$ 1,017	$ 1,037	$ 1,058	$ 1,079	$ 1,101
Defined Benefit Pension		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Defined Contribution Retirement		25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Retiree Health Care		$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300
Overtime:											
Judges	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Overtime		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Salaries and Wages		$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620
FICA		$ 17,489	$ 17,489	$ 17,489	$ 17,489	$ 17,489	$ 17,489	$ 17,488	$ 17,489	$ 17,489	$ 17,489
Worker Comp		$ 1,600	$ 1,632	$ 1,665	$ 1,698	$ 1,732	$ 1,767	$ 1,802	$ 1,838	$ 1,875	$ 1,913
Unemployment		$ 229	$ 233	$ 238	$ 243	$ 247	$ 252	$ 257	$ 263	$ 268	$ 273
Health Insurance		$ 79,875	$ 83,869	$ 88,062	$ 92,465	$ 97,089	$ 101,943	$ 107,040	$ 112,392	$ 118,012	$ 123,912
Optical Insurance		$ 545	$ 572	$ 601	$ 631	$ 662	$ 696	$ 730	$ 767	$ 805	$ 845
Dental Insurance		$ 5,260	$ 5,523	$ 5,799	$ 6,089	$ 6,394	$ 6,713	$ 7,048	$ 7,401	$ 7,771	$ 8,160
Life Insurance		$ 4,605	$ 4,697	$ 4,791	$ 4,887	$ 4,985	$ 5,084	$ 5,186	$ 5,290	$ 5,395	$ 6,503
Defined Benefit Pension		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Defined Contribution Retirement		$ 57,155	$ 57,155	$ 57,155	$ 57,155	$ 57,155	$ 57,155	$ 57,155	$ 57,155	$ 57,155	$ 57,155
Retiree Health Care		$ 6,500	$ 6,500	$ 6,500	$ 6,500	$ 6,500	$ 6,500	$ 6,500	$ 6,500	$ 6,500	$ 6,500
Total Fringes		$ 173,258	$ 177,671	$ 182,301	$ 187,158	$ 192,253	$ 197,605	$ 203,210	$ 209,095	$ 215,271	$ 221,751
Total Salaries and Wages		$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ 228,620	$ -	$ -	$ -	$ -
Total Overtime		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Fringes		$ 173,258	$ 177,671	$ 182,301	$ 187,158	$ 192,253	$ 197,605	$ 203,210	$ 209,095	$ 215,271	$ 221,751
Total Personnel Costs		$ 401,878	$ 406,291	$ 410,921	$ 415,778	$ 420,873	$ 426,225	$ 431,830	$ 437,715	$ 443,891	$ 450,371

67th District Court - 5th ELECTION DIVISON - CITY OF FLINT - Personnel Expenditures - Secretary/Recorders

	Yrs Exp. as City S/R at 1/1/2016	Starting Step at 1/2/2016 per County scale	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Salary:			Applicable Step from County Wage Scale for Appointed Officials - Secretary Recorders									
Crawford - Jeanine Franklin	10 yrs. 9 mos.	After 8 yrs	48,233	48,233	48,233	48,233	48,233	48,233	48,233	48,233	48,233	48,233
Collier-Nix - Suzette Hawkins	1 yr 8 mos.	After 1 yr	39,154	39,440	42,023	43,163	44,369	45,573	46,804	48,233	48,233	48,233
Dowd - Veronica Simon	7 yrs. 4 mos.	After 7 yrs	48,804	48,233	48,233	48,233	48,233	48,233	48,233	48,233	48,233	48,233
Dowd - Veronica Simon	6 yrs. 4 mos.	After 7 yrs	(48,804)	(48,233)	(48,233)	(48,233)	(48,233)	(48,233)	(48,233)	(48,233)	(48,233)	(48,233)
Dowd - Replacement for Veronica Simon		After 1 yr	39,154	39,440	42,023	43,163	44,369	45,573	46,804	48,233	48,233	48,233
Masabia, Jr.- Sandra Quiel	1 yrs. 9 mos.	After 1 yr	39,154	39,440	42,023	43,163	44,369	45,573	46,804	48,233	48,233	48,233
Perry - Brandy Graham	1 yr 10 mos.	After 1 yr	39,154	39,440	42,023	43,163	44,369	45,573	46,804	48,233	48,233	48,233
Total Salary			160,849	193,993	216,325	220,855	226,709	230,525	235,849	241,165	241,165	241,165
Number of positions			5	5	5	5	5	5	5	5	5	5
FICA			7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Worker Comp	1.02		0.70%	0.71%	0.73%	0.74%	0.76%	0.77%	0.79%	0.80%	0.82%	0.84%
Unemployment	1.02		0.10%	0.10%	0.10%	0.11%	0.11%	0.11%	0.11%	0.11%	0.12%	0.12%
Health Insurance - Judges	1.05		$ 16,575	$ 16,774	$ 17,612	$ 18,493	$ 19,418	$ 20,389	$ 21,408	$ 22,478	$ 23,602	$ 24,782
Optical Insurance	1.05		$ 109	$ 114	$ 120	$ 125	$ 132	$ 139	$ 146	$ 153	$ 161	$ 169
Dental Insurance	1.05		$ 1,052	$ 1,105	$ 1,160	$ 1,218	$ 1,279	$ 1,343	$ 1,410	$ 1,480	$ 1,554	$ 1,632
Life Insurance	1.02		$ 921	$ 939	$ 958	$ 977	$ 997	$ 1,017	$ 1,037	$ 1,058	$ 1,079	$ 1,101
Defined Benefit Pension			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Defined Contribution Retirement			8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Retiree Health Care			$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300
Overtime:												
Secretary Recorders	6.00%		$ 9,042	$ 9,700	$ 10,816	$ 11,044	$ 11,285	$ 11,526	$ 11,792	$ 12,058	$ 12,058	$ 12,058
Total Overtime			$ 9,042	$ 9,700	$ 10,816	$ 11,044	$ 11,285	$ 11,526	$ 11,792	$ 12,058	$ 12,058	$ 12,058
Total Salaries and Wages			$ 169,891	$ 203,693	$ 227,141	$ 231,899	$ 237,994	$ 242,051	$ 247,641	$ 253,223	$ 253,223	$ 253,223
FICA			$ 14,527	$ 16,682	$ 17,376	$ 17,743	$ 18,130	$ 18,517	$ 18,945	$ 19,372	$ 19,372	$ 19,372
Worker Comp			$ 1,329	$ 1,454	$ 1,654	$ 1,723	$ 1,796	$ 1,871	$ 1,952	$ 2,033	$ 2,077	$ 2,116
Unemployment			$ 180	$ 208	$ 236	$ 248	$ 257	$ 267	$ 279	$ 291	$ 297	$ 303
Health Insurance			$ 79,575	$ 83,869	$ 88,062	$ 92,455	$ 97,078	$ 101,943	$ 107,040	$ 112,392	$ 118,012	$ 123,912
Optical Insurance			$ 545	$ 572	$ 601	$ 631	$ 662	$ 695	$ 730	$ 767	$ 805	$ 845
Dental Insurance			$ 5,260	$ 5,523	$ 5,799	$ 6,089	$ 6,394	$ 6,713	$ 7,049	$ 7,401	$ 7,771	$ 8,160
Life Insurance			$ 4,609	$ 4,697	$ 4,791	$ 4,887	$ 4,985	$ 5,084	$ 5,186	$ 5,290	$ 5,395	$ 5,503
Defined Benefit Pension			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Defined Contribution Retirement			$ 15,191	$ 16,285	$ 18,171	$ 18,554	$ 19,060	$ 19,364	$ 19,811	$ 20,258	$ 20,258	$ 20,258
Retiree Health Care			$ 6,500	$ 6,500	$ 6,500	$ 6,500	$ 6,500	$ 6,500	$ 6,500	$ 6,500	$ 6,500	$ 6,500
Total Fringes			$ 128,022	$ 134,701	$ 143,191	$ 148,838	$ 154,771	$ 160,955	$ 167,492	$ 174,306	$ 180,497	$ 186,972
Total Salaries and Wages			$ 160,849	$ 193,993	$ 216,325	$ 220,855	$ 226,709	$ 230,525	$ 235,849	$ 241,165	$ 241,165	$ 241,165
Total Overtime			$ 9,042	$ 9,700	$ 10,816	$ 11,044	$ 11,285	$ 11,526	$ 11,792	$ 12,058	$ 12,058	$ 12,058
Total Fringes			$ 128,022	$ 134,701	$ 143,191	$ 148,838	$ 154,771	$ 160,955	$ 167,492	$ 174,306	$ 180,497	$ 186,972
Total Personnel Costs			$ 317,914	$ 338,394	$ 370,333	$ 380,737	$ 391,766	$ 403,006	$ 415,134	$ 427,530	$ 433,719	$ 440,195

67th District Court - 5th ELECTION DIVISON - CITY OF FLINT - Personnel Expenditures - Deputy Clerks

	Union	Inflation Factor	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Salary:												
Per Clerk	488-00		$ 27,903	$ 31,357	$ 34,812	$ 40,459	$ 43,416	$ 44,467	$ 45,609	$ 46,773	$ 48,039	$ 48,039
Headcount:												
Total			11	11	11	11	11	11	11	11	11	11
			11	11	11	11	11	11	11	11	11	11
Total Salary			$ 306,933	$ 344,927	$ 382,932	$ 445,016	$ 477,576	$ 489,357	$ 501,699	$ 514,503	$ 528,429	$ 528,429
FICA			7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Worker Comp	1.02		0.70%	0.71%	0.73%	0.74%	0.76%	0.77%	0.79%	0.80%	0.82%	0.84%
Unemployment	1.02		0.10%	0.10%	0.10%	0.11%	0.11%	0.11%	0.11%	0.11%	0.12%	0.12%
Health Insurance - Judges	1.05	$	15,976	$ 16,774	$ 17,612	$ 18,493	$ 19,418	$ 20,389	$ 21,408	$ 22,478	$ 23,602	$ 24,782
Optical Insurance	1.05	$	109	$ 114	$ 120	$ 126	$ 132	$ 139	$ 146	$ 153	$ 161	$ 169
Dental Insurance	1.05	$	1,052	$ 1,105	$ 1,160	$ 1,218	$ 1,279	$ 1,343	$ 1,410	$ 1,480	$ 1,554	$ 1,632
Life Insurance	1.02	$	921	$ 939	$ 959	$ 977	$ 997	$ 1,017	$ 1,037	$ 1,058	$ 1,079	$ 1,101
Defined Benefit Pension			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Defined Contribution Retirement			8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Retiree Health Care		$	1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300
Overtime:												
Clerks	5.00%	$	15,347	$ 17,246	$ 19,147	$ 22,251	$ 23,879	$ 24,468	$ 25,085	$ 25,725	$ 26,421	$ 26,421
Total Overtime		$	15,347	$ 17,246	$ 19,147	$ 22,251	$ 23,879	$ 24,468	$ 25,085	$ 25,725	$ 26,421	$ 26,421
Total Salaries and Wages		$	322,280	$ 362,173	$ 402,079	$ 467,267	$ 501,455	$ 513,825	$ 526,784	$ 540,228	$ 554,850	$ 554,850
FICA		$	24,654	$ 27,706	$ 30,759	$ 35,746	$ 38,361	$ 39,308	$ 40,299	$ 41,327	$ 42,446	$ 42,446
Worker Comp		$	2,255	$ 2,586	$ 2,928	$ 3,471	$ 3,800	$ 3,971	$ 4,153	$ 4,344	$ 4,661	$ 4,642
Unemployment		$	322	$ 369	$ 418	$ 498	$ 543	$ 567	$ 593	$ 621	$ 650	$ 693
Health Insurance		$	175,725	$ 184,511	$ 193,737	$ 203,424	$ 213,595	$ 224,275	$ 235,488	$ 247,263	$ 259,626	$ 272,607
Optical Insurance		$	1,199	$ 1,259	$ 1,322	$ 1,388	$ 1,457	$ 1,530	$ 1,607	$ 1,687	$ 1,771	$ 1,860
Dental Insurance		$	11,572	$ 12,161	$ 12,758	$ 13,399	$ 14,066	$ 14,769	$ 15,508	$ 16,283	$ 17,097	$ 17,952
Life Insurance		$	10,131	$ 10,334	$ 10,540	$ 10,751	$ 10,966	$ 11,185	$ 11,409	$ 11,637	$ 11,870	$ 12,107
Defined Benefit Pension		$	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Defined Contribution Retirement		$	25,782	$ 28,974	$ 32,166	$ 37,381	$ 40,116	$ 41,108	$ 42,143	$ 43,219	$ 44,388	$ 44,388
Retiree Health Care		$	14,300	$ 14,300	$ 14,300	$ 14,300	$ 14,300	$ 14,300	$ 14,300	$ 14,300	$ 14,300	$ 14,300
Total Fringes		$	265,942	$ 282,190	$ 298,929	$ 320,353	$ 337,204	$ 351,011	$ 365,499	$ 380,680	$ 396,699	$ 410,966
Total Salaries and Wages		$	306,933	$ 344,927	$ 382,932	$ 445,016	$ 477,576	$ 489,357	$ 501,699	$ 514,503	$ 528,429	$ 528,429
Total Overtime		$	15,347	$ 17,246	$ 19,147	$ 22,251	$ 23,879	$ 24,468	$ 25,085	$ 25,725	$ 26,421	$ 26,421
Total Fringes		$	265,942	$ 282,190	$ 298,929	$ 320,353	$ 337,204	$ 351,011	$ 365,499	$ 380,680	$ 396,699	$ 410,966
Total Personnel Costs		$	588,222	$ 644,363	$ 701,008	$ 787,620	$ 838,659	$ 864,836	$ 892,283	$ 920,908	$ 951,550	$ 965,816

67th District Court - 5th ELECTION DIVISON - CITY OF FLINT - Personnel Expenditures - Administrative Specialists

	Union	Inflation Factor	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Salary:												
Per Admin. Specialist	498-01		$ 38,100	$ 39,555	$ 43,010	$ 49,223	$ 50,742	$ 52,326	$ 53,977	$ 55,691	$ 57,837	$ 57,837
Headcount:												
Total			1	1	1	1	1	1	1	1	1	1
			1	1	1	1	1	1	1	1	1	1
Total Salary			$ 38,100	$ 39,555	$ 43,010	$ 49,223	$ 50,742	$ 52,326	$ 53,977	$ 55,691	$ 57,837	$ 57,837
FICA			7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Worker Comp		1.02	0.70%	0.71%	0.73%	0.74%	0.76%	0.77%	0.78%	0.80%	0.82%	0.84%
Unemployment		1.02	0.10%	0.10%	0.10%	0.11%	0.11%	0.11%	0.11%	0.11%	0.12%	0.12%
Health Insurance - Judges		1.05	$ 15,975	$ 16,774	$ 17,612	$ 18,493	$ 19,418	$ 20,389	$ 21,408	$ 22,478	$ 23,602	$ 24,782
Optical Insurance		1.05	$ 109	$ 114	$ 120	$ 126	$ 132	$ 139	$ 146	$ 153	$ 161	$ 169
Dental Insurance		1.05	$ 1,052	$ 1,105	$ 1,160	$ 1,218	$ 1,279	$ 1,343	$ 1,410	$ 1,480	$ 1,554	$ 1,632
Life Insurance		1.02	$ 921	$ 939	$ 958	$ 977	$ 997	$ 1,017	$ 1,037	$ 1,058	$ 1,079	$ 1,101
Defined Benefit Pension			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Defined Contribution Retirement			8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Retiree Health Care			$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300
Overtime:												
Admin Specialists		5.00%	$ 1,805	$ 1,978	$ 2,151	$ 2,461	$ 2,537	$ 2,616	$ 2,699	$ 2,785	$ 2,877	$ 2,877
Total Overtime			$ 1,805	$ 1,978	$ 2,151	$ 2,461	$ 2,537	$ 2,616	$ 2,699	$ 2,785	$ 2,877	$ 2,877
Total Salaries and Wages			$ 37,905	$ 41,533	$ 45,161	$ 51,684	$ 53,279	$ 54,942	$ 56,676	$ 58,476	$ 60,414	$ 60,414
FICA			$ 2,900	$ 3,177	$ 3,455	$ 3,954	$ 4,076	$ 4,203	$ 4,338	$ 4,473	$ 4,622	$ 4,622
Worker Comp			$ 265	$ 287	$ 329	$ 384	$ 404	$ 426	$ 447	$ 470	$ 495	$ 505
Unemployment			$ 38	$ 42	$ 47	$ 55	$ 58	$ 61	$ 64	$ 67	$ 71	$ 72
Health Insurance			$ 15,975	$ 16,774	$ 17,612	$ 18,493	$ 19,418	$ 20,389	$ 21,408	$ 22,478	$ 23,602	$ 24,782
Optical Insurance			$ 109	$ 114	$ 120	$ 126	$ 132	$ 139	$ 146	$ 153	$ 161	$ 169
Dental Insurance			$ 1,052	$ 1,105	$ 1,160	$ 1,218	$ 1,279	$ 1,343	$ 1,410	$ 1,480	$ 1,554	$ 1,632
Life Insurance			$ 921	$ 939	$ 958	$ 977	$ 997	$ 1,017	$ 1,037	$ 1,058	$ 1,079	$ 1,101
Defined Benefit Pension			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Defined Contribution Retirement			$ 3,032	$ 3,323	$ 3,613	$ 4,135	$ 4,262	$ 4,395	$ 4,534	$ 4,678	$ 4,833	$ 4,833
Retiree Health Care			$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300
Total Fringes			$ 25,592	$ 27,071	$ 28,594	$ 30,642	$ 31,926	$ 33,271	$ 34,691	$ 36,159	$ 37,719	$ 39,017
Total Salaries and Wages			$ 38,100	$ 39,555	$ 43,010	$ 49,223	$ 50,742	$ 52,326	$ 53,977	$ 55,691	$ 57,837	$ 57,837
Total Overtime			$ 1,805	$ 1,978	$ 2,151	$ 2,461	$ 2,537	$ 2,616	$ 2,699	$ 2,785	$ 2,877	$ 2,877
Total Fringes			$ 25,592	$ 27,071	$ 28,594	$ 30,642	$ 31,926	$ 33,271	$ 34,691	$ 36,159	$ 37,719	$ 39,017
Total Personnel Costs			$ 65,497	$ 68,604	$ 73,755	$ 82,326	$ 85,204	$ 88,213	$ 91,367	$ 94,634	$ 98,132	$ 99,430

67th District Court - 5th ELECTION DIVISON - CITY OF FLINT - Personnel Expenditures - Magistrate/Deputy Clerk

	Union	Inflation Factor	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Salary:												
Helen Davis	498-00		$ 53,258	$ 54,906	$ 56,617	$ 58,492	$ 60,373	$ 62,350	$ 62,350	$ 62,350	$ 62,350	$ 62,350
Headcount:												
Total			1	1	1	1	1	1	1	1	1	1
			1	1	1	1	1	1	1	1	1	1
Total Salary			$ 53,258	$ 54,906	$ 56,617	$ 58,492	$ 60,373	$ 62,350	$ 62,350	$ 62,350	$ 62,350	$ 62,350
FICA			7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Worker Comp	1.02		0.70%	0.71%	0.73%	0.74%	0.76%	0.77%	0.79%	0.80%	0.82%	0.84%
Unemployment	1.02		0.10%	0.10%	0.10%	0.11%	0.11%	0.11%	0.11%	0.11%	0.12%	0.12%
Health Insurance - Judges	1.05	$ 15,976	$ 16,774	$ 17,612	$ 18,493	$ 19,418	$ 20,389	$ 21,408	$ 22,478	$ 23,602	$ 24,782	
Optical Insurance	1.05	$ 109	$ 114	$ 120	$ 126	$ 132	$ 139	$ 146	$ 153	$ 161	$ 169	
Dental Insurance	1.05	$ 1,052	$ 1,105	$ 1,160	$ 1,218	$ 1,279	$ 1,343	$ 1,410	$ 1,480	$ 1,554	$ 1,632	
Life Insurance	1.02	$ 921	$ 939	$ 958	$ 977	$ 997	$ 1,017	$ 1,037	$ 1,058	$ 1,079	$ 1,101	
Defined Benefit Pension		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Defined Contribution Retirement		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	
Retiree Health Care		$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	
Overtime:												
Magistrate	5.00%	$ 2,663	$ 2,745	$ 2,831	$ 2,923	$ 3,019	$ 3,119	$ 3,118	$ 3,118	$ 3,118	$ 3,118	
Total Overtime		$ 2,663	$ 2,745	$ 2,831	$ 2,923	$ 3,019	$ 3,119	$ 3,118	$ 3,118	$ 3,118	$ 3,118	
Total Salaries and Wages		$ 55,921	$ 57,651	$ 59,448	$ 61,395	$ 63,392	$ 65,468	$ 65,468	$ 65,468	$ 65,468	$ 65,468	
FICA		$ 4,278	$ 4,410	$ 4,548	$ 4,696	$ 4,849	$ 5,008	$ 5,008	$ 5,008	$ 5,008	$ 5,008	
Worker Comp		$ 391	$ 412	$ 433	$ 455	$ 480	$ 506	$ 518	$ 526	$ 537	$ 548	
Unemployment		$ 56	$ 59	$ 62	$ 65	$ 68	$ 72	$ 74	$ 75	$ 77	$ 78	
Health Insurance		$ 15,976	$ 16,774	$ 17,612	$ 18,493	$ 19,418	$ 20,389	$ 21,408	$ 22,478	$ 23,602	$ 24,782	
Optical Insurance		$ 109	$ 114	$ 120	$ 126	$ 132	$ 139	$ 146	$ 153	$ 161	$ 169	
Dental Insurance		$ 1,052	$ 1,105	$ 1,160	$ 1,218	$ 1,279	$ 1,343	$ 1,410	$ 1,480	$ 1,554	$ 1,632	
Life Insurance		$ 921	$ 939	$ 958	$ 977	$ 997	$ 1,017	$ 1,037	$ 1,058	$ 1,079	$ 1,101	
Defined Benefit Pension		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Defined Contribution Retirement		$ 4,474	$ 4,612	$ 4,756	$ 4,911	$ 5,071	$ 5,237	$ 5,237	$ 5,237	$ 5,237	$ 5,237	
Retiree Health Care		$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	
Total Fringes		$ 28,656	$ 29,725	$ 30,949	$ 32,242	$ 33,598	$ 35,011	$ 36,137	$ 37,317	$ 38,558	$ 39,868	
Total Salaries and Wages		$ 53,258	$ 54,906	$ 56,617	$ 58,492	$ 60,373	$ 62,350	$ 62,350	$ 62,350	$ 62,350	$ 62,350	
Total Overtime		$ 2,663	$ 2,745	$ 2,831	$ 2,923	$ 3,019	$ 3,118	$ 3,118	$ 3,118	$ 3,118	$ 3,118	
Total Fringes		$ 28,656	$ 29,725	$ 30,949	$ 32,242	$ 33,598	$ 35,011	$ 36,137	$ 37,317	$ 38,558	$ 39,868	
Total Personnel Costs		$ 84,477	$ 87,376	$ 90,397	$ 93,657	$ 96,987	$ 100,479	$ 101,604	$ 102,785	$ 104,024	$ 105,323	

67th District Court - 5th ELECTION DIVISON - CITY OF FLINT - Personnel Expenditures - Court Clerk - Part Time

Salary:	Union	Inflation Factor	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Part Time (1,000 hrs/yr) no benefits			$ 26,840	$ 26,840	$ 26,840	$ 26,840	$ 26,840	$ 26,840	$ 26,840	$ 26,840	$ 26,840	$ 26,840
Headcount:												
Total			0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
			0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total Salary			$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420
FICA			7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Worker Comp		1.02	0.70%	0.71%	0.73%	0.74%	0.76%	0.77%	0.79%	0.80%	0.82%	0.84%
Unemployment		1.02	0.10%	0.10%	0.10%	0.11%	0.11%	0.11%	0.11%	0.11%	0.12%	0.12%
Health Insurance - Judges		1.05	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Optical Insurance		1.05	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Dental Insurance		1.05	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Life Insurance		1.02	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Defined Benefit Pension			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Defined Contribution Retirement			0.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Retiree Health Care			$ -	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300
Overtime:												
Admin Specialists		0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Overtime			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Salaries and Wages			$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420
FICA			$ 1,027	$ 1,027	$ 1,027	$ 1,027	$ 1,027	$ 1,027	$ 1,027	$ 1,027	$ 1,027	$ 1,027
Worker Comp			$ 94	$ 96	$ 98	$ 100	$ 102	$ 104	$ 106	$ 108	$ 110	$ 112
Unemployment			$ 13	$ 14	$ 14	$ 14	$ 16	$ 16	$ 16	$ 15	$ 16	$ 16
Health Insurance			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Optical Insurance			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Dental Insurance			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Life Insurance			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Defined Benefit Pension			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Defined Contribution Retirement			$ -	$ 1,074	$ 1,074	$ 1,074	$ 1,074	$ 1,074	$ 1,074	$ 1,074	$ 1,074	$ 1,074
Retiree Health Care			$ -	$ 650	$ 650	$ 650	$ 650	$ 650	$ 650	$ 650	$ 650	$ 650
Total Fringes			$ 1,134	$ 2,860	$ 2,862	$ 2,864	$ 2,868	$ 2,869	$ 2,871	$ 2,874	$ 2,876	$ 2,879
Total Salaries and Wages			$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420	$ 13,420
Total Overtime			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Fringes			$ 1,134	$ 2,860	$ 2,862	$ 2,864	$ 2,868	$ 2,869	$ 2,871	$ 2,874	$ 2,876	$ 2,879
Total Personnel Costs			$ 14,554	$ 16,280	$ 16,282	$ 16,284	$ 16,288	$ 16,289	$ 16,291	$ 16,294	$ 16,296	$ 16,299

67th District Court - 5th ELECTION DIVISON - CITY OF FLINT - Personnel Expenditures - Probation Officers

	Union	Inflation Factor	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Salary:												
Per Probation Officer	PCOA		$ 43,623	$ 49,880	$ 51,594	$ 53,466	$ 55,540	$ 60,359	$ 63,715	$ 63,715	$ 63,715	$ 63,715
Headcount:												
Total			2	2	2	2	2	2	2	2	2	2
			2	2	2	2	2	2	2	2	2	2
Total Salary			$ 87,246	$ 99,760	$ 103,188	$ 106,910	$ 111,080	$ 120,718	$ 127,430	$ 127,430	$ 127,430	$ 127,430
FICA			7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Worker Comp		1.02	0.70%	0.71%	0.73%	0.74%	0.76%	0.77%	0.79%	0.80%	0.82%	0.84%
Unemployment		1.02	0.10%	0.10%	0.10%	0.11%	0.11%	0.11%	0.11%	0.11%	0.12%	0.12%
Health Insurance - Judges		1.05	$ 15,975	$ 16,774	$ 17,612	$ 18,493	$ 19,418	$ 20,389	$ 21,408	$ 22,478	$ 23,602	$ 24,782
Optical Insurance		1.05	$ 108	$ 114	$ 120	$ 126	$ 132	$ 139	$ 146	$ 153	$ 161	$ 169
Dental Insurance		1.05	$ 1,052	$ 1,105	$ 1,160	$ 1,218	$ 1,279	$ 1,343	$ 1,410	$ 1,480	$ 1,554	$ 1,632
Life Insurance		1.02	$ 921	$ 939	$ 958	$ 977	$ 997	$ 1,017	$ 1,037	$ 1,058	$ 1,079	$ 1,101
Defined Benefit Pension			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Defined Contribution Retirement			8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Retiree Health Care			$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300	$ 1,300
Overtime:												
Probation Officers		5.00%	$ 4,362	$ 4,988	$ 5,159	$ 5,346	$ 5,554	$ 6,036	$ 6,372	$ 6,372	$ 6,372	$ 6,372
Total Overtime			$ 4,362	$ 4,988	$ 5,159	$ 5,346	$ 5,554	$ 6,036	$ 6,372	$ 6,372	$ 6,372	$ 6,372
Total Salaries and Wages			$ 91,609	$ 104,748	$ 108,357	$ 112,256	$ 116,634	$ 126,754	$ 133,802	$ 133,802	$ 133,802	$ 133,802
FICA			$ 7,009	$ 8,013	$ 8,305	$ 8,588	$ 8,923	$ 9,697	$ 10,236	$ 10,236	$ 10,236	$ 10,236
Worker Comp			$ 641	$ 748	$ 791	$ 834	$ 884	$ 960	$ 1,055	$ 1,078	$ 1,097	$ 1,119
Unemployment			$ 92	$ 107	$ 113	$ 118	$ 126	$ 140	$ 151	$ 154	$ 157	$ 160
Health Insurance			$ 31,930	$ 33,548	$ 35,225	$ 36,988	$ 38,835	$ 40,777	$ 42,816	$ 44,957	$ 47,205	$ 49,565
Optical Insurance			$ 218	$ 228	$ 240	$ 252	$ 265	$ 278	$ 292	$ 307	$ 322	$ 338
Dental Insurance			$ 2,104	$ 2,209	$ 2,320	$ 2,436	$ 2,557	$ 2,685	$ 2,820	$ 2,961	$ 3,109	$ 3,264
Life Insurance			$ 1,842	$ 1,879	$ 1,916	$ 1,955	$ 1,994	$ 2,034	$ 2,074	$ 2,116	$ 2,158	$ 2,201
Defined Benefit Pension			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Defined Contribution Retirement			$ 7,329	$ 8,380	$ 8,685	$ 8,980	$ 9,331	$ 10,140	$ 10,704	$ 10,704	$ 10,704	$ 10,704
Retiree Health Care			$ 2,600	$ 2,600	$ 2,600	$ 2,600	$ 2,600	$ 2,600	$ 2,600	$ 2,600	$ 2,600	$ 2,600
Total Fringes			$ 53,784	$ 57,712	$ 60,194	$ 62,750	$ 65,515	$ 69,331	$ 72,748	$ 75,110	$ 77,588	$ 80,188
Total Salaries and Wages			$ 87,246	$ 99,760	$ 103,188	$ 106,910	$ 111,080	$ 120,718	$ 127,430	$ 127,430	$ 127,430	$ 127,430
Total Overtime			$ 4,362	$ 4,988	$ 5,159	$ 5,346	$ 5,554	$ 6,036	$ 6,372	$ 6,372	$ 6,372	$ 6,372
Total Fringes			$ 53,784	$ 57,712	$ 60,194	$ 62,750	$ 65,515	$ 69,331	$ 72,748	$ 75,110	$ 77,588	$ 80,188
Total Personnel Costs			$ 145,392	$ 162,460	$ 168,761	$ 175,005	$ 182,149	$ 196,085	$ 206,549	$ 208,911	$ 211,389	$ 213,989

150965.1

SUBMISSION NO.:

PRESENTED: 12-14-15

ADOPTED:

RESOLUTION AUTHORIZING CITY OFFICIALS TO ADOPT THE SUPPORT EMERGENCY OPERATIONS PLAN OF THE CITY OF FLINT

BY THE CITY ADMINISTRATOR:

The City of Flint has elected to be incorporated into the Genesee County Emergency Management Program and has developed a Support Emergency Operations Plan, dated September 24, 2014. This is a support plan to the Genesee County Emergency Action Guidelines.

By becoming part of the county emergency management program, the City of Flint and Genesee County have certain responsibilities to each other. This Support Emergency Operations Plan has been developed to identify the responsibilities between the City of Flint and Genesee County in regards to pre-disaster emergency management activities. It also provides for the City of Flint government agencies to respond to various types of emergencies or disasters that affect the community.

IT IS RESOLVED that the appropriate City officials to all things necessary to adopt the City of Flint's Support Emergency Operations Plan.

Peter M. Bade, Chief Legal Officer

Jody N. Lundquist, Chief Financial Officer

Natasha L. Henderson, City Administrator

Dr. Karen W. Weaver, Mayor

CITY COUNCIL:

Kerry Nelson, Council President

PRESENTED TO CITY COUNCIL: 12/14/2015

ADOPTED BY CITY COUNCIL: 12/14/2015

RECEIVERSHIP TRANSITION ADVISORY BOARD:

RESOLUTION STAFF REVIEW FORM

DATE: December 14, 2015

Agenda Item Title: **Resolution authorizing City Officials to adopt the Support Emergency Operations Plan of the City of Flint.**

Prepared By: City of Flint Fire Department

Background/Summary of Proposed Action: The City of Flint has developed a Support Emergency Operations Plan, which provides a framework for the City of Flint to use in performing emergency functions before, during, and after various types of emergencies or disasters that affect the community. It is a support plan to the Genesee County Emergency Action Guidelines. Through this plan, the City of Flint continues to implement the National Incident Management System, participating in efforts to provide an effective and efficient incident management operation.

Budgeted Expenditure: Yes___ No___ Please explain, if no:

Account #: **N/A**

Pre-encumbered: **Yes__ No____** **Requisition #**

Other Implications (i.e., collective bargaining): **None**

Staff Recommendation: Recommend Approval

Staff Person: _____
(Dept. Head/Authorized Staff)

Office of Mayor Karen W. Weaver, Ph.D.
City of Flint, Michigan, County of Genesee

Declaration of State of Emergency

Authority Emergency Management Act: Michigan Emergency Management Act 390 of 1976

BY THE MAYOR:

Whereas; in accordance with the Michigan Emergency Management Act, I am declaring a State of Emergency for the incorporated boundaries of the City of Flint, Michigan; and

Whereas; the City of Flint has experienced a Manmade disaster by switching to the use of the Flint River before connecting to KWA; and

Whereas; the City of Flint children have experienced increased blood lead levels since the switch to the Flint River; and

Whereas; this damage to children is irreversible and can cause effects to a child's IQ, which will result in learning disabilities and the need for special education and mental health services and an increase in the juvenile justice system; and

Whereas; this will increase the need for foster and adoptive parents as a result of social services needed due to the detrimental effects of the high blood lead levels; and

Whereas; I am requesting that all things be done necessary to address this State of Emergency Declaration, effective immediately; and

Whereas; this action is being taken to protect the health, safety, and welfare of the citizens of Flint; and

Whereas; I request that the Genesee County Board of Commissioners call a Special Meeting no later than the end of December 2015 to take action supporting this State of Emergency; and

Now, Therefore, I, Mayor Karen W. Weaver declare a State of Emergency in the City of Flint, effective, December 14, 2015;

Karen W. Weaver

Dr. Karen W. Weaver, Mayor

City of Flint, Michigan

Support Emergency Operations Plan

September 24, 2014

A support Plan to the Genesee County Emergency Action Guidelines

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SIGNATURE PAGE

To all Recipients:

Transmitted herewith is the Support Emergency Operations Plan for the City of Flint in support to the Genesee County Emergency Action Guidelines (EAG). The plan provides a framework for the City of Flint to use in performing emergency functions before, during, and after a natural disaster, technological incident or a hostile attack.

The policies contained herein do not discriminate on the basis of race, color, national origin, religion, sex, age, disability or political beliefs.

This plan was adopted by Flint City under Resolution No. 150965.1 Dated 12/14/15. It supersedes all previous plans.

Karen L. Weaver — 12-14-15

Signature of Chief Executive Official (Mayor) — Date

Dr. Karen Weaver

CITY OF FLINT, MICHIGAN

INTRODUCTION TO THE PLAN

I. Purpose

The City of Flint has elected to be incorporated into the Genesee County Emergency Management Program. By becoming part of the county emergency management program, the City of Flint and Genesee County have certain responsibilities to each other. This Support Emergency Operations Plan has been developed to identify the responsibilities between the City of Flint and Genesee County in regards to pre-disaster emergency management activities. It also provides for City of Flint government agencies to respond to various types of emergencies or disasters that affect the community. This support plan is to be used in concurrence with the Genesee County Emergency Action Guideline, as it is a supporting document. The support plan will be maintained in accordance with the most current standards of the Genesee County Emergency Action Guidelines. Review of this support plan shall be accomplished concurrently with the county plan.

II. Scope

This plan is a flexible document in which changes from the content of the plan may occur due to unique nature of emergencies. Each agency that has a supported role in this plan or its elements has developed Standard Operating Procedures (SOP) which provides systematic instructions for accomplishing assigned functions. In addition, to support emergency preparedness and response efforts, the local government also conducts other activities such as personnel training, participating in exercises, encouraging chronic disease prevention techniques; educate the public on awareness activities, and use of appropriate land use planning decisions for mitigation and prevention purposes as well. Through this plan, the City of Flint continues to implement the National Incident Management System, participating in efforts to provide an effective and efficient incident management operation.

III. Plan Maintenance and Implementation

The plan has been developed together with local community, and county officials to ensure consistency within the county emergency management program documents. The plan is required to be approved by the City of Flint's Chief Executive Official every four years, or whenever the CEO changes and is to be forwarded to the County Emergency Management Office. Upon approval, it will be implemented, tested through exercises in concurrence with County officials, and review/updated to maintain currentness with the Genesee County Emergency Action Guidelines.

This plan has been provided to all municipal agencies, elected officials, the county emergency management office and the MSP/EMHSD district coordinator.

IV. Emergency Management Program Oversight

The City of Flint has appointed the Chief of Fire to serve as the city's emergency management liaision responsible for working with the County Emergency Management Coordinator in matters pertaining to emergency management for the municipality. Pursuant the requirements in P.A. 390, of 1976, as amended, Section 19, Genesee County has adopted a resolution that incorporates the City of Flint into its emergency management program, necessary for diaster assistance.

CITY OF FLINT, MICHIGAN

BASIC INFORMATION

I. Community Profile

The City of Flint is situated in the center of Genesee County. At 33.42 square miles, it is the county's largest city. According to the United States Census Bureau, Flint's estimated population is 99,763.

Flint has an average number of people identified as individuals with special/functional needs for a city of its size. Many of these individuals reside in congregate care centers, but others reside in non-group homes where help is provided as needed or on-call.

According to the Genesee County Hazard Mitigation Plan, the three situations the community is most vulnerable to is: inclement weather (e.g. thunderstorms, hail, lightning and severe wind storms, snow, tornadoes), structure fires and hazardous material incidents. All of these incidents can happen anywhere within the community, but hazardous material incidents are more likely to occur on the major expressways and highways. I-475, I-69, M-21 & M-54 all pass through Flint while I-75/US 23 is very close to its western border. More information regarding hazard vulnerability can be found in the County's Hazard Mitigation Plan/Analysis.

Within the community, there are 19 sites that contain extremely hazardous materials. Pursuant to SARA Title III, off-site emergency response plans have been developed by the LEPC to prepare the fire department(s) to respond to the specific hazardous materials on the sites. In addition, the owners of the site(s) have reported the types of hazardous material that is housed on-site, as required by the Emergency Planning and Community Right-To-Know Act.

II. Emergency Management Authority

Pursuant to P.A. 390 of 1976, as amended, the municipal CEO may declare a local state of emergency for the City of Flint. Also, Sections 1-801and 3-306 of the Flint City Charter describe procedures regarding emergency rules and ordinances. Upon a declaration, PA 390 also authorizes the CEO to issue directives, such as restrictions to travel on local roads. The local declaration activates this emergency plan as well as the emergency operations center to conduct activities to ensure the safety of people, property, and the environment.

Since the City of Flint has been a recipient of federal preparedness assistance, a resolution has been adopted by the local government for establishing the National Incident Management System as the standard for incident management for all-hazards. Through the adoption, the City continues to implement the concepts of the NIMS through training, planning, and exercising activities.

III. Response Resources

The City of Flint maintains fulltime departments of both Police and Fire. They are responsible for providing public safety and welfare to the community. Each department is comprised of qualified emergency personnel, and maintains equipment capable of responding to emergencies. A list of resources that the departments use for emergency situations can be requested through the municipal emergency management liaison. Under certain circumstances, if the incident requires additional resources beyond the capability of the City of Flint, the CEO may enact mutual aid. This is a familiar practice within both departments.

IV. Emegency Management Organization

The City of Flint emergency management organization consists of a number of departments responsible for conducting activities in response to emergencies within the community. These departments have been assigned to specific emergency functions for which the municipality has identified necessary in order to provide an effective response to secure the safety of people, property, and the environment. Each agency is responsible for implementing pre-disaster activities to help prevent and/or prepare for various hazards that the community is vulnerable to such as: chronic diseases, flooding, hazardous material spills, inclement weather, tornadoes, and public disturbance to name a few; a more profound list can be found in the County's Hazard Mitigation Plan/Analysis. Prevention and preparedness activities include: awareness training, exercising, hygienic practices to prevent spreading of infectious diseases, stockpiling equipment, and educating people on how to care for themselves during an emergency.

The CEO serves as the incident manager for municipal coordination. At his/her side includes the Finance Director and the Emergency Management Liaison (EML). The EML's duties include planning, operations, and logistics.

The table lists the functions, assigned agencies, primary point of contact of municipal EOC representatives.

Function	Agency	Primary Contact
Direction and Control	City Hall	Dr. Karen Weaver, Mayor
	City Hall	City Administrator Natasha L. Henderson
Fire Services	Fire Department	Fire Chief David Cox Jr.
Law Enforcement	Police Department	Police Chief James Tolbert
Warning & Communications	Genesee County 911 (GCCD)	Dave Ackley
Public Information	City PIO	Sean Kammer
Public Information	City Council	President Kerry Nelson
Damage Assessment	Assesments	Assessor William E. Fowler
Public Works	DPW - Utilities -Transportation	Kay Muhammad
Emergency Medical Services	Fire Department	Fire Chief David Cox Jr.
Human Services	Fire Department	Emergency Management Liaison Fire Chief David Cox Jr.
Finance	Finance Department	Dawn Steele

Line of Succession

The following is a list of the 2nd and 3rd alternates for each agency/function identified in the plan to maintain the emergency tasks assigned.

Agency	2nd Alternate	3rd Alternate
City Hall	City Administrator	Finance Director
Fire Department	Safety/Training Officer	On Duty District Commander
Police Department	Captain Collin Birnie	Captain Leigh Golden
Genesee County 911 (GCCD)	911 Supervisor Tabit	On Duty Shift Supervisor
Public Information Official	Sean Kammer	Maxine Murray
Assesments	Deputy Assesor Jacquetta Overton	Support Supervisor Tracy Weiss
DPW - Utilities Department - Transportation Dept.	Kay Muhammad	Rob Bincsik Betty Wideman
Emergency Medical Services	On Duty District Commander	On Duty Ranking Officer
Finance Department	Dawn Steele	Patrick Jones

CITY OF FLINT, MICHIGAN
GENERAL EMERGENCY MANAGEMENT GUIDELINES

The following guidelines are general to the municipality, all agencies, and individuals who have a role in responding to an emergency within the community and coordinated by the City of Flint. Being that emergency planning is a work in progress guidelines are continuously reviewed and modified due to the situation and complexity of incidents.

a) Report to the local emergency operations center when activated for scheduled exercises or disasters, or delegate another individual to staff the EOC and implement the plan.

b) Implement mutual aid agreements or contracts with other organizations to supplement local resources that have been exhausted.

c) Ensure compliance with this plan and the County Emergency Plan, and any pertinent procedures and documents issued, which impact the provision of emergency services in the municipality.

d) Train department emergency personnel in emergency management functions and NIMS/ICS concepts.

e) Assists in the development, review and maintenance of the plan and of the County EOP.

f) Develop and maintain standard operating procedures for specific functions or actions identified in the plan.

g) Maintain a list of resources available by the departments/agencies.

h) Protect records and other resources deemed essential for continuing government functions and each agency's emergency operations in accordance to procedures and policies.

i) Establish mutual aid agreements and/or contracts with other jurisdictions/entities to supplement municipal resources.

j) Establish a system of coordination, such as the incident command system, within the EOC. Field operations, however, are required to use the incident command system.

k) Participate in the review and update of this emergency operations plan, in accordance to a schedule identified by the municipal emergency management liaison and the county emergency management coordinator.

l) Adapt and provide printed emergency management materials and verbal messages to those who are vision impaired, non-English speaking, or deaf/hard of hearing.

m) Conduct pre-disaster public awareness activities including education classes, self-care guidelines, communications plans, and protocols.

n) Make recommendations to the CEO regarding protective actions.

o) Record and log significant events throughout the duration of the emergency, as well as the decisions made by the incident commander and municipal CEO.

p) Continuously conduct emergency planning activities as it is a work-in-progress, periodically being reviewed and updated.

q) Understand your department's collective bargaining agreement as it pertains to emergencies (e.g. employee callbacks, pay rate changes.

CITY OF FLINT

EMERGENCY RESPONSE PROCEDURES

The following are procedures that the City of Flint conducts and coordinates with the county in response to a local state of emergency.

a) Information about a potential emergency should be directed to the Emergency Management Liaison (EML).

b) Assure that the municipal emergency response agencies, elected officials, and the county emergency management coordinator are notified of the situation.

c) Municipal agencies assess the nature and scope of the emergency or disaster.

d) If the situation can be handled locally, do so, using the following sequenced guidelines.

   a. The EML advises the CEO and coordinates all emergency response actions.

   b. The CEO declares a local state of emergency and notifies the county emergency management coordinator of this action.

   c. A local state of emergency declaration is forwarded to the county office.

   d. The emergency management liaison activates the emergency operations center (EOC). The EOC is located within Flint Fire Station #1 located at 310 E. Fifth St. If this location is unavailable an alternate locations is at the Genesee County Sheriff's Department.

   e. The EOC shall establish an incident tracking system such as the FBI's *Virtual Command Center.*

   f. Emergency Operations Center representatives are notified, through Genesee County 911, by the municipal Emergency Management Liaison to report to the EOC.

   g. The EML directs departments/agencies to respond to the emergency situation in accordance to each agency's functional guidelines indicated in the attachments to this plan. These departments/agencies shall report out their progress to the EOC on the hour.

   h. The CEO issues directives as to travel restrictions on local roads and recommends protective actions from the commanding agency. Protective action recommendations will be based on weather forecasting and if the incident complexity increases due to inability to respond rapidly and with a "ready" supply of resources to mitigate the incident.

   i. Notify the public officials, as well as the public, of the situation, through the Public Information Official, and take appropriate actions.

   j. Keep the county emergency management coordinator informed of the situation and actions taken.

e) If municipal resources become exhausted or if special resources are needed, request county assistance through the county emergency management coordinator.

f) If assistance is requested, the county emergency management coordinator assesses the situation and makes recommendations on the type/level of assistance. The County will also take the following steps:

1. Activate the County Emergency Operations Center
2. Activate the County Emergency Operations Plan/Emergency Action Guidelines
3. Respond with county resources as requested
4. Activate mutual aid agreements
5. Coordinate county resources with municipal resources
6. Notify Michigan State Police/ Emergency Management and Homeland Security (MSP/EMHSD) District Coordinator.
7. Develop a jurisdiction situation report and a damage and injury assessment report via and submit to the MSP/EMHSD.
8. Assist the municipality with prioritizing and allocating resources.

g) If county resources are exhausted, the county makes a request to the Governor to declare a state of emergency or state of disaster in accordance with procedures set forth in PA 390, as amended. The county shall not request state assistance or a declaration of a state of disaster or a state of emergency unless requested to do so by the CEO of City of Flint if the situation occurs solely within the confines of the municipality.

h) If state assistance is requested, the MSP/EMHSD District Coordinator, in conjunction with the county emergency management coordinator and municipal emergency management liaison, assess the disaster or emergency situation and recommends the necessary resources that are required for its prevention, mitigation, or relief efforts.

i) After completing the assessment the MSP/EMHSD District Coordinator immediately notifies the State Director of Emergency Management and Homeland Security of the situation.

j) The State Director of Emergency Management and Homeland Security notifies the Governor and makes recommendations.

k) If state assistance is granted, procedures are followed in accordance to the Michigan Emergency Management Plan and the County Emergency Operations Plan.

ADDENDA

CITY OF FLINT

EMERGENCY ACTION GUIDELINES

The following attachments provide guidelines for each function that has been assigned to the agencies in response to an emergency or disaster situation.

Attachment A: Direction and Control
Attachment B: Fire Services
Attachment C: Law Enforcement
Attachment D: Warning and Communications
Attachment E: Public Information
Attachment F: Damage Assessment
Attachment G: Public Works
Attachment H: Emergency Medical Services
Attachment I: Human Services

Each agency assigned is responsible for maintaing the guidelines, as well as approving any changes to the guidelines or changes to the official responsible for implementation.

ATTACHMENT A

DIRECTION AND CONTROL

The Chief Executive Official, with support from the Emergency Management Liaison, is responsible for directing and controlling emergency management operations. The following guidelines represent a checklist of actions that the CEO and liaison must consider for providing an effective response to an emergency or disaster situation.

a) Declare a local state of emergency or disaster and notify the county emergency management office.

b) Issue orders and directives, i.e., travel restrictions, and recommend protective actions to be taken by the general public.

c) Activates and maintains the local emergency operations center.

d) Provide for continuity of operations.

e) Generate and disseminate information to the public via Public Information Official.

f) Seek federal post-disaster funds, as available, as well as pre-disaster assistance.

g) Maintain record of activity regarding decisions on emergency actions.

h) Review and evaluate assessment data.

i) Maintain liaison with state and federal officials.

j) Coordinate with County officials in response and recovery efforts.

k) Coordinate and conduct information sharing activities to identify potential and enacted WMD or terrorism activities, and mobilize and direct resources in response to such incidents.

l) Prepares and maintains an emergency plan for the municipality subject to the direction of the elected officials; reviews and updates as required.

m) Develops and maintains a trained staff and current emergency response checklists appropriate for the emergency needs and resources of the community.

n) Coordinate with State and federal officials in collecting and sharing terrorism related information.

The executive official(s) has reviewed and approves the assigned guidelines. These will be maintained in accordance to the most current standards of the county's emergency plan.

Natasha S. Anderson 12-11-2015

Signature of City Administrator Date

Karen K. Weaver 12-14-15

Signature of Mayor Date

ATTACHMENT B

FIRE SERVICES

The Fire Department, is responsible for fire service actitivites. The following guidelines represent a checklist of actions that department officials must consider for providing an effective response to an emergency or disaster situation. In addition, the Chief of Fire, or his designee, is to serve as the Citys Emergency Management Liason.

a) Provide command level representatives to the EOC and Unified Incident Command Post, when activated.

b) Coordinates fire, and search and rescue services with appropriate personnel at the County Emergency Management Agency; including assistance to regional specialty teams such as, but not limited to, the Regional Response Team, MUSAR, and the Bomb Squad.

c) Coordinates with County EMC and the State of Michigan in the decontamination and monitoring of affected citizens and emergency workers after exposure to CBRNE hazards.

d) Assists with emergency alerting and notification of threatened population.

e) Assists with evacuation of affected citizens, especially those who are institutionalized, immobilized or injured.

f) Provides resources for fire services response and rescue operations.

g) Assists in salvage operations and debris clearance.

h) Advises elected officials about fire and rescue activities.

i) Conduct safety analysis of the emergency , inform and recommend corrections to the CEO.

j) Respond to hazardous materials spills in accordance to the procedures in Appendix 1.

k) Assist in search and rescue operations.

l) Assist in searching for bombs and/or explosive devices in connection with WMD events.

a) Maintain a daily log of expenditures for possible reimbursement from state or federal agencies.

Chief of Fire, David Cox Jr., has reviewed and approves the assigned guidelines. These will be maintained in accordance to the most current standards of the county's emergency plan.

9-23-14

Signature Date

ATTACHMENT B:
APPENDIX 1:

FIRE SERVICES

HAZMAT RESPONSE GUIDELINES

The Fire Department is responsible for the response to hazardous materials spills. However, through a Memorandum of Understanding, the Genesee County Hazmat Team, will respond and assume a supportive role. In the event Genesee County's team is unavailable, a mutual aid request can be made of Oakland County's Hazmat Team or Region 3 Regional Response Team Network. Private companies are an option as well. Until a Hazmat team responds, the Fire Department's response will be acted in accordance to the following procedures.

a) Assume incident command upon arrival at the scene.

b) Establish scene security or coordinate with other available agencies to establish scene security.

c) Monitor and evaluate environmental health risks or hazards from hazardous materials releases.

d) Inspect possible sources of contamination.

e) Provide technical assistance and liaison with other appropriate agencies or organizations for the remediation of hazardous waste releases and other contamination sources.

f) Disseminate information to the Emergency Operations Center Public Information Officer on hazardous material releases issues.

g) Makes protective action recommendations based on severity and complexity of incident type.

h) Ensure PPE is fit tested to responders.

i) Prior to proceding with cleanup, analyze and evaluate the contamination and safety factors of the spill by a certified Safety Officer/technician.

j) Decontaminate equipment and gear.

Chief of Fire, David Cox Jr., has reviewed and approves the assigned guidelines. These will be maintained in accordance to the most current standards of the county's emergency plan.

Signature 9-23-14 Date

ATTACHMENT C

LAW ENFORCEMENT

The Police Department, is responsible for law enforcement actitivites. The following guidelines represent a checklist of actions that department officials must consider for providing an effective response to an emergency or disaster situation.

a) Develops and maintains procedures for the Police Department.

b) Coordinates security and law enforcement services; with appropriate personnel at the County Emergency Operations Center.

c) Establishes security and protection of critical infrastructure and facilities.

d) Provides traffic and access control in and around affected areas.

e) Assists with emergency alerting and notification of threatened population.

f) Assists with the evacuation of affected citizens, especially those who are institutionalized, immobilized or injured.

g) In cooperation with the Fire Department, performs search and rescue operations.

h) Implement any curfews ordered by the CEO.

i) Provides access control to affected areas.

j) Provide emergency assistance to persons with special/functional needs.

k) Investigate incident and provide intelligence information to state and federal officials.

l) Mitigates situations involving explosives through the department's Bomb Squad. Additional resources can be obtained through the Michigan State Police Bomb Squad or the ATF

m) Maintain a daily log of expenditures for possible reimbursement from state or federal agencies.

n) Designate a representative for the Emergency Operations Center.

Chief of Police, James Tolbert, has reviewed and approves the assigned responsibilities. These responsibilities will be maintained in accordance to the most current standards of the county's emergency plan.

Signature

9-23-14

Date

ATTACHMENT D

WARNING AND COMMUNICATIONS

The Genesee County 911 (GCCD) is responsible for warning and communications actitivites. The following guidelines represent a checklist of actions that department officials must perform in order to provide an effective response to an emergency or disaster situation.

a) Genesee County 911 will warn the Emergency Management Liason as well as the Police and Fire Departments. The Emergency Management Liason will then direct Genesee County 911 to contact the following as he/she deems necessary:
   - Chief Executive Official
   - Emergency Operations Center Representatives
   - Genesee County Emergency Coordinator
   - Surrounding communities or agencies that may be needed for mutual aid.

b) Provide the necessary support to maintain communications at the City Emergency Operations Center.

c) Establish communications with the county Emergency Operations Center if activated. The communications equipment available for this link is 800 MHz radios, telephone and cell phones.

d) Establish communications with the Incident Command Post, if established.

e) Coordinate with Genesee County to activate appropriate public warning systems (e.g. Emergency Alert System, Code Red). Public warning can also be done via television and/or radio by CEO or his/her designee.

f) Activate procedures for notification of special needs population in the area.

g) Assist contacting and warning special facilities and locations, such as schools, hospitals, nursing homes, major industries, institutions, and place of public assembly.

h) Maintain a daily log of expenditures for possible reimbursement from state or federal agencies.

Genesee County 911, Dave Ackley has reviewed and approves the assigned responsibilities. These responsibilities will be maintained in accordance to the most current standards of the county's emergency plan.

Dave Ackley 12-11-15

Signature Date

ATTACHMENT E:
APPENDIX 1

PUBLIC INFORMATION

The City of Flint Public Information Official is responsible for public information actitivites. The following guidelines represent a checklist of actions that the PIO must consider for providing an effective response to an emergency or disaster situation.

a) Function as the sole point of contact for public officials, including Flint City Council and the City Clerk, as well as the news media.

b) Collect information from municipal emergency response agencies located in the emergency operations center and other locations.

c) Prepare news releases to be disseminated to the local media.

d) Conduct press tours of disaster area(s) within the community.

e) Establish a Public Information Center to become the central point from which news releases are issued.

f) Establish and maintain contact with the County Public Information Official if the County's Emergency Operations Plan is activated.

g) Coordinate public information activities with the county Public Information Officer if the County Emergency Operations Center is activated.

h) Assist the county in establishing a joint information center (JIC).

i) Assist the county with establishing a Rumor Control Center.

j) Assist the municipal emergency management liaison in developing and distributing education material on the hazards that face the municipality.

k) Develop and maintain Emergency/Public Information procedures.

l) Maintain a log and file of all information released to the media.

m) Manage Social Media outlets.

n) Respond to EOC when requested.

n) Maintain a daily log of expenditures for possible reimbursement from state or federal agencies.

Public Information Official, Appointee, Sean Kammer, has reviewed and approves the assigned responsibilities. These responsibilities will be maintained in accordance to the most current standards of the county's emergency plan.

Signature — Date: 12-11-15

ATTACHMENT E:
APPENDIX 1

PUBLIC INFORMATION:

CITY COUNCIL

Flint City Council members will play a crucial role in disseminating information to their constituents. Invariably, they will be inundated with calls during an emergency. The following guidelines represent a checklist of actions that the Public Information Official should consider in order to provide an effective communication plan with Council members.

a) In conjunction with City Council, develop procedure for the initial notification of an emergency. This should include a specific Council member and his/her contact information, as well as second and third alternate Council members. This Councilperson shall then notify all other Council members.

b) Provide written status reports to the Council. This should be done as often as necessary in order to keep the Council updated on the current status of the incident.

c) Establish an avenue of communication, to the EOC, that allows Council members to provide information and/or ask questions that have been presented to them by their constituents.

d) Relay instructions/orders for the public, originating out of the EOC, to the Council so they can, in turn, relay them to citizens. This information should be presented to the Council in written form.

The Public Information Official, Sean Kammer, has reviewed and approves the assigned responsibilities. These responsibilities will be maintained in accordance to the most current standards of the county's emergency plan.

Signature City Council President — Date 12-11-15

Signature City PIO — Date 12-11-15

ATTACHMENT F

DAMAGE ASSESSMENT

The **Assessor's Office**, is responsible for damage assessment actitivites. The following guidelines represent a checklist of actions that department officials must consider for providing an effective response to an emergency or disaster situation.

a) Record initial information from first responders such as law enforcement, fire services, and public works.

b) If necessary, activate a damage assessment field teams via departmental protocol.

c) Provide information to the municipal Emergency Management Liaison. The Liaison will then provide assessment data to the county for preparation of a jurisdictional damage report.

d) If the situation warrants, assist the municipal CEO with the preparation of a local state of emergency declaration and forward to the County Emergency Management Coordinator.

e) Prepare a request for county assistance in conjunction with the municipal Emergency Management Liaison.

f) Plot damage assessment information on status boards in the municipal Emergency Operations Center.

g) Record all expenditures for municipal personnel, equipment, supplies, services, etc., and track resources being used.

h) Prepare reports for the municipal public information official.

i) Coordinate with County Damage Assessment Office (Equalization Director) in large events that involve County activation.

j) Fill out required forms in EMD-PUB 901 Damage Assessment Handbook and forward to County Damage Assessment Officer.

k) Designate a representative for the Emergency Operations Center.

The City Assessor, William E. Fowler, has reviewed and approves the assigned responsibilities. These responsibilities will be maintained in accordance to the most current standards of the county's emergency plan.

William E. Fowler 9-23-14

Signature Date

ATTACHMENT G

PUBLIC WORKS

The **Department of Public Works (DPW)** is responsible for maintaining, preserving and/or restoring the Citys public services. The following guidelines represent a checklist of actions that department officials must consider for providing an effective response to an emergency or disaster situation.

a) Assess resources that are available at the time of the incident.

b) If necessary, coordinate activities designed to control the flow of flood water, including sandbagging, emergency diking, and pumping operations.

c) Coordinate travel restrictions/road closures within the municipality.

d) Identify evacuation routes.

e) Provide emergency generators and lighting.

f) Maintain transportation routes and assist with traffic control.

g) Assist with access control.

h) Assist with urban search and rescue activities, i.e., persons trapped in damaged buildings or under heavy debris/objects.

i) Assist private utilities with the shutdown and restoration of gas and electric services.

j) Assist with transportation of essential goods, i.e., food, medical supplies.

k) As necessary, establish a staging area for public works.

l) Report damage information to the Damage Assessment Team.

m) If necessary, assist with damage surveys for the federal public assistance grant program.

n) If the county Emergency Operations Center is activated, establish and maintain contact with the person representing public works.

o) Notify Law Enforcement of the location(s) of disabled vehicles.

p) Inspect critical infrastructure and other public utilities for safety. This should be done in conjunction with the City's Building Safety Department.

q) Maintain a daily log of expenditures for possible reimbursement from state or federal agencies.

r) Assist the Fire Department in response efforts to hazmat incidents.

Public Works Director, Kay Muhammad, has reviewed and approves the assigned responsibilities. These responsibilities will be maintained in accordance to the most current standards of the county's emergency plan.

Kay Muhammad 12/11/15

Signature Date

ATTACHMENT H

EMERGENCY MEDICAL SERVICES

The Flint Fire Department EMS Supervisor is responsible for emergency medical service actitivites. He/She shall oversee the implementation of the Genesee County Medical Control Authority (GCMCA) Mass Casualty Incident Protocol should it be necessary. The following points represent a checklist of actions that agency officials must consider for providing an effective response to an emergency or disaster situation.

a) Assist evacuating nursing homes, hospitals, and other medical facilities.

b) Assist with decontamination.

c) Coordinate emergency medical care to victims.

d) Identify a facility to be used as a temporary morgue if necessary.

e) Coordinate with hospitals and shelter managers to staff medical teams at shelters.

f) When appropriate, coordinate field units' participation in damage assessment activities.

g) Ensure that emergency medical teams responding on-scene have established an on-scene medical command post and a medical commander.

h) Maintain a daily log of expenditures for possible reimbursement from state or federal agencies.

i) Designate a representative for the Emergency Operations Center.

EMS Supervisor, Carrie Edwards-Clemons, has reviewed and approves the assigned responsibilities. These responsibilities will be maintained in accordance to the most current standards of the county's emergency plan.

Signature 9-23-14

Signature Date

ATTACHMENT 1

HUMAN SERVICES

The Emergency Management Liaison, or his designee, will serve as the Human Services Liaison and will be responsible for human services activities. The liaison will coordinate and/or keep informed human services activities occuring within the city, with Genesee County Departments of Human Services (GCDHS). The following points represent a checklist of actions that the liaison must consider for providing an effective response to an emergency or disaster situation.

a) Coordinate all human services activities through the County Emergency Manager.

b) Coordinate the provision of transportation for evacuation. Mass Transportation Authority (MTA) will be a resource for this task.

c) Open and manage shelters in the municipality. The American Red Cross (ARC) will be a resource for this task.

d) Set up canteen to feed emergency workers in the municipality. ARC will be a resource for this task.

e) Provide food and clothing to municipality workers and victims of disaster residing in the municipality.

f) Assist the county and the City PIO, with establishing a Rumor Control Center.

g) Arrange for provision of Crisis Counseling or Critical Incident Stress Debriefing (CISD) for both victims and identified disaster workers.

h) If the County Emergency Operations Center is activated, establish and maintain contact with the person representing Human Services. If the county Emergency Operations Center is not activated, establish and maintain contact with the county Human Services Official directly at the county Department of Human Services.

i) Coordinate with ARC and other pertinent organizations for the distribution of emergency clothing for disaster victims.

j) Coordinate efforts to provide transportation for disaster victims. Consider local school buses or MTA.

k) Coordinate animal and pet control. Genesee County Animal Control will be a resource for this task.

l) Implementation of a family reunification system. ARC will be a resource for this task.

m) Maintain a daily log of expenditures for possible reimbursement from state or federal agencies.

These responsibilities will be maintained in accordance to the most current standards of the county's emergency plan.

Signature of official — Date: 9-23-14

ATTACHMENT I:
APPENDIX 1

HUMAN SERIVCES:

RESOURCES AND SUPPORT SERVICES

AGENCY	CONTACT #	ALTERNATE #(S)
Genessee County Emergency Manager	Jenifier Boyer 810.223.5252	810.257.3064
Mass Transportation Authority –Flint	Manager of Operations Derek Williams 810.293.0645	Chris Schoemann 810.931.4609
American Red Cross –Flint	Disaster ActionTeam Member 810.620.7875	
United Way of Genesee County	Jamie Gaskin 810.762.0855	
Resourcre Genesee	Lindsey Younger 810.232.6253	
Salvation Army	Major Jon Augenstein 810.730.6559	Major Tim Parker 810.259.5417
Genesee County Animal Control	Director Stepheni Lazar 810.577.1606	810.732.8680

City of Flint, Michigan

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Meeting Minutes 2 - Final

Monday, December 14, 2015

6:31 PM

RTAB SUMMARY

Council Chambers

CITY COUNCIL

Kerry L. Nelson, President, Ward 3
Vicki VanBuren, Vice President, Ward 8

Eric Mays, Ward 1 ***Jacqueline Poplar, Ward 2***
Joshua M. Freeman, Ward 4 ***Wantwaz D. Davis, Ward 5***
Herbert J. Winfrey, Ward 6 ***Monica Galloway, Ward 7***
Scott Kincaid, Ward 9

Inez M . Brown, City Clerk

ROLL CALL

Present: Councilperson: Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, VanBuren and Councilperson Kincaid

Absent: Councilperson: Councilperson Davis

APPOINTMENTS

None

APPOINTMENTS - MAY BE REFERRED FROM COTW

150956 Appointment/[Hurley] Board of Hospital Managers/Ada C. Washington

Resolution approving the appointment of Ada C. Washington (1505 Arrow Lane, Apt. 302, Flint, Michigan, 48502) to the [Hurley] Board of Hospital Managers for the remainder of a five-year term, commencing immediately upon adoption of this resolution and expiring April 30, 2017, as requested by Mayor Karen Weaver. [NOTE: By way of background, Ms. Washington will serve the remainder of Mayor Karen Weaver's term.] [City Administrator Submission No. CA1222015]

A motion was made by Councilperson Mays, seconded by Councilperson Kincaid, that this matter be Approved. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150957 Re-Appointment/Flint District Library Board/Matthew Schlinker

Resolution approving the reappointment of Mr. Matthew Schlinker (919 Kensington Avenue, Flint, Michigan, 48503) to the Flint District Library Board for an additional three-year term commencing October 1, 2015, and expiring September 30, 2018, as requested by Mayor Karen Weaver. [City Administrator Submission No. CA1232015]

A motion was made by Councilperson Kincaid, seconded by Councilperson Freeman, that this matter be Approved. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

RESOLUTIONS

None

RESOLUTIONS - MAY BE REFERRED FROM COTW

150958 Office Depot/Office Supplies/Additional Spending Amount

Resolution resolving that the Finance Department is authorized to issue purchase orders to Office Depot for office supplies, as requested by Development, in an amount NOT-TO-EXCEED $4,000.00, for an aggregate spend amount of $103,925.00, AND, resolving that the Finance Department has the discretion for the remainder of FY2016 to spend an additional amount of not more than 5% of the aforementioned aggregate spend amount to Office Depot for unanticipated requests that may be submitted. [City Administrator Submission No. CA1242015]

SEPARATED FROM MASTER RESOLUTION

150959 CO[#1]/Pricing Proposal/McNaughton McKay Electric/Electrical Supplies

Resolution resolving that the Finance Department is authorized to issue a change order for the second year of a three-year renewable pricing proposal [with McNaughton McKay Electric] for electrical supplies for the FY2015, FY2016 and FY2017 fiscal years, as requested by Utilities, in the amount of $20,000.00, for an aggregate spend amount of $229,500.00 over the first and second years of the three-year pricing proposal, AND, resolving that the Finance Department has the discretion for the remainder of the term of this three-year renewable pricing proposal to spend an additional amount of not more than 5% of the annual requested spend amount to McNaughton McKay Electric for unanticipated requests that may be submitted during the remainder of the agreement.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150960 Budget Amendment/Planning Division/Imagine Flint Neighborhood Planning Grant/Ruth Mott Foundation

Resolution resolving that the appropriate City Officials are authorized to process a budget amendment recognizing grant revenue and the corresponding appropriation of funds under Grant Code LRM-16-NPLAN, in the amount of $320,000.00, as requested by the Planning Division for the implementation of the Imagine Flint Neighborhood Planning Initiative. [City Administrator Submission No. CA1252015]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

Passed The Consent Agenda

A motion was made by Councilperson Mays, seconded by Councilperson Freeman, including all the preceding items marked as having been adopted on a Consent Agenda. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150961 Budget Amendment/Police Department/FY15 National Sexual Assault Kit Initiative [SAKI]/U.S. Department of Justice Grant

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to appropriate revenue and expenditure amounts in Fund-Dept No. 296-301.732, under Grant Code FDOJ-15-SAKI, in compliance with U.S. Department of Justice Grant Award No. 2015-AK-BX-K016, in the amount of $1,166,409.00, as requested by the Police Department to address the issue of unsubmitted sexual assault kits. [City Administrator Submission No. CA1262015]

SEPARATED FROM MASTER RESOLUTION

150962 Budget Amendment/Police Department/DANY Sexual Assault Kit Backlog Elimination Program/District Attorney's Office of New York [DANY]

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to appropriate revenue and expenditure amounts in Fund-Dept No. 296-301.733, under Grant Code ODANY-15-SAK, in compliance with New York County District Attorney's Office Sexual Assault Kit Backlog Elimination Grant Program guidelines, in the amount of $163,590.00, as requested by the Police Department to address the issue of unsubmitted sexual assualt kits. [City Administrator Submission No. CA1272015]

SEPARATED FROM MASTER RESOLUTION

150963 Budget Amendment/Planning & Development/Professional Services in City of Flint Parks/Ruth Mott Foundation

Resolution resolving that the appropriate City Officials are authorized to process a budget amendment recognizing grant revenue and corresponding appropriation of funds under Grant Code LRM-16-PKMOW [in the amount of $68,400.00], as requested by Planning & Development for the mowing and maintenance of City parks between November 2015 and October 2016. [City Administrator Submission No. CA1282015]

SEPARATED FROM MASTER RESOLUTION

150964 Budget Amendment/5th Division/Consolidation of 67th and 68th District Courts

Resolution resolving that the amended 5th Division budget amendment for the consolidation of the Sixty-Seventh [67th] and Sixty-Eighth [68th] District Courts, as approved by the Genesee County Board of Commissioners, is hereby authorized as requested by the Finance Department. [City Administrator Submission No. CA1302015]

SEPARATED FROM MASTER RESOLUTION

150965.1 Amended Resolution/Support Emergency Operations Plan [SEOP]/City of

Flint/Genesee County Emergency Management Program

An amended resolution resolving that the appropriate City Officials do all things necessary to adopt the City of Flint's Support Emergency Operations Plan, a support plan to the Genesee County Emergency Management Program Action Guidelines developed to identify the responsibilities between the City of Flint and Genesee County in regards to pre-disaster emergency management activities, as requested by the Fire Department. [NOTE: Resolution attachment (City of Flint, Michigan Support Emergency Operations Plan - September 24, 2014) amended to add City Council President (Kerry Nelson) as a part of the Public Information Function under Basic Information Section IV, Emergency Management Organization.]

SEPARATED FROM MASTER RESOLUTION

SEPARATED FROM MASTER RESOLUTION

150958 Office Depot/Office Supplies/Additional Spending Amount

Resolution resolving that the Finance Department is authorized to issue purchase orders to Office Depot for office supplies, as requested by Development, in an amount NOT-TO-EXCEED $4,000.00, for an aggregate spend amount of $103,925.00, AND, resolving that the Finance Department has the discretion for the remainder of FY2016 to spend an additional amount of not more than 5% of the aforementioned aggregate spend amount to Office Depot for unanticipated requests that may be submitted. [City Administrator Submission No. CA1242015]

A motion was made by Councilperson Mays, seconded by Councilperson Freeman, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150961 Budget Amendment/Police Department/FY15 National Sexual Assault Kit Initiative [SAKI]/U.S. Department of Justice Grant

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to appropriate revenue and expenditure amounts in Fund-Dept No. 296-301.732, under Grant Code FDOJ-15-SAKI, in compliance with U.S. Department of Justice Grant Award No. 2015-AK-BX-K016, in the amount of $1,166,409.00, as requested by the Police Department to address the issue of unsubmitted sexual assault kits. [City Administrator Submission No. CA1262015]

A motion was made by Councilperson Mays, seconded by Councilperson Freeman, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150962 Budget Amendment/Police Department/DANY Sexual Assault Kit Backlog Elimination Program/District Attorney's Office of New York [DANY]

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to appropriate revenue and expenditure amounts in Fund-Dept No. 296-301.733, under Grant Code ODANY-15-SAK, in compliance with New York County District Attorney's Office Sexual Assault Kit Backlog Elimination Grant Program guidelines, in the amount of $163,590.00, as requested by the Police Department to address the issue of unsubmitted sexual assualt kits. [City Administrator Submission No. CA1272015]

A motion was made by Councilperson Mays, seconded by Councilperson Freeman, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150963 Budget Amendment/Planning & Development/Professional Services in City of Flint Parks/Ruth Mott Foundation

Resolution resolving that the appropriate City Officials are authorized to process a budget amendment recognizing grant revenue and corresponding appropriation of funds under Grant Code LRM-16-PKMOW [in the amount of $68,400.00], as requested by Planning & Development for the mowing and maintenance of City parks between November 2015 and October 2016. [City Administrator Submission No. CA1282015]

A motion was made by Councilperson Mays, seconded by Councilperson Freeman, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150964 Budget Amendment/5th Division/Consolidation of 67th and 68th District Courts

Resolution resolving that the amended 5th Division budget amendment for the consolidation of the Sixty-Seventh [67th] and Sixty-Eighth [68th] District Courts, as approved by the Genesee County Board of Commissioners, is hereby authorized as requested by the Finance Department. [City Administrator Submission No. CA1302015]

A motion was made by Councilperson Mays, seconded by Councilperson Freeman, that this matter be Adopted. The motion carried by the following vote:

Aye: 7 - Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

No: 1 - Councilperson Mays

Absent: 1 - Councilperson Davis

150965.1 Amended Resolution/Support Emergency Operations Plan [SEOP]/City of Flint/Genesee County Emergency Management Program

An amended resolution resolving that the appropriate City Officials do all things necessary to adopt the City of Flint's Support Emergency Operations Plan, a support plan to the Genesee County Emergency Management Program Action Guidelines developed to identify the responsibilities between the City of Flint and Genesee County in regards to pre-disaster emergency management activities, as requested by the Fire Department. [NOTE: Resolution attachment (City of Flint, Michigan Support Emergency Operations Plan - September 24, 2014) amended to add City Council President (Kerry Nelson) as a part of the Public Information Function under Basic Information Section IV, Emergency Management Organization.]

A motion was made by Councilperson Mays, seconded by Councilperson Freeman, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

ADJOURNMENT

This City Council meeting was adjourned at 9:35 p.m.

Dr. Karen Weaver
Mayor

CITY OF FLINT, MICHIGAN
Department of Finance

Natasha L. Henderson
City Administrator

Jody N. Lundquist
Finance Director

Dawn Steele
Deputy Finance Director

DATE: December 22, 2015

TO: Natasha Henderson, City Administrator

FROM: Jody Lundquist, Finance Director

RE: Budget to Actual Revenue and Expenditure Report

Please find attached the Budget to Actual Revenue and Expenditure Report and Cash and Investment Summary for the period ending November 30, 2015 for your review and submission to the RTAB per Emergency Manager Order 20.

The City's Fiscal Year 2014-2015 audit has been completed. As required by Public Act 2: Uniform Budget and Accounting Act and City Ordinance #3855, audited financial statements for the fiscal year ending June 30, 2015 will be filed with the state and provided to Council no later than December 31, 2015. The column "YTD Balance 06/30/2015" reflects audited activity and ending fund balances. Fiscal Year 2015-16 Amended Budget amounts reflect all amendments adopted by City Council and confirmed by the RTAB as of December 9, 2015.

Please let me know if any additional information is necessary or if you have any questions.

Cline, Richard (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, December 29, 2015 5:45 PM
To: Cline, Richard (Treasury); Dempkowski, Angela (Treasury)
Cc: Natasha Henderson; Sean Kammer
Subject: RTAB Materials Email 2
Attachments: City of Flint Cash and Investment Summary 11-30-15.pdf; Flint City Council 2016 Meeting Schedule.pdf; 12-9-15_Flint_RTAB Transcript.pdf

Good afternoon,

Please find attached the remainder of the materials for the January 13th RTAB meeting. Because of the size, they are being sent in two emails. Also, the next meeting of the Flint City Council is scheduled for Wednesday, December 30, 2015 at 5:30 pm. I will send those materials after the meeting tomorrow.

Thank you.

--
Maxine Murray
Executive Assistant to
Dr. Karen W. Weaver, Mayor
City of Flint
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING NOVEMBER 30, 2015

Fund Account	Description	Beginning Balance 11/01/2015	Ending Balance 11/30/2015
Fund 101 General Fund			
001.000	Commercial Pooled Cash Account	7,574,780	7,113,609
001.450	Citizens - P/R Direct Deposit - 906-9766	-48,015	-48,231
004.000	Imprest Cash	9,300	9,300
004.100	Imprest Cash - Register	5,325	5,325
	General Fund	7,541,390	7,080,003
Fund 202 Major Street Fund			
001.000	Commercial Pooled Cash Account	5,622,529	5,111,538
004.000	Imprest Cash	60	60
	Major Street Fund	5,622,589	5,111,598
Fund 203 Local Street Fund			
001.000	Commercial Pooled Cash Account	1,271,093	1,068,322
Fund 205 Public Safety			
001.000	Commercial Pooled Cash Account	6,788,952	6,507,328
Fund 207 Police Fund			
001.000	Commercial Pooled Cash Account	574,476	543,770
Fund 208 Park/Recreation Fund			
001.000	Commercial Pooled Cash Account	237,399	227,512

Fund 219 Street Light

001.000	Commercial Pooled Cash Account	1,571,754	1,470,210

Fund 226 Rubbish Collection Fund

001.000	Commercial Pooled Cash Account	1,815,254	1,953,319

Fund 265 Drug Law Enforcement Fund

001.000	Commercial Pooled Cash Account	1,121,022	1,108,190

Fund 274 HUD CDBG, ESG, & HOME GRANTS

001.000	Commercial Pooled Cash Account	-1,030,002	-1,224,462
001.100	Bank - Urban Renewal - 230006018089	7,708	7,708
	HUD CDBG, ESG, & HOME GRANTS	-1,022,294	-1,216,754

Fund 296 Other Grants Fund

001.000	Commercial Pooled Cash Account	1,132,782	503,624

Fund 402 Public Improvement Fund

001.000	Commercial Pooled Cash Account	1,806,860	1,808,873

Fund 542 Building Inspection Fund

001.000	Commercial Pooled Cash Account	1,856,560	1,877,903
004.000	Imprest Cash	50	50
	Building Inspection Fund	1,856,610	1,877,953

Fund 590 Sewer Fund

001.000	Commercial Pooled Cash Account	14,283,157	13,163,893
003.000	Certificate Of Deposit	15,321,749	16,522,253
	Sewer Fund	29,604,906	29,686,146

Fund 591 Water Fund

001.000	Commercial Pooled Cash Account	647,714	-439,987
001.001	Cash Reserve	5,848,116	5,848,116
003.000	Certificate Of Deposit	9,793,633	10,593,969
	Water Fund	16,289,462	16,002,098

OFFICE OF THE CITY COUNCIL

Flint City Council

Committee-of-the-Whole and Council Meeting Schedule

2016

NOTE: Committee-of-the-Whole meetings convene at 4:30 p.m. City Council meetings convene at 6:00 p.m.

MEETING DATES

Mon., January 11, 2016	Mon., July 11, 2016
Mon., January 25, 2016	Mon., July 25, 2016
Mon., February 8, 2016	Mon., August 8, 2016
Mon., February 22, 2016	Mon., August 22, 2016
Mon., March 14, 2016	Mon., September 12, 2016
Mon., March 28, 2016	Mon., September 26, 2016
Mon., April 11, 2016	Mon., October 10, 2016
Mon., April 25, 2016	Mon., October 24, 2016
Mon., May 9, 2016	Mon., November 14, 2016
Mon., May 23, 2016	Mon., November 28, 2016
Mon., June 13, 2016	Mon., December 12, 2016
Mon., June 27, 2016	

MUNICIPAL CENTER
1101 S. SAGINAW STREET FLINT, MICHIGAN 48502 (810) 766-7418 FAX (810) 766-7032

CITY OF FLINT

RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING

DECEMBER 9, 2015

2:00 p.m.

Meeting before the RTAB Board at 1101 S. Saginaw, Flint, Michigan, on Wednesday, December 9, 2015.

BOARD MEMBERS PRESENT:

Frederick Headen - The Chairperson
Robert McMahan
David McGhee
Beverly Walker-Griffea

FROM THE CITY:

Mayor Karen Weaver

Kerry Nelson, City Council President

Vicki VanBuren, City Council Member

Natasha Henderson, Administrator

Jody Lundquist, CFO

OTHERS PRESENT:

R. Eric Cline
R. L. Mitchell
Eric Mays
Brian Larkin

REPORTED BY: Mona Storm, CSR# 4460

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Flint, Michigan
Wednesday, December 9, 2015
2:02 p.m.

THE CHAIRPERSON: The meeting will please be in order. The time is 2:03.

First item of business roll call, please. Let the record reflect that all four members of the RTAB are present.

Item B, the Approval of the Agenda. I wish to note two amendments to the Agenda:

One is under New Business, Item C 1, Resolutions of the City Council meeting of October 12th, 2015, Resolutions 872 and 875 were already approved by the RTAB at its October meeting, so please remove those two resolutions.

And then, secondly, with regards to -- still under New Business, Resolutions from the Regular City Council meeting of November 9th, there are four resolutions listed there. But, upon further review, there were no actions taken by the City Council at that meeting that requires any approval by the RTAB so we'll strike Item Number 3 in its entirety.

Are there other additions or changes to the agenda, for this afternoon's meeting?

If not, is there a motion that the motion --

that the agenda, as amended, be approved?

MR. McMAHAN: So move.

MR. McGHEE: Support.

THE CHAIRPERSON: Without objection, the amended agenda is approved.

Item C, the approval of the October 14, 2015 RTAB meeting minutes. There's Attachment 1. Are there any corrections or additions to those minutes?

If not, is there a motion that the minutes of October 14 be approved at written?

MR. McGHEE: So move.

THE CHAIRPERSON: Is there support?

MR. McMAHAN: Support.

THE CHAIRPERSON: Without objection, minutes of October 14 are approved.

Item 2, Unfinished Business, there is none.

Item 3, New Business, we have a standing agenda item for the Mayor and City Council President. We wish to welcome the new mayor who's here with us this afternoon.

Madam Mayor, we're glad to have you here. If you have any comments you'd like to make to this Board, please feel free. We're not going to hold you to the regular two minutes under Public Comment.

MAYOR WEAVER: Well, thank you. And I am

glad to be here. And I'm glad to have had the opportunity to now have met everybody on the RTAB. Some of you I knew and now I've met everybody so I just wanted to say I'm glad that that's happened now.

What I did was to go through the last set of minutes to see what had been reported out on so I did want to give an update about the last report. And, if you look at that, it was, of course, talking about water.

So I do want to let you know that water is still our top priority here in the City of Flint. And, while we have made the move to go back to Detroit water, we still have issues with lead exposure. And so one of the things we have to be mindful of is that the community is still taking the necessary precautions, we don't want them to get comfortable and relaxed and think, okay, we've made this switch and everything is okay. So we want to keep that up in people's mind.

But I have met with the State and what they have said is that they've agreed to continue to support the filter program. And, in fact, when we had our Town Hall meeting last night, we gave some out. And what we're doing differently is we're giving the replacements out along with the filters. But they have agreed to continue to support the filter program, so

we're pleased about that. We've got to continue to monitor the Detroit water and utilize the best technical expertise that we have available.

One of my concerns is that we know that, when the phosphate gets added, what we've been told is that there's going to be a visual impact and, while that's okay, I think it's going to be alarming to the community because they're going to say that, "You can't tell me cloudy water is good."

And so one of the things we know we have to do is we're going to do an increase with our PSAs because we do want to let them know ahead of time what to expect and -- but -- but that's the concern is -- is the trust factor.

So we're trying to work on that trust factor and let people know what's going on. And we've been doing -- I think -- I believe we've been doing a really good job with notifying the public and letting them know what the issues are and what we've been doing and the necessary steps that we've been taking. But I know that's going to raise red flags for them, even though we know that's what's to be expected.

And what I was told was that that would last anywhere from two to four months before we get to that maintenance dose. So we just need to let the public be

aware and we can continue.

And when I spoke with Lynn Meyers and Julie Wells, they're going to continue that lead education program. But, because of everything that's going on, we do know that we still need State and Federal funding to help deal with this problem. So we're going to be working diligently towards that accomplishment. Flint needs help and we know that we don't have the funds necessary to be able to make all of the changes and to provide the supports that are needed.

So that's just my update from the last report that was given. So I did want to have the opportunity to share that with you and let you know what our concerns are and what we're doing.

Thank you.

THE CHAIRPERSON: Okay. Thank you.

MR. McGHEE: Thank you.

THE CHAIRPERSON: Thank you, Madam Mayor.

Council President Nelson?

MR. NELSON: Good afternoon.

THE CHAIRPERSON: Good afternoon.

MR. NELSON: I think most of you know me. But, since we had met last, I've took over the responsibility of -- I've worked with our new

Madam Mayor, the City Administrator, we've come here and we've talked and meet.

And briefly, you know, water is our top priority; the Mayor stressed that from day one in her Town Hall meeting, she stressed it, again, to bring that trust back in this community and I think that's what we want across the board.

I will be at these meetings. I will not take this mic unless there is a difference in opinion. But, other than that, I will be here. I'm at your disposal, if you need us. Council Member VanBuren is here and Council Member Mays is always here. So you do have Council here present at all times.

Thank you.

THE CHAIRPERSON: Thank you.

Item B is the proposed 2016 Meeting Schedule for the RTAB, which we have an Attachment 2. Any questions or comments about that?

MR. McMAHAN: Not at this time.

THE CHAIRPERSON: Is there a -- a motion, then, that the proposed meeting schedule of 2016 for the RTAB be approved?

MS. WALKER-GRIFFEA: So moved.

THE CHAIRPERSON: Is there support?

MR. McMAHAN: Support.

THE CHAIRPERSON: Those in favor, please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

Motion is adopted.

Item C, under New Business, we have Resolutions from several City Council meetings to approve. We'll begin with those resolutions from the Regular City Council meeting of October 12, 2015, Resolutions 828.1, 863, 864, 865 and 876. Were there any questions or comments with respect to any of those Resolutions?

MR. McMAHAN: No.

THE CHAIRPERSON: If not, is there a motion that those Resolutions be approved?

MR. McGHEE: So move.

THE CHAIRPERSON: Is there support?

MS. WALKER-GRIFFEA: Support.

THE CHAIRPERSON: Those in favor, will you please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

Motion is adopted.

From that particular meeting, we did pull Resolution 866, which was a budget amendment to the

Water and Sewer fund for fiscal year 2016. I thought we would use that as a vehicle to have discussion or at least a status report from either the City Administrator or the Finance Director regarding the Financial condition of those two funds.

MS. LUNDQUIST: Good afternoon. The budget amendment that is before you, the first quarter, recognizes the City's anticipation of adding an increase in the uncollectible accounts that the City anticipates as a result of the Preliminary Injunction Order.

It also includes or it is offset partially by a decrease in the capital improvement projects that were immediately identified to be eliminated with the anticipation of not only the loss of revenue from uncollectible accounts but with the specifics in the Preliminary Injunction Order that required us to reduce our rates. So, at this time, it's over $600,000 per month that the City is not billing as a result of the Preliminary Injunction Order.

Obviously, that has had a significant impact. We tried to anticipate those things with the first quarter budget amendment in carrying out the Preliminary Injunction Order and moving forward with issuing shut-off notices. It was identified that our

initial estimates of uncollectible accounts was most likely low. We're still waiting for final judgment from Judge Hayman on -- on the case.

But while we continue to act in compliance with the Preliminary Injunction Order, the amount that was set aside for us to be able to identify those accounts that had fallen delinquent since we issued bills with the reduced rate structure was -- we had outstanding 11.6 million. So we had identified 8.6 million for the initial first quarter budget amendment but it was, in fact, $11.6 million that we had outstanding as of August 17th.

And especially at September 1st when we reduced the rate structure to move forward with processing shut-off notices, that we anticipated not being able to collect because we cannot enforce collection with the shutoffs, for those.

We have seen a drastic uptick in receipts since our shut-off notices were issued last month and began to be due on December 1st. And if you'll bear with me one second.

For instance, without the ability to enforce payments through issuing and -- issue shut-off notices and then proceeding with those shutoffs, we have seen a drastic decrease in the number of payments we were

receiving per day. At the end of October, we had been down $4 million. I monitor this on a weekly basis so they're actual cash receipts.

So, from the period August 7th, when the Judge said that we could no longer issue shutoffs for delinquent accounts, through the end of October, comparing 2015 to 2014, we collected $4 million less in payments. That averaged at 1. -- at about 135 people less per day paying their bills.

I looked just briefly before this meeting, anticipating there might be a question. So, just for the month of November, we have an average of 335 people paying on their bills per day compared to 439 people the year before.

But, with, then, the public awareness that we had tried to raise when shut-off notices were mailed, we saw an increase just in the first week of December when those shut-off notices then became due, of 681 payments per day. So we did have people that did recognize that they had not been making payments and they came in and they started paying on those shut-off notices.

And that's about on par, exactly what we had the prior year. So I think that reflects greatly the City's need to be able to enforce payments and the fact

that it is an effective tool. So we hope that that trend now continues.

THE CHAIRPERSON: Is -- the $600,000 per month item that you mentioned, is that Water and Sewer combined or is it --

MS. LUNDQUIST: Correct. So the City reduced, per the Preliminary Injunction Order. And I can grab that language if you'd like me to read it specifically.

The Preliminary Injunction Order stated that the City was enjoined from charging and collecting Water and Sewer rates that include the September 16th, 2011, 35 percent rate increase. So the City took this language to mean that we were then required to remove that 2011 rate increase from our current per-unit rates and we did so for both water and sewer.

It was our preliminary charges; that's not that we took our current rates and reduced them by 35 percent, we took the dollar amount of that increase back from 2011 and removed them from our current rates because the City doesn't increase rates, we set rates.

So we don't say, okay, we're going to raise rates 35 percent this year on top of what they were last year, we don't raise them 12 percent the next year based on what they were. We say, No, we had this rate

and now we're setting this new rate. And then, in communicating that change to the public, we refer to it as an increase because people want to know where they're going to be hit in their pocketbooks, they want to know, "What does this rate increase mean to me?"

So -- if that answers your question.

THE CHAIRPERSON: And do you anticipate that the Water and Sewer funds will have sufficient cash to operate through the remainder of the current fiscal year?

MS. LUNDQUIST: We have through the remainder of this current fiscal year.

THE CHAIRPERSON: Do you expect that it will?

MS. LUNDQUIST: Yes.

THE CHAIRPERSON: Okay.

Yes?

MS. WALKER-GRIFFEA: I -- I have two questions for you.

MS. LUNDQUIST: Okay.

MS. WALKER-GRIFFEA: When I looked at this, I was wondering, where is the budget amendment for the reduction to the expenditures?

MS. LUNDQUIST: That -- let me turn to the page.

That's rolled into the appropriations line

item. So, if you'll look to underneath the Sewer fund appropriations, that's where the vast majority of those reductions occurred. Because we do have to keep in mind that it is our top priority to be ready and prepared to accept KWA water when it comes online and there is a significant amount of capital improvements.

So you do not see a drastic reduction in the water fund but in the sewer fund and sewer reductions appropriations of $3.8 million, that's in the second column, under First Quarter, Proposed Amounts, and those are the changes. So it goes from -- the appropriation went from 32 million to 28,5.

MS. WALKER-GRIFFEA: So, then, that is my second question: How did you figure the analyze -- the analyzed budget is that much when you're not taking in that much in that first quarter?

Because, if you did that times three, it would be much lower with what the expectation would be at the end.

MS. LUNDQUIST: I don't understand your question.

MS. WALKER-GRIFFEA: So I thought that you figured out, from the first quarter, what you're predicting it would be at the end, what you will take in, which seems to be a considerable amount depending

on what you took in the first quarter. Because, usually, you would look at that first quarter and then if you're doing a budget amendment, you would kind of base your prediction from that, which was very low, like 2.4 million, I think --

MS. LUNDQUIST: Right.

MS. WALKER-GRIFFEA: -- was the first quarter.

MS. LUNDQUIST: So are you talking about our projected revenue or are you talking about our -- the capital improvements that we eliminated?

MS. WALKER-GRIFFEA: The projected revenue.

MS. LUNDQUIST: I'm sorry, I misunderstood your question.

The projected revenue is shown as a decrease in charges for services on both the Water and Sewer fund, you could see "Charges for Services"; that's the second line item under Revenues for the Sewer fund. If you go over, that's a decrease of 5.9 million there. And then, under "Water fund, Charges for Services", a decrease of 8.6.

MS. WALKER-GRIFFEA: So you think that you're going to get more, eventually, coming in?

MS. LUNDQUIST: No. We hope that we stabilize our collection rate. I mean, at this point,

with the Preliminary Injunction Orders, we will not be able to do anything regarding rates. We can just only hope that we start collecting at a higher level than we have been, once we have the ability to enforce payment through shutoffs but we do not. And the -- I anticipate what I had said was enrolled into the charges for services. So those negative numbers would appear, the negative 5.9 and the negative 8.5. That takes into account two things: It takes into account, one, the fact at that we believe that we will have no ability to collect the outstanding accounts at the time of the Preliminary Injunction Order, and also the reduced revenue that we won't be able to bill.

So the -- at the time, our projection was we had $8.6 million that we will not be able to collect as well as we've had to reduce what we had originally estimated our total billed revenue would be by over $600,000 a month. So these line items include those two items, the uncollectibles as well as the reduced billed rates.

Oh, okay. So the City Administrator just asked me to note that part of the reason we see this, the zeros at the bottom of the Net Revenues in Appropriations is because the budget amendment reflects that, in order to balance the budget, this did call for

drawings from fund balance.

MR. McMAHAN: So you're fully offsetting that decrease in revenues with withdrawals from the fund balance and then decreasing it in Appropriations?

MS. LUNDQUIST: Exactly. So the fund balance is ultimately what is absorbing that loss.

MR. McMAHAN: Okay.

MS. WALKER-GRIFFEA: Okay. That makes sense.

MR. McMAHAN: So if I'm reading this correctly, you have a net reduction in revenue of approximately $14 and a half million of which, approximately, 10 -- 10 million is being offset with withdrawals off the fund balance?

MS. LUNDQUIST: Correct.

MR. McMAHAN: And the remaining four is being offset with decrease in Appropriations?

MS. LUNDQUIST: Exactly.

MR. McMAHAN: What are the implications of this in intermediate and long-term stability of the funds?

MS. LUNDQUIST: Devastating. I mean, it should not be under-estimated, the impact that this Preliminary Injunction Order has had on the City's finances. I mean, the fact of the matter is, when I took this position six months ago, we were on the

course for financial stability, we had a balanced budget. It definitely had its challenges in the coming years as we anticipate revenues either to, you know, have either a zero percent increase or a slight reduction and while expenditures continued to increase.

So we definitely knew that there were challenges ahead but we felt that we were on the path. And now with this Preliminary Injunction Order for the Water and Sewer funds, it has completely handicapped our ability to plan ahead, to be able to be proactive with our repairs and maintenance, to be able to address our lines. Even the meter replacement program, which is crucial to be able to accurately bill our customers, we had to place on hold. That was something I know that the residents were excited about, our City staff was proud of and we had to completely place on hold.

MR. McMAHAN: Is it also true, referring to the Budget and Expenditure Report, that that draw on the Sewer fund represents -- from the Sewer fund represents roughly 10 percent of the available fund balance and then the -- on the Water fund, specifically you have a $7 million draw to the fund balance. So that's essentially the fund balance; is that correct?

MS. LUNDQUIST: Yes. So I don't know if -- I mean, Mr. Headen actually smiled when he asked me, you

know, would we be okay through this fiscal year. And I believe we could get by and on track through this fiscal year perhaps but we very quickly would have to address what would happen when the Water and Sewer funds are out of money.

MR. McMAHAN: Is it fair to say that we are -- we are borrowing from the next fiscal year at some level to the health of next fiscal year to maintain a balanced budget this year?

MS. LUNDQUIST: Well, absolutely. I mean, the entire reason why the City has the financial stability ordinances, why the fast-track is naturally for governments to have fund balance reserve, is so that, when there is an event such as a Preliminary Injunction Order, when there are other events such as public health concerns with lead service lines, that the City has some funds set aside that they can respond to those.

We were fortunate enough to have fund balances in both our Water and Sewer funds at the time the Preliminary Injunction Order was issued in order to absorb this tremendous impact on our revenue and selections. But it has then tied our hands to how we would have otherwise been able to respond to the emergent lead issue, let alone anything else that may

come. So --

MS. WALKER-GRIFFEA: I have a question.

THE CHAIRPERSON: Yes?

MS. WALKER-GRIFFEA: If we don't approve this today, what does that do to anything that you're doing with the budget?

MS. LUNDQUIST: Well, so the budget amendments that are in front of you actually reduce expenditures and anticipate the -- let me back up.

So the General Appropriations Act mandates that the -- or that a municipality must adopt a budget amendment when revenue protections fall short of what had been anticipated when originally adopted. So this is the City's attempt, when an event occurs, to immediately take financial responsibilities and prudent planning to do so. We're still operating within the adopted Appropriations Act of the City. We're still acting within the adopted budget but this simply recognizes the events that have occurred.

MS. WALKER-GRIFFEA: Okay. Thank you.

MS. LUNDQUIST: Are there any other questions?

THE CHAIRPERSON: Any questions?

MR. McMAHAN: I have a lot of questions.

THE CHAIRPERSON: Please.

MS. WALKER-GRIFFEA: And I do, too. And I'm wondering, Mr. Chair, if there would be any way that we will be able to table this until we get more questions answered because I'm not ready to vote.

THE CHAIRPERSON: Sure. Is there a motion for that?

MS. WALKER-GRIFFEA: I move that we table --

MR. McMAHAN: Support. I support.

THE CHAIRPERSON: Motion's been made and seconded.

Assuming no discussion, those in favor, please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

Resolution 866 from the City Council meeting October 1, 2015 has been placed on the table.

Next item would be Item 2, Resolutions from the Regular City Council meeting of October 26. We have the resolutions there noted. Any questions about any of those resolutions at Attachment 4?

MR. McMAHAN: No.

THE CHAIRPERSON: If not, is there a motion that the Resolution listed in the October 26 meeting -- Regular City Council meeting be approved?

MR. McGHEE: So moved.

THE CHAIRPERSON: Support?

MR. McMAHAN: Support.

THE CHAIRPERSON: Motion's been made and seconded.

All those in favor, please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

Motion is adopted.

Next item, the Resolutions from the Special City Council meeting of November 18, Resolutions were listed at Attachment 6.

Are there any questions regarding those resolutions?

MR. McMAHAN: I don't have any questions.

THE CHAIRPERSON: If not, is there a motion that those resolutions be approved?

MR. McGHEE: So moved.

THE CHAIRPERSON: Is there support?

MR. McGHEE: Support.

THE CHAIRPERSON: A motion's been made and seconded. Those in favor, please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

Motion is adopted.

Resolutions from the Special City Council

meeting November 18th have been approved.

Next item on the agenda would be Item D, City Administrator Items. We have two items: Budget-to-Actual for September, under Attachment 8, and October, Attachment 9.

Ms. Henderson is going to speak now.

MS. HENDERSON: I am not going to let Ms. Lundquist address those report specifics. However, I do think that this amendment that was tabled does go hand-in-hand with this, with our financial reporting, in the sense that I would like to clarify that, in tabling this item, it basically -- we have to come forward with the first quarter with all quarterly amendments and this is inclusive of the City taking all of the capital improvement projects off the table and moving those.

So I just wanted to make that clear, that all capital improvement projects, that's what you see, that's what's been affected when you look at the -- the $8 million and then, also -- let me get to 866 and the 5 -- I think 5.9 and then we also we accounted for not filling any of the vacant positions unless they were definitely needed, that would be a position such as -- a position that requires the certification. So I know it's been tabled but I would like for you all to -- I'm

respectfully asking for you all to -- to look at that so we will be in compliance with what has been set forth, that we bring quarterly amendments to the Council every month and they -- I mean, quarterly. And they have approved this amendment because they understand that -- that we had to take the capital improvement plans off the table.

And so, to just prolong that is to say that, at some point, we are going to realize that money and we will be able to do the capital improvement projects but I would like to account for the fact that we -- that's a loss and that's money that we will not recoup and we will definitely not be able to -- if it were recouped, it wouldn't be in this fiscal year.

So we're coming again with a quarterly amendment very soon. We didn't have a meeting last month and this was, I guess, brought to you -- it would have been in October?

So I just don't want us to get in a habit of, like, delaying these things. So I'm respectfully asking that you all will take that off the table and approve it in the sense that the City Council is showing that they are willing to be fiscally accountable and they have even approved that and recognized the decline in revenue and the fact that we

had to take all of the capital improvements that we had planned and move those back and we're also inserting that into the master plan as well.

And so I think it would be good for the RTAB to recognize that the Council is taking responsibility and accountability and actually looking at the fact that the finances don't support that and they've done that and I would just hate to see that the RTAB did not support that. So I just felt compelled to come --

THE CHAIRPERSON: Are the items of which you speak of such a crucial nature that they cannot wait until our meeting on the 13th of next month?

MS. HENDERSON: Yes, I believe so. And this is why: Because we are going to come forward with another quarterly amendment and we need the quarterly amendment that we've brought forth to you now so that we can do another quarterly amendment. Because we're going to -- going to have to continue to do quarterly amendments and we would like those quarterly amendments done in a timely manner, and that's why I would like for this one to be done because this is a first quarter amendment and then we have to do a second quarter amendment, a third quarter amendment and then we have a fourth quarter amendment.

And, just seeing where we are right now, like

close to the end of the second quarter and we don't have a first quarter amendment approved and the Mayor -- I mean, well, the Council had approved an amendment and they understand that we cannot afford the capital improvements and they have agreed that we will not go forward with those improvements.

And they have actually reflected that being fiscally responsible by reflecting that, okay, we're not -- we're taking the capital improvements off of the table, we're not doing any layoffs at this time but we're being responsible and we're saying we're planning ahead and we see what loss we have -- we've had at this time and we are, like, going to go ahead and amend the budget accordingly.

And so I just think that -- that that helps with the Council, with bringing things forward, that actually supports fiscal sustainability and responsibility and accountability.

MR. McMAHAN: Mr. Chairman?

THE CHAIRPERSON: Certainly.

MR. McMAHAN: I think you misread -- I think you misread -- for one thing, you misread our hesitation here. I mean, what that report actually -- and I won't speak for my colleague. Maybe she may have a different take on this.

But what this report and this budget -- for one thing, this is -- these budget amendments are annualized numbers so I'm -- one question I would have is, these will come back with another amendment. Am I to infer from that that you are going to come back for additional amendments to the Water and Sewer funds so -- with, again, annualized totals?

I mean, when a budget amendment is made, it's made for the year's budget for the annual budget, correct, these are annualized numbers?

MS. HENDERSON: To keep in line that that's why we have an ordinance that stated that we must do quarterly amendments, and that is to support --

MR. McMAHAN: Okay, I understand.

MS. HENDERSON: And that's what we're -- we actually have to abide by that if we see that --

MR. McMAHAN: I understand. I understand.

MS. HENDERSON: Okay.

MR. McMAHAN: The question then becomes, the -- the Finance Director for the City has -- has said that these amendments and their implications on the long-term -- on the budget are -- what was the quote, "devastating"?

MS. HENDERSON: Yeah, "devastating". Any bad word that you can use to say that but it doesn't

change.

MR. McMAHAN: But what this Board -- and that this is her inflection in her answer is, "We're okay, This year was not lost on us." We're -- so we take that to understand we're not okay next year. Because these funds, if this trend continues, these funds do not exist in order to do fund balances, exist to support. So I guess, from my perspective, and --

And you may have a very different take on this.

MS. WALKER-GRIFFEA: Not at all.

MR. McMAHAN: -- is that when bringing forth an amendment like this, I would like to understand a little bit better the -- well, since one of the things that this Board is charged with is oversight and -- of the long-term financial health on the City in the transition process, hopefully, to step out of the process.

But, in the interim, one thing I would like to understand better is, how does this, you know -- where does this put us in June?

What is the thinking and what is the advanced planning that's occurring for next year as we go forward?

Is that -- is that --

MS. WALKER-GRIFFEA: Yes. And I think that was what I was trying to ask the Finance Director initially, when I -- when I did ask, did it need to be -- was there anything that would hinder us to -- to table it for another month and she said there was some losses that were set aside but, in the end, there really wasn't, which is why I shared that I wasn't ready, at this point, to do that.

But the other thing is, it sounds like that there may be other amendments coming for the next year and, as we were talking about that annualized number at the end and how it came up.

So, if you're saying that this is still coming, then I'm then now questioning the number we have right now. Are -- is -- are we assured that this is where it's going to be as it was brought to us earlier or do we think that it's not, which then means I really need to understand what's going on.

MS. HENDERSON: And that is -- and that is exactly what -- I understand what both of you all are saying. However, that is why we quarterly amend the budget; because it's no secret that we have pending litigation. That has everything to do with how things could be just, say, in the third or fourth quarter.

MR. McGHEE: I understand.

MS. HENDERSON: So in the first quarter, this is what was projected and this is -- this was a significant impact. And, to get to where we were now, we had not realized the -- all of the loss that we know we would lose in the sense that, as far as our charging, we knew that we would be charging less. So, therefore, that went into, "Okay, we need to take these capital improvement projects out" and then also, "Oh, we have these positions that are vacant, we don't need to fill these -- these positions."

So this is planning ahead, in the sense that we have already accounted for income that we already know we will not receive.

MR. McMAHAN: We understand.

MS. HENDERSON: So it is -- like I just did want to explain that this is planning out and this is what we're trying to, like, ensure that we continue to do. This is -- this is clearly like planning for until the end of the year and even into the next year.

MR. McMAHAN: Let me change the nature of the question. Let's assume that this budget -- we approve this budget amendment and you bring in no further budget amendments forward to us or you bring them forward and they have zeros in the columns, right, so that this is the status at the end of the year. What

is your thinking going into the next fiscal year; how is this --

I guess, is that a fair way --

MS. WALKER-GRIFFEA: Uh-huh.

MR. McMAHAN: How do you see this -- kind of in the longer term, how do you see this playing out?

Because what we don't want -- I speak only for myself. What we don't want to do is get to June of next year and then have this crisis of understanding what's happening to the structure. We would like some -- some visibility into the -- to the trajectory from here. Because you know this is the reality, we know this is the reality. This is ultimately -- I applaud the Council for having -- for codifying it this way. I don't have any problem and -- with what you are saying. I just --

MS. WALKER-GRIFFEA: Right. But I'd like to jump in. I know, when you listen to the City Council, that, when this came up, I want to say that Councilperson Mays talked about what happened in another meeting and how things were explained to them so that they could come to the agreement of this.

We have not had that opportunity.

MR. McMAHAN: I'm with you on that.

MS. WALKER-GRIFFEA: And so I think that, if

we had the opportunity to ask those questions to understand what's being done, then it may be that we could go ahead and approve this without any issues. But right now we have not.

MS. HENDERSON: I guess -- I mean, from -- from where I stand, it's -- it's clear that we are -- under our judgment, we know that our revenues are decreased and so we know to continue with a budget that -- because this is to say that we're going to continue as though the budget that we have is correct, that's in place, that those are our projections and that's where we're going. That is false. And that's why I believe that we should be supporting the amendment of this budget.

Also, it helps us -- we're in budget training now. We have to -- we're due a two-year budget. But -- and to not accept or realize that, hey, our revenues are significantly dropping; two, those capital improvement projects, we have set those aside.

So, even going into the next year, we don't know if we're going to be able to include any of those projects but it helps us for planning for us to be able to adjust based upon projections when we're doing two-year budgets. And so I guess, myself personally, I can't understand because this is looking well into the

future. We didn't look like -- this is not for just one month, this is for what we see as the rest of the year.

However, we cannot predict what is going to happen with, like right now, we -- we have pending litigation about the rates that we're charging now or whether we can do shutoffs. We cannot control that. However, what we can do is project and we are projecting off of what we definitely know we are charging now, which is less. So we can project that.

And then, also, we can look at, like, how many people are paying this time, this year, and then looking back at last year as to how they were paying. So there are a lot of projections in it. And that's what -- with governmental budgeting, with all of your revenue sources, being property taxes and income taxes, those are your main sources. And even with these enterprise funds, you have to project these are business-type funds. And for us to continue with a budget that says, That seems as though we're going to be exactly like we were when we -- when that budget was put in place, with the two-year budget, I just don't understand how we would go forward with this without having to amend this and then we go into budget planning for the next budget. I just -- and I just

wanted to say that, thinking it doesn't have to happen. But I just felt, as the City Administrator, that I should say something because this did take -- this is not planning for one quarter, this is planning for the rest of this year.

THE CHAIRPERSON: Let me just ask you, are there specific questions that we can reduce to writing and submit those and get answers to those questions?

MS. WALKER-GRIFFEA: That's what I thought we would -- I mean, that's how we did it before.

THE CHAIRPERSON: Why don't -- why don't we do this:

Are you agreeable to passing the Resolution with written conditions, one of which would be receiving adequate responses to any further questions that we submit?

MS. WALKER-GRIFFEA: I could do that.

MR. McGHEE: Yeah.

MR. McMAHAN: Does that satisfy you?

MS. WALKER-GRIFFEA: That would.

MR. McMAHAN: I mean, I'm right there with you. I know exactly --

THE CHAIRPERSON: We are -- we are in a procedural cul-de-sac and we're going to back away out of it.

First, is there a motion to remove from the table, the previous Resolution 866 that was tabled a moment ago?

MS. WALKER-GRIFFEA: I move to remove the motion, the tabled motion.

THE CHAIRPERSON: Is there support?

MR. McGHEE: Support.

THE CHAIRPERSON: Those in favor, please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

That motion is adopted. So the result of that motion is Resolution 866 is now before us again.

And so now, as I understand, we're going to entertain a motion to adopt Resolution 866 with the condition that any RTAB member that wishes to do so can submit written questions to, let's say, the City Administrator or Mr. Cline and receive answers back by, let's say, no later than our January 13, 2016 meeting.

Have I adequately stated just what we're looking for?

MS. WALKER-GRIFFEA: Before the January 13th meeting, so we can already have it reviewed.

THE CHAIRPERSON: Okay.

MS. WALKER-GRIFFEA: So I'd say a week

before, if that's fine.

THE CHAIRPERSON: Okay. So roughly by January 6th?

MS. WALKER-GRIFFEA: Uh-huh.

THE CHAIRPERSON: So that would be the motion. Is there a support for that motion?

MR. McGHEE: I'll support.

THE CHAIRPERSON: Any discussion?

If there's no discussion upon the motion, those in favor, please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

Motion is adopted.

MS. HENDERSON: If I may, sir.

THE CHAIRPERSON: Yes?

MS. HENDERSON: I thank you for offering that consideration, I really do appreciate that consideration. And we will have those to you before the end of December because we have all the information that accompanies this so we will get that to you.

And thanks again.

THE CHAIRPERSON: Please.

MS. LUNDQUIST: I just would like to reiterate her thanks. It helps us procedurally as we do prepare for the second quarter budget amendment

that's proposed in January. So it helps us with our timeline to be able to anticipate and really gauge, you know, where we are and where we're going.

And then I would also like to note that we had an internal staff training for our Directors. It was put on by Dr. Eric Scorsone on Monday afternoon and then Council graciously attended and the hope-found beneficial, my training that -- even so, that was just that past Monday, December 7th, as we prepare to go into our first budget cycle now that the City Council and Mayor are charged with developing a budget.

So that's an exciting time that we're looking forward to and happy to provide you with a timeline that is out laid for the 2016 -- for 2016 for the development of our fiscal year '17/'18 budgets with a three-year projection, that that, as I said, is a process that is now just starting and we kicked it off with training by Dr. Scorsone.

THE CHAIRPERSON: Okay. While we have you here, I think I do have two questions with regard to the budget to actual. We can look at the one for October -- or excuse me -- under the October memo for September, as an example, I wasn't sure that I understood the columns.

And I'm looking roughly at the -- under

revenues of the general fund, the last four columns that are the amended 2015/'16 budget. Now take, for example, income tax as an example, where the amended budget has roughly $13.5 million and then the next column over to the right, Year-to-Date Balance, 2.3 million. Is that the amount that has been collected so far --

MS. LUNDQUIST: Correct.

THE CHAIRPERSON: The amount that's budgeted?

MS. LUNDQUIST: Yes.

THE CHAIRPERSON: And then the next column to the right is available balance, which I really take to mean is the amount that's been budgeted hasn't been collected.

MS. LUNDQUIST: Correct.

THE CHAIRPERSON: Because I assume, with regards to the income tax, the bulk would come in between now and next April 30. So is it -- it's really not the available balance. In other words, it hasn't all been collected and that's the amount that could be spent, it's really the uncollected part of what hasn't -- of what's been budgeted?

MS. LUNDQUIST: Correct. But there aren't -- so, just as a matter of formatting, there isn't a separate column heading when it switches from revenues

to expenditures so available balance is simply showing the amount either not collected or unexpended.

THE CHAIRPERSON: Okay. Okay. Thank you. And then the other item has to do with revenues and expenditures. As I compare fiscal years '15 to '16, the amended budgets, the amount of revenue looks as if it was -- has declined about 6 million -- $6 and a half million, from 57.8 million to 51.3 million. But on the expenditure side, the expenditures year-to-year are projected to go up about 3 million -- 48.3 million to 51.3 million. And I'm wondering what the impact of that is to have a year-to-year projection of your General fund expenditures going up at the same time that the revenues are -- are going down.

MS. LUNDQUIST: Right. So, as I had alluded to earlier, the general reality not only for the City of Flint but for municipalities across the country are that revenues are remaining rather stagnant but expenditures are continuing to increase as we continue to have energy costs, as we continue to have said increases with our union contracts, et cetera.

The large difference that you see that's noted between fiscal year '14/'15 and fiscal year '15/'16 is that we do not anticipate State Treasury to authorize another emergency loan. So there was a

$7 million emergency loan last fiscal year, that's the last line under revenues that we did not budget for it again in fiscal years '15/'16.

So, taking that out of our revenues, you will see that we were rather conservative with our estimates with very little to no increase in our revenue line items but we do take into account those increase for expenditures.

THE CHAIRPERSON: And then I gather from your point that, on the expenditure side, most of these increases are, in one way or another, baked in with your collective bargaining agreements and so forth that you have no control over; is that the point?

MS. LUNDQUIST: Correct. Or our annual payments for our pension systems. So those are known things for which the City does not have control but it's obligated to pay. Or even our emergency loan payments that we did not have last year but we did have to budget for in this current fiscal year.

THE CHAIRPERSON: Okay. Thank you.

Any other questions regarding the items of Budget-to-Actual Reports?

Without objection, then the September and October Budget-to-Actual Reports will be received.

Item 4, Public Comment.

Mr. Cline, anyone that has signed up for Public Comment?

MR. CLINE: Yes, we do have two individuals that signed up for Public Comment. But, before I get to that, just a moment of -- I received a question from the audience and I just wanted to double check because, perhaps, I missed it. And, if I did, I apologize. But did the Board address the resolutions from the November 23rd meeting?

THE CHAIRPERSON: November --

MR. MAYS: That would be Item Number 5 under New Business on the second page of the agenda.

It would be Resolutions 929, 932, 936 and 937.

THE CHAIRPERSON: It appears we did not.

MS. WALKER-GRIFFEA: Yeah, I think Natasha got up and we changed over.

MR. McMAHAN: I thought -- Mr. Chairman, I thought that we had removed those at the beginning.

THE CHAIRPERSON: We had removed Item 3 which would have been --

MR. McMAHAN: Oh, okay. My fault.

THE CHAIRPERSON: But not November 23rd.

Under Attachment 7, Resolutions 929, 932, 936 and 937, any questions regarding those resolutions?

If not, is there a motion that those resolutions from November 23rd be approved?

MR. McGHEE: So move.

THE CHAIRPERSON: Is there support?

MR. McMAHAN: Support.

THE CHAIRPERSON: Motion's been made and seconded. All those in favor, please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

Motion's adopted.

Now Public Comment.

MR. CLINE: All right. I'm glad I asked. So, all right, we had two individuals that signed up for Public Comment. So I'll just announce them now.

First one will be R.L. Mitchell and then followed by Eric Mays.

THE CHAIRPERSON: Please bear in mind the previously adopted motion of two minutes per individual remains in effect.

Mr. Mitchell, good afternoon.

MR. MITCHELL: Yeah. All I want to say is Merry Christmas and happy New Year and I hope you consider Ms. Henderson's -- and don't table the situation that Ms. Henderson the Financial Management offer you for 2016. Work with her in the new year to

come, as a citizen of Flint.

THE CHAIRPERSON: Thank you.

Councilman Mays?

MR. MAYS: All right. Good afternoon. You know I kind of got excited and, you know, I got a couple notes, so in two minutes I'm going to be flying. Reprimand me to sit down, whatever. But I kind of got excited when I seen you all table that because those are the type of questions that I asked in the Council meetings. If I looked at the expenditures that related to the emergency, I told them, when you bring me a budget amendment to spend 2 million for Detroit water, I want to know if I'm spending 10 or 12 million and then I'm waiting on the State or my foundation to reimburse me or make it plant.

My colleagues, just as you guys did -- I'm going to kind of chastise you a little bit -- they counseled the Finance Committee meeting this past month. And I didn't see the reasons. I know where they was at and what they was doing. I take my job very seriously. I didn't like for you all to counsel the November meeting. If the RTAB is going to be involved in our business, then the RTAB need to have some joint sessions with Council.

They take you all way more seriously than

they take me. I'll try to find out what's happening as it relates to details but, remember, I told you, when they say "the Council", we vote differently. I don't always vote with the majority of the five because I'm like you, if I don't know the details, I'm not ready to rubber stamp it.

So you was on the right track but don't get laxed. If you don't take this responsibility to steer the ship, I don't want to look down the road six months, a year from now and then everybody done fumbled the ball. We got revenues generating opportunities. I told them we could have taken a million out the Water and Sewer fund, distributed bottled water and generate revenue because you're selling bad water now, you can distribute good water and get another million or two.

So I want you all to continue to take it seriously. I got excited, I said, "They're going to table" and then guess what? You did just like some of my colleagues. So we'll see if you get your written answers. I'm sure you will. But I want to see you really get into this finance, just as I'm trying to do. You all seem to have a little more power. You know, I don't believe in RTABs. So let's see what you do.

God bless you.

THE CHAIRPERSON: Thank you, Councilman. I

would just --

MR. MAYS: And that's under the two-minute rule. All of that need to go away.

THE CHAIRPERSON: I appreciate that.

MR. MAYS: Maybe one day we'll really talk.

THE CHAIRPERSON: I just want to correct one thing, which is it's not our responsibility to steer the ship. We're not a legislative body. We're not City Council. That responsibility for day-to-day operations and decision-making for the City rests where it should, with the Mayor, City Council and the City Administrator.

We may be along for the ride, to use your ship analogy, but we don't have responsibility for steering the ship, we basically react to actions that are brought to us by the City Administrator or by the Council.

You won't see us initiating management policy because it's not our responsibility. Contrary to what you may think, our responsibility is really quite limited. Our job is to assist you as Council members, the Mayor and the City Administrator.

But you're not typically going to see us micromanaging and trying to substitute our judgment with your judgment. But we do have certain

responsibilities and, as you witnessed this afternoon, we have to get order to charge those responsibilities, to exercise due diligence of our own. But the primary responsibility for steering the ship resides with the elected officials and with the City Administrator.

At least that's my point of view. But other of my colleagues may have a different point of view and they're welcome to express that.

MR. McMAHAN: No, I absolutely am in concurrence. You know, it's distressing for me to see often in the media and other -- other forms an expression of the RTAB as a legislative body. We are not a legislative body. We do not initiate policy. We do not initiate, we react to. And we have oversight function, as I -- as I understand our responsibility, it's not legislative.

MS. WALKER-GRIFFEA: And I'd just like to say, I think that we are a support and we're here support what the Mayor and what the City Manager's trying to accomplish. And so, for me, when I saw what happened, is that we need -- or at least I'm going to speak for me.

I need more information so that I can be a better support system to move the process on and I guess more timely information as well so I can digest

it and understand what's being brought forward. So I'm running with you, Mr. Chair, that we will be here to ride.

THE CHAIRPERSON: I guess that's probably the four of us are probably more interested in seeing our jobs made irrelevant than anyone in the City of Flint.

MS. WALKER-GRIFFEA: Exactly.

MR. McMAHAN: But that, having taken on that job, we take it, that oversight obligation, seriously. And, to you, we'd like to have that information so that we can discharge our responsibilities as partners and as collaborators --

MS. WALKER-GRIFFEA: Exactly.

MR. McMAHAN: -- appropriately.

MS. WALKER-GRIFFEA: Exactly.

MR. McGHEE: Yeah. And essentially, as a matter of due diligence, if we have some of that information here, it's to that point to make sure that we offer the proper diligence. And even though we don't initiate policy and are responsible for the delegation of resources, it is our charge as well because due diligence in how we conduct our -- just thinking back, since we were initiated, I truly believe that most things that the Council and the Mayor and our City Administrator agreed upon, we never had a problem

with.

I know we tabled an open decision but it wasn't because there was a disagreement I had but it was just to -- actually, to create the space for Counsel to have conversations with the -- the body requesting those. Because they didn't take that opportunity in first.

So our goal is definitely not to operate in a braided way but, more so, in a lended way until we --

THE CHAIRPERSON: I do want to acknowledge Mr. Larkin who's in the audience who's occupying a chair at this meeting. I want to thank him for his service on the RTAB over these many months and wish him the best in his new position with the City.

MR. LARKIN: Thank you.

MR. MAYS: How did you recognize him with a haircut?

THE CHAIRPERSON: Yes.

MR. McGHEE: Just lastly, I would just like to, once again, welcome in our new mayor.

MAYOR WEAVER: Thank you.

THE CHAIRPERSON: Is there any further business before this Board?

If not, is there a motion that we adjourn?

MR. McMAHAN: So move.

MR. McGHEE: Support.

THE CHAIRPERSON: Without objection, we are adjourning.

(Meeting was concluded at 3:08 p.m.)

* * * *

C E R T I F I C A T E

I, Mona Storm, do hereby certify that I have recorded stenographically the proceedings had and testimony taken in the meeting, at the time and place hereinbefore set forth, and I do further certify that the foregoing transcript, consisting of (51) pages, is a true and correct transcript of my said stenographic notes.

_____
Date

_____
Mona Storm
CSR-4460

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Sunday, February 01, 2015 8:31 PM
To: Byrne, Randall (Treasury)
Cc: Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: Re: Veolia Proposal to City of Flint - Invitation to Bid - Proposal No.: 15-573

Lets talk Monday, back to the game has the storm let up? Leaving very early in the am

Sent from my iPhone

On Feb 1, 2015, at 8:28 PM, Byrne, Randall (Treasury) <ByrneR1@michigan.gov> wrote:

> Wayne:
>
> I reviewed the Proposal. The total cost is not known. They will charge the City $225 per hour (not sure if this is per person) for the core team plus expenses. There is no limit such as "not to exceed" indicated in the Proposal. They talk about a lump sum for longer term services through 2016. I cannot determine how many hours are necessary, it depends on the extent of the problems and how difficult they are to resolve.
>
> Randy,
>
> ---
>
> **From:** Workman, Wayne (TREASURY)
> **Sent:** Friday, January 30, 2015 5:00 PM
> **To:** Byrne, Randall (Treasury); Cline, Richard (Treasury); Koryzno, Edward (Treasury)
> **Subject:** Fwd: Veolia Proposal to City of Flint - Invitation to Bid - Proposal No.: 15-573
>
> Can you figure cost and scope of work from all this?
>
> Sent from my iPad
>
> Begin forwarded message:
>
> > **From:** "Gerald Ambrose" <gambrose@cityofflint.com>
> > **To:** "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov>, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> > **Subject: Fwd: Veolia Proposal to City of Flint - Invitation to Bid - Proposal No.: 15-573**
> >
> > Veolia
> > ---------- Forwarded message ----------
> > From: Elizabeth Murphy
> > <emurphy@cityofflint.com<mailto:emurphy@cityofflint.com>>
> > Date: Fri, Jan 30, 2015 at 4:34 PM
> > Subject: Fwd: Veolia Proposal to City of Flint - Invitation to Bid - Proposal No.: 15-573
> > To: Gerald Ambrose

<gambrose@cityofflint.com<mailto:gambrose@cityofflint.com>>

Attached to this thread is the Veolia Proposal for Flint.
LIZ
---------- Forwarded message ----------
From: Derrick Jones <djones@cityofflint.com<mailto:djones@cityofflint.com>>
Date: Thu, Jan 29, 2015 at 3:35 PM
Subject: Fwd: Veolia Proposal to City of Flint - Invitation to Bid - Proposal No.: 15-573
To: Elizabeth Murphy
<emurphy@cityofflint.com<mailto:emurphy@cityofflint.com>>

Please find attached an electronic version of the proposal from Veolia that was requested. Please disseminate to the appropriate parties. Thanks.
---------- Forwarded message ----------
From: Crehan, Frank
<frank.crehan@veolia.com<mailto:frank.crehan@veolia.com>>
Date: Thu, Jan 29, 2015 at 3:32 PM
Subject: Veolia Proposal to City of Flint - Invitation to Bid - Proposal No.: 15-573
To: djones@cityofflint.com<mailto:djones@cityofflint.com>
Cc: David Gadis <david.gadis@veolia.com<mailto:david.gadis@veolia.com>>, Jonathan Carpenter
<jonathan.carpenter@veolia.com<mailto:jonathan.carpenter@veolia.com>>

Mr. Jones:

Thank you for your call today regarding our Proposal response.

Attached please find the requested PDF (digital) copy of our complete Proposal that was delivered to you in hard copy form yesterday.

If you need anything else in this regard, or require any additional information, you may contact me or Mr. Gadis.

Mr. Gadis can be reached as follows:

* Telephone: 317[redacted]
* Email: david.gadis@veolia.com<mailto:david.gadis@veolia.com>

My contact information is provide below.

Regards,

--

Francis P. Crehan
Vice President - Proposal Development

Veolia North America Operating Services, LLC
101 West Washington Street, Suite 1400 East
Indianapolis, Indiana 46204

E-Mail: frank.crehan@veolia.com<mailto:frank.crehan@veolia.com>
Telephone: 317-917-3718
Fax: 317-686-9519 (Or same as phone number - 317-917-3718)
Cell: 713-[redacted]

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--
Derrick Jones,
Purchasing Manager
City of Flint
1101 S. Saginaw St., Rm. 304
Flint, MI 48502
Ph: 810-766-7340 #2
Fax: 810-766-7240

--
Liz Murphy
Assistant to the Emergency Manager
City of Flint
810 237 2025

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Monday, February 02, 2015 12:38 PM
To: Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: Fwd: Backgrounder on Tuesday Flint water event
Attachments: Briefing Flint grant announcement.docx; ATT00001.htm

Most recent info from Gov's Comms. Will fwd latest draft releases.

TS

Begin forwarded message:

> **From:** "Murray, David (GOV)" <MurrayD1@michigan.gov>
> **Date:** January 30, 2015 at 6:04:32 PM EST
> **To:** "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>, "Clement, Elizabeth (GOV)" <clemente@michigan.gov>, "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Walsh, John (GOV)" <WalshJ@michigan.gov>, "Brownfield, Michael (GOV)" <BrownfieldM2@michigan.gov>, "Allard, Claire (GOV)" <allardc1@michigan.gov>, "Wurfel, Brad (DEQ)" <WurfelB@michigan.gov>, "Posthumus, Dick (GOV)" <Posthumusd@michigan.gov>, "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>, "Clayton, Stacie (GOV)" <claytons3@michigan.gov>, "Agen, Jarrod (GOV)" <AgenJ@michigan.gov>, "Wurfel, Sara (GOV)" <Wurfels@michigan.gov>, "Biehl, Laura (GOV)" <BiehlL@michigan.gov>
> **Cc:** "Wisniewski, Wendy (GOV)" <wisniewskiw@michigan.gov>, "Rospond, Laurie (GOV)" <rospondl@michigan.gov>
> **Subject: Backgrounder on Tuesday Flint water event**
>
> Team,
>
> Here is background on the planned Tuesday event in Flint regarding the $2 million Distressed Cities grant and other issues connected to the water issue.
>
> There are plans for two press releases on Tuesday. The first will detail the two Flint grants and will be released by the governor's communications office. The other release, which would detail the other grants, would follow from Treasury with a quote from the governor.
>
> Mayor Walling has agreed to speak at the event, with Harvey Hollins and Dan Wyant representing the governor's office. Sen. Ananich has asked to speak, and it has been suggested that Rep. Neeley would speak and it might be better to add him to the program. Others, such as Deputy Director Workman and Emergency Manager Ambrose, would be present and available.
>
> The attached document includes details about the planned event, as well as background on the grants from Treasury and on the entire water issue from DEQ as well as Mayor Walling's Facebook post about the governor and links to the stories in the media about the issue.
>
> We have a room reserved and are working with the communications team in Flint to have microphones and other items needed for the event.

Please let me know if there is any information you think should also be included, or anything that should be changed. Once everyone has had the opportunity to review, we can forward to the governor.

Thank you, everyone, for your assistance. I know there are lots of moving pieces and many people involved.

Dave

Dave Murray
Deputy Press Secretary | Executive Office of Governor Rick Snyder
MurrayD1@michigan.gov
517-335-6397, office
517[redacted] mobile
Twitter:@michigandmurray

Lamphier, Wendy (Treasury)

From: Gelisse, Ashley (TREASURY)
Sent: Monday, February 02, 2015 3:08 PM
To: Posthumus, Dick (GOV);Wurfel, Sara (GOV);Clement, Elizabeth (GOV) (clemente@michigan.gov);Muchmore, Dennis (GOV);Allard, Claire (GOV);Hollins, Harvey (GOV);Clayton, Stacie (GOV)
Cc: Workman, Wayne (TREASURY);Stanton, Terry A. (Treasury)
Subject: Independent Water Analysis - Flint
Attachments: Independent Water Analysis.PDF

Follow Up Flag: Follow up
Flag Status: Flagged

FYI only – a helpful article about the water situation in Flint, offers a good independent assessment. Thanks.

Ashley Gelisse
Senior Policy Advisor to State Treasurer Kevin Clinton
Richard H Austin Building
430 West Allegan Street
Lansing, MI 48922
Direct: 517-241-2474
Cell: 517-[redacted]
gelissea@michigan.gov

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Monday, February 02, 2015 12:39 PM
To: Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: Fwd. DRAFT releases for Flint grants, other Distressed Cities grants
Attachments: 2 FDCVT Grant Awards draft.docx; ATT00001.htm; RELEASE Flint water grants.docx; ATT00002.htm

Releases for tomorrow.

TS

Begin forwarded message:

> **From:** "Murray, David (GOV)" <MurrayD1@michigan.gov>
> **Date:** February 1, 2015 at 3:37:44 PM EST
> **To:** "Agen, Jarrod (GOV)" <AgenJ@michigan.gov>, "Wurfel, Sara (GOV)" <Wurfels@michigan.gov>, "Biehl, Laura (GOV)" <BiehlL@michigan.gov>, "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>, "Rexford, Tori (GOV)" <rexfordt@michigan.gov>, "Paciorek, Josh (GOV)" <Paciorekj@michigan.gov>
> **Subject: DRAFT releases for Flint grants, other Distressed Cities grants**
>
> Team,
>
> Here are pair of drafts for Tuesday regarding the Distressed Cities grants. One highlights the work in Flint and would be released in conjunction with the event, the other would come from Treasury shortly afterward.
>
> I've made some changes to Terry's draft – thank you, Terry! – and prepared one for Flint. We can approach Mayor Walling or EM Ambrose to add a quote, if you think that would be appropriate.
>
> Thank you for taking a look.
>
> Dave
>
> **Dave Murray**
> Deputy Press Secretary | Executive Office of Governor Rick Snyder
> MurrayD1@michigan.gov
> 517-335-6397, office
> 517-[redacted] mobile
> Twitter:@michigandmurray

Stanton, Terry A. (Treasury)

From: Murray, David (GOV)
Sent: Monday, February 02, 2015 1:34 PM
To: Agen, Jarrod (GOV); Stanton, Terry A. (Treasury); Wurfel, Sara (GOV); Wurfel, Brad (DEQ); Biehl, Laura (GOV); Hollins, Harvey (GOV); Clayton, Stacie (GOV); Walsh, John (GOV); Brownfield, Michael (GOV); Allard, Claire (GOV); Rexford, Tori (GOV)
Subject: Flint event on Tuesday
Attachments: 2 FDCVT Grant Awards draft.docx; Briefing Flint grant announcement.docx; RELEASE Flint water grants.docx

Good afternoon team,

Just wanted to touch base on Tuesday's event in Flint. Unless told otherwise, I'm continuing to prepare for the event.

I touched base with Harvey and Stacie, who recommended we proceed. Harvey is approaching some stakeholders about appearing at the event, and will forward those names to me later today.

I left a message with Dick Posthumus to see if he has any concerns about proceeding.

The Senate Democrats said Sen. Ananich will want to appear. Katie Carey from the House said she would forward information to Rep. Neeley and Phelps. I have not heard back from her yet.

I've attached the backgrounder and the draft releases from Governor's Communications and Treasury. I've sent a message to the mayor's office about a quote, but have not heard back yet.

Brad and I spoke about Director Wyant's role and potential comments. He will point out that there are things the state can do to help monitor the situation, but also will note that the city's water infrastructure is aging, which contributes to the problems.

We need some direction on an advisory. Should this be listed on a typical advisory from the governor's office, or come from Treasury? Do we even issue an advisory in favor of just contacting media directly in the morning?

Please give the draft releases a read for potential changes, or let me know of other concerns.

Thank you!

Dave

Dave Murray
Deputy Press Secretary | Executive Office of Governor Rick Snyder
MurrayD1@michigan.gov
517-335-6397, office
517[redacted] mobile
Twitter:@michigandmurray

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

February 3, 2015

FOR IMMEDIATE RELEASE
www.michigan.gov/treasury

Contact: Terry Stanton, Treasury
(517) 335-2167
Dave Murray, Governor
(517) 335-6397

Gov. Rick Snyder announces grants helping distressed municipalities with water, public safety, appraisal issues

$8 million awarded for projects to improve services, quality of life

Gov. Rick Snyder today awarded $8 million to eleven municipalities to fund various improvement projects, including water system and street lighting enhancements and technology upgrades through the Financially Distressed Cities, Villages, and Townships Grant Program.

Municipalities are eligible for the grants if they are experiencing one or more conditions indicative of "probable financial stress," as defined by Public Act 436 of 2012, the Local Financial Stability and Choice Act.

"Municipalities receiving this special funding are some of the areas hardest hit by the Great Recession," Snyder said. "I am pleased we can offer funding assistance to help these local governments improve various public services their taxpayers and residents expect and deserve."

Under the grant program, funding may be used to pay for specific projects, services, or strategies that move a city, village, or township toward financial stability. There was $8 million appropriated for the program with a $2 million cap, per local unit.

The following communities will receive funding this year, with projects and amounts noted (alphabetical order):

Local Unit	Project Description	Amount
City of Benton Harbor	Complete a property reappraisal to provide updated and accurate assessing records. Additionally, community enhancement through blight management and sidewalk replacement.	$475,000
City of Benton Harbor	Water system enhancement through water main replacements and fire hydrant repairs.	$434,960
City of Ecorse	Public safety enhancement through improved street lighting.	$350,000
City of Flint	Water system enhancement through improved waste management.	$1,100,000

City of Flint	Water system enhancement through leak detection and pipe assessments.	$900,000
City of Hamtramck	Complete a property reappraisal to provide updated and accurate assessing records.	$167,860
City of Hamtramck	Upgrade City Hall security.	$50,000
City of Hamtramck	Public safety enhancement through improved street lighting.	$404,600
City of Highland Park	Water system enhancement through meter replacement, leak detection, and system repairs.	$2,000,000
City of Inkster	Complete a property reappraisal to provide updated and accurate assessing records.	$73,460
City of Inkster	Water system enhancement through fire hydrant repairs.	$150,000
City of Inkster	Provide a backup power source for public safety.	$30,000
City of Inkster	Public safety enhancement through the creation of a multi-jurisdictional narcotic team.	$240,000
City of Inkster	Public safety enhancement through police officer training.	$41,970
City of Inkster	Public safety enhancement through the deployment of an additional police officer.	$320,000
City of Lincoln Park	Public safety enhancement through updated technology.	$143,490
City of Melvindale	Public safety enhancement through fleet replacement of police vehicles and updated technology.	$88,000
City of Pontiac	Community enhancement through blight management.	$125,000
City of River Rouge	Public safety enhancement through improved street lighting. Additionally, infrastructure replacements to City Hall.	$591,508
Royal Oak Township	Public safety enhancement through improved street lighting	$86,559
Royal Oak Township	Public safety enhancement of police services.	$217,593

All appropriated funding has been spent. No future rounds will occur in FY 2015.

####

Briefing: Grant announcement in Flint

Tuesday, Feb. 3, 2015, 3-4 p.m.
Haskell Community Center, 2201 Forest Hills Ave. Flint
Governor's communications: Dave Murray, murrayd1@michgian.gov, 517[redacted]
DEQ communications: Brad Wurfel, wurfelb@michigan.gov[redacted]
Treasury communications: Terry Stanton, stantont@michigan.gov[redacted]

Purpose

The state government is providing support for the Flint government as it addresses issues with its water system. The state on Tuesday is announcing that Flint is receiving two grants totaling $2 million related to water system improvements through the Financially Distressed Cities, Villages and Townships grant program. DEQ Director Dan Wyant will address ongoing efforts with his agency to test Flint water and explain why the city is facing some of its problems. Senate Minority Leader Jim Ananich, D-Flint, will discuss his appreciation for the ongoing support for the city and its residents.

Attending

- Harvey Hollins, director of the Michigan Office of Urban Initiatives
- Dan Wyant, director of the Michigan Department of Environmental Quality
- Wayne Workman, deputy treasurer, Michigan Department of Treasury
- Jerry Ambrose, Flint emergency manager
- Dayne Walling, Flint mayor
- State Sen. Jim Ananich
- State Rep. Sheldon Neeley
- State Rep. Phil Phelps

Agenda

3:00 PM – 3:05 PM:	Harvey Hollins announces that Flint has received two grants totaling $2 million.
3:05 PM – 3:10 PM:	Dan Wyant discusses the state's ongoing role in monitoring Flint's water and any assistance that has been provided and will continue to be provided.
3:10 PM – 3:15 PM:	Mayor Dayne Walling remarks about appreciation for state assistance.
3:15 PM – 3:20 PM:	Sen. Jim Ananich remarks about appreciation for state assistance.
3:20 PM – 3:25 PM:	Rep. Neeley remarks.
3:25 PM – 3:35 PM:	Harvey Hollins closing remarks, opens floor to media questions.
3:35 PM	Event ends, though this might be optimistic.

Background

- The quality of Flint water has been a high-profile concern in recent weeks, with residents complaining about the color, taste and smell of tap water since a switch to Flint River water as a temporary source as a pipeline is built to Lake Huron as a water source starting in 2016.
    - Residents have attended meetings with jugs of brownish water.
    - U.S. Kildee has worked with labor and community groups to distribute bottled water.

- Mayor Walling has issued a letter (included below) calling for state and federal assistance for the city, including forgiveness of some $20 million in debt through the Drinking Water Revolving Loan Fund and calling for the governor to come to Flint personally.
    - Walling also submitted a guest column to the Flint Journal with similar requests.
        - He said the loan forgiveness is needed for the city to upgrade its water treatment process.
    - Governor and Mayor Walling had a telephone conversation on Friday, and the mayor has pledged to work together on solutions.

- Rep. Sheldon Neeley also has sent the governor a letter, saying that his constituents "are on the verge of civil unrest."

- The Department of Environmental Quality has been monitoring the water situation, with a detailed backgrounder and talking points attached below.

- The Treasury Department is announcing Tuesday that Flint is among the cities receiving a combined $8 million the Financially Distressed Cities, Villages and Townships grant program.
    - The announcement of the other grants will follow the Flint announcement.
        - The Flint grants are $1.1 million to allow the city to replace the functions of the old incinerator with new water pollution control facility allowing for the disposal of waste to landfills.
        - The other is $900,000 to allow the city to hire a contractor to perform a leak detection survey, which will lead to prioritizing repairs.
    - A breakdown of the grants is included below.

Treasury breakdown of Flint grants

Flint Incinerator: The grant project entails shutting down the current Water Pollution Control Facility Incinerator (due to the incinerator not being up to new EPA standards). In order to meet EPA standards, it would cost roughly $8.8M in upgrades to the current incinerator. The grant funding will allow them to replace the functions of the old incinerator by constructing new facilities which will allow for the disposal of waste to landfills.

Budget Breakdown	
Construction Contractor	$1,050,000
Project Management	$50,000
Total	$1,100,000

Flint Leak Detection: The grant project will allow the city to hire a contractor to perform a leak detection survey of the city water lines. The city will receive a map of leak locations and an assessment of leak severity. This data will allow the city to prioritize leak repair. The project also covers the expense of conducting a water pipe line wall thickness condition assessment on a portion of the city's pipes. The assessment will guide the city's water main replacement program.

Budget Breakdown	
Project Planning	$90,000
Mobilization of Crew to Site	$27,000
Leak Detection < 16" diameter	$378,000

Leak Detection 16" diameter or >	$270,000
Pipe Condition Assessments	$135,000
Total	$900,000

DEQ backgrounder on Flint water

Following the formal approval of Flint into the KWA in 2012, DWSD sent Flint a letter saying their contract was thereby terminated (by early 2013).

Genesee County has been using DWSD water without a contract since May 2014. But Flint took the letter to imply a water cutoff, and promptly turned to DEQ with a proposal to use the Flint River (their historic backup system).

This proposed shift was pitched primarily as a money saver. But it put the city in the business of water production, where they historically had been in the business of water transmission. DEQ approved the use of the river as a source, based on the treatment plant's past performance as a standby facility and the improvements we outlined prior to a switchover.

Several municipalities around the state use surface water supplies (rivers): Blissfield near Monroe, Manistique, and Alma to name a few.

The city completed the upgrades at the water plant the facility and DEQ approved it April 2014.

There were some initial hiccups. Last summer, there were a couple of 'boil water' notices issued. One for a water test that showed e. coli, one for a break in the water main.

The challenge to using the Flint River as a source is that the condition of the water is variable and changes with season and weather. It has substantially more organic matter than deep lake sources like Lake Huron. This organic matter is mobilized by high water events, and warm weather also can account for more organic material in the water.

The treatment of the organic matter is done with chlorine. One might conclude that the continual answer is just to use more chlorine to achieve water safety. However, at some point on the continuum, the chlorine and organic matter create TTHM – total trihalomethanes – as a byproduct. When the standard for those is exceeded over several consecutive quarters of testing, the supply is required by law to issue public notice and submit an approved plan for addressing the situation.

You'll note that this regulatory approach means TTHM testing is done quarterly. That means people who use the system are exposed to TTHM for several months before the public notice is required. It's because TTHM is a chronic health threat. Over the long term (measured in decades), continued exposure can contribute to some known health problems. If this were an immediate health threat, customers would receive immediate notification to boil their water or not use it.

Put in context, the EPA (which established the standard and the rule) estimates the existence of the TTHM standard prevents an estimated 280 bladder cancer cases each year ... out of more than 330 million people who use public water supplies around the country.

It's not "nothing." State and federal law requires quarterly testing for TTHM and that the public be informed of it when the annual average of four quarters' worth of consecutive testing shows TTHM

levels exceeding 80 parts per billion. Flint's results managed to exceed the annual average in three quarters, and they must develop a plan to address it.

But it's not like an eminent threat to public health. Unlike an e. Coli or even total coliform bacteria maximum contaminant level, which require immediate public notification and response and are part of daily / hourly testing of public water supplies, TTHMs pose a public health concern with chronic, long-term exposure.

It's clear the nature of the threat was communicated poorly. It's also clear that folks in Flint are concerned about other aspects of their water – taste, smell and color being among the top complaints.

The Safe Drinking Water Act requires public water supplies be tested for more than 90 regulated contaminants, including microbial contaminants. The act, and the program here in Michigan, work to ensure that water is safe to drink. The act does not regulate aesthetic values of water. Here are some factors affecting the aesthetics of water in Flint.

1. It's the Flint River. The water supplied by DWSD historically came from Lake Huron. It's softer. With hard water, you get a different flavor and feel. It's why General Motors suspended use of Flint Water – it was rusting their parts. Also, there's the 'organics' factor (discussed previously).
2. The system is old. Flint has more than 500 miles of water pipes. More than half of those pipe miles are more than 75 years old. Much of it is cast iron. Hard water can react with cast iron and exacerbates the rusty factor, which creates that brown water that angry residents were holding up in jugs for the media cameras last week. Valve failure has also been a key challenge. The system has an estimated 7,500+ valves. When they stick open or stick shut, it affects the hydraulics of the system and increase areas of stagnation. The city has a backlog of valves that need to be addressed. They've done half a dozen or so since November.
3. Flint is old. Many of the homes served by the system are old. Brown water complaints may also be attributable to cast iron pipes in customers' service connection to the city lines. The DEQ has been encouraging people with water coloration concerns to contact the city and see whether it is the service line or the City's line causing the issue. Again, discoloration is not an indicator of water quality or water safety, but we recognize that nobody likes it.

In summary, the City of Flint has tremendous need to address its water delivery system. We are not aware that they have any capital improvement funds for preventative maintenance in place, much less line replacement project monies that will require hundreds of millions.

The City was approved for a Revolving Fund loan in 2008 or 2009. As a Distressed Community, they qualified for flexible terms and 2 percent interest rate Revolving Fund Loan. After they were notified they were approved for the loan, they declined it. Previous SRF loans from the state to Flint bear an outstanding balance of $20.7 million today.

The DEQ continues working with the city to address the TTHM issue. They can take interim steps – from scrubbing the insides of transmission lines to carefully monitoring the hydraulic challenges in their system – to address customers' aesthetic concerns. Their TTHM numbers already are showing dramatic improvement; the November testing showed only one of seven sample points exceeding the standard.

The key now is that the standard is an average of three quarters' worth of results. It will be some time before they are officially "not in violation." However, depending on weather in 2015, it's not unforeseeable that we will be having this conversation again by next Christmas.

The key to the conversation is that TTHM is not a top health concern. That's key because residents need to understand TTHM in context, and it is key because it appears the mayor has seized on the public panic (sparked, frankly, by their poor communication of the violation notice) to ask the state for loan forgiveness and more money for their infrastructure improvement.

Another key thing to remember is that once the city connects to the new KWA system in 2016, this issue will fade in the rearview.

Key messages:

1. The DEQ Drinking Water program works with communities around the state to ensure that municipalities provide customers with clean, safe drinking water.
2. Municipal water supplies are tested rigorously and regularly for more than 90 regulated contaminants, including microbial contaminants that pose an immediate public health concern.
3. Flint's exceedance of the TTHM standard should reassure residents that the testing program is effective.
4. TTHM is not an immediate health threat. It is a chronic concern, one that can be problematic over the course of several decades of exposure. The public was notified because the law requires the city to make public notification, so that everyone can make informed decisions. This is particularly true for people with infants or those with compromised immune systems.
5. The DEQ is working with the City to address the situation. Recent tests show the TTHM numbers dropping rapidly. The department will continue working with the city in the months ahead, and residents should feel confident that their water is safe to drink unless the DEQ or City notifies them otherwise.
6. The discoloration and odor issues some Flint residents are experiencing are separate issues from the TTHM issue. TTHM is odorless, colorless and measured in parts per billion.
7. Flint water customers who have questions or concerns about their water should first contact the city to get answers and help. They also can contact the Michigan DEQ.

Mayor Walling's Facebook post

Friend,

Access to clean, safe, affordable water is a basic human right.

That's why I just sent Gov. Snyder my Flint Water Improvement Plan. It focuses on the areas of safety, quality, access, investment and education. My letter urges the governor to quickly implement these ideas so that Flint's water is 100% safe.

Please contact Gov. Snyder by calling (517) 335-6397 (or by clicking here) and ask him to take action immediately to implement my plan and ensure Flint's water is safe.

My plan offers new ideas and also builds on successful models of utility, energy and assistance programs at the state and federal levels. Here is my plan:

Safety & Quality

- 100% Safety is the standard

- City of Flint releases testing data to assure safety and expands testing to households with support from the Michigan Department of Environmental Quality
- Support alternatives for those advised not to drink the water by their doctors through the Michigan Health Endowment Fund and community partners to protect the vulnerable like seniors and infants
- Bring on experienced river water treatment operational management in the City of Flint
- Require water testing data to be released quarterly by law in all Michigan communities

Access

- Announce an amnesty program for turn-ons and reduce the turn-on cost in Flint
- Develop a revised payment plan policy to allow customers to come back on to the Flint system
- New Federal and State partnership to establish new Drinking Water Emergency Assistance Fund for customers (modeled on Federal and State energy utility programs: Low Income Home Energy Assistance Program; Michigan Energy Assistance Program; State Emergency Relief)

Investment

- Accelerate water system improvements outlined in the City of Flint Capital Improvement Plan through Federal and State Investments
- State approves City of Flint's Distressed Cities Fund applications
- Federal and State forgiveness of payment to Drinking Water Revolving Loan Fund
- Federal and State financing for future improvements
- City Water Department implements budgeted FY15 projects including leak detection, valve repairs, new pipes and meter replacements

Education

- Develop a community partnership to provide household and business customers with information on testing and conservation
- Ongoing partnership with Michigan Department of Human Services, United Way, Salvation Army and community organizations to provide information on water assistance
- Expand youth energy initiative to assist households with conservation and efficiency (piloted in summer 2014 with Northwestern High School students, EcoWorks and Consumers Energy)

The struggle with our water has gone on for too long. The state must take action and do its part. Please ask Gov. Snyder to take action immediately to implement my plan and ensure Flint's water is safe. Thank you for your ongoing support.

Links to coverage

- Mayor, governor have 'long, productive' talk about Flint's water problems, Jan. 30
- 2,000 more gallons of water headed to Flint for giveaway, Jan. 30, 2015
- Flint emergency manager says there are two big reasons not to reconnect Detroit water, Jan. 29
- Flint Democracy Defense League plans four meetings on city's water problems, Jan. 29
- Environmentalist sends out new warnings about Flint water, NBC, Jan. 27
- Erin Brockovich says on Facebook she's prepared to come to Flint, MLive, Jan. 27
- Mott Community College not waiting for Flint to ensure safe water, MLive, Jan. 26
- Detroit water chief says she's willing to sell emergency water to Flint -- no strings attached, Jan. 26
- Mayor says governor needs to visit Flint to see water crisis first hand, MLive, Jan. 26
- Need water? Flint groups collect 600 cases, plan distribution this week, MLive, Jan. 26

- Incoming Flint water expert would have 'continual oversight' until new pipeline connected, Jan. 25
- Looking back at Flint's water problems (photo gallery), MLive, Jan. 25
- Flint water problems: Switch aimed to save $5 million -- but at what cost?, MLive, Jan. 23
- State says its already 'working diligently' on Flint's water problems, MLive, Jan. 22
- Officials say Flint water is getting better, but many residents unsatisfied, MLive, Jan. 21

STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

BRIAN CALLEY
LT. GOVERNOR

CONTACTS:	FOR IMMEDIATE RELEASE
Sara Wurfel or Dave Murray, Governor's Office 517-335-6397 Terry Stanton, Department of Treasury 517-335-2167	February 24, 2016

Gov. Rick Snyder awards Flint $2 million in Distressed Cities grants for water system infrastructure improvements

Funding to be used for leak detection, waste incinerator replacement

LANSING, Mich. – Gov. Rick Snyder today awarded Flint $2 million in grants for water system infrastructure improvements, part of an overall $8 million plan to help cities through the Financially Distressed Cities, Villages, and Townships Grant Program.

Flint is among six municipalities receiving grants through the program. The city will use the funding to detect leaks in its water lines and replace its Water Pollution Control Facility Incinerator.

"There are opportunities for the state government to assist Flint city leaders as they address issues related to the city's water system," Snyder said. "These grants will help recovering cities improve public services and infrastructure, improving the quality of life for all residents."

The grants to Flint were announced today at the Haskell Community Center by Harvey Hollins, director of the state's Office of Urban Initiatives and Wayne Workman, the state's deputy treasurer. They were joined by Dan Wyant, director of the Michigan Department of Environmental Quality, Flint Emergency Manager Jerry Ambrose, Mayor Dayne Walling, state Senate Minority Leader Jim Ananich, state Reps. Sheldon Neeley and Phil Phelps.

Flint was awarded $900,000 to allow the city to hire a contractor to perform a leak detection survey of the city water lines. The city will receive a map of leak locations and an assessment of leak severity, allowing the city to prioritize leak repair. The project also covers the expense of conducting a water pipe line wall thickness condition assessment on a portion of the city's pipes. The assessment will guide the city's water main replacement program.

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Municipalities are eligible for the grants of they are experiencing one or more conditions indicative of "probable financial stress," as defined by Public Act 436 of 2012, the Local Financial Stability and Choice Act.

Under the grant program, funding may be used to pay for specific projects, services, or strategies that move a city, village, or township toward financial stability. There was $8 million appropriated for the program with a $2 million cap, per local unit.

##

Ryan, Howard (Treasury)

From: Connors, Paul (Treasury)
Sent: Monday, February 02, 2015 3:11 PM
To: Gelisse, Ashley (TREASURY)
Cc: Ryan, Howard (Treasury); Workman, Wayne (TREASURY)
Subject: Re: Independent Water Analysis - Flint

Thanks Me and Terry will see Rep Neely prob tomorrow

On Feb 2, 2015, at 3:09 PM, Gelisse, Ashley (TREASURY) <GelisseA@michigan.gov> wrote:

> Paul and Howard,
>
> Can one of you please share this with whomever you deem appropriate from the Flint legislative delegation? Thanks.
>
> Ashley
>
> ---
>
> **From:** Gelisse, Ashley (TREASURY)
> **Sent:** Monday, February 02, 2015 3:08 PM
> **To:** Posthumus, Dick (GOV); Wurfel, Sara (GOV); 'Clement, Elizabeth (GOV) (clemente@michigan.gov)'; Muchmore, Dennis (GOV); Allard, Claire (GOV); Hollins, Harvey (GOV); Clayton, Stacie (GOV)
> **Cc:** Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury)
> **Subject:** Independent Water Analysis - Flint
>
> FYI only – a helpful article about the water situation in Flint, offers a good independent assessment. Thanks.
>
> **Ashley Gelisse**
> Senior Policy Advisor to State Treasurer Kevin Clinton
> Richard H. Austin Building
> 430 West Allegan Street
> Lansing, MI 48922
> Direct: 517-241-2474
> Cell: 517-420-8079
> gelissea@michigan.gov
>
> <Independent Water Analysis.PDF>

Koryzno, Edward (Treasury)

From: Gelisse, Ashley (TREASURY)
Sent: Tuesday, February 03, 2015 8:02 AM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Saxton, Thomas (Treasury)
Subject: Agenda.01.20.15
Attachments: Agenda.01.20.15.docx

The last LG agenda – for our meeting this morning.

Local Government Meeting
January 20, 2015

Key Updates

Royal Oak Township
- Burgess issuing a consent agreement order to clarify invoicing process, and awarding a pending bid for legal services

Highland Park
- Water leak has been shut off following pipes bursting
- Kathy Square learning the issues of the water system
- Still working through issues related to engaging a third party operator for water system
- Call Friday on blight certificate related to high school sale

Flint
- Jerry Ambrose began as EM on 1/13/15
- Mayor's letter to Governor on water issue amid increasing public concern
- 50% of assessments are manual overrides

Pontiac
- Economic Development Director hired recently
- Meeting in late January with legal team to discuss OPEB approach - here and in other communities

Hamtramck
- First RTAB meeting scheduled during the week of January 26th

Ecorse
- 5 year budget proposed by council not balanced
- Ongoing issues with interim City Manager

Wyandotte
- 93% of assessments are manual overrides

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, February 03, 2015 10:51 AM
To: Murray, David (GOV)
Subject: RE: Flint event on Tuesday
Attachments: RELEASE Flint water grants.docx; 2 FDCVT Grant Awards draft.docx; RELEASE Flint water grants TS.docx; FDCVT Grant Awards TS.docx

Importance: High

Follow Up Flag: Follow up
Flag Status: Completed

Not a problem.

BTW...attached are the draft releases with **track changes** showing...and a second set with **changes accepted**. I sent them to my grant folks to ensure accuracy, etc., and the changes reflect their input.

From: Murray, David (GOV)
Sent: Tuesday, February 03, 2015 10:41 AM
To: Stanton, Terry A. (Treasury)
Subject: RE: Flint event on Tuesday

Thank you, Terry!

We should be set. We'll send out our release at 3, if you folks want to follow that.

Thank you for EVERYTHING on this. I know I took up a lot of your time. Appreciated!

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, February 03, 2015 10:13 AM
To: Murray, David (GOV)
Subject: RE: Flint event on Tuesday

Let me know what, if anything, you need from me today...

From: Murray, David (GOV)
Sent: Tuesday, February 03, 2015 10:12 AM
To: Stanton, Terry A. (Treasury)
Subject: Re: Flint event on Tuesday

Perfect!!! Thank you!

Sent from my iPhone

On Feb 3, 2015, at 10:11 AM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

> Jerry Ambrose is planning to be at the press event..

From: Murray, David (GOV)
Sent: Tuesday, February 03, 2015 9:04 AM
To: Stanton, Terry A. (Treasury)
Subject: RE: Flint event on Tuesday

Terry, just wanted to double-check. Have you connected with Jerry Ambrose to make sure he's aware of the event and is attending?

Thanks!

Dave

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, February 03, 2015 8:45 AM
To: Murray, David (GOV)
Subject: Re: Flint event on Tuesday

Ok. Cool. Unfortunately I can't help w the Reps😀

TS

On Feb 3, 2015, at 8:29 AM, Murray, David (GOV) <MurrayD1@michigan.gov> wrote:

> Hi Terry,
>
> I think we'll be OK. Brad will be there, too. I'm worried about the state reps, but I think we'll be OK.
>
> **From:** Stanton, Terry A. (Treasury)
> **Sent:** Tuesday, February 03, 2015 8:25 AM
> **To:** Murray, David (GOV)
> **Subject:** Re: Flint event on Tuesday
>
> Dave...
>
> Given my schedule, I wasn't planning to be in flint today...unless you feel there is a need for me to be there.
>
> Please advise.
>
> TS
>
> On Feb 2, 2015, at 1:34 PM, Murray, David (GOV) <MurrayD1@michigan.gov> wrote:
>
> > Good afternoon team,
> >
> > Just wanted to touch base on Tuesday's event in Flint. Unless told otherwise, I'm continuing to prepare for the event.
> >
> > I touched base with Harvey and Stacie, who recommended we proceed. Harvey is approaching some stakeholders about appearing at the event, and will forward those names to me later today.

I left a message with Dick Posthumus to see if he has any concerns about proceeding.

The Senate Democrats said Sen. Ananich will want to appear. Katie Carey from the House said she would forward information to Rep. Neeley and Phelps. I have not heard back from her yet.

I've attached the backgrounder and the draft releases from Governor's Communications and Treasury. I've sent a message to the mayor's office about a quote, but have not heard back yet.

Brad and I spoke about Director Wyant's role and potential comments. He will point out that there are things the state can do to help monitor the situation, but also will note that the city's water infrastructure is aging, which contributes to the problems.

We need some direction on an advisory. Should this be listed on a typical advisory from the governor's office, or come from Treasury? Do we even issue an advisory in favor of just contacting media directly in the morning?

Please give the draft releases a read for potential changes, or let me know of other concerns.

Thank you!

Dave

Dave Murray
Deputy Press Secretary | Executive Office of Governor Rick Snyder
MurrayD1@michigan.gov
517-335-6397, office
517-449-8343, mobile
Twitter.@michigandmurray

<2 FDCVT Grant Awards draft.docx>

<Briefing Flint grant announcement.docx>

<RELEASE Flint water grants.docx>

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CONTACTS:	FOR IMMEDIATE RELEASE
Sara Wurfel or Dave Murray, Governor's Office 517-335-6397 Terry Stanton, Department of Treasury 517-335-2167	April 5, 2016~~February 3, 2015~~

Gov. Rick Snyder awards Flint $2 million in Distressed Municipalities grants for water system infrastructure improvements

Funding to be used for leak detection, waste incinerator replacement

LANSING, Mich. – Gov. Rick Snyder today awarded Flint $2 million in grants for water system infrastructure improvements, part of an overall $8 million plan to help municipalities through the Financially Distressed Cities, Villages, and Townships Grant Program.

Flint is among eleven municipalities receiving grants through the program. The city will use the funding to detect leaks in its water lines and replace its Water Pollution Control Facility Incinerator.

"There are opportunities for state government to assist Flint city leaders as they address issues related to the city's water system," Snyder said. "These grants will help recovering cities improve public services and infrastructure, improving the quality of life for all residents."

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The city also was awarded $1.1 million to shut down its current Water Pollution Control Facility incinerator and replace it with new facilities which will allow for the disposal of waste in landfills. The existing facilities are not up to federal Environmental Protection Agency standards.

We suggest moving the two paragraphs below up under the first paragraph

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LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

February 3, 2015

FOR IMMEDIATE RELEASE
www.michigan.gov/treasury

Contact: Terry Stanton, Treasury
(517) 335-2167
Dave Murray, Governor
(517) 335-6397

draft

Gov. Rick Snyder announces grants helping distressed municipalities with water, public safety, appraisal issues

$8 million awarded for projects aimed at improving services, quality of life

LANSING, Mich. -- Gov. Rick Snyder today awarded $8 million to eleven ~~six~~ municipalities to fund various improvement projects, including water system and street lighting enhancements and technology upgrades through the Financially Distressed Cities, Villages, and Townships Grant Program.

Municipalities are eligible for the grants if ~~of~~ they are experiencing one or more conditions indicative of "probable financial stress," as defined by Public Act 436 of 2012, the Local Financial Stability and Choice Act.

"Municipalities receiving this special funding are some of the areas hardest hit by the Great Recession," Snyder said. "I am pleased we can offer funding assistance to help these local governments improve various public services their taxpayers and residents expect and deserve."

Under the grant program, funding may be used to pay for specific projects, services, or strategies that move a city, village, or township toward financial stability. There was $8 million appropriated for the program with a $2 million cap, per local unit.

The following communities will receive funding this year, with projects and amounts noted (alphabetical order):

Local Unit	Project Description	Amount
City of Benton Harbor	Complete a property reappraisal to provide updated and accurate assessing records. Additionally, community enhancement through blight management and sidewalk replacement.	$475,000
City of Benton Harbor	Water system enhancement through water main replacements and fire hydrant repairs.	$434,960
City of Ecorse	Public safety enhancement through improved street lighting.	$350,000

City of Flint	Water system enhancement through improved waste management.	$1,100,000
City of Flint	Water system enhancement through leak detection and pipe assessments.	$900,000
City of Hamtramck	Complete a property reappraisal to provide updated and accurate assessing records.	$167,860
City of Hamtramck	Upgrade City Hall security.	$50,000
City of Hamtramck	Public safety enhancement through improved street lighting.	$404,600
City of Highland Park	Water system enhancement through meter replacement, leak detection, and system repairs.	$2,000,000
City of Inkster	Complete a property reappraisal to provide updated and accurate assessing records.	$73,460
City of Inkster	Water system enhancement through fire hydrant repairs.	$150,000
City of Inkster	Provide a backup power source for public safety.	$30,000
City of Inkster	Public safety enhancement through the creation of a multi-jurisdictional narcotic team.	$240,000
City of Inkster	Public safety enhancement through police officer training.	$41,970
City of Inkster	Public safety enhancement through the deployment of an additional police officer.	$320,000
City of Lincoln Park	Public safety enhancement through updated technology.	$143,490
City of Melvindale	Public safety enhancement through fleet replacement of police vehicles and updated technology.	$88,000
City of Pontiac	Community enhancement through blight management.	$125,000
City of River Rouge	Public safety enhancement through improved street lighting. Additionally, infrastructure replacements to City Hall.	$591,508
Royal Oak Township	Public safety enhancement through improved street lighting	$86,559
Royal Oak Township	Public safety enhancement of police services.	$217,593

All appropriated funding has been spent. No future rounds will occur in FY 2015.

~~Applications for the next round of Financially Distressed Cities, Villages, and Townships Grant Program will be available on the Department of Treasury website this spring. Applications must be submitted to Treasury by the close of business on XXX. XXX 31, 2015.~~

~~Preference is generally given to applicants from local units in which:~~

- ~~A financial emergency has been declared in the past five years;~~
- ~~An approved deficit elimination plan for the general fund is currently in place; or,~~
- ~~Two or more conditions indicating "probable financial distress" currently exist~~

~~For more information about FDCVT grants, including an application for cities, villages, and townships, visit www.michigan.gov/revenuesharing.~~

# # # #

We do not think this footnote is needed (however if you leave it in, you need to put the * at the point of reference and change "distress" to "stress".

~~*Conditions of "probable financial distress" relating solely to school districts are not included as conditions for FDCVT, as school districts are not eligible~~

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LANSING

RICK SNYDER
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R KEVIN CLINTON
STATE TREASURER

February 3, 2015

FOR IMMEDIATE RELEASE
www.michigan.gov/treasury

Contact: Terry Stanton, Treasury
(517) 335-2167
Dave Murray, Governor
(517) 335-6397

draft

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# # # #

Byrne, Randall (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: Tuesday, February 03, 2015 1:48 PM
To: Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Carter, Jerry (MSP); Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); Hill, Darryl (MSP); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Smith, Paul (GOV); Byrne, Randall (Treasury); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); West, Samantha (GOV)
Subject: Bi-Weekly Conference Call Agenda
Attachments: Agenda for Conference Call with Treasury 020415 (1).pdf

Good afternoon,

Please find attached the agenda for the conference call scheduled for **Wednesday, February 4th at 9:00 am.**

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Gerald Ambrose, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am Phone Conference Agenda

February 4, 2015 1-[redacted], Access code [redacted]

		Last Report	Status
1) Public Safety Update – FPD, MSP, (FFD, if needed)			
	a) FPD	* Police and Fire studies have been presented to the Public Safety Committees. Evaluation of recommendations underway.	Update
		* SRMS MOA has been signed, project charter development is underway. Last item for which Flint needed to provide a sign-off has been completed.	No Change
		* Evidence Room and Police Equipment Audit have been media items last week.	New
	b) FFD	* SAFER Grant - Considering whether or not to apply.	New
		* City applied for $999,103 grant from the FEMA Assistance to Firefighters Grant Program to purchase a new aerial truck.	Awaiting decision
	c) Other update from Chief Tolbert and MSP		
2) Governor's Office Update – R. Baird, H. Hollins, B. Clement			
	a) District Court Consolidation	County Commissioners voted on 12/10/14 to approve "pursuant to the terms and conditions set forth in a MOU to be approved between City of Flint and Gen. Cty."	Waiting for proposed MOU from County.
	b) Local Income Tax Initiative	Additional source of funds still needed for City. H. Hollins working to find a new sponsor.	No Change
	c) Grant Announcement	Decision regarding Distressed Cities Grant announced 2/3/15	New

		Last Report	Status
3) Finance and Administrative Update			
	a) Financial Ordinances	City Council approved Fund Balance Policy, OPEB, BSF and strategic planning processes ordinances. Purchasing Ordinance to be enacted.	Update
	b) Management Vacancies	MML has been selected to recruit candidates for Treasurer, HR Director and Finance Director. Search for Fire Chief to be added - effective date 7/1/15	Update
	c) Budget	Mid-year budget amendment is enacted. Dr. Scorsone to assist with updating financial projections by Feb. 13.	New
	e) Strategic Planning Workshops	Two workshops, facilitated by Dr. Scorsone have been completed. Updated VMG by Council scheduled for Feb. 9	Update
	f) DEP/RAP	Progress under DEP/RAP being revised.	New
4) City Council Update			
	a) EM Order	An Order has been issued establishing a new Council and Committee meeting schedule - a move toward transition. An Order also being developed defining organizational reporting relationships to new City Administrator.	New
	b) Council/Mayor Compensation	Asked MML to provide comparisons of MI cities' Council and Mayor compensation packages.	New

		Last Report	Status
5) Water Issues			
	a) MDEQ Violation Notice	Two separate, independent testing results by news media find Flint water within EPA/MDNR guidelines, as does most recent internal testing.	Update
	b) Distressed Cities Grants	Announcements of awards due Feb. 3 for Flint's two grant requests: Leak Detection and Sewage sludge Load Out Facility.	Update
	c) Drinking Water Revolving Fund	Discussing possible restructuring of loans.	New
	d) Consultant	RFP process resulted in a proposal from Veolia. Agreement being finalized for initial evaluation phase, to begin next week and to take a week or so to complete.	New
6) 9-1-1 Reconsolidation Plan			
	a) Tower Transfer to Consortium	Tower built with C-GAP funds. Procedure necessary to transfer asset to Consortium? Need to have assessment of value? Value exceeds $50,000, the intent to transfer was included in the last two updates to the Financial and Operating Plan. Responses send to R. Byrne last week.	Update
7) Transition Activities			
	a) Update of Transition Management Plan	A planning calendar for the next three months is being developed.	NEW

8) Other Items

	Last Report	Status
MDNR and Purchase of CSX rail area	Requesting DNR authorize full amount of appraised property value to be paid by DNR grant. **Note from Planning and Development Director:** In brief, the City hired an appraiser for the Grand Traverse Greenway trail to complete acquisition of the CSX properties. We forwarded the appraisal of $170,000 to the DNR for approval to proceed with negotiations with CSX. During our negotiations, CSX disputed the appraisal and submitted their own appraisal for the property of $330,000. After reviewing the CSX appraisal, DNR told the City that they would be willing to increase the grant up to $215,000 for acquisition, but the City would have to make up the difference. After doing additional research on similar properties including acquisition of the Genesee Valley Trail in the City of Flint, we realize that CSX offer is not unreasonable We asked DNR to reconsider and allow us to have our appraisal amended so that we can fully use the DNR grant for the $330,000 asking price. (Our DNR grant allocation is $700,000 more than enough to cover the $330,000 asking price. Thus far, DNR has been unwilling to provide the additional funding and suggested we talk to MDOT about making up the difference. I think the MDNR is concerned about setting precedent for future trail acquisition, but I don't think it matters if MDOT is routinely paying more.	Awaiting update from Treasury. Randy will get back to us on this.

Byrne, Randall (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Wednesday, February 04, 2015 2:50 PM
To: Byrne, Randall (Treasury)
Subject: Re: FW: Selection of Water Quaiity Consultant

Thanks!

On Wed, Feb 4, 2015 at 2:41 PM, Byrne, Randall (Treasury) <ByrneR1@michigan.gov> wrote:

Jerry:

For your information. Let me know if you have any other questions.

Randy,

From: Byrne, Randall (Treasury)
Sent: Wednesday, February 04, 2015 2:09 PM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury)
Subject: FW: Selection of Water Quality Consultant

Wayne and Ed:

I have reviewed the documentation and conclude that the City does not have to get Treasurer approval to proceed because they solicited proposals from eight consulting firms as per PA 436 12(3). Please let me know if you have any questions.

Randy,

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Wednesday, February 04, 2015 12:46 PM
To: Workman, Wayne (TREASURY); Byrne, Randall (Treasury); Koryzno, Edward (Treasury)
Subject: Selection of Water Quality Consultant

Per conversation this morning, I am confirming that the City of Flint utilized a competitive process in the selection of a Water Quality consultant.

The attached RFP was released on January 15, with an initial response date of January 26. However, the response date was changed to January 29.

The RFP was posted on the City's website and invitations to respond were sent to the following firms:

Greeley and Hansen

Black and Veatch

CDM Smith

Arcadis

Hazen and Sawyer

Stantec

Fleis & Vandenbrink

HDR Inc.

The City received one response from Veolia. After review, it was determined that the respondent firm met the qualifications, and following initial discussion with the firm, it was also determined that the firm could initiate work quickly We are in the process of finalizing a initial phase agreement at a cost not to exceed $40,000. This initial phase will allow the firm to be on site and to conduct an initial evaluation of the City's current situation. Future phases will be negotiated consistent with their proposal and the requirements set forth in the RFP.

I am pleased with the proposal we received, and believe that it will provide us with that "extra set of eyes" to assure us and the public that we provide safe water and that we are taking the necessary steps to improve water quality.

Jerry Ambrose, Emergency Manager

City of Flint

INVITATION TO BID

OWNER:

THE CITY OF FLINT
DEPARTMENT OF PURCHASES AND SUPPLIES
1101 S. SAGINAW ST., 3RD FLOOR
FLINT, MI 48502

PROPOSAL NO.: 15-573

SCOPE OF WORK:

The City of Flint (The City), Department of Purchases & Supplies, is soliciting sealed proposals for the following:

Water Quality Consultant

per the attached specification.

If your firm is interested in providing the requested services, please submit 1 original and 2 copies of your detailed proposal to the City of Flint, Department of Purchases and Supplies, 1101 S. Saginaw St. Rm. 304, Third Floor, Flint, MI, 48502, by **Monday, January 26, 2015 @ 12:00 PM (EST)**. Please note: all detailed proposals received after 12:00 PM (EST) will not be considered. Faxed proposals into the Purchasing Department are not accepted.

The City of Flint may hold proposals for a period of 120 days from opening, for the purpose of reviewing the results and investigating the qualifications of proposals prior to making an award. The City of Flint reserves the right to waive any irregularities and accept or reject any or all proposals submitted. Vendors located within the corporate city limits of Flint, Michigan may be given a seven percent (7%) competitive price advantage. Additionally, if the lowest responsible bidder is not located with the limits of the City of Flint, but is located within the county of Genesee, and said Genesee County responsible bidder does not exceed the bid of the lowest non-local bidder by more than three and one-half percent (3 ½ %), the County vendor may have a competitive advantage.

The City reserves the right to waive any irregularities and accept or reject any or all

proposals submitted.

The City is an equal opportunity employer.

The successful bidder must comply with all requirements and pay prevailing wages and fringe benefits on this project per the City's Resolution R-12 adopted 4/8/91.

Pursuant to the requirements of 1976 P.A. 453 (Michigan Civil Rights Act) and 1976 P.A. 220 (Michigan Handicapped Rights Act), the local unit and its agent agree not to discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight, marital status or because of a handicap that is unrelated to the person's ability to perform the duties of nondiscrimination provision identical to this provision and binding upon any and all contractors and subcontractors. A breach of this covenant shall be regarded as a material breach of this contract.

All materials furnished must be new, of latest model and standard first grade quality, or best workmanship and design, unless otherwise expressly specified. Bidder, if required, must furnish satisfactory evidence of quality materials, offers of experimental or unproven equipment may be disregarded.

Bidder shall protect against expense of any nature, shall bear costs of any suits which arise, and shall pay all damages which may be awarded against the City for the use, under this specification, of any patented device, process, apparatus, material or invention.

Bidder is not permitted to take advantage of any obvious errors or omissions in specifications.

The City reserves the right to reject any or all bids, or split awards by items, unless otherwise stipulated, or to accept any bid which will best serve its interests.

The Director shall not knowingly accept a proposal from a vendor /contractor who is in default on the payment of taxes, licenses, fees or other monies due the City. Purchase agreements with bidders who are found to have been in default at the time of award of such agreement shall be voided.

The bidder acknowledges that by signing this document that he/she is duly authorized to make said offer on behalf of the company he/she represents and that said proposal is genuine and not sham or collusive and not made in the interests or on behalf of any person not therein named, and that he/she and said bidder have not directly induced or solicited any other person(s) or corporation to refrain from responding to this solicitation and that he/she and said bidder have not in any manner sought by collusion to secure to himself/herself and said bidder any advantage over any other bidder.

Any questions regarding this proposal should be submitted by either fax (810-766-7240) or e-mail djones@cityofflint.com by Tuesday, January 20, 2015 by 5:00 PM. Responses to any questions will be posted to the City's website under this project number no later Wednesday, January 21, 2015.

Sincerely,

Derrick F. Jones
Department of Purchases & Supplies

Enclosure

All additional proposal documents, requirements, addendums, specifications and plans/drawings (if utilized) are available on the Purchasing page of the City of Flint's web site at "http://cityofflint.spudsoftware.com/?page_id=4694" under "open bids" and the specific bid or proposal number assigned to this notice.

INSTRUCTIONS TO VENDORS

General

1) **PRE-BID INFORMATION AND QUESTIONS:** Each bid that is timely received will be evaluated on its merit and completeness of all requested information. In preparing bids, Bidders are advised to rely only upon the contents of this Request for Proposal (RFP) and accompanying documents and any written clarifications or addenda issued by the City of Flint If a Bidder finds a discrepancy, error or omission in the RFP package, or requires any written addendum thereto, the Bidder is requested to notify the Purchasing contact noted on the cover of this RFP, so that written clarification may be sent to all prospective Bidders. **THE CITY OF FLINT IS NOT RESPONSIBLE FOR ANY ORAL INSTRUCTIONS.**

2) **RFP MODIFICATIONS:** The City of Flint has the right to correct, modify or cancel the RFP, in whole or in part, or to reject any Bid, in whole or in part, within the discretion of the City of Flint, or their designee. If any such changes are made, all known recipients of the RFP will be sent a copy of such changes. If any changes are made to this RFP document by any party other than the City of Flint, the original document in the City of Flint's files takes precedence.

3) **BID SUBMISSION:**

   a) The Bidder must include the following items, or the bid may be deemed non-responsive:
   i e. All forms contained in this RFP, fully completed.

   b) Bids must be submitted to the Purchasing Department, City of Flint, 1101 S. Saginaw Street – Room 304, Flint, Michigan 48502 by the date and time indicated as the deadline. The Purchasing Department's time stamp will determine the official receipt time. It is each Bidder's responsibility to insure that its bid is time stamped by the Purchasing Department by the deadline. This responsibility rests entirely with the Bidder, regardless of delays resulting from postal handling or for any other reasons. Bids will be accepted at any time during the normal course of business only, said hours being 8:00 a.m. to 5:00 p.m. Local Time, Monday through Friday, legal holidays as exception.

   c) Bids must be enclosed in a sealed opaque envelope, box or package, and clearly marked on the outside with the following: RFP Title, RFP Number, Deadline and Bidder's name.

   d) Submission of a bid establishes a conclusive presumption that the Bidder is thoroughly familiar with the Request for Bids (RFP), and that the Bidder understands and agrees to abide by each and all of the stipulations and requirements contained therein.

   e) All prices and notations must be typed or printed in ink. No erasures are permitted. Mistakes may be crossed out and corrections must be initialed in ink by the person(s) signing the bid.

   f) Bids sent by telegraph, facsimile, or other electronic means will not be considered unless specifically authorized in this RFP.

   g) All costs incurred in the preparation and presentation of the bid are the Bidder's sole responsibility; no pre-bid costs will be reimbursed to any Bidder All documentation submitted with the bid will become the property of the City of Flint.

   h) Bids must be held firm for a minimum of 120 days.

   i) Term - Contract and/or all other procurement documents shall be effective until completed to the satisfaction of the City of Flint. The City of Flint reserves the right to cancel or not renew all or any part of the procurement agreement/contract at any time

4) **EXCEPTIONS:** Bidder shall clearly identify any proposed deviations from the Terms or Scope in the Request for Bid. Each exception must be clearly defined and referenced to the proper paragraph in this RFP. The exception shall include, at a minimum, the Bidder's proposed substitute language and opinion as to why the suggested substitution will provide equivalent or better service and performance. If no exceptions are noted in the Bidder's bid, the City of Flint will assume complete conformance with this specification and the successful Bidder will be required to perform accordingly. Bids not meeting all requirements may be rejected

5) **DUPLICATE BIDS:** No more than one (1) bid from any Bidder, including its subsidiaries, affiliated companies and franchises will be considered by the City of Flint. In the event multiple bids are submitted in violation of this provision, the City will have the right to determine which bid will be considered, or at its sole option, reject all such multiple bids.

6) **WITHDRAWAL:** Bids may only be withdrawn by written notice prior to the date and time set for the opening of bids. No Bid may be withdrawn after the deadline for submission.

7) **REJECTION/GOOD STANDING:** The City of Flint reserves the right to reject any or all bids, or to accept or reject any bid in part, and to waive any minor informality or irregularity in bids received if it is determined by the City of Flint, or their designee, that the best interest of the City will be served by doing so. No Bid will be considered from any person, firm or corporation in arrears or in default to the City on any contract, debt, taxes or other obligation, or if the Bidder is debarred by the City of Flint from consideration for a contract award.

8) **PROCUREMENT POLICY:** Procurement for the City of Flint will be handled in a manner providing fair opportunity to all businesses. This will be accomplished without abrogation or sacrifice of quality and as determined to be in the best interest of the City. The City of Flint and their officials have the vested authority to execute a contract, subject to City Council and Mayoral approval where required.

9) **BID SIGNATURES:** Bids must be signed by an authorized official of the Bidder. Each signature represents binding commitment upon the Bidder to provide the goods and/or services offered to the City of Flint if the Bidder is determined to be the lowest Responsive and Responsible Bidder.

10) **CONTRACT AWARD/SPLIT AWARDS:** The City of Flint reserves the right to award by item, group of items, or total bid to the lowest responsive, responsible Bidder. The Bidder to whom the award is made will be notified at the earliest possible date. Tentative acceptance of the bid, intent to recommend award of a contract, and actual award of the contract will be provided by written notice sent to the Bidder at the address designated in the bid if a separate Agreement is required to be executed. After a final award of the Agreement by the City of Flint, the Contractor/Vendor must execute and perform said Agreement. All bids must be firm for at least 120 days from the due date of the bid. If, for any reason, a contract is not executed with the selected Bidder within 14 days after notice of recommendation for award, then the City may recommend the next lowest responsive and responsible Bidder.

11) **NO RFP RESPONSE:** Bidders who receive this RFP but who do not submit a bid should return this RFP package stating the reason(s) for not responding. Failure to return this form may result in removal of the Bidder's name from all bidder lists.

12) **FREEDOM OF INFORMATION ACT REQUIREMENTS:** Bids are subject to public disclosure after the deadline for submission in accordance with state law.

13) **ARBITRATION:** Contractor/Vendor agrees to submit to arbitration all claims, counterclaims, disputes and other matters in question arising out of or relating to this agreement or the breach thereof. The Contractor's agreement to arbitrate shall be specifically enforceable under the prevailing law of any court having jurisdiction to hear such matters. Contractor's obligation to submit to arbitration shall be subject to the following provisions:

(a) Notice of demand for arbitration must be submitted to the City in writing within a reasonable time after the claim, dispute or other matter in question has arisen. A reasonable time is hereby determined to be fourteen (14) days from the date the party demanding the arbitration knows or should have known the facts giving rise to his claim, dispute or question. In no event may the demand for arbitration be made after the time when institution of legal or equitable proceedings based on such claim dispute or other matters in question would be barred by the applicable statute of limitation.

(b) Within fourteen (14) days from the date demand for arbitration is received by the City, each party shall submit to the other the name of one person to serve as an arbitrator. The two arbitrators together shall then select a third person; the three together shall then serve as a panel in all proceedings. Any decision concurred in by a majority of the three shall be a final binding decision.

(c) The final decision rendered by said arbitrators shall be binding and conclusive and shall be subject to specific enforcement by a court of competent jurisdiction.

(d) The costs of the arbitration shall be split and borne equally between the parties and such costs are not subject to shifting by the arbitrator.

14) **BID HOLD:** The City of Flint may hold bids for a period of 120 days from opening, for the purpose of reviewing the results and investigating the qualifications of bidders prior to making an award.

15) **NONCOMPLIANCE:** Failure to deliver in accordance with specifications will be cause for the City of Flint and they may cancel the contract or any part thereof and purchase on the open market, charging any additional cost to the Contractor/Vendor.

16) **DISCLAIMER OF CONTRACTUAL RELATIONSHIP:** Nothing contained in these documents shall create any contractual relationship between the City and any Subcontractor or Sub-subcontractor.

17) **ERRORS AND OMISSIONS:** Bidder is not permitted to take advantage of any obvious errors or omissions in specifications

18) **INTERPRETATION:** In the event that any provision contained herein shall be determined by a court of competent jurisdiction or an appropriate administrative tribunal to be contrary to the provision of law or to be unenforceable for any reason, then, to the extent necessary and possible to render the remainder of this Agreement enforceable, such provision may be modified or severed by such court or administrative tribunal having jurisdiction over this Agreement and the interpretation thereof, or the parties hereto, so as to, as nearly as possible, carry out the intention of the parties hereto, considering the purpose of the entire Agreement in relation to such provision.

19) **LAWS AND ORDINANCES:** The bidder shall obey and abide by all of the laws, rules and regulations of the Federal Government, State of Michigan, Genesee County and the City of Flint, applicable to the performance of this agreement, including, but not limited to, labor laws, and laws regulating or applying to public improvement, local government, and its operational requirements.

20) **LOCAL PREFERENCE:** Bidders located within the corporate city limits of Flint, Michigan may be given a seven percent (7%) competitive price advantage and those located in Genesee County, MI may be given a three and a half percent (3 ½%) competitive price advantage.

21) **MATERIAL WORKMANSHIP AND STANDARDS OF PERFORMANCE:** The bidder agrees to exercise independent judgment and to complete performance under this Agreement in accordance with sound professional practices. In entering into this Agreement, the City is relying upon the professional reputation, experience, certification and ability of the bidder. The bidder agrees that all of the obligations required by him pursuant to this Agreement shall be performed by him or by other employed by him and working under his direction and control. The continued effectiveness of this Agreement during its term or any renewal term shall be contingent, in part, upon the bidder maintaining his operating qualifications in accordance with the requirements of federal, state and local laws. All materials furnished must be new, of latest model and standard first grade quality, or best workmanship and design, unless otherwise expressly specified. Bidder, if required, must furnish satisfactory evidence of quality materials, offers of experimental or unproven equipment may be disregarded.

22) **MODIFICATIONS/CHANGES/PRICE VARIATIONS:** Any modification to this agreement must be in writing and signed by the authorized employee, officer, board or council representative authorized to make such modifications pursuant to the State law and local ordinances. Commodities subject to market price variation shall be considered on all term agreements subject to a 30-day advance written notification from the vendor. Such notice must be substantiated by a written price change from the manufacturer and shall be required for both price increases and decreases.

23) **NON-COLLUSION:** The bidder acknowledges that by signing this document that he/she is duly authorized to make said offer on behalf of the company he/she represents and that said bid is genuine and not sham or collusive and not made in the interests or on behalf of any person not therein named, and that he/she and said bidder have not directly induced or solicited any other person(s) or corporation to refrain from responding to this solicitation and that he/she and said bidder have not in any manner sought by collusion to secure to himself/herself and said bidder any advantage over any other bidder.

24) **NON-DISCRIMINATION:** Pursuant to the requirements of 1976 P.A. 453 (Michigan Civil Rights Act) and 1976 P A 220 (Michigan Handicapped Rights Act), the local unit and its agent agree not to discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight, marital status or because of a handicap that is unrelated to the person's ability to perform the duties of nondiscrimination provision identical to this provision and binding upon any and all contractors and subcontractors. A breach of this covenant shall be regarded as a material breach of this contract.

25) **SUBCONTRACTING:** No subcontract work shall be started prior to the written approval of the subcontractor by the City. The City reserves the right to accept or reject any subcontractor.

26) **UNION COMPLIANCE:** Contractor agrees to comply with all regulations and requirements of any national or local union(s) that may have jurisdiction over any of the materials, facilities, services or personnel to be furnished by the City.

27) **WAIVER:** Failure of the City to insist upon strict compliance with any of the terms, covenants or conditions of this Agreement shall not be deemed a waiver of that term, covenant or condition or of any other term, covenant or condition. Any waiver or relinquishment of any right or power hereunder at any one or more times shall not be deemed a waiver or relinquishment of that right or power at any other time.

28) **JURISDICTION OF OMBUDSMAN:** Any person, business or other entity submitting a bid or bid in response to a request by the City consents to be subject to the jurisdiction of the Ombudsman of the City of Flint and to comply with the respective Charter provisions governing the Ombudsman's duties, jurisdiction and powers.

29) **PREVAILING WAGE:** The successful bidder providing any contractual labor services must comply with all requirements and pay prevailing wages and fringe benefits on this project per the City's Resolution R-12 adopted 4/8/91. The bidder is aware of City of Flint Resolution #R-12 dated April 8, 1991, a copy of which is annexed hereto and incorporated herein, and agrees to abide by all of the applicable covenants and requirements set forth in said resolution. Not applicable to this project.

30) **CITY INCOME TAX WITHHOLDING:** Contractor and any subcontractor engaged in this contract shall withhold from each payment to his employees the City income tax on all of their compensation subject to tax, after giving effect to exemptions, as follows:

(a) Residents of the City:
At a rate equal to 1% of all compensation paid to the employee who is a resident of the City of Flint.

(b) Non-residents:
At a rate equal to 1/2% of the compensation paid to the employee for work done or services performed in the City of Flint.

These taxes shall be held in trust and paid over to the City of Flint in accordance with City ordinances and State law. Any failure to do so shall constitute a substantial and material breach of this contract.

31) **CONTRACT/PROCURMENT DOCUMENTS:** The invitation for bids, instructions to bidders, bid, affidavit, addenda (if any), statement of bidder's qualifications (when required), general conditions, special conditions, performance bond, labor and material payment bond, insurance certificates, (if required), technical specifications, and drawings, together with this agreement, form the contract, and they are as fully a part of the contract as if attached hereto or repeated herein

32) **DISCLAIMER OF CONTRACTUAL RELATIONSHIP WITH SUBCONTRACTORS:** Nothing contained in the Contract Documents shall create any contractual relationship between the City and any Subcontractor or Sub-subcontractor.

33) **EFFECTIVE DATE:** Any agreement between the City and the contractor shall be effective upon the date that it is executed by all parties hereto.

34) **FORCE MAJEURE:** Neither party shall be responsible for damages or delays caused by Force Majeure or other events beyond the control of the other party and which could not reasonably have anticipated the control of the other party and which could not reasonably have been anticipated or prevented. For purposes of this Agreement, Force Majeure includes, but is not limited to, adverse weather conditions, floods, epidemics, war, riot, strikes, lockouts, and other industrial disturbances, unknown site conditions, accidents, sabotage, fire, and acts of God. Should Force Majeure occur, the parties shall mutually agree on the terms and conditions upon which the services may continue.

35) INDEMNIFICATION: To the fullest extent permitted by law, Contractor agrees to defend, pay on behalf of, indemnify, and hold harmless the City of Flint, its elected and appointed officials, employees and volunteers and other working on behalf of the City of Flint, including the Project Manager, against any and all claims, demands, suits, or losses, including all costs connected therewith, and for any damages which may be asserted, claimed, or recovered against or from the City of Flint, its elected and appointed officials, employees, volunteers or others working on behalf of the City of Flint, by reason of personal injury, including bodily injury or death and/or property damage, including loss of use thereof, which may arise as a result of Contractor's acts, omissions, faults, and negligence or that of any of his employees, agents, and representatives in connection with the performance of this contract. Should the Contractor fail to indemnify the City in the above-mentioned circumstances, the City may exercise its option to deduct the cost that it incurs from the contract price forthwith.

36) **INDEPENDENT CONTRACTOR:** No provision of this contract shall be construed as creating an employer-employee relationship It is hereby expressly understood and agreed that Contractor is an "independent contractor" as that phrase has been defined and interpreted by the courts of the State of Michigan and, as such, Contractor is not entitled to any benefits not otherwise specified herein.

37) **NO THIRD-PARTY BENEFICIARY:** No contractor, subcontractor, mechanic, material man, laborer, vendor, or other person dealing with the principal Contractor shall be, nor shall any of them be deemed to be, third-party beneficiaries of this contract, but each such person shall be deemed to have agreed (a) that they shall look to the principal Contractor as their sole source of recovery if not paid, and (b) except as otherwise agreed to by the principal Contractor and any such person in writing, they may not enter any claim or bring any such action against the City under any circumstances. Except as provided by law, or as otherwise agreed to in writing between the City and such person, each such person shall be deemed to have waived in writing all rights to seek redress from the City under any circumstances whatsoever.

38) **NON-ASSIGNABILITY:** Contractor shall not assign or transfer any interest in this contract without the prior written consent of the City provided, however, that claims for money due or to become due to Contractor from the City under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the City.

39) **NON-DISCLOSURE/CONFIDENTIALITY:** Contractor agrees that the documents identified herein as the contract documents are confidential information intended for the sole use of the City and that Contractor will not disclose any such information, or in any other way make such documents public, without the express written approval of the City or the order of the court of appropriate jurisdiction or as required by the laws of the State of Michigan.

40) **RECORDS PROPERTY OF CITY:** All documents, information, reports and the like prepared or generated by Contractor as a result of this contract shall become the sole property of the City of Flint.

41) **SEVERABILITY:** In the event that any provision contained herein shall be determined by a court or administrative tribunal to be contrary to a provision of state or federal law or to be unenforceable for any reason, then, to the extent necessary and possible to render the remainder of this Agreement enforceable, such provision may be modified or severed by such court or administrative tribunal so as

to, as nearly as possible, carry out the intention of the parties hereto, considering the purpose of the entire Agreement in relation to such provision. The invalidation of one or more terms of this contract shall not affect the validity of the remaining terms.

42) **TERMINATION:** This contract may be terminated by either party hereto by submitting a notice of termination to the other party. Such notice shall be in writing and shall be effective 30 days from the date it is submitted unless otherwise agreed to by the parties hereto. Contractor, upon receiving such notice and prorated payment upon termination of this contract shall give to the City all pertinent records, data, and information created up to the date of termination to which the City, under the terms of this contract, is entitled.

43) **TIME PERFORMANCE:** Contractor's services shall commence immediately upon receipt of the notice to proceed and shall be carried out forthwith and without reasonable delay.

44) EVALUATION OF BIDS/BIDS: The City's evaluation of these proposals will be based on the criterion of price, experience, qualifications, capacity, and ability to produce the required deliverables at an accelerated pace

Insurance/Worker's Compensation: Contractor shall not commence work under this contract until he has procured and provided evidence of the insurance required under this section. All coverage shall be obtained from insurance companies licensed and authorized to do business in the State of Michigan unless otherwise approved by the City's Risk Manager. Policies shall be reviewed by the City's Risk Manager for completeness and limits of coverage. All coverage shall be with insurance carriers acceptable to the City of Flint. Contractor shall maintain the following insurance coverage for the duration of the contract

(a) Commercial General Liability coverage of not less than one million dollars ($1,000,000) combined single limit with the City of Flint, and including all elected and appointed officials, all employees and volunteers, all boards, commissions and/or authorities and their board members, employees and volunteers, named as "Additional Insured." This coverage shall be written on an ISO occurrence basis form and shall include: Bodily Injury, Personal Injury, Property Damage, Contractual Liability, Products and Completed Operations, Independent Contractors; Broad Form Commercial General Liability Endorsement, (XCU) Exclusions deleted and a per contract aggregate coverage. This coverage shall be primary to the Additional Insured, and not contributing with any other insurance or similar protection available to the Additional Insured, whether said other available coverage be primary, contributing, or excess.

(b) Workers Compensation Insurance in accordance with Michigan statutory requirements, including Employers Liability coverage.

(c) Commercial Automobile Insurance in the amount of not less than $1,000,000 combined single limit per accident with the City of Flint, and including all elected and appointed officials, all employees and volunteers, all boards, commissions and/or authorities and their board members, employees and volunteers, named as "Additional Insured." This coverage shall be written on ISO business auto forms covering Automobile Liability, code "any auto."

(d) Professional Liability - Errors and Omissions. All projects involving the use of Architects, civil engineers, landscape design specialists, and other professional services must provide the City of Flint with evidence of Professional Liability coverage in an amount not less than one million dollars ($1,000,000). Evidence of this coverage must be provided for a minimum of three years after project completion. Any deductibles or self-insured retention must be declared to and approved by the City. In addition, the total dollar value of all claims paid out on the policy shall be declared. At the option of the City, either the insurer shall reduce or eliminate such deductibles or self-insured retention with respect to the City, its officials, employees, agents and volunteers; or Contractor shall procure a bond guaranteeing payment of losses and related investigation, claim, administration, and defense expenses.

Contractor shall furnish the City with two certificates of insurance for all coverage requested with original endorsements for those policies requiring the Additional Insured. All certificates of insurance must provide the City of Flint with not less than 30 days advance written notice in the event of cancellation, non-payment of premium, non-renewal, or any material change in policy coverage. In addition, the wording "Endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives" must be removed from the standard ACORD cancellation statement These certificates must identify the City of Flint, as the "Certificate Holder." Contractor must provide, upon request, certified copies of all insurance policies. If any of the above polices are due to expire during the term of this contract, Contractor shall deliver renewal certificates and copies of the new policies to the City of Flint at least ten days prior to the expiration date. Contractor shall ensure that all subcontractors utilized obtain and maintain all insurance coverage required by this provision.

Background Information

On May 1, 2014 the City of Flint (the City) completed a transition to using water provided by Detroit Water and Sewer Department to drawing water from the Flint River and utilizing our plant to treat and distribute the water. In the subsequent months, many of the eight testing sites around the City were returning low chlorine residual levels and several of those sites developed into positive tests for total coliform and resulted in the issuance of boil water notices for precautionary measures. Numerous valve replacements and additional chlorination resultinged in more consistent chlorine residuals throughout the system.

Quarterly reporting to the Michigan Department of Environmental Quality (MDEQ) of Disinfectant Byproduct Levels resulted in trihalomethane levels above the maximum contaminant level (MCL). Seven of eight test sites are currently below the MCL but the annual average has triggered a violation notice from the MDEQ dated December 16, 2014. The City has worked with an engineering team to develop an Operational Evaluation Report (see Exhibit A) as required by the violation and has submitted that report to the MDEQ. The next testing period is scheduled for the middle of February 2015 and an updated Operational Evaluation report which incorporates the results of that test is due to the MDEQ no later than March 1, 2015.

The City is anticipating during the middle of 2016 to begin receiving and treating raw water from Lake Huron via the Karegnondi Water Authority (KWA). The City's Water Plant will still be capable of drawing water from the Flint River and will need to be proficient in treating both bodies of water. It is planned that the Flint River will be a permanent back-up source in providing water to the citizens of Flint.

Scope of Services

The City is seeking a consultant to review and evaluate the water treatment process and distribution system, provide recommendations to maintain compliance with both state and federal agencies, and assist in implementing accepted recommendations. The City will have the selected vendor provide reports to reflect their findings and provide continual oversight in implementing any approved recommended practices to improve the quality of water until implementation of the KWA project.

Deliverables

The City is requesting that the selected vendor provide the following reports in their order of appearance:

- Evaluation of the City's processes and procedures to maintain and improve water quality;
- Report that outlines recommendations that will improve the water treatment and distribution system.

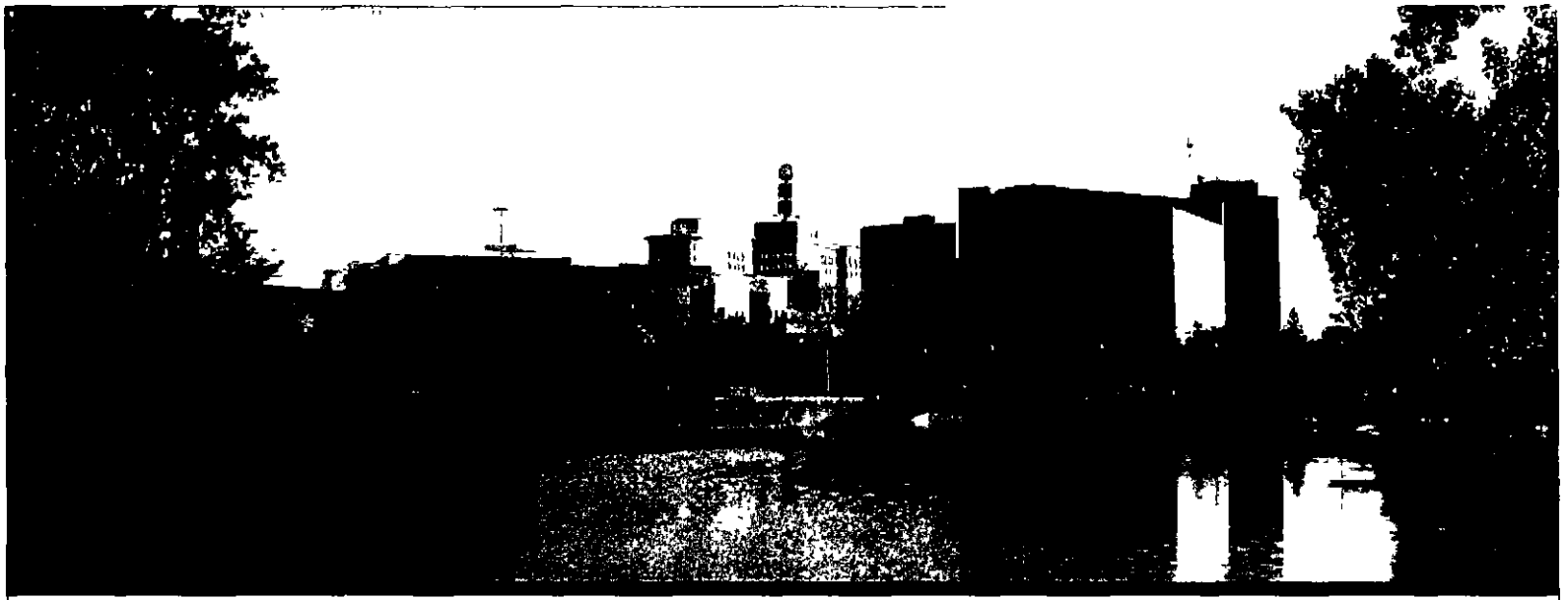
The City is requesting that the selected vendor provide coordination in implementing any selected recommendations that will result in improving the overall process of treating and distributing water until such time that the City is receiving and successfully treating Lake Huron water.

Information Required to Submit Proposal

The City has deemed this project a priority and will be requesting the selected firm to produce the requested information in an expedient manner. Firms interested in submitting a proposal based on the information requested in this document must submit the following information:

- **Company's Information**-The proposal shall list the legal name of the firm, its address and phone number, and firm's history.
- **Firm Qualifications, Experiences and References**-The proposal should state the size of the firm, personnel that will be assigned to this project, and other significant projects performed in the past five years that are similar to this request for proposal. Indicate the scope of work provided and the name and telephone number of the client.
- **Staff Experience**-The proposal should provide information on each staff member to include experience, relevant education, degrees, certifications and any other pertinent information or a resume.
- **Project Scope** – Provide a statement discussing the firm's understanding of the requested services, potential obstacles that may occur during this project, and a work plan and timeline in preparing and submitting the requested deliverables.
- **Price for Services**-Vendor is to provide a pricing schedule to perform the requested services. Pricing should include a lump sum to provide the requested reports, an hourly rate schedule of personnel that will be utilized to perform the requested services, and a detail timeline that articulate the completion of the requested reports.
- **Other**-Please include any other information that you think would be helpful in allowing the

City to make an informed decision in the selection process.



Submitted to:

City of Flint, Michigan
Department of Purchases & Supplies

Response to Invitation to Bid

Water Quality Consultant

Proposal No.: 15-573

January 29, 2015

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VEOLIA

VEOLIA

January 29, 2015

Mr. Derrick F. Jones
Purchasing Manager
City of Flint
Department of Purchases and Supplies
1101 S. Saginaw Street, Room 304, Third Floor
Flint, Michigan 48502

Subject: Response to Invitation to Bid – Proposal No.: 15-573
Water Quality Consultant

Dear Mr. Jones:

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In reviewing the challenges that the City of Flint is facing, we present a longer-term approach for the Operational Evaluation Report, which involves implementation and monitoring through 2016 and the transition to Lake Huron supply. Our commitment to the City of Flint is to make sure the utility can identify the immediate issues through the proposed report, and also secure its future by addressing and fixing these issues identified in the report, build capacity for the future, and better manage the change in water sources in 2016.

Depending on the City's preference, Veolia's expertise to reinforce operations is available to Flint through performance advisory services using our innovative Peer Performance Solutions (PPS), or through longer-term contract operation and maintenance (O&M) type services. Both approaches are designed to help the City of Flint benefit from operational reliability and utility-wide efficiencies.

With the PPS approach, Veolia addresses fundamental issues from the ground-up to deliver improved reliability, compliance and efficiencies for major water and wastewater agencies. Under this model, our Subject Matter Experts (SMEs) would work in collaboration with the City's management team, your line managers and your operators to develop the path forward that suits your needs – both now and into the future. Over the course of this process the City remains in control of all levels of management at all times and benefits from Veolia's expertise through the support of a small team of on-site experts, who in turn can access the rest of our company's worldwide resources.

Veolia's PPS approach is highly data-driven to identify and implement cost savings and deliver utility optimization and organizational best practices. One key example of this model at work is in our ongoing contract with the Pittsburgh Water & Sewer Authority (PWSA). That partnership began in 2012 and was just (this past month) extended for a new term. Working with PWSA, Veolia is implementing a long-term strategy to improve water quality and customer service, increase efficiency, and overcome financial challenges.

PWSA serves the needs of more than 310,000 people in the greater Pittsburgh area, and Veolia assisted them in realizing more than $5.5 million annually in recurring revenue and efficiencies. This involved working with PWSA to establish a Distribution System Optimization Plan with the State of Pennsylvania, to implement a Process Control Management Plan at their water treatment plant, to identify early warnings for non-compliance trends, to update their laboratory Quality Control/Quality Assurance (QA/QC) program, to initiate performance monitoring methods, and to initiate the use of compliance metrics in order to improve relationships with regulatory agencies. We also implemented a Community Outreach Program to improve the public's perception of PWSA and create positive media attention for the agency.

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In the remainder of this letter, we outline our approach to: providing immediate assistance related to the review and evaluation of the water treatment process and distribution system; development of recommendations and a report for maintaining compliance with both State of Michigan and federal agencies; and assistance in implementing accepted recommendations from the report. The report that Veolia would develop for the City would outline findings and provide recommendations for continual oversight of the approved recommended practices to improve the quality of water until the implementation of the Karegnondi Water Authority (KWA) project.

Veolia's Understanding and Proposed Approach to Providing the Water Quality Consultant Scope

Our longer-term approach would begin by addressing the immediate assistance outlined in your RFP, and then service beyond that scope. Under this expanded scope, Veolia would help with the transition from the Flint River source to Lake Huron water to avoid a repeat of this scenario. That transition is expected to be in place in 2016 and will complete the City's transition from using water provided by the Detroit Water and Sewerage Department (DWSD) to drawing water from the Flint River, using the City-owned water plant.

With a Notice of Proceed issued, Veolia would mobilize a team of experts, including our two prominent water SMEs, from our corporate Technical Services Group (an in-house team of technical and management experts that support the company's projects and operations throughout North America). These experts would include:

- **Marvin Gnagy, P.E. - Water Process and Quality Manager** – He has more than 37 years of water quality management experience, and is a certified Water Operator in Ohio and a registered Professional Engineer. Mr. Gnagy has completed projects that have involved the set of tasks that the City as defined under this contract, and was most recently engaged as a part of a Veolia team of experts that worked with DWSD and the City of Detroit on a program to evaluate their water and wastewater operations and proposed solutions. This included conducting an intensive due diligence examination of Detroit's water and wastewater facilities and operations, and the development of two reports, a Peer Review Report, which looked at the current operations with a focus on identifying immediate and long term needs, and a Transition Plan: Retail Services for the City of Detroit, which outlined the issues facing the DWSD and the City as the water and wastewater operations changed under a new regionalization approach. Through that work, Mr. Gnagy understands the City of Flint's drivers for this new project, and will be able to use the work that Veolia has done to date for the DWSD to aid in identifying the optimal solution for your water system and the transition from DWSD to your own operations.

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These staff will be responsible for delivering on the immediate tasks that the City has defined:

- Reviewing and evaluating the City's water treatment process and distribution system. This will include evaluating the City's processes and procedures to maintain and improve water quality.
- Developing a report on the finding of the evaluation, with specific recommendations to maintain compliance with both State of Michigan and federal agencies. This will include outlining recommendations that will improve the water treatment and distribution system.
- Assisting the City in implementing accepted recommendations. This will include providing continual oversight and support for the implementation of any approved recommended practices. Recommendations will focus on those areas that will improve the overall process of treating and distributing water, including improvements to water quality until the implementation of the KWA project (anticipated to be by mid-2016) under which the City will be receiving and treating Lake Huron water.

In addition to Mr. Gnagy and Mr. Chen, our core staff group, would be assisted by other technical, operations, management and communications experts from Veolia to proceed promptly into implementation simultaneously.

We believe that addressing the fundamental issues concerning water quality compliance and operational reliability is much more complex than the recommendations study and advisory services approach outlined in your RFP.

We want to ensure that the utility can fix these immediate issues effectively and without delays, while at the same helping the City to begin to build capacity for the future and better manage the 2016 water source change in a systematic way – with all the relevant stakeholders engaged along the way.

In undertaking these tasks, Veolia understands that in 2014 the City completed the transition from using water provided by DWSD to drawing water from the Flint River – utilizing your own water plant to treat and distribute water to those served by your system. Since that transition process was completed, it was found that many of the City's eight water quality testing sites exhibited low chlorine residual levels, and several of those sites developed had positive tests for total coliform, which resulted in issuance of boil water notices for precautionary measures. To address this, the City implemented valve replacements and additional chlorination that yielded consistent chlorine residuals throughout the system. However, quarterly reporting to the MDEQ of Disinfectant Byproduct Levels resulted in trihalomethane levels above the maximum contaminant level (MCL), with an annual average level that triggered a violation notice from the MDEQ.

To date the City, working with an outside engineering team, developed and submitted to the MDEQ an Operational Evaluation Report. The next testing period is scheduled for the middle of February and an update to this report will be required by March 1, 2015. That update will incorporate the results of the tests required by the MDEQ.

The City is expecting to work with the selected Water Quality Consultant to complete the required testing and prepare the updated Operational Evaluation Report. As a secondary element of this task, the City is seeking to retain the selected Consultant to aid in the implementation of these suggestions.

Veolia excels at the day-to-day operation issues and understands how to fix them using diverse and subject matter expertise in a structured, bottom-up type, staff engagement process. That is why we designed the PPS approach to help convert the report findings into actionable items for the City of Flint's staff and then help them implement those changes. This would involves making sure that your staff understand why changes are being made, ensuring that they have the training necessary to make the changes, and then following up to be certain what is planned works or if not then provide help making adjustments. This will involve also a monitoring process to make certain the changes are on track for management and the public.

All of this can then be used to help the City to be prepared to begin receiving and treating raw water from Lake Huron through the KWA. The end goal of this process will be to develop within the City's staff a better understanding and capability to handle the changes in water, whether drawing water from the City of Flint's or the new KWA supply sources.

Veolia's Anticipated Level of Effort

In order to respond to the immediate needs of your defined scope of work, we anticipate mobilizing a team of technical, operations, maintenance and communications SMEs to: calibrate daily water quality samples with the City's hydraulic model; refine the operational strategies for the plant and distribution system; coordinate daily efforts across plant, operations and maintenance staff; and to alleviate continued concerns from the public through a public communications process. The elements of this approach would be delivered under a management and staffing approach which allows for collaboration between the City and Veolia's technical and management team.

For purposes of the scope of services outlined in the City's RFP, Veolia's core staff would be charged at a common rate of $225/hour, plus expenses.

For the longer-term type of approach, Veolia would set a single lump sum price for the study, implementation and long term services after review and discussion with the City on selecting your preferred approach – the PPS approach or the contract O&M approach. At that time, we can also explore an incentive-based (risk/reward) type of approach, one which is common under PPS contracts, where Veolia's fee is based on achieving performance targets that we would mutually agree upon. As demonstrated in our work with water and wastewater clients, Veolia's PPS model has provided great insight into working with large utility staffs to change the culture and ensure implementation of ideas that improve the utility's performance.

The methodology for implementing a PPS approach, as outlined on Figure 1 (below), includes each of the following steps:

- Preparation – This stage involves the mobilization of resources (Veolia and the City), a joint project kickoff meeting (Veolia and the City), development and implementation of a communications plan (Veolia and the

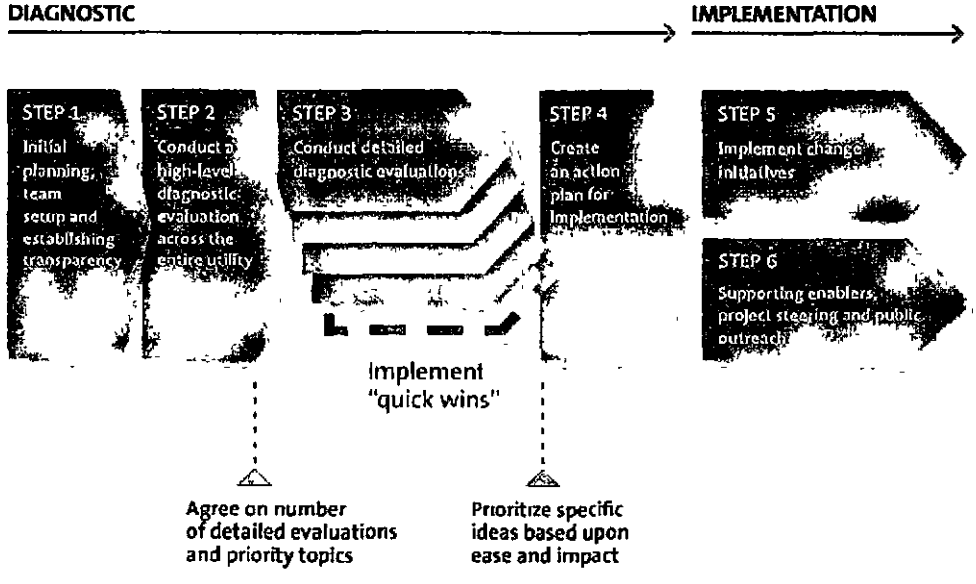

Figure 1. Veolia Peer Performance Solutions (PPS) – Service Delivery Model

Submitted to:

City of Flint, Michigan
Department of Purchases & Supplies

Response to Invitation to Bid

Water Quality Consultant

Proposal No.: 15-573

January 29, 2015

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We believe that addressing the fundamental issues concerning water quality compliance and operational reliability is much more complex than the recommendations study and advisory services approach outlined in your RFP.

We want to ensure that the utility can fix these immediate issues effectively and without delays, while at the same helping the City to begin to build capacity for the future and better manage the 2016 water source change in a systematic way – with all the relevant stakeholders engaged along the way.

In undertaking these tasks, Veolia understands that in 2014 the City completed the transition from using water provided by DWSD to drawing water from the Flint River – utilizing your own water plant to treat and distribute water to those served by your system. Since that transition process was completed, it was found that many of the City's eight water quality testing sites exhibited low chlorine residual levels, and several of those sites developed had positive tests for total coliform, which resulted in issuance of boil water notices for precautionary measures. To address this, the City implemented valve replacements and additional chlorination that yielded consistent chlorine residuals throughout the system. However, quarterly reporting to the MDEQ of Disinfectant Byproduct Levels resulted in trihalomethane levels above the maximum contaminant level (MCL), with an annual average level that triggered a violation notice from the MDEQ.

To date the City, working with an outside engineering team, developed and submitted to the MDEQ an Operational Evaluation Report. The next testing period is scheduled for the middle of February and an update to this report will be required by March 1, 2015. That update will incorporate the results of the tests required by the MDEQ.

The City is expecting to work with the selected Water Quality Consultant to complete the required testing and prepare the updated Operational Evaluation Report. As a secondary element of this task, the City is seeking to retain the selected Consultant to aid in the implementation of these suggestions.

Veolia excels at the day-to-day operation issues and understands how to fix them using diverse and subject matter expertise in a structured, bottom-up type, staff engagement process. That is why we designed the PPS approach to help convert the report findings into actionable items for the City of Flint's staff and then help them implement those changes. This would involves making sure that your staff understand why changes are being made, ensuring that they have the training necessary to make the changes, and then following up to be certain what is planned works or if not then provide help making adjustments. This will involve also a monitoring process to make certain the changes are on track for management and the public.

All of this can then be used to help the City to be prepared to begin receiving and treating raw water from Lake Huron through the KWA. The end goal of this process will be to develop within the City's staff a better understanding and capability to handle the changes in water, whether drawing water from the City of Flint's or the new KWA supply sources.

Veolia's Anticipated Level of Effort

In order to respond to the immediate needs of your defined scope of work, we anticipate mobilizing a team of technical, operations, maintenance and communications SMEs to: calibrate daily water quality samples with the City's hydraulic model; refine the operational strategies for the plant and distribution system; coordinate daily efforts across plant, operations and maintenance staff; and to alleviate continued concerns from the public through a public communications process. The elements of this approach would be delivered under a management and staffing approach which allows for collaboration between the City and Veolia's technical and management team.

For purposes of the scope of services outlined in the City's RFP, Veolia's core staff would be charged at a common rate of $225/hour, plus expenses.

For the longer-term type of approach, Veolia would set a single lump sum price for the study, implementation and long term services after review and discussion with the City on selecting your preferred approach – the PPS approach or the contract O&M approach. At that time, we can also explore an incentive-based (risk/reward) type of approach, one which is common under PPS contracts, where Veolia's fee is based on achieving performance targets that we would mutually agree upon. As demonstrated in our work with water and wastewater clients, Veolia's PPS model has provided great insight into working with large utility staffs to change the culture and ensure implementation of ideas that improve the utility's performance.

The methodology for implementing a PPS approach, as outlined on Figure 1 (below), includes each of the following steps:

- Preparation – This stage involves the mobilization of resources (Veolia and the City), a joint project kickoff meeting (Veolia and the City), development and implementation of a communications plan (Veolia and the

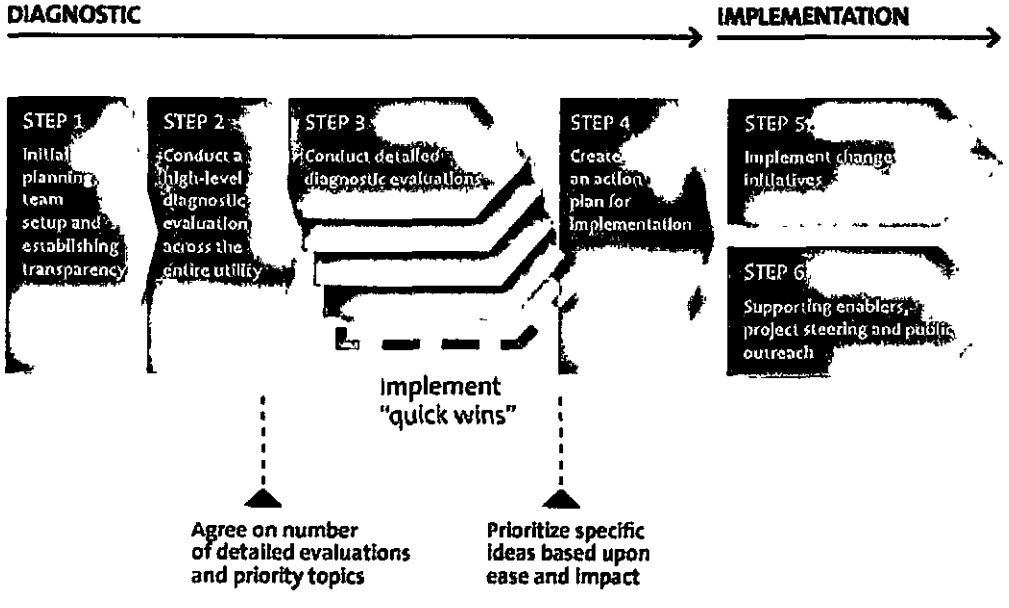


Figure 1. Veolia Peer Performance Solutions (PPS) – Service Delivery Model

City), and data collection (Veolia). The City and its consultants have already done a lot of work on the problem and are achieving some success.

- Top-down Analysis – This stage involves data analysis, benchmarking, field observations, interviews and idea generation workshops. This would be done to assure how effective current changes have been and if there are any additional actions to be taken.
- Bottom-up Analysis – This stage involves detailed analysis and modeling of the available options, working in collaboration with the City's management team and staff.
- Action Plan – This stage involves defining specific steps for a recommendation based on the actual, current state and desired state performance of an asset.
- Plan and Report – This stage involves the final development and delivery of a written report summarizing findings and presenting analyses and recommendations

These actions are what we would provide during the study phase of the project, and the following actions are what we would do to implement study recommendations

- Implementation – Putting plans into action. This involves working with O&M and management staff to carry out the proposed plan. This effort I focused on building capacity and confidence within the staff to solve the problem.
- Monitoring and Repeat – Monitoring the process and then repeating it, digging even deeper into the organization for additional savings and improvements.

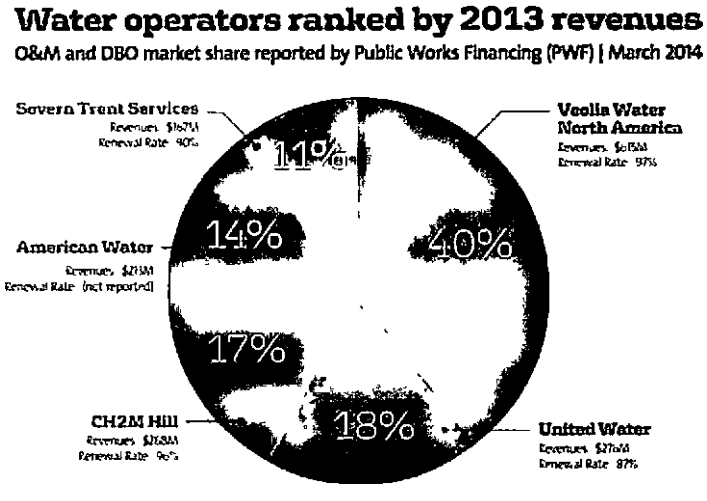
Using this type of plan and approach, Veolia can address the immediate scope/needs defined for the Water Quality Consultant task, and work with the City of Flint to provide a long-term and sustainable approach for the needs of your water treatment and supply system.

Addressing the Requirements of the Invitation for Bid

Veolia recognizes that we are submitting this Proposal as an alternative approach for the City of Flint to consider within the procurement process that you have defined, and in that regard we are providing the other specific information that your have requested as part of the formal RFP response, including:

- Company's Information – Veolia Water North America Operating Services, LLC is the respondent, and the contact information for our firm is as follows: Veolia - 101 West Washington Street, Suite 1400 East, Indianapolis, IN 46204 - Telephone: 317/917-3700
- Firm Background and History – Veolia is a company that traces our history in providing operations and related services to municipal clients back more than 42 years. Today our firm ranks as the leader in the delivery of O&M and related services, including those under the PPS model. This include serving as the operator and manager of over 180 municipal wastewater systems (processing over 1.66 billion gallons a day of flow) and some 90 municipal water systems (providing over 715 million gallons a day of water).

Today, Veolia ranks grown as the leading water services provider in North American market, with more projects, operations, resources, expertise and demonstrated success than any other services provider. This record of performance and market leadership is affirmed in the most recent survey from the publication Public Works Financing (opposite), which shows Veolia's better than 40% market share, with revenues and a renewal rate that lead the industry. What these market leading indicators serve to show is that we can meet the standards of experience and capabilities that the City of Flint is requiring under this new contract.



Veolia Example →	NYC	Buffalo	Milwaukee	Indian-apolis	Baltimore Compost	Rialto California	Franklin Ohio
Options → / Criteria ↓	**PPS**	**Delegated Manage-ment**	**Single Activity O&M**	**Full O&M**	**DBO or T**	**Concession**	**Privatiza-tion**
Ease of Procurement	●	◕	●	○	●	◕	●
Agreeable to Employees	●	●	●	●	●	●	●
Ease of Cancellation	●	◕	◕	○	●	●	●
Public Rate Control	●	◕	◕	○	◕	●	●
Speed of Implementation	●	◕	●	●	●	●	●
Ease of Permitting	●	○	◕	○	●	◕	●
Ease of Continued Use of Alternative Project Delivery	●	○	◕	○	●	◕	●
Ease of Acceptance by Other Stakeholders	●	○	◕	○	●	●	●

Figure 2. Veolia Service Delivery Models and Experience

- Firm Qualifications, Experiences and References - Like the City of Flint, we are at our core utility managers and service providers, and Veolia understands the need for high quality, efficient service and dependable reliability. We also work with communities like yours to deliver services under a variety of contract models, each focused on providing our municipal partners with the best value under a long-term and sustainable approach and customized to their objectives. Figure 2, above, outlines our experience with various service delivery models, each of which involves working with clients to develop a customized approach to meet their particular needs and objectives. This table also shows the key advantages of each type of service delivery approach, with **green** being optimal in terms of ease of execution and delivery and **red** being the most challenging and complicated in terms of delivery. This table also highlights example projects where our firm has successfully delivered each of these approaches (and many of those are highlighted under the reference projects section of this letter). What this table also shows is that Veolia can offer alternative transaction structures, including long-term lease, concession arrangement or sale/purchase.

  As we discussed above, Veolia currently operates and manages 90 municipal water systems (providing over 715 million gallons a day of water); at the end of this letter we have provided a summary table of this experience.

  Following here we provide some of the specific clients/projects as the core references that we are submitting for the City of Flint's consideration:

  - **Pittsburgh Water and Sewer Authority (PWSA), Pittsburgh, Pennsylvania** - The PWSA's Board of Directors unanimously selected Veolia in 2011 to deliver an innovative approach to managing the system, provide measurable results to customers and demonstrate an ability to quickly and easily collaborate with employees. In 2014, this management assistance/PPS contract was extended for a new term, recognizing the success of the effort to date.

    Since the beginning of this partnership, Veolia has assisted the PWSA in realizing more than $5.5 million in annually recurring revenue and efficiencies.

    PWSA provides water and sewer services to 310,000 people in the City of Pittsburgh and surrounding areas. The agency hired Veolia to: 1) provide interim executive management services, leading 270 public employees in the delivery of water and wastewater services in the greater Pittsburgh area; and, 2) conduct a study to identify ways to cut costs and improve service. Under a management assistance scope, Veolia has worked with the PWSA to establish financial controls that limit spending and increase accountability, foster competition among companies seeking to do business with and on behalf of the PWSA, and identify opportunities for operational efficiencies having a direct impact on the utility's bottom line.

Under this contract, Veolia's management team is integrated into PWSA's organization to manage the agency's staff at their offices and operations sites, while another team of experts jointly identifies and evaluates improvement opportunities. This joint effort aims to help the PWSA improve the utility's customer service and performance levels.

Veolia in North America – Experience Profile

- 188 Municipal and Commercial Clients
  - 90 Municipal Water Treatment Facilities
    - 2,952 Miles of Distribution System Lines
    - 87 Water Pump Stations
    - 171 Water Wells
  - 183 Municipal Wastewater Treatment Facilities
    - 5,286 Miles of Collection System Lines
    - 1,158 Wastewater Pump Stations
    - 31 Industrial Pretreatment Programs
  - 13 Billing/Collection Operations
  - 23 Meter Reading Operations - 147,399 Meters Read
  - 4 Public Works Operations (other than Water/Wastewater)
  - 6 Operations Assistance/Peer Performance Solutions Projects
  - 53 Energy Installations (owned/operated/managed)
    - 631.6 MW of Energy Generation/Supply Capacity
    - 290,394 tons per day of Chilled Water Capacity
    - 443 MMBTU/hour Total Hot Water Capacity
    - 13.2 million pounds/hour of Total Steam Capacity
- 95 Industrial Clients
  - 60 Industrial Wastewater Treatment Facilities
  - 23 Industrial Water Treatment Facilities
- 913.3 Million Gallons Water Treated Daily
- 1.7 Billion Gallons Wastewater Treated Daily
- 293,089 Dry Tons of Biosolids Processed/Year
- 19.2 Million+ Population Served Daily

The study phase of this project (Phase 1) was completed, and that work effort helped PWSA improve the customer service and performance levels by utilizing in-depth diagnostics of current operations. Veolia also developed recommendations for improvement that were approved by the PWSA board, and we are now supporting PWSA employees in implementing initiatives aimed at reaching new performance metrics. The Phase 1 report identified measures that will lead to annually recurring savings. During the partnership's first year, a team of water and wastewater experts from Veolia helped PWSA improve the utility's customer service and performance levels by conducting in-depth diagnostics of current operations, developing recommendations for improvement and supporting PWSA employees in implementing initiatives aimed at reaching new performance metrics. The analysis and resulting operational changes helped PWSA reduce its cost of operations and increase the utility's revenue by, among other things, re-securing a large commercial customer. The total impact of these changes has allowed the PWSA to approve an annual budget without a water rate increase.

Early quick-wins under Phase 1 work for this project involved optimizing water production run-times at the membrane plant, which will reduce chemical costs by $350,000 annually, and implementing enhancements at the customer service call center that slashed the call-abandonment rate almost immediately and reduced customer call waiting time by half. A key focus of the work is on identifying efficiencies in O&M practices for over $3 billion in above- and below-ground infrastructure that serves the water and sewer conveyance needs of customers across 54 square miles. The initial tasks in this area involved working with the PWSA's managers and staff to meet Consent Decree (CD) obligations to state and county regulators. Under this initiative, Veolia's management and support teams worked to organize the department and create a culture of responsibility and accountability for the success or failure of projects. Veolia also worked with the PWSA's local and national engineering consultants and contractors to get them back on schedule, clearing a backlog of potentially litigious disputes, which allowed projects to move forward. Other tasks included working on the feasibility of creating a stormwater authority to better assess stormwater usage and create additional revenue for increased levels of service. Additionally, Veolia assisted with the planning for a more than $150 million Capital Improvement Program (CIP) covering three years. This initial program addressed the PWSA's most critical infrastructure needs. The underground (water and sewer) pipelines in Pittsburgh are 80 to 100 years old and winter line breaks are a constant occurrence, so the PWSA is continually replacing underground assets.

Throughout these efforts, Veolia's Pittsburgh-based team worked side-by-side with the PWSA's staff, helping them execute the utility-approved initiatives and training them to sustain the work after the work of this partnership is complete.

- Client Reference: Alex Thomson, Chairman of the Board, PWSA c/o Houston Harbaugh, P.C. - Three Gateway Center, 401 Liberty Avenue, 22nd Floor, Pittsburgh, PA 15222 - Telephone: 412/281-5060 - Email: athomson@hh-law.com

- **City of Buffalo, New York** - In 2010, Veolia began a 10-year partnership with the City for O&M of their water supply system which serves more than 77,000 customer accounts. This is the largest water system under contract O&M in New York State, with facilities and operations that include: a 160-MGD surface water treatment plant; 814 miles of water distribution system, customer service management (meter reading, billing and collections); capital program management; and underground asset management (UGAM) and above-ground asset management programs.

"The Buffalo Water Board... is confident that we have selected the best operator for our system ... Veolia Water's demonstrated focus on service has convinced us that our long-term partnership will result in notable advances ... We expect Veolia Water to move us forward through the next decade with marked efficiency improvements and technological advances while maintaining our exceptional water quality."
– Oluwole McFoy, Chairperson, Buffalo Water Board
Speaking at the start of the contract in 2010.

In additional, Buffalo was one of the first cities in the U.S. to use the Veolia North American Meter Testing Facility. Under that approach, some 400 meters from the City have been sent to the facility on an annual basis for accuracy testing and evaluation of remaining life. On average, Veolia repairs/replaces more than 3,400 meters annually in Buffalo, and customer service metrics involve answering up to 7,000 calls a month in one minute or less and collecting 96% of meter revenue. Some 96% of all meters in the City are true-read type, with only 4% being estimated, and over 3,000 commercial and industrial accounts in Buffalo are now on mobile-read AMR systems.

Veolia transitioned the City's water operations to our firm under a delegated management type of contract, with the O&M staff remaining direct City employees working under supervision of Veolia's management team. Under this arrangement, Veolia has worked with the City and the staff to establish new work disciplines and procedures and to drive performance and enhance the quality of service. A core part of this effort involved establishing some 20 performance metrics to track and determine performance and accountability under this partnership.

In the area of customer service, Veolia implemented new customer service phone/information systems and partnered with the Water Authority service center staff to implement a process of a customer service cultural change that have enhanced performance and provided a better customer experience.

  - Client Reference: O.J. McFoy, Water Board Chairperson, City of Buffalo, City Hall, 65 Niagara Street, Rm. 1101, Buffalo, NY 14202 - Telephone: 716/851-4333 - Email: omcfoy@sa.ci.buffalo.ny.us

- **Tampa Bay Water, Florida** - Veolia has worked with this agency since 2000 under multiple contracts that have focused on water treatment, storage and supply.

  Tampa Bay Water, a regional water authority, serves the needs of over 2.5 million people in the communities of Tampa and St. Petersburg, and this agency ranks as the largest wholesale treated water supplier in Florida.

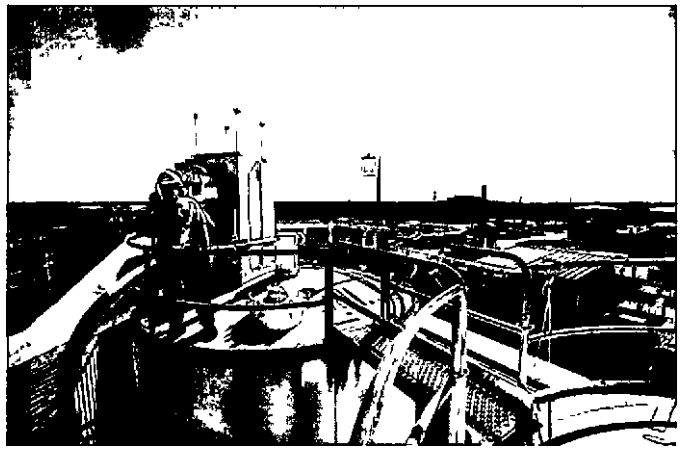
  Veolia's initial project with Tampa Bay Water began in April 2000 when, following a year-long selection process among four competitive teams, they awarded our company a $135 million, 15-year (with a 5-year option) contract to design, build and then operate a new 60-MGD Regional Surface Water Treatment Facility.

  Since that time, the Tampa Bay Water-Veolia Water Public-Private Partnership has constantly expanded over the years – a testament to the quality of our work and our client's trust and satisfaction.

Veolia's initial design-build-operated (DBO) contract was for a 66-MGD surface water treatment plant, and that was followed by additional service agreements for the maintenance of a 30-MGD groundwater treatment facility, O&M of a 15-billion reservoir, and an engineering-procurement-construction management (EPCM) type contract for a new 45-MGD hydrogen sulfide treatment plant and 20-MGD high-lift pumping station.

Tampa Bay Water also awarded Veolia Water a second DBO contract to expand (nearly doubling the size) the original surface water plant from 66-MGD to 120-MGD.

Today the Public-Private Partnership between Tampa Bay Water and Veolia Water is the largest in Florida, and the surface water treatment plant is among the most technologically sophisticated in the world.



The Public-Private Partnership between Tampa Bay Water and Veolia Water, which began in 2000 and now encompasses multiple projects for the water treatment and supply, ranks as the largest and most successful of its type in the State of Florida. The project has been recognized with numerous awards, including the 2013 Plant Operations Excellence Award from the Florida Department of Environmental Protection.

- Client Reference: Mr. Matt Jordan, General Manager, Tampa Bay Water - 2575 Enterprise Road, Clearwater, FL 33763 - Telephone: 727/796-2355 - Email: mjordan@tampabaywater.org.

- **DeKalb County Department of Watershed Management (DWM), Georgia** - DeKalb County is Georgia's third-largest county, with more than 700,000 residents. The DWM hired Veolia in 2014 to assist in identifying cost savings and customer service improvement, and work completed to date has involved conducting a comprehensive and independent review of their water and wastewater operations.

  DWM's operations include: a 140-MGD water treatment plant; 65 pump stations; two wastewater treatment plants (20-MGD and 36-MGD in capacity); more than 5,000 miles of water and sewer pipe; and a customer service operation that provides services to 700,000 residents in the Atlanta metropolitan region.

  The County and Veolia estimate that this review could produce as much as $8 million in savings annually for DeKalb ratepayers, reducing costs and helping mitigate rate increases.

  After a thorough analysis of existing operations, Veolia has presented a proposal to transform the entire customer service organization and leverage existing technological solutions to reduce wait times and increase satisfaction for customers. In addition to customer service, Veolia will support implementation of best practices across the utility's administration, planning, operations, maintenance and capital programs, and billing and collections.

  In tandem with the assessment, Veolia is working with the DWM to implement County-approved operations and management initiatives focused on achieving measurable operational, revenue and organizational enhancements to ultimately reduce operating costs and improve service levels, allowing DWM to provide more efficient and sustainable services.

  Some of the early wins under this contract have included: construction and maintenance wrench-time findings that offer the potential for more than $1 million in annual impacts; efficiency studies of field operations crews at the wastewater plant that identified more than $1 million in annual savings through in-sourcing current contractor spend; and more than $500,000 in annual savings identified in the areas of chemicals and power at the water treatment plant. Veolia continues to work with the County as we focus on shaping a long-term approach to meeting their needs.

  - Client Reference: Dr. James M. Chansler, P.E., Director DWM, DeKalb County - 1580 Roadhaven Drive, Stone Mountain, GA 30083 - Telephone: 770/621-7234 - Email: jmchansler@dekalbcountyga.gov

- **New York City, Department of Environmental Protection (DEP), New York** - Veolia began working with the DEP in 2011 to optimize their operations and help implement savings initiatives. New York City's water and wastewater operations that serve over 9 million people daily, delivering over 1 billion gallons of clean water and treating more than 1.3 billion gallons of wastewater per day. These operations include: 13 wastewater treatment plants; a new 290-MGD water treatment plant; 6,000 miles of sewers; and 7,400 of miles of distribution lines.

  The primary scope of this PPS program involved reviewing all aspects of this utility's operations to assess potential improvements in areas including: chemical use and pricing; labor productivity; inventory management; sludge process optimization; and overall O&M. Additionally, the project identified such enabling steps as public outreach, legislative initiatives and other processes for the implementation of recommendations.

  Veolia's final report for the Phase 1 work ultimately identified over 100 implementable measures for the City's consideration. Throughout the first phase of this innovative partnership, the City's employees worked alongside our project team under a joint management and governance structure to identify operational and organizational efficiencies. In order to capture "quick wins," our joint team identified and implemented several cost-saving initiatives within the first three months: chemical procurement modifications, for example, yielded million dollars in annual recurring savings.

  Under this approach, Veolia has identified opportunities that are expected to yield annually recurring financial benefits of more than $100 million by 2016, and, to date, over $90 million in savings and revenue enhancements have been reported by New York City's DEP. These benefits represented between 9% and 11% of the agency's $1.2 billion fiscal year 2012 budget.

  In June 2012, Veolia received notice to proceed with the official implementation phase, Phase 2, which involves implementing the approved recommendations of the assessment phase (Phase 1) under a four-year contract. To implement this phase of the project, we mobilized a world-class team to work with the City's staff in their offices and at their water and wastewater operations locations.

  Veolia's unique partnership, New York City's Operational Excellence (OpX) program, is focused on enhancing water and wastewater services, streamlining workflows, boosting efficiency and continuously identifying opportunities for improvements that will allow DEP to maintain its high level of customer service, safety and productivity while minimizing rate increases for its roughly 836,000 ratepayers. To achieve this, DEP set an ambitious goal for the OpX program right from the start – to achieve significant operating benefits by 2016. The program goes beyond individual projects and encompasses transformational initiatives, including enhancing performance management, strengthening core capabilities in human resources and procurement and fostering an organizational culture focused on performance and continual improvement. To reach these goals, the Veolia-led team worked with DEP to:

  - Review current O&M practices for potential improvements in terms of energy usage and production opportunities, chemical usage and pricing, labor productivity, inventory management and optimal sludge processes.
  - Recommend implementable measures to improve and/or streamline operations and maintenance, increase efficiencies, enhance productivity and reduce costs.
  - Support public outreach, legislative initiatives, and other processes required to implement recommendations.
  - Work with DEP staff to implement the recommended initiatives.

  During the top-down and bottom-up analysis work conducted in Phase 1, which continues in the Phase 2 work, the Veolia team identified current strengths within DEP's operation and noted five key areas where improvements will have significant financial benefits for the agency: efficient and sustainable use of resources and materials; enhanced workforce effectiveness; improved revenue collection; development of a metrics-based performance culture; and strengthening DEP's support services. The OpX program confirmed that DEP is a world leader in meeting drinking water and wastewater compliance, performing

well above the average of similar utilities. In the first six months of the OpX program, 100+ individual improvement ideas were identified and evaluated.

- Client Reference: Mr. Steve Lawitts, Chief Financial Officer, New York City DEP - 59-17 Junction Boulevard, 8th Floor, Flushing, NY 11373 - Telephone: 718/595-6576 - Email: slawitts@dep.nyc.gov.gov

- **City of Indianapolis, Indiana** - From 2002 to August 2011 (when the City completed the sale of its water system assets to a quasi-governmental utility services provider), Veolia operated what was (at the time) the largest water system O&M contract in the U.S. The Indianapolis water system is a regional operation, serving the needs of almost one million people in central Indiana, and included: four surface water treatment plants, ranging in size from 16-MGD to 96-MGD; five groundwater treatment plants, ranging in size from 2-MGD to 24-MGD; a 4,300-mile water distribution system; and pumps, storage tanks and reservoirs. The City's water system includes 38,000 fire hydrants, 300,000+ customer accounts, meter reading (310,000 meters – residential, commercial and fire), meter replacement program, and billing & collection (600,000 accounts). A key element of the project focused on customer service improvements, and over the nine years of work in managing this system (prior to the sale of the utility by the City), Veolia achieved a customer satisfaction rate of at least 90% (independent survey) and answering 88% of 70,000 monthly calls within 30 seconds. Improvements that were implemented by Veolia in the area of customer service includes empowering customer service employees to resolve most issues on the first call ("One and Done"); responding to 99% of emergency calls within 60 minutes; maintaining the operations ranking in the top quartile for performance in billing accuracy, customer complaints and O&M (AWWA benchmarking survey); ensuring customers were not without water for more than 12 hours; providing customers with 24-hour access to their billing and account information.

  Over the course of this nine-year contract, Veolia stopped a trend of substantial annual customer rate increases and had achieved a cumulative $83.1 million in savings at contract completion in 2011. At the end of the contract, our annual operating costs were some $2 million less than the previous management's had been when we started in 2002. We also improved the quality of operations by simultaneously achieving ISO 9001 and 14001 certifications, making the City the only major U.S. city to achieve both certifications.

  Veolia also worked with this client to establish a set of key performance indicators (KPIs) that formed the basis for the award of a portion of our fee. Under the incentive plan, a portion of our fees were paid only if we met specified customer service, water quality, operations and other performance measures. By directly linking performance to compensation, this partnership established a new model in the water outsourcing industry. Over the nine-year life of this agreement, Veolia achieved over 90% of incentive payment fees.

  - Client Reference: Mr. Sam Odle, Past Chairman, Board of Waterworks - City of Indianapolis, 3939 Priority Way S. Drive, #400, Indianapolis, IN 46220 - Telephone: 317/706-6349 - Email: samuallodle@gmail.com

- **Atlanta/Fulton County, Georgia** - Veolia, in a 50-50 joint venture with a minority-owned business enterprise, began operating the Atlanta-Fulton County Treatment Plant (which opened in November 1990). Over the term of this contract, Veolia has worked with the facility owner, the Atlanta/Fulton County Water Resources Commission (AFCWRC), to triple the capacity of this water treatment plant using a variety of process improvement and capital improvement approaches.

  The scope of work for this project has involved all aspects of facility O&M, as well as working with the AFCWRC for facility expansion and upgrade. Over the past decade, Veolia implemented a pilot program to increase the plant's 30-MGD production capability to meets its rated flow of 45-MGD (as rated by the Georgia Environmental Protection Division, GEPD), with no capital expenditures. Subsequent efforts increased the plant's rated capacity to 56-MGD; with an ultimate treatment capacity of 135-MGD. Water demand is so great that the AFCWRC began Phase II earlier than planned to upgrade the plant to 90 MGD. The plant has been running at this new flow capacity since March 1998.

  Veolia's O&M program has also reduced the power, chemicals, and overall operations costs, with savings passed on 100% to the AFCWRC. In addition, we have had no change orders to the contract even though the plant capacity expanded to 90 MGD under our current agreement.

The project also includes O&M responsibility for a 200-MGD raw water pumping station, dual 54-inch raw water pipe, more than 800 million gallons of reservoir capacity, and the treatment plant. The raw water pumping station—located on the Chattahoochee River—and raw water mains connect it to the surface water treatment plant. Major process equipment at the plant includes raw water traveling screens, grit removers, pumps, chemical addition/feed systems, meters, rapid-mix and flocculation chambers, declining-rate filters, clearwell storage, and finished-water pumps.

The success of the water operations project also led to a new contract with Fulton County for the O&M of their regional wastewater facilities, as highlighted above, and in 2014 Veolia was again selected for the renewal of the water operation contract under a competitive renewal process.

- Client Reference: Ms. Kathy Crews, General Manager - Atlanta-Fulton County Water Resources Commission - 9750 Spruill Road, Alpharetta, GA 30202 - Telephone: 678/942-2790 - Email: kcrews@afcwrc.com

- **District of Columbia Water and Sewer Authority (DC Water), Washington, DC** - DC Water is the largest wholesale customer of the Washington Aqueduct (Aqueduct), a federally-owned public water supplier operated by the U.S. Army Corps of Engineers. Veolia was retained to conduct a comprehensive evaluation of the Washington Aqueduct operations and related organization processes, and then recommend improvements that will add value to the delivery of services to its wholesale customers.

  Working in collaboration with Aqueduct staff, Veolia brought in experts to complete the evaluation phase (Phase 1), focused on identifying ways to ensure that DC Water is receiving reliable, quality drinking water at efficient production cost. More than 25 individual improvement ideas were identified and thoroughly evaluated during the four-month study phase, and up to 15% in savings were identified by the Veolia at the Aqueduct. The cumulative annual impact of successfully transforming operations is projected to be between $8 million and $12 million total (OPEX and CAPEX) recurring yearly saving.

  Veolia worked to review every aspect of the Aqueduct's operations, including the treatment process, maintenance and support functions. This review included the Aqueduct's capital program and also included an assessment of the key financial metrics and a high-level asset valuation.

  Additionally, our team worked to benchmark the Aqueduct operations against some of Veolia's own operations, as well as other publicly operated utilities in order to identify gaps in performance and efficiency. This comprehensive analysis work involved site visits to the treatment facilities, discussions with staff, hands-on observations of the work performed, and in-depth review and analysis of all of the documentation provided. For example, the maintenance assessment involved over 100 hours of wrench-time observations, and for the procurement scope, we reviewed all of the contract specifications, terms and conditions. As part of this work, our teams conducted over a dozen one-on-one discussions and workshops with leadership and staff.

  Veolia's team also analyzed data available across the organization and built new databases where necessary to generate insight. For instance, we used the CMMS data to develop the Pareto analysis in the maintenance section of the final report. To recommended implementable measures, Veolia facilitated workshops to generate, prioritize and refine initiatives across the different scope areas of the assessment. Most of the prioritization took place during the Steering Committee meetings, which included both Washington Aqueduct and DC Water participation and input. The Wholesale Customer Board was also involved in the review process through a presentation in September 2013 that summarized the primary findings and recommendations of the study. Working with the Washington Aqueduct and DC Water, Veolia identified approximately 10 improvement initiatives for maintenance, six initiatives in capital planning, five initiatives for water treatment, three initiatives for operations and two initiatives for support functions, including procurement. All of these more than 25 initiatives are supported by proposed enhancements in communications, training and performance management. These activities are often referred to as "enablers," which help organizations get the most out of their initiatives by properly supporting them with investments in these three overlapping activities.

Veolia has been selected to continue into Phase 2, Implementation, and that work (which will begin in 2015) will involve advising Aqueduct management and staff, coaching them on how to perform the recommended enhancements, measuring progress and refining approaches. The focus of this approach will be on ensuring that the staff can carry on this work and that the Washington Aqueduct can continue to benefit from our expertise long after our contract concludes.

- Client Reference: Thomas P. Jacobus, General Manager - Washington Aqueduct, Baltimore District, U.S. Army Corps of Engineers, 10 South Howard Street, Baltimore, MD 21201
  - Telephone: 202/764-0031 - Email: thomas.p.jacobus@usace.army.mil

- Staff Experience – Veolia has provided resumes for the two core staff proposed for this project as an attachment to this letter. These resumes provide the requested information on each staff member, including experience, relevant education, degrees, certifications and any other pertinent information related to the base of experience they bring to this partnership with the City of Flint.
- Project Scope – At the start of this letter we provided a statement discussing our firm's understanding of the requested services and our approach to providing the services requested.
- Price for Services – With our proposed approach, presented earlier in this letter, Veolia provide a pricing schedule (hourly rates for key staff) to perform the requested services.
- Affidavit – Veolia has completed the required Affidavit and it is provided as part of our submittal (as an attachment to this letter).

Finally, as we discussed at the start of this letter, Veolia is offering this as an Alternative Bid/Proposal, which is being submitted to you in the requested form and format – an executed original and two copies of our letter proposal submittal – and remains a valid offer for 120 days from the date of submittal. Further, our Bid/Proposal is based on the City's RFP and other documents and information provided as part of the procurement process, as well as on the contractual concepts under which Veolia normally provides the services outlined in this letter. Veolia's Bid/Proposal also assumes the negotiation and execution of a mutually acceptable contract consistent with those concepts. We would note that contractual provisions that often require discussion and further agreement include, among other provisions, warranties, indemnities, casualty risks, insurance, environmental liability, ownership of wastes, consequential damages, contractual limits of liability and remedies for breach or default and termination. We do not believe that these matters should present any serious obstacles to the negotiation of a contract, and we are prepared to meet with you to discuss them at your convenience.

As the Veolia Executive Sponsor for this proposed work with the City of Flint, I will be the key contact as we move forward with this process. Further, as we discussed in our meetings with you, my background for this key role includes a combination of utility management experience, as well as experience in leading Veolia's PPS work with other major communities and water utility operations in the U.S.

I am also the former President and Manager of the water system for the City of Indianapolis, which Veolia operated and managed for over nine years. Under that O&M contract, our firm achieved an industry-first in performance standards and quality management.

My contact information for the purposes of this Proposal is as follows:

Mr. David Gadis – Senior Vice President – Sales – Municipal and Commercial Development
Veolia Water North America Operating Services, LLC
101 West Washington Street, Suite 1400 East, Indianapolis, Indiana 46204
Telephone: 317/716-5683 – Fax: 317/917-3718 – Email: david.gadis@veolia.com

I invite you to contact me should you have any questions with regard to our Bid/Proposal, or if you need any additional information.

We very much look forward to your review of this submittal and the next steps in this procurement process for this proposed new partnership.

Sincerely yours,

David Gadis
Senior Vice President
Veolia Water North America Operating Services, LLC

Attachments:

1 - Resumes for Key Staff
2 - Experience Summary Table
3 - Affidavit for Corporation

Attachment 1

Resumes for Key Staff

VEOLIA

Marvin C. Gnagy, Jr., P.E.

VEOLIA

Education:

BS, Chemical and Environmental Engineering, University of Toledo

Registrations/ Certifications:

F-1 Waterworks Operator, Michigan

Registered Professional Engineer, Ohio

Class IV, Water Supply Operator, Ohio

Class III, Wastewater Operator, Ohio

Memberships/ Affiliations:

American Water Works Association

Operator Training Committee of Ohio (OTCO)

Background:

Mr. Gnagy is the Water Process Manager with the Engineering and Optimization group of Veolia Environnement North America (Veolia)'s Municipal and Commercial Technical Support Group. In this role he provides support for Veolia's design/build, design/build/operate (DBO) and operations, maintenance and management (O&M) projects in the U.S. and Canada. This includes providing technical and capital project support to municipal, commercial and other projects in the water and energy business lines.

Mr. Gnagy joined Veolia in 2010, and prior to his current role he worked as the Municipal Water Technical Manager with Veolia Water North America Operating Services, LLC (Veolia Water)'s Technical Direction Group. In these technical leadership roles, he has provided engineering and operational expertise to projects related to troubleshooting process and equipment problems, achieving water quality goals, maintaining regulatory compliance, optimizing treatment and chemical processes, maintaining system water quality and participating in the development of new projects throughout North America.

Mr. Gnagy has also worked as part of the teams engaged in the delivery of projects under Veolia Water's Peer Performance Solutions (PPS) project approach. This new approach involves working with large water and wastewater utilities in to conduct detailed operations evaluations that lead to operations efficiencies and cost saving for their operations. In this work, Mr. Gnagy has provided support for some of the largest water and wastewater utility operations in the U.S., including that for New York City, New York.

Mr. Gnagy has over 33 years of experience in management, operation, maintenance, design and construction of water treatment systems. He is experienced with chemical treatment operations and troubleshooting for the optimization of treatment processes and operational sequencing.

Mr. Gnagy also has experience in conventional and advanced treatment technologies, and has been involved with solving treatment issues and providing regulatory compliance. His experience includes: water supply development and monitoring; chemical treatment; mixing applications; taste and odor control; oxidation and coagulation treatment; chemical softening; ion exchange softening; clarification; filtration techniques; membrane filtration and membrane softening; disinfection methods; pumping operations; bench-scale, pilot testing and demonstration studies; high-rate treatment technologies; dewatering and solids handling; and process monitoring and optimization. His design experience has provided operator-friendly solutions to solve both regulatory and operational issues for a number of water treatment systems in the U.S.

In addition, Mr. Gnagy has specific knowledge of regulatory drivers and compliance in multiple state, and he has been involved with the development of site-specific operating strategies that help treatment plants achieve water quality goals and regulatory standards.

Work History:

- **2013-Present: Water Process Manager – Engineering and Optimization Group – Municipal and Commercial Technical Support Group – Veolia Environnement North America**
  - Works as part of an in-house specialty team that provides technical and management support for new and ongoing projects with municipal and commercial clients. This involves supporting projects under the water treatment and supply, wastewater collection and treatment, and energy utility operations and management business lines.
  - Served as Subject Matter Expert in the area of water operations for a contract with the Detroit Water and Sewerage Authority (DWSD) and the City of Detroit to evaluate their water and wastewater operations and proposed solutions. This includes an intensive due diligence examination of the facilities and operations and development of two reports, a Peer Review Report, which looked at the current operations with a focus on identifying immediate and long term needs for the DWSD, and a Transition Plan: Retail Services Report for the City. These reports outlined the issues facing the DWSD and the City as the water and wastewater operations changed under a new regionalization approach.
- **2010-2013: Municipal Water Technical Manager – Technical Direction Group - Veolia Water North America Operating Services, LLC**
  - Worked as part of the Veolia Water PPS team in New York City (operations evaluation and identification of improvements for the City's water supply systems), as well as the team involved in implementing a PPS project with DC Water and Sewer Authority (DC Water), Washington, DC. The DC Water project involved conducting an independent comprehensive review of the operations and management of the Washington Aqueduct (WAD). The focus of this work was on examining WAD's operations, considering: overall operational efficiency; reliability and security of supply; and total water quality management. The project with New York City involved operations efficiency studies that identified utility-approved opportunities expected to save the City $108–$130 million per year; Veolia Water is currently engaged in the implementation phase (Phase 2), which will cover the next five years.
  - Responsible for providing technical and operational expertise to current and ongoing Veolia Water projects. Participated in the development of new projects throughout North America.
  - Provided technical consultation and process troubleshooting for water treatment plant operations throughout the U.S., including a variety of conventional and advanced water treatment processes and the specialized equipment they employ.
- **2009-2010: Water Resources Manager - Brown and Caldwell**
- **2005-2009: Water Resources Manager/Operations Manager - URS Corporation**
- **1996-2005: Operations Specialist/Senior Design Engineer - Arcadis**
- **1989-1996: Operations Specialist - Jones & Henry Engineers**
- **1986-1989: Superintendent of Water - City of Defiance, Ohio**
- **1979-1986: Superintendent of Water - City of Berea, Ohio**
- **1977-1979: Water and Wastewater Operator - Village of LaGrange, Ohio**

Other Key Experience:

- Involved with the testing design and optimization of treatment processes including: source water characterization and oxidative organics fractioning; carbon adsorption; enhanced coagulation techniques; effective mixing applications; high-rate clarification processes; solids contact clarification; high pressure and low pressure membrane technologies including ultrafiltration (UF) and nanofiltration (NF); TOC removal and DBP control; enhanced softening techniques; anion exchange processes; chlorine and chlorine dioxide disinfection; chloramination; precipitative

softening and recarbonation; tube and plate settlers; sludge management (pumping and processing, gravity thickening, lagoon storage and dewatering, land application, filter press dewatering and centrifuge dewatering); and laboratory analyses and operations.

- Significant experience in distribution system operations, including pumping operations, booster disinfection techniques, water quality monitoring, taste and odor investigations, iron and manganese related issues, unidirectional flushing programs, cross connection control, and repair and maintenance of piping systems.
- Served as Project Manager for a number of water treatment plant design projects related to implementation of chemical and treatment process improvements aimed at achieving compliance with drinking water standards, and improving plant operations and water quality. Provided construction oversight for the projects once construction of the improvements began.
- Provided chemical and process optimization services for a number of water treatment plants across the U.S. defining needed upgrades in operating practices and/or process equipment to enhance water quality and reduce operating costs.
- Conducted a number of bench-scale, pilot-scale, and full-scale process investigations related to identification of operating strategies and advanced treatment technologies to meet more stringent drinking water standards and developed recommendations for process treatments and equipment necessary to achieve regulatory compliance.
- Designed and equipped municipal drinking water laboratories for process monitoring, bacteriological analyses, algae identification and speciation, and advanced instrumentation and analyses.
- Prepared site-specific water and wastewater treatment plant operations and maintenance manuals for more than 120 systems across the U.S. outlining operating strategies, equipment descriptions, process control techniques, instrumentation and control systems, troubleshooting, and maintenance activities.
- Developed operating standards and training manuals related to jar testing and coagulation operations, mixing applications, solids contact clarification, water and wastewater disinfection, lime-soda softening and recarbonation techniques, filter inspection techniques, formation and control of DBPs, and an overview of the Stage 2 D/DBP and LT2 ESWT Rules. Also served as principle instructor for these courses since their development.
- Instructor for basic and advanced water treatment courses for the Operator Training Committee of Ohio; and instructor for basic math, basic chemistry, and basic hydraulics for the Michigan Department of Environmental Quality.

Theping Chen, P.E.

VEOLIA

Education:

BS, Environmental Engineering, East China University of Chemical Technology, 1985

MS, Environmental Engineering, University of North Carolina at Chapel Hill, 1991

Registration:

Registered Professional Engineer, Michigan

Additional Training and Certification:

Construction Documentation Technologist

Memberships/ Affiliations:

American Water Works Association (Past National committee members on Source Water Protection, Taste & Odor, and Organic Contaminant Control)

Water Environment Federation

International Ozone Association

(Current PAG board of directors, and past conference planning committee),

International UV Association

Background:

Mr. Chen is a Process and Operations Optimization Manager with the Engineering and Optimization group of Veolia Environnement North America (Veolia)'s Municipal and Commercial Technical Support Group. In this role he provides support for Veolia's design/build, design/build/operate (DBO) and operations, maintenance and management (O&M) projects in the U.S. and Canada. This includes providing technical and capital project support to municipal, commercial and other projects in the water and energy business lines.

Mr. Chen has almost 30 years of water system engineering, operations and research experience. He joined Veolia in 2014 and has been engaged in supporting the delivery of projects under O&M and Peer Performance Solutions (PPS) project approaches. The PPS approach involves working with large water and wastewater utilities in to conduct detailed operations evaluations that lead to operations efficiencies and cost saving for their operations. In this work, Mr. Chen has provided support for some of the largest water and wastewater utility operations in the U.S., including that for New York City, New York, and Washington, DC. Most recently he was part of the Veolia team that worked with the Detroit Water & Sewerage Authority in conducting an operations assessment, which yielded a comprehensive due diligence report and a second future planning/operations report for a regional approach for the water and wastewater operations.

Mr. Chen's experience includes working as a Senior Technical Specialist, Senior Project Manager, Technical Manager, as well as Research and Development (R&D) Specialist. He has extensive experience in water, wastewater treatment and water quality, and has worked on numerous study, planning, design, and services during construction projects. This work has included master planning, water and wastewater treatment, taste and odor control, asset management, biosolids management, residual management, and water quality.

Work History:

- **2014-Present: Process and Operations Optimization Manager – Engineering and Optimization Group – Municipal and Commercial Technical Support Group – Veolia Environnement North America**
  - Works as part of an in-house specialty team that provides technical and management support for new and ongoing projects with municipal and commercial clients. This involves supporting projects under the water treatment and supply, wastewater collection and treatment, and energy utility operations and management.
  - Served as a Technical Support Manager for PPS and O&M project sites, including:
    - DC Water and Sewer Authority (DC Water), Washington, DC. - Project involved conducting an independent comprehensive review of the operations and management of the Washington Aqueduct (WAD). The focus of this work was on examining WAD's operations, considering: overall operational efficiency; reliability and security of supply; and total water quality management.

Under the DC Water PPS project task, a key work task included: conducting a workshop evaluating the induction mixer to improve rapid mixing, review of water quality and chemical dosages, alternatives for controlling algae in the two water treatment plants) for the Washington Aqueduct McMillan Water Treatment Plant.

- Pittsburgh Water & Sewer Authority (PWSA), Pennsylvania – This PPS project has involved evaluating the operations of this agency's water and wastewater operations. This utility serves more than 300,000 people in the greater Pittsburgh area. A main area of focus for the work was on the development of Key Performance Indicators (KPIs) that were used to drive system improvements for the PWSA. Work tasks engaged in under this contract involved evaluating the algaecide alternative, and CAL-FLO replacing lime.
- Detroit Water & Sewerage Department, Michigan – Served as part of a team that worked with the DWSD along with Counties in the greater Detroit area in shaping comprehensive water and wastewater solutions considering the needs of the City and those of customers in the surrounding County areas. The work involved developing a comprehensive Peer Review Report, along with a second report (Retail Report) that discussed issues surrounding the formation of the Great Lakes Water Authority and the impact of that on operations of the DWSD and the City of Detroit. These reports involved performing extensive due diligence of the City's water and wastewater assets, preparing reports documents and supporting materials, and then presentations to multiple parties, including state level and judicial, City and County managers. Work tasks under that contract included conducting a process review for the DWSD's five water treatment plants.
- City of Buffalo, New York – This is an O&M contract that began in 2010 for operations and management of a water system serving a population of 280,000, with facilities and operations that include: a 160-MGD surface water treatment plant; 814 miles of water distribution system, customer service management (meter reading, billing and collections); capital program management; and underground asset management (UGAM) and above-ground asset management programs. Involved in supporting this operation in soliciting bids for an induction mixer and streaming current monitor, and alternative evaluations for these systems.
- City of Brockton, Massachusetts – This is an O&M contract that began in 1988 and includes: water operations for a 1.3-MGD and a 24-MGD surface water treatment plant, two raw water pump stations (40-MGD capacity), and two ground storage tanks (11.4 million gallons capacity); and wastewater operations for a 20.49-MGD tertiary wastewater treatment plant, three pump stations, and an 18 dry ton per day multiple-hearth sludge incinerator. Served as the Lead Technical Support Specialist for the conduct of a comprehensive water quality and water treatment plant review. This included evaluating alternatives for algae control, TOC and manganese removal, and evaluating manganese removal and short filter runtime, as well as backwash pump cavitation issues.
- Owned and Managed Energy Operations – Conducted a comprehensive system operation and optimization review for two Veolia energy makeup water treatment plants, including: Kendall Station Cogeneration in Cambridge, Massachusetts and the Grays Ferry Cogeneration Plant in Philadelphia, Pennsylvania. This included performing a review of river source water pretreatment alternatives, and identifying optimization opportunities of the ultrapure water treatment processes.

- **2013-2014: Independent Water Consultant – Solon, Ohio**
- **2012-2013: Project Principal - ARCADIS US Water – Cleveland, Ohio**
  - Served as Task Lead for softening water treatment plant upgrade and expansion evaluation for:
    - Dayton and Montgomery County Water Efficiency Master Plan, Ohio- Worked as the senior consultant and lead author of the three tasks reports, including: Task 5 - Water Treatment Plant Capacity Evaluation and Assessment for two 96-MGD softening water treatment plants; Task 6

– Regulatory Review and Compliance Assessment; and Task 9 – Evaluation of Groundwater Wells Reclassification's Impact on Water Treatment.

- Delaware County Water System Master Plan, Ohio – Served as the Task Lead for water treatment. The work involved evaluating the historical water productions and forecasted the future water production profile. Evaluated the treatment plant expansion and upgrade needs for four surface water and groundwater softening plants to best utilize the available source of supply to meet the future water supply needs. Provided recommended scope of work, process schematic and opinion of cost for upgrading and expanding the water treatment plants.
- Northeast Ohio Regional Sewer District (NEORSD) - Cleveland, Ohio – Worked as a Technical Consultant/ O&M Manual Task Process Engineer for the NEORSD's Southerly Wastewater Treatment Plan's biosolids handling facility. Responsible for preparing an O&M manual for the centrifuge dewatering system.
- Eureka Resources, Pennsylvania - Served as Process Mechanical Design Task Leader for a new frac wastewater treatment plant. The process included: oil/water separators; primary clarifiers; pH adjustment units; membrane biological reactors; crystallizer; sludge thickening and dewatering units; and various raw wastewater and treated wastewater storage tanks. Lead the design documentation preparations and coordinated and reviewed the P&ID drawing development.
- New York City, Department of Environmental Protection, New York - Performed a quality assurance and quality control (QA/QC) role for the NYDEP's Groundwater Treatment BOD report. Reviewed basis of design report for treatment of three well sites which uses treatment processes such as air stripping with and without vapor GAC adsorption, liquid GAC adsorption, and chemical oxidation followed by filtration for iron and manganese removal.
- City of Monroe, Michigan – Served as the Technical Lead for the City's Water Treatment Plant Ozone System Improvement Study. Assessed the current conditions of the existing system, evaluated different generator and ozone contactor improvement alternatives, and made recommendations and provided opinion of cost for each alternative.
- Other Work - Supported winning proposals for Akron Water Quality Modeling, Alliance Joint Dewatering System, and Minneapolis Water Pool of Consultants. Served as: Technical Knowledge and Innovation and Technical Community of Practice member; Client Account Manager for Aqua Ohio and Pennsylvania American Water; and manager and support specialist for business development efforts, including pursuits with DWSD, NEORSD, the Louisville Water Company, the City of St. Louis, the MSD, the City of Toronto's wastewater treatment plant, the City of Ann Arbor's water treatment plant, the City of Toledo's water treatment, and the Warren County water treatment plant.

- **2012: Technical Director and Technical Practice Network Leader, Water and Urban Development - AECOM Asia - Hong Kong/Shanghai China**
  - Served as the Technical Practice Network Leader and the Team Leader for: Asian Development Bank/JiangXi Government Boyang Lake Water Resource Management project; Project Manager of Shanghai Wastewater Treatment Plant Sludge Management Strategy Optimization Study; and Process Lead for the 50-MGD first membrane filtration plant feasibility study, and first 37-MGD sea water desalination plant feasibility study proposal in Hong Kong.
- **2010-2012: Regional Director, Water and Urban Development - AECOM China – Shanghai**
  - Served as the Regional Director for Water and Urban Development in China with responsibility for: operation, strategic plan development, client management, business development and project delivery and staffing management of PRC WUD business line; leading the team winning record numbers of ADB and WB funded PPTA, ADTA and loan implementation projects (over $10M USD) in 12 months; conducting high profile national strategy and policy projects in China on Boyang Lake

Water Resource Management (largest fresh water lake in PRC), National Stormwater Management and Water Logging Prevention Policy Study, and National Wastewater Treatment Plant Sludge and Wastewater Reuse Technology and Policy Study for PRC; consulting on wastewater treatment plant sludge management technical route studies for Beijing and Shanghai, two largest municipalities in PRC, including two of world's largest wastewater treatment plants: the Beijing GaoBeiDian plant and the Shanghai BeiLongGang plant; and serving as Process Manager for the Hong Kong Shatin Water Treatment Plant reprovisioning (expansion from 90-MGD to 145-MGD) with ozone and two-stage filtration (one biological) treatment processes.

- **2010: Senior Project Manager/Senior Technical Specialist - AECOM - San Francisco, California**
  - Worked as Senior Project Manager supporting AECOM Water operations and projects in North America. This included:
    - Project Manager and Lead Process Engineer on the Groundwater Reuse project for NASA Ames Research Center in Moffat Field, California. Upgraded the collection system from three pump-and-treat groundwater treatment systems, conducted hydraulic analysis and designed the pump and control upgrades. Designed the modifications of converting the existing 240,000 gallon tank into a RO permeate storage tank. Lead the alternative evaluation, and design services for treating the three different sources of pump-and-treated groundwater. Prepared the D/B contract for construction of a new 850,000 gallon tank. Designed the upgrade to the RO pretreatment system including the installation of dual media filter, UV reactor, and chemical feed system. Designed the refurbishment of the RO system including the new pumps, sensors, and RO membrane elements. Designed the new CIP system, and CIP waste neutralization and disposal system and piping, RO concentrate disposal system and piping. Designed and upgraded the control system for the RO permeate distribution system, provided the constant pressure in the system that allows the auto-source switching in the event the distribution system loss of pressure.
    - Engineering Manager for a multi-year, as-needed, system-wide zebra mussel study and control project with the California Department of Water Resource.
    - Senior Technical Consultant on the City of Portland, Oregon's, 225-MGD Bull Run Water Treatment Plant Chlorination Alternative Study. Evaluated bulk hypochlorite storage and feed, low strength (0.8% wt.) onsite generation of hypochlorite, high strength (12% wt.) onsite generation of hypochlorite, and onsite gas chlorine generation technologies. Conducted the conceptual design, including sizing, layout, list of equipment, construction and O&M cost estimate. Conducted the market research on installations, operation experience and cost.
- **2006-2009: Global Drinking Water Oxidation & Disinfection Technical Practice Workgroup Leader, Project Manager and Senior Technical Specialist – Metcalf & Eddy, Inc. (later acquired by AECOM) – Cleveland, Ohio**
  - Served in multiple roles for an engineering and operations company, including serving as: Global Drinking Water Oxidation and Disinfection Technical Workgroup Leader; International Ozone Association Champion; Ohio American Water Company (OAWC) Client Coordinator; Senior Technical Specialist; and Project Manager.
  - Key project work and accomplishments included: developing the company's first project for from both Ohio American Water and Pennsylvania American Water, and then managing the treatment plant projects with these two clients; developed the $25 million Ashtabula Water Treatment Plant design/build project with the OAWC; organized the workshop for IO3A and IUVA/IO3A conferences; served as Project Manager and Lead Process Engineer for the OAWC Marion Water Treatment Plant chemical and filter systems improvements project; served as Project Manager for the OAWC Marion Water Treatment Plant needs assessment study, and on-call engineering services for both water and wastewater systems; served as Project Manager for the Elyria Water Treatment Plant intake study and preliminary design project; served as the Lead Technical

Engineer on the Shreveport ozone system improvement study and preliminary design project; served as the Lead Technical Engineer on Miami-Dade County Water and Sewer Department's Hialeah Water Treatment Plant filter backwash improvement alternative evaluations; served as the Project Manager and Lead Process Engineer for the Pennsylvania New Castle water treatment plant filter-to-waste addition project; and Project Engineer for the Northeast Ohio Regional Sewer District's ECT-4 Baffled Drop CSO Shaft Physical Model Study.

- **2001-2006: Multiple Technical and Management Roles - CH2M HILL – Detroit, Michigan**
  - Worked in multiple roles, including: Northeast Regional Water Process Practice Leader; Northeast Regional Water Treatment Technology Leader; member of the Detroit Client Service Management Team; Member of the Northeast Regional Water Service Team; Technical Director of China Water Business Group; and Project Manager.
  - Responsibilities in these roles included: contributing to developing strategic business plan for local, and region-wide markets; maintaining client contact and involvement in business development efforts for strategic water projects; and contributing to business development for water projects in Ann Arbor, Louisville, Cincinnati and other communities in the Mid-West.
  - Worked on multiple projects with the DWSD, including:
    - Task Manager for DWSD's 50-year Comprehensive Water Master Plan. This work involved: evaluation of capacity development; analysis and projection of significant industrial flows and loadings; and projected flows from significant industrial users (SIU) and quality in the next 50 years by decade, industrial category, and geographic areas, within DWSD's service area.
    - Task Project Manager for the summary and evaluation of Detroit wastewater treatment plant capacity and performance, as part of the development of a comprehensive wastewater master plan for the DWSD. The plant has a rated secondary treatment capacity of 890-MGD, and primary treatment capacity of 1,700-MGD. Summarized the design criteria; assessed the existing and near-term capacity under the comprehensive treatment plant renovation project for both liquid and solids processing streams; conducted water quality and compliance status analysis; and discussed the suitability of the plant to meet future expansion and treatment needs including the proposed additional dewatering from CSO basins.
    - Project Manager and Lead Process Engineer for improvements to two wastewater treatment plant pump stations, including pickle liquor buildings, the polymer utilization building, and main plant influent building rehabilitation for DWSD. The wastewater treatment plant has a secondary treatment capacity of 890-MGD. Replaced all polymer delivery pumps, pickle liquor feed and transfer pumps, and influent sampling pumps. Managed the selection and sizing of various chemical and wastewater transfer pumps, with specific consideration of handling chemicals and high solids applications, and designed the new piping layout and control system. Assisted in preparing the specifications for various pumps and pipes and oversaw the design and specification of the basket strainers. Prepared construction documents and provided services during construction.
    - Managed an evaluation of long-term solids disposal alternatives as part of the development of a comprehensive wastewater master plan for DWSD. The plant has a rated secondary treatment capacity of 890-MGD. Conducted a thorough review of the current solids production and handling practices at the plant; reviewed the applicable treatment technologies and current and future regulations; and developed various alternatives and implementation plans as well as a scoring system to rank and select the recommended alternatives. Also developed capital and operations cost estimates for each alternative.
    - Project Manager and Lead Engineer for field sampling activities review and pre-audit service for the DWSD. Reviewed program documents and QA/QC procedures as well as the standard operating procedures. Audited the field sampling safety issues, reviewed EPA auditing reports

and pertinent federal regulations and EPA guidelines, and recommended areas that needed improvement.

- Manage and Lead Engineer for the preparation of a low-interest loan application for the Drinking Water State Revolving Fund for the DWSD. Prepared an overview project plan for the 2004-2008 loan programs, successfully securing $30M per year in low-interest loans from the Michigan DWSRF.
- Task Manager for a source water protection project for DWSD. Summarized the pertinent federal and state regulations and international charters and agreements related to the Great Lakes and reviewed the associated watershed initiatives, trends, and programs, as well as the current and future monitoring technologies. Investigated the existing spill notification system and procedures and conducted a national survey on the early-warning monitoring and source water protection programs. Developed the framework for establishing a source water protection program. Made recommendations for short-, intermediate-, and long-term improvement and proposed the scope and estimated cost of the near-term capital improvement project needs of this first source water protection plan for a surface water utility in Michigan.
- Task Manager for the development of a water quality management and treatment plant capital improvement plan for DWSD, covering their five water treatment plants (with a combined capacity of over 1.7 billion gallons per day. Reviewed the past and ongoing projects, reviewed the short-term and long-term water quality regulations. Developed short- and long-term water quality goals. Conducted a thorough assessment and evaluation of the current treatment process for capacity, technology and performance. Selected future treatment technologies and prepared the conceptual preliminary design and cost estimate for each plant, including ozone and UV installations. Coordinated ongoing plant improvement projects and developed a capital improvement plan for plants that would meet both system growth and water quality needs while maintaining a limited increase (6-7 percent) of water rate to DWSD customers in the future.
- Task Manager for the development of DWSD's Wastewater Master Plan, which addressed: Significant Industrial Flows, Capacity and Performance Evaluation of the Detroit Wastewater Treatment Plant, Wholesale User Survey, and Long Term Solids Disposal Plan tasks.
- Managed the development of a customer survey and service plan for the DWSD. Designed the survey form and managed the design and distribution of the survey questionnaires.
- Project Engineer for the update of DWSD's industrial pretreatment program local limits database, including modification of the program and local limits calculation.
- Project Engineer for Phase I and project manager for Phase II of an atmospheric deposition study for the DWSD, addressing the air deposition addition of mercury, cadmium, and PCBs loads to the headworks of a wastewater treatment system. Developed a quality assurance project performance plan and field sampling standard operating procedures, and coordinated the lab SOPs. Managed the water-phase sampling and led data analysis. Interfaced with subcontractors and labs; conducted detailed chronicle and statistical data analysis of pollutant concentrations, fluxes, or loadings for dry deposition, wet deposition, runoff, ambient, and treatment plant influent and effluent. Developed several approaches in estimating the quantitative relationships between the air deposition and runoff, air deposition and the plant headworks loadings of PCBs, mercury, and cadmium. Prepared responses to the steering committee's review comments. Conducted all data treatment and prepared the final study report, providing the crucial information for the state to establish the regulatory policies toward these chemicals.

- Served as Senior Technical Consultant and Lead Engineer for a brackish groundwater treatment pilot study and preliminary design of the reverse osmosis water treatment plant at Moron Air Force Base in Spain. Led the technical evaluation and process design for providing portable water

to the base by evaluating, piloting, and designing a 1-mgd groundwater treatment facility. Conducted the desktop evaluation for alternative technologies to remove hardness, nitrate, TCE, and salinity from the groundwater sources. Developed the test plan and conducted the pilot tests on GAC, ion-exchange demineralizer, and reverse osmosis processes. Provided air-stripping unit troubleshooting, scale control evaluation, and preliminary design. Evaluated concentrate disposal alternatives and developed the construction cost estimate.

- Served as the Project Manager and Lead Process Engineer for the evaluation and design of an ozone system to remove geosmin-caused drinking water tastes and odors from the Lucerne Water Treatment Plant for the California-American Water Company. Evaluated the bench treatability data, designed the ozone and ozone/H_2O_2 application dose, and established the remaining ozone system design criteria, including a construction cost estimate. Prepared preliminary design of the system and evaluated different types of ozone generators, ozone dissolution methods, and ozone contactors. Determined final design, which included a LOX-feed ozone generator with side-stream injection skid and a pipeline contactor with the options of using an ozone contactor for disinfection (ozone alone) and taste and odor removal (ozone/H_2O_2) or T&O removal only.
- Served as the Lead Process Engineer for construction and start-up of the 17-MGD Windsor Water Treatment Plant's new ozone system. The scope includes the construction management, start-up of the ozone system, optimization of the ozone residual analyzer layout and design and upgrade of the ozone-quenching agent with calcium thiosulfate to increase quenching capacity and safety. Participated in the resizing of the tanks and redesign of the layout and spill containment area. Participated in process and start-up troubleshooting, including how to achieve the desired log inactivation of Cryptosporidium and residual quenching during winter season.
- Served as a Senior Consultant for ozonation design for the 167-MGD Tacoma, Washington, water treatment plant. Developed design criteria and evaluated bench testing results on geosmin and MIB removals. Employed the experimental design approach. Conducted statistical analysis of the experimental data, summarized the findings and conclusions of the tests, and prepared the study report.
- Served as Senior Consultant for an algal toxin removal project for the American Water Works Research Foundation (AWWARF). Prepared the testing plan using statistical experimental design methodology for ozone oxidation, UV/H_2O_2 oxidation, and PAC adsorption of the microcystin-LR. Conducted a statistical analysis on the testing results and prepared the study reports.
- Managed and served as Lead Technologist for a filter backwash and recycle stream evaluation and improvement study for the 27-MGD water treatment plant in the City of Ann Arbor, Michigan. Investigated the filter backwash and other recycle stream practices, as well as the average and peak instantaneous flow of each stream, and evaluated the potential hydraulic and water quality impact to the treatment process. Facilitated a plant staff workshop to develop operational and process improvements. Prepared report to submit to the Michigan Department of Environmental Quality.
- Served as Process Engineer for the development of a master water plan for the City of Ann Arbor, Michigan. Led a water treatment plant process criteria evaluation and evaluations of the treatment of 1,4-dioxane from the groundwater.

- **1992-2001: Multiple Technical and Management Roles - TETRA TECH MPS - Detroit and Ann Arbor, Michigan**
  - Worked as Project Manager, Senior Project Engineer, Project Engineer; and Water/Wastewater Technology Council Member.
  - Served as Process and Project Engineer for the Baby Creek combined sewer overflow control study for DWSD. Conducted a literature review, provided dry and wet weather multi-stage sampling of the CSO events, and performed bench-scale evaluations of various disinfection options, including UV, ozone, sodium hypochlorite, peracetic acids, and sodium bromide with sodium hypochlorite.

Proposed recommendations and disinfection design criteria. Prepared the disinfection study report and reviewed the final design study report.

- Served as Lead Engineer for a drinking water taste-and-odor study for DWSD, which received the 1998 Research and Technical Practices Award from the Michigan Section of the AWWA and required the development of monitoring and experimental plans and analytical standard operating procedures. Trained senior chemists to become flavor panelists, coordinated the monitoring efforts and flavor profile analysis, interfaced with clients, and conducted comprehensive powdered activated carbon and ozonation treatability studies to remove the taste- and odor-causing compounds from the water. Investigated a broad range of operational parameters and identified their impact to the odorant removals. Developed mathematical models for quantitative assessment of operational parameters and performance prediction.
- Served as Project Manager and Lead Engineer in the development of ozonation design criteria for taste and odor control and Cryptosporidium inactivation for DWSD. Conducted an ozone demand and decay study, and developed the design criteria for meeting the requirement of disinfecting Giardia and Cryptosporidium. Assessed the impact of the proposed treatment technologies on the current operation. Prepared the progress and final study reports and made presentations to the client.
- Served as Lead Engineer examining powdered activated carbon and chlorine interaction impact on T&O compound removal and contact time value for DWSD. Performed CT calculations under various conditions for four water treatment plants and made design and operational recommendations.
- Served as Process Engineer for an implementation assessment of PAC storage, dosing, and delivery facilities at four water treatment plants for DWSD. Developed the design criteria for upgrading the powdered activated carbon dosing systems and reviewed the conceptual design and cost estimate of the PAC feeding system. Also provided an engineering feasibility valuation of building centralized PAC storage and dosing facilities. Reviewed the contact time calculations under various PAC addition points for the four plants and developed design criteria for alternative PAC dosing systems.
- Served as Process Engineer for a backwash and residual management improvement project for DWSD. Developed the treatment process basis of design criteria and conceptual design for handling the backwash water and plant treatment residual for four water treatment plants with a combined capacity over 1,600-MGD. Conducted the historical data analysis and scenario analysis for determining the optimum equalization volume and treatment process design capacities.
- Served as a Co-principal Investigator which involved conducting an investigation for a taste-and-odor materials evaluation workshop for the American Water Works Research Foundation. Convened an international expert panel to develop a new AWWA drinking water standard for testing materials from taste and odor perspectives. Organized a workshop, managed literature review, and prepared the final standard and project report.
- Served as Resident Project Engineer for a seven-month pilot study to treat the low-strength, organics-containing cooling water for the Upjohn Company in Kalamazoo, Michigan. Participated in the planning, initiation, and operation of a 30-gpm carbon fluidized bed biological reactor. Coordinated with the client, vendor, and project manager and prepared weekly and final project reports.
- Served as Field Project Engineer for a three-month feasibility study for the Kellogg Company of Battle Creek, Michigan, for the treatment of high-strength BOD/COD cereal-production wastewater using a pilot upflow anaerobic sludge blanket bioreactor. Obtained optimum operation and design conditions and addressed typical operation interference such as shock loads of BOD and TSS.

- Served as Project Engineer for Michigan's Rouge River CSO control study for a national wet weather demonstration project. Trained the sampling crew, developed the field sampling SOPs, and coordinated with the weather service. Conducted detailed data analyses, such as concentration and load profiles for different pollutants, removal efficiencies, and overflow discharge quality. Drafted final report and provided recommendations for sampling and design of the future CSO basins.
- Served as Project Engineer for Michigan's Rouge River settling column study, as part of a CSO control study for a national wet weather demonstration project. Developed the experimental and sampling plans, trained technicians, performed data analysis, and drafted the report.
- Assisted in the evaluation of CSO control technologies and performance of retention basins in the Rouge River watershed. Assisted in evaluating the retention basin's effectiveness in disinfecting and removing numerous pollutants. Reviewed existing column testing protocol and proposed new protocol using modified columns and Imhoff cones. Developed a protocol for evaluating disinfection and the standard data analysis procedures to be used at all basins within the Rouge watersheds. Reviewed the mathematical models (steady-state settling model, statistical models, and dynamic models) available for predicting the basin long-term performance and individual event performance and assessed their advantages and limitations. Worked with modeling experts to develop new dynamic models for the project and developed the protocol for disinfection evaluation.

- **1991-1992: Process and Environmental Engineer (Biotech scale-up and Groundwater remediation projects) - ARCTECH, Inc. - Alexandria, Virginia**
- **1988-1991: Research Assistant and Graduate Student (Thesis: Enzymatic Oxidation of Phenolic Pollutants) – University of North Carolina at Chapel Hill, Department of Environmental Engineering – Chapel Hill, North Carolina**
- **1985-1988: Research & Design Engineer (industrial wastewater treatment) and Teaching Assistant – East China University of Chemical Technology, Department of Environmental Engineering and Institute of Chemical Environmental Engineering**

Publications:

- **Completed numerous technical articles, reports and other publications on topics related to water and wastewater treatment, water quality and research and development related topics.**

David L. Gadis

VEOLIA

Education:

BA, Marketing/ Communications, Southern Methodist University (1984)

Memberships/ Affiliations:

Indianapolis Urban League

Indianapolis Sports Corporation President's Council

Indiana Business Diversity Council

Purdue University Science Bound

St. Mary's Child Development Center

Big Ten Basketball Tournament Committee

American Water Works Association (AWWA)

Awards:

Indiana Basketball Hall of Fame

2005 Achievement in Business Award, Center for Leadership and Development

2006 Sam Jones Award, Indianapolis Black Chamber of Commerce

Background:

Mr. Gadis is Vice President and Manager for Sales with the Municipal and Commercial Group of Veolia in North America. In this role he leads a team that is responsible for new project development and the support of ongoing projects and client relationships. This work has included supporting alternative project delivery approaches to municipal clients in the North American market. His recent work has focused on working with Veolia's team at the City of Detroit, Michigan, to support the identification of utility needs and solutions/approaches to address the City's water and wastewater utility.

Mr. Gadis was also a part of the Veolia team that working with the New York City Water Board and New York City Department of Environmental Protection (DEP) under the Operational Excellence (OpX) program. This team is charged with examining water and wastewater operations in the City with the goal of developing recommendations to streamline workflows, boost productivity, identify opportunities for efficiency gains, and keep future water rate increases as low as possible.

Prior to his current role, Mr. Gadis was the President of Veolia Water Indianapolis, LLC, the company that was charged with managing the water system providing service to almost a million in Central Indiana. The scope of this contract involved operating, maintaining and managing a water treatment, storage and supply system, a customer service organization responsible for meter reading for some 310,000 connections for the City of Indianapolis and an additional 15,000 connections through contracts with surrounding communities, as well as billing and revenue collection for 600,000 accounts. The contract also included a capital project component, and Veolia Water managed and implemented in excess of $200 million in capital work to improve the City's aging water infrastructure.

Prior to that, Mr. Gadis managed the procurement and operations of the Indianapolis Water operations, with responsibility for administering the Veolia Water Indianapolis minority-owned (MBE), woman-owned (WBE) and other locally-owned business involvement efforts. The success of this was demonstrated in the company's unmatched success in achieving local involvement in all aspects of the project work at levels that well exceeded all of the City's goals and expectations-- keeping 92% of the dollars spent in the local economy and maintaining a 35% M/WBE participation level. He also provided leadership for Veolia Water's local involvement program in Indianapolis, with involvement in numerous community service organizations in the community. Additionally, Mr. Gadis has played a key role in shaping Veolia Water's national program for MBE/WBE recruitment and involvement in governmental and industrial projects at sites across North America.

Mr. Gadis has over 23 years of overall business experience, with more than 14 years of management experience, and his involvement with the Indianapolis water facilities began back in 1998, working as the Director of Procurement for Indianapolis Water Company. He joined Veolia Water Indianapolis in 2002 on the transition of the water facilities.

Key Experience:

- 2013-President: Vice President and Manager – Sales – Municipal & Commercial Group - Veolia North America – Indianapolis, Indiana
  - Provides leadership for a Sale team and new project development for Veolia's water and energy utility services line in North America.
  - Work has included the development and support for projects under Veolia's Peer Performance Solutions (PPS) approach, including a new project with the DeKalb County, Georgia, Department of Watershed Management (DWM). This work is focused on helping the County identify cost savings and help improve customer service by conducting a comprehensive and independent review of their water and wastewater operations. DWM provides services to 700,000 residents in the Atlanta metropolitan region through its system of water treatment and distribution, customer service, and wastewater collection and treatment.
- 2010-2013: Vice President – Municipal Sales Group – Veolia Water North America Operating Services, LLC – Indianapolis, Indiana
  - Provided leadership for the company's sales and development program that has focused on identifying and developing innovative utility operations solutions for major cities in the U.S.
  - Worked as a part of the Veolia Water team for the Operational Excellence (OpX) program with New York City. The work is divided into two phases, with the Veolia Water Team first conducting an initial evaluation and recommendation phase that will result in a final report in 2012 of recommendations on how DEP can improve productivity and reduce costs. Based on that report, DEP has the ability to accept or reject any of the proposed operational changes and cost-saving measures. Improvements that DEP chooses will be implemented over a four-year period.
- 2008-2010: President – Veolia Water Indianapolis, LLC - Indianapolis, Indiana
  - Served as the Executive officer for Veolia Water's operations of the City's water systems, under a project that was completed in 2011.
  - Served as a part of the transition management team responsible for managing the transfer of the water operations (owned by the City) to a new owner and operator. The sale of the City's water treatment and supply assets, which serve almost 1 million people in the region, was completed in 2010, and the transition of services was completed in August 2011. The key challenges of that process involved maintaining the levels of service and quality for the customers that rely on the water system, and providing ongoing operations, maintenance and management services as the new owner is allowed to implement its own operations and management approach.
- 2003-2008: Vice President and Chief Operating Officer – Veolia Water Indianapolis, LLC - Indianapolis, Indiana
  - Responsible for day-to-day operations of the company, including field services, production, engineering, construction, procurement, risk management, asset management, laboratory services, health and safety, security, IOS9001 and 14001, as well as the company's MBE/WBE program.
- 2002-2003: Vice President of Shared Services – Veolia Water Indianapolis, LLC - Indianapolis, Indiana
  - Responsible for procurement, fleet, risk management, warehousing, health and safety, security, and M/WBE development.
- 2000-2002: Vice President – Water Materials Unlimited (Indianapolis Water Company subsidiary) – Indianapolis, Indiana
- 1998-2000: Director of Procurement - Indianapolis Water Company - Indianapolis, Indiana

- Acted as Director of Supply Chain Management, with responsibility for a $15 million budget, $8 million in sales, non-regulated business development, and $7.5 million minority vendor program.
- Responsible for liability and property insurance claims, developing and administering the company's risk goals and objectives, and overseeing the procurement of goods and services.

- **1995-1998: Vice President – Monroe Guaranty Insurance – Indianapolis, Indiana**
  - Responsible for claims management, including $125 million of claims expenses.
- **1989-1995: Midwest Regional Manager – USF&G Insurance Company – Indianapolis, Indiana**
  - Managed 16 branch office operations, 120 employees and $200 million in written premiums. Responsible for re-engineering efforts in the company.
- **1984-19889: Senior Claims Adjuster – USF&G Insurance Company – Indianapolis, Indiana**
  - Responsible for handling general liability, auto and property claims, and special investigations.

Attachment 2

Summary Table –
Water Treatment Plant O&M Experience

VEOLIA

Attachment 2. Veolia - Water Treatment Plant O&M Experience Summary				
Client/Location	**Flow**	**Scope**	**Major Process(es)**	**Dates**
Ashburnham-Winchendon Joint Water Authority, MA	2 MGD	O&M of Surface Water Treatment Plant	Trident Filtration, Microfloc Microfiltration	2001-Ongoing
Blackwell, OK	1.55 MGD	O&M of Groundwater Treatment Plant	Conventional Treatment with Filtration	2001-Ongoing
Brockton, MA	24 MGD	O&M of Surface Water Treatment Plants	Conventional and GAC Filtration	1988-Ongoing
	1.3 MGD		Upflow Clarification, Direct Filtration, Microfloc Microfiltration	
Gloucester, MA	10 MGD	O&M of (two 5-MGD) Surface Water Treatment Plants	Conventional Treatment, Rapid Mix, Rapid Sand Filtration	2009-Ongoing
Heavener, OK	3 MGD	O&M of Surface Water Treatment Plant	Clarification, Filtration and Disinfection	1996-Ongoing
Latimer County, OK	0.23 MGD	O&M of Surface Water Treatment Plant	Surface Water Treatment Plant	2007-2017
Lynn, MA	15 MGD	O&M of Surface Water Treatment Plant	Rapid Mix Direct Filtration	1987-Ongoing
Leominster, MA	4 MGD	Design/Build and O&M for Multiple Surface Water Treatment Plants	Multi-Media Direct Filtration	1988-Ongoing
	2 MGD		GAC Filtration	
	1.2 MGD		Conventional (Rapid Mix, Upflow Pulsating Clarification, GAC Filtration)	
Sturbridge, MA	1.6 MGD	O&M of Groundwater Treatment Plant	Iron Removal Plant with Pressure, Greensand, Mixed-Media Filtration	1989-Ongoing
Westborough, MA	3.5 MGD	O&M of Surface and Groundwater Treatment Plants	Conventional Treatment, Multi-Media Filtration	1996-Ongoing
	2 MGD		Greensand Iron/ Manganese Removal	
City of Atlanta/ Fulton County, GA	90 MGD	O&M of Surface Water Treatment Plant	Conventional Treatment, Declining-Rate Filters	1991-Ongoing
Boonville, IN	2.9 MGD	O&M of Groundwater Treatment Plants	Iron/Manganese Oxidation, Dual-Media Greensand Pressure Filtration	1995-Ongoing
	1.9 MGD			
Buffalo, NY	160 MGD	O&M of Surface Water Treatment Plant	Conventional Treatment, Rapid Sand Filtration	2010-Ongoing
Canby Utility, OR	8 MGD	O&M of Surface Water Treatment Plant	Flocculation, Upflow Clarification, Filtration, UV Disinfection	2006-2016
Chattahoochee Valley Water Supply District, Lanett, AL	8 MGD	O&M of Surface Water Treatment Plant	Conventional Treatment, High-Rate, Multi-Media Filtration	1994-Ongoing

Attachment 2. Veolia - Water Treatment Plant O&M Experience Summary				
Client/Location	**Flow**	**Scope**	**Major Process(es)**	**Dates**
Discovery Bay, CA	8.21 MGD	O&M of Groundwater Treatment Plants	Iron Removal with Sand Filtration	2009-Ongoing
Edwardsville, IL	7.78 MGD	O&M of Groundwater Treatment Plants	Greensand Filtration and Zeolite Softening	1987-Ongoing
Hardinsburg, KY	2 MGD	O&M of Groundwater Treatment Plant and Surface Water Treatment Plant	Reverse Osmosis Filtration of Groundwater	1995-Ongoing
	1.2 MGD		Conventional Treatment, Surface Water Dual-Media Filtration with ClariCone Clarification	
Junction City, KS	10 MGD	O&M of Groundwater Treatment Plant	Aeration, Lime Softening	1989-Ongoing
Matewan, WV	0.05 MGD	O&M of Surface Water Treatment Plant	Conventional Filtration	2001-Ongoing
New London, CT	9 MGD	O&M of Surface Water Treatment Plant	Conventional Filtration	2008-Ongoing
National Park Service, Elwha River WTP, Port Angeles, WA	53 MGD	O&M of Surface Water Treatment Plant	Coagulation, Sedimentation	2009-Ongoing
Smugglers Notch, VT	0.15 MGD	O&M of Groundwater Treatment Plant	Pressure Vessel Filtration	1985-Ongoing
Springboro, OH	7 MGD	O&M of Groundwater Treatment Plant	Anthracite Multi-Media Filtration	1990-Ongoing
Tampa Bay Water, FL	120 MGD	DBO for Surface Water Treatment Plant (new plant and expansion)	ACTIFLO Flocculation, Ozonation, Carbon Filtration	2000-Ongoing
	30 MGD	O&M of Groundwater Treatment Plant	Hydrogen Sulfide Stripping via Aeration Towers and Scrubbers	
Tupelo, MS	12 MGD	O&M of Surface Water Treatment Plant	Infilco Filtration Systems	1991-Ongoing
Williamson, WV	4.2 MGD	O&M of Surface Water Treatment Plant	Direct Filtration & Conventional Filtration (GAC and Multi-Media)	1999-Ongoing
Wilsonville, OR	15 MGD	O&M of Surface Water Treatment Plant	ACTIFLO Flocculation, GAC Filtration Ozonation	2001-Ongoing
Yukon, OK	3 MGD	O&M of Groundwater Treatment Plant	Groundwater Treatment Plant	1991-Ongoing

Attachment 3

Affidavit for Corporate
Veolia Water North America Operating Services, LLC

CITY OF FLINT, MICHIGAN

AFFIDAVIT

AFFIDAVIT FOR INDIVIDUAL

STATE OF .....

S.S.

COUNTY OF .....

.....being duly sworn, deposes and says that he is the person making the above bid; and that said bid is genuine and not sham or collusive, and is not made in the interest of or on behalf of any person not therein named, and that he has not directly or indirectly induced or solicited any bidder to put in a sham bid; that he has not directly or indirectly induced or solicited any other person or corporation to refrain from bidding, and that he has not in any manner sought by collusion to secure to himself any advantage over other bidders.

Subscribed and sworn to before me at ....., in said County and State,

this ..... day of ..... , A. D. 20.....,

.....

*Notary Public, ...County,.....

My Commission expires ..... , 20.....

FOR CORPORATION * (Limited Liability Company, LLC)

STATE OF Indiana

S.S.

COUNTY OF Marion

David M. Gadis being duly sworn, deposes and says

that he is Senior Vice President of Veolia Water North America Operating Services, LLC

(Official Title) (Name of Corporation) *

a corporation* duly organized and doing business under the laws of the State of Delaware (LLC) the corporation* making the within and foregoing bid; that he executed said bid in behalf of said corporation* by authority of its Board of Directors; that said bid is genuine and not sham or collusive and is not made in the interests of or on behalf of any person not herein named, and that he has not and said bidder has not directly or indirectly induced or solicited any bidder to put in a sham bid; that he has not and said bidder has not directly or indirectly induced or solicited any other person or corporation to refrain from bidding; that he has not and said bidder has not in any manner sought by collusion to secure to himself or to said corporation* an advantage over other bidders.

(Signature)

Subscribed and sworn to before me at Indianapolis , in said County and State,

this 27th day of January , A. D. 20 15,

Francis P. Crehan

*Notary Public State of Indiana County of Marion

My Commission expires July 24, 2021.

FRANCIS P. CREHAN
Notary Public- Seal
State of Indiana
My Commission Expires Jul 24, 2021

Pleyte, Beth (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Wednesday, February 04, 2015 6:02 PM
To: Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: RE: Flint Meeting

If we just could compare the old rates vs. the new Flint River rates it would help immensely. I think we can do something here that the ministers would like.

From: Saxton, Thomas (Treasury)
Sent: Wednesday, February 04, 2015 5:26 PM
To: Muchmore, Dennis (GOV)
Cc: Workman, Wayne (TREASURY)
Subject: RE: Flint Meeting

My plan is to talk to Jerry A. et al. I don't have that old cost & rate info for Flint in my head. At the time it was more of Andy's gig but we will get it.
I will check too as to what they (the City) think of the rfp response for that water consultant i.e., if it is actually going to add value. And don't forget about that loan restructuring; that is about another $2mm+ that could be used to replace bad lines.

From: Muchmore, Dennis (GOV)
Sent: Wednesday, February 04, 2015 4:53 PM
To: Saxton, Thomas (Treasury)
Subject: Flint Meeting

So, just so I understand, the rates went up from the Detroit rates when they went to the Flint River? If that is true I'd be pissed also. We probably need an accounting of this water issue. Costs to date, old rate v. today's rate, any new hook charges, etc.

In a discussion about this with Rich, he recited a conversation with Daddow in which Daddow said that the $847,000 a month is a reduction from their previous rate. Daddow had no objection to a shorter term fix as it would mitigate some of the costs that were to be added to the water charges at GLWA for present customers for a year and a half which Bob seemed to think made sense.

I asked him to review with Daddow this whole thing and see if they could be rehooked for 15 months or so.

Dennis C. Muchmore
Chief of Staff
Governor Rick Snyder, Michigan
517-241-5601

STAY CONNECTED:

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, February 04, 2015 8:23 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury); Widigan, Robert (TREASURY)
Subject: Flint water Rates

We will need to collect some water rate info from our files including the E&Y study. Questions will go to Jerry Ambrose. Maybe we can talk just before 9:00 or sometime in the am about what we need to do. Thanks, Wayne

Sent from my iPad

Widigan, Robert (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, February 05, 2015 2:54 PM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Widigan, Robert (TREASURY)
Cc: Koryzno, Edward (Treasury)
Subject: Fwd: pastor harris

Better check these numbers with Jerry

Sent from my iPhone

Begin forwarded message:

> **From:** "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
> **Date:** February 5, 2015 at 2:21:33 PM EST
> **To:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Subject: Fwd: pastor harris**
>
> I have talked with Rich, Daddow and the Mayor and all seem to believe that the $847K was a fair discount from the previous rates and they indicate a willingness to reconnect for 15-18 months. How does that calculate with our previous bills and payments?
>
> > **From:** "Fonger, Ronald" <RFONGER1@mlive.com>
> > **Date:** February 5, 2015 at 1:06:36 PM EST
> > **To:** "wurfelb@michigan.gov" <wurfelb@michigan.gov>
> > **Subject: pastor harris**
> >
> > Brad:
> > I just spoke with Pastor Harris, the president of the Concerned Pastors for Social Action.
> > He said the group asked that Flint be immediately re-connected to Lake Huron water during yesterday's meeting and is expecting a response of some kind by the beginning of next week.
> > Would you or Dave Murray want to comment on whether that's under consideration?
> > I just wanted you guys to know what he's saying – without equivocation – in the story.
> > Thanks,
> >
> > **Ron Fonger**
> > MLive Media Group
> > Reporter
> >
> > mobile 810[redacted]
> > email rfonger1@mlive.com
> > address 540 S. Saginaw St. #101, Flint MI 48502

Stanton, Terry A. (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Thursday, February 05, 2015 3:32 PM
To: Stanton, Terry A. (Treasury)
Cc: Saxton, Thomas (Treasury)
Subject: Re: pastor harris

They are trying to make a complicated subject very simple needs a longer conversation

Sent from my iPhone

On Feb 5, 2015, at 3:17 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

> Since you two weren't on this...thought I'd since DM is being pretty direct. That said, I'm fairly certain the $2m grant funds can only be used for what the application described...but I will leave sharing that nugget to one of you guys...above my pay grade ;)
>
> **From:** Muchmore, Dennis (GOV)
> **Sent:** Thursday, February 05, 2015 3:11 PM
> **To:** Stanton, Terry A. (Treasury); Wurfel, Brad (DEQ); Murray, David (GOV); Wurfel, Sara (GOV)
> **Subject:** RE: pastor harris
>
> Only problem with that is that the citizens of Flint say they are paying more now than they did when they were connected with DWSD. The city, after all, is not giving the water away free right now, so there is some kind of equalization that comes into play here. Additionally, we just gave them $2M so if we need to use it for a reconnect that's probably a good use of the money as opposed to people refusing to use city water. Since we're in charge, we can hardly ignore the people of Flint. After all, If GM refuses to use the water in their plant and our own agencies are warning people not to drink it, another expressing continuing concern over quality, and the differential between what we now collect and what we would pay DWSD is not significant, we look pretty stupid hiding behind some financial statement.
>
> **From:** Stanton, Terry A. (Treasury)
> **Sent:** Thursday, February 05, 2015 2:19 PM
> **To:** Wurfel, Brad (DEQ); Muchmore, Dennis (GOV); Murray, David (GOV); Wurfel, Sara (GOV)
> **Subject:** RE: pastor harris
>
> Would add that the city (Earley, Ambrose, etc.) have been unequivocal that doing so would cost at least $1m per month...per the DWSD "offer"...and the city simply cannot afford that.
>
> I have also heard that the city no longer owns a section of pipeline that would have to be used in making any re-connection...making that more difficult and expensive.
>
> **From:** Wurfel, Brad (DEQ)
> **Sent:** Thursday, February 05, 2015 2:15 PM
> **To:** Muchmore, Dennis (GOV); Murray, David (GOV); Wurfel, Sara (GOV)
> **Cc:** Stanton, Terry A. (Treasury)
> **Subject:** Fwd: pastor harris

Thoughts on this? Who responds? How?

Sent from my iPhone

Begin forwarded message:

> **From:** "Fonger, Ronald" <RFONGER1@mlive.com>
> **Date:** February 5, 2015 at 1:06:36 PM EST
> **To:** "wurfelb@michigan.gov" <wurfelb@michigan.gov>
> **Subject: pastor harris**
>
> Brad:
> I just spoke with Pastor Harris, the president of the Concerned Pastors for Social Action. He said the group asked that Flint be immediately re-connected to Lake Huron water during yesterday's meeting and is expecting a response of some kind by the beginning of next week.
> Would you or Dave Murray want to comment on whether that's under consideration?
> I just wanted you guys to know what he's saying – without equivocation – in the story.
> Thanks,

Ron Fonger
MLive Media Group
Reporter

mobile 810[redacted]
email rfonger1@mlive com
address 540 S. Saginaw St. #101, Flint MI 48502

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: February 6, 2015

TO: Kevin Clinton, State Treasurer

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: City of Flint Water Rates

On April 17, 2013 Detroit Water and Sewerage Department (DWSD) sent a letter to the City of Flint terminating the existing water service contract between the City of Flint and Detroit. The termination of services was set to take effect one year later on April 17, 2014. This left a gap between the end of DWSD services and the start of the Karegnondi Water Authority (KWA). In order to fill a one year gap between the end of DWSD services and the start of KWA services the City estimated a financial benefit by switching to the river as a primary water source.

A memo from City of Flint to the residents, dated January 13, 2015 states that the final year that the City of Flint purchased water from DWSD, the cost was $12.4M. In 2014 the cost was projected to rise to $14.4M, and by 2015 the cost was projected to rise to $16M. The financial benefit for switching to the river was the opportunity to divert that revenue towards capitalizing the upgrade expenditures needed to run the plant and the development of a capital improvement program for the aged infrastructure without a significant increase to the water bill.

Cost Comparison of Using River Water vs. DWSD

River Water		DWSD	
Plant Upgrades	12,500,000	Plant Upgrades	12,500,000
Cost of Water	XX ‡	Cost of Water	16,000,000 †
	12,500,000		28,500,000

† - $16M is the City's estimate of costs based current water usage and DWSD's rate structure
‡ - $XXM is the City's costs for production of water netted of system improvement costs necessitated to bring the City to operational capacity with KWA when the system comes online

Widigan, Robert (TREASURY)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Friday, February 06, 2015 11:40 AM
To: Widigan, Robert (TREASURY)
Subject: Water info - per request
Attachments: DWSD Cancellation notice.docx; KWA Memo & Attachments.pdf; Flint Rate Study Report Final Draft v6.docx; SUMMARY OF WATER AND WASTEWATER RATES - RFC STUDY RECOMMENDATIONS.pdf; Treasurer Analysis City of DWSD Proposal 01-14 (3).xls

Robert,

Attached is the March 2013 DWSD cancellation notice, as well as an analysis of the business case for going to KWA. Also included is an analysis of the additional costs of obtaining water from DWSD even on a short term basis. Also fyi please find the rate study by RFC which confirms the City's decision to go to KWA.

Jerry

City of Detroit
Water and Sewerage Department
Office of the Director

735 Randolph Street
Detroit, Michigan 48226
www.detroitmi.gov

April 17, 2013

RECEIVED
CITY OF FLINT
CITY CLERK'S OFFICE
2013 APR 18 AM 11:33

Via Certified Mail and Electronic Delivery

Ms. Inez M. Brown
City Clerk
City of Flint
2nd Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502

Dear Ms. Brown:

Regarding: Termination of Contract for the Provision of Water Services by the City of Detroit, Water and Sewerage Department

On December 20, 1965, the City of Detroit, through its Board of Water Commissioners, (DWSD) and the City of Flint, Michigan (Flint) entered into a contract for the provision of DWSD treated water to Flint and the distribution by flint of that water to other Genesee County communities. Section 18 of that Agreement[1] provides:

18. The Board [DWSD] shall supply and sell water to the City [Flint] from the water system of the City of Detroit, and the City shall receive and purchase such water in accordance with the terms of this Agreement for an indefinite period of time but at least for a period of thirty-five (35) years from the date hereof. This Agreement may be terminated by either party after expiration of said 35-year period, upon one year's written notice served upon the other party by delivering the same to the Secretary of the Board or to the Clerk of the City as the case may be, or at any time upon mutual consent of both parties.

Please take notice that pursuant to this section, 18, of the above-referenced Agreement, DWSD is terminating this Agreement one year from today's date (April 17, 2014).

Sincerely yours,

Sue F. McCormick
Director

[1] Although the Agreement between DWSD has been subsequently amended, Section 18 remains unchanged and in full effect.

CITY OF FLINT, MICHIGAN
Department of Finance

City Hall, Room #203
1101 South Saginaw Street
Flint, MI 48502
(810) 766-7268 / (810) 766-8675 (fax)

Dayne Walling
Mayor

Edward J. Kurtz
Emergency Financial Manager

Michael K. Brown
City Administrator

Gerald Ambrose
Finance Director

October 31, 2012

Edward J Kurtz
Emergency Financial Manager
City Of Flint Municipal Center
1101 S. Saginaw Street
Flint, MI 48502

RE: Cost Comparison, KWA v DWSD

Mr. Kurtz:

The City of Flint is considering whether joining the Karegnondi Water Authority (KWA) is a better alternative for the residents and businesses of Flint than continuing to purchase water from the Detroit Water and Sewer District (DWSD).

An important part of this consideration is the relative cost of the alternatives. We have compared the current projected costs of continuing to purchase water from DWSD to the projected costs of purchasing water from KWA.

The projected costs of purchasing water from DWSD come from our current and past experience, as well as statements from DWSD about their future costs. The costs of purchasing water from KWA are based on the KWA Lake Huron Water Supply Study, as updated by its October 2012 Preliminary Engineering Report Update, Appendix 20, dated October 4, 2012.

Based on the current contract with DWSD, the FY13 cost of purchasing water for the City of Flint only (excluding the sale of water to Genesee County) is budgeted at $14.4 million. Past experience indicates that it is reasonable to assume a 10% increase annually in the capacity charge from DWSD and a 5% increase in the commodity cost. It is also reasonable to assume a 5% increase in operational costs for the Flint Water Treatment Plant. Consequently, it appears that the costs for continuing to purchase water from DWSD will increase to $22.7 million by FY20.

Conversely, joining KWA and participating in the construction of infrastructure to receive water will require an up-front cost to the City of $2.3 million, to be paid over the first three years of joining. This would be paid by the City during the construction period while the City continues to purchase its water from DWSD. However, once the construction is complete and water delivery commences, the City's capacity charge will be fixed, based on the debt service necessary to finance construction. Operational costs for KWA water delivery and the Flint WTP are projected to increase by 5% annually.

Based on the assumptions in this comparison, the annual projected cost of purchasing water for the City of Flint is 15% or $2.6 million LESS using the KWA option in the first year of operation, increasing to 27% or $6.1 million LESS in the fifth year of operation. The only caveat is that in order to achieve this, the City will need to upfront KWA $3.25 million over 3 years prior to KWA beginning water delivery.

Concerns have been raised about the potential of cost overruns and delays in construction. These are reasonable concerns. An additional analysis, assuming a 15% cost overrun, and a one-year delay in construction, indicates that the gain to be achieved from participating in KWA is lessened (from $2.6 million in the first year to $2.3 million) and the City's upfront contribution is increased to $10.4 million if the City is required to make its first year's debt service payment before operations begin. The City's gain from participating in KWA is delayed, but once operations begin, the City's annual costs are less than continuing with DWSD, becoming net positive in FY20. However, given the City's precarious financial position, it is likely that the City would need to find some source of capital if such an up-front payment were necessary.

Finally, we have also analyzed what constraints DWSD would need to impose on its contract with the City of Flint in order to be a positive financial option. It would appear that if the capacity costs to Flint were to be fixed at the FY13 level and if annual operating cost increases were capped at 2.25%, then the cost to the City of Flint could be less than KWA.

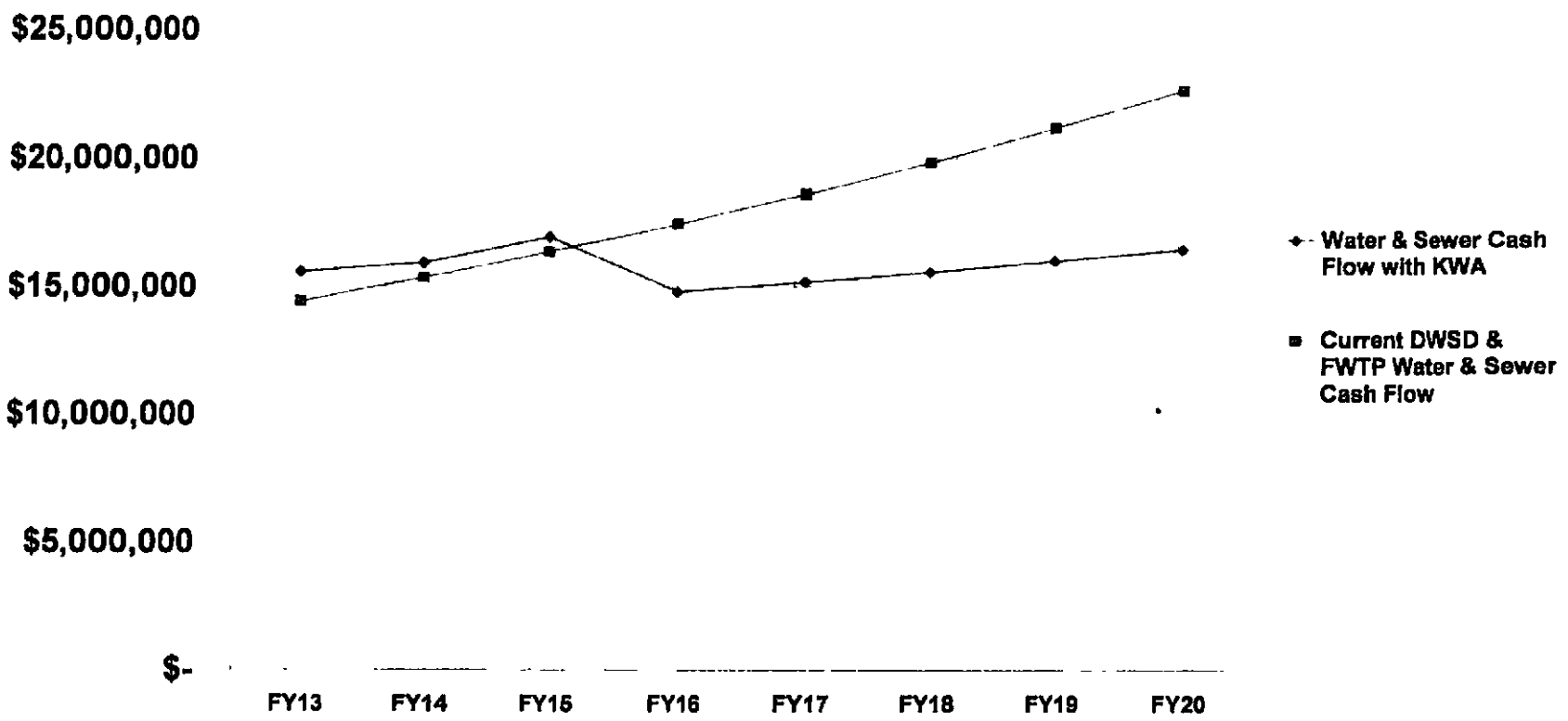
Attached are the three projections summarized above. First is the "Original Projection" utilizing the KWA Study. Second is the "Worse Case Projection" with cost increases and construction delays. Third is the reduced DWSD costs associated with fixed capacity costs and capped increases in operational costs.

Please contact me if you have any questions.

Gerald Ambrose
Director of Finance

GA:js
Attachments

Original Projection - Summary Comparison: KWA vs DWSD



FINAL 10/31/2012

ORIGINAL PROJECTION
SUMMARY COMPARISON: KWA V DWSD

Water and Sewer Cash Flow with KWA

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,355,135	$ 16,385,534	$ -	$ -	$ -	$ -	$ -
KWA Entry Fee	$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
KWA Debt Service	$ -	$ -	$ -	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155
FWTP Debt Service	$ -	$ -	$ -	$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
KWA operations	$ -	$ -	$ -	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
FWTP operations w KWA	$ -	$ -	$ -	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Total Costs	$ 15,576,658	$ 15,936,535	$ 16,966,934	$ 14,888,149	$ 15,274,260	$ 15,679,676	$ 16,105,363	$ 16,552,334

Water and Sewer Cash Flow with DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,355,135	$ 16,385,534	$ 17,450,717	$ 18,616,851	$ 19,870,850	$ 21,219,435	$ 22,671,185

Cash Flow Difference: KWA and DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Annual Cost: DWSD - KWA	$ (1,162,800)	$ (581,400)	$ (581,400)	$ 2,562,568	$ 3,342,591	$ 4,190,874	$ 5,114,072	$ 6,118,851
Cumulative Gain with KWA	$ (1,162,800)	$ (1,744,200)	$ (2,325,600)	$ 236,968	$ 3,579,559	$ 7,770,533	$ 12,884,605	$ 19,003,456

(1) This projection assumes that KWA begins delivery of water to Flint starting in July, 2016. Any interest on the bonds will be capitalized until that period. The City will be obligated to begin paying its $2,325,600 entry fee in FY13 - 2 payments of $581,400 in FY13, 1 payment in FY14 and 1 payment in FY15.

(2) The cost of the KWA option is projected to be $2,562,568 or 15% LESS than DWSD in the first year of operation (Year 4). This gain offsets the upfront costs of $2,325,600 by $236,968.

(3) The cost of the KWA option is projected to be $6.1 million or 27% LESS than DWSD in the 5th year of operation (Year 8).

(4) The cumulative savings by the 8th year from the beginning of the project are projected to be $19 million.

Detail of Original Cost Projections FINAL 10/31/2012

Cost Comparisons: Water Supply to City of Flint from DWSD and proposed KWA project

Cost of water to City of Flint (excluding Genesee) using continued service from DWSD

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Fixed Cost (1)	$ 4,411,680	$ 4,852,848	$ 5,338,133	$ 5,871,946	$ 6,459,141	$ 7,105,055	$ 7,815,560	$ 8,597,116
Escalator	1 10	1 10	1 10	1 10	1 10	1 10	1 10	
Commodity Cost (2)	$ 7,276,640	$ 7,640,472	$ 8,022,496	$ 8,423,620	$ 8,844,801	$ 9,287,041	$ 9,751,394	$ 10,238,963
Escalator	1 05	1 05	1 05	1 05	1 05	1 05	1 05	
Flint WTP Operating Cost (3)	$ 2,725,538	$ 2,861,815	$ 3,004,906	$ 3,155,151	$ 3,312,908	$ 3,478,554	$ 3,652,482	$ 3,835,106
Escalator	1 05	1 05	1 05	1 05	1 05	1 05	1 05	
TOTAL	**$ 14,413,858**	**$ 15,355,135**	**$ 16,365,534**	**$ 17,450,717**	**$ 18,616,851**	**$ 19,870,650**	**$ 21,219,435**	**$ 22,671,185**

(1) Per FY13 Budget and DWSD Contract, fixed charge from DWSD for FY13 is $707,000 per month or $8.5 million total. Flint's cost is 52% or $4 4 million total.

(2) Per FY13 Budget and DWSD Contract, and based on 12 million gallons per day (mgd), cost is $7 3 million, based on $12.46/unit ($12.46x1600unitsx385).

(3) Per FY13 Budget, annual cost of WTP is $4 1 million. Genesee County pays $1,386,000 for emergency back up service.

Cost of water to City of Flint using proposed KWA project for water supply to Flint WTP

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
KWA Entry Costs (1)	$ 1,162,800	$ 581,400	$ 581,400		$ -	$ -	$ -	$ -
Fixed KWA Construction Cost (2)				$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155
Escalator				1 00	1 00	1 00	1 00	
Fixed Flint WTP Construction Cost (3)				$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
Escalator				1 00	1 00	1 00	1 00	
Flint WTP Operating Cost (4)	$ 5,911,538	$ 6,207,115	$ 6,517,471	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Escalator	1 05	1 05	1 05	1 05	1 05	1 05	1 05	
KWA Commodity Charge (5)	$ 759,200	$ 797,160	$ 837,018	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
Escalator	1 05	1 05	1 05	1 05	1 05	1 05	1 05	
TOTAL	KWA NOT AVAILABLE			**$ 14,888,149**	**$ 15,274,260**	**$ 15,679,676**	**$ 16,105,363**	**$ 16,552,334**

(1) The City will, upon joining, be required to pay an initial fee of $32,300 per MGD plus the same amount for each year until bonding for the project is obtained. At 18MGD, the City's cost is $581,400 annually. Since it is projected that fee will be assessed for 3 years, the City's upfront cost is projected at $2,325,600.

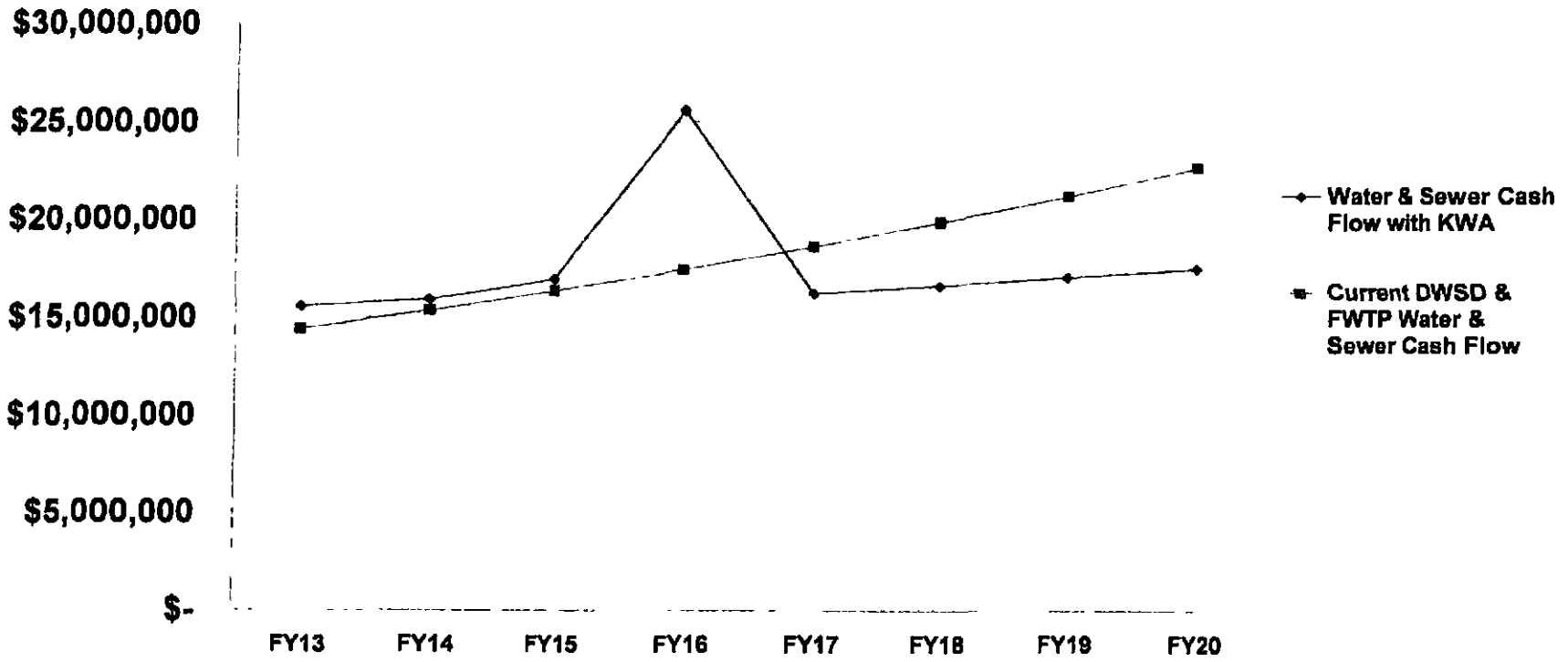
(2) Per KWA proposal, project cost is $272 million. City's fixed cost would be 30% of debt service, based on capacity design of 60mgd, of which 18MGD is for Flint. Debt service is based on 5% interest rate @ 25 years; 5% added to principal for capitalized interest for FY13, FY14, and FY15. ($272,421,588 plus $13,621,078 for 3 years = $313,284,792)

(3) Per KWA proposal, the cost of upgrading the Flint is $7.1 million. City's fixed cost would be100% of debt service based on 5% interest rate @ 25 years), with 5% added to cover capitalized interest for FY13, FY14, and FY15 (total principal = $8.185 million)

(4) Per FY13 Budget annual cost of WTP is $4,111,538. $1.6 million for electricity and chemicals & 2 FTE's are added. 100% City cost. 100%

(5) Per KWA proposal, initial commodity charge would be based on $1 30/unit or 7,500 gallons. Charge is based on 12MGD.

Worst Case Scenario - Summary Comparison KWA vs DWSD (15% Cost Overrun; One year delay in Water Supply delivery)



FINAL 10/31/2012

WORSE CASE PROJECTION
SUMMARY COMPARISON: KWA V DWSD
(15% Cost Overrun; One year delay in Water Supply delivery)

Water and Sewer Cash Flow with KWA

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,358,135	$ 16,366,534	$ 17,450,717	$ -	$ -	$ -	$ -
KWA Entry Fee	$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
KWA Debt Service	$ -	$ -	$ -	$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128
FWTP Debt Service	$ -	$ -	$ -	$ 658,698	$ 658,698	$ 658,698	$ 658,698	$ 658,698
KWA operations	$ -	$ -	$ -	$ -	$ 922,812	$ 966,953	$ 1,017,401	$ 1,068,271
FWTP operations w KWA	$ -	$ -	$ -	$ -	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Total Costs	$ 15,576,658	$ 15,939,535	$ 16,946,934	$ 25,691,544	$ 16,349,150	$ 16,754,566	$ 17,180,253	$ 17,627,225

Water and Sewer Cash Flow with DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,358,135	$ 16,366,534	$ 17,450,717	$ 18,616,851	$ 19,870,650	$ 21,219,436	$ 22,671,185

Cash Flow Difference: KWA and DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Annual KWA - DWSD	$ (1,162,800)	$ (581,400)	$ (581,400)	$ (8,240,826)	$ 2,267,700	$ 3,116,084	$ 4,039,182	$ 5,043,960
Cumulative	$ (1,162,800)	$ (1,744,200)	$ (2,325,600)	$ (10,566,426)	$ (8,298,726)	$ (5,182,642)	$ (1,143,460)	$ 3,900,500

"Worse Case" scenario differs from Original in these respects:

(1) Delivery of water to Flint from KWA is delayed by one year and construction costs are 15% above the original projection. Consequently, the City is required to begin paying for debt service one year before KWA begins delivery of water. This is in addition to its obligation to pay its initial entry fee of $581,400 plus $581,400 annually for the first 3 years.

(2) Once KWA begins delivering water in year 5, the annual operating costs are less than DWSD by 12%. Considering $10.6 million in upfront costs in the first 4 years prior to KWA operation, the cumulative cost of KWA exceeds the cost of DWSD until year 8

(3) Cumulative savings by Year 8 are projected to be $3.9 million, compared to $18 million in the original projection

Detail of Worse Case Cost Projections — FINAL — 10/31/2012

Worse Case Scenerio

Cost Comparisons: Water Supply to City of Flint from DWSD and proposed KWA project

Cost of water to City of Flint (excluding Genesee) using continued service from DWSD

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Fixed Cost (1)	$ 4,411,660	$ 4,852,848	$ 5,338,133	$ 5,871,946	$ 6,459,141	$ 7,105,055	$ 7,815,560	$ 8,597,116
Escalator	1.10	1.10	1.10	1.10	1.10	1.10	1.10	
Commodity Cost (2)	$ 7,276,640	$ 7,640,472	$ 8,022,496	$ 8,423,620	$ 8,844,801	$ 9,287,041	$ 9,751,394	$ 10,238,963
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
Flint WTP Operating Cost (3)	$ 2,725,538	$ 2,861,815	$ 3,004,906	$ 3,155,151	$ 3,312,908	$ 3,478,554	$ 3,652,482	$ 3,835,106
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL	$ 14,413,858	$ 15,355,135	$ 16,365,534	$ 17,450,717	$ 18,616,851	$ 19,870,650	$ 21,219,436	$ 22,671,185

(1) Per FY13 Budget and DWSD Contract, fixed charge from DWSD for FY13 is $707,000 per month or $8 5 million total Flint's cost is 52% or $4 4 million total

(2) Per FY13 Budget and DWSD Contract, and based on 12 million gallons per day (mgd), cost is $7 3 million, based on $12 46/unit ($12.46x1600unitsx365)

(3) Per FY13 Budget, annual cost of WTP is $4 1 million Genesee County pays $1,386,000 for emergency back up service

Cost of water to City of Flint using proposed KWA project for water supply to Flint WTP

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
KWA Entry Costs (1)	$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
Fixed KWA Construction Cost (2)				$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128
Escalator						1.00	1.00	
Fixed Flint WTP Construction Cost (3)				$ 658,698	$ 658,698	$ 658,698	$ 658,698	$ 658,698
Escalator								
Flint WTP Operating Cost (4)	$ 5,911,538	$ 6,207,115	$ 6,517,471	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
KWA Commodity Charge (5)	$ 759,200	$ 797,160	$ 837,018	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL	KWA NOT AVAILABLE				$ 16,349,150	$ 16,754,565	$ 17,160,253	$ 17,627,226

(1) The City will, upon joining, be required to pay a, initial fee of $32,300 per MGD plus the same amount for each year until bonding for the project is obtained At 18MGD, the City's cost is $581,000, for a total of $2,325,600

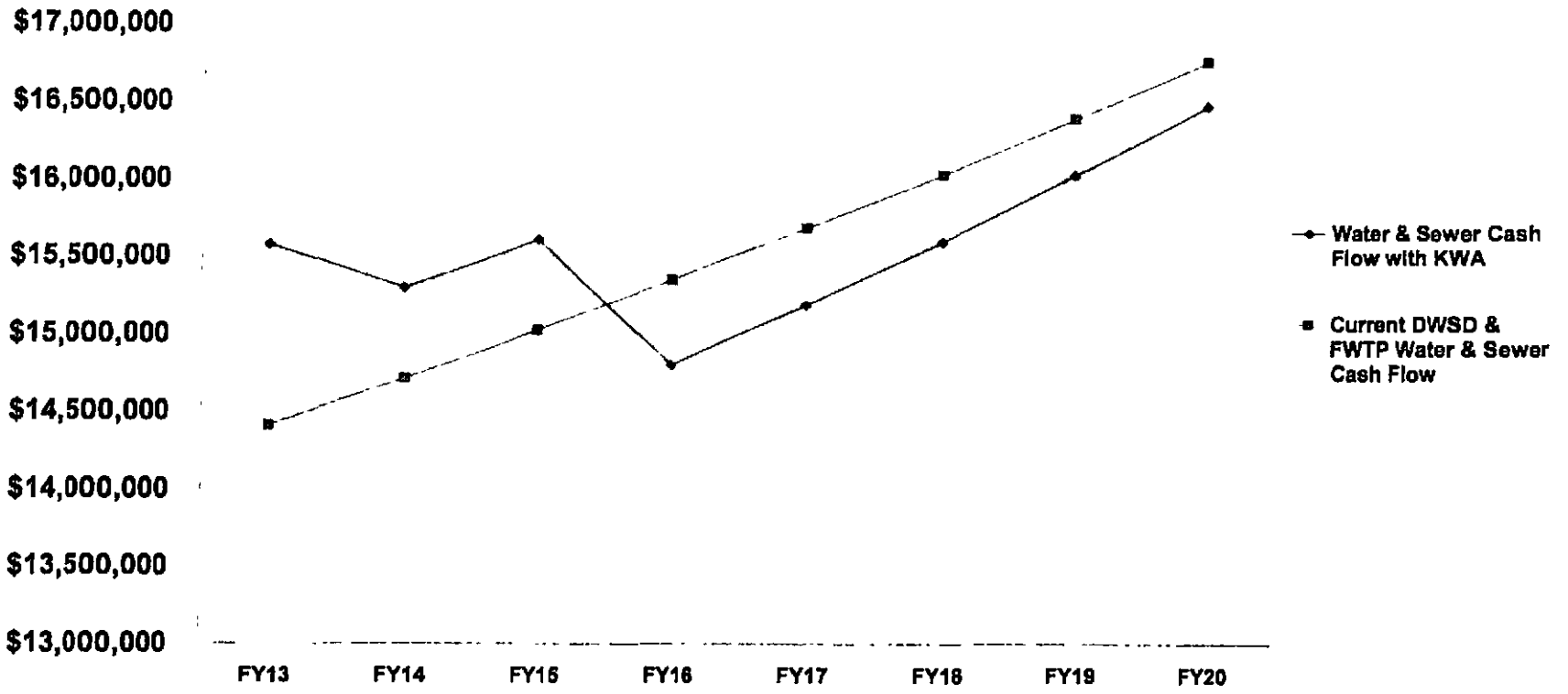
(2) Per KWA proposal, original project cost is $272 million. City's fixed cost would be 30% of debt service, based on capacity design of 80mgd, of which 18MGD is for Flint. Debt service is based on 5% interest rate @ 25 years, 5% added to principal for capitalized interest for FY13, FY14, and FY15. ($272,421,586 plus $13,621,078 for 3 years = $313,284,792) The costs here are increased by 15%; debt service starts in FY16 but water is not available until FY17.

(3) Per KWA proposal, the cost of upgrading the Flint is $7 1 million. City's fixed cost would be100% of debt service based on 5% interest rate @ 25 years), with 5% added to cover capitalized interest for FY13, FY14, and FY15 (total principal = $8 165 million) Again, costs here are increased by 15%; debt service starts in FY16 but water is not available until FY17. Debt service is now on $9.4 million.

(4) Per FY13 Budget annual cost of WTP is $4 111,538. $1 6 million for electricity and chemicals & 2 FTE's are added. 100% City cost

(5) Per KWA proposal, initial commodity charge would be based on $1.30/unit or 7,500 gallons Charge is based on 12MGD

ALTERNATE PROJECTION - SUMMARY COMPARISON: KWA V DWSD WITH DWSD COSTS REDUCED (Fixed Costs held constant; Commodity Costs Increased by 2.25% Annually)



FINAL 10/31/2012

ALTERNATE PROJECTION
SUMMARY COMPARISON: KWA V DWSD WITH DWSD COSTS REDUCED
(FIXED COSTS HELD CONSTANT; COMMODITY COSTS INCREASED BY 2.25% ANNUALLY)

Water and Sewer Cash Flow with KWA

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 14,713,859	$ 15,024,358	$ -	$ -	$ -	$ -	$ -
KWA Entry Fee	$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
KWA Debt	$ -	$ -	$ -	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155
FWTP Debt	$ -	$ -	$ -	$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
KWA operations	$ -	$ -	$ -	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
FWTP operations w KWA	$ -	$ -	$ -	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Total Costs	$ 15,576,658	$ 15,295,259	$ 15,605,758	$ 14,888,149	$ 15,274,260	$ 15,679,676	$16,105,363	$ 16,552,334

Water and Sewer Cash Flow with DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 14,713,859	$ 15,024,358	$ 15,345,778	$ 15,678,562	$ 16,023,172	$16,380,091	$ 16,749,823

Cash Flow Difference: KWA and DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Annual Cost: DWSD - KWA	$ (1,162,800)	$ (581,400)	$ (581,400)	$ 457,629	$ 404,302	$ 343,496	$ 274,728	$ 197,489
Cumulative Gain with KWA	$ (1,162,800)	$ (1,744,200)	$ (2,325,600)	$ (1,867,971)	$ (1,463,669)	$ (1,120,173)	$ (845,445)	$ (647,956)

(1) *This projection assumes* that DWSD fixed costs remain at 2013 levels and that operating costs increase by 2.25% annually

(2) KWA costs are as in the Original Projection.

(3) In this comparison, KWA costs are still less once operations begin (by 2.9%), and cumulative gain does not occur until after year 8 Over time, DWDS costs could be less with these limitations on cost increases.

Detail of Cost Projections FINAL 10/31/2012

Cost Comparisons: Water Supply to City of Flint from DWSD and proposed KWA project
(FIXED COSTS HELD CONSTANT; COMMODITY COSTS INCREASED BY 2.25% ANNUALLY)

Cost of water to City (excluding Genesee) using continued service from DWSD with modified escalator

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Fixed Cost (1)	$ 4,411,680	$ 4,411,680	$ 4,411,680	$ 4,411,680	$ 4,411,680	$ 4,411,680	$ 4,411,680	$ 4,411,680
Escalator	1 00	1 00	1 00	1 00	1.00	1 00	1 00	
Commodity Cost (2)	$ 7,276,640	$ 7,440,364	$ 7,607,773	$ 7,778,947	$ 7,953,974	$ 8,132,938	$ 8,315,929	$ 8,503,038
Escalator	1 0225	1 0225	1 0225	1 0225	1 0225	1 0225	1.0225	
Flint WTP Operating Cost (3)	$ 2,725,538	$ 2,861,815	$ 3,004,906	$ 3,155,151	$ 3,312,908	$ 3,478,554	$ 3,652,482	$ 3,835,106
Escalator	1 05	1 05	1 05	1 05	1 05	1 05	1.05	
TOTAL	$ 14,413,858	$ 14,713,859	$ 15,024,358	$ 15,345,778	$ 15,678,562	$ 16,023,172	$16,380,091	$ 16,749,823

Cost of water to City of Flint using proposed KWA project for water supply to Flint WTP

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
KWA Entry Costs (1)	$ 1,162,800	$ 581,400	$ 581,400		$ -	$ -	$ -	$ -
Fixed KWA Construction Cost (2)				$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155
Escalator				1 00	1.00	1 00	1 00	
Fixed Flint WTP Construction Cost (3)				$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
Escalator				1 00	1.00	1 00	1 00	
Flint WTP Operating Cost (4)	$ 5,911,538	$ 6,207,115	$ 6,517,471	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Escalator	1.05	1 05	1 05	1.05	1.05	1 05	1 05	
KWA Commodity Charge (5)	$ 759,200	$ 797,160	$ 837,018	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
Escalator	1 05	1 05	1 05	1.05	1 05	1 05	1 05	
TOTAL	KWA NOT AVAILABLE			$ 14,888,149	$ 15,274,260	$ 15,679,676	$16,105,363	$ 16,552,334

ES-6: SUMMARY OF WATER AND WASTEWATER VOLUMETRIC RATES

Water Volumetric Rates

CUSTOMER CLASS	CONSUMPTION BLOCK	UNITS	FY 2014 Existing Block Rates	Test Year FY 2015 Proposed Block Rates	Forecast FY 2016 Proposed Block Rates	Forecast FY 2017 Proposed Block Rates	Forecast FY 2018 Proposed Block Rates	Forecast FY 2019 Proposed Block Rates
Annual % Increase in Rate Revenues			0.00%	5.00%	5.00%	5.00%	5.00%	3.00%
Total Inside City All Classes								
Inside City Block 1	0-35 CCF	($/CCF)	$ 7.52	$ 7.92	$ 8.32	$ 8.73	$ 9.17	$ 9.44
Inside City Block 2	36-2000 CCF	($/CCF)	$ 7.31	$ 7.62	$ 8.00	$ 8.40	$ 8.82	$ 9.08
Inside City Block 3	above 2000 CCF	($/CCF)	$ 5.79	$ 6.09	$ 6.40	$ 6.72	$ 7.05	$ 7.27
Total Outside City All Classes								
Outside City Block 1	0-35 CCF	($/CCF)	$ 11.26	$ 11.88	$ 12.48	$ 13.10	$ 13.75	$ 14.17
Outside City Block 2	36-2000 CCF	($/CCF)	$ 10.77	$ 11.42	$ 12.00	$ 12.60	$ 13.23	$ 13.62
Outside City Block 3	above 2000 CCF	($/CCF)	$ 8.68	$ 9.14	$ 9.60	$ 10.08	$ 10.58	$ 10.90

Wastewater Volumetric Rates

CUSTOMER CLASS		FY 2014 Existing Rates	Test Year FY 2015 Proposed Rates	Forecast FY 2016 Proposed Rates	Forecast FY 2017 Proposed Rates	Forecast FY 2018 Proposed Rates	Forecast FY 2019 Proposed Rates
Annual % Increase in Rate Revenues		0.00%	7.50%	7.00%	7.00%	4.50%	3.00%
Total Inside City All Classes	($/CCF)	$ 4.80	$ 5.17	$ 5.53	$ 5.92	$ 6.18	$ 6.37
Total Outside City All Classes	($/CCF)	$ 5.29	$ 5.68	$ 6.08	$ 6.51	$ 6.80	$ 7.01

ES-7: SUMMARY OF WATER AND WASTEWATER FIXED CHARGES

CUSTOMER CLASS	WATER FIXED CHARGES						WASTEWATER FIXED CHARGES					
	FY 2014 Existing Charge	Test-Year FY 2015 Proposed Charge	Forecast FY 2016 Proposed Charge	Forecast FY 2017 Proposed Charge	Forecast FY 2018 Proposed Charge	Forecast FY 2019 Proposed Charge	FY 2014 Existing Charge	Test-Year FY 2015 Proposed Charge	Forecast FY 2016 Proposed Charge	Forecast FY 2017 Proposed Charge	Forecast FY 2018 Proposed Charge	Forecast FY 2019 Proposed Charge
Inside City Residential												
5/8"	$ 21.78	$ 22.90	$ 24.05	$ 25.25	$ 26.51	$ 27.31	$ 32.00	$ 34.46	$ 36.90	$ 39.48	$ 41.26	$ 42.49
3/4"	$ 41.68	$ 44.03	$ 46.23	$ 48.54	$ 50.97	$ 52.50	$ 46.92	$ 50.56	$ 54.10	$ 57.89	$ 60.49	$ 62.31
1"	$ 55.28	$ 58.15	$ 61.05	$ 64.11	$ 67.31	$ 69.33	$ 65.34	$ 70.41	$ 75.33	$ 80.61	$ 84.24	$ 86.76
1-1/2"	$ 55.28	$ 58.15	$ 61.05	$ 64.11	$ 67.31	$ 69.33	$ 65.34	$ 70.41	$ 75.33	$ 80.61	$ 84.24	$ 86.76
2"	$ 55.28	$ 58.15	$ 61.05	$ 64.11	$ 67.31	$ 69.33	$ 65.34	$ 70.41	$ 75.33	$ 80.61	$ 84.24	$ 86.76
Inside City Commercial												
5/8"	$ 63.39	$ 66.79	$ 58.58	$ 61.51	$ 64.58	$ 66.52	$ 51.82	$ 55.80	$ 59.81	$ 64.00	$ 66.88	$ 68.88
3/4"	$ 81.26	$ 84.02	$ 67.22	$ 70.58	$ 74.11	$ 76.33	$ 64.43	$ 69.37	$ 74.23	$ 79.42	$ 83.00	$ 85.49
1"	$ 75.10	$ 78.48	$ 82.41	$ 86.53	$ 90.85	$ 93.58	$ 84.71	$ 91.20	$ 97.58	$ 104.41	$ 109.11	$ 112.38
1-1/2"	$ 107.76	$ 112.60	$ 118.23	$ 124.15	$ 130.35	$ 134.26	$ 137.84	$ 148.40	$ 158.79	$ 169.91	$ 177.55	$ 182.88
2"	$ 150.62	$ 157.40	$ 165.27	$ 173.53	$ 182.21	$ 187.68	$ 196.16	$ 211.19	$ 225.97	$ 241.79	$ 252.67	$ 260.25
3"	$ 297.45	$ 310.83	$ 326.37	$ 342.69	$ 359.83	$ 370.62	$ 438.06	$ 471.62	$ 504.64	$ 539.99	$ 564.28	$ 581.19
4"	$ 523.50	$ 547.05	$ 574.40	$ 603.12	$ 633.28	$ 652.28	$ 721.84	$ 777.14	$ 831.54	$ 889.75	$ 929.79	$ 957.68
6"	$ 1,029.43	$ 1,075.75	$ 1,129.54	$ 1,186.02	$ 1,245.32	$ 1,282.68	$ 1,459.96	$ 1,571.60	$ 1,681.82	$ 1,799.55	$ 1,880.53	$ 1,936.94
8"	$ 1,492.88	$ 1,560.05	$ 1,638.05	$ 1,719.96	$ 1,805.95	$ 1,860.13	$ 2,148.21	$ 2,312.79	$ 2,474.68	$ 2,647.81	$ 2,767.07	$ 2,850.08
10"	$ 2,060.75	$ 2,153.48	$ 2,261.16	$ 2,374.21	$ 2,492.93	$ 2,567.71	$ 2,918.39	$ 3,141.97	$ 3,361.91	$ 3,597.24	$ 3,759.12	$ 3,871.89
12"	$ 2,493.12	$ 2,605.31	$ 2,735.57	$ 2,872.35	$ 3,015.97	$ 3,106.45	$ 3,426.23	$ 3,688.72	$ 3,946.93	$ 4,223.22	$ 4,413.28	$ 4,545.68
16"	$ 3,102.64	$ 3,242.26	$ 3,404.36	$ 3,574.58	$ 3,753.31	$ 3,865.90	$ 4,523.65	$ 4,870.63	$ 5,211.47	$ 5,576.27	$ 5,827.20	$ 6,002.02
20"	$ 3,351.18	$ 3,501.66	$ 3,677.08	$ 3,860.83	$ 4,053.98	$ 4,175.60	$ 5,326.67	$ 5,734.66	$ 6,136.41	$ 6,565.98	$ 6,861.42	$ 7,067.27
Outside City Residential												
5/8"	$ 32.48	$ 34.17	$ 35.87	$ 37.67	$ 39.55	$ 40.74	$ 41.01	$ 44.19	$ 47.28	$ 50.59	$ 52.87	$ 54.48
3/4"	$ 62.71	$ 65.95	$ 69.25	$ 72.71	$ 76.35	$ 78.64	$ 58.01	$ 60.35	$ 64.57	$ 69.09	$ 72.20	$ 74.37
1"	$ 82.79	$ 87.08	$ 91.43	$ 96.01	$ 100.81	$ 103.83	$ 76.99	$ 82.98	$ 88.78	$ 94.98	$ 99.25	$ 102.23
1-1/2"	$ 82.79	$ 87.08	$ 91.43	$ 96.01	$ 100.81	$ 103.83	$ 76.99	$ 82.98	$ 88.78	$ 94.98	$ 99.25	$ 102.23
2"	$ 82.79	$ 87.08	$ 91.43	$ 96.01	$ 100.81	$ 103.83	$ 76.99	$ 82.98	$ 88.78	$ 94.98	$ 99.25	$ 102.23
Outside City Commercial												
5/8"	$ 80.13	$ 83.74	$ 87.93	$ 92.32	$ 96.94	$ 99.85	$ 58.12	$ 62.57	$ 66.95	$ 71.64	$ 74.88	$ 77.11
3/4"	$ 91.72	$ 95.84	$ 100.63	$ 105.67	$ 110.95	$ 114.28	$ 73.62	$ 79.26	$ 84.81	$ 90.75	$ 94.83	$ 97.68
1"	$ 112.57	$ 117.74	$ 123.63	$ 129.81	$ 136.30	$ 140.39	$ 98.05	$ 105.56	$ 112.95	$ 120.88	$ 126.30	$ 130.09
1-1/2"	$ 181.79	$ 189.06	$ 177.52	$ 188.39	$ 195.71	$ 201.59	$ 164.80	$ 177.43	$ 189.85	$ 203.14	$ 212.28	$ 218.65
2"	$ 228.09	$ 238.28	$ 248.07	$ 260.48	$ 273.50	$ 281.70	$ 232.43	$ 250.24	$ 267.76	$ 286.50	$ 299.39	$ 308.38
3"	$ 448.47	$ 468.65	$ 492.08	$ 516.69	$ 542.52	$ 558.80	$ 522.87	$ 562.93	$ 602.33	$ 644.49	$ 673.50	$ 693.70
4"	$ 785.37	$ 820.71	$ 861.74	$ 904.83	$ 950.07	$ 978.57	$ 888.01	$ 953.69	$ 1,020.66	$ 1,092.10	$ 1,141.25	$ 1,175.48
6"	$ 1,543.87	$ 1,613.34	$ 1,694.00	$ 1,778.70	$ 1,867.64	$ 1,923.67	$ 1,770.13	$ 1,905.74	$ 2,039.14	$ 2,181.68	$ 2,280.07	$ 2,348.47
8"	$ 2,239.47	$ 2,340.24	$ 2,457.26	$ 2,580.12	$ 2,709.12	$ 2,790.40	$ 2,648.52	$ 2,849.27	$ 3,048.72	$ 3,262.13	$ 3,408.93	$ 3,511.20
10"	$ 3,107.48	$ 3,247.30	$ 3,409.67	$ 3,580.15	$ 3,759.16	$ 3,871.94	$ 3,522.54	$ 3,792.41	$ 4,057.88	$ 4,341.93	$ 4,537.31	$ 4,673.43
12"	$ 3,739.51	$ 3,907.77	$ 4,103.16	$ 4,308.32	$ 4,523.74	$ 4,658.45	$ 4,132.57	$ 4,449.17	$ 4,760.62	$ 5,093.88	$ 5,323.08	$ 5,482.78
16"	$ 4,653.87	$ 4,863.28	$ 5,106.44	$ 5,361.77	$ 5,629.85	$ 5,798.75	$ 5,497.91	$ 5,919.11	$ 6,333.45	$ 6,778.79	$ 7,081.75	$ 7,294.20
20"	$ 5,483.82	$ 5,709.67	$ 5,995.16	$ 6,294.92	$ 6,609.66	$ 6,807.95	$ 6,532.02	$ 7,032.44	$ 7,524.72	$ 8,051.45	$ 8,413.76	$ 8,666.17

City of Detroit Water and Sewer Proposal
Cost Comparison

Period	City of Flint Usage	Detroit Fixed Cost	Detroit Option Variable Cost	Detroit Option Total Cost	Price Per MCF	Comment
Jan '14	109,173	$ 738,006	$ 1,508,841	$ 2,246,847	$ 13 01	Detroit W & S monthly Purchase M.C.F
Feb '14	117,397	$ 738,006	$ 1,471,538	$ 2,209,544	$ 13 01	Detroit W & S monthly Purchase M C.F
March '14	128,686	$ 738,006	$ 1,376,243	$ 2,114,249	$ 13 01	Detroit W & S monthly Purchase M.C.F
April '14	101,587	$ 738,006	$ 1,297,598	$ 2,035,604	$ 13 93	Detroit W & S monthly Purchase M.C.F
May '14	77,187	$ 738,006	$ 1,075,217	$ 1,813,223	$ 13 93	Data translated production to "purchase equivalents" for comparison
June '14	86,077	$ 738,006	$ 1,199,051	$ 1,937,057	$ 13.93	Data translated production to "purchase equivalents" for comparison
July '14	77,535	$ 846,700	$ 1,156,818	$ 2,003,518	$ 14.92	Data translated production to "purchase equivalents" for comparison
Aug '14	70,450	$ 846,700	$ 1,051,109	$ 1,897,809	$ 14.92	Data translated production to "purchase equivalents" for comparison
Sept '14	73,671	$ 846,700	$ 1,099,177	$ 1,945,877	$ 14.92	Data translated production to "purchase equivalents" for comparison
Oct. '14	64,153	$ 846,700	$ 957,167	$ 1,803,867	$ 14.92	Data translated production to "purchase equivalents" for comparison
Nov. '14	59,461	$ 846,700	$ 887,160	$ 1,733,860	$ 14.92	Data translated production to "purchase equivalents" for comparison
Dec '14*	64,218	$ 846,700	$ 958,133	$ 1,804,833	$ 14.92	Data translated production to "purchase equivalents" for comparison
		$ 9,508,236	**$ 14,038,052**	**$ 23,546,288**		

* - Used 2013 data showing 8% increase over Nov data

1 Cubic Foot = 7 48051948 Gallons [Fluid, US]

NOTE: This does not include the reduction in expenses that would occur if we were to go back to DWSD on an interim period. Thos expenses would be in utilities, chemicals, and perhaps in personnel Those reductions would not exceed $5 million. Based on this, our statement that the cost of returning to DWSD would increase costs by $1 million per month is a conservative estimate.

Detroit Water Purchase Vs Sales FY14

Detroit Water Bill

Usage Period	Invoice Da	Total Purchase M.C.F			Total purchase In UNITS	Total Amt	Fixed Cost	Variable Cost	Total Billed in Units	Total Sales *	Percentage Billed
06/30/13-07/31/13	$ 13 01	115,975			1,159,750	$2,246,847 26	$738,006	$1,508,841 26	1,006,663	$3,188,454 00	86 80%
07/31/13-8/31/13	$ 13 02	113,012			1,130,120	$2,209,543 68	$738,006	$1,471,537 68	859,484	$3,121,199 00	76 05%
08/31/13-09/30/13	$ 13 01	105,783			1,057,830	$2,114,249 34	$738,006	$1,376,243 34	808,172	$2,892,443 00	76 40%
09/30/13-10/31/13	$ 13 01	99,738			997,380	$2,035,603 89	$738,006	$1,297,597 89	779,584	$2,427,343 00	78 16%
10/31/13-11/30/13	$ 13 01	90,127	7,063	8%	901,276	$1,910,568 68	$738,006	$1,172,562 68	650,646	$2,329,414 00	72 19%
11/30/13-12/31/13	$ 13 01	97,190			971,906	$2,002,455 71	$738,006	$1,264,449 71	750,543	$2,403,623 00	77 22%
12/31/13-1/31/14	$ 13 01	109,173			1,091,739	$2,158,358 44	$738,006	$1,420,352 44	892,393	$2,411,703 00	83 42%
01/31/14-2/28/14	$ 13 01	117,397			1,173,970	$2,265,347 27	$738,006	$1,527,341 27	876,457	$2,308,039 00	57 82%
02/28/14-03/31/14	$ 13 01	128,686			1,286,860	$2,412,222 58	$738,006	$1,674,216 58	667,494	$2,236,499 00	51 87%
03/31/14-4/30/14	$ 13 93	101,587			1,015,870	$2,152,848 60	$738,006	$1,414,842 60	725,511	$2,281,328 00	71 42%
04/30/14-05/31/14 **	**$ 13.93**	**77,187**	**577.4**	**62,077,294**	**771,243**	**$1,813,223.04**	**$738,006**	**$1,075,217.04**	242,756	$1,778,271 19	31 48%
05/31/14-06/30/14 **	**$ 13.93**	**86,077**	**643.9**	**68,728,499**	**853,877**	**$1,937,057.35**	**$738,006**	**$1,199,051.35**	261,841	$1,917,772 00	30 66%
		1,241,932.1			12,411,823.0	25,258,325.8	$8,856,072	16,402,253.8	8,121,544.0	29,094,088.2	65.43%

City of Flint Water Production Vs Sales FY15

Usage Period	Invoice Da	Total Purchase M.C.F	Million Gallons	Gallons	Total purchase In UNITS	Total Amt	Fixed Cost	Variable Cost	Total Billed in Units	Total Sales *	Percentage Billed
06/30/14-07/31/14	$ 14.92	77,535	580 0	58,000,000	727,763	$2,003,518.06	$846,700	$1,156,818.06	280,975	$2,147,262 00	38 61%
07/31/14-8/31/14	$ 14.92	70,450	527 0	52,700,000	658,334	$1,897,808.82	$846,700	$1,051,108.82	244,695	$1,876,080 00	37 28%
08/31/14-09/30/14	$ 14.92	73,671	551 1	55,110,000	688,814	$1,845,876.60	$846,700	$1,099,176.60	232,147	$1,783,148 00	33 70%
09/30/14-10/31/14	$ 14.92	64,153	479 9	47,990,000	592,857	$1,803,867.22	$846,700	$957,167.22	258,913	$1,769,597 00	43 67%
10/31/14-11/30/14	$ 14.92	59,461	444 8	44,480,000	545,553	$1,733,859.78	$846,700	$887,159.78	216,300	$1,680,223 00	39 65%
11/30/14-12/31/14											
12/31/14-1/31/15											
01/31/15-2/28/15											
02/28/15-03/31/15											
03/31/15-4/30/15											
04/30/15-05/31/15											
05/31/15-06/30/15											
		345,270.1			3,211,320.8	9,384,930.6	4,233,500.0	5,161,430.5	1,233,030.0	9,256,310.0	38.40%

*** Total Sales do not Include Service Charge Revenue**

	Ratio of Units to gallons
06/30/14-07/31/	0 01254763
07/31/14-8/31/1	0 01245416
08/31/14-09/30/	0 01249889
09/30/14-10/31/	0 01235376
10/31/14-11/30/	0 01226512
Average	0 01242391

02/09/2015

UTILITITY WIDE WATER FUND PROFESSIONAL SERVICES
PERIOD ENDING 02/28/2015

ACCOUNT	DESCRIPTION	2014-15 AMENDED BUDGET	ACTIVITY FOR MONTH 02/28/2015	YTD BALANCE 02/28/2015	ENCUMBERED YEAR-TO-DATE	UNENCUMBERED BALANCE	% BDGT USED
Dept 536.100-Utilities - Water Administration							
Fund 591 - Water Fund							
801.000	**Professional Service**	2,320,000.00	50,418.75	537,844.65	348,549.88	1,433,605.47	38.21
	ROWE City Engineering			contract	$ 79,000.00		
	Dump Site Analysis			contract	$ 42,892.00		
	LAN Water Implementation			contract	$ 244,900.00		
	JFA /U.S. Dept Interior					$ 27,295.00	
	Raftelis Financial Update					$ 23,810.00	
	Bray Road					$ 500,000.00	
	TTHM Violation Letters/Mailings					$ 25,000.00	
	MDEQ Permit Fees					$ 100,000.00	
	Energy Costs/Performance Contracts					$ 250,000.00	
	Veolia Water Consultant					$ 40,000.00	
	City Works/Assest Management					$ 350,000.00	
	Operational Contingency					$ 117,500.00	
Total Dept 536.100-Utilities - Water Administration					**$ 366,792.00**	**$ 1,433,605.00**	
Dept 540.100-Water Service Center Management							
Fund 591 - Water Fund							
801.000	**Professional Service**	374,400.00	0.00	74,877.03	250,869.51	48,653.46	87.00
	Sewerlines Cty Engineering			contract	$ 190,000.00		
	Internal Investigations			contract	$ 95,645.22		
	Landfill Services					$ 12,500.00	
	Janitorial Services					$ 4,260.00	
	After Hours Water & Staking					$ 2,500.00	
	Line Stopping					$ 25,000.00	
					285,645.22	**44,260.00**	

Dept 540.202-Wsc-Water Distriburion Mains								
Fund 591 - Water Fund								
801.000	**Professional Service**	60,000.00	0.00	0.00	500.00		59,500.00	0.83
	Fire Extinguisher Services			contract	500.00			
					500.00			
				Balance is being used for budget adjustment to cover overruns for garage charges				
	Current gararge overruns is $100.000.00						59,500.00	
Dept 540.300-Capital Improvement								
Fund 591 - Water Fund								
801.000	**Professional Service**	2,660,000.00	0.00	0.00	60,000.00		2,600,000.00	2.26
	Water Meters			contract	60,000.00			
	Water Main Replacement Iroquois					$	2,500,000.00	
	Valve Exercising					$	100,000.00	
Total Dept 540.300-Capital Improvement					$ 60,000.00	$	2,600,000.00	
Dept 545.200-Water Plant - Operations								
Fund 591 - Water Fund								
801.000	**Professional Service**	80,000.00	0.00	8,866.98	10,323.02		60,810.00	23.99
	Lab Testing			contract	10,323.02			
	Dam inspections					$	11,500.00	
	Comprehensive Reulatory Compliance					$	40,000.00	
	Lab Proficiency Testing					$	6,000.00	
	All Max Data Support					$	2,500.00	
Total Dept 545.200-Water Plant - Operations					$ 10,323.02	$	60,000.00	
Dept 545.201-Water Plant Maintenance								
Fund 591 - Water Fund								
801.000	**Professional Service**	26,000.00	0.00	3,700.00	12,955.00		9,345.00	64.06
	Vibration Analysis			contract	$ 5,500.00			
	Elevator Inspections & Services			contract	$ 2,455.00			
	Diving for Dams Inspection			contract	$ 5,000.00			
	RPZ Inpsection & Repair					$	4,000.00	
	Generator Inspection & Services					$	5,000.00	
Total Dept 545.201-Water Plant Maintenance		26,000.00	0.00	3,700.00	$ 12,955.00	$	9,000.00	64.06

Dept 545.300-Water Plant - Capital Improvements
Fund 591 - Water Fund

801.000	**Professional Service**	2,900,000.00	0.00	927,098.07		1,296,474.81	676,427.12	76.67
	Installation of Storage Tanks			contract	$	716,272.00		
	Motor Control Upgrade			contract	$	440,157.00		
	Easement- Electrical Grounding			contract	$	4,054.00		
	Lime Residual			contract	$	135,991.81		
	Cedar Street Pumpt Station						$ 500,000.00	
	Pump Station Feeder						$ 125,000.00	
	TTHM Operationlal Evaluation						$ 50,000.00	
Total Dept 545.300-Water Plant - Capital improvements		2,900,000.00	0.00		$	1,296,474.81	$ 675,000.00	76.67

Total	Budgeted	YTD Balance	Encumbered	Unencumbered
	$8,420,400.00	$1,552,386.73	$2,032,690.05	$4,821,865.00

WATER FUND EXPENSES

GL NUMBER	DESCRIPTION	2013-14 ACTIVITY	2014-15 AMENDED BUDGET	2015-16 APPROVED BUDGET	2015-16 BUDGET CHANGES FOR DWSD	2015-16 BUDGET CHANGES FOR DWSD	STATUS QUO REVISED 2015-16 BUDGET WITH DWSD	2015-16 BUDGET CHANGES WITH DWSD & ALL CAPITAL FUNDING ELIMINATED
Expenses - Water Fund								
Dept 536.100-Utilities - Water Administration								
	Wages and Fringes	$76,155	$528,777	$445,851			$445,851	
	Repairs and Improvements	$2,497,397	$2,320,000	$2,320,000		$0	$2,320,000	($2,320,000)
	Other Expenses	$2,293,410	$2,248,750	$2,248,750			$2,248,750	
Dept 540.100-Water Service Center Management								
	Wages and Fringes	$199,883	$228,451	$256,343			$256,343	
	Repairs and Improvements	$140,599	$374,400	$350,000		$0	$350,000	($350,000)
	Other Expenses	$106,780	$477,292	$547,649		$0	$547,649	
Dept 540.200-Wsc-Meter Reading - Water								
	Wages and Fringes	$439,851	$488,365	$481,816		$0	$481,816	
	Other Expenses	$151,894	$64,000	$64,000		$0	$64,000	
Dept 540.202-Wsc-Water Distribution Maint								
	Wages and Fringes	$2,383,598	$3,008,580	$3,024,627		$0	$3,024,627	
	Repairs and Improvements	$991	$60,000	$85,000		$0	$85,000	($85,000)
	Other	$1,210,118	$920,457	$849,500		$0	$849,500	
Dept 543.100-Water Plant - Operations								
	Wages and Fringes	$988,523	$1,827,003	$1,761,027	Staffing	($376,098)	$1,384,929	
	Repairs and Improvements	$48,729	$80,000	$60,000			$60,000	($60,000)
	Supplies, Utilities and Other	$22,779,389	$3,445,656	$9,318,656			$23,860,446	
					Fixed Charge DWSD	$10,160,400		
					Commodity Chg DWSD	$12,818,190		
					Chemical Purchase	($1,486,800)		
					Electrical Power	($850,000)		
Dept 545.202-Water Plant - Dam Operations		$119,216	$0	$0			$0	
Dept 545.203-Water Plant - Dam Maintenance		$126,623	$0	$0			$0	
Dept 545.300-Water Plant - Capital Improvements								
	Repairs and Improvements	$969,815	$2,900,000	$1,200,000			$1,200,000	($1,200,000)
	Other	$980,161	$3,700,000	$2,400,000			$2,400,000	
Dept 900.100-Cost Allocation and Retiree Healthcare		$3,111,662	$5,600,242	$6,077,577			$6,077,577	
Dept 966.101-PILOT Payment		$1,130,000	$1,130,000	$1,130,000			$1,130,000	
Dept 966.493-Debt Service		$2,638,071	$2,638,071	$2,638,071			$2,638,071	
Dept 540.300-Capital Improvement								
	Repairs and Improvements	$0	$2,660,000	$2,660,000			$2,660,000	($2,660,000)
	Other	$0	$530,000	$530,000			$530,000	
Dept 233.100-Purchasing	Wages and Fringes	$69,263	$0	$29,313			$29,313	
Dept 259.202-Bad Debt Expense		$161,939	$0	$0			$0	

Dept 536.206-Utilities - Water Cross Connection Prog		$100,314	$109,945	$108,182			$108,182	
Dept 545.201-Water Plant Maintenance								
	Wages and Fringes	$1,069,567	$1,147,846	$1,127,386			$1,127,386	
	Repairs and Improvements	$8,142	$26,000	$26,000			$26,000	($26,000)
	Other	$420,048	$671,249	$689,000			$689,000	
591-536.100-990.200	KWA Operation Payment	$0	$584,000	$584,000			$584,000	
	Reserve	$0		$2,873,750			$2,873,750	($2,873,750)
Total Expenses		**$44,210,032**	**$37,767,035**	**$37,886,000**		**$20,265,692**	**$58,151,692**	**$48,576,942**

WATER FUND REVENUES

GL NUMBER	DESCRIPTION	2013-14 ACTIVITY	2014-15 AMENDED BUDGET	2015-16 CLS APPROVED BUDGET		2015-16 BUDGET CHANGES FOR DWSD	STATUS QUO 2015-16 REVISED BUDGET WITH DWSD	2015-16 BUDGET CHANGES WITH DWSD & ALL CAPITAL FUNDING ELIMINATED	
Revenues-Water Fund									
	Meter Water Sales	$42,132,946	$37,000,000	$37,000,000		$20,265,692	$57,265,692	$48,576,942	31%
	Other Revenues	$1,589,155	$886,000	$886,000		$0	$886,000	($886,000)	
	Asset Sale	$3,493,743	$0	$0		$0	$0	$0	
	Carry Over	$0	$3,263,505	$0		$0	$0	$0	
Total Revenues		$47,215,844	$41,149,505	$37,886,000		$20,265,692	$58,151,692	$48,576,942	

Stanton, Terry A. (Treasury)

From:	Wurfel, Brad (DEQ)
Sent:	Monday, February 09, 2015 9:21 AM
To:	Wheaton, Bob (DHS); Lasher, Geralyn (DCH)
Cc:	Muchmore, Dennis (GOV); Murray, David (GOV); Minicuci, Angela (DCH); Stanton, Terry A. (Treasury)
Subject:	FLINT WATER NOTES

Hey, friends. Anticipating more coverage this week on Flint, want to make sure we are all looped in and on the same page. Treasury takes calls on funding and money and the EM. DEQ takes calls on water quality. Here's what I can share about the water quality part.

Total Trihalomethanes (TTHM) are a byproduct of too much chlorine to kill organic material in a water supply. They are among the 80 toxins water suppliers monitor. They are considered a long-term health hazard. As such, they're sampled from water systems every quarter. Systems are required to remain below 80 parts per billion on a yearly average (four quarters). Flint exceeded the average in the course of three quarters last year.

Water system operators around the state periodically get a high result for TTHMs. When consecutive quarters of testing remain at high levels, it's usually a sign that operators are using too much chlorine to address high levels of organic matter in their water source. This most frequently affects systems that use surface water as a source. And several municipal water systems around the state do use surface water (rivers) as a source.

When a water system exceeds this standard, the operator gets a very formally worded violation notice from DEQ that says, effectively, "hey, your numbers are high. Alert your customers and figure out how you're going to bring your numbers back down." This is not as serious as a boil water advisory situation. But, the (think decades) long-term risk of drinking water with high TTHMs is an increased risk of exposure to cancer causing agents, so it's not a situation that the state can accept as status quo.

Because TTHM is measured on an annual (quarterly) basis, it will take a couple quarters of clear results before the city's average falls below the guidelines. This means Flint will probably be issuing another public notice about TTHM in March, despite that the high samples were late last summer.

Flint's numbers have dropped dramatically since the November testing and they're presently in compliance with state drinking water standards.

The water as it leaves the plant is clean, sanitary and safe. However, the water supply system is old, poorly maintained and many residents' connections are also old and poorly maintained. Thus, some residents are experiencing water that smells off or is discolored. This is from the transmission system, not the production system. The three top issues appear to be

a. Hard water interacting with cast iron pipes, causing water that looks rusty (and likely tastes a bit irony)
b. Water sitting too long in the pipes because of valves not working properly or limited users in some sections of the system; or,
c. Residents with old homes that have cast iron connections contributing to the hard water issue.

So, how do we message this issue in light of the many variables at play?

1. Right now, water produced at the Flint plant is meeting state safe drinking water standards.
2. DEQ is aware that many residents have concerns about smell, color and other aesthetic qualities of their water. There are several potential causes for aesthetic water conditions. Residents with these concerns are encouraged to contact the City first to report problems. They also can contact the Michigan DEQ, but the City operates the system and needs to be alerted to concerns with their system to help document problem areas and prioritize improvements.
3. Total Trihalomethane (TTHM) is odorless and colorless. It is regarded as a long-term health concern. TTHM was included in the list of toxins screened under the Safe Drinking Water Act because of its potential for long-term potential health concerns. This is why it is only sampled quarterly. The water operator is required by law to notify residents when the annually averaged

standard has been exceeded, and the system operator is required to take active steps to get back into compliance with the standard for TTHM.

4. Residents received notice because the law requires transparency and works to help ensure residents can make informed decisions. The notice residents received early this month is a totally separate issue from the water discoloration issues some residents are reporting.
5. The DEQ continues working with Flint Water system operators to ensure that residents receive water that complies with state drinking water standards. This system is tested regularly and rigorously, and the results are reported to customers as outlined in the Safe Drinking Water Act.

From: Wheaton, Bob (DHS)
Sent: Wednesday, February 04, 2015 3:57 PM
To: Wurfel, Brad (DEQ)
Subject: RE: IMPORTANT MEDIA ISSUE Please call

Here's what our Bureau of Children and Adult Licensing emailed on Friday:

City of Flint Warns of Potential Health Risks Caused by the City's Drinking Water

The city says there's been too much disinfection byproduct in Flint's water system recently, something that – over many years could cause liver, kidney or central nervous system problems and an increased risk of cancer.

The notice from the city says Flint water is safe to drink but warns that those with a severely compromised immune system, who have an infant or who are elderly may be at increased risk and should seek advice about drinking water from their health care provider.

For others, there is no need to boil water or take other actions, the notice says.

It is recommended that licensed child care providers and licensed adult foster care and homes for the aged providers seek medical advice or use bottle water when serving individuals at increased risk as outlined above.

For more information, go to to the city's website at http://cityofflint.com.

From: Wheaton, Bob (DHS)
Sent: Wednesday, February 04, 2015 3:41 PM
To: Wurfel, Brad (DEQ); Tommasulo, Karen (DEQ)
Cc: Feuerstein, Heather (DEQ)
Subject: IMPORTANT MEDIA ISSUE Please call
Importance: High

Hi Brad, Karen,

Could one of you call me ASAP regarding a media crisis having to do with Flint water?

Thanks!

Bob Wheaton
Manager of Communications/Public Information Officer
Michigan Department of Human Services
235 S. Grand Ave. Suite 1510
P.O. Box 30037
Lansing, MI 48909
Phone: 517-373-4287
Cell: 517-[redacted]
WheatonB@michigan.gov
www.michigan.gov/dhs

Stanton, Terry A. (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Monday, February 09, 2015 1:32 PM
To: Stanton, Terry A. (Treasury)
Subject: Re: FW: Flint Water Update

She continues to assist us and has been retained by Veolia to assist in communications on this project. Part of our contract w Veolia is for them to assist in communications. She is handling our announcement of Veolia to the community.

J

On Mon, Feb 9, 2015 at 1:18 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Jerry…

I received this from my counterpart at DEQ. Is Kelly formally working for the city? Last I was aware, she was assisting DE, pro bono…

Thanks, Terry

From: Kelly Rossman-McKinney [mailto:krossman@truscottrossman.com]
Sent: Monday, February 09, 2015 12:01 PM
To: Wurfel, Brad (DEQ)
Subject: Flint Water Update

Hi, Brad – Wanted to let you know that Flint will be announcing its water consultant tomorrow at a 2 PM media roundtable. Holler if you have questions or need info. Thanks!

Kelly

Kelly Rossman-McKinney, APR

CEO
Truscott Rossman • truscottrossman.com

Boji Tower • 124 W. Allegan St., Ste. 800 • Lansing, MI 48933

200 Renaissance Center, Suite 3160 • Detroit, MI 48243

125 Ottawa Ave NW, Suite 235 Grand Rapids, MI 49503

Office: 517-487-9320
Fax: 517-487-5080
Cell: 517-[redacted]

Koryzno, Edward (Treasury)

From: Google Calendar <calendar-notification@google.com> on behalf of Elizabeth Murphy <emurphy@cityofflint.com>
Sent: Monday, February 09, 2015 1:23 PM
To: Koryzno, Edward (Treasury)
Subject: Accepted: Weekly Flint Meetings @ Thu Feb 19, 2015 8:30am - 9:30am (Elizabeth Murphy)
Attachments: invite.ics

Elizabeth Murphy has accepted this invitation.

Weekly Flint Meetings

Ed Koryzno to Host

Call in – 1-[redacted]

Access Code – [redacted]

When Thu Feb 19, 2015 8:30am – 9:30am Eastern Time

Where Conference Call - Info Below (map)

Calendar Elizabeth Murphy

Who
- Koryzno, Edward (Treasury) - organizer
- Elizabeth Murphy - creator
- Larkin, Brian (GOV)
- Baird, Richard (GOV)
- Maxine Murray (mmurray@cityofflint.com)
- Minix, Connie (DTMB)
- 'James Tolbert'
- Roberts, John (DTMB)
- Etue, Kriste (MSP)
- West, Samantha (GOV)
- Clement, Elizabeth (GOV)
- Hollins, Harvey (GOV)
- Lee, Nichole (MSP)
- Muchmore, Dennis (GOV)
- Smith, Paul (GOV)
- Klotz, Josephine (MSP)
- Pekrul, Daniel (MSP)
- Workman, Wayne (TREASURY)
- O'Neill, Stephen (MSP)
- Carpenter, Brian (TREASURY)
- Sipes, Stephen (MSP)
- Sands, Thomas (MSP)
- Kapp, Gene (MSP)

- 'gambrose@cityofflint.com'
- Deasy, Thomas (MSP)
- Darnell Early (dearly@cityofflint.com)
- Byrne, Randall (Treasury)
- Saxton, Thomas (Treasury)
- Sims, Robbin (MSP) - optional
- Widigan, Robert (TREASURY) - optional
- McGowan, Emmitt (MSP) - optional
- Cousineau, Sara (Treasury) - optional
- Carter, Jerry (MSP) - optional
- Pleyte, Beth (Treasury) - optional
- 'Darnell Earley' - optional

Invitation from Google Calendar

You are receiving this courtesy email at the account koryznoe@michigan gov because you are an attendee of this event

To stop receiving future updates for this event, decline this event. Alternatively you can sign up for a Google account at https //www google com/calendar/ and control your notification settings for your entire calendar

Stanton, Terry A. (Treasury)

From: Wurfel, Brad (DEQ)
Sent: Monday, February 09, 2015 2:13 PM
To: Stanton, Terry A. (Treasury); Wurfel, Sara (GOV); Murray, David (GOV)
Subject: RE: Flint Water Update

Thanks, Terry.
Heads up to all that Flint is required to do its quarterly TTHM sampling again in February. We expect their numbers to be in compliance. But we also expect that they were so far out of compliance in three quarters of 2014 that their annual average will still be out of compliance, which will require them to send another letter to the community in accordance with the safe drinking water act. So the show will, unfortunately, go on.

From: Stanton, Terry A. (Treasury)
Sent: Monday, February 09, 2015 2:08 PM
To: Wurfel, Sara (GOV); Wurfel, Brad (DEQ); Murray, David (GOV)
Subject: RE: Flint Water Update

As I mentioned a couple weeks back, Kelly initially provided some comms assistance/guidance to Darnell Earley, pro bono.

At this point, per Jerry Ambrose, she has been retained by Veolia, Flint's new water consultant, to assist w communications on the project…

From: Wurfel, Sara (GOV)
Sent: Monday, February 09, 2015 12:33 PM
To: Wurfel, Brad (DEQ); Stanton, Terry A. (Treasury); Murray, David (GOV)
Subject: RE: Flint Water Update

Not really – still wondering if TR is working with/through the Emergency Manager OR mayor, or both?

Regardless, is a bit fishy.

From: Wurfel, Brad (DEQ)
Sent: Monday, February 09, 2015 12:17 PM
To: Stanton, Terry A. (Treasury); Wurfel, Sara (GOV); Murray, David (GOV)
Subject: FW: Flint Water Update

Answers the question about whether the Mayor is getting counsel from TR …
b

From: Kelly Rossman-McKinney [mailto:krossman@truscottrossman.com]
Sent: Monday, February 09, 2015 12:01 PM
To: Wurfel, Brad (DEQ)
Subject: Flint Water Update

Hi, Brad – Wanted to let you know that Flint will be announcing its water consultant tomorrow at a 2 PM media roundtable. Holler if you have questions or need info. Thanks!

Kelly

TRUSCOTT ROSSMAN

Kelly Rossman-McKinney, APR
CEO
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Boji Tower • 124 W. Allegan St., Ste. 800 • Lansing, MI 48933
200 Renaissance Center, Suite 3160 • Detroit, MI 48243
125 Ottawa Ave NW, Suite 235 Grand Rapids, MI 49503
Office 517-487-9320
Fax 517-487-5080
Cell 517-[redacted]

Byrne, Randall (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Monday, February 09, 2015 5:28 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: City Analysis of DWSD Proposal
Attachments: Treasurer Analysis City of DWSD Proposal 01-14 (3).xls

Ed/Randy,

Liz sent me this – may be useful.

Robert Widigan | Office of Fiscal Responsibility
State of Michigan | Department of Treasury
430 W. Allegan Street | Lansing, MI 48922
Cell (517) [redacted] WidiganR@michigan.gov

Koryzno, Edward (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Tuesday, February 10, 2015 12:09 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: FW: Draft Water History Table
Attachments: Flint Water Rate History.pdf

Importance: High

Jerry is saying they do not agree with the $28M in fund equity for 2014. The numbers I used came directly from their audit.

Rob

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Tuesday, February 10, 2015 12:03 PM
To: Widigan, Robert (TREASURY)
Cc: Maxine Murray; Elizabeth Murphy; Albert Mooney
Subject: Re: Draft Water History Table

We are looking at it. Unfortunately I am in meetings for a while addressing water issues. But I can tell you this from a quick look - the average residential cost is in teh $150-$160 range. And the equity in the water fund is mostly the value of the assets. I don't know what your point is, but DO NOT conclude that we have $28 million in available cash. Most of it is the value of the capital assets in the system. And the impact of the disconnect from DWSD is not reflected in the FY14 statements since we did not disconnect until May 2014. The increase in value in FY14 is the sale of the pipeline. were it not for that, net equity would have declined.

Jerry

On Tue, Feb 10, 2015 at 10:29 AM, Widigan, Robert (TREASURY) <WidiganR@michigan.gov> wrote:

Jerry,

Attached you will find a table showing the water rate increases since 2005 along with water fund information.

Can you please review the table and let me know if you see anything that should be changed.

Again, the Gov's office has requested this and the earlier requested information no later than COB today, once I receive the information from you I will have to put it into memo format.

If you have any questions or changes please call or email me.

Regards,

Robert Widigan|Office of Fiscal Responsibility

State of Michigan|Department of Treasury

430 W. Allegan Street|Lansing, MI 48922

Office (517) 335-2130|Cell (517) 243-8645|WidiganR@michigan.gov

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Byrne, Randall (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Tuesday, February 10, 2015 8:48 PM
To: Gerald Ambrose
Cc: amooney@cityofflint.com; Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Dempkowski, Angela (Treasury); Widigan, Robert (TREASURY); Pleyte, Beth (Treasury)
Subject: Re: Water Rate History

Jerry - I just talked to Wayne... he would prefer 9:00 as well. Let's use my call in...
1-800-[redacted];[redacted]#

If there is a probably from your end with 9:00 give us a call in the morning. Thanks

---

From: Saxton, Thomas (Treasury)
Sent: Tuesday, February 10, 2015 8:26 PM
To: Gerald Ambrose; Widigan, Robert (TREASURY)
Cc: amooney@cityofflint.com; Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Dempkowski, Angela (Treasury)
Subject: Re: Water Rate History

Wayne / Jerry - I am good with either time... I probably prefer 9:00 but I thought you had a regular Flint call @ 9:00. I can send around a call in, Just let me know the time.

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Tuesday, February 10, 2015 8:12 PM
To: Widigan, Robert (TREASURY)
Cc: amooney@cityofflint.com; Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Dempkowski, Angela (Treasury)
Subject: Re: Water Rate History

I see that Al completed the rate history sheet - thanks, Al!.

I reviewed the draft memo and added some comments you might want to consider.

If we need to talk tomorrow, I suggest 7:30 or 9:00 as I am in another meeting off site. Please call my cell. 517.230.9793

Jerry

On Tue, Feb 10, 2015 at 6:10 PM, Widigan, Robert (TREASURY) <WidiganR@michigan.gov> wrote:

Jerry/Al,

Good afternoon.

Please see the attached and address the yellow highlighted areas. In particular, we need to have an apples-to-apples comparison of average monthly water sewer rates and percentage increases.

Also, please review both documents thoroughly to confirm that everything is correct.

If possible, let's talk at 8:00 am tomorrow morning.

Thanks you,

Robert Widigan|Office of Fiscal Responsibility

State of Michigan|Department of Treasury

430 W. Allegan Street|Lansing, MI 48922

Office (517) 335-2130|Cell (517) [redacted] WidiganR@michigan.gov

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Koryzno, Edward (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Tuesday, February 10, 2015 7:43 AM
To: Koryzno, Edward (Treasury)
Subject: RE: A couple of things

I will get ahold of Jerry or Liz first thing.

Thank you,

Rob

From: Koryzno, Edward (Treasury)
Sent: Tuesday, February 10, 2015 7:17 AM
To: Widigan, Robert (TREASURY)
Cc: Byrne, Randall (Treasury); Dempkowski, Angela (Treasury)
Subject: Fwd: A couple of things

Robert below is an email from Dennis Muchmore which contains questions that we need to get the answers from Jerry this morning.

Let me know if you have any questions.

Sent from my iPad

Begin forwarded message:

> **From:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> **Date:** February 10, 2015 at 6:26:22 AM EST
> **To:** "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>
> **Cc:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Subject: Fw: A couple of things**
>
> Ed - this is the Dennis email I mentioned a bit ago re Flint water

---

From: Muchmore, Dennis (GOV)
Sent: Monday, February 9, 2015 11:35 AM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: A couple of things

1. I need Darnell Earley's new email and phone;
2. Do we have the numbers on the Flint project: Pre cost of DWSD cut off/Present cost for users? Cost of reconnect on Flint end?
3. Discussion with KWA contractors to get a fix on timeline for construction.

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Tuesday, February 10, 2015 9:17 AM
To: Wisniewski, Wendy (GOV)
Subject: Re: A couple of things

thanks... my recollection is Dennis was pushing for Tues but I am happy pushing it back to later in the week. If you will just check with him.

On Feb 10, 2015, at 8:17 AM, "Wisniewski, Wendy (GOV)" <wisniewskiw@michigan.gov> wrote:

> Dennis isn't in the office on Tuesday
>
> **From:** Saxton, Thomas (Treasury)
> **Sent:** Tuesday, February 10, 2015 6:25 AM
> **To:** Muchmore, Dennis (GOV)
> **Cc:** Workman, Wayne (TREASURY); Wisniewski, Wendy (GOV)
> **Subject:** Re: A couple of things
>
> > Darnell's contact information:
> >
> > Darnell.earley@detroitk12.org
> >
> > 313-[redacted] – direct
> > 313-[redacted] – office assistant Valerie
> > 517-[redacted] cell
> >
> > Re Flint water... we should hopefully have something late today or tomorrow. Wayne's guys have a table with the historical rate info you wanted. They are putting together the reconnect $info. I want to make sure though that Jerry A. is comfortable with the numbers, etc.
> >
> > Also, my Beth is working with Wendy to figure out a time for the follow up Wayne Co mtgs. I am just confirming... we were going to do an internal meeting this week and get back to the County next Tues the 17th.

From: Muchmore, Dennis (GOV)
Sent: Monday, February 9, 2015 11:35 AM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: A couple of things

1. I need Darnell Earley's new email and phone;
2. Do we have the numbers on the Flint project: Pre cost of DWSD cut off/Present cost for users? Cost of reconnect on Flint end?

3. Discussion with KWA contractors to get a fix on timeline for construction.

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, February 10, 2015 4:30 PM
To: Widigan, Robert (TREASURY); Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury)
Subject: RE: Answers for Treasury

Finish what you have right now

From: Widigan, Robert (TREASURY)
Sent: Tuesday, February 10, 2015 4:28 PM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury)
Subject: FW: Answers for Treasury
Importance: High

All,

I just received the below from Liz.

Rob

From: Elizabeth Murphy [mailto:emurphy@cityofflint.com]
Sent: Tuesday, February 10, 2015 4:26 PM
To: Widigan, Robert (TREASURY)
Subject: Fwd: Answers for Treasury

Follow up on your questions from this am.
LIZ
---------- Forwarded message ----------
From: **Albert Mooney** <amooney@cityofflint.com>
Date: Tue, Feb 10, 2015 at 4:17 PM
Subject: Answers for Treasury
To: Elizabeth Murphy <emurphy@cityofflint.com>
Cc: Gerald Ambrose <GAmbrose@cityofflint.com>, Howard Croft <hcroft@cityofflint.com>, Amanda Trujillo <atrujillo@cityofflint.com>

Hi Liz,

In regard to the answers to the questions, I have listed the responses for which I have information compiled below.

1. The "Units" from the Treasurer Analysis is million cubic feet. The amounts are derived from two separate sources of data to allow for an evaluation of an entire 12 month period. For the period from January through April (which is before the Flint River was utilized as the source of the water), the amounts represent the actual billings from the Detroit Water & Sewer invoices. For the period from May through December, the amounts are from the production totals that are reported to our Office from Brent Wright in Water Operations. I understand that there has been a decrease in units as the usage previously attributable to General Motors operations on the Flint water system has been diverted to the Genesee County system.

5. The total of the invoices the City of Flint paid for the DWSD water for the 12 months prior to May 1st was $25,503,911. The invoices were for 1,285,982.1 million cubic feet. The analysis total of $23,546,288 is based on the actual usage amounts (which included the aforementioned period from January through April when DWSD provided water) and will reflect lower usage as General Motors left the system, customer changes in usage, and variations in watering.

6. The estimated financial impact needs to be roughly defined due to assumptions pertaining to the incremental expenses incurred from treating the water from the river. Without a full year of history, developing trends for certain expenses is difficult and some billing cycles for certain additional material expenses like electric power lag by one month the actual period for which the expense was incurred. Also, because of certain positions being eliminated in the budget and with wage and benefit changes from contract concessions distorting the data, obtaining a "trued up" year over year comparison of expenses poses a challenge. Looking at the six months of actual data, the incremental additional expenses to treat the water from the river have been $1,469,962. This is compared with the budgeted incremental additional expenses that approximate $2,875,048.

These amounts need to be evaluated in conjunction with the $25,503,911 the City of Flint paid for the DWSD water for the 12 months prior to May 1st and the previously provided Treasurer Analysis total of $23,546,288.

If you have any questions or need more information, please let me know (I attached two workbooks which provides background information). Thank you.

Al Mooney, Interim City Treasurer

(810) 766-7470 ext. [redacted]

--

Liz Murphy
Assistant to the Emergency Manager
City of Flint
810 237 2025

Byrne, Randall (Treasury)

From:	Saxton, Thomas (Treasury)
Sent:	Wednesday, February 11, 2015 6:44 AM
To:	Albert Mooney
Cc:	Widigan, Robert (TREASURY); Jerry Ambrose; Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Dempkowski, Angela (Treasury); Amanda Trujillo
Subject:	Re: Water Rate History

thanks Al - on the spread/sheet table for 2010 is the ave. monthly water/sewer bill rate available ?

On Feb 10, 2015, at 7:15 PM, "Albert Mooney" <amooney@cityofflint.com> wrote:

> Hi Rob,
>
> I found some more data and have updated the spreadsheet (my workbook reflecting the rates is also attached).
>
> On Tue, Feb 10, 2015 at 6:10 PM, Widigan, Robert (TREASURY) <WidiganR@michigan.gov> wrote:
>
> Jerry/Al,
>
> Good afternoon.
>
> Please see the attached and address the yellow highlighted areas. In particular, we need to have an apples-to-apples comparison of average monthly water sewer rates and percentage increases.
>
> Also, please review both documents thoroughly to confirm that everything is correct.
>
> If possible, let's talk at 8:00 am tomorrow morning.
>
> Thanks you,

Robert Widigan|Office of Fiscal Responsibility

State of Michigan|Department of Treasury

430 W. Allegan Street|Lansing, MI 48922

Office (517) 335-2130|Cell (517) [redacted] WidiganR@michigan.gov

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--

Thanks.

Al Mooney, Interim City Treasurer

(810) 766-7470 ext. 2108

<Flint Water Rate History DRAFT 02-10-15(V).xlsx>

<Flint Water Rate History DRAFT 02-10-15(V).xlsx>

Byrne, Randall (Treasury)

From: Albert Mooney <amooney@cityofflint.com>
Sent: Wednesday, February 11, 2015 8:31 AM
To: Widigan, Robert (TREASURY)
Cc: Jerry Ambrose; Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Dempkowski, Angela (Treasury); Amanda Trujillo
Subject: Re: Water Rate History
Attachments: Flint Water Rate History DRAFT 02-11-15(V).xlsx; Final - 02-15 WATER SEWER RATES with Service Charges.xls

FYI, here is the data that includes the earlier periods we did not have available last night.

On Tue, Feb 10, 2015 at 7:14 PM, Albert Mooney <amooney@cityofflint.com> wrote:
Hi Rob,

I found some more data and have updated the spreadsheet (my workbook reflecting the rates is also attached).

On Tue, Feb 10, 2015 at 6:10 PM, Widigan, Robert (TREASURY) <WidiganR@michigan.gov> wrote:

Jerry/Al,

Good afternoon.

Please see the attached and address the yellow highlighted areas. In particular, we need to have an apples-to-apples comparison of average monthly water sewer rates and percentage increases.

Also, please review both documents thoroughly to confirm that everything is correct.

If possible, let's talk at 8:00 am tomorrow morning.

Thanks you.

Robert Widigan|Office of Fiscal Responsibility

State of Michigan|Department of Treasury

430 W. Allegan Street|Lansing, MI 48922

Office (517) 335-2130|Cell (517) [redacted]WidiganR@michigan.gov

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--

Thanks

Al Mooney, Interim City Treasurer

(810) 766-7470 ext [redacted]

--

Thanks.

Al Mooney, Interim City Treasurer

(810) 766-7470 ext. [redacted]

WATER/SEWER RATES Residential

FISCAL YEAR:	WATER	Service Charge* 5/8" remote	SEWER	Service Charge	Units for Ave. Bill	WATER	Service Charge* 5/8" remote	Service Charge	Service Charge	Total	% Change	Comment	Increase
93 7-1-93 to 6-30-94	$ 1.47		$ 1 39		7.00	$10 29		$9 73					
94 7-1-94 to 6-30-95	$ 1 51		$ 1 50		7.00	$10 57		$10.50					
95 7-1-95 to 6-30-96	$ 1 57		$ 1 58		7.00	$10 99		$11 06					
96 7-1-96 to 6-30-97	$ 1.63		$ 1 54		7.00	$11 41		$10.78					
97 7-1-97 to 6-30-98	$ 1.68		$ 1 66		7 00	$11 76		$11 62					
98 7-1-98 to 6-30-99	$ 1.73		$ 1 71		7.00	$12 11		$11 97					
99 7-1-99 to 6-30-00	$ 1.78		$ 1 82		7.00	$12 46		$12 74					
00 7-1-00 to 6-30-01	$ 1 78		$ 1 82		7 00	$12 46		$12 74					
01 7-1-01 to 7-21-02	$ 1 87		$ 1 97		7 00	$13 09		$13.79					
02 7-22-02 to 8-21-02	$ 2.06	$ 8.67	$ 2.17	$ 13 40	7.00	$14.42		$15 19					$0.00
03 8-22-02 to 9-30-03	$ 2.23	$ 8.67	$ 2 17	$ 13 40	7.00	$15.61	$8 67	$15 19	$13.40	$52.87			
04 10-1-03 to 12-31-04	$ 2 99	$ 8 67	$ 2 01	$ 13 40	7 00	$20 93	$8 67	$14 07	$13 40	$57 07	8%		$4.20
05 01-01-05- 5-7-09	$ 3 44	$ 8.67	$ 1 56	$ 13 40	7 00	$24.08	$8.67	$10.92	$13 40	$57 07	0%		$0 00
09 June due date bills 2009	$ 3 96	$ 8.67	$ 2 01	$ 13.40	7.00	$27 72	$8.67	$14 07	$13 40	$63 86	12%		$6.79
11 bills due after 1-15-11	$ 4 95	$ 14 34	$ 2 45	$ 16 35	7.00	$34 65	$14 34	$17.15	$16 35	$82 49	29%	See Rates tab	$18.63
12 bills due after 9-16-11	$ 6 68	$ 19 36	$ 3 31	$ 22.07	7.00	$46.76	$19 36	$23.17	$22 07	$111 36	35%	See Rates tab	$28.87
13 bills effective 7-1-12	$ 7.52	$ 21 78	$ 4.80	$ 32.00	7 00	$52 64	$21.78	$33.60	$32.00	$140.02	26%	See Rates tab	$28.66
15 bills due 8-7-14	$ 7 92	$ 22 90	$ 5 17	$ 34 48	7.00	$55 44	$22.90	$36 19	$34 48	$149 01	6%	See Rates tab	$8 99

Total Increase over 12.5 years **116%**

Total Increase over 5.5 years **108%**

* - Service Charge for 3/4" meter is $44 03

Stanton, Terry A. (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Wednesday, February 11, 2015 9:12 AM
To: Saxton, Thomas (Treasury), Hollins, Harvey (GOV)
Cc: Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury); Clement, Elizabeth (GOV)
Subject: RE: PRESS RELEASE: Water Consultant Announcement

I need something more substantive that we can get to the community about the rates and costs today.

From: Saxton, Thomas (Treasury)
Sent: Wednesday, February 11, 2015 6:09 AM
To: Muchmore, Dennis (GOV); Hollins, Harvey (GOV)
Cc: Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury); Clement, Elizabeth (GOV)
Subject: Fwd: PRESS RELEASE: Water Consultant Announcement

see the press release below re the water consultant. In the conversation Wayne & I had with Jerry late yesterday they are apparently planning a public forum mtg of some type next week to share preliminary results of the consultant's work. Veolia has already been doing some work on this.

Begin forwarded message:

> **From:** Gerald Ambrose <gambrose@cityofflint.com>
> **Date:** February 10, 2015 at 9:13:45 PM EST
> **To:** "Thomas Saxton (Treasury)" <SaxtonT@michigan.gov>, "Wayne Workman (TREASURY)" <workmanw@michigan.gov>
> **Subject: Fwd: PRESS RELEASE: Water Consultant Announcement**
>
> Just in case you did not see this. Had a roundtable with media and Veolia.
>
> ---------- Forwarded message ----------
> From: "Jason Lorenz" <jlorenz@cityofflint.com>
> Date: Feb 10, 2015 2:56 PM
> Subject: PRESS RELEASE: Water Consultant Announcement
> To:
> Cc:
>
> **For Immediate Release**

Flint Hires International Urban Water Experts of

Veolia North America to Assess City's Water Issues

Flint, Michigan – February 10, 2015 – The City of Flint has retained a team of urban water experts from Veolia North America to conduct an analysis of the city's water system. Veolia, which is the world's largest water services and technology company, will assess how Flint's water is tested and distributed, including reviewing water treatment processes and operations, laboratory testing and analysis, and engineering reports that detail the city's treatment and distribution systems.

"We understand the frustration and urgency in Flint," said David Gadis, vice president of Veolia North America's Municipal & Commercial Business. "We are honored to support your community with our technical expertise so that together we can ensure water quality for the people of the city of Flint."

Veolia anticipates its analysis to take less than two weeks, at which time they will present findings to City officials, including the Mayor, City Council and the Emergency Manager. Once the findings are presented, city officials will determine how to move forward.

"Addressing the City's water challenges are the top priority right now and it is important to bring in an independent, highly qualified team to work with us to address the safety and quality issues," said Mayor Dayne Walling.

"Until we have completed our analysis, we cannot say for certain how long it will take to provide solutions to Flint's current water situation," said Gadis. "We have extensive experience handling challenging river water sources, reducing leaks and contaminants and in managing discolored water."

"Veolia worked diligently to respond to our Request For Proposal in a thorough, professional way and demonstrated the ability to immediately support us as we ensure safe, clean water for our residents," said Emergency Manager Jerry Ambrose.

The Veolia team hit the ground running Tuesday morning, meeting with water officials to provide an overview of the work to be conducted. "We look forward to helping Flint's team find ways to address and improve the city's drinking water operation," Gadis said.

The company designs and provides water, waste and energy management solutions to communities and industries across the country, including providing water and wastewater

services to 530 communities in North America. More information is available at www.veolianorthamerica.com.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

Pleyte, Beth (Treasury)

From: Baird, Richard (GOV)
Sent: Wednesday, February 11, 2015 2:44 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Fwd: Re: Flint - Random Thought DWSD

Sent from my Verizon Wireless 4G LTE DROID
---------- Forwarded message ----------
From: "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
Date: Feb 10, 2015 9:15 AM
Subject: Re: Flint - Random Thought DWSD
To: "Baird, Richard (GOV)" <bairdr@michigan.gov>
Cc:

What is she talking about? I'm getting so I understand Bob, but Sue talks in circles...

On Feb 5, 2015, at 9:29 AM, Baird, Richard (GOV) <bairdr@michigan.gov> wrote:

> *Sent from my Verizon Wireless 4G LTE DROI*
> *---------- Forwarded message ----------*
> *From: "Daddow, Robert" <daddowr@oakgov.com>*
> *Date: Feb 5, 2015 8:14 AM*
> *Subject: RE: Flint - Random Thought DWSD*
> *To: "Baird, Richard (GOV)" <bairdr@michigan.gov>*
> *Cc:*
>
> *A resend in response to the separate email you sent out last night on the DWSD response. Given that they have already reduced the annual cost from the $12.5M range to $10.5M range – even as the DWSD Board of Water Commissioners is about to raise the rates substantially for the coming fiscal year – the offer to Flint was reduced. Frankly, this alone would excite the locals. So far I have been requested to speak at no less than five local units' boards / councils and / or have working group sessions / meetings with City officials on DWSD. It is right now a very sensitive subject even as it has not gotten the media attention it will in the coming weeks. With the exception of a presentation I accepted no less than 4 months ago, I have turned them down or made arrangements to have DWSD – the folks actually in charge right now – to present. In the coming weeks, this is going to become the issue du jour.*
>
> *And, even as there were two courses of action on the use of a base (FY-2015 operating budget know to have flaws or the tender offer projections representing a forecast revised for matters not addressed formally by the BOWC through budget amendments) remains an open issue. A recently discovered timing issue in the contracts (namely, that the 'detailed rates' had to be provided to the locals at least 30 days advance of approval – and why they didn't know this in a contract they have been working on for eons is beyond me) may have resulted in the DWSD management determining the base outside even a public discussion of the BOWC or the Authority Board. The base issue is the cause of the range of the water rates being either 9% or 14% - and has a significant impact on the feasibility as described in the MOU. The more and more I learn, the less and less I want to know.*

From: Sue McCormick [mailto:mccormick@dwsd.org]
Sent: Friday, January 30, 2015 6:25 PM
To: Robert Daddow
Cc: poissong@oakgov.com; Richard 'Baird (GOV)'; Nicolette Bateson
Subject: Re: Flint - Random Thought DWSD

The rate we offerred Flint is a bit different than what we calculate for our contract customers. We adjusted the rate of return to reflect the short term, terminated contract status. In other words, the outstanding investment, that we made to serve Flint somewhat recently, will not be recovered without a long term contract. This differential rate of return is now being utilized by Genesee County who was served through the Flint contract, so add to the the additional complications. If we want to get to a lower rate for emergency 'short term' service, we can evaluate our options - but we would have to differentiate it somehow from Genesee or have additional revenue loss or legal exposure there and without a questions there will be huge political issues with our other customers.

Sue F. McCormick, Director
Detroit Water and Sewerage Department
735 Randolph, Room 506
Detroit, Michigan 48226
Office (313)224-4701
Fax (313)224-6067
McCormic@dwsd.org

From: "Robert Daddow" <daddowr@oakgov.com>
To: "Sue McCormick" <mccormick@dwsd.org>, "Nicolette Bateson" <bateson@dwsd.org>
Cc: poissong@oakgov.com, "Richard 'Baird (GOV)'" <bairdr@michigan.gov>
Sent: Friday, January 30, 2015 5:40:16 PM
Subject: Flint - Random Thought

Sue / Nikki – today I chatted with Rich Baird on the Flint matter given that they continue to have on-going water quality problems. Numerous articles are being written on this matter and I suspect it is getting a bit tense in Flint over this critical issue. They are balking at the cost of the DWSD water – which I understand may be a bit more expensive for them simply because of the distance and elevation – completely understandable. The attached letters indicate $847K per month at a standard commodity rate (which I now am beginning to realize is one of the volume flow issues giving rise to the situation we are in with all communities; but we'll leave that alone for the moment).

The attached letter suggest that they can re-connect to the DWSD using the same rates offered to other communities through June 30, 2015. This seems fair and would not exacerbate the already sensitive issue of the sizable rate increases the suburban and retail customers are now facing. Notwithstanding that matter, Mr. Baird inquired of some means of lowering the rate to encourage Flint to return to the DWSD fold on a marginal costing approach that covers some portion of the fixed costs but may be slightly lower than the amount offered in the letter.

The optics of this matter to the suburban customers now facing a 9% to 14% rate increases are troublesome (sans any provision for the balance sheet issues and with little or no provision for the Detroit retail customers likely collection issues arising from these rate increases – which is going to make this summer even more troublesome when the shut offs start circa March / April). How can a reduction occur in the Flint rate covering fixed costs such that additional volumes actually would serve to reduce what would otherwise be the present proposals on the table? Theoretically, it can be justified but it is steeped in cost accounting but if we can't seem to differentiate 'rates' versus 'revenue

requirement' how the heck can we justify something even more complicated to the residents or suburban customers? Perhaps I have answered my own question – it might be able to done and prove to be beneficial, but politically its DOA. The political barrier seems to be too high a hurdle – and the approach already taken of offering to reconnect at the rates and flow previously charged is the only rational approach possible without sending what is already a very sensitive public off the deep end.

Just musing on a Friday afternoon, but I think I answered the question that Rich and I chatted about in the last part of the paragraph above.

--*-*-*-*-*-*-*-*-*-*-*-*-*

DWSD - Email Filter
EMT Rule: Message Allowe *-*-*-*-*-*-*-*-*-*-*-*-*-*-*

72 (Rev 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: February 11, 2015

TO: Tom Saxton, Chief Deputy Treasurer

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: City of Flint Water Rates

Attached and below is information regarding the increase in water and sewer rates for the City of Flint since 2010.

- The data shows the significant deficit position of the water fund which was not rectified until 2013 when water rates were increased by 26%. The data also shows the lack of capital investment for a system as old as Flint.

- This condition is acknowledged in the City's recently adopted Capital Improvements Plan which identified approximately $50M in needed capital improvements over the next several years. This deficiency was also noted in the rate study commissioned by the City of Flint in 2014.

- According to the City, if Flint reconnected to DWSD for the next 18 months, the estimated monthly cost would be more than $1M per month totaling approximately $18M. This includes a fixed monthly charge of $846,700 plus the cost of actual water usage, minus the cost of operational expenditures at the Water Treatment Plant. Even with the elimination of future capital improvements, most of the additional cost would need to be funded with an additional increase to existing rates. Such an increase could approach 30%.

- The option of purchasing DWSD water from the County would be on parity with purchasing water directly from DWSD.

- The KWA previously advised the City that the connection to KWA may take place in mid-2016, but has now stated that weather conditions permitting, the connection could be made as early as December 2015.

- The $8M capital costs to upgrade the Water Treatment Plant was made to be able to treat both river water and KWA water. This upgrade has been funded with the cost reduction in operating costs achieved by not buying water from DWSD during the interim period.

- As you are aware, the City has retained Veolia as an outside water consultant to assist in maintaining the safety and improving the quality of water produced by its water system, and their initial analysis is due to be completed within the next two weeks. In addition, the City's current budget includes $2M for replacement of a 2-mile pipeline segment that is anticipated to significantly address some of the current water issues.

Average monthly bill in 2015 - note that water and sewer are not billed separately; the charges are included within the same bill regardless of water usage.

Water service charge	$22.90
Sewer service charge	$34.48
Total service charge	$57.38

Per unit rate:	
Water	$ 7.92
Sewer	$ 5.17
Total per unit	$13.09

Average family of four uses 7 units per month.
Their bill for usage would be: 7 x 13.09 = 91.63 + 57.38 service charge = $149.

If additional information is desired, please let me know.

City of Flint Water Rate History

Year (Date Effective)	Average Monthly Water/Sewer Bill*	Percentage Change in Water/Sewer Rates	Water Fund** Total Operating Revenue	Water Fund** Unrestricted Net Position	Water Fund** Capital Improvements
2010	$64	12%	$31,956,754	-$5,795,973	$2,091,160
1/15/2011	$82	29%	$36,762,663	-$12,443,265	$1,403,916
9/16/2011	$111	35%			
7/1/2012	$111	26%	$44,854,439	-$8,758,091	$755,681
2013	$140	0%	$49,903,868	$834,447	$147,462
07/01/13 to 06/30/14	$140	0%	$43,552,152	$760,745	$3,301,700
07/01/14 to 06/30/15	$149***	6%	N/A	N/A	N/A

Note* Water rate information is based on average usage of 7 units per month with a 5/8" residential remote meter.

Note** Water fund information was compiled from the City of Flint's CAFR filed with the Michigan Department of Treasury.

Note*** Billing breakdown contained in attached memo.

Pleyte, Beth (Treasury)

From: Hollins, Harvey (GOV)
Sent: Thursday, February 12, 2015 3:59 PM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury); Baird, Richard (GOV); Muchmore, Dennis (GOV)
Subject: RE: Flint water

Thanks Wayne.

From: Workman, Wayne (TREASURY)
Sent: Wednesday, February 11, 2015 3:02 PM
To: Saxton, Thomas (Treasury); Hollins, Harvey (GOV); Baird, Richard (GOV); Muchmore, Dennis (GOV)
Subject: Fwd: Flint water

See below from Jerry

Sent from my iPhone

Begin forwarded message:

> **From:** "Gerald Ambrose" <gambrose@cityofflint.com>
> **To:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Cc:** "Widigan, Robert (TREASURY)" <WidiganR@michigan.gov>, "amooney@cityofflint.com" <amooney@cityofflint.com>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> **Subject: Re: FW: Flint water**
>
> We followed the recommendations of the RFC rate study. Their recommendations encompassed the knowledge of leaving DWSD, as well as the impending increase in costs associated with KWA once connected (City share of debt service), and the need for significant reinvestment in the utility system infrastructure, and a desire to level out future rate increases.
>
> Copy of the RFC study attached.
>
> Jerry
>
> On Wed, Feb 11, 2015 at 12:31 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov<mailto:WorkmanW@michigan.gov>> wrote:
> Please see Harvey's question as to rationale for 2014 rate increase
>
> From: Hollins, Harvey (GOV)
> Sent: Wednesday, February 11, 2015 12:27 PM
> To: Saxton, Thomas (Treasury)
> Cc: Muchmore, Dennis (GOV); Wisniewski, Wendy (GOV); Workman, Wayne (TREASURY)
> Subject: Re: Flint water
>
> Why did the rates go up after the connection to the Flint river?
>
> Best,

Harvey

On Feb 11, 2015, at 12:21 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov<mailto:SaxtonT@michigan.gov>> wrote:
Dennis – the attached pdf is the memo & table that hopefully addresses some of the info needs stemming from the meeting with the pastors last week. Jerry A. has looked at this document as well. In terms of key items at this point (that are mentioned in the memo)....

KWA may be hooked up by the end of this calendar year; weather permitting, etc. Even allowing for some slippage that is positive news

Whether you hooked to DWSD thru the county or directly; it is a $1mm add'l impact to the budget... an add'l 30% increase in rates over existing

They have $2mm already baked in the budget to fix that two mile 'bad' section of pipeline that might address a good portion of the current issues

They now have an outside consultant on the ground who is suppose to provide some preliminary indications next week to help improve the situation

Don't forget about the $2mm SRF loan restructuring (which we have not officially put on the table). Those $s would be available for more system improvements.

Again, sorry this took as long as it did. Let us know if this is what you had in mind or if you need anything else. Wayne – chime in if I missed anything.

See you @ 1:30

<FlintWater.pdf>

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Friday, February 13, 2015 7:41 AM
To: Workman, Wayne (TREASURY)
Subject: Re: Flint

we need from your guys or Jerry a brief simple table that shows the numbers how reconnecting to DWSD will raise rates 30%

On Feb 13, 2015, at 7:31 AM, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov> wrote:

> Yes, not sure what he is saying
>
> **From:** Saxton, Thomas (Treasury)
> **Sent:** Friday, February 13, 2015 7:27 AM
> **To:** Workman, Wayne (TREASURY)
> **Subject:** Re: Flint
>
> lets talk before we respond
>
> On Feb 12, 2015, at 11:34 PM, "Baird, Richard (GOV)" <bairdr@michigan.gov> wrote:
>
> > *Sent from my Verizon Wireless 4G LTE DROID*
> > ---------- Forwarded message ----------
> > From: Robert Daddow <daddowr@oakgov.com>
> > Date: Feb 12, 2015 11:32 PM
> > Subject: Re: Flint
> > To: "Baird, Richard (GOV)" <bairdr@michigan.gov>
> > Cc:
> >
> > Should not have thought politically but financially in the first place. This is very doable. We need to chat. Rjd
> >
> > On Feb 12, 2015, at 10:32 PM, Bart Foster <bfoster@fostergroupllc.com> wrote:
> >
> > > Actually, my quick take is about 8%.
> > >
> > > Some background:
> > > When Flint left, the annual revenue profile for the Water System was initially reduced by $12.5 million, However, we immediately recalculated the rate for Genesee County (recognizing their higher demands), to effectively "claw back" about $2 million of the reduction, so the net Flint impact is ~ $10.5 million, or just under 2.5% of the (reduced) Water System rate revenue. Assuming that same amount could be replaced, and all else being equal, the

"system rate increase" could be reduced by about 3 percent, with a bit more of the reduction occurring in the suburban wholesale rate structure. Safe to say that (again, absent any other changes) the average suburban water rate increase would be closer to 8 percent compared to the current 11.1%.

Hope this helps . . .

--

Bart Foster
President
THE FOSTER GROUP
(913) 345-1410
(913) 345-1640 fax
(913) [redacted]ell
bfoster@fostergroupllc.com <mailto:bfoster@fostergroupllc.com>

Please note that the information in this message along with any attachments are intended for the exclusive use of the addressee and may contain confidential or privileged information. If you are not the intended recipient, please do not forward, copy or print the message or its attachments: notify me at the above address and delete this message and any attachments.
Thank you.

On Feb 12, 2015, at 7:02 PM, Bart Foster <bfoster@fostergroupllc.com> wrote:

> Bob - in transit but will review and reply this evening.
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what – 10.6% - looking for a high level sensitivity analysis here. Can you help? RJD

Byrne, Randall (Treasury)

From: Elizabeth Murphy <emurphy@cityofflint.com>
Sent: Friday, February 13, 2015 1:56 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: Re: DWSD - Flint Cost Comparison
Attachments: Re-Establishing Water Service 2015.pdf

I forgot to attach letter from Sue McCormick which details proposed DWSD terms/rates.
LIZ

On Fri, Feb 13, 2015 at 1:31 PM, Elizabeth Murphy <emurphy@cityofflint.com> wrote:
Ed and Randy,
Please review the atached chart and let me know if this meets your expectations. Jerry has reviewed this.

--
Liz Murphy
Assistant to the Emergency Manager
City of Flint
810 237 2025

--
Liz Murphy
Assistant to the Emergency Manager
City of Flint
810 237 2025

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226-2830
WWW.DETROITMI.GOV

January 12, 2015

Mr. Darnell Earley, Emergency Manager
Mr. Dayne Walling, Mayor
City of Flint
1101 S. Saginaw Street
Flint, Michigan 48502

Dear Messrs. Earley and Walling:

Regarding: Re-establishing Detroit Water and Sewerage Department Water Service

I was recently referred to a report in MLive in which there was reference to the City of Flint (City) potentially re-visiting its decision to utilize Flint River water as a water source prior to the completion of the KWA pipeline. Within that report, there appeared to be some incorrect assumptions about the cost of water service from the Detroit Water and Sewerage Department (DWSD). I write to you today to express the willingness of DWSD to resume delivery of drinking water to the City and its residents. We have monitored the water quality issues that have troubled the City since May, 2014, and understand that many of the difficulties stem from the limited access to source water. Please know that DWSD is ready, willing and able to resume service to the City if you so desire.

If the City is interested in a long term arrangement with DWSD, with this goal in mind, we offer that the City can immediately reconnect to the DWSD system at no additional charge to the City and at the same "expired contract" rate that the City was paying in April, 2014, modified to reflect the 4% increase experienced by all other wholesale customers in July, 2014. The resulting rate structure is a fixed monthly rate of $846,700 and a commodity rate of $14.92/Mcf. In order to facilitate contract negotiations, DWSD is willing to extend this rate to the City (and to Genesee County as the City's partner and former customer) until June 30, 2015.

We at DWSD take very seriously the matter of drinking water quality, and we are as concerned as you must be by the continued quality issues faced by the City. We are confident that DWSD can provide you with a solution for reliable, safe, high quality water on an expeditious timeline. Please contact me directly at (313) 224-4701 if you wish to discuss this offer further.

Sincerely yours,

Sue F. McCormick
Director

cc: Governor Rick Snyder – (via U.S. Mail)
Flint City Council, (via U.S. Mail and Electronic Mail)
Eric Mays; Jacqueline Poplar (c/o Jennie Johnson); Kerry Nelson (c/o Jennie Johnson); Joshua Freeman; Wantwaz Davis; Herbert Winfrey (c/o Jennie Johnson); Monica Galloway, Vicki VanBuren; Scott Kincaid (c/o Jennie Johnson)
Jeff Wright, GCDC – (via Electronic Mail)
Mayor Mike Duggan (via Electronic Mail)
James Fausone, BOWC (via Electronic Mail)
Robert Daddow, GLWA (via Electronic Mail)

Flint Water vs DWSD Water

	Monthly	Annual
Water Usage MCF	71594	859128
DWSD Price Per MCF	$14.92	
DWSD Fixed Charge/Month	$846,700	$10,160,400
Cost of Water/Month Avg.	$1,914,882	$22,978,590
Flint Incremental Cost of Treatment Plant Operation (to continue as a back-up only) Note 2	$239,587	$2,875,048
Net Cost Increase with DWSD - Note 3	$1,675,295	$20,103,542
Fllint Budgeted Water Revenue (FY15)		$37,000,000
New Fee Collection Level to Handle DWSD - Note 4		$48,403,542
Percentage Fee Change to Handle DWSD		30.82%

Note 1 - DWSD prices from 1/ /15 S. McCormick letter
Note 2 - Treatment Plant costs HC email 2/6/15
Note 3 - *Unknown: additional cost to GCDC for pipe lease/mo.*

Note 4 - In order to keep fee increases to the lowest level Flint would need to eliminate the $3 million set aside annually for future costs and completely eliminate the $8.4 million professional services expenses.

Prepared by: E.S. Murphy 2/13/15

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Friday, February 13, 2015 3:52 PM
To: Saxton, Thomas (Treasury)
Subject: RE: Water Cost Analysis - 2

Jerry approved the table.

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Saxton, Thomas (Treasury)
Sent: Friday, February 13, 2015 3:51 PM
To: Koryzno, Edward (Treasury)
Cc: Dempkowski, Angela (Treasury); Workman, Wayne (TREASURY)
Subject: RE: Water Cost Analysis - 2

Did Jerry A or Al sign off on that table ?

From: Koryzno, Edward (Treasury)
Sent: Friday, February 13, 2015 3:39 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: FW: Water Cost Analysis - 2

Attached is the table you requested.

Also attached is a letter from DWSD verifying their rates.

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, February 13, 2015 5:26 PM
To: Koryzno, Edward (Treasury)
Cc: Saxton, Thomas (Treasury); Dempkowski, Angela (Treasury)
Subject: Re: Water Cost Analysis - 2

This sure looks like it is accurate. Will ask Jerry

Sent from my iPad

On Feb 13, 2015, at 3:38 PM, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov> wrote:

> Attached is the table you requested.
>
> Also attached is a letter from DWSD verifying their rates.

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Elizabeth Murphy [mailto:emurphy@cityofflint.com]
Sent: Friday, February 13, 2015 3:30 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Gerald Ambrose
Subject: Water Cost Analysis - 2

Ed,
Does this make it more clear? Items in red are subtracted.

--

Liz Murphy
Assistant to the Emergency Manager
City of Flint
810 237 2025

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, February 13, 2015 5:27 PM
To: Gerald Ambrose
Cc: Koryzno, Edward (Treasury)
Subject: Fwd: Water Cost Analysis - 2
Attachments: image001.jpg; ATT00001.htm; Annual Comparison Flint with DWSD 021315.xlsx; ATT00002.htm; Re-Establishing Water Service 2015.pdf; ATT00003.htm

Do these numbers match what you think?

Sent from my iPad

Begin forwarded message:

> **From:** "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>
> **Date:** February 13, 2015 at 3:38:44 PM EST
> **To:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Cc:** "Dempkowski, Angela (Treasury)" <DempkowskiA@michigan.gov>
> **Subject: FW: Water Cost Analysis - 2**
>
> Attached is the table you requested.
>
> Also attached is a letter from DWSD verifying their rates.

Pleyte, Beth (Treasury)

From: Hollins, Harvey (GOV)
Sent: Sunday, February 15, 2015 10:46 PM
To: Saxton, Thomas (Treasury); Baird, Richard (GOV); Muchmore, Dennis (GOV)
Cc: Workman, Wayne (TREASURY)
Subject: RE: Re: Flint

Tom,
Thanks. I'd like to get such a table out to the Flint stakeholders; however, before doing so, the table probably needs to be modified to better reflect the comparison between Flint River and DWSD.

--HH

From: Saxton, Thomas (Treasury)
Sent: Friday, February 13, 2015 8:10 PM
To: Baird, Richard (GOV); Muchmore, Dennis (GOV); Hollins, Harvey (GOV)
Cc: Workman, Wayne (TREASURY)
Subject: Re: Re: Flint

You may have already seen this (below) blurb from MLive. Also, I had a call from Jerry A. He indicated Veolia is coming to the same conclusion that it may involve tweaking of the process vs some major undertaking. We will know more next week.

I have also attached a table Wayne's & Jerry's staff put together. My sense is there is still this thought that hooking back up to DWSD is cost neutral or nearly so. Hopefully this table shows that is not the case. The info is consistent with we sent you the other day i.e., there is an estimated 30% rate impact.

FLINT, MI – A water quality expert who has spent years working with environmentalist Erin Brockovich is expected to speak at two events in Flint Saturday, Feb. 14.
Robert W. Bowcock, founder of Integrated Resource Management, met with Mayor Dayne Walling, Councilman Wantwaz Davis and others Friday, Feb. 13.
Bowcock said earlier this week that he believes small treatment and distribution adjustments could help fix some of Flint's water quality problems. He toured the city's water treatment plant Friday.
Walling declined to comment on his conversation with Bowcock, but city Councilman Eric Mays said he is anxious to hear his assessment and recommendations.

Davis said Bowcock was straightforward in giving his opinion that the city can cut back on some of the chemicals being used to treat water.

City spokesman Jason Lorenz issued a statement, saying, "The city of Flint honored a request for a tour of its water treatment plant submitted by Mr. Bowcock, as it has done with individuals and groups in the past.

"(Director of Public Works) Director Howard Croft and F-1 Licensed Treatment Operator Mike Glasgow guided the tour and answered all of Mr. Bowcock's questions. Tours of the Water Treatment Plant can be arranged by appointment for interested groups by calling 810-787-6537."

Bowcock is scheduled to join in a march for water quality through downtown Flint, which is planned to begin at 1 p.m. Saturday at Flint City Hall, 1101 S. Saginaw St., and end at The Durant.

Bowcock is also scheduled to speak at a forum at the Saints of God Church, 2200 Forest Hill Ave., Flint, from 3-4:15 p.m.

Brockovich, portrayed by Julia Roberts in a 2000 movie about her fight over the pollution of a California town, has been speaking out on Facebook about Flint's water issues for several weeks. Today, she posted a photo of Bowcock, Davis and march organizer Melissa Mays inside the Flint water plant, saying she was "so honored this community would seek my help ... and I am glad I could send Bob to get it done."

In addition to customer complaints about the price and quality of the water, there were several boil water advisories in Flint in 2014 and the city was found in violation of the Safe Drinking Water Act for excess total trihalomethanes in the water supply last year.

The city began using the Flint River as its source of drinking water in April after 50 years of handling only the distribution of already-treated Lake Huron water purchased from the Detroit Water and Sewerage Department.

Since that time, some citizens and members of the City Council have advocated abandoning the use of the river and purchasing lake water from the Detroit until the Karegnondi Water Authority pipeline is complete.

The city and Genesee County are partners in the KWA.

From: Baird, Richard (GOV)
Sent: Thursday, February 12, 2015 11:34 PM
To: Muchmore, Dennis (GOV); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Fwd: Re: Flint

Sent from my Verizon Wireless 4G LTE DROID

---------- Forwarded message ----------
From: Robert Daddow <daddowr@oakgov.com>
Date: Feb 12, 2015 11:32 PM
Subject: Re: Flint
To: "Baird, Richard (GOV)" <bairdr@michigan.gov>
Cc:

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On Feb 12, 2015, at 10:32 PM, Bart Foster <bfoster@fostergroupllc.com> wrote:

> Actually, my quick take is about 8%.
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> Some background:
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>
> Hope this helps . . .
> --
> Bart Foster
> President
> THE FOSTER GROUP
> (913) 345-1410
> (913) 345-1640 fax
> (913) 530-6240 cell
> bfoster@fostergroupllc com <mailto:bfoster@fostergroupllc.com>
> *Please note that the information in this message along with any attachments are intended for the exclusive use of the addressee and may contain confidential or privileged information. If you are not the intended recipient, please do not forward, copy or print the message or its attachments: notify me at the above address and delete this message and any attachments.*
> *Thank you.*
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$847K / month cited in Ms. McCormick's January 12th memorandum and after the release of the rates yesterday, bringing Flint back would – on a marginal cost basis – serve to mitigate the wholesale (suburban) customer rate increase of 11.1% cited in yesterday's presentation. Without going into a whole lot of detailed calculations (unless necessary), what would the impact of the inclusion of Flint starting say on July 1, 2015 (hypothetical date) be on the rate increase presently now in the public? A revised increase of what – 10.6% - looking for a high level sensitivity analysis here. Can you help? RJD

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Monday, February 16, 2015 8:41 AM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury); Dempkowski, Angela (Treasury)
Subject: Fwd: Flint

Maybe we can discuss this table idea Tuesday am while I am driving. It may be a good way to simplify things

Sent from my iPad

Begin forwarded message:

> **From:** "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>
> **Date:** February 15, 2015 at 10:46:19 PM EST
> **To:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Baird, Richard (GOV)" <bairdr@michigan.gov>, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
> **Cc:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Subject: RE: Re: Flint**
>
> Tom,
> Thanks. I'd like to get such a table out to the Flint stakeholders; however, before doing so, the table probably needs to be modified to better reflect the comparison between Flint River and DWSD.
>
> --HH
>
> ---
>
> **From:** Saxton, Thomas (Treasury)
> **Sent:** Friday, February 13, 2015 8:10 PM
> **To:** Baird, Richard (GOV); Muchmore, Dennis (GOV); Hollins, Harvey (GOV)
> **Cc:** Workman, Wayne (TREASURY)
> **Subject:** Re: Re: Flint
>
> You may have already seen this (below) blurb from MLive. Also, I had a call from Jerry A. He indicated Veolia is coming to the same conclusion that it may involve tweaking of the process vs some major undertaking. We will know more next week.
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Flint Water vs DWSD Water					
	Monthly		Annual		
Water Usage MCF	71594		859128		
DWSD Price Per MCF	$14.92		$14.92		
DWSD Fixed Charge/Month	$846,700		$10,160,400		
Cost of Water/Month Avg.	$1,914,882		$22,978,590		
Flint Incremental Cost of Treatment Plant Operation (to continue as a back-up only) Note 2	$239,587		$2,875,048		
Net Cost Increase with DWSD - Note 3	$1,675,295		$20,103,542		
Flint Budgeted Water Revenue (FY15)			$37,000,000		
Potential Budget Reductions - $3million set aside, $8.4million prof services - Note 4			$11,400,000		
New Fee Collection Level to Handle DWSD Additional Cost			$48,403,542		
Percentage Fee Change to Handle DWSD			30.82%		New Rev. Level-Current Budget Level/Current Budget Level
Note 1 - DWSD prices from 1/12/15 S. McCormick letter					
Note 2 - Treatment Plant costs HC email 2/6/15					
Note 3 - Unknown: additional cost to GCDC for pipe lease/mo.					
Note 4 - In order to keep fee increases to the lowest level Flint would need to eliminate the $3 million set aside annually for future costs and completely eliminate the $8.4 million professional services expenses.					
Prepared by: E.S. Murphy 2/13/15					

Gerald Ambrose
Emergency Manager

Dayne Walling
Mayor

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com

For Immediate Release

City of Flint to Form Water Advisory Committee from Members of the Community to Share Updates and Concerns

Flint, Michigan – February 16, 2015 – In response to the recent concerns regarding water quality in the City of Flint, a water advisory committee of 40 citizens consisting of business owners, elected officials and members of various community organizations is being formed. The committee's formation comes after the City hired the firm Veolia to provide an analysis of Flint's water system as well as recommendations on actions to improve water quality. The purpose of the committee will be to provide the community with ongoing information on the City's work to maintain a safe water supply and to improve quality.

In addition to gathering information from the City to share during their interactions with the community, committee members will also be expected to share the concerns they receive from the community in order for those concerns to be addressed. Mayor Dayne Walling pointed out that the level of connection between the City and the community provided by the committee is an important step toward ensuring that the public is engaged in this ongoing issue.

"Members of our community have concerns about the quality of their water, the costs associated with delivering it and the problems facing the infrastructure that brings it to them," said Mayor Walling. "As we worked to address each of these areas in turn, keeping our residents, businesses and visitors informed on the progress being made and keeping a dialogue open to hear any new concerns is crucial."

–CONTINUE–

Gerald Ambrose
Emergency Manager

Dayne Walling
Mayor

All meetings by the Water Advisory Committee will be open to the public and will be held at easily accessible locations throughout the city. Meetings will be held on a regular basis as work continues at least until the City is receiving its water from the Karegnondi Water Authority, which is anticipated to be in 2016.

The first meeting is anticipated to be during the first week of March, 2015. Letters have been sent to prospective members and confirmation is expected to be received by Friday, February 20, 2015. Any group who has not received an invitation and who would like to have a member participate can send a request to mayor@cityofflint.com.

A second, smaller group of experts in various areas surrounding water is also being formed. The Technical Advisory Committee will consist of members from the areas of health, government, industry, education and scientific research. That group will be announced later this week.

Groups and designated individuals asked to join the Water Advisory Committee:

Flint City Council President	Flint Community Schools
Chair Public Works Cmte.	Genesee County Commissioner
Concerned Pastors for Social Action	Genesee County Medical Society
Flint & Genesee Chamber of Commerce	Kettering University
Hurley Medical Center	Mott Community College
McLaren Flint	U of M Flint
Genesys Health System	Consumers Energy
The United Way	Flint River Watershed Coalition
Big Brothers Big Sisters	Hamilton Community Health Network

–CONTINUE–

Gerald Ambrose
Emergency Manager

Dayne Walling
Mayor

Tenacity Brewing (owner/city resident)

Master Plan Infrastructure team

Genesee County Drain Commissioner

The Torch (owner/city resident)

Flint Area Congregations Together

Flint Neighborhoods United

State Rep. Phil Phelps

State Rep. Sheldon Neeley

State Senator Jim Ananich

Governor's Office

U.S. Rep. Dan Kildee

COGIC Alliance

Flint Downtown Small Business Assoc.

Genesee Landlords' Assoc.

Brennan Senior Center

Hasselbring Senior Center

Valley Area Agency on Aging

The Salvation Army

Catholic Charities of Shiawassee and Genesee Counties

Genesee County Health Dept.

–END–

2-18-15
Flint

	Current Operations	
	Monthly	Annual
Water Usage MCF	71,594	859,128
Price Per MCF		
Cost of Water Usage per MCF		
Fixed Charge/Month		
Flint Incremental Cost of Treatment Plant Operation (to continue as a back-up only)	$ 239,587.00	$ 2,875,044.00
Flint Set aside	$ 250,000.00	$ 3,000,000.00
Flint Professional Services	$ 700,000.00	$ 8,400,000.00
Cost of Water/Month Avg.		
Rate increase if the New Fee Collection Level to Handle DWSD Additional Cost was $48,403,542		

DWSD Reconnect		Impact on Switch to DWSD on the FY 15 Flint Budgeted Water Revenue Set at $37,000,000	% Rate Increase needed to adjust to DWSD Switch
Monthly	Annual		
71,594	859,128		
$ 14.92	$14.92		
$ 1,068,182.48	$ 12,818,189.76	$ 12,818,189.76	34.64%
$ 846,700.00	$ 10,160,400.00	$ 22,978,589.76	62.10%
$ (239,587.00)	$ (2,875,044.00)	$ 20,103,545.76	54.33%
$ (250,000.00)	$ (3,000,000.00)	$ 17,103,545.76	46.23%
$ (700,000.00)	$ (8,400,000.00)	$ 8,703,545.76	23.52%
$ 725,295.48	$ 8,703,545.76	$ 8,703,545.76	23.52%
		$ 11,403,542.00	30.82%

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, February 18, 2015 4:47 PM
To: Widigan, Robert (TREASURY); Cline, Richard (Treasury)
Subject: FW: Bi-Weekly Conference Call Agenda
Attachments: Agenda for Conference Call with Treasury 021815.pdf

FYI,

Randy,

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Wednesday, February 18, 2015 4:40 PM
To: Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Carter, Jerry (MSP); Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); Hill, Darryl (MSP); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Smith, Paul (GOV); Byrne, Randall (Treasury); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); West, Samantha (GOV)
Subject: Bi-Weekly Conference Call Agenda

Good afternoon,

Please find attached the agenda for the conference call scheduled for **Thursday, February 19th, at 8:30 am.**

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Gerald Ambrose, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Thursday 9:00am Phone Conference Agenda

February 19, 2015 1-[redacted] Access code [redacted]

		Last Report	Status
1) Public Safety Update – FPD, MSP, (FFD, if needed)			
	a) FPD	Status Report	Update
	b) FFD	* SAFER Grant - Recommendation is to not apply in 2015, do apply in 2016 in light of anticipated FY17 shortfall.	Update
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	a) Financial Ordinances	Complete	Update
	b) Management Vacancies	MML has been selected to recruit candidates for Treasurer, HR Director and Finance Director. Search for Fire Chief to be added - effective date 7/1/15	Update

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4) City Council Update			
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	b) Council/Mayor Compensation	Revision to Council and Mayor compensation is being developed.	Update
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	b) Distressed Cities Grants	Announcements made for grant awards to Flint for Leak Detection and Sewage sludge Load Out Facility.	No Change
	c) Drinking Water Revolving Fund	Discussing possible restructuring of loans.	No Change
	d) Water Quality Consultant	Veolia will provide preliminary recommendations at the 2/18/15 Public Works Committee meeting - including process improvements, distributions system actions, communications improvements, and personnel support by way of new policies and procedures, training and new testing models. Priority budget, and timeline to follow within 1-2 weeks; much improvement has occurred as demonstrated by the most recent testing.	Update
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7) Transition Activities			
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Pleyte, Beth (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Wednesday, February 18, 2015 5:01 PM
To: Hollins, Harvey (GOV); Workman, Wayne (TREASURY); Byrne, Randall (Treasury); Koryzno, Edward (Treasury); Widigan, Robert (TREASURY); Saxton, Thomas (Treasury)
Subject: Fwd: Copy of Presentation
Attachments: Flint Public Works Committee Interim Report V6 - Final.pptx

Veolia presentation...interim report

---------- Forwarded message ----------
From: "Nicholas, Robert" <robert.nicholas@veolia.com>
Date: Feb 18, 2015 4:03 PM
Subject: Copy of Presentation
To: <jlorenz@cityofflint.com>, "Elizabeth Murphy" <emurphy@cityofflint.com>, "Howard Croft" <hcroft@cityofflint.com>, "gambrose@cityofflint.com" <gambrose@cityofflint.com>
Cc:

Good Afternoon

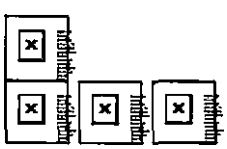
You will find attached a copy of the presentation for this afternoon.

--
Rob Nicholas
Vice President, Development
Municipal & Commercial Business
VEOLIA NORTH AMERICA

tel

+1 859 582 0104

5071 Endview Pass / Brooksville, FL 34601
Robert.Nicholas@veolia.com
www.veolianorthamerica.com



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VEOLIA

City of Flint, MI
City Council Public Works Committee
Interim Water Quality Report

Veolia Scope of Work

Week 1

- Provide a review of current actions
- Engage staff, visit facilities and analyze data
- Make interim report

Week 2

- Carry out more detailed study of initial findings
- Make recommendations for Improving water quality
- Provide a plan, cost and schedule for change

Items of Note

- **Not in scope** – studying why the change from DWSD or the history of the utility
- **What we found** – A very frustrated community and a staff trying to solve the problem, having some success but frustrated with the pace of change

Everybody Is Checking the Safety of Water

- City, state, news media, universities and other groups
- Safe = compliance with state and federal standards and required testing
  - *Latest tests show water is in compliance with drinking water standards*
  - *Monthly report available on web page*
- More than 20,000 tests required annually for city
- Strict testing requirements in place (what and how to test)

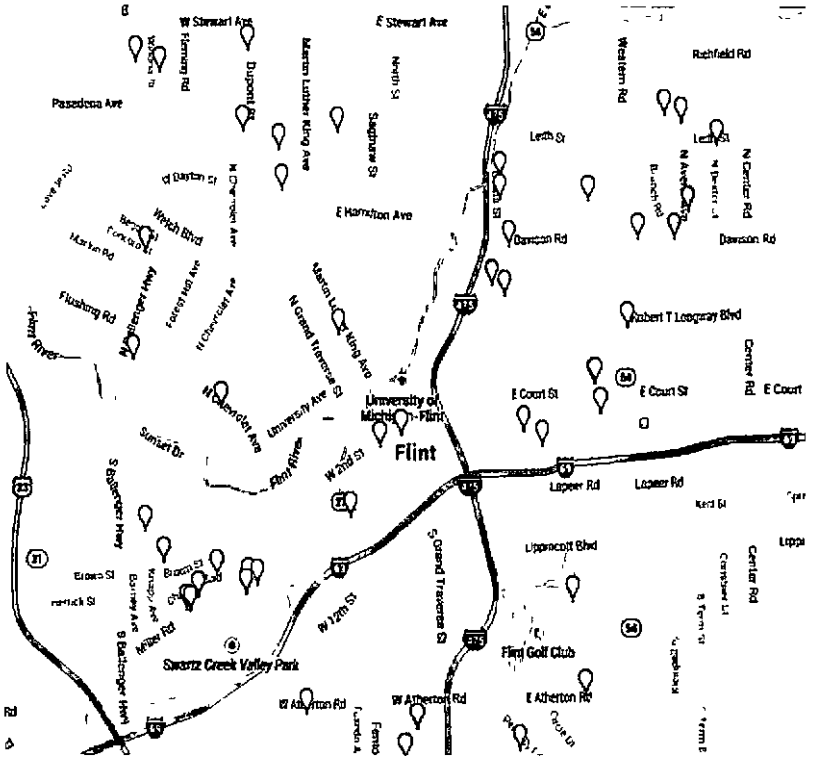
Why TTHM Notices?

- TTHM is formed as a result of the reaction between chlorine and organic material in the water
- City is required to test quarterly at 8 sites
  - *Last summer, several sites had more TTHM than allowed*
- City has reduced levels of TTHM and now all sites are in compliance
  - *Customer notification letters are required until tests are in compliance an average of four quarters*
- It will take at least 2 more quarters to lower average
  - *Even a change to DWSD water doesn't solve problem*
- Flint is not alone – hundreds of communities are facing TTHM issues

Why Discolored Water?

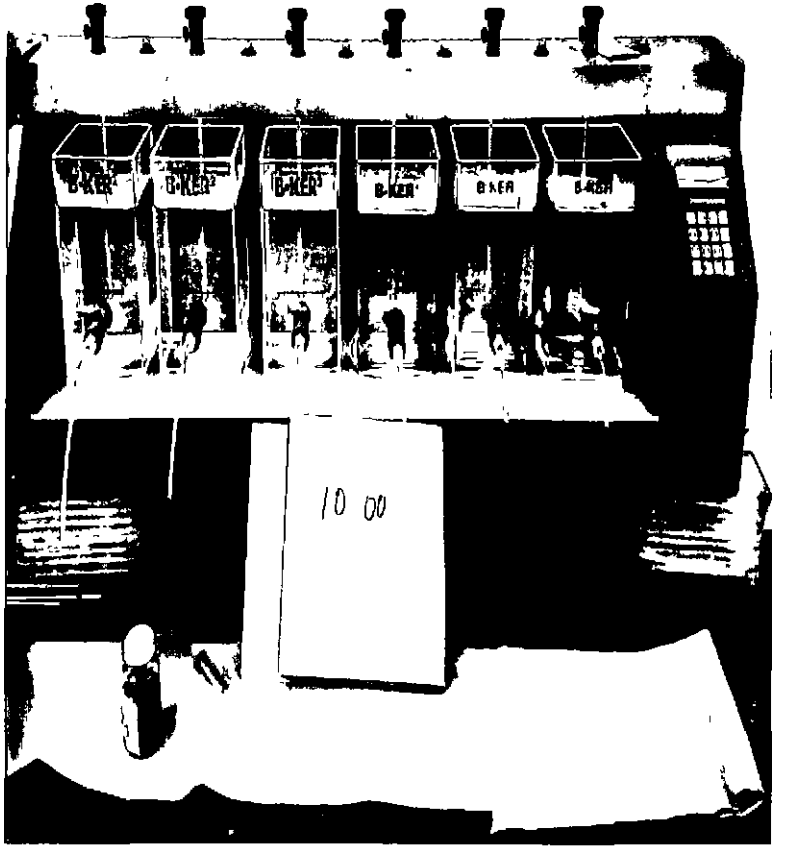
- Old cast iron pipes
- Always has been some discolored water problems – mostly after water breaks
- Efforts to reducing TTHM didn't help discoloration
  - *Doesn't mean the water is unsafe but it is not appealing and raises questions*
- City will test the water at your home – call 787-6537 or email flintwater@cityofflint.com
- Tracking customer complaints is important

Location of water quality complaints
The last 12 months – fewer than you think



Water Quality Can Be Improved

- Adjust the chemicals being fed – stop some, increase some and change some
- Provide better monitoring of water quality to help make adjustments
- Continue repair or replacement of broken parts
- Reduce the over capacity of the distribution system
- Do a better job explaining what is happening
- Do a better job of asking for help



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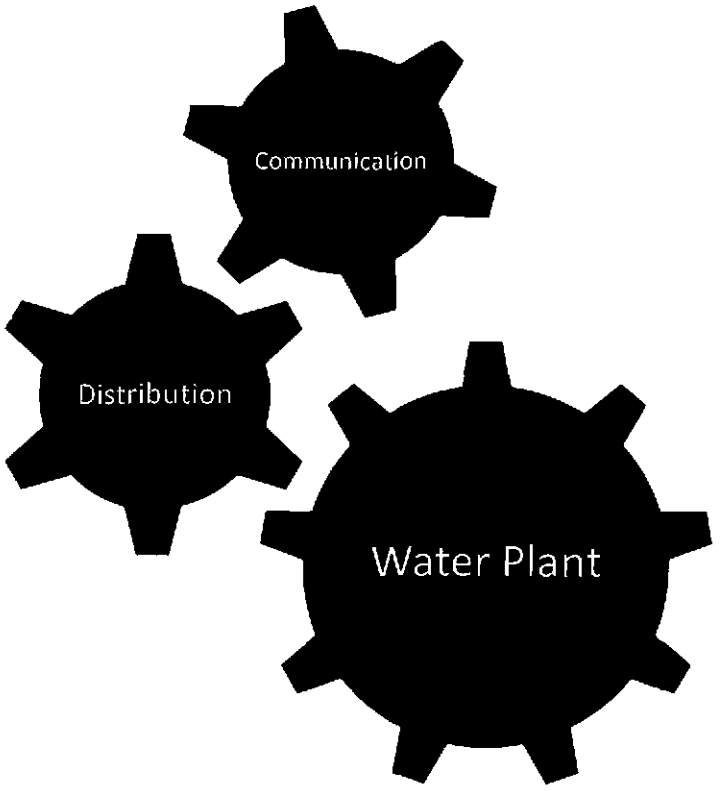
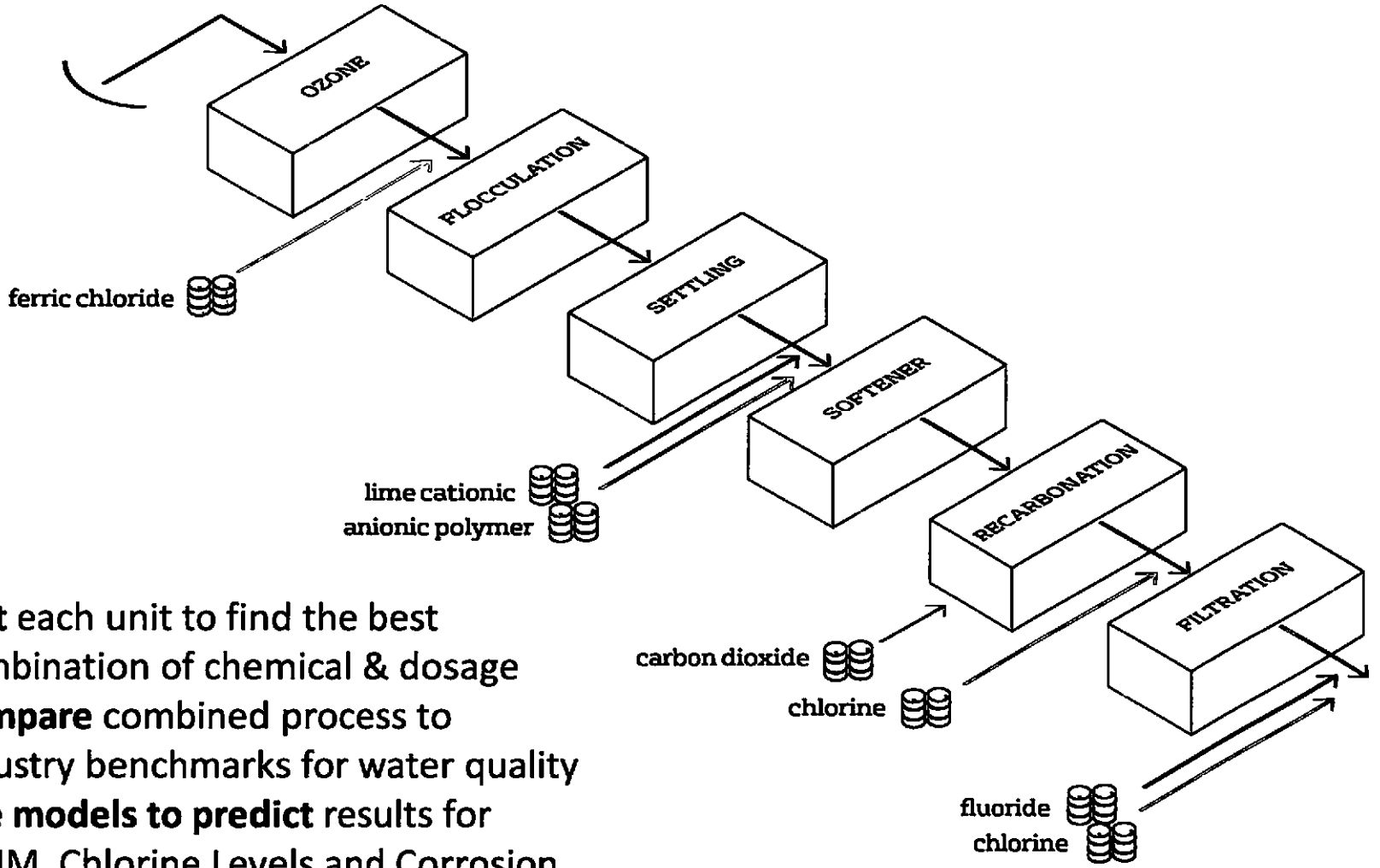
Further Explanation of Solutions

Solution Involves Coordination of 3 Activities



- Water plant improvements
  - *Optimize chemical dosages*
  - *Consider different chemicals*
  - *Change dosing points*
  - *Install granulated activated carbon*
  - *Complete plant upgrades*
  - *Implement best mgt practices*
- Distribution system improvements
  - *Fix broken valves*
  - *Ask for customer feedback*
  - *Reduce tank storage*
  - *Target line flushing*
  - *Run a hydraulic model*
- Better communication with customers
  - *Engage advisory committees*
  - *More accessible utility*
  - *Make it easy to access information*
  - *Better customer communication*

Optimize Plant Processes



- **Test** each unit to find the best combination of chemical & dosage
- **Compare** combined process to industry benchmarks for water quality
- **Use models to predict** results for TTHM, Chlorine Levels and Corrosion

Complete Plant Construction & Re Prioritize Capital

Cost effective plan in budget

- Complete water plant renovation
  - *Target SCADA and instrumentation in plant*
- Speed up valve turning contract & provide money for replacements
- Speed up hydraulic model update to reduce tank volume
- Evaluate installing of granulated activated carbon on filters

Weather can impact timing

Digging up a water valve for repair
Need good weather to start

Implement Best Management Practices

Activities to Help Operators Maintain Good Water Quality

- Process Control Management Plan
- Lab QA/QC Program
- Computerized Maintenance Management System
- Asset Management System
- Training and Certification Program
- Vulnerability Plan

Distribution System Improvements

- Speed up flow of water from plant to homes – 2 weeks plant to house
  - *Find closed valves & open them*
  - *Replace broken valves*
  - *Update hydraulic model*
  - *Reduce system storage*
- Track customer complaints
  - *Test customer water*
  - *Spot flush hydrants to clean areas of stagnant water in the system*

Flushing out discolored water

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Improving Customer Service

Make It Easy to Access Information and People

Develop a proactive customer communication plan

- Create advisory committees to help direct efforts and improve flow of information
- Establish a single point of contact to manage all water quality complaints
- Provide additional customer service training to staff
- Expand neighborhood and community outreach
- Change monthly billing statements from card to envelope with information

Example - Communicate in the field

NOTICE: ANNUAL FLUSHING PROGRAM

We are conducting our annual flushing program to enhance your water quality and clean the distribution system.

DC Water crews will be flushing hydrants in your area 10:00 p.m. to 6:30 a.m. on the following dates:

9/24 **through** 9/30

IMPORTANT INFORMATION

- Your water supply will not be shut off during hydrant flushing.
- You may notice slight water discoloration or low water pressure.
- During this time, customers can continue normal water usage, including drinking, bathing and laundry (unless water is discolored).

If you experience discolored water during this period:

- Run your cold water taps for 15 minutes. If it does not clear up, please contact our Drinking Water Division.
- Do not run your hot water. If you experience discolored water from your hot water tap for several hours, then it is recommended to drain and flush your water heater tank.

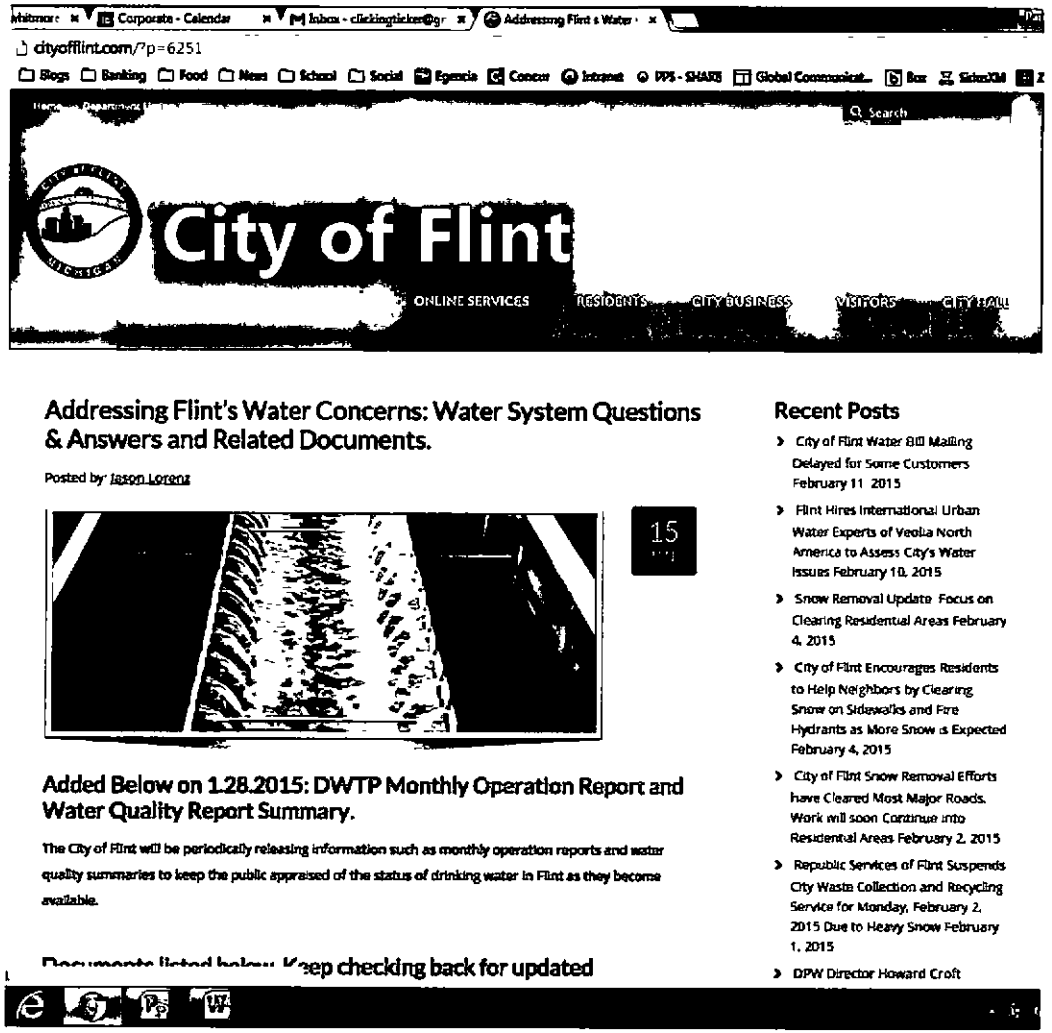
Provide field crews with additional communications tools to use to address questions or concerns from the public

Create door hangers, flyers, or yard signs to notify neighborhoods about main breaks, hydrant flushing, or system maintenance that may affect the public

Create a business card or other contact card with the name and phone number of the single point of contact with the Department of Public Works who is managing information flow

**sample door hanger provided by DC Water & Sewer Authority*

Clear, concise information is key



Simplify the reports on the web page dedicated to addressing water system questions

- *Create a single-page, easy to understand report for the public*
- *Use charts or provide other examples to demonstrate water quality testing and system or treatment plant improvements underway*
- *Provide name, phone number and email address for identified point of contact so customers can request more information*
- *Continue to provide Monthly Operation Report and Water Quality Report Summary for those customers interested in more technical information*
- *Use site to provide additional notice of field work that may impact customers*

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What Is Next

Next Steps

Week 1

- Provide a review of current actions
- Engage staff, visit facilities and analyze data
- Make interim report

Week 2

- Carry out more detailed study of initial findings
- Make recommendations for Improving water quality
- Provide a plan, cost and schedule for change

Questions Being Heard

REMEMBER

We just started. Might not have an answer yet to your question

- **When will water improve -** The water has improved with current actions. More changes will occur over weeks and months because of safety reviews
- **Date of next update and final report** – An update will be provided next week and a report the following week.
- **Time frame for implementing recommendations –** The City is already started. Others a few days and some weeks or months due to State approval being required or weather.
- **Cost of changes** – Don't know yet but we are aware of the financial concerns

More Questions Being Heard

- **How are TTHM formed** – It's the reaction of chlorine to organics (leafs, dirt) in the water.
- **How to reduce TTHM** – Reduce organics before introducing chlorine and shorten time chlorine has to react with the organics
- **What causes discoloration** – Older lines, the iron parts of the system will leach iron into the water causing the discoloration. Other times its just air built up.
- **Why no discoloration with DWSD** – There was. Flint had a bad time with breaks of old line and is doing lots of construction. This stirred up the water and caused discoloration.

More Questions Being Heard

- **Can you test my water** – The city will test your water for free. But, only 2 of 20 people have taken the city up on the offer since it began offering the service.
- **Medical problems** – Some people may be sensitive to any water. Talk to your doctor. The City is communicating with the medical community.
- **Confidence that future problems will be avoided** – Recommendations will include putting programs in place to better respond to water changes and assure quality

VEOLIA

Questions?

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Thursday, February 19, 2015 5:08 AM
To: Robert Daddow
Subject: Re: water

no problem... I am off to Detroit this morning for meeting. I will try to reach you when I am on the road.

On Feb 18, 2015, at 8:39 PM, "Robert Daddow" <daddowr@oakgov.com> wrote:

> Regrets. Didn't get out of my meeting until 615 and the Board caucus ran from 6 to 7 - I hopped in the car and drove like a beast to try to get back for a DWSD presentation but couldn't make it before the Board meeting started at 7 pm. Am in tomorrow in the am at 248 /[redacted]
>
> On Feb 18, 2015, at 3:28 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:
>
> > Sorry I missed your call. I assume you are in your DWSD mtg at this point. Give me a call when you are free. You can try my cell as well. 517/[redacted]
> > Although I have mtgs @ 4:00 & 5:00.
> >
> > **From:** Robert Daddow [mailto:daddowr@oakgov.com]
> > **Sent:** Wednesday, February 18, 2015 2:27 PM
> > **To:** Saxton, Thomas (Treasury)
> > **Subject:** Re: water
> >
> > Just left message
> >
> > On Feb 18, 2015, at 1:15 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:
> >
> > > Bob - I just left a message at your office to call (so I am double covering). I am trying to close the loop re Flint. 517/[redacted]is my direct.

Cousineau, Sara (Treasury)

Subject:	Weekly Flint Meetings
Location:	Conference Call - Info Below
Start:	Thu 2/19/2015 8:30 AM
End:	Thu 2/19/2015 9:30 AM
Recurrence:	Weekly
Recurrence Pattern:	every 2 weeks on Wednesday from 9:00 AM to 10:00 AM
Meeting Status:	Accepted
Organizer:	Koryzno, Edward (Treasury)
Required Attendees:	'gambrose@cityofflint.com'; Byrne, Randall (Treasury); Sands, Thomas (MSP); Clement, Elizabeth (GOV); Saxton, Thomas (Treasury); Etue, Kriste (MSP); Maxine Murray (mmurray@cityofflint.com); Roberts, John (DTMB); Larkin, Brian (GOV); Klotz, Josephine (MSP); Kapp, Gene (MSP); Deasy, Thomas (MSP); Workman, Wayne (TREASURY); Sipes, Stephen (MSP); Pekrul, Daniel (MSP); O'Neill, Stephen (MSP); Lee, Nichole (MSP); 'Elizabeth Murphy'; Hollins, Harvey (GOV); Baird, Richard (GOV); Muchmore, Dennis (GOV); West, Samantha (GOV); 'James Tolbert'; Darnell Early (dearly@cityofflint.com); Carpenter, Brian (UIA); Smith, Paul (GOV); Minix, Connie (DTMB)
Optional Attendees:	'Darnell Earley'; Pleyte, Beth (Treasury); Cousineau, Sara (Treasury); McGowan, Emmitt (MSP); Sims, Robbin (MSP); Widigan, Robert (TREASURY); Carter, Jerry (MSP)

Ed Koryzno to Host
Call in – 1-[redacted]
Access Code – [redacted]

M, DT, SAM, RTAB Analyst
, z, MSP, PD,

City of Flint Thursday 9:00am Phone Conference Agenda

February 19, 2015 1-8[redacted] Access code [redacted]

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Pleyte, Beth (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Saturday, February 21, 2015 7:14 PM
To: Saxton, Thomas (Treasury)
Cc: Baird, Richard (GOV); Workman, Wayne (TREASURY); Hollins, Harvey (GOV)
Subject: Re: Flint

Let's hope that you're right since people are paying the same or more than with Detroit water and getting pretty shaky quality. We're just diverting money that went to DWSD originally into the Flint repayment and debt scheme. I assume the advantage will disappear when KWA is up and running to pay the debt and costs of intake. Let's hope the community can see the value of this somehow.

Sent from my iPhone

> On Feb 19, 2015, at 5:31 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:
>
> I traded calls yesterday with Bob D. And talked to Jerry A. My intent was to get the 3 of us on the phone to resolve any confusion, etc on ongoing questions relating to Flint hooking back up with DWSD. I will try again today.
> But again, unless I am missing something (which has been known to happen); going back to DWSD represents (lets say in round $s) $10mm in net add'l costs to the Flint system. There is no money to pay that other than raising rates to customers. The calculations show that would be an approx 30% increase in rates.
> Momentarily, I will forward a preliminary analysis/presentation from the City's newly hired consultant. I just blasted thru the document but it seems to say that reconnecting with DWSD will not necessarily cure the issues that they are currently dealing with e.g., discoloration, TTHM.
>
>> On Feb 18, 2015, at 10:03 AM, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov> wrote:
>>
>> This train is leaving and we'll be holding the bag if we don't work out a deal on DWSD for Flint.
>>
>>
>> Begin forwarded message:
>>
>> From: "Baird, Richard (GOV)" <bairdr@michigan.gov<mailto:bairdr@michigan.gov>>
>> To: "Muchmore, Dennis (GOV)" <muchmored@michigan.gov<mailto:muchmored@michigan.gov>>
>> Subject: Fwd: FW: Flint
>>
>> Need to bring this to ground today if we can.
>>
>> Sent from my Verizon Wireless 4G LTE DROID
>> ---------- Forwarded message ----------
>> From: "Daddow, Robert" <daddowr@oakgov.com<mailto:daddowr@oakgov.com>>
>> Date: Feb 17, 2015 9:05 AM
>> Subject: FW: Flint
>> To: "Baird, Richard (GOV)" <bairdr@michigan.gov<mailto:bairdr@michigan.gov>>
>> Cc:
>>
>> Rich - it takes two to negotiate and Flint representatives are not at the table. In fact, they are actively trying to avoid even considering this as an alternative course of action. Me - what I'd be doing is a dual track; if the local solution fails, I'd have the second option to fall back on. But, heh, that is just me. They are over 21, have been elected to represent

their residents / commercial entities and therefore are responsible for their actions - to the same people who put them there.
>>
>> While I'd like to pick up a few percentage point reduction in the water rate increases for the retention of Flint, it would be short-term anyway. If we don't have a willing partner on that side, then it can only lead to further distractions from a DWSD management already stressed in dealing with the transition, normal business, and the new Financial Review Board / two policy boards that they are reporting to.
>>
>> -----Original Message-----
>> From: Robert Daddow [mailto:daddowr@oakgov.com]
>> Sent: Tuesday, February 17, 2015 9:01 AM
>> To: 'Nicolette Bateson'
>> Cc: 'Brian Baker'; 'Bart Foster'; 'jfausone@fb-firm.com<mailto:jfausone@fb-firm.com>'; 'Sue McCormick'; 'William Wolfson'
>> Subject: RE: Flint
>>
>> Yesterday, I received a voice mail from R. Baird (still have not connected) that indicated that the City is actively working to resolve the water matter so as to avoid connecting to the DWSD. Veolia is assisting in this matter and will be issuing a report shortly. Nikki shared the above article that provides additional guidance as well.
>>
>> The voice mail from Mr. Baird indicated that the City is saving a fair amount of dollars in treating the water locally - albeit notwithstanding the known quality issues. The difference between DWSD and Flint treated water is helping to remediate other fiscal issues (potentially capital and operating) as the rates charged to the residents / commercial entities have not been changed, including perhaps other City fiscal issues. Given the active involvement of Flint in securing a resolution of this matter locally and not actively engaging DWSD in the discussions as an alternative course of action, I see no reason to pursue this matter any further. The ball is squarely in the court of the EM and Flint elected officials to resolve. RJD
>>
>> -----Original Message-----
>> From: Nicolette Bateson [mailto:bateson@dwsd.org]
>> Sent: Friday, February 13, 2015 6:45 PM
>> To: Robert Daddow
>> Cc: Brian Baker; Bart Foster; jfausone@fb-firm.com<mailto:jfausone@fb-firm.com>; Sue McCormick; William Wolfson
>> Subject: Re: Flint
>>
>> Hi Bob: I just saw your message. Interesting development!
>>
>> All: May I suggest a conference call to evaluate the options? I am available at any time and can send out the call-in number.
>>
>> Regards,
>>
>> Nickie
>>
>> Nicolette N. Bateson, CPA
>> Chief Financial Officer
>> Detroit Water & Sewerage Department
>> 735 Randolph, Room 1608
>> Detroit, Michigan 48226
>> Office: (313)964-9225
>> Cell: (313) [redacted]

>> Fax: (313) 964-9219
>> bateson@dwsd.org<mailto:bateson@dwsd.org>
>> City of Detroit
>> Mike Duggan, Mayor
>>
>> ----- Original Message -----
>> From: "Robert Daddow" <daddowr@oakgov.com<mailto:daddowr@oakgov.com>>
>> To: "Bart Foster" <bfoster@fostergroupllc.com<mailto:bfoster@fostergroupllc.com>>, "Nicolette Bateson" <bateson@dwsd.org<mailto:bateson@dwsd.org>>, jfausone@fb-firm.com<mailto:jfausone@fb-firm.com>, "Sue McCormick" <mccormick@dwsd.org<mailto:mccormick@dwsd.org>>
>> Cc: "Brian Baker" <bbaker@sterling-heights.net<mailto:bbaker@sterling-heights.net>>
>> Sent: Friday, February 13, 2015 1:53:06 PM
>> Subject: RE: Flint
>>
>> Guys – I think we can craft a win here. In talking with Rich Baird, who has been working with Flint on this matter along with Dennis Muchmore from the Governor's staff, apparently Flint is consider this but is choking a bit on the amount to be billed. While I recognize that this amount is based on the prior contract, we are in a unique position over the next two weeks or so and before the BOWC takes action on the rates, budget, CIP and other related efforts on March 11 th (formally March 4 th). The win would be solving the water problem in Flint (generally agreed that this is there issue and comes from a poor decision to remove themselves from the DWSD's quality water product), serving to reduce the
>> FY-2016 suburban water rates already now in the public by perhaps 2% to 3%, and help to tamp down the media frenzy on this matter. It also demonstrates that flow is part of the problem – DWSD adds flow, rates go down.
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>> Right now, no one wins with Flint off the system – the rates for water remain at 11% for suburban wholesale, Flint has bad water and the press for both of us continues on this matter, along with the rate media issues.
>>
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>>
>> Here is what I propose. Drop the monthly rate for a defined period of time – they need a 15 month period. So let's drop the rate by say $50K monthly and make it a rate of $800K / month, fixed. In doing so, I suspect that the 11% rate can be dropped to roughly 8.5% to 9% (subject the Foster Group's more detailed analysis) – which show the public good
>> faith. Then, if they go past the 15 month time frame, we can add costs
>> on the rate at a semi-punitive approach - $850K $875K or more.
>>
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>>
>> I believe that there is a win / win here. If the proposal is not acceptable, then I'd like to hear an alternative if at all possible – particularly since th3e 11% isn't selling well in the media, given the misinformation out there in the public.
RJD
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>> From: Bart Foster [mailto:bfoster@fostergroupllc.com]
>> Sent: Thursday, February 12, 2015 10:33 PM
>> To: Robert Daddow
>> Cc: Nicolette Bateson
>> Subject: Re: Flint

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>> Actually, my quick take is about 8%.
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>> Some background:
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>> When Flint left, the annual revenue profile for the Water System was initially reduced by $12.5 million, However, we immediately recalculated the rate for Genesee County (recognizing their higher demands), to effectively "claw back" about $2 million of the reduction, so the net Flint impact is ~ $10.5 million, or just under 2.5% of the
>> (reduced) Water System rate revenue. Assuming that same amount could be replaced, and all else being equal, the "system rate increase" could be reduced by about 3 percent, with a bit more of the reduction occurring in the suburban wholesale rate structure. Safe to say that (again, absent any other changes) the average suburban water rate increase would be closer to 8 percent compared to the current 11.1%.
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>>
>> Hope this helps . . .
>>
>>
>>
>> -- Bart Foster
>> President
>> THE FOSTER GROUP
>> (913) 345-1410
>> (913) 345-1640 fax
>> (913) [redacted]
>> bfoster@fostergroupllc.com<mailto:bfoster@fostergroupllc.com> < mailto:bfoster@fostergroupllc.com >
>>
>>
>> Please note that the information in this message along with any attachments are intended for the exclusive use of the addressee and may contain confidential or privileged information. If you are not the intended recipient, please do not forward, copy or print the message or its attachments: notify me at the above address and delete this message and any attachments.
>> Thank you.
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>> On Feb 12, 2015, at 7:02 PM, Bart Foster < bfoster@fostergroupllc.com<mailto:bfoster@fostergroupllc.com> >
>> wrote:
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>> Bob - in transit but will review and reply this evening.
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>> On Feb 12, 2015, at 3:44 PM, Daddow, Robert < daddowr@oakgov.com<mailto:daddowr@oakgov.com> >
>> wrote:
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>> Nikki / Bart – don't need a hard and fast number on this. However, it would seem to me that in a fixed cost system such as water, if Flint were to be hooked up again at the $847K / month cited in Ms. McCormick's
>> January 12 th memorandum and after the release of the rates yesterday,
>> bringing Flint back would – on a marginal cost basis – serve to mitigate the wholesale (suburban) customer rate increase of 11.1% cited in yesterday's presentation. Without going into a whole lot of detailed calculations (unless necessary), what would the impact of the inclusion of Flint starting say on July 1, 2015 (hypothetical date) be on the rate increase presently now in the public? A revised increase of what – 10.6% - looking for a high level sensitivity analysis here. Can you help? RJD
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>> *-*-*-*-*-*-*-*-*-*-*-*-*-*
>> DWSD - Email Filter EMT Rule: Message Allowed
>> *-*-*-*-*-*-*-*-*-*-*-*-*-*
>> <Detroit_DWSD Flint Article MLive Dated Feb 10 2015.pdf>

PDF

New Flint water consultant says city's problems can be fixed

Ron Fonger | rfonger1@mlive.com By **Ron Fonger | rfonger1@mlive.com**
on February 10, 2015 at 5:52 PM, updated February 10, 2015 at 5:53 PM

FLINT, MI -- The city's new water consultant says Flint doesn't have "problems that are not fixable" and pledged Tuesday, Feb. 10, to make recommendations for improving the quality of city water very quickly -- in about two weeks.

"Nothing you (are dealing with) hasn't been solved before," said Rob Nicholas, vice president for Veolia North America, the consultant who city officials introduced during a news conference Tuesday.

Emergency manager Jerry Ambrose said Veolia, the sole company to respond to a request for proposals issued by the city for a water consultant, will be paid $40,000 to deliver its recommendations for Flint's water system and potentially earn more if it's asked to do additional follow-up work.

Ambrose called Veolia's job here a "limited engagement" specifically to provide an outside, expert assessment of how to avoid future boil water advisories, violations of the Safe Drinking Water Act and to lessen customer complaints about the safety, appearance, smell and taste of city water.

Veolia is the world's largest water services and technology company. Its team started work in Flint Tuesday, assessing how city water is tested and distributed, including water treatment processes and operations, laboratory testing and analysis, as well as engineering reports that detail the city's treatment and distribution systems.

Ambrose hired the company after former emergency manager Darnell Earley started work on the request for proposals last month.

Earley said in January that the city had shown "some issues managing the supply" of public water since it started to use the Flint River as city's drinking water source in April.

Until April, Flint water had been in the water transmission business, delivering water from Lake Huron, treated by the Detroit Water and Sewerage Department, to business and residential customers.

At that time, the city began treating Flint River Water for daily use for the first time in 50 years, and customers have complained about the differences in quality of the water.

David L Gadis, also a vice president for Veolia, said his company has enough experience working with

problems, including total trihalomethances (TTHM) in other communities, that it can bring a new perspective to problems.

Gadis said his company sees Flint as an opportunity and said the city's issues are not unlike other communities that also rely on river water, which changes with the season and weather, making it far more variable than lake water.

"When we take a look at something, we bring a worldwide knowledge to the table," Gadis said. "What Flint will get is our capability."

Both Veila officials said Flint should have a citizen water advisory board and respond immediately to customer concerns about water that doesn't look, smell or taste right.

Although treatment of Flint River water is the first concern, Veolia officials said they won't hesitate to make suggestions about the city's planned use of raw water from Lake Huron next year or potential money-saving measures even though those are not immediate concerns.

"The immediate (objective) is to deal with Flint River water," Nicholas said. "We will look at the long-term (use of the river as a back-up water source in the future) as well as the short-term."

Flint Mayor Dayne Walling said Veolia has the capacity to help the city restore confidence in the drinking water supply.

Nicholas called TTHM "an unfortunate problem."

"You want to get it fixed as soon as you can,' he said.

Flint has made progress in removing excess TTHM from water, according to water sampling results from its most recent quarterly tests but tested beyond federal limits for the disinfection byproduct at each of eight test sites in August.

TTHM levels were high enough in 2014 that the city is certain to remain in violation of the Safe Drinking Water for several more months.

Walling said the city is working "extremely hard to address its water challenges, taking steps every day to improve the quality of the water."

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Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, February 18, 2015 10:26 AM
To: Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: FW: Re: Flint

The City needs to answer these questions, Jerry and Al Mooney. Are you responding to Harvey?

From: Hollins, Harvey (GOV)
Sent: Wednesday, February 18, 2015 10:22 AM
To: Saxton, Thomas (Treasury); Baird, Richard (GOV); Muchmore, Dennis (GOV)
Cc: Workman, Wayne (TREASURY)
Subject: RE: Re: Flint

Tom,
What are the total revenues collected from water and sewer rates for the following months: 9/14, 10/14, 11/14, 12/14?

To get a handle on the last table you sent Friday that was attached to your communication below, I attached an excel spreadsheet to help me understand this better. The yellow highlighted cell is where I need data filled in. I broke up the potential reduction ($3m and $8.4m) and spread them into the monthly and annual even though is sounds like the $8.4 million for professional services is a one-time or short-term expense. The pink highlight is the % increase in rates base on the table you sent last Friday which is different from the 24% rate increase I calculated…so where did I error?

Assuming there are fixed costs in the current rates via the Flint river, what are they?

Thanks,
Harvey

From: Hollins, Harvey (GOV)
Sent: Sunday, February 15, 2015 10:46 PM
To: Saxton, Thomas (Treasury); Baird, Richard (GOV); Muchmore, Dennis (GOV)
Cc: Workman, Wayne (TREASURY)
Subject: RE: Re: Flint

Tom,
Thanks. I'd like to get such a table out to the Flint stakeholders; however, before doing so, the table probably needs to be modified to better reflect the comparison between Flint River and DWSD.

--HH

From: Saxton, Thomas (Treasury)
Sent: Friday, February 13, 2015 8:10 PM
To: Baird, Richard (GOV); Muchmore, Dennis (GOV); Hollins, Harvey (GOV)

Cc: Workman, Wayne (TREASURY)
Subject: Re: Re: Flint

You may have already seen this (below) blurb from MLive. Also, I had a call from Jerry A. He indicated Veolia is coming to the same conclusion that it may involve tweaking of the process vs some major undertaking. We will know more next week.

I have also attached a table Wayne's & Jerry's staff put together. My sense is there is still this thought that hooking back up to DWSD is cost neutral or nearly so. Hopefully this table shows that is not the case. The info is consistent with we sent you the other day i.e., there is an estimated 30% rate impact.

FLINT, MI -- A water quality expert who has spent years working with environmentalist Erin Brockovich is expected to speak at two events in Flint Saturday, Feb. 14.
Robert W. Bowcock, founder of Integrated Resource Management, met with Mayor Dayne Walling, Councilman Wantwaz Davis and others Friday, Feb. 13.
Bowcock said earlier this week that he believes small treatment and distribution adjustments could help fix some of Flint's water quality problems. He toured the city's water treatment plant Friday.
Walling declined to comment on his conversation with Bowcock, but city Councilman Eric Mays said he is anxious to hear his assessment and recommendations.
Davis said Bowcock was straightforward in giving his opinion that the city can cut back on some of the chemicals being used to treat water.
City spokesman Jason Lorenz issued a statement, saying, "The city of Flint honored a request for a tour of its water treatment plant submitted by Mr. Bowcock, as it has done with individuals and groups in the past.
"(Director of Public Works) Director Howard Croft and F-1 Licensed Treatment Operator Mike Glasgow guided the tour and answered all of Mr. Bowcock's questions. Tours of the Water Treatment Plant can be arranged by appointment for interested groups by calling 810-787-6537."
Bowcock is scheduled to join in a march for water quality through downtown Flint, which is planned to begin at 1 p.m. Saturday at Flint City Hall, 1101 S. Saginaw St., and end at The Durant.
Bowcock is also scheduled to speak at a forum at the Saints of God Church, 2200 Forest Hill Ave., Flint, from 3-4:15 p.m.
Brockovich, portrayed by Julia Roberts in a 2000 movie about her fight over the pollution of a California town, has been speaking out on Facebook about Flint's water issues for several weeks.

Today, she posted a photo of Bowcock, Davis and march organizer Melissa Mays inside the Flint water plant, saying she was "so honored this community would seek my help ... and I am glad I could send Bob to get it done."

In addition to customer complaints about the price and quality of the water, there were several boil water advisories in Flint in 2014 and the city was found in violation of the Safe Drinking Water Act for excess total trihalomethanes in the water supply last year.

The city began using the Flint River as its source of drinking water in April after 50 years of handling only the distribution of already-treated Lake Huron water purchased from the Detroit Water and Sewerage Department.

Since that time, some citizens and members of the City Council have advocated abandoning the use of the river and purchasing lake water from the Detroit until the Karegnondi Water Authority pipeline is complete.

The city and Genesee County are partners in the KWA.

From: Baird, Richard (GOV)
Sent: Thursday, February 12, 2015 11:34 PM
To: Muchmore, Dennis (GOV); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Fwd: Re: Flint

Sent from my Verizon Wireless 4G LTE DROID
---------- Forwarded message ----------
From: Robert Daddow <daddowr@oakgov.com>
Date: Feb 12, 2015 11:32 PM
Subject: Re: Flint
To: "Baird, Richard (GOV)" <bairdr@michigan.gov>
Cc:

Should not have thought politically but financially in the first place. This is very doable. We need to chat. Rjd

On Feb 12, 2015, at 10:32 PM, Bart Foster <bfoster@fostergroupllc.com> wrote:

> Actually, my quick take is about 8%.
>
> Some background:
> When Flint left, the annual revenue profile for the Water System was initially reduced by $12.5 million, However, we immediately recalculated the rate for Genesee County (recognizing their higher demands), to effectively "claw back" about $2 million of the reduction, so the net Flint

impact is ~ $10.5 million, or just under 2.5% of the (reduced) Water System rate revenue. Assuming that same amount could be replaced, and all else being equal, the "system rate increase" could be reduced by about 3 percent, with a bit more of the reduction occurring in the suburban wholesale rate structure. Safe to say that (again, absent any other changes) the average suburban water rate increase would be closer to 8 percent compared to the current 11.1%.

Hope this helps . . .

--

Bart Foster
President
THE FOSTER GROUP
(913) 345-1410
(913) 345-1640 fax
(913) 530-6240 cell
bfoster@fostergroupllc.com <mailto:bfoster@fostergroupllc.com>

Please note that the information in this message along with any attachments are intended for the exclusive use of the addressee and may contain confidential or privileged information. If you are not the intended recipient, please do not forward, copy or print the message or its attachments: notify me at the above address and delete this message and any attachments.
Thank you.

On Feb 12, 2015, at 7:02 PM, Bart Foster <bfoster@fostergroupllc.com> wrote:

Bob - in transit but will review and reply this evening.

Sent from my iPhone

On Feb 12, 2015, at 3:44 PM, Daddow, Robert <daddowr@oakgov.com> wrote:

> Nikki / Bart – don't need a hard and fast number on this. However, it would seem to me that in a fixed cost system such as water, if Flint were to be hooked up again at the $847K / month cited in Ms. McCormick's January 12th memorandum and after the release of the rates yesterday, bringing Flint back would – on a marginal cost basis – serve to mitigate the wholesale (suburban) customer rate increase of 11.1% cited in yesterday's presentation. Without going into a whole lot of detailed calculations (unless necessary), what would the impact of the inclusion of Flint starting say on July 1, 2015 (hypothetical date) be on the rate increase presently now in the public? A revised increase of what – 10.6% - looking for a high level sensitivity analysis here. Can you help? RJD

	Current Operations	
	Monthly	Annual
Water Usage MCF	71,594	859,128
Price Per MCF		
Cost of Water Usage per MCF		
Fixed Charge/Month		
Flint Incremental Cost of Treatment Plant Operation (to continue as a back-up only)	$ 239,587.00	$ 2,875,044.00
Flint Set aside	$ 250,000.00	$ 3,000,000.00
Flint Professional Services	$ 700,000.00	$ 8,400,000.00
Cost of Water/Month Avg.		
Rate Increase if the New Fee Collection Level to Handle DWSD Additional Cost was $48,403,542		

DWSD Reconnect		Impact on Switch to DWSD on the FY 15 Flint Budgeted Water Revenue Set at $37,000,000	% Rate Increase needed to adjust to DWSD Switch
Monthly	Annual		
71,594	859,128		
$ 14.92	$14.92		
$ 1,068,182.48	$ 12,818,189.76	$ 12,818,189.76	34.64%
$ 846,700.00	$ 10,160,400.00	$ 22,978,589.76	62.10%
$ (239,587.00)	$ (2,875,044.00)	$ 20,103,545.76	54.33%
$ (250,000.00)	$ (3,000,000.00)	$ 17,103,545.76	46.23%
$ (700,000.00)	$ (8,400,000.00)	$ 8,703,545.76	23.52%
$ 725,295.48	$ 8,703,545.76	$ 8,703,545.76	23.52%
		$ 11,403,542.00	30.82%

Pleyte, Beth (Treasury)

From:	Saxton, Thomas (Treasury)
Sent:	Saturday, February 21, 2015 6:46 AM
To:	Gerald Ambrose
Subject:	Fwd: Response to City of Flint Council Member Freeman
Attachments:	Flint.Councilmember Joshua M Freeman.Feb 19 2015.pdf; ATT00001.htm

fyi in case you had not already rec'd this

Begin forwarded message:

> **From:** "Daddow, Robert" <daddowr@oakgov.com>
> **To:** "Baird, Richard (GOV)" <bairdr@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> **Subject: FW: Response to City of Flint Council Member Freeman**
>
> FYI – just received the attached letter on Flint. RJD
>
> From: Rechanda Willis [mailto:willis@dwsd.org]
> Sent: Friday, February 20, 2015 3:23 PM
> To: James Fausone; Robert Daddow
> Subject: Response to City of Flint Council Member Freeman
>
> Attached is copy of the response to City of Flint Council Member Joshua Freeman's February 3, 2015 letter.
>
> Thank you
>
> Rechanda L. Willis
> Assistant to the Deputy Director/Chief Customer Service Officer
> Detroit Water and Sewerage Department
> 735 Randolph Street - Room 506
> Detroit, Michigan 48226
> (313) 224-4785 (office)
> (313) 224-6067 (fax)
> willis@dwsd.org<mailto:willis@dwsd.org>

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226-2830
WWW.DETROITMI.GOV

February 19, 2015

The Honorable Joshua M. Freeman, Councilmember
City of Flint, Michigan
1101 S. Saginaw Street
Flint, Michigan 48502

Dear Councilman Freeman:

Regarding: Your letter of February 3, 2015

Thank you for your letter of February 3, 2015 in which you seek additional information related to the Detroit Water and Sewerage Department's ("DWSD") offer to resume supplying drinking water to the City of Flint. Specifically, you have asked several follow-up questions related to the nature of the long-term arrangement I referenced within my letter, as well as some technical questions regarding rates and the method for reconnection in light of changes Flint has made to its system in the interim timeframe.

I will attempt to provide as much clarity as possible through this response. For starters, the rate quoted in my January 12, 2015 letter is related to the current rate year ending June 30, 2015. As new rates are adopted each year, the relative methodology as is applied to current DWSD wholesale customers would also be applied to Flint (and Genesee County) and will impact your rates, accordingly. In other words, rates will change in accordance with DWSD revenue requirements each year that Flint (and Genesee County) receives water from DWSD. That is why my prior letter only quoted a specific rate through June 30, 2015. Our Board of Water Commissioners has not yet adopted rates for the 2015-2016 rate year.

Secondly, you have asked if the rates described in the January 12, 2015 letter are exclusive to Flint or if they also would cover the Genesee County Drain Commissioner ("GCDC"). I certainly envision that the rates associated with Flint would also be available to the GCDC, as the two entities have utilized service pursuant to a single contractual arrangement in the past. To that end, DWSD is open to the possibility for a contract to be entered into by either Flint or GCDC on behalf of both customers, depending on the intricacies of the connections that you referenced with respect to Flint's recent sale of pipeline to GCDC. As noted previously, entering into a contract is not required to reinstitute service to Flint during the current emergency situation, in anticipation of further discussions toward a future service relationship.

Additionally, you have asked about short-term as compared to a long-term contractual relationship in light of Flint and GCDC's combined intent to utilize KWA for long-term service as early as 2016. DWSD operates pursuant to long-term contracts with its customers. As you may be aware, our model contracts are for a period of thirty years.

However, in light of the work already done by Flint and GCDC in preparation to receive raw water from KWA, DWSD is open to exploring a long-term contractual arrangement in which DWSD provides full service to Flint (and GCDC) until such time as KWA is operational, and then a back-up service arrangement, thereafter. The specific terms of that back-up service arrangement would require some further negotiation, but I would assume that such an arrangement would be mutually beneficial in light of the concerns with utilization of the Flint River as a primary or secondary water source.

You have also asked a technical question about the steps necessary in order for Flint to convert back to DWSD for receipt of water service. While I agree that it is not as simple as flipping a switch, I do not believe that this conversion would be a significant obstacle for Flint and GCDC to overcome. In fact, there should not be any actions required of DWSD in order to resume service, since we are currently providing full service to GCDC through the GN-01 meter (formerly the FL-01 meter).

Finally, you have asked if the anticipated assumption of DWSD's wholesale operations by the Great Lakes Water Authority ("GLWA") will impact the proposal that has been made. In short, the answer to your question is that it would not, depending on the timing of the signing of a new contract between the parties. Under the terms of the GLWA Memorandum of Understanding and Articles of Incorporation, it is envisioned that the GLWA would assume all wholesale contracts of DWSD. Therefore, the GLWA would be bound by the contractual terms that are agreed upon between DWSD and the City of Flint and/or GCDC. Nevertheless, as the GLWA Board has now been seated and has a regular schedule of meetings, I would certainly anticipate advising the GLWA Board of the terms of any proposed contract between the parties, and to seek their input or listen to any concerns or suggestions that they might have. In any event, resumption of service in the short term to address Flint's current needs, remains available immediately under existing published rates, and requires no action by either Board.

I look forward to the continued discussions, and hope that there is a viable solution that can be reached for the benefit of all parties.

Sincerely yours,

Sue F. McCormick
Director, Detroit Water and Sewerage Department
Interim CEO, Great Lakes Water Authority

Cc: The Honorable Dayne Walling, Mayor, City of Flint
Gerald Ambrose, Emergency Manager, City of Flint
Flint City Council
The Honorable Michael E. Duggan, Mayor, City of Detroit
Mr. Jim Fausone, Chairman, Board of Water Commissioners
Mr. Robert Daddow, Chairman, Great Lakes Water Authority

Pleyte, Beth (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Saturday, February 21, 2015 8:31 AM
To: Saxton, Thomas (Treasury)
Subject: Re: Fwd: Response to City of Flint Council Member Freeman

Thanks, Tom, I did receive a copy. What I see is confirmation that we could rejoin on a short term basis on the financial terms outlined in the original letter while we (or presumably KWA) attempts to negotiate a long term back up agreement. And the quoted rates are only good til July 1, at which time (from the media I read) they will increase. Am I missing something?

Rejoining on a short term basis would increase Flint's costs by at least $1 million a month....not possible without a significant rate increase (more than 25%) or a monthly gift of that amount from somewhere.

Does someone really want Flint rate payers to send $1 million per month to DWSD or GLWA when our water supply is (by our internal testng today) within EPA/MDEQ guidelines and we are taking steps every day to improve water quality?

J

On Feb 21, 2015 6:47 AM, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov> wrote:
fyi in case you had not already rec'd this

Begin forwarded message:

> **From:** "Daddow, Robert" <daddowr@oakgov.com>
> **To:** "Baird, Richard (GOV)" <bairdr@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> **Subject: FW: Response to City of Flint Council Member Freeman**
>
> FYI – just received the attached letter on Flint. RJD
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> To: James Fausone; Robert Daddow
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> Attached is copy of the response to City of Flint Council Member Joshua Freeman's February 3, 2015 letter.
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> Thank you
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> Rechanda L. Willis
> Assistant to the Deputy Director/Chief Customer Service Officer
> Detroit Water and Sewerage Department
> 735 Randolph Street - Room 506
> Detroit, Michigan 48226

Pleyte, Beth (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Sunday, February 22, 2015 9:23 AM
To: Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: Re: Response to City of Flint Council Member Freeman

Will do.

On Feb 22, 2015 8:14 AM, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov> wrote:
hopefully this will settle down a bit at some point. Anything you can do to share any metrics on this periodically would be helpful... e.g., call volume re any complaints, number of contacts where you go to the residences for those complaints, # of quality tests/ results, specific dates as to when you will be replacing that 2 mile section, updates on progress of KWA, etc etc.

On Feb 21, 2015, at 8:31 AM, "Gerald Ambrose" <gambrose@cityofflint.com> wrote:

> Thanks, Tom, I did receive a copy. What I see is confirmation that we could rejoin on a short term basis on the financial terms outlined in the original letter while we (or presumably KWA) attempts to negotiate a long term back up agreement. And the quoted rates are only good til July 1, at which time (from the media I read) they will increase. Am I missing something?
>
> Rejoining on a short term basis would increase Flint's costs by at least $1 million a month....not possible without a significant rate increase (more than 25%) or a monthly gift of that amount from somewhere.
>
> Does someone really want Flint rate payers to send $1 million per month to DWSD or GLWA when our water supply is (by our internal testng today) within EPA/MDEQ guidelines and we are taking steps every day to improve water quality?
>
> J
>
> On Feb 21, 2015 6:47 AM, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov> wrote:
> fyi in case you had not already rec'd this
>
> Begin forwarded message:
>
> > **From:** "Daddow, Robert" <daddowr@oakgov.com>
> > **To:** "Baird, Richard (GOV)" <bairdr@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> > **Subject: FW: Response to City of Flint Council Member Freeman**
> >
> > FYI – just received the attached letter on Flint. RJD
> >
> > From: Rechanda Willis [mailto:willis@dwsd.org]

Koryzno, Edward (Treasury)

From: Hollins, Harvey (GOV)
Sent: Thursday, February 26, 2015 11:29 AM
To: Workman, Wayne (TREASURY); Muchmore, Dennis (GOV); Baird, Richard (GOV)
Cc: Koryzno, Edward (Treasury); Saxton, Thomas (Treasury)
Subject: RE: Flint Water

Thank you.

From: Workman, Wayne (TREASURY)
Sent: Thursday, February 26, 2015 8:31 AM
To: Hollins, Harvey (GOV); Muchmore, Dennis (GOV); Baird, Richard (GOV)
Cc: Koryzno, Edward (Treasury); Saxton, Thomas (Treasury)
Subject: Flint Water

Harvey, Wanted to let you know I did get in touch with Jerry Ambrose last night and the City will be working on a side by side comparison of KWA vs DWSD and a simple explanation of the current finances of the water system. Hope the attachments Ed Koryzno sent again are helpful. One was the list of members in the new Water Advisory Committee and the second was the interim report from Veiola. Wayne

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Friday, February 27, 2015 3:50 PM
To: Widigan, Robert (TREASURY); Byrne, Randall (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: RE: Flint Water committee

Thanks!

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Widigan, Robert (TREASURY)
Sent: Friday, February 27, 2015 3:48 PM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: RE: Flint Water committee

All,

I was able to reach Liz Murphy; she said the water advisory committee will meet Thursday, March 5 from 2-4 PM in the Mass Transportation Authority auditorium, 1407 South Dort Highway. Flint, MI.

I will discuss the details with Randy.

Regards,

Robert Widigan | Office of Fiscal Responsibility
State of Michigan | Department of Treasury
430 W. Allegan Street | Lansing, MI 48922
Office (517) 335-2130 | Cell (517) 243-8645 | WidiganR@michigan.gov

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From: Koryzno, Edward (Treasury)
Sent: Friday, February 27, 2015 3:43 PM

To: Byrne, Randall (Treasury); Widigan, Robert (TREASURY)
Cc: Workman, Wayne (TREASURY)
Subject: Flint Water committee

Please contact Jerry Ambrose to obtain the details of this meeting which is scheduled to take place next week.

Wayne wants a someone from OFR to attend and "take notes".

You two can decide which one of you will attend.

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

February 27, 2015

To: Wayne Workman,

From: Jerry Ambrose, Emergency Manager, City of Flint

As the Emergency Manager for the City of Flint, I am charged with restoring the City government to financial solvency, and working to assure that the City moves forward on a financially sustainable basis. The steps taken over the past three years have been difficult. Taxes and fees have been raised, services and workforce reduced, and ongoing costs, including legacy costs, have been constrained.

The current controversy surrounding the provision of water, and the path for resolution, has a potentially significant impact on the progress that is being made. I am satisfied that the water provided to Flint users today is within all MDEQ and EPA guidelines, as evidenced by the most recent water quality results conducted for MDEQ. We have a continuing commitment to maintaining water safety and to improve water quality, and have dedicated resources to assure this commitment will be made.

The oft-repeated suggestion that the City should return to DWSD, even for a short period of time, would, in my judgment, have extremely negative financial consequences to the water system, and consequently to the rate payers. By the most conservative estimates, such a move would increase costs by at least $12 million annually, with that amount achieved only by eliminating virtually all budgeted improvements in the system. For a system with Unrestricted Assets of only $740,745, according to the June 30, 2014 audited financial statements, the only recourse within the City's control would be to raise rates. And in my judgment, such a rate increase would minimally be in the 30% range.

This direction of discussion also deviates from what, in my judgment, should be the focus: How can we not only operate and maintain a system to assure the delivery of safe and quality water dependably, but significantly reduce the cost of water and sewer to the users? At an average of $149 per month for a residential user, the cost for this service is extremely high in comparison to surrounding areas, as well as most areas across the state, and creates a significant financial burden for many users. In my judgment, we should all be concentrating on how to reduce rates by 50% or more! Unfortunately, there are no easy or evident answers, and continuation of the status will be an impediment to the sustainable recovery of the City of Flint. It is a conversation that we will have with the recently created Water Quality Advisory Committee.

My reasoning for this conclusion is as follows:

One of the decisions made in the context of beginning to eliminate deficits and to restore financial stability to the City of Flint was to increase water and sewer rates significantly – the only choice available to financially stabilize a system that as of June 30, 2012, had a deficit of $8,758,091. Another was to leave DWDS for the KWA because it offered the opportunity to lower future rate increases. A third decision was to utilize the Flint River on an interim basis when DWSD unilaterally terminated the City's contract for water purchase. That decision was made because it also offered an immediate cost savings opportunity which translated into the ability to upgrade the Water Treatment Plant without having to seek financing. It was a reasonable decision because of our experience in using the river in a back-up capacity, including test runs on a quarterly basis for several decades.

Unfortunately, the switch to the river as a primary source was more challenging than anticipated, and the harsh winter of 2013-2014 resulted in much more damage to the aging water infrastructure than in previous years. The result was the issuance of required notices that water exceeded established guidelines for safety as it could affect certain vulnerable populations, and some users of the system experienced unpleasant odors and discoloration. Some users appeared to have had some negative reactions to the new source of water. However, as soon as the test results were known, City staff took immediate actions to address the concerns. These actions are evidenced today by the fact that MDEQ has certified that our most recent testing shows water from all testing sites to be within acceptable guidelines. Additionally, the City is continuing to taking the necessary actions to assure that the water supply remains safe and that water quality continues to improve.

As the City has moved to address the situation, the suggestion has been made that the City should re-engage with DWSD and purchase water at least until the KWA pipeline Is supplying water. As evidenced by the most recent letter from DWSD, such a decision would immediately increase the City's cost by $846,700 per month, or $10,160,400 per year, just for the fixed cost portion of the price. The actual purchase of water would be in addition, and dependent upon the quantity purchased. We estimate the actual water purchase cost to average more than $1 million per month, for a grand total of approximately $22 million. Finally, the DWSD offer is conditioned upon the City (or presumable its partners in KWA) agreeing to negotiate a long term contract (30 years) for back-up.

The $22 million annual estimate of increased costs to purchase water from DWSD would be minimally offset by an approximate $3 million in reduced operating costs, and could be further offset by an additional $9 million, but only if all funding for capital improvements to the system are eliminated. To eliminate all funding dedicated to repairing, stabilizing, and improving the system would be totally irresponsible and would have long term negative consequences to the City and to future rate payers.

As you are aware we have recently brought in outside expert assistance to evaluate the steps we have taken to assure that the water is safe and to continue to improve water quality. We are expecting specific recommendations within the next few weeks, and are committed to implementing those recommendations in a timely manner. Many steps have already been taken. I am confident that implementing their recommendations will assure a continuing supply of safe water as well as improved quality, and at far less cost than re-engaging DWSD.

We have also created a 40 member Water Advisory Committee and a 15 member Technical Advisory Committee to assure two-way communication with the public and users of the system. Those committees will begin to meet within the next week, and we look forward to answering their questions and receiving their input.

It is unfortunate that problems and concerns with quality have arisen, and we are working every day to address the issues created them. Maintaining safe water and improving quality is a top priority as we work to make the City of Flint an attractive place to live, work, study, and play.

Byrne, Randall (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Friday, February 27, 2015 4:56 PM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Dube, Mathieu (Treasury); Vandegrift, Drew (TREASURY)
Subject: Mayor Walling's Letter to White House
Attachments: Mayor Walling letter to White House.pdf

FYI, attached is the Mayor's letter to the White House requesting support from the White House to address the ongoing water issues in Flint.

Robert Widigan | Office of Fiscal Responsibility
State of Michigan | Department of Treasury
430 W. Allegan Street | Lansing, MI 48922
Office (517) 335-2130 | Cell (517) 243-8645 | WidiganR@michigan.gov

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CITY OF FLINT

Dayne Walling
Mayor

Mr. Jerry Abramson
White House, Executive Office of the President
Director of Intergovernmental Affairs
1600 Pennsylvania Ave. NW
Washington, DC 20500

February 23, 2015

Dear Mr. Abramson

I am writing to request the support of the White House for improving the City of Flint's water quality and infrastructure. The President, Vice-President and White House have been highly engaged in seeking solutions for Flint challenges around public safety, neighborhood stabilization and economic development. We are very thankful for President Obama's leadership and dedicated support being provided through the Sustainable Communities, Choice Neighborhoods, Justice Innovation, and Strong Cities Strong Communities initiatives.

Now residents are most concerned about the safety and quality of the drinking water that is being treated from the Flint River. This is my top priority and work is being done every day to secure drinking water that is 100% safe according to the standards. As with other challenges, it is essential that we have a coordinated effort among Local, State and Federal agencies. To this end, I am requesting participation from the White House and Environmental Protection Agency on a City of Flint Technical Advisory Water Committee. The committee is expected to meet regularly through the transition to the new Karegnondi Water Pipeline and will include governmental, hospital, university and business sectors.

I welcome any technical assistance you are able to coordinate including expertise on water quality and public health, best practices with water treatment, and improving distribution system infrastructure. Thank you again for the valuable partnership. I look forward to working with you and Federal partners as we transform Flint into a sustainable 21st Century city with new jobs, safe neighborhoods, strong infrastructure and great schools.

Sincerely,

Dayne Walling
Mayor, City of Flint

CC: Mark Linton, Director, Strong Cities Strong Communities, White House Domestic Policy Council
Dr. Susan Hedman, Great Lakes Regional Administrator, U.S. Environmental Protection Agency
Mark Rupp, Deputy Associate Administrator for Intergovernmental Relations, U.S. EPA
U.S. Congressman Daniel T. Kildee
Paul Joice, Strong Cities Strong Communities, U.S. Department of Housing and Development

Stanton, Terry A. (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, February 27, 2015 6:04 PM
To: Muchmore, Dennis (GOV)
Cc: Clement, Elizabeth (GOV); Hollins, Harvey (GOV); Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Storberg, Ann Marie (TREASURY)
Subject: Re: PRESS RELEASE: Recent Tests Show Flint Water within EPA Guidelines

Dont know but i would drink it

Sent from my iPhone

On Feb 27, 2015, at 6:02 PM, Muchmore, Dennis (GOV) <muchmored@michigan.gov> wrote:

> Does it still smell?
>
> **From:** Workman, Wayne (TREASURY)
> **Sent:** Friday, February 27, 2015 5:15 PM
> **To:** Muchmore, Dennis (GOV); Clement, Elizabeth (GOV); Hollins, Harvey (GOV); Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Storberg, Ann Marie (TREASURY)
> **Subject:** Fwd: PRESS RELEASE: Recent Tests Show Flint Water within EPA Guidelines
>
> In case you did not see this. Will be reviewing Water System info over the weekend. Maybe something Monday, Tuesday latest. I need to edit also. Wayne
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** Jason Lorenz <jlorenz@cityofflint.com>
> > **Date:** February 27, 2015 at 4:29:04 PM EST
> > **To:** Jason Lorenz <jlorenz@cityofflint.com>
> > **Subject: Re: PRESS RELEASE: Recent Tests Show Flint Water within EPA Guidelines**
> >
> > Attached is the release with the proper date.
> >
> > **For Immediate Release**
> >
> > ### Recent Tests Show Flint Water within EPA Guidelines
> >
> > ***Flint, Michigan – February 27, 2015*** – The Michigan Department of Environmental Quality (MDEQ) Testing lab has provided results to the City of Flint showing that

Gerald Ambrose
Emergency Manager

Dayne Walling
Mayor

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com

For Immediate Release

Recent Tests Show Flint Water within EPA Guidelines

Flint, Michigan – February 27, 2015 – The Michigan Department of Environmental Quality (MDEQ) Testing lab has provided results to the City of Flint showing that test results for TTHM levels for the month of February are well within EPA guidelines for safe water. All eight testing sites showed levels of TTHM ranging between 14.9 and 28.5 micrograms per liter (µg/L), well below the Maximum Contamination Level of 80 (see chart below).

The testing results confirm the progress made by the City to address concerns regarding the safety of its water supply and corroborates findings by the City and independent tests by other organizations that the water today is safe. "Flint's water supply is meeting all safety guidelines set forth by the EPA," said DPW Director Howard Croft. "Today's findings by the MDEQ reinforce the progress we have made, and should help rebuild confidence in the safety of Flint's drinking water. We still have work to do to improve water quality and are committed to being vigilant to assure that water safety is maintained."

These results also show that the four month average for test results is now within EPA guidelines for five of the eight testing areas in the City. However, because EPA regulations require that the four month average for all testing sites be within guidelines, the City of Flint will still be considered to be out of compliance by MDEQ. The City expects to receive notice within the next few weeks indicating non-compliance, and system users can expect to receive official notice of non-compliance in the month of March.

–CONTINUE–

Gerald Ambrose
Emergency Manager

Dayne Walling
Mayor

Meanwhile, the City continues to work on maintaining water safety and improving water quality. While steps are being taken daily to improve quality, the City is expecting a formal set of recommendations from its water quality experts within the next few weeks.

The detail of the study results, a report of the progress being made and preliminary recommendations from Veolia will be shared with the newly formed Water Advisory Committee and Water Technical Committee, whose first meetings are scheduled for next week.

Areas in blue (under February) indicate current levels:

DISINFECTION BY-PRODUCTS - DEQ Required Testing
MCL for TTHM = 80 ug/L MCL for HAA5 = 60 ug/L

	May-14		Aug-14		Nov-14		Feb-15		LRAA		MAX	MIN
	TTHM	HAA5	TTHM	HAA5	TTHM	HAA5	TTHM	HAA5	TTHM	HAA5	TTHM	TTHM
Water Plant Tap	56	36	86	36	33	36		36	58.3	36 0	86.0	33 0
	*Once Yearly (June 2014)		*Once Yearly (June 2014)		*Once Yearly (June 2014)		*Once Yearly (June 2014)		*Once Yearly (June 2014)			
Site # 1	162 4	64 0	145.3	49.0	58.6	16.0	16.2	9 0	95.6	33.0	162.4	16.2
Site # 2	111 6	52.0	112.0	40.0	36.2	21.0	19.9	9.0	69.9	30.5	112.0	19.9
Site # 3	96.5	48.0	127.2	31.0	33.3	15 0	16.8	9 0	68.5	25 8	127.2	16.8
Site # 4	106.4	55.0	181.3	24.0	33.9	15.0	18.1	9.0	84.9	25.8	181.3	18.1
Site # 5	75.1	58 0	196.2	11.0	93 6	24.0	24.5	9 0	97.4	20.5	196.2	24.5
Site # 6	82.2	41.0	112.4	25 0	50.1	5.0	28.5	2.0	68.3	18 3	112 4	28.5
Site # 7	88.2	49 0	144.4	30.0	53.6	17.0	19.2	9 0	76 4	26.9	144.4	19.2
Site # 8	79.2	50.0	118.3	97 0	41.1	18.0	14.9	9 0	63.4	28.5	118.9	14.9

*Sampled at end of Oct.

–END–

City Hall
1101 S. Saginaw Street - Flint, Michigan 48502
810-766-7346 FAX: 810-766-7218 www.cityofflint.com

DISINFECTION BY-PRODUCTS - DEQ Required Testing

MCL for TTHM = 80 ug/L MCL for HAA5 = 60 ug/L

	May-14		Aug-14		Nov-14		Feb-15		LRAA		MAX	MIN
	TTHM	HAA5	TTHM	HAA5	TTHM	HAA5	TTHM	HAA5	TTHM	HAA5	TTHM	TTHM
Water Plant Tap	56	36	86	36	33	36		36	58 3	36.0	86.0	33.0
	*Once Yearly (June 2014)		*Once Yearly (June 2014)		*Once Yearly (June 2014)		*Once Yearly (June 2014)		*Once Yearly (June 2014)			
Site # 1	162.4	64.0	145.3	43.0	58.6	16.0	16.2	9.0	95.6	33.0	162.4	16.2
Site # 2	111 6	52 0	112.0	40.0	36.2	21.0	19.9	9.0	69.9	30.5	112.0	19.9
Site # 3	96.5	48.0	127.2	31.0	33.3	15.0	16.8	9.0	68.5	25.8	127.2	16.8
Site # 4	106.4	55.0	181.3	24.0	33.9	15.0	18.1	9.0	84.9	25.8	181.3	18.1
Site # 5	75.1	38.0	196.2	11.0	93.6	24.0	24.5	9.0	97.4	20.5	196.2	24.5
Site # 6	82.2	41.0	112.4	25.0	50.1	5.0	28.5	2.0	68.3	18.3	112.4	28.5
Site # 7	88.2	49.0	144.4	30.0	53.6	17.0	19.2	9.0	76.4	26.3	144.4	19.2
Site # 8	79.2	50 0	118.3	37.0	41.1	18.0	14.9	9.0	63.4	28.5	118.3	14.9

*Sampled at end of Oct.

Total Organic Carbon (mg

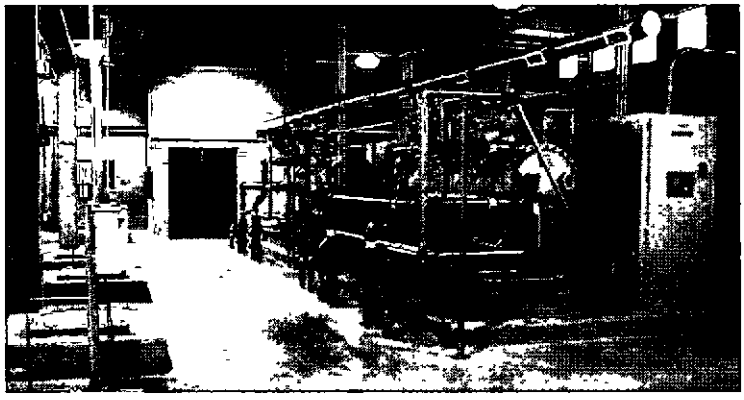
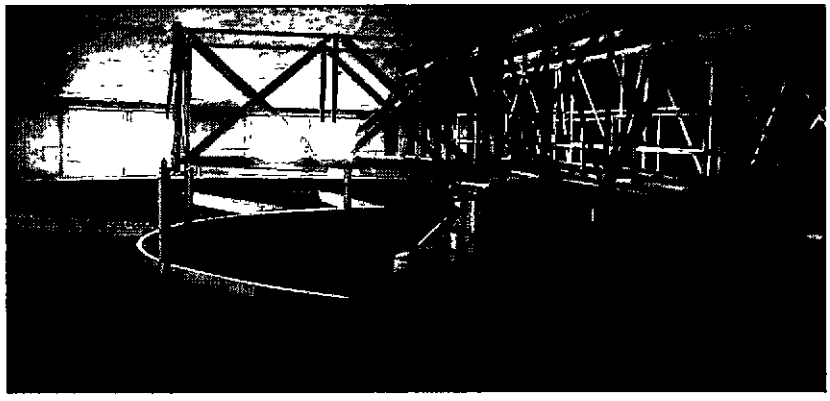
	Raw	Final
May	10.30	4.57
June	9.00	3.63
July	8.44	2.67
August	8.48	4.06
Sept	7.36	3.30
Oct	7.38	2.99
Nov	7.27	3.86
Dec	6.49	2.59
Jan	7.62	3.21
Feb	5.95	2.07

Operational Evaluation Report
City of Flint

FINAL

Trihalomethane Formation Concern

February 27, 2015

Lockwood, Andrews & Newnam, Inc.
A LEO A DALY COMPANY

EXECUTIVE SUMMARY

Environmental Protection Agency (EPA) and Michigan Department of Environmental Quality (MDEQ) regulations require that public water suppliers test drinking water quarterly throughout the distribution system for disinfectant by-products (DBP's). Two categories of DBP's, tri-halomethanes (THM) and halo-acetic acids (HAA5), are regulated and must be tested for. The City of Flint began operation of their water treatment plant (WTP) full time with the Flint River as the source on April 25, 2014. Since that time, four quarters of samples taken have resulted in an annual average violation for total THM. Prior to the first violation (Nov. 2014), the City hired Lockwood, Andrews & Newnam, Inc. (LAN) to complete this Operational Evaluation Report (OER) in conformance with EPA guidelines with the goal to determine the cause(s) of high levels of THM and evaluate possible solutions.

The EPA promulgated the Stage 2 Disinfectants and Disinfection By-Products Rule (DBPR) in January 2006 which set maximum contaminant levels (MCLs) for total trihalomethanes (TTHM) and HAA5 based on an annual running average, tested quarterly, for a given sampling location. The City of Flint reports levels from 8 sampling test locations. Of the four quarterly sampling cycles since Flint began operating the WTP full time, HAA5 levels have been acceptable but TTHM levels were high at 4 sampling sites following the third sampling cycle. Average THM levels exceeded the MCL at 3 sites following the fourth sampling cycle.

A number of issues have been identified as possibly contributing to the high THM levels measured.

1. Inefficient ozone system functionality which has resulted in increased chlorine feed.
2. Upstream source influences in terms of increased chlorine demand.
3. Bypass stream around softening contributed to chlorine demand and increased total organic carbon (TOC) levels in the effluent.
4. Unlined cast iron pipes in the distribution system contributing to chlorine demand.
5. High water age in the distribution system due to:
    a. Broken valves causing less than ideal flow patterns.
    b. Inefficient pump station pressure zones
    c. Water storage volumes in excess of that needed for today's demands
    d. Oversized water mains
    e. Low water demands
6. High chlorine demand in filters.
7. High THM formation potential (THMFP) in source water.
8. Less than optimal removal of THM precursors

A graphical representation of how the factors above relate to the timing of THM compliance sampling is shown as Table 1. Compliance sampling dates are hatched. Each row in Table 1 describes a factor than can lead to increased THM levels and the table defines when each of those factors applied. Note the convergence of nearly all factors around the second sampling period on August 21, 2014 to create what appears to be a worst case scenario. The table also shows that the factors listed as those that the City can control have been addressed prior to the February sampling period. Monthly operating report data up to February 1,2015 is depicted on the Table.

TABLE 1 - SUMMARY OF NEGATIVE INFLUENCES ON THM COMPLIANCE SAMPLING

FACTOR	2014 May	June	July	Aug	Sept	Oct	Nov	Dec	2015 Jan	Feb
Softening bypass stream over 20% of plant flow										
Ozone system not feeding optimally										
Using full water storage capacity of WSR & CSR										
Chlorine feed at WTP 7.0 mg/l or more										
Ferric chloride feed rate less than 10 mg/l Fe3+										
Raw water temp 23 degrees C or more										
Raw water TOC levels above 8.0 mg/l										
Raw water coliform over 5000 counts/day										
Positive bactena test in dist. system (boil water notice)										
Water demand less than 15 mgd										

Dates of occurrence

Dates of occurrence and expected to repeat in future years

Compliance sampling date

Factors under Flint staff control

Flint River characteristics

System factors

ACTION PLAN

The City of Flint has signed an agreement with the Karegnondi Water Authority (KWA) to purchase raw water drawn from Lake Huron. The KWA system is currently under construction and expected to be operational by late 2016. The water supply from Lake Huron will have entirely different water quality characteristics from the Flint River and those characteristics are expected to yield drastically reduced DPB formation. With that, non-structural options to help reduce THM levels are much preferred over solutions requiring new construction. Therefore, two categories of actions have been devised: Stage 1 being actions that can be completed relatively quickly without major construction and Stage 2 consisting of either long term actions or solutions requiring major construction. The City is actively working to complete Stage 1 actions as soon as possible. Stage 2 actions are to be implemented only if Stage 1 actions are ineffective in adequately reducing TTHM levels and therefore Stage 2 is contingent upon the outcome of Stage 1. As of the date of this report, status updates for action items are shown in red.

Stage 1 – Immediate Actions

- *Hire third party water quality expert to complete independent 'water audit'*
  - The City hired Veolia Water to review all water quality related operations, procedures, actions taken and planned responses. Recommendations from Veolia are expected by the first week in March 2015.
- Obtain an in house THM analyzer to allow regular operational monitoring of THM levels
  - THM analyzer was installed 2/17/15.
- Hire ozone system manufacturer to troubleshoot ozone system
  - Manufacturer and controls programmers performed on site evaluations in January 2015.
- Bench scale jar testing
  - Match existing process and assess possible areas of improvement
    - Existing process was simulated and an evaluation of existing chemical feed dosages has been completed by LAN.
    - Existing process TOC profile was developed by Veolia.
  - Simulate potential modifications to treatment process
    - Soda ash softening evaluation completed and PAC feed testing completed by LAN.
  - Evaluate coagulation and flocculation polymer aid feeds to assist with TOC removal
    - Evaluations of polymer aids completed by LAN and PVS Technologies.
- WTP operational changes
  - Discontinue softening bypass stream to reduce chlorine demand
    - Operational directive has been set to soften no less than 80% of flow.
  - Disinfection of filter beds to reduce chlorine demand
    - Utility Service Group contracted by City and condition assessment completed. Controls improvements have been completed.
  - Begin coagulation and flocculation polymer aid feeds to assist with TOC removal if bench scale test results are positive
    - Jar testing completed to date has not indicated a useful benefit to feeding coagulation/flocculation polymer aids. Increased ferric doses have been implemented at the WTP based on positive jar test results.

- Increase water main flushing efforts to minimize stagnant water
  - Flushing efforts are ongoing as weather permits.
- Water system modeling to identify areas with high water age and potential solutions
  - The water model has been improved and preliminary results, including system wide water age, have been produced. Water demand updates and reconciliation with operator's data are scheduled for March 2015 to complete water modeling analysis.
  - Cedar Street Pump Station potential recirculation
    - Water model analysis to be completed in March 2015.
  - West Side Pump Station potential recirculation
    - Water model analysis to be completed in March 2015.
  - Storage tank volume use
    - Operating levels of West Side and Cedar Street reservoirs have been lowered to reduce water age
  - Possible broken closed valve locations
    - Model has been updated with known broken valve locations. Model results are being evaluated for indications of other possible broken valves. City has also initiated valve assessment program.
  - Locations in need of flushing
    - High water age areas have been identified in the water model. Further evaluation forthcoming to determine most effective flushing points.

Stage 2 – Contingent Actions

- Fix ozone system
  - Repairs have been made to gauges and programming and the system is producing proper ozone and functioning under manual operation. Further minor repairs are planned for the 1st quarter 2015 to allow automatic operation.
- Start feeding coagulation and flocculation polymer aids to lower TOC, if not completed in Stage 1
  - Polymers evaluated by LAN did not demonstrate notable benefit.
  - PVS Technologies evaluated a proprietary polymer that showed little benefit.
- Convert to lime and soda ash softening
  - Cost effective analysis to be developed, if necessary, based on routine operation THM level monitoring.
- Change disinfectant to chloramine or chlorine dioxide until KWA
  - Cost effective analysis to be developed, if necessary, based on routine operation THM level monitoring.
- Install pre-oxidant feed at intake to optimize ozone disinfection
  - Permanganate feed at intake was evaluated by Veolia the week of 2/16/15 and recommendations are expected by the first week in March 2015.
- Replace filter media with granular activated carbon (GAC) media
  - Cost effective analysis to be developed, if necessary, based on routine operation THM level monitoring.
- Implement advanced treatment for THM precursor removal
  - Cost effective analysis to be developed, if necessary, based on routine operation THM level monitoring.
- Increased main flushing based on water modeling results
  - Water model analysis to be completed in March 2015.

- Continue valve replacements with water model assistance
    - Water model analysis to be completed in March 2015.
- Emphasize cast iron pipes on water main replacement priority list
    - Flint has bid replacement of over 2 miles of 24" cast iron pipe along Dupont and Bishop Streets to be completed this coming construction season. The water main section is considered a critical transmission main, and is expected to contribute to decreases in water age when complete

THM samples have been taken and tested 5 times since the City began using the Flint River for supply. Four sets of samples were taken for official regulatory compliance and one set of samples was taken by the City for operational monitoring. Samples were taken in May 2014, August 2014, November 2014, January 2015, and February 2015. THM levels at all sample sites have declined from August 2014 to February 2015. The average of all sample sites in August was 142.1 ug/l and the most recent average of samples taken in February 2015 was 19.8 ug/l. The MCL defined by the EPA is 80 ug/l.

I. BACKGROUND

The City of Detroit Water and Sewer Department (DWSD) has historically provided drinking water for the City of Flint and Genesee County. In the late 1990's growing concern regarding the reliability of the DWSD supply prompted the City of Flint to upgrade their existing water treatment plant (WTP). Those improvements, defined as Phase I, were completed in 2005 and were intended to allow the Flint WTP to operate, using the Flint River as the source, for an extended period of time in the event that supply from the DWSD was temporarily interrupted. Additionally, the Phase I improvements set the stage for Flint to break free from dependence on the DWSD supply and water charges over which they had no control.

A. WATER SUPPLY TRANSITION

1. Detroit Water and Sewer Department (DWSD)

Until recently the Genesee County and Flint region had been provided drinking water by the DWSD. However, due to excessive cost increases and reliability issues with the DWSD system other options had to be explored.

2. Karegnondi Water Authority (KWA)

In 2010 the Karegnondi Water Authority (KWA) was formed for the purpose of developing a new water supply from Lake Huron to serve the region in lieu of the DWSD supply and the City of Flint elected to join. The KWA expects the new system which is currently being constructed to become operational by the fall of 2016.

3. Flint River – Interim Period

With a renewing water supply agreement between Flint and the DWSD being terminated by the DWSD (effective April 30, 2014) and the KWA system not expected to be operational until late 2016, the City of Flint decided to initiate operation of the existing WTP full time utilizing the Flint River as the interim water source. A variety of WTP improvements were necessary for the Flint plant to become a full time plant. For purposes of this report, Phase II improvements to the Flint WTP are improvements intended to allow the plant to operate full time with either the Flint River as the source or the KWA supply as the source.

B. TTHM VIOLATIONS

The EPA and MDEQ method of determining if TTHM sample results exceed the MCL uses a locational running annual average (LRAA). Flint's first TTHM violation was cited by the MDEQ following the third cycle of sampling completed in November 2014. Of the 8 sampling sites, 4 were in violation. At that time the MDEQ used the following calculation for determining if the MCL had been violated:

(2 x current quarter value + previous 2 quarter values) / 4 = Operational Evaluation Value

Flint has now completed tests for 4 quarters and a straight annual running average applies. Based on samples taken on February 17, 2015 the number of sites in violation of the THM MCL limit has decreased to three. The City also conducted a round of sampling on January 27, 2015 in order to internally monitor the progress of actions taken to address the THM issue. It is worth noting that each round of sampling since August of 2014 has indicated a significant drop (improvement) in THM levels. Test results are tabulated in Table 2. HAA5 sample results are shown in Table 3, of which Flint has had no violations.

TABLE 2 – TTHM TEST RESULTS (ug/L)						
Sample Location	**1st Qrt 5/21/14**	**2nd Qrt 8/21/14**	**3rd Qrt 11/21/14**	**Inter. 1/27/15**	**4rth Qrt 2/17/15**	**LRAA**
WTP Tap	56	86	33	16	-	na
1) 3719 Davison McDonalds	162 4	145.3	58.6	35	16.2	95.6
2) 822 S. Dort Hwy BP Gas Sta.	111.6	112.0	36.2	23	19 9	69.9
3) 3302 S. Dort Hwy Liquor Palace	96.5	127.2	33.3	23	16.8	68.5
4) 3606 Corunna Taco Bell	106.4	181.3	33.9	24	18.1	84.9
5) 2501 Flushing Univ. Market	75.1	196.2	93.6	35	24.5	97.4
6) 3216 MLK Salem Housing	82.2	112.4	50.1	33	28.5	68.3
7) 5018 Clio Rite Aid	88.2	144.4	53.6	29	19.2	76.4
8) 6204 N. Saginaw N. Flint Auto	79.2	118.3	41.1	21	14.9	63.4

TTHM MCL = 80 ug/l

TABLE 3 – HAA5 TEST RESULTS (ug/L)						
Sample Location	**1st Qrt 5/21/14**	**2nd Qrt 8/21/14**	**3rd Qrt 11/21/14**	**Inter. 1/27/15**	**4rth Qrt 2/17/15**	**LRAA**
WTP Tap	36 (taken June 14, 2014)					na
1) 3719 Davison McDonalds	64	43	16	Na	9.0	33.0
2) 822 S. Dort Hwy BP Gas Sta.	52	40	21	Na	9.0	30.5
3) 3302 S. Dort Hwy Liquor Palace	48	31	15	Na	9.0	25.8
4) 3606 Corunna Taco Bell	55	24	15	Na	9.0	25.8
5) 2501 Flushing Univ. Market	38	17	24	Na	9.0	22.0
6) 3216 MLK Salem Housing	41	25	5	Na	2.0	18.3
7) 5018 Clio Rite Aid	49	30	17	Na	9.0	26.3
8) 6204 N. Saginaw N. Flint Auto	50	37	18	Na	9.0	28.5

HAA5 MCL = 60 ug/l

C. WATER TREATMENT PLANT RECENT IMPROVEMENTS & STATUS

1. Phase I WTP Improvements

Since 1965, the Flint WTP has remained a secondary or backup supply system to the DWSD primary supply. Typically the secondary supply for a public water system is expected to be needed only during emergency situations and normally is designed for short term operation such as providing the average daily demand for a few days. Conversely, Phase I improvements were designed with the intent to upgrade the Flint WTP in order to allow for an extended short term period (6 weeks) because of the perceived high risk that the DWSD supply would fail and remain out of service for an

extended duration. Regardless, the Flint WTP was still intended to serve as a standby plant and as such the Phase I improvements lacked redundancies that would be required for a primary supply WTP.

2. Past Pilot Study & Testing

During design of the Phase I improvements a treatability study was completed by Alvord, Burdick & Howson, LLC (AB&H) in 2002. The Treatability Study evaluated the current treatment processes that are in place at the Flint WTP today with the Flint River as the source. The report recommended the following:

TABLE 4 – 2002 WTP TREATMENT RECOMMENDATIONS

Treatment	Purpose	Point of Application	Dosage (mg/l)
Sodium permanganate	Zebra mussel control	Intake	0.3
Ozone	Taste & odor removal, disinfection	Diffusor basin	1.5
Ferric chloride	Coagulation	Rapid mix	40
Coag aid polymer	Turbidity & TOC removal	Rapid mix	2.0
Floc aid polymer	Turbidity & TOC removal	Floc basin	0.05
Lime	Softening	Softening basin	175
Soda ash	Softening	Softening basin	52
Carbon dioxide	pH adjustment	Recarb basin	37
Media filters	Filtration	N/A	Na
Chlorine	Disinfection	Filter effluent	1.0

Of the recommended items, zebra mussel control, coagulant and flocculation polymer aids, and soda ash feed have not been incorporated into the treatment process.

3. Phase II WTP Improvements for Full Time Operation

Phase II WTP improvements are those needed to convert the Flint WTP from a back-up supply to a primary supply plant. A number of improvements have already been constructed as they were necessary to operate full time when treating water from the Flint River. The improvements under the title of Phase II that have been completed or are nearly complete include installation of the future raw water feed connection point and valving for the KWA supply, upgrades to the lime sludge lagoon, the lime sludge lagoon decant and disposal system, decant pump station and force main, installation of mid-point chlorination before filtration, and upgrade of the electric feed sub-station.

Additional improvements to the Flint WTP that are to be completed to become part of the normal treatment process using water supplied by the KWA are:

- New oxygen and nitrogen storage facilities for the ozone system (under construction)
- New coagulant feed system
- Electrical
  - Pump Station #4 upgrades (under construction)
  - SCADA and controls upgrades
  - Filter transfer pump station feeders
- Pump replacements and VFD installation in the low and high service pump station (under construction)
- Filter transfer pump station to Dort Reservoir
- Facility security improvements

II. SOURCE WATER EVALUATION

A. DATA ANALYSIS

Based on past data collected and the 2002 Treatability Study by AB&H, the Flint River water quality varies seasonally with higher hardness and alkalinity experienced in the winter. Higher magnesium concentrations are also experienced in the winter, adding difficulty to the settling process due to neutrally buoyant floc. General water quality average characteristics recorded for the 2002 Treatability Study as compared with average characteristics recorded in 2014 are shown in Table 5 below.

TABLE 5 – FLINT RIVER WATER QUALITY CHARACTERISTICS

Period	Turbidity NTU	TOC Mg/l	Alk. Mg/l	Hardness Mg/l as CaCO3	pH	Total Col. Count/day	THMFP Mg/l
2001 Apr–Oct	7.9	9.4	215	272	8.1	870-1230 (7300 max)	410
2014 May–Oct	8.3	10.3 5/22/14	207	252	8.2	1900-9000 (48,300 max)	187

The Flint River characteristics do not appear to have changed significantly over the past 10+ years. Note that further investigation by City staff revealed a sewer leak upstream of the plant that may have contributed to the total Coliform count. The leak was subsequently repaired.

B. CONCLUSIONS

Considering the minor changes in Flint River water quality, much of the information contained in the 2002 Treatability Study by AB&H remains relevant today. Data from that report assumed to be consistent today include the following:

- Flint River is influenced by groundwater from a dolomitic aquifer
- Hardness varies seasonally with higher hardness and alkalinity in the winter
- Hardness, alkalinity, magnesium concentrations tend to be reduced by run-off

In development of the 2002 Treatability Study, processes were simulated which resulted in low THM levels. Therefore, information contained in that report will be used to assist with establishing a baseline jar testing procedure as discussed further in Section III.

III. TREATMENT PROCESS EVALUATION

A. EXISTING PROCESS DESCRIPTION

The existing WTP consists of an intake with screening from the Flint River, low lift pumping, ozonation, rapid mix, flocculation, settling, softening, recarbonation, filtration, storage and high service pumping. A process diagram is shown as Figure 1.

1. Intake

A 72" diameter pipe draws water from the Flint River through 2 traveling screens to the low lift pump structure. No chemicals are currently fed for Zebra mussel control or pre-oxidation as recommended by the 2002 Treatability Study. Manual removal of zebra mussels is more economical than installation of chemical feed equipment considering the short term need.

2. Ozone

There are 2 ozone generators designed to provide adequate ozone for a WTP flow of up to 36 mgd. There are 3 ozone contact basins. The ozone generators were designed to produce 900 lbs/day at 10% concentration and up to 1300 lbs/day at 6% concentration each. Prior to recent repairs, readings indicated a production rate of approximately 700 lbs/day at 4% concentration. It is possible that before the recent improvements the ozone feed might not have been optimized. In fact, it is known that less than optimal ozonation previously led to increased chlorine feed which would have contributed to THM formation.

3. Rapid Mix

East and West rapid mix chambers allow chemical feed prior to the flocculation basins. Each rapid mix chamber is equipped with a 5 hp mixer.

4. Coagulation / Flocculation

The WTP contains two equally sized flocculation basins, east and west, and each basin provides tapered or gradually slowed mixing from inlet to outlet. There are fifteen 2 hp mixers for each basin with VFDs to control mixing speed. The 2002 Treatability Study recommended feeding both coagulation and flocculation polymer aids. Neither polymer aid is being used today because turbidity and TOC removals have been sufficient to meet regulatory requirements.

5. Settling

Primary clarification takes place within 3 basins containing plate settlers. The settlers are operating as designed.

6. Softening

Again, there are two basins for softening: east and west. Each basin is 120' in diameter and contains a solids contact softening unit. Each softening basin/unit has a design capacity of 18 mgd. The east clarifier has an effluent weir imbalance that the City intends to fix when low demands allow for construction. Low lift pumping limitations, flow control to the basins, control restrictions on residuals removal, and fluctuating demands have made it difficult for WTP staff to stabilize the softening process. Softening is accomplished by feeding lime. The decision was made by the City not to feed soda ash in order to remove non-carbonate hardness because acceptable hardness levels could be achieved with lime feed only and softening is short term until Lake Huron water becomes available. Lime and soda ash softening is a possible consideration to assist with TOC removal and thus reduce THM formation.

7. Recarbonation

Recarbonation for pH adjustment is accomplished in east and west recarbonation basins between and to the north of the softening basins. Carbon dioxide storage and feed equipment is located west of the recarbonation basins.

8. Filtration

Filtration is accomplished with 12 dual media filters, equally sized and designed to filter 3.0 mgd each. Media consists of 12" of sand and 18" of anthracite. The filters have been operated intermittently over the years due to the standby nature of the WTP and until recently, chlorine injection took place downstream of the filters. It is possible some microbial growth had developed in the filters leading to increased chlorine demand. The City recently hired a contractor to upgrade the electrical controls for the filters and that work has been completed.

9. Disinfection

Disinfection is provided by ozonation and by feeding chlorine. Ozonation occurs at the front end of the WTP. Chlorine is fed prior to filtration and prior to finish water storage / high service pumping. The intermediate chlorine injection location was recently constructed under the Phase II, Segment 1 contract.

10. Clear Well & Pumping

The pump building sits adjacent to a 3 MG clear well and contains both low and high service pumps.

B. JAR TESTS / EXPERIMENTS

1. Approach

There are several well practiced methods by which DBPs can be reduced. First, the disinfectant can be changed to an alternate that has a lower tendency to form DBPs. Second, additional treatment systems such as activated carbon or air stripping (depending on the nature of the precursors) can be added to remove DBP precursors. Lastly, the existing treatment processes can be optimized to remove as much DBP precursor as possible. Of these options, optimizing existing treatment processes is the only strategy that does not require the construction of new and expensive facilities. It is anticipated that Flint will be receiving Lake Huron water in approximately two years and this water will have a completely different chemistry from the Flint River. Major process changes instituted to address THM levels using Flint River water are likely to be unnecessary for Lake Huron water and may even be inappropriate. Therefore, those options which require addition of new treatment processes are undesirable at this time. In recognition of this upcoming change in water source, efforts for this study have concentrated on improving the existing processes, rather than adding new ones. New treatment processes will only be recommended if operational changes to the existing treatment train prove ineffective.

Recent sample test results suggest that most of the DBPs are formed in the distribution system rather than within the treatment plant. Therefore, the most logical approach is to reduce the DBP formation potential (DBPFP) rather than simply lowering the levels of DBPs leaving the plant. During bench scale testing, formation potential (FP) levels were the primary indicator of success or failure of proposed process modifications.

2. Protocol

Bench scale pilot testing is intended to reflect actual plant operating and hydraulic conditions so the bench scale treatment units were sized based on various dimensionless factors to ensure the pilot treatment matched the actual system. Bench

scale ozonation was not practical due to time and cost limitations. Therefore, water samples were withdrawn from the plant ozone basin effluent. These samples were transported to the laboratory and dispensed into square testing jars. The jars were used to simulate rapid mix, three-stage flocculation, and settling. Rapid mix and flocculation conditions were matched to the plant based on "Gt" values. The "G" value is a measure of the mixing intensity and is a function of mix time, viscosity of the liquid, and mixing power applied to the water. "Gt" then, is a size scaling factor where time has been accounted for. Settling time was scaled to match the shorter settling depth of the testing jars. After settling, samples were decanted from the test jars. The decanted samples were then lime softened; softening conditions were similarly matched on the basis of "Gt". Carbon dioxide was sparged into the samples to reduce the pH. The water was then vacuum filtered through filter paper, sized to simulate the plant's dual media filters. The samples were dosed with excess chlorine and allowed to react for seven days at 25° C before testing for DBPs to determine the formation potential.

The following conditions were applied during testing to properly match small scale testing to actual plant processes.

TABLE 6 – BENCH SCALE TEST MIXING INTENSITIES

Process	G	Duration	Mix RPM
Ozonation	Plant	-	-
Rapid Mix	200	44 sec	160
Flocculation, Stage 1	50	9 min	55
Flocculation, Stage 1	25	9 min	30
Flocculation, Stage 1	12	9 min	19
Settling	N/A	10 min	-
Softening	TBD	10 min	-
Recarbonation	N/A	N/A	-

The primary variables during testing were chemical additions and chemical dosages. Specific chemicals and dosages used for initial testing conditions were selected to reflect current plant usage and the recommendations of the 2002 Treatability Study:

TABLE 7 – BENCH SCALE TEST CHEMICAL FEED RATES

Chemical	Current Usage	2002 Study	Test Values
Ozonation	4.66 mg/l	1.5 mg/l	
Ferric Chloride	7.7 mg/l Fe3+	40 mg/l Fe3+	7.7 – 80 mg/l Fe3+
Coagulant Aid Polymer	Not used	2.0 mg/l	1 – 2 mg/l
Flocculation Aid Polymer	Not used	0.05 mg/l	0 – 0.05 mg/l
Powdered Activated Carbon	Not used	N/A	20 – 100 mg/l
Lime	120 mg/l	175 mg/l	120 – 175 mg/l
Soda Ash	Not used	52 mg/l	0 – 52 mg/l
Cationic Softening Polymer	3.13 mg/l	Not used	3.13 mg/l
Anionic Softening Polymer	0.88 mg/l	Not used	0.88 mg/l
Fluoride	0.45 mg/l	1 mg/l	Not used
Carbon Dioxide	32 mg/l	37 mg/l	Fed to reach pH of 7.5 +- 0.3
Chlorine	6.3 mg/l	1 mg/l	10 mg/l

3. Considerations

The 2002 Treatability Study did not note significant formation of DBPs. This may be a function of different Flint River water chemistry at that time. However, recognizing the considerable differences in chemical usage and dosages between that study and current operations, those differences in chemical use and dosage are an obvious starting point for optimizing treatment to prevent DBP limit exceedance.

Although it is believed that optimization of current treatment can correct the DBP issue, should optimization of present treatment prove insufficient, alternate residual disinfectants (chloramines and chlorine dioxide) will be investigated as additional treatment measures.

4. LAN Test Results

Two rounds of jar testing were completed by LAN during the weeks of December 15, 2014 and January 26, 2015.Detailed test data is included in Appendix A. Testing results can be summarized as follows:

- Increased dosages of ferric chloride resulted in higher reduction of THMFP.
- The currently utilized feed rate of lime at 120 mg/l is appropriate
- Softening with soda ash in addition to lime resulted in minor additional THMFP reduction – in the range of 0% - 10%.
- The benefits of using a cationic polymer during softening at a dosage range of 0.31 - 3.13 mg/l to help reduce THM's are unclear
- The benefits of using an anionic polymer during softening at a dosage range of 0.09 – 0.88 mg/l to help reduce THM's are unclear
- Feeding PAC was ineffective in reducing THMFP within the dosage range of 20 – 100 mg/l.

5. Testing by Others

In addition to jar testing completed by LAN, the chemical supplier who provides ferric chloride for the City, PVS Technologies, ran tests using their recommended flocculant polymer aid. Plus, Veolia Water completed jars testing of their own the week of February 16th to analyze other process details and current WTP parameters. Experiments completed by PVS Technologies showed very little TOC removal beyond that obtained with straight ferric chloride feed.

6. Conclusions

Increasing the dose rate of ferric chloride is an operational change that can easily be implemented without the need for any additional equipment. Test results show that *over 40% THMFP removal can be obtained with a dosage of 60 mg/l Fe3+ or higher.* Increased dosing of ferric chloride would be most ideal coupled with regular raw water TOC monitoring so that TOC levels would dictate the appropriate ferric chloride feed rate.

Softening with soda ash in addition to lime is another option the City should consider if increased ferric chloride doses are not adequate to maintain THM levels under the MCL, particularly during warmer months. Again, monitoring of TOC in the raw water could provide useful information of when lime/soda ash softening is necessary.

IV. DISTRIBUTION SYSTEM EVALUATION

EPA guidance for the distribution evaluation portion of an OER is focused on identification and isolation of a specific portion of the distribution system that led to the exceedance. The circumstances of Flint's apparent pending TTHM exeedances are unusual in that a new supply has been implemented which clearly corresponds to the high TTHM sample results. Although the new source is one element in increased TTHM levels, value remains in evaluating the distribution system since water age is also a critical factor. Additionally, there may be distribution improvements that can be made to help alleviate the problem.

A. INFRASTRUCTURE

1. Piping

According to the most recent MDEQ Sanitary Survey, the distribution system is estimated to contain 70% cast iron, 20% ductile iron, 2% concrete and 8% steel water mains. Unlined cast iron pipe can become pitted, allowing colonization sites for microorganisms leading to chlorine demand. Additionally, much of the piping in the system is aged and in poor condition. Increased chlorine demand could be resulting from biofilm in older pipes and from main breaks/repairs. The extent of contribution is not known but any water main replacement project will decrease chlorine demand somewhat if constructed properly. Unfortunately, water main breaks may also assist with decreasing water age by providing unintentional flushing. All things considered, it is impossible to quantify the impact existing piping has on THM formation.

The City utilizes City Point software and GPS equipment to document main breaks and prioritize replacements. However, main break information is more pertinent to rusty water complaints and has little relevance to THM levels. Areas that have been targeted for main replacements include the transmission main from the WTP west to Dupont and south to the West Side reservoir, Fenton Road, Atherton Road, Dort Highway, Averil Street, and Boulevard Drive.

2. Storage

There are 4 finish water storage tanks and 1 raw water tank as tabulated below:

TABLE 8 – STORAGE TANKS

Name	Type	Water	Volume (MG)	Operating		Absolute	
				LWL	HWL	Bottom	OF
Dort Reservoir	Ground	Raw	20	-	-	730	750
WTP Tank	Elevated	Finished	2	883.0	896.0	863.0	898.0
WTP Clear Well – PS #4	Ground	Finished	3	11′	15′	708.5	726.0
Cedar Street Reservoir	Ground	Finished	20	-	11′	737.2	757.2
Westside Reservoir	Ground	Finished	12	-	12′	761.8	779.0

The MDEQ typically recommends providing a minimum finish water storage volume of 1/3 the maximum daily demand (MDD). According to the 2013 MDEQ Sanitary Survey, the 5 and 10 year MDDs are 21.57 mgd and 30.05 mgd respectively. A common rule of thumb for clear well storage volume at a WTP is 10% of the design flow rate. Another general guideline for reliability is to provide total storage to allow for 2 X the average daily demand plus fire flow demand. For this analysis, fire flow is assumed to be 2,500 gpm for either one industrial fire (2,500 gpm) or a combination of one residential (1,000 gpm) and one commercial (1,500 gpm) fire at a 4 hour duration which results in a total volume of 600,000 gallons. These go-by

approximations are summarized below with the applicable flow rates and are compared to the existing storage volumes currently being utilized.

Common Practice	Flow Rate	Recommended Volume by ROT	Volume In Use
Clear well 10% of Design Flow	18 MGD	1.8 MG	3.0 MG
Finish Storage = 1/3 MDD	30.05 MGD	10.0 MG	37 MG
Total Storage = 2 * ADD + FFD	13.87 MGD	28.3 MG	57 MG

Based on the values above, it appears the storage volume used in the Flint system could be decreased without negatively effecting reliability. The appropriate volumes of individual tanks will be further evaluated using the water system model and discussed in Section V (C).

All reservoirs have baffling to minimize stagnant water. Also, all tanks have been maintained and are in reasonable condition. The Westside reservoir has an exposed roof that is in need of rehabilitation, but its current condition has no influence on THM formation.

3. Pump Stations
All pump stations are in good condition but pumps are generally oversized. As an independent consideration, oversized pumps are not a contributing factor to high THM levels. Control of pumps and pressure zones are discussed in detail below.

B. OPERATIONS AND MAINTENANCE

1. Pump Station & Storage Operations
Pump stations and storage tank levels are controlled as shown in Table 9.

TABLE 9 – PUMP STATION CONTROLS

PS Name	Control Point	On Point	Off Point
PS No. 4 Raw	Operator	-	-
PS No. 4 Finish	Match plant flow	-	-
Westside	System pressure (elevated tank)	22.5'	33'
Cedar Street	System pressure (elevated tank)	22.5'	33'
Torrey Road	Distr. – Brown/Bradley	< 45 psi	> 45 psi

Cedar Street and Westside pump stations are operated as needed and they are alternated. Typically, Cedar Street is run in the morning and Westside is run in the evening and reservoirs for each are filled during low demand periods at night.

Westside, Cedar Street and Torrey Road pump stations are used to boost system pressure when high demands warrant it, but there are not well defined pressure zones within the system. Therefore, the possibility exists that water is being recirculated allowing for increased water age.

2. Booster Disinfection Practices
Booster disinfection is provided at the Cedar Street and Westside pump stations. When sustained residuals are not provided by chlorine feed at the WTP, sodium hypochlorite is applied at the reservoirs while being filled.

3. Changes in System Demands

Water demands in the City have been declining since the 1960's as the population has dropped. As a result, many of the water system components are oversized including storage tanks and water mains which both increase the time for water to reach the user.

From a short term perspective, Flint demands tend to increase in summer as is ordinarily expected but also in the winter due to water main breaks. The MDD for Flint often occurs in winter. Regarding THM formation, with lower temperatures and higher flows in the winter, THM levels taken at the distribution sample points are expected to be lower than at other times of the year.

C. WATER SYSTEM HYDRAULIC MODELING

As part of this report, the City provided a hydraulic water model, originally developed by Potter Consulting, for LAN to update. Thus far, LAN has modified the model to be capable of extended period simulations, modified controls to reflect current operations, revised the piping to include known broken valve locations, and developed preliminary water age results throughout the entire system. Water age shown in the updated model corresponds well to TTHM levels at 6 of the 8 sampling sites. However, LAN has also identified several deficiencies within the model that require further adjustments to allow for usable and reliable results. Those model deficiencies include outdated demands, improperly located appurtenances, and incorrect flow patterns. Preliminary water age results are presented in Table 10. Revised results will be provided when the hydraulic model has been fully updated.

TABLE 10 – PRELIMINARY WATER AGE FROM WATER MODEL

Sample Point	Location	Address	Water Age (Hrs)	Aug 2014 THM (ug/l)
1	McDonalds	3719 Davison	23	145
2	BP Gas Station	822 S. Dort Hwy	18	112
3	Liquor Palace	3302 S. Dort Hwy	15	127
4	Taco Bell	3606 Corunna	128	181
5	Univ. Market	2501 Flushing	178	196
6	Salem Housing	3216 MLK	50	112
7	Rite Aid	5018 Clio	78	144
8	N. Flint Auto	6204 N. Saginaw	71	118

It is anticipated that topics shown below in italicized font will be detailed after the model is updated in March 2015.

1. Simulation of Existing System

Match existing conditions. Chlorine and THM data may be used to verify model results. We have chlorine feed data at plant and residuals at 10 locations in each MOR, May 2014 – January 2015.

2. Identification of Water System Deficiencies

Specific issues to look at:

Worst case at minimum daily demands
Water age in entire system
Recirculating water through pump stations
Use of storage tanks – volumes in particular
Indications of broken valves
Effectiveness of booster disinfection

V. RECOMMENDATIONS TO MINIMIZE FUTURE OEL EXCEEDANCES

A. SOURCE

The City of Flint has already committed to the change from the Flint River as the water source to Lake Huron under the KWA system, planned for late 2016. The risk of future TTHM limit violations will decline substantially with the use of water from Lake Huron due to much lower DBP precursors. It is important to recognize that the Flint River will become strictly an emergency supply when the KWA supply becomes available and any investments toward the Flint River should be contemplated accordingly. Recommendations discussed below in this section apply to the Flint River as the source.

Reverting to supply from the DWSD until the KWA supply is available as an option. However, based on information provided by the City of Flint, the annual cost to receive water from the DWSD would be at least $16,000,000/year or $1,333,000/month. Therefore, utilizing the DWSD for interim supply is cost prohibitive under the terms defined by the DWSD.

1. Watershed Management

A volunteer group entitled the Watershed Coalition performs various tasks related to managing the Flint River watershed such as spring cleanups and annual benthic studies to evaluate the river 'health'. No additional action is recommended at this time.

2. Monitoring

The City documents daily raw water flow, pH, alkalinity, carbonate and non-carbonate hardness, chloride, temperature, turbidity and coliform count as part of standard preparation of Monthly Operating Reports (MOR). It is recommended to add raw water TOC and plant tap THM values to daily documented measurements which would provide staff the data needed to establish correlations to predict distribution system THM formation.

3. Intake Operations

The 2002 Treatability Study recommended pre-oxidation in the form of sodium permanganate as a feed at the intake. It is possible the addition of a pre-oxidant such as hydrogen peroxide or some type of permanganate could enhance the ozone process. Veolia evaluated permanganate demand during jar testing the week of February 16th, 2014 and further recommendations will be incorporated when results become available.

4. Seasonal Strategies

Past data indicates the Flint River is influenced by groundwater and in particular, dolomitic spring water. The result is hard water with high concentrations of magnesium and sulfate. Also, hardness and alkalinity are higher during the winter. Upon initiation of supply from the Flint River, the City made the decision to soften with just lime to focus on removal of carbonate hardness. One potential modification that could assist with TOC removal and thus decrease THMFP would be lime and soda ash softening. A temporary caustic soda feed system is recommended to be put in place in case the need for optimized softening arises.

5. Upstream Contamination Issues

Upstream contamination issues are extremely difficult to prevent and even if detected are difficult to locate. Evaluation of raw water data collected for MORs is the easiest

manner in which to detect upstream contamination issues because the data is already collected for treatment purposes. In fact, high total Coliform readings signaled a potential issue recently that the City identified and removed.

An upstream monitoring and warning system could be established to attempt to detect water quality issues or spill event type contamination early enough to adjust treatment procedures or cease intake prior to the contamination reaching the WTP. However, given the imminent conversion to the KWA supply, the period of full time use would likely be far too short to achieve payback on the capital expenditures.

B. TREATMENT PROCESS

1. Operational Recommendations

- Increase ferric chloride dosage: Previous testing in the 2002 Treatability Study, jar testing completed by LAN, and a review of 2014 ferric chloride dosages compared to THM levels leaving the WTP support that increasing the ferric chloride dosage would help reduce THM formation.
- Increased monitoring: Currently, the MDEQ does not require daily reporting of raw water TOC or finished water TTHM levels. However, daily tracking of such levels would allow the City to develop a correlation between the two, thus providing a predictive tool to help manage TTHM levels.
- Coagulation and flocculation polymer aids: The 2002 Treatability Study suggested the use of coagulation and flocculation polymer aids. These polymer aids were shown in the 2002 Treatability Study to increase TOC removal and thereby reduce THMFP. Further evaluation will be completed during jar testing.
- Discontinue softening bypass: The City was previously bypassing a portion of flow around the softening basins because hardness levels did not warrant softening of the full stream. However, this practice was discontinued because it was believed the bypass stream was contributing to chlorine demand and preliminary data has supported that belief. Chlorine demand dropped 0.5 – 1.0 mg/l following elimination of the bypass stream in early November 2014.
- Soften with lime and soda ash: Research has shown that enhanced softening with both lime and soda ash may provide additional TOC removal. The efficacy of this option will be evaluated during jar testing.
- Disinfection of filter beds: In case there has been microbial growth it is recommended the filters be 'shock' treated with chlorine and rinsed. A chlorine injection point was added upstream of the filters during the first segment of Phase II so future growth in the filters should not be an issue.
- Optimization of all existing treatment processes: Depending on bench scale testing conditions and results, slight modifications to all treatment processes might in order to replicate lower DPBFP.
- Discontinue or adjust softening anionic polymer feed: Some anionic polymers have been found to increase TOC. Veolia evaluated the anionic polymer currently being fed during their jar testing and depending on the results, when available, the softening anionic polymer feed should be adjusted accordingly.

2. Infrastructure Change Recommendations

- Fix and/or replace faulty ozone equipment: Since the ozone equipment was installed it has not been used extensively so the hope is that major components remain in good condition and the system can be easily modified to restore proper functionality. The City has scheduled the equipment manufacturer to field inspect the system on December 15, 2014.
- Replace filter media with GAC media: GAC media could help reduce THM levels by reducing both TOC and chlorine demand. For this consideration, the recommended approach would be to first complete small scale testing to verify efficacy. Upon positive results, the next step would be replacement of media in a fraction of the filters following by sampling to measure water quality. Those results would determine the need to replace media in additional filters.
- Change disinfectant to chloramine or chlorine dioxide: If other options prove to be ineffective, conversion to another disinfectant should be fully evaluated. Various characteristics of chloramination indicate an advantage over chlorine dioxide, but a full analysis would provide clarity as to which would be preferred.
- Install pre-oxidant chemical feed: Hydrogen peroxide or a form of permanganate as a pre-oxidant can enhance the activity of the ozone. Chemical feed could be installed at the intake structure or low service pump station, depending on the reaction time required. Use of a pre-oxidant at the intake might also provide the additional benefit of disinfection credit for ozonation with the MDEQ if an ozone residual can be obtained at the ozone process effluent as a result.
- Repair upstream sewer leak: a sewer leak upstream of the WTP intake was discovered and has already been repaired by the City.

C. DISTRIBUTION SYSTEM

Potential distribution issues related to water quality issues discussed in Section IV included old cast iron pipe, oversized infrastructure, and remote storage/pump station locations and operations that might be less than ideal. Recommendations to address those issues are offered in this section.

1. Manage Water Age

a) Storage Tanks

Considering the excess storage capacity discussed in Section IV, in the short term it is recommended that operational changes be implemented immediately to reduce the overall volume of water stored to decrease water age. Immediate operational recommendations include lowering high water levels of reservoirs other than the elevated tank, to reduce the total system wide usable storage volume to 30-36 MG.

In the long term, LAN recommends development of the most ideal options for water model evaluation. Excess storage volume and tank locations within the water system afford Flint numerous options to reduce the amount of storage volume utilized. As a starting point, two recommendations are presented below.

Option 1
- Take West Side reservoir and pump station out of service
- Cut storage volume used in half at Cedar Street reservoir
- Reduce the utilized storage volume of the WTP clearwell from 3 MG to 2 MG
- Adjusted system wide storage volume would be 34 MG

Option 2
- Take Cedar Street reservoir and pump station out of service
- Reduce the utilized storage volume of the WTP clearwell from 3 MG to 2 MG
- Adjusted system wide storage volume would be 36 MG

b) Residence Time in Pipes

Completely redesigning and replacing the water system to match today's demands is not feasible financially and would be a waste of infrastructure with remaining useful life. Going forward, it is recommended that any future main replacement projects be evaluated for possible downsizing. When the water model is fully updated, it will provide a valuable tool in determining which mains can be downsized and to what extent. Replacement of broken valves and valve exercising are also recommended, which are programs that have already been implemented into Flint's regular operations.

Operationally, hydrant flushing is recommended as needed to minimize water age in low flow areas. Again, the updated water model should be used to locate high water age areas and optimal flushing points.

2. Reduce Disinfectant Demand

Recommendations to reduce disinfectant demand are similar to those described above to reduce water age. Replacement of old cast iron pipes would lead to a reduction of disinfectant demand on the distribution side, but realistically can only be accomplished over a prolonged period of time. In the meantime, hydrant flushing is the most viable means of reducing disinfectant demand in piping. From a storage standpoint, all reservoirs and tanks should be regularly inspected and maintained to prevent entrance of any outside contamination that would contribute to disinfectant demand.

3. Water Modeling of Recommendations [yet to be completed]

Determine best flushing locations to reduce water age
Evaluate changes in storage tank operations to reduce water age
Valves to close/add to improve pressure zones, reduce recirculation
Optimization of pump station use – smaller pumps? Shut down?
Evaluate booster disinfection

D. BOOSTER DISINFECTION

Decreasing chlorine feed at the WTP and adding booster disinfection in the distribution system is an alternative intended to reduce the reaction time at higher concentrations of chlorine to reduce DPB formation. Extensive looping and branching within the existing system complicate how to best implement and utilize booster disinfection. Water system modeling is recommended to gage the effectiveness of existing feed point locations and dosages. Further discussion and details will be provided when the distribution evaluation results are available.

E. CATEGORIZATION OF ACTIONS

Considering that the Flint River is being used as the water source only until the KWA supply is available (expected late 2016), options to address high THM formation that require new construction or extensive time to implement are not preferred. On the other hand, the City understands THM sample results to date dictate that some action is necessary. Two categories have been developed to assist the City in prioritizing actions to take. Stage 1 consists of actions that can be completed relatively quickly without major construction and Stage 2 actions are either long term actions or solutions requiring major construction. Stage 1 actions are to be completed first followed by evaluation of the results prior to consideration of Stage 2 actions. Grouping of actions are shown in the table below.

TABLE 11 – ACTION PLAN

	Action	Purpose
Stage 1	Hire water consultant to complete 'water audit'	Third party review of actions and operations to make sure no options are being missed
	Increased water quality monitoring – obtain THM and TOC analyzers	Provide information needed to adjust WTP operations to match changing raw water quality
	Troubleshoot ozone feed system	Reduce chlorine feed and increase TOC removal
	Bench scale jar testing	Optimize treatment process and evaluate possible modifications
	Discontinue softening bypass	Reduce chlorine demand
	Disinfect filters	Reduce chlorine demand
	Increased water main flushing	Reduce water age / stagnant water
	Water system modeling evaluation	Determine areas with high water age and reasons
	Implement coag. & floc. polymer aids, if appropriate	Increase TOC removal
	Modify booster disinfection feeds, if appropriate	Decrease water age
Stage 2	Repair ozone system	Reduce chlorine feed and increase TOC removal
	Continue increased water main flushing	Reduce water age / stagnant water
	Convert to lime and soda ash softening	Increase TOC removal
	Continue valve replacements based on water model	Reduce water age / stagnant water
	Replace filter media with GAC	Reduce TOC and chlorine demand
	Change disinfectant to chlorine dioxide	Reduce THMFP
	Install pre-oxidant feed at intake	Optimize ozone disinfection, reduce chlorine
	Place priority on replacing cast iron water mains	Reduce chlorine demand

Samples were taken the week of February 16th for the 4th round of quarterly testing. The City has implemented many of the Stage 1 actions and THM test results have significantly improved (decreased) each time samples have been taken since August 2014. In addition to the regular compliance monitoring, the City performed a round of sampling on January 27, 2015. All sampling results are shown on Chart 1.

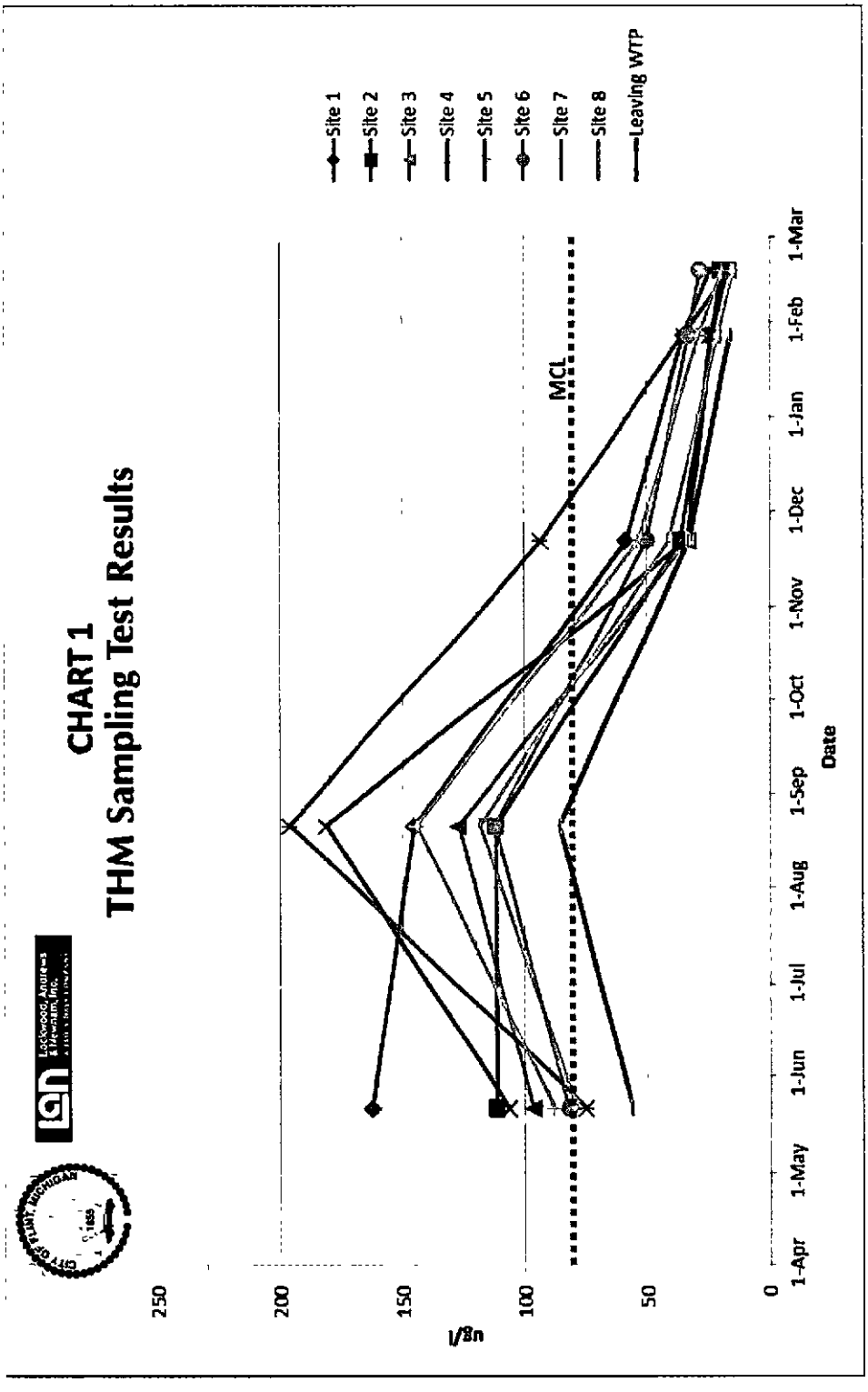
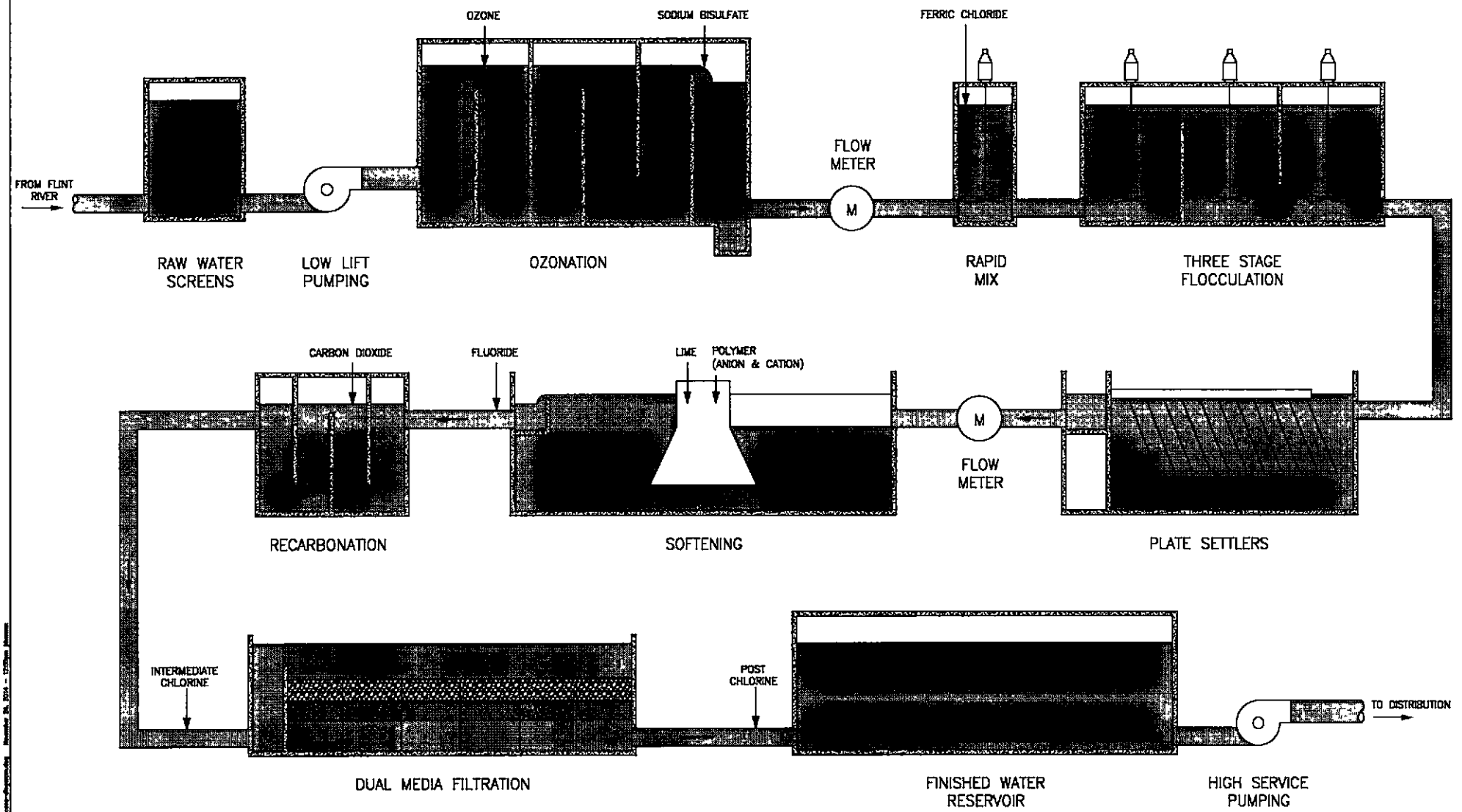


CHART 1
THM Sampling Test Results
Site 1
Site 2
Site 3
Site 4
Site 5
Site 6
Site 7
Site 8
Leaving WTP
MCL
ug/l
250
200
150
100
50
0
1-Apr
1-May
1-Jun
1-Jul
1-Aug
1-Sep
1-Oct
1-Nov
1-Dec
1-Jan
1-Feb
1-Mar
Date



Genesee County

Lockwood, Andrews & Newnam, Inc.
A LAN & Bolt Company
1311 S. Linden Road Suite B
Tel 810-820-7681 Fax 810-820-1703
www.lan-inc.com

CITY OF FLINT
WATER TREATMENT PLANT

REVISIONS

FILE LOG

WATER TREATMENT PLANT
PROCESS DIAGRAM

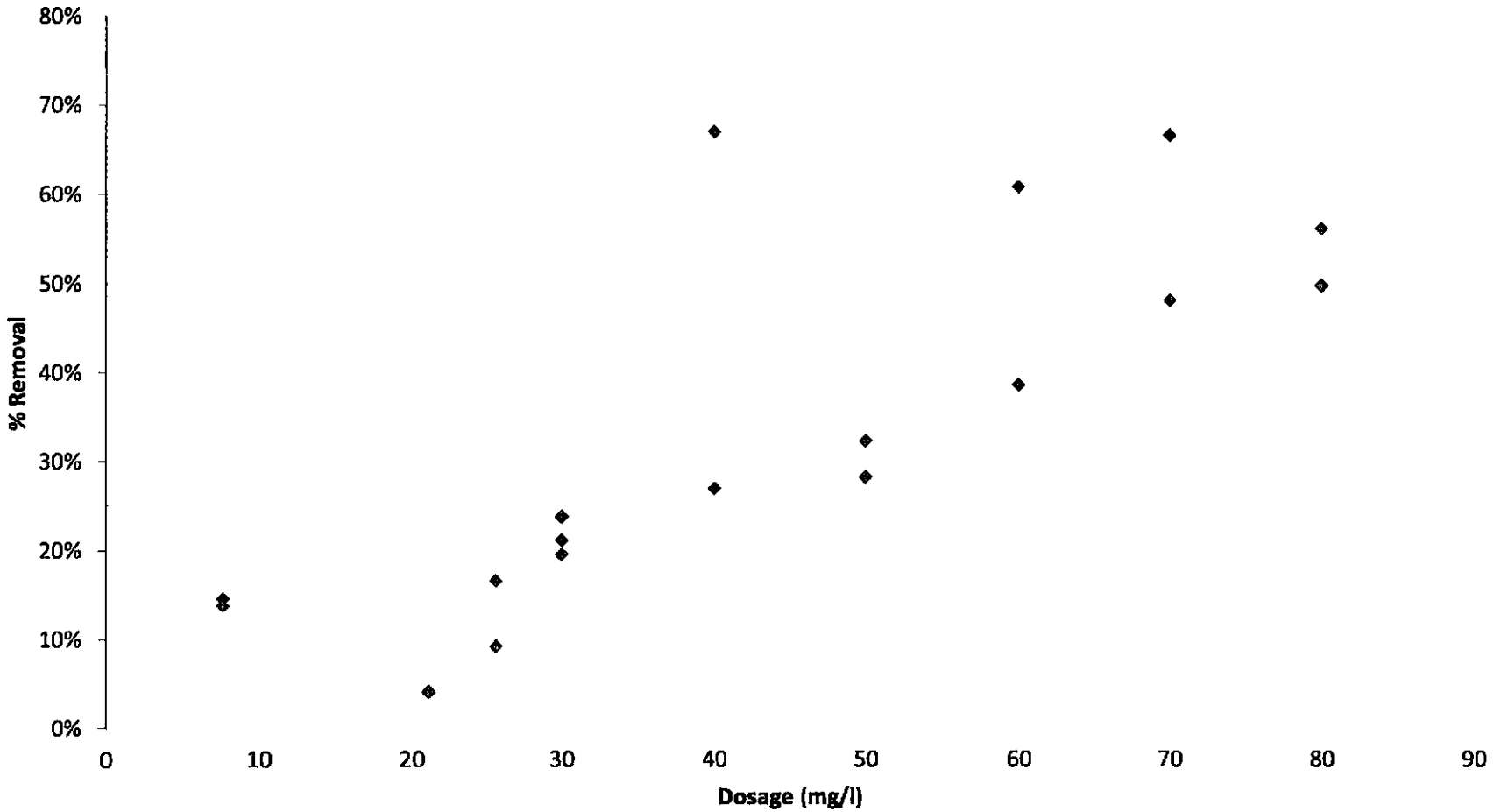
Project No 130-10701-001
Date Nov 21 2014
Sheet
FIG 1

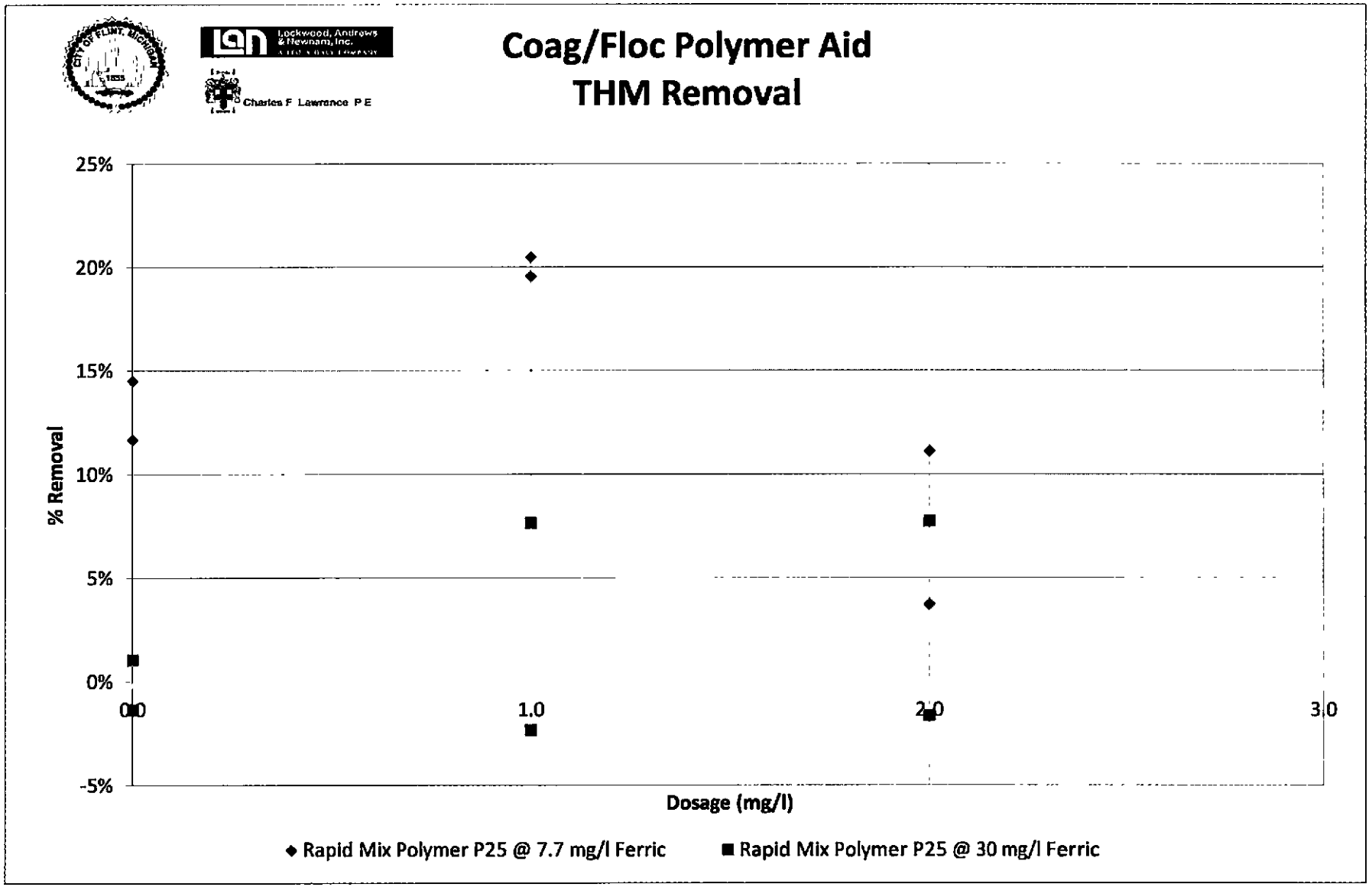
APPENDIX A
JAR TEST DATA

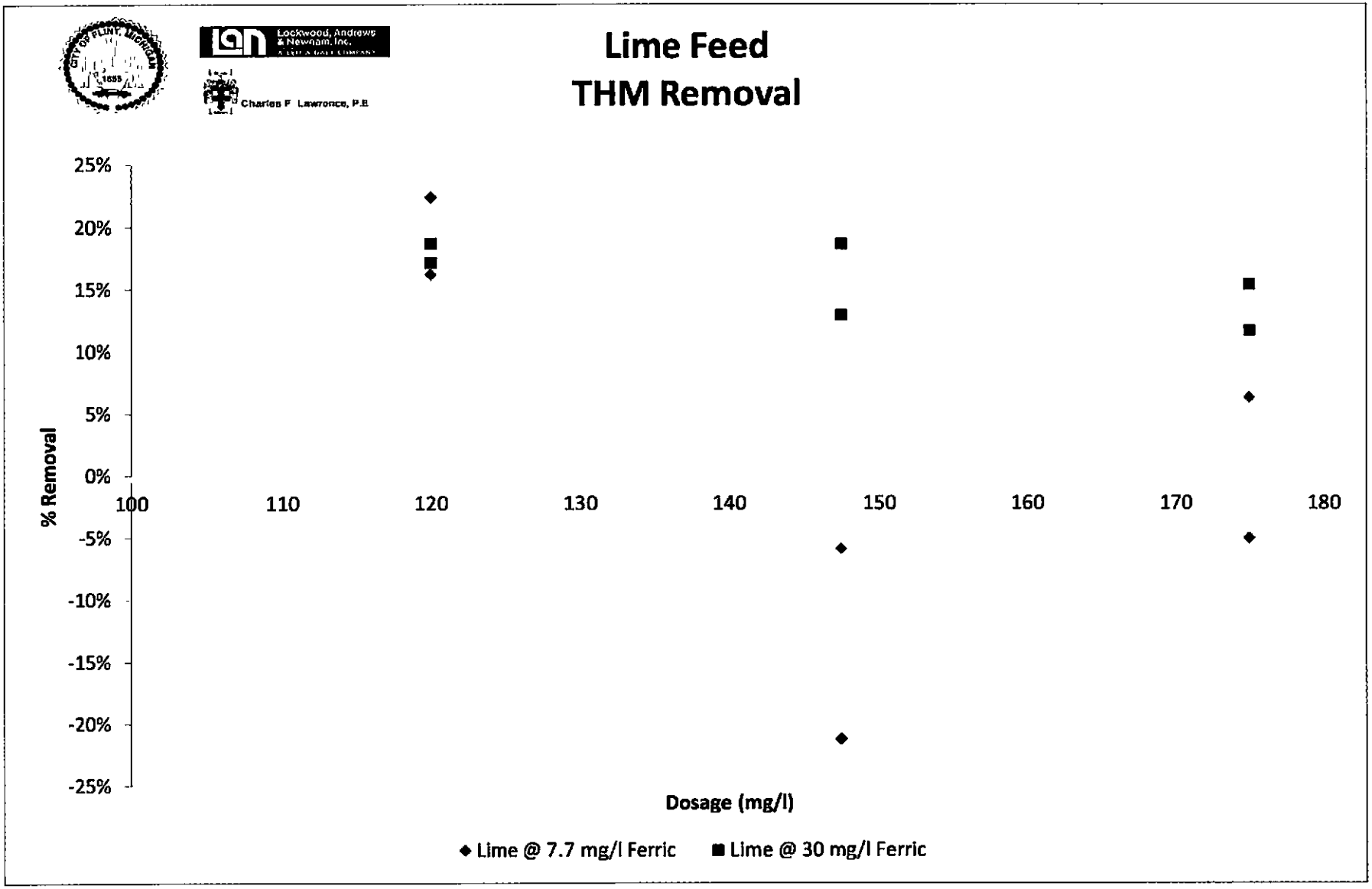
Lockwood, Andrews & Newnam, Inc.

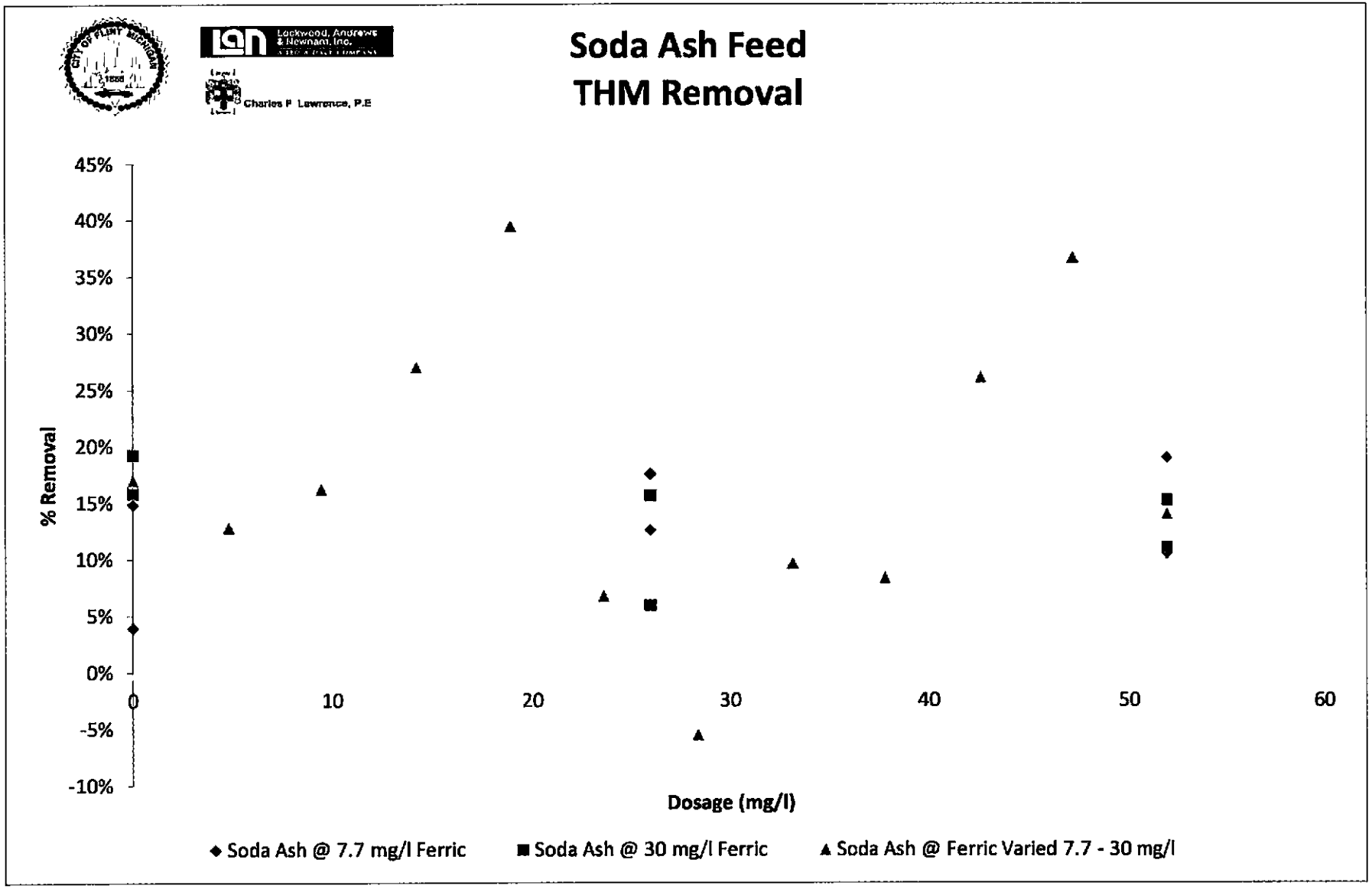
Charles F. Lawrence, P.E.

Ferric Chloride Feed
THM Removal




Lockwood, Andrews & Newnam, Inc.
Charles F Lawrence P E
Coag/Floc Polymer Aid
THM Removal
25%
20%
15%
10%
5%
0%
-5%
% Removal
0.0
1.0
2.0
3.0
Dosage (mg/l)
◆ Rapid Mix Polymer P25 @ 7.7 mg/l Ferric
■ Rapid Mix Polymer P25 @ 30 mg/l Ferric

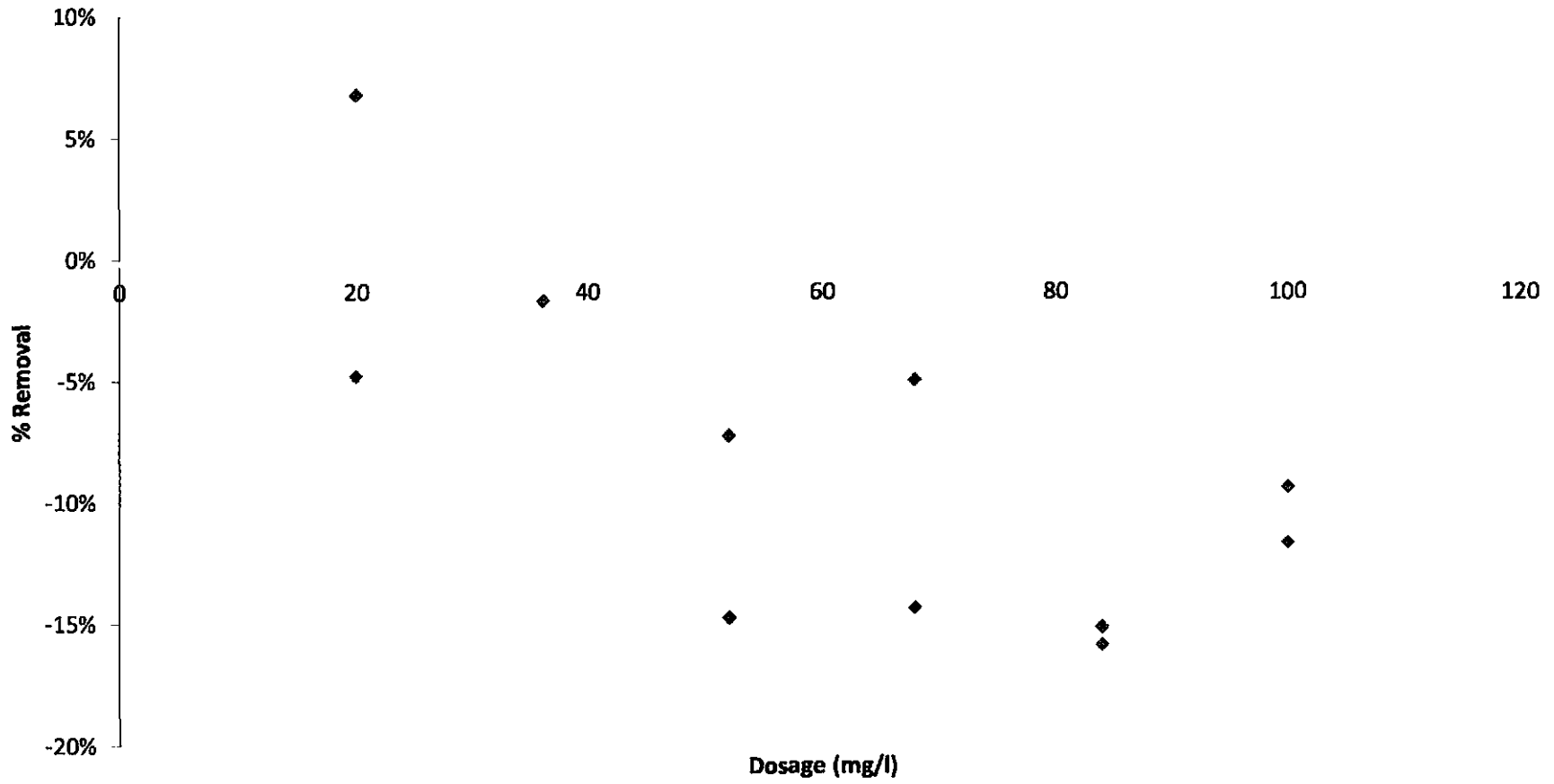

Lockwood, Andrews & Newnam, Inc.
Charles F. Lawrence, P.E.
Lime Feed
THM Removal
25%
20%
15%
10%
5%
0%
-5%
-10%
-15%
-20%
-25%
% Removal
100
110
120
130
140
150
160
170
180
Dosage (mg/l)
Lime @ 7.7 mg/l Ferric
Lime @ 30 mg/l Ferric


Lockwood, Andrews & Newnam, Inc.
Charles P. Lawrence, P.E.
Soda Ash Feed
THM Removal
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
-5%
-10%
% Removal
0
10
20
30
40
50
60
Dosage (mg/l)
Soda Ash @ 7.7 mg/l Ferric
Soda Ash @ 30 mg/l Ferric
Soda Ash @ Ferric Varied 7.7 - 30 mg/l

Lockwood, Andrews & Newnam, Inc.

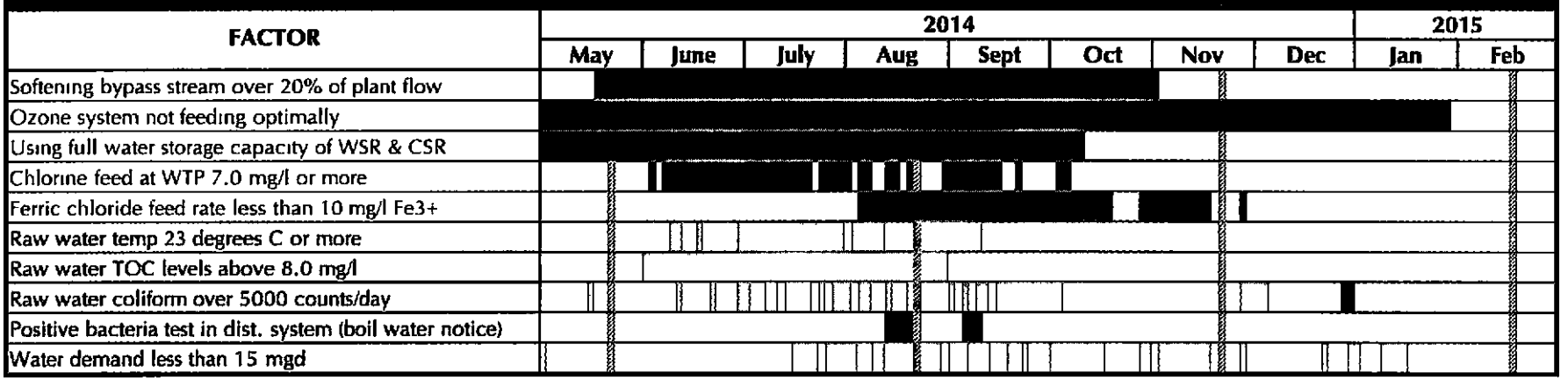
Charles F. Lawrence, P.E.

PAC Feed
THM Removal



APPENDIX B
WTP DATA

TABLE 1 - SUMMARY OF NEGATIVE INFLUENCES ON THM COMPLIANCE SAMPLING



Dates of occurrence

Dates of occurrence and expected to repeat in future years

Compliance sampling date

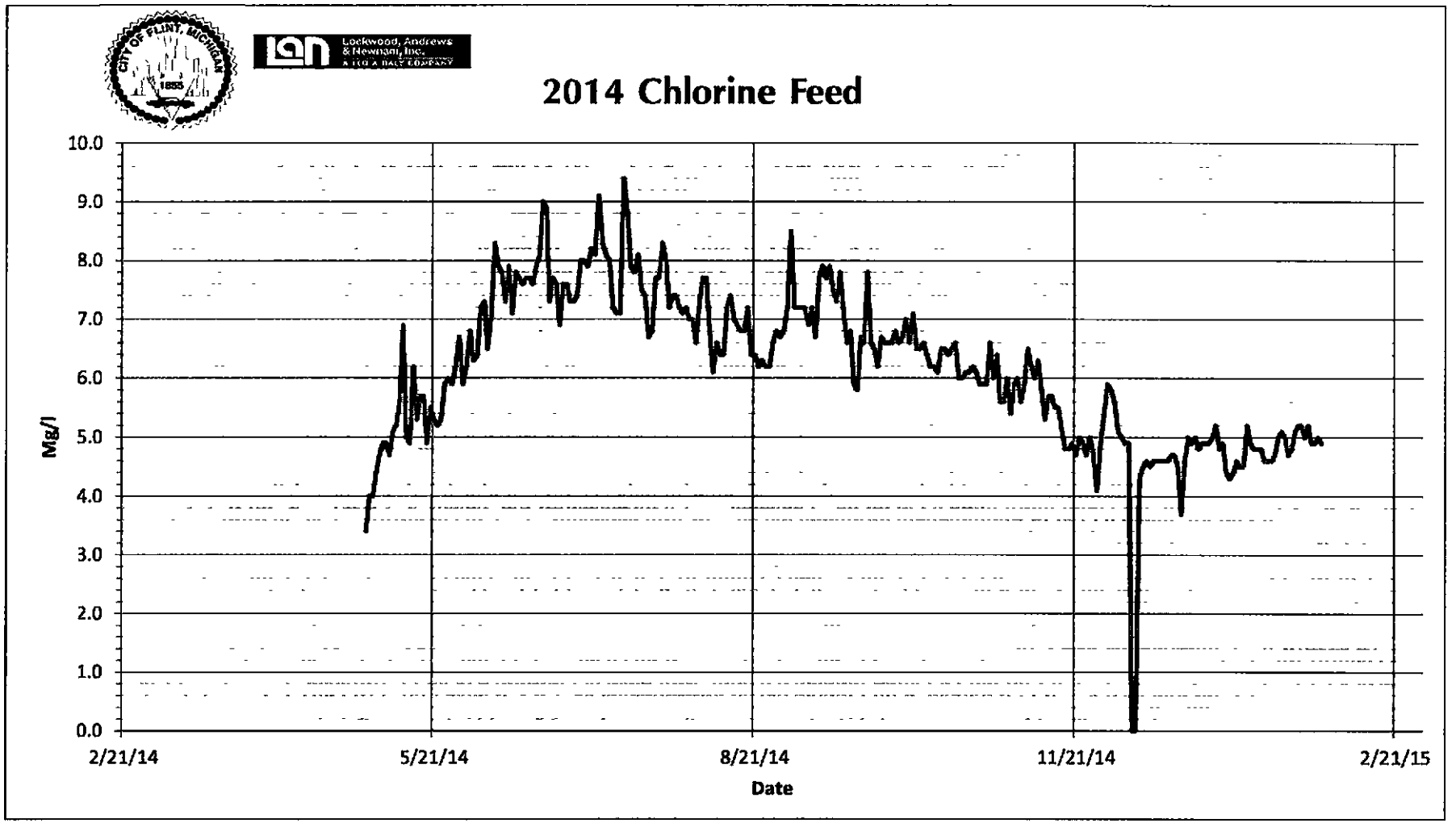
Factors under Flint staff control

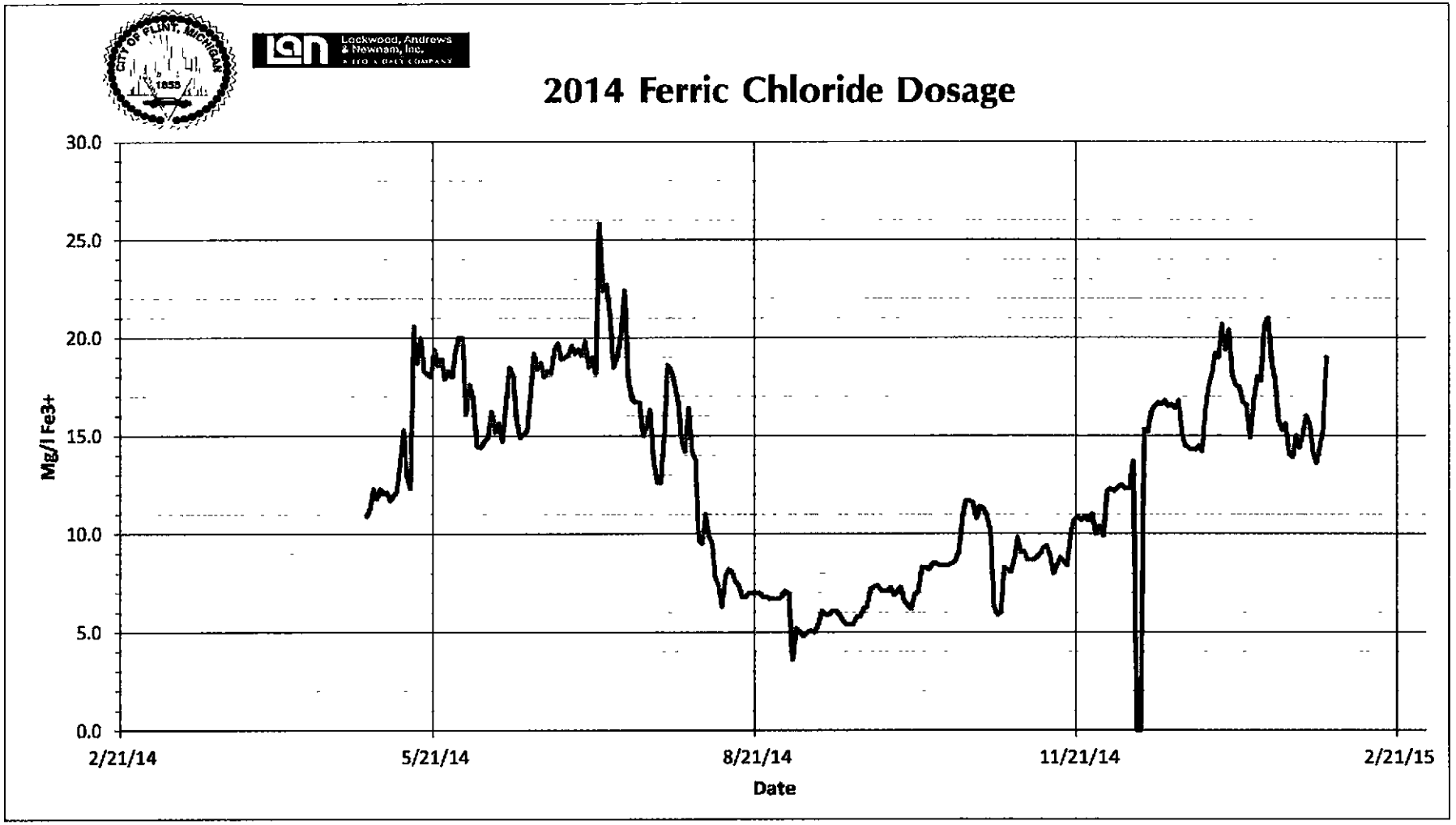
Flint River characteristics

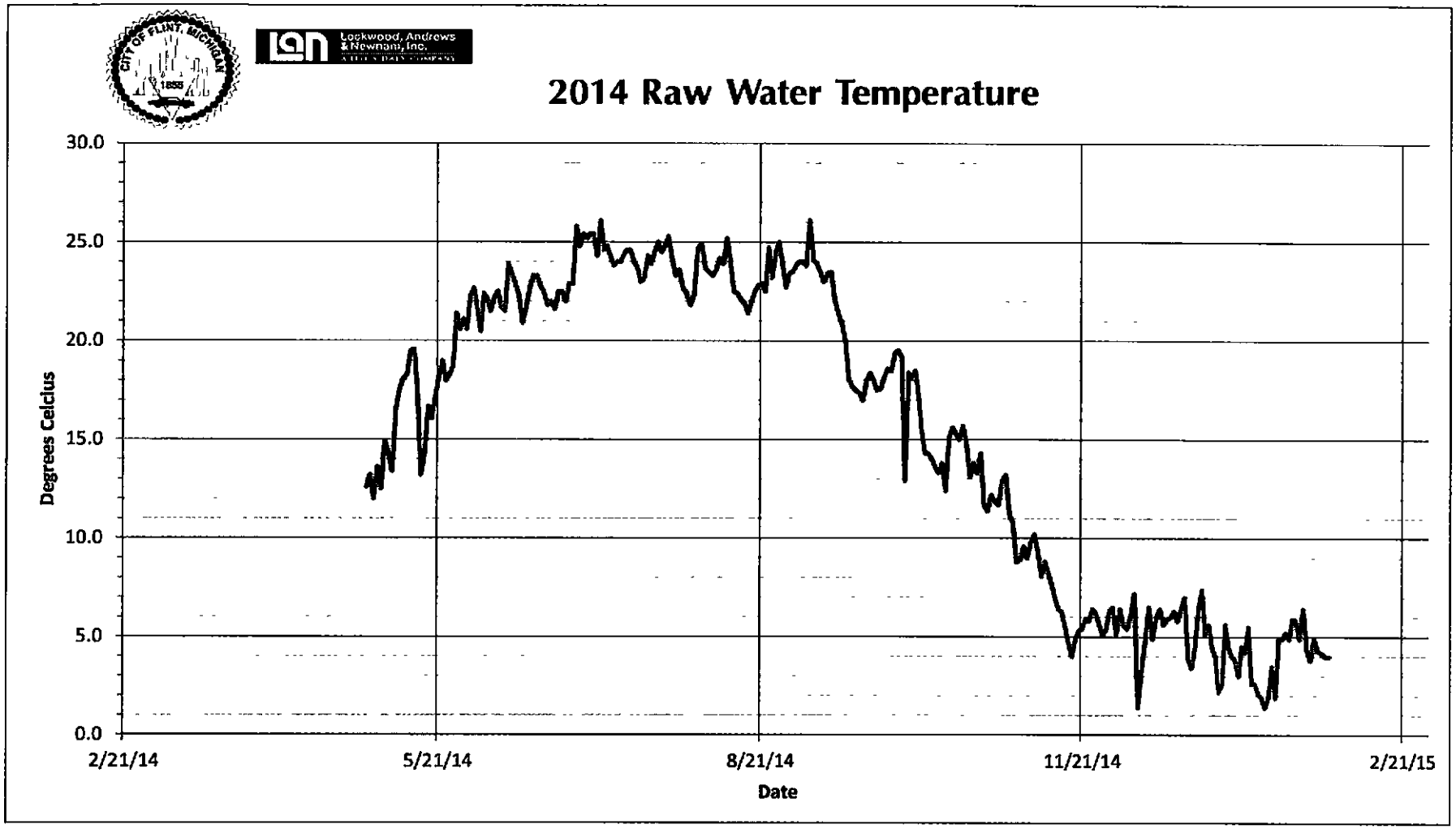
System factors

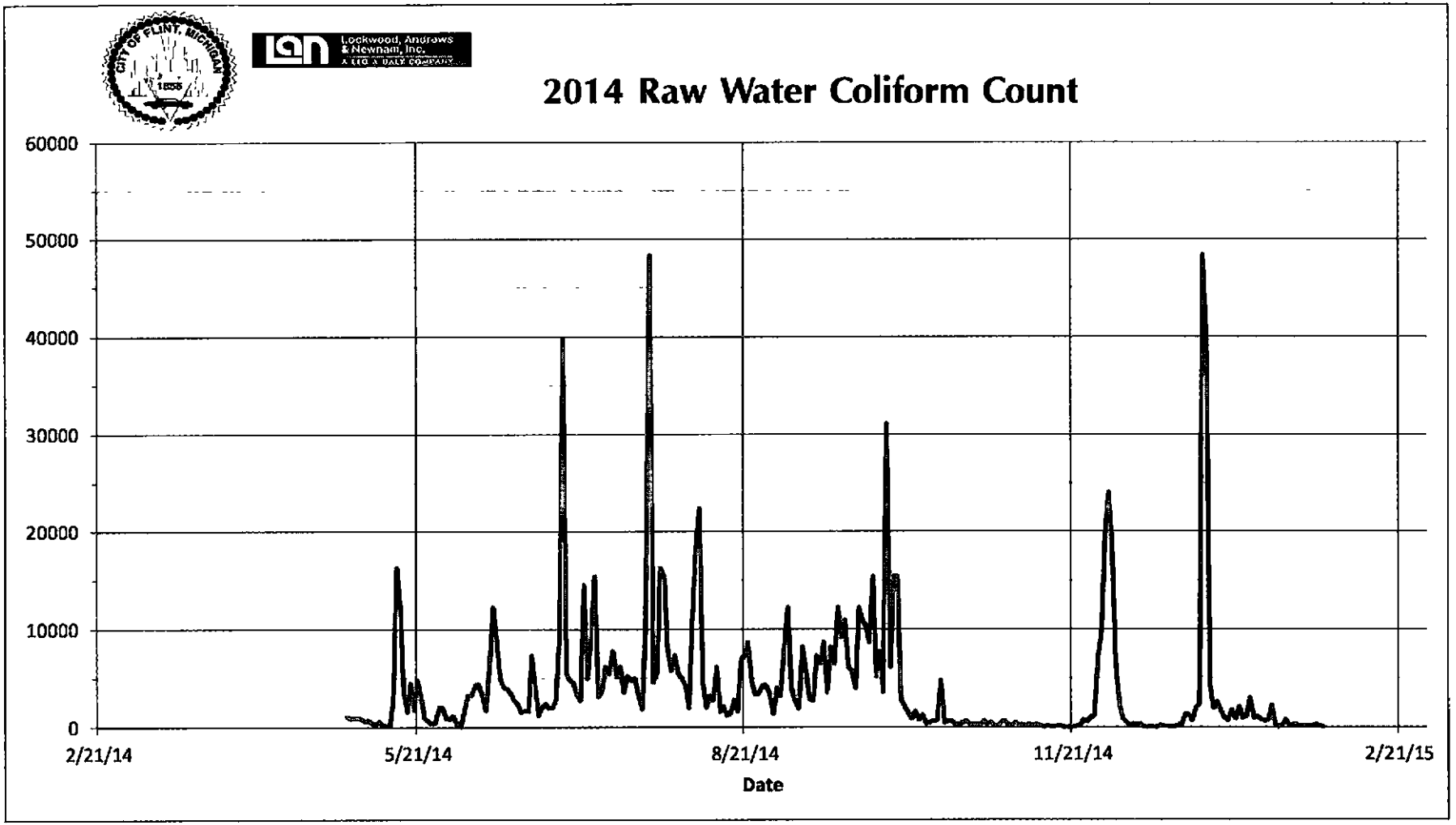
Lockwood, Andrews & Newnam, Inc.
A LEO A DALY COMPANY

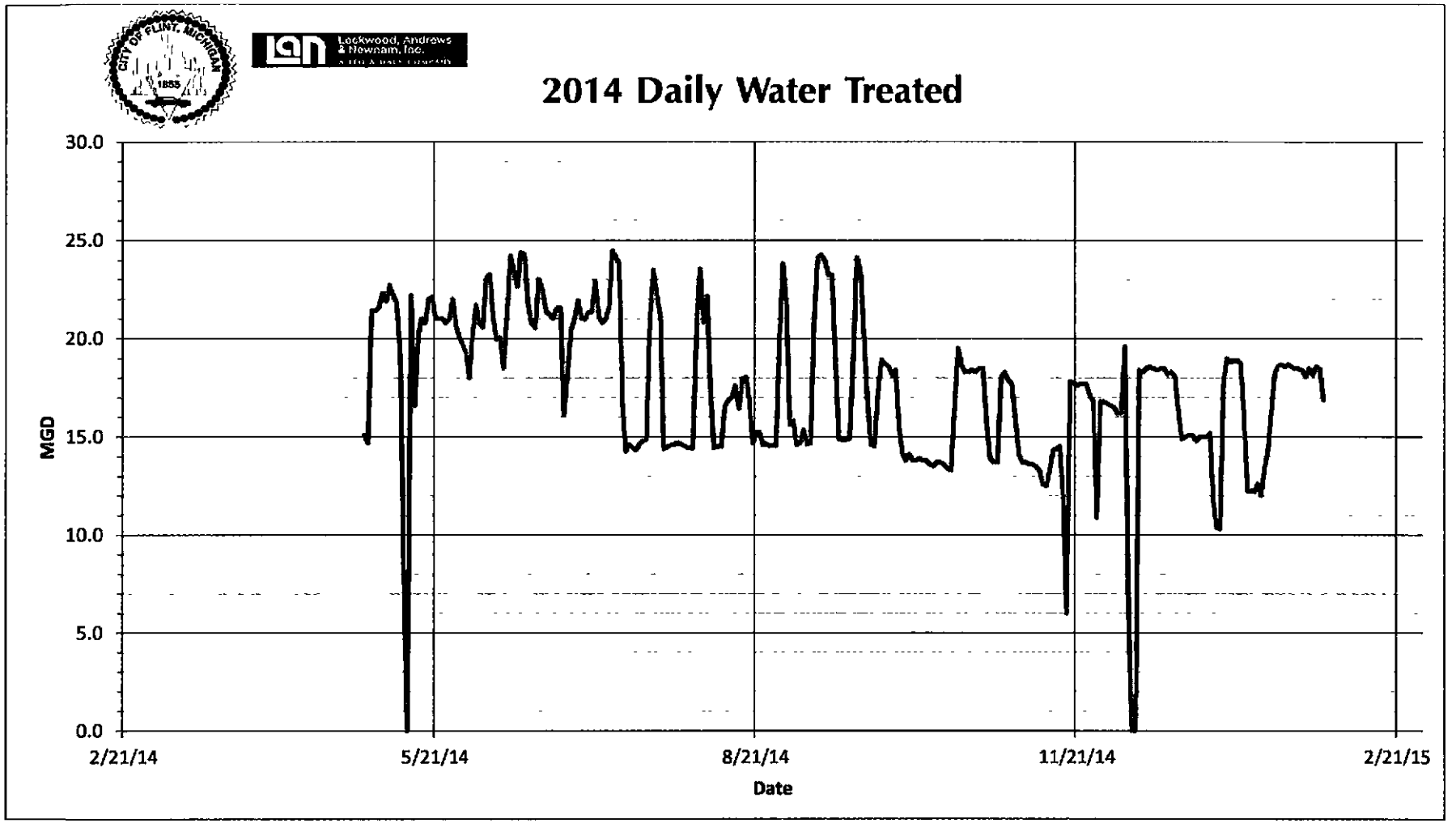
PLANNING
ENGINEERING
PROGRAM MANAGEMENT


Lockwood, Andrews & Newnam, Inc.
2014 Chlorine Feed
10.0
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
Mg/l
2/21/14
5/21/14
8/21/14
11/21/14
2/21/15
Date


Lockwood, Andrews & Newnam, Inc.
2014 Ferric Chloride Dosage
30.0
25.0
20.0
15.0
10.0
5.0
0.0
Mg/l Fe3+
2/21/14
5/21/14
8/21/14
11/21/14
2/21/15
Date


Lockwood, Andrews & Newnam, Inc.
2014 Raw Water Temperature
30.0
25.0
20.0
15.0
10.0
5.0
0.0
Degrees Celcius
2/21/14
5/21/14
8/21/14
11/21/14
2/21/15
Date


Lockwood, Andrews & Newnam, Inc.
2014 Raw Water Coliform Count
60000
50000
40000
30000
20000
10000
0
2/21/14
5/21/14
8/21/14
11/21/14
2/21/15
Date


Lockwood, Andrews & Newnam, Inc.
2014 Daily Water Treated
30.0
25.0
20.0
15.0
10.0
5.0
0.0
MGD
2/21/14
5/21/14
8/21/14
11/21/14
2/21/15
Date

IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER

City of Flint Did Not Meet Treatment Requirements

Our water system was recently found to be in violation of a drinking water standard. Although this incident was not an emergency, as our customers, you have a right to know what happened and what we are doing to correct this situation.

We routinely monitor for the presence of drinking water contaminants. Samples were collected for total trihalomethanes (TTHM) analysis from eight locations on a quarterly basis (May 21, August 21, and November 20 of 2014). The average of the results at **ANY** of the eight locations must not exceed the maximum contaminant level (MCL) for TTHMs, otherwise our water system exceeds the Maximum Contaminant Level (MCL). The standard for TTHMs is 80 ug/L. The location reporting the highest TTHM level was 99 ug/L; thus, our water system exceeds the TTHM MCL.

What should I do?

- There is nothing you need to do unless you have a severely compromised immune system, have an infant, or are elderly. In that case, you may be at increased risk and should seek advice about drinking water from your health care provider.
- You do not need to boil your water or take other corrective actions. If a situation arises where the water is no longer safe to drink, you will be notified within 24 hours.

What does this mean?

This is not an emergency. If it had been an emergency, you would have been notified within 24 hours.

People who drink water containing trihalomethanes in excess of the MCL over many years may experience problems with their liver, kidneys, or central nervous system, and may have an increased risk of getting cancer.

What is being done?

We are currently working on solutions to correct the problem. We anticipate resolving the problem in 2015.

For more information, please contact Mr. Brent Wright or Mike Glasgow at 810-787-6537 or the Water Plant at 4500 North Dort Highway, Flint, MI 48505.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments, nursing homes, schools, and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is being sent to you by the City of Flint.

CERTIFICATION: F1 53 WSSN: 02310

I certify that this water supply has fully complied with the public notification requirements in the Michigan Safe Drinking Water Act, 1976 PA 399, as amended, and the administrative rules. Reminder to water supplier: This notice/ certification must be sent to the DEQ.

Michael Glasgow ASSISTANT SUPERVISOR 1/2/15

Signature Title Date Distributed

Pleyte, Beth (Treasury)

From: Darnell Earley <dearley@cityofflint.com>
Sent: Monday, January 05, 2015 4:09 PM
To: Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: Fwd: Thank You!

Tom,

This is the email that I sent to Dan following our meeting in Flint on October 29. As I said, I have yet to hear anything back. I will reach out to him as follow-up to the attached.

Thanks for your help.

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Flint, MI

---------- Forwarded message ----------
From: **Darnell Earley** <dearley@cityofflint.com>
Date: Fri, Oct 31, 2014 at 11:43 AM
Subject: Thank You!
To: wyantd@michigan.gov
Cc: Dayne Walling <dwalling@cityofflint.com>, "Workman, Wayne (TREASURY)" <workmanw@michigan.gov>, "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov>, "Koryzno, Edward (Treasury)" <koryznoe@michigan.gov>, Kelly Rossman-McKinney <krossman@truscottrossman.com>, Elizabeth Murphy <emurphy@cityofflint.com>, "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>

Good Morning Director Wyant:

I wanted to take just a moment to thank you and your team for travelling to Flint Wednesday to meet with me, the Mayor, and the Utilities Department staff.

Everyone on our end appreciated the opportunity to meet directly with you and your key staff at the DEQ. We all felt it was a very productive discussion of the many difficult issues facing the City of Flint not only during this transition, but as its own long-term, sustainable water supply and distribution system, leading towards full implementation of the KWA project. As you know Flint is slated to convert to the KWA water source well within the next 18 month timeline. Until that happens however, I think you would agree that we have an excellent opportunity here to send a good, positive message about how the City is managing its water services, and working very closely with your office in the process.

As we discussed, an initial media hit from your office fairly soon would also help us build public confidence through stronger communication on how we are responding to the challenges we encounter, your department's support of our efforts to resolve them, and the resultant potability of the current water source. If there are other next steps you need from us regarding such a media release, please don't hesitate to contact me.

We look forward to our continued partnership in addressing these and other matters critical to environmental quality in the City of Flint and the State of Michigan!

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Flint, MI

Pleyte, Beth (Treasury)

From:	Maxine Murray <mmurray@cityofflint.com>
Sent:	Tuesday, January 06, 2015 3:24 PM
To:	Carter, Jerry (MSP); Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Darnell Earley; Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); Hill, Darryl (MSP); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Smith, Paul (GOV); Byrne, Randall (Treasury); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); West, Samantha (GOV)
Subject:	Bi-Weekly Conference Call Agenda
Attachments:	Conf Call Agenda 010715.pdf

Good afternoon,

Please find attached the agenda for the 9:00 am conference call scheduled for **Wednesday, January 7, 2015.**

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Darnell Earley, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am Phone Conference Agenda

January 7, 2015 1-888-[redacted] Access code [redacted]

		Last Report	Status
1) Public Safety Update – FPD, MSP, (FFD, if needed)			
	a) FPD	* The final draft reports for the evaluation of both the Police and the Fire Departments have been received. The study will be presented to City Council at the Public Safety Committee on January 22, 2015.	UPDATE
		* SRMS MOA has been signed, project charter development is underway. Last item for which Flint needed to provide a sign-off has been completed.	UPDATE
	b) FFD	City applied for $999,103 grant from the FEMA Assistance to Firefighters Grant Program to purchase a new aerial truck.	No Action Needed
	c) Other update from Chief Tolbert and MSP		
2) Governor's Office Update – R. Baird, H. Hollins, B. Clement			
	a) District Court Consolidation	County Commissioners voted on 12/10/14 to approve "pursuant to the terms and conditions set forth in a MOU to be approved between City of Flint and Gen. Cty."	UPDATE
	b) Local Income Tax Initiative	No action was taken during the lame duck session. Additional source of funds still needed for City.	UPDATE
	c) Other		

		Last Report	Status
3) Finance and Administrative Update			
	a) Firefighters Contract	City Council sent an alternative contract to the Emergency Loan Board on December 17, 2014. Prompt action necessary on IAFF contract - this is delaying the valuation of the pension system by MERS. Decision needed by end of January.	UPDATE
	b) Financial Ordinances	City Council approved first reading of Fund Balance Policy, OPEB, BSF and strategic planning processes ordinances. Purchasing Ordinance still to be moved.	UPDATE
	c) City Administrator Hired	Natasha Henderson was announced as new Flint City Administrator on December 22, 2014. Start date: Feb 23, 2015	NEW
	d) Management Vacancies	A search firm will be contracted to identify Treasurer, HR Director and Finance Director.	NEW
	e) City Clerk Supervision	Can EM establish supervisory oversight of the City Clerk; change priorities, activities of Clerk?	NEW
4) City Council Update			
	a) Vacant Council Seats	Three candiates have been sent to City Council for consideration for Ward 3 and Ward 6. Special meeting held Jan 5, 2015. Kerry Nelson and Herb Winfrey selected.	NEW
5) Water Issues			
	a) MDEQ Violation Notice	Violation notice received 12/16/14 maximum contaminant level for TTHM exceeded. Public notice required. Notices sent out Jan 5, 2015. Most recent readings in compliance.	NEW

		Last Report	Status
6) 9-1-1 Reconsolidation Plan			
	a) Tower Transfer to Consortium	Tower built with C-GAP funds. Procedure necessary to transfer asset to Consortium? Need to have assessment of value?	NEW
7) Transition Activities			
	a) Planning Workshop	Off-site workshop for Council, Dept. Heads, and new CA scheduled for Jan. 10, 2015. Transition activities and budget prep. Cancelled temporarily.	NEW
	b) Council Meeting Schedule	Council President has asked to return to regular Council meeting schedule and committee meetings with new dates and fewer restrictions.	NEW
	c) Council/Mayor Compensation	What happens to salary for council and mayor when the EM leaves? As budgeted or back to old levels?	NEW
	d) Update of Transition Management Plan	See attached.	NEW
8) Other Items			
	MDNR and Purchase of CSX rail area	Assistance needed to change allowable purchase price of Grand Traverse Greenway trail from CSX.	NEW

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Chief Administrative Officer			4	
* National Recruitment	9/1/14	12/18/2014		Started 9/1/14, open until filled
* Appoint Selection Committee	10/1/14	11/4/2014		
* Select finalists	11/10/14	11/4/2014		
* Conduct Interviews	11/24/14	11/12/2014		
* Recommend Candidate	12/15/14	12/1/2014		
* EM Appoints Selected Candidate	12/15/14	12/18/2014		
Organizational Development				
* EM/Mayor determine recommended City organizational structure	5/17/14	5/17/2014	4	
* EM/Mayor recommend Council action on ordinance changes to implement organizational structure		6/26/2014	4	
* Council to review and adopt revised organizational structure	5/17/14	6/26/2014	4	
* Finalization organizational structure roles: Mayor, Council, Administration	6/26/14	6/26/2014	4	
Complete Bargaining Units Contracts			4	
* Local 1600	7/1/14	Ratified		
* Local 1799	7/1/14	Ratified		
* FPOA	7/1/14	Imposed		
* PD - Sgts.	7/1/14	Ratified		
* PD -Capts & Lts.	7/1/14	Ratified		
* Fire Union	7/1/14			Sent to State Loan Board for decision

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Comprehensive Public Safety Study			4	
* Contract with ICMA for Study		5/8/2014		
* Collect Data	5/9/14-9/30/14	9/30/2014		
* Receive Draft Report	9/30/14	11/1/2014		
* Receive Final Report	11/1/14	12/23/2014		
* Plan Implementation				
* Determine best, most appropriate use of $1.1 million State Allocation				
Retiree Health Care Lawsuit			5	
* City Notified of Lawsuit				
* Injunction Received		1/13/2014		
* Injunction Modified		6/30/2014		
Cornerstone determines impact on FY15				
* & 16 Budget	9/1/14			Tying into budget prep
* Implement Modifications	11/1/14			
* Scheduling Conference				
* Mayor and Council to support City's position on retiree health care or adopt measures offsetting increased costs	6/26/14	6/26/2014	5	
Biennial Budget Implementation				
* Biennial Budget Adopted		6/26/2014		
* 1st Quarter Status	10/1/14	10/13/2014		
* 2nd Quarter Status	1/1/15	1/8/2015		
FY 14 Budget Close Out				
* Preliminary Close				FY14 closed on June 30, 2014
* Audit Received	11/30/14	12/30/2014		
* Audit Presentation to City Council	12/15/14			

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
* EM receives BRC Final Report	7/18/14	7/18/2014	3	
* Present Report to Mayor and City Council	7/28/14	7/28/14		
* Mayor and Council Submit Comments to EM	7/28/14	7/28/14	3	
* EM Orders BRC Recommended Charter Admendments and Charter Commission Initiative on Nov. Ballot	7/30/14	8/5/2014		Charter Review Cmte. approved by voters 11/4/14
* EM develops proposed governance structure and sends to governor			3	Part of Final Order
* Mayor and Council Comments on EM Proposal	7/28/14	7/28/2014	3	
* Define and incorporate financial and organizational best practices	3/25/13	3/25/2014	7	Reso on TAB
* EM Submits Plan to Treasury	7/1/14	7/1/2014		
* Treasury Approval Received		7/16/2014		
* EM Orders DE/RAP Adoption		7/15/2014		
* City Council passes resolution of support for DE/RAP		3/25/2014	1	Reso on TAB
* Confirmation by Mayor and Council that DE/RAP actions will be a top priority in budgeting	6/26/14	6/26/2014	1	

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
City Council Activity				
* Council to receive quarterly reports from Mayor/Fin. Director on progress of achieving strategic objectives and priorities	9/22/14	10/13/2014	6	
* Completion of City Ordinance Review by Council as proposed by EM	9/22/14		3	
* Review Strategic Plan, FY16 Budget	1/20/15		6/7	
* 6 mos. FY15 Budget Review/Amendments	1/20/15		6/7	
* Strategic Plan to be updated annually	2/20/15		6	
* FY17 Budget Development	2/20/15			
* Completion of MML Level One Education Award per EM Order 2	3/28/14		7	
Five Year Financial Analysis			2	
* City Council adopts 5 Year Analysis	6/1/14	6/1/2014	2	
* Finance/Adm Cmte shall annually review analysis in February each year and Send to Council for approval	2/20/15		2	
Issue outgoing EM Order	4/8/2015			

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
DARNELL EARLEY
ICMA-CM, MPA

Jason Lorenz
Public Information Officer
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jlorenz@cityofflint.com
Elizabeth Murphy
(810) 237-2025
emurphy@cityofflint.com

For Immediate Release

Emergency Manager Statement on Residents' Flint River Water Concerns

Flint, Michigan – January 9, 2015 – The City of Flint's Emergency Manager Darnell Earley today released a statement regarding residents' Flint River water safety concerns following the distribution of the total trihalomethanes violation letter:

"Suggestions have been made that the City of Flint should return to using water purchased through the Detroit Water and Sewerage Department (DWSD). For many reasons, financial and otherwise, the City of Flint can ill-afford to switch courses at this point. Thus, we will continue to follow the guidelines and directives of the Michigan DEQ in the implementation of our water quality plan and operational report, until the KWA water source is available. The estimated cost to go back to the water provided by the DWSD is approximately $1 million per month and the City expects to be using the Karegnondi Water Authority (KWA) Lake Huron water within the next eighteen months. It is not financially prudent to spend $18 million to purchase water that meets the same DEQ standards as the water now available from the Flint River.

-CONTINUE-

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
DARNELL EARLEY
ICMA-CM, MPA

However, because of the concerns raised by the public, as well as the city council and our state legislative delegation, we want to make sure that the Flint water treatment operation is doing everything it can to address the challenges outlined in the recent violation notice issued by the State Department of Environmental Quality (DEQ). We will be seeking river water management consultants with extensive treatment expertise to work with the Flint Utilities Department staff to assure that best practices are being used for treatment and distribution of the Flint River water. This is a much better use of the City's limited funds than trying to pursue a course back to DWSD."

–END–

City Hall
1101 S. Saginaw Street - Flint, Michigan 48502
810-766-7346 FAX: 810-766-7218 www.cityofflint.com

City of Flint

Water System Questions & Answers

January 13, 2015

* CITY HALL, 1101 S. SAGINAW STREET , RM S105, FLINT, MICHIGAN 48502 (810) 766-7135 Fax (810) 766-7249 *

CITY OF FLINT

Department of Public Works

Dayne Walling
Mayor

Gerald Ambrose
Emergency Manager

Howard Croft
Director

TO: City of Flint Residents

RE: **Water Questions**

DATE: January 13, 2015

Prelude

The decision to switch to the Karegnondi Water Authority as the City's permanent water source was made following extensive research and in-depth engineering studies. After entering into a contract with KWA and the subsequent termination of the existing water service contract by the Detroit Water and Sewerage Department, the same diligence was given in determining what source water to use while waiting for the community supported KWA water to arrive. The City concluded from this work that the Flint River presented a safe and financially responsible alternative water source. The decision to use the Flint River as an intermediate water source was approved by state regulatory officials in 2014 whereby the City was permitted by the Michigan Department of Environmental Quality to proceed with treatment of water from the Flint River.

The following questions were presented by concerned citizens, and the City's responses follow. This document will be put on the City's website for public viewing within the next several days.

1. What was the process by which the decision was made to switch from Detroit water to Flint River water? Who was responsible for what decisions?

On March 25th, 2013, after evaluating **cost comparisons** for a permanent water source, the Flint City Council, with support from the Mayor, voted 7 – 1 approving a resolution to purchase water from the Karegnondi Water Authority (KWA). On March 29th, resolution 2013EM041 was signed, authorizing the City of Flint to enter into a contract with the KWA.

On April 16th, 2013, then Emergency Manager Ed Kurtz, signed the contract effectively purchasing 18 MGD of capacity from the KWA.

On April 17th, 2013 Detroit Water and Sewerage Department (DWSD) sent a letter terminating the existing water service contract between the City of Flint and Detroit. With the termination set to take effect 12 months later on April 17th, 2014, a gap was created between the end of the DWSD contract and the start of the KWA.

On June 29th, 2013, following many preliminary discussions on how the City would fill the interim gap, a formal, all day meeting was held at the Flint Water Plant with all interested parties including City of Flint Officials (COF), representatives from the Genesee County Drain Commissioners Office (GCDC), the Michigan Department of Environmental Quality (DEQ), and the design engineers from the previous plant upgrade Lockwood, Andrews, and Newnam (LAN).

The purpose and agenda of the meeting was to determine the feasibility of the following items:

1. Using the Flint River as a Water Source
2. The ability to perform the necessary upgrades to the Treatment Plant
3. The ability to perform quality control
4. The ability for Flint to provide water to Genesee County
5. The ability to meet an April/May 2014 timeline
6. Development of a cost analysis

The conversation was guided with focus on the engineering, regulatory, and quality aspects of each item listed. The resulting determinations were made.

1. Yes, the Flint River would be more difficult to treat but is viable as a source.
2. Yes, it was possible to engineer and construct the upgrades needed for the treatment process.
3. Yes, with support from LAN engineering which works with several water systems around the state, quality control could be addressed.
4. No, the Flint treatment plant would not have the capacity needed to treat and distribute sufficient water to meet the documented needs of Flint and Genesee County.
5. Possible, it was determined that many obstacles needed to be overcome but completion by the April/May 2014 target was reachable.
6. Next steps from the meeting were for LAN to present the City with a proposal that would include engineering, procurement, and construction needs for the project along with cost estimates.

As a result of extensive evaluation, discussions with the professional engineers, and consulting the state regulators, the Department of Public Works along with the Finance Department recommended utilizing the Flint River as a temporary water source while waiting for the KWA to come online. The plan to accomplish this was accompanied with a **construction timeline**, a needs analysis for resources, and an FY 14 spending plan to complete the project.

2. Was it known prior to the switch that there would be problems managing total coliform and fecal coliform bacteria levels in the water?

It was understood that the Flint River would be subject to temperature variations, rain events, and have higher organic carbon than Lake Huron water and would be more difficult to treat. These facts were balanced against a licensed staff, LAN engineering's extensive experience in this field, advanced equipment that Flint has for treatment, and support from the DEQ.

3. What were the projected costs and benefits of the switch, and what have been the actual costs and benefits?

The engineered costs for upgrading the Flint Plant to treat KWA water from Lake Huron were projected to be ~$9,000,000. These upgrades need to be in place prior to KWA water reaching Flint and are coupled with an additional ~$3,500,000 in annual operational expenses for workforce additions, electricity costs, and process equipment for a total of ~$12,500,000

The final year that the City of Flint purchased water from DWSD, the cost was $12,400,000 and that cost was projected to rise to ~$14,400,000 in 2014 and increase to ~$16,000,000 in 2015.

The financial benefit for switching to the river was the opportunity to divert that revenue towards capitalizing the upgrade expenditures needed to run the plant and the development of a capital improvement program for the aged infrastructure without a significant increase to the water bill. This aspect was figured into the cost analysis at the time of the recommendation.

Based on the current DWSD rate structure, it appears that the actual costs to purchase water this year would have been higher than projected, The fixed cost would have been ~$5,100,000 and the additional commodity or water costs would have resulted in another ~$11,000,000 given the City's current water usage. This would result in an estimated ~$16,000,000 in this year alone.

The upgrade expenditures stayed close to the engineered projections The improvements at the water plant cost ~$7,000,000, the remediation and development of Bray Rd for lime disposal cost ~$1,700,000 and the increased operational costs so far this year are below the estimates and on target to finish the year at ~$3,000,000. These changes come to a total of ~$11,700,000 of necessary expenditures in the first year.

In addition to the ability to capitalize the upgrades, switching to the Flint River has allowed us to develop a Capital Improvement Plan for the Utility Department that will begin replacing pipe underground this spring and will account for overdue maintenance concerns such as valve replacements, and pipe lining extending the useful life of the system and allowing us to deliver better quality water.

It would have required close to a 30% raise in the water and sewer bill to accomplish this without using the Flint River as a source.

4. What were the causes of increased levels of trihalomethanes? Have those causes been sufficiently addressed? If not, what needs to be done to prevent this from occurring again in the future?

Just as low levels of chlorine can produce coliforms, high levels of chlorine can result in Disinfectant Byproducts (DBP) generating increased levels of trihalomethanes (TTHM). The DEQ requires this testing to occur once every three months at each of the testing sites and looks at an average over four quarters (one year) to determine the level to compare against the maximum contaminant level (MCL).

Research by the Science Advisory Board, the National Academy of Sciences, and the USEPA's Carcinogen Assessment Group predicts **risk estimates** associated with high levels of TTHM at an incremental risk of 3 to 4 people out of 10,000 that consume 2 liters of water over the MCL daily for 70 years.

The required remedy for this violation is to present the DEQ with an **Operational Evaluation Report** that assesses what caused the violation and what the proposed remedy is. The City generated a report to the DEQ in November 2014, which assesses each area of the Flint water system including water source, treatment process, and distribution system. The evaluation was complete with short and long term recommendations to optimize each area and the belief that the items listed would correct the violation and give Flint an increased ability to manage the system. Continued repairs on valves and colder temperatures have created a more consistent chemical footprint, and we have been producing a more consistent water quality.

5. What were the causes of increased levels of total coliform and fecal coliform bacteria levels? Have those causes been sufficiently addressed? If not, what needs to be done to prevent this from occurring in the future?

What we discovered is that as water travels through the 600 miles of the City's distribution mains it will, at times, reside in the system for up to 3 or 4 weeks. Water purchased from DWSD is drawn from Lake Huron, chlorinated, and then travels over 80 miles to reach the City. By the time the water reaches Flint it is stable and capable of withstanding this type of residency time within the system. Water drawn from the Flint River, specifically in summer months when the temperature is fluctuating, is more susceptible to being impacted by variables such as high residency times and increased chemical reaction.

The DEQ requires that a minimum of 100 tests be performed monthly for chlorine residuals at various locations throughout the system. When residual levels are too low, it creates an environment in which bacteria such as fecal coliform can grow. After switching sources, we encountered testing sites in June, 2014 that were consistently returning low residual levels. Several of these sites became areas that total coliform was eventually detected and ultimately boil water notices issued.

Low residual levels can sometimes trigger a positive test result for total coliform which is an indicator of a poor water environment but does not generally require a boil water notice. The normal course of action in these situations is to flush hydrants and introduce fresh water into the defined area. In certain areas this was successful and in other areas it was not. In a second course of action, the EPA also allows for water systems to increase the residual disinfectant, including chlorine, to a level and for a time necessary to protect public health. This information can be found in the EPA manual **(40 CFR 141.65 & 141.130(d))**. In contending with the low residual levels which represent a more immediate health concern along with the potential for tier 1 violations and boil water notices, we increased the chlorination treatment at times in order to combat the low residuals. This was also was an unsuccessful remedy and only after we located and replaced valves that were broken in the closed position on major transmission lines in these areas did the residual levels return to normal and have remained that way since.

There is still one test site, in the 2500 block of Flushing Rd. where we continue to experience low residual levels and we are actively pursuing efforts to locate more expected valve failures. The development of a hydraulic model of the system and the ability to use unidirectional flushing are tools that will assist us in mitigating areas where low residuals surface. Both of these are in progress of being developed by the engineering firm LAN and Potter Consulting who was also the author of our Water Reliability Study.

6. What are the public reporting requirements for these sorts of problems, and has the City met those requirements? What can be done to communicate in a more timely manner useful information about a public health threat such as the presence of cancer-causing chemicals in our drinking water?

The EPA 2010 **"Revised Public Notification Handbook"** has a specific breakdown of the elements required in public notifications and includes usable templates. The EPA has three different tiers associated with community water systems (CWS), each with specific timeframes and requirements that trigger upon issuance of the violation.

- Tier 1. CWS must provide public notification within 24 hours of a violation and continue this as directed by the primary agency.
- Tier 2. CWS must provide public notification within 30 days of a violation and continue this every three months until the violation is resolved
- Tier 3. CWS must provide public notification within one year and the EPA recommends repeat occurrences be provided in an annual notice

The **current EPA violation** is classified as a tier 2 violation and was issued December 16th, 2014.

Moving forward, the City of Flint is striving to increase communication with the public in a variety of ways.

- The city's new website will have current news and information updated on a regular basis.
- Increased data collection will be transitioned into real time ability to communicate with the residents through the Public Works area of the City's new website.
- Timely reporting of current test results on the new City website.

The establishment of these tools is in progress and expected to be implemented in the near future along with evaluating other avenues of communication.

7. **Is there any reason to think that these or similar problems will continue even after the shift is made to water from Lake Huron?**

The water coming from Lake Huron via KWA will be more consistent in temperature, have lower organic carbon, and will be less susceptible to variations but will have its own chemical footprint. The construction upgrades to the Flint Treatment Plant give us the ability to draw water from either source and should provide Flint the opportunity for testing and thereby streamlining the treatment process to match the Lake Huron chemical footprint before fully introducing it into the distribution system.

In addition to new source water, following the recommendations contained in the Operational Evaluation Report and the City's **Water Reliability Study** is the roadmap to being able to provide quality water.

Continuing to identify integrity issues and making preemptive repairs within our antiquated infrastructure are needed to maintain and provide a healthy system. Leak detection which is scheduled for the spring, hydraulic system modeling which includes unidirectional flushing is in progress now and will give us the information and tools to accomplish these goals.

8. **Who is responsible for making sure we don't have these sorts of problems, and did that person or those people fail to meet their responsibilities?**

The Utility Department is a Division underneath the Department of Public Works. The Public Works Director along with the Utilities Administrator will continue to work hand in hand with professional engineers, consultants, and the state regulatory agency DEQ in order to manage increased public communication and address any issues that arise going forward.

The DEQ requires that public water systems with population over 20,000 must have an F-1 state licensed operator in charge that oversees the operation of the treatment process. This license is the highest classification in the state that specializes in "complete treatment" The City of Flint has such a person on staff at the water plant and that person's responsibility is to determine the correct levels of chemical treatment, monitor the system, submit official test results to the state regulatory agency, and make necessary adjustments when contaminant levels are breached. All of these steps were followed and acknowledged by the DEQ.

The following is the list of supporting documents that will be available on the City's website for public viewing.

Cost Comparisons (the ROWE Study)

Upgrade Construction Timeline

EPA Chlorinating Information

Risk Assessment Information

Operational Evaluation Report

EPA 2010 revised Public Notification Handbook

The Current DEQ Violation Letter

Flint Water Reliability Study

Respectfully submitted,

Howard D Croft
Public Works Director

Dayne Walling
Mayor, City of Flint

Gerald Ambrose
Emergency Manager

EM SUBMISSION NO.: 2013EM041

PRESENTED: 3-28-13

ADOPTED: 3-29-13

BY THE EMERGENCY MANAGER:

RESOLUTION TO PURCHASE CAPACITY FROM KAREGNONDI WATER AUTHORITY

The Karegnondi Water Authority (KWA) is a governmental consortium of cities and counties in southeastern Michigan that was created to build a water pipeline that will provide water from Lake Huron to interested communities in Sanilac, Lapeer, and Genesee counties. The incorporating bodies that created the KWA are Sanilac County, Lapeer County, Genesee County, the City of Flint, and the City of Lapeer.

The City of Flint is currently in a year to year contract with the City of Detroit for the purchase of water. A study was conducted that projected that staying with Detroit will cost the region $2.1 billion over the next 25 years. In contrast, if the region builds its own pipeline, the projected costs are $1.9 billion over the same period. After the initial 25 year period, the projected costs would be less then 25% of the projected water costs from Detroit.

In order to build the pipeline, the KWA needs commitment from its members regarding the capacity that each member will purchase in the pipeline. The KWA is allowed to withdraw 85 million gallons of water per day. Capacity is available to members in increments of 1 million gallons per day known as units. For each unit of capacity that a member purchases, the buyer shall pay to the KWA a one time fee of $32,300.00. Additionally, the buyer shall pay to the KWA not less then $32,300.00 per unit per year until such time as water is made available to the buyer. After water is made available, the buyer shall pay to the KWA an estimated amount not to exceed $355.300.00 per unit per year until such time that the bonds are paid in full. If it is determined that the costs per unit will exceed $355,300.00 the buyer has a right to cancel the contract.

The purchase of capacity along with the payment of other costs necessary to operate the pipeline gives the member a right to water for sale to its customers. The buyer has a right to resell capacity and water rights. Each party entering into a capacity contract shall also be entitled to appoint additional board members equal to the party's percentage share of the total capacity under contract.

It is in the long term best interests of the City of Flint to enter into a contract with the KWA to purchase up to eighteen (18) units of capacity.

IT IS RESOLVED that City officials are authorized to enter into a contract with KWA to purchase up to eighteen (18) units of capacity.

IT IS FURTHER RESOLVED that the City Administrator is authorized to provide KWA information needed to administer the contract and, with approval of the Chief Legal Officer. to make minor (non-material) modifications to the contract.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

For **Gerald Ambrose, Finance Director**

EM DISPOSITION:

ENACT 1/ **FAIL** _____ **DATED** 3-29-13

Edward L. Kurtz, Emergency Manager

S.\P Bade\EM2013\Resolutions\KWA.03.28.13.doc

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, January 16, 2015 10:53 AM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury)
Cc: Saxton, Thomas (Treasury)
Subject: Fwd: Document for Review
Attachments: DWSD and Flint Water Issue, 1.12.15.pdf; ATT00001.htm

Let's follow up with Gerry to discuss feasibility, options and increased cost.

Sent from my iPad

Begin forwarded message:

> **From:** "Pleyte, Beth (Treasury)" <PleyteB@michigan.gov>
> **Date:** January 16, 2015 at 10:43:01 AM EST
> **To:** "darnell.earley@detroitk12.org" <darnell.earley@detroitk12.org>, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "gambrose@cityofflint.com" <gambrose@cityofflint.com>
> **Subject: FW: Document for Review**
>
> Please see the attached letter re: DWSD and Flint Water Issue.

From: Adamczyk, Lynne (GOV)
Sent: Friday, January 16, 2015 10:27 AM
To: Thelen, Mary Beth (DEQ); Pleyte, Beth (Treasury); VanSickle, Michele (GOV); Clement, Elizabeth (GOV); Rospond, Laurie (GOV); Hall, Jean (GOV); Brader, Valerie (GOV)
Subject: Document for Review

FYI

Lynne Adamczyk
Executive Assistant
Office of Governor Rick Snyder
517-373-3400 (o)
517-241-9412 (d)
adamczykl@michigan.gov

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226-2830
WWW.DETROITMI.GOV

January 12, 2015

Mr. Darnell Earley, Emergency Manager
Mr. Dayne Walling, Mayor
City of Flint
1101 S. Saginaw Street
Flint, Michigan 48502

Dear Messrs. Earley and Walling:

Regarding: Re-establishing Detroit Water and Sewerage Department Water Service

I was recently referred to a report in MLive in which there was reference to the City of Flint (City) potentially re-visiting its decision to utilize Flint River water as a water source prior to the completion of the KWA pipeline. Within that report, there appeared to be some incorrect assumptions about the cost of water service from the Detroit Water and Sewerage Department (DWSD). I write to you today to express the willingness of DWSD to resume delivery of drinking water to the City and its residents. We have monitored the water quality issues that have troubled the City since May, 2014, and understand that many of the difficulties stem from the limited access to source water. Please know that DWSD is ready, willing and able to resume service to the City if you so desire.

If the City is interested in a long term arrangement with DWSD, with this goal in mind, we offer that the City can immediately reconnect to the DWSD system at no additional charge to the City and at the same "expired contract" rate that the City was paying in April, 2014, modified to reflect the 4% increase experienced by all other wholesale customers in July, 2014. The resulting rate structure is a fixed monthly rate of $846,700 and a commodity rate of $14.92/Mcf. In order to facilitate contract negotiations, DWSD is willing to extend this rate to the City (and to Genesee County as the City's partner and former customer) until June 30, 2015.

We at DWSD take very seriously the matter of drinking water quality, and we are as concerned as you must be by the continued quality issues faced by the City. We are confident that DWSD can provide you with a solution for reliable, safe, high quality water on an expeditious timeline. Please contact me directly at (313) 224-4701 if you wish to discuss this offer further.

Sincerely yours,

Sue F. McCormick
Director

cc: Governor Rick Snyder – (via U.S. Mail)
Flint City Council, (via U.S. Mail and Electronic Mail)
Eric Mays; Jacqueline Poplar (c/o Jennie Johnson); Kerry Nelson (c/o Jennie Johnson); Joshua Freeman; Wantwaz Davis; Herbert Winfrey (c/o Jennie Johnson); Monica Galloway, Vicki VanBuren; Scott Kincaid (c/o Jennie Johnson)
Jeff Wright, GCDC – (via Electronic Mail)
Mayor Mike Duggan (via Electronic Mail)
James Fausone, BOWC (via Electronic Mail)
Robert Daddow, GLWA (via Electronic Mail)

Byrne, Randall (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Friday, January 16, 2015 2:50 PM
To: Byrne, Randall (Treasury)
Subject: FW: Document for Review

FYI

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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Thank you

From: Darnell Earley [mailto:darnell.earley@detroitk12.org]
Sent: Friday, January 16, 2015 12:08 PM
To: Pleyte, Beth (Treasury)
Cc: gambrose@cityofflint.com; Dwalling@cityofflint.com; workman@michigan.gov; Koryzno, Edward (Treasury); Saxton, Thomas (Treasury)
Subject: Re: Document for Review

All,

We saw this just before I left. We maintain that the cost to reconnect to DWSD amounts to approximately $1 million a month for a period that would amount to 18 months. These numbers were also the numbers presented to us by the Genesee County Drain Commissioner whom Jerry, Mayor Walling, and I met with before my departure.

Perhaps DWSD has made some adjustments in those numbers that the four of us are unaware of.

DE

From: "Beth Pleyte (Treasury)" <PleyteB@michigan.gov>
To: "darnell earley" <darnell.earley@detroitk12.org>, "Edward Koryzno (Treasury)" <KoryznoE@michigan.gov>, "Wayne Workman (TREASURY)" <WorkmanW@michigan.gov>, gambrose@cityofflint.com
Sent: Friday, January 16, 2015 10:43:01 AM
Subject: FW: Document for Review

Please see the attached letter re: DWSD and Flint Water Issue.

From: Adamczyk, Lynne (GOV)
Sent: Friday, January 16, 2015 10:27 AM
To: Thelen, Mary Beth (DEQ); Pleyte, Beth (Treasury); VanSickle, Michele (GOV); Clement, Elizabeth (GOV); Rospond, Laurie (GOV); Hall, Jean (GOV); Brader, Valerie (GOV)
Subject: Document for Review

FYI

Lynne Adamczyk
Executive Assistant
Office of Governor Rick Snyder
517-373-3400 (o)
517-241-9412 (d)
adamczykl@michigan.gov

Widigan, Robert (TREASURY)

From: WIDIGAN, ROBERT <rwidigan@[redacted]
Sent: Thursday, January 15, 2015 8:57 AM
To: Widigan, Robert (TREASURY)
Subject: FW: City Water Quality
Attachments: City of Flint Water TTHM Release 010215.pdf; image2015-01-06-133036.pdf

Robert Widigan
rwidigan[redacted]
810.[redacted]

From: Hogan, Jennifer
Sent: Tuesday, January 13, 2015 12:10 PM
To: AllUsers
Subject: City Water Quality

Dear Campus Community,
You may be aware of the recent announcement by the City of Flint that the water system was in a non-emergency violation of a drinking water standard. The full announcement from the City is attached.

Both the City and the Genesee County Health Department have reassured citizens that it is safe to use city water and that corrective actions are not necessary. Regular testing of the water supply continues to take place to ensure usability and consumption is safe for citizens. The City has indicated that there is nothing individuals need to do unless you have a severely compromised immune system, have an infant, or are elderly. In that case, they recommend that you may be at an increased risk and should seek advice about the drinking water from your health care provider.
The University will be conducting monthly tests of the water that is used on campus. If there are any issues that are found as a result of the testing, that information will be communicated to the campus.

Generally speaking, there are no immediate actions that need to be taken by individuals regarding the safety of water in the City. In conversations that the UM-Flint Office of Environment, Health, and Safety (EHS) has had with the Genesee County Health Department, there are a few recommendations that one might follow if concerned about total trihalomethanes (TTHMs):

1. Use bottled water or

2. Install point-of-use home water treatment systems on delivery lines in the house (faucet mount, pour through pitcher style, and plumbed-in units)

3. It is important to note that when selecting/purchasing any water filter device that it is certified by National Sanitation Foundation (NSF), Underwriters Laboratories (UL) or the Water Quality Association (WQA) to remove TTHMs (look for the seals on the box). The filters could be a pitcher style or a point of use treatment filter that can be mounted to the faucet, under the sink or on the counter top. These treatment devices are widely available for purchase at houseware or hardware stores.

If you have further questions, the EHS in collaboration with our campus student environmental club, Future Urban & Environment Leaders (F.U.E.L.) plan to host a brownbag luncheon discussion in the near future. All faculty, students, and staff are welcome to attend. Additionally, please feel free to contact the City of Flint or the County Health Department directly, if you so choose.

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
DARNELL EARLEY
ICMA-CM, MPA

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com

For Immediate Release:

City of Flint Takes Proactive Measures to Improve Water Distribution System and Address Compliance Issues

Flint, Michigan – January 2, 2015 – The City of Flint's Department of Public Works has been actively working to address upgrades and repairs to the city's water distribution system. These actions appear to have corrected several long time concerns with the system as well as known compliance issues with the system, including a recent temporary increase in the maximum contamination level (MCL) of trihalomethanes (TTHM) found in water samples collected from the system during a testing period which ended November 30, 2014. The public was notified of the violation as a precautionary measure as required by the Michigan Department of Environmental Quality (MDEQ).

TTHM is a common by-product of the water chlorination process. Increased levels in some water samples collected in the city were an indicator of weaknesses in the distribution system and treatment process, which were due to years of deferred repairs and upgrades to a very old system. The City of Flint's DPW is and has been pursuing a comprehensive plan to make critical upgrades to its water distribution system for the long term health and operation of the system and to mitigate any future issues.

–CONTINUE–

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
DARNELL EARLEY
ICMA-CM, MPA

The levels of TTHM in the water were elevated marginally above the MCL in some samples, resulting in a less urgent "Tier 2" Environmental Protection Agency notification. This means that the EPA believes there is no immediate risk to consumers and/or the system may have already returned to acceptable levels by the time the notice was issued. Although TTHM is considered to be an environmental pollutant that can be carcinogenic, it can only be hazardous if consumed in water containing the elevated levels at a rate of two liters per person, per day for 70 years. The City of Flint wants to assure the public that according to the MDEQ the water is safe for drinking and all other purposes.

The City of Flint worked closely with the MDEQ to correct the issue by flushing hydrants and replacing key valves in the distribution system. These measures have shown to be effective in not only lowering the TTHM levels in the system, but have also improved the overall health of the system. The Michigan DEQ has acknowledged and appreciates the progress of the City's preemptive evaluation of operations which identified the deficiencies and the corrective measures being taken. The latest round of testing has shown a significant decrease in levels across the board, with most samples falling well below the MCL. It is expected that all sample levels will be well below the MCL in the next round of quarterly scheduled testing in March of 2015.

Flint's DPW welcomes the rigorous review of the MDEQ to ensure steady progress is made on this important issue. "Our proactive plan of replacing valves, flushing hydrants and making other adjustments to the system has shown both promising short term

–CONTINUE–

results as well as strengthening our water distribution capability in the long term," said Flint DPW Director Howard Croft. Both the City of Flint and the MDEQ expect the corrective measures being implemented will resolve the issue by early 2015.

The improvements in MCL levels also mirror the increased consistency being seen in chlorine residuals, flow rates, and overall water quality within the city. As part of the DPW strategic plan and Capital Improvement Plan, there are additional improvements coming to the 600 miles of distribution main including, pipe replacements, leak detection, hydraulic modeling, and enhanced asset management features. The Department of Public Works will continue to provide public education and communication about the quality, the process, and the continual improvements occurring within the system as part of the overall management of the water system.

–END–

IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER

City of Flint Did Not Meet Treatment Requirements

Our water system was recently found to be in violation of a drinking water standard. Although this incident was not an emergency, as our customers, you have a right to know what happened and what we are doing to correct this situation.

We routinely monitor for the presence of drinking water contaminants. Samples were collected for total trihalomethanes (TTHM) analysis from eight locations on a quarterly basis (May 21, August 21, and November 20 of 2014). The average of the results at ANY of the eight locations must not exceed the maximum contaminant level (MCL) for TTHMs, otherwise our water system exceeds the Maximum Contaminant Level (MCL). The standard for TTHMs is 80 ug/L. The location reporting the highest TTHM level was 99 ug/L; thus, our water system exceeds the TTHM MCL.

What should I do?

- There is nothing you need to do unless you have a severely compromised immune system, have an infant, or are elderly. In that case, you may be at increased risk and should seek advice about drinking water from your health care provider.
- You do not need to boil your water or take other corrective actions. If a situation arises where the water is no longer safe to drink, you will be notified within 24 hours.

What does this mean?

This is not an emergency. If it had been an emergency, you would have been notified within 24 hours.

People who drink water containing trihalomethanes in excess of the MCL over many years may experience problems with their liver, kidneys, or central nervous system, and may have an increased risk of getting cancer.

What is being done?

We are currently working on solutions to correct the problem. We anticipate resolving the problem in 2015.

For more information, please contact Mr. Brent Wright or Mike Glasgow at 810-787-6537 or the Water Plant at 4500 North Dort Highway, Flint, MI 48505.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments, nursing homes, schools, and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is being sent to you by the City of Flint.

CERTIFICATION: F1 S3 WSSN: 02310

I certify that this water supply has fully complied with the public notification requirements in the Michigan Safe Drinking Water Act, 1976 PA 399, as amended, and the administrative rules. Reminder to water supplier: This notice/ certification must be sent to the DEQ.

Michael T Glasgow	ASSISTANT SUPERVISOR	1/2/15
Signature	Title	Date Distributed

Koryzno, Edward (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Friday, January 16, 2015 10:25 PM
To: Koryzno, Edward (Treasury)
Subject: Fwd: Council Update
Attachments: Council Update001.PDF

Ed, fyi...I meant to copy you on this. Wayne and Randy were also copied.

---------- Forwarded message ----------
From: "Gerald Ambrose" <gambrose@cityofflint.com>
Date: Jan 16, 2015 10:21 PM
Subject: Fwd: Council Update
To: "Darnell Earley" <dearley@cityofflint.com>
Cc:

Fyi....moving right along:)

---------- Forwarded message ----------
From: "Maxine Murray" <mmurray@cityofflint.com>
Date: Jan 16, 2015 5:48 PM
Subject: Council Update
To: "Joshua Freeman" <jfreeman@cityofflint.com>, "Wantwaz Davis" <wdavis@cityofflint.com>, "Eric Mays" <emays@cityofflint.com>, "Jackie Poplar" <jpoplar@cityofflint.com>, "Kerry Nelson" <knelson@cityofflint.com>, "Herbert Winfrey" <hwinfrey@cityofflint.com>, "Monica Galloway" <mgalloway@cityofflint.com>, "Vicki VanBuren" <vvanburen@cityofflint.com>, "Scott Kincaid" <skincaid@cityofflint.com>
Cc: "Jerry Ambrose" <gambrose@cityofflint.com>

Good afternoon,

Please find attached a memo from Emergency Manager Jerry Ambrose outlining some of the upcoming activities as the City continues to prepare for transition.

Also attached is a communication outlining current activities with respect to addressing water concerns, and a notice of a public water presentation which will be held next Wednesday evening.

Please feel free to contact Mr. Ambrose if you have questions or comments.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling

Gerald Ambrose, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Gerald Ambrose
Emergency Manager

TO: President Joshua Freeman, Flint City Council
Flint City Council Members

FROM: Jerry Ambrose, Emergency Manager

DATE: January 16, 2015

RE: Update

As the new Emergency Manager of Flint, I look forward to working with you over the next several months as we continue progress towards a sustainable and financially secure city government. As I stated at the time of my appointment, my focus over the next several months is to transition the city from oversight by an Emergency Manager to home rule under the guidance of a Receivership Transition Advisory Board. This will be done by continuing to achieve the expectations set forth in the Seven Point Transition Plan. Assuming those expectations are met, I currently expect such transition to occur sometime during the month of April, 2015.

The progress which has been made is detailed in the attached status report. While progress has been made, there are numerous steps yet to be taken. Many will involve the City Council, including:

- Final adoption of the Capital Improvements Plan
- Final adoption of ordinances regarding planning, budgeting, fund balance, deficit elimination, purchasing, and others which are necessary to establish the organizational structure upon transition
- Completion of training requirements for Council members
- Adoption of an updated Strategic Plan from the FY15/FY19 Plan to the FY16/FY20 Plan
- Adoption of budget priorities for development of the FY16/FY17 budget

I will be working with the City Council, Mayor Walling, City staff and the new City Administrator Natasha Henderson to assure that we can achieve these, and other necessary steps.

There are other issues which we will all continue to address. One primary issue, of course, is the issue of water quality. We all know it is a very serious concern, and our staff is working every day to improve water quality. The plan articulated by former Emergency Manager Darnell Earley, which does not include reconnecting to DWSD, remains in place at this time. This week, as promised, the City released an RFP to secure the services of a firm with experience in improving water quality where the source of water is a river. We also posted on the City's web site answers to some questions which have been raised in the community. We will continue to add information as it becomes available. We are also planning on an informational meeting next week to continue addressing citizen concerns.

Another issue is the low level of resources available to address public safety issues in the City. As you know, we commissioned an independent study of our police and fire organization in order to assess our capacity and to determine how to best organize our police and fire departments in light of their diminished resources. The results of that study are being presented next week at the Council's Public Safety meeting, and will provide guidance as we consider the upcoming FY16 and FY17 plans and budgets.

Finally the issues surrounding water and public safety emphasize the tenuous financial situation of the City – one which, while significantly improved, will remain tight. The five year financial projections done last year, and the adopted budgets for FY15 and FY16, showed financial stability for FY15 and FY26, but projected a very significant gat between revenues and expenses for FY17. Regardless of whether or not the City remains under the control of an Emergency Manager, balancing the FY17 budget in a financially responsible manner will be a challenging task. If decisions become necessary to further reduce the workforce and service levels, they will be very difficult, as there are no easy answers. Likewise, responding to demands for high levels of service and lower costs in the form of water rates or taxes will also be difficult.

Achieving our objectives will take time and effort for all involved. In the next week, the Finance Committee will be meeting on Wednesday to review the second quarter Progress Report on the Strategic Plan, and the same evening will be a City-sponsored forum on water issues. Next Thursday, the Public Safety Committee will meet to review the results of the ICMA Police and Fire study. The following Monday, January 26, will be the regular Council meeting, where the FY14 audit will be presented and where the Council will consider adoption of the Capital Improvement Plan, as well as second reading and final adoption of the strategic planning and budgetary ordinances.

Looking further forward, the Council will be engaged in updating the Strategic Plan, beginning with a workshop on Wednesday, January 28th. It is anticipated that a special Finance Committee meeting will be necessary for February 4th, in order that Council can consider adoption of the framework of the updated Strategic Plan on Monday, February 9th.

Over the next several weeks I will be working with City staff to develop a tentative calendar of events which will guide the budget preparation process and other items which I feel need to be completed prior to transition.

This is an aggressive agenda for all of us. I believe it is critical to have in place the many pieces necessary to both prepare for a successful transition, and more importantly, so that the City of Flint continues on a path of sustainability and financial stability.

Gerald Ambrose
Emergency Manager

Dayne Walling
Mayor

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com

For Immediate Release

City of Flint Will Hold Public Water Presentation Wednesday, January 21, 2015 at 7:00pm in the City Hall Dome

Flint, Michigan – January 16, 2015 – The City of Flint will be hosting a water presentation on Wednesday, January 21, 2015 at 7pm. That presentation will be held in the City Hall Dome and will feature information detailing water treatment, water distribution and the steps being taken to ensure that citizens get water that meets all regulatory safety and quality standards. "We want the residents, businesses and visitors of Flint to know that the water in Flint is safe and that we are working every day to make improvements to our system to ensure that," said City DPW Director Howard Croft. "Our goal is make sure we get people the information on our efforts and assure them that we are on the right track with them."

DPW Director Croft and Utilities Administrator Daugherty Johnson will be joined on a panel by representatives from the Genesee County Drain Commissioner's office, the Michigan Department of Environmental Quality and LAN engineering. Written questions from the audience will be collected during the presentation and answered by the panel after the presentation.

–END–

Addressing Flint's Water Concerns

Recent events have raised concerns among many as to the safety and quality of the water provided by the City's utility system. The City is and continues to be committed to assuring that residents and visitors know that the water is safe and that those responsible for providing water are working every day to improve the quality of the water. The quality of the water does need improvement, but that is not to be confused with safety of the water. The recent notice by MDEQ clearly stated that the water provided by the utility system is safe to drink, but cautioned that some vulnerable groups may want to consult with their health care provider if they have concerns. The City remains committed to their efforts to assure that the water is safe for everyone and that quality is both improved and improving.

To date, the City has taken the following actions:

- As an integral part of the transition to the Flint River on a temporary basis, the MDEQ was consulted about the City's plans, and ultimately issued necessary permits to proceed. The City also engaged the services of the LAN engineering firm to guide the city in installing the necessary equipment to treat the water on an ongoing basis. This resulted in the development of a comprehensive drinking water plan.

- The City monitors its water quality on a daily basis to assure that water quality remains within established guidelines. With the variances in water temperature and the leakage and infiltration problems arising as the result of failure of parts of the distribution system, water quality did exceed, for a time, some of the established guidelines. This resulted in the issuance of the recent notices to the public. Upon receipt of information that some guidelines were exceeded, the City's priority focus was to bring water quality back within guidelines. Efforts taken to address non-compliance included increasing water flow through valve replacements and hydrant flushing and optimizing treatment processes.

- The City has committed to increasing communication with the public in order to inform water users factually of the issues which have arisen, to alleviate unnecessary concern and to identify the steps being taken to address the issues. This is being implemented through detailed and easy to understand educational materials being made available both online and at City Hall, as well as through ongoing public informational meetings.

- Most recently, in light of recent concerns raised by resident groups over the quality and safety of water, Department of Public Works Director Howard Croft and his staff collected questions from citizens during a recent public meeting. After reviewing these questions, DPW Director Croft and his staff set out to answer them in concise detail; the result of that work is a full Water System Questions and Answers document is available online. Along with the detailed information within, the document also contains links to other source documents and regulatory statutes found online which were used as reference. **"We want the residents, businesses and visitors of Flint to know that the water in Flint is safe**

and that we are working every day to make improvements to our system to ensure that," said Croft. "Our goal is make sure we get people the information on our efforts and assure them that we are on the right track with them." More documentation, including regular water quality monitoring reports, will be made available.

- Additionally, a number of public meetings have and will continue to take place. Two of the most recent of these took place at the Antioch Baptist Church and the Mott Community College Regional Technology Center. These meetings were held by concerned neighborhood groups and were attended by Mayor Walling and DPW Director Croft. At both meetings, citizens voiced their concerns and asked questions about water quality and the recent violation notice. Director Croft offered detailed answers to common questions, but also offered to investigate specific water issues raised by residents in which the City could offer assistance. Those in attendance came away with a better understanding of the issues surrounding the drinking water in their community.

- The City of Flint will be hosting a water presentation on **Wednesday, January 21, 2015 at 7pm. That presentation will be held in the City Hall Dome** and will feature information detailing water treatment, water distribution and the steps being taken to ensure that citizens get water that meets all regulatory safety and quality standards. City DPW Director Howard Croft and Daugherty Johnson, Utilities Administrator, will be joined on a panel by representatives from the Genesee County Drain Commissioner's office, the Michigan Department of Environmental Quality and LAN engineering. Written questions from the audience will be collected during the presentation and answered by the panel after the presentation.

- The City of Flint has also determined that in light of the serious concerns raised, it will secure the services of an external firm with expertise in managing drinking water quality to assess the steps that the city has taken, to make recommendations as to other steps to be taken, to oversee their implementation, and to monitor operations until the City's water source becomes the KWA. A Request for Proposal was issued on January 15, 2015, with proposals due back on January 26.

The DWSD Question:

As a result of the concerns raised, several community members have suggested that the City reconnect to the Detroit Water and Sewer Department (DWSD). DWSD has advised that they would be willing to allow such a reconnection without a hook-up fee. However, the City would be obligated to pay a fixed monthly charge of $846,700 plus the $14.92/Mcf cost of water itself and agree to a long term arrangement. The City's analysis of the DWSD proposal concludes that the City's cost would increase by more than $12 million per year at the proposed rates, and could increase even more as proposed rates are subject to change after July 1, 2015. This increase in costs would not be in the best interests of the City or its water users, as the City is committed to assuring safety and improving water quality by following its current plan, and reconnecting to DWSD would likely require deferment of existing capital improvements or an additional increase in rates.

City of Flint

Water System Questions & Answers

January 13, 2015

* CITY HALL, 1101 S. SAGINAW STREET , RM S105, FLINT, MICHIGAN 48502 (810) 766-7135 Fax (810) 766-7249 *

CITY OF FLINT

Department of Public Works

Dayne Walling
Mayor

Gerald Ambrose
Emergency Manager

Howard Croft
Director

TO: City of Flint Residents

RE: **Water Questions**

DATE: January 13, 2015

Prelude

The decision to switch to the Karegnondi Water Authority as the City's permanent water source was made following extensive research and in-depth engineering studies. After entering into a contract with KWA and the subsequent termination of the existing water service contract by the Detroit Water and Sewerage Department, the same diligence was given in determining what source water to use while waiting for the community supported KWA water to arrive. The City concluded from this work that the Flint River presented a safe and financially responsible alternative water source. The decision to use the Flint River as an intermediate water source was approved by state regulatory officials in 2014 whereby the City was permitted by the Michigan Department of Environmental Quality to proceed with treatment of water from the Flint River.

The following questions were presented by concerned citizens, and the City's responses follow. This document will be put on the City's website for public viewing within the next several days.

1. What was the process by which the decision was made to switch from Detroit water to Flint River water? Who was responsible for what decisions?

On March 25th, 2013, after evaluating **cost comparisons** for a permanent water source, the Flint City Council, with support from the Mayor, voted 7 – 1 approving a resolution to purchase water from the Karegnondi Water Authority (KWA). On March 29th, resolution 2013EM041 was signed, authorizing the City of Flint to enter into a contract with the KWA.

On April 16th, 2013, then Emergency Manager Ed Kurtz, signed the contract effectively purchasing 18 MGD of capacity from the KWA.

On April 17th, 2013 Detroit Water and Sewerage Department (DWSD) sent a letter terminating the existing water service contract between the City of Flint and Detroit. With the termination set to take effect 12 months later on April 17th, 2014, a gap was created between the end of the DWSD contract and the start of the KWA.

On June 29th, 2013, following many preliminary discussions on how the City would fill the interim gap, a formal, all day meeting was held at the Flint Water Plant with all interested parties including City of Flint Officials (COF), representatives from the Genesee County Drain Commissioners Office (GCDC), the Michigan Department of Environmental Quality (DEQ), and the design engineers from the previous plant upgrade Lockwood, Andrews, and Newnam (LAN).

The purpose and agenda of the meeting was to determine the feasibility of the following items:

1. Using the Flint River as a Water Source
2. The ability to perform the necessary upgrades to the Treatment Plant
3. The ability to perform quality control
4. The ability for Flint to provide water to Genesee County
5. The ability to meet an April/May 2014 timeline
6. Development of a cost analysis

The conversation was guided with focus on the engineering, regulatory, and quality aspects of each item listed. The resulting determinations were made.

1. Yes, the Flint River would be more difficult to treat but is viable as a source.
2. Yes, it was possible to engineer and construct the upgrades needed for the treatment process.
3. Yes, with support from LAN engineering which works with several water systems around the state, quality control could be addressed.
4. No, the Flint treatment plant would not have the capacity needed to treat and distribute sufficient water to meet the documented needs of Flint and Genesee County.
5. Possible, it was determined that many obstacles needed to be overcome but completion by the April/May 2014 target was reachable.
6. Next steps from the meeting were for LAN to present the City with a proposal that would include engineering, procurement, and construction needs for the project along with cost estimates.

As a result of extensive evaluation, discussions with the professional engineers, and consulting the state regulators, the Department of Public Works along with the Finance Department recommended utilizing the Flint River as a temporary water source while waiting for the KWA to come online. The plan to accomplish this was accompanied with a **construction timeline**, a needs analysis for resources, and an FY 14 spending plan to complete the project.

2. Was it known prior to the switch that there would be problems managing total coliform and fecal coliform bacteria levels in the water?

It was understood that the Flint River would be subject to temperature variations, rain events, and have higher organic carbon than Lake Huron water and would be more difficult to treat. These facts were balanced against a licensed staff, LAN engineering's extensive experience in this field, advanced equipment that Flint has for treatment, and support from the DEQ.

3. What were the projected costs and benefits of the switch, and what have been the actual costs and benefits?

The engineered costs for upgrading the Flint Plant to treat KWA water from Lake Huron were projected to be ~$9,000,000. These upgrades need to be in place prior to KWA water reaching Flint and are coupled with an additional ~$3,500,000 in annual operational expenses for workforce additions, electricity costs, and process equipment for a total of ~$12,500,000.

The final year that the City of Flint purchased water from DWSD, the cost was $12,400,000 and that cost was projected to rise to ~$14,400,000 in 2014 and increase to ~$16,000,000 in 2015.

The financial benefit for switching to the river was the opportunity to divert that revenue towards capitalizing the upgrade expenditures needed to run the plant and the development of a capital improvement program for the aged infrastructure without a significant increase to the water bill. This aspect was figured into the cost analysis at the time of the recommendation.

Based on the current DWSD rate structure, it appears that the actual costs to purchase water this year would have been higher than projected, The fixed cost would have been ~$5,100,000 and the additional commodity or water costs would have resulted in another ~$11,000,000 given the City's current water usage. This would result in an estimated ~$16,000,000 in this year alone.

The upgrade expenditures stayed close to the engineered projections. The improvements at the water plant cost ~$7,000,000, the remediation and development of Bray Rd for lime disposal cost ~$1,700,000 and the increased operational costs so far this year are below the estimates and on target to finish the year at ~$3,000,000. These changes come to a total of ~$11,700,000 of necessary expenditures in the first year.

In addition to the ability to capitalize the upgrades, switching to the Flint River has allowed us to develop a Capital Improvement Plan for the Utility Department that will begin replacing pipe underground this spring and will account for overdue maintenance concerns such as valve replacements, and pipe lining extending the useful life of the system and allowing us to deliver better quality water.

It would have required close to a 30% raise in the water and sewer bill to accomplish this without using the Flint River as a source.

4. What were the causes of increased levels of trihalomethanes? Have those causes been sufficiently addressed? If not, what needs to be done to prevent this from occurring again in the future?

Just as low levels of chlorine can produce coliforms, high levels of chlorine can result in Disinfectant Byproducts (DBP) generating increased levels of trihalomethanes (TTHM). The DEQ requires this testing to occur once every three months at each of the testing sites and looks at an average over four quarters (one year) to determine the level to compare against the maximum contaminant level (MCL).

Research by the Science Advisory Board, the National Academy of Sciences, and the USEPA's Carcinogen Assessment Group predicts **risk estimates** associated with high levels of TTHM at an incremental risk of 3 to 4 people out of 10,000 that consume 2 liters of water over the MCL daily for 70 years.

The required remedy for this violation is to present the DEQ with an **Operational Evaluation Report** that assesses what caused the violation and what the proposed remedy is. The City generated a report to the DEQ in November 2014, which assesses each area of the Flint water system including water source, treatment process, and distribution system. The evaluation was complete with short and long term recommendations to optimize each area and the belief that the items listed would correct the violation and give Flint an increased ability to manage the system. Continued repairs on valves and colder temperatures have created a more consistent chemical footprint, and we have been producing a more consistent water quality.

5. What were the causes of increased levels of total coliform and fecal coliform bacteria levels? Have those causes been sufficiently addressed? If not, what needs to be done to prevent this from occurring in the future?

What we discovered is that as water travels through the 600 miles of the City's distribution mains it will, at times, reside in the system for up to 3 or 4 weeks. Water purchased from DWSD is drawn from Lake Huron, chlorinated, and then travels over 80 miles to reach the City. By the time the water reaches Flint it is stable and capable of withstanding this type of residency time within the system. Water drawn from the Flint River, specifically in summer months when the temperature is fluctuating, is more susceptible to being impacted by variables such as high residency times and increased chemical reaction.

The DEQ requires that a minimum of 100 tests be performed monthly for chlorine residuals at various locations throughout the system. When residual levels are too low, it creates an environment in which bacteria such as fecal coliform can grow. After switching sources, we encountered testing sites in June, 2014 that were consistently returning low residual levels. Several of these sites became areas that total coliform was eventually detected and ultimately boil water notices issued.

Low residual levels can sometimes trigger a positive test result for total coliform which is an indicator of a poor water environment but does not generally require a boil water notice. The normal course of action in these situations is to flush hydrants and introduce fresh water into the defined area. In certain areas this was successful and in other areas it was not. In a second course of action, the EPA also allows for water systems to increase the residual disinfectant, including chlorine, to a level and for a time necessary to protect public health. This information can be found in the EPA manual **(40 CFR 141.65 & 141.130(d))**. In contending with the low residual levels which represent a more immediate health concern along with the potential for tier 1 violations and boil water notices, we increased the chlorination treatment at times in order to combat the low residuals. This was also was an unsuccessful remedy and only after we located and replaced valves that were broken in the closed position on major transmission lines in these areas did the residual levels return to normal and have remained that way since.

There is still one test site, in the 2500 block of Flushing Rd. where we continue to experience low residual levels and we are actively pursuing efforts to locate more expected valve failures. The development of a hydraulic model of the system and the ability to use unidirectional flushing are tools that will assist us in mitigating areas where low residuals surface. Both of these are in progress of being developed by the engineering firm LAN and Potter Consulting who was also the author of our Water Reliability Study.

6. What are the public reporting requirements for these sorts of problems, and has the City met those requirements? What can be done to communicate in a more timely manner useful information about a public health threat such as the presence of cancer-causing chemicals in our drinking water?

The EPA 2010 **"Revised Public Notification Handbook"** has a specific breakdown of the elements required in public notifications and includes usable templates. The EPA has three different tiers associated with community water systems (CWS), each with specific timeframes and requirements that trigger upon issuance of the violation.

- Tier 1. CWS must provide public notification within 24 hours of a violation and continue this as directed by the primary agency.
- Tier 2. CWS must provide public notification within 30 days of a violation and continue this every three months until the violation is resolved
- Tier 3. CWS must provide public notification within one year and the EPA recommends repeat occurrences be provided in an annual notice

The **current EPA violation** is classified as a tier 2 violation and was issued December 16th, 2014.

Moving forward, the City of Flint is striving to increase communication with the public in a variety of ways.

- The city's new website will have current news and information updated on a regular basis.
- Increased data collection will be transitioned into real time ability to communicate with the residents through the Public Works area of the City's new website.
- Timely reporting of current test results on the new City website.

The establishment of these tools is in progress and expected to be implemented in the near future along with evaluating other avenues of communication.

7. **Is there any reason to think that these or similar problems will continue even after the shift is made to water from Lake Huron?**

The water coming from Lake Huron via KWA will be more consistent in temperature, have lower organic carbon, and will be less susceptible to variations but will have its own chemical footprint. The construction upgrades to the Flint Treatment Plant give us the ability to draw water from either source and should provide Flint the opportunity for testing and thereby streamlining the treatment process to match the Lake Huron chemical footprint before fully introducing it into the distribution system.

In addition to new source water, following the recommendations contained in the Operational Evaluation Report and the City's **Water Reliability Study** is the roadmap to being able to provide quality water.

Continuing to identify integrity issues and making preemptive repairs within our antiquated infrastructure are needed to maintain and provide a healthy system. Leak detection which is scheduled for the spring, hydraulic system modeling which includes unidirectional flushing is in progress now and will give us the information and tools to accomplish these goals.

8. **Who is responsible for making sure we don't have these sorts of problems, and did that person or those people fail to meet their responsibilities?**

The Utility Department is a Division underneath the Department of Public Works. The Public Works Director along with the Utilities Administrator will continue to work hand in hand with professional engineers, consultants, and the state regulatory agency DEQ in order to manage increased public communication and address any issues that arise going forward.

The DEQ requires that public water systems with population over 20,000 must have an F-1 state licensed operator in charge that oversees the operation of the treatment process. This license is the highest classification in the state that specializes in "complete treatment" The City of Flint has such a person on staff at the water plant and that person's responsibility is to determine the correct levels of chemical treatment, monitor the system, submit official test results to the state regulatory agency, and make necessary adjustments when contaminant levels are breached. All of these steps were followed and acknowledged by the DEQ.

The following is the list of supporting documents that will be available on the City's website for public viewing.

Cost Comparisons (the ROWE Study)

Upgrade Construction Timeline

EPA Chlorinating Information

Risk Assessment Information

Operational Evaluation Report

EPA 2010 revised Public Notification Handbook

The Current DEQ Violation Letter

Flint Water Reliability Study

Respectfully submitted,

Howard D. Croft
Public Works Director

Dayne Walling
Mayor, City of Flint

Gerald Ambrose
Emergency Manager

Addressing Flint's Water Concerns

Recent events have raised concerns among many as to the safety and quality of the water provided by the City's utility system. The City is and continues to be committed to assuring that residents and visitors know that the water is safe and that those responsible for providing water are working every day to improve the quality of the water. The quality of the water does need improvement, but that is not to be confused with safety of the water. The recent notice by MDEQ clearly stated that the water provided by the utility system is safe to drink, but cautioned that some vulnerable groups may want to consult with their health care provider if they have concerns. The City remains committed to their efforts to assure that the water is safe for everyone and that quality is improved.

To date, the City has taken the following actions:

- As an integral part of the transition to the Flint River on a temporary basis, the MDEQ was consulted about the City's plans, and ultimately issued necessary permits to proceed. The City also engaged the services of the LAN engineering firm to guide the city in installing the necessary equipment to treat the water on an ongoing basis. This resulted in the development of a comprehensive drinking water plan.

- The City monitors its water quality on a daily basis to assure that water quality remains within established guidelines. With the variances in water temperature and the leakage and infiltration problems arising as the result of failure of parts of the distribution system, water quality did exceed, for a time some of the established guidelines. This resulted in the issuance of the recent notices to the public. Upon receipt of information that some guidelines were exceeded, the City's priority focus was to bring water quality back within guidelines. Efforts taken to address non-compliance included increasing water flow through valve replacements and hydrant flushing and optimizing treatment processes.

- The City has committed to increasing communication with the public in order to inform water users factually of the issues which have arisen, to alleviate unnecessary concern, to identify the steps being taken to address the issues. This is being implemented through detailed and easy to understand educational materials being made available both online and at City Hall, as well as through ongoing public informational meetings.

- Most recently, in light of recent concerns raised by resident groups over the quality and safety of water, Department of Public Works Director Howard Croft and his staff collected questions from citizens during a recent public meeting. After reviewing these questions, DPW Director Croft and his staff set out to answer them in concise detail; the result of that work is a full Water System Questions and Answers document which has been made available online. Along with the detailed information within, the document also contains links to other source documents and regulatory statutes found online which

were used as reference. "We want the residents, businesses and visitors of Flint to know that the water in Flint is safe and that we are working every day to make improvements to our system to ensure that," said Croft. "Our goal is make sure we get people the information on our efforts and assure them that we are on the right track with them." More documentation, including regular water quality monitoring reports, will be made available as they become ready for distribution.

- Additionally, a number of public meetings have and will continue to take place. Two of the most recent of these took place at the Antioch Baptist Church and the Mott Community College Regional Technology Center. These meetings were held by concerned neighborhood groups and were attended by Mayor Walling and DPW Director Croft. At both meetings, citizens voiced their concerns and asked questions about water quality and the recent violation notice. Director Croft offered detailed answers to common questions, but also offered to investigate specific water issues raised by residents in which the City could offer assistance. Those in attendance came away with a better understanding of the issues surrounding the drinking water in their community.

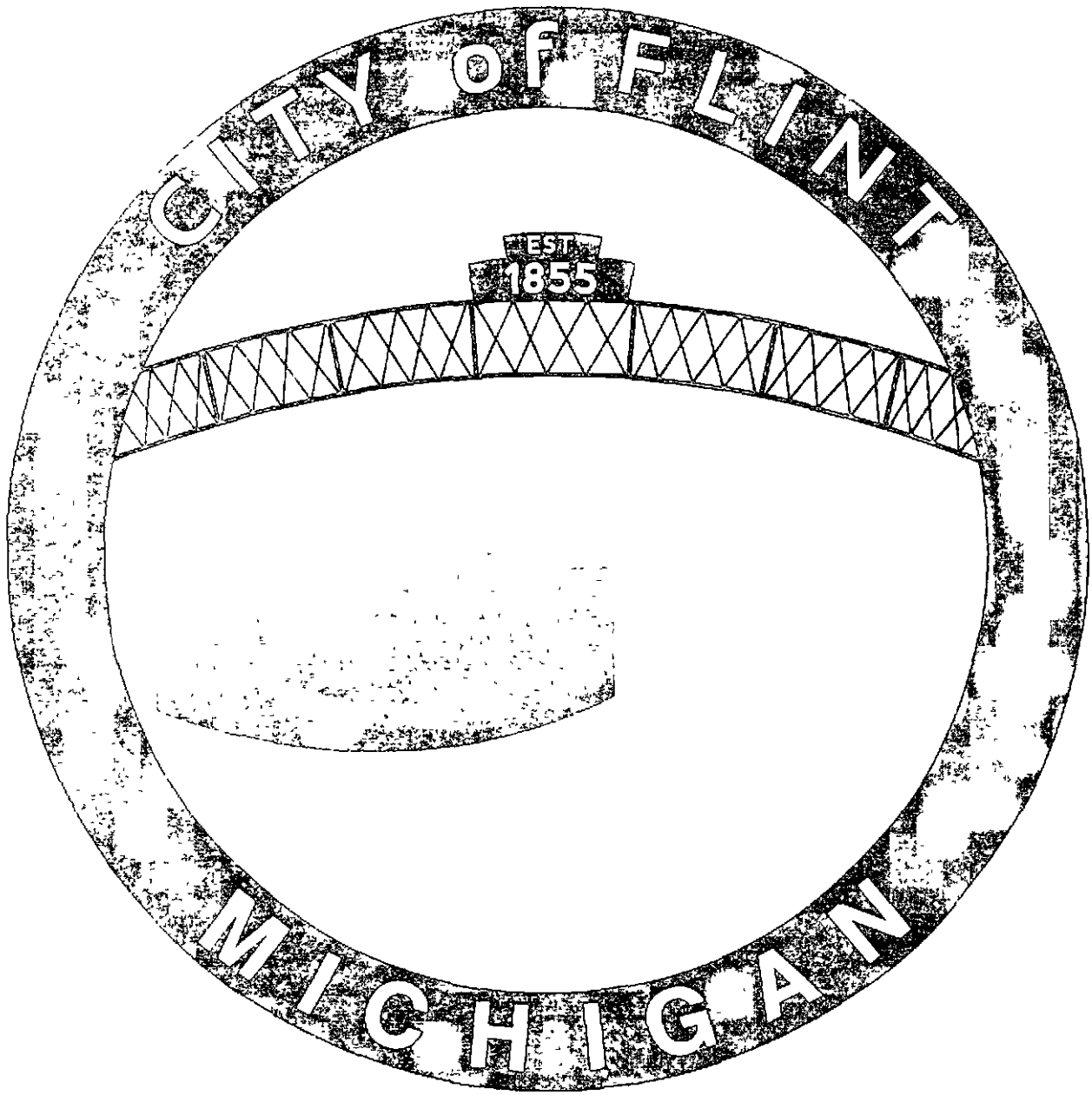
- The City of Flint will be hosting a water presentation on Wednesday, January 21, 2015 at 7pm. That presentation will held in the City Hall Dome and will feature information detailing water treatment, water distribution and the steps being taken to ensure that citizens get water that meets all regulatory safety and quality standards. City DPW officials Howard Croft and Daugherty Johnson, Utilities Administrator, will be joined on a panel by representatives from the Genesee County Drain Commissioner's office, the Michigan Department of Environmental Quality and LAN engineering. Written questions from the audience will be collected during the presentation and answered by the panel after the presentation.

- The City of Flint has also determined that in light of the serious concerns raised, it will secure the services of an external firm with expertise in managing drinking water quality to assess the steps that the city has taken, to make recommendations as to other steps to be taken, to oversee their implementation, and to monitor operations until the City's water source becomes the KWA.. A Request for Proposal was issued on January 15, 2015, with proposals due back on January 26.

The DWSD Question:

As a result of the concerns raised, several community members have suggested that the City reconnect to the Detroit Water and Sewer Department (DWSD). DWSD has advised that they would be willing to allow such a reconnection without a hook-up fee. However, the City would be obligated to pay a fixed monthly charge of $846,700 plus the $14.92/Mcf cost of water itself. The City's analysis of the DWSD proposal concludes that the City's cost would increase by more than $12 million per year at the proposed rates, and could increase even more as proposed

rates are subject to change after July 1, 2015. This increase in costs would not be in the best interests of the City or its water users, as the City is committed to assuring safety and improving water quality by following its current plan, and reconnecting to DWSD would likely require deferment of existing capital improvements or an additional increase in rates.



Koryzno, Edward (Treasury)

From: Byrne, Randall (Treasury)
Sent: Friday, January 16, 2015 4:30 PM
To: Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury)
Subject: RE: Flint water update

Wayne:

The cost of water in the DWSD letter is the same as in Jerry's letter. Let me know if you have anything else.

Thanks,
Randy,

From: Workman, Wayne (TREASURY)
Sent: Friday, January 16, 2015 3:23 PM
To: Byrne, Randall (Treasury)
Cc: Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: Re: Flint water update

Does Jerry's letter agree with what w e got today from DWSD?

Sent from my iPad

On Jan 16, 2015, at 3:20 PM, "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov> wrote:

> Wayne and Ed:
>
> Jerry prepared this letter addressing the water concerns. Please advise if you have any questions.
>
> Randy,
>
> <image001.jpg>
>
> <Adressing Flint's Water Concerns final.docx>

Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Friday, January 16, 2015 4:55 PM
Subject: PRESS RELEASE: Public Water Presentation
Attachments: Public Water Presentation 1.21.2015.pdf; Adressing Flint's Water Concerns Final.pdf

For Immediate Release

City of Flint Will Hold Public Water Presentation Wednesday, January 21, 2015 at 7:00pm in the City Hall Dome

Flint, Michigan – January 16, 2015 – The City of Flint will be hosting a water presentation on Wednesday, January 21, 2015 at 7pm. That presentation will be held in the City Hall Dome and will feature information detailing water treatment, water distribution and the steps being taken to ensure that citizens get water that meets all regulatory safety and quality standards. "We want the residents, businesses and visitors of Flint to know that the water in Flint is safe and that we are working every day to make improvements to our system to ensure that," said City DPW Director Howard Croft. "Our goal is make sure we get people the information on our efforts and assure them that we are on the right track with them."

DPW Director Croft and Utilities Administrator Daugherty Johnson will be joined on a panel by representatives from the Genesee County Drain Commissioner's office, the Michigan Department of Environmental Quality and LAN engineering. Written questions from the audience will be collected during the presentation and answered by the panel after the presentation.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

Koryzno, Edward (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Sunday, January 18, 2015 5:42 PM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: Fwd: Flint Water
Attachments: Mayor Governor Letter Flint Water Jan 18 2015.PDF

FYI...I was not aware that the Mayor was sending this. He had been very engaged in our work to address the water quality issues, including participation in public forums addressing the issue. However, it did not include a plan to request to formally request state assistance, nor did it include a plan for water amnesty.

J

---------- Forwarded message ----------
From: "Dayne Walling" <dwalling@cityofflint.com>
Date: Jan 18, 2015 4:16 PM
Subject: Flint Water
To: <governorsoffice@mi.gov>, <rick.snyder@mi.gov>
Cc: "Joshua Freeman" <jfreeman@cityofflint.com>, <senjananich@senate.mi.gov>, "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>, <muchmored@michigan.gov>, "Gerald Ambrose" <gambrose@cityofflint.com>

Dear Governor,

There is nothing more important in Flint right now than fixing the water problems. Attached is a letter outlining a plan with my request for your support. I urge you to work with all of us in the Flint community to implement solutions.

Sincerely,

Mayor Walling

--
Dayne Walling
Mayor, City of Flint
City Hall, 1101 S. Saginaw St.
Flint, MI 48502
810-766-7346
mayor@cityofflint.com
www.cityofflint.com
follow me on twitter at http://twitter.com/mayorwalling

CITY OF FLINT

Dayne Walling
Mayor

January 18, 2015

The Honorable Rick Snyder
Governor, State of Michigan
P.O. Box 30013
Lansing, MI 48909

RE: Flint Water Improvement Plan

Dear Governor Snyder:

On behalf of the Flint community, I am writing to convey serious concerns about water quality and to request your support for my proposed Flint Water Improvement Plan. Access to safe and clean water is a basic human right, and, therefore, policy and budget decisions need to ensure that water is affordable and secure for everyone in Flint and all across Michigan It is essential there is City, State and Federal cooperation to address the challenges here and to meet the needs of vulnerable populations.

The Flint Water Improvement Plan is focused in five areas: safety, quality, access, investment and education. The plan puts safety and quality first because this is fundamental. It is designed to be a sustainable solution for the City of Flint and the community as we move towards a new permanent water supply from Lake Huron through the Karegnondi Water Authority. My plan offers new ideas and also builds on successful models of utility, energy and assistance programs at the State and Federal levels.

<u>Safety & Quality</u>

- 100% Safety is the standard
- City of Flint reports testing data to the public to assure safety and expands testing sites and frequency
- Bring on experienced river water treatment operational management in the City of Flint

<u>Access</u>

- Announce an amnesty program for Flint water service turn-ons and reduce the turn-on fee
- Develop a revised affordable payment plan policy to encourage customers to return
- Design Federal and State partnership to establish new Drinking Water Emergency Assistance Fund for the elderly and vulnerable families

<u>Investment</u>

- Accelerate water system improvements outlined in the City of Flint Capital Improvement Plan through Federal and State Investments
    - State approves City of Flint's Distressed Cities Fund applications

    - Federal and State support for replacement or forgiveness of payment to the Drinking Water Revolving Loan Fund due to Flint's status as a distressed community
    - Federal and State grants for infrastructure improvements in alignment with the Flint Master Plan
- City Water Department implements budgeted FY15 projects including leak detection, valve repairs, new pipes and meter replacements

Education

- Develop a community partnership with universities to provide household and business customers with information on testing and conservation
- Ongoing partnership with Michigan Department of Human Services, United Way, Salvation Army and community organizations to provide information and water assistance with the Keep the Water Flowing Fund and support services
- Expand youth energy initiative to assist households with conservation and efficiency (piloted in summer 2014 with Northwestern High School students, EcoWorks and Consumers Energy)

It is also critical to restore the public confidence in Flint Water. The implementation of this plan must be accompanied by extensive community engagement including local elected officials. My objective is to work with you and your appointed officials, State Senator Ananich, State Representatives Phelps and Neeley, Congressman Kildee, community groups, businesses, churches, foundations, the Flint City Council, and all of the City of Flint and government personnel.

It is imperative that we communicate better and provide residents more information. I understand representatives from the Michigan Department of Environmental Quality will be joining a public forum this week at City Hall. This engagement going forward is vital so thank you for supporting their efforts. I think this issue of transparency is important for communities all across the State. I recommend a review of the applicable laws and policies and, at a minimum, a new requirement that water testing data be reported publicly no less than quarterly by law in all Michigan communities in Flint's population category.

Thank you for the consideration Governor. There is nothing more important in Flint right now than fixing the water problems. We must work together to identify funds to repair and update the water treatment facilities and city-wide infrastructure and to help those persons without access to clean water so that the entire Flint community has sustainable, safe, secure and affordable water now and into the future. This is an important issue for the state of our State of Michigan and I urge you to work with us to implement solutions.

Sincerely,

Dayne Walling, Mayor
City of Flint

CC: Flint City Council President Joshua Freeman; Congressman Dan Kildee; State Senator Jim Ananich; State Representative Sheldon Neeley; State Representative Phil Phelps; Flint Emergency Manager Jerry Ambrose

Pleyte, Beth (Treasury)

From: Walsh, John (GOV)
Sent: Monday, January 19, 2015 10:52 AM
To: Muchmore, Dennis (GOV); Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY); Hollins, Harvey (GOV); Clement, Elizabeth (GOV)
Subject: RE: Flint Water

While I am sure there is much history of which I am not aware, my relatively uninformed response is to question why the State has to intervene in their negotiations with DWSD. I certainly understand our responsibilities arising from the appointment of an EM and allowing them to "chase their tail", but when do they own the consequences of their decisions?

I would like to participate in the internal meeting prior the meeting on the 28th.

Thanks.

From: Muchmore, Dennis (GOV)
Sent: Monday, January 19, 2015 10:45 AM
To: Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY); Hollins, Harvey (GOV); Walsh, John (GOV); Clement, Elizabeth (GOV)
Subject: RE: Flint Water

Yes, this would be pretty complicated to do now after we agreed to allow them to chase their tail on the Karegondi system. A lot of money has been invested to this point.

From: Saxton, Thomas (Treasury)
Sent: Monday, January 19, 2015 10:30 AM
To: Muchmore, Dennis (GOV)
Cc: Workman, Wayne (TREASURY); Hollins, Harvey (GOV); Walsh, John (GOV); Clement, Elizabeth (GOV)
Subject: RE: Flint Water

I assume you saw the attached. At this point we are trying to determine whether this (DWSD offer) makes economic sense. As you know the past discussions between the City & DWSD haven't been that productive.
Dick P. has also scheduled a mtg on the 28th with the Mayor, Jerry et al. I think you are scheduled to be in that. We should probably have an internal meeting just prior to that meeting.
Also, I haven't talked to DEQ/Dan W. since probably Nov. I will try to do that this week to get their perspective, etc.

From: Muchmore, Dennis (GOV)
Sent: Monday, January 19, 2015 10:13 AM
To: Saxton, Thomas (Treasury); Walsh, John (GOV); Hollins, Harvey (GOV)
Subject: FW: Flint Water

Now what?

From: Dayne Walling [mailto:dwalling@cityofflint.com]
Sent: Sunday, January 18, 2015 4:16 PM
To: GovernorsOffice; Snyder, Rick (GOV)
Cc: Joshua Freeman; senjananich@senate.mi.gov; Hollins, Harvey (GOV); Muchmore, Dennis (GOV); Gerald Ambrose
Subject: Flint Water

Dear Governor,

There is nothing more important in Flint right now than fixing the water problems. Attached is a letter outlining a plan with my request for your support. I urge you to work with all of us in the Flint community to implement solutions.

Sincerely,

Mayor Walling

--
Dayne Walling
Mayor, City of Flint
City Hall, 1101 S. Saginaw St.
Flint, MI 48502
810-766-7346
mayor@cityofflint.com
www.cityofflint.com
follow me on twitter at http://twitter.com/mayorwalling

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, January 21, 2015 10:17 AM
To: Cline, Richard (Treasury)
Subject: FW: Conference Call Agenda for January 21, 2015
Attachments: Agenda for Conference Call with Treasury 012115.pdf

Eric:

The attachments provide a lot of information on the water issue. Please review.

Thanks,
Randy,

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Tuesday, January 20, 2015 3:06 PM
To: Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Carter, Jerry (MSP); Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); Hill, Darryl (MSP); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Smith, Paul (GOV); Byrne, Randall (Treasury); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); West, Samantha (GOV)
Subject: Conference Call Agenda for January 21, 2015

Good afternoon,

Please find attached the agenda for the **Wednesday, January 21st, 9:00 am** conference call.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Gerald Ambrose, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am Phone Conference Agenda

January 21, 2015

1-888-557-8511, Access code 3389106

		Last Report	Status
1) Public Safety Update – FPD, MSP, (FFD, if needed)			
	a) FPD	* The final reports for the evaluation of both the Police and the Fire Departments have been received. The study will be presented to City Council at the Public Safety Committee on January 22, 2015. MSP will attend as well.	No Change
		* SRMS MOA has been signed, project charter development is underway. Last item for which Flint needed to provide a sign-off has been completed.	No Change
	b) FFD	City applied for $999,103 grant from the FEMA Assistance to Firefighters Grant Program to purchase a new aerial truck.	No Action Needed
	c) Other update from Chief Tolbert and MSP		
2) Governor's Office Update – R. Baird, H. Hollins, B. Clement			
	a) District Court Consolidation	County Commissioners voted on 12/10/14 to approve "pursuant to the terms and conditions set forth in a MOU to be approved between City of Flint and Gen. Cty."	No Change
	b) Local Income Tax Initiative	No action was taken during the lame duck session. Additional source of funds still needed for City. H. Hollins working to find a new sponsor.	No Change
	c) Other		

		Last Report	Status
3) Finance and Administrative Update			
	a) Firefighters Contract	City Council sent an alternative contract to the Emergency Loan Board on December 17, 2014. Emergency Loan Board decided in favor of the EM proposal. IAFF contract has been imposed.	UPDATE
	b) Financial Ordinances	City Council approved first reading of Fund Balance Policy, OPEB, BSF and strategic planning processes ordinances. Purchasing Ordinance still to be moved.	No Change
	c) City Administrator Hired	Natasha Henderson was announced as new Flint City Administrator on December 22, 2014. Start date: Feb 23, 2015	No Change
	d) Management Vacancies	MML has been selected to recruit candidates for Treasurer, HR Director and Finance Director. Interim appointments have been made: DCA Tony Chubb handle HR and Al Mooney, former Treasurer of Grand Rapids, has started as Interim Treasurer.	Update
	e) City Clerk Supervision	Can EM establish supervisory oversight of the City Clerk; change priorities, activities of Clerk? Treasury advised that EM Order can be written for this. There is historical background with other Ems.	No Change
4) City Council Update			
	a) Vacant Council Seats	Three candidates were sent to City Council for consideration for Ward 3 and Ward 6. Special meeting held Jan 5, 2015. Kerry Nelson and Herb Winfrey selected.	Complete

		Last Report	Status
5) Water Issues			
	a) MDEQ Violation Notice	Violation notice received 12/16/14 maximum contaminant level for TTHM exceeded. Public notice required. Notices sent out Jan 5, 2015. Most recent readings in compliance except one location. This issue has become the largest current challenge. Actions: community meetings being held, RFP for river water treatment consulting firm due back 1/26/15, selected MSU water expert will attend 1/21/15 Water Forum. Maor sent a letter to Gov. and others with his Flint Water Improvement Plan whic requests Federal and State assistance. See attached.	Update
	b) Distressed Cities Grants	Are the announcements of awards due soon? City of Flint submitted two grant requests: Leak Detection and Sewage sludge Load Out Facility.	New
6) 9-1-1 Reconsolidation Plan			
	a) Tower Transfer to Consortium	Tower built with C-GAP funds. Procedure necessary to transfer asset to Consortium? Need to have assessment of value? Value exceeds $50,000, the intent to transfer was included in the last two updates to the Financial and Operating Plan. Is process same as water pipe sale?	Update
7) Transition Activities			
	a) Strategic Planning Workshop	Two off-site workshops are planned: For Dept. Heads and Core Team on Jan 26, 2015. Then, for Council, Dept. Heads and Core Team scheduled for Jan. 28, 2015. Future Council activities, strategic plan and budget prep will be main topics. Both will be facilitated by Dr. Scorsone.	Update

	Last Report	Status
b) Council Meeting Schedule	Council President has asked to return to regular Council meeting schedule and committee meetings with new dates and fewer restrictions. This will be dependent upon need for Council action.	Update
c) Council/Mayor Compensation	What happens to salary for council and mayor when the EM leaves? As budgeted or back to old levels? Treasury: depends on final order, also a budget consideration.	Complete
d) Update of Transition Management Plan	A planning calendar for the next three months is being developed.	NEW

		Last Report	Status
8) Other Items			
	MDNR and Purchase of CSX rail area	Requesting DNR authorize full amount of appraised property value to be paid by DNR grant. **Note from Planning and Development Director:** In brief, the City hired an appraiser for the Grand Traverse Greenway trail to complete acquisition of the CSX properties. We forwarded the appraisal of $170,000 to the DNR for approval to proceed with negotiations with CSX. During our negotiations, CSX disputed the appraisal and submitted their own appraisal for the property of $330,000. After reviewing the CSX appraisal, DNR told the City that they would be willing to increase the grant up to $215,000 for acquisition, but the City would have to make up the difference After doing additional research on similar properties including acquisition of the Genesee Valley Trail in the City of Flint, we realize that CSX offer is not unreasonable. We asked DNR to reconsider and allow us to have our appraisal amended so that we can fully use the DNR grant for the $330,000 asking price. (Our DNR grant allocation is $700,000 more than enough to cover the $330,000 asking price. Thus far, DNR has been unwilling to provide the additional funding and suggested we talk to MDOT about making up the difference. I think the MDNR is concerned about setting precedent for future trail acquisition, but I don't think it matters if MDOT is routinely paying more.	NEW

Attachments:
EM Memo to City Council
Mayor Walling's Letter on Water

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, January 21, 2015 7:51 AM
To: Cline, Richard (Treasury)
Subject: FW: Public Forum
Attachments: Public Water Presentation 1.21.2015.pdf; Adressing Flint's Water Concerns.pdf

Eric:

Would you ask if Robert could attend this meeting in Flint tonight?

Thanks,
Randy,

From: Shekter Smith, Liane (DEQ)
Sent: Tuesday, January 20, 2015 3:13 PM
To: Cline, Richard (Treasury); Byrne, Randall (Treasury)
Cc: Benzie, Richard (DEQ)
Subject: FW: Public Forum

FYI –

Liane J. Shekter Smith, P.E., Chief
Office of Drinking Water and Municipal Assistance
Michigan Department of Environmental Quality
517-284-6543

> **From:** Busch, Stephen (DEQ)
> **Sent:** Tuesday, January 20, 2015 3:12 PM
> **To:** Sygo, Jim (DEQ); Datema, Maggie (DEQ); Howes, Sarah (DEQ)
> **Cc:** Shekter Smith, Liane (DEQ); Wurfel, Brad (DEQ)
> **Subject:** FW: Public Forum
>
> Attached is information regarding the public meeting in Flint tomorrow night (Wed. 1/21) regarding the City's drinking water violation.
>
> Mike Prysby and I will be participating in a panel to answer questions. Brad has planned to attend to help address the media.
>
> In addition to the media, local members of the Michigan Legislature are also planning to attend or have staff attend.
>
> Stephen Busch, P.E.
> Lansing and Jackson District Supervisor
> Office of Drinking Water and Municipal Assistance
> MDEQ
> 517-643-2314

From: Howard Croft [mailto:hcroft@cityofflint.com]
Sent: Friday, January 16, 2015 5:03 PM
To: jimananich@house.mi.gov; repphelps@house.mi.gov; Sheldon Neeley; Hovey, Amy
Cc: Tom Lenard; Bryanna McGarry; Sean Walser; Dickinson, Jordan; Flint Mayor; Prysby, Mike (DEQ); Busch, Stephen (DEQ); John O'Brien; djansen@gcdcwws.com; Green, Warren; Matta, Samir; Elizabeth Murphy; Gerald Ambrose; Brian Larkin
Subject: Public Forum

All,

The City of Flint is hosting a public forum next Wednesday January 21st in the dome at City Hall at 7:00 pm.The focus will be a presentation followed by a question and answer session about water. The panel will consist of two of our DEQ representatives, the lead engineer from LAN, the Genesee County Drain Commissioner Jeff Wright, and myself.

Please feel free to attend or recommend your constituency to attend, I am forwarding a copy of the press release along with our most recent communication's about the City of Flint water system.

I am looking to build a better communication network for sending out information from the City of Flint DPW Department to interested parties on a more frequent basis. I will inform everyone when that is formally established.

Please call me if you have any questions,

Thank you,

--
Howard Croft
Public Works Director
City of Flint
1101 S. Saginaw Street
Flint, MI 48502
PH# 810.766.7346 Ext.2043
hcroft@cityofflint.com

Gerald Ambrose
Emergency Manager

Dayne Walling
Mayor

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com

For Immediate Release

City of Flint Will Hold Public Water Presentation Wednesday, January 21, 2015 at 7:00pm in the City Hall Dome

Flint, Michigan – January 16, 2015 – The City of Flint will be hosting a water presentation on Wednesday, January 21, 2015 at 7pm. That presentation will be held in the City Hall Dome and will feature information detailing water treatment, water distribution and the steps being taken to ensure that citizens get water that meets all regulatory safety and quality standards. "We want the residents, businesses and visitors of Flint to know that the water in Flint is safe and that we are working every day to make improvements to our system to ensure that," said City DPW Director Howard Croft. "Our goal is make sure we get people the information on our efforts and assure them that we are on the right track with them."

DPW Director Croft and Utilities Administrator Daugherty Johnson will be joined on a panel by representatives from the Genesee County Drain Commissioner's office, the Michigan Department of Environmental Quality and LAN engineering. Written questions from the audience will be collected during the presentation and answered by the panel after the presentation.

–END–

Addressing Flint's Water Concerns

Recent events have raised concerns among many as to the safety and quality of the water provided by the City's utility system. The City is and continues to be committed to assuring that residents and visitors know that the water is safe and that those responsible for providing water are working every day to improve the quality of the water. The quality of the water does need improvement, but that is not to be confused with safety of the water. The recent notice by MDEQ clearly stated that the water provided by the utility system is safe to drink, but cautioned that some vulnerable groups may want to consult with their health care provider if they have concerns. The City remains committed to their efforts to assure that the water is safe for everyone and that quality is both improved and improving.

To date, the City has taken the following actions:

- As an integral part of the transition to the Flint River on a temporary basis, the MDEQ was consulted about the City's plans, and ultimately issued necessary permits to proceed. The City also engaged the services of the LAN engineering firm to guide the city in installing the necessary equipment to treat the water on an ongoing basis. This resulted in the development of a comprehensive drinking water plan.

- The City monitors its water quality on a daily basis to assure that water quality remains within established guidelines. With the variances in water temperature and the leakage and infiltration problems arising as the result of failure of parts of the distribution system, water quality did exceed, for a time, some of the established guidelines. This resulted in the issuance of the recent notices to the public. Upon receipt of information that some guidelines were exceeded, the City's priority focus was to bring water quality back within guidelines. Efforts taken to address non-compliance included increasing water flow through valve replacements and hydrant flushing and optimizing treatment processes.

- The City has committed to increasing communication with the public in order to inform water users factually of the issues which have arisen, to alleviate unnecessary concern and to identify the steps being taken to address the issues. This is being implemented through detailed and easy to understand educational materials being made available both online and at City Hall, as well as through ongoing public informational meetings.

- Most recently, in light of recent concerns raised by resident groups over the quality and safety of water, Department of Public Works Director Howard Croft and his staff collected questions from citizens during a recent public meeting. After reviewing these questions, DPW Director Croft and his staff set out to answer them in concise detail; the result of that work is a full Water System Questions and Answers document is available online. Along with the detailed information within, the document also contains links to other source documents and regulatory statutes found online which were used as reference. **"We want the residents, businesses and visitors of Flint to know that the water in Flint is safe**

and that we are working every day to make improvements to our system to ensure that," said Croft. "Our goal is make sure we get people the information on our efforts and assure them that we are on the right track with them." More documentation, including regular water quality monitoring reports, will be made available.

- Additionally, a number of public meetings have and will continue to take place. Two of the most recent of these took place at the Antioch Baptist Church and the Mott Community College Regional Technology Center. These meetings were held by concerned neighborhood groups and were attended by Mayor Walling and DPW Director Croft. At both meetings, citizens voiced their concerns and asked questions about water quality and the recent violation notice. Director Croft offered detailed answers to common questions, but also offered to investigate specific water issues raised by residents in which the City could offer assistance. Those in attendance came away with a better understanding of the issues surrounding the drinking water in their community.

- The City of Flint will be hosting a water presentation on **Wednesday, January 21, 2015 at 7pm. That presentation will be held in the City Hall Dome** and will feature information detailing water treatment, water distribution and the steps being taken to ensure that citizens get water that meets all regulatory safety and quality standards. City DPW Director Howard Croft and Daugherty Johnson, Utilities Administrator, will be joined on a panel by representatives from the Genesee County Drain Commissioner's office, the Michigan Department of Environmental Quality and LAN engineering. Written questions from the audience will be collected during the presentation and answered by the panel after the presentation.

- The City of Flint has also determined that in light of the serious concerns raised, it will secure the services of an external firm with expertise in managing drinking water quality to assess the steps that the city has taken, to make recommendations as to other steps to be taken, to oversee their implementation, and to monitor operations until the City's water source becomes the KWA. A Request for Proposal was issued on January 15, 2015, with proposals due back on January 26.

The DWSD Question:

As a result of the concerns raised, several community members have suggested that the City reconnect to the Detroit Water and Sewer Department (DWSD). DWSD has advised that they would be willing to allow such a reconnection without a hook-up fee. However, the City would be obligated to pay a fixed monthly charge of $846,700 plus the $14.92/Mcf cost of water itself and agree to a long term arrangement. The City's analysis of the DWSD proposal concludes that the City's cost would increase by more than $12 million per year at the proposed rates, and could increase even more as proposed rates are subject to change after July 1, 2015. This increase in costs would not be in the best interests of the City or its water users, as the City is committed to assuring safety and improving water quality by following its current plan, and reconnecting to DWSD would likely require deferment of existing capital improvements or an additional increase in rates.

City of Flint

Public Forum

Wednesday January 21, 2015
7:00 pm City Hall Dome

AGENDA

Opening COF – DPW Director - Howard Croft

- Forum Ground Rules (disorderly conduct will not be tolerated)
- Overview of Format (each guest to speak for ~10 minutes with written questions afterword)
- Recognition of Officials
- Introduction of Guests

1st Speaker DEQ – Local Representatives - Mike Prysby, Steve Busch

- Role of DEQ
- Explanation of TTHM violation

2nd Speaker LAN – Lead Engineer - Warren Green

- Discuss Engineering role
- Discuss Operational Evaluation Report

3rd Speaker MSU Microbiologist – Dr. Joan Rose

- Risk Assessment (what do the numbers mean?)
- What to do if someone suspects they are at risk
- What about the elderly and those with a weak immune system
- What will the next violation mean (water is still safe)

4th Speaker GCDC – Jeff Wright

- What to expect from KWA raw water as source
- Update on KWA timeline

Final COF – DPW Director – Howard Croft

- Summary (Next Steps – Action Plans)
  - Hiring an industry expert
  - Tours of Treatment Plant
  - Continued communication
  - Planned steps (CIP built on , Water Reliability Study, Operational Evaluation Report)
  - Funding (researching all sources, state funding, federal opportunities)
  - Water & sewer rates (budgetary evaluation upcoming)
- Questions (Expected to have an hour of panel response time)
- Conclusion - Thank the panel, (Additional follow up at next Public Works Committee meeting)

Department of Environmental Quality (DEQ)

Michael Prysby, P.E.
District Engineer

Stephen Busch, P.E.
Lansing and Jackson District Supervisor

Lockwood, Andrews, and Newnam (LAN)

J. Warren Green, PE
Senior Associate, Director of Engineering

Warren has more than 30 years of experience in engineering management and supervision of complex water treatment and transmission facilities projects. He has successfully guided water system improvements through all necessary phases including feasibility studies, pilot testing, design, financial evaluation, land acquisition, construction, start-up and operation. His expertise is in the areas of facilities design, construction management and contract administration.

He has worked with several municipal utility clients throughout Illinois, Mississippi, Michigan and Wisconsin. He worked with the Green Bay Water Utility in Green Bay, Wis., for 12 years, serving as a project manager for a number of design and contract administration tasks. These included the expansion of a 10-mgd raw water pumping station, construction of approximately 17 miles of 54-in. steel water transmission main, and expansion of its water treatment plant in 1997 and 2004. He also oversaw a $376 million project in DuPage County, Ill., where he was responsible for contract administration and construction management of 140 miles of water transmission mains.

MSU Water Quality and Environmental Microbiology Laboratory

Dr. Joan B. Rose, Ph.D.
Laboratory Director/Principal Investigator
Homer Nowlin Chair in Water Research
Co-Director Center for Water Sciences
Co-Director Center for Advancing Microbial Risk Assessment

Joan is an international expert in water microbiology, water quality and public health safety and is a member of the National Academy of Engineering. She has been involved in the investigation of numerous waterborne outbreaks world-wide. Her work addresses the use of new tools for surveying and mapping water pollution for recreational and drinking water; assessment of water treatment technology and use of risk assessment.

Degrees:

- Bachelor's (1976) and Ph.D. (1985), microbiology, University of Arizona
- Master's (1980) microbiology, University of Wyoming

Genesee County Drain Commissioner

Jeff Wright

Past positions include:

- Chief Executive Officer of Karegnondi Water Authority
- Legislative Committee and Executive Board of Michigan Association of County Drain Commissioners
- Northeast District Chairman – Michigan Association of County Drain Commissioners
- Former Secretary/Treasurer – Michigan Association of County Drain Commissioners

FLINT WATER SUPPLY FUTURE

1. Based on all our analysis, KWA presents the best opportunity for Flint for the following reasons:
    a. Because approximately 40% of Michigan's population is served by the Detroit Water and Sewer District (DWSD) system, it is in Flint's, as well as the State's, best interest for a second pipeline to be built.
    b. It is the least expensive of the alternatives and provides for relatively fixed rates for water to the Flint citizens for the next 25 years. In the first year of operations (Fiscal Year 16), the City should be able to deliver water for about the same costs as today with annual increases of less than 3%.
    c. Flint can use the Flint River for its backup and that cost is factored into the above projections.
    d. It eliminates the need to update the dams at a substantial savings to the city. A Riverfront Restoration Plan exists which deals with the elimination/replacement of the dams.
2. Use of the Flint River while feasible is risky and very expensive
    a. Significant upgrades would need to be made to the dams to insure adequate water levels during both high and low water events
    b. The cost of treating river water is more expensive than treating lake water
    c. In a study of the Flint River in 2011 it was estimated that the up front cost of Flint using the river would be $61.5 million.
3. If Flint does not participate with Karegnondi Water Authority (KWA) it will be a hostage of Detroit or the Flint River for the next 40 years.
4. The estimated cost of continuing to use DWSD water would be $19 million more than KWA over the next eight years conservatively. It is our belief that based on everything we read and hear about Detroit the rates will increase substantially more than our forecast.

5. Concerns
    a. KWA would consist of five Incorporating Board Members
        i. Genesee County
        ii. City of Flint
        iii. City of Lapeer
        iv. Lapeer County
        v. Sanilac County

    b. Only two, possibly three, municipalities would sign capacity agreements to buy water, though all would have a vote.
    c. In addition an additional ten board members will be appointed on the basis of water purchased.
    d. It is concerning that members not purchasing water could make decisions affecting those that are paying the costs.

e. In any event, Flint would be a minority voting member, with Genesee County having a majority. (The Five member incorporating board can override the decisions of the total board on some matters such as incurring debt and selling the system).
f. In the event of cost overruns after contracts are signed, the Board could vote to incur additional debt even if Flint was opposed.
g. Flint would have the option to opt out if the bids exceed the projected costs ($355,000/unit per year).
h. Based on cost estimates by KWA Flint would have to pay a one time fee of $581,400 upon signing a capacity contract and then $48,450 per month until the bonds have been sold. (Estimated to be 3 years) A total of $2.3 million will be recovered in the first year of operations under KWA.
i. At the end of the contract (40 years) KWA owns the system and has no obligation to deliver water to Flint.
j. If construction costs exceeded projections by 15% and if constructions was to be delayed by one year and the city was obligated to make its first year debt service before KWA begins operations, the city's up front costs would exceed $10 million. Given the City's precarious financial position it would be necessary to find a source of capital for this until operating savings covers it.

6. Funding sources for:
    a. $2.3 million got up front operating costs.
    b. $7,100,000 for upgrades to the water treatment plant.
    c. $8.2 million additional up front cost if there are significant cost overruns and a one year delay in water supply delivery from KWA. (This would require an additional source of capital.)

7. Next steps
    a. Finalizing a contract with KWA
    b. Continue to explore options for the operation of the Flint Water System
        i. $25,000,000 in bond debt and high legacy costs limit options

Byrne, Randall (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, January 21, 2015 9:27 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: RE: Flint Water Issue

Randy,

Wayne suggested referring to the attachment sent as part of today's Flint call when Eric prepares the summary of this issue for the Treasurer.

Ed

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Byrne, Randall (Treasury)
Sent: Wednesday, January 21, 2015 7:41 AM
To: Cline, Richard (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: FW: Flint Water Issue
Importance: High

Eric:

I would like you to prepare this paper on the Flint water issue. Please discuss ASAP with me.

Randy,

From: Koryzno, Edward (Treasury)
Sent: Tuesday, January 20, 2015 4:09 PM
To: Byrne, Randall (Treasury)
Cc: Workman, Wayne (TREASURY); Dempkowski, Angela (Treasury)
Subject: Flint Water Issue
Importance: High

Randy,

The Governor's staff is meeting with Mayor Walling, Flint Legislators and others next week to discuss the water issue.

Tom Saxton needs the following by Thursday 1/22/15.:

1. Cost analysis of what Flint is paying for water now versus what they were paying DWSD (Is this what Sue McCormick is offering in the 1/12/15 letter?)
2. A summary of what is causing the problem and possible solutions. Contact LeAnn Sheckter-Smith to get details.

Additionally, he wants OFR staff to attend tomorrow's public meeting in Flint (Robert?) regarding the water issue.

Let me know if you have any questions.

Ed

Edward B. Koryzno, Jr. | Director – Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, January 21, 2015 7:47 AM
To: Cline, Richard (Treasury)
Subject: FW: per conversation
Attachments: Adressing Flint's Water Concerns final.docx

Eric:

Jerry Ambrose indicated that there is additional water information on the website.

Tandy,

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Friday, January 16, 2015 3:17 PM
To: Byrne, Randall (Treasury)
Subject: per conversation

Randy,

There is also additional information on the City's web site..

Jerry

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, January 21, 2015 11:01 AM
To: Byrne, Randall (Treasury)
Subject: Flint Water Issue

Randy,

I spoke to Wayne more about the information Eric is preparing for the Tom Saxton. Wayne believes the document that Jerry sent with today's Flint agenda contains the relevant information. Wayne suggested that Eric prepare a 2 page summary to include the history, status and any other relevant information. Additionally, the cost comparison of using water from the Flint river versus the cost to purchase from DWSD should be included as a separate document. That comparison should also not the bonds sold to join KWA.

Let me know if you have any questions.

Remember this info needs to go to Tom by tomorrow.

Ed

Edward B. Koryzno, Jr. | Director – Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, January 21, 2015 11:27 AM
To: Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury)
Subject: FW: Flint Mayor request to Governor regarding Flint Water
Attachments: Flint Mayor Letter to Governor.pdf

Importance: High

Wayne & Ed...

FYI—see attached and below.

My counterpart at the Department of Environmental Quality, Brad Wurfel, called this morning, to ask if I might help connect he and DEQ Director Dan Wyant ahead of tonight's public meeting re: water. I have reached out to Jerry.

Apparently some DEQ staffers are going to be at the meeting and they fear that Walling and co. are going to beat the stuffing out of JA (and thus the State & Governor) over the handling of the water issue.

Wanted to be sure you were aware...

From: Busch, Stephen (DEQ)
Sent: Wednesday, January 21, 2015 10:50 AM
To: Shekter Smith, Liane (DEQ); Wurfel, Brad (DEQ); Prysby, Mike (DEQ); Benzie, Richard (DEQ)
Cc: Datema, Maggie (DEQ); Howes, Sarah (DEQ); Sygo, Jim (DEQ)
Subject: RE: Flint Mayor request to Governor regarding Flint Water

Copy attached.

Stephen Busch, P.E.
Lansing and Jackson District Supervisor
Office of Drinking Water and Municipal Assistance
MDEQ
517-643-2314

From: Shekter Smith, Liane (DEQ)
Sent: Wednesday, January 21, 2015 10:41 AM
To: Wurfel, Brad (DEQ); Busch, Stephen (DEQ); Prysby, Mike (DEQ); Benzie, Richard (DEQ)
Cc: Datema, Maggie (DEQ); Howes, Sarah (DEQ); Sygo, Jim (DEQ)
Subject: RE: Flint Mayor request to Governor regarding Flint Water

First I heard about the letter was on NPR this morning.

From: Wurfel, Brad (DEQ)
Sent: Wednesday, January 21, 2015 10:39 AM
To: Shekter Smith, Liane (DEQ); Busch, Stephen (DEQ); Prysby, Mike (DEQ); Benzie, Richard (DEQ)

Cc: Datema, Maggie (DEQ); Howes, Sarah (DEQ); Sygo, Jim (DEQ)
Subject: RE: Flint Mayor request to Governor regarding Flint Water

Ooops. Thanks.
Need a copy of the letter if we have it. Want to make sure the Governor's office knows to send calls about this to us, and give them a quick briefing on the situation.
Thanks.
b

From: Shekter Smith, Liane (DEQ)
Sent: Wednesday, January 21, 2015 10:37 AM
To: Wurfel, Brad (DEQ); Busch, Stephen (DEQ); Prysby, Mike (DEQ); Benzie, Richard (DEQ)
Cc: Datema, Maggie (DEQ); Howes, Sarah (DEQ); Sygo, Jim (DEQ)
Subject: RE: Flint Mayor request to Governor regarding Flint Water

That is the first option listed.

Changes made to date have reduced the formation of DBPs; but because of the way the standard is calculated the violation is anticipated to remain until at least late summer. However, it is difficult to predict whether the operational changes will be effective enough to address seasonal water quality changes that occur during the summer. It is possible to have a spike in August that could cause the city additional problems. But for now, all indications are that DBP levels in the distribution system are within an acceptable range.

From: Wurfel, Brad (DEQ)
Sent: Wednesday, January 21, 2015 10:31 AM
To: Shekter Smith, Liane (DEQ); Busch, Stephen (DEQ); Prysby, Mike (DEQ); Benzie, Richard (DEQ)
Cc: Datema, Maggie (DEQ); Howes, Sarah (DEQ); Sygo, Jim (DEQ)
Subject: RE: Flint Mayor request to Governor regarding Flint Water

Would a third option be to make adjustments to the plant that address the current water supply effectively?

From: Shekter Smith, Liane (DEQ)
Sent: Wednesday, January 21, 2015 10:26 AM
To: Busch, Stephen (DEQ); Prysby, Mike (DEQ); Benzie, Richard (DEQ)
Cc: Datema, Maggie (DEQ); Howes, Sarah (DEQ); Wurfel, Brad (DEQ); Sygo, Jim (DEQ)
Subject: RE: Flint Mayor request to Governor regarding Flint Water

In light of the Mayor's letter, this could be quite uncomfortable for us tonight.

Our position has always been that we do not dictate which acceptable option(s) a water supply may choose. Our responsibility is to see that operations are managed properly, regulations are met, and safe water is delivered. For example, when Flint decided to leave Detroit and operate using the River, our role wasn't to tell them our opinion; only what steps would be necessary to make the switch.

Now that there is a violation of a drinking water standard, we have been treating Flint as we would any other supply. It is up to them to propose a solution/corrective action. Our role is to determine the reasonableness of that proposal. One option available to them is to continue to use the river until the KWA source is available as long as they implement operational changes to mitigate the formation of DBPs. Another acceptable option is to return to Detroit (GLWA) until the KWA source is available. And third option could certainly be returning to GLWA permanently.

The Mayor is saying that since there is an EM, the state (Governor) has responsibility for decisions being made (not our position). It will be very important for DEQ staff to limit our discussion to our role under the Safe Drinking Water Act. Hopefully, the EM will be prepared to respond if and when the conversation veers off into this other arena.

Liane J. Shekter Smith, P.E., Chief
Office of Drinking Water and Municipal Assistance
Michigan Department of Environmental Quality
517-284-6543

From: Busch, Stephen (DEQ)
Sent: Wednesday, January 21, 2015 8:41 AM
To: Shekter Smith, Liane (DEQ); Prysby, Mike (DEQ); Benzie, Richard (DEQ)
Cc: Datema, Maggie (DEQ); Howes, Sarah (DEQ)
Subject: Flint Mayor request to Governor regarding Flint Water

FYI. Please see the link below. The mayor of Flint has requested the state provide assistance through a number of specific initiatives.

http://www.mlive.com/news/flint/index.ssf/2015/01/flint_mayor_asks_governor_for.html

As we are scheduled to participate in the meeting in Flint this evening please let me know if we need to further discuss these requests.

Stephen Busch, P.E.
Lansing and Jackson District Supervisor
Office of Drinking Water and Municipal Assistance
MDEQ
517-643-2314

Stanton, Terry A. (Treasury)

From: Wurfel, Brad (DEQ)
Sent: Wednesday, January 21, 2015 4:37 PM
To: Fonger, Ronald
Cc: Prysby, Mike (DEQ); Busch, Stephen (DEQ)
Subject: RE: a question about flint

The water is still pre-treated. I think you mean when the water was coming from DWSD, and the city was just in the water transmission business instead of the water treatment business.
I believe the answer is no, they didn't have many violations, but I'd encourage you to put the question to Mike Prysby, who will be at the meeting. Understand that dozens and dozens of 'boil water' advisories are issued by municipalities around the state every year for various reasons – anything from an abnormal coliform count to broken water mains that expose water to outside influence ... and the advisory is not by itself a warning that folks drinking the water will become ill. It's representative of a comprehensive, conservative protection standard with ample public notification measures to ensure that water customers can make informed decisions.
All of that said, the two guys most likely to know the answer to your specific question will be in the room tonight. And I've copied them here to make them aware you've got questions.
b

From: Fonger, Ronald [mailto:RFONGER1@mlive.com]
Sent: Wednesday, January 21, 2015 4:08 PM
To: Wurfel, Brad (DEQ)
Subject: a question about flint

Brad:
One thing I'd like to know is whether Flint has ever been in violation of the Safe Drinking Water Act previously – at least as far back as your records go.
I'm guessing we didn't have too many when the water was pre-treated.
Thanks,

Ron Fonger
MLive Media Group
Reporter

mobile 810.347.9963
email rfonger1@mlive.com
address 540 S. Saginaw St. #101, Flint MI 48502

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, January 21, 2015 4.56 PM
To: Murray, David (GOV)
Subject: RE: Flint

You are welcome, sir!!

From: Murray, David (GOV)
Sent: Wednesday, January 21, 2015 4:48 PM
To: Stanton, Terry A. (Treasury)
Subject: RE: Flint

I think that's great! Ron Fonger was one reporter, and I'll send along the other.

Very much appreciate you grabbing this one!

Dave

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, January 21, 2015 4:35 PM
To: Murray, David (GOV)
Subject: Flint

Jerry Ambrose and his management team are working diligently to ensure Flint residents have access to clean, safe water. To that end, a consultant is being brought in to advise the city on appropriate next steps.

The city continues to work closely with staff from the Department of Environmental Quality (DEQ) to ensure water meets safety guidelines, that water operations are managed properly, and all regulations are met.

Treasury staff is also in regular contact with both the city and DEQ and will be providing support as appropriate.

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, January 21, 2015 4:57 PM
To: ammore@sbgtv.com
Subject: Flint

Importance: High

Drew...

Your inquiry to Governor Snyder's office was forwarded to me for response. Please see below, which you may attribute to me.

"Jerry Ambrose and his management team are working diligently to ensure Flint residents have access to clean, safe water. To that end, a consultant is being brought in to advise the city on appropriate next steps.

The city continues to work closely with staff from the Department of Environmental Quality (DEQ) to ensure water meets safety guidelines, that water operations are managed properly, and all regulations are met.

Treasury staff is also in regular contact with both the city and DEQ and will be providing support as appropriate."

Terry Stanton, Administrator
Communications Division
MI Department of Treasury
(517) 335-2167
stantont@michigan.gov

Koryzno, Edward (Treasury)

From: Byrne, Randall (Treasury)
Sent: Thursday, January 22, 2015 10:36 AM
To: Cline, Richard (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: FW: Flint Water Issue Report for Governor
Attachments: Flint Water Issue Report for Governor.01-21-15.doc

Importance: High

Eric:

Thanks for the good work on this report. I don't have any further suggestions at this time.

Randy,

From: Cline, Richard (Treasury)
Sent: Thursday, January 22, 2015 9:26 AM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Dempkowski, Angela (Treasury)
Subject: Flint Water Issue Report for Governor
Importance: High

Ed/Randy:

Attached is the Flint Water Report.

Given the volume of information, I have kept the report focused upon the issues germane to the DEQ violation notice and the offer from DWSD.

I have tried to keep technical jargon to a minimum, but some inclusion was necessary in order for some items to be clear.

I also went back into our records to see what rate projections were assumed to be in order to cross-compare the City's analysis of the DWSD proposal. However, I kept references to all of this at a minimum.

If there are any questions, let me know.

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8350 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R KEVIN CLINTON
STATE TREASURER

SUMMARY REPORT

TO: Wayne Workman, Deputy State Treasurer

FROM: Eric Cline. Department Manager; Office of Fiscal Responsibility

SUBJECT: Summary of Flint Water System Issues

DATE: January 22, 2015

Summary

On December 16, 2014, the City of Flint received a violation notice from the Michigan Department of Environmental Quality (DEQ). This notice stated that the City water samples were in violation of Maximum Contaminant Levels (MCL), a violation of the Safe Drinking Water Act (PA 399 of 1976).

The DEQ considers the violation period to have begun December 1, 2014. The violation was triggered when water sample reports showed that the City's water quality, on average, exceed the total allowable level of *Disinfection Byproducts* during the first three quarters of 2014. Further, four of the City's eight water sample site locations individually exceeded allowable MCL levels during the same period of 2014.

These conditions are considered a Tier 2 violation and, as a result, the City was required to notify the public of these contamination levels by January 10, 2015 (which was done) and continue to notify them every three months until the violation is resolved.

The City must also update its Operational Evaluation Report, which is on-file with the DEQ, as to how it will correct this issue by March 1, 2015.

Causes & Possible Solutions

According to information provided by the City, the high levels of *Disinfection Byproducts*, which resulted in the DEQ violation notice, can be caused by high levels of chlorine. The City is required to perform testing every three months and the yearly average exceeded allowable MCL levels.

Some of the potential causes for this high level of chlorine include:

- Inefficient ozone system operation.
- A sewer leak discovered upstream of the intake, resulting in the need to increase the chlorine feed.
- An improper softening process.
- Unlined cast iron pipes in the distribution system.
- Recirculating water in the distribution system due to poor configuration of two pump stations.
- Broken valves resulting in stagnant water.
- High chlorine demand in filters.

- High potential of impurities in the source water.
- Less than optimal removal of impurities.

The City outlined some potential remedies to this problem in its initial Operational Evaluation Report, dated November 26, 2014. These potential remedies are intended to be implemented in stages. Stage 1 consists of actions that can be implemented without any new construction within the distribution system and are due to be implemented by early March 2015.

Stage 1 actions include:

- Troubleshooting of the ozone system.
- Implementation of different testing methods.
- Operational changes at the Water Treatment Plant.
- Increase water main flushing efforts to minimize stagnant water.
- Identify areas with high water age and implement preemptive measures.

Stage 2 consists of long term actions that require major system construction and potentially include:

- Upgrades to the ozone system.
- Implement the use of polymer aids.
- Convert to lime and soda ash softening.
- Change the disinfectant process.
- Install a new feed at the intake to optimize disinfection.
- Implement advanced treatment for precursor removal.
- Increase main flushing based on water modeling results.
- Continue valve replacements.
- Emphasize cast iron pipes on water main replacement priority list.

The projected cost of these options is unavailable.

It should be noted that all of these potential remedies are intended to be utilized only until the KWA pipeline is operational in late 2016.

Further, the City will be providing additional potential solutions when it updates the Operational Evaluation Report, which must be submitted to the DEQ by March 1, 2015.

Also, the City's Emergency Manager has committed to hiring an independent external consultant to assess the steps that the City has taken, to make recommendations as to other steps that can be taken, to oversee implementation, and to monitor operations until KWA is online.

DWSD Situation

Concurrent to the City addressing the aforementioned issues, on January 12, 2015, the Detroit Water and Sewer Department (DWSD) extended an offer to the City to reopen water connections that have been closed since May 2014 and resume supplying the City with drinking water.

DWSD has offered waiving a connection charge if the City will consider a long term agreement. DWSD has offered the City a fixed monthly rate of $846,700/month ($10,160,400/year) plus a commodity rate of $14.92/Mcf. DWSD stated that these rates will be guaranteed until June 30, 2015. Any future rate increases beyond the June 30 date are not identified, however, prior projections indicated that DWSD rates would exceed $16-million in 2015.

The City's analysis of this offer indicates that the total cost of purchasing water from DWSD would exceed $12-million annually (before any rate increases beginning July 1, 2015). These costs are supported by projections utilized by the City when the original decision to switch to KWA was made.

The City's current water system expenditures are approximately $11.7-million, with operations and capital upgrades currently running below projections. Therefore, the Emergency Manager has made the determination that the City will not be acting upon the offer extended by DWSD.

If further information on this issue is needed, please let me know.

Copy: Edward Koryzno, Director; Bureau of Local Government Services
Randall Byrne, State Administrative Manager; Office of Fiscal Responsibility

V:\LGOV\OFR\Townships\Royal Oak Township\Consent Agreement\2015 Budget\State Treasurer Action Letter to Township.2015 Budget.v2.12-15-14.doc

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Thursday, January 22, 2015 11:15 AM
To: Fonger, Ronald
Subject: RE: Flint

Got your VM. I have no addition to yesterday's statement. Thanks.

From: Fonger, Ronald [mailto:RFONGER1@mlive.com]
Sent: Thursday, January 22, 2015 9:32 AM
To: Stanton, Terry A. (Treasury)
Subject: RE: Flint

Thanks Terry:
Is there any response specific to the proposals Mayor Walling made in his letter to the governor?

Ron Fonger
MLive Media Group
Reporter

mobile 810.347.9963
email rfonger1@mlive.com
address 540 S. Saginaw St. #101, Flint MI 48502

From: Stanton, Terry A. (Treasury) [mailto:StantonT@michigan.gov]
Sent: Wednesday, January 21, 2015 5:03 PM
To: Fonger, Ronald
Subject: Flint
Importance: High

Hi Ron...

Your inquiry to Governor Snyder's office was forwarded to me. Please see below, which you may attribute to me.

"Jerry Ambrose and his management team are working diligently to ensure Flint residents have access to clean, safe water. To that end, a consultant is being brought in to advise the city on appropriate next steps.

The city continues to work closely with staff from the Department of Environmental Quality (DEQ) to ensure water meets safety guidelines, that water operations are managed properly, and all regulations are met.

Treasury staff is also in regular contact with both the city and DEQ and will be providing support as appropriate."

Koryzno, Edward (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Thursday, January 22, 2015 11:33 AM
To: Porubsky, Carmen (TREASURY)
Cc: Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: City of Flint Call Notes

City of Flint Call Notes 01/21/15 9 AM
Treasury: W. Workman, R. Byrne, R. Widigan
GOV: H. Hollins
MSP: G. Kapp, J. Carter, S. Sipes, S, O'Neill, T. Sands
City: J. Ambrose, Liz Murphy, Chief Tolbert

1. **Public Safety Update**
   - FPD Chief Tolbert:
     a. 4 Homicides for the year, up from 1 this time LY.
     b. The final reports for the evaluation of both the Police and the Fire Departments have been received. The study will be presented to City Council at the Public Safety Committee on January 22, 2015. MSP will attend as well. R. Byrne to attend.
     c. 118 officers & civilians total.
     d. Performance measures for officers were implemented on January 1.
     e. Chief Tolbert is hosting town hall meetings, working on community policing.
   - FFD:
     a. City applied for $999,103 grant from the FEMA Assistance to Firefighters Grant Program to purchase a new aerial truck.

2. **Governor's Office Update**
   - District Court Consolidation:
     a. County Commissioners voted on 12/10/14 to approve "pursuant to the terms and conditions set forth in a MOU to be approved between City of Flint and Gen. County."
     b. H. Hollins (GOV) stated J. Ambrose needs to issue an order that mirrors what the resolution passed by the County Commissioners – H. Hollins to speak to Judge Yuille.
   - Local Income Tax Initiative:
     a. H. Hollins (GOV) is trying to find a legislative sponsor.

3. **Finance and Administrative Update**
   - Firefighters Contract:
     a. City Council sent an alternative contract to the Emergency Loan Board on December 17, 2014. Emergency Loan Board decided in favor of the EM proposal. IAFF contract has been imposed.
   - Financial Ordinances:
     a. City Council approved first reading of Fund Balance Policy, OPEB, BSF and strategic planning processes ordinances. Purchasing Ordinance still to be moved.

4. **Water Issues**
   - MDEQ Violation Notice:
     a. Violation notice received 12/16/14 maximum contaminant level for TTHM exceeded. Public notice required. Notices sent out Jan 5, 2015. Most recent readings in compliance except one location. This issue has become the largest current challenge.

b. Public Water Forum will be on 1/21/15 at City Hall. Panel will include City Officials, MDEQ, MSU Microbiologist, Genesee Co. Drain Commissioner.
c. RFP for river water treatment consulting firm due back 1/26/15, selected MSU water expert will attend 1/21/15 Water Forum.
d. Mayor sent a letter to Gov. and others with his Flint Water Improvement Plan which requests Federal and **State assistance.**
e. KWA Project is on track and under budget. Expected completion is spring 2016.

- Distressed Cities Grants:
  a. City of Flint submitted two grant requests: Leak Detection and Sewage sludge load out facility. Awards expected to be announced at the end of January.

5. 9-1-1 Reconsolidation Plan

- Tower Transfer to Consortium:
  a. Tower built with C-GAP funds. Construction value exceeds $50,000; the intent to transfer was included in the last two updates to the Financial and Operating Plan.

6. Transition Activities

- Strategic Planning Workshop:
  a. Two off-site workshops are planned: For Dept. Heads and Core Team on Jan 26, 2015. Then, for Council, Dept. Heads and Core Team scheduled for Jan. 28, 2015. Future Council activities, strategic plan and budget prep will be main topics. Both will be facilitated by Dr. Scorsone.
  b. Update of Transition Management Plan: A planning calendar for the next three months is being developed.

7. MDNR and Purchase of CSX Rail Area:

- The City is requesting DNR authorize full amount of appraised property value to be paid by DNR grant. R. Byrne will look into this further.
  a. **Note from City's Planning and Development Director:** In brief, the City hired an appraiser for the Grand Traverse Greenway trail to complete acquisition of the CSX properties. We forwarded the appraisal of $170,000 to the DNR for approval to proceed with negotiations with CSX. During our negotiations, CSX disputed the appraisal and submitted their own appraisal for the property of $330,000. After reviewing the CSX appraisal, DNR told the City that they would be willing to increase the grant up to $215,000 for acquisition, but the City would have to make up the difference. After doing additional research on similar properties including acquisition of the Genesee Valley Trail in the City of Flint, we realize that CSX offer is not unreasonable. We asked DNR to reconsider and allow us to have our appraisal amended so that we can fully use the DNR grant for the $330,000 asking price. (Our DNR grant allocation is $700,000 more than enough to cover the $330,000 asking price. Thus far, DNR has been unwilling to provide the additional funding and suggested we talk to MDOT about making up the difference. I think the MDNR is concerned about setting precedent for future trail acquisition, but I don't think it matters if MDOT is routinely paying more.

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Thursday, January 22, 2015 12:54 PM
To: Headen, Frederick (Treasury); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Gelisse, Ashley (TREASURY); Stibitz, Brom (Treasury); Dempkowski, Angela (Treasury)
Subject: RE: Fernanders v Wright, et al

Angela, please a call for us to discuss early next week. Thank you Fred

---

From: Headen, Frederick (Treasury)
Sent: Thursday, January 22, 2015 12:27 PM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Gelisse, Ashley (TREASURY); Stibitz, Brom (Treasury); Dempkowski, Angela (Treasury)
Subject: RE: Fernanders v Wright, et al

Wayne:

I now have had an opportunity to review the complaint and attached exhibits. The complaint asserts that the City's drinking water is contaminated and seeks a temporary restraining order, although of what is not quite clear. The lack of clarity may be due in part to the plaintiff, who describes himself as indigent, acting *in pro per* (i.e., representing himself).

Also unclear is why Darnell was named as a defendant. There is in the complaint no mention of Act 436, nor any assertion that the plaintiff is aggrieved by any action, or inaction, on Darnell's part. However, because it appears Darnell was named in his official capacity as then Emergency Manager, it is likely the plaintiff will amend his complaint to substitute the current Emergency Manager, Jerry Ambrose, as a defendant.

Given the absence in the complaint of any reference to Act 436, or to any action, or inaction, under that Act, there does not appear to be, in a strictly statutory sense, any basis to request Attorney General representation for either Darnell or Jerry. I spoke with Pete and he concurred. However, he and I also decided to re-read the complaint to satisfy ourselves we have not missed anything upon this point.

The four corners of the Act notwithstanding, there may be prudential grounds for requesting involvement by the Attorney General's Office. However, because I think it advisable not to reduce those grounds to writing, I would prefer to discuss at your convenience.

I will forward a copy of the complaint to Darnell.

Fred

From: Workman, Wayne (TREASURY)
Sent: Thursday, January 22, 2015 10:28 AM
To: Headen, Frederick (Treasury); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Gelisse, Ashley (TREASURY); Stibitz, Brom (Treasury); Dempkowski, Angela (Treasury)
Subject: RE: Fernanders v Wright, et al

Thank you.

From: Headen, Frederick (Treasury)
Sent: Thursday, January 22, 2015 10:25 AM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Gelisse, Ashley (TREASURY); Stibitz, Brom (Treasury); Dempkowski, Angela (Treasury)
Subject: RE: Fernanders v Wright, et al

Wayne:

It depends upon the circumstance. Per the Act, the Attorney General's Office is required to defend any cause of action involving any of the following:

(a) The validity of this act.

(b) The authority of a state official or officer acting under this act.

(c) The authority of an emergency manager if the emergency manager is or was acting within the scope of authority for an emergency manager under this act.

I will need to review the document that Pete forwarded to determine the nature of Darnell's involvement.

Fred

From: Workman, Wayne (TREASURY)
Sent: Thursday, January 22, 2015 10:17 AM
To: Koryzno, Edward (Treasury); Headen, Frederick (Treasury); Byrne, Randall (Treasury)
Cc: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Gelisse, Ashley (TREASURY); Stibitz, Brom (Treasury); Dempkowski, Angela (Treasury)
Subject: FW: Fernanders v Wright, et al

Would the EM usually be defended by the AG or a SAAG?

From: Peter Bade [mailto:pbade@cityofflint.com]
Sent: Thursday, January 22, 2015 9:20 AM
To: Workman, Wayne (TREASURY); Headen, Frederick (Treasury); Byrne, Randall (Treasury); Gerald Ambrose; Flint Mayor
Subject: Fernanders v Wright, et al

Gentlemen: I'm forwarding the attached motion for temporary restraining order that was filed in federal court. Darnell Earley is a named defendant. I and writing to seek guidance on whether the Attorney General will be representing him.

I do not have Darnell's new email address. I left a message on his cell phone this morning. I'm not sure if he's been served.

--
Peter M Bade
Chief Legal Officer
City of Flint

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Thursday, January 22, 2015 5:25 PM
To: Gerald Ambrose
Cc: Jason Lorenz; Elizabeth Murphy
Subject: RE: Water issue

Thanks, Jerry.

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Thursday, January 22, 2015 5:23 PM
To: Stanton, Terry A. (Treasury)
Cc: Jason Lorenz; Elizabeth Murphy
Subject: Re: Water issue

Terry,

This is the quickest response I can give you...you will see the water issue is important and we are working on it everyday. If you go to our web site, you will see additional information we are posting for the public. And we have an RFP out soliciting expert assistance to assure we are doing everything we need to be doing. Let me know if you need something else.

Additional item - we stand by the statement that going back to DWSD would add some $1 million monthly to our expenses, and DWSD's "offer" makes reference to a "long term" commitment, which presumably could mean leaving KWA....

We are committed to addressing this problem and are pursuing our strategy.

J

On Thu, Jan 22, 2015 at 4:27 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Hello gentlemen...

I have been asked by the Governor's Communications Office if you might have any **talking points** on the water situation, ie, what's being done to address the situation, etc. Please forward if you do.

Sounds like the governor may be speaking with Flint media in the not-too-distant future, and I'd like to provide some background info, etc. for consistency of messaging.

Thanks, Terry

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Thursday, January 22, 2015 5:46 PM
To: Murray, David (GOV)
Subject: RE: Flint

Not a prob. Hope it works for you.

From: Murray, David (GOV)
Sent: Thursday, January 22, 2015 5:45 PM
To: Stanton, Terry A. (Treasury)
Subject: RE: Flint

You are fantastic! Sorry I held you up. Thank you, Terry!

From: Stanton, Terry A. (Treasury)
Sent: Thursday, January 22, 2015 5:43 PM
To: Murray, David (GOV)
Subject: Flint
Importance: High

Dave...

Please see the attached, which includes the info I shared yesterday. I have asked Brad at DEQ if he has anything more, as they have had more involvement on the water issue. I will forward anything he sends me. I believe there is a meeting next week with the G to discuss this issue, though clearly he may face media questions well before that occurs.

We suggest the G say the ***residents deserve clean, safe water and EM Jerry Ambrose, his management team and the DEQ are working to ensure that...and that the State will be a resource where and when possible (as we have with other issues, ie, crime).***

I cannot speak to other "requests" in the Mayor's letter (dated 1-18), which seek waivers, Federal and State funding, etc.

As you will see in the document, the city is committed to addressing the issue and in fact, has taken numerous steps (with guidance and/or approval from DEQ) to date.

Hope this helps.

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Thursday, January 22, 2015 5:45 PM
To: Murray, David (GOV)
Subject: Flint 2
Attachments: Adressing Flint's Water Concerns final.docx

Sorry...meant to attach this to the prior e-mail.

This is a doc compiled by the city.

Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Monday, January 26, 2015 9:53 AM
Subject: PRESS RELEASE: Deadline Extended for RFP
Attachments: Water Consultant RFP Deadline Extension.pdf

For Immediate Release

City of Flint Extends Submission Deadline for Water Quality Consultant Request for Proposals

Flint, Michigan – January 26, 2015 – The City of Flint has extended the deadline for its Water Quality Consultant Request for Proposal (RFP) to Thursday, January 29, 2015 by 12pm, in order to ensure that interested and qualified firms can submit comprehensive proposals. Proposals received by the deadline will undergo immediate review with a goal of finalists being selected by Monday, February 2, 2015. Final selection is anticipated by the week of February 9, 2015.

In the RFP, The City is seeking a consultant to review and evaluate the water treatment process and distribution system, provide recommendations to maintain compliance with both state and Federal agencies, and assist in implementing accepted recommendations. The City will have the selected vendor provide reports to reflect their findings and provide continual oversight in implementing any approved recommended practices to improve the quality of water until implementation of the KWA project. The RFP can be found on the City's website at http://flintweb2.cityofflint.com/Purchasing/bids.asp.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

Stanton, Terry A. (Treasury)

From: Chastity Pratt <cpratt@bridgemi.com>
Sent: Monday, January 26, 2015 2:16 PM
To: Stanton, Terry A. (Treasury)
Subject: Re: Flint water - I hear YOU are the expert (deadline story)

Hi, Terry,
Yes, I contacted Ambrose's office and hope to hear from him soon. Thanks for the response!
-cpd

On Mon, Jan 26, 2015 at 1:57 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
Chastity...

If you haven't already, I would suggest you contact Jerry Ambrose, Flint's emergency manager. He could give you complete background on the situation, and update you on the steps the city has been taking...and plans to take...to address the situation.

As for the mayor's letter, much of the content is outside Treasury's oversight and/o authority. That said, below is some information (reaction) I shared with reporters earlier.

You may attribute the following to me.

"Jerry Ambrose and his management team are working diligently to ensure Flint residents have access to clean, safe water. To that end, the city has an rfp out for a consultant to advise the city on appropriate next steps.

The city continues to work closely with staff from the Department of Environmental Quality (DEQ) to ensure water meets safety guidelines, that water operations are managed properly, and all regulations are met.

Treasury staff is also in regular contact with both the city and DEQ and will be providing support as appropriate."

Terry Stanton
Director of Communications
MI Department of Treasury
(517) 335-2167

On Jan 26, 2015, at 1:11 PM, Chastity Pratt <cpratt@bridgemi.com> wrote:

> Hi, Terry,
>
> Can you please call me? I am working on a deadline story about Flint's water situation, the complaints, etc. Bridge Magazine is most interested in the policy implications.
>
> The mayor sent a letter to the governor requesting/recommending that:

1. Water testing data be reported publicly no less than quarterly by law in all Michigan communities in Flint's population category
2. Federal and State partnerships be designed to establish new Drinking Water Emergency Assistance Fund for the elderly and vulnerable families
3. Water system improvements outlined in the City of Flint Capital Improvement Plan be accelerated through Federal and State Investments;
4. The state approves City of Flint's Distressed Cities Fund applications

What's your insight as to whether any of this is doable? Can you please call me? My story is due tomorrow and will highlight these recommendations/requests from the mayor.

--

Chastity Pratt Dawsey
Reporter
Bridge Magazine/The Center for Michigan
28 W. Adams Suite 330, Detroit, MI 48226
www.bridgemi.com
C: 313-[redacted]

--

Chastity Pratt Dawsey
Reporter
Bridge Magazine/The Center for Michigan
28 W. Adams Suite 330, Detroit, MI 48226
www.bridgemi.com
C: 313-[redacted]

Stanton, Terry A. (Treasury)

From: Murray, David (GOV)
Sent: Monday, January 26, 2015 5:08 PM
To: Stanton, Terry A. (Treasury)
Subject: RE: Story on Flint drinking water

Thank you, Terry! The Flint Mayor has an oped for the Journal that is pretty much a full out attack on the governor, demanding that he come to Flint. We're asking for direction from Chief and Harvey about how much they want us to note the city's role in this – pre EMs.

From: Stanton, Terry A. (Treasury)
Sent: Monday, January 26, 2015 5:00 PM
To: Murray, David (GOV)
Subject: Re: Story on Flint drinking water

Not sure there is much more to say at this point.

TS

On Jan 26, 2015, at 4:42 PM, Murray, David (GOV) <MurrayD1@michigan.gov> wrote:

> Hi Terry,
>
> Thanks for your help on all this. I was planning to give Chastity a variation of the quote you gave me last week, unless you think we should take a different approach. Thanks for all your help on all this. Here was the quote from last week: -
>
> Flint residents deserve clean, safe water. Flint Emergency Manager Jerry Ambrose, his management team and the state Department of Environmental Quality are working to ensure that. The state government will be a resource where and when possible, as it has been for other important issues affecting the city.
>
> Thanks!
>
> Dave
> **From:** Chastity Pratt [mailto:cpratt@bridgemi.com]
> **Sent:** Monday, January 26, 2015 12:27 PM
> **To:** Murray, David (GOV)
> **Subject:** Re: Story on Flint drinking water
>
> Gotcha. At the same time, could you also provide a comment since the letter was addressed to the governor?
>
> My story will highlight that the mayor asked for some increased state involvement, investment and policy changes; specifically, he recommended/asked that:
> 1. Water testing data be reported publicly no less than quarterly by law in all Michigan communities in Flint's population category

2. Federal and State partnerships be designed to establish new Drinking Water Emergency Assistance Fund for the elderly and vulnerable families
3. Water systems improvements outlined in the City of Flint Capital Improvement Plan be accelerated
through Federal and State Investments; State approves City of Flint's Distressed Cities Fund applications

Which of these is doable or under consideration?

On Mon, Jan 26, 2015 at 12:13 PM, Murray, David (GOV) <MurrayD1@michigan.gov> wrote:
He's the expert on all things Flint water.

Sent from my iPad

Stanton, Terry A. (Treasury)

From: Wurfel, Brad (DEQ)
Sent: Tuesday, January 27, 2015 2:03 PM
To: Murray, David (GOV); Wurfel, Sara (GOV); Stanton, Terry A. (Treasury)
Cc: Brown, Jessica (GOV)
Subject: FW: Talked with Ambrose.
Attachments: City of Flint VN - MCL TTHM 12_16_14.pdf; TTHM - OEL letter.pdf

From: Busch, Stephen (DEQ)
Sent: Friday, January 23, 2015 9:31 AM
To: Wurfel, Brad (DEQ)
Cc: Prysby, Mike (DEQ)
Subject: RE: Talked with Ambrose.

Brad,

Under the Act 399 Rules, the City is required to conduct an Operational Evaluation and make adjustments to their system to reduce TTHM levels. They have 90 days from the violation to complete the report (due date is March 1). This was outlined in the violation notice (attached).

When results from August continued to show high levels of TTHM and the likelihood that a violation of the standard would occur in the future, the City was asked to proactively complete an Operational Evaluation at that time to try and reduce levels (see attached September OEL compliance communication). The City did complete the evaluation, and this, in part, is why levels from November showed such a significant reduction. A copy of this Operational Evaluation can be provided.

It should also be noted that the Operational Evaluation from one monitoring period to another are separate required reports. An Operational Evaluation for a subsequent period can utilize information from a previous report, but can't be a resubmittal of the same report. It must take into account the most current data.

The City has contracted with LAN Engineering to conduct the Operational Evaluations and produce the reports.

It is the City's responsibility to evaluate their system and provide solutions.

Also keep in mind that the long term solution will continue to be connection to KWA. Such long term solutions have been acceptable for other communities to address this type of standard violation.

Stephen Busch, P.E.
Lansing and Jackson District Supervisor
Office of Drinking Water and Municipal Assistance
MDEQ
517-643-2314

From: Wurfel, Brad (DEQ)
Sent: Thursday, January 22, 2015 9:49 PM
To: Busch, Stephen (DEQ)
Subject: Fwd: Talked with Ambrose.

Do we have a shareable briefing document?

Sent from my iPhone

Begin forwarded message:

> **From:** "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>
> **Date:** January 22, 2015 at 5:00:19 PM EST
> **To:** "Wurfel, Brad (DEQ)" <WurfelB@michigan.gov>
> **Subject: RE: Talked with Ambrose.**
>
> Do you have any TPs, bullets, etc. on what's been done thus far in Flint to address the water issue...from DEQ perspective?
>
> **From:** Wurfel, Brad (DEQ)
> **Sent:** Wednesday, January 21, 2015 11:46 AM
> **To:** Stanton, Terry A. (Treasury)
> **Subject:** Talked with Ambrose.
>
> THAT's why his name is familiar. He's been down there for years!
> Turns out, he's got this thing handled. Just had a good conversation.
> Let me know if I can be of help. Two of our best guys will be there from the drinking water program.
> b
>
> Brad Wurfel
> Communications Director
> Michigan Department of Environmental Quality
> 517-284-6713
> 517-230-8006 cell

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING DISTRICT OFFICE

RICK SNYDER
GOVERNOR

DAN WYANT
DIRECTOR

December 16, 2014

Mr. Brent Wright, Operation Supervisor
City Of Flint - DPW
Flint Water Plant
4500 North Dort Highway
Flint, MI 48505

WSSN: 02310

Dear Mr. Wright:

SUBJECT: Violation Notice – Maximum Contaminant Level for Total Trihalomethanes
Operational Evaluation – Total Trihalomethanes
4th Quarter 2014 Monitoring Period

The Department of Environmental Quality (DEQ), Office of Drinking Water and Municipal Assistance (ODWMA), records show that the City of Flint is in violation of the Safe Drinking Water Act,1976 PA 399, as amended (Act 399); R 325.10610, *Maximum contaminant levels* (MCL) *for disinfection byproducts*, of the 1979 Administrative Code.

In accordance with R.325.10610, *MCLs for disinfection byproducts*, of the 1979 Administrative Code, the MCL for disinfection byproduct total trihalomethanes (TTHM) is 0.080 milligrams per liter (mg/L) as a Locational Running Annual Average (LRAA) at each monitoring location. As listed in the table below, our records show that the City of Flint's highest TTHM locational running annual average (LRAA), based on the last three quarters, ending November 30, 2014, is 0.099 mg/l which exceeds the standard, and that two of the eight sample site locations exceed the standard of 0.080 mg/L.

Further, in accordance with R325.10719l, *Disinfection byproducts: operational evaluation levels*, of the 1979 Administrative Code, when an operational evaluation level (OEL) at a monitoring location for TTHM exceeds 0.080 mg/L, a supply shall conduct an operational evaluation and submit a written report of the evaluation to the department not later than 90 days after being notified of the analytical result that causes the supply to exceed the operational evaluation level. As listed in the table below, our records show that TTHM operational evaluation levels for the City of Flint exceed 0.080 mg/L at four of the City's eight sample site locations.

TTHM Results (mg/L)					
	5/21/14	8/21/14	11/20/14	LRAA	OEL
DBP1 McDonalds 3719 Davison	**0.162**	**0.145**	0.059	**0.092**	**0.106**
DBP2 Liquor Palace 3302 S. Dort Highway	**0.112**	**0.127**	0.033	0.068	0.076
DBP3 North Flint Auto 6204 N. Saginaw St.	**0.097**	**0.118**	0.041	0.064	0.074
DBP4 University Market 2501 Flushing Road	**0.106**	**0.196**	**0.094**	**0.099**	**0.122**
DBP5 Taco Bell 3606 Corunna Road	0.079	**0.181**	0.034	0.074	**0.082**
DBP6 Rite-Aid Pharmacy 5018 Clio Road	**0.088**	**0.144**	0.054	0.072	**0.085**
DBP7 Salem Housing 3216 MLK Boulevard	**0.082**	**0.112**	0.050	0.061	0.074
DBP8 BP Gas Station 822 S. Dort Highway	0.075	**0.112**	0.036	0.056	0.065

Our investigation consisted of a review of ODWMA files for laboratory reports received for compliance monitoring. Our investigation is considered complete. This violation began on December 1, 2014, and will continue until TTHM LRAA is below the MCL at all sample sites.

We acknowledge and appreciate the city's cooperation with our recommendation to preemptively conduct an Operational Evaluation following the City's second quarterly round of monitoring in August. That Operational Evaluation report has identified possible causes and corrective measures for the elevated TTHM levels which we encourage the City continue implementing. These modifications have likely contributed in part to the reduction in TTHM levels reported in the most recent quarter, and suggest the City may be able to achieve compliance with the TTHM standard.

Our office is continuing to review the Operational Evaluation report that was submitted on December 1, 2014, and will provide the City and their consultant comments as needed to help address this MCL violation.

Water systems that exceed the OEL must complete and submit an Operational Evaluation in accordance with Administrative Rule 719l (R325.10719l) within 90 days of being notified of the violation. **An updated Operational Evaluation report, which incorporates the most recent sample results, must now be completed and received by our office by no later than March 1, 2015**.

If you have any other factual information you would like us to consider regarding the violation identified in this Violation Notice (VN), please provide them in a written response by January 16, 2015.

Administrative rule R 325.10403 of Act 399 requires that suppliers provide public notice (PN) as soon as practical, but no later than thirty (30) days after the supplier learns of this type of violation, by mail or direct delivery **and** by any other means reasonably calculated to reach customers not normally reached by mail. Enclosed is a sample PN

which contains the minimum required language. The City is encouraged to include additional information regarding its response to this violation. **Please notify your consumers by January 10, 2015, and send us a signed and dated copy of the notice that you issued within ten (10) days of distributing the public notice.** This violation must also be included in your 2014 Consumer Confidence Report (CCR), due by July 1, 2015. The PN must be repeated every quarter until you no longer exceed the TTHM standard. Failure to issue a PN for this violation will result in a fine of at least $1,000 per event, with a maximum of $5,000 per violation.

We anticipate and appreciate your continued cooperation in resolving this matter. If you have any questions regarding this VN, please contact us at the numbers below.

Sincerely,

Michael F. Prysby, P.E., District Engineer
Lansing District Office
Office of Drinking Water & Municipal Assistance
517-290-8817

Adam Rosenthal, EQA
Lansing District Office
Office of Drinking Water & Municipal Assistance
517-284-6644

mfp/ar/jlr
Enclosure

cc: Mr. Darnell Early, Emergency Manager, City of Flint
Mr. Daughtry Johnson, City of Flint
Mr. Howard Croft, City of Flint
Mr. Robert Bincsik, City of Flint
Ms. Jennifer Crooks, U.S. Environmental Protection Agency, Region 5
Genesee County Health Department
Ms. Liane Shekter Smith, P.E., DEQ
Mr. Richard Benzie, P.E., DEQ
Mr. Stephen Busch, P.E., DEQ

IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER

City of Flint Did Not Meet Treatment Requirements

Our water system recently violated a drinking water standard. Although this incident was not an emergency, as our customers, you have a right to know what happened and what we are doing to correct this situation.

We routinely monitor for the presence of drinking water contaminants. Samples were collected for total trihalomethanes (TTHM) analysis from eight locations on a quarterly basis (May 21, August 21, and November 20 of 2014). The average of the results at ANY of the eight locations must not exceed the maximum contaminant level (MCL) for TTHMs, otherwise our water system exceeds the Maximum Contaminant Level (MCL). The standard for TTHMs is 80 µg/L. The location reporting the highest TTHM level was 99 ug/L; thus, our water system exceeds the TTHM MCL.

What should I do?

- There is nothing you need to do unless you have a severely compromised immune system, have an infant, or are elderly. These people may be at increased risk and should seek advice about drinking water from their health care providers.

- You do not need to boil your water or take other corrective actions. If a situation arises where the water is no longer safe to drink, you will be notified within 24 hours.

What does this mean?

This is not an emergency. If it had been an emergency, you would have been notified within 24 hours.

People who drink water containing trihalomethanes in excess of the MCL over many years may experience problems with their liver, kidneys, or central nervous system, and may have an increased risk of getting cancer.

What is being done?

We are currently working on solutions to correct the problem. We anticipate resolving the problem by 2015.

For more information, please contact Mr. Brent Wright at 517-787-6537 or the Flint Water Plant at 4500 North Dort Highway, Flint, MI 48505.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments, nursing homes, schools, and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is being sent to you by the City of Flint.

CERTIFICATION: WSSN: 02310

I certify that this water supply has fully complied with the public notification requirements in the Michigan Safe Drinking Water Act, 1976 PA 399, as amended, and the administrative rules.

Signature	Title	Date Distributed

Reminder to water supplier: This notice / certification must be sent to the DEQ.

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING DISTRICT OFFICE

RICK SNYDER
GOVERNOR

DAN WYANT
DIRECTOR

September 10, 2014

Mr. Brent Wright
City of Flint Water Treatment Plant
4500 North Dort Highway
Flint, Michigan 48505

SUBJECT: Compliance Communication
Total Trihalomethane Operational Evaluation Requested

Under the Stage 2 Disinfectants and Disinfection Byproduct Rule, the City of Flint has been required to collect samples for the analysis of Total Trihalomethane (TTHM) and Haloacetic Acids (HAA5) at eight sites within the City's water distribution system. The City has completed two quarterly monitoring periods since changing its source water to the Flint River effective April 25, 2014.

Normally an Operational Evaluation Level (OEL) would be calculated in accordance with the Michigan Safe Drinking Water Act, Public Act 399, 1976, as amended, Administrative Rule 7196 (R 325.107196), each quarter once three quarters of results have been obtained and compared with the respective maximum contaminant level (MCL) for TTHM. Normally the calculation would be made as follows:

(2 x current quarter + sum of 2 previous quarters) divided by 4

As the City of Flint currently has only two quarters of data, the calculation has been modified as follows:

(2 x current quarter + previous quarter) divided by 4

The resulting OEL for each site is listed in the table below. All results are in parts per billion (ppb):

		TTHM			HAA5	
	5/21/14	8/21/14	Mod. OEL	5/21/14	8/21/14	Mod. OEL
DBP1 McDonalds 3719 Davison	162.4	145.3	113	64	43	38
DBP2 Liquor Palace 822 S. Dort Highway	111.6	112	84	52	40	33
DBP3 North Flint Auto 3302 S. Dort Highway	96.5	127.2	88	48	31	28
DBP4 University Market 3606 Corunna	106.4	181.3	117	55	24	26
DBP5 B&P Gas Station 2501 Flushing	75.1	196.2	117	38	17	18
DBP6 Salem Housing 3216 MLK Boulevard	82.2	112.4	77	41	25	23
DBP7 Kroger 5018 Clio Road	88.2	144.4	94	49	30	27
DBP8 Taco Bell 6204 N. Saginaw	79.2	118.3	79	50	37	31

As shown in the table above, even with this less restrictive modified method, six of the City's eight sites already exceed the OEL limit of 80 ppb for TTHM. In addition, the City's two other sites are both more than 95% of the TTHM OEL limit.

The MCL for TTHM and HAA5 is based on a locational running annual average for each site, essentially the average at each site over the four previous quarterly monitoring periods. However, with TTHM levels of this magnitude, it is likely the MCL will be exceeded for at least one of these eight sites from just three quarters of monitoring results. For TTHM, four quarters at the MCL of 80 ppb (4 x 80) would provide 320 ppb allowable. As an example, site DBP1 through just two quarterly monitoring periods has a total of 307 ppb (162+145), leaving only 13 ppb over two more quarterly monitoring periods to maintain compliance with the MCL.

Therefore, this office is requesting the City of Flint complete an Operational Evaluation in accordance with Administrative Rule 719l (R325.10179l). The Operational Evaluation Report shall be submitted to this office no later than November 28, 2014. The report shall not be limited in scope and shall include the following:

Examination of Treatment Operational Practices
- Changes in source water quality
- Treatment changes
- Storage tank operations
- Excess storage capacity
- Treatment problems that contribute to TTHM formation

Examination of Distribution Operational Practices
- Storage tank operations
- Excess storage capacity
- Distribution system flushing

The report shall also include steps the City could consider to minimize future exceedances.

Additional guidance on completing the Operational Evaluation Report, including a number of forms that can be used to gather and evaluate water system information is provided in the United States Environmental Protection Agency's (U.S. EPA) Operational Evaluation Guidance Manual. This document is available on the U.S. EPA's website at the following link:

http://www.epa.gov/ogwdw/disinfection/stage2/pdfs/draft_guide_stage2_operationalevaluation.pdf

Be advised, failure to submit an Operational Evaluation Report by this deadline is a reporting violation subject to Tier 3 Public Notification.

The OEL is an indicator of operational performance. The water system must take proactive steps to be able to comply with the MCL's for TTHM and HAA5. While it is recognized that removal of Total Organic Carbon disinfection byproduct precursors as part of the treatment process has performed above minimum removal requirements under the treatment technique, around 4 parts per million of organic carbon are still present in the treated water and may be leading to additional TTHM formation in the City's distribution system.

While health effects associated with disinfection byproducts contaminants are based on chronic exposure, the City has available alternatives that must be considered to achieve compliance with this drinking water public health standard.

If you have any questions regarding this information, please contact me at the number below.

Sincerely,

Michael Prysby, P.E.
District Engineer
Office of Drinking Water and
Municipal Assistance
Lansing District Office
(517) 290-8817

cc: Mr. Darnell Early, City of Flint
Mr. Daugherty Johnson III, City of FLint
Mr. Howard Croft, City of Flint
Mr. Robert Bincsik, City of Flint
Ms. Liane Shekter Smith, P.E., DEQ
Mr. Richard Benzie, P.E., DEQ
Mr. Stephen Busch, P.E., DEQ
Genesee Co. Health Dept.

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, January 27, 2015 2:28 PM
To: Wurfel, Sara (GOV)
Subject: Meeting tomorrow at 2

Wanted to be sure you were aware of this scheduled mtg (by DP) and expected attendees.

Attending:
Jerry Ambrose
Mayor Walling
Howard Croft, Director of the Department of Public Works
Tom Saxton
Dick Posthumus
Dennis Muchmore
Beth Clement
Sen Ananich
Andy Leavitt
John Walsh
Harvey Hollins

Stanton, Terry A. (Treasury)

From: Wurfel, Brad (DEQ)
Sent: Tuesday, January 27, 2015 4:33 PM
To: Stanton, Terry A. (Treasury); Brown, Jessica (GOV)
Subject: RE: Flint Water Call

I will have documentation to more specifically articulate this tomorrow, but for the timeline, it goes like this:
Conversation one: Flint wants to join KWA and eventually gets approved.
Conversation two: Flint sees formation of the Regional water authority in Detroit and announces to DEQ they're getting off the bus, and going to use the local water supply.
Oh, and this got a new twist late today. I'll expand in another forum with each of you.
b

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, January 27, 2015 12:52 PM
To: Brown, Jessica (GOV); Wurfel, Brad (DEQ)
Subject: RE: Flint Water Call

Works here.

From: Brown, Jessica (GOV)
Sent: Tuesday, January 27, 2015 12:50 PM
To: Stanton, Terry A. (Treasury); Wurfel, Brad (DEQ)
Subject: RE: Flint Water Call

Any chance you can both do 1:30?

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, January 27, 2015 12:22 PM
To: Brown, Jessica (GOV); Wurfel, Brad (DEQ)
Subject: RE: Flint Water Call

I will be at my desk between now and 1.

From: Brown, Jessica (GOV)
Sent: Tuesday, January 27, 2015 12:13 PM
To: Wurfel, Brad (DEQ); Stanton, Terry A. (Treasury)
Subject: Flint Water Call
Importance: High

Hi Brad and Terry –

Do you each have about 15 minutes available in the near/immediate future to hop on a quick call with Sara and Dave? Want to make sure all on same page for Flint water issue. If we could find a time window between now and 1 that would be ideal – otherwise Sara and Dave can do between 1:30-2:30.

Please let me know ASAP. Thanks much!

Stanton, Terry A. (Treasury)

Subject: FW: Mtg Flint Water Issues/other Concerns
Location: Governor's Conference Room

Start: Wed 1/28/2015 2:00 PM
End: Wed 1/28/2015 3:00 PM

Recurrence: (none)

Meeting Status: Accepted

Organizer: Posthumus, Dick (GOV)

-----Original Appointment-----
From: Posthumus, Dick (GOV)
Sent: Tuesday, January 13, 2015 3:33 PM
To: Posthumus, Dick (GOV); Saxton, Thomas (Treasury); Pleyte, Beth (Treasury); Muchmore, Dennis (GOV); Wisniewski, Wendy (GOV); Clement, Elizabeth (GOV); Walsh, John (GOV); Hall, Jean (GOV); Hollins, Harvey (GOV); Clayton, Stacie (GOV)
Subject: Mtg Flint Water Issues/other Concerns
When: Wednesday, January 28, 2015 2:00 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Governor's Conference Room

Attending:

Jerry Ambrose
Mayor Walling
Howard Croft, Director of the Department of Public Works
Tom Saxton
Dick Posthumus
Dennis Muchmore
Beth Clement
Sen Ananich
Andy Leavitt
John Walsh
Harvey Hollins

John will be late to meeting

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, January 27, 2015 5:52 PM
To: Wurfel, Brad (DEQ); Wurfel, Sara (GOV); Murray, David (GOV)
Cc: Brown, Jessica (GOV); Stanton, Terry A. (Treasury); Sampson, Jeremy (TREASURY)
Subject: Flint issue
Attachments: Flint - KWA Approval.pdf; Dillon KWA.PDF; Flint_KWA TPs.doc; Flint Water TPs.docx

Importance: High

All,

Please see the attached TPs. I have also attached a couple pdfs noted in the TPs. They include the Treasurer's conditional approval of the eventual move to KWA and the EM's response to DWSD's "last, best offer."

Additionally, during my most recent interaction with Jerry Ambrose, he indicated that the water issue is critically important and that he and staff are working on it every day. They have posted a host of information for residents on the City's website (http://cityofflint.com/?p=6251). They have extended the deadline for the Water Quality Consultant RFP to this Thursday, to ensure interested and qualified firms can submit comprehensive proposals and assist the city.

I have also attached the earlier talking points I had shared with Dave.

Let me know if you need anything else in the meantime...or before we speak again...

Terry

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
EDWARD J. KURTZ

ELECTRONIC LETTER

April 16, 2013

Andy Dillon
State Treasurer
P. O. Box 30716
Lansing, MI 48909

Dear Treasurer Dillon:

Flint, Genesee County and KWA received an eight page letter from Detroit Water and Sewerage Department (DWSD) offering a framework for a long-term agreement with our region. Two scenarios were presented;

Scenario 1: Water from the Lake Huron Plant.

This offer was dismissed immediately because Flint would still be responsible for their share of the KWA water pipeline delivery system estimated to be $79 million. In addition Flint would not be able to operate the Flint Water Plant in which we have invested over $40 million per MDEQ mandates over the past ten years. Finally, although DWSD shows this as an option and supplied a per month cost projection for the first year, no total costs over the life of the contract were provided.

Scenario 2: "Full Service" Water Supply

This offer was also rejected. DWSD would supply water to Flint/Genesee the same way they currently are today. They would change the method of calculating our bill. The offer would provide a $1.00 per ccf reduction on our usage for the first year, providing a 30 year contract is signed.

After review of the offer, Flint/Genesee has the following concerns:

1. DWSD's offer is a framework subject to negotiations and is not a firm offer.

2. DWSD's offer is based on 40.6 mgd, the KWA plan is based on 60 mgd. Flint/Genesee last summer hit the peak of 40.6 mgd and this DWSD offer provides no room for growth. Growth would result in penalties or added cost.

3. DWSD's offer does not include a guaranteed rate for years two through thirty, nor does it provide a maximum annual increase.

4. DWSD's offer does not provide a redundant supply for GCDC.

5. DWSD's offer does not allow for the use of Flint's existing water plant.

6. The offer indicates that the total cost to Flint over the life of the contract would be $587,990,665. No indication of what annual rate of increase was used in this projection. Flint can only assume it is 4.4% based on the Tucker Young report. It is also based on 40.6 mgds. KWA's proposal is for $649,775,166 based on 60mgds (33% more). Based on 60 mgds DWSD's proposal would be $868,950,738.

On a final note, Flint/Genesee has great concern over the accuracy of the figures provided by DWSD. Attachment 1 indicates that our joint annual cost to DWSD is $50 million; actual cost is less than $25 million. Attachment 2 indicates $800 million in savings over the next 30 years. That is greater than the total cost we would pay DWSD.

Therefore, I will sign the resolution to join KWA at the close of business today.

Sincerely,

Edward J. Kurtz
Emergency Manager

89 (Rev 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R KEVIN CLINTON
STATE TREASURER

Flint Water/KWA Decision Points and Timeline

In November 2012, all major stakeholders (city officials, EM Kurtz, county officials, DWSD, DEQ & Treasury) met to discuss a regional effort to build a new water pipeline from Lake Huron to Genesee County.

Flint and Genesee Co. had been getting water from DWSD under a 30-year contract that, at that time had expired.

Genesee Co. was planning to build a new pipeline from Lake Huron (Karegnondi Water Authority, KWA) and eventually provide service to the City of Lapeer, Lapeer County, and Sanilac County.

County officials believed that continuing to buy water from DWSD would cost the region more than $2.1 billion over the next 25 years but that building a pipeline and developing the KWA would reduce regional cost by approximately $200 million over that time.

Genesee County officials said it was cheaper to build their own system than to continue to pay more each year to the DWSD and the proposal was about delivering the best quality water to residents in the least expensive way.

EM Ed Kurtz had been exploring options for water since his appointment in August 2012 (to replace Mike Brown).

Mayor Walling and City Council were fully supportive of the move to KWA, though under the emergency manager Act, the State Treasurer had to approve deals >$50,000.

Prior to the meeting, Treasury suggested a high-level response to media inquiries about the meeting:

Treasury officials will be meeting with Genesee County and Detroit officials tomorrow to get the details of the proposed pipeline plan. Until the ultimate costs

are known and the various studies have been conducted, the benefits to the citizens of Flint and Genesee County cannot be determined.

In December of 2012, then State Treasurer Andy Dillon requested an independent review of the KWA proposal. Consulting engineers Tucker, Young, Jackson, and Tull, Inc. conducted a review that supported the County and City preference to join KWA (I'M AWAITING A COPY OF THIS REPORT TO ENSURE ACCURACY ON THIS POINT).

In March of 2013, the City was pushing for a decision, given the need to hit tight construction season timelines/deadlines.

In late March, Kurtz submitted a resolution to join KWA to the State Treasurer. It was received on March 29, 2013. The Treasurer and DEQ staff thoroughly reviewed the resolution (Under PA 436, the Treasurer must approve contracts >$50K that were not competitively bid).

DWSD was allowed an opportunity to make a "last, best offer" to keep Flint with the DWSD.

On April 11, 2013, the Treasurer sent his approval to Flint (attached). The effective date for the approval was April 16, 2013 as a condition of the approval was Mr. Kurtz's consideration of the final DWSD offer.

On April 16, 2013, Flint EM Kurtz sent a letter to the State Treasurer, indicating that the DWSD last best offer was not sufficient (attached).

Following Mr. Kurtz announcement of the City's decision to join KWA, Treasury worked from the following talking points.

- This is a decision made by the City of Flint and its elected leaders and is a local decision that affects the local water supply.
- Flint EM Ed Kurtz kept the city's elected officials involved throughout the decision-making process and all agree this is best for the citizens and businesses in Flint.
- The change is expected to save Flint ~$100m over the next 25 years, and possibly as much as $300m.
- The Departments of Treasury and Environmental Quality have approved the financial and environmental soundness of KWA's plan.
- Flint accounts for only 2% of DWSD's capacity.

Talking Points:

The City, in conjunction with the Dept. of Environmental Quality, is working diligently...every day...to ensure Flint residents have access to clean, safe water. To that end, the City has issued an RFP soliciting expert assistance to assure the City is doing everything it needs to be doing.

The city continues to work closely with staff from the Department of Environmental Quality (DEQ) to ensure water meets safety guidelines, that water operations are managed properly, and all regulations are met.

The city is committed to addressing the issue and continues to pursue its strategy.

Background:

On December 16, 2014, the City of Flint received a violation notice from the Michigan Department of Environmental Quality (DEQ), stating the City water samples were in violation of Maximum Contaminant Levels (MCL), a violation of the Safe Drinking Water Act (PA 399 of 1976).

The DEQ considers the violation period to have begun December 1, 2014. The violation was triggered when water sample reports showed that the City's water quality, on average, exceed the total allowable level of *Disinfection Byproducts* during the first three quarters of 2014. Further, four of the City's eight water sample site locations individually exceeded allowable MCL levels during the same period of 2014.

These conditions are considered a Tier 2 violation and, as a result, the City was required to notify the public of these contamination levels by January 10, 2015 (which was done) and continue to notify them every three months until the violation is resolved.

The City outlined some potential remedies to the problem in its initial Operational Evaluation Report, dated November 26, 2014. These potential remedies are intended to be implemented in stages. Stage 1 consists of actions that can be implemented without any new construction within the distribution system and are due to be implemented by early March 2015.

- Troubleshooting of the ozone system.
- Implementation of different testing methods.
- Operational changes at the Water Treatment Plant.
- Increase water main flushing efforts to minimize stagnant water.
- Identify areas with high water age and implement preemptive measures.

The City will be providing additional potential solutions when it updates the Operational Evaluation Report, which must be submitted to the DEQ by March 1, 2015.

To date, the City has taken the following actions:

As an integral part of the transition to the Flint River on a temporary basis, the MDEQ was consulted about the City's plans, and ultimately issued necessary permits to proceed. The City also engaged the services of the LAN engineering firm to guide the city in installing the necessary equipment to treat the water on an ongoing basis. This resulted in the development of a comprehensive drinking water plan.

The City monitors its water quality on a daily basis to assure that water quality remains within established guidelines. With the variances in water temperature and the leakage and infiltration problems arising as the result of failure of parts of the distribution system, water quality did exceed, for a time, some of the established guidelines. This resulted in the issuance of the recent notices to the public.

Efforts taken to address non-compliance included increasing water flow through valve replacements and hydrant flushing and optimizing treatment processes.

The City has committed to increasing communication with the public in order to inform water users factually of the issues which have arisen, to alleviate unnecessary concern and to identify steps being taken to address the issues. This is being implemented through detailed educational materials being made available both online and at City Hall, as well as through public informational meetings. Additionally, a full Water System Questions and Answers document is available online.

Additional information:

State and city officials have said exposure to TTHM is a long-term concern for some if they drink water with elevated TTHM for several decades.

Notices indicated that Flint water is safe to drink but warns those with a "severely compromised immune systems or who are elderly" may be at increased risk and should seek advice about drinking water from your health care provider.

The city and county are partners in the Karegnondi Water Authority, which is building a pipeline to Lake Huron to bring lake water here for use by the end of 2016.

Returning to DWSD would add approximately $1 million (monthly) to the City expenses.

Stanton, Terry A. (Treasury)

From:	Wurfel, Brad (DEQ)
Sent:	Wednesday, January 28, 2015 4:07 PM
To:	Stanton, Terry A. (Treasury); Wurfel, Sara (GOV); Murray, David (GOV)
Cc:	Silfven, Ken (GOV); Wyant, Dan (DEQ); Datema, Maggie (DEQ)
Subject:	DEQ Flint Backgrounder / talking points

Terry, all good and thanks for working these up. Been rebriefed by our staff, so let me throw in some things that are pertinent from that point.

Following the formal approval of Flint into the KWA, DWSD sent Flint a letter saying their contract was thereby terminated (early 2013).
According to our folks, Genesee County has been using DWSD water without a contract since May 2014. But Flint took the letter to imply a water cutoff, and promptly turned to DEQ with a proposal to use the Flint River (their historic backup system).

This proposed shift put the city in the business of water production, where they historically had been in the business of water transmission. DEQ approved the use of the river as a source, based on the treatment plant's past performance as a standby facility and the improvements needed prior to switchover. Several municipalities around the state use surface water supplies (rivers): Blissfield near Monroe, Manistique, and Alma to name a few.

The city completed the upgrades at the water plant the facility and DEQ approved it April 2014.

There were some initial hiccups. Last summer, there were a couple of 'boil water' notices issued. One for a water test that showed e. coli, one for a break in the water main.

The challenge to using the Flint River as a source is that the condition of the water is variable and changes with season and weather. It has substantially more organic matter than deep lake sources like Lake Huron. This organic matter is mobilized by high water events, and warm weather also can account for more organic material in the water.

The treatment of the organic matter is done with chlorine. One might conclude that the perennial answer is just to use more chlorine to achieve water safety. However, at some point on the continuum, the chlorine and organic matter create TTHM – total trihalomethanes – as a byproduct. When the standard for those is exceeded over several consecutive quarters of testing, the supply is required by law to issue public notice and submit an approved plan for addressing the situation.

You'll note that this regulatory approach means TTHM testing is done quarterly. That means people who use the system are exposed to TTHM for several months before the public notice is required. It's because TTHM is a chronic health threat. Over the long term (measured in decades), continued exposure can contribute to some known health problems. Put in context, the EPA (who established the standard and the rule) estimates this rule prevents an estimated 280 bladder cancer cases each year ... out of more than 330 million people who use public water supplies around the country.

It's not nothing. State and federal law requires quarterly testing for TTHM and that the public be informed of it when the annual average of four quarters' worth of consecutive testing shows TTHM levels exceeding 80 parts per billion. Flint's results managed to exceed the annual average in three quarters, and they must develop a plan to address it. But it's not like an eminent threat to public health. Unlike an e. Coli or even total coliform bacteria maximum contaminant level, which require immediate public notification and response and are part of daily / hourly testing of public water supplies, TTHMs pose a public health concern with chronic, long-term exposure.

It's clear the nature of the threat was communicated poorly. It's also clear that folks in Flint are concerned about other aspects of their water – taste, smell and color being among the top complaints.

The Safe Drinking Water Act requires public water supplies be tested for more than 90 regulated contaminants, including microbial contaminants. The act, and the program here in Michigan, work to ensure that water is safe to drink. The act does not regulate aesthetic values of water. Here are some factors affecting the aesthetics of water in Flint.

1. It's the Flint River. The water supplied by DWSD historically came from Lake Huron. It's softer. With hard water, you get a different flavor and feel. It's why General Motors suspended use of Flint Water – it was rusting their parts. Also, there's the 'organics' factor (discussed previously).

2. The system is old. Flint has more than 500 miles of water pipes. More than half of those pipe miles are more than 75 years old. Much of it is cast iron. Hard water can react with cast iron and exacerbates the rusty factor, which creates that brown water that angry residents were holding up in jugs for the media cameras last week. Valve failure has also been a key challenge. The system has an estimated 7,500+ valves. When they stick open or stick shut, it affects the hydraulics of the system and increase areas of stagnation. The city has a backlog of valves that need to be addressed. They've done half a dozen or so since November.

3. Flint is old. Many of the homes served by the system are old. Brown water complaints may also be attributable to cast iron pipes in customers' service connection to the city lines. The DEQ has been encouraging people with water coloration concerns to contact the city and see whether it is the service line or the City's line causing the issue. Again, discoloration is not an indicator of water quality or water safety, but we recognize that nobody likes it.

In summary, the City of Flint has tremendous need to address its water delivery system. We are not aware that they have any Capital Improvement funds for preventative maintenance in place, much less line replacement project monies that will require hundreds of millions. The City was approved for a Revolving Fund loan in 2008 or 2009. As a Distressed Community, they qualified for flexible terms and 2 percent interest rate Revolving Fund Loan. After they were notified they were approved for the loan, they declined it. Previous SRF loans from the state to Flint bear an outstanding balance of $20.7 million today.

The DEQ continues working with the city to address the TTHM issue. They can take interim steps – from scrubbing the insides of transmission lines to carefully monitoring the hydraulic challenges in their system – to address customers' aesthetic concerns. Their TTHM numbers already are showing dramatic improvement; the November testing showed only one of seven sample points exceeding the standard. The key now is that the standard is an average of three quarters' worth of results. It will be some time before they are officially "not in violation." However, depending on weather in 2015, it's not unforeseeable that we will be having this conversation again by next Christmas.

The key to the conversation is that TTHM is not a top health concern. That's key because residents need to understand TTHM in context, and it is key because it appears the mayor has seized on the public panic (sparked, frankly, by their poor communication of the violation notice) to ask the state for loan forgiveness and more money for their infrastructure improvement.

Another key thing to remember is that once the city connects to the new KWA system in 2016, this issue will fade in the rearview.

Until then, our top messages:

1. The DEQ Drinking Water program works with communities around the state to ensure that municipalities provide customers with clean, safe drinking water.
2. Municipal water supplies are tested rigorously and regularly for more than 90 regulated contaminants, including microbial contaminants that pose an immediate public health concern.
3. Flint's exceedance of the TTHM standard should reassure residents that the testing program is effective.

4. TTHM is not an immediate health threat. It is a chronic concern, one that can be problematic over the course of several decades of exposure. The public was notified because the law requires the city to make public notification, so that everyone can make informed decisions. This is particularly true for people with infants or those with compromised immune systems.
5. The DEQ is working with the City to address the situation. Recent tests show the TTHM numbers dropping rapidly. The department will continue working with the city in the months ahead, and residents should feel confident that their water is safe to drink unless the DEQ or City notifies them otherwise.
6. The discoloration and odor issues some Flint residents are experiencing are separate issues from the TTHM issue. TTHM is odorless, colorless and measured in parts per billion.
7. Flint water customers who have questions or concerns about their water should first contact the city to get answers and help. They also can contact the Michigan DEQ at ********** (web or phone address?)

Brad Wurfel
Communications Director
Michigan Department of Environmental Quality
517-284-6713
517-230-8006 cell

INVITATION TO BID

OWNER:

THE CITY OF FLINT
DEPARTMENT OF PURCHASES AND SUPPLIES
1101 S. SAGINAW ST., 3RD FLOOR
FLINT, MI 48502

PROPOSAL NO.: 15-573

SCOPE OF WORK:

The City of Flint (The City), Department of Purchases & Supplies, is soliciting sealed proposals for the following:

Water Quality Consultant

per the attached specification.

If your firm is interested in providing the requested services, please submit 1 original and 2 copies of your detailed proposal to the City of Flint, Department of Purchases and Supplies, 1101 S. Saginaw St. Rm. 304, Third Floor, Flint, MI, 48502, by **Monday, January 26, 2015 @ 12:00 PM (EST)**. Please note: all detailed proposals received after 12:00 PM (EST) will not be considered. Faxed proposals into the Purchasing Department are not accepted.

The City of Flint may hold proposals for a period of 120 days from opening, for the purpose of reviewing the results and investigating the qualifications of proposals prior to making an award. The City of Flint reserves the right to waive any irregularities and accept or reject any or all proposals submitted. Vendors located within the corporate city limits of Flint, Michigan may be given a seven percent (7%) competitive price advantage. Additionally, if the lowest responsible bidder is not located with the limits of the City of Flint, but is located within the county of Genesee, and said Genesee County responsible bidder does not exceed the bid of the lowest non-local bidder by more than three and one-half percent (3 ½ %), the County vendor may have a competitive advantage.

The City reserves the right to waive any irregularities and accept or reject any or all

proposals submitted.

The City is an equal opportunity employer.

The successful bidder must comply with all requirements and pay prevailing wages and fringe benefits on this project per the City's Resolution R-12 adopted 4/8/91.

Pursuant to the requirements of 1976 P.A. 453 (Michigan Civil Rights Act) and 1976 P.A. 220 (Michigan Handicapped Rights Act), the local unit and its agent agree not to discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight, marital status or because of a handicap that is unrelated to the person's ability to perform the duties of nondiscrimination provision identical to this provision and binding upon any and all contractors and subcontractors. A breach of this covenant shall be regarded as a material breach of this contract.

All materials furnished must be new, of latest model and standard first grade quality, or best workmanship and design, unless otherwise expressly specified. Bidder, if required, must furnish satisfactory evidence of quality materials, offers of experimental or unproven equipment may be disregarded.

Bidder shall protect against expense of any nature, shall bear costs of any suits which arise, and shall pay all damages which may be awarded against the City for the use, under this specification, of any patented device, process, apparatus, material or invention.

Bidder is not permitted to take advantage of any obvious errors or omissions in specifications.

The City reserves the right to reject any or all bids, or split awards by items, unless otherwise stipulated, or to accept any bid which will best serve its interests.

The Director shall not knowingly accept a proposal from a vendor /contractor who is in default on the payment of taxes, licenses, fees or other monies due the City. Purchase agreements with bidders who are found to have been in default at the time of award of such agreement shall be voided.

The bidder acknowledges that by signing this document that he/she is duly authorized to make said offer on behalf of the company he/she represents and that said proposal is genuine and not sham or collusive and not made in the interests or on behalf of any person not therein named, and that he/she and said bidder have not directly induced or solicited any other person(s) or corporation to refrain from responding to this solicitation and that he/she and said bidder have not in any manner sought by collusion to secure to himself/herself and said bidder any advantage over any other bidder.

Any questions regarding this proposal should be submitted by either fax (810-766-7240) or e-mail djones@cityofflint.com by Tuesday, January 20, 2015 by 5:00 PM. Responses to any questions will be posted to the City's website under this project number no later Wednesday, January 21, 2015.

Sincerely,

Derrick F. Jones
Department of Purchases & Supplies

Enclosure

All additional proposal documents, requirements, addendums, specifications and plans/drawings (if utilized) are available on the Purchasing page of the City of Flint's web site at "http://cityofflint.spudsoftware.com/?page_id=4694" under "open bids" and the specific bid or proposal number assigned to this notice.

Background Information

On May 1, 2014 the City of Flint (the City) completed a transition to using water provided by Detroit Water and Sewer Department to drawing water from the Flint River and utilizing our plant to treat and distribute the water. In the subsequent months, many of the eight testing sites around the City were returning low chlorine residual levels and several of those sites developed into positive tests for total coliform and resulted in the issuance of boil water notices for precautionary measures. Numerous valve replacements and additional chlorination resultinged in more consistent chlorine residuals throughout the system.

Quarterly reporting to the Michigan Department of Environmental Quality (MDEQ) of Disinfectant Byproduct Levels resulted in trihalomethane levels above the maximum contaminant level (MCL). Seven of eight test sites are currently below the MCL but the annual average has triggered a violation notice from the MDEQ dated December 16, 2014. The City has worked with an engineering team to develop an Operational Evaluation Report (see Exhibit A) as required by the violation and has submitted that report to the MDEQ. The next testing period is scheduled for the middle of February 2015 and an updated Operational Evaluation report which incorporates the results of that test is due to the MDEQ no later than March 1, 2015.

The City is anticipating during the middle of 2016 to begin receiving and treating raw water from Lake Huron via the Karegnondi Water Authority (KWA). The City's Water Plant will still be capable of drawing water from the Flint River and will need to be proficient in treating both bodies of water. It is planned that the Flint River will be a permanent back-up source in providing water to the citizens of Flint.

Scope of Services

The City is seeking a consultant to review and evaluate the water treatment process and distribution system, provide recommendations to maintain compliance with both state and federal agencies, and assist in implementing accepted recommendations. The City will have the selected vendor provide reports to reflect their findings and provide continual oversight in implementing any approved recommended practices to improve the quality of water until implementation of the KWA project.

Deliverables

The City is requesting that the selected vendor provide the following reports in their order of appearance:

- Evaluation of the City's processes and procedures to maintain and improve water quality;
- Report that outlines recommendations that will improve the water treatment and distribution system.

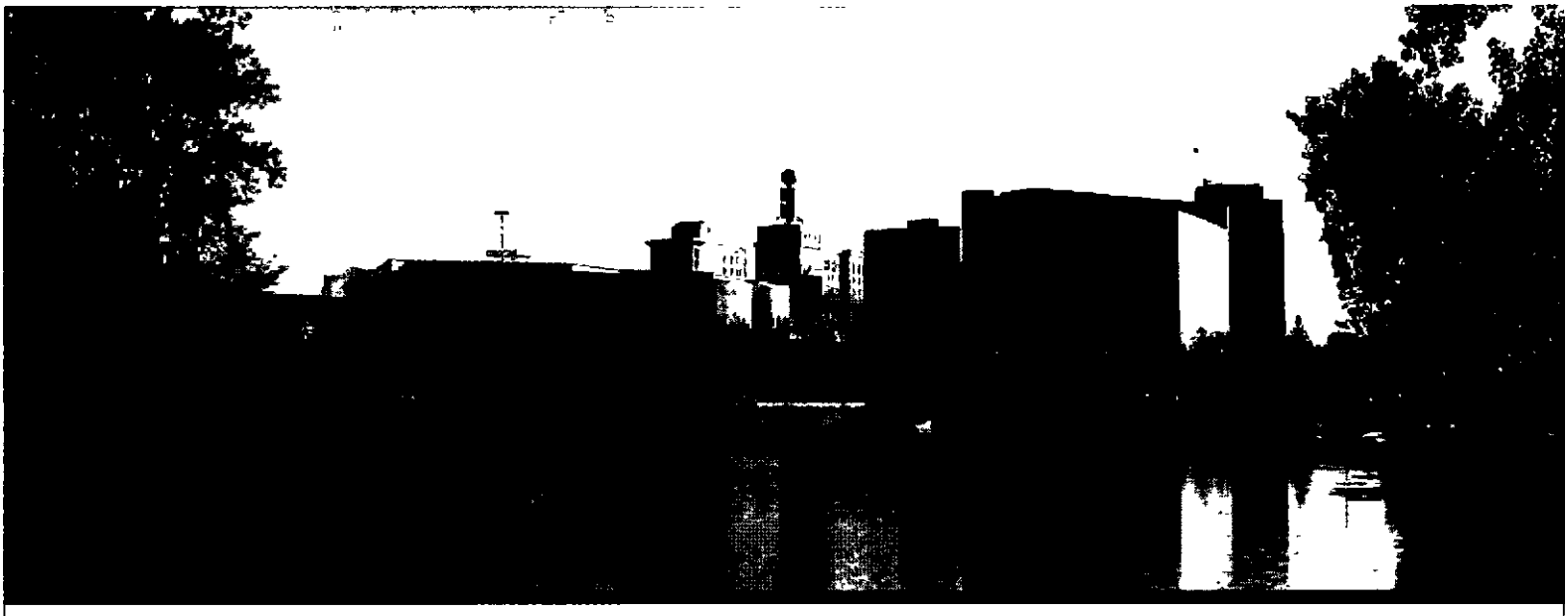
The City is requesting that the selected vendor provide coordination in implementing any selected recommendations that will result in improving the overall process of treating and distributing water until such time that the City is receiving and successfully treating Lake Huron water.

Information Required to Submit Proposal

The City has deemed this project a priority and will be requesting the selected firm to produce the requested information in an expedient manner. Firms interested in submitting a proposal based on the information requested in this document must submit the following information:

- **Company's Information**-The proposal shall list the legal name of the firm, its address and phone number, and firm's history.
- **Firm Qualifications, Experiences and References**-The proposal should state the size of the firm, personnel that will be assigned to this project, and other significant projects performed in the past five years that are similar to this request for proposal. Indicate the scope of work provided and the name and telephone number of the client.
- **Staff Experience**-The proposal should provide information on each staff member to include experience, relevant education, degrees, certifications and any other pertinent information or a resume.
- **Project Scope** – Provide a statement discussing the firm's understanding of the requested services, potential obstacles that may occur during this project, and a work plan and timeline in preparing and submitting the requested deliverables.
- **Price for Services**-Vendor is to provide a pricing schedule to perform the requested services. Pricing should include a lump sum to provide the requested reports, an hourly rate schedule of personnel that will be utilized to perform the requested services, and a detail timeline that articulate the completion of the requested reports.
- **Other**-Please include any other information that you think would be helpful in allowing the

City to make an informed decision in the selection process.



Submitted to:

City of Flint, Michigan
Department of Purchases & Supplies

Response to Invitation to Bid

Water Quality Consultant

Proposal No.: 15-573

January 29, 2015

The information contained on each page of this document which has been stamped with the legend "Company Confidential - Trade Secret and Proprietary Information – Veolia" is confidential and proprietary information which constitutes a trade secret of Veolia Water North America Operating Services, LLC (Veolia) Veolia asserts a business confidentiality claim covering all data and information contained on each page of this document bearing this legend The information contained on the pages in this document marked with the confidentiality statement shall not be duplicated, used in whole or in part for any purpose other than to provide information and data to City for the purposes set forth herein Further, Veolia acknowledges that the documents identified in the Invitations to Bid as the contract documents are confidential information intended for the sole use of the City, and that Contractor (Veolia) will not disclose any such information, or in any other way make such documents public, without the express written approval of the City or the order of the court of appropriate jurisdiction or as required by the laws of the State of Michigan

VEOLIA

VEOLIA

January 29, 2015

Mr. Derrick F. Jones
Purchasing Manager
City of Flint
Department of Purchases and Supplies
1101 S. Saginaw Street, Room 304, Third Floor
Flint, Michigan 48502

Subject: **Response to Invitation to Bid – Proposal No.: 15-573**
Water Quality Consultant

Dear Mr. Jones:

In response to your Request for Bid/Proposal (RFP), **Veolia Water North America Operating Services, LLC** (Veolia) is pleased to have the opportunity to provide this letter submittal. We have prepared a response that is focused on providing the **City of Flint** with a complete solution to address the immediate reliability and operational needs of your water system throughout your continuous operations – whether under the current draw from Flint River or future draw from Lake Huron.

In reviewing the challenges that the City of Flint is facing, we present a longer-term approach for the Operational Evaluation Report, which involves implementation and monitoring through 2016 and the transition to Lake Huron supply. Our commitment to the City of Flint is to make sure the utility can identify the immediate issues through the proposed report, and also secure its future by addressing and fixing these issues identified in the report, build capacity for the future, and better manage the change in water sources in 2016.

Depending on the City's preference, Veolia's expertise to reinforce operations is available to Flint through performance advisory services using our innovative Peer Performance Solutions (PPS), or through longer-term contract operation and maintenance (O&M) type services. Both approaches are designed to help the City of Flint benefit from operational reliability and utility-wide efficiencies.

With the PPS approach, Veolia addresses fundamental issues from the ground-up to deliver improved reliability, compliance and efficiencies for major water and wastewater agencies. Under this model, our Subject Matter Experts (SMEs) would work in collaboration with the City's management team, your line managers and your operators to develop the path forward that suits your needs – both now and into the future. Over the course of this process the City remains in control of all levels of management at all times and benefits from Veolia's expertise through the support of a small team of on-site experts, who in turn can access the rest of our company's worldwide resources.

Veolia's PPS approach is highly data-driven to identify and implement cost savings and deliver utility optimization and organizational best practices. One key example of this model at work is in our ongoing contract with the Pittsburgh Water & Sewer Authority (PWSA). That partnership began in 2012 and was just (this past month) extended for a new term. Working with PWSA, Veolia is implementing a long-term strategy to improve water quality and customer service, increase efficiency, and overcome financial challenges.

PWSA serves the needs of more than 310,000 people in the greater Pittsburgh area, and Veolia assisted them in realizing more than $5.5 million annually in recurring revenue and efficiencies. This involved working with PWSA to establish a Distribution System Optimization Plan with the State of Pennsylvania, to implement a Process Control Management Plan at their water treatment plant, to identify early warnings for non-compliance trends, to update their laboratory Quality Control/Quality Assurance (QA/QC) program, to initiate performance monitoring methods, and to initiate the use of compliance metrics in order to improve relationships with regulatory agencies. We also implemented a Community Outreach Program to improve the public's perception of PWSA and create positive media attention for the agency.

Veolia is also applying the PPS model for New York City's water and wastewater operations. Under a contract that began in 2011, Veolia has reviewed all aspects of that utility's practices to assess potential improvements. Working collaboratively with the City's water and wastewater operators and managers, Veolia focused on areas including: chemical use and pricing; labor productivity; inventory management; sludge process optimization; and overall O&M activities. Under this approach, our firm identified opportunities that are expected to yield annual recurring financial benefits of more than $100 million by 2016 -- to date, more than $90 million in savings and revenue enhancements have been reported by New York City.

The highly collaborative PPS partnership model evolved as an alternative to Veolia's traditional O&M services delivery approach, an approach that our firm first applied over 42 years ago under the first municipal contract operations partnership in the U.S. – an ongoing partnership with the City of Burlingame, California. Today, our firm continues to use this model to provide water and wastewater services to over 160 municipal clients. To demonstrate the depth of our firm's award-winning experience in the operation of surface water plants we have included a list of Veolia-operated plants as an attachment to this letter. Veolia's contract operations services are also available to Flint, as an alternative to PPS.

In the remainder of this letter, we outline our approach to: providing immediate assistance related to the review and evaluation of the water treatment process and distribution system; development of recommendations and a report for maintaining compliance with both State of Michigan and federal agencies; and assistance in implementing accepted recommendations from the report. The report that Veolia would develop for the City would outline findings and provide recommendations for continual oversight of the approved recommended practices to improve the quality of water until the implementation of the Karegnondi Water Authority (KWA) project.

Veolia's Understanding and Proposed Approach to Providing the Water Quality Consultant Scope

Our longer-term approach would begin by addressing the immediate assistance outlined in your RFP, and then service beyond that scope. Under this expanded scope, Veolia would help with the transition from the Flint River source to Lake Huron water to avoid a repeat of this scenario. That transition is expected to be in place in 2016 and will complete the City's transition from using water provided by the Detroit Water and Sewerage Department (DWSD) to drawing water from the Flint River, using the City-owned water plant.

With a Notice of Proceed issued, Veolia would mobilize a team of experts, including our two prominent water SMEs, from our corporate Technical Services Group (an in-house team of technical and management experts that support the company's projects and operations throughout North America). These experts would include:

- **Marvin Gnagy, P.E. - Water Process and Quality Manager** – He has more than 37 years of water quality management experience, and is a certified Water Operator in Ohio and a registered Professional Engineer. Mr. Gnagy has completed projects that have involved the set of tasks that the City as defined under this contract, and was most recently engaged as a part of a Veolia team of experts that worked with DWSD and the City of Detroit on a program to evaluate their water and wastewater operations and proposed solutions. This included conducting an intensive due diligence examination of Detroit's water and wastewater facilities and operations, and the development of two reports, a Peer Review Report, which looked at the current operations with a focus on identifying immediate and long term needs, and a Transition Plan: Retail Services for the City of Detroit, which outlined the issues facing the DWSD and the City as the water and wastewater operations changed under a new regionalization approach. Through that work, Mr. Gnagy understands the City of Flint's drivers for this new project, and will be able to use the work that Veolia has done to date for the DWSD to aid in identifying the optimal solution for your water system and the transition from DWSD to your own operations.

  Mr. Gnagy's background and key experience that relates directly to the work scope outlined for Water Quality Consultant tasks includes:

  - River Water & Groundwater Treatment and Disinfection Byproducts (DBP) Reduction – Mr. Gnagy has very broad experience with both river water and groundwater treatment on project work involving unit process design and operations to meet drinking water standards and water quality goals. Indeed, he has

conducted numerous studies involving DBP (particularly THM) reduction to meet drinking water standards, establishing treatment alternatives and process targets for THM compliance solutions.

- Master Plan Development and Unit Process Improvements – Mr. Gnagy prepared the master plan and performed plant evaluations for unit process improvements to meet future drinking water standards for the City of Adrian, Michigan's10-MGD water treatment plant. That plan discussed multiple options for process improvements and chemical feed adjustments, specifically targeted for THM control treatment. Jar testing was used to define the chemical dosing and treatment scheme that resulted in the most effective THM reduction solution for the city. He also served as Project Manager for a DBP Reduction Study for the City of Akron, Ohio's 67-MGD water supply plant. That study reviewed jar testing evaluations and historical monitoring records to develop the necessary treatment process adjustments to effectively reduce THMs in the drinking water. Computer models were developed using the data obtained to predict the chemical treatment needs based on source water quality, and to predict THM concentrations following treatment adjustments using the chemical treatments selected. Recommendations included chemical feed adjustments and further study related to advanced treatment technologies.

  Other work in this area included serving as the Project Manager for an optimization study for the Village of Blissfield, Michigan's 2.2-MGD water treatment plant to determine needs for improved turbidity and THM concentrations. All major unit processes and chemical feed systems were evaluated for optimal treatment needs. Jar testing and plant operating adjustments were made weekly to improve water quality and process control. Implementation of organics control treatment was accomplished that successfully achieved compliance with both the turbidity and THM compliance requirements.

  Mr. Gnagy also conducted plant reviews, performed process design changes, designed new flocculation equipment replacements, and designed and started-up new washwater handling operations for several of DWSD's water treatment plants. That worked involved three plants, the Southwest, Lake Huron and Springwells water plants, and focused on improving operations and to meet drinking water compliance.

A full resume for Mr. Gnagy is provided as an attachment at the end of this letter.

- **Theping Chen, P.E. - Process and Operations Optimization Manager** - He has close to 30 years of water engineering, operations and research experience, and he spent 15 years as a water consulting engineer in Michigan and is a registered Professional Engineer in the State of Michigan. Mr. Chen's experience includes working with DWSD on various projects related to master plan, source water protection, water quality management, treatment process optimizations including PAC and ozone design criteria development, taste and odor control, residual management and capital improvement program development. He has also worked extensively with the Michigan Department of Environmental Quality (MDEQ) on compliance issues with focus on water quality compliance, and is a well-published author at the national and state level conferences.

  With Veolia, Mr. Chen has been engaged in supporting the ongoing operations and management contract for the City of Buffalo, New York's water operations, and in providing technical support for Veolia's water plant operations at the cities of Gloucester and Brockton, Massachusetts; with that work including jar testing evaluation and compliance strategies development for DBPs.

  Mr. Chen's background and key experience that relates directly to the work scope outlined for Water Quality Consultant tasks includes:

  - River Water and Groundwater Treatment – Mr. Chen has broad experience with both river water and groundwater softening treatment on projects including: on-call engineering, comprehensive needs assessment, filter and chemical system rehabilitation projects for the City of Marion, Ohio's 9.1-MGD water treatment plant (treating combined groundwater and river source water), under a scope of work that involved investigating DBP control strategies and conceptual design of a UV treatment system; a comprehensive regulatory review and capacity evaluation for the City of Dayton, Ohio's two groundwater water treatment plants (96-MGD each); and a comprehensive disinfection and DBPs compliance strategy review for the City of Ann Arbor, Michigan's water treatment plant (a combined surface and groundwater softening plant with at rated capacity of 27-MGD) as part of an overall Water Master Plan project.

- Ozone and Disinfection Technologies - His experience in this area included completing ozone system study, design, construction management and optimization projects for more than 10 municipal water treatment plants.
- DBP Compliance – Mr. Chen's experience in this area includes: optimizing and upgrading ozone systems, and proposing the use of biological filtration to enhance the TOC removal to control DBPs for the City of Shreveport, Louisiana's water treatment plant; optimizing chlorination application, conducting a review of contact time calculation to minimize DBP formation, and proposing UV system upgrades for the City of Marion, Ohio's water treatment plant; evaluating a commercial (self-fabricated) aeration system for installation in elevated and ground-level water storage tanks to reduce the hot spots in Northern Kentucky water treatment plant's water distribution system; and development of tracer test program to calibrate the water quality model for the City of Akron, Ohio.

A full resume for Mr. Chen is provided as an attachment to this letter.

These staff will be responsible for delivering on the immediate tasks that the City has defined:

- Reviewing and evaluating the City's water treatment process and distribution system. This will include evaluating the City's processes and procedures to maintain and improve water quality.
- Developing a report on the finding of the evaluation, with specific recommendations to maintain compliance with both State of Michigan and federal agencies. This will include outlining recommendations that will improve the water treatment and distribution system.
- Assisting the City in implementing accepted recommendations. This will include providing continual oversight and support for the implementation of any approved recommended practices. Recommendations will focus on those areas that will improve the overall process of treating and distributing water, including improvements to water quality until the implementation of the KWA project (anticipated to be by mid-2016) under which the City will be receiving and treating Lake Huron water.

In addition to Mr. Gnagy and Mr. Chen, our core staff group, would be assisted by other technical, operations, management and communications experts from Veolia to proceed promptly into implementation simultaneously.

We believe that addressing the fundamental issues concerning water quality compliance and operational reliability is much more complex than the recommendations study and advisory services approach outlined in your RFP.

We want to ensure that the utility can fix these immediate issues effectively and without delays, while at the same helping the City to begin to build capacity for the future and better manage the 2016 water source change in a systematic way – with all the relevant stakeholders engaged along the way.

In undertaking these tasks, Veolia understands that in 2014 the City completed the transition from using water provided by DWSD to drawing water from the Flint River – utilizing your own water plant to treat and distribute water to those served by your system. Since that transition process was completed, it was found that many of the City's eight water quality testing sites exhibited low chlorine residual levels, and several of those sites developed had positive tests for total coliform, which resulted in issuance of boil water notices for precautionary measures. To address this, the City implemented valve replacements and additional chlorination that yielded consistent chlorine residuals throughout the system. However, quarterly reporting to the MDEQ of Disinfectant Byproduct Levels resulted in trihalomethane levels above the maximum contaminant level (MCL), with an annual average level that triggered a violation notice from the MDEQ.

To date the City, working with an outside engineering team, developed and submitted to the MDEQ an Operational Evaluation Report. The next testing period is scheduled for the middle of February and an update to this report will be required by March 1, 2015. That update will incorporate the results of the tests required by the MDEQ.

The City is expecting to work with the selected Water Quality Consultant to complete the required testing and prepare the updated Operational Evaluation Report. As a secondary element of this task, the City is seeking to retain the selected Consultant to aid in the implementation of these suggestions.

Veolia excels at the day-to-day operation issues and understands how to fix them using diverse and subject matter expertise in a structured, bottom-up type, staff engagement process. That is why we designed the PPS approach to help convert the report findings into actionable items for the City of Flint's staff and then help them implement those changes. This would involves making sure that your staff understand why changes are being made, ensuring that they have the training necessary to make the changes, and then following up to be certain what is planned works or if not then provide help making adjustments. This will involve also a monitoring process to make certain the changes are on track for management and the public.

All of this can then be used to help the City to be prepared to begin receiving and treating raw water from Lake Huron through the KWA. The end goal of this process will be to develop within the City's staff a better understanding and capability to handle the changes in water, whether drawing water from the City of Flint's or the new KWA supply sources.

Veolia's Anticipated Level of Effort

In order to respond to the immediate needs of your defined scope of work, we anticipate mobilizing a team of technical, operations, maintenance and communications SMEs to: calibrate daily water quality samples with the City's hydraulic model; refine the operational strategies for the plant and distribution system; coordinate daily efforts across plant, operations and maintenance staff; and to alleviate continued concerns from the public through a public communications process. The elements of this approach would be delivered under a management and staffing approach which allows for collaboration between the City and Veolia's technical and management team.

For purposes of the scope of services outlined in the City's RFP, Veolia's core staff would be charged at a common rate of $225/hour, plus expenses.

For the longer-term type of approach, Veolia would set a single lump sum price for the study, implementation and long term services after review and discussion with the City on selecting your preferred approach – the PPS approach or the contract O&M approach. At that time, we can also explore an incentive-based (risk/reward) type of approach, one which is common under PPS contracts, where Veolia's fee is based on achieving performance targets that we would mutually agree upon. As demonstrated in our work with water and wastewater clients, Veolia's PPS model has provided great insight into working with large utility staffs to change the culture and ensure implementation of ideas that improve the utility's performance.

The methodology for implementing a PPS approach, as outlined on Figure 1 (below), includes each of the following steps:

- Preparation – This stage involves the mobilization of resources (Veolia and the City), a joint project kickoff meeting (Veolia and the City), development and implementation of a communications plan (Veolia and the

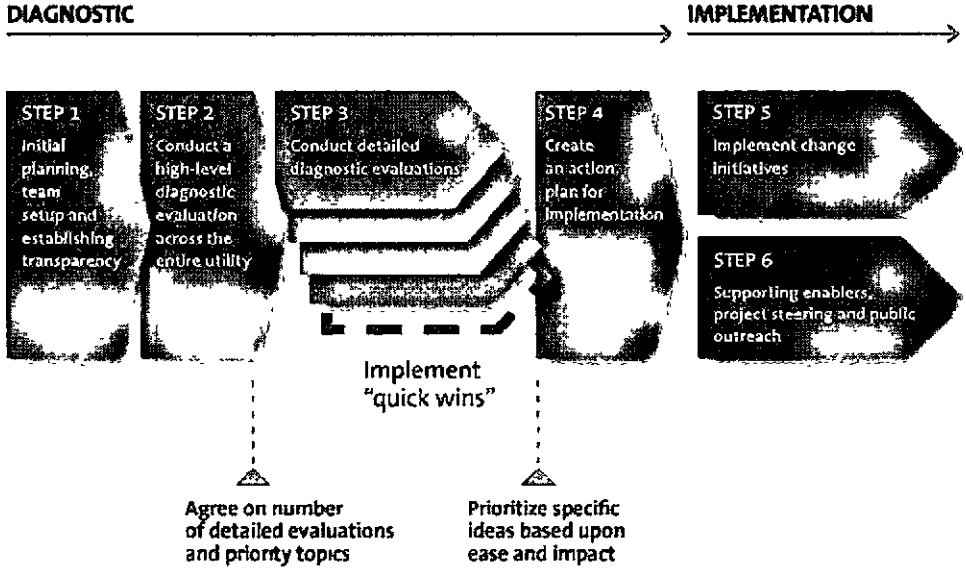


Figure 1. Veolia Peer Performance Solutions (PPS) – Service Delivery Model

City), and data collection (Veolia). The City and its consultants have already done a lot of work on the problem and are achieving some success.

- Top-down Analysis – This stage involves data analysis, benchmarking, field observations, interviews and idea generation workshops. This would be done to assure how effective current changes have been and if there are any additional actions to be taken.
- Bottom-up Analysis – This stage involves detailed analysis and modeling of the available options, working in collaboration with the City's management team and staff.
- Action Plan – This stage involves defining specific steps for a recommendation based on the actual, current state and desired state performance of an asset.
- Plan and Report – This stage involves the final development and delivery of a written report summarizing findings and presenting analyses and recommendations

These actions are what we would provide during the study phase of the project, and the following actions are what we would do to implement study recommendations

- Implementation – Putting plans into action. This involves working with O&M and management staff to carry out the proposed plan. This effort I focused on building capacity and confidence within the staff to solve the problem.
- Monitoring and Repeat – Monitoring the process and then repeating it, digging even deeper into the organization for additional savings and improvements.

Using this type of plan and approach, Veolia can address the immediate scope/needs defined for the Water Quality Consultant task, and work with the City of Flint to provide a long-term and sustainable approach for the needs of your water treatment and supply system.

Addressing the Requirements of the Invitation for Bid

Veolia recognizes that we are submitting this Proposal as an alternative approach for the City of Flint to consider within the procurement process that you have defined, and in that regard we are providing the other specific information that your have requested as part of the formal RFP response, including:

- Company's Information – Veolia Water North America Operating Services, LLC is the respondent, and the contact information for our firm is as follows: Veolia - 101 West Washington Street, Suite 1400 East, Indianapolis, IN 46204 - Telephone: 317/917-3700
- Firm Background and History – Veolia is a company that traces our history in providing operations and related services to municipal clients back more than 42 years. Today our firm ranks as the leader in the delivery of O&M and related services, including those under the PPS model. This include serving as the operator and manager of over 180 municipal wastewater systems (processing over 1.66 billion gallons a day of flow) and some 90 municipal water systems (providing over 715 million gallons a day of water).

Today, Veolia ranks grown as the leading water services provider in North American market, with more projects, operations, resources, expertise and demonstrated success than any other services provider. This record of performance and market leadership is affirmed in the most recent survey from the publication Public Works Financing (opposite), which shows Veolia's better than 40% market share, with revenues and a renewal rate that lead the industry. What these market leading indicators serve to show is that we can meet the standards of experience and capabilities that the City of Flint is requiring under this new contract.

Water operators ranked by 2013 revenues

O&M and DBO market share reported by Public Works Financing (PWF) | March 2014

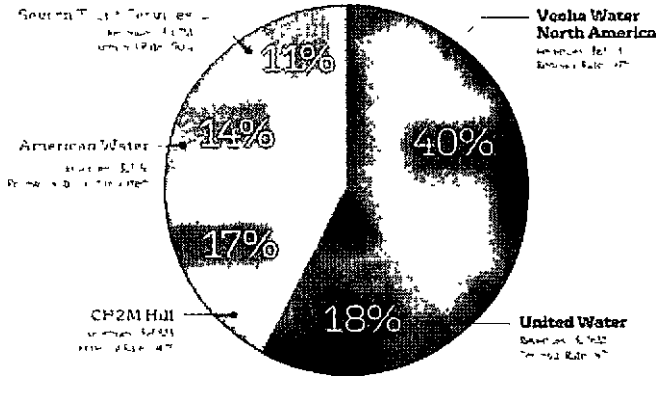


Figure 2. Veolia Service Delivery Models and Experience

Veolia Example →	NYC	Buffalo	Milwaukee	Indian-apolis	Baltimore Compost	Rialto California	Franklin Ohio
Options → / Criteria ↓	PPS	Delegated Manage-ment	Single Activity O&M	Full O&M	DBO or T	Concession	Privatiza-tion
Ease of Procurement	●	●	●	○	●	●	●
Agreeable to Employees	●	●	●	●	●	●	●
Ease of Cancellation	●	●	◐	◑	◑	●	●
Public Rate Control	◐	◐	○	◑	◑	●	●
Speed of Implementation	○	○	○	○	●	●	●
Ease of Permitting	●	◔	○	◔	●	●	●
Ease of Continued Use of Alternative Project Delivery	◐	◑	◔	◔	●	●	●
Ease of Acceptance by Other Stakeholders	○	◔	◑	◔	●	●	●

- Firm Qualifications, Experiences and References - Like the City of Flint, we are at our core utility managers and service providers, and Veolia understands the need for high quality, efficient service and dependable reliability. We also work with communities like yours to deliver services under a variety of contract models, each focused on providing our municipal partners with the best value under a long-term and sustainable approach and customized to their objectives. Figure 2, above, outlines our experience with various service delivery models, each of which involves working with clients to develop a customized approach to meet their particular needs and objectives. This table also shows the key advantages of each type of service delivery approach, with **green** being optimal in terms of ease of execution and delivery and **red** being the most challenging and complicated in terms of delivery. This table also highlights example projects where our firm has successfully delivered each of these approaches (and many of those are highlighted under the reference projects section of this letter). What this table also shows is that Veolia can offer alternative transaction structures, including long-term lease, concession arrangement or sale/purchase.

  As we discussed above, Veolia currently operates and manages 90 municipal water systems (providing over 715 million gallons a day of water); at the end of this letter we have provided a summary table of this experience.

  Following here we provide some of the specific clients/projects as the core references that we are submitting for the City of Flint's consideration:

  - **Pittsburgh Water and Sewer Authority (PWSA), Pittsburgh, Pennsylvania** - The PWSA's Board of Directors unanimously selected Veolia in 2011 to deliver an innovative approach to managing the system, provide measurable results to customers and demonstrate an ability to quickly and easily collaborate with employees. In 2014, this management assistance/PPS contract was extended for a new term, recognizing the success of the effort to date.

    Since the beginning of this partnership, Veolia has assisted the PWSA in realizing more than $5.5 million in annually recurring revenue and efficiencies.

    PWSA provides water and sewer services to 310,000 people in the City of Pittsburgh and surrounding areas. The agency hired Veolia to: 1) provide interim executive management services, leading 270 public employees in the delivery of water and wastewater services in the greater Pittsburgh area; and, 2) conduct a study to identify ways to cut costs and improve service. Under a management assistance scope, Veolia has worked with the PWSA to establish financial controls that limit spending and increase accountability, foster competition among companies seeking to do business with and on behalf of the PWSA, and identify opportunities for operational efficiencies having a direct impact on the utility's bottom line.

Under this contract, Veolia's management team is integrated into PWSA's organization to manage the agency's staff at their offices and operations sites, while another team of experts jointly identifies and evaluates improvement opportunities. This joint effort aims to help the PWSA improve the utility's customer service and performance levels.

Veolia in North America – Experience Profile

- 188 Municipal and Commercial Clients
  - 90 Municipal Water Treatment Facilities
    - 2,952 Miles of Distribution System Lines
    - 87 Water Pump Stations
    - 171 Water Wells
  - 183 Municipal Wastewater Treatment Facilities
    - 5,286 Miles of Collection System Lines
    - 1,158 Wastewater Pump Stations
    - 31 Industrial Pretreatment Programs
  - 13 Billing/Collection Operations
  - 23 Meter Reading Operations - 147,399 Meters Read
  - 4 Public Works Operations (other than Water/Wastewater)
  - 6 Operations Assistance/Peer Performance Solutions Projects
  - 53 Energy Installations (owned/operated/managed)
    - 631.6 MW of Energy Generation/Supply Capacity
    - 290,394 tons per day of Chilled Water Capacity
    - 443 MMBTU/hour Total Hot Water Capacity
    - 13.2 million pounds/hour of Total Steam Capacity
- 95 Industrial Clients
  - 60 Industrial Wastewater Treatment Facilities
  - 23 Industrial Water Treatment Facilities
- 913.3 Million Gallons Water Treated Daily
- 1.7 Billion Gallons Wastewater Treated Daily
- 293,089 Dry Tons of Biosolids Processed/Year
- 19.2 Million+ Population Served Daily

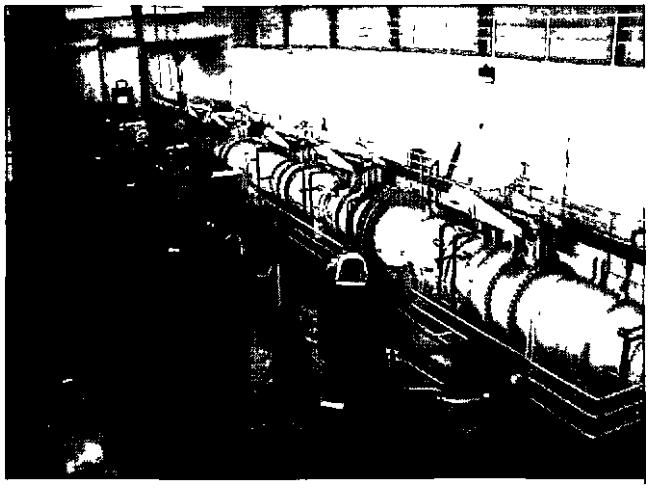
The study phase of this project (Phase 1) was completed, and that work effort helped PWSA improve the customer service and performance levels by utilizing in-depth diagnostics of current operations. Veolia also developed recommendations for improvement that were approved by the PWSA board, and we are now supporting PWSA employees in implementing initiatives aimed at reaching new performance metrics. The Phase 1 report identified measures that will lead to annually recurring savings. During the partnership's first year, a team of water and wastewater experts from Veolia helped PWSA improve the utility's customer service and performance levels by conducting in-depth diagnostics of current operations, developing recommendations for improvement and supporting PWSA employees in implementing initiatives aimed at reaching new performance metrics. The analysis and resulting operational changes helped PWSA reduce its cost of operations and increase the utility's revenue by, among other things, re-securing a large commercial customer. The total impact of these changes has allowed the PWSA to approve an annual budget without a water rate increase.

Early quick-wins under Phase 1 work for this project involved optimizing water production run-times at the membrane plant, which will reduce chemical costs by $350,000 annually, and implementing enhancements at the customer service call center that slashed the call-abandonment rate almost immediately and reduced customer call waiting time by half. A key focus of the work is on identifying efficiencies in O&M practices for over $3 billion in above- and below-ground infrastructure that serves the water and sewer conveyance needs of customers across 54 square miles. The initial tasks in this area involved working with the PWSA's managers and staff to meet Consent Decree (CD) obligations to state and county regulators. Under this initiative, Veolia's management and support teams worked to organize the department and create a culture of responsibility and accountability for the success or failure of projects. Veolia also worked with the PWSA's local and national engineering consultants and contractors to get them back on schedule, clearing a backlog of potentially litigious disputes, which allowed projects to move forward. Other tasks included working on the feasibility of creating a stormwater authority to better assess stormwater usage and create additional revenue for increased levels of service. Additionally, Veolia assisted with the planning for a more than $150 million Capital Improvement Program (CIP) covering three years. This initial program addressed the PWSA's most critical infrastructure needs. The underground (water and sewer) pipelines in Pittsburgh are 80 to 100 years old and winter line breaks are a constant occurrence, so the PWSA is continually replacing underground assets.

Throughout these efforts, Veolia's Pittsburgh-based team worked side-by-side with the PWSA's staff, helping them execute the utility-approved initiatives and training them to sustain the work after the work of this partnership is complete.

- Client Reference: Alex Thomson, Chairman of the Board, PWSA c/o Houston Harbaugh, P.C. - Three Gateway Center, 401 Liberty Avenue, 22nd Floor, Pittsburgh, PA 15222 - Telephone: 412/281-5060 - Email: athomson@hh-law.com

- **City of Buffalo, New York** - In 2010, Veolia began a 10-year partnership with the City for O&M of their water supply system which serves more than 77,000 customer accounts. This is the largest water system under contract O&M in New York State, with facilities and operations that include: a 160-MGD surface water treatment plant; 814 miles of water distribution system, customer service management (meter reading, billing and collections); capital program management; and underground asset management (UGAM) and above-ground asset management programs.



"The Buffalo Water Board... is confident that we have selected the best operator for our system ... Veolia Water's demonstrated focus on service has convinced us that our long-term partnership will result in notable advances ... We expect Veolia Water to move us forward through the next decade with marked efficiency improvements and technological advances while maintaining our exceptional water quality."
– Oluwole McFoy, Chairperson, Buffalo Water Board
Speaking at the start of the contract in 2010.

  In additional, Buffalo was one of the first cities in the U.S. to use the Veolia North American Meter Testing Facility. Under that approach, some 400 meters from the City have been sent to the facility on an annual basis for accuracy testing and evaluation of remaining life. On average, Veolia repairs/replaces more than 3,400 meters annually in Buffalo, and customer service metrics involve answering up to 7,000 calls a month in one minute or less and collecting 96% of meter revenue. Some 96% of all meters in the City are true-read type, with only 4% being estimated, and over 3,000 commercial and industrial accounts in Buffalo are now on mobile-read AMR systems.

  Veolia transitioned the City's water operations to our firm under a delegated management type of contract, with the O&M staff remaining direct City employees working under supervision of Veolia's management team. Under this arrangement, Veolia has worked with the City and the staff to establish new work disciplines and procedures and to drive performance and enhance the quality of service. A core part of this effort involved establishing some 20 performance metrics to track and determine performance and accountability under this partnership.

  In the area of customer service, Veolia implemented new customer service phone/information systems and partnered with the Water Authority service center staff to implement a process of a customer service cultural change that have enhanced performance and provided a better customer experience.

  - Client Reference: O.J. McFoy, Water Board Chairperson, City of Buffalo, City Hall, 65 Niagara Street, Rm. 1101, Buffalo, NY 14202 - Telephone: 716/851-4333 - Email: omcfoy@sa.ci.buffalo.ny.us

- **Tampa Bay Water, Florida** - Veolia has worked with this agency since 2000 under multiple contracts that have focused on water treatment, storage and supply.

  Tampa Bay Water, a regional water authority, serves the needs of over 2.5 million people in the communities of Tampa and St. Petersburg, and this agency ranks as the largest wholesale treated water supplier in Florida.

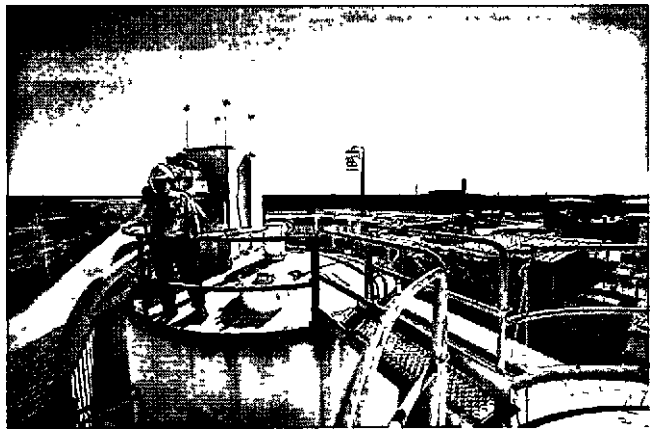
  Veolia's initial project with Tampa Bay Water began in April 2000 when, following a year-long selection process among four competitive teams, they awarded our company a $135 million, 15-year (with a 5-year option) contract to design, build and then operate a new 60-MGD Regional Surface Water Treatment Facility.

  Since that time, the Tampa Bay Water-Veolia Water Public-Private Partnership has constantly expanded over the years – a testament to the quality of our work and our client's trust and satisfaction.

Veolia's initial design-build-operated (DBO) contract was for a 66-MGD surface water treatment plant, and that was followed by additional service agreements for the maintenance of a 30-MGD groundwater treatment facility, O&M of a 15-billion reservoir, and an engineering-procurement-construction management (EPCM) type contract for a new 45-MGD hydrogen sulfide treatment plant and 20-MGD high-lift pumping station.

Tampa Bay Water also awarded Veolia Water a second DBO contract to expand (nearly doubling the size) the original surface water plant from 66-MGD to 120-MGD.

Today the Public-Private Partnership between Tampa Bay Water and Veolia Water is the largest in Florida, and the surface water treatment plant is among the most technologically sophisticated in the world.



The Public-Private Partnership between Tampa Bay Water and Veolia Water, which began in 2000 and now encompasses multiple projects for the water treatment and supply, ranks as the largest and most successful of its type in the State of Florida. The project has been recognized with numerous awards, including the 2013 Plant Operations Excellence Award from the Florida Department of Environmental Protection.

- Client Reference: Mr. Matt Jordan, General Manager, Tampa Bay Water - 2575 Enterprise Road, Clearwater, FL 33763 - Telephone: 727/796-2355 - Email: mjordan@tampabaywater.org.

- **DeKalb County Department of Watershed Management (DWM), Georgia** - DeKalb County is Georgia's third-largest county, with more than 700,000 residents. The DWM hired Veolia in 2014 to assist in identifying cost savings and customer service improvement, and work completed to date has involved conducting a comprehensive and independent review of their water and wastewater operations.

  DWM's operations include: a 140-MGD water treatment plant; 65 pump stations; two wastewater treatment plants (20-MGD and 36-MGD in capacity); more than 5,000 miles of water and sewer pipe; and a customer service operation that provides services to 700,000 residents in the Atlanta metropolitan region.

  The County and Veolia estimate that this review could produce as much as $8 million in savings annually for DeKalb ratepayers, reducing costs and helping mitigate rate increases.

  After a thorough analysis of existing operations, Veolia has presented a proposal to transform the entire customer service organization and leverage existing technological solutions to reduce wait times and increase satisfaction for customers. In addition to customer service, Veolia will support implementation of best practices across the utility's administration, planning, operations, maintenance and capital programs, and billing and collections.

  In tandem with the assessment, Veolia is working with the DWM to implement County-approved operations and management initiatives focused on achieving measurable operational, revenue and organizational enhancements to ultimately reduce operating costs and improve service levels, allowing DWM to provide more efficient and sustainable services.

  Some of the early wins under this contract have included: construction and maintenance wrench-time findings that offer the potential for more than $1 million in annual impacts; efficiency studies of field operations crews at the wastewater plant that identified more than $1 million in annual savings through in-sourcing current contractor spend; and more than $500,000 in annual savings identified in the areas of chemicals and power at the water treatment plant. Veolia continues to work with the County as we focus on shaping a long-term approach to meeting their needs.

  - Client Reference: Dr. James M. Chansler, P.E., Director DWM, DeKalb County - 1580 Roadhaven Drive, Stone Mountain, GA 30083 - Telephone: 770/621-7234 - Email: jmchansler@dekalbcountyga.gov

- **New York City, Department of Environmental Protection (DEP), New York** - Veolia began working with the DEP in 2011 to optimize their operations and help implement savings initiatives. New York City's water and wastewater operations that serve over 9 million people daily, delivering over 1 billion gallons of clean water and treating more than 1.3 billion gallons of wastewater per day. These operations include: 13 wastewater treatment plants; a new 290-MGD water treatment plant; 6,000 miles of sewers; and 7,400 of miles of distribution lines.

  The primary scope of this PPS program involved reviewing all aspects of this utility's operations to assess potential improvements in areas including: chemical use and pricing; labor productivity; inventory management; sludge process optimization; and overall O&M. Additionally, the project identified such enabling steps as public outreach, legislative initiatives and other processes for the implementation of recommendations.

  Veolia's final report for the Phase 1 work ultimately identified over 100 implementable measures for the City's consideration. Throughout the first phase of this innovative partnership, the City's employees worked alongside our project team under a joint management and governance structure to identify operational and organizational efficiencies. In order to capture "quick wins," our joint team identified and implemented several cost-saving initiatives within the first three months: chemical procurement modifications, for example, yielded million dollars in annual recurring savings.

  Under this approach, Veolia has identified opportunities that are expected to yield annually recurring financial benefits of more than $100 million by 2016, and, to date, over $90 million in savings and revenue enhancements have been reported by New York City's DEP. These benefits represented between 9% and 11% of the agency's $1.2 billion fiscal year 2012 budget.

  In June 2012, Veolia received notice to proceed with the official implementation phase, Phase 2, which involves implementing the approved recommendations of the assessment phase (Phase 1) under a four-year contract. To implement this phase of the project, we mobilized a world-class team to work with the City's staff in their offices and at their water and wastewater operations locations.

  Veolia's unique partnership, New York City's Operational Excellence (OpX) program, is focused on enhancing water and wastewater services, streamlining workflows, boosting efficiency and continuously identifying opportunities for improvements that will allow DEP to maintain its high level of customer service, safety and productivity while minimizing rate increases for its roughly 836,000 ratepayers. To achieve this, DEP set an ambitious goal for the OpX program right from the start – to achieve significant operating benefits by 2016. The program goes beyond individual projects and encompasses transformational initiatives, including enhancing performance management, strengthening core capabilities in human resources and procurement and fostering an organizational culture focused on performance and continual improvement. To reach these goals, the Veolia-led team worked with DEP to:

  - Review current O&M practices for potential improvements in terms of energy usage and production opportunities, chemical usage and pricing, labor productivity, inventory management and optimal sludge processes.
  - Recommend implementable measures to improve and/or streamline operations and maintenance, increase efficiencies, enhance productivity and reduce costs.
  - Support public outreach, legislative initiatives, and other processes required to implement recommendations.
  - Work with DEP staff to implement the recommended initiatives.

  During the top-down and bottom-up analysis work conducted in Phase 1, which continues in the Phase 2 work, the Veolia team identified current strengths within DEP's operation and noted five key areas where improvements will have significant financial benefits for the agency: efficient and sustainable use of resources and materials; enhanced workforce effectiveness; improved revenue collection; development of a metrics-based performance culture; and strengthening DEP's support services. The OpX program confirmed that DEP is a world leader in meeting drinking water and wastewater compliance, performing

well above the average of similar utilities. In the first six months of the OpX program, 100+ individual improvement ideas were identified and evaluated.

- Client Reference: Mr. Steve Lawitts, Chief Financial Officer, New York City DEP - 59-17 Junction Boulevard, 8th Floor, Flushing, NY 11373 - Telephone: 718/595-6576 - Email: slawitts@dep.nyc.gov.gov

- **City of Indianapolis, Indiana** - From 2002 to August 2011 (when the City completed the sale of its water system assets to a quasi-governmental utility services provider), Veolia operated what was (at the time) the largest water system O&M contract in the U.S. The Indianapolis water system is a regional operation, serving the needs of almost one million people in central Indiana, and included: four surface water treatment plants, ranging in size from 16-MGD to 96-MGD; five groundwater treatment plants, ranging in size from 2-MGD to 24-MGD; a 4,300-mile water distribution system; and pumps, storage tanks and reservoirs. The City's water system includes 38,000 fire hydrants, 300,000+ customer accounts, meter reading (310,000 meters – residential, commercial and fire), meter replacement program, and billing & collection (600,000 accounts). A key element of the project focused on customer service improvements, and over the nine years of work in managing this system (prior to the sale of the utility by the City), Veolia achieved a customer satisfaction rate of at least 90% (independent survey) and answering 88% of 70,000 monthly calls within 30 seconds. Improvements that were implemented by Veolia in the area of customer service includes empowering customer service employees to resolve most issues on the first call ("One and Done"); responding to 99% of emergency calls within 60 minutes; maintaining the operations ranking in the top quartile for performance in billing accuracy, customer complaints and O&M (AWWA benchmarking survey); ensuring customers were not without water for more than 12 hours; providing customers with 24-hour access to their billing and account information.

  Over the course of this nine-year contract, Veolia stopped a trend of substantial annual customer rate increases and had achieved a cumulative $83.1 million in savings at contract completion in 2011. At the end of the contract, our annual operating costs were some $2 million less than the previous management's had been when we started in 2002. We also improved the quality of operations by simultaneously achieving ISO 9001 and 14001 certifications, making the City the only major U.S. city to achieve both certifications.

  Veolia also worked with this client to establish a set of key performance indicators (KPIs) that formed the basis for the award of a portion of our fee. Under the incentive plan, a portion of our fees were paid only if we met specified customer service, water quality, operations and other performance measures. By directly linking performance to compensation, this partnership established a new model in the water outsourcing industry. Over the nine-year life of this agreement, Veolia achieved over 90% of incentive payment fees.

  - Client Reference: Mr. Sam Odle, Past Chairman, Board of Waterworks - City of Indianapolis, 3939 Priority Way S. Drive, #400, Indianapolis, IN 46220 - Telephone: 317/706-6349 - Email: samuallodle@gmail.com

- **Atlanta/Fulton County, Georgia** - Veolia, in a 50-50 joint venture with a minority-owned business enterprise, began operating the Atlanta-Fulton County Treatment Plant (which opened in November 1990). Over the term of this contract, Veolia has worked with the facility owner, the Atlanta/Fulton County Water Resources Commission (AFCWRC), to triple the capacity of this water treatment plant using a variety of process improvement and capital improvement approaches.

  The scope of work for this project has involved all aspects of facility O&M, as well as working with the AFCWRC for facility expansion and upgrade. Over the past decade, Veolia implemented a pilot program to increase the plant's 30-MGD production capability to meets its rated flow of 45-MGD (as rated by the Georgia Environmental Protection Division, GEPD), with no capital expenditures. Subsequent efforts increased the plant's rated capacity to 56-MGD; with an ultimate treatment capacity of 135-MGD. Water demand is so great that the AFCWRC began Phase II earlier than planned to upgrade the plant to 90 MGD. The plant has been running at this new flow capacity since March 1998.

  Veolia's O&M program has also reduced the power, chemicals, and overall operations costs, with savings passed on 100% to the AFCWRC. In addition, we have had no change orders to the contract even though the plant capacity expanded to 90 MGD under our current agreement.

The project also includes O&M responsibility for a 200-MGD raw water pumping station, dual 54-inch raw water pipe, more than 800 million gallons of reservoir capacity, and the treatment plant. The raw water pumping station—located on the Chattahoochee River—and raw water mains connect it to the surface water treatment plant. Major process equipment at the plant includes raw water traveling screens, grit removers, pumps, chemical addition/feed systems, meters, rapid-mix and flocculation chambers, declining-rate filters, clearwell storage, and finished-water pumps.

The success of the water operations project also led to a new contract with Fulton County for the O&M of their regional wastewater facilities, as highlighted above, and in 2014 Veolia was again selected for the renewal of the water operation contract under a competitive renewal process.

- Client Reference: Ms. Kathy Crews, General Manager - Atlanta-Fulton County Water Resources Commission - 9750 Spruill Road, Alpharetta, GA 30202 - Telephone: 678/942-2790 - Email: kcrews@afcwrc.com

- **District of Columbia Water and Sewer Authority (DC Water), Washington, DC** - DC Water is the largest wholesale customer of the Washington Aqueduct (Aqueduct), a federally-owned public water supplier operated by the U.S. Army Corps of Engineers. Veolia was retained to conduct a comprehensive evaluation of the Washington Aqueduct operations and related organization processes, and then recommend improvements that will add value to the delivery of services to its wholesale customers.

  Working in collaboration with Aqueduct staff, Veolia brought in experts to complete the evaluation phase (Phase 1), focused on identifying ways to ensure that DC Water is receiving reliable, quality drinking water at efficient production cost. More than 25 individual improvement ideas were identified and thoroughly evaluated during the four-month study phase, and up to 15% in savings were identified by the Veolia at the Aqueduct. The cumulative annual impact of successfully transforming operations is projected to be between $8 million and $12 million total (OPEX and CAPEX) recurring yearly saving.

  Veolia worked to review every aspect of the Aqueduct's operations, including the treatment process, maintenance and support functions. This review included the Aqueduct's capital program and also included an assessment of the key financial metrics and a high-level asset valuation.

  Additionally, our team worked to benchmark the Aqueduct operations against some of Veolia's own operations, as well as other publicly operated utilities in order to identify gaps in performance and efficiency. This comprehensive analysis work involved site visits to the treatment facilities, discussions with staff, hands-on observations of the work performed, and in-depth review and analysis of all of the documentation provided. For example, the maintenance assessment involved over 100 hours of wrench-time observations, and for the procurement scope, we reviewed all of the contract specifications, terms and conditions. As part of this work, our teams conducted over a dozen one-on-one discussions and workshops with leadership and staff.

  Veolia's team also analyzed data available across the organization and built new databases where necessary to generate insight. For instance, we used the CMMS data to develop the Pareto analysis in the maintenance section of the final report. To recommended implementable measures, Veolia facilitated workshops to generate, prioritize and refine initiatives across the different scope areas of the assessment. Most of the prioritization took place during the Steering Committee meetings, which included both Washington Aqueduct and DC Water participation and input. The Wholesale Customer Board was also involved in the review process through a presentation in September 2013 that summarized the primary findings and recommendations of the study. Working with the Washington Aqueduct and DC Water, Veolia identified approximately 10 improvement initiatives for maintenance, six initiatives in capital planning, five initiatives for water treatment, three initiatives for operations and two initiatives for support functions, including procurement. All of these more than 25 initiatives are supported by proposed enhancements in communications, training and performance management. These activities are often referred to as "enablers," which help organizations get the most out of their initiatives by properly supporting them with investments in these three overlapping activities.

Veolia has been selected to continue into Phase 2, Implementation, and that work (which will begin in 2015) will involve advising Aqueduct management and staff, coaching them on how to perform the recommended enhancements, measuring progress and refining approaches. The focus of this approach will be on ensuring that the staff can carry on this work and that the Washington Aqueduct can continue to benefit from our expertise long after our contract concludes.

- Client Reference: Thomas P. Jacobus, General Manager - Washington Aqueduct, Baltimore District, U.S. Army Corps of Engineers, 10 South Howard Street, Baltimore, MD 21201
  - Telephone: 202/764-0031- Email: thomas.p.jacobus@usace.army.mil

- Staff Experience – Veolia has provided resumes for the two core staff proposed for this project as an attachment to this letter. These resumes provide the requested information on each staff member, including experience, relevant education, degrees, certifications and any other pertinent information related to the base of experience they bring to this partnership with the City of Flint.
- Project Scope – At the start of this letter we provided a statement discussing our firm's understanding of the requested services and our approach to providing the services requested.
- Price for Services – With our proposed approach, presented earlier in this letter, Veolia provide a pricing schedule (hourly rates for key staff) to perform the requested services.
- Affidavit – Veolia has completed the required Affidavit and it is provided as part of our submittal (as an attachment to this letter).

Finally, as we discussed at the start of this letter, Veolia is offering this as an Alternative Bid/Proposal, which is being submitted to you in the requested form and format – an executed original and two copies of our letter proposal submittal – and remains a valid offer for 120 days from the date of submittal. Further, our Bid/Proposal is based on the City's RFP and other documents and information provided as part of the procurement process, as well as on the contractual concepts under which Veolia normally provides the services outlined in this letter. Veolia's Bid/Proposal also assumes the negotiation and execution of a mutually acceptable contract consistent with those concepts. We would note that contractual provisions that often require discussion and further agreement include, among other provisions, warranties, indemnities, casualty risks, insurance, environmental liability, ownership of wastes, consequential damages, contractual limits of liability and remedies for breach or default and termination. We do not believe that these matters should present any serious obstacles to the negotiation of a contract, and we are prepared to meet with you to discuss them at your convenience.

As the Veolia Executive Sponsor for this proposed work with the City of Flint, I will be the key contact as we move forward with this process. Further, as we discussed in our meetings with you, my background for this key role includes a combination of utility management experience, as well as experience in leading Veolia's PPS work with other major communities and water utility operations in the U.S.

I am also the former President and Manager of the water system for the City of Indianapolis, which Veolia operated and managed for over nine years. Under that O&M contract, our firm achieved an industry-first in performance standards and quality management.

My contact information for the purposes of this Proposal is as follows:

Mr. David Gadis – Senior Vice President – Sales – Municipal and Commercial Development
Veolia Water North America Operating Services, LLC
101 West Washington Street, Suite 1400 East, Indianapolis, Indiana 46204
Telephone: 317/716-5683 – Fax: 317/917-3718 – Email: david.gadis@veolia.com

I invite you to contact me should you have any questions with regard to our Bid/Proposal, or if you need any additional information.

We very much look forward to your review of this submittal and the next steps in this procurement process for this proposed new partnership.

Sincerely yours,

David Gadis
Senior Vice President
Veolia Water North America Operating Services, LLC

Attachments:

1 - Resumes for Key Staff
2 - Experience Summary Table
3 - Affidavit for Corporation

Attachment 1

Resumes for Key Staff

Marvin C. Gnagy, Jr., P.E.

VEOLIA

Education:

BS, Chemical and Environmental Engineering, University of Toledo

Registrations/ Certifications:

F-1 Waterworks Operator, Michigan

Registered Professional Engineer, Ohio

Class IV, Water Supply Operator, Ohio

Class III, Wastewater Operator, Ohio

Memberships/ Affiliations:

American Water Works Association

Operator Training Committee of Ohio (OTCO)

Background:

Mr. Gnagy is the Water Process Manager with the Engineering and Optimization group of Veolia Environnement North America (Veolia)'s Municipal and Commercial Technical Support Group. In this role he provides support for Veolia's design/build, design/build/operate (DBO) and operations, maintenance and management (O&M) projects in the U.S. and Canada. This includes providing technical and capital project support to municipal, commercial and other projects in the water and energy business lines.

Mr. Gnagy joined Veolia in 2010, and prior to his current role he worked as the Municipal Water Technical Manager with Veolia Water North America Operating Services, LLC (Veolia Water)'s Technical Direction Group. In these technical leadership roles, he has provided engineering and operational expertise to projects related to troubleshooting process and equipment problems, achieving water quality goals, maintaining regulatory compliance, optimizing treatment and chemical processes, maintaining system water quality and participating in the development of new projects throughout North America.

Mr. Gnagy has also worked as part of the teams engaged in the delivery of projects under Veolia Water's Peer Performance Solutions (PPS) project approach. This new approach involves working with large water and wastewater utilities in to conduct detailed operations evaluations that lead to operations efficiencies and cost saving for their operations. In this work, Mr. Gnagy has provided support for some of the largest water and wastewater utility operations in the U.S., including that for New York City, New York.

Mr. Gnagy has over 33 years of experience in management, operation, maintenance, design and construction of water treatment systems. He is experienced with chemical treatment operations and troubleshooting for the optimization of treatment processes and operational sequencing.

Mr. Gnagy also has experience in conventional and advanced treatment technologies, and has been involved with solving treatment issues and providing regulatory compliance. His experience includes: water supply development and monitoring; chemical treatment; mixing applications; taste and odor control; oxidation and coagulation treatment; chemical softening; ion exchange softening; clarification; filtration techniques; membrane filtration and membrane softening; disinfection methods; pumping operations; bench-scale, pilot testing and demonstration studies; high-rate treatment technologies; dewatering and solids handling; and process monitoring and optimization. His design experience has provided operator-friendly solutions to solve both regulatory and operational issues for a number of water treatment systems in the U.S.

In addition, Mr. Gnagy has specific knowledge of regulatory drivers and compliance in multiple state, and he has been involved with the development of site-specific operating strategies that help treatment plants achieve water quality goals and regulatory standards.

Work History:

- **2013-Present: Water Process Manager – Engineering and Optimization Group – Municipal and Commercial Technical Support Group – Veolia Environnement North America**
  - Works as part of an in-house specialty team that provides technical and management support for new and ongoing projects with municipal and commercial clients. This involves supporting projects under the water treatment and supply, wastewater collection and treatment, and energy utility operations and management business lines.
  - Served as Subject Matter Expert in the area of water operations for a contract with the Detroit Water and Sewerage Authority (DWSD) and the City of Detroit to evaluate their water and wastewater operations and proposed solutions. This includes an intensive due diligence examination of the facilities and operations and development of two reports, a Peer Review Report, which looked at the current operations with a focus on identifying immediate and long term needs for the DWSD, and a Transition Plan: Retail Services Report for the City. These reports outlined the issues facing the DWSD and the City as the water and wastewater operations changed under a new regionalization approach.
- **2010-2013: Municipal Water Technical Manager – Technical Direction Group - Veolia Water North America Operating Services, LLC**
  - Worked as part of the Veolia Water PPS team in New York City (operations evaluation and identification of improvements for the City's water supply systems), as well as the team involved in implementing a PPS project with DC Water and Sewer Authority (DC Water), Washington, DC. The DC Water project involved conducting an independent comprehensive review of the operations and management of the Washington Aqueduct (WAD). The focus of this work was on examining WAD's operations, considering: overall operational efficiency; reliability and security of supply; and total water quality management. The project with New York City involved operations efficiency studies that identified utility-approved opportunities expected to save the City $108–$130 million per year; Veolia Water is currently engaged in the implementation phase (Phase 2), which will cover the next five years.
  - Responsible for providing technical and operational expertise to current and ongoing Veolia Water projects. Participated in the development of new projects throughout North America.
  - Provided technical consultation and process troubleshooting for water treatment plant operations throughout the U.S., including a variety of conventional and advanced water treatment processes and the specialized equipment they employ.
- **2009-2010: Water Resources Manager - Brown and Caldwell**
- **2005-2009: Water Resources Manager/Operations Manager - URS Corporation**
- **1996-2005: Operations Specialist/Senior Design Engineer - Arcadis**
- **1989-1996: Operations Specialist - Jones & Henry Engineers**
- **1986-1989: Superintendent of Water - City of Defiance, Ohio**
- **1979-1986: Superintendent of Water - City of Berea, Ohio**
- **1977-1979: Water and Wastewater Operator - Village of LaGrange, Ohio**

Other Key Experience:

- Involved with the testing design and optimization of treatment processes including: source water characterization and oxidative organics fractioning; carbon adsorption; enhanced coagulation techniques; effective mixing applications; high-rate clarification processes; solids contact clarification; high pressure and low pressure membrane technologies including ultrafiltration (UF) and nanofiltration (NF); TOC removal and DBP control; enhanced softening techniques; anion exchange processes; chlorine and chlorine dioxide disinfection; chloramination; precipitative

softening and recarbonation; tube and plate settlers; sludge management (pumping and processing, gravity thickening, lagoon storage and dewatering, land application, filter press dewatering and centrifuge dewatering); and laboratory analyses and operations.

- Significant experience in distribution system operations, including pumping operations, booster disinfection techniques, water quality monitoring, taste and odor investigations, iron and manganese related issues, unidirectional flushing programs, cross connection control, and repair and maintenance of piping systems.
- Served as Project Manager for a number of water treatment plant design projects related to implementation of chemical and treatment process improvements aimed at achieving compliance with drinking water standards, and improving plant operations and water quality. Provided construction oversight for the projects once construction of the improvements began.
- Provided chemical and process optimization services for a number of water treatment plants across the U.S. defining needed upgrades in operating practices and/or process equipment to enhance water quality and reduce operating costs.
- Conducted a number of bench-scale, pilot-scale, and full-scale process investigations related to identification of operating strategies and advanced treatment technologies to meet more stringent drinking water standards and developed recommendations for process treatments and equipment necessary to achieve regulatory compliance.
- Designed and equipped municipal drinking water laboratories for process monitoring, bacteriological analyses, algae identification and speciation, and advanced instrumentation and analyses.
- Prepared site-specific water and wastewater treatment plant operations and maintenance manuals for more than 120 systems across the U.S. outlining operating strategies, equipment descriptions, process control techniques, instrumentation and control systems, troubleshooting, and maintenance activities.
- Developed operating standards and training manuals related to jar testing and coagulation operations, mixing applications, solids contact clarification, water and wastewater disinfection, lime-soda softening and recarbonation techniques, filter inspection techniques, formation and control of DBPs, and an overview of the Stage 2 D/DBP and LT2 ESWT Rules. Also served as principle instructor for these courses since their development.
- Instructor for basic and advanced water treatment courses for the Operator Training Committee of Ohio; and instructor for basic math, basic chemistry, and basic hydraulics for the Michigan Department of Environmental Quality.

Theping Chen, P.E.

VEOLIA

Education:

BS, Environmental Engineering, East China University of Chemical Technology, 1985

MS, Environmental Engineering, University of North Carolina at Chapel Hill, 1991

Registration:

Registered Professional Engineer, Michigan

Additional Training and Certification:

Construction Documentation Technologist

Memberships/ Affiliations:

American Water Works Association (Past National committee members on Source Water Protection, Taste & Odor, and Organic Contaminant Control)

Water Environment Federation

International Ozone Association

(Current PAG board of directors, and past conference planning committee),

International UV Association

Background:

Mr. Chen is a Process and Operations Optimization Manager with the Engineering and Optimization group of Veolia Environnement North America (Veolia)'s Municipal and Commercial Technical Support Group. In this role he provides support for Veolia's design/build, design/build/operate (DBO) and operations, maintenance and management (O&M) projects in the U.S. and Canada. This includes providing technical and capital project support to municipal, commercial and other projects in the water and energy business lines.

Mr. Chen has almost 30 years of water system engineering, operations and research experience. He joined Veolia in 2014 and has been engaged in supporting the delivery of projects under O&M and Peer Performance Solutions (PPS) project approaches. The PPS approach involves working with large water and wastewater utilities in to conduct detailed operations evaluations that lead to operations efficiencies and cost saving for their operations. In this work, Mr. Chen has provided support for some of the largest water and wastewater utility operations in the U.S., including that for New York City, New York, and Washington, DC. Most recently he was part of the Veolia team that worked with the Detroit Water & Sewerage Authority in conducting an operations assessment, which yielded a comprehensive due diligence report and a second future planning/operations report for a regional approach for the water and wastewater operations.

Mr. Chen's experience includes working as a Senior Technical Specialist, Senior Project Manager, Technical Manager, as well as Research and Development (R&D) Specialist. He has extensive experience in water, wastewater treatment and water quality, and has worked on numerous study, planning, design, and services during construction projects. This work has included master planning, water and wastewater treatment, taste and odor control, asset management, biosolids management, residual management, and water quality.

Work History:

- **2014-Present: Process and Operations Optimization Manager – Engineering and Optimization Group – Municipal and Commercial Technical Support Group – Veolia Environnement North America**
  - Works as part of an in-house specialty team that provides technical and management support for new and ongoing projects with municipal and commercial clients. This involves supporting projects under the water treatment and supply, wastewater collection and treatment, and energy utility operations and management.
  - Served as a Technical Support Manager for PPS and O&M project sites, including:
    - DC Water and Sewer Authority (DC Water), Washington, DC. - Project involved conducting an independent comprehensive review of the operations and management of the Washington Aqueduct (WAD). The focus of this work was on examining WAD's operations, considering: overall operational efficiency; reliability and security of supply; and total water quality management.

Under the DC Water PPS project task, a key work task included: conducting a workshop evaluating the induction mixer to improve rapid mixing, review of water quality and chemical dosages, alternatives for controlling algae in the two water treatment plants) for the Washington Aqueduct McMillan Water Treatment Plant.

- Pittsburgh Water & Sewer Authority (PWSA), Pennsylvania – This PPS project has involved evaluating the operations of this agency's water and wastewater operations. This utility serves more than 300,000 people in the greater Pittsburgh area. A main area of focus for the work was on the development of Key Performance Indicators (KPIs) that were used to drive system improvements for the PWSA. Work tasks engaged in under this contract involved evaluating the algaecide alternative, and CAL-FLO replacing lime.
- Detroit Water & Sewerage Department, Michigan – Served as part of a team that worked with the DWSD along with Counties in the greater Detroit area in shaping comprehensive water and wastewater solutions considering the needs of the City and those of customers in the surrounding County areas. The work involved developing a comprehensive Peer Review Report, along with a second report (Retail Report) that discussed issues surrounding the formation of the Great Lakes Water Authority and the impact of that on operations of the DWSD and the City of Detroit. These reports involved performing extensive due diligence of the City's water and wastewater assets, preparing reports documents and supporting materials, and then presentations to multiple parties, including state level and judicial, City and County managers. Work tasks under that contract included conducting a process review for the DWSD's five water treatment plants.
- City of Buffalo, New York – This is an O&M contract that began in 2010 for operations and management of a water system serving a population of 280,000, with facilities and operations that include: a 160-MGD surface water treatment plant; 814 miles of water distribution system, customer service management (meter reading, billing and collections); capital program management; and underground asset management (UGAM) and above-ground asset management programs. Involved in supporting this operation in soliciting bids for an induction mixer and streaming current monitor, and alternative evaluations for these systems.
- City of Brockton, Massachusetts – This is an O&M contract that began in 1988 and includes: water operations for a 1.3-MGD and a 24-MGD surface water treatment plant, two raw water pump stations (40-MGD capacity), and two ground storage tanks (11.4 million gallons capacity); and wastewater operations for a 20.49-MGD tertiary wastewater treatment plant, three pump stations, and an 18 dry ton per day multiple-hearth sludge incinerator. Served as the Lead Technical Support Specialist for the conduct of a comprehensive water quality and water treatment plant review. This included evaluating alternatives for algae control, TOC and manganese removal, and evaluating manganese removal and short filter runtime, as well as backwash pump cavitation issues.
- Owned and Managed Energy Operations – Conducted a comprehensive system operation and optimization review for two Veolia energy makeup water treatment plants, including: Kendall Station Cogeneration in Cambridge, Massachusetts and the Grays Ferry Cogeneration Plant in Philadelphia, Pennsylvania. This included performing a review of river source water pretreatment alternatives, and identifying optimization opportunities of the ultrapure water treatment processes.

- **2013-2014: Independent Water Consultant – Solon, Ohio**
- **2012-2013: Project Principal - ARCADIS US Water – Cleveland, Ohio**
  - Served as Task Lead for softening water treatment plant upgrade and expansion evaluation for:
    - Dayton and Montgomery County Water Efficiency Master Plan, Ohio- Worked as the senior consultant and lead author of the three tasks reports, including: Task 5 - Water Treatment Plant Capacity Evaluation and Assessment for two 96-MGD softening water treatment plants; Task 6

– Regulatory Review and Compliance Assessment; and Task 9 – Evaluation of Groundwater Wells Reclassification's Impact on Water Treatment.

- Delaware County Water System Master Plan, Ohio – Served as the Task Lead for water treatment. The work involved evaluating the historical water productions and forecasted the future water production profile. Evaluated the treatment plant expansion and upgrade needs for four surface water and groundwater softening plants to best utilize the available source of supply to meet the future water supply needs. Provided recommended scope of work, process schematic and opinion of cost for upgrading and expanding the water treatment plants.
- Northeast Ohio Regional Sewer District (NEORSD) - Cleveland, Ohio – Worked as a Technical Consultant/ O&M Manual Task Process Engineer for the NEORSD's Southerly Wastewater Treatment Plan's biosolids handling facility. Responsible for preparing an O&M manual for the centrifuge dewatering system.
- Eureka Resources, Pennsylvania - Served as Process Mechanical Design Task Leader for a new frac wastewater treatment plant. The process included: oil/water separators; primary clarifiers; pH adjustment units; membrane biological reactors; crystallizer; sludge thickening and dewatering units; and various raw wastewater and treated wastewater storage tanks. Lead the design documentation preparations and coordinated and reviewed the P&ID drawing development.
- New York City, Department of Environmental Protection, New York - Performed a quality assurance and quality control (QA/QC) role for the NYDEP's Groundwater Treatment BOD report. Reviewed basis of design report for treatment of three well sites which uses treatment processes such as air stripping with and without vapor GAC adsorption, liquid GAC adsorption, and chemical oxidation followed by filtration for iron and manganese removal.
- City of Monroe, Michigan – Served as the Technical Lead for the City's Water Treatment Plant Ozone System Improvement Study. Assessed the current conditions of the existing system, evaluated different generator and ozone contactor improvement alternatives, and made recommendations and provided opinion of cost for each alternative.
- Other Work - Supported winning proposals for Akron Water Quality Modeling, Alliance Joint Dewatering System, and Minneapolis Water Pool of Consultants. Served as: Technical Knowledge and Innovation and Technical Community of Practice member; Client Account Manager for Aqua Ohio and Pennsylvania American Water; and manager and support specialist for business development efforts, including pursuits with DWSD, NEORSD, the Louisville Water Company, the City of St. Louis, the MSD, the City of Toronto's wastewater treatment plant, the City of Ann Arbor's water treatment plant, the City of Toledo's water treatment, and the Warren County water treatment plant.

- **2012: Technical Director and Technical Practice Network Leader, Water and Urban Development - AECOM Asia - Hong Kong/Shanghai China**
  - Served as the Technical Practice Network Leader and the Team Leader for: Asian Development Bank/JiangXi Government Boyang Lake Water Resource Management project; Project Manager of Shanghai Wastewater Treatment Plant Sludge Management Strategy Optimization Study; and Process Lead for the 50-MGD first membrane filtration plant feasibility study, and first 37-MGD sea water desalination plant feasibility study proposal in Hong Kong.
- **2010-2012: Regional Director, Water and Urban Development - AECOM China – Shanghai**
  - Served as the Regional Director for Water and Urban Development in China with responsibility for: operation, strategic plan development, client management, business development and project delivery and staffing management of PRC WUD business line; leading the team winning record numbers of ADB and WB funded PPTA, ADTA and loan implementation projects (over $10M USD) in 12 months; conducting high profile national strategy and policy projects in China on Boyang Lake

Water Resource Management (largest fresh water lake in PRC), National Stormwater Management and Water Logging Prevention Policy Study, and National Wastewater Treatment Plant Sludge and Wastewater Reuse Technology and Policy Study for PRC; consulting on wastewater treatment plant sludge management technical route studies for Beijing and Shanghai, two largest municipalities in PRC, including two of world's largest wastewater treatment plants: the Beijing GaoBeiDian plant and the Shanghai BeiLongGang plant; and serving as Process Manager for the Hong Kong Shatin Water Treatment Plant reprovisioning (expansion from 90-MGD to 145-MGD) with ozone and two-stage filtration (one biological) treatment processes.

- **2010: Senior Project Manager/Senior Technical Specialist - AECOM - San Francisco, California**
  - Worked as Senior Project Manager supporting AECOM Water operations and projects in North America. This included:
    - Project Manager and Lead Process Engineer on the Groundwater Reuse project for NASA Ames Research Center in Moffat Field, California. Upgraded the collection system from three pump-and-treat groundwater treatment systems, conducted hydraulic analysis and designed the pump and control upgrades. Designed the modifications of converting the existing 240,000 gallon tank into a RO permeate storage tank. Lead the alternative evaluation, and design services for treating the three different sources of pump-and-treated groundwater. Prepared the D/B contract for construction of a new 850,000 gallon tank. Designed the upgrade to the RO pretreatment system including the installation of dual media filter, UV reactor, and chemical feed system. Designed the refurbishment of the RO system including the new pumps, sensors, and RO membrane elements. Designed the new CIP system, and CIP waste neutralization and disposal system and piping, RO concentrate disposal system and piping. Designed and upgraded the control system for the RO permeate distribution system, provided the constant pressure in the system that allows the auto-source switching in the event the distribution system loss of pressure.
    - Engineering Manager for a multi-year, as-needed, system-wide zebra mussel study and control project with the California Department of Water Resource.
    - Senior Technical Consultant on the City of Portland, Oregon's, 225-MGD Bull Run Water Treatment Plant Chlorination Alternative Study. Evaluated bulk hypochlorite storage and feed, low strength (0.8% wt.) onsite generation of hypochlorite, high strength (12% wt.) onsite generation of hypochlorite, and onsite gas chlorine generation technologies. Conducted the conceptual design, including sizing, layout, list of equipment, construction and O&M cost estimate. Conducted the market research on installations, operation experience and cost.
- **2006-2009: Global Drinking Water Oxidation & Disinfection Technical Practice Workgroup Leader, Project Manager and Senior Technical Specialist – Metcalf & Eddy, Inc. (later acquired by AECOM) – Cleveland, Ohio**
  - Served in multiple roles for an engineering and operations company, including serving as: Global Drinking Water Oxidation and Disinfection Technical Workgroup Leader; International Ozone Association Champion; Ohio American Water Company (OAWC) Client Coordinator; Senior Technical Specialist; and Project Manager.
  - Key project work and accomplishments included: developing the company's first project for from both Ohio American Water and Pennsylvania American Water, and then managing the treatment plant projects with these two clients; developed the $25 million Ashtabula Water Treatment Plant design/build project with the OAWC; organized the workshop for IO3A and IUVA/IO3A conferences; served as Project Manager and Lead Process Engineer for the OAWC Marion Water Treatment Plant chemical and filter systems improvements project; served as Project Manager for the OAWC Marion Water Treatment Plant needs assessment study, and on-call engineering services for both water and wastewater systems; served as Project Manager for the Elyria Water Treatment Plant intake study and preliminary design project; served as the Lead Technical

Engineer on the Shreveport ozone system improvement study and preliminary design project; served as the Lead Technical Engineer on Miami-Dade County Water and Sewer Department's Hialeah Water Treatment Plant filter backwash improvement alternative evaluations; served as the Project Manager and Lead Process Engineer for the Pennsylvania New Castle water treatment plant filter-to-waste addition project; and Project Engineer for the Northeast Ohio Regional Sewer District's ECT-4 Baffled Drop CSO Shaft Physical Model Study.

- **2001-2006: Multiple Technical and Management Roles - CH2M HILL – Detroit, Michigan**
  - Worked in multiple roles, including: Northeast Regional Water Process Practice Leader; Northeast Regional Water Treatment Technology Leader; member of the Detroit Client Service Management Team; Member of the Northeast Regional Water Service Team; Technical Director of China Water Business Group; and Project Manager.
  - Responsibilities in these roles included: contributing to developing strategic business plan for local, and region-wide markets; maintaining client contact and involvement in business development efforts for strategic water projects; and contributing to business development for water projects in Ann Arbor, Louisville, Cincinnati and other communities in the Mid-West.
  - Worked on multiple projects with the DWSD, including:
    - Task Manager for DWSD's 50-year Comprehensive Water Master Plan. This work involved: evaluation of capacity development; analysis and projection of significant industrial flows and loadings; and projected flows from significant industrial users (SIU) and quality in the next 50 years by decade, industrial category, and geographic areas, within DWSD's service area.
    - Task Project Manager for the summary and evaluation of Detroit wastewater treatment plant capacity and performance, as part of the development of a comprehensive wastewater master plan for the DWSD. The plant has a rated secondary treatment capacity of 890-MGD, and primary treatment capacity of 1,700-MGD. Summarized the design criteria; assessed the existing and near-term capacity under the comprehensive treatment plant renovation project for both liquid and solids processing streams; conducted water quality and compliance status analysis; and discussed the suitability of the plant to meet future expansion and treatment needs including the proposed additional dewatering from CSO basins.
    - Project Manager and Lead Process Engineer for improvements to two wastewater treatment plant pump stations, including pickle liquor buildings, the polymer utilization building, and main plant influent building rehabilitation for DWSD. The wastewater treatment plant has a secondary treatment capacity of 890-MGD. Replaced all polymer delivery pumps, pickle liquor feed and transfer pumps, and influent sampling pumps. Managed the selection and sizing of various chemical and wastewater transfer pumps, with specific consideration of handling chemicals and high solids applications, and designed the new piping layout and control system. Assisted in preparing the specifications for various pumps and pipes and oversaw the design and specification of the basket strainers. Prepared construction documents and provided services during construction.
    - Managed an evaluation of long-term solids disposal alternatives as part of the development of a comprehensive wastewater master plan for DWSD. The plant has a rated secondary treatment capacity of 890-MGD. Conducted a thorough review of the current solids production and handling practices at the plant; reviewed the applicable treatment technologies and current and future regulations; and developed various alternatives and implementation plans as well as a scoring system to rank and select the recommended alternatives. Also developed capital and operations cost estimates for each alternative.
    - Project Manager and Lead Engineer for field sampling activities review and pre-audit service for the DWSD. Reviewed program documents and QA/QC procedures as well as the standard operating procedures. Audited the field sampling safety issues, reviewed EPA auditing reports

and pertinent federal regulations and EPA guidelines, and recommended areas that needed improvement.

- Manage and Lead Engineer for the preparation of a low-interest loan application for the Drinking Water State Revolving Fund for the DWSD. Prepared an overview project plan for the 2004-2008 loan programs, successfully securing $30M per year in low-interest loans from the Michigan DWSRF.
- Task Manager for a source water protection project for DWSD. Summarized the pertinent federal and state regulations and international charters and agreements related to the Great Lakes and reviewed the associated watershed initiatives, trends, and programs, as well as the current and future monitoring technologies. Investigated the existing spill notification system and procedures and conducted a national survey on the early-warning monitoring and source water protection programs. Developed the framework for establishing a source water protection program. Made recommendations for short-, intermediate-, and long-term improvement and proposed the scope and estimated cost of the near-term capital improvement project needs of this first source water protection plan for a surface water utility in Michigan.
- Task Manager for the development of a water quality management and treatment plant capital improvement plan for DWSD, covering their five water treatment plants (with a combined capacity of over 1.7 billion gallons per day. Reviewed the past and ongoing projects, reviewed the short-term and long-term water quality regulations. Developed short- and long-term water quality goals. Conducted a thorough assessment and evaluation of the current treatment process for capacity, technology and performance. Selected future treatment technologies and prepared the conceptual preliminary design and cost estimate for each plant, including ozone and UV installations. Coordinated ongoing plant improvement projects and developed a capital improvement plan for plants that would meet both system growth and water quality needs while maintaining a limited increase (6-7 percent) of water rate to DWSD customers in the future.
- Task Manager for the development of DWSD's Wastewater Master Plan, which addressed: Significant Industrial Flows, Capacity and Performance Evaluation of the Detroit Wastewater Treatment Plant, Wholesale User Survey, and Long Term Solids Disposal Plan tasks.
- Managed the development of a customer survey and service plan for the DWSD. Designed the survey form and managed the design and distribution of the survey questionnaires.
- Project Engineer for the update of DWSD's industrial pretreatment program local limits database, including modification of the program and local limits calculation.
- Project Engineer for Phase I and project manager for Phase II of an atmospheric deposition study for the DWSD, addressing the air deposition addition of mercury, cadmium, and PCBs loads to the headworks of a wastewater treatment system. Developed a quality assurance project performance plan and field sampling standard operating procedures, and coordinated the lab SOPs. Managed the water-phase sampling and led data analysis. Interfaced with subcontractors and labs; conducted detailed chronicle and statistical data analysis of pollutant concentrations, fluxes, or loadings for dry deposition, wet deposition, runoff, ambient, and treatment plant influent and effluent. Developed several approaches in estimating the quantitative relationships between the air deposition and runoff, air deposition and the plant headworks loadings of PCBs, mercury, and cadmium. Prepared responses to the steering committee's review comments. Conducted all data treatment and prepared the final study report, providing the crucial information for the state to establish the regulatory policies toward these chemicals.

- Served as Senior Technical Consultant and Lead Engineer for a brackish groundwater treatment pilot study and preliminary design of the reverse osmosis water treatment plant at Moron Air Force Base in Spain. Led the technical evaluation and process design for providing portable water

to the base by evaluating, piloting, and designing a 1-mgd groundwater treatment facility. Conducted the desktop evaluation for alternative technologies to remove hardness, nitrate, TCE, and salinity from the groundwater sources. Developed the test plan and conducted the pilot tests on GAC, ion-exchange demineralizer, and reverse osmosis processes. Provided air-stripping unit troubleshooting, scale control evaluation, and preliminary design. Evaluated concentrate disposal alternatives and developed the construction cost estimate.

- Served as the Project Manager and Lead Process Engineer for the evaluation and design of an ozone system to remove geosmin-caused drinking water tastes and odors from the Lucerne Water Treatment Plant for the California-American Water Company. Evaluated the bench treatability data, designed the ozone and ozone/H_2O_2 application dose, and established the remaining ozone system design criteria, including a construction cost estimate. Prepared preliminary design of the system and evaluated different types of ozone generators, ozone dissolution methods, and ozone contactors. Determined final design, which included a LOX-feed ozone generator with side-stream injection skid and a pipeline contactor with the options of using an ozone contactor for disinfection (ozone alone) and taste and odor removal (ozone/H_2O_2) or T&O removal only.
- Served as the Lead Process Engineer for construction and start-up of the 17-MGD Windsor Water Treatment Plant's new ozone system. The scope includes the construction management, start-up of the ozone system, optimization of the ozone residual analyzer layout and design and upgrade of the ozone-quenching agent with calcium thiosulfate to increase quenching capacity and safety. Participated in the resizing of the tanks and redesign of the layout and spill containment area. Participated in process and start-up troubleshooting, including how to achieve the desired log inactivation of Cryptosporidium and residual quenching during winter season.
- Served as a Senior Consultant for ozonation design for the 167-MGD Tacoma, Washington, water treatment plant. Developed design criteria and evaluated bench testing results on geosmin and MIB removals. Employed the experimental design approach. Conducted statistical analysis of the experimental data, summarized the findings and conclusions of the tests, and prepared the study report.
- Served as Senior Consultant for an algal toxin removal project for the American Water Works Research Foundation (AWWARF). Prepared the testing plan using statistical experimental design methodology for ozone oxidation, UV/H_2O_2 oxidation, and PAC adsorption of the microcystin-LR. Conducted a statistical analysis on the testing results and prepared the study reports.
- Managed and served as Lead Technologist for a filter backwash and recycle stream evaluation and improvement study for the 27-MGD water treatment plant in the City of Ann Arbor, Michigan. Investigated the filter backwash and other recycle stream practices, as well as the average and peak instantaneous flow of each stream, and evaluated the potential hydraulic and water quality impact to the treatment process. Facilitated a plant staff workshop to develop operational and process improvements. Prepared report to submit to the Michigan Department of Environmental Quality.
- Served as Process Engineer for the development of a master water plan for the City of Ann Arbor, Michigan. Led a water treatment plant process criteria evaluation and evaluations of the treatment of 1,4-dioxane from the groundwater.

- **1992-2001: Multiple Technical and Management Roles - TETRA TECH MPS - Detroit and Ann Arbor, Michigan**
  - Worked as Project Manager, Senior Project Engineer, Project Engineer; and Water/Wastewater Technology Council Member.
  - Served as Process and Project Engineer for the Baby Creek combined sewer overflow control study for DWSD. Conducted a literature review, provided dry and wet weather multi-stage sampling of the CSO events, and performed bench-scale evaluations of various disinfection options, including UV, ozone, sodium hypochlorite, peracetic acids, and sodium bromide with sodium hypochlorite.

Proposed recommendations and disinfection design criteria. Prepared the disinfection study report and reviewed the final design study report.

- Served as Lead Engineer for a drinking water taste-and-odor study for DWSD, which received the 1998 Research and Technical Practices Award from the Michigan Section of the AWWA and required the development of monitoring and experimental plans and analytical standard operating procedures. Trained senior chemists to become flavor panelists, coordinated the monitoring efforts and flavor profile analysis, interfaced with clients, and conducted comprehensive powdered activated carbon and ozonation treatability studies to remove the taste- and odor-causing compounds from the water. Investigated a broad range of operational parameters and identified their impact to the odorant removals. Developed mathematical models for quantitative assessment of operational parameters and performance prediction.
- Served as Project Manager and Lead Engineer in the development of ozonation design criteria for taste and odor control and Cryptosporidium inactivation for DWSD. Conducted an ozone demand and decay study, and developed the design criteria for meeting the requirement of disinfecting Giardia and Cryptosporidium. Assessed the impact of the proposed treatment technologies on the current operation. Prepared the progress and final study reports and made presentations to the client.
- Served as Lead Engineer examining powdered activated carbon and chlorine interaction impact on T&O compound removal and contact time value for DWSD. Performed CT calculations under various conditions for four water treatment plants and made design and operational recommendations.
- Served as Process Engineer for an implementation assessment of PAC storage, dosing, and delivery facilities at four water treatment plants for DWSD. Developed the design criteria for upgrading the powdered activated carbon dosing systems and reviewed the conceptual design and cost estimate of the PAC feeding system. Also provided an engineering feasibility valuation of building centralized PAC storage and dosing facilities. Reviewed the contact time calculations under various PAC addition points for the four plants and developed design criteria for alternative PAC dosing systems.
- Served as Process Engineer for a backwash and residual management improvement project for DWSD. Developed the treatment process basis of design criteria and conceptual design for handling the backwash water and plant treatment residual for four water treatment plants with a combined capacity over 1,600-MGD. Conducted the historical data analysis and scenario analysis for determining the optimum equalization volume and treatment process design capacities.
- Served as a Co-principal Investigator which involved conducting an investigation for a taste-and-odor materials evaluation workshop for the American Water Works Research Foundation. Convened an international expert panel to develop a new AWWA drinking water standard for testing materials from taste and odor perspectives. Organized a workshop, managed literature review, and prepared the final standard and project report.
- Served as Resident Project Engineer for a seven-month pilot study to treat the low-strength, organics-containing cooling water for the Upjohn Company in Kalamazoo, Michigan. Participated in the planning, initiation, and operation of a 30-gpm carbon fluidized bed biological reactor. Coordinated with the client, vendor, and project manager and prepared weekly and final project reports.
- Served as Field Project Engineer for a three-month feasibility study for the Kellogg Company of Battle Creek, Michigan, for the treatment of high-strength BOD/COD cereal-production wastewater using a pilot upflow anaerobic sludge blanket bioreactor. Obtained optimum operation and design conditions and addressed typical operation interference such as shock loads of BOD and TSS.

- Served as Project Engineer for Michigan's Rouge River CSO control study for a national wet weather demonstration project. Trained the sampling crew, developed the field sampling SOPs, and coordinated with the weather service. Conducted detailed data analyses, such as concentration and load profiles for different pollutants, removal efficiencies, and overflow discharge quality. Drafted final report and provided recommendations for sampling and design of the future CSO basins.
- Served as Project Engineer for Michigan's Rouge River settling column study, as part of a CSO control study for a national wet weather demonstration project. Developed the experimental and sampling plans, trained technicians, performed data analysis, and drafted the report.
- Assisted in the evaluation of CSO control technologies and performance of retention basins in the Rouge River watershed. Assisted in evaluating the retention basin's effectiveness in disinfecting and removing numerous pollutants. Reviewed existing column testing protocol and proposed new protocol using modified columns and Imhoff cones. Developed a protocol for evaluating disinfection and the standard data analysis procedures to be used at all basins within the Rouge watersheds. Reviewed the mathematical models (steady-state settling model, statistical models, and dynamic models) available for predicting the basin long-term performance and individual event performance and assessed their advantages and limitations. Worked with modeling experts to develop new dynamic models for the project and developed the protocol for disinfection evaluation.

- **1991-1992: Process and Environmental Engineer (Biotech scale-up and Groundwater remediation projects) - ARCTECH, Inc. - Alexandria, Virginia**
- **1988-1991: Research Assistant and Graduate Student (Thesis: Enzymatic Oxidation of Phenolic Pollutants) – University of North Carolina at Chapel Hill, Department of Environmental Engineering – Chapel Hill, North Carolina**
- **1985-1988: Research & Design Engineer (industrial wastewater treatment) and Teaching Assistant – East China University of Chemical Technology, Department of Environmental Engineering and Institute of Chemical Environmental Engineering**

Publications:

- **Completed numerous technical articles, reports and other publications on topics related to water and wastewater treatment, water quality and research and development related topics.**

David L. Gadis

VEOLIA

Education:

BA, Marketing/ Communications, Southern Methodist University (1984)

Memberships/ Affiliations:

Indianapolis Urban League

Indianapolis Sports Corporation President's Council

Indiana Business Diversity Council

Purdue University Science Bound

St. Mary's Child Development Center

Big Ten Basketball Tournament Committee

American Water Works Association (AWWA)

Awards:

Indiana Basketball Hall of Fame

2005 Achievement in Business Award, Center for Leadership and Development

2006 Sam Jones Award, Indianapolis Black Chamber of Commerce

Background:

Mr. Gadis is Vice President and Manager for Sales with the Municipal and Commercial Group of Veolia in North America. In this role he leads a team that is responsible for new project development and the support of ongoing projects and client relationships. This work has included supporting alternative project delivery approaches to municipal clients in the North American market. His recent work has focused on working with Veolia's team at the City of Detroit, Michigan, to support the identification of utility needs and solutions/approaches to address the City's water and wastewater utility.

Mr. Gadis was also a part of the Veolia team that working with the New York City Water Board and New York City Department of Environmental Protection (DEP) under the Operational Excellence (OpX) program. This team is charged with examining water and wastewater operations in the City with the goal of developing recommendations to streamline workflows, boost productivity, identify opportunities for efficiency gains, and keep future water rate increases as low as possible.

Prior to his current role, Mr. Gadis was the President of Veolia Water Indianapolis, LLC, the company that was charged with managing the water system providing service to almost a million in Central Indiana. The scope of this contract involved operating, maintaining and managing a water treatment, storage and supply system, a customer service organization responsible for meter reading for some 310,000 connections for the City of Indianapolis and an additional 15,000 connections through contracts with surrounding communities, as well as billing and revenue collection for 600,000 accounts. The contract also included a capital project component, and Veolia Water managed and implemented in excess of $200 million in capital work to improve the City's aging water infrastructure.

Prior to that, Mr. Gadis managed the procurement and operations of the Indianapolis Water operations, with responsibility for administering the Veolia Water Indianapolis minority-owned (MBE), woman-owned (WBE) and other locally-owned business involvement efforts. The success of this was demonstrated in the company's unmatched success in achieving local involvement in all aspects of the project work at levels that well exceeded all of the City's goals and expectations-- keeping 92% of the dollars spent in the local economy and maintaining a 35% M/WBE participation level. He also provided leadership for Veolia Water's local involvement program in Indianapolis, with involvement in numerous community service organizations in the community. Additionally, Mr. Gadis has played a key role in shaping Veolia Water's national program for MBE/WBE recruitment and involvement in governmental and industrial projects at sites across North America.

Mr. Gadis has over 23 years of overall business experience, with more than 14 years of management experience, and his involvement with the Indianapolis water facilities began back in 1998, working as the Director of Procurement for Indianapolis Water Company. He joined Veolia Water Indianapolis in 2002 on the transition of the water facilities.

Key Experience:

- **2013-President: Vice President and Manager – Sales – Municipal & Commercial Group - Veolia North America – Indianapolis, Indiana**
  - Provides leadership for a Sale team and new project development for Veolia's water and energy utility services line in North America.
  - Work has included the development and support for projects under Veolia's Peer Performance Solutions (PPS) approach, including a new project with the DeKalb County, Georgia, Department of Watershed Management (DWM). This work is focused on helping the County identify cost savings and help improve customer service by conducting a comprehensive and independent review of their water and wastewater operations. DWM provides services to 700,000 residents in the Atlanta metropolitan region through its system of water treatment and distribution, customer service, and wastewater collection and treatment.
- **2010-2013: Vice President – Municipal Sales Group – Veolia Water North America Operating Services, LLC – Indianapolis, Indiana**
  - Provided leadership for the company's sales and development program that has focused on identifying and developing innovative utility operations solutions for major cities in the U.S.
  - Worked as a part of the Veolia Water team for the Operational Excellence (OpX) program with New York City. The work is divided into two phases, with the Veolia Water Team first conducting an initial evaluation and recommendation phase that will result in a final report in 2012 of recommendations on how DEP can improve productivity and reduce costs. Based on that report, DEP has the ability to accept or reject any of the proposed operational changes and cost-saving measures. Improvements that DEP chooses will be implemented over a four-year period.
- **2008-2010: President – Veolia Water Indianapolis, LLC - Indianapolis, Indiana**
  - Served as the Executive officer for Veolia Water's operations of the City's water systems, under a project that was completed in 2011.
  - Served as a part of the transition management team responsible for managing the transfer of the water operations (owned by the City) to a new owner and operator. The sale of the City's water treatment and supply assets, which serve almost 1 million people in the region, was completed in 2010, and the transition of services was completed in August 2011. The key challenges of that process involved maintaining the levels of service and quality for the customers that rely on the water system, and providing ongoing operations, maintenance and management services as the new owner is allowed to implement its own operations and management approach.
- **2003-2008: Vice President and Chief Operating Officer – Veolia Water Indianapolis, LLC - Indianapolis, Indiana**
  - Responsible for day-to-day operations of the company, including field services, production, engineering, construction, procurement, risk management, asset management, laboratory services, health and safety, security, IOS9001 and 14001, as well as the company's MBE/WBE program.
- **2002-2003: Vice President of Shared Services – Veolia Water Indianapolis, LLC - Indianapolis, Indiana**
  - Responsible for procurement, fleet, risk management, warehousing, health and safety, security, and M/WBE development.
- **2000-2002: Vice President – Water Materials Unlimited (Indianapolis Water Company subsidiary) – Indianapolis, Indiana**
- **1998-2000: Director of Procurement - Indianapolis Water Company - Indianapolis, Indiana**

- Acted as Director of Supply Chain Management, with responsibility for a $15 million budget, $8 million in sales, non-regulated business development, and $7.5 million minority vendor program.
- Responsible for liability and property insurance claims, developing and administering the company's risk goals and objectives, and overseeing the procurement of goods and services.

- **1995-1998: Vice President – Monroe Guaranty Insurance – Indianapolis, Indiana**
  - Responsible for claims management, including $125 million of claims expenses.
- **1989-1995: Midwest Regional Manager – USF&G Insurance Company – Indianapolis, Indiana**
  - Managed 16 branch office operations, 120 employees and $200 million in written premiums. Responsible for re-engineering efforts in the company.
- **1984-19889: Senior Claims Adjuster – USF&G Insurance Company – Indianapolis, Indiana**
  - Responsible for handling general liability, auto and property claims, and special investigations.

Attachment 2

Summary Table –
Water Treatment Plant O&M Experience

Attachment 2. Veolia - Water Treatment Plant O&M Experience Summary				
Client/Location	**Flow**	**Scope**	**Major Process(es)**	**Dates**
Ashburnham-Winchendon Joint Water Authority, MA	2 MGD	O&M of Surface Water Treatment Plant	Trident Filtration, Microfloc Microfiltration	2001-Ongoing
Blackwell, OK	1.55 MGD	O&M of Groundwater Treatment Plant	Conventional Treatment with Filtration	2001-Ongoing
Brockton, MA	24 MGD	O&M of Surface Water Treatment Plants	Conventional and GAC Filtration	1988-Ongoing
	1.3 MGD		Upflow Clarification, Direct Filtration, Microfloc Microfiltration	
Gloucester, MA	10 MGD	O&M of (two 5-MGD) Surface Water Treatment Plants	Conventional Treatment, Rapid Mix, Rapid Sand Filtration	2009-Ongoing
Heavener, OK	3 MGD	O&M of Surface Water Treatment Plant	Clarification, Filtration and Disinfection	1996-Ongoing
Latimer County, OK	0.23 MGD	O&M of Surface Water Treatment Plant	Surface Water Treatment Plant	2007-2017
Lynn, MA	15 MGD	O&M of Surface Water Treatment Plant	Rapid Mix Direct Filtration	1987-Ongoing
Leominster, MA	4 MGD	Design/Build and O&M for Multiple Surface Water Treatment Plants	Multi-Media Direct Filtration	1988-Ongoing
	2 MGD		GAC Filtration	
	1.2 MGD		Conventional (Rapid Mix, Upflow Pulsating Clarification, GAC Filtration)	
Sturbridge, MA	1.6 MGD	O&M of Groundwater Treatment Plant	Iron Removal Plant with Pressure, Greensand, Mixed-Media Filtration	1989-Ongoing
Westborough, MA	3.5 MGD	O&M of Surface and Groundwater Treatment Plants	Conventional Treatment, Multi-Media Filtration	1996-Ongoing
	2 MGD		Greensand Iron/ Manganese Removal	
City of Atlanta/ Fulton County, GA	90 MGD	O&M of Surface Water Treatment Plant	Conventional Treatment, Declining-Rate Filters	1991-Ongoing
Boonville, IN	2.9 MGD	O&M of Groundwater Treatment Plants	Iron/Manganese Oxidation, Dual-Media Greensand Pressure Filtration	1995-Ongoing
	1.9 MGD			
Buffalo, NY	160 MGD	O&M of Surface Water Treatment Plant	Conventional Treatment, Rapid Sand Filtration	2010-Ongoing
Canby Utility, OR	8 MGD	O&M of Surface Water Treatment Plant	Flocculation, Upflow Clarification, Filtration, UV Disinfection	2006-2016
Chattahoochee Valley Water Supply District, Lanett, AL	8 MGD	O&M of Surface Water Treatment Plant	Conventional Treatment, High-Rate, Multi-Media Filtration	1994-Ongoing

Attachment 2. Veolia - Water Treatment Plant O&M Experience Summary				
Client/Location	**Flow**	**Scope**	**Major Process(es)**	**Dates**
Discovery Bay, CA	8.21 MGD	O&M of Groundwater Treatment Plants	Iron Removal with Sand Filtration	2009-Ongoing
Edwardsville, IL	7.78 MGD	O&M of Groundwater Treatment Plants	Greensand Filtration and Zeolite Softening	1987-Ongoing
Hardinsburg, KY	2 MGD	O&M of Groundwater Treatment Plant and Surface Water Treatment Plant	Reverse Osmosis Filtration of Groundwater	1995-Ongoing
	1.2 MGD		Conventional Treatment, Surface Water Dual-Media Filtration with ClariCone Clarification	
Junction City, KS	10 MGD	O&M of Groundwater Treatment Plant	Aeration, Lime Softening	1989-Ongoing
Matewan, WV	0.05 MGD	O&M of Surface Water Treatment Plant	Conventional Filtration	2001-Ongoing
New London, CT	9 MGD	O&M of Surface Water Treatment Plant	Conventional Filtration	2008-Ongoing
National Park Service, Elwha River WTP, Port Angeles, WA	53 MGD	O&M of Surface Water Treatment Plant	Coagulation, Sedimentation	2009-Ongoing
Smugglers Notch, VT	0.15 MGD	O&M of Groundwater Treatment Plant	Pressure Vessel Filtration	1985-Ongoing
Springboro. OH	7 MGD	O&M of Groundwater Treatment Plant	Anthracite Multi-Media Filtration	1990-Ongoing
Tampa Bay Water, FL	120 MGD	DBO for Surface Water Treatment Plant (new plant and expansion)	ACTIFLO Flocculation, Ozonation, Carbon Filtration	2000-Ongoing
	30 MGD	O&M of Groundwater Treatment Plant	Hydrogen Sulfide Stripping via Aeration Towers and Scrubbers	
Tupelo, MS	12 MGD	O&M of Surface Water Treatment Plant	Infilco Filtration Systems	1991-Ongoing
Williamson, WV	4.2 MGD	O&M of Surface Water Treatment Plant	Direct Filtration & Conventional Filtration (GAC and Multi-Media)	1999-Ongoing
Wilsonville, OR	15 MGD	O&M of Surface Water Treatment Plant	ACTIFLO Flocculation, GAC Filtration Ozonation	2001-Ongoing
Yukon, OK	3 MGD	O&M of Groundwater Treatment Plant	Groundwater Treatment Plant	1991-Ongoing

Attachment 3

Affidavit for Corporate
Veolia Water North America Operating Services, LLC

CITY OF FLINT, MICHIGAN

AFFIDAVIT

AFFIDAVIT FOR INDIVIDUAL

STATE OF .....

S.S.

COUNTY OF .....

.....being duly sworn, deposes and says that he is the person making the above bid; and that said bid is genuine and not sham or collusive, and is not made in the interest of or on behalf of any person not therein named, and that he has not directly or indirectly induced or solicited any bidder to put in a sham bid; that he has not directly or indirectly induced or solicited any other person or corporation to refrain from bidding, and that he has not in any manner sought by collusion to secure to himself any advantage over other bidders.

Subscribed and sworn to before me at ....., in said County and State,

this ..... day of ....., A. D. 20.....,

.....

*Notary Public, ...County,.....

My Commission expires ....., 20.....

FOR CORPORATION * (Limited Liability Company, LLC)

STATE OF Indiana .....

S.S.

COUNTY OF Marion .....

David M. Gadis ..... being duly sworn, deposes and says

that he is Senior Vice President (Official Title) of Veolia Water North America Operating Services, LLC (Name of Corporation) *

a corporation* duly organized and doing business under the laws of the State of Delaware (LLC) the corporation* making the within and foregoing bid; that he executed said bid in behalf of said corporation* by authority of its Board of Directors; that said bid is genuine and not sham or collusive and is not made in the interests of or on behalf of any person not herein named, and that he has not and said bidder has not directly or indirectly induced or solicited any bidder to put in a sham bid; that he has not and said bidder has not directly or indirectly induced or solicited any other person or corporation to refrain from bidding; that he has not and said bidder has not in any manner sought by collusion to secure to himself or to said corporation* an advantage over other bidders.

(Signature)

Subscribed and sworn to before me at Indianapolis , in said County and State,

this 27th day of January , A. D. 20 15,

Francis P. Crehan

*Notary Public State of Indiana County of Marion

My Commission expires July 24, 2021

FRANCIS P. CREHAN
Notary Public- Seal
State of Indiana
My Commission Expires Jul 24, 2021

Stanton, Terry A. (Treasury)

From: Wurfel, Brad (DEQ)
Sent: Thursday, January 29, 2015 3:15 PM
To: Stanton, Terry A. (Treasury); Murray, David (GOV); Wurfel, Sara (GOV)
Cc: Silfven, Ken; Brown, Jessica (GOV)
Subject: Flint water piece.

In case you guys missed Chastity Pratt's piece today in Bridge...
http://bridgemi.com/2015/01/cringe-over-troubled-water-flints-smelly-dilemma/

I've drafted this response. Would like to send it to her yet today. Would like to make sure it doesn't cause any of us undue heartburn. Please review and call me? Thanks!
b

Hi, Chastity. Apologies we did not get to connect as you were preparing your story on Flint water. I understand DEQ staff were able to provide some data.
Overall, well done from a factual perspective. If you decide to revisit the issue, keep me in mind. I'd much like to offer some broader DEQ perspective on our drinking water program and this situation in particular. Some key pieces that folks should know include these:

1. The decision to leave Detroit as a water supplier and use the Flint River was developed and pushed by Flint's local elected officials – over the concerns of state officials. Ultimately, the state signed off on the project (as required because of the EFM) – but consider that Genesee County still gets water from Detroit today, without a contract. This switch wasn't mandated by Detroit, or the state, or anyone but the leadership in Flint, and was proposed as a money saver until the KWA system comes online.

2. The idea that the state owns Flint's water woes outright because of the presence of an EFM ignores that much of this problem is the result of decades of the city failing to perform upkeep on their system. Someone might even argue that the absence of a maintenance fund for infrastructure is just one more symptom of a broader problem that resulted in an EFM assigned to keep the city from financial crash. It's worth noting that the city was approved for a DEQ revolving fund loan in 2009, and DEQ sent a letter congratulating them, only to have the city decline the funding. Seen in that light, the city's proposed solution of state forgiveness on the $20.7 million it presently owes to the State Revolving Fund and an infusion of new, no-strings money for maintenance and line repairs looks, arguably, different.

3. The heart of the problem isn't just because Flint's leaders decided to use the Flint River as a source. It's true that the river water varies in quality, and requires a flexible

treatment strategy to address seasonal fluctuations, but the water aesthetics concerning residents in Flint are compounded by the fact that the system is old and has not been kept up. Flint's water system consists of more than 500 miles of pipes, and more than half of those pipe miles are more than 75 years old. Much of it is cast iron (hence the color issues). The hardness of the water from the river certainly appears to be exacerbating the (rusting) discoloration. It's why GM pulled off Flint's water.

4. The Safe Drinking Water Act, and Michigan's drinking water program, regularly and rigorously reviews municipal water supplies for more than 90 different toxins, including microbial ones. The objective is comprehensive screening that keeps water quality up and mandatory reporting to help customers make informed health decisions when there's an issue, whether that's an immediate health threat (like e. coli or total coliform) or a long-term potential threat like TTHM. But it is the Safe Drinking Water Act, not the Clear Drinking Water Act. The program does not regulate water for aesthetics like color or smell.

5. We empathize with Flint residents who are unhappy with their water. They pay a lot for it, and in some cases it is not the clear, tasteless product one might anticipate. But our goal at DEQ is to make sure the system operators are testing the water according to state and federal law, and that it meets safety standards. Recent testing indicates that the TTHM levels are dropping rapidly, and we will continue to work with the city to protect water customers in the days, months and years ahead.

Thanks,
b

Brad Wurfel
Communications Director
Michigan Department of Environmental Quality
517-284-6713
517-230-8006 cell

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Thursday, January 29, 2015 4:33 PM
To: Dempkowski, Angela (Treasury)
Subject: FW: Call with Jerry Ambrose

Please schedule a meeting with Jerry for tomorrow afternoon.

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Byrne, Randall (Treasury)
Sent: Thursday, January 29, 2015 3:57 PM
To: Koryzno, Edward (Treasury)
Subject: Call with Jerry Ambrose

Ed:

I have some time tomorrow afternoon for a call with you and Jerry on the Flint water situation, if you would have Angela schedule it.

Thanks,
Randy,

Randall Byrne | State Administrative Mananger
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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Koryzno, Edward (Treasury)

From: Byrne, Randall (Treasury)
Sent: Friday, January 30, 2015 11:08 AM
To: Koryzno, Edward (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: FW: Independent Water Analysis
Attachments: Independent Water Analysis.PDF

Ed:

We should have an interesting conversation with Jerry today. I am curious about this lab's technical expertise.

Randy,

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, January 30, 2015 9:34 AM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Jerry Ambrose; Dempkowski, Angela (Treasury)
Subject: Independent Water Analysis

Good morning,

Emergency Manager Ambrose requested I send the attached information.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Gerald Ambrose, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Friday, January 30, 2015 11:09 AM
To: Wurfel, Sara (GOV); Murray, David (GOV); Wurfel, Brad (DEQ)
Cc: Brown, Jessica (GOV); Silfven, Ken (GOV); Sampson, Jeremy (TREASURY)
Subject: FW: Independent Water Analysis
Attachments: Independent Water Analysis.PDF

Importance: High

Please see the attached. Not entirely sure how useful this could be overall, but at the very least it can be shared with others as an FYI—from an apparent independent perspective.

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, January 30, 2015 9:34 AM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Jerry Ambrose; Dempkowski, Angela (Treasury)
Subject: Independent Water Analysis

Good morning,

Emergency Manager Ambrose requested I send the attached information.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Gerald Ambrose, Emergency Manager

Cline, Richard (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, January 30, 2015 11:31 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: FW: Independent Water Analysis
Attachments: Independent Water Analysis.PDF

Follow Up Flag: Follow up
Flag Status: Completed

From: Koryzno, Edward (Treasury)
Sent: Friday, January 30, 2015 9:58 AM
To: Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: FW: Independent Water Analysis

Good news, but unfortunately perception is reality.

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, January 30, 2015 9:34 AM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Jerry Ambrose; Dempkowski, Angela (Treasury)
Subject: Independent Water Analysis

Good morning,

Emergency Manager Ambrose requested I send the attached information.

Thank you.

--
Maxine Murray

Koryzno, Edward (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Friday, January 30, 2015 4:39 PM
To: Byrne, Randall (Treasury); Koryzno, Edward (Treasury); Workman, Wayne (TREASURY)
Subject: Fwd: Independent Water Analysis
Attachments: Independent Water Analysis.PDF

---------- Forwarded message ----------
From: **Gerald Ambrose** <gambrose@cityofflint.com>
Date: Fri, Jan 30, 2015 at 9:38 AM
Subject: Fwd: Independent Water Analysis
To: Kelly Rossman-McKinney <krossman@truscottrossman.com>

Channel 12 story....

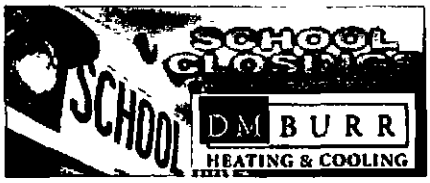
---------- Forwarded message ----------
From: "Maxine Murray" <mmurray@cityofflint.com>
Date: Jan 30, 2015 9:27 AM
Subject: Independent Water Analysis
To: "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>
Cc: "Jerry Ambrose" <gambrose@cityofflint.com>, "Stacie (GOV) Clayton" <claytons3@michigan.gov>

Good morning Mr. Hollins:

Emergency Manager Ambrose asked me to send the attached information.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Gerald Ambrose, Emergency Manager
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax



Waste Water Flow Device

Hand Held Industrial Measurement With Clamp-On Sensors & Switches

ABC12 Investigates: What's in your water?

Posted: Jan 29, 2015 3:38 PM EST
Updated: Jan 29, 2015 11:54 PM EST

By Larry Elliott **CONNECT**

FLINT (WJRT) - (01/29/15) - The results are in and we now have a completely independent look at what's in Flint's water supply.

For months, since Flint switched from a Detroit water supply to the Flint River as it's water source, Flint water customers have complained of smelly, cloudy, bad tasting water and blame it for a variety of health problems.

Complaints exploded earlier this month when Flint notified its water customers that a group of chemicals known as TTHM were at much higher average levels than allowed by law.

With so many questions and distrust of the answers, ABC12's Larry Elliott investigates - What's in your Water?

It seems no matter who you ask in the Flint area, there's an opinion about the city's water. Most of the issues center on the quality of the water and whether it's safe to drink.

"Right now it smells," said Flint resident Lee Miller. "We're getting water out of our own back yard now and it's costing me double what it was coming from Detroit."

"It has a funny taste to it," said Flint resident Milton Alexander.

"It could be dangerous to us, actually I don't know how dangerous it is," said Flint resident Sharika Sanders.

"I'm no cheerleader for the water department here, I think we've got a lot of issues to work on." Ken VanWagoner, of Good Beans Cafe - Flint.

Most of the issues center on the quality of the water and whether it's safe to drink, but concern over its safety reached a new high earlier this month when the city was required by the state Department of Environmental Quality to notify residents that the water had exceeded the allowable limit of a group of chemicals known as TTHM.

TTHM is in most municipal water systems and is thought by some to be a possible carcinogen in long term exposure.

It's a byproduct of chlorination, which is commonly used to help purify water. Last August, as Flint's water treatment plant worked to purify the water it was drawing from the Flint River, levels of TTHM grew to well over the EPA allowed maximum.

August test results provided by the DEQ to ABC12 show all of the eight testing sites around Flint had TTHM levels well above the legal limit.

The lowest level among the eight sites was 40 percent above the legal limit. The highest was 145 percent

more than allowed.

DEQ rules only require the city to report higher than allowed levels to the public once a year, and only if the average of quarterly tests is higher than the legal limit.

That notification went out to residents on Jan. 5. Since then, many residents have refused to believe assurances from the DEQ and the city that the water is now safe to drink.

So, we set out to do complete and independent testing to find out for ourselves exactly what's in your water.

It took a bit of research, but we finally found Water Tech, in Howell, a testing lab with absolutely no ties to Flint, just to make sure there are no questions about the test results.

After having Water Tech train ABC12's Larry Elliott on the proper methods for collecting water samples, we set out last week to randomly test five sites in Flint.

1. Downtown.

"I'm excited to see this done because this is an independent way to find out that everything's just fine," VanWagoner said.

2. The north side.

"We'd like to do kind of a whole battery of tests of your water. Oh yeah," Alexander said.

3. The west side.

"It could be dangerous to us. How about if we help you find out what's in it right now?" Sanders said.

4. The east side.

"I'm hoping for a good test and put my family at ease," Miller said.

5. Our main studio, on the south side.

We also wanted to compare whatever we're to find with Detroit supplied water, so we took a sample from the Burton water system.

Since next year Flint will connect to the new KWA pipeline, getting its water from Lake Huron, we took a comparison sample from the Saginaw-Midland water system, which currently uses Lake Huron water.

We tested all the sites for levels of TTHM. We also tested how much residual chlorine was in the Flint and Burton water supply and more importantly, we tested at two of our Flint sites for a number of other hazardous chemicals that could cause skin or other health problems.

Tests for those other chemicals are not required for public water systems, but we decided to run those tests anyway.

Here's what our independent testing shows:

All sites tested, including the Saginaw-Midland water system and the Burton system, using Detroit water, contained TTHM - but all of them were well below the EPA allowed maximum.

Saginaw-Midland water had less than a third of the maximum TTHM allowed, the Burton system had only about 25 percent of the maximum and the highest level found of all of our Flint tests showed just over 65 percent of what's allowed, all below EPA limits.

A similar byproduct of chlorination, haloacetic acids, was also well below EPA maximums in Flint's water.

We tested Flint's north and east water samples for many other hazardous chemicals that a doctor told us could cause skin or other health problems, and on both tests, not a single one of those chemicals was detected.

Since most often any smell to the water would be caused by levels of total residual chlorine, we tested that too, in both our Flint and Burton samples.

The legal limit is 4 milligrams per liter. The average of our Flint samples shows a level of about a half milligram per liter. Our test in Burton actually shows 22 percent more residual chlorine than Flint.

Our Flint sample also showed no Coliform bacteria.

We asked Chris McCarthy, of Water Tech, a few questions.

Q: How would you describe these test results?

A: "Well, for the samples received, the tests we performed, everything is within EPA guidelines for safe drinking water."

Q: Is there anything in these results that raises a red flag for you?

A: "For water quality or water safety, No."

We then asked residents if these results change their opinion of what they'll do with their water now.

"To be honest, no," Alexander said.

"It will make me feel a lot more comfortable about bathing and brushing my teeth in it, but I'm still not going to drink it and I'm not gonna give it to my kids or my dog," Sanders said.

"It makes me feel a lot more safer, a lot more comfortable knowing that it's safe to drink now, you know. I'll tell you a load lifted off my shoulders. When the kids take baths, when my wife takes a shower, you know, I know now we're safe," Miller said.

So what about those who've stood before Flint City Council with jugs of discolored water?

While Genesee County Drain Commissioner Jeff Wright points out he has no jurisdiction over Flint's water system, he says in general, discolored water like this is nearly always the result of water main breaks or repairs, and Flint has more than its share because of its aging system.

Wright also says the KWA pipeline won't change that. It will take better management of repairs and money - lots of it - to replace Flint's aging water mains.

Unfortunately for the city of Flint, those very high levels of TTHM recorded last August in Flint water tests are still required by the DEQ to be included in the next report calculating average TTHM levels.

The next test will be done next week, and city Public Works Director Howard Croft tells ABC12, because of the high levels last August, the city will again be found in violation and will be required by the DEQ to send out another TTHM notice of violation to all Flint water customers in early March, even if all new tests show levels under the legal limit.

To view the TTHM testing results from the Michigan DEQ, click HERE.

To view the results of ABC12's water tests, click on the location you'd like to see results for below:

Flint Center

Flint North

Flint East

Flint South

Flint West

Burton

Saginaw-Midland

To view the Michigan DEQ results for South Flint, click HERE.

Lamphier, Wendy (Treasury)

From: Gelisse, Ashley (TREASURY)
Sent: Friday, January 30, 2015 11:44 AM
To: Workman, Wayne (TREASURY)
Subject: RE: Independent Water Analysis

Follow Up Flag: Follow up
Flag Status: Flagged

Thanks for sending, this is a great article. I agree that we should send this out ... just so I'm clear, are you asking Tom or I to handle the transmittal? Happy to do so, just let me know who would be the best contact in the G's office (Dennis?). Maybe Howard/Paul can send to the legislators.

Just making sure we're on the same page for next steps. Thanks.

Ashley

From: Workman, Wayne (TREASURY)
Sent: Friday, January 30, 2015 10:46 AM
To: Saxton, Thomas (Treasury); Gelisse, Ashley (TREASURY); Stanton, Terry A. (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: FW: Independent Water Analysis

This should get to the Gov's office and Flint legislators. It is a breath independent logic

From: Koryzno, Edward (Treasury)
Sent: Friday, January 30, 2015 9:58 AM
To: Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: FW: Independent Water Analysis

Good news, but unfortunately perception is reality.

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, January 30, 2015 9:34 AM
To: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, January 30, 2015 5:00 PM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Koryzno, Edward (Treasury)
Subject: Fwd: Veolia Proposal to City of Flint - Invitation to Bid - Proposal No.: 15-573
Attachments: Veolia-RESPONSE-ITB-PROPOSAL-Flint--1-29-2015.pdf; ATT00001.htm

Can you figure cost and scope of work from all this?

Sent from my iPad

Begin forwarded message:

> **From:** "Gerald Ambrose" <gambrose@cityofflint.com>
> **To:** "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov>, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Subject: Fwd: Veolia Proposal to City of Flint - Invitation to Bid - Proposal No.: 15-573**
>
> Veolia
> ---------- Forwarded message ----------
> From: Elizabeth Murphy <emurphy@cityofflint.com<mailto:emurphy@cityofflint.com>>
> Date: Fri, Jan 30, 2015 at 4:34 PM
> Subject: Fwd: Veolia Proposal to City of Flint - Invitation to Bid - Proposal No.: 15-573
> To: Gerald Ambrose <gambrose@cityofflint.com<mailto:gambrose@cityofflint.com>>
>
> Attached to this thread is the Veolia Proposal for Flint.
> LIZ
> ---------- Forwarded message ----------
> From: Derrick Jones <djones@cityofflint.com<mailto:djones@cityofflint.com>>
> Date: Thu, Jan 29, 2015 at 3:35 PM
> Subject: Fwd: Veolia Proposal to City of Flint - Invitation to Bid - Proposal No.: 15-573
> To: Elizabeth Murphy <emurphy@cityofflint.com<mailto:emurphy@cityofflint.com>>
>
> Please find attached an electronic version of the proposal from Veolia that was requested. Please disseminate to the appropriate parties. Thanks.
> ---------- Forwarded message ----------
> From: Crehan, Frank <frank.crehan@veolia.com<mailto:frank.crehan@veolia.com>>
> Date: Thu, Jan 29, 2015 at 3:32 PM
> Subject: Veolia Proposal to City of Flint - Invitation to Bid - Proposal No.: 15-573
> To: djones@cityofflint.com<mailto:djones@cityofflint.com>
> Cc: David Gadis <david.gadis@veolia.com<mailto:david.gadis@veolia.com>>, Jonathan Carpenter <jonathan.carpenter@veolia.com<mailto:jonathan.carpenter@veolia.com>>
>
> Mr. Jones:

Thank you for your call today regarding our Proposal response.

Attached please find the requested PDF (digital) copy of our complete Proposal that was delivered to you in hard copy form yesterday.

If you need anything else in this regard, or require any additional information, you may contact me or Mr. Gadis.

Mr. Gadis can be reached as follows:

* Telephone: 317/716-5863
* Email: david.gadis@veolia.com<mailto:david.gadis@veolia.com>

My contact information is provide below.

Regards,

--

Francis P. Crehan
Vice President - Proposal Development
Veolia North America Operating Services, LLC
101 West Washington Street, Suite 1400 East
Indianapolis, Indiana 46204

E-Mail: frank.crehan@veolia.com<mailto:frank.crehan@veolia.com>
Telephone: 317-917-3718
Fax: 317-686-9519 (Or same as phone number - 317-917-3718)
Cell: [redacted]

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Derrick Jones,
Purchasing Manager
City of Flint
1101 S. Saginaw St., Rm. 304
Flint, MI 48502
Ph: 810-766-7340 #2
Fax: 810-766-7240

--

Liz Murphy
Assistant to the Emergency Manager

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Friday, January 30, 2015 5:25 PM
To: Wurfel, Brad (DEQ)
Subject: Re: Finalized working Backgrounder on Flint

Hey big shooter...

Can you call me when you have a moment?

[redacted]

Thx

TS

On Jan 30, 2015, at 2:48 PM, Wurfel, Brad (DEQ) <WurfelB@michigan.gov> wrote:

> In case either of you needs to know what DEQ is saying about the TTHM situation and overall Flint water issues.
> b
>
> Brad Wurfel
> Communications Director
> Michigan Department of Environmental Quality
> 517-284-6713
> 517-230-8006 cell
>
> <Flint water backgrounder.docx>

Stanton, Terry A. (Treasury)

From: Murray, David (GOV)
Sent: Friday, January 30, 2015 6:05 PM
To: Muchmore, Dennis (GOV); Clement, Elizabeth (GOV); Stanton, Terry A. (Treasury); Saxton, Thomas (Treasury); Walsh, John (GOV); Brownfield, Michael (GOV); Allard, Claire (GOV); Wurfel, Brad (DEQ); Posthumus, Dick (GOV); Hollins, Harvey (GOV); Clayton, Stacie (GOV); Agen, Jarrod (GOV); Wurfel, Sara (GOV); Biehl, Laura (GOV)
Cc: Wisniewski, Wendy (GOV); Rospond, Laurie (GOV)
Subject: Backgrounder on Tuesday Flint water event
Attachments: Briefing Flint grant announcement.docx

Team,

Here is background on the planned Tuesday event in Flint regarding the $2 million Distressed Cities grant and other issues connected to the water issue.

There are plans for two press releases on Tuesday. The first will detail the two Flint grants and will be released by the governor's communications office. The other release, which would detail the other grants, would follow from Treasury with a quote from the governor.

Mayor Walling has agreed to speak at the event, with Harvey Hollins and Dan Wyant representing the governor's office. Sen. Ananich has asked to speak, and it has been suggested that Rep. Neeley would speak and it might be better to add him to the program. Others, such as Deputy Director Workman and Emergency Manager Ambrose, would be present and available.

The attached document includes details about the planned event, as well as background on the grants from Treasury and on the entire water issue from DEQ as well as Mayor Walling's Facebook post about the governor and links to the stories in the media about the issue.

We have a room reserved and are working with the communications team in Flint to have microphones and other items needed for the event.

Please let me know if there is any information you think should also be included, or anything that should be changed. Once everyone has had the opportunity to review, we can forward to the governor.

Thank you, everyone, for your assistance. I know there are lots of moving pieces and many people involved.

Dave

Dave Murray
Deputy Press Secretary | Executive Office of Governor Rick Snyder
MurrayD1@michigan.gov
517-335-6397, office
[redacted]obile
Twitter.@michigandmurray

Briefing: Grant announcement in Flint

Tuesday, Feb. 3, 2015, 3-4 p.m.
Haskell Community Center, 2201 Forest Hills Ave. Flint
Governor's communications: Dave Murray, murrayd1@michgian.gov, 517[redacted]
DEQ communications: Brad Wurfel, wurfelb@michigan.gov, 517[redacted]
Treasury communications: Terry Stanton, stantont@michigan.gov, 517[redacted]

Purpose

The state government is providing support for the Flint government as it addresses issues with its water system. The state on Tuesday is announcing that Flint is receiving two grants totaling $2 million related to water system improvements through the Financially Distressed Cities, Villages and Townships grant program. DEQ Director Dan Wyant will address ongoing efforts with his agency to test Flint water and explain why the city is facing some of its problems. Senate Minority Leader Jim Ananich, D-Flint, will discuss his appreciation for the ongoing support for the city and its residents.

Attending

- Harvey Hollins, director of the Michigan Office of Urban Initiatives
- Dan Wyant, director of the Michigan Department of Environmental Quality
- Wayne Workman, deputy treasurer, Michigan Department of Treasury
- Jerry Ambrose, Flint emergency manager
- Dayne Walling, Flint mayor
- State Sen. Jim Ananich
- State Rep. Sheldon Neeley
- State Rep. Phil Phelps

Agenda

3:00 PM – 3:05 PM:	Harvey Hollins announces that Flint has received two grants totaling $2 million.
3:05 PM – 3:10 PM:	Dan Wyant discusses the state's ongoing role in monitoring Flint's water and any assistance that has been provided and will continue to be provided.
3:10 PM – 3:15 PM:	Mayor Dayne Walling remarks about appreciation for state assistance.
3:15 PM – 3:20 PM:	Sen. Jim Ananich remarks about appreciation for state assistance.
3:20 PM – 3:25 PM:	
3:25 PM – 3:35 PM:	Harvey Hollins closing remarks, opens floor to media questions.
3:35 PM	Event ends, though this might be optimistic.

Background

- The quality of Flint water has been a high-profile concern in recent weeks, with residents complaining about the color, taste and smell of tap water since a switch to Flint River water as a temporary source as a pipeline is built to Lake Huron as a water source starting in 2016.
    - Residents have attended meetings with jugs of brownish water.
    - U.S. Kildee has worked with labor and community groups to distribute bottled water.

- Mayor Walling has issued a letter (included below) calling for state and federal assistance for the city, including forgiveness of some $20 million in debt through the Drinking Water Revolving Loan Fund and calling for the governor to come to Flint personally.
    - Walling also submitted a guest column to the Flint Journal with similar requests.
        - He said the loan forgiveness is needed for the city to upgrade its water treatment process.
    - Governor and Mayor Walling had a telephone conversation on Friday, and the mayor has pledged to work together on solutions.

- Rep. Sheldon Neeley also has sent the governor a letter, saying that his constituents "are on the verge of civil unrest."

- The Department of Environmental Quality has been monitoring the water situation, with a detailed backgrounder and talking points attached below.

- The Treasury Department is announcing Tuesday that Flint is among the cities receiving a combined $8 million the Financially Distressed Cities, Villages and Townships grant program.
    - The announcement of the other grants will follow the Flint announcement.
        - The Flint grants are $1.1 million to allow the city to replace the functions of the old incinerator with new water pollution control facility allowing for the disposal of waste to landfills.
        - The other is $900,000 to allow the city to hire a contractor to perform a leak detection survey, which will lead to prioritizing repairs.
    - A breakdown of the grants is included below.

Treasury breakdown of Flint grants

Flint Incinerator: The grant project entails shutting down the current Water Pollution Control Facility Incinerator (due to the incinerator not being up to new EPA standards). In order to meet EPA standards, it would cost roughly $8.8M in upgrades to the current incinerator. The grant funding will allow them to replace the functions of the old incinerator by constructing new facilities which will allow for the disposal of waste to landfills.

Budget Breakdown	
Construction Contractor	$1,050,000
Project Management	$50,000
Total	$1,100,000

Flint Leak Detection: The grant project will allow the city to hire a contractor to perform a leak detection survey of the city water lines. The city will receive a map of leak locations and an assessment of leak severity. This data will allow the city to prioritize leak repair. The project also covers the expense of conducting a water pipe line wall thickness condition assessment on a portion of the city's pipes. The assessment will guide the city's water main replacement program.

Budget Breakdown	
Project Planning	$90,000
Mobilization of Crew to Site	$27,000
Leak Detection < 16" diameter	$378,000

Leak Detection 16" diameter or >	$270,000
Pipe Condition Assessments	$135,000
Total	$900,000

DEQ backgrounder on Flint water

Following the formal approval of Flint into the KWA in 2012, DWSD sent Flint a letter saying their contract was thereby terminated (by early 2013).

Genesee County has been using DWSD water without a contract since May 2014. But Flint took the letter to imply a water cutoff, and promptly turned to DEQ with a proposal to use the Flint River (their historic backup system).

This proposed shift was pitched primarily as a money saver. But it put the city in the business of water production, where they historically had been in the business of water transmission. DEQ approved the use of the river as a source, based on the treatment plant's past performance as a standby facility and the improvements we outlined prior to a switchover.

Several municipalities around the state use surface water supplies (rivers): Blissfield near Monroe, Manistique, and Alma to name a few.

The city completed the upgrades at the water plant the facility and DEQ approved it April 2014.

There were some initial hiccups. Last summer, there were a couple of 'boil water' notices issued. One for a water test that showed e. coli, one for a break in the water main.

The challenge to using the Flint River as a source is that the condition of the water is variable and changes with season and weather. It has substantially more organic matter than deep lake sources like Lake Huron. This organic matter is mobilized by high water events, and warm weather also can account for more organic material in the water.

The treatment of the organic matter is done with chlorine. One might conclude that the continual answer is just to use more chlorine to achieve water safety. However, at some point on the continuum, the chlorine and organic matter create TTHM – total trihalomethanes – as a byproduct. When the standard for those is exceeded over several consecutive quarters of testing, the supply is required by law to issue public notice and submit an approved plan for addressing the situation.

You'll note that this regulatory approach means TTHM testing is done quarterly. That means people who use the system are exposed to TTHM for several months before the public notice is required. It's because TTHM is a chronic health threat. Over the long term (measured in decades), continued exposure can contribute to some known health problems. If this were an immediate health threat, customers would receive immediate notification to boil their water or not use it.

Put in context, the EPA (which established the standard and the rule) estimates the existence of the TTHM standard prevents an estimated 280 bladder cancer cases each year ... out of more than 330 million people who use public water supplies around the country.

It's not "nothing." State and federal law requires quarterly testing for TTHM and that the public be informed of it when the annual average of four quarters' worth of consecutive testing shows TTHM

levels exceeding 80 parts per billion. Flint's results managed to exceed the annual average in three quarters, and they must develop a plan to address it.

But it's not like an eminent threat to public health. Unlike an e. Coli or even total coliform bacteria maximum contaminant level, which require immediate public notification and response and are part of daily / hourly testing of public water supplies, TTHMs pose a public health concern with chronic, long-term exposure.

It's clear the nature of the threat was communicated poorly. It's also clear that folks in Flint are concerned about other aspects of their water – taste, smell and color being among the top complaints.

The Safe Drinking Water Act requires public water supplies be tested for more than 90 regulated contaminants, including microbial contaminants. The act, and the program here in Michigan, work to ensure that water is safe to drink. The act does not regulate aesthetic values of water. Here are some factors affecting the aesthetics of water in Flint.

1. It's the Flint River. The water supplied by DWSD historically came from Lake Huron. It's softer. With hard water, you get a different flavor and feel. It's why General Motors suspended use of Flint Water – it was rusting their parts. Also, there's the 'organics' factor (discussed previously).
2. The system is old. Flint has more than 500 miles of water pipes. More than half of those pipe miles are more than 75 years old. Much of it is cast iron. Hard water can react with cast iron and exacerbates the rusty factor, which creates that brown water that angry residents were holding up in jugs for the media cameras last week. Valve failure has also been a key challenge. The system has an estimated 7,500+ valves. When they stick open or stick shut, it affects the hydraulics of the system and increase areas of stagnation. The city has a backlog of valves that need to be addressed. They've done half a dozen or so since November.
3. Flint is old. Many of the homes served by the system are old. Brown water complaints may also be attributable to cast iron pipes in customers' service connection to the city lines. The DEQ has been encouraging people with water coloration concerns to contact the city and see whether it is the service line or the City's line causing the issue. Again, discoloration is not an indicator of water quality or water safety, but we recognize that nobody likes it.

In summary, the City of Flint has tremendous need to address its water delivery system. We are not aware that they have any capital improvement funds for preventative maintenance in place, much less line replacement project monies that will require hundreds of millions.

The City was approved for a Revolving Fund loan in 2008 or 2009. As a Distressed Community, they qualified for flexible terms and 2 percent interest rate Revolving Fund Loan. After they were notified they were approved for the loan, they declined it. Previous SRF loans from the state to Flint bear an outstanding balance of $20.7 million today.

The DEQ continues working with the city to address the TTHM issue. They can take interim steps – from scrubbing the insides of transmission lines to carefully monitoring the hydraulic challenges in their system – to address customers' aesthetic concerns. Their TTHM numbers already are showing dramatic improvement; the November testing showed only one of seven sample points exceeding the standard.

The key now is that the standard is an average of three quarters' worth of results. It will be some time before they are officially "not in violation." However, depending on weather in 2015, it's not unforeseeable that we will be having this conversation again by next Christmas.

The key to the conversation is that TTHM is not a top health concern. That's key because residents need to understand TTHM in context, and it is key because it appears the mayor has seized on the public panic (sparked, frankly, by their poor communication of the violation notice) to ask the state for loan forgiveness and more money for their infrastructure improvement.

Another key thing to remember is that once the city connects to the new KWA system in 2016, this issue will fade in the rearview.

Key messages:

1. The DEQ Drinking Water program works with communities around the state to ensure that municipalities provide customers with clean, safe drinking water.
2. Municipal water supplies are tested rigorously and regularly for more than 90 regulated contaminants, including microbial contaminants that pose an immediate public health concern.
3. Flint's exceedance of the TTHM standard should reassure residents that the testing program is effective.
4. TTHM is not an immediate health threat. It is a chronic concern, one that can be problematic over the course of several decades of exposure. The public was notified because the law requires the city to make public notification, so that everyone can make informed decisions. This is particularly true for people with infants or those with compromised immune systems.
5. The DEQ is working with the City to address the situation. Recent tests show the TTHM numbers dropping rapidly. The department will continue working with the city in the months ahead, and residents should feel confident that their water is safe to drink unless the DEQ or City notifies them otherwise.
6. The discoloration and odor issues some Flint residents are experiencing are separate issues from the TTHM issue. TTHM is odorless, colorless and measured in parts per billion.
7. Flint water customers who have questions or concerns about their water should first contact the city to get answers and help. They also can contact the Michigan DEQ.

Mayor Walling's Facebook post

Friend,

Access to clean, safe, affordable water is a basic human right.

That's why I just sent Gov. Snyder my Flint Water Improvement Plan. It focuses on the areas of safety, quality, access, investment and education. My letter urges the governor to quickly implement these ideas so that Flint's water is 100% safe.

Please contact Gov. Snyder by calling (517) 335-6397 (or by clicking here) and ask him to take action immediately to implement my plan and ensure Flint's water is safe.

My plan offers new ideas and also builds on successful models of utility, energy and assistance programs at the state and federal levels. Here is my plan:

Safety & Quality

- 100% Safety is the standard

- City of Flint releases testing data to assure safety and expands testing to households with support from the Michigan Department of Environmental Quality
- Support alternatives for those advised not to drink the water by their doctors through the Michigan Health Endowment Fund and community partners to protect the vulnerable like seniors and infants
- Bring on experienced river water treatment operational management in the City of Flint
- Require water testing data to be released quarterly by law in all Michigan communities

Access

- Announce an amnesty program for turn-ons and reduce the turn-on cost in Flint
- Develop a revised payment plan policy to allow customers to come back on to the Flint system
- New Federal and State partnership to establish new Drinking Water Emergency Assistance Fund for customers (modeled on Federal and State energy utility programs: Low Income Home Energy Assistance Program; Michigan Energy Assistance Program; State Emergency Relief)

Investment

- Accelerate water system improvements outlined in the City of Flint Capital Improvement Plan through Federal and State Investments
- State approves City of Flint's Distressed Cities Fund applications
- Federal and State forgiveness of payment to Drinking Water Revolving Loan Fund
- Federal and State financing for future improvements
- City Water Department implements budgeted FY15 projects including leak detection, valve repairs, new pipes and meter replacements

Education

- Develop a community partnership to provide household and business customers with information on testing and conservation
- Ongoing partnership with Michigan Department of Human Services, United Way, Salvation Army and community organizations to provide information on water assistance
- Expand youth energy initiative to assist households with conservation and efficiency (piloted in summer 2014 with Northwestern High School students, EcoWorks and Consumers Energy)

The struggle with our water has gone on for too long. The state must take action and do its part. Please ask Gov. Snyder to take action immediately to implement my plan and ensure Flint's water is safe. Thank you for your ongoing support.

Links to coverage

- Mayor, governor have 'long, productive' talk about Flint's water problems, Jan. 30
- 2,000 more gallons of water headed to Flint for giveaway, Jan. 30, 2015
- Flint emergency manager says there are two big reasons not to reconnect Detroit water, Jan. 29
- Flint Democracy Defense League plans four meetings on city's water problems, Jan. 29
- Environmentalist sends out new warnings about Flint water, NBC, Jan. 27
- Erin Brockovich says on Facebook she's prepared to come to Flint, MLive, Jan. 27
- Mott Community College not waiting for Flint to ensure safe water, MLive, Jan. 26
- Detroit water chief says she's willing to sell emergency water to Flint -- no strings attached, Jan. 26
- Mayor says governor needs to visit Flint to see water crisis first hand, MLive, Jan. 26
- Need water? Flint groups collect 600 cases, plan distribution this week, MLive, Jan. 26

- Incoming Flint water expert would have 'continual oversight' until new pipeline connected, Jan. 25
- Looking back at Flint's water problems (photo gallery), MLive, Jan. 25
- Flint water problems: Switch aimed to save $5 million -- but at what cost?, MLive, Jan. 23
- State says its already 'working diligently' on Flint's water problems, MLive, Jan. 22
- Officials say Flint water is getting better, but many residents unsatisfied, MLive, Jan. 21

CITY of FLINT WATER TREATMENT PLANT MONTHLY OPERATION REPORT

SUPPLY NAME: CITY of FLINT WATER PLANT
WSSN: 2310

Michael Glasgow	**January 2015**
Operator-in-Charge	Month/Year
F-1R, F-2	**F-1**
Certification of Operator-in-Charge	Water Plant Classification
Michael Glasgow	**Genesee**
Signature of Operator-in-Charge	County

Treatment Rate and Filter Data

Maximum Treatment Rate	**19.3**	Million Gallons per Day
Rated Plant Capacity:	**36**	Million Gallons per Day
Average Filter Run:	**76**	Hours
Average Head Loss:	**n/a**	Feet *(filter head loss meters not operational)
Average Filtration Rate	**2.1**	Gallons Per Square Feet per Minute
Maximum Filtration Rate	**3.6**	Gallons Per Square Feet per Minute
Average Wash Water Use:	**3.2%**	Percent of Treated Water

Chemical Data

Chlorine on hand:	**12,000**	lb.	Est supply:	**18**	days
Primary Coagulant (Ferric Chloride) on hand.	**110,000**	lb.	Est. supply	**10**	days
Lime (CaO) on hand.	**257**	tons	Est. supply	**22**	days
Fluoride on Hand	**16,630**	lb.	Est supply	**42**	days
Cost of All Chemicals per Million Gallons	**n/a**	dollars			
Total Power Cost per Million Gallons	**n/a**	dollars			

Remarks	Confluence Point # 1 (N)	Confluence Point # 2 (S)
Number of filter confluence samples > 0.3 NTU:	**0**	**0**
Number of filter confluence samples collected:	**244**	**242**
Percent of filter confluence samples > 0.3 NTU:	**0.0%**	**0.0%**
Number of filter confluence samples > 1 NTU	**0**	**0**

Did any individual filter exceed:

1.0 NTU in two consecutive measurements taken 15 minutes apart? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status.

0.5 NTU in two consecutive measurements taken 15 minutes apart after 4 hours of operation? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

1.0 NTU in two consecutive measurements taken 15 minutes apart for 3 consecutive months? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

2.0 NTU in two consecutive measurements taken 15 minutes apart for 2 consecutive months? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

Was continuous (every 15 minutes) filter monitoring equipment off-line during the month? **NO**
If yes, indicate date(s), duration, and individual filter grab sampling frequency on a separate sheet.

Did POE disinfectant residual fall below 0 2 ppm during the month? **NO**
If yes, indicate date(s) and duration on a separate sheet.

Was minimum C*T credit achieved for the entire month? **YES**
If no, indicate on a separate sheet the date(s) not achieved

Was continuous POE chlorine residual monitoring equipment off-line during the month? **NO**
If yes, indicate date(s) and duration on a separate sheet.

Date	Million Gallons Treated	Ferric as Fe3+ mg/L	Lime Dosage (mg/L)	PW-340 Cationic Polymer Dosage (mg/L)	P-142PWG Anionic Polymer Dosage (mg/L)	Turbidity, Units				
						Raw			Plate Settler	Applied
						Number of Samples	Avg.	Max.	Effluent Avg.	Applied Avg
1	10.3	20.7	145.0	5.9	0.93	8	5.0	6.0	0.38	3.48
2	17.8	19.4	130.0	4.6	0.85	7	4.7	4.9	1.17	1.32
3	19.0	20 4	115.0	4.5	0.79	8	4.6	4.8	1.21	1.01
4	18.8	18.1	109.0	4.4	0.73	8	5.5	12.3	1.42	1.18
5	18.9	17.6	121.0	4.4	0.73	8	3.8	5.3	1.52	1.54
6	18.9	17.5	122.0	4.7	0.68	8	3.6	4.4	1.51	1.31
7	18.8	16.7	121.0	4.5	0.71	8	3.9	5.6	1 43	1.23
8	16.1	16.6	135.0	5.5	0.88	8	4.9	8.1	1.38	1 10
9	12.3	14.9	151.0	6.9	0.91	8	8.0	8.2	1 36	0.94
10	12.3	16.8	159.0	7.4	0.91	8	8.2	9.0	1.61	1.01
11	12.2	18.0	164.0	6.5	0.78	8	8.0	8.5	1.36	1.17
12	12.6	17.8	149.0	6.2	0.73	8	7.5	8.1	1.44	1.07
13	12.0	20.6	169.0	5.6	0.84	8	7.1	7.7	1.77	1.01
14	13.4	21.0	171.0	5.7	0.81	8	7.5	8.1	1.69	1.30
15	14.3	18.8	172.0	5.5	0.86	8	7.0	7.3	1.44	1.45
16	16.3	17 8	164.0	5.8	0.75	8	6.7	7.0	0.95	1.50
17	18.2	15.8	129.0	4.9	0.71	8	6.3	6.6	1.37	1.96
18	18.6	15.3	137.2	4.8	0.70	8	6.2	8.2	1.41	1.95
19	18.7	15.6	145.0	4.9	0.77	8	5.6	7.2	1.47	1.64
20	18.6	14.1	160.6	4.9	0.75	8	4.9	5.1	1.47	2.94
21	18.7	13.9	150.0	4.9	0.69	8	4.7	6.3	1 49	1.52
22	18.6	15.0	142.0	4.9	0 72	8	3.9	4.4	1.39	1.64
23	18.5	14.4	170.0	5.0	0.71	7	3.7	3.9	1.41	2.28
24	18.5	15.1	191.0	5.0	0.77	8	5.8	19 4	1 53	1.44
25	18.4	16.0	174.0	5.0	0.71	8	3.8	5.5	1.35	1.57
26	18.1	15.6	164.0	5.1	0 71	8	3.7	5.3	1.45	1.72
27	18.5	14.2	180.0	5.1	0.76	7	3.5	5.3	1.59	1.69
28	18.2	13.6	180.0	4.9	0.74	7	4.1	10.2	1.63	1.71
29	18.6	14.4	188.0	5.1	0.70	7	2.8	3.4	1.66	1.58
30	18.5	15.3	168.0	5.2	0.68	8	2.7	3.4	1.72	1.75
31	16.9	19.0	180.0	5.8	0.81	8	2.7	3 5	1.52	1.34
Avg.	16.8	16.8	153.4	5.3	0.77	8	5.17			1.56
Max.	19.0	21.0	191.0	7.4	0.93	8	8.2	19.4	1.77	3.48
Min.	10.3	13.6	109.0	4.4	0.68	7	2.70			0.94
Total	519.5									

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Date	Turbidity, Units												
	Confluence Point. No.1 (N) North						Confluence Point. No.2 (S) South						Point of Entry
	Number of Samples	Avg.	Max	No. of 4 Hr. Compliance periods	No. of 4 Hr. Compliance periods >0.3 NTU	No. of Samples >0.3 NTU	Number of Samples	Avg.	Max	No. of 4 Hr Compliance periods	No. of 4 Hr. Compliance periods >0.3 NTU	No. of Samples >0.3 NTU	Plant Tap NTU
1	8	0.07	0.08	6	0	0	8	0.06	0.09	6	0	0	0.08
2	7	0.07	0.09	6	0	0	7	0.06	0.07	6	0	0	0.07
3	8	0.06	0.08	6	0	0	8	0.06	0.07	6	0	0	0.08
4	8	0.07	0.09	6	0	0	8	0.07	0.11	6	0	0	0.07
5	8	0.06	0.09	6	0	0	8	0.06	0.09	6	0	0	0.07
6	8	0.08	0.09	6	0	0	8	0.07	0.10	6	0	0	0.07
7	8	0.09	0.15	6	0	0	8	0.07	0.09	6	0	0	0.08
8	8	0.08	0.10	6	0	0	8	0.07	0.11	6	0	0	0.08
9	8	0.06	0.08	6	0	0	8	0.05	0.07	6	0	0	0.07
10	8	0.06	0.08	6	0	0	8	0.07	0.09	6	0	0	0.07
11	8	0.06	0.08	6	0	0	8	0.07	0.09	6	0	0	0.07
12	8	0.07	0.09	6	0	0	8	0.07	0.10	6	0	0	0.09
13	8	0.06	0.12	6	0	0	8	0.05	0.07	6	0	0	0.06
14	8	0.07	0.09	6	0	0	8	0.06	0.09	6	0	0	0.07
15	8	0.06	0.09	6	0	0	8	0.07	0.09	6	0	0	0.07
16	8	0.07	0.09	6	0	0	8	0.07	0.10	6	0	0	0.09
17	8	0.07	0.08	6	0	0	8	0.07	0.10	6	0	0	0.07
18	8	0.08	0.11	6	0	0	8	0.07	0.08	6	0	0	0.07
19	8	0.07	0.09	6	0	0	8	0.07	0.11	6	0	0	0.07
20	8	0.07	0.08	6	0	0	8	0.07	0.10	6	0	0	0.11
21	8	0.08	0.11	6	0	0	8	0.07	0.08	6	0	0	0.09
22	8	0.09	0.11	6	0	0	8	0.08	0.09	6	0	0	0.09
23	7	0.08	0.10	6	0	0	7	0.07	0.09	6	0	0	0.08
24	8	0.07	0.09	6	0	0	8	0.06	0.10	6	0	0	0.07
25	8	0.06	0.07	6	0	0	8	0.07	0.09	6	0	0	0.07
26	8	0.07	0.09	6	0	0	6	0.08	0.10	6	0	0	0.07
27	7	0.08	0.11	6	0	0	7	0.07	0.10	6	0	0	0.08
28	7	0.07	0.09	6	0	0	7	0.07	0.10	6	0	0	0.07
29	7	0.07	0.10	6	0	0	7	0.07	0.08	6	0	0	0.07
30	8	0.07	0.09	6	0	0	8	0.07	0.08	6	0	0	0.08
31	8	0.06	0.10	6	0	0	8	0.06	0.08	6	0	0	0.07
Avg.	8	0.07	0.09	6	0	0	8	0.07	0.09	6	0	0	
Max.	8	0.09	0.15	6	0	0	8	0.08	0.11	6	0	0	0.11
Min.	7	0.06	0.07	6	0	0	6	0.05	0.07	6	0	0	

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Date	Fluoriode Applied as F- mg/L	Fluoride Analysis (mg/L)			Chlorine Application (mg/L)			Chlorine Residual (mg/L)					
					Intermediate Chlorine	Post Chlorine	Total Chlorine	Filtered		3 MG Well		Tap	
		Raw	Tap	Dist.				Free	Total	Free	Total	Free	Total
1	0 4	0.24	0.70		1.3	3.5	4.8	0.6	0.9	2.7	3.0	2.1	2.4
2	0 4	0.21	0.62		1 4	3.5	4.9	0.6	0.8	2.6	3.1	2.2	2.6
3	0.3	0.22	0.55		1.8	2.6	4.4	0.5	0.7	2.7	3.3	2.8	3.2
4	0.4	0.20	0.60		1.8	2.5	4.3	0.8	1.0	2.8	3.0	2.9	3.2
5	0 4	0.19	0.23		1.9	2.5	4.4	0.7	1 0	2.8	3.0	2.7	3.0
6	0.3	0.19	0.49	0.39	1.9	2.7	4.6	0.6	0.9	2.7	3.2	2.5	3.2
7	0 3	0.23	0.61		1.9	2.6	4.5	0.7	0.9	2.7	3.0	2.2	2.7
8	0.3	0 19	0.51		1.9	2.6	4.5	0.6	0.9	2.4	3.1	2.1	2.6
9	0.0	0.19	0.51		2.0	3.2	5.2	0.4	0.7	2.8	3.1	2.3	2.8
10	0.0	0.22	0.44		1.8	3.1	4.9	0.4	0.4	2.4	2.9	1.8	2.3
11	0.0	0 20	0.22		1.8	3.0	4.8	0.8	1.1	2.7	3.1	2.5	2.9
12	0.0	0.21	0.21		1.6	3.2	4.8	0.5	0.8	2.8	3.1	2.4	2.8
13	0.0	0.19	0.19	0.35	1.7	3.1	4.8	0.8	1.2	2.8	3.1	2.2	2.6
14	0.0	0.21	0.21		1.6	3.0	4.6	0.4	0.6	2.8	3.1	2.3	2.8
15	0.0	0.22	0.24		1.6	3.0	4.6	0.5	0.9	2.7	3.1	2.0	2.3
16	0.1	0.20	0.20		1.6	3.0	4.6	0.5	0.9	2.3	3.0	2.0	2.5
17	0 3	0.22	0.23		1.7	3.0	4.7	0.4	0.6	2.5	3.0	1.8	2.3
18	0.4	0.19	0.55		1.8	3.2	5.0	0.5	0.8	2.7	3.0	2.5	2.9
19	0.4	0.20	0.64		1.9	3.2	5.1	0.4	0.6	2.8	3.2	2.2	2.6
20	0.0	0.22	0.45	0.31	2.0	3.0	5.0	0.5	0.9	2.9	3.4	2.1	2.7
21	0.2	0.21	0.31		1.9	2.8	4 7	0.5	0.8	2.6	3.0	2.2	2.5
22	0.4	0.20	0.67		1.9	2.9	4.8	0.4	0.7	2.8	3.2	1.9	2.2
23	0.4	0.22	0.41		2.0	3.1	5.1	0.4	0.8	2.6	3.0	1.5	1.8
24	0.4	0.21	0.67		2.0	3.2	5.2	0.7	0.9	2.8	3.0	2.7	3.0
25	0.4	0.23	0.59		2.1	3.1	5.2	0.5	0.8	2.9	3 4	2.4	2.7
26	0.4	0.21	0.57		2.0	3.0	5.0	0.4	0.7	2.7	3.1	2.4	2.7
27	0.4	0.23	0.54	0.55	2.1	3.1	5.2	0.4	0.6	2.7	3.0	2.2	2.5
28	0.4	0.22	0.59		2.0	2.9	4.9	0.8	1.0	2.4	2.7	1.9	2.3
29	0.4	0.25	0.62		2.0	2.9	4.9	0.7	0.9	2.8	3.2	2.2	2.5
30	0.4	0.22	0.63		2.0	3.0	5.0	0.7	0.8	2.5	2.9	2.0	2.5
31	0.3	0.19	0.52		1.9	3.0	4.9	0.6	0.8	2.8	3.2	2.8	3.2
Avg.	0.26	0.21	0.47	0.40	1.8	3.0	4.8	0.6	0.8	2.7	3.1	2.3	2.7
Max.	0.40	0.25	0.70	0.55	2.1	3.5	5.2	0.8	1.2	2.9	3.4	2.9	3.2
Min.	0.00	0.19	0.19	0.31	1.3	2.5	4.3	0 4	0 4	2.3	2.7	1.5	1.8

Date	pH (S.U.)		Total Hardness as CaCO3 (mg/L)		Total Alkalinity as CaCO3 (mg/L)		Non-Carbonate Hardness as CaCO3 (mg/L)		Calcium as Ca2+ (mg/L)		Magnesium as Mg2+ (mg/L)		Chloride as Cl- (mg/L)	
	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap
1	8.23	7.65	323	185	264	65	59	120	108.2	55.3	13.6	11.7	47	85
2	7.84	7.31	324	193	258	76	66	117	121.0	65.7	6.3	4.9	47	87
3	7.77	7.38	323	212	257	98	66	114	120.0	77.0	5.8	4.9	48	87
4	8.15	7.86	325	218	261	96	64	122	105.8	64.9	14.6	13.1	48	88
5	8.31	7.80	318	206	262	94	56	112	103.4	60.9	14.6	13.6	45	78
6	8.09	7.97	320	208	256	95	64	113	121.0	69.7	4.9	8.7	48	86
7	8.04	7.91	313	194	256	97	57	97	101.8	61.7	15.6	10.7	43	82
8	8.19	8.04	313	202	251	87	62	115	121.0	72.9	2.9	3.9	48	83
9	8.08	7.96	311	205	248	93	63	112	115.4	70.5	5.8	6.3	47	84
10	7.98	7.75	316	181	255	73	61	108	114.6	64.1	6.8	3.4	47	88
11	8.01	8.24	321	174	256	63	65	111	100.2	44.9	17.5	14.6	44	80
12	8.09	7.68	318	177	250	57	68	120	101.0	46.5	16.0	14.6	49	81
13	7.94	7.69	320	165	245	46	75	119	105.8	44.1	14.1	13.1	47	87
14	7.80	7.52	321	172	252	58	69	114	115.4	56.9	7.8	6.8	48	88
15	7.96	7.64	323	173	258	48	65	125	105.8	48.9	14.1	13.1	45	91
16	7.94	7.47	324	172	257	44	67	128	117.8	58.5	6.8	6.8	47	88
17	7.82	7.95	320	174	252	54	68	120	119.4	58.5	4.9	5.3	46	89
18	8.02	7.72	322	185	258	69	64	116	104.2	55.3	15.1	11.2	48	83
19	8.03	7.62	321	184	255	59	66	125	102.6	54.5	16.0	11.7	48	86
20	7.89	7.59	321	184	255	67	66	117	116.2	64.9	7.8	4.9	49	91
21	7.86	7.79	324	183	257	72	67	111	105.0	51.3	15.1	13.1	50	83
22	7.59	7.42	325	193	262	81	63	112	116.2	68.9	8.3	4.9	49	84
23	7.70	7.44	344	186	256	78	88	108	112.2	59.3	15.6	9.2	52	87
24	7.91	7.51	327	187	259	72	68	115	101.0	48.1	18.5	16.0	48	85
25	7.93	7.71	326	188	260	75	66	113	100.2	50.5	18.5	14.6	47	85
26	7.95	7.82	328	194	259	71	69	123	105.8	54.5	15.6	13.6	51	88
27	7.77	7.99	332	191	266	68	66	123	111.4	60.1	13.1	9.2	51	89
28	7.99	7.98	334	188	264	76	70	112	107.4	51.3	16.0	14.6	48	85
29	7.80	7.83	334	196	268	76	66	120	106.6	57.7	16.5	12.6	55	86
30	7.84	7.78	331	193	272	78	59	115	113.0	59.3	13.1	10.7	55	90
31	7.96	7.91	335	197	267	69	68	128	108.2	56.1	15.6	13.6	51	92
Avg.	7.95	7.74	324	189	258	73	66	116	109.9	58.5	12.2	10.2	48	86
Max.	8.31	8.24	344	218	272	98	88	128	121.0	77	18.5	16.0	55	92
Min.	7.59	7.31	311	165	245	44	56	97	100.2	44.1	2.9	3.4	43	78

WSSN: 2310

Date	Total Coliform						Standard Plate Count (Simplate MPN)		Conductivity (mS)	Temp. C	Color		Odor	
	Raw (Colilert MPN)		Filter Confluence (N&S)		Plant Tap									
	# Samples	Count	# Samples	# pos	# Samples	# pos	Raw	Tap	Tap	Raw	Raw	Tap	Raw	Tap
1	1	2592	12	0	1	0	800	< 2	0.37	5.6				
2	1	1684	12	0	1	0	600	< 2	0.36	4.5				
3	1	960	12	0	1	0	2400	< 2	0.42	4.0				
4	1	718	12	0	1	0	200	< 2	0.44	3.8				
5	1	1732	12	0	1	0	5980	< 2	0.41	3.0				
6	1	874	12	0	1	0	200	< 2	0.41	4.5				
7	1	2086	12	0	1	0	200	< 2	0.39	4.2				
8	1	960	12	0	1	0	120	< 2	0.39	5.5				
9	1	1146	12	0	1	0	420	< 2	0.40	2.6				
10	1	2994	12	0	1	0	760	38	0.31	2.6				
11	1	978	12	0	1	0	520	10	0.36	2.1				
12	1	1042	12	0	1	0	600	< 2	0.36	1.9				
13	1	862	12	0	1	0	340	< 2	0.37	1.4				
14	1	646	12	0	1	0	200	< 2	0.36	1.9				
15	1	736	12	0	1	0	300	< 2	0.36	3.5				
16	1	2224	12	0	1	0	200	< 2	0.37	1 9				
17	1	320	12	0	1	0	200	< 2	0.36	4.9				
18	1	40	12	0	1	0	200	2	0.38	4.9				
19	1	148	12	0	1	0	120	< 2	0 40	5.2				
20	1	770	12	0	1	0	146	< 2	0.38	4.9				
21	1	148	12	0	1	0	80	< 2	0.37	5.9				
22	1	201	12	0	1	0	190	< 2	0.39	5.8				
23	1	345	12	0	1	0	120	< 2		4.9				
24	1	97	12	0	1	0	150	< 2	0.38	6.4				
25	1	146	12	0	1	0	60	< 2	0.39	4.4				
26	1	181	12	0	1	0	230	< 2	0.40	3.8				
27	1	146	12	0	1	0	120	< 2	0.38	4.9				
28	1	172	12	0	1	0	128	< 2	0.38	4.3				
29	1	261	12	0	1	0	137	< 2	0.49	4.2				
30	1	155	12	0	1	0	93	< 2	0.43	4.0				
31	1	41	12	0	1	0	60	< 2	0.53	4.0				

Avg.									0.39	4.0				
Max.							5980	38	0.53	6.4				
Min.									0.31	1.4				

WSSN: 2310

Date	Free Chlorine Residual at Bacteriological Montioring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1	0.7	0.1	1.3	1.6	0.7	0.2	0.2		1.5	1 4	9
2											0
3											0
4											0
5											0
6	0.6	0.7	1.5	2.0	0.8	0.1	1 4	1.8	1 8	1.8	10
7	0.6	0.7	1.7	1.5	0 7	0.2	1 1	2.0	0.8	1.7	10
8	0.8	0.3	1.0	1.3	0.8	0.1	1.4	1.8	0.8	1.7	10
9											0
10											0
11											0
12											0
13	0.4	1.0	1.7	1 4	0.7	0.2	1.4	1.7	0 4	1.7	10
14	0.2	0.5	1.8	1.6	0.5	0.1	2.1	2.2	0.4	2.0	10
15											0
16											0
17											0
18											0
19											0
20	0 1	1.6	1 7	1.4	0.9	0 3	1.9	2.0	1.3	1.8	10
21											0
22											0
23											0
24											0
25											0
26									1.6	1.8	2
27	0.9	1.3	1.2	1.7	0.7	0.2	1.3	1.8	1.4	0.8	10
28	0.8	0.5	1.4	1.5	0.8	0.2	1.8	1.8	1.5	1.8	10
29	0.9	1.7	1.6	1.7	1.0	0.1	2.0	1.9	0.9	2.0	10
30											0
31											0

Distribution Sample Summary	
Total # of routine distribution samples analyzed	101
Total # of routine distribution samples required	100

Distribution Bacteriological Summary	
Total # of positive routine distribution samples	0
Percent of routine distribution samples positive	0%

See page 9 for positive sample information.

Distribution Disinfectant Total Residual Summary	
Percentage of samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	1.15

Date	Total Chlorine Residual at Bacteriological Montioring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1	0.8	0.2	1.5	1.8	0.9	0.3	0.3		1.7	1.5	9
2											0
3											0
4											0
5											0
6	0.9	0.9	1.4	2.3	1.0	0.2	1.6	2.1	2.2	2.1	10
7	0.8	0.9	1.9	1.8	1.0	0.2	1.3	2.2	1.0	2.0	10
8	1.0	0.5	1.2	1.5	1.1	0.3	1.6	2.0	1.0	2.0	10
9											0
10											0
11											0
12											0
13	0.7	1 5	2.0	1.7	0.9	0.2	1.7	2.3	0.6	2.1	10
14	0.4	1.8	2.1	1 8	0.8	0 3	2.4	2.5	0.5	2.3	10
15											0
16											0
17											0
18											0
19											0
20	0.3	1 9	2.0	1.6	1.2	0.6	2.2	2.3	1.5	2.2	10
21											0
22											0
23											0
24											0
25											0
26									1.9	2.2	2
27	1.3	1.9	1.7	2.1	0.9	0.4	1.7	2.0	1.8	1.0	10
28	1.2	0.8	1.7	1.8	1.2	0.4	2.1	2.3	1.9	2.2	10
29	1.2	2.0	1.9	1.9	1.3	0.2	2.3	2 3	1.1	2.3	10
30											0
31											0

Distribution Disinfectant Total Residual Summary	
Percent samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	1 4

Flint – July 1, 2015 – Mayor D. Walling, J. Freeman, N. Henderson, R. Byrne,P. Dostine, E. Cline

- **Water & (U of M Flint story)**
  Flint continues to work on the issue of water quality. By mid-July, 6 of the 12 new filters will have been installed.
  U of M Flint. U of M staffer and students found presence of TTHM, levels higher than the MCL allows. The story got picked-up in the media. Henderson said the university meant no harm, that the media put the story in a negative light. Flint and the U of M will continue to work together. Flint will continue to test its sites as well.
  Flint is going to push back the date to start the 24' water main replacement. The city will re-bid the project. Why? Project would interfere with current, ongoing transportation projects, the current construction season is already half over, and the original bid came in higher because of the current KWA project. Henderson said the re-bid should save the city as much as $1.5M.

- **Election**
  The scheduled election is moving along. Henderson doesn't anticipate any issues. The last day to register is Monday, July 6.

- **Police and Fire**
  Crime report. Henderson said while overall crime is down, other serious crime incidences are up, like homicide.
  Mayor Walling reported that Flint was selected (1 of 5 cities in Michigan) to participate in a U.S. Dept. of Justice-sponsored, multi-federal agency collaborative intensive crime intervention. Presently, Dept. of Justice officials have been meeting with Flint officials including law enforcement and performing problem assessment. According to the Mayor, it will be a two-year "engagement". The official announcement of the program will be in Detroit sometime in September. Much of the federal help will be in the form of in-kind: coaching and technical assistance.

- **Budget**
  Council adopted the FY '16 budget. The fund balance was $495,000. Council adopted an amendment to utilize $250,000 of the fund balance for weed and grass abatement. Henderson opposed council's decision (Mayor is not going to veto) and said the issue will have to be handled at the July 15 RTAB. Henderson noted that the city's overall fund balance -- $1.5M of a total budget of $ 55M -- represents 3% of the total budget. That's well below the 12% in the EM Final Order. Henderson said council's actions are "not financially responsible."
  About the unmowed grass issue. Henderson said $100,000 was found in DPW's FY '16 budget that can go to partially mitigate the issue of unmowed grass. (The mayor estimated it would cost the city $1M to cut the whole city, one time!) She also said they are exploring other avenues like CDBG funds. The county Land Bank maintains it properties.

Plant Jul 1 9AM WED

R Byrne, E Clerie RDoctine
NAMARRA Jack Freeman Mayor Wasilla.

Priorities

N - Water - Cont to work on quality of water
- U of M testing they found:
TTHM - higher levels over the MCL
- Plant will still test their site
- U of M still working
- MSU Comm. College - they haven't said anything negative

by mid-July
6 of 12 filters installed

▷ project begin end of July
Put off till

Dupont
TTHM -
$1.5M to do FT NRL it would cost
Also interfer
related FT - to do.

KWA

MAYOR

KWA project did entirely consume our mid-mkt. capacity.

Authority to water plan rates same. will re-bid and get cheaper price - less $1.5M

Detroit leased their water rates?

Fleet still w/ DWSD?

(Mayor) yes.

Election

don't see prob. Ele - working along last day to register & then. Id 6.

Police + Fire

Police - down overall in crime stats
- homicides are still up.

Mayor selected

- Flint one of 5 intensive focus By Dept of Justice

- Coaching + tech assist. program
- connect Liaison Dept of Justice

City of Flint
Water Quality Update
Wednesday July 1st 2015

Leak Detection

What: $900,000 Treasury Distressed City Grant for Leak Detection / Pipe Wall Assessment

Status: Expected start date – mid / late July

The Contract and RFP should be to vendor "Echologics" by next week.

The vendor has several questions regarding assurance of payment. Their requests have been forwarded to the Finance Director.

The vendor maintains a window of 10 – 14 weeks following mobilization to complete the full scope of work.

Next steps: Complete the contract signing and schedule mobilization.

GAC Installation

What: $1,601,740 contract with LAN to design and install new filter media at the Water Plant

Status: Ahead of schedule

The filter testing has been completed by the vendor and the final media has been determined and forwarded to DEQ. Preliminary testing has shown that for optimal GAC performance, filter media sand will also be replaced. This will be a complete filter media replacement.

Installation has been scheduled to start the week following the 4th of July, with vendor committing to complete 6 filters by July 17th. The remaining 6 filters are to be complete by mid-August. Six filters can treat up to 18 MGD, and current usage is ranging from 13 -15 MGD.

The measurement of success will be determined by the level of TTHM leaving the plant tap. When traveling through the distribution system the levels can reach as high as twice the plant tap level leaving this as the control point.

The test results indicate that the installation will serve the desired purpose and allow the City to control TTHM levels in the summer months. Testing will occur weekly during the installation to measure the success rate and determine the actual effectiveness of the filters.

Next steps: Installation is scheduled to begin on the week following the 4th of July (one week ahead of original projections).

WPC Incinerator Shutdown

What: $1,100,000 Treasury Distressed City Grant for WPC Incinerator Shutdown

Status: In construction phase

Concrete pours are underway, and will be ongoing the next few weeks.

Building footings are poured, and further progress will continue when the concrete has cured.

Panels for the upper section of the facility have started to arrive on site.

Next steps: Completion of underground infrastructure followed by more concrete.

Water Meter Installation

What: $5,000,000 contract to purchase and install up to 18,000 water meters.

Status: On schedule with tentative start date of July 20th.

The vendor "Metron" has signed the contract and is working with City staff to develop a written installation plan

The plan will be to replace the 9000 meters that are currently producing irregular reads in a scheduled and efficient manner.

The City will install an additional 3000 meters annually over the next three years.

The plan is expected to be completed by mid-July with installation planned for the end of July.

Next steps: Complete written installation plan, and develop notification letter to coordinate installation with customers.

Dupont St. 24' Water Main Replacement

The recent decision to re-bid the project was based on a number of issues discussed on 6/26/15 with DPW staff and Rowe Engineering.

- Interference with current ongoing Transportation projects:
    - Saginaw St. paving project (MDOT)
    - Dupont St. paving project
    - Stewart Ave. to Bishop St. project
    - Stewart Ave. to Andrew St. project

  With the late start many of these newly paved roads will be impacted, and will need to be repaired to specs at extra cost to the project.

- Last bid for project perceived as too high.
    - Industry professionals believe the current KWA project drove the price up due to contractor's schedules and equipment already allocated to other projects.
    - Bidding timeframe was not optimal, most projects of this nature are bid out in January. At this time most contracting firms have an open schedule, therefore more bids are usually returned and the bidding is more competitive.
    - It was discussed to bid phase 1 again in January, and then bid phase 2 in February. This may increase the ability to save money overall on both projects

- Late start may push project into the winter months if issues arise.

Mike Glasgow
Utilities Administrator

RESOLUTION STAFF REVIEW

DATE: 7-1-15

Agenda Item Title: Repair Clamp and Water Service Parts

Prepared By: Cheri Priest, Water Service Center

Background/Summary of Proposed Action: The City of Flint Water Service Center requests that a purchase order be issued for the purchase of stainless steel repair clamps and miscellaneous service parts which are used in the repair of water mains and service lines.

Financial Implications: Adequate funding has been allocated for this purchase

Budgeted Expenditure? **Yes** ☒ **No** ☐ **Please explain if no:**

Account No.: 591-540.202-726-000 $130,000.00

Pre-encumbered? Yes ☒ **No** ☐ **Requisition #** 150000608

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: Robert Bunish
(Dept Head or other authorized staff)

SEALED PROPOSALS RECEIVED FINANCE DEPT/PURCHASING & SUPPLIES ON SEPTEMBER 10, 2015
ANNUAL SUPPLY OF WATER DISTRIBUTION PIPE STAINLESS STEEL REPAIR CLAMPS AND REPAIR PARTS
#16000529

	Michigan Pipe and Valve 4040 Eagles Nest Flushing, MI 48433	Etna Supply Co. 529-32nd St. Grand Rapids, MI 49548 (Flint branch) 2395 Lapeer Rd, Flint, MI 48503	HD Supply c/o Don Napier 6575 - 23 Mile Rd. Shelby Township, MI 48316
Unit Pricing of various repair clamps as requested	$6,065.31	$5,756.00	$5,675.31 ***($6,0725.58)**

***7.0% price advantage given to Etna Supply based on local preference ordinance**

Byrne, Randall (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, July 07, 2015 2:02 PM
To: Byrne, Randall (Treasury)
Subject: FW: KWA Update

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) [redacted] | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Tuesday, July 07, 2015 2:01 PM
To: Cline, Richard (Treasury)
Subject: KWA Update

KWA UPDATE

July 7, 2015

This KWA update is given with information provided by the Genesee County Drain Commissioner Jeff Wright who is also the CEO of the Authority.

The Kwa Pipeline is on schedule to provide Lake Huron water to the Flint Treatment Plant by **June of 2016**.

Intake – The intake, which is the entry point for Lake Huron water a mile down is nearly 90% completed and will be finished in the next several months. Additional regulatory procedures have slowed the timing but this aspect is on target.

Pump Stations – There are two pump stations along the pipeline that have to be finished and each is approximately 75% complete. Current timeline has each station done by the end of this calendar year.

Underground Pipe – Twenty-six of seventy (70) miles of underground pipe has been installed including the majority of the pipe from the Genesee County line to the Flint Treatment Plant.

Installation of the remaining pipe stands out as the determining factor as to how soon water can be delivered from Lake Huron to the Flint Treatment Plant.

- If the weather remains mild then the possibility exists to have water delivered by the first quarter of 2016.

- If there is a significant amount of rain, then the timing of water delivery could be pushed back to the third quarter of 2016.

- Conservative estimates and current pace of construction maintains that the pipeline will be complete to the Flint Water Plant by

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

Flint telephone call, July 8, 2015, 9AM

Randy, Patrick, Carmen

Natasha Henderson, Mayor Walling

- Priorities for the upcoming week

- Ecologic update. Contact signed?
- Water issue at U of M Flint

  Nothing new, continuing to work closely with – didn't have enough consumption on campus to get water flowing

- Councilman Kincaid's lawsuit, update

  Nothing new, moving forward

- Re-assessment

  Received a letter, will send RFP from City of Detroit, stated we accept your letter – closer it is to $3M, the harder it will be to get done. Natasha inquired about funding assistance for this project – FDCVT program has $5M funding for next fiscal year, call for project in fall? Randy will discuss with Treasury contact re: timing

- KWA – Estimated completion date is June 2016, one of twelve filters installed – this portion should be completed in a couple weeks

- New RFP for water main replacement
- Updates from the City Charter Commission

  Meet every week, and have subcommittee meetings weekly as well, 3-4 meetings per week

  Budget request – $59,000 allocated, asking for double – Mott Foundation may help with funding, Natasha will keep OFR updated on

  Looking at Pontiac's charter – Council didn't go out and support it, wasn't explained what it would do (reasons for denial)

- Miscellaneous
- Transportation Millage MTA

  Same millage rate – Natasha will report back OFR on length of renewal

Deadline to approve request to get on ballot is August 11, would need to be addressed at July RTAB Meeting

- Refiling for Coalition for Clean Water – Federal Judge dismissed request for injunctive relief, former City Attorney Young resubmitted suit (30 pages of allegations) to Circuit Court, Mayor and Natasha named in suit

- RTAB Meeting

  Natasha had concerns regarding a budget amendment, 12-15% fund balance, with Council's actions it will only be at 3%

  Mayor stated that June 30 has already passed, $200,000 is unspent, will not change end of year balance, need to move forward with audit and close books

- Preparing Year-End Strategic Plan Update & Summary

- Jodi is doing a good job so far – Jerry is still on call and will be coming in today to help with 911 or Courts

- Flint Firebirds are announcing their new sponsor tomorrow (formerly Pirani), also making improvements to building, ie locker rooms, media box, etc.

- A lot of people are watching the OPRA issue, Mayor feels RTAB support is crucial

  Randy will ask Eric which member will be absent from meeting, Natasha would like them to vote still

- Phone call next week will be canceled due to RTAB Meeting

Flint tele call 7.8.2015

CARMEN, Randy, MAYOR, NATASHA, [redacted]

Water / DOJ on Flint

- still working closely with them
- NO New developments

Re-assessment

- Flint received letter from tax commission
- Forwarding Det RFP to Flint

Q. CAN Flint get funding to help with Re-Assessment project? (From NATASHA)

A: Maybe some new funding under existing distressed community treasury grant

KINCAID lawsuit

NO New developments

lawsuit update

- Coalition of Clean Water

- They have re-filed lawsuit to circuit court
  - 30 pgs of "suspect allegations"
  - MAYOR has been added to lawsuit

- KWA completion - June 2016

- water treatment project

- one of the 12 filters has been installed.
- Natasha thinks it will be completed next couple of weeks

Charter Commission

- Meet weekly incl. subcommittees
  - They made budget request - they asked double the amount ($5900) for funding - Flint cannot afford that - Flint told charter commission to seek money from foundations

MTA Millage renewal

- asking for same amount, ~~no~~ no increase
- CAN we have this on RTAB? MAYOR ASKED MILLAGE
- Aug. 11th deadline to ok for upcoming election

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com

For Immediate Release

Granulated Activated Carbon Filter Installation Underway at Flint's Water Treatment Plant, Expected to be Completed by Mid-Month

Flint, Michigan – July 9, 2015 – Installation of the Granulated Carbon filter media (GAC) is underway at Flint's Water Treatment Plant. The first phase of the new filter media will be installed and operational within a couple of weeks. The GAC filter media will immediately begin greatly reducing the amount of Total Organic Carbon (TOC) in the water which is expected to significantly reduce the formation of total trihalomethanes (TTHM).

The City of Flint and LAN Engineering designed the plan for installing the GAC and work was coordinated with the Michigan Department of Environmental Quality. Installation of the GAC was a key recommendation by water service firm Veolia North America for addressing the issue of TTHM. The cost of the filters is approximately $1.6 million.

Recent testing has shown that Flint's water is meeting all regulatory safety standards, with TTHM levels being significantly below the maximum level accepted. Flint has been under the that level at all eight sampling sites during the last two quarters of testing, however a violation notice was required to be sent at the beginning of this month due to the average being high at one site from levels experienced in 2014.

TTHM is the colorless, odorless byproduct gas created by the reaction between TOC and the chlorine used for disinfecting water during treatment. By drastically reducing the amount of TOC in the water through the GAC, the formation of TTHM is expected to be reduced. Installation of the GAC is one of many improvements to the water system which are call for in the City's Capital Improvement Plan.

–END–

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com

For Immediate Release

City of Flint Statement on Amended Water Lawsuit

Flint, Michigan – July 10, 2015 – The Coalition for Clean Water has filed a new lawsuit against the City of Flint in which they have abandoned all previous federal claims. In response to the updated complaints, city officials issue the following statements:

"Only one month ago, plaintiffs filed a lawsuit claiming the City violated federal laws. Now they have admitted their claims lacked merit, just as the U.S. District Court said. The plaintiffs' new claims are equally baseless and devoid of legal merit. The taxpayers of this community can ill afford yet another lawsuit and any assertion that water decisions by the City of Flint were made without the public's best interest in mind is misleading and damaging to the public trust."

– Pete Bade, City Attorney

"Every step has been taken to ensure the safety of the water. The City has worked closely with authorities to make certain all safety and quality guidelines are followed. Flint's commitment to providing safe, quality and affordable water has not wavered. The City has taken numerous steps and invested a substantial amount, more than $30 million over 5 years, to improve its water system. These steps have and will include:

- Upgrades to the Water Treatment Plant ahead of water source switch
- Construction of a new intake at the WTP ahead of the KWA connection
- The regular flushing of hydrants

–CONTINUE–

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

- Exercising and repairing of valves
- Repair of mains damaged during the spring thaw
- The ongoing hydraulic modeling of the distribution system
- Creation of both a citizens' and a technical advisory committee in order to share information with the community
- In-home water testing to monitor distribution system
- On-site testing for TTHM at the Water Treatment Plant
- Approval of a leak detection system set to begin in August
- The creation of a dedicated water webpage, complete with documents and timeline of events, to share this information with the public

In addition, the new granulated activated carbon (GAC) filters are being installed at Flint's Water Treatment Plant. The first round of filters will be installed by mid-July and will have an immediate impact greatly reducing the amount of total organic compound (TOC) and thus reducing the formation of trihalomethanes. These filters, along with the others proactive measures being undertaken to address issues in the system, were the concurrent recommendation of the various parties who evaluated Flint's treatment operation.

– Howard Croft, DPW Director

–END–

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: July 10, 2015

TO: Rick Snyder, Governor

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: Status of Financially Distressed Local Governments

EMERGENCY MANAGER

Lincoln Park
Emergency Manager: Brad Coulter
Appointed: July 3, 2014
Anticipated Exit: January 2016

Recent Developments
- The city ended FY 15 with an estimated $100K General Fund Balance.
- An actuarial analysis published on May 20, 2015 shows a further decline in pension funding, down to 23%. More conservative actuarial assumptions were used in this report.
- EM Coulter has modified retiree collective bargaining agreements to reduce healthcare benefits. These changes are to be implemented in July 2015 and will reduce retiree healthcare costs from $4.1M to $600K annually.
- City Manager interviews have been conducted. Mathew Coppler, City Manager of Enfield, Connecticut was offered the position and accepted. His contract has been finalized and he will begin work in late September.
- The Lincoln Park Retiree Associations have filed a lawsuit against the State of Michigan, Treasury, and the City of Lincoln Park regarding the reduction of city retiree healthcare.

Significant Actions/Issues
- FY 14 ended with a General Fund accumulated deficit of $736K, out of a total budget of $21M. This is a significant increase from the FY 13 accumulated deficit of $89K. Increases were in Public Safety - $1.1M, Public Works - $700K, and Culture and Recreation - $600K.
- Voters rejected the Firefighters and Police Officers Retirement Act proposal last month by a 53% to 47% margin. Had it been approved, an additional $3M annually would have helped fund fire/police pension and healthcare costs. EM Coulter is pursuing an alternative plan under provisions of PA 345 of 1927 to create a Board of Trustees to manage and operate the retirement system. If successful, a request for seven mills per year to fund public safety pensions will be placed on the November ballot.

Issues to Resolve before EM Exit
- Police CBAs must be finalized.
- Increase and stabilize pension funding levels.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

FRC Created: November 12, 2014
FRC Members: Nick Khouri, Bill Martin, Brenda Jones, Darrell Burks, John Roberts, Lorron James. Mike Duggan, Stacy Fox, Tony Saunders

Recent Developments

- In reaction to the June 30, 2015 vote by Detroit City Council against increasing rates on water and sewerage costs, the Chairman of the FRC and State Treasurer, sent a letter to Detroit's Mayor and City Council on July 2, 2015. The purpose of the letter was to ask the Mayor and City Council to provide the FRC with either the necessary information to demonstrate the city's plan to comply with the approved budget for FY 16, or the basis upon which the city will seek an amendment to the FY 16 budget. If the vote is not reversed, this action will result in the Detroit Water and Sewerage Department Enterprise Fund being in a deficit position for FY 16.
- At the FRC's June 22, 2015 meeting, the city provided an update on the syndication of the city's $275M bankruptcy exit financing. The city may elect to repay a portion of the exit refinancing before the public offering, which is expected to occur in mid-August, and will report back to the FRC at the July 27, 2015 meeting.
- The most intense work the FRC will perform going forward is measuring the effectiveness of restructuring initiatives in light of the large annual pension obligations the city will incur beginning in 2024.

Significant Action/Issues

- The first statutorily required biannual report on Detroit was filed by the Financial Review Commission (FRC) on May 28, 2015. The report detailed the FRC's activities and formal requirements since its appointment in November 2014. The FRC will file its second biannual report in December 2015.
- The city submitted its Four-Year Financial and Operating Plan (Plan) to the FRC in March. After reviewing the Plan and determining it was based on sound assumptions and met all statutory requirements, the FRC granted approval on April 20, 2015. The city's Plan encompassed the second year (FY 16) of Emergency Manager Orr's two-year budget and used this as its base year with no changes, plus three years (FY 17, FY 18, and FY 19).
- The City of Detroit Assessor's Office is currently conducting a multi-year project to reappraise all properties in Detroit, after the State Tax Commission found significant problems with property valuations. The reappraisal is scheduled to be completed in 2017.

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Allen Park

RTAB Appointed: September 26, 2014
RTAB Members: Suzanne Schafer, Joyce Parker, Fredrick Frank, Karen Barann

Recent Developments

- The City Council adopted the FY 16 Budget on May 26, 2015. It was approved by the RTAB on June 3, 2015.

- The city completed its move to a new temporary City Hall on June 8, 2015. Final inspections are scheduled for July 17, 2015.
- The city met with the police bargaining unit and is considering a one-year extension to the CBA.
- On May 15, 2015, an updated five-year budget projection from the city was received. The RTAB will be considering this item at their July 22, 2015 meeting.
- The RTAB approved the hiring of a professional search firm to assist with finding qualified City Administrator candidates. Treasury will participate in the selection process. Initial screening of applicants is expected to begin in July 2015.
- Completion of the bond tender process is projected for August 2015. The 2015 Refunding Bonds will be rated Single A, due to the city's pledge of distributable state aide.
- Standard & Poor's released its rating of the city on June 24, 2015, in anticipation of the bond tender release. The city's long-term rating for the existing bonds was downgraded with a negative outlook. The downgrading for these bonds is similar to the rating by Standard and Poor's on the City of Detroit's DWSD tender refinancing.
- A retired city employee has brought a breach of contract and age discrimination lawsuit against the city. The city's insurance policy covers only a small portion of the alleged damages.

Significant Actions/Issues

- There's a need to add one member to the RTAB to find additional Allen Park area diversity.
- In April, the RTAB approved creation of an Interim Deputy City Administrator position to oversee city operations until the bond tender and City Hall projects are complete. Mark Kibby, former City Manager of the City of Woodhaven, was appointed to this position.
- Litigation was filed by retirees challenging the EM's authority to reduce other post-employment benefit (OPEB) liabilities. A motion for summary disposition is pending. No date has been set to hear this motion.

Benton Harbor

RTAB Appointed: March 10, 2014

RTAB Members: Larry Steckelberg, Bret Witkowski, Marvin Raglon, Sharon Hunt

Recent Developments

- The City Council adopted the FY 16 budget on June 15, 2015. The RTAB approved the FY 16 budget on June 22, 2015.
- There is a vacancy on the City Commission due to the passing of Commissioner Mary Donald.
- Former Benton Harbor Public Safety Director Roger Lange has brought a Whistleblower and Elliot Larson Civil Rights case against the City of Benton Harbor and former Emergency Manager Tony Saunders. The mediation is expected to take place on July 17, 2015 with Jon March of Miller Johnson serving as the mediator.
- The Finance Director, Deputy Finance Director, several Public Safety Officers, and two Public Works Department employees have resigned due to other employment opportunities.
- The first annual evaluation from the RTAB will commence in July.

Significant Actions/Issues

- On April 6, 2015, the City Commission passed resolutions adopting a procurement policy, investment policy, and a credit card policy.
- FY 14 audited General Fund revenues exceed expenditures by $1M, out of a total budget of $6.1M.

Ecorse

RTAB Appointed: May 1, 2013
RTAB Members: Edward Koryzno, Robert Bovitz, Joyce Parker

Recent Developments

- On May 12, 2015, the RTAB approved a narrowly balanced FY 16 Budget. To balance the budget, the city increased an existing P.A. 33 levy by approximately 15 mills.
- The City has completed a balanced five-year financial plan. Difficult changes including the outsourcing of fire services must be realized soon to comply with this financial plan. This is the first time that the City has proposed a solvent path out of receivership.
- The City Administrator has requested a new City Controller (third in six months), however; the RTAB rejected this appointment at the May meeting. The Mayor has submitted a letter of protest, disagreeing with this RTAB decision, and Treasurer Khouri met with him on June 26, 2015. Treasury is considering changes to the final EM Order as a result of that meeting.
- A second annual evaluation from the RTAB will commence in the coming months.

Significant Actions/Issues

- The city continues to have difficulty attracting qualified candidates and filling higher level administrative positions.
- Municipal Employee's Retiree System pension contributions are anticipated to increase from $1.8M in FY 15 to $2.4M in FY 16 due to accelerated funding for closed plans.

Flint

RTAB Appointed: April 29, 2015
RTAB Members: Frederick Headen, Brian Larkin, David McGhee, Beverly Walker-Griffea, Robert McMahan

Recent Developments

- The City Council approved an amendment to the EM adopted FY 15 budget on June 29, 2015. The city ended FY 15 with an estimated $495K General Fund balance. The RTAB will be reviewing the budget amendment at their July 15, 2015 meeting.
- The City Administrator has issued a Corrective Action Plan to the City Clerk to correct a number of operational deficiencies that resulted in the wrong election submission dates being provided to local candidates.
- Legislation has been signed that will allow candidates who submitted petitions by April 28, 2015 to have their names placed on the August Primary ballot.
- U.S. District Judge Stephen J. Murphy denied a motion for a preliminary injunction on June 23, 2015, to force the city to purchase water from the City of Detroit.
- On June 12, 2015, the Michigan Court of Appeals reversed a decision by Genesee County Circuit Judge Richard Yuille, who dismissed a claim that the city violated its own ordinances when the Emergency Manager raised water and sewer rates in 2011.
- The RTAB held its first meeting on June 11, 2015. Jodi Lundquist has assumed the position of CFO.

- As a result of a recent review, the State Tax Commission notified the city that it must maintain adequate assessment records in compliance with statute and State Tax Commission Rules, and must implement any corrective actions necessary. In addition, the city shall implement a full reassessment within a time frame agreed upon with the State Tax Commission. The city will be issuing an RFP for a reappraisal.
- The city continues to inform residents that it is in violation of the Clean Water Standards Act. Monthly testing is ongoing.
- The city is implementing Veolia recommended improvements to its water system, including water plant improvements, distribution system improvements, new policies and procedures, and better communication with customers. The city is installing a $1.5M granulated active-charcoal filter to improve water quality. This filter installation will be completed in mid-July.
- The city hired Echologics at a cost of $895,850 to perform a leak detection study. This project is scheduled to begin in July 2015.
- The KWA pipeline is expected to be completed in June 2016. The two pump stations are 75% complete and the intake should be completed in August 2015.

Significant Actions/Issues

- If the city loses a lawsuit over retiree healthcare, the EM's two-year budget does not assume an additional $5M to $6M annual expense.

Hamtramck

RTAB Appointed: December 18, 2014

RTAB Members: Deborah Roberts, Mark Stema, Cathy Square, Karen Young

Recent Developments

- The City Council adopted the FY 16 Budget on June 17, 2015. The RTAB approved the Budget on June 23, 2015. The city has also developed a long-term capital improvement plan.
- The city is undertaking a $7M sewer infrastructure improvement project which is eligible for State Revolving Fund monies. The project will reduce storm water inflow into the sanitary sewers.

Significant Actions/Issues

- A suit was filed in federal court by Hamtramck retirees over changes to healthcare benefits made in October 2014. The potential exposure to the city is currently unknown.
- The annual pension liability is anticipated to increase from $3.5M in FY 15 to $4.3M by FY 19. This increase is a result of closing certain pension plans and the Michigan Employee's Retirement System (MERS) policy of accelerating the required contribution for closed plans. The increases were included in the Emergency Manager's two-year budget.

Pontiac

RTAB Appointed: August 19, 2013

RTAB Members: Edward Koryzno, Louis Schimmel, Keith Sawdon, Robert Burgess

Recent Developments

- Treasury staff met with members of the City Council on June 22, 2015 and June 23, 2015 to discuss the RTAB and transition to local control.
- On June 18, 2015 the City Council adopted the proposed FY 16 budget and 2015 tax rates. The RTAB held a special meeting on June 26, 2015 to approve the proposed FY 16 budget and 2015 tax rates.
- Initial screening of Deputy Mayor Candidates will begin in July. Treasury will participate in the selection process.
- The city lost the Supreme Court ruling on efforts to demolish the Phoenix Center. Treasury is working with the city to move forward with the sale to a private operator which frees up $2M in demolition funds.

Significant Actions/Issues

- On May 21, 2015, the Securities and Exchange Commission (SEC) issued an Order to initiate proceedings against Gray & Company, the city's pension investment advisor. The proceedings involve Gray & Company's dealings with investments made by several Georgia pension plans in the Gray Co Alternative Fund II LP, a proprietary private equity fund. The Pension Board met with Mr. Gray to discuss the SEC proceedings, its effects on the Pontiac GERS portfolio, and how much is invested with Gray's firm. The Pension Board is reviewing options for withdrawal of pension assets from Grayson controlled funds.
- On May 20, 2015, the RTAB postponed consideration of an amendment to the city's retirement ordinance that would have granted early retirement status to 69 former employees. The amendment was adopted by City Council in April with no prior analysis or actuarial study being conducted. The best available estimates indicate an impact to the pension system of approximately $9-$13M per year. The ordinance amendment was sent back to committee for further review.
- The city lost a decision at the Michigan Court of Appeals which may make it liable for a $3.5M payment to the Police and Fire VEBA. The city requested reconsideration but was denied. On May 20, 2015, the RTAB approved the city's request to appeal to the Michigan Supreme Court.
- On May 5, 2015, the city's Charter proposal was rejected by voters by a 55% to 45% margin.
- Per the city's FY 14 audit, the General Fund's accumulated fund balance is approximately $5M out of a total budget of $27M.
- The City of Pontiac Retired Employees Association v. City of Pontiac lawsuit (in U.S. District Court) was reassigned from Judge Lawrence P. Zatkoff to Judge Avern Cohn. The lawsuit challenges former EM Schimmel's elimination of retiree healthcare and replacement with an annual stipend. The General Employees Retirement System Pension Fund is significantly overfunded and the parties are exploring options to use the overfunded portion to fund retiree healthcare. Mediation is taking place under the supervision of Eugene Driker.

CONSENT AGREEMENT

Inkster
Date Executed: February 20, 2012
Consent Agreement Consultant: Mark Stuhldreher

Recent Developments

- The City Council approved the FY 16 budget on May 18, 2015.
- On May 14, 2015, the City Council agreed to settle the Dent lawsuit regarding police misconduct for $1.37M. The cost of the settlement has been placed on the July tax roll by a judgement levy.
- Three Police Chief candidates were interviewed on June 11, 2015. There was a difference in opinion on the preferred candidate. Subsequently, contract negotiations with William Riley, Police Chief of Selma, Alabama are underway.
- On June 1, 2015, an Order was issued requiring the City Treasurer to approve all employment matters with city officials and employees, expenditure of funds, and all contracts.
- On June 29, 2015, an agreement was reached with Wayne County to place a judgment levy starting with the December 2015 tax roll, for five years, to repay the county $4.9M in past due sewer charges.

Significant Actions/Issues

- On April 20, 2015, the city adopted a working capital reserve policy for the Water and Sewer Fund which will provide funds for emergency situations.

River Rouge

Date Executed: December 15, 2009
Consent Agreement Consultant: N/A (P.A. 72)

Recent Developments

- The city adopted its FY 16 budget on May 19, 2015. The budget is balanced at $9,839,808. The city has prepared a proposed five-year budget that shows a deficit in FY 18 to FY 20 unless additional revenues can be found.

Significant Actions/Issues

- A fire union CBA was approved in March, resulting in a reduction in healthcare costs.

Royal Oak Township

Effective Date: April 21, 2014
Consent Agreement Consultant: Robert Burgess

Recent Developments

- The Township Supervisor recently provided a legal opinion from a former Township Attorney that the Township Board could legally spend the $620K in reimbursed retirement assets received from MERS for capital improvement projects. A previous Consent Agreement Order prevented spending of these funds. The Township Board did not request this legal opinion. Treasury is assisting the Consultant in investigating this matter.
- An Order was issued on June 17, 2015, granting the Consultant broad authority to approve expenditures made by the township and ensure that obligations are being paid. The Order also gives the Consultant authority to return the $620K in reimbursed retirement assets to MERS.
- Treasury has requested a work plan from the Consultant on how the township's Finance and Operating Plan will be implemented over the next six months.
- A report issued by the Rehmann Group, the township's financial consultant, noted that the township must make budget adjustments of $164,275 to its FY 15 General Fund budget to

account for expenditures exceeding revenues in FY 14. The township adopted budget amendments on May 28, 2015 and implementation is pending.

Significant Actions/Issues

- Treasury learned that the Township Supervisor was regularly authorizing overtime for employees, though overtime was not included in the FY 15 budget and the Consent Agreement requires State Treasurer approval prior to overtime expenditures. An Order was issued May 20, 2015 requiring the Consultant to approve all requests for overtime prior to authorization.
- On May 11, 2015, Oakland County approved proposed ballot language for 4½ mills for the township's general operations. The current millage expires December 31, 2015. The election is scheduled for August 4, 2015.
- The City of Detroit has declined to provide police services to the township. Proposals from the cities of Ferndale and Hazel Park have been determined to be too expensive. The Michigan State Police continues to provide police services to the township in the interim.

NEUTRAL EVALUATION

Highland Park

Financial Review Team Appointed: December 2, 2013
Financial Emergency Declared: January 30, 2014
P.A. 436 Option Selected: Neutral Evaluation

Recent Developments

- On June 29, 2015, the City Council approved a substantial increase in water and sewer rates which will enable the city to provide funding for water and sewer operations.
- On July 6, 2015, Wade Trim took over the operation and maintenance of the water and sewer systems.
- Mr. Louis Schimmel was hired on June 29, 2015, to provide consulting services regarding water and sewer issues.
- The city will issue an RFP in July to contract-out the collection of past due water and sewer bills from residential and commercial customers.
- The DWSD Director has threatened to terminate water and sewer services if the city doesn't pay its arrearage and current charges. A Wayne County Circuit Judge issued a temporary restraining order on April 29, 2015 blocking DWSD's efforts to cut off water service to the city. The city was granted a stay on the $20M judgement levy on June 3, 2015.

Significant Actions/Issues

- On May 18, 2015, the City Council adopted a resolution requesting MDOT to pay for storm water drainage from the highways and freeways under MDOT's jurisdiction in the city.
- On May 18, 2015, City Council approved a consultant's recommendation for an amnesty plan for residential customers to pay arrearage amounts owed to the city. The consultant has determined that if all customers take advantage of the amnesty plan, the city could collect $2.08M. The city has extended the amnesty plan until July 31, 2015. This will allow more time for customers to pay past due accounts.

- There are concerns about the city's ability to successfully implement health insurance cost reductions as planned in FY 15.
  The city's liabilities total $99.9M. Some major components are: $55.3M debt, including $20.7M owed to the DWSD, and $26.1M unfunded other post-employment benefits (OPEB).

OTHER COMMUNITIES

Wayne County

Recent Developments

- On June 10, 2015 the county reached a settlement with retirees on healthcare. The county will no longer provide health insurance but will instead provide a stipend to retirees. This will result in a savings of $20M annually.
- On June 17, 2015 the Wayne County Executive requested a preliminary review under the Local Financial Stability and Choice Act, Public Act 436 of 2012. After notification to the county, the Department began its preliminary review of the County's finances on June 19, 2015. A final preliminary review report was issued on June 30, 2015.
- On July 1, 2015 the Local Emergency Financial Assistance Loan Board met and found that probable financial stress exists in the county.
- On July 2, 2015, a five member review team was appointed. The review team met with various county officials, commissioners, personnel, and union representatives July 9 and 10, 2015. A recommendation regarding the declaration of financial emergency will be forthcoming within seven to ten days.

Significant Actions/Issues

- The county's annual structural General Fund deficit is approximately $52M prior to any of the proposed remedial actions.
- The county's proposed restructuring is approximately $53M in General Fund savings, $25M of which comes from changes to pension and healthcare benefits for active employees and healthcare benefits for retirees. The county has not yet proposed a long-term solution to its jail problems.

Cline, Richard (Treasury) ES, SAM, Josh, CA, Mayor

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, July 21, 2015 7:58 AM
To: Cline, Richard (Treasury)
Subject: draft agendas for Flint & Allen Park

Eric,

Could you take a look at these two agendas and add/subtract? Send back.

Randy said something about me hosting the Flint call tomorrow morning, but he must have forgot that I will be out from 8 am till 10 am. I won't be on that call.

Pat

Flint telephone call, July 22, 9AM

- Priorities – 1) Econ Dir leaving in Aug; 2) Mayor Hamlin
- Water issue at U of M Flint. Any updates? – Received
- Councilman Kincaid's lawsuit, updates? – N/A
- Re-assessment – Received RFP from Tax com → Template
- KWA – 1) GAC install & ready next week; 2) Next Bin Aug; 3) Leak Det Contract, 4) Meters Started
- Updates from the City Charter Commission – Progressing
  - What about the budget request? Has the Commission approached any foundations? Mott Foundation, others? – No $ available; Need Guidance ← Staff Assist?; New Attorney?
- Transportation Millage MTA
  - What's the length of renewal for the millage? – 5 years
- Year-End Strategic Plan Update & Summary
- Miscellaneous – 1) FDCVT Grant; 2) OPEB Suit – N/A update; 3) Blight update Next Wk.
  4) GM – $500M investment announcing

Allen Park telephone call, July 24, 3:30pm

- Priorities
- Police & TPOAM contracts
  - Has a budget-impact analysis been done on proposed contracts?
  - Actuarial report completed?
  - Did police ratify contract?
- Update on bid for prescription drugs
- Elevator project
- What happen Jul 20 settlement conference?
- Bond tender still delayed?
- Miscellaneous

Water - Plant usage ↓; Some minor issues due to System Maint; N/A on legal

Byrne, Randall (Treasury)

From:	Natasha Henderson <nhenderson@cityofflint.com>
Sent:	Wednesday, July 22, 2015 9:01 AM
To:	Dayne Walling; Joshua Freeman; Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject:	Utilities Update 7_23_15.pdf
Attachments:	Utilities Update 7_23_15.pdf

Natasha L. Henderson, City Administrator
City of Flint, Michigan
@Samsung Galaxy Note 4

City of Flint
Water Quality Update
Wednesday July 23rd 2015

Leak Detection

What: $900,000 Treasury Distressed City Grant for Leak Detection / Pipe Wall Assessment

Status: Contract signing

The Contract has been signed internally and sent to the vendor.

The vendor maintains a window of 10 – 14 weeks following mobilization to complete the full scope of work.

Next steps: Complete the contract signing and schedule mobilization.

GAC Installation

What: $1,601,740 contract with LAN to design and install new filter media at the Water Plant

Status: Installing

Six of the twelve filters are completely installed and will go into use at the beginning of next week. We need to relocate the mid-point chlorination prior to switching the water to running through the filters.

The filters are expected to immediately drop the TTHM level.

One the water has been redirected through the new GAC, the remaining six filters will begin installed

All twelve filters will be available for use in advance of our next quarterly testing period which is the third week in August.

Next steps: Introduce water through the six new filters, and begin installation of the next six filters.

WPC Incinerator Shutdown

What: $1,100,000 Treasury Distressed City Grant for WPC Incinerator Shutdown

Status: In construction phase

Construction continues, the weather has cooperated and the work is on schedule.

Next steps: Completion of concrete work.

Water Meter Installation

What: $5,000,000 contract to purchase and install up to 18,000 water meters

Status: On schedule

Letters have been sent to the printer for mailing.

A list of frequently asked questions is written and being posted to the website.

The installation of the first 9000 meters is scheduled to launch within the next week.

A kickoff meeting of all management personnel involved is set for this week.

Next steps: Hold a kickoff meeting with all management personnel involved prior to launch of installation program.

Howard Croft
Public Works Director

Pleyte, Beth (Treasury)

Subject:	RDS/DM/EC/JW/NKhouri/TSaxton/WWorkman - Local Government Update
Location:	Governor's Office, Romney
Start:	Wed 7/22/2015 3:30 PM
End:	Wed 7/22/2015 4:15 PM
Recurrence:	(none)
Meeting Status:	Accepted
Organizer:	GovCalendar
Required Attendees:	Muchmore, Dennis (GOV); Clement, Elizabeth (GOV); Wisniewski, Wendy (GOV); Workman, Wayne (TREASURY); Saxton, Thomas (Treasury); Pleyte, Beth (Treasury); Doyle, Maureen (Treasury); Walsh, John (GOV); Khouri, Nick (TREASURY); Dempkowski, Angela (Treasury)

Agenda:

Wayne County
- PA 436

Highland Park
- Water System Privatization
- OPEB Reforms

Royal Oak Township
- Management Issues

Pontiac
- Budget Surplus
- Federal Litigation - OPEB

Flint
- Water System/KWA
- Federal Litigation - OPEB

Ecorse
- Home Rule Issues/RTAB

Benton Harbor
- Litigation – Former Employees v. City and Former EM

Allen Park
- Police Proposed New Contract

Lansing
- Pension and OPEB Discussion

Attachment: WWorkman Memo

Local Government Up...

Pleyte, Beth (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Friday, July 24, 2015 3:56 PM
To: Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: RE: RDS/DM/EC/JW/NKhouri/TSaxton/WWorkman - Local Government Update

OK

-----Original Message-----
From: Saxton, Thomas (Treasury)
Sent: Friday, July 24, 2015 3:35 PM
To: Muchmore, Dennis (GOV)
Cc: Workman, Wayne (TREASURY)
Subject: RE: RDS/DM/EC/JW/NKhouri/TSaxton/WWorkman - Local Government Update

Next week sometime can Wayne & I have a follow up conversation with you re Flint water? Wayne & I had a call with Brad W. @ DEQ. He is getting back to us re some of the items on your list. So maybe mid-week?
I think the bottom line is Wayne, Brad & I (we would "volunteer") to meet with your minister group here in Lansing [to the extent we can] provide info to some of the issues they raised with you. It may be better that you are not at the meeting. Of course that is your call but maybe let us 'peons' do it. Harvey could be there in your stead; since he knows them. I am sure whatever we convey they probably won't be happy.

-----Original Message-----
From: Muchmore, Dennis (GOV)
Sent: Wednesday, July 22, 2015 2:44 PM
To: Workman, Wayne (TREASURY)
Cc: Clement, Elizabeth (GOV); Wisniewski, Wendy (GOV); Workman, Wayne (TREASURY); Saxton, Thomas (Treasury); Pleyte, Beth (Treasury); Doyle, Maureen (Treasury); Walsh, John (GOV); Khouri, Nick (TREASURY); Dempkowski, Angela (Treasury)
Subject: Re: RDS/DM/EC/JW/NKhouri/TSaxton/WWorkman - Local Government Update

Wayne-
We need to have more discussion relating to Flint water. There seem to be even more issues regarding the water than there should be. I'll have a series of questions that I really need some answers to if you can have someone who understands the problems there. The people there just seem to be getting a raw deal from the city particularly in terms of the information they are getting. I know you are as worried about their health as I am so we kind of need to get answers to some of these concerns.

> On Jul 22, 2015, at 2:08 PM, GovCalendar <GovCalendar@michigan.gov> wrote:
>
> Agenda:
> Wayne County
> • PA 436
> Highland Park
> • Water System Privatization
> • OPEB Reforms
> Royal Oak Township
> • Management Issues

> Pontiac
> • Budget Surplus
> • Federal Litigation - OPEB
> Flint
> • Water System/KWA
> • Federal Litigation - OPEB
> Ecorse
> • Home Rule Issues/RTAB
> Benton Harbor
> • Litigation – Former Employees v. City and Former EM
> Allen Park
> • Police Proposed New Contract
> Lansing
> • Pension and OPEB Discussion
>
> Attachment: WWorkman Memo
>
>
> <Local Government Update.pdf>
> <meeting.ics>

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Friday, July 24, 2015 4:32 PM
To: Lyon, Nick (DCH)
Subject: FW: Need upate on lead / copper tests for Flint
Attachments: DWSD-CorrosionControlStudy.pdf; Flint lead history.pdf; DWSD-Flint-1993-Lead-Letter.pdf

Just fyi

From: Wurfel, Brad (DEQ)
Sent: Friday, July 24, 2015 4:18 PM
To: Saxton, Thomas (Treasury); Muchmore, Dennis (GOV); Wyant, Dan (DEQ)
Subject: FW: Need upate on lead / copper tests for Flint

Guys, here's an update and some clarification on the lead situation in Flint. Please limit this information to internal for now.

By the tenants of the federal statute, the city is in compliance for lead and copper. That aside, they have not optimized their water treatment (for the most part, this means adding phosphates to minimize the degree that the water Ph mobilizes lead and copper in people's home plumbing).

Compliance with the standard started with testing. A June-December run of tests (all in homes with lead in their premise plumbing) concluded in December. Another January – June round of sampling concluded last month. Everything checks out in terms of compliance, but now the next step is optimizing the water supply.

So, In about two weeks, DEQ will be sending a formal communication about the optimizing issue. The federal program has long timelines for action. A community water supplier gets 18 months to study the options, and two years thereafter to implement water system optimization measures.

My point: Conceivably, by the time we're halfway through the first timeline, the city will begin using a new water source with KWA … and conceivably, the whole process starts all over again.

In terms of near-future issues, the bottom line is that residents of Flint do not need to worry about lead in their water supply, and DEQ's recent sampling does not indicate an eminent health threat from lead or copper. That said, anyone with lead pipes in their premise plumbing (this translates to tens of thousands of homes in our older urban centers, btw) should at least be aware that they have them, and to some limited degree that's going to impart minute parts per billion of lead in water no matter what. Its why nobody uses lead water pipes anymore.

The long version of this note is below. Let's connect next week. I'd like some thoughts about what more the state could be doing – most immediately, to convey the results of our testing and tell the story to the residents of Flint in an effort to quell some fears.
Thanks!
b

From: Busch, Stephen (DEQ)
Sent: Friday, July 24, 2015 3:46 PM
To: Wurfel, Brad (DEQ)
Cc: Shekter Smith, Liane (DEQ); Wyant, Dan (DEQ); Pallone, Maggie (DEQ); Prysby, Mike (DEQ); Benzie, Richard (DEQ)
Subject: RE: Need upate on lead / copper tests for Flint

Brad,

As we discussed, the City has completed the last round of monitoring (Jan 1 – June 30, 2015). The last samples came in about a week ago. We have made the compliance determination that the 90th percentile level is 11 parts per billion, which is below the Action Level Standard of 15 parts per billion (there is no Lead maximum contaminant level standard). The federal rule requires measuring lead levels in water from household plumbing materials to determine the corrosivity of the City's water in order to limit exposure.

I have provided a summary of Flint's lead compliance monitoring from the last 20+ years since this regulation started in 1991. The City of Flint itself has never had a 90th percentile level exceed the 15 part per billion action level. Sampling requirements look at the worst case plumbing materials. Samples must be collected in accordance with the regulatory requirements and criteria in order to be used for compliance determinations.

Because the City of Flint serves a population of over 50,000 they are required to have Fully Optimized Corrosion Control. While it is possible to meet the fully optimized requirement without additional treatment, based on their two rounds of sampling since switching to the Flint River, we have determined they did not meet the eligibility for this per the regulation. They now have to complete a study (within 18 months) and are then allowed a period of additional time (2 additional years) to install the selected treatment for Fully Optimized Corrosion Control in accordance with the regulatory requirements. This is what DWSD was required to do back in 1993 – 1997 (see attached letter and study). We are planning to suggest the City directly submit a treatment process to shorten the timeline to achieve full optimization. This letter is currently being drafted but won't be ready to mail out for another week.

Liane and I had a conference call with EPA region V in Chicago on Tuesday to go over all of this and they are in support of these next steps with the City.

The matter will be potentially further complicated when the City switches over to water from the Karegnondi Water Authority next year to re-evaluate the continuing requirement to fully optimize corrosion control.

The DEQ recognizes that there is has been no level of lead exposure determined to be safe, but again the regulation was developed to optimize water corrosivity to limit exposure and the City is following the regulatory requirements.

Lead is not coming from the Flint River or the City's Water Treatment Plant or the public distribution system. It is from lead service lines into homes and from plumbing materials and fixtures within the private property of the household.

As watermains are replaced within the City lead services associated with that section of watermain would be replaced in order to reconnect to City water. This would also place burden on the homeowner to pay for having the service line re-plumbed. However, since 2000 only 16 miles of the City's 500 miles of watermain have been replaced as they did not have the financial means to do so.

Let us know if there are questions or you need any additional information.

Stephen Busch, P.E.

MDEQ Lansing District Coordinator
Office of Drinking Water and Municipal Assistance
Lansing and Jackson District Supervisor
517-643-2314
buschs@michigan.gov

From: Wurfel, Brad (DEQ)
Sent: Friday, July 24, 2015 12:09 PM
To: Busch, Stephen (DEQ); Prysby, Mike (DEQ)
Cc: Shekter Smith, Liane (DEQ); Wyant, Dan (DEQ); Pallone, Maggie (DEQ)
Subject: Need upate on lead / copper tests for Flint

Guys, the Flint Ministers met with the Governor's office again last week. They also brought along some folks from the community – a college prof and a GM engineer – who imparted that 80 water tests in Flint have shown high lead levels.

Could use an upate on the January / june testing results, as well as recap of the December testing numbers, and any overview you can offer to edify this conversation.
Call me or email today if possible. Thanks!
b

Brad Wurfel
Communications Director
Michigan Department of Environmental Quality
517-284-6713
517-230-8006 cell

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
WATER BOARD BUILDING

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226-2830
PHONE 313•224•4800/224•4801
FAX 313•224•6067

June 10, 1994

To: DWSD Wholesale Customers

RE: EXECUTIVE SUMMARY OF DETROIT'S CORROSION CONTROL STUDY

Enclosed is a copy of the Executive Summary prepared by our consultant, Tucker, Young, Jackson & Hull, detailing work to date on the Corrosion Control Study performed for Detroit and Detroit's wholesale customers.

The EPA required large utilities to test water samples in highest risk homes for lead and copper content in 1992 to determine if the action levels of 15 micrograms per liter and 1.3 milligrams per liter respectively were exceeded. Detroit complied with this requirement and determined that the action level for lead was exceeded in many communities. Therefore, DWSD conducted and continues to conduct a public education program designed to inform consumers how to reduce their exposure to lead.

The EPA further required large water suppliers to determine if their lead could be less corrosive and, if so, the utility was mandated by the Lead and Copper Rule to determine ways the water could be made less corrosive and report their recommendations to the primary agency. For DWSD, the primary agency is the Michigan Department of Public Health (MDPH).

After several years of study, DWSD is forwarding the complete study findings to the MDPH for their consideration. It was concluded that DWSD could reduce the corrosivity of the water in the most cost effective and efficient manner by the addition of ortho-phosphate, specifically in the form of phosphoric acid. The Executive Summary of these findings is being forwarded to you for your information. The MDPH has until the end of December 1994 to consider DWSD's recommendation. In the interim, DWSD plans on conducting a demonstration test of the corrosion control treatment in our distribution system to further assist the MDPH and to further safeguard public health.

Very truly yours,

Irving M. Schuraytz, P.E.
Assistant Director, Water Supply Operations

Kathleen Leavey
Deputy Director

KL/IMS/JH/cs

Executive Summary

Lead and Copper Corrosion Control Optimization Study

prepared by

Tucker, Young, Jackson, Tull, Inc., in association with
CH2M HILL, INC., and Economic and Engineering Services, Inc.

May 1984

Detroit Water and Sewerage Department

Introduction

As a result of the Safe Drinking Water Act (SDWA) Amendments of 1986, the U.S. Environmental Protection Agency (EPA) published final drinking water regulations for lead and copper in the June 7, 1991, *Federal Register*. Those regulations, known as the Lead and Copper Rule (LCR), require:

- Tap water monitoring, which is a new approach for water utilities
- Treatment optimization for lead and copper corrosion control
- Public education and lead service line removal if utilities exceed preset lead or copper levels

Large utilities, serving populations greater than 50,000, are required to conduct corrosion control studies to demonstrate that they are either already providing optimal treatment or to determine optimal treatment for their system.

DWSD made necessary public notices and embarked on studies to develop optimal treatment solutions.

In response to the regulations, the Detroit Water and Sewerage Department (DWSD) conducted two rounds of monitoring at home water taps for lead and copper and throughout the distribution systems for other water quality parameters. Monitoring was a cooperative effort between the DWSD, wholesale water customers, and the Michigan Department of Public Health (MDPH). Copper levels were well below EPA limits. Lead levels, however, exceeded EPA action levels (ALs) and DWSD made necessary public notices and embarked on studies to develop optimal treatment solutions.

Lead exposure sources for humans include air, food, dust, paint, and drinking water. Elevated lead levels in blood have been associated with adverse health effects in humans. Federal health authorities have many programs to reduce lead exposure including low-lead gasoline and reduced lead content in paint. Although drinking water may not be the major source of lead, reducing lead levels in drinking water will have a positive health benefit. An additional benefit of corrosion control is prolonged life for water distribution pipes and home plumbing. This results in lower costs for water utilities and their customers.

In March 1992, the DWSD contracted with Tucker, Young, Jackson, Tull, Inc. (TYJT), in association with CH2M HILL, INC., and Economic and Engineering Services, Inc. (EES), to perform a lead and copper corrosion control study. The purpose of the study was to determine the optimal approach for reducing lead and copper concentrations in DWSD drinking water without adversely affecting other water quality characteristics. Major tasks in this study were to:

- Evaluate existing water quality data, existing distribution system pipe materials and the results of lead and copper sampling
- Identify and analyze feasible and practical treatment methods to reduce lead and copper corrosion (desktop analysis)
- Design and construct a pipe-loop testing apparatus to evaluate treatment alternatives identified in the desktop analysis

- Operate the pipe loops for 1 year to evaluate selected corrosion control treatments on different pipe materials
- Evaluate the effectiveness and feasibility of the tested treatment alternatives in reducing lead and copper concentrations
- Recommend an optimum lead corrosion control treatment
- Develop an implementation plan for full-scale corrosion control facilities

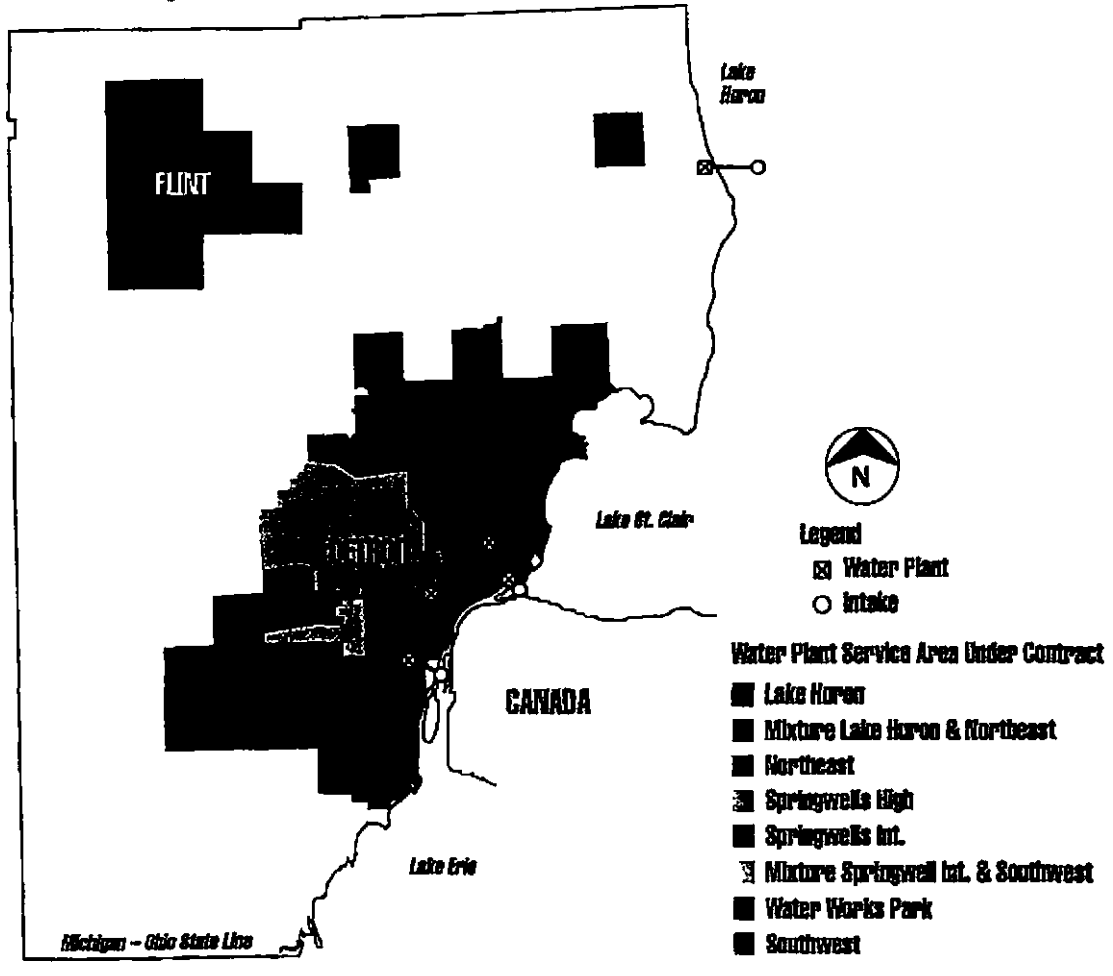
This report presents the results of the DWSD Lead and Copper Corrosion Control Optimization Study.

Existing Conditions

The DWSD obtains water from three intakes. Two of these, the Belle Isle and the Fighting Island Intakes, take water from the Detroit River. The third intake is on Lake Huron. Water is treated at five water treatment plants (WTPs) including the Water Works Park, Southwest, Springwells, Northeast, and Lake Huron WTPs. The water system is shown in Figure ES-1. Treated water from the 5 WTPs is distributed to the City of Detroit and 119 wholesale water customer systems. The DWSD water system serves about 4 million people.

Water leaving the WTPs is of good quality and considered moderately

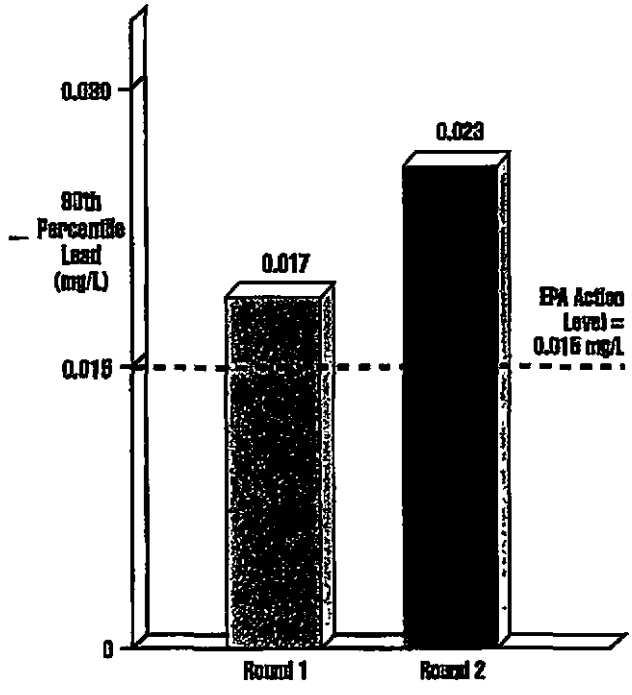
Figure ES-1
DWSD Water System



corrosive. For example, pH from the five WTPs averages 7.4, alkalinity averages 76 mg/L ($CaCO_3$), and hardness averages 100 mg/L ($CaCO_3$). Nevertheless, some increase in lead and copper is resulting from the corrosive action of the water, primarily on service pipe and household plumbing. The main sources of lead are 50:50 lead/tin solder, brass containing lead used in faucets, and lead service lines and plumbing.

The regulation lead AL is 0.015 mg/L at the 90th percentile in home water taps. During the LCR Compliance Monitoring conducted in 1992, DWSD's 90th percentile lead concentration was 0.017 mg/L in the first round and 0.023 mg/L in the second round of sampling (Figure ES-2). Looking at the data in a slightly different manner, 35 to 37 percent of the 119 purveyor water systems exceeded the AL for lead.

Figure ES-2
LCR Compliance Monitoring Results for Lead



For copper, the 90th percentile concentrations were 0.34 and 0.19 mg/L for two rounds of sampling–well below the copper AL of 1.3 mg/L (Figure ES-3). Lead uptake, therefore, is the major concern within the DWSD water system.

Determining the optimal lead control treatment is essential; it is the objective of conducting this corrosion control study. Further, there are an estimated 200,000 lead service lines (LSLs) in DWSD's direct service area and possibly more in areas served by wholesale customers. After corrosion treatment is optimized, the possibility exists that lead ALs may still be over 0.015 mg/L at the 90th percentile. Should this occur, the DWSD would need to embark on a removal program for LSLs, which could cost between $300 and $800 million.

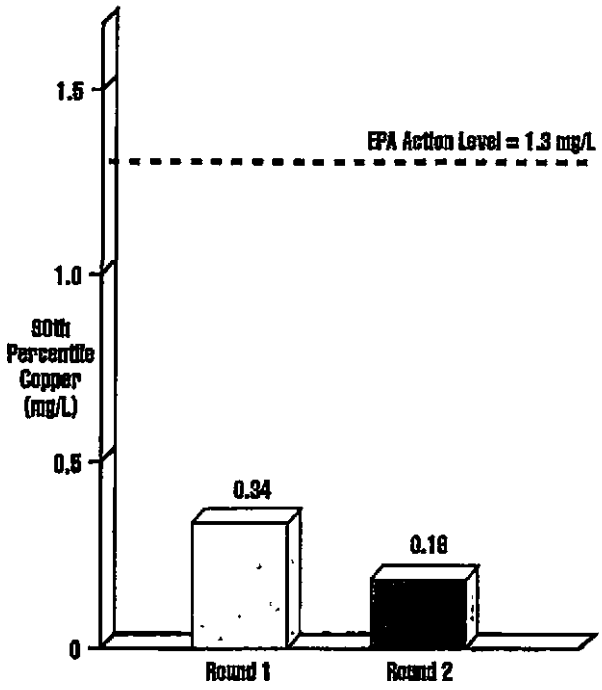
Desktop Analysis

To reduce the number of chemicals for long-term testing, a screening analysis was performed using desktop techniques recommended by U.S. EPA. Lead corrosion control treatment methods examined for their applicability to DWSD are as follows:

- Polyphosphates
- Orthophosphates
- Zinc orthophosphate
- Polyphosphate/orthophosphate blends
- Silicates
- pH adjustment
- Alkalinity adjustment
- Calcium adjustment

The main criteria for selecting a lead corrosion control method is performance for lead uptake reduction. Lead corrosion control methods were also evaluated

Figure ES-3
LCR Compliance Monitoring Results for Copper



based on effects on other drinking water regulations, industrial water users, wastewater treatment, water quality, water treatment operations, consecutive water systems, and multiple sources of supply and treatment.

Based on this evaluation, the following chemical treatments were eliminated from consideration for pipe-loop testing.

- **Polyphosphates.** These products are primarily used to sequester iron, calcium, and manganese and may actually do more to promote lead corrosion than to prevent it.
- **Polyphosphate/Orthophosphate Blends.** These products have not been proven to be more effective than orthophosphates alone for lead reduction, and their proprietary chemical composition makes selection of the optimum product difficult.
- **Silicates.** Sodium silicate inhibitors require a high dosage for lead control and, based on a survey of major industries, would have significant adverse effects on industrial water users.
- **Alkalinity Adjustment.** This technique would have marginal performance for lead reduction based on DWSD water quality and would be impractical for a system the size of DWSD.
- **Calcium Adjustment to Deposit a Calcium Carbonate Layer.** This technique is not a proven method for lead reduction, and would be difficult to produce a uniform layer throughout a distribution system the size of DWSD. Calcium carbonate deposition, however, can occur when pH is raised for lead reduction. This situation is addressed under the pH adjustment alternative.

Lead corrosion control treatment methods applicable for DWSD water are as follows:

- **Orthophosphates.** These products have been shown to be an effective means of lead reduction for water similar to that of the DWSD.
- **Zinc Orthophosphate.** These products are also a proven method of lead reduction, although there is concern about zinc in industrial water and wastewater.
- **pH adjustment.** This technique is also a proven method of reducing lead solubility, although higher pHs affect some industrial users and can increase calcium carbonate deposition.

A survey of 16 Great Lakes area water utilities using water of similar quality to that of DWSD demonstrated the effectiveness of orthophosphate, zinc orthophosphate, and pH adjustment in reducing lead concentrations at the consumers' taps. Those treatment methods, therefore, were retained for further testing in the pipe-loop apparatus.

Pipe-Loop Testing

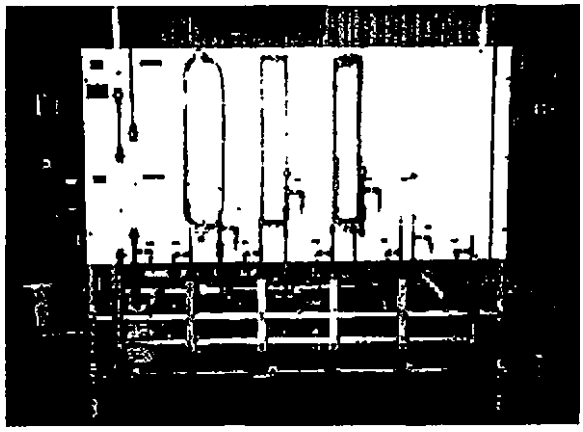
Based on the desktop analysis, it was concluded that the following treatments would be tested in the pipe loops:

- Adjusting pH to 8.1 using sodium hydroxide
- Adjusting pH to 8.7 using sodium hydroxide
- Adding zinc orthophosphate at doses of 0.4 mg/L for zinc and phosphorous (as P)
- Adding orthophosphate using phosphoric acid at a dose of 0.4 mg/L as P

Pipe-loop testing produces information on the corrosion control treatment most likely to effectively reduce lead levels.

It is important to understand that pipe-loop testing is conducted to provide information on the relative effectiveness of corrosion control treatments. The results cannot be used to predict actual lead levels that may occur at customers' taps in the water system. Pipe-loop testing, however, produces information on the corrosion control treatment most likely to effectively reduce lead levels and is an approved optimization technique.

Figure ES-4
Typical Testing Apparatus



A pilot-scale testing apparatus was designed and constructed to test each of the treatment techniques on different pipe materials. Five pipe-loop racks were constructed: one for each of the four methods and another for control (no treatment provided). Each pipe-loop rack included one new lead pipe loop, two identical copper pipe loops with lead soldered joints, one brass tester, and one section of old lead pipe. Three weight loss testers were also included for measuring corrosion rates of steel, galvanized steel, and copper. A typical testing apparatus is shown in Figure ES-4.

The pipe-loop facility was installed in the lower level of the Water Works Park High Service Pump Station and operated from January to November, 1993. After an initial period of passivation, water samples were collected on a weekly basis and analyzed for lead, copper, and zinc. The 1-liter water samples were taken after the water had been in contact with the pipe loop materials for 8 hours. This was done to represent the first-draw sampling required by the LCR. Additional sampling included daily monitoring for pH, chemical doses, and temperature. Disinfection

by-products (DBPs) and pipe insert weight loss were done quarterly. Flavor profile analyses to assess any changes in tastes or odors were run monthly.

Results of pilot testing indicated:

- The inhibitor treatments, zinc orthophosphate, and phosphoric acid are statistically better than the untreated control for both old and new lead piping (Figure ES-5).
- For lead solder and copper piping, the median lead levels were lowest in the water with inhibitors (zinc orthophosphate and phosphoric acid), but only the phosphoric acid results were statistically better than the other loops (Figure ES-6).
- For brass, the results indicated that the treatments were no better than the control; however, lead levels were near the detection limit in the brass testers (Figure ES-6).
- Zinc orthophosphate and phosphoric acid were also found to be the most effective treatments in reducing copper (Figure ES-7).

Figure ES-5
Relative Lead Levels from Lead Pipe

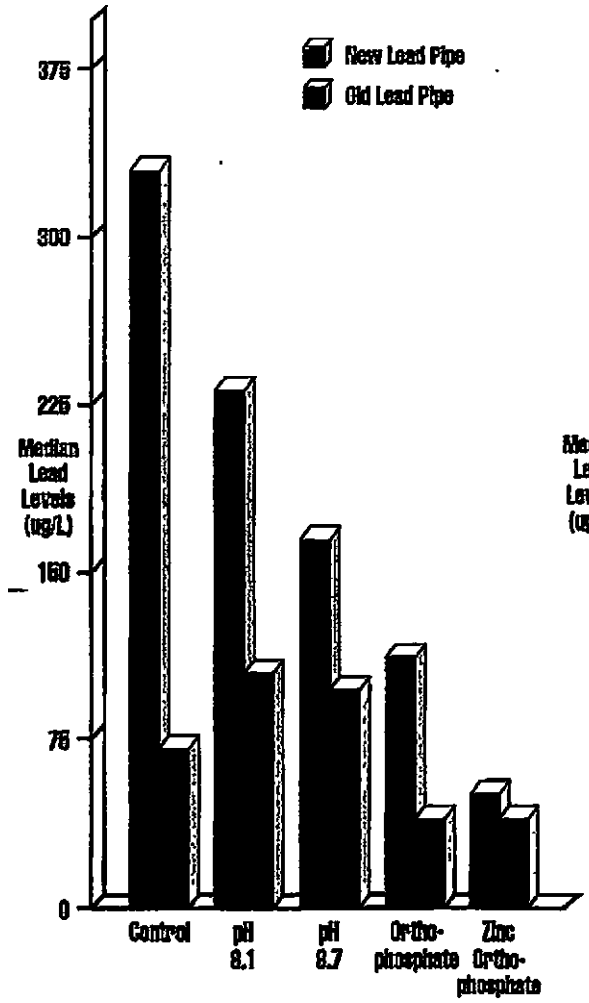


Figure ES-6
Relative Lead Levels from Soldered Copper and Brass

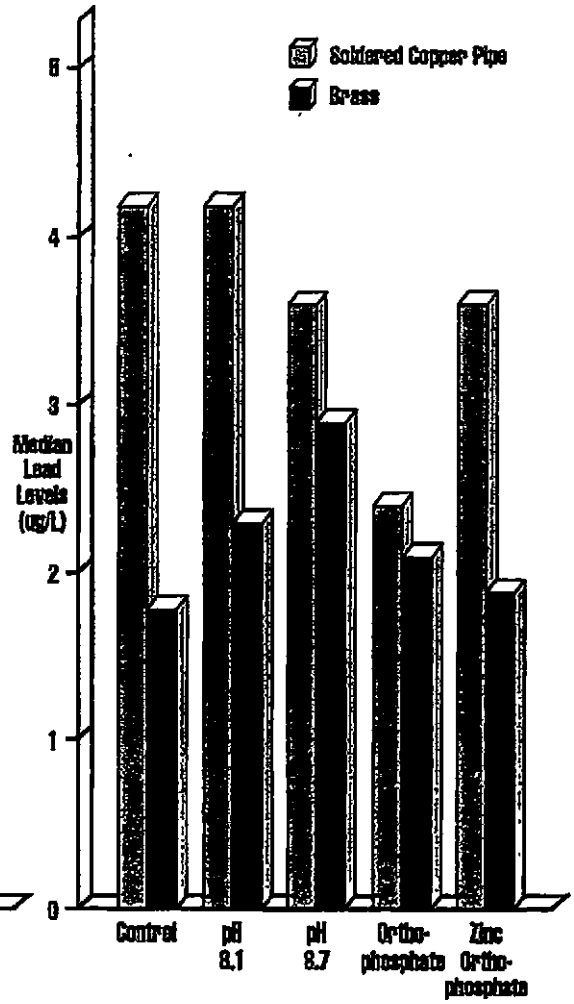
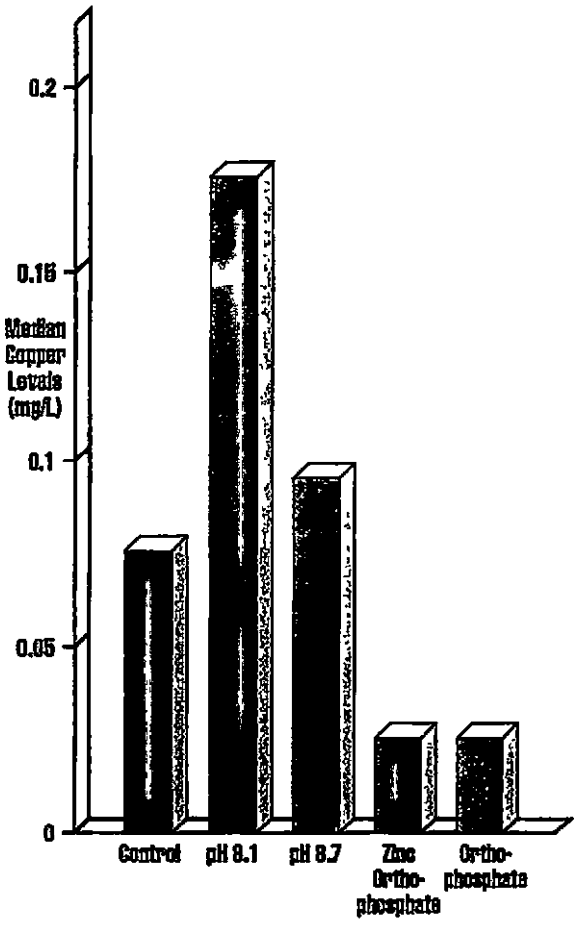


Figure ES-7
Relative Copper Levels from Copper Pipe



- DPBs were increased for the pH adjustment treatments as expected. The DBPs formed as a result of this increase, however, did not exceed EPA-proposed limits. The orthophosphate and zinc orthophosphate did not increase DBPs.
- None of the corrosion control treatments had an adverse effect on the taste and odor of the water produced.

Evaluating Corrosion Control Treatment

The four corrosion control treatments tested in the pipe loops were evaluated based on the following criteria:

- Performance for lead uptake reduction
- Feasibility of implementation within regulatory and functional constraints
- Reliability in terms of operational consistency and continuous corrosion control protection
- Cost

Pipe-loop data analyses indicated orthophosphate and zinc orthophosphate are most likely to yield the best results for lead reduction. pH adjustment was not as effective for lead control. Orthophosphate and zinc orthophosphate were effective at reducing copper levels.

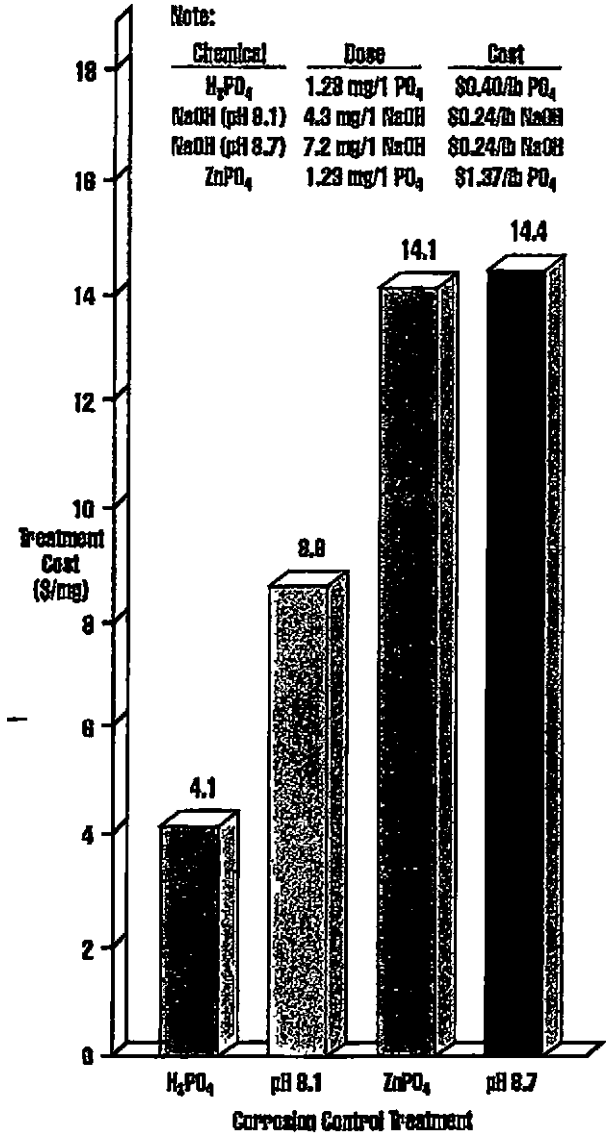
A feasibility analysis indicated that industrial water users would be affected adversely by zinc or a higher water pH. Wastewater operations would be adversely affected by zinc and orthophosphates loadings. There were no major effects of corrosion control treatment on drinking water regulations. pH adjustment could, however, decrease disinfection effectiveness and increase DBP formation.

The reliability of zinc orthophosphate and sodium hydroxide chemicals is less than would be expected for orthophosphates. Zinc orthophosphate is a proprietary chemical with price and supply constraints. Sodium hydroxide availability and price depend on market conditions. Orthophosphate (phosphoric acid) is available as a generic chemical and is commonly used in the food and bever-

age industry; therefore, price and availability are more stable. From a WTP-operations standpoint, pH adjustment is less reliable because pH can change with raw water quality and treatment conditions.

The chemical cost of each treatment alternative is shown in Figure ES-8. Phosphoric acid addition is less than half the cost of pH adjustment to 8.1, the next lowest chemical cost. This represents an average cost savings of about $2,400 per day. Phosphoric acid could save the DWSD about $10 million in present worth in the next 20 years compared to the next lowest cost alternative.

Figure ES-8
Treatment Alternatives Costs



Selecting Corrosion Control Treatment

The relative ranking of alternatives for the four criteria (performance, feasibility, reliability, cost) is summarized in Figure ES-9. Values of 1 through 4 were assigned for each treatment alternative in each criteria category (1 was best; 4 worst). Because performance for lead reduction was the main criteria, it was given a weight of 2. Each of the other criteria was given a weight of 1.

Orthophosphates were ranked highest overall. Zinc orthophosphate was second, mainly because of its adverse effects on industry, wastewater plant operations, and higher costs. pH adjustment was ranked lowest because it is less effective for lead reduction, less reliable, and demonstrates more adverse effects on industry and drinking water regulatory compliance.

Orthophosphates were selected as the optimal treatment alternative for full-scale lead corrosion control.

Based on corrosion control theory, comparison with analogous water systems, and the extensive pilot plant studies, orthophosphates were selected as the optimal treatment alternative for full-scale lead corrosion control.

Figure ES-9
Alternatives Ranking by Criteria

Treatment	Evaluation Criteria				
	Performance wt.= 2	Feasibility wt.= 1	Reliability wt.= 1	Cost wt.= 1	Weighted
Phosphoric Acid	2	1	1	1	7
Zinc Orthophosphate	1	4	2	3	11
pH 8.1	4	2	3	2	15
pH 8.7	3	3	4	4	17

Legend: 1 = Best; 4 = Worst

Phosphoric acid is the recommended form of adding orthophosphate. It is a generic chemical and can be bid competitively. It does not add sodium to the water and costs less than any other form of orthophosphate. In addition, the finished water pH is already in the optimal range for lead solubility reduction by phosphates, so pH adjustment is not required.

The recommended dose of phosphoric acid is 1.2 mg/L as P for initial passivation and a sustained dose of 0.4 mg/L as P for maintaining control of lead uptake. Values may be adjusted based on full-scale results.

Full-Scale Implementation

The LCR requires optimal corrosion control treatment installation by January 1, 1997. To meet this deadline, the implementation schedule in Figure ES-10 is proposed. The first element of implementation is to conduct full-scale demonstration testing in the distribution system served by one of the WTPs before installing chemical feed facilities in the other four plants. Operation of lead corrosion control facilities at all plants is planned for May 1996. This will provide additional time to optimize the system before lead monitoring is required in 1997.

The chemical equipment required for each WTP is summarized in Table ES-1. A schematic of a typical liquid chemical system is shown in Figure ES-11.

The cost of lead corrosion control chemicals is estimated to be about $0.87 per year per household.

The estimated capital cost for corrosion control facilities at the five WTPs is $3,740,000. The estimated cost of chemicals is $868,000 per year. The cost of lead corrosion control chemicals is estimated to be about $0.87 per year per household.

A monitoring program will be established before and after corrosion control treatment is implemented to determine performance for lead reduction and effects on other water quality parameters. If lead is reduced to below the EPA AL of 0.015 mg/L for two consecutive 6-month monitoring periods, other methods of lead reduction, such as removing lead service lines, will not be required.

If the lead AL is still exceeded after optimization and stabilization, a program for lead service line removal should be developed in addition to an ongoing public education program.

Operation of lead corrosion control facilities at all plants is planned for May 1996.

Figure ES-10
Implementation Schedule

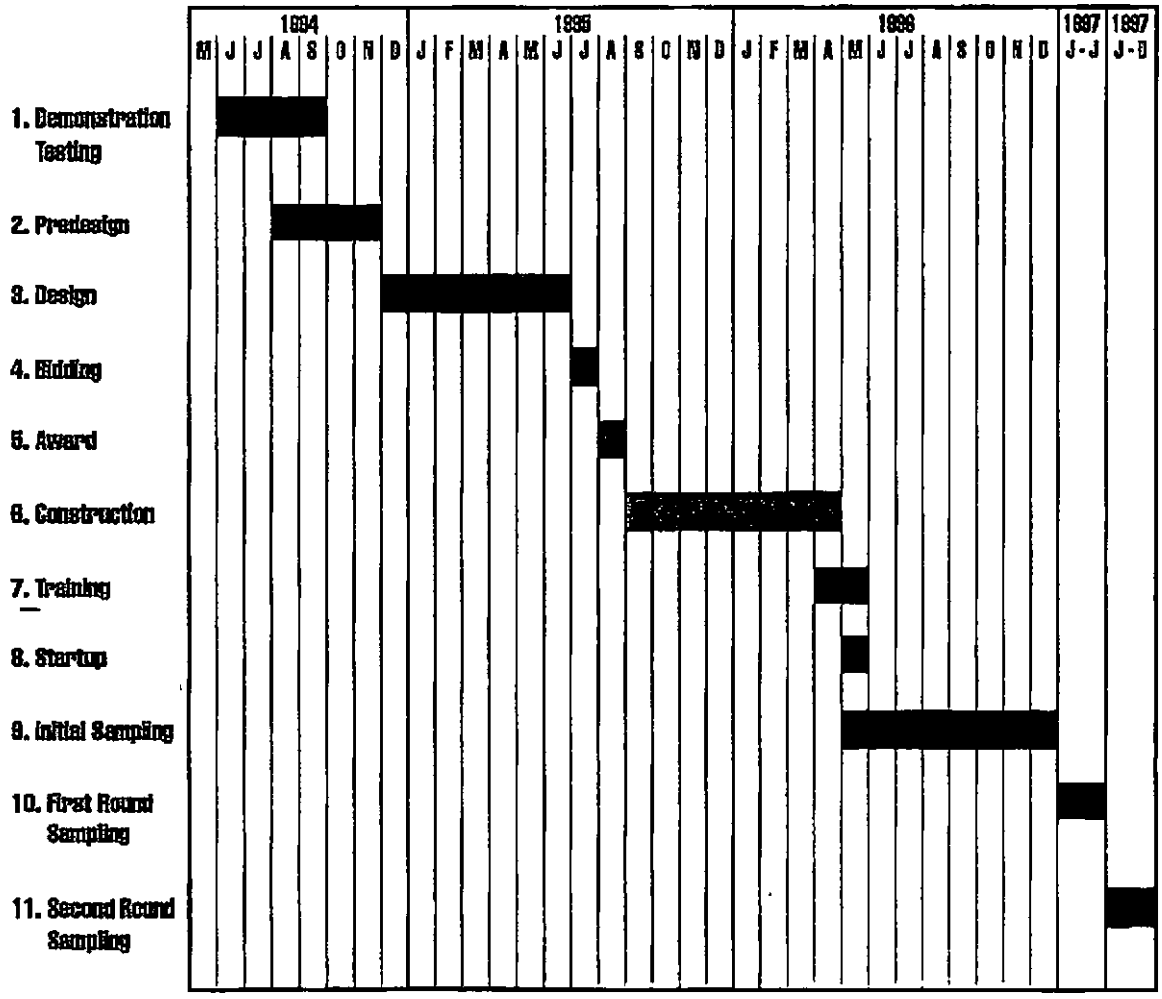
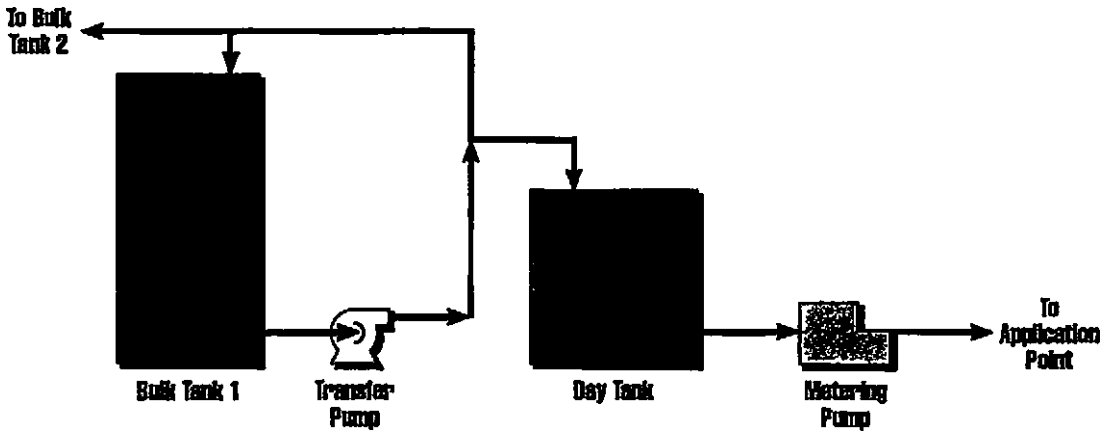


Table ES-1
Chemical Equipment Summary

	Southwest Water Plant	Water Works Park Water Plant	Northeast Water Plant	Springwells Water Plant	Lake Huron Water Plant
Number of bulk tanks	2	2	2	2	2
Bulk tank capacity, each (gal)	4,000	4,000	4,000	6,000	4,000
Number of day tanks	1	1	1	1	1
Day tank capacity (gal)	200	200	200	400	200
Number of feeders	3	3	3	3	3
Feeder capacity, each (gpd)	1 @ 200 2 @ 650	1 @ 300 2 @ 650	1 @ 250 2 @ 800	1 @ 600 2 @ 1,500	1 @ 350 2 @ 650
Number of transfer pumps	2	2	2	2	2
Transfer pump capacity each (gpm)	15	15	15	30	15

Figure ES-11
Liquid Chemical System Schematic



City of Flint Lead and Copper Rule Monitoring History						
Monitoring Period	90th Percentile (parts per billion)	Number of Samples above 15 ppb	Samples Required	Samples Collected	Required Frequency	
Jan. - June 2015	**11 ppb**	**6**	**60**	**68**		*Unofficial
July - Dec. 2014	6 ppb	2	100	100	6 months	
New Source and Treatment - Flint River and Flint WTP						
June - Sept. 2011	0 ppb	0	23	23	3 years	
June - Sept. 2008	0 ppb	0	33	33	3 years	
June - Sept. 2005	1.4 ppb	0	33	33	3 years	
June - Sept. 2002	4 ppb	1	33	33	3 years	
June - Sept. 2001	4.4 ppb	0	33	33	1 year	
June - Sept. 2000	7 ppb	2	33	33	1 year	
Jan. - June 1999	5 ppb	0	33	33	1 year	
July - Dec. 1998	7.4 ppb	1	33	33	6 months	
July - Dec. 1997	5 ppb	1	33	33	6 months	
Jan. - June 1997	4.5 ppb	1	33	33	6 months	
DWSD Study and OCC Treatment						
July -Dec. 1992	14.4 ppb	3	33	33	6 months	
Jan. - June 1992	15 ppb	4	33	33	6 months	

STATE OF MICHIGAN

JOHN ENGLER, GOVERNOR

DEPARTMENT OF PUBLIC HEALTH

3423 N. LOGAN/MARTIN L. KING JR., BLVD.
P.O. BOX 30195, LANSING, MICHIGAN 48909

Vernice Davis Anthony, Director

March 15, 1993

City of Flint
1101 South Saginaw Street
Flint, Michigan 48502

WSSN: 2310

Attention: Mr. Charles Smith, Utilities Superintendent

Subject: Lead/Copper Monitoring

Gentlemen:

We have reviewed the results of the second round of the lead and copper monitoring completed for your water supply for the period of July 1, 1992, through December 31, 1992. The samples were collected and analyzed to comply with the U.S. Environmental Protection Agency's Lead and Copper Regulation. The action levels specified in the regulation require that the 90th percentile results from the distribution system samples for lead and copper not exceed 15 and 1300 ug/l, respectively.

Since the 90th percentile lead level for your water system is 14.4 ug/l, the lead action level of 15 ug/l has not been exceeded. Also, the 90th percentile copper level was significantly below the copper action level of 1300 ug/l. This means that your water system has met both action levels for the first two monitoring periods.

Although many of the Detroit Water and Sewerage Department (DWSD) customers have met the action levels, DWSD is required to conduct a study to determine whether their water treatment processes can be improved to further reduce corrosion. The study is to be completed by July 1, 1994, and any recommended treatment modifications must be in place by January 1, 1997.

Further monitoring of your water system for lead and copper will not be required until the DWSD study is complete and any additional corrosion control treatment has begun. We will inform you when monitoring is again required. This may be as late as January 1997.

If you have any questions, please call me at (517) 335-8309.

Sincerely,

Timothy A. Benton, P.E.
District Engineer
Division of Water Supply
Bureau of Environmental and
Occupational Health

TAB:im
cc: John Weisenberger, Water Plant Supervisor
cc: Genesee County Health Department

Weekly Conference Call Notes – July 27, 2015

Allen Park –July 24 –Mayor Matakas, M. Kibby, B. Cady, R. Byrne, E. Cline, P. Dostine, C. Porubsky

- **Weekly Priorities/Misc:**
  - Engineering bids are in. Wade Trim is the City's current engineer.
  - Master Plan bids are due July 28.
  - Five-year financial plan: the City expects to have hard copies available at the next RTAB meeting; Eric asked them to also provide a brief verbal summary.
  - RFP for sewer project due October 5.
  - Master Plan RFP due in August.
  - Salary survey is coming up.
  - Bids are open for engineer.
- **Police Contract Negotiations:**
  - Tentative agreement reached, but have not ratified, lawyers will work on again in August.
  - PPOAM reached an agreement today.
- **FDCVT:**
  - The City was informed that $5M would be available in grant money soon; applications should be available in late August or early September.
- **Retiree Healthcare:**
  - If the City does not switch from BCBS, their costs will increase by 23%, or $644K on October 1. Bob needs the okay from Treasury to proceed with Humana or the deal may not happen.
  - BCBS discovered an $834K arrearage.
  - If the deal with Humana goes through, 192/220 65+ retirees would be switched to that plan.
- **Prescription Drug Bid:**
  - Treasury has received the information, but hasn't had a chance to review yet.
- **Bond Issue:**
  - This should be completed next week, by Thursday or Friday.
  - The City has due diligence questions to turn in by Monday, the lender will have the same by Wednesday.
- **Settlement Conference:**
  - Did not go well; mediation was ordered by the Judge and will take place July 31.
  - The League is willing to pay $75K; the City is hoping for more, however it has not been authorized yet. Settlement is expected to come in around $375K.
- **City Hall Elevators & Status:**
  - The waterproofing work is complete. There is still a little water, but the crew says that it's okay. Walls are going up now, but the inspection was moved back another week.
  - Handicap rails are open, waiting for railing on stairs, cameras have been installed.
- **Boji/City Hall:**

- Eric drafting an amendment to the Order concerning this sale in lieu of recent interest in property.

- **Roof at Community Center:**
  - Only one wing, approximately $30K job.
  - City is soliciting bids, will hopefully go before RTAB in August.

Benton Harbor –July 16 – D. Watson, R. Byrne, R. Widigan, C. Porubsky

- **Weekly Priorities:**
  - At the 07/15/15 Legislative Committee meeting it was discussed that the City will send a resolution to the State saying that the State owes the City for the actions of the former EM and the costs of the lawsuits.
  - Commissioners have been tabling items because they know that the City Manager and State can't force them to act on them.
    - Rob will review the Final Order for a possible amendment to allow the City Manager to act if the Commission refuses to do so.
  - The Commission is concerned about drones.
  - Neighborhood development is picking up with a number of new homes being built.
  - Darwin will remind the Commissioners that the State is looking to set up meetings.
- **Dept. of Labor Settlement:**
  - $19K to settle – will be on the agenda at Monday's meeting.
- **Lange, O'Brien, Unruh Mediation (07-17-15):**
  - Mediation in Grand Rapids – Darwin, Mayor, Mayor Pro-Temp, and Commissioner Muhammad to attend.
  - Outcome will be discussed at Monday's City Commission meeting.
  - Commissioner Muhammad was requested to attend in hopes he will see the need to settle.
  - Will update OFR next week.
  - Insurance – aggregate coverage for back wages up to $50K.
- **Update on Vacant Positions:**
  - Darwin is looking for head hunting firms to help the City find a finance director, assessor, and water department superintendent.
  - He should have a list of possible firms with costs the first part of next week.
- **Status of FDCVT Grants:**
  - Advertisements for water-main projects have been sent out.
  - Hydrant RFPs have been sent out.
  - City appraisal is being developed and a RFP will be sent out.
  - List of blighted structures is completed.
  - $50K for sidewalks doesn't go very far, looking into which sidewalks to do.
  - Randy stated another round of funding ($5M) will open up in August or September.

Ecorse – June 30 – W. O'Neal, R. Byrne, P. Dostine, D. Van de Grift, C. Porubsky

- **Priorities for the week:**
  - Working on five-year budget
  - FBI and AG were there yesterday, Wayne is not at liberty to discuss why they were there.
- **Fire consolidation**
  - No meeting set; Mayor was meeting with Howard Shipman after seeing Wayne last week, but has not heard from since.
- **Five-Year Budget:**
  - Would like to finish this week. Wayne promised he will have it to OFR by next week.
- **PPT/Discussion with Howard Heideman:**
  - John Pepperman contacted Mr. Heideman and was told monies for FY15-16 would be available in the beginning of FY16-17.
- **Sewer Project/Flooding Issues**
  - No calls, positive project
- **Miscellaneous Items:**
  - Loss of Packaging Specialties Inc.: The MEDC gave money to relocate to Romulus, approximately 50 jobs – company wanted to expand, but City would not entertain. Wayne stated the company backs up to DNR property and the City would not be able to sell even if they wanted to. He was not aware that they had decided to relocate.
  - Wayne and the Mayor met with Treasury last Friday, said meeting went well. Wayne stated Tidwell is the best mayor he's worked with. Stated they need to get through the election; Miller is also running, Wayne classified Miller as the "Old Guard." Thirteen people are running for Council.

Flint – July 22 – Mayor D. Walling, N. Henderson, J. Freeman, R. Byrne, P. Dostine, E. Cline, C. Porubsky

- **Priorities/Miscellaneous:**
  - KWA filter installation continues. 6/12 will be completed by next week, the remaining will start in August.
  - Moving forward with leak detection.
  - Usage from plant has decreased, will be able to shut part down soon.
  - The City is getting complaints of water discoloration.
  - No change with the U of M issue.
  - Megan Hunter, Director of Community & Economic Development, is leaving the end of August.
  - The City was giving information on the upcoming FDCVT grant money that will be available.
  - No update on OPEB lawsuit.
  - The Mayor will participate in a blight roundtable update next week with MSHDA and MEDC. He invited Treasury to attend and will forward the information.
  - According to a call from John Blanchard; on August 4, GM will announce an $800M investment.
- **Re-assessment:**
  - Received RFP from Tax Commission.
  - Moving forward, looking for funding.
- **Updates from the City Charter Commission:**

- Commission meets every week, and has subcommittee meetings weekly as well, 3-4 meetings per week.
- Budget request -- $59,000 allocated, asking for double. Flint cannot afford the new request. Natasha suggested Commission approach foundations, Mott Foundation may help with funding, Natasha will keep OFR updated.
- The Commission is operating like a City Council. Natasha thinks they would benefit from a more relaxed set up, and possibly a different attorney that will provide more guidance.

- **Transportation Millage MTA:**
  - Approved; the renewal is for five years.
- **Coalition for Clean Water Lawsuit in Circuit Court:**
  - A Federal Judge dismissed request for injunctive relief, former City Attorney Young resubmitted suit (30 pages of allegations).Mayor Walling and Natasha are both named in the suit. (Nothing new to report this week).
- **Primary Election:**
  - Will be held in a couple weeks.
  - It was noted that the absentee ballot count was lower than anticipated; approximately 200-250 received.

Hamtramck – July 17 – K. Powell, R. Byrne, P. Dostine, D. Van de Grift, C. Porubsky

- **Update on Audit:**
  - Drew explained to Katrina that she does not have a duty to bargain, and advised speaking with labor attorney John Clark. Katrina has talked with the Michigan Management Labor Association.
- **City Council Members:**
  - Per the Final Order, Members need to complete MML Level One training within the first year of receivership. Katrina states that she gave the forms to members, but is having trouble with them complying. She would like the matter to be addressed at the upcoming RTAB meeting.
- **Sewer Projects:**
  - Bids have been received. According to a number of neighboring communities, the lowest bidder is not a good candidate for the project. Katrina would like to use the second lowest bidder, and will be presenting the information to the RTAB.
- **Year-End Fund Balance Estimate:**
  - Still closing the books – Katrina is not comfortable with the numbers right now and hopes that some of former EM Cathy Square's spending allocations does not alter it much.
  - Katrina was encouraged to inquire about income from charge backs.
- **FDCVT Grants:**
  - Street lighting will be completed by August.
  - Assessment is complete.
  - Katrina would like to apply for new round of FDCVT grant money.
- **Police Study:**
  - Mark Nottley, Evergreen, and ICMA are all unable to complete a study this year. Katrina stated that Mark Nottley gave her some tips on how to conduct a study, and she is attempting to do it herself.

- **Police Overtime:**
  - There are still some costs for this, however $83K in tickets has offset that cost and created additional revenue. Katrina stated that she would like to switch to 12 hour shifts, and believes this will decrease overtime by 32 hours.

Inkster – May 28 – M. Stuhldreher, R. Byrne

- Interviews for the Police Chief position are scheduled for June 11. The City has a travel and lodging line item that will pay the travel and expenses of the two out-of-town candidates.
- Wayne County has contacted Mark regarding the City's outstanding sewer debt ($4.9M).
- The FDCVT grant projects are moving forward toward completion.
- A manufacturer from Madison Heights will be purchasing a building in Inkster that will bring up to 250 jobs over the next five years.
- Mark intends to issue an order on June 1 granting additional authority to approve contract and expenditures.

Lincoln Park – July 1 – B. Coulter, R. Byrne

- Brad made an offer to Mathew Coppler to become the next City Manager. He will be having another discussion with him later today. He was asked to send Treasury a copy of the proposed contract.
- He indicated that the City has ended the Fiscal Year with a General Fund Balance of $100,000.
- Brad stated that the Police Chief had retired.
- The DDA Director's contract will not be renewed.
- Health insurance reductions went into effect today; Brad expects a lawsuit from the retirees next week.
- The City's required pension payment may be late by a month.

Pontiac – July 24 – Mayor Waterman, J. Sobota, N. Nazarko, R. Byrne, P. Dostine, R. Widigan, C. Porubsky

- **Weekly Priorities:**
  - Follow-up from this week's RTAB meeting
  - Finish up blight court ordinances
  - HR Specialist – hoping the RTAB can meet to revisit, waiting on a call from E. Koryzno
    - The employee will stay if the RTAB will meet to revisit the decision
  - The Mayor discussed at length why the Board should justify their decision when they deny agenda items.
  - J. Sobota inquired about Jim Mills – R. Byrne directed him to call Jim directly.
  - Council is on strike again – postponed any items that the Mayor and J. Sobota brought to the table.
  - City can purchase pothole equipment for $22K – would like to do pothole repair in house.
    - Mayor says it would help with the workforce development problem

- J. Sobota sees a movement to bring DPW in-house. Currently the City only has staff to supervise contractors.
- The Mayor inquired on if there are other cities in the state and/or country that have their services 100% contracted out.

- **Deputy Mayor Position**: TJ Adams will be at the City today with a list of 3-5 people to review and pick for interviews. R. Byrne will be in attendance.
- **Phoenix Center**: Will meet with John Clark next week on the matter.
  - Owner of Ottawa Towers has purchased 8 schools that were for sale from the Pontiac School District
  - The Mayor will meet one on one with the owner of Ottawa Towers
  - Owner of the Towers said they may want to buy the Phoenix Center but would like to be reimbursed for $9M in 'damages'
    - They claim that it's the City's fault for the owners not being able to rent out their building to the State
- **North Oakland County Water Authority (NOCWA) Project**: Moving ahead – City is not a signatory on the agreement and are not eligible to vote because they don't own a part of the water system. They has received significant savings from the deal.
- Pat and Randy will visit the City on Tuesday.

Royal Oak Township – June 29 – R. Burgess, D. Squalls, R. Byrne, P. Dostine, C. Porubsky

- **Priorities for the Week:**
  - Audit due tomorrow, also finishing up last part of F & O plan.
- **On-site Visit; Week of July 13th**
- **Police Update**
  - Should hear from Donna by next week, they have not heard from Detroit. Donna will contact Southfield, but doesn't expect much, as well as Hazel Park and Huntington Woods. She plans to talk to State Reps and as for help.
- **Overtime, School, and Grant Updates:**
  - Street Lighting Grant: DTE will start converting on July 6, will take 4-5 days.
  - Should hear back from AG on demolition project by tomorrow, June 30.
  - Robert would like to know if there is a centralized area to learn about SOM grants, Randy is unsure of this but suggested going to the SOM website and will check for more information.
- **Miscellaneous Items:**
  - Ferndale Schools Adult/Alternative Education moving today, room used for code enforcement will be given up for a total of three rooms.
  - Budget amendments are with the Clerk, Robert will check to see that they've actually been placed in the system.

Koryzno, Edward (Treasury)

From: Byrne, Randall (Treasury)
Sent: Tuesday, July 28, 2015 9:16 AM
To: Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: Flint Water Memeo
Attachments: Memo on Water Coalition Questions 07-27-15.docx

Wayne:

I have attached the Memo on Flint Water that Eric prepared. Please let me know if you have any suggested changes.

Thanks,
Randy

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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4425 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

TO: Randall Byrne, State Administrative Manager; Office of Fiscal Responsibility

FROM: Eric Cline, Department Manager; Office of Fiscal Responsibility

SUBJECT: Questions Regarding City of Flint Water System

DATE: July 28, 2015

At a July 23, 2015 meeting, Deputy Treasurer Workman posed several questions regarding the City of Flint's water system. This memo is a response to those questions.

The annual cost to the City of Flint to reconnect to the DWSD system

In a March 3, 2015 memo to Deputy Treasurer Workman, Emergency Manager Ambrose noted that he had been informed by DWSD that such a reconnection would immediately levy a fixed cost on the City of $10.1-million per year.

Actual water purchases would be in addition to the fixed cost fee and would be dependent upon actual usage, but the annual cost was estimated to be as high as $1-million/month; making the entire total of a one year connection back to DWSD as high as $22-million. This cost would be reduced to approximately $19-million/year once the City's $3-million annual expense of operating the water system itself was offset.

These calculations were outlined in a March 2015 memo from the Emergency Manager to Deputy Treasurer Workman and update cost projections provided in a February 11, 2015 memo to Chief Deputy Treasurer Tom Saxton.

The Emergency Manager also stated his concern that for the City to be able to pay these costs that water rates charged to Flint residents would need to be increased by a minimum of 30%. Water rate increases between 2010 and 2015 are illustrated in the table attached.

In addition, DWSD was requiring that the City of Flint negotiate a 30-year contract for the provision of back-up services.

The City of Flint's degree of participation in the management of the KWA system

Mayor Dayne Walling is the City's official representative to the Karegnondi Water Authority (KWA). The participation of the Mayor as the official representative for the City of Flint is established in the KWA Articles of Incorporation. Mayor Walling is the current Chair of the Board of the KWA Board of Directors.

Continued use of Flint River water after the City is connected to the KWA system

The City Administrator has confirmed that once the City is fully connected to the KWA system they will no longer continue to use Flint River water.

The Flint River, however, will be the City's primary back-up water source in the event that a major disruption in the KWA system temporarily prevents the City from receiving water.

The process used to hire Veolia

Veolia responded on January 29, 2015, to a Request for Proposal issued by the City of Flint. Emergency Manager Ambrose made the final decision to retain Veolia.

The importance of hydrant flushing

Fire hydrant flushing is an important part of distribution system maintenance. It is useful in determining flow conditions in water mains.

According to information from the American Water Works Association (AWWA), there are two types of hydrant flushing utilized. The most comprehensive method is fire-flow testing.

Fire-flow testing requires hydrants to be opened, flushed, pressure and flow data to be collected and the potential fire flow at a particular point in a water main to be determined.

Hydrant flushing permits any debris to be cleared from a water main. They process of collecting fire flow data allows the determination of water pressure and flow capabilities for fighting fires at any location within a distribution system. It can also help determine the general condition of a system by detecting reduced water flows in a given area.

Status of the GAC carbon filter installation

Six of the twelve filters will be operational by no later than the first week of August.

Activation of the filters is expected to immediately drop the levels of TTHM within the system.

The remaining six filters are projected to be installed and operational by the end of August.

Status of the DuPont Street Water Main Replacement

After an internal review, the City made the decision to rebid this project.

There were multiple reasons for this decision, which included interference with current road projects, the determination that project bids were too high, and bidding timelines which were not favorable to secure quality bids or contractors.

This project will be rebid by the City later this fiscal year.

If you have any questions or need additional information on this topic, let me know. Thank you.

Attachment

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, July 28, 2015 5:16 PM
To: Cline, Richard (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: Re: water

Yes thanks

Sent from my iPhone

> On Jul 28, 2015, at 5:08 PM, Cline, Richard (Treasury) <cliner1@michigan.gov> wrote:
>
> Wayne,
>
> I am happy to correct.
>
> Do you want the information on the filtration system and the piping in the memo?
>
> The latest information I have is one week old but I may get an update in the next day or two.
>
> Also, regarding the cost of buying from DWSD, I note that the memo you sent was dated February 11. I have attached a memo dated March 3, which uses the numbers that I cited.
>
> I will insert whichever you prefer, but I was trying to use the most recent information that I can locate.
>
> Please advise.
>
> Thanks.
>
> Eric Cline | Department Manager
> State of Michigan | Michigan Department of Treasury | Office of Fiscal
> Responsibility
> 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922 Lansing Office
> (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office
> (231) 922-5228 E-mail cliner1@michigan.gov
>
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>
> From: Workman, Wayne (TREASURY)
> Sent: Tuesday, July 28, 2015 4:42 PM
> To: Cline, Richard (Treasury)
> Subject: Fwd: water
>
> Will you double check
>

> Sent from my iPhone
>
> Begin forwarded message:
> From: "Saxton, Thomas (Treasury)"
> <SaxtonT@michigan.gov<mailto:SaxtonT@michigan.gov>>
> Date: July 28, 2015 at 4:40:29 PM EDT
> To: "Workman, Wayne (TREASURY)"
> <WorkmanW@michigan.gov<mailto:WorkmanW@michigan.gov>>
> Cc: "Dempkowski, Angela (Treasury)"
> <DempkowskiA@michigan.gov<mailto:DempkowskiA@michigan.gov>>, "Pleyte,
> Beth (Treasury)" <PleyteB@michigan.gov<mailto:PleyteB@michigan.gov>>
> Subject: water
> Do you still have a typo ? (i.e., depended vs dependent?)
>
> I found the chart (in the attached)
>
> Did they get the new water filtration system installed yet ?
> Where does that 2 miles of bad pipe replacement stand ?
> <Workman Communication.pdf>

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, July 28, 2015 5:31 PM
To: Cline, Richard (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: Re: water

Lets use most recent and explain the difernce

Sent from my iPhone

On Jul 28, 2015, at 5:20 PM, Cline, Richard (Treasury) <cliner1@michigan.gov> wrote:

> Wayne,
> Regarding Tom's question about the filters, 6 of the 12 filters may yet be operational this week. If not, likely next week. I will probably be able to confirm this in the next day or so.
> Regarding the pipe replacement, if Tom is referring to the DuPont Road 24" line replacement, the City determined that the bids they received were too high and they are going to rebid the project later this fiscal year.
> Based on your email that I just received, I will insert this into the memo.
> Regarding the cost to buy from DWSD, do you wish to use my original numbers (per the March 3 memo) or the numbers from the February memo?
> **Eric Cline** | Department Manager
> State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
> 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
> Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
> E-mail cliner1@michigan.gov
> *CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments Thank you.*
>
> **From:** Workman, Wayne (TREASURY)
> **Sent:** Tuesday, July 28, 2015 4:42 PM
> **To:** Cline, Richard (Treasury)
> **Subject:** Fwd: water
> Will you double check
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> > **Date:** July 28, 2015 at 4:40:29 PM EDT
> > **To:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> > **Cc:** "Dempkowski, Angela (Treasury)" <DempkowskiA@michigan.gov>, "Pleyte, Beth (Treasury)" <PleyteB@michigan.gov>
> > **Subject: water**

Do you still have a typo ? (i.e., depended vs dependent?)
I found the chart (in the attached)
Did they get the new water filtration system installed yet ?
Where does that 2 miles of bad pipe replacement stand ?

Byrne, Randall (Treasury)

From: Natasha Henderson <nhenderson@cityofflint.com>
Sent: Wednesday, July 29, 2015 9:03 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Dayne Walling; Joshua Freeman
Subject: Utilities Update 7_29_15.pdf
Attachments: Utilities Update 7_29_15.pdf

Natasha L. Henderson, City Administrator
City of Flint, Michigan
@Samsung Galaxy Note 4

City of Flint
Water Quality Update
Wednesday July 29rd 2015

Leak Detection

What: $900,000 Treasury Distressed City Grant for Leak Detection / Pipe Wall Assessment

Status: Contract signing

The vendor Echologics is ready to mobilize and has set the week of August 10th as the time to begin the project.

The vendor maintains a window of 10 – 14 weeks following starting in order to complete the full scope of work.

Next steps: Mobilization.

GAC Installation

What: $1,601,740 contract with LAN to design and install new filter media at the Water Plant

Status: Installing

Six of the twelve filters are completely installed

The filters are expected to immediately drop the TTHM level.

The timing of putting the filters into use is designed to get the maximum impact at the time of the next testing period which is schedule for the third week of August.

Next steps: Introduce water through the six new filters, and begin installation of the next six filters.

WPC Incinerator Shutdown

What: $1,100,000 Treasury Distressed City Grant for WPC Incinerator Shutdown

Status: In construction phase

Construction continues, the weather has cooperated and the work is on schedule.

Next steps: Completion of concrete work.

Water Meter Installation

What: $5,000,000 contract to purchase and install up to 18,000 water meters.

Status: On schedule

Letters have been sent to the public and posted online.

The installation of the first 9000 meters started this week.

A kickoff meeting of all management personnel involved is set for today to evaluate all aspects and possible issue that could occur.

Next steps: Kickoff meeting with all management today.

Howard Croft
Public Works Director

Dempkowski, Angela (Treasury)

From: Lyon, Nick (DCH)
Sent: Friday, July 31, 2015 10:57 AM
To: Muchmore, Dennis (GOV); Workman, Wayne (TREASURY); Wurfel, Brad (DEQ); Clement, Elizabeth (GOV); Hollins, Harvey (GOV)
Cc: Saxton, Thomas (Treasury); Wisniewski, Wendy (GOV); Grijalva, Nancy (DCH)
Subject: Re: Updated Memo on Water Coalition Questions - July 29
Attachments: Flint Testing and EBLLs_2.xlsx

Our Public Health staff followed up a bit more on the lead question. Below is their email update to me.

From: Grijalva, Nancy (DCH)
Sent: Wednesday, July 29, 2015 11:23 AM
To: Lyon, Nick (DCH)
Subject: FW: Director's Office Assignment -- Flint - need update asap
FYI.....
-----Original Message-----
From: Peeler, Nancy (DCH)
Sent: Tuesday, July 28, 2015 2:57 PM
To: Anderson, Paula (DCH); Miller, Corinne (DCH); Travis, Rashmi (DCH); Moran, Susan (DCH); Grijalva, Nancy (DCH); Fink, Brenda (DCH)
Cc: Priem, Wesley F. (DCH); Dykema, Linda D. (DCH); Bouters, Janese (DCH); Barr, Jacqui (DCH)

Subject: RE: Director's Office Assignment -- Flint - need update asap

I apologize for the delay in responding more specifically to this assignment, it took some time to review our Childhood Lead Poisoning Prevention program data to see if it might contribute to the understanding of the situation in Flint with their water supply. Here is what we found:

We looked at lead testing results for May 2014-April 2015, which is the 12 month time frame just after Flint started drawing their water from the river (water source changed in April 2014).

We compared lead testing rates and lead testing results to the same time frame for the previous 3 years, to see if there were any patterns that suggested that there were increased rates of lead poisoning after the water supply was switched. Per the attached charts –

- Lead testing rates remained about the same from year to year (chart on the right).
- There was a spike in elevated blood lead tests from July-September 2014 (chart on the left, gold line).
- However that pattern was not terribly different from what we saw in the previous three years, especially in 2011-2012 (we are working with our Epidemiologist to statistically verify any significant differences).
- We commonly see a 'seasonal effect' with lead, related to people opening and closing windows more often in the summer, which disturbs old deteriorating paint on the windows, sills and sashes. Window fans frequently blow and spread the lead dust from the deteriorating paint to other parts of the room/house. We suspect that the summer data spike may be related to this effect.
- If the home water supply lines and/or river water were contributing to elevated blood lead tests, we

expected that the increased rates would extend beyond the summer, but they drop quite a bit from September to October, stayed low over the winter, and are just starting to tail up again in the spring of 2015.

So upon review, we don't believe our data demonstrates an increase in lead poisoning rates that might be attributable to the change in water source for Flint. We recognize that lead exposure via the water is only a small piece of what may be happening for families in Flint, however, we hope the information is helpful.

Nancy Peeler

From: Muchmore, Dennis (GOV)
Sent: Wednesday, July 29, 2015 9:02 AM
To: Workman, Wayne (TREASURY); Wurfel, Brad (DEQ); Lyon, Nick (DCH); Clement, Elizabeth (GOV); Hollins, Harvey (GOV)
Cc: Saxton, Thomas (Treasury); Wisniewski, Wendy (GOV)
Subject: RE: Updated Memo on Water Coalition Questions - July 29

I think this information is very helpful. It will not answer the main question about the quality of the water (DEQ is working on that through Brad I believe), and the color and smell of the present water, but it does get us to the answers to the less subjective issues. Frankly, the only way the issues will be totally resolved is when the KWA comes on line and the water is perceived to be cleaner and healthier.
I am somewhat surprised that the leadership in Flint has not responded better to the community questions, which don't seem unreasonable at all. Seems like Harvey has a better network into some of the neighborhoods than the city does. The KWA PR department definitely needs to do some outreach or they're headed down the same road as DWSD. Do you know if they go out on a regular basis to the community and talk about the rates, costs, etc.?

From: Workman, Wayne (TREASURY)
Sent: Wednesday, July 29, 2015 8:36 AM
To: Muchmore, Dennis (GOV); Wurfel, Brad (DEQ); Lyon, Nick (DCH); Clement, Elizabeth (GOV)
Cc: Saxton, Thomas (Treasury); Wisniewski, Wendy (GOV)
Subject: FW: Updated Memo on Water Coalition Questions - July 29
Importance: High

All, Attached is a memo and water rate summary answering several of the questions raised by the Flint pastors. Please let me know if you have any questions. Wayne

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Cline, Richard (Treasury)
Sent: Wednesday, July 29, 2015 8:21 AM
To: Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury); Byrne, Randall (Treasury)
Subject: Updated Memo on Water Coalition Questions - July 29
Importance: High

Wayne,

Attached is the water rate table you asked for and I have updated the memo to reference this as an attachment.

If you need anything else, please let me know.

Note that Rob, Randy and I will be in Benton Harbor for a portion of today conducting their annual RTAB evaluation.

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) [redacted] Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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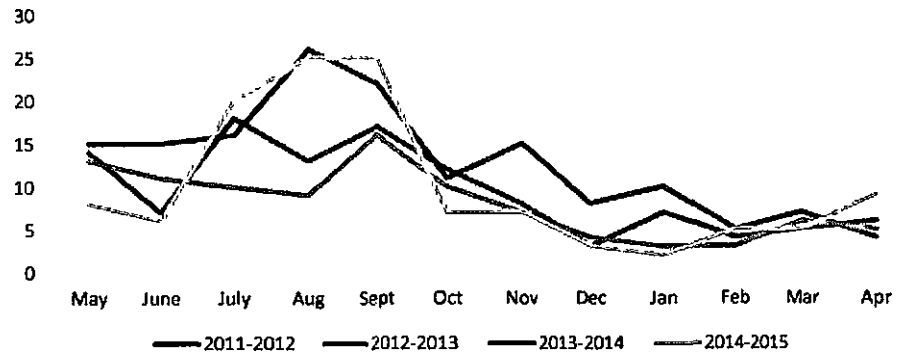
City of Flint Water Rate History

Year (Date Effective)	Average Monthly Water/Sewer Bill*	Percentage Change in Water/Sewer Rates	Water Fund** Total Operating Revenue	Water Fund** Unrestricted Net Position	Water Fund** Capital Improvements
2010	$64	12%	$31,956,754	-$5,795,973	$2,091,160
1/15/2011	$82	29%	$36,762,663	-$12,443,265	$1,403,916
9/16/2011	$111	35%			
7/1/2012	$111	26%	$44,854,439	-$8,758,091	$755,681
2013	$140	0%	$49,903,868	$834,447	$147,462
07/01/13 to 06/30/14	$140	0%	$43,552,152	$760,745	$3,301,700
07/01/14 to 06/30/15	149***	6%	N/A	N/A	N/A

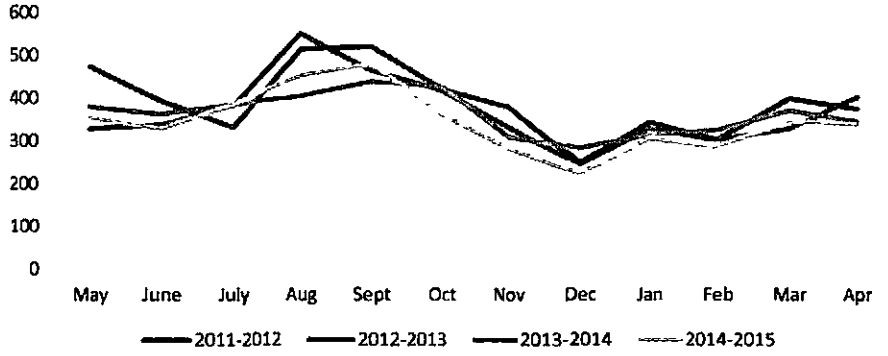
Note* Water rate information is based on average usage of 7 units per month with a 5/8" residential remote meter.
Note** Water fund information was compiled from the City of Flint's CAFR filed with the Michigan Department of Treasury.
Note*** Billing breakdown contained in attached memo.

City of Flint, Children less than 16 years of age
with First-Time Elevated Blood Lead Levels



	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
2011-2012	15	15	16	26	22	11	15	8	10	5	7	4
2012-2013	14	7	18	13	17	12	8	3	7	4	5	6
2013-2014	13	11	10	9	16	10	7	4	3	3	6	5
2014-2015	8	6	20	25	25	7	7	3	2	5	5	9

City of Flint, Children less than 16 years of age
Tested for Lead Poisoning



	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
2011-2012	474	393	332	513	520	420	379	249	343	303	399	375
2012-2013	328	338	383	550	464	417	332	246	328	303	328	402
2013-2014	380	363	385	404	438	427	310	283	313	325	371	346
2014-2015	356	329	386	452	480	361	283	224	305	287	348	339

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, July 31, 2015 1:16 PM
To: Cline, Richard (Treasury)
Cc: Dempkowski, Angela (Treasury); Byrne, Randall (Treasury)
Subject: Re: Update: KWA Board Members

Great work. Thanks

Sent from my iPhone

On Jul 31, 2015, at 1:11 PM, Cline, Richard (Treasury) <cliner1@michigan.gov> wrote:

> Wayne,
>
> Per your request, I researched the affiliation of all KWA Board members.
>
> My results are as follows:
>
> Jeff Wright, Genesee County Drain Commissioner, is the CEO of KWA.
>
> The Board members are:
>
> 1. Dayne Walling, Chairperson; Mayor, City of Flint
> 2. Greg Alexander, Vice Chairperson; Sanilac County Drain Commissioner
> 3. Jamie Curtis; Chair, Genesee County Board of Commissioners
> 4. Ted Henry; Commissioner, Genesee County
> 5. Joseph Suma; Lapeer County Drain Commissioner
> 6. Joshua Freeman; Council President, City of Flint
> 7. Steve Landaal; President, Landaal Packaging
> 8. Larry Green; Supervisor, Mt. Morris Township
> 9. Sheldon Neeley; State Representative
> 10. Thomas Svrcek; Swartz Creek Director of the Department of Public Works
> 11. Richard E. Hammel; Former State Representative
> 12. Marilyn "Micki" Hoffman; Supervisor, Grand Blanc Township
> 13. Paula Zelenko; Mayor, City of Burton
> 14. Dale Kerbyson; City Manager, City of Lapeer
> 15. Tracey Tucker; Building Administrator, Flint Township
>
> If you need anything else, let me know.
>
> **Eric Cline** | Department Manager
> State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility

430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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From: Cline, Richard (Treasury)
Sent: Thursday, July 30, 2015 10:34 AM
To: Byrne, Randall (Treasury)
Subject: KWA Board Members
Importance: High

http://www.karegnondi.com/#!about/c20r9

Randy,

Here is a list of the KWA Board members:

Jeff Wright is the CEO of KWA.

The Board members are:

1. Dayne Walling, Chairperson
2. Greg Alexander, Vice Chairperson
3. Jamie Curtis
4. Ted Henry
5. Joseph Suma
6. Joshua Freeman
7. Steve Landaal
8. Larry Green
9. Sheldon Neeley
10. Thomas Svrcek
11. Richard E. Hammel
12. Marilyn "Micki" Hoffman
13. Paula Zelenko
14. Dale Kerbyson
15. Tracey Tucker

I have also included a link to the Board's page.

If you need more information, please let me know.

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) [redacted] Traverse City Office (231) 922-5228
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CITY of FLINT WATER TREATMENT PLANT MONTHLY OPERATION REPORT

SUPPLY NAME: CITY of FLINT WATER PLANT
WSSN: 2310

Michael Glasgow	**July 2015**
Operator-in-Charge	Month/Year
F-1R, F-2	F-1
Certification of Operator-in-Charge	Water Plant Classification
Michael Glasgow	**Genesee**
Signature of Operator-in-Charge	County

Treatment Rate and Filter Data

Maximum Treatment Rate	**18.5**	Million Gallons per Day
Rated Plant Capacity	**36**	Million Gallons per Day
Average Filter Run	**124**	Hours
Average Head Loss	**n/a**	Feet *(filter head loss meters not operational)
Average Filtration Rate	**2.5**	Gallons Per Square Feet per Minute
Maximum Filtration Rate	**3.3**	Gallons Per Square Feet per Minute
Average Wash Water Use	**1.0%**	Percent of Treated Water

Chemical Data

Chlorine on hand	**24,000**	lb	Est supply	**28**	days
Primary Coagulant (Ferric Chloride) on hand	**153,000**	lb	Est supply	**10**	days
Lime (CaO) on hand	**197**	tons	Est supply	**17**	days
Fluoride on Hand	**6,000**	lb	Est supply	**13**	days
Cost of All Chemicals per Million Gallons	**n/a**	dollars			
Total Power Cost per Million Gallons	**n/a**	dollars			

Remarks	Confluence Point # 1 (N)	Confluence Point # 2 (S)
Number of filter confluence samples > 0 3 NTU	**1**	**0**
Number of filter confluence samples collected	**218**	**218**
Percent of filter confluence samples > 0 3 NTU	**0.5%**	**0.0%**
Number of filter confluence samples > 1 NTU	**0**	**0**

Did any individual filter exceed:

1 0 NTU in two consecutive measurements taken 15 minutes apart? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

0 5 NTU in two consecutive measurements taken 15 minutes apart after 4 hours of operation? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

1 0 NTU in two consecutive measurements taken 15 minutes apart for 3 consecutive months? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

2 0 NTU in two consecutive measurements taken 15 minutes apart for 2 consecutive months? **NO**
If yes, attach specific filter(s) information and indicate required follow-up status

Was continuous (every 15 minutes) filter monitoring equipment off-line during the month? **NO**
If yes, indicate date(s), duration, and individual filter grab sampling frequency on a separate sheet

Did POE disinfectant residual fall below 0 2 ppm during the month? **NO**
If yes, indicate date(s) and duration on a separate sheet.

Was minimum C*T credit achieved for the entire month? **YES**
If no, indicate on a separate sheet the date(s) not achieved

Was continuous POE chlorine residual monitoring equipment off-line during the month? **NO**
If yes, indicate date(s) and duration on a separate sheet.

Date	Million Gallons Treated	Ozone Dosage (mg/L)	Ferric as Fe^{3+} mg/L	Lime Dosage (mg/L)	PW-340 Cationic Polymer Dosage (mg/L)	P-142PWG Anionic Polymer Dosage (mg/L)	Turbidity, Units				
							Raw			Plate Settler	Applied
							Number of Samples	Avg.	Max.	Effluent Avg.	Applied Avg.
1	14.3	4.3	16.6	125.6	5.0	0.64	7	29.1	66.3	5.14	2.17
2	14.1	3.6	19.1	126.5	5.1	0.64	7	26.5	50.4	5.18	1.47
3	14 5	3.8	18.6	131.9	5.0	0.64	8	18 4	47.8	5.91	2.03
4	14 6	3.2	17.8	129.1	4.9	0.63	8	28.6	107.0	7.01	2.18
5	14 5	3 6	17.9	127.3	5.0	0.65	8	32.1	14.6	6.42	1.66
6	14.6	3 9	17.7	122.6	4.7	0 75	7	22.5	12 1	4 54	2.00
7	15 9	3.1	14.6	113.6	4.2	0 71	7	16.3	38.7	1.69	2.88
8	16 1	4.2	16.6	126.9	4.3	0.69	7	12.0	10.2	2.43	1.48
9	18 1	4.3	15.1	105.1	3.8	0.62	7	17.6	51.9	2.43	1 85
10	17.7	4.4	14.8	116.1	4.2	0.67	7	25.6	88.6	2.24	1.67
11	17.1	4.1	16.5	109 7	4.3	0.68	7	14.8	30 6	2.13	1.54
12	14.9	3 9	16.0	114.4	4.3	0 79	7	11.0	23.8	2.78	1.33
13	14.8	3.9	13.9	116.8	4.5	0 84	7	11.2	34.6	2.13	0 96
14	15.0	3 4	13.0	113.0	4.4	0 74	7	13.2	21.1	2.62	1.41
15	14.6	4 0	13.8	123.4	4 5	0.80	7	39 4	122 0	2.47	1.50
16	14.5	4.1	13.9	120.8	4.5	0.75	7	27.0	126 0	2 14	1.83
17	14.7	3.8	13.1	127.3	4 5	0.82	7	18 0	73 9	1 70	1.62
18	14 3	4 7	13 8	154.2	4.6	0 86	7	14.8	44.6	3.03	1.97
19	14.3	4.2	14.0	177.9	5.0	0 88	7	23.3	109.0	2.55	1.51
20	14.3	4.7	13.3	171.8	5.0	0.83	7	27.9	139.0	2.71	1.65
21	14 6	4 4	13.7	172.3	4.9	0.86	7	29.2	146.0	2 52	1.49
22	15.3	4.5	16.0	203 7	4.7	0.82	7	25.1	89.1	4 17	1.50
23	15.8	4.0	18.8	158.9	4.7	0.80	7	22 2	68.3	4.94	1.99
24	14.5	1.2	19.8	166.3	5.3	0.82	7	15.7	31.9	7.01	1.94
25	13.6	0.0	24.3	195.2	5.5	0.88	7	22 8	81.4	8.62	2.00
26	13 6	0.0	23.4	194.1	5.6	0.90	7	28 6	139.0	7 85	1.79
27	13 9	0.0	23.1	194.9	5 4	0.86	7	18.3	63.5	7.24	1.93
28	13 8	0.0	22.7	195.9	5 4	0.91	7	31.6	165.0	5 89	1.13
29	14.3	0.0	22.2	198.8	5.2	0.82	7	20.0	73 4	4 91	1 61
30	14.7	0.4	21.0	180.6	5.1	0.83	7	16.5	46.3	5 14	1.22
31	15.8	4.2	18.5	181.8	4.9	0.94	7	8 0	9.1	3.97	1.22
Avg.	14.9	3 2	17.2	148.3	4.8	0.78	7	21.5			1.69
Max.	18.1	4.7	24.3	203.7	5.6	0.94	8	39.4	165	8.62	2.88
Min.	13.6	0.0	13.0	105.1	3.8	0.62	7	8.0			0.96
Total	462.8										

WSSN: 2310

Date	Turbidity, Units												
	Confluence Point. No.1 (N) North						Confluence Point. No.2 (S) South						Point of Entry
	Number of Samples	Avg.	Max	No. of 4 Hr. Compliance periods	No. of 4 Hr Compliance periods >0.3 NTU	No. of Samples >0.3 NTU	Number of Samples	Avg.	Max	No. of 4 Hr Compliance periods	No. of 4 Hr. Compliance periods >0.3 NTU	No. of Samples >0.3 NTU	Plant Tap NTU
1	7	0.10	0.13	6	0	0	7	0.09	0.12	6	0	0	0.11
2	7	0.11	0.15	6	0	0	7	0.09	0.12	6	0	0	0.09
3	8	0.09	0.11	6	0	0	8	0.09	0.11	6	0	0	0.13
4	8	0.09	0.13	6	0	0	8	0.08	0.09	6	0	0	0.11
5	8	0.08	0.09	6	0	0	8	0.08	0.11	6	0	0	0.09
6	7	0.09	0.12	6	0	0	7	0.08	0.09	6	0	0	0.10
7	7	0.10	0.12	6	0	0	7	0.09	0.10	6	0	0	0.10
8	6	0.11	0.13	6	0	0	6	0.10	0.11	6	0	0	0.09
9	7	0.11	0.15	6	0	0	7	0.10	0.10	6	0	0	0.11
10	7	0.11	0.11	6	0	0	7	0.10	0.12	6	0	0	0.12
11	7	0.12	0.25	6	0	0	7	0.11	0.13	6	0	0	0.10
12	6	0.08	0.11	6	0	0	6	0.10	0.13	6	0	0	0.08
13	7	0.10	0.11	6	0	0	7	0.10	0.12	6	0	0	0.10
14	7	0.18	0.31	6	1	1	7	0.11	0.11	6	0	0	0.11
15	7	0.14	0.20	6	0	0	7	0.12	0.16	6	0	0	0.13
16	7	0.14	0.20	6	0	0	7	0.12	0.15	6	0	0	0.12
17	7	0.13	0.15	6	0	0	7	0.12	0.14	6	0	0	0.18
18	7	0.14	0.20	6	0	0	7	0.12	0.16	6	0	0	0.15
19	7	0.16	0.19	6	0	0	7	0.14	0.18	6	0	0	0.18
20	7	0.13	0.18	6	0	0	7	0.12	0.16	6	0	0	0.12
21	7	0.14	0.17	6	0	0	7	0.14	0.19	6	0	0	0.12
22	7	0.15	0.20	6	0	0	7	0.15	0.19	6	0	0	0.16
23	7	0.14	0.18	6	0	0	7	0.13	0.15	6	0	0	0.15
24	7	0.17	0.19	6	0	0	7	0.17	0.20	6	0	0	0.16
25	7	0.17	0.19	6	0	0	7	0.16	0.19	6	0	0	0.14
26	7	0.14	0.17	6	0	0	7	0.13	0.15	6	0	0	0.13
27	7	0.16	0.22	6	0	0	7	0.15	0.21	6	0	0	0.16
28	7	0.15	0.16	6	0	0	7	0.14	0.16	6	0	0	0.13
29	7	0.13	0.17	6	0	0	7	0.12	0.13	6	0	0	0.12
30	7	0.12	0.14	6	0	0	7	0.13	0.16	6	0	0	0.13
31	7	0.08	0.10	6	0	0	7	0.10	0.13	6	0	0	0.12
Avg.	7	0.12	0.16	6	0	0	7	0.11	0.14	6	0	0	
Max.	8	0.18	0.31	6	1	1	8	0.17	0.21	6	0	0	0.18
Min.	6	0.08	0.09	6	0	0	6	0.08	0.09	6	0	0	

WSSN: 2310

Date	Fluoride Applied as F- mg/L	Fluoride Analysis (mg/L)			Chlorine Application (mg/L)			Chlorine Residual (mg/L)					
					Intermediate Chlorine	Post Chlorine	Total Chlorine	Filtered		3 MG Well		Tap	
		Raw	Tap	Dist.				Free	Total	Free	Total	Free	Total
1	0.5	0.17	0 68	0 72	3.2	3.6	6.8	0.5	0.7	2.3	2.7	2.0	2.4
2	0.5	0.18	0.68		3.0	3 3	6.3	0.5	0 8	2.5	2.8	2 4	2.7
3	0.5	0.19	0.66		3.1	3.8	6.9	0.3	0 5	2.1	2 5	1.9	2.2
4	0.5	0 19	0.75		3.2	3.6	6.8	0.2	0 4	2.0	2 3	2.0	2.3
5	0.6	0.20	0 84		3.3	3 3	6.6	0.4	0 7	2.2	2.5	2.1	2 4
6	0 5	0 17	0 72		3.3	3.3	6.6	0 3	0 6	2.0	2.3	2.0	2.3
7	0.5	0 19	0.66		3.2	3.7	6.9	0.3	0 5	1.8	2.1	1.8	2 1
8	0 5	0.18	0 66		3.3	3 4	6.7	0.3	0 6	1.7	2.1	1.8	2.2
9	0 5	0.18	0.73	0.69	3.4	3.6	7.0	0.2	0.5	2.0	2.3	2 0	2.3
10	0.6	0.20	0 74		3.8	3.8	7.6	0.2	0.5	2.1	2.5	2.0	2.4
11	0.6	0 19	0.74		3.9	2.9	6.8	0.3	0 5	2.3	2.6	2.2	2 5
12	0.6	0 20	0.80		4.5	3.3	7.8	0.5	1.0	2.4	2.6	2.6	3.0
13	0.6	0.18	0.67		4 8	3.7	8.5	0.2	0.4	2.1	2.5	2.2	2.6
14	0.6	0.18	0.73		4 8	3.5	8 3	0.4	0 6	2.2	2 5	2.3	2.6
15	0.7	0.18	0.73		4.8	3.7	8.5	0.7	1.1	2.1	2.5	2.0	2.4
16	0.7	0.18	0.78		4.6	3.7	8.3	0.4	0.6	2.5	2.9	2.2	2.5
17	0.7	0.22	0.77		4 6	3.8	8 4	0.3	0.5	2.1	2.4	1.9	2.3
18	0 7	0.20	0.76		4.7	3.9	8.6	0.4	0.6	2.6	2.9	2.2	2.5
19	0.7	0.19	0.76		4.7	3.7	8.4	0.4	0.6	2.5	3.0	2.4	2.8
20	0.7	0.19	0.74		4.6	3.6	8.2	0 4	0.6	2.4	2.8	2 4	2.8
21	0.7	0.19	0.82		4.5	3.7	8.2	0.3	0.5	2 5	3.0	2.5	3.0
22	0.6	0.19	0.78		4.3	3.7	8.0	0 4	0.7	2.6	3 0	0 6	0.9
23	0.6	0.20	0.78	0 75	4.3	3.3	7 6	0 4	0.6	2.6	3.0	2.6	3.0
24	0.6	0 18	0.72		4 7	3.4	8 1	0.3	0.5	1.7	2.1	0.7	1.1
25	0.6	0.20	0.76		5.0	3.6	8.6	0.5	0.8	2.6	3.0	0.6	0.9
26	0.6	0.20	0.77		5.0	3.8	8 8	0 4	0.6	2 2	2.5	2.2	2.5
27	0.6	0 19	0.80		5.3	3.6	8 9	0 3	0.5	2.2	2 5	2.0	2.4
31	0.6	0.19	0.74		4.2	3.5	7 7	0.5	0.7	2.5	3.0	0.6	0.7
Avg.	0.59	0.19	0.74	0.72	4.3	3.6	7 8	0.4	0.6	2.2	2.6	1.9	2.3
Max	0 70	0.22	0.84	0.75	5.5	4.2	9 7	0.7	1.1	2.6	3.0	2.6	3.0
Min.	0.50	0.17	0.66	0.69	3.0	2.9	6 3	0.2	0.4	1.7	2 1	0.6	0.7

WSSN: 2310

Date	pH (S.U.)		Total Hardness as CaCO3 (mg/L)		Total Alkalinity as CaCO3 (mg/L)		Non-Carbonate Hardness as CaCO3 (mg/L)		Calcium as Ca2+ (mg/L)		Magnesium as Mg2+ (mg/L)		Chloride as Cl- (mg/L)	
	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap	Raw	Tap
1	8.37	7.59	232	148	190	56	42	92	67.3	46.5	15.6	7.8	45	84
2	8.12	7.36	260	150	220	54	40	96	77.8	50.5	16 0	5.8	47	87
3	8.40	7.43	260	155	218	55	42	100	89.0	56.9	9.2	2.9	43	89
4	8.35	7 40	252	153	210	52	42	101	80.2	52 1	12.6	3.9	42	86
5	8 18	7 49	258	156	216	54	42	102	89.8	52.1	8 3	6.8	42	86
6	8 19	7 48	264	156	208	56	56	100	85.8	57 7	12.2	2.9	44	88
7	8.06	7.68	258	156	212	50	46	106	87.4	50.5	9.7	7.3	48	85
8	7.98	7.52	252	148	208	54	44	94	85.0	51 3	9.7	4.9	43	77
9	8.18	7.49	246	152	208	52	38	100	80.2	52.9	11.2	4.9	43	82
10	8.22	7.47	244	150	202	52	42	98	84.2	55.3	8.3	2.9	43	77
11	8.30	7.54	250	150	206	62	44	88	85.8	48.9	8.7	6 8	47	81
12	8.21	7.45	256	144	214	48	42	96	79.4	47 3	14.1	6.8	42	89
13	8.36	7.60	242	142	200	50	42	92	79.4	47 3	10.7	5.8	45	83
14	7 83	7.45	250	144	208	50	42	94	75.4	39.3	15 1	11 2	50	84
15	8 13	7.38	250	134	212	48	38	86	81.8	41.7	11.2	7.3	44	81
16	8.16	7.43	252	156	212	48	40	108	78.6	44.1	13.6	11.2	44	79
17	8.05	7.36	256	140	206	52	50	88	82.6	45.7	9.2	8.7	43	78
18	8.07	7.42	248	132	206	42	42	90	80.2	40 1	11.7	7.8	41	80
19	8.13	7.45	252	134	212	44	40	90	80.2	47.3	12.6	3 9	43	76
20	8.21	7.53	248	142	214	46	34	96	78.6	43.3	12.3	8.3	42	79
21	8.15	7.35	250	134	220	54	30	80	82.6	41.7	10.7	7.3	42	79
22	8.31	7.42	252	132	216	44	36	88	76.2	36 9	15 1	9.7	44	80
23	8.33	7.35	252	136	214	36	38	100	81 8	40 1	11 7	8.7	43	84
24	8.28	7.34	246	136	206	34	40	102	79.4	39.3	11.7	9.2	43	83
25	8.24	7.52	248	149	208	47	40	102	76.2	38.5	14 1	8.7	43	81
26	8 15	7.43	254	153	212	51	42	102	85 0	47.3	10.2	7.3	43	89
27	8 14	7.40	258	146	216	48	42	98	77.0	48.9	16 0	5.8	45	88
28	8.19	7.42	248	162	210	58	38	104	79.4	61.7	12.2	1.9	45	96
29	8.03	7.32	242	152	206	50	36	102	79.4	54.5	10.7	3.9	47	100
30	7 97	7.37	240	158	206	60	34	98	70.5	58.5	15.6	2.9	51	98
31	7.91	7.37	248	156	212	52	36	104	75.4	55.3	14.6	4 4	51	99
Avg	8.17	7 45	251	147	210	50	41	97	80 4	48 2	12 1	6 4	44	85
Max.	8 40	7 68	264	162	220	62	56	108	89.8	61.7	16.0	11.2	51	100
Min.	7.83	7.32	232	132	190	34	30	80	67.3	36.9	8.3	1.9	41	76

WSSN: 2310

Date	Total Coliform						Standard Plate Count (Simplate MPN)		Conductivity (mS)	Temp. C	Color		Odor	
	Raw (Colilert MPN)		Filter Confluence (N&S)		Plant Tap									
	# Samples	Count	# Samples	# pos	# Samples	# pos	Raw	Tap	Tap	Raw	Raw	Tap	Raw	Tap
1	1	4884	12	0	1	0	2870	< 2	0.44	22.5				
2	1	3448	12	0	1	0	2020	< 2	0.44	22.3				
3	1	3654	12	0	1	0	2390	< 2	0.45	22.1				
4	1	4611	12	0	1	0	1830	< 2	0.44	23.5				
5	1	5172	12	0	1	0	1830	< 2	0.45	22.5				
6	1	3873	12	0	1	0	1890	< 2	0.45	22.8				
7	1	5794	12	0	1	0	1460	< 2	0.43	23 5				
8	1	3654	12	0	1	0	1950	< 2	0 41	22.0				
9	1	6867	12	0	1	0	2990	< 2	0.43	22.5				
10	1	4106	12	0	1	0	1830	< 2	0.41	23.3				
11	1	3654	12	0	1	0	2090	< 2	0 43	23.5				
12	1	3654	12	0	1	0	1510	< 2	0 42	22.9				
13	1	4884	12	0	1	0	1510	< 2	0.41	24.8				
14	1	11191	12	0	1	0	7380	< 2	0 40	23.3				
15	1	8164	12	0	1	0	3390	< 2	0 40	23.1				
16	1	6867	12	0	1	0	2020	< 2	0.40	25 9				
17	1	3873	12	0	1	0	1460	< 2	0.41	23.8				
18	1	3873	12	0	1	0	5550	< 2	0.39	24.4				
19	1	5794	12	0	1	0	3390	< 2	0.39	24.4				
20	1	6867	12	0	1	0	2870	< 2	0.39	24 4				
21	1	8664	12	0	1	0	2870	< 2	0.39	24.5				
22	1	4884	12	0	1	0	2870	< 2	0.39	25 1				
23	1	6480	12	0	1	0	3550	< 2	0.40	24.9				
24	1	6480	12	0	1	0	3390	< 2	0.40	25.1				
25	1	7270	12	0	1	0	4440	< 2	0.42	25.2				
26	1	8164	12	0	1	0	4140	< 2	0 44	25.1				
27	1	7270	12	0	1	0	2230	< 2	0 43	26.0				
28	1	5172	12	0	1	0	2660	< 2	0.47	27.6				
29	1	6867	12	0	1	0	6230	< 2	0.45	27.2				
30	1	17329	12	0	1	0	3240	< 2	0.48	26.2				
31	1	19863	12	0	1	0	4700	< 2	0.46	25.5				
Avg									0.42	24.2				
Max.		19863					7380	< 2	0.48	27.6				
Min.									0.39	22.0				

WSSN: 2310

Date	Free Chlorine Residual at Bacteriological Monitoring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1	0.5	1.0	1 1	0 3	0.2	0.2	0.6	1.3	0.7	1.4	10
2											0
3											0
4											0
5											0
6											0
7	0 1	1 1	1 0	0.2	1.9	0.2	0 5	1 0	1.3	4.0	10
8	1 1	0 3	1.2	0 1	0 8	0 3			0.5	1.2	8
9	0 1	0.7	1.2	0.2	0.1	0.2	0.4	1.1	0.2	1.3	10
10											0
11											0
12											0
13											0
14	0.9	1.0	1.0	0.1	0.2	0.2	0 5	1.3	0.3	1.2	10
15	0.1	0.9	1.0	0.4	0 6	0 1	0.2	1.3	0.5	1.2	10
16											0
17											0
18											0
19											0
20											0
21											0
22	0.5	0.5	0.9	0.2	0 1	0.1	0 3	1 0	0 6	1.6	10
23	0.6	0.7	0.9	0.2	0 1	0.1	0.1	1.2	0.1	1 3	10
24											0
25											0
26											0
27											0
28	0.6	0 9	1.0	0 3	0.3	0.1	0.5	1 0	0.9	1.0	10
29											0
30	0 6	0.7	0.8	0.1	0.1	0 5	0.3	1.7	0.1	1 2	10
31				0.2	0.4	0.2					3

Distribution Sample Summary	
Total # of routine distribution samples analyzed	101
Total # of routine distribution samples required	100

Distribution Bacteriological Summary	
Total # of positive routine distribution samples	1
Percent of routine distribution samples positive	1%

See page 9 for positive sample information.

Distribution Disinfectant Total Residual Summary	
Percentage of samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	0.67

WSSN: 2310

Date	Total Chlorine Residual at Bacteriological Montioring Stations mg/l										
	1	2	3	4	5	6	7	8	CS	WS	Number of Samples
1	0.9	1.3	1.4	0.6	0.4	0 4	0.9	1 7	1.0	1 7	10
2											0
3											0
4											0
5											0
6											0
7	0.1	1.4	1.2	0.3	2.2	0 4	0.8	1 3	1.6	4.0	10
8	1 4	0.6	1.6	0 4	1 0	0.5			0 8	1 5	8
9	0.2	1 0	1.5	0 4	0 2	0.5	0.6	1 4	0 4	1,6	10
10											0
11											0
12											0
13											0
14											0
15	1 3	1.3	1 3	0.3	0.4	0.4	0.8	1.7	0 5	1.5	10
16	0.2	1.2	1.3	0.7	0.9	0.2	0.5	1 5	0.9	1.5	10
17											0
18											0
19											0
20											0
21											0
22	0.8	0.8	1 3	0.5	0 3	0.2	0.5	1.4	0 9	2 0	10
23	0 9	1.1	1.2	0.5	0.4	0.3	0.3	1.5	0 1	1.6	10
24											0
25											0
26											0
27											0
28	0 8	1 3	1.3	0.5	0.5	0 2	0.8	1.4	1.3	1.3	10
29											0
30	1.0	1.2	1.3	0.3	0.3	0.2	0.6	2.3	0.3	1.5	10
31				0.4	0.6	0 4					3

Distribution Disinfectant Total Residual Summary	
Percent samples with a detectable disinfectant residual	100%
Average disinfectant residual this month	0.9

Positive Distribution Samples

Date	Monitoring station	Date	Repeat Monitoring Stations	Residual (mg/L) Free / Total	Present or Absent
7/30/2015	University Market	7/31/2015	University Market	.4 / .6	Absent
		7/31/2015	Consumer Services	.2 / 4	Absent
		7/31/2015	Rube's Bar	.2 / 4	Absent

Byrne, Randall (Treasury)

From: Cline, Richard (Treasury)
Sent: Monday, June 01, 2015 10:21 AM
To: Byrne, Randall (Treasury)
Subject: Loc Gov Update June 2015 (4).docx
Attachments: Loc Gov Update June 2015 (4).docx

Importance: High

Randy,

I am ok with the textual comments in my communities of ROT, AP and Flint.

Under ROT, I did change some text color that was showing as read. The particular paragraph is:

Recent Developments

- Treasury has been informed that the Township Supervisor is regularly approving overtime for employees. Overtime is not included in the 2015 budget, and the Consent Agreement requires State Treasurer approval prior to any overtime expenditures. An Order was issued on May 20, 2015 that requires the Consultant to approve all requests for overtime prior to authorization. This is another example of the Township's inability to comply with the terms of the Consent Agreement.

Also, under Flint we need to confirm if any changes to the Water Quality Reporting has occurred. The specific paragraph is:

- The City of Flint continues to inform residents that it is in violation of the Clean Water Standards Act, after unsafe levels of trihalomethanes (TTHM, a disinfectant by-product) were found in the water. Recent testing by the Michigan Department of Environmental Quality (MDEQ) Testing Lab showed that the total TTHM levels for the month of March are well within the Environmental Protection Agency (EPA) guidelines for safe water. However, because EPA regulations require that the four month average for all testing sites be within certain guidelines, the City is still considered to be non-compliant by the MDEQ. Monthly testing remains ongoing and is being conducted by several parties.

I don't know if you want to call Natasha on this or I can do so if you would like.

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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City of Flint
Water Quality Update
Wednesday June 10th 2015

Leak Detection

What: $900,000 Treasury Distressed City Grant for Leak Detection / Pipe Wall Assessment

Status: Expected start date - late June / early July

The resolution was approved by the RTAB and the contract is being sent to the vendor.

The company 'Echologics" is still prepared to sign the contract and mobilize within several weeks following the contract signing.

The company maintains a window of 10 – 14 weeks to complete the full scope of work.

Next steps: Get contract signed and determine mobilization timeframe and length of project.

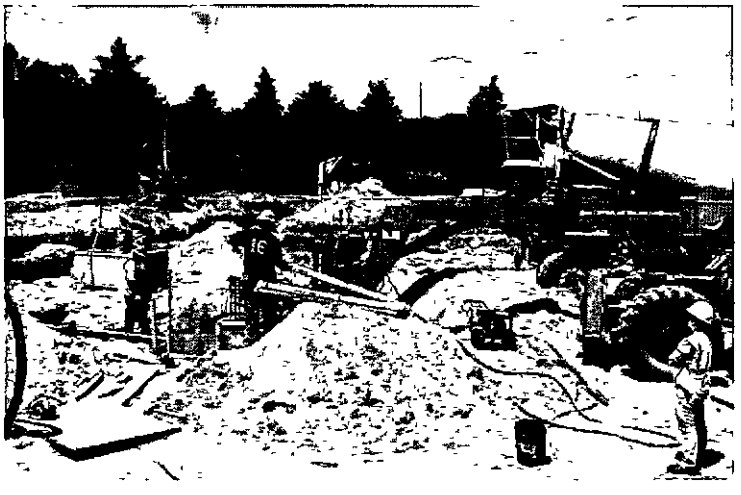
WPC Incinerator Shutdown

What: $1,100,000 Treasury Distressed City Grant for WPC Incinerator Shutdown

Status: In construction phase

With good weather, construction continues to move forward. No change in the schedule.

The 10 inch ductile iron cake pipes have now been placed and partially buried. This week, they are testing them (see pictures) to verify that they will hold 600 psi. This is double the working pressure of the cake discharge from those pumps.



Next steps: Continued construction of underground infrastructure

GAC Installation

What: $1,601,740 contract with LAN to design and install new filter media at the Water Plant

Status: Ahead of schedule

Vendor Calgon is still conducting performance testing on water samples that were sent to them. The sampling will verify the specific media that will be used. Testing is expected to be completed within the next week.

Once the exact medial is determined, delivery of supplies and installation will be scheduled.

Next steps: Vendor tests on Flint water and sand samples continue until results are determined.

Water Meter Installation

What: $5,000,000 contract with Metron to purchase and install 18,000 water meters

Status: On schedule

Funding was budgeted ($2,500,000) in FY 15 to replace all 9,000 of the meters that are

The City will purchase and replace 3000 over each of the next three years to complete the city wide installation plan.

Vendor Metron-Farnier was awarded the contract following an RFP for purchase and installation services.

Metron has just recently signed the contract and has targeted July 15, 2015 to begin the installation of 9,000 meters.

Next steps: A written installation plan is being developed by the city's water service center which will have one person designated as the internal manager of the project.

Howard Croft
Public Works Director

Byrne, Randall (Treasury)

From: Porubsky, Carmen (TREASURY)
Sent: Wednesday, June 10, 2015 10:44 AM
To: Byrne, Randall (Treasury)
Subject: Flint Call Notes
Attachments: Flint telephone call June 10.docx

Please see attached and respond with any feedback you have.

Thank you,

Carmen Porubsky | Bureau of Local Government Services
State of Michigan | Michigan Department of Treasury
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
517.335.2439 | porubskyc@michigan.gov

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Flint telephone call June 10, 2015 9:00 a.m.

Josh, Randy, Eric, Patrick, Natasha, Dayne

- Priorities for the week

  Preparing for RTAB, Natasha sent OFRA information and reason for denial – denied by Council

  GAC? On schedule – filter installation at water plant to purify water – carbon filter

  Held news conference regarding upcoming violation notice – well received, not getting as many complaints

  Former City Attorney filed lawsuit regarding connecting with DWSD – Council took action during Jerry's time as EM to do all possible to connect to DWSD – cost not being taken into consideration – Amy Hovey, Congressman's Chief of Staff, called Dayne, have been contacting the Governor regarding money for residents who cannot pay their water bills – Jerry said that out of 30,000 residential customers $1.4M over 60 days past due

  Leak Detection Study – has not started yet, up for RTAB approval tomorrow

- Update on election issue including internal investigation

  Governor signed bill to put candidates' names back on the ballot – Internal investigation is complete, Natasha will move forward with a corrective action plan, has met with Clerk – report will not be released publically according to City Attorney

- 4th Quarter Budget Amendments

  Working on, will present to RTAB upon completion

- RTAB meeting tomorrow June 11th.

  Treasury will be there around 1:00, Natasha expects a large attendance

- Update tax abatement for downtown building renovation

  Have not heard back from State Tax Commission, meeting was held on the 9th

- GM expansion

- Re-assessment

- Update on vacant positions

  Treasurer – Natasha has talked to Jodi – Jodi has changed the job description and will be recruiting for the position – last day for old treasurer was Thursday, previous Treasurer is assisting until Jodi has a better understanding – Jerry will assist with finance

  HR Director – Position will be reposted

- Miscellaneous items

Increased attention on Police and Fire millage passed in 2012, community forum tomorrow that Tolbert will speak at – up for renewal in 2017 – covers 25% of Public Safety force – will explain reduction in force

MSP has bicycles out, presence continues to be positive

Sale of Racer Trust, Buick City Corridor former GM property, Martin Trucking Co -- Johnson Enterprises, 200 jobs into City, 120 new hires – Racer has a few prospects for additional sales – alternative energy, solar power

Announcing expansion of community education model tomorrow – one to three schools – AmeriCore members, 30 members, $1M investment, community school directors will return – open to entire community

Robert, Carla M. (Treasury)

Subject: RDS/EC/JW/NKhouri/TSaxton/WWorkman - Local Government Update
Location: Governor's Office, Romney

Start: Thu 6/11/2015 9:15 AM
End: Thu 6/11/2015 10:00 AM

Recurrence: (none)

Meeting Status: Accepted

Organizer: GovCalendar
Required Attendees: Clement, Elizabeth (GOV); Wisniewski, Wendy (GOV); Workman, Wayne (TREASURY); Saxton, Thomas (Treasury); Pleyte, Beth (Treasury); Doyle, Maureen (Treasury); Walsh, John (GOV); Khouri, Nick (TREASURY); Dempkowski, Angela (Treasury)

Attachment: Briefing

Local Government Up...

Local Government Briefing
June 11, 2015
Agenda

EMERGENCY MANAGER (EM)

- **Lincoln Park**
  - Police and Fire pension millage voted down in May 2015.
  - EM modified CBAs via 12(1)(k) to reduce retiree healthcare expense from $4.1M to 600K annually.
  - Three City Manager candidates have been selected to interview with the Mayor and City Council on June 17, 2015.
  - An actuarial analysis published on May 20, 2015 shows a further decline in pension funding, down to 23%.

FINANCIAL REVIEW COMMISSION (FRC)

- **Detroit**
  - Ron Rose, Executive Director.
  - Four-Year Financial and Operating Plan approved by FRC on April 20, 2015.
  - Reappraising all properties in Detroit due to problems with property valuations.

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

- **Allen Park**
  - City Administrator search underway to replace former Administrator. Treasury will be participating in the selection process.
  - Bond Tender in process to restructure movie studio debt. It is expected to be completed in July 2015.
  - Relocation to a new temporary City Hall is underway and will be completed in June 2015.
  - The city approved an amended FY 16 budget. The RTAB approved the budget on June 3, 2015. A five-year budget projection has been prepared and is being evaluated by Treasury.

- **Benton Harbor**
  - Whistleblower and Elliot Larson Civil Rights case against the city will be heard in July 2015.
  - FY 16 proposed budget is balanced.
  - The Finance Director has accepted a position as Finance Director in the City of Flint. Her last date of employment is June 5, 2015. The position has been advertised and interviews will be scheduled.

- **Ecorse**
  - 26% decline in residential property values city-wide for FY 2016.

- Unable to submit balanced five-year budget since EM exit (April 30, 2015).
- Annual MERS expense is increasing during a period of revenue reduction.
- The RTAB rejected a proposed employment agreement for a Finance Director due to concerns regarding the hiring process and candidate selection.

- **Flint**
  - RTAB appointed on April 29, 2015. The first meeting will be held on June 11, 2015.
  - Legislation has been passed to allow the candidates, who submitted petitions by April 28, 2015, to have their names placed on the August Primary ballot.
  - Jodi Lundquist has accepted the employment offer as CFO. Her start date is tentatively scheduled to be June 15, 2015.
  - Members of the Charter Commission were sworn into office and their first meeting was held on May 19, 2015.
  - The city will be issuing RFPs to implement a full re-appraisal within a time frame to be agreed upon with the State Tax Commission.
  - The city continues to inform residents that it is in violation of the Clean Water Standards Act. Monthly testing is ongoing.
  - The city is installing a $1.5M granulated active-charcoal filter to improve water quality. This filter installation will be completed in mid-July 2015.
  - On May 27, 2015, the city hired Echologics at a cost of $895,850 to perform a leak detection study of the water system.

- **Hamtramck**
  - City FY 15-16 proposed budget is balanced.
  - City commencing a $7M sewer improvement project; state revolving fund bonds to be issued.

- **Pontiac**
  - City Charter revision on May 2015 ballot was defeated.
  - City lost Police and Fire pension lawsuit in Michigan Court of Appeals; remanded to lower court and could cost $3.5M. The City is filing an appeal with the Michigan Supreme Court.
  - Recruiting Deputy Mayor as part of transition back to Home Rule.
  - Mediation taking place between the City and Retirees regarding the lawsuit filed against the City concerning the elimination of retiree healthcare benefits.
  - SEC – Grayson matter

CONSENT AGREEMENT

- **Royal Oak Township**
  - The City of Detroit has declined to provide police services. This is being reviewed with the City of Detroit. Proposals from the cities of Ferndale and Hazel Park have been determined to be too expensive. The Michigan State Police (MSP) continues to provide police services to the township in the interim.
  - A Consent Agreement Order was issued on May 20, 2015, granting the Consultant the authority to approve all requests for overtime. Issuance of this Order is another example of the Township's inability to comply with the terms of the Consent Agreement.

- Mr. Burgess has requested the issuance of another Consent Agreement order giving him additional authority to approve expenditures and to update their financial records. Staff is preparing an approval for the Treasurer.
- The township's ballot language for a renewal of 4½ mills for general operations was approved by Oakland County. The issue will be placed before the voters in August 2015.
- The Township has approved a $164,275 budget amendment to its 2015 General Fund after an analysis was conducted by the Rehmann Group.

- **Inkster**
  - City Council agreed to settle the Dent lawsuit regarding police misconduct for $1.37M. The cost of the settlement will be placed on the tax roll by a judgement levy.
  - City owes $4.9M to Wayne County for sewer service. Discussions are underway to reach a settlement on this matter.
  - Three police chief candidates will be interviewed on June 11, 2015.
  - The City Treasurer/State Consultant, Mark Stuhldreher, issued an order that requires his approval for all contracts, expenditures, hiring, discipline, and termination.

- **River Rouge**
  - The city adopted the FY 17 budget on May 19, 2015. The budget is balanced at $9,839,808 which compares with the FY 16 budget of $9,878,991. The city has prepared a proposed five-year budget that shows a deficit in FY 18 to FY 20 unless additional revenues can be found.
  - Healthcare benefits reduction for active employees and retirees - $400k annual savings.

NEUTRAL EVALUATION

- **Highland Park**
  - The City of Detroit and the Detroit Water and Sewerage Department was awarded a judgment against the City of Highland Park in the amount of $20M. The City of Highland Park was granted a stay in the matter on June 3, 2015 according to the City Attorney.
  - Pending $12M Emergency Loan by June/July is on hold.
  - Pierce Monroe retained to help fix water billing system. Amnesty program has been approved by City Council.
  - RFP issued to hire private operator for Water and Sewer System. Contract award expected in late June or early July.

OTHER COMMUNITIES

- **Wayne County**
  - Deficit elimination being discussed with county leaders.

- Michigan Supreme Court ruled in favor of retirees regarding payment for a 13th check. Judgement was for $32M plus interest which is a total of $49.3M.
- Plaintiff has filed for a judgement levy.

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, June 12, 2015 2:12 PM
To: Snyder, Rick (GOV)
Cc: Scott, Allison (GOV); Muchmore, Dennis (GOV); Roberts, John (DTMB); Allard, Claire (GOV); Khouri, Nick (TREASURY); Saxton, Thomas (Treasury); Storberg, Ann Marie (TREASURY); Gelisse, Ashley (TREASURY); Wisniewski, Wendy (GOV); Dempkowski, Angela (Treasury); Koryzno, Edward (Treasury)
Subject: Local Government Update to State Treasurer/June 2015
Attachments: Gov LG Update 6-12-15.docx

Attached is the periodic update on distressed local governments. If you have any questions, please call.

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: June 12, 2015

TO: Rick Snyder, Governor

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: Status of Financially Stressed Local Governments

EMERGENCY MANAGER

Lincoln Park
Emergency Manager: Brad Coulter
Appointed: July 3, 2014
Anticipated Exit: January 2016

Recent Developments
- The Police and Fire Pension Board elected to switch investment advisors to PNC. EM Coulter now expects better returns on pension assets.
- An actuarial analysis published on May 20, 2015 shows a further decline in pension funding, down to 23%. More conservative actuarial assumptions were used in this report.
- EM Coulter has modified retiree collective bargaining agreements to reduce healthcare benefits. These changes are to be implemented on July 1, 2015 and will reduce retiree healthcare costs from $4.1M to $600K annually.

Significant Actions/Issues
- FY 14 ended with a general fund accumulated deficit of $736K, out of a total budget of $21M. This is a significant increase from the FY 13 accumulated deficit of $89K. Salient increases were in Public Safety - $1.1M, Public Works - $700K, and Culture and Recreation - $600K.
- Voters rejected the Firefighters and Police Officers Retirement Act proposal last month by a 53% to 47% margin. Had it been approved, an additional $3M annually would have helped fund fire/police pension and healthcare costs. EM Coulter is working to determine next steps.

Issues to Resolve before EM Exit
- Police CBAs must be finalized.
- Increase and stabilize pension funding levels.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

FRC Created: November 12, 2014
FRC Members: Nick Khouri, Bill Martin, Brenda Jones, Darrell Burks, John Roberts, Lorron James, Mike Duggan, Stacy Fox, Tony Saunders

Recent Developments

- The first statutorily required biannual report on Detroit was filed by the Financial Review Commission (FRC). The report detailed the FRC's activities and formal requirements since its appointment in November 2014.
- At the May 18, 2015 FRC meeting, members approved various contracts and leases related to the Detroit Water and Sewerage Department transaction.
- The most intense work the FRC will perform going forward is measuring the effectiveness of restructuring initiatives in light of the large annual pension obligations the city will incur beginning in 2024.
- The City of Detroit Assessor's Office is currently conducting a multi-year project to reappraise all properties in Detroit, after the State Tax Commission found significant problems with property valuations. The reappraisal is scheduled to be completed in 2017.
- The next FRC meeting is scheduled for June 22, 2015.

Significant Action/Issues

- The city submitted its Four-Year Financial and Operating Plan (Plan) to the FRC in March. After reviewing the Plan and determining it was based on sound assumptions and met all statutory requirements, the FRC granted approval on April 20, 2015. The city's Plan encompassed the second year (FY 16) of Emergency Manager Orr's two-year budget and used this as its base year with no changes, plus three years (FY 17, FY 18, and FY 19).

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Allen Park

RTAB Appointed: September 26, 2014
RTAB Members: Suzanne Schafer, Joyce Parker, Fredrick Frank, Karen Barann

Recent Developments

- The city met with the police bargaining unit and is considering a one-year extension to the CBA. Treasury is investigating whether existing EM Orders would prohibit changes until after the CBA expires June 30, 2015.
- On May 15, 2015, an updated five-year budget projection from the city was received. Treasury is evaluating these projections.
- The city's FY 16 budget was approved by City Council on May 26, 2015 and approved by the RTAB on June 3, 2015. Treasury is evaluating the budget.
- The RTAB approved the hiring of a professional search firm to assist with finding qualified City Administrator candidates. Treasury will participate in the selection process.
- Completion of the bond tender process, delayed due to uncertainty involving the City Administrator position, is projected for July 2015.

Significant Actions/Issues

- RTAB membership will need to be increased due to potential loss of one member and concern about possible deadlocked votes with the current four-member board.
- In April, the RTAB approved creation of an Interim Deputy City Administrator position to oversee city operations until the bond tender and City Hall projects are complete. Mark Kibby, former City Manager of the City of Woodhaven, was appointed to this position.
- Litigation was filed by retirees challenging the EM's authority to reduce other post-employment benefit (OPEB) liabilities. A motion for summary disposition is pending. No date has been set to hear this motion.

Benton Harbor

RTAB Appointed: March 10, 2014
RTAB Members: Larry Steckelberg, Bret Witkowski, Marvin Raglon, Sharon Hunt

Recent Developments

- Former Benton Harbor Public Safety Director Roger Lange has brought a Whistleblower and Elliot Larson Civil Rights case against the City of Benton Harbor and former Emergency Manager Tony Saunders. The case was originally scheduled to be heard July 20, 2015, but is expected to be postponed due to a procedural appeal filed by the city.
- The city's Finance Director has accepted a position as CFO in the City of Flint. Her last day in Benton Harbor was June 5, 2015.
- The city's Deputy Finance Director, multiple Public Safety Officers, and two Public Works Department employees have resigned due to other employment opportunities.

Significant Actions/Issues

- On April 6, 2015, the City Commission passed resolutions adopting a procurement policy, investment policy, and a credit card policy.
- FY 14 audited general fund revenues exceed expenditures by $1M, out of a total budget of $6.1M.

Ecorse

RTAB Appointed: May 1, 2013
RTAB Members: Edward Koryzno, Robert Bovitz, Joyce Parker

Recent Developments

- On May 12, 2015, the RTAB approved a narrowly balanced FY 16 budget, though significant deficits are projected in future fiscal years. To balance the budget, the city increased an existing P.A. 33 levy by approximately 15 mills to fund employee pensions.
- The City Administrator has requested a new City Controller (third in six months), however; the RTAB rejected this appointment at the May meeting. The Mayor has submitted a letter of protest, disagreeing with this RTAB decision.
- The State Treasurer approved an RTAB recommendation to amend the final EM Order to provide RTAB oversight for all hiring and terminations.

Significant Actions/Issues

- The RTAB's Annual Evaluation for the Governor was not favorable, citing a lack of local financial literacy, political infighting, and an inability to develop a balanced multi-year budget. For these reasons, the removal of RTAB oversight cannot be recommended at this time.

- The city continues to have difficulty attracting qualified candidates and filling higher level administrative positions.
- Municipal Employee's Retiree System pension contributions are anticipated to increase from $1.8M in FY 15 to $2.4M in FY 16 due to accelerated funding for closed plans.
- The city has been unable to balance its five-year budget. Previous budgets project deficit spending in FY 16, and exhaustion of all resources in FY 17. To avoid this eventuality, significant expense reductions will be necessary in upcoming fiscal years.

Flint

RTAB Appointed: April 29, 2015

RTAB Members: Frederick Headen, Brian Larkin, David McGhee, Beverly Walker-Griffea, Robert McMahan

Recent Developments

- Legislation has been passed that will allow candidates who submitted petitions by April 28, 2015 to have their names placed on the August Primary ballot.
- Jodi Lundquist has accepted the employment offer as CFO.
- As a result of a recent review, the Executive Director of the State Tax Commission notified the city that it must maintain adequate assessment records in compliance with statute and State Tax Commission Rules, and must implement any corrective actions necessary. In addition, the city shall implement a full reassessment within a time frame agreed upon with the State Tax Commission. The city will be issuing an RFP for a reappraisal.
- The city continues to inform residents that it is in violation of the Clean Water Standards Act. Monthly testing is ongoing.
- The city is implementing Veolia recommended improvements to its water system, including water plant improvements, distribution system improvements, new policies and procedures, and better communication with customers. The city is installing a $1.5M granulated active-charcoal filter to improve water quality. This filter installation will be completed in mid-July.
- On May 27, 2015, the city hired Echologics at a cost of $895,850 to perform a leak detection study.

Significant Actions/Issues

- If the city loses a lawsuit over retiree healthcare, the EM's two-year budget does not assume an additional $5M to $6M annual expense which would result and which would grow at a rate equal to the general rise in healthcare costs.

Hamtramck

RTAB Appointed: December 18, 2014

RTAB Members: Deborah Roberts, Mark Stema, Cathy Square, Karen Young

Recent Developments

- Based on the city's FY 14 audit, the general fund's accumulated fund balance is $2.8M out of a total budget of $16.2M.
- The city is undertaking a $7 million sewer infrastructure improvement project which is eligible for State Revolving Fund monies. The project will reduce storm water inflow into the sanitary sewers.

Significant Actions/Issues

- A suit was filed in federal court by Hamtramck retirees over changes to healthcare benefits made in October 2014. The potential exposure to the city is currently unknown.
- The annual pension liability is anticipated to increase from $3.5M in FY 15 to $4.3M by FY 19. This increase is a result of closing certain pension plans and the Michigan Employee's Retirement System (MERS) policy of accelerating the required contribution for closed plans. The increases were included in the Emergency Manager's two-year budget.

Pontiac

RTAB Appointed: August 19, 2013

RTAB Members: Edward Koryzno, Louis Schimmel, Keith Sawdon, Robert Burgess

Recent Developments

- On May 20, 2015, the RTAB postponed consideration of an amendment to the city's retirement ordinance that would have granted early retirement status to 69 former employees. The amendment was adopted by City Council in April with no prior analysis or actuarial study being conducted. The best available estimates indicate an impact to the pension system of approximately $9-$13M per year. The ordinance amendment was sent back to committee for further review.
- The city lost a decision at the Michigan Court of Appeals which may make it liable for a $3.5M payment to the Police and Fire VEBA. The city requested reconsideration but was denied. On May 20, 2015, the RTAB approved the city's request to file to the Michigan Supreme Court.
- On May 21, 2015, the Securities and Exchange Commission (SEC) issued an Order to initiate proceedings against Gray & Company, the city's pension investment advisor. The proceedings involve Gray & Company's dealings with investments made by several Georgia pension plans in the GrayCo Alternative Fund II LP, a proprietary private equity fund. The Pension Board met with Mr. Gray to discuss the SEC proceedings, its effects on the Pontiac GERS portfolio, and how much is invested with Gray's firm. The Pension Board is reviewing options for withdrawal of pension assets from Grayson controlled funds.

Significant Actions/Issues

- On May 5, 2015, the city's Charter proposal was rejected by voters by a 55% to 45% margin.
- Per the city's FY 14 audit, the general fund's accumulated fund balance is approximately $5M out of a total budget of $27M.
- An Oakland Co. Circuit Judge dismissed the city's condemnation lawsuit involving the Phoenix Center because the city failed to include compensation for the lien placed on the property. The city is preparing an appeal to the U.S. Sixth Circuit Court of Appeals.
- The City of Pontiac Retired Employees Association v. City of Pontiac lawsuit (in U.S. District Court) was reassigned from Judge Lawrence P. Zatkoff to Judge Avern Cohn. The lawsuit challenges former EM Schimmel's elimination of retiree healthcare and replacement with an annual stipend. The General Employees Retirement System Pension Fund is significantly overfunded and the parties are exploring options to use the overfunded portion to fund retiree healthcare. Mediation is taking place under the supervision of Eugene Driker.

CONSENT AGREEMENT

Inkster
Date Executed: February 20, 2012
Consent Agreement Consultant: Mark Stuhldreher

Recent Developments
- On May 14, 2015, the City Council agreed to settle the Dent lawsuit regarding police misconduct for $1.37M. The cost of the settlement will be placed on the tax roll by a judgement levy.
- Three Police Chief candidates were interviewed on June 11, 2015.

Significant Actions/Issues
- On April 20, 2015, the city adopted a working capital reserve policy for the Water and Sewer Fund which will provide funds for emergency situations.
- Per the city's FY 14 audit, the general fund accumulated deficit is $767K out of a total budget of $11M.
- The city owes $4.9M to Wayne County for sewer service.

River Rouge
Date Executed: December 15, 2009
Consent Agreement Consultant: N/A (P.A. 72)

Recent Developments
- The city adopted its FY 17 budget on May 19, 2015. The budget is balanced at $9,839,808 which compares with the FY 16 budget of $9,878,991. The city has prepared a proposed five-year budget that shows a deficit in FY 18 to FY 20 unless additional revenues can be found.

Significant Actions/Issues
- A fire union CBA was approved in March, resulting in a reduction in health care costs.
- General fund revenues exceeded expenditures by $885K in FY 14 and the accumulated fund balance was $1.9M.

Royal Oak Township
Effective Date: April 21, 2014
Consent Agreement Consultant: Robert Burgess

Recent Developments
- Treasury has learned that the Township Supervisor is regularly authorizing overtime for employees, though overtime is not included in the FY 15 budget and the Consent Agreement requires State Treasurer approval prior to overtime expenditures. An Order was issued May 20, 2015 requiring the Consultant to approve all requests for overtime prior to authorization. This is another example of the township's inability to comply with the terms of the Consent Agreement.
- On April 7, 2015, Oakland County notified the township that they rejected the proposed ballot language for 4½ mills for general operations because the township's proposed language did not conform to guidelines. The township adopted newly proposed ballot

language on April 23, 2015 and the language was approved by Oakland County on May 11, 2015.

- A report issued by the Rehmann Group, the township's financial consultant, noted that the township must make budget adjustments of $164,275 to its FY 15 general fund budget to account for expenditures exceeding revenues in FY 14. The township has adopted budget amendments with implementation pending.

Significant Actions/Issues

- The City of Detroit has declined to provide police services to the township. This is being reviewed with the City of Detroit. Proposals from the cities of Ferndale and Hazel Park have been determined to be too expensive. The Michigan State Police continues to provide police services to the township in the interim.

NEUTRAL EVALUATION

Highland Park

Financial Review Team Appointed: December 2, 2013
Financial Emergency Declared: January 30, 2014
P.A. 436 Option Selected: Neutral Evaluation

Recent Developments

- Treasury staff is continuing to monitor the city's lack of progress in complying with terms of a Loan Agreement dated September 23, 2014. There are concerns about the city's ability to successfully restructure finances and implement health insurance benefit cost reductions as planned in FY 15. In addition, failure to reach an agreement with DWSD resulted in a $20M judgement levy against the city.
- On May 18, 2015, City Council approved a financial consultant's recommendation for an amnesty plan for residential water customers to pay arrearage amounts owed to the city. The consultant has determined that if all customers take advantage of the amnesty plan, the city could collect $2.08M.
- The DWSD Director has threatened to terminate water and sewer services if the city doesn't pay its arrearage and current charges. A Wayne Co. Circuit Judge issued a temporary restraining order on April 29, 2015 blocking DWSD's efforts to cut off water service to the city. The city was granted a stay on the $20M judgement levy on June 3, 2015.
- On May 18, 2015, the City Council adopted a resolution requesting MDOT to pay for storm water drainage from the highways and freeways under MDOT's jurisdiction in the city.

Significant Actions/Issues

- Huron Consulting was retained to prepare a request for proposal to solicit firms to operate and maintain the city's water and sewer systems, as required by the city's Plan of Adjustment. The city received one proposal from Wade Trim by the submission deadline of May 4, 2015. This proposal is under review by the city and Treasury.
- The city's liabilities total $117.6M. Some of the major components are: $55.3M debt, including $20.7M owed to the DWSD, $17.7M pension bonds, and $26.1M unfunded other post-employment benefits (OPEB) liabilities.

- Summary of the Plan of Adjustment for the City of Highland Park was adopted on August 28, 2014:
    - The city must make major reductions to retiree healthcare benefit costs.
    - In August 2015, an emergency loan of $12M plus restructuring of $4.8M existing loans will be requested by the city to refund $2.7M in Fiscal Stabilization Bonds, $5.2M in Financial Recovery Bonds, and $3.7M in State Revolving Fund Bonds. The status of this request will be reviewed in the context of benchmarks the city committed to in their last emergency loan in September 2014.

OTHER COMMUNITIES

Wayne County

Recent Developments

- The Recovery Plan has been released to the public and Treasury has begun an analysis.
- On June 10, 2015, the county announced a settlement with retirees over health care benefits that is expected to save $20K annually.

Significant Actions/Issues

- Cash reserves reached its lowest point in February 2014 with pooled cash falling to approximately $22M. The August 2014 cash balance was approximately $150M. This includes proceeds from a short-term borrowing of $75M.
- The county's annual structural general fund deficit is approximately $50M prior to any of the proposed remedial actions.
- The county's proposed restructuring is approximately $50M.
- The preliminary results of the county's actuarial report indicate a drop in other post-employment benefits (OPEB) liability of approximately $409M. This reduction is a result of the county choosing less expensive plans and implementing cost sharing measures (participants are paying a larger share). This does not include any saving opportunities resulting from a proposed change to retiree healthcare.
- The county is working to resolve a disagreement with the Mental Health Authority over services provided to jail inmates. The county currently pays for this service but believes it falls under the purview of the Authority.
- The county has not yet proposed a long-term solution to its jail problems.

Byrne, Randall (Treasury)

From: Vandegrift, Drew (TREASURY)
Sent: Monday, June 15, 2015 3:26 PM
To: Headen, Frederick (Treasury)
Cc: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: RE: COA Kincaid v. Flint

Thanks for your review, Fred.

-Drew

From: Headen, Frederick (Treasury)
Sent: Monday, June 15, 2015 3:09 PM
To: Vandegrift, Drew (TREASURY)
Cc: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: RE: COA Kincaid v. Flint

You have to read the language you quote in its proper context. The entire sentence reads that "[c]onsequently, the Legislature did not grant the EM the power of ratification, nor did the actions of the EM taken under 2011 PA 4 survive the electors' referendum of that Act."

First, note the reference to *the* "EM." It is in the singular; in other words, the Court was referring specifically to Mike Brown, not to Emergency Managers in general. Second, the Court was addressing the issue of whether anything in Act 4 authorized Mike Brown to ratify the actions of the then Finance Director in recommending that water and sewer rates be increased. The Court concluded that the answer was no.

Finally, I think that read literally, and in isolation, the phrase "nor did the actions of the EM taken under 2011 PA 4 survive the electors' referendum of that Act" would be mere dicta because the phrase was not necessary to resolve the question before the Court: namely whether the Act authorized Mike Brown to ratify the actions in question. In addition, it would lead to the absurd result of requiring each Emergency Manager serving when Act 436 took effect to reenact any actions taken by him or her, or a predecessor, under Act 4 in order for those actions to remain valid under Act 436. This would fly in the face of § 31 of Act 436.

I think the statement by the Court was overbroad and unnecessary. But, I see no reason for concern.

From: Vandegrift, Drew (TREASURY)
Sent: Monday, June 15, 2015 11:45 AM
To: Headen, Frederick (Treasury)
Cc: Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: COA Kincaid v. Flint

Hello Fred,

I am reviewing the latest COA opinion for Kincaid v. Flint. I am troubled by the court's holding that no EM actions taken under PA 4 "survive[d] the electors' referendum of that Act" (p8). What about the 19(1)(k) actions taken under PA 4?

Both Flint and Pontiac have enormous OPEB liabilities to honor if the 19(1)(k) actions are no longer effective.

STATE OF MICHIGAN

COURT OF APPEALS

WILLIAM SCOTT KINCAID, ERAINA POOLE, GEORGE POOLE, and MARY BELL,

Plaintiffs-Appellants,

v

CITY OF FLINT,
a municipal corporation.

Defendant-Appellee.

FOR PUBLICATION
June 11, 2015
9:10 a.m.

No. 318906
Genesee Circuit Court
LC No. 12-098490-CZ

Before: DONOFRIO, P.J., and BORRELLO and STEPHENS, JJ.

STEPHENS, J.

Plaintiffs, all residents of the defendant, appeal as of right the order of the circuit court granting defendant's motion for summary disposition and denying plaintiffs' motion to amend their complaint. We reverse and remand.

I. BACKGROUND

On August 15, 2011, the defendant's finance director, Michael Townsend sent a notice of a proposed 3.5% water and sewerage rate increase to be effective September 16, 2011, to the city council and mayor. The increase was proposed to meet a projected fiscal year deficit in the water fund of $14,789,666 as well as a sewer fund deficit of $8,078,917. Council adopted the proposal and the mayor signed it.

Shortly thereafter defendant was declared to be in a state of financial emergency.[1] On November 28, 2011, Governor Rick Snyder appointed Michael Brown as the Emergency Manager (EM) of defendant under the Emergency Manager Law, Public Act 4 of 2011.[2] On

[1] MCL 141.1545, former MCL 141.1214 lists the four instances in which a financial emergency exists.

[2] Former MCL 141.1501 *et seq.*; At the time, former MCL 141.1515(4) provided the Governor with the authority to appoint an emergency manager:

May 5, 2012, after being informed by newly appointed finance director Gerald Ambrose of the financial disarray of the water and sewer funds for defendant, EM Brown created Emergency Order No. 31. Order No. 31 ratified and confirmed the water and sewer rates implemented under Townsend on September 16, 2011, and additionally raised water and sewer rates, 12.5% and 45%, respectively.

After the Emergency Order by Brown, plaintiffs in this suit filed a complaint seeking this Court's original jurisdiction pursuant to Const 1963, art 9, §§ 31-32. The claim of error in that case was that defendant violated the Headlee Amendment[3]. This Court dismissed plaintiffs' claims without a hearing, finding that the rate increases from September of 2011 and those set to take place in July of 2012 were "revisions of existing user fees that do not implicate the Headlee Amendment." Plaintiffs' claims not relating to the Headlee Amendment were dismissed for lack of original jurisdiction. *Kincaid v Flint*, unpublished order of the Court of Appeals, entered June 29, 2012 (Docket No. 310221), lv den 493 Mich 871 (2012).

After the case before this Court was dismissed, plaintiff filed the instant action. The essence of the case was a claim that the rate increases in September of 2011 were made contrary to city ordinances: § 46-52.1,and § 46-57 and that the defendant had illegally pooled the funds collected for the water and sewer fund and used them to pay general obligations not related to sewer or water expenses. Plaintiffs requested that the trial court certify a class action suit against defendant for all sewer and water customers of defendant, declare that the rate increases were an illegal tax under the Headlee Amendment, and cease the co-mingling funds. Additionally, plaintiffs requested monetary relief in the form of a refund of the illegally collected rates and for damages caused to defendant's residents that were left without water and sewer service.

In lieu of filing an answer, defendant moved the trial court to grant it summary disposition pursuant to MCR 2.116(C) (6), (7), and (8). However, before defendant's motion for summary disposition was heard, plaintiffs moved the trial court for leave to amend their complaint asking for leave to allege a violation of MCL 123.131(2), (3).[4]

> Upon the confirmation of a finding of a financial emergency, the governor shall declare the local government in receivership and shall appoint an emergency manager to act for and in the place and stead of the governing body and the office of chief administrative officer of the local government.

[3] Specifically, the Headlee Amendment to the state constitution provides standing to "[a]ny taxpayer of the state" to bring suit in this Court to enforce the tax provisions of §§ 25 to 31.

[4] MCL 123.141(2), (3), states:

> (2) The price charged by the city to its customers shall be at a rate which is based on the actual cost of service as determined under the utility basis of rate-making. This subsection shall not remove any minimum or maximum limits imposed contractually between the city and its wholesale customers during the remaining life of the contract. This subsection shall not apply to a water system

Defendant responded to plaintiffs' motion to amend their complaint by arguing that it should be denied as futile. On February 15, 2013, the trial court heard the two outstanding motions. On June 21, 2013, the trial court entered an opinion and order granting summary disposition in favor of defendant. On July 12, 2013, plaintiffs moved the trial court to reconsider its decision to which the court entered an order permitting defendant to respond to plaintiffs' motion for reconsideration. The court denied the motion on October 14, 2013. Plaintiffs now appeal the order granting defendant summary disposition.

During the pendency of this case in the trial court, Public Act 4 of 2011 was rejected by a majority of the electorate causing its repeal.[5] One month later on December 26, 2012, the Legislature approved the Local Financial Stability and Choice Act, Public Act 436 of 2012,[6] effective March 28, 2013.[7] Many of the provisions of Public Act 436 of 2012 mirror those of Public Act 4 of 2011.

II. STANDARD OF REVIEW

The trial court ordered summary disposition under (C)(8) and the parties base their arguments on that subsection before this Court, but our review of the record shows that the trial court went beyond the pleadings in making its decision as did both parties in making their arguments. Plaintiffs' response to defendant's motion for summary disposition relied on 16 exhibits. Plaintiffs also moved for summary disposition themselves and cited exhibits outside the pleadings. The analysis of this case therefore will be done under MCR 2.116(C)(10). See *Cuddington v United Health Servs, Inc*, 298 Mich App 264, 270; 826 NW2d 519 (2012)

> that is not a contractual customer of another water department and that serves less than 1% of the population of the state. This subsection shall take effect with the first change in wholesale or retail rate by the city or its contractual customers following the effective date of this subsection. Any city that has not adjusted rates in conformity with this subsection by April 1, 1982 shall include in the next ensuing rate period an adjustment to increase or decrease rates to wholesale or retail customers, so that each class of customer pays rates which will yield the same estimated amount of revenue as if the rate adjustment had been retroactive to April 1, 1982. A city that is subject to section 5e of Act No. 279 of the Public Acts of 1909, being section 117.5e of the Michigan Compiled Laws, shall begin proceedings to determine rate changes pursuant to section 5e(b) of Act No. 279 of the Public Acts of 1909, being section 117.5e of the Michigan Compiled Laws.
>
> (3) The retail rate charged to the inhabitants of a city, village, township, or authority which is a contractual customer as provided by subsection (2) shall not exceed the actual cost of providing the service.

[5] The state board of canvassers certified the vote on November 26, 2012. Public Act 72 of 1990 came back into effect while the referendum on Public Act 4 of 2011 was pending.

[6] MCL 141.1541 *et seq*.

[7] Public Act 436 of 2012 repealed Public Act 72 of 1990, effective March 28, 2013.

("[B]ecause the trial court considered documentary evidence beyond the pleadings, we construe the motion as having been granted pursuant to MCR 2.116(C)(10).").

"This Court reviews decisions on motions for summary disposition de novo to determine if the moving party was entitled to judgment as a matter of law." *Alcona Co v Wolverine Environmental Prod, Inc*, 233 Mich App 238, 245; 590 NW2d 586 (1998), lv den 461 Mich 854 (1999). A motion for summary disposition pursuant to MCR 2.116(C)(10) "tests the factual sufficiency of the complaint." *Joseph v Auto Club Ins Assoc*, 491 Mich 200, 206; 815 NW2d 412 (2012), reh den 815 NW2d 491 (2012). "In evaluating a motion for summary disposition brought under this subsection, a trial court considers affidavits, pleadings, depositions, admissions, and other evidence submitted by the parties, MCR 2.116(G)(5), in the light most favorable to the party opposing the motion." *Maiden v Rozwood*, 461 Mich 109, 120; 597 NW2d 817 (1999). Summary disposition is proper where there is no "genuine issue regarding any material fact." *Id.* A party opposing a motion made pursuant to MCR 2.116(C)(10) has "the burden of showing that a genuine issue of disputed fact exists." *Major v Auto Club Ins Assoc*, 185 Mich App 437, 440; 462 NW2d 771 (1990), lv den 437 Mich 923 (1991) (citations omitted). The opposing party may not rest upon mere allegations or denial in the pleadings, but must, by affidavit or other documentary evidence, set forth specific facts showing that there is a genuine issue for trial. *Id.* (citations omitted).

This Court also reviews issues of statutory interpretation de novo. *Allen v Bloomfield Hills Sch Dist,* 281 Mich App 49, 52; 760 NW2d 811 (2008).

> When interpreting a statute, we follow the established rules of statutory construction, the foremost of which is to discern and give effect to the intent of the Legislature. The first step when interpreting a statute is to examine its plain language, which provides the most reliable evidence of [legislative] intent. If the language of a statute is clear and unambiguous, the statute must be enforced as written and no further judicial construction is permitted. When an ambiguity does indeed exist, we may go beyond the statutory text to ascertain legislative intent. Effect should be given to every phrase, clause, and word in the statute and, whenever possible, no word should be treated as surplusage or rendered nugatory. [*People v. Carrier*, ___ Mich App ___; ___ NW2d ___ (2015); slip op at 6-7 (citations and quotation marks omitted).].

III. CLAIMS OF ERROR

Plaintiffs' claims of error are two: that water and sewer rate increases that occurred under Townsend in September 2011were not authorized by Flint Ordinances and that EM Brown did not have the authority to ratify Townsend's unauthorized increases and then further increase water and sewer rates in violation of the same ordinances.

A. ORDINANCE VIOLATIONS

The City of Flint Ordinances that plaintiffs claim were violated are:

Ordinance 46-52.1

(a) Every year the Director of Finance shall calculate and transmit on or before April 15, to the Mayor and City Council the new water rate schedules with a complete itemization of water system costs for all classes of customers as given in § 46-52, for the purpose of calculating all bills for the forthcoming 12 months beginning July 1 of that year. The new water rate schedules shall be published at least 30 days prior to the date of implementation.

(b) Water rates shall be reviewed annually and the water percentage index (WRI) as applied to the water rate schedules shall be limited to an adjustment of 8% in any year unless:

(1) Such an adjustment is necessary to provide for all costs of operation, maintenance, replacement and debt service of the water supply system; or

(2) Such an adjustment is necessary to comply with applicable provisions of the city's water supply revenue bond resolutions or ordinances.

and,

Ordinance 46-57.1

Every year the Director of Finance shall calculate and transmit on or before April 15, to the Mayor and City Council the new sewage rate schedules with a complete itemization of sewage system costs for all classes of customers as given in § 46-57, for the purpose of calculating all bills for the forthcoming 12 months beginning July 1 of that year. The new water rate schedules shall be published at least 30 days prior to the date of implementation.

Plaintiffs argue that the rate increases of September 2011 and those imposed by the EM failed to meet the notice and effective date requirements of the ordinances and exceeded the percentage of increase allowed under the ordinances. We agree in part.

The September 2011 35% water rate increase was in violation of Flint Ordinance 46-52.1 because it was not published and noticed at least 30 days prior to its implementation and went into effect almost immediately in September 2011 instead of being implemented over twelve months beginning on July 1 of the next fiscal year. The sewer rate increases were invalid for the same reasons under Ordinance 46-57.1. The sewer rates were not published and noticed 30 days prior to their implementation and were implemented soon after the finance director's recommendation instead of on July 1 of the next fiscal year.

Plaintiffs' argument that the increases also violated Ordinance 46-52.1 by increasing the water rates above 8% is not supported by the ordinance language. Ordinance 46-52.1 envisions that water rate increases be limited to an adjustment of 8%, but allows for uncapped increases in the event "the adjustment is necessary to provide for all costs of operation, maintenance,

replacement and debt service of the water supply system' or . . . to comply with applicable provisions of the city's water supply revenue bond resolutions and ordinances." The defendant's then finance director, Townsend, sent an August 2011 letter to Mayor Walling and City Council, providing justification for the amount of the increase. In that letter, Townsend stated that the water fund was operating at a $3.21 million loss and that the city was not meeting its state bond requirements to operate with revenues greater than 125% of the amount of debt service of the bonds. Townsend explained that the rate increases would help cover the rate increases the city paid to Detroit and the Drinking Water Revolving Fund Bonds. This Court has no basis to find those statements invalid. While the notice, publication and implementation of the water and sewer rate increases were not authorized, the percentage of increase for the rates was not a violation of the ordinances.

Plaintiffs challenge the EM's rate increases under Order No. 31 on the same basis as they challenged the September 2011 increases. However, EM Brown's water and sewer rate increases of 12.5% and 45% respectively, did not violate Flint Ordinances 46-52.1 and 46-57.1. On May 5, 2012, EM Brown published notice of the increases and that they were to be effective July 1, 2012. The Order complied with the notice, publication and implementation provisions of 46-52.1 and 46-57.1. Plaintiffs again argue that any increase in water rates over 8% is not authorized under 46-52.1, but as discussed above, the language of the ordinance does not support that argument. The language of Order No. 31 established both of the excepted instances in 46-52.1 that allow for an increase in water rates greater than 8%. The Order explained that defendant was required under MCL 141.121[8] to set sewer rates that were sufficient to cover the costs of operating the water and sewer systems and that Townsend's increase was insufficient to

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[8] MCL 141.121, the Revenue Bond Act of 1933, provides in pertinent part:

(1) Rates for services furnished by a public improvement shall be fixed before the issuance of the bonds. The rates shall be sufficient to provide for all the following:

(a) The payment of the expenses of administration and operation and the expenses for the maintenance of the public improvement as may be necessary to preserve the public improvement in good repair and working order.

(b) The payment of the interest on and the principal of bonds payable from the public improvements when the bonds become due and payable.

(c) The creation of any reserve for the bonds as required in the ordinance.

(d) Other expenditures and funds for the public improvement as the ordinance may require.

(2) The rates shall be fixed and revised by the governing body of the borrower so as to produce the amount described in subsection (1). The borrower shall covenant and agree in the ordinance authorizing the issuance of the bonds and on the face of each bond to maintain at all times the rates for services furnished by the public improvement sufficient to provide for the amount described in subsection (1). Rates pledged for the payment of bonds that are fixed and established pursuant to a contract or lease shall not be subject to revision or change, except in the manner provided in the lease or contract.

meet defendant's obligation under state law. The Order stated that additional increases were necessary "to cover the costs of operating the water and sewer systems and pay outstanding bonded indebtedness on the water system."

B. RATIFICATION AUTHORITY OF THE EMERGENCY MANAGER

EM Brown not only increased water and sewer rates with the enactment of Order No. 31, but also purported to expressly ratify and confirm the September 16, 2011 rate increases. The issue of first impression for this Court is whether EM Brown was granted the authority to ratify the unauthorized acts of another public official. We conclude that the Legislature did not delegate the power to ratify to an emergency manager.

The EM is a creature of the Legislature with only the power and authority to do what is granted by statute. EM Brown derived his authority from the former Emergency Manager Law, PA 4 of 2011.[9] That authority was not as broad as defendant argues. We do not agree with defendant that Public Act 436 of 2012, the successor statute to PA 4 of 2011, ratified all the actions of the EM taken under PA 4. MCL 141.1570(1)(a)-(e), states that "[a]ll of the following actions that occurred under the former 2011 PA 4" became effective under 2012 PA 436:

> (a) A determination by the state treasurer or superintendent of public instruction pursuant to a preliminary review of the existence of probable financial stress or a serious financial problem in a local government.
>
> (b) The appointment of a review team.
>
> (c) The findings and conclusion contained in a review team report submitted to the governor.
>
> (d) A determination by the governor of a financial emergency in a local government.
>
> (e) A confirmation by the governor of a financial emergency in a local government.

The actions taken by the state treasurer, the appointed review team and the governor remain effective and were not required to be re-approved with 2012 PA 436. Notably, actions taken by the EM are not included.

We also reject defendant's argument that an act of the EM is an act of the governor and that the EM derives power to ratify from the governor. Former MCL 141.1519(1)(dd) and (ee) state that an EM's authority is limited to the local level. An EM "[e]xercise[s] solely, for and on behalf of the local government," and "exercise[s] any power or authority of any officer, employee, department, board, commission, or other similar entity of the local government,

---

[9] Former MCL 141.1501 *et seq.*

whether elected or appointed, relating to the operation of the local government." MCL 141.1519(1)(dd), (ee). Thus, the EM acts in place of numerous persons, but they are all local government officials. Former 2011 PA 4[10] and 2012 PA 436[11] each provides that the governor may delegate his duties to the treasurer. Notably, there is no similar provision regarding the delegation of any authority to the EM. Rather, the EM serves at the pleasure of the governor.[12]

The EM's responsibilities and authority under former 2011 PA 4 are listed in former sections MCL 141.1515 through MCL 141.1530. Those provisions are similarly stated in sections MCL 141.1549 through MCL 141.1564 under 2012 PA 436. Of all the powers granted to the EM, ratification is not one of them. Ratification, in both the former 2011 PA 4 and 2012 PA 436, is explicitly granted to the actions of certain persons and entities. Under the former 2011 PA 4, "[a]ll proceedings and actions taken by the governor, the state treasurer, or a review team . . . are ratified and are enforceable as if the proceedings and actions were taken under this act, and a consent agreement entered into . . . is ratified and is binding and enforceable." Former MCL 141.1512(6). 2012 PA 436 contains nearly identical language:

> All proceedings and actions taken by the governor, the state treasurer, the superintendent of public instruction, the local emergency financial assistance loan board, or a review team under former 2011 PA 4, . . . are ratified and are enforceable as if the proceedings and actions were taken under this act, and a consent agreement entered into under former 2011 PA 4, . . . that was in effect immediately prior to the effective date of this act is ratified and is binding and enforceable under this act. [MCL 141.1544(6).]

The clear difference between 2011 PA 4 and 2012 PA 436 is that PA 436 adds "the superintendent of public instruction" and "the local emergency financial assistance loan board." Neither PA 4 nor PA 436 ratifies actions taken by the EM. Further, the EM's power to supersede local government authority does not extend to the state officers and entities listed above.[13] Consequently, the Legislature did not grant the EM the power of ratification, nor did the actions of the EM taken under 2011 PA 4 survive the electors' referendum of that Act.

Absent the power of ratification, defendant urges this Court to look elsewhere for the EM's authority to approve the unauthorized 2011 water and sewer rate increases. Defendant

---

[10] Former MCL 141.1515(10).

[11] MCL 141.1549(8).

[12] Former MCL 141.1515(5)(d); MCL 141.1549(3)(d).

[13] The EM's power is superior to and supersedes that of local government officials and entities. Former MCL 141.1519(1)(ee); MCL 141.1552(1)(ee). The EM does not usurp the authority of the superintendent of public instruction. See e.g. MCL 141.1554(c). The EM is not an appointed member of the financial assistance loan board or review team. Former MCL 141.1212; MCL 141.1544.

argues that the additional powers granted to an emergency manager in former MCL 141.1519[14] authorized the EM to raise water and sewer rates notwithstanding the ordinances. Under that section,

> An emergency manager may take 1 or more of the following additional actions with respect to a local government which is in receivership, notwithstanding any charter provision to the contrary:
>
> (a) Analyze factors and circumstances contributing to the financial emergency of the local government and initiate steps to correct the condition.

We are not persuaded by this argument. MCL 141.1519 applies in the instance where the EM, after having analyzed the factors and circumstances contributing to the financial emergency, *initiates* some action to alleviate the emergency. In other words, some affirmative act is required of the EM. "The word 'initiate' is a synonym of the word 'commence.' " *Fast Air, Inc. v. Knight*, 235 Mich App 541, 544; 599 NW2d 489 (1999) citing *Black's Law Dictionary* (5th ed). In turn, the plain and ordinary meaning of the word commence is "to begin; start," *The American Heritage Dictionary* (4th Ed 2006) and "begin" is defined as "to take the first step in performing an action." *Id.*[15] MCL 141.1519, then in effect, supported the 12.5% water and 45% sewer rates initiated by the EM after his appointment. Those increases were initiated after the EM was provided with information from his appointed finance director Gerald Ambrose of the operating losses of both the water and sewer systems and were implemented to correct those conditions. Although the EM had the authority to institute the change in rates notwithstanding any charter provision to the contrary under the former MCL 141.1519(1)(a), as discussed above, the increases complied with the notice, publication and implementation guidelines of city ordinances 46-52.1 and 46-57.1. MCL 141.1519(1)(a) however, does not support the action taken by the EM to expressly ratify and confirm the increases recommended by Townsend. In that instance, the EM did not "initiate" the steps to correct the condition by an affirmative act, but rather approved the steps already taken by someone else. Because the EM did not initiate those increases, MCL 141.1519(1)(a) does not apply.

In light of our analysis, we conclude that defendant violated its own ordinances, 46-52.1 and 46-57.1, by increasing water and sewer rates without first providing notice and publication to its residents thirty days prior and by not waiting to implement those rates until July 1 of the next fiscal year. We also conclude that Order No. 31 did not rectify the violations.

The trial court's grant of summary disposition to defendant was premised on its understanding of the EM's authority as broad, substantial and complete. Our decision today only highlights that authority for a closer look at the statutory boundaries of the EM's power.

---

[14] Now, MCL 141.1552.

[15] See *SBC v J.T. Crawford, Inc*, unpublished opinion per curiam of the Court of Appeals, issued November 27, 2007 (Docket No. 275334), p. 5.

Because we disagree with the trial court's conclusion that the EM had the authority to ratify, we reverse its order granting defendant summary disposition.

C. COMINGLING OF FUNDS

Next, this Court must consider whether the trial court properly summarily disposed of plaintiffs' claims regarding comingling of funds. Plaintiffs assert that defendant placed water and sewer rate fees from customers into a pooled cash account with other funds, used the water and sewer funds to pay general obligations of defendant in violation of the Revenue Bond Act of 1933, and that this practice led to a deficit in the water and sewer funds which precipitated the increases by Townsend and EM Brown. Plaintiffs' arguments rely entirely on the motion being granted pursuant to MCR 2.116(C)(8). Indeed, plaintiffs maintain that the trial court should not have considered the affidavit of Pamela Hill, a certified public accountant and auditor of defendant's financial statements, nor held it against plaintiffs for not providing any evidence to the contrary, because subrule (C)(8) requires the trial court to disregard evidence outside the pleadings. However, as has been discussed, this motion was granted pursuant to MCR 2.116(C)(10).

Plaintiffs argue that defendant illegally comingled funds. We find no merit to this claim. A party opposing a motion made pursuant to MCR 2.116(C)(10) has "the burden of showing that a genuine issue of disputed fact exists." *Major*, 185 Mich App at 440. The opposing party may not rest upon mere allegations or denials in the pleadings, but must, by affidavit or other documentary evidence, set forth specific facts showing that there is a genuine issue for trial. *Id.* (citations omitted). The record reveals that defendant provided evidence, in the form of an affidavit from Hill who was hired to audit municipalities, that defendant's accounting system was entirely legal and was used by several other municipalities. Plaintiffs assert that Hill's affidavit only evidences the practice of comingling without establishing the legality of the practice. While the trial court only mentioned the Hill affidavit in its order granting summary dismissal, it also had before it plaintiffs' exhibits in support of their response to defendant's motion for summary disposition which included an affidavit from city treasurer Douglas Bingaman. Bingaman's affidavit stated that the water and sewer funds were in a single pooled cash account, but that funds which state law required to be maintained separately were excluded. Further, that the "account is intended to have each City fund, including the water and sewer funds, end up paying only its own operating and other expenses." Bingaman's affidavit is evidence that defendant was following state law in regards to pooled cash accounts. It was also evidence that the water and sewer funds were not being used to pay the general obligations of defendant. Hill's affidavit averred knowledge of legal accounting practices that only certain accounts were excluded from being maintained in single pooled cash accounts and that water and sewer funds were not excluded. Hill further averred that, "each participating fund's share of the pooled cash account is accounted for," meaning that the water and sewer funds were also accounted for. In response, plaintiffs provided no evidence of defendant's accounting system being illegal. This Court's decision in *Major*, 185 Mich App 437, quite plainly requires plaintiffs to provide *some* evidence that there is a disputed issue of fact. This, plaintiffs did not do. As such, the trial court was required to determine that there was no genuine issue of material fact for trial. and properly granted summary disposition on this issue. *Id.*

III. MOTION TO AMEND

Plaintiffs last argue that it was error for the trial court to deny their request to amend their complaint. We agree.

"This Court reviews grants and denials of motions for leave to amend pleadings for an abuse of discretion." *Hakari v Ski Brule Inc*, 230 Mich App 352, 355; 584 NW2d 345 (1998). "There are circumstances where a trial court must decide a matter and there will be no single correct outcome; rather, there may be more than one reasonable and principled outcome. The trial court abuses its discretion when its decision falls outside this range of principled outcomes." *Pontiac Fire Fighters Union Local 376 v Pontiac*, 482 Mich 1, 8; 753 NW2d 595 (2008).

"A party may amend a pleading once as a matter of course within 14 days after being served with a responsive pleading by an adverse party." MCR 2.118(A)(1). "Except as provided in subrule (A)(1), a party may amend a pleading only by leave of the court or by written consent of the adverse party. Leave shall be freely given when justice so requires." MCR 2.118(A)(2). "Because a court should freely grant leave to amend a complaint when justice so requires, a motion to amend should ordinarily be denied only for particularized reasons." *Wormsbacher v Phillip R Seaver Title Co*, 284 Mich App 1, 8; 772 NW2d 827 (2009), lv den 485 Mich 927 (2009). Those reasons include undue delay, bad faith or dilatory motive, repeated failure to cure deficiencies by amendment previously allowed, undue prejudice, or where amendment would be futile. *Miller v Chapman Contracting*, 477 Mich 102, 105; 730 NW2d 462 (2007). Further, MCR 2.116(I)(5) states that when the trial court summarily disposes of a case under subrules (C)(8), (C)(9), or (C)(10), the trial court "shall give the parties an opportunity to amend their pleadings as provided by MCR 2.118, unless the evidence then before the court shows that amendment would not be justified."

The trial court's reason for denying plaintiffs' motion to amend their complaint was that the "proposed amended complaint is in conflict with this decision." The fact that an amended complaint would present issues at odds with the trial court's decision does not appear to be an accepted particularized reason. A court must specify its reasons for denying the motion; a failure to do so requires reversal, unless amendment would be futile. *Noyd v Claxton, Morgan, Flockhart & Vanliere*, 186 Mich.App 333, 340; 463 NW2d 268 (1990). Because we cannot discern on what basis the trial court denied plaintiffs' motion to amend their complaint, we remand this issue to the trial court. On remand, the trial court is to consider the additional claims in plaintiffs' proposed amended complaint and articulate its reasons for granting or denying the motion.

Reversed and remanded for proceedings consistent with this opinion. We do not retain jurisdiction.

/s/ Cynthia Diane Stephens
/s/ Pat M. Donofrio
/s/ Stephen L. Borrello

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, June 16, 2015 1:25 PM
To: Stanton, Terry A. (Treasury)
Subject: FW: Michigan Report, Friday, June 12, 2015
Attachments: RE: COA Kincaid v. Flint

Flint water case

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Headen, Frederick (Treasury)
Sent: Monday, June 15, 2015 3:12 PM
To: Workman, Wayne (TREASURY); Khouri, Nick (TREASURY)
Cc: Saxton, Thomas (Treasury)
Subject: RE: Michigan Report, Friday, June 12, 2015

FYI; see related attachment.

From: Workman, Wayne (TREASURY)
Sent: Monday, June 15, 2015 11:22 AM
To: Headen, Frederick (Treasury); Khouri, Nick (TREASURY)
Cc: Saxton, Thomas (Treasury)
Subject: RE: Michigan Report, Friday, June 12, 2015

Thank you

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Headen, Frederick (Treasury)
Sent: Monday, June 15, 2015 10:50 AM
To: Workman, Wayne (TREASURY); Khouri, Nick (TREASURY)
Cc: Saxton, Thomas (Treasury)
Subject: RE: Michigan Report, Friday, June 12, 2015

Wayne:

The Court of Appeals drew a distinction between two actions taken by Mike Brown: first, the ratification by him of water and sewer rate increases proposed by the then City Finance Director ("Townsend") and second, the initiation and implementation by Mike himself of separate, additional water and sewer rate increases. The Court struck down only the former action; it left the latter action in place.

The Court concluded that the water and sewer rate increases proposed by Townsend violated charter provisions requiring "notice and publication to its residents thirty days prior and by not waiting to implement those rates

until July 1 of the next fiscal year." The Court also concluded that nothing in Act 4, under which Mike acted, nor in subsequently enacted Act 436, authorized an Emergency Manager to simply *ratify* the actions of someone else (i.e., Townsend).

Had Mike initiated and implemented the initial set of water and sewer rate increases on his own, the outcome would have been different. "[H]owever, [the statute] d[id] not support the action taken by the EM to expressly ratify and confirm the increases recommended by Townsend."

As a bottom line, this decisions appears to have limited impact upon the authority of Emergency Managers.

Fred

From: Workman, Wayne (TREASURY)
Sent: Saturday, June 13, 2015 3:54 PM
To: Khouri, Nick (TREASURY)
Cc: Saxton, Thomas (Treasury); Headen, Frederick (Treasury)
Subject: Re: Michigan Report, Friday, June 12, 2015

My first impression is that the EM could raise rates, but he not follow the correct process. Fred, please weigh in with your thoughts.

Sent from my iPhone

On Jun 13, 2015, at 12:59 PM, Khouri, Nick (TREASURY) <KhouriN@michigan.gov> wrote:

> Wayne
>
> What's the practical impact of the courts decision on the EM and flint water?
>
> If it stands, does it significantly reduce a EM's powers?
>
> Sent from my iPad
>
> Begin forwarded message:
>
> **From:** Gongwer News Service <gongwerreports@gongwer.com>
> **Date:** June 12, 2015 at 6:56:47 PM EDT
> **To:** <khourin@michigan.gov>
> **Subject: Michigan Report, Friday, June 12, 2015**
>
> GONGWER Michigan
> The Capitol Record Since 1906

Michigan Report for Friday, June 12, 2015

Newsmaker Friday: Fitton Reminds Policymakers 'Health Care Is Different'

Smith Preliminary Hearing Postponed For Medical Evaluation

Appeals Court Outlines Limits On Emergency Managers In Flint Water Case

Whiston: Focus Has To Be On Classroom

Report: Most Counties Short On Physicians

Courser Gets Some Push Back On Vaccine Post

Former Rep. Roy Schmidt Released On Bond, Faces Pot Charges

Budget Bills Presented

State Reports First West Nile Activity Of 2015

Snyder Announces Restructuring Of Great Lakes Governors

Snyder Appoints Middle-Eastern American Affairs Commission

Calley's Brother Charged In Hit And Run

Reports Of Auditor General Doug Ringler

Supplemental Agency Calendar

Supplemental Notice Of Legislative Committees

Calendars

Day Planner

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<Jun12.htm>

<150612dayplan.htm>

Byrne, Randall (Treasury)

From: Natasha Henderson <nhenderson@cityofflint.com>
Sent: Wednesday, June 17, 2015 8:30 AM
To: Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: Water Update
Attachments: Utilities Update 6_17_2015 (2).pdf

Hello Randall and Eric,

I have an engagement this morning and will not be able to participate in the conference call this morning. Mayor Walling is aware and will update me on the call details. Accordingly, I have attached a water update.

Thanks,

Natasha

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

City of Flint
Water Quality Update
Wednesday June 10th 2015

Leak Detection

What: $900,000 Treasury Distressed City Grant for Leak Detection / Pipe Wall Assessment

Status: Expected start date - late June / early July

The resolution was approved by the RTAB and the contract is being sent to the vendor.

The company 'Echologics" is still prepared to sign the contract and mobilize within several weeks following the contract signing.

The company maintains a window of 10 – 14 weeks to complete the full scope of work.

Next steps: Get contract signed and determine mobilization timeframe and length of project.

WPC Incinerator Shutdown

What: $1,100,000 Treasury Distressed City Grant for WPC Incinerator Shutdown

Status: In construction phase

With good weather, construction continues to move forward. No change in the schedule.

The 10 inch ductile iron cake pipes have now been placed and partially buried. This week, they are testing them (see pictures) to verify that they will hold 600 psi. This is double the working pressure of the cake discharge from those pumps.

Next steps: Continued construction of underground infrastructure

GAC Installation

What: $1,601,740 contract with LAN to design and install new filter media at the Water Plant

Status: Ahead of schedule

Vendor Calgon is still conducting performance testing on water samples that were sent to them. The sampling will verify the specific media that will be used. Testing is expected to be completed within the next week.

Once the exact medial is determined, delivery of supplies and installation will be scheduled.

Next steps: Vendor tests on Flint water and sand samples continue until results are determined.

Water Meter Installation

What: $5,000,000 contract with Metron to purchase and install 18,000 water meters

Status: On schedule

Funding was budgeted ($2,500,000) in FY 15 to replace all 9,000 of the meters that are

The City will purchase and replace 3000 over each of the next three years to complete the city wide installation plan.

Vendor Metron-Farnier was awarded the contract following an RFP for purchase and installation services.

Metron has just recently signed the contract and has targeted July 15, 2015 to begin the installation of 9,000 meters.

Next steps: A written installation plan is being developed by the city's water service center which will have one person designated as the internal manager of the project.

Howard Croft
Public Works Director

Vandegrift, Drew (TREASURY)

From: Brad Coulter <BCoulter@citylp.com>
Sent: Wednesday, June 17, 2015 10:58 AM
To: Byrne, Randall (Treasury); Vandegrift, Drew (TREASURY)
Subject: FW: FYI: Michigan Court Ruling Clips Emergency Managers' Power

From: Sylvia Arakelian
Sent: Wednesday, June 17, 2015 10:40 AM
To: Insolvency and Reorganization
Subject: FYI: Michigan Court Ruling Clips Emergency Managers' Power

6/17/15 Bond Buyer (Pg. Unavail. Online)
2015 WLNR 17749035
Bond Buyer (USA)
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June 17, 2015
Volume 1; Issue 34327
Section: Regional News

Michigan Court Ruling Clips Emergency Managers' Power

Caitlin Devitt

CHICAGO - A Michigan appeals court ruling has clipped the authority of the state's emergency managers in the first case examining the extent of their power under the state's law for distressed local governments.

The Michigan Court of Appeals on June 12 that emergency managers cannot simply ratify actions imposed by local officials and must closely follow local ordinances when imposing their own orders.

The case is Kincaid et al v. the City of Flint, stemming from a challenge to a former Flint emergency manager's order imposing steep water and sewer rate increases.

The appeals court decision reverses a lower court's ruling dismissing the case.

"The EM is a creature of the Legislature with only the power and authority to do what is granted by statute," the opinion says. "That authority was not as broad as defendant argues."

The ruling means emergency managers need to formally initiate actions on their own and pay close attention to adhering to local procedure.

For local governments currently under emergency management, managers may want to review their orders to protect against a legal challenge in light of the Flint decision, said attorneys at Michigan-based law firm Miller Canfield, which has been following the case and published a comment on the ruling.

"The court of appeals took a very strict, constructivist view of the statutes," said attorney Christopher Trebilcock, referring to Act 436, the state's current emergency management law, and its predecessor, Act 4.

"For any entity that is under Act 436 or Act 4, the filing of proper procedure is very important and strict adherence to local ordinances is required," he said. "If you're a local unit that's still in receivership it's worth reviewing the orders and actions in light of the court of appeal's decision."

Miller Canfield says it's the first case to analyze the extent of an EM's authority. The ruling places a "previously undefined limit on an EM's powers and by implication narrowed the EM's authority to 'act for and in the place and stead' of local officials," the law firm said in its commentary.

For Flint, the ruling means the loss of revenue generated by the water and sewer rate increases a former emergency manager imposed. The city has not yet announced whether it will appeal the ruling. If it does, it would appeal to the Michigan Supreme Court.

In 2011, before Flint was under state-ordered emergency management, the finance director recommended raising water and sewer rates, a move that was later approved by the city council and the mayor. The state then appointed Michael Brown to take over the city as emergency manager. He ratified the finance director's rate increase. Brown imposed water and sewer rate increases of 12.5% and 45%, respectively.

City council member Scott Kincaid and other residents sued, saying the city did not follow local ordinances in imposing the increases, including adhering to a 30-day waiting period, among other things, and that an EM cannot ratify an action imposed prior to his appointment.

In a press conference June 15, Kincaid and other plaintiffs said they hope to reach a settlement with the city to end the lawsuit.

"We are willing to sit down, we're willing to negotiate," Kincaid said, according to local reports. "Let's work out a process to get water and sewer rates to a level that people can afford them and businesses can continue to grow."

Jaffe
JAFFE RAITT HEUER & WEISS
A Professional Corporation
Lawyers & Counselors

Sylvia A. Arakelian
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Named to *The National Law Journal's* "Midsize Hot List" - 2015

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Flint telephone call June 24, 2015 9:00 a.m.

Josh Freeman, Mayor Dayne Walling, Randy Byrne

- Priorities for the week
- Internal investigation in the Clerk's office internal personnel matter
- Councilman Kincaid's lawsuit on water/sewer rate increases - nothing city was looking to maybe seeking appeal for reconsideration
- OPRA tax abatement - response to the question
- GM tax abatement
- Re-assessment-any response from the State Tax Commission - Nothing
- The Return to the Detroit Water Lawsuit was dismissed
- Update on vacant positions

  Treasurer - - with Treasury
  Finance Director started Monday, press conference was held and went well
  HR Director next step..

- Miscellaneous items

** Ice Arena Tax Appeal issue.
** Fourth Quarter Budget Amendments on Monday night
ex Finalizing Department Strategic Plans Update

How much does the RTB require, do we want the City Adm to provide a more listing Explanation?
Do they need more looking at?
Eric & Fred
Ex General Budget question

Jerry Ambrose - still available

** City Council & city Atty - simple ordinance, city adm. said no - conflict or a difference of opinion - restrict cuts / specific Chase.

90 day timeline for new ordinance

Koryzno, Edward (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, June 24, 2015 12:06 PM
To: Koryzno, Edward (Treasury)
Subject: Meeting topics for today
Attachments: Meeting with Ed June 24.docx

Ed:

I will stop by at 2:00 p.m.

Randy,

Randall Byrne | **State Administrative Manager**
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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Weekly Meeting with Ed—June 24, 2015

- **Staff**—_Auditor Specialist 13-to Restructuring Specialist 13 draft PD is ready.
- **Allen Park**—issues include information for the Fire Contract discussion, Tender Offer now looks like August, retiree lawsuit, and City Adm. Search review of candidates during week of July 20th. Televising the RTAB_meetings and one additional RTAB member. Fred inquired about Order 45. The EM Order on City Hall property sale needs to be amended. I asked Cady to send us a request in writing.
- **Benton Harbor**-issues include lawsuit with former Public Safety Director and two former employees. Filling the Finance Director position Suzanne reviewed the resumes'. Budget was adopted. City Council is alleging City Administrator is insubordinate.
- **Ecorse** -issues include FY16 budget- Wayne indicated about $31,000 GF balance at end of FY 15-16, the city has $3.7M accumulated GF balance now, the Five- year budget will have a draft in July, merger of fire services with another unit and Finance Director's position.
- **Flint** – issues include the re-advertising of the HR_Director position, two year budget amendment, lawsuit on water rates, lawsuit to mandate return to DWSD was denied, water issues are getting resolved, and tax assessment problems. GM tax abatement was approved.
- **Hamtramck**— issues include the status of pension consulting work, police study, meeting with City Council regarding the RTAB. Katrina is planning to fire Rehman.
- **Highland Park**— water and sewer rate increase was adopted, a public hearing has to be held, the RFP will likely be approved next week. We have received another high school cost estimate for preparation of plans and specs, demolition, and project management. It is much cheaper than original estimate. Storm sewer lawsuit filed against MDOT. City wants to know what to do about the DEP. OPEB savings update. The City plans to hire Lou Schimmel to assist them in negotiating a settlement on past due sewer bills. City will have to pay 65% to DWSD of all proceeds collected from customers.
- **Lincoln Park**—CM interviews with the City Council last night, Matt Coppler and Brent Merrriman. Brent Merriman was offered the position but his Council enhanced his compensation. He will make a decision on Thursday. Draft FY15-16 budget review ($500K GF balance). He is considering placing the Act 345 request on the November ballot, Charter amendments may have to wait. Cell tower sale is proceeding. Brad is discussing an E-Loan with Suzanne. I want Brad to develop a plan for the last six months.
- **Inkster**- issues include Police Chief Selection, no word as of Tuesday. Wayne County sewer charges, and Order 5 implementation.
- **Pontiac**— issues include Search for Deputy Mayor is underway. Review of candidates the week of July 20th. Budget issue with the Mayor. One on One's with City Council went well. Exit plan preparation.
- **River Rouge**—issues include five year budget and discussion on exit from Consent Agreement, tax base loss and assessment problems. Contracts have been approved now we need to see the savings.

Cline, Richard (Treasury)

From: nhenderson <nhenderson@cityofflint.com>
Sent: Tuesday, June 30, 2015 8:37 AM
To: Cline, Richard (Treasury)
Subject: RE: FW: PRESS RELEASE: FY15 4th Quarter Budget Amendment

Categories: Blue Category

Wrong number, $495,153.00.

Sent via Natasha L. Henderson's Samsung Galaxy Note®

-------- Original message --------
From: "Cline, Richard (Treasury)" <cliner1@michigan.gov>
Date: 06/30/2015 8:33 AM (GMT-05:00)
To: nhenderson <nhenderson@cityofflint.com>
Subject: RE: FW: PRESS RELEASE: FY15 4th Quarter Budget Amendment

Great news, indeed!

Thanks.

Eric Cline | Department Manager

State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility

430 W. Allegan Street, 3rd Floor | Lansing, MI 48922

Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228

E-mail cliner1@michigan.gov

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From: nhenderson [mailto:nhenderson@cityofflint.com]
Sent: Monday, June 29, 2015 5:51 PM

To: Cline, Richard (Treasury)
Subject: RE: FW: PRESS RELEASE: FY15 4th Quarter Budget Amendment

Hello Eric,

The projected general fund balance is $643,548.00, and the budget also takes into account that the City is adding $1,000,000 to the reserve. This is great news!

-Natasha

Sent via Natasha L. Henderson's Samsung Galaxy Note®

-------- Original message --------
From: "Cline, Richard (Treasury)" <cliner1@michigan.gov>
Date: 06/29/2015 4:33 PM (GMT-05:00)
To: "Natasha Henderson (nhenderson@cityofflint.com)" <nhenderson@cityofflint.com>
Subject: FW: PRESS RELEASE: FY15 4th Quarter Budget Amendment

Natasha,

Hi. Good news here.

Please tell me what the about of GF Fund Balance will be that you will end up with.

We want to provide this number in a monthly update we send to the Treasurer and Governor.

If you could let me know as soon as you can, I would appreciate it.

Regards,

Eric Cline | Department Manager

State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility

430 W. Allegan Street, 3rd Floor | Lansing, MI 48922

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From: Jason Lorenz [mailto:jlorenz@cityofflint.com]
Sent: Monday, June 29, 2015 3:56 PM
Subject: PRESS RELEASE: FY15 4th Quarter Budget Amendment

For Immediate Release

Fourth Quarter Budget Amendment Shows Positive Finish for Flint's Fiscal Year 2015

Flint, Michigan – June 29, 2015 – The City of Flint's fourth quarter budget amendment shows that Flint will end its fiscal year with a positive budget balance. The adopted biennial budget is for fiscal years 2015 and 2016. As of the end of the quarter, all of the City's funds, including the General Fund, will be without a deficit at the end FY15. The fourth quarter FY15 budget amendment will be presented to Flint City Council during a special meeting tonight at 5:30pm in the City Council Chambers.

Flint Mayor Dayne Walling praised the fiscal news as a milestone marking a historic shift in the City's finances. "The City of Flint has made great strides toward financial stability and it is encouraging to see the general fund with a positive reserve for the first time in a decade," said Walling. The fiscal year ends Tuesday, June 30, 2015.

--END--

-Jason Lorenz

Public Information Officer

City of Flint

(810) 237-2039

jlorenz@cityofflint.com

Widigan, Robert (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, March 03, 2015 10:30 AM
To: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Widigan, Robert (TREASURY); Cline, Richard (Treasury)
Subject: FW: Electronic Communication
Attachments: Workman Communication.PDF; Utility Wide Water.PDF; Water Fund Expenses.PDF

Latest summary of Flint water issues with financial comparison. Would like to get this out today to Executive Office

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Tuesday, March 03, 2015 10:14 AM
To: Workman, Wayne (TREASURY)
Cc: Jerry Ambrose
Subject: Electronic Communication

Good morning,

Please find attached an electronic communication with attachments from Emergency Manager Ambrose.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Gerald Ambrose, Emergency Manager
Natasha Henderson, City Administrator
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Gerald Ambrose
Emergency Manager

TO: Wayne Workman, Deputy Treasurer
Treasury Department
State of Michigan

FROM: Jerry Ambrose, Emergency Manager
City of Flint

DATE: March 3, 2015

As the Emergency Manager for the City of Flint, I am charged with restoring the City government to financial solvency, and working to assure that the City moves forward on a financially sustainable basis. The steps taken over the past three years have been difficult. Taxes and fees have been raised, services and workforce reduced, and ongoing costs, including legacy costs, have been constrained.

The current controversy surrounding the provision of water, and the path for resolution, has a potentially significant impact on the progress that is being made. I am satisfied that the water provided to Flint users today is within all MDEQ and EPA guidelines, as evidenced by the most recent water quality results conducted for MDEQ. We have a continuing commitment to maintain water safety and to improve water quality, and have dedicated resources to assure this commitment will be made.

The oft-repeated suggestion that the City should return to DWSD, even for a short period of time, would, in my judgment, have extremely negative financial consequences to the water system, and consequently to the rate payers. By the most conservative estimates, such a move would increase costs by at least $12 million annually, with that amount achieved only by eliminating virtually all budgeted improvements in the system. For a system with Unrestricted Assets of only $740,745, according to the June 30, 2014 audited financial statements, the only recourse within the City's control would be to increase revenues significantly. And in my judgment, that would come from raising rates for water by 30% or more . Further, changing the *source* of the city's water would not necessarily change any of the *aesthetics* of the water, including odor and discoloration, since those appear to be directly related to the aging pipes and other infrastructure that carry water from the treatment facility to our customers.

This direction of discussion also deviates from what, in my judgment, should be the focus: How can we not only operate and maintain a system to assure the delivery of safe and quality water dependably, but significantly reduce the cost of water and sewer to the users? At an average of $149 per month for water and sewer service for a residential user, the cost is extremely high in comparison to surrounding areas, as well as most areas across the state, and creates a significant financial burden for many users. In my judgment, we should all be concentrating on how to reduce rates by 50% or more. Unfortunately, there are no easy or evident answers, and continuation of the status will be an impediment to the sustainable recovery of the City of Flint. It is a conversation that I expect we will have with the recently created Water Quality Advisory Committee.

My reasoning for this conclusion is as follows:

One of the decisions made in the context of beginning to eliminate deficits and to restore financial stability to the City of Flint was to increase water and sewer rates significantly – the only choice available to financially stabilize a system that as of June 30, 2012, had a deficit of $8,758,091. Another was to leave DWDS for the KWA because it offered the opportunity to lower future rate increases. A third decision was to utilize the Flint River on an interim basis when DWSD unilaterally terminated the City's contract for water purchase. That decision was made because it also offered an immediate cost savings opportunity which translated into the ability to upgrade the Water Treatment Plant without having to seek financing. It was a reasonable decision because of our experience in using the river in a back-up capacity, including test runs on a quarterly basis for several decades.

Unfortunately, the switch to the river as a primary source was more challenging than anticipated, and the harsh winter of 2013-2014 resulted in much more damage to the aging water infrastructure than in previous years. The result was the issuance of required notices that water exceeded established guidelines for safety as it could affect certain vulnerable populations, and some users of the system experienced unpleasant odors and discoloration. Some users also appeared to have had some negative reactions to the new source of water. However, as soon as the test results were known, City staff took immediate actions to address the concerns. These actions are evidenced today by the fact that MDEQ has certified that our most recent testing shows water from all testing sites to be well within acceptable guidelines. Additionally, the City is continuing to taking the necessary actions to assure that the water supply remains safe and that water quality continues to improve.

As the City has moved to address the situation, the suggestion continues to be made that the City should re-engage with DWSD and purchase water at least until the KWA pipeline is supplying water. As evidenced by the most recent letter from DWSD, such a decision would immediately increase the City's cost by $846,700 per month, or $10,160,400 per year, just for the fixed cost portion of the price. The actual *purchase* of water would be an additional fee, and dependent upon

the quantity purchased. We estimate the actual water purchase cost to average more than $1 million per month, for a grand total of approximately $22 million per year. Finally, the DWSD offer is conditioned upon the City (or presumably the KWA) agreeing to negotiate a long term contract (30 years) for back-up.

The $22 million annual estimate of increased costs to purchase water from DWSD would be minimally offset by an approximate $3 million in reduced operating costs, and could be further offset by an additional $9 million, but only if all funding for capital improvements to the system are eliminated. To eliminate all funding dedicated to repairing, stabilizing, and improving the system would be totally irresponsible and would have long term negative consequences to the City and to future rate payers.

As you are aware we have recently brought in outside expert assistance to evaluate the steps we have taken to assure that the water is safe and to continue to improve water quality. We are expecting specific recommendations within the next few weeks, and are committed to implementing those recommendations in a timely manner. Many steps have already been taken. I am confident that implementing their recommendations will assure a continuing supply of safe water as well as improved quality, and at far less cost than re-engaging DWSD.

We have also created a 40-member Water Advisory Committee and a 13-member Technical Advisory Committee to assure two-way communication with the public and users of the system. Those committees will begin to meet this week, and we look forward to answering their questions and receiving their input.

It is unfortunate that problems and concerns with quality have arisen, and we are working every day to address the issues that caused them. Maintaining safe water and improving quality is a top priority as we work to make the City of Flint an attractive place to live, work, study, and play.

02/09/2015

UTILITITY WIDE WATER FUND PROFESSIONAL SERVICES
PERIOD ENDING 02/28/2015

ACCOUNT	DESCRIPTION	2014-15 AMENDED BUDGET	ACTIVITY FOR MONTH 02/28/2015	YTD BALANCE 02/28/2015	ENCUMBERED YEAR-TO-DATE	UNENCUMBERED BALANCE	% BDGT USED
Dept 536.100-Utilities - Water Administration							
Fund 591 - Water Fund							
801.000	**Professional Service**	2,320,000.00	50,418.75	537,844.65	348,549.88	1,433,605.47	38.21
	ROWE City Engineering			contract	$ 79,000.00		
	Dump Site Analysis			contract	$ 42,892.00		
	LAN Water Implementation			contract	$ 244,900.00		
	JFA /U.S. Dept Interior					$ 27,295.00	
	Raftelis Financial Update					$ 23,810.00	
	Bray Road					$ 500,000.00	
	TTHM Violation Letters/Mailings					$ 25,000.00	
	MDEQ Permit Fees					$ 100,000.00	
	Energy Costs/Performance Contracts					$ 250,000.00	
	Veolia Water Consultant					$ 40,000.00	
	City Works/Assest Management					$ 350,000.00	
	Operational Contingency					$ 117,500.00	
Total Dept 536.100-Utilities - Water Administration					**$ 366,792.00**	**$ 1,433,605.00**	
Dept 540.100-Water Service Center Management							
Fund 591 - Water Fund							
801.000	**Professional Service**	374,400.00	0.00	74,877.03	250,869.51	48,653.46	87.00
	Sewerlines Cty Engineering			contract	$ 190,000.00		
	Internal Investigations			contract	$ 95,645.22		
	Landfill Services					$ 12,500.00	
	Janitorial Services					$ 4,260.00	
	After Hours Water & Staking					$ 2,500.00	
	Line Stopping					$ 25,000.00	
					285,645.22	**44,260.00**	

Dept 540.202-Wsc-Water Distriburion Mains								
Fund 591 - Water Fund								
801.000	**Professional Service**	60,000.00	0.00	0.00	500.00		59,500.00	0.83
	Fire Extinguisher Services			contract	500.00			
					500.00			
		Balance is being used for budget adjustment to cover overruns for garage charges						
	Current gararge overruns is $100.000.00						**59,500.00**	
Dept 540.300-Capital Improvement								
Fund 591 - Water Fund								
801.000	**Professional Service**	2,660,000.00	0.00	0.00	60,000.00		2,600,000.00	2.26
	Water Meters			contract	60,000.00			
	Water Main Replacement Iroquois					$	2,500,000.00	
	Valve Exercising					$	100,000.00	
Total Dept 540.300-Capital Improvement					**$ 60,000.00**	**$**	**2,600,000.00**	
Dept 545.200-Water Plant - Operations								
Fund 591 - Water Fund								
801.000	**Professional Service**	80,000.00	0.00	8,866.98	10,323.02		60,810.00	23.99
	Lab Testing			contract	10,323.02			
	Dam Inspections					$	11,500.00	
	Comprehensive Reulatory Compliance					$	40,000.00	
	Lab Proficiency Testing					$	6,000.00	
	All Max Data Support					$	2,500.00	
Total Dept 545.200-Water Plant - Operations					**$ 10,323.02**	**$**	**60,000.00**	
Dept 545.201-Water Plant Maintenance								
Fund 591 - Water Fund								
801.000	**Professional Service**	26,000.00	0.00	3,700.00	12,955.00		9,345.00	64.06
	Vibration Analysis			contract	$ 5,500.00			
	Elevator Inspections & Services			contract	$ 2,455.00			
	Diving for Dams Inspection			contract	$ 5,000.00			
	RPZ Inpsection & Repair					$	4,000.00	
	Generator Inspection & Services					$	5,000.00	
Total Dept 545.201-Water Plant Maintenance		26,000.00	0.00	3,700.00	**$ 12,955.00**	**$**	**9,000.00**	64.06

Dept 545.300-Water Plant - Capital Improvements
Fund 591 - Water Fund

801.000	**Professional Service**	2,900,000.00	0.00	927,098.07		1,296,474.81	676,427.12	76.67
	Installation of Storage Tanks			contract	$	716,272.00		
	Motor Control Upgrade			contract	$	440,157.00		
	Easement- Electrical Grounding			contract	$	4,054.00		
	Lime Residual			contract	$	135,991.81		
	Cedar Street Pumpt Station						$ 500,000.00	
	Pump Station Feeder						$ 125,000.00	
	TTHM Operationlal Evaluation						$ 50,000.00	
Total Dept 545.300-Water Plant - Capital Improvements		2,900,000.00	0.00		$	1,296,474.81	$ 675,000.00	76.67

Total	Budgeted	YTD Balance	Encumbered	Unencumbered
	$8,420,400.00	$1,552,386.73	$2,032,690.05	$4,821,865.00

WATER FUND EXPENSES

GL NUMBER	DESCRIPTION	2013-14 ACTIVITY	2014-15 AMENDED BUDGET	2015-16 APPROVED BUDGET	2015-16 BUDGET CHANGES FOR DWSD	2015-16 BUDGET CHANGES FOR DWSD	STATUS QUO REVISED 2015-16 BUDGET WITH DWSD	2015-16 BUDGET CHANGES WITH DWSD & ALL CAPITAL FUNDING ELIMINATED
Expenses - Water Fund								
Dept 536.100-Utilities - Water Administration								
	Wages and Fringes	$76,155	$528,777	$445,851			$445,851	
	Repairs and Improvements	$2,497,397	$2,520,000	$2,520,000		$0	$2,520,000	($2,520,000)
	Other Expenses	$2,295,410	$2,248,750	$2,248,750			$2,248,750	
Dept 540.100-Water Service Center Management								
	Wages and Fringes	$199,883	$228,451	$256,349			$256,349	
	Repairs and Improvements	$140,599	$374,400	$350,000		$0	$350,000	($350,000)
	Other Expenses	$108,780	$477,292	$547,649		$0	$547,649	
Dept 540.200-Wsc-Meter Reading - Water								
	Wages and Fringes	$499,351	$488,365	$481,816		$0	$481,816	
	Other Expenses	$151,894	$64,000	$64,000		$0	$64,000	
Dept 540.202-Wsc-Water Distribution Mains								
	Wages and Fringes	$2,383,598	$3,006,530	$3,024,627		$0	$3,024,627	
	Repairs and Improvements	$391	$60,000	$85,000		$0	$85,000	($85,000)
	Other	$1,210,118	$920,457	$849,500		$0	$849,500	
Dept 545.200-Water Plant - Operations								
	Wages and Fringes	$988,523	$1,827,003	$1,761,027	Staffing	($376,098)	$1,384,929	
	Repairs and Improvements	$48,723	$80,000	$60,000			$60,000	($60,000)
	Supplies, Utilities and Other	$22,779,389	$3,445,656	$3,318,656			$25,960,446	
					Fixed Charge DWSD	$10,160,400		
					Commodity Chg DWSD	$12,818,190		
					Chemical Purchase	($1,488,800)		
					Electrical Power	($850,000)		
Dept 545.202-Water Plant - Dam Operations		$119,216	$0	$0			$0	
Dept 545.203-Water Plant - Dam Maintenance		$126,823	$0	$0			$0	
Dept 545.300-Water Plant - Capital Improvements								
	Repairs and Improvements	$968,815	$2,900,000	$1,200,000			$1,200,000	($1,200,000)
	Other	$880,161	$3,700,000	$2,400,000			$2,400,000	
Dept 900.100-Cost Allocation and Retiree Healthcare		$3,111,662	$5,600,242	$6,077,577			$6,077,577	
Dept 966.101-PILOT Payment		$1,130,000	$1,130,000	$1,130,000			$1,130,000	
Dept 966.493-Debt Service		$2,688,071	$2,688,071	$2,688,071			$2,688,071	
Dept 540.300-Capital Improvement								
	Repairs and Improvements	$0	$2,660,000	$2,660,000			$2,660,000	($2,660,000)
	Other	$0	$530,000	$530,000			$530,000	
Dept 239.100-Purchasing	Wages and Fringes	$63,269	$0	$29,313			$29,313	
Dept 258.202-Bad Debt Expense		$161,959	$0	$0			$0	

Dept 535.205-Utilities - Water Cross Connection Prog		$100,914	$109,945	$103,182			$103,182	
Dept 545.201-Water Plant Maintenance								
	Wages and Fringes	$1,069,567	$1,147,845	$1,127,886			$1,127,886	
	Repairs and Improvements	$8,142	$26,000	$26,000			$26,000	($26,000)
	Other	$420,048	$671,249	$689,000			$689,000	
591-536.100-990.200	KWA Operation Payment	$0	$584,000	$584,000			$584,000	
	Reserve	$0		$2,878,750			$2,878,750	($2,878,750)
Total Expenses		**$44,210,032**	**$37,767,035**	**$37,886,000**		**$20,265,692**	**$58,151,692**	**$48,576,942**

WATER FUND REVENUES

GL NUMBER	DESCRIPTION	2013-14 ACTIVITY	2014-15 AMENDED BUDGET	2015-16 APPROVED BUDGET		2015-16 BUDGET CHANGES FOR DWSD	STATUS QUO REVISED 2015-16 BUDGET WITH DWSD	Inc.	2015-16 BUDGET CHANGES WITH DWSD & ALL CAPITAL FUNDING ELIMINATED	Inc.
Revenues- Water Fund										
	Meter Water Sales	$42,132,946	$37,000,000	$37,000,000		$20,265,692	$57,265,692	55%	$48,576,942	31%
	Other Revenues	$1,589,155	$886,000	$886,000		$0	$886,000		$886,000	
	Asset Sale	$3,493,743	$0	$0		$0	$0		$0	
	Carry Over	$0	$3,263,505	$0		$0	$0		$0	
Total Revenues		$47,215,844	$41,149,505	$37,886,000		$20,265,692	$58,151,692		$48,576,942	

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Tuesday, March 03, 2015 2:23 PM
To: Widigan, Robert (TREASURY); Cline, Richard (Treasury)
Subject: FW: Bi-Weekly Conference Call Agenda
Attachments: Agenda for Conference Call with Treasury 030415 (1).pdf

FYI

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Tuesday, March 03, 2015 2:00 PM
To: Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Carter, Jerry (MSP); Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); Hill, Darryl (MSP); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Smith, Paul (GOV); Byrne, Randall (Treasury); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); West, Samantha (GOV)
Subject: Bi-Weekly Conference Call Agenda

Good afternoon,

Please find attached the agenda for the conference call scheduled for **Wednesday, March 4th at 9:00 am.**

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Gerald Ambrose, Emergency Manager
Natasha Henderson, City Administrator
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am P[redacted]genda

March 4, 2015 1-88[redacted]cess [redacted]

			Status
1) Public Safety Update – FPD, MSP, (FFD, if needed)			
	a) FPD	Status Report	Update
	b) FFD		
	c) Other update from *Chief Tolbert and MSP*		
2) Governor's Office Update – R. Baird, H. Hollins, B. Clement			
	a) District Court Consolidation	County Commissioners voted on 12/10/14 to approve "pursuant to the terms and conditions set forth in a MOU to be approved between City of Flint and Gen. Cty "	Discussion will begin next week with County Controller. Appears County wants long term subsidy from City
	b) Local Income Tax Initiative	Additional source of funds still needed for City. H Hollins working to find a new sponsor Projected financial challenges associated with projection of FY17 budget may emphasize the rationale	No Change
3) Finance and Administrative Update			
	a) Management Vacancies	MML advertising for Treasurer, HR Director and Finance Director. Search for Fire Chief to be added	Update

911 – public safety committee to give input on lease agreement

- Not as many as like.
- late april early may schedule.
- Fire chief in July

		Last Report	Status
	b) Budget	Financial projections status. Projected gap between revenues and status quo expenses is less than last years projection of $4.5 -$5.0 million. Taxable values have declined 3%. (Total)	Projections for HC may not be as bad as projected. Update
Reviewing with LAFD	c) DEP/RAP	Progress under DEP/RAP being revised.	Discussion ongoing
	d) Purchasing	Revised purchasing ordinance being enacted.	No change
4) City Council Update			
	a) EM Order	Orders being developed defining organizational reporting relationships to new City Administrator.	No change → Developing
	b) Council/Mayor Compensation	Revision to Council and Mayor compensation is being developed.	No change → Step to full pay based on training.
5) Water Issues			
	a) MDEQ Violation Notice	Most recent TTHM sampling was tested by the MDEQ - confirmed our most recent internal tests findings that water is within federal/state guidelines. Expect to receive a violation notice from MDEQ, due to the running average calculation, in 7-10 days. The notice to customers will go out by mid-March	• 13 member ~~technical~~ technical advisory committee meets today. Update
	b) Drinking Water Revolving Fund	Discussing possible restructuring of loans.	Discussion ongoing
	c) Water Quality Consultant	Final report being compiled; will focus on assuring continued TTHM compliance and plans for hardness and discoloration improvement.	• Report from VIOLIA this week. Update
	d) WAC/TAC	A 40 member Water Advisory Committee and a 13 member Technical Advisory Committee (including an EPA representative)have been formed as part of the process of improving communication and receiving additional feedback. Meeting this week.	• Raftelis is reviewing water rate study. Update
	e) Problem resolution	Letter from EM to Treasury notes that the basic problem with water in Flint is cost, not water quality, but that no quick resolution is evident	New

		Last Report	Status
6) 9-1-1 Reconsolidation Plan			
	a) Tower Transfer to Consortium	Tower Transfer justification package sent to Council 2/24/15. Will be discussed at Public Safety Committee 3/4/15. Sent grant amendment request to E. Cole for use of current C-GAP grant to pay for consolidation expenses, received note that request will be reviewed. No timeframe provided.	— Eva Chole received amendment. Update
7) Transition Activities			
	a) Transition Management	Next budget step will be for Council to adopt budget priorities and receive updated 5 Year revenue/expense projections. New Council committee structure in place	Update
	b) Transition date	Date specific transition calendar to be developed. RTAB to be appointed	Update
8) Other Items			
	MDNR and Purchase of CSX rail area	Requesting DNR authorize full amount of appraised property value to be paid by DNR grant.	Info Received. Project has many issues.

At a standstill — not much we can do.
oTransfer should be a go in near future.

Flint Call/Meeting 9AM — S. O'neel, g. Kapp, E. Murphy, Carter, Chief Tolbert,

- 18% in crime
- ↑ in home
- Met w/ MSP to work in atherton area.
- SRMS time schedule being worked out.
- ~~G. Kapp~~ ~~Carr~~ St. fire marshall for flint area w/ MSP
  - Not being called out to arsons.
  - Issues w/ Fire Chief

(4M credit — possibly dump to pension)

2) District court merger → City to meet w/ county today to discuss.

MML → 9 for HR, 1 for finance, 1 for treasurer
- May need to contact TJ Adams or Gov HR

3) Exit to RTAB
- Review final orders — organizational orders, budget, etc...

ELoan → $6M ELoan will solve the deficit
- Define water issue separately and look for DWRSF.

Pleyte, Beth (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Tuesday, March 03, 2015 10:04 PM
To: Workman, Wayne (TREASURY)
Cc: Clement, Elizabeth (GOV); Saxton, Thomas (Treasury); Agen, Jarrod (GOV); Hollins, Harvey (GOV)
Subject: Re: Contaminated Drink Water if Flint

No question although the city could use a little positive publicity right now.

On Mar 3, 2015, at 11:57 AM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

> If this does happen, we need to figure who would hand out the water. It should not be the City. It would undercut every point they are making. It probably should also be reserved for people who can't afford to buy water.
>
> **From:** Muchmore, Dennis (GOV)
> **Sent:** Monday, March 02, 2015 11:57 PM
> **To:** Clement, Elizabeth (GOV); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); Agen, Jarrod (GOV); Hollins, Harvey (GOV)
> **Subject:** Fwd: Contaminated Drink Water if Flint
>
> Might want to get Jarrod and Terry Stanton on this as well as Harvey. Otherwise it will get out of hand. It's in the city's long term interest to make the KWA work and we can make the river water safe, but we need to work with the ministers this week to help them out. It's tough for everyday people to listen to financial issues and water mumbo jumbo when all they see is problems. You can't expect the ministers to hold the tide on this problem.
>
> How about cutting a deal with Ice Mountain or Bill Young and buying some water for the people for a time? $250K buys a lot of drinking water and we could distribute it through the churches while we continue to make the water even safer.
>
> If we procrastinate much longer in doing something direct we'll have real trouble.
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** Kelly Rossman-McKinney <krossman@truscottrossman.com>
> > **Date:** March 2, 2015 at 8:26:34 AM EST
> > **To:** Dennis Muchmore <muchmored@michigan.gov>
> > **Subject: FW: Contaminated Drink Water if Flint**
> >
> > Please call me so we can discuss. This issue is out of hand. We do pro bono work for the city on an as-needed basis, plus we also work for Veolia, the water consultant they brought on board. I'm concerned about the implications that this may have racial overtones. Ugh.

Kelly Rossman-McKinney
CEO
Truscott Rossman • truscottrossman.com
Boji Tower • 124 W Allegan St , Ste 800 • Lansing, MI 48933
200 Renaissance Center, Ste 3160 • Detroit, MI 48243
125 Ottawa Ave N W , Ste 235 • Grand Rapids, MI 49503

Cell (517) 749-0529
Office (517) 487-9320
Fax (517) 487-5080

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Monday, March 02, 2015 7:36 AM
To: Kelly Rossman-McKinney
Subject: Fwd: Contaminated Drink Water if Flint

Welcome to Monday. Please advise asap as to any next steps you recommend, if any.

---------- Forwarded message ----------
From: "Dayne Walling" <dwalling@cityofflint.com>
Date: Mar 2, 2015 7:29 AM
Subject: Fwd: Contaminated Drink Water if Flint
To: "Gerald Ambrose" <gambrose@cityofflint.com>, "Natasha Henderson" <nhenderson@cityofflint.com>, "Peter Bade" <pbade@cityofflint.com>
Cc:

FYI:
---------- Forwarded message ----------
From: **Arlington Dumas** <ac2dumas@yahoo.com>
Date: Sat, Feb 28, 2015 at 2:09 PM
Subject: Contaminated Drink Water if Flint
To: "randall@udayton.edc" <randall@udayton.edc>
Cc: "mail103@foxtv.com" <mail103@foxtv.com>, WFLT 1420 Am <wflt1420am@aol.com>, Abc12news <abc12news@abc12.com>, Wnem Desk <wnem@wnem.com>, Scot Johnson Wnem <scot.johnson@wnem.com>, "news@wjr.com" <news@wjr.com>, "assigmentdesk@wdiv.com" <assigmentdesk@wdiv.com>, "D. Adams" <dadams5@mlive.com>, fox2newsdesk@foxtv.com, "nikkibednarski@cumulus.com" <nikkibednarski@cumulus.com>, "mageorge@freepress.com" <mageorge@freepress.com>, "B. Thorne" <bthorne@flintjournal.com>, "Rev. Reggie Flynn" <pastorreggieflynn@yahoo.com>, "wxyzdesk@wxyz.com" <wxyzdesk@wxyz.com>, "wflt1420@aol.com" <wflt1420@aol.com>, "cspacouriernews@yahoo.com" <cspacouriernews@yahoo.com>, "dshepardson@depnewss.com" <dshepardson@depnewss.com>, "promotion@wsmh.com" <promotion@wsmh.com>, Eric Mays <emays@cityofflint.com>, Emergency Manager <em@cityofflint.com>, Brenda Williams <brwilliams@visionmpinc.com>, Wantwaz Davis <wantwazd@yahoo.com>, Monica Galloway <mgfavor32@comcast.net>,

Sheldon Neeley <neeleyward6@gmail.com>, Vicky Van Buren <vvanburen@cityofflint.com>, Jackie Poplar <jpoplar@cityofflint.com>, Josh Freeman <freeman3727@sbcglobal.net>, Wantwaz Davis <wdavis@cityofflint.com>, Brian Nolden <bnolden754@comcast.net>, "hwinford@cityofflint.com" <hwinford@cityofflint.com>, Inez Brown <ibrown@cityofflint.com>, Peter Bade <pbade@cityofflint.com>, "knelson@cityofflint.com" <knelson@cityofflint.com>, "Loyst Fletcher Jr." <lfletcherj@aol.com>, "skincaid9@comcast.net" <skincaid9@comcast.net>, Scott Kincaid <skincaid@cityofflint.com>, Dan Kildee <dkildee58@gmail.com>, "rfonger1@mlive.com" <rfonger1@mlive.com>, Gregory Eason <gregoryeason56@gmail.com>, "murphyquincy73@yahoo.com" <murphyquincy73@yahoo.com>, Wilbert Jarrett <jarrettacres@netspace.net>, Sally Haywood <sallyhaywood@comcast.net>, Jamie Curtis <talktojamiecurtis@gmail.com>, "Gregory T. Gibbs" <greggibbs51@sbcglobal.net>, Rev Wendell Anthony <wendellanthony@gmail.com>, Rev Bullock <dalexbull@aol.com>, Dyane Walling <dwalling@cityofflint.com>, Valdemar Washington <vlwlegal@aol.com>, "John W. Carpenter" <cmuparents@aol.com>, Johnnie Coleman Coleman <jalwaysc@yahoo.com>, Deloris Richardson <cfreeman0859@yahoo.com>, Jacki Pritchard <jpritch57@comcast.net>, Hershal Pritchard <pritch32@sbcglobal.net>, AC Dumas <ac2dumas@yahoo.com>

Good Afternoon, Attorney Randall!

Thank you for returning my call on the other day! Again, my concern as is others in the City of Flint, Michigan regarding the drinking water source for the water customers of the City of Flint. I have enclosed one of the lasted article written by the local newspaper, "The Flint Journal" regarding the Flint River water. Needless to say, the water is dangerous to our health! GM will not use the water at its Engine Plant in Flint to wash engines parts!

We need your help to guide us to the profession people that know about "Bad Drinking Water and Environmental Racism". I truly believe it's "Environmental Racism" at its worst or should I say best! As a resident of flint, Past President of the Flint Branch NAACP, newly elected VP of the Flint Branch NAACP and the most listen to broadcast host during that time on Flint's premiere gospel station, WFLT 1420AM, each Saturday morning from 9:30-10AM, I have challenged our elected officials to step up to the plate and fix this water problem!

I'll be asking the Executive Committee of the Flint Branch of the NAACP to request from our National Office if we can proceed with a possible "Environmental Racism" lawsuit with their assistance and the assistance of other civil rights groups and others to "file briefs in support of our efforts against those parties involved with the changing and the using of the Flint River as our water drinking source.

The City of Flint has Emergency Manager #4 since our "takeover", and cares less about the residents or the water concerns of its Customers of Flint! Please help us with our problem by directing us to the right professional people. Please go to www.actionpa.org/fluoride/ej.html regarding "Environmental Racism" I have attached an article from the Flint Journal, and may Google other articles regarding the Flint's water source, including how we arrived to where we are on today.

Thank you very much in advance!!

I remain.

AC Dumas, Concerned Resident

--
Dayne Walling
Mayor, City of Flint
City Hall, 1101 S. Saginaw St.
Flint, MI 48502
810-766-7346
mayor@cityofflint.com
www.cityofflint.com
follow me on twitter at http://twitter.com/mayorwalling

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, March 04, 2015 11:08 AM
To: Gerald Ambrose
Cc: Workman, Wayne (TREASURY)
Subject: RE: SRF

John Barton will be our lead on the SRF. His number is 517/[redacted] Is there someone you want as a point of contact or do you want me to have him call you ?
We will get moving on it.

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Wednesday, March 04, 2015 11:03 AM
To: Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: Re: SRF

Tom,

I am good with restructuring the loans, as it positively impacts our need for capital funding. Let me know what you need from us.

Wayne, I also have some new thoughts on eliminating the deficit, so please call when you have a chance.

J

On Wed, Mar 4, 2015 at 10:48 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

I am just confirming... I think we (Treasury) are 'good to go' to restructure those Flint SRF loans. I can't remember exact numbers but it represents approx. $2mm up front in cash that you could use for say replacing a couple miles of transmission lines. Do you want us to start the process forward ?

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Sunday, February 22, 2015 9:23 AM
To: Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: Re: Response to City of Flint Council Member Freeman

Will do.

On Feb 22, 2015 8:14 AM, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov> wrote:

hopefully this will settle down a bit at some point. Anything you can do to share any metrics on this periodically would be helpful... e.g., call volume re any complaints, number of contacts where you go to the

residences for those complaints, # of quality tests/ results, specific dates as to when you will be replacing that 2 mile section, updates on progress of KWA, etc etc.

On Feb 21, 2015, at 8:31 AM, "Gerald Ambrose" <gambrose@cityofflint.com> wrote:

> Thanks, Tom, I did receive a copy. What I see is confirmation that we could rejoin on a short term basis on the financial terms outlined in the original letter while we (or presumably KWA) attempts to negotiate a long term back up agreement. And the quoted rates are only good til July 1, at which time (from the media I read) they will increase. Am I missing something?
>
> Rejoining on a short term basis would increase Flint's costs by at least $1 million a month....not possible without a significant rate increase (more than 25%) or a monthly gift of that amount from somewhere.
>
> Does someone really want Flint rate payers to send $1 million per month to DWSD or GLWA when our water supply is (by our internal testng today) within EPA/MDEQ guidelines and we are taking steps every day to improve water quality?
>
> J
>
> On Feb 21, 2015 6:47 AM, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov> wrote:
>
> fyi in case you had not already rec'd this
>
> Begin forwarded message:
>
> > **From:** "Daddow, Robert" <daddowr@oakgov.com>
> > **To:** "Baird, Richard (GOV)" <bairdr@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> > **Subject: FW: Response to City of Flint Council Member Freeman**
> >
> > FYI – just received the attached letter on Flint. RJD
> >
> > From: Rechanda Willis [mailto:willis@dwsd.org]
> > Sent: Friday, February 20, 2015 3:23 PM
> > To: James Fausone; Robert Daddow
> > Subject: Response to City of Flint Council Member Freeman
> >
> > Attached is copy of the response to City of Flint Council Member Joshua Freeman's February 3, 2015 letter.
> >
> > Thank you
> >
> > Rechanda L. Willis
> > Assistant to the Deputy Director/Chief Customer Service Officer

Detroit Water and Sewerage Department
735 Randolph Street - Room 506
Detroit, Michigan 48226
(313) 224-4785 (office)
(313) 224-6067 (fax)
willis@dwsd.org<mailto:willis@dwsd.org>

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, March 04, 2015 5:45 PM
To: Workman, Wayne (TREASURY)
Subject: RE: Water

First that I have heard it. Who set it up ? You should get yourself invited (even by call in); although Jerry can handle himself. This is getting to be "classic".

From: Workman, Wayne (TREASURY)
Sent: Wednesday, March 04, 2015 4:32 PM
To: Saxton, Thomas (Treasury)
Subject: Fwd: Water

Know anything? I dont and this sounds like trouble

Sent from my iPhone

Begin forwarded message:

> **From:** Gerald Ambrose <gambrose@cityofflint.com>
> **Date:** March 4, 2015 at 4:21:12 PM EST
> **To:** "Wayne Workman (TREASURY)" <workmanw@michigan.gov>
> **Subject: Water**
>
> What do you know about a meeting Monday with Harvey Hollings, Rich Baird, Sue McCormick, and me?

Gerald Ambrose
Emergency Manager

Dayne Walling
Mayor

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com
Elizabeth Murphy
emurphy@cityofflint.com
(810) 237-2025

For Immediate Release

City of Flint

Flint, Michigan – March 4, 2015 – Members of the newly established Flint Water Technical Advisory Committee met for two hours today at Flint City Hall to learn more about the steps the city is taking to confirm water safety and improve quality. Members include representatives from the Michigan State University, Genesee County Health Department, Kettering University, Mott Community College, and the Genesee County Medical Society. Joining them were experts from the Michigan Department of Environmental Quality and the EPA, along with several local elected officials.

The presentation included confirmation of the safety of Flint's water system and an overview of the opportunities available to improve water quality. Recent water testing results were shared that confirmed the city today is in compliance with all state guidelines.

Committee members were reminded that another notification to residents would be required later this month, despite the city's progress in improving and stabilizing water safety. The DEQ-required communication is related to test results from 2014. Committee members urged city officials to ensure the required communication focused on the progress and improvement made. Public health officials also offered to help

–CONTINUE–

communicate with health providers throughout the city in an effort to educate residents about the water's safety.

The Water Technical Advisory Committee is expected to meet on a monthly basis through the implementation of KWA as the city's primary water source.

–END–

Koryzno, Edward (Treasury)

From: Byrne, Randall (Treasury)
Sent: Thursday, March 05, 2015 8:02 AM
To: Koryzno, Edward (Treasury)
Subject: Weekly meeting
Attachments: Meeting with Ed March 5.docx

Ed:

Hope to see at 9:00 a.m. today.

Thanks,
Randy,

Randall Byrne | State Administrative Mananger
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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Weekly Meeting with Ed—March 5, 2015

- **Staffing Update**—Specialist 13 has 54 applications. I am in the process of screening out at least 50 and Analyst 9 OFR has been approved.
- **Allen Park**— issue—The City Council is meeting tonight to approve the severance agreement with Karen. I told the Mayor yesterday to not take action tonight to hire an interim administrator. I stated that Treasury wanted to have a discussion with them as to the way forward.
- **Benton Harbor**- update of FDCVT Reappraisal grant award, any update on this.
- **Ecorse**—Five- year budget and Wayne disregard for our weekly telephone calls.
- **Flint** – Draft of the final EM Order. 911 tower issue. Meeting with Natasha and Jerry is being rescheduled for March 18th. Fiscal Stabilization Bonds/E-Loan. I should note that Jerry indicated that he wants an E-loan to resolve the deficit and will repair the water system with funding from the DEQ's revolving water program. Jerry's exit date extended through April or .longer? Flint water meeting this afternoon, I will be in attendance. Jerry indicated that only one candidate had applied for the Finance Directors position.
- **Hamtramck**— Issue between John Gabor and Katrina. I plan to meet with John. Segal has begun the pension consulting work. Police Chief Update. Katrina has begun to meet with City Council regarding the RTAB.
- **Highland Park**— RFP is being sent out. Vacant High School facility environmental RFP, a recommendation to Wayne will be completed soon. Water- Sewer billing update- may need **to** financially assist the City because Cathy wants to hire Pierce-Monroe to get it resolved. Need to discuss loan agreement items with Wayne.
- **Lincoln Park**— CM Search with Tom Adams is progressing. We are probably several weeks out from knowing the final candidate list. Pension millage request, police and fire are working to get it approved by voters. Two year Budget discussion and possible E-Loan. OPEB meetings with retirees update and overage on pension work performed to date. Cell tower sale of leases.
- **Inkster**- . Police Chief Search update. Judgment levy for water-sewer charges to Wayne County and DWSD. DEP. City Manager is requesting a meeting with Treasury to discuss status of consent agreement. Possible assistance on a risk management program.
- **Pontiac**— Mayor Waterman and I met with Tom Adams. Search is being processed for approval.
- River Rouge—Approval letter for police tentative agreements has been sent to Mayor Bowdler.
- **Royal Oak Township**— Meeting with Hazel Park has been scheduled for next week. FOIA request and reimbursement of FICA update. Issues Grant School, conflict of interest issue and Fire Contract.
- **Miscellaneous Items**-- Vacation request for the week after Easter and Good Friday. Sale of Wayne County Sewer Plant. I may request a vacation day on Friday, March 13th.

Discussion notes:

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Friday, March 06, 2015 8:27 AM
To: Workman, Wayne (TREASURY)
Subject: RE: Flint Water Advisory Committee meeting

Wayne:

I don't know if he was there or not. I have not met him.

Randy,

From: Workman, Wayne (TREASURY)
Sent: Friday, March 06, 2015 8:23 AM
To: Byrne, Randall (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: Re: Flint Water Advisory Committee meeting

Was Harvey Hollins there?

Sent from my iPad

On Mar 6, 2015, at 8:21 AM, "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov> wrote:

> Wayne and Ed:
>
> I attended the Flint water advisory committee meeting in Flint yesterday. There were approximately 40 committee members and about 50 citizens in attendance. The meeting was facilitated by the Community Resolution Center. Veolia gave a presentation on the current status of TTHM issue. The next part of the meeting was devoted to answering questions that attendees posted on the walls in the room. The meeting broke down at that point. Jerry Ambrose was attempting to answer a question when the crowd began shouting and was generally unruly. The facilitators did a poor job of controlling the audience. The Flint PD escorted one person from the room. The major issues of course are the water quality, reconnecting to the DWSD, and the cost of the water. Please let me know if you have any questions.
>
> Thanks,
> Randy,
>
>
> Randall Byrne | State Administrative Mananger
> Local Government Services - Office of Fiscal Responsibility
> State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
> (517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov
>
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Pleyte, Beth (Treasury)

From: Hollins, Harvey (GOV)
Sent: Friday, March 06, 2015 9:53 AM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury); Clayton, Stacie (GOV)
Subject: Fwd: Tap Filters

Stacie,
Brad sent this to part of the group on the call yesterday. I added Tom and Wayne from treasury. If I missed anyone else, please forward this to them.

Best,
Harvey

Begin forwarded message:

> **From:** "Wurfel, Brad (DEQ)" <WurfelB@michigan.gov>
> **Date:** March 5, 2015 at 4:26:25 PM EST
> **To:** "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>, "Wyant, Dan (DEQ)" <WyantD@michigan.gov>, "Agen, Jarrod (GOV)" <AgenJ@michigan.gov>
> **Cc:** "Baird, Richard (GOV)" <bairdr@michigan.gov>, "Wurfel, Sara (GOV)" <Wurfels@michigan.gov>
> **Subject: FW: Tap Filters**
>
> Harvey,
> Since group call Tuesday I have been working out how the filter idea might take shape.
>
> To reiterate some key points so we're all clear:
>
> 1. DEQ does not inspect individuals' homes in a situation like this. It's the city's system, their operators handle all complaints and maintenance. In fact, our folks alerted me that the city's got union rules in place forbidding any contractor from touching the system.
> 2. DEQ's role is limited to ensuring the plant is operating to state standards and the water it produces meets potability standards. The aesthetic issues drawing concern from residents – color, odor, taste – stem from a variety of things. Age of the system and prolonged lack of upkeep is the leading factor. But in some areas, another contributing factor is changes in water flow – source used to come from the south, now comes from the north, so some pipes are flowing in reverse, stirring up whatever was settled for a long time. In some sections, large pipes that historically served large communities are now serving a much smaller customer base, contributing to water stagnating in the system. In some areas, household connections are old and worn, so two neighbors may be having dramatically different experiences. My point is, the challenge takes many forms and there's no single solution that will bring sweeping change. The two consultants hired by the city have, as I understand it, both reinforced this idea in their assessments, so that's good.
>
> 3. The fix for this will be years in the making, truly. Even if full funding were available, 'big dig' projects can't all happen at once. The city needs to get an assessment of its infrastructure so it can prioritize its needs, and I understand they're working on that. In the near term, maintenance this spring / summer –

things like cleaning the pipes in key sections and flushing the system via the hydrants – could offer some short term results. I know nobody wants to just wait for spring, but that is something important to keep in mind.

4. In the meantime, the group discussed possibly making home water filters available somehow. The National Safety Foundation is a Michigan company, headquartered and founded in Ann Arbor, that develops standards for all kinds of infrastructure. They're a globally recognized source for standard setting. A look at their site reveals there are myriad filtration options on the market and within each type (faucet mounted, whole house line filters, etc) there are filters that focus on different aspects of purification.

   If this idea begins to get legs, I'd suggest testing some different models on the local water at the customer level to see if they work. I'd also suggest the idea be focused on tap-mounted models to promote clean, appealing drinking water. And I'd suggest this program could be funded in whole or in part by the state, but would need to be administered by the city (reinforcing the fact that they own, operate and service the system). I've got some information on filter models below.

   Two more considerations: One, while the state has provided residents in some communities with bottled water in the past, it always has to do with their water being somehow contaminated – as in, some kind of chemical plume that impaired local drinking water sources. This would be the first time the state took steps to deal with what is an aesthetic issue on a system where the water is meeting state drinking water standards.

Water filter info:
ANSI NSF Standard 42 Covers bacteriostasis, taste and odor (associated only with chlorine removal), and other aesthetic conditions
http://standards.nsf org/apps/group_public/download.php/19895/NSF_42-11%20-%20watermarked.pdf

ANSI NSF Standard 53 Covers health effects removal
http://standards.nsf.org/apps/group_public/download.php/19896/NSF_53-11a%20-%20watermarked.pdf

It is important to note that the filters are not required to meet all aspects of the standard, only the portions they want to make claims for. So product information for each filter must be reviewed to determine its applicability.

Most of these point of use filters are basic activated carbon filters that simply remove taste and odor specifically associated with chlorine, not other things like iron, manganese, hydrogen sulfide, etc. that can also impact taste and odor as well as color.

It is important to recognize that taste and odor is generally an individual preference and such standards have for the most part not been developed because groups of individuals may still consider taste and odor issues to exist even after levels for such a standard have been met.

Other considerations are that the test water for such filters attempting to meet the standard uses hardness levels of 170 mg/L or less. Flint's water at times may be above this level, which could then impact filter performance and longevity.

Most of these filters are designed to be replaced after 100 gallons or less of use, a period of about 3 months for most households. In addition the tests allow for initial pressure drops of up to 15 psi. This may limit use in households that already rely on minimum pressure within their household plumbing.

Regarding the health effects standards, as the Flint water system already meets such requirements, with the exception of the current TTHM locational running annual average, there is little point to the use of these filters for such a purpose.

To the point you'd asked about the other day, while Flint and Detroit are leading examples of unmaintained infrastructure, Flint is not alone by any means.

This recent infrastructure report card
http://www.infrastructurereportcard.org/michigan/michigan-overview/
Lists Michigan with a $13.8 Billion need over the next 20 years.

http://www.infrastructurereportcard.org/a/#p/state-facts/michigan

Here's a link to the 2009 Report Card for Michigan Infrastructure
http://www.michiganreportcard.com/

From the report:

"A significant portion of the state's primary distribution system is nearing 100 years old. CWS are facing a significant challenge to maintain the vast network of aging, underground infrastructure. Within the city of Detroit alone, approximately 80% of its distribution piping was installed prior to 1940, which is not unusual for CWS in Michigan."

"The age of the majority of the state's distribution system is the primary contributor to normal decay and failure. In many cases, pipe life has far exceeded useful service life. Much of the older water systems consist of undersized mains constructed of materials such as unlined cast iron pipe. Minor fluctuations in system flows or pressure may cause red water complaints and even result in pipe failure. All CWS should have routine flushing and valve maintenance programs; however many are hesitant due to the time and cost."

"Under the Stage 2 Disinfection Byproducts Rule, all CWS that disinfect are required to provide increased trihalomethane (THHM) and haloacetic acid (HAA5) monitoring due to the potential byproducts of chlorine reactions within the pipe system. Corrosion, scale, solid suspension on the interior sidewall of pipe, in addition to the age and condition of the system will require diligent rehabilitation investment to maintain system integrity."

"While better materials and advanced technology is available to replace the aging distribution system, resources remain scarce when compared with the magnitude of the rehabilitation task at hand. Too often, distribution system replacement costs are underfunded and the first item to be slashed when budget problems arise. Overall, distribution system maintenance is reactionary in much of the older systems. Since the majority of the antiquated system will require removal and replacement beyond the CWS

funding resources for systematic upgrade, a reactionary rehabilitation program is inevitable and must be funded accordingly."

Call or email me if you need anything further.
b

Brad Wurfel
Communications Director
Michigan Department of Environmental Quality
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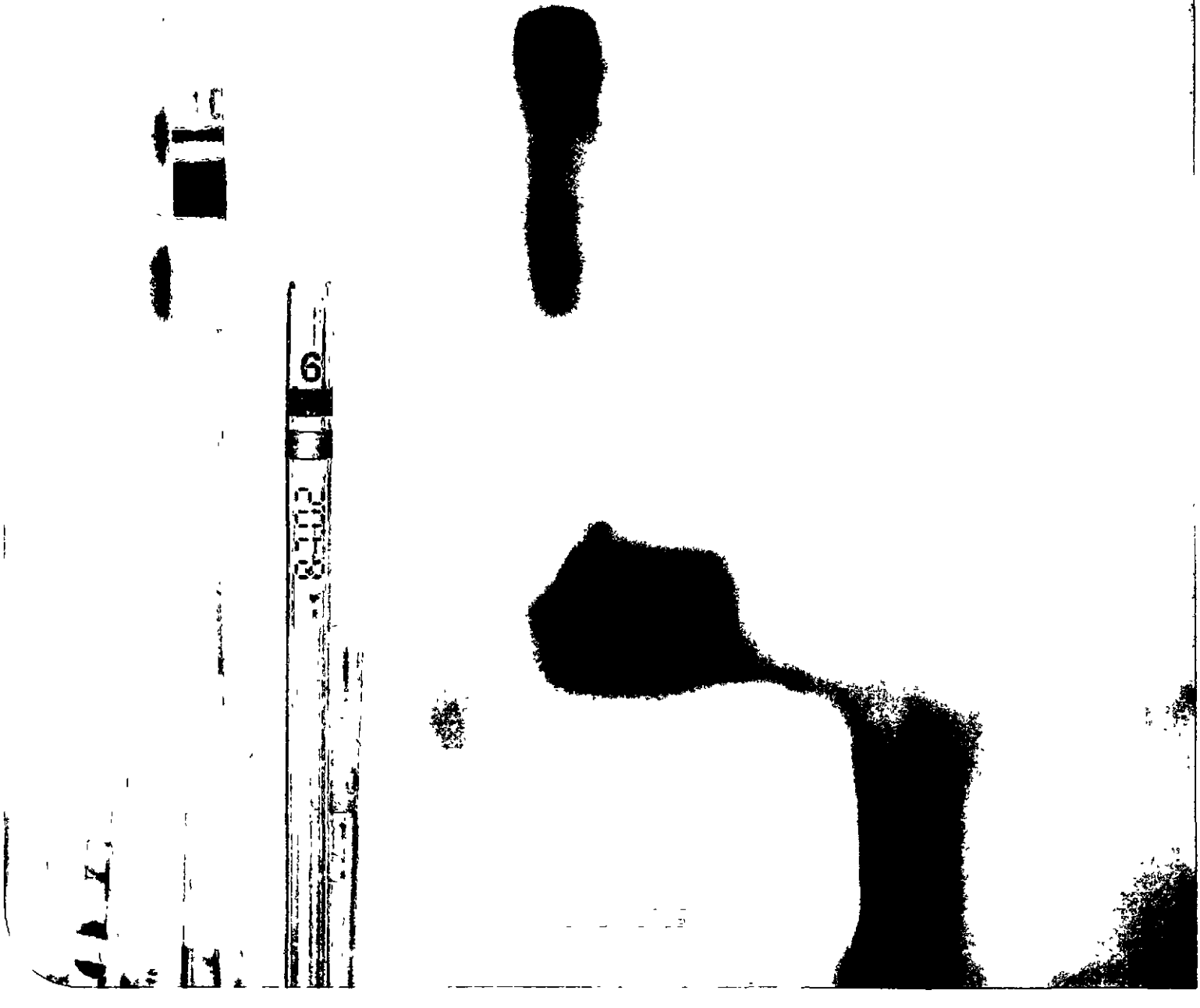
VEOLIA

PLAINFIELD, MICHIGAN
Water Quality Report



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VEOLIA

Water Quality Report
March 12, 2015

FROM
Veolia North America

TO
Emergency Manager Gerald Ambrose

Executive Summary

The City of Flint changed water sources, transitioning from Detroit's system to the Flint River. This change created water treatment challenges that have resulted in water quality violations. Aging cast-iron pipe has compounded the situation, leading to aesthetic issues including taste, odor and discoloration. Public interest and scrutiny of the drinking water system intensified following the distribution of required public notices of violation

The City of Flint has made a number of good decisions regarding treatment changes that have improved water quality However, this is a very complex water quality issue and the City is seeking additional advice on what to do to ensure healthful drinking water for the community.

Veolia appreciates the City's decision to seek independent third parties to review current treatment processes, maintenance procedures and actions taken to date, and provide ideas for improvement. We are pleased to present this final report to the City of Flint following our experts' 160-hour assessment of the water treatment plant, distribution system, customer service and communications programs, and capital plans and annual budget.

This report provides recommendations and a roadmap for improvement, though our engagement was limited in scope Our assessment included reviewing actions taken by the City to date, validating the City's plans going forward, and making recommendations for ideas not being considered.

Although a review of water quality records for the time period under our study indicates compliance with State and Federal water quality regulations, Veolia, as an operator and manager of comparable utilities, recommends a variety of actions to address improvements in water quality and related aesthetics including. operational changes and improvements, changes in water treatment processes, procedures and chemical dosing, adjustments in how current technologies are being used, increased maintenance and capital program activities; increased training, and, an enhanced customer communications program.

We are also providing a recommended schedule and estimated costs for implementing changes. It is our desire to help Flint residents and public officials better understand the current situation so that informed decisions can be made to ensure safe drinking water for the city's customers.

Review of Actions Taken to Date

To address water quality issues, the city has made operational changes, sought help from the State, hired engineering firm Lockwood, Andrews & Newnam, Inc. (LAN) to provide additional advice, and hired Veolia for an assessment from a utility operator's perspective. The City has also reached out to different specialty vendors (chemical suppliers, filter companies and tank aeration companies) for information about products to help with the TTHM issues. These are logical steps to take.

Flint is not alone in dealing with TTHM problems, as many utilities across the country are facing this challenge. The City appears to be following standard steps that many of those communities are taking to successfully correct the problem.

Although the primary focus of this review was based on solving the TTHM problem, the public has also expressed its frustration over discolored and hard water. Those aesthetic issues have understandably increased the level of concern about the safety of the water

The review of the water quality records during the time of Veolia's study shows the water to be in compliance with State and Federal regulations, and, based on those standards, the water is considered to meet drinking water requirements.

The City has been proactive in its efforts to reach out to the medical community, to set up a phone number and email address to receive complaints, to post State Water Quality reports, to provide the list of EPA required water tests, and offer to test the water at customers' homes.

From our review, these numerous efforts demonstrate how the city is trying to be transparent and responsive beyond what many other communities might do in similar circumstances.

State Report

The Michigan Department of Environmental Quality (MDEQ) has requested specific actions be taken related to the total trihalomethane (TTHM) issues. The February 2015 report from LAN (*Operational Evaluation Report TTHM Formation Concern*) indicated apparent reasons for the elevated levels of TTHM in the distribution system. These generally relate to high Total Organic Carbon (TOC) in the water source, improperly operating equipment both in the plant and the distribution system, less-than-optimal plant TOC removal and old cast-iron pipe in the distribution system. **Our assessment confirms that these reasons are likely given our on-site laboratory testing and analysis, as well as our first-hand observations.**

Due to time constraints, LAN's report to the State was submitted prior to Veolia's final analysis and recommendations, and contained a number of key initial and contingent steps the City should consider, including:

Initial Actions

- Hire a Third Party Water Quality Expert to Complete Independent Audit
- Obtain a THM Analyzer
- Carry Out Jar Testing
- Water Plant Optimization Softening
- Water Plant Optimization Disinfection of Filter Beds (Pre-Chlorination)
- Water Plant Optimization Polymer Aid to Coagulation and Flocculation
- Increase Water Main Flushing
- Water Modeling Cedar Street Pump Recirculation
- Water Modeling West Side Pump Recirculation
- Broken Valve Locations
- Increase Flushing

Contingent Actions

- Fix Ozone System
- Start Feeding Coagulant and Flocculation Polymer
- Convert to Lime and Soda Ash Softening
- Change Disinfection to Chloramine or Chlorine Dioxide Temporarily
- Install Pre-Oxidant at Intake
- Replace Filter Media Implement Advanced Treatment
- Increase Main Flushing
- Continue Valve Replacement
- Emphasize Cast Iron Pipe Replacement

Veolia's Recommendations

While many of Veolia's recommendations match the initial assessment provided by LAN, our approach, as an operator and manager of comparable utilities, considers a more comprehensive solution. These improvements include operational changes, differences in water treatment regimes and chemical dosing, increased maintenance, and increased training.

- **Addition of Permanganate** – The addition of a permanganate chemical will help reduce ozone demand as well as chlorine demand. The reduction of ozone is needed to help eliminate the possibility of violating the bromate limit. The addition of the chemical will require state approval, submission of design documents for approval, procurement of the equipment and installation. The State has indicated they will work with the City on expediting review and approval of any requested changes. The required dosage of permanganate is estimated to range from 0.5 mg/L to 1.2 mg/L with a corresponding price of $160,000 to $320,000 per year. (Please note – The water in the river is dynamic which means it will change with weather, seasons and other factors. The estimates provided are based on bench testing at a given time and as such require the operators to test water and to verify chemical dosages on a frequent basis.)
- **Reduction of Ozone Feed** – Treating water is a delicate balance - increasing ozone to fix the TTHM problem can raise bromate levels to a point of violation. The introduction of permanganate is being recommended to reduce the demand for ozone so that feed rates will not exceed 5 mg/L. The current ozone dosing has been as high as 8 mg/L and, as such, if allowed to continue, will increase the risk of violating the bromate levels.
- **Increase of Ferric Chloride** – Four coagulants were tested by Veolia -ferric chloride, ferric sulfate, polyaluminum chloride (PACl) and aluminum chlorohydrate (ACH). Ferric chloride and ACH were found to be the best choice of product for effectiveness in removing TOC, a precursor to TTHM formation. Current ferric chloride dosages are too low and dosages of 100 mg/L or more are recommended. Again, please note, that the amount of chemical needed changes with the nature of the river and as such, water must be tested multiple times a day with corresponding changes in chemical dosages. This increase to 100 mg/L is twice what is currently being fed and much higher than what had previously been fed last year. The increase in chemical costs could be up to $1,000,000 per year. This change in dosage (using ferric chloride) can be made immediately without state permit review.
- **Reduction of Lime** – Lime is currently being overfed. A higher dosage of lime does not necessarily mean better treatment. A review of different dosages with jar testing indicates that the current dosage of 280 mg/L can be reduced to 230 mg/L. This represents a potential range of savings of up to $270,000 per year. This change can be made immediately. It should be noted that the current softening equipment is in poor condition, which does complicate the treatment process with a poor balance of flow between the two basins, weirs that are not level causing bypassing with the softener basins, and simply old mechanical equipment that periodically breaks down. This equipment is not going to be needed when a change to lake water occurs. Addition of soda ash to help further reduce hardness in cold weather might require dosages up to 40 mg/L with an annual chemical cost up to $320,000. There have also been some questions or complaints from the public regarding hard water. The water entering the plant is currently 360 mg/L and the plant is reducing that level of hardness to about 210 mg/L. Optimization of the dosage can reduce the hardness

further to about 180 mg/L. This reduction however has been sporadic as equipment breakdowns and high flows have caused problems keeping the softening process on-line. As we have noted before, the dosage needs to be adjusted daily or more often based on process control monitoring. The raw water hardness in the summer is much less than in the winter For illustration purposes, the difference could be 360 mg/L in raw water in winter compared with 220 mg/Lin the summer

- **Eliminate Pre-Chlorination on the Filters** – The reduction of pre-chlorination on the filters during the summer months can help reduce TTHM formation. This action has to be considered carefully with procedures documented and reviewed for engineering principles. As such, it will take time for the design engineer to determine what could be done to assure the proper chlorine contact time and document that other safety protocols in water are met. This requires state approval Any submission should be considered along with a possible change in filter media. If Granulated Activated Carbon (GAC) is installed then the pre-chlorination would be stopped or drastically reduced because of the chlorine impact on the GAC filter media. Veolia's initial investigation into changes in chlorine feed point indicate that the recommended action can be accomplished while maintaining the required regulatory contact time for disinfection
- **Change Filters to Granulated Activated Carbon (GAC)** – The object of the other changes being made is to reduce the TOC before chlorine is added into the process. The plant by design is limited on the amount of TOC removal possible. A maximum removal of only 60% is likely if the plant is properly optimized. The change of filter media to GAC would provide the best reduction possible and provide better than 90% removal dramatically reducing the potential for TTHM formation and thus ensuring compliance with that parameter for the water system. The change in filter media; however, is complicated requiring approval by the state, design of the changes, procurement of the media and a contractor to install it. That will take time and is likely in a range of $1.5 million (more or less) in cost. The use of GAC also requires more testing and monitoring of the media and the TOC than with the current media. GAC will accumulate TOC and begin to become in effective after a period of time. Depending upon the level of TOC reaching the filters this could be as short as 3 months and as long as 9 months The amount of TOC is dependent upon the river water quality and operation of the other plant processes. Once the ability of the filters to remove TOC is diminished, the GAC media has to be replaced if river water continues as a source. The change to lake water will not require TOC removal and the media could continue to be used as filter media for that new water source.
- **Corrosion Control** – The primary focus of this study was to assure compliance with the TTHM limits. That is not the only problem facing the city and its customers though. Many people are frustrated and naturally concerned by the discoloration of the water with what primarily appears to be iron from the old unlined cast iron pipes. The water system could add a polyphosphate to the water as a way to minimize the amount of discolored water. Polyphosphate addition will not make discolored water issues go away. The system has been experiencing a tremendous number of water line breaks the last two winters. Just last week there were more than 14 in one day. Any break, work on broken valves or hydrant flushing will change the flow of water and potentially cause temporary discoloration
- **Eliminate a Storage Tank** - The water system has more storage than it requires, due to excess capacity in the water lines in combination with the storage tanks. The City has already employed LAN to update the hydraulic model. The hydraulic model should be used to help determine if water levels can be lowered further and even to remove some storage tanks from service. That decision may need to be made

seasonally. For example demand during water main breaks last week required extensive amounts of water. The excess storage is more a problem with TTHM formation for the system in summer than winter.

- **Prioritize Valve Replacement** - The hydraulic model shows long water age in portions of the system that appear to be contributing to the TTHM problems LAN has updated the model to include the location of broken valves and that added information is being used to identify other system problems. The City has a contract for valve turning and repair work that should be focused on known broken valves, particularly in sections of the distribution system with old water age. This activity however must wait until warmer weather in fear of causing problems in the water system with lines freezing.
- **Target and Increase Flushing** – Flushing the fire hydrants can be useful in cleaning out lines to minimize discolored water complaints and also helping reduce the age of water. This DOES NOT mean just opening hydrants. The hydraulic model needs to be used to determine which hydrants should be opened and for how long to ensure the lines are properly cleaned. For example, this might require 15 minutes or even several hours of flushing depending on location The flushing of hydrants also needs to include records of hydrant condition, color of water initially and after periodic increments plus chlorine residual testing All of that information will help provide information to the engineers on the effectiveness of the procedure. Each crew doing the work should be trained to help explain the process to the public and also warn neighborhoods about flushing so that staining of laundry can be avoided.
- **Change to Lake Water** – The changes being made now to the water plant will not be the same changes required to treat lake water once it becomes available. A thorough analysis and plan needs to be made in preparation of that switch. This is going to need to include changes in how the plant is operated, like eliminating lime softening and reducing the dosages of many chemicals. Consideration will also have to be given to algae treatment when lake water is being used.
- **Operating Programs** – All of the changes discussed above are based on testing and techniques proposed by engineers and skilled operators of both LAN and Veolia. The staff will need further training and implementation of detailed protocols to successfully implement the changes and to ensure long-term success at the plant. This means the City needs to implement a series of programs to ensure success in these changes.
    - **Process Control Management Plan** (PCMP) – The amount of testing and resulting changes in chemical dosages, along with monitoring the impact on the water, will require a well-documented process that all operators follow An example of this is jar testing, which is used by the operators to identify the most effective chemicals and dosages to optimize treatment. The staff understands the basic treatment process but needs further practice and training to become proficient in the use of routine process control to adjust for water quality. This is commonly referred to as a PCMP and is used as a standard operating procedure so that the operators on the day shift can communicate with the night shift, that operators are following the same treatment plan for water, that the adjustments are unified between different shifts and different people, that a desired water treatment quality is defined and variations from it signal alarms and that the staff knows what to do when the water quality setpoints begin to drift away from its desired quality levels.
    - **Lab QA/QC** – The operation of the water plant is dependent upon accurate lab results. Standard operating procedure needs to be set and lab technicians trained in that process. EPA and the State

set procedures and standards to be met and the staff should strive to meet those standards. The City has already purchased a TTHM analyzer but should also consider a TOC analyzer that can be an online continuous device to provide immediate information on influent and effluent levels of TOC Part of the lab records should be historical review of data to help operators better understand the changes they make in the plant.

- **Maintenance Management** – The key to water equipment is having all the equipment effectively maintained and functioning properly. The current capital program is fixing many broken pieces of equipment and updating the plant to current standards This however must be followed with a rigorous maintenance program that ensures the proper preventive maintenance, is able to predict when maintenance is needed to keep equipment functioning properly and responsive to changes in flows and source water quality.
- **Training** – The changes being suggested are new to the staff and as such training needs to be provided in what the changes involve, why they are being made, the impact on the water quality, and how best to run the plant. A good demonstration of skill level is for the staff to become certified by the State as a licensed water plant operator. Many utilities now require all operators to hold at least the minimum certification level as a starting point and offer incentives to increase their certification level

- **Communication Program** – The city should lay out an immediate, written strategy for communicating with the public in the short-term, as well as a 6-to-12 month strategy that contemplates known, future events like the KWA pipeline and switch to lake water. A wide range of activities are underway to work with the public but a comprehensive and coordinated effort, with a strategic focus, will help the utility and its customers.
  - **Dedicated Communications Personnel** – The City has a single, dedicated public information officer, tasked with providing service to all of city government. The current focus on communications support for Public Works, and the anticipated needs over the next several years, indicate the city would benefit from the hiring of a staff person in Public Works who could establish a communications program designed to provide clear and concise information to a broad audience though a number of different channels. In the interim, the city could hire a communications intern, local communications firm, or somebody with experience who is able to provide reduced or no-cost services for the immediate future.
  - **Communications Planning – Public Notification** – The City should be congratulated on its efforts to keep the public informed. It is posting its monthly reports on the web page to provide transparency, though these reports are highly technical – and may be too technical for the customer base at large. They are valuable to those customers who do want this level of detail. The city should create a single-page dashboard of information that outlines the water utility's performance for the previous month, post the dashboard on the website, print copies for distribution at customer service or other reception areas, and be provided during speaking engagements or other events. This dashboard should be easy to understand, and include:
    - The number of water quality tests conducted the previous month
    - The number of violations reported

- Whether these results are in or out of compliance
- Information about other proactive measures such as main and hydrant replacements, or other programs to improve performance of the water utility
- Benchmarking information so the reader has a greater understanding of how Flint compares with other similar utilities in the region and across the country

- **Public Meetings** –There should be additional, proactive coordination with neighborhood, community and civic groups to provide speakers on timely topics. Given the list of numerous responsibilities, the Public Works director cannot do it alone – the city should identify three or four other staff members, knowledgeable about the water utility who can also speak to various groups, provide information and answer questions. The development of an outreach strategy to target key neighborhood, community and civic groups also will advance the communications effort and the dissemination of information in both the short and long term.
- **Standard tools** – Work crews in the field are often the faces of the utility – the city should create standardized tools for communicating with the public that can be easily and quickly delivered to the community in the event of main breaks, flushing or pre-planned capital improvements. Tools should include:
  - Door hangers for individual distribution
  - Yard signs with simple messaging to be placed near work-sites
  - A simple tri-fold brochure with useful information about the utility and appropriate contact information
  - Specific flyers about a range of topics
  - Infographics about how the water system works, from the intake to the customer's site
- **Change in Billing Format** – The City currently has no real way to reach all customers on a regular basis and provide information. The city should consider changing from a billing postcard to using an envelope and bill stuffer. Monthly or bi-monthly bill inserts are typically used to provide educational material for customers and are standard ways to provide information. Understandably, budget considerations must be taken into account.
- **Use Public Affairs Programming and Opportunities** – The news media has been covering this topic quite extensively – there are other media-related opportunities that may reach a wider audience. Taking advantage of these opportunities will help the city relay information to its customers and the community
  - Participate in regular editorial-board meetings to provide background information and updates on key milestones or events.
  - Identify a local weekly television program and offer to provide guests to speak about key milestones or upcoming events.

Conclusions and Next Steps

The focus of this report is to help assure TTHM compliance and then improve general water quality The City had good results in its most recent TTHM tests, although that is to be expected with the changes made to date and the cooler weather which contributes to low TTHM formation. Warm weather will be a different situation both in the nature of the Flint River water quality and in the formation of TTHM With those changes coming, the City needs to act quickly to make improvements before additional testing takes place this spring and summer. The summary below provides the recommended actions, a priority for their implementation and projected costs either operational or capital The costs are rough orders of magnitude and will vary with changes in water quality, operational decisions, and engineering choices being made and in some cases require State approval. Although a priority is assigned many of these actions can take place simultaneously.

Priority	Action	Annual Operational Cost	One Time Capital Cost
1	Implement operating programs for process control, lab QA/QC, maintenance, and training. These programs are needed regardless of the TTHM issue and will help with transition to lake water. The City has decided upon a central maintenance software and the water system should be the first to utilize this program since costs are already budgeted. These programs should be initiated immediately	$ 25,000	$ 250,000 - $ 350,000
2	Contract with your engineer and initiate discussions with the State on the reduction of chlorine prior to the filters and changing the filter media to GAC. This activity has the longest time frame for design and approval, but also is extremely critical to assuring reduced TTHM production. The current filter cleaning and maintenance project needs to be adjusted to take into consideration the change in filter media both to dispose of the anthracite instead of cleaning and to install the GAC This entire project needs to be done by early July to assure a flow of water throughout the system. Several months are required for the engineering design, State approval, bidding of work and installation of GAC and as such needs to begin now.	$ 0	$1,500,000
	Contract with your engineer and initiate discussions with the State on the addition of 0 5 to 1.2 mg/L of either potassium permanganate (dry) or sodium permanganate (liquid). This will take time to get approved and to implement. The use of liquid tanks at the raw water pump station may be the quickest and least expensive alternative for a temporary measure	$ 160,000 - $ 320,000	$ 50,000

	Contract with your engineer and initiate discussions with the State on the addition of a corrosion control chemical. This action can be submitted and discussed with the state at the same time as the other chemical and filter changes saving time and effort. A target dosage of 0.5 mg/L phosphate is suggested for improved corrosion control.	$ 50,000	$ 50,000
3	Increase the ferric chloride dosage to 100 mg/L depending on river water TOC levels. (Lower TOC levels can be treated with less ferric chloride) This change can be made now and is allowed by the State.	$ 1,000,000	$ 0
	Reduce the ozone feed rate to 5 mg/. This change can be done now and does not require State approval.	($50,000 – $100,000	$ 0
	Reduce the lime dosage to minimize hardness levels after softening. This will eliminate magnesium removal during treatment, but will also reduce total hardness A reduction in carbon dioxide dosing for recarbonation treatment also is expected due to the reduction in lime feed. This change can be made now and does not require State approval	($270,000)	$ 0
4	Confirm with the engineer when the revised hydraulic model will be completed and if necessary for time to focus on areas of longest water age if that would speed up the effort. Identify impact of reducing tank levels or eliminating a tank seasonally to improve water age. Include with this effort a list of hydrants to flush along with time required to assure drawing fresh water through the system. The engineer has been assigned this task already and confirmation of the timing of a delivery is needed.	$ 0	Already Contracted
	Ask the engineer to identify closed valves on a map that are impacting water age and that can be bid for replacement as soon as weather permits. Have the engineer identify areas of the system where the valve contractor should be focused on finding and fixing closed valves	$ 0	Already Budgeted
5	Implement the recommendations in the communications program including a person assigned to public works education, using envelopes instead of cards along with bill stuffers for education and provide training for staff. Envelopes and bill stuffers are expensive and might be done periodically and not every month. The cost of TTHM notices, Annual Water Quality Reports and City notices should be figured into if any additional costs would exist. Many of these changes are underway now by the City.	Position Being Budgeted	

Notes

- The costs provided are rough order of magnitude which final engineering will firm up but will fluctuate with final decisions on engineering, operating technique and water quality.
- The change from river to lake water will dramatically cut the chemical costs as less is needed once the change occurs. This means that potassium permanganate will likely not be needed, ferric will drop as much as it went up, ozone levels will be lower and little lime will be needed.

Results Expected

The real question is what changes can be expected from these results in lowering the TTHM, improving the aesthetics and preparing for the change to lake water

- **TTHM** – The City has already made great strides in reducing the TTHM levels with the changes already made The additional suggestions by Veolia will further reduce TTHM in the water and help get the city released from the notices being provided to customers.
- **Hardness** – The hardness entering the plant this winter is 360 mg/L with the current system reducing it to 210 mg/L and optimization will reduce to about 180 mg/L. During the summer the levels will be lower probably in the 140 mg/L to 150 mg/L range. The target set by the current best operating practices is 120 mg/L to 150 mg/L.
- **Discolored Water** – The discolored water is caused by the old unlined cast iron pipe. The water from the plant can have an impact on discolored water, but a greater concern is the breaks and construction work that disrupt the flow of water causing discoloration A polyphosphate is suggested to help bind the old cast iron pipe reducing instances of discolored water. This along with improve flow of water and programmed hydrant flushing will help, BUT WILL NOT eliminate discolored water occurrences.
- **Change to Lake Water** – The recommendations include the suggestion of programs to help the staff better manage the treatment process, additional testing to adjust the plant and additional lab monitoring, a maintenance program focused on keeping equipment properly functioning and more training for staff to improve their skill level. Those actions will prepare the staff for the change of water sources when it comes next year in addition to developing a thorough plan for the switch

Resourcing the world

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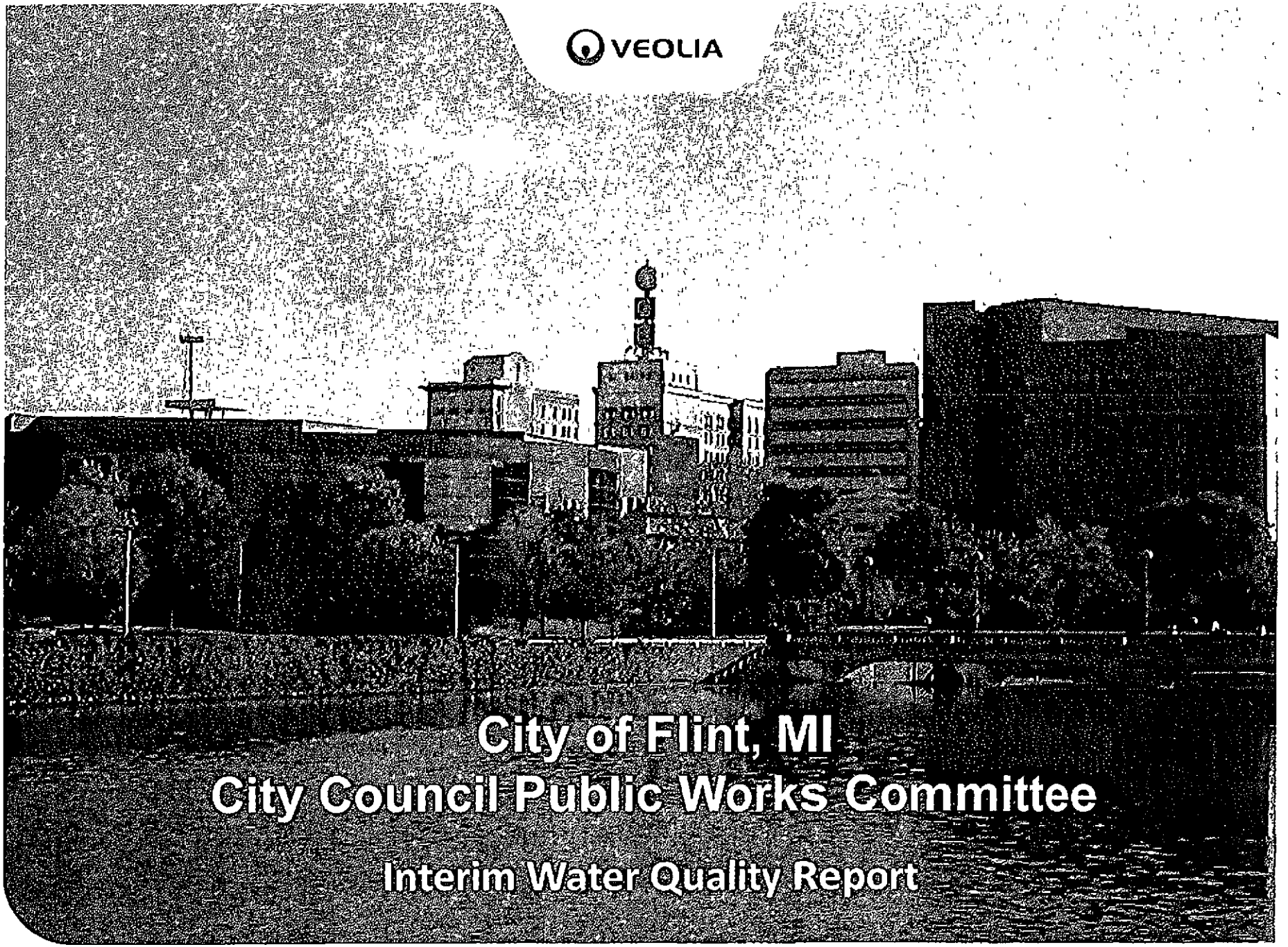
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City of Flint, MI
City Council Public Works Committee
Interim Water Quality Report

Veolia Scope of Work

Week 1

- Provide a review of current actions
- Engage staff, visit facilities and analyze data
- Make interim report

Week 2

- Carry out more detailed study of initial findings
- Make recommendations for Improving water quality
- Provide a plan, cost and schedule for change

Items of Note

- **Not in scope** – studying why the change from DWSD or the history of the utility
- **What we found** – A very frustrated community and a staff trying to solve the problem, having some success but frustrated with the pace of change

Everybody Is Checking the Safety of Water

- City, state, news media, universities and other groups
- Safe = compliance with state and federal standards and required testing
  - *Latest tests show water is in compliance with drinking water standards*
  - *Monthly report available on web page*
- More than 20,000 tests required annually for city
- Strict testing requirements in place (what and how to test)

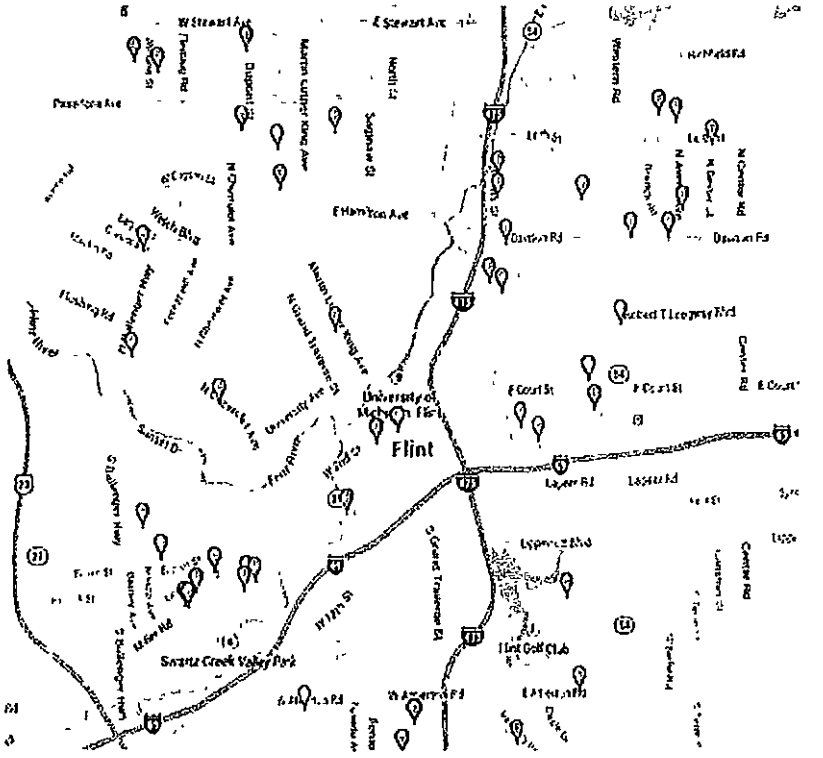
Why TTHM Notices?

- TTHM is formed as a result of the reaction between chlorine and organic material in the water
- City is required to test quarterly at 8 sites
  - *Last summer, several sites had more TTHM than allowed*
- City has reduced levels of TTHM and now all sites are in compliance
  - *Customer notification letters are required until tests are in compliance an average of four quarters*
- It will take at least 2 more quarters to lower average
  - *Even a change to DWSD water doesn't solve problem*
- Flint is not alone – hundreds of communities are facing TTHM issues

Why Discolored Water?

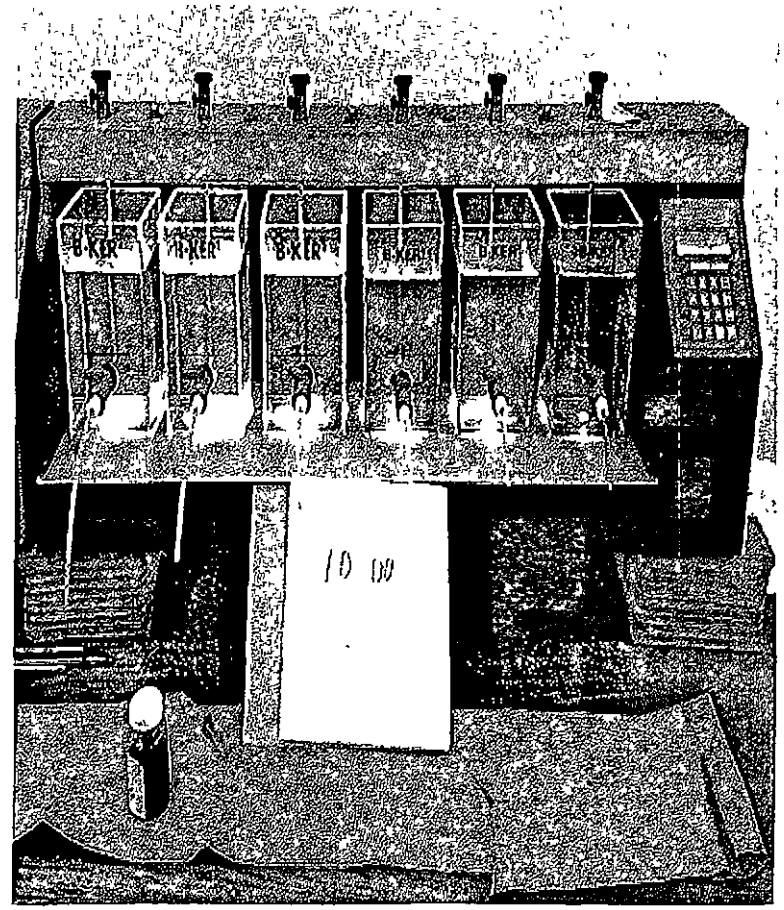
- Old cast iron pipes
- Always has been some discolored water problems – mostly after water breaks
- Efforts to reducing TTHM didn't help discoloration
  - *Doesn't mean the water is unsafe but it is not appealing and raises questions*
- City will test the water at your home – call 787-6537 or email flintwater@cityofflint.com
- Tracking customer complaints is important

Location of water quality complaints
The last 12 months – fewer than you think



Water Quality Can Be Improved

- Adjust the chemicals being fed – stop some, increase some and change some
- Provide better monitoring of water quality to help make adjustments
- Continue repair or replacement of broken parts
- Reduce the over capacity of the distribution system
- Do a better job explaining what is happening
- Do a better job of asking for help



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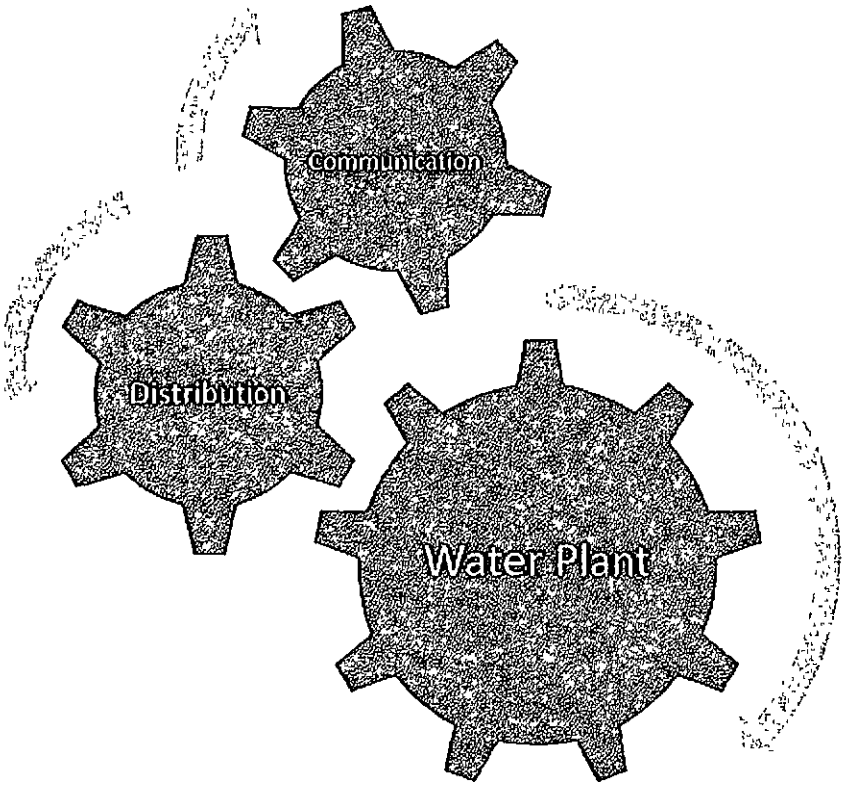
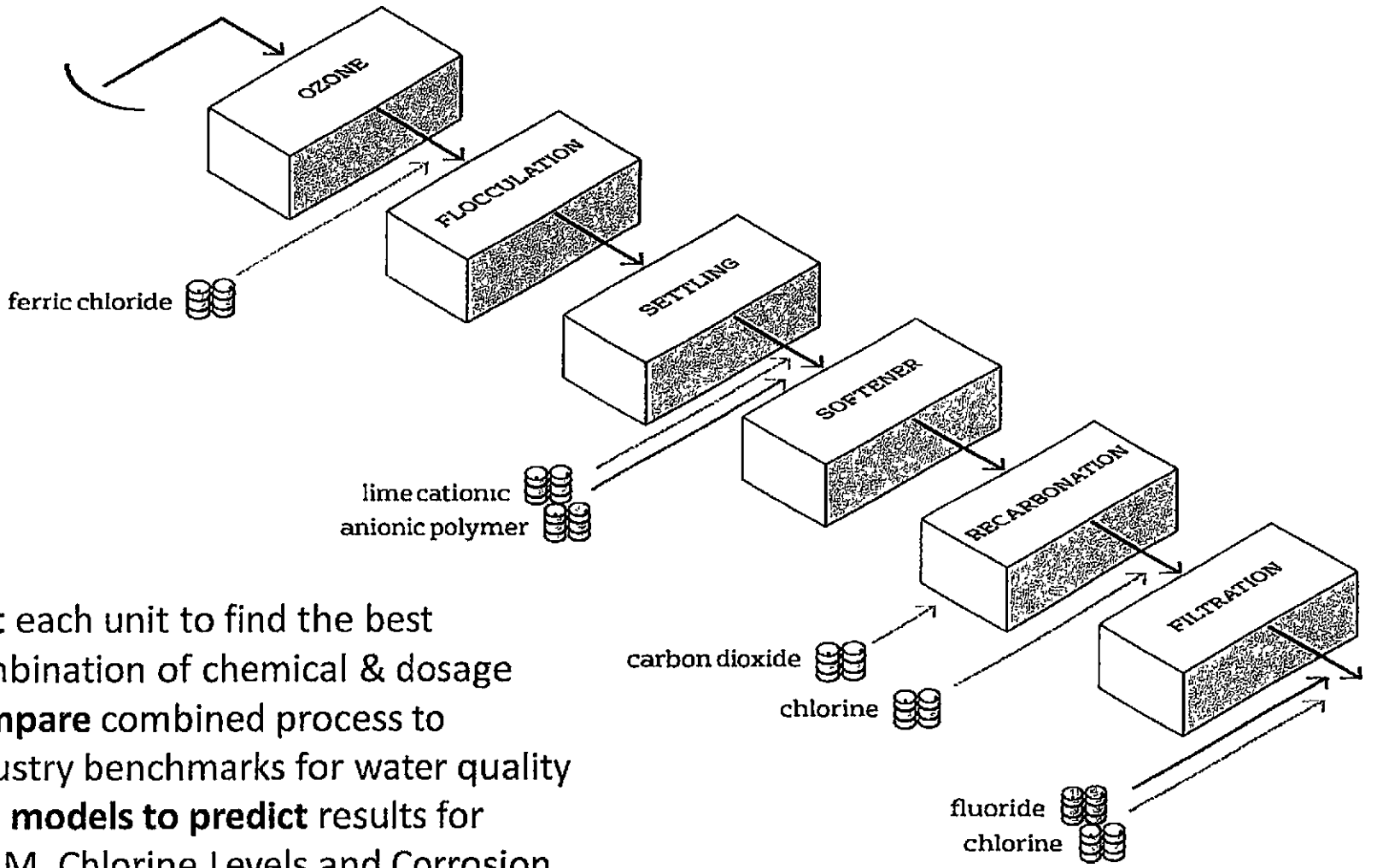
Further Explanation of Solutions

Solution Involves Coordination of 3 Activities



- Water plant improvements
  - *Optimize chemical dosages*
  - *Consider different chemicals*
  - *Change dosing points*
  - *Install granulated activated carbon*
  - *Complete plant upgrades*
  - *Implement best mgt practices*
- Distribution system improvements
  - *Fix broken valves*
  - *Ask for customer feedback*
  - *Reduce tank storage*
  - *Target line flushing*
  - *Run a hydraulic model*
- Better communication with customers
  - *Engage advisory committees*
  - *More accessible utility*
  - *Make it easy to access information*
  - *Better customer communication*

Optimize Plant Processes



- **Test** each unit to find the best combination of chemical & dosage
- **Compare** combined process to industry benchmarks for water quality
- **Use models to predict** results for TTHM, Chlorine Levels and Corrosion

Complete Plant Construction & Re Prioritize Capital

Cost effective plan in budget

- Complete water plant renovation
  - *Target SCADA and instrumentation in plant*
- Speed up valve turning contract & provide money for replacements
- Speed up hydraulic model update to reduce tank volume
- Evaluate installing of granulated activated carbon on filters

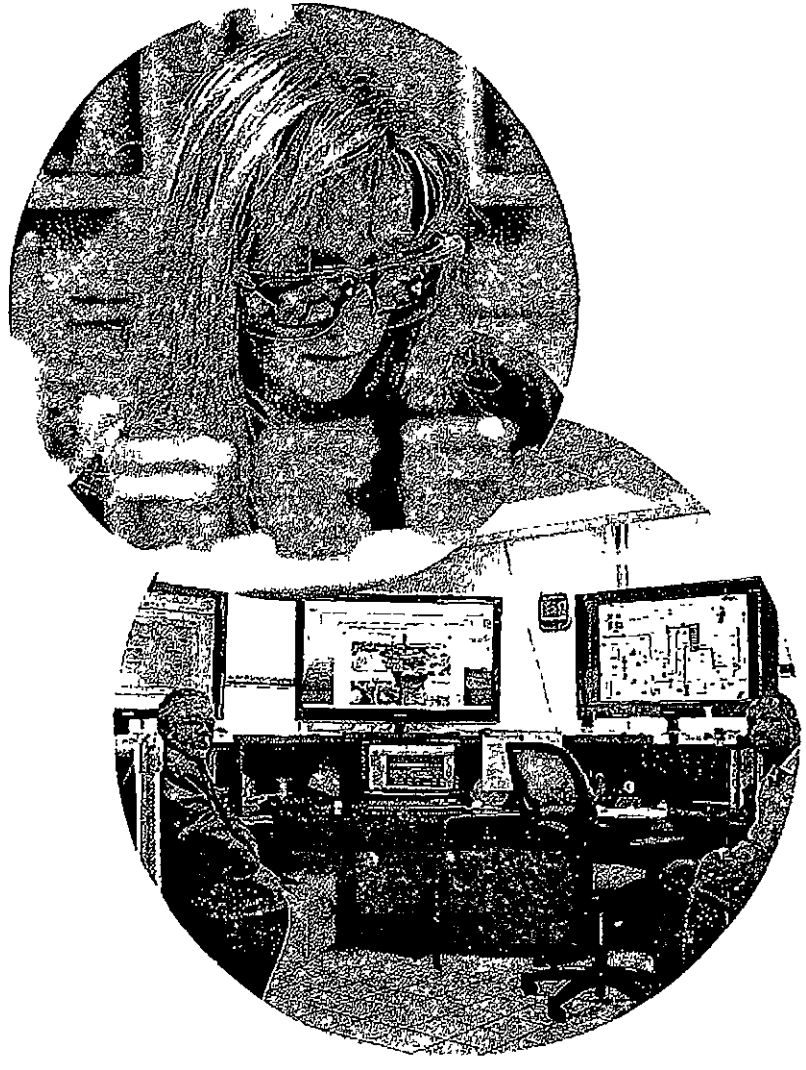
Weather can impact timing

Digging up a water valve for repair
Need good weather to start

Implement Best Management Practices

Activities to Help Operators Maintain Good Water Quality

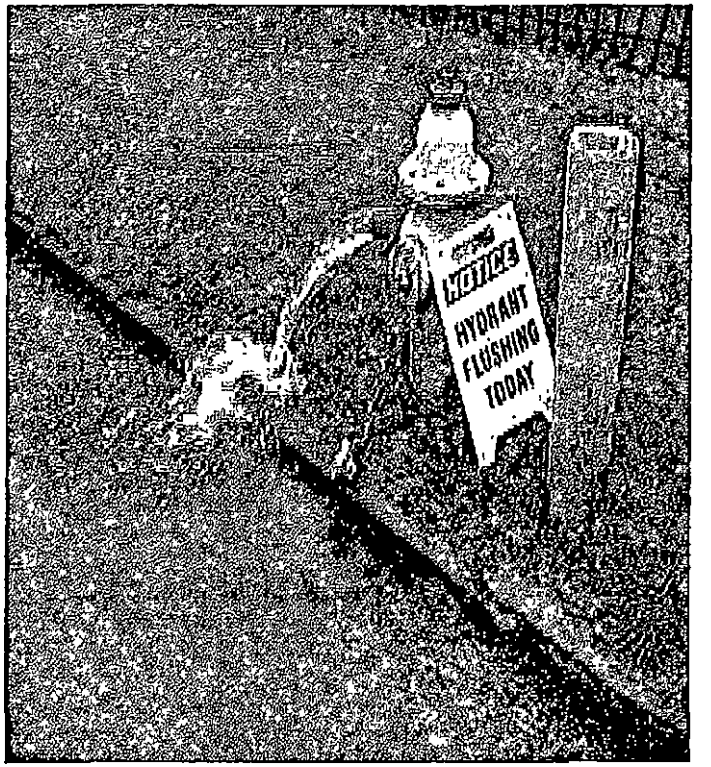
- Process Control Management Plan
- Lab QA/QC Program
- Computerized Maintenance Management System
- Asset Management System
- Training and Certification Program
- Vulnerability Plan



Distribution System Improvements

- Speed up flow of water from plant to homes – 2 weeks plant to house
  - *Find closed valves & open them*
  - *Replace broken valves*
  - *Update hydraulic model*
  - *Reduce system storage*
- Track customer complaints
  - *Test customer water*
  - *Spot flush hydrants to clean areas of stagnant water in the system*

Flushing out discolored water



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Improving Customer Service

Make It Easy to Access Information and People

Develop a proactive customer communication plan

- Create advisory committees to help direct efforts and improve flow of information
- Establish a single point of contact to manage all water quality complaints
- Provide additional customer service training to staff
- Expand neighborhood and community outreach
- Change monthly billing statements from card to envelope with information

Example - Communicate in the field

NOTICE: ANNUAL FLUSHING PROGRAM

We are conducting our annual flushing program to enhance your water quality and clean the distribution system.

DC Water crews will be flushing hydrants in your area 10:00 p.m. to 6:30 a.m. on the following dates:

9/24 **through** 9/30

IMPORTANT INFORMATION

- Your water supply will not be shut off during hydrant flushing.
- You may notice slight water discoloration or low water pressure.
- During this time, customers can continue normal water usage, including drinking, bathing and laundry (unless water is discolored).

If you experience discolored water during this period:

- Run your cold water taps for 15 minutes. If it does not clear up, please contact our Drinking Water Division.
- Do not run your hot water. If you experience discolored water from your hot water tap for several hours, then it is recommended to drain and flush your water heater tank.

Provide field crews with additional communications tools to use to address questions or concerns from the public

- *Create door hangers, flyers, or yard signs to notify neighborhoods about main breaks, hydrant flushing, or system maintenance that may affect the public*
- *Create a business card or other contact card with the name and phone number of the single point of contact with the Department of Public Works who is managing information flow*

**sample door hanger provided by DC Water & Sewer Authority*

Clear, concise information is key

Simplify the reports on the web page dedicated to addressing water system questions

- *Create a single-page, easy to understand report for the public*
- *Use charts or provide other examples to demonstrate water quality testing and system or treatment plant improvements underway*
- *Provide name, phone number and email address for identified point of contact so customers can request more information*
- *Continue to provide Monthly Operation Report and Water Quality Report Summary for those customers interested in more technical information*
- *Use site to provide additional notice of field work that may impact customers*

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What Is Next

Next Steps

Week 1

- Provide a review of current actions
- Engage staff, visit facilities and analyze data
- Make interim report

Week 2

- Carry out more detailed study of initial findings
- Make recommendations for Improving water quality
- Provide a plan, cost and schedule for change

Questions Being Heard

REMEMBER

We just started. Might not have an answer yet to your question

- **When will water improve -** The water has improved with current actions. More changes will occur over weeks and months because of safety reviews
- **Date of next update and final report** – An update will be provided next week and a report the following week.
- **Time frame for implementing recommendations** – The City is already started. Others a few days and some weeks or months due to State approval being required or weather.
- **Cost of changes** – Don't know yet but we are aware of the financial concerns

More Questions Being Heard

- **How are TTHM formed** – It's the reaction of chlorine to organics (leafs, dirt) in the water.
- **How to reduce TTHM** – Reduce organics before introducing chlorine and shorten time chlorine has to react with the organics
- **What causes discoloration** – Older lines, the iron parts of the system will leach iron into the water causing the discoloration. Other times its just air built up.
- **Why no discoloration with DWSD** – There was. Flint had a bad time with breaks of old line and is doing lots of construction. This stirred up the water and caused discoloration.

More Questions Being Heard

- **Can you test my water** – The city will test your water for free. But, only 2 of 20 people have taken the city up on the offer since it began offering the service.
- **Medical problems** – Some people may be sensitive to any water. Talk to your doctor. The City is communicating with the medical community.
- **Confidence that future problems will be avoided** – Recommendations will include putting programs in place to better respond to water changes and assure quality

VEOLIA

Questions?

Cline, Richard (Treasury)

From:	Workman, Wayne (TREASURY)
Sent:	Friday, March 13, 2015 4:56 PM
To:	Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury); Headen, Frederick (Treasury)
Subject:	Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

FYI

Sent from my iPhone

Begin forwarded message:

> **From:** Gerald Ambrose <gambrose@cityofflint.com>
> **Date:** March 13, 2015 at 4:30:51 PM EDT
> **To:** "Wayne Workman (TREASURY)" <workmanw@michigan.gov>
> **Subject: Fwd: Re: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]**
>
> Here are answers to my questions...
>
> ---------- Forwarded message ----------
> From: "Bulger, Harold W., Jr." <bulger@millercanfield.com>
> Date: Mar 13, 2015 4:17 PM
> Subject: Re: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
> To: "Gerald Ambrose" <gambrose@cityofflint.com>
> Cc: "Peter Bade" <pbade@cityofflint.com>, "Danhof, William J." <Danhof@millercanfield.com>
>
> Jerry,
> I got some minor comments from Alan Lambert of the AG's Office which I will incorporate in the EM Order on Monday and recirculate it for final sign off. The State Treasurer must approve the Restructuring under 436. John Barton has provided a form of a State Treasurer's Approval letter which I will modify and prepare for this restructuring as well as the memorandum from you to the Treasurer requesting approval. We will also prepare the tax-exemption waivers for the MFA and DEQ. Once these are done I anticipate that you should be able to sign and send the Memorandum and Order to the Treasurer by next Wednesday, if not sooner.
> Thanks
> Harold
>
> Sent from my iPhone
>
> On Mar 13, 2015, at 3:30 PM, Gerald Ambrose <gambrose@cityofflint.com> wrote:
>
> > I have reviewed and it is ok w me. What is the next step? Do I need Treasury approval before enacting. I will query Wayne Workman at Treasury as well...
> >
> > J

On Mar 11, 2015 3:28 PM, "Peter Bade" <pbade@cityofflint.com> wrote:
Jerry - please see the attached draft.

---------- Forwarded message ----------
From: **Gerald Ambrose** <gambrose@cityofflint.com>
Date: Mon, Mar 9, 2015 at 7:17 PM
Subject: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
To: Natasha Henderson <nhenderson@cityofflint.com>, Dayne Walling <dwalling@cityofflint.com>
Cc: Peter Bade <PBade@cityofflint.com>

For your thoughts -- Treasury appears willing to allow us to restructure the outstanding DWRF bonds to essentially move the April 2015 principal portion of the debt service payment to the end of the debt service. This would free up about $2.24 million of cash in the water fund to use for other capital projects.. Time of course is of the essence and we will have to define that (or those) capital improvements. Looking at the existing list of projects, the easy answer is additional miles of pipeline replacement. But I do not know right now if that would be the best answer - and no, it cannot be used to reduce rates:). or to put into the GF and then transfer to the Water Fund:). This is one reason the recommendations from Veolia are needed asap.

This is confidential to you until we have a plan. Peter Bade is reviewing...my only question with the draft is what might be the potential of the bonds losing tax exempt status - what is the likelihood and what would it cost us? I am asking Pete to follow up on that...

J

---------- Forwarded message ----------
From: **Gerald Ambrose** <gambrose@cityofflint.com>
Date: Mon, Mar 9, 2015 at 7:02 PM
Subject: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
To: Peter Bade <PBade@cityofflint.com>

FYI... bottom line is that this will allow us to postpone the April 2015 principal portion of debt service in teh amount of $2.24 million. This frees up cash which can be used for needed capital improvements...Obviously time is of the essence, given a payment date of April .

---------- Forwarded message ----------
From: **Bulger, Harold W., Jr.** <bulger@millercanfield.com>
Date: Mon, Mar 9, 2015 at 4:48 PM
Subject: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
To: "Gerald Ambrose (gambrose@cityofflint.com)"

<gambrose@cityofflint.com>, "Barton, John (Treasury)" <BartonJ@michigan.gov>, "Bowman, Matthew (Treasury)" <BowmanM2@michigan.gov>, "Lambert, Alan (AG)" <LambertA@michigan.gov>, "Danhof, William J." <Danhof@millercanfield.com>

Attached for your review is an initial draft of the form of Emergency Manager Order to authorize the restructuring of the debt service schedules for the Flint Water Supply System Revenue Bonds, Series 1999, 2000, 2001 and 2002. I believe this draft incorporates the points we have discussed, but in the interest of time it has not been reviewed by Gerald Ambrose and therefore it is being circulated subject to any comments he may have. Please provide comments at your earliest opportunity.

Thanks,

Harold

Harold W. Bulger. Jr. | Attorney and Counselor at Law

Miller Canfield
150 West Jefferson, Suite 2500
Detroit, Michigan 48226 (USA)

T +1.313.496.7507 | **F** +1.313.496.8451 | **Mobile** +1.313.319.2443

bulger@millercanfield.com | View Profile + VCard

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Cline, Richard (Treasury)

From: Byrne, Randall (Treasury)
Sent: Monday, March 16, 2015 11:49 AM
To: Koryzno, Edward (Treasury)
Cc: Vandegrift, Drew (TREASURY); Cline, Richard (Treasury)
Subject: FW: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
Attachments: Order.No.5.Restructuring.Water.System.Revenue.Bonds 03.11.15.docx

FYI,

Randy,

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Monday, March 16, 2015 11:40 AM
To: Byrne, Randall (Treasury)
Subject: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

This is the most recent draft. Harold Bulger is working on another draft....
---------- Forwarded message ----------
From: **Peter Bade** <pbade@cityofflint.com>
Date: Wed, Mar 11, 2015 at 3:28 PM
Subject: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
To: Gerald Ambrose <gambrose@cityofflint.com>
Cc: Maxine Murray <mmurray@cityofflint.com>

Jerry - please see the attached draft.

---------- Forwarded message ----------
From: **Gerald Ambrose** <gambrose@cityofflint.com>
Date: Mon, Mar 9, 2015 at 7:17 PM
Subject: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
To: Natasha Henderson <nhenderson@cityofflint.com>, Dayne Walling <dwalling@cityofflint.com>
Cc: Peter Bade <PBade@cityofflint.com>

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To: "Gerald Ambrose (gambrose@cityofflint.com)" <gambrose@cityofflint.com>, "Barton, John (Treasury)" <BartonJ@michigan.gov>, "Bowman, Matthew (Treasury)" <BowmanM2@michigan.gov>, "Lambert, Alan (AG)" <LambertA@michigan.gov>, "Danhof, William J." <Danhof@millercanfield.com>

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Thanks,

Harold

Harold W. Bulger, Jr. | Attorney and Counselor at Law

Miller Canfield
150 West Jefferson, Suite 2500
Detroit, Michigan 48226 (USA)

T +1.313.496 7507 | **F** +1.313.496.8451 | **Mobile** +1.313.319.2443

bulger@millercanfield.com | View Profile + VCard

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--

Peter M Bade
Chief Legal Officer
City of Flint
p 810 766 7146
f 810 232 2114

EMERGENCY MANAGER
CITY OF FLINT
GENESEE COUNTY MICHIGAN

ORDER No. 5

RESTRUCTURING OF OUTSTANDING WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1999, SERIES 2000, SERIES 2001 AND SERIES 2002

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER FOR THE CITY OF FLINT, MICHIGAN, PURSUANT TO ACT 436, PUBLIC ACTS OF MICHIGAN, 2012, THE LOCAL FINANCIAL STABILITY AND CHOICE ACT; GERALD AMBROSE, THE EMERGENCY MANAGER, ISSUES THE FOLLOWING ORDER:

The City of Flint, County of Genesee, State of Michigan (the "City") is in a state of financial emergency under Act 436;

Effective January 13, 2015, Gerald W. Ambrose was appointed as Emergency Manager (the "Emergency Manager") of the City, by the Governor of the State of Michigan (the "State") and the State Treasurer; and

Pursuant to Section 9(2) of Act 436, the Emergency Manager has broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the City and its capacity to provide or cause to be provided necessary services essential to the public health, safety and welfare; and

Pursuant to Act 436, the Emergency Manager acts in place of local officials, specifically the Mayor and City Council, unless the Emergency Manager delegates specific authority; and

The City has heretofore issued and presently has the following bonds outstanding in the amounts indicated, the proceeds of which were used to finance the acquisition, construction and installation of Phase I, segments 1 through 4 of the rehabilitation of the Flint Water Treatment Plant (the "Plant"): (i) $2,543,000 Water Supply System Revenue Bonds, Series 1999, (the "1999 Bonds"); (ii) $3,275,000 Water Supply System Revenue Bonds, Series 2000, (the "2000 Bonds"); (iii) $4,256,408 Water Supply System Revenue Bonds, Series 2001 (the "2001 Bonds"); and (iv) $10,694,934 Water Supply System Revenue Bonds, Series 2002, (the "2002 Bonds", collectively with the 1999 Bonds, the 2000 Bonds and the 2001 Bonds, the "Bonds"); and

All of the Bonds were sold to and are currently owned by the Michigan Finance Authority (the "Authority"), as successor to the Michigan Municipal Bond Authority; and

The Plant and the water supply system are in need of further improvements and replacements (the "Improvements") to enhance the treatment of raw water processed by the Plant and the distribution of treated water from the Plant; and

The City does not have sufficient funds on hand to finance the Improvements and the Authority has tentatively agreed to allow the Emergency Manager to restructure and amend the debt service payments on the Bonds, by postponing the principal payments next coming due on April 1, 2015, for the 1999 Bonds of $395,000, the 2000 Bonds of $435,000 and the 2001 Bonds of $485,000 and on October 1, 2015, for the 2002 Bonds of $925,000, all as more particularly described in this Order (collectively, the "Restructuring"), to allow the amounts available for such principal payments to be used to pay for the Improvements; provided, that the current interest payments due on such principal payment dates shall remain due and payable thereon; and

Section 12(1)(x) of Act 436 authorizes the Emergency Manager to: "Enter into agreements with creditors or other persons or entities to restructure debt on terms, at rates of interest, and with security as shall be agreed among the parties, subject to the approval of the State Treasurer;" and

The interest on each series of the Bonds is presently excludable from gross income for federal income tax purposes and the City has covenanted, in each Bond Resolution which authorized each related series of the Bonds, among other things, to do all things necessary to assure that the interest on the respective series of Bonds will be and will remain excludable from gross income for federal income tax purposes (the "Bond Tax Covenant"); and

In connection with the issuance of each series of the Bonds, the City entered into a Supplemental Agreement ("the Supplemental Agreement") with the Authority and the State of Michigan, acting through its Department of Environmental Quality (the "DEQ"), under which the City covenanted, among other things, to the extent permitted by law, to take all actions within its control and not fail to take any action as may be necessary to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes (the "Supplemental Agreement Tax Covenant"); and

In implementing the Restructuring, the City will use its best efforts to maintain the tax-exempt status of the Bonds; however, the Emergency Manager, the MFA and the DEQ desire to allow the Restructuring to occur even if as a result of the Restructuring, Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel to the City ("Bond Counsel") delivers an opinion to the City and the MFA concluding that as a result of the Restructuring, the Bonds have lost their tax-exempt status (an "Unfavorable Tax Opinion"); and

As a precondition to the Restructuring, the Emergency Manager desires for the MFA, as holder of the Bonds, and the DEQ to conditionally waive the respective Tax Covenant and the Supplemental Agreement Tax Covenant related to each series of the Bonds, which waivers shall

be rescinded automatically if Bond Counsel concludes that the Restructuring has not had a negative impact on the tax-exempt status of the Bonds, and

The Emergency Manager further desires to authorize and direct the Mayor, the Director of Finance, the City Clerk and all other authorized persons to perform all acts consistent with this Order, necessary and appropriate to complete the Restructuring as provided in this Order.

IT IS HEREBY ORDERED AS FOLLOWS:

1. The current debt service schedules attached as Exhibit A to each of the Bonds are hereby deleted in their entirety and in lieu thereof shall be attached to each respective Bond the amended and restated debt service schedules attached hereto as Exhibit A for the 1999 Bonds, Exhibit B for the 2000 Bonds, Exhibit C for the 2001 Bonds and Exhibit D for the 2002 Bonds.

2. Except as otherwise amended and restated hereby, all of the other terms and conditions of the Bonds shall remain the same; provided however, that if Bond Counsel delivers an Unfavorable Tax Opinion, the interest on the Bonds shall be taxable for federal income tax purposes; and

3. The Emergency Manager, the Mayor, the Director of Finance and the City Clerk are hereby authorized and directed to perform all acts consistent with this Order and enter into such agreements with the Authority and DEQ and provide such certificates as may be necessary and appropriate to complete the Restructuring.

4. The Restructuring is conditioned upon and shall not become effective unless and until (i) the Restructuring has been approved in writing by the Treasurer of the State of Michigan, pursuant to Section 12(1)(x) of Act 436; and, (ii) the MSF and the DEQ have approved the Restructuring and provided conditional waivers of the Bond Tax Covenants and the Supplemental Agreement Tax Covenants related to each series of the Bonds.

This Order is effective immediately upon the date of execution below.

This Order may be amended, modified, supplemented, repealed or terminated by any subsequent Order issued by the Emergency Manager.

Dated: _____ By: _____

Gerald W. Ambrose
Emergency Manager
City of Flint

xc: State of Michigan Department of Treasury
Mayor Dayne Walling
Flint City Council
Inez Brown, City Clerk

S.\P Bade\EM2015\Orders\Order No 5 Restructuring.Water System Revenue Bonds 03 11 15 docx

Byrne, Randall (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Monday, March 16, 2015 2:58 PM
To: Byrne, Randall (Treasury)
Cc: Workman, Wayne (TREASURY); Schafer, Suzanne K. (Treasury); Dempkowski, Angela (Treasury)
Subject: FW: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

Randy,

You my contact Jerry and inform him that Treasury agrees that he is not required to have City Council approval to restructure the bonds. However, State Treasurer approval is required per Section 12(1)(x).

Because the bonds will be restructured through the MFA, Jerry will be working with John Barton and LAFD approval will not be required.

Ed

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Headen, Frederick (Treasury)
Sent: Monday, March 16, 2015 2:28 PM
To: Koryzno, Edward (Treasury); Barton, John (Treasury); Workman, Wayne (TREASURY)
Cc: Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: RE: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

Ed:

I spoke with Pete Bade, who forwarded a copy of the proposed EM order. As John indicated, reliance is being placed upon § 12(1)(x) of the Act. State Treasurer approval would be required, but due to § 12(1)(x), not due to any dollar value.

Fred

From: Koryzno, Edward (Treasury)
Sent: Monday, March 16, 2015 1:55 PM

To: Headen, Frederick (Treasury); Barton, John (Treasury); Workman, Wayne (TREASURY)
Cc: Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: RE: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

Fred,

OFR staff believes that the restructuring of the debt would not need City Council approval. However, because the amount is over $50K we believe it would require the Treasurer's approval. Do you agree?

Ed

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Headen, Frederick (Treasury)
Sent: Monday, March 16, 2015 1:22 PM
To: Barton, John (Treasury); Koryzno, Edward (Treasury); Workman, Wayne (TREASURY)
Cc: Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: RE: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

So, no new borrowing or issuance of debt is to occur? This is merely a restructuring of terms, such as a change in the maturity date?

From: Barton, John (Treasury)
Sent: Monday, March 16, 2015 12:59 PM
To: Koryzno, Edward (Treasury); Workman, Wayne (TREASURY); Headen, Frederick (Treasury)
Cc: Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: RE: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

I believe the provision referenced is 12(1)(x) of PA 436: Enter into agreements with creditors or other persons or entities to restructure debt on terms, at rates of interest, and with security as shall be agreed among the parties, subject to approval by the state treasurer.

From what I understand from Harold and Bill, the modification of the DWRF loans would not require City Council approval as it is simply a restructuring with the MFA.

Thanks
John

From: Koryzno, Edward (Treasury)
Sent: Monday, March 16, 2015 11:29 AM
To: Workman, Wayne (TREASURY); Headen, Frederick (Treasury)
Cc: Cline, Richard (Treasury); Byrne, Randall (Treasury); Barton, John (Treasury)
Subject: RE: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

We are on it.

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Workman, Wayne (TREASURY)
Sent: Monday, March 16, 2015 11:14 AM
To: Headen, Frederick (Treasury)
Cc: Koryzno, Edward (Treasury); Cline, Richard (Treasury); Byrne, Randall (Treasury); Barton, John (Treasury)
Subject: Re: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

Let's get with Harold and Jerry right away

Sent from my iPhone

On Mar 16, 2015, at 10:44 AM, Headen, Frederick (Treasury) <HeadenF@michigan.gov> wrote:

> Wayne:
>
> Included in the e-mail you forwarded on Friday was an e-mail from Harold Bulger, at Miller Canfield, stating that Treasury approval of the proposed restructuring would be required by Act 436. However, he did not state which provision of the Act he had in mind. Can someone in your shop pose that question to Harold or request a copy of the proposed EM order?
>
> One question that I would have is whether the proposed restructuring is a borrowing per § 12(1)(u) of the Act? Perhaps the answer is no. However, if yes, Jerry would have to submit the proposal to the City Council per § 19(1). Depending upon the disposition by the City Council, the matter might have to be submitted to the ELB. All of these steps would extend the approval process and Jerry indicated that time is of the essence given the currently scheduled April payment.
>
> I saw from some of the e-mail traffic that John Barton has been involved in this issue. So, I have added him to this reply.
>
> Fred

From: Koryzno, Edward (Treasury)
Sent: Monday, March 16, 2015 8:15 AM
To: Workman, Wayne (TREASURY); Headen, Frederick (Treasury); Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: RE: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

I believe the City will have to file a Qualifying Statement.

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
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Thank you

From: Workman, Wayne (TREASURY)
Sent: Friday, March 13, 2015 4:08 PM
To: Headen, Frederick (Treasury); Koryzno, Edward (Treasury); Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]

Thoughts??

Sent from my iPhone

Begin forwarded message:

> **From:** Gerald Ambrose <gambrose@cityofflint.com>
> **Date:** March 13, 2015 at 3:33:16 PM EDT
> **To:** "Wayne Workman (TREASURY)" <workmanw@michigan.gov>
> **Cc:** "Harold W. Bulger Jr." <bulger@millercanfield.com>, Peter Bade <PBade@cityofflint.com>
> **Subject: Fwd: Re: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]**
>
> Wayne,
> I have reviewed and approved the latest draft of an EM Order moving forward with restructuring the DWRF loans. Do I need any approval from Treasury before proceeding?
> Jerry

---------- Forwarded message ----------
From: "Gerald Ambrose" <gambrose@cityofflint.com>
Date: Mar 13, 2015 3:29 PM
Subject: Re: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
To: "Peter Bade" <pbade@cityofflint.com>, "Harold W. Bulger Jr." <bulger@millercanfield.com>
Cc:

I have reviewed and it is ok w me. What is the next step? Do I need Treasury approval before enacting. I will query Wayne Workman at Treasury as well...

J

On Mar 11, 2015 3:28 PM, "Peter Bade" <pbade@cityofflint.com> wrote:

Jerry - please see the attached draft.

---------- Forwarded message ----------
From: **Gerald Ambrose** <gambrose@cityofflint.com>
Date: Mon, Mar 9, 2015 at 7:17 PM
Subject: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
To: Natasha Henderson <nhenderson@cityofflint.com>, Dayne Walling <dwalling@cityofflint.com>
Cc: Peter Bade <PBade@cityofflint.com>

For your thoughts -- Treasury appears willing to allow us to restructure the outstanding DWRF bonds to essentially move the April 2015 principal portion of the debt service payment to the end of the debt service. This would free up about $2.24 million of cash in the water fund to use for other capital projects.. Time of course is of the essence and we will have to define that (or those) capital improvements. Looking at the existing list of projects, the easy answer is additional miles of pipeline replacement. But I do not know right now if that would be the best answer - and no, it cannot be used to reduce rates:). or to put into the GF and then transfer to the Water Fund:). This is one reason the recommendations from Veolia are needed asap.

This is confidential to you until we have a plan. Peter Bade is reviewing...my only question with the draft is what might be the potential of the bonds losing tax exempt status - what is the likelihood and what would it cost us? I am asking Pete to follow up on that...

J

---------- Forwarded message ----------
From: **Gerald Ambrose** <gambrose@cityofflint.com>
Date: Mon, Mar 9, 2015 at 7:02 PM
Subject: Fwd: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
To: Peter Bade <PBade@cityofflint.com>

FYI... bottom line is that this will allow us to postpone the April 2015 principal portion of debt service in teh amount of $2.24 million. This frees up cash which can be used for needed capital improvements...Obviously time is of the essence, given a payment date of April .

---------- Forwarded message ----------
From: **Bulger, Harold W., Jr.** <bulger@millercanfield.com>
Date: Mon, Mar 9, 2015 at 4:48 PM
Subject: City of Flint Emergency Manager Order [MCPS-ACTIVE.FID982479]
To: "Gerald Ambrose (gambrose@cityofflint.com)"
<gambrose@cityofflint.com>, "Barton, John (Treasury)"
<BartonJ@michigan.gov>, "Bowman, Matthew (Treasury)"
<BowmanM2@michigan.gov>, "Lambert, Alan (AG)"
<LambertA@michigan.gov>, "Danhof, William J."
<Danhof@millercanfield.com>

Attached for your review is an initial draft of the form of Emergency Manager Order to authorize the restructuring of the debt service schedules for the Flint Water Supply System Revenue Bonds, Series 1999, 2000, 2001 and 2002. I believe this draft incorporates the points we have discussed, but in the interest of time it has not been reviewed by Gerald Ambrose and therefore it is being circulated subject to any comments he may have. Please provide comments at your earliest opportunity.

Thanks,

Harold

Harold W. Bulger, Jr. | Attorney and Counselor at Law

Miller Canfield
150 West Jefferson, Suite 2500
Detroit, Michigan 48226 (USA)

T +1.313.496.7507 | **F** +1.313.496.8451 | **Mobile** +1.313.319.2443

bulger@millercanfield.com | View Profile + VCard

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--

Peter M Bade
Chief Legal Officer
City of Flint
p 810 766 7146
f 810 232 2114

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, March 17, 2015 10:24 AM
To: Koryzno, Edward (Treasury); Headen, Frederick (Treasury); Byrne, Randall (Treasury); Storberg, Ann Marie (TREASURY)
Cc: Gerald Ambrose (gambrose@cityofflint.com)
Subject: FW: Restructuring of Outstanding Water Debt [MCPS-ACTIVE.FID982479]

FYI

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Tuesday, March 17, 2015 9:35 AM
To: Headen, Frederick (Treasury)
Cc: Bulger, Harold W., Jr.; Peter Bade; Workman, Wayne (TREASURY); Danhof, William J.
Subject: Re: Restructuring of Outstanding Water Debt [MCPS-ACTIVE.FID982479]

Great!

I am expecting the final draft of the letter and Order this morning from Mr. Bulger, which I will then send to Treasury for approval.

Jerry Ambrose

On Tue, Mar 17, 2015 at 7:49 AM, Headen, Frederick (Treasury) <HeadenF@michigan.gov> wrote:

Having now read the proposed EM order forwarded by Pete, I concur.

From: Bulger, Harold W., Jr. [mailto:bulger@millercanfield.com]
Sent: Monday, March 16, 2015 2:18 PM
To: Peter Bade; Gerald Ambrose; Workman, Wayne (TREASURY); Headen, Frederick (Treasury); Danhof, William J.
Subject: RE: Restructuring of Outstanding Water Debt [MCPS-ACTIVE.FID982479]

Peter,

We agree with your conclusion.

Harold

Harold W. Bulger, Jr. | Attorney and Counselor at Law

Miller Canfield
150 West Jefferson, Suite 2500
Detroit, Michigan 48226 (USA)

T +1.313.496.7507 | F +1.313.496.8451 | **Mobile** +1.313.319.2443

bulger@millercanfield.com | View Profile + VCard

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From: Peter Bade [mailto:pbade@cityofflint.com]
Sent: Monday, March 16, 2015 1:35 PM
To: Gerald Ambrose; Workman, Wayne (TREASURY); Headen, Frederick (Treasury); Bulger, Harold W., Jr.
Subject: Restructuring of Outstanding Water Debt

There has been some discussion of whether the attached order to restructure water debt is subject to the provisions of PA 436 section 19, which requires submission of certain proposals to council.

Because this order contemplates a restructuring of debt, not new borrowing, it is my opinion that it is not subject to Section 19.

The order references Section 12(1)(x), which empowers an emergency manager to:

(x) Enter into agreements with creditors or other persons or entities to restructure debt on terms, at rates of interest, and with security as shall be agreed among the parties, subject to approval by the state treasurer.

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Tuesday, March 17, 2015 1:10 PM
To: Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury)
Subject: RE: PRESS RELEASE: 2ND Water Advisory Committee Meeting

Wayne:

Yes, Robert will be attending because we are meeting with Inkster at Treasury.

Randy,

From: Workman, Wayne (TREASURY)
Sent: Tuesday, March 17, 2015 1:02 PM
To: Byrne, Randall (Treasury)
Subject: FW: PRESS RELEASE: 2ND Water Advisory Committee Meeting

Can you attend again or have someone for you

From: Jason Lorenz [mailto:jlorenz@cityofflint.com]
Sent: Tuesday, March 17, 2015 12:08 PM
Subject: PRESS RELEASE: 2ND Water Advisory Committee Meeting

For Immediate Release

Water Advisory Committee to Hold Second Meeting at Flint Public Library on Thursday, March 19, 2015

Flint, Michigan – March 17, 2015 – The Water Advisory Committee formed to help aid in communication between the City and the community is holding its second meeting on Thursday, March 19, 2015 from 2:00-4:00pm at the Flint Public Library. The committee will be updated on the current status of improvements to the water system, the next steps to be taken including cost and timing estimates and formatted responses to questions asked at the previous meeting. In addition, the committee will be provided with a comprehensive budget overview with clear cost breakdowns.

The purpose of the Water Advisory Committee is to provide the community with ongoing information on the City's work to maintain a safe water supply and to improve quality. In addition to gathering information from

the City to share during their interactions with the community, committee members will also be expected to share the concerns they receive from the community in order for those concerns to be addressed.

All meetings by the Water Advisory Committee will be open to the public and will be held at easily accessible locations throughout the city. Meetings will be held on a regular basis as work continues at least until the City is receiving its water from the Karegnondi Water Authority, which is anticipated to be in 2016.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

72 (Rev 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

ANALYSIS REPORT – City of Flint – Section 17 Report

DATE: March 17, 2015

TO: Randall Byrne, State Administrative Manager; Office of Fiscal Responsibility

FROM: Robert Widigan, Departmental Analyst; Office of Fiscal Responsibility

SUBJECT: City of Flint – January 2015 Section 17 Report

Below is a review of the City of Flint's Section 17 three month report for the period October 1, 2014 through December 31, 2014, submitted by Emergency Manager Darnell Earley.

Analysis:
This report substantially complies with the requirements of the law. The following should be noted:

1. A list of each contract that the Emergency Manager awarded or approved with a cumulative value of $5,000 or more was provided. The City made multiple payments for legal services rendered from October 1st through December 31, 2014.
    - Law Offices of Dean T. Yeotis for legal services in the amount of $103K
    - Miller, Canfield, Paddock and Stone for legal services in the amount of $31.6K
    - Shedd, Frasier, PLC for legal services in the amount of $7.3K
    - Paesano Akkashian, PC for legal services in the amount of $25K

2. The Purchase Order Report for the City with post dates from October 1st through December 31, 2014 totals $5M.

3. A description of all expenditures with a cumulative value of $5,000 that was approved or denied during the reporting period was provided. It should be noted that the City made multiple payments for services rendered from October 1st through December 31, 2014.
    - Dept. 266, Law Office – Suits/Settlements, posted multiple invoices totaling $259K.
    - Dept. 451, Fleet Management, posted multiple invoices totaling $297K.
    - Dept. 000.105, Retiree Health Insurance, posted multiple invoices totaling $2.7M.

4. The City of Flint has not sought, approved or denied any loans during the reporting period of October 1st through December 31, 2014.

5. Per P.A. 436, a description of any new position created or any vacancy filled by the City must be provided to this office. It should be noted the City filled 12 vacancies and eliminated 1 position during this reporting period.

6. It should be noted that update number 8 to the Financial and Operation Plan for the City is included in this report; the full F&O Plan is listed on the City's website. This also includes a seven-point transition management plan, along with a strategic plan for the City's 2014-2019 First Quarter Update.

If additional information is desired, please let me know.

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

June 3, 2014

Mr. Scott Kincaid, President
Members of the Flint City Council
1101 S. Saginaw St.
Flint, MI 48502

Dear Mr. Kincaid and Members of the Flint City Council:

Transmitted herewith are the final numbers for the biennial budget beginning FY14-15 and ending FY 15-16

This budget is reflective of some of the recommended revisions offered following the Council's departmental budget hearings. All recommendations put forth by City Council were reviewed and thoroughly vetted at Treasury. The attached budget document was revised upwards by $90,000 and includes the details of the incorporated revisions.

The budget was revised to include your recommendations, along with those of the Mayor, which I felt could be implemented without adversely impacting the organizational structure, management, and the anticipated transition of the City of Flint to a Receivership Transition Advisory Board during the course of this spending plan.

Following the public hearing and consideration of the comments received, it is my intent to execute the order adopting the budget at the next Council meeting scheduled for June 23, 2014. At that time, Council will be able to officially receive the two-year budget consistent with PA 436 and the 7 Point Transition Management Plan.

You should also be aware that effective July 1, 2014, the day-to-day operations of the departments of Planning and Development, and Public Works will be shifted to Mayor Dayne Walling. The Mayor is currently putting together a plan for the allocation of resources within those departments. Similarly, Police Chief Tolbert and Fire Chief Cox are also putting together their work plans to utilize the final resource allocations for public safety.

The assistance and cooperation from you and the Council given to me, the Mayor, and the Administration in this process is greatly appreciated. I think we can agree that this is a responsible and realistic snapshot of the City's financial stability over the next two years, given its myriad financial challenges.

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

CC: Dayne Walling, Mayor
Inez Brown, City Clerk
Administration

Proposed Changes to the City of Flint Proposed FY15 & FY16 Budget

On April 30, 2014, Emergency Manager Darnell Earley transmitted a proposed bi-annual budget to the Mayor and City Council, with a request that the Mayor and Council review and comment on the proposed budget. Accordingly, the City Council, acting as Committee of the Whole chaired by Finance Chair Josh Freeman, met five times to review the budget. At the conclusion, a set of recommendations was adopted and given to the Emergency Manager.

This document summarizes the key recommendations of the Council and Mayor and outlines changes made to the proposed budget as a result.

Summary of Council and Mayor Recommended Changes to FY15 & FY16 Proposed Budget

1. The recommendation of the Council identifies $1,824,510 in additional funds to be used by the Police Department:

- Specifically, $1 million of the $2.5 million in state appropriated revenues for the Lock-Up is proposed to be moved to the Police Budget.
- In addition, $1 million is identified by increasing the allocation in the CIP Fund for the purpose of reducing the deficit, thus freeing up the $1 million in the General Fund which has been identified for deficit reduction. Of that $1 million, $763,000) ($628,000 + $135,000) would be moved to the Police budget. Additionally, $61,510 is identified to be moved from the Finance Budget to the Police Budget.

2. The remaining funds from the proposed re-appropriation of the freed-up General Fund revenues ($237,000) would be used for the following:

- $50,000 - District Court
- $72,000 - City Clerk
- $50,000 - City Council Staff
- $45,000 – Additional Pay Raises for Council
- $10,000 – Brennen Center
- $10,000 – Hasselbring

3. Finally, there is a recommendation to eliminate funding for the Human Relations Commission ($22,547) and split those funds equally between Brennen Center and Hasselbring:

- Brennen - $11,274
- Hasselbring - $11,274

4. The Mayor has also made recommendations in other areas, including:

- Adding capacity to Economic Development by replacing the 20% of 2 DCED staff currently subsidized by the GF with CDBG funds and directing that staff to perform 100%

CDGB activities. The freed-up funds ($51,458) would then be used to contract for economic development services.

- Reduce DCED program staff by 1 FTE and utilize CDBG administrative funds for 50% of administrative staff support in Planning and Development
- Add 1 new FTE in Planning and Development dedicated to the new Business Licensing function
- Add to the Strategic Plan a key objective under Governance and Administration: "Respond to a minimum of 500 constituent services per month, including those formerly addressed by the Human Relations Commission staff."

Changes to the Proposed FY15 & FY16 Recommended Budget in response to Council and Mayor recommended changes

The changes proposed by the Mayor and Council have been reviewed, and changes made as considered appropriate within the context of maintaining a viable financial plan for the next two years. The proposed budget, as submitted to the Mayor and Council on April 30, 2014, will be revised as follows in response:

1. The Proposed Budget anticipates a reduction in public safety staffing of 36 officers and 19 firefighters. However, it also does not anticipate these reductions (other than vacancies occurring through attrition) until the comprehensive study of the police and fire departments is concluded. That study is to be completed prior to the end of 2014. At that time, depending on the study recommendations, a decision will be made as to the need for additional resources, and to the extent that funds in the General Fund which are currently targeted for deficit reduction can be used. Although the State will not agree to utilize funds appropriated for the operation of the Lock-Up to fund Flint police officers and firefighters, the Mayor and Emergency Manager will continue their efforts to obtain other state funding to support police and fire operations in Flint during this critical time.
2. The concern of the City Clerk, and supported by both the Council and the Mayor, of her inability to properly conduct the upcoming elections with the proposed staffing reduction, is acknowledged. Accordingly, the proposed budget is revised to continue FY14 budget level of staffing within the Clerk's Office. The business license position, originally moved to the Planning and Zoning Department in the FY15 and FY16 Proposed Budget, has been restored back to City Clerk's department. The new Business Licensing process is scheduled to be implemented by January 1, 2015; at which time, the responsibility for the process will be assumed by the Department of Planning and Development. Since the Clerk's Office staff will remain the same while reducing the responsibilities of the Clerks' Office, there should be adequate staff to conduct the elections and to provide additional support to the Council Office. Until such time as the

Business Licensing process is assumed by the Department of Planning and Development, the Clerk is authorized to increase the hours of the current part-time employee in the Council Office. $15,000 in temporary wages is added to the Council's budget for FY15.

3. The concern of the Council and the Mayor that financial support be continued to assist in the transition of the senior citizen programming at the Brennen Center and Hasselbring is acknowledged. The end goal is for there to be successful senior citizen programming at these locations, supported in their entirety by the County's senior citizen millage, which has been approved by voters within the City of Flint as well as the rest of Genesee County. Instead of adding additional funding to the FY15 and FY16 budgets, however, an amendment to the FY14 budget is being prepared to make a one-time appropriation to each center in the amount of $20,000, for a total expenditure of $40,000. The purpose of this appropriation is to support this transition.
4. The concern of the Council to add additional resources to the District Court is noted. However, during the presentation by the Court at its budget hearing, it became apparent that the proposed strategy of the Court to utilize part time employees may not be consistent with the requirement that temporary employees working in excess of 29 hours per week must be provided access to health care to the extent that full time employees are. Thus, additional funds in the amount of $40,000 is added to the Court's budget to address this potential problem.
5. The recommendation of the Mayor to add additional capacity to economic development as stated in #4 above is acknowledged. Additional resources for economic development was also a stated priority of the Council. The change recommended by the Mayor provides $50,000 in financial capacity, is revenue neutral, and is incorporated into the budget.
6. The recommendation of the Mayor with respect to reducing DCED staff by 1 FTE and redistributing the funds as noted above are also incorporated into the budget.
7. The recommendation of the Mayor to add one new FTE in Planning and Development dedicated to the new Business Licensing function is also acknowledged as being valuable in helping to assure that the new process is implemented aggressively and successfully. Accordingly, $64,000 for wages and fringes is added to the budget of Planning and Development for that purpose.
8. Finally, the recommendation of the Mayor to add an additional objective to the Governance and Administration section of the Strategic Plan is acknowledged and will be incorporated. Accordingly, while the Human Relations Commission may continue as a volunteer board, the proposed allocation is eliminated. As it has become apparent that the Human Resources Director is fully engaged with managing the Human Resources function, the portion of the Director's salary allocated to the HRC budget will be transferred to the Human Resources Budget.

Implementing the changes noted above require identifying $119,000 in FY15 General Fund appropriations and $104,000 in FY16 appropriations. The revenue and expense projections in the budget have been reviewed, and the necessary funds have been identified from the following sources:

FY15:

- $39,000 - reduction in audit costs
- $ 2,600 – net reduction in HRC budget
- $38,400 - additional projected revenue - income tax revenue
- $39,000 – additional projected revenue – delinquent income tax collections

FY16:

- $31,000 - reduction in audit costs
- $ 2,678 – net reduction in HRC budget
- $32,000 - additional projected revenue - income tax revenue
- $38,322 - additional projected revenue - delinquent income tax collections

Appreciation is extended to the Mayor, Council, and staff for the time and effort spent reviewing the proposed budget. The citizens of Flint will be better served by the changes made.

Proposed Budget FY15 and FY16 Technical Adjustments

1. Included the pension expense in the Office of the Clerk - $29,519

2. Removed wages and fringes for GIS Technician from Assessing Department because it was already budgeted in the Planning and Zoning Department - $60,518

3. Corrected the inclusion of all salaries, wages, and fringes in the Planning and Zoning department for all the approved positions - $123,596

4. Corrected Fund 202 FY15 and FY16 fund balance use. The indirect cost allocation was double reported in FY15. This was a $536,000 reduction in cost in FY15. In FY16, wages in administration was entered in error causing salaries to be overstated by $812,000. This correction was made.

FLINT STRATEGIC PLAN

2015 -2019

Setting a Sustainable Course for the City of Flint

The Vision for the City Government of Flint:

A well managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

The Mission of the City Government:

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly and financially responsible manner

The Goals:

In order to realize our Mission, residents, businesses, students and visitors can expect that:

The City will provide a highly trained and professional staff of elected leaders, appointed officials and employees

The City will provide for a safe, secure, and healthy environment in which to live, work, learn and play

The City will provide access to dependable and affordable water, sewer, and waste collection

The City will provide access to an adequate and well maintained transportation network serving motorized, non-motorized, and pedestrian needs

The City will foster cooperation between business, non-profit, ~~and~~ foundation partners and residents to create a climate that supports community and economic development

The City government will also:

Seek partnerships with Local, State and Federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting its Mission

Provide municipal services consistent with the City's Master Plan and also work with residents, businesses, and others to foster development of the City and its infrastructure in a manner consistent with its Master Plan

Encourage partnerships for recreation and access to open space across the City

Enforce building and occupancy codes and to aggressively work with others to address blighted conditions

Assure that City ordinances and regulatory activities are consistent with the Master plan and supportive of economic development

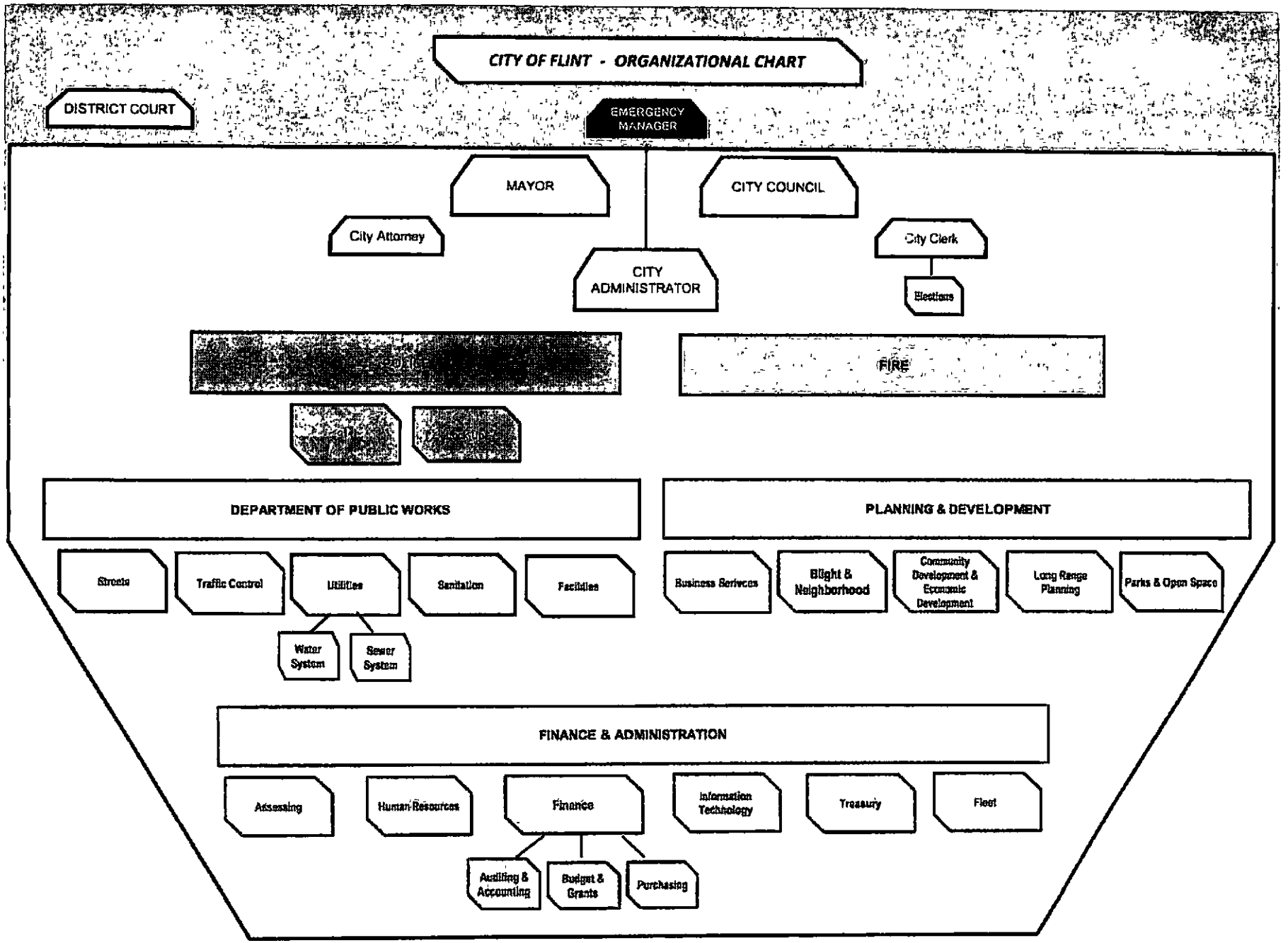
Operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits

Mayor and Council Priorities for Developing the Two-year (FY15 & FY16) Budget

The Mayor and Council request that the two-year budget to be developed will include a set of objective which, when achieved, will result in significant progress being made towards achieving their stated Vision, Mission, and Goals.

Additionally, the Mayor and Council request that the two-year budget to be developed address the following specific priorities:

1. Maintain police and fire staffing levels at the maximum level feasible
2. Reduce the General Fund deficit by at least $1 million
3. Continue efforts to reduce blight, including demolition
4. Hire an experienced and professional City Administrator
5. Assure that capacity exists to implement the Master Plan
6. Add capacity in the area of Economic Development
7. Fund years 1 & 2 of capital improvements identified in the Master Plan
8. Improve street maintenance
9. Establish parks partnerships
10. Improve customer service through training and technology
11. Increase removal of dead and diseased trees
12. Evaluate ways to reduce water and sewer rates for constituents in the budget process


CITY OF FLINT - ORGANIZATIONAL CHART
DISTRICT COURT
EMERGENCY MANAGER
MAYOR
CITY COUNCIL
City Attorney
CITY ADMINISTRATOR
City Clerk
Elections
FIRE
DEPARTMENT OF PUBLIC WORKS
PLANNING & DEVELOPMENT
Streets
Traffic Control
Utilities
Sanitation
Facilities
Water System
Sewer System
Business Services
Blight & Neighborhood
Community Development & Economic Development
Long Range Planning
Parks & Open Space
FINANCE & ADMINISTRATION
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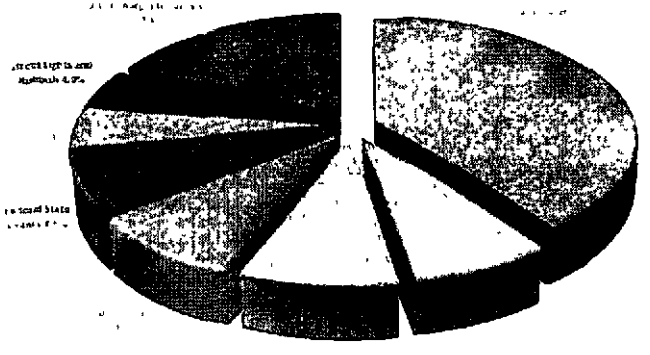
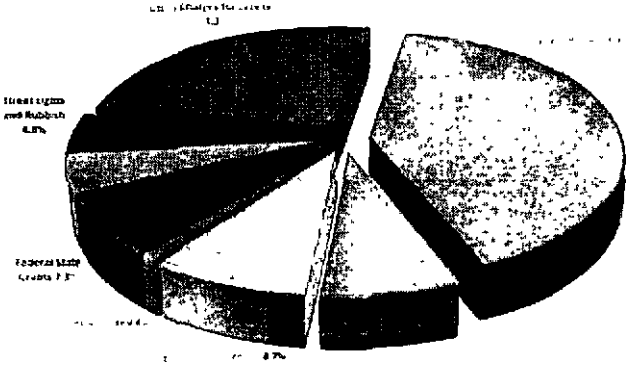
Auditing & Accounting
Budget & Grants
Purchasing

REVENUE - ALL FUNDS

FY15 $165,609,588

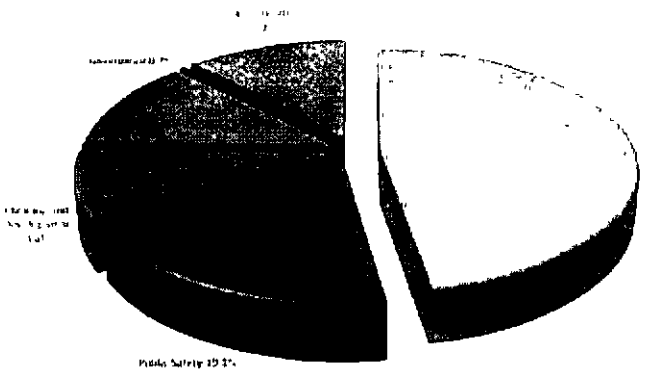


FY16 $169,482,080

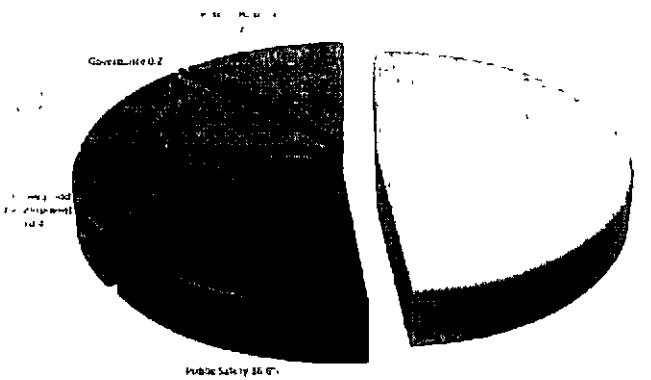


EXPENSES - ALL FUNDS

FY15 $162,186,042



FY16 $166,592,999



CITY OF FLINT - FIVE YEAR OUTLOOK
All Funds Summary

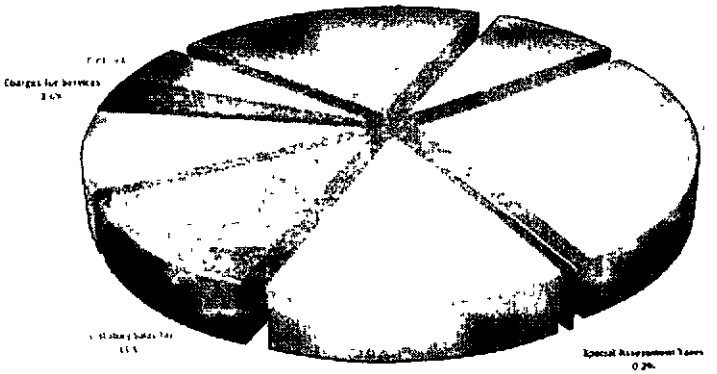
		Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund	101						
	Revenues*	**$53,558,121**	**$55,097,880**	**$56,308,236**	**$56,816,010**	**$56,986,466**	**$57,498,324**
	Expenses	**$53,558,121**	**$55,097,880**	**$56,308,236**	**$58,618,874**	**$61,020,165**	**$63,644,033**
	Cumulative Gap	**$0**	**$0**	**$0**	**($1,801,864)**	**($5,836,574)**	**($11,982,282)**
	Annual Gap	**$0**	**$0**	**$0**	**($1,801,864)**	**($4,034,710)**	**($6,145,708)**
*Includes $1 million for deficit elimination							
Major Streets	202						
	Revenues	$6,335,406	$7,022,888	$7,306,888	$7,511,252	$7,721,570	$7,945,486
	Expenses	$6,331,406	$7,022,888	$7,306,888	$7,577,015	$7,842,210	$8,124,520
	Cumulative Gap	$4,000	$0	$0	($65,760)	($188,400)	($368,435)
	Annual Gap	$0	$0	$0	($65,760)	($120,640)	($179,034)
Local Streets	203						
	Revenues	$2,601,090	$2,694,458	$2,783,112	$2,841,557	$2,904,072	$2,987,881
	Expenses	$2,601,090	$2,694,458	$2,783,112	$2,880,521	$2,972,698	$3,087,824
	Cumulative Gap	$0	$0	$0	($38,964)	($107,590)	($207,452)
	Annual Gap	$0	$0	$0	($38,964)	($68,626)	($99,863)
Police and Fire Millage	205						
	Revenues	$1,845,827	$9,259,560	$7,249,000	$4,484,640	$4,602,941	$4,671,885
	Expenses	$1,845,827	$9,259,560	$7,249,000	$7,538,060	$7,848,057	$8,169,628
	Cumulative Gap	$0	$0	$0	($3,074,420)	($6,319,537)	($9,617,376)
	Annual Gap	$0	$0	$0	($3,074,420)	($3,248,117)	($3,497,843)
Neighborhood Police Millage	207						
	Revenues	$1,550,180	$1,405,180	$1,418,300	$1,446,666	$1,491,513	$1,513,885
	Expenses	$1,550,180	$1,378,104	$1,408,660	$1,465,006	$1,525,072	$1,587,600
	Cumulative Gap	$0	$27,076	$9,640	($18,340)	($51,899)	($125,614)
	Annual Gap	$0	$0	$0	($18,340)	($33,559)	($73,714)
Parks Millage	208						
	Revenues	$373,084	$440,140	$344,370	$351,257	$362,148	$367,578
	Expenses	$373,084	$440,140	$344,343	$358,117	$372,800	$388,094
	Cumulative Gap	$0	$0	$27	($6,859)	($17,512)	($38,016)
	Annual Gap	$0	$0	$0	($6,859)	($10,653)	($20,508)
Lighting Special Assessment	219						
	Revenues	$2,982,980	$2,694,670	$2,698,300	$2,561,485	$2,433,411	$2,311,740
	Expenses	$2,982,980	$2,694,670	$2,698,300	$2,698,300	$2,698,300	$2,698,300
	Cumulative Gap	$0	$0	$0	($134,815)	($397,704)	($782,264)
	Annual Gap	$0	$0	$0	($134,815)	($262,889)	($384,560)

		Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection	226						
Revenues		$5,132,460	$5,398,293	$5,450,723	$5,178,187	$4,919,278	$4,673,314
Expenses		$5,132,460	$5,398,293	$5,450,723	$5,559,737	$5,670,932	$5,784,351
Cumulative Gap		$0	$0	$0	($381,551)	($1,133,205)	($2,244,243)
Annual Gap		$0	$0	$0	($381,551)	($751,655)	($1,111,037)
Drug Forfeiture	265						
Revenues		$435,042	$439,093	$439,093	$452,235	$465,802	$479,776
Expenses		$435,042	$425,093	$433,389	$446,401	$459,793	$473,587
Cumulative Gap		$0	$14,000	$5,694	$5,834	$11,843	$18,032
Annual Gap		$0	$0	$0	$5,834	$6,009	$6,189
HUD Grant 2014	274						
Revenues		$11,767,729	$5,035,900	$5,035,900	$5,186,977	$5,342,586	$5,502,864
Expenses		$11,767,729	$5,035,900	$5,035,900	$5,186,977	$5,342,586	$5,502,864
Cumulative Gap		$0	$0	$0	$0	$0	$0
Annual Gap		$0	$0	$0	$0	$0	$0
Other Grants	296						
Revenues		$7,483,589	$4,884,976	$4,884,976	$5,010,925	$5,161,253	$5,316,091
Expenses		$7,477,831	$4,884,976	$4,884,976	$5,010,925	$5,161,253	$5,316,091
Cumulative Gap		$5,758	$0	$0	$0	$0	$0
Annual Gap		$0	$0	$0	$0	$0	$0
Federal Stimulus Grant	297						
Revenues		$4,624,108	$0	$0	$0	$0	$0
Expenses		$4,624,108	$0	$0	$0	$0	$0
Cumulative Gap		$0	$0	$0	$0	$0	$0
Annual Gap		$0	$0	$0	$0	$0	$0
Public Improvement Fund	402						
Revenues		$2,150,000	$2,850,957	$2,887,687	$2,925,347	$3,016,032	$3,061,273
Expenses*		$2,150,000	$2,850,957	$2,887,687	$2,982,708	$3,102,015	$3,229,095
Cumulative Gap		$0	$0	$0	($57,360)	($143,342)	($308,164)
Annual Gap		$0	$0	$0	($57,360)	($85,983)	($164,822)
* Includes $800,000 for deficit elimination							
Building Safety Fund	542						
Revenues		$2,548,458	$2,385,529	$2,484,700	$2,484,700	$2,484,700	$2,484,700
Expenses		$2,548,458	$2,385,529	$2,484,700	$2,584,088	$2,687,452	$2,794,950
Cumulative Gap		$0	$0	$0	($99,388)	($302,140)	($612,389)
Annual Gap		$0	$0	$0	($99,388)	($202,752)	($310,250)
TOTAL General City							
Revenues		$103,286,162	$99,696,694	$99,249,335	$97,230,141	$97,690,758	$98,794,987
Expenses		$103,278,404	$99,655,618	$99,234,004	$102,903,628	$106,701,333	$110,776,135
Cumulative Gap		$8,758	$41,076	$15,331	($5,673,486)	($14,484,061)	($26,466,209)
Annual Gap		$0	$0	$0	($5,673,486)	($8,810,575)	($11,981,148)

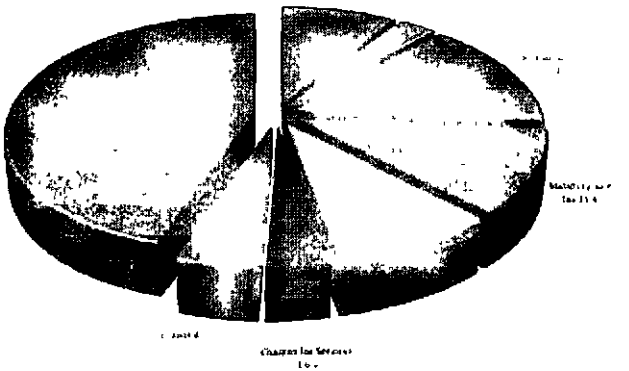
		Current	Adopted	Adopted	Projected	Projected	Projected
Sewer Fund	690	FY14	FY15	FY16	FY17	FY18	FY19
	Revenues	$31,929,269	$28,126,894	$32,346,745	$32,346,745	$32,346,745	$32,346,745
	Expenses	$31,929,269	$28,126,894	$32,346,745	$34,609,099	$36,149,143	$37,216,957
	Cumulative Gap	$0	$0	$0	($2,262,354)	($6,064,752)	($10,934,964)
	Annual Gap	$0	$0	$0	($2,262,354)	($3,802,398)	($4,870,212)
Water Fund	691						
	Revenues	$47,896,872	$37,888,000	$37,888,000	$37,500,000	$37,500,000	$37,500,000
	Expenses	$47,896,872	$34,503,530	$35,012,250	$38,841,189	$40,741,906	$41,943,725
	Cumulative Gap	$0	$3,382,470	$2,873,750	($1,341,189)	($4,583,095)	($9,026,820)
	Annual Gap	$0	$0	$0	($1,341,189)	($3,241,906)	($4,443,725)
Water and Sewer	**690 & 691**						
	Revenues	**$79,826,141**	**$66,012,894**	**$70,232,745**	**$69,846,745**	**$69,846,745**	**$69,846,745**
	Expenses	**$79,826,141**	**$62,630,424**	**$67,358,995**	**$73,450,288**	**$76,891,049**	**$79,160,682**
	Cumulative Gap	**$0**	**$3,382,470**	**$2,873,750**	**($3,603,543)**	**($10,647,847)**	**($19,961,784)**
	Annual Gap	**$0**	**$0**	**$0**	**($3,603,543)**	**($7,044,304)**	**($9,313,937)**
TOTAL CITY							
	Revenues	**$183,114,303**	**$165,609,588**	**$169,462,080**	**$167,076,886**	**$167,737,503**	**$168,641,732**
	Expenses	**$183,104,545**	**$162,186,042**	**$166,592,999**	**$176,353,816**	**$183,592,382**	**$189,536,817**
	Cumulative Gap	**$9,758**	**$3,423,546**	**$2,869,081**	**($9,277,029)**	**($25,131,908)**	**($46,426,993)**
	Annual Gap	**$0**	**$0**	**$0**	**($9,277,029)**	**($16,854,879)**	**($21,295,085)**

REVENUE - GENERAL FUND

FY15 $55,097,880

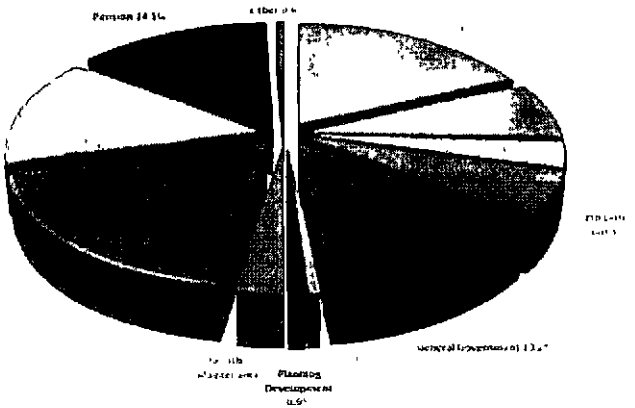


FY16 $56,308,239

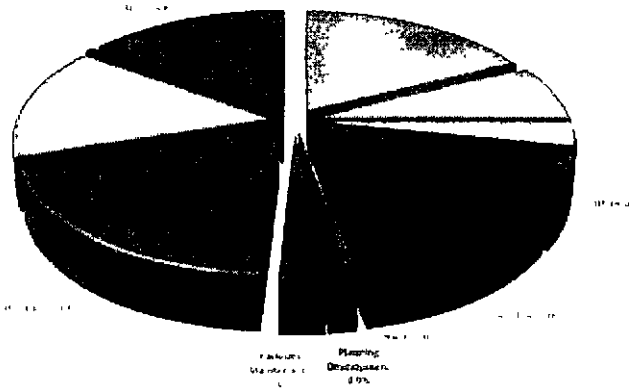


EXPENSES - GENERAL FUND

FY15 $55,097,880



FY16 $56,308,239



CITY OF FLINT PORPOSED FINANCIAL BUDGET
FOR FISCAL YEARS 2015 AND 2016
GENERAL FUND

DESCRIPTION	2013-14 AMENDED BUDGET	2014-15 PROPOSED BUDGET	2015-16 PROPOSED BUDGET
Fund 101 - General Fund			
ESTIMATED REVENUES			
Function: General government			
Property Taxes	$ 4,622,000	$ 4,970,000	$ 5,069,400
Income taxes	14,210,000	14,238,400	14,354,000
Special assessment taxes	97,941	89,000	89,000
State revenues	16,730,120	17,181,629	17,347,719
License and Permits	1,303,626	1,296,626	1,398,626
Fines and forfeitures	1,825,000	1,862,600	1,967,000
Charges for service rendered	9,942,485	11,161,418	11,582,811
Interest and dividend income	850,000	919,000	1,118,325
Other revenues	898,946	601,011	605,360
Transfers In	4,077,998	3,777,998	3,777,998
Drawings from fund balance	(1,000,000)	(1,000,000)	(1,000,000)
Total - Function General government	53,558,116	55,097,880	56,308,239
TOTAL ESTIMATED REVENUES	$ 53,558,116	$ 55,097,880	$ 56,308,239
APPROPRIATIONS			
Function: Legislative			
City Council	$ 373,220	$ 356,505	$ 341,080
Total - Function Legislative	373,220	356,505	341,080
Function: General govemennt			
District Court	5,194,307	4,099,999	4,167,078
Office Of Mayor	228,813	215,426	218,278
City Administrator	396,646	352,912	358,034
Finance -Admin/Accounting/Payroll	1,188,137	951,331	962,846
Finance Purchasing	130,229	139,185	141,145
Total Finance and Purchasing Department	1,318,366	1,090,516	1,103,991
Office Of City Clerk	220,645	163,146	164,955
City Clerk-License And Permits	90,850	186,408	186,651
City Clerk-Board Of Review	10,800	11,601	11,601
City Clerk-Election	403,183	391,241	399,979
Cty Clk Elec Div. - Election Workers	138,654	179,591	179,627
Total City Clerk and Elections	863,832	920,986	931,813
Customer Services-Treasury Operations	380,321	275,977	279,810
Customer Services-Income Tax	466,825	432,000	433,740
Customer Services-Water Collection	1,018,852	1,240,933	1,263,429
Customer Service-Sewer collection	1,020,102	1,243,133	1,264,475
Delinquent Collections	167,686	263,063	267,313
Total Treasury Department	3,052,786	3,455,106	3,508,767
Assessment	1,084,221	1,160,515	1,175,686
Law Office Operations	962,042	940,589	953,797

Human Relations Commission	26,237		
Personnel Office	551,542	624,409	629,970
Personnel Office-Personnel-Training	70,625	55,500	56,415
Total Human Relations and Personnel	648,404	679,909	686,385
Police - Fleet	990,000	990,000	1,000,000
Police Reduction		(2,608,823)	(2,835,863)
Pol Admin Bureau - Admin	6,023,126	409,669	419,941
Pol Admin Bureau-Inspections	127,354	125,505	126,865
Pol Admin - City Lock up	2,673,649	2,554,329	2,534,329
Pol Tech Serv-Records & Identification	1,831,592	2,121,908	2,168,785
Pol Tech Serv-Planning, Research, & Trai	135,359	129,847	130,692
Pol Tech Serv - City Impound	437,323	438,575	439,969
Pol Invst Ovrhd - Criminal Invest Overh	2,469,897	2,369,062	2,398,335
Pol Invst Ovrhd - Police School Liason	764,011	751,475	760,749
Pol Invst Ovrhd - Special Operations	707,250	738,802	749,143
Patrol Bureau - Administration	5,502,823	4,283,373	4,328,180
Patrol Bureau-School Crossing Guards	267,854	285,712	285,712
Total Police Department	21,930,338	12,569,434	12,504,837
Public Safety 911 - Administration	3,745,525	2,604,021	2,540,188
Office Of Fire Chief	753,547	692,077	709,158
Fire Admin-Maintenance	116,000	412,500	424,500
Fire Admin - Training	253,400	161,641	164,771
Firefighting Division-Fire Battalion Chi	3,349,980	498,649	508,293
Firefighting Division-Fire Station Overh	5,858,149	4,101,133	4,168,260
SAFER Grant EMW-2011-FH-00843	1,083,370		
Fire Prevent - Inspection And Training	285,370	315,903	322,422
Total Fire Department	11,699,796	6,179,803	6,295,404
Development-Planning & Zoning	121,875	395,277	397,634
DCD - Administration	188,293	279,007	285,416
Golf Division - Kearsley Lake Gc	3,500		
Golf Division-Mott Park Gc		9,000	9,270
Golf Division-Swartz Crk Gc	1,600		
Total Planning and Development Department	313,268	683,284	692,320
Facilities Maint-Municipal Center	1,207,382	1,484,233	1,532,362
Total - Function General government	52,645,726	36,416,733	36,666,940
Cost Allocation and Retiree Healthcare		17,911,941	18,986,658
Transfer out to Fund 208		99,140	
Transfers out to fund 642	539,170	313,561	313,561
Total - Function Transfers out	539,170	412,701	313,561
TOTAL APPROPRIATIONS	$ 53,558,116	$ 55,097,880	$ 56,308,239
NET OF REVENUES/APPROPRIATIONS - FUND 101	0	0	0
BEGINNING FUND BALANCE	(12,895,842)	(11,895,842)	(10,895,842)
ENDING FUND BALANCE	(11,895,842)	(10,895,842)	(9,895,842)

CITY OF FLINT STAFFING PROJECTION

	FY11 ACTUAL	FY12 ACTUAL	FY13 ACTUAL	FY14 CURRENT	FY15 PROPOSED	FY16 PROPOSED
GOVERNANCE AND ADMINISTRATION	38.5	20	17	19	20	20
POLICE	150	148	144	151	115	115
911	25.5	23	22	23	23	23
FIRE	75	94	91	94	75	75
DISTRICT COURT	49	35	30	31	31	31
DEPARTMENT OF PUBLIC WORKS	263	207	156	166	173	173
PLANNING AND DEVELOPMENT	71	56	26	24	25	26
FINANCE AND ADMINISTRATION	120.5	103	60	57	60	60
TOTALS	792.5	686	546	565	522	523

PROJECTED FACILITIES IMPROVEMENTS FY15-FY19

IMPROVEMENT	RANK	COST	FY15	FY16	FY17	FY18	FY19
City Hall Elevators(2 main only)	1	400,000.00	$ 400,000.00				
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 155,000.00				
Assessing Renovations	3	65,000.00	$ 65,000.00				
Roof Repair - Main Fire Station	4	127,400.00	$ 127,400.00				
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 10,000.00				
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 20,000.00				
I.S. Water Leaks PART I OF II	7	50,000.00	$ 50,000.00				
Legal Renovations	8	40,000.00	$ 40,000.00				
Police Station Bridge to 5th St	9	30,000.00	$ 30,000.00				
Roof Repair - North building	10	99,384.00	$ 99,384.00				
Motion Lights, City Hall & Police	11	100,000.00	$ 100,000.00				
Pave City Hall Parking Lot	12	100,000.00		$ 100,000.00			
911 Consoles & Telephones	13	330,000.00		$ 330,000.00			
I.S. Water Leaks PART II OF II	14	50,000.00		$ 50,000.00			
Council Chambers Renovations PART I OF III	15	116,666.67		$ 116,666.67			
City Hall Building Facade PART I OF III	16	500,000.00		$ 500,000.00			
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00			$ 250,000.00		
Council Chambers Renovations PART II OF III	18	116,666.67			$ 116,666.67		
City Hall Building Facade PART II OF III	19	500,000.00			$ 500,000.00		
Council Chambers Renovations PART III OF III	20	116,666.67				$ 116,666.67	
City Hall Building Facade PART III OF III	21	500,000.00				$ 500,000.00	
Police Shooting Range	22	250,000.00				$ 250,000.00	
Fire Station Kitchens - Remodel	23	60,000.00				$ 60,000.00	
TOTAL		$3,926,784.00	$ 1,096,784.00	$ 1,096,666.67	$ 866,666.67	$ 926,666.67	$ -

IMPROVEMENT	RANK	COST	CUMULATIVE COST
City Hall Elevators(2 main only)	1	400,000.00	
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 555,000.00
Assessing Renovations	3	65,000.00	$ 620,000.00
Roof Repair - Main Fire Station	4	127,400.00	$ 747,400.00
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 757,400.00
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 777,400.00
I.S. Water Leaks PART I OF II	7	50,000.00	$ 827,400.00
Legal Renovations	8	40,000.00	$ 867,400.00
Police Station Bridge to 5th St	9	30,000.00	$ 897,400.00
Roof Repair - North building	10	99,384.00	$ 996,784.00
Motion Lights, City Hall & Police	11	100,000.00	$ 1,096,784.00
Pave City Hall Parking Lot	12	100,000.00	$ 1,196,784.00
911 Consoles & Telephones	13	330,000.00	$ 1,526,784.00
I.S. Water Leaks PART II OF II	14	50,000.00	$ 1,576,784.00
Council Chambers Renovations PART I OF III	15	116,666.67	$ 1,693,450.67
City Hall Building Facade PART I OF III	16	500,000.00	$ 2,193,450.67
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00	$ 2,443,450.67
Council Chambers Renovations PART II OF III	18	116,666.67	$ 2,560,117.33
City Hall Building Facade PART II OF III	19	500,000.00	$ 3,060,117.33
Council Chambers Renovations PART III OF III	20	116,666.67	$ 3,176,784.00
City Hall Building Facade PART III OF III	21	500,000.00	$ 3,676,784.00
Police Shooting Range	22	250,000.00	$ 3,926,784.00
Fire Station Kitchens - Remodel	23	60,000.00	$ 3,986,784.00
TOTAL		$3,926,784.00	$ 3,986,784.00

DEFICIT ELIMINATION AND RESERVE ACCUMULATION PROJECTIONS

FINANCIAL COMMITMENT NECESSARY TO ELIMINATE THE DEFICIT AND ACCUMULATE AN APPROPRIATE BUDGET STABILIZATION RESERVE OF 10% -15%

	DEFICIT REDUCTION						
	FY14	FY15	FY16	FY17	FY18	FY19	FY20
DEFICIT	($12,895,642)	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000
REMAINING DEFICIT	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)	($295,642)
GENERAL FUND REVENUE	$53,555,121	$55,080,609	$56,281,965	$56,788,503	$56,958 868	$57,471,498	$58,620,928

	RESERVE ACCUMULATION					
	FY21	FY22	FY23	FY24	FY25	
RESERVE	($295,642)	$1,504,358	$3,304,358	$5,104,358	$6,904,358	
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	
ACCUMULATED RESERVE	$1,504,358	$3,304,358	$5,104,358	$6,904,358	$8,704,358	Equals 15%
GENERAL FUND REVENUE	$59,793,347	$60,989,213	$62,208,998	$63,453,178	$64,722,241	of GF Revenues

CITY OF FLINT - FIVE YEAR OUTLOOK
Pension and Retiree Healthcare Costs

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund		101						
	Retiree Healthcare Expense		$8,034,324	$10,167,701	$10,777,783	$11,424,429	$12,109,895	$12,836,489
	Pension Expense		$8,401,335	$7,991,672	$8,439,853	$8,946,244	$9,483,019	$10,052,000
	Other Expenses		$37,122,462	$38,948,508	$37,090,623	$38,246,204	$39,427,256	$40,755,548
	Total Expenses		$53,558,121	$58,097,881	$56,308,239	$58,616,877	$61,020,169	$63,644,036
	Retiree Healthcare as % of Total Expenses		15%	18%	19%	19%	20%	20%
	Pension as % of Total Expenses		16%	14%	15%	15%	16%	16%
	Healthcare & Pension Costs as % of Total		31%	33%	34%	35%	35%	36%
Major Streets		202						
	Retiree Healthcare		$535,155	$1,058,160	$1,119,851	$1,186,724	$1,257,928	$1,333,403
	Pension		$565,832	$561,415	$596,593	$632,357	$670,298	$710,516
	Other expenses		$5,187,418	$5,416,283	$5,400,584	$5,697,804	$6,783,353	$6,981,277
	Total		$6,331,406	$7,022,858	$6,116,858	$6,416,885	$8,711,579	$9,026,196
	Healthcare & Pension %		18%	23%	21%	22%	22%	23%
Local Streets		203						
	Retiree Healthcare		$388,761	$200,624	$212,873	$226,646	$239,184	$253,535
	Pension		$331,106	$330,318	$354,959	$378,257	$398,832	$422,762
	Other expenses		$1,881,223	$2,163,316	$2,215,280	$2,276,819	$2,334,682	$2,391,527
	Total		$2,601,090	$2,694,458	$2,783,112	$2,880,821	$2,972,698	$3,067,824
	Healthcare & Pension %		28%	20%	20%	21%	21%	22%
Police and Fire Millage		205						
	Retiree Healthcare		$0	$1,337,628	$1,416,098	$1,503,184	$1,593,375	$1,688,977
	Pension		$448,624	$2,593,093	$2,748,679	$2,913,600	$3,088,419	$3,273,721
	Other expenses		$1,397,303	$5,327,839	$3,082,223	$3,122,176	$3,166,267	$3,207,130
	Total		$1,845,927	$9,258,560	$7,249,000	$7,538,960	$7,848,057	$8,169,828
	Healthcare & Pension %		24%	42%	57%	59%	60%	61%
Neighborhood Police Millage		207						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$379,834	$300,795	$318,844	$337,975	$358,253	$379,748
	Other expenses		$1,170,246	$1,077,309	$915,030	$945,254	$977,588	$1,010,663
	Total		$1,550,180	$1,378,104	$1,233,874	$1,283,229	$1,335,841	$1,390,611
	Healthcare & Pension %		25%	22%	26%	26%	27%	27%
Parks Millage		208						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$5,591	$20,663	$20,663	$21,903	$23,217	$24,610
	Other expenses		$367,473	$419,477	$320,760	$333,177	$346,421	$359,183
	Total		$373,064	$440,140	$341,423	$355,080	$369,638	$384,793
	Healthcare & Pension %		1%	5%	6%	6%	6%	6%
Lighting Special Assessment		219						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$8,629	$6,390	$6,773	$7,180	$7,611
	Other expenses		$2,982,980	$2,688,841	$2,689,910	$2,689,527	$2,689,120	$2,688,689
	Total		$2,982,980	$2,694,870	$2,696,300	$2,696,300	$2,696,300	$2,696,300
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		229						
	Retiree Healthcare		$821,190	$411,202	$435,874	$462,026	$489,748	$519,133
	Pension		$28,339	$12,868	$13,787	$14,693	$15,459	$16,397
	Other expenses		$4,486,985	$4,972,193	$5,001,082	$5,083,118	$5,185,781	$5,248,821
	Total		$5,132,490	$5,396,263	$5,450,723	$5,559,737	$5,670,932	$5,784,351
	Healthcare & Pension %		13%	8%	8%	9%	9%	9%
Drug Forfeiture		265						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$122,739	$82,409	$87,351	$92,592	$98,148	$104,038
	Other expenses		$312,303	$342,657	$349,049	$353,809	$361,945	$369,650
	Total		$435,042	$425,063	$433,399	$446,401	$459,763	$473,687
	Healthcare & Pension %		28%	19%	20%	21%	21%	22%
HUD Grant 2014		274						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$230,159	$292,418	$292,418	$309,963	$328,561	$348,275
	Other expenses		$11,537,570	$4,743,481	$4,743,481	$4,977,019	$5,014,024	$5,154,588
	Total		$11,767,729	$5,035,899	$5,035,899	$5,286,978	$5,342,585	$5,502,863
	Healthcare & Pension %		2%	6%	6%	6%	6%	6%
Other Grants		296						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$40,027	$230,605	$230,605	$244,441	$259,108	$274,654
	Other expenses		$7,437,804	$4,634,371	$4,634,371	$4,766,484	$4,902,146	$5,041,438
	Total		$7,477,831	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Healthcare & Pension %		1%	5%	5%	5%	5%	5%
Federal Stimulus Grant		297						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$1,355,981	$0	$0	$0	$0	$0
	Other expenses		$3,168,127	$0	$0	$0	$0	$0
	Total		$4,524,108	$0	$0	$0	$0	$0
	Healthcare & Pension %		30%	0%	0%	0%	0%	0%
Public Improvement Fund		402						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$0	$0	$0	$0	$0
	Other expenses		$2,150,000	$2,650,957	$2,657,937	$2,692,708	$3,104,997	$3,232,302
	Total		$2,150,000	$2,650,957	$2,657,937	$2,692,708	$3,104,997	$3,232,302
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%
Building Safety Fund		542						
	Retiree Healthcare		$552,954	$393,633	$417,251	$442,286	$468,823	$496,953
	Pension		$161,734	$237,628	$251,886	$266,999	$283,019	$300,000
	Other expenses		$1,833,768	$1,764,268	$1,815,563	$1,874,809	$1,935,609	$1,997,897
	Total		$2,548,456	$2,395,529	$2,484,700	$2,584,093	$2,687,452	$2,794,850
	Healthcare & Pension %		28%	26%	27%	27%	28%	29%
Internal Service Funds								
	Retiree Healthcare		$300,210	$722,428	$722,428	$764,594	$809,105	$856,382
	Pension		$382,108	$393,747	$393,747	$408,772	$431,178	$457,049
	Other expenses		$7,795,973	$8,769,612	$7,845,631	$8,118,802	$8,396,419	$8,684,357
	Total		$8,478,291	$7,885,787	$8,851,806	$9,288,178	$9,636,703	$9,997,788
	Healthcare & Pension %		8%	14%	12%	13%	13%	13%

TOTAL General City							
Retiree Healthcare Expense	$10,606,694	$14,289,796	$15,103,638	$16,008,789	$16,968,057	$17,984,872
Pension Expense	$12,440,403	$13,023,777	$13,745,725	$14,570,469	$15,444,697	$16,371,378
Other Expenses	$97,255,216	$97,976,619	$98,920,349	$91,565,874	$94,241,949	$97,122,057
Total Expenses	$118,302,313	$116,374,211	$118,854,931	$123,285,281	$127,873,827	$132,770,582
Retiree Healthcare as % of Total Expenses	9%	12%	13%	13%	13%	14%
Pension as % of Total Expenses	11%	11%	12%	12%	12%	12%
Healthcare & Pension Costs as % of Total	19%	23%	24%	25%	26%	26%

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Sewer Fund		590						
	Retiree Healthcare		$2,329,983	$2,447,656	$2,594,420	$2,750,085	$2,915,090	$3,089,996
	Pension		$2,179,100	$2,040,715	$2,163,159	$2,292,949	$2,430,525	$2,576,357
	Other expenses		$27,420,186	$25,788,284	$27,589,166	$29,666,085	$30,803,527	$31,650,804
	Total		$31,929,269	$30,256,645	$32,345,745	$34,609,099	$36,149,143	$37,316,957
	Healthcare & Pension %		14%	15%	15%	15%	15%	15%
Water Fund		591						
	Retiree Healthcare		$1,680,092	$2,963,568	$3,141,403	$3,329,887	$3,529,680	$3,741,461
	Pension		$1,616,687	$1,803,098	$1,911,284	$2,025,961	$2,147,519	$2,276,370
	Other expenses		$44,601,123	$28,738,844	$29,959,563	$33,485,341	$35,084,707	$35,926,694
	Total		$47,896,872	$34,503,530	$35,012,250	$38,841,189	$40,741,906	$41,943,725
	Healthcare & Pension %		7%	14%	14%	14%	14%	14%
Water and Sewer		590 & 591						
	Retiree Healthcare		$4,010,045	$5,411,154	$5,735,823	$6,079,972	$6,444,771	$6,831,457
	Pension		$3,994,787	$3,843,813	$4,074,443	$4,318,910	$4,578,044	$4,852,727
	Other expenses		$71,621,309	$55,505,108	$57,548,729	$63,051,406	$65,888,234	$67,476,498
	Total		$79,626,141	$64,760,075	$67,358,995	$73,450,288	$76,891,049	$79,160,682
	Retiree Healthcare as % of Total Expenses		5%	8%	8%	8%	8%	9%
	Pension as % of Total Expenses		5%	6%	6%	5%	6%	6%
	Healthcare & Pension %		10%	14%	15%	14%	14%	15%
TOTAL CITY								
	Retiree Healthcare		$14,515,639	$19,700,950	$20,839,681	$22,088,771	$23,412,828	$24,816,329
	Pension		$15,438,190	$16,867,530	$17,820,168	$18,889,378	$20,022,741	$21,224,105
	Other expenses		$169,110,269	$143,480,727	$146,469,076	$154,607,280	$160,110,180	$164,598,568
	Total		$199,128,454	$181,134,286	$185,213,926	$196,735,549	$204,764,878	$211,931,264
	Retiree Healthcare %		7%	11%	11%	11%	11%	12%
	Pension %		8%	9%	10%	10%	10%	10%
	Healthcare & Pension %		15%	20%	21%	21%	21%	22%

PROJECTED TAXPAYER IMPACT

$41,000 House, $40,000 Income

Values	FY14 Current Winter & Summer		FY15 Adopted Winter & Summer		FY16 Adopted Winter & Summer
House value	$41,000.00		$41,000.00		$41,000.00
Taxable value	$20,500.00		$20,500.00		$20,500.00
Annual Income	$40,000.00		$40,000.00		$40,000.00
Tax rate (mills)	65.88		65.88		65.88
Street Lights	$67.87		$70.94		$74.14
Garbage	$146.00		$162.63		$168.84
Water Bill	$1,800.00		$1,917.00		$2,032.02
Payments					
Property taxes	$1,351.00		$1,351.00		$1,351.00
Street lights	$67.87		$70.94		$74.14
Rubbish	$146.00		$162.63		$168.84
Income tax	$400.00		$400.00		$400.00
Water bill	$1,800.00		$1,917.00		$2,032.02
Total Payments	$3,764.87		$3,901.57		$4,026.00
		$137 3.6%		$124 3.2%	

$61,500 House, $50,000 Income

Values	FY14 Current Winter & Summer		FY15 Adopted Winter & Summer		FY16 Adopted Winter & Summer
House value	$61,500.00		$61,500.00		$61,500.00
Taxable value	$30,750.00		$30,750.00		$30,750.00
Annual Income	$50,000.00		$50,000.00		$50,000.00
Tax rate (mills)	65.88		65.88		65.88
Street Lights	$67.87		$70.94		$74.14
Garbage	$146.00		$162.63		$168.84
Water Bill	$1,800.00		$1,917.00		$2,032.02
Payments					
Property taxes	$2,026.00		$2,026.00		$2,026.00
Street lights	$67.87		$70.94		$74.14
Garbage	$146.00		$162.63		$168.84
Income tax	$500.00		$500.00		$500.00
Water bill	$1,800.00		$1,917.00		$2,032.02
Total Payments	$4,539.87		$4,676.57		$4,801.00
		$137 3.0%		$124 2.7%	

GL Number	Grant	GL Ref #	Vendor	Invoice Desc.	Invoice	Chk Date	Amount Cl
Fund 703 Current Tax Collection Fund							
Dept 001.102 2010 Mott Property Tax Levy							
				Total For Dept 001.102 2010 Mott Pro			251,022.99
Dept 001.103 2010 DDA prop tax levy							
703-001.103-274.000	U	272703	DOWNTOWN		TAX YR 14	11/14/14	6,949.86
				Total For Dept 001.103 2010 DDA prop			6,949.86
Dept 001.105 2010 Carman Property Tax Lev							
703-001.105-274.000	U	271224	CARMAN SCHOOL		TAX YR 14	10/31/14	30,465.18
703-001.105-274.000	U	272702	CARMAN SCHOOL		TAX YR 14	11/14/14	13,519.92
				Total For Dept 001.105 2010 Carman P			43,985.10
Dept 001.106 2010 Gisd Property Tax Lev							
703-001.106-274.000	U	270683	GENESEE		TAX YR 14	10/10/14	21,799.29
703-001.106-274.000	U	271227	GENESEE		TAX YR 14	10/31/14	47,534.12
703-001.106-274.000	U	272705	GENESEE		TAX YR 14	11/14/14	167,686.79
703-001.106-274.000	U	273161	GENESEE		TAX YR 14	11/21/14	42,227.19
703-001.106-274.000	U	274245	GENESEE		TAX YR 14	12/15/14	10,494.70
703-001.106-274.000	U	274590	GENESEE		TAX YR 14	12/19/14	16,988.64
				Total For Dept 001.106 2010 Gisd Pro			306,730.73
Dept 001.108 2010 Swartzcreek Property Tax Lev							
703-001.108-274.000	U	271229	SWARTZ CREEK SCHOOL		TAX YR 14	10/31/14	43,503.95
703-001.108-274.000	U	272707	SWARTZ CREEK SCHOOL		TAX YR 14	11/14/14	40,612.99
703-001.108-274.000	U	274592	SWARTZ CREEK SCHOOL		TAX YR 14	12/19/14	6,367.66
				Total For Dept 001.108 2010 Swartzcr			90,484.60
Dept 004.102 2010 Flint township prop tax levy							
703-004.102-274.000	U	272180	FLINT TOWNSHIP		TAX YR 14	11/14/14	190,409.22
				Total For Dept 004.102 2010 Flint to			190,409.22
Dept 004.106 2010 Mta Property Tax Levy							
703-004.106-274.000	U	271228	MASS TRANSPORTATION		TAX YR 14	10/31/14	8,071.20
703-004.106-274.000	U	272706	MASS TRANSPORTATION		TAX YR 14	11/14/14	28,471.32
703-004.106-274.000	U	273157	MASS TRANSPORTATION		TAX YR 14	11/21/14	7,169.77
				Total For Dept 004.106 2010 Mta Prop			43,712.29
Dept 011.100 2010 MET Prop Tax Levy							
703-011.100-274.000	U	270686	GENESEE COUNTY		TAX YR 14	10/10/14	36,989.14
703-011.100-274.000	U	271231	GENESEE COUNTY		TAX YR 14	10/31/14	85,084.14
703-011.100-274.000	U	272709	GENESEE COUNTY		TAX YR 14	11/14/14	271,954.96
703-011.100-274.000	U	273163	GENESEE COUNTY		TAX YR 14	11/21/14	69,733.02
703-011.100-274.000	U	274248	GENESEE COUNTY		TAX YR 14	12/15/14	17,823.87
703-011.100-274.000	U	274594	GENESEE COUNTY		TAX YR 14	12/19/14	25,979.53
				Total For Dept 011.100 2010 MET Prop			507,564.66
Dept 021.100 2010 Library prop tax levy							
703-021.100-274.000	U	270685	FLINT PUBLIC		TAX YR 14	10/10/14	20,977.99
703-021.100-274.000	U	271230	FLINT PUBLIC		TAX YR 14	10/31/14	45,739.46
703-021.100-274.000	U	272708	FLINT PUBLIC		TAX YR 14	11/14/14	161,349.77

GL Number	Grant	GL Ref #	Vendor	Invoice Desc.	Invoice	Chk Date	Amount	Cl
Fund 703 Current Tax Collection Fund								
Dept 021.100 2010 Library prop tax levy								
703-021.100-274.000		U 273159	FLINT PUBLIC		TAX YR 14	11/21/14	40,632.48	
703-021.100-274.000		U 274247	FLINT PUBLIC		TAX YR 14	12/15/14	10,100.02	
703-021.100-274.000		U 274593	FLINT PUBLIC		TAX YR 14	12/19/14	16,348.24	
				Total For Dept 021.100 2010 Library			295,147.96	
				Total For Fund 703 Current Tax Colle			3,287,575.05	
Fund 735 Retirees' Life Insurance Fund								
Dept 000.101 Retirement System-Death Benefits Admin								
735-000.101-874.500		D 271183	THE ESTATE	FI	10162014	10/23/14	7,500.00	1
735-000.101-874.500		D 273384	ELIZABETH LASLEY,	FI	11242014	11/26/14	7,500.00	1
735-000.101-874.500		D 274586	LENA L	FI	12172014	12/18/14	10,000.00	1
				Total For Dept 000.101 Retirement Sy			25,000.00	
				Total For Fund 735 Retirees' Life In			25,000.00	

GL Number	Grant	GL Ref #	Vendor	Invoice Desc.	Invoice	Chk Date	Amount Ch
			Fund Totals:				
				Fund 101 General Fund			1,208,528.19
				Fund 202 Major Street Fund			310,148.91
				Fund 203 Local Street Fund			30,780.82
				Fund 205 Public Safety			24,971.94
				Fund 207 Police Fund			259.29
				Fund 208 Park/Recreation Fund			90,812.00
				Fund 219 Street Light			600,495.77
				Fund 226 Rubbish Collection Fund			1,034,024.10
				Fund 244 Economic Develop Corp Fund			3,333.34
				Fund 265 Drug Law Enforcement Fund			560.74
				Fund 274 HUD CDBG, ESG, & HOME GRANT			777,671.14
				Fund 296 Other Grants Fund			430,721.17
				Fund 402 Public Improvement Fund			197,008.00
				Fund 542 Building Inspection Fund			667.75
				Fund 583 Oak Business Center Fund			1,666.66
				Fund 590 Sewer Fund			1,227,769.67
				Fund 591 Water Fund			1,997,252.83
				Fund 627 Fringe Benefit Fund			3,442,546.78
				Fund 636 Information Services Fund			327,082.20
				Fund 661 Fleet/Central Garage Fund			302,686.34
				Fund 677 Self Insurance Fund			474,047.32
				Fund 701 General Agency Fund			55,731.40
				Fund 703 Current Tax Collection Fund			3,287,575.05
				Fund 735 Retirees' Life Insurance Fu			25,000.00
							5,851,341.41

Section Separator

(b) A list of each contract that the emergency manager awarded or approved with a cumulative value of $5000 or more, the purpose of the contract, and the identity of the contractor.

PO NUMBER	PO STATUS	PO TYPE	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
ENTERED BY		DEPARTMENT					
DESCRIPTION							
14-000793	Open	Blanket		10/10/2014	78,879.00	78,879.00	0000004598
RJohnson		POLICE					GORNO FORD
3- 2015 POLICE CRUISERS - FORD EXPLORERS P.I. UTILITY, 4WD							Contact:
							Phone:
14-000804	Partial	Blanket	07/01/2014	10/01/2014	10,000.00	6,682.09	0000000550
DDunlap		FIRE					FIRESERVICE MANAGEMENT LLC
CLEANING & REPAIR OF TURNOUT GEAR							Contact:
							Phone:
14-000805	Completed	Regular	07/01/2014	10/01/2014	44,886.50	0.00	0000001928
KWallace		WPC					RS TECHNICAL SERVICES, INC
CHLORINE SAFETY SHUT OFF VALVES							Contact:
							Phone:
14-000806	Cancelled	Blanket		10/01/2014	29,176.00	0.00	0000001928
DJones		WA PLANT					RS TECHNICAL SERVICES, INC
CHLORINE SAFETY SHUT OFF VALVES							Contact:
							Phone:
14-000808	Partial	Regular	07/01/2014	10/01/2014	5,500.00	3,951.43	0000005174
KWallace		WPC					ALTA CONSTRUCTION EQUIPMENT LLC
FY 2015 WPC RENTAL OF EQUIPMENT							Contact:
							Phone:
14-000810	Partial	Regular	07/01/2014	10/02/2014	27,082.86	20,522.86	0000000081
CDotson		CED					FLINT NEIGHBORHOOD IMPRVT&PRES PROJ
CO #3 TO 08-057, FNIPP FULL CODE REHAB							Contact:
							Phone:
14-000818	Completed	Regular		10/07/2014	28,315.63	0.00	0000000619
VFoster		FINANCE					LAKE AGENCY
RENEWAL OF GENERAL LIABILITY INS WITH LAKE AGENCY							Contact:
							Phone:
14-000819	Open	Blanket	07/01/2014	10/07/2014	38,500.00	38,500.00	0000000465
KWallace		WPC					NEWKIRK ELECTRIC ASSOCIATES INC
WPC FY 2015 ELECTRICAL SUPPORT							Contact:
							Phone:
14-000822	Partial	Blanket	07/01/2014	10/07/2014	5,000.00	3,855.00	0000000202
KWallace		WPC					WATERWORKS
FY 2015 WPC VAREC REPAIR PARTS							Contact:
							Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000823 CPriest M TECH	Open	Regular WSC	07/01/2014	10/07/2014	9,000.00	9,000.00	0000004980 M TECH COMPANY Contact: Phone:
14-000824 RJohnson AUCTIONEER SVC	Partial	Regular POLICE		10/10/2014	6,000.00	3,000.00	0000004911 MONSTER AUCTION LLC Contact: Phone:
14-000825 YGray WATER METERS	Completed	Regular WSC	09/23/2014	10/10/2014	49,245.00	0.00	0000002095 METRON-FARNIER, LLC Contact: Phone:
14-000826 DDunlap VARIOUS LOOSE FIRE TRUCK EQUIPMENT	Partial	Regular FIRE	09/22/2014	10/10/2014	13,763.00	16,312.00	0000000718 WEST SHORE FIRE INC Contact: Phone:
14-000827 KWallace FY 2015 WPC GRINDER (MUFFIN MONSTER) REPAIRS	Open	Blanket WPC	07/01/2014	10/10/2014	15,000.00	15,000.00	0000004963 JWC ENVIRONMENTAL LLC Contact: Phone:
14-000828 MRule AUTOMOTIVE AND TRUCK BATTERIES	Partial	Blanket FLEET	09/26/2014	10/10/2014	15,000.00	12,741.20	0000002447 UNIVERSAL LIFT PARTS Contact: Phone:
14-000829 CPriest SAFETY SUPPLIES	Partial	Blanket WSC	07/01/2014	10/10/2014	10,000.00	8,226.72	0000005153 RITZ SAFETY SUPPLIES Contact: Phone:
14-000830 RKelly SAFETY SUPPLIES	Open	Blanket WA PLANT	07/01/2014	10/10/2014	6,000.00	6,000.00	0000005153 RITZ SAFETY SUPPLIES Contact: Phone:
14-000833 KWallace SHAFTLESS SLUDGE SCREW CONVEYORS	Open	Regular WPC		10/14/2014	178,250.00	178,250.00	0000005203 SPIRAC USA INC Contact: Phone:

PO NUMBER	PO STATUS	PO TYPE	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
ENTERED BY		DEPARTMENT					
DESCRIPTION							
14-000834	Completed	Blanket		10/14/2014	29,176.00	0.00	0000001928
KRNEUMANN		WA PLANT					RS TECHNICAL SERVICES, INC
CHLORINE SAFETY SHUT OFF VALVES							Contact:
							Phone:
14-000836	Partial	Blanket		10/14/2014	40,000.00	35,405.98	0000000196
KRNEUMANN		WA PLANT					VWR INTERNATIONAL
MISCELLANEOUS LAB SUPPLIES							Contact:
							Phone:
14-000837	Open	Regular	07/01/2014	10/14/2014	18,000.00	18,000.00	0000000196
KWallace		WPC					VWR INTERNATIONAL
FY 2015 WPC GENERAL LABORATORY SUPPLIES							Contact:
							Phone:
14-000838	Partial	Blanket	07/01/2014	10/15/2014	10,000.00	4,304.80	0000000377
MPOISSON		WA PLANT					MACOMB GROUP
PLUMBING SUPPLIES							Contact:
							Phone:
14-000843	Completed	Regular		10/16/2014	16,450.00	0.00	0000002221
KNeumann		MAINT					AERO FILTER, INC.
FILTER CHANGE & CLEANING IN ASSESSMENT OFFICE - AERO FILTER							Contact:
							Phone:
14-000846	Open	Regular	10/08/2014	10/16/2014	24,500.00	24,500.00	0000005202
MPOISSON		WA PLANT					HYUNDAI IDEAL ELECTRIC COMPANY
HYUNDAI IDEAL SYNCHRONIZING PANEL							Contact:
							Phone:
14-000847	Partial	Regular	07/01/2014	10/16/2014	7,500.00	60.00	0000000612
DDunlap		FIRE					ALLIE BROTHERS INC
UNIFORM PANTS DEPARTMENT							Contact:
							Phone:
14-000848	Partial	Blanket		10/16/2014	9,000.00	8,025.75	0000002644
RJohnson		POLICE					DIAMOND CLEANERS
DRY CLEANING							Contact:
							Phone:
14-000850	Partial	Blanket	07/01/2014	10/16/2014	25,000.00	24,534.67	0000000016
MRule		FLEET					APPLEGATE CHEVROLET
GM OEM PARTS AND SUPPLIES - AUTO AND TRUCK							Contact:
							Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000851 DDunlap FIRE FIGHTING EQUIPMENT FY 15	Partial	Blanket FIRE	07/01/2014	10/16/2014	20,000.00	18,598.04	0000000062 DOUGLASS SAFETY SYSTEMS Contact: Phone:
14-000854 MRule TRUCK MOUNTED LEAF VACUUM	Completed	Blanket FLEET	08/29/2014	10/17/2014	214,000.00	0.00	0000000696 BELL EQUIPMENT COMPANY Contact: Phone:
14-000855 KWallace FY 2015 WPC FILTER BELT PRESS PARTS	Partial	Blanket WPC	07/01/2014	10/17/2014	22,000.00	20,280.00	0000003248 ANDRITZ SEPARATION INC Contact: Phone:
14-000856 CPriest SERVICE & HYDRANT PARTS	Partial	Blanket WSC	07/01/2014	10/17/2014	65,000.00	13,228.75	0000000069 ETNA SUPPLY COMPANY Contact: Phone:
14-000857 CDotson CO 2 TO 13-151, METRO ACTIVITY REIMBURSEMENT	Partial	Regular CED	09/25/2014	10/20/2014	96,114.86	77,586.86	0000004251 METRO COMMUNITY DEVELOPMENT, INC Contact: Phone:
14-000858 CDotson F14007 HOME REPAIRS AND REDEVELOPMENT	Open	Regular CED	07/01/2014	10/20/2014	1,148,343.00	1,148,343.00	0000005110 ARCO SYSTEMS LLC Contact: Phone:
14-000862 KNeumann INTERNAL & EXTERNAL LIGHTING AT CITY HALL	Partial	Blanket MAINT		10/21/2014	205,340.00	42,595.00	0000002701 WALKER ELECTRIC, INC. Contact: Phone:
14-000867 MPOISSON CHEMCO PRODUCTS VENDOR 5111 PW340 CATIONIC POLYMER-SOFTENING AID	Completed	Blanket WA PLANT	07/01/2014	10/22/2014	38,000.00	0.00	0000005111 CHEMCO PRODUCTS INC Contact: Phone:
14-000868 CDotson F14062 ADULT LITERACY HUD 14-15 ALLOCATION, PUB SVCS	Partial	Regular CED	07/01/2014	10/10/2014	87,581.00	76,043.90	0000004265 CHRIST ENRICHMENT CENTER Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000871 RJohnson .223 AMMO	Open	Regular POLICE		10/09/2014	7,600.00	7,600.00	0000005215 VANCE OUTDOORS INC Contact: Phone:
14-000879 MRule REPAIRS AND UPGRADES TO FIRE STATION #1 FUEL TANKS AND PIPING	Completed	Regular FLEET	10/16/2014	10/16/2014	9,000.00	0.00	0000004134 MID MICHIGAN STATION SERVICES Contact: Phone:
14-000882 JEvans	Completed	Regular CLERK		10/15/2014	5,000.00	0.00	0000003241 MILLER CONSULTATIONS & ELECTIONS, I Contact: Phone:
14-000886 VFoster SPUD SOFTWARE FOR WEBSITE PROJECT AND MGT	Partial	Regular IS	10/07/2014	10/08/2014	13,826.50	12,432.00	0000005200 SPUD SOFTWARE INC Contact: Phone:
14-000904 MRule FRONT MOUNTED SNOW PLOWS AND COMPONENT PARTS	Open	Regular FLEET	10/24/2014	10/24/2014	70,848.00	70,848.00	0000000474 CANNON ENGINEERING AND EQUIP CO, LL Contact: Phone:
14-000909 rtibbetts PUBLIC DEFENDER	Partial	Regular 68DC	11/03/2014	11/03/2014	9,000.00	7,000.00	0000005194 AMY K HARRIS PLC Contact: Phone:
14-000911 CPriest HAZARDOUS HOUSEHOLD WASTE COLLECTION	Open	CONTRACT WSC	07/01/2014	10/03/2014	42,000.00	42,000.00	0000004739 EQ THE ENVIRONMENTAL QUALITY CO Contact: Phone:
14-000912 KNeumann CARPET FOR BASEMENT - OLD I.S. OFFICES	Completed	Regular MAINT		11/03/2014	8,762.00	0.00	0000000682 FLINT CARPET CO Contact: Phone:
14-000913 rtibbetts JURY DUTY	Partial	Regular 68DC	11/04/2014	11/04/2014	20,000.00	18,054.44	0000000270 GENESEE COUNTY TREASURER Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000916 CDotson F14060 BIG BROTHERS BIG SISTERS HUD 14-15, CB MENTORING	Partial	Regular CED	07/01/2014	10/10/2014	30,000.00	20,203.80	0000002524 BIG BROTHERS BIG SISTERS OF Contact: Phone:
14-000918 JEvans LAPTOP FOR ALL 9 CITY COUNCIL MEMBERS	Completed	Regular CLERK		11/07/2014	7,199.91	0.00	0000004499 NEWEGG INC. Contact: Phone:
14-000920 CDavila SUPERVISOR TRAINING	Partial	Blanket HR	10/30/2014	10/17/2014	17,500.00	10,500.00	0000003962 MICHIGAN STATE UNIVERSITY Contact: Phone:
14-000922 MRule REPAIRS TO VEHICLE 4368	Open	Confirming FLEET	11/07/2014	11/07/2014	6,876.54	6,876.54	0000000219 GRAFF TRUCK CENTER Contact: Phone:
14-000929 YGray 40 HOUR HAZWOPER TRAINING	Open	Regular WA PLANT	10/23/2014	10/23/2014	7,110.00	7,110.00	0000004797 LIFESAFE SERVICES LLC Contact: Phone:
14-000931 CDotson C/O #1 - SALEM DEVELOPER FEES, 1650 N GRAND, 611 WELCH	Partial	Regular CED	11/03/2014	10/23/2014	21,642.68	1,579.99	0000002233 SALEM HOUSING COMM DEVELOPMENT CORP Contact: Phone:
14-000936 BWideman RENTAL OF BOBCAT FOR SNOW REMOVAL DURING WINTER SEASON	Open	Regular STREET	10/24/2014	10/24/2014	5,300.00	5,300.00	0000005174 ALTA CONSTRUCTION EQUIPMENT LLC Contact: Phone:
14-000939 BWideman RENTAL OF LOADERS FOR LEAF/SNOW REMOVAL	Open	Regular STREET	10/13/2014	11/13/2014	49,600.00	49,600.00	0000000003 AIS CONSTRUCTION EQUIP&CONTRACTORS Contact: Phone:
14-000940 CDotson LSEM FAIR HOUSING, PUB SVCS, FHUD15 ALLOCATION, EME2842014	Open	Regular CED	07/01/2014	10/09/2014	20,000.00	20,000.00	0000000226 LEGAL SERVICES OF EASTERN MICHIGAN Contact: Phone:

PO NUMBER	PO STATUS	PO TYPE	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
ENTERED BY		DEPARTMENT					
DESCRIPTION							
14-000941	Open	Regular	07/01/2014	10/09/2014	24,000.00	24,000.00	0000000226
CDotson		CED					LEGAL SERVICES OF EASTERN MICHIGAN
LSEM, CREDIT REPAIR BRPTCY, PUB SERVICES FHUD15 ALLOCATION							Contact:
							Phone:
14-000942	Completed	Blanket		11/19/2014	36,000.00	0.00	0000005228
KRNEUMANN		STREET					FARM DEPOT LTD
SNOW PLOWS							Contact:
							Phone:
14-000943	Open	Regular	08/13/2014	10/09/2014	453,230.00	453,230.00	0000003238
CDotson		CED					GENESEE COUNTY LAND BANK AUTHORITY
GCLB CDBG DEMOLITION, ACTION PLAN HUD 14-15							Contact:
							Phone:
14-000945	Open	Regular	07/01/2014	10/10/2014	100,000.00	100,000.00	PKR0000540
CDotson		CED					UNITED WAY OF GENESEE COUNTY
UNITED WAY F14080, HUD 14-15 YOUTH RECREATION PUB SVCS							Contact:
							Phone:
14-000948	Open	Blanket	11/20/2014	11/20/2014	9,186.63	9,186.63	0000004614
MRule		FLEET					VIKING-CIVES MIDWEST, INC
SPINNER ASSEMBLIES FOR SALT TRUCKS							Contact:
							Phone:
14-000956	Open	Regular	11/25/2014	11/25/2014	7,500.00	7,500.00	0000003583
MPOISSON		WA PLANT					OZONIA NORTH AMERICA
OBSERVATION OF SYSTEM WHILE IN OPERATION AND TROUBLESHOOTING TO							Contact:
							Phone:
14-000958	Open	Regular		11/18/2014	14,700.00	14,700.00	0000005228
KRNEUMANN		STREET					FARM DEPOT LTD
CAMERAS & TELEMETRICS							Contact:
							Phone:
14-000966	Partial	Regular		11/11/2014	135,240.00	129,240.00	0000005228
KRNEUMANN		STREET					FARM DEPOT LTD
LEASING OF TRUCKS FOR SNOW REMOVAL							Contact:
							Phone:
14-000973	Partial	Regular	12/03/2014	12/03/2014	6,498.00	3.96	0000004370
BWideman		STREET					ADVANCED DUST CONTROL
GEOMELT ANTI-ICING/DEICING MATERIAL AND REMOVAL OF TAINTED MATERIALS							Contact:
							Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-000993 rtibbetts MAINTENANCE AGREEMENT DEC. 1, 2014 - NOV. 30, 2015	Open	Regular 68DC	12/10/2014	12/10/2014	8,000.00	8,000.00	0000003943 JEFFERSON AUDIO VIDEO SYSTEMS, INC Contact: Phone:
14-000994 MPOISSON MOTOR CONTROL CENTER UPGRADE	Open	Regular WA PLANT	09/19/2014	12/12/2014	440,157.00	440,157.00	0000000133 MCNAUGHTON MCKAY ELECTRIC CO Contact: Phone:
14-000995 KRNEUMANN INSTALL SNOW PLOW BLADES ON TRACTORS	Open	Blanket STREET		12/11/2014	10,000.00	10,000.00	0000005228 FARM DEPOT LTD Contact: Phone:
14-000996 MJarvis WADE TRIM ENGINEERING SERVICES FOR THE RIVERBANK PARK IMPROVEMENT PROJECT	Open	CONTRACT PARKS	11/03/2014	11/03/2014	14,000.00	14,000.00	0000000198 WADE TRIM, INC Contact: Phone:
14-000997 YGray ANNUAL PUBLIC WATER FEE	Open	Regular WA PLANT	11/05/2014	11/05/2014	26,708.63	26,708.63	SMI0001A04 STATE OF MICHIGAN Contact: Phone:
14-000999 KNeumann SNOW PLOWS	Open	Blanket STREET		12/10/2014	59,335.00	59,335.00	0000005237 SHAW BROS LIMITED Contact: Phone:
14-001012 BWideman RETROFITTING OF SALT TRUCK W/SPRAY BAR AND FITTINGS FOR DEICER	Open	Regular STREET		12/15/2014	5,000.00	5,000.00	0000005231 B2B CONSULTING INC Contact: Phone:
14-001013 VFoster GOOGLE LICENSES (CHANGE ORDER #11-108C)	Open	CONTRACT IS		12/17/2014	36,156.00	36,156.00	0000004698 ONIX NETWORKING CORPORATION Contact: Phone:
14-001017 CPriest WATER METERS	Open	Regular WSC		12/19/2014	110,811.00	110,811.00	0000002095 METRON-FARNIER, LLC Contact: Phone:

PO NUMBER / ENTERED BY / DESCRIPTION	PO STATUS	PO TYPE / DEPARTMENT	REQUIRED DATE	DATE POSTED	AMOUNT	PO BALANCE	VENDOR INFORMATIO
14-001019 RKelly GENERATOR INSPECTION & SERVICE	Open	Blanket WA PLANT	07/01/2014	12/19/2014	5,000.00	5,000.00	0000002984 PM TECHNOLOGIES Contact: Phone:
14-001022 RKelly MACHINING SERVICE	Open	Blanket WA PLANT	07/01/2014	12/22/2014	5,000.00	5,000.00	0000000325 PLATINUM MECHANICAL INC Contact: Phone:
14-001023 YGray 2014 DRAIN TAX ROLL	Open	Regular WA PLANT	10/08/2014	12/22/2014	5,285.00	5,285.00	0000000847 GENESEE COUNTY DRAIN COMMISSIONER Contact: Phone:
14-001025 KWallace FY 2015 WPC THERMO ELECTRON CORP THC ANALYZER	Open	Regular WPC	07/01/2014	12/23/2014	6,000.00	6,000.00	0000003079 THERMO ENVIRONMENTAL INSTRUMENTS Contact: Phone:
14-001030 MRule VEHICLE LEASING	Open	Blanket FLEET	12/18/2014	12/18/2014	502,000.00	502,000.00	0000005240 ENTERPRISE FM TRUST Contact: Phone:
Grand Totals:		77			5,016,675.74	4,162,845.04	

Section Separator

(c) A description of each loan sought, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the proposed use of the funds.

The City of Flint has not sought, approved or disapproved any loan during the reporting period of July 8, 2014 through October 8, 2014.

Section Separator

(d) A description of any new position created or any vacancy in a position filled by the appointing authority.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Receivables Enforcement Officer Trainee	Job Code Number:	20-C-122
Established:	December 18, 1989	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
In a learning situation, participates in the collection of the City of Flint receivables; performs related work as required. (This is a training position in which the employee will work with increasing independence and decreasing direct supervision over a one year period at the end of which the employee will be promoted to the position of Receivables Enforcement Officer if job performance has been satisfactory.)

SUPERVISION RECEIVED:
Work is performed under the supervision of the Deputy Treasurer or Assistant Customer Service Operations Supervisor.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Learns and assists in implementing and maintaining procedures and methods necessary to conduct a collection and enforcement program for the City of Flint receivables.

2. Assists in initiating enforcement and compliance procedures.

3. Assists in contacting taxpayers, accountants, attorneys and other parties through correspondence, telephone and personal contact relative to the collection of delinquent accounts or remittance of monies due the City.

4. Assists in the development and maintenance of records, and files pertaining to collection and enforcement policies and procedures.

5. Assists in assembling records and preparing documentation for court proceedings and attends hearings and court trials pertaining to such cases.

6. Answer questions concerning the collection process; explains penalties and other consequences of lack of compliance.

7. Learns enforcement procedures based on review of delinquent accounts in automated and manual systems; becomes familiar with City of Flint policies and procedures, ordinances and laws regarding collection and enforcement of City receivables.

MINIMUM ENTRANCE REQUIREMENTS:
A. A Bachelors Degree from an accredited college specializing in Business Administration, Public Administration or related field OR two (2) years of experience in the classification of Accountant, Auditor, Income Tax Examiner, Assistant Income Tax Examiner, Treasury Receivables Examiner or Senior Customer Service Clerk.
B. Knowledge of business English and commercial arithmetic.
C. Ability to effectively communicate both in writing and verbally.
D. Ability to follow written and verbal instructions.
E. Ability to read and interpret ordinances, laws, rules and regulations.
F. Ability to prepare accurate and clear reports and records.
G. Working knowledge of data processing systems and functions.

NECESSARY SPECIAL REQUIREMENT(S):
Possession of a valid State of Michigan Driver's license

PHYSICAL DEMANDS:
While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle or feel objects, tools or controls; and reach with hands and arms. The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History:
Established: Personnel 12/18/99
Revised: Personnel 05/11/99, 06/14/96, 02/09/01
Revised: Human Resources 03/09/05
Revised: Human Resources 07/27/10
Revised: Human Resources 08/13/13

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Principal Clerk Typist	Job Code Number.	16-A-010
Established:	July 30, 1981	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Acts as secretary to the administrator of a large department or major operating division; performs difficult and complex clerical work involving a considerable degree of decision; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of an administrative employee who assigns work and reviews for accuracy, but allows considerable independence of action.

SUPERVISION EXERCISED: Exercises working supervision over a few clerical employees engaged in a variety of clerical duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Types from a variety of drafts, forms, letters, receipts, records, reports, tape recordings and other materials which includes frequent use of technical terminology; prepares rough draft narratives and tabulations.
2. Researches and gathers a variety of data for use in composing and typing correspondence, applying a knowledge of departmental operations and regulations.
3. Performs a variety of secretarial activities, taking action as necessary in disposing of matters assigned by superiors.
4. Receives and interviews visitors; makes appointments and arranges meetings; opens, reads, and distributes incoming mail; assembles pertinent files and materials relevant to reply; maintains confidential files.
5. Checks the accuracy and completeness of reports and computations made by others; makes difficult computations and tabulations; may perform bookkeeping work and maintain accounting records. Maintains petty cash fund.
6. Maintains payroll records; computes payroll distribution; distributes payroll checks to employees.
7. Performs a variety of clerical work such as answering the phone, waiting on the counter, receiving fees, copying and the requisitioning of supplies.
8. Operates various office machines; may operate a dictation machine or a variety of other word processing equipment.
9. May supervise or assist subordinate clerical employees in the performance of routine to moderately complex office work.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least two years of experience in the performance of responsible and difficult clerical or secretarial work.
B. Considerable knowledge of modern office practices and procedures and of Business English and Arithmetic.
C. Ability to type from plain copy at the rate of fifty (50) net words per minute at a computer keyboard.
D. Ability to use computer software as related to office practices including electronic word processing, database, and spreadsheet packages.
E. Ability to compose letters and reports relative to work which does not depart substantially from routine.
F. Ability to keep involved clerical records; to assemble and organize data; and to prepare reports from such data.
G. Ability to prepare effective correspondence.
H. Ability to plan and supervise the work of subordinate clerical employees.
I. Ability to make decisions independently in accordance with rules, regulations and departmental policies and procedures.
J. Ability to deal with the public courteously and tactfully.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle, or feel objects, tools, or controls; and reach with hands and arms.

The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History
Established: Personnel 07/30/81
Reallocated: Personnel (Wage Inequity) 07/01/87
Revised: Personnel 04/20/98
Revised: Human Resources 10/06/04
Revised: Human Resources 02/25/05
Reallocated: Human Resources 10/22/06

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

Openings as of 1/5/2015

Snow Plow Operator

JobID: 168

Position Type:
Transportation

Closing Date:
11/26/2014

Date Posted:
10/20/2014

Location:
12th Street Yards (Garage) - City of Flint

SNOW PLOW OPERATORS WANTED
TEMPORARY PART-TIME, DECEMBER 2014 TO APRIL 2015
(APPROXIMATELY 20 HOURS PER WEEK GUARANTEED)

The City of Flint, Michigan, is seeking qualified candidates to assist City of Flint Street Maintenance crews by plowing City streets and performing other winter maintenance activities as needed. Services may be required during the day or night as dictated by snow/ice events.

Requirements:

- Heavy equipment operator experience (three years experience required)
- CDL Class A, or Class B
-
- **NOTE: Qualified candidates in possession of a "TIP" (Temporary Instruction Permit) will be able to apply for this position with the understanding that if they are selected they must be in possession of a valid CDL "A" OR "B" by December 31, 2014 or be discharged from the position.)**
- Valid driver's license
- Ability to pass a background check, drug screen, and physical.
- Willingness to work during the day or night as dictated by snow/ice events
- Telephone available to receive call-ins on an as-needed basis

If you have snow removal experience and/or operated farm, construction equipment, pay loaders, bobcats, bulldozers, dump trucks, 4x4's with plows or other heavy equipment, please apply!

PHYSICAL DEMANDS:
While performing the duties of this job, the employee regularly works in outside weather conditions. The employee regularly works near moving mechanical parts and is exposed to inclement conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is regularly required to reach with hands and arms and is required to stand and walk; and use hands to finger, handle, feel or operate objects, tools, or controls. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; and talk or hear.

The employee must frequently lift and/or move up to 25 pounds and occasionally lift and/or move more than 100 pounds. Specific vision abilities required by this job include close vision, and the ability to adjust focus.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	School Crossing Guard	Job Code Number:	02-P-031
Established:	August 31, 1964	Bargaining Unit:	None

GENERAL STATEMENT OF DUTIES: Assists school children in safely crossing the streets at or near a school; notes traffic or other law violators and reports them to Police Department; performs related work as required.

SUPERVISION RECEIVED: Works under the supervision of Police personnel who makes assignments and frequent inspections.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Assists school children in crossing streets or street intersections by directing or halting traffic when necessary.

2. Gives directions answers questions, and otherwise assists the general public.

3. Observes traffic or other law violators and reports them to police authorities.

4. Performs related work as required.

MINIMUM ENTRANCE REQUIREMENTS:

A. At least 18 years of age or high school graduation. (Applicants beyond the age of 70 may be appointed to this position.)
B. Possession and maintenance of a valid Michigan Driver's License
C. Working knowledge of State laws and City ordinances pertaining to traffic regulations.
D. Working knowledge of the location of City streets and buildings.
E. Ability to follow oral and written directions.
F. Ability to deal courteously but firmly with the public.
G. Ability to deal successfully with school children, the general public and police officers.
H. No serious defects of vision, hearing, or members. (Vision, hearing, and cardiovascular system to be checked prior to start of each school year.)
I. Ability to meet the physical, mental, and visual standards of the job.
J. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is frequently required to stand; sit; walk; talk or hear; use hands to finger or handle objects, tools or controls; and reach with hands and arms. While performing the duties of this job, the employee regularly works in outside weather conditions and around traffic. The employee is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, extreme cold, extreme heat and vibration.

Classification History:
Allocated: CSC 07/01/63
Established: City Comm. 08/31/64
Revised: Personnel 06/21/79, 01/11/82
Revised: Human Resources March 2005

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Water Plant Operator Trainee	Job Code Number:	12-N-001
Established:	October 22, 1974	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Under an on-the-job training program with close supervision, maintains, operates and repairs water pumping, softening, disinfecting and other treatment equipment; performs related work as required. (After six (6) months experience as a Water Plant Operator Trainee, the employee will be eligible for **and must pass** ~~to take~~ the examination for promotion to Water Plant Maintainer.

SUPERVISION RECEIVED: Works under the direct supervision of the Water Plant Maintenance Supervisor or Water Plant Operations Foreman or another employee of higher grade who assigns work, provides assistance when needed and reviews work for satisfactory completion.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Inspects, cleans adjust and repairs water plant equipment such as filter beds, valves, controllers, recording gauges, coagulators, chlorinators, chemical feeders, softening equipment, sump and sludge pumps, compressors, pumps and motors.
2. Maintains, operates, and repairs settling basins, clear wells, hydraulic valves, and pumping equipment; operates and maintains dams.
3. Performs routine inspections of water treatment equipment and facilities; performs record keeping functions with regard to such inspections.
4. Backwash and cleans filters, checks filter valves, records loss of head, rate of flow; installs, and repairs water lines.
5. Takes water samples and makes simple chemical test such as hourly chlorine residuals of tap settled and effluent water; makes turbidity and coagulation tests.
6. Assists in maintaining and repairing plant buildings and appurtenances.
7. Loads and unloads material and supplies.

MINIMUM ENTRANCE REQUIREMENTS:

~~A. Completion of 10th grade in high school.~~ **High School Diploma or Equivalent.**
B. Working knowledge of the methods, practices, tools, and materials used in the mechanical trades.
C. Ability to perform mathematical calculations involving algebra and geometry.
D. Ability to perform semi-skilled maintenance task as directed.
E. Ability to use common hand tools with a reasonable degree of skill.
F. Ability to meet the physical, mental and visual standards of the job.
G. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons, or equipment.

NECESSARY SPECIAL REQUIREMENT:

- Possession of a valid State of Michigan Driver's License at the time of application.
- **Possession of an MDEQ F4 license is required within eighteen (18) months of appointment.**

PHYSICAL DEMANDS:

The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is occasionally required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus. Hand-eye coordination is necessary to operate computers and various pieces of office equipment.

Classification History:
Established CSC Mtg: 10-22-74
Revised: Personnel 06-27-78, 02-27-80, 04-15-85, 12-07-89
Revised & re-titled: Personnel 02-07-97 (formerly Water Trainee)
Revised: Human Resources 08/06/08
Revised: Human Resources 01/09/14

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	City Administrator	Job Code Number:	NA
Established:	August 2002		Appointed

GENERAL STATEMENT OF DUTIES:
Performs high level administrative, technical and professional work in directing and supervising the administration of city government.

SUPERVISION RECEIVED:
Works under the broad policy guidance of the Mayor.

SUPERVISION EXERCISED:
Exercises supervision over all municipal employees, either directly or through appointed department officials.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Serves as the principal administrative officer, directly under the Chief Executive Officer, the Mayor, in implementation of executive policy and in directing the management of administrative activities and appointed staff officials.

2. Assembles financial and management information; meets and confers with City department heads to gather and assemble pertinent data and information and recommendations for the Mayor's consideration in making executive determinations and policy.

3. Translates executive decisions and policies of the Mayor into administrative procedures for the cost effective and efficient operation of the City.

4. Monitors and manages the administrative inter-activity of the City departments so the delivery of public services represents an effective coordinated effort.

5. Prepares and reviews correspondence, reports, speeches, resolutions, and other material for public relations purposes. Answers citizens and official inquiries regarding City policy matters.

6. Directs the preparation of the agenda for City Council meetings. Attends City Council meetings and Council Committees advising Committee members, and makes recommendations to committees consistent with administrative desires.

7. Attends, at the Mayor's discretion, public meetings and events giving speeches and information to the public.

MINIMUM ENTRANCE REQUIREMENTS:

A. Graduation from an accredited four-year college or university with a degree in public administration, political science, business management or a closely related field; Master's degree in public administration preferred.
B. Seven (7) years of increasingly responsible experience as a municipal administrator.
C. Five (5) years experience supervising a professional staff at the department head level.
D. Considerable knowledge of modern policies and practices of public administration.
E. Working knowledge of municipal finance, human resources, public works, public safety, and community development.

MINIMUM ENTRANCE REQUIREMENTS: (con't)

F. Skill in preparing and administering municipal budgets and planning, directing and administering municipal programs.
G. Demonstrated ability to facilitate organization development, delivery systems and evaluation in a complex municipal environment.
H. Ability to prepare and analyze comprehensive reports.
I. Ability to carry out assigned projects to their completion.
J. Ability to communicate effectively verbally and in writing.
K. Ability to make presentations to the public and elected officials regarding complex concepts.
L. Ability to establish and maintain effective working relationships with employees, City officials and the public; ability to efficiently and effectively administer a municipal government.

PHYSICAL DEMANDS:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle or feel objects, tools, or controls; and reach with hands and arms.

Classification History:
Established: 8/9/02

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Water Distribution Operator Trainee	Job Code Number:	16-N-035
Established:	June 26, 1961	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES: Under an on-the-job training program with close supervision installs, maintains and repairs water mains, valves, meters, hydrants and other appurtenances of the water supply system; performs related work as required. As the training progresses, supervision may be proportionately decreased and the responsibility of assignments increased. After completion of 2080 paid working hours, not including overtime, of on-the-job training, in the Water Service Center Division, the training period will be considered complete and the employee eligible for examination for promotion to Water Distribution Operator.

SUPERVISION RECEIVED: Works under the direct supervision of a foreman or employee of a higher grade who assigns work and checks for proper performance of duties.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

1. Installs water mains and new service lines; inserts tapping valves for new mains and service lines.
2. Lays and repairs water mains; repairs gate valves; installs, repairs and tests fire hydrants; constructs and repairs wells on line gates.
3. Installs service connections, including tapping water main and laying service pipe; connects and disconnects shut-off valves and stop box; digs and back-fills trenches; locates and digs up curb boxes as necessary; thaws frozen lines in winter.
4. Caulks joints, cuts pipe, cuts out broken pipe, puts on sleeves, shuts off gate valves, repairs stuffing boxes.
5. Installs and removes consumer water meters. Performs water turn on and offs.
6. Operates equipment such as air compressors, valve turning or other equipment associated with water distribution and repair.
7. Drives utility dump trucks or other vehicles; orders materials; makes out simple reports on work performed and materials used.
8. May work with one or more Water Service Center employees.
9. May clean and repack water meters and/or be assigned duties in the stockroom.
10. May be required to perform duties in Sewer Operations.

MINIMUM ENTRANCE REQUIREMENTS:

A. Ability to communicate orally and carry out oral instructions.
B. Skill in the use of the more common shop tools.
C. Ability to perform manual labor for extended periods under unfavorable climatic conditions or in mud or water.
D. Mechanical aptitude.
E. Ability to meet the physical, mental and visual standards of the job.
F. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons and equipment.
G. Underground excavation and heavy equipment experience preferred.

NECESSARY SPECIAL REQUIREMENT:

A. Possession and maintenance of a valid Driver's License.
B. Possession and maintenance of a valid CDL Class B Driver's License.
C. Progression in the training series to Senior Operator level is required to remain in the program. Must make continuous satisfactory progress in the training program including promotion to Operator within twelve (12) months to remain employed in the series. Operational knowledge and training progress will be assessed periodically by WSC supervision.
D. Employee must successfully complete six (6) month probationary period.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee regularly works in outside weather conditions. The employee occasionally works near moving mechanical parts and is occasionally exposed to wet and/or humid conditions, fumes or airborne particles, traffic, toxic or caustic chemicals, risk of electrical shock, and vibration. The employee is occasionally required to stand; walk; use hands to finger, handle, feel or operate objects, tools, or controls; and reach with hands and arms. The employee is frequently required to sit; climb or balance; stoop, kneel, crouch, or crawl; talk or hear; and smell. The employee must frequently lift and/or move up to 50 pounds and occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus.

Classification History

Allocated: CSC MTG. 05/15/61
Established: SC MTG. 06/26/61
Reallocated: CSC MTG. 12/12/69
Re-titled: CSC MTG. 07/02/74
Revised: Personnel 07/07/81, 03/17/82, 05/03/90, 02/01/01, 02/25/11
Revised, Reallocated, Retitled: Human Resources 11/08/2013
(Formerly Water Distribution Maintainer Trainee)

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	**Deputy Finance Director**	Job Code Number:	35-D-031
Established:	December 21, 1964	Union:	EXEMPT

GENERAL STATEMENT OF DUTIES:
Assists in planning, coordinating and directing the activities of the Department of Finance. Supervises the accounting procedures of the computerized accounting systems in the Department of Finance in accordance with modern accounting principles and applicable legal requirements and laws; performs related work as required.

SUPERVISION RECEIVED:
Works under the general supervision of the Finance Director who gives administrative guidance and instruction.

SUPERVISION EXERCISED:
Exercises supervision over employees engaged in a variety of tasks pertaining to the City's Finance and Accounting procedures and coordinates the activities of the different divisions of the Finance Department.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Assists in planning, coordinating and directing the activities of the Department of Finance for the City.
2. At the direction of the Finance Director, supervises the functions of Finance Department accounting such as income tax collection, payroll, insurance, risk and benefits, retirement activities and information systems.
3. Coordinates the development, design and implementation of computerized accounting systems for the Finance Department.
4. May assist in the design of accounting procedures for all City financial functions as a means of affording the Director of Finance continuing and detailed information concerning costs of various City department and division functions and operations.
5. May audit and have signature voucher checks, initiate voucher request for payments, all documents in the absence of the Finance Director; approves all journal vouchers and initiates journal entries.
6. Advises the Director of Finance as to the performance of the City's cash management function.
7. May prepare special schedules and reports such as computing effective interest at the sale of City bonds; informs contract auditors regarding City accounting policies and procedures.
8. As directed, attends meetings on behalf of the Finance Director and, as assigned, performs duties of the Director in his/her absence.
9. May provide guidance to department heads and other department officials on accounting matters; assists in the coordination of accounting procedures with activities of other departments. Supervises employees in the use and operation of the financial automated system on micro and mainframe computers.

MINIMUM ENTRANCE REQUIREMENTS:

A. Bachelor's Degree in Business Administration or Bachelor's of Science with major in Accounting. Master's Degree or CPA preferred. Graduation from college with specialization in Accounting, Business Administration or related field.

B. Four (4) years full time paid supervisory work experience in commercial, public, or governmental accounting.

C. Knowledge of accounting principles and procedures as applied to commercial, cost budgetary and encumbrance accounting.

D. Knowledge of the statutes, ordinances, resolution and policies applicable to budgetary activities.

E. Working knowledge of budgetary and fund accounting principles and practices.

F. Ability to develop and maintain data processing methods and procedures for processing basic accounting data.

G. Ability to design, monitor and maintain special accounting methods, procedures, policies, records and forms.

H. Ability to maintain satisfactory working relationships with the public, department heads, outside officials and others.

I. Ability to meet the physical, mental and visual standards of the job.

PHYSICAL DEMANDS:

While performing the duties of the job, the employee is frequently required to sit and talk or hear. The employee must occasionally lift or move up to 10 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus.

Classification History:
Revised: CSC 12/21/64, 7/22/69
Revised & Reallocated: Personnel 11/17/92
Reallocated: 03/01/06

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Vacancy Filled

EM SUBMISSION NO.: EME6362017

PRESENTED: 12-1-14

ADOPTED: 12-1-14

RESOLUTION TO EMPLOY THE SERVICES OF TIMOTHY SMITH

BY THE EMERGENCY MANAGER:

Pursuant to the authority granted by the Emergency Manager by Public Act 436 of 2012, Timothy Smith shall be employed by the City of Flint in the capacity of Truck and Heavy Equipment Mechanic for the Finance Department. Mr. Smith's employment with the City of Flint shall be at the will of the Emergency Manager until such time as the Emergency Manager determines that his employment shall cease, or until such time as the Emergency Manager's authority terminates by operation of law; and

Mr. Smith shall be compensated at the rate of $30 per hour. Mr. Smith shall be paid in bi-weekly installments consistent with established written policies and procedures of the City of Flint and subject to statutory tax withholding requirements; and

Mr. Smith shall not be entitled to any fringe benefits of employment; and

Mr. Smith's compensation shall be drawn from the budgeted and appropriated funds in line item 661-451.100-702.100, Wages and Salaries. Further, Mr. Smith's salary for the period of December 1, 2014 through March 31, 2015, under the authority of this resolution, shall not exceed $21,600.00.

IT IS RESOLVED, that the Emergency Manager does, on behalf of the City of Flint, authorize the employment of Timothy Smith under the terms and conditions stated above. Compensation shall be at an hourly rate of $30.00 per hour, drawn from the budgeted funds in line item 661-451.100-702.000, Wages and Salaries, and with statutory taxes being withheld as required by law. By virtue of this resolution, Mr. Smith's salary shall not exceed $21,600.00.

APPROVED AS TO FORM:

FOR

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ **REFER TO COUNCIL**_____ **FAIL**_____

DATED: 12-01-14

Darnell Earley, ICMA-CM, MPA
Emergency Manager

RESOLUTION STAFF REVIEW

DATE: November 26, 2014

Agenda Item Title: Resolution to enter to employ the services of Timothy Smith

Prepared By: V. Foster

Background/Summary of Proposed Action: The Fleet Division is requesting to hire Timothy Smith as a temporary employee. It has been very difficult for the City to find permanent qualified individuals for its Truck and Heavy Equipment Mechanic positions.

As winter season approaches, there is much concern about the Fleet Division's ability to effectuate the necessary repairs on a regular basis at its current staffing level. Mr. Smith has agreed to perform these repairs on a temporary basis at the rate of $30 per hour. This agreement shall not include benefits.

Therefore, the Fleet Division is requesting to employ Timothy Smith for the period December 1, 2014 and ending March 31, 2015.

Financial Implications
None.

Budgeted Expenditure? X Yes No Please explain if no:

Account No.:

661-451.100-702.000

Pre-encumbered? n/a Yes No Requisition #

Other Implications (i.e., collective bargaining):

Staff Recommendation:

It is the recommendation of the Finance Director that the necessary steps be taken to employ the services of Timothy Smith.

Staff Person: V Foster **Approval:** [signature] ok pbc

	Title	Current Wage	Dual Rate	2nd Shift Rate	OT Rate	Expected OT	Wages (702.000)	Over Time (709.000)
Fy15	Rule	$29.865				0.00	$62,119.20	$0.000
	Stephens	$20.670			$31.005	0.00	$42,993.60	$0.000
	Rodriguez	$26.711			$40.067	30.00	$55,558.88	$1,201.995
	Vacant Mechanic	$16.510	$26.711		$24.765	30.00	$19,920.08	$742.950
	Cooper	$19.943			$29.915	25.00	$41,457.44	$747.863
	Taylor	$19.943			$29.915	25.00	$41,457.44	$747.863
	Mosher	$19.943	$26.711		$29.915	25.00	$41,457.44	$747.863
	Dollar	$19.374			$29.061	25.00	$40,273.92	$726.525
	Vacant Mechanic	$16.510			$24.765	25.00	$19,920.08	$619.125
	Vacant PT Helper	$14.569		$14.569	$21.854		$7,109.67	$0.000
	Vacant PT Helper	$14.569		$14.569	$21.854		$7,109.67	$0.000
	Vacant PT Stock Keeper	$0.000			$0.000		$0.00	$0.000
	Vacant PT Clerical	$0.000			$0.000		$0.00	$0.000
	Dual 1st shift	$26.711	(260 hrs sick/annual)		$40.067		$6,944.86	$0.000
	Dual 2nd shift	$0.000	$26.711	$26.711	$0.000		$18,163.48	$0.000
	Contract Mechanic	$30.000			$0.000		$19,680.000	$0.000
							$404,485.76	
					FY15 Budget		$428,419.00	
	Adjusted to 7 months				(+/-)		$23,933.24	

Vacancy Filled

EM SUBMISSION NO.: EME 6882014

PRESENTED: 12-23-14

ADOPTED: 12-23-14

BY THE EMERGENCY MANAGER:

RESOLUTION APPOINTING ALBERT MOONEY AS INTERIM CITY TREASURER AND SETTING COMPENSATION LEVEL

Pursuant to the authority granted the Emergency Manager by Public Act 436, Albert Mooney shall be appointed as Interim City Treasurer, effective December 29, 2014; and

Mr. Mooney shall be compensated at an hourly rate of $55.00, paid in biweekly installments consistent with established written policies and procedures of the City of Flint relative to salary. Mr. Mooney shall not be entitled to overtime, or any other fringe benefits of employment except for those benefits required by statute. Compensation shall be drawn from appropriated funds as follows: 10% from line item 101-253.200-702.000, 45% from line item 101-253.202-702.000; and, 45% from line item 101-253.203-702.000, Salary and Wages, with statutory benefits being drawn from appropriated funds pursuant to federal, state and local laws.

IT IS RESOLVED, that the Emergency Manager shall, on behalf of the City of Flint, appoint Albert Mooney as Interim City Treasurer, effective December 29, 2014, under the terms and conditions stated above. Hourly compensation of $55.00 shall be drawn from appropriated funds as follows: 10% from line item 101-253.200-702.000, 45% from line item 101-253.202-702.000; and, 45% from line item 101-253.203-702.000, Salary and Wages, with statutory benefits being drawn from appropriated funds pursuant to federal, state and local laws.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

Gerald Ambrose, Finance Director

EM DISPOSITION:

ENACT Y **REFER TO COUNCIL** _____ **FAIL** _____

Darnell Earley, Emergency Manager

DATED: 12/23/14

S:\P. Bade\EM2014\Resos\Albert Mooney Appt Interim City Treasurer 1222.14 doc

Vacancy Filled

CITY OF FLINT
Position Description

Class Title:	Account Clerk	Job Code Number:	16-D-001
Established:		Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
Maintains routine account ledgers and files; reconciles accounts; processes unpaid and overdue accounts; performs routine typing; performs related work as required.

SUPERVISION RECEIVED:
Works under the direct supervision of an accounting employee of higher grade who assigns work and checks for accuracy and conformance with standard procedures.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Sorts vouchers; types vouchers; posts vouchers, receipts, and credits to proper account ledger; prepares collection accounts; maintains a file of vouchers.

2. Reconciles totals to individual accounts; verifies extensions and totals; checks for availability of funds for expenditures; runs tape to prove balances.

3. Checks ledger numbers for correct accounts; compiles and organizes pertinent data for processing by the computer.

4. Determines due dates and checks files for unpaid overdue accounts; analyzes computer print-outs and originates corrections and adjustments as deemed necessary after a detailed check or records.

5. Prepares routine reports of transferred accounts; maintains cards and lists of accounts by classification.

6. Answer telephones and assist the public as necessary.

7. Performs occasional typing, such as records, forms, correspondence, or vouchers.

MINIMUM ENTRANCE REQUIREMENTS:
A. Working knowledge of the application of bookkeeping principles to routine accounting transactions, and ability to apply these principles in keeping accounting records.
B. Working knowledge of office methods, procedures, and equipment.
C. Ability to make arithmetical computations quickly and accurately.
D. Ability to understand and follow oral and written instructions.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee is frequently required to sit and talk or hear. The employee is occasionally required to walk; use hands to finger, handle or feel objects, tools or controls; and reach with hands and arms.
The employee must occasionally lift and/or move up to 25 pounds. Specific vision abilities required by this job include close vision and the ability to adjust focus. The noise level in the work environment is usually quiet.

Classification History
Revised: Personnel Office, 11-22-76
Revised & Reallocated: Wage Inequity, 07-01-83
Reallocated: Human Resources, June 12, 2006

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Section Separator

(e) A description of any position that has been eliminated or from which an employee has been laid off.

Laid off Position

CITY OF FLINT
Position Description

Class Title:	Casual Skilled Laborer (Street Maintenance)	Job Code Number:	12-V-001
Established:	9/2014	Bargaining Unit:	Local 1600

GENERAL STATEMENT OF DUTIES:
Performs a variety of manual laboring duties in a City department; performs related work as required.

SUPERVISION RECEIVED:
Works under the immediate supervision of a foreman or employee of higher grade who assigns and inspects work for conformance with standards.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Sweeps and cleans streets and gutters, collects and loads refuse into an accompanying truck or movable can; rakes leaves from streets and loads into trucks, shovels snow and breaks ice from streets and loads on trucks.
2. Performs pick and shovel work on asphalt, concrete and unpaved streets.
3. Performs simple tasks involved in building and repairing sidewalks, culverts, sewers, curbs, gutters, inlets and catch basins.
4. Loads and unloads trucks and care of pipe, cement and a variety of materials.
5. Lifts and loads sludge; mows and sprinkles golf course lawns; cuts weeds.
6. Skims clarifiers; washes signs and signal tanks.
7. Makes pavement markings and sign installation.
8. Assists with the removal, storing, and placing of park benches, tables, playground equipment and building supplies.
9. May on occasion operate a light or medium duty truck; may operate other non-driven power equipment and perform simple maintenance.

MINIMUM ENTRANCE REQUIREMENTS:
A. High School Diploma or Equivalent.
B. Preferably the ability to read and write.
C. Ability to follow simple oral instructions.
D. Ability to perform strenuous manual labor.
E. Ability to withstand exposure to variable weather conditions and to perform work which is generally out of doors.
F. Ability to meet the physical, mental and visual standards of the job.
G. Ability and willingness to work in a manner that will not needlessly endanger the safety to one's self, other persons, and equipment.

NECESSARY SPECIAL REQUIREMENT:
- Must possess a valid State of Michigan motor vehicle operator's license.

PHYSICAL DEMANDS:
While performing the duties of this job, the employee is frequently required to sit, talk, hear, stand, walk, use hands to finger, handle or operate objects, tools or controls, reach with hands and arms. The employee is occasionally required to climb or balance, stoop, kneel, crouch or crawl, taste and smell. The employee must frequently lift and/or move up to 50 pounds and occasionally lift and/or move up to 100 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception and the ability to adjust focus.

Classification History
Established: 9/2014

The job description does not constitute an employment agreement between the employer and employee and is subject to change by the employer as the needs of the employer and requirements of the job change.

Section Separator

(f) A copy of the contract with the emergency manager as provided in section 9(3)(e).

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

CONTRACT FOR EMERGENCY MANAGER SERVICES

Rick Snyder, Governor of the State of Michigan (Governor) and the Michigan Department of Treasury retain and appoint Darnell Earley as the Emergency Manager (Emergency Manager) for the City of Flint (City) under Public Act 436 of 2012, the Local Financial Stability and Choice Act, MCL 141.1541 *et seq*, (the Act).

The Emergency Manager will provide services to the City pursuant to the terms and conditions set forth in this Contract and the Act.

The Emergency Manager's role is to remedy the financial distress of the City by requiring, within available resources, prudent fiscal management and an efficient provision of municipal services by exercising the necessary authority conferred herein to take appropriate action on behalf of the City and its residents. In accepting this appointment, the Emergency Manager agrees to leverage all the Emergency Manager's skills and abilities to accomplish these objectives on behalf of City residents.

1. PARTIES, PURPOSE, DUTIES, AND REPORTS

1.1 Parties. The parties to this Contract are the State of Michigan by the Department of Treasury and Darnell Earley.

1.2 Purpose. The parties to this Contract agree that Darnell Earley will act as the Emergency Manager for the City. The Emergency Manager's duties and responsibilities are delineated in the Act and include conducting all aspects of the operations of the City and establishing and implementing a written financial plan as required by Section 11 of the Act.

1.3 Duties. The Emergency Manager shall possess all the powers and duties authorized under the Act, including those specifically related to local governments. In addition, the Emergency Manager shall work cooperatively with the Office of the Governor and the State Treasurer. The Emergency Manager agrees to continue to keep these officials informed of major initiatives to be undertaken in furtherance of this Contract before their public announcement. The Emergency Manager shall seek the approval of the State Treasurer before entering into a new collective bargaining agreement.

1.4 Reports. The Emergency Manager shall file quarterly reports with the Department of Treasury beginning on January 15, 2014, for the immediately preceding quarter and shall file the first report required by Section 17 of the Act within six months of the Emergency Manager's appointment and every three months thereafter.

1.5 Communications. The Emergency Manager shall establish and maintain an appropriate protocol for ongoing communications with officials of the City, City residents, and the media. The communications protocol should include a variety of means, including personal interactions.

2. TERM OF CONTRACT

2.1 The Emergency Manager serves at the pleasure of the Governor except as provided in Section 9(3)(d) and Section 9(6)(c) of the Act.

2.2 Effective Date. This contract is effective on Tuesday October 8, 2013.

3. COMPENSATION FOR SERVICES PROVIDED

3.1 Source of Payment. The State shall pay the compensation of the Emergency Manager for all services rendered under this Contract.

3.2 Salary. The Emergency Manager's salary for services rendered under this Contract shall be $180,000.00 per year. If this Contract is terminated after the Emergency Manager has provided services for a portion of the month, the Emergency Manager shall be entitled, for that portion of that month, to $15,000.00 multiplied by the proportion that the number of days of the month for which services were provided bears to the number of days of the whole month.

3.3 Payment for Services. The Emergency Manager shall be paid in installments consistent with the established written policies and procedures of the Michigan Department of Treasury. If requested by the State Treasurer, the Emergency Manager shall provide to the Michigan Department of Treasury additional information regarding services performed pursuant to this Contract.

3.4 Reimbursement for Actual and Necessary Expenses. The actual and necessary expenses of the Emergency Manager, including customary expenses related to travel, meals, and lodging which are incurred in connection with service to the City will be reimbursed by the City. The Emergency Manager shall provide original copies of all receipts for meals, lodging, and travel reimbursement with any request for reimbursement. Any reimbursement for expenses under this contract shall be reviewed and approved in writing by the City's Chief Financial Officer.

4. ADDITIONAL STAFF AND CONSULTANT FEES

4.1 Staff. The Emergency Manager may, as provided in the Act, appoint additional staff as necessary to fulfill the obligations of the Emergency Manager's appointment and duties under this Contract. Payment of compensation for additional staff will be the obligation of the City. While authority to hire additional staff rests with the Emergency Manager, the Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before extending offers of employment for positions paying $50,000.00, or more, annually. The Emergency Manager shall issue a written employment contract to each individual hired pursuant to this Section, regardless of the compensation paid to that individual. The employment contract

issued pursuant to this Section shall, as of the date the individual is hired by the Emergency Manager, prohibit the individual from engaging in any other employment for remuneration without the express written approval of the Emergency Manager. The Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before approving outside employment for any individual. A breach of this Section shall be a material breach of this Contract.

4.2 Professional Assistance. The Emergency Manager may, as provided in the Act, secure professional assistance as necessary to fulfill the obligations of the Emergency Manager's appointment and duties under this Contract. Payment of compensation for additional professional assistance will be the obligation of the City. The Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before authorizing professional services contracts of $50,000.00, or more, per engagement or project. If a contract under this Section, or under Section 4.1, has a value of $50,000 or more, the Emergency Manager shall not execute the contract unless the contract is subject to competitive bidding by the Emergency Manager or the Emergency Manager receives prior written approval from the State Treasurer.

4.3 Security. The Emergency Manager will be entitled to receive security protection in connection with the Emergency Manager's duties under this Contract. Security personnel will be retained only upon the approval of the State Treasurer, or the designee of the State Treasurer, and only after consultation with the Director of the Michigan Department of State Police, or the designee of the Director of the Michigan Department of State Police. Payment of compensation for security personnel will be the obligation of the City.

5. REPRESENTATIONS

5.1 Qualifications. By signing this Contract, the Emergency Manager, represents that the Emergency Manager meets the minimum qualifications for appointment set forth in the Act. The Emergency Manager shall perform the duties of that office on a full-time basis, except as otherwise approved by the State Treasurer, and shall not accept any other employment or engage in any other activity for remuneration without the express written approval of the State Treasurer.

5.2 Conflict of Interest. The Emergency Manager represents and warrants that the Emergency Manager has no personal or financial interest, and will not acquire any such interest, that would conflict in any manner or degree with the performance of this Contract.

5.3 Non-competition. The Emergency Manager represents and warrants that the Emergency Manager is not subject to any non-disclosure, non-competition, or similar clause with current or prior clients or employers that will interfere with the performance of this Contract. The State will not be subject to any liability for any such claim.

5.4 Facilities and Personnel. The City will provide the Emergency Manager with proper facilities and personnel to perform the services and work required to be performed pursuant to this Contract.

5.5 Records. The Emergency Manager shall maintain complete records in accordance with

generally accepted accounting practices and sound business practices. This requirement applies to all information maintained or stored in the computer system of the Emergency Manager or computer system of the City. The State Treasurer and his designees shall have the right to inspect all records related to this Contract.

5.6 Non-Discrimination.

a) The Emergency Manager shall comply with Public Act 220 of 1976, the Persons with Disabilities Civil Rights Act, MCL 37.1101 *et seq.*, and all applicable federal, State, and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that the Emergency Manager will not discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. The Emergency Manager shall impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant shall be a material breach of this Contract.

b) The Emergency Manager shall comply with Public Act 453 of 1976, the Elliott-Larsen Civil Rights Act, MCL 37.2101 *et seq.*, and all applicable federal, State, and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that the Emergency Manager will not discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, or marital status. The Emergency Manager shall impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant shall be a material breach of this Contract.

5.7 Unfair Labor Practices. The Emergency Manager shall not enter into a contract for the performance of any obligation imposed by this Contract with a subcontractor, manufacturer, or supplier whose name appears in the register prepared pursuant to Public Act 278 of 1980, MCL 423.322, of employers found in contempt of court for failure to correct unfair labor practices. The State may void this Contract if the Emergency Manager, or any subcontractor, manufacturer, or supplier of the Emergency Manager that is a party to a contract for the performance of any obligation imposed by this Contract, appears in the above mentioned register.

5.8 Independent Contractor. The relationship of the Emergency Manager to the State and to the City under this Contract is that of an independent contractor. Except as specifically provided in the Act, no liability, benefits, workers compensation rights or liabilities, insurance rights or liabilities, or any other rights or liabilities arising out of, or related to, a contract for hire, nor employer-employee relationship, shall arise, accrue, or be implied to either party under this Contract or to an agent, subcontractor, or employee of either party under this Contract, as a result of the performance of this Contract.

6. NOTICES

6.1 The State Treasurer is the designee for this Contract unless notice of another designa-

tion is provided by the Governor. All notices, correspondence, requests, inquiries, billing statements, and other documents mentioned in this Contract shall be directed to the attention of the State Treasurer, Andy Dillon, and to the following:

For the State:

Michigan Department of Treasury
Office of Legal Affairs
Richard H. Austin Building, 430 West Allegan Street
Lansing, Michigan 48922
Phone: (517) 373-3223

For the Emergency Manager:

Darnell Earley
Flint City Hall
1101 South Saginaw Street
Flint, Michigan 48502

7. LIMITATION UPON LIABILITY

7.1 The State. The State, the Governor, the State Treasurer, and all other State officials are not liable for any obligation of or claim against the City resulting from actions taken in accordance with the Act or this Contract.

7.2 The Emergency Manager. Pursuant to the Act, in performing this Contract the Emergency Manager is engaging in a governmental function and is immune from liability for any action taken which the Emergency Manager reasonably believes to be within the scope of the Emergency Manager's authority granted by the Act or by this Contract.

8. INSURANCE

8.1 General. The Emergency Manager may procure and maintain, at the expense of the City, health, worker's compensation, general liability, professional liability, and motor vehicle insurance for the Emergency Manager and any employee, agent, appointee, or contractor of the Emergency Manager as may be provided to elected officials, appointed officials, or employees of the City. The insurance procured and maintained by the Emergency Manager may extend to any claim, demand, or lawsuit asserted or costs recovered against the Emergency Manager and any employee, agent, appointee, or contractor of the Emergency Manager to the extent permitted by the Act.

8.2 Post-Contract. If, after the date that the service of the Emergency Manager is concluded, the Emergency Manager or any employee, agent, appointee, or contractor of the Emergency Manager is subject to a claim, demand, or lawsuit arising from an action taken during the service of the Emergency Manager, and not covered by a procured insurance policy, litigation expenses, including but not limited to attorney fees, payments in satisfaction of judgments, and

payments made in settlement as specified pursuant to the Act, shall be paid by the City. If such expenses are not paid by the City, they shall be treated as a debt owed to this State pursuant to section 17a(5) of Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971, MCL 141.917a.

8.3 Additional Insurance. If the City has purchased, or otherwise obtained, an errors and omissions policy, then the Emergency Manager may choose to be covered under such policy at the expense of the City.

8.4 Payment by City. All insurance required under this Contract shall be acquired at the expense of the City under valid and enforceable policies, issued by insurers of recognized responsibility. The State Treasurer reserves the right to reject as unacceptable any insurer.

9. TERMINATION OF CONTRACT AND APPOINTMENT

9.1 Termination by the State.

a) The State. The Emergency Manager serves at the pleasure of the Governor except as provided in Section 9(3)(d) and Section 9(6)(c) of the Act. The Governor has the power to rescind the appointment and terminate this Contract at any time, and without cause, by issuing a Notice of Termination to the Emergency Manager.

9.2 Termination Process. Upon receipt of a Notice of Termination, and except as otherwise directed, the Emergency Manager shall:

a) Cease work under this Contract upon the date and to the extent specified in the Notice of Termination;

b) Incur no costs beyond the date specified by the Notice of Termination;

c) Submit to the State Treasurer on the date the termination is effective all records, reports and documents as this State shall specify and carry out such directives as the State Treasurer may issue concerning the safeguarding and disposition of files and property; and

d) Submit within 30 calendar days a closing memorandum and final billing, which shall be paid within 30 days.

9.3 Termination by Emergency Manager. The Emergency Manager may terminate this Contract at any time, with or without cause, with 30 days written notice to the State Treasurer. Within 30 days of the Emergency Manager's final day of service, the Emergency Manager shall submit a closing memorandum and final billing, which shall be paid within 30 calendar days.

10. GENERAL PROVISIONS

10.1 Governing Law and Jurisdiction. This Contract shall be subject to, and construed according to, the laws of the State of Michigan, and no action shall be commenced against this State,

its agents, or employees for any matter whatsoever arising out of this Contract, in any court other than a Michigan State court.

10.2 No Waiver. A party's failure to insist on the strict performance of this Contract shall not constitute waiver of any breach of the Contract.

10.3 Other Debts. The Emergency Manager represents and warrants that the Emergency Manager is not, and will not become, in arrears on any contract, debt, or other obligation to the State of Michigan, including taxes.

10.4 Invalidity. If any provision of this Contract or its application to any persons or circumstances shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Contract shall not be affected, and each remaining provision of this Contract shall be valid and enforceable to the fullest extent permitted by law.

10.5 Headings. Section headings contained in this Contract are for convenience only and shall not be used to interpret the scope or intent of this Contract.

10.6 Entire Agreement. This Contract represents the entire and exclusive agreement between the parties and supersedes all proposals or other prior agreements, oral or written, and all other communications between the parties.

10.7 Amendment. No Contract amendment will be effective and binding upon the parties to this Contract unless the amendment expressly makes reference to this Contract, is in writing, and is signed by duly authorized representatives of all parties and all the requisite State approvals are obtained.

10.8 Order of Priority. This Contract and the Act shall be read to be consistent one with the other. However, if a conflict is deemed to exist between the terms of this Contract and the Act, the Act shall supersede the terms of this Contract.

10.9 Counterparts. This Contract may be executed in separate counterparts, each of which when executed shall be deemed an original, but all of which when taken together shall constitute one and the same Contract.

IN WITNESS WHEREOF, the Governor and the Emergency Manager have signed and executed this Contract.

STATE OF MICHIGAN

Dated: 10/2/13

Rick Snyder, Governor

Dated: 10-2-13

Darnell Earley, Emergency Manager

Approved as to form and content pursuant to Section 9(3)(e) of Public Act 436 of 2012, the Local Financial Stability and Choice Act, MCL 141.1541 *et seq.*

Dated: 10/3/13

Andy Dillon, State Treasurer

Section Separator

(g) The salary and benefits of the emergency manager.

Salary and Benefits of the Emergency Manager:

Per the Emergency Manager's Contract Section 3. Compensation For Services Provided

3.1 Source of Payment. The State shall pay the compensation of the Emergency Manager for all services rendered under this Contract.

3.2 Salary. The Emergency Manager's salary for services rendered under this Contract shall be $180,000.00 per year. If this Contract is terminated after the Emergency Manager has provided services for a portion of the month, the Emergency Manager shall be entitled, for that portion of that month, to $15,000.00 multiplied by the proportion that the number of days of the month for which services were provided bears to the number of days of the whole month.

3.3 Payment for Services. The Emergency Manager shall be paid in installments consistent with the established written policies and procedures of the Michigan Department of Treasury. If requested by the State Treasurer, the Emergency Manager shall provide to the Michigan Department of Treasury additional information regarding services performed pursuant to the Contract.

3.4 Reimbursement for Actual and Necessary Expenses. The actual and necessary expenses of the Emergency Manager, including customary expenses related to travel, meals, and lodging which are incurred in connection with service to the City will be reimbursed by the City. The Emergency Manager shall provide original copies of all receipts for meals, lodging, and travel reimbursement with any request for reimbursement. Any reimbursement for expenses under this contract shall be reviewed and approved in writing by the City's Chief Financial Officer.

Section Separator

(h) The financial and operating plan as required under section 11. Update #8 to the Financial and Operating Plan for the City of Flint.

Financial and Operating Plan for the City of Flint – Update 8
October 8, 2014

Introduction

This update to the Financial and Operating Plan for the City of Flint is submitted by the Emergency Manager for the City of Flint to Governor Rick Snyder, through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 17.

This report includes a summary of the financial conditions and goals for the City of Flint, the plan to conduct the operations of the City, the on-going actions being taken to resolve the financial emergency, and the outline of a plan to prepare for an eventual transition as prescribed in P.A. 436. This update will be posted on the City's website: www.cityofflint.com.

Summary of the EM/EFM Appointment Sequence and Development of the Operating and Financial Plan

The Flint Financial Review Team determined in November 2011 that the City of Flint was in a financial emergency. (See Attachment #1)

On December 1, 2011 Governor Rick Snyder appointed Michael K. Brown as Emergency Manager. EM Brown developed the Financial and Operating Plan utilizing the resources of a five person Advisory Committee as well as five additional advisory committees. EM Brown sought broad expertise to ensure public engagement and to maintain a sense of continuity with the Mayor and City Council. All nine City Council members and over fifty other citizens participated in the advisory committees.

EM Brown's original Financial and Operating Plan (45 Day Plan) was submitted to the State Treasurer on January 15, 2012; the first update to the Plan was submitted on June 1, 2012. On August 8, 2012, PA 4 was suspended and Edward J. Kurtz was appointed Emergency Financial Manager under P.A. 72. (Mr. Brown stepped aside as he was prohibited from serving as EFM due to his recent service as Interim Mayor for the City of Flint.)

EFM Kurtz established a new Advisory Committee in accordance with the requirements of P.A. 72. Utilizing the Advisory Committee and the City of Flint management team EFM Kurtz presented a second update to the Financial and Operating Plan and submitted this to the State Treasurer on February 8, 2013.

When P.A. 436 took effect on March 28, 2013 Mr. Kurtz was re-appointed by Governor Snyder as Flint's Emergency Manager. Mr. Kurtz continued in that capacity until his resignation after the end of fiscal year 2013. At that time Mr. Kurtz submitted his closing memorandum and the third update to the Financial and Operating Plan. Governor Snyder then reappointed Mr. Brown as Emergency Manager. On October 8, 2013 I was appointed by Governor Snyder as Flint's fifth Emergency Manager following Mr. Brown's resignation. On November 21, 2013 1 submitted the

45 Day Plan as required by P.A. 436 Section 11(2); that plan became Update #4. The fifth, sixth and seventh updates to the Financial and Operating Plan fulfilled P.A. 436, Section 17 six month and subsequent three month report requirement.

This report, indicated as Update #8, again fulfills P.A. 436, Section 17 requirement for an update each subsequent three months.

Priority List for the Resolution of the Financial Emergency

- Stabilize the financial future of the City: maintain a balanced budget, eliminate the accumulated General Fund deficit, seek increased revenue, and reduce unfunded pension and OPEB liability.

- Re-establish Flint as one of the safest cities in Michigan both in reality and perception: provide public safety services, focusing on reducing violent crime, commensurate with cities of comparable size and resources, utilizing regional cooperation as appropriate. This includes implementation of the plan for the Flint 9-1-1 Center to join the Genesee County 9-I -1 Consortium.

- Implement the Blight Elimination Plan: manage demolitions, enforce blight ordinances.

- Maintain access to a clean, sustainable water source: implement the steps necessary to participate in the Karegnondi Water Authority (KWA) including interim water supply implementation, disposition of current pipeline sections, City Water Treatment Plant updates, a long term water supply back up plan, and a long term financial plan for the stability of the water and sewer funds.

- Implement the Master Plan of the City of Flint: update the Zoning Ordinance, evaluate the capital investment needs, and incorporate Master Plan activities in the annual budget development.

- Explore Governance Models for the City of Flint: receive report from the citizen's committee which was formed to evaluate city governance models, support the Charter Review Commission preparation as a part of transition discussions.

- Implement the 7 Point Transition Management Plan (Attachment #2) which has been adopted by the Flint City Council and Mayor Walling. This plan incorporates specific objectives which provide a strategy for determining and evaluating criteria for assessing when the City might be prepared to emerge from emergency management to home rule order with oversight of a Receivership Transition Advisory Board. This plan has been further refined with a chart encompassing specific implementation steps and completion dates.

Operations of the City of Flint

Shortly after his appointment as EM, Michael Brown took steps to reorganize the city government operations including: elimination of departments, consolidation of departments, elimination of management level positions, adjustment of the compensation of elected and appointed officials, elimination of the Civil Service operation and the Office of Ombudsman.

Management appointments were made to ensure that the essential services necessary for the public's health, safety and welfare are provided, and to continue conducting all aspects of the City of Flint's operation within the resources available. Necessary employment contracts were extended with the approval of the Treasury Department.

Department management reconfigurations were completed in anticipation of reductions in staffing levels as provided in the FY 13 Budget. Subsequently, as part of the FY 14 Budget process a Strategic Plan was adopted and more changes in the organizational structure occurred. The primary change was the inclusion of a new Planning and Development Department (See Attachment #3 Organizational Chart January 2015). I have made personnel adjustments to complete this reorganization of the Planning and Development Department.

The FY14 15 and FY15 16 biennial budget has been adopted. The budget process involved over 30 hours of active participation by the Mayor and the City Council Finance and Administration Committee sitting as the committee of the whole. As part of this process the Council adopted a five year Strategic Plan and a list of priorities for the development of the two year budget. This document has been updated to show the progress which has been made in each of the department level objectives (See Attachment #4 Strategic Plan of the City of Flint 2015-2019 2nd Quarter Update).

When P.A. 436 became effective in March 2013 the City Council members' and Mayor's compensation was eliminated. EM Kurtz partially restored compensation for Mayor and Council through Orders 1 and 2. These orders also defined specific responsibilities and requirements. For example, the City Council members were required to complete Level One of the Michigan Municipal League (MML) core course for municipal government and receive the MML education award within one year. I determined that this Order was still in effect, and the Council members all individually signed acceptance of these requirements as a condition of receiving compensation. Mayor Walling has fulfilled these obligations. All Council members have begun, but not yet fulfilled these obligations. Through adoption of EM Orders 15 and 16, beginning with the FY14 15 budget, the Mayor and Council received an increase in compensation commensurate with the increased duties assigned to them.

In the November 2014 general election, Councilman Bryant Nolden (Ward 3) was elected to the Genesee County Board of Commissioners and Councilman Sheldon Neeley (Ward 6) was elected to the Michigan House of Representatives. I requested self-nominations for new City Council members from residents of Wards 3 and 6. Upon review of the applicants, three nominees were selected for each Ward for interview and consideration by City Council. On January 5, 2015 Council selected Mr. Kerry Nelson to represent Ward 3, and Mr. Herbert Winfrey to represent Ward 6.

Also in the November 2014 general election six ballot initiatives were voted upon. These were recommended by the report of the Blue Ribbon Committee on Governance.

- The first proposal began the process to open the current Charter for a complete review:
  PROPOSAL I GENERAL REVISION OF CITY CHARTER
  This proposal passed and the election of Charter Commission members is scheduled for May 2015.

- These five initiatives were amendments to the current Flint City Charter:
  PROPOSAL 2 AN AMENDMENT TO REDUCE THE NUMBER OF MAYORAL PRINCIPAL STAFF APPOINTMENTS
  This proposal passed.

  PROPOSAL 3 AN AMENDMENT TO REQUIRE BUDGETARY BEST PRACTICES
  This proposal passed.

  PROPOSAL 4 AN AMENDMENT TO ELIMINATE FLINT CITY CHARTER SECTION 4-203(A), EXECUTIVE DEPARTMENTS
  This proposal passed.

  PROPOSAL 5 AN AMENDMENT TO ELIMINATE THE CIVIL SERVICE COMMISSION
  This proposal failed.

  PROPOSAL 6 AN AMENDMENT TO ELIMINATE THE OFFICE OF THE OMBUDSMAN
  This proposal failed.

All Orders and Directives issued by the Emergency Financial Manager (under P.A. 72) and Orders issued by the Emergency Manager (under PA4 and P.A. 436) are listed in Attachment #5: Orders and Directives of the EFM and EM.

The 7 Point Transition Management Plan which emphasizes re-engagement of the Mayor and City Council has been a top priority. The Council is meeting monthly on a regular basis; five Council Committees are operational: Finance/Administration, Legislative, Public Works, Public Safety, and Planning and Development. Each Committee is meeting regularly and then reporting at the following Council meeting. Order 8 was issued in March 2014 and defines format of action and participation at the Council meetings. Order 9 established monthly Council and Committee meetings; and Order 10 set the format of the Council meeting agenda. Additionally, Mayor Walling has been assigned day to day oversight of the Department of Public Works and the Department of Planning and Development. These steps as outlined in the 7 Point Transition Management Plan are part of preparing the City to resume local control under a Receivership Transition Advisory Board.

The 7 Point Transition Management Plan has been further refined through the development of a chart entitled: Steps to Prepare for Transition from Emergency Manager to a Transition

Receivership Advisory Board. This chart has set target completion dates for essential steps necessary to prepare for this transition (Attachment # 2).

A key element of the Transition Plan is the selection of a City Administrator. A nationwide advertisement was made and twenty-eight applications were received. Five semi-finalists were interviewed. Three finalists were identified. Background checks and second interviews were conducted. Natasha Henderson, current City Manager of Muskegon Heights, Michigan was selected as the new Flint City Administrator. She is expected to begin her new position in February 2015.

Financial Status

FY12 Budget and Audit

The Comprehensive Annual Financial Report (CAFR) for FY12 was completed and was filed with the State in a timely manner. The results were as expected, with fewer auditor comments than in past years. Deficits existed in the General Fund ($19.1 million) and in the Water Fund ($8.8 million).

The $19.1 million accumulated deficit reflected an excess of expenditures in the General Fund for FY12 of $10.2 million plus $8.9 million for FY11. This was anticipated by Emergency Manager Brown shortly after being appointed, which was almost six months into the FY12 year. Given that FY12 was nearly half over, and that significant unplanned reductions in services, primarily public safety, would need to occur if the projected deficit were to be immediately eliminated, the decision of the Emergency Manager, in consultation with Treasury, was to contain costs as much as possible but without significantly reducing services - especially public safety .for the balance of the year.

Pursuant to State statute, Deficit Elimination Plans for both FY11 and FY12 were submitted to the Department of Treasury. Both plans involved a mix of borrowing and expenditure reductions over the next five years. However, no final action was taken to implement the intended courses of action.

FY13 Budget and Audit

FY13 was the first budget developed and administered by the Emergency Manager and his team. Faced with a projected gap of more than $25 million, the FY13 budget was balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Previous reports detail the 25% increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, conversion of the waste collection millage to a fee and the creation of a special assessment for street lighting, elimination of 20% of the City's workforce, compensation decreases equivalent to a 20% wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

Results of FY13 year-end show a surplus of revenues over expenses in the General Fund exceeding $6.2 million. This surplus reduced the City's accumulated $19.1 million deficit as of the end of FY12 to less than $12.9 million. Since the goal of the EM team was to assure that FY13 would not end with any additional deficit, this result significantly exceeded expectations.

The FY13 audit was completed and submitted to Treasury on December 20, 2013. All items surrounding the audit, including submission of the Form F-65 and Comprehensive Annual Financial Reporting Program were completed by December 31, 2013. The audit was presented to City Council as well on January 13, 2014.

FY 14 Budget, Strategic Plan and Audit

The FY14 budget was adopted via Emergency Manager Edward Kurtz Order #4 on June 7, 2013. This budget was developed with the same goal as FY13 - to assure the provision of essential services within the constraint of a balanced budget and continued deficit reduction. Accordingly, the FY14 budget included a $1.0 million commitment from the General Fund to further reduce the deficit. This is considered a minimum level of deficit reduction. The Emergency Manager's team, crafted a draft strategic plan in preparation for the FY14 budget development. Vision, Mission and Goals were established for the City government. Department managers then set specific, measurable objectives. Within the strategic plan was a five year financial projection.

Achieving the balanced budget again required reducing the workforce; however, with significant efforts from department heads and others involved in developing the budget, and building on ongoing reorganization of city processes, the level of services currently provided generally continued at FY13 levels. Most importantly, the quest to at least maintain FY13 levels of police and fire staffing was achieved, although one consequence was that the additional reductions in staffing came from non-public safety areas. This was equivalent to an additional 10% reduction of staffing in those areas.

One set of budget adjustments, with approval of Treasury was implemented in December 2013. A second budget adjustment was approved by Treasury and was adopted on April 3, 2014. The closing budget amendment was approved by resolution on June 25, 2014.

The City's cash flow has improved significantly from the $13 million cash on hand in December of 2011. Thirteen million dollars is less than one month's operating expenses. By comparison, the cash on hand on August 2014 was in excess of $60 million.

The FY 14 Audit has been completed and filed with Treasury on December 24, 2014. It confirmed the reduction in the General Fund deficit from $12.9 million as of June 30, 2013 to less than $9 million as of June 30, 2014.

Deficit Elimination Plan 2014

A deficit elimination plan which also incorporates a reserve accumulation plan was approved by the Department of Treasury and was adopted by EM Order 18 on July 15, 2014. The City recognizes that a goal needs to be set to develop a reserve equal to 15% of

General Fund revenues. This is one of many financial best practices which the City will incorporate to assure a sustainable municipal model. As of June 30, 2014 the deficit stands at less than $9 million. In succeeding budget years,$1.8 million will be committed to deficit reduction and then to reserve accumulation until the deficit is eliminated and a 15% General fund reserve is accumulated. At the current rate, the deficit will be eliminated (without borrowing) by June 30, 2019, slightly ahead of schedule.

FY 15-19 Strategic Plan and FY 15/FY 16 Budget

For the first time ever, the City of Flint has adopted a biennial budget, The FY15/FY16 budgets were developed within the context of an updated five year projection of revenues and expenses, and (for the first time ever) a Strategic Plan. This exercise pointed out the continuing challenge the City of Flint will have in achieving long term financial stability. The Mayor, City Council, Emergency Manager, and departments participated in the developments of the FY15-19 strategic plan and financial projections. The City Council formally adopted the FY15-FY19 Strategic Plan which included Mission, Vision, Goals and a Budget Priorities statement (Attachment #4: Strategic Plan of the City of Flint 2015-2019 2nd Quarter Update). Consulting firm Ernst & Young assisted the City with an update to the five year financial projections.

The Emergency Manager, Finance Director, and departments, working with the Mayor, developed a two year budget for FY15 and FY16. The goal continued to be to provide the best level of service possible within available resources while continuing to restore financial solvency. It is clear that in balancing these budgets the City will continue to be faced with addressing an on-going structural deficit; and the biggest challenge by far remains the outcome of the retiree health care lawsuit. It also demonstrates the vital importance continuing state assistance is to Flint's sustainability, not only in continued state revenue sharing, but in the active support of State Police and funding of the City Lock-Up. The City continues to emphasize the need for a new sustainable revenue source to support city services on an ongoing basis.

The City Council received the recommended two year budget April 30, 2014. The Finance/Administration Committee (sitting as the committee of the whole) used the first two weeks of May to hold five meetings on specific program areas. At the conclusion of the departmental reviews the Council send a list of budget revision proposals to me. Several of the recommendations were incorporated into the revised budget. The Council then held a public hearing on June 9, 2014.

Solely because of financial limitations, the FY15/FY16 budgets include significant staffing reductions in public safety. In the two prior budgets every other General Fund department, with the exception of police and fire, were reduced in size, combined, or contracted services. For this budget cycle, there were no other General Fund areas to reduce, except public safety services.

The targeted personnel reductions in public safety did not result in the lay-off of any police and fire personnel, as the decision was made to accomplish the reductions by attrition. The needed reductions in Police were accomplished for Fire within the first four months of

FY15, and reductions were within two positons of being accomplished by December 31, 2014. As part of the strategy to work successfully with reduced staffing the City contracted for a comprehensive study of the police and fire operations. Based on the results of this study, and the managed attrition reductions, the personnel levels in both Police and Fire will be re-evaluated as the FY16 budget is reviewed and updated, beginning in January, 2015.

The State budget which began October 1, 2014, contained an appropriation of $1.1 million for use in Flint's public safety departments. The boilerplate of the State budget includes:

> *The appropriation of $1,100,000.00 in part 1 for the city of Flint shall be allocated to support city police and firefighters. The emergency manager shall determine which public safety personnel are to be funded from this award. If the city has an appointed receivership transition advisory board, then that board is vested with the authority to make the determination of which personnel are funded from this award.*

The City is grateful to receive this funding and will use this to assist with the downsizing of the police and fire staffing and with implementing the recommendations of the Public Safety study which was concluded in December 2014.

The Emergency Manager's Order 13 adopted the biennial budget; Order 11 adopted the street lighting assessment for FY20 15 and FY20 16; Order 14 adopted the Strategic Plan; Resolution EME3302014 adopted the FY2015 and FY2016 Master Fee Schedule (which includes water and sewer rates, and waste collection fee); Resolution EME33 12014 adopted the 2014 and 2015 operating millage rates (Attachment #6 FY15 & FY16 Biennial Budget).

I additionally note that Mayor Walling and the City Council were fully engaged with City staff and me as this two year budget was developed. Also, as part of FY15, the day-to-day management of the Public Works Department and the Planning & Development Department has been handled by Mayor Walling.

Five Year Projection

FY15/FY16 budgets include more than $5 million each year in increased retiree health care, as a result of an injunction issued by the Federal District Court injunction. FY15 & FY16 is balanced, but projections for FY17 indicate a deficit between projected revenues and status quo expenses of $5 million. If there is no relief from the $5 million in increased retiree health care expenses, or no new revenue source, balancing the FY17 budget without compromising the City's ability to provide even the most basic level of city services . including public safety, will most likely not be possible. During the course of FY15, some progress was made in the challenge to the City's retiree healthcare decisions when the Federal Court's injunction was modified to allow for some of the City's changes to continue on a temporary basis. The impact of this change will be seen when the FY16 budget is reviewed and the FY17 budget prepared, beginning in early 2015.

Retiree Health Insurance Revisions

The City's approach to containing its OPEB liabilities has been to restructure both active and retiree health care benefits, and to eliminate the promise of retiree health care for new employees. The changes have had a significant impact on the City's OPEB liabilities, reducing the total unfunded liability from nearly $900 million to less than $400 million, and reducing the Annual Required Contribution (ARC) from $60 million to $22 million. The most recent valuation has further reduced the OPEB

As previously reported, the City's effort to restructure retiree healthcare was challenged by a group of retirees in a federal lawsuit, Welch v City of Flint. On January 3, 2014, the U.S. 6th Circuit Court of Appeals reinstated an injunction prohibiting the City from modifying retiree health care benefits. The City is aggressively litigating this matter, as it does not have the resources to afford the current level of healthcare coverage, and projected cost increases for the upcoming fiscal years are substantial. If the federal district court's decision is not reversed, the City will be in an extremely precarious financial position, with insufficient resources to meet basic functions

The City has worked to comply with the court's order, beginning with establishment of a reimbursement program for retirees whose expenses since January 3, 2013 are greater than their old plans. Work is also proceeding in anticipation of a court hearing sometime in the future, and settlement options are being explored.

On June 30, 2014 Judge Tarnow issued an order modifying in part his preliminary injunction barring the City from modifying retiree health care benefits. The Judge's order now permits the City to modify retiree health care as the City had proposed in a settlement proposal which was previously submitted to the Court.

Work has been underway since the ruling to implement the changes authorized by the ruling, including the establishment of a hardship program for those most seriously impacted by the changes to retiree health care. Authorized changes in plan design were implemented in November 2014, and the hardship program is being implemented in January 2015. The financial impact of these changes will be incorporated into the FY16 and FY17 budgets as they are being reviewed and developed in early 2015.

The City continues to utilize Cornerstone Municipal Consulting in an ongoing review of various Employee/Retiree health care options including plan design, delivery systems, Medicare Advantage, Medicare Wrap Around, benefit carve-outs, etc. in an effort to control health care costs. Administration of the City's health insurance benefits program is being handled by Cornerstone. In addition to the retiree lawsuit, attention is now focused on minimizing the City's cost for health care (for current employees and retirees) in the FY16 and FY17 budgets.

Operating Plan

The city continues to review all departments and services to reduce costs through contract rebidding, merger, consolidation, contracted service, shared services with other governmental entities, privatization or elimination. As a result of these reviews the City will determine what continuing activities should be subsidized with general property tax dollars, what will be paid by the users, which services can be eliminated, and which services or activities can be handled by lower cost vendors.

The functions, goals and key objectives of each department and functional area of the City of Flint have been encompassed in the Flint Strategic Plan 2015-2019. This plan also contains target dates for completion of each key objective. (Attachment #4: Strategic Plan for the City of Flint 2015-2019: 2nd Quarterly Report)

The progress made in this past second quarter of FY15 is presented in Attachment #4 and includes the narrative and the Strategic Plan with all objectives updated to the current status.

Major Up-coming Activities

68th District Court

- The City currently funds the operation of the 68th District Court; in FY14 this amounted to $3.5 million net. Senate Substitute for House Bill 5125 passed the Senate and the House in March 2014. The Bill authorizes consolidation of the 67th and 68th District Courts. It requires that the consolidation be approved by the City and the County. The County approval requires the affirmative vote of at least two-thirds of the County Board members. This affirmative vote was taken on December 10, 2014. Consolidation will be pursuant to the terms and conditions to be set forth in a Memorandum of Understanding to be approved between the City and Genesee County.

9-1-1 Operation

- On September 9, 2014 the Genesee County 9-1-1 Consortium voted to admit the City of Flint as a member of the Consortium. The goal to complete the incorporation of the Flint 9-1-1 Center operation into the Consortium is June 30, 2015. As part of this process the City of Flint will contribute $325,000 toward the $1.2 million cost for new equipment and building expansion at the Consortium's Corunna Rd. location. The City will also transfer the ownership of the simulcast tower. The City will also provide a no cost lease for the area on which the tower stands. The $325,000 is currently allocated for the Flint 9-1-1 phone system upgrade. This upgrade will not be required with the joining of operations.

Public Safety

- A data-driven public safety study to assess the operations of the City's Police and Fire Departments began in May 2014 utilizing the services of the Center for Public Safety Management. This report will be used to evaluate both departments'

organization and staffing. A presentation of these reports will be made to the Public Safety Committee of the City Council on January 22, 2015.

7 Point Transition Plan

- A City Administrator was selected in December 2014 and will begin work in February 2015.

- The Firefighters (IAFF) contract is before the State Emergency Loan Board awaiting decision. In December 2014 the City Council proposed an alternate contract in accordance with PA 436.

- Implement the revisions to modify retiree health care as the City had proposed in a settlement proposal which was previously submitted to the Court.

Facilities Management

- The Facilities manager is reviewing all city owned assets (both real property and capital equipment) to determine if disposal should be pursued.

- All city owned facilities are under review for energy savings, revenue generation from tenants, or possible liquidation.

- Formal assessment of the values of both Hurley Hospital and the City's utility system have been completed, concluding that no change in ownership status would be beneficial at this time.

Emergency Manager's Conclusions

Significant work has been accomplished to stabilize the financial situation of the City of Flint. The whole organization has been being restructured to reflect a smaller, leaner government operation. Services which were routinely provided are being inspected to determine if they should continue and if so, in what format. Technology solutions which can increase efficiencies are being implemented.

The many improvements to-date and those represented in the Strategic Plan have been based on data-driven management plans. The approval of the KWA participation, water and sewer rates, capital improvements, departments staffing and priorities are all based on using rational data analysis. Collecting, analyzing and then utilizing data concentrates work and dollars where the most beneficial results can be expected.

I acknowledge that substantial progress has been made, and the City is abating the financial emergency. Resolution of the financial emergency will not be complete without providing a basic framework for, and implementation of, an objective model for the organization to follow.

The 7 Point Transition Management Plan and the steps to Transition Chart which I have developed provides the roadmap to resolve the financial emergency and to achieve sustainability for the City of Flint. Significant progress has been made toward completion of the transition objectives.

A sustainable municipal organization incorporates the utilization of best practices financially, structures a governance model which clearly delineates between legislative, policy, and administrative responsibilities, and develops a management plan to provide services to residents in a consistent, reliable manner.

For two years, FY13 and FY14, the goal of containing overspending has been achieved. The city must continuously function within a balanced budget, eliminate the accumulated deficit and further reduce the legacy and pension costs. Projections through 2019 demonstrate Flint's continuing challenges. Projecting current revenues and expenses into the future shows a continuing gap of $2 to $4 million annually.

Stable revenue is necessary in order for this City, and most other cities in Michigan, to continue to avoid a bankruptcy situation. Flint residents have been asked to accept a significant 6 mill Police and Fire Protection Millage; and they have done so. A street lighting assessment and a waste collection fee have been imposed, as have significant water and sewer rate increases. However, our residents have not enjoyed increasing services, increasing property valuations or increasing employment opportunities.

As noted previously, there are very few additional revenue options. We are approaching the limit of the City's borrowing capability. Capital improvement funds are fully committed and the property tax millage rate in within .1 mill of maximum. State Revenue Sharing has increased but minimally. We made a request through our State Legislative representatives and the State Treasurer to push legislation to allow City voters the opportunity to decide to increase the income tax. This action could generate $7 million annually and would eliminate the City's structural deficit. A bill was introduced but was not acted upon in the most recent legislative session.

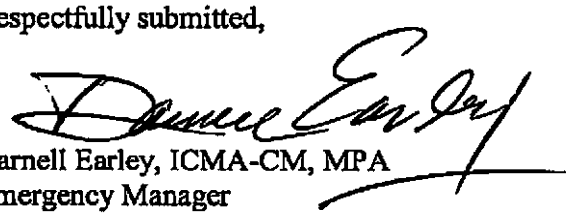
While the City will benefit from the temporary revision of Federal Judge Tarnow's order on retiree healthcare, it is important to remember that this lawsuit continues. Final resolution in the lawsuit will determine if the financial emergency is resolved or if it will force the City to consider bankruptcy. Bankruptcy is the alternative which we have worked diligently to avoid. If, by the beginning of FY17 the City of Flint does not receive permanent relief from retiree health care costs, either in the form of reduced city expenditures or additional revenues, it is unlikely that the City will be able to provide even the most basic level of city services.

I am preparing the process for the transition back to the Mayor Council management of the City. However, the City still has critical on-going budgeting issues. There has been action on several sections of the 7 Point Transition Management Plan, but more needs to be completed. Also, the City Council is still required to complete the Michigan Municipal League Level I Certification as required by Order 2 (04-12-13). So far, only Mayor Walling has met this requirement.

Flint has twice been placed in the hands of a State appointed emergency manager. A third failure should be avoided at all costs. I was very pleased to see that the voters of Flint approved a general revision of the City Charter.

I am now approaching the final quarter of my assignment as Emergency Manager in Flint. Many major steps have been taken to resolve the financial emergency. Flint is on a much more stable footing than it was three years ago when the financial emergency was first being addressed. However, the level of services being provided to the citizenry is at a minimal level, at best. I feel strongly that it is incumbent upon me to make sure that the city reaches its goal of sustained financial solvency. The financial emergency is not fully resolved until the long-term sustainable structure is secured.

Respectfully submitted,



Darnell Earley, ICMA-CM, MPA
Emergency Manager
City of Flint

Attachments:
1. Summary of Findings of the Flint Financial Review Team
2. 7 Point Transition Management Plan and Transition Status Chart
3. Organizational Chart January 2015
4. Strategic Plan for the City of Flint 2015-2019: 2nd Quarter Report
5. Orders and Directives of the EFM and EM
6. FY15 & FY16 Biennial Budget

Attachment 1. Summary of Findings of the Flint Financial Review Team

Summary of Findings of the Flint Financial Review Team

- The City has a general fund deficit of $14,621,546 as of June 30, 2010 which was not eliminated within the two year preceding period.

- The City previously submitted a five year deficit elimination plan for a cumulative general fund deficit of $7,046,820 as of June 30, 2008. However, by June 30, 2010 the cumulative general fund deficit has grown to $14,621,546. An updated plan was submitted for 2010 does not purport to eliminate the cumulative deficit until 2030 and that relies upon the issuance of an additional $12 million of debt in 2013.

- A structural operating deficit existed in the general fund as of June 30, 2007, 2008, 2009, 2010 and the general fund is projected to have a $6,768,864 deficit as of June 30, 2011.

Attachment 2. 7 Point Transition Management Plan and Transition Status Chart

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Chief Administrative Officer			4	
* National Recruitment	9/1/14	12/18/2014		Started 9/1/14, open until filled
* Appoint Selection Committee	10/1/14	11/4/2014		
* Select finalists	11/10/14	11/4/2014		
* Conduct Interviews	11/24/14	11/12/2014		
* Recommend Candidate	12/15/14	12/1/2014		
* EM Appoints Selected Candidate	12/15/14	12/18/2014		
Organizational Development				
* EM/Mayor determine recommended City organizational structure	5/17/14	5/17/2014	4	
* EM/Mayor recommend Council action on ordinance changes to implement organizational structure		6/26/2014	4	
* Council to review and adopt revised organizational structure	5/17/14	6/26/2014	4	
* Finalization organizational structure roles: Mayor, Council, Administration	6/26/14	6/26/2014	4	
Complete Bargaining Units Contracts			4	
* Local 1600	7/1/14	Ratified		
* Local 1799	7/1/14	Ratified		
* FPOA	7/1/14	Imposed		
* PD - Sgts.	7/1/14	Ratified		
* PD -Capts & Lts.	7/1/14	Ratified		
* Fire Union	7/1/14			Sent to State Loan Board for decision

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Comprehensive Public Safety Study			4	
* Contract with ICMA for Study		5/8/2014		
* Collect Data	5/9/14-9/30/14	9/30/2014		
* Receive Draft Report	9/30/14	11/1/2014		
* Receive Final Report	11/1/14	12/23/2014		
* Plan Implementation				
* Determine best, most appropriate use of $1.1 million State Allocation				
Retiree Health Care Lawsuit			5	
* City Notified of Lawsuit				
* Injunction Received		1/13/2014		
* Injunction Modified		6/30/2014		
Cornerstone determines impact on FY15				
* & 16 Budget	9/1/14			Tying into budget prep
* Implement Modifications	11/1/14			
* Scheduling Conference				
* Mayor and Council to support City's position on retiree health care or adopt measures offsetting increased costs	6/26/14	6/26/2014	5	
Biennial Budget Implementation			6	
* Biennial Budget Adopted		6/26/2014		
* 1st Quarter Status	10/1/14	10/13/2014		
* 2nd Quarter Status	1/1/15	1/8/2015		
FY 14 Budget Close Out				
* Preliminary Close				FY14 closed on June 30, 2014
* Audit Received	11/30/14	12/30/2014		
* Audit Presentation to City Council	12/15/14			

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
Governance				
* EM receives BRC Final Report	7/18/14	7/18/2014	3	
* Present Report to Mayor and City Council	7/28/14	7/28/14		
* Mayor and Council Submit Comments to EM	7/28/14	7/28/14	3	
* EM Orders BRC Recommended Charter Admendments and Charter Commission Initiative on Nov. Ballot	7/30/14	8/5/2014		Charter Review Cmte. approved by voters 11/4/14
* EM develops proposed governance structure and sends to governor			3	Part of Final Order
* Mayor and Council Comments on EM Proposal	7/28/14	7/28/2014	3	
* Define and incorporate financial and organizational best practices	3/25/13	3/25/2014	7	Reso on TAB
Deficit Elimination/Reserve Accumulation Plan				
* EM Submits Plan to Treasury	7/1/14	7/1/2014		
* Treasury Approval Received		7/16/2014		
* EM Orders DE/RAP Adoption		7/15/2014		
* City Council passes resolution of support for DE/RAP		3/25/2014	1	Reso on TAB
* Confirmation by Mayor and Council that DE/RAP actions will be a top priority in budgeting	6/26/14	6/26/2014	1	

City of Flint

Steps to Prepare for Transition From Emergency Manager to Receivership Transition Advisory Board

	Target	Completion	7 Pt. Trans. Plan #	Comments
City Council Activity				
* Council to receive quarterly reports from Mayor/Fin. Director on progress of achieving strategic objectives and priorities	9/22/14	10/13/2014	6	
* Completion of City Ordinance Review by Council as proposed by EM	9/22/14		3	
* Review Strategic Plan, FY16 Budget	1/20/15		6/7	
* 6 mos. FY15 Budget Review/Amendments	1/20/15		6/7	
* Strategic Plan to be updated annually	2/20/15		6	
* FY17 Budget Development	2/20/15			
* Completion of MML Level One Education Award per EM Order 2	3/28/14		7	
Five Year Financial Analysis			2	
* City Council adopts 5 Year Analysis	6/1/14	6/1/2014	2	
* Finance/Adm Cmte shall annually review analysis in February each year and Send to Council for approval	2/20/15		2	
Issue outgoing EM Order	4/8/2015			

7 Point Transition Management Plan

Goal: To provide a strategy for determining and evaluating relevant and specific criteria for assessing when the City of Flint might be prepared to emerge from Emergency Manager (EM) oversight to a Transition Advisory Board (TAB), as provided in Public Act 436. The seven points identified provide comprehensive and well defined benchmarks to be reviewed before the determination is made. The Plan also defines a data-driven and measurable process for the objective, results-oriented determination of facts. The Plan establishes the criteria now so that it is clear what the conditions are that will have to be satisfied before the Emergency Manager recommends the establishment of a Transition Advisory Board

GOAL	STRATEGY	OBJECTIVES	STATUS
1. Deficit Elimination Plan	Deficit Elimination Plan and Reserve Accumulation Plan will be presented by the EM/Mayor/Finance Dir. to City Council through its Finance Committee to receive Council support Also a commitment by the Mayor and Council to implement the plan will be required	City Council to pass resolution of support for DEP/RAP from EM/Mayor/Fin. Dir. Receive Treasury acceptance of the DEP/RAP. Confirmation by Mayor and Council that DEP/RAP actions will be a top priority in budgeting	_____ _____ _____
2. Five-Year Financial Analysis	The development, monitoring and updating of a five-year financial analysis is critical to the ongoing challenges of financial solvency. It must remain an ongoing process to measure the City's ability to fund services, produce budgets, and proactively manage expenditures It should be an expectation of the Council that the EM/Mayor/Fin. Dir. shall annually prepare and Council shall review and adopt said projection; and shall continue to use the projection as a basis for future budgeting actions.	EM/Mayor/Fin. Dir to annually prepare a 5 yr. R/E projection. Council Finance Committee review 5 yr. analysis and move to Council. City Council adopts 5 Year Analysis. Finance Committee shall annually review analysis in February each year and send to Council for approval.	_____ _____ _____ _____
3. Governance	The EM will consider recommendations from the Blue Ribbon Committee, National Civic League Model Charter, proposed charter amendments, review of electoral structure, Executive appointments, etc. It is expected that a formal agreement would be reached among the EM, Mayor, and Council as to what governance revisions are to be implemented, including time frames for implementation.	Blue Ribbon Cmte. Complete Report and Submit to EM Mayor and Council Submit Comments on Report to EM EM developes proposed governance structure and sends to Governor. Mayor and Council have an opportunity to review and comment on EM proposal. Completion of City Ordinance review by Council as proposed by EM.	_____ _____ _____ _____ _____

GOAL	STRATEGY	OBJECTIVES	STATUS
4. Organization Development	Review the City's organizational structure including: Public Safety, 9-1-1 plan, courts consolidation plan, recommendations on other long-term services, and role of the city administrator (who will be appointed prior to the TAB). Finalize the organizational relationship among Mayor, Administration and Council. This will result in an agreed upon detailed description of the roles and responsibilities of the Mayor and Council, including items such as respective roles in strategic planning, budgeting, monitoring and assessment of results, appointments, and protocols for addressing citizen complaints.	EM/Mayor determines recommended City organizational structure. EM/Mayor to recommend Council action (ordinance changes) to implement organizational structure Council to review and adopt revised organizational structure. EM/Mayor to hire City Administrator/Manager Finalize organization structure and roles: Mayor, Council, Administration. Labor contracts to be completed for all City unions	
5. Legacy Costs	Retiree Health Care remains the biggest challenge to managing legacy costs and the City is currently facing a legal challenge. It will be unlikely that the financial emergency will be declared resolved until this issue is settled in a manner which does not risk the solvency of the City. Sustaining the changes within RHC are essential to the City's future solvency.	Mayor and Council to support City's position on retiree health care or adopt measures offsetting the increased costs. Annual budgets to include payment of appropriate pension and health care costs and liabilities.	
6. Strategic Plan	The adoption of a long-range strategic plan by the Emergency Manager, Mayor, and Council for the governing actions of the City will provide a guidance mechanism for determining budgeting, priorities, goals and objectives.	EM/Mayor/Fin Dir. to present 5 yr Strategic Plan through Finance Cmte. to Council for approval. Council to set spending priorities. EM/Mayor to utilize Strategic Plan to develop budget. Council to adopt budget in line with Strategic Plan and budget priorities. Council to receive quarterly reports from Mayor/Fin. Dir. on progress of achieving strategic objectives and priorities. Strategic Plan to be updated annually	

GOAL	STRATEGY	OBJECTIVES	STATUS
7. Sustainability			
	Factors for determining sustainability are rooted in the 7 points. More specifically, the measures that will be evaluated include: achievement of consensus decision-making on the part of the Mayor and the Council, adoption of best practices, continuing commitment to training and development for the Mayor and Council members, ongoing monitoring and updating of plans necessary for the financial stability of the City including but not limited to 2-year budgets, 5-year financial analyses, and the ongoing implementation of the Master Plan.	Council and Mayor update methods to develop policy recommendations and achieving consensus	
		Council and Mayor attend all training sessions as scheduled by EM.	
		Council and Mayor to actively participate in development and adoption of 2 yr budget.	
		Implement Master Plan (evidence of Master Plan implementation in annual budget).	
		Define and incorporate financial and organizational best practices.	
		Implement system of performance measurement.	
		Utilize data-driven methods of decision making and performance measurement.	

Attachment 3. Organizational Chart January 2015

CITY OF FLINT – ORGANIZATIONAL CHART – *January 2015*

68th District Court Judges
Tracey Collier-Nix
William H. Crawford
Herman Marable
Nathaniel C. Perry III
Mary C. Dowd

Citizens of Flint

CITY COUNCIL
Ward 1 – Eric Mays
Ward 2 – Jackie Poplar
Ward 3 – Kerry Nelson
Ward 4 – Josh Freeman – **Pres.**
Ward 5 – Wantwaz Davis – **VP.**
Ward 6 – Herbert Winfrey
Ward 7 – Monica Galloway
Ward 8 – Vickie VanBuren
Ward 9 – Scott Kincaid

CITY CLERK – Inez Brown

EMERGENCY MANAGER
Darnell Earley

LAW DEPT.
City Attorney

PUBLIC INFORMATION OFFICIAL
Jason Lorenz

MAYOR
Dayne Walling

ASSISTANT to EM
Elizabeth Murphy

FINANCE & ADMINISTRATION
Director

- HUMAN RESOURCES *Director*
- PURCHASING *Director*
- I.T. SERVICES *Director*
- FLEET *Manager*
- ASSESSMENT *Director*
- TREASURER *Interim Director*
- ACCOUNTING
- BUDGET
- GRANT ADMINISTRATION
- DELINQUENT COLLECTIONS
- AUDITING
- BENEFITS RISK MGNT
- HUMAN RESOURCES
- FACILITY MANAGEMENT

PUBLIC SAFETY DEPARTMENT

- POLICE *Police Chief*
- FIRE *Fire Chief*
- LOCK-UP
- 911 CENTER

PLANNING & DEVELOPMENT
Director

- BUILDING PERMITS & INSP *Chief Official*
- PLANNING & ZONING *Chief Planner*
- COMMUNITY DEVELOPMENT *Chief Officer*
- RENTAL REGISTRATION
- BUSINESS LICENSES
- ECONOMIC DEVELOPMENT
- CODE ENFORCEMENT
- PARKS & RECREATION
- FORESTRY
- STREETLIGHTS

PUBLIC WORKS
Director

- FACILITIES *Supervisor*
- TRANSPORTATION *Director*
- UTILITIES *Administrator*
- STREETS *Manager*
- WATER PLANT *Supervisor*
- TRAFFIC ENGINEERING *Supervisor*
- WATER SERVICE CENTER *Water Supervisor* *Sewer Supervisor*
- TRAFFIC CONTROL *Supervisor*
- WASTEWATER PLANT *Supervisor*

Attachment 4. Strategic Plan for the City of Flint October 1, 2014- December 31, 2014: 2nd Quarter Update

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

DATE: January 5, 2015

TO: Joshua Freeman, President
Flint City Council

FROM: Darnell Earley, Emergency Manager
Dayne Walling, Mayor

RE: City of Flint Strategic Plan, Second Quarter Report

In 2014 the City Council of Flint adopted a Strategic Plan for the City of Flint. This plan announced a vision, mission, and goals to guide the operation of the City government for the next five years and was adopted in the context of the City's recently adopted Master Plan for the community. It was followed by a statement of budget priorities adopted by the City Council and ultimately by a biennial budget for FY15 and 16. The budget also projected the city finances for the following three years – FY17, FY18, and FY19. During this same period a Deficit Elimination Plan and Reserve Accumulation Plan was approved by the State and a Seven Point Transition Management Plan was enacted to guide the way by which the operation of the City will be assumed by the Mayor and City Council. The integration of the Strategic Plan into the organizational processes of the City is a key component of the Seven Point Transition Management Plan.

In total, these actions comprise a broad framework guiding the direction of the Flint City government as it restores financial stability and once again becomes an active leader focused on making Flint a safe, secure city attractive to residents, businesses, students and visitors.

The first quarter of FY15 ended on September 30, 2014 and the results were reported to the public in October. A copy of that report is available on the City's web site.

We are pleased to report on the progress which has been made during the second quarter, which ended on December 31, 2014. While significant progress has been made on many fronts significant challenges and risks remain.

We wish to commend the Management Team and our employees for their dedicated efforts to move the City forward. We look forward to discussing the contents of the report with you.

City of Flint Strategic Plan

Quarterly Report

October 1, 2014 – December 31, 2014

City of Flint Quarterly Report
October 1, 2014 – December 31, 2014

Overview

The progress of the City of Flint is now defined by the steps it takes to achieve its stated vision, mission, and goals. Flint City government is focused on enabling Flint to become an attractive place to live, work, play, study, and visit. In order to do this, the city government must become and remain financially stable, must provide residents, businesses, students, and visitors with an adequate level of municipal services. It must also have the capacity to encourage and guide others in the achieving its vison and goals.

Achievement of the vison will be measured by the progress which is being made towards specific goals and objectives. Over 300 specific objectives are identified in the current plan, with nearly 100 completed. They include increasing public safety, improving infrastructure, creating jobs and development, eliminating blight, engaging citizens and managing the financial and administrative challenges which are reflective of an organization striving to regain sustainable financial solvency. Much of this work is done in partnership with the community and everyone is to be commended for their willingness to embrace change. Important areas of progress from this past quarter include:

- Voters approving the creation of a charter commission and the adoption of three charter amendments to strengthen financial management and reduce administrative costs.
- City Council supported the first reading of a package of ordinance reforms to codify the strategic planning process and the best practices in financial management.
- Flint recorded its lowest number of homicides in more than ten years and the overall violent crime rate was down in nearly all areas, compared to 2013.
- Flint's economy continues to improve steadily with coordinated economic development efforts supporting more than 300 jobs in 2014 including jobs with expanding companies in health care, manufacturing, retail, and environmental technologies along with new small businesses.
- Improvements in infrastructure are progressing in accordance with the strategic plan and nearly completed combined capital improvement plan.
- A new City of Flint website is ready to be launched in January, providing citizens, businesses, students and visitors have access to timely information regarding services and information.
- The FY2014 audit was completed on time and confirms the reduction in the General Fund deficit to less than $9 million and the stabilization of other City accounts.
- The transition from state oversight to home rule is advancing with the announcement of the new City Administrator and the preparation of a final list of items to be completed before April 2015.

Assuring Accountability to Adopted Plans and Budgets

As the City of Flint continues to work towards its adopted Vision of being, "a well-managed, financially stable, and accountable government," there is a shared commitment to continually updating and improving plans and budgets. The City Council is poised to adopt a package of ordinance reforms to codify the strategic planning process and the best practices in financial management. The ordinance reforms will require the City of Flint to establish priorities, regularly update the five year strategic plan, adopt a biennial budget, receive quarterly reports on the status of the budget, consider quarterly budget amendments, and develop appropriate fund balances and retiree health care reserves.

This is a report on the progress made during the three month period ended December 31, 2014. This three month period is the second quarter of the City's Fiscal Year 2014, which began July 1, 2014. A first quarter report was presented to the community in October, 2014, and is available on the City's web site.

Highlights

Increasing Public Safety

The City of Flint is increasing public safety through the involvement of the community, collaboration with the Michigan State Police, Genesee County Sheriff's Department and other law enforcement partners, and, most importantly, the hard work of the Flint Fire Department and Flint Police Department along with the 911 center and courts. While managing force reductions as required by the budget, success is notable in the following:

- The City has selected the State Records Management System for replacement of its current system.
- The Citizens Radio Patrol is now active and planning on expansion in 2015.
- Leads on Line has been implemented and is functional.
- 100% of Flint school children have been provided with fire safety and prevention education and all Senior Centers have been provided with fire safety and prevention information.
- Fire suppression personnel have distributed arson reward literature in the community.
- A reorganization has been implemented within District Court resulting is reduced costs and upgraded technology.
- A reduction in Violent Part 1 Crimes continues, including a 40% reduction in homicides; with the exception of arsons, other major areas are also showing a decline.
- Response time to calls for service for the Police Department has been reduced by 7.5%, but still short of the goal of 8%.
- An alternate plan to calls for service not requiring direct police response is being developed to further reduce response time and to improve effectiveness of available resources.
- An organizational study of the police and fire organization and staffing is nearing final completion, and will give guidance to future organizational and budgetary decisions regarding public safety

Improving Infrastructure

The mission of the City of Flint Government is to assure that residents, businesses, students and visitors receive municipal services in a customer friendly and financially responsible manner. Infrastructure, in the form of utilities, streets, trails, and waste collection, are vital municipal services that require ongoing attention due to the age of current systems and the express desire of the community for modern improvements. Despite evident challenges, the Department of Public Works has developed plans and steps are being taken to strengthen Flint's infrastructure systems. Strategic objectives have been met, or are in progress in these areas:

- A list of capital improvement needs for city facilities was developed and provided to the public for review as part of the development of the Capital Improvements Plan portion of the Master Planning process, which is scheduled for final submission to the Planning Commission and the Flint City Council in January 2015.
- Repairs and improvements to the City's water treatment and distribution system are being made to ensure the water is safe to drink and for all other purposes.
- A written pipe replacement matrix has been developed for determining the priority of pipe replacement annual plans.
- Infrastructure repairs on the water and sewer system continue with nearly 40 valves replaced this quarter alone.
- The process of selecting a vendor to replace all inoperable residential meters is underway.
- Engineering has started for the replacement of seven miles of underground pipe. Replacement is scheduled to begin this spring.
- Work has started on rebuilding manholes as a part of the water infiltration elimination program.
- A list of potential shared services opportunities with Genesee County has been developed.
- The process of selecting a vendor and funding mechanism to provide an energy evaluation of the City Hall campus is underway.

Fostering Jobs and Development

The City's Department of Planning and Development has the mission of organizing and facilitating, "targeted investment and rational, well-designed and physically integrated land use and development that advances economic prosperity, eliminates blight and stabilizes neighborhoods, protects the environment, and provides a better quality of life in the city." With the adopted *Master Plan for a Sustainable Flint* as a framework, the Department is working with partners to support long-term planning, comprehensive economic and community development including effective planning, zoning, business licensing and permitting, and parks maintenance. A number of efforts are being made to implement the specific strategies identified in the master plan, including developing a Capital Improvement Plan and a new zoning code. Other initiatives are underway that leverage grants and opportunities that fit within the community's vision. Areas of progress include:

- Coordinated economic development efforts supporting the creation more than 300 jobs and $850 Million in capital investment in 2014 including jobs with expanding companies in health care, manufacturing, retail, and environmental technologies along with new small businesses.

- A review of the process of submitting planning applications was conducted in order to assure that applications are processed in a timely manner.
- At least three "Adopt a Park" agreements have been executed to fulfill the initial commitment in the Strategic Plan and the "Friends of Berston" has been established as an independent non-profit organization.
- The capacity for conducting rental inspections will be increased shortly as a contract for inspection services is being finalized.
- Significant progress has been made with the sale of homes at Smith village, with only 9 of the 39 remaining unsold.
- Ongoing coordination with the Land Bank to continue demolitions.
- A draft of the City's comprehensive 5-Year Blight Elimination Framework has been completed and is being circulated for review by the public, partners and the Planning Commission with the intention of an adoption as a policy document in the coming quarter.
- An agreement with MDOT has been executed which will allow the construction of the Genesee Valley trail and connection to the new Chevy Commons to begin this spring.
- A preliminary draft of the City's Zoning Code has been completed and is being prepared for public review in 2015.
- A draft of the Capital Improvement Plan has been completed and shared with the public; consideration of adoption by City Council is planned for January 2015.
- A planning grant application to the EPA was submitted in order to provide for additional planning for the area around Chevy Commons.

Managing Financial and Administration Challenges

As the City of Flint moves to resolve the financial emergency, a number of financial and administrative challenges are being managed in accordance with the Strategic Plan. The following objectives have been completed:

- The City's accumulated General Fund deficit has now been reduced to less than $9 million from the $12.9 million which existed as of June 30, 2013, more than double the amount targeted in the state adopted Deficit Elimination Plan.
- A City Administrator has been selected to lead the City government as it transitions from oversight by an Emergency Manager back to home rule.
- A formal assessment of the values of both Hurley Hospital and the City's utility system have been completed, concluding that no change in ownership status would be beneficial at this time.
- A decision has been made to rejoin the County 911 Consortium, which will improve service to the Flint community while reducing overall costs.
- Video capabilities have been improved in City Council Chambers, providing for improved recording of Council proceedings.
- A review of professional development needs for city officials, department heads, and employees has been completed.
- A new fixed asset accounting policy has been implemented.
- The FY14 audit has been completed and filed with state
- An Internship program has been established for the Finance Department.
- Staffing is now in place to enhance delinquent collections.
- The office space for the Assessing Division has been renovated to address health and safety issues.

- New labor contracts were negotiated and implemented with AFSCME 1600 and 1799, and FPD Command officers, providing consistent benefit packages, achieving short and long term costs, and improving efficiency of operations.
- A new labor contract was imposed on FPOA for the same purposes.
- Modifications to exempt employee policies were approved for the same purposes.
- A new Family Medical Leave Act administration program was implemented
- A new Employee Assistance Program was implemented.
- Several specific vehicle and equipment acquisitions were made.
- New lease arrangements for several vehicles were also implemented.
- GPS tracking units were installed on several city vehicles as a pilot project.
- A regular schedule of seasonal meetings with DPW to assess vehicle readiness was established.
- A technology training calendar was established for all employees.

City of Flint Challenges Going Forward

Progress continues on the remaining objectives, with progress to be reported in the next quarterly report. Challenges to the City's progress continue in the form of events such as:

- While the transition from DWSD to KWA is underway, including the use of the Flint River on a temporary basis, the work of producing treated water continues to be complicated by the systems' aging infrastructure and varying temperatures.
- The departure of three key management staff in Finance and Human Resources will affect timelines for completion of some objectives.
- Difficulties in finding qualified candidates for plumbing and mechanical inspectors has affected the timeliness of providing inspections.
- The inability of the City and IAFF to reach a mutually acceptable labor contract patterned after the basic terms and conditions in all other contracts has resulted in a delay in achieving desired cost savings.
- The slow progress of the retiree health care lawsuit continues the uncertainty of the City's financial stability.
- Slow deployment of budgeted personnel assigned to delinquent tax collections may affect the ability to reach targeted revenues amounts.
- Evidence of consistent instances of water theft has required the assignment of public works, finance and public safety personnel to investigate and prosecute offenders.

Objectives Added or Removed

A viable plan must be flexible enough to adjust to unexpected circumstances and these modifications need to be made transparent to the community. Significant adjustments to this plan as of the end of the second quarter include:

- Objectives for improving City 911 operations are being replaced with the objective of transferring City 911 operations to the County 911 Consortium by July 1, 2015.
- An objective of developing an agreement with Genesee County for the consolidation of the 67th and 68th District Courts by January 1, 2016 will be added.
- An objective of improving inventory control in the Utilities and Fleet divisions by June 30, 2015 will be added.
- An objective of selecting permanent replacements for the City Treasurer, Human Resources Director, and Finance Director no later than April 30, 2015 will be added.

- An objective to reduce instances of water theft by 50% no later than June 30, 2015 will be added.
- An objective to develop policy review and recommendation regarding the "My Brother's Keeper Initiative" by February 1, 2015; and to develop and help launch action plan by September 1, 2016 will be added.
- Secure funding and complete construction of a road diet, and addition of bike lane, along Harrison Street by September 1, 2016, per the Master Plan, will be added.

Conclusion

Adoption and implementation of a strategic planning process is one of the elements identified by Flint's Emergency Manager in the 7-point Transition Plan as necessary for the transition back to Home Rule. Progress is being made in accordance with the expectations of the Strategic Plan and its specific objectives. Significant steps are being taken to improve its financial condition and to restructure the organization to improve efficiency and effectiveness. Steps are also being taken to prepare the City for return to traditional Home Rule governance.

The second quarter report shows completion of a number of specific objectives and progress on others. There have also been a number of unexpected events which have or will affect timely completion of objectives, or resulted in the elimination or addition of others. These types of adjustments are to be expected in the implementation of any plan.

The positive progress outlined in this report must be read in the context of the current overall condition of the City of Flint. The level of services currently provided by the City is marginal as it struggles to regain financial solvency. Flint continues to be challenged by population loss, relatively low per capita income, aging infrastructure, and an insufficient revenue stream to support a desired level of services. It still has a significant General Fund deficit to be addressed, along with significant legacy costs. And it still faces the possibility of insolvency should the challenge to changes in retiree health care prevail.

GOVERNANCE AND ADMINISTRATION

VISION Statement

The City of Flint's Governance will adapt to change and be a model of professionalism, transparency, and sustainability in order to provide effective government to each of our City's residents (as written in the Charter Preamble)

MISSION Statement

The Executive Management and Elected Leadership directs and guides the City government in order operate in an open and financially responsible manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits within the context of the City of Flint Master Plan

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
EMERGENCY MANAGER		Formally assess City readiness for Transition Advisory Board and progress towards achievement of Seven-Point Plan	I	C
MAYOR & COUNCIL		Participate with MML and others on an ongoing basis in advocating for state reforms in municipal financing, including PPT and EVIP	C	C
	Management of City Government	Continue to participate with MML and partners with new legislative session in advocating for state reforms in municipal financing, including OPEB and Prop A	I	I
CITY ADMINISTRATOR	Chief Elected Official	Reduce deficit by no less than $1 8 million by end of FY15, and each year thereafter in accord with City Deficit Elimination Plan, and continuing to accumulate an appropriate level of reserves	I	I
	Legislative Body of the City	Begin search for City Administrator	C	C
MAYOR		Formally assess dept head's progress on attaining objectives and then semi-annually thereafter	I	I
		Conduct organizational review of all departments completing Public Safety in FY15 and Public Works in FY16	I	I
CITY COUNCIL		Resolve retiree healthcare lawsuit by December 31, 2015	I	I
		Conduct formal quarterly budget and strategic plan review with Council	I	I
HUMAN RELATIONS		Complete assessment of Hurley's future as a community hospital	I	C
		Apply for 20 grants annually and receive $10 million in competitive/non-entitlement awards, beginning in FY15	I	I
CIVIL SERVICE/OMBUDSMAN		Secure ongoing financial and other support for public safety and blight, including city lock-up, for FY15-FY19	I	I
		Develop proposals for 911 consolidation and courts consolidation	I	I
		Design citizen service system to process up to 500 requests each month	I	I
		All Council members and Mayor to attain MML Level Two certification	I	I
		Update the video capabilities of the City Council chambers to facilitate in-house recording, production and uploading of video	I	C
		EM and Mayor to approve professional development training schedule for department heads	I	C
		EM and Mayor to approve professional development training schedule for employees based on recommendations from department heads and Human Resources	I	I
		Updated web site to be implemented	I	I
		All appointments to City boards to be current	I	I
		Create 1,000 Volunteer opportunities annually	I	I
		Mayor/EM to implement policies and procedures for improving citizen access to City government	I	I
		Formally assess future city role in promoting economic and community development for consideration in FY16 budget	I	I
		Develop agreement with Genesee County for consolidation of 67th & 68th District Courts by January 1, 2016	-	N
		Secure permanent replacements for City Treasurer, Human Resources Director, and Finance Director no later than September 30, 2015	-	I

GOVERNANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
CITY ATTORNEY				
CITY ATTORNEY'S OFFICE	Provide legal advice to Mayor, Council, City Administrator and Department Heads on matters of City business	Revised Business Licensing ordinance to be in effect on July 1, 2014, revised Zoning ordinance by November 2014, schedule of remaining ordinance revisions to be developed by July 1, 2015	I	I
	Prosecutes violations of City Ordinances	Develop strategy and timeline for renegotiating Cable Franchise agreement (agreement expires December 2016)	I	I
	Responds to FOIA requests	Handle 95% of litigation in-house	C	C
	Advises in labor relations and employment relations issues	Implement program for increasing amount of delinquent collections	I	I
	Represents City in lawsuits and other legal matters	Define proposed process for handling paper and digital files, including time frame for implementation	I	I
		Define process and procedures for improving standardization of procedures for common legal matters, including time frame for implementation	I	I
		Program for improving skill sets of all staff to be scheduled/implemented	I	I
		Proposal for improving the appearance of City Attorney's Office to be presented to Facilities	C	C
CITY CLERK				
CITY CLERK'S OFFICE	Records proceeding of City Council and other bodies	Define ongoing training needs of City Council staff, including law changes affecting legislative bodies (such as public notices, open meetings) and the Legistar cataloging system and implement training	I	I
	Provides administrative and professional support to City Council and other bodies	Review and update City Council's constituent complaint referral process	I	I
RECORDS	Custodian of City Records	Release a RFP by January 1, 2015 seeking comprehensive proposals for analyzing the state of all City current and historical records and providing recommendations for preserving, cataloging, and accessing records, utilizing a records retention schedule, with implementation to begin in FY16	N	I
	Codifies city ordinances every ten years	Assure orderly transition of the Licensing Division to the Planning & Development Department	I	I
ELECTIONS	Oversight of elections	Continue ongoing training calendar for Election Inspectors and City staff involved with elections	I	I
		Secure State grant for polling accessibility study to meet ADA requirements and continue to seek public and non-profit grants for election related activities	I	I

POLICE DEPARTMENT

VISION Statement

The Flint Police Department will be the anchor resource in a collaborative effort with the community, businesses and visitors to the City of Flint We will provide model law enforcement services with an emphasis on innovation and technology

MISSION Statement

The City of Flint Police Department is committed to protecting and serving all the people of our community with respect, fairness, and compassion

Acting in partnership with our community to protect life and property, we strive to prevent crime and preserve peace, order and safety

We will seek just solutions with honesty and integrity

We encourage, need, and expect community involvement to work toward a mutual goal of enhancing the quality of life within our city

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
POLICE				
ADMINISTRATION	Management & Planning	Recommend vendor for Record Management System by October 1, 2014, and propose funding and implementation strategy for inclusion in FY16 budget	C	C
		Establish criteria that identifies each supervisor's responsibilities in the supervision of their respective subordinates	C	C
		Review administrative responsibilities	C	C
		Revitalize the Flint Police Department's Chaplain Corps	I	I
	Community Policing	Launch FPD website	C	C
		Acquire and implement an online Crime Mapping capability that is accessible to community members	C	C
		Develop, train, and implement a "Citizen's Radio Patrol" utilizing Blue Badge Volunteers in their respective neighborhoods	I	C
INVESTIGATIONS	Investigation of Crimes	Evaluate call management strategies currently in place	C	C
		Increase use of IB techs at crime scenes, develop latent prints and compare to files to ID perpetrators by June 30, 2015	N	X
		Develop an informational document from the Detective Bureau to assist in identifying crime patterns	C	C
LOCKUP	Oversight of lock-up facility	Move to have GCSD handle entire booking process eliminate IB techs from process	N	N
PATROL	Deployment of officers on patrol	Reduce response time to calls for service by 8%	I	I

POLICE DEPARTMENT

(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
RECORDS/PROPERTY MANAGEMENT		Develop a data driven strategy that can be utilized by Patrol Lieutenants through recurring reports	C	C
	Custody of police records and confiscated properties	Examine other alternatives as it relates to calls for service or criminal complaints	C	C
		Complete refresh of property room	C	C
	IB section/ Property	Eliminate all unnecessary historical paper records in the Police Department	C	C
		Evaluate options and recommend location for new shooting range	N	X
	Department Management	A 3% to 20% reduction in Violent Part 1 crime	I	I
		Increase Community Policing efforts, measured by the MSU, proactive time study with an increase of 7-10%	I	I
Administration	Department Management	Use Blue Badge as the portal to all volunteer efforts, including 1). Citizen Radio Patrol, 2), Chaplain Corps, 3) Service Center/Mini Station workers with a goal of 30% increase	N	I
Administration	Department Management	Identify funding source to expand the NSO program in size and duties, specifically license compliance for problem businesses and scrap and secondhand merchants	C	C
Chief's Office	School Liaison	Per the COPS grant Hire 6 Officers and deploy in the schools with the emphasis on the school and the community therein, focus on safe routes and crimestoppers school program	I	X
Chief's Office	Department Management	1). Continue Partnership with FBI, ATF and USMS 2). Partner with MSP, FFD, FANG on Arson squad, 3). Partner GCSO on Auto Theft Team (GAIN), Develop Area Crime Team with MSP and GCSO	C	C
		Acquire and implement an online Crime Mapping capability that is accessible to community members	C	C
		Submit all requested materials from ICMA	C	C

911

VISION STATEMENT

The City of Flint 911 Department will be a fully functional Next Gen 911 system, accessible 24/7 from any device

MISSION Statement

The City of Flint 911 Department is committed to serving our citizens, businesses and visitors with professional emergency services. We will continuously strive to improve our services in the most effective and efficient manner possible

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
911		Reduce use of 911 for non-emergency calls by 25%	I	C
TELEPHONE ANSWERING & DISPATCH	Receives call and dispatches resources	Develop plan for Next Gen 911 technology, including telephone upgrade and console upgrade	N	X
	Maintains records and consoles	Improve Response to incoming 911 and 7-digit calls by 10% and improve coordination with EMS dispatch	I	C
RECORDS MANAGEMENT	Management of 911 Center	Automate billing for structure fires	N	X
		Develop plan for Consolidation with Genesee County Consortium	I	I
ADMINISTRATION		Work with Human Resources to create a new employment roster	N	X
		Working with Fire Department, create program and process for utilizing Fire Fighters on light duty at 911	C	X
		Complete state required training for all employees	I	I
		Complete Tower construction	I	C
		Eliminate Provisional Appointments/Fill vacancies permanently	N	X
		Strengthen relations with community groups by participating in 24 meetings each year	I	C
		Implement Quality Assurance program	C	C

FIRE DEPARTMENT

VISION Statement

A community educated on all matters related to fire safety and fire protection resulting in minimal damage and injury from fire incidents

MISSION Statement

Utilizing available resources, the Flint Fire Department will respond quickly and effectively to fire calls, and will lead efforts to educate the community on all matters relating to fire safety and protection

DIVISIONS		FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
FIRE	ADMINISTRATION & EMERGENCY MANAGEMENT	Department Management; coordination of emergency management activities within city	Maintain average fire response time under 9 minutes in FY2015 and develop plan to reduce response time in FY16 to less than 8 minutes	I	I
			Turnaround time for Fire Inspections to be 5 days or less	C	C
	FIRE SUPPRESSION	Deployment of Fire Fighters to emergencies	Implement new organizational structure based on 75 full-time positions	C	C
	FIRE INSPECTION & ARSON INVESTIGATION	Investigation of suspicious fires; conduct of commercial building inspections	100% Flint School children contacted and provided with fire safety and prevention program	N	C
			100% of Senior Centers provided with fire safety and prevention program	N	C
			100% of City Block Clubs provided fire safety and prevention program	N	I
	COMMUNITY EDUCATION	Education of residents and businesses in fire prevention	At least 4 times per year, the Fire Department will provide the community with information regarding fire safety and prevention	C	C
			Evaluate and define role of the Fire Department in Emergency Management, with report provided to EM	C	C
			Reduce energy in Fire Departments by 20%	I	I
			Continue progressive training once per week	I	I
			Continued training for Suppression Personnel as technology develops for today's high-tech environment	I	I
			Implement physical fitness program	I	I
			"Knock and Talk" Fire Suppression Crews and Prevention Staff to distribute Arson Reward literature to 100% of residents	I	C
			Educate juvenile firesetters by providing one-on-one discussion with 10 juveniles	I	I

68th DISTRICT COURT

VISION Statement

The 68th Judicial District Court will be a leader among Michigan Courts in the provision of quality service, equal access to a fair and effective system of justice, and protection of the public's safety

MISSION Statement

The 68th Judicial District Court will provide timely, fair, and impartial justice in all matters properly presented to the Court.

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
DISTRICT COURT				
ADMINISTRATION	Overall Court Management	To comply with all Trial Court Performance Standards-Annually, as dictated by the State Court Administrative Office	C	C
JUDICIAL PROCESSING	Courtroom activities	Improve Court collections-Annual increases by way of Amnesty and Collections Agency, comparing results at the end of each fiscal year to the previous year	I	I
PROBATION	Provides oversight of probationers	Re-establish Probation Department with (1) Probation Officer	I	I

PUBLIC WORKS

VISION Statement

The vision of the Public Works Department is to be a well managed and well trained workforce that utilizes all available resources, technology, and collaborative means to maintain the City's above and underground infrastructure and facilities

MISSION Statement

The Public Works Department is committed to the development of qualified managers and workers with consistent ongoing training, data driven decisions, and the creation of new job performance measurables

The DPW will aggressively engage in strategic local and state level partnerships while continuously implementing new and improved technologies, procedures, and policies

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
UTILITIES	Water Treatment			
WATER TREATMENT PLANT	Water Distribution	Complete the electrical upgrades on Cedar Street Pumping Facility	I	I
WATER POLLUTION CONTROL	Distribution System Maintenance	Complete the engineering design work for the Hamilton Dam upgrades	I	I
WATER SERVICE CENTER	Sanitary Sewer Operation & Maintenance	Complete the rehabilitation of the Torrey Road Booster Station	I	I
	Storm Water Maintenance	Complete and implement a comprehensive pay scale evaluation for all WTP employees	I	I
	Dam Maintenance	Complete phase II (of III) of the WTP upgrade in preparation of transition to KWA	I	I
	Water Turn On's/Off's	Create GIS maps of utility assets (including base-layer)	N	N
	Cut & Plugs	Implement tracking program for main breaks and sink holes with monthly reporting	I	I
	Wastewater Treatment	Develop and implement a written and sustainable "water loss" program. Program is to target the identification of a "baseline" loss and create means to maintain a loss percentage of under 16%	I	I
	Industrial Pretreatment Compliance	Replace 3,000 residential meters	I	I
		Develop and implement a written root control matrix to reduce infiltration into the sanitary sewer systems	I	I
		Develop a written pipe replacement matrix that uses multiple criteria to identify the priority pipes to replaced annually	I	C
		Identify a consultant to write the scope for a comprehensive energy audit of all Utility facilities and send RFP	I	I
		Develop list of shared service opportunities with Genesee County Drain Commissioner and setup a meeting schedule for talks	I	C
		Complete the de-commissioning of the incinerator and construction of a load out facility at the Wastewater Treatment Plant	I	I
		Complete the upgrade plan of turning methane gas from the digester into energy	I	I
		Complete the development and use of web site access for residents to report main breaks	I	I
		Complete Cut & Plug list for hardest hit demolitions	C	C
		Implement defined response time policy for WSC	N	I
		Develop capacity to effectuate 100% of non-pay water shut-off notices	C	C
		Implement plan for improved inventory control as developed by the Finance Department by June 1, 2015	-	N
		Reduce incidence of water theft by 50% no later than June 30, 2015	-	I

C = Complete I=In Progress
X = Cancel N = Not Started

PUBLIC WORKS

(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
TRANSPORTATION	Maintenance and repair of sidewalks	Complete a sidewalk inventory that identifies the location and surface condition rating of all sidewalks within the City	N	N
STREET MAINTENANCE	Enforcement of Right-of-Way Ordinances	Implement a 50/50 Sidewalk Repair Program targeting enforcement of the Sidewalk Ordinance and repair of 500 sidewalk squares and repair of 1,000 squares	N	I
	Maintenance of City owned streets including paving, plowing and sweeping	Perform preventive maintenance activities on 15 miles of streets and pave 4 5 miles of streets in addition to preventive maintenance on another 15 miles of streets	I	I
	Maintenance of City street trees	Complete an inventory of city street trees	I	I
		Develop a Tree Maintenance plan that identifies the location of street trees, condition, risk factors, and schedule of planned maintenance activities over a six-year cycle	I	I
		Initiate a web-based application that will allow the public to electronically report pothole, street, street tree, and sidewalk complaints	C	C
CAPITAL PROJECTS ADMINISTRATION	Capital Improvement Projects (Planning and Management)	Develop and implement a written Public Participation Plan that details how the public will be engaged in the transportation planning process	N	N
		Invest $20,000 in non-motorized facilities by providing funding to secure preliminary engineering services for the Genesee Valley non-motorized trail project	C	C
		Develop a reconfiguration plan for Harrison Street and South Saginaw Street that includes facilities for multi-modal travel and traffic calming devices	I	I
		Identify a funding source to develop engineering plans to reopen Leith Street	N	N
TRAFFIC CONTROL	Maintenance of signs, traffic signals, and pavement markings	Perform an audit of all signalized intersections to identify unwarranted traffic signals and implement a preventive maintenance plan for traffic signals	I	I
	Barricading Activities/Special Events	Perform regulatory and warning sign upgrades in 3 areas of the City in FY15 and an additional 3 areas each year thereafter	I	I
		Complete construction of a road diet and addition of a bike lane along Harrison Street by September 1, 2015, contingent upon identifying of funding source by Planning & Development no later than July 1, 2015	-	N
SANITATION (Contract Management)	Monitoring of residential waste collection, composting, and recycling	Develop and execute a Compost Plan that will result in the processing and removal of compostable materials from the Chevy in the Hole site	C	C
		Issue Waste Collection Services RFP for new contract period	N	N
		Increase the City's recycling participation to 10% in FY15 and 12% in FY16	I	I
		Develop a recommendation on the feasibility of implementing a 96-gallon cart recycling program	I	I
		Monitor Waste Collection Services contractor's collection and disposal activities on a monthly basis to ensure compliance with contract provisions	I	I
		Formally evaluate performance of Waste Collection Services contractor	N	N
		Work with foundations, Police, and City partners to develop a new special event management protocol	C	C
		Provide timely instruction to public with respect to leaf collection process	C	C

PUBLIC WORKS
(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
FACILITY MAINTENANCE	Maintenance of city facilities and grounds	Complete disposition of Police Academy, Fire Station, FAEC, McKinley, and Park Supply buildings	I	I
	Planning for optimal facility usage	Elimination of unneeded storage and relocation of employees into a permanent workspace	I	I
	Facilitating use of city facilities	Implement new staffing plan for Facility Maintenance	C	C
		Increase capacity for maintenance services through a wider network of support vendors	C	C
		Establish a contract management performance review that has a semi-annual written report	C	C
		Develop a comprehensive routine and preventive maintenance plan that documents areas of concern, structures the way we effectuate repairs, and supports the CIP	I	I
		Develop 5-year capital improvement plan for City facilities and update annually thereafter	C	C
		Replace exterior City Hall lights with LED's and motion sensors	I	I
		Identify a vendor and a funding mechanism to provide an energy evaluation of the City Hall campus, producing a 2015 energy "baseline" in which to measure progress	I	C
		Modify 5-year Facility capital improvement plan annually prior to the budget presentation to Council	I	C
		Complete the transition of senior center operations to other entities contracting directly with the County for operational support	C	C
CHEVY COMMONS		Infrastructure remediation and Storm Sewer discharge compliance	I	I
	Future usable green space	Development and Construction of Phase 1 Green cap	I	I
		Implementation of USDA Phytoremediation $400k grant	I	I
		Events Management	C	C
		Implement compost operations DEQ Consent Decree	I	I

C = Complete I=In Progress
• X = Cancel N = Not Started

PLANNING AND DEVELOPMENT

VISION Statement

The Planning and Development Department will partner with residents, businesses, and visitors to implement the Master Plan and help transform Flint into a safe, vibrant, sustainable, and healthy city

MISSION Statement

The Planning and Development Department is committed to ensuring the public safety, health, and well-being of Flint's residents, businesses and visitors through targeted investment and rational, well-designed and physically integrated land use and development that advances economic prosperity, eliminates blight and stabilizes neighborhoods, protects the environment, and promotes a better quality of life in the City

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
CASE MANAGEMENT	Current Planning	Complete all plan reviews within 3 weeks and inspections within 72 hours	I	I
	Permitting	Implement a comprehensive form-based zoning code that streamlines the approval process for projects that adhere to the regulations	I	I
	Service Counter/Business Support	Process all planning applications within the prescribed time limits and minimize the number of discretionary cases to be reviewed quarterly thereafter	I	C
	Major Cases	Designate designated case manager to guide major projects through the City's determination process	C	C
		Complete acquisition of the Grand Traverse Greenway Trail	I	I
		Coordinate with Redevelopment Ready Communities to reorganize department procedures to provide a seamless case management process for new and existing businesses to help facilitate redevelopment	I	I
	Business Licensing	Implement P & D management of business licensing ordinance	I	I
		Achieve 25% licensing compliance in FY16	N	N
		Achieve 50% licensing compliance in FY17	N	N
		Achieve 90% licensing compliance in FY18	N	N
BLIGHT ELIMINATION,	Code Enforcement	Develop and implement a comprehensive code enforcement program	I	I
	Rental Registration	Implement an updated rental registration ordinance	N	I
		Achieve 25% rental registration compliance FY16	N	N
&		Achieve 50% rental registration compliance FY17	N	N
		Achieve 90% rental registration compliance FY18	N	N
NEIGHBORHOOD STABILIZATION	Business License Enforcement	Secure funding and demolition assistance to demolish 1,200 homes and 80 commercial buildings each year for 5 years with progress measured annually	I	I
	Blight Elimination & Street Lighting Coordination	Secure formal commitment of at least 60 neighborhood groups and community organizations to maintain 2,000 vacant parcels	I	I

PLANNING AND DEVELOPMENT

(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
COMMUNITY DEVELOPMENT & ECONOMIC DEVELOPMENT	Neighborhood Planning	Comply with all HUD regulations and time submission requirements for all reports	I	I
	Small Neighborhood Projects	Implement a grants management system utilizing BS&A to better track performance	I	I
	Fair Housing	Provide ongoing technical assistance and training to all sub-recipients and sub-contractors to insure full compliance and timely processing of payments	I	I
	Historic Preservation	Process all requests for economic development support (tax abatements, etc) within prescribed time frames, to be monitored quarterly	I	I
	Program Management (CDBG, HOME)	Complete Smith Village development	I	I
		Sell all Smith Village and NSP homes	I	I
		Develop a policy review and recommendation report on the My Brother's Keeper Initiative by February 2015 and develop and help launch the action plan by September 2015	-	I
		Define the ongoing role for city involvement in economic development and present budgetary request for consideration in FY16 budget	I	I
	Economic Development	Implement a formally defined CDBG allocation process that is transparent and advances the goals of the Master Plan	C	C
	Major Development Projects	Complete a formal written comprehensive housing investment strategy to include a housing program that provides rehabilitation and home buyer incentives to encourage residents to move to or remain in Flint	I	I
	Workforce Development	Secure other sources of grant funding for entire department to increase available revenue by 10% per year, beginning with FY15	I	I
	Small Business Development	Respond in a timely manner to requests for assistance in expanding existing or attracting new businesses, with particular focus on small businesses and brownfields	I	I
		Implement the EDC Deficit Elimination Plan	C	C
	Oak Business Center & EDC	Attract new businesses to Oak Business Center to reduce vacancy rate to less than 15%	I	I
		Secure a monitoring and compliance contractor to allow staff to focus on proactive community development	I	X
LONG RANGE PLANNING	Master Plan Implementation	Develop a commercial investment framework based on the Master Plan	N	N
	Performance Management	In coordination with local, regional, and state economic development agencies, develop a formal long term strategy and role for the City government to help expand existing or attract new businesses, with particular focus on small businesses and brownfields, funding request to be presented for potential funding in FY16	I	I
	Transportation Planning	Create 8 subarea plans	I	I
	Public Safety Planning	Develop the City's first combined Capital Improvement Plan	I	I
	GIS Services	Hold annual engagement to discuss progress of Master Plan and solicit additional feedback on action plan	N	I
	Infrastructure Planning	Establish short-term (1-3 years) action plans for each chapter of the Master Plan	C	C
	Sustainability Planning	Develop between 10-15 neighborhood plans covering every residential area by 2020, at the rate of 20% per year	I	I
	Zone Changes	Develop a citywide sustainability plan	N	N
	Plan Amendments	Maintain on an ongoing basis updated demographic and housing data easily available to internal and external customers	I	I
		Develop a proposal for providing citywide Geographic Information Services to internal and external customers and implement plan	I	I
		Coordinate the implementation of at least 1 strategy in each chapter of the Master Plan every year, with progress measured annually	I	I
		Submit proposal to the EPA for a Brownfield Area wide Planning Grant or technical assistance grant to create a brownfield development for the area around the Chevy Commons	C	C
		Present blight elimination framework to the Planning Commission for adoption as part of the Master Plan implementation	I	I
		Begin update of the Master Plan	N	N
		Complete a formal written blight elimination framework for neighborhoods	C	C
		Implement structure within P&D which has responsibility for developing a plan for improving street lighting within the City for managing the lighting special assessment and payment of bills	I	I
		Secure funding of a road diet and addition of a bike lane along Harrison Street per the Master Plan by July 1, 2015	-	I

PLANNING AND DEVELOPMENT

(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
PARKS & OPEN SPACE	Parks Maintenance	Refine the City's parks classification system and develop service standards that align with the MDNR and the needs and desires of the Flint community	I	I
		Assure that all city parks are mowed at least twice per month based upon individual plan for land management, contractor performance to be reviewed on a quarterly basis	C	C
	Parks Planning	Complete a naturalization demonstration in Max Brandon Park and then 3 other parks	I	I
		Complete improvements to Riverbank Park and McKinley Park as specified in the MDNR grant	I	I
		Complete improvements to McKinley Park as specified in the MDNR grant	I	I
		Update the Parks and Recreation Master Plan with additional focus on park equity and enhancing recreational use of the Flint River and adjacent parks and open spaces	N	N
	Parks Partnership	Establish at least 3 "Adopt A Park" agreements every year; complete the establishment of the "Friends of Berston" group	I	C
		Work with the County to establish a joint maintenance agreement for at least one of the City's larger parks	C	C
	Parks Programming	Develop a management plan for the City's 4 golf courses	I	I
		Develop the plan to adjust the CANUSA Games Housing and field of play locations	N	X
	Open Space	Submit at least one grant proposal each year for MDNR funding	C	C
	Trail Development	Complete construction of the Genesee Valley Trail	I	I

FINANCE AND ADMINISTRATION

VISION Statement

A robust division capable of meeting the external and internal needs of the City of Flint in the areas of finance treasury, assessments, human resources, information technology, and fleet

MISSION Statement

To manage the financial and administration division of the City of Flint through promoting fiscal responsibility and industry best practices in order to respond to the needs of the City of Flint with efficiency and timeliness

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
FINANCE				
ACCOUNTING	Payroll Production & Reporting	Reduce the General Fund deficit by $1 8 million in FY15	C	C
		Reduce the General Fund deficit by $1 8 million in FY16	N	N
	Vendor Management and Payment	Convert to new fixed asset accounting and develop fixed asset policy	I	C
		Review rates and master fee schedule to ensure they are appropriately set	N	N
	Monitoring Financial Performance	Develop plan for improving inventory control in Fleet and Utilities by May 1, 2015	-	I
AUDITING		Implement Finance Department reorganization	I	I
	Preparation of Financial Reports	Audit completed and filed with state	I	C
BUDGETING	Monitoring Grant Performance	Schedule and conduct 4 city wide finance and accounting training sessions	I	I
	Accounting for Revenues and Expenses	Establish and implement internship program for Finance	I	C
RISK MANAGEMENT	Development of Long Term Financial Projections, Deficit Elimination Plans and Strategies for Financial Solvency	Establish a paperless process for procuring goods and services	I	I
		Prepare a RPF for copier services in FY15 in time to allow issuance of request before contract expires in FY16	N	N
PURCHASING	Administration of Property and Liability Insurances	Provide recommendations for updating procurement policies to be used during and after transition and to increase efficiencies	I	I
		Increase the usage of P-cards to boost the City's annual rebate by 15% progress to be measured regularly	I	I
GRANT ADMIN	Selection and Monitoring of Benefit Program vendors	Establish management expectations of turn-around time on vendor payments, purchasing requests, position filling requests, and other areas, monitor performance, beginning with FY15 first quarter results to be evaluated and monitored monthly	I	I
		Establish formal process for reviewing, processing, and making timely decisions for applications on tax abatements	I	I
		Adopt stabilization ordinance and fund balance policy	I	I
		Establish expectations of turn-around time on purchasing requests and monitor performance, beginning with FY15 and evaluated quarterly	I	I
TREASURY				
CUSTOMER SERVICE		Identify additional $500,000 00 to $1,000,000 00 in unreported income tax, utilizing the 2011 State income tax data	N	N
		Increase the collection of delinquent taxes by 15-20% through continued efforts to collect delinquent income tax and personal property taxes and by new efforts to collect delinquent Miscellaneous Receivables and Water bills	N	I
		Reorganize Customer Service to assure that after that time, that all utility bills are mailed two weeks prior to the due date, that checks are processed within 10 days from the postmark date, and that customer wait time in the office and on the phone are reduced by 25%	I	I
DELINQUENT COLLECTIONS		Replace the current vendor for processing electronic payments with Point and Pay in order to allow the City to accept water, property tax miscellaneous receivables, special assessment and permit payments electronically	C	C
		Install a kiosk in the City Hall lobby in order to allow the City to accept water, property tax, miscellaneous receivables, special assessment and permit payments electronically	I	I
		Create description of City's efforts to manage delinquent water accounts while obtaining the City's financial goals and assisting those who are facing financial hardships	N	N
		Implement electronic income tax withholding	I	I
		Update City efforts to assist those unable to pay for utilities	N	N
		Re-examine efforts to assist individuals to pay utility bills	N	N
		Establish and implement an ongoing schedule of Customer Service", "Team Work" and "How to deal with difficult customer" training for all Treasury staff	I	I

FINANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
ASSESSING				
ASSESSORS OFFICE	Assessing of Properties	Determine schedule of staff training in Assessing net as necessary and for annual compliance with state requirements during course of FY15, and annually thereafter	C	C
	Administration of Valuation Appeals	Conduct comprehensive site inspections of residential and commercial tracts between April and November of each year in sufficient number annually to canvas 12 tracts annually	I	I
	Processing of Poverty Exemption requests	Secure contract to achieve the conversion of remaining hard copy records and drawings to digital format utilizing APEX and/or digital scanning, with financial plan submitted for FY16 budget	I	I
	Provision of property and tax information to businesses and residents	Provide for the timely process of MTT appeals, and split/combination applications 2012 and 2013 appeals will be completed by end of FY15 and appeals filed in 2014 will be resolved by end of FY16 The processing of splits and combination requests is required to be completed end of each year to be incorporated in the following year's assessment roll. *(Note 2012 Complete)*	I	I
		Working with Facilities, finalize plan for relocating Assessing from its temporary site	I	C
	Maintenance of Property descriptions and tax rolls	Analyze options for lessening the workload impact of processing poverty exemption applications	C	C
		Participate with Planning and Development, IT, and others to develop the ongoing process for establishing and maintaining of the parcel layer for City GIS, and for providing GIS services to internal and external customers.	C	C
HUMAN RESOURCES		Utilize a master position list for confirming the need to recruit, promote or reduce employees	C	C
EMPLOYMENT	Recruitment and Selection	Update personnel rules and procedures, including ordinances	I	I
	Testing	Update testing protocols for recruitment/selection	I	I
	Contract Negotiations	Complete and implement 1600 contract	C	C
		Complete and implement FPOA contract	I	C
		Complete and implement updated 1799 contract	I	C
		Complete and implement updated IAFF contract	N	I
		Complete and implement updated Capt/Lt contract	I	C
		Complete and implement Sergeants contract	I	C
	Employment law allegations	Inform department heads and supervisors of contract changes prior to implementation	C	C
LABOR RELATIONS	Grievances and Arbitrations	Answer 100% of all new grievances within required time frames, measured with quarterly reports	I	I
	Benefit administration	Complete and implement changes to Exempt and Appointed benefit programs	I	C
ENROLLMENT	Payroll enrollment and changes	Develop and implement ongoing training curriculum and schedule in conjunction with Department Heads	C	C
	FMLA oversight	Implement new FMLA process	I	C
	Worker's Compensation Administration	Implement new EAP program	C	C
	MIOSHA/OSHA Administration	Redesign Occupational Health and Safety Program for the City	N	N
WORKERS SAFETY	Employee Clinic	Administrative policies/procedures to be updated	I	I

FINANCE AND ADMINISTRATION

(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
FLEET		Monthly rental of Special Operations vehicles	I	I
		Evaluate and make recommendation of GPS tracking units for DPW and Utilities vehicles	I	C
ADMINISTRATION	Maintains fleet inventory	Update the replacement schedule to reflect replaced, required, and disposed of vehicles and equipment, to be used in preparation of annual budget for annual budget preparation	N	I
		Jib Winch for Traffic bucket truck	I	C
		Purchase 10 Front Plows for DPW snow removal	I	C
		Purchase one-man Leaf Vac truck for Street Maintenance	I	C
		Evaluate use of farm equipment tractor rentals recommended by DPW for winter snow removal	I	C
		Dump trucks for Utilities/DPW snow removal	N	N
		Add-on and auxiliary equipment for Enterprise Lease vehicles	N	N
SERVICE WRITING AND PARTS MANAGEMENT		FY14 & FY15 Lease Vehicles and Equipment	I	C
		Complete 100% audit of City owned vehicles and equipment, including condition to be used in preparation of the annual budget	N	N
VEHICLE AND EQUIPMENT REPLACEMENT, ADDITION, DELETION	Equips and repairs fleet	Complete the Fleet Focus software upgrade, install a mechanic workstation and bar code labels in the Stock Room	I	I
		Complete a Stock Room audit and enter all parts into the Fleet Focus software program	I	I
VEHICLE AND EQUIPMENT REPAIR		Distribute to departments, PM and DOT schedule detailing responsibility of departments and drivers for daily inspections, compliance with DOT requirements, and maintenance responsibilities	I	I
	Recommends specifications of vehicles and equipment to be purchased	Monitor department and driver compliance with PM and DOT schedules and responsibilities on a quarterly basis	N	N
		Complete the bid process for DOT and PM services for heavy equipment and passenger vehicles	I	C
		Complete the bid process for vendor repair services, including 24-hour emergency response	I	I
	Develops and maintains vehicle and equipment replacement schedule	Complete evaluation and develop schedule annual departmental training needs and tool purchases	I	C
		Complete the bid process for alternate emergency fuel source	N	I
		Complete the sale and removal of the unused fuel tank at the Police Northside Precinct	C	C
		Determine if the fuel tank at Parks & Rec is still needed at this facility and take action accordingly	N	I
		Complete the removal of underground storage tanks at Fire Station #3 and determine if the above ground storage tank at Parks & Rec can be utilized there	I	I
		Recommend fueling station needs at current site	N	N
		Meet with all departments to discern fall and winter program needs	C	C
		Meet with all departments annually to discern spring program needs	N	N

FINANCE AND ADMINISTRATION
(continued)

DIVISIONS	FUNCTIONS	KEY OBJECTIVES FY15 & FY16	1ST QTR STATUS	2ND QTR STATUS
INFORMATION TECHNOLOGY		Implement Governance Model	I	I
	Oversees the design, purchase, implementation, and operation of the City's technology infrastructure, provides professional and technical advice to departments in utilization of technology; identifies and provides technology related training	Complete implementation of BS&A net (BS&A implementation contract complete)	I	I
		Develop and schedule implementation of a telecommunications infrastructure upgrade	I	I
		Establish and implement a Technology Training Calendar for all employees	I	C
		Install 22 new fully functioning mobile data computers	I	I
		Maintain uptime for internet and intra net by 95% of the time, as measured by quarterly reports	C	C
		Reduce the number of shadow access systems by 40% (base number as of May 1, 2014)	I	I
		First issue resolution and same day resolution achieved for 70% of Help Desk tickets, as measured by quarterly reports	C	C
		Recommend vendor for Record Management System and propose funding and implementation strategy for inclusion in FY16 budget	I	I
		Complete a federally compliant IT Disaster Recovery and Security Plan	N	N
		Complete a Mobile Device Readiness Assessment	N	N
		Reduce telecommunication expenses by 30%	I	I
		Equip Mayor, Finance, South Bldg, Police and Fire Conference Rooms with access to technology	N	N
		Upgrade IT Training Room	I	I
		Develop plan to convert technology infrastructure to wireless	N	N
		Upgrade space housing IT servers etc	N	N

Attachment 5. Orders and Directives of the EFM and EM

Executive Orders

DATE	ORDER #	DESCRIPTION
1/5/15	30	SPECIAL COUNCIL MEETING
12/17/14	29	SPECIAL COUNCIL MEETING
12/09/14	28	SPECIAL COUNCIL MEETING
11/06/14	27	ACCEPTANCE AND ADOPTION OF COLLECTIVE BARGAINING AGREEMENT WITH POLICE OFFICERS LABOR COUNCIL (POLICE CAPTAINS AND LIEUTENANTS)
11/06/14	26	ACCEPTANCE AND ADOPTION OF COLLECTIVE BARGAINING AGREEMENT WITH POLICE OFFICERS LABOR COUNCIL (POLICE SERGEANTS)
10/18/14	25	MONTHLY CITY COUNCIL MEETING SCHEDULE FOR THE REMAINDER OF 2014
09/12/14	24	ADOPTION OF BENEFIT MODIFICATIONS FOR NON-UNION EMPLOYEES
07/16/14	23	ACCEPTANCE AND IMPOSITION OF COLLECTIVE BARGAINING AGREEMENT WITH THE FLINT POLICE OFFICERS ASSOCIATION UNION
07/16/14	22	ACCEPTANCE AND ADOPTION OF COLLECTIVE BARGAINING AGREEMENT WITH AFSCME COUNCIL 25, LOCAL 1799
07/15/14	21	AMENDED WASTE COLLECTION USER FEE
07/01/14	20	ACCEPTANCE AND ADOPTION OF COLLECTWE BARGAIMNG AGREEMENT WITH AFSCME COUNCIL 25, LOCAL 1600
07/15/14	18	ADOPTION OF THE DEFICIT ELIMINATION/RESERVE ACCUMULATION PLAN
07/01/14	11	SPECIAL STREET LIGHTING ASSESSMENT FOR FY15 AND FY16
06/26/14	13	ADOPTION OF BIENNIAL BUDGET FOR FISCAL YEARS 2015 AND 2016
06/20/14	15	MAYOR DAYNE WALLING'S INCREASED RESPONSIBILITIES AND COMPENSATION
06/20/14	16	FLINT CITY COUNCIL'S INCREASED RESPONSIBILITIES AND COMPENSATION
06/20/14	14	ADOPTION OF STRATEGIC PLAN FOR THE CITY OF FLINT

04/30/14	12	COMPLIANCE WITH PUBLICLY FUNDED HEALTH INSURANCE CONTRIBUTION ACT, ACT 152 OF 2011
04/01/14	10	COUNCIL MEETING AGENDA
03/21/14	9.0	MONTHLY CITY COUNCIL AND COMMITTEE MEETING SCHEDULE
03/06/14	6.1	REVISION TO CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS
03/05/14	08	COUNCIL MEETING PROTOCOL
02/25/14	07	AUTHORITY FOR THE PRESENTATION OF TIIE MAYOR'S ANNUAL STATE OF THE CITY ADDRESS
02/25/14	06	CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS
01/31/14	05	CITY COUNCIL AND CITY COUNCIL COMMITTEE MEETING SCHEDULE FOR FEBRUARY 2014
01/31/14	04	CONFIRMATION OF CITY COUNCIL COMMITTEE APPOINTMENTS
12/11/13	003	DIRECTIVES TO COUNCILMAN ERIC MAYS
12/11/13	002	CANCELLATION OF CITY COUNCIL MEETING
12/11/13	002	CANCELLATION OF CITY COUNCIL MEETING
11/01/13	001	CITY COUNCIL MEETING SCHEDULE FOR THE REMAINDER OF 2013
06/13/13	004	ADOPTION OF FISCAL YEAR 2014 BUDGET
06/06/13	003	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
04/12/13	002	CITY COUNCIL'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
03/28/13	001	MAYOR DAYNE WALLING'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
03/27/13	011	WATER SERVICE PROCEDURES
03/15/13	010	GRANT APPLICATIONS
12/12/12	EFM009	INVALIDATING COUNCIL ACTION
10/11/12	EFM008	POVERTY EXEMPTION TO STREET LIGHTING SPECIAL ASSESSMENT

10/11/12	EFM007	CITY COUNCIL ADOPTION OF AMENDMENT TO RENTAL INSPECTION ORDINANCE IS NULL AND VOID
09/14/12	EFM006	OVERTIME
09/12/12	EFM005	CITY TREASURER AUTHORIZED TO CORRECT ASSESSMENTS OR FEES IF PROPERTY OWNER ENTITLED TO WAIVER
08/24/12	EFM004	ADVISORY COMMITTEE
08/24/12	EFM003	BUDGETARY OVERSIGHT & TERMINATION OF LINE ITEM LEVEL
08/24/12	EFM002	PROCEDURE FOR SUBMISSION OF RESOLUTIONS AND ORDINANCES
08/24/12	EFM001	PROCEDURES FOR PURCHASING
08/08/12	034	FLINT POLICE OFFICERS ASSOCIATION UNION CONTRACT PROVISION MODIFICATION/ TERMINATION - TRANSFER TO THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
08/08/12	033	CONSOLIDATION OF FLINT AREA ENTERPRISE COMMUNITY WITH ECONOMIC DEVELOPMENT CORPORATION AND ELIMINATION OF CITIZENS DISTRICT COUNCILS
06/27/12	032	ESTABLISHMENT OF SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12	031	WATER AND SEWER RATE INCREASES
05/30/12	030	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12	029	APPLICATION TO STATE ADMINISTRATIVE BOARD FOR APPROVAL TO ISSUE NOT TO EXCEED $9,300,000 IN FISCAL STABILIZATION BONDS
04/25/12	028	WASTE COLLECTION USER FEE
04/25/12	027	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH AFSCME LOCAL 1799
04/25/12	026	AFSCME LOCAL 1600 ("LOCAL 1600") CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12	025	AFSCME LOCAL 1799 RETIREE INSURANCE RECIPIENTS
04/25/12	024	AFSCME LOCAL 1600 RETIREE INSURANCE RECIPIENTS
04/25/12	023	FLINT I.A.F.F. - FLINT FIREFIGHTERS UNION RETIREE INSURANCE RECIPIENTS

04/25/12	022	FLINT POLICE OFFICERS ASSOCIATION UNION RETIREE INSURANCE RECIPIENTS
04/25/12	021	P.O.L.C. - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	020	P.O.L.C. - FLINT POLICE SERGEANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	019	NON-UNION ACTIVES AND RETIREE INSURANCE RECIPIENTS
04/25/12	018	FLINT POLICE OFFICERS ASSOCIATION CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12	017	ADOPTION OF FISCAL YEAR 2013 BUDGET
04/24/12	016	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH FLINT I.A.F.F. - FLINT FIREFIGHTERS UNION
04/24/12	015	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P.O.L.C. - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION
04/24/12	014	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P.O.L.C. - FLINT POLICE SERGEANTS UNION
04/13/12	013	Modification of Section 10 of the settlement agreement and release of all claims dated OCTOBER 2, 2002, between the City of Flint and plaintiffs RICHARD DICKS, LEON NOVACK, SHIRLEY NOVACK, THE UNITED RETIREMENT GOVERNMENTAL EMPLOYEES (URGE), AND SANDRA YURK relating to prescription drug coverage for all retiree groups of the City of Flint
01/11/12	012	Monthly Meetings with Flint City Council
01/11/12	011	Procedure for Submission of Matters Involving a Recommendation by the Planning Commission
12/20/11	010	Council's Responsibilities & Compensation
12/20/11	009	Mayor's Responsibilities &Compensation
12/19/11	008	Advisory Committee
12/13/11	007	Budgetary Oversight & Termination of Line Item Level
12/08/11	006	Elimination of Civil Service Commission
12/08/11	005	Elimination of Office of Ombudsman

12/08/11	004	Procedures for Resolutions and Ordinances
12/08/11	003	Procedures for Purchasing
12/02/11	002	Elimination of Salaries for Mayor & Council
12/01/11	001	Termination of Appointments

Attachment 6. FY 14/15 and FY 15/16 Biennial Budget

CITY OF FLINT, MICHIGAN

Setting a Sustainable Course for the City of Flint

Five Year Financial Projections 2015-2019

Adopted Budgets for FY15 and FY16

Future Projections for FY17, FY18 and FY19

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Prepared by
Department of Finance
Gerald Ambrose, Finance Director
Antonio Brown, Deputy Finance Director

Contents

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    a. Preface
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3. City Council Approved Budget Priorities
4. Organization Chart
5. FY15 and FY16 Budgets and 3-Year Forecast
6. FY15 and FY16 General Fund Budget
7. City of Flint Staffing Projection
8. Projected 5-Year Facilities Improvements
9. Deficit Elimination/Reserve Accumulation Projections
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11. Projected Taxpayer Impact

City of Flint 5-Year Financial Plan

Preface

This adopted budget for the City of Flint covers the FY15 and FY16 fiscal years which begin July 1, 2014 and July 1, 2015 respectively. Financial projections for the following 3 fiscal years are included as well.

This budget has been developed within the context of the City's recently adopted Master Plan, the Vision, Mission, and Goals for the City government as adopted by the City Council, and the Budget Priorities as adopted by the City Council. Accompanying this budget is a preliminary statement of objectives initially proposed to be accomplished during the two years.

Taken together, the budget and strategic plan will serve as a template to move the City government forward to become a well-managed, financially stable, and accountable organization focused on creating a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

However, this budget demonstrates the continuing financial challenges facing the City of Flint. Stagnant revenue growth in property tax and income tax revenues, coupled with significant increases in legacy costs, retiree health care in particular, create a significant gap between revenues and expenses which require increases in other revenues and decreases in City staffing and services including the possibility of adjustments in public safety services.

Unfortunately, the financial forecast for the next several years beyond FY16 show a continuing gap between projected revenues and expenses. Within the next few years, without significant means to identify and collect additional revenues, or to further reduce the cost base, the City of Flint will be extremely challenged to provide even the most basic of City services.

Over the last several weeks, this adopted budget has been reviewed by the City Council, which will also held a public hearing to receive citizen input. The Mayor and Council subsequently provided comments and recommendations pertaining to the budget to the Emergency Manager.

Background

The City of Flint has been in state receivership since December, 2011, as a result of consistent deficits in the General Fund, a decline in pooled cash, unrealistic budgeting, and unfunded liabilities for postemployment benefits. Significant progress has been made in addressing these financial issues, as the $19.1 million deficit at the end of FY12 had been reduced to $12.9 million at the end of FY13, cash position had improved, and the FY14 budget was realistically balanced, with further reduction of the deficit anticipated.

The FY14 budget was designed and implemented with the same goals in mind – operating within the constraints of available revenues; restructuring operations and cost factors to enhance future financial stability, and continuing to reduce the remaining $12.9 million deficit. The FY14 budget was constructed with the specific intent of further reducing the deficit by a minimum of $1 million, by budgeting expenses at $1 million less than projected revenues. As of January 31, 2014, seven months into the FY14 year, revenues and expenses are on target.

In order to regain and maintain financial solvency, it is not only necessary to eliminate the remaining accumulated deficit but to have an adequate amount of reserves to protect the City in the event of unexpected financial losses. Planning to accomplish this requires a continual dedication of revenues over the next several years to eliminate the remaining deficit and establish an adequate reserve level. A draft deficit elimination plan to accomplish this is currently under review by the Michigan Department of Treasury.

Making progress to date has required hard decisions and sacrifices for all. The FY13 and FY14 budgets were balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Revenue increase included a 25 percent increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, establishment of a special assessment district for street lighting, and implementation of a fee sufficient to cover the cost of waste collection. Expenditure reductions included elimination of 20 percent of the City's workforce, compensation decreases equivalent to a 20 percent wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

The actions taken to-date to restructure healthcare benefits for current employees and retirees have also had a significant impact on reducing both current costs and long-term liabilities. The 20% reduction in the workforce required significant reorganizational activities focused on reducing current costs. Long term liabilities were reduced by eliminating traditional defined benefit pension programs for new employees in favor of hybrid plans; by moving the City's retirement system into the a state wide retirement system; by restructuring health insurance benefits for current employees and placing retirees into those same plans; and by eliminating the promise of retiree health care for new employees in favor of providing retiree medical savings accounts. Much of the positive financial result in FY13 came from these actions. The restructuring, which was implemented during the course of FY12, reduced the City's OPEB liabilities alone from nearly $900 million to less than $325 million as noted in the FY13 audit.

The efforts of the City to regain financial solvency have been aided by support from numerous Federal, State and private partners. State police troopers have been placed in the City to support local law enforcement efforts, and funds have been allocated to enhance prosecution activities and to operate the City's lock up. The Governor's proposed budget continues this support.

The steps taken to begin to restore the City to financial solvency have not been without conflict and changing circumstances. A significant legal challenge has been made to the decision to move retirees from their historical health insurance plans into the same plans offered current employees. This action resulted in an initial cost reduction in FY13 of $3.5 million to the City and imposed deductibles and co-pays on retirees. This challenge is currently pending in federal court. If the challenge is ultimately upheld, it will pose a significant challenge to the City in its efforts to regain and maintain financial and service solvency. Due to the stay imposed by the federal court, the City must increase its budget for retiree healthcare costs in the FY15 budget by $5 million and may even need to pay more as retirees seek reimbursement for past medical expenses. These healthcare expenses will continue to increase in subsequent years.

Legacy costs in total will continue to be a cost burden to the City of Flint. In FY 14, the City budgeted $30.2 million for its retiree healthcare and pension costs, an amount equal to 17% of its total revenues. The General Fund alone budgeted $16.4 million, an amount equal to 31% of its total revenues. By FY19, it is projected that the City will need to budget over $43 million, an amount equal to 23% of its total revenues. For the General Fund alone, the amount projected to be needed will exceed $21 million, an amount equal to 34% of General Fund revenues.

The future financial solvency of Flint will also be challenged by a continuing structural deficit. As part of the planning for future financial solvency, five year projections and a strategic plan were developed. This exercise indicated a significant financial challenge forthcoming in FY15, due to the current status of the retiree health care lawsuit and the ending of a major grant supporting firefighting resources. Future year projections also show a continuing gap between revenues and projections.

Finally, the most important challenge to be addressed in the City of Flint will be instituting structural changes in the organization of the City to foster financial solvency as a core value and to assure that future governance and management of the City is conducted in a financially responsible manner. To this end, the current Emergency Manager has created a Blue Ribbon Committee on Governance, charged with developing recommended changes to current ordinances, procedures, and the Charter. The recommendations of the Task Force are anticipated within six months.

Overview

The City of Flint has spent considerable time planning for the community's future through the comprehensive master plan and creating an organizational framework focused on the City's new vision, mission, and goals. The 2-Year budget has been developed in a balanced manner to best meet the needs of a variety of service areas and challenges.

However, challenges to changes in retiree healthcare and the loss of grant funds have required that a new service baseline be established; this also poses significant and immediate challenges to the City's financial viability. Current court rulings in regards to the retiree health care lawsuit have increased retiree health care expenses nearly $5 million in FY15, and the loss of the SAFER grant ($ 3.4 million) eliminates funding for 39 of the City's 65 firefighters.

The harsh winter increased the need to remove hundreds (if not thousands) of damaged and fallen trees throughout the city, and to repair damaged roads and sidewalks. The winter also placed additional stress on the antiquated city facilities as they faced water leaks and damage to walkways and sidewalks. Implementing the master plan, and continuing to eliminate blight will also require dedicated resources going forward.

The recently completed study of the water and sewer system finances also demonstrated a shortfall in revenues needed to operate this critical service and provide for necessary maintenance. As much as the high rates for providing water and sewer services pose significant financial challenges and community implications, the alternative of not addressing basic maintenance and adjustments based on guidance in the master plan is equally challenging.

These factors have a significant effect on the adopted staffing levels. Reductions in city staffing over the past two years have come almost exclusively from City services other than police, fire, and 911. As a result, those remaining city services are thinly staffed, and despite valiant efforts of dedicated employees, service levels have been reduced. In some cases, the reductions have been severe and counter-productive. For example, reductions in customer service at Treasury and staffing at Utilities has reduced capacity to effectively pursue collection of delinquent bills. Reductions in Information Technology have slowed the implementation of technology which can improve effective processing. Reductions in Human Resources have slowed the process of hiring employees. Reductions in Building Safety have slowed the process of conducting inspections and issuing permits, and have eliminated much in the way of code compliance efforts.

Therefore, balancing the budget in a financially sustainable way requires addressing the impact of these issues. It also requires that they are addressed within the context of the Mayor's and Council's stated budget priorities. The Council's stated priorities are:

- Maintaining police and fire staffing levels at the maximum level feasible
- Reducing the General Fund deficit by at least $1 million
- Continuing efforts to reduce blight, including demolition
- Hiring an experienced City Administrator
- Assure that capacity exists to implement the Master Plan
- Add capacity in the areas of Economic Development

- Fund years 1 & 2 of capital improvements identified in the Master Plan
- Improve street maintenance
- Establish parks partnerships
- Improve customer service through training and technology
- Increase removal of dead and diseased trees
- Evaluate ways to reduce water and sewer rates for constituents in the budget process

Balancing the budget responsibly in the context of these immediate and significant financial challenges, while addressing stated priorities, is a significantly difficult task. The unplanned addition of $5 million in expenses for increased retiree health care is a "Game-Changer" and seriously undermines the ability of the City government to move forward in becoming a positive force helping to create a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve quality of life.

As the development of the FY15 budget began, there was a significant gap between projected General Fund revenues and General Fund expenses alone. While some revenue sources indicated a slight increase over the current year, projected expenses were significantly above the current year. The expense increases are due primarily to a nearly $5 million increase in costs for retiree health care and an increase in the per person cost of pension contribution. In addition, there was recognition of the need to assure capacity to implement the Master Plan to continue addressing blight, to address increased costs of health care for current employees, and to address critically needed facility maintenance.

The budget presented here is balanced in a financially responsible manner, in that revenues and expenses meet. However, the consequence is that, where possible, revenues have been increased, and where necessary, expenses have been decreased. Whether the result is an acceptable result, in the context of the needs and the future of the City, is uncertain.

It is clear that proposed changes in service levels reflected in this budget are significant, and that at the same time the financial plan is being finalized within the confines of available revenues, considerable efforts will continue to mitigate the impacts. Continued efforts to achieve a satisfactory resolution of the retiree healthcare lawsuit, as well as to continue searching for additional sustainable funding, or to engage in mutually beneficial partnerships will continue. The changes necessary to achieve necessary balancing of revenues and expenses will be done in a managed way, not in a crisis response.

The financial projection for the years following FY15 and FY16 show the continuing challenge of a structural deficit. Without a means to identify a new significant revenue source or to sustain and even make further reductions in the City's cost base, such as retiree health care, Flint will be extremely challenged to provide even the most basic of City services in future years.

Highlights of the Adopted Budget

Costs to taxpayers are increased....

- Property tax levies remain unchanged
- Street lighting assessment increased to $71 in FY15 and $74 in FY16
- Solid Waste fee increased to $163 in FY15 and $169 in FY16
- Water and Sewer rates increased by a total of 6.5% in FY15 and 6% in FY16

Costs to City employees are increased....

- 20% premium share for health insurance implemented
- Premium contribution for non-Medicare eligible employees retiring after July 1, 2014 established
- 50% premium share for dental and vision insurance implemented
- Vacation and sick leave replaced with PTO, new accumulation caps established
- All new employees enrolled in hybrid pension plan
- All new employees enrolled in RMSA in lieu of promise of retiree health care

Legacy costs are increased significantly...

- General Fund costs for retiree health care are increased 25%, from $8 million to $10 million in FY15, increasing on an annual basis thereafter
- General Fund costs for retiree health care and pension in total are projected to increase from $16.4 million (31% of total revenues) in FY14 to $21.5 million (34% of total revenues) by FY19
- For all funds, total costs for retiree healthcare and pension are projected to increase from $30.4 million (or 17% of total revenues)in FY14 to $43.5 million (23% of total revenues) by FY19

City staffing is budgeted at 522 in FY15 and 523 in FY16.....

- Staffing is maintained in District Court, 911, Finance, Assessing, Transportation, IT, and Fleet
- Police Department – Total department staffing will be 115, with 7 vacant positions and 29 additional positions eliminated through attrition by end of FY15. Additionally, a recently offered COPS Hiring grant for six School Resource Officers will not be accepted. The next several months will be focused on mitigating the impact of this through reorganization with the assistance of consultants specialized in police and fire service; seeking additional funds; and obtaining assistance from law enforcement partners in order to achieve the best possible level of police response.
- Fire Department – Total department will be 75, with 19 positions eliminated as the SAFER grant expires. There are several vacant positions to be eliminated as part of this, with a goal of needed reduction no later than December, 2014. The next several months will be focused on mitigating the impact of this through reorganization and restructuring obtained with the assistance of consultants specialized in fire and police service.

- Planning and Development Department - Staffing is at 25, with adding 1 position. The department is being reorganized to assure capacity to implement the newly adopted Master Plan and continue efforts of blight management. Continued assistance in the form of grants and partnerships will be utilized, and general fund support for those activities is increased.
- Public Works Department - 6 positions are added to the Utilities division as the Water Treatment Plant begins operation as the primary source for Flint water; 1 position is added to Facilities to address critically needed maintenance issues.
- Finance and Administration Department - 3 positions are added to the Treasurer's Office to increase delinquent collections, with the added cost to be offset by additional revenues.
- Governance – As efforts to resolve the financial emergency progress, the position of City Administrator will be filled. Additionally, the salaries of Mayor and Council are partially restored as their role in governance increases.

Council budget priorities are addressed as follows:

- Maintaining police and fire staffing levels at the maximum level feasible – Due to revenue shortfall, increased retiree health care, and lack of other options, staffing is reduced. The Police and Fire millage funds will be used to fund 20 fire fighters and 26 police officers through FY15 and FY16. However, the accumulated millage funds will be fully used by the end of FY16.
- Reducing the General Fund deficit by at least $1 million – General Fund expenses are budgeted at $1 million less than revenues, and $800,000 in Capital Improvement Funds will be appropriated to the Utilities, thus reducing the General Funds debt to the Utility Fund by an additional $800,000. The plan is to continue this commitment for the next several years until the deficit is eliminated, and then the commitment will become one of building a financial reserve equal to 15% of General Fund revenues.
- Continuing efforts to reduce blight, including demolition – CDBG funds continue to be used for demolition and General Fund is assuming partial cost of the Blight Coordinator position
- Hiring an experienced City Administrator – Funds are included in budget.
- Assure that capacity exists to implement the Master Plan – General Fund is assuming partial cost of the Planning and Development Director, and Associate Planner, and a position of GIS technician is created, whose funding is shared among various city funds. Lead partners will be identified in each work area. Also, the Mayor has committed to overseeing the process of assuring that Master Plan implementation is an ongoing important part of city operations.
- Add capacity in the areas of Economic Development-The P&D Director is committed to defining a program for small business development, to be funded in FY16 through CDBG funds. Additionally, 20% of staff time of two DCED staffers and a portion of the Director's time will be devoted to economic development. Also, the Mayor has committed to leading the City's economic development efforts with partners and the assistance of this City staff.
- Fund years 1 & 2 of capital improvements identified in the Master Plan – the CIP portion of the Master Plan will be finalized in FY15, and the results will be considered for inclusion in the FY16 budget.

- Improve street maintenance – Due to minimal increases in state funding for streets, maintenance efforts will continue at the current levels. State financial support has been sought and obtained for some major street projects, in particular those related to economic development projects.

- Establish parks partnerships – The Planning and Development Department now has oversight of Parks, and as one of its strategic objectives, has committed to increase the number of parks partnerships in FY15 and FY16. Funding even the most basic of parks maintenance activities is increasingly challenging within the constraints of the parks millage funds. The goal is to eliminate General Fund support of these activities by the end of FY16.

- Improve customer service through training and technology– Human Resources, as it did in FY14, is committed to continuing ongoing training for supervisors and will be extending these efforts to all employees. IT likewise is committed to providing ongoing training for employees. Finally, most departments are including funds for ongoing training for employees. For example, the Treasury's customer service division is committed to specific customer service training for its front line employees.

- Increase removal of dead and diseased trees – Oversight of removal of trees within street right of ways is now the responsibility of the Transportation Division of Public Works, removal of trees within Parks is now the responsibility of Planning and Development; and removal of trees on other city properties is the responsibility of the Facilities Division of Public Works. Unfortunately, there is only a limited amount of funds available for these purposes, and the general effort will be focused on emergency responses. However, the Transportation Division is committed to attempting to secure assistance from other entities to increase capacity to address this problem.

- Evaluate ways to reduce water and sewer rates for constituents in the budget process-The results of the recent rate study confirm that it unlikely that water and sewer rates can be decreased at any time in the foreseeable future, and in fact, rates need to be increased. However, the actions taken to date to join KWA and to temporarily use the Flint River show that future rate increases will be less than had the City stayed with its prior provider.

Absent new sources of funding or reduced expenses in areas such as retiree healthcare, the commitments to progress and the staffing and service levels here are anticipated to continue for both FY15 and FY16. It is anticipated that the slight additional revenues in the General Fund for FY 16 will not be sufficient to cover increased costs, and it will be necessary to utilize additional funding from the police and fire millage to cover the costs of some police or fire positions in the General Fund in FY15. Depending on the rate of attrition in the Police Department, there should be sufficient remaining funds in the Police and Fire millage to avoid additional reductions in police or fire positions in FY16.

DT, Admin, SAM, RTAB Analyst
EM, CA, PD, MSP,
Harvey Hollins,

City of Flint Wednesday 9:00am Phone Conference Agenda

March 18, 2015 1[redacted], Access code[redacted]

		Last Report	Status	
1) Public Safety Update – FPD, MSP, (FFD, if needed)				
	a) FPD	Status Report – Murder ↑ 6 to 8 ; overall 17% ↓ YTD (16%) Intense sweep in high murder area	Update	
	b) FFD			
	c) Other update from Chief Tolbert and MSP	.. New service center being donated Work w/ businesses to hire PTE for special duty & relate FTE to Patrol New ord to better enforce Trespass & loitering being drafted		
2) Governor's Office Update – R. Baird, H. Hollins, B. Clement				
	a) District Court Consolidation	County Commissioners voted on 12/10/14 to approve "pursuant to the terms and conditions set forth in a MOU to be approved between City of Flint and Gen. Cty."	Discussion beginning with County Countroller. Appears County wants long term subsidy from City. Counter proposal being developed.	More discussions Planned will go before VC Potential loss of Court emp? ← 68th Dist
	b) Local Income Tax Initiative	Additional source of funds still needed for City. H. Hollins working to find a new sponsor. Projected financial challenges associated with projection of FY17 budget may emphasize the rational.	No Change	
3) Finance and *Administrative Update*				
	a) Management Vacancies	MML advertising for Treasurer, HR Director and Finance Director. Fire Chief to remain until 2016.	Update	FD to remain until 2016
	b) Budget	Financial projections status. Projected gap between revenues and status quo expenses is between $4.5million and $5.0million.	Update	Gap < $4.5M - Mostly due to HC costs

		Last Report	Status	
	c) DEP/RAP	Progress under DEP/RAP being revised.	No change	Multiple Orders Pending
	d) Purchasing	Revised purchasing ordinance being enacted.	New	
4) City Council Update				
	a) EM Order	Orders being developed defining organizational reporting relationships to new City Administrator		
	b) Council/Mayor Compensation	Revision to Council and Mayor compensation is being developed.	Update	VC votes on budget priorities
5) Water Issues				
	a) MDEQ Violation Notice	Most recent TTHM sampling was tested by the MDEQ - confirmed our most recent internal test findings - that water is within federal/state guidelines. Received the violation notice from MDEQ, due to the running average calculation. The notice to customers will go out by mid-March, with more information included and medical community participation.	Update	Action Plan being developed from Veolia Report $6M EM Loan Package Water Rate Affordibility
	b) Drinking Water Revolving Fund	Discussing possible restructuring of loans.	No Change	
	c) Water Quality Consultant	Final report being compiled; will focus on TTHM compliance and plans for hardness and discoloration improvement.	Update	
	d) WAC/TAC	A 40 member Water Advisory Committee and a 13 member Technical Advisory Committee (including EPA representative) have met as part of the process of improving communication and receiving additional feedback. WAC 2nd meeting scheduled for 3/19/15.	Update	
	e) Problem resolution next steps	Administration to develop action plan based on Veolia study and input from WAC/TAC.	Update	
6) 9-1-1 Reconsolidation Plan				
	a) Tower Transfer to Consortium	Tower Transfer justification package sent to Council 2/24/15, there was no disagreement with the plan. Letter to Treasurer for transfer request to be sent shortly. C-GAP grant amendment to pay for consolidation expenses has ben approved.	Update	10 days - No VC action MOU w/ Fire Dept Pending

		Last Report	Status
7) Transition Activities			
	a) Transition Management	New Council committee structure in place. Budget process progressing.	Update
	b) Transition date	Date specific transition calendar developed. RTAB to be appointed. Need to determine date of final order.	Update

8) Other items

EMail to City on Flint Vehicle purchase ← Approval stands

Dempkowski, Angela (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Wednesday, March 18, 2015 4:49 PM
To: Elizabeth Murphy
Cc: Howard Croft; Dayne Walling; Natasha Henderson; Kelly Rossman-McKinney; Jason Lorenz; Peter Bade; Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury); Bulger, Harold W., Jr.
Subject: Re: Draft release - restructuring of DWRF bonds

Jason,

Money to be available is $2.24 million.... and the interest rate remains at 2.5%.... Total interest to be paid ($12.1 million) is $228,000 greater than the total interest to be paid in the original issue ($11.9 m) over the life of the issue...

On Wed, Mar 18, 2015 at 4:39 PM, Elizabeth Murphy <emurphy@cityofflint.com> wrote:
Responding to items in the release:
1) is total amount now available $2.24 or $2.4 million? Both numbers are used in statement.
2)is new interest rate 2.5% + 2%? So 4.5%? That is how I am reading last line in the statement.
LIZ

On Wed, Mar 18, 2015 at 4:29 PM, Howard Croft <hcroft@cityofflint.com> wrote:
Jerry,

I think you make the point in the letter but is of note that the DWRF loan was **specific to the water fund** and not sewer. Along that same line is whether or not we intend to tie the the funds to a specific project like the $2 million dollar grant from treasury where there is a direct measurable link from the action to the result.

On Wed, Mar 18, 2015 at 3:45 PM, Gerald Ambrose <gambrose@cityofflint.com> wrote:
Attached for review and comment is a draft release regarding restructuring of the DWRF bonds. It is necessary for me to issue an order to do this, and it is still subject to Treasury approval. Treasury is waiting for the paperwork, so I am expecting approval. Timing is an issue because the restructuring affects debt service payments due April 1.

The plan is to sign the order tomorrow and get it to Treasury same day... so I see it as important to get our message out first.

Note that my discussions with Treasury have been towards freeing up funds for needed capital improvements. Not for reducing rates....

I am asking Jason/Kelly to get this to whomever else at the state should also review. I am copying Terry Stanton.

This needs to be ready for release early in the morning.

Please include Jason in responses regarding editorial comments. let me know if you have issues with substance or timing.

J

--
Howard Croft
Public Works Director
City of Flint
1101 S. Saginaw Street
Flint, MI 48502
PH# 810.766.7135 Ext.2043
hcroft@cityofflint.com

--
Liz Murphy
Assistant to the Emergency Manager
City of Flint
810 237 2025

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, March 18, 2015 1:22 PM
To: Porubsky, Carmen (TREASURY)
Subject: Flint report for files
Attachments: Flint Sec17 Report 010815.pdf

Carmen:

FYI,
Randy,

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

January 8, 2015

Mr. R. Kevin Clinton, State Treasurer Michigan Department of Treasury
4th Floor Treasury Building
430 West Allegan Street Lansing, MI 48922

Dear Mr. Clinton:

Attached please find the three month report for the period October 9, 2014 through January 8, 2015 as required by Public Act 436, Section 17. This report is being submitted through you to Governor Rick Snyder.

The entire report will be posted on the City of Flint website www.cityofflint.com as soon as it is approved.

Respectfully submitted,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

cc:
Governor Rick Snyder
Arlan Meekof, Senate Majority Leader
Kevin Cotter, Speaker of the House of Representatives
James Ananich, State Senator
Sheldon Neeley, State Representative
Phil Phelps, State Representative
Inez Brown, Clerk of the City of Flint
Wayne Workman, Deputy Treasurer
Edward Koryzno, Bureau Director of Local Government Services
Randall Byrne, Office of Fiscal Responsibility

Public Act 436, Section 17: Three Month Report
January 8, 2015

Introduction

This Three Month Report of the status of the Financial and Operating Plan for the City of Flint is submitted to the Governor Rick Snyder, the Senate Majority Leader, the Speaker of the House of Representatives, and Clerk of the City of Flint through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 17 which requires this report beginning six months after the appointment of the Emergency Manager.

Included are the items detailed below from P.A. 436, Section 17:

a) A description of each expenditure made, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the source of the funds.

b) A list of each contract that the emergency manager awarded or approved with a cumulative value of $5000 or more, the purpose of the contract, and the identity of the contractor.

c) A description of each loan sought, approved, or disapproved during the reporting period that has a cumulative value of $5000 or more and the proposed use of the funds.

d) A description of any new position created or any vacancy in a position filled by the appointing authority.

e) A description of any position that has been eliminated or from which an employee has been laid off.

f) A copy of the contract with the emergency manager as provided in section 9(3)(e).

g) The salary and benefits of the emergency manager.

h) The financial and operating plan as required under section 11. Update #8 to the Financial and Operating Plan for the City of Flint.

City of Flint
Water Improvements

DATE	IMPROVEMENT	EFFECT	COST
Nov.	Increased flushing efforts (as weather permits)	Reduced time of water in the system	N/A
Nov.	Adjusted operational softening to no less than 80%	Reduce chlorine demand	N/A
Dec.	Started hydraulic modeling of distribution system	Helps to identify locations of bad valves	$80,000
Dec.	Started evaluation of different polymers	Removal of organic carbon	N/A
Dec.	Started SCADA upgrades inside of Water Plant	Improvement of internal software controls	$424,000 Budgeted
Jan.	Hired vendor to upgrade efficiency of the ozone system	Better oxidation and disinfecting	$7,200
Jan.	Started jar testing	Assists in dosage amounts and polymer aids	N/A
Feb.	Hired consultant Veolia for process review	Professional recommendations	$40,000
Feb.	Leasing a TTHM analyzer	Increased internal testing ability	$8,000
Feb.	Adjustments to reservoir level to match demand	Reduce time of water in system	N/A
Mar.	Implement process controls	Professionalism / efficiency	~$300,000
Mar.	Utilize Granulated Activated Carbon Filtering	Large reduction in TOC	$1,500,000
Mar.	Increase ferric chloride / reduce ozone feed rate / reduce lime dosage	Reduction in hardness	~$600,000
Mar.	Build hydraulic model	Assists in identifying locations of bad valves	Budgeted
Mar.	Communication program	Community awareness	~$80,000

Byrne, Randall (Treasury)

From: Dempkowski, Angela (Treasury)
Sent: Wednesday, March 18, 2015 2:00 PM
To: Byrne, Randall (Treasury)
Subject: RE: Bullets for Wayne's meeting with the Governor
Attachments: DRAFT Agenda for W Workman.docx

Randy: This looks good the way you have it set up. I just added a title.

Angela Dempkowski
Senior Executive Management Assistant
Michigan Department of Treasury
dempkowskia@michigan.gov
(517) 373-4415

From: Byrne, Randall (Treasury)
Sent: Wednesday, March 18, 2015 1:56 PM
To: Dempkowski, Angela (Treasury)
Subject: Bullets for Wayne's meeting with the Governor

Angela:

This is the list of bullet points. Please put this into an agenda format for me. The title of the meeting is," Local Government Update Agenda", March 30, 2015, 11:15 a.m. Please return to me, I will have to change some of the content of the bullets.

Thanks,
Randy,

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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March 30, 2015
Meeting with Governor
Agenda

EMERGENCY MANAGER (EM)

Flint

- Deficit Elimination Plan: Emergency Manager (EM) Gerry Ambrose is preparing an E-Loan application that would provide a $6M E-loan to assist in eliminating the City's $9M General Fund deficit by June 30, 2015.
- The Michigan Department of Environmental Quality (MDEQ) Testing Lab has provided results to the City of Flint showing that test results for total trihalomethanes (TTHM) levels for the month of February are well within Environmental Protection Agency (EPA) guidelines for safe water. However, because EPA regulations require that the four month average for all testing sites be within guidelines, the City is still considered to be out of compliance by the MDEQ.
- The City was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the City's water system through improved waste management and leak detection and pipe assessments.
- EM Ambrose's exit from the City is tentatively scheduled for April 2015; however, to ensure water quality for the residents and eliminate current water issues, the EM's exit date should be delayed until July 2015.
- An EM Order is being prepared that would restructure Water System Revenue Bonds Series 1999 thru 2002 with the Michigan Finance Authority. This would postpone principal payments and free up $2.24M, allowing the City to further improve its water distribution system.

Lincoln Park

- FY 15 is projected to conclude with a $500k deficit, which may be offset by the one-time proceeds from the sale of a cellular tower, expected revenues of $900K.
- Pensions are poorly funded; police and fire pension is 31% funded while the general employees' pension is 22% funded. Retiree healthcare is funded on a pay as you go basis.
- Emergency Manager Coulter's plan to fund pensions to the 60% level by 2035 requires significant reductions to retiree healthcare. The current annual cost of $4.1M will be reduced to $600k, via section 12(1)(k) collective bargaining agreement (CBA) modification.
- An additional police and fire pension millage has been placed on the May 5 ballot. If passed by the electorate, this would raise 6 mills ($3M) for pension funding and other uses.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Ecorse

- The Ecorse RTAB continues to monitor the deteriorating conditions of the City. Preliminary assessment figures show a 26% decline in residential property values citywide.
- The City has been unable, during the past two years, to produce a balanced five-year budget. Such a multi-year budget is mandated by Emergency Manager Order.
- Previous financial projections predict significant operating deficits for FY 2016, and total exhaustion of the General Fund balance in FY 2017.
- The City's pension fund is 41% funded. The City is paying out more in benefits than in contributions to the plan. The Municipal Employees Pension System has suggested several options to improve the funding of the plan.

Hamtramck

- Current budget to actual reports show that the City is on track to realize the General Fund balance predicted in year one of Emergency Manager Square's two-year budget.
- The Police Chief resigned on March 11.

Allen Park

- City Administrator Karen Folks resigned on March 12, 2015, after RTAB approval of a Separation Agreement negotiated with the City Council.
- Finance Director Bob Cady was appointed Interim City Administrator. Treasury will be participating with the City in a search process for a permanent City Administrator.
- Renovation has begun on a temporary City Hall facility. The City expects to relocate to the new facility in May 2015.
- The City is preparing to issue a bond tender offer to reduce its outstanding debt. The tender offer process was previously delayed due to the uncertainty between the City Council and the City Administrator. A meeting is being scheduled.

Benton Harbor

- The City is projected to end the FY with a General Fund balance of $200k.
- The City was awarded $910K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the water system through water main replacements and fire hydrant repairs, and complete a property reappraisal to provide updated and accurate assessing records. Additionally, the City will provide community enhancement through blight management and sidewalk replacement.
- An estimated 35 residents are without water due to frozen water lines. The City has hired a local company to assist the residents in thawing the lines for $150 per residence. Even

though residents are responsible for maintaining the water lines on their property, the City stepping is offering assistance by paying $75 of the $150, and the resident paying the rest.

Pontiac

- The City was awarded $125K through the through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to supplement the City's ongoing blight management programs.
- A new search process to hire a Deputy Mayor will begin shortly after a suitable candidate was not found through a Michigan Municipal League (MML) search.
- A new City Charter has been proposed by the City Charter Revision Commission and will appear on the May 5 ballot for approval by the electorate.

CONSENT AGREEMENT

Royal Oak Township

- The Township is continuing negotiations with the City of Hazel Park for the provision of police services. The Michigan State Police is currently providing dedicated police patrols to the Township on a temporary basis. The proposal from the City of Hazel Park for this service currently exceeds the Township's available revenue by over $200K. Discussions regarding the needed level of dedicated patrols within the Township are continuing between both entities.
- The Township is evaluating a proposal from the Ferndale School System to acquire Grant School (where the Township offices are located) for $1. The Township has retained McKenna & Associates to assist them in evaluating the feasibility of the Township owning and operating this facility. The building's unmet capital needs have been identified at $1.2M.
- Giarmarco, Mullins & Horton, P.C. has been appointed the Township Attorney via the issuance of a Consent Agreement Order. This firm replaces the firm of Pentiuk, Couvreur & Kobiljak. This change is estimated to save the Township $78K in budgeted legal service expenses.

Inkster

- City Treasurer Mark Stuhldreher currently has the Consent Agreement powers; City Manager Richard Marsh has requested that he be given those powers.
- The City was awarded $855K through the Financially Distressed Cities, Villages and Townships Grant Program. These funds will be used to complete a property reappraisal program, repair and replace fire hydrants and enhancing public safety by providing an officer to the multi-jurisdictional narcotic team and the deployment of one additional police officer, and a backup power supply and technology improvements.
- The City anticipates a General Fund surplus of less than $100K by the end of the current fiscal year, June 30, 2015. This is one year sooner than the approved Deficit Elimination Plan had indicated.

- A Consent judgment levy by the Detroit Water and Sewer Department and Wayne County will likely be placed on the July tax roll. The City owes DWSD $682K for unpaid water service and Wayne County $4.9M for unpaid sewer services.

River Rouge

- The City was awarded $592K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting and infrastructure improvements to City Hall.
- A reduction in the healthcare benefits for active employees and retirees was implemented on November 1, 2014. The City estimates an annual savings of $400K.
- The City must develop a sustainable five year budget and have no funds with a deficit in order to exit from the Consent Agreement.

NEUTRAL EVALUATION

Highland Park

- The City has hired Pierce, Monroe & Associates to assess the adequacy and accuracy of billing records, develop a methodology for calculation of amounts due to the City per customer, develop a work plan for implementation of an accounting program, and calculation of outstanding account balances per customer account.
- The City made an initial offer of $2.2M to settle past due accounts to the Detroit Water and Sewerage Department (DWSD). The offer was rejected by DWSD. Discussions are ongoing.
- The City was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the City's water system through meter replacement, leak detection, and system repairs.
- The Request for proposal (RFP) for the selection of a third party to operate and maintain the City's water and sewer systems, as required by the City's Plan of Adjustment, are due on April 20, 2015.
- In August 2015, an emergency loan of $16.4M, which includes the restructuring of $4.8M in existing loans, will be used to refund $2.7M in Fiscal Stabilization Bonds, $5.2M in Financial Recovery Bonds, and $3.7M in State Revolving Fund Bonds.
- BenStaff has been hired by the City to make recommendations to reduce healthcare costs.
- The law firm of Lewis & Munday has been hired to assist the City with the restructuring of the other post-employment benefits (OPEB) benefits.

OTHER COMMUNITIES

Melvindale

- The City was awarded $88K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used enhance public safety through fleet replacement of police vehicles and updated technology.

Wayne

- The City anticipates a General Fund deficit in the next two years.
- The City Manager signed a six month contract. This may lead to more instability in the City's administration.
- The City has approved a May 2015 ballot proposal of 3 mills for five years that if approved by voters, would assist in funding police and fire retirement costs.

Wayne County

- The Michigan Supreme Court ruled unanimously in favor of retirees who receive a 13th check to offset inflation. The County is required to return $32M to the Pension Equity Fund.
- Cash reserves reached its lowest point in August 2014 with pooled cash falling to approximately $73M, the average balance is $170M. This includes proceeds from a short term borrowing of $75M.

Lamphier, Wendy (Treasury)

From: Gelisse, Ashley (TREASURY)
Sent: Wednesday, March 18, 2015 12:43 PM
To: Bowman, Matthew (Treasury)
Cc: Workman, Wayne (TREASURY);Storberg, Ann Marie (TREASURY)
Subject: RE: Flint Drinking Water Loans
Attachments: Approval for Contracts Related to Joe Louis Arena.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Matt,

Thanks for sending this along. Wayne and I have previously discussed this, I don't have any concerns. Note - I'm copying Ann here because she'll be taking over these PA 436 approvals going forward, keeping her in the loop.

Two things we will need before we can finalize:

1) Please place on City of Flint letterhead
2) The EM should sign the request letter so it's clear that he's supportive before we ask Kevin so sign (see attached example from Detroit)

In terms of timing, Kevin is out of pocket all afternoon on Friday. So, if you can get us the aforementioned changes by tomorrow, that would be optimal. Thanks!

Ashley

From: Bowman, Matthew (Treasury)
Sent: Wednesday, March 18, 2015 10:49 AM
To: Gelisse, Ashley (TREASURY)
Subject: Flint Drinking Water Loans

Ashley,

As you are probably aware, we are in the process of amending the City of Flint's four Drinking Water loans through the MFA to provide some up-front cash relief. To accomplish this, the Treasurer will be required to give his approval on the attached memo. Please let me know by tomorrow if you have any concerns with this approval. The tentative plan is to have all the documents signed on Friday. If you have any questions, please let me know.

Thanks,

Matt Bowman
Bureau of State and Authority Finance
Michigan Department of Treasury
Bowmanm2@michigan.gov
517.335.6102

CITY OF DETROIT
OFFICE OF THE EMERGENCY MANAGER

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 1126
DETROIT, MICHIGAN 48226
PHONE 313•224•3703
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WWW.DETROITMI.GOV

MEMORANDUM

To: Governor Rick Snyder
State of Michigan

From: Kevyn D. Orr, Emergency Manager
City of Detroit

Date: March 18, 2014

Re: PA 436 Approval for Contracts Related to the Joe Louis Arena

---

The Emergency Manager ("EM") has determined that it is in the best interests of the City of Detroit (the "City") and is consistent with the City's restructuring efforts and will promote the goals and purposes of Public Act 436 ("PA 436") to enter into the following contracts related to the Joe Louis Arena (the "JLA"):

- Sublease of Riverfront Arena (the "Sublease") between the City, Olympia Entertainment, Inc. ("OEI") and the Detroit Red Wings, Inc. (the "Red Wings")
- The Mutual Waiver and Release Agreement (the "Release") by and among the City, OEI and the Red Wings
- The Operating and Management Agreement (the "Parking Agreement", together with the Sublease and the Release, the "JLA Documents") between the City, OEI for the Riverfront Arena Parking Facility (the "JLA Garage").

The salient terms and benefits of the JLA Documents are as summarized below and shown on the attached term sheet, respectively:

- OEI will continue to sublease, operate and maintain the JLA from the City retroactive to July 1, 2010 through July 15, 2015, with the option to extend for five one-year terms during which time OEI will pay the City $1 million per year in rent less the amounts paid by OEI as property taxes on the JLA;
- OEI and the City each have the right to terminate the Sublease upon completion of a new arena for the Red Wings currently being designed and constructed, provided that OEI can extend the termination date if it were to occur during the NHL season or if it would impact events scheduled within 180 days of the proposed termination date;
- OEI will maintain all insurance for the JLA from January 1, 2014 going forward;
- OEI will have no obligation to make any major capital repairs to the JLA, and the costs of such repairs shall be allocated between the City and the OEI as agreed upon, provided that if such allocation cannot be agreed to, either OEI or the City can terminate the Sublease, provided, further, that the City can only terminate if such capital items are catastrophic capital items;
- OEI will pay an additional $250,000 in security payments to the City for the additional required police services during the initial term of the Sublease and an additional $100,000 per year thereafter;
- Following the termination of the Sublease, the City will demolish the JLA if it receives sufficient funds from the State of Michigan;
- OEI will continue to manage and operate the JLA Garage during such time as the Sublease is in effect and will be reimbursed for all operating expenses and be paid a 7% management fee;
- OEI will repair [600] parking spaces that are currently unusable in the JLA Garage by September 1, 2014;
- The City will be responsible for making any major repairs, i.e., those over $5,000, to the JLA Garage in such a manner as the City decides; and
- The City, OEI and the Red Wings have collectively released and waived all claims with respect to the JLA and the JLA Garage up to the date of execution including, but not limited to, such claims related to back rent, rent attributable to cable revenues, property taxes, operating expenses, capital repairs, or indemnification, provided that OEI shall pay the City $5.175 million over the next three years and the City and OEI shall reconcile current accounts to ensure that no amounts are due or owing on execution of the JLA Documents.

The JLA Documents involve the transfer of certain assets, liabilities, functions and responsibilities of the City, which were not provided in the City's financial and operating plan. Accordingly, pursuant to section 12(1)(r) of PA 436, the EM hereby submits the JLA Documents to you for review and request that you authorize the JLA Documents.

APPROVED

4/30/14

Date

Rick Snyder, Governor

Koryzno, Edward (Treasury)

From: Dempkowski, Angela (Treasury)
Sent: Wednesday, March 18, 2015 8:14 AM
To: Koryzno, Edward (Treasury)
Subject: Gov Memo
Attachments: March Memo FINAL DRAFT.docx

Here it is

Angela Dempkowski | Senior Executive Management Assistant/Treasury
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
dempkowskia@michigan.gov

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Thank you

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: March 17, 2015

TO: Rick Snyder, Governor

FROM: R. Kevin Clinton, Treasurer

SUBJECT: Status of Financially Stressed Local Governments

EMERGENCY MANAGER

Flint
Emergency Manager: Gerald Ambrose
Appointed: January 13, 2015
Anticipated Exit: April 2015

Recent Developments

- The City was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the City's water system through improved waste management, leak detection, and pipe assessments.
- An EM Order is being prepared that will restructure Water System Revenue Bonds Series 1999 through 2002 and the Michigan Finance Authority. This would postpone principal payments and free up $2.2M, allowing the City to further improve its water system.
- The Michigan Department of Environmental Quality (MDEQ) Testing Lab provided results to the City of Flint showing that the total trihalomethanes (TTHM) levels for the month of February are well within the Environmental Protection Agency (EPA) guidelines for safe water. However, because EPA regulations require that the four month average for all testing sites be within guidelines, the City is still considered to be non-compliant by the MDEQ.
- The City hired Veolia North America to provide a preliminary analysis of the City's water system. On February 18, 2015, Veolia North America presented a preliminary report to the City's Public Works Committee. Recommendations included water plant improvements, distribution system improvements, new policies and procedures, and better communication with customers. The estimated costs of implementing Veolia's recommendations will be determined after the second phase of the study is complete.
- An International City/County Management Association (ICMA) comprehensive public safety study has been completed, and was presented to the City Council on January 22, 2015. Several recommendations for both police and fire are currently being reviewed by the City. Of the 16 major recommendations for public safety, the following four are most crucial:

- Establish more aggressive protocols for responding to service demands from the public.
- Equip a minimum of one marked patrol car with an automated external defibrillator (AED) and an automatic license plate reader, and equip every car with e-ticket readers and printers.
- Develop a robust in-service training program.
- Establish and publish a clear multiyear strategic plan that includes specific performance goals and objectives for all units.

Significant Actions/Issues

- The General Fund accumulated deficit for FY 2014 was $9M. In FY 2013, the General Fund had an accumulated deficit of $12.9M. Noted areas of reduced expenditures within the governmental funds included Parks & Recreation reduced by $5.6M, Community Development reduced by $2.6M, Public Safety reduced by $1.8M, and Building Inspections reduced by $1.7 M.

Issues to Resolve before EM Exit

- Eliminate annual operating/structural deficit, which is projected at $1.7M for FY 2017 and grows to $11.9M by FY 2019, if the City loses the lawsuit over retiree healthcare. The City's current budget does not assume this potential additional $5M expense. If the City loses this lawsuit, it will permanently add $5M annually to the cost of retiree healthcare, which will grow at a rate equal to the general rise in healthcare costs.

Lincoln Park

Emergency Manager: Brad Coulter
Appointed: July 3, 2014
Anticipated Exit: January 2016

Recent Developments

- The City was awarded $143.5K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through updated technology.
- A fire union collective bargaining agreement has been approved. The estimated cost savings is approximately $500K by achieving cost reductions associated with overtime and paid leave.
- A Firefighters and Police Officers Retirement Act, has been placed on the May 5, 2015 ballot. If approved by voters this will raise an additional 6 mills, or $3M, for fire and police pension funding and retiree healthcare.
- Due to retiree health care being completely unfunded, Emergency Manager Brad Coulter will utilize P.A. 436 (2012), Local Financial Stability and Choice Act, to change retiree contracts so that health insurance will be replaced by a lower cost stipend. This action is calculated to reduce retiree health care costs by $3M per year.
- FY 2014 ended with a General Fund accumulated deficit of $736K out of a total budget of $21M. This is a significant increase from the FY 2013 accumulated deficit of $89K. Noted areas of increased expenditures within the governmental funds included Public Safety by $1.1M, Public Works by $700K, and Culture and Recreation by $600K.

Significant Actions/Issues

- The police and fire pension plan is 30% funded. The general employee pension plan is 22% funded. (any initiatives underway to address the underfunded pension dilemma?) This was moved to Recent Developments. I moved it back

Issues to Resolve before EM Exit

- Expired collective bargaining agreements must be finalized for police.
- Increase and stabilize pension and other post-employment benefits (OPEB) funding levels.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

FRC Created: November 12, 2014

FRC Members: Bill Martin, Brenda Jones, Darrell Burks, John Roberts, Kevin Clinton, Lorron James, Mike Duggan, Stacy Fox, Tony Saunders

Recent Developments

- The City of Detroit held its first statutorily-required Revenue Estimating Conference on February 20, 2015. The conference principals, Jay Wortley of Treasury, John Hill of the City of Detroit, and George Fulton of the University of Michigan, approved the consensus revenues as presented. The principals agreed that the revenue estimates were conservative.
- At the FRC's February 23, 2015 meeting, the FRC approved, and referred to the newly formed Finance and Enterprise Resource subcommittee for further review, the City's revenue estimates that were presented at the aforementioned Revenue Estimating Conference. The City will be incorporating the revenue estimates into its Four-Year Financial and Operating Plan (Plan) that will be presented to the FRC at its March 23, 2015 meeting for the Commission's review. The FRC also approved the City's debt service requirements report and several operational contracts.
- Treasury hired Ron Rose as the Executive Director (ED) for the Office of the FRC within the Department. His start date was March 2, 2015. Treasury is in the process of filling other key staff positions and has engaged the financial consulting services of UHY. Treasury has also engaged Martha Kopacz and her team from Phoenix Management Services. Ms. Kopacz and her team acted as independent financial experts for Judge Rhodes in the City's Chapter 9 bankruptcy proceedings. Among other duties, the consultants will provide assistance in reviewing and analyzing the Plan for the FRC.

Significant Actions/Issues

- The City will be submitting its Four-Year Financial and Operating Plan to the FRC on March 23, 2015 for review, with FRC action expected on April 20, 2015. The City's Plan will encompass the second year (FY16) of Emergency Manager Orr's two-year budget and use this as its base year with no changes, plus three years (FY17, FY18, and FY19).
- Ensuring that the Plan is based on sound assumptions and that the City's operational budgets and actual spending conform to the Plan will be one of the FRC's most significant tasks.

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Hamtramck

RTAB Appointed: December 18, 2014
RTAB Members: Deborah Roberts, Mark Stema, Cathy Square, Karen Young

Recent Developments

- The City was awarded $622K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal which will provide updated and accurate assessing records, upgrade City Hall security, and enhance public safety through improved street lighting.
- The Police Chief resigned on March 11, 2015.
- Deputy City Manager/Treasurer John Gabor started work on February 2, 2015.

Significant Actions/Issues

- A complaint was filed in the federal court by Hamtramck retirees over changes to healthcare benefits in October 2014.
- The annual pension liability is anticipated to increase from $3.5M in FY 2015 to $4.3M in FY 2019. This increase occurred as a result of closing certain pension plans and the Michigan Employee's Retirement System (MERS) policy of accelerating the required contribution for closed plans. These increases were included in Emergency Manager Square's two-year budget.

Allen Park

RTAB Appointed: September 26, 2014
RTAB Members: Suzanne Schafer, Joyce Parker, Fredrick Frank, Karen Barann

Recent Developments

- The City Council voted on January 27, 2015 to suspend City Administrator Karen Folks. This vote was taken despite two Emergency Manager Orders that prohibit termination until October 2015 and establish a process for termination. The City Administrator and City Council negotiated a separation agreement which was approved by the RTAB on March 12, 2015. The RTAB also approved the City Council's appointment of the Finance Director as Interim City Administrator. A search firm will be hired to begin the process of selecting a new City Administrator.
- The City was expecting to issue a bond tender offer beginning in March to reduce the City's outstanding debt. However, the tender offer has been delayed due to the uncertainty between the City Council and City Administrator. A timeline to complete the bond tender process will be developed by the various parties on March 19, 2015.

Significant Actions/Issues

- Litigation was filed by retirees challenging the Emergency Manager's authority to reduce other post-employment benefits (OPEB) liabilities. A motion for summary disposition is pending. No date has been set to hear this motion.
- City Hall will be relocating to a temporary facility in May 2015.

Benton Harbor
RTAB Appointed: March 10, 2014
RTAB Members: Larry Steckelberg, Bret Witkowski, Marvin Raglon, Sharon Hunt

Recent Developments
- The City was awarded $910K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the water system through water main replacements and fire hydrant repairs, and to complete a property reappraisal which will provide updated and accurate assessing records. Additionally, the City will provide community enhancement through blight management and sidewalk replacement.
- On February 2, 2015, the City Commission unanimously approved a one-year contract extension for City Manager Darwin Watson.

Significant Actions/Issues
- On January 20, 2015, the City Commission passed a resolution adopting a fund balance policy consistent with Government Finance Officers Association (GFOA) Best Practices. The RTAB approved the resolution on January 28, 2015.
- FY 2014 audited General Fund revenues exceed expenditures by $1M, out of a total budget of $6.1M.

Ecorse
RTAB Appointed: May 1, 2013
RTAB Members: Edward Koryzno, Robert Bovitz, Joyce Parker

Recent Developments
- The City was awarded $350K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting.
- The City signed a contract with UHY to provide part-time financial services until a permanent solution can be found. The RTAB approved the contract on January 13, 2015.
- The City Council cancelled the contracted City Administrator search with the Michigan Municipal League (MML) and appointed Wayne O'Neal as full-time City Administrator. On February 10, 2015 the RTAB approved the City's resolution appointing Mr. O'Neal.
- The City continues having trouble filling higher level positions.

Significant Actions/Issues
- The RTAB's Annual Evaluation for the Governor was not favorable, citing a lack of local financial literacy, political infighting, and an inability to develop a balanced multiyear budget. For these reasons, the Board did not recommend removal of RTAB oversight at this time.
- Municipal Employee's Retiree System (MERS) pension contributions are anticipated to increase from $1.8M in FY 2015 to $2.4M in FY 2016 because of accelerated funding for closed plans.
- The City has been unable to balance their five-year budget. Significant expense reductions will likely be necessary in upcoming fiscal years.

Pontiac
RTAB Appointed: August 19, 2013
RTAB Members: Edward Koryzno, Louis Schimmel, Keith Sawdon, Robert Burgess

Recent Developments
- The City was awarded $125K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used for community enhancement through blight management.
- In April 2014, the Final Emergency Manager Order was amended to create a Deputy Mayor position. A suitable candidate was not found through a Michigan Municipal League (MML) search. A new search firm has been hired to assist the City in filling this position.
- The General Fund's accumulated fund balance for FY 2014 is approximately $5M, out of a total budget of $27M.
- After receiving a response from the Attorney General's Office, the City Charter Revision Commission submitted a proposed Charter by the February 10, 2015 deadline. The proposed Charter will be placed on the May 2015 ballot.

Significant Actions/Issues
- The General Fund is structurally balanced in FY 2015 but expenditures are projected to exceed revenues by $360K due to deferred projects from FY 2014.
- Oakland County Circuit Court Judge Michael Warren dismissed the City's condemnation lawsuit involving the Phoenix Center because the City failed to include compensation for the lien placed on the property. The City is preparing an appeal of the decision to the U.S. Sixth Circuit Court of Appeals.
- The City of Pontiac Retired Employees Association v. City of Pontiac lawsuit in the United States District Court was reassigned from Judge Lawrence P. Zatkoff to Judge Avern Cohn. The City of Pontiac and the Retired Employees Association are participating in facilitation. The General Employees Retirement System (GERS) Board proposal was submitted to the court on January 30, 2015.
- The lawsuit challenges former Emergency Manager Schimmel's elimination and replacement of retiree healthcare with an annual stipend. The GERS Pension Fund is significantly overfunded and the parties are exploring options to use the overfunded portion to fund retiree healthcare.

CONSENT AGREEMENT

Inkster
Date Executed: February 20, 2012
Consent Agreement Consultant: Mark Stuhldreher

Recent Developments
- The City was awarded $855K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal to provide updated and accurate assessing records, enhance the water system through fire hydrant repairs, and enhancing public safety through the creation of a multi-jurisdictional narcotics team, police officer training, deployment of an additional police officer, providing a backup power source, and updating technology.

Significant Actions/Issues
- The FY 2014 General Fund accumulated deficit is $767K, out of a total budget of $11M.

River Rouge
Date Executed: December 15, 2009
Consent Agreement Consultant: N/A (P.A. 72)

Recent Developments
- The City was awarded $592K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting, along with infrastructure replacements to City Hall.
- Deborah Hayes-Price has been promoted to Chief of Police to replace former Police Chief Jeffrey Harris who retired in January.

Significant Actions/Issues
- U.S. Steel annual $1M tax settlement payment to the City has expired.
- General Fund revenues exceeded expenditures by $885K in FY 2014 and the accumulated fund balance was $1.9M.
- A reduction in healthcare benefits for active employees and retirees was implemented on November 1, 2014. The City estimates an annual savings of $400K.

Royal Oak Township
Effective Date: April 21, 2014
Consent Agreement Consultant: Robert Burgess

Recent Developments
- The Township was awarded $274K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting and increased police services.
- The State Treasurer rejected a decision by the Township Board to extend the contract with the current Township Attorney, Pentiuk, Couvreur & Kobiljak P.C at a cost that was twice the amount of the lowest bidder. The Consent Agreement Consultant, Robert Burgess, issued an order requiring the Township to extend a contract for legal services to the lowest bidder, Giarmarco, Mullins & Horton, P.C. This is but one example of the difficulty the Consent Agreement Consultant has encountered in his efforts to have the Supervisor and Township Board comply with provisions of the Consent Agreement. Distribution of the Township's Financially Distressed Cites, Villages and Townships Grant award has been placed on hold pending the Township's compliance with the Consent Agreement.
- The State Treasurer approved an amendment to the Fire Services Contract with the City of Ferndale on March 11, 2015. This amendment is projected to reduce annual costs to the Township by $4K thru the end of 2015.

Significant Actions/Issues

- The Michigan State Police continues to provide police services to the Township. The Department of Treasury and the Michigan State Police continue to work with the Township and are reviewing a proposal from the City of Hazel Park to provide police services to the Township.
- The State Treasurer approved the Township's 2015 budget on December 16, 2014, with the requirement that the Township work with Treasury to implement additional budget amendments to improve its overall effectiveness. No additional actions have occurred to implement these additional budget amendments as the Township was without the services of a financial consultant from the time of budget adoption through March 1, 2015.
- The Township currently has an aging accounts payable in excess of $200K.

NEUTRAL EVALUATION

Highland Park

Financial Review Team Appointed: December 2, 2013
Financial Emergency Declared: January 30, 2014
PA 436 Option Selected: Neutral Evaluation

Recent Developments

- The City was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the City's water system through meter replacement, leak detection, and system repairs.
- Cathy Square, former Hamtramck Emergency Manager, was hired to fill the position of City Administrator.
- Huron Consulting has been hired to prepare a request for proposal (RFP) to solicit firms to operate and maintain the City's water and sewer systems, as required by the City's Plan of Adjustment. The proposals are due on April 20, 2015.
- BenStaff has been hired by the City to make recommendations that will reduce healthcare costs.
- The law firm of Lewis & Munday has been hired to assist the City with the restructuring of the other post-employment benefits (OPEB).

Significant Actions/Issues

- The City selected Tetra-Tech to prepare a water and sewer rate study. A draft study was completed on February 20, 2015. This study provides the City with proposed rates, which if adopted, will provide adequate revenue to operate and maintain the water and sewer system.
- Liabilities total $117.6M. Some of the major components are: $55.3M debt, including $20.7M owed to the Detroit Water and Sewerage Department (DWSD), $17.7M pension bonds, and $26.1M unfunded other post-employment benefits (OPEB) liabilities.
- Summary of the Plan of Adjustment for the City of Highland Park was adopted on August 28, 2014.
    - Fifth Third Bank has finalized an agreement and settled for 50 cents on the dollar for outstanding debt.
    - By June 30, 2015, Highland Park, as required by terms of the emergency loan, must have a third-party operator for its water/sewer systems.
    - After the selection of this third-party operator, DWSD and Highland Park will negotiate a long-term settlement for outstanding water and sewer debt.

- The City must reduce retiree healthcare benefit costs.
- In August 2015, an emergency loan of $16.4M, which includes the restructuring of $4.8M in existing loans, will be used to refund $2.7M in Fiscal Stabilization Bonds, $5.2M in Financial Recovery Bonds, and $3.7M in State Revolving Fund Bonds.

OTHER COMMUNITIES

Melvindale

Recent Developments

- The City was awarded $88K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through fleet replacement of police vehicles and updated technology.

Significant Actions/Issues

- The General Fund deficit for FY 2013 is $1.9M, an increase of $248K from the FY 2012 deficit. The City's fiscal year runs from January to December.
- The unrestricted annual deficit for the City-owned ice arena in FY 2013 is $1.9M out of a total budget of $10M. This is approximately $160K more than what the City projected.
- Treasury issued a conditional approval of the City's Deficit Elimination Plan. The City is timely submitting monthly financial reports to demonstrate adherence to the plan.

City of Wayne

Recent Developments

- The City has hired Plante Moran to provide accounting services due to the recent resignation of the City's Finance Director.

Significant Actions/Issues

- The City anticipates a General Fund deficit in the next two years.
- The City has approved a May 2015 ballot proposal that would establish a police and fire pension program to remove pension fund costs from the General Fund and approve three mills for five years to fund police and fire retirement costs.

Wayne County

Recent Developments

The Michigan Supreme Court ruled unanimously in favor of retirees who receive a 13th check to offset inflation. The County is required to return $32M to the Pension Equity Fund.

Significant Actions/Issues

- Cash reserves reached its lowest point in August 2014 with pooled cash falling to approximately $73M. The average balance is $170M. This number includes proceeds from a short term borrowing of $75M.
- A letter to the Treasurer from previous County Executive Robert Ficano, indicates that with the significant transfer of revenue from the Delinquent Tax Revolving Fund (DTRF), the General Fund deficit will be reduced to approximately $50M for FY 2014.

- In the same letter, it is indicated that the County has budgeted a transfer of $64M from the DTRF to balance the General Fund in FY 2015. However, this represents the last of the DTRF's unrestricted equity. This will result in a potential budget gap of $20M in FY 2016.
- The preliminary results of the County's actuarial report indicate a drop in other post-employment benefits (OPEB) liability of approximately $409M. This reduction is a result of the City choosing less expensive plans and implementing cost sharing measures. The Plan participants are now paying a larger share of the cost. This does not include any saving opportunities resulting from a proposed change to retiree healthcare.
- The County is working to resolve a disagreement with the Mental Health Authority over services provided to jail inmates. The County currently pays for this service but believes it falls under the purview of the Authority.

CM, JA, SAM, E.C, W.W
H. Hollins, Chief, G. Kapp, Sipes,

City of Flint Wednesday 9:00am Phone Conference Agenda

March 18, 2015 1-[redacted] Access code [redacted]

		Last Report	Status
~~1)~~ **Public Safety Update – FPD, MSP, (FFD, if needed)**	a) FPD b) FFD c) Other update from Chief Tolbert and MSP	Status Report • Hurley to hire/pay for full time flint PD – save Hurley $100K • Pay for officers to patroll venues – businesses	Update 42% ↓ in hom
~~2)~~ **Governor's Office Update – R. Baird, H. Hollins, B. Clement**	'Water stuff'		
	~~a)~~ District Court Consolidation	County Commissioners voted on 12/10/14 to approve "pursuant to the terms and conditions set forth in a MOU to be approved between City of Flint and Gen. Cty." – Need to present to Council – Keep handle on loss of employment from GB.	Discussion beginning with County Countroller Appears County wants long term subsidy from City. Counter proposal being developed Chair of county board
	~~b)~~ Local Income Tax Initiative	Additional source of funds still needed for City. H. Hollins working to find a new sponsor. Projected financial challenges associated with projection of FY17 budget may emphasize the rational. No sponsors	No Change
~~3)~~ **Finance and Administrative Update**			
	a) Management Vacancies	MML advertising for Treasurer, HR Director and Finance Director. • Fire Chief to remain until 2016.	Update 9/10 for HR extended deadline for others
	b) Budget	Financial projections status. Projected gap between revenues and status quo expenses is between $4.5million and $5 0million. looking favorable	Update

FY 16 budget – more status quo vs. cut (Mid- april)

		Last Report	Status
	c) DEP/RAP	Progress under DEP/RAP being revised.	No change
	d) Purchasing	Revised purchasing ordinance being enacted.	New
4) City Council Update			
	a) EM Order	Orders being developed defining organizational reporting relationships to new City Administrator.	Roll-out soon
	b) Council/Mayor Compensation	Revision to Council and Mayor compensation is being developed. – Training pay	Update
5) Water Issues			
	a) MDEQ Violation Notice	Most recent TTHM sampling was tested by the MDEQ - confirmed our most recent internal test findings - that water is within federal/state guidelines. Received the violation notice from MDEQ, due to the running average calculation. The notice to customers will go out by mid-March, with more information included and medical community participation.	Update
	b) Drinking Water Revolving Fund	Discussing possible restructuring of loans.	No Change
	c) Water Quality Consultant	Final report being compiled; will focus on TTHM compliance and plans for hardness and discoloration improvement.	Update
	d) WAC/TAC	A 40 member Water Advisory Committee and a 13 member Technical Advisory Committee (including EPA representative) have met as part of the process of improving communication and receiving additional feedback. WAC 2nd meeting scheduled for 3/19/15.	Update
	e) Problem resolution next steps	Administration to develop action plan based on Veolia study and input from WAC/TAC.	Update
6) 9-1-1 Reconsolidation Plan			
	a) Tower Transfer to Consortium	Tower Transfer justification package sent to Council 2/24/15, there was no disagreement with the plan Letter to Treasurer for transfer request to be sent shortly. C-GAP grant amendment to pay for consolidation expenses has ben approved. Moving fwd – 10 days passed w/ out Council action.	Update

- Council rolled-out budget priorities.
- Veolia report to be posted City web
- Water committee to met at FPL
* E-Loan for $6M
  - eliminate current deficit by June 30

		Last Report	Status	
7) Transition Activities				
	a) Transition Management	New Council committee structure in place. Budget process progressing.	Update	End of April
	b) Transition date	Date specific transition calendar developed. RTAB to be *appointed. Need to determine date of final order.*	*Update*	

8) Other Items

- Enterprise lease

Dempkowski, Angela (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Wednesday, March 18, 2015 5:31 PM
To: Workman, Wayne (TREASURY)
Subject: Re: Draft release - restructuring of DWRF bonds

ok..

On Wed, Mar 18, 2015 at 5:21 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

Please copy Suzanne and randy on all this. As I don't always have time to follow up

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Wednesday, March 18, 2015 4:50 PM
To: Howard Croft
Cc: Dayne Walling; Natasha Henderson; Elizabeth Murphy; Kelly Rossman-McKinney; Jason Lorenz; Peter Bade; Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury); Bulger, Harold W., Jr.
Subject: Re: Draft release - restructuring of DWRF bonds

We do not have to tie it to a specific project .. we will chose from among the items in the action plan we develop...

On Wed, Mar 18, 2015 at 4:29 PM, Howard Croft <hcroft@cityofflint.com> wrote:

Jerry,

I think you make the point in the letter but is of note that the DWRF loan was **specific to the water fund** and not sewer. Along that same line is whether or not we intend to tie the the funds to a specific project like the $2 million dollar grant from treasury where there is a direct measurable link from the action to the result.

On Wed, Mar 18, 2015 at 3:45 PM, Gerald Ambrose <gambrose@cityofflint.com> wrote:

Attached for review and comment is a draft release regarding restructuring of the DWRF bonds. It is necessary for me to issue an order to do this, and it is still subject to Treasury approval. Treasury is waiting for the paperwork, so I am expecting approval. Timing is an issue because the restructuring affects debt service payments due April 1.

The plan is to sign the order tomorrow and get it to Treasury same day... so I see it as important to get our message out first.

Note that my discussions with Treasury have been towards freeing up funds for needed capital improvements. Not for reducing rates....

I am asking Jason/Kelly to get this to whomever else at the state should also review. I am copying Terry Stanton.

This needs to be ready for release early in the morning.

Please include Jason in responses regarding editorial comments. let me know if you have issues with substance or timing.

J

--

Howard Croft

Public Works Director

City of Flint

1101 S. Saginaw Street

Flint, MI 48502

PH# 810.766.7135 Ext 2043

hcroft@cityofflint.com

Dempkowski, Angela (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Thursday, March 19, 2015 10:30 AM
To: Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY); Pleyte, Beth (Treasury); Barton, John (Treasury)
Subject: RE: Draft release - restructuring of DWRF bonds

I will send to John.

Brad Wurfel from DEQ is in the Dominican...so not sure he will see it. Will have Dave Murray in Gov's office shepherd through to DEQ comms as I don't know Brad has a #2...

From: Saxton, Thomas (Treasury)
Sent: Thursday, March 19, 2015 10:14 AM
To: Stanton, Terry A. (Treasury)
Cc: Workman, Wayne (TREASURY); Pleyte, Beth (Treasury); Barton, John (Treasury)
Subject: Re: Draft release - restructuring of DWRF bonds

I am fine with it. You may want to touch base with DEQ's comm person but that is your call. You might run it thru Barton as well. I gave Jim Sygo a heads up this morning.

On Mar 19, 2015, at 10:01 AM, "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov> wrote:

> I have told him the date is wrong at the top. Otherwise, do you see any issues, etc.?
>
> Obviously, when asked I can say we have been working with the city and DEQ on this for the last several weeks, as we continue to assist on this issue. Anything else?
>
> **From:** Jason Lorenz [mailto:jlorenz@cityofflint.com]
> **Sent:** Thursday, March 19, 2015 9:38 AM
> **To:** Gerald Ambrose
> **Cc:** Howard Croft; Dayne Walling; Natasha Henderson; Elizabeth Murphy; Kelly Rossman-McKinney; Peter Bade; Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury); Bulger, Harold W., Jr.
> **Subject:** Re: Draft release - restructuring of DWRF bonds
>
> All,
>
> I have corrected the numbers and made other small adjustments. Attached is the draft in our release format. Please review and advise.
>
> Thanks,
>
> -Jason Lorenz
> Public Information Officer
> City of Flint
> (810) 237-2039
> jlorenz@cityofflint.com

On Wed, Mar 18, 2015 at 4:50 PM, Gerald Ambrose <gambrose@cityofflint.com> wrote:

We do not have to tie it to a specific project .. we will chose from among the items in the action plan we develop...

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Note that my discussions with Treasury have been towards freeing up funds for needed capital improvements. Not for reducing rates....

I am asking Jason/Kelly to get this to whomever else at the state should also review. I am copying Terry Stanton.

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Please include Jason in responses regarding editorial comments. let me know if you have issues with substance or timing.

J

--
Howard Croft
Public Works Director
City of Flint
1101 S. Saginaw Street
Flint, MI 48502
PH# 810.766.7135 Ext 2043
hcroft@cityofflint.com

Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Thursday, March 19, 2015 12:16 PM
Subject: PRESS RELEASE: EM Authorizes DWRF Bond Restructuring
Attachments: DWRF Bond Restructuring.pdf

Flint Emergency Manager Authorizes Bond Restructuring to Afford Additional $2.24 Million toward Capital Improvements in Water

Flint, Michigan – March 19, 2015 – Flint Emergency Manager Jerry Ambrose today authorized a restructuring of four outstanding Drinking Water Revolving Fund (DWRF) bonds to allow postponing current principal payments in the total amount of $2.24 million. This action will allow the $2.24 million budgeted for debt service to be utilized for expenses associated with maintaining safety and improving quality of the Flint water supply. Approval of the State Treasurer is required before the restructuring can occur.

Flint has recently received a final report from Veolia, its water expert advisor, making a series of recommendations to maintain and improve the Flint water supply. These recommendations, and other items identified in the City's current capital improvements plan, will be considered as the City develops and implements its action plan to maintain and improve the Flint water supply. Discussion on the development of the action plan will begin today, March 19, 2015 at the Water Advisory Committee meeting, scheduled to begin at 2:00 pm at the Flint Public Library.

The State of Michigan was instrumental in allowing the restructuring, as approvals are required by both the State Treasurer and the Director of the Michigan Department of Environmental Quality. "At all levels, the State of Michigan has been most cooperative in assisting the City of Flint as it addresses the many issues confronting the Flint water system", said Ambrose. "Access to $2.24 million at this time will be very helpful in moving forward with our action plan."

The proposed restructuring will free up funds to enable the City to more quickly begin implementing recommended improvements to its water treatment and distribution system. Several recommendations for improvement are currently unbudgeted and the $2.24 million will help assure that the most important can be performed.

Recommendations to be considered include the addition of a Granulated Activated Carbon Filter, estimated at as much as $1.5 million; acceleration of the repair and replacement of values, estimated at an additional

$120,000 annually; additional pipeline replacement, estimated at $1 million per mile; and acceleration of the project to automate plant operations, estimated at $450,000. $1.315 million will become available in the City's current fiscal year, and the remaining $925,000 will be available in the next fiscal year.

The bonds are currently financed at a rate of 2.5%, and postponement of the principal payment will incur some additional interest expense over the life of the issue. While the interest rate will not increase, the total interest cost will increase by approximately 2% ($228,000) over the 20 year life of the issues.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, March 19, 2014 10:30 AM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: Appraisal for Flint's 72 inch waterline
Attachments: 72_inch_Valuation_Final_Report_01 28 14.pdf

Wayne and Ed:

I've attached the executive summary for Flint's 72 inch waterline appraisal. Please let me know if you have any questions.

Thanks,
Randy,

Randall D. Byrne, Manager, Office of Fiscal Responsibility
State of Michigan 430 W. Allegan St. , Lansing, MI 48922
ByrneR1@michigan.gov (517) 335-2521

Think Green! Don't print this e-mail unless you need to.

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Present Value Analysis of 72-inch Water Transmission Main for City of Flint

Final Report – January 28, 2014

Lockwood, Andrews & Newnam, Inc.

Project # 130-10701-001

Lockwood, Andrews & Newnam, Inc.
A LEO A DALY COMPANY

PLANNING ENGINEERING PROGRAM MANAGEMENT

Introduction

Lockwood, Andrews, & Newnam, Inc. (LAN) was retained by the City of Flint (City) to perform a pipeline value assessment of the existing 72-inch water transmission main from the Detroit pipeline connection at the intersection of Baxter and Potter Roads to the Flint Water Treatment Plant (FWTP). The 72-inch transmission main was constructed from 1966 to 1968 to supply the FWTP with water from the Detroit Water and Sewerage Department (DWSD). With the original 30 year contract with DWSD expired, the City of Flint plans to establish a new contract with the Karegnondi Water Authority (KWA) beginning in 2015, which would require the KWA to provide raw water to the FWTP.

In order to provide raw water to the FWTP, the KWA will connect a 36-inch transmission main to the existing City-owned 72-inch water main near the northeast corner of Center and Pierson Roads. The Genesee County Drain Commissioner's Office-Division of Water & Waste is interested in purchasing the east portion of the 72-inch transmission main from this connection to the DWSD connection at Baxter and Potter Roads which is being defined in this analysis as Segment 1, while KWA has requested the use of the 72-inch pipeline west of this connection point to the FWTP which is being classified as Segment 2. Our analysis of these two segments is intended to help the City establish an equitable monetary value of both sections. A schematic of the limits of the pipeline and segments 1& 2 is shown in Attachment A.

Analyses

In order to value the segments of the 72-inch transmission main requested, quantities were derived from original construction drawings. Using the as-built cost established from the quantity take off, two (2) analyses were performed on the water main based on different valuation methods. Original Cost Less Depreciation (OCLD) and Reproduction Cost New Less Depreciation (RCNLD) methods were used in conjunction with the sinking fund depreciation technique to develop a credible current value assessment of the pipeline.

Quantity Take-Off

Using the Consoer, Townsend & Associates construction drawings dated 1966 (Attachment B) and the payment document dated January 1969 (Attachment C), a quantity take-off analysis was performed to determine the original construction cost of the section of 72-inch water main as described above. Line items originally listed as "linear feet" or "each" were summed to determine the value within the evaluation limits. Lump sum line items with information available, such as "gate valves complete in place" and "rubber seated butterfly valves," were counted and the ratio of the items within the limits to the whole project was applied to the lump sum price. For any unit with no quantifiable documentation, such as "sand and gravel refill" and "sand and gravel backfill," the ratio of the 72-inch pipeline within the evaluation limits to the whole project was applied to the total cost for the unknown line item. Line items determined to be outside the limits of the valuation were listed with a zero percent ratio.

OCLD Analysis

The Original Cost Less Depreciation valuation method uses the original cost of the project when constructed minus the depreciated value to determine the current value. The initial asset value was determined using the information established from the quantity take-off analysis and the original cost information found in the payment document dated January 1969.

RCNLD Analysis

Reproduction Cost New Less Depreciation is a valuation method that translates initial project costs to present day cost of construction. A new present day construction cost is calculated based on the original construction, followed by a depreciation method used to calculate the current book

value of the asset. The Engineering News-Record (ENR) Construction Index and the Handy-Whitman Cost Index for Concrete Cylinder Mains were possible references to determine the ratio used in calculating the present day cost. For this evaluation, the ENR index was selected to calculate the RCNLD initial asset value. A ratio of the current ENR index from September 2013 (9551.58) to the bid date ENR index from May 1966 (1014) was multiplied by the OCLD asset value to get the RCNLD initial asset value.

Sinking Fund Depreciation

The sinking fund depreciation method is commonly used within the utility industry. This method of depreciation accurately reflects the service life of a utility line, having a low initial depreciation upon installation due to low maintenance during the early years of a utility. As the service life of a utility progresses and maintenance becomes more frequent and comprehensive, the depreciation of the asset increases over time.

Due to the fact that a transmission pipeline must be functional and meet all necessary standards of service until the day it is taken out of service, an intrinsic value will always remain; therefore, a salvage value must be determined prior to the depreciation calculation. Similarly, the useful life of the asset must be pre-determined. The industry standard for the useful life of a pipeline ranges from 50 to 100 years. Typically, lower useful life values are used for distribution mains, whereas higher values are used for transmission systems. For transmission mains similar to the 72-inch being analyzed, a useful life of 75 to 90 years is common. We have selected a useful life of 80 years for this analysis.

In addition to the salvage value and useful life, sinking fund depreciation requires a sinking fund rate, which was selected as 4.50% and 0.75% for OCLD and RCNLD respectively, reflecting the federal discount rate during the construction time analyzed. Due to the sinking fund rate, the annual depreciation varies depending on the year and can be calculated using Eq. 1 and Eq. 2 below.

Eq. 1 $$D_t = \frac{(A-S)*(1+j)^{(t-1)}}{S_{n|j}}$$

Eq. 2 $$S_{n|j} = \frac{(1+j)^n-1}{j}$$

where:

t	=	Evaluation time (years)
D_t	=	Depreciation at year t
A	=	Initial asset value
S	=	Salvage value of asset
J	=	Sinking fund rate

The sum of the annual depreciation values until the evaluation year is subtracted from the initial value to calculate the current book value of the asset value.

Results

Segment 1

RCNLD and OCLD analyses were performed using a sinking fund depreciation of the 72-inch pipeline and appurtenances from the DWSD connection at Baxter and Potter Roads, west to the

proposed 36-inch KWA connection at Center and Pierson Roads. Due to the size of the project and the portion involved in this segment (similar size piping and valves only) the RCNLD value of $27,400,000 was determined to be unrepresentative of the actual asset value. Utilizing the OCLD values listed below, **a book value of $3,988,000** was calculated for this portion of the pipeline.

Table 1 – Segment 1 OCLD Analysis

ORIGINAL COST LESS DEPRECIATION SINKING FUND DEPRECIATION ANALYSIS	
INPUTS	
Initial Cost	$ 4,735,900
Useful Life (years)	80
Salvage Value at End of Life*	$ 1,184,000
Sinking Fund Rate	4.50%
Evaluation Year	47
OUTPUTS	
$S_{n|j}$	729.56
Total Depreciation at Year 47	$ 748,200
Book Value	**$ 3,987,700**

*25% Salvage value

Segment 2

RCNLD and OCLD analyses were performed using a sinking fund depreciation of the 72-inch pipeline and appurtenances beginning at the KWA tie-in at Center and Pierson Roads, west to the property line of the FWTP. Utilizing the RCNLD values listed below, a book value of $5,269,600 was calculated for this portion of the pipeline using the following evaluation criteria:

Table 2 – Segment 2 RCNLD Analysis

REAL COST NEW LESS DEPRECIATION SINKING FUND DEPRECIATION ANALYSIS	
INPUTS	
Initial Cost	$ 8,953,900
Useful Life (years)	80
Salvage Value at End of Life*	$ 1,790,800
Sinking Fund Rate	4.50%
Evaluation Year	47
OUTPUTS	
$S_{n|j}$	109.07
Total Depreciation at Year 47	$ 3,684,300
Book Value	**$ 5,269,600**

*20% Salvage value

Utilizing the OCLD values listed below, a book value of $790,400 was calculated for this portion of the pipeline using the following evaluation criteria:

Table 3 – Segment 2 OCLD Analysis

ORIGINAL COST LESS DEPRECIATION SINKING FUND DEPRECIATION ANALYSIS	
INPUTS	
Initial Cost	$ 950,600
Useful Life (years)	80
Salvage Value at End of Life*	$ 190,100
Sinking Fund Rate	4.50%
Evaluation Year	47
OUTPUTS	
$S_{n|j}$	729.56
Total Depreciation at Year 47	$ 160,200
Book Value	**$ 790,400**

*20% Salvage value

The asset value of segment 2 was determined using the average of the OCLD and RCNLD analyses. **A current book value of $3,030,000 was calculated.**

Summary

OCLD and RCNLD analyses are an effective method of calculating the depreciation of an installed utility, as well as the opportunity cost to the buyer of purchasing an installed utility. After performing these analyses using the sinking fund method of depreciation, current book values of the segments were determined. The portion of the 72-inch transmission main from the DWSD connection at Baxter and Potter Roads, west to the proposed 36-inch KWA connection at Center and Pierson Road, **Segment 1, has a current book value of $3,987,700.** The portion of the 72-inch transmission main beginning at the KWA tie-in at Center and Pierson Roads, west to the property line of the FWTP, **Segment 2, has a current book value of $3,030,000.**

Workman, Wayne (TREASURY)

From: Muchmore, Dennis (GOV)
Sent: Thursday, March 19, 2015 5:28 PM
To: Workman, Wayne (TREASURY); Clement, Elizabeth (GOV); Hollins, Harvey (GOV)
Cc: Saxton, Thomas (Treasury)
Subject: RE: We made the tight choice to leave...and not go back!

I never disagreed with that, I'm just worried about the interim.

From: Workman, Wayne (TREASURY)
Sent: Wednesday, March 18, 2015 7:57 AM
To: Muchmore, Dennis (GOV); Clement, Elizabeth (GOV); Hollins, Harvey (GOV)
Cc: Saxton, Thomas (Treasury)
Subject: FW: We made the tight choice to leave...and not go back!

FYI

From: Jerry Ambrose [mailto:gambrose49@gmail.com]
Sent: Wednesday, March 18, 2015 7:15 AM
To: Workman, Wayne (TREASURY)
Subject: We made the tight choice to leave...and not go back!

Genesee County water rates could go up 16 percent following Detroit increase

GENESEE COUNTY, MI -- People in communities that get water from Detroit could see their costs climb as much as 16 percent as soon as this summer, said Genesee County Drain Commissioner Jeff Wright. The Detroit Water and Sewerage Department board last week appro Read More
http://www.mlive.com/news/flint/index.ssf/2015/03/genesee_county_water_rates_cou.html

City of Flint

Water Advisory Committee
Questions & Answers

March 19, 2015

* CITY HALL, 1101 S. SAGINAW STREET , RM S105, FLINT, MICHIGAN 48502 (810) 766-7136 Fax (810) 766-7249 *

CITY OF FLINT

Department of Public Works

Dayne Walling
Mayor

Gerald Ambrose
Emergency Manager

Howard Croft
Director

TO: City of Flint Residents

FROM: Department of Public Works

RE: **Water Advisory Committee Questions**

DATE: March 19th, 2015

Prelude

As the City continues to work diligently to improve water quality and to address rates, we have looked to increase communication and transparency. At our first Water Advisory Committee Meeting there were 61 questions posed by the participants. We have taken the opportunity to answer all sixty-one questions individually.
The responses are broken into the categories in which they were posed as follows;

- Affordability
- Quality
- Safety
- Sustainability
- Miscellaneous

These responses will be posted on the City website. If there is a question that has been missed, please present your question at one of the committee meeting.

AFFORDABILITY QUESTIONS

1. **Will the water rates go down once the infrastructure is repaired? What type of bill reduction can we look forward to?**

   The infrastructure repairs will be ongoing annually. The City is currently in the process of evaluating what the rates will be for the upcoming year.

2. **What is the City of Flint going to do about the high costs, fees etc. that we're charged and have to pay for water we are afraid to use for anything? Drinking, cooking, cleaning, bathing, etc. Can our bills be reduced? When?**

   Local and State officials are working diligently to find ways to keep the system solvent while also addressing the high costs.

3. **This meeting is window dressing, it is not getting to the heart of the matter.**

   Industry experts agree that the solutions being presented and acted upon are the correct measures to take in order to improve the quality of water and to address the infrastructure needs.

   These meetings are an opportunity for more direct dialogue between residents and City officials.

4. **In 2007 my average bill was $35. Now it averages $170 in Flint. However, in Grand Blanc now averages $45. Why?**

   One of the more significant reasons is the fact that there are significant "fixed costs" that are a part of running the system and making repairs. The City has 15,000 fewer users than we had ten years ago to fund an antiquated system. The County has grown in population and users to support a much newer system that needs less maintenance.

5. **Cost is significant barrier for many families – how can the costs (in a sustainable way) be lowered or adjusted for lower income families?**

   Efforts are being made locally and at the state level to keep the system solvent while trying to address the high costs.

6. **Is the State of Michigan willing to subsidize the costs of our water over and above the recent gift of 2 million dollars?**

   City and State officials continue to work diligently to determine where there may be funding sources that can be ascertained for support.

7. **How has the KWA family, friends, board members, land owners profited from the pipeline construction, main. And operation. Who will provide the oversight and the transparency?**
   The City currently holds three seats on the KWA board and there are regular public board meetings each month. These meetings are the venue for the public to ask questions pertaining to all KWA issues such as this.

8. **Notification of bad quality = transparency. Not notified until Jan. 3**
   The City followed DEQ regulations for a tier two violation which calls for notification to be given within 30 days of the notice. The notice is dated December 16th and the mailing did occur January 3rd. Our intention is to become more transparent and consistent going forward which is one of the reasons we have developed the advisory committees.

9. **Notification requirements are set by the Michigan DEQ.**

   The City followed DEQ regulations for a tier two violation which calls for notification to be given within 30 days of the notice. The notice is dated December 16th and the mailing did occur January 3rd. Our intention is to become more transparent and consistent going forward which is one of the reasons we have developed the advisory committees.

10. **Shut-off nonpaying customers quicker, prosecute water theft and fraud.**
    There are current policies in place and the City continues to evaluate them for effectiveness.

    There is also a task force in place that is actively pursuing water theft and fraud with the intent being to ensure that everyone is paying for water they receive.

11. **Where are we at on getting money to fix the bad valves?**
    The City has budgeted $60,000 annually to cycle and repair bad valves. We are looking at raising this line item in the budget to increase the number of valves that we can address. In addition, we have developed a hydraulic model that will allow us to better determine the likelihood of the area where bad valves exist.

12. **There are established affordability rate programs in the US today that serves multiple economic objectives. I have a contact that has developed Affordability Rate programs and as we meet today is meeting in Washington, DC at a Congressional briefing with Detroit US Rep Conyers for City of Detroit.**

    We welcome any and all information that can assist with the current rates. I recommend that you forward that information to a City official and ask that it is delivered to the Treasurer or the DPW Director.

13. **Reduce deposit tenants need to pay to get water on.**

    This policy is currently under review as we go forward into the budget development.

14. **Flint pays one of the highest rates for water/sewer in the country. Does Flint still plan on implementing the 6% increase for the 2015 budget year?**

    This is currently under review and the new rates will be determined in the coming weeks.

15. **What will you do to help people with high bills who have health problems and have been forced to buy bottled water?**
    Every possible effort is being made to address the high rates.

16. **Will there be bill reductions for citizens that have not been able to use their water due to health reasons and other issues?**
    There is no rebate planned but significant effort is going into improving the water quality and addressing the rates.

17. **How can the committee assist in passing information on to Flint residents through our networks and be consistent with messages?**
    We are working to create increased lines of communication through multiple avenues including this advisory committee. One of our goals of the committee is to hear new suggestions and ideas and create a consistent message being delivered. In addition to a new webpage that the City is developing that is dedicated to water I would suggest contacting the City's Public Information Officer and providing information about your specific group.

QUALITY QUESTIONS

18. **Beyond just the water quality – a level of consistency is desired. For businesses that use water – we use a filtration system but the levels of pH are erratic. This makes it difficult to keep the filter working. Is consistency being addressed? When can we expect improvements?**

    The pH level of water leaving the plant is fairly stable and is normally in the range of 7.5 – 8.5 S.U. Other quarterly testing throughout the city at 25 sites has been in the same range as water leaving the treatment plant. If you are measuring pH outside of this range, you should contact the Water Plant and have it independently tested, or have it independently tested yourself.

19. **If my water is brown and smells of rotten eggs, how can you tell me to give that to my kids? Safe on paper is not what is coming from my pipes?**

    If your water is brown or has unusual odors, you should contact the water plant to have a sample of your water collected. I would not advise consuming any water that has unusual color. Water can also be effected by household plumbing and service lines that run from the curb box to the house. The City routinely tests for lead and copper within households.

20. Does River water vs Lake water really matter?

Lake water will require less treatment steps to meet drinking water standards. Lake water will also be more consistent, as river water parameters can change from day-to-day

21. When will we see these actions take place?

The City has been implementing measures to improve the water quality of water since November of 2014. We have already started the engineering process for the most recent recommendations that have been made.

22. I would like to know if you all checked Camp LeJeune health studies to see what TTHM does in the short term and what will you be doing for the people when and if this happen they develop anything from drinking water.

We have not checked the Camp Lejeune health studies, we continue to follow all EPA and DEQ regulatory procedures to provide safe quality water.

23. What determined the 4 hour time frame to test water and be able to capture a problem before it reached the public?

The 4 hour time frame is referring to bacteria testing performed at the treatment plant. , This was determined by water plant staff. Regulations only require one test per day. Other treatment processes are monitored continuously, hourly or daily.

24. When there is a break that will possibly cause poor water quality how difficult is it to notify residents so they will know to be aware and how will we be notified?

The City is in the process of developing an enhanced notification procedures to alert the potentially impacted area when there is a main break. The new procedures will be made available on the City website.

25. Why not add charcoal at end? Put it in beginning so don't need all chemicals.

When charcoal is used in water treatment, it is only useful for a limited time. If charcoal is used at the start of the treatment process, it will be "used" up very quickly resulting in more use of charcoal. It is more economical to place it at the end of the process so it will last longer.

26. You keep saying Water is safe. Yet daily citizens complain rashes, hair falling out and discolor. Water not safe. Why can't we go back to Detroit while you work on river? Sue McCormick said we could go on for 30-60 days. Stop charging for water we cannot use.

Currently, the water meets all Federal and State standards, and is safe to the best of our knowledge. The City will continue to look into and test water anywhere that there is a report of an issue.

27. How long will it take to get state approval for process enhancement?

Anywhere from 30 -120 days depending on the type of process change

28. It is my understanding that the Governor weighed in with $2million to address in part the concerns. What will it take to bring the Flint system to state of the arts quality?

The $2 million dollar grant was targeted at two shovel ready projects;

a) Decommissioning of the incinerator
b) Leak detection on the distribution system

The cost to replace pipe is approximately $1 million dollars per mile. There are ~600 miles of distribution main and another ~500 miles of sanitary and another ~500 miles of sewer. At this rate, it would amount to 1.6 billion dollars to replace the system.

29. Is the Flint River "dirtier" than other rivers used for drinking water?

The Flint River is not necessarily "dirtier" than other rivers used for drinking water. There are rivers that are "cleaner" and others that could be considered "dirtier". It all depends on what chemical or microbiological parameters we are discussing.

In any event, the Flint River water is a suitable water source for a public water supply, with proper treatment. Otherwise, the State DEQ would not have approved the switch in water sources. Finished water from Flint's Water Treatment Plant has consistently met all standards. The only quality issues have been associated with water at the point of usage, not from the plant itself.

30. Will switch to KWA change the problem with the distribution system?

No.

31. There is much discussion regarding TTHMS, but what about pseudomas and legionella and other water borne pathogens?

Each step of our water treatment process contributes to removing water borne pathogens. We use ozone, primary settling, chemical softening, and finally chlorine to remove these pathogens. The combination of treatment can provide 99.99% removal.

SAFETY QUESTIONS

32. What is being used as the disinfectant? Have chloramines been used? Will they potentially be used to disinfect in the future?

Currently chlorine gas is used as our disinfectant. Chloramines have not been used, and would have to be approved by the DEQ for use. Chloramines are a much weaker disinfectant, and may not be strong enough for our distribution system issues.

33. What are we going to do about Toxic Soil and toxins that the EPA doesn't test for? That seeps into our water.

Substances in the soil generally do not "seep into" water systems, even though a leak in a pipe, because the system is under pressure. At a pipe break or leak site, water passes out of the pipe, and into the soil, not the other way around. City policy makers can make determinations to increase testing for any chemical or toxin, should there be any questionable areas.

34. How often will the City check thoroughly for contamination?

The river water and finished drinking water is monitored quarterly for a large number of contaminants, including numerous organic chemicals (petroleum based), pesticides, herbicides, PCB's, and metals.

35. What are we going to do for citizens that are not able to use the water for health reasons?

Health questions have been presented to the Technical Advisory Committee members which includes the EPA, DEQ, and Hospitals for recommendations.

36. How soon can we have the unnecessary, caustic, fluoride stropped? It increases costs and health risks.

The use of fluoride was voted in by the residents years ago. Another vote would have to be initiated to remove the use of fluoride.

37. Can we get the fluoride turned off?

The use of fluoride was voted in by the residents years ago. Another vote would have to be initiated to remove the use of fluoride. The City adds fluoride at very low levels as a preventative measure for tooth decay. It is not considered caustic.

38. What can be expected when the KWA water is received in 2016? Will we be reanalyzing what the new water will mean regarding safety?

We will have to meet the same drinking water regulations, and thorough testing will be conducted. Testing requirements will be set by the MDEQ.

SUSTAINABIITY QUESTIONS

39. You spoke of valves being shut off, doesn't water just sit there and gather bacteria? How can you decrease some of the miles of pipe?

The Master Plan land use map gives us a chance to envision areas of town that are projected to not be populated in the future. This information is critical to determining where we may have an opportunity to reduce miles of existing pipe.

40. Is there a long term plan for infrastructure updates?

Through the Master Planning process along with engineered water reliability studies, the City has developed a Capital Improvement Plan that is designed to regularly invest in the infrastructure.

41. How could this be financed with limited city funds?

The City allocates a certain amount of funding annually to make routine repairs to the system. Larger repairs are considered capital improvements which is a different annual allocation, and more significant capital projects tend to look at the states Drinking Water Revolving Fund for resources.

42. Why haven't we brought in the army corps of engineers to fix our pipes?

The City, along with local engineering firms and local contractors is capable of designing and effectuating repairs. The capital expense is what is largely needed to maintain infrastructure. The Army Corps of Engineers has no direct jurisdiction over either the water distribution system or the wastewater collection system. Their jurisdiction is over navigable streams, such as the Flint River itself. In addition, the funding of their projects generally must be authorized by the U.S. Congress.

43. How can you ensure the water is safe to drink once it leaves the plant and it takes 2-3 weeks circulating in the pipes?

Samples are collected throughout the city regularly to assure that the water is safe. At least 100 samples a month are collected for bacteria testing, and 25 samples are collected quarterly and analyzed for certain water quality parameters.

44. Will Flint City be treating the water from Lake Huron?

Yes.

45. What are you going to do to help people with high levels of lead and iron?

The City conducts routine volunteer testing of homes for lead and iron. Most cases of high iron are related to service lines or household plumbing.

46. Will the crumbling infrastructure poison our KWA water? If not, why?

We would expect to still see occasional instances of "brown" or "yellow" water due to the status of our distribution system, and corroded home and building leads.

47. How do you deal with GM Contamination from the river?

There is always a concern of contamination in the river. Where our water treatment plant is located, there are no significant industrial sites upstream of our plant. Most of our water can be viewed as coming from Holloway Reservoir.

48. How is the bacteria eliminated since it takes 2-3 weeks to reach the homes?

We attempt to add enough chlorine at the treatment plant so that a small amount still remains in the water to continuously provide a level of disinfection.

49. Flint River Huge asset – clean it up and use it. Won't it save us money?

We are evaluating the purchase of equipment that will allow us to test water farther upstream to better prepare for treatment when it enters the plant. The Flint River will serve as the City's permanent backup supply of water.

50. Once KWA water arrives will it require a different treatment process than what the consultant is recommending for Flint River water and will state approval be required?

Yes, there will be differences in the treatment of water being delivered from KWA. The City is actively engaged in the evaluation process of how to properly treat water from Lake Huron.

51. Exactly how bad is our infrastructure: i.e. our pipe network? How costly to repair?

The cost to replace pipe is approximately $1 million dollars per mile. There are ~600 miles of distribution main and another ~500 miles of sanitary and another ~500 miles of sewer. At this rate, it would amount to 1.6 billion dollars to replace the system.

52. We've heard all the problems. Can we have some real solutions that will truly help the citizens?

Several industry experts agree that the solutions being presented and acted upon are the correct measures to take in order to improve the quality of water and to address the infrastructure needs.

53. Why did they tear down the United Way building? Pollution?

We will have to research that answer, it is not utility related.

54. What type of time frame are we looking at for the infrastructure repairs?

Infrastructure repairs and maintenance occur constantly and continuously, whether it is pipes underground, plants and pump stations above ground, or the roads on the ground. In a larger system, the work is never finished. Certain recommendations for treatment related projects are anticipated to be installed by late June.

MISCELLANEOUS

55. Is or has there been consideration for tiered services and rates for the poor, elderly, people on fixed incomes. How will the rates (under KWA) be determined, fixed, and reported? As well, how will fees be determined?

The system has revenue requirements that are necessary in order to stay solvent, City officials are continuously looking for solutions to properly charge all of the users on the system.

56. Need better online access for landlords to manage utility and tax payments.

This request will be forwarded to the Treasurer for appropriate follow up.

57. For about a year people have been complaining about water quality. Why has it taken this long to bring in a consultant and identify steps to make the water better?

The City of Flint has been working diligently on the water issues all along. A consultant was brought in to assure both the public and the City that appropriate actions have been and are being taken, and to see if there might be additional measures to enhance the process.

Much of the work that the City has undertaken has been with professional engineers and includes consultation with the DEQ. This work is largely chronicled on the City website and will continue through the implementation of the KWA.

58. Can you provide more info on Veolia and their expertise/experience with municipal water systems?

There is significant information available about Veolia that can be found online. The City's Purchasing Department can answer questions regarding the qualifications that the City requested in our RFP and what was presented by Veolia to meet those requirements.

59. Special phone number for professionals to use. Also add customer service workers to answer phone calls.

The City is working diligently to provide the best possible customer service for all residents, vendors, and professionals. If you feel that you have not received good service, we would like to know so that we can address it.

60. Why hold meeting in obscure location with limited seating? It should have been publicized better to allow for residents. It should have been held at City Hall to more residents could have attended and microphones were available.

Many residents voiced an interest in holding these events outside of City Hall. When that occurs we have to contend with venues that are sometimes booked or others that may have restrictions or limitations.

61. I am very concerned about the use of chlormines as an alternative disinfectant. Is this being used currently and if not, is it being considered for future use?

Currently chlorine gas is used as our disinfectant. Chloramines have not been used, and would have to be approved by the DEQ for use. Chloramines are a much weaker disinfectant, and may not be strong enough for our distribution system issues. The use of chloramines has been discussed as a way to combat TTHM's.

Widigan, Robert (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Friday, March 20, 2015 11:48 AM
To: Hollins, Harvey (GOV)
Subject: FW: Flint Water Advisory Committee Meeting 03-19-15
Attachments: Veolia-Flint-Water-Quality-Report-03.12.2015.pdf; Flint-WTP-Improvements.pdf

Good morning, Harvey:

It was good seeing you yesterday.

Below is a summary of yesterday's meeting, with attachments that I sent out this morning. There was a great deal of information discussed at the beginning of the meeting before you arrived. I wanted to pass it along to you.

If you have any questions, comments, or concerns please let me know.

Thank you,

Robert Widigan | Office of Fiscal Responsibility
State of Michigan | Department of Treasury
430 W. Allegan Street | Lansing, MI 48922
Office (517) 335-2130 | Cell (517) 243-8645
WidiganR@michigan.gov

From: Widigan, Robert (TREASURY)
Sent: Friday, March 20, 2015 11:32 AM
To: Byrne, Randall (Treasury)
Cc: Workman, Wayne (TREASURY) (WorkmanW@michigan.gov); Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: Flint Water Advisory Committee Meeting 03-19-15

Randy,

Yesterday's meeting was very informational; however, discussion was cut short by understandably upset water customers. The main points of information relayed during yesterday's meeting are as follows:

1. The City provided a table of water improvements* currently that the City is in the process of implementing or currently evaluating.
    - The City has built a hydraulic model to assist the City in identifying the locations of bad valves.
    - The City restructured four outstanding Drinking Water Revolving bonds allowing the City to afford an additional $2.24M towards Capital Improvements in Water. With $2.24M the City will:
        i. Installing a $1.5M Granulated Activated Carbon Filter (GAC). This will provide the best reduction possible and provide better than 90% removal of total organic carbon (TOC), dramatically reducing the potential for total trihalomethane (TTHM) formation. This entire project needs to be done by early June to assure a flow of water throughout the system. Several months are required for the engineering design, State approval, bidding of work, and installation of the GAC. According to the Veolia report, this process needs to begin now.
        ii. Accelerate repair and replacement of values, estimated at an additional $120K annually.

iii. Implement a process control management plan (PCMP) to increase efficiency and professionalism by allowing operators on the day shift to communicate with the night shift, ensure operators follow the same treatment plan for the water, ensure adjustments are unified between all operators, and inform staff as to what the process is when water quality set points begin to drift away from its desired quality levels. This will help the City transition to lake water. Estimated at $25K annually.
iv. Automate plant operations to allow the City to monitor activities throughout the entire plant, estimated at $450K.

2. Department of Public Works director Howard Croft provided a breakdown of FY 2015 Water and Sewer budgeted expenditures*, and explained 96% of the $70M is needed if the City uses DWSD or river water as its source.

3. Also provided was a document* with answers to all 61 questions asked at the last Water Advisory Committee.

Suggestions for the City:

1. The facilitators seemed to have inexperience in mediating or controlling the flow of the meeting. This lead to upset outbursts from the public, which stopped any information from being communicated to the public. The City may wish to hire professional mediators with experience in facilitating large public meetings.

2. The agenda did not include time for public comment. This gives the perception that the meeting is "closed off" to the opinions of the residents.

3. It was mentioned by the Mayor, that he City charges an initial cost of $425 to new renters. This fee appears to higher than anticipated, and more information should be provided regarding fees and fee structures.

If additional information is desired, please let me know.

*Sources: City of Flint, Water Advisory Committee meeting handouts (once received form the City they will be provided to anyone interested) and Veolia's Water Quality Report, dated: March 12, 2015.

Regards,

Robert Widigan | Office of Fiscal Responsibility
State of Michigan | Department of Treasury
430 W. Allegan Street | Lansing, MI 48922
Office (517) 335-2130 | Cell (517) 243-8645
WidiganR@michigan.gov

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Friday, March 20, 2015 2:58 PM
To: Murray, David (GOV)
Subject: RE: revolving water loan forgiveness

No problem sir!

From: Murray, David (GOV)
Sent: Friday, March 20, 2015 2:53 PM
To: Stanton, Terry A. (Treasury)
Subject: Re: revolving water loan forgiveness

Thank you very much!

Sent from my iPhone

On Mar 20, 2015, at 2:52 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

> As I recalled...legally, we have no authority to do that, and we have told the city that.
>
> **From:** Murray, David (GOV)
> **Sent:** Friday, March 20, 2015 2:46 PM
> **To:** Stanton, Terry A. (Treasury)
> **Subject:** Fwd: revolving water loan forgiveness
>
> Hi Terry,
>
> Ron's asking about Flint loan forgiveness. I can tell about the grants, other things we are doing and can pivot. But just so I know, is loan forgiveness a possibility?
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** Ronald Fonger <RFONGER1@mlive.com>
> > **Date:** March 20, 2015 at 2:43:19 PM EDT
> > **To:** "Murray, David (GOV) (MurrayD1@michigan.gov)" <MurrayD1@michigan.gov>
> > **Subject: FW: revolving water loan forgiveness**
> >
> > Dave:
> > First, I confess I did it again (sent this to your MLive address this morning). I was checking to see if your office will comment for this follow-up story.
> > Sorry for resending this so late in the day. I just realized it.
> >
> > **Ron Fonger**
> > MLive Media Group
> > Reporter

mobile 810.347.9963
email rfonger1@mlive.com
address 540 S. Saginaw St. #101, Flint MI 48502

From: Ronald Fonger
Sent: Friday, March 20, 2015 10:34 AM
To: 'Murray, David'
Subject: revolving water loan forgiveness

Dave:
We wrote a story Thursday about Jerry Ambrose restructuring bond repayments to free up money for water system work.
I had a chance to talk to the mayor later and am working on a follow-up. He says he wants loan forgiveness rather than restructuring, and recalled that he requested that in his letter to the governor.
Is loan forgiveness for all or part of Flint's revolving water loans being considered?
Thanks,

Ambrose restructuring:
http://www.mlive.com/news/flint/index.ssf/2015/03/flint_emergency_manager_oks_re.html

Walling letter:
http://www.mlive.com/news/flint/index.ssf/2015/01/flint_mayor_asks_governor_for.html

Ron Fonger
MLive Media Group
Reporter

mobile 810.347.9963
email rfonger1@mlive.com
address 540 S. Saginaw St. #101, Flint MI 48502

Stanton, Terry A. (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, March 20, 2015 3:03 PM
To: Stanton, Terry A. (Treasury); Saxton, Thomas (Treasury)
Subject: RE: revolving water loan forgiveness

Loan forgiveness is not legal.

From: Stanton, Terry A. (Treasury)
Sent: Friday, March 20, 2015 2:49 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: FW: revolving water loan forgiveness

Tom & Wayne...

See below re: Walling's request for loan forgiveness. That's not possible (or legal)...is it?

Please advise.

From: Murray, David (GOV)
Sent: Friday, March 20, 2015 2:46 PM
To: Stanton, Terry A. (Treasury)
Subject: Fwd: revolving water loan forgiveness

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Walling letter:
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Ron Fonger
MLive Media Group
Reporter

mobile 810.347.9963
email rfonger1@mlive.com
address 540 S. Saginaw St. #101, Flint MI 48502

Byrne, Randall (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Friday, March 20, 2015 9:36 PM
To: Workman, Wayne (TREASURY); Byrne, Randall (Treasury)
Subject: FYI.....
Attachments: image.jpg

Follow Up Flag: Follow up
Flag Status: Completed

Flint mayor wants water loan payments forgiven, not delayed

FLINT, MI -- Mayor Dayne Walling said he appreciates the plan to restructure four drinking water bonds, freeing up $2.2 million to help fix water safety and quality in the city. He'd just like to take it a step further. Walling said that he's continuing to push for Read More
http://www.mlive.com/news/flint/index.ssf/2015/03/flint_mayor_wants_water_loan_p.html

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Friday, March 21, 2014 12:03 PM
To: Gerald Ambrose
Cc: Koryzno, Edward (Treasury); Workman, Wayne (TREASURY); Dempkowski, Angela (Treasury); Cline, Richard (Treasury)
Subject: 72 inch Water Transmission Main Present value analysis

Jerry:

I wanted to follow-up on our earlier telephone conversation on the valuation analysis for this water main. You have approval to discuss this with the Genesee County Drain Office. The number for the sale needs to the book value stated in the study. This will also need to be approved by the Treasurer. Let me know if you have any questions.

Thanks,
Randy,

Randall D. Byrne, Manager, Office of Fiscal Responsibility
State of Michigan 430 W. Allegan St. , Lansing, MI 48922
ByrneR1@michigan.gov (517) 335-2521

Think Green! Don't print this e-mail unless you need to.

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Byrne, Randall (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Monday, March 23, 2015 8:29 AM
To: Byrne, Randall (Treasury)
Cc: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: RE: Flint Water Advisory Committee Meeting 03-19-15
Attachments: COF Water Advisory Comittee Questions Answers _Final (1).pdf; FY15 W&S Budget-Pie-Chart.pdf

Good morning,

I received the remaining documents (attached) from the City: breakdown of FY 2015 Water and Sewer budgeted expenditures and answers to all 61 questions asked at the last advisory committee meeting.

If additional information is desired, please let me know.

Thank you,

Robert Widigan | Office of Fiscal Responsibility
State of Michigan | Department of Treasury
430 W. Allegan Street | Lansing, MI 48922
Office (517) 335-2130 | Cell (517) 243-8645
WidiganR@michigan.gov

From: Widigan, Robert (TREASURY)
Sent: Friday, March 20, 2015 11:32 AM
To: Byrne, Randall (Treasury)
Cc: Workman, Wayne (TREASURY) (WorkmanW@michigan.gov); Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: Flint Water Advisory Committee Meeting 03-19-15

Randy,

Yesterday's meeting was very informational; however, discussion was cut short by understandably upset water customers. The main points of information relayed during yesterday's meeting are as follows:

1. The City provided a table of water improvements* currently that the City is in the process of implementing or currently evaluating.
    - The City has built a hydraulic model to assist the City in identifying the locations of bad valves.
    - The City restructured four outstanding Drinking Water Revolving bonds allowing the City to afford an additional $2.24M towards Capital Improvements in Water. With $2.24M the City will:
        i. Installing a $1.5M Granulated Activated Carbon Filter (GAC). This will provide the best reduction possible and provide better than 90% removal of total organic carbon (TOC), dramatically reducing the potential for total trihalomethane (TTHM) formation. This entire project needs to be done by early June to assure a flow of water throughout the system. Several months are required for the engineering design, State approval, bidding of work, and installation of the GAC. According to the Veolia report, this process needs to begin now.
        ii. Accelerate repair and replacement of values, estimated at an additional $120K annually.

iii. Implement a process control management plan (PCMP) to increase efficiency and professionalism by allowing operators on the day shift to communicate with the night shift, ensure operators follow the same treatment plan for the water, ensure adjustments are unified between all operators, and inform staff as to what the process is when water quality set points begin to drift away from its desired quality levels. This will help the City transition to lake water. Estimated at $25K annually.

iv. Automate plant operations to allow the City to monitor activities throughout the entire plant, estimated at $450K.

2. Department of Public Works director Howard Croft provided a breakdown of FY 2015 Water and Sewer budgeted expenditures*, and explained 96% of the $70M is needed if the City uses DWSD or river water as its source.

3. Also provided was a document* with answers to all 61 questions asked at the last Water Advisory Committee.

Suggestions for the City:

1. The facilitators seemed to have inexperience in mediating or controlling the flow of the meeting. This lead to upset outbursts from the public, which stopped any information from being communicated to the public. The City may wish to hire professional mediators with experience in facilitating large public meetings.

2. The agenda did not include time for public comment. This gives the perception that the meeting is "closed off" to the opinions of the residents.

3. It was mentioned by the Mayor, that he City charges an initial cost of $425 to new renters. This fee appears to higher than anticipated, and more information should be provided regarding fees and fee structures.

If additional information is desired, please let me know.

*Sources: City of Flint, Water Advisory Committee meeting handouts (once received form the City they will be provided to anyone interested) and Veolia's Water Quality Report, dated: March 12, 2015.

Regards,

Robert Widigan | Office of Fiscal Responsibility
State of Michigan | Department of Treasury
430 W. Allegan Street | Lansing, MI 48922
Office (517) 335-2130 | Cell (517) 243-8645
WidiganR@michigan.gov

Rodriguez, Faith (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Monday, March 23, 2015 1:24 PM
To: Scott, Allison (GOV); Muchmore, Dennis (GOV); Roberts, John (DTMB)
Cc: Allard, Claire (GOV); Clinton, Kevin (TREASURY); Saxton, Thomas (Treasury); Storberg, Ann Marie (TREASURY); Gelisse, Ashley (TREASURY); Wisniewski, Wendy (GOV); Dempkowski, Angela (Treasury); Koryzno, Edward (Treasury)
Subject: FW: Local Government Update to State Treasurer/March 2015
Attachments: Gov Memo March Final.docx

Allison, Attached is the periodic update on distressed local governments. Please pass on to the Governor as appropriate. This will be the basis for our Local Government briefing March 30. Please call with any questions. Wayne

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: March 23, 2015

TO: Rick Snyder, Governor

FROM: R. Kevin Clinton, Treasurer

SUBJECT: Status of Financially Stressed Local Governments

EMERGENCY MANAGER

Flint
Emergency Manager: Gerald Ambrose
Appointed: January 13, 2015
Anticipated Exit: April 2015

Recent Developments

- The city was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the city's water system through improved waste management, leak detection, and pipe assessments.
- An EM Order is being prepared that will restructure its SRF loans. This would free up approximately $2.2M allowing the city to further improve its water system.
- The City of Flint had informed residents that it is in violation of the Clean Water Standards Act, after unsafe levels of trihalomethanes (TTHM, a disinfectant by-product) were found in the water. Recent testing by the Michigan Department of Environmental Quality (MDEQ) Testing Lab showed that the total TTHM levels for the month of February are well within the Environmental Protection Agency (EPA) guidelines for safe water. However, because EPA regulations require that the four month average for all testing sites be within certain guidelines, the city is still considered to be non-compliant by the MDEQ. Monthly testing will be ongoing, and is being conducted by several parties.
- The city hired Veolia to provide an analysis of the water system, including recommended improvements, and associated costs. Recommendations included water plant improvements, distribution system improvements, new policies and procedures, and better communication with customers. On March 19, 2015, the report was presented to the Flint Water Advisory Committee, but the presentation broke down due to citizen unrest. An International City/County Management Association (ICMA) comprehensive public safety study has been completed, and was presented to the City Council on January 22, 2015. Several recommendations for both police and fire are currently being reviewed. Of the 16 major recommendations for public safety, the following four are most crucial:

- Establish more aggressive protocols for responding to service demands from the public.
- Equip a minimum of one marked patrol car with an automated external defibrillator (AED) and an automatic license plate reader, and equip every car with e-ticket readers and printers.
- Develop a robust in-service training program.
- Establish and publish a clear multi-year strategic plan that includes specific performance goals and objectives for all units.

Significant Actions/Issues

- The General Fund accumulated deficit for FY 2014 was $9M. In FY 2013, the General Fund had an accumulated deficit of $12.9M. Noted reductions included $5.6M from Parks & Recreation, 2.6M from Community Development, 1.8M from Public Safety, and $1.7 from Building Inspections.
- If the city loses the lawsuit over retiree healthcare, the budget does not assume this potential additional $5M to $6M expense, which will grow at a rate equal to the general rise in healthcare costs.

Lincoln Park

Emergency Manager: Brad Coulter
Appointed: July 3, 2014
Anticipated Exit: January 2016

Recent Developments

- The city was awarded $143.5K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through updated technology.
- A fire union collective bargaining agreement has been approved. The estimated annual cost savings is approximately $500K by reducing overtime and paid leave.
- A Firefighters and Police Officers Retirement Act proposal has been placed on the May 2015 ballot. If approved by voters this will raise an additional 6 mills, or $3M, for fire and police pension funding and retiree healthcare.
- Poor actuarial advice has lead retiree health care in the city to be underfunded. EM Coulter has proposed changing retiree contracts to replace cost of city-provided health insurance with a stipend for retirees to purchase their own health coverage. The EM's plan would offer a single retiree roughly $150/month, a couple could receive $350/month, with a family cap set at $425/month. This change would reduce retiree healthcare costs from $4.1M to 600K annually.
- The EM submitted his proposed changes to City Council in March; and they did not act within the statutory deadline. The Treasurer's approval will be needed before the plan can be implemented. It is anticipated that the changes would be implemented in June or July of 2015.
- FY 2014 ended with a General Fund accumulated deficit of $736K out of a total budget of $21M. This is a significant increase from the FY 2013 accumulated deficit of $89K. Noted areas of increased expenditures within the governmental funds included Public Safety by $1.1M, Public Works by $700K, and Culture and Recreation by $600K.

Significant Actions/Issues

- The police and fire pension plan is 30% funded. The general employee pension plan is 22% funded. The aforementioned Firefighters and Police Officer Retirement Act ballot proposal attempts to address the pension funding shortfall.

Issues to Resolve before EM Exit

- Police collective bargaining agreements must be finalized.
- Increase and stabilize pension and other post-employment benefits (OPEB) funding levels.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

FRC Created: November 12, 2014

FRC Members: Bill Martin, Brenda Jones, Darrell Burks, John Roberts, Kevin Clinton, Lorron James, Mike Duggan, Stacy Fox, Tony Saunders

Recent Developments

- The City of Detroit held its first statutorily-required Revenue Estimating Conference on February 20, 2015. The conference principals, Jay Wortley of Treasury, John Hill of the City of Detroit, and George Fulton of the University of Michigan, approved the consensus revenues as presented. The principals agreed that the revenue estimates were conservative.
- At the FRC's February 23, 2015 meeting, the FRC approved, and referred to the newly formed Finance and Enterprise Resource subcommittee for further review, the city's revenue estimates that were presented at the aforementioned Revenue Estimating Conference. The city will be incorporating the revenue estimates into its Four-Year Financial and Operating Plan (Plan) that will be presented to the FRC at its March 23, 2015 meeting for the Commission's review. The FRC also approved the city's debt service requirements report and several operational contracts.
- Treasury hired Ron Rose as the Executive Director (ED) for the Office of the FRC within the Department. His start date was March 2, 2015. Treasury is in the process of filling other key staff positions and has engaged the financial consulting services of UHY. Treasury has also engaged Martha Kopacz from Phoenix Management Services. Ms. Kopacz and her team acted as independent financial experts for Judge Rhodes in the city's Chapter 9 bankruptcy proceedings. Among other duties, the consultants will provide assistance in reviewing and analyzing the Plan for the FRC.

Significant Actions/Issues

- The city will be submitting its Four-Year Financial and Operating Plan to the FRC on March 23, 2015 for review, with FRC action expected on April 20, 2015. The city's Plan will encompass the second year (FY16) of Emergency Manager Orr's two-year budget and use this as its base year with no changes, plus three years (FY17, FY18, and FY19).
- Ensuring that the Plan is based on sound assumptions and that the city's operational budgets and actual spending conform to the Plan will be one of the FRC's most significant tasks.

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Hamtramck
RTAB Appointed: December 18, 2014
RTAB Members: Deborah Roberts, Mark Stema, Cathy Square, Karen Young

Recent Developments
- The city was awarded $622K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal which will provide updated and accurate assessing records, upgrade City Hall security, and enhance public safety through improved street lighting.
- The Police Chief resigned on March 11, 2015. Lieutenant Ann Moise was appointed Acting Police Chief.
- Deputy City Manager/Treasurer John Gabor start date was February 2, 2015.

Significant Actions/Issues
- A complaint was filed in the federal court by Hamtramck retirees over changes to healthcare benefits in October 2014. The potential exposure to the city is currently unknown, but the city is confident that the benefits in question were improperly offered and were rightfully terminated.
- The annual pension liability is anticipated to increase from $3.5M in FY 2015 to $4.3M in FY 2019. This increase is a result of closing certain pension plans and the Michigan Employee's Retirement System (MERS) policy of accelerating the required contribution for closed plans. These increases were included in Emergency Manager Square's two-year budget.

Allen Park
RTAB Appointed: September 26, 2014
RTAB Members: Suzanne Schafer, Joyce Parker, Fredrick Frank, Karen Barann

Recent Developments
- The City Council voted on January 27, 2015 to suspend City Administrator Karen Folks. This vote was taken despite two Emergency Manager Orders that prohibit termination until October 2015 and establish a process for termination. The City Administrator and City Council negotiated a separation agreement which was approved by the RTAB on March 12, 2015. The RTAB also approved the City Council's appointment of the Finance Director as Interim City Administrator. A search firm will be hired to begin the process of selecting a new City Administrator.
- The city was expecting to issue a bond tender offer beginning in March to reduce outstanding debt. However, the tender offer has been delayed due to the uncertainty between the City Council and City Administrator. A timeline to complete the bond tender process will be developed by the various parties in late March 2015.

Significant Actions/Issues
- Litigation was filed by retirees challenging the Emergency Manager's authority to reduce other post-employment benefits (OPEB) liabilities. A motion for summary disposition is pending. No date has been set to hear this motion.
- City Hall will be relocating to a temporary facility in May 2015. The present facility is in poor condition.

Benton Harbor
RTAB Appointed: March 10, 2014
RTAB Members: Larry Steckelberg, Bret Witkowski, Marvin Raglon, Sharon Hunt

Recent Developments
- The city was awarded $910K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the water system through water main replacements and fire hydrant repairs, and to complete a property reappraisal which will provide updated and accurate assessing records. Additionally, the city will provide community enhancement through blight management and sidewalk replacement.
- On February 2, 2015, the City Commission unanimously approved a one-year contract extension for City Manager Darwin Watson.

Significant Actions/Issues
- On January 20, 2015, the City Commission passed a resolution adopting a fund balance policy consistent with Government Finance Officers Association (GFOA) Best Practices. The RTAB approved the resolution on January 28, 2015.
- FY 2014 audited General Fund revenues exceed expenditures by $1M, out of a total budget of $6.1M.

Ecorse
RTAB Appointed: May 1, 2013
RTAB Members: Edward Koryzno, Robert Bovitz, Joyce Parker

Recent Developments
- The city was awarded $350K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting.
- The city signed a contract with UHY to provide part-time financial services until a permanent solution can be found. The RTAB approved the contract on January 13, 2015.
- The City Council cancelled the contracted City Administrator search with the Michigan Municipal League (MML) and appointed Wayne O'Neal as full-time City Administrator. On February 10, 2015, the RTAB approved the City's resolution appointing Mr. O'Neal.
- The city continues to have trouble attracting qualified candidates, and filling higher level administrative positions.

Significant Actions/Issues
- The RTAB's Annual Evaluation for the Governor was not favorable, citing a lack of local financial literacy, political infighting, and an inability to develop a balanced multi-year budget. For these reasons, the Board did not recommend removal of RTAB oversight at this time.
- Municipal Employee's Retiree System (MERS) pension contributions are anticipated to increase from $1.8M in FY 2015 to $2.4M in FY 2016 because of accelerated funding for closed plans.
- The city has been unable to balance their five-year budget. Previous budgets project deficit spending in FY 2016, and exhaustion of all resources in FY 2017. To avoid this eventuality, significant expense reductions will be necessary in upcoming fiscal years. However, an action plan to reduce expenses is not forthcoming from the city.

Pontiac
RTAB Appointed: August 19, 2013
RTAB Members: Edward Koryzno, Louis Schimmel, Keith Sawdon, Robert Burgess

Recent Developments
- The city was awarded $125K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used for community enhancement through blight management.
- In April 2014, the Final Emergency Manager Order was amended to create a Deputy Mayor position. A suitable candidate was not found through a Michigan Municipal League (MML) search. A new search firm has been hired to recruit a Deputy Mayor as part of the transition back to Home Rule.
- Per the audit, the General Fund's accumulated fund balance for FY 2014 is approximately $5M out of a total budget of $27M.
- The City Charter Revision Commission submitted a proposed Charter by the February 10, 2015 deadline and the proposed Charter will be on the May 2015 ballot.

Significant Actions/Issues
- The General Fund is structurally balanced in FY 2015 but expenditures are projected to exceed revenues by $360K due to deferred projects from FY 2014.
- Oakland County Circuit Court Judge Michael Warren dismissed the city's condemnation lawsuit involving the Phoenix Center because the city failed to include compensation for the lien placed on the property. The city is preparing an appeal of the decision to the U.S. Sixth Circuit Court of Appeals.
- The City of Pontiac Retired Employees Association v. City of Pontiac lawsuit in the United States District Court was reassigned from Judge Lawrence P. Zatkoff to Judge Avern Cohn. The lawsuit challenges former Emergency Manager Schimmel's elimination of retiree healthcare and replacement with an annual stipend. The General Employees Retirement System (GERS) Pension Fund is significantly overfunded and the parties are exploring options to use the overfunded portion to fund retiree healthcare.
- On March 17, the Michigan Court of Appeals reversed and remanded for trial a previous lower court dismissal of a previous 2013 suit which challenged the EM ordered nonpayment of $3.9 million into a VEBA trust for the fiscal year ending 2012. This appellate order is not a judgment against the city, rather it allows the previously dismissed lawsuit to proceed. The actual liability of the city will be determined either by a future settlement or by a final determination of the Oakland County Circuit Court.
- The GERS Board proposal was submitted to the court on January 30, 2015.

CONSENT AGREEMENT

Inkster
Date Executed: February 20, 2012
Consent Agreement Consultant: Mark Stuhldreher

Recent Developments
- The city was awarded $855K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal to provide updated and accurate assessing records, enhance the water system through fire

hydrant repairs, and enhancing public safety through the creation of a multi-jurisdictional narcotics team, police officer training, deployment of an additional police officer, providing a backup power source, and updating technology.

Significant Actions/Issues
- The FY 2014 General Fund accumulated deficit is $767K out of a total budget of $11M.

River Rouge
Date Executed: December 15, 2009
Consent Agreement Consultant: N/A (P.A. 72)

Recent Developments
- The city was awarded $592K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting, along with infrastructure replacements to City Hall.
- Deborah Hayes-Price has been promoted to Chief of Police to replace former Police Chief Jeffrey Harris who retired in January.

Significant Actions/Issues
- U.S. Steel annual $1M tax settlement payment to the city has expired.
- General Fund revenues exceeded expenditures by $885K in FY 2014 and the accumulated fund balance was $1.9M.
- A reduction in healthcare benefits for active employees and retirees was implemented on November 1, 2014. The city estimates an annual savings of $400K.

Royal Oak Township
Effective Date: April 21, 2014
Consent Agreement Consultant: Robert Burgess

Recent Developments
- The township was awarded $274K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting and increased police services.
- The State Treasurer rejected a decision by the Township Board to extend the contract with the current township attorney at a cost that was twice the amount of the lowest bidder. The Consent Agreement Consultant, Robert Burgess, issued an order requiring the township to extend a contract for legal services to the lowest bidder, Giarmarco, Mullins & Horton, P.C. This is one example of the difficulty the Consent Agreement Consultant has encountered in his efforts to have the Supervisor and Township Board comply with provisions of the Consent Agreement.
- The State Treasurer approved an amendment to the Fire Services Contract with the City of Ferndale on March 11, 2015. This amendment is projected to reduce annual costs to the township by $4K thru the end of 2015.

Significant Actions/Issues
- The Michigan State Police continues to provide police services to the township. The Department of Treasury and the Michigan State Police continue to work with the township and are reviewing a proposal from the City of Hazel Park to provide police services to the township.

- The State Treasurer approved the township's 2015 budget on December 16, 2014, with the requirement that the township work with Treasury to implement additional budget amendments to improve its overall effectiveness. No additional actions have occurred to implement these additional budget amendments as the township was without the services of a financial consultant from the time of budget adoption through March 1, 2015.
- The township currently has an aging accounts payable in excess of $200K.

NEUTRAL EVALUATION

Highland Park
Financial Review Team Appointed: December 2, 2013
Financial Emergency Declared: January 30, 2014
PA 436 Option Selected: Neutral Evaluation

Recent Developments
- The city was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the city's water system through meter replacement, leak detection, and system repairs.
- Cathy Square, former Hamtramck Emergency Manager, was hired to fill the position of City Administrator.
- Huron Consulting has been hired to prepare a request for proposal (RFP) to solicit firms to operate and maintain the city's water and sewer systems, as required by the city's Plan of Adjustment. The proposals are due on April 20, 2015.
- BenStaff has been hired by the city to make recommendations that will reduce healthcare costs.
- The law firm of Lewis & Munday has been hired to assist the city with the restructuring of the other post-employment benefits (OPEB).

Significant Actions/Issues
- The city selected Tetra-Tech to prepare a water and sewer rate study. A draft study was completed on February 20, 2015. This study provides the city with proposed rates, which if adopted, will provide adequate revenue to operate and maintain the water and sewer system.
- The city's liabilities total $117.6M. Some of the major components are: $55.3M debt, including $20.7M owed to the Detroit Water and Sewerage Department (DWSD), $17.7M pension bonds, and $26.1M unfunded other post-employment benefits (OPEB) liabilities.
- Summary of the Plan of Adjustment for the City of Highland Park was adopted on August 28, 2014.
    - Fifth Third Bank has finalized an agreement and settled for 50 cents on the dollar for outstanding debt.
    - By June 30, 2015, Highland Park, as required by terms of the emergency loan, must have a third-party operator for its water/sewer systems.
    - After the selection of this third-party operator, DWSD and Highland Park will negotiate a long-term settlement for outstanding water and sewer debt.
    - The city must reduce retiree healthcare benefit costs.
    - In August 2015, an emergency loan of $16.4M, which includes the restructuring of $4.8M in existing loans, will be used to refund $2.7M in Fiscal Stabilization Bonds, $5.2M in Financial Recovery Bonds, and $3.7M in State Revolving Fund Bonds.

OTHER COMMUNITIES

Wayne County

Recent Developments

- In December 2014, the Michigan Supreme Court ruled unanimously in favor of retirees who receive a 13th check to offset inflation. The county is required to return $32M to the Pension Equity Fund.
- A Financial and Operating Plan and a voluntary Consent Agreement are being drafted.

Significant Actions/Issues

- Cash reserves reached its lowest point in August 2014 with pooled cash falling to approximately $73M. The average balance is $170M. This number includes proceeds from a short-term borrowing of $75M.
- A letter to the Treasurer from previous County Executive Robert Ficano, indicates that with the significant transfer of revenue from the Delinquent Tax Revolving Fund (DTRF), the General Fund deficit will be reduced to approximately $50M for FY 2014.
- In the same letter, it is indicated that the County has budgeted a transfer of $64M from the DTRF to balance the General Fund in FY 2015. However, this represents the last of the DTRF's unrestricted equity. This will result in a potential budget gap of $20M in FY 2016.
- The preliminary results of the county's actuarial report indicate a drop in other post-employment benefits (OPEB) liability of approximately $409M. This reduction is a result of the county choosing less expensive plans and implementing cost sharing measures. The Plan participants are now paying a larger share of the cost. This does not include any saving opportunities resulting from a proposed change to retiree healthcare.
- The county is working to resolve a disagreement with the Mental Health Authority over services provided to jail inmates. The county currently pays for this service but believes it falls under the purview of the Authority.

Widigan, Robert (TREASURY)

From: Liz Murphy <emurphy@cityofflint.com>
Sent: Monday, March 23, 2015 12:10 PM
To: Widigan, Robert (TREASURY)
Subject: Fwd: Budget Pie Chart
Attachments: W&S Budget Pie Chart.pdf; ATT00001.htm

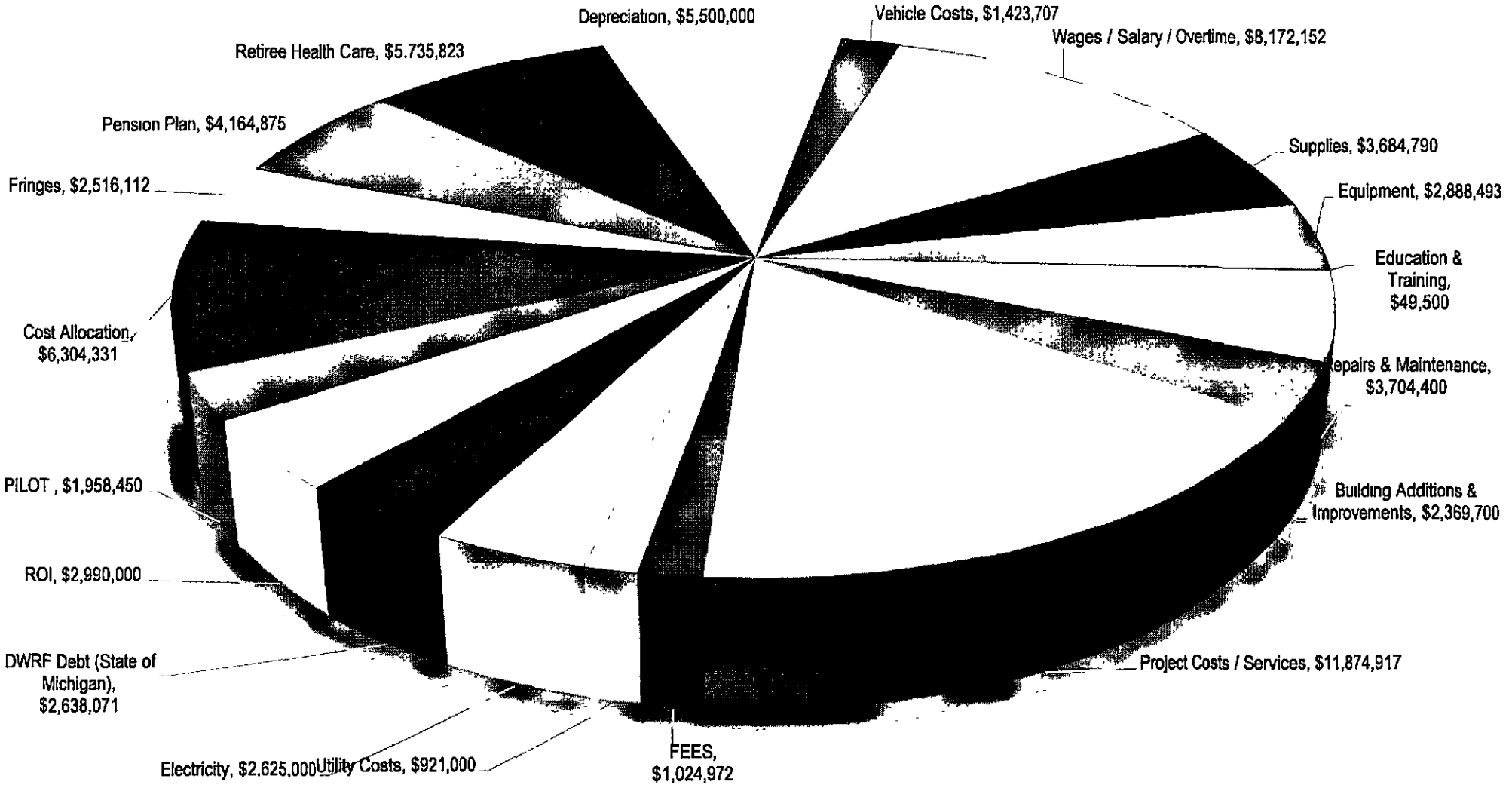
Robert,
I hope this chart works.
Liz

Sent from my iPhone

Begin forwarded message:

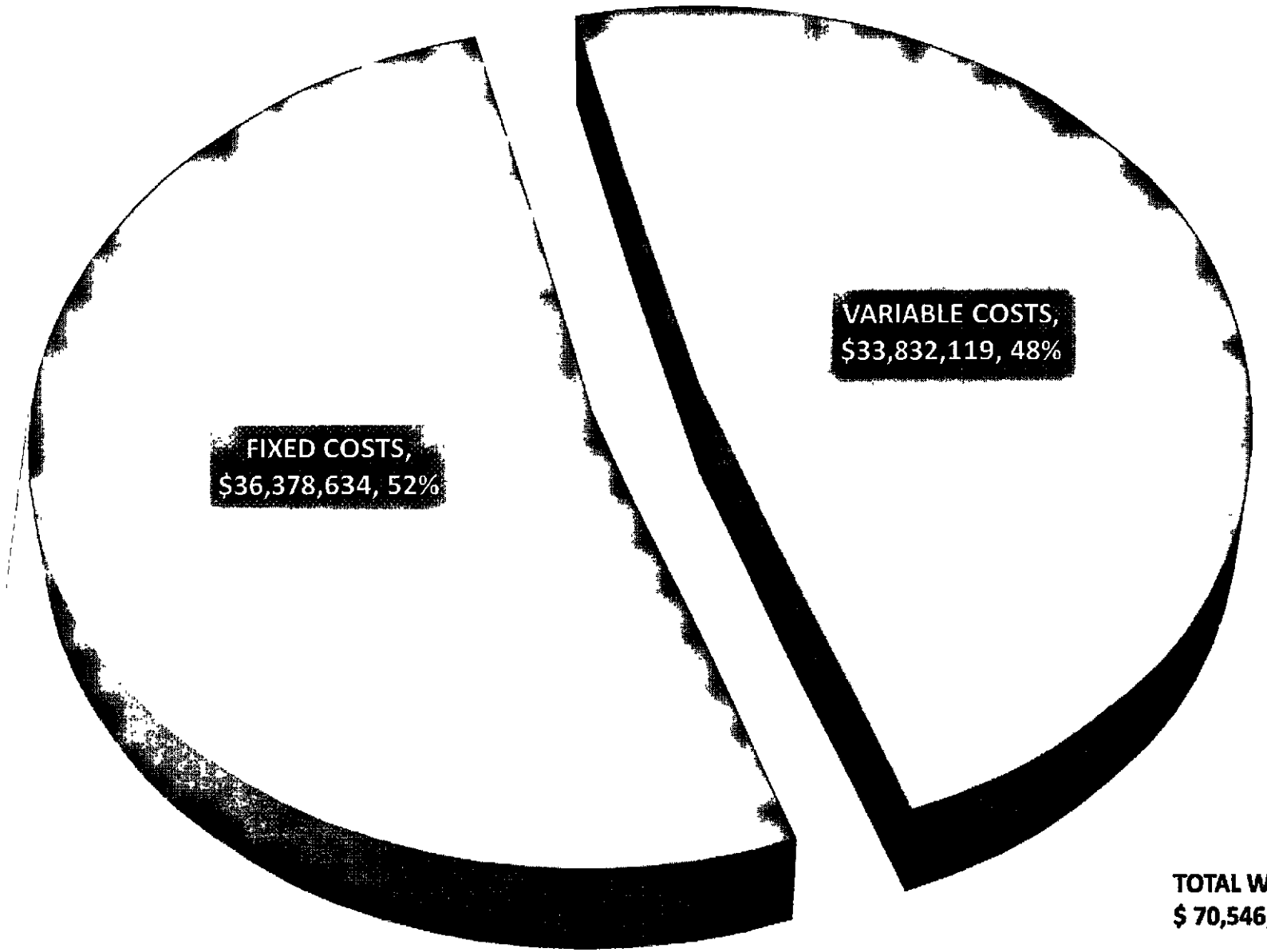
> **From:** Howard Croft <hcroft@cityofflint.com>
> **Date:** March 23, 2015 at 11:34:23 AM EDT
> **To:** Elizabeth Murphy <emurphy@cityofflint.com>
> **Subject: Budget Pie Chart**
>
> FYI
>
> --
> **Howard Croft**
> Public Works Director
> City of Flint
> 1101 S. Saginaw Street
> Flint, MI 48502
> PH# 810.766.7135 Ext.2043
> hcroft@cityofflint.com

FY 2015 Water & Sewer Budget



Vehicle Costs	Wages / Salary / Overtime	Supplies	Equipment
Education & Training	Repairs & Maintenance	Building Additions & Improvements	Project Costs / Services
FEES	Utility Costs	Electricity	DWRF Debt (State of Michigan)
ROI	PILOT	Cost Allocation	Fringes
Pension Plan	Retiree Health Care	Depreciation	

FY 2015 Water & Sewer Budget



TOTAL Water & Sewer
$ 70,546,29 3

Budget Specifics:

FEES		
	Compiance Fees	$131,972.00
	KWA Fee	$584,000.00
	Printing / Publishing / Postage	$40,200.00
	Street Services	$154,000.00
	Computer Software	$31,200.00
	Uniforms	$83,600.00
	TOTAL	**$1,024,972.00**

UTILITY COSTS		
	Gas	$595,000.00
	Water & Sewer	$326,000.00
	TOTAL	**$921,000.00**

Water System Facts:

Over 46,000 Users on the system in 2006
Under 30,000 Users on the system in 2015

3	Buildings to maintain
118	Vehicles
~138	Full-time employees
~600	Miles of distribution mains
~ 500	Miles of sewer mains
~ 500	Miles of sanitary mains
~3900	Hydrants
~7,300	Valves

Over 1,300 field water tests performed Annually
Over 300 Water main breaks to repair annually
Over 100 Valves replaced/repaired annually
Over 1000 Cut & plug services performed annually
Over 100 Catch basins cleaned/replaced annually
Over 100 Street cut repairs performed annually
Over 300 Miss Dig orders staked annually
Over 300 Sewer inspections performed annually
Over 300 Curb boxes orders performed annually

IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER

City of Flint Did Not Meet Treatment Requirements

Our water system recently violated a drinking water standard. Although this incident was not an emergency, as our customers, you have a right to know what happened and what we are doing to correct this situation.

We routinely monitor for the presence of drinking water contaminants. Samples were collected for total trihalomethanes (TTHM) analysis from eight locations on a quarterly basis (May 21, August 21, November 20 of 2014, and February 17, 2015). The average of the results at ANY of the eight locations must not exceed the maximum contaminant level (MCL) for TTHMs, otherwise our water system exceeds the MCL. The standard for TTHMs is 80 micro grams per liter (µg/L). The location reporting the highest TTHM level was 105 ug/L; thus, our water system exceeds the TTHM MCL.

What should I do?

- There is nothing you need to do unless you have a severely compromised immune system, have an infant, or are elderly. These people may be at increased risk and should seek advice about drinking water from their health care providers.
- You do not need to boil your water or take other corrective actions. If a situation arises where the water is no longer safe to drink, you will be notified within 24 hours.

What does this mean?

This is not an emergency. If it had been an emergency, you would have been notified within 24 hours.

People who drink water containing trihalomethanes in excess of the MCL over many years may experience problems with their liver, kidneys, or central nervous system, and may have an increased risk of getting cancer

What is being done?

We are currently working on solutions to correct the problem. We anticipate resolving the problem in 2015. Our most recent individual sample results were all less than half the 80 µg/L standard, however since compliance is calculated using a locational running annual average (LRAA) of the most recent four quarters, we are still out of compliance with the MCL at two of eight locations.

For more information, please contact Mr. Brent Wright at 517-787-6537, or the Flint Water Plant at 4500 North Dort Highway, Flint, Michigan 48505.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments, nursing homes, schools, and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is being sent to you by the City of Flint.

CERTIFICATION. F2 S3 WSSN: 02310

I certify that this water supply has fully complied with the public notification requirements in the Michigan Safe Drinking Water Act, 1976 PA 399, as amended, and the administrative rules.

Signature	Title	Date Distributed
	Plant Supervisor	March 25, 2015

Reminder to water supplier: This notice/certification must be sent to the Department of Environmental Quality.

Goodrich, Harlan G. (Treasury)

From: Schafer, Suzanne K. (Treasury)
Sent: Monday, March 23, 2015 12:51 PM
To: Goodrich, Harlan G. (Treasury)
Subject: FW: Flint Drinking Water Loans
Attachments: Executed Emergency Manager Memorandum - City of Flint.pdf

From: Bowman, Matthew (Treasury)
Sent: Monday, March 23, 2015 11:42 AM
To: Gerald Ambrose; 'bulger@millercanfield.com'; danhof@millercanfield.com; Lambert, Alan (AG); Workman, Wayne (TREASURY); Gelisse, Ashley (TREASURY); Schafer, Suzanne K. (Treasury)
Cc: Barton, John (Treasury); Cousineau, Sara (Treasury)
Subject: Flint Drinking Water Loans

Please find attached the executed version of the Emergency Manager Memorandum for the City of Flint's Drinking Water loans. We are still in the process of obtaining the MFA and DEQ signatures on the restructuring agreement, and will send the executed version when available. If you have any questions, please do not hesitate to contact me.

Thanks,

Matt Bowman
Bureau of State and Authority Finance
Michigan Department of Treasury
Bowmanm2@michigan.gov
517.335.6102

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Gerald Ambrose
Emergency Manager

To: Treasurer R. Kevin Clinton
State of Michigan

From: Gerald W. Ambrose, Emergency Manager
City of Flint

Date: March 18, 2015

Re: PA 436 Approval of Restructuring of City of Flint's Outstanding Water Supply System Revenue Bonds, Series 1999, Series 2000, Series 2001 and Series 2002

The Emergency Manager ("EM") of the City of Flint, County of Genesee, State of Michigan (the "City") has determined that it is in the best interest of the City and is consistent with the City's restructuring efforts and will promote the goals and purposes of Act 436, Public Acts of Michigan, 2012 ("Act 436"), for the City to restructure the debt service schedules for all of the City's outstanding water supply system revenue bonds, to provide funding to finance improvements and replacements (the "Improvements") to the City's Water Treatment Plant and water distribution system from the Plant. The salient terms and benefits of the transaction are as summarized below:

- The City presently has the following bonds outstanding, the proceeds of which were used to finance improvements to the Flint Water Treatment Plant, (the "Plant"): (i) $2,543,994 Water Supply System Revenue Bonds, Series 1999 (the "1999 Bonds"); (ii) $3,275,000 Water Supply System Revenue Bonds, Series 2000 (the "2000 Bonds"); (iii) $4,256,408 Water Supply System Revenue Bonds, Series 2001 (the "2001 Bonds") and (iv) $10,694,934 Water Supply System Revenue Bonds, Series 2002 (the "2002 Bonds" and collectively with the 1999 Bonds, the 2000 Bonds and the 2001 Bonds, the "Bonds").

- All of the Bonds were sold to and are presently owned by the Michigan Finance Authority (the "MFA"), as successor to the Michigan Municipal Bond Authority.

- In connection with the issuance of each series of the Bonds, the State of Michigan, acting through its Department of Environmental Quality (the "DEQ") entered into a Supplemental Agreement with the City (collectively, the "Supplemental Agreements"), providing certain covenants of the City and approving the issuance of the Bonds.

- The City does not have sufficient available funds on hand to finance the Improvements.

- The Emergency Manager proposes to restructure, amend and restate the debt service payment schedules on the Bonds, by postponing the principal payments, but not the interest payments, next coming due on April 1, 2015 for the 1999 Bonds of $395,000, the 2000 Bonds of $435,000 and the 2001 Bonds of $485,000 and the payment due on October 1, 2015 for the 2002 Bonds of $925,000, all as more particularly described in the Emergency Manager's Order (the "Order") accompanying this Memorandum (collectively, the "Restructuring"), to allow the total amount on hand and available for such principal payments of $2,240,000 to be used to pay for the Improvements.

- Except for the amendment and restatement of the debt service schedules for the Bonds, all other terms of the Bonds including the security, the interest rates and the final maturity dates will remain unchanged.

- The City, the MFA and the DEQ shall approve the Restructuring pursuant to a certain Agreement Related to Restructuring of Debt Service Schedules of City of Flint Water Supply System Revenue Bonds, Series 1999, Series 2000, Series 2001 and Series 2002.

Pursuant to Section 12(1)(x) of Act 436 the Emergency Manager is authorized to enter into an agreement with the MFA to allow the Restructuring subject to the approval by you as State Treasurer. Accordingly, the Emergency Manager hereby submits the proposed Restructuring to you for review and requests that you authorize the Restructuring contemplated herein.

APPROVED

3-23-15 R Kevin Clinton

Date **R. Kevin Clinton, Treasurer**

Byrne, Randall (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Monday, March 23, 2015 9:41 PM
To: Workman, Wayne (TREASURY)
Cc: Byrne, Randall (Treasury)
Subject: Re: The fun never stops! .....

2 Council members running for Mayor explains a lot.....doesn't change the facts that the water is safe and DWSD is $1 million a month...

On Mar 23, 2015 9:34 PM, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov> wrote:
All i say is thanks for the update. Probably should talk Tuesday

Sent from my iPhone

On Mar 23, 2015, at 9:32 PM, Gerald Ambrose <gambrose@cityofflint.com> wrote:

> **Flint Council votes to do 'all things necessary' to end use of Flint River**
>
> FLINT, MI -- The City Council has voted to "do all things necessary" to reconnect Flint to the Detroit Water and Sewerage Department. But it was unclear what effect -- if any -- that action will have with a state-appointed emergency manager still at the helm of Read More http://www.mlive.com/news/flint/index.ssf/2015/03/flint_council_votes_to_do_all.html
>
> <image.jpg>

Koryzno, Edward (Treasury)

From:	Gerald Ambrose <gambrose@cityofflint.com>
Sent:	Tuesday, March 24, 2015 10:48 AM
To:	Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject:	Fwd: PRESS RELEASE: EM Statement on Flint's Water
Attachments:	EM Statement on Water 3.24.2015.pdf; EM Letter to Treasury Regarding Water.PDF

FYI
---------- Forwarded message ----------
From: **Jason Lorenz** <jlorenz@cityofflint.com>
Date: Tue, Mar 24, 2015 at 10:35 AM
Subject: PRESS RELEASE: EM Statement on Flint's Water
To:

For Immediate Release

Emergency Manager Statement on Water: Spending Extra $12 Million on Detroit Water "Incomprehensible" When Flint Water Just as Safe

Flint, Michigan – March 24, 2015 – At the City Council meeting held on Monday, March 23, 2015, Flint City Council made a motion to "do all things necessary" to return to using water purchased from Detroit and discontinue use of the Flint River as a water source. The following statement from Emergency Manager Gerald Ambrose addresses that point:

"Flint water today is safe by all EPA and MDEQ standards and the City is working daily to improve its quality. Users also pay some of the highest rates in the state because of the decreased numbers of users and the age of the system.

"It is incomprehensible to me that 7 members of the Flint City Council would want to send more than $12 million a year to the system serving southeast Michigan, even if Flint rate payers could afford it. Water from Detroit is no safer than water from Flint.

"If $12 million annually were available for discretionary use, it would be far better spent reducing rates paid by Flint customers and/or modernizing the City's system."

-Gerald Ambrose,

Flint Emergency Manager

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

Gerald Ambrose
Emergency Manager

Dayne Walling
Mayor

Jason Lorenz
Public Information Officer
(810) 237-2039
jlorenz@cityofflint.com

For Immediate Release

Emergency Manager Statement on Water: Spending Extra $12 Million on Detroit Water "Incomprehensible" When Flint Water Just as Safe

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"If $12 million annually were available for discretionary use, it would be far better spent reducing rates paid by Flint customers and/or modernizing the City's system."

-Gerald Ambrose,
Flint Emergency Manager

–END–

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Gerald Ambrose
Emergency Manager

TO: Wayne Workman, Deputy Treasurer
Treasury Department
State of Michigan

FROM: Jerry Ambrose, Emergency Manager
City of Flint

DATE: March 3, 2015

As the Emergency Manager for the City of Flint, I am charged with restoring the City government to financial solvency, and working to assure that the City moves forward on a financially sustainable basis. The steps taken over the past three years have been difficult. Taxes and fees have been raised, services and workforce reduced, and ongoing costs, including legacy costs, have been constrained.

The current controversy surrounding the provision of water, and the path for resolution, has a potentially significant impact on the progress that is being made. I am satisfied that the water provided to Flint users today is within all MDEQ and EPA guidelines, as evidenced by the most recent water quality results conducted for MDEQ. We have a continuing commitment to maintain water safety and to improve water quality, and have dedicated resources to assure this commitment will be made.

The oft-repeated suggestion that the City should return to DWSD, even for a short period of time, would, in my judgment, have extremely negative financial consequences to the water system, and consequently to the rate payers. By the most conservative estimates, such a move would increase costs by at least $12 million annually, with that amount achieved only by eliminating virtually all budgeted improvements in the system. For a system with Unrestricted Assets of only $740,745, according to the June 30, 2014 audited financial statements, the only recourse within the City's control would be to increase revenues significantly. And in my judgment, that would come from raising rates for water by 30% or more . Further, changing the *source* of the city's water would not necessarily change any of the *aesthetics* of the water, including odor and discoloration, since those appear to be directly related to the aging pipes and other infrastructure that carry water from the treatment facility to our customers.

This direction of discussion also deviates from what, in my judgment, should be the focus: How can we not only operate and maintain a system to assure the delivery of safe and quality water dependably, but significantly reduce the cost of water and sewer to the users? At an average of $149 per month for water and sewer service for a residential user, the cost is extremely high in comparison to surrounding areas, as well as most areas across the state, and creates a significant financial burden for many users. In my judgment, we should all be concentrating on how to reduce rates by 50% or more. Unfortunately, there are no easy or evident answers, and continuation of the status will be an impediment to the sustainable recovery of the City of Flint. It is a conversation that I expect we will have with the recently created Water Quality Advisory Committee.

My reasoning for this conclusion is as follows:

One of the decisions made in the context of beginning to eliminate deficits and to restore financial stability to the City of Flint was to increase water and sewer rates significantly – the only choice available to financially stabilize a system that as of June 30, 2012, had a deficit of $8,758,091. Another was to leave DWDS for the KWA because it offered the opportunity to lower future rate increases. A third decision was to utilize the Flint River on an interim basis when DWSD unilaterally terminated the City's contract for water purchase. That decision was made because it also offered an immediate cost savings opportunity which translated into the ability to upgrade the Water Treatment Plant without having to seek financing. It was a reasonable decision because of our experience in using the river in a back-up capacity, including test runs on a quarterly basis for several decades.

Unfortunately, the switch to the river as a primary source was more challenging than anticipated, and the harsh winter of 2013-2014 resulted in much more damage to the aging water infrastructure than in previous years. The result was the issuance of required notices that water exceeded established guidelines for safety as it could affect certain vulnerable populations, and some users of the system experienced unpleasant odors and discoloration. Some users also appeared to have had some negative reactions to the new source of water. However, as soon as the test results were known, City staff took immediate actions to address the concerns. These actions are evidenced today by the fact that MDEQ has certified that our most recent testing shows water from all testing sites to be well within acceptable guidelines. Additionally, the City is continuing to taking the necessary actions to assure that the water supply remains safe and that water quality continues to improve.

As the City has moved to address the situation, the suggestion continues to be made that the City should re-engage with DWSD and purchase water at least until the KWA pipeline is supplying water. As evidenced by the most recent letter from DWSD, such a decision would immediately increase the City's cost by $846,700 per month, or $10,160,400 per year, just for the fixed cost portion of the price. The actual *purchase* of water would be an additional fee, and dependent upon

the quantity purchased. We estimate the actual water purchase cost to average more than $1 million per month, for a grand total of approximately $22 million per year. Finally, the DWSD offer is conditioned upon the City (or presumably the KWA) agreeing to negotiate a long term contract (30 years) for back-up.

The $22 million annual estimate of increased costs to purchase water from DWSD would be minimally offset by an approximate $3 million in reduced operating costs, and could be further offset by an additional $9 million, but only if all funding for capital improvements to the system are eliminated. To eliminate all funding dedicated to repairing, stabilizing, and improving the system would be totally irresponsible and would have long term negative consequences to the City and to future rate payers.

As you are aware we have recently brought in outside expert assistance to evaluate the steps we have taken to assure that the water is safe and to continue to improve water quality. We are expecting specific recommendations within the next few weeks, and are committed to implementing those recommendations in a timely manner. Many steps have already been taken. I am confident that implementing their recommendations will assure a continuing supply of safe water as well as improved quality, and at far less cost than re-engaging DWSD.

We have also created a 40-member Water Advisory Committee and a 13-member Technical Advisory Committee to assure two-way communication with the public and users of the system. Those committees will begin to meet this week, and we look forward to answering their questions and receiving their input.

It is unfortunate that problems and concerns with quality have arisen, and we are working every day to address the issues that caused them. Maintaining safe water and improving quality is a top priority as we work to make the City of Flint an attractive place to live, work, study, and play.

Byrne, Randall (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Tuesday, March 24, 2015 12:43 PM
To: Hollins, Harvey (GOV)
Cc: Workman, Wayne (TREASURY); Byrne, Randall (Treasury); Koryzno, Edward (Treasury)
Subject: Water - fixed charges
Attachments: Fixed charge calculation1.docx; EM Statement on Water 3.24.2015.pdf

Harvey,

You had requested additional information on the fixed charges used in Flint's water rates. Hopefully the attached helps. I have also included some additional information showing that that many of the recent increases in rates were done prior to the EM being appointed. And also, a reminder that the system was in a deficit position when the EM came on board, making additional increases necessary.

While the system is now solvent, it is not as strong as it once was. And the real challenge for all of is to figure out how to get rates down to an affordable level. But is cannot be done by simply reducing rates!

I am sure you are aware that the Council voted last night to "do everything in their power" to return to the Detroit system. I am attaching my statement in response.

Call if you have questions.

Jerry

RESIDENTIAL WATER/SEWER RATES - FIXED AND COMMODITY CHARGES

General statistics indicate that the average person uses between 80 and 100 gallons of water per day, or between 2,400 and 3,000 gallons per day. The City's general estimate for the average residential bill is based on consumption of approximately 5,200 gallons per day (7 units * 745 gallons. So the average we use is not out of line if the average number of users in a residence is around 2.

At $149 average costs per month, Flint's charges are very high in comparison to other systems, and an issues which must be addressed. Unfortunately, the Flint system, which has the capacity to serve a population of more than 200,000, now serves a population of approximately 100,000. The system, as currently configured today, needs between $65 million and $70 million in revenues annually to operate. One cannot simply reduce rates without affecting the ability of the system to operate.

Like many systems, Flint charges both a fixed charge and a commodity charge to generate revenues. The concept of the fixed charge is that there is a certain amount of the utility system which must operate regardless of how much of the commodity is used. Operation and maintenance of the system, including building, treatment, and distribution infrastructure, as well as debt service, are examples.

On the other hand, chemicals, utilities, and staffing to a certain extent vary with the amount of the commodity and can thus be linked to usage.

In Flint, the total fixed charge for the water and sewer bill accounts for approximately 40% of the average residential users bill. The amounts determined to be "fixed charges" were established many years ago, and the water rate study done for the City in 2014 made no recommendations for change.

The Flint system, which more than 10 years ago was very stable financially, had declined into a deficit financial position by June 30, 2012. Significant rate increases, many of which were enacted before the State assigned an Emergency Manager in late 2011, were necessary to stabilize the financial position of the system. Other decisions, including the decision to partner with Genesee County in the KWA, and the decision to utilize the Flint River for an interim period, were made with the goal of stabilizing rates and moderating future increases. Safety, quality, and affordability are the key priorities going forward.

Following is the detail of the water and sewer rate components.

WATER/SEWER RATES

Average Residential User

WATER COMMODITY CHARGE PER UNIT	Water Service Charge* 5/8" remote	SEWER COMMODITY CHARGE PER UNIT	Sewer Service Charge	Units for Ave. Bill	WATER COMMODITY	Service Charge* 5/8" remote	SEWER COMMODITY	Sewer Service Charge	Total
$ 7.92	$ 22.90	$ 5.17	$ 34.48	7.00	$55.44	$22.90	$36.19	$34.48	$149.01

AVERAGE	Water Charges			Sewer Charges			Water and Sewer		
RESIDENTIAL									
UTILITY	29%	$22.90	Fixed Charge	$34.48	49%		$57.38	39%	Fixed Charge
CHARGE	71%	$55.44	Commodity	$36.19	51%		$91.63	61%	Commodity
	100%	$78.34		$70.67	100%		$149.01	100%	

RECENT RATE INCREASES

Overall cost to residential users for water and sewer have increased significantly since 2003 – almost three-fold. Note, however, that much of the recent increases were made prior to the appointment of an EM...

Increases Enacted by EM		**Increases Enacted Prior to EM**		
EM		**PRE-EM**		
Aug 2014	July 2012	July 2011	Jan 2011	Oct 2003
$78.34	$74.42	$66.12	$48.99	$29.60
$70.67	$66.60	$45.24	$33.50	$27.47
$149.01	**$140.02**	**$111.36**	**$82.49**	**$57.07**
$8.99	**$28.66**	**$28.87**	**$25.42**	
6%	26%	35%	45%	

Change in the Financial Position of the Water and Sewer System

The financial position of the water and sewer system in 2003 was strong. However, by 2011 the financial position had declined to the point where the system was in deficit. In spite of increases made prior to the appointment of an Emergency Manager, the utility system was still in a deficit position in 2012. While the financial position of the system is now positive, it is still less strong than in 2003:

Water and Sewer (Assets in Millions)

	2003	2011	2012	2013	2014
		Status Pre EM		Status under EM	
Capital Assets	$82,288	$65,877	$84,182	$78,066,635	$76,670
Restricted	$0	$0	$5,585	$4,385	$5,847
Unrestricted	$53,076	($423)	($8,459)	$8,817	$13,552

Byrne, Randall (Treasury)

From: Gerald Ambrose <gambrose@cityofflint.com>
Sent: Tuesday, March 24, 2015 1:12 PM
To: Hollins, Harvey (GOV)
Cc: Workman, Wayne (TREASURY); Byrne, Randall (Treasury); Koryzno, Edward (Treasury)
Subject: Corrected memo - fixed charge memo
Attachments: Fixed charge calculation1.docx

Sorry, some parts should have said "per month", not "per day."

Cousineau, Sara (Treasury)

From: Bowman, Matthew (Treasury)
Sent: Tuesday, March 24, 2015 4:20 PM
To: Gerald Ambrose; 'bulger@millercanfield.com'; danhof@millercanfield.com; Lambert, Alan (AG); Workman, Wayne (TREASURY); Gelisse, Ashley (TREASURY); Schafer, Suzanne K. (Treasury)
Cc: Barton, John (Treasury); Cousineau, Sara (Treasury)
Subject: RE: Flint Drinking Water Loans
Attachments: Executed Emergency Manager Order - City of Flint.pdf; Executed Agreement-Restructuring of Debt Service Schedules-City of Flint.pdf

The executed Emergency Manager Order and Restructuring Agreement are attached.

Thanks,

Matt Bowman
Bureau of State and Authority Finance
Michigan Department of Treasury
Bowmanm2@michigan.gov
517.335.6102

From: Bowman, Matthew (Treasury)
Sent: Monday, March 23, 2015 11:42 AM
To: 'Gerald Ambrose'; 'bulger@millercanfield.com'; danhof@millercanfield.com; Lambert, Alan (AG); Workman, Wayne (TREASURY); Gelisse, Ashley (TREASURY); Schafer, Suzanne K. (Treasury)
Cc: Barton, John (Treasury); Cousineau, Sara (Treasury)
Subject: Flint Drinking Water Loans

Please find attached the executed version of the Emergency Manager Memorandum for the City of Flint's Drinking Water loans. We are still in the process of obtaining the MFA and DEQ signatures on the restructuring agreement, and will send the executed version when available. If you have any questions, please do not hesitate to contact me.

Thanks,

Matt Bowman
Bureau of State and Authority Finance
Michigan Department of Treasury
Bowmanm2@michigan.gov
517.335.6102

EMERGENCY MANAGER
CITY OF FLINT
GENESEE COUNTY, MICHIGAN

ORDER No. 2

RESTRUCTURING OF OUTSTANDING WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1999, SERIES 2000, SERIES 2001 AND SERIES 2002

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER FOR THE CITY OF FLINT, MICHIGAN PURSUANT TO ACT 436, PUBLIC ACTS OF MICHIGAN, 2012 ("ACT 436"), THE LOCAL FINANCIAL STABILITY AND CHOICE ACT; GERALD W. AMBROSE, THE EMERGENCY MANAGER, ISSUES THE FOLLOWING ORDER:

WHEREAS, the City of Flint, County of Genesee, State of Michigan (the "City") is in a state of financial emergency under Act 436;

WHEREAS, effective on January 13, 2015, Gerald W. Ambrose was appointed as emergency manager (the "Emergency Manager") of the City, by the Governor of the State of Michigan (the "State") and the State by the Treasurer of the Department of Treasury; and

WHEREAS, pursuant to Section 9(2) of Act 436, the Emergency Manager has broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the City of Flint and its capacity to provide or cause to be provided necessary services essential to the public health, safety and welfare; and

WHEREAS, pursuant to Act 436, the Emergency Manager acts in place of local officials, specifically the Mayor and City Council, unless the Emergency Manager delegates specific authority; and

WHEREAS, the City has heretofore issued and presently has the following bonds outstanding in the amounts indicated, the proceeds of which were used to finance the acquisition, construction and installation of Phase I, segments 1 through 4 of the rehabilitation of the Flint Water Treatment Plant (the "Plant"): (i) $2,543,994 Water Supply System Revenue Bonds,

Series 1999, (the "1999 Bonds"); (ii) $3,275,000 Water Supply System Revenue Bonds, Series 2000, (the "2000 Bonds"); (iii) $4,256,408 Water Supply System Revenue Bonds, Series 2001 (the "2001 Bonds"); and (iv) $10,694,934 Water Supply System Revenue Bonds, Series 2002, (the "2002 Bonds", collectively with the 1999 Bonds, the 2000 Bonds and the 2001 Bonds, the "Bonds"); and

WHEREAS, all of the Bonds were sold to and are currently owned by the Michigan Finance Authority (the "Authority" or "MFA"), as successor to the Michigan Municipal Bond Authority; and

WHEREAS, the Plant and the water supply system are in need of further improvements and replacements (the "Improvements") to enhance the treatment of raw water processed by the Plant and the distribution of treated water from the Plant; and

WHEREAS, the City does not have sufficient funds on hand to finance the Improvements and the Authority has tentatively agreed to allow the Emergency Manager to restructure and amend the debt service payments on the Bonds, by postponing the principal payments next coming due on April 1, 2015 for the 1999 Bonds of $395,000, the 2000 Bonds of $435,000 and the 2001 Bonds of $485,000 and on October 1, 2015 for the 2002 Bonds of $925,000, all as more particularly described in this Order (collectively, the "Restructuring"), to allow the amounts available for such principal payments to be used to pay for the Improvements; provided, that the current interest payments due on such principal payment dates shall remain due and payable thereon; and

WHEREAS, Section 12(1)(x) of Act 436 authorizes the Emergency Manager to: "Enter into agreements with creditors or other persons or entities to restructure debt on terms, at rates of interest, and with security as shall be agreed among the parties, subject to the approval of the State Treasurer;" and

WHEREAS, the interest on each series of the Bonds is presently excludable from gross income for federal income tax purposes and the City has covenanted, in each Bond Resolution which authorized each related series of the Bonds, among other things, to do all things necessary to assure that the interest on the respective series of Bonds will be and will remain excludable from gross income for federal income tax purposes (the "Bond Tax Covenant"); and

WHEREAS, in connection with the issuance of each series of the Bonds, the City entered into a Supplemental Agreement ("the Supplemental Agreement") with the Authority and the State of Michigan, acting through its Department of Environmental Quality (the "DEQ"), under which the City covenanted, among other things, to the extent permitted by law, to take all actions within its control and not fail to take any action as may be necessary to maintain the

exclusion of interest on the Bond from gross income for federal income tax purposes (the "Supplemental Agreement Tax Covenant"); and

WHEREAS, in implementing with the Restructuring the City will use its best efforts to maintain the tax-exempt status of the Bonds, however, the Emergency Manager, the MFA and the DEQ desire to allow the Restructuring to occur even if as a result of the Restructuring, Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel to the City ("Bond Counsel") delivers an opinion to the City and the MFA concluding that as a result of the Restructuring, the Bonds have lost their tax-exempt status (an "Unfavorable Tax Opinion"); and

WHEREAS, as a precondition to the Restructuring, the Emergency Manager desires for the MFA, as holder of the Bonds, and the DEQ to conditionally waive the respective Tax Covenant and the Supplemental Agreement Tax Covenant related to each series of the Bonds, which waivers shall be rescinded automatically if Bond Counsel concludes that the Restructuring has not had a negative impact on the tax-exempt status of the Bonds, and

WHEREAS, the Emergency Manager further desires to authorize and direct the Mayor, the Director of Finance, the City Clerk and all other authorized persons to perform all acts consistent with this Order, necessary and appropriate to complete the Restructuring as provided in this Order.

NOW THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

1. The current debt service schedules attached as Exhibit A to each of the Bonds are hereby deleted in their entirety and in lieu thereof shall be attached to each respective Bond the amended and restated debt service schedules attached hereto as Exhibit A for the 1999 Bonds, Exhibit B for the 2000 Bonds, Exhibit C for the 2001 Bonds and Exhibit D for the 2002 Bonds.

2. Except as otherwise amended and restated hereby, all of the other terms and conditions of the Bonds shall remain the same; provided however, that if Bond Counsel delivers an Unfavorable Tax Opinion, the interest on the Bonds shall be taxable for federal income tax purposes; and

3. The Emergency Manager, the Mayor, the Director of Finance and the City Clerk are hereby authorized and directed to perform all acts consistent with this Order and enter into such agreements with the Authority and DEQ and provide such certificates as may be necessary and appropriate to complete the Restructuring.

4. The Restructuring is conditioned upon and shall not become effective unless and until (i) the Restructuring has been approved in writing by the Treasurer of the State of Michigan, pursuant to Section 12(1)(x) of Act 436 and (ii) the MFA and the DEQ have approved the Restructuring and provided conditional waivers of the Bond Tax Covenants and the Supplemental Agreement Tax Covenants related to each series of the Bonds.

5. This Order is effective immediately upon the date of execution below.

6. This Order may be amended, modified, supplemented, repealed or terminated by any subsequent Order issued by the Emergency Manager.

Dated: March 18, 2015

By: _____

Gerald W. Ambrose
Emergency Manager
City of Flint

cc: State of Michigan Department of Treasury
Mayor Dayne Walling
Flint City Council
Inez Brown, City Clerk

EXHIBIT A

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1999

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-01

Issue Date: 9/30/99

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/1999	-	-	-	-
10/01/1999	-	-	-	-
04/01/2000	-	-	8,422.31	8,422.31
09/30/2000	-	-	-	-
10/01/2000	-	-	22,740.16	22,740.16
04/01/2001	285,000.00	2.50%	60,807.06	345,807.06
09/30/2001	-	-	-	-
10/01/2001	-	-	62,929.45	62,929.45
04/01/2002	290,000.00	2.50%	78,086.21	368,086.21
09/30/2002	-	-	-	-
10/01/2002	-	-	82,424.93	82,424.93
04/01/2003	295,000.00	2.50%	82,424.93	377,424.93
09/30/2003	-	-	-	-
10/01/2003	-	-	78,787.43	78,787.43
04/01/2004	305,000.00	2.50%	78,787.43	383,787.43
09/30/2004	-	-	-	-
10/01/2004	-	-	74,924.93	74,924.93
04/01/2005	310,000.00	2.50%	74,924.93	384,924.93
09/30/2005	-	-	-	-
10/01/2005	-	-	71,049.93	71,049.93
04/01/2006	315,000.00	2.50%	71,049.93	386,049.93
09/30/2006	-	-	-	-
10/01/2006	-	-	67,112.43	67,112.43
04/01/2007	325,000.00	2.50%	67,112.43	392,112.43
09/30/2007	-	-	-	-
10/01/2007	-	-	63,049.93	63,049.93
04/01/2008	330,000.00	2.50%	63,049.93	393,049.93
09/30/2008	-	-	-	-
10/01/2008	-	-	58,924.93	58,924.93
04/01/2009	340,000.00	2.50%	58,924.93	398,924.93
09/30/2009	-	-	-	-
10/01/2009	-	-	54,674.93	54,674.93
04/01/2010	350,000.00	2.50%	54,674.93	404,674.93
09/30/2010	-	-	-	-
10/01/2010	-	-	50,299.93	50,299.93
04/01/2011	358,000.00	2.50%	50,299.93	408,299.93
09/30/2011	-	-	-	-
10/01/2011	-	-	45,862.43	45,862.43
04/01/2012	365,000.00	2.50%	45,862.43	410,862.43
09/30/2012	-	-	-	-
10/01/2012	-	-	41,299.93	41,299.93
04/01/2013	375,000.00	2.50%	41,299.93	416,299.93
09/30/2013	-	-	-	-
10/01/2013	-	-	36,612.43	36,612.43
04/01/2014	385,000.00	2.50%	36,612.43	421,612.43
09/30/2014	-	-	-	-
10/01/2014	-	-	31,799.93	31,799.93
04/01/2015		2.50%	31,799.93	31,799.93
09/30/2015	-	-	-	-
10/01/2015	-	-	31,799.93	31,799.93
04/01/2016	490,000.00	2.50%	31,799.93	521,799.93
09/30/2016	-	-	-	-
10/01/2016	-	-	25,674.93	25,674.93
04/01/2017	500,000.00	2.50%	25,674.93	525,674.93
09/30/2017	-	-	-	-
10/01/2017	-	-	19,424.93	19,424.93
04/01/2018	510,000.00	2.50%	19,424.93	529,424.93

08/30/2018	-	-	-	-
10/01/2018	-	-	13,049.93	13,049.93
04/01/2019	515,000.00	2.50%	13,049.93	528,049.93
08/30/2019	-	-	-	-
10/01/2019	-	-	6,612.43	6,612.43
04/01/2020	528,994.00	2.50%	6,612.43	535,606.43
Total	$7,168,994.00	-	$1,939,657.56	$9,108,651.56

EXHIBIT B

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2000

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-02

Issue Date: 9/28/00

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/28/2000	-	-	-	-
10/01/2000	-	-	-	-
04/01/2001	-	-	2,844.01	2,844.01
09/30/2001	-	-	-	-
10/01/2001	-	-	17,124.18	17,124.18
04/01/2002	315,000.00	2.500%	42,367.78	357,367.78
09/30/2002	-	-	-	-
10/01/2002	-	-	79,291.89	79,291.89
04/01/2003	320,000.00	2.500%	91,268.81	411,268.81
09/30/2003	-	-	-	-
10/01/2003	-	-	91,839.93	91,839.93
04/01/2004	330,000.00	2.500%	92,500.00	422,500.00
09/30/2004	-	-	-	-
10/01/2004	-	-	88,375.00	88,375.00
04/01/2005	340,000.00	2.500%	88,375.00	428,375.00
09/30/2005	-	-	-	-
10/01/2005	-	-	84,125.00	84,125.00
04/01/2006	345,000.00	2.500%	84,125.00	429,125.00
09/30/2006	-	-	-	-
10/01/2006	-	-	79,812.50	79,812.50
04/01/2007	355,000.00	2.500%	79,812.50	434,812.50
09/30/2007	-	-	-	-
10/01/2007	-	-	75,375.00	75,375.00
04/01/2008	365,000.00	2.500%	75,375.00	440,375.00
09/30/2008	-	-	-	-
10/01/2008	-	-	70,812.50	70,812.50
04/01/2009	375,000.00	2.500%	70,812.50	445,812.50
09/30/2009	-	-	-	-
10/01/2009	-	-	66,125.00	66,125.00
04/01/2010	385,000.00	2.500%	66,125.00	451,125.00
09/30/2010	-	-	-	-
10/01/2010	-	-	61,312.50	61,312.50
04/01/2011	395,000.00	2.500%	61,312.50	456,312.50
09/30/2011	-	-	-	-
10/01/2011	-	-	56,375.00	56,375.00
04/01/2012	400,000.00	2.500%	56,375.00	456,375.00
09/30/2012	-	-	-	-
10/01/2012	-	-	51,375.00	51,375.00
04/01/2013	410,000.00	2.500%	51,375.00	461,375.00
09/30/2013	-	-	-	-
10/01/2013	-	-	46,250.00	46,250.00
04/01/2014	425,000.00	2.500%	46,250.00	471,250.00
09/30/2014	-	-	-	-
10/01/2014	-	-	40,937.50	40,937.50
04/01/2015	-	2.500%	40,937.50	40,937.50
09/30/2015	-	-	-	-
10/01/2015	-	-	40,937.50	40,937.50
04/01/2016	520,000.00	2.500%	40,937.50	560,937.50
09/30/2016	-	-		-
10/01/2016	-	-	34,437.50	34,437.50
04/01/2017	525,000.00	2.500%	34,437.50	559,437.50
09/30/2017	-	-		-
10/01/2017	-	-	27,875.00	27,875.00
04/01/2018	530,000.00	2.500%	27,875.00	557,875.00
09/30/2018	-	-		-
10/01/2018	-	-	21,250.00	21,250.00
04/01/2019	555,000.00	2.500%	21,250.00	576,250.00

09/30/2019	-	-		-
10/01/2019	-	-	14,312.50	14,312.50
04/01/2020	565,000.00	2.500%	14,312.50	579,312.50
09/30/2020	-	-		-
10/01/2020	-	-	7,250.00	7,250.00
04/01/2021	580,000.00	2.500%	7,250.00	587,250.00
Total	$5,035,000.00	-	$2,151,108.62	$10,186,108.62

EXHIBIT C

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2001

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-03

Issue Date: 9/28/01

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/28/2001	-	-	-	-
10/01/2001	-	-	-	-
04/01/2002	-	-	16,888.77	16,888.77
09/30/2002	-	-	-	-
10/01/2002	-	-	45,812.54	45,812.54
04/01/2003	370,000.00	2.500%	72,851.54	442,851.54
09/30/2003	-	-	-	-
10/01/2003	-	-	98,698.60	98,698.60
04/01/2004	380,000.00	2.500%	107,857.26	487,857.26
09/30/2004	-	-	-	-
10/01/2004	-	-	102,807.26	102,807.26
04/01/2005	390,000.00	2.500%	102,807.26	492,807.26
09/30/2005	-	-	-	-
10/01/2005	-	-	97,932.26	97,932.26
04/01/2006	400,000.00	2.500%	97,932.26	497,932.26
09/30/2006	-	-	-	-
10/01/2006	-	-	92,932.26	92,932.26
04/01/2007	410,000.00	2.500%	92,932.26	502,932.26
09/30/2007	-	-	-	-
10/01/2007	-	-	87,807.26	87,807.26
04/01/2008	420,000.00	2.500%	87,807.26	507,807.26
09/30/2008	-	-	-	-
10/01/2008	-	-	82,557.26	82,557.26
04/01/2009	420,000.00	2.500%	87,399.15	507,399.15
09/30/2009	-	-	-	-
10/01/2009	-	-	81,517.60	81,517.60
04/01/2010	430,000.00	2.500%	81,517.60	511,517.60
09/30/2010	-	-	-	-
10/01/2010	-	-	76,142.60	76,142.60
04/01/2011	440,000.00	2.500%	76,142.60	516,142.60
09/30/2011	-	-	-	-
10/01/2011	-	-	70,642.60	70,642.60
04/01/2012	455,000.00	2.500%	70,642.60	525,642.60
09/30/2012	-	-	-	-
10/01/2012	-	-	64,955.10	64,955.10
04/01/2013	465,000.00	2.500%	64,955.10	529,955.10
09/30/2013	-	-	-	-
10/01/2013	-	-	59,142.60	59,142.60
04/01/2014	475,000.00	2.500%	59,142.60	534,142.60
09/30/2014	-	-	-	-
10/01/2014	-	-	53,203.10	53,203.10
04/01/2015	-	2.500%	53,203.10	53,203.10
09/30/2015	-	-	-	-
10/01/2015	-	-	53,203.10	53,203.10
04/01/2016	585,000.00	2.500%	53,203.10	615,203.10
09/30/2016	-	-		-
10/01/2016	-	-	46,142.60	46,142.60
04/01/2017	580,000.00	2.500%	46,142.60	626,142.60
09/30/2017	-	-		-
10/01/2017	-	-	38,892.60	38,892.60
04/01/2018	595,000.00	2.500%	38,892.60	633,892.60
09/30/2018	-	-		-
10/01/2018	-	-	31,455.10	31,455.10
04/01/2019	605,000.00	2.500%	31,455.10	636,455.10
09/30/2019	-	-		-
10/01/2019	-	-	23,892.60	23,892.60
04/01/2020	625,000.00	2.500%	23,892.60	648,892.60

09/30/2020	-	-		-
10/01/2020	-	-	16,080.10	16,080.10
04/01/2021	640,000.00	2.500%	16,080.10	656,080.10
09/30/2021	-	-		-
10/01/2021	-	-	8,080.10	8,080.10
04/01/2022	646,408.00	2.500%	8,080.10	654,488.10
Total	$9,511,408.00	-	$2,520,880.82	$11,831,788.82

EXHIBIT D

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2002

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-04

Issue Date: 9/25/03

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/25/2003	-	-	-	-
10/01/2003	-	-	-	-
04/01/2004	-	-	14,672.82	14,672.82
10/01/2004	-	-	67,805.18	67,805.18
04/01/2005	-	-	140,139.46	140,139.46
10/01/2005	-	-	137,082.86	137,082.86
04/01/2006	750,000.00	2.500%	221,379.46	971,379.46
10/01/2006	-	-	225,988.30	225,988.30
04/01/2007	770,000.00	2.500%	229,198.21	999,198.21
10/01/2007	-	-	219,573.21	219,573.21
04/01/2008	790,000.00	2.500%	219,573.21	1,009,573.21
10/01/2008	-	-	209,698.21	209,698.21
04/01/2009	810,000.00	2.500%	209,698.21	1,019,698.21
10/01/2009	-	-	199,573.21	199,573.21
04/01/2010	830,000.00	2.500%	199,573.21	1,029,573.21
10/01/2010	-	-	189,198.21	189,198.21
04/01/2011	850,000.00	2.500%	189,198.21	1,039,198.21
08/23/2011	-	-	-	-
10/01/2011	840,000.00	2.500%	178,448.00	1,018,448.00
04/01/2012	-	-	168,311.68	168,311.68
10/01/2012	865,000.00	2.500%	168,311.68	1,031,311.68
04/01/2013	-	-	156,810.71	156,810.71
10/01/2013	880,000.00	2.500%	156,999.18	1,036,999.18
04/01/2014	-	-	144,999.18	144,999.18
10/01/2014	905,000.00	2.500%	144,999.18	1,049,999.18
04/01/2015	-	-	133,686.68	133,686.68
10/01/2015		2.500%	133,686.68	133,686.68
04/01/2016	-	-	133,686.68	133,686.68
10/01/2016	1,050,000.00	2.500%	133,686.68	1,183,686.68
04/01/2017	-	-	120,561.68	120,561.68
10/01/2017	1,080,000.00	2.500%	120,561.68	1,200,561.68
04/01/2018	-	-	107,061.68	107,061.68
10/01/2018	1,095,000.00	2.500%	107,061.68	1,202,061.68
04/01/2019	-	-	93,374.18	93,374.18
10/01/2019	1,125,000.00	2.500%	93,374.18	1,218,374.18
04/01/2020	-	-	79,311.68	79,311.68
10/01/2020	1,140,000.00	2.500%	79,311.68	1,219,311.68
04/01/2021	-	-	65,061.68	65,061.68
10/01/2021	1,175,000.00	2.500%	65,061.68	1,240,061.68
04/01/2022	-	-	50,374.18	50,374.18
10/01/2022	1,195,000.00	2.500%	50,374.18	1,245,374.18
04/01/2023	-	-	35,436.68	35,436.68
10/01/2023	1,225,000.00	2.500%	35,436.68	1,260,436.68
04/01/2024	-	-	20,124.18	20,124.18
10/01/2024	1,609,934.00	2.500%	20,124.18	1,630,058.18
Total	$18,934,934.00	-	$5,509,287.10	$24,494,221.10

Execution Copy

AGREEMENT RELATED TO RESTRUCTURING OF DEBT SERVICE SCHEDULES OF CITY OF FLINT WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1999, SERIES 2000, SERIES 2001 AND SERIES 2002

THIS RESTRUCTURING AGREEMENT ("AGREEMENT") is entered into as of March 20, 2015 by and among, the City of Flint, County of Genesee, State of Michigan (the "City"), the Michigan Finance Authority (the "MFA"), and the State of Michigan, acting through its Department of Environmental Quality (the "DEQ").

RECITALS

WHEREAS, the City presently has the following bonds outstanding, the proceeds of which were used to finance improvements to the Flint Water Treatment Plant, (the "Plant"): (i) $2,543,994 Water Supply System Revenue Bonds, Series 1999 (the "1999 Bonds"); (ii) $3,275,000 Water Supply System Revenue Bonds, Series 2000 (the "2000 Bonds"); (iii) $4,256,408 Water Supply System Revenue Bonds, Series 2001 (the "2001 Bonds") and (iv) $10,694,934 Water Supply System Revenue Bonds, Series 2002 (the "2002 Bonds" and collectively with the 1999 Bonds, the 2000 Bonds and the 2001 Bonds, the "Bonds").

WHEREAS, The Emergency Manager ("EM") of the City has determined that it is in the best interest of the City and is consistent with the City's restructuring efforts and will promote the goals and purposes of Act 436, Public Acts of Michigan, 2012 ("Act 436"), for the City to restructure the debt service schedules for all of the outstanding Bonds, to provide funding to finance improvements and replacements (the "Improvements") to the City's Water Treatment Plant and water distribution system from the Plant.

WHEREAS, all of the Bonds were sold to and are presently owned by the Michigan Finance Authority (the "MFA"), as successor to the Michigan Municipal Bond Authority.

WHEREAS, the interest on each series of the Bonds is presently excludable from gross income for federal income tax purposes and the City has covenanted, in each Bond Resolution which authorized each related series of the Bonds, among other things, to do all things necessary to assure that the interest on the respective series of Bonds will be and will remain excludable from gross income for federal income tax purposes (the "Bond Tax Covenant").

WHEREAS, in connection with the issuance of each series of the Bonds, the DEQ entered into a Supplemental Agreement with the City (collectively, the "Supplemental Agreements") under which the City covenanted, among other things, to the extent permitted by

law, to take all actions within its control and not fail to take any action as may be necessary to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes (the "Supplemental Agreement Tax Covenant").

WHEREAS, the Emergency Manager has adopted his Order No. 2, dated March 18, 2015 (the "Order"), to restructure and amend the debt service payments on the Bonds, by postponing the principal payments next coming due on April 1, 2015 for the 1999 Bonds of $395,000, the 2000 Bonds of $435,000 and the 2001 Bonds of $485,000 and on October 1, 2015 for the 2002 Bonds of $925,000, all as more particularly described in the Order (collectively, the "Restructuring"), to allow the amounts available for such principal payments to be used to pay for the Improvements; provided, that the current interest payments due on such principal payment dates shall remain due and payable thereon.

WHEREAS, in implementing with the Restructuring the City will use its best efforts to maintain the tax-exempt status of the Bonds, however, the Emergency Manager, the MFA and the DEQ desire to allow the Restructuring to occur even if as a result of the Restructuring, Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel to the City ("Bond Counsel") delivers an opinion to the City and the MFA concluding that as a result of the Restructuring, the Bonds have lost their tax-exempt status (an "Unfavorable Tax Opinion").

WHEREAS, as a precondition to the Restructuring, the Emergency Manager desires for the MFA, as holder of the Bonds, and the DEQ, as a party to the Supplemental Agreements to conditionally waive the respective Bond Tax Covenant and the Supplemental Agreement Tax Covenant related to each series of the Bonds, which waivers shall be rescinded automatically if Bond Counsel concludes that the Restructuring has not had a negative impact on the tax-exempt status of the Bonds.

NOW THEREFORE, the parties hereto agree as follows:

1. The terms for the Restructuring of the Bonds in accordance with the Order and debt service schedules attached hereto as Exhibit A and incorporated herein by this reference are hereby approved.

2. Except for the amendment and restatement of the debt service schedules for the Bonds, all other terms of the Bonds shall remain unchanged.

3. The City shall use its best efforts to maintain the tax-exempt status of the Bonds in connection with the Restructuring.

4. In the event that as a result of the Restructuring Miller, Canfield, Paddock and Stone, P.L.C. delivers an Unfavorable Tax Opinion to the City, the MFA and the DEQ, the MFA

hereby waives the City's Bond Tax Covenant, and the DEQ hereby waives the City's Supplemental Agreement Tax Covenant with respect to each series of the Bonds.

IN WITNESS WHEREOF, the City, the MFA and DEQ, by and through their duly authorized officers and representatives, have executed this Agreement as of the date first written above.

CITY OF FLINT

By: _____

Gerald W. Ambrose

Its: Emergency Manager

MICHIGAN FINANCE AUTHORITY

By: Mary G. Martin

Its: EXECUTIVE DIRECTOR

DEPARTMENT OF ENVIRONMENTAL QUALITY OF THE STATE OF MICHIGAN

By: _____

Its: _____

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EXHIBIT A

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 1999

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-01

Issue Date: 9/30/99

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/1999	-	-	-	-
10/01/1999	-	-	-	-
04/01/2000	-	-	8,422.31	8,422.31
09/30/2000	-	-	-	-
10/01/2000	-	-	22,740.16	22,740.16
04/01/2001	285,000.00	2.50%	60,807.08	345,807.08
09/30/2001	-	-	-	-
10/01/2001	-	-	62,929.45	62,929.45
04/01/2002	290,000.00	2.50%	75,088.21	365,088.21
09/30/2002	-	-	-	-
10/01/2002	-	-	82,424.93	82,424.93
04/01/2003	295,000.00	2.50%	82,424.93	377,424.93
09/30/2003	-	-	-	-
10/01/2003	-	-	78,737.43	78,737.43
04/01/2004	305,000.00	2.50%	78,737.43	383,737.43
09/30/2004	-	-	-	-
10/01/2004	-	-	74,924.93	74,924.93
04/01/2005	310,000.00	2.50%	74,924.93	384,924.93
09/30/2005	-	-	-	-
10/01/2005	-	-	71,049.93	71,049.93
04/01/2006	315,000.00	2.50%	71,049.93	386,049.93
09/30/2006	-	-	-	-
10/01/2006	-	-	67,112.43	67,112.43
04/01/2007	325,000.00	2.50%	67,112.43	392,112.43
09/30/2007	-	-	-	-
10/01/2007	-	-	63,049.93	63,049.93
04/01/2008	330,000.00	2.50%	63,049.93	393,049.93
09/30/2008	-	-	-	-
10/01/2008	-	-	58,924.93	58,924.93
04/01/2009	340,000.00	2.50%	58,924.93	398,924.93
09/30/2009	-	-	-	-
10/01/2009	-	-	54,674.93	54,674.93
04/01/2010	350,000.00	2.50%	54,674.93	404,674.93
09/30/2010	-	-	-	-
10/01/2010	-	-	50,299.93	50,299.93
04/01/2011	353,000.00	2.50%	50,299.93	403,299.93
09/30/2011	-	-	-	-
10/01/2011	-	-	45,862.43	45,862.43
04/01/2012	365,000.00	2.50%	45,862.43	410,862.43
09/30/2012	-	-	-	-
10/01/2012	-	-	41,299.93	41,299.93
04/01/2013	375,000.00	2.50%	41,299.93	416,299.93
09/30/2013	-	-	-	-
10/01/2013	-	-	36,612.43	36,612.43
04/01/2014	385,000.00	2.50%	36,612.43	421,612.43
09/30/2014	-	-	-	-
10/01/2014	-	-	31,799.93	31,799.93
04/01/2015		2.50%	31,799.93	31,799.93
09/30/2015	-	-	-	-
10/01/2015	-	-	31,799.93	31,799.93
04/01/2016	490,000.00	2.50%	31,799.93	521,799.93
09/30/2016	-	-	-	-
10/01/2016	-	-	25,674.93	25,674.93
04/01/2017	500,000.00	2.50%	25,674.93	525,674.93
09/30/2017	-	-	-	-
10/01/2017	-	-	19,424.93	19,424.93
04/01/2018	510,000.00	2.50%	19,424.93	529,424.93

03/30/2018	-	-	-	-
10/01/2018	-	-	13,049.33	13,049.33
04/01/2019	515,000.00	2.50%	13,049.33	528,049.33
03/30/2019	-	-	-	-
10/01/2019	-	-	6,612.43	6,612.43
04/01/2020	528,994.00	2.50%	6,612.43	535,606.43
Total	$7,168,994.00	-	$1,939,657.38	$9,108,651.38

Michigan Finance Authority
Accounting and Finance

EXHIBIT B

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2000

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-02

Issue Date: 9/28/00

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/28/2000	-	-	-	-
10/01/2000	-	-	-	-
04/01/2001	-	-	2,844.01	2,844.01
09/30/2001	-	-	-	-
10/01/2001	-	-	17,124.18	17,124.18
04/01/2002	315,000.00	2.500%	42,387.78	357,387.78
09/30/2002	-	-	-	-
10/01/2002	-	-	79,291.89	79,291.89
04/01/2003	320,000.00	2.500%	91,295.81	411,295.81
09/30/2003	-	-	-	-
10/01/2003	-	-	91,839.95	91,839.95
04/01/2004	330,000.00	2.500%	92,500.00	422,500.00
09/30/2004	-	-	-	-
10/01/2004	-	-	88,375.00	88,375.00
04/01/2005	340,000.00	2.500%	88,375.00	428,375.00
09/30/2005	-	-	-	-
10/01/2005	-	-	84,125.00	84,125.00
04/01/2006	345,000.00	2.500%	84,125.00	429,125.00
09/30/2006	-	-	-	-
10/01/2006	-	-	79,812.50	79,812.50
04/01/2007	355,000.00	2.500%	79,812.50	434,812.50
09/30/2007	-	-	-	-
10/01/2007	-	-	75,375.00	75,375.00
04/01/2008	365,000.00	2.500%	75,375.00	440,375.00
09/30/2008	-	-	-	-
10/01/2008	-	-	70,812.50	70,812.50
04/01/2009	375,000.00	2.500%	70,812.50	445,812.50
09/30/2009	-	-	-	-
10/01/2009	-	-	66,125.00	66,125.00
04/01/2010	385,000.00	2.500%	66,125.00	451,125.00
09/30/2010	-	-	-	-
10/01/2010	-	-	61,312.50	61,312.50
04/01/2011	395,000.00	2.500%	61,312.50	456,312.50
09/30/2011	-	-	-	-
10/01/2011	-	-	56,375.00	56,375.00
04/01/2012	400,000.00	2.500%	56,375.00	456,375.00
09/30/2012	-	-	-	-
10/01/2012	-	-	51,375.00	51,375.00
04/01/2013	410,000.00	2.500%	51,375.00	461,375.00
09/30/2013	-	-	-	-
10/01/2013	-	-	46,250.00	46,250.00
04/01/2014	425,000.00	2.500%	46,250.00	471,250.00
09/30/2014	-	-	-	-
10/01/2014	-	-	40,937.50	40,937.50
04/01/2015	-	2.500%	40,937.50	40,937.50
09/30/2015	-	-	-	-
10/01/2015	-	-	40,937.50	40,937.50
04/01/2016	520,000.00	2.500%	40,937.50	560,937.50
09/30/2016	-	-	-	-
10/01/2016	-	-	34,437.50	34,437.50
04/01/2017	525,000.00	2.500%	34,437.50	559,437.50
09/30/2017	-	-	-	-
10/01/2017	-	-	27,875.00	27,875.00
04/01/2018	550,000.00	2.500%	27,875.00	557,875.00
09/30/2018	-	-	-	-
10/01/2018	-	-	21,250.00	21,250.00
04/01/2019	555,000.00	2.500%	21,250.00	576,250.00

06/30/2019	-	-		-
10/01/2019	-	-	14,312.50	14,312.50
04/01/2020	565,000.00	2.500%	14,312.50	579,312.50
06/30/2020	-	-		-
10/01/2020	-	-	7,250.00	7,250.00
04/01/2021	580,000.00	2.500%	7,250.00	587,250.00
Total	$3,035,000.00	-	$2,151,105.62	$10,186,105.62

EXHIBIT C

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2001

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-03

Issue Date: 9/28/01

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/28/2001	-	-	-	-
10/01/2001	-	-	-	-
04/01/2002	-	-	16,888.77	16,888.77
09/30/2002	-	-	-	-
10/01/2002	-	-	45,812.54	45,812.54
04/01/2003	370,000.00	2.500%	72,881.54	442,881.54
09/30/2003	-	-	-	-
10/01/2003	-	-	88,688.80	88,688.80
04/01/2004	380,000.00	2.500%	107,687.26	487,687.26
09/30/2004	-	-	-	-
10/01/2004	-	-	102,807.26	102,807.26
04/01/2005	390,000.00	2.500%	102,807.26	492,807.26
09/30/2005	-	-	-	-
10/01/2005	-	-	97,932.26	97,932.26
04/01/2006	400,000.00	2.500%	97,932.26	497,932.26
09/30/2006	-	-	-	-
10/01/2006	-	-	92,932.26	92,932.26
04/01/2007	410,000.00	2.500%	92,932.26	502,932.26
09/30/2007	-	-	-	-
10/01/2007	-	-	87,807.26	87,807.26
04/01/2008	420,000.00	2.500%	87,807.26	507,807.26
09/30/2008	-	-	-	-
10/01/2008	-	-	82,557.26	82,557.26
04/01/2009	420,000.00	2.500%	87,399.15	507,399.15
09/30/2009	-	-	-	-
10/01/2009	-	-	81,517.60	81,517.60
04/01/2010	430,000.00	2.500%	81,517.60	511,517.60
09/30/2010	-	-	-	-
10/01/2010	-	-	76,142.60	76,142.60
04/01/2011	440,000.00	2.500%	76,142.60	516,142.60
09/30/2011	-	-	-	-
10/01/2011	-	-	70,642.60	70,642.60
04/01/2012	455,000.00	2.500%	70,642.60	525,642.60
09/30/2012	-	-	-	-
10/01/2012	-	-	64,955.10	64,955.10
04/01/2013	465,000.00	2.500%	64,955.10	529,955.10
09/30/2013	-	-	-	-
10/01/2013	-	-	59,142.60	59,142.60
04/01/2014	475,000.00	2.500%	59,142.60	534,142.60
09/30/2014	-	-	-	-
10/01/2014	-	-	53,205.10	53,205.10
04/01/2015	-	2.500%	53,205.10	53,205.10
09/30/2015	-	-	-	-
10/01/2015	-	-	53,205.10	53,205.10
04/01/2016	565,000.00	2.500%	53,205.10	618,205.10
09/30/2016	-	-	-	-
10/01/2016	-	-	46,142.60	46,142.60
04/01/2017	580,000.00	2.500%	46,142.60	626,142.60
09/30/2017	-	-	-	-
10/01/2017	-	-	38,892.60	38,892.60
04/01/2018	595,000.00	2.500%	38,892.60	633,892.60
09/30/2018	-	-	-	-
10/01/2018	-	-	31,485.10	31,485.10
04/01/2019	605,000.00	2.500%	31,485.10	636,485.10
09/30/2019	-	-	-	-
10/01/2019	-	-	23,892.60	23,892.60
04/01/2020	625,000.00	2.500%	23,892.60	648,892.60

09/30/2020	-	-		-
10/01/2020	-	-	16,080.10	16,080.10
04/01/2021	640,000.00	2.500%	16,080.10	656,080.10
09/30/2021	-	-		-
10/01/2021	-	-	8,080.10	8,080.10
04/01/2022	646,408.00	2.500%	8,080.10	654,488.10
Total	$9,311,408.00	-	$2,920,330.82	$11,831,738.82

EXHIBIT D

AMENDED AND RESTATED DEBT SERVICE SCHEDULE
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2002

MICHIGAN MUNICIPAL BOND AUTHORITY

FINAL DRINKING WATER PROGRAM SCHEDULE

City of Flint Project# 7019-04

Issue Date: 9/25/03

Revised Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/25/2003	-	-	-	-
10/01/2003	-	-	-	-
04/01/2004	-	-	14,672.82	14,672.82
10/01/2004	-	-	67,805.18	67,805.18
04/01/2005	-	-	140,139.46	140,139.46
10/01/2005	-	-	167,082.85	167,082.85
04/01/2006	750,000.00	2.500%	221,379.46	971,379.46
10/01/2006	-	-	225,988.30	225,988.30
04/01/2007	770,000.00	2.500%	229,198.21	999,198.21
10/01/2007	-	-	219,573.21	219,573.21
04/01/2008	790,000.00	2.500%	219,573.21	1,009,573.21
10/01/2008	-	-	209,698.21	209,698.21
04/01/2009	810,000.00	2.500%	209,698.21	1,019,698.21
10/01/2009	-	-	199,573.21	199,573.21
04/01/2010	830,000.00	2.500%	199,573.21	1,029,573.21
10/01/2010	-	-	189,198.21	189,198.21
04/01/2011	850,000.00	2.500%	189,198.21	1,039,198.21
08/23/2011	-	-	-	-
10/01/2011	840,000.00	2.500%	173,445.00	1,013,445.00
04/01/2012	-	-	168,811.68	168,811.68
10/01/2012	862,000.00	2.500%	168,811.68	1,031,811.68
04/01/2013	-	-	166,610.71	166,610.71
10/01/2013	880,000.00	2.500%	166,999.18	1,036,999.18
04/01/2014	-	-	144,999.18	144,999.18
10/01/2014	903,000.00	2.500%	144,999.18	1,048,999.18
04/01/2015	-	-	133,686.68	133,686.68
10/01/2015		2.500%	133,686.68	133,686.68
04/01/2016	-	-	133,686.68	133,686.68
10/01/2016	1,050,000.00	2.500%	133,686.68	1,183,686.68
04/01/2017	-	-	120,561.68	120,561.68
10/01/2017	1,080,000.00	2.500%	120,561.68	1,200,561.68
04/01/2018	-	-	107,061.68	107,061.68
10/01/2018	1,095,000.00	2.500%	107,061.68	1,202,061.68
04/01/2019	-	-	93,374.18	93,374.18
10/01/2019	1,125,000.00	2.500%	93,374.18	1,218,374.18
04/01/2020	-	-	78,311.68	78,311.68
10/01/2020	1,140,000.00	2.500%	78,311.68	1,218,311.68
04/01/2021	-	-	65,061.68	65,061.68
10/01/2021	1,175,000.00	2.500%	65,061.68	1,240,061.68
04/01/2022	-	-	50,374.18	50,374.18
10/01/2022	1,195,000.00	2.500%	50,374.18	1,245,374.18
04/01/2023	-	-	35,436.68	35,436.68
10/01/2023	1,225,000.00	2.500%	35,436.68	1,260,436.68
04/01/2024	-	-	20,124.18	20,124.18
10/01/2024	1,609,934.00	2.500%	20,124.18	1,630,058.18
Total	$18,984,934.00	-	$5,509,287.10	$24,494,221.10

File / M:\DataProg\MUNIEX\mfa\Schedule / 7019-04/Final / SINGLE PURPOSE / 2/4/2015 / 11:10 AM

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, March 25, 2015 8:20 AM
To: Barton, John (Treasury); Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: RE: Loan Forgiveness

Thanks

From: Barton, John (Treasury)
Sent: Wednesday, March 25, 2015 8:19 AM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: RE: Loan Forgiveness

Okay, I will get with Ed and Randy to have something in the next couple of days. I will get with DEQ as well if that does not cause issues; they are the department that actually receives the federal funding and is responsible for program compliance.

From: Workman, Wayne (TREASURY)
Sent: Wednesday, March 25, 2015 8:17 AM
To: Barton, John (Treasury); Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: RE: Loan Forgiveness

This will probably come up again so we should get a statement together with all the reasons, both rules and credit issues

From: Barton, John (Treasury)
Sent: Wednesday, March 25, 2015 8:10 AM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: Re: Loan Forgiveness

Nothing ready made, we would have to craft something. DEQ may be able to provide specific guidance from the EPA.

I would suggest starting with the following:

The DWRF is a pooled loan program whereby loans to local units are pledged to the repayment of a larger pooled bond issues. The pooled bond issues rely on the repayment from the local units for debt service. Absent a dollar-for-dollar replacement of the local loan revenue, the pooled bond issues would default. Further, the program is required to maintain all funds received in perpetuity as it is truly a revolving fund.

From: Workman, Wayne (TREASURY)
Sent: Tuesday, March 24, 2015 4:52 PM
To: Saxton, Thomas (Treasury); Barton, John (Treasury)

Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: FW: Loan Forgiveness

Do we have a succinct statement on why we cant forgive Flint DWRF?

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Tuesday, March 24, 2015 1:19 PM
To: Workman, Wayne (TREASURY)
Cc: Byrne, Randall (Treasury); Koryzno, Edward (Treasury)
Subject: Fwd: Loan Forgiveness

FYI... I have said no, nothing in writing. If you have something I can share, let me know. Thanks!

J
---------- Forwarded message ----------
From: **Hovey, Amy** <Amy.Hovey@mail.house.gov>
Date: Tue, Mar 24, 2015 at 1:13 PM
Subject: Loan Forgiveness
To: "Dayne Walling (mayor@cityofflint.com)" <mayor@cityofflint.com>, Jerry Ambrose <gambrose@cityofflint.com>

Good afternoon –

Do you have anything in writing from the Governor or any state department indicating that they are statutorily limited from forgiving the loans? Is so, are you willing to share? It would be very helpful to us in trying to make a case with the EPA that they should allow forgiveness.

Thanks!
Amy

Amy Hovey
District Chief of Staff
Congressman Dan Kildee (MI-05)
801. S Saginaw St.
Flint, MI 48502
Phone: (810) 238-8627
www.dankildee.house.gov
www.dankildee.house.gov

http://dankildee.house.gov/newsletter-subscription/

Koryzno, Edward (Treasury)

From:	Gerald Ambrose <gambrose@cityofflint.com>
Sent:	Thursday, March 26, 2015 3:01 PM
To:	Workman, Wayne (TREASURY); Hollins, Harvey (GOV); Byrne, Randall (Treasury); Koryzno, Edward (Treasury); Widigan, Robert (TREASURY); Cline, Richard (Treasury)
Subject:	Notice to Flint water customers
Attachments:	Flint Letter Color Header to Water Customers Final (1).pdf; MDEQ Required notice.pdf

FYI..

Here is an advance copy of the communications to be mailed to Flint customers at the end of this week. April 1 is the deadline.

Will not hit mailboxes until Friday at the earliest. We will have a media event on Friday announcing the communication.

J

Water Quality Update

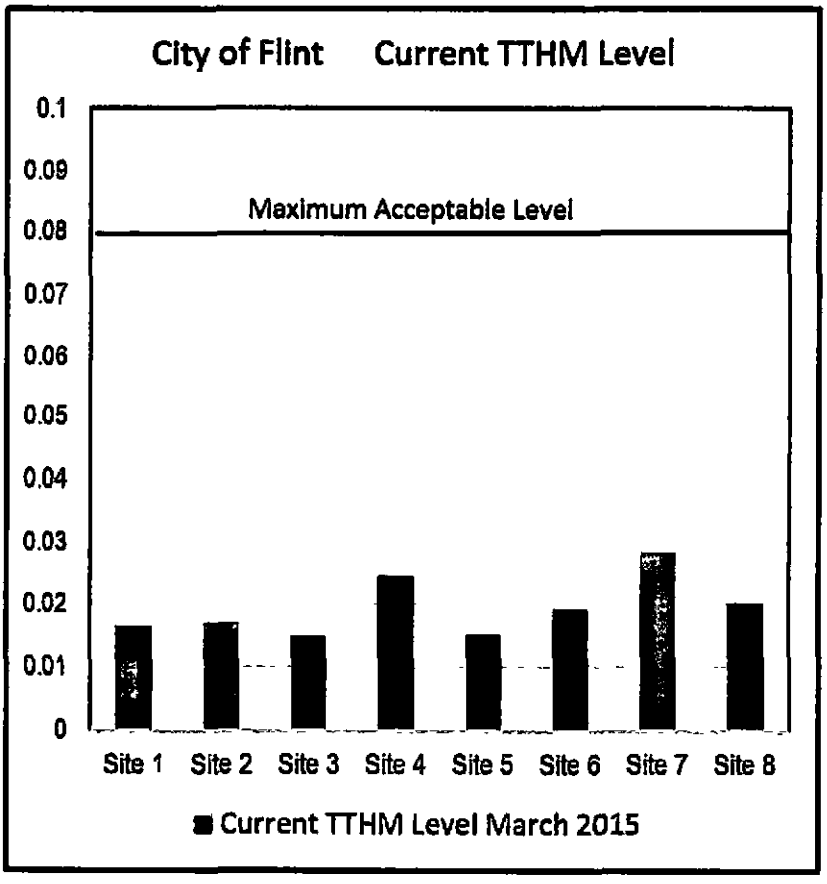
City of Flint Resident:

We are pleased to report that City of Flint water is safe and meets U.S. Environmental Protection Agency guidelines. While we continue to work on improving aesthetic qualities, such as discoloration or odor, you can be confident that the water provided to you today meets all safety standards. Maintaining safety and quality in our water is a top priority of the City.

We accomplished this by:

- Upgrading the ozone treatment process at the Water Treatment Plant
- Increasing water main/hydrant flushing to reduce stagnation
- Conducting additional testing of treatment to identify areas of improvement
- Improving water circulation by repairing valves and adjusting reservoir levels

Our most recent testing in February showed that every testing site was well below allowable levels, as shown below:

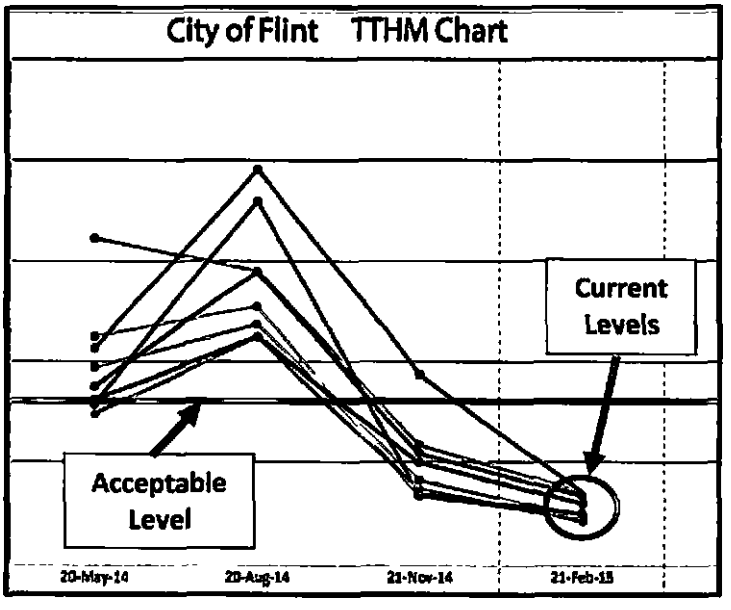


Water Quality Update

The Michigan Department of Environmental Quality (MDEQ) has acknowledged our progress:

"We are encouraged by the results from the most recent round of compliance samples collected on February 17, 2015, which now show individual TTHM levels at less than half of the 0.080 mg/L standard at all locations throughout the City's system. Operational Evaluation Reports from December 2014, and February 2015, have identified possible causes and corrective measures for the previous elevated TTHM levels, which we encourage the City to continue implementing." -MDEQ

Notification is based on four quarters of test results. Because of last year's test results, the City's *annual* quarterly testing average is not yet below the state's allowable average and the City is required to issue the attached notice ***("Important Information about Your Drinking Water")***.



If you have any questions about this report or would like a test done at your home, free of charge, please call us at 810-787-6537.

Maintaining safe water and improving its quality is a top priority for all of us at the City of Flint, and we apologize for the concerns these notices have raised. We have taken many steps to improve the safety and quality of our water supply and will be taking more. As you may know, we have recently received a series of recommendations from several sources, including a report from international urban water system consultant, Veolia North America. We will be taking further action steps to assure that water remains safe and that water quality is improved, and we will be working with our recently created Citizen Advisory Committee and our Technical Advisory Committee as we progress. Please track our progress on our website **cityofflint.com**.

City of Flint

IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER

City of Flint Did Not Meet Treatment Requirements

Our water system recently violated a drinking water standard. Although this incident was not an emergency, as our customers, you have a right to know what happened and what we are doing to correct this situation.

We routinely monitor for the presence of drinking water contaminants. Samples were collected for total trihalomethanes (TTHM) analysis from eight locations on a quarterly basis (May 21, August 21, November 20 of 2014, and February 17, 2015). The average of the results at ANY of the eight locations must not exceed the maximum contaminant level (MCL) for TTHMs, otherwise our water system exceeds the MCL. The standard for TTHMs is 80 micro grams per liter (µg/L). The location reporting the highest TTHM level was 105 ug/L; thus, our water system exceeds the TTHM MCL.

What should I do?

- There is nothing you need to do unless you have a severely compromised immune system, have an infant, or are elderly. These people may be at increased risk and should seek advice about drinking water from their health care providers.

- You do not need to boil your water or take other corrective actions. If a situation arises where the water is no longer safe to drink, you will be notified within 24 hours.

What does this mean?

This is not an emergency. If it had been an emergency, you would have been notified within 24 hours.

People who drink water containing trihalomethanes in excess of the MCL over many years may experience problems with their liver, kidneys, or central nervous system, and may have an increased risk of getting cancer.

What is being done?

We are currently working on solutions to correct the problem. We anticipate resolving the problem in 2015. Our most recent individual sample results were all less than half the 80 µg/L standard, however since compliance is calculated using a locational running annual average (LRAA) of the most recent four quarters, we are still out of compliance with the MCL at two of eight locations.

For more information, please contact Mr. Brent Wright at 517-787-6537, or the Flint Water Plant at 4500 North Dort Highway, Flint, Michigan 48505.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments, nursing homes, schools, and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is being sent to you by the City of Flint.

CERTIFICATION: F2 S3 WSSN: 02310

I certify that this water supply has fully complied with the public notification requirements in the Michigan Safe Drinking Water Act, 1976 PA 399, as amended, and the administrative rules.

Signature	Plant Supervisor Title	March 25, 2015 Date Distributed

Reminder to water supplier: This notice/certification must be sent to the Department of Environmental Quality.

Stanton, Terry A. (Treasury)

From: Barton, John (Treasury)
Sent: Friday, March 27, 2015 1:24 PM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: RE: Loan Forgiveness

I think they would have concerns as to where it would stop; the slippery slope argument. The program tenants are based on sound business practice and are looked to as a program strength. If the path of principal forgiveness is opened up, they would view that as negative which would certainly impact the outlook, but maybe not the overall rating in the near term.

From: Workman, Wayne (TREASURY)
Sent: Friday, March 27, 2015 1:19 PM
To: Barton, John (Treasury); Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: RE: Loan Forgiveness

What would the rating agencies say about forgiveness?

From: Barton, John (Treasury)
Sent: Friday, March 27, 2015 1:03 PM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: RE: Loan Forgiveness

Below is the response from DEQ:

Here's information that you can share with Amy Hovey, staffer for Congressman Dan Kildee, regarding how Michigan has used principal forgiveness in the Revolving Loan Programs. EPA has talked with Congressman Kildee on this issue at least twice.

Principal forgiveness came around with the American Recovery & Reinvestment Act (ARRA). All of Flint's drinking water loans were prior to ARRA. In May 2009, Flint submitted a project plan that comprised various projects the city wanted to pursue. Flint had 2 projects on the project priority list to receive funding in 2010 thru 2013. Initially the projects did not rank high enough to receive funding. When funding became available for Flint, the city declined to move forward with the projects. Some principal forgiveness was offered as part of the funding.

Annually EPA requires the state to describe how principal forgiveness will be used (Intended Use Plan) and then report at the end of the fiscal year (Annual Report) how the funds were allocated. EPA audits the data during their annual visit. In Michigan, we have used principal forgiveness to assist disadvantaged communities and for projects that are water or energy efficient (i.e. green) consistent with EPA guidance. There is no provision to randomly provide principal forgiveness to a project or use it to refinance a prior loan.

The purpose of the funds are to revolve in perpetuity (as stated in federal statute) so that communities can continue to receive financial assistance. Michigan has never completely forgiven an entire loan as it would greatly reduce the capacity of the fund to offer assistance to future projects.

For a succinct statement I would suggest:

There is no provision or program capacity to provide principal forgiveness outside the scope mandated by the EPA for disadvantaged communities (populations less than 10,000) or green infrastructure projects. The purpose of the funds are to revolve in perpetuity (as stated in federal statute) which allows communities to receive financial assistance in the future. Further, DWRF loans are pledged as security to various bond issues which provide the up-front capital to fund projects. Without a dollar-for-dollar replacement of revenue due to the loss of principal, the bonds could default.

From: Workman, Wayne (TREASURY)
Sent: Tuesday, March 24, 2015 4:53 PM
To: Saxton, Thomas (Treasury); Barton, John (Treasury)
Cc: Koryzno, Edward (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: FW: Loan Forgiveness

Do we have a succinct statement on why we cant forgive Flint DWRF?

From: Gerald Ambrose [mailto:gambrose@cityofflint.com]
Sent: Tuesday, March 24, 2015 1:19 PM
To: Workman, Wayne (TREASURY)
Cc: Byrne, Randall (Treasury); Koryzno, Edward (Treasury)
Subject: Fwd: Loan Forgiveness

FYI... I have said no, nothing in writing. If you have something I can share, let me know. Thanks!

J
---------- Forwarded message ----------
From: **Hovey, Amy** <Amy.Hovey@mail.house.gov>
Date: Tue, Mar 24, 2015 at 1:13 PM
Subject: Loan Forgiveness
To: "Dayne Walling (mayor@cityofflint.com)" <mayor@cityofflint.com>, Jerry Ambrose <gambrose@cityofflint.com>

Good afternoon –

Do you have anything in writing from the Governor or any state department indicating that they are statutorily limited from forgiving the loans? Is so, are you willing to share? It would be very helpful to us in trying to make a case with the EPA that they should allow forgiveness.

Thanks!

Amy

Doyle, Maureen (Treasury)

Subject:	RDS/DM/EC/JW/TSaxton/WWorkman - Local Government Update
Location:	Governor's Office, Romney
Start:	Mon 3/30/2015 10:30 AM
End:	Mon 3/30/2015 11:15 AM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Tentatively accepted
Organizer:	GovCalendar
Required Attendees:	Muchmore, Dennis (GOV); Clement, Elizabeth (GOV); Wisniewski, Wendy (GOV); Workman, Wayne (TREASURY); Saxton, Thomas (Treasury); Pleyte, Beth (Treasury); Crockett, Tracy (MSHDA); Doyle, Maureen (Treasury); Walsh, John (GOV)

Attachment: Status of Financially Distressed Local Governments

Status of Financially Stres...

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: March 23, 2015

TO: Rick Snyder, Governor

FROM: R. Kevin Clinton, Treasurer

SUBJECT: Status of Financially Stressed Local Governments

EMERGENCY MANAGER

Flint
Emergency Manager: Gerald Ambrose
Appointed: January 13, 2015
Anticipated Exit: April 2015

Recent Developments

- The city was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the city's water system through improved waste management, leak detection, and pipe assessments.
- An EM Order is being prepared that will restructure its SRF loans. This would free up approximately $2.2M allowing the city to further improve its water system.
- The City of Flint had informed residents that it is in violation of the Clean Water Standards Act, after unsafe levels of trihalomethanes (TTHM, a disinfectant by-product) were found in the water. Recent testing by the Michigan Department of Environmental Quality (MDEQ) Testing Lab showed that the total TTHM levels for the month of February are well within the Environmental Protection Agency (EPA) guidelines for safe water. However, because EPA regulations require that the four month average for all testing sites be within certain guidelines, the city is still considered to be non-compliant by the MDEQ. Monthly testing will be ongoing, and is being conducted by several parties.
- The city hired Veolia to provide an analysis of the water system, including recommended improvements, and associated costs. Recommendations included water plant improvements, distribution system improvements, new policies and procedures, and better communication with customers. On March 19, 2015, the report was presented to the Flint Water Advisory Committee, but the presentation broke down due to citizen unrest. An International City/County Management Association (ICMA) comprehensive public safety study has been completed, and was presented to the City Council on January 22, 2015. Several recommendations for both police and fire are currently being reviewed. Of the 16 major recommendations for public safety, the following four are most crucial:

- Establish more aggressive protocols for responding to service demands from the public.
- Equip a minimum of one marked patrol car with an automated external defibrillator (AED) and an automatic license plate reader, and equip every car with e-ticket readers and printers.
- Develop a robust in-service training program.
- Establish and publish a clear multi-year strategic plan that includes specific performance goals and objectives for all units.

Significant Actions/Issues

- The General Fund accumulated deficit for FY 2014 was $9M. In FY 2013, the General Fund had an accumulated deficit of $12.9M. Noted reductions included $5.6M from Parks & Recreation, 2.6M from Community Development, 1.8M from Public Safety, and $1.7 from Building Inspections.
- If the city loses the lawsuit over retiree healthcare, the budget does not assume this potential additional $5M to $6M expense, which will grow at a rate equal to the general rise in healthcare costs.

Lincoln Park

Emergency Manager: Brad Coulter
Appointed: July 3, 2014
Anticipated Exit: January 2016

Recent Developments

- The city was awarded $143.5K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through updated technology.
- A fire union collective bargaining agreement has been approved. The estimated annual cost savings is approximately $500K by reducing overtime and paid leave.
- A Firefighters and Police Officers Retirement Act proposal has been placed on the May 2015 ballot. If approved by voters this will raise an additional 6 mills, or $3M, for fire and police pension funding and retiree healthcare.
- Poor actuarial advice has lead retiree health care in the city to be underfunded. EM Coulter has proposed changing retiree contracts to replace cost of city-provided health insurance with a stipend for retirees to purchase their own health coverage. The EM's plan would offer a single retiree roughly $150/month, a couple could receive $350/month, with a family cap set at $425/month. This change would reduce retiree healthcare costs from $4.1M to 600K annually.
- The EM submitted his proposed changes to City Council in March; and they did not act within the statutory deadline. The Treasurer's approval will be needed before the plan can be implemented. It is anticipated that the changes would be implemented in June or July of 2015.
- FY 2014 ended with a General Fund accumulated deficit of $736K out of a total budget of $21M. This is a significant increase from the FY 2013 accumulated deficit of $89K. Noted areas of increased expenditures within the governmental funds included Public Safety by $1.1M, Public Works by $700K, and Culture and Recreation by $600K.

Significant Actions/Issues

- The police and fire pension plan is 30% funded. The general employee pension plan is 22% funded. The aforementioned Firefighters and Police Officer Retirement Act ballot proposal attempts to address the pension funding shortfall.

Issues to Resolve before EM Exit

- Police collective bargaining agreements must be finalized.
- Increase and stabilize pension and other post-employment benefits (OPEB) funding levels.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

FRC Created: November 12, 2014
FRC Members: Bill Martin, Brenda Jones, Darrell Burks, John Roberts, Kevin Clinton, Lorron James, Mike Duggan, Stacy Fox, Tony Saunders

Recent Developments

- The City of Detroit held its first statutorily-required Revenue Estimating Conference on February 20, 2015. The conference principals, Jay Wortley of Treasury, John Hill of the City of Detroit, and George Fulton of the University of Michigan, approved the consensus revenues as presented. The principals agreed that the revenue estimates were conservative.
- At the FRC's February 23, 2015 meeting, the FRC approved, and referred to the newly formed Finance and Enterprise Resource subcommittee for further review, the city's revenue estimates that were presented at the aforementioned Revenue Estimating Conference. The city will be incorporating the revenue estimates into its Four-Year Financial and Operating Plan (Plan) that will be presented to the FRC at its March 23, 2015 meeting for the Commission's review. The FRC also approved the city's debt service requirements report and several operational contracts.
- Treasury hired Ron Rose as the Executive Director (ED) for the Office of the FRC within the Department. His start date was March 2, 2015. Treasury is in the process of filling other key staff positions and has engaged the financial consulting services of UHY. Treasury has also engaged Martha Kopacz from Phoenix Management Services. Ms. Kopacz and her team acted as independent financial experts for Judge Rhodes in the city's Chapter 9 bankruptcy proceedings. Among other duties, the consultants will provide assistance in reviewing and analyzing the Plan for the FRC.

Significant Actions/Issues

- The city will be submitting its Four-Year Financial and Operating Plan to the FRC on March 23, 2015 for review, with FRC action expected on April 20, 2015. The city's Plan will encompass the second year (FY16) of Emergency Manager Orr's two-year budget and use this as its base year with no changes, plus three years (FY17, FY18, and FY19).
- Ensuring that the Plan is based on sound assumptions and that the city's operational budgets and actual spending conform to the Plan will be one of the FRC's most significant tasks.

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Hamtramck
RTAB Appointed: December 18, 2014
RTAB Members: Deborah Roberts, Mark Stema, Cathy Square, Karen Young

Recent Developments
- The city was awarded $622K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal which will provide updated and accurate assessing records, upgrade City Hall security, and enhance public safety through improved street lighting.
- The Police Chief resigned on March 11, 2015. Lieutenant Ann Moise was appointed Acting Police Chief.
- Deputy City Manager/Treasurer John Gabor start date was February 2, 2015.

Significant Actions/Issues
- A complaint was filed in the federal court by Hamtramck retirees over changes to healthcare benefits in October 2014. The potential exposure to the city is currently unknown, but the city is confident that the benefits in question were improperly offered and were rightfully terminated.
- The annual pension liability is anticipated to increase from $3.5M in FY 2015 to $4.3M in FY 2019. This increase is a result of closing certain pension plans and the Michigan Employee's Retirement System (MERS) policy of accelerating the required contribution for closed plans. These increases were included in Emergency Manager Square's two-year budget.

Allen Park
RTAB Appointed: September 26, 2014
RTAB Members: Suzanne Schafer, Joyce Parker, Fredrick Frank, Karen Barann

Recent Developments
- The City Council voted on January 27, 2015 to suspend City Administrator Karen Folks. This vote was taken despite two Emergency Manager Orders that prohibit termination until October 2015 and establish a process for termination. The City Administrator and City Council negotiated a separation agreement which was approved by the RTAB on March 12, 2015. The RTAB also approved the City Council's appointment of the Finance Director as Interim City Administrator. A search firm will be hired to begin the process of selecting a new City Administrator.
- The city was expecting to issue a bond tender offer beginning in March to reduce outstanding debt. However, the tender offer has been delayed due to the uncertainty between the City Council and City Administrator. A timeline to complete the bond tender process will be developed by the various parties in late March 2015.

Significant Actions/Issues
- Litigation was filed by retirees challenging the Emergency Manager's authority to reduce other post-employment benefits (OPEB) liabilities. A motion for summary disposition is pending. No date has been set to hear this motion.

- City Hall will be relocating to a temporary facility in May 2015. The present facility is in poor condition.

Benton Harbor
RTAB Appointed: March 10, 2014
RTAB Members: Larry Steckelberg, Bret Witkowski, Marvin Raglon, Sharon Hunt

Recent Developments
- The city was awarded $910K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the water system through water main replacements and fire hydrant repairs, and to complete a property reappraisal which will provide updated and accurate assessing records. Additionally, the city will provide community enhancement through blight management and sidewalk replacement.
- On February 2, 2015, the City Commission unanimously approved a one-year contract extension for City Manager Darwin Watson.

Significant Actions/Issues
- On January 20, 2015, the City Commission passed a resolution adopting a fund balance policy consistent with Government Finance Officers Association (GFOA) Best Practices. The RTAB approved the resolution on January 28, 2015.
- FY 2014 audited General Fund revenues exceed expenditures by $1M, out of a total budget of $6.1M.

Ecorse
RTAB Appointed: May 1, 2013
RTAB Members: Edward Koryzno, Robert Bovitz, Joyce Parker

Recent Developments
- The city was awarded $350K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting.
- The city signed a contract with UHY to provide part-time financial services until a permanent solution can be found. The RTAB approved the contract on January 13, 2015.
- The City Council cancelled the contracted City Administrator search with the Michigan Municipal League (MML) and appointed Wayne O'Neal as full-time City Administrator. On February 10, 2015, the RTAB approved the City's resolution appointing Mr. O'Neal.
- The city continues to have trouble attracting qualified candidates, and filling higher level administrative positions.

Significant Actions/Issues
- The RTAB's Annual Evaluation for the Governor was not favorable, citing a lack of local financial literacy, political infighting, and an inability to develop a balanced multi-year budget. For these reasons, the Board did not recommend removal of RTAB oversight at this time.
- Municipal Employee's Retiree System (MERS) pension contributions are anticipated to increase from $1.8M in FY 2015 to $2.4M in FY 2016 because of accelerated funding for closed plans.
- The city has been unable to balance their five-year budget. Previous budgets project deficit spending in FY 2016, and exhaustion of all resources in FY 2017. To avoid this

eventuality, significant expense reductions will be necessary in upcoming fiscal years. However, an action plan to reduce expenses is not forthcoming from the city.

Pontiac

RTAB Appointed: August 19, 2013

RTAB Members: Edward Koryzno, Louis Schimmel, Keith Sawdon, Robert Burgess

Recent Developments

- The city was awarded $125K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used for community enhancement through blight management.
- In April 2014, the Final Emergency Manager Order was amended to create a Deputy Mayor position. A suitable candidate was not found through a Michigan Municipal League (MML) search. A new search firm has been hired to recruit a Deputy Mayor as part of the transition back to Home Rule.
- Per the audit, the General Fund's accumulated fund balance for FY 2014 is approximately $5M out of a total budget of $27M.
- The City Charter Revision Commission submitted a proposed Charter by the February 10, 2015 deadline and the proposed Charter will be on the May 2015 ballot.

Significant Actions/Issues

- The General Fund is structurally balanced in FY 2015 but expenditures are projected to exceed revenues by $360K due to deferred projects from FY 2014.
- Oakland County Circuit Court Judge Michael Warren dismissed the city's condemnation lawsuit involving the Phoenix Center because the city failed to include compensation for the lien placed on the property. The city is preparing an appeal of the decision to the U.S. Sixth Circuit Court of Appeals.
- The City of Pontiac Retired Employees Association v. City of Pontiac lawsuit in the United States District Court was reassigned from Judge Lawrence P. Zatkoff to Judge Avern Cohn. The lawsuit challenges former Emergency Manager Schimmel's elimination of retiree healthcare and replacement with an annual stipend. The General Employees Retirement System (GERS) Pension Fund is significantly overfunded and the parties are exploring options to use the overfunded portion to fund retiree healthcare.
- On March 17, the Michigan Court of Appeals reversed and remanded for trial a previous lower court dismissal of a previous 2013 suit which challenged the EM ordered nonpayment of $3.9 million into a VEBA trust for the fiscal year ending 2012. This appellate order is not a judgment against the city, rather it allows the previously dismissed lawsuit to proceed. The actual liability of the city will be determined either by a future settlement or by a final determination of the Oakland County Circuit Court.
- The GERS Board proposal was submitted to the court on January 30, 2015.

CONSENT AGREEMENT

Inkster

Date Executed: February 20, 2012

Consent Agreement Consultant: Mark Stuhldreher

Recent Developments

- The city was awarded $855K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal to provide updated and accurate assessing records, enhance the water system through fire hydrant repairs, and enhancing public safety through the creation of a multi-jurisdictional narcotics team, police officer training, deployment of an additional police officer, providing a backup power source, and updating technology.

Significant Actions/Issues
- The FY 2014 General Fund accumulated deficit is $767K out of a total budget of $11M.

River Rouge
Date Executed: December 15, 2009
Consent Agreement Consultant: N/A (P.A. 72)

Recent Developments
- The city was awarded $592K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting, along with infrastructure replacements to City Hall.
- Deborah Hayes-Price has been promoted to Chief of Police to replace former Police Chief Jeffrey Harris who retired in January.

Significant Actions/Issues
- U.S. Steel annual $1M tax settlement payment to the city has expired.
- General Fund revenues exceeded expenditures by $885K in FY 2014 and the accumulated fund balance was $1.9M.
- A reduction in healthcare benefits for active employees and retirees was implemented on November 1, 2014. The city estimates an annual savings of $400K.

Royal Oak Township
Effective Date: April 21, 2014
Consent Agreement Consultant: Robert Burgess

Recent Developments
- The township was awarded $274K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting and increased police services.
- The State Treasurer rejected a decision by the Township Board to extend the contract with the current township attorney at a cost that was twice the amount of the lowest bidder. The Consent Agreement Consultant, Robert Burgess, issued an order requiring the township to extend a contract for legal services to the lowest bidder, Giarmarco, Mullins & Horton, P.C. This is one example of the difficulty the Consent Agreement Consultant has encountered in his efforts to have the Supervisor and Township Board comply with provisions of the Consent Agreement.
- The State Treasurer approved an amendment to the Fire Services Contract with the City of Ferndale on March 11, 2015. This amendment is projected to reduce annual costs to the township by $4K thru the end of 2015.

Significant Actions/Issues

- The Michigan State Police continues to provide police services to the township. The Department of Treasury and the Michigan State Police continue to work with the township and are reviewing a proposal from the City of Hazel Park to provide police services to the township.
- The State Treasurer approved the township's 2015 budget on December 16, 2014, with the requirement that the township work with Treasury to implement additional budget amendments to improve its overall effectiveness. No additional actions have occurred to implement these additional budget amendments as the township was without the services of a financial consultant from the time of budget adoption through March 1, 2015.
- The township currently has an aging accounts payable in excess of $200K.

NEUTRAL EVALUATION

Highland Park

Financial Review Team Appointed: December 2, 2013
Financial Emergency Declared: January 30, 2014
PA 436 Option Selected: Neutral Evaluation

Recent Developments

- The city was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the city's water system through meter replacement, leak detection, and system repairs.
- Cathy Square, former Hamtramck Emergency Manager, was hired to fill the position of City Administrator.
- Huron Consulting has been hired to prepare a request for proposal (RFP) to solicit firms to operate and maintain the city's water and sewer systems, as required by the city's Plan of Adjustment. The proposals are due on April 20, 2015.
- BenStaff has been hired by the city to make recommendations that will reduce healthcare costs.
- The law firm of Lewis & Munday has been hired to assist the city with the restructuring of the other post-employment benefits (OPEB).

Significant Actions/Issues

- The city selected Tetra-Tech to prepare a water and sewer rate study. A draft study was completed on February 20, 2015. This study provides the city with proposed rates, which if adopted, will provide adequate revenue to operate and maintain the water and sewer system.
- The city's liabilities total $117.6M. Some of the major components are: $55.3M debt, including $20.7M owed to the Detroit Water and Sewerage Department (DWSD), $17.7M pension bonds, and $26.1M unfunded other post-employment benefits (OPEB) liabilities.
- Summary of the Plan of Adjustment for the City of Highland Park was adopted on August 28, 2014.
    - Fifth Third Bank has finalized an agreement and settled for 50 cents on the dollar for outstanding debt.
    - By June 30, 2015, Highland Park, as required by terms of the emergency loan, must have a third-party operator for its water/sewer systems.

- After the selection of this third-party operator, DWSD and Highland Park will negotiate a long-term settlement for outstanding water and sewer debt.
- The city must reduce retiree healthcare benefit costs.
- In August 2015, an emergency loan of $16.4M, which includes the restructuring of $4.8M in existing loans, will be used to refund $2.7M in Fiscal Stabilization Bonds, $5.2M in Financial Recovery Bonds, and $3.7M in State Revolving Fund Bonds.

OTHER COMMUNITIES

Wayne County

Recent Developments

- In December 2014, the Michigan Supreme Court ruled unanimously in favor of retirees who receive a 13th check to offset inflation. The county is required to return $32M to the Pension Equity Fund.
- A Financial and Operating Plan and a voluntary Consent Agreement are being drafted.

Significant Actions/Issues

- Cash reserves reached its lowest point in August 2014 with pooled cash falling to approximately $73M. The average balance is $170M. This number includes proceeds from a short-term borrowing of $75M.
- A letter to the Treasurer from previous County Executive Robert Ficano, indicates that with the significant transfer of revenue from the Delinquent Tax Revolving Fund (DTRF), the General Fund deficit will be reduced to approximately $50M for FY 2014.
- In the same letter, it is indicated that the County has budgeted a transfer of $64M from the DTRF to balance the General Fund in FY 2015. However, this represents the last of the DTRF's unrestricted equity. This will result in a potential budget gap of $20M in FY 2016.
- The preliminary results of the county's actuarial report indicate a drop in other post-employment benefits (OPEB) liability of approximately $409M. This reduction is a result of the county choosing less expensive plans and implementing cost sharing measures. The Plan participants are now paying a larger share of the cost. This does not include any saving opportunities resulting from a proposed change to retiree healthcare.
- The county is working to resolve a disagreement with the Mental Health Authority over services provided to jail inmates. The county currently pays for this service but believes it falls under the purview of the Authority.

March 30, 2015
Meeting with Governor
Agenda

EMERGENCY MANAGER (EM)

Flint

- Deficit Elimination Plan: Emergency Manager (EM) Gerry Ambrose is preparing an E-Loan application that would provide a $6M E-loan to assist in eliminating the City's $9M General Fund deficit by June 30, 2015.
- Veolia North America has completed a Water Quality Report that provides the City with their recommendations, conclusions, and costs estimates to improve the water quality. The report identifies approximately $3M of expenditures including $1.5M for installation of granular activated carbon filtration for the water plant.
- The City was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the City's water system through improved waste management and leak detection and pipe assessments.
- EM Ambrose's exit from the City is tentatively scheduled for April; however the exit date should be reviewed.
- An EM Order is being prepared that would restructure Water System Revenue Bonds Series 1999 thru 2002 with the Michigan Finance Authority. This would postpone principal payments and free up $2.24M, allowing the City to further improve its water distribution system.

Lincoln Park

- FY 15 is projected to conclude with a $500k deficit, which may be offset by the one-time proceeds from the sale of a cellular tower, expected revenues of $900K.
- Pensions are poorly funded; police and fire pension is 31% funded while the general employees' pension is 22% funded. Retiree healthcare is funded on a pay as you go basis.
- Emergency Manager Coulter's plan to fund pensions to the 60% level by 2035 requires significant reductions to retiree healthcare. The current annual cost of $4.1M will be reduced to $600k, via section 12(1)(k) collective bargaining agreement (CBA) modification.
- An additional police and fire pension millage has been placed on the May 5 ballot. If passed by the electorate, it would raise 6 mills ($3M) for pension funding and other uses.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

- Treasury hired Ron Rose for the Executive Director (ED) position for the Office of the FRC within the Department and his start date was March 2, 2105.
- The firm of UHY has been retained to provide financial consulting services.
- Treasury has engaged Martha Kopacz and her team from Phoenix Management Services. Ms. Kopacz and her team acted as independent financial experts for Judge Rhodes in the City's Chapter 9 bankruptcy proceedings. Among other things, the consultants will provide assistance in reviewing and analyzing the Plan for the FRC.
- The City will be submitting its Four Year Financial and Operating Plan to the FRC on March 23 for review, with FRC action expected on April 20. The Plan will encompass the second year (FY16) of the Emergency Manager Orr's two year budget plus three years (FY17, FY18, and FY19).

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Ecorse

- The Ecorse RTAB continues to monitor the deteriorating conditions of the City. Preliminary assessment figures show a 26% decline in residential property values citywide.
- The City has been unable, during the past two years, to produce a balanced five-year budget. Such a multi-year budget is mandated by Emergency Manager Order.
- Previous financial projections predict significant operating deficits for FY 2016, and total exhaustion of the General Fund balance in FY 2017.
- The City's pension fund is 41% funded. The City is paying out more in benefits than it contributes to the plan. The Municipal Employees Pension System has suggested several options to improve the funding of the plan.

Hamtramck

- Current budget to actual reports show that the City is on track to realize the General Fund balance predicted in year one of Emergency Manager Square's two-year budget.
- The Police Chief resigned on March 11.
- The City was awarded $622K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal, upgrade City Hall security, and upgrade street lighting.

Allen Park

- City Administrator Karen Folks resigned on March 12, 2015, after RTAB approval of a Separation Agreement negotiated with the City Council.
- Finance Director Bob Cady was appointed Interim City Administrator. Treasury will be participating with the City in a search process for a permanent City Administrator.
- Renovation has begun on a temporary City Hall facility. The City expects to relocate to the new facility in May 2015.
- The City is preparing to issue a bond tender offer to reduce its outstanding debt. The tender offer process was previously delayed due to the uncertainty between the City Council and the City Administrator.

Benton Harbor

- The City is projected to end the FY with a General Fund balance of $200k.
- The City was awarded $910K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the water system through water main replacements and fire hydrant repairs, and complete a property reappraisal to provide updated and accurate assessing records. Additionally, the City will provide community enhancement through blight management and sidewalk replacement.

Pontiac

- The City was awarded $125K through the through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to supplement the City's ongoing blight management programs.
- A new search process to hire a Deputy Mayor will begin shortly and will take 120 days to complete.
- A new City Charter has been proposed by the City Charter Revision Commission and will appear on the May 5 ballot for approval by the electorate.
- On March 17, the Michigan Court of Appeals reversed and remanded for trial a previous lower court dismissal of a 2013 suit which challenged the EM ordered nonpayment of $3.9 M into a VEBA Trust for the fiscal year ending in 2012. This appellate order is not a judgment against the City; rather it allows the previously dismissed lawsuit to proceed. The actual liability of the City will be determined either by a future settlement or by a final determination of the Oakland County Circuit Court (Judge Daniel P. O'Brien).

CONSENT AGREEMENT

Royal Oak Township

- The Township is continuing negotiations with the City of Hazel Park for the provision of police services. The proposal from the City of Hazel Park for this service currently exceeds the Township's available revenue by over $200K. Discussions regarding the

needed level of dedicated patrols within the Township are continuing between both entities.

- The Township is evaluating a proposal from the Ferndale School System to acquire Grant School (where the Township offices are located) for $1. The Township has retained McKenna & Associates to assist them in evaluating the feasibility of the Township owning and operating this facility. The building's unmet capital needs have been identified at $1.2M.
- Giarmarco, Mullins & Horton, P.C. has been appointed the Township Attorney via the issuance of a Consent Agreement Order. This firm replaces the firm of Pentiuk, Couvreur & Kobiljak. This change is estimated to save the Township $78K in budgeted legal service expenses.

Inkster

- City Treasurer Mark Stuhldreher currently has the Consent Agreement authorities; City Manager Richard Marsh has requested that he be given those authorities.
- The City was awarded $855K through the Financially Distressed Cities, Villages and Townships Grant Program. These funds will be used to complete a property reappraisal program, repair and replace fire hydrants and enhancing public safety by providing an officer to the multi-jurisdictional narcotic team and the deployment of one additional police officer, and a backup power supply and technology improvements.
- The City anticipates a General Fund surplus of less than $100K by the end of the current fiscal year, June 30, 2015. This is one year sooner than the approved Deficit Elimination Plan had indicated.
- A Consent judgment levy by the Detroit Water and Sewer Department and Wayne County will likely be placed on the July tax roll. The City owes DWSD $682K for unpaid water service and Wayne County $4.9M for unpaid sewer services.

River Rouge

- The City was awarded $592K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting and infrastructure improvements to City Hall.
- A reduction in the healthcare benefits for active employees and retirees was implemented on November 1, 2014. The City estimates an annual savings of $400K.
- The City must develop a sustainable five year budget and have no funds with a deficit in order to exit from the Consent Agreement.

NEUTRAL EVALUATION

Highland Park

- The City has hired Pierce, Monroe & Associates to assess the adequacy and accuracy of billing records, develop a methodology for calculation of amounts due to the City per customer, develop a work plan for implementation of an accounting program, and calculation of outstanding account balances per customer account.

- The City made an initial offer of $2.2M to settle past due accounts to the Detroit Water and Sewerage Department (DWSD). The offer was rejected by DWSD. Discussions are ongoing.
- The City was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the City's water system through meter replacement, leak detection, and system repairs.
- The Request for proposal (RFP) for the selection of a third party to operate and maintain the City's water and sewer systems, as required by the City's Plan of Adjustment, are due on April 20, 2015.
- In August 2015, an emergency loan of $16.4M, which includes the restructuring of $4.8M in existing loans, will be used to refund $2.7M in Fiscal Stabilization Bonds, $5.2M in Financial Recovery Bonds, and $3.7M in State Revolving Fund Bonds.
- BenStaff has been hired by the City to make recommendations to reduce healthcare costs.
- The law firm of Lewis & Munday has been hired to assist the City with the restructuring of the other post-employment benefits (OPEB) benefit.

OTHER COMMUNITIES

Melvindale

- The City was awarded $88K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used enhance public safety through fleet replacement of police vehicles and updated technology.

Wayne County

- The Michigan Supreme Court ruled unanimously in favor of retirees who receive a 13th check to offset inflation. The County is required to return $32M to the Pension Equity Fund.
- Cash reserves reached its lowest point in August 2014 with pooled cash falling to approximately $73M, the average balance is $170M. This includes proceeds from a short term borrowing of $75M.
- The County's deficit issue is a serious problem. The Delinquent Tax Revolving Fund has retained excess assets in past years which are now being transferred to the General Fund. The effect of the transfer is a reduction of the accumulated deficit.
- The FY 2014 audit is due at the beginning of April.

Pleyte, Beth (Treasury)

From: Gelisse, Ashley (TREASURY)
Sent: Friday, March 27, 2015 1:50 PM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury); Storberg, Ann Marie (TREASURY); Headen, Frederick (Treasury)
Subject: RE: Flint Court Consolidation

One question ... assuming that we're still planning to remove Jerry in April, can an alternative proposal still be sent to the ELB for consideration or does this issue become moot?

Just looking at the timeline - if the plan goes to the city council immediately after the county board (presumably) approves on 4/13, the 17-day window for city council to vote and propose an alternative (assuming a denial of the EM's proposal) would end on 4/30. How could this still go forward if Jerry leaves as EM prior to that time?

BTW if it's in the cards I'd argue for keeping Jerry on board at least until you can get 4 consecutive months of clean water tests to alleviate the Clean Water Standards Act/DEQ issue. If the court consolidation can happen in that window too, great. Just my two cents ... perhaps something to talk through at Monday's meeting.

From: Workman, Wayne (TREASURY)
Sent: Friday, March 27, 2015 12:23 PM
To: Saxton, Thomas (Treasury); Storberg, Ann Marie (TREASURY); Gelisse, Ashley (TREASURY); Headen, Frederick (Treasury)
Subject: FW: Flint Court Consolidation

FYI

From: Koryzno, Edward (Treasury)
Sent: Friday, March 27, 2015 12:17 PM
To: Workman, Wayne (TREASURY); Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: Flint Court Consolidation

FYI - Jerry Ambrose just called with an update on the process. You will recall that the Genesee County Board of Commissioners approved court consolidation subject to negotiating an acceptable MOU with the City.

- A meeting took place yesterday between the principals and they are ready to move forward.
- The County Board will consider the MOU at a special meeting 4/13/15. Jerry said the county Board Chair is confident he has the necessary votes for passage.
- If approved Jerry will issue an EM order to proceed.
- He will be meeting with the affected union members in advance of the public announcement
- The consolidated court will not require the same number of employees so union members will be offered incentives to retire.
- Consolidation is schedule to take place on 1/1/16
- This plan must be presented to city council and Jerry believes they will not approve it, but will be unable to present an alternate plan with comparable savings.
- Most likely an ELB meeting in May or June

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

Byrne, Randall (Treasury)

From:	Byrne, Randall (Treasury)
Sent:	Tuesday, March 31, 2015 3:46 PM
To:	Widigan, Robert (TREASURY)
Cc:	Cline, Richard (Treasury)
Subject:	FW: Bi-Weekly Conference Call Agenda
Attachments:	Agenda for Conference Call with Treasury 040115.pdf

FYI,

Randy,

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Tuesday, March 31, 2015 3:36 PM
To: Kapp, Gene (MSP); Muchmore, Dennis (GOV); Roberts, John (DTMB); Dempkowski, Angela (Treasury); Baird, Richard (GOV); Carter, Jerry (MSP); Deasy, Thomas (MSP); Koryzno, Edward (Treasury); Clement, Elizabeth (GOV); Elizabeth Murphy; Etue, Kriste (MSP); Hollins, Harvey (GOV); Hill, Darryl (MSP); James Tolbert; Jerry Ambrose; Klotz, Josephine (MSP); Lee, Nichole (MSP); McGowan, Emmitt (MSP); Natasha Henderson; Smith, Paul (GOV); Byrne, Randall (Treasury); Sands, Thomas (MSP); Sipes, Stephen (MSP); O'Neill, Stephen (MSP); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); West, Samantha (GOV)
Subject: Bi-Weekly Conference Call Agenda

Good afternoon,

Please find attached the agenda for the 9:00 am conference call scheduled for **Wednesday, April 1, 2015.**

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Gerald Ambrose, Emergency Manager
Natasha L. Henderson, City Administrator
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint Wednesday 9:00am Phone Conference Agenda

April 1, 2015 1-[redacted] access code [redacted]

		Last Report	Status
1) Public Safety Update – FPD, MSP, (FFD, if needed)			
	a) FPD	Status Report	Update
	b) FFD		
	c) Other update from Chief Tolbert and MSP		
2) Governor's Office Update – R. Baird, H. Hollins, B. Clement			
	a) District Court Consolidation	County Commissioners voted on 12/10/14 to approve "pursuant to the terms and conditions set forth in a MOU to be approved between City of Flint and Gen. Cty." Implementation timeline, including City Council review, and EM Order being developed. Anticipate mid-April approval by City and County.	Update
	b) Local Income Tax Initiative	Additional source of funds still needed for City. H. Hollins working to find a new sponsor. Projected financial challenges associated with projection of FY17 budget may emphasize the rational.	No Change
3) Finance and Administrative Update			
	a) Management Vacancies	MML advertising for Treasurer, HR Director and Finance Director.	Update
	b) Budget	Development underway. Presentation expected mid-April.	Update
	c) DEP/RAP	Evaluating financing options. Goal is all final approvals by end of April. Schedule being developed.	Update
	d) Purchasing	Revised purchasing ordinance being enacted by mid-April.	Update

		Last Report	Status
4) City Council Update			
	a) EM Order	Order being developed defining organizational reporting relationships to new City Administrator.	To be complete shortly.
	b) Council/Mayor Compensation	Revision to Council and Mayor compensation is being developed.	To be complete shortly.
	c) Council Rules	Meeting held by Council last week to update Council rules and procedures.	Monitoring progress
5) Water Issues			
	a) MDEQ Violation Notice	Most recent TTHM sampling was tested by the MDEQ - confirmed our internal test findings - that water is within federal/state guidelines. Received the violation notice from MDEQ, due to the running average calculation. The notice to customers is being mailed now, with more information included.	Update
	b) Drinking Water Revolving Fund	Order #2 was issued to restructure and amend the debt service payments on the DWRF Bonds, by postponing the principal payments	Complete
	c) Water Quality Consultant	Final report received. Action steps are being compiled; will focus on TTHM compliance and plans for hardness and discoloration improvement. Installation of granulated activated charcoal (GAC) filter likely.	Update
	d) WAC/TAC	A 40 member Water Advisory Committee and a 13 member Technical Advisory Committee (including EPA representative) have met as part of the process of improving communication and receiving additional feedback. WAC 2nd meeting was held 3/19/15. Format under reconsideration.	Update
6) 9-1-1 Reconsolidation Plan			
	a) Tower Transfer to Consortium	Tower Transfer justification package sent to Council 2/24/15, there was no disagreement with the plan. Letter to Treasurer for transfer request to be sent by mid-April. C-GAP grant amendment to pay for consolidation expenses has been approved.	Update

		Last Report	Status
7) Transition Activities			
	a) Final Order	Order is being drafted.	New

8) Other Items

City of Flint, Michigan
Office of the City Administrator

Memo

To: Dayne Walling, Mayor

From: Natasha L. Henderson, City Administrator

Date: May 4, 2015

Re: Chief Financial Officer (CFO) Appointment

Chief Financial Officer (CFO) Appointment

I am pleased to request your approval of the appointment of Ms. Jody Lundquist as the CFO. She currently serves as the Finance Director/Treasurer of Benton Harbor, Michigan, which exposes her to the financial challenges present in a distressed community. Further, she has been instrumental in developing financial processes to ensure the fiscal stability of Benton Harbor as an appointed member of the restructuring team of the Emergency Manager. I believe it is imperative that the candidate serving as the next CFO of this community have experience with turnaround cities, and she has exemplified that in her professional experiences. It should also be noted that Ms. Lundquist founded, owned and operated an independent company that required her to deal with Housing and Urban Development (HUD) regulations, which is a valuable asset, having working knowledge of the remediation of foreclosed property and the inspections of such properties. Given the aforementioned experience Ms. Lundquist has exemplified, I am confident in recommending her appointment. Accordingly, I have attached her resume for your information.

Signed,

Natasha L. Henderson

(2)

JODY NICOLE LUNDQUIST

218 N. Sunnybank Rd. • St. Joseph, MI 49085 • 602.622.0106 • jody.lundquist@gmail.com

March 25, 2015

Michigan Municipal League
ATTN: Flint CFO Search
1675 Green Road
Ann Arbor, MI 48105

Dear Ms. Parker:

I am writing to express my interest in the Chief Financial Officer position for the City of Flint. I am an experienced professional with a strong background in finance and community-focused organizations currently serving as the Finance Director and Treasurer for the City of Benton Harbor.

The City of Benton Harbor (the "City") has a population of approximately 10,000 and a total operating budget of $12.2 million. As you may have seen in the news, the City was under the leadership of a state-appointed emergency manager since 2010. I was hired in November 2012 by the City's emergency manager to be a part of the restructuring team.

In order to establish a more structurally sound budget, it was necessary to make tough decisions regarding expenses while seeking out and developing community relationships as additional sources of revenue. I implemented a variety of internal controls, policies and procedures, and financial planning practices that were simply absent upon my arrival in 2012. I created sophisticated cash flow models and began providing pertinent timely data crucial to monitoring and improving the City's financial position. By making sweeping reforms to the Finance Department, the City has benefited from more consistent, accurate and timely data; improved cash management capabilities; and stronger audited financial statements that are monitored closely by the State, elected officials and the public.

As a community emerging from financial distress, I have worked to re-establish the City's reputation with community stake-holders and business partners. I have also established a higher level of communication amongst departments, elected officials and residents regarding the interconnectivity and value of all City services with the City's overall financial position. As a team-leader, communicating our vision and purpose has aided in the understanding of how each function benefits the entire organization and has been crucial in developing a strong culture of dedication to the services we provide to the community. By reinforcing this commitment to service and the role of the individual to the whole, I have created a culture that inspires staff to strive for excellence and encourages pursuit of further professional development.

In each position I have held, I have demonstrated my resourcefulness, problem-solving skills, ability to adapt, build relationships, and lead diverse teams in a variety of settings. I hope to speak with you further about the ways in which my experience and skill will make a valuable and positive contribution to the City of Flint. Please do not hesitate to contact me if you have any questions. Thank you for your consideration.

Sincerely,

Jody N. Lundquist

Widigan, Robert (TREASURY) JF, Mayor, CA | SAM, DM

From: Cline, Richard (Treasury)
Sent: Tuesday, May 05, 2015 4:29 PM
To: Byrne, Randall (Treasury); Widigan, Robert (TREASURY)
Subject: Weekly Flint Call

Here are my suggestions for the first Weekly Call with Flint:

- **Purpose of the Weekly Call:** Discussed

- **Update on City Charter Election:** Discussed, election went well, begin duties: Attorney is working on that. Outside counsel will work w/ commission.
  - Any tech assistance: pass along to CA. (MSU currently involved)
- **Update on Water Issue:** GAC [redacted] in process, on schedule working w/ LAN[redacted]
  Mid-July to be up running.
  - Leak detection in process — city to send update.
  - Value work is ongoing.
- **Timeline for Position Hiring's:** HR: interviews scheduled (4 people)

HR, FD, Treasurer

CA has a CFO to recommend Jodie. Treasurer — to ask CFO candidates if interested plus one.

- **Update on Election Issues:**
  - Requesting Circuit Court to allow names to be on ballot Miller + Canfield.
  - Preforming internal investigation on Clerk
- **Priorities for the Week:**
  - Date for RTAB? Working on date
  - City to hire Court recorder — treasury to reimburse city
  - Any issue regarding B. Larkin? Mayor thinks highly of B. Larkin.

Ward 6 + Ward 3
Winfrey Nelson

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
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Cline, Richard (Treasury) SAM, RTAB Analyst, Natasha, Mayor, Josh Freeman

From: Cline, Richard (Treasury)
Sent: Tuesday, May 05, 2015 4:29 PM
To: Byrne, Randall (Treasury); Widigan, Robert (TREASURY)
Subject: Weekly Flint Call

Here are my suggestions for the first Weekly Call with Flint:

- **Purpose of the Weekly Call:** Discussed
- **Update on City Charter Election:** Elected; Begin shortly; Outside consel; Tech assist resources?
  - Wayne State
  - MSU
- **Update on Water Issue:** 1) Filter install - in process; re-schedule; Done mid-July, 2) Lead Detection Study proposal accepted; 3) Valve Openings ongoing

  Daily usage Leveling off - Per Day Gallons
- **Timeline for Position Hiring's:**
  - HR - Interviews Pending (4) next week
  - FD - Possible candidate; Mayor Review today; Judy From B H
  - Treas - Possible Interviews (2) that interviewed for FD plus 1 more
- **Update on Election Issues:**
  Working new 1) Circut Ct Appeal 2) Internal Investigation

  VC open - Humphrey & Nelson
- **Priorities for the Week:**
  1) RTAB 1st Meeting 2) Court Recorder 3) Brian Larkin

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Re:
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City
E-mail clinerl@michigan.gov

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First RTAB Meeting

CITY OF FLINT WATER QUALITY STATUS REPORT
May 7, 2015

We are still working with the Water Treatment Plant staff to establish set criteria for raw and treated water data for your use. Most information is already in place but few are still in the works. Question marks will be eliminated when data are available.

I. Issues of Concern
   A. THM level in Dort is 100
   B. Reservoirs are intended to be used minimally prior to sampling; however, emergency type events (Large water main break or a major fire) may require the use of water from those reservoirs which could contain potentially high THM levels. THM levels needs to be analyzed weekly to understand trend changes in the levels before reuse.
   C. Bids for Phase 1 of the 24" water main replacement have not been received yet and therefore, the work will not be completed prior to the August THM sampling period. Some of this work will be needed to help ensure low THM levels in August.
   D. Cleaning of all reservoirs is needed and proper water circulation, within the reservoirs, is recommended to help eliminate old age and warm water from developing high THM levels.
   E. Water age in system is possibly being adversely affected by pump station(s) operations and flow back to WTP/Elevated tank. To be evaluated further with water model
   F. The City needs to proceed with the design and developing plans for transfer pump station to Dort reservoir.
   G. Lime sludge removal from Bray Road needs to be planned soon to meet the agreed to limits discussed with the MDEQ. None has been removed to date.

II. Raw Water
   A. TOC = ~10.8 mg/l, note internal values are showing higher than DEQ lab results
   B. Temp = 15.6° C (60° F) on 5/6/15
   C. THM = ???

III. Treated Water
   A. TOC = 3.7 (65% removal)
   B. THM = ~40
   C. Distribution THM
      1. Sample Sites 1, 5, 6 – near 80

IV. WTP Operations
   A. 17.3 MGD on 5/6/15
   B. Un-softened stream currently around 1 MGD
   C. Items to be postponed until after May THM testing
      1. East clarifier repair
      2. Cleaning of plate settlers
      3. Clean/repair slakers
   D. RFP for polymer pumps to clarifiers is out – work to commence when awarded with intent to be operational well in advance of the August THM sampling
   E. Security improvements at the main gate are ongoing
   F. One pump at Cedar St. PS is operational and SCADA control is possible by laptop until communication issues are addressed.

V. LAN
   A. Contract amendment is being signed. Liability language and scope for the construction work will need to be incorporated as an amendment to the contract.
   B. Hydraulic Water Model
      1. Rob B provided additional information with help from billing.
      2. LAN is working on model update which is to be completed approximately 1 month after all existing water system information is received

C. GAC Media
   1. Design is underway: basis of design is being developed
   2. Plan is to set up meeting with MDEQ, likely second or third week of May

VI. Distribution
   A. Chlorine residuals are currently holding well
   B. Flushing will begin week of May 11th

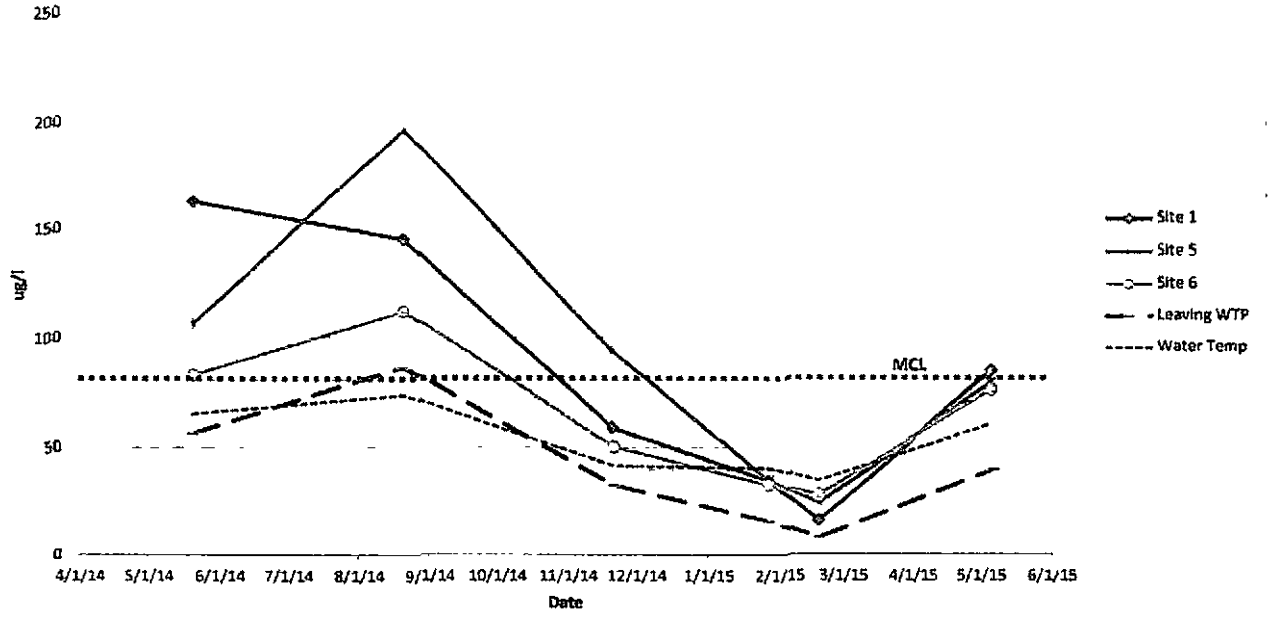
VII. Preparation for Upcoming THM Sampling
   A. A strategy meeting was held on 5/5/15 w/ Rob B, WTP staff & LAN
   B. All Reservoirs will be taken off line prior to sampling
   C. Recommend flushing for sample sites 1 (McDonalds), 4 (Taco Bell), 5 (Univ. Market), and 6 (Salem Housing) with 5 being the most critical.
   D. Staff will increase ferric dosage prior to sampling
   E. Eliminate the softening bypass stream completely if possible
   F. Decrease Cl_2 feed (already implemented)

Tracking Data

Primary TTHM Sample Indicators					
Date	**Flint River Water Temp**	**Flint River TOC**	**Chlorine Feed at WTP**	**TTHM Leaving WTP**	**Average System TTHM**
5/06/15	15.6	10.8	4.1	40	76
4/28/15	11.3	9.6	4.5	???	???
5/21/14	18.2	10.3	5.3	56	100
11/21/14	5.4	7.3	4.7	33	50

			2014			2015				
No.	Address	Sample Location	5/21/14	8/21/14	11/21/14	1/27/15 Internal	2/18/15	5/6/15 Internal	May Max Possible	Last LRAA
1	3719 Davison	McDonalds	162.4	145 3	58.6	35	16.2	84.2	99	95.6
2	822 S Dort	BP Gas Sta.	75.1	112	36.2	23	19.9	??	151	60.8
3	3302 S. Dort	Liquor Palace	111.6	127 2	33 3	23	16.8	??	142	72.2
4	3606 Corunna	Taco Bell	79.2	181.3	33.9	24	18.1	??	86	78.1
5	2501 Flushing	Univ. Market	106.4	196.2	93.6	35	24.5	78.6	5	105.2
6	3216 MLK	Salem Housing	82.2	112.4	50 1	33	28.5	75.3	129	68.3
7	5018 Clio	Rite Aid	88.2	144.4	53.6	29	19.2	??	102	76.4
8	6204 N. Saginaw	N. Flint Auto	96.5	118.3	41.1	21	14.9	??	145	67.7
		WTP Tap	56	86	33	16	8	40		
		Dort Res		153	??		??	100		
		CS Res		163	35	23	??	64		
		WS Res		134	44	60	??	??		

THM Sampling Test Results



Cline, Richard (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Thursday, May 07, 2015 8:45 AM
To: Koryzno, Edward (Treasury)
Cc: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: Flint Charter Commission Budget
Attachments: FY16-17 Proposed Budget - Final.pdf

Ed,

After review of Flint's FY 2015-16/2016-17 budget there is a line item for the Carter Commission (page 32/70 in attached PDF.)

FY 2015 projected budget is $10K, FY 2016 amended budget is $49K, and FY 2017 is budgeted at $0.

If further information is desired please let me know.

Thank you,
Rob,

Robert Widigan | Office of Fiscal Responsibility
State of Michigan | Department of Treasury
430 W. Allegan Street | Lansing, MI 48922
Office (517) 335-2130 | Cell (517) 243-8645
WidiganR@michigan.gov

CITY OF FLINT, MICHIGAN

Setting a Sustainable Course for the City of Flint

Five Year Financial Plan 2016-2020

Proposed Budgets for FY16 and FY17

Future Projections for FY18, FY19 and FY20

Gerald Ambrose
Emergency Manager

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

Dawn Steele
Deputy Finance Director

City of Flint Five-Year Financial Plan

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City of Flint 5-Year Financial Plan

Introduction

The City of Flint will be in a positive financial position at the start of the FY2016 budget year for the first time in a decade. None of the City's funds, including its General Fund, will have a deficit. City governance and management will likely be in the hands of the Mayor, City Council, and its professional management team, with oversight from a state appointed Receivership Transition Advisory Board.

Newly enacted charter amendments, ordinances, policies, and procedures provide a path for the City of Flint to move forward in achieving and maintaining sustainable financial solvency. It is only through being a financially stable organization that the City can hope to serve its citizens by working to achieve its stated vision mission, and goals.

The public has recognized the importance of a fiscally responsible approach as well as the value of long-term planning for sustainability. The newly adopted City Charter amendment reads that the budget and corresponding document:

"Shall explain the budget both in fiscal terms and in terms of the work programs, demonstrating how spending priorities are guided by and adherent to the City's Master Plan. It shall outline the proposed financial policies of the City for the ensuing fiscal year and the impact of those policies on future years. It shall describe the important features of the budget, indicate any major changes from the current year in financial policies, expenditures, and revenues together with the reasons for such changes, summarize the City's debt position, including factors affecting the ability to raise resources through debt issues, and include such other material as the Mayor deems desirable. The budget shall provide a complete three (3) year financial plan of all City funds and activities, with five (5) years of revenue projections."

Accountability for achieving and maintaining sustainable financial solvency rests ultimately with the Mayor and City Council, guided and supported by its professionally trained management team. It is their actions which will determine when the City of Flint can be released from state oversight.

The financial plan described here has a five year timeframe, extending from July 1, 2015 through June 30, 2020, or commonly referred to as FY16 through FY20. Budgets are included for FY16 and FY17, and financial forecasts are included for FY18, FY19, and FY20.

The budgets for FY16 and FY17 have been developed within the context of the City's recently adopted Master Plan, the Vision, Mission, and Goals for the City government as recently updated by the City Council, as well as the Budget Priorities adopted by the City Council. The budgets have also been developed in compliance with expectations of achieving and maintaining sustainable financial solvency, as reflected in recently enacted ordinances regarding adequate levels of reserves in the General Fund, Special Revenue funds, and Enterprise funds.

Taken together, the Master Plan, Strategic Plan, and multi-year financial plan constitute the template for moving the City government forward towards the Vision of being, "a well-managed, financially stable, and accountable organization focused on creating a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life."

The long range financial outlook demonstrates the continuing financial challenges facing the City of Flint. Anticipated growth in current revenue streams are forecasted to be less than the anticipated growth in the expense base, leaving a gap between revenues and expenses every year which must be

addressed. Minimal revenue growth in property tax and income tax revenues, coupled with consistent increases in personnel and operating costs, create a gap which must be addressed by obtaining additional sources of revenue, reducing staffing and services, or identifying further efficiencies. Given the low level of services currently provided by the City, further reductions in services would be very difficult; however, attempting to provide services at a level which cannot be supported financially is unacceptable.

There are also more near term financial challenges which must be addressed as well. Public safety services are supported by two separate voted millages generating more than $5 million annually in total. Both are up for renewal in 2017 and greatly affect the projected budgets. Failure of either would be disastrous, in that those two sources provide 20% of the financial support for police and fire services.

At the same time, the State of Michigan's more than $2.5 million appropriated annually for the City lock-up, the state troopers provided to support city police officers, and the assistant prosecutors supporting County law enforcement provide invaluable assistance in support of local public safety services. Replacement of these resources and revenues from other city revenue sources would be impossible. This fact illustrates the persistent financial challenges that the City will continue to face with its finances and the necessity of continued partnerships and support from all.

A third major potential challenge to the City's financial solvency remains the issue of retiree health care. Decisions to reduce – but not eliminate – health care for current retirees accomplished some $5 million in cost reductions for the City, and was an essential part of the City's financial recovery. However, the lawsuit filed over the action remains active, and should there be an unfavorable decision against the City, the financial repercussions would significantly impair the City's return to financial solvency.

This document is designed to provide information and tools for understanding the difficult choices that will continue to need to be made and also the way that City services are being planned and delivered in a manner consistent with the Master Plan, Strategic Plan, and Capital Improvement Plan in order to fulfill the mission of the City of Flint Government and "assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly, financially responsible, and equitable manner in order to insure equality of opportunity for all persons."

Background

The City of Flint has been in state receivership since December, 2011, as a result of consistent deficits in the General Fund, a decline in pooled cash, unrealistic budgeting, and unfunded liabilities for postemployment benefits. This was all compounded by the effects of the recession of 2008, which greatly reduced state and local revenues. Significant progress has been made in addressing these financial issues, as the $19.1 million deficit at the end of FY12 was reduced to $9.0 million at the end of FY14, and legacy costs were reduced from $850 million to $240 million. The City's cash position has been significantly improved, and the FY15 budget was realistically balanced and is on target to reduce the deficit to $7 million. Plans are underway to finance the remaining $7 million deficit with a loan from the state.

Organizational changes have been made and new financial policies and procedures put into place to provide the tools for achieving and maintaining financial solvency. Flint voters approved the creation of a Charter Commission, charged with reviewing the decades old City Charter. New ordinances have been adopted requiring long range strategic planning, multi-year budgeting and forecasting, and the maintenance of adequate financial reserves in city funds.

With the financial progress made, including the elimination of the deficit, and with the organizational changes in place, City operations will soon be taking the next step towards returning to home rule, consistent with PA436. Mayor and Council will resume their executive and legislative roles, subject to the organizational changes made by the various Emergency Manager Orders, and the oversight by a state appointed Receivership Transition Advisory Board.

The City will fully exit state receivership at the point in time that the actions of the Mayor, Council, and Administration demonstrate to the satisfaction of the Governor that the City is financially stable, on a path which assures continued financial stability, and is no longer in need of state oversight.

Financial Challenges

Resolving the near financial insolvency of the City has required hard decisions and sacrifices for all. The FY13 and FY14 budgets were balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Revenue increases included a 25 percent increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire; establishment of a special assessment district for street lighting; and implementation of a fee sufficient to cover the cost of waste collection. Expenditure reductions included elimination of 20 percent of the City's workforce; compensation decreases equivalent to a 20 percent wage reduction for remaining employees; and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan. Further reductions were necessary in FY15, and of necessity, required significant reductions in public safety positions. Even with the voter approved millages, the City was left with police staffing far below the levels in comparable cities.

Restructuring

Significant organizational changes have been made as well. City waste collection is now operated under contract with a private company; City 911 operations are being consolidated with the Genesee County 911 Consortium; and on January 2, 2016, the City-funded 68th District Court will become part of the County-funded 67th District Court. All of these actions, as well as others, have resulted in significant cost savings to the City while at the same time maintaining or improving those services.

The actions taken to restructure healthcare benefits for current employees and retirees have also had a significant impact on reducing both current costs and long-term liabilities. The 20% reduction in the workforce required significant reorganizational activities focused on reducing current costs. Long term liabilities were reduced by eliminating traditional defined benefit pension programs for new employees in favor of hybrid plans; by moving the City's retirement system into the state wide retirement system; by restructuring health insurance benefits for current employees and placing retirees into those same plans; and by eliminating the promise of retiree health care for new employees in favor of providing retiree medical savings accounts. This restructuring, which was implemented during the course of FY12, has reduced the City's OPEB liabilities alone from $850 million to $240 million at the end of FY14.

Legacy Costs and Legal Challenges

The steps taken to begin to restore the City to financial solvency have not been without conflict and changing circumstances. A significant legal challenge has been made to the decision to move retirees from their historical health insurance plans into the same plans offered current employees. This action resulted in an initial cost reduction in FY13 of $3.5 million to the City and imposed deductibles and co-pays on retirees. Because of a stay initially imposed by the federal court in FY14, the City was required to increase its budget for retiree healthcare costs in the FY15 budget by $5 million. However, the injunction was subsequently modified, and the City was permitted to implement a significant portion of the initial changes. This action provided some financial relief to the City, but the risk remains that budgeted healthcare costs will increase significantly should the lawsuit result turn out to be unfavorable for the City.

Legacy costs in total will continue to be a cost burden to the City of Flint. In FY 16, pension and retiree health care is now projected to cost $31.7 million, or approximately 20% of total projected expenses. $17.3 million is borne by the General Fund which equates to 33% of general fund expenses. $8.5 million is borne by the Utilities Funds, which equates to 13% of expenses. These amounts, while still significant, are less than the $38.6 million originally budgeted for FY16. By 2020, the obligation for these expenses are projected to increase to nearly 39.6 million, or some 23% of projected total expenses.

Partnerships

The efforts of the City to regain financial solvency have been aided by support from numerous federal, state and private partners. Federal grants for police, fire services and blight elimination and demolition, as well as for transportation, planning and development have substantially assisted Flint's recovery from the bottom of the recession. The White House Strong Cities, Strong Communities (SC2) partnership has provided support for implementation of the Master Plan, including brownfield redevelopment, public safety, and blight strategies. State police troopers have been placed in the City to support local law enforcement efforts, and funds have been allocated to enhance prosecution activities and to operate the City's lock up. The Governor's proposed budget continues this support. New partnerships with Genesee County and surrounding municipalities in courts and 911 will provide significant savings and improved services. Many foundation, nonprofit, business, faith and community partners have come together in the best interest of the city and this collaboration will be critical to continue.

FY16-FY20

The future financial solvency of Flint will continue to be challenged by a continuing structural deficit. Property tax, income tax, revenue sharing and other general sources of revenue are projected to grow by an average of 1.2% annually, while expenses are projected to grow by 2.4%. While a 1.2% gap may not

seem large, it equates to nearly $1 million on an expense base of $83 million, which is the projected base for FY18. Addressing this gap on an annual basis is necessary and critical if the City is to regain and maintain its financial solvency.

Overview

The City of Flint has spent much time and effort to plan for the community's future through the adoption of a comprehensive master plan and capital improvement plan, and through creation of an organizational framework focused on the City's updated vision, mission, and goals. The Vision, Mission, and Goals of the City of Flint are detailed in this document, as are specific budget priorities identified by the City Council. It is a core mission of the City that all who live, visit, work, and study in Flint can expect to receive city services in a customer friendly, financially responsible, and equitable manner which insures equality of opportunity for all.

The budgets for FY16 and FY17 have been reviewed and developed consistent with that framework; balanced in a manner reflecting current desire to maintain services, to foster financial stability and to reflect the budget priorities adopted by the City Council.

The decisions incorporated into the FY16/FY17 budget reflect the financial realities of a financially strapped City working to move out of state receivership. Revenues are growing marginally, and the City does not have adequate financial reserves to foster any appreciable degree of security. The anticipated loan which will eliminate the accumulated General Fund deficit does not solve the City's financial problems but does enable beginning to establish adequate reserves.

Financial Outlook

The financial outlook for the City is improved in the short term from the outlook presented last year. With the financial impact of the changes to retiree health care, a lower than expected pension contribution for FY16 and FY17, and the cost reductions from the 911 consolidation and the district Court consolidation, the budgets for FY16 and FY17 are able to maintain the status quo in terms of staffing and programming. This improved condition, however, is not sufficient to significantly increase service levels in any area. It will, however, allow some advance time for considering how future revenue and expense challenges associated with a continuing structural deficit will be met within the context of the City's Master Plan and Strategic Plan priorities.

The spending plan for the City is still reliant upon financial and programmatic support from state, federal, and other sources. Operation of the City's lock up is assumed to be continued based on state financial support in excess of $2.5 million, while state troopers will continue to assist the Flint Police Department. Activities related to blight management, and implementation of the City's Master Plan are still supported significantly with programmatic and financial support from grant sources.

Staffing

Current staffing for city services is 523 full time equivalents. That number is projected to be reduced to 502 in FY16 and to 470 in FY17. The staffing reductions reflect primarily the 911 consolidation in FY16 and the District Court consolidation in FY17. Other adjustments are also made, including the elimination of 1 fulltime position in Human Resources and Law, as a result of reorganization; the addition of a third position in the Council Office, the addition of an engineering position in Transportation, and the addition of one position in Development and Planning to assist in economic development and business case processing. Funds are also set aside for a contracted service for economic development, and funding for ten part-time police officers is included, seven of which will be paid for and assigned to Hurley Hospital.

Costs, Fees and Assessments

Costs to citizens will be reduced in FY16 as the waste collection fee is reduced by $20, and property tax, water and sewer rates, remain unchanged. In addition, the $350 water deposit fee for renters is reduced to $250. The previously adopted FY16 budget anticipated a 6% increase in water and sewer rates, but that has been eliminated.

FY17 continues the status quo, with the exception of water and sewer rates. A 5% increase in water and utility rates is tentatively included in FY17, but will be reviewed next year prior to implementation. The City is in the process of reviewing the utility rate schedule, and will be using those results, as well as updated expectations associated with the move to KWA, and the results of current efforts to reduce water loss and improve operational efficiencies with the water and sewer systems.

In comparison to the projected total taxpayer impact for the current year, the collective impact in terms of taxes, fees, and charges, including water and sewer, is projected to be a total increase of approximately 1% over the next two years.

Priority issues addressed

Key actions in the FY16 and FY17 budgets which specifically address Council priorities include:

Increasing Public Safety

- Police staffing, which currently includes 99 sworn officers and 15 civilians, is increased by the addition of 10 part-time police officers, and a Telephone Response Unit is added as a result of the 911 consolidation. Even though a majority of the new positions in the Police Department will be assigned to Hurley Hospital under a contract for services, the addition will give the department more flexibility to deploy full time officers where needed. Fire Department staffing of 75 is maintained, and the current level of service will be continued.
- The foundation for increased efficiency in both Police and Fire is being laid with migration to the State Records Management System, and with implementation of appropriate recommendations from the ICMA.
- Reductions in health care and pension costs, and the cost reductions achieved through the 911 and court consolidations have allowed the continuation of current public safety staffing levels through FY16 and FY17, which is one year longer than predicted last year. Going forward, however, voters will need to renew both special millages, or even current low levels of staffing will be at significant risk.
- Over the next two years the Police Department will focus on emerging crime issues as they appear and on increasing community engagement, specifically increasing the number of community centers and building community trust. The Fire Department, in addition to maintaining its response time to alarms at improved levels, will continue to reach out to the community to promote fire protection education.

Reducing Utility Rates and Costs

- The Utilities Division of DPW is committed to providing dependable quality water with investments in both the treatment process in the form of a new filter media and in the distribution system with the first significant pipe replacement project in over a decade. These system improvements will afford a greater opportunity to have stable water and sewer rates while continuing to perform needed maintenance on the system.
- Unfortunately, the maintenance and quality needs of the utility system, coupled with the prior financial deficits in the Utility funds, does not permit a decrease in rates. However, the long term impacts of capital investments in the system, including the decision to participate in KWA, assures that future rate increases will be less than had the City continued to purchase its water from DWSD.
- With the timing of the capital projects, the restructuring of water related debt, the cost reductions gained from temporarily using the Flint River for supply, and reductions in staffing in the Utilities Division, the 6% water and sewer rate increase included in the original FY16 budget has been eliminated, and so water and sewer rates will be held constant in FY16. However, a 5% increase is tentatively included in the FY17 budget, but that will be reviewed prior to the beginning of the FY17 fiscal year.
- The City's action plan to improve water quality will continue, as will the process of reviewing rate schedules, deposit and turn-on/off fees, with the goal of assisting those who are truly unable to pay.

Eliminating the General Fund Deficit

- With the pending receipt of a $7 million loan from the State of Michigan, the General Fund deficit will be eliminated by June 30, 2015. In accordance with the City Council's recently adopted financial stability ordinances, the FY16 and FY17 budgets will begin to build reserves at the rate of $1 million annually. As the Mayor and Council continues this practice in future years, it is projected that the financial reserve in the General Fund will reach 10% of General Fund revenues by 2020. While the goal is 15%, these actions represent significant commitment and progress towards sustainable financial solvency.

Increasing Capacity for Master Plan Implementation, Blight Management, and Economic Development

- The newly merged Planning & Development Department (DPD) is focused on creating a vibrant and growing community with a high quality of life for residents, businesses, students, and visitors. Through comprehensive planning, building and safety, blight elimination and neighborhood stabilization, community and economic development, street lighting, and parks and recreation, DPD is actively working to address all of the Council priorities. In addition, DPD is charged with coordinating the implementation of the community's Master Plan adopted in late October of 2013.
- In FY 16 and FY 17, the DPD will prioritize blight elimination and neighborhood stabilization through proactive code enforcement, waste removal, demolition, and housing rehabilitation. Other priorities include: economic development through entrepreneurship and small businesses growth in underserved neighborhoods, construction of quality housing, creation of safe, healthy places for youth to learn and thrive, and enhanced partnerships to provide new resources to the City to carry out the Master Plan. The Department will also improve regulatory procedures like zoning and will develop a business friendly permitting counter to streamline the review and approval processes to facilitate redevelopment.
- Through creative use of grant funding, the City has been able to add much needed positions in code enforcement and blight elimination without impacting the General Fund budget. In total, the budget represents 27 full-time and 2 part-time positions. DPD will continue to pursue new partnerships and resources in order to grow our capacity to implement the Master Plan and improve services to Flint residents, businesses, students, and visitors.
- Additional resources are added to Planning and Development to assure staff is available to support and assist businesses in obtaining necessary approvals from the City, and funds are set aside for contracted services with the Flint Genesee Chamber of Commerce

Improving Energy Efficiency

- Addressing a significant goal of improving energy efficiency, a vendor has been identified to develop specifications to improve the carbon footprint of the City, including city facilities and utilities. In FY16 the DPW will identify an energy baseline to work from and prioritize a list of projects, based on anticipated savings. FY16 will also see the completion of converting methane gas from the digester at the Waste Water Plant into energy, which will be used to reduce energy costs. Further cost savings will be realized from securing a fixed rate for natural gas for the next two years

Maintaining Streets and Sidewalks

FY16 and FY17 budgets utilize available funds to address maintenance and improvement of priority needs for bridges, roads and sidewalks, while assuring adequate staff and equipment within budgetary limits to responds to weather events and emergency repairs.

A City Engineer position is added to facilitate engineering services and activities required to design and construct major projects and City performed infrastructure improvement projects. The engineer's work will include routine bridge inspections.

The Street Maintenance Operator/Maintainer Trainee Program will also be resurrected in FY16. Four new trainees will participate in a two-year training series to increase capacity of City crews to perform street maintenance and winter maintenance activities. Winter Maintenance activities will include an allocation to rent three Fendt tractors to supplement City equipment available to perform winter maintenance activities.

Ongoing department activities will include maintaining in-house traffic services, such as installations/repairs/replacement/ and routine maintenance of traffic signals, signs, pavement markings, barricading activities, and traffic control services. Additionally sign upgrades will be conducted in three areas of the City to conform with the Federal Highway Administration's sign reflectivity regulatory mandate. Traffic signals will also be modernized at the intersection of Averill @ Davison; traffic signal upgrades at Ballenger @ Welch, Lapeer @ Court, Lapeer @ Fifth St.; and traffic signals retrofitted at Grand Traverse @ Welch and Dayton @ Welch.

Routine street maintenance activities will continue, including pothole patching, guardrail repair, street sweeping, crack sealing, concrete sectional repairs and paving activities. Funds received from the special state appropriation in FY15 will be utilized in FY16/FY17 to provide supplemental funding for additional paving activities within the local street system (residential areas, approximately 6.5 miles), contracted grass cutting services within the public right-of-way areas (between the sidewalk and curb), in addition to the clearance of tall grass at intersections to maintain sight distance clear vision areas.

Specific projects contained in the FY16 and FY17 budgets include:

<u>Bridge Projects: Preventative Maintenance</u>

- Kearsley Park Blvd over Gilkey Creek
- Barton Street over Thread Creek
- Torrey Road (12th St.) over Carmen Creek
- Atherton Road over Carmen Creek
- Other minor bridges identified in Annual Bridge Reports

<u>Road Resurfacing Projects</u>

- Fenton Road (Hemphill to I-69)
- Kearsley Street (Chevrolet Ave to Beach St)
- Harrison Street Enhancement

<u>Road Diet Projects</u>

- South Saginaw Street (Fourth to Hemphill)

<u>Infrastructure Needs Assessment</u>

- Analysis of Sidewalks/Street Network Needs as defined in the Master Plan

Sidewalk repair

- Two Sidewalk Repair Programs will address trip and fall hazards and sidewalks that residents desire to repair. Approximately 250 trip and fall hazardous sidewalk squares will be repaired by City crews under the traditional Sidewalk Repair Program and approximately 295 sidewalk squares will be repaired by prequalified contractors under the 50/50 Sidewalk Repair Program.

Tree Management

- Tree Management activities will be funded in partnership with Genesee Conservation District (GCD), including emergency hazardous tree and stump removals, tree trimming and tree plantings. Work with GSD will include the development of a Forestry Management Plan to guide future activities.

Improving Customer Service

Department specific and city wide training needs are budgeted, and customer service training has been identified as a priority. Human Resources, as it did in FY15, is committed to continuing ongoing training for supervisors and will be extending these efforts to all employees. Information Services likewise is committed to providing ongoing training for employees. Finally, most departments are including funds for ongoing training for employees.

Maintaining Parks

The Parks millage fund is being fully utilized to provide as much maintenance as possible. Vendor relationships and expectations are being reviewed and efforts continue to increase the number of partnerships for care and maintenance of Parks.

Parks and Recreation continues actively and aggressively peruse park partnerships with the community and funding for park capital improvements. Parks and Recreation currently has over $2.17 million in on-going improvements and acquisition projects. Major projects include the construction of the Genesee Valley Trail, improvements to River Bank and McKinley Parks, and the acquisition of property for the Grand Traverse Greenway. Currently, 43 of the 63 parks, community centers and golf courses have formal partnership agreements to improve service, quality, and make minor improvements to the park facilities. Of those 43 formal partnerships, 12 are new for 2015.

In order to increase the level of service, improve maintenance, and leverage additional funding for parks, the City has entered into a number of formal partnerships. Currently 43 of the City's 63 parks, community centers, and golf courses have formal partnerships. 12 of these 43 partnerships were created in the last year. Parks and Recreation department is working to increase this number and the capacity of each partnership group.

Through the Keep Genesee County Beautiful Adopt-a-Park program, 32 community organizations have partnered in Flint parks. With City of Flint assistance, Adopt-a-Park provides organizational capacity, planning, and clean up supplies to all Park Adopters as well as funding for improvements through their Park Tender and Park Keeper programs. Since 2011, $501,778 has been invested through the Adopt-a-Program. In 2015, KGCB agreed to be the $25,000 match on a $100,000 Department of Natural Resources grant for Longway Park Improvements. The 2015 Park Tender program currently has $56,000 in funding to be spent in 4 City Parks.

Formal use agreements also exist with a magnitude of different community partners for the Berston Center, Haskell Center and Bassett Park, Mott Park Golf Course, Dewey Park, Mobley Park, and Kearsley Park. In July of 2015, Flint Parks and Recreation entered into an agreement with Genesee County Parks Commission to provide maintenance and program in Max Brandon, Flint Lake Park, Thread Lake Park and McKinley Park. At the cost of less than the City spent on mowing, the County provides Park Ranger patrols, mowing and forestry work, and free public programing.

Increasing Community Partnerships

Partnerships with Human Service organizations will be strengthened with the return of a staff position focused on fair housing and other citizen issues that will require outside assistance such as the Keep the Water Flowing fund with the United Way, Salvation Army and Catholic Charities.

Ombudsman and Civil Service

No funding is included for either the Ombudsman Office or Civil Service, pending final action by voters on any Charter changes. Legal complaints will be directed to the City Attorney's Office and employee issues will be handled through the Human Resources Department.

Business licensing

Business licensing will be retained in the Clerk's Office, utilizing BS&A systems, and operating in accordance with established performance standards.

CITY OF FLINT STRATEGIC PLAN

2016 - 2020

Setting a Sustainable Course for the City of Flint

The Vision for the City Government of Flint

A well-managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life

The Mission of the City Government

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly, financially responsible, and equitable manner in order to insure equality of opportunity for all persons

The Goals

In order to operate per our Mission and realize our Vision, residents, businesses, students and visitors can expect that the City of Flint will:

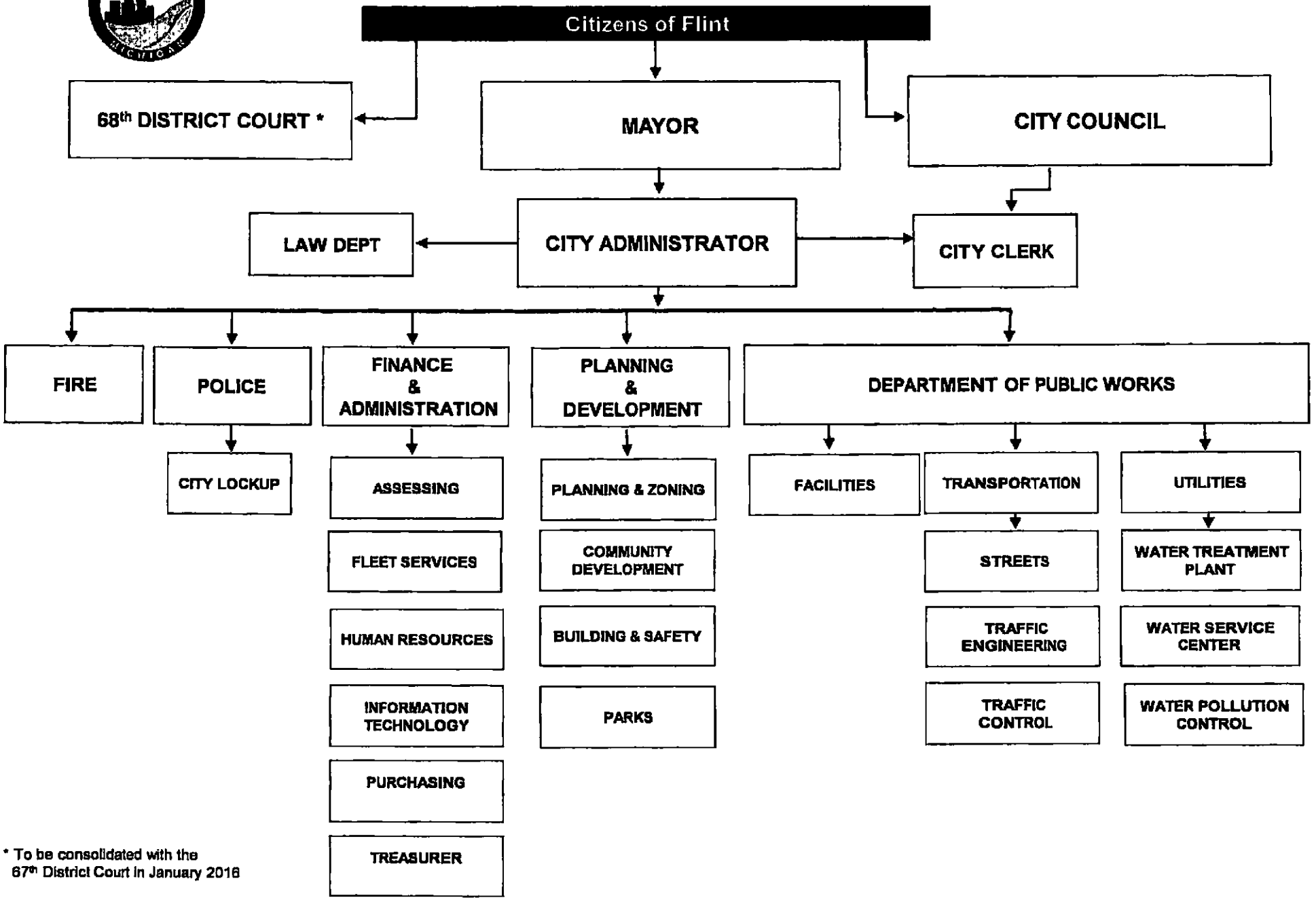
1. The City will operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position and eliminating accumulated deficits
2. The City will provide a highly trained and professional staff of elected leaders, appointed officials and employees
3. The City will provide for a safe, secure, healthy and clean environment in which to live, work, learn and play
4. The City will provide access to dependable, quality and sustainable water and sewer
5. The City will provide access to an adequate and well maintained transportation network for all modes of travel serving motorized, non-motorized, and pedestrian needs
6. The City will foster cooperation among business, non-profit, higher education, foundation partners, and residents to create a climate that supports economic development with a focus on small business and entrepreneurs in order to build local wealth and enhance the tax base
7. The City will seek partnerships with Local, State and Federal governmental partners, and other private entities in order to maximize efficiencies and resources in meeting its Mission
8. The City will promote the equal protection of the law for each person in accordance with fundamental human rights

CITY COUNCIL PRIORITIES ▪ 2016 and 2017

- Increase Police and Fire staffing levels and increase starting pay for Firefighters
- Decrease water and sewer rates while increasing quality
- Reduce the General Fund deficit by at least $2 million
- Increase capacity to reduce blight, including demolition
- Increase capacity to engage in economic development – including hiring Economic Development Director
- Reduce energy costs for the City by 25%
- Ensure the Department of Public Works has tools necessary to provide for street maintenance, sidewalk maintenance, snow removal, and right-of-way tree maintenance
- Improve customer service across all departments through training and technology
- Ensure parks are maintained to the greatest extent feasible, including mowing and tree maintenance
- Ensure capacity and partnerships to continue implementation of Master Plan and Capital Improvement Plan
- Create partnerships with Human Service organizations within the community
- Fund Ombudsman Office in accordance with vote of the public in 2014
- Fund Civil Service Office in accordance with the vote of the public in 2014
- Retain Licensing in the City Clerk's Office

CITY OF FLINT – ORGANIZATIONAL CHART

FY16-17

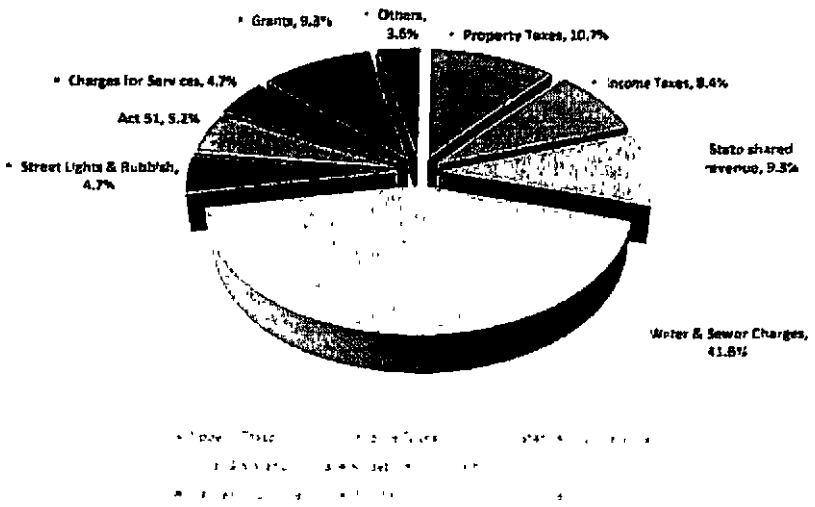


* To be consolidated with the 67th District Court in January 2016

ALL FUNDS
REVENUE PROJECTIONS
FY16 & FY17

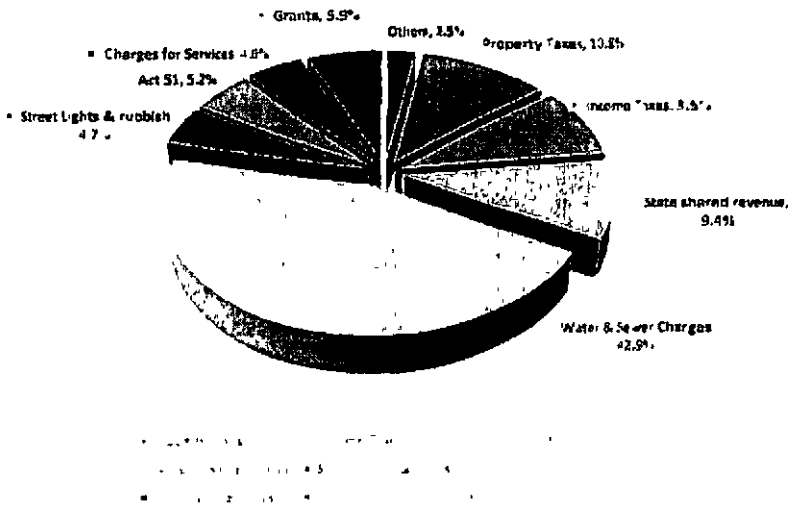
FY16

$162,143,580



FY17

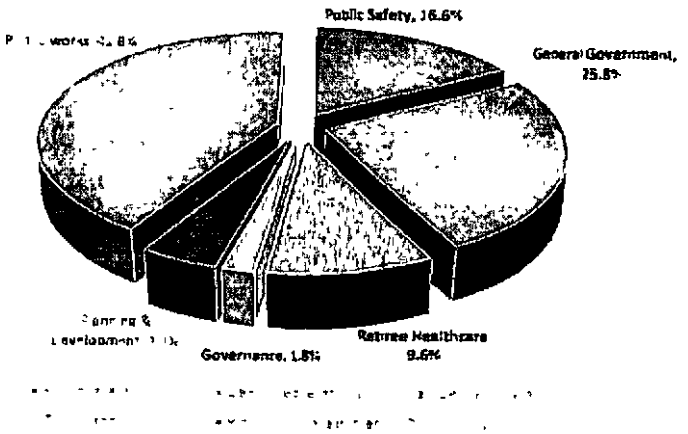
$162,090,443



ALL FUNDS
EXPENSE PROJECTIONS
FY16 & FY17

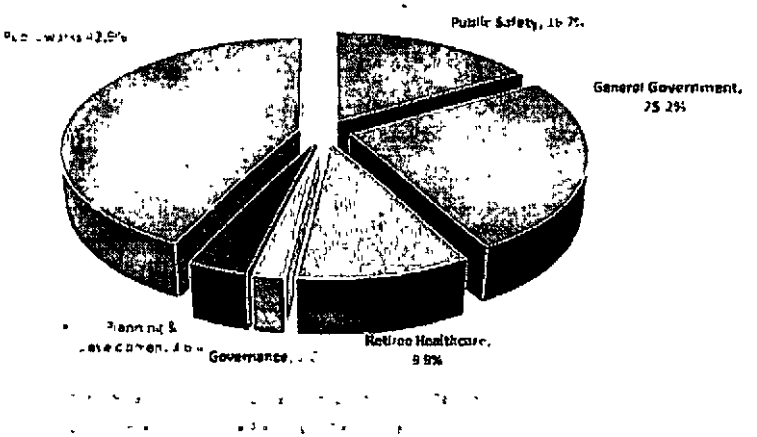
FY16

$162,143,580



FY17

$162 090,443



BUDGETS & PROJECTIONS BY FUND

FY16 & FY17; FY18-FY20 PROJECTIONS
General, Special Revenue and Enterprise Funds FY16-FY20

Funds Supported by General Tax Dollars or Millages:

General Fund
Police/Fire Millage
Neighborhood Police Millage
Parks
Public Improvement

Funds Supported by Dedicated Funds, Fees, or Assessments:

Major Streets
Local Streets
Street Light Assessment
Waste Collection
Drug Forfeiture
Building Safety

Special Revenue Grant Funds

CDBG, ESG, HOME
Other Grants

Enterprise Funds:
Sewer
Water

Budgets and Projections by Fund

(FY16;FY17 Budgets; FY18, FY19,FY20 are Projections Only)

(FY16;FY17 Budgets are adopted at expense level; Revenues plus Use of Fund Balance equal expenses)

Funds Supported by General Tax Dollars or Special Millages

	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
General Fund (101)					
Revenues	$51,239,208	$50,029,123	$50,638,175	$51,180,184	$51,762,300
Expenses	$51,239,208	$50,029,123	$51,232,153	$52,468,950	$53,740,508
Budgeted Use of Fund Balance (FY16 and FY17 only)	$0	$0	($593,978)	($1,288,766)	($1,978,208)
Budgeted Use of Fund Balance for Reserve Accumulation	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Beginning Fund Balance*	$0	$1,000,000	$2,000,000	$2,406,022	$2,117,256
Ending Fund Balance	$1,000,000	$2,000,000	$2,406,022	$2,117,256	$1,139,048
Fund Balance as % of Revenues - Actual	2%	4%	5%	4%	2%
Fund Balance as % of Revenues - Policy	15%	15%	15%	15%	15%
Designated Reserve Per Policy	$7,685,881	$7,504,368	$7,595,726	$7,677,028	$7,764,345
Variance - Actual to Policy	($6,685,881)	($5,504,368)	($5,189,704)	($5,559,771)	($6,625,297)

**Assumes $7 million loan eliminates deficit in 2015; $1 million surplus committed annually for reserve accumulation/OPEB reduction per ordinance*

** Projections for FY18, FY19,FY20 do not show revenue expense gap eliminated annually; reserve accumulation will be greater when that gap is eliminated*

Funds Supported by General Tax Dollars or Special Millages (cont)

Police and Fire Millage (205)	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
Revenues	$3,700,000	$3,700,000	$3,700,000	$3,700,000	$3,700,000
Expenses	6,181,948	6,866,102	$7,147,612	$7,440,664	$7,745,732
Budgeted Use of Fund Balance (FY16 and FY17 only)	($2,481,948)	($3,166,102)	($3,447,612)	($3,740,664)	($4,045,732)
Beginning Fund Balance	$5,787,280	$3,305,332	$139,230	($3,308,382)	($7,049,046)
Ending Fund balance	$3,305,332	$139,230	($3,308,382)	($7,049,046)	($11,094,778)
Fund Balance as % of Revenues - Actual	89%	4%	-89%	-191%	-300%
Fund Balance as % of Revenues - Policy	10%	10%	10%	10%	10%
Designated Reserve per Policy	$370,000	$370,000	$370,000	$370,000	$370,000
Variance - Actual to Policy	$2,935,332	($230,770)	($3,678,382)	($7,419,046)	($11,464,778)

Neighborhood Police Millage (207)	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
Revenues	$1,255,000	$1,275,000	$1,275,000	$1,275,000	$1,275,000
Expenses	$1,323,944	$1,264,753	$1,295,166	$1,326,433	$1,359,578
Budgeted Use of Fund Balance (FY16 and FY17 only)	($68,944)	$10,247	($20,166)	($51,433)	($83,578)
Beginning Fund Balance	$215,514	$146,570	$156,817	$136,651	$85,218
Ending Fund balance	$146,570	$156,817	$136,651	$85,218	$1,640
Fund Balance as % of Revenues - Actual	12%	12%	11%	7%	0%
Fund Balance as % of Revenues - Policy	10%	10%	10%	10%	10%
Designated Reserve per Policy	$125,500	$127,500	$127,500	$127,500	$127,500
Variance - Actual to Policy	$21,070	$29,317	$9,151	($42,282)	($125,860)

Funds Supported by General Tax Dollars or Special Millages (cont)

	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
Parks Millage (208)					
Revenues	$319,825	$400,801	$400,801	$400,801	$400,801
Expenses	$406,971	$413,269	$423,207	$433,423	$443,927
Budgeted Use of Fund Balance (FY16 and FY17 only)	($87,146)	($12,468)	($22,406)	($32,622)	($43,126)
Beginning Fund Balance	$99,614	$12,468	$0	($22,406)	($55,028)
Ending Fund balance	$12,468	$0	($22,406)	($55,028)	($98,154)
Fund Balance as % of Revenues - Actual	4%	0%	-6%	-14%	-24%
Fund Balance as % of Revenues - Policy	10%	10%	10%	10%	10%
Designated Reserve per Policy	$31,983	$40,080	$40,080	$40,080	$40,080
Variance - Actual to Policy	($19,515)	($40,080)	($62,486)	($95,108)	($138,234)

	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
Public Improvement Fund (402)					
Revenues	$2,053,000	$2,053,000	$2,053,000	$2,053,000	$2,053,000
Expenses	$2,828,967	$2,831,429	$2,889,515	$2,959,512	$3,041,477
Budgeted Use of Fund Balance (FY16 and FY17 only)	($775,967)	($768,429)	($836,515)	($906,512)	($978,477)
Budgeted for Reserve Accumulation*	$800,000	$800,000	$800,000	$800,000	$800,000
Beginning Fund Balance	$9,322,694	$7,746,727	$6,178,298	$4,541,783	$2,835,270
Ending Fund Balance	$7,746,727	$6,178,298	$4,541,783	$2,835,270	$1,056,793
Fund Balance as % of Revenues - Actual	n/a	n/a	n/a	n/a	n/a
Fund Balance Minimum - Policy	n/a	n/a	n/a	n/a	n/a
Designated Reserve per Policy	$2,928,267	$2,928,267	$2,928,267	$2,928,267	$2,928,267
Variance - Actual to Policy	$4,818,460	$3,250,031	$1,613,516	($92,997)	($1,871,474)

Funds Supported by Dedicated Funds, Fees, or Assessments

	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
Major Streets (202)					
Revenues	$7,146,380	$6,856,801	$7,062,505	$7,274,380	$7,492,612
Expenses	$8,622,713	$8,365,764	$8,566,932	$8,773,747	$8,986,374
Budgeted Use of Fund Balance (FY16 and FY17 only)	($1,476,333)	($1,508,963)	($1,504,427)	($1,499,366)	($1,493,762)
Beginning Fund Balance	$4,076,176	$2,599,843	$1,090,880	($413,547)	($1,912,914)
Ending Fund balance	$2,599,843	$1,090,880	($413,547)	($1,912,914)	($3,406,676)
Fund Balance as % of Revenues - Actual	36%	16%	-6%	-26%	-45%
Fund Balance as % of Revenues - Policy	15%	15%	15%	15%	15%
Designated Reserve per Policy	$1,190,567	$1,147,130	$1,177,986	$1,209,767	$1,242,502
Variance - Actual to Policy	$1,409,276	($56,250)	($1,591,533)	($3,122,681)	($4,649,178)

	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
Local Streets (203)					
Revenues	$3,215,894	$3,181,143	$3,251,128	$3,322,653	$3,395,761
Expenses	$3,637,757	$3,791,052	$3,912,366	$4,037,561	$4,166,763
Budgeted Use of Fund Balance (FY16 and FY17 only)	($421,863)	($609,909)	($661,238)	($714,908)	($771,012)
Beginning Fund Balance	$1,345,485	$923,622	$313,713	($347,525)	($1,062,433)
Ending Fund balance	$923,622	$313,713	($347,525)	($1,062,433)	($1,833,445)
Fund Balance as % of Revenues - Actual	29%	10%	-11%	-32%	-54%
Fund Balance as % of Revenues - Policy	15%	15%	15%	15%	15%
Designated Reserve per Policy	$482,384	$477,171	$487,669	$498,398	$509,363
Variance - Actual to Policy	$441,238	($163,458)	($835,194)	($1,560,831)	($2,342,808)

Funds Supported by Dedicated Funds, Fees, or Assessments (cont)

	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
Lighting Special Assessment (219)					
Revenues	$2,718,986	$2,718,986	$2,718,986	$2,718,986	$2,718,986
Expenses	$2,824,202	$2,825,476	$2,893,419	$2,963,269	$3,035,082
Budgeted Use of Fund Balance (FY16 and FY17 only)	($105,216)	($106,490)	($174,433)	($244,283)	($316,096)
Beginning Fund Balance	$893,784	$788,568	$682,078	$507,645	$263,362
Ending Fund balance	$788,568	$682,078	$507,645	$263,362	($52,735)
Fund Balance as % of Revenues - Actual	29%	25%	19%	10%	-2%
Fund Balance as % of Revenues - Policy	15%	15%	15%	15%	15%
Designated Reserve per Policy	$407,848	$407,848	$407,848	$407,848	$407,848
Variance - Actual to Policy	$380,720	$274,230	$99,797	($144,486)	($460,583)

	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
Waste Collection (226)					
Revenues	$4,829,502	$4,930,499	$4,930,499	$4,930,499	$4,930,499
Expenses	$4,829,502	$4,930,499	$5,049,061	$5,170,950	$5,296,266
Budgeted Use of Fund Balance (FY16 and FY17 only)	$0	$0	($118,562)	($240,451)	($365,767)
Beginning Fund Balance	$1,122,787	$1,122,787	$1,122,787	$1,004,225	$763,774
Ending Fund Balance	$1,122,787	$1,122,787	$1,004,225	$763,774	$398,008
Fund Balance as % of Revenues - Actual	23%	23%	20%	15%	8%
Fund Balance as % of Revenues - Policy	15%	15%	15%	15%	15%
Designated Reserve per Policy	$724,425	$739,575	$739,575	$739,575	$739,575
Variance - Actual to Policy	$398,362	$383,212	$264,650	$24,199	($341,567)

Funds Supported by Dedicated Funds, Fees, or Assessments (cont)

	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
Drug Forfeiture (265)					
Revenues	$2,500	$36,000	$37,080	$38,192	$39,338
Expenses	$172,174	$172,174	$176,314	$180,571	$184,947
Budgeted Use of Fund Balance (FY16 and FY17 only)	($169,674)	($136,174)	($139,234)	($142,378)	($145,608)
Beginning Fund Balance	$655,178	$485,504	$349,330	$210,096	$67,718
Ending Fund Balance	$485,504	$349,330	$210,096	$67,718	($77,891)
Fund Balance as % of Revenues - Actual	n/a	n/a	n/a	n/a	n/a
Fund Balance as % of Revenues - Policy	n/a	n/a	n/a	n/a	n/a
Designated Reserve per Policy	$172,174	$172,174	$176,314	$180,571	$184,947
Variance - Actual to Policy	$313,330	$177,156	$33,782	($112,853)	($262,838)

	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
Building Safety Fund (542)					
Revenues	$1,625,000	$1,663,000	$1,729,520	$1,798,701	$1,870,649
Expenses	$1,966,716	$1,954,496	$2,001,495	$2,049,813	$2,099,489
Budgeted Use of Fund Balance (FY16 and FY17 only)	($341,716)	($291,496)	($271,975)	($251,112)	($228,840)
Beginning Fund Balance	$1,056,062	$714,346	$422,850	$150,875	($100,237)
Ending Fund Balance	$714,346	$422,850	$150,875	($100,237)	($329,078)
Fund Balance as % of Revenues - Actual	44%	25%	9%	-6%	-18%
Fund Balance as % of Revenues - Policy	15%	15%	15%	15%	15%
Designated Reserve per Policy	$243,750	$249,450	$259,428	$269,805	$280,597
Variance - Actual to Policy	$470,596	$173,400	($108,553)	($370,042)	($609,675)

Grant Funds

	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
CDBG, ESG, and HOME (274)					
Revenues	$4,277,624	$4,260,651			
Expenses	$4,277,624	$4,260,651			
Budgeted Use of Fund Balance (FY16 and FY17 only)	$0	$0	$0	$0	$0
Beginning Fund Balance	$0				$0
Ending Fund Balance					$0
Fund Balance as % of Revenues - Actual	n/a	n/a	n/a	n/a	n/a
Fund Balance as % of Revenues - Policy	n/a	n/a	n/a	n/a	n/a
Designated Reserve per Policy	n/a	n/a	n/a	n/a	n/a
Variance - Actual to Policy	n/a	n/a	n/a	n/a	n/a

	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
Other Grants					
Revenues	$5,503,999	$47,248			
Expenses	$5,503,999	$47,248			
Budgeted Use of Fund Balance (FY16 and FY17 only)	$0	$0	$0	$0	$0
Beginning Fund Balance	$0	$0	$0	$0	$0
Ending Fund Balance	$0	$0	$0	$0	$0
Fund Balance as % of Revenues - Actual	n/a	n/a	n/a	n/a	n/a
Fund Balance as % of Revenues - Policy	n/a	n/a	n/a	n/a	n/a
Designated Reserve per Policy	n/a	n/a	n/a	n/a	n/a
Variance - Actual to Policy	n/a	n/a	n/a	n/a	n/a

Total General City

	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
Revenues	$87,886,918	$81,162,252	$77,606,694	$78,702,396	$79,648,936
Expenses	$93,815,725	$87,752,036	$85,597,239	$87,814,894	$90,099,143
Budgeted Use of Fund Balance (net)	($5,928,807)	($6,589,784)	($7,790,545)	($9,112,498)	($10,450,207)

Enterprise Funds

	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
Sewer Fund (590)					
Revenues	$31,245,895	$32,750,000	$33,732,500	$34,744,475	$35,786,809
Expenses	$32,337,768	$33,769,126	$34,581,158	$35,415,983	$36,274,271
Budgeted Use of Fund Balance (FY16 and FY17 only)	($1,091,873)	($1,019,126)	($848,658)	($671,508)	($487,462)
Beginning Unreserved Fund Balance	$13,702,201	$12,610,328	$11,591,202	$10,742,544	$10,071,036
Ending Unreserved Fund Balance	$12,610,328	$11,591,202	$10,742,544	$10,071,036	$9,583,574
Fund Balance as % of Revenues - Actual	40%	35%	32%	29%	27%
Fund Balance as % of Revenues - Policy	25%	25%	25%	25%	25%
Designated Reserve per Policy	$7,811,474	$8,187,500	$8,433,125	$8,686,119	$8,946,702
Variance - Actual to Policy	$4,798,854	$3,403,702	$2,309,419	$1,384,917	$636,871

	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
Water Fund (591)					
Revenues	$37,055,802	$37,771,424	$38,904,567	$40,071,704	$41,273,855
Expenses	$35,990,087	$40,569,281	$41,544,834	$42,547,769	$43,578,892
Budgeted Use of Fund Balance (FY16 and FY17 only)	$1,065,715	($2,797,857)	($2,640,267)	($2,476,065)	($2,305,037)
Beginning Unreserved Fund Balance	$3,417,264	$4,482,979	$1,685,122	-$955,145	-$3,431,210
Ending Unreserved Fund Balance	$4,482,979	$1,685,122	($955,145)	($3,431,210)	($5,736,248)
Fund Balance as % of Revenues - Actual	12%	4%	-2%	-9%	-14%
Fund Balance as % of Revenues - Policy	25%	25%	25%	25%	25%
Designated Reserve per Policy	$9,263,951	$9,442,856	$9,726,142	$10,017,926	$10,318,464
Variance - Actual to Policy	($4,780,972)	($7,757,734)	($10,681,287)	($13,449,136)	($16,054,711)

Total City

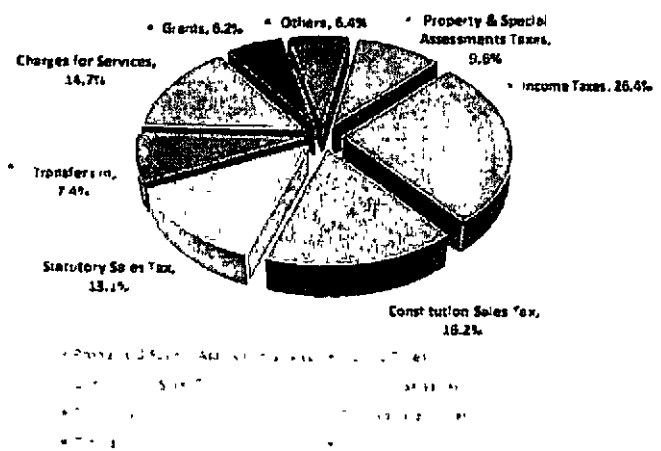
	Budget FY16	Budget FY17	*Projected FY18*	*Projected FY19*	*Projected FY20*
Revenues	$156,188,615	$151,683,676	$150,443,761	$153,518,575	$156,709,600
Expenses	$162,143,580	$162,090,443	$161,723,231	$165,778,646	$169,952,307
Budgeted Use of Fund Balance (net)	($5,954,965)	($10,406,767)	($11,279,470)	($12,260,071)	($13,242,707)

GENERAL FUND

GENERAL FUND
REVENUE PROJECTIONS
FY16-FY17

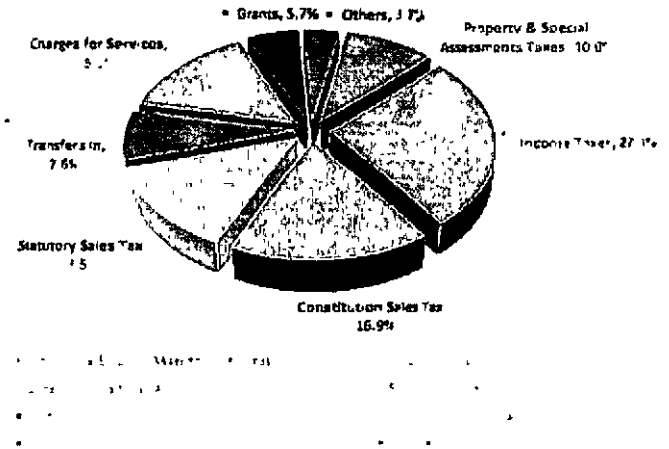
FY16

$51,239,208



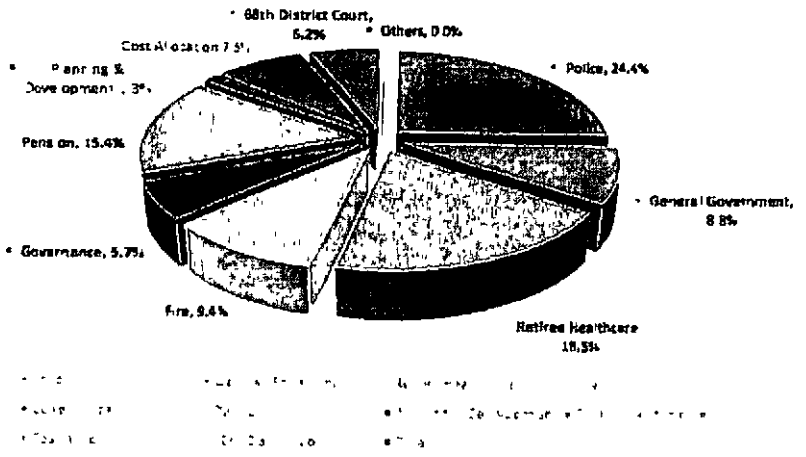
FY17

$50,029,123

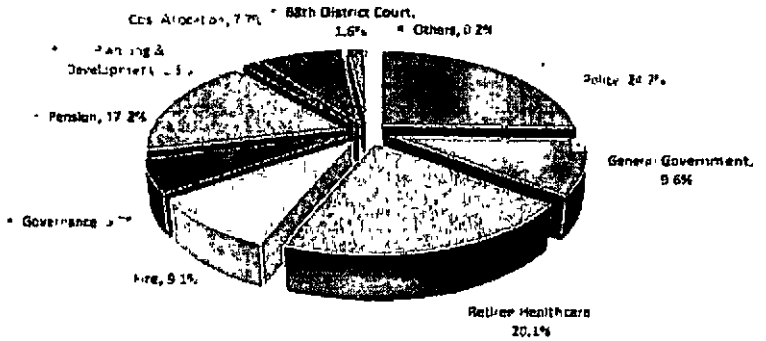


GENERAL FUND
EXPENDITURES
FY16 & FY17

$51 239,208



$50,029 123



GENERAL FUND

		2014-15 PROJECTED	2015-16 AMENDED BUDGET	2016-17 BUDGET
REVENUES:				
Property Taxes		$4,970,000	$4,900,000	$5,000,000
Special assessment taxes		$16,656	$17,000	$17,000
Income taxes		$13,000,000	$13,541,000	$13,700,000
Interest and dividend income		$491,500	$470,000	$606,500
State revenues		$18,663,177	$18,253,013	$18,194,275
Charges for service rendered		$7,585,465	$7,544,967	$7,571,759
Other revenues		$784,593	$704,499	$762,329
Proceeds from sale of capital assets		$500		
Fines and forfeitures		$1,862,745	$1,805,731	$147,000
Transfers in		$3,777,998	$3,777,998	$3,795,260
License and Permits		$1,306,926	$1,225,000	$1,235,000
Drawings from fund balance (deficit elimination/reserve accumulation)		(S1,000,000)	($1,000,000)	($1,000,000)
TOTAL		**$51,459,560**	**$51,239,208**	**$50,029,123**
APPROPRIATIONS:				
City Council		428,051	618,802	587,870
District Court		3,943,646	4,031,207	1,636,547
Charter Commission		$10,000	$48,800	$0
Mayor		$246,491	248,662	265,528
City Administrator		$310,709	$433,812	$444,707
Finance		$1,090,364	$1,254,850	$1,298,621
City Clerk				
	Records and Licensing	445,415	412,972	413,585
	Elections	694,254	668,100	684,622
	Total Clerk	$1,139,669	$1,081,072	$1,098,207
Treasury		$2,757,001	$2,920,053	$3,280,699
Assessing		$1,118,608	$1,293,397	$1,334,847
Law		$980,486	$785,222	$792,148
Human Resources		$598,874	$613,782	$589,481
Police	Administration	1,693,655	1,627,590	1,605,536
	City Lock up	2,298,696	2,835,843	2,764,275
	Records & Identification	1,917,132	2,643,497	2,673,398
	Investigations	3,648,503	3,899,492	4,087,186
	Patrol	3,261,531	4,610,783	4,572,035
	Total Police	$12,819,517	$15,617,205	$15,702,428
Public Safety - 911		$2,489,900	$0	$0
Fire	Administration	$1,567,016	$1,572,005	$1,664,846
	Suppression	$4,002,397	$4,889,051	$4,747,392
	Inspection	$286,596	$296,490	$302,976
	Total Fire	$5,856,009	$6,757,546	$6,715,214
Community Development-Planning &		$798,478	$736,153	$731,628
Facilities Maintenance		$1,384,458	$1,462,452	$1,521,904
Retiree Healthcare		$8,848,724	$9,471,933	$10,074,059
Indirect Cost Allocation		$3,490,810	$3,864,259	$3,864,259
Transfer out to Parks		$99,140	$0	$80,976
Transfer out to Building Safety		$313,561	$0	$0
TOTAL APPROPRIATIONS		**$48,724,505**	**$51,239,208**	**$50,029,123**
NET REVENUES / APPROPRIATIONS		**$2,735,055**	**$0**	**($0)**
BEGINNING FUND BALANCE		($8,961,424)	($6,034,378)	($5,034,378)
ENDING FUND BALANCE		($6,226,369)	($5,034,378)	($4,034,378)

FY16 & FY17 STAFFING

AUTHORIZED POSITION LIST

	FY14 ACTUAL	FY15 ACTUAL	FY16 PROPOSED	FY17 PROPOSED
GOVERNANCE AND ADMINISTRATION				
City Administrator	2	3	2	2
City Council	2	2	3	3
Civil Service Commission	0	0	0	0
Clerk's Office	5	5	5	5
Law Department	8	8	7	7
Mayor's Office	2	3	3	3
Ombudsman's Office	0	0	0	0
	19	21	20	20
PUBLIC SAFETY				
POLICE				
Police Officers	129	100	100	100
Civilians	22	15	16	18
	151	115	116	118
911	23	23	0	0
FIRE	94	75	75	75
DISTRICT COURT	31	32	32	0
	299	245	223	191
DEPARTMENT OF PUBLIC WORKS				
DPW/Transportation Admin. (Incl. Engineering)	4	5	7	7
Facilities Maintenance	2	2	2	2
Streets	16	17	22	22
Traffic Engineering	11	11	11	11
Utilities Admin.	3	3	3	3
Water Pollution Control	38	40	38	38
Water Treatment Plant	23	26	24	24
Water Service Center	63	68	66	66
Parks and Recreation	2	1	0	0
	162	173	173	173
PLANNING AND DEVELOPMENT				
Building & Safety (Incl. Blight)	14	14	13	13
Community Development & Planning	10	12	14	14
	24	26	27	27
FINANCE AND ADMINISTRATION				
Assessing	9	9	9	9
Finance	11	10	10	10
Fleet Services	10	9	9	9
Human Resources	6	7	7	7
Information Technology	7	6	5	5
Treasurer	18	19	19	19
	63	60	59	59
TOTAL	667	625	602	470

CAPITAL IMROVEMENTS

City of Flint
Capital Improvement Fund

IMPROVEMENT	FY 15	STATUS	FY 16	FY 17
Parking Lot Lights	$262,000.00	Completed		
Roof Repair - Main Fire Station	$160,000.00	Scheduled		
City Hall Parking Lot	$100,000.00	Scheduled		
Police Station - Bridge to 5th St.	$30,000.00	Completed		
South Bldg - Bridge to 7th St.	$30,000.00	Completed		
Assessing Renovations	$65,000.00	Completed		
Legal Renovations	$40,000.00	Completed		
Police Station - Climate Controls	$22,000.00	Completed		
Police Station Renovations				
Identification Bureau				
Detective Bureau			$200,000.00	
Juvenile Bureau				
Special Operations				
City Hall Elevators			$150,000.00	
Roof Repair - North Building			$140,000.00	
Fire Station Renovations			$100,000.00	
Council Renovations			$75,000.00	
Customer Service Renovations			$60,000.00	
I.T. Water Leak Repairs			$50,000.00	
Building Façade - City Hall				$400,000.00
Replace Chiller - City Hall				$155,000.00
Council Chamber Renovations				$220,000.00
TOTAL	$709,000.00		$775,000.00	$775,000.00

Utilities Capital Improvement Plan

Capital Improvement / Professional Service		FY 2016	FY 2107	FY 2018
Water Plant				
	Electrical Upgrades	$388,926.00		
	Raw Water Line to Ozone	$636,540.00		
	Alum Feed System	$39,253.00		
	Post Filtration System	$387,289.00		
	Hamilton Dam Sheet Piling	$1,060,900.00		
	SCADA Upgrades	$424,360.00		
	Plant 2 Structural Repairs	$700,000.00		
	Security Camera's	$10,927.00		
	Electrical Upgrades		$400,594.00	
	Yard Valve Replacement 4		$218,102.00	
	Phosphoric Acid feed System		$185,764.00	
	Elevated tank Altitude Valve Rebuild		$54,636.00	
	New Fencing Around Plant		$109,273.00	
	Thread Lake Dam Replacement		$655,700.00	
	Yard Valve Replacement 4			$225,102.00
	Plant Roof Replacements			$562,754.00
	Replace Pump #1 @PS#4 w/VFD			$250,000.00
	Holloway Drum Gate Rehab			$1,125,509.00
	Replace Pump #2 @ PS#3 w/VFD			$250,000.00
Total Budgeted		**$3,648,195.00**	**$1,624,069.00**	**$2,413,365.00**

Capital Improvement / Professional Service		FY 2016	FY 2017	FY 2018
Service Center (Distribution System)				
	Segment 2 of 24" Transmission Main	$2,500,000.00		
	GIS Work (Asset Management)	$500,000.00		
	Water Meter Replacement	$2,500,000.00		
	Segment 3 of 24" Transmission Main		$2,500,000.00	
	GIS Work (Asset Management)		$500,000.00	
	Water Meter Replacement		$2,500,000.00	
	Segment 4 of Transmission Main			$2,500,000.00
	GIS Work (Asset Management)			$500,000.00
Total Budgeted		**$5,500,000.00**	**$5,500,000.00**	**$3,000,000.00**

Utilities Capital Improvement Plan

Capital Improvement / Professional Service	FY 2016	FY 2017	FY 2018
Pollution Control Plant			
Replace (4) Final Tanks	$400,000.00		
Final Tank Installation	$300,000.00		
A-Grit Engineering	$100,000.00		
NWPS / EPS Grinder Building	$50,000.00		
Interior Lighting	$400,000.00		
South Storage Tank Rehabilitation	$150,000.00		
Replace Pump at EPS	$100,000.00		
HVAC Overhaul	$300,000.00		
EPS Switchgear Replacement		$350,000.00	
EPS Switchgear Installation		$75,000.00	
3rd Ave. B-Grit Piping Repair		$300,000.00	
Disinfection Improvements		$150,000.00	
A-Grit Digester Sludge Line Installation		$150,000.00	
A-Grit, B-Grit, Primary Concrete Repairs		$2,000,000.00	
Influent Box Repairs			$300,000.00
Headworks Screening			$1,000,000.00
Blower Replacement			$2,500,000.00
Total Budgeted	**$1,800,000.00**	**$3,025,000.00**	**$3,800,000.00**

Capital Improvement / Professional Service	FY 2016	FY 2017	FY 2018
Service Center (Sewer System)			
Sewer Relining	$700,000.00		
NW Sanitary Intercept	$500,000.00		
Sanitary Root Control	$350,000.00		
Sewer Relining		$1,200,000.00	
Sanitary Root Control		$250,000.00	
Sewer Relining			$1,200,000.00
Sanitary Root Control			$250,000.00
Total Budgeted	**$1,550,000.00**	**$1,450,000.00**	**$1,450,000.00**

Total 3 yr CIP Budget	**$12,498,195.00**	**$11,599,069.00**	**$10,663,365.00**

Park Capital Improvements

Parks and Recreation Department currently has a number of active improvement projects, including $1.8million in State grants for capital investment and acquisition.

- Genesee Valley Trail $730,000: The City was awarded an MDOT grant to create to extend the Genesee Valley Trail from the Flint Township border to Chevrolet Avenue. Construction is projected to be complete by the fall of 2016.
- Grand Traverse Greenway $500,000: The City is working on acquiring former CSX rail line for the eventual construction of a multi-use trail. Parks and Recreation is currently seeking an MDOT Administrative Settlement to close the $95,000 gap in funding.
- River Bank Park Improvements $400,000: The City was awarded a DNR grant to create an ADA accessible ramp to the amphitheater and stage in River Bank as well as the creation of a canoe launch on the Flint River. Construction is projected to be complete by the fall of 2016.
- McKinley Park Improvements $300,000: The City was awarded a DNR grant for improvements to the pavilion, playscape, walking paths, and canoe launch. Construction is projected to be complete in the spring of 2016.
- Max Brandon Park $75,000: The City was awarded a Ruth Mott Foundation grant for park and wet land improvements as well as public environmental education programs. Improvements are projected to be complete in the fall of 2016.
- Brennan Park $80,000: The City has a combined $80,000 project, which includes a $50,000 grant from the Ruth Mott Foundation for new playscape equipment, park benches, and adult fitness equipment.
- Park Tenders $56,000: Keep Genesee County Beautiful will be making approximately $56,000 in improvements and repairs in 4 City parks this summer.
- Berston Field House $22,000: The City has dedicated CDBG funding for energy efficiency and capital improvements to the 100 year old community center.
- Haskell Center $14,000: The City has dedicated CDBG funding for improvements to the soccer and lacrosse fields at the community center.

City of Flint Transportation - Scheduled Capital Improvement Plan			
IMPROVEMENT	**FY 15**	**FY 16**	**FY 17**
Hamilton St. (1st - 2nd)	$119,000.00		
Dupont St. (Stewart - Carpenter)	$1,642,144.00		
Stewart St. (Category A)	$2,311,068.00		
Harrison St. Enhancement	$310,000.00		
Fenton Rd. (Hemphill - I-69)	$250,000.00		
Torry Rd. (12th St. / Carmen Creek)		$80,000.00	
Atherton Rd. / Carmen Creek		$100,000.00	
Kearsley St. (Chevy - Beach)		$370,000.00	
Saginaw St. Bridge Maint (south Approach)		$180,000.00	
Overall Bridge Maintenance (Master Plan Related)		$150,000.00	
S. Saginaw St. Road Diet		$85,000.00	
Leith St.		$120,000.00	
12th Street Pedestrian Bridge			$150,000.00
Bridge Maintenance (master Plan Related)			$100,000.00
TOTAL	**$4,632,212.00**	**$1,085,000.00**	**$250,000.00**

RESERVE ANALYSIS

General, Special Revenue and Enterprise Funds Projection FY16-FY20

Policy Overview
Reserve Requirements by Fund

Projections by Fund:

Funds Supported by General Tax Dollars or Millages:
General Fund
Police/Fire Millage
Neighborhood Police Millage
Parks
Public Improvement

Funds Supported by Dedicated Funds, Fees, or Assessments:
Major Streets
Local Streets
Street Light Assessment
Waste Collection
Drug Forfeiture
Building Safety

Enterprise Funds:
Sewer
Water

(Special Revenue Grant Funds not included)

Reserve Policy by Fund

Sustainable financial solvency requires that the City have the ability to address unexpected events affecting revenues and/or expenses in a manner which avoids immediate crisis oriented responses. One means of accomplishing this is to maintain adequate financial reserves which will enable the City, should it be faced with sudden unexpected and unavoidable revenue decreases or expenditure increases in the course of a fiscal year, to immediately address most such issues without requiring immediate decisions which seriously disrupt the provision of city services by providing access to a financial resource for a short time. This will allow the City to provide a more well thought out and considered response to the financial impact, preferably in the context of the annual planning and budget review process. Such reserves also have an impact on the City's ability to borrow funds if necessary, by assuring that the City has such capability.

Unexpected events can be such items as: unexpectedly high property tax chargebacks from the county; unanticipated decline in income tax revenues; reduction in constitutional revenue sharing payments; unexpected decrease in water and sewer revenues; unexpected number of water main breaks, road and sidewalk repairs; major equipment failure; unexpected need for major building repairs.

Consequently, reserve requirements are established for funds as shown on the following pages.

Reserve requirements for funds of the City of Flint

Funds supported by General Taxes and/or millages		Reserve requirement
101	General Fund	15% of the current years adopted amount of General Fund revenues, of which any amount above 5% shall be transferred to the Budget Stabilization Fund
205	Police/Fire Millage	10% of the current years adopted revenue for the fund
207	Neighborhood Police Millage	10% of the current years adopted revenue for the fund
208	Parks	10% of the current years adopted revenue for the fund
402	Public Improvement	One years annual debt service for all debts budgeted to be paid from the fund plus $800,000
Funds supported by Dedicated Funds, Fees or Assessments		
202	Major Streets	15% of the current years adopted amount of Act 51 revenues for Major Streets plus one years annual debt service
203	Local Streets	15% of the current years adopted amount of Act 51 revenues for Local streets plus one years annual debt service
219	Street Light Assessment	15% of the current years adopted revenue for the fund
226	Waste Collection	15% of the current years adopted revenue for the fund
265	Drug Forfeiture	100% of the annual budgeted expense from the fund
542	Building Safety	15% of the current years adopted revenue for the fund
Enterprise Funds		
590	Sewer Fund	25% of the current years adopted budget for operating expenses plus one years annual debt service for any debt paid for from the fund
591	Water Fund	25% of the current years adopted budget for operating expenses plus one years annual debt service for any debt paid for from the fund.
Special Revenue Grant Funds		
Special Revenue Grant Funds 274,298,297 in which revenues and expenses are to be self supporting, do not have reserve policy requirement		

Projection Summary

Purpose: The purpose of a projection summary is to illustrate the degree to which current revenue and expense trends will affect the City's financial position, if left unaddressed. The amount of unreserved fund balances at the end of each year are compared to the amount established as necessary in the fund, according to the City's reserve policies.

Comments and observations: While a substantial number of the funds are in compliance for FY16, several funds will drop out of compliance in FY17 and nearly all funds will be out of compliance by FY19, if actions are not taken annually to address the excess of expenses over revenues, which is systematic of the City's structural deficit. Solvency of the water fund for all years is a clear concern, and while the anticipated loan to finance the GF accumulated deficit will eliminate its deficit, the fund still does not reach the desired level of reserves by FY20. In addition to concerns about the solvency of the water fund without more than a 3% rate increase in FY17, the status of the Police and Fire Millage Fund will be the most challenging to address. While the utilization of millage proceeds over the past few years and into FY16 and FY17 have enabled a continuation of current staffing levels through FY17, the fund will have a $3.3 milllion deficit which will have to be addressed through additional sources of revenue (such as a SAFER grant) or reductions in staffing in FY18. Balancing other funds can likely be achieved by reducing proposed expenditures, such as road repair projects, but it will impact the already low level of maintenance. In short, maintaining the City on a path to sustainable financial solvency will require constant attention to the City's financial status, and difficult decisions every year. Without an additional sustainable revenue stream, the City will lbe challenged just to maintain its current low level of services, let alone increasing services.

Compliance Summary

In Compliance with policy	
Not in Compliance with policy	N

Fund	Tentative FY16	Tentative FY17	Projected FY18	Projected FY19	Projected FY20
General Fund	N	N	N	N	N
Police and Fire Millage		N	N	N	N
Neighborhood Police				N	N
Parks	N	N	N	N	N
Public Improvement					
Major Streets		N	N	N	N
Local Streets		N	N	N	N
Street Lighting Assessment				N	N
Waste Collection				N	N
Drug Forfeiture				N	N
Building Safety			N	N	N
Sewer					
Water	N	N	N	N	N

PENSION & RETIREE HEALTHCARE BY FUND

PENSION & RETIREE HEALTHCARE COSTS BY FUND

FY16 & FY 17 Budges; FY18, FY19, and FY20 PROJECTIONS

ACCOUNT	DESCRIPTION		Current FY15	Budget FY16	Budget FY17	Projected FY18	Projected FY19	Projected FY20
General fund		101						
	Employer Pension DB Plan		7,934,079	7,498,788	8,277,546	8,608,648	8,952,994	9,311,114
	Employer Pension DC Plan		191,473	412,650	325,075	338,078	351,601	365,665
	Total Pension		8,125,552	7,911,438	8,602,621	8,946,725	9,304,594	9,676,778
	Retiree Healthcare Benefit		8,848,724	9,471,933	10,074,059	10,577,762	11,106,650	11,661,982
	Other Expenses		31,813,250	33,855,837	31,352,444	32,104,902	32,875,420	33,664,430
	Total Expenses		48,787,526	51,239,208	50,029,123	51,629,389	53,286,664	55,003,191
	Retiree Healthcare as % of Total Expenses		18%	18%	20%	20%	21%	21%
	Pension as % of Total Expenses		17%	15%	17%	17%	17%	18%
Major Streets		202						
	Employer Pension DB Plan		579,106	653,070	735,613	765,038	795,639	827,465
	Employer Pension DC Plan		10,143	35,176	39,307	40,879	42,514	44,215
	Total Pension		589,249	688,246	774,920	805,916	838,153	871,679
	Retiree Healthcare Benefit		748,779	907,711	927,453	973,826	1,022,517	1,073,643
	Other Expenses		6,710,294	7,026,757	6,663,391	6,823,313	6,987,072	7,154,762
	Total Expenses		8,048,322	8,622,714	8,365,764	8,603,055	8,847,742	9,100,084
	Retiree Healthcare as % of Total Expenses		9%	11%	11%	11%	12%	12%
	Pension as % of Total Expenses		7%	8%	9%	9%	9%	10%
Local Streets		203						
	Employer Pension DB Plan		335,271	452,565	509,767	530,158	551,364	573,419
	Employer Pension DC Plan		5,606	21,821	26,488	27,548	28,649	29,795
	Total Pension		340,877	474,386	536,255	557,705	580,013	603,214
	Retiree Healthcare Benefit		126,174	172,593	319,811	335,802	352,592	370,221
	Other Expenses		2,365,722	2,990,778	2,934,986	3,005,426	3,077,556	3,151,417
	Total Expenses		2,832,773	3,637,757	3,791,052	3,898,932	4,010,161	4,124,852
	Retiree Healthcare as % of Total Expenses		4%	5%	8%	9%	9%	9%
	Pension as % of Total Expenses		12%	13%	14%	14%	14%	15%
Police & Fire Millage		205						
	Employer Pension DB Plan		2,145,447	2,188,694	2,552,234	2,654,323	2,760,496	2,870,916
	Employer Pension DC Plan		0	47,522	51,506	53,566	55,709	57,937
	Total Pension		2,145,447	2,236,216	2,603,740	2,707,890	2,816,205	2,928,853
	Retiree Healthcare Benefit		0	0	0	0	0	0
	Other Expenses		4,212,827	3,945,732	4,262,362	4,364,659	4,469,410	4,576,676
	Total Expenses		6,358,274	6,181,948	6,866,102	7,072,548	7,285,616	7,505,530
	Retiree Healthcare as % of Total Expenses		0%	0%	0%	0%	0%	0%
	Pension as % of Total Expenses		34%	36%	38%	38%	39%	39%

ACCOUNT	DESCRIPTION		Current FY15	Budget FY16	Budget FY17	Projected FY18	Projected FY19	Projected FY20
Neighborhood Police Millage		207						
	Employer Pension DB Plan		285,871	338,616	332,987	346,306	360,159	374,565
	Employer Pension DC Plan		0	10,221	10,665	11,092	11,535	11,997
	Total Pension		285,871	348,837	343,652	357,398	371,694	386,562
	Retiree Healthcare Benefit		0	0	0	0		0
	Other Expenses		863,421	975,107	921,101	943,207	965,844	989,025
	Total Expenses		1,149,292	1,323,944	1,264,753	1,300,606	1,337,538	1,375,586
	Retiree Healthcare as % of Total Expenses		0%	0%	0%	0%	0%	0%
	Pension as % of Total Expenses		25%	26%	27%	27%	28%	28%
Parks Millage		208						
	Employer Pension DB Plan		44,195	4,774	5,377	5,592	5,816	6,048
	Employer Pension DC Plan		1,243	3,501	3,569	3,711	3,860	4,014
	Total Pension		45,438	8,275	8,946	9,303	9,676	10,063
	Retiree Healthcare Benefit		0	0	0	0	0	0
	Other Expenses		468,506	398,696	404,324	414,028	423,964	434,139
	Total Expenses		513,944	406,971	413,269	423,331	433,640	444,202
	Retiree Healthcare as % of Total Expenses		0%	0%	0%	0%	0%	0%
	Pension as % of Total Expenses		9%	2%	2%	2%	2%	2%
Lighting Special Assessment		219						
	Employer Pension DB Plan		3,500	2,387	2,689	2,797	2,908	3,025
	Employer Pension DC Plan		345	1,657	1,710	1,778	1,850	1,924
	Total Pension		3,845	4,044	4,399	4,575	4,758	4,948
	Retiree Healthcare Benefit		0	0	0	0	0	0
	Other Expenses		2,550,560	2,820,159	2,821,077	2,888,783	2,958,114	3,029,108
	Total Expenses		2,554,405	2,824,203	2,825,476	2,893,358	2,962,872	3,034,057
	Retiree Healthcare as % of Total Expenses		0%	0%	0%	0%	0%	0%
	Pension as % of Total Expenses		0%	0%	0%	0%	0%	0%
Waste collection		226						
	Employer Pension DB Plan		9,145	16,231	18,283	19,014	19,775	20,566
	Employer Pension DC Plan		0	476	476	495	515	535
	Total Pension		9,145	16,707	18,759	19,509	20,290	21,101
	Retiree Healthcare Benefit		- 0	0	0	0	0	0
	Other Expenses		4,665,073	4,812,795	4,911,740	5,029,622	5,150,333	5,273,941
	Total Expenses		4,674,218	4,829,502	4,930,499	5,049,131	5,170,622	5,295,042
	Retiree Healthcare as % of Total Expenses		0%	0%	0%	0%	0%	0%
	Pension as % of Total Expenses		0%	0%	0%	0%	0%	0%
Drug forfeiture		265						
	Employer Pension DB Plan		79,408	0	0	0	0	0
	Retiree Healthcare Benefit		0	0	0	0	0	0
	Other Expenses		34,388	172,174	172,174	176,306	180,538	184,870
	Total Expenses		113,796	172,174	172,174	176,306	180,538	184,870
	Retiree Healthcare as % of Total Expenses		0%	0%	0%	0%	0%	0%
	Pension as % of Total Expenses		70%	0%	0%	0%	0%	0%

ACCOUNT	DESCRIPTION		Current FY15	Budget FY16	Budget FY17	Projected FY18	Projected FY19	Projected FY20
HUD Grants CDBG, ESG & HOME		274						
	Employer Pension DB Plan		402,303	290,188	326,868	339,943	353,540	367,682
	Employer Pension DC Plan		17,611	26,260	26,839	27,913	29,029	30,190
	Total Pension		419,914	316,448	353,707	367,855	382,569	397,872
	Retiree Healthcare Benefit		0	0	0	0	0	0
	Other Expenses		716,169	3,961,177	3,906,945	4,000,712	4,096,729	4,195,050
	Total Expenses		1,136,083	4,277,625	4,260,652	4,368,567	4,479,298	4,592,923
	Retiree Healthcare as % of Total Expenses		0%	0%	0%	0%	0%	0%
	Pension as % of Total Expenses		37%	7%	8%	8%	9%	9%
Other Grants		296						
	Employer Pension DB Plan		115,781	4,159	0	0	0	0
	Employer Pension DC Plan		2,643	0	0	0	0	0
	Total Pension		118,424	4,159	0	0	0	0
	Retiree Healthcare Benefit		0	0	0	0	0	0
	Other Expenses		2,192,553	5,499,840	47,248	48,382	49,543	50,732
	Total Expenses		2,310,977	5,503,999	47,248	48,382	49,543	50,732
	Retiree Healthcare as % of Total Expenses		0	0	0	0	0	0
	Pension as % of Total Expenses		5%	0%	0%	0%	0%	0%
Public Improvement		402						
	Employer Pension DB Plan		0	0	0	0	0	0
	Employer Pension DC Plan		0	0	0	0	0	0
	Total Pension		0	0	0	0	0	0
	Retiree Healthcare Benefit		0	0	0	0	0	0
	Other Expenses		2,045,644	2,828,967	2,831,429	2,899,383	2,968,968	3,040,224
	Total Expenses		2,045,644	2,828,967	2,831,429	2,899,383	2,968,968	3,040,224
	Retiree Healthcare as % of Total Expenses		0%	0%	0%	0%	0%	0%
	Pension as % of Total Expenses		0%	0%	0%	0%	0%	0%
Building Safety Fund		542						
	Employer Pension DB Plan		335,272	183,795	207,026	215,307	223,919	232,876
	Employer Pension DC Plan		7,100	23,414	23,716	24,665	25,651	26,677
	Total Pension		342,372	207,209	230,742	239,972	249,571	259,553
	Retiree Healthcare Benefit		259,037	338,299	287,830	302,222	317,333	333,199
	Other Expenses		1,485,924	1,421,208	1,435,924	1,470,386	1,505,675	1,541,812
	Total Expenses		2,087,333	1,966,716	1,954,496	2,012,579	2,072,579	2,134,564
	Retiree Healthcare as % of Total Expenses		12%	17%	15%	15%	15%	16%
	Pension as % of Total Expenses		16%	11%	12%	12%	12%	12%
TOTAL General City								
	Total Pension		12,505,542	12,215,964	13,477,740	14,016,849	14,577,523	15,160,624
	Retiree Healthcare Benefit		9,982,714	10,890,536	11,609,153	12,189,611	12,799,091	13,439,046
	Other Expenses		60,124,330	70,709,227	62,665,145	64,169,108	65,709,167	67,286,187
	Total Expenses		82,612,586	93,815,727	87,752,038	90,375,568	93,085,781	95,885,857
	Retiree Healthcare as % of Total Expenses		12%	12%	13%	13%	14%	14%
	Pension as % of Total Expenses		15%	13%	15%	16%	16%	16%

ACCOUNT	DESCRIPTION		Current FY15	Budget FY16	Budget FY17	Projected FY18	Projected FY19	Projected FY20
Sewer fund		590						
	Employer Pension DB Plan		2,217,366	2,225,836	2,507,170	2,607,457	2,711,755	2,820,225
	Employer Pension DC Plan		34,065	121,134	115,357	119,971	124,770	129,761
	Total Pension		2,251,431	2,346,970	2,622,527	2,727,428	2,836,525	2,949,986
	Retiree Healthcare Benefit		1,679,605	2,103,507	2,126,746	2,233,083	2,344,737	2,461,974
	Other Expenses		26,773,588	27,887,291	29,019,853	29,716,329	30,429,521	31,159,830
	Total Expenses		30,704,624	32,337,768	33,769,126	34,676,841	35,610,784	36,571,790
	Retiree Healthcare as % of Total Expenses		5%	7%	6%	6%	7%	7%
	Pension as % of Total Expenses		7%	7%	8%	8%	8%	8%
Water fund		591						
	Employer Pension DB Plan		1,874,679	1,509,751	1,708,576	1,776,919	1,847,996	1,921,916
	Employer Pension DC Plan		72,149	130,063	130,208	135,416	140,833	146,466
	Total Pension		1,946,828	1,639,814	1,838,784	1,912,335	1,988,829	2,068,382
	Retiree Healthcare Benefit		2,100,938	2,546,991	2,254,670	2,367,404	2,485,774	2,610,062
	Other Expenses		29,629,215	31,803,282	36,475,827	37,351,247	38,247,677	39,165,621
	Total Expenses		33,676,981	35,990,087	40,569,281	41,630,986	42,722,279	43,844,065
	Retiree Healthcare as % of Total Expenses		6%	7%	6%	6%	6%	6%
	Pension as % of Total Expenses		6%	5%	5%	5%	5%	5%
Water and Sewer								
	Total Pension		4,198,259	3,986,784	4,461,311	4,639,763	4,825,354	5,018,368
	Retiree Healthcare Benefit		3,780,543	4,650,498	4,381,416	4,600,487	4,830,511	5,072,037
	Other Expenses		56,402,802	59,690,573	65,495,680	67,067,576	68,677,198	70,325,451
	Total Expenses		64,381,605	68,327,855	74,338,407	76,307,827	78,333,063	80,415,856
	Retiree Healthcare as % of Total Expenses		6%	7%	6%	6%	6%	6%
	Pension as % of Total Expenses		7%	6%	6%	6%	6%	6%
Total City								
	Total Pension		16,703,801	16,202,748	17,939,051	18,656,613	19,402,877	20,178,993
	Retiree Healthcare Benefit		13,763,257	15,541,034	15,990,569	16,790,097	17,629,602	18,511,082
	Other Expenses		116,527,133	130,399,800	128,160,825	131,236,685	134,386,365	137,611,638
	Total Expenses		146,994,191	162,143,582	162,090,445	166,683,395	171,418,845	176,301,713
	Retiree Healthcare as % of Total Expenses		9%	10%	10%	10%	10%	10%
	Pension as % of Total Expenses		11%	10%	11%	11%	11%	11%

MASTER FEE SCHEDULE

Division	CCO Ref	Service Name / Fee Type	Fee
TRANSPORTATION, DEVELOPMENT, and ZONING DEPARTMENT			
Electrical	26-5	Registration Fee. Electrical Contractor	$ 30.00
Plumbing	26-5	Registration Fee. Plumbing Contractor	$ 15.00
Mechanical	26-5	Registration Fee: Mechanical Contractor	$ 15.00
Engineering	26-5	Photocopies:	
		Letter/Legal	$ 1.00
		Ledger	$ 2.00
		Blueprints:	
		12" x 24"	$ 2.00
		18" x 36"	$ 4.00
		24" x 36"	$ 6.00
		Large (per sq. ft.)	$ 1.00
Permit Fees	26-5	Garbage Receptacles: Large Moveable	$ 45.00
Permit Fees-Building: New Construction, Alterations, Renovations, Remodeling (based on cost of same)	26-5	Cost of Project:	Minimum $140.00 per inspection
		Up to $2,000	$ 140.00
		$2,001 - $50,000	$ 140.00
		Plus, per $1,000 or part thereof over $2,000	$ 20.00
		$50,001 - $500,000	$ 1,100.00
		Plus, per $1,000 or part thereof over $50,000	$ 15.00
		$500,001 - $1,000,000	$ 7,850.00
		Plus, per $1,000 or part thereof over $500,000	$ 10.00
		$1,000,001 and over	$ 12,850.00
		Plus, per $1,000 or part thereof over $1,000,000	$ 7.00
		Re-inspection, if necessary	$ 140.00
Permit Fees-Fence	26-5	<$1,000 in cost, requiring only one inspection	$140.00 (All fence permits requiring 1 inspection)
		>$1,000 in cost, same as for new construction Plus, per $1,000 or part thereof over $2,000	
Permit Fees-Signs	26-5	All Types: $1.00 to $2,000	$ 140.00
		$2,001 to $50,000	$ 140.00
		Plus, per $500 over $2,000	$ 27.00
		$50,001 and over	$ 1,823.00
		Plus, per $500 over $50,001	$ 12.00
		Trailers or Temporary Signs: Over 6 square feet in area, per move or relocation between site.	$ 155.00
Permit Fees-Signs (cont'd)	26.5	Signs erected over public property, additional fee per square foot of area (one side)	$ 18.00
		Signs, Types 3 & 4 on public property (excluding charitable purposes):	
		Annual Privilege Fee	$ 225.00
		Plus, per square foot of area	$ 1.00
Permit Fees-Reroofing or Residing	26-5	Value <$5,000 requiring one inspection	$ 140.00
		Value >$5,000, same as new construction	$ 140.00
		Plus, per $1,000 or part thereof over $2,000	$ 27.00
		Removal of Aluminum Siding	$ 140.00

Division	CCO Ref	Service Name / Fee Type	Fee
Permit Fees-Certificate of Use & Occupancy	26-5	Issued w/Building Permit for:	
		Change in Use	$ 140.00
		Same or Existing Prior Use	$ 140.00
Permit Fees-Inspections	26-5	Fee per Hour (special requests & survey inspections, during regular working hours.)	$ 200.00
Permit Fees-Demolition or Moving	26-5	Minimum Fee	$ 140.00
		Plus, per 1,000 cubic of structure	$ 9.00
		Special services or procedures-fee established by building official.	
		Residential Garages	$ 140.00
Permit Fees-Miscellaneous	26-5	Temporary structures, per 6 months	$ 270.00
Permit Fees-Parking Lot & Driveway Construction (all types)	26-5	1,000 square feet and over: Same Fee as for New Construction	same as new
Permit Fees-Swimming Pools	26-5	Same Fee as for New Construction	same as new
Permit Fees-Tank Removal	26-5	Above Ground & Underground Storage Tanks	$ 140.00
Permit Fees-Trades	26-5	Hourly Rate for Technical Trades	$ 200.00
Permit Fees-Appeals	26-5	Building Code Board of Appeals	$ 350.00
Permit Fees-Plan Examination (based on cost of project)	26-5	$0 - $50,000	$ 330.00
		$50,001 - $500,00	$ 336.00
		Plus, per $1,000 or part thereof over $50,000	$ 9.00
		Over $500,000	$ 4,386.00
		Plus, per $1,000 or part thereof over $500,000	$ 2.00
		Plan examination, mechanical, plumbing, electrical or site work only, per hour	$ 200.00
		Simple alteration and additions, per hour	$ 200.00
		Plan examination done by outside agency, City Administrative Charge	N/A
Permit Fees-Refund Policy	26-5	Administrative Fee for all cancelled or transferred permits	$ 75.00
		Additional work already performed, per hour.	$ 200.00
Permit Fees-Re-Submissions	1/1/1993	Construction Projects/Approval of pre-manufactured units, per hour (1 hour minimum)	same as new
Permit Fees-Penalties	26-5	(for work begun prior to obtaining proper permit)	
		Up to $5,000	$ 412.00
		Over $5,000	$ 825.00
Permit Fees-Rentals	26-5	Rental License & Registration Fee (one-time)	$ 112.00
		Inspection Fee (compliance w/IPMC) (tri-annual)	
		Multi-Family Dwellings:	
		Base Fee	$ 105.00
		Per Building (after one)	$ 38.00
		Per Unit (after one, less than 5)	$ 80.00
		Per Unit (five through fifty)	$ 75.00
		Per Unit (51 & over)	$ 45.00
		Single Family Dwellings	$ 225.00
		Two-Family Dwellings	$ 300.00

Division	CCO Ref	Service Name / Fee Type	Fee
Permit Fees-Rentals (cont'd)	26-5	Inspection Fee (compliance w/IPMC) (additional inspections after two or complaint inspection)	$ 120.00
	26-5	Penalty fees for non-registration and inspection:	
		1 & 2 Family	$ 450.00
		3-10 Units	$ 600.00
		Over 10 Units	$ 1,000.00
Permit Fees-Basic Building Code	26-5	Disconnect sanitary sewer service line & water service line	
		Water svc line 2" or less in diameter	$ 168.00
		Water svc line >2" in diameter	$ 720.00
		Sanitary sewer svc line 12" or less in diam.	$ 168.00
		Sanitary sewer svc line >12" in diam.	$ 720.00
Permit Fees-Mechanical Fees	26-5	Minimum Fee	$ 140 per inspection
		Permit Base Fee	$ 75.00
		Water Heaters	$ 15.00
Permit Fees-Mechanical: Heating Equipment	26-5	Furnaces & Boilers	$ 60.00
		Central Air Conditioning & Heat Pump	$ 57.00
		Duct System/Hydronic Piping	$ 57.00
		Power Exhaust/Plus Base Fee	$ 14.00
		Exhaust Fan (for Bathroom & Kitchen Hoods)	$ 14.00
		Flue Damper/Vent Damper Plus Base Fee	$ 14.00
		Humidifiers/Plus Base Fee	$ 14.00
		Electronic Air Cleaner/Plus Base Fee	$ 14.00
		Condensate Pumps/Plus Base Fee	$ 14.00
		Gas Piping, New Installation, Each Outlet	$ 14.00
		Chimney	$ 39.00
Permit Fees-Mechanical: Solid Fuel	26-5	Complete Wood Stoves, Fireplace Inserts, Add-on Furnaces	$ 52.00
Permit Fees-Mechanical: Solar Equipment	26-5	Solar Equipment System	$ 57.00
		Additional Panels	$ 14.00
		Solar Domestic Hot Water System	$ 57.00
		Additional Panels	$ 14.00
Permit Fees- LPC & Fuel Oil Tanks	26-5	LPC & Fuel Oil Tanks, Piping Fee Included	$ 39.00
Permit Fees-Engineering	26-5	Sidewalk and Approach Permit	$ 42.00
		Excavation Permit	$ 26.00
		Curb Cut Permit / LFT	$ 13.00
		Storm Sewer Tap Inspection (2)	$ 236.00
		Sanitary Wye Connection	$ 482.00
		Grade Stakes	Time and Material
		Pavement Break. (Per Sq. Ft. Area) Add additional $100.00 for Major Roads	
		0-16	$ 828.00
		17-49	$ 1,243.00
		50-81	$ 1,858.00
		82-100	$ 2,208.00
		101-144	$ 2,611.00
		145 and over	$ 3,038.00

Division	CCO Ref	Service Name / Fee Type	Fee
Mechanical Fees-Incinerators	26-5	Incinerators	$ 57.00
Mechanical Fees-Inspections	26-5	Hourly Rate	$ 200.00
Mechanical Fees-Re-Inspections	26-5	Re-Inspections or Final Inspection	$ 140.00
Mechanical Fees-Special Inspection	26-5	Special Inspection Pertaining to Sale of Bldg	$ 200.00
Mechanical Fees-Insurance	26-5	Insurance Inspections	$ 200.00
Mechanical Fees-Overtime	26-5	*Overtime Inspection: 1st hour*	$ 300.00
		Overtime Inspection: each additional hour	$ 150.00
Mechanical Fees-Equipment	26-5	Inspected equipment...supplemental permit...minimum	$ 140.00
Mechanical Fees-Refunds	26-5	Refunds/Transfers	$ 75.00
Mechanical Fees-Refrigeration	26-5	Evaporator Coils under 5 h.p. (per cooler unit)	$ 60.00
		Evaporator Coils 5 h p. & over (per cooler unit)	$ 84.00
Mechanical Fees-*Compressor*	26-5	15 h.p. to 50 h.p. (each compressor)	$ 84.00
		Over 50 h.p. (each compressor)	$ 114.00
Mechanical Fees-Chillers	26-5	Each Chiller	$ 193.00
Mechanical Fees-Cooling Towers	26-5	Each Cooling Tower	$ 110.00
Mechanical Fees-Duct *System/Piping*	26-5	Duct System/Hydronic Piping, Gaseous Hydrogen, Fire Suppression/Protection System:	
		Under $3,000	$ 60.00
		$3,000 - $7,999	$ 93.00
		$8,000 - $10,999	$ 130.00
		$11,000 - $15,000	$ 151.00
		Each additional $3,000 over $15,000	$ 25.00
Mechanical Fees-Ventilation/Exhaust	26-5	Fans under 1,500 cfm	$ 14.00
		1,500 cfm to 10,000 cfm	$ 60.00
		Over 10,000 cfm	$ 114.00
Mechanical Fees-Heat Recovery	26-5	Heat Recovery & Wall Fan Coils	$ 22.00

Division	CCO Ref	Service Name / Fee Type	Fee
Mechanical Fees-Commercial Range	26-5	Commercial Range Hoods	$ 57.00
Mechanical Fees-Other Hoods	26-5	Other Specified Hoods	$ 51.00
Mechanical Fees-Barbecues	26-5	Commercial Barbecues	$ 60.00
Mechanical Fees-Exhaust	26-5	Power Exhaust/Plus Base Fee	$ 14.00
Mechanical Fees-Exhaust Fan	26-5	Exhaust Fan (for Bathroom)	$ 14.00
Mechanical Fees-Flue/Vent Damper	26-5	Flue Damper/Vent Damper Plus Base Fee	$ 14.00
Mechanical Fees-Humidifier	26-5	Humidifiers/Plus Base Fee	$ 14.00
Mechanical Fees-Air Cleaners	26-5	Electronic Air Cleaner/Plus Base Fee	$ 14.00
Mechanical Fees-Condensate Pump	26-5	Condensate Pumps/Plus Base Fee	$ 14.00
Mechanical Fees-Gas Piping	26-5	New Installation, each outlet	$ 14.00
Mechanical Fees-Chimney	26-5	Chimney, Includes Breaching	$ 39.00
Plumbing Fees-Minimum	26-5	Minimum Fee	$ 140 per inspection
		Permit Base Fee	$ 75.00
		Water Heaters	$ 16.00
		Fixtures, each	$ 19.00
		Stacks, Vents	$ 28.00
		Reduced pressure zone backflow preventor (ea)	$ 19.00

Division	CCO Ref	Service Name / Fee Type	Fee
Plumbing Fees-Water Distribution System	26-5	Distance from meter:	
		<1 inch	$ 54.00
		1 inch	$ 84.00
		2 inches	$ 126.00
		3 inches	$ 168.00
		4 inches	$ 213.00
		>4 inches	$ 273.00
Plumbing Fees-Sewer (Sanitary & Storm)	26-5	Up to 150 ft lines	
		6 inches or less	$ 140.00
		8 inches	$ 166.00
		10 inches	$ 180.00
		12 inches	$ 200.00
		14 inches	$ 208.00
		16 inches	$ 217.00
		18 inches	$ 237.00
		Over 18 inches	$ 247.00
		Per foot over 150 feet	$ 1.00
Plumbing Fees-Sump Line	26-5	Sump line is special rate	$ 140.00
Plumbing Fees-Residential Sewer	26-5	Residential sewer, repair only, no base fee	$ 140.00
Plumbing Fees-Manhole	26-5	Manhole & Catch Basins	$ 43.00
Plumbing Fees-Sewage Sumps	26-5	Sewage Sumps, Ejections	$ 20.00
Plumbing Fees-Connections	26-5	Connection of building drains to building sewer	$ 24.00
Plumbing Fees-Heat Recliner	26-5	For industrial/commercial water heater, no base fee	$ 140.00
Plumbing Fees-Lawn Sprinkler	26-5	Lawn Sprinkler System, no base fee	$ 140.00
Plumbing Fees-Water Softener	26-5	Water Softener & Water Conditioner, no base fee	$ 140.00
Plumbing Fees	26-5	Medical Gas	$75 plus $7.50 per connection
Plumbing Fees-Inspection	26-5	Hourly Rate	$ 200.00
Plumbing Fees-Re-Inspection	26-5	Re-Inspections or Final Inspection	$ 140.00

Division	CCO Ref	Service Name / Fee Type	Fee
Plumbing Fees-Special Inspection	26-5	Special Inspection Pertaining to Sale of Bldg	$ 200.00
Plumbing Fees-Insurance	26-5	Insurance Inspections	$ 200.00
Plumbing Fees-Overtime	26-5	Overtime Inspection, 1st hour	$ 300.00
		Overtime Inspection: each additional hour	$ 150.00
Plumbing Fees-Equipment	26-5	Supplemental Permit, minimum	$ 140.00
Plumbing Fees-Refund	26-5	Refunds/Transfers	$ 75.00
Electrical Fees	26-5	Residential/Commercial.	
		Minimum Fee	$ 140 per inspection
		Permit Base Fee	
Electrical-Circuits	26-5	First & Second (each)	$ 15.00
		Third & Over (each)	$ 12.00
Electrical-Service/Power	26-5	Service for Light, Heat or Power:	
		Up to 100 amp switch	$ 22.00
		Over 100 to 200 amp switch	$ 51.00
		Over 200 to 400 amp switch	$ 87.00
		Over 400 to 1,000 amp switch	$ 144.00
		Over 1,000 to 2,000 amp switch	$ 226.00
		Over 2,000 amp switch	$ 240.00
Electrical-Signs	26-5	Each Sign	$ 22.00
		Each Additional Sign	$ 11.00
Electrical - Fixtures/Plugs	26-5	Fixtures & Plugs, each	$ 3.00
Electrical-Power Units (hp)	26-5	Over 1/4 hp to 1.0 hp	$ 28.00
		Over 1.0 hp to 10 hp	$ 63.00
		Over 10 hp to 20 hp	$ 77.00
		Over 20 hp to 30 hp	$ 87.00
		Over 30 hp to 40 hp	$ 102.00
		Over 40 hp to 50 hp	$ 114.00
		Over 50 hp to 75 hp	$ 150.00
		Over 75 hp to 100 hp	$ 177.00
		Over 100 hp to 150 hp	$ 202.00
		Over 150 hp	$ 226.00

Division	CCO Ref	Service Name / Fee Type	Fee
Electrical-Trailer Parks	26-5	Per Site	$ 26.00
Electrical-Feeders	26-5	Feeders, Mains, Bus Ducts 50 feet or fraction	$ 15.00
Electrical Fees-Inspection	26-5	Hourly Rate	$ 200.00
Electrical Fees-Re-Inspection	26-5	Re-inspections or Final Inspection	$ 140.00
Electrical Fees-Special Inspection	26-5	Special Inspection Pertaining to Sale of Structure	$ 200.00
Electrical Insurance	26-5	Insurance Inspections	$ 200.00
Electrical Fees-Overtime Inspections	26-5	Per existing policy:	
		Overtime Inspection: 1st hour	$ 300.00
		Overtime Inspection: each additional hour	$ 150.00
Electrical Fees-Supplemental	26-5	Supplemental Permit, minimum fee	$ 140.00
Electrical Fees-Refunds/Transfer	26-5	Minimum Fee	$ 75.00
		Hourly Rate, work already performed	$ 200.00
Building Inspections		Copies of Rental License	$ 9.00
Building Inspections		Copies of V/N	$ 9.00
Building Inspections		Copies, per sheet (over the counter)	$ 9.00
Street Fees	26-5	Temprorary Street Closure - Special Events	
		1-25 Barricades	$ 25.00
		26-50 Barricades	$ 50.00
		51-75 Barricades	$ 75.00
		76-100	$ 100.00
		100 Plus Barricades	$ 150.00
Consumer Pavement Break	26-5	Concrete Driveways/Sidewalks (Sq. Ft.)	$ 7.00
		Asphalt Driveways (Sq. Ft.)	$ 12.00
		Saw Cutting (Lineal Ft.)	$ 5.00
		Concrete Streets (Sq. Ft.)	$ 17.00
		Concrete Streets (Majors)(Sq. Ft.)	$ 20.00
		Asphalt Streets (Sq. Ft.)	$ 15.00
		Asphalt Streets (Majors)(Sq. Ft.)	$ 17.00
		Concrete/Asphalt Streets (Sq. Ft.)	$ 16.00
		Concrete/Asphalt Streets (Majors)(Sq. Ft.)	$ 18.00
		Concrete Curb (Lineal Ft.)	$ 20.00

Division	CCO Ref	Service Name / Fee Type	Fee
		FIRE DEPARTMENT	
n/a	n/a	Fire Incident or Ambulance Run Report	$ 5.00
n/a	n/a	Code enforcement - per hour	$ 70.00
n/a	n/a	CPR Training, 1-19 people	$ 25.00
n/a	n/a	CPR Training, 20+ people	$ 15.00
n/a	n/a	Hazardous Materials Cleanup	$ 73.00
n/a	n/a	Vehicle Fire Response	$ 500.00
n/a	n/a	Consumers Energy Standby	$ 292.00
n/a	n/a	False Alarm Response, 1st	$ -
n/a	n/a	False Alarm Response, 2nd	$ 100.00
n/a	n/a	False Alarm Response, 3rd	$ 250.00
n/a	n/a	False Alarm Response, 4th	$ 500.00
n/a	n/a	False Alarm Response, 5th	$ 1,000.00
n/a	n/a	Extrication	$ 585.00
n/a	n/a	Candle Watch Fee	$ 70.00
n/a	n/a	DHS Inspection	$ 139.00
n/a	n/a	Fire Prev Insp - Assembly	$ 104.00
n/a	n/a	Fire Prev Insp - Business	$ 125.00
n/a	n/a	Fire Prev Insp - Education	$ 150.00
n/a	n/a	Fire Prev Insp - Factory/Industry	$ 150.00
n/a	n/a	Fire Prev Insp - High Hazard	$ 215.00
n/a	n/a	Fire Prev Insp - Institutional	$ 215.00
n/a	n/a	Fire Prev Insp - Mercantile	$ 215.00
n/a	n/a	Fire Prev Insp - Mixed Use	$ 215.00
n/a	n/a	Group Fire Prev Insp - Reinspections	$ 35.00
n/a	n/a	Medical Asst.	$ 46.00
n/a	n/a	Office Training Course	$ 90.00
n/a	n/a	Structure Fires	$ 500.00
n/a	n/a	Downed Power Line Security	$ 200.00
n/a	n/a	Paramed Support for Private Amb.	$ 100.00
n/a	n/a	Paramed Response for Vehicle Injury Accident	$ 100.00
n/a	n/a	Classes - blood born pathogens, 1-19	$ 9.00
n/a	n/a	Classes - blood born pathogens, 20+	$ 5.00
n/a	n/a	EMS Classes	$ 1,975.00
n/a	n/a	FF/EMT hourly rate	$ 60.00
n/a	n/a	Sergeant hourly rate	$ 69.00
n/a	n/a	Lieutenant hourly rate	$ 69.00
n/a	n/a	Captain hourly rate	$ 89.00
n/a	n/a	Battalion Chief hourly rate	$ 93.00
n/a	n/a	Fire Apparatus Operator hourly rate	$ 65.00

Division	CCO Ref	Service Name / Fee Type	Fee
		POLICE DEPARTMENT	
Patrol	n/a	Preliminary Breath Test	$ 13.00
Patrol	n/a	Prostitution Sting Fee (City Portion Only)	$ 675.00
Patrol	n/a	False Alarm Response	$ 79.00
Patrol	n/a	Drunk Driving OUID Arrest	$ 471.00
Patrol	n/a	Drunk Driving OUID Arrest With Accident	$ 236.00
Patrol	n/a	Drunk Driving Blood Test	$ 314.00
Patrol	n/a	Drunk Driving SOS Hearing	$ 353.00
Patrol	n/a	Drunk Driving Court Hearing	$ 353.00
Patrol	n/a	Accident Fee (Non-Resident)	$ 236.00
Patrol	n/a	Police Officer (Overtime)	$ 104.00
Patrol	n/a	Sergeant (Overtime)	$ 131.00
Patrol	n/a	Police Lieutenant (Overtime)	$ 146.00
Records & Identification	n/a	Accident / Incident Reports	$ 13.00
Records & Identification	n/a	Copies of Complaints	$ 13.00
Records & Identification	n/a	Criminal Expungement	$ 100.00
Records & Identification	n/a	Fingerprinting	$ 31.00
Records & Identification	n/a	Notary Fee	$ 13.00
Records & Identification	n/a	Sex Offender Registration (City Portion only)	$ 50.00

Division	CCO Ref	Service Name / Fee Type	Fee
		CITY CLERK	
n/a	n/a	Alcohol Liquor Sales	$ 1,000.00
n/a	n/a	Ambulance Company - per Vehicle	$ 150.00
n/a	n/a	Ambulance Attendant New License	$ 60.00
n/a	n/a	Ambulance Attendant - Renewal	$ 55.00
n/a	n/a	Amusement Arcade	$ 407.00
n/a	n/a	Amusement Ride Bond (cash)	$ 1,000.00
n/a	n/a	Amusement Rides 1st Day	$ 190.00
n/a	n/a	Amusement Rides Additional Day	$ 73.00
n/a	n/a	Auctioneer (Daily <90 Days)	$ 40.00
n/a	n/a	Auctioneer (Yearly)	$ 135.00
n/a	n/a	Bowling Alleys	$ 300.00
n/a	n/a	Building Contractor	$ 200.00
n/a	n/a	Bump Shop	$ 425.00
n/a	n/a	Car Wash	$ 282.00
n/a	n/a	Card Room 1st 3 Tables	$ 65.00
n/a	n/a	Card Room Additional Tables	$ 65.00
n/a	n/a	Christmas Tree Bond (cash)	$ 125.00
n/a	n/a	Christmas Tree Sales	$ 196.00
n/a	n/a	Cigarette Machines	$ 8.00
n/a	n/a	Cigarette Machine Operator	$ 110.00
n/a	n/a	Club	$ 466.00
n/a	n/a	City Public Driver New	$ 66.00
n/a	n/a	City Public Driver Renewal	$ 55.00
n/a	n/a	Condom Machines	$ 7.00
n/a	n/a	Dance Hall	$ 305.00
n/a	n/a	Dance (Public/Teen)	$ 305.00
n/a	n/a	Dance Permit (Liquor)	$ 347.00
n/a	n/a	Extended Hours Permit	$ 335.00
n/a	n/a	Fireworks Bond	$ 500.00
n/a	n/a	Fireworks Sales Permit	$ 700.00
n/a	n/a	Garage Sale (1st)	$ 12.00
n/a	n/a	Garage Sale (2nd)	$ 5.00
n/a	n/a	Gasoline Station (1st 2 Pumps)	$ 75.00
n/a	n/a	Gasoline Station (additional pumps)	$ 10.00
n/a	n/a	Going Out Of Business Sale (30 Days)	$ 100.00
n/a	n/a	Hall For Hire	$ 250.00
n/a	n/a	Hotel (1st 100 Rooms)	$ 208.00
n/a	n/a	Hotel (each additional Room)	$ 7.00
n/a	n/a	Ice Cream (Vehicle)	$ 200.00
n/a	n/a	Ice Cream (Cart)	$ 88.00
n/a	n/a	Initial Merchant	$ 400.00
n/a	n/a	Initial Merchant (Renewal)	$ 200.00
n/a	n/a	Junk Collector (per vehicle)	$ 183.00
n/a	n/a	Junk (2nd hand) Dealer w/ Store	$ 500.00
n/a	n/a	Junk Dealer Yard	$ 400.00
n/a	n/a	Laundromat / Dry Cleaners	$ 300.00
n/a	n/a	Mech Amusement Device Pinball/Video	$ 22.00
n/a	n/a	Mech Device Operator	$ 143.00
n/a	n/a	Motor Vehicle For Hire	$ 165.00

Division	CCO Ref	Service Name / Fee Type	Fee
n/a	n/a	Music Machine	$ 33.00
n/a	n/a	Parking Lot 11-25 Spaces	$ 147.00
n/a	n/a	Parking Lot 26-50 Spaces	$ 147.00
n/a	n/a	Parking Lot 51-100 Spaces	$ 147.00
n/a	n/a	Parking Lot 101-150 Spaces	$ 147.00
n/a	n/a	Parking Lot 151-250 Spaces	$ 154.00
n/a	n/a	Parking Lot 251-350 Spaces	$ 164.00
n/a	n/a	Parking Lot >350 Spaces	$ 370.00
n/a	n/a	Pawnbroker	$ 400.00
n/a	n/a	Peddler Processing Fee	$ 15.00
n/a	n/a	Peddler Yearly	$ 191.00
n/a	n/a	Peddler 6 Months	$ 191.00
n/a	n/a	Peddler 3 Months	$ 191.00
n/a	n/a	Peddler 1 Month	$ 191.00
n/a	n/a	Peddler Daily	$ 191.00
n/a	n/a	Peddler w/Vehicle	$ 246.00
n/a	n/a	Pool Room 1st 4 Tables	$ 286.00
n/a	n/a	Pool Room Additional Tables	$ 112.00
n/a	n/a	Precious Metal & Gem Dealer	$ 229.00
n/a	n/a	Second Hand Dealer	$ 350.00
n/a	n/a	Sidewalk Contractor	$ 250.00
n/a	n/a	Sign Hanger	$ 200.00
n/a	n/a	Skating Rink	$ 279.00
n/a	n/a	Snow Removal Vehicle	$ 175.00
n/a	n/a	Tag Day Permit Non-Profit	$ 50.00
n/a	n/a	Taxi Cab Company	$ 150.00
n/a	n/a	Taxi Cab Inspection By Police	$ 29.00
n/a	n/a	Theater (per seat, $300 max)	$ 0.58
n/a	n/a	Tree Service	$ 109.00
n/a	n/a	Use of Streets	$ 242.00
n/a	n/a	Vehicle For Hire	$ 75.00
n/a	n/a	Wrecker - First Vehicles	$ 201.00
n/a	n/a	Wrecker - Additional Vehicles	$ 108.00
n/a	n/a	Adult Entertainment Establishment	$ 886.00
n/a	n/a	Copy of City Charter	$ 10.00
n/a	n/a	City of Flint Code Book	$ 300.00
n/a	n/a	Code Supplements	$ 33.00
n/a	n/a	Voter Lists (per sheet)	$ 0.25
n/a	n/a	Voter Labels (per page)	$ 0.50
n/a	n/a	Voter Info On Disk	$ 140.00
n/a	n/a	Precinct Guides	$ 12.00
n/a	n/a	Ward Maps - Large	$ 15.00
n/a	n/a	Ward Maps - Small (8x10)	$ 2.00
n/a	n/a	Ward Maps - Small (11x17)	$ 5.00

Division	CCO Ref	Service Name / Fee Type	Fee
ASSESSMENT OFFICE			
n/a	n/a	Record Reproduction (non FOIA)	$ 3.00
n/a	n/a	Tax Maps	$ 23.00
n/a	n/a	Tax Maps (Full Set)	$ 1,590.00
n/a	n/a	Research Hourly Rate (1 hr minimum) (non FOIA)	$ 91.00
n/a	n/a	Level 1: Creating or Combining ≤ 2 Platted Parcels	$ 50.00
n/a	n/a	Level 2: Creating or Combining 3-4 Platted Parcels	$ 100.00
n/a	n/a	Level 3: Creating or Combining ≤ 4 Un-Platted Parcels w/Survey	$ 150.00
n/a	n/a	Level 4: Creating or Combining > 4 Platted/Un-Platted Parcels w/Survey	$ 200.00
FINANCE & PAYROLL			
n/a	n/a	Pension Verification Letter	$ 18.00
n/a	n/a	Copies of Paychecks	$ 4.00
n/a	n/a	Copies of Other (non-Paycheck) materials	$ 1.00
n/a	n/a	Duplicate 1099s	$ 12.00
n/a	n/a	Duplicate W2s	$ 12.00
LAW OFFICE			
n/a	n/a	FOIA Copy Charge (1st page)	$ 1.00
n/a	n/a	FOIA per page copy charge	$ 0.25
n/a	n/a	Research Hourly Rate (Non FOIA)	$ 70.00
n/a	n/a	Sundry Revenues	$ 287.00
n/a	n/a	FOIA Labor Rates	$ 15.66
n/a	n/a	Notary	$ 10.00
RISK & BENEFIT MANAGEMENT			
n/a	n/a	Insurance Form Completion	$ 20.00
n/a	n/a	Mailing Fee	$ 3.50
n/a	n/a	Insurance Fee for Auto Accidents Involving City Property	$ 45.00
n/a	n/a	Copying Charges (first 10 pages) non FOIA	$ 13.00
n/a	n/a	Copying Charges (additional pages) non FOIA	$ 0.25
TREASURER			
n/a	n/a	Deed Certification	$ 4.50
n/a	n/a	Research Fee (non FOIA)	$ 53.00
n/a	n/a	Photocopies (first copy)	$ -
n/a	n/a	Photocopies (additional - if same page only)	$ -
n/a	n/a	Income Tax Admin Review Fee	$ 28.00
n/a	n/a	School District Summer Tax Levy (GISD)	$ 10,000.00
n/a	n/a	School District Summer Tax Levy (Other Districts)	$ 250.00
n/a	n/a	Bounced Check Fee	$ 50.00

Division	CCO Ref	Service Name / Fee Type	Fee
PLANNING & ZONING			
n/a	n/a	Site Plan Review: Resid 3+ houses	$ 1,002.00
n/a	n/a	Site Plan Review: Comm/Ind	$ 1,002.00
n/a	n/a	PUD or Mixed Use Dvl: Preliminary	$ 1,002.00
n/a	n/a	PUD or Mixed Use Dvl: Final	$ 626.00
n/a	n/a	Revisions / Review	$ 501.00
n/a	n/a	Special Approval / Conditional Use	$ 1,002.00
n/a	n/a	Street or Alley Vacations	$ 1,002.00
n/a	n/a	Street Name Change	$ 1,002.00
n/a	n/a	Zoning Appeal/Variances/Interp. Comm	$ 1,002.00
n/a	n/a	Zoning Appeal/Variances/Interp. Resid	$ 626.00
n/a	n/a	Copies of Master Plan/ Zoning Ord/ Maps	$ 22.00
n/a	n/a	Zoning Change	$ 1,253.00
n/a	n/a	Zoning Certificate: Per Hour	$ 125.00
n/a	n/a	Zoning- Written Confirmation, per parcel	$ 125.00
n/a	n/a	Zoning Lots: Resid prin parcel+1 parcel	$ 188.00
n/a	n/a	Zoning Lots: Resid: each add'l parcel	$ 251.00
n/a	n/a	Zoning Lots: Comm. prin parcel+1 parcel	$ 251.00
n/a	n/a	Zoning Lots: Comm.: each add'l parcel	$ 376.00
n/a	n/a	Real Property Disp. Fee Resid. Side Lot	$ 501.00
n/a	n/a	Real Property Disp. Fee Resid Non Side	$ 501.00
n/a	n/a	Real Property Disp. Fee. Comm/ Ind.	$ 1,002.00
n/a	n/a	Master Plan Update Surcharge	$ -
n/a	n/a	Zoning Review of Bldg Permit	$ 31.00
PARKS & RECREATION			
n/a	n/a	Day Camps	$ 25.00
n/a	n/a	Kearsley Park	$ 100.00
n/a	n/a	Kearsley Park	$ 60.00
n/a	n/a	All Other Parks	$ 35.00
n/a	n/a	All Other Parks	$ 35.00
n/a	n/a	Snowmobile	$ 650.00
n/a	n/a	Snowmobile	$ 200.00

Division	CCO Ref	Service Name / Fee Type	Fee
		WASTE COLLECTION FEES	
n/a	n/a	Collection Fee - FY16	$ 142.71
n/a	n/a	Collection Fee - FY17	$ 145.70
		WATER SERVICE CENTER	
n/a	n/a	Labor Rate	$ 50.00
n/a	n/a	Meter Test Requested by Customer	$ 50.00
n/a	n/a	Lost or Stolen Meter Charge	Cost of Meter + $50.00
n/a	n/a	Affidavit Filing	$ 25.00
n/a	n/a	Water Service Turn On or Off: Regular	$ 50 00
n/a	n/a	**Water Service Turn Off: Emergency: Shop**	$ 100.00
n/a	n/a	Water Service Turn-Off: Non Payment	$ 75.00
n/a	n/a	Water Service Turn-On: Non Payment Same Day	$ 100.00
n/a	n/a	Water Service Turn-On: Non Payment Next Day	$ 75.00
n/a	n/a	**Water Service Turn On or Off: Regular: Shop**	$ 65.00
n/a	n/a	Frozen Meter Charge	Cost of Meter + $50.00
n/a	n/a	Hydrant Meter Charge 5/8"	Deposit + $50 Install fee + $50 removal fee + Cost of Water
n/a	n/a	Hydrant Meter Charge 1"	
n/a	n/a	Hydrant Meter Charge 1½"	
n/a	n/a	Hydrant Meter Charge 2"	
n/a	n/a	Hydrant Meter Charge 3"	
n/a	n/a	No Show Appointment	$ 50.00
n/a	n/a	Thaw Frozen Lines	$ 325.00
n/a	n/a	Cut & Plug 2" Water	$ 506.00
n/a	n/a	Main Taps & Tie Ins	T&M
n/a	n/a	New Service Main Inspection	T&M
n/a	n/a	Seasonal Meter Installation or Removal	$ 50 00
n/a	n/a	Cut & Plug 3" Water 12" Sewer	T&M
n/a	n/a	Riser Repair 3/4" Water	$ 126 00
n/a	n/a	Riser Repair 1" Water	$ 126.00
n/a	n/a	Riser Repair 1.5"	T&M
n/a	n/a	Riser Repair 2.0"	T&M
n/a	n/a	Check and Waste Repair 3/4"	$ 126.00
n/a	n/a	Check and Waste Repair 1"	$ 126.00
n/a	n/a	Check and Waste Repair 1.5"	T&M
n/a	n/a	Check and Waste Repair 2.0"	T&M
n/a	n/a	Bacteriological Sample Test Non Customers	$ 72.00
n/a	n/a	Make sure off meter room found on-turned off & stuffed curb box	$ 75 00
		Blow Out for Turn On from MSO Stuffed Curb Box: Shop	$ 80.00
n/a	n/a	Make sure off shop stuffed	$ 80.00
n/a	n/a	Excavation for Turn-On from Non-Pay Turn-off	T&M $250 per hour
n/a	n/a	Bacteriological Sample Test Customers	No Fee
n/a	n/a	Water Deposit Fee for Renters	$ 250 00

Division	CCO Ref	Service Name / Fee Type	Fee
		WATER - SEWER BILL RATES	
		Metered Water-per 100 cubic feet (748 gallons)	
n/a	n/a	City - 0 to 35 CCF (one CCF =748 gallons)	$7.92 per CCF
n/a	n/a	City - 35 to 2,000 CCF (one CCF =748 gallons)	$7.62 per CCF
n/a	n/a	City - Over 2,000 CCF (one CCF =748 gallons)	$8.09 per CCF
n/a	n/a	NonCity - 0 to 35 CCF (one CCF =748 gallons)	$11.88 per CCF
n/a	n/a	NonCity - 35 to 2,000 CCF (one CCF =748 gallons)	$11.42 per CCF
n/a	n/a	NonCity - Over 2,000 CCF (one CCF =748 gallons)	$9.14 per CCF
		Water "Readiness to Serve" Service Charges	
n/a	n/a	Residential City - Meter Size 5/8"x3/4"	$ 22.80
n/a	n/a	Residential City - Meter Size 1"	$ 58.15
n/a	n/a	Residential City - Meter Size 1 1/2"	$ 58.15
n/a	n/a	Residential City - Meter Size 2"	$ 58.15
n/a	n/a	Residential Non-City - Meter Size 5/8"x3/4"	$ 34.17
n/a	n/a	Residential Non-City - Meter Size 1"	$ 87.08
n/a	n/a	Residential Non-City - Meter Size 1 1/2"	$ 87.08
n/a	n/a	Residential Non-City - Meter Size 2"	$ 87.08
n/a	n/a	Commercial-Indust. City - Meter Size 5/8"x3/4"	$ 56.79
n/a	n/a	Commercial-Indust. City - Meter Size 1"	$ 76.48
n/a	n/a	Commercial-Indust. City - Meter Size 1 1/2"	$ 112.60
n/a	n/a	Commercial-Indust. City - Meter Size 2"	$ 157.40
n/a	n/a	Commercial-Indust. City - Meter Size 3"	$ 310.83
n/a	n/a	Commercial-Indust. City - Meter Size 4"	$ 547.05
n/a	n/a	Commercial-Indust. City - Meter Size 6"	$ 1,075.75
n/a	n/a	Commercial-Indust. City - Meter Size 8"	$ 1,560.05
n/a	n/a	Commercial-Indust. City - Meter Size 10"	$ 2,153.48
n/a	n/a	Commercial-Indust. City - Meter Size 12"	$ 2,605.31
n/a	n/a	Commercial-Indust. City - Meter Size 16"	$ 3,242.25
n/a	n/a	Commercial-Indust. City - Meter Size 20"	$ 3,501.98
n/a	n/a	Comm.-Indust. Non-City - Meter Size 5/8"x3/4"	$ 83.74
n/a	n/a	Commercial-Indust. Non-City - Meter Size 1"	$ 117.74
n/a	n/a	Commercial-Indust. Non-City - Meter Size 1 1/2"	$ 169.08
n/a	n/a	Commercial-Indust. Non-City - Meter Size 2"	$ 236.26
n/a	n/a	Commercial-Indust. Non-City - Meter Size 3"	$ 466.65
n/a	n/a	Commercial-Indust. Non-City - Meter Size 4"	$ 820.71
n/a	n/a	Commercial-Indust. Non-City - Meter Size 6"	$ 1,613.34
n/a	n/a	Commercial-Indust. Non-City - Meter Size 8"	$ 2,340.24
n/a	n/a	Commercial-Indust. Non-City - Meter Size 10"	$ 3,247.30
n/a	n/a	Commercial-Indust. Non-City - Meter Size 12"	$ 3,907.77
n/a	n/a	Commercial-Indust. Non-City - Meter Size 16"	$ 4,863.28
n/a	n/a	Commercial-Indust. Non-City - Meter Size 20"	$ 5,709.67
		Sewage Flow per 100 cubic feet (748 gallons) - based on metered water	
n/a	n/a	Residential City - per CCF (one CCF =748 gallons)	$5.17 per CCF
n/a	n/a	Residential NonCity - per CCF	$6.68 per CCF

Division	CCO Ref	Service Name / Fee Type	Fee
		Sewer "Readiness to Serve" Service Charges	
n/a	n/a	Residential City - Meter Size 5/8"x3/4"	$ 34.48
n/a	n/a	Residential City - Meter Size 1"	$ 70.41
n/a	n/a	Residential City - Meter Size 1 1/2"	$ 70.41
n/a	n/a	Residential City - Meter Size 2"	$ 70.41
n/a	n/a	Residential Non-City - Meter Size 5/8"x3/4"	$ 44.19
n/a	n/a	Residential Non-City - Meter Size 3/4"	$ 60.35
n/a	n/a	Residential Non-City - Meter Size 1"	$ 82.86
n/a	n/a	Residential Non-City - Meter Size 1 1/2"	$ 82.86
n/a	n/a	Residential Non-City - Meter Size 2"	$ 82.86
n/a	n/a	Commercial-Indust. City - Meter Size 5/8"x3/4"	$ 55.90
n/a	n/a	Commercial-Indust. City - Meter Size 1"	$ 91.20
n/a	n/a	Commercial-Indust. City - Meter Size 1 1/2"	$ 148.40
n/a	n/a	Commercial-Indust. City - Meter Size 2"	$ 211.19
n/a	n/a	Commercial-Indust. City - Meter Size 3"	$ 471.62
n/a	n/a	Commercial-Indust. City - Meter Size 4"	$ 777.14
n/a	n/a	Commercial-Indust. City - Meter Size 6"	$ 1,571.80
n/a	n/a	Commercial-Indust. City - Meter Size 8"	$ 2,312.79
n/a	n/a	Commercial-Indust. City - Meter Size 10"	$ 3,141.97
n/a	n/a	Commercial-Indust. City - Meter Size 12"	$ 3,688.72
n/a	n/a	Commercial-Indust. City - Meter Size 16"	$ 4,870.53
n/a	n/a	Commercial-Indust. City - Meter Size 20"	$ 5,734.96
n/a	n/a	Commercial-Indust Non-City - Meter Size 5/8"	$ 82.57
n/a	n/a	Commercial-Indust. Non-City - Meter Size 3/4"	$ 79.26
n/a	n/a	Commercial-Indust. Non-City - Meter Size 1"	$ 105.56
n/a	n/a	Commercial-Indust. Non-City - Meter Size 1 1/2"	$ 177.43
n/a	n/a	Commercial-Indust. Non-City - Meter Size 2"	$ 250.24
n/a	n/a	Commercial-Indust. Non-City - Meter Size 3"	$ 562.93
n/a	n/a	Commercial-Indust. Non-City - Meter Size 4"	$ 953.89
n/a	n/a	Commercial-Indust. Non-City - Meter Size 6"	$ 1,905.74
n/a	n/a	Commercial-Indust. Non-City - Meter Size 8"	$ 2,849.27
n/a	n/a	Commercial-Indust. Non-City - Meter Size 10"	$ 3,792.41
n/a	n/a	Commercial-Indust. Non-City - Meter Size 12"	$ 4,449.17
n/a	n/a	Commercial-Indust. Non-City - Meter Size 16"	$ 5,919.11
n/a	n/a	Commercial-Indust. Non-City - Meter Size 20"	$ 7,032.44
		Back Billing Rate (can be adjusted by Consumers Energy readings for actual usage patterns)	
n/a	n/a	All charges per rate schedule in effect at 7 units/mo.	
		Genesee Co. Drain Commission - Service Fee	$40,000 per month
		Including fee for emergency back up.	

Division	CCO Ref	Service Name / Fee Type	Fee
WASTEWATER RATES - COMMERCIAL/INDUSTRIAL CUSTOMERS			
FY2015		INSIDE	
n/a	n/a	Volume	$ 1.930
n/a	n/a	Suspended Solids	$ 0.591
n/a	n/a	Biological/Chemical Oxygen Demand	$ 1.257
n/a	n/a	Phosphorous	$ 1.781
n/a	n/a	Industrial Charge	$ 0.032
FY2015		OUTSIDE	
n/a	n/a	Volume	$ 2.169
n/a	n/a	Suspended Solids	$ 0.589
n/a	n/a	Biological/Chemical Oxygen Demand	$ 1.410
n/a	n/a	Phosphorous	$ 1.809
n/a	n/a	Industrial Charge	$ 0.032
FY2016		INSIDE	
n/a	n/a	Volume	$ 2.065
n/a	n/a	Suspended Solids	$ 0.632
n/a	n/a	Biological/Chemical Oxygen Demand	$ 1.345
n/a	n/a	Phosphorous	$ 1.906
n/a	n/a	Industrial Charge	$ 0.034
FY2016		OUTSIDE	
n/a	n/a	Volume	$ 2.342
n/a	n/a	Suspended Solids	$ 0.630
n/a	n/a	Biological/Chemical Oxygen Demand	$ 1.509
n/a	n/a	Phosphorous	$ 1.936
n/a	n/a	Industrial Charge	$ 0.034
DCED			
n/a	n/a	Brownfield Tax Credit Application - Fee calculated from total project investment and only assessed if the Flint Brownfield Redevelopment Authority approves the application. Application fee must be paid prior to bringing the Brownfield Plan before City Council for final approval.	
		Less than $1 Million	$ 500.00
		$1 Million to $10 Million	$ 1,000.00
		$10 Million and Over	$ 2,000.00
n/a	n/a	Tax Abatement Applications	$ 1,000.00
n/a	n/a	Section 108 Loan Application	$ 2,000.00
n/a	n/a	Specification Writing for Residential Rehabilitation	$ 300.00

PROJECTED TAXPAYER IMPACT

PROJECTED TAXPAYER IMPACT

$41,000 House, $40,000 Income

Values	FY15 Current Winter & Summer	FY16 Budget Winter & Summer	FY17 Budget Winter & Summer	Increase from FY15 over 2 years
House value	$41,000.00	$41,000.00	$41,000.00	
Taxable value	$20,500.00	$20,500.00	$20,500.00	
Annual Income	$40,000.00	$40,000.00	$40,000.00	
Tax rate (mills)	65.88	65.88	65.88	
Street Lights	$70.94	$70.94	$70.94	
Garbage	$162.63	$162.63	$162.63	
Water/Sewer Bill	$1,800.00	$1,800.00	$1,890.00	
Payments				
Property taxes	$1,351.00	$1,351.00	$1,351.00	
Street lights	$70.94	$70.94	$70.94	
Garbage	$162.63	$142.71	$145.70	
Income tax	$400.00	$400.00	$400.00	
Water bill	$1,800.00	$1,800.00	$1,854.00	
Total Payments	**$3,784.57**	**$3,764.65**	**$3,821.64**	
		($20)	$57	$37
		-0.5%	1.5%	1.0%

$61,500 House, $50,000 Income

Values	FY15 Current Winter & Summer	FY16 Budget Winter & Summer	FY17 Budget Winter & Summer	Increase from FY15 over 2 years
House value	$61,500.00	$61,500.00	$61,500.00	
Taxable value	$30,750.00	$30,750.00	$30,750.00	
Annual Income	$50,000.00	$50,000.00	$50,000.00	
Tax rate (mills)	65.88	65.88	65.88	
Street Lights	$70.94	$70.94	$70.94	
Garbage	$162.63	$162.63	$162.63	
Water/Sewer Bill	$1,800.00	$1,800.00	$1,890.00	
Payments				
Property taxes	$2,026.00	$2,026.00	$2,026.00	
Street lights	$70.94	$70.94	$70.94	
Garbage	$162.63	$142.71	$145.70	
Income tax	$500.00	$500.00	$500.00	
Water bill	$1,800.00	$1,800.00	$1,854.00	
Total Payments	**$4,559.57**	**$4,539.65**	**$4,596.64**	
		($20)	$57	$37
		-0.4%	1.3%	0.8%

Cline, Richard (Treasury) SAM, RTAB Analyst, EA, Mayor, VC Pres

From: Cline, Richard (Treasury)
Sent: Wednesday, May 13, 2015 8:35 AM
To: Byrne, Randall (Treasury); Widigan, Robert (TREASURY)
Subject: Flint Weekly Call

Tracking:

Recipient	Delivery
Byrne, Randall (Treasury)	
Widigan, Robert (TREASURY)	Delivered 5/13/2015 8 35 AM

Here are my suggestions for the Weekly Call with Flint:

- **State of the City Address:** Went Well; Positive; Well Received; 3 RTAB attend, Charter Cmsn attends
- **City Charter Commission:** First Meeting Date?
  Swearing-in on May 19 5 or 5 30 PM
- **Priorities for the Week:** 1) New Park @ Former Genesee Towers; 2) Reopen Harrison St
  3) ADA upgrades to Riverfront Park
- **Update on Election Issues:**
  - Rep Vacky - Legislation
    Appeal to be filed - Court / County Clerk could challenge
- **Update on Water Issue:** 1) Next Water Advisory Committee Meeting?; 2) New Mediators Selected?; 3) Other Updates. - Meeting - Tech Comm Set in May - CA to send rpt - Leak Det bid accepted (Ecologic) - VC on May 27
  - Filter install schedule; DEQ approval needed RTAB Approval
  - 17 Mgd usage - Clean Basins - on weekend
- **Position Hiring's:** 1) Finance Director; 2) HR Director; 3) Other Positions.
  - FD - Jody accepted offer - Readvertise Treasurer
  - HR - Interviewing Today; Mayor like Donna Popular but not selected; wants local candidates; wants Interview
    Meeting w/ Mayor, CA & Interviewer
- **Police Operations:**
- **RTAB Court Recorder:** Status of this issue. First meeting scheduled for June 10. - Not yet

* CDBG Action Plan - Deadline May 15 → What do?

Widigan, Robert (TREASURY) Mayor, CA Josh, EC, RB, Myself

From: Cline, Richard (Treasury)
Sent: Wednesday, May 13, 2015 8:35 AM
To: Byrne, Randall (Treasury); Widigan, Robert (TREASURY)
Subject: Flint Weekly Call

Here are my suggestions for the Weekly Call with Flint:

- **State of the City Address:** Very optimistic, GTH SotC, private investments etc...
  Well received, CANUSA games back on for Flint (started after WWII)
  3 rtab members attended, charter commission members attended
- **City Charter Commission:** First Meeting Date?
  Spoke to attorney (sworn in need to be) on May 19, 5/5:30 speakers and commission to set meeting times.
- **Priorities for the Week:**
  On back
- **Update on Election Issues:** CA spoken w/ Rep. Neeley — legislation may pass to address the issue. Also ~~pass~~ persuing legal action. Must be solved by end of May.
- **Update on Water Issue:** 1) Next Water Advisory Committee Meeting; 2) New Mediators Selected?; 3) Other Updates. Technical water committee in May 20?
  - GAC instal — on schedule, need DEQ approval, LAN working to get approval.
  - Positive between DPW and CA.

6-17 Mayor wants as per cals interviewed

→ city to send a detailed report today
- Accepted bid for leak detection project — to council on May 27

- **Position Hiring's:** 1) Finance Director; 2) HR Director; 3) Other Positions.
  1. CFO → offer accepted by Jodie
  2. HR → interviewing today; will meet w/ Joyce Parker
  3) ~~Finance~~ readvertise, CFO candidates weren't interested.

~~Finance Director interviewed via phone — not in person interested.~~

- **Police Operations:**

- **RTAB Court Recorder:** Status of this issue. First meeting scheduled for June 10.

Nothing on recorders — Tentative RTAB June 10, 1 or 2 PM
— Need to confirm schedules
— CDBG action plan passed by council, must be submitted by ~~Friday~~ May 15.
  • Will send to EC.

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
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: New park to be completed @ gen towers site
- Up-town developing rec space (quarter of a total city block)
- Next 3-5 weeks

. Harrison St re-opening
Riverbank Park safety improvements

Byrne, Randall (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Wednesday, May 13, 2015 11:26 AM
To: Porubsky, Carmen (TREASURY)
Cc: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: Flint Call Notes 05/13/15

Flint Weekly Call Notes 05/13/2015 9:00 PM
R. Byrne, E. Cline R. Widigan, D. Walling, N. Henderson, J. Freeman

- **State of the City Address:** Speech was very optimistic, 6th SOTC address done by the Mayor, and was well received.
  - CANUSA games are back on for Flint, started after WWII.
  - 3 RTAB members attended along with Charter Commission members.

- **City Charter Commission:** City attorney said the members will be sworn in on May 19 around 5/5:30.

- **Update on Election Issues:** N. Henderson spoke with Representative Neeley – legislation may pass to address the issue.
  - City is also pursuing legal action, issued must solved by the end of May.

- **Update on Water Issue**: City will send a detailed report to OFR
  - Accepted a bid for leak detection project – will be presented to Council on May 27.
  - GAC installation is on schedule, needs DEQ approval, LAN is working on the approval.
  - Positive working relationship between the DPW and the City Administrator.

- **Position Hiring's**:
  - Finance Director: Offer accepted by Jody Lundquist – will be submitted to the RTAB for approval.
  - HR Director: Interviews will take place today. Mayor is concerned that a local candidate will not be hired. N. Henderson and the Mayor will discuss with Joyce Parker.
  - Treasurer: City will re-advertise for the positon.

- **RTAB Court Recorder**: Still working on this.
  - Tentative RTAB date June 10, 2015 at 1 or 2 PM.
  - Eric will work on the plan of action for the City's CDBG Action Plan that was passed by Council. It must be submitted by May 15.

- **Other**:
  - New park at the old Genesee Towers site will be completed in 3-5 weeks – Up-Town Group is developing a recreation space.
  - Harrison Street will be re-opened
  - Riverbank Park will be receiving safety improvements and ADA upgrades.

Byrne, Randall (Treasury)

From: Natasha Henderson <nhenderson@cityofflint.com>
Sent: Wednesday, May 13, 2015 10:54 AM
To: Cline, Richard (Treasury); Byrne, Randall (Treasury)
Cc: Dayne Walling
Subject: Water Quality Update
Attachments: Water Quality Update 05132015 pdf

Per our conversation, I have attached information about the GAC/Leak Detection status.

Also, the next Water Technical Advisory Committee Meeting will be Wednesday May 20th 2:00 pm at City Hall.

Thanks,

Natasha

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

City of Flint
Water Quality Update
Tuesday May 13th 2015

Leak Detection

What: $900,000 Treasury Distressed City Grant for Leak Detection / Pipe Wall Assessment

Status: On schedule

An amended RFP for Services was returned and a qualified vendor "Echologics" has been identified. This company is based in Georgia with strong financials and capacity to accomplish the work.

The bid for services was ~$895,000. (Bid sheet included for review)

The resolution is being routed through Legal and Finance and will make it to the City Administrator this week.

The company has confirmed that if the contract is signed in the next two weeks that they can mobilize and begin work sometime in June.

The company has given a window of 10 – 14 weeks to complete the full scope of work.

Next steps: Complete the resolution approval process.

GAC Installation

What: $1,601,740 contract with LAN to design and install new filter media at the Water Plant

Status: On schedule

LAN has embedded someone in the Treatment Plant as a project manager for 15 – 20 hrs. per week for prep work, testing, and updates. (Most recent update included for review)

Weekly updates come with a status report on all aspects of water quality concerns and improvements.

LAN has been in contact with the DEQ and expects to have final design plans submitted for discussion by the end of this week.

A contractor and supplier have been contacted by LAN and are awaiting approval of the final design specifications.

Next steps: Obtain design approval by the DEQ.

APPENDIX A –
APPROVED BUDGET AMOUNTS

Water Main Leak Detection Survey and Condition Assessment

Below is the approved budget for your grant project. Please note, we have assigned budget categories to each of your original budget line items. Use these categories when submitting your reimbursement requests*.

Budget Category	Budget Description	Application Budget Amount	Award Budget Amount	Comments
Infrastructure - Repair	Project Planning	$90,000.00	$90,000.00	
Infrastructure - Repair	Mobilization of Crew to Site	$27,000.00	$27,000.00	
Infrastructure - Repair	Leak Detection < 16" Diameter	$378,000.00	$378,000.00	
Infrastructure - Repair	Leak Detection > 16" Diameter	$270,000.00	$270,000.00	
Infrastructure - Repair	Pipe Condition Assessment	$135,000.00	$135,000.00	
	Budget Total	**$900,000.00**	**$900,000.00**	

*Reimbursement requests must include copies of invoices and cancelled checks (or equivalent) supporting the costs.

Prior to the release of funds, the grantee will provide to Treasury an updated work plan / timeline, related to the line items for which grant funding was received. The work plan / timeline should include estimated completion dates and a description of the deliverable for each step.

Between the Start Date and the End Date specified on page 1, water and sewer rates may not be reduced.

Part II: Cost Proposal

7. Pricing

Pricing for this project is presented in below. All quantities are estimated based on information provided by Flint. It is estimated that site work will take 10-14 weeks to complete for 2 Echologics' Field Specialists.

Item	Rate	Units	Est. Qty.	Total
Project Planning & Standard Report	$3,500	Lump Sum	1	$3,500
Mobilization	$4,950	Per Trip	1	$4,950
ePulse™ condition assessment and EchoWave™ leak detection, for transmission main pipe. (≥16" diameter)				
First mile rate	$38,218	Lump Sum	1	Waived
ePulse™ condition assessment and EchoWave™ leak detection, for transmission main pipe. (≥16" diameter)				
Up to 35 additional miles	$21,200	Per Mile	35	$742,000
Small diameter leak detection listening survey with acoustic correlation (<16" diameter)				
Up to 300 miles	$425	Per Mile	300	$127,500
Non-Revenue Water Study				
	$17,900	Lump Sum	1	$17,900
Emergency Mobilization Fee*	$5,000	Lump Sum	0	-
Re-booking Fee*	$5,000	Lump Sum	0	-
Standby Fee*	$2,200	Per Day	0	-
Estimated Project Total				**$895,850**

*If Echologics' staff are unable to work due to any cause within the reasonable control of Client, a standby rate of $2,200 per day will be billed

Echologics invoices monthly for completed work. Field tests and analysis will be considered 80% complete upon the conclusion of the field tests, and 100% complete upon the submission of the draft report Each payment is due within 30 days. Payment terms are subject to approval by the Echologics Credit Department. All prices are in USD, and do not include applicable taxes. Pricing is based on the standard terms and conditions provided in this proposal, and is valid for 120 days

CITY OF FLINT WATER QUALITY STATUS REPORT
May 7, 2015

We are still working with the Water Treatment Plant staff to establish set criteria for raw and treated water data for your use. Most information is already in place but few are still in the works. Question marks will be eliminated when data are available.

I. Issues of Concern
   A. THM level in Dort is 100
   B. Reservoirs are intended to be used minimally prior to sampling; however, emergency type events (Large water main break or a major fire) may require the use of water from those reservoirs which could contain potentially high THM levels THM levels needs to be analyzed weekly to understand trend changes in the levels before reuse.
   C. Bids for Phase 1 of the 24" water main replacement have not been received yet and therefore, the work will not be completed prior to the August THM sampling period. Some of this work will be needed to help ensure low THM levels in August.
   D. Cleaning of all reservoirs is needed and proper water circulation, within the reservoirs, is recommended to help eliminate old age and warm water from developing high THM levels.
   E. Water age in system is possibly being adversely affected by pump station(s) operations and flow back to WTP/Elevated tank. To be evaluated further with water model
   F. The City needs to proceed with the design and developing plans for transfer pump station to Dort reservoir.
   G. Lime sludge removal from Bray Road needs to be planned soon to meet the agreed to limits discussed with the MDEQ. None has been removed to date.

II. Raw Water
   A. TOC = ~10.8 mg/l, note internal values are showing higher than DEQ lab results
   B. Temp = 15.6° C (60° F) on 5/6/15
   C. THM = ???

III. Treated Water
   A. TOC = 3.7 (65% removal)
   B. THM = ~40
   C. Distribution THM
      1. Sample Sites 1, 5, 6 – near 80

IV. WTP Operations
   A. 17.3 MGD on 5/6/15
   B. Un-softened stream currently around 1 MGD
   C. Items to be postponed until after May THM testing
      1. East clarifier repair
      2. Cleaning of plate settlers
      3. Clean/repair slakers
   D. RFP for polymer pumps to clarifiers is out – work to commence when awarded with intent to be operational well in advance of the August THM sampling
   E. Security improvements at the main gate are ongoing
   F. One pump at Cedar St. PS is operational and SCADA control is possible by laptop until communication issues are addressed.

V. LAN
   A. Contract amendment is being signed. Liability language and scope for the construction work will need to be incorporated as an amendment to the contract.
   B. Hydraulic Water Model
      1. Rob B provided additional information with help from billing.
      2. LAN is working on model update which is to be completed approximately 1 month after all existing water system information is received

C. GAC Media
   1. Design is underway: basis of design is being developed
   2. Plan is to set up meeting with MDEQ, likely second or third week of May

VI. Distribution
   A. Chlorine residuals are currently holding well
   B. Flushing will begin week of May 11th

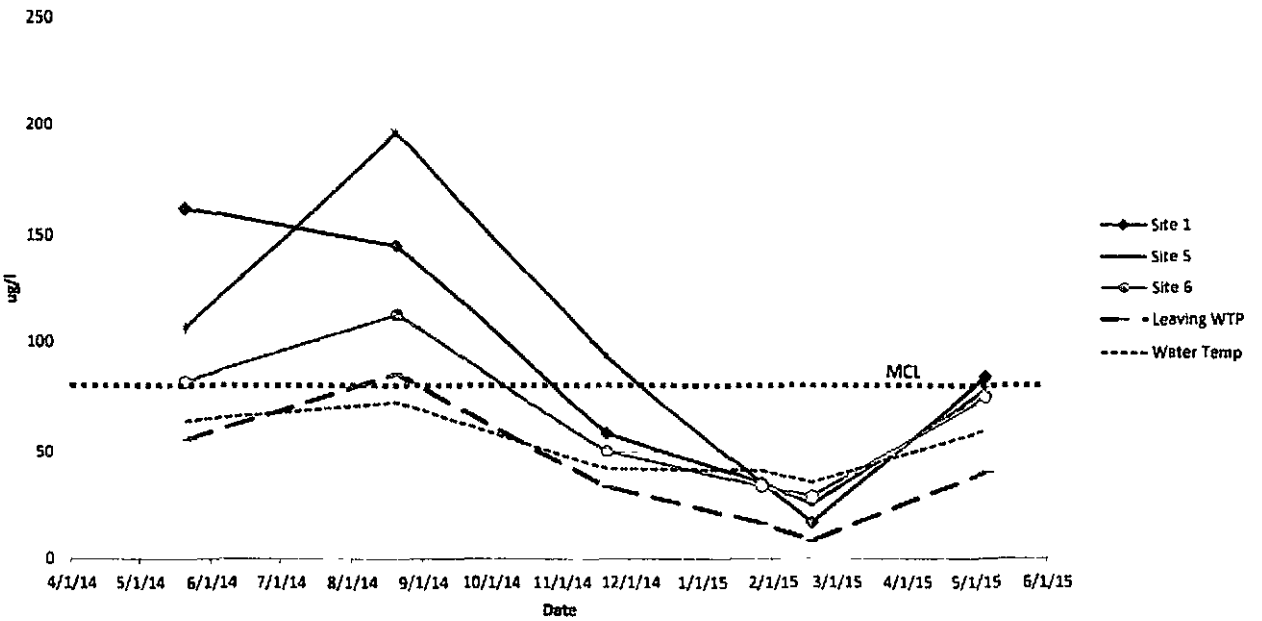
VII. Preparation for Upcoming THM Sampling
   A. A strategy meeting was held on 5/5/15 w/ Rob B, WTP staff & LAN
   B. All Reservoirs will be taken off line prior to sampling
   C. Recommend flushing for sample sites 1 (McDonalds), 4 (Taco Bell), 5 (Univ. Market), and 6 (Salem Housing) with 5 being the most critical.
   D. Staff will increase ferric dosage prior to sampling
   E. Eliminate the softening bypass stream completely if possible
   F. Decrease Cl_2 feed (already implemented)

Tracking Data

Primary TTHM Sample Indicators					
Date	**Flint River Water Temp**	**Flint River TOC**	**Chlorine Feed at WTP**	**TTHM Leaving WTP**	**Average System TTHM**
5/06/15	15.6	10.8	4.1	40	76
4/28/15	11.3	9.6	4.5	???	???
5/21/14	18.2	10.3	5.3	56	100
11/21/14	5.4	7.3	4.7	33	50

			2014			2015				
No.	Address	Sample Location	5/21/14	8/21/14	11/21/14	1/27/15 Internal	2/18/15	5/6/15 Internal	May Max Possible	Last LRAA
1	3719 Davison	McDonalds	162.4	145.3	58 6	35	16.2	84 2	99	95 6
2	822 S. Dort	BP Gas Sta.	75.1	112	36 2	23	19.9	??	151	60.8
3	3302 S. Dort	Liquor Palace	111.6	127.2	33.3	23	16.8	??	142	72.2
4	3606 Corunna	Taco Bell	79 2	181.3	33.9	24	18.1	??	86	78.1
5	2501 Flushing	Univ. Market	106.4	196.2	93.6	35	24.5	78.6	5	105.2
6	3216 MLK	Salem Housing	82.2	112.4	50 1	33	28.5	75.3	129	68 3
7	5018 Clio	Rite Aid	88.2	144.4	53 6	29	19.2	??	102	76.4
8	6204 N Saginaw	N. Flint Auto	96 5	118.3	41.1	21	14.9	??	145	67.7
		WTP Tap	56	86	33	16	8	40		
		Dort Res		153	??		??	100		
		CS Res		163	35	23	??	64		
		WS Res		134	44	60	??	??		

THM Sampling Test Results



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: May 15, 2015

TO: Rick Snyder, Governor

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: Status of Financially Stressed Local Governments

EMERGENCY MANAGER

Lincoln Park
Emergency Manager: Brad Coulter
Appointed: July 3, 2014
Anticipated Exit: January 2016

Recent Developments
- After conducting preliminary interviews for the City Administrator position, a request was made by the Emergency Manager to identify additional qualified candidates.
- A fire union collective bargaining agreement was approved on February 6, 2015. Changes to overtime and paid leave will yield an estimated cost savings of $500K annually.
- Voters rejected the Firefighters and Police Officers Retirement Act proposal that was on the May ballot by a margin of 47% to 53%. Had it been approved it would have raised an additional 6 mils, or $3M annually to fund fire and police pension and healthcare costs.
- EM Coulter has modified retiree collective bargaining agreements to reduce healthcare benefits. These changes will be implemented on July 1, 2015 and will reduce retiree healthcare costs from $4.1M to $600K annually.
- FY 14 ended with a General Fund accumulated deficit of $736K, out of a total budget of $21M. This is a significant increase from the FY 13 accumulated deficit of $89K. Salient increases were in Public Safety - $1.1M, Public Works - $700K, and Culture and Recreation - $600K.

Significant Actions/Issues
- On February 3, 2015, the city was awarded $143.5K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through updated technology.

Issues to Resolve before EM Exit
- Police collective bargaining agreements must be finalized.
- Increase and stabilize pension and other post-employment benefits (OPEB) funding levels.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

FRC Created: November 12, 2014

FRC Members: Nick Khouri, Bill Martin, Brenda Jones, Darrell Burks, John Roberts, Lorron James, Mike Duggan, Stacy Fox, Tony Saunders

Recent Developments

- The city submitted its Four-Year Financial and Operating Plan (Plan) to the FRC in March 2015 for review. Upon its review and determination that the Plan was based on sound assumptions and met all of the requirements under statute, the FRC approved the Plan on April 20, 2015. The city's Plan encompassed the second year (FY16) of Emergency Manager Orr's two-year budget and used this as its base year with no changes, plus three years (FY17, FY18, and FY19).
- The city's CFO John Hill hosted a "mini" revenue estimating conference on May 14, 2015, to review revenue estimates approved in February 2015 at the statutorily required Revenue Estimating Conference. After reviewing the city's revenue trends for income tax, state revenue sharing, wagering taxes, property taxes, utility users tax and all other general fund revenues, among other major fund accounts, and discussing economic trends since February, the city elected to maintain revenue estimates agreed upon at the February 2015 Revenue Estimating Conference.
- In addition to the recent hire of Ron Rose for the position of Executive Director for the Office of the FRC, Treasury has hired Steven Watson, who is currently with the State of New Jersey Office of Budget and Management, to fill the Administrative Manager position. Mr. Watson is expected to start on May 26, 2015. Treasury does not expect to hire any additional staff beyond an executive administrative assistant.
- The most intense work that the FRC will perform going forward is measuring the effectiveness of restructuring initiatives in light of the large annual pension obligations the city will incur beginning in 2024.
- The next FRC meeting is scheduled for May 18, 2015, and the Commission will be asked to approve various contracts and leases related to the Detroit Water and Sewerage Department transaction.

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Allen Park

RTAB Appointed: September 26, 2014

RTAB Members: Suzanne Schafer, Joyce Parker, Fredrick Frank, Karen Barann

Recent Developments

- The RTAB approved City Council's appointment of the city's Finance Director as Interim City Administrator, effective March 12, 2015. A professional search firm has been hired to help find City Administrator candidates. Treasury will be participating with City Council in the selection process.
- The city was expecting to issue a bond tender offer beginning in March but was delayed due to the uncertainty around the City Administrator position. Completion of the bond tender process is now projected to be June 2015.
- In April, the RTAB approved the creation of an Interim Deputy City Administrator position to assist in overseeing city operations until the bond tender and City Hall projects are

completed. Mark Kibby, former City Manager of the City of Woodhaven, was appointed to this position.
- The Michigan Municipal League and Plante Moran were retained by the city to conduct salary and classification studies of all department head and key manager positions within the city. The city has not established a timeline for this project at this time.
- The city remains without a Director of Public Services after the leading candidate for the position rejected the city's offer of employment. A department foreman is serving as interim while the city evaluates how to fill this position.

Significant Actions/Issues
- Litigation was filed by retirees challenging the EM's authority to reduce other post-employment benefit (OPEB) liabilities. A motion for summary disposition is pending. No date has been set to hear this motion.
- City Hall will be relocating to a temporary facility in May 2015. The present facility is in poor condition and beyond repair.

Benton Harbor
RTAB Appointed: March 10, 2014
RTAB Members: Larry Steckelberg, Bret Witkowski, Marvin Raglon, Sharon Hunt

Recent Developments
- The city's Finance Director has accepted a position as Finance Director in the City of Flint. Her last date of employment is June 5, 2015.
- The city's Deputy Finance Director, multiple public safety officers, and two public works department employees have resigned due to other employment opportunities.
- On April 6, 2015, the City Commission passed resolutions adopting a procurement policy, investment policy, and a credit card policy.

Significant Actions/Issues
- On February 3, 2015, the city was awarded $910K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the water system through water main replacements and fire hydrant repairs, and to complete a property reappraisal which will provide updated and accurate assessing records. Additionally, the city will provide community enhancement through blight management and sidewalk replacement.
- FY 14 audited General Fund revenues exceed expenditures by $1M, out of a total budget of $6.1M.

Ecorse
RTAB Appointed: May 1, 2013
RTAB Members: Edward Koryzno, Robert Bovitz, Joyce Parker

Recent Developments
- On May 12, 2015, the RTAB approved a narrowly balanced FY 16 budget, though significant deficits are projected in future fiscal years.
- The City Administrator has requested a new City Controller (third in six months) however; the RTAB rejected this appointment at the May meeting.
- The RTAB has recommended that the State Treasurer amend the final EM order to provide RTAB oversight for all hiring and terminations.

Significant Actions/Issues

- On February 3, 2015, the city was awarded $350K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting.
- The City Council cancelled the contracted City Administrator search with the Michigan Municipal League (MML) and appointed Wayne O'Neal as full-time City Administrator. On February 10, 2015, the RTAB approved the city's resolution appointing Mr. O'Neal.
- The RTAB's Annual Evaluation for the Governor was not favorable, citing a lack of local financial literacy, political infighting, and an inability to develop a balanced multi-year budget. For these reasons, the removal of RTAB oversight cannot be recommended at this time.
- The city continues to have trouble attracting qualified candidates, and filling higher level administrative positions.
- The city signed a contract with UHY to provide part-time financial services until a permanent solution can be found.
- Municipal Employee's Retiree System (MERS) pension contributions are anticipated to increase from $1.8M in FY 15 to $2.4M in FY 16 because of accelerated funding for closed plans.
- The city has been unable to balance its five-year budget. Previous budgets project deficit spending in FY 16, and exhaustion of all resources in FY 17. To avoid this eventuality, significant expense reductions will be necessary in upcoming fiscal years.

Flint

RTAB Appointed: April 29, 2015

RTAB Members: Frederick Headen, Brian Larkin, David McGhee, Beverly Walker-Griffea, Robert McMahan

Recent Developments

- A clerical error by the Flint City Clerk's Office gave candidates the wrong cutoff deadline to file nominating petitions, April 28 instead of April 21. Consequently, in the Mayor's race, Mayor Dayne Walling, Councilman Wantwaz Davis, and Dr. Karen Weaver will all be left off the August Primary ballot and will have to run as write-in candidates in November. Councilman Eric Mays did not submit the required number of signatures and will likewise be left off the ballot for Mayor and will also have to run as a write-in candidate. Councilman Herbert Winfrey will be on the ballot and is unopposed for the Sixth Ward seat on the City Council. There were four candidates who filed petitions for the Third Ward City Council seat. Legislators will be asked to provide a statutory fix to allow names on the ballot. If this isn't successful, all will be forced to run as write-in candidates in the General Election.
- Jodi Lundquist has accepted the employment offer as CFO. Her start date is to be determined subject to RTAB approval.
- On April 29, 2015 the city exited emergency manager status and an RTAB was appointed. The first RTAB meeting will be held on June 10, 2015.
- On April 29, 2015, the Emergency Loan Financial Assistance Board approved a $7M Emergency Loan that will eliminate the city's remaining deficit when combined with the FY surplus of $20M.
- EM Gerry Ambrose issued an EM Order on March 19, 2015 that restructured the State Revolving Fund loans and provides approximately $2.2M, allowing the city to invest in capital improvements to the water system.

- EM Gerry Ambrose implemented new Budget Purchasing Ordinances and a Fund Balance Policy during April 2015.
- The Executive Director of the State Tax Commission notified the city that it must maintain adequate assessment records in compliance with state statute, State Tax Commission rules, and implement any corrective actions necessary. In addition, the city shall implement a full appraisal within a time frame agreed with the State Tax Commission.
- The City of Flint continues to inform residents that it is in violation of the Clean Water Standards Act, after unsafe levels of trihalomethanes (TTHM, a disinfectant by-product) were found in the water. Recent testing by the Michigan Department of Environmental Quality (MDEQ) Testing Lab showed that the total TTHM levels for the month of March are well within the Environmental Protection Agency (EPA) guidelines for safe water. However, because EPA regulations require that the four month average for all testing sites be within certain guidelines, the city is still considered to be non-compliant by the MDEQ. Monthly testing remains ongoing and is being conducted by several parties.
- The city hired Veolia to provide an analysis of the water system, including recommended improvements and associated costs. Recommendations included water plant improvements, distribution system improvements, new policies and procedures, and better communication with customers. The city is installing a $1.5M granulated active-charcoal filter to improve water quality. This filter installation will be completed in mid-July.
- In April, EM Gerry Ambrose issued two EM Orders that adopted a two-year budget for FY 17 and FY 18 and outlined the relationship between the Administrator, Mayor, and City Council.
- On April 13, 2015, EM Order 4 was issued that restored the pay of the Mayor and City Council members.
- The City Council approved a memorandum of understanding that will consolidate the 67th District Court with the 68th District Court in January 2016. The city has estimated that the consolidation will save the city $8M over a ten year period.
- The Michigan Municipal League is recruiting qualified candidates to fill the open Human Relations Director, Finance Director, and City Treasurer positions.
- Voters elected John Cherry, Charles Metcalf, Barry Williams, Cleora Magee, Jim Richardson, Brian Larkin, Victoria McKenze, Marsha Wesley, and Heidi Phaneuf to serve on the Charter Commission.

Significant Actions/Issues

- On February 3, 2015, the city was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the city's water system through improved waste management, leak detection, and pipe assessments. Pre-planning for implementation of these activities is underway.
- If the city loses a lawsuit over retiree healthcare, the EM's two-year budget does not assume this additional $5M to $6M annual expense, which will grow at a rate equal to the general rise in healthcare costs.

Hamtramck

RTAB Appointed: December 18, 2014

RTAB Members: Deborah Roberts, Mark Stema, Cathy Square, Karen Young

Recent Developments

- The Police Chief resigned on March 11, 2015. Lieutenant Ann Moise was appointed Acting Police Chief.

- Per the 2014 audit, the General Fund's accumulated fund balance is $2.8M out of a total budget of $16.2M.

Significant Actions/Issues

- On February 3, 2015, the city was awarded $622K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal which will provide updated and accurate assessing records, upgrade City Hall security, and enhance public safety through improved street lighting.
- A complaint was filed in the federal court by Hamtramck retirees over changes to healthcare benefits in October 2014. The potential exposure to the city is currently unknown.
- The annual pension liability is anticipated to increase from $3.5M in FY 15 to $4.3M in FY 19. This increase is a result of closing certain pension plans and the Michigan Employee's Retirement System (MERS) policy of accelerating the required contribution for closed plans. These increases were included in EM Square's two-year budget. The Segal Group has been hired to provide the city with recommendations on funding its pension obligations.

Pontiac

RTAB Appointed: August 19, 2013

RTAB Members: Edward Koryzno, Louis Schimmel, Keith Sawdon, Robert Burgess

Recent Developments

- On April 22, 2015, the RTAB postponed consideration of an amendment to the city's retirement ordinance that would have granted early retirement status to 69 former employees. This ordinance amendment was adopted by the City Council at its April 9, 2015 meeting with no prior announcement or analysis of the issue. No actuarial study was conducted for this change, but the best available estimates indicated the impact to the city's pension system could be approximately $9M-$13M per year. The Mayor, City Administrator, and Finance Director are opposed to this amendment.
- On April 29, 2015, the City Administrator informed Treasury that the City Council is considering adopting an amendment to the city's retirement ordinance that would permit the pension system to absorb $659,000 in COLA overpayments that were made to city retirees. Such an action is permissible under new rules adopted by the Internal Revenue Service. The City Council may consider this ordinance amendment at a future Council meeting. The RTAB postponed action on this issue until City Council takes action. Treasury is monitoring this situation.

Significant Actions/Issues

- On February 3, 2015, the city was awarded $125K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used for community enhancement through blight management.
- The City Charter proposal was rejected by voters by a 45% to 55% margin.
- In April 2014, the Final Emergency Manager Order was amended to create a Deputy Mayor position. A suitable candidate was not found through a Michigan Municipal League (MML) search. TJA Staffing and Associates has been hired to recruit a Deputy Mayor as part of the transition back to Home Rule.
- Per the audit, the General Fund's accumulated fund balance for FY 14 is approximately $5M out of a total budget of $27M.

- Oakland County Circuit Court Judge Michael Warren dismissed the city's condemnation lawsuit involving the Phoenix Center because the city failed to include compensation for the lien placed on the property. The city is preparing an appeal of the decision to the U.S. Sixth Circuit Court of Appeals.
- The City of Pontiac Retired Employees Association v. City of Pontiac lawsuit in the United States District Court was reassigned from Judge Lawrence P. Zatkoff to Judge Avern Cohn. The lawsuit challenges former EM Schimmel's elimination of retiree healthcare and replacement with an annual stipend. The General Employees Retirement System (GERS) Pension Fund is significantly overfunded and the parties are exploring options to use the overfunded portion to fund retiree healthcare.
- On March 17, 2015, the Michigan Court of Appeals reversed and remanded for trial a previous lower court dismissal of a 2013 lawsuit which challenged the EM ordered nonpayment of $3.9M into a VEBA trust for the fiscal year ending 2012. This appellate order is not a judgment against the city; rather it allows the previously dismissed lawsuit to proceed. The actual liability of the city will be determined either by a future settlement or by a final determination of the Oakland County Circuit Court.

CONSENT AGREEMENT

Inkster

Date Executed: February 20, 2012
Consent Agreement Consultant: Mark Stuhldreher

Recent Developments

- On May 14, 2015, the City Council agreed to settle the Dent lawsuit regarding police misconduct for $1.37M. The cost of the settlement will be placed on the tax roll by a judgement levy.
- On April 20, 2015, Wayne County Prosecutor Kym Worthy announced charges of assault and mistreatment of a prisoner (Richard Dent) against William Melendez, former Inkster police officer.
- In the wake of a violent interaction between Inkster police and a suspect, Inkster Police Chief Vicki Yost announced her resignation on April 22, 2015. The city hired a search firm to recruit qualified candidates to fill the Police Chief position, which is expected to be filled by the end of June.
- On April 20, 2015, the city adopted a working capital reserve policy for the Water and Sewer Fund which will provide funds for emergency situations.

Significant Actions/Issues

- On February 3, 2015, the city was awarded $855K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to complete a property reappraisal to provide updated and accurate assessing records, enhance the water system through fire hydrant repairs, and enhancing public safety through the creation of a multi-jurisdictional narcotics team, police officer training, deployment of an additional police officer, providing a backup power source, and updating technology.
- The FY 14 General Fund accumulated deficit per the most recent audit is $767K out of a total budget of $11M.

River Rouge
Date Executed: December 15, 2009
Consent Agreement Consultant: N/A (P.A. 72)

Recent Developments
- A fire union collective bargaining agreement (CBA) was approved on March 10, 2015, resulting in a reduction in health care costs.

Significant Actions/Issues
- On February 3, 2015, the city was awarded $592K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting, along with infrastructure replacements to City Hall.
- General fund revenues exceeded expenditures by $885K in FY 14 and the accumulated fund balance was $1.9M.
- A reduction in healthcare benefits for active employees and retirees was implemented on November 1, 2014. The city estimates an annual savings of $400K, which includes savings expected under the approved fire union CBA.

Royal Oak Township
Effective Date: April 21, 2014
Consent Agreement Consultant: Robert Burgess

Recent Developments
- Treasury has been informed that the Township Supervisor is regularly approving overtime for employees. Overtime is not included in the 2015 budget, and the Consent Agreement requires State Treasurer approval prior to any overtime expenditures. This is another example of the township's inability to comply with the terms of the Consent Agreement. Treasury is working with Robert Burgess on a response to this development.
- On April 7, 2015, Oakland County notified the township that they rejected the proposed ballot language for 4½ mils for general operations because the township's proposed language did not conform to guidelines. The township adopted newly proposed ballot language on April 23, 2015. This language has been resubmitted to Oakland County.
- An Order was issued by Mr. Burgess on May 9, 2015 to contract for financial consulting services with the Rehmann Group that will assist the township in preparing records for its annual audit and budget amendments.

Significant Actions/Issues
- On February 3, 2015, the township was awarded $274K through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance public safety through improved street lighting and increased police services. 195 street lights would be converted to LEDs; it is anticipated that work will be completed by August 2015.
- The Michigan State Police (MSP) continues to provide police services to the township. The Department of Treasury and the MSP continue to work towards an alternative to MSP services. A proposal from the City of Hazel Park is not financially feasible due to expense and the city's unwillingness to amend the proposal to better accommodate the township's ability to pay. Mr. Burgess has met with the City of Detroit to determine if the city is interested in submitting a proposal to provide police services to the township.

- The State Treasurer approved the township's 2015 budget on December 16, 2014, with the requirement that the township work with Treasury to implement additional budget amendments to improve its overall effectiveness. No additional actions have occurred to implement these additional budget amendments and Mr. Burgess is questioning the ability of the township's newly hired financial analyst to provide service to the township.
- The township has paid its aging accounts payable that was in excess of $200K. Mr. Burgess has requested the Township Board adopt budget amendments to the 2015 budget totaling $220K to accommodate these unanticipated expenditures. The Township Board has refused to adopt the requested amendments. Treasury is working with the CAC Burgess on a response to this issue.

NEUTRAL EVALUATION

Highland Park

Financial Review Team Appointed: December 2, 2013
Financial Emergency Declared: January 30, 2014
PA 436 Option Selected: Neutral Evaluation

Recent Developments

- Treasury staff is continuing to monitor the city's progress or lack thereof, in complying with the terms of the Loan Agreement dated September 23, 2014. There are concerns about their ability to successfully restructure their finances and they have failed to implement the health insurance benefit cost reductions as planned in FY 15. In addition, failure to reach an agreement with DWSD resulted in a $20M judgement levy against the city. Finally, there have been problems in implementing the regular billing of water and sewer service to its customers and the calculation and collection of past due amounts owed to the city. since regular billing ceased in mid-2012.
- On April 24, 2015, the Detroit Water and Sewerage Department (DWSD) was granted a judgment levy to collect $20M for sewer service that is currently owed to DWSD.
- The DWSD Director has threatened to terminate water and sewer services if the city doesn't pay its arrearage and current charges.
- A Wayne County Circuit Judge issued a temporary restraining order on April 29, 2015 blocking DWSD's efforts to cut off water service to the City of Highland Park. In addition, the judge also set aside the $20M judgment against the City of Highland Park for failure to pay DWSD for water and sewer services. The judge has set a conference hearing on this matter for June 4, 2015.

Significant Actions/Issues

- On February 3, 2015, the city was awarded $2M through the Financially Distressed Cities, Villages, and Townships Grant Program. These funds will be used to enhance the city's water system through meter replacement, leak detection, and system repairs.
- Huron Consulting was retained to prepare a request for proposal to solicit firms to operate and maintain the city's water and sewer systems, as required by the city's Plan of Adjustment. The city received one proposal from Wade Trim by the submission deadline of May 4, 2015. This proposal is under review by the City and Treasury.
- The city's liabilities total $117.6M. Some of the major components are: $55.3M debt, including $20.7M owed to the DWSD, $17.7M pension bonds, and $26.1M unfunded other post-employment benefits (OPEB) liabilities.

- Summary of the Plan of Adjustment for the City of Highland Park was adopted on August 28, 2014:
    - The city must make major reductions to retiree healthcare benefit costs.
    - In August 2015, an emergency loan of $12M plus restructuring of $4.8M existing loans will be requested by the city to refund $2.7M in Fiscal Stabilization Bonds, $5.2M in Financial Recovery Bonds, and $3.7M in State Revolving Fund Bonds. The status of this request will be reviewed in the context of benchmarks the city committed to in their last emergency loan in September 2014.

OTHER COMMUNITIES

Wayne County

Recent Developments

- The Recovery Plan has been released to the public and Treasury has begun an analysis of the plan.

Significant Actions/Issues

- Cash reserves reached its lowest point in February 2014 with pooled cash falling to approximately $22M. The August 2014 cash balance was approximately $150M. This number includes proceeds from a short-term borrowing of $75M.
- The County's annual structural general fund deficit is approximately $50M prior to any of the proposed remedial actions.
- The preliminary results of the county's actuarial report indicate a drop in other post-employment benefits (OPEB) liability of approximately $409M. This reduction is a result of the county choosing less expensive plans and implementing cost sharing measures. The Plan participants are now paying a larger share of the cost. This does not include any saving opportunities resulting from a proposed change to retiree healthcare.
- The county is working to resolve a disagreement with the Mental Health Authority over services provided to jail inmates. The county currently pays for this service but believes it falls under the purview of the Authority.
- The county has not yet proposed a long-term solution to its jail problems.

Cline, Richard (Treasury) RTAB Analyst, CA, Mayor, SAM

From: Cline, Richard (Treasury)
Sent: Wednesday, May 20, 2015 8:26 AM
To: Byrne, Randall (Treasury); Widigan, Robert (TREASURY)
Subject: Flint Weekly Call

Tracking:

Recipient	Delivery
Byrne, Randall (Treasury)	Delivered 5/20/2015 8 26 AM
Widigan, Robert (TREASURY)	Delivered 5/20/2015 8.26 AM

Here are my suggestions for the Weekly Call with Flint:

- **Priorities for the Week:** 1) Possible new water shutoff notice? 2) Utilities Admin Hired to oversee 3 utilities 3) want to hire another 5 1 circuitor, 4) KWA on schedule 5) AmeriCorps Members/d in Flint/united way 6) GM Expansion @ Flint Truck Assy ab - PPT Applicants
- **Update on Election Issues:** 1) Clerk to Testify at Senate Hearing, 2) Leg Hearing re Amend law, 3) County printed ballots w/o Changes 4) Co Clerk may speak to Leg 5) Federal invest ongoing
- **Update on Water Issue:** 1) Next Water Advisory Committee Meeting?; 2) New Mediators Selected?; 3) Other Updates? Tech Comm - today Community Comm Meeting - ?; Reorganize? Projects - on schedule
  Reviewing Poverty Exemption
  Predictive
  Request to change Late Fees - $15 to 0.5%/Month
  Based on rate study - Min $ Impact
  Leak Detection - Trying to hire Eco-Logics; $995K
- **City Charter Commission:** Sworn-in Yesterday? Next Steps? Yes Good ceremony & attendance Model Charter Materials provided
- **Position Hiring's:** 1) Finance Director; 2) HR Director; 3) Other Positions.
  1) FD - Begin June 15 after RTAB approval 2) Treas - New Search, Let new FD handle (+) Shared Service w/ County?
  3) HR - Interviews, Interview on Mayor Rec; Rec next week
- **Police Operations:**

- **RTAB:** First meeting scheduled for June 11. Schedule Phone Call with City on Packet Preparation. Discussed

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

Flint Water
Technical Advisory Committee
May 20, 2015
Flint City Hall

Agenda

2:00 pm	**Welcome** **Purpose of the Technical Advisory Committee: Provide a respectful means of sharing factual information and having dialogue around the City of Flint water.**
2:05 pm	**Introductions**
2:10pm	**Current water status information – M. Glasgow, Operator In Charge (F-1)**
2:20 pm	**Improvements Information – H. Croft, Director Department of Public Works** New filter media installation Leak detection New pipe installation Water meter installation New water page on City website
2:40 pm	**Discussion on next TTHM testing expectations**
2:50pm	**Discussion on current health concerns, including lead and copper testing**
3:30pm	**Next Steps** Next meeting, one month or two months?
3:35 pm	**Adjourn**

Sources of Information:

City Website: CityofFlint.com See Residents: WATER or
Departments: Public Works: Utilities - WATER.

If you, or another Flint resident, would like to have their water tested: call 810-766-7135 ext 2606

City of Flint
Technical Advisory Committee

5/20/2015 Meeting Summary

-Introductions

- ✓ Introduced the new Utilities Administrator Mike Glasgow
- ✓ Introduced the City Administrator Natasha Henderson
- ✓ Roundtable introductions of other participants

-Updates

- ✓ Update on current water status (Mike Glasgow, Utilities Administrator).
  - Water is not as hard (hardness between 150 – 180) down from 210- 230
  - Quarterly TTHM testing submitted and expecting all eight sites to be below the MCL
- ✓ Update on GAC installation (Samir Matta, LAN).
  - Installation ahead of schedule
  - Design has been submitted to DEQ, quick approval expected
  - Vendor is identified and capable of supply and installation
  - Vendor is testing flint water samples
  - Flint will install one filter ahead of time for actual results
  - Full installation now scheduled for late June (moved up from mid-July)
- ✓ Update on remaining initiatives, (Howard Croft, DPW Director).
  - Leak detection is expected to begin by July(will take 10 – 14 weeks to complete)
  - New pipe installation has been tentatively pushed back to a July start
  - Aggressive water meter installation (9,000 meters in one year) is on track to start in July
  - New "water webpage" chronicling all events set to launch in the next week

-Discussions

- ➢ Genessee County Health Department, Flint Water Plant, & Flint City Hall have received no water complaint calls in over 60 days.
- ➢ Health department has listed several items such as "hard water rash" on the front page of their website with explanations.
- ➢ Some attention has shifted to lead and copper concerns, recent internal testing numbers still show approximately 2 -3 out of 100 with high levels.
- ➢ Lead and copper issues trace back to household plumbing and service lines nationally.
- ➢ All independent area testing continues to show water quality to be in line with EPA standards.
- ➢ Question was raised about "Bromite" levels in the water, Mike Glasgow will address how the implementations are addressing this in the next meeting.
- ➢ The DEQ acknowledged that their requirements for notification are the minimum levels and additional efforts can be undertaken.

-Objectives

- ✓ The health department will present a proposal to the City of Flint DPW to partner in a social media campaign designed for community outreach.
- ✓ A plan was set to maintain a 24 hr. advance notification to this group of future low residuals, or potentials of boil water advisories.
- ✓ The annual Consumer Confidence report will go out in July and if a violation notice is required then it will go with this report. (DEQ agrees with this approach).

-Next Steps

- Next meeting is targeted for late July or Early August after the GAC has been installed.
- Meeting will focus on the results of the implementation measures and what internal testing is showing for water quality in the late summer months.
- We plan to invite several community leaders to participate in this forum, candidates are:
  - Mike Sargent – Flint Strong
  - Pastor Harris – Concerned Pastors
  - Rebecca Fedewa / Jack Minore – Flint River Watershed Coalition
- The subsequent meeting is targeted for September (after the late summer TTHM results are in) and we intend to start directing attention towards Lake Huron water and the upcoming transition to the KWA.

-Attendees

Hilda McShane - Genesee County Health Department
Jim Henry - Genesee County Health Department
Samir Matta – LAN Engineering
Warren Green – LAN Engineering
Larry Kohler – Mott Community College
Mike Lane – University of Michigan Flint
Rusty Hudson – McLaren Hospital
Norb Birchmeier – Hurley Hospital
Gerald Natzke – DO-Genesys Regional Medical Center
Kirk Smith – Greater Flint Health Coalition
Pete Levine – Genesee County Medical Society
Mike Prysby – Department of Environmental Quality
Dr. Michael Wright - Environmental Protection Agency
Mike Glasgow – City of Flint - Utilities Administrator
Howard Croft – City of Flint - DPW Director
Natasha Henderson – City of Flint - City Administrator

Attachment #6a

150391

RESOLUTION NO.: CA009 2015

PRESENTED: MAY 20 2015

ADOPTED: _____

RESOLUTION TO ESTABLISH THE INTEREST RATE CHARGED ON WATER AND SEWER BILL BALANCES THAT ARE PAST DUE

Chapter 46, Utilities; Article III, Rates and Charges; Division 1, Water; Section 46-52.2 of the Flint City Code of Ordinances has been amended and restated so that the interest charged on past due water and sewer bill amounts is established by resolution and shall be applied to any unpaid balance.

The City of Flint relies on timely payment of water/sewer bills to provide for the water and sewer system needs and recognizes the financial challenges certain customers face.

IT IS RESOLVED that the interest charged on City of Flint past due water and sewer bill amounts shall be 0.5% per month charged no sooner than ten (10) days after the due date, provided that the guidelines for late payment interest for financially challenged customers include:

- waiver of late payment interest for low-income customers who provide proof as to their eligibility for food stamps, or that their income is at or below the most current Federal Poverty Guidelines;
- waiver of penalty for customers who are not in arrears on the schedule defined in their payment arrangements; and
- waiver of late payment interest for veterans, senior citizens, and other persons, whether a homestead property owner or not, who would qualify for the Michigan Homestead Property Tax Deferment based on the income threshold in MCL 211.51 (2).

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

Natasha L. Henderson, City Administrator

APPROVED AS TO FINANCE:

Allen Mooney for Dawn Steele

Dawn Steele, Deputy Finance Director

Dayne Walling, Mayor

APPROVED BY COUNCIL:

S:\P. Bade\Resolutions\Resolution to Establish Past Due Interest Charge 5.13.15.doc

RESOLUTION STAFF REVIEW

DATE: 05-12-15

Agenda Item Title: Resolution to establish the interest charged on past due water and sewer bill amounts and provide for certain waivers.

Prepared By: Albert Mooney – Interim City Treasurer

Background/Summary of Proposed Action: Staff has reached out to Dr. Roger D. Colton, co-founder of Fisher, Sheehan & Colton, an economics consulting firm near Boston that specializes in working with public finance, economics, and poverty law. Dr. Colton has provided guidance on several simple steps the City of Flint might take to address some affordability concerns for water and wastewater rates. The attached resolution will follow certain aspects included in his recommendations and lower the interest rate charged on late balances from 1.5% per month to 0.5% per month and provide waivers of late charges for low-income customers who provide proof as to their eligibility for food stamps. Waivers also will be provided to customers who are not in arrears on the schedule defined in their payment arrangements and for those with proof their income is at or below the most current Federal Poverty Guidelines.

2015 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA

Persons in family/household	Poverty guideline
1	$11,770
2	15,930
3	20,090
4	24,250
5	28,410
6	32,570
7	36,730

Lastly, customers listed below who would qualify for deferring property tax payments (this includes all customers, not just property owners) who substantiate their eligibility would be granted waivers.

SENIOR CITIZEN (62 YEARS OR OLDER), BLIND PERSONS, PARAPLEGICS, QUADRIPLEGICS, TOTALLY AND PERMANENTLY DISABLED, ELIGIBLE SERVICEMEN, ELIGIBLE VETERANS, OR ELIGIBLE WIDOWS.

In order to be eligible for the waivers (pursuant to the law on property tax deferments), the person must:

a) have total income, including Social Security, tax exempt pensions, and all other income except the first $300 of gifts, lottery, bingo, or gambling winnings, that totals $40,000 or less; and

b) live at the property address as their primary residence.

Attachment #6 C

150432

(Proposal No. 15000546)

SUBMISSION NO: CA011 2015

PRESENTED: 5-20-15

ADOPTED: _____

RESOLUTION FOR ADDITIONAL COUPLINGS/CONNECTORS, CURB BOXES, FITTINGS AND HYDRANT REPAIR PARTS WITH ETNA SUPPLY CO.

BY THE MAYOR

RESOLUTION

On October 17, 2014, the Emergency Manager by resolution number EME5712014 authorized the Department of Purchases & Supplies to issue a purchase order to the Etna Supply Co., 529 – 23rd St. SE, Grand Rapids, Michigan for water service supply parts couplings/connectors, curb boxes, fittings and fire hydrant repair parts as requested by the DPW Utilities/Water Service Center in the amount of $65,000.00; and

The DPW Utilities/Water Service Center has exhausted the purchase order for said parts and has requested the need for additional water service supply parts couplings/connectors, curb boxes, fittings and fire hydrant repair parts for the current fiscal year in the amount of $49,000.00. Funding for said supplies will come from the following account: 591-540 202-726.000; and

IT IS RESOLVED, that the Department of Purchases & Supplies, upon the City Council's approval, is hereby authorized to issue an additional purchase order to Etna Supply Co. for additional water service supply parts couplings/connectors, curb boxes, fittings and fire hydrant repair parts in an amount not to exceed $49,000.00 for a revised aggregate FY15 total of $114,000.00. (Water Fund)

APPROVED AS TO FORM:	APPROVED AS TO FINANCE:	APPROVED PURCHASING:
Peter M. Bade, City Attorney	Dawn Steele, Deputy Finance Director	Derrick Jones, Purchasing Manager

DISPOSITION: ADMINISTRATION

REFER TO COUNCIL X FAIL _____ SIGNED: _____

Natasha L. Henderson, City Administrator

DISPOSITION: CITY COUNCIL

ENACT _____ FAIL _____

FY15 – BDB

RESOLUTION STAFF REVIEW

DATE: 4-21-15

Agenda Item Title: Water Service/Water Main Repair Parts

Prepared By: Cheri Priest, Water Service Center

Background/Summary of Proposed Action: The City of Flint Water Service Center requests that a purchase order be issued to Etna Supply for the additional purchases of repair parts for mains and service. Etna is the current vendor and the current purchase order has been exhausted.

Financial Implications: Adequate funding has been allocated in the below listed account.

Budgeted Expenditure? Yes ☒ **No** ☐ **Please explain if no:**

Account No.: 591-540.202-726-000 $49,000.00

Pre-encumbered? Yes ☒ **No** ☐ **Requisition # 150000186**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: Robert Bincsik
(Dept Head or other authorized staff)

Attachment #6e 150434

(Proposal No. 844)

SUBMISSION NO.: CA0132015

PRESENTED: 5-20-15

ADOPTED: _____

RESOLUTION FOR CONTRACT CHANGE ORDER #3 TO ROWE ENGINEERING SERVICES FOR THE NEW IROQUOIS & DUPONT WATERMAIN DESIGN

BY THE MAYOR

RESOLUTION

On October 17, 2014, the Emergency Manager by resolution number EME5672014 authorized the Proper City Officials to enter into change order #2 to contract #F13149 with Rowe Engineering, PO Box 3748, Flint, Michigan for professional engineering services in the amount of $190,000.00 and a new contract total amount of $315,000.00; and

The DPW Utilities/Water Service Center has requested the need for additional professional engineering services for the construction and installation design of the new Iroquois and Dupont Street watermain project in the amount of $210,000.00. Funding for said services will come from the following account: 591-540.300-801.000; and

IT IS RESOLVED, that the Appropriate City Officials, upon the City Council's approval, are hereby authorized to issue a change order #3 to Rowe Engineering for additional professional engineering services for the construction and installation design of the new Iroquois and Dupont Street watermain project in an amount not to exceed $210,000.00 for a revised aggregate FY15 total of $525,000.00. (Water Fund)

APPROVED PURCHASING DEPT. APPROVED AS TO FINANCE: APPROVED AS TO FORM:

Derrick Jones, Purchasing Manager — Dawn Steele, Deputy Finance Director — Peter M. Bade, City Attorney

DISPOSITION: ADMINISTRATION

REFER TO COUNCIL ✓ FAIL _____

DISPOSITION: CITY COUNCIL

ENACT _____ FAIL _____

Natasha L. Henderson, City Administrator

DISPOSITION: RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

ENACT _____ REFER TO COUNCIL _____ FAIL _____

SIGNED: _____

FY15 - BDB

RESOLUTION STAFF REVIEW

DATE: 5-11-15

Agenda Item Title: Water Main Replacement – Iroquois Avenue

Prepared By: Cheri Priest, Water Service Center

Background/Summary of Proposed Action: The City of Flint Water Service Center requests that that change order #3 be issued to Rowe Engineering for additional engineering services for the above project. See attached specification sheet for proposal details.

Financial Implications: Adequate funding has been allocated in the below listed account.

Budgeted Expenditure? Yes ☒ No☐ **Please explain if no:**

Account No.: **591-540.100-300-000**

Pre-encumbered? Yes ☒ No☐ **Requisition #150000360**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: Robert Bincsik
(Dept Head or other authorized staff)

5-20-15

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD FROM JULY 1, 2014 TO APRIL 30, 2015

Fund Account	Description	Beginning Balance 07/01/2014	Ending Balance 04/30/2015
001.000	Commercial Pooled Cash Account	1,345,857.61	1,047,113.61
Fund 274 HUD CDBG, ESG, & HOME GRANTS			
001.000	Commercial Pooled Cash Account	(995,285.06)	(2,341,545.43)
001.100	Bank - Urban Renewal - 230006018089	-	2,034,576.21
	HUD CDBG, ESG, & HOME GRANTS	(995,285.06)	(306,969.22)
Fund 296 Other Grants Fund			
001.000	Commercial Pooled Cash Account	(243,104.95)	595,538.47
001.100	Bank - Urban Renewal - 230006018089	250,539.90	-
	Other Grants Fund	7,434.95	595,538.47
Fund 402 Public Improvement Fund			
001.000	Commercial Pooled Cash Account	2,242,619.26	1,329,877.63
Fund 542 Building Inspection Fund			
001.000	Commercial Pooled Cash Account	660,243.05	1,812,110.85
004.000	Imprest Cash	50.00	50.00
	Building Inspection Fund	660,293.05	1,812,160.85
Fund 590 Sewer Fund			
001.000	Commercial Pooled Cash Account	11,349,127.44	28,537,947.23
Fund 591 Water Fund			
001.000	Commercial Pooled Cash Account	7,833,368.99	16,936,576.22
001.001	Cash Reserve	5,848,116.20	5,848,116.20
	Water Fund	13,681,485.19	22,784,692.42
	TOTAL - ALL FUNDS	44,947,727.47	72,598,403.99

Weekly Conference Call Notes – May 26, 2015

Allen Park –May 22nd – Mayor Matakas, M. Kibby, B. Cady, R. Byrne, E. Cline

- **Priorities for the Week**:
  - The City of Dearborn has apparently agreed to provide jail services to the City for two years.
  - The call with S&P on the bond tender went very well.
  - The City's L4029 was filed. The City's millage rate may decline 0.9712 mills due to judgment levy removals.
  - The Mayor provided an update on the Brownfield issue. The State may need to consider a change to the EM Order regarding this.
  - An update to the County wastewater issue was discussed. The question is what the assets are really worth.
- **Status of City Administrator Search Process:** The City has updated the job description; posting of the advertisement is pending.
- **City Hall Relocation Status**: City Hall will begin moving on Friday, June 5. The City is exploring a possible contract violation over the tower issue. The City has also erected a temporary tower for use until the issue is resolved. The Mayor stated that an Intern will be retained to assist those with accessibility issues when they enter the new City Hall until the elevator issue is resolved. It is hoped this will be completed in 3-4 weeks.
- **Five-Year Budget**: Eric will send Treasury's analysis to the City.
- **Status of Fire & Police Negotiations**:
  - The Police Department apparently rejected the City's offers. The Interim City Administrator will be meeting with the City Council on June 9 to discuss this issue.
  - The City met last week with the Fire Department. A possible resolution on the Tentative Agreement issue may be at-hand.

Benton Harbor –May 14th – D. Watson, R. Widigan

- **Priorities for the Week**:
  - **Started Negotiations with AFSCME** – They are looking to reverse everything EM Saunders did.
  - **FLSA Complaint** – Response was received from the Dept. of Labor; the City is required to pay $19K to settle the complaint. Money is available.
  - **Modern Plastics Case** – Darwin was in a meeting with the County Treasurer and New Products to settle the taxable value of Modern Plastics.
    - As of now, the Judge is siding with the City and County.
  - **City's Assessor** – Darwin is preparing an RFP for the position.
    - The current Assessor mentioned the position may need to be a part-time position, at three days a week (currently only at one day a week).
- **Board Appointments:** Still an issue with the City Commissioners.
  - City Commissioners attend a Committee Meeting, discuss the agenda items, and then come back to the City Commission meeting and table because they "don't have any information."
  - Commissioners want to appoint the same individuals with absolutely no experience or training on the subject.

- **Commissioner with five consecutive meeting absences**: Mayor Pro-Temp sent an email to the Commission stating that a resolution needs to be passed to remove Commissioner Seats.
  - Commissioner Seats says the Commission needs to excuse his absences.
  - Per the Charter – the Commission shall excuse a Commissioner's absences BEFORE they occur.
  - Darwin has instructed the City Attorney to issue an opinion by the first meeting in June.
- **FDCVT Grants**: The City is issuing RFPs for the water main and fire hydrant replacements.
  - Working on the RFP for the assessment with the Assessor.
  - The City has not done an overall assessment in 20-25 years.
  - Sidewalk replacement is more than anticipated - $50K will do six blocks of sidewalk replacement.
  - Blight elimination – The Code Enforcement Officer is working on a list of condemned homes.
  - The City is meeting every other week to discuss the grants.
- **Public Safety Director Lawsuit/Chief**: Trial begins on June 15.
  - The City will speak with their insurance provider on May 20 to discuss payment options.
- **Deputy Finance Director/Finance Director**: Darwin has reached out to Plante Moran. They are willing to help as an Interim Finance Director.
  - The job will be posted with the MML, GFOA, MGFOA, and the Berrien County Treasurers Association.
  - Darwin would like someone from Treasury/State to assist with the vetting and hiring process.
  - What technical support can Treasury provide?

Ecorse – May 5th – W. O'Neal, J. Pepperman, R. Byrne, E. Cline, D. Van de Grift

- Five-year budget – waiting for Tim Sadowski to be hired first.
- Power outages at City Hall.
- The Mayor interested in the DDA project.
- There has been little progress on fire consolidation, despite the stated finalization goal of July 1, 2015.
- Wayne was unable to answer basic questions about his own budget (i.e. how much taxation, expenses of the District Court, etc.)
- Significant increases in PA 33 Special Assessments. Wayne stated that the public supports these increases, though it likely means that levies will exceed 100 mils.
- Library sharing with River Rouge? 60/40 split?

Flint – May 13th – D. Walling, N. Henderson, J. Freeman, R. Byrne, E. Cline, R. Widigan

- **State of the City Address:** The speech was very optimistic, 6th SOTC address done by the Mayor, and was well received.
  - CANUSA games are back on for Flint, started after WWII.
  - 3 RTAB members attended along with Charter Commission members.
- **City Charter Commission:** The City Attorney said the members will be sworn in on May 19 around 5:00 or 5:30.
- **Update on Election Issues:** N. Henderson spoke with Representative Neeley – legislation may pass to address the issue.
  - City is also pursuing legal action, issued must solved by the end of May.
- **Update on Water Issue**: The City will send a detailed report to OFR.

- Accepted a bid for leak detection project – will be presented to Council on May 27.
- GAC installation is on schedule, needs DEQ approval, LAN is working on the approval.
- Positive working relationship between the DPW and the City Administrator.

- **Position Hiring**:
  - Finance Director: Offer accepted by Jody Lundquist – will be submitted to the RTAB for approval.
  - HR Director: Interviews will take place today. Mayor is concerned that a local candidate will not be hired. N. Henderson and the Mayor will discuss with Joyce Parker.
  - Treasurer: City will re-advertise for the positon.
- **RTAB Court Recorder**: Still working on this.
  - Tentative RTAB date June 10, 2015 at 1 or 2 PM.
  - Eric will work on the Plan of Action for the City's CDBG Action Plan that was passed by Council. It must be submitted by May 15.
- **Other**:
  - The new park at the old Genesee Towers site will be completed in 3-5 weeks; the Up-Town Group is developing a recreation space.
  - Harrison Street will be re-opened.
  - The Riverbank Park will be receiving safety improvements and ADA upgrades.

Hamtramck – March 19th – K. Powell, D. Van de Grift

- Discussed improvements for City RTAB submissions; Angela will send another packet example illustrating the proper way to submit items.
- According to Katrina, moral has improved. She is taking all employees out to lunch in groups as well as organizing a municipal softball team.
- Ann Moise, previously a Lieutenant, is acting Chief of Police. Katrina intends to keep her in this position for 3-6 months.
- From the City Manager's perspective, relations between her and the Mayor are improving.
- The City Council continues to be quarrelsome and divided; however Katrina feels she is gaining support from them.

Inkster – January 9th – M. Stuhldreher, R. Byrne

- The police chief search is underway. Meetings have been scheduled with City Council members.
- A draft water and sewer billing settlement has been prepared for a tax levy by Wayne County and DWSD. It will be levied on the July tax bill.
- Mark hopes that the deficit will be eliminated at the end of FY 2015.
- The new police and court building is now fully occupied.
- A fund balance policy was adopted.
- Mark believes that chargebacks will be substantially reduced.
- The City Manager and Mark have a good working relationship.

Lincoln Park – March 11th – B. Coulter, D. Van de Grift *(May 6th call cancelled)*

- The bid for the Cell Tower is up to $943k. Proceeds will balance the budget this year if realized.
- The City Manager search is ongoing.
- The 345 Pension Millage is supported by fire and police unions.
- Brad is considering a legal claim against GRS for underfunding of pension.
- RFP for ambulance services is underway.

Pontiac – May 22nd – D. Waterman, N. Nazarko, J. Sobota, R. Byrne, R. Widigan

- **Upcoming Priorities**:
  - The City was informed that the SEC filed an OIP against the GERS Board pension manager, Grey & Co., for issues unrelated directly to the City. There is strong concern that the system will likely lose the services of this firm but the precise impact on the system is unclear at this time. The City will provide the OFR with a copy of the SEC filing.
  - Randy noted that the Deputy Mayor posting was listed on MML but inquired about a posting on ICMA. Randy further stated that TJA had inquired with him on an unpaid invoice to the City in the amount of $10K, dated April 9, 2015. Joseph stated that this invoice had been paid and the check cashed.
- **Annual Budget Process:** Joseph informed us that the City Council took no action on the budget at last night's meeting. He stated that he has reached out to the Council to see if they have any questions on the draft. The Mayor indicated that she would follow-up with the Council President. Joseph did say the two Councilmembers want to see 10-15 deputies added to road patrol in the next budget. Joseph noted that each deputy costs approximately $130K.
- **Proposed Compensation Package:** Eric stated that questions from the RTAB will be provided today.
- **Meetings with Council Members**: Joseph stated that he has not yet approached the Councilmembers on this issue. However, he did discuss the idea with the Mayor and she is in full support.

Royal Oak Township – May 11th – R. Burgess, D. Squalls, E. Cline

- **Upcoming Priorities**:
  - The Township is working on a demolition project of an abandoned house. Seven more demolition projects are pending. This project is funded through a blight grant program. *The Supervisor leaves the call after this discussion.*
  - A discussion with the Consultant was held regarding Township staffing levels.
  - The Township Attorney is doing well and having some positive impact on Board operations.
  - The Township has hired a CDBG Coordinator. The Consultant will forward information to the OFR on this matter.
- **Budget Issues**: Rehmann's work is ongoing; they should be finished by the end of this week.
- **UHY Payments**: UHY has been paid over $50K and all funds to be paid by the State have been transmitted. Robert Burgess thought all bills had been paid but recently received invoices for over $12K from UHY for work directly commissioned by ROT. The Township Treasurer believes that no invoices should be paid until reconciliation statements from the time in question are provided by UHY. The ROT Board apparently voted to authorize no funds until such statements are received

from UHY. Robert noted that Rehmann was going to generate the statements in question as part of their current activities. Robert hopes this will resolve the issue.

- **Police Services**: It is believed that a proposal from the City of Detroit will be received this week.
- **Voted Millage**: The Election Date is scheduled for August 4.
- **Memorial Day Call & Future Weekly Calls**: Eric informed Mr. Burgess that the call for Memorial Day is cancelled. Eric also informed Mr. Burgess that bi-weekly calls, starting June 1, will be implemented.

Byrne, Randall (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, May 26, 2015 4:52 PM
To: Byrne, Randall (Treasury)
Subject: Weekly Flint Call

Randy,

Some thoughts for tomorrow's Weekly Call with Flint:

1) An update on Election-related issues, including the Internal Investigation.
2) An update on Water issues, including if they are going to have to send additional violation notices.
3) An update on the HR Director position.
4) I think an update on public safety, especially police given the spike in shootings.
5) Regarding the RTAB, have they found a Court Recorder? Do they have more information to send us prior to our phone call tomorrow?

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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Attachment # 6

City of Flint, Michigan
Meeting Minutes 2 - Final
CITY COUNCIL

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Joshua M. Freeman, President, Ward 4
Wantwaz D. Davis, Vice President, Ward 5

Eric Mays, Ward 1 — *Jacqueline Poplar, Ward 2*
Kerry Nelson, Ward 3 — *Herbert J. Winfrey, Ward 6*
Monica Galloway, Ward 7 — *Victoria VanBuren, Ward 8*
Scott Kincaid, Ward 9

Inez M. Brown, City Clerk

Wednesday, May 27, 2015 | **6:01 PM** | **Council Chambers**

ROLL CALL

Present: Councilperson: Councilperson Poplar, Councilperson Nelson, Freeman, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: Councilperson: Davis

PUBLIC HEARINGS

150387 Public Hearing/Obsolete Property Rehabilitation Exemption Certificate Application/URC 600 South, L.L.C.

A Public Hearing to consider an Obsolete Property Rehabilitation Exemption Certificate Application for URC 600 South, L.L.C.'s 600 S. Saginaw Street Project will be held Wednesday, May 27, 2015, at 6:00 p.m., in City Council Chambers, 3rd Floor, City Hall, 1101 S. Saginaw Street, Flint.

HEARING HELD

RESOLUTIONS

150390 Contract/Echologics, LLC/Water Main & Pipe Leak Detection Assessment Services

Resolution resolving that the proper city officials, upon the City Council's approval, are hereby authorized to enter into a contract with Echologics, LLC, for acoustical watermain and pipe leak detection assessment services, as requested by Utilities/Water Service Center, an an amount NOT-TO-EXCEED $895,850.00 [Water Fund Acct. No. 591-540.300-801.000].

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150391 Resolution/Establishing the Interest Rate Charged on Past Due Water & Sewer Bill Balances

Resolution resolving that the interest charged on City ofo Flint past due water and sewer bill amounts shall be 0.5 percent per month charged no sooner than ten (10) days after the due date, provided that the guidelines for late payment interest for financially challenged customers include: waiver of late payment interest for low-income customers who provide proof as to their eligibility for Food Stamps or that their income is at or below the most current Federal Poverty Guidelines; waiver of penalty for customers who are not in arrears on the schedule defined in their payment arrangements; and waiver of late payment interest for veterans, senior citizens and other persons, whether a homestead property owner or not, who would qualify for the Michigan Homestead Property Tax Deferment based on the income threshold in MCL 211.51 (2). [NOTE: The City of Flint relies on timely payment of water/sewer bills to provide for water and sewer system needs, (but also) recognizes the financial challenges certain customers face.]

SEPARATED FROM MASTER RESOLUTION

150396 Public Hearing Date/Industrial Facilities Exemption Certificate (IFEC)General Motors LLC/Body Shop/3100 Van Slyke

Resolution resolving that such a hearing to consider an Industrial Facilities Exemption Certificate (IFEC) (P.A. 198 of 1974, as amended) for General Motors LLC., shall be held on the 22nd day of June 2015, in City Council Chambers, Flint City Hall, 1101 S. Saginaw Street, and that the City Clerk shall cause notice of such hearing to be published in an official paper of general circulation not less than ten (10) days prior to said hearing, AND, resolving that at said hearing the above referred to and any other interested parties shall have the opportunity to be heard relative to said application. [NOTE: The exemption certificate is for General Motors' Body Shop at 3100 Van Slyke.] [City Administrator Submission No. CA0072015.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150397 CO#1/Contract/Nan McKay & Associates/Rental Inspection Services

Resolution resolving that the proper city officials, upon the City Council's approval, are hereby authorized to enter into change order #1 to the contract (for rental inspection services) with Nan McKay & Associates to extend the contract until June 30, 2016, and add an additional $100,000.00 to said contract for FY2016, for a revised contractual amount NOT-TO-EXCEED $400,000.00, as requested by Building Inspections [Building Inspection Fund Acct. No. 542-371.100-801.000]. [City Administrator Submission No. CA0062015.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150437 Charitable Gaming License/State of Michigan Lottery Charitable Gaming Division/Flint Children's Museum/Raffle

Resolution recognizing the Flint Children's Museum as a non-profit organization operating in the City of Flint for the purpose of obtaining a charitable gaming license, issued by the Michigan Lottery Charitable Gaming Division, relative to conducting a 50/50 raffle during their SUMMER FUNdraiser on June 12, 2015, at the Flint Golf Club, Flint, Michigan.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

RESOLUTIONS - MAY BE REFERRED FROM FINANCE & ADMINISTRATION COMMITTEE

150431 Reprogramming of Funds/Community Development Block Grant [CDBG] Funds/HOME Investment Partnership Program Funds

Resolution authorizing the appropriate City Officials to do all things necessary to process a budget amendment, in the amount of $115,311.73, from FHOMEPRIOR accounts, $197,241.678 from FHUD13HOME accounts, and $250,000.00 from FHUD14CDBG accounts, and make said funds available for reprogramming. [NOTE: Said funds are available for reprogramming due to developer GDC Smith Village's completion of construction for the 39-unit Smith Village Development.]

SEPARATED FROM MASTER RESOLUTION

150432 Etna Supply Co./Additional Couplings-Connectors, Curb Boxes, Fittings, and Hydrant Repair Parts

Resolution authorizing the Department of Purchases and Supplies, upon City Council approval, to issue an additional purchase order to Etna Supply Co. for additional water service supply parts, couplings/connectors, curb boxes, fittings and fire hydrant repair parts, as requested by DPW Utilities/Water Service Center, in an amount NOT-TO-EXCEED $49,000.00 for a revised aggregate FY15 total of $114,000.00 [Water Fund Acct. No. 591-540.202-726.000].

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150433 CO#1/Contract/Ace-Saginaw Paving Co./Additional Asphalt Paving Materials

Resolution authorizing the proper City Officials, upon City Council approval, to enter into change order to #1 to the contract with Ace-Saginaw Paving Co. for additional asphalt paving materials, as requested by Street Maintenance, in an amount NOT-TO-EXCEED $57,650.00, for a revised contract amount of $240,411.00 [Local Street Fund, Major Street Fund].

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150434 CO#3/Contract/Rowe Engineering/Additional Professional Engineering Services/Iroquois and Dupont Streets Watermain Project

Resolution authorizing the proper City Officials, upon City Council approval, to enter into change order to #3 to the contract with Rowe Engineering for additional professional engineering services for the construction and installation design of the new Iroquois and Dupont Streets watermain project, as requested by DPW Utilities/Water Service Center, in an amount NOT-TO-EXCEED $210,000.00, for a revised aggregate FY15 total of $525,000.00 [Water Fund Acct. No. 591-540.300-801.000].

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150435 CO#2/Purchase Order/Central Concrete/Additional Concrete

Resolution authorizing the Department of Purchases and Supplies, "upon the Finance Department's approval", to issue change order #2 to Purchase Order No. 14-465 to Central Concrete for additional concrete to fulfill requests for sidewalk repairs, pavement breaks and any other urgent repairs, as requested by Street Maintenance, in an amount NOT-TO-EXCEED $34,000.00, for an aggregate amount of $137,004.00 [Local Street Fund, Major Street Fund].

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

Passed The Consent Agenda

A motion was made by Councilperson Kincaid, seconded by Councilperson Poplar, including all the preceding items marked as having been adopted on a Consent Agenda. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Vice President Davis

150436 Acceptance of Funds/Charles Stewart Mott Foundation/Harrison Street Improvements

Resolution authorizing the appropriate City Officials to do all things necessary to enter into a grant agreement with the Charles Stewart Mott Foundation to fund construction of improvements to Harrison Street, in an amount NOT-TO-EXCEED $40,576.00, and to create appropriate revenue and expense accounts under grant code LCSMOTT16HAR, AND, to comply with all terms and conditions of the grant award including, but not limited to, allocating an expense appropriation within the Department of Transportation, 202 Major Street Fund Acct. No. 202-441.702-801.000 (FY16 Budget), to be applied toward the local share of the total project cost.

SEPARATED FROM MASTER RESOLUTION

150387.1 Approval/Obsolete Property Rehabilitation Exemption Certificate/URC 600 South, LLC/600 S. Saginaw Street Project

Resolution resolving that the Flint City Council hereby approves and grants a

12-year Obsolete Property Rehabilitation Act exemption for URC 600 South LLC's 600 S. Saginaw Street Project, located within the URC 600 South District (which consists of real property at 600 S. Saginaw St. and 550 S. Saginaw St.), with the exemption period beginning December 31, 2015.

SEPARATED FROM MASTER RESOLUTION

SEPARATED FROM MASTER RESOLUTION

150391 Resolution/Establishing the Interest Rate Charged on Past Due Water & Sewer Bill Balances

Resolution resolving that the interest charged on City ofo Flint past due water and sewer bill amounts shall be 0.5 percent per month charged no sooner than ten (10) days after the due date, provided that the guidelines for late payment interest for financially challenged customers include: waiver of late payment interest for low-income customers who provide proof as to their eligibility for Food Stamps or that their income is at or below the most current Federal Poverty Guidelines; waiver of penalty for customers who are not in arrears on the schedule defined in their payment arrangements; and waiver of late payment interest for veterans, senior citizens and other persons, whether a homestead property owner or not, who would qualify for the Michigan Homestead Property Tax Deferment based on the income threshold in MCL 211.51 (2). [NOTE: The City of Flint relies on timely payment of water/sewer bills to provide for water and sewer system needs, (but also) recognizes the financial challenges certain customers face.]

Adopted

Substituted

A motion was made by Councilperson Kincaid, seconded by Councilperson Mays, that this matter be POSTPONED for July 1, 2015. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Vice President Davis

150431 Reprogramming of Funds/Community Development Block Grant [CDBG] Funds/HOME Investment Partnership Program Funds

Resolution authorizing the appropriate City Officials to do all things necessary to process a budget amendment, in the amount of $115,311.73, from FHOMEPRIOR accounts, $197,241.678 from FHUD13HOME accounts, and $250,000.00 from FHUD14CDBG accounts, and make said funds available for reprogramming. [NOTE: Said funds are available for reprogramming due to developer GDC Smith Village's completion of construction for the 39-unit Smith Village Development.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Poplar, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Vice President Davis

150436 Acceptance of Funds/Charles Stewart Mott Foundation/Harrison Street Improvements

Resolution authorizing the appropriate City Officials to do all things necessary to enter into a grant agreement with the Charles Stewart Mott Foundation to fund construction of improvements to Harrison Street, in an amount NOT-TO-EXCEED $40,576.00, and to create appropriate revenue and expense accounts under grant code LCSMOTT16HAR, AND, to comply with all terms and conditions of the grant award including, but not limited to, allocating an expense appropriation within the Department of Transportation, 202 Major Street Fund Acct. No. 202-441.702-801.000 (FY16 Budget), to be applied toward the local share of the total project cost.

Adopted

Substituted

A motion was made by Councilperson Winfrey, seconded by Councilperson Kincaid, that this matter be Amended. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Vice President Davis

150436.1 Amended Resolution/Acceptance of Funds/Charles Stewart Mott Foundation/Harrison Street Improvements

An amended resolution authorizing the appropriate City Officials to do all things necessary to enter into a grant agreement with the Charles Stewart Mott Foundation to fund construction of improvements to Harrison Street, in an amount NOT-TO-EXCEED $40,576.00, and to create appropriate revenue and expense accounts under grant code LCSMOTT16HAR, AND, to comply with all terms and conditions of the grant award including, but not limited to, allocating an expense appropriation within the Department of Transportation, 202 Major Street Fund Acct. No. 202-441.702-801.000 (FY16 Budget), to be applied toward the local share of the total project cost. [NOTE: Resolution amended to change "By the Flint City Council" to "By the Mayor".]

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be ADOPTED AS AMENDED. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Vice President Davis

150387.1 Approval/Obsolete Property Rehabilitation Exemption Certificate/URC 600 South, LLC/600 S. Saginaw Street Project

Resolution resolving that the Flint City Council hereby approves and grants a 12-year Obsolete Property Rehabilitation Act exemption for URC 600 South LLC's 600 S. Saginaw Street Project, located within the URC 600 South District (which consists of real property at 600 S. Saginaw St. and 550 S. Saginaw St.), with the exemption period beginning December 31, 2015.

A motion was made by Councilperson Kincaid, seconded by Councilperson Poplar, that this matter be Adopted. The motion failed by the following vote:

Aye: 3 - Councilperson Poplar, Chairperson Freeman and Councilperson Kincaid

No: 5 - Councilperson Nelson, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren and Councilperson Mays

Absent: 1 - Vice President Davis

ORDINANCES - First Reading

150392 Amendment/Ordinance/Chapter 46 (Utilities)/Article III (Rates & Charges)/Division I (Water)

An ordinance to amend Chapter 46 (Utilities) of the Code of the City of Flint by amending Article III (Rates & Charges), Division I (Water) by amending and restating existing Section 46-52.2 (When Bills Due; Interest on Past Due Amount).

A motion was made by Councilperson Kincaid, seconded by Councilperson Poplar, that this matter be ACKNOWLEDGED FOR FIRST READING. The motion carried by the following vote:

Aye: 6 - Councilperson Poplar, Councilperson Nelson, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren and Councilperson Kincaid

No: 2 - Chairperson Freeman and Councilperson Mays

Absent: 1 - Vice President Davis

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

MEMORANDUM

TO: Randall Byrne, State Administrative Manager
FROM: Darnell Earley, Emergency Manager
RE: Proceeds From the Sale of the City of Flint Water Main
Date: May 28, 2014
CC: Gerald Ambrose, Daugherty Johnson, Howard Croft, Peter Bade

During our regular meeting this morning you mentioned that there was an inquiry regarding the possible use of a portion of the $3.9 million proceeds that the City of Flint will receive from Genesee County, to supplement the cost for maintaining sworn positions in the Flint Police Department. As you know, in order to produce a balanced biennial budget as required by PA 436, my proposed budget eliminates 36 sworn officer positions for fiscal years 2014/15 and 2015/16.

I have discussed this matter with staff, and as a practical matter will not be recommending the use of these proceeds for any purpose other than reinvestment into the City's water system for the following reasons:

1. The pipeline is clearly part of the infrastructure of the water and sewer system, paid for with water and sewer fees. Thus, the proceeds should in normal circumstances be returned to the water and sewer system.

2. In addition, the current state of the water and sewer infrastructure clearly demonstrates that significant reinvestment in that infrastructure is needed, in the amount of approximately $15 million annually. The recent analysis by the Raftelis Group substantiates this need, as does the number of repairs necessary to the infrastructure this past winter, and the demonstrated increase in the amount of unbilled water. By focusing the proceeds on the systems water loss issues such as metering and infrastructure, the City stands to receive a quick return on the reinvestment through the capture of lost revenue.

3. The City of Flint Water Reliability Study commissioned in 2013 projects that increased accuracy in metering and reducing the number of main breaks through infrastructure repairs could result in recovering as much as $3 million

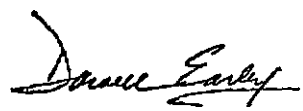
annually to the Water and Sewer Fund. This is an initiative that we are pursuing in hopes of further stabilizing water and sewer rates.

4. Also, the decision to move to KWA, as well as the opportunity to discontinue the purchase of water from DWSD, required an immediate and unplanned $6 million - $8 million upgrade to the Water Treatment Plant in this fiscal year. Doing so, while financially beneficial to the system over the next few years, required postponing other needed capital improvements. The sale of the pipeline offsets the unexpected cost by half.

5. Finally, the use of one-time proceeds for ongoing operational purposes, whether for the water and sewer system, or for non- utility purposes (such as police), only works for one year. Use of one-time proceeds is not a sustainable revenue source, and does not address the long term funding needs for police.

While these factors in and of themselves present a compelling argument to place the proceeds in the Water Fund to reduce the cost of expanding the Water Treatment Plant and to meet the our new supply and distribution obligations going forward, just as important is the outcome of the data-driven, comprehensive public safety study currently underway. The study will be used to design a public safety model for police and fire services into the future. This will put the City in a better position to identify long-term solutions rather than short-term, as the suggestion for the use of these funds for public safety services would indicate, based upon the factors stated above.

Should you have any questions or would like to discuss this matter in greater detail, please don't hesitate to contact me.



Byrne, Randall (Treasury)

From: Porubsky, Carmen (TREASURY)
Sent: Friday, May 29, 2015 8:46 AM
To: Byrne, Randall (Treasury)
Subject: FW: Flint Weekly Call

Randy: This is a rough draft of the notes; the final version will be more polished. Please respond with any additions/subtractions/comments that you have.

Thanks,
Carmen

Flint Weekly Call

Participating: Josh, Natasha, Mayor

Need extension for assessment, State Tax Commission – need 7-10 years, estimated at 3.5-4 million, need help – forwarding letter, want response before June 5th, would like to request meeting before due date
(from Kelly Sobel) – Funding available? What is the penalty if assessment is not completed? How many other communities are in a similar position?

City has spent time working around things that should've been done, eventually need to get them done – how do we start work? How do we pay for this?

- **Priorities for the Week**

Council Meeting tonight, finance committee meeting before, 1st Wednesday and 4th Monday of each month now
Mock up, conference call RTAB packet
Purchases – multiple over $75K that they will be taking to Council tonight
Abatement
Finalize lead detection

- **Update on Election Issues:**

Senate approved bill, house should pass bill today, will have some language regarding accountability
Natasha thinks that both house and senate can agree if there is a resignation

- **Update on Water Leak Detection Study**:

Natasha will provide update, land project ahead of schedule

- **City Charter Commission:**

First meeting tomorrow night

- **Position Hiring's**: 1) Finance Director; any possible Tier 2 candidates that may want to work for a smaller unit 2) HR Director; 3) Other Positions.

Jodi starting June 15th as Finance Director

Qualified Tier 2 candidates that would work for smaller unit? Natasha: One candidate just accepted a job with City of Detroit (female), other candidate would depend on location, would like CFO title. Didn't think others would be qualified, but will talk to Joyce and get back with

HR Director: Meet and greet with Mayor took place yesterday, Mayor now needs to approve the appointment, decision will be made very soon

- **Police Operations:**

Spoke with Chief Tolbert re: Southwestern shooting yesterday for an hour, all are isolated incidents – meeting next week with key faith leaders concerning events, efforts underway Community Police officers, school officers, etc. –
Southwestern incident was group of young adults, not related to school – school needs to post that people cannot loiter during non school hours
Take high profile steps this summer – tough enforcement as well as opportunities

- **RTAB**: First meeting scheduled for June 11. A telephone call has been scheduled on Packet Preparation.

Daily contact with Natasha on preparation for first meeting
Media attention – fred possibly do 1:1 interviews? Important part of city's governance moving forward

GM Expansion: Tax abatement on agenda 22, RTAB in July and OFRA?? Tonight

Minutes completed? Depends on clerk, (Natasha), Mayor? Said they can have something next day

Order regarding committee structure – proposing change in structure, does this involve amending the order? Eric will look at, if order needs to be changed, State Treasurer must approve

4th Quarter process implemented, present to Council end of June

DDA meeting – new lights going in this week downtown, $50,000 from MEDC project, bulbs strung across the streets, roof of lights through alley

Weekly Conference Call Notes – Nov. 02, 2015

Allen Park –Oct. 30 –Mayor Matakas, M. Kibby, B. Cady E. Cline, P Dostine

Priorities

- Cady wondered if AP, with a fund balance of $6.4M, could use $1M to pay off the cost of the issuance. But Cady said Order 37 prevents that. OFR is reviewing Order 37.

Retiree Healthcare changeover

- At the Sept. 22 Allen Park council meeting, Pres. Of the Allen Park Retiree Association reported that some retirees were complaining about the new Humana insurance. Humana was limiting coverage to only its coverage-area. Kibby follow through on the individual complaints. The city is working with Humana and Humana is working with individual retirees' doctors in the cases where this has happened.

Bond tender updates

- Allen Park didn't get the rating (BBB+) it wanted from S & P.
  - If it were to sell bonds with this rating, the savings for AP from the tender would be next to nothing. Instead of the $900K AP had hoped.
- For now, the structure is for BAML to lend them money at 4% for 270 days.
- Meanwhile, AP believes at the end of 270 days, it would receive a better rating which would allow them to sell the bonds at a more favorable interest rate.
- AP asked Treasury if it could lend it $18 MM (like an emergency loan) for the same time period, rather than BAML. AP said it would rather pay the state 3% than BAML. Treasury said they are noting it and sending forward.
- City Administrator Kibby was told to put the request in writing to Treasury.

Old City Hall sale

- The appraisal is complete. The front-7 acres with the building is worth $1M. The front-7 acres without the building is worth $1.250M. The back 4 acres is worth $1M, but AP does not want to sell it.
- There is a bit of dispute with the railroad over boundary lines on the back 4 acres.

Miscellaneous

- Allen Park will be swearing in new council Monday, Nov. 9 (which will be a council meeting in place of the regularly scheduled meeting Nov. 10). The city expects as many as three new members.

Benton Harbor –Oct. 22 – D. Watson, R. Widigan, E Cline, P Dostine

- **Weekly Priorities:**
  - Some commissioners won't speak during commission meetings because they are afraid of being yelled at/attacked in the meeting.
    - If the Mayor gavels the individual down for being out of order, a commission will "challenge" his decision and with a majority vote will override the Mayor's ruling of being out of order.
  - The City Commission is removing people from the Planning Commission because they aren't acting/voting the way the City Commission wants them to.
  - ASFME contract is complete, agreed to a 5 year contract. 2% raise in the first year, none after that. After year 1 they will do wage re-openers based on City's financial standing.
    - This contract will cost the City only $1,800.
  - FOP discussions – will get together November 18 and attempt to hammer out the contract.
    - Currently the FOP is looking for what was taken away by the EM and EFM.

- **Lange, O'Brien/Unruh Lawsuits:** No update at this time.

- **Update on Vacant Positions:**
  - **Finance Director:** The MML search for finance director was not approved by the City Commission.
  - **Water Department Superintendent:** Agreement will be signed tomorrow and should start Monday.
  - **Community Development Director:** City is still in the search process. May need to use MML for a search.
    - During the 12/13 FY under Joe Harris, CDBG allocations costs totaling $25K were improperly spent, the City may owe HUD $25K.
  - **Assessor:** Assessor and assessing services agreement is close to being completed and signed. Should be in place by the first of November.

- **City Manager Evaluation Discussion**:
  - A resolution was brought up for the first time at the Oct 19 meeting by Commission Henry asking Darwin to submit a "summary of his past achievements and challenges since his last evaluation."

- This was not discussed before the meeting, Darwin was unaware this was going to be brought up.

- **October 19 Commission Meeting**:
  - The Commissioners seem to be "stirred-up" seem to want to exercise power by browbeating staff and stakeholders in the community.
  - Commissioners don't review the packet and information given until the meeting.
  - Darwin called the commissioners on Friday before the meeting to see if there were any questions on any agenda items, they told him they had no questions.
  - Darwin then talked to each commissioner on Monday, before the meeting, and again they had no questions.
  - During the meeting the commissioners said they haven't had enough time to review the information and couldn't act.
  - These agenda items are discussed in committee meetings and then minutes from the commission meetings are sent to each commissioner for review.
  - Darwin said it may be wise for one of us to attend the next commission meeting on November 2.

Ecorse – Oct. 20 – W. O'Neal, R. Byrne, D. Van de Grift, P. Dostine, A. Heimann

Priorities

- Water audit. Ecorse is in the process of doing a water audit. The city found that 24 % of the bills are estimates. Ecorse loses approximately $940K worth of water annually. The city has discovered the use of straight pipes in 3 houses. O'Neal believes there are more in the city.
- O'Neal reported that the Water and Sewer fund currently has a positive cash flow.
- O'Neal said there is a lack of communication between the water billing department and the DPW. Broken or defective meters are not being reported to DPW. O'Neal also said the city will be raising the minimum water rate.

Fire Dept.

- Firemen are campaigning for Mayor Pro Tem Miller for mayor. O'Neal said at least three department heads have said they will resign if Miller is elected mayor.

OPEB benefit audit

- O'Neal said that the OPEB benefit audit has been completed. "Some discrepancies were found. But overall, it's wasn't bad," O'Neal said. A deceased female was still receiving BCBS coverage. Ecorse is going to request a refund from BCBS.

DPW Business Plan

- O'Neal said the potential savings from taking DPW in-house is approximately $57K annually. But this would depend on the wages Ecorse would pay workers. O'Neal said he is finding it difficult to find even part-time workers for DPW. O'Neal said it's unlikely the in-house plan will be implemented at this point.

Flint – Oct. 28 – N. Henderson, Mayor Walling, F. Headen, E. Cline, P. Dostine, A. Heimann, D. Hudson

Priorities

1. Crime/Safety

- Flint is preparing for this weekend (Halloween/Devil's Night) with an crime/arson prevention program that utilizes a volunteer citizen network
- Violence Reduction Network – National program to use analytics to help reduce crime by helping to identify individuals who are likely to accelerate crime. Had a press conference that was very well received to announce this partnership with the FBI/ Justice Dept.
- Police Recruitment – Going well, have already hired some staff, and will be sending 5 people to the Police Academy. Also, will be using the KRAM to hire some part-time community officers. The KRAM is a dedicated funding source and will have a net neutral impact on the budget.

Status of Water Situation

1. Revenues/Expenditures

- Flint is continuing to lose money, they are currently down about $11Million this period, and even after the shut off notices are sent out, they anticipate that they will still have a roughly $6-8 Million loss
- Will be amending the budget to show the revenue loss, will be sending along a spreadsheet that has their cash flow estimates

2. Litigation

- Flint is currently absorbing the entire cost of the litigation against the City, and they feel as though the state should pay for part of these costs considering that the State has "some responsibility on this". They say that the decisions that led to this litigation were made in part by Mike Brown and that the State should offer to help pay some of the extra litigation costs. She intends to discuss this further with the Treasury Department when she makes her visit to Lansing in November.

3. KWA Bond Payment

- N. Henderson was unclear when this payment was actually due. Does know that it is around $6M, and that the payment will need to be made in this fiscal year. N. Henderson agreed to follow up with Eric when she comes across the due date for the payment.

Miscellaneous

1. Mayoral Election

- Mayor Walling stated that the elected Mayor will be sworn into office the Monday following the election (November 9th) and as such, this may be his last phone call with the group. He expressed that this group has developed a very positive working relationship, and that he has enjoyed working with the people on the call

Hamtramck – Oct. 22 – K. Powell, P. Dostine, D. Van de Grift, A Heimann, D Hudson

Priorities

- RTAB packet will be out shortly
- Developing an online marketing video at no cost to the City. Will be available on the City's website next week
- Website will be up and running by next week
- Going to court 10/23 to address the City Council vacancy, court is going to have decision at that time, and a new Council Member should be present for the City Council meeting next Tuesday.
- There is a flier being distributed that calls for the removal of all the City's Muslims.
    - City is meeting with Yemeni Muslim leaders later in the week
    - City suspects that this flier is created by leaders in the Muslim community to create trouble.
- Election approaching, still dealing with scandal
    - Needed some advice on how to investigate this further, Pat offered some suggestions
- Parks, DPW, Water all going well
    - Sill "shutting people's water off" for non-payment, looking to reduce the amount of delinquency time before a shut off can happen.

- Operating surplus, currently projected at around $900K
- Will likely need to spend some of that upgrading some City software products, Adobe was specifically mentioned.
- Projecting a $3M fund balance, will be "shooting" for a 20-25% balance
- Water fund is saving money by utilizing some part-time staff hours

Auditor Search

- Katrina has selected a candidate
- Is approved by City Council, and Drew seemed positive that RTAB will likely approve as well.

Police Study

- Not much has been done on this issue since last meeting, this issue is "not been a priority".
- Drew and Pat wanted to see some positive movement on this project within the next two weeks

Highland Park– Oct. 14 – C. Square, R. Byrne

- The collection firm has approximately $7M in past due accounts to collect. However, many of these accounts are no longer active.

- Meadowbrook will be providing an updated report on OPEB costs which show a substantial reduction of the annual costs. The new estimated annual costs will be between $200K and $300K.

- New water bills with the new water and sewer rates have been sent out to the customers.

- Wade-Trim has opened its customer service center on Woodward Avenue.

- BSA software installation has been completed.

- The City will be submitting several FDCVT grant applications including master water meters, LED streetlights, and building improvements.

- Wade-Trim has received several shipments of residential water meters that will be installed soon.

Inkster – Sept 16 – M. Stuhldreher, R. Byrne, P. Dostine

Priorities

- Redevelopment Ready Community program. Inkster is interested in following through with MEDC to achieve RRC certification. Treasury to forward brief report on the program's requirements.

Police chief

- New chief is fully engaged. He's attended several community events. He's been in the neighborhoods. Chief is in the process of hiring an officer to work narcotics. Inkster Police administration has lots of training dollars. Mark said Inkster has $47K remaining from the FDCVT grant earmarked for training as well.

Pastors

- Mark had a meeting with Rev. George Williams, an outspoken critic of the upcoming Parks & Recreation millage. Mark stressed the importance of millage passing and that Rev Williams should at most remain neutral on the matter.

'16 FDCVT grant

- Inkster has not started its application process yet, but does plan to apply. Last year the city received $900K in grant monies from Treasury.

Lincoln Park – Oct. 21 – B Coulter, R Byrne, D. Van de Grift, P Dostine

Priorities

- PA 345. Three councilpersons endorsed the millage at last council meeting. Efforts continue in the evenings at neighborhood elementary schools. Coulter and others recently met with local pastors. News Herald has been giving it a lot of coverage.
- Matt Coppler, new city manager. Coulter asserts Coppler was the right choice. Everything is going better than expected.

Lincoln Park Retiree Lawsuit

- A status conference took place Oct. 20. Everything was pushed back. Coulter had informal meeting with retiree attorney Porter. Coulter told Porter he hopes they can work together if PA 345 passes. Coulter said there would be enough money in his estimation to satisfy the plaintiffs' demands.

RTAB recruitment membership

- Coulter has collected two names of potential RTAB members. He is developing an application as an early screening instrument.

Final Order

- Coulter completed first draft of FO. Has given a copy to John Clark and Howard Shifman to review. The draft should be ready for Treasury review next week. Depending on what happens with PA 345, the FO may or may not have to be revised.

City Charter

- Coulter is having Miller Canfield provide advice on putting model provisions into the Charter. Coulter is leaning toward leaving any finally formulation and adoption of model provisions to the future RTAB.

Miscellaneous

- Coulter is worried about DPS. Three more employees resigned in recent weeks without any notice, forgoing vacation. It's rumored that a supervisor may leave for the Metro Airport.
- The Government, Employees Labor Contract has been forwarded to Treasury for approval.

Pontiac – Oct. 30 - Mayor Waterman, Deputy-Mayor Jane Bais-DiSessa, J. Sobota, R. Widigan, P. Dostine

- **Weekly Priorities:**
  - HUD has sited the City in regards to their NSP3 Programs for incomplete data entry, all supporting information has been found and will be submitted. Should be submitted today.
  - Contract for the Sherriff is completed – base amount is decided by Oakland Co. Commission.
    - City has added on two additional officers for patrol.
  - Dep. Mayor – noticed a lot of passion from the council, they have a strong desire for change.
    - She will be reviewing the process for budget adjustments, and preparing council packets, etc…
      - Would like to make things as simple as possible for staff and council.

- **Deputy Mayor:** Has started work at the City, is catching up and beginning duties.
  - Will assist with transition goals for the city council and city to accomplish.

- **$6M with Gray Financial Group:**
  - City is currently looking for a replacement for Gray, until then the $6M will remain with Gray.
  - Currently compiling a chronology of events regarding the dealings with Gray group.

- **Budget Amendment/Audit:**
  - One set of amendments were voted on by city council last night, another vote to approve further amendments (street sweeping, grass cutting, etc…) will be presented at next Thursday's council meeting.
  - Mayor is ready to submit 16/17 budget as soon as budget amendments are approved.

- **Community Development Positions**:
  - At last night's council meeting, they council refused to fund the positions.
  - Same reasons as before.
  - Council wants their own attorney, until they receive one they won't fund the positions.

Royal Oak Township – Oct 5 – R. Burgess, R. Byrne, P. Dostine

- **Priorities for the Week/Miscellaneous Items**
  - Hired an accountant – Nicholas Fedewa -- approximately $55 to $60 /hr. Fedewa was recommended by Pontiac Finance Director. He initially will work full time to catch the township up in the books. Produce a cash flow analysis from Aug till Dec. Work up till the end of the year. Treasury recommended the new accountant stay on pass the end of the fiscal and perhaps even longer. The work is needed.
  - Montgomery has reduced its price from $17K to $10K. Still no deal, no close out of this invoice. Robert requested an Order so he can void the contract. Treasury noted that Montgomery could still take the township to court over the matter.
  - There is an office employee that the township must provide rights and benefits under the union contract. Robert did not budget for these costs. The township attorney has counseled against eliminating her position or denying her benefits because she will grieve the case.

- **FY '16 budget**
  - Robert said a draft of the budget is completed. He's met with all the directors and elected officials regarding their budgets. He's ready to show it to the Board at the next meeting (Oct. 15) or maybe earlier for review. In the budget are CIPs which have $50,000 place holders.
  - Robert has distributed project applications for FY 16 CIPs to all the dept directors. That process is underway.
  - Robert said tax revenues will be slightly higher in FY '16 budget.
  - Oakland Co told Robert that chargebacks for 2016 will be small.
  - In 2017, the Fire, Street and Disposal funds should all break even.
  - The projected fund balance for Year End FY 16 is approximately $200K, which is less than the 15 percent recommended of the total budget amount ($2MM).
  - No money budgeted for township offices. Robert said he would have to do an amended budget should the issue arise in '16.
  - Treasury requested a copy of the draft budget.

- **Police Update**
  - Robert met with Oak Park regarding police services. Last week Robert gave Oak Park a written proposal. Oak Park has promised a response in two to three weeks.

Grant School

- Robert said this is not a priority until ROT gets a police contract first.

Township-owned house

- Update: This property has not been sold yet for $975. At its last meeting, the Board approved the *selling* of the property, not the *sale* of it. At the same meeting, the Board did not approve of the rehabbing of the house for $3K. Municipal Risk (sp) sent a

crew in to dry the basement out (the basement experienced water damaged due to clogged drains from area restaurants using them as grease bins) remove damaged drywall etc. It has been estimated that $3K of rehab on the house would elevate the house in price on the market from $10K to $30K.

McKenna

- In 2014 the township paid approximately $100K for McKenna's services. This year, the figure is approximately $64K. Robert has talked to the DDA and Parks about what their share in the cost will be going forward. He hopes to get a reduced price from McKenna for FY '16.

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Monday, November 02, 2015 8:11 AM
To: Sampson, Jeremy (TREASURY); Khouri, Nick (TREASURY)
Subject: FW: As Doscussed

fyi

-----Original Message-----
From: Darnell Earley [mailto:darnell.earley@detroitk12.org]
Sent: Monday, November 02, 2015 8:03 AM
To: Baird, Richard (GOV) <bairdr@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: McPhee, Karen (GOV) <McPheeK1@michigan.gov>; Walsh, John (GOV) <WalshJ@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Wurfel, Sara (GOV) <Wurfels@michigan.gov>; Murray, David (GOV) <MurrayD1@michigan.gov>; Michelle Zdrodowski <michelle.zdrodowski@detroitk12.org>; Kelly Rossman-McKinney <krossman@truscottrossman.com>
Subject: As Doscussed

As discussed, I will be interviewed on WKAR this morning at 9. The topic of course is DPS and I was told to expect some questions regarding the Flint water issue.

Darnell

Sent from my iPhone

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Monday, November 02, 2015 10:15 AM
To: 'Ken Sikkema'
Subject: RE: Flint Water Task Force

I will get with you later today

From: Ken Sikkema [mailto:ksikkema@pscinc.com]
Sent: Monday, November 02, 2015 10:03 AM
To: Workman, Wayne (TREASURY)
Subject: Flint Water Task Force

Wayne:

Rich Baird indicated you are the contact person at Treasury regarding our work on the Flint Water Task Force...could you give me a call on my cell when you have a minute: [redacted]..thanks.

--

Ken Sikkema
Senior Policy Fellow
Public Sector Consultants
PH: 517-484-4954
ksikkema@pscinc.com

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Monday, November 02, 2015 11:05 AM
To: 'Ken Sikkema'; Byrne, Randall (Treasury); Saxton, Thomas (Treasury)
Cc: Dempkowski, Angela (Treasury); Stanton, Terry A. (Treasury); Pleyte, Beth (Treasury)
Subject: RE: Flint Water Task Force

All, Ken is working on the Flint Water Taskforce. Angela, could you et up a meeting for November 9 at 3:00 in Treasury for Ken, Randy, Tom(if available) and me to talk about the timeline for what happened in Flint. We should have the material we gathered for Terry available. Thanks, Wayne

From: Ken Sikkema [mailto:ksikkema@pscinc.com]
Sent: Monday, November 02, 2015 10:03 AM
To: Workman, Wayne (TREASURY)
Subject: Flint Water Task Force

Wayne:

Rich Baird indicated you are the contact person at Treasury regarding our work on the Flint Water Task Force...could you give me a call on my cell when you have a minute: [redacted]...thanks.

--

Ken Sikkema
Senior Policy Fellow
Public Sector Consultants
PH: 517-484-4954
ksikkema@pscinc.com

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Monday, November 02, 2015 12:09 PM
To: Cline, Richard (Treasury)
Subject: RE: KWA & Water Quality Chronology Timeline

Eric:

Do you have the supporting documentation to go along with this timeline?

Randy

From: Cline, Richard (Treasury)
Sent: Monday, November 02, 2015 12:04 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: FW: KWA & Water Quality Chronology Timeline
Importance: High

Randy,

Per your request.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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From: Cline, Richard (Treasury)
Sent: Monday, September 28, 2015 5:33 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Subject: KWA & Water Quality Chronology Timeline
Importance: High

Tom,

Updated, per your request.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228

Byrne, Randall (Treasury)

From: Vandegrift, Drew (TREASURY)
Sent: Monday, November 02, 2015 2:55 PM
To: Schafer, Suzanne K. (Treasury); Goodrich, Harlan G. (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: MSU Flint Publication

Good Afternoon,

I have reviewed the *MSU Extension paper titled, The Flint Fiscal Playbook: An Assessment of the Emergency Manager Year (2011-2015).* In general, it is an accurate summary of the emergency manager administrations of Mr. Brown, Mr. Kurtz, Mr. Brown (2nd time), Mr. Earley, and finally Mr. Ambrose. The paper first discusses the demographics of the City, including the economic and housing trends contributing to the financial emergency. Next, the City's personnel costs are examined, with particular attention to the OPEB costs which were not funded. EM Brown's modifications to retiree healthcare is a major topic, and the paper fairly documents the competing interests of retiree contract claims and the continued solvency of the City. The history of emergency managers increasing water and sewer rates is also noted. Perhaps the only controversy is found on page 25, where the paper couches the use of the Flint river as a local decision, which it was. A considerable portion of the paper is devoted to graphical illustrations of data from previous municipal audits.

I am available for further review upon request.

Kindly,
Drew

Drew Van de Grift, Esq. | Administrative Law Specialist
Department of Treasury | Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Office 313.456.1771 Cell .517.243.7450 Fax 517.373.0633
vandegriftd@michigan.gov

Vandegrift, Drew (TREASURY)

From: Vandegrift, Drew (TREASURY)
Sent: Monday, November 02, 2015 3:02 PM
To: Schafer, Suzanne K. (Treasury)
Subject: RE: MSU Flint Publication

I guess they need to publish something to keep that sweet Mott money rolling in. ☺

·Drew

From: Schafer, Suzanne K. (Treasury)
Sent: Monday, November 02, 2015 2:59 PM
To: Vandegrift, Drew (TREASURY)
Subject: RE: MSU Flint Publication

Drew,

Given your short summary, can I draw the conclusion that the author didn't really have much to say? In other words, the white paper(s) benefit the author more than the reader.

Suzanne

From: Vandegrift, Drew (TREASURY)
Sent: Monday, November 02, 2015 2:55 PM
To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Goodrich, Harlan G. (Treasury) <GoodrichH@michigan.gov>
Cc: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: MSU Flint Publication

Good Afternoon,

I have reviewed the *MSU Extension paper titled, The Flint Fiscal Playbook: An Assessment of the Emergency Manager Year (2011-2015).* In general, it is an accurate summary of the emergency manager administrations of Mr. Brown, Mr. Kurtz, Mr. Brown (2nd time), Mr. Earley, and finally Mr. Ambrose. The paper first discusses the demographics of the City, including the economic and housing trends contributing to the financial emergency. Next, the City's personnel costs

are examined, with particular attention to the OPEB costs which were not funded. EM Brown's modifications to retiree healthcare is a major topic, and the paper fairly documents the competing interests of retiree contract claims and the continued solvency of the City. The history of emergency managers increasing water and sewer rates is also noted. Perhaps the only controversy is found on page 25, where the paper couches the use of the Flint river as a local decision, which it was. A considerable portion of the paper is devoted to graphical illustrations of data from previous municipal audits.

I am available for further review upon request.

Kindly,
Drew

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Office 313.456.1771 Cell .517.243.7450 Fax 517.373.0633
vandegriftd@michigan.gov

Dostine, Patrick (TREASURY)

From: Cline, Richard (Treasury)
Sent: Tuesday, November 03, 2015 2:07 PM
To: Dostine, Patrick (TREASURY)
Subject: RE: draft Flint list

Patrick,

A couple of minor adjustments.

I want to hit elections right out of the gate, since it will be foremost on everyone's mind anyway.

I put a couple of notes as to why I added things. This is for your understanding, but I don't think they need to be included on the list.

- Elections
- Priorities
- Devil's Night / Halloween report
- Water System Update ~~DWSD water in the system~~
- Aging Accounts Payable – *We have heard that they may have very significant levels of aging payables on top of what the water system is already short*
- KWA bond payment date
- Planning Director Start Date – *We want to know when his start date is as it might come into play at the RTAB level*
- Miscellaneous

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
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From: Dostine, Patrick (TREASURY)
Sent: Tuesday, November 03, 2015 1:46 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: draft Flint list

Add or subtract? Lemme know.

Flint – Nov. 4 – Mayor Walling, N. Henderson, J. Freeman, F. Headen, W. Lamphiery, E. Cline, P. Dostine, D. Hudson A. Heimann,

- Priorities
- Devil's Night / Halloween report

- Elections
- DWSD water in the system
- KWA bond payment
- Miscellaneous

Patrick Dostine

State of Michigan
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Cline, Richard (Treasury) SAM, RTAB II, Josh, CA, Mayor, Legal, UOS, Analyst II

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, November 03, 2015 2:22 PM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury), Heimann, Alexandr (TREASURY), Hudson, Deanna (TREASURY)
Subject: 9 AM Flint call list items

Flint – Nov. 4 – Mayor Walling, N. Henderson, J. Freeman, F. Headen, W. Lamphiery, E. Cline, P. Dostine, D. Hudson, A. Heimann

- Elections – Mayor Lost, New Approach [Anger/Frustration]
- Priorities
- Devil's Night / Halloween report – No Major Issues
- Water System Update – Final Permit to add more Phosphate [High Dosage]; Dirt water thru system
- Aging Accounts Payable
- KWA bond payment date – Nov 2016
- Planning Director start date – Nov 9
- Miscellaneous – MSF Grant $1.5M for Police Programs [3 yrs]; Hugh Planning Grant $300k MSF Foundation
  Riverbank park $70K [MSF]

Patrick Dostine

*No call – Next week

New Mayor promising to replace Dept Heads

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Mayor

Dept Calls
Continue
Twelve VC

Water Issue
Must be addressed
[Infrastructure]

Tech Adv Cmte

Nov 9 Meeting

EPA Task Force
in Community

Org Meeting
Monday

Josh – Likely
Last Call
↓
State needs
to stay
long term

Amend Final
Order?

[redacted]

Vandegrift, Drew (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Wednesday, November 04, 2015 9:03 AM
To: Cline, Richard (Treasury); Vandegrift, Drew (TREASURY); Dostine, Patrick (TREASURY); Heimann, Alexandr (TREASURY); Heimann, Alexandr (TREASURY)
Subject: Al Sharpton group wants new Flint court for possible lead poison victims

FYI – http://www.mlive.com/news/flint/index.ssf/2015/11/al_sharpton_group_wants_specia.html

Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-3227 [redacted]

Hudson, Deanna (TREASURY)

From: Heimann, Alexandr (TREASURY)
Sent: Wednesday, November 04, 2015 9:42 AM
To: Byrne, Randall (Treasury); Dostine, Patrick (TREASURY); Widigan, Robert (TREASURY); Vandegrift, Drew (TREASURY); Cline, Richard (Treasury); Hudson, Deanna (TREASURY)
Subject: Flint Call - November 4th

Hello all,

Here are my notes from the call today with the City of Flint. Please notify me if you identify any factual errors, and I will be happy to remedy for the records:

Flint – Nov. 4

Mayor Walling, N. Henderson, J. Freeman, F. Headen, W. Lamphiery, E. Cline, P. Dostine, D. Hudson, A. Heimann – All in attendance

Elections

1. Mayor Walling – Reiterate a few things already shared, hopes that this group can continue to meet, and involve City Council, Council presence has been essential. Saying that we are going to be met with an entirely different approach, one of "anger and resentment". Will need to be much more "Hands On".
2. Called for additional investments to help deal with the elevated lead levels in high risk people's blood
3. Believes that the new administration will be very destructive
4. We "have his number"
5. ALL- Nervous about new administration, and are looking for the State to be more involved to ensure that the atmosphere does not become too destructive.
6. N Henderson – Suggested that all department heads are at risk because new mayor has made promises to people for these department head jobs.
7. J Freeman – Not likely going to be elected for City Council president

Priorities

1. Grants: Received three grants from the Ruth Mott Foundation

- $1.5M (three yr) from the Ruth Mott foundation for Police work in the North End of the City. Not for operational policing, but for public safety programs.
- Neighborhood planning grant $300K, can work with previous grant, and are waiting on agreements
- Park Grant $70K

Devil's Night / Halloween report

1. No Major issues
2. One fire, basement fire. Two more brush fires, nothing major. Sat it rained

Water System Update

1. Switched to DWSD
2. Waiting on a finalized permit, to add more phosphate to the water. Already have phosphate in water, but they believe that more is needed, and special permit is needed to add more. Recommendation from that there is substantially more Phosphate in the water.
3. Technical advisory committee meeting on November 9th

4. N Henderson will have a private EPA Meeting
5. EPA will have a task force meeting on Tuesday (Not public information)

KWA bond payment date

1. November 2016 - Working on it now (called Jodi? While we were on call to find date)

Planning Director Start-date

1. First day will be November 9th

Miscellaneous

1. RTAB vacancy – The Governor's office is taking names and then they will be making the decision. Unclear how long that process will take.
2. Veterans Day – will not be having a phone call with Veteran's day being Wednesday, Thursday will be the RTAB meeting not Wednesday, confirmed that they had posted the RTAB meeting appropriately.

Alexandr Heimann
Municipal Anlayst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 335-2434

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGIONAL ADMINISTRATOR
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

REPLY TO THE ATTENTION OF

MEMORANDUM

DATE: November 4, 2015

SUBJECT: Transmittal of Final Report - High Lead at Three Residences in Flint, Michigan

FROM: Tinka G. Hyde
Water Division Director

TO: Jim Sygo
Deputy Director
Michigan Department of Environmental Quality

Howard Croft
Director of Flint Public Works

Enclosed please find for your file a final redacted version of a report prepared by EPA Scientist, Miguel Del Toral, regarding lead in drinking water at three residences in Flint, Michigan. The redactions remove personally identifiable and medical information. This report has been finalized and is also being provided to the National Drinking Water Advisory Council (NDWAC) for discussion during their upcoming meeting on November 17-19, 2015. We understand you saw an earlier version of this document; and note that most of the recommendations in that interim report are already being implemented (e.g., the City of Flint has switched back to Detroit water; filters have been provided to residents; and additional corrosion control treatment will be implemented).

The final report contains important new information indicating that physical disturbances of lead service lines can dislodge the protective coating that prevents lead from leaching into drinking water. The final report recommends notifying residents about the potential risks of increased lead levels in drinking water when work is undertaken that may disturb lead service lines.

cc: Natasha L. Henderson, City of Flint Administrator

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High Lead Levels in Flint, Michigan

The purpose of this report is to present the findings of activities conducted in response to high lead levels in drinking water reported to the United States Environmental Protection Agency Region 5 Office (EPA) by a resident in the City of Flint, Michigan.

Background Information

Prior to April 30, 2014, the City of Flint purchased water from the City of Detroit. On April 30, 2014, the City of Flint switched from utilizing purchased water from Detroit to a new water source, the Flint River. Subsequent to the change in source water, the City of Flint experienced a number of water quality issues resulting in violations of National Primary Drinking Water Regulations (NPDWR) including acute and non-acute Coliform Maximum Contaminant Level (MCL) violations and Total Trihalomethanes (TTHM) MCL violations (see Appendix A).

Beginning in January 2015, [redacted], a resident of Flint, called the Flint Water Department (FWD) regarding the water quality in her home. In response to the initial and subsequent calls, the FWD visited the [redacted] home on a number of occasions and also collected tap water samples. [redacted] also contacted EPA regarding these same water quality issues and medical issues she believes are associated with the water quality in Flint.

Following initial calls on the general water quality, on February 26, 2015, [redacted] contacted EPA regarding high lead levels found in her drinking water by the City of Flint. The result of the initial lead in water sample collected by the City of Flint on February 18, 2015 from the [redacted] home was 104 µg/L and the level of iron in the water exceeded the capability of the instrument to measure (>3.3 mg/L). On February 26, 2015, upon receiving the lead results from [redacted], the EPA contacted the Michigan Department of Environmental Quality (MDEQ) regarding the high lead result. The MDEQ advised that the City of Flint collect a follow-up sample for lead at the [redacted] home.

On March 3, 2015, the City of Flint collected a follow-up sample for lead at the [redacted] residence and the result of this second sample was 397 µg/L[1]. Subsequent to receiving her second result, EPA spoke to [redacted] via phone on March 19, 2015, and the following information was provided by [redacted]:

- The [redacted] home is a HUD home which was gutted and renovated in 2011. All existing plumbing had been removed and the [redacted] installed plastic plumbing.
- Due to high iron levels in the tap water, the [redacted] installed an iron filter downstream of the service line inlet into the home.
- [redacted] indicated that at this time they are not drinking the water or using it for cooking. She stated that her child's blood lead level (BLL) was originally at [redacted] in 2012 and that a more recent test showed it had increased to [redacted], but she noted that

[1] *Note: A third water sample had been collected on April 2, 2015, but the results had not been provided to the [redacted] at the time the interim report was written. The third lead in water sample result was 707 µg/L*

the BLL testing was done well after the child had stopped drinking the water and may have been higher during the time the child was consuming the water.

- Water samples collected by the City of Flint from her home were collected from the kitchen tap after the iron filter was physically removed.
- The Flint Water Department (FWD) informed [redacted] that her service line does not connect to the water main in front of her home as is typically the case for most homes.
- On March 18, 2015, City of Flint personnel went to the [redacted] home to locate the external shut-off valve in conjunction with the planned replacement of the [redacted] service line and were unsuccessful. Eventually it was discovered that the external shut-off valve was located at the corner of [redacted] and Bryant Street, two houses down from the [redacted] home.

As part of EPA's effort to respond to [redacted] concerns regarding her water results, EPA contacted the FWD. The following information was provided to EPA by the FWD:

- [redacted] home is one of the first homes built on the block and the service line runs for approximately 50-60 yards, connecting to the water main on Bryant Street which runs perpendicular to [redacted] (see Appendix A).
- Flint has a large number of lead service lines, so it would not be surprising to find that this is a very long lead line.
- The first sample from the [redacted] home was collected with the iron filter in place, and the second was with the iron filter physically removed. The iron filter was located just after the water meter.
- [redacted] showed FWD a video of her son 10 minutes after taking a bath, and that he had a full body rash in the video.

It was a common practice in the early 1900s to purchase large parcels of land and later subdivide them. Since service lines are typically run from the water main to the nearest location on a property and it is possible that the [redacted] home may have originally been part of a larger parcel of land that encompassed the two homes that now exist adjacent to the [redacted] home and was subsequently divided, leaving the original home connected to the same service connection and water main, while the newer homes were connected to a more recent water main installed along [redacted].

Based on a suspected conflict of interest at the healthcare facility that originally tested her son's BLL, [redacted] took her son to a different healthcare facility to have his blood lead tested again. On April 1, 2015, [redacted] provided EPA with a copy of her child's blood lead testing performed on March 27, 2015, showing a higher BLL ([redacted]) than the original test.

Due to the persistently high lead results, the FWD shut off the water service to the [redacted] home on April 3, 2015. Per agreement between the FWD and [redacted], her home was then connected to her neighbor's home via a garden hose, from one hose bib to another. This was understood to be a temporary measure until the [redacted] service line could be replaced. The [redacted] used this water connection only for bathing, washing dishes and washing clothes.

At the invitation of [redacted], EPA visited the [redacted] home on April 27, 2015, and reviewed the internal plumbing and information provided by [redacted], including water samples and spent filter cartridges. During this visit, EPA observed that the internal pipes, valves and connectors at the [redacted] residence were made of CPVC plastic, approved by NSF for potable drinking water applications, with a few minor metal connectors. A review of the treatment units in the home by EPA found that there was no iron filter in the home as had previously been thought. The only active treatment device in the home was a whole-home sediment filter which utilizes NSF certified Whirlpool WHKF-WHWC cartridge filters for sediment removal and taste/odor. There was also a non-functioning 'Water Resources International Hydro-Quad Commercial Water Processor' which was bypassed (see Appendix A).

At the request of [redacted], Dr. Marc Edwards at Virginia Tech provided sampling instructions to [redacted] for collecting a series of samples from her home. As part of the instructions, on the night of April 27, 2015, the water at the [redacted] residence was turned back on temporarily and the kitchen tap was flushed for 25 minutes at low flow prior to letting the water sit overnight. A series of sequential samples were collected the following morning (April 28, 2015) and sent to Dr. Edwards for analysis.

Dr. Edwards provided [redacted] with the results of the analyses and also shared the results with EPA on May 5, 2015, along with information regarding other chemical parameters tested (see Appendix B). In addition to very high lead levels in all sample results, the analytical data shows a correlation between lead and phosphate as well as lead and aluminum in all samples. On April 24, 2015, EPA had learned that Flint did not have corrosion control treatment in place and also learned that Flint was using ferric chloride as a coagulant. Consequently, as the City of Flint is not utilizing phosphate or alum as treatment chemicals since the source switch, the results indicate that it is likely that the phosphate and aluminum were being released from the scale within the distribution system network. This scale would have formed on the inside of the pipes in Flint during the time when the City was purchasing water from Detroit, as Detroit utilizes orthophosphate for corrosion control and alum as a coagulant in their water filtration process.

Research conducted by EPA on lead content in pipe scales has shown that scales which form on the inside of lead pipes can be released or dislodged into the water and may contain a high percentage of lead (Appendix C). Although the results received from Virginia Tech were indicative of the presence of a lead service line, the FWD indicated that no records existed to confirm whether any portion of the service line connecting to the [redacted] home was made of lead. However, given the high lead levels found, it was presumed that at least a portion of the service line was likely made of lead. In the course of following up on the high lead at the [redacted] home, additional sample results provided to EPA from other residences in Flint also showed high lead levels.

Primarily from a public health standpoint, but also from a research standpoint, it was important to try to find out what the cause of these very high lead levels might be. EPA Region 5, EPA's Office of Research and Development and others have been working

together collaboratively to better understand lead release mechanisms from lead service lines in anticipation of upcoming revisions to the Lead and Copper Rule (LCR) and as part of a collaborative effort in EPA Region 5 to study potential options for optimizing phosphate treatment to control lead in water and the need to reduce phosphorus discharges into the environment. Since the [redacted] service line was scheduled for replacement on May 6, 2015 and the presumption was that at least a portion of the service line was lead, EPA visited the [redacted] home on the day of the service line replacement to gather information and service line pipe samples that could provide additional information as to how lead levels could get as high as they did in this case.

The original service line to the [redacted] home was disconnected and two service line pipe segments from this service line were extracted on May 6, 2015. Additional tap water samples were collected also from two homes on Bryant Street that were connected to the same water main as the [redacted] home (Appendix A). The samples were collected from these homes as they had more typical service line lengths as compared with the [redacted] home. During the same visit, patches of asphalt were also noted along the curb on Browning Avenue, indicating that excavation had occurred. These patches, which were in proximity of the [redacted] service line in the parkway (see Appendix C) may be one of the potential factors contributing to the high lead at the [redacted] home, as it has been shown that physical disturbances to pipes can dislodge the scales within those pipes.

The two service line segments that were extracted were subsequently identified as galvanized iron pipe. Analyses conducted by Virginia Tech on the extracted portions of the pipe indicate that the galvanized iron pipe was fairly typical in terms of composition (see Appendix C). The galvanized iron portion ran from inside the [redacted] home to the external shut-off valve at the corner of [redacted] and Bryant Street. The remainder of the [redacted] original service line from the shut-off valve to the water was made of lead.

Although the service line had been disconnected from the [redacted] home, it was not possible to retrieve a segment of the lead portion of the service line as it was beyond the shut-off valve which had been closed and left in place. Following the disconnection of the original service line, a new service line made of copper was installed from the [redacted] home to the water main in front of the home on [redacted]. Subsequent to the replacement of the service line at the [redacted] home, water samples were also collected from the [redacted] home and sent to the EPA Chicago Regional Laboratory for analysis. In all three homes, the sequential samples were collected using standard protocols used in prior sequential sampling efforts to capture water samples reflecting lead levels from the kitchen tap to the water main. Two additional samples were collected from the water heater drain valve at the [redacted] home to determine if lead deposits had accumulated in the water heater, and a final sample was collected from the bathroom tap. The sequential sampling results indicate that the service line replacement eliminated the high lead levels and that no residual lead had accumulated within the plastic plumbing of the [redacted] residence, which was a potential concern and possibility based on prior research. One of the two samples collected from the [redacted] hot water heater had high lead (32 µg/L), likely from lead particulate that had accumulated in the tank, and the sample collected from the bathroom was 5.5 µg/L.

The sequential samples collected from the two homes on Bryant Street had differing results. At the first home (Site 2), a series of 15 sequential one-liter samples were collected and the results are indicative of a service line that does not contain any portion that is made of lead. Consequently the lead results were low overall for samples representative of the service line. The first sample in the sequential sampling series was the highest, which potentially indicates the presence of leaded brass in the faucet or underlying sink fixtures. Some leaded brasses manufactured prior to the 2011 lead-free law have been shown to release high levels of lead in certain water qualities. Leaded-solder was ruled out as the home plumbing consisted of galvanized iron pipe, and it is presumed that if the galvanized iron pipe were contributing the higher lead, the lead levels would be more consistent in all 15 samples.

At the second home (Site 3), a series of 15 sequential one-liter samples were collected from the kitchen tap and the results indicated that there were no significant sources of lead within the home plumbing but that a portion of the service line is likely made of lead, as indicated by the characteristic peaking of lead levels in the liters capturing water from the service line between the property and the water main, where the portions of many service lines in Flint are made of lead.

All three sets of sequential samples were analyzed for lead, copper, iron, phosphorus and cadmium. In contrast to the samples analyzed by Virginia Tech from the [redacted] home prior to the removal of the original service line, no phosphorus was present in the sequential samples at the [redacted] home following the replacement of the service line. In addition, no phosphorus was detected in the sequential samples from the two homes on Bryant Street. These results indicate that the source of high lead, aluminum and phosphorus in the analyses conducted by Virginia Tech was likely dislodged or disintegrated scale from within the [redacted] original service line.

The sequential sampling results from the [redacted] home before and after service line replacement, as well as the results from the two homes on Bryant Street are included in Appendix B.

Although relative contributions cannot be determined, there are a number of factors that could have contributed to the high lead levels found at the [redacted] home as follows:

1) Corrosiveness of water and lack of mitigating (corrosion control) treatment

The corrosiveness of the water and the absence of mitigative treatment to control lead release are well known factors that can contribute to high lead release.

2) Presence of a lead service line

Lead service lines are the largest source of lead, when present, and can contribute up to 75 percent of the total mass of lead released into the water. The portion of the original service line from the water main to the external shut-off valve at the corner of [redacted] and Bryant Street, estimated to be approximately 25 feet in length, was found to be a lead

pipe. In addition, studies have also shown that the scales within galvanized iron pipe downstream of lead pipe segments can be 'seeded' with lead from the lead portion of the service line. The [redacted] service line was much longer than most typical service lines which would allow accumulation of a greater total mass of scale within the pipe.

3) Physical disturbances

A recent EPA study indicates that physical disturbances in proximity to lead service lines can cause the dislodging of the protective scales from within the service lines. The photograph in Appendix C shows the scale that was dislodged from inside a lead service line during routine maintenance work in another city due to a physical disturbance of the line. The dislodged scale and sediment contained a very high concentration of lead. At the time of the EPA visit to the [redacted] home, there were two patches of new asphalt visible on [redacted] along the parkway where the [redacted] original service line was located, indicating recent excavation and possible recent physical disturbances to the [redacted] service line (Appendix C). These potential disturbances were along the galvanized iron section of the service line and as noted above, research has shown that the presence of lead pipe upstream can 'seed' the galvanized iron pipe downstream with lead, which results in an accumulation of lead-bearing scales within the galvanized pipe downstream of the lead portion of the service line. It is reasonable to assume that these physical disturbances to the galvanized iron portion of the service line could therefore result in the same dislodging of scale and sediment as studies have shown can happen with lead service lines.

The street disturbances on [redacted] occurred after the [redacted] moved into the home along the portion of the service line made of galvanized iron pipe. There were no visible signs of disturbance on Bryant Street where the lead portion of the [redacted] service line was situated (see Appendix C). It is likely, given the extremely high lead levels found and the co-occurrence of aluminum, phosphorus and lead, that the long segment of galvanized iron pipe was seeded with lead over the entire length of the pipe and the physical disturbances and other factors such as the water chemistry resulted in the release of large amounts of the high-lead bearing scale and sediment into the water. Virginia Tech also found nearly perfect correlations between the lead in water and markers for galvanized pipe scales including zinc.

Recommendations

As indicated by the results from the [redacted] home and previous EPA work, the presence of lead pipes over many years has likely resulted in the accumulation of lead in the scales within non-lead pipes downstream of the lead pipe and physical disturbances to the leaded or non-leaded portions of the service lines have the potential to release large amounts of scale and sediment that could pose an immediate and acute health hazard to the residents. Consequently, even with corrosion control treatment in place in the future, physical disturbances will be capable of dislodging the high lead-bearing scale and sediment from non-lead pipes as well as lead pipes, as was the case in the earlier EPA study.

Obtaining information on the lead reservoirs in the scales within the lead and non-leaded portions of intact service lines is essential for determining the potential risk to residents

from lead-bearing scale released as lead lines are replaced as well as the risk that may remain following removal of the lead lines, where the non-leaded portions of service lines are left in place.

As the [redacted] service line was very long compared to the length of most typical service lines, it is important to assess the potential risk posed by the scale reservoirs in more typical lengths of service lines by extracting both the leaded and non-leaded portions of service lines which have not been physically disturbed. The service lines chosen for extraction and analysis should be representative of the materials commonly used downstream of the lead pipe (e.g., galvanized iron, copper, plastic). Extraction/handling procedures should be developed by EPA to ensure that damage to the scales from the excavation, extraction and delivery of the service line segments is minimized. Sequential sampling should also be conducted on a representative group of homes with common plumbing materials (e.g., galvanized iron, copper, plastic) to determine the extent to which the lead from the service line has seeded the interior plumbing in homes.

It is also critically important to develop and incorporate ongoing training and public education on the potential for high lead release from the scales as a result of any future physical disturbances to service lines and mitigative actions that residents can take to lower their exposure risk. The training and educational material should be assessed for clarity, meaningfulness, and accessibility by a group of residents and health experts to ensure the effectiveness of the communications.

At a minimum, immediate training and public education on the potential risks posed by physical disturbances to service lines should be developed by communications experts and provided to residents, community groups, elected officials, health departments, pediatricians and gynecologists, water and non-water utilities (gas, electric, cable, etc.), plumbing organizations and contractors. Residents should be notified of scheduled work by water and non-water utilities and informed of the potential risk of increased lead levels due to these disturbances.

Appendix A – Background Information

National Primary Drinking Water Regulations (NPDWR) Violations – City of Flint

Following the switch to the Flint River, the City of Flint experienced a series of NPDWR violations as follows:
Acute Coliform MCL violation in August 2014
Monthly Coliform MCL violation in August 2014
Monthly Coliform MCL violation in September 2014
Average TTHM MCL violation in December 2014
Average TTHM MCL violation in March 2015
Average TTHM MCL violation in June 2015

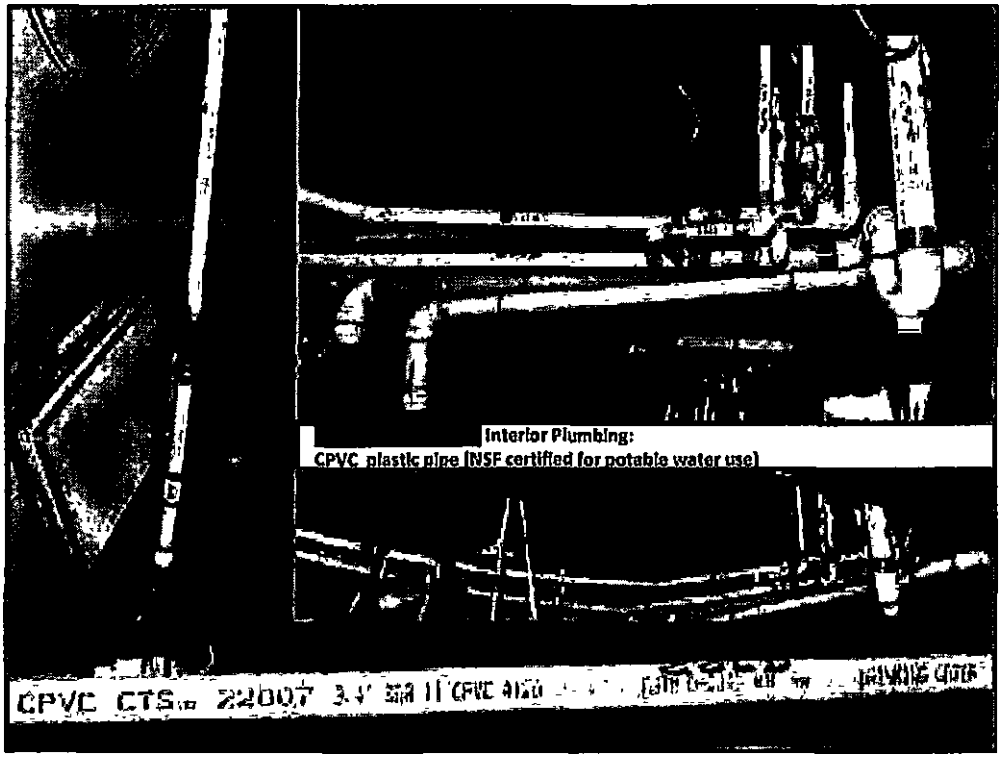
Sampling Sites

The map below shows the three homes that were sampled as provides information on the length of the service lines and the plumbing material. Two portions of the original service line were extracted and analyzed and a third portion was collected from the entry point into the home, but not analyzed.

[map redacted because it shows Personally Identifiable Information]

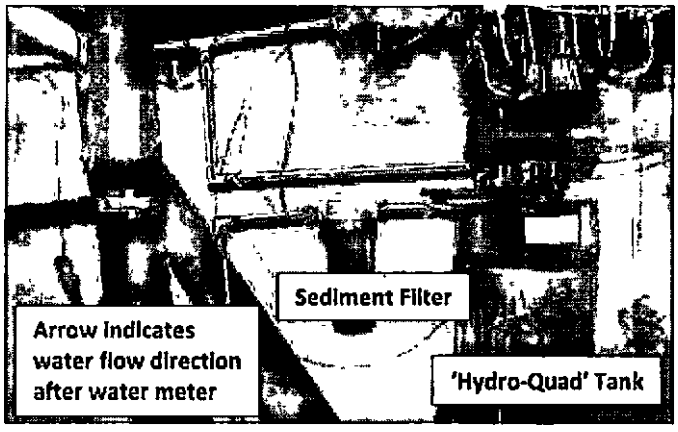
Internal Plumbing – [redacted]

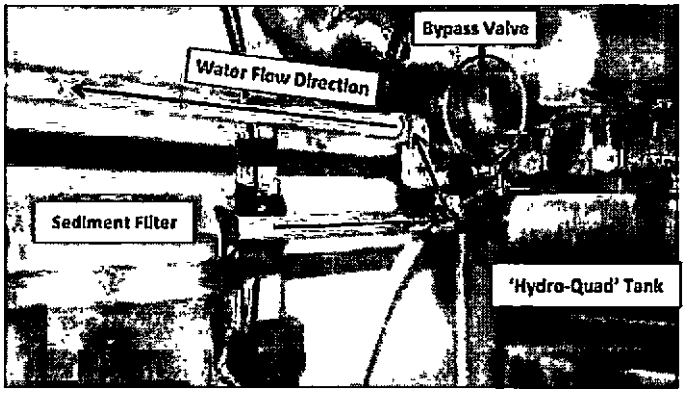
The following pictures were taken at the [redacted] home located at [redacted]. With the exception of a a few minor metallic connectors, all potable water plumbing in the home was found to be CPVC plastic pipe which is NSF-certified for drinking water use.

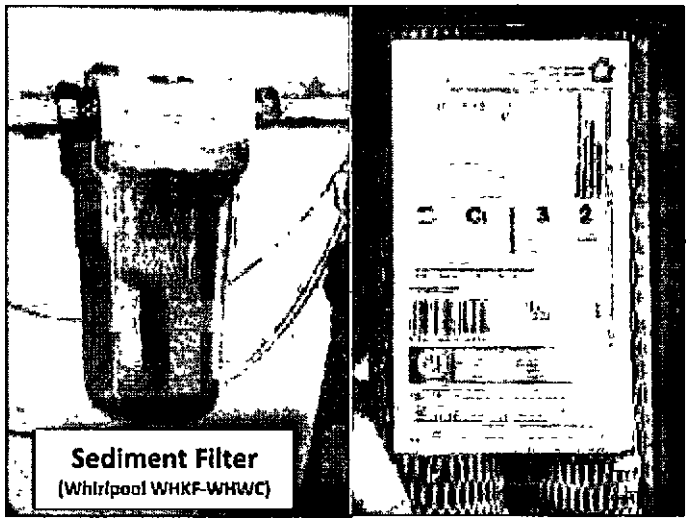


Treatment Units – [redacted]

The [redacted] home has a whole-home sediment filter, as well a non-functioning 'Hydro-Quad Commercial Water Processor' which is bypassed. There was no iron filter in the home as had been previously reported.







Appendix B – Analytical Results

Lead in water sampling results from the [redacted] residence ([redacted])

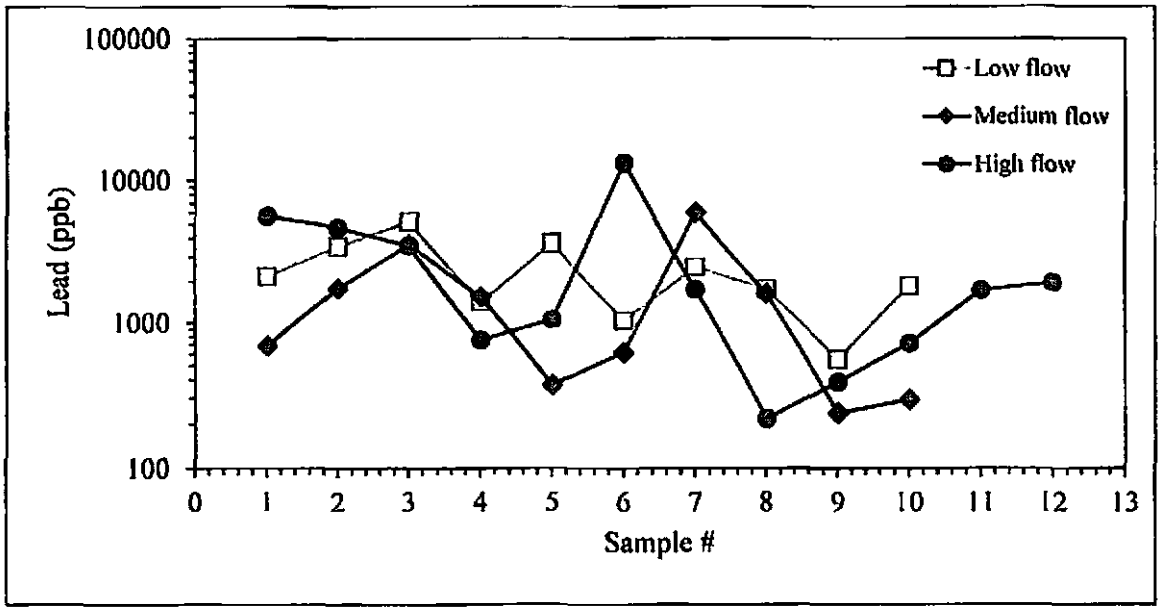
City of Flint Samples

The City of Flint collected water samples from the [redacted] residence and analyzed them for lead. The results for each date are listed below.
February 18, 2015: 104 µg/L
March 3, 2015: 397 µg/L
April 2, 2015: 707 µg/L*

*This sample result had not been provided to the [redacted] at the time the interim report was written.

Virginia Tech Sampling Results (provided courtesy of Virginia Tech)

Samples were collected from the [redacted] home following an extended stagnation period (April 3, 2015 to April 27, 2014) after the water at the [redacted] residence had been shut off. The water was turned back on and three sets of sequential samples were collected on April 28, 2015, at different flow rates (low, medium and high).



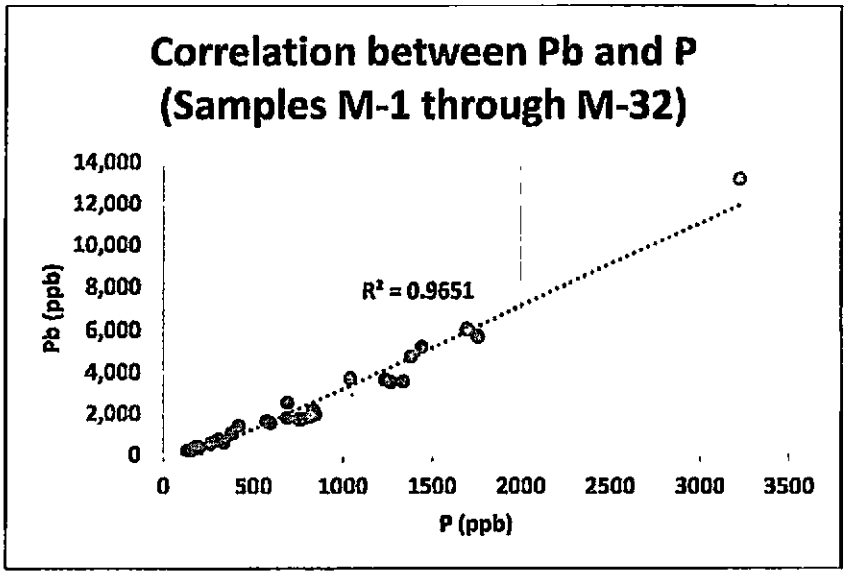
	Low Flow									
	1 L Sample Bottle							125 mL Sample Bottle		
Element (units)	M-1	M-2	M-3	M-4	M-5	M-6	M-7	M-21	M-22	M-23
Ag (ppb)	0	0	0	0	0	0	0	0	0	0
Al (ppb)	2,285	4,199	7,683	1,856	5,623	1,422	3,413	1,865	666	2,015
As (ppb)	3.3	3.9	4	2	3.2	2	2.6	3.6	1.9	3.1
Ba (ppb)	31.3	39.8	27.7	21.2	24.2	20.9	22.8	31.3	21.3	32.6
Ca (ppb)	43,150	43,620	43,580	42,590	43,030	42,030	42,440	40,790	41,050	41,460
Cd (ppb)	2.5	4.2	5.7	1.9	3.9	2	2.5	2.2	1.4	2.4
Cl (ppm)	1,206	1,148	1,272	1,178	1,187	1,214	1,218	1,641	1,076	1,044
Co (ppb)	1.1	1.7	0.9	0.4	0.7	0.4	0.5	0.9	0 3	1
Cr (ppb)	2.1	2.5	2.6	1.3	1.9	1.6	1.5	1.8	1.3	1.7
Cu (ppb)	235	355	294	94	146	101	112	180	82	178
Fe (ppb)	3,598	4,928	3,419	1,446	3,029	2,142	1,780	3,096	1,344	3,241
K (ppb)	3,480	3,508	3,445	3,435	3,430	3,391	3,409	3,256	3,319	3,341
Mg (ppb)	10,310	11,910	17,990	11,290	15,470	10,610	12,720	8,861	9,396	9,098
Mn (ppb)	1,734	2,790	1,093	462	703	429	652	1,382	442	1,509
Mo (ppb)	2.3	2.3	1.9	1.9	1.9	1.8	1.8	1.7	1.7	1.8
Na (ppb)	17,790	17,860	17,810	17,620	17,650	17,410	17,610	16,960	17,100	17,280
Ni (ppb)	9.8	16	30.7	8.1	23.2	6.2	15.3	6.6	3.7	6.8
P (ppb)	835	1,267	1,441	416	1,040	379	691	773	261	819
Pb (ppb)	2,171	3,550	5,224	1,412	3,735	1,038	2,542	1,759	552	1,857
S (ppm)	28 5	28.7	28.5	28.4	28.5	28	28	26	27	27.1
Se (ppb)	0.2	0	-0.1	0.1	0.2	0	0.3	0	0	0.2
Si (ppb)	3,212	5,281	12,320	4,474	9,401	3,770	6,231	2,619	2,582	2,775
Sn (ppb)	4.6	4.9	6.1	2.2	4.5	2.3	3	2.3	1.5	2.3
Sr (ppb)	129.4	132.3	128.5	125	127.7	125.3	126.1	126.3	125.5	128
Tl (ppb)	3.4	5.8	8.3	2.1	5.8	1.9	3.1	3	1.4	3.1
U (ppb)	1	1.6	2.6	0.8	1.9	0.7	1.2	0 9	0.4	0.9
V (ppb)	13.9	17.5	23.9	9.8	17.6	8.9	13.8	12.2	6	10.8
Zn (ppb)	1,055	1,848	2,731	777	1,890	839	979	746	513	808

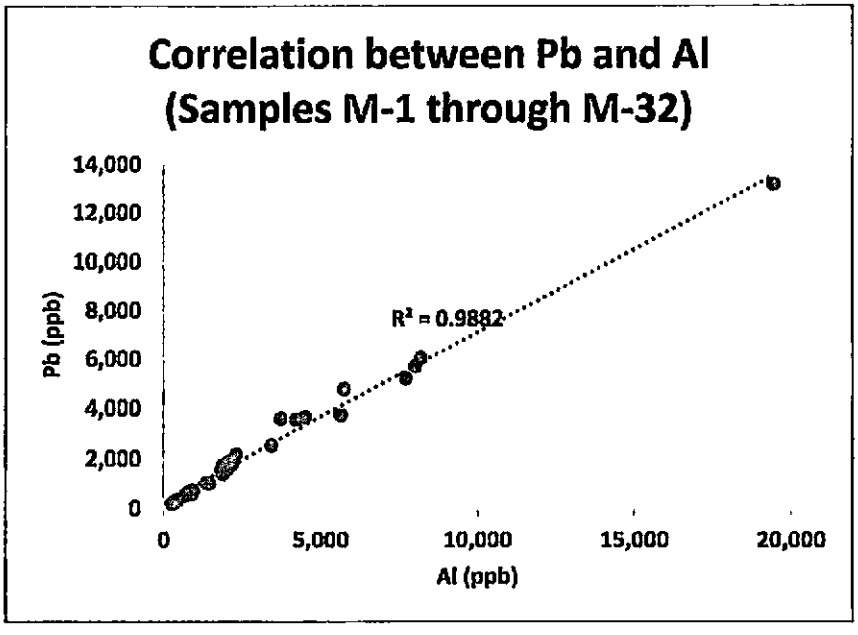
	Medium Flow									
	1 L Sample Bottle							125 mL Sample Bottle		
Element (units)	M-8	M-9	M-10	M-11	M-12	M-13	M-14	M-24	M-25	M-26
Ag (ppb)	0	0	0	0	0	0	0	0	0	0
Al (ppb)	891	2,142	4,493	1,810	431	877	8,159	2,005	286	347
As (ppb)	2.2	2.9	3.9	2.5	2	2 3	4.6	2.7	1.8	2
Ba (ppb)	22	29.1	36.3	28	18.9	22.6	37.1	26.2	18.9	19.4
Ca (ppb)	41,520	41,580	42,080	41,490	41,020	40,850	42,010	40,940	41,110	40,550
Cd (ppb)	1.5	2.4	4	2.1	1	1.5	4.9	2.9	0.9	1
Cl (ppm)	1,329	1,211	1,252	1,225	1,507	1,321	1,324	1,179	1,258	1,318
Co (ppb)	0.4	0.8	1.3	0.7	0.2	0.4	1.4	0.7	0.2	0.2
Cr (ppb)	1.1	1.5	2.2	1.4	1.2	1.1	3.5	2.1	1.1	1.1
Cu (ppb)	104	151	257	144	65	119	267	166	52	59
Fe (ppb)	1,510	2,476	4,254	2,258	912	1,471	4,563	3,450	711	820
K (ppb)	3,363	3,391	3,370	3,352	3,344	3,311	3,360	3,308	3,356	3,311
Mg (ppb)	9,769	9,960	12,360	9,703	9,331	9,513	16,430	10,820	9,237	9,166
Mn (ppb)	498	1,185	1,878	1,052	231	536	1,947	967	167	220
Mo (ppb)	1.8	1.8	1.8	1.9	1.8	1.8	2.2	2	1.7	1.7
Na (ppb)	17,240	17,370	17,370	17,310	17,190	17,010	17,320	17,020	17,140	16,950
Ni (ppb)	4.1	7.7	16.2	6.8	2.7	3.8	33	7.7	2.1	2.4
P (ppb)	321	690	1,233	595	178	332	1,697	573	144	163
Pb (ppb)	688	1,791	3,655	1,549	366	616	6,048	1,631	237	292
S (ppm)	27.6	27.5	27.3	27.3	27.1	26.9	27	26.4	27	26.6
Se (ppb)	0	0	0.2	0.1	0.1	0.2	0.2	0.3	0.1	0
Si (ppb)	2,892	3,591	6,180	3,307	2,445	2,756	11,280	4,184	2,274	2,303
Sn (ppb)	2.2	2.6	4.4	2.5	1.4	1.8	4.9	3	1	1.1
Sr (ppb)	124	128	128	126	124	124	128	126	125	124
Ti (ppb)	1.6	2.9	5.5	2.5	1	1.2	7.7	2.7	0.4	0.6
U (ppb)	0.5	0.9	1.7	0.9	0.4	0.5	2.7	0 9	0.3	0.3
V (ppb)	8.4	11.9	17.5	10.4	8.2	8.4	25.1	9.7	6	7.4
Zn (ppb)	657	933	1,669	836	366	592	1,934	1,304	305	337

	High Flow											
	1 L Sample Bottle						125 mL Sample Bottle					
Element (units)	M-15	M-16	M-17	M-18	M-19	M-20	M-27	M-28	M-29	M-30	M-31	M-32
Ag (ppb)	0	0	0	0	0	0	0	0	0	0	0	0
Al (ppb)	7,984	5,713	3,714.	912	1,354	19,440	1,893	248	455	822	1,859	2,176
As (ppb)	5	4.1	4.3	1.9	2.1	7.4	2 9	2	2.2	2.3	3.2	3.4
Ba (ppb)	40	37	45	21	22	41	32	19	20	22	31	34
Ca (ppb)	42,200	41,870	41,760	41,120	41,110	43,860	41,410	40,730	40,990	40,550	41,000	41,050
Cd (ppb)	5.6	4.1	3.7	1.4	1.9	9.3	2.2	0.9	1.2	1.6	2.1	2.5
Cl (ppm)	1,347	1,261	1,088	1,150	1,138	1,285	891	1,261	1,309	1,215	1,121	1,226
Co (ppb)	1.6	1.4	1.7	0.4	0.4	1.9	0.9	0.2	0.3	0.4	0.9	1
Cr (ppb)	2.8	2.4	2.6	1.3	1.3	4.8	1.7	1.1	1.5	1.5	1.6	1.8
Cu (ppb)	541	24	276	89	105	351	165	52	70	96	167	192
Fe (ppb)	4,926	4,288	5,323	1,509	1,705	6,491	3,074	667	1,215	1,591	3,026	3,349
K (ppb)	3,363	3,350	3,343	3,327	3,305	3,410	3,361	3,320	3,348	3,287	3,333	3,331
Mg (ppb)	15,910	13,430	9,758	9,633	10,240	29,890	9,110	9,158	9,305	9,462	9,051	9,157
Mn (ppb)	2,067	2,058	2,818	498	503	1,975	1,401	149	301	534	1,369	1,638
Mo (ppb)	2	2	2	1.9	1.9	2.2	1.8	1.8	1.8	1.8	1.8	1.8
Na (ppb)	17,340	17,310	17,280	17,110	16,980	17,540	17,370	17,040	17,210	16,840	17,250	17,230
Nl (ppb)	30.6	21.7	11.8	4.6	5.8	80	7.5	3	2.8	3.9	6.3	7.2
P (ppb)	1,758	1,378	1,336	308	378	3,224	771	134	199	299	756	847
Pb (ppb)	5,702	4,781	3,585	755	1,055	13,200	1,752	217	384	715	1,742	1,962
S (ppm)	27.2	26.9	26.8	26.7	26.6	27.1	27	26.6	26.9	26.2	26.8	26.4
Se (ppb)	0.2	0.2	0.2	0	0	0.1	0	0.2	0.1	0.2	0.1	0.1
Sl (ppb)	10,530	7,660	3,636	2,830	3,573	26,740	2,680	2,258	2,422	2,687	2,661	2,826
Sn (ppb)	5.6	4.2	3.8	1.8	2	8.9	2.2	1	1.3	1.6	2.2	2.5
Sr (ppb)	129	128	129	125	125	131	128	125	125	125	127	127
Tl (ppb)	8.2	6.1	6.2	1.1	2.2	16.9	3.7	0.5	0.8	1.3	3	3.1
U (ppb)	2.7	2	1.6	0.5	0.6	5.6	0.9	0.3	0.4	0.5	0.9	1
V (ppb)	24.3	19.8	16.3	6.8	8.3	51.3	10.2	6.5	7.8	8	10.9	11.7
Zn (ppb)	2,520	1,622	1,305	593	796	3,652	752	293	395	603	739	856

Correlation between lead, phosphorus and aluminum

The correlation of lead and phosphate, as well as lead and aluminum, indicate that the samples were captured scale and sediment that had formed inside the pipes while the City of Flint was purchasing water from Detroit. The absence of these chemicals in the current treatment provided by Flint indicate that these elements were not in the water passing through the pipes, but came from the scales inside the service line which had disintegrated into the water or were dislodged into the water.

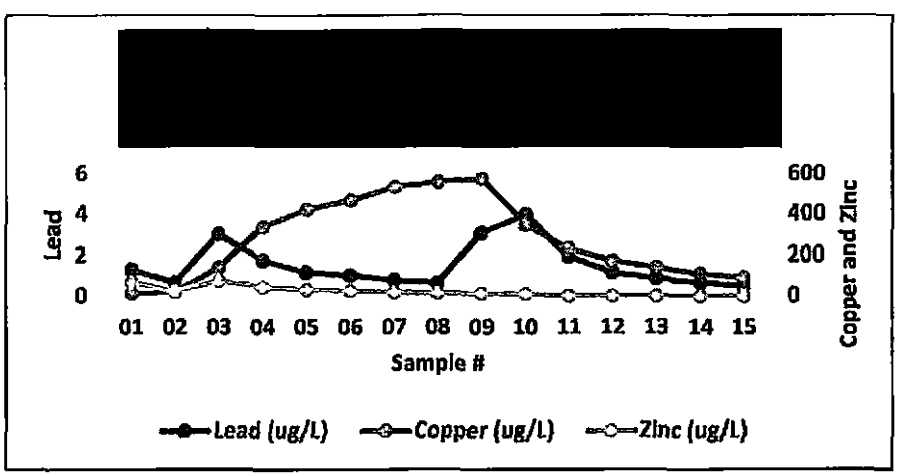




U.S. EPA Region 5 sampling

[redacted] residence (following replacement of service line)

Following the replacement of the [redacted] original service line, a series of 15 sequential samples were collected from the kitchen tap to measure the lead levels and other parameters to ensure that the high lead from the original service line had not contaminated the interior plumbing at the [redacted] home. With the exception of two areas, lead levels were low throughout the [redacted] plumbing following the service line replacement. The two sources of lead that were still detected in the plumbing are likely the water meter (Sample 3) and the new external service shut-off valve (Samples 9-11). Although new brass plumbing components must be lead-free, there can still be some lead that is released from these components.



[redacted]. ([redacted] home)

After Service Line Replacement

Sample #	Site Description	Copper (ug/L)	Lead (ug/L)	Zinc (ug/L)	Cadmium (mg/L)	Iron (mg/L)	Phosphorus (mg/L)
01	Kitchen	13.1	1.3	70.9	U	0.171	U
02	Kitchen	20.1	0.687	23.2	U	0.117	U
03	Kitchen	141	3.01	76.8	U	0.144	U
04	Kitchen	336	1.76	45.4	U	0.151	U
05	Kitchen	419	1.17	32.2	U	0.149	U
06	Kitchen	463	1.03	24.8	U	0.149	U
07	Kitchen	529	0.8	19.6	U	0.146	U
08	Kitchen	554	0.666	14.9	U	0.147	U
09	Kitchen	571	3.07	11.6	U	0.195	U
10	Kitchen	345	3.93	10.3	U	0.282	U
11	Kitchen	233	1.94	0	U	0.283	U

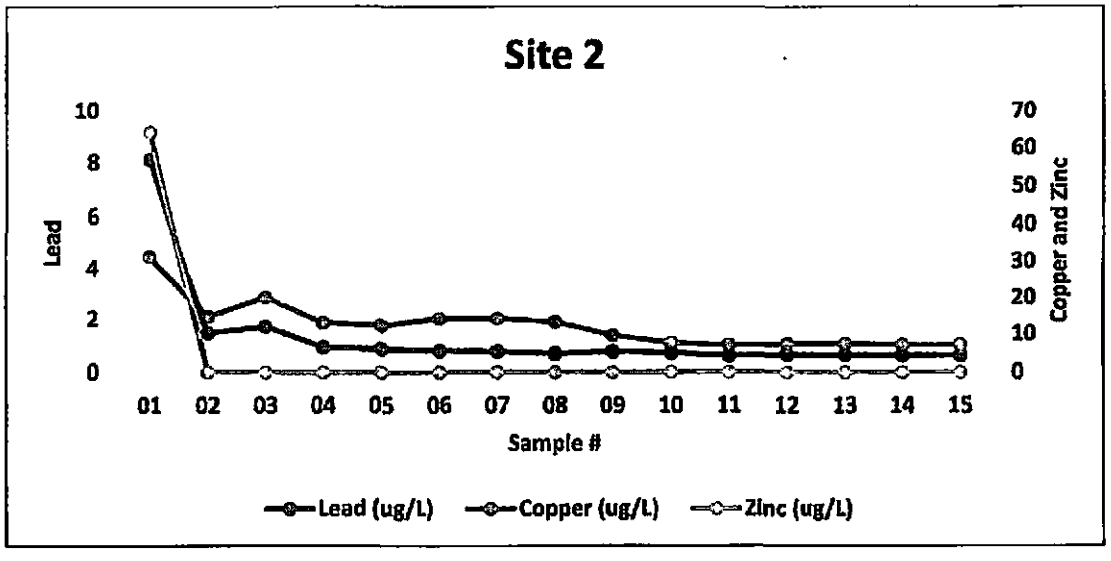
[redacted]. ([redacted] home)

After Service Line Replacement

Sample #	Site Description	Copper (ug/L)	Lead (ug/L)	Zinc (ug/L)	Cadmium (mg/L)	Iron (mg/L)	Phosphorus (mg/L)
12	Kitchen	171	1.17	0	U	0.290	U
13	Kitchen	139	0.864	0	U	0.292	U
14	Kitchen	110	0.67	0	U	0.294	U
15	Kitchen	91.5	0.505	0	U	0.297	U
16	Bathroom	29.7	5.52	71.3	U	0.259	U
17	Water Heater	70.4	31.7	883	U	0.540	0.0877
18	Water Heater	35	9.74	346	U	0.0870	U

Site #2 (Bryant Street)

Based on the results found at this home, it does not appear that any portion of the service line is made of lead, and as a result, the lead levels are low in most samples. The exception is in Sample 1 which reflects water within approximately 15 feet of the kitchen tap and is likely due to brass components in the faucet, underlying valves and fixtures.



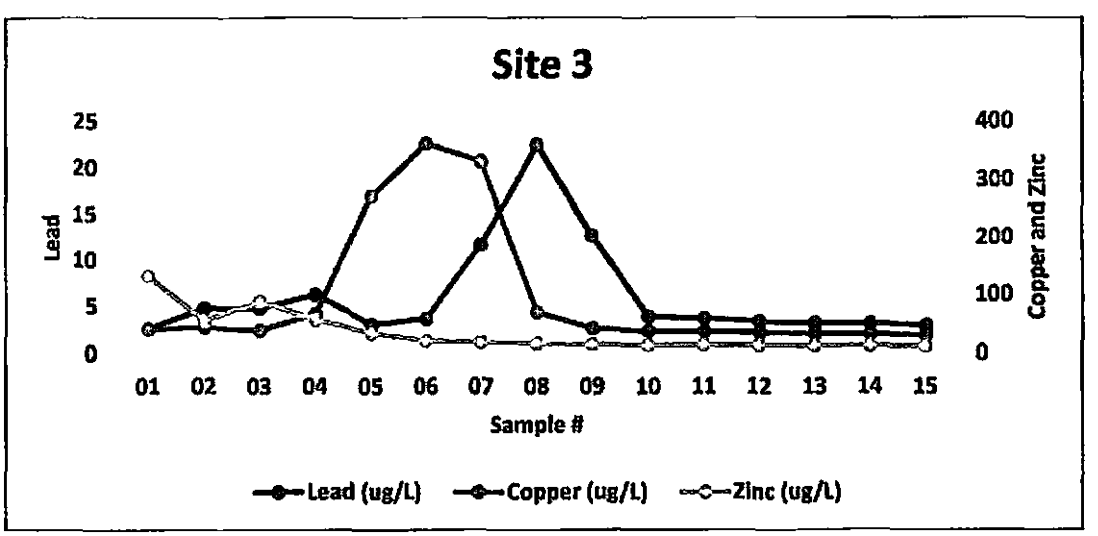
Site 2

(Note: U for Zinc replaced with 0 to show on graph)

Sample #	Copper (ug/L)	Lead (ug/L)	Zinc (ug/L)	Cadmium (mg/L)	Iron (mg/L)	Phosphorus (mg/L)
01	31.1	8.11	64	U	0.0307	U
02	14.7	1.46	U	U	0.0302	U
03	20	1.72	U	U	0.0302	U
04	13	0.933	U	U	0.0301	U
05	12.3	0.862	U	U	0.0311	U
06	14.2	0.795	U	U	0.0298	U
07	14.2	0.769	U	U	0.0311	U
08	13.3	0.691	U	U	0.0317	U
09	9.6	0.774	U	U	0.0319	U
10	7.57	0.715	U	U	0.0313	U
11	7.04	0.611	U	U	0.0301	U
12	7.3	0.655	U	U	0.0336	U
13	7.37	0.644	U	U	0.0308	U
14	7.09	0.631	U	U	0.0313	U
15	7.05	0.621	U	U	0.0300	U

Site #3 (Bryant Street)

Based on the results found at this home, it appears that the portion of the service line from the external service shut-off valve to the water main is made of lead as indicated by the increase in lead levels in samples 7 through 9.



Site 3

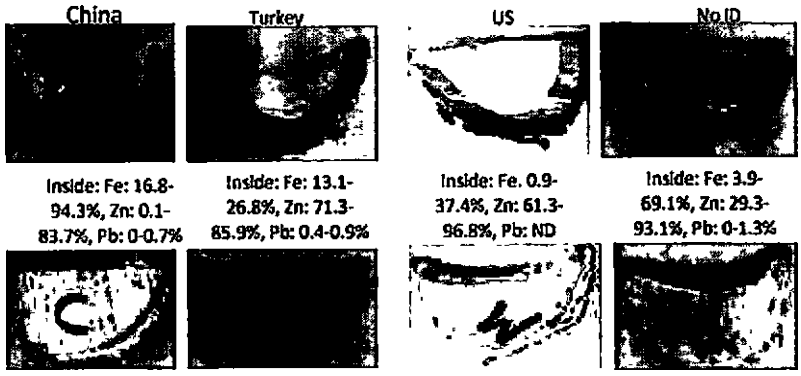
Sample #	Copper (ug/L)	Lead (ug/L)	Zinc (ug/L)	Cadmium (mg/L)	Iron (mg/L)	Phosphorus (mg/L)
01	40.7	2.63	132	U	0.0622	U
02	44.4	4.77	55.3	U	0.249	U
03	39.3	4.79	88.8	U	0.179	U
04	66.8	6.26	57.2	U	0.346	U
05	272	3.07	34.2	U	0.105	U
06	362	3.7	21.4	U	0.0598	U
07	331	11.7	19.5	U	0.0512	U
08	69.9	22.5	16.6	U	0.0399	U
09	42.5	12.7	15.1	U	0.0480	U
10	38.4	3.94	14.4	U	0.0489	U
11	37.5	3.72	14.5	U	0.0492	U
12	34.8	3.39	13.6	U	0.0481	U
13	33.1	3.23	13.1	U	0.0484	U
14	32.8	3.2	13	U	0.0480	U
15	31.4	3	12.3	U	0.0490	U

Analysis of [redacted] original service line pipe (galvanized iron portions)

Lead can also be found in galvanized pipe coatings as a contaminant in the zinc that is used to coat the surface of iron pipe in the galvanizing process. As such, two sections of the [redacted] original service line were analyzed for lead content.

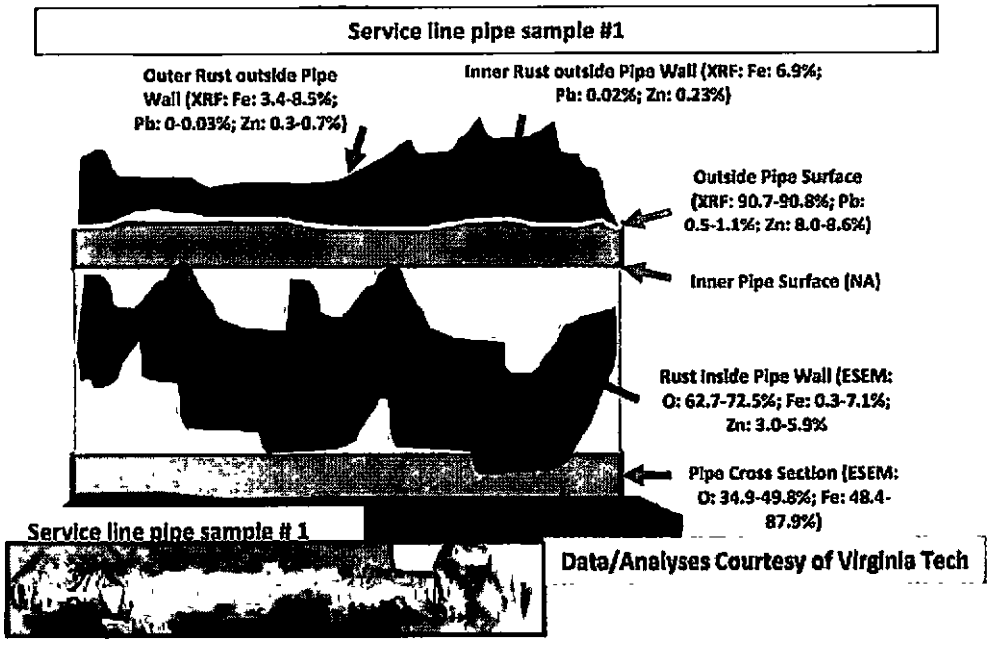
The images and data presented below are for a typical range of galvanized iron pipe.

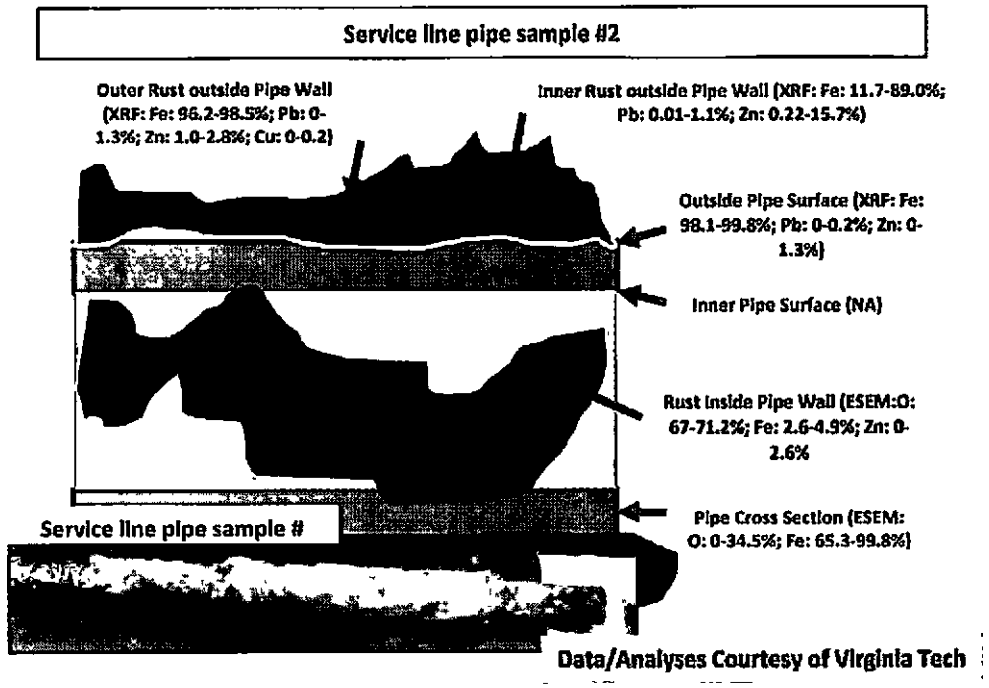
Lead Content of Galvanized Iron Pipe - Examples



Data/Analyses Courtesy of Virginia Tech

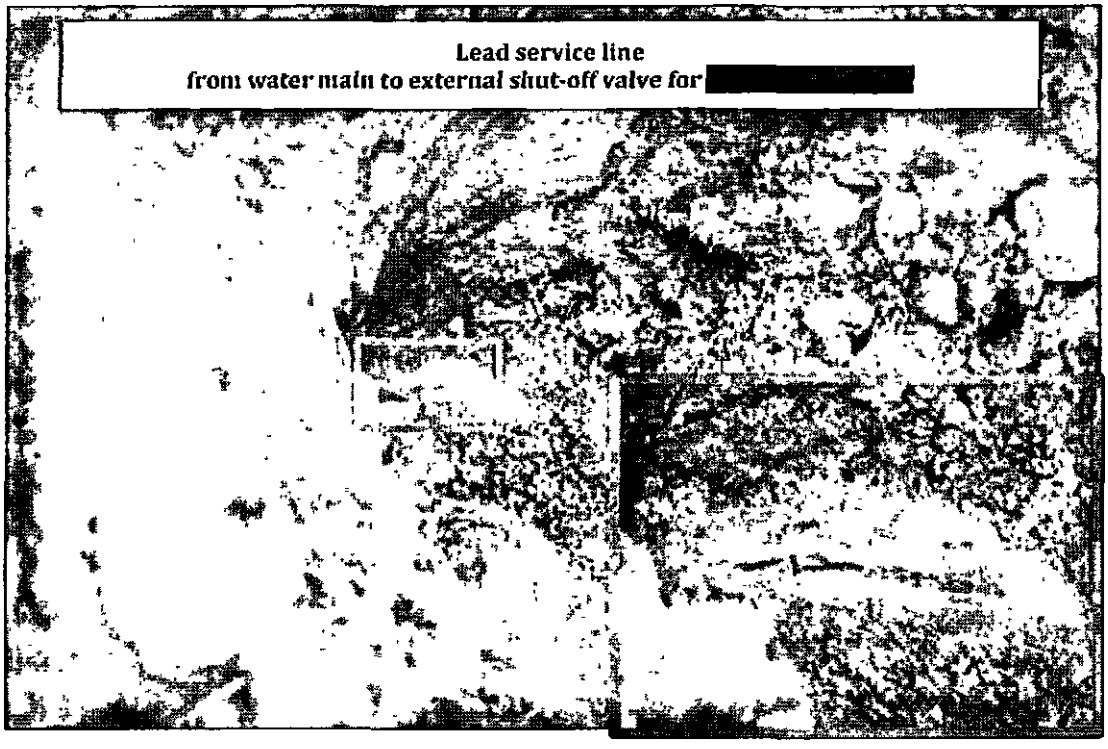
Below are the results of the galvanized pipe analyses conducted by Virginia Tech on the two sections of galvanized iron pipe from the [redacted] original service line. The analyses indicate that the [redacted] original service line was a typical galvanized iron pipe.





Lead portion of the [redacted] original service line

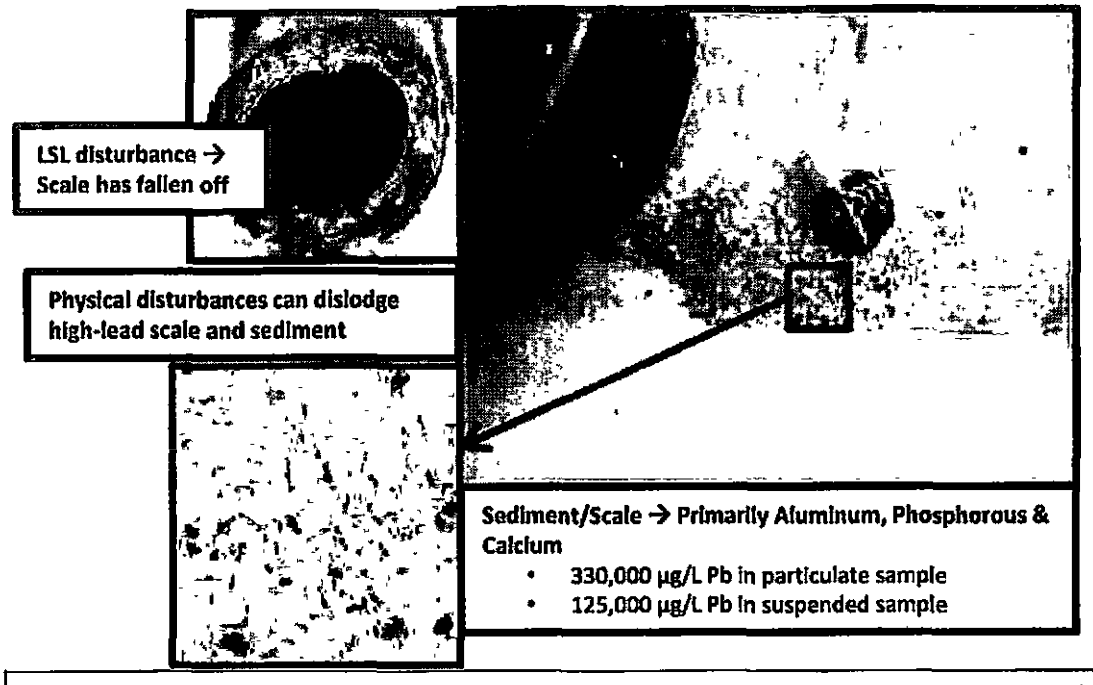
Lead service lines can contribute up to 75 percent of the total mass release into the water. The portion of the [redacted] original service line from the water main to the external shut-off valve at the corner of [redacted] and Bryant Street is made of lead and is estimated to be approximately 25 feet in length.



Appendix C – Additional Information

Physical disturbance of lead service lines

A recent EPA study indicates that physical disturbances to lead service lines or in proximity to lead service lines can cause the dislodging of the protective scales from within the lines. The photograph below shows the scale that was dislodged from inside a lead service line during routine maintenance work in another city due to a physical disturbance of the line. The dislodged scale and sediment contained a very high concentration of lead.



Lead service line disturbances were found to be a common factor for the majority of sites with high lead levels. It is also possible that low water usage may play a role in sites with the highest lead levels.

Lead service line scale analyses conducted by EPA's Office of Research and Development or obtained from peer-reviewed published literature from cities across the U.S. and in Canada (summarized below) show that scales within lead service lines can contain very high concentrations of lead. The yellow highlighted column in the table below shows the percentage of lead that has been found within different scales inside of lead service lines.

Lead & Element Percentages in Important Corrosion Byproduct Solids

Mineral Name	Formula	% Pb	%C	%O	%S	% P	%Cl
litharge, massicot	PbO	97.80	0.00	7.20	0.00	0.00	
plattnerite, scrutinyite	PbO_2	86.60	0.00	13.40	0.00	0.00	
Cerussite	$PbCO_3$	77.50	4.50	18.00	0.00	0.00	
Hydrocerussite	$Pb_3(CO_3)_2(OH)_2$	80.10	3.10	16.50	0.00	0.00	0.00
Plumbonacrite	$Pb_{10}(CO_3)_6(OH)_6O$	81.30	2.80	15.70	0.00	0.00	0.00
Anglesite	$PbSO_4$	68.30	0.00	21.10	10.60	0.00	0.00

Lead & Element Percentages in Important Corrosion Byproduct Solids							
Mineral Name	**Formula**	**% Pb**	**%C**	**%O**	**%S**	**% P**	**%Cl**
Leadhillite, Susannite, MacPhersonite	$Pb_4(SO_4)(CO_3)_2(OH)_2$	76.80	2.20	17.80	3.00	0.00	0.00
Hydroxypyromorphite	$Pb_5(PO_4)_3OH$	77.43	0.00	15.55	0.00	6.95	0.00
Chloropyromorphite	$Pb_5(PO_4)_3Cl$	76.38	0.00	14.15	0.00	6.85	2.61
Tertiary Lead Orthophosphate	$Pb_3(PO_4)_2$	76.60	0.00	15.80	0.00	7.60	0.00
Lead(II) orthophosphate	$Pb_3(PO_4)_6$	76.60	0.00	15.80	0.00	7.60	0.00

While visiting the [redacted] *home, two fresh patches of asphalt were seen along the parkway where the* [redacted] original service line was located. The jarring and vibration associated with excavation can dislodge the high lead-bearing scales from within the service line pipes.

Recent patch (#1) of asphalt along curb next to the parkway where the [redacted] service line runs.

Photograph taken by U.S. EPA on April 27, 2015

Recent patch (#2) of asphalt along curb next to the parkway where the [redacted] service line runs.

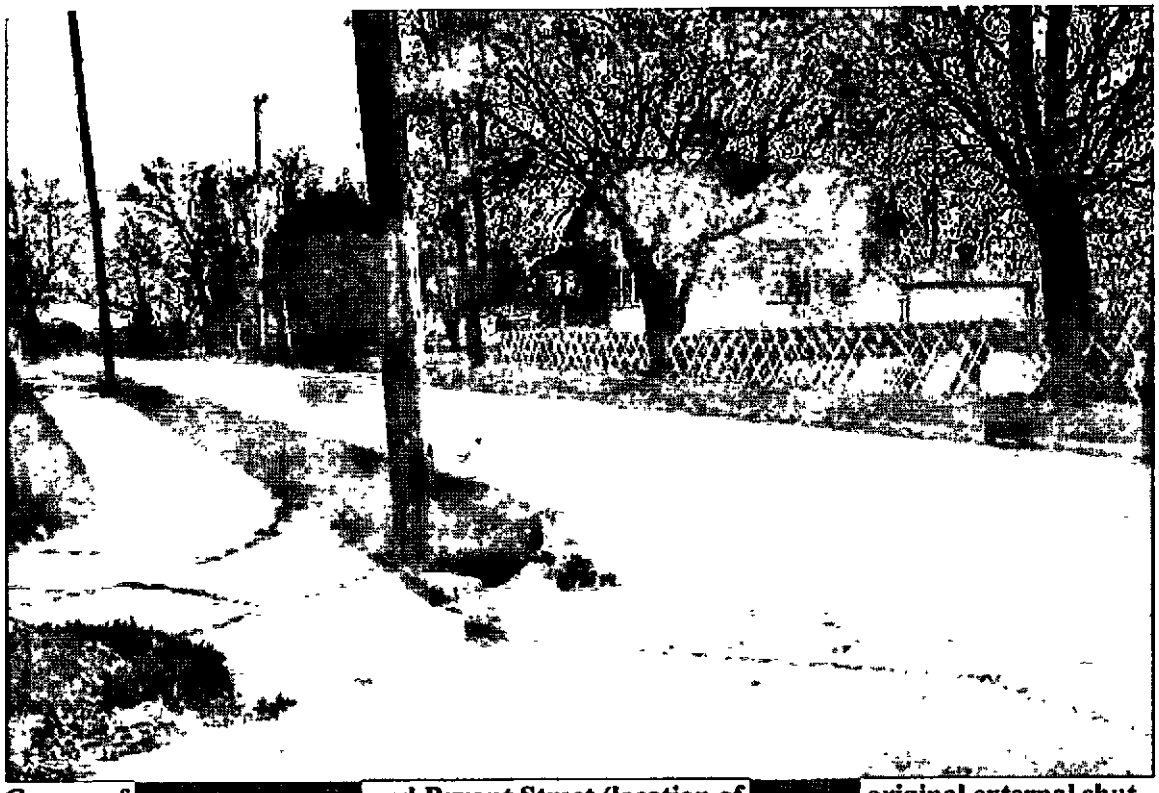
Photograph taken by U.S. EPA on April 27, 2015

July 2011 image [redacted] (view from [redacted] toward Bryant Street).

Google 'Street View' Image 1 captured in July 2011 shows no patches in street along curb next to the parkway where the [redacted] service line runs toward Bryant Street, indicating that the physical disturbances occurred after the date this image was captured (July 2011).

July 2011 image of [redacted] (view from Bryant Street toward [redacted]).

Google 'Street View' Image 2 captured in July 2011 shows no patches in street along curb next to the parkway where the [redacted] service line runs toward Bryant Street, indicating that the physical disturbances occurred after the date this image was captured (July 2011).



Corner of [redacted] and Bryant Street (location of [redacted] original external shut-off valve).
Photograph taken by EPA on April 27, 2015 shows no visible signs of physical disturbances in the vicinity of the lead portion of the [redacted] service line from the external shut-off valve to the water main on Bryant Street.

Heimann, Alexandr (TREASURY)

From: Heimann, Alexandr (TREASURY)
Sent: Wednesday, November 04, 2015 10:51 AM
To: Vandegrift, Drew (TREASURY)
Subject: RE: Flint Orders
Attachments: Capture.PNG

Thanks Drew!

This is really helpful, I was looking online (Flint's website) before I called you, and I had a concern. They appear to be posting many of the EM orders on their site, but if the orders are listed in succession and sequential, then I am guessing that there are some missing from the site (I assume we are missing orders 9-19), please examine the attachment. Am I missing key information here, or do these documents not exist?

With regard,

Alexandr Heimann
Municipal Anlayst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 335-2434

From: Vandegrift, Drew (TREASURY)
Sent: Wednesday, November 04, 2015 10:41 AM
To: Heimann, Alexandr (TREASURY) <HeimannA@michigan.gov>
Subject: Flint Orders

Alex,

Well the final order is available on our site HERE, but I think you really what to look at order 3 (attached). You will note that the mayor has some roll in the appointment of a few department heads. We should have a binder of all the flint orders somewhere, maybe in the overhead file in the cube between Eric and Randy. I suspect that the final order and order 3 will answer much of your question, but you might wish to peruse all the other orders just to make sure.

Call me if you have questions,
Drew

Byrne, Randall (Treasury)

From: Sampson, Jeremy (TREASURY)
Sent: Wednesday, November 04, 2015 3:13 PM
To: Koryzno, Edward (Treasury)
Cc: Workman, Wayne (TREASURY); Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury)
Subject: RE: Flint

okay

From: Koryzno, Edward (Treasury)
Sent: Wednesday, November 04, 2015 3:11 PM
To: Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Flint

We will call you in 5-10 minutes.

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Sampson, Jeremy (TREASURY)
Sent: Wednesday, November 04, 2015 3:07 PM
To: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Flint

He's looking at order No.3. The EM order is No.20. Correct? He is asking questions about the police chief and fire chief as well. Which in Order No.3 says are all subject to the Mayors approval.

From: Koryzno, Edward (Treasury)
Sent: Wednesday, November 04, 2015 2:36 PM
To: Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Flint

Yes, 3-3327

Edward B. Koryzno, Jr. | Director – Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Sampson, Jeremy (TREASURY)
Sent: Wednesday, November 04, 2015 2:36 PM
To: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Flint

Sorry I am putting out a quick fire for Nick. Can I call you guys in a few.

From: Koryzno, Edward (Treasury)
Sent: Wednesday, November 04, 2015 1:50 PM
To: Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Flint

We will call you at 2:30.

Edward B. Koryzno, Jr. | Director – Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Sampson, Jeremy (TREASURY)
Sent: Wednesday, November 04, 2015 1:30 PM
To: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Flint

I have a call with Detroit from 1:30-2:30. How about 2:30? 1-2623.

Thanks.

From: Koryzno, Edward (Treasury)
Sent: Wednesday, November 04, 2015 1:27 PM
To: Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Flint

Randy and I will call you, what is a good time?

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Sampson, Jeremy (TREASURY)
Sent: Wednesday, November 04, 2015 1:20 PM
To: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Subject: Flint

Ed-

I took a call from a reporter at ABC 12 who had some questions about the City administrator.

Last night the new mayor said that they wanted to bring in a new city administrator. What is that process? Is it a majority vote by the City Council and the RTAB? They also wanted to know the length of Tasha Henderson's contract.

Any assistance you could provide would be appreciated. Thank you.

Jeremy Sampson
Communications Specialist
Department of Treasury

Richard H. Austin Building
430 West Allegan Street
Lansing, MI 48922
Office: 517-241-2623
Cell: 517-614-8480
sampsonj@michigan.gov

Byrne, Randall (Treasury)

From: Heimann, Alexandr (TREASURY)
Sent: Wednesday, November 04, 2015 3:57 PM
To: Sampson, Jeremy (TREASURY)
Cc: Byrne, Randall (Treasury)
Subject: *Flint EM Order 03 - City Administrator*
Attachments: Order-No.-3.pdf

Hello Jeremy,

I am sending the attached document on behalf of Randall Byrne. Please let me know if you will be needing any other documents.

With regard,

Alexandr Heimann
Municipal Anlayst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 335-2434

EMERGENCY MANAGER
CITY OF FLINT
GENESEE COUNTY MICHIGAN

ORDER No. 3

CITY ADMINISTRATOR

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER ("EMERGENCY MANAGER") FOR THE CITY OF FLINT, MICHIGAN ("CITY") PURSUANT TO MICHIGAN'S PUBLIC ACT 436 OF 2012, LOCAL FINANCIAL STABILITY AND CHOICE ACT, ("PA 436"); GERALD AMBROSE, THE EMERGENCY MANAGER, ISSUES THE FOLLOWING ORDER:

Pursuant to PA 436, the Emergency Manager has broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the City and its capacity to provide or cause to be provided necessary services essential to the public health, safety and welfare; and

Pursuant to PA 436, the Emergency Manager acts in place of local officials, specifically the Mayor and City Council, unless the Emergency Manager delegates specific authority; and

Pursuant to PA 436, the Emergency Manager has broad power to manage the local government, and may issue orders to elected and appointed officials necessary to accomplish the purpose of the Act. An Order issued under PA 436 is binding on the person to whom it is issued; and

IT IS HEREBY ORDERED:

The City Administrator shall serve as the City's Chief Administrative Officer at the pleasure of the Mayor, City Council and Emergency Manager or Receivership Advisory Transition Board (hereinafter "Board"), in accordance with the provisions of her contact with the City of Flint

dated February 23, 2015, and is charged with implementing executive and legislative directives and policies of the Mayor and City Council, subject to oversight of the Board, including strategic planning and budgeting, and with directing the management of day-to-day-administrative activities and appointed staff officials.

Consistent with the City Administrator Employment Agreement and Position Description, and subject to the approval and directives of the Board, the City Administrator shall have the following authority, duties and responsibilities notwithstanding any provision of the City Charter or Code of Ordinances:

1. Serve, advise and report to the Mayor with respect to the Mayor's executive functions, as set forth in Charter §4-101.

2. Serve and advise the Council with respect to the Council's legislative functions, as set forth in Charter §3-101.

3. Serve, advise and report to the Emergency Manager, as required by Public Act 436, so long as an Emergency Manager is in place.

4. Serve, advise and report to the Board, including:
    a. Advise and report to the Board as required by Public Act 436;
    b. Fully comply and assist the Board in meeting all duties assigned to it by the governor pursuant to MCL 141.1563(h);
    c. Provide all budgetary information requested by the Board;
    d. Serve as the primary contact between the Board and the City, including any department heads, officers, attorneys, accountants, employees, and any other contractors or consultants hired by the City to assist the City Administrator or the City in the discharge of powers, duties, functions, and responsibilities;
    e. Promptly and effectively communicate with the Board regarding any matter that may have a significant financial impact on the City.

5. Direct City department heads in carrying out the daily activities of the City, in the assembly of financial and management information; and in the gathering and assembly of pertinent data and information and recommendations for the Mayor and City Council's consideration in making executive determinations and policy.

6. Translate executive decisions and policies of the Mayor into administrative procedures for the cost effective and efficient operation of the City.

7. Implement legislative action of the City Council.

8. Monitor and manage the administrative inter-activity of the City departments so the delivery of public services represents an efficient, effective, and coordinated effort.

9. Interact with other governmental agencies as requested by the Mayor or City Council.

10. Prepare and review correspondence, reports, speeches, resolutions, and other material for public relations purposes. Answers citizen and official inquiries regarding City policy matters.

11. In consultation with the Mayor, direct the assembly of information and items for consideration by the Council, and provide them to the City Clerk for inclusion on the appropriate agendas.

12. Regularly consult with the Mayor in the development of actions with respect to the Mayor's executive functions, and with matters relating to the daily administrative functions of the City, including the evaluation of the performance of department heads, and the resolution of customer service issues.

13. Except to the extent prohibited by or in material conflict with applicable laws and authorities, the City Administrator or designee shall attend all meetings of the City Council, both public and closed, with the exception of those closed meetings devoted to the consideration of any action or lack of action on, or pursuant to, this Agreement, or any amendment thereto, or the City Administrator's evaluation. The City Administrator shall advise members, and make recommendations consistent with policy objectives, strategic planning and administrative activities.

14. Attend public meetings and events; give presentations and information to the public regarding matters of City business.

15. Manage and oversee all department heads, division heads, managers and non-elected City employees. This shall include an annual written performance evaluation of all department heads, including those identified in paragraphs 15, 16 and 17.

16. Recommend, subject to the Mayor's approval, the following appointments:

    a. Chief of Police;
    b. Fire Chief;
    c. Director of Finance;
    d. Planning & Development Director;
    e. Director of Department of Public Works;
    f. Chief Legal Officer;
    g. Chief Personnel Officer.

17. Recommend, subject to the Council's approval, the following appointments: City Clerk and City Auditor.

18. With the exception of those positions set forth in paragraphs 16 and 17, appoint all department heads, division heads and management positions, including the City Treasurer, Purchasing Director and the City Assessor, subject to any collective bargaining agreement(s) that may be applicable.

19. Ensure that all appointment processes, whether by the Mayor, Council or City Administrator, are open, competitive, and administered by the Human Resources Department or a qualified recruitment firm, with selection of the most qualified candidate to be based on defined education, experience, and professional standards appropriate to the position.

20. All appointments made pursuant to paragraphs 15, 16 and 17 shall serve at the pleasure of the City Administrator based on performance review.

21. Review current and potential litigation and labor disputes with the City Attorney and Mayor, and as needed the Board, and have complete decision making authority on behalf of the City, on all matters of litigation and labor disputes, including the ability to settle or initiate lawsuits and resolve labor disputes. The Mayor and City Council shall be consulted on such matters prior to implementation.

22. Negotiate all collective bargaining agreements on behalf of the City.

23. Work collaboratively with the City Council, the Mayor, other City or State officials and the Board to successfully transition to the termination of receivership for the City by supporting, implementing, and maintaining the financial and operating plans and the reforms instituted by the City's emergency managers, including but not limited to, the financial and operating plan for the city under Section II Act 436, and by providing appropriate training and explanation of City operations.

24. Serve as an official City representative before the Board, State departments and agencies, and the Michigan Legislature, with assistance from the Finance Director and the Mayor.

25. Be responsible for and vested with full authority necessary to effectively direct and supervise the day-to-day operations of the City by seeing that all laws and ordinances are faithfully executed, preparing the proposed annual budget as recommended by the Finance Director and any accounting firm retained by the City, and supervising the expenditures of all sums appropriated to and the attainment of all objectives established for departments of the executive branch of the City and working collaboratively with all officers and officials to effectively execute daily operations.

26. Ensure that a rolling six-year capital improvement plan is annually prepared in accordance with applicable law and the City's Code of Ordinances. Coordinate with the Mayor on the annual preparation of a rolling two-year budget

27. Review, approve and co-sign with the Mayor all contracts on behalf of and entered into by the City and modify or terminate any current contract with the City.

28. Approve all financial policies, City policies and procedures, job descriptions and personnel policies for the City, after consultation with the Mayor and City Council.

29. Designate check signers on all City bank accounts.

30. Refer City Council communications to the appropriate City employee or investigate such matter(s) and inform the City Council of the results of such efforts. Provided, however, when responding to City Council referrals, the City Administrator shall have discretion to utilize the personnel and resources the City Administrator deems reasonable and so as to avoid unnecessary interruption of services or incurrence of unnecessary costs.

31. Any investigation by the City Council, as contemplated by Charter §3-205 and §3-206, including the power to subpoena witnesses, shall be subject to the City Administrator's review and approval, so as to avoid unnecessary interruption of services or incurrence of unnecessary costs.

32. In the event the Mayor or Council fails to perform any duty or take any required action after having been afforded a reasonable opportunity to do so, the City Administrator may perform the duty or function of the Mayor or Council upon approval of the Board.

This Order may be amended, modified, repealed or terminated by any subsequent Order issued by the Emergency Manager.

Dated: 4/10/15 By: _____

Gerald Ambrose
Emergency Manager
City of Flint

xc: State of Michigan Department of Treasury
Mayor Dayne Walling
Flint City Council
Inez Brown, City Clerk

S \P Bade\EM2015\Orders\Order No 3 City Administrator 03 30 15 pmb docx

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

Jason Lorenz
Public Information Officer
Office: (810) 237-2039
Cell: (810) 875-2576
jlorenz@cityofflint.com

For Immediate Release

Flint Water Optimization Plan Receives Go Ahead from MDEQ for Additional Corrosion Control

Flint, Michigan – November 05, 2015 – The City of Flint's Department of Public Works (DPW) has received approval from the Michigan Department of Environmental Quality (MDEQ) for its plan to introduce additional corrosion control agents to water it buys from Detroit. It is expected that the additional corrosion control agents will further reduce the damage caused to water mains and service lines by water corrosion. While using the Flint River as a water source, the City was not required to use corrosion control as part of its Water Optimization Plan. That decision led to accelerated damage to underground pipes due to the corrosiveness of Flint River water.

"We are trying to reverse the effects of the more corrosive river water and better protect our underground infrastructure from deteriorating, and in turn protect our families and our children from exposure to metals such as lead and copper," said DPW Director Howard Croft. Older houses built before 1986 have the likelihood of having plumbing and services lines containing lead and copper.

Last month Flint resumed buying treated water from Detroit after it was learned that elevated levels of lead had been found in children living in the City. Flint also worked with local aid agencies to provide water tap mounted filters to every water customer in the City. Tests on water hardness throughout the City have confirmed that Detroit water has made its way to every customer.

–END–

Hudson, Deanna (TREASURY)

From: Heimann, Alexandr (TREASURY)
Sent: Thursday, November 05, 2015 8:44 AM
To: Cline, Richard (Treasury)
Cc: Hudson, Deanna (TREASURY)
Subject: Flint EMO Analysis
Attachments: Flint EM FO and EM Order Analysis.docx

Hello Eric,

Attached is my analysis outlining the powers of the City Administrator and the May and City Council for the City of Flint as described by Emergency Manager Orders. The orders were fairly concrete but I did identify some gaps (many of which might be explained in the City Charter and other documents), that left some unanswered questions.

Let me know if you need anything else.

With regard,

Alexandr Heimann
Municipal Anlayst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 335-2434

City of Flint Emergency Manager's Orders Analysis

11/04/15

Summary of Emergency Manager's Order #20 (EMO 20) also referred to as the "EM Final Order", and Emergency Manager's Order#3 (EMO 3) also referred to as "City Administrator"

City Administrator's Powers

Management of Key City Staff

- City Administrator directs all Department Heads[1] in carrying out daily activities (EMO 3 p.2), and manages all department heads, division heads, and managers via written performance evaluations (EMO 3 p.3), these positions serve "at the pleasure of the City Administrator" (EMO 3 p.4)
- City Administrator must regularly consult with the Mayor on the daily administrative functions of the City Administrator
- EM Order Expressly prohibits the City Council[2] from interfering with the employees of the City (EMO 20 p.3).
- *Sole authority on compensation of City Staff and appointed officers (EMO 20 p.6)*
- Terminates department heads with approval of the board (EMO 20 p.7)

Participates in the hiring process for Key City Staff[3] (EMO 3 p.3, 4)

- City Administrator Recommends candidates to the Mayor:
    - Chief of Police
    - Fire Chief
    - Director of Finance
    - Planning and Development Director
    - Director of Public Works
    - Chief Legal Officer
    - Chief Personnel Officer
- City Administrator recommends the following positions to the City Council:
    - City Clerk
    - City Auditor
- City Administrator appoints all other Department headers, division heads, and management positions including:
    - City Treasurer
    - City Assessor
    - Purchasing Director
- Ensures that all appointment processes are open, competitive, and administered by the HR department with selection of the most qualified candidate

---

[1] EMO 3 does not state that City Manager solely performs this task, leaves some room for interpretation

[2] Is in the section of the EMO named "Mayor and City Council", but section only expressly calls out the City Council

[3] This language defines a process, but does not define it as the sole process, or that City Council, or the Mayor have to choose a candidate recommended by the City Administrator

Under certain circumstances, may perform the duty or function of the Mayor and City Council subject to the approval of the Board (EMO 3 p.5)

Mayor and City Council Powers

Mayor and City Council Hiring and Firing Powers (EMO 20 p.3)

- Mayor and City Council must fill any vacancies in the office of the City Administrator (only position mentioned) within 120 days, with the approval of the Board
- The Mayor and City Council cannot terminate any employee without Board approval[4]
- The Mayor and City Council may make changes to the job description of the City Administrator, not to go into effect without approval of the Board

Process for removal of City Administrator

- The City Administrator may only be removed in accordance with the provisions set forth by EM orders[5] (EMO 20 p.7)
- Complaints against the City Administrator from the Mayor or City Council must be made available to the City Administrator in writing (EMO 20 p.7)
- Administrator may not be terminated, suspended, or placed on administrative leave without the approval of the Board (EMO 20 p.6)

Revisions, or modifications to EM orders (EMO 20 p.11)

- City Council and Mayor shall not revise any order made by EM prior to one year after the termination of receivership

Unanswered Questions (in addition to those footnoted)

1. What is the process for modifying the roles, and powers of the Department Heads? The EM orders do not appear to specifically address this

2. What is the process for removal of a Department Head? It does not appear to be clearly outline in the EM orders.

3. What are the provisions by which a City Administrator can be removed? Language references EM orders, but it is unclear which is to be referenced.

---

[4] The statement in the EM order may imply that they have some hiring and firing powers of positions other than City Administrator subject to the approval of the board

[5] EMO 3 does not appear to have provisions for the removal of a City Administrator

Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Thursday, November 05, 2015 4:05 PM
Subject: PRESS RELEASE: Flint Water Optimization Approved
Attachments: Corrosion Control Plan Approved 2015.pdf

For Immediate Release

Flint Water Optimization Plan for Additional Corrosion Control Approved by MDEQ

Flint, Michigan – November 05, 2015 – The City of Flint's Department of Public Works (DPW) has received approval from the Michigan Department of Environmental Quality (MDEQ) for its plan to introduce additional corrosion control agents to water it buys from Detroit. It is expected that the additional corrosion control agents will further reduce the damage caused to water mains and service lines by water corrosion. While using the Flint River as a water source, the City was not required to use corrosion control as part of its Water Optimization Plan. That decision led to accelerated damage to underground pipes due to the corrosiveness of Flint River water.

"We are trying to reverse the effects of the more corrosive river water and better protect our underground infrastructure from deteriorating, and in turn protect our families and our children from exposure to metals such as lead and copper," said DPW Director Howard Croft. Older houses built before 1986 have the likelihood of having plumbing and services lines containing lead and copper.

Last month Flint resumed buying treated water from Detroit after it was learned that elevated levels of lead had been found in children living in the City. Flint also worked with local aid agencies to provide water tap mounted filters to every water customer in the City. Tests on water hardness throughout the City have confirmed that Detroit water has made its way to every customer.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039 (Office)
(810) 875-2576 (Cell)
jlorenz@cityofflint.com

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Friday, November 06, 2015 9:05 AM
To: Schafer, Suzanne K. (Treasury) (SchaferS7@michigan.gov)
Subject: items for discussion
Attachments: Meeting with Suzanne November 6.docx

Suzanne:

For your review. Please let me know if you have any questions.

Thanks,
Randy

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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++++**Weekly Critical Issues —November 6, 2015**

- **Allen Park**—Status of bond tender and successful road millage proposal.
- **Benton Harbor**—Finance Director search will need RTAB approval, I plan to be involved in the process. Darwin has not been contacted by the mayor elect as of yesterday suggested that the RTAB should stay another two years or else the City will revert back to problematic ways. I will be scheduling a meeting with Wayne, mayor elect and Darwin in the coming weeks. Are we going to revise the RTAB evaluation for Benton Harbor?
- **Ecorse** – Wayne should have an easier time to manage now with the election results. Status of their five year financial plan review. We should move forward on reducing scope of RTAB authorities. One additional RTAB member is needed (Joan Brophy).
- **Flint** – Meeting in Flint with the new mayor is being scheduled for early next week. City has reinstituted their water shutoff program which help to increase revenues. Lead issue was known to City, DEQ, and EPA in April. Waiting on word from Carla on the latest FOIA request. Fred wants to have the RTAB meeting on Thursday. I plan to attend the RTAB meeting and work in Flint in the afternoon.
- **Hamtramck-** the interim Police Chief will be appointed as the Police Chief. Phase 3 of the pension study can we begin or should I wait for Wayne to sigh the signature sheet? The City auditors, Greg Terrell have started the audit process. The Court filled the City Council vacancy with the candidate that Katrina thought should have the seat. Katrina released a Confidentiality Agreement with the former Police Chief due to a FOIA request. Possible election irregularities may result in an investigation.
- **Highland Park-**The collection firm that has begun to collect past due ($7M) water and sewer bills. Cathy has indicated that the City has over 500 aged payables including a DTE bill of $200K for the water pumping station. The City has successfully reduced their OPEB costs to the prescribed level stated in the Plan of Adjustment. The City has purchased new water meters and will be installing them. There is a problem with the cell towers for the new meter read system. A conference call on Tuesday has been scheduled with Cathy to discuss the way forward.
- **Lincoln Park-**His exit will be December 18th. I have a revised EM Final Order. We are hoping to find several RTAB candidates soon. E-Loan may be necessary? I will be scheduling a call with MERS for early next week do you want to be invited?
- **Inkster-** Mark indicated that some of the new council members may be difficult. Millages for senior and parks were approved by voters. Senior services should see an improvement due to additional funding. I am hoping to schedule a meeting with the new mayor and Mark soon.
- **Pontiac-** the mayor wants to hire an executive secretary. I am planning to visit Pontiac to meet with the Mayor and Jane. The Mayor would like to do a study of the Phoenix Center. Problem with the GERS Board financial advisor. Six million may be in jeopardy. One RTAB member is needed.
- **River Rouge**—Drew's memo on the exit.
- **Royal Oak Township-** We may receive a proposal from Oak Park for police service. We have received a draft 2016 budget from Robert. Montgomery and Co. the accounting firm has

submitted an invoice for $17,000. He has hired Mr. Fedewa for accounting. According to Robert, he is doing a good job and is well liked by the Clerk and Treasurer.

- **Miscellaneous Items**—the draft of the November Governor's Memo has been revised with election results and sent to Angela. FOIA request is on hold until word from Carla. Meeting with Ken Sikkema, Tom and Wayne on Monday regarding Flint water. I would like to discuss questions with you regarding yesterdays discussion.

Widigan, Robert (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Friday, November 06, 2015 9:24 AM
To: Byrne, Randall (Treasury)
Cc: Cline, Richard (Treasury); Dempkowski, Angela (Treasury)
Subject: Flint Timeline #13
Attachments: KWA pipeline groundbreaking starts new path for water.pdf

Randy,

Will the attached article work for an attachment to item #13?

Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-3227 Cell (517) 243-8645

Westward ho: KWA pipeline groundbreaking starts new path for water

By Ron Fonger | rfonger1@mlive.com
on June 28, 2013 at 6:00 AM, updated July 03, 2013 at 9:34 AM

Tweet Pin it Reddit Email

Part of the construction site for the Karegnondi Water Authority water pipeline is shown in this submitted photo.

(This story has been updated to correct an error.)

GENESEE COUNTY, MI – When dignitariescut the ribboninear Lake Huron on the new Karegnondi Water Authority pipeline today, June 28, they won't have to look far to imagine the project's initial path back toward Genesee County.

Drain Commissioner Jeff Wright said plans call for the pipeline to be buried in the public right of way under Fisher Road, a gravel road that borders Sanilac and St. Clair counties, most of the way to Lapeer County.

Talked about for decades, the water pipeline will put Flint and Genesee County into the water supply business and end its time as a customer of the Detroit Water and Sewerage Department.

Detroit water prices have increased an average of more than 9 percent annually for the last 12 years, according to the county.

The county and city are the key members or the KWA and officials in Sanilac and Lapeer counties have expressed interest in future raw water purchases from the authority. Wright said the city of Lapeer is still considering membership in the KWA.

Flint emergency manager Ed Kurtz has said the city of Flint alone has the potential to save at least $100 million during the next 25 years by using KWA water.

Friday's ceremony at Fisher Road and M-25 marks the start of construction of the intake portion of the pipeline and heavy equipment is already at the site, laying the foundation for that work, much of which will be done in Lake Huron.

While that work gears up this summer, talks are continuing over the design of the pipeline and the firming-up of the exact route it will be built on.

"About 95 percent of the pathway has been set," Wright said. "The other 5 percent -- we're looking at some options ... potentially a cost savings" by using some private property.

The drain commissioner said he expects to contact about 10 owners of farmland in Lapeer County as early as next week about his interest in using their land. Talks with road commissions in Sanilac and St. Clair counties about Fisher Road started about six months ago, he added.

Sanilac County Road Commission Engineer/Manager Robb Falls said he's already getting questions from Fisher Road residents about the $274-million pipeline project, which will require detours.

"A lot of people, I think, are happy for the project," Falls said. "They figure maybe the road will actually be improved (as a result). A couple of people have been upset (but) hopefully, maybe the pipeline would allow some industry in the area."

The potential for attracting new businesses with a need for raw water is certain to be one of the subjects of speeches kicking off the pipeline ceremony, which starts at 10 a.m. Friday.

Several officials, including Wright, Flint Mayor Dayne Walling, state Reps. Pam Faris and Charles Smiley, and county Board of Commissioners Chairman Jamie Curtis are among scheduled speakers.

Wright said visitors to the ground-breaking site might be surprised by how much preparation work, including construction of a service road, has already started.

"It's amazing ... I'm surprised myself (about) how much they have gotten done," including about 100 feet of road, drainage work, and the creation of a 3-acre staging area for the intake project work, he said.

Construction of the water intake will require tunneling under the floor of Lake Huron and the use of divers, who will connect sections of 72-inch diameter pipe underwater.

The work is expected to take 30 months to complete and to bring an estimated 250 workers to the construction zone, located on 230 acres, including 40 acres of shoreline, which is owned by the county.

L. D'Agostini & Sons Inc., a Macomb-area contractor, won the right to build the intake for $24.6 million, and the job, including engineering, is expected to cost $26.7 million.

Byrne, Randall (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Friday, November 06, 2015 2:32 PM
To: Byrne, Randall (Treasury); Dempkowski, Angela (Treasury)
Subject: UPDATED: Flint Final Timeline
Attachments: KWA & Water Quality Chronology Timeline 11-06-15.docx

Importance: High

Randy,

Per your request, attached is the updated final timeline. The attachments are located here V:\LGOV\OFR\Cities\City of Flint\KWA Water Authority\2015 Water Quality Issues\Flint Water Timeline RWidigan 11-06-15

If additional information is desired please let me know.

-Rob

Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-3227 Cell (517) 243-8645

4425 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

Flint Water Timeline (11-06-15)

1. **June 26, 2012** – Letter from Flint EM Mike Brown to DWSD for permission to begin blending Flint River water with treated water from DWSD. The letter indicates that the DEQ is supporting this option and its implementation would save the City between $2M and $3M annually.

2. **September 20, 2012** – Letter from Flint EM Ed Kurtz to DWSD requesting written permission to implement the blending option. Approval is requested by October 1, 2012.

3. **October 31, 2012** – Analysis by the Flint Finance Director suggests that the annual cost to purchase water from DWSD will steadily increase to $23M per year by fiscal year 2020.

4. **November 2012** – Treasury retains Tucker, Young, Jackson and Tull (TYJT) to evaluate the KWA proposal to the City of Flint.

5. **November 6, 2012** – Letter from Flint Emergency Manager Ed Kurtz to State Treasurer Dillon that a proposal from DWSD is expected but that the initial assessment is that switching to KWA is in the best interest of the City of Flint.

6. **February 6, 2013** – TYJT issues a final report to Treasury on the comparison between Karegnondi Water Authority (KWA) and DWSD. Analysis suggests that the KWA option is the cheaper option for the City of Flint.

7. **March 2013** – DWSD contacts the City of Flint to begin direct negotiations on a contract extension. Multiple options are provided to the Flint Emergency Manager (EM) Ed Kurtz.

8. **March 25, 2013** – The Flint City Council endorses joining KWA.

9. **April 11, 2013** – State Treasurer Andy Dillon authorizes Flint EM Ed Kurtz, pursuant to Section 12(3) of P.A. 436 of 2012, to enter into a contract with KWA if a final offer from DWSD is either not received for rejected in good faith based upon specific objections.

10. **April 15, 2013** – DWSD provides a best and final offer to the City of Flint. Analyses by Flint EM Ed Kurtz, the Department of Environmental Quality and Treasury's Office of Fiscal Responsibility independently conclude that the KWA option is cheaper for the City of Flint.

11. **April 16, 2013** –Flint EM Ed Kurtz informs the State Treasurer that the City will join KWA. This decision was officially announced May 1, 2013.

12. **April 17, 2013** – DWSD transmits a letter to Flint EM Ed Kurtz terminating service to the City of Flint, effective April 17, 2014.

13. **June 26, 2013** – Groundbreaking for the Karegnondi Water Authority. Flint also requests full time use of the Flint Water Treatment Plant with Flint River water as a source.

14. **June 28, 2013** – Financing Contract between the City of Flint and KWA is approved. Effective August 1, 2013. This document was signed by EM Mike Brown.

15. **July 08, 2013** – The City retains Lockwood, Andrews & Newman engineering firm to get the City's water plant up and running while the KWA pipeline is built.

16. **February 19, 2014** – The KWA Board of Directors adopts Resolution 2014-01, authorizing KWA to bond for water line construction on-behalf of the City of Flint.

17. **April 17, 2014** – Water service from DWSD officially ends. The City of Flint also conducts two separate public forums regarding the use of Flint River water, upgrades to the City's water system and the overall cost of the switch to KWA.

18. **April 25, 2014** – City conducts public event marking the transition to the use of Flint River water. DEQ information shows that transition complete by May 2015.

19. **January 2, 2015** – The City issues a public notification stating the City water system exceeds the TTHM maximum contaminant level.

20. **March 3, 2015** – Flint EM Jerry Ambrose provides a memorandum to Deputy State Treasurer Wayne Workman stating that a reconnection to DWSD will cost the City $10.1M/year and that water purchases could be as high as $1M/month.

21. **March 12, 2015** – Veolia issues the final operational evaluation of the City's water system.

22. **November 4, 2015** – The EPA issues its final report on high lead levels at three residences in the City.

Byrne, Randall (Treasury)

From: Sampson, Jeremy (TREASURY)
Sent: Friday, November 06, 2015 3:36 PM
To: Byrne, Randall (Treasury)
Subject: RE: Need comment ASAP

Can you call me when you get a chance. 1-2623

Thanks.

From: Byrne, Randall (Treasury)
Sent: Friday, November 06, 2015 1:40 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>; Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
Subject: RE: Need comment ASAP

Tom and Wayne:

Eric and I will call Jeremy regarding the response.

Thanks,
Randy

From: Workman, Wayne (TREASURY)
Sent: Friday, November 06, 2015 1:21 PM
To: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>; Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
Subject: Re: Need comment ASAP

Let's mention that the City approved this 7-1, County approved it and DWSD cut them off

Sent from my iPhone

On Nov 6, 2015, at 12:05 PM, Koryzno, Edward (Treasury) <KoryznoE@michigan.gov> wrote:

> We'll get on it.
>
> Sent from my iPhone
>
> On Nov 6, 2015, at 12:59 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:
>
> > Can you work with Jeremy on a response.
> >
> > Sent from my iPhone
> >
> > Begin forwarded message:

From: "Sampson, Jeremy (TREASURY)" <SampsonJ@michigan.gov>
Date: November 6, 2015 at 12:55:04 PM EST
To: "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
Cc: "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>
Subject: FW: Need comment ASAP

Just received this. Please advise.

Thank you.

Jeremy

From: Kaffer, Nancy [mailto:nkaffer@freepress.com]
Sent: Friday, November 06, 2015 12:17 PM
To: Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
Subject: FW: Need comment ASAP
Importance: High

Hi, I see that Terry is out of the office so am forwarding to you.

Nancy Kaffer
Columnist
Detroit Free Press
www.freep.com/abettermichigan
313-222-6585
@nancykaffer, @abettermi

From: Kaffer, Nancy
Sent: Friday, November 06, 2015 12:15 PM
To: 'Stanton, Terry A. (Treasury)' <StantonT@michigan.gov>
Subject: Need comment ASAP
Importance: High

Hey Terry,

Don't know if you've listened to my lengthy voice mail yet. In reviewing some materials re Flint that I FOIA'd from MDEQ, there's a 2013 report commissioned by then-Treasurer Dillon about the advisability of Flint switching to the Karegnondi Water Authority. The report actually finds that Karegnondi is a risky proposition and could wind up costing a lot more, and says DWSD is the better option. So why was the decision made to go with the KWA?

Need an answer ASAP. This is for Sunday.

Nancy

Nancy Kaffer
Columnist

Stanton, Terry A. (Treasury)

From: Sampson, Jeremy (TREASURY)
Sent: Sunday, November 08, 2015 6:45 PM
To: Wurfel, Sara (GOV)
Cc: Stanton, Terry A. (Treasury)
Subject: Re: Treasury

It's my understanding that you have seen all reports. We can circle back tomorrow if you would like.

Terry should be back as well.

Sent from my iPhone

On Nov 8, 2015, at 3:56 PM, Wurfel, Sara (GOV) <Wurfels@michigan.gov> wrote:

> Many thanks, Jeremy. Much appreciated.
>
> To be clear then, there WERE other reports and documents since that 2013 date? I thought there had been at least two, but couldn't recall exact timing or access the reports. We'll want to make sure we have handy if so.
>
> Think it was great Matt D talked to Nick about that. I think the story overall turned out well and covered potential pension without overhyping or scaring.
>
> **From:** Sampson, Jeremy (TREASURY)
> **Sent:** Friday, November 06, 2015 4:47 PM
> **To:** Wurfel, Sara (GOV) <Wurfels@michigan.gov>
> **Cc:** Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
> **Subject:** Treasury
> **Importance:** High
>
> Sara-
>
> Wanted to update you on a couple of potential stories that you could see over the weekend.
>
> First Nancy Kaffer of the Freep is writing a column for Sunday to do with Flint and the choice of KWA over DWSD. She had FOIA'd a doc from MEDQ that had a 2013 report from Andy Dillion that says that KWA is a risky proposition and that DWSD was a better option. I let her know that the report was just a starting point in the process and as more information became available a joint decision was made by the EM, council and other key city leaders.
>
> Second Matt Dolan from the Freep called and said that he was doing a one year wrap up on Detroit coming out of Bankruptcy and he wanted to speak to Ron Rose. I offered up Nick instead (with his permission) Nick did a 15 minute phone interview with him. After a few softballs about a year later Matt opened a line of questions about possible pension liabilities in 2024. NK did a good job of staying high level. I believe that Matt reached out on his own and spoke to Ron as well as John Hill.
>
> Let me know if you have any questions.

Weekly Conference Call Notes – Nov. 09, 2015

Allen Park –Nov. 6 –Mayor Matakas, M. Kibby, B. Cady E. Cline, P Dostine

Election commentary

- Road millage. 10-year millage passed ($1.43M). Meetings will begin with engineering, DPW, to create a list of roads for the next four years. Plan is to get bid specs out Dec/Jan, thus locking in lower rates. With the city bundling the millage, with Act 51 ($1.9M) with $500K general fund, it will have approximately $3.8M annually to do reconstruction, crack sealing, street sectioning. Allen Park can also use the millage as a match for the county's FAC program (20% match).
- The success of the millage as well as the mayor winning by a large margin and incumbent councilpersons winning are all seen as a vote of confidence in a way, the mayor stated.
- The city is offering MML training to the entire council.

Bond update

- BAML dropped the ball, Cady said. BAML wouldn't give AP a guarantee to buy the new issuance.
- Allen Park got an extension till Nov. 19 to make final the recent bond tender. Meanwhile, Allen Park is looking elsewhere for another institution.
- S & P gave a below grade rating to Allen Park (CCC+ up from CCC-).
- City Administrator Kibby sent Treasury a letter requesting financial help.

Order 29

- Kibby requested Order 29 be amended to offer new hires a choice of the 20% or the hard cap. Currently, Order 29 mandates the 20% premium cost, hard cap is not an option.

Benton Harbor –Nov. 5 – D. Watson, R. Widigan, E Cline, A. Heimann, D. Hudson

- **Weekly Priorities**
  - City approved a contract with AFSCME.
  - City attorney will update the commission on the ongoing lawsuits, no major changes on the Lange, O'Brien, Unruh lawsuits.
    - Two new lawsuits: wage and hour claim and a wrongful termination/first amendment claim.

- **Update on Vacant Positions:**
  - **Finance Director:** MML search approved by commission 9-0
    - Darwin will speak with the MML and get the process going, vote is subject to RTAB approval.

- **Water Department Superintendent:** Fleis & VandenBrink Engineering has started working with the city.
  - Still looking to fill the superintendent position.

- **Assistant City Manager/Community Development Director:** City has some potential interim individuals to fill the position, short term while the city looks for someone to fill the position.

- **Assessor:** Assessor is on board and beginning work, a lot of work to do.
  - None of the building permits found have been recorded.
  - None of the new construction have been updated (roughly $12M in new contraction).
  - Meeting with BS&A to develop a plan of attack.
  - A letter will be submitted to the state and the assessors division regarding what the past assessor has done.

- **City Manager Evaluation Discussion**: Already rumors to replace Darwin with individuals friends of the city commissioners.
  - Staff is very concerned that if Darwin is gone they will all be fired.

- **E-Loan Payment**: City has made the payment.

- **Election/Atmosphere @ City Hall:** Newly elected Commissioner, Bryan Jones is a supporter of the emergency manager law.
  - Commissioner Muhammad will have to vacate his commission seat to become mayor.
  - Mayor-elect Muhammad has not reached out to Darwin.
  - Mood is very somber at city hall.
  - Darwin stated if the RTAB left today, the city would be under emergency manager within 2 years, likely sooner.
    - Commissioners are very upset and if there was no state oversight they would blow through the budget.
    - Likely to be multiple attempts to change/fire staff.
    - He stated that there are rumors the state is looking to pull the RTAB, Darwin stated that would be a grave mistake.
    - After election results were in, Commissioner Seats entered the building and removed a photo of Mayor Hightower off the wall

Ecorse – Oct. 20 – W. O'Neal, R. Byrne, D. Van de Grift, P. Dostine, A. Heimann

Priorities

- Water audit. Ecorse is in the process of doing a water audit. The city found that 24 % of the bills are estimates. Ecorse loses approximately $940K worth of water annually. The city has discovered the use of straight pipes in 3 houses. O'Neal believes there are more in the city.
- O'Neal reported that the Water and Sewer fund currently has a positive cash flow.
- O'Neal said there is a lack of communication between the water billing department and the DPW. Broken or defective meters are not being reported to DPW. O'Neal also said the city will be raising the minimum water rate.

Fire Dept.

- Firemen are campaigning for Mayor Pro Tem Miller for mayor. O'Neal said at least three department heads have said they will resign if Miller is elected mayor.

OPEB benefit audit

- O'Neal said that the OPEB benefit audit has been completed. "Some discrepancies were found. But overall, it's wasn't bad," O'Neal said. A deceased female was still receiving BCBS coverage. Ecorse is going to request a refund from BCBS.

DPW Business Plan

- O'Neal said the potential savings from taking DPW in-house is approximately $57K annually. But this would depend on the wages Ecorse would pay workers. O'Neal said he is finding it difficult to find even part-time workers for DPW. O'Neal said it's unlikely the in-house plan will be implemented at this point.

Flint – Nov. 4 – Mayor Walling, N. Henderson, J. Freeman, F. Headen, W. Lamphiery, E. Cline, P. Dostine, D. Hudson, A. Heimann

Elections

- Mayor Walling – Reiterate a few things already shared, hopes that this group can continue to meet, and involve City Council, Council presence has been essential. Saying that we are going to be met with an entirely different approach, one of "anger and resentment". Will need to be much more "Hands On".
- Called for additional investments to help deal with the elevated lead levels in high risk people's blood
- Believes that the new administration will be very destructive
- We "have his number"

- ALL- Nervous about new administration, and are looking for the State to be more involved to ensure that the atmosphere does not become too destructive.
- N Henderson – Suggested that all department heads are at risk because new mayor has made promises to people for these department head jobs.
- J Freeman – Not likely going to be elected for City Council president

Priorities

- Grants: Received three grants from the Ruth Mott Foundation
- $1.5M (three yr) from the Ruth Mott foundation for Police work in the North End of the City. Not for operational policing, but for public safety programs.
- Neighborhood planning grant $300K, can work with previous grant, and are waiting on agreements
- Park Grant $70K

Devil's Night / Halloween report

- No Major issues
- One fire, basement fire. Two more brush fires, nothing major. Sat it rained

Water System Update

- Switched to DWSD
- Waiting on a finalized permit, to add more phosphate to the water. Already have phosphate in water, but they believe that more is needed, and special permit is needed to add more. Recommendation from that there is substantially more Phosphate in the water.
- Technical advisory committee meeting on November 9th
- N Henderson will have a private EPA Meeting
- EPA will have a task force meeting on Tuesday (Not public information)

KWA bond payment date

- November 2016 - Working on it now (called Jodi? While we were on call to find date)

Planning Director Start-date

- First day will be November 9th

Miscellaneous

- RTAB vacancy – The Governor's office is taking names and then they will be making the decision. Unclear how long that process will take.
- Veterans Day – will not be having a phone call with Veteran's day being Wednesday, Thursday will be the RTAB meeting not Wednesday, confirmed that they had posted the RTAB meeting appropriately.

Byrne, Randall (Treasury)

From: Lamphier, Wendy (Treasury)
Sent: Monday, November 09, 2015 3:54 PM
To: Headen, Frederick (Treasury); Stanton, Terry A. (Treasury); Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Sampson, Jeremy (TREASURY)
Subject: RE: Flint EM reports

I think Flint took theirs down after the EM left.

From: Headen, Frederick (Treasury)
Sent: Monday, November 09, 2015 3:53 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Lamphier, Wendy (Treasury) <LAMPHIERW@michigan.gov>; Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
Subject: RE: Flint EM reports

Act 436 requires EMs to file two different EM quarterly reports, per § 9(5) and § 17. Both quarterly reports are required to be posted on the website of the local government or school district.

From: Stanton, Terry A. (Treasury)
Sent: Monday, November 09, 2015 3:41 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Lamphier, Wendy (Treasury) <LAMPHIERW@michigan.gov>; Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
Subject: Fwd: Flint EM reports

FYI. Can we get these?

Begin forwarded message:

> **From:** "Kaffer, Nancy" <nkaffer@freepress.com>
> **Date:** November 9, 2015 at 3:39:05 PM EST
> **To:** "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>, "sampsonj@michigan.gov" <sampsonj@michigan.gov>
> **Subject: Flint EM reports**
>
> Hey guys, I'm looking for the various Flint EMs' quarterly reports, and not seeing them on the Treasury website. If they're online somewhere, I'd appreciate a link; if not, it'd be great if you could email them over.
>
> Thanks!
>
> Nancy

Stanton, Terry A. (Treasury)

From: Sampson, Jeremy (TREASURY)
Sent: Tuesday, November 10, 2015 9:21 AM
To: Stanton, Terry A. (Treasury)
Subject: RE: Today

https://www.cityofflint.com/rtab/reports/

Looks like the Flint reports are on their website. Let me know if you would like me to let Nancy know or if you want to talk to her.

JS

-----Original Message-----
From: Stanton, Terry A. (Treasury)
Sent: Tuesday, November 10, 2015 8:50 AM
To: Cousineau, Sara (Treasury) <CousineauS@michigan.gov>; Pleyte, Beth (Treasury) <PleyteB@michigan.gov>
Cc: Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
Subject: Today

I'm not going to be in today but will be checking email etc.

Feel free to put reporters in my vm.

Thx.

Byrne, Randall (Treasury)

From: Sampson, Jeremy (TREASURY)
Sent: Tuesday, November 10, 2015 11:07 AM
To: Lamphier, Wendy (Treasury); Stanton, Terry A. (Treasury); Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Headen, Frederick (Treasury)
Subject: RE: Flint EM reports

I was able to find the reports on the Flint website. https://www.cityofflint.com/rtab/reports/

Jeremy

From: Lamphier, Wendy (Treasury)
Sent: Monday, November 09, 2015 4:40 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
Subject: RE: Flint EM reports

This is all that I can locate. All local unit files were scanned onto disks before Local Government moved to 3rd floor. I have a complete set and so does Penny Ducat. This email includes reports located on the scanned Flint disk.

~Wendy

From: Stanton, Terry A. (Treasury)
Sent: Monday, November 09, 2015 3:41 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Lamphier, Wendy (Treasury) <LAMPHIERW@michigan.gov>; Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
Subject: Fwd: Flint EM reports

FYI. Can we get these?

Begin forwarded message:

> **From:** "Kaffer, Nancy" <nkaffer@freepress.com>
> **Date:** November 9, 2015 at 3:39:05 PM EST
> **To:** "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>, "sampsonj@michigan.gov" <sampsonj@michigan.gov>
> **Subject: Flint EM reports**
>
> Hey guys, I'm looking for the various Flint EMs' quarterly reports, and not seeing them on the Treasury website. If they're online somewhere, I'd appreciate a link; if not, it'd be great if you could email them over.
>
> Thanks!

Dempkowski, Angela (Treasury)

From: Pleyte, Beth (Treasury)
Sent: Tuesday, November 10, 2015 1:51 PM
To: Workman, Wayne (TREASURY); Ken Sikkema
Cc: Saxton, Thomas (Treasury)
Subject: RE: Article

Andy Dillon
Adillon@conwaymckenzie.com
[redacted]cell

From: Workman, Wayne (TREASURY)
Sent: Tuesday, November 10, 2015 1:40 PM
To: Ken Sikkema <ksikkema@pscinc.com>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Pleyte, Beth (Treasury) <PleyteB@michigan.gov>
Subject: Re: Article

Beth can you send Andy's contact?

Sent from my iPhone

On Nov 10, 2015, at 1:03 PM, Ken Sikkema <ksikkema@pscinc.com> wrote:

> Wayne:
>
> Many thanks...can you also send me Andy Dillon's contact information...I should chat with him about KWA, etc.
>
> Again, thank you for time and the effort it took to compile the timeline binder.
>
> Ken Sikkema
>
> On Tue, Nov 10, 2015 at 1:00 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:
>
> Ken, Tom ran across this article yesterday after our meeting and we thought it sheds a lot of light on the big picture for water quality in the US. Wayne
>
> Wayne L. Workman
>
> Deputy State Treasurer
>
> Michigan Department of Treasury

From: Saxton, Thomas (Treasury)
Sent: Tuesday, November 10, 2015 11:11 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
Subject: FW: Article

From: Pleyte, Beth (Treasury)
Sent: Monday, November 09, 2015 4:27 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Article

Beth Pleyte

Executive Assistant to

Tom Saxton, Chief Deputy Treasurer

430 West Allegan St.

Lansing, MI 48922

[redacted] Direct

517-373-3223 Office

--

Ken Sikkema

Workman, Wayne (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Tuesday, November 10, 2015 2:56 PM
To: Andy Dillon (adillon@conwaymackenzie.com)
Cc: Workman, Wayne (TREASURY)
Subject: FW: FW: Article

Andy – you may have heard Ken Sikkema is heading up this Flint Water Task Force. They are supposedly doing an 'after action' report of some type. We met with Ken yesterday & it went fine. They would like to talk to you.
I was going to give them your email. What phone # would you like me to use ? i.e., cell ?

From: Ken Sikkema [mailto:ksikkema@pscinc.com]
Sent: Tuesday, November 10, 2015 1:03 PM
To: Workman, Wayne (TREASURY)
Cc: Saxton, Thomas (Treasury)
Subject: Re: FW: Article

Wayne:

Many thanks...can you also send me Andy Dillon's contact information...I should chat with him about KWA, etc.

Again, thank you for time and the effort it took to compile the timeline binder.

Ken Sikkema

On Tue, Nov 10, 2015 at 1:00 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

> Ken, Tom ran across this article yesterday after our meeting and we thought it sheds a lot of light on the big picture for water quality in the US. Wayne
>
> Wayne L. Workman
>
> Deputy State Treasurer
>
> Michigan Department of Treasury
>
> **From:** Saxton, Thomas (Treasury)
> **Sent:** Tuesday, November 10, 2015 11:11 AM
> **To:** Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
> **Cc:** Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
> **Subject:** FW: Article

From: Pleyte, Beth (Treasury)
Sent: Monday, November 09, 2015 4:27 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Article

Beth Pleyte

Executive Assistant to

Tom Saxton, Chief Deputy Treasurer

430 West Allegan St.

Lansing, MI 48922

[redacted] Direct

517-373-3223 Office

--

Ken Sikkema
Senior Policy Fellow
Public Sector Consultants
PH: 517-484-4954
ksikkema@pscinc.com

Workman, Wayne (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Tuesday, November 10, 2015 3:51 PM
To: Ken Sikkema
Cc: Workman, Wayne (TREASURY); Andy Dillon (adillon@conwaymackenzie.com)
Subject: follow up...

Ken – per your request... Andy's email is reflected as a 'cc'. His cell is [redacted] It was nice talking with you yesterday. Good luck with your report. And call us if you need anything further.

From: Ken Sikkema [mailto:ksikkema@pscinc.com]
Sent: Tuesday, November 10, 2015 1:03 PM
To: Workman, Wayne (TREASURY)
Cc: Saxton, Thomas (Treasury)
Subject: Re: FW: Article

Wayne:

Many thanks...can you also send me Andy Dillon's contact information...I should chat with him about KWA, etc.

Again, thank you for time and the effort it took to compile the timeline binder.

Ken Sikkema

On Tue, Nov 10, 2015 at 1:00 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

> Ken, Tom ran across this article yesterday after our meeting and we thought it sheds a lot of light on the big picture for water quality in the US. Wayne
>
> Wayne L. Workman
>
> Deputy State Treasurer
>
> Michigan Department of Treasury

--

Ken Sikkema
Senior Policy Fellow
Public Sector Consultants
PH: 517-484-4954
ksikkema@pscinc.com

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Thursday, November 12, 2015 8:17 AM
To: Schafer, Suzanne K. (Treasury) (SchaferS7@michigan.gov)
Subject: Meeting this morning
Attachments: Meeting with Suzanne November 12.docx

Suzanne:

I have attached my list of items for discussion with you. See you at 9 am.

Randy,

Randall Byrne | State Administrative Manager
Local Government Services - Fiscal Responsibility Section
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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++++**Weekly Critical Issues —November 12, 2015**

- **Allen Park**—Status of bond tender.
- **Benton Harbor**— I will be scheduling a meeting with Wayne, mayor elect and Darwin. Are we going to revise the RTAB evaluation for Benton Harbor?
- **Ecorse** – Wayne should have an easier time to manage now with the election results. Status of their five year financial plan review. We should move forward on reducing scope of RTAB authorities. One RTAB member is going to be appointed (Joan Brophy).
- **Flint** – Meeting in Flint with the new mayor and Natasha next week. Telephone call with Natasha yesterday. City still has not added additional phosphate at water plant hopefully by Thanksgiving. City has reinstituted their water shutoff program which help to increase revenues. Lead issue was known to City, DEQ, and EPA in April. Waiting on word from Carla on the latest FOIA request.
- **Hamtramck-** the interim Police Chief will be appointed as the Police Chief. Phase 3 of the pension study can has begun. Possible election irregularities may result in an investigation. Katrina wants to purchase DPW equipment for in-house snow removal.
- **Highland Park-**The Judge has ordered a meeting on November 19th to reach a possible settlement in the DWSD lawsuit. Cathy has indicated that the City has over 500 aged payables including a DTE bill of $200K for the water pumping station. The water pumping station needs approximately $250K of repairs. The City has successfully reduced their OPEB costs to the prescribed level stated in the Plan of Adjustment. The City has purchased new water meters and will be installing them. There is a problem with the cell towers for the new meter read system. A conference call on Tuesday has been scheduled with Cathy to discuss the way forward.
- **Lincoln Park-**His exit will be December 18th. I have a revised draft EM Final Order that will be reviewed by the AG's office early next week. We are hoping to find several RTAB candidates soon. E-Loan may be necessary? I have a call with MERS today to discuss pension contribution options. MSHDA meeting on November 20th.
- **Inkster-** Mark indicated that some of the new council members may be difficult. Millages for senior and parks were approved by voters. Senior services should see an improvement due to additional funding. A meeting with the new mayor and Mark will be scheduled.
- **Pontiac-** the Mayor wants to hire an executive secretary. I am planning to visit Pontiac to meet with the Mayor, Joe, and Jane. The Mayor would like to do a study of the Phoenix Center. Problem with the GERS Board financial advisor. Six million may be in jeopardy. Mr. Bernstein may be the new RTAB member.
- **River Rouge**—*Drew's memo on the exit.*
- **Royal Oak Township**- We may receive a proposal from Oak Park for police service. We have received a draft 2016 budget from Robert. Montgomery and Co. the accounting firm has submitted an invoice for $17,000. The cash flow is nearly completed. Meeting with MSHDA on housing development discussion soon. Potential judgement against Township for $100,000.

- **Miscellaneous Items**— FOIA request is on hold until word from Carla. Meeting with Ken Sikkema, Tom and Wayne on Monday regarding Flint water. Problem with the Baird invoice for the HP High School project. I would like to discuss questions with you regarding OFR discussion.

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Thursday, November 12, 2015 5:05 PM
To: ksikkema@pscinc.com
Cc: Schafer, Suzanne K. (Treasury) (SchaferS7@michigan.gov)
Subject: FW: Flint Timeline
Attachments: KWA Water Quality Chronology Timeline 11-09-15.pdf

Ken:

Sorry for the delay. I have attached an electronic version of the Flint Timeline, per your request.

Thanks,
Randall

4425 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

Flint Water Timeline (11-09-15)

1. **June 26, 2012** – Letter from Flint EM Mike Brown to DWSD for permission to begin blending Flint River water with treated water from DWSD. The letter indicates that the DEQ is supporting this option and its implementation would save the City between $2M and $3M annually.

2. **September 20, 2012** – Letter from Flint EM Ed Kurtz to DWSD requesting written permission to implement the blending option. Approval is requested by October 1, 2012.

3. **October 31, 2012** – Analysis by the Flint Finance Director suggests that the annual cost to purchase water from DWSD will steadily increase to $23M per year by fiscal year 2020.

4. **November 2012** – Treasury retains Tucker, Young, Jackson and Tull (TYJT) to evaluate the KWA proposal to the City of Flint.

5. **November 6, 2012** – Letter from Flint Emergency Manager Ed Kurtz to State Treasurer Dillon that a proposal from DWSD is expected but that the initial assessment is that switching to KWA is in the best interest of the City of Flint.

6. **February 6, 2013** – TYJT issues a final report to Treasury on the comparison between Karegnondi Water Authority (KWA) and DWSD. Analysis suggests that the KWA option is the cheaper option for the City of Flint.

7. **March 2013** – DWSD contacts the City of Flint to begin direct negotiations on a contract extension. Multiple options are provided to the Flint Emergency Manager (EM) Ed Kurtz.

8. **March 25, 2013** – The Flint City Council endorses joining KWA.

9. **April 11, 2013** – State Treasurer Andy Dillon authorizes Flint EM Ed Kurtz, pursuant to Section 12(3) of P.A. 436 of 2012, to enter into a contract with KWA if a final offer from DWSD is either not received for rejected in good faith based upon specific objections.

10. **April 15, 2013** – DWSD provides a best and final offer to the City of Flint. Analyses by Flint EM Ed Kurtz, the Department of Environmental Quality and Treasury's Office of Fiscal Responsibility independently conclude that the KWA option is cheaper for the City of Flint.

11. **April 16, 2013** –Flint EM Ed Kurtz informs the State Treasurer that the City will join KWA. This decision was officially announced May 1, 2013.

12. **April 17, 2013** – DWSD transmits a letter to Flint EM Ed Kurtz terminating service to the City of Flint, effective April 17, 2014.

13. **June 26, 2013** – Groundbreaking for the Karegnondi Water Authority begins. Flint also requests full time use of the Flint Water Treatment Plant with Flint River water as a source.

14. **June 28, 2013** – Financing Contract between the City of Flint and KWA is approved. Effective August 1, 2013. This document was signed by EM Mike Brown.

15. **July 08, 2013** – The City retains Lockwood, Andrews & Newman engineering firm to get the City's water plant up and running while the KWA pipeline is built.

16. **February 19, 2014** – The KWA Board of Directors adopts Resolution 2014-01, authorizing KWA to bond for water line construction on-behalf of the City of Flint.

17. **April 17, 2014** – Water service from DWSD officially ends. The City of Flint also conducts two separate public forums regarding the use of Flint River water, upgrades to the City's water system and the overall cost of the switch to KWA.

18. **April 25, 2014** – City conducts public event marking the transition to the use of Flint River water. DEQ information shows that transition complete by May 2015.

19. **January 2, 2015** – The City issues a press release stating the City water system exceeds the TTHM maximum contaminant level.

20. **March 3, 2015** – Flint EM Jerry Ambrose provides a memorandum to Deputy State Treasurer Wayne Workman stating that a reconnection to DWSD will cost the City $10.1M/year and that water purchases could be as high as $1M/month.

21. **March 12, 2015** – Veolia issues the final operational evaluation of the City's water system.

22. **September 3, 2015** – MDEQ testing of the City's water shows TTHM levels are below the required action level.

23. **September 25, 2015** – Genesee County Health Department and the City of Flint issues a lead advisory for residents to be aware of lead levels in drinking water after hearing concerns from the medical community.

24. **October 16, 2015** – The City of Flint reconnects to Detroit Water.

25. **November 4, 2015** – The EPA issues its final report on high lead levels at three residences in the City.

Flint Water Advisory Task Force

November 12, 2015

Ms. Karen Weaver, Mayor
Ms. Natasha Henderson, City Administrator
City Hall
1101 S. Saginaw St.
Flint, MI 48502

Dear Mayor Weaver and Administrator Henderson:

As you are aware, Governor Snyder has appointed a Flint Water Advisory Task Force to review what led to the problem of high lead levels in drinking water, review the related regulatory framework, and make appropriate recommendations to prevent reoccurrence in Flint or elsewhere in Michigan. Members of the Task Force are Dr. Lawrence Reynolds, Dr. Matthew Davis, Eric Rothstein, Chris Kolb, and Ken Sikkema.

As part of our review, we would like to talk with appropriate individuals who are or were responsible for Flint Water Treatment Plant operations and capital planning during the past few years. We think these discussions are important for us to understand how the source water conversion was planned and implemented, how challenges in treating water from the Flint River were managed, and how water quality in the distribution system was monitored and addressed.

Individuals we would like to meet with include (1) Howard Croft, (2) DPW Staff – Daugherty Johnson, Brent Wright, Mike Glasgow and (3) Warren Green with the LAN engineering firm. We are requesting your assistance in securing the availability of these individuals in the afternoon of Monday, November 23 or anytime on Tuesday, November 24. If preferable, we can contact these individuals directly for scheduling purposes and would request your assistance in ensuring this scheduling is appropriately prioritized.

Please feel free to contact us through email or by telephone. Thank you for your assistance and cooperation in this important matter.

Sincerely,

Chris Kolb
chris@environmentalcouncil.org
517-487-9539

Ken Sikkema
ksikkema@pscinc.com
517-484-4954

Cc: Dr. Lawrence Reynolds
Dr. Matthew Davis
Eric Rothstein

Sampson, Jeremy (TREASURY)

From: Wurfel, Brad (DEQ)
Sent: Thursday, November 12, 2015 7:19 PM
To: Stanton, Terry A. (Treasury)
Cc: Wurfel, Sara (GOV); Murray, David (GOV); Sampson, Jeremy (TREASURY)
Subject: Re: Question re Flint

I'm not aware that I have any responsive records to this.

Sent from my iPhone

On Nov 12, 2015, at 5:45 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

> FYI.
>
> We can check emails (that have already been subject to one or more FOIA requests) but I doubt there is any documentation related to the calls or meetings.
>
> Thoughts etc.?
>
> Begin forwarded message:
>
> > **From:** "Kaffer, Nancy" <nkaffer@freepress.com>
> > **Date:** November 12, 2015 at 5:38:18 PM EST
> > **To:** "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>
> > **Subject: Question re Flint**
> >
> > On March 25, former Treasurer Dillon had a call with Dennis Muchmore about Flint water, and the next day met with Dan Wyant and Dayne Walling separately about Flint – I'm wondering what was discussed – specifically, if the report the former treasurer had had done about the cost effectiveness of switching to the Karegnondi Water Authority was discussed –or if there's any available documentation related to those calls or meetings?
> >
> > Best,
> >
> > Nancy
>
> Nancy Kaffer
> Columnist
> Detroit Free Press
> www.freep.com/abettermichigan
> 313-222-6585
> @nancykaffer, @abettermi

Dostine, Patrick (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Monday, November 16, 2015 7:35 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Dostine, Patrick (TREASURY); Heimann, Alexandr (TREASURY); Hudson, Deanna (TREASURY); Vandegrift, Drew (TREASURY)
Subject: Flint Community Group Files Lawsuit Stating Lead Water Caused Medical Conditions

FYI – http://wlns.com/2015/11/16/flint-community-group-files-lawsuit-stating-lead-water-caused-medical-conditions/

Sampson, Jeremy (TREASURY)

From: Wurfel, Sara (GOV) <Wurfels@michigan.gov>
Sent: Monday, November 16, 2015 2:18 PM
To: Wurfel, Brad (DEQ); Stanton, Terry A. (Treasury); Sampson, Jeremy (TREASURY); Lasher, Geralyn (DHHS); Minicuci, Angela (DHHS); Eisner, Jennifer (DHHS)
Cc: Murray, David (GOV)
Subject: FW: u.s. district court lawsuit concerning flint water

FYI

From: Wurfel, Sara (GOV)
Sent: Monday, November 16, 2015 2:14 PM
To: 'Ronald Fonger' <RFONGER1@mlive.com>
Cc: Murray, David (GOV) <MurrayD1@michigan.gov>
Subject: RE: u.s. district court lawsuit concerning flint water

Hi there Ron –

Sure – can do now.

We haven't been served yet so can't comment on specific details. What would say is that we're focused on moving forward and ensuring public health and clean, safe drinking water. The governor has outlined a detailed multiple step action plan for both immediate, mid and long term. He has also appointed a task force doing a very important job of reviewing all past actions. They are a bipartisan group of people of the highest integrity, experts in their fields and widely respected who are going to do a very thorough, objective review.

Just let me know if anything more needed at all.

Thanks and best,
SW

From: Ronald Fonger [mailto:RFONGER1@mlive.com]
Sent: Monday, November 16, 2015 2:05 PM
To: Wurfel, Sara (GOV) <Wurfels@michigan.gov>
Subject: u.s. district court lawsuit concerning flint water

Sara:

Dave Murray said you would be handling any comment on the lawsuit filed in U.S. District Court Friday.
Do you have an estimated time when you will be available or have a comment?
I'm putting the story together now.
Thanks,

Ron Fonger
MLive Media Group
Reporter

mobile 810.347.9963

Goodrich, Harlan G. (Treasury)

From: Schafer, Suzanne K. (Treasury)
Sent: Monday, November 16, 2015 4:11 PM
To: Vaughn, Cary J. (Treasury); Goodrich, Harlan G. (Treasury)
Subject: FW: Safe Drinking Water Act Notice of Intent to Sue
Attachments: 2015-11-16-SDWA-Notice of Intent to Sue-Flint-FINAL.PDF

Please see the attached. While the three of us had little involvement during this time, it is likely you will be placed on a litigation hold regarding Flint.

From: Workman, Wayne (TREASURY)
Sent: Monday, November 16, 2015 12:38 PM
To: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Cc: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Subject: FW: Safe Drinking Water Act Notice of Intent to Sue

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Headen, Frederick (Treasury)
Sent: Monday, November 16, 2015 8:59 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: FW: Safe Drinking Water Act Notice of Intent to Sue

FYI.

From: Chaudhary, Dimple [mailto:dchaudhary@nrdc.org]
Sent: Monday, November 16, 2015 8:43 AM
To: mayor@cityofflint.com; contactmichigan@state.mi.us; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>; drmcghee@skillman.org; president@kettering.edu; b.walkergriffea@mcc.edu; blarkin@flintandgenesee.org; nhenderson@cityofflint.com
Cc: Michael J. Steinberg (msteinberg@aclumich.org) <msteinberg@aclumich.org>
Subject: Safe Drinking Water Act Notice of Intent to Sue

Attached please find a Notice of Intent to sue under the Safe Drinking Water Act for failure to control lead in drinking water in Flint, Michigan, and failure to assist Michigan schools with lead testing and remediation. We have also sent you the Notice and a CD of exhibits today by certified mail, return receipt requested.

Best regards,

Pleyte, Beth (Treasury)

From: Weber, Travis (GOV) <WeberT7@michigan.gov>
Sent: Monday, November 16, 2015 1:34 PM
To: Saxton, Thomas (Treasury); Redford, James (GOV)
Cc: Muchmore, Dennis (GOV); Clement, Elizabeth (GOV); Murray, David (GOV); Khouri, Nick (TREASURY); Sampson, Jeremy (TREASURY); Wyant, Dan (DEQ); Wurfel, Brad (DEQ); Wurfel, Sara (GOV)
Subject: RE: FYI first class action for the water crisis
Attachments: Mays v Snyder class action.pdf

Attached is the complaint that was filed Friday, Treasury folks were not included in this one...

We have not been served.

From: Saxton, Thomas (Treasury)
Sent: Monday, November 16, 2015 10:03 AM
To: Redford, James (GOV) <RedfordJ@michigan.gov>; Weber, Travis (GOV) <WeberT7@michigan.gov>
Cc: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Murray, David (GOV) <MurrayD1@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Wurfel, Sara (GOV) <Wurfels@michigan.gov>
Subject: RE: FYI first class action for the water crisis

... another fyi (see attached)

From: Redford, James (GOV)
Sent: Monday, November 16, 2015 6:31 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Murray, David (GOV) <MurrayD1@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Wurfel, Sara (GOV) <Wurfels@michigan.gov>
Subject: Re: FYI first class action for the water crisis

I have Travis Webber checking this morning to see if any filings.

Jim

Sent from my iPhone

On Nov 16, 2015, at 6:01 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

> I may have it missed it the press this weekend but apparently there is a class action lawsuit in the works re Flint water.
>
> Begin forwarded message:

From: Darnell Earley <darnell.earley@detroitk12.org>
Date: November 14, 2015 at 12:24:39 PM EST
To: Thomas Saxton <saxtont@michigan.gov>, headenf <headenf@michigan.gov>, stantont <stantont@michigan.gov>
Subject: Fwd: FYI first class action for the water crisis

Okay...here we go!!

Sent from my iPhone

Begin forwarded message:

> **From:** "Reising, William" <WReising@plunkettcooney.com>
> **Date:** November 14, 2015 at 10:29:33 AM EST
> **To:** "Mr. Darnell Earley" <darnell.earley@detroitk12.org>
> **Subject: Fwd: FYI first class action for the water crisis**
>
> FYI. Filed 11-13. Federal Court/Detroit. Good draw for judge. You can assume that you will be served with the complaint in the near future.
>
> Begin forwarded message:
>
> > **From:** "Szymczak, Richard" <RSzymczak@plunkettcooney.com>
> > **Date:** November 14, 2015 at 8:32:15 AM EST
> > **To:** "Reising, William" <WReising@plunkettcooney.com>
> > **Subject: FYI first class action for the water crisis**
> >
> > Melisa Mays, individually and as next friend of three minor children; Jacqueline Pemberton; Keith John Pemberton; Elnora Carthan; Rhonda Kelso, individually and as next friend of one minor child, all on behalf of themselves and a class of all others similarly situated
> > v.
> > Governor Rick Snyder; State of Michigan; Daniel Wyant; Liane Shekter Smith; Adam Rosenthal; Stephen Busch; Patrick Cook; Michael Prysby; Bradley Wurfel; Darnell Earley; Gerald Ambrose; Dayne Walling; Howard Croft; Michael Glasgow; Daugherty Johnson; City of Flint
> > 11/13/2015 2:15 cv 14002
> >
> > Class action for declaratory relief. Plaintiffs seek compensation for exposure to toxic tap water pulled fron the Flint River after repeated assurances from the defendants the water was properly treated and monitored. Plaintiffs drank water with high levels of copper and lead that caused neurological injury as well a: physical effects.
> > Download

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN

Melisa Mays, individually and as next friend of three minor children, Michael Mays, Jacqueline Pemberton, Keith John Pemberton, Elnora Carthan, and Rhonda Kelso, individually and as next friend of one minor child, all on behalf of themselves and a class of all others similarly situated,

CLASS ACTION

Plaintiffs,

Case No. 15-

vs.

Hon.

Governor Rick Snyder, in his official capacity, and the State of Michigan for prospective relief only; Daniel Wyant, Liane Shekter Smith, Adam Rosenthal, Stephen Busch, Patrick Cook, Michael Prysby, Bradley Wurfel all in their individual capacities; Darnell Earley, Gerald Ambrose, Dayne Walling, Howard Croft, Michael Glasgow and Daugherty Johnson in their individual and official capacities, and the City of Flint, a municipal corporation, jointly and severally,

Defendants.

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COMPLAINT FOR INJUNCTIVE AND DECLARATORY RELIEF MONEY DAMAGES AND JURY DEMAND

INTRODUCTORY STATEMENT

1. This class action is pursued on behalf of tens of thousands of residents ("Class") of the City of Flint ("Flint"), who from April 25, 2014 to the present, have experienced and will continue to experience serious personal injury and property damage caused by Defendants' deliberate decision to expose them to the extreme toxicity of water pumped from the Flint River into their homes, schools, hospitals, workplaces and public places.

2. Defendants, who are all state of Michigan ("State") or Flint government employees, acting under the color of law, deliberately deprived Plaintiffs and the Plaintiff Class of the rights and guarantees secured by the 14th Amendment to the United States Constitution in that they deprived Plaintiffs of life, liberty and property without due process of law when they took from Plaintiffs safe drinking water and replaced it with what they knew to be a highly toxic alternative solely for fiscal purposes.

3. "For more than 18 months, state and local government officials ignored irrefutable evidence that the water pumped from the Flint River exposed the

Plaintiffs and the Plaintiff Class to extreme toxicity, causing serious and dire injury and health hazards, and property damage to the Flint water users. These state and local officials, Defendants herein, regularly assured the Flint water users that the water supplied from the Flint River was being properly treated, monitored and tested and was safe to consume and use. Information obtained through the Freedom of Information Act establishes that many of these assurances were known to be false when uttered: state and local officials were not properly monitoring or sampling the Flint River water and delayed in notifying the public of serious safety and health risks in a knowing and deliberate effort to conceal the truth from those who were being poisoned. The deliberately false denials about the safety of the Flint River water was as deadly as it was arrogant."

4. The massive personal and property injuries experienced by Plaintiffs and the Class, and the ensuing environmental disaster, reaches constitutional proportions because defendants, acting under the color of law, both created and increased the risk of prolonged serious and life threatening dangers to Plaintiffs and the Class where none existed before.

5. The state and local government officials, Defendants herein, who made the decision to replace safe water with an alternative that created toxic water, violated the constitutional rights of Plaintiffs and Plaintiff Class members by acting

in a manner that shocks the conscience and was deliberately indifferent to the those constitutional rights, as well as to the health and well-being of the Plaintiffs.

JURISDICTION AND VENUE

6. This is a civil action brought pursuant to 42 U.S.C. § 1983 seeking injunctive and declaratory relief together with monetary damages against Defendants for violation of Fourteenth Amendment of the United States Constitution.

7. This Court has jurisdiction pursuant to 28 U.S.C. § 1331, which authorizes federal courts to decide cases concerning federal questions; 28 U.S.C. § 1343(a)(3) and (4), which authorizes federal courts to hear civil rights cases; and 28 U.S.C. § 2201, the Declaratory Judgment Act. This Court has personal jurisdiction over Defendants named herein as public officials of the State of Michigan sued in their individual capacities and public officials, employees of the City of Flint sued in their official and individual capacities and the City of Flint for violations of plaintiffs' constitutional rights. Similarly, the Court has jurisdiction over the Governor of the State of Michigan, in his official capacity, for prospective relief, exclusively.

8. Venue is proper in this Court as Defendants conduct their business in the Eastern District of Michigan.

PARTIES

A. PLAINTIFFS

9. Plaintiff representatives are citizens of the United States and at all relevant times were residents of Flint – individuals, home owners, parents and minors – who, since April 25, 2014, were and continue to be exposed to highly dangerous conditions created, caused and prolonged by Defendants' deliberate decision to replace safe drinking water supplied by the City of Detroit's water system with the extreme toxicity resulting from water pumped from the Flint River; and these Defendants continued failure to remediate these dangers notwithstanding their knowledge thereof. Plaintiffs bring this action on behalf of themselves and a Class of individuals who were injured in their persons or their property after April 25, 2014 because of their exposure to the toxic water pumped from the Flint Rivers.

B. **DEFENDANTS**

10. All individual Defendants are sued in their individual and/or official capacities as indicated below.

11. Defendant Rick Snyder is the Governor of the State of Michigan and is invested with executive power pursuant to Art. V, Section 1 of the Michigan Constitution. The Governor, is responsible for the management of state government for the health and welfare of its citizens and residents and is sued by plaintiffs and the Class in his official capacity exclusively for prospective equitable relief to correct the harm caused and prolonged by state government and to prevent future injury.

12. Defendant State of Michigan operates its Department of Environmental Quality ("MDEQ"), which is responsible for overall management of the state department responsible for the environmental safety and health of Michigan citizens and residents. The State is sued because, acting through MDEQ, it made the final decision that deliberately created, increased and prolonged the hazards, threats and dangers that arose by replacing of safe drinking washing and bathing water with a highly toxic alternative.

13. Defendant Daniel Wyant ("Wyant") currently is and at all relevant times was Director of MDEQ and is sued by Plaintiffs and the Plaintiff Class in his individual capacity because he was aware of and participated in the decisions that deliberately created, increased and prolonged the hazards, threats and dangers that arose by replacing of safe drinking washing and bathing water with a highly toxic alternative.

14. Liane Shekter Smith ("Smith") was at all relevant times Chief of the Office of Drinking Water and Municipal Assistance for MDEQ, holding that position until October 19, 2015 when she was removed because of "mistakes" in the manner in which the Flint water crisis was handled. Smith is individually liable because during her term, as Chief of Drinking Water for MDEQ, she approved of, and thereby participated in, the decisions that deliberately created, increased and prolonged the hazards, threats and dangers that arose by replacing of safe drinking washing and bathing water with a highly toxic alternative.

15. Adam Rosenthal ("Rosenthal") was at all relevant times a Water Quality Analyst assigned to the Lansing District Office of the MDEQ. Rosenthal is individually liable because, as Water Quality Analyst for MDEQ, he approved of, and thereby participated in, the decisions that deliberately created, increased and prolonged the hazards, threats and dangers that arose by replacing of safe drinking washing and bathing water with a highly toxic alternative.

16. Stephen Busch ("Busch") was at all relevant times District Supervisor assigned to the Lansing District Office of the MDEQ. Busch is individually liable because as District Office Supervisor of MDEQ he deliberately created, increased and prolonged the hazards by falsely reporting that anti-corrosive agents had been used to treat the highly corrosive Flint River water thereby enhancing the threats and dangers that arose by replacing of safe drinking washing and bathing water with a highly toxic alternative.

17. Patrick Cook ("Cook") was at all relevant times Water Treatment Specialist assigned to the Lansing Community Drinking Water Unit of the MDEQ. Cook is individually liable because, as Water Treatment Specialist District of MDEQ, he approved of, and thereby participated in, the decisions that deliberately created, increased and prolonged the hazards, threats and dangers that arose by replacing of safe drinking washing and bathing water with a highly toxic alternative.

18. Michael Prysby ("Prysby") was at all relevant times Engineer assigned to District 11 (Genesee County) of the MDEQ. Prysby is individually liable because

as Engineer assigned to District 11 because he approved of, and thereby participated in, the decisions that deliberately created, increased and prolonged the hazards, threats and dangers that arose by replacing of safe drinking washing and bathing water with a highly toxic alternative.

19. Bradley Wurfel ("Wurfel) was at all relevant times was the Director of Communications for MDEQ. Wurfel is individually liable because as Director of Communications he was responsible for the deliberate misleading and inaccurate communications that increased and prolonged the hazards, threats and dangers that arose by replacing of safe drinking washing and bathing water with a highly toxic alternative.

20. Darnell Earley ("Earley") was the Emergency Manager appointed by the Governor on November 1, 2013 and served in this capacity until January 12, 2015. Earley is individually liable because during his term as Emergency Manager of Flint he deliberately created, increased and prolonged the hazards, threats and dangers that arose by replacing of safe drinking washing and bathing water with a highly toxic alternative.

21. Gerald Ambrose ("Ambrose") was the Emergency Manager appointed by the Governor on January 13, 2015 and served in this capacity until April 28, 2015. Ambrose is individually liable because during his term as Emergency Manager of Flint he deliberately increased and prolonged the hazards, threats and dangers that

arose by replacing of safe drinking washing and bathing water with a highly toxic alternative.

22. Dayne Walling ("Walling") was at all relevant times Mayor of Flint from August 4, 2009 until November 9, 2015 when he was unseated by Karen Weaver. Walling is individually liable because, as Mayor, he approved of, and thereby participated in, the decisions that deliberately created, increased and prolonged the hazards, threats and dangers that arose by replacing of safe drinking washing and bathing water with a highly toxic alternative.

23. Howard Croft ("Croft") was at all relevant times Director of Public Works for the City of Flint. Croft is individually liable because as Director of Public Works, he approved of, and thereby participated in, the decisions that deliberately created, increased and prolonged the hazards, threats and dangers that arose by replacing of safe drinking washing and bathing water with a highly toxic alternative.

24. Michael Glasgow ("Glasgow") was at all relevant times Utilities Administrator for the City of Flint. Glasgow is individually liable because as Utilities Administrator, he deliberately created, increased and prolonged the hazards of using Flint River water because he provided the MDEQ with misleading and inaccurate reports about the threats and dangers that arose by replacing of safe drinking washing and bathing water with a highly toxic alternative.

25. Daugherty Johnson was at all relevant times the Utilities Administrator for the City of Flint. Johnson is individually liable because, as Utilities

Administrator, he approved of, and thereby participated inthe decisions that deliberately created, increased and prolonged the hazards, threats and dangers that arose by replacing of safe drinking washing and bathing water with a highly toxic alternative.

26. The City of Flint is a municipal corporation, so authorized by the laws of the State of Michigan that operates Department of Public Works and provides water to its residents and property owners as part of its responsibilities and services. The City of Flint is liable because, despite the protests of a number of elected and appointed officials within the organization, the municipal corporation itself, through its policy makers, deliberately created, increased and prolonged the hazards, threats and dangers that arose by replacing of safe drinking washing and bathing water with a highly toxic alternative.

STATEMENT OF FACTS REGARDING THE MAYS FAMILY

27. Plaintiff Melissa Mays, age 37, is married to plaintiff Michael Mays, age 40 and is mother and next friend of three minor children, ages 17, 12, and 11.

28. The Mays family at all relevant times lived in a single family home built around 1910 on Beecher Street in Flint.

29. Melissa and Michael Mays were the equitable owners of the home located on Beecher Street.

30. From April 18, 2014 until approximately September, 2014, members of the Mays family, unaware of the toxic nature of the tap water supplied by Flint,

regularly used the water for drinking, cooking, washing, bathing and clothes washing.

31. In September, 2014 the Mays family, in response to an advisory to boil all drinking water coming from their taps, discontinued drinking or cooking with the water supplied by Flint. The family was led to believe that the water would still be safe for washing, bathing and clothes washing. The family continued to wash, bathe and wash clothing with the water until the summer of 2015 when the family became aware ofthe highly toxic and deleterious nature of the supplied water.

32. As a proximate result of Defendants actions, as set forth herein, members of the Mays family have experienced serious physical and emotional injury due to their exposure to the toxic water, including but not limited to:

a. High levels of lead and copper in their bloodstreams, brains, bones and other organs;

b. Skin lesions and hair loss;

c. Chemical induced hypertension;

d. Autoimmune disorder;

e. Neurological disorders such as "brain fog", seizure like convulsions, vision loss, memory loss;

f. Psychological disorders such as depression, chronic anxiety, post-traumatic stress disorder and an inability to cope with normal stress.

33. Melissa and Michael Mays have experienced property damage in the nature of irreparably damaged service line pipes resulting from Flint's use of Flint

water without use of an anti-corrosive agent; as well, they have sustained substantial loss in the value of their property.

STATEMENT OF FACTS REGARDING THE PEMBERTON FAMILY

34. Keith John Pemberton and Jacqueline Pemberton are 67 and 66 years old and live on Custer Street in Flint.

35. The Pembertons own the home on Custer Street.

36. As a proximate result of Defendants actions, as set forth herein, the Pembertons have experienced property damage in the nature of irreparably damaged service line pipes resulting from Flint's use of Flint water without use of an anti-corrosive agent, as well as the substantial loss in the value of their property. They have experienced serious physical and emotional injury due to their exposure to the toxic water, including but not limited to:

a. High levels of lead and copper in their bloodstreams, brains, bones and other organs;

b. Skin lesions and hair loss;

c. Neurological disorders such as "brain fog", seizure like convulsions, vision loss, memory loss;

d. Chronic and acute abdominal and stomach discomfort;

e. Psychological disorders such as depression, chronic anxiety and an inability to cope with normal stress.

STATEMENT OF FACTS REGARDING ELNORA CARTHAN

37. Elnora Carthan is a 70 year old widow who lives alone at, a home she owns in Flint and where she has lived since 1976.

38. In April, 2014, after the actions of these Defendants caused her water to become highly toxic, when it had once been safe and nourishing, Ms. Carthan began to boil her water but also continued to cook with it and to wash and bathe with it.

39. Finally, in August, 2015, the opportunity arose for her to have her water tested for the presence of lead and other metals. This opportunity arose due to the efforts of Virginia Polytechnic Institute and State University ("Virginia Tech"), notwithstanding the continuous denials and roadblocks to such testing posed by these Defendants. As a result, she determined that the lead levels in her water vastly exceeded anything close to acceptable and were, in fact, extremely dangerous.

40. As a proximate result of Defendants actions, as set forth herein, Ms. Carthan has suffered property damage as well as a loss in the value of her property.

41. As a proximate result of Defendants actions, as set forth herein, Ms. Carthan has experienced serious physical and emotional injury due to her exposure to the toxic water, including but not limited to:

a. Skin lesions and dermatologic pathology;

b. Neurological disorders, including but not limited to constant exhaustion and memory loss;

c. Chronic and acute respiratory disorders including, but not limited to, chronic rhinitis;

d. Psychological disorders such as depression, chronic anxiety, post-traumatic stress disorder and an inability to cope with normal stress.

STATEMENT OF FACTS REGARDING THE KELSO FAMILY

42. Rhonda Kelso is a 52 year old woman who suffers from several disabilities, including the results of a stroke, spastic paraparesis and bi-polar disorder. She owns her home located in Flint. She and her family have lived in that home since 1993.

43. As a result of the toxicity in the water, these Defendants have caused massive damage to the water pipes in the Keslo home, causing extreme disruption, inconvenience, discomfort and emotional distress.

44. Ms. Kelso lives at the aforementioned home with her minor daughter "K.E.K." who is 12 years old. K.E.K. is a special needs student in school and suffers from a number of disabilities including, but not limited to hearing impairment, cardiac problems, and developmental delays involving speech and language.

45. Both Rhonda Kelso and K.E.K. drank the toxic water from April, 2014 until the Autumn of 2014. They bathed, washed and cooked with the water until at least January, 2015.

46. As a proximate result of Defendants actions, as set forth herein, Ms. Kelso has suffered a loss in the value of her property.

47. As a proximate result of Defendants actions, as set forth herein, Ms. Kelso has experienced serious physical and emotional injury due to her exposure to the toxic water, including but not limited to:

a. Skin lesions and dermatologic pathology, including hair loss;

b. Chronic throat and respiratory disorders, including aggravation of asthma;

c. Aggravation of the pre-existing conditions and disabilities, referenced above;

d. Psychological disorders such as depression, chronic anxiety, post-traumatic stress disorder and an inability to cope with normal stress, all due in part to the injuries and damage caused to her daughter K.E.K., as set forth below.

48. As a proximate result of Defendants actions, as set forth herein. K.E.K. has experienced serious physical and emotional injury due to her exposure to the toxic water, including but not limited to:

a. Heightened levels of lead in her blood;

b. Inability to overcome her developmental disorders, particularly speech and language development and, to some extent, a worsening of those disorders;

c. Aggravation of the pre-existing conditions and disabilities, referenced above;

d. Psychological and emotional problems.

STATEMENT OF FACTS REGARDING DEFENDANTS' DECISION TO REPLACE SAFE DRINKING WATER WITH A TOXIC ALTERNATIVE

49. From 1964 to 2014, Flint water users received their water from Lake Huron via the Detroit water system.

50. During this 50 year span, the Flint water users enjoyed safe, clean, fresh water in their homes, businesses, hospitals other places of public services.

51. In 2011, Flint government officials commissioned a study to determine if the Flint River could be safely used by the city as the primary source of drinking water for its more than 31,000 users.

52. According to recent media reports, the report stated that the water from the Flint River was highly corrosive and could not be used safely without an anti-corrosive agent to prevent lead, copper and other heavy metals from leaching from lead, copper and iron based water lines.

53. According to recent media reports, in 2013, Flint government officials delivered to MDEQ the report that stated and warned that the Flint River water was highly corrosive and could not be used as a primary source of drinking water unless treated with anti-corrosive agents.

54. In March, 2013, the Flint City Council approved a resolution to secure future water service from a regional water authority known as the Karegnondi Water Authority ("KWA") scheduled to become operational in 2016.

55. In April 2014, although safe water from Detroit remained available on a temporary basis until the KWA became operational two years later, Flint Emergency Manager at the time Defendant Earley ordered Flint to draw water from

the Flint River, even though he knew that the water was highly corrosive and dangerous to people and property when distributed without proper anti-corrosive treatment.

56. According to recent media reports, defendants had been informed by the 2011 report that use of the Flint River water, without a proper anti-corrosive treatment, would create a condition dangerous to health and property.

57. Beginning in April 2014, Defendants were fully aware that the required and necessary anti-corrosive was not being used in during the distribution of Flint River water to Flint residents, families and home owners.

58. It has been estimated that the daily cost of the anti-corrosive agent would have been $60.

59. Flint water users, having enjoyed decades of safe, clean and fresh water via the Detroit water system, knew almost immediately after the switch to Flint River water that something was not right about this new water supply.

60. Within days after the switch, Defendants began receiving complaints from water users that the water was cloudy and foul in appearance, taste and odor.

61. During the next 8 months, Flint water users expressed their concerns about water quality in a multiple of ways including letters, emails and telephone calls to Flint and MDEQ officials, the media and through well publicized demonstrations on the streets of Flint.

62. After 8 months of undertaking this failed "experiment," the only reasonable response to the mounting complaints would have been to reconnect the Flint water system to the Detroit water system. Instead, Defendants ignored the protests, went into deliberate denial mode, offered ineffective solutions and continued to falsely reassure and insist that the water was safe even though they knew that the foul taste, odor and appearance probably was the result of using highly corrosive Flint River water, untreated with the proper anti-corrosive agents, which caused particulate lead to contaminate the water.

63. Beginning almost immediately after the Flint River became the primary source of water for the Flint users, the MDEQ and Flint officials were aware of elevated levels of Trihalomethanes ("TTHM") in the water and that these levels were above the legal limit.

64. After about 7 months of elevated TTHM levels, Flint water users received a notice in January, 2015 from Flint stating that the water was not in compliance with the federal Safe Drinking Water Act because unlawful levels of TTHMs.

65. Within a few weeks of the issuance of the TTHM notice, Flint City Council members approached Emergency Manager Defendant Earley demanding that a reasonable response to the health risks would be that Flint should reconnect with Detroit water. Earley refused to act as requested by members of the City Council.

66. At this same time, representatives of the Detroit water system expressed interest in re-establishing a relationship with Flint and offered to waive the $4 million re-connect fee in order re-establish the relationship. Defendant Earley rejected this initiative, and deliberately continued to mislead Flint residents to believe that their water was safe.

67. On January 20, 2015, citizen protests mounted, fueled in part by encouragement from environmental activist Erin Brockovich and her associate, water expert Bob Bowcock. These advocates offered advice and assistance to the protesting Flint water users who were now very concerned about the health risks they faced by this toxic water.

68. On January 13, 2015, Earley left his position as Emergency Manager and was replaced by Emergency Manager Ambrose. On January 29, 2015, Detroit Director of Water offered to Emergency Manager Ambrose another opportunity to protect Plaintiffs and the Plaintiff Class from known dangers and to use Detroit water. Notwithstanding Detroit's overture, Emergency Manager Ambrose rejected this offer, and deliberately continued to mislead Flint residents to believe that their water was safe.

69. On February 17, 2015, Flint water users staged public demonstrations demanding that Flint re-connect with Detroit. Once again Ambrose refused to restore Detroit water for Flint water users and deliberately continued to endanger Plaintiffs and Plaintiff Class.

70. In the meantime, and according to emails received via the Freedom of Information Act, the MDEQ (including named Defendants from that agency) knew that Flint residents were being exposed to particulate lead on a daily basis. Moreover, MDEQ representatives, including named Defendants, knew that inaccurate test results were providing false assurance to residents about the true lead levels in the water.

71. On March 25, 2015, Flint City Council voted to re-connect to Detroit's water system. Ambrose rejected this vote and continued to refuse to re-connect the Flint system back to the Detroit water system.

72. In June of 2015, EPA representative Miquel Del Toral wrote a detailed memo outlining numerous dangerous problems with the water being pumped from the Flint River including unacceptable levels of lead. This report was shared with MDEQ defendants Shekter-Smith, Cook, Busch and Prysby.

73. During the spring and summer of 2015, Professor Marc Edwards ("Professor Edwards") and other experts from Virginia Tech tested 277 drinking water samples and found that 10% of the samples had lead levels of 25 parts per billion (ppb), substantially in excess of the federal action level of 15 ppb.

74. Professor Edwards also determined that the Flint River water was 19 times more corrosive than the water pumped from Lake Huron by the Detroit water system.

75. When Professor Edwards published the results of his studies, demands for the re-connecting to the Detroit water system started to be made to the Defendants. These demands came from national and regional public interest groups such as the ACLU of Michigan, the Natural Resources Defense Council and local public interest groups such as the Michigan Chapter of the National Conference Black Lawyers, NAACP-Michigan State Conference, Michigan Nurses Association, Democracy Defense League Water Task Force, Water You Fighting For, Concerned Pastors for Social Action, Coalition for Clean Water and other similar public interest groups.

76. At this time, public interest groups investigating the growing crisis noted that Flint did not have records of which user had or did not have lead service pipes or plumbing. Flint was required by Federal law to maintain these records so that Flint and the MDEQ could alter those users who were most at risk and that proper testing could be carried out. The absence of these required records was increasing the risk of harm to many Flint water users.

77. In addition, Dr. Mona Hanna-Attisha MD of Hurley Hospital demonstrated a dramatic and dangerous spike in elevated blood lead levels in a large cohort of Flint children corresponding with the time of exposure to the highly corrosive Flint River water. Her disturbing results were published in August of 2015.

78. Faced with overwhelming evidence that the water was unsafe to drink and a source of lead poisoning for the children of Flint and other vulnerable persons,

Genesee County Health Officials, on October 1, 2015, issued a public health emergency advising Flint residents not to drink the tap water.

79. Although reconnecting to the Detroit water system was the only reasonable option to protect the health and safety of the Flint water users, and this option should have been exercised within weeks of the appearance of the foul water, Defendants deliberately chose not to do so. Instead, on October 2, 2015, state officials announced that the State would provide water filters to Flint water users in a useless effort to ameliorate the problem.

80. On October 8, 2015, Defendant Snyder recognized that he could no longer pretend that the water from the Flint River was safe. He finally ordered Flint to re-connect with the Detroit water system.

81. However, based on information and belief, due to the prolonged exposure of contaminated water without adequate anti-corrosive agents, Plaintiffs and Plaintiff Class members continue to be exposed to toxic water until such time that pipes and services lines that were damaged by corrosive water from the Flint River can be replaced.

CLASS ALLEGATIONS

82. This action is brought by the named Plaintiffs on behalf of individuals who from April 25, 2014 to present were exposed to toxic Flint water and experienced an injury to their person or property or who in the future will be so injured.

83. The number of injured individuals who have been injured by exposure to toxic Flint water is in the tens of thousands. The number of class members is sufficiently numerous to make class action status the most practical method for Plaintiffs to secure redress for injuries sustained and class wide equitable relief.

84. There are questions of law and fact raised by the named Plaintiffs' claims common to, and typical of, those raised by the Class they seek to represent.

85. The violations of law and resulting harms alleged by the named Plaintiffs are typical of the legal violations and harms suffered by all Class members.

86. Plaintiff Class representatives will fairly and adequately protect the interests of the Plaintiff class members. Plaintiffs' counsel are unaware of any conflicts of interest between the class representatives and absent class members with respect to the matters at issue in this litigation; the class representatives will vigorously prosecute the suit on behalf of the Class; and the class representatives are represented by experienced counsel. Plaintiffs are represented by attorneys with substantial experience and expertise in complex and class action litigation involving personal and property damage.

87. Plaintiffs' attorneys have identified and thoroughly investigated all claims in this action, and have committed sufficient resources to represent the Class.

88. The maintenance of the action as a class action will be superior to other available methods of adjudication and will promote the convenient administration of justice. Moreover, the prosecution of separate actions by individual members of the

Class could result in inconsistent or varying adjudications with respect to individual members of the Class and/or one or more of the Defendants.

89. Defendants have acted or failed to act on grounds generally applicable to all Plaintiffs, necessitating declaratory and injunctive relief for the Class.

COUNT I-CAUSE OF ACTION: VIOLATION OF 42 U.S.C. § 1983 SUBSTANTIVE DUE PROCESS – STATE CREATED DANGER PLAINTIFFS V ALL DEFENDANTS

90. The due process clause of the 14th Amendment provides that the state may not deprive a person of life, liberty or property without due process of law.

91. These Defendants deliberately withdrew water that was safe for drinking, cooking, washing and bathing from Plaintiffs and the Plaintiff Class. They deliberately exposed Plaintiffs and the Plaintiff Class to dangerous, unsafe and untreated (or inadequately treated) Flint River water knowing that it could and would result in widespread permanent serious damage caused by the toxic water including the irreversible lead poisoning of children and other vulnerable persons. This conduct was culpable in the extreme.

92. Plaintiffs and Class Members were foreseeable victims of the decision to replace safe water with a toxic alternative.

93. The decisions and actions to deprive Plaintiffs and the Plaintiff Class of clean and healthy water and to replace that water with toxic, unhealthy and unsafe water constituted affirmative acts that caused and/or increased the risk of harm, both

property damage, as well as physical and emotional injury, to Plaintiffs and Plaintiff Class.

94. At all times herein Defendants acted under color of law.

95. The unconstitutional acts of Earley and Ambrose as Emergency Managers executes a policy statement or decision officially adopted by the City of Flint.

96. As a direct and proximate result of the unconstitutional acts of Defendants as alleged in this complaint, Plaintiffs and Plaintiff Class members have experienced serious and in some cases life threatening and irreversible bodily injury; Plaintiffs and Plaintiff Class members have and will incur substantial economic losses in the nature of medical expenses, lost wages; Plaintiffs and Plaintiff Class members are entitled to an award of non-economic damages in the nature of pain and suffering, embarrassment, outrage, mental anguish, fear and mortification, and stress related physical symptoms such as sleepiness, gastro-intestinal discomfort, neuropathy and similar symptoms.

97. Plaintiffs and Plaintiff Class members have experienced property damage to the homes and places of business in the nature of lost property value and seek damages to remediate the permanent damage caused by the use of corrosive water without proper anti-corrosive treatment.

98. The conduct of Defendants was reckless and outrageous, entitling Plaintiffs and Plaintiff Class members to an award of punitive damages.

COUNT II -CAUSE OF ACTION: VIOLATION OF 42 U.S.C. § 1983
SUBSTANTIVE DUE PROCESS – BODILY INTEGRITY
PLAINTIFFS v ALL DEFENDANTS

99. The due process clause of the 14th Amendment includes an implied right to bodily integrity.

100. Defendants violated Plaintiffs' and Plaintiff Class members' right to bodily integrity, insofar as:

a. Defendants a duty to protect Plaintiffs and Plaintiff Class members from a foreseeable risk of harm from contaminated water;

b. Defendants knew of the serious medical risks associated with exposure to contaminated water;

c. Defendants failed to protect Plaintiffs and Plaintiff Class members from the known risks associated with exposure to contaminated water; and

d. Plaintiffs and Plaintiff Class members suffered bodily harm as a result of their exposure to contaminated water.

101. Defendants' conduct in exposing Flint residents to toxic water was so egregious and so outrageous that it shocks the conscience. Defendants had time for deliberation in their decisions to expose Flint residents to toxic water, and their decision to do so was made with deliberate indifference to the serious medical risks.

102. As a direct and proximate result of the unconstitutional acts of Defendants as alleged in this complaint, Plaintiffs and Plaintiff Class members have

experienced serious and in some cases life threatening and irreversible bodily injury; Plaintiffs and Plaintiff Class members have and will incur substantial economic losses in the nature of medical expenses, lost wages; Plaintiffs and Plaintiff Class members are entitled to an award of non-economic damages in the nature of pain and suffering, embarrassment, outrage, mental anguish, fear and mortification, and stress related physical symptoms such as sleepiness, gastro-intestinal discomfort, neuropathy and similar symptoms.

103. The conduct of Defendants was reckless and outrageous, entitling Plaintiffs and Plaintiff Class members to an award of punitive damages.

RELIEF REQUESTED

Accordingly, plaintiffs request the following relief from the court:

a. An order certifying this case as a Class Action;

b. An order declaring the conduct of defendants unconstitutional;

c. An order of equitable relief to remediate the harm caused by defendants unconstitutional conduct including repairs or property, establishment of as medical monitoring fund and appointing a monitor to oversee the water operations of Flint for a period of time deemed appropriate by the court;

d. An order for an award of compensatory damages;

e. An order for an award of punitive damages;

f. An order for an award of actual reasonable attorney fees and litigation expenses;

g. An order for all such other relief the court deems equitable.

Respectfully submitted,

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Dated: November 13, 2015

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN

Melisa Mays, individually and as next friend of three minor children, Michael Mays, Jacqueline Pemberton, Keith John Pemberton, Elnora Carthan, and Rhonda Kelso, individually and as next friend of one minor child, all on behalf of themselves and a class of all others similarly situated,

CLASS ACTION

Plaintiffs,

Case No. 15-

vs.

Hon.

Governor Rick Snyder, in his official capacity, and the State of Michigan for prospective relief only; Daniel Wyant, Liane Shekter Smith, Adam Rosenthal, Stephen Busch, Patrick Cook, Michael Prysby, Bradley Wurfel all in their individual capacities; Darnell Earley, Gerald Ambrose, Dayne Walling, Howard Croft, Michael Glasgow and Daugherty Johnson in their individual and official capacities, and the City of Flint, a municipal corporation, jointly and severally,

Defendants.

/

William Goodman P14173
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cmcgehee@pittlawpc.com

brivers@pittlawpc.com

/

DEMAND FOR TRIAL BY JURY

Plaintiffs demand a trial by jury as to all those issues triable as of right.

Respectfully submitted,

By:*/s/ Michael L. Pitt P24429*
Michael L. Pitt P24429
Cary S. McGehee P42318
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Dated: November 13, 2015

Vandegrift, Drew (TREASURY)

From: Cline, Richard (Treasury)
Sent: Tuesday, November 17, 2015 8:28 AM
To: Vandegrift, Drew (TREASURY); Dostine, Patrick (TREASURY); Hudson, Deanna (TREASURY); Heimann, Alexandr (TREASURY)
Subject: FW: Howard Croft, Flint official resigns

FYI

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
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From: Widigan, Robert (TREASURY)
Sent: Tuesday, November 17, 2015 7:09 AM
To: Byrne, Randall (Treasury) ; Cline, Richard (Treasury)
Cc: Schafer, Suzanne K. (Treasury)
Subject: Howard Croft, Flint official resigns

http://www.mlive.com/news/flint/index.ssf/2015/11/howard_croft_flint_official_re.html#incart_river_mobile_home

Howard Croft, Flint official responsible for water oversight, resigns

Flint Department of Public Works Director Howard Croft is shown in this Flint Journal file photo *Flint Journal file photo*

FLINT, MI — Howard Croft, the department head responsible for oversight of Flint water operations, has resigned his position effective immediately.

Croft, in a letter to City Administrator Natasha Henderson on Monday, Nov. 16, said he is leaving his position at the city Department of Public Works to regain public trust following a lead-in-water crisis.

"It is with deep sadness that I tender my immediate resignation" as public works director, the letter says. "With the city engaged in transition and working to regain public trust, I believe that now is the right time for me to step down from this position."

Croft, a lifelong resident of Flint, has been in charge of the city's DPW operations since he was appointed to the position by former emergency manager Mike Brown in December 2011.

After his hiring, Croft said he would emphasize responsibility among those who worked for him.

"The one word we are going to try and push for is accountability," Croft said nearly four years ago. "That goes for every employee, accountability for every employee."

The DPW is responsible for Flint's utilities and transportation divisions, but Croft's oversight of city-owned facilities, specifically the drinking water division, put him in the center of what has become a public health emergency because of rising levels of lead in city drinking water.

The city began using the Flint River as its source of drinking water in April 2014, and Croft defended the quality and safety of the water even as the city struggled with bacteria, total trihalomethanes (TTHM) and lead levels.

Faced with mounting evidence of rising lead levels in Flint's drinking water, the city abandoned its use of the river last month, reconnecting to the Detroit water system until the completion of the Karegnondi Water Authority pipeline, which is expected in 2016.

Croft inherited an aging water distribution system that was built to serve twice as many residents as it does now and which was prone to transmission line breaks, leaks and broken valves.

In an email to Mayor Karen Weaver and the City Council, Henderson said Croft will consult the city on an interim basis "as we recruit for a new public works director to make this as seamless as possible."

"Mr. Croft will be missed as he transitions from the director position. ... He has made valuable contributions during his time with the city, and I truly thank him for his service," Henderson's email says.

Weaver said the city will "do what we need to do to have a qualified person in place" to replace Croft.

"I definitely will be having input," she said.

Sworn into office just last week after her election Nov. 3, Weaver has said she expects Henderson to respect her wishes on executive appointments.

Although the city charter gives the mayor the authority to appoint an executive staff, an emergency manager order signed in April transferred that authority to the city administrator.

Croft's letter of resignation says he made every effort to serve with honesty, dignity and integrity.

"I am proud of the many accomplishments that I have been a part of over the years," including assisting in the development of a 50-year master plan, a multi-year capital improvement plan and a prioritized plan to deal with aging infrastructure.

Croft praised DPW employees, "who by no fault of their own have encountered drastic changes in staffing, equipment, and work environment, yet they continue to provide daily services to the absolute best of their ability."

Sent from my iPhone

Stanton, Terry A. (Treasury)

From: Kaffer, Nancy <nkaffer@freepress.com>
Sent: Tuesday, November 17, 2015 12:49 PM
To: Stanton, Terry A. (Treasury)
Cc: Egan, Paul
Subject: Re: Question re Flint

Hi Terry, sorry to hear that you're having personal issues. I hope everything is OK. Any information about what was discussed on those calls? Or contact info for the former treasurer?

Sent from my iPhone

On Nov 17, 2015, at 11:37 AM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

> Nancy...
>
> So sorry for the delay in responding. Dealing with some personal issues.
>
> I am not aware of any documentation, etc., related to these calls/mtgs.
>
> Terry
>
> **From:** Kaffer, Nancy [mailto:nkaffer@freepress.com]
> **Sent:** Thursday, November 12, 2015 5:38 PM
> **To:** Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
> **Subject:** Question re Flint
>
> On March 25, former Treasurer Dillon had a call with Dennis Muchmore about Flint water, and the next day met with Dan Wyant and Dayne Walling separately about Flint – I'm wondering what was discussed – specifically, if the report the former treasurer had had done about the cost effectiveness of switching to the Karegnondi Water Authority was discussed –or if there's any available documentation related to those calls or meetings?
>
> Best,
>
> Nancy

Nancy Kaffer
Columnist
Detroit Free Press
www.freep.com/abettermichigan
313-222-6585
@nancykaffer, @abettermi

11.18.15 → cancelled

~~Randy, me, Fred, Natasha,~~
~~3 people~~

Eric.
Randy Pat Wendy
Councilman Nelson Natasha.
Mayor Fred
Weaver had an 8:00

Dec. 2 call

Natasha - Water. work done in 1 wk.
DEQ/phosphate +/B added. Howard Ross resigned
Mike Glasgow is Public Works now. Transportation
person to hire Pub Wks director.

Pub Safety Fire + Police meet & exceed expectations
Grant 1.1 to 1.3 million. Fires down 400+ to 299.
Police + Mott Foundation: Sheriff + Schools. to
keep kids in school = less crime. Charter Comm ok'd
4 $, but was denied. Charter Comm wants $250K.
$ in budget 4 them, but more needed.

Mayor Weaver joined.

Mayor did 100-day agenda on live. Talks to water, committees, townhalling, univ's, = vision presentation. ¢ Nelson rec'd very well, involve youth initiatives. Water situation. Meeting with others to understand whats going on in Flint.

Tom Adams email - Randy wants Mayor + Natasha to meet.

Schafer, Suzanne K. (Treasury)

From: Byrne, Randall (Treasury)
Sent: Thursday, November 19, 2015 8:24 AM
To: Schafer, Suzanne K. (Treasury)
Subject: Weekly meeting topics
Attachments: Meeting with Suzanne November 19.docx

Suzanne:

I will see you at 9.

Randy

Randall Byrne | State Administrative Manager
Local Government Services - Fiscal Responsibility Section
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

Think Green! Don't print this e-mail unless you need to

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++++**Weekly Critical Issues —November 19, 2015**

- **Allen Park**—Status of bond tender, finally reaching a temporary conclusion!
- **Benton Harbor**— I will be scheduling a meeting with Wayne, Mayor- elect and Darwin in early December. Are we going to revise the RTAB evaluation for Benton Harbor?
- **Ecorse** – Status of their five year financial plan review. We should move forward on reducing scope of RTAB authorities. Wayne spoke again about the FDCVT grant applications.
- **Flint**–We had an interesting meeting in Flint with the Mayor Weaver and Natasha. Issues include communication, staffing, extension of DWSD water, water infrastructure, and legal representation internal and external. City still has not added additional phosphate at water plant hopefully by Thanksgiving. City has reinstituted their water shutoff program which help to increase revenues. Lead issue was known to City, DEQ, and EPA in April. I will be finalizing the FOIA information today.
- **Hamtramck**- the interim Police Chief will be appointed as the Police Chief. Phase 3 of the pension study can has begun. We will be having a meeting in Hamtramck to discuss progress on the pension study. Possible election irregularities may result in an investigation. Katrina wants to purchase DPW equipment for in-house snow removal.
- **Highland Park**-The parties are meeting today in Federal Court to discuss reaching a possible settlement in the DWSD lawsuit. Cathy has indicated that the City has over 500 aged payables including a DTE bill of $200K for the water pumping station. The water pumping station needs repairs. I have a meeting at 8:00 a.m. in Highland Park tomorrow to discuss the condition of the pump house. The City has extremely low water pressure. The State may have to provide funding for engineering and/or repairs. The new water meters are being installed. There is a problem with the cell towers for the new meter read system.
- **Lincoln Park**-His exit will be December 18th. The draft EM Final Order has been sent to Brad, we will need to have it reviewed by the AG's office ASAP. E-Loan may be necessary? Brad said that he should have the FY15 numbers by the end of the week. MSHDA meeting on November 20th, Pat will be attending.
- **Inkster**- Mark indicated that some of the new council members may be difficult. A meeting with the new mayor and Mark will be held on December 1.
- **Pontiac**- the Mayor wants to hire an executive secretary. I will be in Pontiac to meet with the Mayor, Joe, Jane, and Nevrus tomorrow afternoon. The study of the Phoenix Center has been approved. Problem with the GERS Board financial advisor. Six million may be in jeopardy. Mr. Bernstein may be the new RTAB member.
- **River Rouge**—Drew's memo on the exit. Wayne wanted the bond issue and their 'A' rating mentioned in the document. I have advised Drew. General Fund Balance issue.
- **Royal Oak Township**- We may receive a proposal from Oak Park for police service. The draft budget review will be sent to Robert. Montgomery and Co. has submitted an invoice for $17,000. The cash flow has been completed. Meeting with MSHDA on housing development is set for November30, Pat will be attending. Potential judgement against Township for $100,000. We need to consider a replacement for Robert soon.

- **Miscellaneous Items**— FOIA request is on hold until word from Carla. Problem with the Baird invoice for the HP High School project.

Workman, Wayne (TREASURY)

From: Dempkowski, Angela (Treasury)
Sent: Thursday, November 19, 2015 2:22 PM
To: Anderson, Madhu (DEQ)
Cc: Workman, Wayne (TREASURY); Kuhl, Richard (AG)
Subject: RE: Privileged Attorney-Client Communication - Outline of Flint Drinking Water Issues
Attachments: KWA & Water Quality Chronology Timeline 11-09-15.docx

Follow Up Flag: Follow up
Flag Status: Flagged

Here is our timeline, per your request.

Angela Dempkowski
Senior Executive Management Assistant
Department of Treasury

From: Workman, Wayne (TREASURY)
Sent: Thursday, November 19, 2015 2:13 PM
To: Dempkowski, Angela (Treasury)
Subject: Fwd: Privileged Attorney-Client Communication - Outline of Flint Drinking Water Issues

Did you find our timetable?

Sent from my iPhone

Begin forwarded message:

> **From:** "Anderson, Madhu (DEQ)" <AndersonM30@michigan.gov>
> **Date:** November 19, 2015 at 1:20:51 PM EST
> **To:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Cc:** "Kuhl, Richard (AG)" <KuhlR@michigan.gov>
> **Subject: FW: Privileged Attorney-Client Communication - Outline of Flint Drinking Water Issues**
>
> Wayne – I have attached the documents we pulled together for the Governor's Flint Water Task Force. There is a Q&A document as well as a timeline of events (we have documents associated with each of the events). If you have a timeline too, it would be good to see as well. Let me know if you have any questions. Thanks,

4425 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

Flint Water Timeline (11-09-15)

1. **June 26, 2012** – Letter from Flint EM Mike Brown to DWSD for permission to begin blending Flint River water with treated water from DWSD. The letter indicates that the DEQ is supporting this option and its implementation would save the City between $2M and $3M annually.

2. **September 20, 2012** – Letter from Flint EM Ed Kurtz to DWSD requesting written permission to implement the blending option. Approval is requested by October 1, 2012.

3. **October 31, 2012** – Analysis by the Flint Finance Director suggests that the annual cost to purchase water from DWSD will steadily increase to $23M per year by fiscal year 2020.

4. **November 2012** – Treasury retains Tucker, Young, Jackson and Tull (TYJT) to evaluate the KWA proposal to the City of Flint.

5. **November 6, 2012** – Letter from Flint Emergency Manager Ed Kurtz to State Treasurer Dillon that a proposal from DWSD is expected but that the initial assessment is that switching to KWA is in the best interest of the City of Flint.

6. **February 6, 2013** – TYJT issues a final report to Treasury on the comparison between Karegnondi Water Authority (KWA) and DWSD. Analysis suggests that the KWA option is the cheaper option for the City of Flint.

7. **March 2013** – DWSD contacts the City of Flint to begin direct negotiations on a contract extension. Multiple options are provided to the Flint Emergency Manager (EM) Ed Kurtz.

8. **March 25, 2013** – The Flint City Council endorses joining KWA.

9. **April 11, 2013** – State Treasurer Andy Dillon authorizes Flint EM Ed Kurtz, pursuant to Section 12(3) of P.A. 436 of 2012, to enter into a contract with KWA if a final offer from DWSD is either not received for rejected in good faith based upon specific objections.

10. **April 15, 2013** – DWSD provides a best and final offer to the City of Flint. Analyses by Flint EM Ed Kurtz, the Department of Environmental Quality and Treasury's Office of Fiscal Responsibility independently conclude that the KWA option is cheaper for the City of Flint.

11. **April 16, 2013** –Flint EM Ed Kurtz informs the State Treasurer that the City will join KWA. This decision was officially announced May 1, 2013.

12. **April 17, 2013** – DWSD transmits a letter to Flint EM Ed Kurtz terminating service to the City of Flint, effective April 17, 2014.

13. **June 26, 2013** – Groundbreaking for the Karegnondi Water Authority begins. Flint also requests full time use of the Flint Water Treatment Plant with Flint River water as a source.

14. **June 28, 2013** – Financing Contract between the City of Flint and KWA is approved. Effective August 1, 2013. This document was signed by EM Mike Brown.

15. **July 08, 2013** – The City retains Lockwood, Andrews & Newman engineering firm to get the City's water plant up and running while the KWA pipeline is built.

16. **February 19, 2014** – The KWA Board of Directors adopts Resolution 2014-01, authorizing KWA to bond for water line construction on-behalf of the City of Flint.

17. **April 17, 2014** – Water service from DWSD officially ends. The City of Flint also conducts two separate public forums regarding the use of Flint River water, upgrades to the City's water system and the overall cost of the switch to KWA.

18. **April 25, 2014** – City conducts public event marking the transition to the use of Flint River water. DEQ information shows that transition complete by May 2015.

19. **January 2, 2015** – The City issues a press release stating the City water system exceeds the TTHM maximum contaminant level.

20. **March 3, 2015** – Flint EM Jerry Ambrose provides a memorandum to Deputy State Treasurer Wayne Workman stating that a reconnection to DWSD will cost the City $10.1M/year and that water purchases could be as high as $1M/month.

21. **March 12, 2015** – Veolia issues the final operational evaluation of the City's water system.

22. **September 3, 2015** – MDEQ testing of the City's water shows TTHM levels are below the required action level.

23. **September 25, 2015** – Genesee County Health Department and the City of Flint issues a lead advisory for residents to be aware of lead levels in drinking water after hearing concerns from the medical community.

24. **October 16, 2015** – The City of Flint reconnects to Detroit Water.

25. **November 4, 2015** – The EPA issues its final report on high lead levels at three residences in the City.

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Thursday, November 19, 2015 2:38 PM
To: Wurfel, Sara (GOV); Murray, David (GOV); Sampson, Jeremy (TREASURY)
Cc: Heaton, Anna (GOV); Kennedy, Jordan (GOV)
Subject: FW: Flint water
Attachments: 271Q3209 Flint Water Supply Assessment Final Report 2-6-13.pdf

Importance: High

All—

Please see below from Egan. This is essentially the same "?" Nancy Kaffer asked of Jeremy a couple weeks back. Intend to say something along the lines of the following...please advise.

The Tucker-Young report offered an initial perspective on the situation, but as additional information was received and considered by the city, city officials determined that KWA offered the best long-term solution for Flint. As has been noted previously, all involved, the mayor and city council, believed the move to KWA was appropriate and supported the move.

As we have discussed previously, consideration of the development of a Flint-area/Genesee County water system had been on-going since the early 2000's and the City of Flint had been in discussions about joining a new system for much of that time.

From: Egan, Paul [mailto:pegan@freepress.com]
Sent: Thursday, November 19, 2015 1:09 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Flint water

Terry attached is the City of Flint Water Supply Assessment, a February 2013 study commissioned by the state treasurer and carried out by Tucker, Young, Jackson, Tull Inc.
Why did the state and city opt to split with DWSD and go with KWA when this study found it would be more costly to do so?

(From p. 17) "Based on the analysis, it is prudent to assume the KWA water supply option costs would be somewhere between the KWA-1 and KWA-2 options. Therefore, the analysis indicates that the two DWSD options of supplying 8 MGD on a maximum day and up to 8 MGD on average are the least cost options for Flint. These options allow Flint to maximize the use of existing assets; the City of Flint's (the Flint WTP) and DWSD's (the existing 72-inch main)."

Thanks, Paul Egan
Detroit Free Press
517-372-8660

Stanton, Terry A. (Treasury)

From: Robert, Carla M. (Treasury)
Sent: Thursday, November 19, 2015 3:30 PM
To: Stanton, Terry A. (Treasury)
Subject: Progress Michigan

Here is the link I found through the Progress Michigan web site with article regarding DEQ and Flint River. At the end of the article there is a link to "Flint water emails"

http://www.mlive.com/news/flint/index.ssf/2015/10/emails_show_feds_told_state_of.html

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Thursday, November 19, 2015 5:39 PM
To: Wurfel, Sara (GOV); Murray, David (GOV)
Subject: Fwd: Flint water

Feel free to call me on this tonight. Please see my earlier email.

Begin forwarded message:

> **From:** "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
> **Date:** November 19, 2015 at 5:15:21 PM EST
> **To:** "Agen, Jarrod (GOV)" <AgenJ@michigan.gov>, "Wurfel, Sara (GOV)" <Wurfels@michigan.gov>, "Murray, David (GOV)" <MurrayD1@michigan.gov>, "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>
> **Subject: FW: Flint water**
>
> Egan is grilling Dillon. Andy doesn't want to return his call without one of you on the phone.
>
> **From:** Andy Dillon [mailto:adillon@conwaymackenzie.com]
> **Sent:** Thursday, November 19, 2015 2:04 PM
> **To:** Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>
> **Subject:** Fwd: Flint water
>
> I am not anxious to respond to him but my experience of ignoring him hasn't been very productive.
>
> He is focused in on a relevant question.
>
> **Andy Dillon**
> Conway MacKenzie Inc.
> 401 S. Old Woodward Avenue, Suite 340, Birmingham, MI 48009
> 248.952.8868 (office) | 517.420.6825 (cell) | 248.433.3143 (fax)
> adillon@conwaymackenzie.com
>
> ---------- Forwarded message ----------
> From: **Egan, Paul** <pegan@freepress.com>
> Date: Thu, Nov 19, 2015 at 1:48 PM
> Subject: Flint water
> To: "ADillon@ConwayMacKenzie.com" <ADillon@conwaymackenzie.com>

Hi Andy: Why did the state and city opt to go with KWA for Flint water supply when the study you commissioned from Tucker, Young, Jackson, Tull found that going with KWA would be more costly than staying with DWSD? (Here is excerpt from p. 17):

"Based on the analysis, it is prudent to assume the KWA water supply option costs would be somewhere

between the KWA-1 and KWA-2 options. Therefore, the analysis indicates that the two DWSD options

of supplying 8 MGD on a maximum day and up to 8 MGD on average are the least cost options for Flint.

These options allow Flint to maximize the use of existing assets; the City of Flint's (the Flint WTP) and

DWSD's (the existing 72-inch main)."

How would you describe your role in the chain of decisions that led to Flint drawing its water supply from the Flint River?

The Flint City Council opted to go with the KWA on the evening of March 25, 2013. Your schedule shows you had a 5 p.m. phone conversation at 5 p.m. that day with Dennis Muchmore "regarding Flint Water Supply alternatives."

The next day, March 26, 2013, your schedule shows a 9 a.m. meeting at Treasury "regarding Flint water, a 1:30 p.m. phone call with Dan Wyant "regarding Flint/KWA," and a w p.m. meeting in Lansing with Flint Mayor Dayne Walling?

What do you recall about these conversations/meetings? Did Muchmore sign off on the switch to KWA on behalf of the governor?

Thanks, Paul Egan

Detroit Free Press

Cell 517-282-8780

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, November 20, 2015 8:42 AM
To: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: FW: Privileged Attorney-Client Communication - Outline of Flint Drinking Water Issues
Attachments: DEQ's Outline of Flint Drinking Water Issues for Flint Water Task Force - Attorney Client Privilege Work Product -11-16-2015.pdf; Draft Flint Drinking Water Events Timeline 11-6-15.docx

FYI

From: Anderson, Madhu (DEQ)
Sent: Thursday, November 19, 2015 1:21 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Kuhl, Richard (AG) <KuhlR@michigan.gov>
Subject: FW: Privileged Attorney-Client Communication - Outline of Flint Drinking Water Issues

Wayne – I have attached the documents we pulled together for the Governor's Flint Water Task Force. There is a Q&A document as well as a timeline of events (we have documents associated with each of the events). If you have a timeline too, it would be good to see as well. Let me know if you have any questions. Thanks,

Madhu R. Anderson
Deputy Director, Economic & Strategic Initiatives
☎ 517 284 6702 | 517 290 9653
✉ andersonm30@michigan.gov
DEQ

FLINT DRINKING WATER EVENTS TIMELINE
ATTORNEY CLIENT PRIVILEGE – DRAFT 11/6/2015

Date	Event	Attachment
Pre-1967	Flint Water Treatment Plant in operation using Flint River for drinking water	1
Post-1967	Flint switched to DWSD for drinking water	None
Jan 2006	Discussions regarding Karegnondi Water Authority, *Preliminary Long-Term Water Supply for Genesee County*	2
June/Sept 2009	*Lake Huron Water Supply Study Karegnondi Water Authority* Executive Summary and Preliminary Engineering Report	3
March 2013	*Analysis of the Flint River as a Permanent Water Supply for the City of Flint*; Prepared for: City of Flint dated July 2011	4
April 2013	Flint notifies DWSD of contract discontinuation and joins the Karegnondi Water Authority	5
April 2013	DWSD sets termination of Flint water service contract to April 17, 2014	6
June 2013	Flint notifies DEQ of intent to operate Flint Water Treatment Plant full time using Flint River for drinking water	7
April 2014	DEQ issues Flint WTP construction permits for full time operation enhancements W141025 and W141026	9
May 2014	Flint stops purchasing DWSD water. Starts using the City of Flint WTP and Flint River for drinking water	10
Aug 2014	Flint E.Coli Bacteria violation, Localized System Boil Water Advisory	11
Sept 2014	Disinfection Byproducts (TTHM), DEQ requests preemptive Operational Evaluation	12
Sept 2014	Flint Total Coliform Bacteria violation, Localized System Boil Water Advisory	13
Oct 2014	General Motors announces decision to stop using Flint River as source for production water	14

FLINT DRINKING WATER EVENTS TIMELINE
ATTORNEY CLIENT PRIVILEGE – DRAFT 11/6/2015

Date	Event	Attachment
Dec 2014	Disinfection Byproducts quarterly violation begins	15
Dec 31, 2015	1st 6-month round of lead and copper monitoring ends, 100 samples 90th percentile lead level, 6 parts per billion. Results due from Flint to DEQ on January 10, 2015	16
Jan 21, 2015	City of Flint Public Meeting regarding disinfection byproducts and bacteria	17
Feb 26, 2015	E-mail from EPA to DEQ regarding elevated lead sample	18
Feb 27, 2015	E-mail from EPA to DEQ inquiring about Optimized Corrosion Control Treatment	19
Feb 27, 2015	DEQ response to EPA email with statement regarding optimized corrosion control program	20
March 5, 2015	2nd Disinfection Byproducts quarterly violation notice	21
April 3, 2015	LT2 Surface Water Treatment Rule Letter	22
April 6, 2015	Flint proposes installation of Granular Activated Carbon Filter media to reduce disinfection byproducts	23
April 23, 2015	EPA e-mail to DEQ regarding corrosion control treatment	24
April 24 and May 1, 2015	DEQ responds to EPA regarding corrosion control treatment	25
April 27, 2015	EPA provided bottles to 212 Browning for lead/copper analyses	26
May 6, 2015	Lead service line replaced at 212 Browning. EPA on-site	27
May 28, 2015	Internal EPA e-mail regarding results at 212 Browning	29
June 9, 2015	3rd Disinfection Byproducts quarterly violation notice	30
June 10, 2015	Semi-Annual Conference call with EPA	31
June 30, 2015	E-mail from EPA scheduling conference call on July 21, 2015 regarding elevated lead result and concerns regarding corrosion control	32

FLINT DRINKING WATER EVENTS TIMELINE
ATTORNEY CLIENT PRIVILEGE – DRAFT 11/6/2015

Date	Event	Attachment
June 30, 2015	2nd 6-month round of lead and copper monitoring ends. Results due from Flint to DEQ on July10, 2015	None
July 9, 2015	DEQ informed that EPA draft internal memo is on ACLU website	33
July 14, 2015	DEQ issues construction permit to Flint for Granular Activated Carbon filter media W151055	34
July 21, 2015	Conference call with EPA (LCR implementation and Flint) during which it informs DEQ its interpretation of LCR	35
July 24, 2015	DEQ e-mail and draft letter 90th percentile lead determination = 11 parts per billion and City of Flint requirement to add corrosion control treatment	36
July 28, 2015	DEQ received blood lead level information from DHHS indicating that results since the switch to the Flint River are consistent with past years seasonal variations	37
Aug 4, 2015	Meeting with city representatives at Governor's office	38
Aug 17, 2015	DEQ notifies Flint of lead/copper monitoring results and requires City to install corrosion control treatment	39
Aug 23, 2015	DEQ notified by an external party that a water quality study was about to begin in Flint	40
Sept 2, 2015	Disinfection Byproducts return to compliance	43
Sept 11, 2015	EPA e-mail confirming that DEQ was never sent the draft June 24, 2015 memo	44
Sept 21, 2015	Meeting with Congressional representatives, legislators, EPA and DEQ to discuss issues with water quality in Flint	45
Sept 22, 2015	Meeting/Conference call with DHHS, GCHD, and DEQ to discuss lead education/outreach	46
Sept 24, 2015	Hurley Children's Hospital data reveals elevated blood lead levels in Flint children	47

FLINT DRINKING WATER EVENTS TIMELINE
ATTORNEY CLIENT PRIVILEGE – DRAFT 11/6/2015

Date	Event	Attachment
Sept 24, 2015	DHHS response affirms State blood lead level data is more comprehensive than Hurley Hospital data	None
Sept 25, 2015	Flint issues Lead Advisory regarding drinking water	48
Oct 1, 2015	State Chief Medical Officer confirms Hurley blood lead level data	None
Oct 1, 2015	GCHD issues "Do Not Drink" Advisory	49
Oct 2, 2015	DEQ and DHHS press conference. Governor's Flint Action Plan announced.	50
Oct 2, 2015	GCHD school screening water samples collected for lead analysis	51
Oct 8, 2015	Governor Press Conference: Flint to reconnect to Great Lakes Water Authority/Detroit Water and Sewerage Department	52
Oct 15, 2015	State Legislature authorizes a $9 million to assist the City of Flint to pay for the return to the Detroit water system and to fund staff at schools to gauge lead exposure	None
Oct 16, 2015	First weekly coordination meeting held between the City of Flint and state agencies	None
Oct 16, 2015	DEQ meets with Flint Schools Superintendent and Genesee County Health Department	None
Oct 16, 2015	Flint switches back to DWSD for water	53
Oct 21, 2015	Governor Snyder announces formation of Flint Water Task Force to complete an After-Action Review	None
Oct 28, 2015	DEQ issues construction permit for additional corrosion control treatment W151104	54
Oct 30, 2015	DEQ letter to Flint regarding corrosion control treatment operation	55
Mid-Late 2016	Planned connection to Karegnondi Water Authority (Lake Huron water to Flint WTP)	None

City of Flint Drinking Water
Outline prepared by the
Michigan Department of Environmental Quality for the
Flint Water Task Force

I. INTRODUCTION

This document is intended to provide an overview of Michigan's implementation of the Safe Drinking Water Act, 1976 PA 399, as amended (Act 399), with respect to events in the city of Flint (City), Michigan.

II. BACKGROUND

1. How has Flint historically obtained its drinking water?

The water system in the City was organized and built under private ownership in 1883 as the Flint Water Works Company to pump raw water from the Flint River to their consumers. In 1903, the system was converted to a municipally-owned corporation which supplied drinking water to the City. In 1967, the City became a customer of the Detroit Water and Sewerage Department (DWSD) system.

After the switch to DWSD, the City operated its water treatment plant as a standby plant for purposes of reliability in the event of an emergency, such as an interruption in service of the single pipeline from DWSD. In the last ten years, the water treatment plant was used as an emergency backup during two weeks in 2009: June 18 through June 20 and September 10 through September 13.

As a backup emergency water treatment plant, the City was required to operate the water treatment plant quarterly to demonstrate the capability to produce drinking water in accordance with Act 399 and to keep mechanical equipment (such as valves, rubber seals, etc.) in good working order. Each quarter, the water treatment plant was test run and samples were taken of both raw water and finished water (post-filters). Since the water treatment plant was upgraded in the early 2000s, monitoring showed that the water treatment plant was performing as designed.

Contractual obligations with DWSD did not allow treated water to be put into the City's distribution system during these test runs. Treated water was discharged to the Flint River in accordance with a National Pollutant Discharge Elimination System (NPDES) Permit. The test runs were for demonstration purposes, to keep the water treatment plant operational. and staff familiar with operation in the event it was needed in an emergency.

2. What State and Federal laws or rules exist to ensure safe drinking water is provided to City residents?

The federal Safe Drinking Water Act (federal SDWA) is the primary law that ensures the quality of Americans' drinking water. Under the federal SDWA, the United States Environmental Protection Agency (USEPA) sets standards for drinking water quality and oversees the states, localities, and water suppliers who implement those standards.

The federal SDWA was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply. The law was amended in 1986 and 1996 and requires many actions to protect drinking water and its sources: rivers, lakes, reservoirs, springs, and ground water wells. (The federal SDWA does not regulate private wells which serve fewer than 25 individuals.)

Originally, the federal SDWA focused primarily on treatment as the means of providing safe drinking water at the tap. The 1996 amendments greatly enhanced the existing law by recognizing source water protection, operator training, funding for water system improvements, and public information as important components of safe drinking water. This approach ensures the quality of drinking water by protecting it from source to tap.

The most direct oversight of water systems is conducted by state drinking water programs. States can apply to the USEPA for "primacy," - the authority to implement the federal SDWA within their jurisdictions - if they will adopt standards at least as stringent as the USEPA's and enforce those standards. Michigan adopted the Safe Drinking Water Act in 1976 through Act 399 and has maintained primacy for the program since that time.

3. **What is the USEPA's role as a regulatory agency in implementing the SDWA?**

Federal and state governments share responsibility for administering drinking water programs. Under the federal SDWA, the USEPA is given the responsibility for developing national standards and regulations that apply to the nation's public drinking water systems and enforcing those standards, by working with states.

Michigan's drinking water program is evaluated annually by the USEPA for compliance with the federal SDWA. Based upon these evaluations, the USEPA continues to find Michigan's drinking water program to be compliant with the federal SDWA.

4. **What is the Michigan Department of Environmental Quality's (DEQ) role as a regulatory agency in implementing the SDWA?**

The federal SDWA permits states to accept oversight of the drinking water program under an agreement with the USEPA giving states primary enforcement responsibilities (or primacy). In addition to this delegation of federal authority to the states, states also have the power to create additional regulations and programs governing drinking water suppliers through their own legislative and regulatory processes. Michigan has had regulatory authority of public water supplies since 1913 (Waterworks and Sewerage Systems, 1913 PA 98).

The DEQ has been granted primary enforcement authority in Michigan for the federal SDWA under the authority of Act 399. As such, the DEQ, Office of Drinking Water and Municipal Assistance, has regulatory oversight for all public water supplies, including approximately 1,400 community water supplies and 10,000 noncommunity water supplies. A community water supply provides year-round service to 15 or more living units (homes, apartments, dorm rooms, etc.) or 25 or more residents. A noncommunity water supply has 15 or more service connections or serves 25 or more individuals on an average daily basis for not less than 60 days per year.

The DEQ engages in a variety of activities to help water systems remain in, or return to, compliance. These activities include: conducting surveillance visits (inspections) at water systems and reviewing facilities, equipment, and operations; requiring the submission of plans and specifications for waterworks system improvements and issuing construction permits; providing for the training, examination, certification and regulation of persons operating water supplies; helping systems incorporate preventive measures; and since 1996, providing financial assistance for system improvements.

5. What is the City's role in implementing the federal SDWA and Act 399?

State and federal programs develop regulations and perform oversight and compliance activities, but do not treat or deliver water to customers. At the local level, public and private water utilities collect, treat, and deliver drinking water to consumers in compliance with state and federal regulations.

The federal SDWA and Act 399 set up multiple barriers against contamination. These barriers include: source water protection, multiple treatment components, distribution system integrity, proper operations oversight, and public information. As the owner of a public water system, the City is responsible for knowing and following all requirements under Act 399, such as ensuring proper design, construction, operations and maintenance, so that contaminants in tap water do not exceed the standards established by law. The City treats the water, and must test its water routinely for specified contaminants and report the results to the DEQ. If a water system is not meeting these standards, it is the water supplier's responsibility to notify its customers.

The federal SDWA and Act 399 recognize that customers have the right to know what is in their drinking water and where it comes from. The City, like all water suppliers, must notify consumers when there is a problem with water quality.

The City submits samples of its water for laboratory testing (monitoring) to verify the water it provides to residents meets all federal and state standards. How often and where samples are taken varies from system to system and from contaminant to contaminant. The DEQ provides an annual monitoring schedule to the City setting forth these requirements.

In addition, the City is required to employ properly certified water operators that are trained and experienced to operate the treatment and distribution systems associated with the City's water system.

6. What approvals were needed from the DEQ in order for the City to begin using its water treatment plant full time?

The City had long ago been issued construction permits for raw water pumps to withdraw water from the Flint River and the City was grandfathered under the water withdrawal program (Part 327, Great Lakes Preservation, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended), as were all existing community public water systems at that time. There were no additional DEQ

permissions or authorizations required under Act 399 because the City already had approval to use the water treatment plant.

Under Act 399, there are no licenses or permits required to operate public water systems. The City did apply for and obtained two construction permits prior to the water treatment plant changing from an emergency backup plant to full-time operation. These permits were for new chemical feed equipment, changes to the electrical service, etc.

III. THE FLINT RIVER – IS IT A SAFE SOURCE OF DRINKING WATER?

Seventy-five percent of Michigan's population served by a public water supply receive their drinking water from surface water sources, the majority of which is withdrawn from the Great Lakes. However, several public water supplies in Michigan utilize water from inland rivers. All surface water sources require significant treatment in order to be safe for consumption.

While all surface water sources must receive a high level of treatment, inland river sources present a greater challenge than water withdrawn from one of the Great Lakes because of rapidly changing water quality conditions. Under most circumstances, rivers are prone to greater fluctuations in temperature, have higher amounts of organic material, greater turbidity (suspended solids), and are more vulnerable to microbiological and viral contamination than Lakes Huron, Erie, Michigan or Superior. While the water chemistry in the Flint River differs from that in Lake Huron, it can still be treated in accordance with the federal SDWA and Act 399. The waterworks industry has the technology to treat wide ranging source waters to provide potable and palatable drinking water, including direct reuse of treated wastewater. Regardless of source water quality, all public water systems must comply with the same drinking water standards in the finished water

It is not the source water that reacts with the homeowners plumbing in the distribution system, but rather the finished water quality that is important. Treated water leaving the City's water treatment plant does not contain lead. In addition, the treatment process employed by the City includes lime softening to reduce the hardness in the river water. The City includes lime softening and pH adjustment primarily to improve aesthetic water quality associated with hardness. Lime softening is not a process that water supply professionals would expect to increase corrosivity of water. The City, however, does practice recarbonation to readjust pH at the end of the softening process.

pH levels of finished water leaving the City's water treatment plant averaged 7.7. Expanded water monitoring conducted quarterly at 25 sample sites located throughout the distribution system showed the following:

July – September 2014	average pH = 7.71	range: 7.56 – 7.86
October – December 2014	average pH = 7.88	range: 7.62 – 8.10
January – March 2015	average pH = 7.81	range: 7.60 – 7.99
April – June 2015	average pH = 7.63	range: 7.48 – 7.80

The data below was obtained at ten of the sampling locations throughout the City's distribution system, while they were still purchasing water from DWSD before the City switched to the Flint River as a source:

January – March 2014 (DWSD)	average pH = 7.47	range: 7.40 – 7.54
April 2014 (DWSD)	average pH = 7.49	range: 7.42 – 7.59

Note that the pH of the treated water produced while the City was using the Flint River did not differ significantly from pH values seen in the distribution system during the time the City purchased water from DWSD. Thus, pH monitoring provided no indication of a change in water corrosivity.

IV. *E. COLI* AND TOTAL COLIFORM BACTERIA VIOLATIONS

1. What caused the *E. coli* and total coliform bacteria violations experienced by the City in August and September 2014?

A number of factors, primarily related to distribution system operation and maintenance, likely contributed to the Boil Water Advisories in the City during August and September 2014 triggered by exceedances of bacteria standards in limited areas of the distribution system. In addition, the coliform detections were confined to less than 20 percent of the water system. Had the detections been the result of a failure in treatment, detections would have been expected throughout the City rather than in such a limited geographic area.

Instead, the violations seem to have been caused by other factors such as aging infrastructure. The City's water distribution system has suffered from a lack of infrastructure investment and asset management. Most of the City's over 550 miles of water mains are now over 75 years old, and constructed of unlined cast iron piping. This cast iron pipe is subject to tuberculation, which thins and weakens the pipe walls in some areas and causes a buildup of sediment and debris on the pipe walls in other areas. Tuberculation can lead to water quality issues as well as reduced flows and pressures. Tuberculation also encourages the development of biofilms. Biofilm growth may occur more frequently in areas where little or no disinfectant is maintained.

The City has also experienced decades of a declining customer base and water use, with vacant homes, commercial businesses, and industrial property. Declining water use leads to excess residence time (water age) within the City's distribution pipes and water storage facilities, accelerating tuberculation, biofilm growth, and reductions of disinfectant concentration in the distribution system. While the City has recently seen an infusion of funding for blight removal, contractors using fire hydrants to complete this work have been known to cause hydraulic disturbances that dislodge and suspend settled debris, which may contribute to the bacterial contamination. These hydraulic disturbances were also believed to be a source of the aesthetic water quality complaints both the City and the DEQ were receiving.

The winter of 2013-2014 was also one of the coldest experienced by the water system. The City, which historically has unaccounted water losses of over 30 percent, saw even greater losses since February 2014 due to an increase in cold weather-related water main breaks and leaks (City personnel reported 400 water

main breaks in calendar year 2014, with greater than 50 percent in the winter quarter). The City has also been lacking a formal maintenance program for its more than 7,250 valves, which are critical in limiting the areas impacted during water main repairs. As an example, two valves on the transmission line used to supply the area of the 2014 Boil Water Advisories were found to be closed during the City's investigation of possible sources, causing much longer residence times, reduced disinfectant concentrations, and reduced pressures – all potential avenues for contamination to enter a distribution system.

The Boil Water Advisories also occurred during the warmest and relatively wet periods of August and September 2014. Warm weather conditions are not only more conducive to bacterial growth but also degrade disinfectant concentrations more quickly. As already explained, longer residence times, biofilms, and tuberculation contribute to lowered disinfectant concentrations. Warm, wet weather conditions also allow water contaminated with bacteria to accumulate or pond around piping that leaks and breaks.

During the summer of 2014, the City was actively repairing the distribution system (City personnel reported 29 water main breaks in June through August 2014). After the switch to the Flint River, it was discovered that there were many broken or closed valves in the distribution system (City personnel reported 120 broken valves and 239 valves in an improper position). As the City began correcting these problems, they did detect the presence of coliform organisms in the distribution system in testing conducted as a result of the repairs. This sporadic detection is not an unusual occurrence. Many communities have experienced similar issues when significant repairs are made in the system and/or they suffer water main breaks and localized pressure losses.

2. How were the violations detected? What was the DEQ's response?

Federal SDWA regulations regarding monitoring and standards for bacteria in water distribution systems are incorporated into Act 399. There are a variety of bacteria, parasites, and viruses which can potentially cause health problems if humans ingest them in drinking water. Testing water for each of these potential pathogens would be difficult and expensive. Instead, community water systems are required to test monthly for total coliform and *E. coli*. Total coliform bacteria, while not pathogenic, often originate from the same sources as many pathogens. Therefore, the presence of total coliform in drinking water indicates there may be a pathway for pathogens or other contaminants to enter the system. The absence of total coliforms in the distribution system indicates a minimal likelihood that pathogens are present. *E. coli* is itself a pathogen and its detection is considered direct evidence of a health risk.

The Boil Water Advisories which occurred in the City were associated with bacteria monitoring detections and violations of bacteria standards. These advisories were issued by the City after consultation with the DEQ.

Upon receiving information indicating total coliform and *E. coli* bacteria had been detected, the DEQ advised the City to issue a Boil Water Advisory from August 15 through 20, 2014, for the affected portion of the City. Another Boil Water Advisory was issued from September 5 through 9, 2014, due to localized detections of total

coliform bacteria in the same and adjacent portions of the City. The advisories covered an area of less than 20 percent of the water department's service area.

Once a Boil Water Advisory has been issued, time is needed to investigate potential causes and implement corrective measures. The larger the water system, the more time this may take. Once corrective measures have been taken, samples must be collected and analyzed to confirm that bacteria are no longer present. Under approved analytical methods used by the City, samples must be incubated for 24 hours before results can be obtained. In situations where the bacterial contamination has been confirmed, two consecutive rounds of safe samples collected at least 24 hours apart are normally obtained before canceling a Boil Water Advisory. Adding each of these steps together, a normal response period to rescind a Boil Water Advisory under these circumstances would be expected to take 3 to 4 days.

V. TOTAL TRIHALOMETHANES (TTHM) VIOLATIONS

1. What caused the TTHM violations experienced by the City beginning in late summer 2014?

Disinfectants are an essential element of drinking water treatment because of the barrier they provide against waterborne disease-causing microorganisms. However, disinfection byproducts form when disinfectants used to treat drinking water react with naturally occurring organic materials in the water (e.g., decomposing plant material). The formation of disinfection byproducts continues to occur as water travels throughout water distribution systems.

A major challenge for water suppliers is how to provide protection from pathogens while simultaneously minimizing health risks to the population from disinfection byproducts. Total Trihalomethanes (TTHM – chloroform, bromoform, bromodichloromethane, and dibromochloromethane) and halogenated acetic acids (HAA5 – monochloro-, dichloro-, trichloro-, monobromo-, dibromo-) are widely occurring classes of disinfection byproducts. The amount of TTHM and HAA5 in drinking water can change depending on the season, water temperature, amount of chlorine added, the amount of plant material in the water, and a variety of other factors. All community water systems that chemically disinfect or purchase water that has been chemically disinfected are required to monitor for disinfection byproducts.

The Flint River has higher levels of organic material than water in the Great Lakes and as a result, the water produced by the City developed higher disinfection byproducts than the water purchased from DWSD. Because the water treatment plant was previously operating intermittently, it was not possible to predict disinfection byproduct levels at distribution system compliance points until the City began relying on its water treatment plant continuously.

As mentioned previously, the City became aware that there were numerous broken valves and closed valves that should have been open in the distribution system. At that time, the City also began a mapping effort to identify "water age" in the distribution system. The longer the residence time or "water age" the greater the opportunity for the formation of disinfection byproducts.

2. How were the violations detected? What was the DEQ's response?

Disinfection byproducts are monitored at eight sites throughout the distribution system. A locational running annual average is calculated for each individual site. Because TTHM and HAA5 maximum contaminant levels are calculated based on a running annual average at specific distribution system locations, the actual violation of the standard did not occur until the fall of 2014. However, because it was apparent in the summer of 2014 that the standard would eventually be exceeded; the DEQ asked the City to proactively implement measures to address the problem before the violation required them to do so.

As a result of maintenance efforts undertaken by the City to repair valves and correct improperly closed valves, the City was able to improve water flow in the distribution system and thereby reduce residence time or "water age" in the system. Operational changes made to reduce the amount of storage in the system also helped reduce residence time which contributed to a reduction in disinfection byproduct formation.

In addition to operational changes to minimize residence time in the distribution system, the City added granular activated carbon to its filters in July 2015. Levels of TTHMs and HAA5s were reduced and the City returned to compliance on September 1, 2015.

VI. THE TASTE, ODOR, AND COLOR COMPLAINTS RECEIVED BY FLINT

1. What caused the taste, odor, and color complaints received by the City from residents?

Taste, odor, and color issues are very personalized. While water leaving the water treatment plant did not have any unusual taste, odor or color; during the summer after the switch to the Flint River, customer complaints increased. Construction in the distribution system, hydrant flushing, and changes in flow characteristics are all known causes of disturbances within the distribution system that can cause an increase in taste, odor, and color complaints. Aesthetics, such as taste, odor, and color, while a concern, by themselves are not a threat to public health.

2. What was the DEQ's response?

The DEQ consulted with the City regarding these complaints. The City indicated that they were offering to investigate such complaints for anyone that had issues; but City personnel informed the DEQ that they were not able to recreate these situations in the field. In addition, as a result of the repair work that was underway and the increased flushing to reduce water age in the system to help control TTHMs, it was anticipated that there would be short-term disturbances in the system that would cause color and odor complaints. All water supplies are advised to provide notice to residents prior to undertaking a flushing program because flushing (even routine flushing) often causes temporary problems as described. Based on information from City personnel, it appeared that the complaints were related to such operational activities occurring in the distribution system.

VII. LEAD ISSUES IN THE FLINT DRINKING WATER

1. What causes lead in drinking water?

Lead is rarely found in source water. Lead enters tap water through corrosion of plumbing materials. Homes built before 1986 are more likely to have lead fixtures and solder. Older homes built prior to World War II are more likely to contain lead pipes. The most common problem with newer construction is with brass or chrome-plated brass faucets and fixtures which can leach significant amounts of lead into the water, especially hot water. The amount of lead in tap water also depends on the types and amounts of minerals in the water, how long the water stays in the pipes, the amount of wear in the pipes, the pH of the water, and its temperature.

2. What is the Lead and Copper Rule?

On June 7, 1991, the USEPA published a regulation to control lead and copper in drinking water. This regulation is known as the Lead and Copper Rule (also referred to as the LCR). The treatment technique for the rule requires systems to monitor drinking water at customer taps. If the 90th percentile for lead exceeds an action level of 15 parts per billion (ppb) or the 90th percentile for copper exceeds an action level of 1.3 parts per million (ppm), the system must undertake a number of additional actions to control corrosion. If the action level for lead is exceeded, the water supply must also inform the public about steps they should take to protect their health and the water supply may have to replace lead service lines under their control.

3. What is the lead action level?

For most contaminants, the USEPA sets an enforceable regulation called a maximum contaminant level based on the maximum contaminant level goal. Maximum contaminant levels are set as close to the maximum contaminant level goals as possible, considering cost, benefits, and the ability of public water systems to detect and remove contaminants at the water treatment plant using suitable treatment technologies. Because lead contamination of drinking water often results from corrosion of the plumbing materials belonging to water system customers, the USEPA established a treatment technique rather than a maximum contaminant level for lead. A treatment technique is an enforceable procedure or level of technological performance which water systems must follow to control a contaminant. Although the maximum contaminant level goal for lead is zero, based upon the above factors, the USEPA has established the action level for lead at 15 ppb.

The treatment technique regulation for lead requires water systems that produce drinking water to control the corrosivity of the water. The regulation also requires systems to collect customer tap samples from sites served by the system that are more likely to have plumbing materials containing lead. If the 90th percentile action level for lead is exceeded, then water systems are required to take additional actions including:

- Optimizing corrosion control treatment (for water systems serving greater than 50,000 people that have not fully optimized corrosion control).

- Educating the public about lead in drinking water and actions consumers can take to reduce their exposure to lead.
- Replacing the portions of lead service lines (lines that connect distribution mains to customers) under the water system's control.

4. Did DWSD have optimized corrosion control treatment?

After the LCR passed in 1991, DWSD and all of its consecutive customer systems conducted two rounds of monitoring for lead and copper. Copper levels were well below action level limits, but lead levels exceeded the action level of 15 ppb for DWSD and many of its customer communities. As a result, DWSD installed corrosion control treatment. DWSD performed a corrosion control study and concluded that they could reduce the corrosivity of the water by the addition of an orthophosphate, a corrosion inhibitor.

5. Did the DEQ require the City to have corrosion control in place when it switched to the Flint River as its source of drinking water?

No. There are two ways under the LCR to deem a water supply as providing "optimal corrosion control" – either by sampling and determining through a calculation that the supply is "optimal" or by installing treatment if it is needed. The DEQ requested that the City perform two 6-month rounds of monitoring to demonstrate if the City was practicing optimal corrosion control treatment. According to state regulations [R325.10604f(2)(b)(iii)], a system can demonstrate optimized corrosion controls by sampling in two, consecutive 6-month monitoring periods and comparing the results of this monitoring to the lead level in the source. Optimal corrosion control under this scenario would be defined as having the 90th percentile in each of these monitoring periods lower than the sum of the lead in the source and the practical quantification limit for lead of 5 ppb. Since the source water has 0 ppb lead, the City would have been deemed optimal if its 90th percentile of lead was 5 ppb or less in these two consecutive periods. However, once a system has installed treatment, it would also be considered optimized regardless of the 90th percentile level achieved, as long as it does not exceed the action level of 15 ppb.

In this case, the City had been purchasing water from DWSD that was treated for corrosion control. It was the DWSD water system that was considered as having optimized corrosion control at that point. Since the City water system had not been the supplier of water before, the DEQ did not require the City to maintain corrosion control for which it was not responsible [R325.10604f(2)(b)]. It could not "maintain" operations undertaken elsewhere by a different entity for a different source of water. The DEQ's instructions to the City were consistent with past practices afforded to all other large water systems. At the beginning of the LCR, all large systems were initially granted the option to demonstrate optimal corrosion control treatment through full-scale monitoring under the applicable rules. For these reasons, two 6-month rounds of monitoring, as required by the LCR, were the required means to determine whether or not optimal corrosion control was being achieved.

6. How does the DEQ calculate the 90th percentile?

To determine the 90th percentile of a list of lead or copper results, the procedure below is followed:

Step 1: Place lead or copper results in ascending order
Step 2: Assign each sample a number, 1 for lowest value
Step 3: Multiply the total number of samples by 0.9 – this yields the 90th percentile sample. For example: 20 samples x 0.9 = 18th sample. This is the 90th percentile level.

Calculating the 90th percentile is easiest when a supply collects 10 samples (or a multiple of 10). Note that the 90th percentile must be interpolated if the number of samples is not a multiple of 10.

7. What was the result of the first round of monitoring conducted by the City?

The first 6-month round of lead and copper monitoring conducted by the City ended on December 31, 2014. One hundred samples were submitted and the 90th percentile lead level was calculated to be 6 ppb. The next step required by the DEQ was for the City to collect a second round of monitoring.

8. What was the result of the second round of monitoring conducted by the City?

The second 6-month round of lead and copper monitoring conducted by the City ended on June 30, 2015. Sixty-nine samples that complied with the site selection criteria were submitted and the 90th percentile lead level was calculated to be 11 ppb. The conclusion from these results was that the City, while in compliance with the action level, exceeded the level required to be deemed as having optimized corrosion control.

9. Why was the City required to collect 100 compliance samples for lead and copper in the first 6-month monitoring period of July through December of 2014 and then only 60 compliance samples in the second 6-month period of January through June of 2015?

The number of compliance samples required for lead and copper is based upon the population served by the water system as identified in the table below, taken from Rule 325.10710a of Act 399.

Supply Size (Number of People Served)	Number of Sites (Standard Monitoring)	Number of Sites (Reduced Monitoring)
More than 100,000	100	50
10,001 to 100,000	60	30
3,301 to 10,000	40	20
501 to 3,300	20	10
101 to 500	10	5
Fewer than 101	5	5

The number of samples the City was required to collect in the first round of monitoring after they began relying on the Flint River was based on the 2010 census, which listed the City's population as more than 100,000 residents. In March of 2015, the City provided updated information that indicated the City's population had decreased to less than 100,000. Therefore, they were only required to collect 60 samples. There is no rule prohibiting the collection of additional compliance samples – only establishing a minimum number necessary.

10. What actions did the DEQ order the City to undertake after the second round of monitoring?

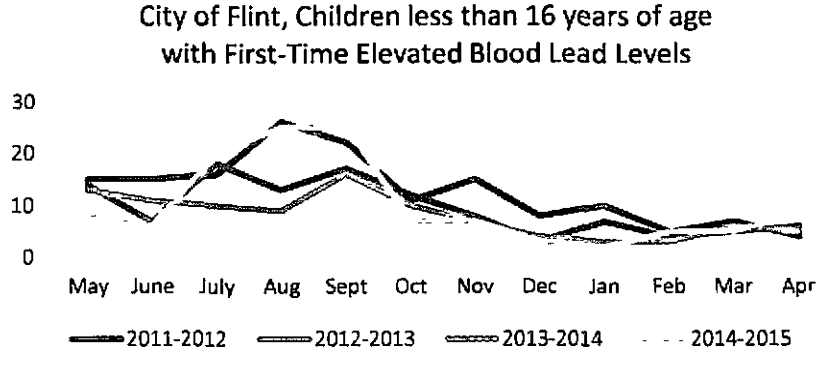
While the City's LCR compliance monitoring continued to meet action level requirements, the City exceeded the level required to be deemed as having optimized corrosion control. Following receipt of the City's compliance monitoring results, the DEQ sent a letter on August 17, 2015, requiring the City to install corrosion control treatment.

Under the LCR, the City has 6 months to let the DEQ know whether it intends to conduct a study, then 18 months to perform the study and make its recommendation, and 24 months to complete installation of the selected corrosion control. The DEQ requested the City accelerate this schedule. The City submitted plans and specifications to install corrosion control treatment and a construction permit was issued by the DEQ on October 28, 2015. The City is in the process of installing the necessary equipment and procuring the appropriate chemicals. Treatment is expected to be on-line by the end of November 2015. As of October 16, 2015, the City resumed purchasing water from DWSD that is already optimized and provides a corrosion inhibitor. The additional treatment by the City will further enhance the amount of inhibitor in the system.

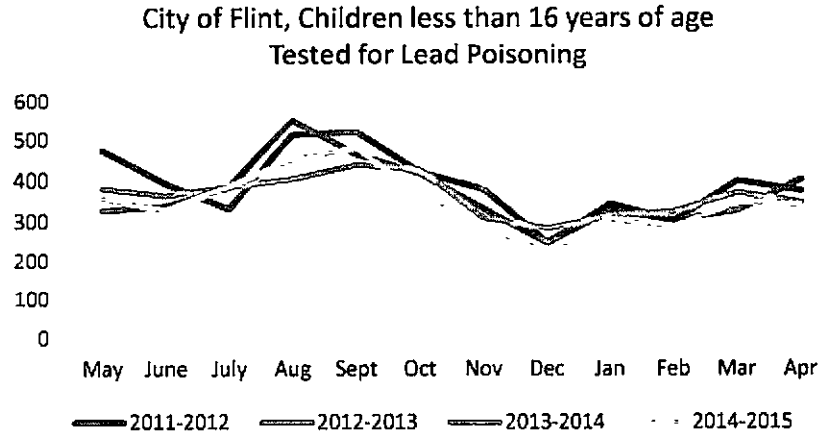
11. What had Michigan Department of Health and Human Services (DHHS) advised the DEQ regarding blood lead levels prior to the DEQ ordering the City to implement optimized corrosion control?

In an e-mail dated July 28, 2015, regarding blood lead testing, the Michigan DHHS indicated that they:

> "...compared lead testing rates and lead testing results to the same time frame for the previous 3 years, to see if there were any patterns that suggested that there were increased rates of lead poisoning after the water supply was switched. Per the attached charts –
>
> • Lead testing rates remained about the same from year-to-year...



- There was a spike in elevated blood lead tests from July-September 2014...



- However, that pattern was not terribly different from what we saw in the previous three years; especially in 2011-2012 (we are working with our Epidemiologist to statistically verify any significant differences).

- We commonly see a 'seasonal effect' with lead, related to people opening and closing windows more often in the summer, which disturbs old deteriorating paint on the windows, sills and sashes. Window fans frequently blow and spread the lead dust from the deteriorating paint to other parts of the room/house. We suspected that the summer data spike may be related to this effect.

- If the home water supply lines and/or river water were contributing to elevated blood lead tests, we expected that the increased rates would extend beyond the summer, but they drop quite a bit from September to October, stayed low over the winter, and are just starting to tail up again in the spring of 2015."

This e-mail from DHHS in concert with the completion of two 6-month rounds of lead compliance sampling data indicating that the City had not exceeded an action level for lead provided the basis for the DEQ to maintain that the water in the City continued to be in compliance with the federal SDWA and Act 399.

12. When did the DEQ first become aware of allegations of elevated blood levels being detected in certain children?

The DEQ was notified on August 23, 2015, by a professor from Virginia Tech that "over the next few months we will be studying Flint water quality issues..." Results indicating elevated lead levels in homes were reported as part of this study in late August. In September 2015, information was reported in news articles that

pediatricians in the City had data suggesting an increase in children's blood lead levels in two zip codes in the Flint area.

Prior to these dates, the City had already completed the required two 6-month rounds of monitoring and the DEQ had made a determination that the City must install corrosion control treatment as documented in correspondence dated August 17, 2015.

VIII. QUESTIONS RAISED REGARDING THE DEQ'S ACTIONS

1. **What was the DEQ's response to the USEPA's inquiry in February 2015 regarding the optimized corrosion control treatment being implemented by the City under the LCR?**

   The DEQ indicated that the City was complying with the LCR, the lead 90th percentile level was below the action level of 15 ppb, and the City was already conducting the second round of monitoring which would provide for a determination of whether additional treatment needed to be installed. It should be noted that once treatment is designated as optimal, there is no requirement in the LCR that lead results be lower than they were before treatment was installed. The 90th percentile only needs to be lower than the action level in the LCR.

2. **Did the DEQ attempt to mislead the USEPA in a February 27, 2015, e-mail responding to the USEPA's inquiry regarding Optimal Corrosion Control Treatment?**

   No. There was no attempt by the DEQ to mislead the USEPA. There is an e-mail from Steve Busch, Jackson and Lansing District Supervisor, Office of Drinking Water and Municipal Assistance, indicating that the City was practicing a corrosion control program. What was meant was that the City was performing the required monitoring to determine whether or not they were practicing optimized corrosion control. The DEQ subsequently clarified its position in follow-up e-mails and telephone conversations with the USEPA.

3. **When General Motors announced its intent to terminate water service from the City and purchase water from Genesee County, should this have been a sign that there were concerns with the quality of the water after the switch to the Flint River?**

   No. General Motors made a decision regarding the quality of water for its manufacturing processes. At the time, the company indicated that the chloride levels were above limits acceptable as part of the manufacturing facility's limit for production purposes. The level of chlorides in the water treated by the City was not a human health or aesthetic concern.

   Chloride does have a secondary maximum contaminant level established by the USEPA, not for health-related concerns but rather for taste and aesthetic concerns. Concentrations greater than the secondary maximum contaminant level of 250 milligrams per liter (mg/l) become objectionable due to taste. According to the City's records, the chloride concentration in the Flint River water is generally about 45 mg/l and the treated water chloride concentration leaving the water treatment

plant ranges between 55 and 65 mg/l. It should be noted that the City uses ferric chloride as its primary coagulant, although this does not add a significant amount of chloride to the finished water.

4. **Has the USEPA subsequently admitted that the LCR is subject to differing interpretations such as that presented by the DEQ?**

   Yes. On November 3, 2015, the USEPA issued a memorandum regarding the "Lead and Copper Rule Requirements for Optimal Corrosion Control Treatment for Large Drinking Water Systems". This memorandum addresses concerns raised about the application of the LCR, specifically the requirements pertaining to maintenance of optimal corrosion control treatment, in situations in which a large water system ceases to purchase treated water and switches to a new drinking water source. The USEPA states that this type of situation rarely arises, that the language of the LCR does not specifically discuss such circumstances, and that there are differing possible interpretations of the LCR with respect to how the rule's optimal corrosion control treatment procedures apply to this situation. The memorandum is intended to clarify, on a prospective basis, steps agencies should take or apply in the future. USEPA's new guidance provides acknowledgement that the LCR is subject to differing interpretations. The DEQ's interpretation and application of the LCR in this situation was in compliance with the federal SDWA and Act 399.

5. **Did the DEQ reject any of the samples submitted by the City?**

   Yes, samples at two locations were excluded from the compliance calculation in conformance with rules issued by the USEPA.

   According to the LCR, compliance samples must be a first draw, 1-liter sample collected from a cold water, kitchen or bathroom tap after the tap has stood unused for not less than 6 hours. Federal and state rules require community public water systems to identify a pool of targeted high-risk sampling sites, called Tier 1 sampling sites. For a municipality such as the City, the Tier 1 sampling pool must consist of single family structures that are:

   - served by a lead service line,
   - contain lead pipes, or
   - contain copper pipes soldered with lead installed after 1982 but before Michigan enacted the ban on solder containing high concentrations of lead (June, 1988).

   As long as a community has Tier 1 sites that contain lead service lines, they are required to collect at least 50 percent of their compliance samples from these lead service line sites. Finally, federal and state rules specify that "Sampling sites may not include faucets that have point of use or point of entry treatment devices designed to remove inorganic contaminants." Such treatment devices include home softeners, iron filters, etc. Samples collected from multiple family residences, commercial buildings, institutional facilities, or single family structures with point-of-use or point-of-entry treatment can only be used if the community has insufficient Tier 1 sites available.

One of the samples submitted by the City was excluded from the 90th percentile compliance calculation in the latest monitoring period because it was taken from a tap at a non-residential site (non-Tier 1). The other sample result that was excluded was collected from a single family home that has a whole house treatment system. Both of these sites are, therefore, excluded from the compliance consideration based upon federal and state rules

6. **Did the DEQ review the information submitted by the City to ensure all samples were from Tier 1 sites?**

Yes. The DEQ examined the information submitted and certified by the City that its LCR compliance monitoring sites consisted entirely of Tier 1 criteria sites, which met the requirements of this rule to maximize sampling of high-risk targeted sites.

During the initial implementation of the LCR approximately 25 years ago, water supplies were required to complete a materials evaluation of their distribution system to identify a pool of targeted, high-risk sampling sites. These sites were to be categorized into one of three Tiers (1, 2, or 3) based on risk. The DEQ created an LCR reporting template for water systems to identify each compliance sampling site by Tier, service line material, and building plumbing material.

If a water system has sufficient Tier 1 sites, they are required to sample them before using any lower Tier sites. Furthermore, if they have sufficient sampling sites with lead service lines, they are required to use them to make up at least 50 percent of their sampling pool each monitoring period. Water supplies are also required to use the same sampling sites each time or explain on their LCR reporting form why they were unable to do so. Finally, the water system is required to certify all of the information they provide on the LCR reporting form is factual.

The DEQ must rely upon the public water system to identify appropriate sampling sites for LCR monitoring. The DEQ public water supply program has no control or authority over service lines or domestic plumbing. As a result, we have no records on construction standards or materials used by customers for these components. If these records exist, they are kept by plumbing code enforcement officials.

In 2015, City employees again certified that the information submitted on their LCR monitoring reports for the two 6-month rounds of monitoring conducted after they began treating the Flint River were accurate, and DEQ staff review of that information indicated it was in compliance with the monitoring requirements. The DEQ had no reason to question the validity of the City's reports until the DEQ heard City employees revealing to the media that the City did not know for certain if its compliance monitoring was collected from homes with lead service lines. As a result, the DEQ began to investigate the City's monitoring sites. As the City began to transfer its customer information to electronic records, the DEQ determined from the information available that a significant number of these sites that had been listed as having lead service lines either did not have them or the information was unavailable. On November 9, 2015, the DEQ notified the City in writing that it would be necessary to conduct a complete assessment of its sampling pool and report back its findings by December 30, 2015. The DEQ is now awaiting the City's response.

7. Did the DEQ believe the levels of lead found at 212 Browning in April 2015 were indicative of a system-wide problem?

High levels of lead were collected in samples taken from this residence. It was determined to be coming from an unusually long lead service line. For some reason, this home was not connected to the water main that ran in front of the house, but rather to a main located on a street several houses away. The City replaced the lead service line May 6, 2015. Since the internal plumbing of the house is plastic, it was believed that replacement of the lead service line would resolve the problem, and subsequent sampling taken at this address showed that replacement of the service line did mitigate the problem. There was, therefore, no reason to believe that this was indicative of a system-wide problem.

8. Do the DEQ's sampling instructions comply with the LCR?

The DEQ continues to seek official clarification from the USEPA regarding the sampling protocols. The DEQ's sampling recommendations were developed to ensure compliance with the USEPA's guidance provided in the preamble to their lead and copper regulations that said that household use should be "typical" for a residential customer on the day before sample collection for lead and copper. Early in the implementation of the LCR, the DEQ had encountered too many situations where compliance samples had been collected from kitchen and bathroom taps that had not been used in days and in some cases, even weeks, resulting in excessively stagnated water and correspondingly high lead levels that did not represent typical exposure expected after overnight stagnation. To incorporate these results into further regulatory decision making could have led to actions that were not indicative of a true public health threat. Further complicating this issue was the USEPA's direct implementation of the LCR in Washington, D.C., where it was learned that some "valid" lead results were not always being included in compliance calculations. Subsequently, the USEPA made invalidation of samples for any reason much more difficult. In order to ensure samples were taken at customer taps representative of typical use, the DEQ devised the current recommendations for ensuring appropriate but not excessive stagnation for LCR monitoring.

The DEQ continues to believe it is appropriate to ensure that taps being sampled are representative of typical household use and are sampled during the recommended stagnation period of 6-18 hours. The LCR does not say the result should represent the "absolute worst case" condition – it talks about sampling the highest risk locations (lead plumbing, lead service lines, high lead content solder piping, etc.) after overnight stagnation and then collecting a first draw sample so as not to flush elevated lead from that tap at that point in time. There are a number of other states that share the DEQ's interpretation of the rule and the DEQ encourages the USEPA to provide official clarification directed at all states with primacy.

9. Does the DEQ require the use of small-neck bottles to obtain samples?

No. The DEQ does not mandate the use of small-neck bottles; it is the sampling method that is specified in both the federal SDWA and Act 399 Each certified drinking water laboratory provides bottles to their customers upon request for any particular analysis in accordance with the specifications in the SDWA. The bottles provided by the DEQ Drinking Water Laboratory for a lead and copper corrosion control sample meet these requirements.

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, November 25, 2015 10:52 AM
To: Natasha Henderson; Michael Glasgow; Brent Wright
Cc: Chris Kolb; Saxton, Thomas (Treasury)
Subject: RE: Request from the Flint Water Advisory Task Force

Thank you

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Wednesday, November 25, 2015 10:35 AM
To: Michael Glasgow <mglasgow@cityofflint.com>; Brent Wright <bwright@cityofflint.com>
Cc: Chris Kolb <chris@environmentalcouncil.org>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Fwd: Request from the Flint Water Advisory Task Force

Hello Mike,

Please schedule a meeting with yourself and Brent to speak with the Advisory Task Force. I will not be present for the meetings, and the meetings will be one on one. The Task Force is evaluating the water situation so this will not be very formal.

Hope you have a Happy Thanksgiving!

Thanks,

Natasha L. Henderson, City Administrator
1101 S. Saginaw St.
Flint, MI
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

---------- Forwarded message ----------
From: "Chris Kolb" <chris@environmentalcouncil.org>
Date: Nov 19, 2015 11:18 AM
Subject: Request from the Flint Water Advisory Task Force
To: "Natasha Henderson" <nhenderson@cityofflint.com>
Cc:

Natasha,

Attached is a letter we sent to your and the Mayor's attention last Friday. I wondered if you had had a chance to help with our request. We have several members who are available next Monday and Tuesday to meet with the requested individuals in Flint.

Thank you for your assistance in this matter.

Sincerely,

Chris Kolb, President & CEO
Michigan Environmental Council
602 W. Ionia
Lansing, MI 48933

517.487.9539 (office)
517.487.9541 (fax)
734.277.1536 (cell)

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www.twitter.com/michenvcouncil

Flint Water Advisory Task Force

November 12, 2015

Ms. Karen Weaver, Mayor
Ms. Natasha Henderson, City Administrator
City Hall
1101 S. Saginaw St.
Flint, MI 48502

Dear Mayor Weaver and Administrator Henderson:

As you are aware, Governor Snyder has appointed a Flint Water Advisory Task Force to review what led to the problem of high lead levels in drinking water, review the related regulatory framework, and make appropriate recommendations to prevent reoccurrence in Flint or elsewhere in Michigan. Members of the Task Force are Dr. Lawrence Reynolds, Dr. Matthew Davis, Eric Rothstein, Chris Kolb, and Ken Sikkema.

As part of our review, we would like to talk with appropriate individuals who are or were responsible for Flint Water Treatment Plant operations and capital planning during the past few years. We think these discussions are important for us to understand how the source water conversion was planned and implemented, how challenges in treating water from the Flint River were managed, and how water quality in the distribution system was monitored and addressed.

Individuals we would like to meet with include (1) Howard Croft, (2) DPW Staff – Daugherty Johnson, Brent Wright, Mike Glasgow and (3) Warren Green with the LAN engineering firm. We are requesting your assistance in securing the availability of these individuals in the afternoon of Monday, November 23 or anytime on Tuesday, November 24. If preferable, we can contact these individuals directly for scheduling purposes and would request your assistance in ensuring this scheduling is appropriately prioritized.

Please feel free to contact us through email or by telephone. Thank you for your assistance and cooperation in this important matter.

Sincerely,

Chris Kolb
chris@environmentalcouncil.org
517-487-9539

Ken Sikkema
ksikkema@pscinc.com
517-484-4954

Cc: Dr. Lawrence Reynolds
Dr. Matthew Davis
Eric Rothstein

Workman, Wayne (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, November 25, 2015 1:05 PM
To: Ken Sikkema
Cc: Baird, Richard (GOV); Workman, Wayne (TREASURY)
Subject: RE: Flint Water Advisory Task Force Interviews in Fllint
Attachments: Fwd: Request from the Flint Water Advisory Task Force

Ken,
Wayne and I spoke to Natasha this morning. She is on vacation. We delivered the message quite clearly and she should understand now that the Task Force is to have open access to key City individuals. Further, we indicated she does not need to be nor should she be present during those conversations. (See attached.) I did not have your list at the time of the conversation with her; my understanding is one of the individuals may no longer be engaged with the City. The bottom line is, if you still are having trouble reaching or talking to people, just let us know and we will follow up.

From: Ken Sikkema [mailto:ksikkema@pscinc.com]
Sent: Wednesday, November 25, 2015 10:30 AM
To: Saxton, Thomas (Treasury)
Cc: Baird, Richard (GOV)
Subject: Flint Water Advisory Task Force Interviews in Fllint

Tom:

Just got off the phone with Rich Baird regarding our desire to interview individuals in Flint who had/have responsibility for various aspects of managing the Flint Treatment Plant or responsibility in the Department of Public Works. The attached letter lists the initial list prepared by Eric Rothstein, It is essential that we have unfettered and unrestricted access to these individuals.

Thank you for your assistance.

Ken

--

Ken Sikkema
Senior Policy Fellow
Public Sector Consultants
PH: 517-484-4954
ksikkema@pscinc.com

Pleyte, Beth (Treasury)

From: Chris Kolb <chris@environmentalcouncil.org>
Sent: Wednesday, November 25, 2015 3:25 PM
To: Michael Glasgow
Cc: Natasha Henderson; Brent Wright; Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Subject: Re: Request from the Flint Water Advisory Task Force

Mike,

Thanks for getting back to me. Are you and Brent available on Wednesday?

Thanks,
Chris Kolb

Sent from my iPhone

On Nov 25, 2015, at 1:04 PM, Michael Glasgow <mglasgow@cityofflint.com> wrote:

> Chris,
>
> I can make myself available Monday afternoon or later Tuesday afternoon to meet. I believe Brent will be available at these times as well. If these times are not convenient for you, let me know what works best for you and we will try to adjust our schedules accordingly.
>
> Sincerely,
>
> On Wed, Nov 25, 2015 at 10:35 AM, Natasha Henderson <nhenderson@cityofflint.com> wrote:
>
> Hello Mike,
>
> Please schedule a meeting with yourself and Brent to speak with the Advisory Task Force. I will not be present for the meetings, and the meetings will be one on one. The Task Force is evaluating the water situation so this will not be very formal.
>
> Hope you have a Happy Thanksgiving!
>
> Thanks,
>
> Natasha L. Henderson, City Administrator
> 1101 S. Saginaw St.
> Flint, MI
> Email: nhenderson@cityofflint.com
> Phone: (810) 237-2057
> www.cityofflint.com

---------- Forwarded message ----------
From: "Chris Kolb" <chris@environmentalcouncil.org>
Date: Nov 19, 2015 11:18 AM
Subject: Request from the Flint Water Advisory Task Force
To: "Natasha Henderson" <nhenderson@cityofflint.com>
Cc:

Natasha,

Attached is a letter we sent to your and the Mayor's attention last Friday. I wondered if you had had a chance to help with our request. We have several members who are available next Monday and Tuesday to meet with the requested individuals in Flint.

Thank you for your assistance in this matter.

Sincerely,

Chris Kolb, President & CEO
Michigan Environmental Council
602 W. Ionia
Lansing, MI 48933

517.487.9539 (office)
517.487.9541 (fax)
734.277.1536 (cell)

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www.environmentalcouncil.org
www.twitter.com/ckolb
www.twitter.com/michenvcouncil

--
Mike Glasgow
Utilities Administrator
City of Flint
1101 S. Saginaw St.
Flint, MI 48502
(810)766-7135 ext. 2602

$79,500,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS, SERIES 2015B
(LIMITED TAX GENERAL OBLIGATION)

Bond Production Report - Retail

Sale Date: 11/18/15
Dated Date: 11/25/15
Delivery Date: 11/25/15
First Coupon Date: 5/1/16

First Call Date: 11/1/25
First Call Premium: 100.00%

Principal Due	Principal	Bond Type	Cumulative Bond Years	Coupon	Yield	Price		Gross Production
11/1/16	$0.00	Serial	0.00	5.000%	5.000%	100.000		$0.00
11/1/17	1,205,000.00	Serial	2,329.67	5.000%	0.870%	107.900		1,300,195.00
11/1/18	1,260,000.00	Serial	6,025.67	5.000%	1.260%	110.736		1,395,273.60
11/1/19	1,325,000.00	Serial	11,237.33	5.000%	1.510%	113.277		1,500,920.25
11/1/20	1,395,000.00	Serial	18,119.33	5.000%	1.740%	115.348		1,609,076.70
11/1/21	1,460,000.00	Serial	26,782.00	5.000%	1.970%	116.887		1,706,550.20
11/1/22	1,530,000.00	Serial	37,390.00	5.000%	2.180%	118.053		1,806,210.90
11/1/23	1,610,000.00	Serial	50,162.67	5.000%	2.380%	118.837		1,913,275.70
11/1/24	1,685,000.00	Serial	65,215.33	5.000%	2.580%	119.196		2,008,452.60
11/1/25	1,770,000.00	Serial	82,797.33	5.000%	2.750%	119.439		2,114,070.30
11/1/26	1,865,000.00	Serial	103,186.00	5.000%	3.030%	116.787	**	2,178,077.55
11/1/27	1,960,000.00	Serial	126,577.33	5.000%	3.150%	115.672	**	2,267,171.20
11/1/28	2,056,000.00	Serial	153,155.33	5.000%	3.220%	115.027	**	2,363,804.85
11/1/29	2,155,000.00	Serial	183,181.67	5.000%	3.260%	114.661	**	2,470,944.55
11/1/30	2,265,000.00	Serial	217,005.67	5.000%	3.310%	114.206	**	2,586,743.25
11/1/31	2,380,000.00	Serial	254,927.00	5.000%	3.380%	113.570	**	2,702,966.00
11/1/32	2,495,000.00	Serial	297,175.67	5.000%	3.500%	112.492	**	2,806,675.40
11/1/33	2,625,000.00	Serial	344,250.67	5.000%	3.650%	112.046	**	2,941,207.50
11/1/34	2,750,000.00	Serial	396,317.33	5.000%	3.800%	111.602	**	3,069,055.00
11/1/35	2,890,000.00	Serial	453,924.67	5.000%	3.850%	111.161	**	3,212,552.90
11/1/36	3,035,000.00	Serial	517,457.33	5.000%	3.700%	110.721	**	3,360,382.35
11/1/37	3,185,000.00	Serial	587,315.00	5.000%	3.750%	110.284	**	3,512,545.40
11/1/38	3,345,000.00	Term	664,027.00	5.000%	4.347%	109.415	**	3,659,931.75
11/1/39	3,515,000.00	Term	748,152.67	5.000%	4.362%	109.415	**	3,845,937.25
11/1/40	3,690,000.00	Term	840,156.67	5.000%	4.375%	109.415	**	4,037,413.50
11/1/41	3,875,000.00	Term	940,648.33	5.000%	3.850%	109.415	**	4,239,831.25
11/1/42	4,065,000.00	Term	1,050,132.33	5.000%	4.425%	108.984	**	4,430,199.60
11/1/43	4,270,000.00	Term	1,169,407.67	5.000%	4.435%	108.984	**	4,653,616.80
11/1/44	6,755,000.00	Term	1,364,852.33	5.000%	4.444%	108.984	**	7,361,869.20
11/1/45	7,085,000.00	Term	1,576,930.00	5.000%	3.900%	108.984	**	7,721,516.40
	$79,500,000.00							$88,776,466.95

Par Amount:	$79,500,000.00		
Production (Discount)/Premium:	9,276,466.95		
Gross Production:	$88,776,466.95	111.66851%	
(Bond Insurance):	0.00	0.00000%	
Underwriter's (Discount):	(341,210.00)	0.42919%	
Bid:	$88,435,256.95	111.23932%	
Accrued:	0.00		
Net to Issuer:	$88,435,256.95		
Gross Interest Cost:	$78,846,500.00		
+ Net Discount/(Premium):	(8,935,256.95)		
Net Interest Cost:	$69,911,243.05		
Bond Years:	1,576,930.00		
Average Coupon:	5.00000% @	100.00000%	
Average Life:	19.836		
Net Interest Rate:	4.43338% @	111.23932%	
True Interest Cost:	4.12362% @	111.23932%	
Arbitrage Yield:	3.51390% @	111.66851%	
Run Date: 10/2/15 15:55			

** Callable Premium Bonds Priced to 11/1/25 Call Date @ 100.00%
Significant for Arbitrage Purposes

Original Issue Premium	$9,276,466.95
Original Issue Discount	0.00
Net OI Premium	$9,276,466.95

Public Financial Management, Inc.
3989 Research Park Drive
Ann Arbor, Michigan 48108
Telephone: (734) 668-8668 Fax: (734) 668-8723

PRS

$229,500,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS (KAREGNONDI WATER PIPELINE), SERIES 2014A
(LIMITED TAX GENERAL OBLIGATION)

Dated: 15-Apr-14
Delivery Date: 15-Apr-14
Bond Term: 29 yrs, 7 mos
Average Life: 19.45

$70,500,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS, SERIES 2015B
(LIMITED TAX GENERAL OBLIGATION)

Dated: 25-Nov-15
Delivery Date: 25-Nov-15

SCHEDULE OF ESTIMATED REVENUE SUPPORTING BONDED DEBT

FY End 12-31	[1] Genesee County Operating	[2] Genesee County Capital	[1] City of Flint Operating	[2] City of Flint Capital	All Retention	[1] Annual O&M Costs	Revenue Available for Debt Service	$229,500,000 SERIES 2014A Interest Due May 1	Interest Due Nov 1	Split Interest Rate	Split Interest Rate	Principal Due May 1	Total	$70,500,000 SERIES 2015B Interest Due May 1	Interest Due Nov 1	Estimated Interest Rate	Principal Due Nov 1	Total P&I	Total KWA Water Bonds	Genesee 2014 A Capitalized Interest	Genesee 2014 B Capitalized Interest	Net Existing & Proposed Debt	Total KWA & Water Bonds Debt
2014	$1,352,600	$0	$374,000	$0	$1,026,200	$1,000,200	$0		$6,027,369 [3]				$6,027,369					$0	$8,767,363	($4,027,369)	$0	$0	$4,739,994
2015	1,356,600	$0	$78,000	0	1,939,200	1,939,200	0	5,503,744	5,503,744			0	11,127,488	$0	$0		0	0	11,127,488	($11,127,488)	0	0	0
2016	1,000,925	$0	974,706	0	2,236,700	2,236,700	0	5,503,744	5,503,744			0	11,127,488	1,722,500	1,987,500		0	3,710,000	14,837,488	($11,127,488)	($3,710,000)	0	2,527,999
2017	1,363,707	13,530,588	1,053,703	6,661,003	22,653,056	8,431,457	20,412,486	5,503,744	5,503,744	5.000%	3.000%	4,105,000	19,002,488	1,987,500	1,987,500	5.000%	1,265,000	5,190,000	20,412,486			20,411,988	22,930,575
2018	1,454,626	13,530,188	1,124,451	6,661,503	22,021,006	2,678,017	20,411,988	5,401,119	5,401,119	5.000%	4.000%	4,275,000	19,237,238	1,987,375	1,987,375	5.000%	1,325,000	5,179,750	20,413,238			20,413,238	22,930,825
2019	1,456,925	13,531,290	1,125,185	6,661,948	23,060,525	2,638,388	20,413,238	5,295,869	5,295,869	5.000%	4.000%	4,475,000	19,237,738	1,937,875	1,937,875	5.000%	1,385,000	5,180,750	20,413,238			20,413,238	22,942,425
2020	1,456,200	13,530,519	1,125,185	6,662,728	23,068,525	2,658,388	20,413,238	5,189,494	5,189,494	5.000%	4.000%	4,683,000	19,262,988	1,887,875	1,887,875	5.000%	1,450,000	5,175,750	20,410,738			20,410,738	22,930,175
2021	1,456,200	13,529,681	1,125,185	6,660,853	23,067,125	2,658,388	20,410,738	5,082,494	5,082,494	5.000%	3.000%	4,870,000	19,034,988	1,837,875	1,837,875	5.000%	1,525,000	5,175,750	20,409,238			20,409,238	22,930,675
2022	1,456,200	13,527,675	1,125,185	6,661,503	23,065,925	2,658,388	20,409,238	5,080,744	5,080,744	5.000%		5,065,000	15,226,488	1,821,375	1,821,375	5.000%	1,600,000	5,242,750	20,469,238			20,469,238	22,934,675
2023	1,456,200	13,528,575	1,125,185	6,660,403	23,065,375	2,658,388	20,406,988	4,953,869	4,953,869	5.000%		5,265,000	15,172,738	1,761,125	1,761,125	5.000%	1,680,000	5,202,250	20,375,238			20,375,238	22,934,575
2024	1,456,200	13,531,035	1,125,185	6,661,003	23,065,628	2,658,388	20,407,238	4,820,744	4,820,744	5.000%		5,480,000	15,121,488	1,742,875	1,742,875	5.000%	1,765,000	5,250,750	20,372,238			20,372,238	22,933,425
2025	1,456,200	13,530,210	1,125,185	6,660,028	23,064,625	2,658,388	20,406,238	4,682,869	4,682,869	5.000%		5,705,000	15,070,738	1,700,750	1,700,750	5.000%	1,770,000	5,171,500	20,410,988			20,410,988	22,933,175
2026	1,456,200	13,528,238	1,125,185	6,661,783	23,067,375	2,658,388	20,410,988	4,533,994	4,533,994	5.000%		5,165,000	15,232,988	1,658,500	1,658,500	5.000%	1,855,000	5,170,750	20,414,488			20,414,488	22,944,163
2027	1,456,200	13,531,200	1,125,185	6,661,710	23,067,978	2,658,388	20,414,488	4,378,869	4,378,869	5.250%		5,475,000	15,234,738	1,606,875	1,606,875	5.000%	1,950,000	5,170,750	20,411,550			20,411,550	22,939,038
2028	1,456,200	13,529,639	1,125,185	6,661,711	23,067,938	2,658,388	20,411,550	4,200,000	4,200,000	5.250%		5,815,000	15,234,800	1,552,875	1,552,875	5.000%	2,050,000	5,170,750	20,411,013			20,411,013	22,937,906
2029	1,456,200	13,529,791	1,125,185	6,661,291	23,067,400	2,656,388	20,411,013	4,031,006	4,031,006	5.250%		7,170,000	15,232,013	1,500,000	1,500,000	5.000%	2,153,000	5,174,000	20,411,575			20,411,575	22,937,300
2030	1,456,200	13,530,415	1,125,185	6,661,155	23,067,953	2,658,388	20,411,575	3,842,663	3,842,663	5.250%		7,530,000	15,225,325	1,439,625	1,439,625	5.000%	2,260,000	5,178,250	20,411,050			20,411,050	22,937,825
2031	1,456,200	13,530,603	1,125,185	6,661,548	23,068,536	2,658,388	20,411,950	3,644,475	3,644,475	5.250%		7,905,000	15,233,950	1,369,000	1,369,000	5.000%	2,375,000	5,174,000	20,410,838			20,410,838	22,937,963
2032	1,456,200	13,530,440	1,125,185	6,661,530	23,067,225	2,658,388	20,410,838	3,435,919	3,435,919	5.250%		8,305,000	15,226,838	1,330,500	1,330,500	5.000%	2,495,000	5,174,000	20,411,025			20,411,025	22,936,650
2033	1,456,200	13,530,270	1,125,185	6,661,853	23,068,313	2,658,388	20,411,025	3,218,306	3,218,306	4.500%		8,800,000	15,222,675	1,277,125	1,277,125	5.000%	2,620,000	5,174,250	20,409,575			20,409,575	22,932,788
2034	1,456,200	13,529,639	1,125,185	6,661,056	23,066,080	2,655,388	20,409,575	3,018,306	3,018,306	5.250%		9,260,000	15,296,675	1,211,500	1,211,500	5.000%	2,750,000	5,173,000	20,409,178			20,409,178	22,958,744
2035	1,456,200	13,529,152	1,125,185	6,661,023	23,065,960	2,658,388	20,406,178	2,778,838	2,778,838	5.250%		9,680,000	13,233,675	1,142,750	1,142,750	5.000%	2,885,000	5,170,500	20,411,475			20,411,475	20,938,866
2036	1,456,200	13,529,518	1,125,185	6,661,857	23,067,853	2,658,388	20,411,475	2,523,738	2,523,738	5.250%		10,190,000	15,238,475	1,070,500	1,070,500	5.000%	3,035,000	5,176,000	20,409,750			20,409,750	22,936,031
2036	1,456,200	13,529,641	1,125,185	6,660,800	23,065,393	2,658,388	20,406,750	2,253,250	2,253,250	5.250%		10,725,000	15,235,500	994,625	994,625	5.000%	3,185,000	5,174,250	20,412,438			20,412,438	22,941,438
2037	1,456,200	13,528,041	1,125,185	6,661,900	23,065,128	2,658,388	20,412,438	1,973,719	1,973,719	5.250%		11,290,000	15,237,438	918,000	918,000	5.000%	3,345,000	5,176,000	20,412,463			20,412,463	20,412,463
2038	1,456,200	13,530,588	1,125,185	6,662,531	23,068,025	2,658,388	20,412,463	1,677,256	1,677,256	5.250%		11,880,000	15,234,713	831,375	831,375	5.000%	3,515,000	5,177,750	20,413,013			20,413,013	20,413,013
2039	1,456,200	13,529,807	1,125,185	6,662,655	23,068,388	2,658,388	20,412,463	1,365,506	1,365,506	5.250%		12,505,000	15,236,013	743,500	743,500	5.000%	3,690,000	5,177,000	20,412,000			20,412,000	19,412,000
2040	1,456,200	13,531,058	1,125,185	6,661,953	23,068,400	2,658,388	20,413,013	1,037,250	1,037,250	5.250%		13,150,000	15,224,500	651,250	651,250	5.000%	3,875,000	5,177,500	20,410,250			20,410,250	20,410,250
2041	1,456,200	13,530,164	1,125,185	6,661,815	23,068,388	2,658,388	20,412,000	708,250	708,250	5.000%		13,820,000	15,236,500	554,375	554,375	5.000%	4,065,000	5,173,750	20,410,250			20,411,000	20,411,000
2042	1,456,200	14,287,175	1,125,185	6,122,078	23,066,638	2,655,388	20,411,000	362,750	362,750	5.000%		14,512,000	15,235,500	452,750	452,750	5.000%	4,270,000	5,175,500	20,411,000			7,447,000	7,447,000
2043	1,456,200	14,287,700	1,125,185	6,121,300	23,067,388	2,658,388	20,411,000	0	0	5.000%		0	0	348,000	348,000	5.000%	4,723,000	7,447,000	7,447,000			7,439,256	7,439,256
2044	1,456,200	5,212,800	1,125,185	2,224,100	10,103,288	2,655,388	7,447,000	0	0	5.000%		0	0	177,125	177,125	5.000%	7,085,000	7,439,250	7,439,250			3,635,171,484	3,635,171,484
2045	1,456,200		1,125,185	7,439,250	10,095,638	2,655,388	7,439,250																
								$106,502,838	$113,680,227			$220,500,000	$439,683,064	$30,200,750	$30,255,750		$70,000,000	$160,546,000	$367,679,564	($26,282,364)	($3,710,000)	$363,687,200	$826,171,464

[1] Projected annual operating costs provided by the KWA. Allocation based on 6yr, initially Genesee system 66.4% Flint system 33.6%.
[2] Revenue estimate provided by the KWA based on fixed charges for system capacity from Genesee County and City of Flint.
Approx Allocations 2017-2038 Genesee 66% Flint 34%, 2039-2041 Genesee 67% Flint 33%, 2042-2044 Genesee 70% Flint 30%.
[3] Interest from date of issue to first interest payment date.

Cousineau, Sara (Treasury)

From: Connors, Paul (Treasury)
Sent: Monday, November 30, 2015 10:20 AM
To: Cousineau, Sara (Treasury)
Subject: FW: City of Flint Lawsuit

Can you set up a conference call with him, me, Fred Headen and Ann. Thanks

From: Dave N Sheeran [mailto:Dave.Sheeran@Meadowbrook.com]
Sent: Monday, November 30, 2015 10:11 AM
To: Connors, Paul (Treasury) <ConnorsP@michigan.gov>
Cc: Steven Smith <Steven.Smith@Meadowbrook.com>
Subject: RE: City of Flint Lawsuit

Paul,

Can we set up a call to talk about this coverage?

David N. Sheeran, CPA | Executive Vice President
[o] 248. 204.8544 [c] 248.361.0084 [f] 248.869.6045
26255 American Drive, Southfield MI 48034
MEADOWBROOK INSURANCE AGENCY
DIVISION OF MEADOWBROOK INSURANCE GROUP

From: Connors, Paul (Treasury) [mailto:ConnorsP@michigan.gov]
Sent: Tuesday, November 24, 2015 9:13 AM
To: Dave N Sheeran
Cc: Storberg, Ann Marie (TREASURY)
Subject: FW: City of Flint Lawsuit

Dave

Here is our legal counsel's views. I believe that as an EM the SOM will purchase liability coverage. How much is coverage for the EMs. Do cost vary upon locale?

From: Headen, Frederick (Treasury)
Sent: Friday, November 20, 2015 3:35 PM
To: Connors, Paul (Treasury) <ConnorsP@michigan.gov>
Subject: RE: City of Flint Lawsuit

[redacted]

From: Connors, Paul (Treasury)
Sent: Friday, November 20, 2015 11:40 AM
To: Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Subject: FW: City of Flint Lawsuit

Thoughts?

From: Dave N Sheeran [mailto:Dave.Sheeran@Meadowbrook.com]
Sent: Thursday, November 19, 2015 12:51 PM
To: Connors, Paul (Treasury) <ConnorsP@michigan.gov>
Cc: Steven Smith <Steven.Smith@Meadowbrook.com>
Subject: FW: City of Flint Lawsuit

Dear Paul,

Thanks for your time yesterday. Meanwhile today we received notice of a lawsuit recently filed in regards to the City of Flint water system. As you will note, Darnell Earley is a named defendant.

We have notified the carrier and will follow up with the carrier. Meanwhile, we want to circle back on the State of Michigan defending emergency managers particularly when they are no longer the EM at the public entity. If the SOM agrees to defend a former EM's actions, then the professional liability coverage for a current EM will be more attractive to the markets and cost less. In this case Mr Earley is named in a lawsuit for his actions while at the City of Flint and there is a policy in place. We are working on the renewal for his professional liability coverage while the EM at DPS.

Does the SOM want each EM to purchase individual professional liability and charge the premium to the public entity? What public entity and how would we allocate this premium?

Sorry to bring this up, just looking for clarification.

Please call me to discuss any questions.

David N. Sheeran, CPA | Executive Vice President
[o] 248. 204.8544 [c] 248.361.0084 [f] 248.869.6045
26255 American Drive, Southfield MI 48034
MEADOWBROOK INSURANCE AGENCY
DIVISION OF MEADOWBROOK INSURANCE GROUP

From: John Clark [mailto:jclark@gmhlaw.com]
Sent: Thursday, November 19, 2015 12:00 PM
To: Dave N Sheeran; Steven Smith
Cc: Darnell Earley
Subject: RE: City of Flint Lawsuit

Dave/Steve – Attached is a lawsuit recently filed in regards to the City of Flint water system. As you will note, Darnell Earley is a named defendant. Please take all necessary steps to ensure that the appropriate insurance carrier is notified of this claim.

Please advise.

John

John Clark
Giarmarco, Mullins & Horton, P.C.
Tenth Floor Columbia Center
101 West Big Beaver Road
Troy, Michigan 48084-5280
Phone: (248) 457-7023
Fax: (248) 404-6323
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www.gmhlaw.com

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Schafer, Suzanne K. (Treasury)

From: Byrne, Randall (Treasury)
Sent: Monday, November 30, 2015 11:04 AM
To: Workman, Wayne (TREASURY); Schafer, Suzanne K. (Treasury)
Subject: Karegnondi water system update

Wayne and Suzanne:

FYI, Mayor Weaver nominated herself to be Chairman of the Karegnondi Water Authority Board. The Authority selected Drain Commissioner, Greg Alexander from Sanilac County as the new Chairman. Councilman Eric Mays and Laura Sullivan were also sworn in as new members on the Board. Please let me know if you have any questions.

Thanks,
Randy

Randall Byrne | State Administrative Manager
Local Government Services - Fiscal Responsibility Section
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Monday, November 30, 2015 2:55 PM
To: Workman, Wayne (TREASURY)
Subject: Meeting with the Genesee County Drain Office and Mayor Weaver

Wayne:

Drain Commissioner, Jeff Wright has a meeting scheduled with Mayor Weaver at 11:00 a.m. on December 2nd. at Flint City Hall. Please discuss with me.

Thanks,
Randy

Randall Byrne | State Administrative Manager
Local Government Services - Fiscal Responsibility Section
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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Workman, Wayne (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Monday, November 30, 2015 4:35 PM
To: Stanton, Terry A. (Treasury); Workman, Wayne (TREASURY)
Cc: Sampson, Jeremy (TREASURY)
Subject: RE: Tracking the appropriations on certain bills

Unless I am missing something I am 'good' with Brian's response below

From: Stanton, Terry A. (Treasury)
Sent: Monday, November 30, 2015 1:18 PM
To: Workman, Wayne (TREASURY)
Cc: Saxton, Thomas (Treasury) ; Sampson, Jeremy (TREASURY)
Subject: Re: Tracking the appropriations on certain bills

Yes probably. Can get that from BC.

On Nov 30, 2015, at 1:09 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

> Will his next question be how much was spent on Detroit?
>
> Sent from my iPhone
>
> On Nov 30, 2015, at 1:06 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
>
> > All-
> >
> > See Brian's suggested response in bold below. I think this works fine but wanted your collective ok...
> >
> > Please advise.
> >
> > -- On the $780K spent on the EMs, was that just for FY 2013 or did that carry forward into other fiscal years?
> >
> > **In Fiscal Year 2013 $696,583 was spent on Emergency Managers. We had additional carryover funds and on going funding to cover emergency manager costs for Fiscal Year 2014 and 2015.**
> >
> > -- Of the $2.9M spent to "cover the costs of financial consultants, legal services, operations management and other professional services," was that specifically on Detroit or did other municipalities/local governments get a cut?
> >
> > **The $2,900,000 in consultant, legal and operational costs were across all municipalities and school districts that fell under P.A 436.**
> >
> > Begin forwarded message:

From: "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>
Date: November 30, 2015 at 11:55:05 AM EST
To: "Carpenter, Brian (TREASURY)" <CarpenterB@michigan.gov>
Cc: "Sampson, Jeremy (TREASURY)" <SampsonJ@michigan.gov>
Subject: Fwd: Tracking the appropriations on certain bills

Brian...

See below which you should've received as a fwd a few minutes ago.

Was any of the $780 spent in fy'14? I assume there was some carryover...

And on question 2, it wasn't just Detroit correct?

Thanks...TS

Begin forwarded message:

> **From:** Jacob Kanclerz <jacob@mirsnews.com>
> **Date:** November 30, 2015 at 11:38:37 AM EST
> **To:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> **Cc:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>, "Pleyte, Beth (Treasury)" <PleyteB@michigan.gov>
> **Subject: Re: FW: Tracking the appropriations on certain bills**
>
> Quick couple follow-ups on this info as I look to finish this up today:
>
> -- On the $780K spent on the EMs, was that just for FY 2013 or did that carry forward into other fiscal years?
>
> -- Of the $2.9M spent to "cover the costs of financial consultants, legal services, operations management and other professional services," was that specifically on Detroit or did other municipalities/local governments get a cut?
>
> On Wed, Nov 25, 2015 at 2:28 PM, Jacob Kanclerz <jacob@mirsnews.com> wrote:
>
> Tom! Good to hear from you again. Sorry to hear about Terry. I'll follow up with you guys a bit more

next week if need be, I had to push this story back for another matter that just came up, but I appreciate the response.

On Wed, Nov 25, 2015 at 2:09 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

Jacob – Terry has been out on some family issues... so I am trying to cover for him. See the highlighted response below in terms of your email re expenditures/appropriations on some of the distress communities. Hopefully this answers your question(s). I am going to be out this afternoon but I am around next week to track down info if you have follow up questions.

From: Carpenter, Brian (TREASURY)
Sent: Wednesday, November 25, 2015 10:33 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Subject: RE: Tracking the appropriations on certain bills

Tom, please see below. Let me know if you want more detail.

According to the bill language, the $780K is for Treasury "to administer the provisions of this act and to pay the salaries of emergency managers."

The entire $780,000 was spent to cover the salaries of emergency managers for the following cities / school districts:

Allen Park

Benton Harbor

Detroit

Detroit Public Schools

Ecorse

Flint

Hamtramck

Highland Park Schools

Muskegon Heights Schools

And on the $5.78 M is "to administer the provisions of this act, to secure the services of financial consultants, lawyers, work-out experts, and other professionals to assist in the implementation of this act, and to assist local governments in proceeding under chapter 9."

Of the $5,000,000 appropriated $2,948,532 has been spent to cover the costs of financial consultants, legal services, operations management and other professional services. The remaining balance as of 9/30/2015 is $2,051,457. The remaining funds will continue to be used to support local distressed communities and schools.

Note:

$10,000,000 was appropriated in 2012 to cover the costs of consulting services for local units. The funds appropriated in 2012 were used until June of 2014, therefore the 2013 appropriation would not have been used until all remaining 2012 funds were expended.

From: Saxton, Thomas (Treasury)
Sent: Wednesday, November 25, 2015 5:44 AM
To: Carpenter, Brian (TREASURY) <CarpenterB@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Pleyte, Beth (Treasury) <PleyteB@michigan.gov>
Subject: Re: Tracking the appropriations on certain bills

following our conversation yesterday afternoon... where are you at in terms of the response we talked about ? He is under a deadline.

From: Jacob Kanclerz [mailto:jacob@mirsnews.com]
Sent: Wednesday, November 18, 2015 1:58 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Tracking the appropriations on certain bills

Terry,

I'm doing some digging on some appropriations that have been tacked onto certain bills in the past

few years, and I have a few I wanted to check on that pertain to Treasury.

First, on SB 865 from 2012, I wanted to see how both the $5.78M and $780K were spent.

According to the bill language, the $780K is for Treasury "to administer the provisions of this act and to pay the salaries of emergency managers."

And on the $5.78M is "to administer the provisions of this act, to secure the services of financial consultants, lawyers, work-out experts, and other professionals to assist in the implementation of this act, and to assist local governments in proceeding under chapter 9."

I'm particularly curious about the last one, given the specific of chapter 9 bankruptcy. This bill was signed into law about half a year before the city of Detroit entered into its Chapter 9 case.

Both appropriations were made for FY 2013, but both were made work project appropriations, so I'd love to know if there were any left over funds as it pertains to this bill.

Next, I have HB 4361 from 2011. This bill had $1M appropriated to Treasury (I believe) to begin implementing the requirements of the bill. I'd like to know how it was specifically spent. Also, this also had work project account status, so if there are leftover funds, let me know.

My deadline for this is next Wednesday, 11/25, at the latest. Thank you!

Nov 2015

Flint 9AM

Josh Freeman

- (Natasha, Mayor Walling, Wendy Lamphier (for Fred)
- Randy Eric

Watershed break

- Flint is not pressing right now
- Not pressing — coz of the cost
- Will issue a RFP

Lead Problem

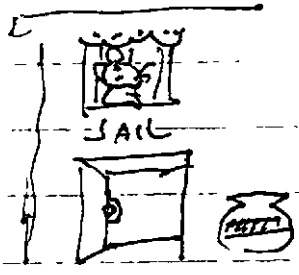
- ~~It~~ true that adding ortho phosphate reduces leaching
- Flint working with DEQ to do that.
- Not started that — Planning that out RFP out
- In compliance w Safe water drinking Act so it pertains to Lead.
- Flint will do a press conference.
- 2 related issues

1. Virtech. came in 2 yrs ago on Detroit system — test hitting water — would have found lead in samples as well.

underlying problem too much lead in system
- WATER sitting in lead pipes will always

FDCVT grant

- Agr. is complete -
- NAT → received & yest.
- spoke & submitted to



WATER lawsuits update

- No new developments
- hopeful for a stay

Working w Chatter Lorem. Now

- focusing on getting charter to the voters
Will foundation to help fund their efforts

FLINT CALL

NATASHA

- WENDY

MAYOR NATASHA

- Priorities

- Received order yesterday
- working on a plan to curtail
  1. Hiring freeze
  2. Spending freeze
- people NOT paying water bills
  3. looking at layoffs
- NO one making payments

— After this week — look to

— immediate impact for us

— Not collecting

— Plan to decrease capital projects

— Police only positions ~~#~~ to determined to be hired

* The FACO is definitely working

= When KWA is completed and Flint can connect & can you pay for the water?

NAT maybe not - because no one is paying

(PAYING on Bond KWA Systems)

* INKSTER lost class action suit — They credited all the accounts

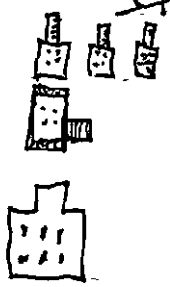
More immediately

Police hiring

— Will They have to go through academy

- 5 are ready to go, been through academy
- 5 need to go through academy

(· FLINT ·)



Council President

Great participation y teamwork — neighborhood cities Illinois, Ohio, Texas

- day to day functions
- fire stations — lines are tremendous
- Homebound / no transportation MTA has partnered w Flint —
- Takes people to water to homebound
- goes right to front door — drop off — Number they can call for water delivery.

— overall — its working — people are getting water, filters, testing on bottled water

— Volunteers is going well — momentum we need to keep

NATASHA

- work locally w State + county
- been a strain on the city using pol + fire
- get a grasp we need to be re-imbursed
- waste management contract —

- Water testing
- ~~staff~~
  - switch from River to DWSD
  - corrosion control
- DEQ, EPA – working with
- Deloitte – Volunteered to help w crisis manage
- KATRINA
  - becoming a really big share with the state – Alot of the done locally
    - PIO
    - PR
    - Finance director

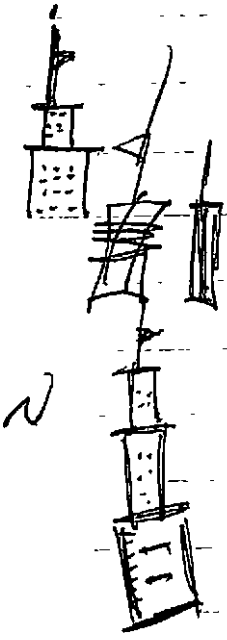
EXAMPLE

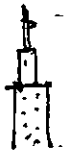
Asst gets a call – Pol to direct traffic

- E.O.C where is the EOC set up
- starts on operations // Financial
- overtime costs w Fire/Police

WATER BILLING — CASH could last thru DEC 2016

FLINT — no shut offs notices sent
FLINT can if they want
CAN CHARGE ~~RATE~~ previous —
But NOT doing that !!!





OPERATIONS WATER

WORKING w DEQ to TIE IN
to KWA

~~ASST~~ - TO TIE w KWA —
$6.4M shared cost w COUNTY

MARK EDWARDS — ~~FLINT~~...

APPLYING FOR DRINKING WATER LOAN FUND

~~APP~~ to be submitted
EXPAND $15M to ~~$25M~~
moved address public + private
SIDE
SYR Plan equals to $125M

Flint WANTS them to be forgivable

- Flint does know worse areas of lead contamination
  - they know where water sits

600 miles of main infrastructure
- could have an additional 100 miles more of infrastructure

Public Safety FIRE / Police

FIRE - CONT TO BE distribution centers

EVENING
- Pub works Comm.
- Planning & Development

) meeting tonight

- Sheers v City of Flint update

$15.7M Council DID unanimously approve that

55 IN PIPE

FLINT 9AM

N HENDERSON, MAYOR WILLING,
J. FREEMAN, EHEADEN, R. BYRNE, E CLINE
P WIDIGAN P DOSTIE WENDY

Good morning, maybe you can bring us up-to-date with developments

- Bring us up to date
- what's are the city's priorities

Approved $2M to take
fund balance
revenue + DWSD
- Come to RTAB
- Council w Governor to
+ DWSD permission

negotiation period

- Big hiccup in the county
- how long to re-connect?

Rates DWSD offered us lower
than giving the county.

Genesee Co. balked at Low rate to city.

MAYOR WALRATH making progress on Co. negotiations

— Budget resolution

- letter from Addis.
- $2M from ~~Gen~~. Fund balance water Fund

— testing is happening on 8 mile line

— Flint cost $8 / water
— County $/4 for water

— A few days to re-connect

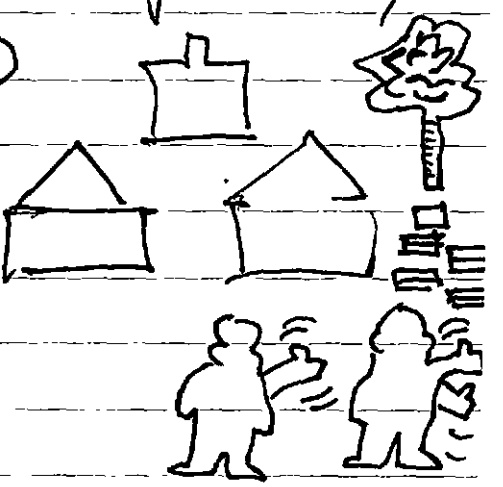
— State legislature expect

- w/o State's role
- will ask w. workman a Govt: Should Flint move ahead before State legislature finishes.
-

- once test comes backs, cleared by DEQ

- Still spoke answer about the legal fees, legal notes

- Press releases



Public Safety

x fines are down - ~~[illegible]~~ disqualifies Flint from getting grants

x down in tier 1 crimes
44 . Homicides
. rape
. armed robbery
> down overall

x Chief of Pol - participate
- Viol Reduction Network
Fed - Dept of Jus - victim services provide coordinated support to communities / high violent crime rate - higher than them natl Avg -

Mick only

- State Pol. involved in Detroit
- tech. assistance
- Site liaison - assigned to Chief Tolbert

2 reports to
: 1st Quarter budget amendments
not going to be ~~xxx~~ NOV.

- it does significantly decrease the fund balance.

- another amendment that bumps the fund balance down.

2 Resolutions
- $2M to ~~xxx~~ change
- NATASHA permission ~~to~~ execute
2 agreements / DVSD / Genesee Co.

9:30 AM FLINT

Priorities

1. Progressing and Quickly
Turn. Return to the County
for Emergency Declaration
→ next step. Mayor talk Gov tomorrow.

Emergency Declaration

Henderson

- E.O.C. NATASHA met us there yesterday.
  - MAPPING homes that have lead lines
  - Condemned homes will be noted too
  - Also collecting info on the system.
  - Most of our access to manage G.I.S. MAPPING of lines that have been affected.
- Recruitment for DPW
  - Met 2 recruiters
  - like Ms Parker from MML to search a DPW director

TJA 1st recruiter

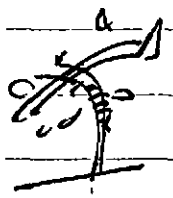
Received letter from Treasurer 75% ~~cost of~~ legal fees would be paid by Treasury for the Kincaid Lawsuit

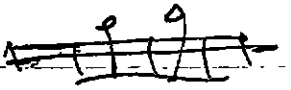
DPW topic

Timeline using MML
- 120 days
- DPW Port Huron recruited — got 25 applicants
- Flint believes Parker + MML will be successful cuz she has done recruitment recently

Septage + Lemon Law control Program
- Going quite well
- Collecting ~~samples~~ samples and testing
- Positive to reports

Still discuss w EPA & DEQ
- trying to DWSA
- Temporary water line -





WATER

TEMP. WATER LINE

see previous page

KWA - JAN 20 moved Feb 20th
- Board mtg. Moved.
- Mayor doesn't know why it was changed.
- Flint's been meeting w/ Board

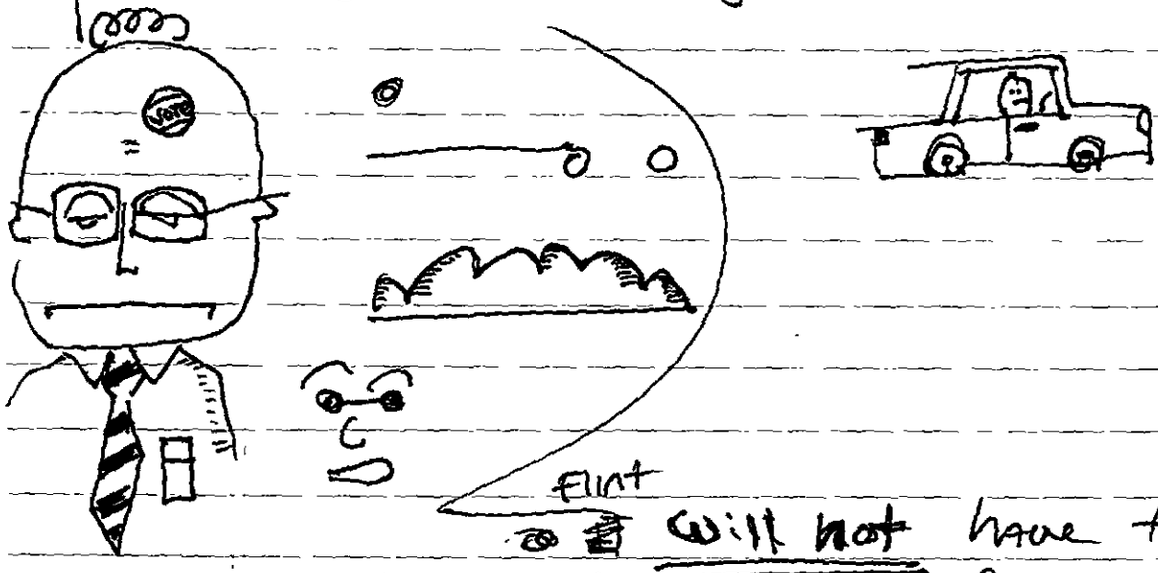
→ Flint meets w/ DEQ every Friday

WATER & SEWER RATES

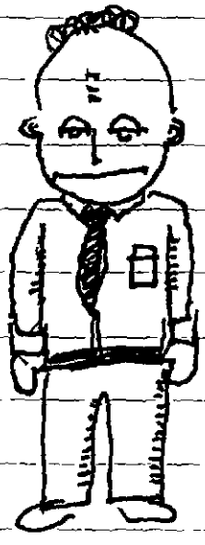
- Audit was filed
- has to be completed by Audit
- Increase rates
- All of that done by month of April
  - publishing of rates
  - this will be before budget and ~~start~~ started Jul. 2016

RTAB mtg

- Council did not meet Dec. 28
- Mtg happened Dec. 21st



- Special Mtg Dec 30
- Will not have to re-imburse the water + Sewer fund.



Council Pres:

been getting numerous calls

PA436

cuz of Eric MAPS — can PA436 have him removed?

- Fred said "that's the council decision"

Joe Heffernan 215 [redacted]

Accts Rec PPT Revs Rem LCSA
non Debt part Ect new
Debt part ~ week or two ago
GASB 33 elig, bill & acct
Full Accrual at same time
12/31 Ck Tup - important 3/4 prevailing
RIGHT Accounting
How much in Accts.

- Concurrent KWA & GLWA payments
- Debt Service payments starting in 2017 (November)
- Additional Debt levied
- What is the $7 million Debt payment in October? Not Debt Service?

Des Chesney - Co Treas

ⓐ 2014 lien 4,000 accounts
County will not collect on Water (Rollers)
Burn Back from county? State pays 65%
: city stuck w/ 35% since treas will not pursue
~~2014~~ Roll 2014 Back in
Not not all (35%) will
Not be reimb. by State
All Appeared as fully paid in Plumb Books
because county made them whole
Foreclosure?
ⓐ Returns those that have already paid 2014 lien
ⓑ late fees waived? + 65% Reimb?
some commercial is multi use residential
Delorte model based on actual data.
late fees built in? $28 M Water + sewer not built out
$2.5 M late fee rel.? ~~Est~~ notes
~~Est~~ 22.5 + 2.5 + ⑥ 3-4M? est Revenue

DASHBOARD: 96c
ARC Research about Alameda conference
Print all LAF forms update name in database
Scan FOIA paper files to have memory
Search ADMIN for Database → FOIA

4425 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A KHOURI
STATE TREASURER

DATE: November 9, 2015

TO: Wayne Workman, Deputy State Treasurer

FROM: Randy Byrne, State Administrative Manager

SUBJECT: Flint Water

For the meeting this afternoon with Ken Sikkema regarding the Flint Task Force, I have prepared the attached timeline and relevant documents referenced during this timeframe.

Please let me know if you need anything further.

FLINT WATER TIMELINE

NOVEMBER 2015

4425 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A KHOURI
STATE TREASURER

Flint Water Timeline (11-09-15)

1. **June 26, 2012** – Letter from Flint EM Mike Brown to DWSD for permission to begin blending Flint River water with treated water from DWSD. The letter indicates that the DEQ is supporting this option and its implementation would save the City between $2M and $3M annually.

2. **September 20, 2012** – Letter from Flint EM Ed Kurtz to DWSD requesting written permission to implement the blending option. Approval is requested by October 1, 2012.

3. **October 31, 2012** – Analysis by the Flint Finance Director suggests that the annual cost to purchase water from DWSD will steadily increase to $23M per year by fiscal year 2020.

4. **November 2012** – Treasury retains Tucker, Young, Jackson and Tull (TYJT) to evaluate the KWA proposal to the City of Flint.

5. **November 6, 2012** – Letter from Flint Emergency Manager Ed Kurtz to State Treasurer Dillon that a proposal from DWSD is expected but that the initial assessment is that switching to KWA is in the best interest of the City of Flint.

6. **February 6, 2013** – TYJT issues a final report to Treasury on the comparison between Karegnondi Water Authority (KWA) and DWSD. Analysis suggests that the KWA option is the cheaper option for the City of Flint.

7. **March 2013** – DWSD contacts the City of Flint to begin direct negotiations on a contract extension. Multiple options are provided to the Flint Emergency Manager (EM) Ed Kurtz.

8. **March 25, 2013** – The Flint City Council endorses joining KWA.

9. **April 11, 2013** – State Treasurer Andy Dillon authorizes Flint EM Ed Kurtz, pursuant to Section 12(3) of P.A. 436 of 2012, to enter into a contract with KWA if a final offer from DWSD is either not received for rejected in good faith based upon specific objections.

10. **April 15, 2013** – DWSD provides a best and final offer to the City of Flint. Analyses by Flint EM Ed Kurtz, the Department of Environmental Quality and Treasury's Office of Fiscal Responsibility independently conclude that the KWA option is cheaper for the City of Flint.

11. **April 16, 2013** –Flint EM Ed Kurtz informs the State Treasurer that the City will join KWA. This decision was officially announced May 1, 2013.

12. **April 17, 2013** – DWSD transmits a letter to Flint EM Ed Kurtz terminating service to the City of Flint, effective April 17, 2014.

13. **June 26, 2013** – Groundbreaking for the Karegnondi Water Authority begins. Flint also requests full time use of the Flint Water Treatment Plant with Flint River water as a source.

14. **June 28, 2013** – Financing Contract between the City of Flint and KWA is approved. Effective August 1, 2013. This document was signed by EM Mike Brown.

15. **July 08, 2013** – The City retains Lockwood, Andrews & Newman engineering firm to get the City's water plant up and running while the KWA pipeline is built.

16. **February 19, 2014** – The KWA Board of Directors adopts Resolution 2014-01, authorizing KWA to bond for water line construction on-behalf of the City of Flint.

17. **April 17, 2014** – Water service from DWSD officially ends. The City of Flint also conducts two separate public forums regarding the use of Flint River water, upgrades to the City's water system and the overall cost of the switch to KWA.

18. **April 25, 2014** – City conducts public event marking the transition to the use of Flint River water. DEQ information shows that transition complete by May 2015.

19. **January 2, 2015** – The City issues a press release stating the City water system exceeds the TTHM maximum contaminant level.

20. **March 3, 2015** – Flint EM Jerry Ambrose provides a memorandum to Deputy State Treasurer Wayne Workman stating that a reconnection to DWSD will cost the City $10.1M/year and that water purchases could be as high as $1M/month.

21. **March 12, 2015** – Veolia issues the final operational evaluation of the City's water system.

22. **September 3, 2015** – MDEQ testing of the City's water shows TTHM levels are below the required action level.

23. **September 25, 2015** – Genesee County Health Department and the City of Flint issues a lead advisory for residents to be aware of lead levels in drinking water after hearing concerns from the medical community.

24. **October 16, 2015** – The City of Flint reconnects to Detroit Water.

25. **November 4, 2015** – The EPA issues its final report on high lead levels at three residences in the City.

Attachment #1

CITY OF FLINT

Infrastructure and Development

Dayne Walling
Mayor

Michael K. Brown
Emergency Manager

Howard D. Croft
Director

June 26, 2012

Sue F. McCormick
Director DWSD
735 Randolph St.
Detroit, MI 48226

Dear Ms. McCormick,

In cooperation with the Michigan Department of Environmental Quality (MDEQ) and city engineers, the City of Flint has undertaken a review of the regulatory requirements necessary to supply water to our residential and commercial customers. As part of our evaluation it was determined that the Flint Water Treatment Plant is capable of successfully "blending" or "co-mingling" water sources while continuing to provide quality drinking water to citizens.

The Flint Water Treatment Plant would require approximately $1.3 million dollars in increased expenses in order to blend as much as one third (1/3) of treated river water with two thirds (2/3) of treated DWSD water. Using the 2013 DWSD rates this would result in savings of between two and three million dollars annually based on current usage data. The MDEQ has provided Flint with written documentation supporting our blending of water sources and the potential benefit.

Given this information we respectfully request written permission from DWSD to proceed with blending treated Flint River Water with treated DWSD water.

It should be understood that our goal is to deliver both high quality and economically viable water to our customers. This goal has led us to fully consider all available options including purchasing water from the Karegnondi Water Authority and use of the Flint River. We believe that in order for an option with DWSD to be successful it is essential that along with the proposed authorization to blend water that there is a guaranteed containment of the new "fixed costs" that exist in the current fee structure. The new DWSD fixed charge of $707,000 each month regardless of amount of water used is five times the original $143,000 each month instituted only two years ago. This has resulted in the cost of water from DWSD dropping in recent years as the overall fee has increased annually by millions although our usage has continued to decline. The continuation of this trend would render our request and goals invalid.

With the current Emergency Manager condition in Flint we believe that limiting an agreement to only three years is appropriate. This time frame would also serve as an evaluation period prior to any proposed long term agreement being considered.
We appreciate your consideration and look forward to working together.

Sincerely,

Michael K. Brown
Emergency Financial Manager Flint, Mi.

Attachment #2

Edward J. Kurtz
Emergency Financial Manager

Dayne Walling
Mayor

September 20, 2012

Sue F. McCormick & DWSD Board
Director DWSD
735 Randolph Street
Detroit, MI 48226

Dear DWSD Board.

During the past nine months we have had several discussions with DWSD representatives regarding future water rates and other options including permission for Flint to blend treated water from DWSD. Flint currently has received written documentation from the state regulatory agency DEQ supporting the ability for Flint to safely blend treated water from Detroit.

In an effort to move forward we must have a written response from the DWSD Board that clearly states the following:

Will DWSD allow Flint to blend treated water from Detroit?

What are the rates given an estimated usage by Flint and Genesee County of:

- 23 MGD Average Daily Usage
- 40 MGD Maximum Day Usage

We are requesting this information be delivered to Flint no later than **October 1, 2012** so that we may evaluate all of our options and begin moving forward.

Sincerely,

Edward J. Kurtz
Emergency Financial Manager

City Hall
1101 S. Saginaw Street - Flint, Michigan 48502
810-766-7346 FAX: 810-766-7218 www.cityofflint.com

Attachment # 3

CITY OF FLINT, MICHIGAN
Department of Finance

City Hall, Room #203
1101 South Saginaw Street
Flint, MI 48502
(810) 766-7268 / (810) 766-8675 (fax)

Dayne Walling
Mayor

Edward J. Kurtz
Emergency Financial Manager

Michael K. Brown
City Administrator

Gerald Ambrose
Finance Director

October 31, 2012

Edward J Kurtz
Emergency Financial Manager
City Of Flint Municipal Center
1101 S Saginaw Street
Flint, MI 48502

RE Cost Comparison, KWA v DWSD

Mr Kurtz

The City of Flint is considering whether joining the Karegnondi Water Authority (KWA) is a better alternative for the residents and businesses of Flint than continuing to purchase water from the Detroit Water and Sewer District (DWSD).

An important part of this consideration is the relative cost of the alternatives. We have compared the current projected costs of continuing to purchase water from DWSD to the projected costs of purchasing water from KWA.

The projected costs of purchasing water from DWSD come from our current and past experience, as well as statements from DWSD about their future costs The costs of purchasing water from KWA are based on the KWA Lake Huron Water Supply Study, as updated by its October 2012 Preliminary Engineering Report Update, Appendix 20, dated October 4, 2012

Based on the current contract with DWSD, the FY13 cost of purchasing water for the City of Flint only (excluding the sale of water to Genesee County) is budgeted at $14.4 million. Past experience indicates that it is reasonable to assume a 10% increase annually in the capacity charge from DWSD and a 5% increase in the commodity cost. It is also reasonable to assume a 5% increase in operational costs for the Flint Water Treatment Plant. Consequently, it appears that the costs for continuing to purchase water from DWSD will increase to $22 7 million by FY20.

Conversely, joining KWA and participating in the construction of infrastructure to receive water will require an up-front cost to the City of $2.3 million, to be paid over the first three years of joining. This would be paid by the City during the construction period while the City continues to purchase its water from DWSD. However, once the construction is complete and water delivery commences, the City's capacity charge will be fixed, based on the debt service necessary to finance construction. Operational costs for KWA water delivery and the Flint WTP are projected to increase by 5% annually.

Based on the assumptions in this comparison, the annual projected cost of purchasing water for the City of Flint is 15% or $2.6 million LESS using the KWA option in the first year of operation, increasing to 27% or $6.1 million LESS in the fifth year of operation. The only caveat is that in order to achieve this, the City will need to upfront KWA $3.25 million over 3 years prior to KWA beginning water delivery.

Concerns have been raised about the potential of cost overruns and delays in construction. These are reasonable concerns. An additional analysis, assuming a 15% cost overrun, and a one-year delay in construction, indicates that the gain to be achieved from participating in KWA is lessened (from $2.6 million in the first year to $2.3 million) and the City's upfront contribution is increased to $10.4 million if the City is required to make its first year's debt service payment before operations begin. The City's gain from participating in KWA is delayed, but once operations begin, the City's annual costs are less than continuing with DWSD, becoming net positive in FY20. However, given the City's precarious financial position, it is likely that the City would need to find some source of capital if such an up-front payment were necessary.

Finally, we have also analyzed what constraints DWSD would need to impose on its contract with the City of Flint in order to be a positive financial option. It would appear that if the capacity costs to Flint were to be fixed at the FY13 level and if annual operating cost increases were capped at 2.25%, then the cost to the City of Flint could be less than KWA.

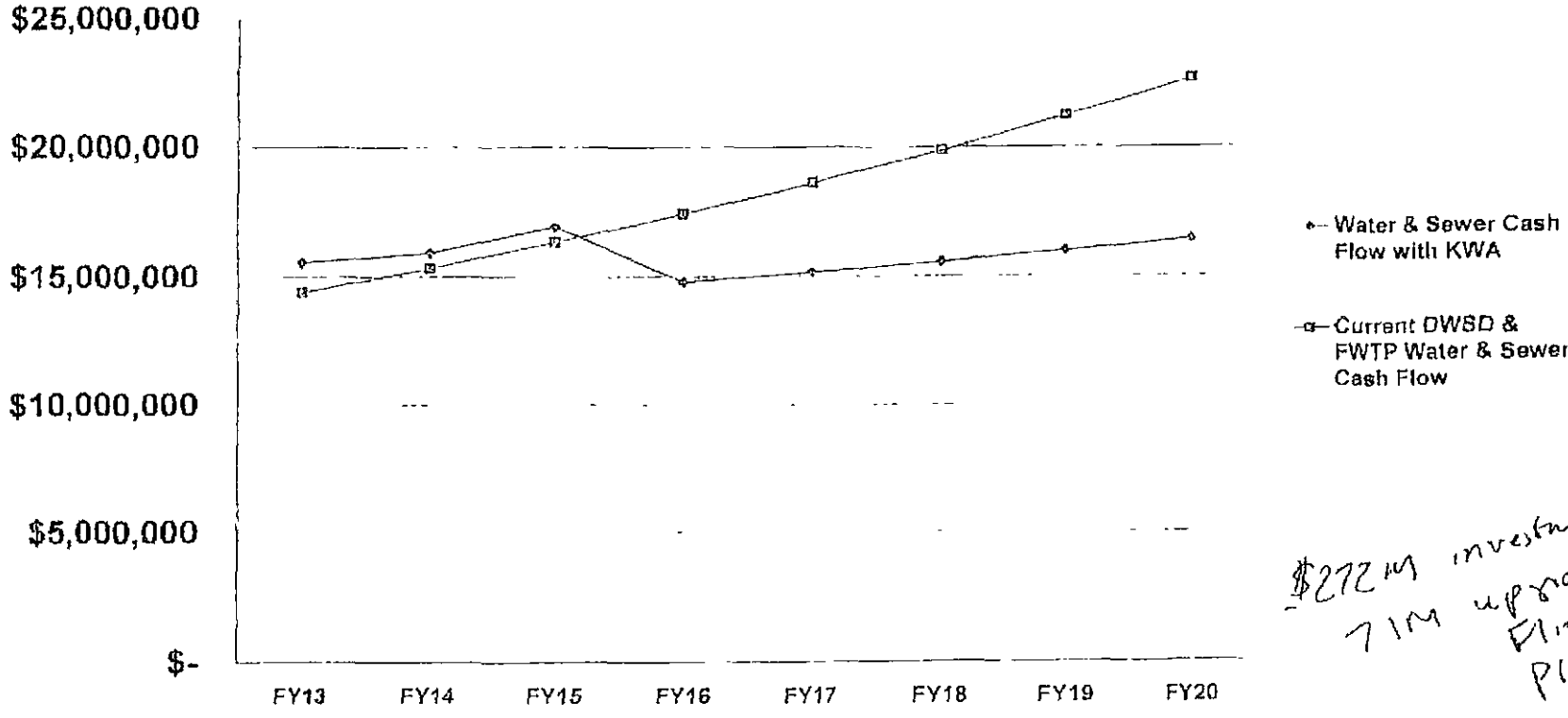
Attached are the three projections summarized above. First is the "Original Projection" utilizing the KWA Study. Second is the "Worse Case Projection" with cost increases and construction delays. Third is the reduced DWSD costs associated with fixed capacity costs and capped increases in operational costs.

Please contact me if you have any questions.

Gerald Ambrose
Director of Finance

GA:js
Attachments

Original Projection - Summary Comparison: KWA vs DWSD



$272M investment system
71M upgrade Flint Plant

- Delivering raw water to Flint plant & new plant by G.C.

FINAL 10/31/2012

ORIGINAL PROJECTION
SUMMARY COMPARISON: KWA V DWSD

Water and Sewer Cash Flow with KWA

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,355,135	$ 16,365,534	$ -	$ -	$ -	$ -	$ -
KWA Entry Fee $2,325,600	$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$ -	$ -	$ -
KWA Debt Service	$ -	$ -	$ -	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155
FWTP Debt Service	$ -	$ -	$ -	$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
KWA operations	$ -	$ -	$ -	$ 878,669	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
FWTP operations w KWA	$ -	$ -	$ -	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Total Costs	$ 16,576,658	$ 15,936,535	$ 16,946,934	$ 14,888,149	$ 15,274,260	$ 15,679,676	$ 16,105,363	$ 16,552,334

Water and Sewer Cash Flow with DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,356,135	$ 16,366,534	$ 17,450,717	$ 18,616,851	$ 19,870,689	$ 21,219,435	$ 22,671,185

Cash Flow Difference: KWA and DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Annual Cost: DWSD - KWA	$ (1,162,800)	$ (581,400)	$ (581,400)	$ 2,562,568	$ 3,342,591	$ 4,190,974	$ 5,114,072	$ 6,118,851
Cumulative Gain with KWA	$ (1,162,800)	$ (1,744,200)	$ (2,325,600)	$ 236,968	$ 3,579,559	$ 7,770,533	$ 12,884,605	$ 19,003,456

(1) This projection assumes that KWA begins delivery of water to Flint starting in July, 2016. Any interest on the bonds will be capitalized until that period. The City will be obligated to begin paying its $2,325,600 entry fee in FY13. 2 payments of $581,400 in FY13, 1 payment in FY14 and 1 payment in FY15.

(2) The cost of the KWA option is projected to be $2,562,568 or 15% LESS than DWSD in the first year of operation (Year 4). This gain offsets the upfront costs of $2,325,600 by $236,968.

(3) The cost of the KWA option is projected to be $6.1 million or 27% LESS than DWSD in the 5th year of operation (Year 8).

(4) The cumulative savings by the 5th year from the beginning of the project are projected to be $19 million.

Detail of Original Cost Projections — FINAL — 10/31/2012

Cost Comparisons: Water Supply to City of Flint from DWSD and proposed KWA project

Cost of water to City of Flint (excluding Genesee) using continued service from DWSD

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Fixed Cost (1)	$ 4,411,680	$ 4,852,848	$ 5,338,133	$ 5,871,946	$ 6,459,141	$ 7,105,055	$ 7,815,560	$ 8,597,116
Escalator	1.10	1.10	1.10	1.10	1.10	1.10	1.10	
Commodity Cost (2)	$ 7,276,640	$ 7,640,472	$ 8,022,496	$ 8,423,620	$ 8,844,801	$ 9,287,041	$ 9,751,394	$ 10,238,963
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
Flint WTP Operating Cost (3)	$ 2,725,530	$ 2,861,815	$ 3,004,906	$ 3,155,151	$ 3,312,908	$ 3,478,554	$ 3,652,482	$ 3,835,106
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL	$ 14,413,858	$ 15,355,135	$ 16,365,534	$ 17,450,717	$ 18,616,851	$ 19,870,650	$ 21,219,435	$ 22,671,185

(1) Per FY13 Budget and DWSD Contract, fixed charge from DWSD for FY13 is $707,000 per month or $8.5 million total. Flint's cost is 52% or $4.4 million total

(2) *Per FY13 Budget and DWSD Contract, and based on 12 million gallons per day (mgd), cost is $7.3 million, based on $12.46/unit ($12.46x1600unitsx365).*

(3) Per FY13 Budget, annual cost of WTP is $4.1 million. Genesee County pays $1,386,000 for emergency back up service.

Cost of water to City of Flint using proposed KWA project for water supply to Flint WTP

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
KWA Entry Costs (1)	$ 1,162,800	$ 581,400	$ 581,400		$ -	$ -	$ -	$ -
Fixed KWA Construction Cost (2)				$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155
Escalator				1.00	1.00	1.00	1.00	
Fixed Flint WTP Construction Cost (3)				$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
Escalator				1.00	1.00	1.00	1.00	
Flint WTP Operating Cost (4)	$ 5,911,538	$ 6,207,115	$ 6,517,471	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
KWA Commodity Charge (5)	$ 759,200	$ 797,160	$ 837,018	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL	KWA NOT AVAILABLE			$ 14,888,149	$ 15,274,260	$ 15,679,676	$ 16,105,363	$ 16,552,334

(1) The City will, upon joining, be required to pay an initial fee of $32,300 per MGD plus the same amount for each year until bonding for the project is obtained. At 18MGD, the City's cost is $581,400 annually. Since it is projected that fee will be assessed for 3 years, the City's upfront cost is projected at $2,325,600.

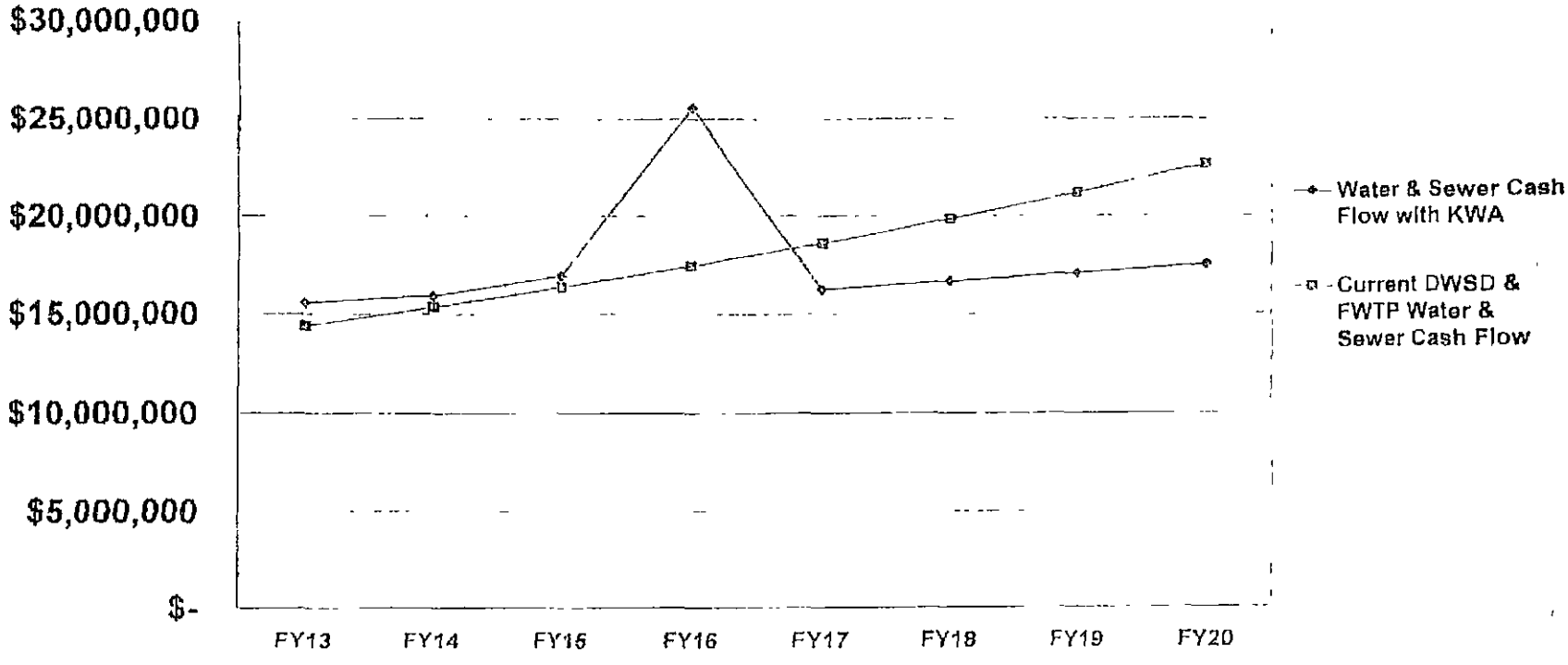
(2) Per KWA proposal, project cost is $272 million. City's fixed cost would be 30% of debt service, based on capacity design of 60mgd, of which 18MGD is for Flint. *Debt service is based on 5% interest rate @ 25 years. 5% added to principal for capitalized interest for FY13, FY14 and FY15. ($272,421,688 plus $13,621,078 for 3 years = $313,284,792)*

(3) Per KWA proposal, the cost of upgrading the Flint is $7.1 million. City's fixed cost would be100% of debt service based on 0% interest rate @ 25 years), with 5% added to cover capitalized interest for FY13, FY14, and FY15. (total principal = $8.165 million)

(4) Per FY13 Budget annual cost of WTP is $4,111,538. $1.6 million for electricity and chemicals & 2 FTE's are added. 100% City cost. 100%

(5) *Per KWA proposal, initial commodity charge would be based on $1.30/unit or 7,500 gallons. Charge is based on 12MGD*

Worst Case Scenario - Summary Comparison KWA vs DWSD (15% Cost Overrun; One year delay in Water Supply delivery)



FINAL 10/31/2012

WORSE CASE PROJECTION
SUMMARY COMPARISON: KWA V DWSD
(15% Cost Overrun; One year delay in Water Supply delivery)

Water and Sewer Cash Flow with KWA

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,355,135	$ 16,365,534	$ 17,150,717	$ -	$ -	$ -	$ -
KWA Entry Fee	$ 1,162,800	$ 581,400	$ 581,400	$	$ -	$ -	$ -	$ -
KWA Debt Service	$	$	$ -	$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128
FWTP Debt Service	$ -	$ -	$	$ 658,698	$ 658,698	$ 658,698	$ 658,698	$ 658,698
KWA operations	$ -	$ -	$ -	$ -	$ 922,812	$ 988,953	$ 1,017,401	$ 1,068,271
FWTP operations w KWA	$ -	$ -	$ -	$ -	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Total Costs	$ 15,576,658	$ 15,936,535	$ 16,946,934	$ 25,691,644	$ 16,349,150	$ 16,754,566	$ 17,180,253	$ 17,627,226

Water and Sewer Cash Flow with DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 15,355,135	$ 16,366,534	$ 17,150,717	$ 18,616,861	$ 19,870,650	$ 21,219,435	$ 22,671,186

Cash Flow Difference: KWA and DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Annual KWA - DWSD	$ (1,162,800)	$ (581,400)	$ (581,400)	$ (8,240,828)	$ 2,267,700	$ 3,116,084	$ 4,039,182	$ 5,043,960
Cumulative	$ (1,162,800)	$ (1,744,200)	$ (2,326,600)	$ (10,566,428)	$ (8,298,728)	$ (5,182,642)	$ (1,143,460)	$ 3,900,500

"Worse Case" scenario differs from Original in these respects:

(1) Delivery of water to Flint from KWA is delayed by one year and construction costs are 15% above the original projection. Consequently, the City is required to begin paying for debt service one year before KWA begins delivery of water. This is in addition to its obligation to pay its initial entry fee of $581,400 plus $581,400 annually for the first 3 years.

(2) Once KWA begins delivering water in year 5, the annual operating costs are less than DWSD by 13%. Considering $10.8 million in upfront costs in the first 4 years prior to KWA operation, the cumulative cost of KWA exceeds the cost of DWSD until year 8.

(3) Cumulative savings by Year 8 are projected to be $3.9 million, compared to $19 million in the original projection.

Detail of Worse Case Cost Projections FINAL 10/31/2012

Worse Case Scenerio

Cost Comparisons. Water Supply to City of Flint from DWSD and proposed KWA project

Cost of water to City of Flint (excluding Genesee) using continued service from DWSD

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Fixed Cost (1)	$ 4,411,880	$ 4,852,848	$ 5,338,133	$ 5,871,946	$ 6,459,141	$ 7,105,055	$ 7,815,560	$ 8,597,116
Escalator	1.10	1.10	1.10	1.10	1.10	1.10	1.10	
Commodity Cost (2)	$ 7,275,640	$ 7,640,472	$ 8,022,496	$ 8,423,620	$ 8,844,801	$ 9,287,041	$ 9,751,394	$ 10,238,963
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
Flint WTP Operating Cost (3)	$ 2,725,539	$ 2,861,815	$ 3,004,906	$ 3,155,151	$ 3,312,908	$ 3,478,554	$ 1,657,482	$ 3,835,108
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL	$ 14,413,858	$ 15,355,136	$ 16,365,534	$ 17,450,717	$ 18,616,851	$ 19,870,650	$ 21,219,435	$ 22,671,188

(1) Per FY13 Budget and DWSD Contract, fixed charge from DWSD for FY13 is $707,000 per month or $8.5 million total. Flint's cost is 52% or $4.4 million total

(2) Per FY13 Budget and DWSD Contract and based on 12 million gallons per day (mgd), cost is $7.3 million, based on $12.46/unit ($12.46x1000unitsx365).

(3) Per FY13 Budget, annual cost of WTP is $4.1 million. Genesee County pays $1,388,000 for emergency back up service.

Cost of water to City of Flint using proposed KWA project for water supply to Flint WTP

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
KWA Entry Costs (1)	$ 1,162,800	$ 581,400	$ 581,400	$ -	$ -	$	$	$ -
Fixed KWA Construction Cost (2)				$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128	$ 7,582,128
Escalator						1.00	1.00	
Fixed Flint WTP Construction Cost (3)				$ 658,698	$ 658,698	$ 658,698	$ 658,698	$ 658,698
Escalator								
Flint WTP Operating Cost (4)	$ 5,911,638	$ 6,207,115	$ 6,517,471	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
KWA Commodity Charge (5)	$ 759,200	$ 797,160	$ 837,018	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
Escalator	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
TOTAL	KWA NOT AVAILABLE				$ 16,349,150	$ 16,754,566	$ 17,180,253	$ 17,627,226

(1) The City will, upon joining, be required to pay a, initial fee of $32,300 per MGD plus the same amount for each year until bonding for the project is obtained. At 18MGD, the City's cost is $581,000, for a total of $2,325,600

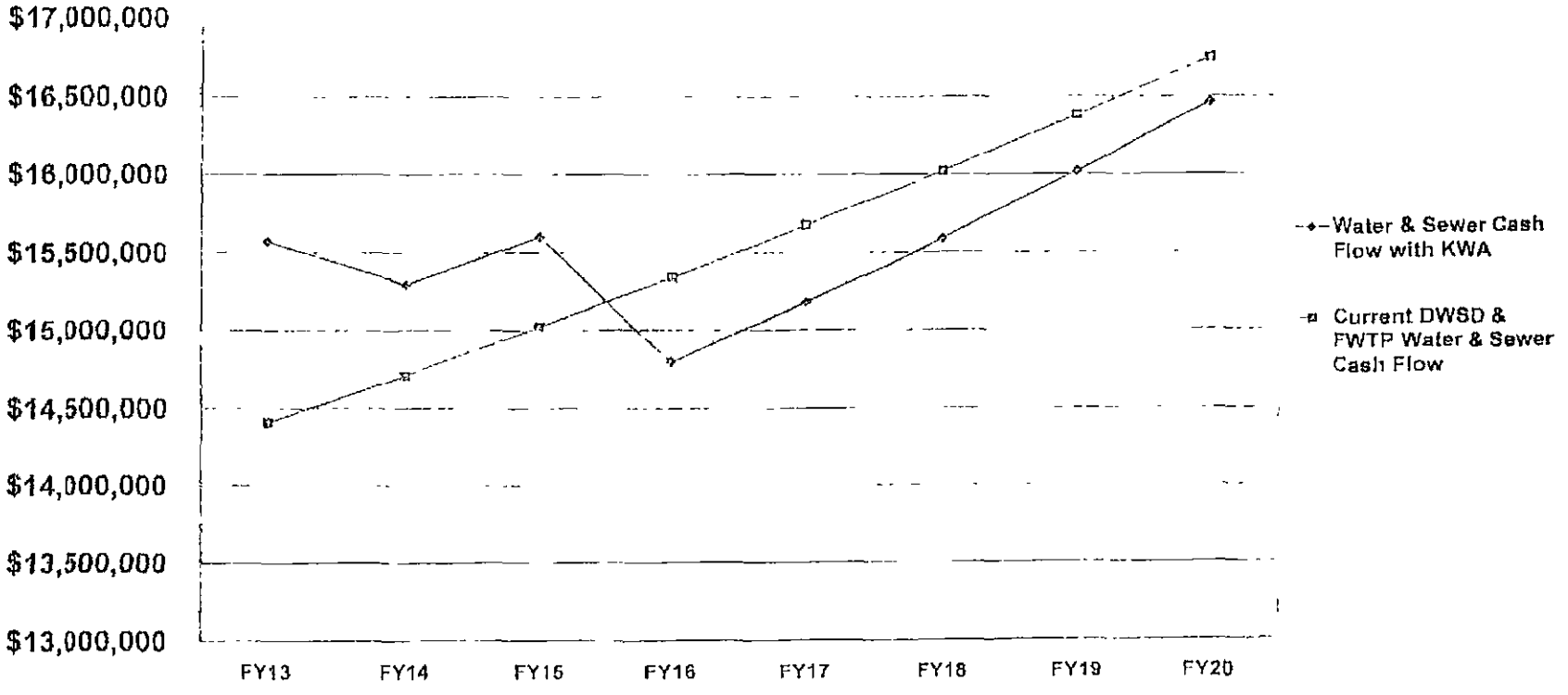
(2) Per KWA proposal original project cost is $272 million. City's fixed cost would be 30% of debt service, based on capacity design of 60mgd, of which 18MGD is for Flint. Debt service is based on 5% interest rate @ 25 years, 5% added to principal for capitalized interest for FY13, FY14, and FY15 ($272,421,586 plus $13,821,078 for 3 years = $313,284,792). The costs here are increased by 15%, debt service starts in FY16 but water is not available until FY17.

(3) Per KWA proposal the cost of upgrading the Flint is $7.1 million. City's fixed cost would be100% of debt service based on 5% interest rate @ 25 years) with 5% added to cover capitalized interest for FY13, FY14, and FY15 (total principal = $8.165 million). Again costs here are increased by 15%; debt service starts in FY16 but water is not available until FY17. Debt service is now on $9.4 million

(4) Per FY13 Budget annual cost of WTP is $4,111,638. $1.6 million for electricity and chemicals & 2 FTE's are added. 100% City cost

(5) Per KWA proposal, initial commodity charge would be based on $1.30/unit or 7,500 gallons. Charge is based on 12MGD

ALTERNATE PROJECTION - SUMMARY COMPARISON: KWA V DWSD WITH DWSD COSTS REDUCED (Fixed Costs held constant; Commodity Costs Increased by 2.25% Annually)



FINAL 10/31/2012

ALTERNATE PROJECTION
SUMMARY COMPARISON: KWA V DWSD WITH DWSD COSTS REDUCED
(FIXED COSTS HELD CONSTANT; COMMODITY COSTS INCREASED BY 2.25% ANNUALLY)

Water and Sewer Cash Flow with KWA

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 14,713,859	$ 15,024,358	$ -	$ -	$ -	$ -	$ -
KWA Entry Fee	$ 1,162,800	$ 581,400	$ 581,400	$	$ -	$ -	$ -	$ -
KWA Debt	$ -	$ -	$ -	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155	$ 6,593,155
FWTP Debt	$ -	$ -	$ -	$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
KWA operations	$ -	$ -	$ -	$ 878,869	$ 922,812	$ 968,953	$ 1,017,401	$ 1,068,271
FWTP operations w KWA	$ -	$ -	$ -	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Total Costs	$ 15,576,658	$ 15,295,259	$ 15,605,758	$ 14,888,149	$ 15,274,260	$ 15,679,676	$16,105,363	$ 16,552,334

Water and Sewer Cash Flow with DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Current DWSD & FWTP Costs	$ 14,413,858	$ 14,713,859	$ 15,024,358	$ 15,345,778	$ 15,678,562	$ 16,023,172	$16,380,091	$ 16,749,823

Cash Flow Difference: KWA and DWSD

	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FY17	Year 6 FY18	Year 7 FY19	Year 8 FY20
Annual Cost: DWSD - KWA	$ (1,162,800)	$ (581,400)	$ (581,400)	$ 457,629	$ 404,302	$ 343,496	$ 274,728	$ 197,488
Cumulative Gain with KWA	$ (1,162,800)	$ (1,744,200)	$ (2,325,600)	$ (1,867,971)	$ (1,463,669)	$ (1,120,173)	$ (845,445)	$ (647,958)

(1) This projection assumes that DWSD fixed costs remain at 2013 levels and that operating costs increase by 2 25% annually

(2) KWA costs are as in the Original Projection

(3) In this comparison, KWA costs are still less once operations begin (by 2 9%), and cumulative gain does not occur until after year 8 Over time, DWDS costs could be less with these limitations on cost increases

Detail of Cost Projections

FINAL 10/31/2012

Cost Comparisons: Water Supply to City of Flint from DWSD and proposed KWA project
(FIXED COSTS HELD CONSTANT; COMMODITY COSTS INCREASED BY 2.25% ANNUALLY)

Cost of water to City (excluding Genesee) using continued service from DWSD with modified escalator

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Fixed Cost (1)	$ 4,411,680	$ 4,411,680	$ 4,411,680	$ 4,411,680	$ 4,411,680	$ 4,411,680	$ 4,411,680	$ 4,411,680
Escalator	1 00	1 00	1 00	1 00	1 00	1 00	1 00	
Commodity Cost (2)	$ 7,276,640	$ 7 440 364	$ 7 607,773	$ 7,778,947	$ 7,953,974	$ 8 132,938	$ 8,315,929	$ 8,503,038
Escalator	1 0225	1 0225	1 0225	1 0225	1 0225	1 0225	1 0225	
Flint WTP Operating Cost (3)	$ 2,725,538	$ 2,861,815	$ 3 004,906	$ 3,155,151	$ 3,312,908	$ 3 478,554	$ 3,652,482	$ 3,835,106
Escalator	1 05	1 05	1 05	1 05	1 05	1 05	1 05	
TOTAL	$ 14,413,858	$ 14,713 859	$ 15,024,358	$ 15,345,778	$ 15,678,562	$ 16,023,172	$16,380,091	$ 16,749,823

Cost of water to City of Flint using proposed KWA project for water supply to Flint WTP

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
KWA Entry Costs (1)	$ 1,102 800	$ 581,400	$ 581,400		$ -	$ -	$ -	$ -
Fixed KWA Construction Cost (2)				$ 6,593,155	$ 6,593,155	$ 6,593 155	$ 6 593,155	$ 6,593 155
Escalator				1 00	1 00	1 00	1 00	
Fixed Flint WTP Construction Cost (3)				$ 572,781	$ 572,781	$ 572,781	$ 572,781	$ 572,781
Escalator				1 00	1 00	1 00	1 00	
Flint WTP Operating Cost (4)	$ 5,811,638	$ 6,207,115	$ 6,517,471	$ 6,843,344	$ 7,185,511	$ 7,544,787	$ 7,922,026	$ 8,318,128
Escalator	1 05	1 05	1 05	1 05	1 05	1 05	1 05	
KWA Commodity Charge (5)	$ 759 200	$ 797,160	$ 837,018	$ 878,869	$ 922 812	$ 968,953	$ 1,017,401	$ 1,068,271
Escalator	1 05	1 05	1 05	1 05	1 05	1 05	1 05	
TOTAL	KWA NOT AVAILABLE			$ 14,088,149	$ 15,274,260	$ 15,679,676	$16,105,363	$ 16,552,334

Detroit Water and Sewerage Department
CS-1486
Flint Transmission System

Summary of Construction Cost

[1]Facilities	Base Cost	Contingency	Subtotal	GC, Insurance, Bonds, Mob/Demob., Allowances	Escalation	Cost
South Transmission Main	$ 180,552,670	$ 18,055,267	$ 198,607,937	$ 36,446,873	$ 28,206,577	$ 263,261,387
North Transmission Main	$ 152,354,280	$ 15,235,428	$ 167,589,708	$ 32,284,868	$ 23,984,949	$ 223,859,525
Grand Blanc Pumping Station	$ 29,171,593	$ 2,917,159	$ 32,088,752	$ 8,738,838	$ 4,899,287	$ 45,726,877
[2] [3] Total Cost	$ 362,078,543	$ 36,207,854	$ 398,286,397	$ 77,470,379	$ 57,090,813	$ 532,847,589

[1] The Transmission Main and Grand Blanc Pumping Station shall be constructed under 3 separate construction contracts as follows:

1. Construction Contract No 1 shall include the construction of the Transmission Main from the connection to the NOTS in Orion Township to the Oakland/Genesee County line (approximately 121,100 lft). The total Contract 1 construction cost is estimated to be $ 263,261,387.

2. Construction Contract No. 2A shall include the construction of the Transmission Main from the Oakland/Genesee County line to the connection to the DWSD system near the Potter Road/Baxter Road intersection in Davison Township (approx 120,500 lft). The total Contract 2 construction cost is estimated to be $ 223,859,525.

3 Construction Contract No 2B shall include the construction of the Grand Blanc Pumping Station The total Contract 3 construction cost is estimated to be $ 45,726,877.

[2] Construction duration of the project is appoximately 3 years An escalation @ 6% per year is added to cover second and thrid year of construction.

[3] CM fee is not included in this cost estimate

Detroit Water and Sewage Department
CS-1488
The Flint Transmission System

Construction Cost Estimate - South Transmission Main - Contract No. 1

Item	Unit	Quantity	Unit Cost	Total Cost
Division 1: GENERAL REQUIREMENTS				
01100 Traffic Control				
Signs	SF	6,650	$ 25	$ 166,250
Movable Message Boards	EA	4	$ 25,000	$ 100,000
Barricades	FT	16,000	$ 75	$ 1,200,000
Cones	EA	2,500	$ 20	$ 50,000
Truck-Mounted Attenuator	MO	24	$ 42,000	$ 1,008,000
Temporary Roads	SY	170,000	$ 10	$ 1,700,000
01140 Soil Erosion and Sedimentation Control				
Silt Fence	LF	198,000	$ 5	$ 990,000
Hay Bales	LF	2,000	$ 10	$ 20,000
			Subtotal Division 1 =	$ 5,234,250
Division 2: SITE WORK				
02100 Site Clearing				
Medium Brush	AC	38	$ 500	$ 19,000
Light Trees	AC	8	$ 4,000	$ 32,000
Topsoil Stripping	CY	35,750	$ 8	$ 446,000
02140 Dewatering				
Pumping - Operation	MO	18	$ 45,000	$ 810,000
Well Point System - Install/Remove	LF Hdr	60,000	$ 100	$ 6,000,000
02221 Trenching, Backfilling and Compacting				
Pavement Sawcutting and Removal	SY	22000	$ 8	$ 176,000
Pavement Milling	SY	22000	$ 2	$ 44,000
Excavation - Pipeline	CY	844,800	$ 5	$ 4,224,000
Granular Material	CY	17,500	$ 30	$ 525,000
Backfill and Compaction	CY	683,000	$ 5	$ 3,415,000
02236 Pipe Boring and Jacking				
Tunnel Casing	LF	6,250	$ 7,250	$ 45,385,000
Launching and Receiving Pits	EA	29	$ 150,000	$ 4,350,000
Soil Pre-Conditioning	LF	615	$ 3,600	$ 2,214,000
Mining Setup	EA	29	$ 100,000	$ 2,900,000
Cofferdams	SF	6,800	$ 40	$ 264,000
Sheeting	SF	345,000	$ 40	$ 13,800,000
02600 Manholes				
6' Dia Manhole	EA	250	$ 2,500	$ 625,000
Frame and Cover	EA	310	$ 500	$ 155,000
02628 Prestressed Concrete Cylinder Pipe				
PCCP	LF	126,720	$ 550	$ 69,696,000
02675 Disinfection of Water Main				
Flushing and Testing	MI	24	$ 36,000	$ 864,000
Disinfection	MI	24	$ 5,000	$ 120,000
02730 Aggregate Base and Surface Course				
Base Course Drainage Layer	CY	15,000	$ 100	$ 1,500,000
02740 Bituminous Paving				
Binder - 2-1/2"	SY	38,525	$ 10	$ 385,250
Wearing - 1-1/2"	SY	52,000	$ 6	$ 312,000
02755 - Concrete Curbs, Gutters and Sidewalks				
Concrete Curb and Gutter	LF	3,430	$ 11	$ 37,730
02760 - Sidewalks, Sidewalk Ramps and Driveways				
Driveway Replacement - Asphalt	SY	3,800	$ 9	$ 34,200
Driveway Replacement - Concrete	SF	3,150	$ 5	$ 15,750
02820 - Chain Link Fences and Gates				
Fencing	LF	20,000	$ 20	$ 400,000
02900 - Landscaping				
Topsoil	CY	18,337	$ 20	$ 366,740
Trees	EA	7,700	$ 50	$ 385,000
Grading	SY	440,000	$ 2	$ 880,000
Seeding	SY	440,000	$ 2	$ 880,000
			Subtotal Division 2 =	$ 161,260,670
Division 3: CONCRETE				
Mud Mat	CY	591	$ 350	$ 206,850
Floor Slab	CY	985	$ 600	$ 591,000
Walls	CY	3,377	$ 600	$ 2,026,200
Top Slab	CY	1,312	$ 600	$ 787,200
Pipe Encasement	CY	2,300	$ 400	$ 920,000
			Subtotal Division 3 =	$ 4,531,250

Detroit Water and Sewage Department
CS-1486
The Flint Transmission System

Construction Cost Estimate - South Transmission Main - Contract No. 1

Item	Unit	Quantity	Unit Cost	Total Cost
Division 5: METALS				
05530 - Access Hatches				
Floor Doors	EA	4	$ 2,500	$ 10,000
			Subtotal Division 5 =	$ 10,000
Division 15: MECHANICAL				
15060 - Misc. Pipng and Pipe				
Harnessed Coupings - 60"	EA	2	$ 12,000	$ 24,000
Duplex Sump Pumps	EA	8	$ 5,000	$ 40,000
15062 - Steel Pipe				
6" Blowoff	LF	1,200	$ 60	$ 72,000
15104 - Metal Seated Gate Valves				
6" Gate Valves - Blowoff	EA	80	$ 1,000	$ 80,000
16" Gate Valves - Outlets	EA	6	$ 10,000	$ 60,000
36" Gate Valves	EA	0	$ 10,000	$ -
60" Gate Valves	EA	30	$ 275,000	$ 8,250,000
36" Cone Valves	EA	0	$ 150,000	$ -
15108 - Air Releases and Combination Air Valves				
Manual Air Release Valves - 1-1/2"	EA	80	$ 1,000	$ 80,000
Automatic Air Release Valves - 1"	EA	80	$ 2,000	$ 160,000
Combination Air/Vacuum and Air Release - 8"	EA	2	$ 10,000	$ 20,000
Piping and Vents	EA	82	$ 1,500	$ 123,000
15140 - Pipe Supports				
Concrete Pipe Supports	EA	31	$ 2,500	$ 77,500
			Subtotal Division 15 =	$ 8,956,500
Division 16: ELECTRICAL				
Vault Electrical	LS	8	$ 20,000	$ 160,000
			Subtotal Division 16 =	$ 160,000
Division 17: INSTRUMENTATION AND CONTROLS				
17200 - Computer Systems Hardware				
Hardware, Software and Integration	EA	8	$ 15,000	$ 120,000
17350 - Multiple Address Radio Equipment				
Remote Telemetry Unit	EA	8	$ 7,500	$ 60,000
17520 - Flow Instruments				
Magnetic Flow Meters	EA	2	$ 75,000	$ 150,000
17530 - Pressure and Level Instruments				
Pressure Transmitters	EA	8	$ 5,000	$ 40,000
			Subtotal Division 17 =	$ 370,000
			Subtotal Division 2 through 17 =	$ 100,552,070
Contingency			10%	$ 18,055,767
Subtotal - I				$ 198,607,837
General Conditions	LS		5%	$ 9,930,397
Mobilization/Demobilization, Bonds & Insurance	LS		6%	$ 11,916,476
Cash Allowance - Electric Utility Connections	LS			$ 400,000
Cash Allowance - Gas Line Relocations	LS			$ 400,000
Cash Allowance - Data Programming	LS			$ 1,500,000
Cash Allowance - MDOT - TMP	LS			$ 300,000
Cash Allowance - MDEQ/MDOT Permits and Inspection	LS			$ 1,500,000
Cash Allowance - RCDC Permit Compliance	LS			$ 1,500,000
Cash Allowance - Spare Parts	LS			$ 250,000
Provisionary Allowance - Unforeseen Conditions	LS			$ 8,750,000
Subtotal - II				$ 35,446,873

		Total Construction Cost (2008)	$ 234,054,810
Escalation to Mid-Point of Construction		12%	$ 28,206,577
		Total Construction Cost (2011)	$ 263,261,387

Construction cost estimate does not include CM fee
Contractor's overhead and profit is included in the Unit Cost

Detroit Water and Sewage Department
CS-1486
The Flint Transmission System
Construction Cost Estimate - North Transmission Main - Contract No. 2

Item	Unit	Quantity	Unit Cost	Total Cost
Division 1: GENERAL REQUIREMENTS				
01100 Traffic Control				
Signs	SF	6,650	$ 25	$ 166,250
Movable Message Boards	EA	4	$ 25,000	$ 100,000
Barricades	FT	16,000	$ 75	$ 1,200,000
Cones	EA	2,500	$ 20	$ 50,000
Truck-Mounted Attenuator	MO	24	$ 42,000	$ 1,008,000
Temporary Roads	SY	42,240	$ 10	$ 422,400
01140 Soil Erosion and Sedimentation Control				
Silt Fence	LF	198,000	$ 5	$ 990,000
Hay Bales	LF	4,000	$ 10	$ 40,000
			Subtotal Division 1 =	**$ 3,976,650**
Division 2: SITE WORK				
02100 Site Clearing				
Medium Brush	AC	38	$ 500	$ 19,000
Light Trees	AC	7	$ 4,000	$ 28,000
Topsoil Stripping	CY	7,500	$ 8	$ 60,000
02140 Dewatering				
Pumping - Operation	MO	18	$ 45,000	$ 810,000
Well Point System - Install/Remove	LF Hdr	60,000	$ 100	$ 6,000,000
02221 Trenching, Backfilling and Compacting				
Pavement Sawcutting and Removal	SY	176000	8	$ 1,408,000
Pavement Milling	SY	176000	2	$ 352,000
Excavation - Pipeline	CY	844,800	$ 5	$ 4,224,000
Granular Material	CY	17,500	$ 30	$ 525,000
Backfill and Compaction	CY	683,000	$ 5	$ 3,415,000
02236 Pipe Boring and Jacking				
Tunnel Casing	LF	2,510	$ 7,250	$ 18,197,500
Launching and Receiving Pits	EA	12	$ 150,000	$ 1,800,000
Soil Pre-Conditioning	LF	350	$ 3,600	$ 1,260,000
Mining Setup	EA	12	$ 100,000	$ 1,200,000
Cofferdams	SF	6,600	$ 40	$ 264,000
Sheeting	SF	270,000	$ 40	$ 10,800,000
02600 Manholes				
6' Dia Manhole	EA	228	$ 2,500	$ 570,000
Frame and Cover	EA	276	$ 500	$ 138,000
02628 Prestressed Concrete Cylinder Pipe				
PCCP	LF	126,720	$ 550	$ 69,696,000
02675 Disinfection of Water Main				
Flushing and Testing	MI	24	$ 36,000	$ 864,000
Disinfection	MI	24	$ 5,000	$ 120,000
02730 Aggregate Base and Surface Course				
Base Course Drainage Layer	CY	60,150	$ 100	$ 6,015,000
02740 Bituminous Paving				
Binder - 2-1/2"	SY	127,750	$ 10	$ 1,277,500
Wearing - 1-1/2"	SY	214,250	$ 6	$ 1,285,500
02755 - Concrete Curbs, Gutters and Sidewalks				
Concrete Curb and Gutter	LF	13,720	$ 11	$ 150,920
02760 - Sidewalks, Sidewalk Ramps and Driveways				
Driveway Replacement - Asphalt	SY	4,000	$ 9	$ 36,000
Driveway Replacement - Concrete	SF	4,320	$ 5	$ 21,600
02820 - Chain Link Fences and Gates				
Fencing	LF	20,000	$ 20	$ 400,000
02900 - Landscaping				
Topsoil	CY	18,338	$ 20	$ 366,760
Trees	EA	1,925	$ 50	$ 96,250
Grading	SY	440,000	$ 2	$ 880,000
Seeding	SY	440,000	$ 2	$ 880,000

Detroit Water and Sewage Department
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The Flint Transmission System
Construction Cost Estimate - North Transmission Main - Contract No. 2

Item	Unit	Quantity	Unit Cost	Total Cost
			Subtotal Division 2 =	**$ 133,160,030**
Division 3: CONCRETE				
Mud Mat	CY	656	$ 350	$ 229,600
Floor Slab	CY	1,410	$ 600	$ 846,000
Walls	CY	3,828	$ 600	$ 2,296,800
Top Slab	CY	1,379	$ 600	$ 827,400
Pipe Encasement	CY	2,775	$ 400	$ 1,110,000
			Subtotal Division 3 =	***$ 6,309,800***
Division 5: METALS				
05630 - Access Hatches				
Floor Doors	EA	2	$ 2,500	$ 5,000
			Subtotal Division 5 =	**$ 5,000**
Division 15: MECHANICAL				
15060 - Misc. Piping and Pipe				
Dismantling Joints - 60"	EA	2	$ 12,000	$ 24,000
Dismantling Joints - 30"	EA	10	$ 7,500	$ 75,000
Wall Sleeves - 48"	EA	4	$ 7,500	$ 30,000
48" D.I. Pipe	LF	35	$ 2,300	$ 82,800
30" D.I. Pipe	LF	105	$ 1,500	$ 157,500
48" x 30" Cross	EA	2	$ 40,000	$ 80,000
48" x 30" Reducer	EA	2	$ 40,000	$ 80,000
30" x 20" Reducer	EA	12	$ 30,000	$ 360,000
30" - 90 Bend	EA	4	$ 22,000	$ 88,000
Duplex Sump Pumps	EA	9	$ 5,000	$ 45,000
15062 - Steel Pipe				
8" Blowoff	LF	1,200	$ 60	$ 72,000
15104 - Metal Seated Gate Valves				
8" Gate Valves - Blowoff	EA	80	$ 1,000	$ 80,000
16" Gate Valves - Outlets	EA	6	$ 10,000	$ 60,000
30" Gate Valves	EA	4	$ 50,000	$ 200,000
48" Gate Valves	EA	4	$ 100,000	$ 400,000
60" Gate Valves	EA	24	$ 275,000	$ 6,600,000
20" Cone Valves	EA	6	$ 75,000	$ 450,000
15108 - Air Release and Combination Air Valves				
Manual Air Release Valves - 1-1/2"	EA	75	$ 1,000	$ 75,000
Automatic Air Release Valves - 1"	EA	75	$ 2,000	$ 150,000
Combination Air/Vacuum and Air Release - 8"	EA	1	$ 10,000	$ 10,000
Piping and Vents	EA	76	$ 1,500	$ 114,000
15140 - Pipe Supports				
Concrete Pipe Supports	EA	51	$ 2,500	$ 127,500
			Subtotal Division 15 =	**$ 9,360,800**
Division 16: ELECTRICAL				
PRV Electrical	LS	1	$ 32,000	$ 32,000
Vault Electrical	LS	7	$ 20,000	$ 140,000
			Subtotal Division 16 =	**$ 172,000**
Division 17: INSTRUMENTATION AND CONTROLS				
17200 - Computer Systems Hardware				
Hardware, Software	EA	8	$ 15,000	$ 120,000
17350 - Multiple Address Radio Equipment				
Remote Telemetry Unit	EA	8	$ 7,500	$ 60,000
17520 - Flow Instruments				
Magnetic Flow Meters	EA	2	$ 75,000	$ 150,000
17530 - Pressure and Level Instruments				

Detroit Water and Sewage Department
CS-1486
The Flint Transmission System
Construction Cost Estimate - North Transmission Main - Contract No. 2

Item	Unit	Quantity	Unit Cost	Total Cost
Pressure Transmitters	EA	8	$ 5,000	$ 40,000
			Subtotal Division 17 =	$ 370,000
			Subtotal Division 2 through 17 =	$ 162,354,280
Contingency			10%	$ 15,235,428
Subtotal - I				**$ 167,589,708**
General Conditions	LS		5%	$ 8,379,485
Mobilization/Demobilization, Bonds & Insurance	LS		6%	$ 10,055,382
Cash Allowance - Electric Utility Connections	LS			$ 400,000
Cash Allowance - Gas Line Relocations	LS			$ 400,000
Cash Allowance - Data Programming	LS			$ 1,500,000
Cash Allowance - MDOT - TMP	LS			$ 300,000
Cash Allowance - MDEQ/MDOT Permits and Inspection	LS			$ 750,000
Cash Allowance - GCRC Permit Compliance	LS			$ 1,500,000
Cash Allowance - Spare Parts	LS			$ 250,000
Provisionary Allowance - Unforeseen Conditions	LS			$ 8,750,000
Subtotal - II				**$ 32,284,868**
			Total Construction Cost (2008)	$ 199,874,576
Escalation to Mid-Point of Construction			12%	$ 23,984,949
			Total Construction Cost (2011)	$ 223,859,525

Construction cost estimate does not include CM fee
Contractor's overhead and profit is included in the Unit Cost

Detroit Water and Sewage Department
CS-1486
The Flint Transmission System
Construction Cost Estimate - Grand Blanc Pumping Station

Item	Unit	Quantity	Unit Cost	Total Cost
Division 1: GENERAL REQUIREMENTS				
01100 Traffic Control				
Maintaining Traffic allowance	LS	1	$ 35,000	$ 35,000
01140 Soil Erosion and Sedimentation Control				
Construction Entrance	LS	1	$ 5,000	$ 5,000
Silt Fence	LF	5,000	$ 1	$ 5,000
			Subtotal Division 1 =	**$ 45,000**
Division 2: SITE WORK				
02200 Earthwork and Backfill				
Excavation for Pumping Station	CY	7,650	$ 16	$ 122,400
Backfill for Pumping Station	CY	2,500	$ 20	$ 50,000
02012 Soil Boring and Testing	LS	1	$ 10,000	$ 10,000
02050 Demolition	LS	1	$ 10,000	$ 10,000
02100 Site Clearing				
Clear brush trees	LS	1	$ 20,000	$ 20,000
topsoil, strip and stack	cy	5,000	$ 10	$ 50,000
02140 Dewatering				
Well Points & Pumping	LS	1	$ 50,000	$ 50,000
02221 Trenching, Backfilling and Compacting				
Undercut unstable soil allowance	LS	800	$ 7	$ 5,600
Structural fill	CY	3,000	$ 30	$ 90,000
02530 Sanitary sewers				
8" dia San	LF	2,500	$ 40	$ 100,000
02600 Manholes	Each	7	$ 2,500	$ 17,500
02628 Water Main				
72-inch Suction and Discharge lines	LF	1,200	$ 750	$ 900,000
60-inch Gate Valves	Each	3	$ 275,000	$ 825,000
8-inch Gate Valve (Blow-off)	Each	2	$ 1,000	$ 2,000
8-Inch water	LF	2,000	$ 60	$ 120,000
Hydrant	Each	2	$ 3,000	$ 6,000
02630 Storm Drainage & Pipe Culverts				
12" dia Storm	LF	1,000	$ 40	$ 40,000
15" dia Storm	LF	400	$ 50	$ 20,000
Culvert	LF	40	$ 25	$ 1,000
Manholes and catch basins	Each	7	$ 2,000	$ 14,000
Detention Basin	Each	1	$ 25,000	$ 25,000
02640 Natural Gas	LS	1	$ 8,000	$ 8,000
02740 Bituminous Paving	SY	8,000	$ 38	$ 304,000
02750 Concrete Pavement	SY	3,000	$ 60	$ 180,000
02760 Sidewalks, Sidewalks & Driveways				
Curb and Gutter	LF	3,000	$ 16	$ 48,000
Granular Material	cy	4,000	$ 20	$ 80,000
Backfill and Compaction	cy	3,000	$ 12	$ 36,000
02820 Chainlink Fence and Gates				
8' high security fence w/ barbed wire	LF	3,600	$ 53	$ 190,800
Catilever sliding gates, motorized	Each	1	$ 18,000	$ 18,000
02900 Landscaping				
Topsoil	CY	4,000	$ 20	$ 80,000
Grading	SY	20,000	$ 2	$ 40,000
Seeding	SY	12,000	$ 2	$ 24,000
Trees & Shrubs	LS	1	$ 15,000	$ 15,000
General Contractor's Mark-up (10%)	LS	1	$ 350,230	$ 350,230
			Subtotal Division 2 =	**$ 3,852,530**
Division 3: CONCRETE				
Pumping Station				

Detroit Water and Sewage Department
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The Flint Transmission System
Construction Cost Estimate - Grand Blanc Pumping Station

Foundation	CY	1,213	$ 300	$ 363,900
Walls (East & West)	CY	100	$ 400	$ 40,000
Walls (North & South)	CY	29	$ 400	$ 11,600
Flow Meter Vault Walls (East & West)	CY	13	$ 400	$ 5,200
Flow Meter Vault Walls (North & South)	CY	9	$ 400	$ 3,600
Vault Walls (East & West)	CY	19	$ 400	$ 7,600
Vault Walls (North & South)	CY	14	$ 400	$ 5,600
Footings (East & West)	CY	225	$ 300	$ 67,500
Footings (North & South)	CY	65	$ 300	$ 19,500
Column Pillasters	CY	21	$ 750	$ 15,750
Column Pillasters Foundation	CY	24	$ 750	$ 18,000
Vaults for 60-inch Gate Valves				
Walls (East & West)	CY	150	$ 400	$ 60,000
Walls (North & South)	CY	100	$ 400	$ 40,000
Floor (Roof Plan)	CY	100	$ 300	$ 30,000
Floor (Floor Plan)	CY	17	$ 300	$ 5,100
Slab	CY	25	$ 500	$ 12,500
72" Pipe Encasement				
Concrete	CY	529	$ 400	$ 211,600
Pipe Encasement	CY	12	$ 400	$ 4,800
Electrical Room				
AHU Concrete Pad (Typ of 4)	CY	11	$ 400	$ 4,400
VFD Concrete Pad (Typ of 5)	CY	8	$ 400	$ 3,200
Double Ended Substation Concrete Support Pad (Typ)	CY	3	$ 400	$ 1,200
Primary Switch Gear Concrete Support Pad (Typ)	CY	5	$ 400	$ 2,000
6" Hollowcore (Office/Restroom Roof)	SF	250	$ 32	$ 8,000
Pump Room				
Valve Support Concrete Pad (Typ of 5) (Motor)	CY	5	$ 400	$ 2,000
Valve Support Concrete Pad (Typ of 5) (Pump)	CY	7	$ 400	$ 2,800
Valve Support Concrete Support Pad (Typ of 5)	CY	3	$ 400	$ 1,200
Valve Support Concrete Support Pad (Typ of 5)	CY	2	$ 400	$ 800
Valve Support Concrete Support Pad (Typ of 10)	CY	1	$ 400	$ 400
Thrust Restraint	CY	333	$ 400	$ 133,200
			Subtotal Division 3 =	**$ 1,081,450**
Division 4: MASONRY				
Exterior Masonry Wall (12" CMU, 4" face brick, cavity,	SF	16,950	$ 38	$ 644,100
12" interior masonry walls (Sound and Burnished block)	SF	4,050	$ 25	$ 101,250
8" interior masonry walls (Burnished Block)	SF	638	$ 22	$ 14,036
			Subtotal Division 4 =	**$ 759,386**
Division 5: METALS				
W14x90	LF	2,160	$ 140	$ 302,400
W12x40	LF	160	$ 60	$ 9,600
Cross Brace (2L3 $^1/_2$ x3x $^1/_2$)	LF	320	$ 50	$ 16,000
W6x15	LF	45	$ 35	$ 1,575
W10x33	LF	99	$ 60	$ 5,940
20LH09 Steel Joists	LF	1,295	$ 30	$ 38,850
Engineered Steel Truss	LF	3,240	$ 100	$ 324,000
Cross Bracing (L6x3 $^1/_2$x $^1/_2$)	LF	688	$ 35	$ 24,080
3" Metal Decking	SF	13,200	$ 20	$ 264,000
2" Metal Decking	SF	7,500	$ 15	$ 112,500
Grating				
Removable St. Grating (Pump Room)	SF	930	$ 30	$ 27,900
Aluminum Grating (Valve Vault) - (Typ of 3)	SF	27	$ 30	$ 810
Removable painted St. Handrail (around removable	LF	150	$ 55	$ 8,250
Painted steel railing (Stairways)	LF	40	$ 55	$ 2,200
Metal stair (2 stairs)	Riser	40	$ 550	$ 22,000

Detroit Water and Sewage Department
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The Flint Transmission System
Construction Cost Estimate - Grand Blanc Pumping Station

			Subtotal Division 5 =	**$ 1,160,105**
Division 6: WOOD AND PLASTIC				
Rough carpentry	LS	1	$ 9,200	$ 9,200
			Subtotal Division 6 =	**$ 9,200**
Division 7: THERMAL AND MOISTURE PROTECTION				
Built Up Roofing	SF	7,700	$ 9	$ 69,300
Standing seam roofing	SF	16,900	$ 14	$ 236,600
			Subtotal Division 7 =	**$ 236,600**
Division 8. DOORS AND WINDOWS				
Exterior HM doors	EA	6	$ 2,530	$ 15,180
Interior HM doors	EA	4	$ 1,840	$ 7,360
Overhead Door	EA	2	$ 11,200	$ 22,400
Aluminum Windows	SF	98	$ 50	$ 4,900
Translucent Panels	SF	996	$ 45	$ 44,820
			Subtotal Division 8 =	**$ 94,660**
Division 9: FINISHES				
Painting				
			Subtotal Division 9 =	**$ 337,252**
Division 10: SPECIALTIES				
Louvers	LS	1	30,000	$ 30,000
xx	x	0	$ -	$ -
			Subtotal Division 11 =	**$ -**
Division 12: FURNISHINGS				
Control room furniture	LS	1	$ 3,450	$ 3,450
			Subtotal Division 12 =	**$ 3,450**
Division 13: SPECIAL CONSTRUCTION				
xx	x	0	$ -	$ -
			Subtotal Division 13 =	**$ -**
Division 14: CONVEYING SYSTEMS				
15 Ton Crane 60' Span	LS	1	$ 265,810	$ 265,810
			Subtotal Division 14 =	**$ 265,810**
Division 15: MECHANICAL				
Pumps - w/2250 HP Motors and VFD's	each	5	$ 1,410,000	$ 7,050,000
30 inch Piping	l.f	200	$ 1,200	$ 240,000
30 inch 90° Bends	each	10	$ 22,000	$ 220,000
30 inch Coupling	each	10	$ 6,300	$ 63,000
30 inch Gate Valve w/Manual Operator	each	10	$ 115,000	$ 1,150,000
20 inch Cone Valve w/EH Operator	each	5	$ 135,000	$ 675,000
72 inch Header Piping	l.f	520	$ 3,000	$ 1,560,000
72 inch Tees	each	12	$ 114,000	$ 1,368,000
72 inch 90° Bends	each	2	$ 90,000	$ 180,000
Magnetic Flow Meter	each	1	$ 57,000	$ 57,000
72 & 60 inch Bypass Piping	l.f	100	$ 1,450	$ 145,000
48" Gate Valve w/Manual Operator	each	2	$ 167,500	$ 335,000
36 inch Cone Valve w/EH Operator	each	1	$ 305,000	$ 305,000
72 inch Couplings	each	4	$ 6,900	$ 27,600
Supply Water System	each	1	$ 54,000	$ 54,000
Drain Pumping Station (Interior)	each	1	$ 25,200	$ 25,200
Air/Vacuum Relief Valves	each	10	$ 1,500	$ 15,000
Plumbing	s.f.	18,000	$ 20	$ 360,000

Detroit Water and Sewage Department
CS-1486
The Flint Transmission System
Construction Cost Estimate - Grand Blanc Pumping Station

Mechanical Start-up, Testing and Disinfection	each	1	$ 100,000	$ 100,000
HVAC	s.f	18,000	$ 35	$ 630,000
General Contractor's Mark-up (10%)	LS	1	$ 1,455,980	$ 1,455,980
			Subtotal Division 15 =	**$ 16,015,780**
Division 16: ELECTRICAL				
15 KV Metal Enclosed Switchgear W/DTE Meter	Each	1	$ 80,000	$ 80,000
Primary Power Transformer	Each	1	$ 850,000	$ 850,000
Neutral Grounding Resistor	Each	1	$ 50,000	$ 50,000
5 KV Metal Clad Switchgear Lineup	Each	1	$ 850,000	$ 850,000
Distribution Equipment	LS	1	$ 250,000	$ 250,000
Lighting System	LS	1	$ 125,000	$ 125,000
Grounding - Building & Equipment	LS	1	$ 50,000	$ 50,000
MV Cables	LS	1	$ 75,000	$ 75,000
Wiring and Control Devices	LS	1	$ 50,000	$ 50,000
Cable and Wires	LS	1	$ 150,000	$ 150,000
Installation	LS	1	$ 1,155,250	$ 1,155,250
Startup, testing and training	LS	1	$ 150,000	$ 150,000
Short Circuit & Coordination Study	LS	1	$ 75,000	$ 75,000
Gate/Card Access	LS	1	$ 11,000	$ 11,000
Network Video Recorder and Cameras	LS	1	$ 13,000	$ 13,000
Interior Motion/door contracts	LS	1	$ 10,000	$ 10,000
Documentation and Manuals	LS	1	$ 55,000	$ 55,000
General Contractor's Mark-up (10%)	LS	1	$ 399,925	$ 399,925
			Subtotal Division 16 =	**$ 4,399,175**
Division 17: INSTRUMENTATION AND CONTROLS				
Control System - with Remote Operator Station (ROS)	LS	1	$ 450,000	$ 450,000
Radio System	LS	1	$ 53,000	$ 53,000
Field Instruments- Flow, Pressure, etc	LS	1	$ 59,400	$ 59,400
Progamming - Control System including upgrade to SCC	LS	1	$ 57,500	$ 57,500
Start-up/Phase-over and Testing	LS	1	$ 140,000	$ 140,000
Documentation and Manuals	LS	1	$ 45,000	$ 45,000
Network/Communication Equipment	LS	1	$ 19,800	$ 19,800
General Contractor's Mark-up (10%)	LS	1	$ 82,470	$ 82,470
			Subtotal Division 17 =	**$ 907,170**
			Subtotal Division 2 through 17 =	***$ 29,171,593***
Contingency			10%	$ 2,917,159
Subtotal - I				***$ 32,088,752***
General Conditions	1		5%	$ 1,604,438
Mobilization/Demobilization, Bonds & Insurance	1		6%	$ 1,925,325
Allowance for Primary Feed To Station	LS		$ 2,000,000	$ 2,000,000
Provisionary Allowance - Unforeseen Conditions	1		10%	$ 3,208,875
Subtotal - II				**$ 8,738,638**
			Total Construction Cost (2008)	**$ 40,827,390**
Escalation to Mid-Point of Construction			12%	$ 4,899,287
			Total Construction Cost (2011)	***$ 45,726,677***

Construction cost estimate does not include CM fee
Contractor's overhead and profit is included in the Unit Cost

Form No. DTMB-3522 (Rev. 4/2012)
AUTHORITY Act 431 of 1984
COMPLETION Required
PENALTY Contract will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
PURCHASING
P.O. BOX 30791, LANSING, MI 48909
OR
430 W. ALLEGAN, LANSING, MI 48933

NOTICE OF CONTRACT NO. 271N3200089
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Tucker, Young, Jackson, Tull, Inc.	George Y Karmo, BCEE, P.E	gkarmo@tyjt.com
565 East Larned, Suite 300	TELEPHONE	CONTRACTOR #, MAIL CODE
Detroit, Michigan 48226	313-963-0612	On-file

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR:	Treasury	Eric Cline	517-373-4415	cliner1@michigan.gov
BUYER:	Treasury	Thomas Falik	517-373-3185	falikt@michigan.gov

CONTRACT SUMMARY:

DESCRIPTION:

Municipal Water Supply Assessment

INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
Two Months	11/28/2012	01/31/2013	0
PAYMENT TERMS	**F.O.B**	**SHIPPED**	**SHIPPED FROM**
NET30	Destination	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			**AVAILABLE TO MIDEAL PARTICIPANTS**
☐ P-card ☐ Direct Voucher (DV) ☐ Other			☐ YES ☒ NO

MINIMUM DELIVERY REQUIREMENTS:

N/A

MISCELLANEOUS INFORMATION:

The terms and conditions of Indefinite-Scope, Indefinite-Delivery Contract No. 00383 (Discretionary Contract Number 00263), Statement of Work (SOW) #271Q3209 and clarification dated November 21, 2012 apply to this Contract.

CONTRACT VALUE:	$39,500.00

This Contract Agreement is awarded on the basis of our inquiry bearing solicitation #271Q3208.

Form No. OTSB-3522 (Rev 4/2012)

Notice of Contract #: 271N3200089

FOR THE CONTRACTOR:	FOR THE STATE:
Tucker, Young, Jackson, Tull, Inc.	
Firm Name	
Authorized Agent Signature	Thomas Falik/Purchasing Manager
	Name/Title
GEORGE Y. KARMO	Department of Treasury
Authorized Agent (Print or Type)	Enter Name of Agency
11-28-2012	11-28-12
Date	Date

Article 1 – Statement of Work (SOW)

Note to Contractors: Proposals must include detailed responses to all tasks as requested in Article 1. Contractors should provide thorough responses to each task, or, when appropriate, state their agreement that the Contractor will provide the requested services. Contractors are encouraged to provide detailed responses in order to allow the State to fully evaluate the Contractor's capabilities.

Throughout this SOW, language referring to Contract or Contractor(s) refers to any Contract awarded from this SOW. This SOW in itself is not to be construed as a Contract.

1.010 Project Identification

1.011 Project Request

This is an SOW for a Municipal Water Supply Assessment on behalf of the Department of Treasury and the City of Flint in Genesee County. This is a formal request to prospective Contractors to solicit bids or price quotations. Contractors must submit written proposals according to the instructions contained within this document, discussing how they will meet the specific requirements

Any awarded Purchase Order(s) between the State and any awarded Contractor(s) is a separate document, whose terms are limited by the Contract.

1.012 Background

The Treasury Department is charged with monitoring, oversight and provision of assistance to local units of government under various statutes, including but not limited to, the Home Rule City Act (Act 279 of 1909), the Uniform Budgeting and Accounting Act (Act 2 of 1968), and the Glenn Steil State Revenue Sharing Act (Act 140 of 1971). In providing such monitoring and assistance to local units of government, the Treasury Department strives to preserve the capacity of local units to provide those services essential to the public health, safety and welfare of the citizens of this State.

The City of Flint is currently supplied potable water from the Detroit Water and Sewerage Department (DWSD) This supply is provided through a single 72-inch water main that terminates at a master meter. The City of Flint's water treatment plant uses the Flint River as a back-up and redundancy supply source to the DWSD supply, as required by the Michigan Department of Environmental Quality (MDEQ). The City of Flint also provides potable water to Genesee County downstream of the DWSD master meter.

The newly formed Karegnondi Water Authority (KWA) plans to construct a raw water supply system that will feed Flint's water treatment plant with water directly from Lake Huron The Flint water treatment plant could be upgraded to accommodate and treat this new raw water source. DWSD has also proposed alternatives to the existing agreement with the City of Flint that could also be pursued.

A Contractor is needed to provide services to the Department of Treasury and the City of Flint upon request of the Treasury Department. The Department of Treasury is requesting a Contractor provide an analysis of the water supply options for the City of Flint to assist the Department of Treasury and the City of Flint in determining the best available option

1.020 Scope of Work and Deliverables

1.021 In Scope

The Contractor must provide Water Supply Assessment as requested by the Department of Treasury. These services will include data collection and review, an engineering evaluation and the generation of recommendations.

Bidder Response:

Agreed; our attached Sample Project Plan describes our approach for these services

1.022 Work and Deliverable

Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below

A. **Data Collection and Review:**

1. Provide all labor, materials and equipment to fully perform the work of data collection and review for an assessment of water supply options for the City of Flint

Bidder Response.

Our Price Proposal in Attachment A includes all labor, materials and equipment to perform the base work described in our Sample Project Plan.

2 Perform an analysis and comparison of the KWA and DWSD proposals that includes all capital, financing, operational and maintenance costs.

Bidder Response:

Agreed, our attached Sample Project Plan describes our approach for these services.

3 Prepare and submit for Department of Treasury and City of Flint review a preliminary report on the findings by Thursday, December 20, 2012; additionally, a final inspection report of findings and recommendations must be presented no later than January 8, 2013 (also see Section 1 022.E).

Bidder Response:

Agreed, however, meeting these dates are predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012

B Data collection and analysis services must include the following:

1 DWSD's proposed contract with the City of Flint

Bidder Response:

Agreed, this is included in our attached Sample Project Plan

2. DWSD's proposed water rates with the City of Flint

Bidder Response:

Agreed, this is included in our attached Sample Project Plan.

3. Other relevant DWSD documents or information regarding the provision of municipal water to the City of Flint

Bidder Response:

Agreed

4. KWA's proposed contract with the City of Flint

Bidder Response.

Agreed, this is included in our attached Sample Project Plan

5 Any engineering or environmental reports that evaluate KWA's proposal to provide municipal water to the City of Flint.

Bidder Response·

Agreed

6 Other relevant KWA documents or information regarding the provision of municipal water to the City of Flint

Bidder Response:

Agreed

C **Engineering Evaluation:**

1 Evaluation and recommendation of a potential water supply for the City of Flint must be based upon: 1) Cost; 2) System redundancy and reliability; and 3) The capacity for the Flint River to supply all of the City of Flint's water needs

Bidder Response

Agreed, this is included in our attached Sample Project Plan.

2 Evaluation and recommendation of a potential water supply for the City of Flint will also be based upon any additional criteria mutually agreed upon by the Department of Treasury, the City of Flint and the Contractor.

Bidder Response.

Agreed

D *The Contractor must carry out its operations in strict accordance with local, state, federal* regulations.

Bidder Response.

Agreed.

E. Provide electronic copies (in the most suitable format) of the final inspection report of findings and recommendations to the City of Flint and the Department of Treasury, Office of Fiscal *Responsibility by January 8, 2013:*

Bidder Response:

Agreed

1. Describe format of findings and recommendations. Format should also include a description of all work performed.

Bidder Response

Our attached Sample Project Plan describes our approach for the findings and recommendations. TYJT will draft a report for the Treasurer that identifies the information collected, the analysis process, our findings, and the recommendations made. Our recommendations will be based on the risks to Flint associated with the options identified.

a) Preliminary inspection report of findings and recommendations must be presented by December 20, 2012

Bidder Response

Agreed, this is included in our attached Sample Project Plan and the date is predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012

b) Final inspection report of findings and recommendations must be presented no later than January 8, 2013

Bidder Response

Agreed, this is included in our attached Sample Project Plan and the date is predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012

2 Describe electronic formats available

Bidder Response.

Document formats would include PDF's or in their initial format (Word, Excel, GIS/CAD, etc.).

F Submit findings and recommendations to an independent Quality Control and Quality Assurance (QA/QC) review process for validation

Bidder Response

Agreed; the independent QA/QC approach is included in our attached Sample Project Plan.

1 Provide electronic copies (in the most suitable format) of the independent QA/QC review to the City of Flint and the Department of Treasury, Office of Fiscal Responsibility by January 8, 2013, with the final inspection report.

Bidder Response

Agreed, however, meeting this date are predicated on receiving a notice to proceed from the Treasury Department by November 26, 2012.

1.030 Roles and Responsibilities

1.031 Contractor Staff, Roles, and Responsibilities

1. Contractor must identify staff who will be involved in the project, including the name of each individual, work locations, and detailed descriptions of their roles and responsibilities.

   Note: If an overall organization chart has been developed, provide a reference to that chart as well Note any part-time personnel.

   Bidder Response:

The staff will be comprised of our senior management. Messrs. David Guastella and Awni Qaqish Also, we will be supported by our part-time staff member, former Finance Director of Redford. Their roles will include meeting with Flint, KWA, and DWSD; estimating capital costs of all options; estimating all operation and maintenance costs of all options, a financial analysis for funding capital; and all other issues related to the costs of service.

2. Specific work schedules for this project are Monday through Friday, 8:00 a.m. to 5:00 p.m. Eastern Time; however, possible night and weekend hours may be required.

   Bidder Response:

Agreed

1.032 State Staff, Roles, and Responsibilities

1 Contract Compliance Inspector (CCI). The State's CCI provides oversight and monitoring of the selected Contractor's adherence to the terms and conditions of this project and the Contract.

2 Project Manager: The State's Project Manager will monitor the project activities

1.040 Project Plan

1.041 Project Plan Management

1 The Contractor will carry out this project under the direction and control of the CCI or designee.

2. Although there will be continuous liaison with the Contractor team, the CCI or designee will meet quarterly as a minimum, or as requested by the CCI or designee, with the Contractor's Project Manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise

3 Contractors must provide a sample project plan with proposal for the deliverables proposed in section 1.022 The plan must include the details noted in section 1.041.4.

Contractor Response

Agreed, the Sample Project Plan is attached.

4 Within five working days of Contract or purchase order award, the Contractor must submit to the CCI or designee for final approval a detailed project plan This final project plan must be in agreement with the Contractor's proposal and accepted by the State for Contract, and must include the following:

   a. The Contractor's project organizational structure

   b. The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions

due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.

c. The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each (e.g., estimated levels of effort for each level of personnel for Contractor personnel, including any contractual employees, and State personnel)

1.042 Reports

1. The Contractor must submit written bi-weekly summaries of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the CCI; and notification of any significant deviation from previously agreed-upon work plans

1.050 Acceptance – Deleted – N/A

1.060 Proposal Pricing

1.061 Proposal Pricing

1. For authorized Services and Price List, see Attachment A (Price Proposal). Please complete Attachment A and submit with proposal.

2 Bidders are encouraged to offer quick payment terms (i.e _0__% discount off invoice if paid within _____ days) This information can be noted on the Bidders price proposal (see Attachment A). This may be a factor considered in the award decision.

3. Contractor's out-of-pocket expenses are not separately reimbursable by the State or local unit of government unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates. See **www.michigan.gov/dtmb** for current rates.

4. Invoicing and payment must occur per Article 2 (Compensation) of Indefinite Scope Indefinite Delivery Contract No. 263 (Discretionary Contract Number 00263) and Attachment A

1.070 Additional Requirements – Deleted – N/A

Attachment A, Price Proposal

Bidders are encouraged to offer quick payment terms (i.e __0__% discount off invoice if paid within _____ days) This information can be noted on the price proposal This may be a factor considered in the award decision.

Provide the price per deliverable for the proposed services in section 1.022.	
Deliverable	**Price**
A Municipal Water Supply Assessment	
1. Data Collection and Review	$ 6,500
2 Engineering Evaluation	$ 30,000
3 Provide Copies of Findings and Review Findings	$ 3,000
Grand Total	$ 39,500
B Optional Services	
1	$
2	$
3.	$
4.	$
5.	$

Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT
SAMPLE PROJECT PLAN

November 2012

1. Scope of Work

Tucker, Young, Jackson, Tull, Inc. (TYJT), at the request of the State Treasurer is providing a proposal to perform an analysis of the water supply options being considered by the City of Flint. The work would be completed as an authorized task under the reference contract, Contract No. 00383. This proposal provides a background of our understanding of the issues, our approach, schedule dates, and the level of effort to perform the task.

2. Background

The City of Flint is presently supplied potable water from the Detroit Water and Sewerage Department (DWSD). This supply is from a single 72-inch water main that terminates at a master meter located at Potter and Baxter. Additionally, downstream of the DWSD master meter, Flint supplies its customer Genesee County. The City of Flint also operates a water treatment plant that uses the Flint River as its source of supply to provide back up and redundancy to the DWSD supply as required by MDEQ

The Karegnondi Water Authority (KWA) is planning on constructing a raw water supply system that could provide Lake Huron water to the Flint's Water Treatment Plant. Flint's existing plant would be upgraded to treat the new raw water source.

The State Treasurer has appointed an emergency financial manager for the City of Flint. As such the Treasurer has requested TYJT to provide an analysis of the water supply options to assist the Treasurer in determining the best course going forward for the City of Flint.

3. Scope of Work

The proposed scope of work summarizes TYJT's approach to perform the analysis. The work includes data collection and review, an engineering evaluation, and recommendations. The recommendations would be provided in a report that would also include a description of all the work performed under this task.

3.1. Data Collection and Review

To perform an analysis of competing proposals it is important to provide a relative or "apples-to-apples" comparison. As example, DWSD's cost of service includes all capital, financing, and operation and maintenance costs to deliver the water to Flint's system. Therefore, it will be necessary for an assessment of KWA's proposal to also include all of these costs in the comparison.

Additionally, DWSD is proposing other alternatives to its existing agreement with Flint that will also need to be evaluated. The options currently proposed include:

- Using DWSD's new model contract that provides reduction in cost for communities with their own storage,
- Moving the location of supply from Potter and Baxter to the Imlay Pumping Station to reduce fees associated with elevation and distance from DWSD's water plants,
- Providing finished (potable) non-pumped water from the Lake Huron Water Treatment Plant, and
- Providing raw (not treated) non-pumped water from the Lake Huron Water Treatment Plant.

This phase of the work would include the collection and review of the following documents:

- The Lake Huron Water Supply Karegnondi Water Authority Preliminary Engineering Report, dated September 2009 and the 2012 update by Rowe Engineering,
- The Analysis of the Flint River as a Permanent Water Supply for the City of Flint Report, dated July 2011;
- Proposed or draft contract agreements that would be used between the KWA and the City of Flint;
- DWSD's contract rates based on the new model contracts;
- Information related to other DWSD proposals for service to Flint; and
- Other letters, minutes, etc. from all parties that provide information that could be used in the evaluation

All information provided would be evaluated and subsequent meetings would be held with the DWSD, Flint and the KWA to address any data gaps or clarifications that may be required. These meetings would be coordinated with the Treasurer so that its representatives can be present at the meetings. For the purpose of this proposal, TYJT has assumed a total of two meetings for both the DWSD and KWA.

3.2. Engineering Evaluation

The City of Flint Emergency Financial Manager has indicated that he believes the determination of who supplies water to the City's system should mainly be based on the following criteria (in order of importance).

- Cost,
- System redundancy/reliability, and
- The recognized limitation of the Flint River as a source to supplying all of Flint's water needs.

In consultation with the Treasurer, these factors plus additional ones that may be identified in the evaluation process would be used.

An analysis will be performed for the options identified and a comparison will be made based on cost, reliability of supply, and any limitations that may identified by both suppliers in providing the needed service.

TYJT will draft a report for the Treasurer that identifies the information collected, the analysis process, our findings, and the recommendations made. Our recommendations will be based on the risks to Flint associated with the options identified. TYJT will then incorporate comments from the Treasury's review and submit a final document to the Department of Treasury for their use.

Furthermore, as is done as a standard of practice at TYJT for quality control and quality assurance (QA/QC), an independent review will be completed by staff or outside consultants not directly involved in the project. These reviewers will have noted experience in the field necessary to complete the QA/QC reviews. Two reviews are envisioned; one to review the evaluation process and the other to review the findings and recommendations

4. Schedule

At the meeting between all interested parties on November 1, 2012, two dates were identified by the Treasurer. The first date identified was December 20, 2012 for the preliminary evaluation to be provided to the State. The second date was January 15, 2013 for the Treasury to make a decision on the City of Flint water supply. TYJT proposes to complete the draft report for submittal on December 20th. This will provide a two week review period by the Treasury. The final report would then be completed and submitted one week prior to the January 15th deadline. TYJT will also be available, if requested by the Treasurer, to attend a general meeting with all parties involved at the conclusion of the work.

Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

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5. Level of Effort and Cost

TYJT estimates the level of effort to be $39,500. The work would be billed on a time and material basis using the rates in the reference contract, Contract No 00383

Edward J. Kurtz
Emergency Financial Manager

Dayne Walling
Mayor

November 6, 2012

RECEIVED
NOV 8 2012
OFFICE OF THE STATE TREASURER

Mr Andy Dillon, Treasurer
Michigan Department of Treasury
430 W Allegan Street
Lansing, MI 48922

Dear Treasurer Dillon

First, thank you for giving us the opportunity to present our plan for the "Flint Water Supply Future" with you We have already had initial contact with DWSD about scheduling meetings as well as what information is needed by them to make a proposal to us. Our understanding from the meeting is that DWSD needs to make a proposal to us for consideration along with the KWA proposal by the 20th of December We would then make a recommendation to you for the Governor's consideration A final recommendation will be made by the Governor's office by January 15, 2013

I assure you, that we will work diligently with DWSD to provide them with whatever they need, so they can meet that deadline. We will give serious consideration to their proposal

As I stated at the meeting, I am not an advocate for KWA but for the best cost option for the next 30 to 40 years for the people of the City of Flint However, in our analysis of the options, KWA does several things that I think are in the best interest of our city, our region (Mid Michigan) and the State of Michigan They are

1. It provides a second source of water from Lake Huron Currently over 40% of the people of the state are served by DWSD

2. DWSD does not provide water services to the Thumb area, namely Sanilac and Lapeer Counties

3. It affords the opportunity for the region to form a water and sewer authority in the future Genesee County, the Genesee County Drain Commission, the Cities of Flint and Lapeer Lapeer and Sanalac Counties as well as other regional municipalities could come together to form a Mid Michigan Water and Sewer Authority to the benefit of the entire region

4 It gives the City of Flint "ownership" in a water distribution system and the ability, along with its partners, to control its own water resource destiny

5 It offers additional economic development opportunities for the region by providing businesses with a source of low cost water

I think it is also important to again indicate that Genesee County intends to go ahead with the pipe line with or without Flint The County Board of Commissioners has already aporoved bonding for the first stage of the project.

Again, let me assure you that we in the City of Flint have an open mind relative to the outcome

Sincerely,

Edward Kurtz
Emergency Financial Manager

Summary of DWSD Cost Allocations to Flint Under Various Scenarios

Flint Only

	Revenue Requirement	Rates and Charges: Fixed	Rates and Charges: Commodity	Rates and Charges: Avg Unit Cost
1 **Status Quo**	11,461,700	357,271	12 46	19.91
2 **Model Contract**	9,732,100	275,517	11 16	16.90
3 Change	(1,729,600)	(81,754)	(1 30)	(3.00)
4 % Change	*-15.1%*	*-22.9%*	*-10 4%*	*-15 1%*
5 **Max Day Only**	9,424,700	271,010	10.72	16.37
6 Change	(307,400)	(4,507)	(0 44)	(0.53)
7 % Change	*-3 3%*	*-1 7%*	*-4 1%*	*-3 3%*
8 **Allow Blending**	6,302,800	182,369	10 72	16 42
9 Change	(3,121,900)	(88,641)	0 00	0.05
10 % Change	*-49.5%*	*-48 6%*	*0 0%*	*0 3%*
11 **Imlay City Connections**	5,800,700	170,912	9 77	15.11
12 Change	(502,100)	(11.457)	(0.95)	(1.31)
13 % Change	*-8 7%*	*-6 7%*	*-9 7%*	*-8 7%*
14 Cumulative Change	(5,661,000)	(186,359)	(2.69)	(4 80)
15 Cumulative %Change	*-49 4%*	*-52 2%*	*-21 6%*	*-24 1%*

	Assumptions: Avg Day	Max Day	Peak Hour	Distance	Elevation	Sales
	mgd	*mgd*	*mgd*	*miles*	*feet*	*mgd*
1 **Status Quo**	11.8	21.6	22 6	52.0	866	**11.8**
2 **Model Contract**	11.8	**17.9**	**18.8**	52 0	866	11 8
3 **Max Day Only**	11.8	17 9	**17.9**	52.0	866	11.8
4 **Allow Blending**	7.9	**11.9**	11.9	52.0	866	*7.9*
5 **Imlay City Connections**	7 9	11.9	11.9	**45.2**	**866**	7.9

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			*Average*
	Fixed	Commodity	Avg Unit Cost	Fixed	Commodity	Avg Unit Cost	*Annual Change*
	$/mo	*$/Mcf*	*$/Mcf*	*$/mo*	*$/Mcf*	*$/Mcf*	
As Charged							
2004		11 06	11 06				
2005		10.24	10 24			-7 4%	
2006		10.56	10 56			3.1%	
2007		11.09	11.09			5 0%	
2008		11 35	11.35			2.3%	
2009		13 07	13 07			15.2%	
2010		14 32	14.32			9 6%	
2011	182,301	14 29	16 01		-0.2%	11 8%	
2012	443,096	13.36	17.53	143 1%	-6.5%	9.5%	
2013	707,000	12 46	19 12	59 6%	-6 7%	9 1%	**6.3%**
Hypothetical Model Contract							
2004		11 06	11 06				
2005		10.24	10 24			-7 4%	
2006		10.56	10.56			3 1%	
2007		11 09	11 09			5 0%	
2008		11.35	11 35			2.3%	
2009		13 07	13 07			15 2%	
2010		***13.96***	***13.96***			6.8%	
2011	***145,918***	***13.74***	***15.28***		-1 6%	9.5%	
2012	***378,968***	***12.58***	***16.57***	159 7%	-8 4%	8 4%	
2013	***597,323***	***11.63***	***17.93***	57.6%	-7 6%	8.2%	**5.5%**

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			*Average*
	Fixed	Commodity	Avg Unit Cost	Fixed	Commodity	Avg Unit Cost	*Annual Change*
	$/mo	*$/Mcf*	*$/Mcf*	*$/mo*	*$/Mcf*	*$/Mcf*	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7 4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12 46	19.12	59.6%	-6.7%	9.1%	6.3%
*Hypothetical Model Contract - **Flint Only***							
2004		11.06	11.06				
2005		10.24	10.24			-7 4%	
2006		10.56	10 56			3 1%	
2007		11.09	11 09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		*11.73*	*11.73*			-10.3%	
2011	*70,060*	*12.45*	*13.89*		6.1%	18 4%	
2012	*175,882*	*11.47*	*15.08*	151 0%	-7.9%	8.6%	
2013	*272,923*	*10.65*	*16.24*	55.2%	-7.1%	7.7%	4.4%

Recent DWSD Water Rates to Flint

FY	Rates and Charges: Fixed $/mo	Rates and Charges: Commodity $/Mcf	Rates and Charges: Avg Unit Cost $/Mcf	Annual Change: Fixed $/mo	Annual Change: Commodity $/Mcf	Annual Change: Avg Unit Cost $/Mcf	*Average Annual Change*
As Charged							
2004		11 06	11 06				
2005		10.24	10 24			-7 4%	
2006		10.56	10.56			3.1%	
2007		11 09	11 09			5.0%	
2008		11.35	11 35			2.3%	
2009		13 07	13 07			15 2%	
2010		14 32	14.32			9 6%	
2011	182,301	14.29	16.01		-0.2%	11 8%	
2012	443,096	13.36	17.53	143 1%	-6.5%	9.5%	
2013	707,000	12 46	19 12	59 6%	-6 7%	9 1%	**6.3%**
*Hypothetical Model Contract - **Flint Only @ Imlay***							
2004		11 06	11 06				
2005		10.24	10 24			-7 4%	
2006		10 56	10.56			3 1%	
2007		11 09	11.09			5 0%	
2008		11 35	11.35			2 3%	
2009		13 07	13 07			15.2%	
2010		***11.16***	***11.16***			-14 6%	
2011	***65,919***	***10.88***	***12.23***		-2 5%	9 6%	
2012	***165,275***	***9.89***	***13.28***	150.7%	-9 1%	8.6%	
2013	***255,580***	***9.09***	***14.32***	54.6%	-8 1%	7 8%	**2.9%**

TUCKER, YOUNG,
JACKSON, TULL INC.
CONSULTING ENGINEERS-PLANNERS
565 E. Larned Suite 300
Detroit, Michigan 48226
(313)963-0612 FAX (313)963-2156

MEETING MINUTES

IN ATTENDANCE:	Ed Kurtz; Flint Emergency Financial Manager, City of Flint Dayne Walling; Mayor, City of Flint Mike Brown, City of Flint John O'Brien, Genesee County Howard Croft, City of Flint Dwayne "Duffy" Johnson, City of Flint Brent Wright, City of Flint Awni Qaqish, TYJT Dave Guastella, TYJT
DATE:	November 24, 2012
PURPOSE OF MEETING	Meeting with the City of Flint for the Indefinite-scope, Indefinite-delivery Contract Number 00383, 2012 Professional General Architectural/Engineering Services – City of Flint Water Supply Assessment
PREPARED BY	Dave Guastella

A meeting was held at the City of Flint Municipal Center on November 20, 2012 to discuss the water supply option being presented by the Karegnondi Water Authority (KWA) to the City of Flint. The main items discussed generally followed the attached KWA Discussion/Questions that were provided to City prior to the meeting. A summary of the key points discussed are provided below.

The questions submitted are repeated in the Discussion Items for easy reference. A summary of the action items generated from the meeting follow the Discussion Items.

DISCUSSION ITEMS

1. Question/Discussion Item. Is the maximum day demand of 18 MGD for Flint the maximum day demand (MDD) throughout the 25 year planning period? If not, what is the 25 year projected MDD?

   KWA would supply up to 18 MGD. 18 MGD has been assumed as the maximum day demand and 12 MGD is assumed as the average day demand throughout the 25 year planning period.

2. Question/Discussion Item: Copy of the intake contract documents and engineer's estimate.

   The intake contract documents are approximately 90% complete and are not available for distribution. However, the updated Appendix 20, dated October 4, 2012 includes the most recent cost estimate of the intake based on the current design in process

Comments: Meeting minutes were recorded based on the understanding of the author. Please contact the author within three days if you have any different understanding of the meeting These minutes will be considered approved unless comments are provided within three days

3. Question/Discussion Item: Documentation of the Flint WTP improvements required and cost estimate.

   The costs are approximately $7M as presented in the September 2009 Preliminary Engineering Report. However, this estimate has been updated. Some processes have been eliminated. John O'Brien will provide the updated costs and the description of the planned improvements to the plant.

4. Question/Discussion Item: Confirm Flint's allocated percentage of the KWA capital improvements (30%?)

   Yes, the allocation is based on 18 MGD/60 MGD total capacity.

5. Question/Discussion Item: Copy of the proposed KWA operating agreement for Flint.

   John O'Brien will provide the operating agreement as well as the Capacity Contract and Articles of Incorporation.

6. Question/Discussion Item: What is the annual operating agreement adjustment projected for the 25 year planning period?

   This information is provided in Appendix 14, Table 14.2 of the September 2009 Preliminary Engineering Report. Operating cost based on Table 1. Used 12 MGD as average day demand (ADD). Assumed 5% as the annual increase in operating costs. John O'Brien indicated that these operating costs were based on Genesee County's operating costs John O'Brien will provide the last 10 years of audited financial statements for the water fund.

   To assess operating and maintenance costs for the Flint WTP, Duffy will provide multiple years of financial statements for the water fund Duffy did not believe they had 10 years, but they will provide what they have.

   Regarding operation and maintenance costs, Flint believes that these costs will increase by 2/3 of what they are now.

7 Question/Discussion Item: Need the route of the pipelines and the locations of the facilities proposed. Purpose is to identify constraints that impact costs (i.e., utilities, environmental (e.g wetlands), easements, etc.).

   KWA will not release the route due to concerns regarding speculation of land and easements. John O'Brien did indicate that the Lake Huron pump station would be at Fisher and M-25. The intermediate pump station site is near a location of the Lapeer/Sanilac/St. Clair border; where all three meet.

8 Question/Discussion Item: KWA's initial charge to Flint is based on a 12 MGD average day demand. What is the basis of this number? Are there population projections and water use figures available that were used to determine the Flint demand for the 25 year planning period?

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This was answered in Question No. 1 above.

9. Question/Discussion Item: Is there a transition plan and cost during construction of the KWA system identified?

   Flint is looking for an agreement with DWSD for back-up supply from the 72-inch main at the Genesee border.

10 Question/Discussion Item: The October 4, 2012 Preliminary Engineering Report Update states "no backup power is planned for the pumps" (LHPS) and "No backup power is planned for pumping" (IPS). In case of power loss, how would Flint supply its customers?

   Flint indicated that they have adequate storage to supply the system for 6 to 7 days Flint has 55 MG of storage and Genesee County has 65 MG for 2.5 days

11. Question/Discussion Item The latest plan shows only a 5 million gallon ground reservoir is planned for balancing between LHPS and IPS. How is redundancy maintained?

   In cases of emergency, Flint indicated that the back-up for the KWA system will be the same as it is now with DWSD; they will use the Flint River as the source water. Flint currently operates their plant four times a year.

   When questioned as to whether the WTP will be able to treat both lake water from the KWA system and river water Flint indicated that once the improvements identified in the September 2009 Preliminary Engineering Report are completed they will be able to accomplish both treatment processes. Flint will provide a schematic of the treatment trains at the WTP and a copy of the Flint transmission system.

   Genesee County indicated that additional redundancy would also be provided from the new Genesee County WTP.

   Regarding hydraulic transients, Genesee County indicated that a model analysis has not been included, but capital costs for mitigating transients have been included.

12 Question/Discussion Item: Related to the construction cost:

   a. Does it include an additional traffic lane since the construction will occupy half the right of way? *Not required, all roads are county roads, however, there are a few State road crossings*

   b. Does it include costs/fees for permit requirements such as inspection cost by the jurisdictional authorities? As a point of reference, the permit fee costs for the Flint Transmission System came out to be $5.8 million. *Not required: all of the counties have waived any fees.*

   c. Does the cost of the steel pipe segments include corrosion protection measures such as

anode stations and related O&M? *Yes; however, the KWA has not settled on using steel pipe. PCCP pipe may be used. Steel shown in estimate because it is highest in cost and therefore the pricing is conservative.*

d. SCADA monitoring stations require power. Is the cost of bring power to the SCADA stations included? Again, as a point of reference for the Flint Transmission System we estimated $800,000 for power to SCADA and valve operators. *Yes, Genesee County did emphasize that the SCADA system will be simple and straightforward because a lot of controls are not required*

e. Other items discussed at the meeting included:

- The 2009 plant improvement cost is still good; however, there will be some reduction, such as a sulfuric chloride feed system that was eliminated. Plant capacity now is 36MGD, but will be 18 MGD.
- The KWA Lake Huron Pumping Station (LHPS) is now only high lift pump station
- Genesee County will provide the distance of the intake pipe from the crib to the LHPS.
- The intake project is almost ready to bid; waiting for the COE permit.
- Genesee County is estimating the construction for the pipe lines and pump stations will begin July 2013.
- The route has been flown for survey
- Genesee County is estimating construction will be complete and the project will be placed in service by Jan 2016.
- Genesee County to provide a list of assumptions that the $272 million cost estimate is based on since the route is now known.

13. The Flint River is identified as a backup: At what capacity? MDD or emergency supply?

The Flint River would serve as a back up supply.

14. Where did the 40 years come from (Flint hostage to Detroit)? DWSD's new contracts are 30 years with openers to revise terms of supply (volume and pressure) after the first two years, then three years, and then in five year increments thereafter.

The 40 years was stated in error. The reference was to DWSD's requirement to sign a 30 year contract.

After 40 years Flint will own 30% of the project and can sell their share of ownership if they want. Conversely, with DWSD, they continue to pay for the capital projects but have no ownership. Flint believes they will know what they will be charged for the next 25 years versus DWSD that can't commit to a fixed escalation.

Action Items for Follow up		
Items:	***Assigned To:***	***Date to Complete***
1. Updated Costs for the Flint WTP Improvements and a description of the improvements.	John O'Brien	11/21/12
2 KWA Operating Agreement, Capacity Contract and Articles of Incorporation.	John O'Brien	11/20/12
3 Provide the last 10 years of audited financial statements for the Genesee water fund.	John O'Brien	11/20/12
4 Provide multiple years of financial statements for the City of Flint water fund.	Duffy Johnson	11/26/12
5 Provide schematic of the Flint WTP and a map of the Flint transmission system.	Brent Wright	11/26/12
6. Provide the length of the intake pipe from the crib to the pump station.	John O'Brien	11/20/12
7 Provide a list of assumptions that the $272 million cost estimate is based on since the route is now known	John O'Brien	11/26/12

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Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT

KWA Discussion/Questions for the November 20, 2012 Meeting

1. Is the maximum day demand of 18 MGD for Flint the maximum day demand (MDD) throughout the 25 year planning period? If not, what is the 25 year projected MDD?
2. Copy of the intake contract documents and engineer's estimate.
3. Documentation of the Flint WTP improvements required and cost estimate.
4. Confirm Flint's allocated percentage of the KWA capital improvements (30%?)
5. Copy of the proposed KWA operating agreement for Flint
6. What is the annual operating agreement adjustment projected for the 25 year planning period?
7. Need the route of the pipelines and the locations of the facilities proposed. Purpose is to identify constraints that impact costs (i.e., utilities, environmental (e.g. wetlands), easements, etc.).
8. KWA's initial charge to Flint is based on a 12 MGD maximum day demand. What is the basis of this number? Are there population projections and water use figures available that were used to determine the Flint demand for the 25 year planning period?
9. Is there a transition plan and cost during construction of the KWA system identified?
10. The October 4, 2012 Preliminary Engineering Report Update states: "no backup power is planned for the pumps" (LHPS) and "No backup power is planned for pumping" (IPS). In case of power loss, how would Flint supply its customers?
11. The latest plan shows only a 5 million gallon ground reservoir is planned for balancing between LHPS and IPS. How is redundancy maintained?
12. Related to the construction cost:
    a. Does it include an additional traffic lane since the construction will occupy half the right of way?
    b. Does it include costs/fees for permit requirements such as inspection cost by the jurisdictional authorities? As a point of reference, the permit fee costs for the Flint Transmission System came out to be $5.8 million.

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c. Does the cost of the steel pipe segments include corrosion protection measures such as anode stations and related O&M?
d. SCADA monitoring stations require power. Is the cost of bring power to the SCADA stations included? Again, as a point of reference the for the Flint Transmission System we estimated $800,000 for power to SCADA and valve operators.

13. The Flint River is identified as a backup: At what capacity? MDD or emergency supply?
14. Where did the 40 years come from (Flint hostage to Detroit)? DWSD's new contracts are 30 years with openers to revise terms of supply (volume and pressure) after the first two years, then three years, and then in five year increments thereafter.

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STATE OF MICHIGAN CONTRACT NO. 271N3200089

CITY OF FLINT WATER SUPPLY ASSESSMENT

State of Michigan, Department of Treasury

Appendix B: Cost Worksheets

DWSD Worksheet : *18 MGD Maximum Day Customer* with Model Contract at Potter & Baxter

Capacity

Flint ADD	0 60	MGD	81 MCF/Day
DWSD ADD	12	MGD	1,604 MCF/Day

Annual Volume

Flint	29,412	MCF
DWSD	585,561	MCF

2013 Cost of Supply

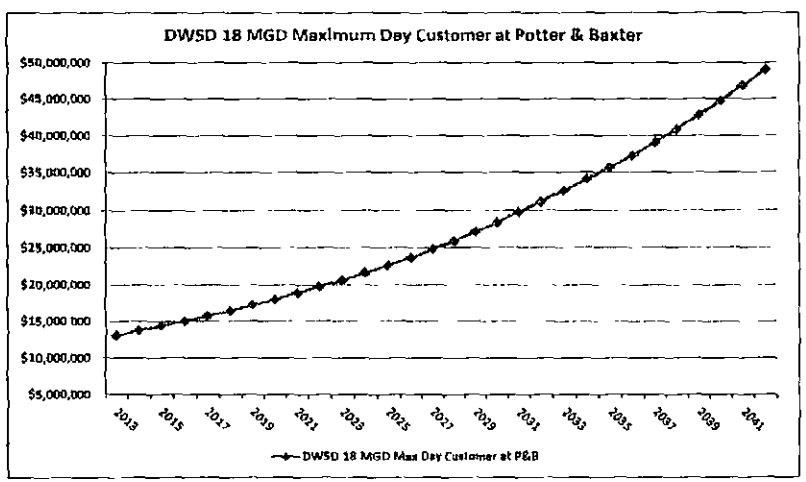
Flint WTP O&M		*120 30*	*/MCF*	$ *3,538,214* */Yr*
DWSD	$	16 37	/MCF	$ 9,585,642 /Yr

Escalation/Inflation Rate

Flint	4 51% /Yr
DWSD	4 7% /Yr

Capital Expenditure

Amount	$			
Reserve	$	0%	Reserve Rate	0 00%
Amount plus Reserve	$	-		
Revenue Bond Rate		5%		
Number of Years		25		
Annual Cost		*$0*		



	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 3,538,214	9,585,642			$ 13,123,856
2	2014	$ 3,697,788	10,036,167			$ 13,733,955
3	2015	$ 3,864,558	10,507 867		-	$ 14,372,425
4	2016	$ 4,038,850	11,001,736	-		$ 15,040,586
5	2017	$ 4,221,002	11 518,818		-	$ 15,739,820
6	2018	$ 4,411,369	12,060,203			$ 16,471,571
7	2019	$ 4,610 922	12,627,032	-		$ 17,237,354
8	2020	$ 4,818,247	13,220,503	-	-	$ 18 038,750
9	2021	$ 5,035,550	13,841,866	-		$ 18,877,416
10	2022	$ 5,262,659	14,492,434	-	-	$ 19,755,087
11	2023	$ 5,499,999	15,173,578	-		$ 20,673,577
12	2024	$ 5,748,049	15,886,736	-		$ 21,634,785
13	2025	$ 6,007,286	16,633,413	-		$ 22,640,699
14	2026	$ 6,278,215	17,415,183			$ 23,693,398
15	2027	$ 6,561,362	18,233,697			$ 24,795,059
16	2028	$ 6,857,279	19,090,681	-	-	$ 25,947,960
17	2029	$ 7,166,543	19,987,943	-		$ 27,154,486
18	2030	$ 7,489,754	20,927 376			$ 28,417,130
19	2031	$ 7,827,542	21,910,963			$ 29,738,505
20	2032	$ 8,180,564	22,940,778			$ 31,121,342
21	2033	$ 8,549,507	24,018,995	-	-	$ 32,568,502
22	2034	$ 8,935,090	25,147,887	-	-	$ 34,082,977
23	2035	$ 9,338,063	26,329,838			$ 35,667,901
24	2036	$ 9,759,209	27,567,341	-		$ 37,326,550
25	2037	$ 10,199,350	28,863,006	-	-	$ 39,062,355
2038		$ 10,659,340	30,219,567			$ 40,878,907
2039		$ 11,140,076	31,639,886	-	-	$ 42,779,963
2040		$ 11,642 494	33,126,961			$ 44,769,455
2041		$ 12,167,570	34,683,928			$ 46,851,499
2042		$ 12,716,328	36,314,073			$ 49,030,401
		$ 216,222,171				

25 Yrs Cummulative	
$	596,816,044

30 Yrs Cummulative	
$	821,226,268

DWSD Worksheet . 12 MGD Maximum Day Customer with Model Contract at Potter & Baxter/Blending with Flint

Capacity

Flint ADD	4	MGD	535	MCF/Day
DWSD ADD	8	MGD	1 070	MCF/Day

Annual Volume

Flint	195,187	MCF	195187 1658
DWSD	390,374	MCF	
			5895097 471

2013 Cost of Supply

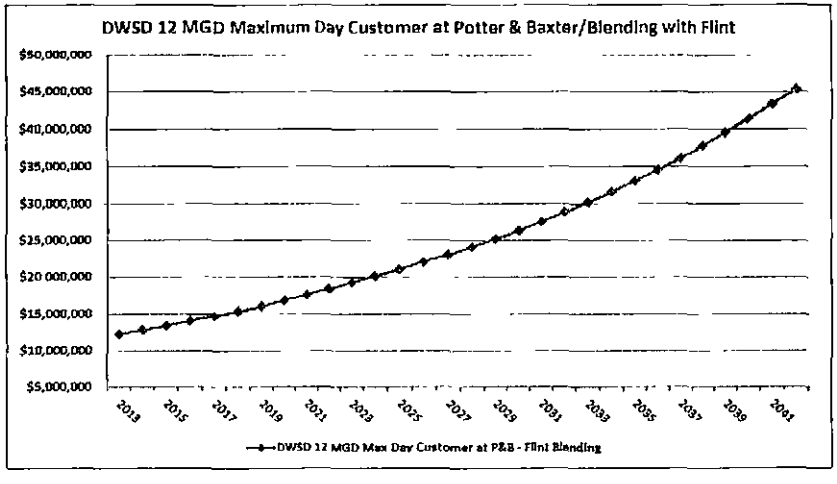
Flint WTP O&M	$	30 20	/MCF	$ 5,895,097	/Yr
DWSD	$	16 31	/MCF	$ 6,367,005	/Yr

Escalation/Inflation Rate

Flint	4 51%	/Yr
DWSD	4 7%	/Yr

Capital Expenditure

Amount	$	-			
Reserve	$	-	0%	Reserve Rate	0 00%
Amount plus Reserve	$				
Revenue Bond Rate		5%			
Number of Years		25			
Annual Cost		$0			



	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895 097	6,367,005			$ 12,262,103
2	2014	$ 6,160,966	6 666,255			$ 12,827,221
3	2015	$ 6,438,826	6,979,569		-	$ 13,418,395
4	2016	$ 6,729 217	7,307,608			$ 14,036,825
5	2017	$ 7,032,705	7,651,066	-		$ 14,683,771
6	2018	$ 7,349,880	8,010,666	-		$ 15,360,546
7	2019	$ 7,681,359	8,387,167	-		$ 16,068,527
8	2020	$ 8,027,789	8,781,364			$ 16 809,153
9	2021	$ 8,389,842	9,194 088	-	-	$ 17,583,930
10	2022	$ 8,768,224	9,626,210	-	-	$ 18,394,434
11	2023	$ 9,163,671	10,078,642	-	-	$ 19,242,313
12	2024	$ 9,576,952	10,552,338	-	-	$ 20,129,291
13	2025	$ 10,008,873	11,048,298	-	-	$ 21,057,171
14	2026	$ 10,460,273	11,567,568	-		$ 22,027,841
15	2027	$ 10,932,031	12,111,244	-		$ 23,043,275
16	2028	$ 11 425,066	12 680,473			$ 24,105,538
17	2029	$ 11,940,336	13,276,455		-	$ 25,216,791
18	2030	$ 12,478,845	13 900,448	-		$ 26,379,294
19	2031	$ 13 041,641	14 553,769	-	-	$ 27,595,410
20	2032	$ 13,629,819	15,237,796		-	$ 28,867,616
21	2033	$ 14,244,524	15,953,973			$ 30,198,497
22	2034	$ 14,886,952	16,703 810	-		$ 31,590,762
23	2035	$ 15 558,354	17,488,889	-	-	$ 33,047,242
24	2036	$ 16,260,035	18,310,866			$ 34,570,902
25	2037	$ 16,993,363	19,171,477			$ 36,164,840
	2038	$ 17,759,764	20,072,537	-		$ 37 832,300
	2039	$ 18,560,729	21 015 946	-		$ 39,576,675
	2040	$ 19,397,818	22,003 695			$ 41,401,513
	2041	$ 20 272,660	23,037,869			$ 43,310,528
	2042	$ 21,186,956	24,120,649			$ 45,307,605

25 Yrs Cummulative	
$	554,681,686

30 Yrs Cummulative	
$	762,110,308

DWSD Worksheet : 8 MGD Maximum Day Customer with Model Contract at Potter & Baxter/Blending with Flint

Capacity

Flint ADD	4	MGD	535 MCF/Day
DWSD ADD	8	MGD	1,070 MCF/Day

Annual Volume

Flint	195,187	MCF
DWSD	390,374	MCF

2013 Cost of Supply

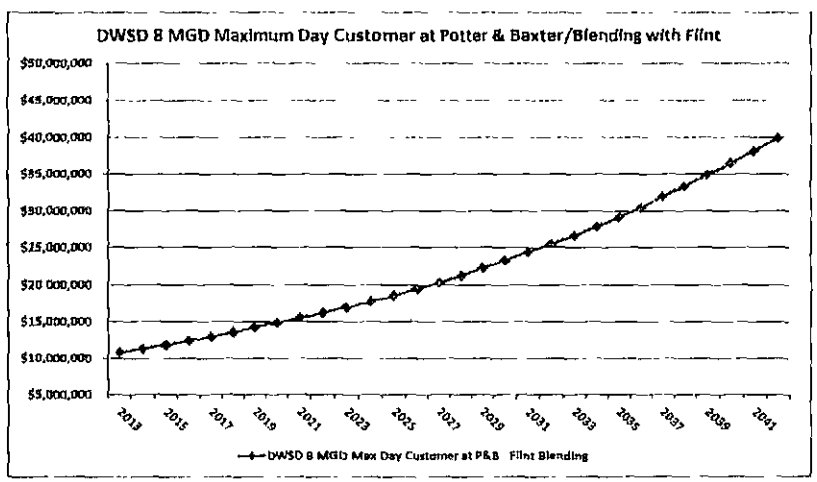
Flint WTP O&M	$ 30 20	/MCF	$ 5,895,097	/Yr
DWSD	$ 12 68	/MCF	$ 4 949 947	/Yr

Escalation/inflation Rate

Flint	4 51% /Yr
DWSD	4 7% /Yr

Capital Expenditure

Amount	$			
Reserve	$ -	0%	Reserve Rate	0 00%
Amount plus Reserve	$ -			
Revenue Bond Rate	5%			
Number of Years	25			
Annual Cost	$0			



	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5 895 097	4,949 947		-	$ 10,845,044
2	2014	$ 6,160,966	5,182 594			$ 11,343,560
3	2015	$ 6,438,826	5,426,176			$ 11,865 002
4	2016	$ 6 729,217	5,681,206	-		$ 12,410,423
5	2017	$ 7,032,705	5,948,223			$ 12,980,928
6	2018	$ 7,349,880	6,227,789			$ 13,577 669
7	2019	$ 7,681,359	6 520,495			$ 14,201,855
8	2020	$ 8,027,789	6,826,959		-	$ 14,854,747
9	2021	$ 8,389,842	7,147,826			$ 15,537,668
10	2022	$ 8,768,224	7 483,774	-	-	$ 16,251,997
11	2023	$ 9,163,671	7,835,511			$ 16,999,182
12	2024	$ 9,576,952	8,203,780			$ 17,780,732
13	2025	$ 10,008,873	8,589,358	-		$ 18,598,230
14	2026	$ 10,460,273	8,993,057	-		$ 19,453,330
15	2027	$ 10,932,091	9,415,731	-	-	$ 20,347,762
16	2028	$ 11,425,066	9,858,271	-	-	$ 21,283,336
17	2029	$ 11,940,336	10,321,609			$ 22,261,945
18	2030	$ 12,478,845	10,806,725	-		$ 23,285,570
19	2031	$ 13,041 641	11,314,641	-	-	$ 24 356,282
20	2032	$ 13,629,819	11,846,429			$ 25,476,248
21	2033	$ 14,244,524	12,403,211			$ 26,647,735
22	2034	$ 14,886,952	12,986,162			$ 27,873,114
23	2035	$ 15,558,354	13,596 512			$ 29,154,866
24	2036	$ 16,260,035	14,235,548	-		$ 30,495,583
25	2037	$ 16,993 363	14 904 619	-		$ 31,897,982
	2038	$ 17,759,764	15,605,136	-		$ 33,364,899
	2039	$ 18,560,729	16,338,577	-		$ 34,899,308
	2040	$ 19,397 818	17,106,490			$ 36,504,308
	2041	$ 20,272,660	17,910,495			$ 38,183,155
	2042	$ 21,186,956	18 752,288			$ 39,939,243

25 Yrs Cummulative
$ 489,780,792

30 Yrs Cummulative
$ 672,671,705

DWSD Worksheet . 12 MGD Maximum Day Customer with Model Contract at Imlay/Blending with Flint

Capacity

Flint ADD	4	MGD	535 MCF/Day
DWSD ADD	8	MGD	1 070 MCF/Day

Annual Volume

Flint	*195,187*	*MCF*
DWSD	390,374	MCF

2013 Cost of Supply

Flint WTP O&M	$ 30 20	/MCF	$ 5,895,097	/Yr
DWSD*	$ 14.38	/MCF	$ 5,613,583	/Yr

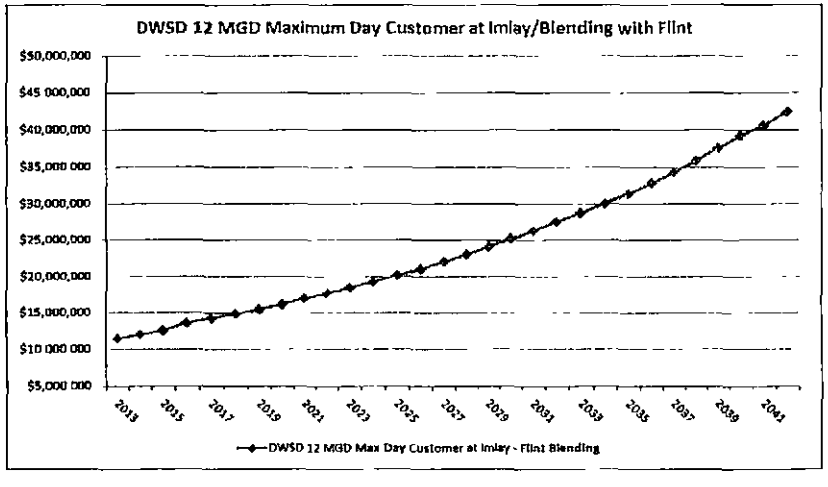
Escalation/Inflation Rate

Flint	4 51% /Yr
DWSD	4 7% /Yr

Capital Expenditure

Capital	$ 4,700,000		
Bond Issuance (3% of Total)	195,000	Check	3 0%
3 Years of Capitalized Interest	975,000	Check	5 0% /Yr (Bond Interest on Total)
Reserve (10% of Total)	650,000	Check	10 0%
Total	$ 6,520,000		

Revenue Bond Rate	5%
Number of Years	25
Annual Cost	$462,610
Interest on Reserve	3%



	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895,097	5,613,583		19 500	$ 11,488,180
2	2014	$ 6,160 966	5 877,421		19,500	$ 12,018,888
3	2015	$ 6,438,826	6,153,660		19 500	$ 12,572,986
4	2016	$ 6,729,217	6,442,882	462,610	19,500	$ 13,815,209
5	2017	$ 7,032,705	6,745,698	462,610	19,500	$ 14,221,512
6	2018	$ 7,349,880	7,062,745	462,610	19,500	$ 14,855,735
7	2019	$ 7,681,359	7,394,694	462,610	19,500	$ 15,519,164
8	2020	$ 8,027,789	7,742,245	462,610	19,500	$ 16,213,144
9	2021	$ 8,389,842	8,106,131	462,610	19,500	$ 16,939,082
10	2022	$ 8 768,224	8 487,119	462,610	19,500	$ 17,698,452
11	2023	$ 9,163,671	8,886,013	462,610	19,500	$ 18,482,794
12	2024	$ 9,576,952	9,303,656	462,610	19 500	$ 19,329,718
13	2025	$ 10,008,873	9 740,928	462,610	19,500	$ 20,192,910
14	2026	$ 10,460,273	10,198 751	462,610	19 500	$ 21,102,134
15	2027	$ 10,932,031	10,678,093	462,610	19,500	$ 22,053,234
16	2028	$ 11,425,066	11,179 963	462 610	19 500	$ 23,048,139
17	2029	$ 11,940 336	11 705,421	462,610	19,500	$ 24,088,867
18	2030	$ 12,478,845	12,255,576	462,610	19,500	$ 25,177,531
19	2031	$ 13,041,641	12,831 588	462,610	19 500	$ 26,316,339
20	2032	$ 13,629,819	13,434,673	462,610	19,500	$ 27,507,602
21	2033	$ 14 244,524	14,066,102	462,610	19,500	$ 28,753,736
22	2034	$ 14,886,952	14,727,209	462,610	19,500	$ 30,057,271
23	2035	$ 15,558,354	15,419,388	462,610	19,500	$ 31 420,852
24	2036	$ 16,260,035	16,144,099	462,610	19,500	$ 32,847,245
25	2037	$ 16,993,363	16,902,872	462,610	19,500	$ 34,339,345
	2038	$ 17,759,764	17,697,307	462,610	19,500	$ 35,900,181
	2039	$ 18,560,729	18,529,080	462,610	19,500	$ 37,532,919
	2040	$ 19,397,818	19,399,947	462,610	19,500	$ 39,240,875
	2041	$ 20,272,660	20,311,745			$ 40,584,404
	2042	$ 21,186,956	21,266,397			$ 42,453,353

25 Yrs Cummulative	
$	529,865,071

30 Yrs Cummulative	
$	725,576,803

DWSD Worksheet : 8 MGD Maximum Day Customer with Model Contract at Imlay/Blending with Flint

Capacity

Flint ADD	4	MGD	535	MCF/Day
DWSD ADD	8	MGD	1,070	MCF/Day

Annual Volume

Flint	195,187	MCF
DWSD	390,374	MCF

2018 Cost of Supply

Flint WTP O&M	$ 30 20	/MCF	$ 5,895,097	/Yr
DWSD	$ 11 11	/MCF	$ 4,337,059	/Yr

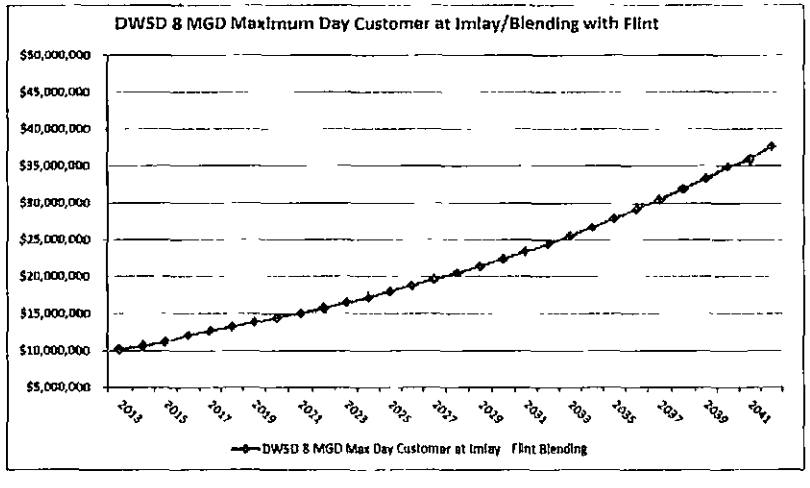
Escalation/Inflation Rate

Flint	4 51% /Yr
DWSD	4 7% /Yr

Capital Expenditure

Capital	$ 4,700,000			
Bond Issuance (3% of Total)	193,000	Check	3 0%	
3 Years of Capitalized Interest	975 000	Check	5 0%	/Yr [Bond Interest on Total]
Reserve (10% of Total)	650,000	Check	10 0%	
Total	$ 6,520,000			

Revenue Bond Rate	5%
Number of Years	25
Annual Cost	$462 610
Interest on Reserve	3%



	Year	Flint WTP O&M	Water Purchase	Revenue Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,895 097	4,337,059		19,500	$ 10 212,656
2	2014	$ 6 160,968	4,540,901		19,500	$ 10 682 367
3	2015	$ 6,438,826	4,754,323		19,500	$ 11,173,649
4	2016	$ 6,729,217	4,977 776	462,610	19,500	$ 12,150,103
5	2017	$ 7,032,705	5,211,792	462 610	19,500	$ 12,687,546
6	2018	$ 7,349,880	5,456,683	462,610	19 500	$ 13,248,673
7	2019	$ 7,681,359	5,713,147	462,610	19,500	$ 13,837,616
8	2020	$ 8,027,789	5 981 665	462 610	19 500	$ 14,452 564
9	2021	$ 8 389 842	6,262,803	462,610	19,500	$ 15,095,755
10	2022	$ 8,768 224	6,557,155	462,610	19 500	$ 15,768,489
11	2023	$ 9,163 671	6,865,341	462 610	19,500	$ 16,472,122
12	2024	$ 9,576,952	7,188,012	462,610	19,500	$ 17,208,074
13	2025	$ 10,008,873	7,525,849	462,610	19,500	$ 17,977,832
14	2026	$ 10,460,273	7,879 564	462,610	19,500	$ 18,782,947
15	2027	$ 10,932,031	8,249,903	462,610	19,500	$ 19,625,044
16	2028	$ 11,425,066	8,637,649	462 610	19,500	$ 20,505,824
17	2029	$ 11 940,336	9 043 618	462 610	19,500	$ 21,427,064
18	2030	$ 12,478,845	9,468,668	462,610	19,500	$ 22,390,624
19	2031	$ 13,041 641	9 913,696	462,610	19 500	$ 23,398,447
20	2032	$ 13,629,819	10,379,639	462,610	19,500	$ 24,452,569
21	2033	$ 14,244,524	10 867,482	462,610	19,500	$ 25,555,117
22	2034	$ 14,886,952	11 378 254	462,610	19,500	$ 26,708,316
23	2035	$ 15,558,354	11,913,032	462,610	19,500	$ 27,914,496
24	2036	$ 16,260,035	12,472,945	462,610	19,500	$ 29,176,090
25	2037	$ 16 993,363	13,059 173	462,610	19,500	$ 30,495,646
	2038	$ 17,759,764	13,672,954	462,610	19,500	$ 31,875,828
	2039	$ 18,560,729	14,315,583	462,610	19,500	$ 33,319,422
	2040	$ 19,397,818	14,988,415	462,610	19,500	$ 34,829,343
	2041	$ 20,272,660	15,692,871			$ 35,965,530
	2042	$ 21,186,956	16,430,436			$ 37,617,392

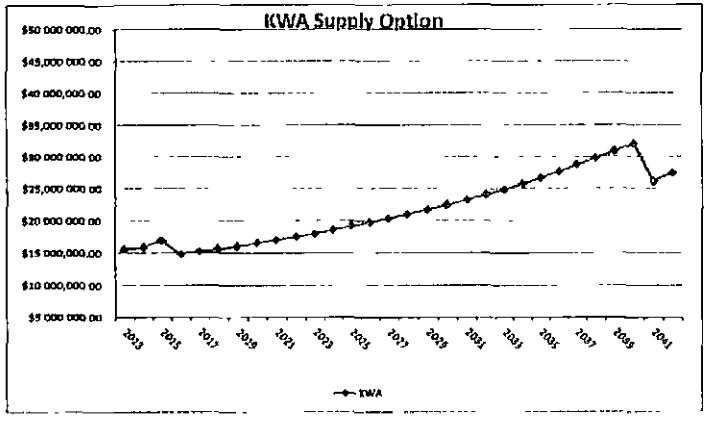
25 Yrs Cummulative	
$	493,053,801

30 Yrs Cummulative	
$	834,795,488

KWA Supply Option Worksheet
KWA 10/31/12 No Overruns

	Year	DWSD & Flint WTP Costs	KWA Entry Fee	KWA Debt service	Flint WTP Debt Service	KWA Operation s	Flint WTP Operations with KWA	TOTAL
1	2013	$ 14 413 858	1 162,800					$ 15,576 658
2	2014	$ 14 955 135	581,400					$ 15 936 535
3	2015	$ 16 365 534	581 400					$ 16,946,934
4	2016			6 593 155	572 781	878,859	6 843 344	$ 14 888,149
5	2017			6,593,155	572,781	922 812	7,185,511	$ 15,274,260
6	2018			6 593,155	572 781	968,953	7,544,787	$ 15 679,676
7	2019			6 593 155	572 781	1,017,401	7 922,026	$ 16,105,363
8	2020			6,593 155	572,781	1,068,271	8,318,127	$ 16,552,334
9	2021			6 593 155	572 781	1 121,684	8 734 034	$ 17 021,654
10	2022			6 593 155	572,781	1 177 768	9 170 735	$ 17,514,440
11	2023			6 593 155	572 781	1 236 657	9 679 272	$ 18,081 865
12	2024			6,593 155	572,781	1,298 490	10,110 738	$ 18,575,162
13	2025			6,593,155	572,781	1,363,414	10 616,273	$ 19,145,625
14	2026			6,593,155	572,781	1 431,585	11,147 086	$ 19,744,607
15	2027			6,593,155	572,781	1,503,164	11,704,441	$ 20,373,541
16	2028			6 593,155	572 781	1,578,322	12,289,663	$ 21,033,922
17	2029			6 593,155	572,781	1,657,239	12,904,145	$ 21,727,320
18	2030			6,593,155	572,781	1,740,101	13,549,353	$ 22,455,390
19	2031			6 593,155	572,781	1 827 106	14 226 821	$ 23,219,862
20	2032			6 593 155	572,781	1,918,461	14 938 162	$ 24,022,589
21	2033			6 593,155	572 781	2,014,384	15 685,070	$ 24,865,990
22	2034			6 593 155	572 781	2,115,103	16,469 323	$ 25,750,362
23	2035			6 593,155	572,781	2,220,858	17,292,789	$ 26,679,584
24	2036			6 593 155	572 781	2,331,901	18 157,429	$ 27,655,268
25	2037			6,593,155	572,781	2,448,496	19,065,300	$ 28,679,733
	2038			6,593 155	572,781	2,570 921	20,018 565	$ 29,755 422
	2039			6 593,155	572,781	2,699 467	21 019 494	$ 30,884,897
	2040			6 593,155	572,781	2,834,440	22,070,468	$ 32,070,845
	2041					2,976 162	23 173,992	$ 26,150,154
	2042					3 124 970	24 332,691	$ 27,457,662

25 Yrs Cummulative	30 Yrs Cummulative
$ $39,455,185	$ $49,775,155



KWA Supply Option Worksheet

KWA 1

Capacity

Flint ADD	12 MGD	1 604	MCF/Day
KWA ADD	12 MGD	1 604	MCF/Day

Annual Volume

Flint	585 581	MCF
KWA	585,581	MCF

2016 Cost of Supply

Flint WTP O&M	13 51	/MCF	$ 7,919,118 /Yr
KWA	$ 1.50	/MCF	$ 878,869 /Yr

Escalation/Inflation Rate

Flint	4 91% /Yr
KWA	5 0% /Yr

Capital Expenditures

David Gaudalle: Assumes Bond Issuance and Reserves are not included

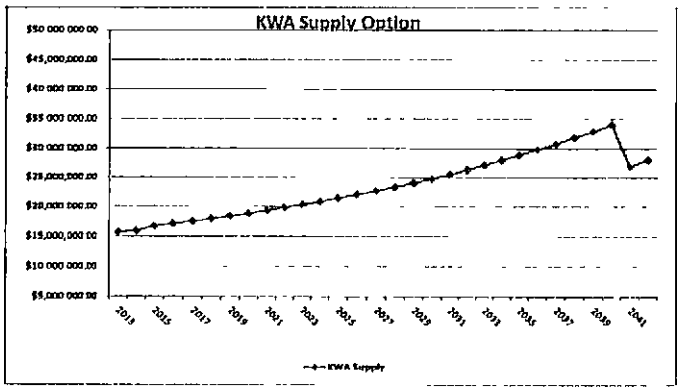
Capital	$ 272 421,558		
Bond Issuance (2 25% of Total)	6 440 000	Check	2 25%
3 Years of Capitalized Interest:	58 000,000	Check	5 0% /Yr (Bond Interest on Total)
Reserve (10% of Total)	27,500 000	Check	10 0%
Total	$ 274,361,558		
Flint's Share (90%)	$ 112,508,487		

Revenue Bond Rate	5%
Number of Years	25
Annual Cost	$7 958,562
Interest on Reserve	5%

David Gaudalle: Increased by 3%/Yr to 2012 $'s

Capital	$ 7 750 862		
Bond Issuance (5% of Total)	240 000	Check	2 25%
3 Years of Capitalized Interest:	1 600,000	Check	5 0% /Yr (Bond Interest on Total)
Reserve (10% of Total)	1 070 000	Check	10 0%
Total	$ 10,658,862		

Revenue Bond Rate	5%
Number of Years	25
Annual Cost	$758 948
Interest on Reserve	5%



David Gaudalle: Flint buys water from DWSD for three years during KWA construction at current rate (assume 5% increase each year)

David Gaudalle: Highlighted portion is Flint s Entry Fee to KWA

	Year	Flint WTP O&M	Water Purchase	KWA Revenue Pre bond Entry Fee & Bond Payment	Flint Reserve Bond Payment	Interest on Reserve	TOTAL
1	2013	$ 5,998,214	11,461,700	1,182,800		$69 600	$ 18 793 114
2	2014	$ 5,697,758	12 054,785	581,400		$69 600	$ 18 944,474
3	2015	$ 5,864,988	12,636,524	581 400		$69 600	$ 19,772,882
4	2016	$ 7 919 118	$78 869	7 958 562	758 948	$69 600	$ 17 147,896
5	2017	$ 8 270 000	922,812	7,958 562	758 948	$69 600	$ 17 548,721
6	2018	$ 8 642 077	968,952	7,958 562	758,948	$69,600	$ 17 987 858
7	2019	$ 9 042 776	1,017 401	7 958,562	758 948	$69,600	$ 18,406,084
8	2020	$ 9 440 158	1 068,271	7 958 562	758 948	$69 600	$ 18,854 332
9	2021	$ 9,869,904	1,121 684	7,958 562	758 948	$69 600	$ 19 949 697
10	2022	$ 10 310 857	1 177 769	7 958 562	758 948	$69 600	$ 19,844,538
11	2023	$ 10,775 878	1 236,657	7,958,562	758 948	$69 600	$ 20,868,441
12	2024	$ 11 261,853	1,298,490	7,958,562	758,948	$69 600	$ 20,516,288
13	2025	$ 11 769 778	1 363 414	7 958 562	758 948	$69 600	$ 21,489,101
14	2026	$ 12,300 598	1 431,585	7,958,562	758 948	$69,600	$ 22,088,089
15	2027	$ 12,855 352	1,503 164	7 958,562	758,948	$69 600	$ 22,714 475
16	2028	$ 13 435 129	1,578 322	7,958,562	758 948	$69,600	$ 23,369,959
17	2029	$ 14 041 053	1 657 238	7 958 562	758 948	$69,600	$ 24,084,200
18	2030	$ 14,674,305	1,740,101	7 958,562	758,948	$69 600	$ 24,770,918
19	2031	$ 15,336,116	1,827,106	7,958,562	758 948	$69 600	$ 25,519,190
20	2032	$ 16,027,775	1 918,461	7,958 562	758,948	$69,600	$ 26,302,346
21	2033	$ 16 750 627	2 014 384	7 958 562	758 948	$69 600	$ 27,120,919
22	2034	$ 17,508 080	2,115 103	7,958,562	758,948	$69 600	$ 27,977,092
23	2035	$ 18,295,605	2,220,858	7,958,562	758,948	$69,600	$ 28,872,971
24	2036	$ 19,120,737	2 331,901	7,958,562	758,948	$69,600	$ 29,808,548
25	2037	$ 19,989 082	2 448 496	7 958 562	758 948	$69 600	$ 30,787,488
	2038	$ 20 884 319	2,570 921	7 958 562	758 948	$69 600	$ 31 811,148
	2039	$ 21,826 201	2,699 467	7,958,562	758 948	$69 600	$ 32 881 577
	2040	$ 22 810 563	2,834,440	7 958 562	758 948	$69 600	$ 34,000,912
	2041	$ 23 839 820	2 976 162				$ 26,815,982
	2042	$ 24,914 473	3 124 970				$ 28 039 443

25 Yr Cummulative
$ 553,781,153

50 Yr Cummulative
$ 707,279,715

KWA Supply Option Worksheet

KWA 2

Capacity

Flint ADD	12	MGD	1 604 MCF/Day
KWA ADD	12	MGD	1 604 MCF/Day

Annual Volume

Flint	585,561	MCF
KWA	585 561	MCF

2016 Cost of Supply

Flint WTP O&M	$ 13 51	/MCF	$ 7,913 118	/Yr
KWA	$ 1.50	/MCF	$ 878,869	/Yr

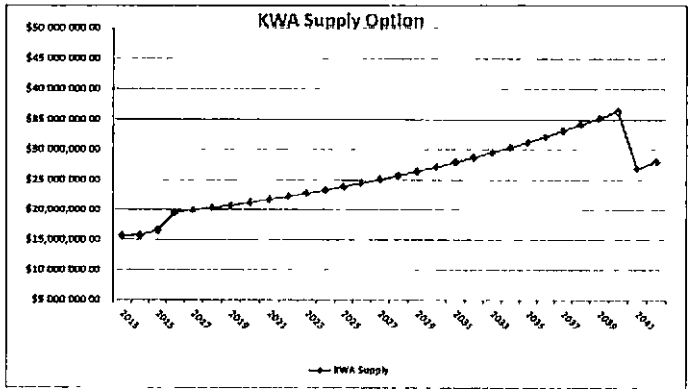
Escalation/Inflation Rate

Flint	4 51% /Yr
KWA	5 0% /Yr

Capital Expenditure

Capital	$ 397 578 060			
Bond Issuance (2 25% of Total):	11 050,000	Check	2 25%	
8 Years of Capitalized Interest:	74 000 000	Check	5 0%	/Yr (Bond Interest on Total)
Reserve (10% of Total)	49,000 000	Check	10 0%	
Total:	$ 491,628,060			
Flint s Share (30%)	$ 147,488,418			
Revenue Bond Rate	5%			
Number of Years:	25			
Annual Cost:	$10 484 665			
Interest on Reserve.	3%			

Capital	$ 7 758 582			
Bond Issuance (3% of Total):	240,000	Check	2 25%	
8 Years of Capitalized Interest:	1 600 000	Check	5 0%	/Yr (Bond Interest on Total)
Reserve (10% of Total)	1 070 000	Check	10 0%	
Total.	$ 10,668,582			
Revenue Bond Rate	5%			
Number of Years:	25			
Annual Cost:	$756,946			
Interest on Reserve.	3%			



Year	Flint WTP O&M	Water Purchase	KWA Revenue Pre-bond Entry Fee & Bond Payment	Flint Revenue Bond Payment	Interest on Reserve	TOTAL
1 2013	$ 9 558,214	11,461,700	1 102,800		475,100	$ 19 689 814
2 2014	$ 8,697 788	12 044 785	581,400		475,100	$ 15,840 873
3 2015	$ 9 864,958	12 836,524	581 400		475 100	$ 18 809 982
4 2016	$ 7,913 118	878,869	10 464 666	756 946	475,100	$ 19 540,500
5 2017	$ 8 270 000	922,812	10,464,666	756,946	475,100	$ 19,941 925
6 2018	$ 8 642 977	968,953	10,464 666	756,946	475 100	$ 20,380,642
7 2019	$ 9,032,775	1,017,401	10,464,666	756,946	475 100	$ 20 798,888
8 2020	$ 9 440 158	1 068 271	10 464 666	756 946	475,100	$ 21,256,936
9 2021	$ 9 865 904	1 121 684	10 464 666	756 946	475 100	$ 21,735,101
10 2022	$ 10 310,857	1 177 769	10,464 666	756,946	475,100	$ 22,257,157
11 2023	$ 10 775,876	1,236 657	10 464 666	756 946	475 100	$ 22 761,845
12 2024	$ 11 261 868	1,298,490	10 464 666	756 946	475 100	$ 23,508 870
13 2025	$ 11 769 778	1 363 414	10 464 666	756,946	475 100	$ 23,881,705
14 2026	$ 12 300 596	1,431 585	10 464 666	756,946	475,100	$ 24,480,893
15 2027	$ 12 855 952	1,503 184	10,464 666	756 946	475 100	$ 25 107 029
16 2028	$ 13 435,170	1,578,321	10,464,666	756 946	475,100	$ 25,761,965
17 2029	$ 14 041,053	1 657 239	10,464,666	756 946	475 100	$ 26,448 804
18 2030	$ 14,674,805	1,740,101	10,464,666	756 946	475,100	$ 27 162,917
19 2031	$ 15 886,116	1 827 106	10 464 666	756 946	475 100	$ 27,911,788
20 2032	$ 16 027,779	1,918 461	10 464,666	756 946	475 100	$ 28 694 742
21 2033	$ 16 750,627	2,014,384	10 464,666	756,946	475,100	$ 29,519,525
22 2034	$ 17,505,080	2 115,103	10 464,666	756,946	475,100	$ 30,369 695
23 2035	$ 18 295 605	2,220 858	10 464,666	756,946	475,100	$ 31 264 975
24 2036	$ 19,120,787	2,331,901	10,464,666	756,946	475,100	$ 32,201,150
25 2037	$ 19 988,082	2,448 496	10 464,666	756 946	475 100	$ 33,180 090
2038	$ 20 894,819	2,570,921	10,464,666	756,946	475 100	$ 34 203 792
2039	$ 21,828,201	2 699 467	10 464,666	756 946	475,100	$ 35,274 181
2040	$ 22 810 969	2 834 440	10 464 666	756 946	475 100	$ 36,393,516
2041	$ 23 839 870	2,976,162				$ 26,815,032
2042	$ 24 914 473	3 124 970				$ 28,039,443

25 Yrs Cummulative	
$	605,057,940

30 Yrs Cummulative	
$	785,784,313

Attachment #6

STATE OF MICHIGAN CONTRACT NO. 271N3200089

CITY OF FLINT WATER SUPPLY ASSESSMENT

February 2013

For Submittal to:

State of Michigan, Department of Treasury

Submitted by:

TUCKER, YOUNG,
JACKSON, TULL INC.
CONSULTING ENGINEERS-PLANNERS
615 Griswold Suite 600
Detroit, Michigan 48226
(313)963-0612 FAX (313)963-2156

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1. INTRODUCTION

Tucker, Young, Jackson, Tull, Inc. (TYJT), at the request of the State Treasurer performed an analysis of the water supply options being considered by the City of Flint. The City of Flint is presently supplied potable water from the Detroit Water and Sewerage Department (DWSD). This supply is from a single 72-inch water main that terminates at a master meter located at Potter and Baxter. Additionally, downstream of the DWSD master meter, Flint supplies its customer Genesee County. The City of Flint also operates a water treatment plant that uses the Flint River as its source of supply to provide back up and redundancy to the DWSD supply as required by MDEQ

The Karegnondi Water Authority (KWA) is planning on constructing a raw water supply system that could provide Lake Huron water to the Flint Water Treatment Plant. Flint's existing plant would be upgraded to treat the new raw water source.

The State Treasurer has appointed an emergency financial manager for the City of Flint. As such the Treasurer has requested TYJT to provide an analysis of the water supply options to assist the Treasurer in determining any potential risk and the best course going forward for supplying potable water to the City of Flint.

Report Organization

The following sections of this report are described below:

Section 2 – The basis of the analysis is described in this section. The options include the KWA option and several options offered by DWSD.

Section 3 – A significant amount of information and data was collected including memorandums, reports, drawings, financial reports, and other documents. This section summarizes the information used in the analysis.

Section 4 – This section describes the evaluation of the cost of supply for the Flint options. The costs are comprised of the initial cost of operations plus the annual rate of escalation/inflation.

Section 5 – The evaluation process used to analyze the construction costs associated with the KWA supply system is described in this section. Additionally, the cost of financing the capital requirements is described.

Section 6 – This section presents the financial review of the options considered to supply potable water to Flint. A summary of these options is also provided.

Section 7 – In addition to the financial analysis other considerations were identified that should be considered in understanding the risks and determining the best option to supply Flint. They include items related to cost, redundancy and reliability, and Flint's ability to control their future cost of water supply.

2. FLINT WATER SUPPLY OPTIONS

Two water purveyor options were evaluated, the KWA water supply system and continued supply from DWSD. Both suppliers would provide water from Lake Huron as the source. The KWA system is a raw water supply, which means that the water would have to be treated by Flint before distributing the potable water to its customers. The DWSD supply is potable or "finished" water and would not need additional treatment.

Additionally, an option for the Flint WTP to supply the City of Flint without being supplied from either DWSD or KWA was initially considered. The preliminary investigation evaluated the cost associated with the required improvements to the plant and to the Flint River dam system. Although it appeared that this was a viable option, Flint in a meeting on December 20, 2012 with the Treasury, stated that the City did not want to pursue the option and it is no longer being considered.

Karegnondi Water Authority (KWA) Lake Huron Water Supply

The KWA water supply system schematic is shown in Figure 2-1. The system is comprised of an intake in Lake Huron that supplies water to the Lake Huron Pump Station (LHPS). The LHPS lifts the water and pumps it through an approximately 22 mile long 60-inch pipeline. The pipeline terminates at a 5 MG reservoir and is then pumped from the Intermediate Pump Station (IPS) through approximately 26 miles of 60-inch and 18 miles of 30-inch pipeline to the existing Flint WTP. Downstream of the IPS, approximately half way to the Flint WTP, the 60-inch line would also supply a new Genesee County WTP.

The raw water transmission system has a 60 MGD capacity and is sized to deliver a maximum of 18 MGD to the Flint WTP with an average day supply of 12 MGD. Improvements at the Flint WTP would also be required to treat the lake water as the plant is currently designed to treat the Flint River water.

The term of the KWA contract for Flint is 40 years.

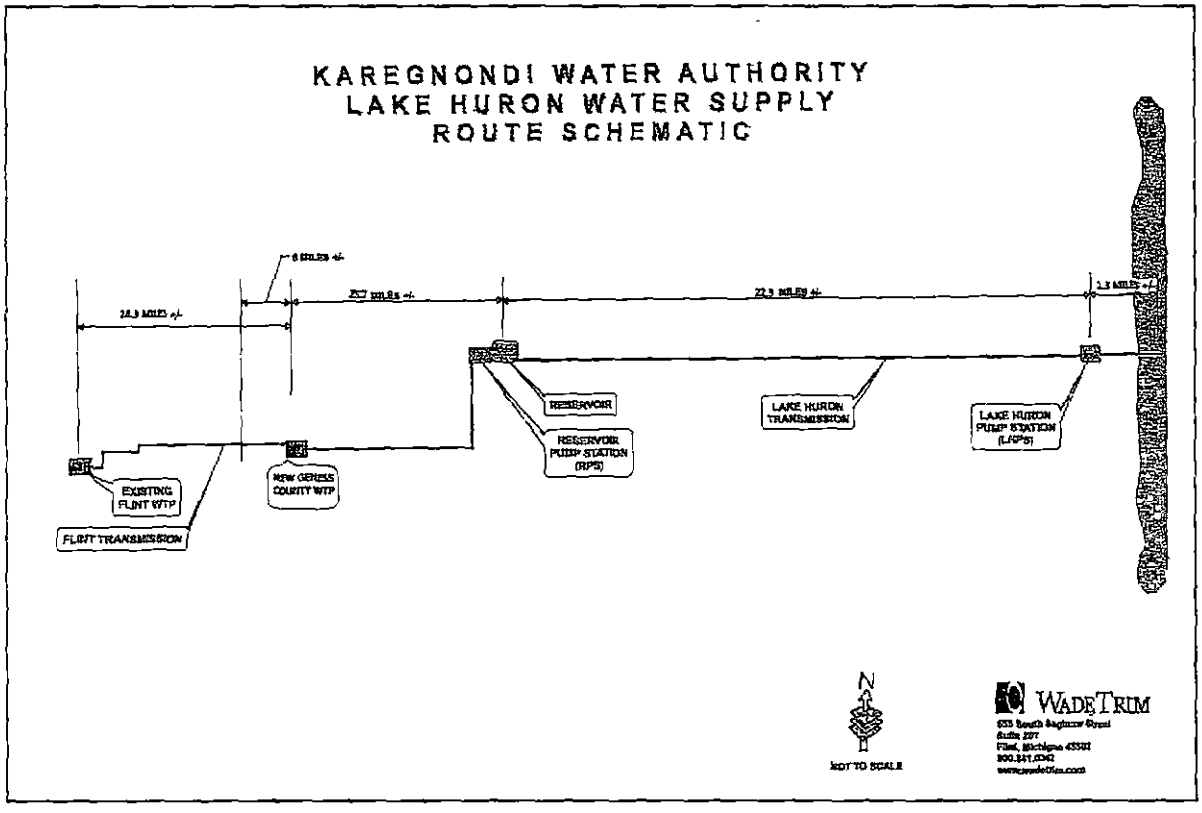

Figure 2-1: KWA Raw Water System

DWSD Water System

The DWSD system schematic is shown in Figure 2-2. Flint is currently supplied by DWSD at Master Meter FL-1, located at Potter and Baxter. Flint typically gets its water from the Lake Huron WTP, located in Fort Gratiot, Michigan; near the Lake Huron shoreline. Water is treated and pumped at the Lake Huron WTP and supplied through a 120-inch pipeline to an intermediate pump station called the Imlay Pump Station. The Imlay Pump Station has 20 MG of reservoir capacity Depending on the time of year and the DWSD system demand, water is either bypassed directly to Flint or it is re-pumped at Imlay. It should be noted that the DWSD supply to Flint is part of a very large water system and during emergencies or outages water can be supplied from the south up to Flint in lieu of the Lake Huron facility.

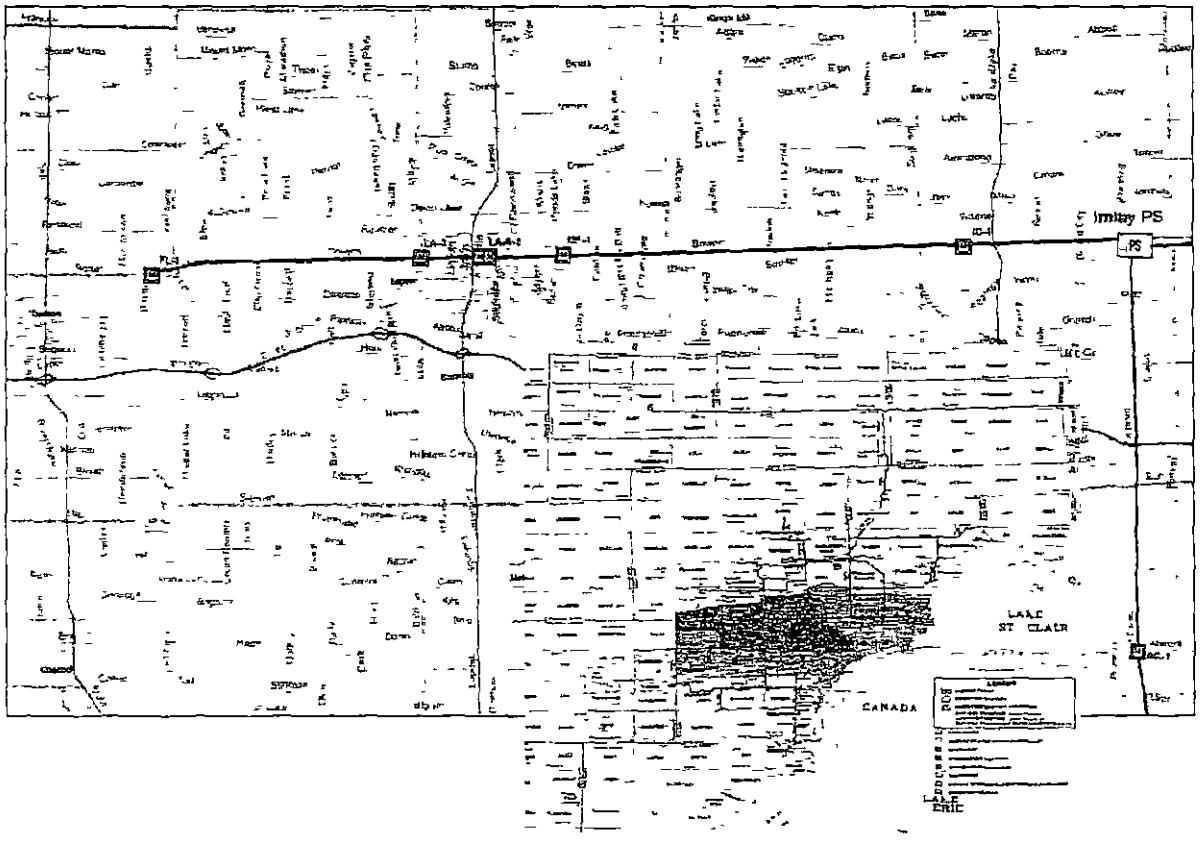

Figure 2-2: DWSD Water System

The pipeline from Imlay to FL-1 is a 72-inch pipeline. It has been estimated that the 72-inch line serving Flint has a capacity in excess of 90 MGD.

DWSD has presented several contractual options to Flint and all of them are based on Flint signing a new 30 year contract. The options shown in Table 2-1 are based on two different supply points; one at the current master meter location FL-1 at Potter and Baxter (P&B) and the other at the location of the Imlay Pump Station. The reason for the varying options is to provide a lower water rate at the Imlay Station, since the DWSD rate formula is based on distance and elevation factors related to the supply location.

The rates are also dependent on the maximum amount of water DWSD supplies. As example, if DWSD supplies a maximum day demand of 18 MGD that would equal the entire amount of water required by Flint.

For the options less than the maximum of 18 MGD means that the Flint WTP would supplement the difference by supplying water treated from the Flint River. These options are known as "blending" and would allow for Flint to blend two sources of water to supply its customers; the Flint River using the Flint WTP and Lake Huron from DWSD system.

Description	Average Day Demand
18 MGD Maximum Day Customer – FL-1	12 MGD
12 MGD Maximum Day Customer – FL-1	8 MGD
8 MGD Maximum Day Customer – FL-1	8 MGD
12 MGD Maximum Day Customer - Imlay	12 MGD
8 MGD Maximum Day Customer - Imlay	12 MGD

Table 2-1: DWSD Supply Options

3. DATA COLLECTION

During the course of the investigation several documents were used to perform the analysis. The names of the documents are listed below for reference.

KWA and Flint

- Preliminary Engineering Report, Lake Huron Water Supply Karegnondi Water Authority, September 2009;
- Analysis of the Flint River as a Permanent Water Supply for the City of Flint, July 2011;
- Cost Comparison, KWA vs. DWSD, Letter to Mr Kurtz, October 31, 2012;
- Lake Huron Supply Study, KWA, Appendix 20, October 2012 Preliminary Report Update, Final Report (DRAFT), October 4, 2012;
- Articles of Incorporation of Karegnondi Water Authority, endorsed in 2010;
- Karegnondi Water Authority Bylaws, October 26, 2010;
- KWA Raw Water Supply Contract;
- Flint WTP Statement of Revenues and Expenditures 09' – 12';
- GCDC Division of Water and Waste Services Financial Statements 03' – 11'; and
- Assorted emails with further clarification of questions and documentation.

DWSD

- Historical Rates and Charges to Flint 04' – 13';
- Historical Rates and Charges to Flint with Hypothetical Model Contract 10' – 13';
- 2013 Rates and Charges for the following options:
  - 18 MGD Maximum Day Customer at FL-1;
  - 12 MGD Maximum Day Customer at FL-1 (Flint blending*);
  - 8 MGD Maximum Day Customer at FL-1 (Flint blending*);
  - 12 MGD Maximum Day Customer at Imlay (Flint blending*);
  - 8 MGD Maximum Day Customer at Imlay (Flint blending*); and
- Assorted emails with further clarification of questions and documentation.

* Flint blending based on DWSD supplying two-thirds and Flint one-third of 12 MGD average day demand.

Two meetings were also held; one with DWSD and one with Flint and Genesee County representing KWA. The meetings were held on November 19, 2012 and November 20, 2012, respectively. Minutes from these meetings are included in Appendix A.

4. COST OF SERVICE

Information provided by DWSD, Flint, and representatives of the KWA were used in the cost of service evaluation. To evaluate the annual escalation/inflation rate over the planning period, the rate adjustment for DWSD was estimated based on the recent rate adjustment history For the KWA system both the estimated cost of operations when the system begins supplying water and the annual rate adjustment or inflation was evaluated. The existing cost of operations and escalation for the Flint WTP was based on actual costs provided and then adjusted depending on the scenario considered. This section describes the evaluation process and the rates used in the analysis.

DWSD Water Supply

The City of Flint has been a customer of DWSD since 1967 The Flint WTP has been maintained as a backup to the DWSD system. As indicated previously, several options were provided by DWSD depending on the type of service Flint was to select. The unit cost of water for each of these options is shown in Table 4-1. These rates are based on DWSD's FY13, which are current until July 2013.

18 MGD Maximum Day Customer – FL-1	12	16.37
12 MGD Maximum Day Customer – FL-1	8	16.31
8 MGD Maximum Day Customer – FL-1	8	12.68
12 MGD Maximum Day Customer - Imlay	12	14.38
8 MGD Maximum Day Customer - Imlay	12	11.11

Table 4-1: Cost of DWSD Supply Options

To determine annual escalation rate, DWSD's last 10 years of history was used along with other large urban water systems in Michigan. The water systems used for benchmarking comparison were: Lansing, Grand Rapids, and Saginaw.

Table 4-2 identifies the annual and average rate of increase to Flint based on supplying water either to the current FL-1 at Potter and Baxter or Imlay. Note the last three years of the rates (FY 2011 through FY 2013) assumes that Flint's cost would be based on the new 30 year contract; FY 2011 being the first year that the new contract was available.

Fiscal Year	Average Unit Cost ($/MCF)	Annual Change (%)
2004	11.06	
2005	10.24	-7 4
2006	10.56	3.1
2007	11.09	5.0
2008	11.35	2.3
2009	13.07	15.2
2010	11.73	-10.3
2011	13.89	18 4
2012	15.08	8.6
2013	16.24	7.7

From FL-1

2004	11.06	
2005	10.24	-7 4
2006	10.56	3.1
2007	11.09	5.0
2008	11 35	2.3
2009	13.07	15.2
2010	11.16	-14.6
2011	12.23	9.6
2012	13.28	8.6
2013	14.32	7 8

From Imlay

Table 4-2: Recent DWSD Water Rates

Audited financial reports were used to determine the rate of inflation associated with other three large municipal systems. The results are shown in Table 4-3

Lansing	05'-12'	4.6
Grand Rapids	04'-11'	1.6
Saginaw	04'-11'	7.0

Table 4-3: O&M Inflation Rates of Other Large Water Systems

Based on the information analyzed from DWSD and the other communities, it was determined that a fair annual rate of inflation for operations and maintenance cost for the analysis should be 4.4%. The 4.4% has historical significance from Flint's current water supplier and falls within the range of the other communities

KWA Water Supply

The initial projected O&M cost for the KWA supply would be comprised of KWA's O&M costs as well as Flint's O&M costs Because there was limited information provided, the initial estimated rate of $1.50/MCF was used This rate is based on information from the cost comparison analysis attached to the letter to Mr. Kurtz, dated October 31, 2012.

The KWA cost evaluation used an annual O&M inflation rate of 5%. To validate this rate a similar analysis to DWSD's operations and maintenance annual rate of inflation was used First, in discussions with Flint and the Genesee County Drain Commission (GCDC), they believed that the annual rate of inflation for the new KWA system would be similar to the GCDC Water & Waste Services (WWS) Additionally, two large transmission systems were used to benchmark the inflation rates. the Southeastern Oakland County Water Authority (SOCWA) and the Ypsilanti Utility Community Authority (YUCA). Although both of these systems transmit finished water opposed to raw water, they were considered similar enough for comparison as they are comprised of only large water mains, pumping facilities and storage.

Once again audited financial statements were used to calculate the inflation rates A summary of the findings are shown in Table 4-4. Based on the fact that the information analyzed showed a large difference between the two systems, it was determined that the KWA assumption of 5% was a good rate of inflation to use in the financial analysis. This rate is almost equally between the GCDC rate and the other two transmission systems.

Systems	Years Evaluated	Average Rate (%)
GCDC WWS	03' – 11'	10.5
SOCWA	04'-12'	--
YUCA	04'-12'	0.7

Table 4-4: O&M Inflation Rates of Other Comparable Systems to KWA

Flint WTP

The Flint WTP currently serves as a backup supply to the DWSD service to Flint To maintain backup operations, the City of Flint operates the plant approximately 20 days each year. Flint indicated that the average production rate when they operate is 11 MGD

For the blending options and the KWA supply considered, Flint would be required to operate its plant all year around. Therefore, their operating and maintenance costs were evaluated and adjusted to determine an annual cost associated with year-round operations

The Flint WTP provided three years of operating costs for the assessment. Additionally, reports listed in Section 3 were also used as reference to determine both operating costs for the plant processing Flint River water (blending options) and Lake Huron raw water (KWA option).

Major cost centers were analyzed to estimate annual operation and maintenance They included: labor, utilities, chemicals and residual management In general, as recommended by the Flint plant staff, labor and overhead were increased from the current costs by two-thirds. Additionally, variable costs for power, chemicals and residual cost were increased to estimate full time treatment at the Flint WTP Data from the KWA Preliminary Report and annual operating data for the Flint WTP (provided separately) were analyzed to make these forecasts.

The annual operating and maintenance costs developed for Flint WTP used are shown in Table 4-5.

Flint River (Blending with DWSD)	4	$5,895,097
Lake Huron (Supplied by KWA)	12	$7,913,118

Table 4-5: FY 13 O&M Costs for Year-round Operations

It was determined that a fair annual rate of inflation for operations and maintenance cost for the Flint WTP plant should be 4.51%. The 4.51% is an average of Lansing, Grand Rapids and Saginaw facilities.

5. CAPITAL REQUIREMENTS

Large capital investments would be required by Flint and GCDC to construct the KWA supply system. Furthermore, some of the options presented by DWSD (supply point from Imlay) would require the purchase by Flint of DWSD's 72-inch water main. Performing the financial analysis; therefore, required an analysis of the KWA construction cost estimate for the transmission system and Flint WTP improvements.

Revenue bonds were also identified as the source of financing the new supply system and associated improvements. This section describes the assumptions made and the interest used for financing the improvements

KWA Supply System

The most current cost estimate of the KWA system was presented in the document titled; Lake Huron Supply Study, KWA, Appendix 20, October 2012 Preliminary Report Update, Final Report (DRAFT), October 4, 2012. The cost of construction is estimated at $272,421,558. Flint's portion would be 30% or $81,726,467.

Due to the significance of this expenditure, a detailed review of the cost was performed and is presented in this section. The analysis was performed based on the main elements of the supply system: the lake intake, the two pumping stations, and the transmission pipeline. Additionally, an analysis was performed related to construction contingencies and other costs such as engineering, legal, and administration

Lake Intake

KWA representatives indicated in a meeting in November that the design documents for the intake were at 90% and that it was planned for advertisement in January 2013. A summary of the estimate is shown in Table 5-1.

Intake and Crib	$22,076,850
ELAC at 25%	5,519,213
Property	2,300,000
Total	**$29,896,063**

Table 5-1: KWA Intake Cost Estimate

Based on the evaluation, it appeared that the cost estimate was reasonable. Given that the design was nearly complete, the engineering, legal, administration, and construction contingencies (ELAC) at 25% were also found to be appropriate.

Pumping Stations

KWA representatives indicated that the pump stations were estimated at a level of design less than 15%. Therefore, in addition to an evaluation of their cost estimate, other water pumping station costs were used for comparison. Additionally, contractors were also contacted for costs. Table 5-2 summarizes the KWA cost estimate compared to our cost estimate performed for the Treasury.

Pumping Stations		$24,618,080		$54,573,314
Land for Intermediate Pump Station and Reservoir		--		75,000
Subtotal		$24,618,080		$54,648,314
ELAC for Construction	25%	6,154,520	30%	16,394,494
Total		**$30,772,600**		**$71,042,808**

Table 5-2: Pumping Stations Cost Estimate

Two things to note regarding the difference in the cost estimates; firstly, there is a large difference in the cost estimates of the pumping stations The estimate developed for the Treasury used several other pumping stations construction costs from Southeastern Michigan and discussions with contractors. These costs were then computed on a $/MG's for comparison

Secondly, our estimate for the Treasury is based on an ELAC of 30% instead of KWA's 25% Although 25% was acceptable for the intake, it is believed to be too low for the pumping station estimate given that the engineering effort is less than 15%.

Transmission Main

Although the specific route for the transmission main was not provided, an estimate was calculated based on the general information provided. Once again, the KWA estimate was based on a level of design less than 15%. The estimate performed for the Treasury used the line items provided by KWA for the pipeline and also consulted with contractors to evaluate the cost of construction. The comparison is shown in Table 5-3

Although the cost of construction of the pipeline is similar, a value of 30% was used for ELAC due to the level of design. Additionally, KWA did not believe there would be any additional costs for easements, however, this did not seem practical. Therefore an estimate for acquiring the easements was added to the Treasury estimate and is based on the 277 easements identified by KWA. The cost shown includes surveying, legal, engineering, administration, etc

Description	KWA	Estimate	TYJT	Estimate
Transmission Mains		$166,202,316		$167,419,530
ELAC for Construction	25%	41,550,579	30%	50,225,859
Subtotal		$207,752,895		$217,645,389
Easements		–		1,166,170
Total		**$207,752,895**		**$218,811,559**

Table 5-3: Transmission Pipeline Cost Estimate

Other KWA Costs

In prior estimates of the construction cost, KWA used an ELAC of 37%. In this case it could be considered that the engineering effort associated with the design would have been included. However, it is believed that KWA's reduced ELAC of 25%, does not include the design effort Additionally, it would be prudent to assume that the owner would want a construction manager during construction of this large project. A summary of these costs are shown in Table 5-4.

Design Engineering for Pumping Stations and the Transmission Pipeline	$16,939,581
Construction Management at 5%of Project Cost Estimate of $217,645,389	14,434,609
Administration	349,440
Legal, Easements, Contract Documents	831,000
Total	**$32,554,630**

Table 5-4: Other Costs

Summary Comparison

A summary of the two cost estimates are shown in Table 5-5. Based on the comparison, the estimate performed by TYJT shows a higher cost to Flint by approximately $25,000,000.

Note that there are two other costs shown in the summary that were not previously addressed; power and backup power Regarding the cost of providing power to the pumping facilities, the cost of $4,000,000 appears reasonable.

The KWA has repeatedly indicated that backup power is not needed. Backup power is a standard practice in the water industry. Furthermore, a loss of power at either pumping facility will prevent the supply of water to both Flint and Genesee County For these reasons, the cost of providing backup power was included in our estimate for the Treasury

Intake/Crib	$ 27,596,063	$ 27,596,063
Pump Stations	30,772,600	71,042,808
Transmission Mains	207,752,895	217,645,389
Power	4,000,000	4,000,000
Redundant Power for PS		1,273,200
Land for Lake Huron Pumping Station	2,300,000	2,300,000
Design Engineering/PS and Transmission		16,939,581
Construction Management		14,434,410
Administration		349,440
Legal/Easement/Contract Documents		831,000
Easements		1,166,170
Total	**$ 272,421,558**	**$ 357,578,060**
Flint Share at 30%	**$81,726,467**	**$107,273,418**

Table 5-5: Total Cost Comparison

Flint WTP Improvements

The KWA analysis identified capital costs required to convert the existing WTP from river water treatment to treating lake water. The cost estimate was identified as $7,100,000 in the 2009 report. This number was used in the our analysis, since additional information was not provided. For the purpose of the financial analysis; however, the $7,100,000 was increased by 3% each year for three years to account for inflation.

DWSD Imlay Station Supply Options

The options identified by DWSD to supply service to Flint at the Imlay Pump Station would require Flint to purchase the 72-inch water main from Imlay to Master Meter, FL-1. The pipeline is approximately 25 miles long. The estimated cost provided by DWSD for estimating purposes is $4.700,000

Financing

The cost of financing the revenue bonds for the capital work was investigated. Based on conversations with local financial advisors knowledgeable in bond financing, an interest rate of 5% for the 25 year

period was considered acceptable. This is based on a Standard and Poor's bond rating of A without insurance.

Additional costs associated with the bond include the reserve and bond issuance fee. The bond holders will require a reserve of approximately 10% of the loan to be held for the 25 year payment period. The cost associated with the bond issuance has been estimated at 2.25% of the principal borrowed for the KWA project and 3% for the smaller loan associated with the Flint WTP improvements or the purchase of the 72-inch main

Furthermore, since no revenue will be generated to pay on the bonds for the first three years that the system is being constructed, the cost associated with capitalizing the interest was also included.

Finally, interest on the reserve will be provided back to KWA and Flint. Although the interest is currently less than 1%, it was determined that a 3% rate would be more prudent long-term.

6. FINDINGS

Using the information described in the previous sections, a cost evaluation was conducted for the KWA supply and the DWSD options. Individual worksheets for each option are provided in Appendix B. For the purpose of comparison a 30 year period was used This period includes the 3 year construction period, the 25 loan period and an additional two years to get a sense of the cost of operation after the loans have been paid

There were three separate cost sheets prepared for the KWA option. The first cost sheet (KWA) is based on the cost estimate provided by KWA. The costs provided assumed no overruns or delay in construction With KWA's own assumptions of an overrun in construction of 15% and a one year delay in operations, the KWA estimated cost becomes $686,375,920 through Year 2042.

Since this cost estimate did not appear to include the financing of revenue bonds, another cost sheet (KWA-1) was developed that included KWA's cost estimate without overruns with the additional finance costs associated with the revenue bonds A final cost sheet (KWA-2) includes the cost associated with the revenue bonds based on the estimate provided by TYJT for the Treasury.

A summary of the cost sheets provided in Appendix B are shown in Table 6-1. Figure 6-1 shows the cumulative annual costs associated with each option.

DWSD 8 MGD Maximum Day at Imlay Station	634,795,488	1
KWA *(10/31/12 No Overruns, As Provided)**	649,775,166	2
DWSD 8 MGD Maximum Day at FL-1	672,671,705	3
KWA-1 *(10/31/12 No Overruns with Cost of Financing)*	707,279,715	4
DWSD 12 MGD Maximum Day at Imlay Station	725,576,803	5
DWSD 12 MGD Maximum Day at FL-1	762,110,308	6
KWA-2 *(Treasury Estimate)*	766,784,313	7
DWSD 18 MGD Maximum Day at FL-1	821,226,268	8

* $686,375,920 with 15% overrun in construction and a one year delay in operations

Table 6-1: Total Cost of Options through 2042

Based on the analysis, it is prudent to assume the KWA water supply option costs would be somewhere between the KWA-1 and KWA-2 options Therefore, the analysis indicates that the two DWSD options of supplying 8 MGD on a maximum day and up to 8 MGD on average are the least cost options for Flint. These options allow Flint to maximize the use of existing assets; the City of Flint's (the Flint WTP) and DWSD's (the existing 72-inch main)

Additionally, in recent conversations with the Treasury another option was discussed that could potentially be the most cost-effective solution. Currently the Flint WTP serves as a backup if service is

lost through either the DWSD or KWA pipeline. If the a twin pipe paralleling the DWSD 72-inch water main were constructed with interconnects with the 72-inch line, then the new water main could serve as the backup to Flint and the Flint WTP could be abandoned or potentially sold to Genesee County for their use.

The construction of the parallel pipeline would be considered in the DWSD capital expenditure as a Common to All (CTA) cost. This means that the capital cost of the pipeline would be shared by all DWSD customers and not just by Flint. Preliminary analysis of this option appears to be the most cost-effective of all the options discussed. However, a more thorough cost analysis is warranted and this approach would require an agreement between Flint and DWSD.

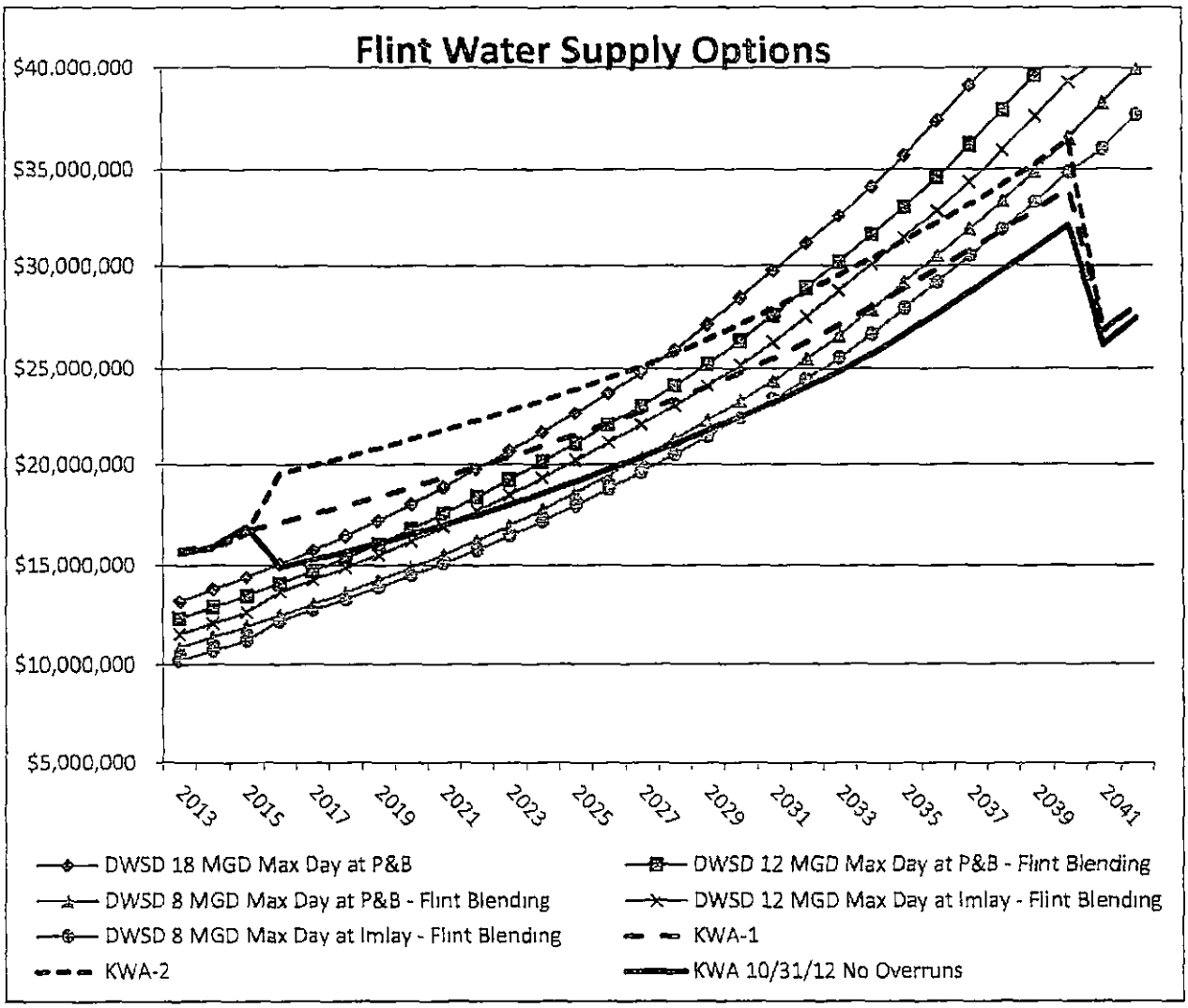

Figure 6-1: Flint Water Supply Options through 2042

7. OTHER CONSIDERATIONS

As part of the investigation other issues were identified that may result in risks to Flint that should be considered by the Treasury in determining how Flint's potable water should be supplied These issues are related to redundancy and reliability, other items affecting cost, and Flint's desire to control its own destiny related to its water supply. These are described further below.

Redundancy/Reliability

In one of the first meetings related to this task assessment, which was held on November 1, 2012, the Genesee County Drain Commissioner, Mr. Jeff Wright, stated that one of the main reasons for pursuing the KWA supply option related to the lack of reliability of the DWSD system He pointed to the Northeast blackout of 2003; a widespread power outage that occurred throughout parts of the Northeastern and Midwestern United States and Ontario, Canada, on Thursday, August 14, 2003. He stated that Flint and Genesee County were out of water for several days.

It is worth noting that this was a power outage of historic proportions that affected millions of Americans. However, DWSD did begin supplying water again relatively quickly in comparison to other major cities impacted by the same power outage.

Furthermore, the KWA supply system offers less redundancy to Flint than the current DWSD system Under both options, Flint is supplied by a single pipeline; however, DWSD has backup power at all of its major facilities supplying Flint. The KWA system will not have a redundant power at its pumping facilities. This would be a major risk.

Currently, backup to the DWSD system for Flint is Flint's WTP using the Flint River as the source of supply KWA has stated that the Flint River source would also be used as backup to Flint if the KWA supply through its pipeline was lost. However, since the Flint WTP would be upgraded to treat Lake Huron water under the KWA option, using the Flint River as a backup source would require the Flint WTP to maintain two process treatment streams.

In addition to Flint and Genesee County, the DWSD's 72-inch main supplies Imlay City, Mayfield and the Greater Lapeer County Utilities Authority (GLCUA). The volume of water contained within the 72-inch main is approximately 30 MG. Only supplying these three remaining communities would cause the water age to increase dramatically; somewhere in excess of three weeks old, before reaching the customers' master meters. Since the half-life of chlorine in the DWSD system is approximately 5 days, the chlorine would most probably be near zero requiring re-chlorination of the finished water upstream of the master meters

Re-chlorinating is a costly and risky process due to the instability of chlorine gas. It is unknown whether DWSD would pursue this improvement or possibly abandoned the 72-inch pipeline.

If Flint is supplied by the KWA system, then DWSD supplying their other customers along the 72-inch water main may be reconsidered. Since the KWA system is a raw water supply, the communities would

either have to build a treatment facility to treat the water from KWA or find another water source for their communities.

Additional Cost and Risk Considerations

The design of the KWA supply and the construction of the system have not been completed; therefore, final costs and time to complete are unknown. Cost overruns and delays in completion will both negatively impact Flint's final cost. As example, if the project is not completed within the three year period, payment on the bonds will be due, but the revenue source needed from the sale of water could not be provided

Furthermore, there is always a risk with large water system construction; especially those including an intake in the Great Lakes, pumping stations and rehabilitation of older water treatment plants. These risks include the potential of explosive gases in tunneling below Lake Huron, changing site conditions associated with the large number of miles of pipe installation and rehabilitating an older WTP, and the startup and debugging of the entire pumping system.

Flint has indicated that they have a high water loss. Not addressing this issue prior to sizing the Flint supply pipeline from KWA could cause the water main to be oversized along with its incremental cost in construction

Also, the KWA supply option appears to run counter to the Treasury's Competitive Grant Assistance Program (Formerly EVIP Grant). This program has been put in place to allow for communities to consolidate their services and save money. Two existing customers of DWSD (Flint and Genesee County) along with the potential of others customers (GLCUA, Mayfield, Imlay City) separating to from another water system is in contradiction to the program.

Finally, there is a concern over the ability of smaller systems (KWA) over larger systems (DWSD) to pay for future unfunded mandates and regulations. Obviously, identifying regulation requirements over 30 years is hard to determine However, it is widely accepted that a large system has greater ability to respond to unfunded mandates because the cost can be distributed over a large customer base.

Flint's Autonomy

Flint has indicated that a major point of consideration is that they have no control over the rate increases issued to Flint by DWSD. All other counties supplied by DWSD have representatives on the Board of Water Commissioners (BOWC). The BOWC is one of the governing bodies that approve the water rates Since Flint and Genesee County do not have a representative on the BOWC, Flint believes they are held "hostage" to DWSD's rates and cost of service

This issue was stated in Flint's handout at the November 1, 2012 meeting. The handout is titled, "Flint Water Supply Future." However, it is worth noting in the same handout, Flint also identifies similar concerns with the governing board of the KWA system. Notably, that although Flint and Genesee County will be the only customers and Flint will be responsible for 30 percent of the construction cost,

they will have a minority vote on the KWA board. Furthermore, there are other communities (Lapeer County, the City of Lapeer, and Sanilac County) that sit on the board and vote However, they are not purchasing water nor contributing to the construction costs.

STATE OF MICHIGAN CONTRACT NO. 271N3200089

CITY OF FLINT WATER SUPPLY ASSESSMENT

State of Michigan, Department of Treasury

Appendix A: Meeting Minutes

TUCKER, YOUNG,
JACKSON, TULL INC.
CONSULTING ENGINEERS-PLANNERS
565 E. Larned Suite 300
Detroit, Michigan 48226
(313)963-0612 FAX (313)963-2156

MEETING MINUTES

IN ATTENDANCE:	Sue McCormick, DWSD Director Darryl Latimer, DWSD Deputy Director George Karmo, TYJT Awni Qaqish, TYJT Dave Guastella, TYJT
DATE:	November 24, 2012
PURPOSE OF MEETING.	Meeting with DWSD for the Indefinite-scope, Indefinite-delivery Contract Number 00383, 2012 Professional General Architectural/Engineering Services – City of Flint Water Supply Assessment
PREPARED BY	Dave Guastella

A meeting was held at the DWSD Main Office Building on November 19, 2012 to discuss the water supply options being presented by DWSD to the City of Flint. The main items discussed generally followed the attached DWSD Discussion/Questions that were provided to the Department prior to the meeting. A summary of the key points discussed are provided below.

DISCUSSION ITEMS

1. Question/Discussion Item: Verify that the four options presented at the November 1, 2012 meeting are still available for consideration:

    a. Supplied from Potter & Baxter using the new model contract (assume a Maximum Day Customer),

    b. Supplied from Imlay Station,

    c. Finished un-pumped supply from Lake Huron WTP, and

    d. Raw un-pumped supply from Lake Huron WTP.

    DWSD prefers to focus on the first two supply point listed; from the current location at Potter & Baxter and at the Imlay Pump Station as these apply specifically to Flint

    DWSD provided the attached summary regarding the current costs to Flint based on the various options that DWSD is offering. The savings associated with each option is provided as well. As example, if Flint were to purchase water from the supply point located at Imlay Station, the current cost to Flint would be $5,661,000 and it would be a savings of nearly 50%

Comments: Meeting minutes were recorded based on the understanding of the author. Please contact the author within three days if you have any different understanding of the meeting. These minutes will be considered approved unless comments are provided within three days.

compared to Flint's current rate.

2. Question/Discussion Item: What additional capital improvements will be required for each option?

   If Imlay Pump Station is selected as the supply point then Flint would need to purchase the 72-inch water main and an agreement to supply Lapeer would need to be worked out DWSD believes that this could be worked out through a "wheeling" charge over the 72-inch main or possibly moving the supply point downstream of the Lapeer connection.. DWSD estimates the value of the water main at $4.7M. Flint could bond for this amount or DWSD could include the cost into Flint's rate

3 Question/Discussion Item: Are there other options being presented that should be considered (e.g., blending)?

   Only the two options indicated above are currently being considered and both would include blending, DWSD providing 2/3 of the supply and the Flint WTP providing the other 1/3.

4 Question/Discussion Item: To evaluate each option over the 25 year planning period, provide:

   a. Annual water rate for Flint for 2002 through 2012, and the

   b. Projected annual rate adjustment for each option. What are the proposed measures to keep the rate adjustments down in the future?

   DWSD provided the attached historical rates from 2002 through 2012 for the existing water contract with Flint. The attachment also includes what the rates would have been if Flint had signed the new model contract or had taken service from Imlay. These rates were provided back to 2010.

   DWSD believes that 5% would be a good estimation to assume for their annual escalation in rates over the 25 year planning period.

5 Question/Discussion Item: Flint stated a 10% increase in the capacity charge What number did DWSD provide Flint?

   It was unclear to DWSD where the 10% increase in capacity charge stated by Flint came from. DWSD's information provided shows an average of 6.3%. DWSD offered a meeting with TYJT to discuss how the fixed and commodity charges are allocated

6. Question/Discussion Item: Flint financial comparison is based on the initial Cost of $14,413,858, which includes $2,725,538 for Flint WTP operating cost; i.e, DWSD charge is $11,688,320. How good is this number?

   DWSD indicated that the charge of $11,638,320 is good through 6/30/13.based on their existing contract with DWSD.

7 Question/Discussion Item: KWA's initial charge to Flint is based on 12 MGD. Is DWSD charge

based on 12 MGD?

Yes, 12 MGD from DWSD would be a maximum with Flint supplying 6 MGD for a total of 18 MGD (2/3 vs. 1/3).

Comments Meeting minutes were recorded based on the understanding of the author Please contact the author within three days if you have any different understanding of the meeting These minutes will be considered approved unless comments are provided within three days

TUCKER, YOUNG,
JACKSON, TULL INC.
CONSULTING ENGINEERS-PLANNERS
565 E. Larned Suite 300
Detroit, Michigan 48226
(313)963-0612 FAX (313)963-2156

Indefinite-scope, Indefinite-delivery Contract Number 00383
2012 Professional General Architectural/Engineering Services

CITY OF FLINT WATER SUPPLY ASSESSMENT

DWSD Discussion/Questions for the November 19, 2012 Meeting

1 Verify that the four options presented at the November 1, 2012 meeting are still available for consideration:
   c Supplied from Potter & Baxter using the new model contract (assume a Maximum Day Customer),
   d. Supplied from Imlay Station,
   e Finished un-pumped supply from Lake Huron WTP, and
   f Raw un-pumped supply from Lake Huron WTP.
2 What additional capital improvements will be required for each option?
3 Are there other options being presented that should be considered (e g., blending)?
4. To evaluate each option over the 25 year planning period, provide.
   g. Annual water rate for Flint for 2002 through 2012, and the
   h. Projected annual rate adjustment for each option. What are the proposed measures to keep the rate adjustments down in the future?
5. Flint stated a 10% increase in the capacity charge. What number did DWSD provide Flint?
6. Flint financial comparison is based on the initial Cost of $14,413,858, which includes $2,725,538 for Flint WTP operating cost, i.e DWSD charge is $11,688,320. How good is this number?
7 KWA's initial charge to Flint is based on 12 MGD Is DWSD charge based on 12 MGD?

Comments: Meeting minutes were recorded based on the understanding of the author Please contact the author within three days if you have any different understanding of the meeting These minutes will be considered approved unless comments are provided within three days

Attachment #7

89 (Rev 02-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

SUMMARY REPORT

TO Brom Stibitz, Senior Policy Advisor, Department of Treasury

FROM. Eric Cline Unit Operations Specialist

SUBJECT. Flint Water System Summary

DATE: April 18, 2013

Summary

In November 2012 the Department of Treasury commissioned the firm of Tucker, Young, Jackson & Tull, Inc (TYJT) to analyze options for the City of Flint to either remain a customer of the Detroit Water & Sewer Department (DWSD) or to join the Karegnondi Water Authority (KWA) in Genesee County. The purpose of this study was to provide objective analyses to the State Treasurer and Flint's Emergency Financial Manager (EFM) in order to secure future potable drinking water for the City.

In December 2012, staff from TYJT met with representatives from the Department of Treasury and the City of Flint to provide a preliminary report on their findings. At this meeting, five options were presented. These options ranged from the Flint Water Plant providing 100% water, to 100% provision of untreated Lake Huron Water by KWA, to 100% provision of treated drinking water by DWSD, or provision of variable amounts of water from DWSD using a combination of blended DWSD water and Flint River water.

From the presentation of the preliminary report in December 2012 to the submission of the final report by TYJT in January 2013, a number of developments made arriving at a final decision very difficult

- DWSD provided the City of Flint with at least two modified proposals to consider
- A debate ensued between TYJT and KWA's principal engineering firm regarding the others' conclusions and estimates for construction of the KWA pipeline.
- The Flint EFM eliminated all options except the 100% DWSD option or joining KWA.

In January 2013, the OFR provided a comprehensive report to the State Treasurer analyzing three questions: 1) The projected construction costs and why Treasury believed the projections provided by Flint/KWA were acceptable, 2) Identification of the construction contingencies, and 3) Identification of the options Flint will utilize in the event of a construction cost overrun or a delay in construction. At the end of this report, the OFR recommended to the State Treasurer that KWA presented the best future option for future potable water The OFR also concluded that KWA appeared to be the cheaper option, the quality of water would improve; Genesee County appeared willing to assist the City in securing the financing for their portion of the project; the KWA project could signify the beginning of better collaboration between the City of Flint and Genesee County; and the KWA project had both political and popular support

Between January and April, intense scrutiny of the various proposals was undertaken by Treasury and Flint officials Treasury officials met with officials from Genesee County to gain a better understanding of the KWA project In February 2013, Genesee County opened bids for construction of the Lake Huron intakes. This bid opening represented the first meaningful step toward commencing construction of the KWA system The bid was $3-million less than projected.

In March 2013, Treasury was notified that DWSD had contacted Flint to negotiate with the City to retain them as a customer. On April 12, 2013, the State Treasurer authorized the Flint EFM to join KWA, pending review of any final offer from DWSD. A final offer was received from DWSD on April 15, 2013.

DWSD's final offer provided two options. The first option was for a "supply only" rate schedule. Only water treatment costs would be recovered and DWDS would absorb all other delivery costs. Capital and operating revenue charges would be calculated based upon KWA's usage relative to the entire demand upon DWSD's Lake Huron WTP KWA would also have the ability to construct and own its own transmission lines.

The second option was a "full service" rate option. DWSD would provide all production and transmission services Transmission rates would be calculated only on those costs necessary to supply KWA and no additional transmission rates would be charged. Capital and operating revenue charges would be calculated based upon KWA's usage relative to the entire demand upon the Lake Huron WTP.

Independent analyses of DWSD's final offer by the OFR, the Flint EFM, and the Department of Environmental Quality (DEQ) generally reached the same conclusions:

- DWSD's offer was a framework subject to negotiations and was not a firm offer
- The offer provided by DWSD was incomplete.
- DWSD's offer did not include a guaranteed rate beyond year one, nor did it limit maximum annual rate increases
- The DWSD scenarios were based on 40 MGD of service capacity. However, the KWA project provides 60 MGD of initial capacity with potential expansion to 75 MGD
- DWSD indicates that Flint/ Genesee County would be given "broadened representation," it is unclear exactly what this means in terms of actual control in the decision making processes
- The DWSD offer relies on a single transmission system and would require the City of Flint to maintain its WTP for emergency purposes In addition, it would leave Genesee County without an adequate backup supply to meet their needs
- DWSD's offer included an attachment that listed the rank-ordered options (from cheapest to most expensive) DWSD Scenario 2 is listed as the least expensive option (but it is unclear how the total cost of this option was arrived at). DWSD Scenario 1 was not listed.
- DWSD provided a summary table of their unit costs but how these figures are arrived at was not clear, so analysis proved difficult.

Without specific details from DWSD on this proposal, a true comparative analysis is difficult to provide As such the Flint EFM rejected the DWSD proposal and agreed to join KWA

If further information on this issue is needed, please let me know.

Copy: Roger Fraser, Deputy State Treasurer; Bureau of Local Government Services
Edward Koryzno, Administrator; Office of Fiscal Responsibility
Randall Byrne, State Administrative Manager; Office of Fiscal Responsibility

Attachment #8

GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE

JEFFREY WRIGHT

COMMISSIONER

G-4608 BEECHER ROAD, FLINT, MI 48532

PHONE (810) 732-1590 FAX (810) 732-1474

FOR IMMEDIATE RELEASE

March 26, 2013

CONTACT Jeff Wright

810-287-1925

What: *Jeff Wright Statement on Flint City Council Approving Resolution to Join KWA.*

When: *March 26, 2013*

Additional Info: Jeff Wright, CEO of the KWA, today praised the Flint City Council for voting to approve a resolution to officially have the City of Flint join the KWA and its' water line.

"I have said from the beginning that this decision must be made by Flint's City Council and Mayor," said Wright. "I appreciate the council voting the way they did, but even more than that, I am glad the residents of Flint were able to have their voices heard via their elected officials." The next step in the process will come with the KWA Board executing the contract for the City

"The most important aspect from the vote is the fact that we as an Authority can move forward knowing Flint's intentions," said Wright.

Despite Emergency Manager Ed Kurtz publicly supporting the project, Wright had made a vote by council a condition of Flint joining the KWA so the residents would have their say.

"There is a basic tenet that government is best when it has local control. We saw that with the council vote. Nobody, whether they live in Flint, Grand Blanc, Davison, Fenton, or anywhere in Genesee County, should have these types of decisions made by people who live outside of their community," said Wright.

At the next Water and Waste Advisory Board meeting a vote will be taken to award a contract for construction of the intake portion of the water line. All bids were submitted to the board at their last meeting for review.

Attachment #9

89 (Rev 02-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

Mr Edward Kurtz
Emergency Manager
City of Flint
1101 South Saginaw Street
Flint, MI 48502

April 11, 2013

Dear Mr Kurtz.

Thank you for your March 29, 2013 letter, which is attached for reference. As the Emergency Manager for the City of Flint ("Flint" or "City"), you have asked for my concurrence, pursuant to Public Act 436 of 2012, the Local Financial Stability and Choice Act, to authorize a contract in excess of $50,000.00 not subject to competitive bidding. This request was related to the City entering into an agreement with the Karegnondi Water Authority (KWA) for provision of raw water for the City.

In considering your request, I took note of the following facts in support of Flint joining KWA. First, there is widespread support in the City for this move, including the support of the Mayor, the City Council, and the Emergency Manager. Second, this move will provide a unique opportunity for the City and County to partner on an important project, which will hopefully lead to future regional collaboration. Third, the Department of Environmental Quality is supportive of the City participating in the KWA project Finally, your representations that this deal will lead to substantial savings for the City over the coming decades, savings that are desperately needed to help with the turnaround of the City of Flint

It is my understanding that the Detroit Water and Sewer Department is making a final best offer to Genesee County and the City of Flint next Monday, April 15, 2013 As such, this approval will be effective at 5 pm on April 16, 2013 after receiving written notice from the City that either no such offer was presented to the county and the City or that an offer was received and was rejected in good faith based upon specified objections.

For the reasons described above and subject to the conditions set forth herein, pursuant to Section 12 (3) of PA 436 of 2012, I am authorizing you to proceed with adopting the resolution and entering into a contract with KWA

Sincerely,

Andy Dillon
State Treasurer

Attachment #10

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226
WWW.DETROITMI.GOV

April 15, 2013

Karengondi Water Authority
4160 Beecher Rd
Flint, Michigan 48532-2617

Ed Kurtz, Emergency Manager
City of Flint
1101 South Saginaw Street
Flint, Michigan

Gentlemen:

Over the last several months, governed by a process laid out by the State of Michigan, the Detroit Water and Sewerage Department (DWSD) has proposed a number of alternatives for long term water supply to the City of Flint. Each alternative was offered in the spirit of working in earnest to address the needs, priorities and concerns of the City of Flint and each provided an immediate cost reduction when compared to the current costs of water purchased from DWSD. In the final analysis conducted by Flint, these proposals did not overcome the desire for the Flint/Genesee region to be served by the same system and to have a voice in the future decisions governing the provision of water to this region.

Many of the proposals DWSD has made to Flint during this period are applicable to Flint/Genesee County or KWA with adjustments to demand and use requirements and would provide similar overall benefit. These options remain available for further discussion should the parties' desire. These prior proposals are included in summary form in Attachment 1 as an expanded table 6-1 from the February 2013 State of Michigan Contract No. 271N3200089, City of Flint Water Supply Assessment, submitted by Tucker, Young, Jackson, Tull, Inc. For comparison purposes only, DWSD's new proposal (Flint's 30% allocated share) is inserted.

The proposal scenarios outlined today offer a public/public partnership with options tailored to Flint/Genesee County or KWAs interests. For ease of writing, the remainder of this memo will present this proposal to KWA Two basic scenarios are presented for consideration, both of which contemplate that KWA would enter a multi-year contract. Service commitments and usage definitions would be negotiated in the same manner as employed that have resulted in new contracts for other customers.

In brief, the proposal provides a unique opportunity to reserve capacity at DWSD's Lake Huron Water Treatment Plant and to participate in decision making for facility operation and capital investment through a joint operating committee. The proposal envisions that KWA would enter into a 30-year contract to purchase treated water directly onsite at DWSD's Lake Huron Water Treatment Plant.

In Scenario 1 the purchased water can either be pressurized or unpressurized. This first scenario results in a "supply only" rate schedule, with a "standby delivery" component to provide for emergency service at the existing Baxter / Potter connection. This scenario provides KWA the ability to construct new transmission owned and operated by KWA.

Scenario 2 maintains the public/public partnership concept and extends it to transmission facilities through which the Lake Huron Water Treatment Plant provides water. This scenario results in a "full service" rate schedule. The standby delivery component is eliminated, since the rate structure to KWA includes costs associated with the transmission system between the Lake Huron Water Plant and the Baxter / Potter connection.

DWSD proposes a modified rate schedule for the customers currently served through the contract with the City of Flint, which includes Flint and Genesee County This modified schedule is intended to facilitate negotiations for a new water service agreement with the Karegnondi Water Authority (KWA). The scenarios presented herein represent the innovative thinking that DWSD and its new leadership are bringing to the table. Our goal is to provide the lowest cost water solution for the KWA service area.

The potential rate structures are introduced in summary form herein, with preliminary calculations using the proposed rate structures with FY 2013-14 as a baseline. These calculations and the accompanying discussion are based on the assumptions regarding contract terms that approximate recent discussions amongst the parties.

The proposal introduces the concepts, but does not definitively present all of the specifics, appreciating that such specifics are best addressed through negotiations designed to produce a new contractual agreement satisfactory to all parties.

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Scenario 1 – Lake Huron Direct Supply Purchase:

- KWA enters into a long term partnering arrangement with DWSD to purchase all of its primary water supply directly at the DWSD Lake Huron water treatment plant.
- Supply rate schedule is designed to recover only water treatment revenue requirements. This rate schedule does not contain any delivery costs (pumping, transmission, storage, etc.).
- Supply rate schedule is computed based on specific costs associated with the Lake Huron Plant. No other DWSD revenue requirements, including those associated with other DWSD water plants, are included in the rate to KWA
- Revenue requirements are separated into capital recovery and operation and maintenance expense elements. Baseline revenue requirement data (including operating budget, rate of return, depreciation assumptions, etc.) are identical to those developed for all other wholesale customers.
- KWA is allocated Lake Huron Plant capital revenue requirements based on the proportion of their contracted max day demand (assumed in these calculations at 40 6 mgd) relative to the total capacity at the Lake Huron Plant (400 mgd). The resulting revenue requirements are recovered through a fixed monthly charge.
- KWA is allocated Lake Huron Plant operating revenue requirements based on the proportion of their contracted average daily usage (assumed in these calculations at 24 mgd) relative to the total average daily usage at the Lake Huron Plant (assumed at 125 mgd in these calculations).
- Calculations are conducted for two alternatives Purchase of *pressurized* water (after high lift pumping) and *unpressurized* water (KWA takes directly from clearwell.)
- Contract includes an arrangement for emergency service at the existing Baxter / Potter connection, and computes a standby charge related to such service.
- The standby charge is computed in the manner set for the by the American Water Works Association (AWWA) in its Manual of Water Supply Practices M1 - "Principles of Water Rates, Fees, and Charges" Manual M1.
    - KWA is allocated one day's worth of transmission related capital revenue requirements.

Scenario 2 – "Full Service" Lake Huron System

- Same as the "pressurized" option in Scenario 1, except that concept is extended to the pumping, storage, and transmission facilities directly served by the Lake Huron Plant
- Transmission rate schedule is computed based on specific costs associated with these facilities. No other DWSD revenue requirements, including those associated with other DWSD transmission mains, etc, are included in the rate to KWA.
- Revenue requirements are separated into capital recovery and operation and maintenance expense elements. Baseline revenue requirement data (including operating budget, rate of return, depreciation assumptions, etc) are identical to those developed for all other wholesale customers.
- KWA is allocated Lake Huron "transmission system" capital revenue requirements based on the proportion of their contracted max day demand (assumed in these calculations at 40.6 mgd) relative to the total capacity at the Lake Huron Plant (400 mgd). The resulting revenue requirements are recovered through a fixed monthly charge.

- KWA is allocated Lake Huron "transmission system" operating revenue requirements based on the proportion of their contracted average daily usage (assumed in these calculations at 24 mgd) relative to the total average daily usage at the Lake Huron Plant (assumed at 125 mgd in these calculations).
- Standby charge is eliminated.

The resulting potential proposed rate structures under both Scenarios are summarized below

Potential Proposed DWSD Water Rate to KWA
Lake Huron Direct Scenario

	1 - Supply Rate @ LH Plant		2 - Full Service
	Unpressurized	Pressurized	Wholesale Rate
Supply Rate			
Fixed Monthly Capital Charge - $	219,900	316,600	503,200
Commodity Rate - $/Mcf	2.60	4.16	5.31
Average Unit Cost - $/Mcf	*4.85*	*7.40*	*10.46*
Monthly Standby Charge	167,500	110,300	0
Total Monthly Charge	387,400	426,900	503,200
Total Average Unit Cost - $/Mcf	*6.57*	*8.53*	*10.46*

The direct comparison over the period 2013-2042 is demonstrated in Attachment 2.

As KWA considers this proposal, I offer the following observations for consideration.

- The Public Partnership requires the least near term capital investment and preserves the economy of scale associated with operation of a large regional system resulting in an immediate reduction in the cost of water supply for Flint/Genesee, making the identified and necessary near term investment in local water infrastructure more feasible.
- The Public Partnership provides the opportunity to optimize service level and efficiency through collaborative asset management decision making.
- The Public Partnership provides representation for critical decision making consistent with DWSD newly demonstrated interest in engaging our customers in critical decisions impacting them. This formalizes that interest in contractual terms.
- The Public Partnership reduces the risks identified with a 'go alone' solution, including further declines in use/sales (see graph), project cost overruns or schedule delays and other unforeseen costs inherent in starting a new venture. See Attachment 3
- The DWSD Board of Commissioners has previously approved sale of raw water from the Lake Huron facilities for raw water end use. We remain open to further discussion about the raw water capacity needs and stand ready to provide an affordable commodity option.

DWSD is an organization in transformation. In April of 2011, a new Board of Commissioners was seated with additional autonomy and more direct customer representation. In the past year we have demonstrated the ability to reduce costs, resolve long standing compliance issues and have gained support for establishing a new legal and operational model for DWSD that could enable broadened representation for Flint/Genesee on the Governing Board.

I remain available to discuss this proposal to assure that each of the issues critical to Flint/Genesee are addressed.

Best regards,

Sue McCormick, Director
Detroit Water and Sewerage Department

Cc: Andy Dillon, State Treasurer
Dayne Walling, Mayor – City of Flint
Kevyn Orr, City of Detroit Emergency Financial Manager
Jeff Wright, Genesee County Drain Commissioner
James Fausone, Chair – Detroit Board of Water Commissioners

Attachment 1

DWSD Water Supply Costs Estimates to Flint

Option	Water Supply Costs ($) through 2042	Ranking by Cost
DWSD 4/15/2013 Scenario 2	587,990,650	1
DWSD 8 MGD Max Day @ Imlay	634,795,488	2
*KWA (10/31/12 No Overruns, As Provided) **	649,775,166	3
DWSD 8 MGD Max Day @ Baxter / Potter	672,671,705	4
KWA-1 (10/31/12 No Overruns with Financing Costs)	707,279,715	5
DWSD 12 MGD Max Day @ Imlay	725,576,803	6
DWSD 12 MGD Max Day @ Baxter / Potter	762,110,308	7
KWA-2 (Treasury Estimate)	766,784,313	8
DWSD 12 mgd Twin Line Proposal / No blending	818,092,150	9
DWSD 18 MGD Max Day @ Baxter / Potter	821,226,268	10

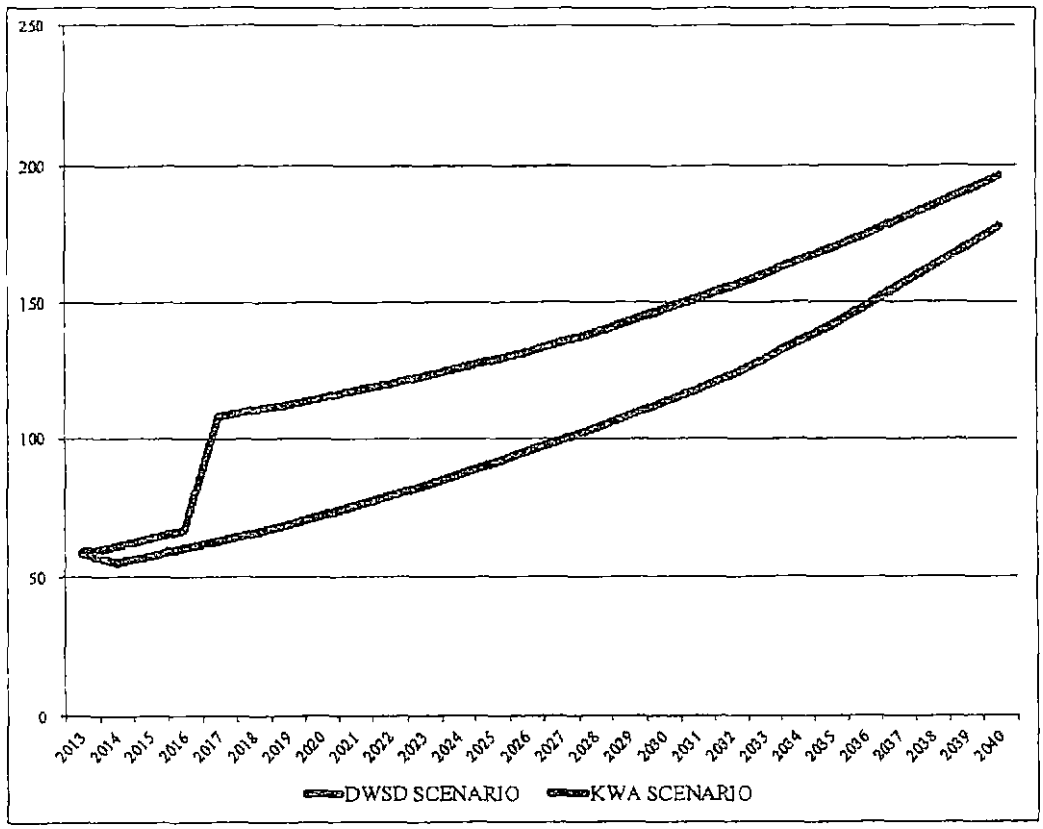
Italicized Options as presented in TYJT Report

DWSD Water Supply Costs Estimates to Flint / GCDC
$ millions

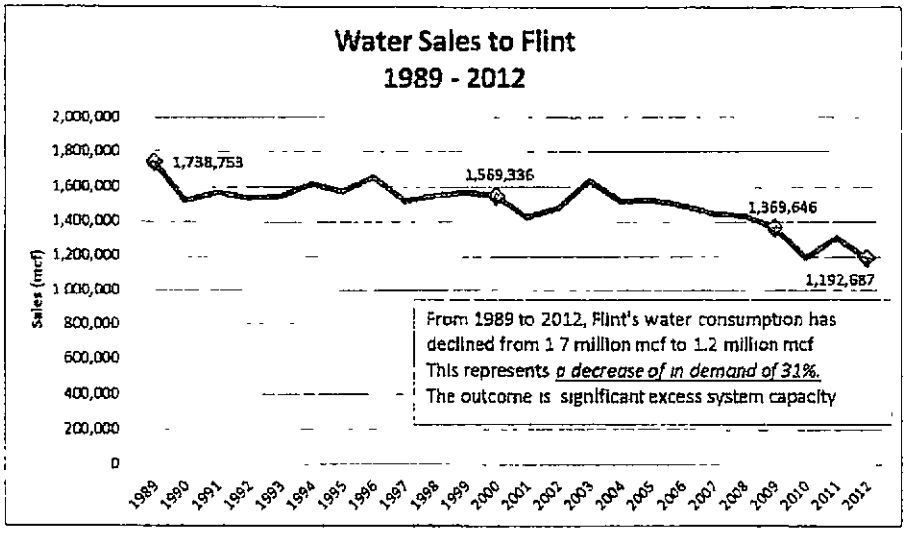
Option	All Water Costs ($) through 2042	Ranking by Cost
DWSD 4/15/2013 Scenario 2	3,282 00	1
Estimate of KWA	4,090 06	2

Attachment 2

SUMMARY OF TOTAL PROJECTED WATER COSTS TO FLINT/GCDC - SCENARIO COMPARISON *($ millions)*



Attachment 3



Attachment #11

CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
EDWARD J. KURTZ

ELECTRONIC LETTER

April 16, 2013

Andy Dillon
State Treasurer
P O Box 30716
Lansing, MI 48909

Dear Treasurer Dillon:

Flint, Genesee County and KWA received an eight page letter from Detroit Water and Sewerage Department (DWSD) offering a framework for a long-term agreement with our region Two scenarios were presented.

Scenario 1: Water from the Lake Huron Plant.

This offer was dismissed immediately because Flint would still be responsible for their share of the KWA water pipeline delivery system estimated to be $79 million In addition Flint would not be able to operate the Flint Water Plant in which we have invested over $40 million per MDEQ mandates over the past ten years Finally, although DWSD shows this as an option and supplied a per month cost projection for the first year, no total costs over the life of the contract were provided.

Scenario 2: "Full Service" Water Supply

This offer was also rejected. DWSD would supply water to Flint/Genesee the same way they currently are today They would change the method of calculating our bill The offer would provide a $1.00 per ccf reduction on our usage for the first year, providing a 30 year contract is signed

After review of the offer Flint/Genesee has the following concerns.

1 DWSD's offer is a framework subject to negotiations and is not a firm offer.

2. DWSD's offer is based on 40.6 mgd, the KWA plan is based on 60 mgd. Flint/Genesee last summer hit the peak of 40.6 mgd and this DWSD offer provides no room for growth. Growth would result in penalties or added cost.

3. DWSD's offer does not include a guaranteed rate for years two through thirty, nor does it provide a maximum annual increase.

4. DWSD's offer does not provide a redundant supply for GCDC.

5 DWSD's offer does not allow for the use of Flint's existing water plant.

6 The offer indicates that the total cost to Flint over the life of the contract would be $587,990,665. No indication of what annual rate of increase was used in this projection. Flint can only assume it is 4.4% based on the Tucker Young report. It is also based on 40.6 mgds. KWA's proposal is for $649,775,166 based on 60mgds (33% more). Based on 60 mgds DWSD's proposal would be $868,950,738.

On a final note, Flint/Genesee has great concern over the accuracy of the figures provided by DWSD. Attachment 1 indicates that our joint annual cost to DWSD is $50 million; actual cost is less than $25 million. Attachment 2 indicates $800 million in savings over the next 30 years That is greater than the total cost we would pay DWSD.

Therefore, I will sign the resolution to join KWA at the close of business today.

Sincerely,

Edward J. Kurtz
Emergency Manager

Attachment #12

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226
WWW.DETROITMI.GOV

April 17, 2013

2013 APR 18 AM 11:33

Via Certified Mail and Electronic Delivery

Ms. Inez M. Brown
City Clerk
City of Flint
2nd Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502

Dear Ms. Brown:

Regarding: Termination of Contract for the Provision of Water Services by the City of Detroit, Water and Sewerage Department

On December 20, 1965, the City of Detroit, through its Board of Water Commissioners, (DWSD) and the City of Flint, Michigan (Flint) entered into a contract for the provision of DWSD treated water to Flint and the distribution by flint of that water to other Genesee County communities. Section 18 of that Agreement[1] provides:

18. The Board [DWSD] shall supply and sell water to the City [Flint] from the water system of the City of Detroit, and the City shall receive and purchase such water in accordance with the terms of this Agreement for an indefinite period of time but at least for a period of thirty-five (35) years from the date hereof. This Agreement may be terminated by either party after expiration of said 35-year period, upon one year's written notice served upon the other party by delivering the same to the Secretary of the Board or to the Clerk of the City as the case may be, or at any time upon mutual consent of both parties.

Please take notice that pursuant to this section, 18, of the above-referenced Agreement. DWSD is terminating this Agreement one year from today's date (April 17, 2014)

Sincerely yours,

Sue F. McCormick
Director

[1] Although the Agreement between DWSD has been subsequently amended, Section 18 remains unchanged and in full effect.

Westward ho: KWA pipeline groundbreaking starts new path for water

By Ron Fonger | rfonger1@mlive.com
on June 28, 2013 at 6:00 AM, updated July 03, 2013 at 9:34 AM

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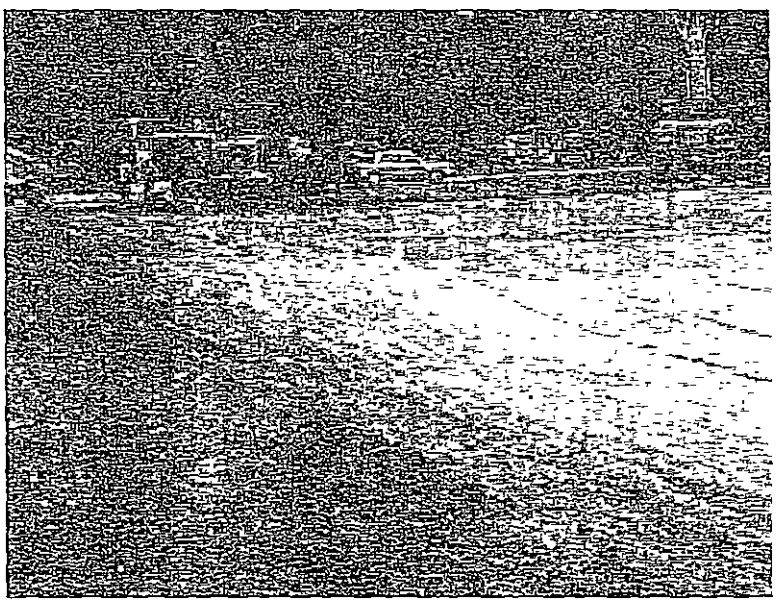
(This story has been updated to correct an error.)



Part of the construction site for the Karegnondi Water Authority water pipeline is shown in this submitted photo

GENESEE COUNTY, MI -- When dignitaries cut the ribbon near Lake Huron on the new Karegnondi Water Authority pipeline today, June 28, they won't have to look far to imagine the project's initial path back toward Genesee County.

Drain Commissioner Jeff Wright said plans call for the pipeline to be buried in the public right of way under Fisher Road, a gravel road that borders Sanilac and St Clair counties, most of the way to Lapeer County.

Talked about for decades, the water pipeline will put Flint and Genesee County into the water supply business and end its time as a customer of the Detroit Water and Sewerage Department.

Detroit water prices have increased an average of more than 9 percent annually for the last 12 years, according to the county.

The county and city are the key members or the KWA and officials in Sanilac and Lapeer counties have expressed interest in future raw water purchases from the authority. Wright said the city of Lapeer is still considering membership in the KWA.

Flint emergency manager Ed Kurtz has said the city of Flint alone has the potential to save at least $100 million during the next 25 years by using KWA water

Friday's ceremony at Fisher Road and M-25 marks the start of construction of the intake portion of the pipeline and heavy equipment is already at the site, laying the foundation for that work, much of which will be done in Lake Huron.

While that work gears up this summer, talks are continuing over the design of the pipeline and the firming-up of the exact route it will be built on

"About 95 percent of the pathway has been set," Wright said. "The other 5 percent – we're looking at some options ... potentially a cost savings" by using some private property.

The drain commissioner said he expects to contact about 10 owners of farmland in Lapeer County as early as next week about his interest in using their land Talks with road commissions in Sanilac and St. Clair counties about Fisher Road started about six months ago, he added

Sanilac County Road Commission Engineer/Manager Robb Falls said he's already getting questions from Fisher Road residents about the $274-million pipeline project, which will require detours.

"A lot of people, I think, are happy for the project," Falls said. "They figure maybe the road will actually be improved (as a result). A couple of people have been upset (but) hopefully, maybe the pipeline would allow some industry in the area."

The potential for attracting new businesses with a need for raw water is certain to be one of the subjects of speeches kicking off the pipeline ceremony. which starts at 10 a.m. Friday

Several officials, including Wright, Flint Mayor Dayne Walling, state Reps. Pam Faris and Charles Smiley, and county Board of Commissioners Chairman Jamie Curtis are among scheduled speakers

Wright said visitors to the ground-breaking site might be surprised by how much preparation work, including construction of a service road, has already started.

"It's amazing I'm surprised myself (about) how much they have gotten done," including about 100 feet of road, drainage work, and the creation of a 3-acre staging area for the intake project work, he said

Construction of the water intake will require tunneling under the floor of Lake Huron and the use of divers, who will connect sections of 72-inch diameter pipe underwater.

The work is expected to take 30 months to complete and to bring an estimated 250 workers to the construction zone, located on 230 acres, including 40 acres of shoreline, which is owned by the county.

L. D'Agostini & Sons Inc., a Macomb-area contractor, won the right to build the intake for $24.6 million, and the job, including engineering, is expected to cost $26 7 million.

Attachment #13b

EM SUBMISSION NO.: 2013 EM140

PRESENTED: 6-21-13

ADOPTED: 6-26-13

BY THE EMERGENCY MANAGER:

Resolution Authorizing Approval to Enter into a Professional Engineering Services Contract for the Implementation of Placing the Flint Water Plant into Operation

The City of Flint requires professional engineering services for assistance in placing the Flint Water Plant into operation using the Flint River as a primary drinking water source for approximately two years and then converting to KWA delivered lake water when available at a cost of $171,000 00, and

The City of Flint is seeking to enter into a sole source contract with Lockwood, Andrews & Newnam, Inc , with funding coming from the Utilities Administration FY14 account in 591-536 100-801 000 and

IT RESOLVED, That appropriate City Officials are authorized to enter into a Professional Engineering Services contract with Lockwood, Andrews & Newnam, Inc for the administration of placing the Flint Water Plant into operation using the Flint River as a primary drinking water source at a cost of $171,000 00 Funding will come from the Utilities Administration FY14 account 591-536.100-801 000

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:

Jerry Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ FAIL _____ DATED 6-26-13

Edward J. Kurtz, Emergency Manager

RESOLUTION STAFF REVIEW

Date: June 17, 2013

Agenda Item Title. Resolution Authorizing Approval to Enter into a Professional Engineering Services Contract for the implementation of Placing the Flint Water Plant into Operation

Prepared by
Yolanda Gray, Utilities Accounting Coordinator

Summary of Proposed Action:
Resolution authorizing the City of Flint to enter into a sole source contract with Lockwood, Andrews & Newnam for professional engineering services to place the Flint Water Plant into operation using the Flint River as a primary drinking water source

Financial Implications:
$171,000.00

Pre-encumbered? Yes____ No __x____ Requisition Funding will be available in the FY14 Utilities Administration budget

Account No FY14 591-536 100-801.000

Other implications (i.e collective bargaining).
No other implications are known at this time

Staff Recommendation: Recommend Approval

Staff Person

Howard Croft
Infrastructure & Development Director

Daugherty A. Johnson III
Utilities Administrator

KAREGNONDI WATER AUTHORITY FINANCING CONTRACT

THIS CONTRACT, dated as of August 1, 2013, by and among the Karegnondi Water Authority, a municipal authority and public body corporate of the State of Michigan (hereinafter referred to as the "Authority"), the City of Flint in the County of Genesee and the County of Genesee (collectively, the "Local Units" and each a "Local Unit").

WITNESSETH:

WHEREAS, the Authority has been incorporated under the provisions of Act No. 233, Public Acts of Michigan, 1955, as amended (hereinafter referred to as "Act 233"), for the purposes set forth in Act 233; and

WHEREAS, the Authority will acquire, construct and operate a water supply system to be known as the Karegnondi Water Supply System that provides untreated water to the Local Units, each of which is a constituent municipality of the Authority; and

WHEREAS, it is immediately necessary and imperative for the public health and welfare of the present and future residents of each of the Local Units that a certain water supply system, as more fully described on Exhibit A hereto, together with all necessary interests in land, appurtenances and attachments thereto (the "System") be acquired, installed and constructed; and

WHEREAS, plans and an estimate of cost of the System have been prepared by the Authority's consulting engineers, Wade Trim (the "Consulting Engineers"), which said estimate of aggregate cost totals an amount not to exceed $300,000,000, and

WHEREAS, each of the Local Units is desirous of having the Authority acquire and own the System in order to continue to operate the System in order to furnish the Local Units with untreated raw water; and

WHEREAS, the parties hereto have determined that the System is essential to the general health, safety and welfare of each of the Local Units; and

WHEREAS, the Authority and each of the Local Units are each agreeable to the execution of this Contract by and among themselves which provides, among other things, for the financing of all or a portion of the cost of the System; and

WHEREAS, this Contract contemplates the issuance of bonds in one or more series by the Authority to pay all or part of the costs of the System; and

WHEREAS, each of the Local Units has or will approve and authorize the execution of this Contract by resolution of its governing body; and

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WHEREAS, each of the Local Units has published or will publish, individually or jointly, a notice of intention to enter into this Contract in a newspaper of general circulation in the territory encompassed by each Local Unit, and

WHEREAS, this Contract will become effective for each Local Unit upon expiration of a period of forty-five (45) days following publication by each Local Unit of its notice of intention without filing of a petition for referendum on the question of its entering into this Contract, or if such referendum election be required, then upon approval by the qualified electors of the Local Unit.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE COVENANTS MADE HEREIN, THE PARTIES HERETO AGREE AS FOLLOWS:

SECTION 1. The Authority and the Local Units hereby approve the acquisition, construction and operation of System, together with all necessary interests in land, appurtenances and attachments thereto

SECTION 2. Each of the Local Units hereby consents to the use by the Authority and any parties contracting with the Authority of the public streets, alleys, lands and rights-of-way in each Local Unit for the purpose of constructing, operating and maintaining the System including any improvements, enlargements and extensions thereto.

SECTION 3. The System is designed to provide and transport untreated raw water to each of the Local Units and the System is immediately necessary to protect and preserve the public health.

SECTION 4 The Authority and each of the Local Units hereby approve and confirm the plans for the System prepared by the Consulting Engineers and the total estimated cost thereof in the sum of not to exceed $300,000,000. Said cost estimate includes all surveys, plans, specifications, acquisition of property for rights-of-way, physical construction necessary to acquire and construct the System, the acquisition of all materials, machinery and necessary equipment, and all engineering, engineering supervision, administrative, legal and financing expenses necessary in connection with the acquisition and construction of the System and the financing thereof

SECTION 5. The Authority shall not enter into any final contract or contracts for the acquisition and construction of the System if such contract price or prices will be such as to cause the actual cost thereof to exceed the estimated cost as approved in Section 4 of this Contract unless the Authority has sufficient funds to cover such excess, or, each of the Local Units, by resolution of its respective legislative body, (a) approves said increased total cost, and (b) agrees to pay such excess over the estimated cost, either in cash or by specifically authorizing the maximum principal amount of bonds to be issued, as provided in Sections 9 and 14 of this Contract, to be increased to an amount which will provide sufficient funds to meet said increased cost, and approves a similar increase in the installment obligations of each Local Unit, if any, pledged under the terms of this Contract to the payment of such bonds.

SECTION 6. The System shall be acquired and constructed by the Authority substantially in accordance with the plans and specifications therefor approved by this Contract. All matters relating to engineering plans and specifications, together with the making and letting of final construction contracts, the approval of work and materials thereunder, and construction supervision, shall be in the

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control of the Authority. All acquisition of sites and rights-of-way, if any, shall be done by the Authority. Each Local Unit's share of the costs of such acquisition in each Local Unit, if any, shall be paid from the Local Unit's share of bond proceeds and, in addition, any costs incurred by any Local Unit in connection with the acquisition or construction of the System, including, but not limited to, engineering expenses, shall be promptly reimbursed to the Local Unit by the Authority from the proceeds of the Authority's Bonds with the approval of the Authority board

SECTION 7. The Authority shall operate, maintain and administer the System for and on behalf of the Local Units. The System shall be maintained in good condition and repair. The Authority shall provide insurance as part of its obligation to operate the System. The Authority will furnish reports to the Local Units at periodic intervals corresponding with the reporting periods of the Local Units in detail sufficient to inform the Local Units of the operations of the System and to permit the Local Units to meet their financing requirements hereunder.

SECTION 8. To provide for the construction and financing of the System in accordance with the provisions of Act 233, the Authority shall take the following steps:

(a) The Authority will take steps to adopt a resolution or resolutions providing for the issuance of its bonds in one or more series in the principal amount of not to exceed $300,000,000 (except as otherwise authorized pursuant to Section 5 of this Contract) to finance all or part of the costs of the System. Said bonds shall mature serially or be subject to mandatory sinking fund redemption as authorized by law, and shall be secured by the contractual obligations of each Local Unit in this Contract. After due adoption of the resolution or resolutions , the Authority will take all necessary legal procedures and steps necessary to effectuate the sale or sales and delivery or deliveries of said bonds.

(b) The Authority shall take all steps necessary to take bids for and enter into and execute final acquisition and construction contracts for the acquisition and construction of the System as specified and approved hereinbefore in this Contract, in accordance with the plans and specifications therefor based on the plans as approved by this Contract.

(c) The Authority will require and procure from the contractor or contractors undertaking the actual construction and acquisition of the System necessary and proper bonds to guarantee the performance of the contract or contracts and such labor and material bonds as may be required by law.

(d) The Authority, upon receipt of the proceeds of sale of each series of bonds, will comply with all provisions and requirements provided for in the resolution authorizing the issuance of such series of bonds and this Contract relative to the disposition and use of the proceeds of sale of such series of bonds.

(e) The Authority may temporarily invest any bond proceeds or other funds held by it for the benefit of each Local Unit as permitted by law and investment income shall accrue to and follow the fund producing such income. The Authority shall not, however, invest, reinvest or accumulate any moneys deemed to be proceeds of the bonds pursuant to §148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder (the "Code"), in such a manner as to cause the bonds to be "arbitrage bonds" within the meaning of Code §

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103(b)(2) and §148, or otherwise as may jeopardize the tax status of the bonds.

SECTION 9. Each Local Unit irrevocably covenants and agrees to pay to the Authority its Local Unit share of each series of bonds to be issued by the Authority pursuant to this Contract. The share of each Local Unit shall be determined as set forth on Exhibit B hereto.

The cost of the System to be financed with the issuance of bonds of the Authority in the aggregate principal amount of not to exceed $300,000,000 shall be paid in annual installments on the dates and in the amounts as established in the Authority's bond authorizing resolution.

Each Local Unit covenants that it will make or cause to be made its payments as required by this Contract not less than 3 days prior to the dates on which the Authority is required to make payments on the bonds described herein to the transfer agent for the bonds

It is understood and agreed that the bonds of the Authority hereinbefore referred to will be issued in anticipation of the above contractual obligation, with principal maturities on the dates established by the Authority corresponding to the principal amount of the installments then coming due, and there shall also be paid in addition to said principal installments, on such dates as shall be determined by the Authority, commencing on such date as determined by the Authority, as accrued interest on the principal amount remaining unpaid, an amount sufficient to pay all interest at an interest rate not to exceed ten percent (10%) per annum, due on the next succeeding interest payment date on the bonds from time to time outstanding

It is further understood and agreed that the bonds of the Authority may be secured by a debt service reserve fund or funds to provide additional security for the timely payment thereof if the Authority determines, in consultation with its financial advisor, that the provision of such debt service reserve fund or funds is advisable. If the bonds of the Authority are secured by a debt service reserve fund or funds, each Local Unit covenants and agrees to provide for the replenishment of such debt service reserve funds as described in Exhibit B.

From time to time as the Authority is billed by the transfer agent for its services for the bonds, and as other costs and expenses accrue to the Authority from handling of the payments made by the Local Units, or from other actions taken in connection with the System, the Authority shall promptly notify the Local Units of the amount of such paying agent fees and other costs and expenses, and the Local Units shall promptly remit to the Authority sufficient funds to meet such fees and other costs and expenses in the proportions hereinabove provided to the extent sufficient funds are not available to the Authority. Each Local Unit warrants and represents that the amount of its obligations under this Contract, when taken together with other indebtedness of such Local Unit, will not cause its obligations under this Contract to exceed any constitutional, statutory or charter debt limitation applicable to such Local Unit.

The Authority shall, within thirty (30) days after the delivery of each series of the bonds of the Authority hereinbefore referred to, furnish each Local Unit with a complete schedule of installments of principal and interest thereon, and the Authority shall also at least sixty (60) days prior to each principal and/or interest installment due date, advise the Local Units, in writing, of the exact amount of principal and interest installments due on each series of bonds on the next succeeding bond principal and/or interest due date, and payable on the first day of the month immediately preceding, as hereinbefore

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provided. Failure of the Authority to notify the Local Units of any such payment shall not relieve the Local Units of the obligation to make such payment.

If any principal installment or interest installment is not paid when due, the amount not so paid shall be subject to a penalty, in addition to interest, of one percent (1%) thereof for each month or fraction thereof that the same remains unpaid after the due date.

SECTION 10. Each Local Unit states its intention to pay its obligations under this Contract from sources of moneys as are provided by Act 233 and applicable law, including the levy and collection of rates and charges to users of its respective water supply system for operating and maintaining its system provided by each Local Unit to customers in the Local Unit. Nevertheless, pursuant to the authorization contained in Act 233, each Local Unit hereby irrevocably pledges its full faith and credit for the prompt and timely payment of its obligations pledged for bond payments as expressed in this Contract, and, subject to the provisions of the last sentence of this paragraph, shall each year, commencing with the first tax levy after issuance of the bonds by the Authority, levy an ad valorem tax on all the taxable property in the Local Unit in an amount which, taking into consideration estimated delinquencies in tax collections, will be sufficient to pay such obligations under this Contract becoming due before the time of the following year's tax collections. Such annual tax levies shall be subject to applicable constitutional, statutory, and charter tax limitations. Nothing herein contained shall be construed to prevent a Local Unit from using any, or any combination of, the means and methods provided in Section 7 of Act 233, as now or hereafter amended, for the purpose of providing funds to meet its obligations under this Contract, and, if at the time of making the annual tax levy there shall be either other funds on hand earmarked and set aside, or funds provided in the annual budget of the water supply system of the Local Unit, for the payment of the contractual obligations due prior to the next tax collection period, then such annual tax levy may be reduced by such amount

In the event a Local Unit shall fail for any reason to pay to the Authority at the times specified the amounts required to be paid by the provisions of this Contract, the Authority shall immediately give notice of such default and the amount thereof, to the Treasurer of each Local Unit, the Treasurer of the State of Michigan, and such other officials charged with the disbursement to such Local Unit of funds returned by the State and now or hereafter under Act 233 available for pledge as provided in this Section and in Section 12a of Act 233, and if such default is not corrected within ten (10) days after such notification, the State Treasurer, or other appropriate official charged with disbursement to such Local Unit of the aforesaid funds, is, by these presents, specifically authorized by the Local Unit, to the extent permitted by law, to withhold from the aforesaid funds the maximum amount necessary to cure said deficit and to pay said sums so withheld to the Authority, to apply on the obligations of the Local Unit as herein set forth. Any such moneys so withheld and paid shall be considered to have been paid to the Local Unit within the meaning of the Michigan Constitution and statutes, the purpose of this provision being voluntarily to pledge and authorize the use of said funds owing to the Local Unit to meet any past-due obligations of such Local Unit due under the provisions of this Contract. In addition to the foregoing, the Authority shall have all other rights and remedies provided by law to enforce the obligations of the Local Unit to make its payments in the manner and at the times required by this Contract, including the right of the Authority to direct the Local Unit to make a tax levy to reimburse the Authority for any funds advanced.

SECTION 11. Each Local Unit may pay in advance any of the payments required to be made by this Contract, in which event the Authority shall credit the respective Local Unit with such advance

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payment on future due payments to the extent of such advance payment, or use such advances to call bonds without credit to the extent provided in relevant series of bonds.

SECTION 12. Each Local Unit may pay additional moneys over and above any of the payments specified in this Contract, with the written request that such additional funds be used to prepay installments, in which event the Authority shall be obligated to apply and use said moneys for such purpose to the fullest extent possible. Such moneys shall not then be credited as advance payments under the provisions of Section 11 of this Contract.

SECTION 13. It is specifically recognized by each Local Unit that the debt service payments required to be made by each pursuant to the terms of Section 9 of this Contract are to be pledged for and used to pay the principal installments of and interest on with respect to the bonds to be issued by the Authority as provided by this Contract and authorized by law, and each Local Unit covenants and agrees that it will make all required payments to the Authority promptly and at the times herein specified without regard to whether the System is actually completed or placed in operation.

SECTION 14. If the proceeds of the sale of the bonds in one or more series in aggregate amount not to exceed $300,000,000 to be issued by the Authority are for any reason insufficient to complete each Local Unit's share of the cost of the System, subject to each Local Unit's approval required by Section 5 hereof, the Authority shall automatically be authorized to issue additional bonds in an aggregate principal amount sufficient to pay the cost of completing the System and to increase the annual payments required to be made by each Local Unit in an amount so that the total payments required to be made as increased will be sufficient to meet the annual principal and interest requirements on the bonds herein authorized plus the additional bonds to be issued. It is expressly agreed between the parties hereto that the Authority shall issue bonds pursuant to this Contract and each Local Unit shall be committed to retire such amount of bonds as may be necessary to pay each Local Unit's share of the costs of the System whether or not in excess of those presently estimated herein. Any such additional bonds shall comply with the requirements of Act 233 and any increase in the annual payments shall be made in the manner and at the times specified in this Contract. In lieu of such additional bonds, each Local Unit may pay over to the Authority, in cash, sufficient moneys to complete each Local Unit's share of the cost of the System.

SECTION 15. After completion of the System and payment of all costs thereof, any surplus remaining from the proceeds of sale of bonds shall be used by the Authority for either of the following purposes: (a) for improvements or enhancements to the System or for other projects of the Authority undertaken on behalf of the Local Units, subject to approval of the Authority; or (b) credited by the Authority toward the next payments due the Authority by said Local Units hereunder

SECTION 16. The obligations and undertakings of each of the parties to this Contract shall be conditioned on the successful issuance and sale of the first series of bonds pursuant to Act 233, and if for any reason whatsoever the first series of bonds are not issued and sold within three (3) years from the date of this Contract, this Contract, except for payment of preliminary expenses and ownership of engineering data, shall be considered void and of no force and effect.

SECTION 17. The Authority and each Local Unit each recognize that the owners from time to time of each series of bonds issued by the Authority under the provisions of Act 233 to finance the cost of the System will have contractual rights in this Contract, and it is, therefore, covenanted and agreed by

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the Authority and each Local Unit that so long as any of series of bonds shall remain outstanding and unpaid, the provisions of this Contract shall not be subject to any alteration or revision which would in any manner materially affect either the security of such series of bonds or the prompt payment of principal or interest thereon. Each Local Unit and the Authority each further covenant and agree that each will comply with its respective duties and obligations under the terms of this Contract promptly at the times and in the manner herein set forth, and will not suffer to be done any act which would in any way impair the said bonds, the security therefor, or the prompt payment of principal and interest thereon. It is hereby declared that the terms of this Contract insofar as they pertain to the security of any such bonds shall be deemed to be for the benefit of the owners of said bonds

SECTION 18. This Contract shall remain in full force and effect from the effective date hereof (as provided in Section 21) until each series bonds issued by the Authority are paid in full, but in any event not to exceed a period of thirty (30) years for each series of bonds. At such time within said 30-year term as any of the series of said bonds are paid, this Contract shall be terminated In any event, the obligation of each Local Unit to make payments required by this Contract shall be terminated at such time as all of said bonds are paid in full, together with any deficiency or penalty thereon.

SECTION 19. This Contract shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

SECTION 20. This Contract shall become effective upon (i) approval by the legislative body of each Local Unit, (ii) approval by the Board of the Authority and (iii) due execution by authorized officers of each Local Unit and by the Chairman and Secretary of the Authority.

SECTION 21. This Contract may be executed in several counterparts.

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IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the day and year first above written.

In the presence of:

KAREGNONDI WATER AUTHORITY

_____

By: _____
Chairman

_____

By: _____
Secretary

In the presence of.

CITY OF FLINT

_____

By: _____
Michael K. Brown, Emergency Manager

In the presence of:

COUNTY OF GENESEE

_____

By: _____
Chairperson of Board of Commissioners

_____

By: _____
Clerk

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

EXHIBIT A

SYSTEM

The Karegnondi Water System is a raw water supply system. It will deliver untreated Lake Huron water 65 miles inland to the population centers of Lapeer and Genesee Counties, including the Cities of Lapeer and Flint, and the County Agency of Genesee County with 17 local municipal systems The system will also be capable of delivering water along the route to customers in Sanilac and Lapeer County, as well as future customers in Saint Clair County

The system will consist of a lake intake, two pumping stations, and over 65 miles of large diameter transmission watermain. The system will include fire hydrants, metering stations, reservoirs, and the appurtenances necessary to operate the system efficiently. The lake intake portion of the project and the land where the two pumping stations are located will be acquired, constructed, designed and financed by the County of Genesee and made available for use by the Karegnondi Water System.

All land and required right-of-ways and easements have been acquired.

MILLER CANFIELD PADDOCK AND STONE, P.L.C.

EXHIBIT B

LOCAL UNIT ESTIMATED SHARE OF IMPROVEMENT COST

The following is a breakdown of the percent each Local Unit is required to pay of the aggregate debt service, including the obligation to replenish a debt service reserve fund(s), if any, on the Authority's bonds authorized by this Contract:

Local Unit	Bond Issue
County of Genesee	65 8%
City of Flint	34.2%

In the event the City of Flint fails to fulfill its payment obligations under this Contract, the County of Genesee irrevocably covenants and agrees to make such missed payment within 1 day of being notified of the missed payment. Further, the Authority covenants and agrees to undertake all legal action and make use of all remedies available under this Contract to enforce the payment obligations of the City of Flint under this Contract. The Authority also covenants and agrees to undertake all legal action and make use of all remedies available to it under the Raw Water Supply Contract between the Authority and the City of Flint dated as of June 28, 2013 ("Raw Water Supply Contract"), as amended, specifically sections 7.08 and 7.09 of such contract. If the County of Genesee is required to make a payment for the City of Flint under this Contract and the Authority recovers any funds from the pursuit of such remedies described above, the Authority shall reimburse the County of Genesee from such funds for any payments made. To the extent permitted by law, the capacity that the City of Flint acquired in the System pursuant to the Raw Water Supply Contract shall be transferred to the County of Genesee until the City of Flint has repaid the County of Genesee for any additional payments made hereunder. The City of Flint shall also pay a penalty of one percent (1%) thereof for each month or fraction thereof that the same remains unpaid after the due date of the amount paid by the County of Genesee as a result of the failure of the City of Flint to fulfill its payment obligations hereunder. Further, if a Local Unit fails to pay its contractual obligation causing a shortfall and the debt service reserve fund(s) is drawn upon to pay the Authority's bonds, the replenishment of such debt service reserve fund shall be an obligation of the Local Unit that failed to pay, as provided in the resolution authorizing the bonds. Provided, however, if the City of Flint fails to fulfill its debt service reserve fund replenishment obligation, as with other payment obligations under the Contract, the County of Genesee agrees to make such payments.

Additionally, if the Authority sells raw untreated water capacity to other parties, to the extent funds are available from payments received from those parties, each Local Unit shall be credited on each day payment is due hereunder as agreed to by the Authority and the Local Units towards each Local Unit's payment obligations hereunder.

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Flint to spend $171,000 for engineering to treat Flint River water while KWA pipeline is built

By Dominic Adams | dadams5@mlive.com
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on July 08, 2013 at 6:00 PM

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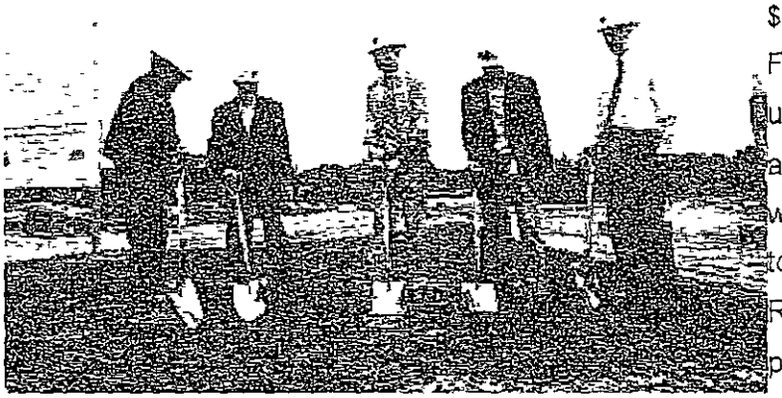

Jeff Wright, center, Genesee County Drain Commissioner, prepares to break ground for the Karegnondi Water Authority Pipeline in this file photo from Fort Gratiot Charter Township on June 28

Zack Wittman | MLive.com

FLINT, MI – The city will spend $171,000 to get Flint's water plant up and running on a continual basis, with the potential to use the Flint River as the primary drinking water source for about two years while the Karegnondi Water Authority pipeline is built.

The engineering work completed by Flint-based Lockwood, Andrews & Newnam, Inc. also will allow the plant to be used to convert raw water from Lake Huron delivered via the KWA pipeline to drinkable water in Flint.

Flint currently gets its water from Detroit and Flint's water plant has been used as an emergency backup if there was an interruption in service from Detroit.

"The engineering work they're looking at involves potentially using the river on a continuing basis," said Steve Busch, a district supervisor with the Michigan

Department of Environmental Quality. "I think it's yet to be determined if they would use (the Flint River) as a primary source."

City Spokesman Jason Lorenz said Flint would like to work out an agreement with Detroit to provide water for Flint until KWA's pipeline is built

"We still believe that going with Detroit for the next two years (while the KWA pipeline is built) is the best option," said Flint Spokesman Jason Lorenz "We already had to make these upgrades ahead of KWA "

Former emergency manager Ed Kurtz approved the contract in a resolution signed June 26.

"The city of Flint requires professional engineering services for assistance in placing the Flint water plant into operation using the Flint River as a primary drinking water source for approximately two years and then converting to KWA delivered lake water when available," the resolution reads.

A groundbreaking ceremony for the $274 million pipeline project took place last month.

In April, Flint decided to get its water from the KWA, thus ending its longstanding water deal with the Detroit Water and Sewerage Department

Detroit then gave Flint and Genesee County notice that Detroit would terminate the 50-year-old water deal between the two cities effective April 17, 2014.

The engineering work approved by Flint will allow for the use of the Flint River as drinking water for Flint while the KWA is being built

Upgrades to the plant's water softening process also will be done, Busch said

"Regardless of the source, they'd have to provide treated water that meets all drinking water standards and public health regulations," he said. "They're just trying to do upgrades to existing equipment to be able to provide on a consistent basis."

Detroit water prices have increased an average of more than 9 percent annually for the last 12 years, Genesee County officials have previously said.

The county and city are the key members of the KWA, while officials in Sanilac and Lapeer counties have expressed interest in future raw water purchases from the authority

Genesee County Drain Commissioner Jeff Wright previously said the project will take up to three years to construct the 64 miles of pipeline, an intake a mile out into Lake Huron, pumping stations and a county water treatment plant.

County officials said Flint would pay roughly $6.4 million annually for water service if it joined the pipeline – a nearly $4 million savings on what it pays Detroit for water.

Flint Mayor Dayne Walling previously said the city would save $19 million over eight years by getting water from the KWA.

Dominic Adams is a reporter for MLive-Flint Journal Contact him atdadams5@mlive.com or 810-241-8803 Follow him on Twitter, Facebook orGoogle+

KAREGNONDI WATER AUTHORITY
ACTING IN GENESEE COUNTY, MICHIGAN

RESOLUTION NO. 2014-01

A RESOLUTION APPROVING THE FIRST ADDENDUM TO THE RAW WATER SUPPLY CONTRACT BETWEEN THE KAREGNONDI WATER AUTHORITY AND THE CITY OF FLINT DATED JUNE 28, 2013, AND EFFECTIVE ON OCTOBER 1, 2013

At a meeting of the Karegnondi Water Authority Board, acting in Genesee County, Michigan, held on February 19, 2014, at 2:00 p.m., local time

PRESENT: _____

_____

_____

ABSENT: _____

_____

The following preamble and resolution were offered by _____ and seconded by _____.

PREAMBLE

WHEREAS, the Karegnondi Water Authority Board, by Resolution 2013-01, approved a Raw Water Supply Contract between the Karegnondi Water Authority and the City of Flint, which is dated June 28, 2013, and effective on October 1, 2013 (hereinafter "Water Contract") ; and

WHEREAS, the KWA Incorporating Board, KWA Authority Board, and the City of Flint have agreed to modify the Water Contract by approving a written addendum pursuant to ARTICLE VII, Section 7.20 of the Water Contract: and

WHEREAS, the main purpose of the proposed written addendum is to allow the KWA to issue bonds for the construction of the water transmission main and all appurtenants thereto,

NOW, THEREFORE, BE IT RESOLVED THAT:

The Incorporating Board hereby approves the First Addendum, attached hereto and incorporated herein by reference. to the Water Contract ("First Addendum")

NOW, THEREFORE, BE IT FURTHER RESOLVED THAT:

The KWA Authority Board hereby approves the First Addendum to the Water Contract.

NOW, THEREFORE, BE IT FURTHER RESOLVED THAT:

The Chief Executive Officer and the Attorney appointed to represent the KWA may modify the First Addendum as long as the intent of the First Addendum adopted this day is not modified to diminish the authority of the KWA Board or its ability to accomplish the main purpose of the First Addendum.

ROLL CALL VOTE: _____

_____

_____

RESOLUTION 2014-01 DECLARED ADOPTED.

_____
Printed Name: Dayne Walling
Its: Chairperson of the Incorporating and Authority Board

_____
Printed Name: Steve Montle
Its: Secretary

STATE OF MICHIGAN }
} ss
COUNTY OF GENESEE }

I Steve Montle, Secretary of the Karegnondi Water Authority Board, do hereby certify the foregoing is a true and complete copy of a resolution adopted by the Karegnondi Water Authority Board, acting in Genesee County, at a regular meeting held on February 19, 2014, and that public notice of said meeting was given pursuant to Act 267 of the Michigan Public Acts of 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature on this ____ day of _____.

_____
Printed Name: Steve Montle
Its: Secretary

Prepared by
Janis M. Wells, Deputy Secretary

FIRST ADDENDUM TO
RAW WATER SUPPLY CONTRACT BETWEEN THE KAREGNONDI WATER AUTHORITY AND THE CITY OF FLINT DATED JUNE 28, 2013, AND EFFECTIVE ON OCTOBER 1, 2013

THIS FIRST ADDENDUM ("Addendum") to the RAW WATER SUPPLY CONTRACT BETWEEN THE KAREGNONDI WATER AUTHORITY AND THE CITY OF FLINT DATED JUNE 28, 2013, AND EFFECTIVE ON OCTOBER 1, 2013 (hereafter the "Contract") is entered into effective _____, by and between the Karegnondi Water Authority, a Michigan Public Authority created pursuant to Act 233 of the Michigan Public Acts of 1955, as amended (hereinafter "KWA"), whose address is G-4610 Beecher Road, Flint, Michigan 48532 and the City of Flint, a municipal corporation, of the State of Michigan (hereinafter "Flint"), whose address is 1101 South Saginaw Street, Flint, Michigan 48502 KWA and Flint are sometimes hereafter each referred to as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, the Parties entered into a Raw Water Supply Contract, dated the 28th day of June, 2013, and effective on October 1, 2013;

WHEREAS, the Parties have agreed to enter into this Addendum for the purpose of modifying the Recitals, ARTICLE I, Section 1.02(6); ARTICLE I, Section 1.02(18); ARTICLE II, Section 2.04; ARTICLE II, Section 2.05; ARTICLE II, Section 2.07; ARTICLE VI, Section 6.06; and EXHIBIT A, Section 2(b) of the Contract.

NOW THEREFORE, it is hereby agreed by the Parties as follows:

1. **Amendment to the RECITALS of the Contract.** Add the following recital to the RECITALS of the Contract:

> WHEREAS, the Parties hereto acknowledge and agree that the intake system and the property where the two (2) pump systems may be acquired, constructed, is owned by the Genesee County Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended.

2. **Amendment to the RECITALS of the Contract.** Add the following recital to the RECITALS of the Contract:

> WHEREAS, the Parties hereto acknowledge and agree that the intake system and the property where the two (2) pump systems may be acquired and constructed was acquired and purchased by the Genesee County Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, and the County Agency shall be provided with a credit for the purchase and construction of the property and intake as annually in an amount equal to the

aggregated debt service of the County of Genesee's Water Supply System Revenue Bonds (Limited Tax General Obligation) Series 2013 (the "County Bonds") as more fully set forth in Exhibit A to this addendum. The County Bonds were issued in the original principal amount of Thirty-Five Million Dollars ($35,000,000.00).

3. **Amendment to ARTICLE I, Section 1.02(6) of the Contract.** ARTICLE I. Section 1.02(6) of the Contract is hereby deleted in its entirety and replaced with the following.

(6) **"Capacity Fee"** means the monthly fee paid by the Buyer to the Authority pursuant to Article III of this Contract for the limited rights to capacity. The Capacity Fee shall be billed to the Buyer monthly on the Capital Expenditure Invoice. All interest earned on the Capacity Fee shall be transferred to the reserve fund to be applied to debt service as determined by the Authority and shall not be returned to the general operations fund. The aggregate Capacity Fee payable by all Buyers shall be sufficient to enable the Authority to pay the principal of, redemption premium, if any, and interest on the Bonds, as such principal, redemption premium, if any and interest become due, less interest to be paid out of Bond proceeds or from other sources if permitted by any Bond Resolution, and all amounts required to redeem any Bonds prior to maturity when and as provided in any Bond Resolution, plus the fees, expenses and charges of each paying agent/registrar for paying the principal of and interest on the Bonds, for authenticating, registering and transferring Bonds on the registration books of the Authority maintained with the paying agent/registrar, and all annual disclosure fees Additionally, the Capacity Fee shall include the proportionate amount of any reserve funds required to be accumulated and maintained by the provisions of any Bond Resolution or as determined by the Authority and the proportionate amount of any contingency funds, if so required by the Authority. If the Bond Resolution so requires, the Capacity Fee shall allow for an amount sufficient to restore any deficiency in any of such funds required to be accumulated and maintained by the Authority. The Capacity Fee shall terminate upon redemption of the bonds issued for the implementation and construction of the System.

4. **Amendment to ARTICLE I, Section 1.02(18) of the Contract.** ARTICLE I. Section 1.02(18) of the Contract is hereby deleted in its entirety and replaced with the following:

(18) **"System"** means the long-range Water supply system authorized by this Contract, together with all improvements, enlargements, extensions and additions which, pursuant to this Contract, are deemed necessary and feasible by the Authority to provide Water supply as contracted herein to the Buyer from the point of withdrawal to the Point of Delivery; and, all future new facilities, which are acquired or constructed with proceeds from the sale of any bonds or revenues from the System; and, any water supply facilities which are deliberately and specifically, at the option of the Authority, made a part of the System by resolution of the Authority Board, and all repairs to or replacements of the System. The System is owned exclusively by the Authority and shall remain with the Authority. In the event that the Authority is dissolved the System shall be disposed of in a manner consistent with Article V of the Articles of Incorporation. Notwithstanding anything in this Contract to the contrary, the intake system and the property where the two (2) pump systems may be acquired, constructed, and owned by the Genesee County Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, through the issuance of the County Bonds.

5. **Amendment to ARTICLE II, Section 2.04 of the Contract.** ARTICLE II, Section 2.04 of the Contract is hereby deleted in its entirety and replaced with the following:

Section 2.04. **Construction of the System.** The Authority agrees to use its best efforts to issue System Development Bonds, payable from and/or secured by the Capacity Fee payments made under this Contract and any other lawful sources. Allocated portions of the System Development Bond issues may be used to fund any other approved use as determined by the Authority's Bond Counsel

6. **Amendment to ARTICLE II, Section 2.05 of the Contract.** ARTICLE II, Section 2.05 of the Contract is hereby deleted in its entirety and replaced with the following:

Section 2.05 **Enhancement and Expansion of the System.** It is anticipated that the enhancement and expansion of the System will be in incremental, finite projects and that each such project will be financed by the Authority through the issuance of one or more series or issues of System Improvement Bonds. Also, on its own initiative or at the request of the Buyer, the Authority may refund any Bonds that were issued to extend, enlarge, repair, renovate, equip, operate, maintain and otherwise improve the System and any System facilities The Authority agrees that such improvements for the System will be made in accordance with generally accepted engineering practices. It is anticipated that such improvements will be financed by the Authority through the

issuance of one or more series or issues of System Improvement Bonds payable from and secured by the payments made under this Contract and/or any other lawful sources.

7. **Amendment to ARTICLE II, Section 2.07 of the Contract.** ARTICLE II, Section 2.07 of the Contract is hereby deleted in its entirety and replaced with the following:

Section 2.07. Financing of the Infrastructure. The Authority and Buyer expect to use bond financing and any other lawful sources for construction of the System and any other approved use for the financing and constructing the Authority's facilities. The Authority through its Financial Advisor may establish appropriate custodial and/or trust accounts to hold the debt service and the proceeds from bond sales and shall establish an investment policy defining the Authority's rights to and the Authority's requirements and restrictions related to the investment of the proceeds from bond sales. Further, the custody and/or trust agreement, if any, and also the related investment policy shall comply with appropriate State of Michigan statutes and audit requirements and will be reviewed and approved by the Authority's legal counsel. The Authority may pledge revenues from this Contract to secure financing of the System, in addition to the Capacity Fees, the Members of the Authority may pledge the full faith and credit of their respective municipality toward any bonds issued by the Authority at the request of the Authority The title of the System shall be solely in the name of the Authority. The Buyer expressly agrees that it shall not have any claim to any portion of the physical infrastructure of the System. The Buyer pursuant to this Contract shall only have rights to capacity and the amount of Water purchased. Notwithstanding anything to the contrary in this Contract, to the extent the County of Genesee, or its County Agency, finances the acquisition, construction of the intake facility or the property where the two (2) pump stations are located in the amount of Thirty-Five Million ($35,000,000 00) through the issuance of the County Bonds and makes the same available to the Authority for the duration of this Contract, the Genesee County Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, shall be credited yearly in an amount equal to its bond payment with interest and fees thereby receiving a full credit for the amount paid for the intake and the property where the two (2) pumping stations are located. Once the County Bonds have been redeemed in their entirety and the County Agency has received a credit in an aggregate amount equal to the aggregate debt service of the County Bonds, as fully set forth in Exhibit A to this addendum, the County

Agency shall transfer the property, intake, and all structures, fixtures, and assets located on the property to the Karegnondi Water Authority. Further, the parties hereto expressly agree that the County Agency will receive an annual payment credit equal to the aggregate debt service on the County Bonds.

8. **Amendment to ARTICLE III, Section 3.04 of the Contract.** ARTICLE III, Section 3 04 of the Contract is hereby deleted in its entirety and replaced with the following.

Section 3.04 The Buyer expressly agrees that the Authority is responsible for furnishing Water to the Buyer and it may take several years after the execution of this Contract before Water is made available to the Buyer. Understanding that the goal of the Authority is to provide Water that benefits both the Authority, the Buyer, and the future needs of the Buyer, the Buyer shall pay to the Authority a good faith one-time fee of not less than thirty-two thousand three hundred dollars ($32,300.00) per Unit of Water purchased after October 1. 2013, but prior to October 31, 2013.

Additionally, to show its continued good faith, the Buyer shall pay to the Authority not less than thirty-two thousand three hundred dollars ($32,300.00) per Unit purchased per year until such time as Water is made available to the Buyer Said payments shall be made in monthly installments. The good faith payments are being used to secure a Water supply for the Buyer As such, Buyer agrees that it is not entitled to any interest on the good faith payments made to the Authority. The good faith payments shall be credited to the Buyer. after Water is made available to the Buyer, over a time period determined by the Authority Board, not to exceed the term of this Contract Said credits shall be applied to the monthly invoice sent to the Buyer by the Authority

After Water is made available to the Buyer. the Buyer shall pay the cost per Unit per year for Water or the cost per Unit per year for Volume for Exempt Purposes in the form of a certified bank check or wire transfer. Said payments shall be made in monthly installments. The actual payment amount will be ultimately determined by the total number of Units sold and the amount of Units available for purchase. See Exhibit D. If the Authority determines after the System is designed and the estimated costs are confirmed that the anticipated cost of construction of the System will exceed the funds and assets from the proceeds of the County Bonds and bonds issued by the Authority and secured by a Contract between the City of Flint, the County of Genesee and the

Authority dated as August 1, 2013, the Buyer shall have the right to cancel this Contract pursuant to Section 7 04 of this Contract.

9. **Amendment to ARTICLE VI, Section 6.06 of the Contract.** ARTICLE VI, Section 6.06 of the Contract is hereby deleted in its entirety and replaced with the following:

> Section 6.06. **Buyer Payment Obligations.** The Buyer shall raise money to pay the Capacity Fee, the Annual Requirement, Water Transmission Fee, the Debt Fund fee, fee for Volume for Exempt Purposes, and any other fee, if any, required under this Contract to the extent authorized by law through the levy of taxes, water system revenues collected from its customers, or from any other lawful source.

10. **Amendment to ARTICLE VII, Section 7.04(b) of the Contract.** ARTICLE VII, Section 7.04(b) of the Contract is hereby deleted in its entirety and replaced with the following:

> (b) If the Authority Board determines that the cost of constructing the System will exceed the maximum amount provided in Section 3 04, provided, however, this right to cancel must be exercised before the Authority issues any System Development Bonds

11. **Amendment to EXHIBIT A, Section 2(b) of the Contract.** EXHIBIT A, Section 2(b) of the Contract is hereby deleted in its entirety and replaced with the following.

> (b) Depending on an analysis of costs and other considerations, there may be one or two Points of Withdrawal utilized by the Authority for the extraction of Water from Lake Huron. A general site map of all possible Points of Withdrawal is set forth in attachment 2 to this Exhibit A. An engineer hired by the Authority pursuant to the Contract shall prepare an analysis of costs and preliminary design plans for the construction of all necessary components. The actual design of the Point of Withdrawal and location of the Point or Points of Withdrawal shall be subject to change as required by environmental Studies and Permits obtained pursuant to provisions of Exhibit E. Further the Point of Withdrawal may be acquired, constructed and designed by the Genesee County Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended. The County Agency will agree to make the intake facility available to the Authority.

12. **Notices.** Any notice, demand, or communication required, permitted or desired to be given under this Addendum shall be deemed effectively given pursuant to ARTICLE VII, Section 7.24 the Contract.

13. **Headings.** The headings of the sections set forth in this Addendum are inserted for the convenience of reference only and shall be disregarded when construing or interpreting any of the provisions of this Addendum.

14. **Complete Agreement.** This Addendum, the Contract and any additional or supplementary documents incorporated by specific reference contain all of the terms and conditions agreed upon by the Parties and no other agreements, oral or otherwise, regarding the subject matter of this Addendum or any part thereof shall have any validity or bind either of the Parties.

15. **Severability.** If any provision of this Addendum is held to be unenforceable for any reason, the unenforceability thereof shall not affect the remainder of this Addendum which shall remain in full force and effect and enforceable in accordance with its terms

16. **Waiver.** No waiver of any of the obligations contained herein shall be effective for any purpose unless the same shall be in writing signed by the Chairperson of the Incorporating Board of the Karegnondi Water Authority and by Mayor or Emergency Manager, or both upon the Flint City Council or Emergency Manager's approval, whichever is applicable

17. **Construction.** This Addendum has been prepared and negotiations have occurred in connection with said preparation pursuant to the joint efforts of the Parties This Addendum therefore shall not be construed against either Party

18. **Amendment.** This Addendum may not be amended or modified except for by written agreement signed by both Parties

19. **Certification of Authority to Sign Addendum.** The persons signing on behalf of each of the Parties certify by their signatures that they are authorized to sign the Addendum on behalf of such Party and that this Addendum has been authorized by such Party

20. **Remainder of Contract.** Except as modified by this Addendum, the terms of the Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this Addendum to be executed and delivered by their respective duly authorized representatives as of the day and year first above written

KAREGNONDI WATER AUTHORITY

By: _____
Dayne Walling, Chairperson of the Incorporating Board

ATTEST:

_____

(OFFICIAL SEAL)

APPROVED AS TO FORM AND LEGALITY.

By: _____
Kevin K. Kilby, Counsel for the Karegnondi Water Authority

CITY OF FLINT

By: _____
Dayne Walling, Mayor

CITY OF FLINT

By: _____
Darnell Earley, Emergency Manager

ATTEST:

_____
Inez Brown, Clerk of the City of Flint

(OFFICIAL SEAL)

APPROVED AS TO FORM:

By: _____

_____ Counsel for Flint

This 1st Addendum was prepared by:

McGraw Morris P.C.
Attorney Kevin Kilby (P68599)
2075 West Big Beaver Road
Suite 750
Troy, Michigan 48084
(248) 502-4000
kkilby@mcgrawmorris.com

N:\GCDC\2155-10\P (Karegnondi Water Authority)\Water Supply Contract\1st Addendum to Water Supply Contract with Flint draft February 4 2014 (EXECUTION COPY).doc

KAREGNONDI WATER AUTHORITY
ACTING IN GENESEE COUNTY, MICHIGAN

RESOLUTION NO. 2014-02

A RESOLUTION APPROVING THE FIRST ADDENDUM TO THE WATER PURCHASE CONTRACT BETWEEN THE KAREGNONDI WATER AUTHORITY AND THE GENESEE COUNTY DRAIN COMMISSIONER, AS COUNTY AGENCY, PURSUANT TO ACT 342 OF THE MICHIGAN PUBLIC ACTS OF 1939, AS AMENDED DATED AUGUST 16, 2013, AND EFFECTIVE ON OCTOBER 1, 2013

At a meeting of the Karegnondi Water Authority Board, acting in Genesee County, Michigan, held on February 19, 2014, at 2:00 p m., local time.

PRESENT: _____

_____

_____

ABSENT: _____

_____

The following preamble and resolution were offered by _____ and seconded by _____:

PREAMBLE

WHEREAS, the Karegnondi Water Authority Board, by Resolution 2013-02, approved a Water Purchase Contract between the Karegnondi Water Authority and the Genesee County Drain Commissioner, as County Agency,

pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, which is dated August 16, 2013, and effective on October 1, 2013 (hereinafter "Water Contract") ; and

WHEREAS, the KWA Incorporating Board, KWA Authority Board, and the Genesee County Drain Commissioner, as County Agency, have agreed to modify the Water Contract by approving a written addendum pursuant to ARTICLE VII, Section 7.19 of the Water Contract; and

WHEREAS, the main purpose of the proposed written addendum is to allow the KWA to issue bonds for the construction of the water transmission main and all appurtenants thereto;

NOW, THEREFORE, BE IT RESOLVED THAT:

The Incorporating Board hereby approves the First Addendum, attached hereto and incorporated herein by reference, to the Water Contract ("First Addendum").

NOW, THEREFORE, BE IT FURTHER RESOLVED THAT:

The KWA Authority Board hereby approves the First Addendum to the Water Contract.

NOW, THEREFORE, BE IT FURTHER RESOLVED THAT:

The Chief Executive Officer and the Attorney appointed to represent the KWA may modify the First Addendum as long as the intent of the First Addendum adopted this day is not modified to diminish the authority of the KWA Board or its ability to accomplish the main purpose of the First Addendum.

ROLL CALL VOTE: _____

_____

_____

RESOLUTION 2014-01 DECLARED ADOPTED.

_____
Printed Name: Dayne Walling
Its: Chairperson of the Incorporating and Authority Board

_____
Printed Name: Steve Montle
Its: Secretary

STATE OF MICHIGAN }
} ss
COUNTY OF GENESEE }

I Steve Montle, Secretary of the Karegnondi Water Authority Board, do hereby certify the foregoing is a true and complete copy of a resolution adopted by the Karegnondi Water Authority Board, acting in Genesee County, at a regular meeting held on February 19, 2014, and that public notice of said meeting was given pursuant to Act 267 of the Michigan Public Acts of 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature on this _____ day of _____.

_____
Printed Name: Steve Montle
Its: Secretary

Prepared by
Janis M. Wells, Deputy Secretary

FIRST ADDENDUM TO
WATER PURCHASE CONTRACT BETWEEN THE KAREGNONDI WATER AUTHORITY AND THE GENESEE COUNTY DRAIN COMMISSIONER, AS COUNTY AGENCY, PURSUANT TO ACT 342 OF THE MICHIGAN PUBLIC ACTS OF 1939, AS AMENDED, DATED AUGUST 16, 2013, AND EFFECTIVE ON OCTOBER 1, 2013

THIS FIRST ADDENDUM ("Addendum") to the WATER PURCHASE CONTRACT BETWEEN THE KAREGNONDI WATER AUTHORITY AND THE GENESEE COUNTY DRAIN COMMISSIONER, AS COUNTY AGENCY, PURSUANT TO ACT 342 OF THE MICHIGAN PUBLIC ACTS OF 1939, AS AMENDED, DATED August 16, 2013, AND EFFECTIVE ON OCTOBER 1, 2013 (hereafter the "Contract") is entered into effective _____, by and between the Karegnondi Water Authority, a Michigan Public Authority created pursuant to Act 233 of the Michigan Public Acts of 1955, as amended (hereinafter "KWA"), whose address is G-4610 Beecher Road, Flint, Michigan 48532 and the Genesee County Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended (hereinafter "County Agency"), whose address is G-4610 Beecher Road, Flint, Michigan 48532. KWA and GCDC are sometimes hereafter each referred to as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, the Parties entered into a Water Purchase Contract, dated the 16th day of August, 2013, and effective on October 1, 2013;

WHEREAS, the Parties have agreed to enter into this Addendum for the purpose of modifying the Recitals; ARTICLE I, Section 1.02(17), and ARTICLE II, Section 2.06 of the Contract.

NOW THEREFORE, it is hereby agreed by the Parties as follows:

1. **Amendment to the RECITALS of the Contract.** Add the following recital to the RECITALS of the Contract:

> **WHEREAS,** the Parties hereto acknowledge and agree that the intake system and the property where the two (2) pump systems may be acquired, constructed, is owned by the Genesee County Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended.

2. **Amendment to the RECITALS of the Contract.** Add the following recital to the RECITALS of the Contract:

WHEREAS, the Parties hereto acknowledge and agree that the intake system and the property where the two (2) pump systems may be acquired and constructed was acquired and purchased by the Genesee County Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, and the County Agency shall be provided with a credit for the purchase and construction of the property and intake as annually in an amount equal to the aggregated debt service of the County of Genesee's Water Supply System Revenue Bonds (Limited Tax General Obligation) Series 2013 (the "County Bonds") as more fully set forth in Exhibit A to this Addendum. The County Bonds were issued in the original principal amount of Thirty-Five Million Dollars ($35,000,000 00)

3. **Amendment to ARTICLE I, Section 1.02(17) of the Contract.** ARTICLE I, Section 1.02(17) of the Contract is hereby deleted in its entirety and replaced with the following:

(17) **"System"** means the long-range Water supply system authorized by this Contract, together with all improvements, enlargements, extensions and additions which, pursuant to this Contract, are deemed necessary and feasible by the Authority to provide Water supply as contracted herein to the Buyer from the point of withdrawal to the Point of Delivery; and, all future new facilities, which are acquired or constructed with proceeds from the sale of any bonds or revenues from the System; and, any water supply facilities which are deliberately and specifically, at the option of the Authority, made a part of the System by resolution of the Authority Board, and all repairs to or replacements of the System. The System is owned exclusively by the Authority and shall remain with the Authority In the event that the Authority is dissolved the System shall be disposed of in a manner consistent with Article V of the Articles of Incorporation. Notwithstanding anything in this Contract to the contrary, the intake system and the property where the two (2) pump systems may be acquired, constructed, and owned by the Genesee County Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended, through the issuance of the County Bonds.

4. **Amendment to ARTICLE II, Section 2.06 of the Contract.** ARTICLE II, Section 2.06 of the Contract is hereby deleted in its entirety and replaced with the following:

Section 2.06 Title of System. The title of the System shall be solely in the name of the Authority. The Buyer expressly agrees that it shall not have any claim to any portion of the physical infrastructure of the System used to provide Water capacity to the Buyer. The Buyer pursuant to this Contract shall only have rights to the amount of Water purchased. Notwithstanding anything to the contrary in this Contract, the Buyer at its sole expenses, with the full faith and

credit of Genesee County as security, has agreed to finance, acquire, design and construct the intake facility and acquire the property where the two (2) pump stations will be located through the issuance of the County Bonds.

The parties hereto express agree that the County Agency will receive an annual payment credit equal to the aggregate debt service on the above described bonds.

The Buyer hereby agrees that it shall receive a credit in an annual amount equal to the aggregate debt service of the County Bonds, as fully set forth in Exhibit A to this addendum. Upon the bonds being redeemed in their entirety, the Buyer agrees that it will have been reimbursed for the intake, the property, and any physical assets located on the property and it shall thereafter transfer ownership of the property, intake, and all assets, buildings and fixtures located on the property to the Karegnondi Water Authority. If the Buyer fails to deed the property, intake, and assets located on the property to the Karegnondi Water Authority within three (3) months after the bonds have been redeemed, or at a mutually agreed upon date and time after the bonds have been redeemed, or after it is brought to the attention of the Buyer that is required to deed the property, intake, and assets located on the property to the Karegnondi Water Authority, then the Buyer shall pay to the City of Flint in a lump sum payment of $35,000,000 00 within sixty (60) days as a penalty and not as payment for the property.

Buyer further agrees to maintain the property and cooperate fully with the Karegnondi Water Authority, including, but not limited to, allowing authorized employees of Karegnondi Water Authority onto the property and access to any building or equipment deemed to be in the interest of the Karegnondi Water Authority

5. **Amendment to ARTICLE III, Section 3.04 of the Contract.** ARTICLE III, Section 3.04 of the Contract is hereby deleted in its entirety and replaced with the following:

Section 3.04 The Buyer expressly agrees that the Authority is responsible for furnishing Water to the Buyer and it may take several years after the execution of this Contract before Water is made available to the Buyer. Understanding that the goal of the Authority is to provide Water that benefits both the Authority, the Buyer, and the future needs of the Buyer, the Buyer shall pay to the Authority a good faith one-time fee of not less than thirty-two thousand three

hundred dollars ($32,300.00) per Unit of Water purchased after October 1, 2013, but prior to October 31, 2013.

Additionally, to show its continued good faith, the Buyer shall pay to the Authority not less than thirty-two thousand three hundred dollars ($32,300.00) per Unit purchased per year until such time as Water is made available to the Buyer. Said payments shall be made in monthly installments. The good faith payments are being used to secure a Water supply for the Buyer. As such, Buyer agrees that it is not entitled to any interest on the good faith payments made to the Authority. The good faith payments shall be credited to the Buyer, after Water is made available to the Buyer, over a time period determined by the Authority Board, not to exceed the term of this Contract. Said credits shall be applied to the monthly invoice sent to the Buyer by the Authority.

After Water is made available to the Buyer, the Buyer shall pay the cost per Unit per year for Water or the cost per Unit per year for Volume for Exempt Purposes in the form of a certified bank check or wire transfer Said payments shall be made in monthly installments. The actual payment amount will be ultimately determined by the total number of Units sold and the amount of Units available for purchase. See Exhibit D. If the Authority determines after the System is designed and the estimated costs are confirmed that the anticipated cost of construction of the System will exceed the funds and assets from the proceeds of the County Bonds and bonds issued by the Authority and secured by a Contract between the City of Flint, the County of Genesee and the Authority dated as August 1, 2013, the Buyer shall have the right to cancel this Contract pursuant to Section 7.04 of this Contract.

6. **Amendment to ARTICLE VII, Section 7.04(b) of the Contract.** ARTICLE VII, Section 7.04(b) of the Contract is hereby deleted in its entirety and replaced with the following:

(b) If the Authority Board determines that the cost of constructing the System will exceed the maximum amount provided in Section 3.04, provided, however, this right to cancel must be exercised before the Authority issues any bonds for the construction of the System.

7. **Notices.** Any notice, demand, or communication required, permitted or desired to be given under this Addendum shall be deemed effectively given pursuant to ARTICLE VII, Section 7.23 the Contract.

8. **Headings.** The headings of the sections set forth in this Addendum are inserted for the convenience of reference only and shall be disregarded when construing or interpreting any of the provisions of this Addendum.

9. **Complete Agreement.** This Addendum, the Contract and any additional or supplementary documents incorporated by specific reference contain all of the terms and conditions agreed upon by the Parties and no other agreements, oral or otherwise, regarding the subject matter of this Addendum or any part thereof shall have any validity or bind either of the Parties.

10. **Severability.** If any provision of this Addendum is held to be unenforceable for any reason, the unenforceability thereof shall not affect the remainder of this Addendum which shall remain in full force and effect and enforceable in accordance with its terms

11. **Waiver.** No waiver of any of the obligations contained herein shall be effective for any purpose unless the same shall be in writing signed by the Chairperson of the Incorporating Board of the Karegnondi Water Authority and by the Genesee County Drain Commissioner, as County Agency, pursuant to Act 342 of the Michigan Public Acts of 1939, as amended.

12. **Construction.** This Addendum has been prepared and negotiations have occurred in connection with said preparation pursuant to the joint efforts of the Parties. This Addendum therefore shall not be construed against either Party

13. **Amendment.** This Addendum may not be amended or modified except for by written agreement signed by both Parties.

14. **Certification of Authority to Sign Addendum.** The persons signing on behalf of each of the Parties certify by their signatures that they are authorized to sign the Addendum on behalf of such Party and that this Addendum has been authorized by such Party

15. **Remainder of Contract.** Except as modified by this Addendum, the terms of the Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this Addendum to be executed and delivered by their respective duly authorized representatives as of the day and year first above written.

KAREGNONDI WATER AUTHORITY

By: _____
Dayne Walling, Chairperson of the Incorporating Board

ATTEST:

_____

(OFFICIAL SEAL)

APPROVED AS TO FORM AND LEGALITY:

By: _____
Kevin K. Kilby, Counsel for the Karegnondi Water Authority

GENESEE COUNTY DRAIN COMMISSIONER, AS COUNTY AGENCY

By: _____
Jeff Wright, Drain Commissioner of Genesee County

ATTEST:

_____

(OFFICIAL SEAL)

APPROVED AS TO FORM:

By: _____

_____ Counsel for the Buyer

This 1st Addendum was prepared by:
McGraw Morris P.C.
Attorney Kevin Kilby (P68599)
2075 West Big Beaver Road
Suite 750
Troy, Michigan 48084
(248) 502-4000
kkilby@mcgrawmorris.com

N:\GCDC\2155-1019 (Karegnondi Water Authority)\Section 10 Contract Agreement\1st Addendum to Water Supply Contract with GCDC draft February 4 2014 (EXECUTION COPY).doc

Attachment #17

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226
WWW.DETROITMI.GOV

April 17, 2013

RECEIVED
CITY OF FLINT
CITY CLERK'S OFFICE
2013 APR 18 AM 11: 33

Via Certified Mail and Electronic Delivery

Ms. Inez M. Brown
City Clerk
City of Flint
2nd Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502

Dear Ms. Brown:

Regarding: Termination of Contract for the Provision of Water Services by the City of Detroit, Water and Sewerage Department

On December 20, 1965, the City of Detroit, through its Board of Water Commissioners, (DWSD) and the City of Flint, Michigan (Flint) entered into a contract for the provision of DWSD treated water to Flint and the distribution by flint of that water to other Genesee County communities Section 18 of that Agreement[1] provides:

18. The Board [DWSD] shall supply and sell water to the City [Flint] from the water system of the City of Detroit, and the City shall receive and purchase such water in accordance with the terms of this Agreement for an indefinite period of time but at least for a period of thirty-five (35) years from the date hereof. This Agreement may be terminated by either party after expiration of said 35-year period, upon one year's written notice served upon the other party by delivering the same to the Secretary of the Board or to the Clerk of the City as the case may be. or at any time upon mutual consent of both parties

Please take notice that pursuant to this section, 18, of the above-referenced Agreement, DWSD is terminating this Agreement one year from today's date (April 17, 2014).

Sincerely yours,

Sue F. McCormick
Director

[1] Although the Agreement between DWSD has been subsequently amended, Section 18 remains unchanged and in full effect

Widigan, Robert (TREASURY)

From: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Sent: Thursday, April 24, 2014 4:37 PM
To: Cline, Richard (Treasury), Dube, Mathieu (Treasury), Vandegnft, Drew (TREASURY), Widigan, Robert (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: FW MEDIA ADVISORY: Flint River Water Transition Event

FYI

Edward B. Koryzno, Jr | Director - Bureau of Local Government Services
State of Michigan | 430 W Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

Think Green! Don't print this e-mail unless you need to

CONFIDENTIALITY NOTICE. This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law Any unauthorized review, use, disclosure, or distribution is prohibited If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments
Thank you

From: Jason Lorenz [mailto:jlorenz@cityofflint.com]
Sent: Thursday, April 24, 2014 4:33 PM
Subject: MEDIA ADVISORY: Flint River Water Transition Event

MEDIA ADVISORY:
City of Flint Transition to Flint River Water Ceremony

WHERE: Flint Water Treatment Plant, 4500 N. Dort Hwy. by Stewart Ave.

WHEN: Friday, April 25, 2014 at 2:00pm

Description: The City of Flint is holding a ceremony tomorrow to officially begin the transition to use of the Flint River by shutting the valve to the intake pipe from Detroit.

The DEQ has given Flint final authorization to begin water distribution from the Flint Water Treatment Plant. City, Genesee County, and Michigan Department of Environmental Quality officials will be on hand to witness this historic event and answer media questions.

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039
jlorenz@cityofflint.com

IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER

City of Flint Did Not Meet Treatment Requirements

Our water system was recently found to be in violation of a drinking water standard. Although this incident was not an emergency, as our customers, you have a right to know what happened and what we are doing to correct this situation.

We routinely monitor for the presence of drinking water contaminants. Samples were collected for total trihalomethanes (TTHM) analysis from eight locations on a quarterly basis (May 21, August 21, and November 20 of 2014). The average of the results at ANY of the eight locations must not exceed the maximum contaminant level (MCL) for TTHMs, otherwise our water system exceeds the Maximum Contaminant Level (MCL). The standard for TTHMs is 80 ug/L. The location reporting the highest TTHM level was 99 ug/L; thus, our water system exceeds the TTHM MCL.

What should I do?

- There is nothing you need to do unless you have a severely compromised immune system, have an infant, or are elderly. In that case, you may be at increased risk and should seek advice about drinking water from your health care provider.
- You do not need to boil your water or take other corrective actions. If a situation arises where the water is no longer safe to drink, you will be notified within 24 hours.

What does this mean?

This is not an emergency. If it had been an emergency, you would have been notified within 24 hours.

People who drink water containing trihalomethanes in excess of the MCL over many years may experience problems with their liver, kidneys, or central nervous system, and may have an increased risk of getting cancer.

What is being done?

We are currently working on solutions to correct the problem. We anticipate resolving the problem in 2015.

For more information, please contact Mr. Brent Wright or Mike Glasgow at 810-787-6537 or the Water Plant at 4500 North Dort Highway, Flint, MI 48505.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments, nursing homes, schools, and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is being sent to you by the City of Flint.

CERTIFICATION: F1 53 WSSN: 02310

I certify that this water supply has fully complied with the public notification requirements in the Michigan Safe Drinking Water Act, 1976 PA 399, as amended, and the administrative rules. Reminder to water supplier: This notice/certification must be sent to the DEQ.

Signature	Title	Date Distributed
Michael T Glasgow	ASSISTANT SUPERVISOR	1/2/15

Attachment #20

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Gerald Ambrose
Emergency Manager

TO: Wayne Workman, Deputy Treasurer
Treasury Department
State of Michigan

FROM: Jerry Ambrose, Emergency Manager
City of Flint

DATE: March 3, 2015

As the Emergency Manager for the City of Flint, I am charged with restoring the City government to financial solvency, and working to assure that the City moves forward on a financially sustainable basis. The steps taken over the past three years have been difficult. Taxes and fees have been raised, services and workforce reduced, and ongoing costs, including legacy costs, have been constrained.

The current controversy surrounding the provision of water, and the path for resolution, has a potentially significant impact on the progress that is being made. I am satisfied that the water provided to Flint users today is within all MDEQ and EPA guidelines, as evidenced by the most recent water quality results conducted for MDEQ. We have a continuing commitment to maintain water safety and to improve water quality, and have dedicated resources to assure this commitment will be made.

The oft-repeated suggestion that the City should return to DWSD, even for a short period of time, would, in my judgment, have extremely negative financial consequences to the water system, and consequently to the rate payers. By the most conservative estimates, such a move would increase costs by at least $12 million annually, with that amount achieved only by eliminating virtually all budgeted improvements in the system. For a system with Unrestricted Assets of only $740,745, according to the June 30, 2014 audited financial statements, the only recourse within the City's control would be to increase revenues significantly. And in my judgment, that would come from raising rates for water by 30% or more . Further, changing the *source* of the city's water would not necessarily change any of the *aesthetics* of the water, including odor and discoloration, since those appear to be directly related to the aging pipes and other infrastructure that carry water from the treatment facility to our customers.

This direction of discussion also deviates from what, in my judgment, should be the focus: How can we not only operate and maintain a system to assure the delivery of safe and quality water dependably, but significantly reduce the cost of water and sewer to the users? At an average of $149 per month for water and sewer service for a residential user, the cost is extremely high in comparison to surrounding areas, as well as most areas across the state, and creates a significant financial burden for many users. In my judgment, we should all be concentrating on how to reduce rates by 50% or more. Unfortunately, there are no easy or evident answers, and continuation of the status will be an impediment to the sustainable recovery of the City of Flint. It is a conversation that I expect we will have with the recently created Water Quality Advisory Committee.

My reasoning for this conclusion is as follows:

One of the decisions made in the context of beginning to eliminate deficits and to restore financial stability to the City of Flint was to increase water and sewer rates significantly – the only choice available to financially stabilize a system that as of June 30, 2012, had a deficit of $8,758,091. Another was to leave DWDS for the KWA because it offered the opportunity to lower future rate increases. A third decision was to utilize the Flint River on an interim basis when DWSD unilaterally terminated the City's contract for water purchase. That decision was made because it also offered an immediate cost savings opportunity which translated into the ability to upgrade the Water Treatment Plant without having to seek financing. It was a reasonable decision because of our experience in using the river in a back-up capacity, including test runs on a quarterly basis for several decades.

Unfortunately, the switch to the river as a primary source was more challenging than anticipated, and the harsh winter of 2013-2014 resulted in much more damage to the aging water infrastructure than in previous years. The result was the issuance of required notices that water exceeded established guidelines for safety as it could affect certain vulnerable populations, and some users of the system experienced unpleasant odors and discoloration. Some users also appeared to have had some negative reactions to the new source of water. However, as soon as the test results were known, City staff took immediate actions to address the concerns. These actions are evidenced today by the fact that MDEQ has certified that our most recent testing shows water from all testing sites to be well within acceptable guidelines. Additionally, the City is continuing to taking the necessary actions to assure that the water supply remains safe and that water quality continues to improve.

As the City has moved to address the situation, the suggestion continues to be made that the City should re-engage with DWSD and purchase water at least until the KWA pipeline is supplying water As evidenced by the most recent letter from DWSD, such a decision would immediately increase the City's cost by $846,700 per month, or $10,160,400 per year, just for the fixed cost portion of the price. The actual *purchase* of water would be an additional fee, and dependent upon

the quantity purchased. We estimate the actual water purchase cost to average more than $1 million per month, for a grand total of approximately $22 million per year. Finally, the DWSD offer is conditioned upon the City (or presumably the KWA) agreeing to negotiate a long term contract (30 years) for back-up.

The $22 million annual estimate of increased costs to purchase water from DWSD would be minimally offset by an approximate $3 million in reduced operating costs, and could be further offset by an additional $9 million, but only if all funding for capital improvements to the system are eliminated To eliminate all funding dedicated to repairing, stabilizing, and improving the system would be totally irresponsible and would have long term negative consequences to the City and to future rate payers.

As you are aware we have recently brought in outside expert assistance to evaluate the steps we have taken to assure that the water is safe and to continue to improve water quality. We are expecting specific recommendations within the next few weeks, and are committed to implementing those recommendations in a timely manner. Many steps have already been taken. I am confident that implementing their recommendations will assure a continuing supply of safe water as well as improved quality, and at far less cost than re-engaging DWSD.

We have also created a 40-member Water Advisory Committee and a 13-member Technical Advisory Committee to assure two-way communication with the public and users of the system. Those committees will begin to meet this week, and we look forward to answering their questions and receiving their input.

It is unfortunate that problems and concerns with quality have arisen, and we are working every day to address the issues that caused them. Maintaining safe water and improving quality is a top priority as we work to make the City of Flint an attractive place to live, work, study, and play.

Attachment #21

VEOLIA

TIGAN

Water Quality Report

Water quality report

> Executive Summary 1

> Review of actions taken to date 2

> State report 3

> Veolia's recommendations 4

> Conclusions and next steps 9

> Results expected 11

VEOLIA

Water Quality Report

March 12, 2015

FROM

Veolia North America

TO

Emergency Manager Gerald Ambrose

Executive Summary

The City of Flint changed water sources, transitioning from Detroit's system to the Flint River. This change created water treatment challenges that have resulted in water quality violations. Aging cast-iron pipe has compounded the situation, leading to aesthetic issues including taste, odor and discoloration. Public interest and scrutiny of the drinking water system intensified following the distribution of required public notices of violation.

The City of Flint has made a number of good decisions regarding treatment changes that have improved water quality. However, this is a very complex water quality issue and the City is seeking additional advice on what to do to ensure healthful drinking water for the community.

Veolia appreciates the City's decision to seek independent third parties to review current treatment processes, maintenance procedures and actions taken to date, and provide ideas for improvement. We are pleased to present this final report to the City of Flint following our experts' 160-hour assessment of the water treatment plant, distribution system, customer service and communications programs, and capital plans and annual budget.

This report provides recommendations and a roadmap for improvement, though our engagement was limited in scope. Our assessment included reviewing actions taken by the City to date, validating the City's plans going forward, and making recommendations for ideas not being considered.

Although a review of water quality records for the time period under our study indicates compliance with State and Federal water quality regulations, Veolia, as an operator and manager of comparable utilities, recommends a variety of actions to address improvements in water quality and related aesthetics including operational changes and improvements, changes in water treatment processes, procedures and chemical dosing, adjustments in how current technologies are being used; increased maintenance and capital program activities, increased training; and, an enhanced customer communications program.

We are also providing a recommended schedule and estimated costs for implementing changes. It is our desire to help Flint residents and public officials better understand the current situation so that informed decisions can be made to ensure safe drinking water for the city's customers.

Review of Actions Taken to Date

To address water quality issues, the city has made operational changes, sought help from the State, hired engineering firm Lockwood, Andrews & Newnam, Inc (LAN) to provide additional advice, and hired Veolia for an assessment from a utility operator's perspective The City has also reached out to different specialty vendors (chemical suppliers, filter companies and tank aeration companies) for information about products to help with the TTHM issues These are logical steps to take

Flint is not alone in dealing with TTHM problems, as many utilities across the country are facing this challenge The City appears to be following standard steps that many of those communities are taking to successfully correct the problem

Although the primary focus of this review was based on solving the TTHM problem, the public has also expressed its frustration over discolored and hard water Those aesthetic issues have understandably increased the level of concern about the safety of the water

The review of the water quality records during the time of Veolia's study shows the water to be in compliance with State and Federal regulations, and, based on those standards, the water is considered to meet drinking water requirements

The City has been proactive in its efforts to reach out to the medical community, to set up a phone number and email address to receive complaints, to post State Water Quality reports, to provide the list of EPA required water tests, and offer to test the water at customers' homes

From our review, these numerous efforts demonstrate how the city is trying to be transparent and responsive beyond what many other communities might do in similar circumstances

State Report

The Michigan Department of Environmental Quality (MDEQ) has requested specific actions be taken related to the total trihalomethane (TTHM) issues. The February 2015 report from LAN (*Operational Evaluation Report TTHM Formation Concern*) indicated apparent reasons for the elevated levels of TTHM in the distribution system. These generally relate to high Total Organic Carbon (TOC) in the water source, improperly operating equipment both in the plant and the distribution system, less-than-optimal plant TOC removal and old cast-iron pipe in the distribution system. **Our assessment confirms that these reasons are likely given our on-site laboratory testing and analysis, as well as our first-hand observations.**

Due to time constraints, LAN's report to the State was submitted prior to Veolia's final analysis and recommendations, and contained a number of key initial and contingent steps the City should consider, including

Initial Actions

- Hire a Third Party Water Quality Expert to Complete Independent Audit
- Obtain a THM Analyzer
- Carry Out Jar Testing
- Water Plant Optimization Softening
- Water Plant Optimization Disinfection of Filter Beds (Pre-Chlorination)
- Water Plant Optimization Polymer Aid to Coagulation and Flocculation
- Increase Water Main Flushing
- Water Modeling Cedar Street Pump Recirculation
- Water Modeling West Side Pump Recirculation
- Broken Valve Locations
- Increase Flushing

Contingent Actions

- Fix Ozone System
- Start Feeding Coagulant and Flocculation Polymer
- Convert to Lime and Soda Ash Softening
- Change Disinfection to Chloramine or Chlorine Dioxide Temporarily
- Install Pre-Oxidant at Intake
- Replace Filter Media Implement Advanced Treatment
- Increase Main Flushing
- Continue Valve Replacement
- Emphasize Cast Iron Pipe Replacement

Veolia's Recommendations

While many of Veolia's recommendations match the *initial assessment* provided by LAN, our approach, as an *operator and manager* of comparable utilities, considers a more comprehensive solution These *improvements* include operational changes, differences in water *treatment regimes and* chemical dosing, increased maintenance, and increased *training*

- **Addition of Permanganate** – The addition of a permanganate chemical will *help reduce ozone demand* as well as *chlorine demand*. The reduction of ozone is needed to help eliminate the possibility of violating the bromate limit The addition of the chemical will *require state approval*, submission of design documents for approval, *procurement* of the equipment and installation The State has indicated they will work with the City on expediting review and approval of any requested *changes* The required dosage of permanganate is *estimated to range from* 0 5 mg/L to 1.2 mg/L with a corresponding price of $160,000 to $320,000 per year (Please note – The water in the river is dynamic *which means it will change* with weather, seasons and other *factors* The estimates provided are based on bench testing at a given time and as such *require* the operators to test water and to verify *chemical dosages on a* frequent basis)
- **Reduction of Ozone Feed** – Treating water is a delicate balance - *increasing ozone* to fix the TTHM problem *can raise bromate levels to a* point of violation The introduction of permanganate is being recommended to reduce the demand for ozone so that *feed rates will not exceed* 5 mg/L The current *ozone dosing has* been as high as 8 mg/L and, as such, if allowed to continue, will increase the risk of violating the bromate levels
- **Increase of Ferric Chloride** – Four coagulants were tested by Veolia -*ferric chloride*, *ferric* sulfate, polyaluminum chloride (PACl) *and aluminum* chlorohydrate (ACH) Ferric chloride and ACH were found to be the best choice of product for effectiveness in removing *TOC, a precursor to* TTHM formation Current *ferric chloride dosages are* too low and dosages of 100 mg/L or more are recommended Again, please note, that the amount of chemical needed changes *with the nature of the river* and as such, water must be tested *multiple times a day* with corresponding changes in chemical dosages This increase to *100 mg/L* is twice what is currently being fed and much higher than what had *previously* been fed last year The *increase in chemical* costs could be up to $1,000,000 per year This change in dosage (using ferric chloride) can be made immediately *without state permit review*
- **Reduction of Lime** – Lime is currently being overfed A *higher dosage of lime* does not necessarily mean better treatment A *review of different* dosages with jar testing indicates that the current dosage of 280 mg/L can be reduced to 230 mg/L This represents a potential *range of savings of* up to $270,000 per year. This *change can be made immediately* It should be noted that the current softening equipment is in poor condition, which does complicate the treatment *process with a poor balance of* flow between the two basins, *weirs that are not level* causing bypassing with the softener basins, and simply old mechanical *equipment* that periodically breaks down This equipment *is not going to be needed* when a change to lake water occurs Addition of soda ash to help further reduce hardness in cold weather might require dosages *up to* 40 mg/L with an annual chemical cost up to $320,000 *There have also* been some questions or complaints *from the public* regarding hard water The water entering the plant is currently 360 mg/L and the plant is reducing that level of hardness to *about 210 mg/L* Optimization of the dosage can reduce the hardness

further to about 180 mg/L. This reduction however has been sporadic as equipment breakdowns and high flows have caused problems keeping the softening process on-line As we have noted before, the dosage needs to be adjusted daily or more often based on process control monitoring. The raw water hardness in the summer is much less than in the winter For illustration purposes, the difference could be 360 mg/L in raw water in winter compared with 220 mg/Lin the summer

- **Eliminate Pre-Chlorination on the Filters** – The reduction of pre-chlorination on the filters during the summer months can help reduce TTHM formation. This action has to be considered carefully with procedures documented and reviewed for engineering principles As such, it will take time for the design engineer to determine what could be done to assure the proper chlorine contact time and document that other safety protocols in water are met This requires state approval. Any submission should be considered along with a possible change in filter media If Granulated Activated Carbon (GAC) is installed then the pre-chlorination would be stopped or drastically reduced because of the chlorine impact on the GAC filter media. Veolia's initial investigation into changes in chlorine feed point indicate that the recommended action can be accomplished while maintaining the required regulatory contact time for disinfection
- **Change Filters to Granulated Activated Carbon (GAC)** – The object of the other changes being made is to reduce the TOC before chlorine is added into the process The plant by design is limited on the amount of TOC removal possible. A maximum removal of only 60% is likely if the plant is properly optimized The change of filter media to GAC would provide the best reduction possible and provide better than 90% removal dramatically reducing the potential for TTHM formation and thus ensuring compliance with that parameter for the water system. The change in filter media, however, is complicated requiring approval by the state, design of the changes, procurement of the media and a contractor to install it That will take time and is likely in a range of $1 5 million (more or less) in cost The use of GAC also requires more testing and monitoring of the media and the TOC than with the current media GAC will accumulate TOC and begin to become in effective after a period of time Depending upon the level of TOC reaching the filters this could be as short as 3 months and as long as 9 months The amount of TOC is dependent upon the river water quality and operation of the other plant processes Once the ability of the filters to remove TOC is diminished, the GAC media has to be replaced if river water continues as a source The change to lake water will not require TOC removal and the media could continue to be used as filter media for that new water source
- **Corrosion Control** – The primary focus of this study was to assure compliance with the TTHM limits That is not the only problem facing the city and its customers though Many people are frustrated and naturally concerned by the discoloration of the water with what primarily appears to be iron from the old unlined cast iron pipes The water system could add a polyphosphate to the water as a way to minimize the amount of discolored water Polyphosphate addition will not make discolored water issues go away. The system has been experiencing a tremendous number of water line breaks the last two winters Just last week there were more than 14 in one day Any break, work on broken valves or hydrant flushing will change the flow of water and potentially cause temporary discoloration
- **Eliminate a Storage Tank** - The water system has more storage than it requires, due to excess capacity in the water lines in combination with the storage tanks The City has already employed LAN to update the hydraulic model The hydraulic model should be used to help determine if water levels can be lowered further and even to remove some storage tanks from service That decision may need to be made

seasonally For example demand during water main breaks last week required extensive amounts of water. The excess storage is more a problem with TTHM formation for the system in summer than winter

- **Prioritize Valve Replacement** - The hydraulic model shows long water age in portions of the system that appear to be contributing to the TTHM problems LAN has updated the model to include the location of broken valves and that added information is being used to identify other system problems The City has a contract for valve turning and repair work that should be focused on known broken valves, particularly in sections of the distribution system with old water age This activity however must wait until warmer weather in fear of causing problems in the water system with lines freezing
- **Target and Increase Flushing** – Flushing the fire hydrants can be useful in cleaning out lines to minimize discolored water complaints and also helping reduce the age of water This DOES NOT mean just opening hydrants The hydraulic model needs to be used to determine which hydrants should be opened and for how long to ensure the lines are properly cleaned For example, this might require 15 minutes or even several hours of flushing depending on location The flushing of hydrants also needs to include records of hydrant condition, color of water initially and after periodic increments plus chlorine residual testing All of that information will help provide information to the engineers on the effectiveness of the procedure. Each crew doing the work should be trained to help explain the process to the public and also warn neighborhoods about flushing so that staining of laundry can be avoided
- **Change to Lake Water** – The changes being made now to the water plant will not be the same changes required to treat lake water once it becomes available A thorough analysis and plan needs to be made in preparation of that switch. This is going to need to include changes in how the plant is operated, like eliminating lime softening and reducing the dosages of many chemicals Consideration will also have to be given to algae treatment when lake water is being used
- **Operating Programs** – All of the changes discussed above are based on testing and techniques proposed by engineers and skilled operators of both LAN and Veolia The staff will need further training and implementation of detailed protocols to successfully implement the changes and to ensure long-term success at the plant. This means the City needs to implement a series of programs to ensure success in these changes
    - **Process Control Management Plan** (PCMP) – The amount of testing and resulting changes in chemical dosages, along with monitoring the impact on the water, will require a well-documented process that all operators follow An example of this is jar testing, which is used by the operators to identify the most effective chemicals and dosages to optimize treatment The staff understands the basic treatment process but needs further practice and training to become proficient in the use of routine process control to adjust for water quality This is commonly referred to as a PCMP and is used as a standard operating procedure so that the operators on the day shift can communicate with the night shift, that operators are following the same treatment plan for water, that the adjustments are unified between different shifts and different people, that a desired water treatment quality is defined and variations from it signal alarms and that the staff knows what to do when the water quality setpoints begin to drift away from its desired quality levels.
    - **Lab QA/QC** – The operation of the water plant is dependent upon accurate lab results Standard operating procedure needs to be set and lab technicians trained in that process EPA and the State

set procedures and standards to be met and the staff should strive to meet those standards The City has already purchased a TTHM analyzer but should also consider a TOC analyzer that can be an online continuous device to provide immediate information on influent and effluent levels of TOC Part of the lab records should be historical review of data to help operators better understand the changes they make in the plant.

- **Maintenance Management** – The key to water equipment is having all the equipment effectively maintained and functioning properly The current capital program is fixing many broken pieces of equipment and updating the plant to current standards This however must be followed with a rigorous maintenance program that ensures the proper preventive maintenance, is able to predict when maintenance is needed to keep equipment functioning properly and responsive to changes in flows and source water quality
- **Training** – The changes being suggested are new to the staff and as such training needs to be provided in what the changes involve, why they are being made, the impact on the water quality, and how best to run the plant A good demonstration of skill level is for the staff to become certified by the State as a licensed water plant operator Many utilities now require all operators to hold at least the minimum certification level as a starting point and offer incentives to increase their certification level

- **Communication Program** – The city should lay out an immediate, written strategy for communicating with the public in the short-term, as well as a 6-to-12 month strategy that contemplates known, future events like the KWA pipeline and switch to lake water A wide range of activities are underway to work with the public but a comprehensive and coordinated effort, with a strategic focus, will help the utility and its customers
  - **Dedicated Communications Personnel** – The City has a single, dedicated public information officer, tasked with providing service to all of city government The current focus on communications support for Public Works, and the anticipated needs over the next several years, indicate the city would benefit from the hiring of a staff person in Public Works who could establish a communications program designed to provide clear and concise information to a broad audience though a number of different channels. In the interim, the city could hire a communications intern, local communications firm, or somebody with experience who is able to provide reduced or no-cost services for the immediate future
  - **Communications Planning – Public Notification** – The City should be congratulated on its efforts to keep the public informed It is posting its monthly reports on the web page to provide transparency, though these reports are highly technical – and may be too technical for the customer base at large They are valuable to those customers who do want this level of detail. The city should create a single-page dashboard of information that outlines the water utility's performance for the previous month, post the dashboard on the website, print copies for distribution at customer service or other reception areas, and be provided during speaking engagements or other events This dashboard should be easy to understand, and include
    - The number of water quality tests conducted the previous month
    - The number of violations reported

- Whether these results are in or out of compliance
- Information about other proactive measures such as main and hydrant replacements, or other programs to improve performance of the water utility
- Benchmarking information so the reader has a greater understanding of how Flint compares with other similar utilities in the region and across the country

- **Public Meetings** –There should be additional, proactive coordination with neighborhood, community and civic groups to provide speakers on timely topics Given the list of numerous responsibilities, the Public Works director cannot do it alone – the city should identify three or four other staff members, knowledgeable about the water utility who can also speak to various groups, provide information and answer questions The development of an outreach strategy to target key neighborhood, community and civic groups also will advance the communications effort and the dissemination of information in both the short and long term
- **Standard tools** – Work crews in the field are often the faces of the utility – the city should create standardized tools for communicating with the public that can be easily and quickly delivered to the community in the event of main breaks, flushing or pre-planned capital improvements Tools should include
  - Door hangers for individual distribution
  - Yard signs with simple messaging to be placed near work-sites
  - A simple tri-fold brochure with useful information about the utility and appropriate contact information
  - Specific flyers about a range of topics
  - Infographics about how the water system works, from the intake to the customer's site
- **Change in Billing Format** – The City currently has no real way to reach all customers on a regular basis and provide information. The city should consider changing from a billing postcard to using an envelope and bill stuffer Monthly or bi-monthly bill inserts are typically used to provide educational material for customers and are standard ways to provide information Understandably, budget considerations must be taken into account
- **Use Public Affairs Programming and Opportunities** – The news media has been covering this topic quite extensively – there are other media-related opportunities that may reach a wider audience Taking advantage of these opportunities will help the city relay information to its customers and the community
  - Participate in regular editorial-board meetings to provide background information and updates on key milestones or events
  - Identify a local weekly television program and offer to provide guests to speak about key milestones or upcoming events

Conclusions and Next Steps

The focus of this report is to help assure TTHM compliance and then improve general water quality The City had good results in its most recent TTHM tests, although that is to be expected with the changes made to date and the cooler weather which contributes to low TTHM formation Warm weather will be a different situation both in the nature of the Flint River water quality and in the formation of TTHM With those changes coming, the City needs to act quickly to make improvements before additional testing takes place this spring and summer The summary below provides the recommended actions, a priority for their implementation and projected costs either operational or capital The costs are rough orders of magnitude and will vary with changes in water quality, operational decisions, and engineering choices being made and in some cases require State approval Although a priority is assigned many of these actions can take place simultaneously

Priority	Action	Annual Operational Cost	One Time Capital Cost
1	Implement operating programs for process control, lab QA/QC, maintenance, and training These programs are needed regardless of the TTHM issue and will help with transition to lake water The City has decided upon a central maintenance software and the water system should be the first to utilize this program since costs are already budgeted These programs should be initiated immediately	$ 25,000	$ 250,000 - $ 350,000
2	Contract with your engineer and initiate discussions with the State on the reduction of chlorine prior to the filters and changing the filter media to GAC This activity has the longest time frame for design and approval, but also is extremely critical to assuring reduced TTHM production The current filter cleaning and maintenance project needs to be adjusted to take into consideration the change in filter media both to dispose of the anthracite instead of cleaning and to install the GAC This entire project needs to be done by early July to assure a flow of water throughout the system Several months are required for the engineering design, State approval, bidding of work and installation of GAC and as such needs to begin now	$ 0	$1,500,000
	Contract with your engineer and initiate discussions with the State on the addition of 0 5 to 1.2 mg/L of either potassium permanganate (dry) or sodium permanganate (liquid) This will take time to get approved and to implement The use of liquid tanks at the raw water pump station may be the quickest and least expensive alternative for a temporary measure	$ 160,000 - $ 320,000	$ 50,000

	Contract with your engineer and initiate discussions with the State on the addition of a corrosion control chemical. This action can be submitted and discussed with the state at the same time as the other chemical and filter changes saving time and effort. A target dosage of 0.5 mg/L phosphate is suggested for improved corrosion control	$ 50,000	$ 50,000
3	Increase the ferric chloride dosage to 100 mg/L depending on river water TOC levels. (Lower TOC levels can be treated with less ferric chloride.) This change can be made now and is allowed by the State	$ 1 000,000	$ 0
	Reduce the ozone feed rate to 5 mg/. This change can be done now and does not require State approval	($50,000 – $100,000	$ 0
	Reduce the lime dosage to minimize hardness levels after softening. This will eliminate magnesium removal during treatment, but will also reduce total hardness. A reduction in carbon dioxide dosing for recarbonation treatment also is expected due to the reduction in lime feed. This change can be made now and does not require State approval	($270,000)	$ 0
4	Confirm with the engineer when the revised hydraulic model will be completed and if necessary for time to focus on areas of longest water age if that would speed up the effort. Identify impact of reducing tank levels or eliminating a tank seasonally to improve water age. Include with this effort a list of hydrants to flush along with time required to assure drawing fresh water through the system. The engineer has been assigned this task already and confirmation of the timing of a delivery is needed	$ 0	Already Contracted
	Ask the engineer to identify closed valves on a map that are impacting water age and that can be bid for replacement as soon as weather permits. Have the engineer identify areas of the system where the valve contractor should be focused on finding and fixing closed valves	$ 0	Already Budgeted
5	Implement the recommendations in the communications program including a person assigned to public works education, using envelopes instead of cards along with bill stuffers for education and provide training for staff. Envelopes and bill stuffers are expensive and might be done periodically and not every month. The cost of TTHM notices, Annual Water Quality Reports and City notices should be figured into if any additional costs would exist. Many of these changes are underway now by the City	Position Being Budgeted	

Notes

- The costs provided are rough order of magnitude which final engineering will firm up but will fluctuate with final decisions on engineering, operating technique and water quality
- The change from river to lake water will dramatically cut the chemical costs as less is needed once the change occurs. This means that potassium permanganate will likely not be needed, ferric will drop as much as it went up. Ozone levels will be lower and little lime will be needed

Results Expected

The real question is what changes can be expected from these results in lowering the TTHM, improving the aesthetics and preparing for the change to lake water

- **TTHM** – The City has already made great strides in reducing the TTHM levels with the changes already made The additional suggestions by Veolia will further reduce TTHM in the water and help get the city released from the notices being provided to customers
- **Hardness** – The hardness entering the plant this winter is 360 mg/L with the current system reducing it to 210 mg/L and optimization will reduce to about 180 mg/L During the summer the levels will be lower probably in the 140 mg/L to 150 mg/L range The target set by the current best operating practices is 120 mg/L to 150 mg/L
- **Discolored Water** – The discolored water is caused by the old unlined cast iron pipe. The water from the plant can have an impact on discolored water, but a greater concern is the breaks and construction work that disrupt the flow of water causing discoloration A polyphosphate is suggested to help bind the old cast iron pipe reducing instances of discolored water This along with improve flow of water and programmed hydrant flushing will help, BUT WILL NOT eliminate discolored water occurrences
- **Change to Lake Water** – The recommendations include the suggestion of programs to help the staff better manage the treatment process, additional testing to adjust the plant and additional lab monitoring, a maintenance program focused on keeping equipment properly functioning and more training for staff to improve their skill level Those actions will prepare the staff for the change of water sources when it comes next year in addition to developing a thorough plan for the switch

Resourcing the world

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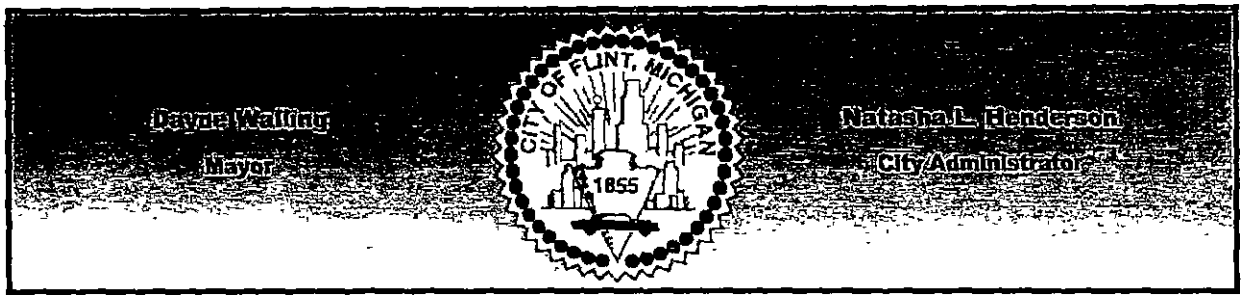

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For Immediate Release

MDEQ Testing of City of Flint Water Shows TTHM Levels are Well Below the Required Action Level, City No Longer in Violation

Flint, Michigan – September 3, 2015 – The City of Flint has made significant improvements to its water treatment process and distribution system. Annual average results show all locations are within acceptable limits for total trihalomethanes (TTHM) and work continues to ensure that the average stays below the acceptable level. Flint's TTHM levels have now been below the actionable level for four consecutive quarters, long enough to bring the City out of violation with the Safe Water Drinking Act.

Installation of the Granulated Activated Carbon filter mediums in July has had a significant impact on the reduction of total organic carbon (TOC) and is expected to continue to do so. TOC contact with chlorine can lead to the creation of the chemical byproduct trihalomethanes By reducing the amount of TOC in the treated water, the amount of TTHM in the water fell as a direct result.

"The City of Flint is continuing to improve its water system including both the areas of treatment and distribution," said Mayor Dayne Walling. "As the issue of trihalomethanes comes under control and the City is no longer in violation of safety standards, it will work with the MDEQ on implementing water optimization measures to reduce the corrosive effects of water on older pipes and home service lines." Older pipes and service lines can contain lead solder which can leach into the water over time.

–CONTINUE–

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

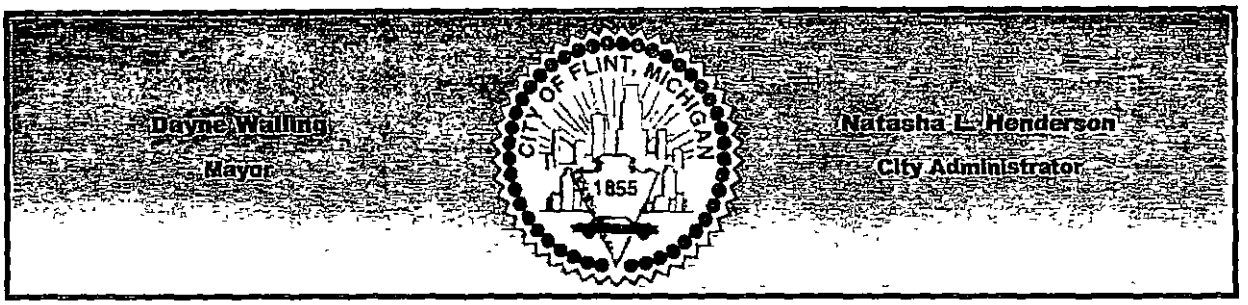
Flint has been looking at the water optimization option for some time and is now looking at taking accelerated steps toward implementation. According to the MDEQ, a typical water optimization plan can take up to five years to complete, as in the case of the Detroit Water and Sewerage Department. The City of Flint plans to have its water optimization measures in place by the beginning of 2016. This measure, combined with the ongoing improvements to the distribution system wherever possible, will improve water quality and extend the performance of the City's aging infrastructure.

"The City of Flint has been in constant communication with the MDEQ in our continuing efforts to upgrade and improve our water system," said Director of Public Works Howard Croft. "We have received assurances from them that every step we have taken has been in line with their recommended actions. The City will continue to work to ensure safe, quality water to its residents, businesses and visitors."

The City of Flint will continue to provide updates on its water progress through its website, cityofflint.com. Anyone with water issues is encouraged to call 810-766-7202 so that they can be addressed. Residents wishing to receive a free and independent in-home water test can call 810-787-6537 or email flintwater@cityofflint.com.

–END–

Attachment #23a



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For Immediate Release

City of Flint Issues Lead Advisory

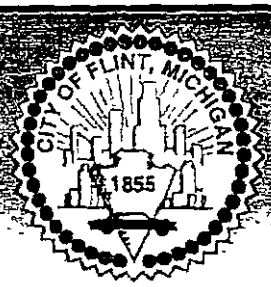
Flint, Michigan – September 25, 2015 – The City of Flint is issuing a Lead Advisory for residents to be aware of lead levels in drinking water after hearing concerns from the medical community. While the City is in full compliance with the Federal Safe Drinking Water Act, this information is being shared as part of a public awareness campaign to ensure that everyone takes note that no level of lead is considered safe.

The Genesee County Health Department has issued a fact sheet regarding lead precautions for residents. The fact sheet can be found on their website at www.gchd.us. Here are a few of the suggestions the Health Department recommends:

- Flush your cold-water pipes by running the water for approximately 5 minutes
- Use only water from the cold-water tap for drinking, cooking, and especially for making baby formula.
- Install a water filter that is NSF-certified for lead removal.

Lead contamination can leach into water from a home's lead water service lines, lead solder, and leaded plumbing materials including fixtures, faucets, and fittings. Older service lines with pipes and fixtures installed before 1986 can sometimes be more susceptible to lead issues due to materials used in the home such as lead based paint and lead pipes.

This message is meant as a precaution to residents and does not mean that all homes in the City will experience the same issue. Residents with concerns about lead service lines



and lead in home plumbing fixtures are encouraged to contact the City's Utilities Division to schedule a free water testing by calling the Water Treatment Plant at 810-787-6537 and pressing #1 after prompted or by emailing flintwater@cityofflint.com.

The City of Flint is working proactively along with the County Health Department, the Michigan Department of Environmental Quality, and the U.S. Environmental Protection Agency to improve the water system throughout the City. An accelerated plan to add a corrosion control agent to our water within 30 to 60 days with expedited approval from the Michigan Department of Environmental Quality is already underway. This will reduce corrosion which can cause lead in old pipes to leach into the water.

This plan is in addition to Mayor Walling's letter requesting $30 Million in water infrastructure assistance funding from the State of Michigan. $10 Million of that request would be for the replacement of lead service lines in households to ensure that lead no longer presents a danger to the drinking water of our residents. As the letter states, "It is the City's position that the abatement of lead through the removal of lead containing pipes and fixtures in homes is the best long term solution to keeping our residents' water safe."

Mayor Walling further stated: "I am extremely concerned about the risks around lead with Flint's children and I will be working tirelessly to ensure the water is safe and all of our families have the information they need. I also will continue to pursue funding for infrastructure improvements and a comprehensive healthy homes initiative that addresses lead in paint and pipes. We have to get the lead out of our community to eliminate the threat of childhood lead poisoning."

The City of Flint continues working proactively with the County Health Department, the Michigan Department of Environmental Quality, and the U.S. Environmental Protection Agency to improve the water system throughout the City. The City remains committed to working with all of our partners in the Water Technical Advisory Committee to address all

issues of public health and quality concerns that face the community. Updates on progress made in addressing this issue will be made during regular public meetings including City Council and other scheduled meetings. Information on this and all related matters will continue to be posted on the City of Flint's website, cityofflint.com.

–END–

Genesee County Health Department

Mark Valacak, M.P H., Health Officer
Gary K. Johnson, M.D , M P H , Medical Director

How does lead get into my tap water?

Under typical circumstances, lead will dissolve into the water. The concentration of lead in drinking water can vary greatly, depending on the corrosiveness of the water, the type and age of the plumbing materials and the length of time that the water stands in the pipes. The highest levels of lead occur when very corrosive water stands motionless in lead or lead soldered pipe for long periods of time

How do I know if my tap water is contaminated with lead?

The only way to know whether your tap water contains lead is to have it tested. You cannot see, taste, or smell lead in drinking water. There are different sampling methods for sampling lead in drinking water. To determine your household risk, it is recommended to take a first draw sample.

Does lead in my tap water cause health effects?

Lead can cause damage to the brain, red blood cells and kidneys. The greatest risk is to young children and pregnant women. Amounts of lead that won't hurt adults can slow down normal mental and physical development of growing bodies. Lead in water can be a special problem for infants, whose diets may be mostly liquids, such as baby formulas or concentrated juices mixed with water. Smaller bodies can absorb lead more rapidly than bigger ones. A child's mental and physical growth can be permanently harmed by too much lead. Risk will vary, depending on the individual, the circumstances, and the amount of water consumed.

What can I do to reduce or eliminate lead in my tap water?

Flush your cold-water pipes by running the water for approximately 5 minutes. The longer the water has been sitting in the pipes, the more lead it may contain. You can fill containers for later use, after the flushing process. Use only water from the cold-water tap for drinking, cooking, and especially for making baby formula Hot water is likely to contain higher levels because it dissolves more lead.
You may choose to install a water filter that is NSF-certified for lead removal. If a water filter is installed, replace filters at least as often as recommended by the manufacturer.

Buy a lead-free faucet. The legal definition of "lead-free" still allows brass faucets to contain up to 8 percent lead. However, faucets marked with "NSF 61/9" and/or "California Proposition 65" meet stricter limits. Regularly clean particles from faucet aerators.

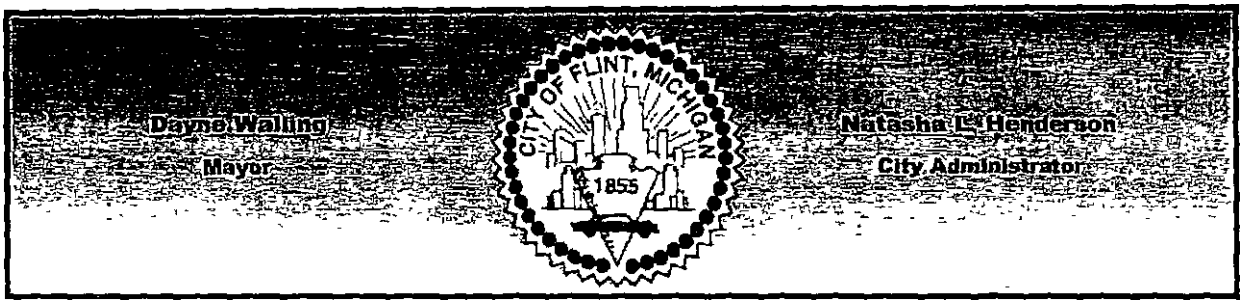
Is it safe to take a bath or shower, if my water has high lead levels?

Yes. Bathing and showering should be safe for you and your children, even if the water contains lead over EPA's action level. Human skin does not absorb lead in water. This information applies to most situations and to a large majority of the population, but individual circumstances may vary. Some situations, such as cases involving highly corrosive water, may require additional recommendations or more stringent actions.

Who do I contact for more information?

The local water authority is always your first source for testing and identifying lead contamination in your tap water. You can visit the City of Flint Website at www.cityofflint.com or contact the Flint Water Department at 810-787-6537.

WWW.EPA.GOV
WWW.MDEQ.GOV



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For Immediate Release

City of Flint Reconnects to Detroit Water

Flint, Michigan – October 16, 2015 – Flint has reconnected to Detroit water. reached an agreement with the Detroit Water and Sewerage Department (DWSD) for the temporary provision of treated Lake Huron water to Flint. Work to establish the reconnection will begin immediately in a coordinated effort between the City of Flint, Genesee County and the DWSD.

A tremendous effort by all three partners, along with the efforts of the Governor and the State Legislature, ensured that this action occurred as quickly as possible. "The money from the state to begin fixing Flint water by reconnecting to Detroit is just a start – a down payment,' said Mayor Dayne Walling. "I am not going to stop until every drop of drinking water in Flint is 100% safe."

Detroit water will be introduced into the Flint system throughout the evening. It is expected that the thorough replacement from Flint River water to Detroit water will happen after approximately three weeks. Residents in Flint may see discoloration as well as noticing some taste and odor issues during the transition

Water provided by DWSD will contain corrosion control agents to hinder the leaching of lead from old pipes into the water; however, the City will also be adding additional corrosion control agents to further minimize the risk presented by lead pipes.

–CONTINUE–

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

The contract between the City and DWSD calls for the provision of 12.5 million gallons per day (mgd) of treated water from Lake Huron at a cost of $1.1 million per month. DWSD Director Sue McCormick noted that the talks between Flint, DWSD and the GLWA Board were very cordial: "everyone acted in a spirt of cooperation in order to come to this agreement." Flint will purchase water from Detroit until the Karegnondi Water Authority (KWA) pipeline can be completed in 2016. At that time, the KWA will become the primary water source for the City and the Flint River will remain as a backup system.

Residents with questions or concerns about the hydrant flushing in their area can call the Water Service Center at 810-766-7202. Continuing information on water will be provided via the City of Flint's website, cityofflint.com.

–END–

Attachment #25

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGIONAL ADMINISTRATOR
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

REPLY TO THE ATTENTION OF:

MEMORANDUM

DATE: November 4, 2015

SUBJECT: Transmittal of Final Report - High Lead at Three Residences in Flint, Michigan

FROM: Tinka G. Hyde
Water Division Director

TO: Jim Sygo
Deputy Director
Michigan Department of Environmental Quality

Howard Croft
Director of Flint Public Works

Enclosed please find for your file a final redacted version of a report prepared by EPA Scientist, Miguel Del Toral, regarding lead in drinking water at three residences in Flint, Michigan. The redactions remove personally identifiable and medical information. This report has been finalized and is also being provided to the National Drinking Water Advisory Council (NDWAC) for discussion during their upcoming meeting on November 17-19, 2015. We understand you saw an earlier version of this document; and note that most of the recommendations in that interim report are already being implemented (e.g., the City of Flint has switched back to Detroit water; filters have been provided to residents; and additional corrosion control treatment will be implemented).

The final report contains important new information indicating that physical disturbances of lead service lines can dislodge the protective coating that prevents lead from leaching into drinking water. The final report recommends notifying residents about the potential risks of increased lead levels in drinking water when work is undertaken that may disturb lead service lines.

cc: Natasha L. Henderson, City of Flint Administrator

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High Lead Levels in Flint, Michigan

The purpose of this report is to present the findings of activities conducted in response to high lead levels in drinking water reported to the United States Environmental Protection Agency Region 5 Office (EPA) by a resident in the City of Flint, Michigan.

Background Information

Prior to April 30, 2014, the City of Flint purchased water from the City of Detroit. On April 30, 2014, the City of Flint switched from utilizing purchased water from Detroit to a new water source, the Flint River. Subsequent to the change in source water, the City of Flint experienced a number of water quality issues resulting in violations of National Primary Drinking Water Regulations (NPDWR) including acute and non-acute Coliform Maximum Contaminant Level (MCL) violations and Total Trihalomethanes (TTHM) MCL violations (see Appendix A).

Beginning in January 2015, [redacted], a resident of Flint, called the Flint Water Department (FWD) regarding the water quality in her home. In response to the initial and subsequent calls, the FWD visited the [redacted] home on a number of occasions and also collected tap water samples. [redacted] also contacted EPA regarding these same water quality issues and medical issues she believes are associated with the water quality in Flint.

Following initial calls on the general water quality, on February 26, 2015, [redacted] contacted EPA regarding high lead levels found in her drinking water by the City of Flint. The result of the initial lead in water sample collected by the City of Flint on February 18, 2015 from the [redacted] home was 104 µg/L and the level of iron in the water exceeded the capability of the instrument to measure (>3.3 mg/L). On February 26, 2015, upon receiving the lead results from [redacted], the EPA contacted the Michigan Department of Environmental Quality (MDEQ) regarding the high lead result. The MDEQ advised that the City of Flint collect a follow-up sample for lead at the [redacted] home.

On March 3, 2015, the City of Flint collected a follow-up sample for lead at the [redacted] residence and the result of this second sample was 397 µg/L[1]. Subsequent to receiving her second result, EPA spoke to [redacted] via phone on March 19, 2015, and the following information was provided by [redacted]:

- The [redacted] home is a HUD home which was gutted and renovated in 2011. All existing plumbing had been removed and the [redacted] installed plastic plumbing.
- Due to high iron levels in the tap water, the [redacted] installed an iron filter downstream of the service line inlet into the home.
- [redacted] indicated that at this time they are not drinking the water or using it for cooking. She stated that her child's blood lead level (BLL) was originally at [redacted] in 2012 and that a more recent test showed it had increased to [redacted], but she noted that

[1] *Note: A third water sample had been collected on April 2, 2015, but the results had not been provided to the [redacted] at the time the interim report was written. The third lead in water sample result was 707 µg/L*

the BLL testing was done well after the child had stopped drinking the water and may have been higher during the time the child was consuming the water.

- Water samples collected by the City of Flint from her home were collected from the kitchen tap after the iron filter was physically removed.
- The Flint Water Department (FWD) informed [redacted] that her service line does not connect to the water main in front of her home as is typically the case for most homes.
- On March 18, 2015, City of Flint personnel went to the [redacted] home to locate the external shut-off valve in conjunction with the planned replacement of the [redacted] service line and were unsuccessful. Eventually it was discovered that the external shut-off valve was located at the corner of [redacted] and Bryant Street, two houses down from the [redacted] home.

As part of EPA's effort to respond to [redacted] concerns regarding her water results, EPA contacted the FWD. The following information was provided to EPA by the FWD:

- [redacted] home is one of the first homes built on the block and the service line runs for approximately 50-60 yards, connecting to the water main on Bryant Street which runs perpendicular to [redacted] (see Appendix A).
- Flint has a large number of lead service lines, so it would not be surprising to find that this is a very long lead line.
- The first sample from the [redacted] home was collected with the iron filter in place, and the second was with the iron filter physically removed. The iron filter was located just after the water meter.
- [redacted] showed FWD a video of her son 10 minutes after taking a bath, and that he had a full body rash in the video.

It was a common practice in the early 1900s to purchase large parcels of land and later subdivide them. Since service lines are typically run from the water main to the nearest location on a property and it is possible that the [redacted] home may have originally been part of a larger parcel of land that encompassed the two homes that now exist adjacent to the [redacted] home and was subsequently divided, leaving the original home connected to the same service connection and water main, while the newer homes were connected to a more recent water main installed along [redacted].

Based on a suspected conflict of interest at the healthcare facility that originally tested her son's BLL, [redacted] took her son to a different healthcare facility to have his blood lead tested again. On April 1, 2015, [redacted] provided EPA with a copy of her child's blood lead testing performed on March 27, 2015, showing a higher BLL ([redacted]) than the original test.

Due to the persistently high lead results, the FWD shut off the water service to the [redacted] home on April 3, 2015. Per agreement between the FWD and [redacted], her home was then connected to her neighbor's home via a garden hose, from one hose bib to another. This was understood to be a temporary measure until the [redacted] service line could be replaced. The [redacted] used this water connection only for bathing, washing dishes and washing clothes.

At the invitation of [redacted], EPA visited the [redacted] home on April 27, 2015, and reviewed the internal plumbing and information provided by [redacted], including water samples and spent filter cartridges. During this visit, EPA observed that the internal pipes, valves and connectors at the [redacted] residence were made of CPVC plastic, approved by NSF for potable drinking water applications, with a few minor metal connectors. A review of the treatment units in the home by EPA found that there was no iron filter in the home as had previously been thought. The only active treatment device in the home was a whole-home sediment filter which utilizes NSF certified Whirlpool WHKF-WHWC cartridge filters for sediment removal and taste/odor. There was also a non-functioning 'Water Resources International Hydro-Quad Commercial Water Processor' which was bypassed (see Appendix A).

At the request of [redacted], Dr. Marc Edwards at Virginia Tech provided sampling instructions to [redacted] for collecting a series of samples from her home. As part of the instructions, on the night of April 27, 2015, the water at the [redacted] residence was turned back on temporarily and the kitchen tap was flushed for 25 minutes at low flow prior to letting the water sit overnight. A series of sequential samples were collected the following morning (April 28, 2015) and sent to Dr. Edwards for analysis.

Dr. Edwards provided [redacted] with the results of the analyses and also shared the results with EPA on May 5, 2015, along with information regarding other chemical parameters tested (see Appendix B). In addition to very high lead levels in all sample results, the analytical data shows a correlation between lead and phosphate as well as lead and aluminum in all samples. On April 24, 2015, EPA had learned that Flint did not have corrosion control treatment in place and also learned that Flint was using ferric chloride as a coagulant. Consequently, as the City of Flint is not utilizing phosphate or alum as treatment chemicals since the source switch, the results indicate that it is likely that the phosphate and aluminum were being released from the scale within the distribution system network. This scale would have formed on the inside of the pipes in Flint during the time when the City was purchasing water from Detroit, as Detroit utilizes orthophosphate for corrosion control and alum as a coagulant in their water filtration process.

Research conducted by EPA on lead content in pipe scales has shown that scales which form on the inside of lead pipes can be released or dislodged into the water and may contain a high percentage of lead (Appendix C). Although the results received from Virginia Tech were indicative of the presence of a lead service line, the FWD indicated that no records existed to confirm whether any portion of the service line connecting to the [redacted] home was made of lead. However, given the high lead levels found, it was presumed that at least a portion of the service line was likely made of lead. In the course of following up on the high lead at the [redacted] home, additional sample results provided to EPA from other residences in Flint also showed high lead levels.

Primarily from a public health standpoint, but also from a research standpoint, it was important to try to find out what the cause of these very high lead levels might be. EPA Region 5, EPA's Office of Research and Development and others have been working

together collaboratively to better understand lead release mechanisms from lead service lines in anticipation of upcoming revisions to the Lead and Copper Rule (LCR) and as part of a collaborative effort in EPA Region 5 to study potential options for optimizing phosphate treatment to control lead in water and the need to reduce phosphorus discharges into the environment. Since the [redacted] service line was scheduled for replacement on May 6, 2015 and the presumption was that at least a portion of the service line was lead, EPA visited the [redacted] home on the day of the service line replacement to gather information and service line pipe samples that could provide additional information as to how lead levels could get as high as they did in this case.

The original service line to the [redacted] home was disconnected and two service line pipe segments from this service line were extracted on May 6, 2015. Additional tap water samples were collected also from two homes on Bryant Street that were connected to the same water main as the [redacted] home (Appendix A). The samples were collected from these homes as they had more typical service line lengths as compared with the [redacted] home. During the same visit, patches of asphalt were also noted along the curb on Browning Avenue, indicating that excavation had occurred. These patches, which were in proximity of the [redacted] service line in the parkway (see Appendix C) may be one of the potential factors contributing to the high lead at the [redacted] home, as it has been shown that physical disturbances to pipes can dislodge the scales within those pipes.

The two service line segments that were extracted were subsequently identified as galvanized iron pipe. Analyses conducted by Virginia Tech on the extracted portions of the pipe indicate that the galvanized iron pipe was fairly typical in terms of composition (see Appendix C). The galvanized iron portion ran from inside the [redacted] home to the external shut-off valve at the corner of [redacted] and Bryant Street. The remainder of the [redacted] original service line from the shut-off valve to the water was made of lead.

Although the service line had been disconnected from the [redacted] home, it was not possible to retrieve a segment of the lead portion of the service line as it was beyond the shut-off valve which had been closed and left in place. Following the disconnection of the original service line, a new service line made of copper was installed from the [redacted] home to the water main in front of the home on [redacted]. Subsequent to the replacement of the service line at the [redacted] home, water samples were also collected from the [redacted] home and sent to the EPA Chicago Regional Laboratory for analysis. In all three homes, the sequential samples were collected using standard protocols used in prior sequential sampling efforts to capture water samples reflecting lead levels from the kitchen tap to the water main. Two additional samples were collected from the water heater drain valve at the [redacted] home to determine if lead deposits had accumulated in the water heater, and a final sample was collected from the bathroom tap. The sequential sampling results indicate that the service line replacement eliminated the high lead levels and that no residual lead had accumulated within the plastic plumbing of the [redacted] residence, which was a potential concern and possibility based on prior research. One of the two samples collected from the [redacted] hot water heater had high lead (32 µg/L), likely from lead particulate that had accumulated in the tank, and the sample collected from the bathroom was 5.5 µg/L.

The sequential samples collected from the two homes on Bryant Street had differing results. At the first home (Site 2), a series of 15 sequential one-liter samples were collected and the results are indicative of a service line that does not contain any portion that is made of lead. Consequently the lead results were low overall for samples representative of the service line. The first sample in the sequential sampling series was the highest, which potentially indicates the presence of leaded brass in the faucet or underlying sink fixtures. Some leaded brasses manufactured prior to the 2011 lead-free law have been shown to release high levels of lead in certain water qualities. Leaded-solder was ruled out as the home plumbing consisted of galvanized iron pipe, and it is presumed that if the galvanized iron pipe were contributing the higher lead, the lead levels would be more consistent in all 15 samples.

At the second home (Site 3), a series of 15 sequential one-liter samples were collected from the kitchen tap and the results indicated that there were no significant sources of lead within the home plumbing but that a portion of the service line is likely made of lead, as indicated by the characteristic peaking of lead levels in the liters capturing water from the service line between the property and the water main, where the portions of many service lines in Flint are made of lead.

All three sets of sequential samples were analyzed for lead, copper, iron, phosphorus and cadmium. In contrast to the samples analyzed by Virginia Tech from the [redacted] home prior to the removal of the original service line, no phosphorus was present in the sequential samples at the [redacted] home following the replacement of the service line. In addition, no phosphorus was detected in the sequential samples from the two homes on Bryant Street. These results indicate that the source of high lead, aluminum and phosphorus in the analyses conducted by Virginia Tech was likely dislodged or disintegrated scale from within the [redacted] original service line.

The sequential sampling results from the [redacted] home before and after service line replacement, as well as the results from the two homes on Bryant Street are included in Appendix B.

Although relative contributions cannot be determined, there are a number of factors that could have contributed to the high lead levels found at the [redacted] home as follows:

1) Corrosiveness of water and lack of mitigating (corrosion control) treatment

The corrosiveness of the water and the absence of mitigative treatment to control lead release are well known factors that can contribute to high lead release.

2) Presence of a lead service line

Lead service lines are the largest source of lead, when present, and can contribute up to 75 percent of the total mass of lead released into the water. The portion of the original service line from the water main to the external shut-off valve at the corner of [redacted] and Bryant Street, estimated to be approximately 25 feet in length, was found to be a lead

pipe. In addition, studies have also shown that the scales within galvanized iron pipe downstream of lead pipe segments can be 'seeded' with lead from the lead portion of the service line. The [redacted] service line was much longer than most typical service lines which would allow accumulation of a greater total mass of scale within the pipe.

3) Physical disturbances

A recent EPA study indicates that physical disturbances in proximity to lead service lines can cause the dislodging of the protective scales from within the service lines. The photograph in Appendix C shows the scale that was dislodged from inside a lead service line during routine maintenance work in another city due to a physical disturbance of the line. The dislodged scale and sediment contained a very high concentration of lead. At the time of the EPA visit to the [redacted] home, there were two patches of new asphalt visible on [redacted] along the parkway where the [redacted] original service line was located, indicating recent excavation and possible recent physical disturbances to the [redacted] service line (Appendix C). These potential disturbances were along the galvanized iron section of the service line and as noted above, research has shown that the presence of lead pipe upstream can 'seed' the galvanized iron pipe downstream with lead, which results in an accumulation of lead-bearing scales within the galvanized pipe downstream of the lead portion of the service line. It is reasonable to assume that these physical disturbances to the galvanized iron portion of the service line could therefore result in the same dislodging of scale and sediment as studies have shown can happen with lead service lines.

The street disturbances on [redacted] occurred after the [redacted] moved into the home along the portion of the service line made of galvanized iron pipe. There were no visible signs of disturbance on Bryant Street where the lead portion of the [redacted] service line was situated (see Appendix C). It is likely, given the extremely high lead levels found and the co-occurrence of aluminum, phosphorus and lead, that the long segment of galvanized iron pipe was seeded with lead over the entire length of the pipe and the physical disturbances and other factors such as the water chemistry resulted in the release of large amounts of the high-lead bearing scale and sediment into the water. Virginia Tech also found nearly perfect correlations between the lead in water and markers for galvanized pipe scales including zinc.

Recommendations

As indicated by the results from the [redacted] home and previous EPA work, the presence of lead pipes over many years has likely resulted in the accumulation of lead in the scales within non-lead pipes downstream of the lead pipe and physical disturbances to the leaded or non-leaded portions of the service lines have the potential to release large amounts of scale and sediment that could pose an immediate and acute health hazard to the residents. Consequently, even with corrosion control treatment in place in the future, physical disturbances will be capable of dislodging the high lead-bearing scale and sediment from non-lead pipes as well as lead pipes, as was the case in the earlier EPA study.

Obtaining information on the lead reservoirs in the scales within the lead and non-leaded portions of intact service lines is essential for determining the potential risk to residents

from lead-bearing scale released as lead lines are replaced as well as the risk that may remain following removal of the lead lines, where the non-leaded portions of service lines are left in place.

As the [redacted] service line was very long compared to the length of most typical service lines, it is important to assess the potential risk posed by the scale reservoirs in more typical lengths of service lines by extracting both the leaded and non-leaded portions of service lines which have not been physically disturbed. The service lines chosen for extraction and analysis should be representative of the materials commonly used downstream of the lead pipe (e.g., galvanized iron, copper, plastic). Extraction/handling procedures should be developed by EPA to ensure that damage to the scales from the excavation, extraction and delivery of the service line segments is minimized. Sequential sampling should also be conducted on a representative group of homes with common plumbing materials (e.g., galvanized iron, copper, plastic) to determine the extent to which the lead from the service line has seeded the interior plumbing in homes.

It is also critically important to develop and incorporate ongoing training and public education on the potential for high lead release from the scales as a result of any future physical disturbances to service lines and mitigative actions that residents can take to lower their exposure risk. The training and educational material should be assessed for clarity, meaningfulness, and accessibility by a group of residents and health experts to ensure the effectiveness of the communications.

At a minimum, immediate training and public education on the potential risks posed by physical disturbances to service lines should be developed by communications experts and provided to residents, community groups, elected officials, health departments, pediatricians and gynecologists, water and non-water utilities (gas, electric, cable, etc.), plumbing organizations and contractors. Residents should be notified of scheduled work by water and non-water utilities and informed of the potential risk of increased lead levels due to these disturbances.

Appendix A – Background Information

National Primary Drinking Water Regulations (NPDWR) Violations – City of Flint

Following the switch to the Flint River, the City of Flint experienced a series of NPDWR violations as follows:
Acute Coliform MCL violation in August 2014
Monthly Coliform MCL violation in August 2014
Monthly Coliform MCL violation in September 2014
Average TTHM MCL violation in December 2014
Average TTHM MCL violation in March 2015
Average TTHM MCL violation in June 2015

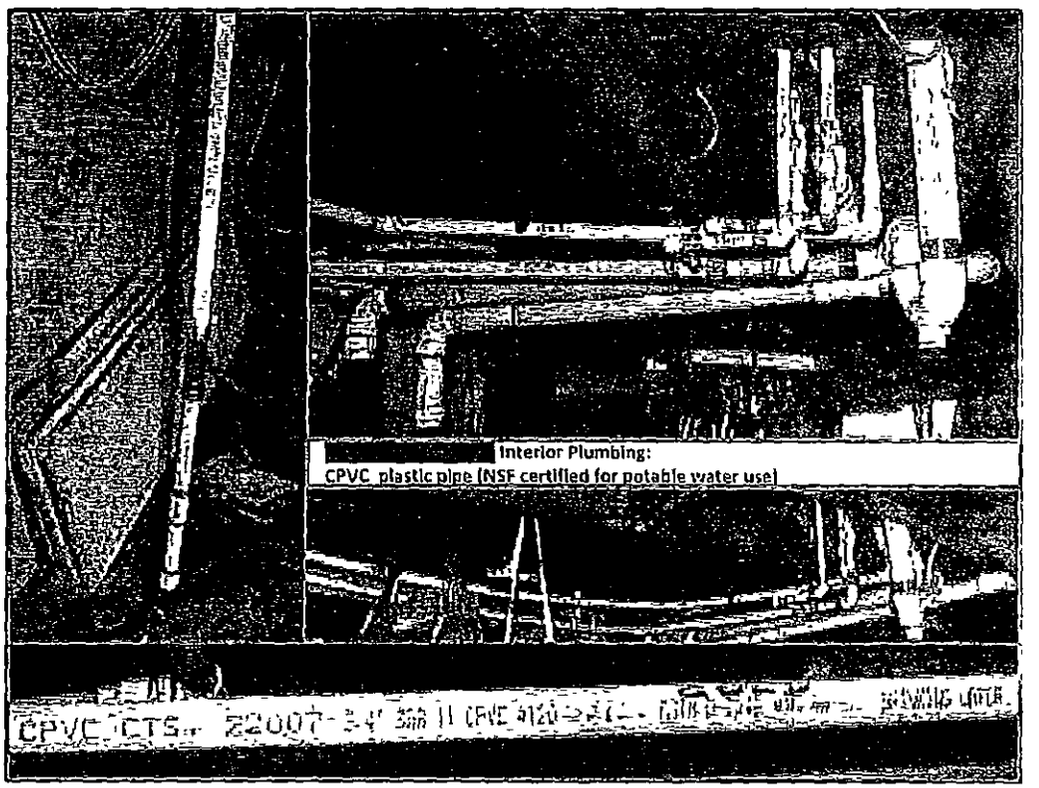
Sampling Sites

The map below shows the three homes that were sampled as provides information on the length of the service lines and the plumbing material. Two portions of the original service line were extracted and analyzed and a third portion was collected from the entry point into the home, but not analyzed.

[map redacted because it shows Personally Identifiable Information]

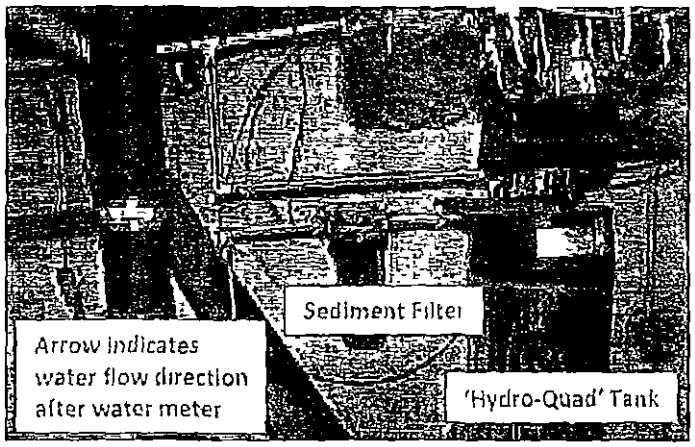
Internal Plumbing – [redacted]

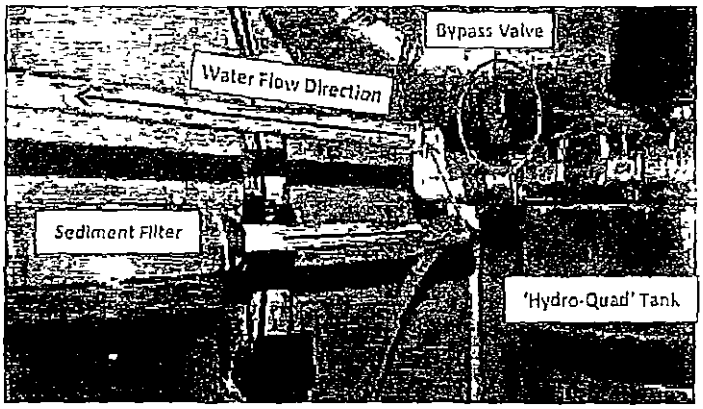
The following pictures were taken at the [redacted] home located at [redacted]. With the exception of a a few minor metallic connectors, all potable water plumbing in the home was found to be CPVC plastic pipe which is NSF-certified for drinking water use.

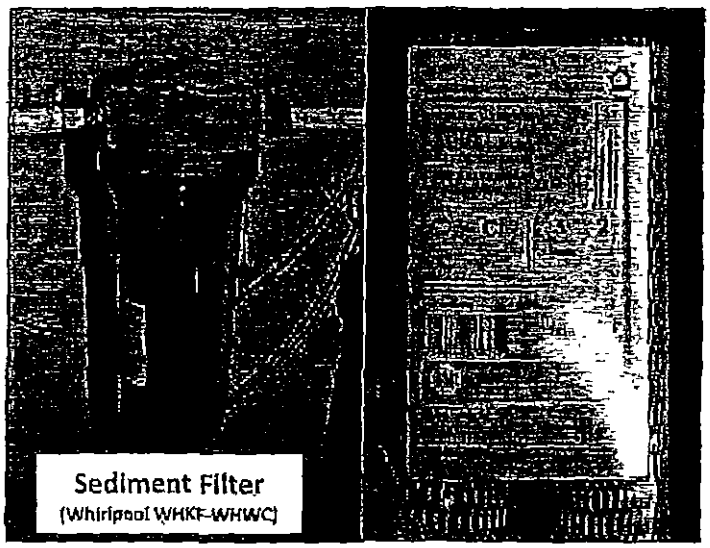


Treatment Units – [redacted]

The [redacted] home has a whole-home sediment filter, as well a non-functioning 'Hydro-Quad Commercial Water Processor' which is bypassed. There was no iron filter in the home as had been previously reported.







Appendix B – Analytical Results

Lead in water sampling results from the [redacted] residence ([redacted])

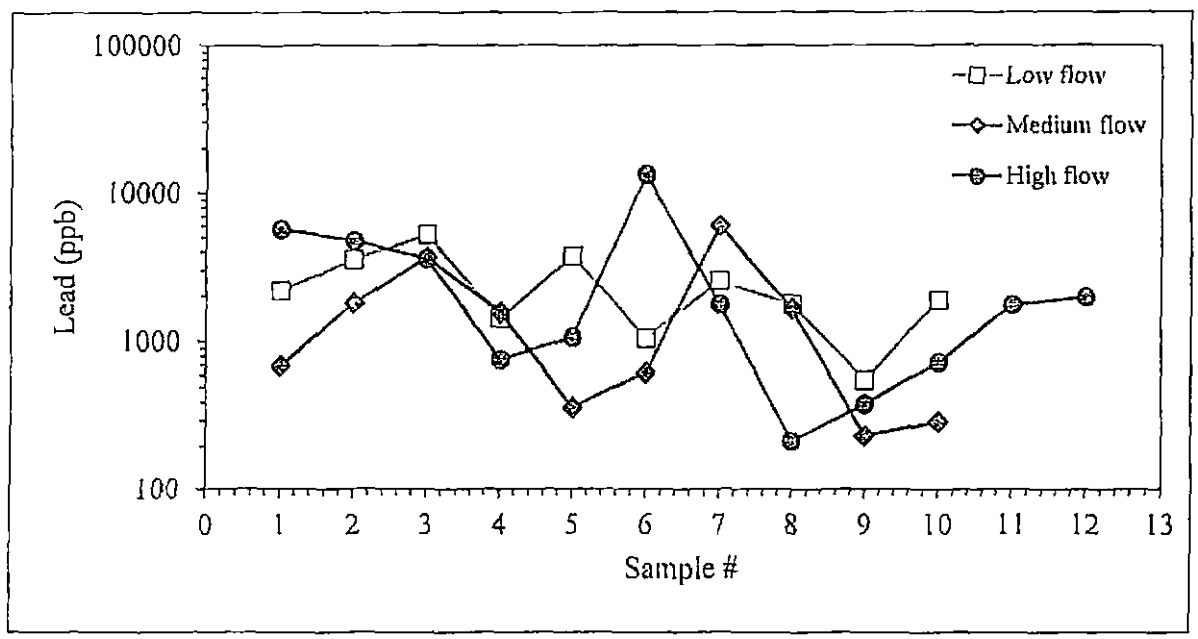
City of Flint Samples

The City of Flint collected water samples from the [redacted] residence and analyzed them for lead. The results for each date are listed below.
February 18, 2015: 104 µg/L
March 3, 2015: 397 µg/L
April 2, 2015: 707 µg/L*

*This sample result had not been provided to the [redacted] at the time the interim report was written.

Virginia Tech Sampling Results (provided courtesy of Virginia Tech)

Samples were collected from the [redacted] home following an extended stagnation period (April 3, 2015 to April 27, 2014) after the water at the [redacted] residence had been shut off. The water was turned back on and three sets of sequential samples were collected on April 28, 2015, at different flow rates (low, medium and high).



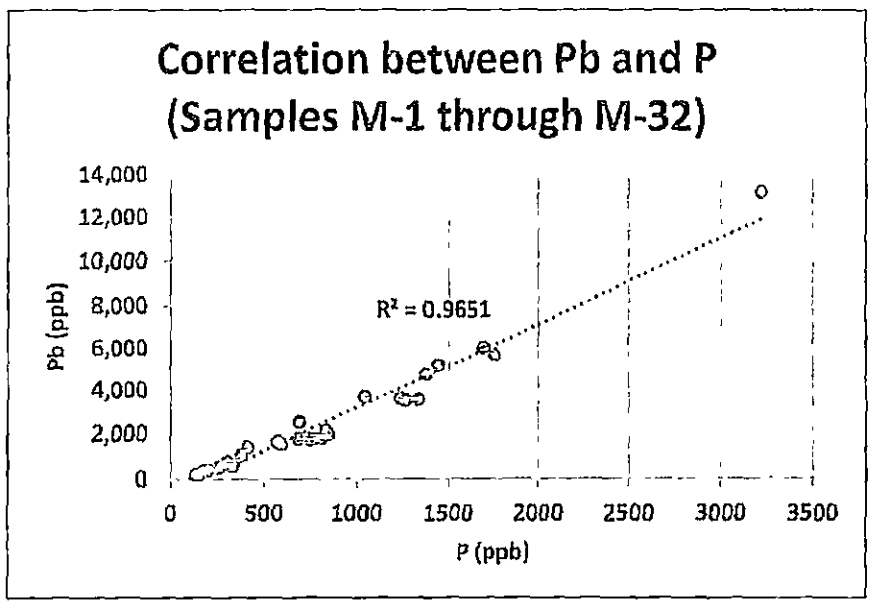
	Low Flow									
	1 L Sample Bottle							125 mL Sample Bottle		
Element (units)	M-1	M-2	M-3	M-4	M-5	M-6	M-7	M-21	M-22	M-23
Ag (ppb)	0	0	0	0	0	0	0	0	0	0
Al (ppb)	2,285	4,199	7,683	1,856	5,623	1,422	3,413	1,865	666	2,015
As (ppb)	3.3	3.9	4	2	3 2	2	2.6	3.6	1.9	3.1
Ba (ppb)	31 3	39 8	27 7	21 2	24.2	20.9	22.8	31.3	21.3	32.6
Ca (ppb)	43,150	43,620	43,580	42,590	43,030	42,030	42,440	40,790	41,050	41,460
Cd (ppb)	2.5	4.2	5 7	1 9	3.9	2	2.5	2 2	1 4	2.4
Cl (ppm)	1,206	1,148	1,272	1,178	1,187	1,214	1,218	1,641	1,076	1,044
Co (ppb)	1.1	1 7	0 9	0.4	0.7	0.4	0.5	0.9	0.3	1
Cr (ppb)	2 1	2.5	2.6	1.3	1.9	1.6	1 5	1 8	1 3	1.7
Cu (ppb)	235	355	294	94	146	101	112	180	82	178
Fe (ppb)	3,598	4,928	3,419	1,446	3,029	2,142	1,780	3,096	1,344	3,241
K (ppb)	3,480	3,508	3,445	3,435	3,430	3,391	3,409	3,256	3,319	3,341
Mg (ppb)	10,310	11,910	17,990	11,290	15,470	10,610	12,720	8,861	9,396	9,098
Mn (ppb)	1,734	2,790	1,093	462	703	429	652	1,382	442	1,509
Mo (ppb)	2.3	2.3	1 9	1.9	1.9	1 8	1.8	1 7	1 7	1.8
Na (ppb)	17,790	17,860	17,810	17,620	17,650	17,410	17,610	16,960	17,100	17,280
Ni (ppb)	9 8	16	30 7	8.1	23.2	6.2	15.3	6 6	3.7	6.8
P (ppb)	835	1,267	1,441	416	1,040	379	691	773	261	819
Pb (ppb)	2,171	3,550	5,224	1,412	3,735	1,038	2,542	1,759	552	1,857
S (ppm)	28.5	28 7	28.5	28.4	28.5	28	28	26	27	27.1
Se (ppb)	0.2	0	-0 1	0.1	0.2	0	0.3	0	0	0.2
Si (ppb)	3,212	5,281	12,320	4,474	9,401	3,770	6,231	2,619	2,582	2,775
Sn (ppb)	4.6	4 9	6.1	2 2	4.5	2.3	3	2.3	1.5	2.3
Sr (ppb)	129.4	132.3	128.5	125	127.7	125.3	126.1	126.3	125.5	128
Tl (ppb)	3.4	5.8	8.3	2.1	5.8	1.9	3 1	3	1.4	3.1
U (ppb)	1	1 6	2.6	0.8	1.9	0.7	1 2	0.9	0 4	0.9
V (ppb)	13 9	17.5	23.9	9.8	17.6	8.9	13 8	12.2	6	10.8
Zn (ppb)	1,055	1,848	2,731	777	1,890	839	979	746	513	808

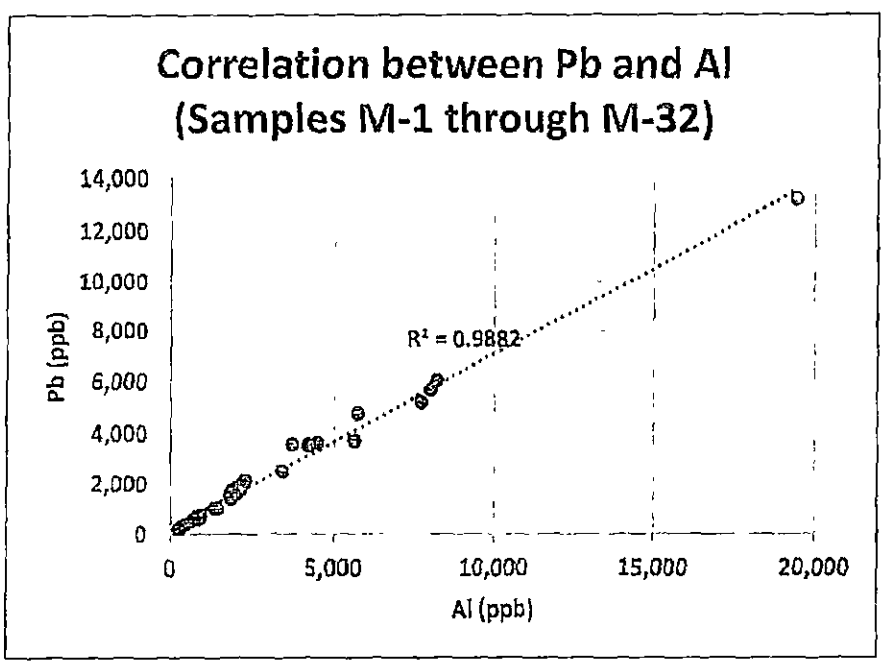
	Medium Flow									
	1 L Sample Bottle							125 mL Sample Bottle		
Element (units)	M-8	M-9	M-10	M-11	M-12	M-13	M-14	M-24	M-25	M-26
Ag (ppb)	0	0	0	0	0	0	0	0	0	0
Al (ppb)	891	2,142	4,493	1,810	431	877	8,159	2,005	286	347
As (ppb)	2.2	2.9	3.9	2 5	2	2.3	4.6	2.7	1.8	2
Ba (ppb)	22	29.1	36.3	28	18.9	22.6	37.1	26.2	18.9	19.4
Ca (ppb)	41,520	41,580	42,080	41,490	41,020	40,850	42,010	40,940	41,110	40,550
Cd (ppb)	1.5	2.4	4	2.1	1	1.5	4 9	2.9	0.9	1
Cl (ppm)	1,329	1,211	1,252	1,225	1,507	1,321	1,324	1,179	1,258	1,318
Co (ppb)	0.4	0.8	1.3	0 7	0.2	0.4	1 4	0.7	0.2	0.2
Cr (ppb)	1.1	1.5	2.2	1.4	1.2	1.1	3.5	2.1	1.1	1 1
Cu (ppb)	104	151	257	144	65	119	267	166	52	59
Fe (ppb)	1,510	2,476	4,254	2,258	912	1,471	4,563	3,450	711	820
K (ppb)	3,363	3,391	3,370	3,352	3,344	3,311	3,360	3,308	3,356	3,311
Mg (ppb)	9,769	9,960	12,360	9,703	9,331	9,513	16,430	10,820	9,237	9,166
Mn (ppb)	498	1,185	1,878	1,052	231	536	1,947	967	167	220
Mo (ppb)	1.8	1.8	1.8	1 9	1.8	1.8	2.2	2	1.7	1.7
Na (ppb)	17,240	17,370	17,370	17,310	17,190	17,010	17,320	17,020	17,140	16,950
Ni (ppb)	4.1	7.7	16.2	6.8	2.7	3.8	33	7.7	2.1	2.4
P (ppb)	321	690	1,233	595	178	332	1,697	573	144	163
Pb (ppb)	688	1,791	3,655	1,549	366	616	6,048	1,631	237	292
S (ppm)	27.6	27.5	27.3	27.3	27.1	26.9	27	26.4	27	26.6
Se (ppb)	0	0	0.2	0.1	0.1	0.2	0.2	0.3	0.1	0
Si (ppb)	2,892	3,591	6,180	3,307	2,445	2,756	11,280	4,184	2,274	2,303
Sn (ppb)	2.2	2.6	4.4	2.5	1 4	1.8	4.9	3	1	1.1
Sr (ppb)	124	128	128	126	124	124	128	126	125	124
Ti (ppb)	1.6	2.9	5.5	2.5	1	1.2	7.7	2.7	0.4	0.6
U (ppb)	0.5	0.9	1.7	0.9	0.4	0.5	2.7	0.9	0.3	0.3
V (ppb)	8 4	11.9	17.5	10.4	8.2	8 4	25.1	9 7	6	7.4
Zn (ppb)	657	933	1,669	836	366	592	1,934	1,304	305	337

	High Flow											
	1 L Sample Bottle						125 mL Sample Bottle					
Element (units)	M-15	M-16	M-17	M-18	M-19	M-20	M-27	M-28	M-29	M-30	M-31	M-32
Ag (ppb)	0	0	0	0	0	0	0	0	0	0	0	0
Al (ppb)	7,984	5,713	3,714.	912	1,354	19,440	1,893	248	455	822	1,859	2,176
As (ppb)	5	4.1	4.3	1.9	2.1	7.4	2.9	2	2.2	2.3	3.2	3.4
Ba (ppb)	40	37	45	21	22	41	32	19	20	22	31	34
Ca (ppb)	42,200	41,870	41,760	41,120	41,110	43,860	41,410	40,730	40,990	40,550	41,000	41,050
Cd (ppb)	S 6	4.1	3 7	1 4	1.9	9.3	2 2	0.9	1 2	1.6	2.1	2.5
Cl (ppm)	1,347	1,261	1,088	1,150	1,138	1,285	891	1,261	1,309	1,215	1,121	1,226
Co (ppb)	1 6	1 4	1 7	0.4	0 4	1.9	0.9	0.2	0 3	0 4	0.9	1
Cr (ppb)	2.8	2 4	2.6	1 3	1.3	4.8	1.7	1.1	1.5	1 5	1.6	1.8
Cu (ppb)	S41	24	276	89	105	351	165	52	70	96	167	192
Fe (ppb)	4,926	4,288	5,323	1,509	1,705	6,491	3,074	667	1,215	1,591	3,026	3,349
K (ppb)	3,363	3,350	3,343	3,327	3,305	3,410	3,361	3,320	3,348	3,287	3,333	3,331
Mg (ppb)	15,910	13,430	9,758	9,633	10,240	29,890	9,110	9,158	9,305	9,462	9,051	9,157
Mn (ppb)	2,067	2,058	2,818	498	503	1,975	1,401	149	301	534	1,369	1,638
Mo (ppb)	2	2	2	1.9	1 9	2.2	1 8	1 8	1.8	1 8	1.8	1.8
Na (ppb)	17,340	17,310	17,280	17,110	16,980	17,540	17,370	17,040	17,210	16,840	17,250	17,230
Ni (ppb)	30 6	21.7	11.8	4.6	5.8	80	7.5	3	2.8	3 9	6.3	7.2
P (ppb)	1,758	1,378	1,336	308	378	3,224	771	134	199	299	756	847
Pb (ppb)	5,702	4,781	3,585	755	1,055	13,200	1,752	217	384	715	1,742	1,962
S (ppm)	27.2	26 9	26.8	26.7	26.6	27.1	27	26 6	26.9	26.2	26 8	26.4
Se (ppb)	0.2	0 2	0.2	0	0	0.1	0	0.2	0.1	0.2	0 1	0.1
Si (ppb)	10,530	7,660	3,636	2,830	3,573	26,740	2,680	2,258	2,422	2,687	2,661	2,826
Sn (ppb)	5.6	4.2	3.8	1.8	2	8.9	2.2	1	1.3	1.6	2 2	2.5
Sr (ppb)	129	128	129	125	125	131	128	125	125	125	127	127
Ti (ppb)	8 2	6.1	6.2	1.1	2.2	16.9	3.7	0.5	0.8	1.3	3	3 1
U (ppb)	2.7	2	1.6	0.5	0.6	5.6	0.9	0.3	0.4	0 5	0.9	1
V (ppb)	24 3	19.8	16.3	6.8	8.3	S1.3	10.2	6.5	7.8	8	10.9	11.7
Zn (ppb)	2,520	1,622	1,305	593	796	3,652	752	293	395	603	739	856

Correlation between lead, phosphorus and aluminum

The correlation of lead and phosphate, as well as lead and aluminum, indicate that the samples were captured scale and sediment that had formed inside the pipes while the City of Flint was purchasing water from Detroit. The absence of these chemicals in the current treatment provided by Flint indicate that these elements were not in the water passing through the pipes, but came from the scales inside the service line which had disintegrated into the water or were dislodged into the water.

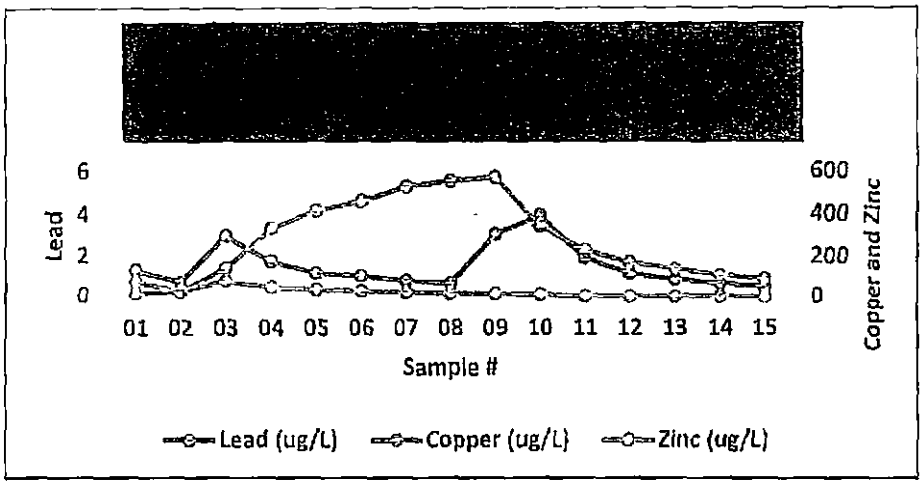




U.S. EPA Region 5 sampling

[redacted] residence (following replacement of service line)

Following the replacement of the [redacted] original service line, a series of 15 sequential samples were collected from the kitchen tap to measure the lead levels and other parameters to ensure that the high lead from the original service line had not contaminated the interior plumbing at the [redacted] home. With the exception of two areas, lead levels were low throughout the [redacted] plumbing following the service line replacement. The two sources of lead that were still detected in the plumbing are likely the water meter (Sample 3) and the new external service shut-off valve (Samples 9-11). Although new brass plumbing components must be lead-free, there can still be some lead that is released from these components.



[redacted]. ([redacted] home)

After Service Line Replacement

Sample #	Site Description	Copper (ug/L)	Lead (ug/L)	Zinc (ug/L)	Cadmium (mg/L)	Iron (mg/L)	Phosphorus (mg/L)
01	Kitchen	13.1	1.3	70.9	U	0.171	U
02	Kitchen	20.1	0.687	23.2	U	0.117	U
03	Kitchen	141	3.01	76.8	U	0.144	U
04	Kitchen	336	1.76	45.4	U	0.151	U
05	Kitchen	419	1.17	32.2	U	0.149	U
06	Kitchen	463	1.03	24.8	U	0.149	U
07	Kitchen	529	0.8	19.6	U	0.146	U
08	Kitchen	554	0.666	14.9	U	0.147	U
09	Kitchen	571	3.07	11.6	U	0.195	U
10	Kitchen	345	3.93	10.3	U	0.282	U
11	Kitchen	233	1.94	0	U	0.283	U

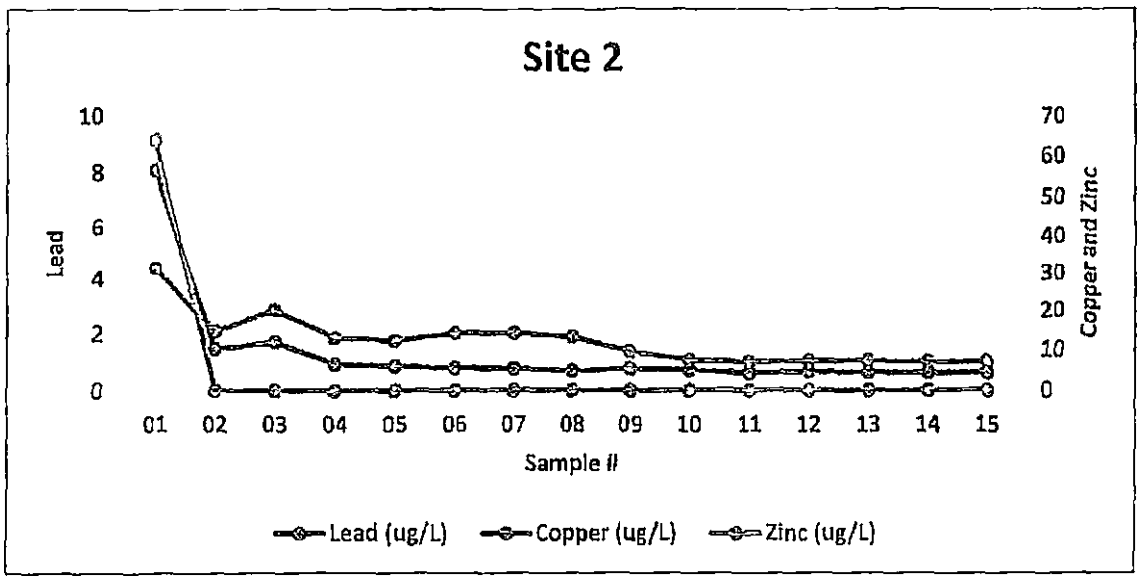
[redacted]. ([redacted] home)

After Service Line Replacement

Sample #	Site Description	Copper (ug/L)	Lead (ug/L)	Zinc (ug/L)	Cadmium (mg/L)	Iron (mg/L)	Phosphorus (mg/L)
12	Kitchen	171	1.17	0	U	0.290	U
13	Kitchen	139	0.864	0	U	0.292	U
14	Kitchen	110	0.67	0	U	0.294	U
15	Kitchen	91.5	0.505	0	U	0.297	U
16	Bathroom	29.7	5.52	71.3	U	0.259	U
17	Water Heater	70.4	31.7	883	U	0.540	0.0877
18	Water Heater	35	9.74	346	U	0.0870	U

Site #2 (Bryant Street)

Based on the results found at this home, it does not appear that any portion of the service line is made of lead, and as a result, the lead levels are low in most samples. The exception is in Sample 1 which reflects water within approximately 15 feet of the kitchen tap and is likely due to brass components in the faucet, underlying valves and fixtures.



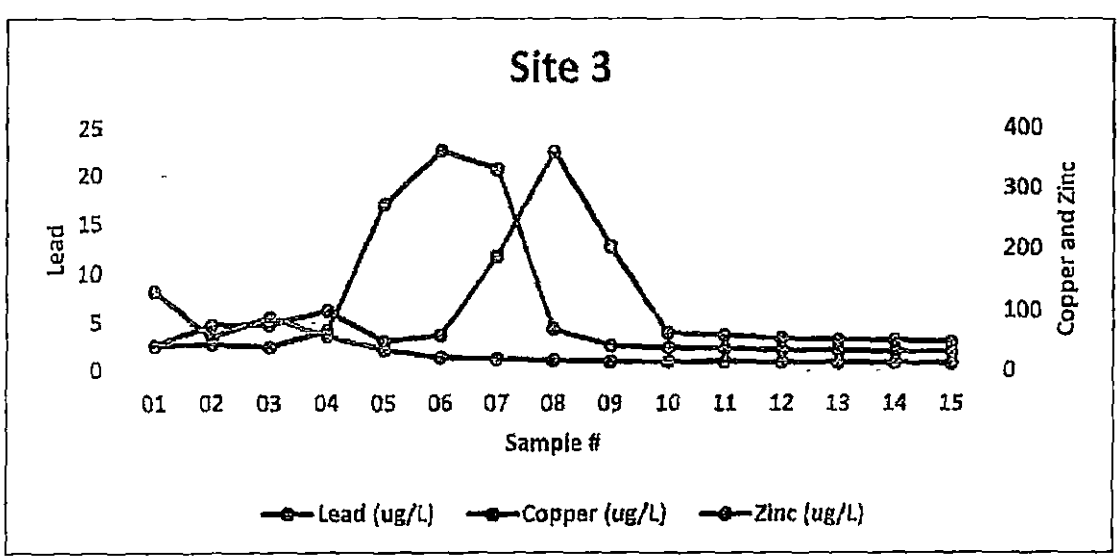
Site 2

(Note: U for Zinc replaced with 0 to show on graph)

Sample #	Copper (ug/L)	Lead (ug/L)	Zinc (ug/L)	Cadmium (mg/L)	Iron (mg/L)	Phosphorus (mg/L)
01	31.1	8.11	64	U	0.0307	U
02	14.7	1.46	U	U	0.0302	U
03	20	1.72	U	U	0.0302	U
04	13	0.933	U	U	0.0301	U
05	12.3	0.862	U	U	0.0311	U
06	14.2	0.795	U	U	0.0298	U
07	14.2	0.769	U	U	0.0311	U
08	13.3	0.691	U	U	0.0317	U
09	9.6	0.774	U	U	0.0319	U
10	7.57	0.715	U	U	0.0313	U
11	7.04	0.611	U	U	0.0301	U
12	7.3	0.655	U	U	0.0336	U
13	7.37	0.644	U	U	0.0308	U
14	7.09	0.631	U	U	0.0313	U
15	7.05	0.621	U	U	0.0300	U

Site #3 (Bryant Street)

Based on the results found at this home, it appears that the portion of the service line from the external service shut-off valve to the water main is made of lead as indicated by the increase in lead levels in samples 7 through 9.



Site 3

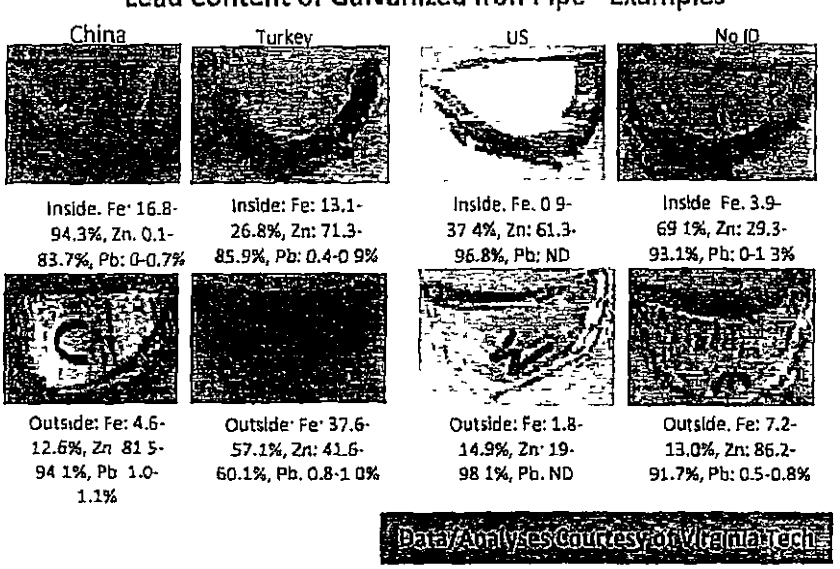
Sample #	Copper (ug/L)	Lead (ug/L)	Zinc (ug/L)	Cadmium (mg/L)	Iron (mg/L)	Phosphorus (mg/L)
01	40.7	2.63	132	U	0.0622	U
02	44 4	4.77	55.3	U	0.249	U
03	39.3	4.79	88.8	U	0.179	U
04	66.8	6.26	57.2	U	0.346	U
05	272	3.07	34.2	U	0.105	U
06	362	3.7	21.4	U	0.0598	U
07	331	11.7	19.5	U	0.0512	U
08	69.9	22.5	16.6	U	0.0399	U
09	42.5	12.7	15.1	U	0.0480	U
10	38.4	3.94	14.4	U	0.0489	U
11	37.5	3.72	14.5	U	0.0492	U
12	34.8	3.39	13.6	U	0.0481	U
13	33.1	3.23	13.1	U	0.0484	U
14	32.8	3.2	13	U	0.0480	U
15	31.4	3	12.3	U	0.0490	U

Analysis of [redacted] original service line pipe (galvanized iron portions)

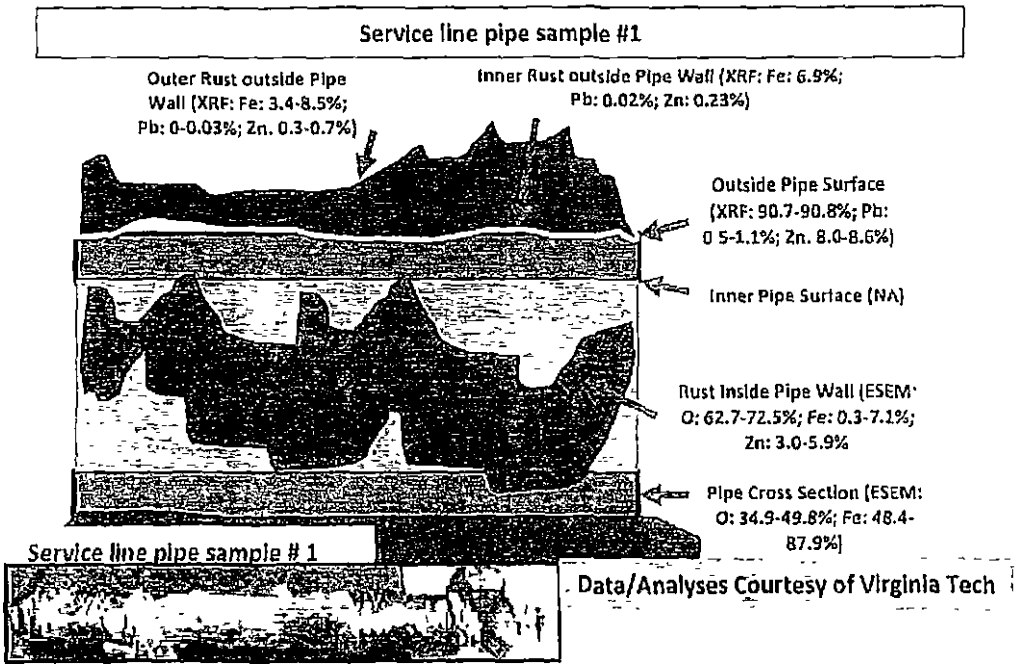
Lead can also be found in galvanized pipe coatings as a contaminant in the zinc that is used to coat the surface of iron pipe in the galvanizing process. As such, two sections of the [redacted] original service line were analyzed for lead content.

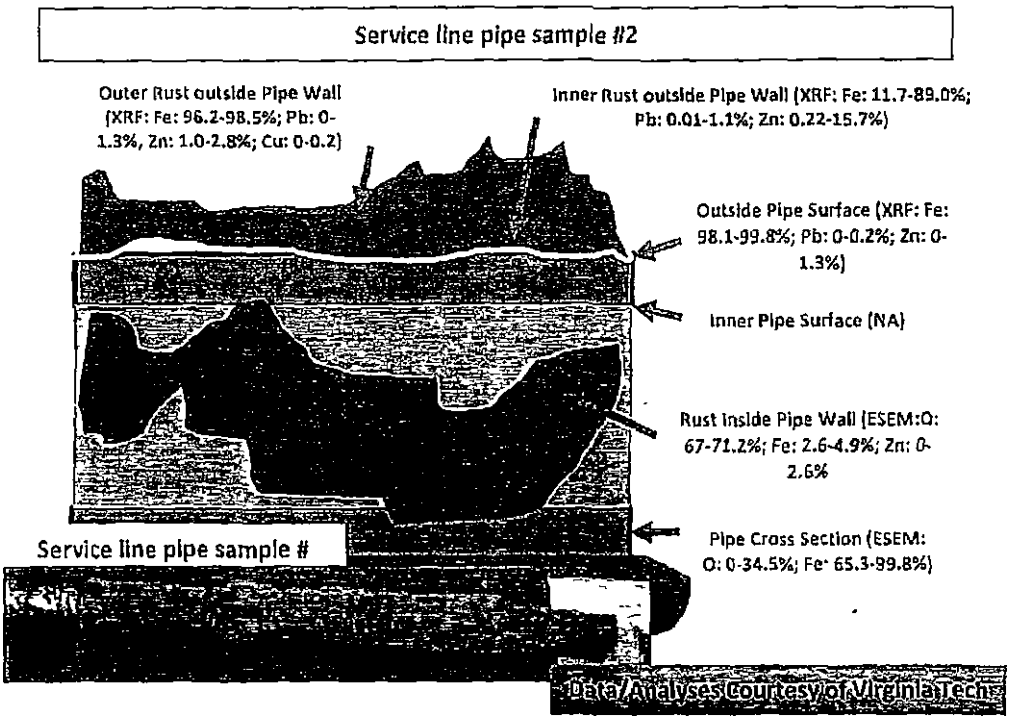
The images and data presented below are for a typical range of galvanized iron pipe.

Lead Content of Galvanized Iron Pipe - Examples



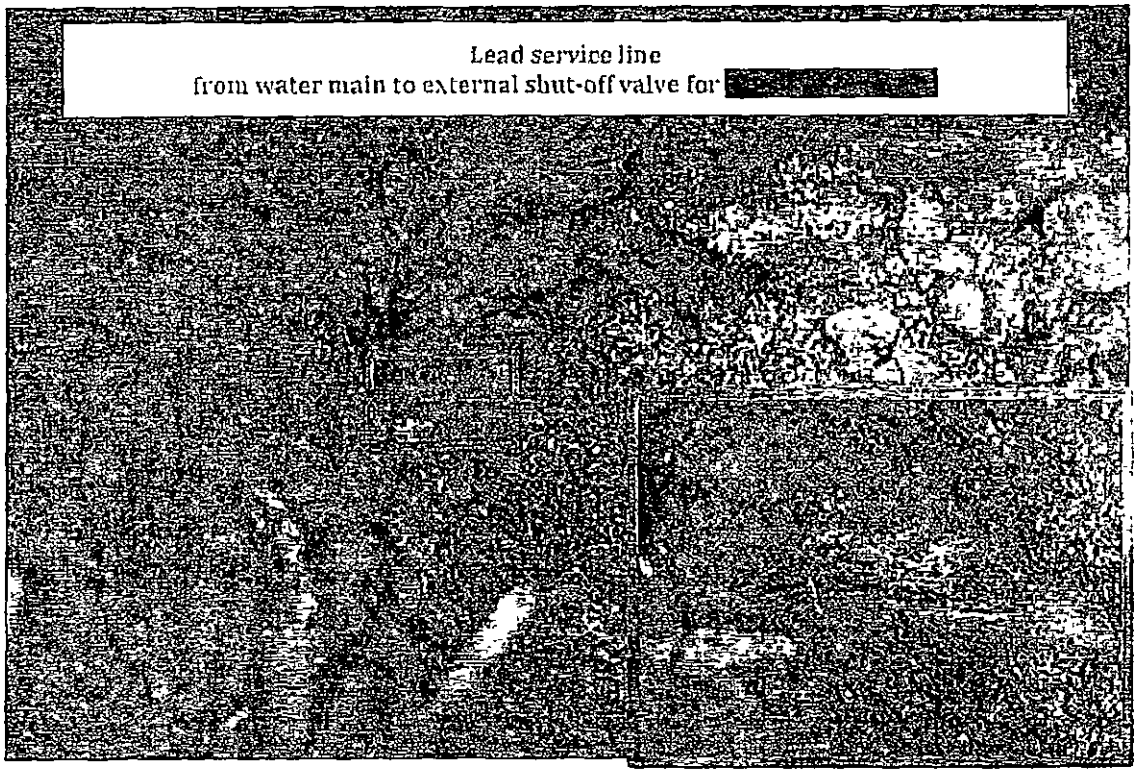
Below are the results of the galvanized pipe analyses conducted by Virginia Tech on the two sections of galvanized iron pipe from the [redacted] original service line. The analyses indicate that the [redacted] original service line was a typical galvanized iron pipe.





Lead portion of the [redacted] original service line

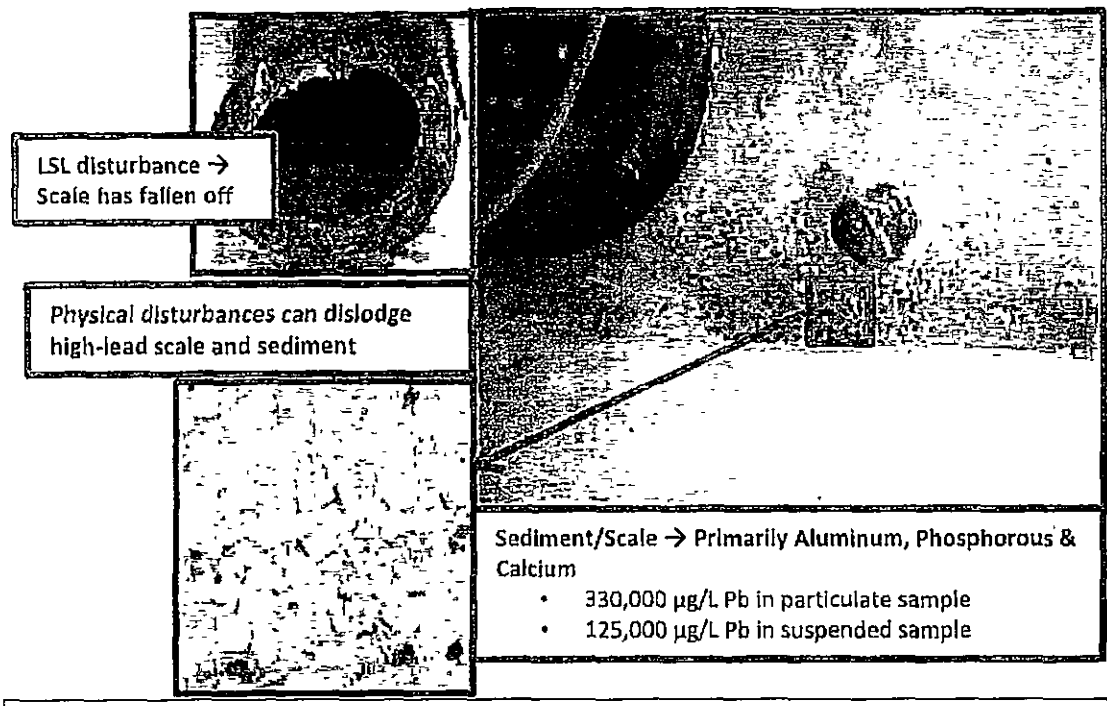
Lead service lines can contribute up to 75 percent of the total mass release into the water. The portion of the [redacted] original service line from the water main to the external shut-off valve at the corner of [redacted] and Bryant Street is made of lead and is estimated to be approximately 25 feet in length.



Appendix C – Additional Information

Physical disturbance of lead service lines

A recent EPA study indicates that physical disturbances to lead service lines or in proximity to lead service lines can cause the dislodging of the protective scales from within the lines. The photograph below shows the scale that was dislodged from inside a lead service line during routine maintenance work in another city due to a physical disturbance of the line. The dislodged scale and sediment contained a very high concentration of lead.



Lead service line disturbances were found to be a common factor for the majority of sites with high lead levels. It is also possible that low water usage may play a role in sites with the highest lead levels.

Lead service line scale analyses conducted by EPA's Office of Research and Development or obtained from peer-reviewed published literature from cities across the U.S. and in Canada (summarized below) show that scales within lead service lines can contain very high concentrations of lead. The yellow highlighted column in the table below shows the percentage of lead that has been found within different scales inside of lead service lines.

Lead & Element Percentages in Important Corrosion Byproduct Solids

Mineral Name	Formula	% Pb	%C	%O	%S	% P	%Cl
litharge, massicot	PbO	97.80	0.00	7.20	0.00	0.00	
plattnerite, scrutinyite	PbO_2	86.60	0.00	13.40	0.00	0.00	
Cerussite	$PbCO_3$	77.50	4.50	18.00	0.00	0.00	
Hydrocerussite	$Pb_3(CO_3)_2(OH)_2$	80.10	3.10	16.50	0.00	0.00	0.00
Plumbonacrite	$Pb_{10}(CO_3)_6(OH)_6O$	81.30	2.80	15.70	0.00	0.00	0.00
Anglesite	$PbSO_4$	68.30	0.00	21.10	10.60	0.00	0.00

Lead & Element Percentages in Important Corrosion Byproduct Solids							
Mineral Name	Formula	%Pb	%C	%O	%S	%P	%Cl
Leadhillite, Susannite, MacPhersonite	$Pb_4(SO_4)(CO_3)_2(OH)_2$	76.80	2.20	17.80	3.00	0.00	0.00
Hydroxypyromorphite	$Pb_5(PO_4)_3OH$	77.43	0.00	15.55	0.00	6.95	0.00
Chloropyromorphite	$Pb_5(PO_4)_3Cl$	76.38	0.00	14.15	0.00	6.85	2.61
Tertiary Lead Orthophosphate	$Pb_3(PO_4)_2$	76.60	0.00	15.80	0.00	7.60	0.00
Lead(II) orthophosphate	$Pb_9(PO_4)_6$	76.60	0.00	15.80	0.00	7.60	0.00

While visiting the [redacted] home, two fresh patches of asphalt were seen along the parkway where the [redacted] original service line was located. The jarring and vibration associated with excavation can dislodge the high lead-bearing scales from within the service line pipes.

Recent patch (#1) of asphalt along curb next to the parkway where the [redacted] service line runs.

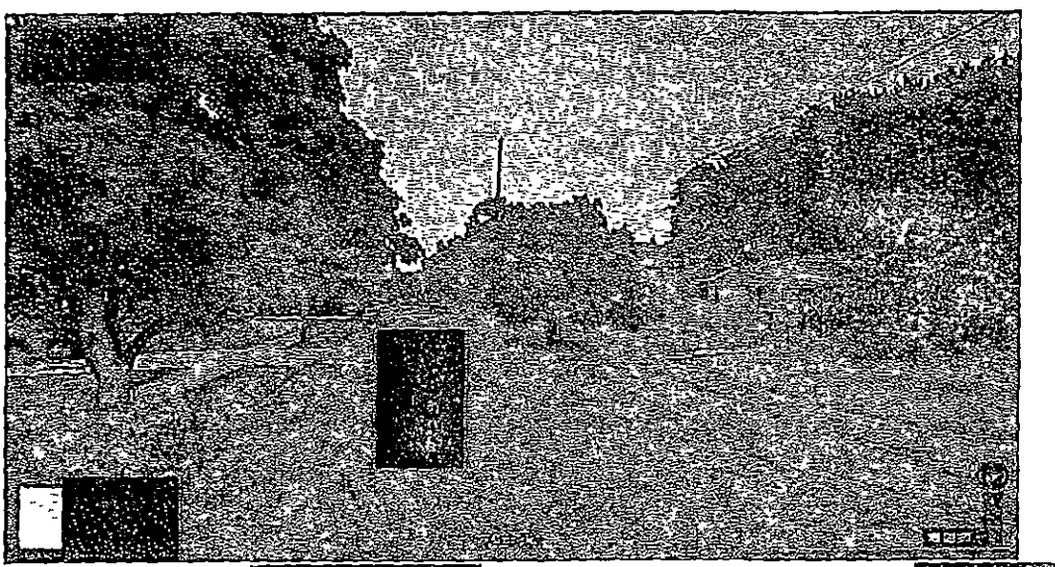
Photograph taken by U.S. EPA on April 27, 2015

Recent patch (#2) of asphalt along curb next to the parkway where the [redacted] service line runs.

Photograph taken by U.S. EPA on April 27, 2015

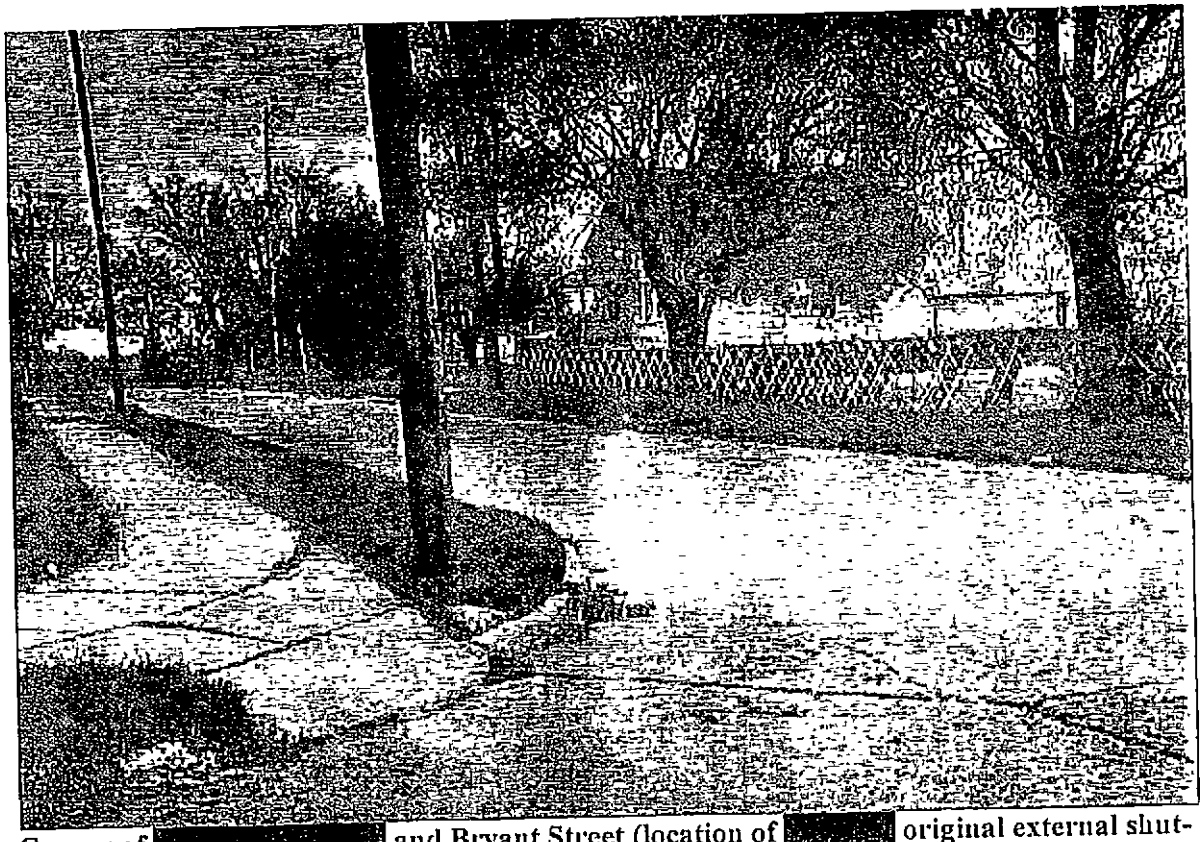
July 2011 image [redacted] (view from [redacted] toward Bryant Street).

Google 'Street View' Image 1 captured in July 2011 shows no patches in street along curb next to the parkway where the [redacted] service line runs toward Bryant Street, indicating that the physical disturbances occurred after the date this image was captured (July 2011).



July 2011 image of [redacted] (view from Bryant Street toward [redacted]).

Google 'Street View' Image 2 captured in July 2011 shows no patches in street along curb next to the parkway where the [redacted] service line runs toward Bryant Street, indicating that the physical disturbances occurred after the date this image was captured (July 2011).



Corner of [redacted] and Bryant Street (location of [redacted] original external shut-off valve).

Photograph taken by EPA on April 27, 2015 shows no visible signs of physical disturbances in the vicinity of the lead portion of the [redacted] service line from the external shut-off valve to the water main on Bryant Street.

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Thursday, October 01, 2015 8:12 AM
To: Schafer, Suzanne K. (Treasury) (SchaferS7@michigan.gov)
Subject: Meeting this morning
Attachments: Meeting with Suzanne October 1.docx

Suzanne:

Please note the Flint section, there are some new developments that we should discuss.

Thanks,
Randy

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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Weekly Critical Issues —October 1, 2015

- **Allen Park**— City Council has appointed Mark Kibby as City Administrator. We have several names for serving on the RTAB that are getting vetted by the Governor's Office. A discussion list will be prepared as to where each could serve. The tender offer has been extended, at this time, approximately 30% of bondholders have agreed.
- **Benton Harbor**-The lawsuit with the former Public Safety Director and two former employees is a major issue for the City. Darwin has indicated that it will cost the City $1.7M to settle these three cases. They are only partially insured. I have advised Darwin to seek the City Commission's approval for the Finance Director's Search. The cost is $10,000 for the MML Proposal. If approved, it won't begin until late October. The Assistant City Manager position will be reduced to part-time due to commuting distance. A job posting for this position has been advertised.
- **Ecorse** –they received and filed the Memo from Treasury. The City indicated that if they were to agree to have River Rouge provide fire protection or if they were to go to a paid part-time department the pension liability costs would spike. Their five year financial plan will need to be reviewed once again. We need to determine who will serve on the RTAB position after Joyce leaves.
- **Flint** – Lawsuit on water rates and the lead issues have Flint in a crisis mode. The media was reporting that the Finance Director indicated is projecting that the Water and Sewer Fund will have a $14M deficit at year end. I have asked for a copy of the budget report and a copy of the cash flow analysis. Natasha has sent me a revised cost from Miller Canfield to represent the City in the Shears and Kincaid cases. Treasury is determining the level of support, if any, to provide the City in this matter. I informed Natasha this morning that the legal representation is still being "discussed".
- **Hamtramck**-We have several names for the RTAB position to replace Cathy. Segal will develop a work plan for phase 3 of the pension study. The City has hired Alan Young for audit services but that decision was rejected by the RTAB. Katrina wants to reorganize staff. Overtime last month was $60K, we are asking her to get quotes for a police study. Treasury will pay $25,000 for the study. Eric and I will be meeting with individual members of the City Council in October.
- **Highland Park**-The City hired a collection firm to collect the past due water and sewer bills. Hiring a collection firm is a requirement of the loan agreement. Cathy has indicated that the OPEB savings of approximately $750K will be implemented by October 1. The City has purchased $300,000 of new water meters as part to the FDCVT grant award and are installing them. The City Council conditionally approved the DWSD agreement but no word from DWSD or Great Lakes Water Authority. Regular billing of water and sewer customers has begun. The plans for the demolition of the High School Building are being reviewed. I expect the project will be let for bids soon.
- **Lincoln Park**-Brad is placing a PA 345 request on the November Ballot seeking approval of 6 mills to fund the City's pension system. Some of the City Council members are supporting the millage request. Brad has prepared a four month plan which is being updated. His exit will be in the

first week of January. The new city manager, Matt Coppler began work on Monday. We will be discussing the final order with Brad.

- **Inkster**- the City won its appeal on the water billing lawsuit. Mark said the city will be discussing its options. The City is negotiating with Wayne County on its $4.9M sewer debt. A judgement levy for several years will be likely be placed on the July 2016 tax roll. Patrick submitted his report on the Benton Harbor Park Conservancy. Mark has indicated that the City is updating its Park and Rec Master Plan. I have encouraged Mark to meet with the ministers.
- **Pontiac**-Jane Di Sessa will become the new Deputy Mayor. A contract has been drafted but not signed as of 9/30. Because Jerry Ambrose will not hired as a transition advisor, we may be more involved. The Pontiac RTAB exit plan is nearing completion. The major issues are a deputy mayor ordinance, the Phoenix Center Order and city council action items. Problem with the School Board.
- **River Rouge**—the five year financial plan is not balanced yet. Do we want to exit without a balanced five year financial plan? The City's plan for taking over fire service for the City of Ecorse is on hold for now. The Mayor has drafted a revised plan that is even more favorable to Ecorse. The City was chosen by the Governor to be a part of the Rising Tide Initiative.
- **Royal Oak Township**- We may receive a proposal from Oak Park. Additional discussions with Ferndale and Hazel Park are needed. The Township needs to submit another grant application for police funding. We have received Robert's six month plan. Patrick will be assisting Robert on several items. Montgomery and Co. the accounting firm has submitted an invoice for $17,000. Robert says that they won't have a deficit at the end of the year. The MERS issue has resurfaced, Robert wants to invest these funds with MERS but the market is risky at present.
- **Miscellaneous Items**—the draft of the October Governor's Memo is finished, I am waiting to hear from Angela. Staffing update. RTAB candidates are being vetted by the Governor's Office. The draft exit plan for several communities is nearing completion. Should I schedule a visit to the City of Wayne? I have a consent agreement template ready for your review. I have been asked by the MML to speak at their elected official's workshop on Saturday, February 27, 2016.

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 01, 2015 9:05 AM
To: Saxton, Thomas (Treasury)
Subject: Re: Bottle Deposit Fund

That I like

Sent from my iPhone

On Oct 1, 2015, at 8:28 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

> We should throw tobacco money into the mix.
>
> **From:** Workman, Wayne (TREASURY)
> **Sent:** Thursday, October 01, 2015 8:17 AM
> **To:** Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
> **Subject:** Re: Bottle Deposit Fund
>
> Crazy ideas. There is no end to it
>
> Sent from my iPhone
>
> On Oct 1, 2015, at 8:10 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:
>
> > ... if I were you I wouldn't come back
> >
> > **From:** Khouri, Nick (TREASURY)
> > **Sent:** Thursday, October 01, 2015 6:42 AM
> > **To:** Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
> > **Subject:** Fwd: Bottle Deposit Fund
> >
> > Tom
> >
> > Can you track down the escheats part of the question.
> >
> > Sent from my iPhone
> >
> > Begin forwarded message:
> >
> > **From:** "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
> > **Date:** September 30, 2015 at 4:37:17 PM EDT
> > **To:** "Wyant, Dan (DEQ)" <WyantD@michigan.gov>, "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>, "Roberts, John

(DTMB)" <RobertsJ9@michigan.gov>
Subject: Bottle Deposit Fund

Could we loan Flint money from the escheats fund with some repayment mechanism and use that money to accelerate the final KWA connection?

Pleyte, Beth (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 01, 2015 12:36 PM
To: Saxton, Thomas (Treasury)
Cc: Clement, Elizabeth (GOV); Workman, Wayne (TREASURY); Durfee, Sally (TREASURY); Stanton, Terry A. (Treasury)
Subject: RE: FDCVT - Flint

I think we have the cost of the filters now covered.

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 1, 2015 12:15 PM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>
Cc: Clement, Elizabeth (GOV) <clemente@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Durfee, Sally (TREASURY) <DurfeeS1@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: RE: FDCVT - Flint

I am following up... do you want us to have our staff reach out to the City & submit another or revised grant application ?

From: Saxton, Thomas (Treasury)
Sent: Wednesday, September 30, 2015 9:03 AM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>
Cc: Clement, Elizabeth (GOV) <clemente@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: FDCVT - Flint

To be honest I am not sure... I don't have the history/background to know whether we would actually turn them/communities down (& we might) if they can't fully fund their project. I am sure that area (assessing) is in chaos as well in Flint.
If that were the case i.e., we would say no to the assessing project; then yes in terms of the switch to water related projects. I think the number I heard yesterday was 10,000-15,000 filters for $250k. Or maybe you create a program to replace the curb-to-home lead piping.

The call with Flint got cancelled today. They are not available now at that time.

From: Muchmore, Dennis (GOV)
Sent: Wednesday, September 30, 2015 8:47 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Clement, Elizabeth (GOV) <clemente@michigan.gov>
Subject: RE: FDCVT - Flint

Thanks. Are you suggesting they modify their request to one that asks for money for filters instead of the assessing since the assessing cost exceeds the grant and they couldn't do the project anyway?

From: Saxton, Thomas (Treasury)
Sent: Tuesday, September 29, 2015 5:34 PM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>

Cc: Clement, Elizabeth (GOV) <clemente@michigan.gov>
Subject: FW: FDCVT - Flint

One of my 'take-aways' from the meeting this afternoon was to follow up on whether they could use those Distressed Cities' $s for filters. Remember last year they did receive $2mm which they used for water related items. This year they want funds for the property assessing area. Their project cost is more than the grant limit. It is not clear they realize that. The deadline application is Oct 15 if they were willing to change the application. Assuming that is doable.

With Wayne away (and before the 1:00 mtg)... a call was set up actually earlier today with Natasha Henderson. Do you care if we still do that ? The email setting it up is attached. Obviously we are not going to commit to anything.

Let me know if you need anything else.

From: Cole, Evah (Treasury)
Sent: Tuesday, September 29, 2015 4:20 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Pleyte, Beth (Treasury) <PleyteB@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Kolka, Carolyn (Treasury) <KolkaC@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: FDCVT - Flint

Tom,

Below are the answers to your questions. If you have any further questions, let us know. Thank you.

Do we know whether Flint has yet applied for any of these (FDCVT) $s ?
ANSWER: We received an application from the City of Flint on September 17th. The amount requested for the project is $2M (the limit for a local unit) and it is estimated to take $3.1M to complete the entire project. They also indicated that if full funding is not awarded, it is doubtful that they will be able to move forward with the project. The proposed project is:

"The city proposes to hire a qualified contractor to provide property assessing services. Specifically, this contractor will create digital property sketches of all improved properties, evaluate existing property conditions and improvements by providing real property data verification, and conduct a comprehensive appraisal valuation study. This process will take place over a period of 3 years, from June 1, 2016 to July 1, 2019."

Do we know if they have plans to?
ANSWER: Since they asked for the entire $2M for the above project, we would assume they are not submitting any further projects, however we are not sure.

And have they asked (& rec'd) $s from this program previously i.e., last year, and if so, what did they use those $s for?
ANSWER: Treasury awarded Flint two grants in FY 2015 under the FDCVT program. Treasury has not yet received any reimbursement requests from the City. Therefore, we have not distributed any of the FDCVT grant related funds to the City. The two grants are:

Awarded	Project Name	Brief Description

$1,100,000	Water Pollution Control Incinerator Shutdown	Water system enhancements through improved waste management
$900,000	Water Main Leak Detection Survey and Condition Assessment	Water system enhancements through leak detection and pipe assessments

Sent from my iPhone

On Sep 29, 2015, at 3:00 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

> See the attached press release...noting Flint's awards (2).
>
> The writeup below was included in Flint Water Talking Points from last winter.
>
> **The City has received significant financial assistance through both grant programs and bond restructuring initiatives administered by the MI Department of Treasury. This financial assistance has allowed the City to replace miles of aged pipeline and begin efforts to install a specialized filter at the Water Treatment Plant.**
>
> **In February, Flint was awarded a total of $2 million through two *Financially Distressed Cities, Villages, and Townships Grants*. $1.1 million was awarded for water system enhancements through improved waste management while $900,000 was awarded for water system enhancements through leak detection and pipe assessments.**
>
> **From:** Saxton, Thomas (Treasury)
> **Sent:** Tuesday, September 29, 2015 2:53 PM
> **To:** Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Cole, Evah (Treasury) <ColeE@michigan.gov>
> **Cc:** Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Pleyte, Beth (Treasury) <PleyteB@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
> **Subject:** FW: FDCVT
>
> Do we know whether Flint has yet applied for any of these $s ? Do we know if they have plans to? And have they asked (& rec'd) $s from this program previously i.e., last year. [knowing that it hasn't been going that long]. If so, what did they use those $s for.
>
> Finally, if they hadn't applied yet... given the current Flint water situation;
> Could they use these grant funds to purchase filters for individual residents for use in their homes ?
>
> If you can get back to me quickly I would appreciate it. Thanks
>
> <FDCVT Grant Awards 2-3-15.pdf>

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 01, 2015 2:15 PM
To: Muchmore, Dennis (GOV); Clement, Elizabeth (GOV); Durfee, Sally (TREASURY); Khouri, Nick (TREASURY)
Cc: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury)
Subject: Fwd: Flint update

So we don't forget the money; Flint is now running a $14,000,000 deficit in the WaterFund due to two lawsuits that have gone against the City. It has reduced what they can bill some folks have stopped paying believing they will be getting big credits or refunds. Also water cont be shut off for nonpayment under one suit

Sent from my iPhone

Begin forwarded message:

> **From:** "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov>
> **Date:** October 1, 2015 at 10:29:51 AM EDT
> **To:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Cc:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Schafer, Suzanne K. (Treasury)" <SchaferS7@michigan.gov>
> **Subject: Flint update**
>
> Wayne:
> The local television station reported this morning that the Flint Finance Director informed the City Council last night that they project a deficit of $14M in their Water and Sewer Fund at year end. I spoke to Natasha this morning and requested a copy of their budget report and a cash flow analysis to verify this information. I should have this information today.
> Randy,

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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Pleyte, Beth (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 01, 2015 4:38 PM
To: Saxton, Thomas (Treasury); Clement, Elizabeth (GOV); Khouri, Nick (TREASURY)
Cc: Stanton, Terry A. (Treasury)
Subject: RE: Flint update

How come we find this out from the TV reporter? Don't they tell the RTAB anything?

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 1, 2015 12:17 PM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: FW: Flint update

Just fyi

From: Byrne, Randall (Treasury)
Sent: Thursday, October 01, 2015 10:30 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: Flint update

Wayne:

The local television station reported this morning that the Flint Finance Director informed the City Council last night that they project a deficit of $14M in their Water and Sewer Fund at year end. I spoke to Natasha this morning and requested a copy of their budget report and a cash flow analysis to verify this information. I should have this information today.

Randy,

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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Stanton, Terry A. (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 01, 2015 2:48 PM
To: Stanton, Terry A. (Treasury)
Subject: FW: Use of SRF to replace lead service lines

fyi

From: Barton, John (Treasury)
Sent: Wednesday, September 30, 2015 5:53 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Fw: Use of SRF to replace lead service lines

Tom,

Below is the e-mail Dan received from EPA regarding the use of SRF to replace lead service lines I talked with Sonya Butler and she reached out to Susan and Steve below to obtain the actual cite in the EPA guidelines I will follow up tomorrow

John

From: Hedman, Susan [mailto:hedman.susan@epa.gov]
Sent: Monday, September 28, 2015 4:36 PM
To: Wyant, Dan (DEQ)
Subject: Use of SRF to replace lead service lines

Hi Dan –

Here's a quick answer to your question about using SRF to replace lead service lines. Under the federal SRF program, SRF funds can be used to replace lead service lines on both public and private property. (We don't know if Michigan rules allow for the use of SRF funding on private property, but presumably you know whether that's the case.) If you have additional questions, your staff can follow up with Steve Marquardt, Chief of the R5 Water Division State and Tribal Program Section. His number is 312-353-3214.

Please keep me posted on the time for the event later this week.

Thanks,

Susan

Susan Hedman
Region 5 Administrator/Great Lakes National Program Manager
U.S. Environmental Protection Agency
77 West Jackson Blvd - 19th Floor
Chicago, Illinois 60604-3590

Pleyte, Beth (Treasury)

From: Barton, John (Treasury)
Sent: Thursday, October 01, 2015 3:01 PM
To: Saxton, Thomas (Treasury)
Subject: FW: Use of SRF to replace lead service lines
Attachments: Eligibility of Lead Service Line Replacement MEMO 2012-2013.pdf

Below is the response from the EPA regarding the replacement of lead service lines using DWRF loans.

Please let me know if you need anything else.

From: Cossa, Laura [mailto:cossa.laura@epa.gov]
Sent: Thursday, October 01, 2015 12:48 PM
To: Butler, Sonya (DEQ) <BUTLERS2@michigan.gov>
Cc: Barton, John (Treasury) <BartonJ@michigan.gov>; Bielanski, Andrew <bielanski.andrew@epa.gov>; Baltazar, Debbie <baltazar.debbie@epa.gov>; Crooks, Jennifer <crooks.jennifer@epa.gov>; Marquardt, Steve <marquardt.steve@epa.gov>
Subject: RE: Use of SRF to replace lead service lines

Hi Sonya,
Because it is an eligibility question, there is probably no specific regulation to address it, but HQ issued a memo (attached). Although is not dated, it was still draft in 2012, so is probably 2012/2013. We may be able to find a more precise date from HQ. Just FYI, there is a reference on page 2 to a 2003 memo – the link to the 2003 memo is: http://water.epa.gov/grants_funding/dwsrf/upload/2008_04_10_dwsrf_memos_memo_dwsrf_policy_2003-07-25.pdf.

I hope this helps.
Please let me know if you have any questions.
Thanks.
Laura

From: Butler, Sonya (DEQ) [mailto:BUTLERS2@michigan.gov]
Sent: Wednesday, September 30, 2015 12:18 PM
To: Cossa, Laura; Marquardt, Steve
Cc: Barton, John (Treasury)
Subject: FW: Use of SRF to replace lead service lines

Laura

Could you tell me where to find the federal law that allows for work to be done on private property (see original note down below)? John Barton from Treasury wants this information and I know you can find it faster than I.

From: Wyant, Dan (DEQ)
Sent: Monday, September 28, 2015 4:49 PM

To: Pallone, Maggie (DEQ); Busch, Stephen (DEQ); Butler, Sonya (DEQ)
Cc: Wurfel, Brad (DEQ)
Subject: FW: Use of SRF to replace lead service lines

Let's discuss.

Dan Wyant, Director
Department of Environmental Quality
517-284-6700 (New Number)

From: Hedman, Susan [mailto:hedman.susan@epa.gov]
Sent: Monday, September 28, 2015 4:36 PM
To: Wyant, Dan (DEQ)
Subject: Use of SRF to replace lead service lines

Hi Dan –

Here's a quick answer to your question about using SRF to replace lead service lines. Under the federal SRF program, SRF funds can be used to replace lead service lines on both public and private property. (We don't know if Michigan rules allow for the use of SRF funding on private property, but presumably you know whether that's the case.) If you have additional questions, your staff can follow up with Steve Marquardt, Chief of the R5 Water Division State and Tribal Program Section. His number is 312-353-3214.

Please keep me posted on the time for the event later this week.

Thanks,

Susan

Susan Hedman
Region 5 Administrator/Great Lakes National Program Manager
U.S. Environmental Protection Agency
77 West Jackson Blvd - 19th Floor
Chicago, Illinois 60604-3590

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C.

MEMORANDUM

SUBJECT: Eligibility of Replacement of Lead Service Lines on Private Property Under the DWSRF.

FROM: Joanne Hogan
Attorney- Advisor
Civil Rights and Financial Law Office
Office of General Counsel

THROUGH: Wendel Askew
Assistant General Counsel
Civil Rights and Financial Law Office
Office of General Counsel

Ken Redden
Deputy Associate General Counsel
Civil Rights and Financial Law Office
Office of General Counsel

TO: Peter Shanaghan
Team Leader
Drinking Water State Revolving Fund Team
Office of Ground Water and Drinking Water, Office of Water

Question Presented.

You have asked whether financial assistance from a State's Drinking Water State Revolving Loan Fund can be used by eligible entities to fund projects that involve replacing lead service lines that may be on private property and that connect to private dwellings.

Brief Answer

We believe that lead service line projects, regardless of the ownership of the property on which the pipe is placed, may be funded by a State's DWSRF so long as the loans are made to an eligible entity and all other requirements of the DWSRF are met.

Analysis

The statute and the regulatory provisions governing the use of State DWSRF funds, though defining which entities may receive funds, do not require the Public Water System to have control over all portions of a project that is funded by the DWSRF. Congress gave EPA's Administrator the clear authority to determine which projects would be eligible under §1452: "Financial assistance. . . may be used. . . only for expenditures of a type or category which the Administrator has determined, through guidance, will facilitate compliance with national primary drinking water regulations." PHSA §1452 (a)(2). The only broad statutory limitations on the types of projects that cannot be funded are projects which include monitoring, operation, or maintenance expenditures, or projects for the acquisition of real property unless the purchase is made from a willing seller and the acquisition is integral to the project.

40 CFR §35.3520 (b)(2) sets forth the categories of projects that can be funded by a DWSRF. This provision includes the transmission and distribution of water to be a category of eligible projects. Specifically, the regulation provides examples of such projects to include: "installation or replacement of transmission and distribution pipes to improve water pressure to safe levels or to prevent contamination caused by leaks or breaks in the pipes." See 40 CFR §35.3520 (2)(ii).

Lead pipes can contaminate water at any point, including on its way to a private home. Allowing a public water system to use its funds to replace such pipes is consistent with this allowable category of projects, and is similarly consistent with the overall health protections of the Safe Drinking Water Act. See PHSA 1452 (a)(1)(A). Note that if a Public Water System wishes to purchase and retain an easement so that it maintains control of such infrastructure, that purchase is authorized as well: "Funds shall not be used for real property or interests therein unless the acquisition is integral to the project authorized... and the purchase is from a willing seller. . ." PHSA 1452(a)(2).

This determination that replacement of lead pipes on privately owned property is an eligible project cost so long as it otherwise complies with the PHSA is consistent with prior approved eligible projects, such as water efficiency projects, that do not require all elements of a project to be under the control of a Public Water System. In a Memorandum dated July 25, 2003, then Assistant Administrator for Water G. Tracy Mehan III informed Water Division Directors in the regions that projects such as the installation or retrofit of plumbing fixtures and appliances, installation of water meters, and implementation of incentive programs to conserve water, such as rebates or conservation rate structures were all eligible projects under the DWSRF. Therefore, so long as the assistance is given to an eligible entity, and the project otherwise meets the requirements of the DWSRF, the project may be funded regardless of ownership or control of the resulting infrastructure.

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Thursday, October 01, 2015 3:43 PM
To: Wurfel, Sara (GOV); Wurfel, Brad (DEQ)
Cc: Murray, David (GOV); Heaton, Anna (GOV); Kennedy, Jordan (GOV); Robert, Carla M. (Treasury); Feuerstein, Heather (DEQ)
Subject: FW: Statement from Rep. Phelps on his denied FOIA requests pertaining to the City of Flint water crisis
Attachments: phelpsdnl092915.pdf; phelpsext091515.pdf

Importance: High

All-

Just received this from Dave Eggert...

I am going to tell David that **Treasury did send a timely response to the Representative.** It was due (following a statutory extension) on Tuesday, September 29, 2015. Our response (attachment 1) went in the mail on Tuesday. As you will see, it was a "denial," as Treasury does not have any records regarding "waivers, permits or applications to use the Flint River..."

Apparently, the response has not arrived in his (Flushing, MI) mailbox...or is arriving today.

I have also attached the extension letter (attachment 2), which was timely-mailed as well.

Let me know if you have any questions...

From: Eggert, David [mailto:DEggert@ap.org]
Sent: Thursday, October 01, 2015 2:47 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Fwd: Statement from Rep. Phelps on his denied FOIA requests pertaining to the City of Flint water crisis

Can you respond?

Sent from my iPhone

Begin forwarded message:

> **From:** Rosemary Jones <RJones@house.mi.gov>
> **Date:** October 1, 2015 at 2:42:16 PM EDT
> **To:** Rosemary Jones <RJones@house.mi.gov>
> **Subject: Statement from Rep. Phelps on his denied FOIA requests pertaining to the City of Flint water crisis**
>
> **FOR IMMEDIATE RELEASE:**
> **Thursday, Oct. 1, 2015**
>
> **Contact: Rep. Phil Phelps**
> **Phone: (517) 373-7515**

Statement from state Rep. Phil Phelps (D-Flushing) on his FOIA requests pertaining to the City of Flint water crisis being denied:

"Residents of the City of Flint face a substantial health risk due to contaminants found in their drinking water. In an effort to not politicize this situation, I have been working directly with state and local officials in seeking important information and attempting to correct the City's water crisis. Unfortunately, I have been faced with continual road blocks in my requests for information. It has been nearly a month since I submitted Freedom of Information Act (FOIA) requests to the State and the City of Flint requesting to see documents related to the City's switch to using water from the Flint River. I requested the applications and permits required by law to change a city's source of water. So far, the State Treasury has violated FOIA by not providing any information or even a denial. The Department of Environmental Quality (DEQ) and City of Flint have denied my request saying that the documents I requested do not exist. However, state law requires Michigan cities to apply for a permit from the DEQ to switch their source of water. Violation of this law is punishable by a fine of $5,000 per day and possible incarceration. I find it hard to believe that the DEQ and the City of Flint ignored such a critical step, not to mention one that the cost in fines alone would already be roughly $2.5 million and cause those responsible to be subject to criminal prosecution.

"My request for these documents was meant to be a fact-finding mission to ascertain the degree to which the State knew about or took any action to determine the potential hazards of making this switch prior to being officially ordered by the State-appointed Emergency Manager. Since the State has decided not to disclose this information to me, it is unclear the extent to which the State is culpable. I believe the bottom line here is that the decision to switch the source of Flint's water to the Flint River was made by the Emergency Manager appointed by Governor Snyder and the burden is on his shoulders to make this right.

"The use of the river water has caused a great amount of destruction to the City's water infrastructure, and it has put the residents who use the water in harm's way. To help continue this fight for information, I have retained attorney Keith D. Flynn of the law firm Miller Cohen P.L.C. to further evaluate my legal options. My position and recommendation to the Governor on this issue is that the State should immediately switch Flint's water source back to the Detroit Water System at no additional cost to Flint residents and supply water filters to every household in Flint.

"Furthermore, the State should begin to estimate costs for the total damage done to the City's public works infrastructure and for the treatment of potential adverse health outcomes we could see in Flint residents in the future and allocate expenditures to correct this problem."

Rosie Jones
Deputy Press Secretary
Michigan House Democrats
O: 517.373.3731
C: 734.657.6413
housedems.com

89 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

September 15, 2015

Mr. Phil Phelps
819 Main Street
Unit A
Flushing, MI 48433

Dear Mr. Phelps:

This notice is issued in response to your request dated September 4, 2015, which you submitted under the Freedom of Information Act (FOIA), MCL 15.231 *et seq*. Your request was received in the Department of Treasury (Department) by electronic mail on September 8, 2015.

You have requested records which you describe as: 1) All documents the Michigan Department of Treasury, or its agents, has in its possession, including correspondence, related to any waivers, permits or applications to use the Flint River as a source for water and/or drinking water for the City of Flint or any other municipality or municipal entity; 2) All documents the Michigan Department of Treasury, or its agents, has in its possession, including correspondence, related to any communications between the Michigan Department of Environmental Quality, or its agents, and the Michigan Department of Treasury, or its agents, regarding any waivers, permits or applications to use the Flint River as a source for water and/or drinking water for the City of Flint or any other municipality or municipal entity; 3) All documents the Michigan Department of Treasury has in its possession, including correspondence, related to any communications between the Michigan Department of Treasury, or its agents, and the Office of the Governor of the State of Michigan, or its agents, regarding any waivers, permits or applications to use the Flint River as a source for water and/or drinking water for the City of Flint or any other municipality or municipal entity.

In order to search for records in the possession of the Department that may fall within the scope of your request, under section 5(2)(d) of the FOIA, MCL 15.235(2)(d), the Department is extending by ten business days the period to respond. We will issue a written notice no later than September 29, 2015.

Sincerely,

Carla M. Robert

Carla M. Robert
FOIA Coordinator

89 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

September 29, 2015

Mr. Phil Phelps
819 Main Street
Unit A
Flushing, MI 48433

Dear Mr. Phelps:

This notice is issued in response to your request dated September 4, 2015, which you submitted under the Freedom of Information Act (FOIA), MCL 15.231 *et seq*. Your request was received in the Department of Treasury (Department) by electronic mail on September 8, 2015. As set forth in the Department's September 15, 2015 notice, a statutory extension of time to respond was taken through September 29, 2015.

You have requested records which you describe as: 1) All documents the Michigan Department of Treasury, or its agents, has in its possession, including correspondence, related to any waivers, permits or applications to use the Flint River as a source for water and/or drinking water for the City of Flint or any other municipality or municipal entity; 2) All documents the Michigan Department of Treasury, or its agents, has in its possession, including correspondence, related to any communications between the Michigan Department of Environmental Quality, or its agents, and the Michigan Department of Treasury, or its agents, regarding any waivers, permits or applications to use the Flint River as a source for water and/or drinking water for the City of Flint or any other municipality or municipal entity; 3) All documents the Michigan Department of Treasury has in its possession, including correspondence, related to any communications between the Michigan Department of Treasury, or its agents, and the Office of the Governor of the State of Michigan, or its agents, regarding any waivers, permits or applications to use the Flint River as a source for water and/or drinking water for the City of Flint or any other municipality or municipal entity.

To the extent we understand your description, your request is denied. After a thorough search of Department records, to the best of the undersigned's knowledge, information and belief, no such records as you describe, or by any other name reasonably known to the Department, regarding any "waivers, permits or applications to use the Flint River as a source for water and/or drinking water for the City of Flint or any other municipality or municipal entity," exist in the Department of Treasury.

In an effort to be cooperative, you may wish to contact the Department of Environmental Quality as they may have records responsive to your request.

As to the denial of your FOIA request, the Department is obligated to inform you that under section 10 of the FOIA, MCL 15.240 you may do the following:

1. Appeal this decision in writing to the State Treasurer, Michigan Department of Treasury, P.O. Box 30716, Lansing, MI 48909. The writing must specifically state the word "appeal" and must identify the reason or reasons you believe the denial should be reversed. The Department must respond to your appeal within 10 days of its receipt. Under unusual circumstances, the time for response to an appeal may be extended by 10 business days.

2. File an action in the appropriate court within 180 days after the date of the final determination to deny the request. If you prevail in such an action, the court is to award reasonable attorney fees, costs, and disbursements, and possible damages.

Pursuant to section 4 of the FOIA, MCL 15.234, the Department's FOIA procedures, guidelines and written summary can be found on the Department's website at the following link: http://michigan.gov/treasury/0,4679,7-121-72699-357926--,00.html.

Sincerely,

Carla M. Robert

Carla M. Robert
FOIA Coordinator

Workman, Wayne (TREASURY)

From: Byrne, Randall (Treasury)
Sent: Thursday, October 01, 2015 4:02 PM
To: Schafer, Suzanne K. (Treasury); Workman, Wayne (TREASURY)
Cc: Saxton, Thomas (Treasury)
Subject: FW: Memo Regarding Water Sewer Fund Balance.pdf
Attachments: Memo Regarding Water Sewer Fund Balance.pdf

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Wayne and Suzanne:

I received this memo from Natasha regarding the status of Flint's Water/Sewer Fund Balance.

Randy

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Thursday, October 01, 2015 2:18 PM
To: Byrne, Randall (Treasury) ; Scorsone, Eric ; Koryzno, Edward (Treasury)
Subject: Memo Regarding Water Sewer Fund Balance.pdf

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
@Samsung Galaxy Note 4

Dayne Walling
Mayor

CITY OF FLINT, MICHIGAN
Department of Finance

Natasha L. Henderson
City Administrator

Jody N. Lundquist
Finance Director

Dawn Steele
Deputy Finance Director

DATE: October 1, 2015

TO: Natasha Henderson, City Administrator

FROM: Jody Lundquist, Chief Financial Officer

RE: Review of Water/Sewer Funds' Fund Balance

On August 7, 2015 Genesee County District Court Judge Archie Hayman issued a Preliminary Injunction Order (the "Order") against the City of Flint (the "City"). As a result of the Order, the City anticipated an immediate and devastating impact on the financial stability of the Water and Sewer Funds if a stay was not quickly granted by the Michigan Supreme Court Appellate Court. Indeed, the City's request was denied and the financial impact of the Court order has been reviewed through the fiscal year ending June 30, 2016.

Upon issuance of the Order, the City was immediately enjoined from charging and collecting water and sewer rates that include the September 16, 2011 35% rate increases and disconnecting water service for its delinquent water and sewer customers wherein the delinquency arose between September 16, 2011 and the date of the Order. This immediately resulted in a decrease in cash collections on outstanding and current water bills and a decrease in total billed revenue.

At August 7, 2015 the City had $8,024,558.65 in outstanding accounts receivable (or unpaid bills). As of September 25, 2015, the City's outstanding accounts receivable had grown to $10,313,020.61. This clearly indicates that all outstanding accounts due and payable as of the date of the court order remain unpaid. With an

increase equivalent to the amount of non-delinquent bills issued since the order. It is highly probable that the entire accounts receivable balance as of the court order will have to be written off as uncollectible without the ability to enforce payment.

On a foregoing basis, the City has already experienced a decrease in monthly revenue by approximately $666,000 for the month of September as a result of the reduced water and sewer rates. Projecting the rate loss of the remaining nine months of the fiscal year will result in total lost revenue of $6.6 million.

The City's adopted FY16 budget projected a beginning unrestricted fund balance of $16 million for its water and sewer funds. As the City works to finalize its FY15 operating activity, it appears that actual results were close to projections with the only difference being outstanding capital improvement projects in progress at year end.

The information was summarized before Council at the Department of Public Works Committee meeting on September 30, 2015 as follows:

	Budget	Actual
Beginning Unrestricted Fund Balance	$16M	$18M
FY15 CIP	N/A	<$2M>
Adjusted Unrestricted Fund Balance	0	$16M
Net Income	<$26K>	$14M
Ending Unrestricted Fund Balance	$16M	$2M
Required Fund Balance Reserve	$16M	$16M

In addition to the budgetary impact, the City has seen a drastic decrease in payment activity since the date of the Court Order. The City began tracking daily collections activity on a weekly basis since August 7. On average, the City is receiving approximately 100 less water payments per day. For the period August 10-September 25, the City has realized $1.75 million less in cash receipts than the same period last year.

With approximately the same number of customers, the City's apples-to-apples comparison illustrates that not only is the City billing less, less customers are paying. While shut-off efforts to enforce non-payment will resume in October, the outstanding balance of accounts receivable at August 7 and loss in monthly revenues has already been incurred.

The City is working diligently to review the FY16 water and sewer fund operating budgets for additional sources of spending. Upon issuance of the Order, the City immediately implemented a spending and hiring freeze for all non-critical items. In addition, the City is working to redevelop its capital improvement plan to cancel and postpone planned projects and purchases until financial stability has been regained. The City's emphasis at this time continues to be on providing safe, clean water to the City's residents and moving forward with preparations for the KWA pipeline to come online.

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 01, 2015 6:37 PM
To: Muchmore, Dennis (GOV)
Cc: Khouri, Nick (TREASURY); Saxton, Thomas (Treasury)
Subject: Re: Flint

This will add to the $14, million deficit. We believe they may run out cash quite soon and have asked for a cash flow projection

Sent from my iPhone

On Oct 1, 2015, at 4:32 PM, Muchmore, Dennis (GOV) <muchmored@michigan.gov> wrote:

> Tom-
> Need your immediate help.
> Natasha has the proposal back from DWSD for a reconnect:
> 1. Short term reconnect is ok until KWA starts operating;
> 2. No reconnect fee and immediate reconnect;
> 3. Expenses incurred at actual cost although no estimate at this time
> 4. A fixed monthly rate of $662,100 + a commodity rate of $8.93mcf for current 15-16 FY;
> 5. Rate is over and above water sales to Genesee County Drain Commission;
> 6. A water wholesale adjustment;
> 7. Only extends to Flint;
> 8. Rates for 16-17 FY would be the same as other customers.
>
> Mayor Duggan is more than willing to lend his support.
> I'm asking you for a ballpark calculation. We would have to find them the money for this reconnect, but Dayne is more than open (as is Ananich to a lesser degree) to finding some revolving fund that they would repay perhaps on an extended basis or maybe using some guarantee to reduce the borrowing costs.

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 01, 2015 6:38 PM
To: Saxton, Thomas (Treasury)
Cc: Muchmore, Dennis (GOV); Khouri, Nick (TREASURY)
Subject: Re: Flint

Flint has to provide usage info or we just have a SWAG

Sent from my iPhone

On Oct 1, 2015, at 4:39 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

> Let me check to see if I can get someone to do a quick calculation
>
> **From:** Muchmore, Dennis (GOV)
> **Sent:** Thursday, October 01, 2015 4:32 PM
> **To:** Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
> **Subject:** FW: Flint
> Tom-
> Need your immediate help.
> Natasha has the proposal back from DWSD for a reconnect:
>
> 1. Short term reconnect is ok until KWA starts operating;
> 2. No reconnect fee and immediate reconnect;
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> 4. A fixed monthly rate of $662,100 + a commodity rate of $8.93mcf for current 15-16 FY;
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> I'm asking you for a ballpark calculation. We would have to find them the money for this reconnect, but Dayne is more than open (as is Ananich to a lesser degree) to finding some revolving fund that they would repay perhaps on an extended basis or maybe using some guarantee to reduce the borrowing costs.

Flint Drinking Water Press Conference Communications Plan
Oct. 2, 2015

Situation overview:
In May 2014, the city of Flint began drawing its drinking water from the Flint River, and left the Detroit Water and Sewerage Department. Recently, some city residents and outside activists have expressed concern about levels of lead in the drinking water. Although repeated testing demonstrates the water leaving the city of Flint's plant is free of lead contamination, Flint contains many old homes with lead plumbing, and some lead gets into individual homes' drinking water.

Talking points:

- The water leaving Flint's water system is free of lead contamination; however, the state recognizes many older homes have lead pipes and therefore some measure of lead in the water that comes out of their taps
- While this is a problem with individual homes, the city, state and federal governments have come together to provide a number of actions to address the issue.
- This plan includes both short- and long-term solutions, and focuses on increasing water testing, offering additional precautions for families, and providing long-term solutions to address the city's water infrastructure.
- The action plan:
    - Gov. Rick Snyder names Dr. Eden Wells as the Flint Drinking Water Public Health Advisor.
    - Provide water filters to residents of Flint.
    - Continue to disseminate advisories recommending residents flush their cold water pipes before use, as well as use only water from the cold water tap for drinking, cooking and especially for making baby formula.
    - Immediately test Flint public schools to ensure that drinking water is safe. Testing also will be available at no cost to any other school in Flint.
    - Expand health exposure testing of individual residences.
    - Offer water testing at no cost to Flint residents to assure water is safe.
    - Fully optimize corrosion controls in the Flint drinking water system by Nov. 1, 2015.
    - Convene a "Safe Drinking Water Technical Advisory Committee" to ensure the best technology, practices and science are being utilized, and add an expert from the EPA's Office of Research and Development to the group.
    - Accelerate water system improvements to address replacement of lead service lines.
    - Expedite completion of Karegnondi Water Authority.

Audiences:

- Media
- City of Flint and surrounding communities

Media outreach

Oct. 2

Press conference held at a time TBD

- Dayne Walling – Mayor of Flint
- Dan Wyant – DEQ Director
- Nick Lyon – DHHS Director
- Susan Hedman – Region 5 Administrator for EPA
- Harvey Hollins – Governor's Office
- Representative from the Local Public Health Department
- Congressman Dan Kildee to be invited
- State Sen. Jim Ananich to be invited

Media list

- Ron Fonger, MLive/Flint Journal
- Nick Lulli or other, WNEM TV5
- WJRT ABC 12
- WEYI NBC 25
- Steve Carmody, Michigan Radio
- MIRS
- Gongwer
- Jim Lynch or Chad Livengood, Detroit News
- Nancy Kaffer, Detroit Free Press
- Ed White or Jeff Karoub, Associated Press
- Stateside, WKAR

Supporting materials in media kit

- Press release
- FAQ
- Timeline
- One-pager
- Infographic

Social media

Oct. 2

DEQ (as well as DHHS and Governor's office?) Twitter

- During event: Still images of press conference
- At event's conclusion: Link to press release
- 30 minutes after conclusion: Link to FAQ document
- ASAP: Video news release

YouTube

- Video news release
- Footage of each speaker's comments

Jeff Wright 10/2/15

Koryzno, Edward (Treasury)

Tue 2/16/2016 1 25 PM

To Koryzno, Edward (Treasury) <KoryznoE@michigan gov>,

Jeff Wright 10/2/15

1. Has cost to reconnect, valves to turn on
2. Commodity cost
3 DWSD readiness serve formula, lump sum up front charge 75% flat rate, 25% commodity
4. AEcom, Chicago, Flint partner with Wade Trim
5. cost/benefit analysis rate study done by Flint jones & Henry
6 Press conference 2.7 elevated to 3.2, will it go down, three times what county kids is
7. 1000's of home demo and fires of w/ lead painted house
8. Jeff willing to do it. Wade Trim Mark Coleman, jason Kenyon

Sent from my iPad

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, October 02, 2015 10:15 AM
To: Saxton, Thomas (Treasury)
Subject: Fwd: follow up

Do you want us to check out an ELB loan for the $10, million?

Sent from my iPhone

Begin forwarded message:

> **From:** "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
> **Date:** October 2, 2015 at 10:10:36 AM EDT
> **To:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> **Cc:** "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>
> **Subject: Re: follow up**
>
> I think that Bob Daddow, Rich Baird and Mike Duggan have something to do with the more "reasonable" approach. The Mayor in particular is very concerned about the issues of a fellow community and Daddow is perhaps the finest public administrator in the state. So, their involvement and Rich's management skills are powerful forces.
>
> On Oct 1, 2015, at 8:25 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:
>
> > Dennis - in response to your earlier email; Wayne's guys came up with a ballpark estimate for reconnecting to DWSD. Let me emphasize 'ballpark'. They used your assumptions & they talked to Natasha H. after 5:00. Bottom line... the estimated cost is approx $10.5mm to reconnect until June '16.
> >
> > These numbers on their surface seem much improved over previous DWSD $offers. [Is Daddow in the loop on this ?] We need to give some more thought as to whether this is all inclusive. e.g., there might be some costs from turning down operations at the plant
> >
> > I am being told this can happen in a relatively short time i.e., less than a week. Which seems aggressive. Obviously that does not mean the lead concerns nor discolored water, etc goes away in a week. The pipe section they sold to the county won't be an impediment to this deal.

There apparently are no 'upfront' costs we need to worry about. In theory, it seems like it can be paid over the 9-10 months (vs a lump sum). But I am not clear Dennis on those couple ideas/sources the Mayor & Senator mentioned i.e., at this point I am not sure where the $10.5mm comes from.

My guess is we will keep refining this estimate. Let us know if you need anything else. Again, "credit " Wayne's guys for pulling this together quickly.

From: Cline, Richard (Treasury)
Sent: Thursday, October 1, 2015 6:08 PM
To: Saxton, Thomas (Treasury); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: RE: follow up

City's usage is 14 MGD/Day

Timeline is 9 months until June 2016

Fixed Cost is $662,100 for 9 months or $5,958,900

Commodity Rate is $501,383/month

Total Monthly Cost is $1,163,483

Cost until June 2016 is $10,471,347

The City does not know the cost to move the water plant into stand-by mode. However, they have indicated that there might be some reduced costs as lower chemical costs will be incurred.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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From: Saxton, Thomas (Treasury)
Sent: Thursday, October 01, 2015 6:01 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: follow up
Importance: High

I am getting ready to leave... what have you learned ?

Workman, Wayne (TREASURY)

From: Danhof, William J. <Danhof@MillerCanfield.com>
Sent: Friday, October 02, 2015 11:17 AM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Subject: FW: SOM and City issues regarding drinking water

This is info from the city on timing on reconnecting to Detroit water note no capital cost.. Will get major users soon will send along.

From: Peter Bade [mailto:pbade@cityofflint.com]
Sent: Friday, October 2, 2015 11:01 AM
To: Wallace, G. Alan
Cc: Chester, Steven E.; Danhof, William J.
Subject: Re: SOM and City issues regarding drinking water

Gentleman: There would be no capital cost to hook back up to DWSD. It would take a day or two of planning, and then turning 4 values. There is currently an used piece of pipe owned by the Genesee County Drain Commission that we would need to use. That pipe would need to be sanitized and depressurized. So approximately 2-3 days to physically hook back up.

It would then take approximately 30 days for Lake Huron water to reach all COF customers.

The below email concerns anti-corrosion. I will provide more information on this shortly, as well as address the other questions.

> **From:** Howard Croft <hcroft@cityofflint.com>
> **Date:** October 2, 2015 at 10:20:37 AM EDT
> **To:** Samir Matta <SFMatta@lan-inc.com>, Warren Green <jwgreen@lan-inc.com>
> **Cc:** Michael Glasgow <mglasgow@cityofflint.com>, Brent Wright <bwright@cityofflint.com>, Natasha Henderson <nhenderson@
> <jlundquist@cityofflint.com>, Robert Bincsik <rbincsik@cityofflint.com>, Flint Mayor <dwalling@cityofflint.com>
> **Subject: Corrosion Control**
>
> Samir,
>
> We are looking to fast track the corrosion control to basically a 24/7 effort. I believe that the Director of the MDEQ will be support fast as possible
>
> I will work internally to complete all contractual needs under an emergency basis and will look to talk with you very soon to confirı that may be required from the City.
>
> Thank you,

On Thu, Oct 1, 2015 at 1:31 PM, Wallace, G. Alan <wallace@millercanfield.com> wrote:

Afternoon Pete—

Bill Danhof, Steve Chester and myself have been kicking this issue around internally. We have also reached out to the Gov's office. We have some ideas, but do you have time for a quick call to discuss what is (and isn't) on the table relative to the water issue? Either this afternoon or tomorrow should work on our end.

Thanks Pete.

Al

G. Alan Wallace | Attorney and Counselor at Law

Miller Canfield
One Michigan Avenue, Suite 900
Lansing, Michigan 48933 (USA)

T +1.517.483.4905 |**F** +1.517.374.6304 | **Mobile** [redacted]

wallace@millercanfield.com | View Profile + VCard

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--
Peter M Bade
Chief Legal Officer
City of Flint
p 810 766 7146
f 810 232 2114

Dempkowski, Angela (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Friday, October 02, 2015 11:48 AM
To: Muchmore, Dennis (GOV)
Cc: Workman, Wayne (TREASURY)
Subject: RE: Flint

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Probably not (in terms of a reason not to)... it is not clear to me that you will have an immediate fix on the water issues (e.g., coloring, lead, etc).

You will have issues/costs in standing down the water plant & costs when switching to KWA. We haven't seen those estimates.

We are in this fix in part because DWSD had kicked the City off their system so I am not sure I have a ton of confidence in their numbers or deal. Hopefully as you are saying there are no hidden costs.

And we need to figure out how best to pay for it.

-----Original Message-----
From: Muchmore, Dennis (GOV)
Sent: Friday, October 02, 2015 10:33 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Flint

If the ballpark is $11M, and we decide to reconnect, can you think of any other reason not to do so? Can you think of any other costs that might pop up.

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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<KWA Water Quality Chronology Memo 09-28-15.docx>

Dempkowski, Angela (Treasury)

From: Danhof, William J. <Danhof@MillerCanfield.com>
Sent: Friday, October 02, 2015 12:09 PM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Subject: FW: Top 10 users
Attachments: Top Cycle 60 Users.xlsx

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Top 10 users note Part of GM is off the system in 2014 due to water quality problems

From: Peter Bade [mailto:pbade@cityofflint.com]
Sent: Friday, October 2, 2015 11:57 AM
To: Wallace, G. Alan; Danhof, William J.; Chester, Steven E.
Subject: Fwd: Top 10 users

please see below/attached.

---------- Forwarded message ----------
From: **Jody Lundquist** <jlundquist@cityofflint.com>
Date: Fri, Oct 2, 2015 at 11:54 AM
Subject: Fwd: Top 10 users
To: Peter Bade <pbade@cityofflint.com>

Apparently I asked for top users when I first started. This isn't by dollar amount but by usage. For the sake of time, I am forwarding this to you as is.

Please note that at least one account is sewer only. The attorneys were correct that at least one GM location left the City's system shortly after our transition to Flint River. They installed the necessary plumbing to connect to Genesee County. They may or may not return as a City customer once we begin receiving Lake Huron water again.

Best,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 766-7268 ext. 2301

---------- Forwarded message ----------
From: **Amanda Trujillo** <atrujillo@cityofflint.com>
Date: Wed, Jun 17, 2015 at 2:41 PM
Subject: Fwd: Top 10 users
To: Jody Lundquist <jlundquist@cityofflint.com>
Cc: Doug Bingaman <dbingaman@cityofflint.com>

See attached.

---------- Forwarded message ----------
From: **Gregory Folsom** <gfolsom@cityofflint.com>
Date: Wed, Jun 17, 2015 at 2:17 PM
Subject: Top 10 users
To: Amanda Trujillo <atrujillo@cityofflint.com>

--
Amanda Trujillo
Deputy City Treasurer
Customer Service Center
810-766-7470 ext.2104
atrujillo@cityofflint.com

--
Peter M Bade
Chief Legal Officer
City of Flint
p 810 766 7146
f 810 232 2114

City of Flint - Top Commercial Water/Sewer Users

Water User	Location	Current Read	Current Date	Previous Read	Previous Date	Total CCF	Average CCF/day
Beecher Metro District *	Carpenter Rd	8,027,186	05/31/15	7,461,251	05/31/14	565,935	1,550.51
Beecher Metro District *	Premier St	545,092	05/31/15	260,235	05/31/14	284,857	780.43
General Motors (South Complex)							
VANS-G03100-1PT1-01	3100 Van Slyke	69,173	05/19/15	2	09/13/14	69,171	278.92
VANS-G03100-1PT2-01		68,323	05/19/15	44	09/13/14	68,279	275.32
VANS-G03100-2PT1-01		1,852	05/22/15	9	09/15/14	1,843	7.40
VANS-G03100-2PT2-01		1,794	05/22/15	43	10/04/14	1,751	7.61
BRIS-002100-3PT1-01	2100 Bristol Rd	356	05/22/15	7	02/25/15	349	4.06
BRIS-002100-4PT1-01 **		4,887	12/29/14	8	09/12/14	4,879	45.18
BRIS-002100-4PT2-01 **		4,904	12/29/14	25	09/12/14	4,879	45.18
BRIS-G02238-5PT1-01	2238 Bristol Rd	7,225	05/19/15	39	09/12/14	7,186	28.86
BRIS-G02238-5PT2-01		7,172	05/19/15	10	09/12/14	7,162	28.76
Total (South Complex)							721.28
McLaren Regional Medical Facility							
BALS-000401-0000-01	401 S Ballenger Hwy	3,813	05/20/15	25	10/30/14	3,788	18.75
BALS-000401-GARA-01		18	05/20/15	6	05/28/14	12	0.03
BALS-000401-PWRH-01		20,999	05/20/15	4	10/30/14	20,995	103.94
BALS-000401-RM 1-01		27,028	05/20/15	15,646	05/28/14	11,382	31.88
BALS-000401-RM 3-01		4,129	05/20/15	1	11/03/14	4,128	20.85
Total (401 S Ballenger Hwy)							175.45
Genesee County Jail	1100 S Saginaw St	55,111	05/20/15	21,894	05/28/14	33,217	93.04
Hurley Medical Center	6th & Begole	15,660	05/20/15	1	11/30/14	15,659	91.57
Hurley Medical Center							
HURL-000001-BOTT-01 ***	1 Hurley Plaza	144,860	03/04/13	124,382	02/28/12	20,478	55.35
HURL-000001-0TOP-01 ***		46,579	04/29/14	44,704	06/27/13	1,875	6.13

Total (1 Hurley Plaza)							61.47
U of M Flint (Powerhouse)							
MIL -000502-0006-01	502 Mill St	98,829	05/15/15	92,621	11/06/14	6,208	32.67
MIL -000502-0008-01		105,807	05/15/15	97,542	05/28/14	8,265	23.48
Total (502 Mill St)							56.15
Evergreen Regency	2102 Trout Dr	13,754	05/19/15	22	09/08/14	13,732	54.28
Hurley Medical Center	1001 Begole St	221,444	05/20/15	210,041	05/28/14	11,403	31.94
Lockhart Chemical							
THEF-004701-0000-01	4701 Thetford Dr	16,642	05/20/15	6,985	05/29/14	9,657	27.13
THEF-004701-0DTR-01		652	05/20/15	544	05/28/14	108	0.30
Total (4701 Thetford Dr)							27.43
Mott Community College							
COUE-001321-0000-01	1321 E Court St	7,383	05/19/15	3,042	05/27/14	4,341	12.16
COUE-001321-HOUS-01		1,000	02/27/15	0	08/27/13	1,000	1.82
COUE-001321-LWN1-01		648	05/21/15	171	06/01/14	477	1.35
COUE-001321-LWN2-01		2,613	05/21/15	1,519	05/01/14	1,094	2.84
Total (1321 E Court St)							18.17
Mott Community College							
COUE-001401-4 IN-01	1401 E Court St	4,439	05/19/15	1,822	05/27/14	2,617	7.33
COUE-001401-LAWN-01		2,446	05/21/15	398	05/01/14	2,048	5.32
COUE-001401-LIBR-01		779	05/19/15	304	05/27/14	475	1.33
COUE-001401-RAMP-01		1,457	05/19/15	472	05/27/14	985	2.76
COUE-001401-TRAD-01		773	05/19/15	351	05/27/14	422	1.18
Total (1401 E Court St)							17.92
Kettering University	1700 W University Ave	11,011	05/20/15	4,713	05/28/14	6,298	17.64
Kettering University	501 N Chevrolet Ave	11,231	05/20/15	6,271	05/28/14	4,960	13.89
Kettering University	415 N Garden St	8,787	05/20/15	4,695	05/28/14	4,092	11.46

Kettering University	Hasselbring Plant 35	14,052	05/20/15	10,065	05/28/14	3,987	11.17
Flint Odyessy House	529 M L King Ave	4,032	05/20/15	1,594	05/28/14	2,438	6.83
McLaren Regional Medical Facility							
BALS-000501-0000-01	501 S Ballenger Hwy	2,234	05/20/15	1,997	05/28/14	237	0.66
BALS-000501-0002-01		7,077	05/20/15	6,321	05/28/14	756	2.12
BALS-000501-LAWN-01		3,592	05/21/15	2,859	05/30/14	733	2.06
Total (501 S Ballenger Hwy)							4.84
Oil Chem							
TWEW-000711-0000-01	711 W Twelfth St	405	05/19/15	228	05/27/14	177	0.50
TWEW-000711-BLDG-01		2,637	05/19/15	1,405	05/27/14	1,232	3.45
TWEW-000711-SEWE-01 *			05/31/15		05/31/14	3,745	10.26
Total (711 W Twelfth St)							14.21

* - Sewer Only

** - Went off COF line on 12/29/14, may return when KWA pipeline completed

*** - Estimated usage since "current" read date, needs meter change

Koryzno, Edward (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Friday, October 02, 2015 2:27 PM
To: Stanton, Terry A. (Treasury); Cline, Richard (Treasury)
Cc: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject: RE: Flint Timeline

It looks ok to me as well

From: Stanton, Terry A. (Treasury)
Sent: Friday, October 02, 2015 1:01 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Re: Flint Timeline

Thx. The EM dates came from Fred and my press releases so think we are pretty set on those.

TS

On Oct 2, 2015, at 12:58 PM, Cline, Richard (Treasury) <cliner1@michigan.gov> wrote:

> Terry,
>
> Everything looks accurate to me.
>
> I am less clear on the specific dates that Mike Brown was initially appointed or Ed Kurtz was appointed, but the rest of the dates appear accurate.
>
> If you need any supporting information, let me know.
>
> Regards,
>
> **Eric Cline** | Department Manager | State of Michigan
> Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
> 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
> Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
> E-mail cliner1@michigan.gov
>
> *CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments Thank you.*
>
> **From:** Stanton, Terry A. (Treasury)
> **Sent:** Friday, October 02, 2015 12:33 PM
> **To:** Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
> **Cc:** Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Byrne, Randall (Treasury)

<ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: Flint Timeline
Importance: High

All-

The Free Press is constructing a "timeline" of the Flint water situation...and I've been asked for the following:

-dates for EM appointments, departures
-the date Dillon signed off on KWA

I am going to send some other pertinent dates and documentation. My planned response is below...please advise on any suggested changes.

Flint EM dates for financial emergency declared in December 2011

Mike Brown, apptd 12-1-11 (when fin emer declared under PA 4 of 2011)
Ed Kurtz, apptd 8-8-12 (when PA4 was repealed in Aug 2012, Brown couldn't serve as EM, PA 72 back in effect)
Mike Brown, apptd 7-4-13 (Kurtz retired; PA436 in effect)
Darnell Earley, apptd 10-8-13 (Brown resigned)
Gerald Ambrose, apptd 1-13-15 (Earley appointed DPS EM)

Financial Emergency resolved, 4-29-15 (RTAB apptd)

Other dates

June 26, 2012 – Letter from EM Brown to DWSD seeking permission to blend river water with DWSD water (attached).

Sept. 20, 2012 – Letter from EM Kurtz to DWSD requesting written permission to implement blending (attached).

March 25, 2013 – The Flint City Council endorses joining KWA (see url below)
http://blog.mlive.com/newsnow_impact/print.html?entry=/2013/03/flint_city_council_approves_re.html

April 11, 2013 – Treasurer Dillion sends letter to EM Kurtz (attached) noting conditional approval of move to KWA (pursuant to PA436), pending a review of DWSD's last, best offer.

April 16, 2013 – EM Kurtz informs Treasury that the City will join KWA (attached).

April 17, 2013 – DWSD transmits letter to EM Kurtz terminating service to Flint, effective April 17, 2014 (attached).

April 17, 2014 – Water service from DWSD officially ends.

Dempkowski, Angela (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Sunday, October 04, 2015 6:47 AM
To: Workman, Wayne (TREASURY)
Cc: Pleyte, Beth (Treasury)
Subject: Fw: Bottle Deposit Fund
Attachments: bottledeposit.pdf

just fyi. It does look like they have some $s but I don't know if can use it.

From: Fielek, Joseph L. (Treasury)
Sent: Thursday, October 1, 2015 5:37 PM
To: Saxton, Thomas (Treasury)
Subject: RE: Bottle Deposit Fund

See attached info. Let me know if this works or not

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 01, 2015 12:01 PM
To: Fielek, Joseph L. (Treasury) <FIELEKJ@michigan.gov>
Subject: RE: Bottle Deposit Fund

I don't disagree but find out what bottle dollars are around (& the flow) so we can answer the question.
I told Wayne we should 'throw out' tobacco. This is the one time we haven't when we have a vexing problem.

From: Fielek, Joseph L. (Treasury)
Sent: Thursday, October 01, 2015 8:43 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: RE: Bottle Deposit Fund

Bottle deposit or Escheats fund? Whatever the case, think you would still have the lending of the credit of the State issue. Hence why the ELB route was created, which is an "investment" on the State's books. And for the most part if you would lend from an individual fund or just have an overall "investment" from the common cash fund, you are still trying up cash that would otherwise be available to manage.

How about some sort of loan from the SRF?

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 01, 2015 8:16 AM
To: Fielek, Joseph L. (Treasury) <FIELEKJ@michigan.gov>
Subject: FW: Bottle Deposit Fund

Joe – see below... how much money is in the fund now ? how does it flow, etc ? Give me a call when you have a sec.

From: Khouri, Nick (TREASURY)
Sent: Thursday, October 01, 2015 6:42 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Fwd: Bottle Deposit Fund

Tom

Can you track down the escheats part of the question.

Sent from my iPhone

Begin forwarded message:

> **From:** "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
> **Date:** September 30, 2015 at 4:37:17 PM EDT
> **To:** "Wyant, Dan (DEQ)" <WyantD@michigan.gov>, "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>, "Roberts, John (DTMB)" <RobertsJ9@michigan.gov>
> **Subject: Bottle Deposit Fund**
>
> Could we loan Flint money from the escheats fund with some repayment mechanism and use that money to accelerate the final KWA connection?

SPECIAL REVENUE FUNDS – CONSERVATION, ENVIRONMENT, AND RECREATION RELATED

MICHIGAN CONSERVATION AND RECREATION LEGACY FUND

This fund ("Legacy Fund") was created by Article 9, Section 40, of the State Constitution, an amendment approved by voters in November 2006. The purpose of the amendment was to constitutionally prevent the diversion of certain funds and revenues for purposes other than those for which they were created. Section 40 created the following accounts within the Legacy Fund: Forest Recreation, Game and Fish Protection, Off-Road Vehicle, Recreation Improvement, Snowmobile, State Park Improvement, and Waterways.

The implementing legislation related to this amendment, found in Sections 324.2002 – 324.2035 of the Michigan Compiled Laws, transferred a number of special revenue funds and certain restrictively financed activities within the General Fund to the Legacy Fund. The following special revenue funds were transferred into the fund. Game and Fish Protection Fund, Michigan State Waterways Fund, Marine Safety Fund, and State Park Improvement Fund. The restrictively financed activities transferred into the fund from the General Fund were related to various outdoor recreation activities including snowmobiles, off-road vehicles, recreation trails, and State forest recreation.

Financing consists primarily of hunting and fishing licenses, camping and park entrance fees; 2% of gasoline taxes dedicated for boating, snowmobiling, off-road vehicles and other trails, watercraft and snowmobile registration fees; and trail use permits. The fund also receives funding from the Michigan Game and Fish Protection Trust Fund. Expenditures are limited to those activities specified in Section 40 and include forest recreation activities, wildlife and shades programs, off-road vehicle and snowmobile trails and facilities, State parks and recreation areas, improvement of lake harbors and inland waterways, and water safety education programs.

MICHIGAN GAME AND FISH PROTECTION TRUST FUND

The former Game and Fish Protection Trust Fund was established in 1988 to restrict certain assets for the purpose of generating interest and earnings for transfer to the former Game and Fish Protection Fund (now accounted for within the Michigan Conservation and Recreation Legacy Fund). Article 9, Section 41, of the State Constitution, an amendment approved by voters in November 2006, further protected these assets by creating the Michigan Game and Fish Protection Trust Fund.

The fund operates under Sections 324.43702 – 324.43704 of the Michigan Compiled Laws. The Legislature may appropriate up to $6 million annually for use by the Game and Fish Protection Account of the Michigan Conservation and Recreation Legacy Fund. Mineral royalties from lands acquired by the Game and Fish Protection Account, direct sale proceeds, and other revenues, which, by statute, are retained for permanent investment, provide additional investment funding.

MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND

The former Michigan Nongame Fish and Wildlife Fund was established in 1983 to finance research and management of nongame fish and wildlife, designated endangered species, and designated plant species of this State. Article 9, Section 42, of the State Constitution, an amendment approved by voters in November 2006, further protected these assets by creating the Michigan Nongame Fish and Wildlife Trust Fund.

The fund operates under Sections 324.43902 – 324.43907 of the Michigan Compiled Laws. The fund may receive transfers from other funds, donations, investment income, and revenue from specialty license plate sales.

FOREST DEVELOPMENT FUND

This fund was established in 1993, along with the Michigan Forest Finance Authority, and operates under Michigan Compiled Laws Section 324.50507. The primary revenue source of the fund is timber revenue from State forest lands. Expenditures from the fund are for forest management activities and forest fire protection. The Authority is authorized to, but thus far has not, issued bonds.

BOTTLE DEPOSITS FUND

Michigan Compiled Laws (MCL) Section 445.573c created the Bottle Deposits Fund to provide for the disposition of unredeemed bottle deposits. The Department of Treasury and the Department of Environmental Quality (DEQ) jointly administer the fund. The law mandates that an annual distribution of the funds be made as follows: 25% returned to the dealers and 75% to fund several sub-funds.

The 75% distribution to DEQ is initially deposited into the Cleanup and Redevelopment Trust Sub-Fund (CRTF), and if not further distributed, remains there until the principal amount reaches $200 million. Of funds received annually by the CRTF, 80% is allocated to the Cleanup and Redevelopment Sub-Fund (CRF) and 10% to the Community Pollution Prevention Sub-Fund.

MCL Section 324.20108 moved the former Environmental Response Fund (ERF) to a sub-fund of the CRF. The law mandates that proceeds of all cost recovery actions taken and settlements entered into pursuant to the ERF (excluding natural resource damages) by DEQ or the Attorney General, or both, shall be credited to the ERF.

Several DEQ sub-funds are administratively housed within the Bottle Deposits Fund, although they receive no bottle deposits revenue. Included is the State Sites Cleanup Sub-Fund, established in accordance with MCL Section 324.20108c to provide for response activities at facilities where the State is liable as an owner or operator. The following loan programs administered by DEQ are also included: the Brownfield Revolving Loan Fund created by MCL Section 324.19608a, the Revitalization Revolving Loan Fund created by MCL Section 324.20108a, and the Federal Brownfield Cleanup and Revolving Loan Fund.

EXPENDITURES, AND CHANGES IN FUND BALANCES
ON, ENVIRONMENT, AND RECREATION RELATED

	MICHIGAN CONSERVATION AND RECREATION LEGACY FUND	MICHIGAN GAME AND FISH PROTECTION TRUST FUND	MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND	FOREST DEVELOPMENT FUND	BOTTLE DEPOSITS FUND	
REVENUES						
Taxes	$ 229	$ -	$ -	$ -	$ -	$
From federal agencies	6,484	-	-	25	387	
From licenses and permits	139,713	-	-	3	-	
Miscellaneous	4,975	26,211	603	40,396	21,722	
Total Revenues	151,401	26,211	603	40,424	22,109	
EXPENDITURES						
Current:						
General government	2,643	88	-	-	-	
Conservation, environment, recreation, and agriculture	166,176	117	420	33,449	20,831	
Capital outlay	11,505	-	-	35	-	
Total Expenditures	180,324	204	420	33,483	20,831	
Excess of Revenues over (under) Expenditures	(28,923)	26,007	183	6,941	1,278	
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	30,374	-	-	-	-	
Transfers to other funds	(2,883)	(13,855)	(7)	(457)	(3,142)	
Total Other Financing Sources (Uses)	27,492	(13,855)	(7)	(457)	(3,142)	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(1,432)	12,152	177	6,484	(1,864)	
Fund Balances - Beginning of fiscal year	65,444	211,925	6,769	2,718	74,868	
Fund Balances - End of fiscal year	$ 64,012	$ 224,077	$ 6,946	$ 9,203	$ 73,004	$

Robert, Carla M. (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Sunday, October 04, 2015 7.01 AM
To: Khouri, Nick (TREASURY); Muchmore, Dennis (GOV)
Subject: Re: Bottle Deposit Fund

I had not forgotten about this request... Joe F. pulled some background/numbers for me. DEQ controls it in terms of how it is used programmatically. There are some $s in their fund balance. My sense is we couldn't 'loan' them money i.e., you end up with lending of credit issues. I will look at it further when I get back Tues.

From: Khouri, Nick (TREASURY)
Sent: Thursday, October 1, 2015 6:41 AM
To: Saxton, Thomas (Treasury)
Subject: Fwd: Bottle Deposit Fund

Tom

Can you track down the escheats part of the question.

Sent from my iPhone

Begin forwarded message:

> **From:** "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
> **Date:** September 30, 2015 at 4:37:17 PM EDT
> **To:** "Wyant, Dan (DEQ)" <WyantD@michigan.gov>, "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>, "Roberts, John (DTMB)" <RobertsJ9@michigan.gov>
> **Subject: Bottle Deposit Fund**
>
> Could we loan Flint money from the escheats fund with some repayment mechanism and use that money to accelerate the final KWA connection?

Ecorse – Sept. 22 – W. O'Neal, R. Byrne, D. Van de Grift, P. Dostine

Priorities

- Budget and 5-year budget. New Controller has re-done the budget, is re-doing the 5-year budget. O'Neal said the controller discovered that Pepperman's baseline was all wrong. The debt, the MERs payment, all wrong. The C.I.P had to be "gutted", O'Neal said. The FY '14-'15 fund balance is approximately $500K, O'Neal said. Treasury requested a copy of the revised 5-year budget when it's completed.
- Attempt to terminate Wayne O'Neal. At the last council meeting, council voted to terminate Wayne O'Neal. The motion failed 4-3. O'Neal also reported that a councilmember took the new controller for a ride and asked him if he'd be interested in the position of city manager.
- City Treasurer. Is still not bonded. Has financial issues.
- FDCVT grant. O'Neal said the money requested ($2MM) would be used and is necessary to make an ARC payment and is, furthermore, necessary if there is any savings to be realized in restructuring the fire department. (see below)

Fire consolidation

- O'Neal said the council does not want to re-structure the Ecorse fire department. There have been no new talks with River Rouge about fire consolidation. A few weeks ago, O'Neal said he was looking to create an all part-time department, that the savings would still be realized in the 5-year budget. O'Neal said today that the savings realized would be offset by a higher ARC payment due to closing the pension when the 5 full time firefighters are restructured out. That's why Ecorse applied for $2MM of the FDCVT grant to cover the ARC payment.

OPEB benefit audit

- No change. Nothing has been done on this.

Flint – Sept. 30 – N. Henderson, Mayor Walling, J .Freeman, F Headen, R. Byrne, E. Cline, R Widigan, P. Dostine

- **Priorities**:
  - Water: City is looking to CDBG funding to purchase lead filters, Mayors initiative.
    - City has CDBG funding to the tune of $400K, city will start within and use city resources before approaching the Mott Foundation.
    - Working with United Way – they are activity searching for funding.
  - Veolia is finished the contract with the city. City has implemented the recommendations from Veolia.
  - $8.4M outstanding in billing. City cannot keep going on with this issue – state needs to help take some of the responsibility with us.

        - City Admin. argues Flint is a special case with Judge Hayman's order, lead issues, financial issues, etc…
    - Cash on hand: Finance department is estimating how long the city can operate with cash on hand, and what bills are and are not being paid (presentation will be made at the November RTAB meeting).
    - Council is requesting a special meeting on October 21 to have an open discussion regarding water issues. Letters will be sent to 75 individuals, including F. Headen.
        - City Admin. does not agree with the ida and believes it is micromanaging at best.
    - Budget amendments will be presented to Council next week – reduction in revenue for enterprise fund and removing capital improvement projects. Without being able to collect water bills, the city cannot go forward with CIPs.
    - Today is the deadline for the finance department's report required by Judge Hayman's Order.
        - A report was completed and submitted, it was determined not acceptable by attorney Val Washington, the city was then asked to re-submit the report.
        - Will be submitted by 5pm today.
- **KWA**:
    - City Administrator said that they are still on track to hook up June 2016.
    - Jeff Wright, Genesee Co. Drain Commissioner is putting together all paperwork, permits, etc. to submit to the state for approval. Trying to stay/get ahead of the project.
- **Water/lead:**
    - The city has issued a lead advisory due to information released from the medical community. Working with the Gen. Co. Health Department as well.
    - Operational standpoint: Working with LAN to tie down a corrosion control plan. Will include adding phosphate to the water, aware of the potential issues with adding phosphate.
    - The city has requested that the state assist the city with possibly re-connecting to DWSD until can connect to KWA.
    - Mayor has spoken with DEQ director, he stated the city's requests are being carefully considered.
        - GOV has met with Congressman Kildee and Senator Ananich.
- **Legal representation for Flint:**
    - City Manager has received additional detail from Miller Canfield and is reviewing it.
    - The City Administrator will send it to Treasury today.
    - Should have engagement by end of week if council works with administration.
- **Crime Rate:** City was named 3rd most violent city in America.

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, October 06, 2015 12:07 PM
To: Saxton, Thomas (Treasury)
Cc: Stanton, Terry A. (Treasury)
Subject: FW: Water/Sewer Funds Budget Amendment
Attachments: WaterSewerBudgetAmendment.pdf

This shows the revenue dropping in Flint's Water system

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Byrne, Randall (Treasury)
Sent: Tuesday, October 06, 2015 11:51 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: FW: Water/Sewer Funds Budget Amendment

Wayne and Suzanne:

This is the proposed Budget Amendment for the City of Flint's Water/Sewer Fund. As you can see, they have a serious revenue problem.

Thanks,
Randy

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Monday, October 05, 2015 4:45 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Water/Sewer Funds Budget Amendment

Hello Randy,

Per our conversation, I have attached the document.

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

SUBMISSION NO.: CA0992015

PRESENTED: 10-3-15

ADOPTED: _____

RESOLUTION TO AUTHORIZE BUDGET AMENDMENTS

BY THE CITY ADMINISTRATOR:

Whereas, the City of Flint's budget is monitored on an ongoing basis by the Finance Department and City department heads; and

Whereas, the Finance Department is recommending certain adjustments;

IT IS RESOLVED, that the FY16 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the City's Water and Sewer Funds dated October 7, 2015; and

That the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the Budget and to assign the appropriate account numbers.

Peter M. Bade, Chief Legal Officer

Jody N. Lundquist, Chief Financial Officer

Natasha L. Henderson, City Administrator

CITY COUNCIL:

RECEIVERSHIP TRANSITION ADVISORY BOARD:

Joshua Freeman, Council President

CITY OF FLINT
1ST QUARTER BUDGET AMENDMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2016

Department	Amended FY2016 Budget Adopted 4/28/2015	1st Quarter Proposed Amendments	Proposed Amended Budget 10/7/2015
Sewer Fund			
Revenues:			
Transfers In	800,000	(800,000)	-
Charges for Services	30,434,895	(5,941,475)	24,493,420
Other Revenue	11,000	-	11,000
Drawings From Fund Balance	1,091,873	2,883,373	3,975,246
Appropriations	32,337,768	(3,858,102)	28,479,666
Net Revenues/Appropriations	-	-	-
Water Fund			
Revenues:			
Charges for Services	36,943,802	(8,560,824)	28,382,978
Drawings From Fund Balance	-	7,287,125	7,287,125
All Other Revenue	112,000	-	112,000
Appropriations	35,990,087	(207,984)	35,782,103
Net Revenues/Appropriations	1,065,715	(1,065,715)	-

Cline, Richard (Treasury) SAM, UOS, Mayor, CA, Fred

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, October 06, 2015 1:46 PM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury), Vandegrift, Drew (TREASURY); Widigan, Robert (TREASURY)
Subject: Lincoln Park AND Flint call items for tomorrow morning

Lincoln Park – Oct. 7 – 8 AM Call

- **Priorities**
- **RTAB recruitment membership**
- **Final Order**
  - Treasury's working on FO. Will have to you soon.
- **City Manager Matt Coppler**
- **Lincoln Park Retiree Lawsuit**
- **EM's 4-month plan**
  - How update going?
- **Miscellaneous**

Flint – Oct. 7 – 9 AM Call

- **Priorities**
- **Water updates** – 1) Tech team Meeting [Open vs Closed? (public body?)]; 2) FDCVT Grant Timeline
- **Budget amendments** – Y4 amendment; VC today, RTAB quick approval; Special RTAB?
- **Legal representation for Flint** – No updates; Motion for Extension denied; Working w/ Miller Canfield
- **Miscellaneous** Finance Dept Rpt Filed
  How long afford Miller Canfield? ← 2-3 weeks

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division,
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

NEEDS

1) Miller Canfield

2)

DEQ Meeting

1) Water Quality
2) DWSD → Yes, good idea; Want State buy-in
3) Need Rapid BA's
4) Need Agree w/DWSD
5) Need Agree w/ County to use line
6) DWSD Makes Switch to ICWA easier → Lake Water

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Tuesday, October 06, 2015 3:56 PM
To: John O'Brien
Subject: RE: City of Flint - correspondence regarding reconnection to Water Supply System

John:

Mr. Workman indicated to use 15MGD for your analysis. Please let me know if you have any questions.

Randy

From: John O'Brien [mailto:jfobrien@gcdcwws.com]
Sent: Tuesday, October 06, 2015 3:48 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: City of Flint - correspondence regarding reconnection to Water Supply System

Randy
Took a quick look To make a good estimate I need Flints water usage
Can you get from DEQ Flints Water Monthly Operating Reports (MORs) for the last 12 months
John O'Brien

From: Byrne, Randall (Treasury) [mailto:ByrneR1@michigan.gov]
Sent: Tuesday, October 06, 2015 3:43 PM
To: John O'Brien <jfobrien@gcdcwws.com>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: FW: City of Flint - correspondence regarding reconnection to Water Supply System

John:

I have attached a copy of the DWSD letter for your review and analysis as per our telephone call with Mr. Workman. If you have any questions, please give me a call at 517-335-2521.

Thanks,
Randy

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226-2830
WWW.DETROITMI.GOV

September 30, 2015

Via email: nhenderson@cityofflint.com
and U.S. Mail

Ms. Natasha L. Henderson, City Administrator
City of Flint
1101 S. Saginaw St.
Flint, Michigan 48502

Dear Ms. Henderson:

Thank you for your inquiry regarding the possibility of reconnecting the City of Flint to the Detroit Water and Sewerage Department's (DWSD) Water Supply system. Director McCormick has asked me to respond to you and provide a brief outline of the basis for that reconnection. However, I want to again emphasize what Ms. McCormick has previously stated to your City Council on this issue: DWSD is willing to sit down and talk with the City of Flint without pre-condition, if that is mutually desirable.

I would be remiss if I did not point out that on June 12, 2015, the City of Detroit and the Great Lakes Water Authority (GLWA) executed a Lease Agreement that provides for the GLWA's operation of the Regional Water Supply System. At present, we are transitioning management of the system from DWSD to the GLWA while certain Conditions Precedent of the Lease Agreement are satisfied. We have made substantial progress towards satisfying these Conditions Precedent with a goal of having GLWA commence full system operations on or before January 1, 2016. I can assure you that, like DWSD, the GLWA is concerned with the challenges Flint's residents have faced in recent months, and will be willing to discuss service to your City.

That said, here is a likely list of issues that would need to be addressed:

1) Rates: In Sue McCormick's January 12, 2015 letter to Flint, she indicated that the rates Flint would pay for the remainder of the then current 2014-2015 Fiscal Year (FY) would be "the same rates Flint was paying as a terminated customer when it left the system but modified to include the 4% increase experienced by all other DWSD wholesale customers in 2014." As we are now in the 2015-16 FY, that offer must be modified to include an additional adjustment similar to that which was received by other customers. In this regard we propose that the rates be adjusted as follows:

a) Starting with the 2013-2014 FY terminated rate; and

b) Adding a 4% adjustment to that rate to account for the 2014-2015 FY increases; and

c) Adding an adjustment equal to the average Suburban Wholesale Charge Adjustment for the current 2015-2016 FY. This rate would remain in place until June 30, 2016, the end of the current 2015-2016 FY.

d) Based upon the above considerations, the resulting rate structure is a fixed monthly rate of $662,100 and a commodity rate of $8.93/Mcf for the current 2015-2016 FY. Please note that this rate structure is designed to be applicable to incremental water sales over and above water sales to the Genesee County Drain Commission. Depending on how water is provided to the combined GCDC/Flint customer, alternative rate structures may be appropriate.

e) Additionally, DWSD recently changed its wholesale customer billing methodology as follows: Flint's calculated share of the FY 2016 Budget is allocated 60% to the Fixed Monthly Charge and 40% to the Commodity Charge, which is consistent with the adopted FY 2015-2016 water wholesale rates

f) In extending this proposal, our assumption is that the service provided is to Flint only and computations are based on data from our previous customer relationship.

g) It is anticipated that under the management of the GLWA, the rates for the 2016-2017 FY will be computed using the same methodology as applied to all other Water Supply System customers.

The proposed rate methodology is intended to ensure that Flint is treated fairly by using the average wholesale customer adjustment in the current Fiscal Year, and the same methodology as all other customers.

2) Term: DWSD understands that Flint's current long-term desire is to receive water service from the KWA. Under these circumstances, Flint would be expected to remain a DWSD customer from the time of reconnection until the time it begins to receive service from KWA. If Flint wishes to consider a longer term relationship with DWSD or GLWA, we would welcome that discussion.

3) Reconnection: As previously indicated by Ms. McCormick in her January 12, 2015, letter, DWSD will not charge an additional fee for Flint to reconnect to the DWSD Water System, and is prepared to immediately take those steps necessary on its end to facilitate a reconnection. Any expenses incurred would be billed at actual cost. Because DWSD lacks sufficient information on the status of the disconnection, we are unable to provide an estimate of those costs at this time. Nonetheless, we will work with you in good faith to develop an expedited plan for reconnection, and to develop a mutually agreed good faith estimate of the costs associated with that plan.

Thank you for raising this issue with us. We hope that this letter addresses the concerns you raised during your recent conversation with Ms. McCormick, and we sincerely appreciate your interest and the opportunity to serve Flint.

Finally, we look forward to the opportunity to meet with you at your earliest convenience to discuss this letter, and how we may best assist Flint in serving its residents' needs. Please contact Ms. McCormick's office at (313) 224-4701 to arrange this meeting.

Best Regards,

William M. Wolfson
Chief Administrative and Compliance Officer/General Counsel, DWSD
Interim General Counsel, GLWA

GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE
- DIVISION OF -
WATER & WASTE SERVICES
G-4610 BEECHER ROAD - FLINT, MICHIGAN 48532-2617
PHONE (810) 732-7870 - FAX (810) 732-9773

JEFFREY WRIGHT
COMMISSIONER

MEMORANDUM

DATE: October 7, 2015

TO: Wayne Workman, Deputy Director, Treasury Department
Randall Byrne, State Administrative Manager

FROM: John F. O'Brien, P.E., Director

SUBJECT: Letter Dated September 30, 2015
Wolfson to Henderson

My staff and I have reviewed the letter referenced above and have prepared this quick memorandum to explain the economics concerns and ramifications of the temporary cessation of the Flint water treatment operations and the return to DWSD/GLWA supply.

This memorandum is broken down into three parts: economics, procedure and concerns.

Economics

Prior to April 2014, Flint held a water contract with DWSD. Flint also had the franchise rights to DWSD water for Genesee County. Therefore, Genesee County received DWSD water via the Flint. The water rate was calculated on that joint demand. In 2013-2014, the allocated cost was $25,303,062 or $738,066 per month plus $13.01 per mcf.

In 2013, DWSD terminated the Flint contract effective April 2014. The Flint chose to go to the Flint River as its source water until KWA water was made available. With the contract terminated, the franchise was terminated and the county had to go to DWSD for water because Flint could no longer supply DWSD water and the Flint River and the Flint water treatment plant does not have the capacity to serve both utilities.

DWSD established a new rate for GCDC that included significant non-contract and non-member charges to access the water. GCDC also acquired approximately 9 miles of water main pipe from the Flint. (The Detroit water meter at the county line between Lapeer and Genesee and the Flint water plant is approximately 11 miles into the county.) The pipeline is of no use to Flint under the Flint River supply or KWA supply scenario. As part of the purchase agreement, language was included for emergency reconnection for Flint to DWSD through this water line.

GCDC water rates with DWSD are as follows:

	Fixed Monthly	Commodity
July 2013 – April 2014 (Flint Contract)	$346,863	$13.01
May 2014 – June 2014	$423,400	$15.18
July 2014 – June 2015	$1,149,400	$3.89
July 2015 – Present	$900,000	$11.86

As you can see, the fixed monthly fees and commodity fees have had significant swings. This is because under the Flint contract, only 40% of revenue was fixed. GCDC went to 80% and are now 60% for the current billing period.

Upon reviewing DWSD's letter of September 2015, DWSD went back to the 2013-2014 rate, added 4% for FY 14-15 and added approximately 11.3% for FY 15-16. This would create a water revenue requirement for a combined Flint/Genesee supply. In Section 1 d) of the letter, they state they would subtract GCDC current payments from that volume, leaving the amount to be paid by Flint. Remember, GCDC is paying the non-contract/non-customer penalty charges.

(1) The reported rate would be $662,100 monthly fixed and $8.93/mcf commodity. Based on 15 million gallons a day and a 30 day month, the monthly charge would be:

new rate

$662,100 + 15,000,000 gal x 30 days x 1 mcf / 7,480 gallons x $8.93 / mcf

$662,100 + $537,232.62 = $1,199,332.62 per month

Flint, over the last two seasons, has seen periods of water flow in the 20 to 25 mgd range due to water main breaks. This period has lasted 2 to 3 months. What is the additional cost if the monthly average was 21 mgd?

6,000,000 x 30 / 7,480 x $8.93 / mcf = $214,893.04 per month

main breaks

The only way for DWSD to provide water to Flint is a common meter at the county line and flow through a county water main. As previously stated, the Flint and GCDC have a contract regarding this potential circumstance (see 5.7 attached).

Assuming the fixed rate by DWSD is correct, the cost with the current commodity would be:

(2) $662,100 + 15,000,000 x 30 / 7,480 x $11.86 = $1,375,602.67

common county water line rate

And again, with water main breaks, the additional monthly cost would be $285,401.00.

Paragraph 1 d) of the DWSD letter recognizes this issue in the last sentence: "Depending on how water is provided to the combined GCDC/Flint customer, alternative rate structures may be appropriate."

(3) We can back into that alternate rate based on our knowledge of the DWSD rate structure. DWSD wants 60% of its revenue from fixed rate.

		Volume per month
GCDC fixed	$900,000	49,428 mcf
Flint fixed	$662,100	50,590 mcf
TOTAL	$1,562,100	100,018 mcf

Total commodity required is $1,041,400
Rate based on volume $10.41 would be the alternative rate

The adjusted rate for Flint would then be:

50% of fixed rate plus $10.41 per mcf
$781,050 + $15,000,000 + 30 / 7,480 x $10.41 = $1,407,320

And again, at this rate, the water main break situation could add $250,508 per month

Therefore, Flint's expected bill for DWSD supplied water for a nine month period with 2 months of high flow would be $13,166,896.

Procedure to Activate Supply

1. Agreement with DWSD and common rate for joint GCDC/Flint water supply would be required. Agreement needs to include separate billings to Flint and GCDC, Flint to pay directly to DWSD based on meter readings at Baxter and Potter and Station 2 on Flint plant site. GCDC makes no representation to the water quality - that is between Flint and DWSD. The agreement needs a termination transfer protocol for Flint exiting and GCDC remaining.

2. Separate agreement with Flint: back up supply was anticipated on an emergency basis. Nine months to a year of service requires a more detailed agreement. Water outage due to line break and cost to repair, etc. The agreement needs a termination clause if Flint is still on DWSD when GCDC is ready to turn on its water treatment plant in the fall of 2017.

3. The 72-inch line will be required to be reactivated. This will require flushing, pressure testing, and BAC-T sampling.

4. Station 2 meter needs to be calibrated and GCDC will need access to control the valves and read the meters.

5. Flint needs to reactivate the Dort Reservoir.

6. Flint should perform a significant water flush of the distribution system just prior to the switch over.

Flint Distribution System

The TTHM and lead issues here arising due to the water quality at the residential tap: Everyone agrees that the water leaving the water plant is clean, clear, and lead-free. At the residential tap, it has been shown to contain lead, is often brown in color, and has an odor. These are all indications of problems in the distribution system. The distribution system was built for a population of 250,000 people and major industrial use. Current population is below 100,000 and there is limited industrial use.

If Flint does not continue to make improvements/modifications to the distribution system, the problem at the residential tap will continue.

Concerns

Will the lead sampling protocols change based on Flint's switch back to DWSD?

What happens to water treatment plant personnel during this 9-month period? Will they be laid off or carried as an additional expense?

When Flint switches to KWA, will the staff be capable of treating the water or will the learning curve begin again?

What is the Desired Outcome?

It is the understanding of GCDC that all of the current samples that have been compiled at the Flint Water Treatment Plant have all tested within EPA and MDEQ guidelines. The emergency appears to be in the distribution of the water, which includes lead service leads to several residences located throughout Flint and not in the treatment of the water. As the treated water leaving the Flint Water Treatment Plant is within EPA and MDEQ guidelines, GCDC is confused as to what the emergency is at this time or why Flint would need to purchase water from DWSD. *The quality of the water leaving the Flint Water Treatment Plant is as safe to drink as the water that would be transmitted by DWSD to Flint.*

Given the facts as they have been provided to GCDC, if DWSD begins to supply Flint with water via GCDC, the elevated lead levels will not immediately disappear and Flint will be paying an additional million dollars plus a month over what it is currently paying to provide the same clean potable water to its residents. Additionally, by Flint receiving water from DWSD via GCDC, Flint will not be performing corrosion control measures on the DWSD treated water. This is important because once Flint begins to treat the raw water provided by KWA, the lead issue may resurface and continue until the corrosion control measures that will need to be restarted take effect, which GCDC estimates may take up to eight (8) months to establish the necessary film to separate the distribution system from the supply water.

The DWSD letter purposely pits Flint against Genesee County customers by offering a lower rate to Flint than is currently being offered to GCDC. And the delivery point is the same.

These are our quick thoughts on the matter. As time progresses, we will have more time to understand the issues and most likely additional concerns will present themselves.

Should you have any questions, do not hesitate to contact this office at your convenience.

WATER TRANSMISSION MAIN

ACQUISITION AGREEMENT

BY AND BETWEEN

CITY OF FLINT

AND THE

GENESEE COUNTY DRAIN COMMISSIONER AS COUNTY AGENCY

DATED MAY 30, 2014

approval, clearance, waiver, order or authorization of any person. organization, or entity; and (iii) do not conflict with, or result in any breach of, or default or loss of any right under (or an event or circumstance that, with notice or the lapse of time, or both, would result in a default), or the creation of any encumbrance pursuant to, or cause or permit the acceleration prior to maturity of any amounts owing under any indenture, mortgage, deed of trust, lease or other agreement to which the County Agency is a party, which failure, violation, conflict or breach would, in the aggregate, materially hinder or impair the consummation of the transactions contemplated by this Agreement.

5.4 Litigation. As of the Execution Date, there is no action, suit or proceeding pending or threatened against or affecting the County Agency before any governmental entity in which there is a reasonable possibility of an adverse decision which could have a material adverse effect upon the ability of the County Agency to perform its obligations under this Agreement or which in any manner questions the validity of this Agreement.

5.5 Due Diligence and Inspection. The County Agency acknowledges that it is being afforded the opportunity to conduct due diligence and investigation with respect to the transaction contemplated by this Agreement. The County Agency represents and warrants that it has conducted any and all such legal, factual, and other examinations, inquiries, investigations, and inspections, including conducting any tests, studies and examinations, that it, in its sole discretion, has determined necessary to complete such due diligence inspection to determine that the subject matter of this Agreement is suitable for the County Agency's intended use.

5.6 Environmental Matters. The County Agency represents and warrants that it has conducted any and all such legal, factual, and other examinations, inquiries, investigations, and inspections, including conducting any tests, studies and examinations, that it, in its sole discretion, has determined necessary to complete such due diligence inspection to have full knowledge of the environmental condition of the subject matter of this Agreement. County Agency shall enter into this Agreement subject to any and all environmental conditions present upon the subject matter of this Agreement.

5.7 Emergency Water Supply. The County Agency warrants that it will provide, to the extent the Detroit Water and Sewerage Department has available capacity treated water through the water main that is the subject matter of this Agreement in an emergency situation to Flint until such time as the Karegnondi Water Authority Water Transmission Pipeline construction is completed (which is estimated to be completed by May 2017) and the Karegnondi Water Authority is providing raw water to its customers.

The emergency supply of treated water to the Flint by the County Agency during the construction of the Karegnondi Water Authority Water Transmission Pipeline shall be at the prevailing rate and any additional charges, fees, special charges, and penalties, as billed by the Detroit Water and Sewerage Department to the County Agency.

If Flint shall need an emergency water supply after the Karegnondi Water Authority Water Transmission Pipeline has been installed and is operational, the County Agency will provide, to the extent the County Agency has available capacity, treated water through the water main that is the subject matter of this Agreement in an emergency situation to Flint. The emergency supply of treated water to Flint by the County Agency after the Water

Transmission Pipeline has been installed and is operational, shall be at the prevailing rate and any additional charges, fees, special charges, and penalties, if applicable, as billed by the Detroit Water and Sewerage Department to the County Agency.

ARTICLE 6
COVENANTS OF FLINT

Flint covenants and agrees with the County Agency as follows:

6.1 Operation and Maintenance of the Water Main until Closing. Between the Execution Date of this Agreement and the Effective Date of this Agreement, Flint shall:

a Operate the Water Main in the ordinary course of business; and

b. Maintain all books and records relating to the operation of the Water Main in the ordinary course of business; and

c. Fix any known breaks or leaks in the Water Main, except those set forth on **Exhibit F**; and

e. Promptly notify the County Agency of any emergency or other change in the normal course relating to the Water Main (or communications indicating that the same may be contemplated.

6.2 Litigation and Claims. Flint shall promptly inform the County Agency in writing of any Claims of which Flint is or becomes aware that are or might reasonably be expected to become the subject of litigation affecting the Water Main or the transactions contemplated by this Agreement.

6.3 Notice of Changes. Flint shall inform the County Agency in writing if it becomes aware that any representation or warranty made by Flint in this Agreement has ceased to be accurate or if Flint becomes aware of the occurrence of any breach of any covenant or other agreement required by this Agreement to be performed or complied with by Flint.

ARTICLE 7
COVENANTS OF THE COUNTY AGENCY

The County Agency hereby covenants and agrees with Flint as follows:

7.1 Cooperation. Subject to the terms and conditions of this Agreement, the County Agency shall cooperate with Flint to use its best efforts to secure all necessary consents, approvals, authorizations, exemptions and waivers from all persons and entities as shall be requested by Flint or required to be obtained in order to consummate the transactions contemplated hereby.

7.2 Litigation and Claims. The County Agency shall promptly inform Flint in writing of any claims (or communications indicating that the same may be contemplated) of which the County Agency is or becomes aware that are or might reasonably be expected

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 07, 2015 11:46 AM
To: Muchmore, Dennis (GOV); Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Wurfel, Sara (GOV); Wurfel, Brad (DEQ)
Subject: RE: How The Flint Water Crisis Emerged

Agreed. They also voted 7-1 to leave DWSD

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Muchmore, Dennis (GOV)
Sent: Wednesday, October 07, 2015 11:11 AM
To: Workman, Wayne (TREASURY) ; Saxton, Thomas (Treasury) ; Stanton, Terry A. (Treasury) ; Wurfel, Sara (GOV) ; Wurfel, Brad (DEQ)
Subject: RE: How The Flint Water Crisis Emerged

I noted in one of the slides that the council voted 7-1 to move back to DWSD and Jerry is quoted as not being in favor of it. I think they left out his reasoning for that and that would have been nice.

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 7, 2015 10:40 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Wurfel, Sara (GOV) <Wurfels@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>
Subject: FW: How The Flint Water Crisis Emerged

Finally M Live recognizes that DWSD kicked Flint off the system.

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Widigan, Robert (TREASURY)
Sent: Wednesday, October 07, 2015 10:32 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: FW: How The Flint Water Crisis Emerged

This article gives a very detailed and accurate timeline from when the city decided to stop buying water from DWSD to today.

-Rob

From: Widigan, Robert (TREASURY)
Sent: Wednesday, October 07, 2015 10:29 AM
To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: How The Flint Water Crisis Emerged

The second slide identifies that Detroit terminated the contract with the city:
http://www.mlive.com/news/flint/index.ssf/2015/10/how_the_flint_water_crisis_eme.html#2

Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-3227 Cell (517) 243-8645

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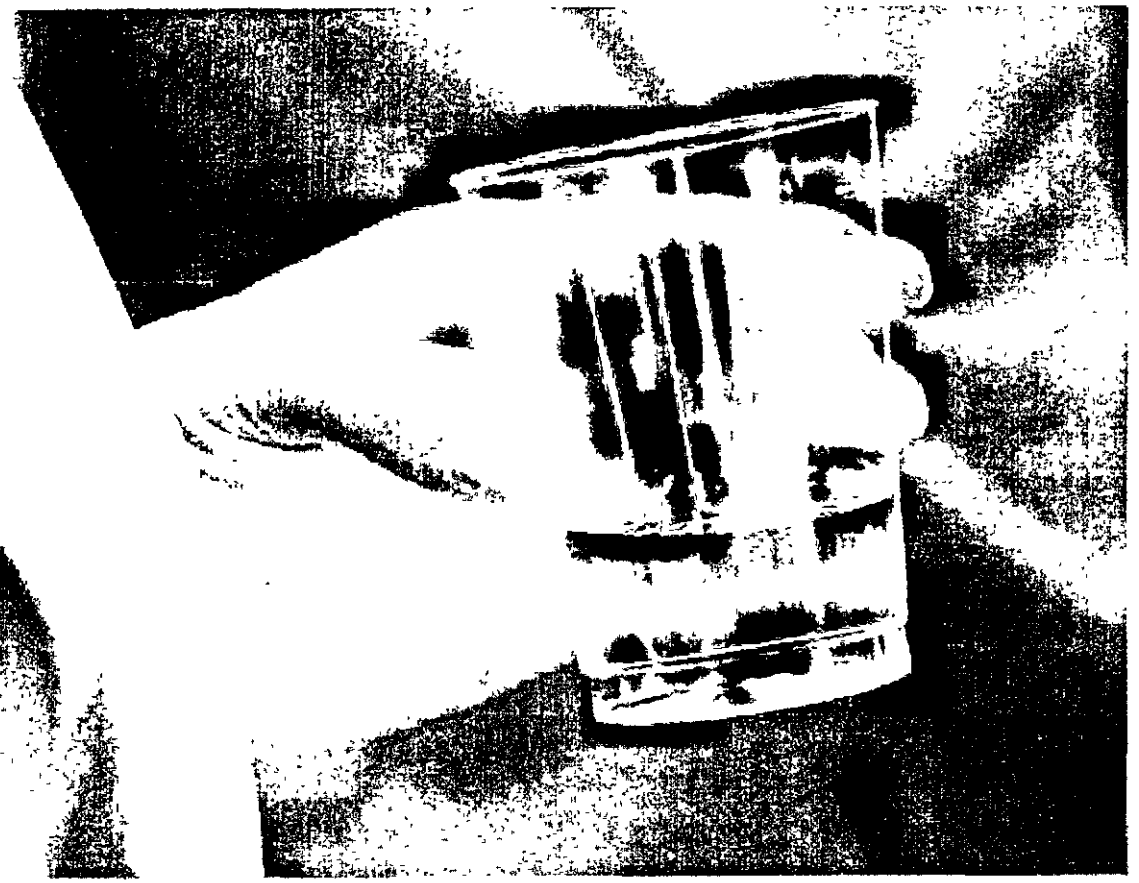
How Flint water crisis emerged



Time for change

The Flint city council voted 7-1 in March 2013 to stop buying Detroit water and join the Karegnondi Water Authority, a new pipeline project that will deliver water from Lake Huron. The state agreed with the water switch, which was projected to save the city $19 million over eight years. Emergency manager Ed Kurtz officially signed the agreement April 16, 2013.

Scott Olson

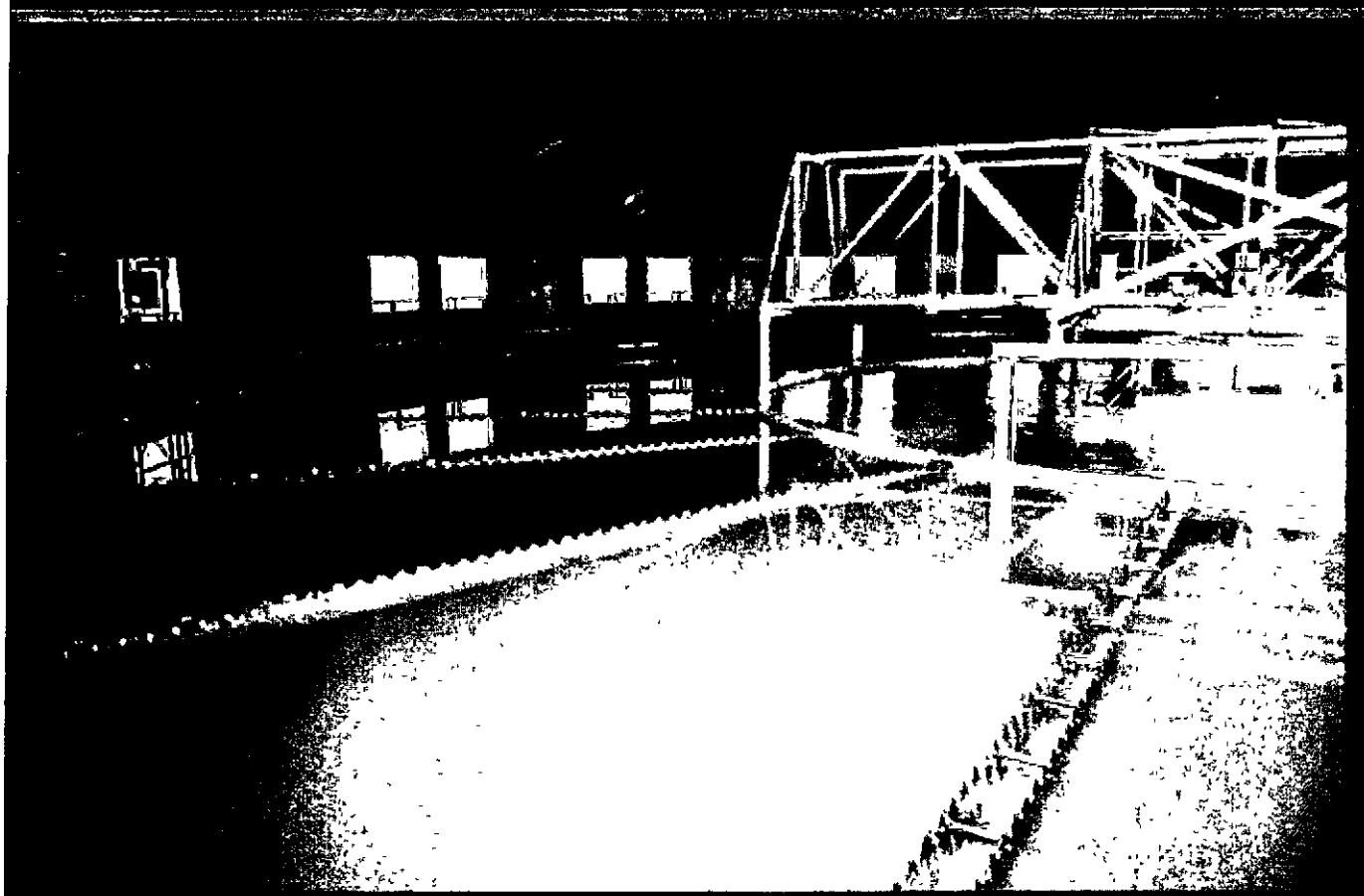
Detroit backs out

The day after joining the KWA, Detroit notifies Flint it will stop selling the city water as of April 2014. With the KWA not expected to be completed for roughly 3 years, Flint was forced to find a new source of drinking water. In the eight months following the Detroit notification of shutoff, the city invests more than $4 million into its water plant.

Michelle Tessier

To the river

In the months leading up to Detroit's water shutoff, there are discussions about where Flint will receive its water. In mid-March 2014, the Flint River is announced as the new source of Flint's drinking water. Leaders, including city council members, city employees and state officials, gathered at the city's water plant for the official groundbreaking. Mayor Dayne Walling says the plan for the switch was implemented by state-appointed Emergency Manager Darnell Earley.



The river plan

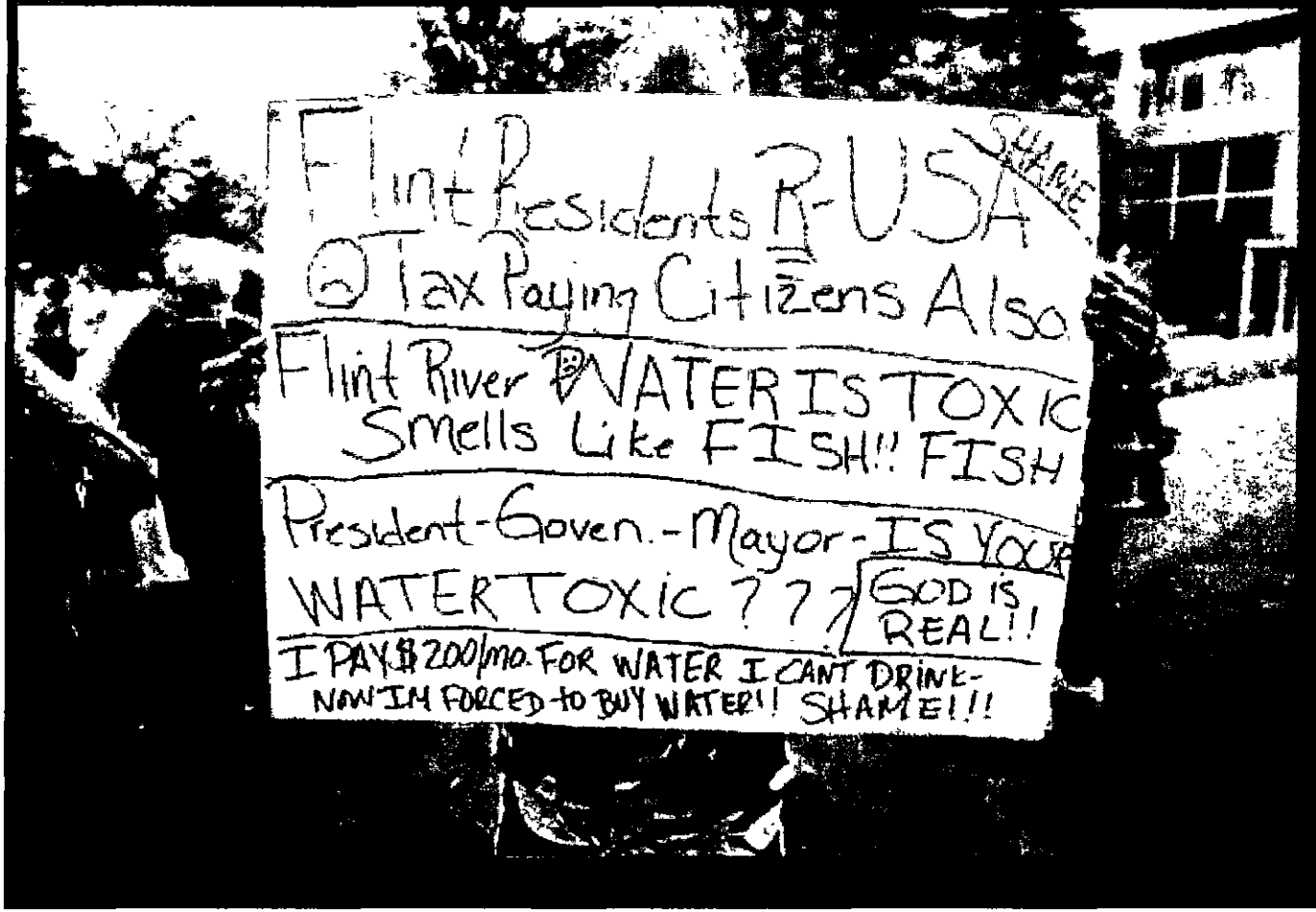
Flint's new drinking water plan calls for the city to pump water from the Flint River into the city's water plant, where it would be treated for distribution. The plan required millions of dollars in upgrades to the plant, since the city was previously purchasing already-treated water from Detroit. The switch was proposed to save the city $5 million in less than two years.

Samuel Wilson

Push the button

On April 25, 2014, after brief permitting and disinfection-system delays, Mayor Dayne Walling officially turned off the Detroit water feed. "Water is an absolute vital service that most everyone takes for granted," Walling said. "It's a historic moment for the city of Flint to return to its roots and use our own river as our drinking water supply."

Dominic Adams | dadams5@mlive.com



Complaints pour in

In the weeks following the switch, some residents begin buying bottled water as they complain of poor-tasting and- smelling city water. The city adds extra lime to the water in an attempt to combat hardness, but Mayor Dayne Walling and state-appointed emergency manager Darnell Earley continued to tell residents the water is safe. "It's a quality, safe product," Walling said. "I think people are wasting their precious money buying bottled water."

Erin Kirkland | MLive.com

Boil your water

Nearly four months after the switch, the city issues a boil-water advisory after fecal coliform bacteria was discovered in water on the city's west side. More boil-water advisories are issued as testing reveals more bacteria in the water system. "Usually, coliforms are a sign that there could be a problem with the treatment or distribution system," the city said in a statement. The city added chlorine, a disinfectant, in the area of the advisory and attempted to flush the system by opening hydrants.

GM says no

Complaints continue about the city's new water supply. General Motors, on Oct. 13, 2014, said it will no longer use the river water at its engine plant because of fears it will cause corrosion. The company reached a temporary agreement to buy Lake Huron water from Flint Township for Flint Engine Operations on West Bristol Road.

TTHM arrives

On Jan. 2, 2015, the city mails a notice to its customers saying it is in violation of the Safe Drinking Water Act due to the elevated presence of trihalomethanes -- or TTHM -- a group of four chemicals that are formed as a byproduct of disinfecting water. Over many years, the chemicals could cause liver, kidney or central nervous system problems and an increased risk of cancer. Three samples in 2014 were so high they guaranteed a quarterly average more than the law allows -- even if there's no trace of the contaminant in fourth-quarter testing

Call for change

Less than a week after the TTHM warning was released, some city council members called for the city to stop using Flint River water. Emergency Manager Darnell Earley announced he would hire a water consultant to try and improve water quality. The Detroit Water and Sewerage Department tells the city it is "ready, willing and able" to start selling Lake Huron water to Flint again, and wouldn't charge a $4 million connection fee. The city declines Detroit's offer.

Share 36 12 / 23

Full-blown controversy

The controversy surrounding Flint water reaches a fever pitch Jan. 20, 2015, when environmental activist Erin Brockovich weighs in on the issue on Facebook. "Now is not the time for the blame game ... Detroit has failed and Flint jumped ship. So much for local control ... everyone is responsible from the top down: USEPA, Michigan Department of Environmental Quality, the State of Michigan and the local officials," Brockovich's Facebook message says. Protests and complaints continued from residents

Addressing the problem

After Mayor Dayne Walling asked the state for help addressing the water concerns, state officials reassured the city it was working on the problem. "(Emergency manager) Jerry Ambrose and his management team are working diligently to ensure Flint residents have access to clean, safe water," spokesman Terry Stanton said. Walling claims the challenges of treating river water were "underestimated" by those who made the decision.

Looking for a fix

The Detroit Water and Sewerage Department director says she's willing to talk about providing emergency water to Flint — even without a long-term deal between the two cities. But emergency manager Jerry Ambrose on Jan. 29 says Detroit is not in the city's plans. Gov. Rick Snyder awarded Flint $2 million on Feb. 3 to find leaks in city water lines and to replace a wastewater incinerator — moves officials said will free up money for

Experts weigh in

Water expert Bob Bowcock, who was sent to the city by activist Erin Brockovich, calls for the city on Feb. 17 to switch back to Detroit water. Representatives from Veolia North America, a city-hired water consultant, say the next day Flint has problems with sediment and discoloration in its water but it is safe to drink and meeting all state and federal standards. The city announces it is meeting TTHM guidelines for the first time since the switch to the river.

Investing in change

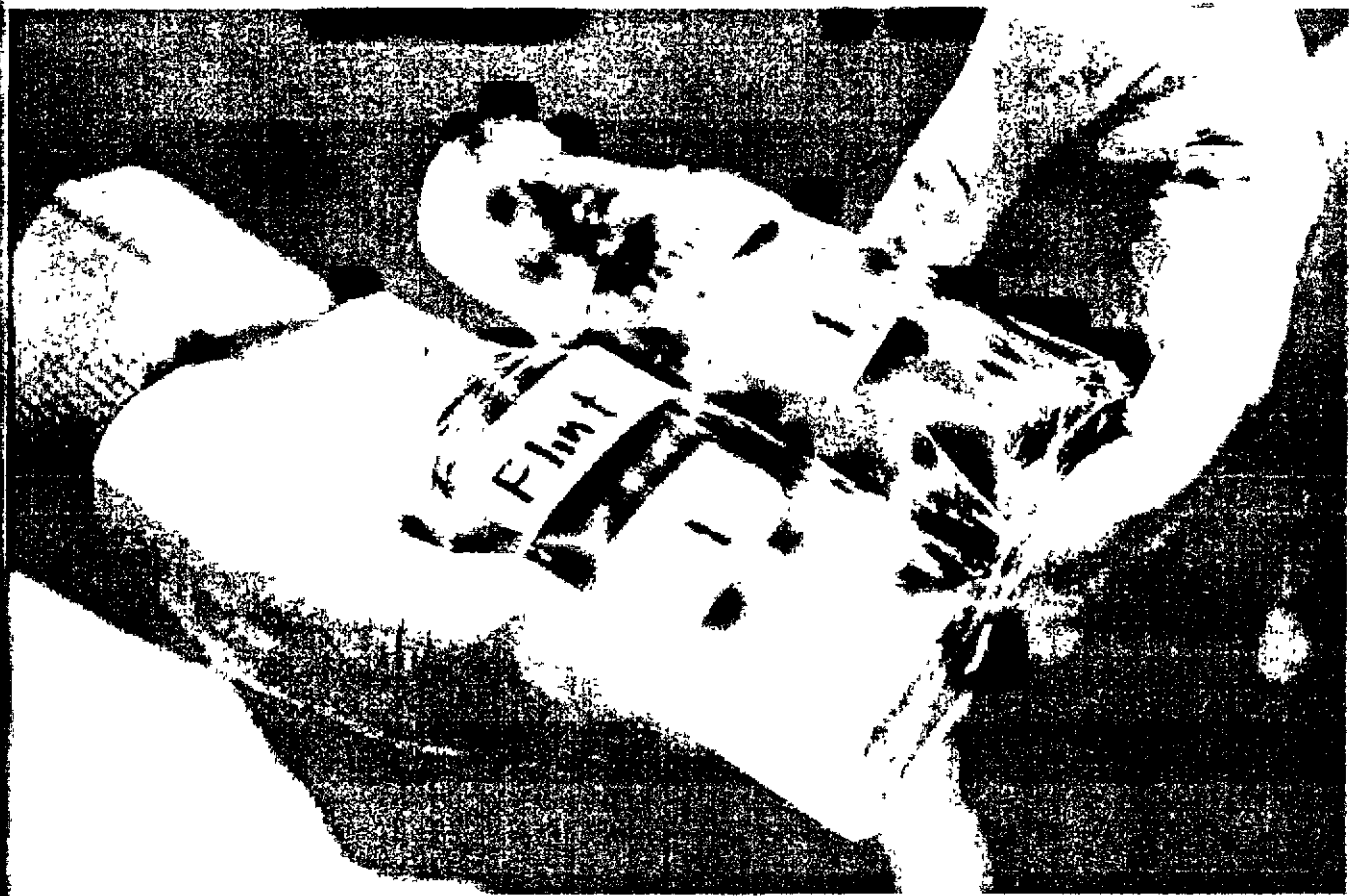
On March 18, city-hired water consultant Veolia North America calls for roughly $3 million in changes at the water plant to get TTHMs in check. The next day, the city announces it will restructure four drinking water bonds, allowing it to postpone $2.2 million in payments and spend the available cash on water safety and quality. A new $1.6 million carbon filter system will be installed in July.

Still not assured

Despite the city's proposed invesiment in the water system, the city council voted 7-1 to "do all things necessary" to reconnect Flint to Detroit water. "It is incomprehensible to me that (seven) members of the Flint City Council would want to send more than $12 million a year to the system serving Southeast Michigan, even if Flint rate payers could afford it. (Lake Huron) water from Detroit is no safer than water from Flint," emergency manager Jerry Ambrose said in response to the vote.

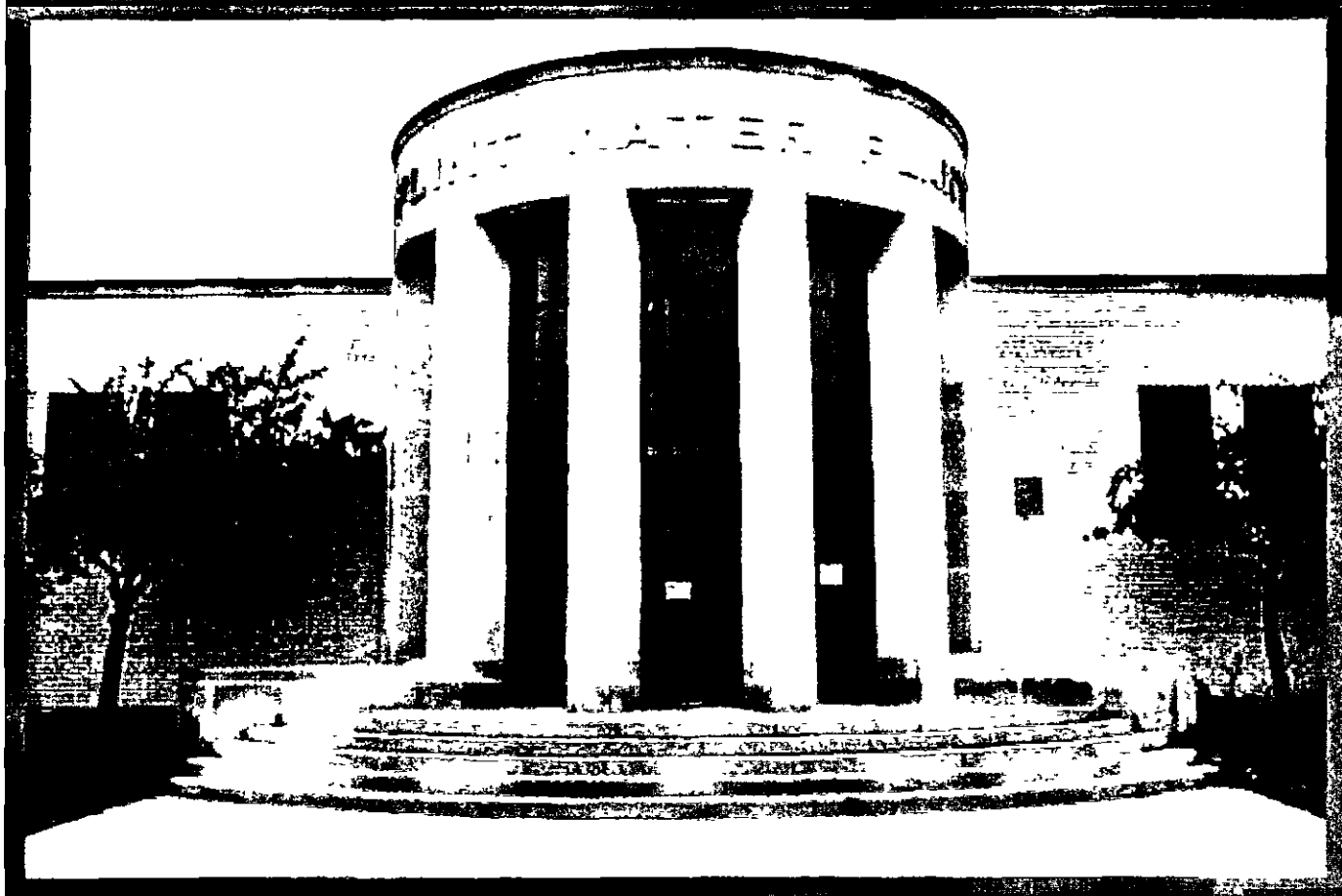
To the courts

A lawsuit is filed in early June asking a judge to order Flint to reconnect to the Detroit water system. A federal judge declines when he denies a preliminary injunction. The suit is eventually dismissed. However, Genesee Circuit Judge Archie Hayman issues an emergency injunction Aug. 7 in a separate lawsuit ordering the city to roll back water and sewer rates by **35 percent**, to end a ready-to-service fee, to repay its water and sewer fund by more than $15 million, and to stop water disconnections and liens for past-due bills, effective immediately.



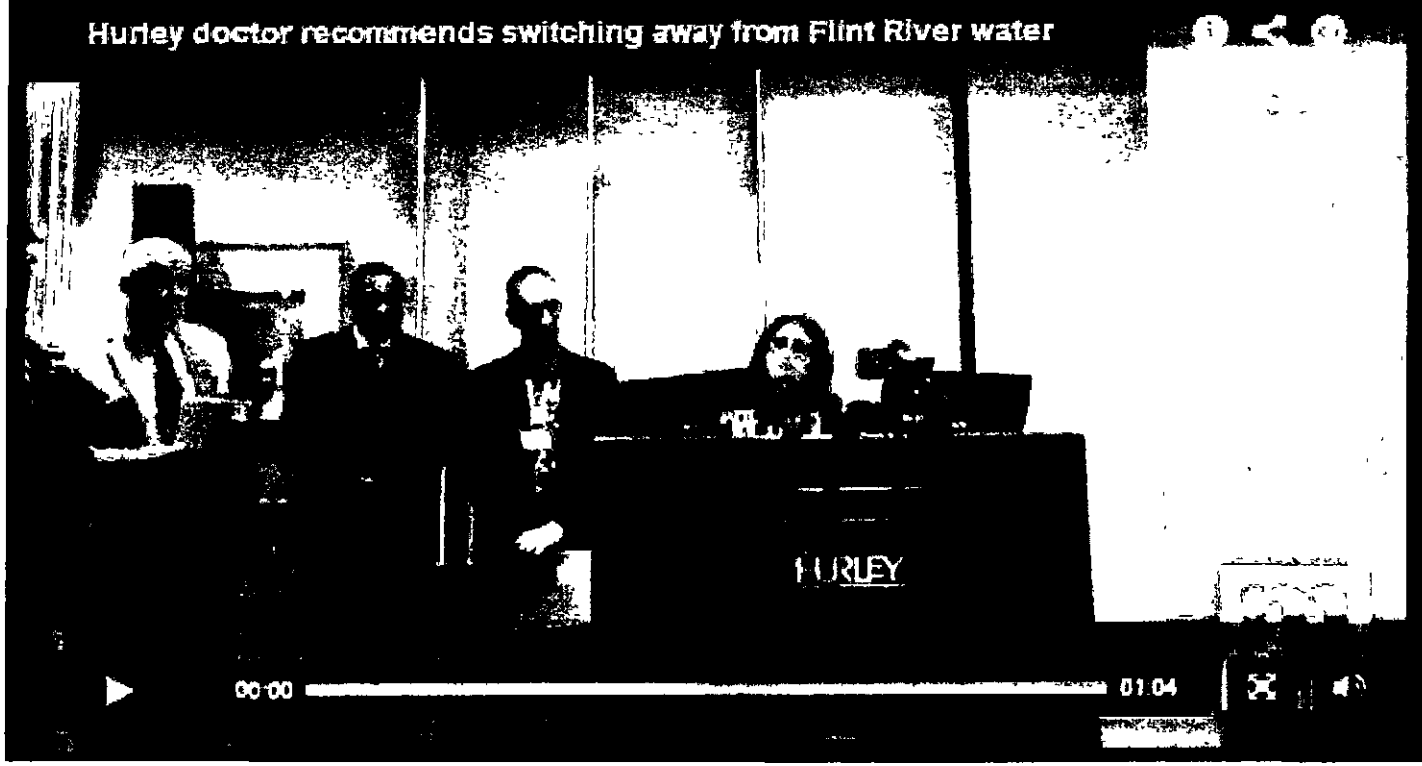
Lead leaching in

Despite continued water quality protests, fears are renewed when Virginia Tech Professor Marc Edwards claims Sept. 2 that the corrosiveness of the water is causing lead to leach into residents' water. "On a scientific basis, Flint River water leaches more lead from plumbing than does Detroit water," the report concludes. The state and city say the water meets state and federal safety standards, but will introduce a lead-reduction plan by 2016.



TTHM levels fall

The city was notified it was no longer in violation of the Safe Drinking Water Act on Sept. 2 after the city was able to drop TTHM amounts to acceptable levels. The city will no longer have to send water customers notices warning about TTHM levels. The state claimed improved filter technology and optimization of water treatment plant and distribution system processes helped lead to the drop.



Lead levels spike

Despite claims the water is safe, testing data obtained Sept. 19 shows 10 percent of homes tested in the city saw an increase in lead after the switch to the Flint River. Findings released Sept. 24 by Hurley Medical Center shows more Flint infants and children are found with elevated levels of lead in their blood since the city switched to using the Flint River. State officials dispute the findings. Mayor Dayne Walling says Flint will issue lead-in-water warnings.

Public health emergency

On Oct. 1, Genesee County officials declare a public health emergency urging residents to not drink the city's water until it is checked for lead or they have installed an approved water filter. The commissioners said they are hoping their declaration will move Gov. Rick Snyder to declare a state of emergency to handle [illegible]

Governor's action steps

The next day, Gov. Rick Snyder's administration announces it is committing up to $1 million to purchase water filters for Flint. The plan also includes immediate testing of water at Flint schools at state expense, expansion of lead exposure testing for individuals and expediting treatment of Flint water to better control pipe corrosion. Snyder's plan does not include switching back to Detroit water, although it is reviewing the option.

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, October 07, 2015 1:35 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury)
Subject: FW: Flint water finance question

FYI—

Would like to chat some time today...

Obviously, any response would be coordinated with Gov's office...

From: Jacob Kanclerz [mailto:jacob@mirsnews.com]
Sent: Wednesday, October 07, 2015 12:00 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Flint water finance question

Terry,

I know Flint is under the RTAB now, but would you be able to help connect me with someone that might be able to tell me just how much it would cost to connect the city back to the DWSD water supply? Let me know if you could help out today. Thanks!

--
Jacob Kanclerz
Reporter, MIRS News
Office: 517-482-2125
Cell: 810-923-8235
Twitter: @jacobkanclerz

Pleyte, Beth (Treasury)

From: Becker, Timothy (DHHS)
Sent: Wednesday, October 07, 2015 1:53 PM
To: Duncan, Nancy (DTMB); Wyant, Dan (DEQ); Khouri, Nick (TREASURY); Saxton, Thomas (Treasury); Lyon, Nick (DHHS); Zimmer, Mike (LARA); Muchmore, Dennis (GOV)
Cc: Pohl, Allan (LARA); Hanley, Farah (DHHS); McNeely, Jacques (DTMB); Harkins, Chris (DTMB); Fosdick, David (DTMB); Kimmith, Dean (DTMB); Shoemaker, Lisa (DTMB); Harrison, Jennifer (DTMB); Roberts, John (DTMB); Starr, Scott (DTMB); Peruchietti, Cindy (Treasury); Epkey, Amy (DEQ)
Subject: RE: DRAFT City of Flint Solution
Attachments: City of Flint Water Funding Solution.pdf

I'm confused by this spreadsheet. At this morning's meeting the supplemental (apart from the filters) discussed was for $6m to reconnect plus $1.5m for 10 FTEs, 8 of which I understood to be in MDHHS for nurse case managers and lead abatement investigators. This spreadsheet seems to be $1.5m short of this morning's conversation. I don't have a funding source for the positions in FY 2016. If we're absorbing within existing resources I'll need a GF transfer and work project to capture FY '15 lapse.

From: Duncan, Nancy (DTMB)
Sent: Wednesday, October 7, 2015 12:14 PM
To: Wyant, Dan (DEQ) <WyantD@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Becker, Timothy (DHHS) <beckert1@michigan.gov>; Lyon, Nick (DHHS) <LyonN2@michigan.gov>; Zimmer, Mike (LARA) <zimmerm@michigan.gov>; Muchmore, Dennis (GOV) <muchmored@michigan.gov>
Cc: Pohl, Allan (LARA) <pohla1@michigan.gov>; Hanley, Farah (DHHS) <hanleyf@michigan.gov>; McNeely, Jacques (DTMB) <mcneelyj@michigan.gov>; Harkins, Chris (DTMB) <HarkinsC1@michigan.gov>; Fosdick, David (DTMB) <FosdickD@michigan.gov>; Kimmith, Dean (DTMB) <KimmithD@michigan.gov>; Shoemaker, Lisa (DTMB) <shoemakerl@michigan.gov>; Harrison, Jennifer (DTMB) <harrisonj1@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>; Starr, Scott (DTMB) <StarrS1@michigan.gov>; Peruchietti, Cindy (Treasury) <PeruchiettiC@michigan.gov>; Epkey, Amy (DEQ) <epkeya@michigan.gov>
Subject: DRAFT City of Flint Solution
Importance: High

Colleagues,

Please find attached summary of where the State Budget Office believes we are based on this morning's meeting hosted by Director Wyant. This reflects the State commitment of resources towards provision of filters, reconnecting to Detroit Water & Sewage, and home/school/other inspections. Your quick review would be appreciated, since the Governor wants to share with legislative leaders yet today. I have included your budget officers to assist in the review.

Open issues are: (1) where to place the appropriation for the Flint re-connect and (2) whether (and what) boilerplate we may need/want.

Thanks.

Nancy Duncan
Deputy State Budget Director
517-373-0870

City of Flint Water - Funding Solution
State of Michigan Commitment

Agency	GF/GP	Gross	Comments
Filters:			
MSHDA		$225,000	Does not require board approval.
Health & Human Services	$1,016,000	$1,016,000	Towards 2nd round of filters. (AY15 work project)
Health & Human Services	$0	$1,000,000	Environmental Quality - State Restricted Settlement Funds provided to HHS Emergency Services local office for 1st round of filters.
Subtotal Filters:	**$1,016,000**	**$2,241,000**	
Reconnect to DSW:			
Environmental Quality	$0	$1,000,000	State Restricted Settlement Fund support.
Health & Human Services	$0	$0	
MI Strategic Fund	$0	TBD	
State Budget Office	$5,000,000	$5,000,000	FY15 general fund lapse resources.
Subtotal Reconnect:	**$5,000,000**	**$6,000,000**	
Additional Agency Support:			
LARA	TBD	TBD	Provision of 5-7 plumbing inspectors to do schools (public and parochial) and health facilities (hospitals, Long Term Care, etc.).
Health & Human Services	TBD	TBD	Provision for home and school inspections. Cost will be absorbed within existing resources.
Environmental Quality	TBD	TBD	Provision of 2 FTEs for home and school inspections. Cost will be absorbed within existing resources.
Subtotal Additional Support:	**$0**	**$0**	
ALL TOTAL	**$6,016,000**	**$8,241,000**	

12:12 PM
10/7/2015

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, October 07, 2015 4:07 PM
To: Davey, Monica
Subject: RE: Info & Timeline

Tag...you're it. Just called. Give me a shout at 517-241-0782 or I will call back momentarily..

From: Davey, Monica [mailto:davey@nytimes.com]
Sent: Wednesday, October 07, 2015 3:48 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Re: Info & Timeline

yell when youre free
i'm at 312 543 4883

On Wed, Oct 7, 2015 at 2:12 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Will call you shortly

From: Davey, Monica [mailto:davey@nytimes.com]
Sent: Wednesday, October 07, 2015 3:09 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Re: Info & Timeline

I'm right to say that the governor decided it was a financial emergency right?

Ultimately, he has the say so in bringing in the EM correct?

On Wed, Oct 7, 2015 at 1:00 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Monica…

As requested, the emergency manager timeline is below…as are several other dates (with corresponding documents attached).

I have a 2pm (eastern) meeting, but will try to call you shortly...as I would like to provide additional "background."

Terry

Flint EM dates for financial emergency declared in December 2011

Mike Brown, apptd 12-1-11 (when fin emer declared under PA 4 of 2011)

Ed Kurtz, apptd 8-8-12 (when PA4 was repealed in Aug 2012, Brown couldn't serve as EM, PA 72 back in effect)

Mike Brown, apptd 7-4-13 (Kurtz retired; PA436 in effect)

Darnell Earley, apptd 10-8-13 (Brown resigned)

Gerald Ambrose, apptd 1-13-15 (Earley appointed DPS EM)

Financial Emergency resolved, 4-29-15 (RTAB apptd)

Other dates

June 26, 2012 – Letter from EM Brown to DWSD seeking permission to blend river water with DWSD water (attached).

Sept. 20, 2012 – Letter from EM Kurtz to DWSD requesting written permission to implement blending (attached).

March 25, 2013 – The Flint City Council endorses joining KWA (see url below)

http://blog.mlive.com/newsnow_impact/print.html?entry=/2013/03/flint_city_council_approves_re.html

April 11, 2013 – Treasurer Dillion sends letter to EM Kurtz (attached) noting conditional approval of move to KWA (pursuant to PA436), pending a review of DWSD's last, best offer.

April 16, 2013 – EM Kurtz informs Treasury that the City will join KWA (attached).

April 17, 2013 – DWSD transmits letter to EM Kurtz terminating service to Flint, effective April 17, 2014 (attached).

April 17, 2014 – Water service from DWSD officially ends.

From: Davey, Monica [mailto:davey@nytimes.com]
Sent: Wednesday, October 07, 2015 12:53 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: questions.....

Terry:

Dave Murray in the gov's office is sending me your way.

I'm trying to understand the Emergency manager timeline in Flint -- which he says you have. Also, can you send me a copy of the letter in which Detroit told Flint that it was ending the water supply to Flint?

Was it not the EM's decision about whether to turn to the Flint River? Dave is saying that Detroit refused to provide them service?

Any guidance?

312 543 4883

Best,

Monica

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 07, 2015 4:40 PM
To: Wurfel, Sara (GOV)
Subject: RE: flint docs

We are checking that out right now, but have not called the City. None of this is on their website.

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Wurfel, Sara (GOV)
Sent: Wednesday, October 07, 2015 4:26 PM
To: Workman, Wayne (TREASURY)
Subject: RE: flint docs

Thx.

Was there any vote at all from Flint City Council to use Flint water once DWSD sent that notice and city had to make determination in spring of 2014??

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 07, 2015 4:25 PM
To: Hollins, Harvey (GOV) <hollinsh@michigan.gov>
Cc: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Wurfel, Sara (GOV) <Wurfels@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>
Subject: FW: flint docs

Harvey, Attached are various documents and press reports of the City Council's vote in March 2013 to join KWA. We have not located the actual resolution and it is not on the City's website. It is interesting that the only no vote explained he wanted to just use Flint River water. Wayne

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Dempkowski, Angela (Treasury)
Sent: Wednesday, October 07, 2015 4:20 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: flint docs

Revised pdf

Angela Dempkowski | Senior Executive Management Assistant/Treasury
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
dempkowskia@michigan.gov

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Thank you

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, October 07, 2015 5:21 PM
To: Heaton, Anna (GOV)
Cc: Wurfel, Sara (GOV); Murray, David (GOV); Wurfel, Brad (DEQ); Kennedy, Jordan (GOV)
Subject: RE: Flint water finance question

No problem...thanks.

From: Heaton, Anna (GOV)
Sent: Wednesday, October 07, 2015 5:17 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Cc: Wurfel, Sara (GOV) <Wurfels@michigan.gov>; Murray, David (GOV) <MurrayD1@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Kennedy, Jordan (GOV) <KennedyJ4@michigan.gov>
Subject: Re: Flint water finance question

Terry - sorry to leave you hanging. We say either don't respond, or just tell him to stay tuned and he'll have an answer tomorrow morning. We will be sending advisory momentarily.

Sent from my iPhone

On Oct 7, 2015, at 2:43 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

> Sara & Dave...
>
> Meant to send this earlier...but apparently didn't hit "send."
>
> FYI—see below from Jacob. Given plan for tomorrow...please advise on how you want to proceed.
>
> TS
>
> **From:** Jacob Kanclerz [mailto:jacob@mirsnews.com]
> **Sent:** Wednesday, October 07, 2015 12:00 PM
> **To:** Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
> **Subject:** Flint water finance question
>
> Terry,
>
> I know Flint is under the RTAB now, but would you be able to help connect me with someone that might be able to tell me just how much it would cost to connect the city back to the DWSD water supply? Let me know if you could help out today. Thanks!
>
> --
> Jacob Kanclerz
> Reporter, MIRS News
> Office: 517-482-2125
> Cell: 810-923-8235

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 07, 2015 7:07 PM
To: Widigan, Robert (TREASURY)
Cc: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: Re: Flint - River Decisions

Let's talk about 8:00 in am

Sent from my iPhone

On Oct 7, 2015, at 5:27 PM, Widigan, Robert (TREASURY) <WidiganR@michigan.gov> wrote:

> Wayne,
>
> From our search there does not appear to be any council action or EM order/resolution regarding the city using the river as a water source.
>
> It seems like it was just decided and they went with it.
>
> If further information is desired please let me know.
>
> -Rob
>
> Sent from my iPhone
>
> On Oct 7, 2015, at 5:08 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:
>
> > This would have been after the April 2013 letter from DWSD when Detroit cut them off
> >
> > Sent from my iPhone
> >
> > On Oct 7, 2015, at 4:58 PM, Widigan, Robert (TREASURY) <WidiganR@michigan.gov> wrote:
> >
> > > Randy,
> > >
> > > Wayne asked if there was anything on MLive, the articles don't mention a council vote.
> > >
> > > Robert Widigan
> > > Local Government Financial Services Division
> > > Michigan Department of Treasury
> > > Office (517) 373-3227 Cell (517) 243-8645
> > >
> > > <Flint residents should be drinking Flint River water by mid-April, officials say.pdf>
> > >
> > > <Flint gets final permit approvals from state to use Flint River for drinking water.pdf>

Flint residents should be drinking Flint River water by mid-April, officials say

Sarah Schuch | sschuch@mlive.com By **Sarah Schuch | sschuch@mlive.com**
on March 12, 2014 at 6:10 PM, updated March 12, 2014 at 6:13 PM

FLINT, MI – If all goes as planned, Flint residents will have Flint River water flowing from their taps by mid-April.

Flint city leaders and Flint Water Treatment Plant officials held a ceremonial groundbreaking Wednesday, March 12, to mark the start of the process of drawing water from the Flint River.

"This is an important day for us as we break ground on this new project in the city of Flint," said Flint Mayor Dayne Walling. "The river is an invaluable asset."

The city has bought its water from Detroit, but that contract was terminated when Flint signed on to purchase 18 million gallons of raw water per day from the Karegnondi Water Authority.

The under-construction pipeline will bring raw Lake Huron water to Flint and Genesee County when it is complete by the end of 2016.

People in the city will drink Flint River water until the pipeline is complete. Detroit Water and Sewerage Department Director **said it would stop selling water to Flint and Genesee County on April 17, 2014.**

In the next couple of weeks, six more employees will be hired to help keep the water treatment plant better staffed as it is used to its full capacity. After the new hires are on board, there will be a total of 26 employees with at least four employees working at any given time, compared to the one on duty now.

The plant, which is used as a backup water supply to Flint and Genesee County, will go from being used four times a year to year-round.

Work will also take place within the next two weeks to update the electrical system from the 1950's, said Brent Wright, plant superintendent.

After Detroit cancelled its water contract here, **Flint has spent about $4 million in upgrades at the water treatment plant in the past eight months.**

"What we're doing with the upgrade is increasing reliability," said Daugherty Johnson, utilities administrator at the water treatment plant.

The treatment plant could easily be used now if it had to be used, Wright said. There is 55 million gallons of water already in storage. But the process now is to make sure the plant is well staffed and updated to handle the greater use, Wright said.

In the next year, a small pump lift station will also be built.

"This is a tremendous step in the process of securing Flint's water future," Walling said.

When it's time to switch over, the process should be smooth and effortless, Wright said. Before the switch is complete, the Flint water treatment plant will already be fully operational, testing the process a couple weeks before the process is complete.

Then once they are ready to go, plant officials will simply turn off the switch for the 72-inch pipeline from Detroit and turn on the switch for the 36inch pipeline that will draw in water from a location in the Flint River near the plant.

The target date for the switch is mid-April. On average, the plant will see 12 million gallons of water going through daily.

When Wright started working at the plant 23 years ago, he was told they would be starting the process to no longer purchase water from Detroit. And now it's happening.

"We're finally doing it. And I get to see it," Wright said.

Sam Muma, president of AFSCME Local 1600, said it's good to see the plant being used to its full potential and for the river to be utilized to its full potential.

In all, the upgrades and further use of the water treatment plant will be a benefit to the community, Muma said.

"This is a good thing for the community. It will provide jobs," Muma said. "Anytime you can be self-sufficient is a good thing. Doing this should eventually decrease water rates for the residents in Flint."

The long-term goal is to have more water efficiency and more cost savings in water rates.

The hope is to also bring school children out to the plant to have educational tours.

"Today marks the beginning of the new narrative of the city of Flint," said Flint's Director of Public Works Howard Croft.

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Flint gets final permit approvals from state to use Flint River for drinking water

Ron Fonger | rfonger1@mlive.com By **Ron Fonger | rfonger1@mlive.com**
on April 10, 2014 at 4:00 PM, updated April 10, 2014 at 4:10 PM

FLINT, MI -- Bottoms up, Flint.

The state of Michigan has issued the **permits needed** for the city to begin using the Flint River for drinking water, a major step toward ending water purchases from the city of Detroit as early as next week.

"They've got a series of construction permits" that were issued Wednesday, April 10, said Brad Wurfel, a spokesman for the state Department of Environmental Quality. "They are **racing** to get all this work done."

The permits have been on Flint's to-do list since the Detroit Water and Sewerage Department said it was terminating its contract to sell water here on April 17.

That deadline was issued one year ago, and city and state water officials have been working and consulting on required upgrades at Flint's water treatment plant since.

Flint spokesman Jason Lorenz said today, April 10,that the city is still targeting April 17 as the day to shut off Lake Huron water -- treated and pumped here by DWSD -- and to turn on the intakes into the river.

Because work is still going on inside and outside the city's treatment plant, the exact time and date for the switch hasn't been set yet, Lorenz said.

Earlier this week, Flint emergency manager Darnell Earley called the city's ability to cut out the cost of water purchases from Detroit a "monumental change" for the city.

"The city of Flint will be able to control water costs," Earley said. "I'm kind of glad we're not a part of that discussion (about the future of the Detroit water system) anymore."

A consultant hired by Earley is expected to recommend new water rates during a City Council committee meeting at 5 p.m. today. The emergency manager has already said **rates will not be reduced** because of upgrades that are needed in Flint's water distribution system.

Flint officials will need that infrastructure upgrade whether they use river or lake water. City officials have signed an agreement to use Lake Huron water supplied by the Karegnondi Water Authority once the pipeline it is building is completed -- something that's expected to happen in 2016.

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SUITE 750
TROY, MICHIGAN 48084
TELEPHONE: (248) 502-4000
FACSIMILE: (248) 502-4001

October 8, 2015

Via Email: wolfson@dwsd.org
William M. Wolfson
Chief Administrative and Compliance Officer/General Counsel, DWSD
Interim General Counsel, GLWA
735 Randolph Street
Detroit Michigan 48226

Re: Increase in average day and maximum peak day by GCDC

Dear Mr. Wolfson:

GCDC has received a formal request from Flint to receive DWSD water via GCDC per GCDC's contract with Flint. GCDC's rates are currently based on 12 mgd average day and 25 mgd maximum peak day. Does DWSD have the capacity to increase demand to GCDC to 28.5 mgd average day and 51 mgd peak day? If so, could you please provide GCDC with the rates for 28.5 mgd average and 51 mgd peak day through June 30, 2016?

As you are aware, time is of the essence. I would respectfully ask that if at all possible you could provide answers to the above two (2) questions stated above by 5:00 p.m. today. It is anticipated that if DWSD has the capacity and all of the issues between Flint and GCDC are resolved, GCDC anticipates providing Treated Water to Flint within the next seven (7) days.

If you should have any questions or concerns regarding this communication, please feel free to contact me at 810-569-0352 or via email at kkilby@mcgrawmorris.com.

Sincerely,

MCGRAW MORRIS P.C.

Kevin K. Kilby
Attorney at Law

N:\GCDC\2155-1000 (General)\Contracts and Agreements\Flint Emergency Water Purchase\Letter to Wolfson Final.doc

Byrne, Randall (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Thursday, October 08, 2015 10:09 AM
To: Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury); Vandegrift, Drew (TREASURY); Dostine, Patrick (TREASURY)
Subject: Flint - Water Announcement

The GOV just announced that the City will be reconnecting to DWSD, it will cost $12M. That $12M will be will come from the following donations: $6M from the State Legislator, $4M from the Mott Foundation, and $2M from the City. Plus an additional $2M from the Legislator for the City to help with tests, study's, filters, etc..

Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-3227 Cell (517) 243-8645

Workman, Wayne (TREASURY)

From: Byrne, Randall (Treasury)
Sent: Thursday, October 08, 2015 1:06 PM
To: Cline, Richard (Treasury)
Subject: FW: DWSD

Eric:

This is the latest email.

Randy,

From: achubb@cityofflint.com [mailto:achubb@cityofflint.com]
Sent: Thursday, October 08, 2015 12:30 PM
To: John O'Brien ; Kevin Kilby
Cc: Byrne, Randall (Treasury) ; Wyant, Dan (DEQ) ; Workman, Wayne (TREASURY) ; Warren Vyvyan ; Dayne Walling ; Peter Bade ; Natasha Henderson
Subject: Re: DWSD

John and Kevin,

Per our contract, the City is requesting flow of 16.5mgd average, 26mgd max flow. Please notify of intent to provide and costs as soon as possible.

Anthony Chubb
Interim Director of Human Resources and Labor Relations
Deputy City Attorney
City of Flint

Sent from my iPhone

On Oct 8, 2015, at 11:51 AM, John O'Brien <jfobrien@gcdcwws.com> wrote:

> Tony
>
> The County and City Have a current contract we will honor that agreement.
> The DWSD recognizes this issue as identified in the last sentence of paragraph 1 d)
>
> John
>
> **From:** Anthony Chubb [mailto:achubb@cityofflint.com]
> **Sent:** Thursday, October 08, 2015 11:25 AM
> **To:** John O'Brien <jfobrien@gcdcwws.com>; Kevin K. Kilby <kkilby@mcgrawmorris.com>
> **Subject:** Fwd: DWSD

See below. I had your old email in my history.

Anthony Chubb
Interim Director of Human Resources and Labor Relations
Deputy City Attorney
City of Flint
1101 S. Saginaw Street, 3rd Floor
Flint, MI 48502

(810) 237-2078

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---------- Forwarded message ----------
From: **Anthony Chubb** <achubb@cityofflint.com>
Date: Thu, Oct 8, 2015 at 11:23 AM
Subject: Re: DWSD
To: "Kevin K. Kilby" <kkilby@mcgrawmorris.com>, John O'Brien <jobrien@gcdcwws.com>

Hey guys,

As you probably saw at the news conference today, the State and CS Mott Foundation are pledging money for the switch based upon the rates quoted by DWSD ($662,100 per month and commodity rate of 8.93/Mcf for FY 2015-2016. Please confirm you are going to honor those rates. I am balancing a house of cards here and this could put this in the ditch.

Tony

Anthony Chubb
Interim Director of Human Resources and Labor Relations
Deputy City Attorney
City of Flint
1101 S. Saginaw Street, 3rd Floor
Flint, MI 48502

(810) 237-2078

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On Thu, Oct 8, 2015 at 8:54 AM, Kevin K. Kilby <kkilby@mcgrawmorris.com> wrote:

Tony –

If we want to get this deal completed fast, here is what needs to happen. We just need a quick letter from DWSD stating that DWSD has the capacity in its system to service Flint and the GCDC may provide Flint with water. GCDC will continue to receive all billing from DWSD and invoice Flint for all increases pursuant to the Water Transmission Main Agreement ("Agreement"). Basically, Flint becomes a water customer of GCDC pursuant to the Agreement.

John is meeting with Brent today. Assuming we can get the letter from DWSD and Flint is able to accomplish what it needs to get done (what John and Brent discuss) water may be available as early as Monday. We can work out our agreements after the fact as they are all straight forward and minimal.

I would have Howard or Brent determine where they are going to flush the 5 million gallons from the transmission main (this will be a topic of discuss at the meeting with John and Brent). Pursuant to our conversations with Brent yesterday, they cannot physically run the 5 million gallons through the plant. They may have to eject it into the Flint River or maybe the pond at the golf course. This may require a NPDES permit from the State.

IF DWSD does not agree to the easy way (stated above), then we are going to need a three (3) or four (4) party agreement. This would include Flint, GCDC, DWSD, and maybe GLWA. This will slow us down greatly and with the given timeline, it is not the preferred method.

Sincerely,

Kevin Kilby

Partner and Attorney at Law

McGraw Morris P.C.

2075 W. Big Beaver Road

Suite 750

Troy, Michigan 48084

Office: (248) 502-4000

Fax: (248) 502-4001

Cellular: [redacted]

kkilby@mcgrawmorris.com

www.mcgrawmorris.com

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Workman, Wayne (TREASURY)

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 08, 2015 1:56 PM
To: Saxton, Thomas (Treasury); Duncan, Nancy (DTMB)
Cc: Workman, Wayne (TREASURY); Khouri, Nick (TREASURY); Wyant, Dan (DEQ); Baird, Richard (GOV); Roberts, John (DTMB); Hollins, Harvey (GOV)
Subject: RE: letter from John O'Brien

Don't disagree but we're too far along now to change numbers. So, we'll use the $12M and as the year progresses we'll track it.

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 8, 2015 1:17 PM
To: Muchmore, Dennis (GOV) ; Duncan, Nancy (DTMB)
Cc: Workman, Wayne (TREASURY) ; Khouri, Nick (TREASURY) ; Wyant, Dan (DEQ) ; Baird, Richard (GOV) ; Roberts, John (DTMB) ; Hollins, Harvey (GOV)
Subject: RE: letter from John O'Brien

I agree with Dennis... Consistent with what I think we (Wayne & I) said at the DEQ meeting yesterday... the county drain commission has more knowledge & experience running a water system than we (Treasury) do. That is why we were trying to get some outside verification. We were not able to get an outside engineering firm engaged due to the timeframe. Our fallback was Jeff Wright – the drain commissioner. He calculated $13.2mm. We did a 'back of the envelope' analysis of $10.5mm late last week. That was based off an email we rec'd from Dennis that summarized the DWSD/City proposal. We were not a part of the $12mm calculation that is in the 'public' realm now. I believe that was a result of a meeting DEQ/Dan had with the City earlier this week.
John indicated yesterday he would recommend/prefer to err on the side of caution for the amount requested from the legislature. Plus, keep in mind whatever number you choose assumes completion of KWA in June. If the project slips a month (& it very well could given it is a major capital project) the cost of the reconnect is going to go up a $1mm+ per month.
If it is possible I would recommend using the $13.2mm (hoping the project will be done as scheduled) given the county is in the best position to make that estimate. We don't have any info that would contradict that number.

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 08, 2015 1:13 PM
To: Duncan, Nancy (DTMB) <duncann1@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>
Subject: Re: letter from John O'Brien

I would say we need to add the $1.2 difference from somewhere. I suggest we hold on to the idea of the bottle deposit escrow as we can easily take $1m droit if need t.

Sent from my iPhone

On Oct 8, 2015, at 10:39 AM, Duncan, Nancy (DTMB) <duncann1@michigan.gov> wrote:

We're still carrying $12m as the cost to reconnect, and that's the number the Governor is using too. John would like your assessment of the need given the information in this letter. We plan to send a supplemental request to the Legislature for our $6m share this afternoon.

From: Saxton, Thomas (Treasury)
Sent: Wednesday, October 07, 2015 2:43 PM
To: Wyant, Dan (DEQ); Sygo, Jim (DEQ); Muchmore, Dennis (GOV); Roberts, John (DTMB); Baird, Richard (GOV); Lyon, Nick (DHHS); Hollins, Harvey (GOV)
Cc: Workman, Wayne (TREASURY); Khouri, Nick (TREASURY); Duncan, Nancy (DTMB)
Subject: FW: letter from John O'Brien
Importance: High

Here is the letter from the Genesee Co Drain Commission. My interpretation of the contents would be their estimate is $13.2mm (vs the $12mm discussed this morning).

They included their contract with the City. Sec 5.7 references prevailing rates the City would be charged; that is different than the rates reflected in the $13.2mm. So that contract may need to be modified.

They also raise some other items (under *Procedure to Activate Supply* – p.3) that may have cost implications.

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 08, 2015 2:26 PM
To: John O'Brien; Wyant, Dan (DEQ); Byrne, Randall (Treasury)
Subject: RE: Letter to Wolfson Final

Yes, Thanks

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: John O'Brien [mailto:jfobrien@gcdcwws.com]
Sent: Thursday, October 08, 2015 2:01 PM
To: Wyant, Dan (DEQ) ; Workman, Wayne (TREASURY) ; Byrne, Randall (Treasury)
Subject: FW: Letter to Wolfson Final

Dear Gentlemen
We received the water volume request from the City of Flint and have forwarded it to the city of Detroit
Please note that the volume request is different than the 15mgd you had me use to estimate the rate
John O'Brien

From: Kevin K. Kilby [mailto:kkilby@mcgrawmorris.com]
Sent: Thursday, October 08, 2015 1:46 PM
To: wolfson@dwsd.org
Cc: 'Kevin K. Kilby' <kkilby@mcgrawmorris.com>; John O'Brien <jfobrien@gcdcwws.com>; David Jansen <djansen@gcdcwws.com>
Subject: Letter to Wolfson Final

Mr. Wolfson –

I represent the Genesee County Drain Commissioner's Office, Division of Water and Waste Services. The Commissioner requested that I send the attached communication to your attention. Thank you in advance for your time and I look forward to your response. I can be reached at [redacted] if you need to discuss this communication.

Sincerely,

Kevin Kilby
Partner and Attorney at Law
McGraw Morris P.C.
2075 W. Big Beaver Road

Suite 750
Troy, Michigan 48084
Office: (248) 502-4000
Fax: (248) 502-4001
Cellular: [redacted]
kkilby@mcgrawmorris.com
www.mcgrawmorris.com

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Workman, Wayne (TREASURY)

From: Barton, John (Treasury)
Sent: Thursday, October 08, 2015 3:10 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: FW: Statutory changes to Part 54

Importance: High

It looks like DEQ is mulling over changes to state law to allow for the financing of service lines with DWRF monies. Did you want me to respond?

I think with a change in state law we can make the loans, but we would not be able to leverage them in future tax-exempt pools as they would be considered private activity; much like the SWQIF loans for footing drain disconnects. It is worth noting, we have not leveraged the drinking water program since 2007 and have approximately $50 million annual program resources for each of the next five years.

Thanks
John

From: Butler, Sonya (DEQ)
Sent: Thursday, October 08, 2015 11:19 AM
To: Barton, John (Treasury)
Subject: FW: Statutory changes to Part 54
Importance: High

John

I'm not sure you saw this. Would we be able to make loans to communities to replace private service line? Let me know what you think

---

From: Pallone, Maggie (DEQ)
Sent: Wednesday, October 07, 2015 4:33 PM
To: Shekter Smith, Liane (DEQ); Butler, Sonya (DEQ)
Subject: Statutory changes to Part 54
Importance: High

If we are going to clarify that Part 54 can cover replacement of private service lines, is this the best way to do? I made changes to the definition of waterworks systems to include private service lines, and changes the requirement the water supplier had to maintain and operate the private service lines.

Please let me know ASAP what you think.

Thanks,
Maggie

324.5403 Definitions; P to W.

Sec. 5403.

As used in this part:

(a) "Priority list" means the annual ranked listing of projects developed by the department in section 5406.

(b) "Project" means a project related to the planning, design, and construction or alteration of a waterworks system.

(c) "Project refinancing assistance" means buying or refinancing the debt obligations of water suppliers if construction activities commenced, and the debt obligation was incurred, after the effective date of this part.

(d) "Public water supply" means a waterworks system that provides water for drinking or household purposes to persons other than the supplier of the water, except for those waterworks systems that supply water to only 1 house, apartment, or other domicile occupied or intended to be occupied on a day-to-day basis by an individual, family group, or equivalent.

(e) "State drinking water standards" means rules promulgated under Act 399 that establish water quality standards necessary to protect public health or that establish treatment techniques to meet these water quality standards.

(f) "Water supplier" or "supplier" means a municipality or its designated representative accepted by the director, a legal business entity, or any other person who owns a public water supply. However, water supplier does not include a water hauler.

(g) "Waterworks system" or "system" means a system of pipes and structures through which water is obtained or distributed and includes any of the following that are actually used or intended to be used for the purpose of furnishing water for drinking or household purposes:

(i) Wells and well structures.

(ii) Intakes and cribs.

(iii) Pumping stations.

(iv) Treatment plants.

(v) Storage tanks.

(vi) Pipelines and appurtenances.

(vii) Private residential service lines.

~~(vii)~~ (viii) A combination of any of the items specified in this subdivision.

324.5409 Application for fund assistance; contents; availability of revenue sources; acceptance of applications by department; liability for incurred costs.

Sec. 5409.

(1) A water supplier whose project plan is approved or under review by the department under section 5407 may apply for assistance from the fund by submitting an application to the department. A complete application shall include all of the following, if applicable, as determined by the department:

(a) If assistance is in the form of a loan, financial documentation that a dedicated source of revenue is established, consistent with obligations of debt instruments existing at the time assistance is requested, and pledged to both of the following purposes:

(i) The timely repayment of principal and interest.

(ii) Adequate revenues to fund the operation and maintenance of the project.

(b) Evidence of an approved project plan.

(c) A certified resolution from a water supplier that is a municipality, or a letter of appointment from a water supplier that is not a municipality, designating an authorized representative for the project.

(d) A certification by an authorized representative of the water supplier affirming that the supplier has the legal, institutional, technical, financial, and managerial capability to build, operate, and maintain the project. The water supply does not need certify it will operate and maintain any portion of the project that funds the replacement residential private service lines.

Maggie Pallone
Deputy Director
Policy and Legislative Affairs
Department of Environmental Quality
[redacted](cell)
PalloneM@michigan.gov

Workman, Wayne (TREASURY)

From: Cline, Richard (Treasury)
Sent: Thursday, October 08, 2015 3:11 PM
To: Byrne, Randall (Treasury); Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: Call to Jerry Ambrose

Importance: High

Follow Up Flag: Follow up
Flag Status: Flagged

Wayne/Randy,

Per your request, I contacted Jerry Ambrose regarding if the Flint City Council voted to approve drawing water from the Flint River at some point after notification was received that the DWSD contract would be closed.

Jerry does not specifically remember this issue appearing before the City Council.

His opinion was that once the DWSD contract was terminated there was no reason to issue an affirmative vote on the Flint River because no other options were available.

However, he did indicate that the definitive answer would be in the City Council minutes.

If additional follow-up on this issue is necessary, let me know.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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Workman, Wayne (TREASURY)

From: Baird, Richard (GOV)
Sent: Thursday, October 08, 2015 4:18 PM
To: Saxton, Thomas (Treasury); Muchmore, Dennis (GOV); Duncan, Nancy (DTMB)
Cc: Workman, Wayne (TREASURY); Khouri, Nick (TREASURY); Wyant, Dan (DEQ); Roberts, John (DTMB); Hollins, Harvey (GOV)
Subject: RE: letter from John O'Brien

I know you've had enough email traffic on this, but for what it's worth, Daddow thinks the number will be lower as a result of GM removing themselves from the system.

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 08, 2015 1:17 PM
To: Muchmore, Dennis (GOV); Duncan, Nancy (DTMB)
Cc: Workman, Wayne (TREASURY); Khouri, Nick (TREASURY); Wyant, Dan (DEQ); Baird, Richard (GOV); Roberts, John (DTMB); Hollins, Harvey (GOV)
Subject: RE: letter from John O'Brien

I agree with Dennis... Consistent with what I think we (Wayne & I) said at the DEQ meeting yesterday... the county drain commission has more knowledge & experience running a water system than we (Treasury) do. That is why we were trying to get some outside verification. We were not able to get an outside engineering firm engaged due to the timeframe. Our fallback was Jeff Wright – the drain commissioner. He calculated $13.2mm. We did a 'back of the envelope' analysis of $10.5mm late last week. That was based off an email we rec'd from Dennis that summarized the DWSD/City proposal. We were not a part of the $12mm calculation that is in the 'public' realm now. I believe that was a result of a meeting DEQ/Dan had with the City earlier this week.
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From: Muchmore, Dennis (GOV)
Sent: Thursday, October 08, 2015 1:13 PM
To: Duncan, Nancy (DTMB) <duncann1@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>
Subject: Re: letter from John O'Brien

I would say we need to add the $1.2 difference from somewhere. I suggest we hold on to the idea of the bottle deposit escrow as we can easily take $1m droit if need t.

Sent from my iPhone

On Oct 8, 2015, at 10:39 AM, Duncan, Nancy (DTMB) <duncann1@michigan.gov> wrote:

We're still carrying $12m as the cost to reconnect, and that's the number the Governor is using too. John would like your assessment of the need given the information in this letter. We plan to send a supplemental request to the Legislature for our $6m share this afternoon.

From: Saxton, Thomas (Treasury)
Sent: Wednesday, October 07, 2015 2:43 PM
To: Wyant, Dan (DEQ); Sygo, Jim (DEQ); Muchmore, Dennis (GOV); Roberts, John (DTMB); Baird, Richard (GOV); Lyon, Nick (DHHS); Hollins, Harvey (GOV)
Cc: Workman, Wayne (TREASURY); Khouri, Nick (TREASURY); Duncan, Nancy (DTMB)
Subject: FW: letter from John O'Brien
Importance: High

Here is the letter from the Genesee Co Drain Commission. My interpretation of the contents would be their estimate is $13.2mm (vs the $12mm discussed this morning).

They included their contract with the City. Sec 5.7 references prevailing rates the City would be charged; that is different than the rates reflected in the $13.2mm. So that contract may need to be modified.

They also raise some other items (under *Procedure to Activate Supply* – p.3) that may have cost implications.

Workman, Wayne (TREASURY)

From: Byrne, Randall (Treasury)
Sent: Friday, October 09, 2015 8:44 AM
To: Workman, Wayne (TREASURY)
Subject: RE: Flint Water Issue

Thanks,

Randy

From: Workman, Wayne (TREASURY)
Sent: Friday, October 09, 2015 8:31 AM
To: Byrne, Randall (Treasury)
Cc: Schafer, Suzanne K. (Treasury) ; Cline, Richard (Treasury) ; Vandegrift, Drew (TREASURY)
Subject: Re: Flint Water Issue

I think we stay back unless asked to get involved. They need to talk to each other

Sent from my iPhone

On Oct 9, 2015, at 7:52 AM, Byrne, Randall (Treasury) <ByrneR1@michigan.gov> wrote:

> Wayne and Suzanne:
>
> Drew reviewed the water contract between Flint and Genesee County. His last comment is the best way forward to reconnect to the DWSD. Please let me know if you have any comments.
>
> Randy,
>
> **From:** Vandegrift, Drew (TREASURY)
> **Sent:** Thursday, October 08, 2015 4:32 PM
> **To:** Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
> **Subject:** FW: Flint Water Issue
> **Importance:** High
>
> Good Afternoon,
>
> I have examined the portion of the 2014 Genesee/Flint contract in question. To ensure a complete understanding, I discussed that matter with Flint attorney Tony Chubb. Two options exist:
>
> 1.) Honor the provision. The City is waiting for a new quote from Detroit for what the countywide rate would be. Note that the rate is expected to be lower than the county is currently paying per unit, because a new contract for water would increase the quantity purchased (estimated to double). Also, I am told that credit risk is a factor for the per unit cost that Detroit charges, and so the county rate might save the city the cost of their poor credit rating. The County told Tony that this option can be implemented quickly (next week) if the City accepts the terms as presented.

2.) Because the contract provision only applies if the county is billed for Flint's water, a way around this provision may exist if the City signs a water agreement and is billed directly with Detroit. This way, the county wouldn't be out of pocket for the new capacity, though estimations of Flint's consumption may be necessary because of technical limitations (lacking water meters into Flint). This may result in the lowest rate for the City, however Tony was clear that negotiation of a brand new contract would take weeks, not days.

These are the only two options that the City is currently aware of, however a third option may be possible if the City, County, and Detroit are willing to communicate more and collectively work toward a speedy transition back to Detroit water.

-Drew

From: Cline, Richard (Treasury)
Sent: Thursday, October 08, 2015 2:26 PM
To: Vandegrift, Drew (TREASURY)
Subject: Flint Water Issue
Importance: High

Drew,

Here is the information that I have been given.

I recommend looking at the email first.

If you have questions, let me know.

Otherwise, get back with me if you have any thoughts.

Thanks again.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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Byrne, Randall (Treasury)

From: Dostine, Patrick (TREASURY)
Sent: Friday, October 09, 2015 9:27 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: Flint call notes

Flint – Oct. 7 – N. Henderson, Mayor Walling, F Headen, Wendy, R. Byrne, E. Cline, P. Dostine

- **Priorities**
  - Bringing budget amendments to council Oct. 7, amendments needed to address financial costs caused from the water issue.
  - Treasury / RTAB was alerted by Henderson and Walling that it must be prepared, in the coming days, to act quickly to process aforementioned amendments and pending agreements between Flint and DWSD and Flint and County Drain Commission which are needed for the switch to DWSD water.
- **Lawsuit**
  - Miller Canfield still representing Flint in both the Kincaid and Shears lawsuits. Henderson said Flint will need assistance in maintaining Miller Canfield as counsel.

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division,
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Friday, October 09, 2015 11:29 AM
To: Wisely, John (jwisely@freepress.com)
Subject: Info
Attachments: 1st letter to blend.pdf; 2nd request to blend.pdf; KWA Approval.pdf; Kurtz KWA.pdf; DWSD Termination Ltr.pdf

John...

As discussed here is some information that may be helpful.

June 26, 2012 – Letter from EM Brown to DWSD seeking permission to blend river water with DWSD water (attached).

Sept. 20, 2012 – Letter from EM Kurtz to DWSD requesting written permission to implement blending (attached).

March 25, 2013 – The Flint City Council endorses joining KWA (see url below)

http://blog.mlive.com/newsnow_impact/print.html?entry=/2013/03/flint_city_council_approves_re.html

April 11, 2013 – Treasurer Dillion sends letter to EM Kurtz (attached) noting conditional approval of move to KWA (pursuant to PA436 and pending review of DWSD's last, best offer).

April 16, 2013 – EM Kurtz informs Treasury that the City will join KWA (attached).

April 17, 2013 – DWSD transmits letter to EM Kurtz terminating service to Flint, effective April 17, 2014 (attached).

April 17, 2014 – Water service from DWSD officially ends.

4425 (Rev. 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

October 9, 2015

APPROVAL

Municipality Code: 257552
Fiscal Year Ended: 9/2014

Dear Chief Administrative Officer:

Thank you for submitting a Qualifying Statement for Karegnondi Water Authority to the Michigan Department of Treasury on October 8, 2015. Based upon the information provided in the Qualifying Statement, we have determined that Karegnondi Water Authority is in material compliance with the criteria identified in Section 303(3) of Public Act 34 of 2001.

Karegnondi Water Authority is now authorized to issue municipal securities under this Act without further approval from the Department. This authorization will remain in effect for six months plus 30 business days after the end of your next fiscal year, or when the Department has made a new determination, whichever occurs first.

Within 15 business days of completing the issuance of any municipal security the municipality shall file with the Department a Security Report and all documents required in Section 319 of Public Act 34 of 2001. The Security Report can be found on our website, Michigan.gov/Treasury, by clicking on Local Government Services, Municipal Finance, Municipal Finance Forms, and 3892. The Security Report and accompanying documents may be emailed to Treas_MunicipalFinance@Michigan.gov or mailed to the address below. If emailing, the subject line must read the same as the file name of the attached documents.

If you have any questions, contact the Division at (517) 373-3227.

Sincerely,

Suzanne Schafer, Administrator
Local Government Financial Services Division

4425 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

October 12, 2015

AMENDED APPROVAL
Municipality Code: **25-7-552**
Application ID No: **1305**

Jeff Wright, CEO
Karegnondi Water Authority
G-4610 Beecher Road
Flint, MI 48502

Dear Chief Administrative Officer:

Thank you for submitting to the Department of Treasury an Application for the State Treasurer's Approval to Issue Long-Term Securities under Section 303(7) of Public Act 34 of 2001, for the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local Units, together with all and necessary appurtenances and attachments thereto.

Based upon the information provided, the Department of Treasury has determined that the Authority has indicated the authority to issue the municipal security requested; projected the ability to repay the municipal security when due; and, adequately addressed any non-compliance with Section 303(3) of Act 34. This determination supersedes our previous determination dated February 28, 2014.

This amended approval is for the Water Supply System Bonds (Karegnondi Water Pipeline), Series 2015, in an amount not to exceed $79,500,000, which mature by no later than November 1, 2045. In approving this application, the Department has relied upon information supplied by the municipality which would indicate the probable revenues pledged for the payment of the municipal security will be sufficient to pay the principal thereof and interest thereon when due. No person may rely on the issuance of this approval as evidence that the Department has undertaken any due diligence with regard to that information. No material changes, amendments, or addenda may be made to the information provided without further approval of the Department.

Within 15 business days after the issuance of a municipal security, you will need to file with the Department the enclosed Security Report and the documents required in Section 319, Public Act 34 of 2001. Please mail them to the Local Audit and Finance Division at P.O. Box 30728, Lansing, Michigan 48909-8228. If you have any questions, contact the Division at (517) 373-0660.

Sincerely,

Suzanne Schafer, Administrator
Local Audit and Finance Division

Enclosure

c: Steven M. Frank – Miller, Canfield, Paddock and Stone, P.L.C.

Goodrich, Harlan G. (Treasury)

From:	Frank, Steven M. <Frank@MillerCanfield.com>
Sent:	Tuesday, October 06, 2015 10:52 PM
To:	Goodrich, Harlan G. (Treasury)
Subject:	Karegnondi Water Authority - Request to Amend State Treasurer's Approval to Issue Long-Term Securities
Attachments:	2014B Treasury Approval(21976666_1).PDF; Presale KWA 2015 at Max Par.pdf

Harlan,

Thank you for your voicemail last week regarding the Karegnondi Water Authority (Genesee County). As I mentioned in my voicemail, the Karegnondi Water Authority received State Treasurer's Approval to Issue Long-Term Securities for two separate series of bonds for the same project (the Karegnondi Water Pipeline) in February of 2014. The first series of bonds was issued in April of 2014 in the principal amount of $220,500,000. The second series of bonds, which is the subject of the attached State Treasurer's Approval, was not issued in late 2014 as originally anticipated. It is now expected that the second series of bonds, which is necessary to complete the project, will be issued in the fourth quarter of calendar year 2015. Accordingly, on behalf of the Karegnondi Water Authority, we are requesting that the attached State Treasurer's Approval be amended to accomplish the following:

1. Change the title of the bond issue to reflect the year in which the bonds will be issued. The new title of the bond issue will be "Water Supply System Bonds (Karegnondi Water Pipeline), Series 2015."

2. Extend the maximum final maturity date by one year due to the change in the expected issue date of the bonds. The final maturity date of the bond issue is now expected to be November 1, 2045. I have attached an updated debt service schedule, which includes actual debt service requirements on the first series of bonds and estimated annual debt service requirements on the second series of bonds to be issued in 2015.

Please let me know if you have any questions or if you need any additional information. Thank you very much for your assistance with this request.

Best regards,

Steve

Steven M. Frank
Miller Canfield
150 West Jefferson, Suite 2500
Detroit, Michigan 48226 (USA)
T +1.313.496.7503 | F +1.313.496.8451
frank@millercanfield.com

4426 (Rev. 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

February 28, 2014

APPROVAL
Municipality Code: **25-7-552**
Application ID No: **1305**

Jeff Wright, CEO
Karegnondi Water Authority
G-4610 Beecher Road
Flint, MI 48502

Dear Chief Administrative Officer:

Thank you for submitting to the Department of Treasury an Application for the State Treasurer's Approval to Issue Long-Term Securities under Section 303(7) of Public Act 34 of 2001, for the purpose of acquiring, constructing and equipping a water system to provide raw untreated water to the Local Units, together with all and necessary appurtenances and attachments thereto.

Based upon the information provided, the Department of Treasury has determined that the Authority has indicated the authority to issue the municipal security requested; projected the ability to repay the municipal security when due; and, adequately addressed any non-compliance with Section 303(3) of Act 34.

This approval is for the Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014 B, in an amount not to exceed $79,500,000, which mature by no later than November 1, 2044. In approving this application, the Department has relied upon information supplied by the municipality which would indicate the probable revenues pledged for the payment of the municipal security will be sufficient to pay the principal thereof and interest thereon when due. No person may rely on the issuance of this approval as evidence that the Department has undertaken any due diligence with regard to that information. No material changes, amendments, or addenda may be made to the information provided without further approval of the Department.

Within 15 business days after the issuance of a municipal security, you will need to file with the Department the enclosed Security Report and the documents required in Section 319, Public Act 34 of 2001. Please mail them to the Local Audit and Finance Division at P.O. Box 30728, Lansing, Michigan 48909-8228. If you have any questions, contact the Division at (517) 373-0660.

Sincerely,

Suzanne Schafer

Suzanne Schafer, Administrator
Local Audit and Finance Division

Enclosure

c: David P. Massaron – Miller, Canfield, Paddock and Stone, P.L.C.
Paul R. Stauder – Stauder, Barch & Associates, Inc.

Karegnondi Water Authority®

G-4610 Beecher Road Flint, Michigan 48532-2617
Phone (810) 732-7870 Fax (810) 732-9773

January 24, 2014

Mr. Harlan Goodrich
Michigan Department of Treasury
Local Audit and Finance Division
430 West Allegan Street, First Floor
Lansing, MI 48922

Re: Applications for State Treasurer's Approval to Issue Long-Term Securities

Dear Mr. Goodrich:

I am the Chief Administrative Officer of the Karegnondi Water Authority, County of Genesee, State of Michigan (the "Authority"). In connection with the review of the Authority's Applications for State Treasurer's Approval to Issue Long-Term Securities for the not to exceed $300,000,000 Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A and Series 2014B please be advised of the following:

1. The Authority is a newly-created water authority with no outstanding securities/debt – new money or refunding – limited tax or unlimited tax - and does not have an audit.

2. The Authority has not been required to levy a tax as a result of a court or judgment during its preceding fiscal year.

Thank you in advance for your attention to this matter. Should you have any questions or require any additional information, please do not hesitate to contact the undersigned.

Very truly yours,

Jeff Wright, CEO
Karegnondi Water Authority

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Suzanne Schafer, Administrator
Local Audit and Finance Division
Michigan Department of Treasury
P.O. Box 30728
Lansing, MI 48909-3227

Re: FLINT CITY (252040)
Qualifying Statement

Dear Ms. Schafer,

We are in receipt of your letter dated February 21, 2014 denying authorization to issue municipal securities without further approval from the Department of Treasury.

As you know, the City of Flint is currently in receivership pursuant to Act 436, and operating under the control of an Emergency Manager since December 2011. Much progress has been made to reduce the City's accumulated deficit and to restore Flint to long term financial solvency. We are currently working with Treasury to finalize a Deficit Elimination Plan which will not only eliminate the deficit but begin to establish an appropriate level of reserves. The securities issued within the past five years pursuant to the Fiscal Stabilization Act were done prior to the City being placed under the control of an Emergency Manager.

The request to issue securities at this time is in conjunction with the City's partnership with Genesee County and others to construct a new source of water supply for the City and the region. This is being accomplished through the newly created Karegnondi Water Authority, of which the City of Flint is a member. The result of this project will be a new source of water for the region at a cost which is significantly less than the current costs. It is an important component of restoring the City of Flint to financial solvency.

Treasury approval of Flint's request to issue municipal securities for this purpose is requested.

Thank you and please contact me if you have any questions.

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

4425 (Rev 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

February 21, 2014

DENIAL
Municipality Code: 252040
Fiscal Year Ended: 6/2013

Dear Chief Administrative Officer:

Thank you for submitting a qualifying statement for FLINT CITY to the Michigan Department of Treasury. Based upon the information provided in the qualifying statement, we have determined that FLINT CITY is not in material compliance with the following criteria as identified in section 303(3) of Public Act 34 of 2001:

Subsection (m) the municipality ended its last fiscal year with a deficit in one or more funds and an acceptable deficit elimination plan has not been certified or conditionally approved.
Subsection [b] the municipality has issued securities in the immediately preceding five fiscal years or the current fiscal year pursuant to the Emergency Municipal Loan Act or the Fiscal Stabilization Act.
Subsection [a] the municipality is operating under the provisions of the Local Government Fiscal Responsibility Act.

Therefore, FLINT CITY is not authorized to issue municipal securities under this act without further approval from the Department. You may request reconsideration of this denial or you may request prior approval from the Department for each municipal security that you issue until you are eligible to submit your next qualifying statement.

If you have any questions, please contact the Division at (517) 373-3227.

Sincerely,

Suzanne Schafer, Administrator
Local Audit and Finance Division

4425 (Rev 01-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

June 24, 2013

APPROVAL
Municipality Code 250000
Fiscal Year Ended 09/2012

Dear Chief Administrative Officer:

Thank you for submitting a reconsideration request of the qualifying statement denial for the County of GENESEE to the Michigan Department of Treasury dated 6/20/2013. Based upon the information provided in the reconsideration request, we have determined that the County of GENESEE is in material compliance with the criteria identified in section 303(3) of Public Act 34 of 2001.

The County of GENESEE is now authorized to issue municipal securities under this act without further approval from the Department. This authorization will remain in effect for 6 months plus 30 business days after the end of your next fiscal year, or when the Department has made a new determination, whichever occurs first.

Within 15 days after the issuance of a municipal security, you will need to file with the Department the enclosed Security Report and the documents required in section 141.2319 of Public Act 34 of 2001. Please mail them to the Municipal Finance and Systems Review Section of the Local Audit and Finance Division at P.O. Box 30728, Lansing, Michigan 48909-8228.

If you have any questions, contact the Division at (517) 373-0660.

Sincerely,

Suzanne Schafer, Administrator
Local Audit and Finance Division

Enclosures

GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE
- DIVISION OF -
WATER & WASTE SERVICES
G-4610 BEECHER ROAD - FLINT, MICHIGAN 48532-2817
PHONE (810) 732-7870 - FAX (810) 732-9773

JEFFREY WRIGHT
COMMISSIONER

January 14, 2014

David Massaron, Esq.
Miller Canfield
150 W. Jefferson, Suite 2500
Detroit, MI 48226

Re: Status of Permits

Dear Mr. Massaron:

In response to your request for the status of permits required in association with the KWA project, I offer the following:

- GCDC applied for and received a permit to withdraw up to 85 million gallons per day from Lake Huron.
- Received all permits necessary for construction of an intake into the Great Lakes, as well as the permit to construct in the bottom land of Lake Huron.
- Is in the process of acquiring permits for construction of the Lake Huron pumping station and the intermediate pump station from the Michigan Department of Environmental Quality. Design meetings have been held with the MDEQ at the 60% and 90% design milestones.
- Is in the process of acquiring permits for the construction of the piping system from Lake Huron to Flint. Meetings have been held with the MDEQ at the 60% and 90% design milestones.
- Is in the process of acquiring permits to construct in road right-of-ways from Sanilac, Saint Clair, Lapeer and Genesee Counties. Design meetings have been held with each of those entities.
- Is in the process of acquiring zoning and related construction permits from Worth Township in Sanilac County, zoning and related permits from Lynn Township in Saint Clair County for construction of the Lake Huron and intermediate pump stations (site plans have been submitted).
- Required MDEQ public hearings for permits to construct in wetlands along the proposed pipeline route have been held.

If you have any questions regarding thee or other related matters, please do not hesitate to contact me at your convenience.

Sincerely,

David M. Jansen, Chief of Services
Division of Water and Waste Services

DMJ:kt

Schafer, Suzanne K. (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Monday, October 12, 2015 2:56 PM
To: Byrne, Randall (Treasury); Saxton, Thomas (Treasury); Schafer, Suzanne K. (Treasury)
Subject: FW: Letter to Wolfson October 12 final
Attachments: Letter to Wolfson October 12 final.pdf; Request From Flint.pdf; Letter to Wolfson Final.pdf

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Kevin K. Kilby [mailto:kkilby@mcgrawmorris.com]
Sent: Monday, October 12, 2015 12:38 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>
Cc: 'Kevin K. Kilby' <kkilby@mcgrawmorris.com>; 'John O'Brien' <jfobrien@gcdcwws.com>; 'David Jansen' <djansen@gcdcwws.com>
Subject: Letter to Wolfson October 12 final

Gentleman –

I represent the Genesee County Drain Commissioner's Office. The Commissioner requested that I send you the attached information regarding DWSD supplying water to Flint.

Sincerely,

Kevin Kilby
Partner and Attorney at Law
McGraw Morris P.C.
2075 W. Big Beaver Road
Suite 750
Troy, Michigan 48084
Office: (248) 502-4000
Fax: (248) 502-4001
Cellular: [redacted]
kkilby@mcgrawmorris.com
www.mcgrawmorris.com

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McGRAW MORRIS P.C.

GRAND RAPIDS TROY SAGINAW

THOMAS J. MCGRAW
G. GUS MORRIS
CRAIG R. NOLAND
STACY J. BELISLE
KEVIN K. KILBY
CHRISTOPHER J. RAITI
JOHN A. MULLETT

2075 W. BIG BEAVER ROAD
SUITE 750
TROY, MICHIGAN 48084
TELEPHONE: (248) 502-4000
FACSIMILE: (248) 502-4001

October 12, 2015

Via Email: wolfson@dwsd.org
William M. Wolfson
Chief Administrative and Compliance Officer/General Counsel, DWSD
Interim General Counsel, GLWA
735 Randolph Street
Detroit Michigan 48226

Re: Increase in average day and maximum peak day by GCDC

Dear Mr. Wolfson:

The Genesee County Drain Commissioner's Office, Division of Water and Waste Services ("GCDC") has been working diligently to fulfill the demands of the various state and federal agencies, Governor Snyder, and the people of the City of Flint ("Flint"), to provide Flint with water from the Detroit Water and Sewerage Department ("DWSD"). These efforts include placing approximately seven (7) miles of the seventy-two inch (72") water transmission pipeline ("Pipeline") that GCDC purchased from Flint back into service, pressurizing the Pipeline, disinfecting the Pipeline, flushing the Pipeline, and performing Bac-T testing on the water inside of the Pipeline. Once these efforts have materialized and GCDC has received two (2) negative Bac-T tests, GCDC will be in a tactical position to furnish DWSD water to Flint as early as midweek.

On October 8, 2015, I sent you a letter after GCDC received a formal request from Flint for GCDC to provide DWSD water to Flint pursuant to a previous written agreement between GCDC and Flint. As of today, I have not received your response. In the October 8, 2015, letter I requested the following:

> GCDC has received a formal request from Flint to receive DWSD water via GCDC per GCDC's contract with Flint. GCDC's rates are currently based on 12 mgd average day and 25 mgd maximum peak day. Does DWSD have the capacity to increase demand to GCDC to 28.5 mgd average day and 51 mgd peak day? If so, could you please provide GCDC with the rates for 28.5 mgd average and 51 mgd peak day through June 30, 2016?

Attorney Anthony Chubb from Flint has provided me with a proposed WATER SERVICE CONTRACT BETWEEN CITY OF DETROIT AND CITY OF FLINT ("Contract"). This Contract makes the assumption that Flint has a separate connection to the DWSD water distribution system. The interconnect between the DWSD water system and the Flint water system is owned by GCDC. Flint does not have a separate connection to the DWSD water distribution system. Any water that Flint receives

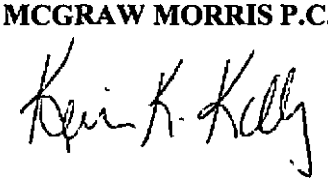
from DWSD is required to flow through GN-01. Additionally, GCDC has received no communication from DWSD on this subject since the Flint water issue surfaced. Simply stated, DWSD has the ability to service Flint with water only through the interconnect owned by GCDC.

GCDC is working diligently to move forward with Flint receiving DWSD water; however, GCDC cannot do anything until it has an agreement with DWSD and Flint as to how the DWSD water will be transmitted to Flint. Right now, Flint is requesting GCDC to provide DWSD water GN-01 pursuant to the written agreement between GCDC and Flint. Additionally, Flint has also request DWSD to provide Flint with water with the understanding that DWSD has no way to transmit the water to Flint. There is no question that Flint wants and eventually will be serviced with DWSD water; however, DWSD and Flint cannot continually ignore the fact that GCDC owns and operates the interconnect between DWSD and Flint.

GCDC has been working diligently to assist Flint in receiving DWSD water; however, DWSD to date has been unwilling to provide GCDC the information it needs so that Flint may switch over the DWSD water. When you have prepared your response, please send it to kkilby@mcgrawmorris.com or contact Director John O'Brien at 810-732-7870.

Sincerely,

MCGRAW MORRIS P.C.



Kevin K. Kilby
Attorney at Law

Cc: Jeff Wright, Drain Commissioner, GCDC
John O'Brien, Director GCDC
Dennis Muchmore, Chief of Staff, Governor's Office, w/attachments
Wayne Workman, Deputy Treasurer, Michigan Department of Treasury, w/attachments
Dan Wyant, Director, MDEQ, w/attachments
Laurie Koester, DWSD
Dayne Walling, Mayor, City of Flint
Anthony Chubb, Attorney, City of Flint

N:\GCDC\2155-1000 (General)\Contracts and Agreements\Flint Emergency Water Purchase\Letter to Wolfson October 12 final.doc

Hudson, Deanna (TREASURY)

From: Cline, Richard (Treasury)
Sent: Tuesday, October 13, 2015 9:08 AM
To: Hudson, Deanna (TREASURY); Heimann, Alexandr (TREASURY)
Subject: Flint RTAB: Packet - 10-14-15
Attachments: Agenda Summary.pdf; Packet - 10-14-15.pdf

FYI.

Here is the meeting packet for the Flint RTAB.

Please familiarize yourself with this.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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From: Dempkowski, Angela (Treasury)
Sent: Friday, October 09, 2015 12:04 PM
To: Beverly Walker-Griffea <b.walkergriffea@mcc.edu>; Brian Larkin <blarkin@flintandgenesee.org>; David McGhee <david.r.mcghee@gmail.com>; Evelyn Yaeger <eyaeger@kettering.edu>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Robert McMahan <mcmahan@kettering.edu>
Cc: Cline, Richard (Treasury) <cliner1@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Packet - 10-14-15

Attached is the packet for the October 14, 2015 Flint RTAB meeting.

Angela Dempkowski | Senior Executive Management Assistant/Treasury
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
dempkowskia@michigan.gov

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Thank you

CITY OF FLINT

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

Memorandum
To: Receivership Transition Advisory Board
From: Natasha L. Henderson, City Administrator
Date: Tuesday, October 13th
Re: Emergency Additions to the Agenda

Members of the Receivership Transition Advisory Board:

This memorandum respectfully requests the inclusion of two urgent items on the agenda for the October 14 Receivership Transition Advisory Board Meeting.

As you may be aware, the Genesee County Health Department has issued a public health advisory in regard to the high amount of lead contamination in City water in response to the findings of physicians at Hurley Hospital. This was followed by a similar advisory declared by the City.

Seeking to address this emergency, I requested that the City explore the possibility of ceasing the use of the Flint River as the City's water source and to reconnect to the Detroit Water and Sewerage Department (DWSD) until the KWA pipeline can be completed in 2016. This request was followed by a recommendation by the Mayor's Technical Advisory Committee to reconnect to DWSD to improve the City's water quality, thereby safeguarding public health. On October 8, 2015, the Governor pledged to provide financial assistance to Flint for the reconnection, in the amount of six million dollars. The Mott Foundation graciously offered to provide an additional four million. Combined with two million dollars provided by the City, a total amount of $12 million can be utilized to reconnect the City to DWSD for a nine month period.

In the interests of the public health and welfare, I request that the first item added to the agenda be a resolution (#150872) making available two million dollars from general fund balance to reconnect to DWSD. The second item requested to be added to the agenda is a resolution (#150875) granting the City Administrator the Authority to enter into a contract with DWSD. These items have been attached for your review.

I apologize for the sudden request for changes to the agenda, however the City is facing a critical emergency requiring immediate attention. The Administration has had to react with reflexive speed and remain adaptable to try to mitigate the serious consequences already affecting the residents of this community. I ask that you please consider my request to add and approve these items so that we may address this emergency in a timely and responsive manner.

Respectfully,

Natasha L. Henderson, City Administrator

RESOLUTION NO.: 150872

PRESENTED: _____

ADOPTED: _____

RESOLUTION AUTHORIZING A BUDGET AMENDMENT TO INCREASE THE WATER AND SEWER BUDGET BY $12,000,000.00 AND TO ALLOW FOR EXPENDITURES FROM THOSE FUNDS TO FACILITATE THE SWITCH BACK TO THE DWSD WATER SUPPLY

BY THE CITY ADMINISTRATOR:

Due to the serious health threat facing the residents of the City of Flint, the Administration has been diligently working toward a feasible and speedy resolution to the City's water crisis; and

Through the commitment of $6 million from the State of Michigan and $4 million from the C.S. Mott Foundation, a total of $10 million in contributions have been pledged to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department and its successor, the Great Lakes Water Authority, until the City is able to receive water from the Karegnondi Water Authority (KWA).

The City Administrator and the Mayor have agreed to the acceptance of these funds. At this time, the KWA reports that construction is on schedule to be completed by June 30, 2016. The City estimates that the total cost to purchase water through DWSD will be $12 million for 9 months. The balance of $2 million not covered by the generous pledges of State and Local resources is the responsibility of the City.

A budget amendment is necessary to reflect both an increase in revenues for the receipt of $10 million in assistance and $2 million of budgeted Use of Fund Balance and an increase in expenditures of $12 million for the purchase of DWSD water supply.

IT IS RESOLVED that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable. Specific revenue and expenditure line items will be provided by the Chief Financial Officer.

APPROVED AS TO FORM:

pr

Peter M. Bade, City Attorney

FOR THE CITY OF FLINT:

Natasha L. Henderson, City Administrator

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED BY THE FLINT CITY COUNCIL:

_____

RESOLUTION STAFF REVIEW

DATE: October 12, 2015

Agenda Item Title: **RESOLUTION AUTHORIZING A BUDGET AMENDMENT TO INCREASE THE WATER AND SEWER BUDGET BY $12,000,000.00 AND TO ALLOW FOR EXPENDITURES FROM THOSE FUNDS TO FACILITATE THE SWITCH BACK TO THE DWSD WATER SUPPLY**

Prepared By: Jody N. Lundquist

Background/Summary of Proposed Action: As a result of the ongoing concern for the health and wellbeing of the City of Flint's residents, City Administration has worked to negotiate the reconnection to Detroit Water and Sewerage Department (DWSD) supply until the Karegnondi Water Authority (KWA) pipeline construction is complete. Per KWA representatives, KWA construction remains on schedule with a final completion date of June 30, 2016.

Financial Implications: The purchase of water from DWSD is estimated to cost approximately $12 million through June 30, 2016 based on average usage of 16 million gallons per day. $10 million in support has been pledged from State and Local sources. The City proposes a budget amendment for Use of Fund Balance in the Water Fund in the amount of $2 million to cover the cost of purchasing DWSD water through fiscal year end.

While the City continues to grapple with the financial impact of the Preliminary Injunction Order issued on August 7, 2015, in the short term, both the shortfall in revenues as a result of the Order and the additional cost of responding to the health and safety of the City's water supply are exactly the type of events for which the City's Fund Balance Reserve policies were designed. To the extent that the City Water Fund Reserve is projected to fall below the required balance of 25% of current year operating expenses and one year's annual debt service, the City will propose a reserve replenishment plan to accompany adoption of the next fiscal year's operating budget.

Budgeted Expenditure? **Yes** **No** **Please explain if no:** Prior to the emergent concerns regarding the safety of Flint's water supply, the FY2016 budget reflects the cost of supplying Flint River water

Account No.: n/a

Pre-encumbered? **Yes** **No** **Requisition #** n/a

Other Implications (i.e., collective bargaining): None.

Staff Recommendation: **Approve FY2016 $2 million Use of Fund Balance budget amendment**

Staff Person: Jody N Lundquist **Approval:**

150875

RESOLUTION NO.:_____

PRESENTED:_____

ADOPTED:_____

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO TAKE NECESSARY ACTION TO CONVERT TO THE DETROIT WATER SYSTEM

BY THE CITY ADMINISTRATOR:

In order to promote the health, safety and welfare of this community, it is in the best interests of the City of Flint for the Detroit Water and Sewer Department (DWSD) to supply the City with treated water pending completion of the Karegnondi Water Authority; and

In order for DWSD to supply the City with water, it will be necessary to utilize pipe owned by the Genesee County Drain Commission (GCDC); and

The City, DWSD and GCDC are actively negotiating the terms of the necessary agreements to ensure this transition occurs as soon as possible; and

IT IS RESOLVED that the City Administrator is hereby authorized to enter into agreements with DWSD and GCDC for conversion to the Detroit Water System.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

Jody N. Lundquist, Chief Financial Officer

FOR THE CITY OF FLINT:

Natasha L. Henderson, City Administrator

APPROVED BY CITY COUNCIL:

_____

S:\P. Bade\City Administrator\Resolutions\CA DWSD Authority Reso 10.12.15(pmb rev).docx

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, October 13, 2015 9:26 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: Fwd: Flint

Do we have the Veiola report? If not we need to get it right away

Sent from my iPhone

Begin forwarded message:

> **From:** "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
> **Date:** October 13, 2015 at 9:06:57 AM EDT
> **To:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Subject: Flint**
>
> A lot of complaints about Natasha these days. Of course, I have a lot of complaints about myself and this Flint thing. If I had acted more quickly on some of my minister's complaints we at least would have had a more robust discussion. Do we have a copy of the Veolia conclusions somewhere?

Dempkowski, Angela (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Tuesday, October 13, 2015 9:26 AM
To: Kevin K. Kilby
Cc: Workman, Wayne (TREASURY); Wyant, Dan (DEQ); John O'Brien; David Jansen
Subject: Re: Letter to Wolfson October 12 final

Thank you. It doesn't surprise me that we have another hurdle in all of this. I appreciate your acknowledgement that GCDC will do everything in its power to help the people of Flint in this effort to reconnect to DWSD. Our first objective is to restore the health of the people, then their trust, and of course these objectives are partially accomplished through the reconnect and the efforts of your client.

On Oct 12, 2015, at 1:16 PM, Kevin K. Kilby <kkilby@mcgrawmorris.com> wrote:

> Gentleman –
>
> I represent the Genesee County Drain Commissioner's Office. The Commissioner requested that I send you the attached information regarding DWSD supplying water to Flint.
>
> Sincerely,
>
> Kevin Kilby
> Partner and Attorney at Law
> McGraw Morris P.C.
> 2075 W. Big Beaver Road
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<Letter to Wolfson October 12 final.pdf>

<Request From Flint.pdf>

<Letter to Wolfson Final.pdf>

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, October 13, 2015 10:02 AM
To: Muchmore, Dennis (GOV); Saxton, Thomas (Treasury)
Subject: FW: flint documents
Attachments: Flint public works.pdf; Flint water quality.pdf

Here is the Interim report from February also

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Dempkowski, Angela (Treasury)
Sent: Tuesday, October 13, 2015 9:49 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: flint documents

Randy asked me to get these to you to give to Dennis Muchmore.

Angela Dempkowski
Senior Executive Management Assistant
Department of Treasury

From: Ducat, Penny (Treasury)
Sent: Tuesday, October 13, 2015 9:43 AM
To: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Subject: scan

Penny L Ducat
Bureau of Local Government
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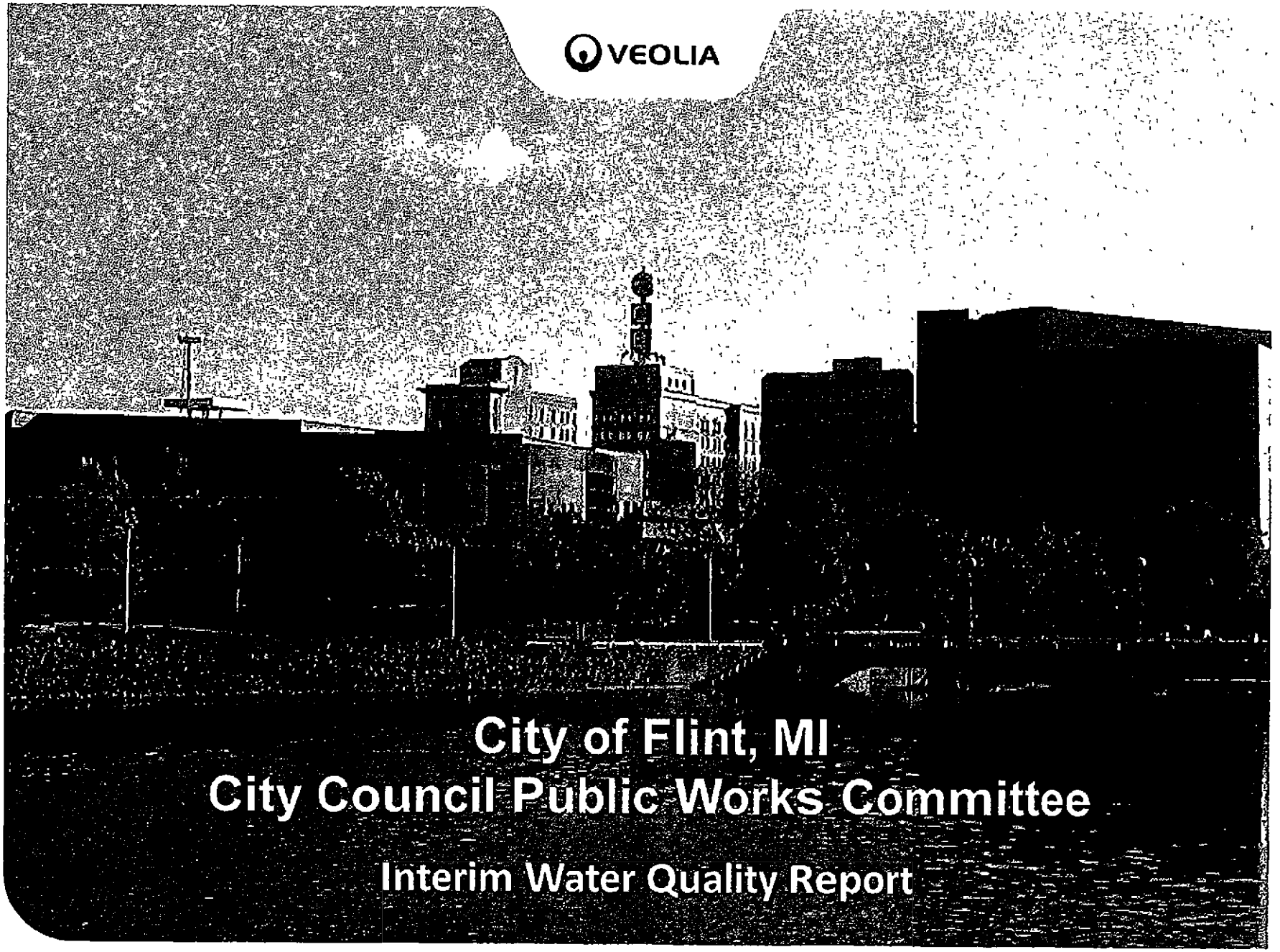
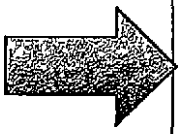
Lansing, MI 48922
Email: ducatp@michigan.gov
517 33-50443


VEOLIA
City of Flint, MI
City Council Public Works Committee
Interim Water Quality Report

Veolia Scope of Work

Week 1

- Provide a review of current actions
- Engage staff, visit facilities and analyze data
- Make interim report



Week 2

- Carry out more detailed study of initial findings
- Make recommendations for Improving water quality
- Provide a plan, cost and schedule for change

Items of Note

- **Not in scope** – studying why the change from DWSD or the history of the utility
- **What we found** – A very frustrated community and a staff trying to solve the problem, having some success but frustrated with the pace of change

Everybody Is Checking the Safety of Water

- City, state, news media, universities and other groups
- Safe = compliance with state and federal standards and required testing
  - *Latest tests show water is in compliance with drinking water standards*
  - *Monthly report available on web page*
- More than 20,000 tests required annually for city
- Strict testing requirements in place (what and how to test)

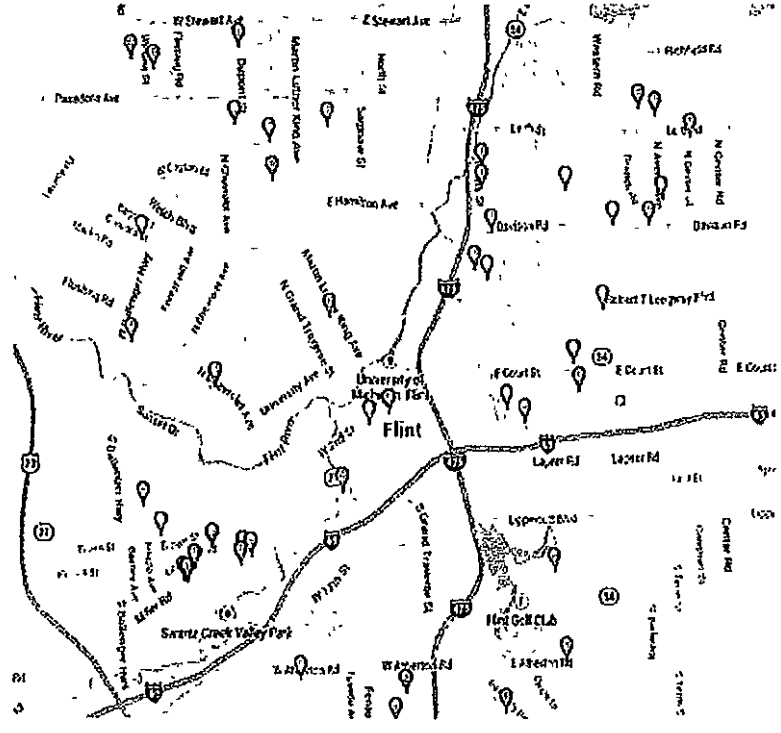
Why TTHM Notices?

- TTHM is formed as a result of the reaction between chlorine and organic material in the water
- City is required to test quarterly at 8 sites
  - *Last summer, several sites had more TTHM than allowed*
- City has reduced levels of TTHM and now all sites are in compliance
  - *Customer notification letters are required until tests are in compliance an average of four quarters*
- It will take at least 2 more quarters to lower average
  - *Even a change to DWSD water doesn't solve problem*
- Flint is not alone – hundreds of communities are facing TTHM issues

Why Discolored Water?

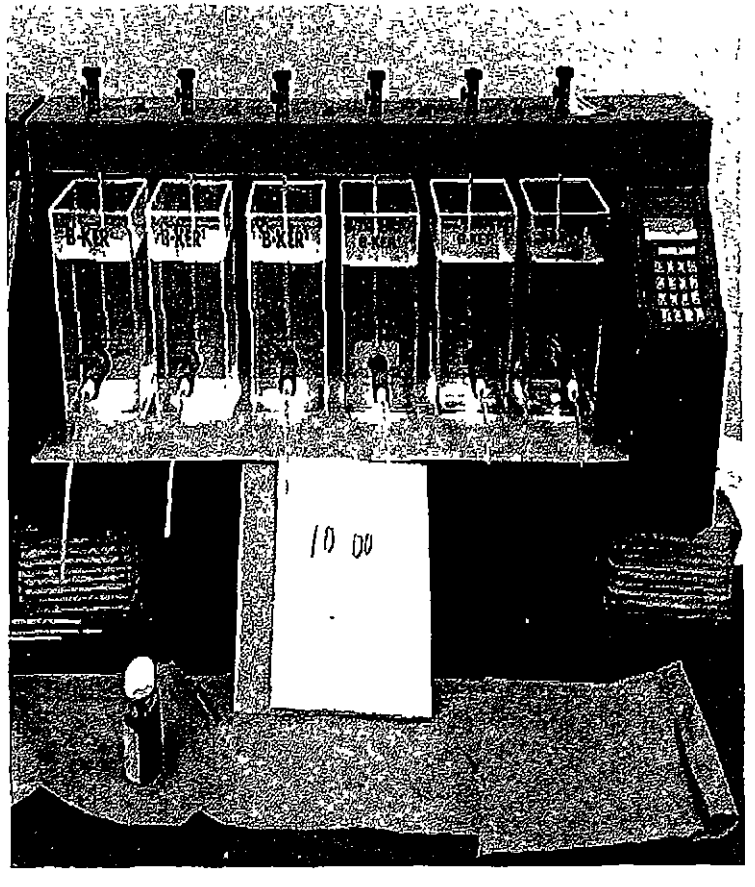
- Old cast iron pipes
- Always has been some discolored water problems – mostly after water breaks
- Efforts to reducing TTHM didn't help discoloration
  - *Doesn't mean the water is unsafe but it is not appealing and raises questions*
- City will test the water at your home – call 787-6537 or email flintwater@cityofflint.com
- Tracking customer complaints is important

Location of water quality complaints
The last 12 months – fewer than you think



Water Quality Can Be Improved

- Adjust the chemicals being fed – stop some, increase some and change some
- Provide better monitoring of water quality to help make adjustments
- Continue repair or replacement of broken parts
- Reduce the over capacity of the distribution system
- Do a better job explaining what is happening
- Do a better job of asking for help



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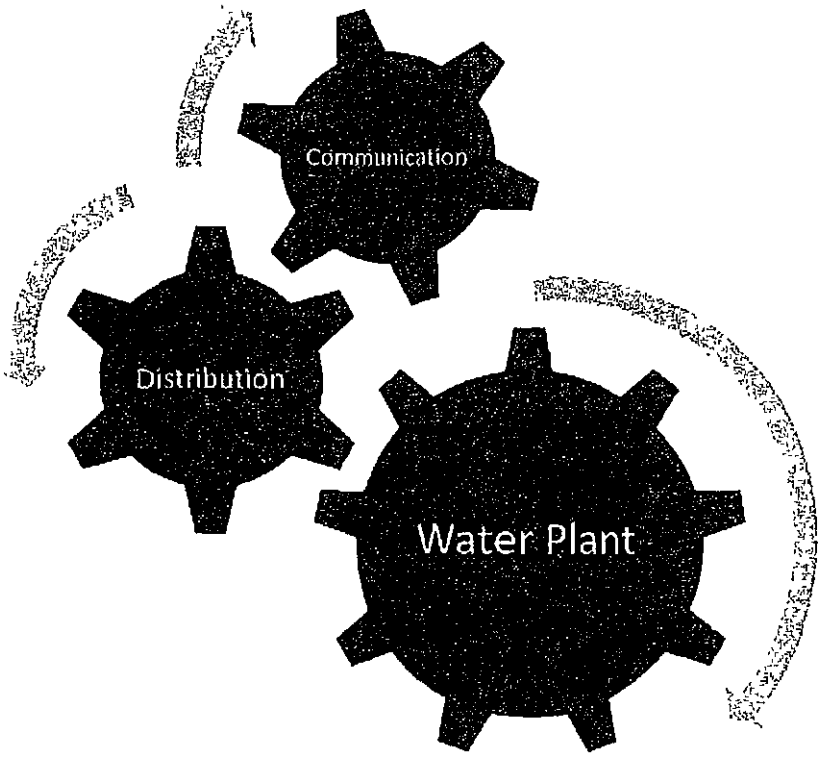
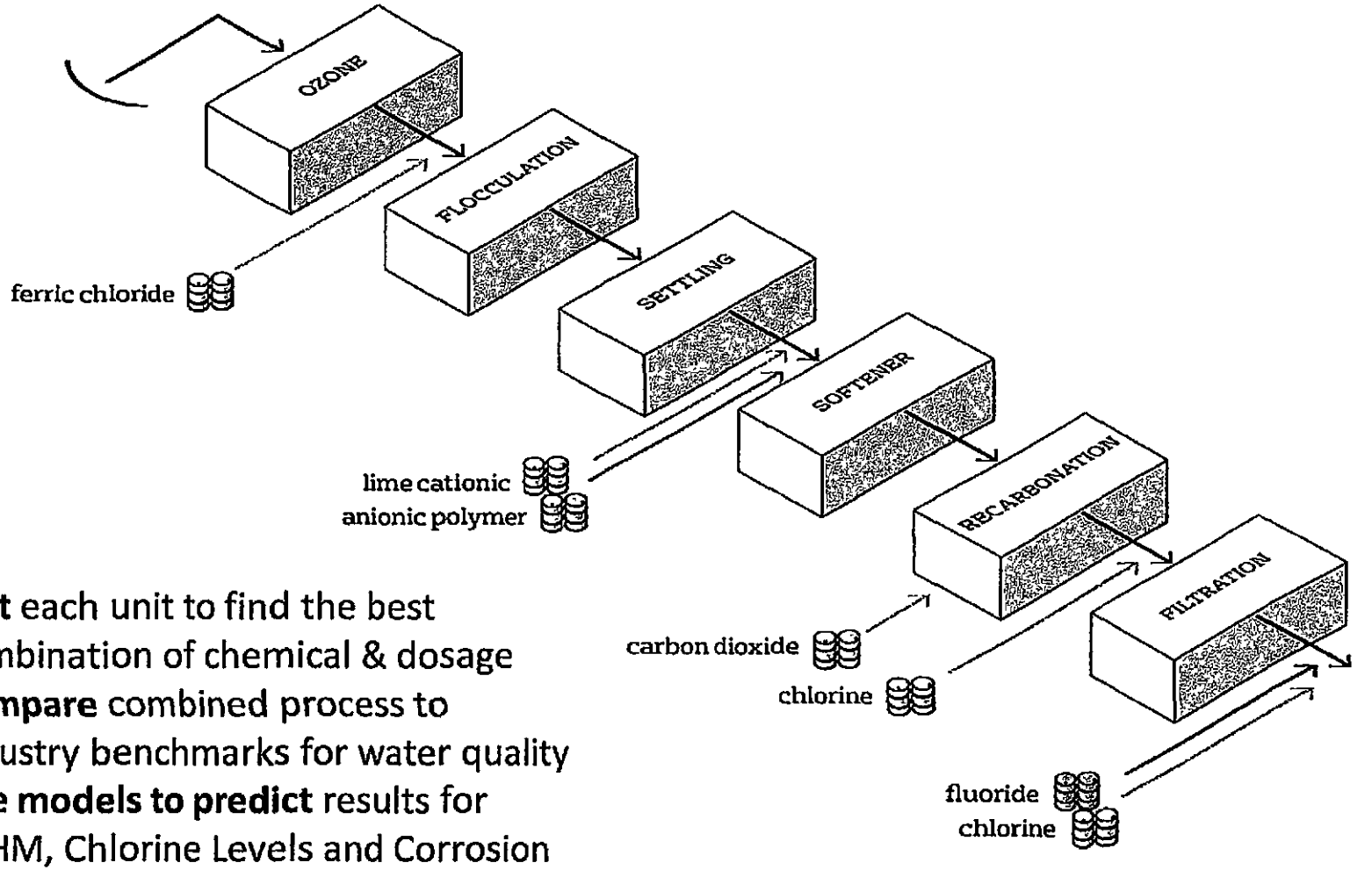
Further Explanation of Solutions

Solution Involves Coordination of 3 Activities



- Water plant improvements
  - *Optimize chemical dosages*
  - *Consider different chemicals*
  - *Change dosing points*
  - *Install granulated activated carbon*
  - *Complete plant upgrades*
  - *Implement best mgt practices*
- Distribution system improvements
  - *Fix broken valves*
  - *Ask for customer feedback*
  - *Reduce tank storage*
  - *Target line flushing*
  - *Run a hydraulic model*
- Better communication with customers
  - *Engage advisory committees*
  - *More accessible utility*
  - *Make it easy to access information*
  - *Better customer communication*

Optimize Plant Processes



- **Test** each unit to find the best combination of chemical & dosage
- **Compare** combined process to industry benchmarks for water quality
- **Use models to predict** results for TTHM, Chlorine Levels and Corrosion

Complete Plant Construction & Re Prioritize Capital

Cost effective plan in budget

- Complete water plant renovation
  - *Target SCADA and instrumentation in plant*
- Speed up valve turning contract & provide money for replacements
- Speed up hydraulic model update to reduce tank volume
- Evaluate installing of granulated activated carbon on filters

Weather can impact timing

Digging up a water valve for repair
Need good weather to start

Implement Best Management Practices

<u>Activities to Help Operators Maintain Good Water Quality</u>

- Process Control Management Plan
- Lab QA/QC Program
- Computerized Maintenance Management System
- Asset Management System
- Training and Certification Program
- Vulnerability Plan

Distribution System Improvements

- Speed up flow of water from plant to homes – 2 weeks plant to house
  - *Find closed valves & open them*
  - *Replace broken valves*
  - *Update hydraulic model*
  - *Reduce system storage*
- Track customer complaints
  - *Test customer water*
  - *Spot flush hydrants to clean areas of stagnant water in the system*

Flushing out discolored water

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Improving Customer Service

Make It Easy to Access Information and People

Develop a proactive customer communication plan

- Create advisory committees to help direct efforts and improve flow of information
- Establish a single point of contact to manage all water quality complaints
- Provide additional customer service training to staff
- Expand neighborhood and community outreach
- Change monthly billing statements from card to envelope with information

Example - Communicate in the field

NOTICE: ANNUAL FLUSHING PROGRAM

We are conducting our annual flushing program to enhance your water quality and clean the distribution system.

DC Water crews will be flushing hydrants in your area 10:00 p.m. to 6:30 a.m. on the following dates:

9/24 **through** 9/30

IMPORTANT INFORMATION

- Your water supply will not be shut off during hydrant flushing.
- You may notice slight water discoloration or low water pressure.
- During this time, customers can continue normal water usage, including drinking, bathing and laundry (unless water is discolored).

If you experience discolored water during this period:

- Run your cold water taps for 15 minutes. If it does not clear up, please contact our Drinking Water Division.
- Do not run your hot water. If you experience discolored water from your hot water tap for several hours, then it is recommended to drain and flush your water heater tank.

Provide field crews with additional communications tools to use to address questions or concerns from the public

- *Create door hangers, flyers, or yard signs to notify neighborhoods about main breaks, hydrant flushing, or system maintenance that may affect the public*
- *Create a business card or other contact card with the name and phone number of the single point of contact with the Department of Public Works who is managing information flow*

**sample door hanger provided by DC Water & Sewer Authority*

Clear, concise information is key

Simplify the reports on the web page dedicated to addressing water system questions

- *Create a single-page, easy to understand report for the public*
- *Use charts or provide other examples to demonstrate water quality testing and system or treatment plant improvements underway*
- *Provide name, phone number and email address for identified point of contact so customers can request more information*
- *Continue to provide Monthly Operation Report and Water Quality Report Summary for those customers interested in more technical information*
- *Use site to provide additional notice of field work that may impact customers*

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What Is Next

Next Steps

Week 1

- Provide a review of current actions
- Engage staff, visit facilities and analyze data
- Make interim report

Week 2

- Carry out more detailed study of initial findings
- Make recommendations for Improving water quality
- Provide a plan, cost and schedule for change

Questions Being Heard

REMEMBER

We just started. Might not have an answer yet to your question

- **When will water improve -** The water has improved with current actions. More changes will occur over weeks and months because of safety reviews
- **Date of next update and final report** – An update will be provided next week and a report the following week.
- **Time frame for implementing recommendations** – The City is already started. Others a few days and some weeks or months due to State approval being required or weather.
- **Cost of changes** – Don't know yet but we are aware of the financial concerns

More Questions Being Heard

- **How are TTHM formed** – It's the reaction of chlorine to organics (leafs, dirt) in the water.
- **How to reduce TTHM** – Reduce organics before introducing chlorine and shorten time chlorine has to react with the organics
- **What causes discoloration** – Older lines, the iron parts of the system will leach iron into the water causing the discoloration. Other times its just air built up.
- **Why no discoloration with DWSD** – There was. Flint had a bad time with breaks of old line and is doing lots of construction. This stirred up the water and caused discoloration.

More Questions Being Heard

- **Can you test my water** – The city will test your water for free. But, only 2 of 20 people have taken the city up on the offer since it began offering the service.
- **Medical problems** – Some people may be sensitive to any water. Talk to your doctor. The City is communicating with the medical community.
- **Confidence that future problems will be avoided** – Recommendations will include putting programs in place to better respond to water changes and assure quality

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Questions?

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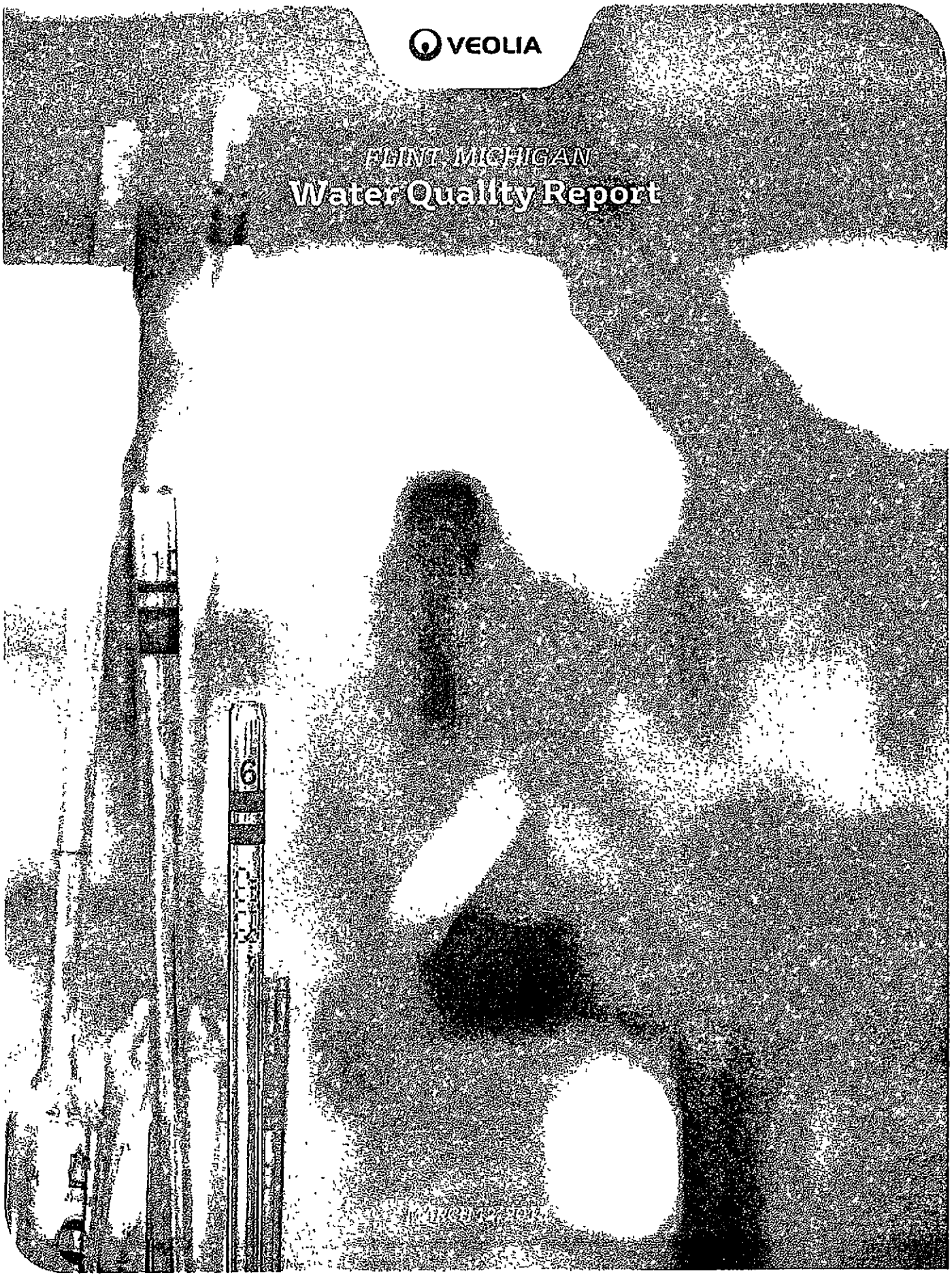
FLINT, MICHIGAN

Water Quality Report



Water quality report 1
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> Review of actions taken to date 2
> State report 3
> Veolia's recommendations 8
> Conclusions and next steps 9
> Results expected 10

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Water Quality Report
March 12, 2015

FROM
Veolia North America

TO
Emergency Manager Gerald Ambrose

Executive Summary

The City of Flint changed water sources, transitioning from Detroit's system to the Flint River. This change created water treatment challenges that have resulted in water quality violations. Aging cast-iron pipe has compounded the situation, leading to aesthetic issues including taste, odor and discoloration. Public interest and scrutiny of the drinking water system intensified following the distribution of required public notices of violation.

The City of Flint has made a number of good decisions regarding treatment changes that have improved water quality. However, this is a very complex water quality issue and the City is seeking additional advice on what to do to ensure healthful drinking water for the community.

Veolia appreciates the City's decision to seek independent third parties to review current treatment processes, maintenance procedures and actions taken to date, and provide ideas for improvement. We are pleased to present this final report to the City of Flint following our experts' 160-hour assessment of the water treatment plant, distribution system, customer service and communications programs, and capital plans and annual budget.

This report provides recommendations and a roadmap for improvement, though our engagement was limited in scope. Our assessment included reviewing actions taken by the City to date, validating the City's plans going forward, and making recommendations for ideas not being considered.

Although a review of water quality records for the time period under our study indicates compliance with State and Federal water quality regulations, Veolia, as an operator and manager of comparable utilities, recommends a variety of actions to address improvements in water quality and related aesthetics including: operational changes and improvements; changes in water treatment processes, procedures and chemical dosing; adjustments in how current technologies are being used; increased maintenance and capital program activities; increased training; and, an enhanced customer communications program.

We are also providing a recommended schedule and estimated costs for implementing changes. It is our desire to help Flint residents and public officials better understand the current situation so that informed decisions can be made to ensure safe drinking water for the city's customers.

Review of Actions Taken to Date

To address water quality issues, the city has made operational changes, sought help from the State, hired *engineering firm Lockwood, Andrews & Newnam, Inc.* (LAN) to provide additional advice, and hired Veolia for an assessment from a utility operator's perspective. The City has also reached out to different specialty vendors (chemical suppliers, filter companies and tank aeration companies) for information about products to help with the TTHM issues. These are logical steps to take.

Flint is not alone in dealing with TTHM problems, as many utilities across the country are facing this challenge. The City appears to be following standard steps that many of those communities are taking to successfully correct the problem.

Although the primary focus of this review was based on solving the TTHM problem, the public has also expressed its frustration over discolored and hard water. Those aesthetic issues have understandably increased the level of concern about the safety of the water.

The review of the water quality records during the time of Veolia's study shows the water to be in compliance with State and Federal regulations, and, based on those standards, the water is considered to meet drinking water requirements.

The City has been proactive in its efforts to reach out to the medical community, to set up a phone number and email address to receive complaints, to post State Water Quality reports, to provide the list of EPA required water tests, and offer to test the water at customers' homes.

From our review, these numerous efforts demonstrate how the city is trying to be transparent and responsive beyond what many other communities might do in similar circumstances.

State Report

The Michigan Department of Environmental Quality (MDEQ) has requested specific actions be taken related to the total trihalomethane (TTHM) issues. The February 2015 report from LAN (*Operational Evaluation Report TTHM Formation Concern*) indicated apparent reasons for the elevated levels of TTHM in the distribution system. These generally relate to high Total Organic Carbon (TOC) in the water source, improperly operating equipment both in the plant and the distribution system, less-than-optimal plant TOC removal and old cast-iron pipe in the distribution system. **Our assessment confirms that these reasons are likely given our on-site laboratory testing and analysis, as well as our first-hand observations.**

Due to time constraints, LAN's report to the State was submitted prior to Veolia's final analysis and recommendations, and contained a number of key initial and contingent steps the City should consider, including:

Initial Actions

- Hire a Third Party Water Quality Expert to Complete Independent Audit
- Obtain a THM Analyzer
- Carry Out Jar Testing
- Water Plant Optimization Softening
- Water Plant Optimization Disinfection of Filter Beds (Pre-Chlorination)
- Water Plant Optimization Polymer Aid to Coagulation and Flocculation
- Increase Water Main Flushing
- Water Modeling Cedar Street Pump Recirculation
- Water Modeling West Side Pump Recirculation
- Broken Valve Locations
- Increase Flushing

Contingent Actions

- Fix Ozone System
- Start Feeding Coagulant and Flocculation Polymer
- Convert to Lime and Soda Ash Softening
- Change Disinfection to Chloramine or Chlorine Dioxide Temporarily
- Install Pre-Oxidant at Intake
- Replace Filter Media Implement Advanced Treatment
- Increase Main Flushing
- Continue Valve Replacement
- Emphasize Cast Iron Pipe Replacement

Veolia's Recommendations

While many of Veolia's recommendations match the initial assessment provided by LAN, our approach, as an operator and manager of comparable utilities, considers a more comprehensive solution. These improvements include operational changes, differences in water treatment regimes and chemical dosing, increased maintenance, and increased training.

- **Addition of Permanganate** – The addition of a permanganate chemical will help reduce ozone demand as well as chlorine demand. The reduction of ozone is needed to help eliminate the possibility of violating the bromate limit. The addition of the chemical will require state approval, submission of design documents for approval, procurement of the equipment and installation. The State has indicated they will work with the City on expediting review and approval of any requested changes. The required dosage of permanganate is estimated to range from 0.5 mg/L to 1.2 mg/L with a corresponding price of $160,000 to $320,000 per year. (Please note – The water in the river is dynamic which means it will change with weather, seasons and other factors. The estimates provided are based on bench testing at a given time and as such require the operators to test water and to verify chemical dosages on a frequent basis.)
- **Reduction of Ozone Feed** – Treating water is a delicate balance - increasing ozone to fix the TTHM problem can raise bromate levels to a point of violation. The introduction of permanganate is being recommended to reduce the demand for ozone so that feed rates will not exceed 5 mg/L. The current ozone dosing has been as high as 8 mg/L and, as such, if allowed to continue, will increase the risk of violating the bromate levels.
- **Increase of Ferric Chloride** – Four coagulants were tested by Veolia -ferric chloride, ferric sulfate, polyaluminum chloride (PACl) and aluminum chlorohydrate (ACH). Ferric chloride and ACH were found to be the best choice of product for effectiveness in removing TOC, a precursor to TTHM formation. Current ferric chloride dosages are too low and dosages of 100 mg/L or more are recommended. Again, please note, that the amount of chemical needed changes with the nature of the river and as such, water must be tested multiple times a day with corresponding changes in chemical dosages. This increase to 100 mg/L is twice what is currently being fed and much higher than what had previously been fed last year. The increase in chemical costs could be up to $1,000,000 per year. This change in dosage (using ferric chloride) can be made immediately without state permit review.
- **Reduction of Lime** – Lime is currently being overfed. A higher dosage of lime does not necessarily mean better treatment. A review of different dosages with jar testing indicates that the current dosage of 280 mg/L can be reduced to 230 mg/L. This represents a potential range of savings of up to $270,000 per year. This change can be made immediately. It should be noted that the current softening equipment is in poor condition, which does complicate the treatment process with a poor balance of flow between the two basins, weirs that are not level causing bypassing with the softener basins, and simply old mechanical equipment that periodically breaks down. This equipment is not going to be needed when a change to lake water occurs. Addition of soda ash to help further reduce hardness in cold weather might require dosages up to 40 mg/L with an annual chemical cost up to $320,000. There have also been some questions or complaints from the public regarding hard water. The water entering the plant is currently 360 mg/L and the plant is reducing that level of hardness to about 210 mg/L. Optimization of the dosage can reduce the hardness

further to about 180 mg/L. This reduction however has been sporadic as equipment breakdowns and high flows have caused problems keeping the softening process on-line. As we have noted before, the dosage needs to be adjusted daily or more often based on process control monitoring. The raw water hardness in the summer is much less than in the winter. For illustration purposes, the difference could be 360 mg/L in raw water in winter compared with 220 mg/Lin the summer.

- **Eliminate Pre-Chlorination on the Filters** – The reduction of pre-chlorination on the filters during the summer months can help reduce TTHM formation. This action has to be considered carefully with procedures documented and reviewed for engineering principles. As such, it will take time for the design engineer to determine what could be done to assure the proper chlorine contact time and document that other safety protocols in water are met. This requires state approval. Any submission should be considered along with a possible change in filter media. If Granulated Activated Carbon (GAC) is installed then the pre-chlorination would be stopped or drastically reduced because of the chlorine impact on the GAC filter media. Veolia's initial investigation into changes in chlorine feed point indicate that the recommended action can be accomplished while maintaining the required regulatory contact time for disinfection.
- **Change Filters to Granulated Activated Carbon (GAC)** – The object of the other changes being made is to reduce the TOC before chlorine is added into the process. The plant by design is limited on the amount of TOC removal possible. A maximum removal of only 60% is likely if the plant is properly optimized. The change of filter media to GAC would provide the best reduction possible and provide better than 90% removal dramatically reducing the potential for TTHM formation and thus ensuring compliance with that parameter for the water system. The change in filter media; however, is complicated requiring approval by the state, design of the changes, procurement of the media and a contractor to install it. That will take time and is likely in a range of $1.5 million (more or less) in cost. The use of GAC also requires more testing and monitoring of the media and the TOC than with the current media. GAC will accumulate TOC and begin to become in effective after a period of time. Depending upon the level of TOC reaching the filters this could be as short as 3 months and as long as 9 months. The amount of TOC is dependent upon the river water quality and operation of the other plant processes. Once the ability of the filters to remove TOC is diminished, the GAC media has to be replaced if river water continues as a source. The change to lake water will not require TOC removal and the media could continue to be used as filter media for that new water source.
- **Corrosion Control** – The primary focus of this study was to assure compliance with the TTHM limits. That is not the only problem facing the city and its customers though. Many people are frustrated and naturally concerned by the discoloration of the water with what primarily appears to be iron from the old unlined cast iron pipes. The water system could add a polyphosphate to the water as a way to minimize the amount of discolored water. Polyphosphate addition will not make discolored water issues go away. The system has been experiencing a tremendous number of water line breaks the last two winters. Just last week there were more than 14 in one day. Any break, work on broken valves or hydrant flushing will change the flow of water and potentially cause temporary discoloration.
- **Eliminate a Storage Tank** - The water system has more storage than it requires, due to excess capacity in the water lines in combination with the storage tanks. The City has already employed LAN to update the hydraulic model. The hydraulic model should be used to help determine if water levels can be lowered further and even to remove some storage tanks from service. That decision may need to be made

seasonally. For example demand during water main breaks last week required extensive amounts of water. The excess storage is more a problem with TTHM formation for the system in summer than winter.

- **Prioritize Valve Replacement** - The hydraulic model shows long water age in portions of the system that appear to be contributing to the TTHM problems. LAN has updated the model to include the location of broken valves and that added information is being used to identify other system problems. The City has a contract for valve turning and repair work that should be focused on known broken valves, particularly in sections of the distribution system with old water age. This activity however must wait until warmer weather in fear of causing problems in the water system with lines freezing.
- **Target and Increase Flushing** – Flushing the fire hydrants can be useful in cleaning out lines to minimize discolored water complaints and also helping reduce the age of water. This DOES NOT mean just opening hydrants. The hydraulic model needs to be used to determine which hydrants should be opened and for how long to ensure the lines are properly cleaned. For example, this might require 15 minutes or even several hours of flushing depending on location. The flushing of hydrants also needs to include records of hydrant condition, color of water initially and after periodic increments plus chlorine residual testing. All of that information will help provide information to the engineers on the effectiveness of the procedure. Each crew doing the work should be trained to help explain the process to the public and also warn neighborhoods about flushing so that staining of laundry can be avoided.
- **Change to Lake Water** – The changes being made now to the water plant will not be the same changes required to treat lake water once it becomes available. A thorough analysis and plan needs to be made in preparation of that switch. This is going to need to include changes in how the plant is operated, like eliminating lime softening and reducing the dosages of many chemicals. Consideration will also have to be given to algae treatment when lake water is being used.
- **Operating Programs** – All of the changes discussed above are based on testing and techniques proposed by engineers and skilled operators of both LAN and Veolia. The staff will need further training and implementation of detailed protocols to successfully implement the changes and to ensure long-term success at the plant. This means the City needs to implement a series of programs to ensure success in these changes.
    - **Process Control Management Plan (PCMP)** – The amount of testing and resulting changes in chemical dosages, along with monitoring the impact on the water, will require a well-documented process that all operators follow. An example of this is jar testing, which is used by the operators to identify the most effective chemicals and dosages to optimize treatment. The staff understands the basic treatment process but needs further practice and training to become proficient in the use of routine process control to adjust for water quality. This is commonly referred to as a PCMP and is used as a standard operating procedure so that the operators on the day shift can communicate with the night shift, that operators are following the same treatment plan for water, that the adjustments are unified between different shifts and different people, that a desired water treatment quality is defined and variations from it signal alarms and that the staff knows what to do when the water quality setpoints begin to drift away from its desired quality levels.
    - **Lab QA/QC** – The operation of the water plant is dependent upon accurate lab results. Standard operating procedure needs to be set and lab technicians trained in that process. EPA and the State

set procedures and standards to be met and the staff should strive to meet those standards. The City has already purchased a TTHM analyzer but should also consider a TOC analyzer that can be an online continuous device to provide immediate information on influent and effluent levels of TOC. Part of the lab records should be historical review of data to help operators better understand the changes they make in the plant.

- **Maintenance Management** – The key to water equipment is having all the equipment effectively maintained and functioning properly. The current capital program is fixing many broken pieces of equipment and updating the plant to current standards. This however must be followed with a rigorous maintenance program that ensures the proper preventive maintenance, is able to predict when maintenance is needed to keep equipment functioning properly and responsive to changes in flows and source water quality.
- **Training** – The changes being suggested are new to the staff and as such training needs to be provided in what the changes involve, why they are being made, the impact on the water quality, and how best to run the plant. A good demonstration of skill level is for the staff to become certified by the State as a licensed water plant operator. Many utilities now require all operators to hold at least the minimum certification level as a starting point and offer incentives to increase their certification level.

- **Communication Program** – The city should lay out an immediate, written strategy for communicating with the public in the short-term, as well as a 6-to-12 month strategy that contemplates known, future events like the KWA pipeline and switch to lake water. A wide range of activities are underway to work with the public but a comprehensive and coordinated effort, with a strategic focus, will help the utility and its customers.
  - **Dedicated Communications Personnel** – The City has a single, dedicated public information officer, tasked with providing service to all of city government. The current focus on communications support for Public Works, and the anticipated needs over the next several years, indicate the city would benefit from the hiring of a staff person in Public Works who could establish a communications program designed to provide clear and concise information to a broad audience though a number of different channels. In the interim, the city could hire a communications intern, local communications firm, or somebody with experience who is able to provide reduced or no-cost services for the immediate future.
  - **Communications Planning – Public Notification** – The City should be congratulated on its efforts to keep the public informed. It is posting its monthly reports on the web page to provide transparency, though these reports are highly technical – and may be too technical for the customer base at large. They are valuable to those customers who do want this level of detail. The city should create a single-page dashboard of information that outlines the water utility's performance for the previous month, post the dashboard on the website, print copies for distribution at customer service or other reception areas, and be provided during speaking engagements or other events. This dashboard should be easy to understand, and include:
    - The number of water quality tests conducted the previous month
    - The number of violations reported

- Whether these results are in or out of compliance
- Information about other proactive measures such as main and hydrant replacements, or other programs to improve performance of the water utility
- Benchmarking information so the reader has a greater understanding of how Flint compares with other similar utilities in the region and across the country

- **Public Meetings** –There should be additional, proactive coordination with neighborhood, community and civic groups to provide speakers on timely topics. Given the list of numerous responsibilities, the Public Works director cannot do it alone – the city should identify three or four other staff members, knowledgeable about the water utility who can also speak to various groups, provide information and answer questions. The development of an outreach strategy to target key neighborhood, community and civic groups also will advance the communications effort and the dissemination of information in both the short and long term.
- **Standard tools** – Work crews in the field are often the faces of the utility – the city should create standardized tools for communicating with the public that can be easily and quickly delivered to the community in the event of main breaks, flushing or pre-planned capital improvements. Tools should include:
  - Door hangers for individual distribution
  - Yard signs with simple messaging to be placed near work-sites
  - A simple tri-fold brochure with useful information about the utility and appropriate contact information
  - Specific flyers about a range of topics
  - Infographics about how the water system works, from the intake to the customer's site
- **Change in Billing Format** – The City currently has no real way to reach all customers on a regular basis and provide information. The city should consider changing from a billing postcard to using an envelope and bill stuffer. Monthly or bi-monthly bill inserts are typically used to provide educational material for customers and are standard ways to provide information. Understandably, budget considerations must be taken into account.
- **Use Public Affairs Programming and Opportunities** – The news media has been covering this topic quite extensively – there are other media-related opportunities that may reach a wider audience. Taking advantage of these opportunities will help the city relay information to its customers and the community.
  - Participate in regular editorial-board meetings to provide background information and updates on key milestones or events.
  - Identify a local weekly television program and offer to provide guests to speak about key milestones or upcoming events.

Conclusions and Next Steps

The focus of this report is to help assure TTHM compliance and then improve general water quality. The City had good results in its most recent TTHM tests, although that is to be expected with the changes made to date and the cooler weather which contributes to low TTHM formation. Warm weather will be a different situation both in the nature of the Flint River water quality and in the formation of TTHM. With those changes coming, the City needs to act quickly to make improvements before additional testing takes place this spring and summer. The summary below provides the recommended actions, a priority for their implementation and projected costs either operational or capital. The costs are rough orders of magnitude and will vary with changes in water quality, operational decisions, and engineering choices being made and in some cases require State approval. Although a priority is assigned many of these actions can take place simultaneously.

Priority	Action	Annual Operational Cost	One Time Capital Cost
1	Implement operating programs for process control, lab QA/QC, maintenance, and training. These programs are needed regardless of the TTHM issue and will help with transition to lake water. The City has decided upon a central maintenance software and the water system should be the first to utilize this program since costs are already budgeted. These programs should be initiated immediately.	$ 25,000	$ 250,000 - $ 350,000
2	Contract with your engineer and initiate discussions with the State on the reduction of chlorine prior to the filters and changing the filter media to GAC. This activity has the longest time frame for design and approval, but also is extremely critical to assuring reduced TTHM production. The current filter cleaning and maintenance project needs to be adjusted to take into consideration the change in filter media both to dispose of the anthracite instead of cleaning and to install the GAC. This entire project needs to be done by early July to assure a flow of water throughout the system. Several months are required for the engineering design, State approval, bidding of work and installation of GAC and as such needs to begin now.	$ 0	$1,500,000
	Contract with your engineer and initiate discussions with the State on the addition of 0.5 to 1.2 mg/L of either potassium permanganate (dry) or sodium permanganate (liquid). This will take time to get approved and to implement. The use of liquid tanks at the raw water pump station may be the quickest and least expensive alternative for a temporary measure.	$ 160,000 - $ 320,000	$ 50,000

	Contract with your engineer and initiate discussions with the State on the addition of a corrosion control chemical. This action can be submitted and discussed with the state at the same time as the other chemical and filter changes saving time and effort. A target dosage of 0.5 mg/L phosphate is suggested for improved corrosion control.	$ 50,000	$ 50,000
3	Increase the ferric chloride dosage to 100 mg/L depending on river water TOC levels. (Lower TOC levels can be treated with less ferric chloride.) This change can be made now and is allowed by the State.	$ 1,000,000	$ 0
	Reduce the ozone feed rate to 5 mg/. This change can be done now and does not require State approval.	($50,000 – $100,000	$ 0
	Reduce the lime dosage to minimize hardness levels after softening. This will eliminate magnesium removal during treatment, but will also reduce total hardness. A reduction in carbon dioxide dosing for recarbonation treatment also is expected due to the reduction in lime feed. This change can be made now and does not require State approval.	($270,000)	$ 0
4	Confirm with the engineer when the revised hydraulic model will be completed and if necessary for time to focus on areas of longest water age if that would speed up the effort. Identify impact of reducing tank levels or eliminating a tank seasonally to improve water age. Include with this effort a list of hydrants to flush along with time required to assure drawing fresh water through the system. The engineer has been assigned this task already and confirmation of the timing of a delivery is needed.	$ 0	Already Contracted
	Ask the engineer to identify closed valves on a map that are impacting water age and that can be bid for replacement as soon as weather permits. Have the engineer identify areas of the system where the valve contractor should be focused on finding and fixing closed valves.	$ 0	Already Budgeted
5	Implement the recommendations in the communications program including a person assigned to public works education, using envelopes instead of cards along with bill stuffers for education and provide training for staff. Envelopes and bill stuffers are expensive and might be done periodically and not every month. The cost of TTHM notices, Annual Water Quality Reports and City notices should be figured into if any additional costs would exist. Many of these changes are underway now by the City.	Position Being Budgeted	

Notes

- The costs provided are rough order of magnitude which final engineering will firm up but will fluctuate with final decisions on engineering, operating technique and water quality.
- The change from river to lake water will dramatically cut the chemical costs as less is needed once the change occurs. This means that potassium permanganate will likely not be needed, ferric will drop as much as it went up, ozone levels will be lower and little lime will be needed.

Results Expected

The real question is what changes can be expected from these results in lowering the TTHM, improving the aesthetics and preparing for the change to lake water.

- TTHM – The City has already made great strides in reducing the TTHM levels with the changes already made. The additional suggestions by Veolia will further reduce TTHM in the water and help get the city released from the notices being provided to customers.
- **Hardness** – The hardness entering the plant this winter is 360 mg/L with the current system reducing it to 210 mg/L and optimization will reduce to about 180 mg/L. During the summer the levels will be lower probably in the 140 mg/L to 150 mg/L range. The target set by the current best operating practices is 120 mg/L to 150 mg/L.
- **Discolored Water** – The discolored water is caused by the old unlined cast iron pipe. The water from the plant can have an impact on discolored water, but a greater concern is the breaks and construction work that disrupt the flow of water causing discoloration. A polyphosphate is suggested to help bind the old cast iron pipe reducing instances of discolored water. This along with improve flow of water and programmed hydrant flushing will help, BUT WILL NOT eliminate discolored water occurrences.
- **Change to Lake Water** – The recommendations include the suggestion of programs to help the staff better manage the treatment process, additional testing to adjust the plant and additional lab monitoring, a maintenance program focused on keeping equipment properly functioning and more training for staff to improve their skill level. Those actions will prepare the staff for the change of water sources when it comes next year in addition to developing a thorough plan for the switch.

Resourcing the world

Robert, Carla M. (Treasury)

From: Wyant, Dan (DEQ)
Sent: Tuesday, October 13, 2015 10:22 AM
To: Lyon, Nick (DHHS)
Cc: Muchmore, Dennis (GOV); Khouri, Nick (TREASURY); Posthumus, Dick (GOV)
Subject: Re: What's the latest on Flint?

I am meeting with House Caucus at 1:45 with Pasholka.

Sent from my iPhone

On Oct 13, 2015, at 9:41 AM, Lyon, Nick (DHHS) <LyonN2@michigan.gov> wrote:

> Dan has put together an action plan from the DEQ perspective. We have provided contact names for the items on his list that need to be joint DEQ/DHHS. We are potentially adding items to that list but need to work through our plan as we will have to work with local providers, the hospital, health plans, etc. We are doing that today. We are looking at testing, home lead investigations, but NOT remediation. That would still be the responsibility of the homeowner. I would expect that will be the next demand.
>
> I've heard some grumbling around the supplemental. Some members feel it should be a loan, others worry that we are setting a precedent that the state will be asked to pay for similar upgrades in the future. We'll know more quickly on how they are going to react.
>
> Jarrod has scheduled a phone call for tomorrow.
>
> That's what I know.
>
> **From:** Muchmore, Dennis (GOV)
> **Sent:** Tuesday, October 13, 2015 8:40 AM
> **To:** Wyant, Dan (DEQ) <WyantD@michigan.gov>; Lyon, Nick (DHHS) <LyonN2@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
> **Subject:** What's the latest on Flint?

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, October 13, 2015 10:41 AM
To: Cline, Richard (Treasury); Byrne, Randall (Treasury); Schafer, Suzanne K. (Treasury); Koryzno, Edward (Treasury)
Subject: RE: Flint Water Issue: Memorandum RTAB1.PDF

I assumed that was the plan

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Cline, Richard (Treasury)
Sent: Tuesday, October 13, 2015 10:40 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Subject: Flint Water Issue: Memorandum RTAB1.PDF
Importance: High

FYI.

I just received this from Natasha regarding the City's request to reconnect to DWSD.

The City is asking that the RTAB consider this tomorrow. I am in the process of sending this to the Board.

It appears that the City is planning on taking the $2M from Fund Balance.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 336-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments Thank you.

From: Natasha Henderson [mailto:natashalhenderson@gmail.com]
Sent: Tuesday, October 13, 2015 10:16 AM
To: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: Memorandum RTAB1.PDF

Hello Eric,

Per your request, I have attached a request to add two high priority items to the RTAB agenda.

Thanks,

Byrne, Randall (Treasury)

From: Robert, Carla M. (Treasury)
Sent: Tuesday, October 13, 2015 11:23 AM
To: Stanton, Terry A. (Treasury); Durfee, Sally (TREASURY)
Cc: Byrne, Randall (Treasury)
Subject: FW: PRESS RELEASE: City Administrator Statement Regarding Rep. Phelps FOIA Request
Attachments: CA.RE.Phelps.10.12.15.pdf; ATT00001.htm

Just FYI .... see below from Wayne.

From: Workman, Wayne (TREASURY)
Sent: Monday, October 12, 2015 7:17 PM
To: Robert, Carla M. (Treasury) <RobertC@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Subject: Fwd: PRESS RELEASE: City Administrator Statement Regarding Rep. Phelps FOIA Request

FYI

Sent from my iPhone

Begin forwarded message:

> **From:** Jason Lorenz <jlorenz@cityofflint.com>
> **Date:** October 12, 2015 at 7:15:00 PM EDT
> **To:** undisclosed-recipients:;
> **Subject: PRESS RELEASE: City Administrator Statement Regarding Rep. Phelps FOIA Request**
>
> **For Immediate Release**
>
> **City Administrator Statement Regarding Rep. Phelps FOIA Request**
>
> Flint, Michigan – October 12, 2015 – The following statement is in response to remarks from Representative Phil Phelps regarding his recent Freedom of Information Act request of the City of Flint.
>
> "The City of Flint is operating as permitted by the MDEQ, however the specific documents requested by Rep. Phelps do not exist. As the City's full-time back up water source during the previous contract with DWSD, the Flint River was already an approved drinking water source. This issue could be as simple as a miscommunication on what was sought by Rep. Phelps and the City is willing to meet with his office to clarify and provide more information."
>
> -Natasha L. Henderson
> City Administrator, City of Flint
>
> –END
> -Jason Lorenz
> Public Information Officer
> City of Flint

Dempkowski, Angela (Treasury)

From: Baird, Richard (GOV)
Sent: Tuesday, October 13, 2015 11:46 AM
To: Wurfel, Sara (GOV); Murray, David (GOV); Workman, Wayne (TREASURY)
Subject: Fwd: Re: Media Call: Ron Fonger - Flint Journal (Deadline ASAP)-D. Earley Response

Is this okay with you folks? I think Darnell is feeling unfairly maligned.

Sent from my Verizon Wireless 4G LTE DROID
---------- Forwarded message ----------
From: Kelly Rossman-McKinney <krossman@truscottrossman.com>
Date: Oct 13, 2015 11:37 AM
Subject: Re: Media Call: Ron Fonger - Flint Journal (Deadline ASAP)-D. Earley Response
To: Michelle Zdrodowski <michelle.zdrodowski@detroitk12.org>
Cc: connersp@michigan.gov,"Muchmore, Dennis (GOV)" <muchmored@michigan.gov>,"Walsh, John (GOV)" <WalshJ@michigan.gov>,"McPhee, Karen (GOV)" <McPheeK1@michigan.gov>,"Murray, David (GOV)" <MurrayD1@michigan.gov>,"Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>,"Baird, Richard (GOV)" <bairdr@michigan.gov>,"Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>,"Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>,"Wurfel, Sara (GOV)" <Wurfels@michigan.gov>,"Snyder, Rick (GOV)" <Rick.Snyder@michigan.gov>,Darnell Earley <darnell.earley@detroitk12.org>

Works for me!

Sent from my iPhone

On Oct 13, 2015, at 11:24 AM, Michelle Zdrodowski <michelle.zdrodowski@detroitk12.org> wrote:

> All,
>
> Mr. Earley asked me to share with you his response to the below media inquiry. It was as follows:
>
> "The decision to separate from DWSD and go with the Karegnondi Water Authority, including the decision to pump Flint river water in the interim, were both a part of a long-term plan that was approved by Flint's Mayor, and confirmed by a City Council vote of 7-1 in March of 2013 - a full seven months before I began my term as Emergency Manager. That vote was supported and signed into emergency order by then Emergency Manager Edward Kurtz on March 29, 2013. It was my responsibility to implement the previously accepted and approved plan as the contract with DWSD expired in April 2014 during my term as EM. It did not fall to me to second guess or to invalidate the actions that were taken prior to my appointment. An even bigger concern that everyone should be focused on moving forward is what is done in the long-term to replace the crumbling water distribution system that exits throughout Flint and Genesee County."

Please let him know if you have any questions.

Thanks.

Michelle Z.

Michelle A. Zdrodowski

Executive Director of Communications

Detroit Public Schools

3011 W. Grand Boulevard, 14th Floor

Detroit, MI 48202

313.873.3238, office

[redacted] mobile

From: Debbie Frazier
Sent: Tuesday, October 13, 2015 10:27 AM
To: Michelle Zdrodowski; Chrystal Wilson; Da'Stanza Murphy
Subject: Media Call: Ron Fonger - Flint Journal (Deadline ASAP)

Ron Fonger - Flint Journal

810-347-9963 - rfonger1@mlive.com

Re: The State Democratic Party just issued a letter to the Governor to fire Mr. Earley due to his decision the switch the water system. As soon as he's done writing, he will issue it online but wants to include a statement for Mr. Earley.

Debbie Frazier

Office Manager

Detroit Public Schools

Office of Communications

Fisher Building, 14th Floor

3011 West Grand Boulevard

Detroit, MI 48202

(313) 873-3494 desk

(313) 873-6269 fax

Stanton, Terry A. (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Tuesday, October 13, 2015 11:55 AM
To: Saxton, Thomas (Treasury)
Cc: Wyant, Dan (DEQ); Wurfel, Sara (GOV); Wurfel, Brad (DEQ); Stanton, Terry A. (Treasury); Workman, Wayne (TREASURY)
Subject: Re: Flint Water Issue: Memorandum RTAB1.PDF

Thanks Tom, good for the people in Flint to get at least this issue dealt with.

Sent from my iPhone

On Oct 13, 2015, at 11:51 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

> Just fyi... the reconnect to DWSD is hitting the RTAB agenda tomorrow. We are not foreseeing any problems in terms of its approval.
>
> **From:** Workman, Wayne (TREASURY)
> **Sent:** Tuesday, October 13, 2015 10:44 AM
> **To:** Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
> **Cc:** Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
> **Subject:** FW: Flint Water Issue: Memorandum RTAB1.PDF
> **Importance:** High
>
> Wayne L. Workman
> Deputy State Treasurer
> Michigan Department of Treasury
>
> **From:** Cline, Richard (Treasury)
> **Sent:** Tuesday, October 13, 2015 10:40 AM
> **To:** Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
> **Subject:** Flint Water Issue: Memorandum RTAB1.PDF
> **Importance:** High
>
> FYI.
>
> I just received this from Natasha regarding the City's request to reconnect to DWSD.
>
> The City is asking that the RTAB consider this tomorrow. I am in the process of sending this to the Board.
>
> It appears that the City is planning on taking the $2M from Fund Balance.
>
> **Eric Cline** | Department Manager | State of Michigan
> Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section

Stanton, Terry A. (Treasury)

From: Wurfel, Sara (GOV)
Sent: Tuesday, October 13, 2015 1:56 PM
To: Stanton, Terry A. (Treasury)
Subject: RE: Flint

This will work for now and is what needed immediately – thx!

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, October 13, 2015 1:40 PM
To: Wurfel, Sara (GOV) <Wurfels@michigan.gov>
Cc: Heaton, Anna (GOV) <HeatonA@michigan.gov>; Kennedy, Jordan (GOV) <KennedyJ4@michigan.gov>
Subject: Flint
Importance: High

As requested, see below and attached. Let me know if this is what you need.

Flint EM dates (financial emergency declared in December 2011)

Mike Brown, apptd 12-1-11 (when fin emer declared under PA 4 of 2011)
Ed Kurtz, apptd 8-8-12 (when PA4 was repealed in Aug 2012, Brown couldn't serve as EM, PA 72 back in effect)
Mike Brown, apptd 7-4-13 (Kurtz retired; PA436 in effect)
Darnell Earley, apptd 10-8-13 (Brown resigned)
Gerald Ambrose, apptd 1-13-15 (Earley appointed DPS EM)

Financial Emergency resolved, 4-29-15 (RTAB apptd)

Other dates

June 26, 2012 – Letter from EM Brown to DWSD seeking permission to blend river water with DWSD water (attached).

Sept. 20, 2012 – Letter from EM Kurtz to DWSD requesting written permission to implement blending (attached).

March 25, 2013 – The Flint City Council endorses joining KWA (see url below)
http://blog.mlive.com/newsnow_impact/print.html?entry=/2013/03/flint_city_council_approves_re.html

April 11, 2013 – Treasurer Dillion sends letter to EM Kurtz (attached) noting conditional approval of move to KWA (pursuant to PA436), pending a review of DWSD's last, best offer.

April 16, 2013 – EM Kurtz informs Treasury that the City will join KWA (attached).

April 17, 2013 – DWSD transmits letter to EM Kurtz terminating service to Flint, effective April 17, 2014 (attached).

April 17, 2014 – Water service from DWSD officially ends.

Byrne, Randall (Treasury)

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, October 13, 2015 4:19 PM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: Flint call tomorrow morning

Rudy, Wendy, Josh, Patrick, Eric, Natasha

Flint – Oct. 14 – 9 AM, Call items

- Priorities
- Water
- Connecting to DWSD
  - Agreements / County's Position
- Legal counsel
- Miscellaneous

FDCUT grants -

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division,
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

< City Council Meeting 5PM approved from Flint Baine, to start with contract w Genesee County. Problem with the higher rate. Testing of the line is underway
< Mayor spoke Jeff Wright
< Budget Resolution from Wash. Flint Natasha will get corrected
< Master reading agreement - doesn't come what the rate. In a two days getting the agreement
< without the State perspective, do we need to wait
with a not until the Legislature votes

** Mayor - cannot stand in the way of Detroit Water.
** Legal fees - Miller Canfield
FOIA - information does not exist
Fire - Numbers are all down.

Cline, Richard (Treasury) SAM, UCS, CA, Fred, Josh, Mayor, RTHB II, Analyst II

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, October 13, 2015 4:19 PM
To: Byrne, Randall (Treasury), Cline, Richard (Treasury)
Subject: Flint call tomorrow morning

Flint – Oct. 14 – 9 AM, Call items

- Priorities – VC approves $2M for DWSD; CA authorized to enter into Contract
- Water – 1) Prep of 5 Mi section underway; Possible connection w/in days → wait for Leg action?
- Connecting to DWSD
  - Agreements – Neog w/County ongoing → Progress being Made
- Legal counsel
- Miscellaneous – Escrowing $5M in WF to pay for DWSD
  Phelps FOIA Request ← Do not Exist

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division,
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Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

Water

Legal Fees for Lawsuits?
- State help vs Fund Balance re pay for

PSF

Fire – #'s ↓
- Prohibiting City from Grants

PD
- Tier 1 Crime ↓
  - HH Murders
- Merle w/VRN ongoing

YH BA's

FB ↓ in water
($6M – Should be at 25%)

Ryan, Howard (Treasury)

From: Hanley, Farah (DHHS)
Sent: Tuesday, October 13, 2015 5:18 PM
To: Starr, Scott (DTMB); Pallone, Maggie (DEQ); Ruest, Karla (DHHS); Hertel, Elizabeth (DHHS); Ryan, Howard (Treasury); Waters, Frank (LARA); Pohl, Allan (LARA)
Cc: Lange, Michelle (GOV); Ackerman, Darin (GOV)
Subject: RE: HB 4102 Floor Substitute

It did not so with that included we are good.

Thanks Scott

From: Starr, Scott (DTMB)
Sent: Tuesday, October 13, 2015 3:39 PM
To: Hanley, Farah (DHHS); Pallone, Maggie (DEQ); Ruest, Karla (DHHS); Hertel, Elizabeth (DHHS); Ryan, Howard (Treasury); Waters, Frank (LARA); Pohl, Allan (LARA)
Cc: Lange, Michelle (GOV); Ackerman, Darin (GOV)
Subject: RE: HB 4102 Floor Substitute

Is that taking into account the Alger Co. placeholder?

From: Hanley, Farah (DHHS)
Sent: Tuesday, October 13, 2015 3:29 PM
To: Starr, Scott (DTMB); Pallone, Maggie (DEQ); Ruest, Karla (DHHS); Hertel, Elizabeth (DHHS); Ryan, Howard (Treasury); Waters, Frank (LARA); Pohl, Allan (LARA)
Cc: Lange, Michelle (GOV); Ackerman, Darin (GOV)
Subject: RE: HB 4102 Floor Substitute

Small potatoes but the DHHS portion says $850,100 for the GF on page 7 but should be just $850,000 even. The totals carry the $100 as well

From: Starr, Scott (DTMB)
Sent: Tuesday, October 13, 2015 1:29 PM
To: Pallone, Maggie (DEQ); Ruest, Karla (DHHS); Hertel, Elizabeth (DHHS); Hanley, Farah (DHHS); Ryan, Howard (Treasury); Waters, Frank (LARA); Pohl, Allan (LARA)
Cc: Lange, Michelle (GOV); Ackerman, Darin (GOV)
Subject: HB 4102 Floor Substitute

Hi everyone,

Attached is the House floor sub for HB 4102, the supplemental, which includes the Flint water portion. This bill could move in the House as soon as today, so please let me know if your teams see any problems.

Also, please do not share with the outside, since it's my understanding this has not been introduced or made public yet. Thanks.

CITY OF FLINT

RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING

WEDNESDAY, OCTOBER 14, 2015

2:04 P.M.

Meeting before the RTAB Board at 1101 S. Saginaw, 3rd Floor, Council Chambers, Flint, Michigan, on Wednesday, October 14, 2015.

BOARD MEMBERS:

Frederick Headen, Chairperson
Robert McMahan, Member
Brian Larkin, Member
David McGhee, Member
Beverly Walker-Griffea, Member

ALSO PRESENT:

R. Eric Cline (Department of Treasury)
Natasha Henderson (City Administrator)
Jody Lundquist (Director of Finance)
Mayor Dayne Walling (City of Flint)

MEMBERS OF THE PUBLIC ADDRESSING THE BOARD:

Eric Mays
R.L. Mitchell

REPORTED BY:

Quentina R. Snowden, (CSR-5519)
Certified Shorthand Reporter,
Notary Public

I N D E X

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I.	CALL TO ORDER	
	A. Roll Call	03
	B. Approval of Agenda	04
	C. Approval of September 9, 2015 RTAB meeting minutes	05
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	None.	
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	B. Approval of Resolutions & Ordinances for City Council Meetings	
	1. Resolutions from Regular City Council meeting of September 14, 2015	09
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	a. Resolution #150817 - Budget Amendments/FY16 Budget	10
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	Discussion Items	
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b. Resolution #150843 - Budget Amendment/USDA Forest Service Grant/Chevy-in-the-Hole 16

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e. Resolution #150851 - Etna Supply Company/Annual Supply of Water Distribution Pipe Stainless Steel Repair Claims and Repair Parts 21

f. Resolution #150852 - Contract/Lake Agency, Inc./Excess Liability Insurance Coverage 22

g. Resolution #150854 - Contract/The Lake Agency/Excess Liability Insurance Coverage 23

h. Resolution #150872 24

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V. ADJOURNMENT 45

Wednesday, October 14, 2015
Flint, Michigan
2:04 p.m.

CHAIRPERSON HEADEN: Let's get started, please. Meeting will come to order. First item of business is the roll call. Let the record reflect that all five members of the Board are here.

Next item of business is the approval of the agenda you have before you. There's a communication from the City Administrator to add to our agenda Resolutions 872 and 875 from the City Council meeting of October 12th. Is there a motion to that effect, please?

MEMBER LARKIN: So moved.

MEMBER McGHEE: Support.

CHAIRPERSON HEADEN: Without objection, the agenda's amended to include those resolutions. Are there other additions to the -- to the agenda? Any member?

MEMBER McMAHAN: No, sir.

CHAIRPERSON HEADEN: If not, we'll consider the agenda to be approved as amended.

Next item, the approval of the minutes of our meeting of September 9th which were previously sent to Board Members.

Are there any corrections or additions to those? If not, is there a motion that the RTAB minutes of September 9th be approved as written?

MEMBER McGHEE: So moved.

MEMBER LARKIN: Support.

CHAIRPERSON HEADEN: Without objection those minutes are approved.

Next item, Unfinished Business. I'm not aware of any unfinished business pending before this Board.

Item III, New Business. Mr. Mayor, any items you would like to address?

MAYOR WALLING: Yes. Good afternoon. As Mayor, Flint safety will always be my top priority. And I want to personally bring to your attention the fact that we now know that children in the City of Flint have been exposed to dangerously high lead levels in the water. This has been devastating news for our community. It's unacceptable, it's infuriating. And we have been moving quickly to take the steps necessary to protect the public's health. We've made moving back to Detroit water the first priority, because it's the fastest way to bring in additional corrosion control.

The City's Safe Drinking Water and Technical Advisory Committee met last week and made that recommendation, at which time, myself, the City Administrator agreed that the City would work to go in that direction. And we've been thankful for the support to help us make that change.

While there's been some discussion about the responsibility in this situation, and I certainly agree that the State bears the greatest responsibility for the problem since the Emergency Manager decided to use the river as an interim source, my objective is to get safe water to Flint as fast as absolutely possible.

And I agree to pledge $2 million towards the $12 million that it's estimated cost to move back to Detroit.

After consulting with the City Administrator, I would request that you support the budget amendment that's before you today for that $2 million to become available for the purpose of reconnecting back to Detroit. We also have the pledge of $4 million from the CS Mott Foundation. The City Administrator is working to get that agreement in place. And we know we have many working on our behalf, including the Governor and

our State Representatives and Senator here in this community, for the State Legislature to follow through on the Governor's pledge of $6 million.

I also want to acknowledge that we know Flint has infrastructure problems that go beyond this one issue of water supply, but it has been determined that the corrosion control that's in the Detroit water is necessary for our distribution system. The stability of the lake water that the Detroit System uses is a way to get our system stabilized in the very short-term while we continue to move towards the Lake Huron KWA pipeline next spring.

Our distribution system continues to need work. We've recognized the challenge of lead service lines in our community and we're going to need to continue to talk about all of the precautions that we need to take, with filters and with flushing and testing our systems. And the State and the Governor are also pursuing additional resources to assist our community with that. The community's response has been incredible. We've had an outpouring of support that's ensured that bottled water and filters are being made available, especially to our kids and our most vulnerable

families. And those interim steps are going to continue to be necessary as we make the transition to Detroit, and as we improve our infrastructure system.

So again, I'd just like to reiterate as I have in other meetings, I don't want to take too much of your time, but the importance of this budget amendment that's before you and the companion resolution which the City Council also approved, we're asking for the City Administrator to have the authority to execute the necessary agreements as quickly as possible with both the Genesee County Drain Commission for the transmission of water to this community and also the Detroit Water and Sewage District at the cost estimates that they provided to us, that needs to be turned into an actual contract. And the time is so much of the essence on this. We've committed to have the reconnection back to Detroit in less than two weeks. We believe we're days away from being able to make that happen, which is very good news for our community. And with your support, we expect that to continue to proceed.

And know that I'll continue to fight for additional resources to improve our infrastructure system. This is not the last you're

going to hear of water. We're going to continue to work on this. I have outstanding requests to the Governor of $28 million for lead service line replacements, and also the gap in our Capital Improvement Plan and infrastructure needs. The State did provide us $2 million earlier this year from the Financially Distressed Cities and Townships Fund. We're thankful for that, but we do need much more investment in our infrastructure and we'll continue to work on that and hope to be able to bring those amendments to you as those funds are committed, because they are outside of our adopted budget, but they're necessary for our community as they become available. Thank you.

CHAIRPERSON HEADEN: Thank you, Mayor. I don't see City Council President Freeman here.

We will move on to item III B (1), Resolutions from the Regular City Council meeting on September 14th, 2015. We'll deal with Resolution 817 in a moment, we'll separate it out. But the main resolutions are 798, 828, 829, 830, 794 from that meeting. Is there a motion that those resolutions to be approved.

MEMBER McMAHAN: Mr. Chairman, I would like to just take a moment to -- I will be

abstaining from this discussion, given that 830 involves my institution.

CHAIRPERSON HEADEN: Thank you. So noted. Is there a motion for those resolutions to be approved?

MEMBER LARKIN: So moved.

CHAIRPERSON HEADEN: Is there support?

MEMBER WALKER-GRIFFEA: Support.

CHAIRPERSON HEADEN: Motion is made and seconded. Is there any discussion concerning those resolutions? If not, those in favor of the motion, please say "Aye."

(All ayes.)

CHAIRPERSON HEADEN: Opposed? Motion is adopted. That brings us to Resolution 817, which is a budget amendment. Can either the City Administrator or Finance Director speak to that proposed budget amendment?

MS. LUNDQUIST: Good afternoon.

MEMBER LARKIN: Good afternoon.

MS. LUNDQUIST: As you'll see, the budget amendment that's proposed is just a small amount of activity. This fund itself, the 246 Fund, had been overlooked in the adoption of the fiscal year 2016 budget. So, this simply accounts for the

projected activity for the fiscal year '16 and adopts the budget, with no changes in protected activity or events of note.

CHAIRPERSON HEADEN: Thank you. Questions? Is there a motion then that Resolution 817 be adopted?

MEMBER McGHEE: So moved.

CHAIRPERSON HEADEN: Is there support?

MEMBER McMAHAN: Support.

CHAIRPERSON HEADEN: Motion has been made and seconded. Those in favor, please say "Aye."

(All ayes.)

CHAIRPERSON HEADEN: Opposed? The motion is adopted. That brings us to Resolutions from the regular City Council meeting of September 28th. And again, we separated out individual resolutions we'll deal with in a moment, leaving as a group, Resolutions 830, 844, 847, 848, 849, 850, 853, and 855. Are there any questions about those resolutions?

MEMBER LARKIN: Are we going to do 844?

CHAIRPERSON HEADEN: Yes.

MEMBER LARKIN: Just a quick question

for clarity. And actually, Eric, I think you mentioned it a bit. The match for the police liaison, the 50/50 match, does that change where we're already expecting to pay with -- what we had budgeted? Has it changed or --

MR. CLINE: No, I believe this is an agreement that was reached at the school district that they are splitting costs of the liaison officer on a shared basis. I believe those funds were already programmed into the budget before then and this is the agreement. I don't know if anyone will elaborate on that, but that is my understanding. So, I believe this is not connected to the prior motion from a couple meetings ago for the additional officers.

MEMBER LARKIN: No. All right.

MR. CLINE: Does that answer your question?

MEMBER LARKIN: Yes. I just wanted to know if maybe the schools were coming in and now the costs got reduced or we were doing more. It seems like there was no change.

MR. CLINE: Correct.

MEMBER WALKER-GRIFFEA: 851, is that --

CHAIRPERSON HEADEN: 851 is one of the items that were separated out.

MEMBER WALKER-GRIFFEA: Okay. Thank you.

CHAIRPERSON HEADEN: So, is there a motion that resolutions 830, 844, 847, 848, 849, 850, 853, and 855 from the regular City Council meeting September 28th be approved?

MEMBER McMAHAN: Mr. Chairman, again, with 830 I have to recuse myself and abstain from participation.

CHAIRPERSON HEADEN: Thank you.

MEMBER LARKIN: So moved.

CHAIRPERSON HEADEN: Is there support?

MEMBER WALKER-GRIFFEA: Support.

CHAIRPERSON HEADEN: Proposal has been made and seconded. Is there any discussion? If not, those in favor of the motion, please say "Aye."

(All ayes.)

CHAIRPERSON HEADEN: Opposed? Motion is adopted.

That brings us to several individual resolutions, beginning with 842. Would someone from the City, please assist us in terms of indicating what that particular resolution does?

MS. HENDERSON: Good afternoon, everyone.

MEMBER LARKIN: Good afternoon.

MS. HENDERSON: 842. The resolution to reprogram the unspent HOME Investment Partnership Funds. These are funds that we have, that need to be reprogrammed, need to be utilized, and this is the way that we are proposing to utilize these funds. It is actually attached -- in the resolution, it does explain how we will be utilizing these funds. It's $250,000 for the purchase rehab resale to Genesee County Habitat for Humanity to rehabilitate and resell a duplex. And then we're also going to reprogram $150,000 for purchase rehab resell to Flint NIPP to rehabilitate and resell up to two homes.

The division also requests to reprogram $20,000 for operating to the Flint NIPP to help conduct the preliminary planning and feasibility work for the project.

We do believe that this is a great investment in the community and this does help with our housing, which we do definitely have a shortage in housing. So that's why we have requested that we reprogram these HOME dollars in this manner and it

is qualified -- it is qualified to reprogram it in this manner.

MEMBER LARKIN: Can I ask, what was the intention of the original purpose of the HUD dollars when you originally received them, what was the designed purpose?

MS. HENDERSON: The HOME Funds, there's a number of things that you can do specifically with HOME funds, any HOME funds. They are definitely all going to be about housing. It's just how you utilize them to be able to do that. And these are not the CDBG Funds, these are not the allocation that the City uses specifically for CDBG. These are specifically HOME Funds that has to be used for home purposes.

MEMBER LARKIN: So, whenever we utilize them, do we have to reprogram them -- I guess what I'm trying to understand right now --

MS. HENDERSON: These are funds that we have available, that we either utilize them or something else --

MEMBER LARKIN: Yeah. That's all I was asking, are the dollars --

MS. HENDERSON: Yeah.

MEMBER LARKIN: Okay. So this is --

MS. HENDERSON: Yes, sir.

CHAIRPERSON HEADEN: Other questions about 842? Is there a motion then that Resolution 842 be approved?

MEMBER WALKER-GRIFFEA: So moved.

CHAIRPERSON HEADEN: Is there support?

MEMBER LARKIN: Support.

CHAIRPERSON HEADEN: Those in favor, please say "Aye."

(All ayes.)

CHAIRPERSON HEADEN: Opposed? Resolution 842 is approved.

Resolution 843, please.

MS. HENDERSON: Yes. This resolution is to process a budget amendment to add the funds that we have received from the USDA. And that increases the budget by $200,000.

CHAIRPERSON HEADEN: Questions regarding Resolution 843?

MS. HENDERSON: And this is -- I would like to point out that this is for Chevy -- well, Chevy Commons. And it will be for the -- the -- this will be a part of the phase two. You can already see the work that's going on around Chevy Commons. It was Chevy-in-the-Hole. The Chevy

Commons.

CHAIRPERSON HEADEN: Questions? Is there a motion for Resolution 843?

MEMBER McGHEE: So moved.

CHAIRPERSON HEADEN: Support?

MEMBER LARKIN: Support.

CHAIRPERSON HEADEN: Those in favor of the motion, please say "Aye."

(All ayes.)

CHAIRPERSON HEADEN: Opposed? Motion is approved. Resolution 845.

MS. HENDERSON: Yes, this is a budget amendment. There was some funding that we did not, in the fourth quarter amendment, get to the FY16 budget. It wasn't included in the budget. And this actually pertains to a project that we've had going on for a number of years, the Smith Village project, and then also the NSP project as well. We are trying to get these homes sold. We've had some vandalism. We've had some things that were not necessarily done correctly by some of the contractors. This has gone on for a number of years. So, we are requesting to be able to -- this is not new funding, for the most part it's moving -- we had this program for last fiscal year and we

Vandalism - Contractor errors

didn't get to utilize that funding in last fiscal year, so we are simply moving it over to this fiscal year so that we can utilize it. And the importance of getting this approved, is so that we can make a lot of the necessary repairs, because we've had a lot of break-ins, a lot of theft, as far as like the fixtures in the homes, we need to be able to do that so that we can get these homes sold. And we've been working on this -- I think this has been probably an eight- or nine-year project with some of these homes.

CHAIRPERSON HEADEN: Are there questions concerning Resolution 845?

MEMBER McMAHAN: Yes, Mr. Chairman. I was wondering, it specifies the purpose of completing CDBG Housing and Smith Village Housing, so that's consistent with it. And then it says for unbudgeted economic development activities in the community. That's kind of a catch-all. What is that?

MS. HENDERSON: Unbudgeted economic development activity, which I think that one -- that would refer to the -- one of our program managers actually does a lot of the economic development, so there is a number of hours that's dedicated there

that was, like, not -- that was omitted from this budget, because we have a contract with the Chamber For Economic Development Services, however, there are some services that we do have to keep in-house, and that was not accounted for. So, that's why that's in here, because -- and that will -- and I can give you an example of that. That would be like our -- when we bring over score -- there are some things in the City that we have to do in-house. IFTs, there are some things we have to do in-house, which takes some staff time to do that, but we have to do that as a City as opposed an outside entity being able to do those things.

CHAIRPERSON HEADEN: Other questions? If not, is there a motion that Resolution 845 be approved?

MEMBER WALKER-GRIFFEA: So moved.

CHAIRPERSON HEADEN: Is there support?

MEMBER LARKIN: Support.

CHAIRPERSON HEADEN: Motion is made and supported. Those in favor of the motion, please say "Aye."

(All ayes.)

CHAIRPERSON HEADEN: Opposed? Motion is adopted. Resolution 846, please.

MS. HENDERSON: Okay. This is actually the software that the City actually utilizes for all of our accounting, for inspections, soon to be business licenses. It would be in our IT -- IT Department, basically, that manages this. This is an agreement that was entered into, a four-year agreement, with the Emergency Manager at that time and we would like to continue it. And it's actually an increase of $1,446, and BS&A is something that we have to utilize for the functioning of operations such as our accounting, all of that, we run that through that; our payroll, for HR, we utilize this software. So, this is very important. It just represents that we are continuing with a contract to be able to continue to be operational and be able to manage our budgets, manage our input and output, accounts payable, receivable, treasury department, all of our departments depend upon this software.

CHAIRPERSON HEADEN: And funds are currently budgeted for this?

MS. HENDERSON: Yes, sir.

CHAIRPERSON HEADEN: Questions? If not, is there a motion for Resolution 846 to be approved?

MEMBER McMAHAN: So moved.

CHAIRPERSON HEADEN: Is there support?

MEMBER WALKER-GRIFFEA: Support.

CHAIRPERSON HEADEN: Those in favor of the motion, please say "Aye."

(All ayes.)

CHAIRPERSON HEADEN: Opposed? Motion is adopted.

Resolution 851, please.

MS. HENDERSON: Resolution 851, this is for the purchase for pipes, stainless steel repair clamps and repair parts for the Water Service Center. This is something that is definitely needed. These are items that are -- that we would have to purchase just at different times, because this is what it takes to be able to operate a distribution and filtration system. So, these are items that we need for the repair and maintenance of this system. And it does -- and I will note, no matter what water source we're with, this is something that's going to be needed.

CHAIRPERSON HEADEN: Are there questions regarding Resolution 851?

MS. HENDERSON: And it is a budgeted expenditure, I might add.

CHAIRPERSON HEADEN: If there are no questions, is there a motion that Resolution 851 be approved?

MEMBER McGHEE: So moved.

CHAIRPERSON HEADEN: Is there support?

MEMBER McMAHAN: Support.

CHAIRPERSON HEADEN: Those in favor of the motion, please say "Aye."

(All ayes.)

CHAIRPERSON HEADEN: Opposed? Motion is adopted. Resolution 852.

MS. HENDERSON: Resolution 852 authorizes the City to retain (Lake Agency to provide excess liability insurance coverage.) This is, basically, something that's very standard. We do have to have insurance, so we would like to continue for two more years, and then of course we will see if we can get a better price. However, insurance doesn't necessarily ever go down, it usually goes up, with insurance. So this is what that would be. It's just basically to extend that service, and we would like to continue with Lake Agency to provide that liability insurance coverage. And this is a budgeted expenditure.

CHAIRPERSON HEADEN: Questions

regarding Resolution 852? Is there a motion that 852 be approved, please?

MEMBER LARKIN: So moved.

CHAIRPERSON HEADEN: Is there support?

MEMBER McMAHAN: Support.

CHAIRPERSON HEADEN: Those in favor of the motion, please say "Aye."

(All ayes.)

CHAIRPERSON HEADEN: Opposed? Resolution 852 is adopted.

That brings us to 854.

MS. HENDERSON: Okay. This is actually very similar in the sense that we would like to provide excess liability insurance coverage. This is something that has been -- we worked with Lake Agency for this coverage, and it's definitely something that is needed. A boiler is very expensive, so we must have that type of coverage for it. So, we believe this is acceptable, so this is something that we have proposed and Council did agree with that as well. And it is a budgeted expenditure.

CHAIRPERSON HEADEN: Questions regarding Resolution 854? Is there a motion that 854 be approved?

MEMBER McGHEE: So moved.

CHAIRPERSON HEADEN: Is there support?

MEMBER LARKIN: Support.

CHAIRPERSON HEADEN: Those in favor of the motion, please say "Aye."

(All ayes.)

CHAIRPERSON HEADEN: Opposed? Motion is adopted. That brings us then to two resolutions that we added to the agenda from the City Council meeting a few days ago, Resolutions 872 and 875, which the Board received I believe yesterday. While we have you here, City Administrator, do you wish to just summarize 872 and we'll see if we have any questions?

MS. HENDERSON: Yes, actually, we -- this is -- of course, I'd like to echo a lot of the things that the Mayor has already stated. We do believe that it's in the best interest of the City to reconnect to DWSD. We did have a local foundation that actually has donated $4 million for us to be able to do that, and also the Governor has stated support for $6 million dollars. And with this resolution, we have committed $2 million. This did go before Council, and Council unanimously approved the $2 million to be taken from fund

balance to support this. This is something that we expect to happen in the next week or so. We are -- and this will also get into the second resolution, because they basically are -- they both are combined in the sense that we need both of these. Which authorizes myself to enter into an agreement with DWSD and Genesee County, to be able to -- to receive the water and reconnect.

So, I would like to state that this is something that definitely is priority, and even with our policies that we -- in our policy, we do say that we should always at all times have at least 25 percent of operating fund balance, however, this is an emergency that I would see that you do take from that fund balance to be able to do this, especially when you have the Genesee County Health Department releasing a public health advisory. The City has released a lead advisory as well. So this is something that I felt very strongly about, because I don't take it lightly, when we do have to go into fund balance to do anything when we're not at the point in which the policy states that we need to be.

Also, I just would like to note that the City continues to deal with the order that we're

under, because of the water litigation that we're going through, so that has slightly -- not slightly, that has greatly decreased our fund balance as well, with some of those -- with the projections that we have. And that's something that we will be coming to you with -- coming to you with on next meeting, because I didn't want to pull too many items forward, but I just want you to be aware that this is something that we do feel very strongly about, even though we have the situation with the litigation that we're going through, and I believe that it is in the best interest of the City to pledge $2 million and become reconnected to DWSD.

CHAIRPERSON HEADEN: And just to clarify, am I correct that the fund balance to which you refer, is fund balance in the water fund?

MS. HENDERSON: Yes, sir.

CHAIRPERSON HEADEN: Okay.

MS. HENDERSON: And it's actually the water and sewer fund, because those bills are together. So, when you don't make one bill, you're just not paying both of those bills. So we have amended the water and sewer revenues as well, both of those we've had to do that and we've also halted a number of our capital improvement projects, as

well.

CHAIRPERSON HEADEN: Questions?

MEMBER WALKER-GRIFFEA: I have a question. I know in your original letter it said the general fund balance, so that was where I had looked. So, I didn't have the opportunity to look at the water fund balance. So how much is left --

MS. HENDERSON: I would say the -- oh, in the letter?

MEMBER WALKER-GRIFFEA: In the initial letter it said, "General" which is --

MS. HENDERSON: It was really water, and that's why I gave you all the new letter. And I never did state what was in the -- the -- in the fund, because those amendments will come to you next week, but since you have asked I do have them right in front of me.

Okay. We would be left with about a little bit over $6 million as a fund balance at that point, at the point in which we bring this amendment forward.

MEMBER LARKIN: What's the 25 percent? What was --

MS. HENDERSON: We should have about, what, 4 million -- we should have 17 --

MEMBER LARKIN: So 17 is the number that you want to be at?

MS. HENDERSON: Yes, that's where we need to be at.

MEMBER WALKER-GRIFFEA: Instead of $6 million.

MS. HENDERSON: Oh, that's water and sewer. And we had to reduce both because in -- because we have things going on as relates to the sewer as well. So, when I say "Water" I mean, water and sewer. So, it all will be -- you all get one bill for your water and sewer.

MEMBER McMAHAN: So, this is a combination of funds 590 and 591 --

MS. HENDERSON: Yes, sir, that is correct.

MEMBER McMAHAN: Okay.

MEMBER LARKIN: And so, it was also mentioned in the letter that there be a plan to rebuild the fund or something of that nature. I'm trying to get the exact language. But what we would have to rebuild over time is 9 million, is that what we need to build back up; is that correct?

MS. HENDERSON: If we don't -- we'll have to continue to rebuild, however at this point,

how we get there, we -- a lot of things depend on how the litigation goes. So, how we can actually have that plan of action. The first -- something that we've done proactive now, is that the capital improvement projects, all of those, unless we had to have them, for the switch to KWA, those have all been halted, all of them.

MEMBER LARKIN: Roughly, what impact has that been?

MS. HENDERSON: There was like eight -- seven -- 7.2 million for the projects and then also in addition to that, we froze about 1.2 million in jobs as well. Like, we didn't fill those positions that were slated to be filled.

MEMBER LARKIN: One thing I'm interested in, and this isn't a direct question, but I don't know if we can calculate it, but how much we will end up losing -- the reason we have those capital projects set up, is because we need those fixes over time, because things are deteriorated and how much more is it going to cost us, because we have to hold? I'm wondering how we can get to that -- it's not really a direct question, but it's something that we also have to consider.

MS. HENDERSON: That's something --

this is very devastating. Everything that's happening right now with the litigation, it's devastating the City. So, those two funds are definitely suffering as a result of this. So, we are coming up with things to try to curtail the effect -- the impact. However, at this point, we have found like, roughly, let's say, almost $9 million to take out of the budget. However, we are billing at a lower rate, because of the order. And then also, the bills that individuals had at that time, they do not have to pay those bills. So, we're billing lower, and even at that point, we had a lot of outstanding bills. We have to take into -- and all of that is taken into consideration with the amendment that we will bring, the first quarter amendment that we will bring forward in the next meeting.

MEMBER LARKIN: I'm going to ask for a brief view of that. Do we have any projections as to how much the decrease will be in our revenue based on that water piece? So, I know we've decreased our expenses by about $9 million, and do we know kind of what we projected. Worst case scenario if --

MS. HENDERSON: I can tell you what we

decreased in -- in the charge of services for the sewer fund and for the water fund. So, 5.9 million for sewer fund, and 8.5 for the water fund.

MEMBER LARKIN: Gosh. Thank you.

MEMBER McGHEE: Who -- who -- out of all of the municipalities -- this is a KWA question. Out of all of the municipalities that would benefit from KWA once it's built, who are the current financial partners paying for --

MS. HENDERSON: They would be the County, because the County -- those are their -- the other cities that receive their water from the County, they are County customers. So it will be the City of Flint and the County. So, we're responsible for that fund. Of course, that is split amongst us, you know, both entities and it's not half and half.

MEMBER McGHEE: Right.

MS. HENDERSON: However, I will note that we do have a $6 million bond payment that is due this fiscal year.

MEMBER McGHEE: Is there any thought that we will not be able to take care of that bond?

MS. HENDERSON: No, this takes into -- this -- this amendment does take that into

consideration, because it's already a part of the budget, so we take that into consideration with the amendment. We have that budgeted to do so.

MEMBER McGHEE: Okay.

MEMBER McMAHAN: So, the numbers that you just revealed would indicate that we have $14 million fund decrease in revenues in water?

MS. HENDERSON: Yes.

MEMBER McMAHAN: And $9 million --

MS. HENDERSON: I would like to be clear, that's over the whole fiscal year.

MEMBER McMAHAN: Fiscal year, you have $9 million decrease in expenditures associated with those funds?

MS. HENDERSON: Yes.

MEMBER McMAHAN: And so simple math gives us approximately $5 million.

MS. HENDERSON: $5 million -- that's correct.

MEMBER McMAHAN: Can you -- and this is maybe an unfair question and I'm happy to -- if you want to push back and say it's an unfair question, but it would be -- would be helpful to, in your scenario plans, looking out for the remainder of the fiscal year, knowing that we will connect, on

current schedule, to KWA June of 2016. There could be slippage in that, naturally. Can you kind of frame best and worst case scenarios for the remainder of the fiscal year for us? What we are looking at on the event horizon for the remainder of the fiscal year?

MS. HENDERSON: In reference to KWA?

MEMBER McMAHAN: With respect to the finances, the City financial budget as reflecting these. So, assuming that, you know, worst case scenario, assuming best case scenario assumption, what you're kind of planning. Just to give us a sense about what's coming.

MS. HENDERSON: Okay. The worst case scenario would be that we don't -- we don't meet the targets that we have in this amendment. And amendments -- just so that you all know, we will be amending -- bringing amendments every quarter. So if we don't see that we're meeting these projections, we'll amend up or down with revenues. And that also goes for the expenditures as well.

So, given that scenario, there is not a good scenario in this, because to bring this amendment forward and have to amend the budget to this type of fund balance in the first place, that's

a terrible scenario, in my opinion.

And the -- the -- I guess the worst scenario would be that this fund goes into a deficit. And there's been so much work that's been put in by various individuals over the past few years to ensure that we're not in that position. We've been on a really good track and had projects that we were slated to do and to ensure that the infrastructure is good, because no matter where we get water from, it doesn't matter if our infrastructure is not good.

So a worst case scenario is this fund goes into a deficit. And that's a possibility at some point past this time, because there's some projects that just need to be done. There is regular maintenance that you do, and there's various things -- we a very aged system. And a lot of these capital projects need to be done. And that is why the Mayor has already asked the State to help us with that, because we need a lot of these capital improvement projects, and we were well on our way to getting there, and this has halted us. I mean, think about the tremendous effect that in your first quarter that you have to come and amend your budget, amend your revenue over $8 million. That's a huge

setback.

So, this, to me, is the worst case scenario, and I just hope that our projections and that the revenue flow can actually -- maybe with DWSD, that restores the public confidence and more people will be willing to pay their bills, because right now, quite frankly, that is not happening. I'm not saying everyone is not paying their bill, I'm not trying to say that, however, I'm saying we can look over a time period and see how much we usually -- how many bills are usually paid, as opposed to how many are paid now. We can look at that from month-to-month. We can even go back the previous year, we can compare it. So we can -- we can definitely see that this financially does hit the City. And we have to be forthcoming in bringing an amendment that reflects such.

And a good case scenario would be that the water litigation, is that we are vindicated in that in some ways, because it really impacts the City for a judge to say that there cannot be any turn-offs based on your bills. So, to say -- to have the authority to say no shut-offs at all, so that means, don't pay your bills, you don't have to, the City cannot do anything.

MEMBER LARKIN: I have a question. You mentioned, and the Mayor has mentioned as well, working in coordination with the State. In proposing this or in conversations with this, has there been conversation with Treasury? I suppose we can ask the representatives here as well, on what impact this will have on the City moving forward. So we are in place, because we have moved to a certain step of receivership process. Does making this decision about this $2 million, are they okay with this? Is this something that they think was necessary, it wouldn't necessarily move us backwards along the receivership timeline?

MS. HENDERSON: No, I don't believe that -- I don't believe that the Governor would have pledged $6 million if that were the case. If you don't have confidence in your water source, and that's -- everyone feels that way in a majority and it's on the news a lot, health advisory, you have the medical community out there, I think we're doing ourselves more of a disservice not to take the $2 million and hope that that will help us be able to retain some of the revenue that we're already losing.

CHAIRPERSON HEADEN: Other questions?

MS. HENDERSON: Thank you.

CHAIRPERSON HEADEN: Is there a motion that Resolution 872 be approved?

MEMBER WALKER-GRIFFEA: So moved.

CHAIRPERSON HEADEN: Is there support?

MEMBER McMAHAN: Support.

CHAIRPERSON HEADEN: Motion has been made and seconded. Those in favor of the motion, please say "Aye."

(All ayes.)

CHAIRPERSON HEADEN: Opposed? Motion is adopted.

That leaves the corollary resolution 875 which would authorize City Administrator to enter into any contracts with regards to reconnecting to the Detroit water system with either DWSD or the Genesee County Drain Commission.

Any questions about Resolution 875? If not, is there a motion that Resolution 875 be approved?

MEMBER LARKIN: So moved.

CHAIRPERSON HEADEN: Is there support?

MEMBER McGHEE: Support.

CHAIRPERSON HEADEN: Motion has been made and seconded. Those in favor of the motion,

please say "Aye."

(All ayes.)

CHAIRPERSON HEADEN: Opposed? Resolution 875 is adopted. That concludes Resolutions.

Item C, any City Administrator items other than the budget to actual report?

MS. HENDERSON: No, sir. And if you have any questions, I will defer to Ms. Lundquist.

CHAIRPERSON HEADEN: One question I did have regarding that. Is there's a line item on the -- in the General Fund under "Total revenues" that said, "Drawing from Fund Balance." It's -- I believe it's a negative $1 million. If someone could just point out what that is for my edification.

MS. LUNDQUIST: Thank you. It's an excellent question. And an example of the current planning that the City of Flint had entered into with the adoption of its fiscal years '15, '16 and '17 budgets, it actually budgeted to set aside with each of those budget years a million dollars to its fund balance reserve. So, when you looked at the bottom of the third column, the '15, '16 amended budget, where you see the net revenues and

expenditures, there's $2 in parentheses. Really that reflects that a million dollars would remain end of fiscal year and will be contributed to our fund balance reserve as we try to attain the percentage that was set by ordinance.

CHAIRPERSON HEADEN: Thank you.

MS. LUNDQUIST: Thank you.

CHAIRPERSON HEADEN: Other questions? Without objection, the budget to actual report for July 2015 will be received.

That brings us to Item IV on the agenda, Public Comment. Do we have anybody who indicated an interest?

MR. CLINE: We do have two individuals for public comment. First individual is Eric Mays.

CHAIRPERSON HEADEN: And I'll remind everyone that the previously adopted motion of limiting public comment to no more than two minutes per person remains in effect. Councilman?

MR. MAYS: Good evening. I'm familiar with those rules, I would ask that you sometimes extend those rules, especially in your capacity to speak as an elected official and what we deem as an emergency situation. You can listen, you cannot listen, you can choose to talk privately. But as I

do my due diligence sitting in the seat that I've taken oath of office to do, when I took that oath, I took it based upon the Charter of the City of Flint. Public Act 4, you know, I mentioned Mr. Headen, under Public Act 72, we are under Public Act 436 now, and nothing in that Act tells me that an Emergency Manager order can change or amend our charter. As a matter of fact, we have a Charter Review Commission looking at those things now.

Our Charter has been greatly amended for me to do my job, in the sense that as the legislative body, my job is to inquire, investigate. It even says we can put people under oath and get information as it relates to the quality of water -- and I stand here today a little dismayed, because I asked two or three times, "What was the amount in the water and sewer fund?" I was first told $8 million, and then when I said "$8 million", then I was told "$14 million." And now today, I hear back to $8 million. That was the sort of surplus I was told had been taken. You asked the question last meeting, I think, what was the expenditures and revenues. I was told that it was -- at first $8 million a month, it dropped to $6 million and that was a loss of $2 million; reported in the news we

had 447 so customers a day drop down to 344.

I mean, I got good grades in school, I listen well, I inquire and particularly the important stuff. And then you changed your agenda, you allowed the Council President to come -- when you see me vote on stuff unanimously I think when they come before you with a unanimous vote; if I didn't get information I vote, no.

The point I'm trying to make is this: I'm very serious about no slip-backs in finances. And I'm very serious about giving information. You have an order left by Ambrose that says you have some power as it relates to us being able to amend the Emergency Manager orders to give us the power to inquire and so forth.

If I go over your time, and I'm trying to do my due diligence for folks that come up to you, and then you meet once a month, and we're trying to communicate how to run a City to you, I would hope that, you know, whether you actually say it or suspend it, it is very difficult for me to articulate in two minutes. I listen to the man. I protest it, marched out, learn about water, TTA, lead, finances and infrastructure. I say it's Forest Gump having to learn about shrimp. And I'm

here to tell you, that if you guys think that sometimes what you get here is what I'm getting, and you not having to be here for us to communicate, come to our Committee meeting some time. Sit in on our Finance Committee meetings as individuals, sit in on our Council meetings. I'm not confident yet that we are doing all we need to do, and listening to each other in order to travel around the City correctly in open and honest way to get information. People are pointing finger left and right. If people listened earlier, I know for a fact, that things can be said and done properly. I don't believe that we, in certain situations, I don't believe that people's projections will be right, because good water will flow and people will use it more, so forth and so on.

I also believe, as I'm being polite -- I know I violated the rules and I'll sit down. I also note and believe that when people raise water rates unlawfully, you can hope for a judge's decision to change, but some of this stuff has to do with -- Mr. Headen, you legal. Mr. Bade is legal. It all works together, what you can and can't do in their leadership position.

We got here because of the political

will. People didn't have the political will to meet, don't have a political will to do their due diligence. I'm asking you to have a political will to amend the Emergency Manager order that allows me to get good information, hold hearings and do my job. By the time stuff get to you, I want to been able to done my job. I want you to get good information. I'm getting and hearing different stuff and I'm getting very concerned at this point.

So, this is a red flag from me to you. And this is the short version. I can talk just as specific as the Emergency Managers and Mayor when given a chance about finances and the mechanics of how the City works both financial and legal. I'm very concerned moving forward.

CHAIRPERSON HEADEN: Thank you, Councilman.

MR. CLINE: The last individual is R. L. Mitchell.

CHAIRPERSON HEADEN: Mr. Mitchell?

MR. MITCHELL: Yeah. I'm here to talk about Public Act 432, I believe it is, about financial management. She come to you asking your permission, because we in the state of emergency and the Mayor seems like he can't speak no more, because

the financial management, and I'm saying this for the record. Thank you today.

Fred Tucker was murdered, one of the councilmen previous. My house was broken into when I was in a Council meeting Monday. And I thought they must have thought I was dead, because they took armored bars off the door and then I went to report it and they said "What you owe somebody some money?" When you ain't got any officer and the City is getting turned around and no water and you -- they act like you -- they give you the wrong information up here in front of there and the Mayor and -- and the Mayor is sitting right here, too.

And I'm going to leave it right there, because Mays said it a direct political point to you and you can figure it out. That's it.

CHAIRPERSON HEADEN: Thank you.

MR. MITCHELL: Yep.

MR. CLINE: That's all of the public comment.

CHAIRPERSON HEADEN: Is there any further business before the Board at this point? If not, is there a motion that we adjourn?

MEMBER LARKIN: So moved.

CHAIRPERSON HEADEN: Is there support?

MEMBER McMAHAN: Support.

CHAIRPERSON HEADEN: Without objection, we're adjourned.

(Meeting adjourned at 3:00 p.m.)

C E R T I F I C A T E

I, Quentina Rochelle Snowden, do hereby certify that I have recorded stenographically the proceedings had and public comment taken in the meeting, at the time and place hereinbefore set forth, and I do further certify that the foregoing transcript, consisting of (46) pages, is a true and correct transcript of my said stenographic notes.

Dated: October 23, 2015

Quentina R. Snowden, CSR-5519

Notary Public, Genesee County, Michigan

My commission expires: 1/4/2018

LICENSE TO TRANSMIT WATER

This License to Transmit Water ("License") entered into on October 14, 2015, (the "License Date" and "Effective Date") is made between the City of Flint, a Home Rule City (the "City"), and the Genesee County Drain Commissioner, as County Agency, a county agency pursuant to the County Public Improvement Act 342 of 1939, as amended. ("GCDC"). The City and GCDC may be referred to individually as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, the City has requested the Detroit Water and Sewerage Department ("DWSD") to provide the City with potable water; and

WHEREAS, DWSD water distribution system has no physical connection to the City water distribution system, and

WHEREAS, GCDC is currently purchasing potable water from DWSD and GCDC is receiving DWSD water at the water meter GN-01 near Baxter and Potter Roads, located in Genesee County and more fully set forth in Exhibit 1 (hereinafter known as "GCDC/DWSD Connection"); and

WHEREAS, GCDC has a physical connection to the City water distribution system near Center Road and Pierson Road in Genesee Township, Genesee County, Michigan, which is more fully set forth in Exhibit 2 (hereinafter known as "GCDC/City Connection"); and

WHEREAS, GCDC owns nine (9) miles of water transmission pipeline ("Pipeline") that connects the GCDC/DWSD Connection to the GCDC/City Connection; and

WHEREAS, GCDC has the ability to allow Flint to transmit water through the Pipeline from the GCDC/DWSD Connection to the GCDC/City Connection so DWSD may service the City with DWSD treated potable water; and

WHEREAS, this License shall govern the terms and conditions of Flint transmitting water through the Pipeline from the DWSD/GCDC Connection to the GCDC/City Connection, and

WHEREAS, the Parties hereto acknowledge and agree that DWSD may assign its contract to provide potable water to the City to another entity, including, but not limited to, the Great Lakes Water Authority, and, if DWSD assigns its contract to provide water to the City, all reference to DWSD in this License shall be replaced by the party to whom DWSD assigns its contract

NOW, THEREFORE, THIS LICENSE is hereby made and mutually entered into by the City and GCDC for the mutual consideration stated herein and the Parties agree to the following:

1 **Adoption of Recitals.** All of the matters stated in the Recitals of this License are true and correct and are hereby incorporated into the body of this License as though fully set forth in their entirety herein. However, in cases of conflict, provisions of this License shall prevail over the matters stated in the Recitals.

2. **Contract for Water.** As a condition precedent to this License being effective, the City shall enter into a contract with DWSD for DWSD to supply the City with water and said contract shall require the City to pay DWSD directly for all water consumed by the City and any applicable charges, fees, or other amounts charged by DWSD The City shall hold GCDC harmless from any and all debts the City incurs from receiving water from DWSD and any and all costs that DWSD may impose on GCDC as a result of the City receiving water from DWSD.

3. **Term.** The Parties hereto understand and acknowledge that GCDC needs the Pipeline to transmit its potable water to its customers once GCDC starts receiving raw water from KWA. The Parties agree and acknowledge that this License shall expire sixty (60) days after the City has received notice from KWA that raw water is available for the City for treatment; however, the City may request GCDC to extend this License until GCDC starts receiving raw water from KWA. The City shall not transmit water through the Pipeline after GCDC begins to transmit its potable water to its customers. The City acknowledges and consents to GCDC terminating any water transmission in the Pipeline for the benefit of the City once GCDC begins to produce and sell its potable water to its customers. The City may terminate this License by providing GCDC with thirty (30) days written notice of termination.

4 **Consideration.** In exchange for GCDC allowing the City to transmit water through the Pipeline, the City shall pay GCDC one dollar ($1.00) per month for the term of this License The City is allowed to pay the first nine (9) months in a lump sum payment.

5 **Meters and Billing.** The City hereby grants GCDC complete access to and upon verbal request by GCDC complete control of Station 2, including, but not limited to, all meters, valves, structures, and appurtenances until the Karegnondi Water Authority ("KWA") has notified the City that water is available to the City for treatment or GCDC has provided the City with thirty (30) days notice that GCDC no longer requires access to Station 2. GCDC shall have the meter calibrated within fifteen (15) days of the execution of this License and all costs for the calibration shall be the responsibility of the City The City shall be entitled to all data, meter reads, and other information that is collected by GCDC at Station 2 The City shall be responsible for all utility costs associated with the operation of Station 2 The City shall be responsible for all repairs to the meter and meter pit GCDC shall notify DWSD of the monthly meter read for Station 2.

6. **Transmission of Water.** GCDC shall use reasonable diligence to allow the City regular and uninterrupted transmission of water through the Pipeline from the GCDC/DWSD Connection to the GCDC/City Connection, however, Flint shall hold harmless and indemnify GCDC for any damages, breach of contract, or otherwise for interruption of service or curtailment of supply for any cause beyond the control of GCDC. These could include, but are not limited to, Acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or failure of the Pipeline or appurtenances. The City shall further hold GCDC harmless from any claim for damages related to continuity of service by third parties, including DWSD, for GCDC's inability to allow the transmission of water due to any cause beyond the control of GCDC

7. **Water Quality.** The City shall hold GCDC harmless from any water quality related claim for damages by third parties, including DWSD, served by the City, which are asserted against, or are imposed upon or incurred by GCDC and which result from, relate to, or arise out of a claim regarding the treatment of water or the quality of water

8. **Volume Available.** The City shall hold GCDC harmless in the event that DWSD cannot meet the volume demands of both GCDC and the City GCDC shall be entitled to receive the quantity of water requested by GCDC and the City shall be entitled to any remaining volume of water. The City shall notify GCDC daily of its anticipated water volume for that day and GCDC shall be responsible for notifying DWSD of the water volume demands for both GCDC and the City

9 **Pipeline Malfunction.** If the Pipeline shall malfunction for any reason while the City is transmitting water through the Pipeline, GCDC shall notify the City within two (2) hours of verifying the Pipeline malfunction. Thereafter, the malfunction shall be promptly repaired by GCDC and a detailed invoice for one-half (1/2) of the total cost of the repair shall be submitted to the City. The City shall have thirty (30) calendar days to process and authorize the payment for the repair to GCDC Payment shall be made to GCDC within thirty–two (32) calendar days by either check or wire transfer Wire transfer instructions are available from the GCDC Chief Financial Officer The City shall indemnify and hold GCDC harmless for any and all claims from the City or third parties that relate to the City not being able to supply water to its customers due to the malfunction.

10 **Severability.** The Parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses or words of this License or the application of such sections, subsections, provisions, clauses or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality or contravention shall not affect any other sections, subsections, provisions, clauses or words of this License or the application of such sections, subsections, provisions, clauses or words to any other situation or circumstance, and it is intended that this License shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause or word had not been included herein, and the rights and obligations of the Parties hereto shall be construed and remain in force accordingly

11 **Governing Law and Venue.** It is specifically agreed among the Parties to this License that Genesee County, State of Michigan is the place of performance of this License In the event that any legal proceeding is brought to enforce this License or any provision hereof, the same shall be brought in the Genesee County Circuit Court

12. **Interpretation and Construction.** For purposes of interpretation and construction of this License, both the City and GCDC shall be deemed to have been the drafter of this License and this License shall not be construed against any Party to this License

13 **Modification.** This License shall not be modified, altered, or amended except through a written amendment signed by the Parties.

14. **No Third Party Beneficiaries.** This License is not intended to confer upon any person or entity, other than the Parties hereto, any rights or remedies of any kind or nature whatsoever

15 **Notices.** Other than invoices and payments, any notice, communication, request, reply or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any Party to any other Party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the Party to be notified, with return receipt requested, or by delivering the same to an officer of such Party, or by prepaid telegram when appropriate, addressed to the Party to be notified Notice deposited in the mail in the manner described above shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the Party to be notified. For the purposes of notice, the addresses of the Parties shall, until changed as hereinafter provided, be as follows:

To GCDC: **Genesee County Drain Commissioner's Office, Division of Water and Waste Services, G-4610 Beecher Road, Flint, Michigan 48532.**

To the City: **City of Flint, 1101 South Saginaw Street, Flint, Michigan 48502.**

The Parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days written notice to the other Party hereto.

IN WITNESS WHEREOF, the Parties hereto acting under authority of their respective governing bodies have caused this License to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written, which is the License and Effective Date.

GCDC:

By: Jeff Wright
Its: Drain Commissioner

CITY:

By: Natasha Henderson
Its: City Administrator

By: Dayne Walling
Its: Mayor

Attest:

By:

By:

This License was prepared by:
Attorney Kevin Kilby (P68599)
McGraw Morris P.C.
2075 West Big Beaver Road
Suite 750
Troy, Michigan 48084
Phone: (248) 502-4000
Facsimile: (248) 502-4001
Email: kkilby@mcgrawmorris.com

Approved as to form by:

Peter M. Bade (P47546)
Chief Legal Officer
City of Flint
1101 South Saginaw Street, Room 307
Flint Michigan 48502

N:\GCDC\2155-1000 (General)\Contracts and Agreements\DWSD regarding transmission of water\License to Transmit Water between Flint and GCDC Draft Date October 14 2015 Final Execution Copy.doc

Exhibit 1
Location of GCDC/DWSD Connection

Exhibit 2
Location of GCDC/Flint

150875

RESOLUTION NO.:_____

PRESENTED: 10-12-15

ADOPTED:_____

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO TAKE NECESSARY ACTION TO CONVERT TO THE DETROIT WATER SYSTEM

BY THE CITY ADMINISTRATOR:

In order to promote the health, safety and welfare of this community, it is in the best interests of the City of Flint for the Detroit Water and Sewer Department (DWSD) to supply the City with treated water pending completion of the Karegnondi Water Authority; and

In order for DWSD to supply the City with water, it will be necessary to utilize pipe owned by the Genesee County Drain Commission (GCDC); and

The City, DWSD and GCDC are actively negotiating the terms of the necessary agreements to ensure this transition occurs as soon as possible, and

IT IS RESOLVED that the City Administrator is hereby authorized to enter into agreements with DWSD and GCDC for conversion to the Detroit Water System

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

Jody N. Lundquist, Chief Financial Officer

FOR THE CITY OF FLINT:

Natasha L. Henderson, City Administrator

APPROVED BY CITY COUNCIL:

PRESENTED TO CITY COUNCIL: 10/12/2015

ADOPTED BY CITY COUNCIL: 10/12/2015

Genesee County Health Department

Mark Valacak, M.P H., Health Officer
Gary K Johnson, M D , M P H., Medical Director

How does lead get into my tap water?

Under typical circumstances, lead will dissolve into the water. The concentration of lead in drinking water can vary greatly, depending on the corrosiveness of the water, the type and age of the plumbing materials and the length of time that the water stands in the pipes The highest levels of lead occur when very corrosive water stands motionless in lead or lead soldered pipe for long periods of time.

How do I know if my tap water is contaminated with lead?

The only way to know whether your tap water contains lead is to have it tested. You cannot see, taste, or smell lead in drinking water. There are different sampling methods for sampling lead in drinking water. To determine your household risk, it is recommended to take a first draw sample.

Does lead in my tap water cause health effects?

Lead can cause damage to the brain, red blood cells and kidneys. The greatest risk is to young children and pregnant women. Amounts of lead that won't hurt adults can slow down normal mental and physical development of growing bodies. Lead in water can be a special problem for infants, whose diets may be mostly liquids, such as baby formulas or concentrated juices mixed with water. Smaller bodies can absorb lead more rapidly than bigger ones. A child's mental and physical growth can be permanently harmed by too much lead. Risk will vary, depending on the individual, the circumstances, and the amount of water consumed.

What can I do to reduce or eliminate lead in my tap water?

Flush your cold-water pipes by running the water for approximately 5 minutes. The longer the water has been sitting in the pipes, the more lead it may contain. You can fill containers for later use, after the flushing process. Use only water from the cold-water tap for drinking, cooking, and especially for making baby formula. Hot water is likely to contain higher levels because it dissolves more lead.
You may choose to install a water filter that is NSF-certified for lead removal. If a water filter is installed, replace filters at least as often as recommended by the manufacturer.

Buy a lead-free faucet. The legal definition of "lead-free" still allows brass faucets to contain up to 8 percent lead. However, faucets marked with "NSF 61/9" and/or "California Proposition 65" meet stricter limits. Regularly clean particles from faucet aerators.

Is it safe to take a bath or shower, if my water has high lead levels?

Yes. Bathing and showering should be safe for you and your children, even if the water contains lead over EPA's action level. Human skin does not absorb lead in water. This information applies to most situations and to a large majority of the population, but individual circumstances may vary. Some situations, such as cases involving highly corrosive water, may require additional recommendations or more stringent actions

Who do I contact for more information?

The local water authority is always your first source for testing and identifying lead contamination in your tap water You can visit the City of Flint Website at www.cityofflint.com or contact the Flint Water Department at 810-787-6537.

WWW.EPA.GOV

WWW.MDEQ.GOV

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, October 14, 2015 9:57 AM
To: Wurfel, Sara (GOV)
Cc: Heaton, Anna (GOV); Kennedy, Jordan (GOV); Murray, David (GOV)
Subject: Flint-Egan

Importance: High

Sara...

Let me know if you might have 15-20 minutes this am, for me to walk over and share some information & thoughts or otherwise discuss the response to Egan.

The Flint RTAB meets at 2pm today...so I am leaving for Flint by 1. The RTAB is taking up the city's resolution to pay $2 m for the reconnect to DWSD.

Thanks, T

Workman, Wayne (TREASURY)

From: Cline, Richard (Treasury)
Sent: Tuesday, October 13, 2015 1:50 PM
To: Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury); Byrne, Randall (Treasury)
Subject: Flint Water Report
Attachments: Flint-TTHM-OER-FINAL-01.pdf

Wayne,

Per your request.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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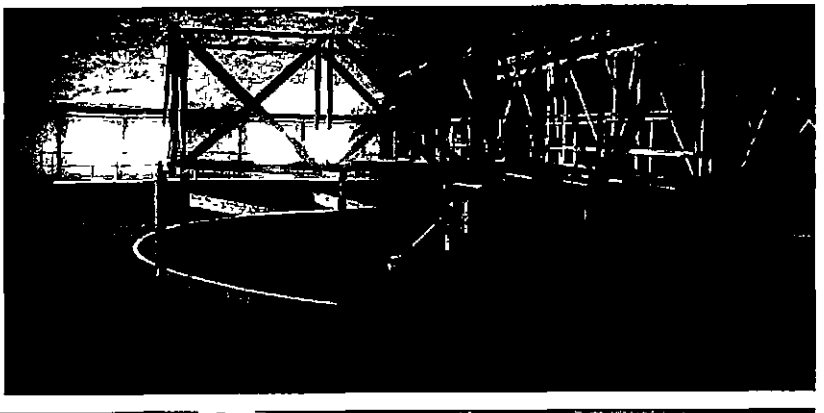
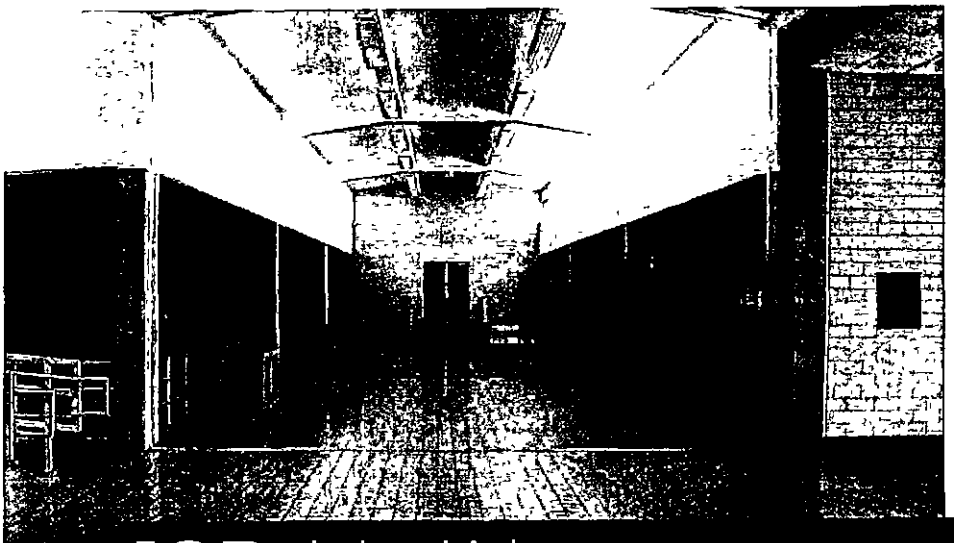
Operational Evaluation Report
City of Flint

FINAL

Trihalomethane Formation Concern

February 27, 2015

Lockwood, Andrews & Newnam, Inc.
A LEO A DALY COMPANY

EXECUTIVE SUMMARY

Environmental Protection Agency (EPA) and Michigan Department of Environmental Quality (MDEQ) regulations require that public water suppliers test drinking water quarterly throughout the distribution system for disinfectant by-products (DBP's). Two categories of DBP's, tri-halomethanes (THM) and halo-acetic acids (HAA5), are regulated and must be tested for. The City of Flint began operation of their water treatment plant (WTP) full time with the Flint River as the source on April 25, 2014. Since that time, four quarters of samples taken have resulted in an annual average violation for total THM. Prior to the first violation (Nov. 2014), the City hired Lockwood, Andrews & Newnam, Inc. (LAN) to complete this Operational Evaluation Report (OER) in conformance with EPA guidelines with the goal to determine the cause(s) of high levels of THM and evaluate possible solutions.

The EPA promulgated the Stage 2 Disinfectants and Disinfection By-Products Rule (DBPR) in January 2006 which set maximum contaminant levels (MCLs) for total trihalomethanes (TTHM) and HAA5 based on an annual running average, tested quarterly, for a given sampling location. The City of Flint reports levels from 8 sampling test locations. Of the four quarterly sampling cycles since Flint began operating the WTP full time, HAA5 levels have been acceptable but TTHM levels were high at 4 sampling sites following the third sampling cycle. Average THM levels exceeded the MCL at 3 sites following the fourth sampling cycle.

A number of issues have been identified as possibly contributing to the high THM levels measured.

1. Inefficient ozone system functionality which has resulted in increased chlorine feed.
2. Upstream source influences in terms of increased chlorine demand.
3. Bypass stream around softening contributed to chlorine demand and increased total organic carbon (TOC) levels in the effluent.
4. Unlined cast iron pipes in the distribution system contributing to chlorine demand.
5. High water age in the distribution system due to:
    a. Broken valves causing less than ideal flow patterns.
    b. Inefficient pump station pressure zones
    c. Water storage volumes in excess of that needed for today's demands
    d. Oversized water mains
    e. Low water demands
6. High chlorine demand in filters.
7. High THM formation potential (THMFP) in source water.
8. Less than optimal removal of THM precursors

A graphical representation of how the factors above relate to the timing of THM compliance sampling is shown as Table 1. Compliance sampling dates are hatched. Each row in Table 1 describes a factor than can lead to increased THM levels and the table defines when each of those factors applied. Note the convergence of nearly all factors around the second sampling period on August 21, 2014 to create what appears to be a worst case scenario. The table also shows that the factors listed as those that the City can control have been addressed prior to the February sampling period. Monthly operating report data up to February 1,2015 is depicted on the Table.

TABLE 1 - SUMMARY OF NEGATIVE INFLUENCES ON THM COMPLIANCE SAMPLING

FACTOR	2014								2015	
	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Softening bypass stream over 20% of plant flow										
Ozone system not feeding optimally										
Using full water storage capacity of WSR & CSR										
Chlorine feed at WTP 7.0 mg/l or more										
Ferric chloride feed rate less than 10 mg/l Fe3+										
Raw water temp 23 degrees C or more										
Raw water TOC levels above 8.0 mg/l										
Raw water coliform over 5000 counts/day										
Positive bacteria test in dist. system (boil water notice)										
Water demand less than 15 mgd										

Dates of occurrence
Dates of occurrence and expected to repeat in future years
Compliance sampling date

Factors under Flint staff control
Flint River characteristics
System factors

ACTION PLAN

The City of Flint has signed an agreement with the Karegnondi Water Authority (KWA) to purchase raw water drawn from Lake Huron. The KWA system is currently under construction and expected to be operational by late 2016. The water supply from Lake Huron will have entirely different water quality characteristics from the Flint River and those characteristics are expected to yield drastically reduced DPB formation. With that, non-structural options to help reduce THM levels are much preferred over solutions requiring new construction. Therefore, two categories of actions have been devised: Stage 1 being actions that can be completed relatively quickly without major construction and Stage 2 consisting of either long term actions or solutions requiring major construction. The City is actively working to complete Stage 1 actions as soon as possible. Stage 2 actions are to be implemented only if Stage 1 actions are ineffective in adequately reducing TTHM levels and therefore Stage 2 is contingent upon the outcome of Stage 1. As of the date of this report, status updates for action items are shown in red.

Stage 1 – Immediate Actions

- Hire third party water quality expert to complete independent 'water audit'
  - The City hired Veolia Water to review all water quality related operations, procedures, actions taken and planned responses. Recommendations from Veolia are expected by the first week in March 2015.
- Obtain an in house THM analyzer to allow regular operational monitoring of THM levels
  - THM analyzer was installed 2/17/15.
- Hire ozone system manufacturer to troubleshoot ozone system
  - Manufacturer and controls programmers performed on site evaluations in January 2015.
- Bench scale jar testing
  - Match existing process and assess possible areas of improvement
    - Existing process was simulated and an evaluation of existing chemical feed dosages has been completed by LAN.
    - Existing process TOC profile was developed by Veolia.
  - Simulate potential modifications to treatment process
    - Soda ash softening evaluation completed and PAC feed testing completed by LAN.
  - Evaluate coagulation and flocculation polymer aid feeds to assist with TOC removal
    - Evaluations of polymer aids completed by LAN and PVS Technologies.
- WTP operational changes
  - Discontinue softening bypass stream to reduce chlorine demand
    - Operational directive has been set to soften no less than 80% of flow.
  - Disinfection of filter beds to reduce chlorine demand
    - Utility Service Group contracted by City and condition assessment completed. Controls improvements have been completed.
  - Begin coagulation and flocculation polymer aid feeds to assist with TOC removal if bench scale test results are positive
    - Jar testing completed to date has not indicated a useful benefit to feeding coagulation/flocculation polymer aids. Increased ferric doses have been implemented at the WTP based on positive jar test results.

- Increase water main flushing efforts to minimize stagnant water
  - Flushing efforts are ongoing as weather permits.
- Water system modeling to identify areas with high water age and potential solutions
  - The water model has been improved and preliminary results, including system wide water age, have been produced. Water demand updates and reconciliation with operator's data are scheduled for March 2015 to complete water modeling analysis.
  - Cedar Street Pump Station potential recirculation
    - Water model analysis to be completed in March 2015.
  - West Side Pump Station potential recirculation
    - Water model analysis to be completed in March 2015.
  - Storage tank volume use
    - *Operating levels of West Side and Cedar Street reservoirs have been* lowered to reduce water age
  - Possible broken closed valve locations
    - Model has been updated with known broken valve locations. Model results are being evaluated for indications of other possible broken valves. City has also initiated valve assessment program.
  - Locations in need of flushing
    - High water age areas have been identified in the water model. Further evaluation forthcoming to determine most effective flushing points.

Stage 2 – Contingent Actions

- Fix ozone system
  - Repairs have been made to gauges and programming and the system is producing proper ozone and functioning under manual operation. Further minor repairs are planned for the 1st quarter 2015 to allow automatic operation.
- Start feeding coagulation and flocculation polymer aids to lower TOC, if not completed in Stage 1
  - Polymers evaluated by LAN did not demonstrate notable benefit.
  - PVS Technologies evaluated a proprietary polymer that showed little benefit.
- Convert to lime and soda ash softening
  - Cost effective analysis to be developed, if necessary, based on routine operation THM level monitoring.
- Change disinfectant to chloramine or chlorine dioxide until KWA
  - Cost effective analysis to be developed, if necessary, based on routine operation THM level monitoring.
- Install pre-oxidant feed at intake to optimize ozone disinfection
  - Permanganate feed at intake was evaluated by Veolia the week of 2/16/15 and recommendations are expected by the first week in March 2015.
- Replace filter media with granular activated carbon (GAC) media
  - Cost effective analysis to be developed, if necessary, based on routine operation THM level monitoring.
- Implement advanced treatment for THM precursor removal
  - Cost effective analysis to be developed, if necessary, based on routine operation THM level monitoring.
- Increased main flushing based on water modeling results
  - Water model analysis to be completed in March 2015.

- Continue valve replacements with water model assistance
  - Water model analysis to be completed in March 2015.
- Emphasize cast iron pipes on water main replacement priority list
  - Flint has bid replacement of over 2 miles of 24" cast iron pipe along Dupont and Bishop Streets to be completed this coming construction season The water main section is considered a critical transmission main, and is expected to contribute to decreases in water age when complete

THM samples have been taken and tested 5 times since the City began using the Flint River for supply. Four sets of samples were taken for official regulatory compliance and one set of samples was taken by the City for operational monitoring. Samples were taken in May 2014, August 2014, November 2014, January 2015, and February 2015. THM levels at all sample sites have declined from August 2014 to February 2015. The average of all sample sites in August was 142.1 ug/l and the most recent average of samples taken in February 2015 was 19.8 ug/l. The MCL defined by the EPA is 80 ug/l.

I. BACKGROUND

The City of Detroit Water and Sewer Department (DWSD) has historically provided drinking water for the City of Flint and Genesee County. In the late 1990's growing concern regarding the reliability of the DWSD supply prompted the City of Flint to upgrade their existing water treatment plant (WTP). Those improvements, defined as Phase I, were completed in 2005 and were intended to allow the Flint WTP to operate, using the Flint River as the source, for an extended period of time in the event that supply from the DWSD was temporarily interrupted. Additionally, the Phase I improvements set the stage for Flint to break free from dependence on the DWSD supply and water charges over which they had no control.

A. WATER SUPPLY TRANSITION

1. Detroit Water and Sewer Department (DWSD)

Until recently the Genesee County and Flint region had been provided drinking water by the DWSD. However, due to excessive cost increases and reliability issues with the DWSD system other options had to be explored.

2. Karegnondi Water Authority (KWA)

In 2010 the Karegnondi Water Authority (KWA) was formed for the purpose of developing a new water supply from Lake Huron to serve the region in lieu of the DWSD supply and the City of Flint elected to join. The KWA expects the new system which is currently being constructed to become operational by the fall of 2016.

3. Flint River – Interim Period

With a renewing water supply agreement between Flint and the DWSD being terminated by the DWSD (effective April 30, 2014) and the KWA system not expected to be operational until late 2016, the City of Flint decided to initiate operation of the existing WTP full time utilizing the Flint River as the interim water source. A variety of WTP improvements were necessary for the Flint plant to become a full time plant. For purposes of this report, Phase II improvements to the Flint WTP are improvements intended to allow the plant to operate full time with either the Flint River as the source or the KWA supply as the source.

B. TTHM VIOLATIONS

The EPA and MDEQ method of determining if TTHM sample results exceed the MCL uses a locational running annual average (LRAA). Flint's first TTHM violation was cited by the MDEQ following the third cycle of sampling completed in November 2014. Of the 8 sampling sites, 4 were in violation. At that time the MDEQ used the following calculation for determining if the MCL had been violated:

(2 x current quarter value + previous 2 quarter values) / 4 = Operational Evaluation Value

Flint has now completed tests for 4 quarters and a straight annual running average applies. Based on samples taken on February 17, 2015 the number of sites in violation of the THM MCL limit has decreased to three. The City also conducted a round of sampling on January 27, 2015 in order to internally monitor the progress of actions taken to address the THM issue. It is worth noting that each round of sampling since August of 2014 has indicated a significant drop (improvement) in THM levels. Test results are tabulated in Table 2. HAA5 sample results are shown in Table 3, of which Flint has had no violations.

TABLE 2 – TTHM TEST RESULTS (ug/L)						
Sample Location	**1st Qrt 5/21/14**	**2nd Qrt 8/21/14**	**3rd Qrt 11/21/14**	**Inter. 1/27/15**	**4rth Qrt 2/17/15**	**LRAA**
WTP Tap	56	86	33	16	-	na
1) 3719 Davison McDonalds	162.4	145.3	58.6	35	16.2	95.6
2) 822 S. Dort Hwy BP Gas Sta.	111.6	112.0	36.2	23	19.9	69.9
3) 3302 S. Dort Hwy Liquor Palace	96.5	127.2	33.3	23	16.8	68.5
4) 3606 Corunna Taco Bell	106.4	181.3	33.9	24	18.1	84.9
5) 2501 Flushing Univ. Market	75.1	196.2	93.6	35	24.5	97.4
6) 3216 MLK Salem Housing	82.2	112.4	50.1	33	28.5	68.3
7) 5018 Clio Rite Aid	88.2	144.4	53.6	29	19.2	76.4
8) 6204 N. Saginaw N. Flint Auto	79.2	118.3	41.1	21	14.9	63.4

TTHM MCL = 80 ug/l

TABLE 3 – HAA5 TEST RESULTS (ug/L)						
Sample Location	**1st Qrt 5/21/14**	**2nd Qrt 8/21/14**	**3rd Qrt 11/21/14**	**Inter. 1/27/15**	**4rth Qrt 2/17/15**	**LRAA**
WTP Tap	*36 (taken June 14, 2014)*					na
1) 3719 Davison McDonalds	64	43	16	Na	9.0	33.0
2) 822 S. Dort Hwy BP Gas Sta.	52	40	21	Na	9.0	30.5
3) 3302 S. Dort Hwy Liquor Palace	48	31	15	Na	9.0	25.8
4) 3606 Corunna Taco Bell	55	24	15	Na	9.0	25.8
5) 2501 Flushing Univ. Market	38	17	24	Na	9.0	22.0
6) 3216 MLK Salem Housing	41	25	5	Na	2.0	18.3
7) 5018 Clio Rite Aid	49	30	17	Na	9.0	26.3
8) 6204 N. Saginaw N. Flint Auto	50	37	18	Na	9.0	28.5

HAA5 MCL = 60 ug/l

C. WATER TREATMENT PLANT RECENT IMPROVEMENTS & STATUS

1. Phase I WTP Improvements

Since 1965, the Flint WTP has remained a secondary or backup supply system to the DWSD primary supply. Typically the secondary supply for a public water system is expected to be needed only during emergency situations and normally is designed for short term operation such as providing the average daily demand for a few days. Conversely, Phase I improvements were designed with the intent to upgrade the Flint WTP in order to allow for an extended short term period (6 weeks) because of the perceived high risk that the DWSD supply would fail and remain out of service for an

extended duration. Regardless, the Flint WTP was still intended to serve as a standby plant and as such the Phase I improvements lacked redundancies that would be required for a primary supply WTP.

2. Past Pilot Study & Testing

During design of the Phase I improvements a treatability study was completed by Alvord, Burdick & Howson, LLC (AB&H) in 2002. The Treatability Study evaluated the current treatment processes that are in place at the Flint WTP today with the Flint River as the source. The report recommended the following:

TABLE 4 – 2002 WTP TREATMENT RECOMMENDATIONS

Treatment	Purpose	Point of Application	Dosage (mg/l)
Sodium permanganate	Zebra mussel control	Intake	0.3
Ozone	Taste & odor removal, disinfection	Diffusor basin	1.5
Ferric chloride	Coagulation	Rapid mix	40
Coag aid polymer	Turbidity & TOC removal	Rapid mix	2.0
Floc aid polymer	Turbidity & TOC removal	Floc basin	0.05
Lime	Softening	Softening basin	175
Soda ash	Softening	Softening basin	52
Carbon dioxide	pH adjustment	Recarb basin	37
Media filters	Filtration	N/A	Na
Chlorine	Disinfection	Filter effluent	1.0

Of the recommended items, zebra mussel control, coagulant and flocculation polymer aids, and soda ash feed have not been incorporated into the treatment process.

3. Phase II WTP Improvements for Full Time Operation

Phase II WTP improvements are those needed to convert the Flint WTP from a back-up supply to a primary supply plant. A number of improvements have already been constructed as they were necessary to operate full time when treating water from the Flint River. The improvements under the title of Phase II that have been completed or are nearly complete include installation of the future raw water feed connection point and valving for the KWA supply, upgrades to the lime sludge lagoon, the lime sludge lagoon decant and disposal system, decant pump station and force main, installation of mid-point chlorination before filtration, and upgrade of the electric feed sub-station.

Additional improvements to the Flint WTP that are to be completed to become part of the normal treatment process using water supplied by the KWA are:

- New oxygen and nitrogen storage facilities for the ozone system (under construction)
- New coagulant feed system
- Electrical
  - Pump Station #4 upgrades (under construction)
  - SCADA and controls upgrades
  - Filter transfer pump station feeders
- Pump replacements and VFD installation in the low and high service pump station (under construction)
- Filter transfer pump station to Dort Reservoir
- Facility security improvements

II. SOURCE WATER EVALUATION

A. DATA ANALYSIS

Based on past data collected and the 2002 Treatability Study by AB&H, the Flint River water quality varies seasonally with higher hardness and alkalinity experienced in the winter. Higher magnesium concentrations are also experienced in the winter, adding difficulty to the settling process due to neutrally buoyant floc. General water quality average characteristics recorded for the 2002 Treatability Study as compared with average characteristics recorded in 2014 are shown in Table 5 below.

TABLE 5 – FLINT RIVER WATER QUALITY CHARACTERISTICS

Period	Turbidity NTU	TOC Mg/l	Alk. Mg/l	Hardness Mg/l as CaCO3	pH	Total Col. Count/day	THMFP Mg/l
2001 Apr–Oct	7.9	9.4	215	272	8.1	870-1230 (7300 max)	410
2014 May–Oct	8.3	10.3 5/22/14	207	252	8.2	1900-9000 (48,300 max)	187

The Flint River characteristics do not appear to have changed significantly over the past 10+ years. Note that further investigation by City staff revealed a sewer leak upstream of the plant that may have contributed to the total Coliform count. The leak was subsequently repaired.

B. CONCLUSIONS

Considering the minor changes in Flint River water quality, much of the information contained in the 2002 Treatability Study by AB&H remains relevant today. Data from that report assumed to be consistent today include the following:

- Flint River is influenced by groundwater from a dolomitic aquifer
- Hardness varies seasonally with higher hardness and alkalinity in the winter
- Hardness, alkalinity, magnesium concentrations tend to be reduced by run-off

In development of the 2002 Treatability Study, processes were simulated which resulted in low THM levels. Therefore, information contained in that report will be used to assist with establishing a baseline jar testing procedure as discussed further in Section III.

III. TREATMENT PROCESS EVALUATION

A. EXISTING PROCESS DESCRIPTION

The existing WTP consists of an intake with screening from the Flint River, low lift pumping, ozonation, rapid mix, flocculation, settling, softening, recarbonation, filtration, storage and high service pumping. A process diagram is shown as Figure 1.

1. Intake

A 72" diameter pipe draws water from the Flint River through 2 traveling screens to the low lift pump structure. No chemicals are currently fed for Zebra mussel control or pre-oxidation as recommended by the 2002 Treatability Study. Manual removal of zebra mussels is more economical than installation of chemical feed equipment considering the short term need.

2. Ozone

There are 2 ozone generators designed to provide adequate ozone for a WTP flow of up to 36 mgd. There are 3 ozone contact basins. The ozone generators were designed to produce 900 lbs/day at 10% concentration and up to 1300 lbs/day at 6% concentration each. Prior to recent repairs, readings indicated a production rate of approximately 700 lbs/day at 4% concentration. It is possible that before the recent improvements the ozone feed might not have been optimized. In fact, it is known that less than optimal ozonation previously led to increased chlorine feed which would have contributed to THM formation.

3. Rapid Mix

East and West rapid mix chambers allow chemical feed prior to the flocculation basins. Each rapid mix chamber is equipped with a 5 hp mixer.

4. Coagulation / Flocculation

The WTP contains two equally sized flocculation basins, east and west, and each basin provides tapered or gradually slowed mixing from inlet to outlet. There are fifteen 2 hp mixers for each basin with VFDs to control mixing speed. The 2002 Treatability Study recommended feeding both coagulation and flocculation polymer aids. Neither polymer aid is being used today because turbidity and TOC removals have been sufficient to meet regulatory requirements.

5. Settling

Primary clarification takes place within 3 basins containing plate settlers. The settlers are operating as designed.

6. Softening

Again, there are two basins for softening: east and west. Each basin is 120' in diameter and contains a solids contact softening unit. Each softening basin/unit has a design capacity of 18 mgd. The east clarifier has an effluent weir imbalance that the City intends to fix when low demands allow for construction. Low lift pumping limitations, flow control to the basins, control restrictions on residuals removal, and fluctuating demands have made it difficult for WTP staff to stabilize the softening process. Softening is accomplished by feeding lime. The decision was made by the City not to feed soda ash in order to remove non-carbonate hardness because acceptable hardness levels could be achieved with lime feed only and softening is short term until Lake Huron water becomes available. Lime and soda ash softening is a possible consideration to assist with TOC removal and thus reduce THM formation.

7. Recarbonation

Recarbonation for pH adjustment is accomplished in east and west recarbonation basins between and to the north of the softening basins. Carbon dioxide storage and feed equipment is located west of the recarbonation basins.

8. Filtration

Filtration is accomplished with 12 dual media filters, equally sized and designed to filter 3.0 mgd each. Media consists of 12" of sand and 18" of anthracite. The filters have been operated intermittently over the years due to the standby nature of the WTP and until recently, chlorine injection took place downstream of the filters. It is possible some microbial growth had developed in the filters leading to increased chlorine demand. The City recently hired a contractor to upgrade the electrical controls for the filters and that work has been completed.

9. Disinfection

Disinfection is provided by ozonation and by feeding chlorine. Ozonation occurs at the front end of the WTP. Chlorine is fed prior to filtration and prior to finish water storage / high service pumping. The intermediate chlorine injection location was recently constructed under the Phase II, Segment 1 contract.

10. Clear Well & Pumping

The pump building sits adjacent to a 3 MG clear well and contains both low and high service pumps.

B. JAR TESTS / EXPERIMENTS

1. Approach

There are several well practiced methods by which DBPs can be reduced. First, the disinfectant can be changed to an alternate that has a lower tendency to form DBPs. Second, additional treatment systems such as activated carbon or air stripping (depending on the nature of the precursors) can be added to remove DBP precursors. Lastly, the existing treatment processes can be optimized to remove as much DBP precursor as possible. Of these options, optimizing existing treatment processes is the only strategy that does not require the construction of new and expensive facilities. It is anticipated that Flint will be receiving Lake Huron water in approximately two years and this water will have a completely different chemistry from the Flint River. Major process changes instituted to address THM levels using Flint River water are likely to be unnecessary for Lake Huron water and may even be inappropriate. Therefore, those options which require addition of new treatment processes are undesirable at this time. In recognition of this upcoming change in water source, efforts for this study have concentrated on improving the existing processes, rather than adding new ones. New treatment processes will only be recommended if operational changes to the existing treatment train prove ineffective.

Recent sample test results suggest that most of the DBPs are formed in the distribution system rather than within the treatment plant. Therefore, the most logical approach is to reduce the DBP formation potential (DBPFP) rather than simply lowering the levels of DBPs leaving the plant. During bench scale testing, formation potential (FP) levels were the primary indicator of success or failure of proposed process modifications.

2. Protocol

Bench scale pilot testing is intended to reflect actual plant operating and hydraulic conditions so the bench scale treatment units were sized based on various dimensionless factors to ensure the pilot treatment matched the actual system. Bench

scale ozonation was not practical due to time and cost limitations. Therefore, water samples were withdrawn from the plant ozone basin effluent. These samples were transported to the laboratory and dispensed into square testing jars. The jars were used to simulate rapid mix, three-stage flocculation, and settling. Rapid mix and flocculation conditions were matched to the plant based on "Gt" values. The "G" value is a measure of the mixing intensity and is a function of mix time, viscosity of the liquid, and mixing power applied to the water. "Gt" then, is a size scaling factor where time has been accounted for. Settling time was scaled to match the shorter settling depth of the testing jars. After settling, samples were decanted from the test jars. The decanted samples were then lime softened; softening conditions were similarly matched on the basis of "Gt". Carbon dioxide was sparged into the samples to reduce the pH. The water was then vacuum filtered through filter paper, sized to simulate the plant's dual media filters. The samples were dosed with excess chlorine and allowed to react for seven days at 25° C before testing for DBPs to determine the formation potential.

The following conditions were applied during testing to properly match small scale testing to actual plant processes.

TABLE 6 – BENCH SCALE TEST MIXING INTENSITIES			
Process	**G**	**Duration**	**Mix RPM**
Ozonation	Plant	-	-
Rapid Mix	200	44 sec	160
Flocculation, Stage 1	50	9 min	55
Flocculation, Stage 1	25	9 min	30
Flocculation, Stage 1	12	9 min	19
Settling	N/A	10 min	-
Softening	TBD	10 min	-
Recarbonation	N/A	N/A	-

The primary variables during testing were chemical additions and chemical dosages. Specific chemicals and dosages used for initial testing conditions were selected to reflect current plant usage and the recommendations of the 2002 Treatability Study:

TABLE 7 – BENCH SCALE TEST CHEMICAL FEED RATES			
Chemical	**Current Usage**	**2002 Study**	**Test Values**
Ozonation	4.66 mg/l	1.5 mg/l	
Ferric Chloride	7.7 mg/l Fe3+	40 mg/l Fe3+	7.7 – 80 mg/l Fe3+
Coagulant Aid Polymer	Not used	2.0 mg/l	1 – 2 mg/l
Flocculation Aid Polymer	Not used	0.05 mg/l	0 – 0.05 mg/l
Powdered Activated Carbon	Not used	N/A	20 – 100 mg/l
Lime	120 mg/l	175 mg/l	120 – 175 mg/l
Soda Ash	Not used	52 mg/l	0 – 52 mg/l
Cationic Softening Polymer	3.13 mg/l	Not used	3.13 mg/l
Anionic Softening Polymer	0.88 mg/l	Not used	0.88 mg/l
Fluoride	0.45 mg/l	1 mg/l	Not used
Carbon Dioxide	32 mg/l	37 mg/l	Fed to reach pH of 7.5 +- 0.3
Chlorine	6.3 mg/l	1 mg/l	10 mg/l

3. Considerations

The 2002 Treatability Study did not note significant formation of DBPs. This may be a function of different Flint River water chemistry at that time. However, recognizing the considerable differences in chemical usage and dosages between that study and current operations, those differences in chemical use and dosage are an obvious starting point for optimizing treatment to prevent DBP limit exceedance.

Although it is believed that optimization of current treatment can correct the DBP issue, should optimization of present treatment prove insufficient, alternate residual disinfectants (chloramines and chlorine dioxide) will be investigated as additional treatment measures.

4. LAN Test Results

Two rounds of jar testing were completed by LAN during the weeks of December 15, 2014 and January 26, 2015.Detailed test data is included in Appendix A. Testing results can be summarized as follows:

- Increased dosages of ferric chloride resulted in higher reduction of THMFP.
- The currently utilized feed rate of lime at 120 mg/l is appropriate
- Softening with soda ash in addition to lime resulted in minor additional THMFP reduction – in the range of 0% - 10%.
- The benefits of using a cationic polymer during softening at a dosage range of 0.31 - 3.13 mg/l to help reduce THM's are unclear
- The benefits of using an anionic polymer during softening at a dosage range of 0.09 – 0.88 mg/l to help reduce THM's are unclear
- Feeding PAC was ineffective in reducing THMFP within the dosage range of 20 – 100 mg/l.

5. Testing by Others

In addition to jar testing completed by LAN, the chemical supplier who provides ferric chloride for the City, PVS Technologies, ran tests using their recommended flocculant polymer aid. Plus, Veolia Water completed jars testing of their own the week of February 16th to analyze other process details and current WTP parameters. Experiments completed by PVS Technologies showed very little TOC removal beyond that obtained with straight ferric chloride feed.

6. Conclusions

Increasing the dose rate of ferric chloride is an operational change that can easily be implemented without the need for any additional equipment. Test results show that over 40% THMFP removal can be obtained with a dosage of 60 mg/l Fe3+ or higher. Increased dosing of ferric chloride would be most ideal coupled with regular raw water TOC monitoring so that TOC levels would dictate the appropriate ferric chloride feed rate.

Softening with soda ash in addition to lime is another option the City should consider if increased ferric chloride doses are not adequate to maintain THM levels under the MCL, particularly during warmer months. Again, monitoring of TOC in the raw water could provide useful information of when lime/soda ash softening is necessary.

IV. DISTRIBUTION SYSTEM EVALUATION

EPA guidance for the distribution evaluation portion of an OER is focused on identification and isolation of a specific portion of the distribution system that led to the exceedance. The circumstances of Flint's apparent pending TTHM exeedances are unusual in that a new supply has been implemented which clearly corresponds to the high TTHM sample results. Although the new source is one element in increased TTHM levels, value remains in evaluating the distribution system since water age is also a critical factor. Additionally, there may be distribution improvements that can be made to help alleviate the problem.

A. INFRASTRUCTURE

1. Piping

According to the most recent MDEQ Sanitary Survey, the distribution system is estimated to contain 70% cast iron, 20% ductile iron, 2% concrete and 8% steel water mains. Unlined cast iron pipe can become pitted, allowing colonization sites for microorganisms leading to chlorine demand. Additionally, much of the piping in the system is aged and in poor condition. Increased chlorine demand could be resulting from biofilm in older pipes and from main breaks/repairs. The extent of contribution is not known but any water main replacement project will decrease chlorine demand somewhat if constructed properly. Unfortunately, water main breaks may also assist with decreasing water age by providing unintentional flushing. All things considered, it is impossible to quantify the impact existing piping has on THM formation.

The City utilizes City Point software and GPS equipment to document main breaks and prioritize replacements. However, main break information is more pertinent to rusty water complaints and has little relevance to THM levels. Areas that have been targeted for main replacements include the transmission main from the WTP west to Dupont and south to the West Side reservoir, Fenton Road, Atherton Road, Dort Highway, Averil Street, and Boulevard Drive.

2. Storage

There are 4 finish water storage tanks and 1 raw water tank as tabulated below:

TABLE 8 – STORAGE TANKS

Name	Type	Water	Volume (MG)	Operating		Absolute	
				LWL	HWL	Bottom	OF
Dort Reservoir	Ground	Raw	20	-	-	730	750
WTP Tank	Elevated	Finished	2	883.0	896.0	863.0	898.0
WTP Clear Well – PS #4	Ground	Finished	3	11'	15'	708.5	726.0
Cedar Street Reservoir	Ground	Finished	20	-	11'	737.2	757.2
Westside Reservoir	Ground	Finished	12	-	12'	761.8	779.0

The MDEQ typically recommends providing a minimum finish water storage volume of 1/3 the maximum daily demand (MDD). According to the 2013 MDEQ Sanitary Survey, the 5 and 10 year MDDs are 21.57 mgd and 30.05 mgd respectively. A common rule of thumb for clear well storage volume at a WTP is 10% of the design flow rate. Another general guideline for reliability is to provide total storage to allow for 2 X the average daily demand plus fire flow demand. For this analysis, fire flow is assumed to be 2,500 gpm for either one industrial fire (2,500 gpm) or a combination of one residential (1,000 gpm) and one commercial (1,500 gpm) fire at a 4 hour duration which results in a total volume of 600,000 gallons. These go-by

approximations are summarized below with the applicable flow rates and are compared to the existing storage volumes currently being utilized.

Common Practice	Flow Rate	Recommended Volume by ROT	Volume In Use
Clear well 10% of Design Flow	18 MGD	1.8 MG	3.0 MG
Finish Storage = 1/3 MDD	30.05 MGD	10.0 MG	37 MG
Total Storage = 2 * ADD + FFD	13.87 MGD	28.3 MG	57 MG

Based on the values above, it appears the storage volume used in the Flint system could be decreased without negatively effecting reliability. The appropriate volumes of individual tanks will be further evaluated using the water system model and discussed in Section V (C).

All reservoirs have baffling to minimize stagnant water. Also, all tanks have been maintained and are in reasonable condition. The Westside reservoir has an exposed roof that is in need of rehabilitation, but its current condition has no influence on THM formation.

3. Pump Stations
All pump stations are in good condition but pumps are generally oversized. As an independent consideration, oversized pumps are not a contributing factor to high THM levels. Control of pumps and pressure zones are discussed in detail below.

B. OPERATIONS AND MAINTENANCE

1. Pump Station & Storage Operations
Pump stations and storage tank levels are controlled as shown in Table 9.

TABLE 9 – PUMP STATION CONTROLS

PS Name	Control Point	On Point	Off Point
PS No. 4 Raw	Operator	-	-
PS No. 4 Finish	Match plant flow	-	-
Westside	System pressure (elevated tank)	22.5'	33'
Cedar Street	System pressure (elevated tank)	22.5'	33'
Torrey Road	Distr. – Brown/Bradley	< 45 psi	> 45 psi

Cedar Street and Westside pump stations are operated as needed and they are alternated. Typically, Cedar Street is run in the morning and Westside is run in the evening and reservoirs for each are filled during low demand periods at night.

Westside, Cedar Street and Torrey Road pump stations are used to boost system pressure when high demands warrant it, but there are not well defined pressure zones within the system. Therefore, the possibility exists that water is being recirculated allowing for increased water age.

2. Booster Disinfection Practices
Booster disinfection is provided at the Cedar Street and Westside pump stations. When sustained residuals are not provided by chlorine feed at the WTP, sodium hypochlorite is applied at the reservoirs while being filled.

3. Changes in System Demands

Water demands in the City have been declining since the 1960's as the population has dropped. As a result, many of the water system components are oversized including storage tanks and water mains which both increase the time for water to reach the user.

From a short term perspective, Flint demands tend to increase in summer as is ordinarily expected but also in the winter due to water main breaks. The MDD for Flint often occurs in winter. Regarding THM formation, with lower temperatures and higher flows in the winter, THM levels taken at the distribution sample points are expected to be lower than at other times of the year.

C. WATER SYSTEM HYDRAULIC MODELING

As part of this report, the City provided a hydraulic water model, originally developed by Potter Consulting, for LAN to update. Thus far, LAN has modified the model to be capable of extended period simulations, modified controls to reflect current operations, revised the piping to include known broken valve locations, and developed preliminary water age results throughout the entire system. Water age shown in the updated model corresponds well to TTHM levels at 6 of the 8 sampling sites. However, LAN has also identified several deficiencies within the model that require further adjustments to allow for usable and reliable results. Those model deficiencies include outdated demands, improperly located appurtenances, and incorrect flow patterns. Preliminary water age results are presented in Table 10. Revised results will be provided when the hydraulic model has been fully updated.

TABLE 10 – PRELIMINARY WATER AGE FROM WATER MODEL

Sample Point	Location	Address	Water Age (Hrs)	Aug 2014 THM (ug/l)
1	McDonalds	3719 Davison	23	145
2	BP Gas Station	822 S. Dort Hwy	18	112
3	Liquor Palace	3302 S. Dort Hwy	15	127
4	Taco Bell	3606 Corunna	128	181
5	Univ. Market	2501 Flushing	178	196
6	Salem Housing	3216 MLK	50	112
7	Rite Aid	5018 Clio	78	144
8	N. Flint Auto	6204 N. Saginaw	71	118

It is anticipated that topics shown below in italicized font will be detailed after the model is updated in March 2015.

1. Simulation of Existing System

Match existing conditions. Chlorine and THM data may be used to verify model results. We have chlorine feed data at plant and residuals at 10 locations in each MOR, May 2014 – January 2015.

2. Identification of Water System Deficiencies

Specific issues to look at:

Worst case at minimum daily demands
Water age in entire system
Recirculating water through pump stations
Use of storage tanks – volumes in particular
Indications of broken valves
Effectiveness of booster disinfection

V. RECOMMENDATIONS TO MINIMIZE FUTURE OEL EXCEEDANCES

A. SOURCE

The City of Flint has already committed to the change from the Flint River as the water source to Lake Huron under the KWA system, planned for late 2016. The risk of future TTHM limit violations will decline substantially with the use of water from Lake Huron due to much lower DBP precursors. It is important to recognize that the Flint River will become strictly an emergency supply when the KWA supply becomes available and any investments toward the Flint River should be contemplated accordingly. Recommendations discussed below in this section apply to the Flint River as the source.

Reverting to supply from the DWSD until the KWA supply is available as an option. However, based on information provided by the City of Flint, the annual cost to receive water from the DWSD would be at least $16,000,000/year or $1,333,000/month. Therefore, utilizing the DWSD for interim supply is cost prohibitive under the terms defined by the DWSD.

1. Watershed Management

A volunteer group entitled the Watershed Coalition performs various tasks related to managing the Flint River watershed such as spring cleanups and annual benthic studies to evaluate the river 'health'. No additional action is recommended at this time.

2. Monitoring

The City documents daily raw water flow, pH, alkalinity, carbonate and non-carbonate hardness, chloride, temperature, turbidity and coliform count as part of standard preparation of Monthly Operating Reports (MOR). It is recommended to add raw water TOC and plant tap THM values to daily documented measurements which would provide staff the data needed to establish correlations to predict distribution system THM formation.

3. Intake Operations

The 2002 Treatability Study recommended pre-oxidation in the form of sodium permanganate as a feed at the intake. It is possible the addition of a pre-oxidant such as hydrogen peroxide or some type of permanganate could enhance the ozone process. Veolia evaluated permanganate demand during jar testing the week of February 16th, 2014 and further recommendations will be incorporated when results become available.

4. Seasonal Strategies

Past data indicates the Flint River is influenced by groundwater and in particular, dolomitic spring water. The result is hard water with high concentrations of magnesium and sulfate. Also, hardness and alkalinity are higher during the winter. Upon initiation of supply from the Flint River, the City made the decision to soften with just lime to focus on removal of carbonate hardness. One potential modification that could assist with TOC removal and thus decrease THMFP would be lime and soda ash softening. A temporary caustic soda feed system is recommended to be put in place in case the need for optimized softening arises.

5. Upstream Contamination Issues

Upstream contamination issues are extremely difficult to prevent and even if detected are difficult to locate. Evaluation of raw water data collected for MORs is the easiest

manner in which to detect upstream contamination issues because the data is already collected for treatment purposes. In fact, high total Coliform readings signaled a potential issue recently that the City identified and removed.

An upstream monitoring and warning system could be established to attempt to detect water quality issues or spill event type contamination early enough to adjust treatment procedures or cease intake prior to the contamination reaching the WTP. However, given the imminent conversion to the KWA supply, the period of full time use would likely be far too short to achieve payback on the capital expenditures.

B. TREATMENT PROCESS

1. Operational Recommendations

- Increase ferric chloride dosage: Previous testing in the 2002 Treatability Study, jar testing completed by LAN, and a review of 2014 ferric chloride dosages compared to THM levels leaving the WTP support that increasing the ferric chloride dosage would help reduce THM formation.
- Increased monitoring: Currently, the MDEQ does not require daily reporting of raw water TOC or finished water TTHM levels. However, daily tracking of such levels would allow the City to develop a correlation between the two, thus providing a predictive tool to help manage TTHM levels.
- Coagulation and flocculation polymer aids: The 2002 Treatability Study suggested the use of coagulation and flocculation polymer aids. These polymer aids were shown in the 2002 Treatability Study to increase TOC removal and thereby reduce THMFP. Further evaluation will be completed during jar testing.
- Discontinue softening bypass: The City was previously bypassing a portion of flow around the softening basins because hardness levels did not warrant softening of the full stream. However, this practice was discontinued because it was believed the bypass stream was contributing to chlorine demand and preliminary data has supported that belief. Chlorine demand dropped 0.5 – 1.0 mg/l following elimination of the bypass stream in early November 2014.
- Soften with lime and soda ash: Research has shown that enhanced softening with both lime and soda ash may provide additional TOC removal. The efficacy of this option will be evaluated during jar testing.
- Disinfection of filter beds: In case there has been microbial growth it is recommended the filters be 'shock' treated with chlorine and rinsed. A chlorine injection point was added upstream of the filters during the first segment of Phase II so future growth in the filters should not be an issue.
- Optimization of all existing treatment processes: Depending on bench scale testing conditions and results, slight modifications to all treatment processes might in order to replicate lower DPBFP.
- Discontinue or adjust softening anionic polymer feed: Some anionic polymers have been found to increase TOC. Veolia evaluated the anionic polymer currently being fed during their jar testing and depending on the results, when available, the softening anionic polymer feed should be adjusted accordingly.

2. Infrastructure Change Recommendations

- Fix and/or replace faulty ozone equipment: Since the ozone equipment was installed it has not been used extensively so the hope is that major components remain in good condition and the system can be easily modified to restore proper functionality. The City has scheduled the equipment manufacturer to field inspect the system on December 15, 2014.
- Replace filter media with GAC media: GAC media could help reduce THM levels by reducing both TOC and chlorine demand. For this consideration, the recommended approach would be to first complete small scale testing to verify efficacy. Upon positive results, the next step would be replacement of media in a fraction of the filters following by sampling to measure water quality. Those results would determine the need to replace media in additional filters.
- Change disinfectant to chloramine or chlorine dioxide: If other options prove to be ineffective, conversion to another disinfectant should be fully evaluated. Various characteristics of chloramination indicate an advantage over chlorine dioxide, but a full analysis would provide clarity as to which would be preferred.
- Install pre-oxidant chemical feed: Hydrogen peroxide or a form of permanganate as a pre-oxidant can enhance the activity of the ozone. Chemical feed could be installed at the intake structure or low service pump station, depending on the reaction time required. Use of a pre-oxidant at the intake might also provide the additional benefit of disinfection credit for ozonation with the MDEQ if an ozone residual can be obtained at the ozone process effluent as a result.
- Repair upstream sewer leak: a sewer leak upstream of the WTP intake was discovered and has already been repaired by the City.

C. DISTRIBUTION SYSTEM

Potential distribution issues related to water quality issues discussed in Section IV included old cast iron pipe, oversized infrastructure, and remote storage/pump station locations and operations that might be less than ideal. Recommendations to address those issues are offered in this section.

1. Manage Water Age

a) Storage Tanks

Considering the excess storage capacity discussed in Section IV, in the short term it is recommended that operational changes be implemented immediately to reduce the overall volume of water stored to decrease water age. Immediate operational recommendations include lowering high water levels of reservoirs other than the elevated tank, to reduce the total system wide usable storage volume to 30-36 MG.

In the long term, LAN recommends development of the most ideal options for water model evaluation. Excess storage volume and tank locations within the water system afford Flint numerous options to reduce the amount of storage volume utilized. As a starting point, two recommendations are presented below.

Option 1
- Take West Side reservoir and pump station out of service
- Cut storage volume used in half at Cedar Street reservoir
- Reduce the utilized storage volume of the WTP clearwell from 3 MG to 2 MG
- Adjusted system wide storage volume would be 34 MG

Option 2
- Take Cedar Street reservoir and pump station out of service
- Reduce the utilized storage volume of the WTP clearwell from 3 MG to 2 MG
- Adjusted system wide storage volume would be 36 MG

b) Residence Time in Pipes

Completely redesigning and replacing the water system to match today's demands is not feasible financially and would be a waste of infrastructure with remaining useful life. Going forward, it is recommended that any future main replacement projects be evaluated for possible downsizing. When the water model is fully updated, it will provide a valuable tool in determining which mains can be downsized and to what extent. Replacement of broken valves and valve exercising are also recommended, which are programs that have already been implemented into Flint's regular operations.

Operationally, hydrant flushing is recommended as needed to minimize water age in low flow areas. Again, the updated water model should be used to locate high water age areas and optimal flushing points.

2. Reduce Disinfectant Demand

Recommendations to reduce disinfectant demand are similar to those described above to reduce water age. Replacement of old cast iron pipes would lead to a reduction of disinfectant demand on the distribution side, but realistically can only be accomplished over a prolonged period of time. In the meantime, hydrant flushing is the most viable means of reducing disinfectant demand in piping. From a storage standpoint, all reservoirs and tanks should be regularly inspected and maintained to prevent entrance of any outside contamination that would contribute to disinfectant demand.

3. Water Modeling of Recommendations [yet to be completed]

Determine best flushing locations to reduce water age
Evaluate changes in storage tank operations to reduce water age
Valves to close/add to improve pressure zones, reduce recirculation
Optimization of pump station use – smaller pumps? Shut down?
Evaluate booster disinfection

D. BOOSTER DISINFECTION

Decreasing chlorine feed at the WTP and adding booster disinfection in the distribution system is an alternative intended to reduce the reaction time at higher concentrations of chlorine to reduce DPB formation. Extensive looping and branching within the existing system complicate how to best implement and utilize booster disinfection. Water system modeling is recommended to gage the effectiveness of existing feed point locations and dosages. Further discussion and details will be provided when the distribution evaluation results are available.

E. CATEGORIZATION OF ACTIONS

Considering that the Flint River is being used as the water source only until the KWA supply is available (expected late 2016), options to address high THM formation that require new construction or extensive time to implement are not preferred. On the other hand, the City understands THM sample results to date dictate that some action is necessary. Two categories have been developed to assist the City in prioritizing actions to take. Stage 1 consists of actions that can be completed relatively quickly without major construction and Stage 2 actions are either long term actions or solutions requiring major construction. Stage 1 actions are to be completed first followed by evaluation of the results prior to consideration of Stage 2 actions. Grouping of actions are shown in the table below.

TABLE 11 – ACTION PLAN

	Action	Purpose
Stage 1	Hire water consultant to complete 'water audit'	Third party review of actions and operations to make sure no options are being missed
	Increased water quality monitoring – obtain THM and TOC analyzers	Provide information needed to adjust WTP operations to match changing raw water quality
	Troubleshoot ozone feed system	Reduce chlorine feed and increase TOC removal
	Bench scale jar testing	Optimize treatment process and evaluate possible modifications
	Discontinue softening bypass	Reduce chlorine demand
	Disinfect filters	Reduce chlorine demand
	Increased water main flushing	Reduce water age / stagnant water
	Water system modeling evaluation	Determine areas with high water age and reasons
	Implement coag. & floc. polymer aids, if appropriate	Increase TOC removal
	Modify booster disinfection feeds, if appropriate	Decrease water age
Stage 2	Repair ozone system	Reduce chlorine feed and increase TOC removal
	Continue increased water main flushing	Reduce water age / stagnant water
	Convert to lime and soda ash softening	Increase TOC removal
	Continue valve replacements based on water model	Reduce water age / stagnant water
	Replace filter media with GAC	Reduce TOC and chlorine demand
	Change disinfectant to chlorine dioxide	Reduce THMFP
	Install pre-oxidant feed at intake	Optimize ozone disinfection, reduce chlorine
	Place priority on replacing cast iron water mains	Reduce chlorine demand

Samples were taken the week of February 16th for the 4th round of quarterly testing. The City has implemented many of the Stage 1 actions and THM test results have significantly improved (decreased) each time samples have been taken since August 2014. In addition to the regular compliance monitoring, the City performed a round of sampling on January 27, 2015. All sampling results are shown on Chart 1.

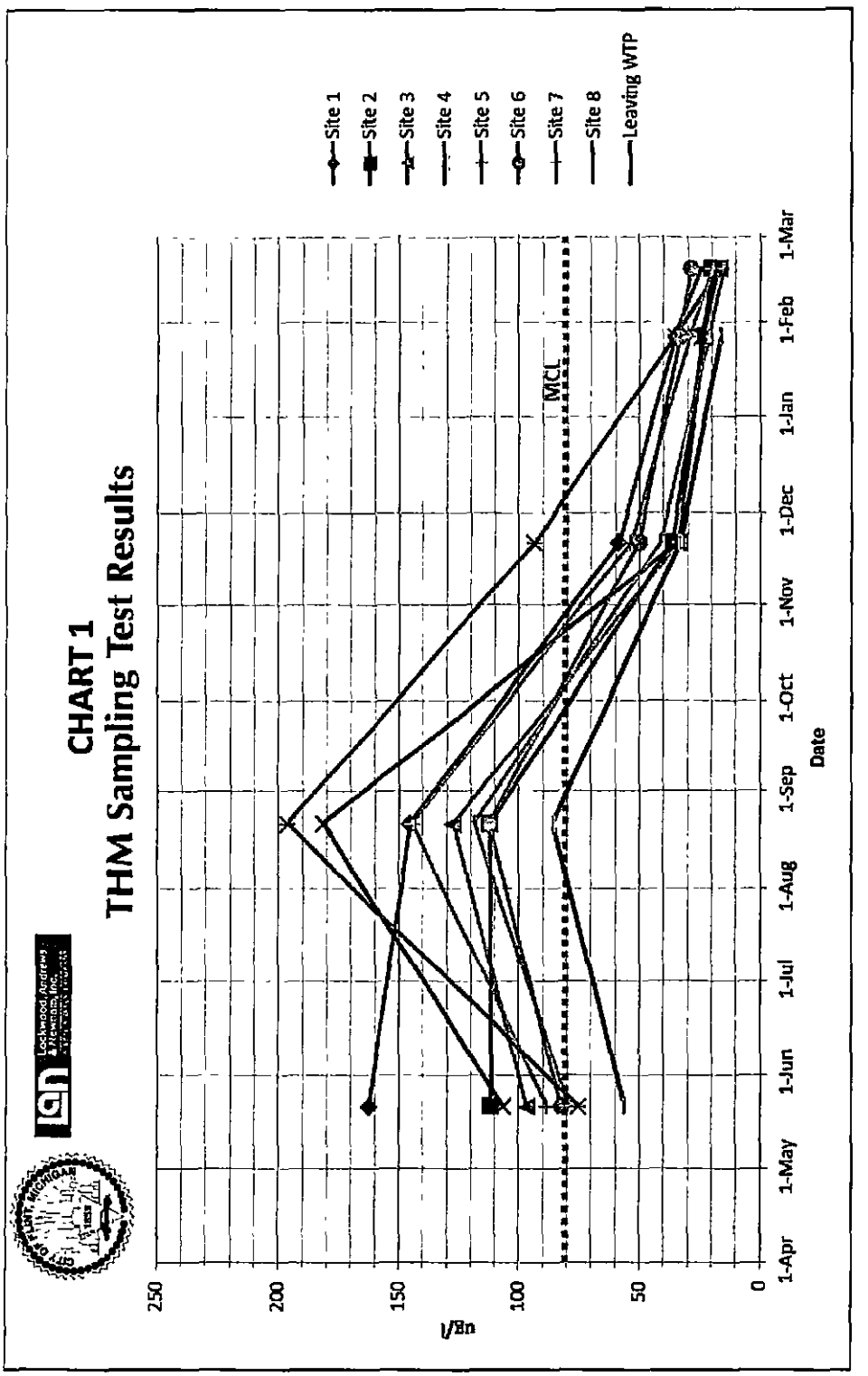
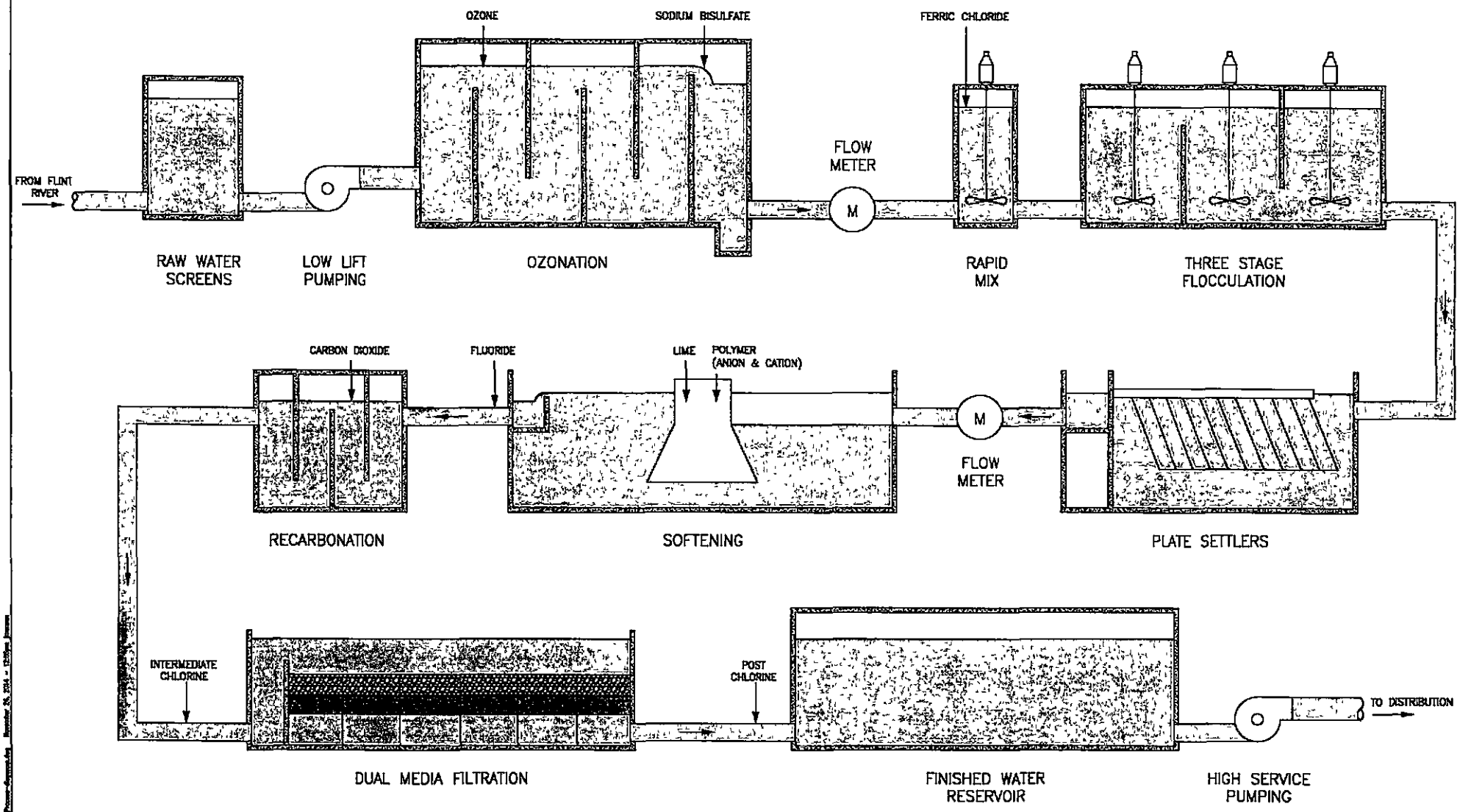


CHART 1
THM Sampling Test Results
Site 1
Site 2
Site 3
Site 4
Site 5
Site 6
Site 7
Site 8
Leaving WTP
MCL
ug/l
250
200
150
100
50
0
1-Apr
1-May
1-Jun
1-Jul
1-Aug
1-Sep
1-Oct
1-Nov
1-Dec
1-Jan
1-Feb
1-Mar
Date



Genesee County

Lockwood, Andrews & Newnam, P.C.

1311 S. Linden Road, Suite B
Tel 810-820-0582 Fax 810-820-2703
www.lan-inc.com

CITY OF FLINT
WATER TREATMENT PLANT

REVISIONS

FILE LOG

WATER TREATMENT PLANT
PROCESS DIAGRAM

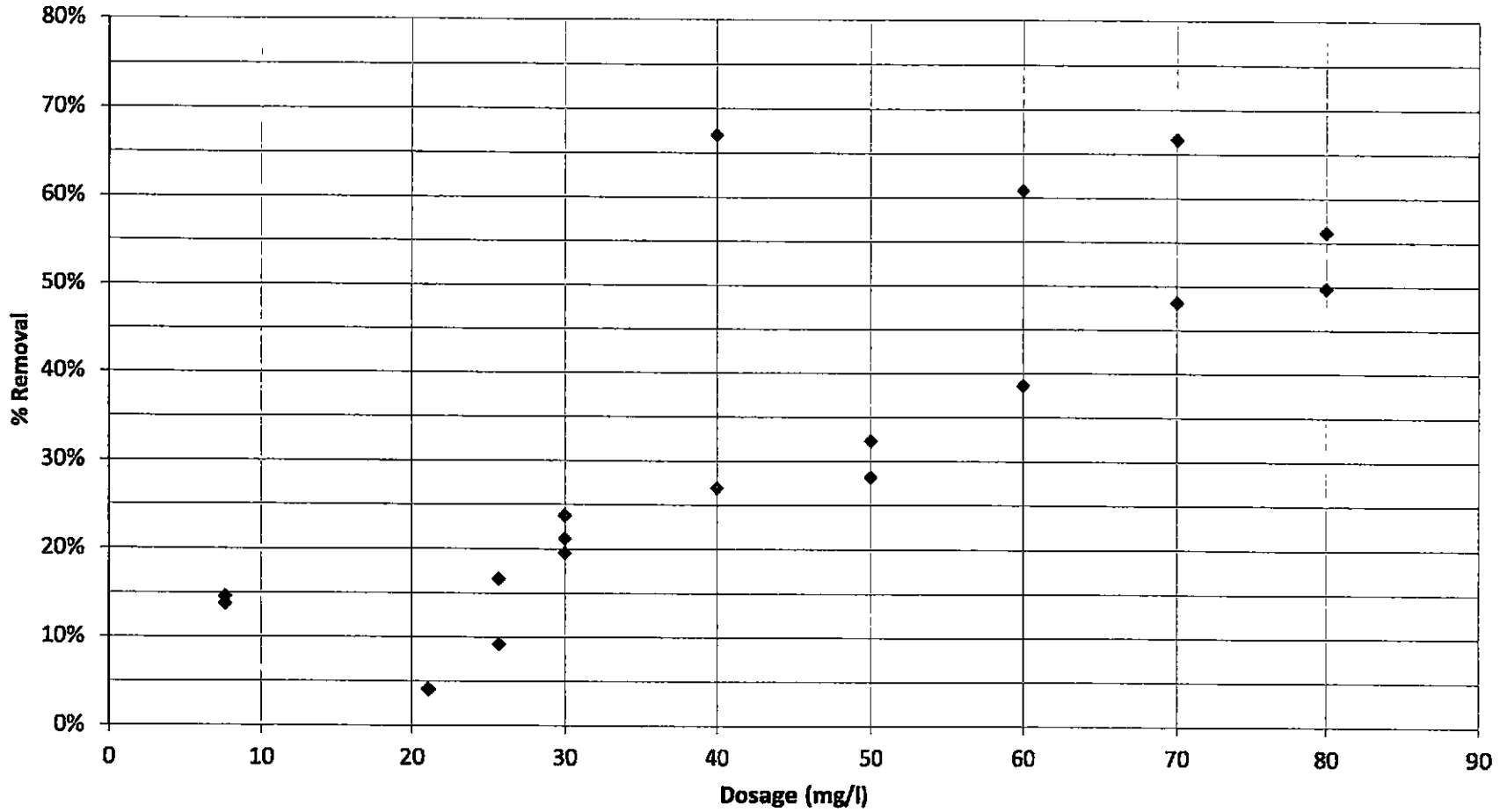
Project No. 130-110701-001
Date Nov 21, 2014
Sheet
FIG 1

APPENDIX A
JAR TEST DATA

Lockwood, Andrews & Newnam, Inc.

Charles F. Lawrence, P.E.

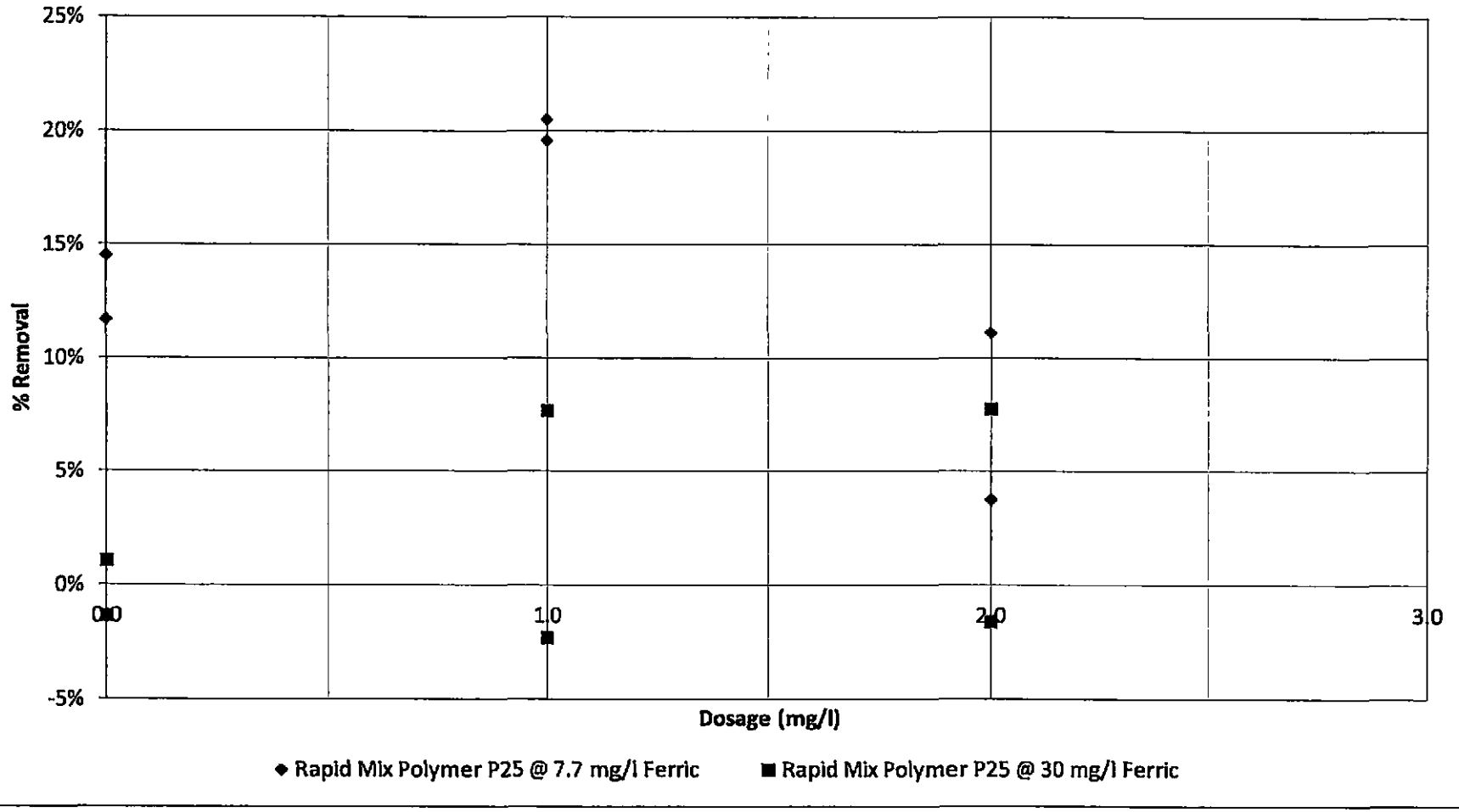
Ferric Chloride Feed
THM Removal



Lockwood, Andrews & Newnam, Inc.

Charles P. Lawrence, P.E.

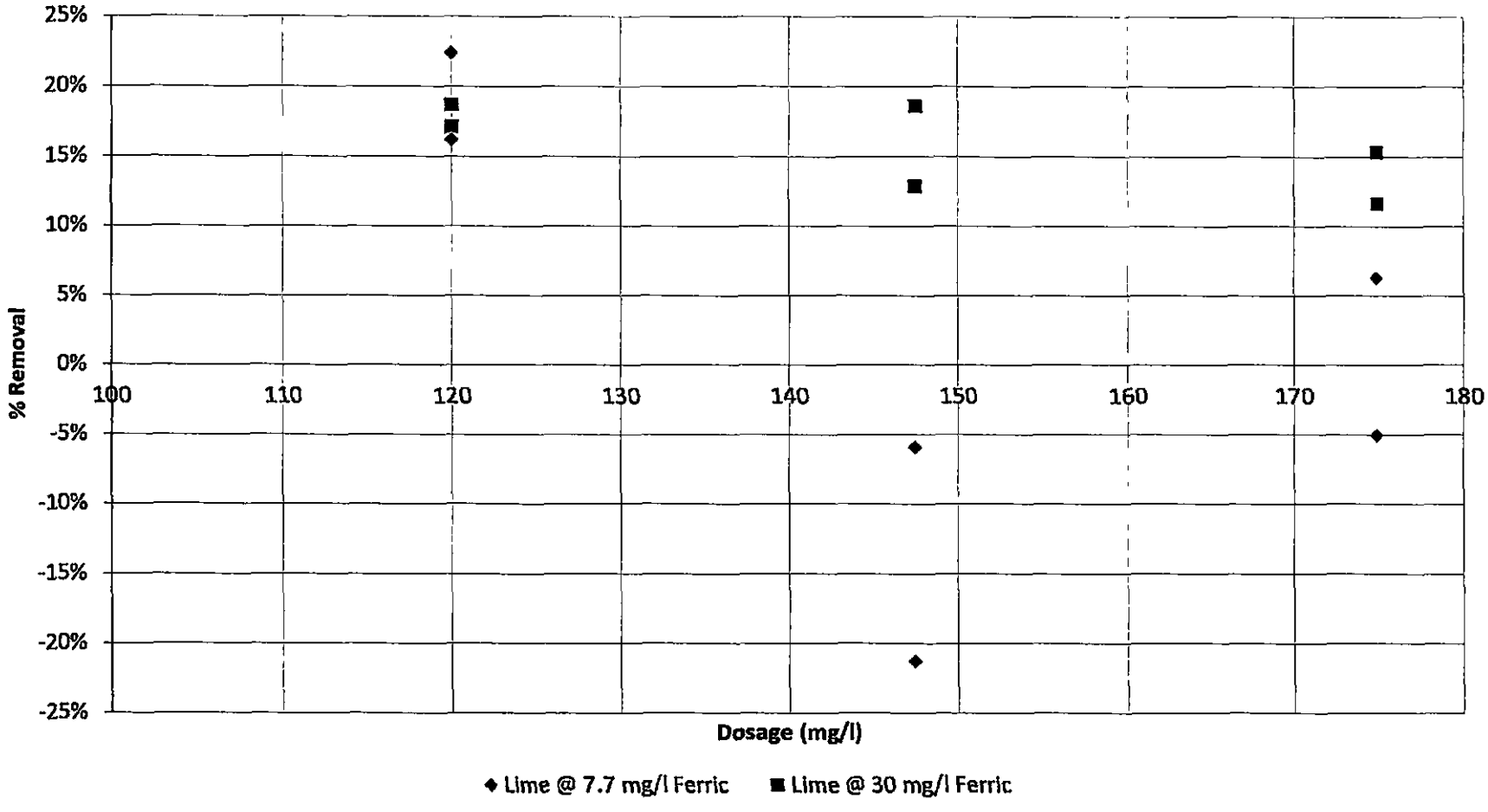
Coag/Floc Polymer Aid
THM Removal



Lockwood, Andrews & Newnam, Inc.

Charles P. Lawrence, P.E

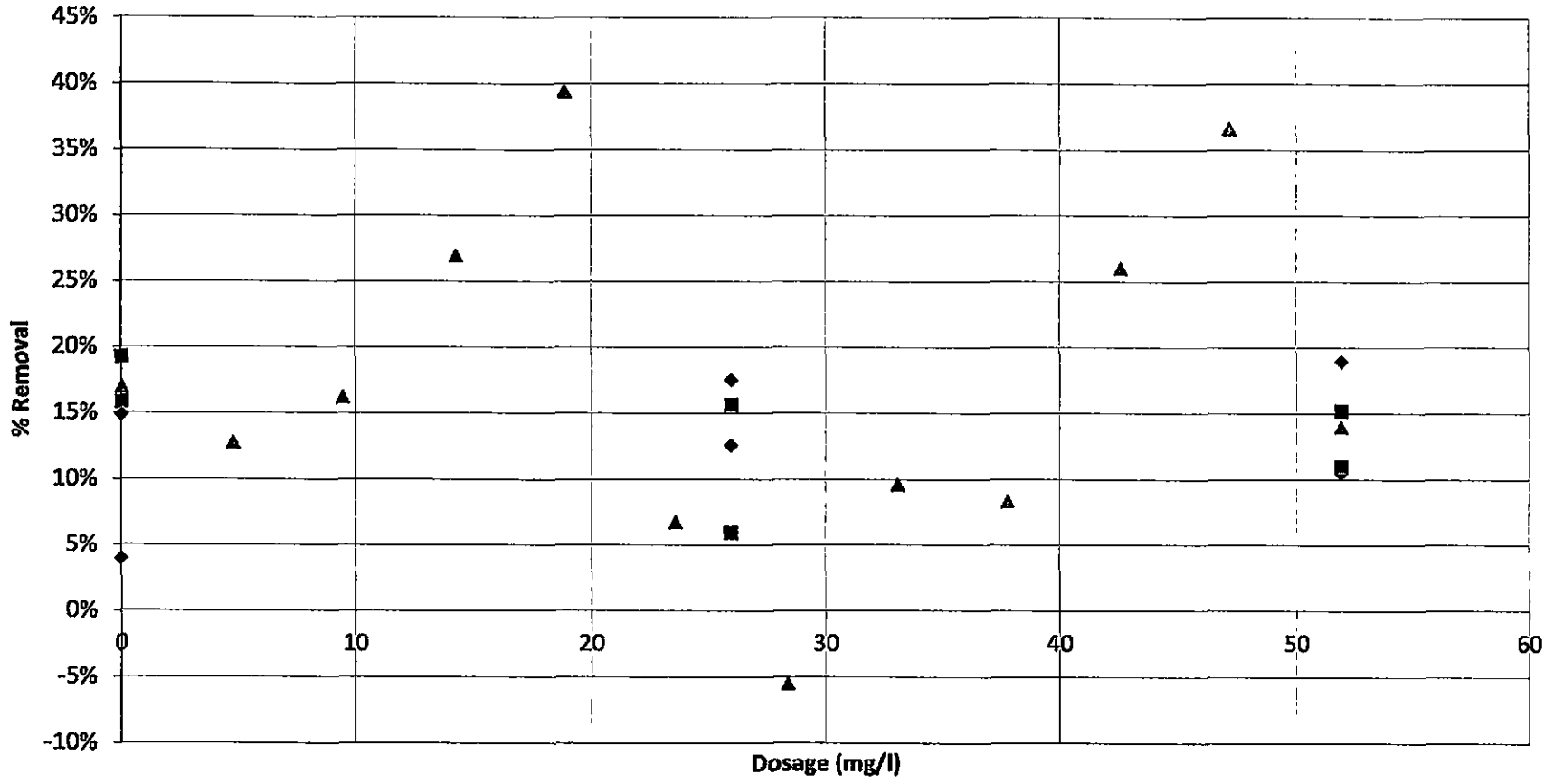
Lime Feed
THM Removal



Lockwood, Andrews & Newnam, Inc.

Charles F. Lawrence, P.E.

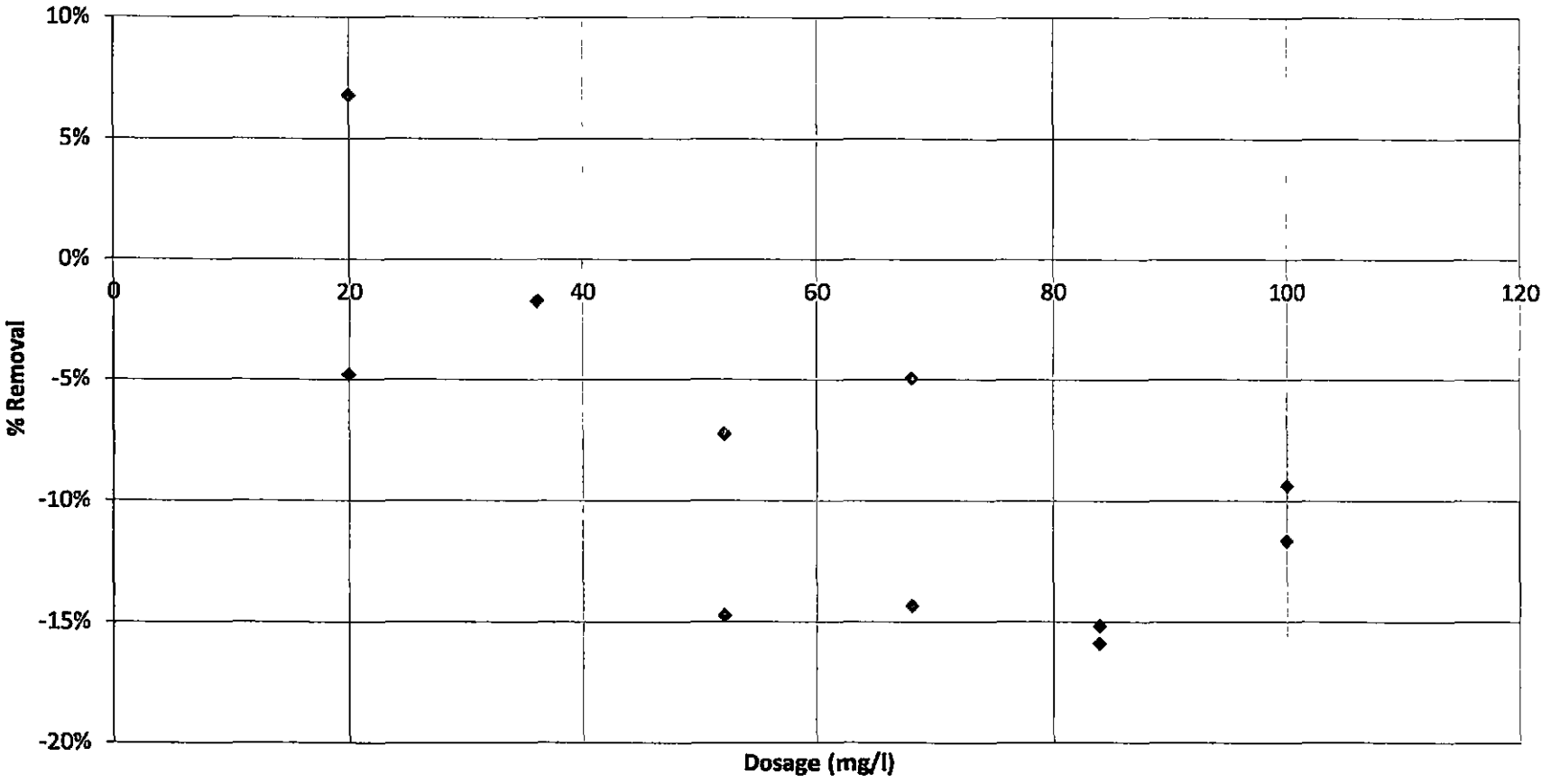
Soda Ash Feed
THM Removal



Lockwood, Andrews & Newnam, Inc.

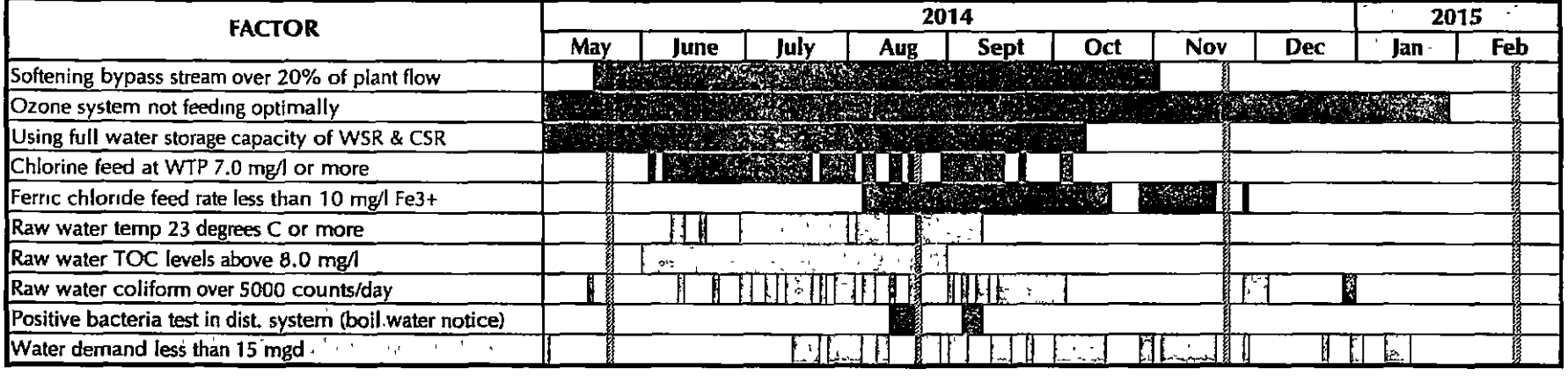
Charles F. Lawrence, P.E.

PAC Feed
THM Removal



APPENDIX B
WTP DATA

TABLE 1 - SUMMARY OF NEGATIVE INFLUENCES ON THM COMPLIANCE SAMPLING



Dates of occurrence

Dates of occurrence and expected to repeat in future years

Compliance sampling date

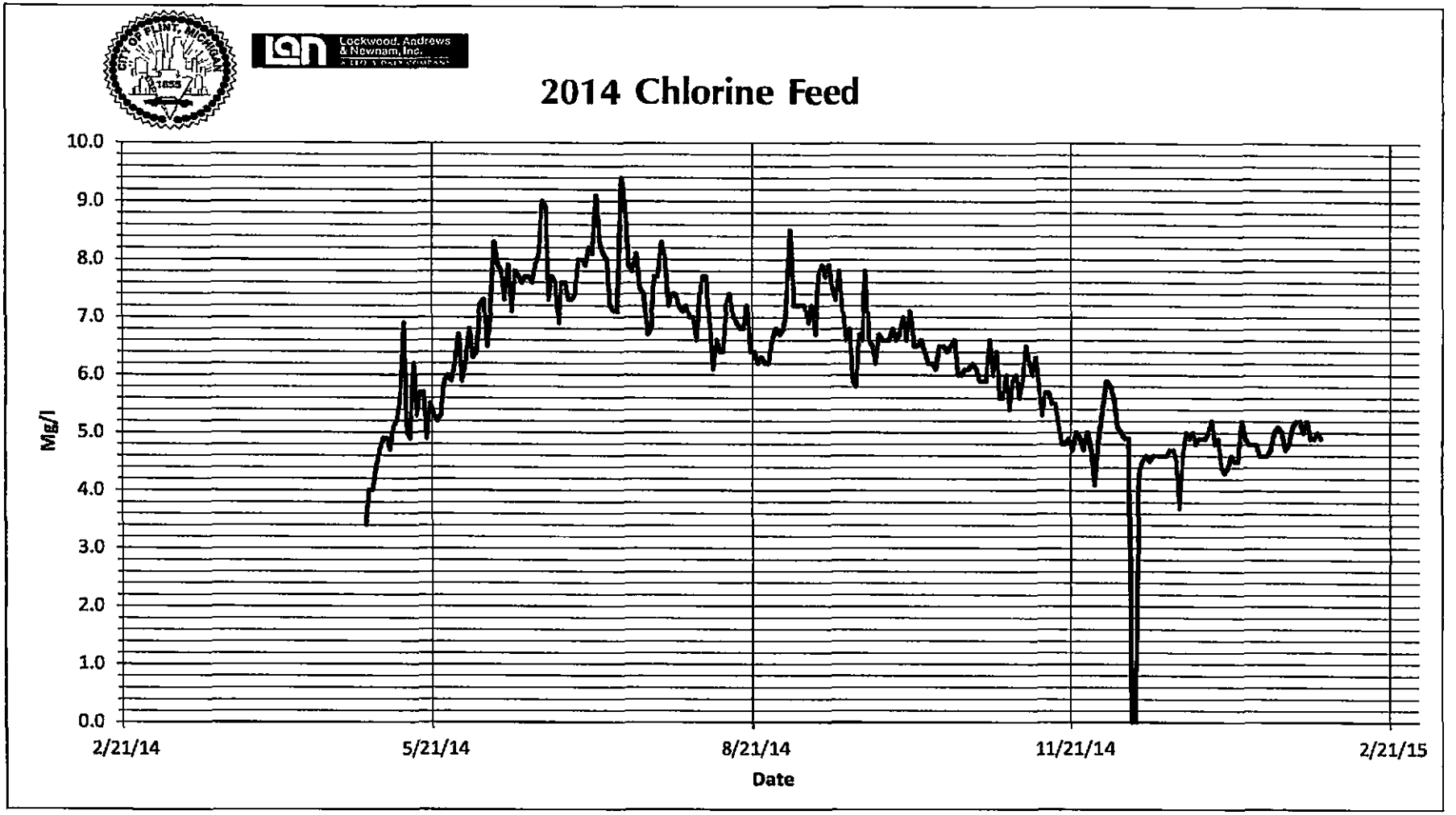
Factors under Flint staff control

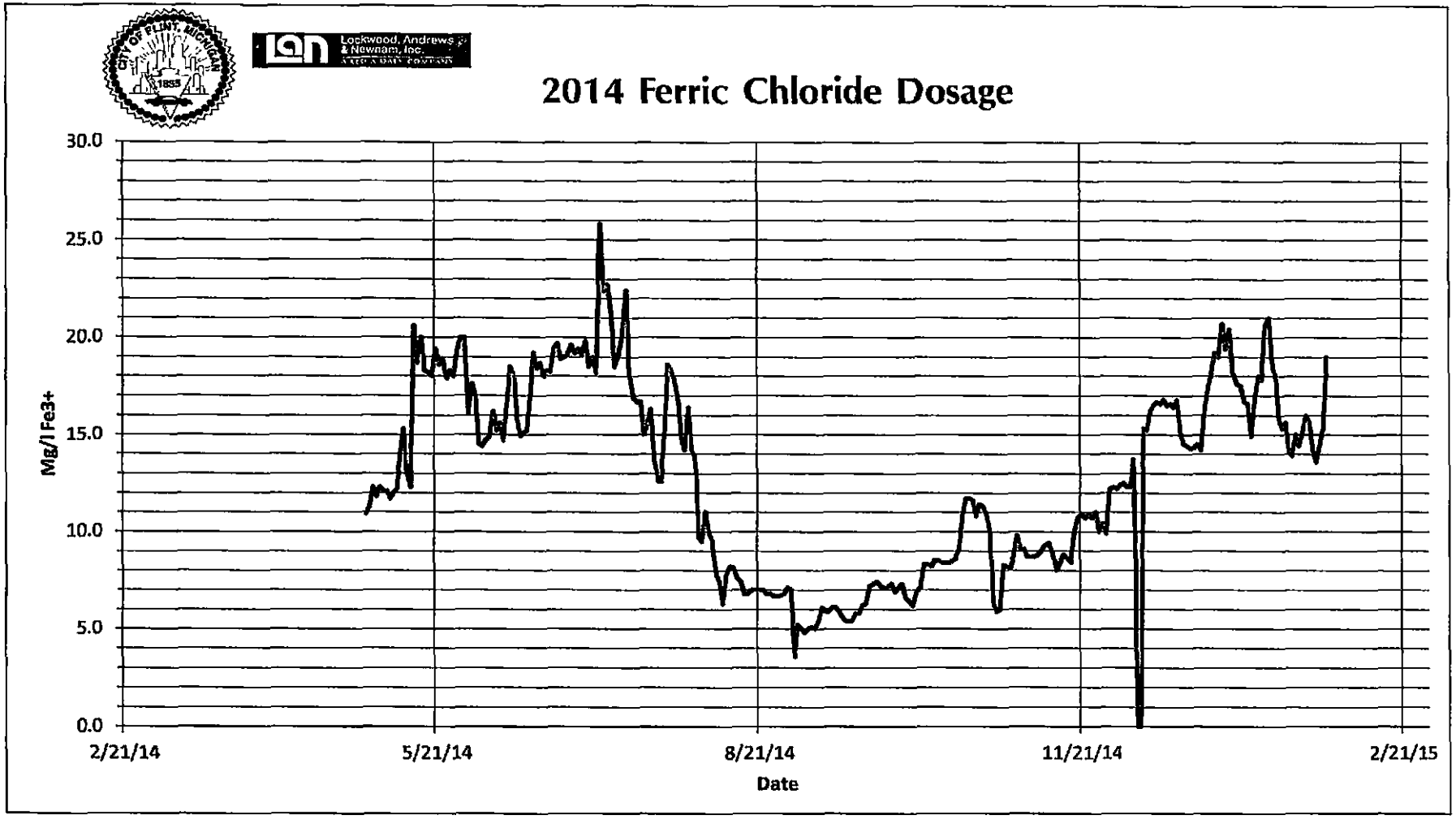
Flint River characteristics

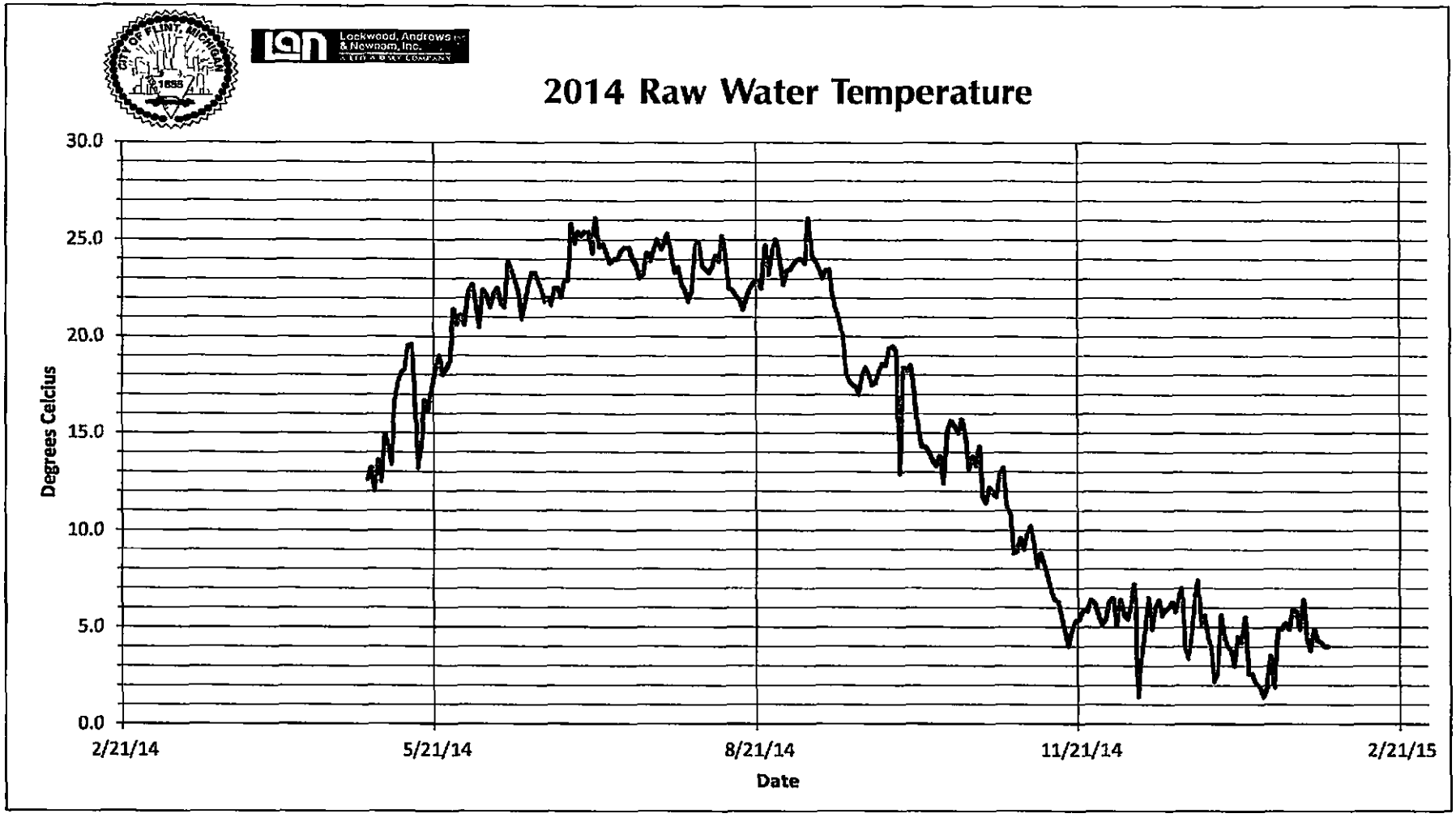
System factors

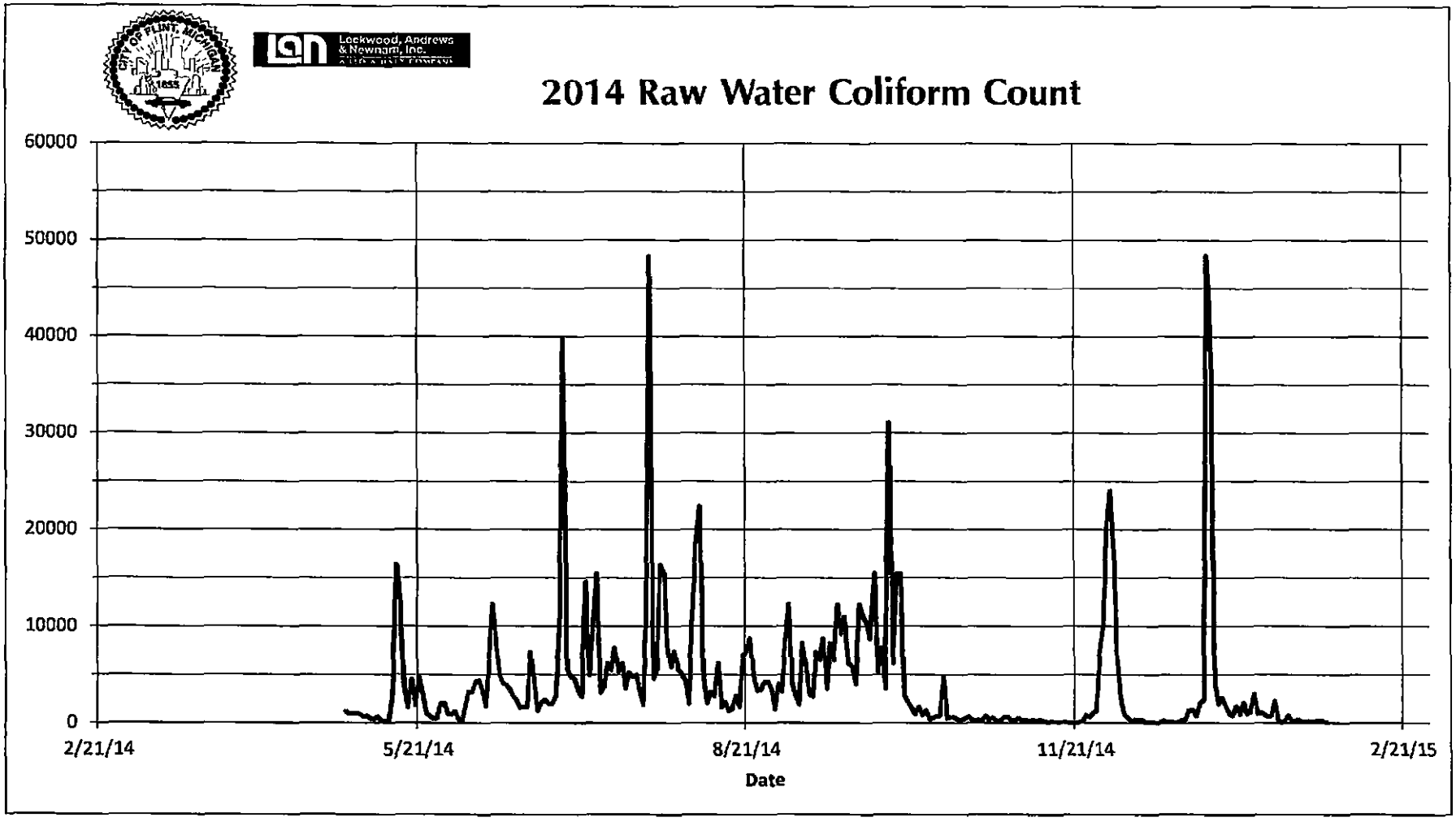
Lockwood, Andrews & Newnam, Inc.
A LEO A DALY COMPANY

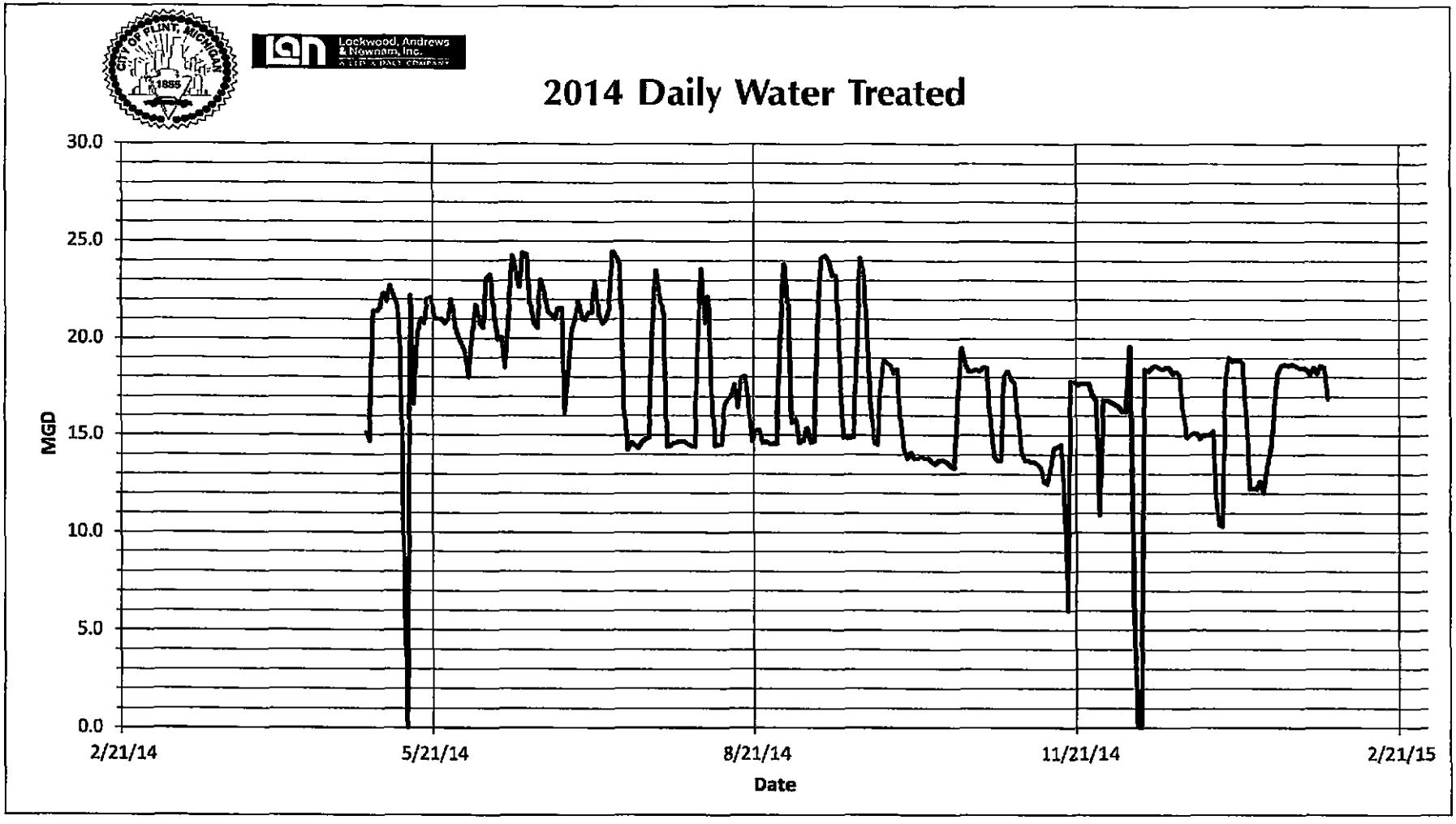
PLANNING
ENGINEERING
PROGRAM MANAGEMENT


Lockwood, Andrews & Newnam, Inc.
2014 Chlorine Feed
10.0
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
Mg/l
2/21/14
5/21/14
8/21/14
11/21/14
2/21/15
Date


Lockwood, Andrews & Newnam, Inc.
2014 Ferric Chloride Dosage
30.0
25.0
20.0
15.0
10.0
5.0
0.0
Mg/l Fe3+
2/21/14
5/21/14
8/21/14
11/21/14
2/21/15
Date


Lockwood, Andrews & Newnam, Inc.
2014 Raw Water Temperature
30.0
25.0
20.0
15.0
10.0
5.0
0.0
Degrees Celcius
2/21/14
5/21/14
8/21/14
11/21/14
2/21/15
Date


Lockwood, Andrews & Newnam, Inc.
2014 Raw Water Coliform Count
60000
50000
40000
30000
20000
10000
0
2/21/14
5/21/14
8/21/14
11/21/14
2/21/15
Date


Lockwood, Andrews & Newnam, Inc.
2014 Daily Water Treated
30.0
25.0
20.0
15.0
10.0
5.0
0.0
MGD
2/21/14
5/21/14
8/21/14
11/21/14
2/21/15
Date

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 14, 2015 8:14 AM
To: Saxton, Thomas (Treasury)
Subject: RE: What's the latest on Flint?

We have people in Flint today to get the details on where they stand. We know it is not good

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: *Saxton, Thomas (Treasury)*
Sent: Wednesday, October 14, 2015 8:11 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: FW: What's the latest on Flint?

Can we pull together some bullets for Dennis?

From: Muchmore, Dennis (GOV)
Sent: Tuesday, October 13, 2015 8:42 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: What's the latest on Flint?

Tom-
Where do they stand now on shortfalls, budget and costs of transition?

Workman, Wayne (TREASURY)

From: Cline, Richard (Treasury)
Sent: Wednesday, October 14, 2015 10:11 AM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: STATUS OF FLINT WATER
Attachments: STATUS OF FLINT WATER.10-14-15.docx

Importance: High

Tom/Wayne:

Per your request, here are bullet points regarding the status of Flint's water system.

If you need further changes, let me know.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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STATUS OF FLINT WATER: October 14, 2015

- Flint Receivership Transition Advisory Board meeting today to consider budget amendments to pay for temporary reconnection to the Detroit water system

- Treasury staff from Bureau of Local Government will be meeting with City officials to review overall budget and cash conditions

- Negotiations between the City of Flint, Genesee County and DWSD remain in progress to finalize the necessary agreements for the City to temporarily reconnect to the Detroit water system

- Both the Kincaid and Shears lawsuits remain in litigation. Potential losses of $30M are possible. The City's request to Treasury for financial assistance for outside legal consul is still pending

Byrne, Randall (Treasury)

From: Natasha Henderson <nhenderson@cityofflint.com>
Sent: Wednesday, October 14, 2015 10:15 AM
To: Cline, Richard (Treasury); Byrne, Randall (Treasury); Headen, Frederick (Treasury); Dempkowski, Angela (Treasury)
Subject: Signed Resolutions
Attachments: ResolutionsRTABOctober14.pdf

Hello All:

I have attached the signed copies. I will bring the signed copies for distribution in the meeting today.

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

RESOLUTION NO.: 150872

PRESENTED: 10-12-15

ADOPTED: _____

RESOLUTION AUTHORIZING A BUDGET AMENDMENT TO INCREASE THE WATER AND SEWER BUDGET BY $12,000,000.00 AND TO ALLOW FOR EXPENDITURES FROM THOSE FUNDS TO FACILITATE THE SWITCH BACK TO THE DWSD WATER SUPPLY

BY THE CITY ADMINISTRATOR:

Due to the serious health threat facing the residents of the City of Flint, the Administration has been diligently working toward a feasible and speedy resolution to the City's water crisis; and

Through the commitment of $6 million from the State of Michigan and $4 million from the C.S. Mott Foundation, a total of $10 million in contributions have been pledged to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department and its successor, the Great Lakes Water Authority, until the City is able to receive water from the Karegnondi Water Authority (KWA).

The City Administrator and the Mayor have agreed to the acceptance of these funds. At this time, the KWA reports that construction is on schedule to be completed by June 30, 2016. The City estimates that the total cost to purchase water through DWSD will be $12 million for 9 months. The balance of $2 million not covered by the generous pledges of State and Local resources is the responsibility of the City.

A budget amendment is necessary to reflect both an increase in revenues for the receipt of $10 million in assistance and $2 million of budgeted Use of Fund Balance and an increase in expenditures of $12 million for the purchase of DWSD water supply.

IT IS RESOLVED that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable. Specific revenue and expenditure line items will be provided by the Chief Financial Officer.

APPROVED AS TO FORM:

per _____
Peter M. Bade, City Attorney

FOR THE CITY OF FLINT:

_____
Natasha L. Henderson, City Administrator

APPROVED AS TO FINANCE:

_____
Jody N. Lundquist, Chief Financial Officer

APPROVED BY THE FLINT CITY COUNCIL:

_____

PRESENTED TO CITY COUNCIL: 10/12/2015
ADOPTED BY CITY COUNCIL: 10/12/2015

150875

RESOLUTION NO.: _____

PRESENTED: 10-12-15

ADOPTED: _____

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO TAKE NECESSARY ACTION TO CONVERT TO THE DETROIT WATER SYSTEM

BY THE CITY ADMINISTRATOR:

In order to promote the health, safety and welfare of this community, it is in the best interests of the City of Flint for the Detroit Water and Sewer Department (DWSD) to supply the City with treated water pending completion of the Karegnondi Water Authority; and

In order for DWSD to supply the City with water, it will be necessary to utilize pipe owned by the Genesee County Drain Commission (GCDC); and

The City, DWSD and GCDC are actively negotiating the terms of the necessary agreements to ensure this transition occurs as soon as possible; and

IT IS RESOLVED that the City Administrator is hereby authorized to enter into agreements with DWSD and GCDC for conversion to the Detroit Water System.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

Jody N. Lundquist, Chief Financial Officer

FOR THE CITY OF FLINT:

Natasha L. Henderson, City Administrator

APPROVED BY CITY COUNCIL:

PRESENTED TO CITY COUNCIL: 10/12/2015

ADOPTED BY CITY COUNCIL: 10/12/2015

Stanton, Terry A. (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, October 14, 2015 10:40 AM
To: Wyant, Dan (DEQ); Roberts, John (DTMB); Muchmore, Dennis (GOV)
Cc: Workman, Wayne (TREASURY); Baird, Richard (GOV); Khouri, Nick (TREASURY)
Subject: FW: Flint telephone call this morning

I assume we tell them to proceed? I am not aware of the timing on legislative action. The payt to DWSD will ultimately be paid out over time (e.g, say Nov thru June).

From: Byrne, Randall (Treasury)
Sent: Wednesday, October 14, 2015 10:21 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: Flint telephone call this morning

Tom and Wayne:

During our telephone call today, Mayor Walling indicated that they have received the go ahead from the Drain Commissioner and are performing the bacti tests on the eight mile waterline. If all goes well, they may be able to begin to use DWSD water soon. **The Mayor wanted to know if they can use DWSD water before the Legislature takes action on the $6M assistance package? Please advise.**

Thanks,
Randy

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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Hudson, Deanna (TREASURY)

From: Hudson, Deanna (TREASURY)
Sent: Wednesday, October 14, 2015 10:48 AM
To: Cline, Richard (Treasury)
Subject: Budget Amendment EM Memo
Attachments: Budget Amendment EM Order Memo to State Treasurer 10-13-15.docx; Flint Agenda-City-Council-10-12-15.pdf; ResolutionsRTABOctober14.pdf

Eric,

Attached is the memo and supporting documents for the State Treasurer. Please advise if you would like any adjustments.

Thank you,
Deanna Hudson
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 241-3581

4425 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: October 14, 2015

TO: Nick A. Khouri, State Treasurer

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: Flint RTAB Budget Amendment Recommendations

The Flint Receivership Transition Advisory Board (RTAB) has recommended approval of two budget amendments to the City's adopted two-year budget. Final approval will require amendment to Emergency Manager Order 7 of 2015, which adopted the FY 2015-2016 and FY 2016-2017 biennial budgets. This Order was adopted by the Flint Emergency Manager on April 28, 2015.

The first budget amendment increases the Water and Sewer revenue by $10 million to reflect the pledge of $6 million from the State of Michigan and $4 million from the C. S. Mott Foundation to allow for the expenditures from those funds to facilitate the switch back to the Detroit Water and Sewerage Department (DWSD). The second amendment is a $2 million commitment by the City of Flint of budgeted Use of Water Fund to assist in covering the estimated $12 million cost to purchase water through DWSD.

When the Governor appointed the City of Flint RTAB on April 29, 2015, the RTAB was thereby authorized to recommend amendments, modifications, repeal, or the termination of any Emergency Manager order, subject to final approval by the State Treasurer.

Attached for review is a budget resolution and City Council agenda from October 12, 2015, a memorandum from the City Administrator regarding the budget amendment to increase the water and sewer budget by $12 million and to allow for the expenditures from those funds to facilitate the switch back to the DWSD water supply. Approval of these amendments is being requested.

If additional information is desired, please let me know.

Attachments

City of Flint, Michigan

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Meeting Agenda - Final

Monday, October 12, 2015

6:00 PM

Council Chambers

CITY COUNCIL

Joshua M. Freeman, President, Ward 4
Wantwaz D. Davis, Vice President, Ward 5

Eric Mays, Ward 1
Kerry Nelson, Ward 3
Monica Galloway, Ward 7
Jacqueline Poplar, Ward 2
Herbert J. Winfrey, Ward 6
Victoria VanBuren, Ward 8
Scott Kincaid , Ward 9

Inez M . Brown, City Clerk

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

PRESENTATION OF COMMITTEE/COUNCIL MINUTES

150873 Summary Minutes/Flint City Council/Regular Meeting/September 28, 2015

Summary Minutes of the Flint City Council regular meeting held Monday, September 28, 2015, at 6:01 p.m., in the City Council Chambers, 3rd Floor, City Hall.

PUBLIC HEARINGS

None

PUBLIC COMMENT

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes on ANY ITEM PERTAINING TO THIS AGENDA.

PETITIONS AND UNOFFICIAL COMMUNICATIONS

None

COMMUNICATIONS FROM CITY OFFICIALS

150874 Traffic Engineering/Closure Permit

Short-Term Street/Lane Closure Permit dated October 7, 2015, re: Kearsley, Robert T. Longway, Horrigan, Court, and Crapo Streets on Saturday, October 10th (Making Strides Against Breast Cancer Walk).

ADDITIONAL COMMUNICATION

APPOINTMENTS

LICENSES

RESOLUTIONS

NOTE: Resolution No. 150828.1 was referred to today's City Council agenda from the Wednesday, September 30th Planning & Development Committee meeting, while Nos. 150863 and 150864 were referred from the Wednesday, October 7th Finance & Administration Committee meeting.

150828.1 Approval/Obsolete Property Rehabilitation District/Lapeer Road and Averill Avenue

Resolution resolving that the legally described parcels of land situated within the City of Flint, Genesee County, and State of Michigan, be and are hereby established as an Obsolete Property Rehabilitation District (3501 Lapeer Road Area District) pursuant to the provision of the Public Act 146 of 2000, as amended. [NOTE: The district encompasses properties located at 3501 Lapeer Road, 3711 Lapeer Road and 1620 Averill Avenue.]

150863 SAW Grant Agreement/City of Flint/Michigan Finance Authority (MFA)/Michigan Department of Environmental Quality (DEQ)/Strategic Water Quality Initiatives Grant Program

Resolution resolving that the City Administrator, a position currently held by Natasha L. Henderson, is designated as the Authorized Representative for purposes of the SAW Grant Agreement, AND, the proposed form of the SAW Grant Agreement between the City of Flint, the MFA and the DEQ is hereby approved and the Authorized Representative is authorized and directed to execute the SAW Grant Agreement with such revisions as are permitted by law and agreed to by the Authorized Representative, AND, the City of Flint shall repay the Grant, within ninety (90) days of being informed to do so, with interest at a rate NOT-TO-EXCEED eight (8) percent per year, to the Authority, if the City of Flint is unable to, or decides not to, proceed with contructing the project or implementing the asset management program for which the funding is provided within three (3) years of the Grant award, AND, the Grant, if repayable, shall be a first budget obligation for the City of Flint and the City of Flint is required, if necessary, to levy ad valorem taxes on all taxable property in the City for the payment thereof, subject to applicable constitutional, statutory and local tax rate limitations, AND, the City of Flint shall not invest, reinvest or accumulate any moneys deemed to be Grant funds, nor shall it use Grant funds for the general local government administration activities or activities performed by municipal employees that are unrelated to the project, AND, the Authorized Representative is hereby jointly or severally authorized to take any actions necessary to comply with the requirements of the MFA and the DEQ in connection with the issuance of the Grant. The Authorized Representative is hereby jointly or severally authorized to execute and deliver such other contracts, certificates, documents, instruments, applications and other papers as may be required by the MFA or the DEQ or as may be otherwise necessary to effect the approval and delivery of the Grant, AND, the City of Flint acknowledges that the SAW Grant Agreement is a contract between the City, the MFA and the DEQ, AND, all resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded. [NOTE: Part 52 of the Natural Resources and Environmental Protection Act, as amended, provides that the MFA, in consultation with the DEQ, shall establish a strategic water quality initiatives grant program to provide grants to municipalities for sewage collection and treatment systems or storm water or non-point source pollution control. The City of Flint is requesting $2,000,000.00 to establish an asset management plan.] [NOTE: Agreement is not attached.]

150864 Contract/City of Flint/County of Genesee/Flint Holding Facility Operation

Resolution resolving that the City Administrator authorizes the appropriate city officials to do all things necessary to enter into the attached agreement with Genesee County for operation of the Flint Holding Facility. [NOTE: The City of Flint Police Department includes a 110-person holding facility with the ability to hold detainees for up to 72 hours. The Genesee County Sheriff currently operates the holding facility. The city and the sheriff have agreed to the terms of a contract for the sheriff to continue operating the facility for a contract price NOT-TO-EXCEED $2,764,275.00. The agreement is contingent on the city receiving funding from the State of Michigan to pay the full costs of the contract and the Sheriff receiving a continued waiver from the Michigan Department of Corrections.] [NOTE: Agreement is attached.]

RESOLUTIONS - MAY BE REFERRED FROM COTW

150865 Budget Amendments/FY2016 Budget of the City of Flint/General Fund/Drug Law Enforcement Fund/Public Improvement Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's General, Drug Law Enforcement and Public Improvement Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0982015.]

150866 Budget Amendments/FY2016 Budget of the City of Flint/Water Fund/Sewer Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's Water and Sewer Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0992015.]

150872 Budget Amendment/Water and Sewer Budget/Switch Back to Detroit Water and Sewerage Department (DWSD) Water Supply

Resolution resolving that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable, with specific revenue and expenditure line items to be provided by the Chief Financial Officer. [NOTE: The State of Michigan and C.S. Mott Foundation have committed $6 million and $4 million dollars respectively to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department (DWSD) and its successor, the Great Lakes Water Authority (GLWA), until the City is able to received water from the Karegnondi Water Authority (KWA). At

this time the KWA reports that construction is on schedule to be completed by June 30, 2015 [2016]. The City estimates the total cost to purchase water through DWSD will be $12 million for nine months. The balance of $2 million not covered by the pledges of State and Local resources is the responsibility of the City. A budget amendment is necessary to reflect both an increase in revenues for the receipt of $10 million in assistance and $2 million of budgeted Use of Fund Balance, and an increase in expenditures of $12 million for the purchase of DWSD water supply.]

LIQUOR LICENSES

ORDINANCES - First Reading

ORDINANCES - Second Reading

PUBLIC SPEAKERS

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes IN GENERAL.

COUNCIL DISCUSSION

ADJOURNMENT

RESOLUTION NO.: 150872

PRESENTED: 10-12-15

ADOPTED: _____

RESOLUTION AUTHORIZING A BUDGET AMENDMENT TO INCREASE THE WATER AND SEWER BUDGET BY $12,000,000.00 AND TO ALLOW FOR EXPENDITURES FROM THOSE FUNDS TO FACILITATE THE SWITCH BACK TO THE DWSD WATER SUPPLY

BY THE CITY ADMINISTRATOR:

Due to the serious health threat facing the residents of the City of Flint, the Administration has been diligently working toward a feasible and speedy resolution to the City's water crisis; and

Through the commitment of $6 million from the State of Michigan and $4 million from the C.S. Mott Foundation, a total of $10 million in contributions have been pledged to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department and its successor, the Great Lakes Water Authority, until the City is able to receive water from the Karegnondi Water Authority (KWA).

The City Administrator and the Mayor have agreed to the acceptance of these funds. At this time, the KWA reports that construction is on schedule to be completed by June 30, 2016. The City estimates that the total cost to purchase water through DWSD will be $12 million for 9 months. The balance of $2 million not covered by the generous pledges of State and Local resources is the responsibility of the City.

A budget amendment is necessary to reflect both an increase in revenues for the receipt of $10 million in assistance and $2 million of budgeted Use of Fund Balance and an increase in expenditures of $12 million for the purchase of DWSD water supply.

IT IS RESOLVED that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable. Specific revenue and expenditure line items will be provided by the Chief Financial Officer.

APPROVED AS TO FORM:

for _____
Peter M. Bade, City Attorney

FOR THE CITY OF FLINT:

_____
Natasha L. Henderson, City Administrator

APPROVED AS TO FINANCE:

_____
Jody N. Lundquist, Chief Financial Officer

APPROVED BY THE FLINT CITY COUNCIL:

_____

PRESENTED TO CITY COUNCIL: 10/12/2015

ADOPTED BY CITY COUNCIL: 10/12/2015

150875

RESOLUTION NO.: _____

PRESENTED: 10-12-15

ADOPTED: _____

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO TAKE NECESSARY ACTION TO CONVERT TO THE DETROIT WATER SYSTEM

BY THE CITY ADMINISTRATOR:

In order to promote the health, safety and welfare of this community, it is in the best interests of the City of Flint for the Detroit Water and Sewer Department (DWSD) to supply the City with treated water pending completion of the Karegnondi Water Authority; and

In order for DWSD to supply the City with water, it will be necessary to utilize pipe owned by the Genesee County Drain Commission (GCDC); and

The City, DWSD and GCDC are actively negotiating the terms of the necessary agreements to ensure this transition occurs as soon as possible; and

IT IS RESOLVED that the City Administrator is hereby authorized to enter into agreements with DWSD and GCDC for conversion to the Detroit Water System.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

Jody N. Lundquist, Chief Financial Officer

FOR THE CITY OF FLINT:

Natasha L. Henderson, City Administrator

APPROVED BY CITY COUNCIL:

PRESENTED TO CITY COUNCIL: 10/12/2015

ADOPTED BY CITY COUNCIL: 10/12/2015

Byrne, Randall (Treasury)

From: Cline, Richard (Treasury)
Sent: Wednesday, October 14, 2015 10:56 AM
To: Headen, Frederick (Treasury); Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury); Byrne, Randall (Treasury); Schafer, Suzanne K. (Treasury); Stanton, Terry A. (Treasury)
Subject: RE: Flint Budget Amendment

Ok.

Then we appear all set.

Thanks.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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From: Headen, Frederick (Treasury)
Sent: Wednesday, October 14, 2015 10:48 AM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: RE: Flint Budget Amendment

While the EM likely anticipated when he issued his final order that an RTAB would be appointed, he could not know for certain that one would be appointed. So, the provision you cite makes sense in that light. However, an EM order cannot override a State statute. Nor can an EM order assign duties to the State Treasurer. So, none of this affects my earlier e-mail.

From: Cline, Richard (Treasury)
Sent: Wednesday, October 14, 2015 10:31 AM
To: Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: FW: Flint Budget Amendment
Importance: High

Fred,

I received a copy of your email from Wayne.

I understand the argument you are making.

However, I wish to note that the Order 20, Section a (6) specifically states that the State Treasurer must approve any budget amendments to the two-year budget, which the City is operating under.

I am preparing all of the paperwork to send to the State Treasurer on the assumption that the RTAB will approve this and recommend approval to the State Treasurer.

If that occurs, I can have it submitted today.

Regardless of the final determination on this, we will be prepared to act on either outcome.

I just wanted to point out the Final Order provision prior to the meeting.

If you wish to discuss further, let me know.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 14, 2015 8:40 AM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: FW: Flint Budget Amendment
Importance: High

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Headen, Frederick (Treasury)
Sent: Wednesday, October 14, 2015 8:33 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Lamphier, Wendy (Treasury) <LAMPHIERW@michigan.gov>
Subject: Flint Budget Amendment
Importance: High

Wayne:

Yesterday, Terry asked me the question whether the Flint resolution authorizing the use of $2.0 million of fund balance is subject to State Treasurer's approval after receiving RTAB approval? I believe Terry's question was triggered by the City's Administrator indicating that such dual approval is required.

Act 436 does not require approval by both an RTAB and the State Treasurer of an amendment to an EM's two-year budget. What the Act does require is approval by the State Treasurer if receivership *has been* terminated, or RTAB approval under § 23(5)(c) of the Act if receivership *has not* been terminated. I base my conclusion on § 21 of the Act, which provides as follows:

> (1) Before the termination of receivership and the completion of the emergency manager's term, or if a transition advisory board is appointed under section 23, then before the transition advisory board is appointed, the emergency manager shall adopt and implement a 2-year budget, including all contractual and employment agreements, for the local government commencing with the termination of receivership.
>
> (2) After the completion of the emergency manager's term *and the termination of receivership*, the governing body of the local government shall not amend the 2-year budget adopted under subsection (1) without the approval of the state treasurer, and shall not revise any order or ordinance implemented by the emergency manager during his or her term prior to 1 year after the termination of receivership. Emphasis supplied.

This is the answer I will provide at the RTAB meeting today if the question is posed. So, I wanted to make sure we all are on the same page regarding this. That said, I am aware of nothing in the Act that would preclude the State Treasurer from adding his imprimatur to a budget amendment after RTAB disposition if he wished to do so.

Fred

Stanton, Terry A. (Treasury)

From:	Stanton, Terry A. (Treasury)
Sent:	Wednesday, October 14, 2015 11:33 AM
To:	Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Cc:	Koryzno, Edward (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject:	GenCo Drain Commission release
Attachments:	GenCo DrComm release.pdf

All-

I finally found the document I was asking about yesterday (see attachment). It was embedded within a series of pdf's Wayne had e-mailed last week.

It indicates that support and a vote from electeds was a condition of Flint joining KWA.

Terry

GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE
JEFFREY WRIGHT
COMMISSIONER
G-4608 BEECHER ROAD, FLINT, MI 48532
PHONE (810) 732-1590 FAX (810) 732-1474

FOR IMMEDIATE RELEASE

CONTACT: Jeff Wright

March 26, 2013

810-287-1925

What: Jeff Wright Statement on Flint City Council Approving Resolution to Join KWA.

When: March 26, 2013

Additional Info: Jeff Wright, CEO of the KWA, today praised the Flint City Council for voting to approve a resolution to officially have the City of Flint join the KWA and its' water line.

"I have said from the beginning that this decision must be made by Flint's City Council and Mayor," said Wright. "I appreciate the council voting the way they did, but even more than that, I am glad the residents of Flint were able to have their voices heard via their elected officials." The next step in the process will come with the KWA Board executing the contract for the City.

"The most important aspect from the vote is the fact that we as an Authority can move forward knowing Flint's intentions," said Wright.

Despite Emergency Manager Ed Kurtz publicly supporting the project, Wright had made a vote by council a condition of Flint joining the KWA so the residents would have their say.

"There is a basic tenet that government is best when it has local control. We saw that with the council vote. Nobody, whether they live in Flint, Grand Blanc, Davison, Fenton, or anywhere in Genesee County, should have these types of decisions made by people who live outside of their community," said Wright.

At the next Water and Waste Advisory Board meeting a vote will be taken to award a contract for construction of the intake portion of the water line. All bids were submitted to the board at their last meeting for review.

Workman, Wayne (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Wednesday, October 14, 2015 11:58 AM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Cc: Byrne, Randall (Treasury); Cline, Richard (Treasury); Dempkowski, Angela (Treasury)
Subject: STATUS OF FLINT WATER
Attachments: STATUS OF FLINT WATER.10-14-15.docx

Importance: High

Tom/Wayne,

I am sending this on Eric's behalf as he is currently driving to Flint.

This is the most current information we have available.

If anything further is needed please let us know.

Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-3227 Cell (517) 243-8645

STATUS OF FLINT WATER: October 14, 2015

- Flint Receivership Transition Advisory Board meeting today to consider budget amendments to pay for temporary reconnection to the Detroit water system

- Treasury staff from Bureau of Local Government will be meeting with City officials to review overall budget and cash conditions
    - Fund Balance in the General Fund is currently projected at $4M by June 30, 2016. This is a projected increase of $1M from FY 2014-2015
    - Fund Balance in the Water Fund is currently projected at $6M, which is a decline of $8M due to non-payment of water bills

- Negotiations between the City of Flint, Genesee County and DWSD remain in progress to finalize the necessary agreements for the City to temporarily reconnect to the Detroit water system
    - Preparation of the pipeline to receive water from DWSD is underway. The City believes that a physical connection can be established this week
    - The City has requested clarification if it should begin receiving water from DWSD before the State Legislature takes action on the request $6M aid package

- Both the Kincaid and Shears lawsuits remain in litigation. Potential losses of $30M are possible. The City's request to Treasury for financial assistance for outside legal consul is still pending

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, October 14, 2015 12:19 PM
To: Stanton, Terry A. (Treasury)
Subject: FW: Flint telephone call this morning

fyi

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 14, 2015 12:16 PM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Wyant, Dan (DEQ) <WyantD@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Subject: RE: Flint telephone call this morning

We will advise the City to proceed immediately

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Muchmore, Dennis (GOV)
Sent: Wednesday, October 14, 2015 12:10 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Wyant, Dan (DEQ) <WyantD@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Subject: Re: Flint telephone call this morning

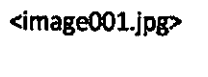
Yes, please go ahead. The faster the reconnect occurs the more quickly confidence will be rebuilt.

On Oct 14, 2015, at 10:39 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

> I assume we tell them to proceed? I am not aware of the timing on legislative action. The payt to DWSD will ultimately be paid out over time (e.g, say Nov thru June).
>
> **From:** Byrne, Randall (Treasury)
> **Sent:** Wednesday, October 14, 2015 10:21 AM
> **To:** Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
> **Cc:** Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
> **Subject:** Flint telephone call this morning
>
> Tom and Wayne:
>
> During our telephone call today, Mayor Walling indicated that they have received the go ahead from the Drain Commissioner and are performing the bacti tests on the eight mile waterline. If all goes well, they

may be able to begin to use DWSD water soon. The Mayor wanted to know if they can use DWSD water before the Legislature takes action on the $6M assistance package? Please advise.

Thanks,
Randy



Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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CITY OF FLINT

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

Memorandum
To: Receivership Transition Advisory Board
From: Natasha L. Henderson, City Administrator
Date: Tuesday, October 13th
Re. Emergency Additions to the Agenda

Members of the Receivership Transition Advisory Board:

This memorandum respectfully requests the inclusion of two urgent items on the agenda for the October 14 Receivership Transition Advisory Board Meeting.

As you may be aware, the Genesee County Health Department has issued a public health advisory in regard to the high amount of lead contamination in City water in response to the findings of physicians at Hurley Hospital This was followed by a similar advisory declared by the City.

Seeking to address this emergency, I requested that the City explore the possibility of ceasing the use of the Flint River as the City's water source and to reconnect to the Detroit Water and Sewerage Department (DWSD) until the KWA pipeline can be completed in 2016. This request was followed by a recommendation by the Mayor's Technical Advisory Committee to reconnect to DWSD to improve the City's water quality, thereby safeguarding public health On October 8, 2015, the Governor pledged to provide financial assistance to Flint for the reconnection, in the amount of six million dollars. The Mott Foundation graciously offered to provide an additional four million. Combined with two million dollars provided by the City, a total amount of $12 million can be utilized to reconnect the City to DWSD for a nine month period

In the interests of the public health and welfare, I request that the first item added to the agenda be a resolution (#150872) making available two million dollars from general fund balance to reconnect to DWSD. The second item requested to be added to the agenda is a resolution (#150875) granting the City Administrator the Authority to enter into a contract with DWSD These items have been attached for your review.

I apologize for the sudden request for changes to the agenda, however the City is facing a critical emergency requiring immediate attention. The Administration has had to react with reflexive speed and remain adaptable to try to mitigate the serious consequences already affecting the residents of this community. I ask that you please consider my request to add and approve these items so that we may address this emergency in a timely and responsive manner

Respectfully,

Natasha L. Henderson, City Administrator

City of Flint
Receivership Transition Advisory Board Agenda
Wednesday, October 14, 2015
2:00 PM

Flint City Hall
Council Chambers – 3rd Floor
1101 S. Saginaw St.
Flint, Michigan 48502

I. CALL TO ORDER

A. Roll Call

B. Approval of Agenda

C. Approval of September 9, 2015 RTAB meeting minutes (attachment #1)

II. UNFINISHED BUSINESS

NONE

III. NEW BUSINESS

A. Mayor and Council President

B. Approval of Resolutions & Ordinances for City Council Meetings

1. Resolutions from Regular City Council meeting of September 14, 2015 (attachment #2)

   Discussion Items

   a. Resolution #150817 – Budget Amendments/FY16 Budget (attachment #2a)

2. Resolutions from Regular City Council meeting of September 28, 2015 (attachment #3)

   Discussion Items

   a. Resolution #150842 – Reprogramming/Unspent HOME Investment Partnership Funds/Contracts/Flint NIPP/Habitat for Humanity/Purchase Rehab Resale/CHDO Operating (attachment #3a)

   b. Resolution #150843 – Budget Amendment/USDA Forest Service Grant/Chevy-in-the-Hole (attachment #3b)

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   b. Resolution #150843 – Budget Amendment/USDA Forest Service Grant/Chevy-in-the-Hole (attachment #3b)

c. Resolution #150845 – Budget Amendment/Planning and Development/CDBG Housing and Smith Village Housing/Economic Development Activities (attachment #3c)

d. Resolution #150846 – BS&A Software/Annual Service and Support (attachment #3d)

e. Resolution #150851 – Etna Supply Company/Annual Supply of Water Distribution Pipe Stainless Steel Repair Claims and Repair Parts (attachment #3e)

f. Resolution #150852 – Contract/Lake Agency, Inc./Excess Liability Insurance Coverage (attachment #3f)

g. Resolution #150854 – Contract/The Lake Agency/Excess Liability Insurance Coverage (attachment #3g)

C. City Administrator Items

1. Budget to Actual – July 2015 (attachment #4)

IV. PUBLIC COMMENT

V. ADJOURNMENT

Attachment #1

DRAFT

CITY OF FLINT

RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING

SEPTEMBER 9, 2015

2:00 p.m.

Meeting before the RTAB Board at 1101 S. Saginaw, Flint, Michigan, on Wednesday, September 9, 2015.

BOARD MEMBERS PRESENT:

Frederick Headen - The Chairperson
Brian Larkin
David McGhee

FROM THE CITY:

Natasha Henderson, Administrator

OTHERS PRESENT:

R. Eric Cline
R. L. Mitchell

REPORTED BY: Mona Storm, CSR# 4460

MOTION INDEX

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C.	Approval of 8-12-15 minutes	4
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III.	NEW BUSINESS:	4
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B.	Approval of Resolutions & Ordinances for City Council Meetings	9
1.	Resolution 605, approved	10
2.	Resolutions 795, 796, 797, 799 and 816, approved	10
C.	City Administrator Items	11
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V.	Adjournment	13

Flint, Michigan

Wednesday, September 9, 2015

2:02 p.m.

THE CHAIRPERSON: We'll call our meeting to order.

Item I A, Roll Call. The record can reflect that Members Larkin and McGhee are present along with myself and we do have a quorum. Members McMahan and Walker-Griffea are unable to attend this afternoon. If there's no objection, I'm going to ask that they both have an excused absence.

MR. LARKIN: No objections.

THE CHAIRPERSON: Without objection, both of them are excused from this afternoon's meeting.

Item I B, the approval of the agenda. Are there any additions to be made to the agenda? If not, we'll consider the agenda to be approved.

Item I C, approval of the minutes from the August 12, 2015 RTAB meeting. Hopefully, members have had a chance to review those minutes. Are there any corrections or additions to those minutes?

If not, is there a motion that the minutes of the RTAB meeting of August 12, 2015 be approved?

MR. LARKIN: So move.

MR. McGHEE: Support.

THE CHAIRPERSON: A motion's been made and a second. Those in favor, please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

The minutes are approved.

Item II, Old Business. There is none pending from our last meeting.

New Business, Item A, I don't see the mayor.

MS. HENDERSON: He is coming.

THE CHAIRPERSON: I'm sorry?

BOARD MEMBERS: He is coming. He does plan to speak, so --

THE CHAIRPERSON: Mr. Freeman?

MS. HENDERSON: He will not be here.

THE CHAIRPERSON: He will not be?

MS. HENDERSON: No.

THE CHAIRPERSON: Okay. We'll move temporarily on, then, to -- we will tread water for a moment.

Good afternoon, Mayor.

MAYOR WALLING: Good afternoon. Are we to my part of the agenda already?

THE CHAIRPERSON: We are. Perfect timing.

MAYOR WALLING: This is an efficient body.

All right. Well, good afternoon. And,

again, thank you for the opportunity to be part of your agenda, as you consider the matters before you. I'm happy to take any questions you have but I'll just, each meeting, make sure we're sharing a few of the efforts we're making around the high-priority initiatives for the City.

I think the most important right now is the work we'll continue to do with our water system. We're very pleased that the City did come back in compliance with the Safe Drinking Water Act. That's been a team effort, going back to this winter. And the leadership and the City Administrator has been integral in keeping the work on track to get the carbon filter installed so that it was operational during the warmest months of the year where the Flint River water is hardest to treat in regard to the organic content and chemical treatment process and subsequently the TTHM, the trihalomethane challenge that became evident last year.

So with the tests in August, the quarterly tests, those results came back to us from the Michigan Department of Environmental Quality. It's measured on a rolling four quarter average. And based on this quarter's results and the prior three quarters, we're now below the contaminant level in all eight of the City's sites. So a tremendous progress is being made

there on that aspect of our drinking water system.

The capital improvement projects that were already underway before Judge Hayman's preliminary injunction are continuing. Those include the leak detection work that was funded through the Department of Treasury and the fiscally distressed communities grant. That work is critical to ensuring that the system is secure and working efficiently by not having unnoticed leaks that may be otherwise there throughout the system, so that work is proceeding.

We are also managing, with the staff's hard work, the City Administrator and Chief Financial and Chief Legal Officers, to make sure that we're preparing appropriately for the projected effects of Judge Hayman's preliminary injunction.

Rates: Bills did go out to residents on the first few rounds with a lower rate. We also know there is a lower collection level so that's all being projected and taken into account.

Capital improvement projects that weren't yet started were paused so those are still expected to be done in the future but we did pause any new work getting started that we may need to otherwise revisit in the budget year.

MR. LARKIN: Do any of those -- and sorry for

interrupting. Do any of those that have been paused, are any of them receiving grants or sorts of funds where we have time limits and have to use it for reporting measures or anything?

MAYOR WALLING: Not at this time. All of those were -- were being projected to be paid for through local -- local funds. We certainly will continue to seek assistance when we can find that and we will, you know, prioritize, making sure that it gets done. There may be a match requirement and that would be part of managing that on an ongoing basis.

There's been a renewed discussion around lead in drinking water by the time it actually comes out of the tap or a showerhead in a home. That's something that the City, like communities across the State, have tested for many years. In the last approximately year, the City's been required to do two rounds of tests that were six months apart, under the methodology that the Department of Environmental Quality, the EPA, had us using.

You may have seen the reports that the Virginia Tech student researchers, who had a different methodology, came up with a different result. So, of course, our staff is actively engaged in looking at all of that. We have EPA and Department of Environmental

Quality and technical assistance through the Technical Advisory Committee. So we'll continue to work on that issue and continue to answer questions, including those of the Council. We hope to take them additional information on Monday, which is their next regularly scheduled meeting.

We think it's important that we do everything we can to share the information that we have, to answer questions and to assure the community that we have safe drinking water in this community. And where there may be a concern in an individual household, based on testing results, what members in that household can do, the lead comes from the service line and even the internal pipes within a home.

So there are some variables there that aren't related directly to the treatment process or, in this case, even the distribution process. But all of these are important because we want our community to have drinking water that's safe and that they're confident it is safe as well.

So, again, I compliment our team on continuing to work on that and we'll be working with our City Council members at their next meeting to further update them on the efforts that we've -- that we've made.

And there are some new aspects of the treatment process that we'll be working with the Department of Environmental Quality on getting allowed so that there can be some corrosion inhibition within that treatment process, which would be one more thing that would further improve the water.

So, again, thank you. Thank you for the time. And we look forward to continuing to work with you. Thank you.

THE CHAIRPERSON: Thank you.

Item III B, Approval of Resolutions from prior City Council meetings. We'll go in with the Regular City Council meeting of August 10. There were three resolutions from that meeting, Resolutions 783 and 643 were disposed of by this Board at our last meeting. That remains Resolution 605, which I believe deals with CDBG funds and a proposed transfer in the amount of $266,143.

Do members have any questions about that particular resolution?

If not, is there a motion that Resolution 605 from the Regular City Council meeting August 10th be approved?

MR. LARKIN: So move.

MR. McGHEE: Support.

THE CHAIRPERSON: A motion's been made and seconded. Assuming no discussion, those in favor of the motion, please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

Motion is adopted.

City Council meeting, Special Meeting, August 11th, there was one item which was previously disposed of by this Board so we'll proceed on to the Regular City Council meeting of August 24th. There were Resolutions from that meeting of 795, 796, 797, 799 and 816. Do members have any questions regarding any of those resolutions?

MR. McGHEE: No.

THE CHAIRPERSON: Is there a motion, then, that previously named resolutions from Regular City Council meeting of August 24th be approved?

MR. McGHEE: So move.

MR. LARKIN: Support.

THE CHAIRPERSON: A motion's made and seconded. Assuming no discussion, those in favor of the motion, please say "aye".

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed?

Motion is adopted.

Item III C, City Administrator Items. One item listed was distributed previously budget-to-actual is attachment three. Any questions from the City Administrator about budget action information?

And did you wish to comment upon that or --

MS. HENDERSON: Not that, in specific.

THE CHAIRPERSON: Okay.

MS. HENDERSON: If I can.

THE CHAIRPERSON: Certainly.

MS. HENDERSON: Unless you all have any questions about the reports that we submitted, the financial reports, I would just report on a few operational things that we have going.

We are in the process of recruiting a Director of Community and Economic Development; that's underway due to a vacancy there.

We do have a request for a proposal for the total property reassessment for the City. This is something that the Tax Commission is commissioning us to do so. And we're also applying for a distressed City's grant for this funding, given our distressful situation, as far as the financial impact that this could have. So we are moving forward on that as that's something that could be detrimental in the future.

So I just wanted to point that out that we

are taking steps to try to curtail that cost by applying for this grant that became open in August. So we are moving forward with that.

Do you all have any questions?

THE CHAIRPERSON: Thank you.

MS. HENDERSON: Thank you.

THE CHAIRPERSON: Without objection, we consider the budget action report to be received.

Item IV, Public Comment.

MR. CLINE: Just one individual. R.L. Mitchell.

MR. MITCHELL: I'm Mr. R.L. Mitchell.

THE CHAIRPERSON: Good afternoon.

MR. MITCHELL: I want to mention in this public comment, this is vital contact, what's going on with the water pollution. But the position of this Judge Hayman is already decided already, sir, and I'm speaking for the Council.

The Council, since we, the people, speaking, I want to put mine in. Before this budget committee commits, I recommend to have the councilmen to speak on this issue before the Mayor takes certain steps because I was in the -- one of the interviews set up, like, the people panic. But you people seem like you don't know what's happening but only Ms. Henderson know but she --

I just wanted to put that in there, to speak.

THE CHAIRPERSON: Thank you.

Any other public comment?

MR. CLINE: No, sir.

THE CHAIRPERSON: Item V, is there any further business to come before this Board this afternoon?

If not, is there a motion that we adjourn?

MR. LARKIN: So move.

THE CHAIRPERSON: Support?

MR. McGHEE: Support.

THE CHAIRPERSON: Without objection, we are adjourned. Thank you, everyone.

(Meeting was concluded at 2:17 p.m.)

* * * *

C E R T I F I C A T E

I, Mona Storm, do hereby certify that I have recorded stenographically the proceedings had and in the meeting, at the time and place hereinbefore set forth, and I do further certify that the foregoing transcript, consisting of (14) pages, is a true and correct transcript of my said stenographic notes.

_____
Date

_____
Mona Storm
CSR-4460

Attachment # 2

City of Flint, Michigan

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Meeting Minutes 2 - Final

Monday, September 14, 2015

6:07 PM

RTAB SUMMARY

Council Chambers

CITY COUNCIL

Joshua M. Freeman, President, Ward 4
Wantwaz D. Davis, Vice President, Ward 5

Eric Mays, Ward 1 ***Jacqueline Poplar, Ward 2***
Kerry Nelson, Ward 3 ***Herbert J. Winfrey, Ward 6***
Monica Galloway, Ward 7 ***Victoria VanBuren, Ward 8***
Scott Kincaid , Ward 9

Inez M . Brown, City Clerk

ROLL CALL

Present: Councilperson: Councilperson Poplar, Councilperson Nelson, Freeman, Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

PUBLIC HEARINGS

150794.1 Public Hearing/Amendment/Chapter 50/PC 15-291/Barajas, LLC/1721 James P. Cole Boulevard (Ward 5)

A public hearing on an ordinance to amend Chapter 50 of the Code of the City of Flint as requested by Barajas, LLC (PC 15-291) for a conditional zoning change to property located at 1721 James P. Cole Boulevard (Parcel No. 41-06-452-014).

HEARING HELD

RESOLUTIONS

150798 Rental Agreement/Universal EMS/Ambulatory Service Operations

Resolution resolving that the Mayor and City Administrator are authorized to enter into an appropriate rental agreement with Universal EMS for renting space in three Fire Stations in order to operate ambulatory services, as requested by the Fire Department, with Universal EMS paying the City $30,000.00 a year to rent each station, for a total of $90,000.00 collectively [General Fund Acct. No. 101-338.201-668.000]. [City Administrator Submission No. CA0692015]

Councilperson Mays made a motion to POSTPONE Resolution No. 150798 for 30 days (October 12, 2015). There was no second/support for this motion.

~~**POSTPONED**~~

A motion was made by Councilperson Kincaid, seconded by Councilperson VanBuren, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren and Councilperson Kincaid

No: 1 - Councilperson Mays

150817 Budget Amendments/FY2016 Budget of the City of Flint

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the proposed budget for the city's revolving loan funds, RLFI & II, and CDBG budget adjustments in the attached list of budget adjustments dated July 27, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No.

CA0732015.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

RESOLUTIONS - MAY BE REFERRED FROM COTW

150828 Public Hearing Date/Obsolete Property Rehabilitation District/Lapeer Road and Averill Avenue

Resolution resolving that a public hearing to consider the establishment of an Obsolete Property Rehabilitation District for properties located at 3501 Lapeer Road, 3711 Lapeer Road and 1620 Averill Avenue be held on October 12, 2015, at 6:00 p.m., in the City Council Chambers, 3rd Floor, City Hall, and that the City Clerk shall cause notice of such hearing to be published in an official paper of general circulation not less than ten (10) days prior to said hearing, AND, resolving that the property owners and any other taxpayers or residents of the city of Flint may appear and be heard.

A motion was made by Councilperson Mays, seconded by Councilperson Galloway, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150829 Public Hearing Date/Obsolete Property Rehabilitation Exemption Certificate/Dort Federal Credit Union Event Center Project - 3501 Lapeer Road

Resolution resolving that a public hearing to consider an Obsolete Property Rehabilitation Exemption Certificate for IMS Ice Arena Corporation's 3501 Lapeer Street property be held on October 12, 2015, at 6:00 p.m., in the City Council Chambers, 3rd Floor, City Hall, and that the City Clerk shall cause notice of such hearing to be published in an official paper of general circulation not less than ten (10) days prior to said hearing.

A motion was made by Councilperson Kincaid, seconded by Councilperson Galloway, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

ORDINANCES - First Reading (May Be Referred from COTW)

150830 Ordinance/Chapter 50 (Zoning)/N. Grand Traverse, W. Fourth Avenue, Stone Street/Thomas Ayers, Kettering University/PC 15-292

An ordinance to amend Chapter 50 (Zoning) of the Code of the City of Flint as requested by Thomas Ayers, Kettering University (PC 15-292), for a zoning

change for property fronting N. Grand Traverse, W. Fourth Avenue, and Stone Street, Parcels No. 40-12-456-003, 40-12-456-004, 40-12-456-005, 40-12-456-010, 40-12-456-011 and 40-12-456-012, from "B" Two Family Residential to "D-2" Neighborhood Business District. [Planning Commission recommends APPROVAL.]

A motion was made by Councilperson Poplar, seconded by Councilperson Galloway, that this matter be ACKNOWLEDGED FOR FIRST READING. The motion carried by the following vote:

Aye: 7 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren and Councilperson Kincaid

No: 2 - Vice President Davis and Councilperson Mays

ORDINANCES - Second Reading

150794 Amendment/Chapter 50/PC 15-291/Barajas, LLC/1721 James P. Cole Boulevard (Ward 5)

An ordinance to amend Chapter 50 of the Code of the City of Flint as requested by Barajas, LLC (PC 15-291) for a conditional zoning change (to change the District boundaries or regulations established in Chapter 50, thereof, specifically allowing under 50-4 a zoning map amendment) to property located at 1721 James P. Cole Boulevard (Parcel No. 41-06-452-014), legally described as follows: 1721 James P. Cole Boulevard, Parcel No. 41-06-452-014, legally described as THAT PART OF BLKS 29, 30, 31, 32, 33 AND 34 OF OAK PARK SUBDIVISION OF PART OF SECS 1 & 2 OF SMITH'S RESERVATION AND PT OF VACATED ST JOHN ST AND OTHER VACATED STREETS AND PT OF LOTS 1 THRU 15, 19 AND 24 THRU 29 AND INCL ALL OF LOTS 16 THRU 18 AND 20 THRU 23 OF PLAT OF FLANDERS & HOURANS SUBDIVISION AND PT OF THE OLD RR ROW AND OTHER LANDS DESC AS: COM AT THE SW COR OF LOT 25 OF SD PLAT OF FLANDERS & HOURANS SUBDIVISION; TH N 24 DEG 13' 00" E ALG THE ELY ROW LINE OF ST JOHN ST, 211.50 FT; TH N 65 DEG 47' 00" W, 2.35 FT; TH N 64 DEG 31' 55" W, 158.28 FT; TH S 40 DEG 14' 11" E, 1.25 FT; TH N 72 DEG 44' 20" W, 19.17 FT; TH N 17 DEG 08' 12" E, 154.66 FT; TH N 20 DEG 09' 39" E, 288.13 FT; TH N 19 DEG 17' 08: E, 35.22 FT TO POB OF THIS PARCEL OF LAND; TH CONT N 19 DEG 17' 08" E, 101.73 FT; TH N 22 DEG 04' 49" E, 50.04 FT; TH N 23 DEG 58' 29" E, 150.06 FT; TH N 20 DEG 22' 22" E, 110.76 FT; TH N 18 DEG 10' 21" E, 240.78 FT; TH ALG THE ARC OF A CURVE TO THE RIGHT WITH RADIUS OF 1128.83 FT, A DIST OF 144.58 FT, THE LONG CHORD BEING N 21 DEG 50' 20" E, 144.48 FT; TH N 65 DEG 35' 31" W, 18.63 FT; TH N 14 DEG 02' 16" E, 175.59 FT; TH N 15 DEG 44' 18" E, 271.61 FT; TH N 78 DEG 57' 09" W, 23.05 FT; TH N 11 DEG 47' 00" E, 98.38 FT; TH N 67 DEG 01' 34" W, 0.61 FT; TH N 12 DEG 12' 29" E, 165.28 FT TO A FOUND PT ON THE SLY LINE OF HAMILTON AVE; TH ALG SD HAMILTON AVE AS MONUMENTED, S 89 DEG 06' 53" E, 62.00 FT; TH S 89 DEG 47' 46" E, 33.97 FT TO THE PC OF A NON-TANGENT CURVE TO THE RIGHT, WITH RADIUS OF 597.53 FT; TH ALG THE ARC OF SD CURVE A DIST OF 60.67 FT, THE LONG CHORD BEING S 74 DEG 59' 40" E, 60.64

FT TO THE PC OF A COMPOUND NON-TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 45 FT; TH ALG THE ARC OF SD CURVE A DIST OF 31.86 FT, THE LONG CHORD BEING S 51 DEG 48' 10" E, 31.20 FT TO THE PC OF A COMPOUND NON-TANGENT CURVE TO THE RIGHT WITH RADIUS OF 587.53 FT; TH ALG THE ARC OF SD CURVE A DIST OF 75.12 FT, THE LONG CHORD BEING S 64 DEG 34' 43" E, 75.07 FT TO THE PT OF SD CURVE; TH S 61 DEG 53' 52" E, 5.55 FT TO THE PC OF A CURVE TO THE RIGHT WITH RADIUS OF 94.30 FT; TH ALG THE ARC OF SD CURVE ENTERING THE WLY ROW LINE OF JAMES P COLE BLVD, A DIST OF 104.95 FT, THE LONG CHORD BEING S 30 DEG 02' 03" E, 99.62 FT TO THE PT OF SD CURVE; TH S 02 DEG 02' 06" W, 98.42 FT; TH S 71 DEG 22' 00" E, 1.45 FT; TH S 02 DEG 02' 06" W, 300.76 FT TO THE PC OF A CURVE TO THE RIGHT WITH RADIUS OF 1412.54 FT; TH ALG THE ARC OF SD CURVE A DIST OF 736.52 FT, THE LONG CHORD BEING S 16 DEG 58' 15" W, 728.21 FT TO THE PT OF SD CURVE; TH S 31 DEG 54' 21" W, 302.86 FT TO THE PC OF A CURVE TO THE LEFT, WITH RADIUS OF 1183.35 FT; TH ALG THE ARC OF SD CURVE A DIST OF 563.24 FT, THE LONG CHORD BEING S 18 DEG 16' 15" W, 557.94 FT; TH S 04 DEG 38' 00" W, 197.79 FT TO THE PC OF A CURVE TO THE RIGHT WITH RADIUS OF 15.21 FT; TH ALG THE ARC OF SD CURVE A DIST OF 29.05 FT, THE LONG CHORD BEING S 59 DEG 21' 47" W, 24.83 FT TO THE PT OF SD CURVE; TH N 20 DEG 13' 00" E, 10.01 FT; TH N 66 DEG 59' 02" W, 206.45 FT TO A PT ON A CURVE TO THE RIGHT WITH RADIUS OF 24.68 FT; TH ALG THE ARC OF SD CURVE A DIST OF 18.13 FT, THE LONG CHORD BEING N 03 DEG 10' 06" E, 17.73 FT TO THE PT OF SD CURVE; TH N 24 DEG 13' 00" E, 184.72 FT; TH N 17 DEG 35' 25" E, 447.25 FT; TH N 23 DEG 47' 39" E, 32.57 FT TO A BLDG CORNER; TH N 65 DEG 52' 07" W, ALG A BLDG WALL LINE EXT, 169.12 FT TO THE POB. CON 15.79 ACRES. SPLIT ON 12/06/2005 FROM 41-06-452-013, 41-06-452-012; 2003 PARCEL DIVISION OF 11-06-452-011-9; from "G" Heavy Manufacturing to "E" Heavy Commercial Limited Manufacturing District with limiting use as a live auction and internet sales facility and all other manufacturing uses permitted by right and special conditional uses in the "E" Heavy Commercial Limited Manufacturing District. PLANNING COMMISSION RECOMMENDS APPROVAL.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be PASSED. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Mays

Enactment No: 4069

ADJOURNMENT

This regular Flint City Council meeting was adjourned at 9:31 p.m.

Attachment # 2a

150817, 15219

SUBMISSION NO.: CA0732015

PRESENTED: 8-31-15

ADOPTED: _____

RESOLUTION TO AUTHORIZE BUDGET AMENDMENTS

BY THE CITY ADMINISTRATOR:

Whereas, the City's budget is monitored on an ongoing basis by the Chief Financial Officer and department heads; and

Whereas, the Chief Financial Officer is recommending certain adjustments;

IT IS RESOLVED, that the FY16 Budget of the City of Flint is hereby amended to reflect the proposed budget for the City's revolving loan funds, RLFI & II and CDBG, budget adjustments in the attached list of budget adjustments dated July 27, 2015;

That the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes in to the Budget and to assign the appropriate account numbers.

Peter M. Bade, Chief Legal Officer

Jody N. Lundquist, Chief Financial Officer

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Joshua Freeman, Council President

RECEIVERSHIP TRANSITION ADVISORY BOARD:

STAFF REVIEW

DATE: August 28, 2015

Agenda Item Title: Resolution to Authorize Budget Amendments (City's Revolving Loan Funds)

Prepared By: V. Foster for Dawn Steele

Background/Summary of Proposed Action:

The Finance Department is requesting to amend the budget to reflect the proposed budget for the City's revolving loan funds, RLFI & II and CDBG. This fund was not included in the amended FY16-17 budget that was previously adopted.

The revolving loan funds have been in existence for several years, and funds are designated for specific purposes in accordance with the Economic Development Administration's regulations.

Financial Implications
None

Budgeted Expenditure? X Yes No **Please explain if no:**

Account No.:

Pre-encumbered? Yes No **Requisition #** N/A

Other Implications (i.e., collective bargaining):

Staff Recommendation:

It is the recommendation of the Finance Department to amend the FY15-16 to as outlined in the attached list of budget adjustments dated July 27, 2015.

Staff Person: D Steele **Approval:** [signature]

GL NUMBER	DESCRIPTION	2015-16 RECOMMENDED BUDGET
Fund 246 - COF - EDA Revolving loan fund		
Dept 731.201-Edc-City/Edc Revolving Loan Fund		
246-731.201-664.200	Interest Income/Loans	4,800.00
246-731.201-665.000	Interest Earned On Bank Ckg &	50.00
246-731.201-671.400	City Rlf-Principal Repayments	7,000.00
246-731.201-801.900	Professional Service Intracity	2,300.00
NET OF REVENUES/APPROPRIATIONS - 731.201-Edc-City/Edc Revolvir		9,550.00
Dept 731.203-Edc-City Revlv Fund - Indust/Mfg		
246-731.203-664.200	Interest Income/Loans	6,700.00
246-731.203-665.000	Interest Earned On Bank Ckg &	50.00
246-731.203-671.400	City Rlf-Principal Repayments	25,000.00
246-731.203-801.900	Professional Service Intracity	2,400.00
NET OF REVENUES/APPROPRIATIONS - 731.203-Edc-City Revlv Fund -		29,350.00
Dept 731.204-EDC - CDBG REVOLVING LOAN FUND		
246-731.204-664.200	Interest Income/Loans	4,800.00
246-731.204-665.000	Interest Earned On Bank Ckg &	30.00
246-731.204-671.400	City Rlf-Principal Repayments	2,500.00
NET OF REVENUES/APPROPRIATIONS - 731.204-EDC - CDBG REVOLVI		7,330.00
ESTIMATED REVENUES - FUND 246		50,930.00
APPROPRIATIONS - FUND 246		4,700.00
NET OF REVENUES/APPROPRIATIONS - FUND 246		46,230.00
BEGINNING FUND BALANCE		
ENDING FUND BALANCE		

Attachment # 3

City of Flint, Michigan

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Meeting Minutes 2 - Final

Monday, September 28, 2015

6:01 PM

RTAB SUMMARY

Council Chambers

CITY COUNCIL

Joshua M. Freeman, President, Ward 4
Wantwaz D. Davis, Vice President, Ward 5

Eric Mays, Ward 1 ***Jacqueline Poplar, Ward 2***
Kerry Nelson, Ward 3 ***Herbert J. Winfrey, Ward 6***
Monica Galloway, Ward 7 ***Victoria VanBuren, Ward 8***
Scott Kincaid , Ward 9

Inez M . Brown, City Clerk

ROLL CALL

Present: Councilperson: Councilperson Poplar, Councilperson Nelson, Freeman, Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

PUBLIC HEARINGS

150830 Ordinance/Chapter 50 (Zoning)/N. Grand Traverse, W. Fourth Avenue, Stone Street/Thomas Ayers, Kettering University/PC 15-292

An ordinance to amend Chapter 50 (Zoning) of the Code of the City of Flint as requested by Thomas Ayers, Kettering University (PC 15-292), for a zoning change for property fronting N. Grand Traverse, W. Fourth Avenue, and Stone Street, Parcels No. 40-12-456-003, 40-12-456-004, 40-12-456-005, 40-12-456-010, 40-12-456-011 and 40-12-456-012, from "B" Two Family Residential to "D-2" Neighborhood Business District. [Planning Commission recommends APPROVAL.]

HEARING HELD

Enactment No: 4070

RESOLUTIONS - MAY BE REFERRED FROM COTW

150842 Reprogramming/Unspent HOME Investment Partnership Funds/Contracts/Flint NIPP/Habitat for Humanity/Purchase Rehab Resale/CHDO Operating

Resolution resolving that contracts with Genesee County Habitat for Humanity ($250,000) for Purchase Rehab Resale to rehabilitate and re-sell a duplex, with Flint NIPP ($150,000) for Purchase Rehab Resale to rehabilitate and re-sell up to two homes, and with Flint NIPP ($20,000) to help conduct preliminary planning and feasibility work are approved and that the appropriate City Officials are hereby authorized to do all things necessary to reprogram HOME funds in the amount of $420,000.00, and to process a budget amendment moving said funds to the appropriate Habitat for Humanity and Flint NIPP accounts.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150843 Budget Amendment/USDA Forest Service Grant/Chevy-In-the-Hole

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to process a budget amendment to appropriate funds under grant code FUSDA14CHEVY, Fund Number 296 and Department Number 690.391, in the amount of $200,000.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150844 Contract/Flint Community Schools/Police Liaison Officer Services

Resolution resolving the approval of a contract that shall be authorized and executed between the City of Flint and Flint Community Schools for Police Liaison Officer Services for the 2015-2016 school year, with Flint Community Schools financing 50% of the costs for wages, fringe benefits, pensions, supplies, and vehicles.

SEPARATED FROM MASTER RESOLUTION

150845 Budget Amendment/Planning and Development/CDBG Housing and Smith Village Housing/Economic Development Activities

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to process a budget adjustment to move $98,674.67 from 101 Fund Balance to the appropriate account, and to change existing encumbrances, and to make adjustments to any existing purchase orders that are affected by said changes, for the purpose of completing CDBG housing and Smith Village housing, and for unbudgeted economic development activities in the Community and Economic Development Division.

SEPARATED FROM MASTER RESOLUTION

150846 BS&A Software/Annual Service and Support

Resolution resolving that the Mayor and City Administrator do all things necessary to remit payment to BS&A Software for the software and maintenance agreement for FY2016, as requested by the IS Division, in an amount NOT-TO-EXCEED $244,607.25, for a revised four-year contract total of $863,546.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150847 Detroit Salt/Bulk Salt

Resolution resolving that the Finance Department is hereby authorized to issue a purchase order to Detroit Salt for bulk salt, as requested by Street Maintenance, in an amount NOT-TO-EXCEED $300,000.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150848 JAM Best One/Annual Supply of Tires

Resolution resolving that the Finance Department is hereby authorized to issue a purchase order to JAM Best One for the annual supply of tires, as requested by the Fleet Division, in an amount NOT-TO-EXCEED $120,000.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150849 Change Order/Contract/Du All Cleaning/Janitorial Services

Resolution resolving that the Finance Department is hereby authorized to CO#3 to the contract with Du All Cleaning for an additional year of janitorial services, as requested by the Department of Public Works, in an amount NOT-TO-EXCEED $65,700.00, with an aggregate total spend of $325,113.88 to said vendor.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150850 East Jordan Iron Works/Hydrant, Grate and Manhole Covers

Resolution resolving that the Finance Department is hereby authorized to issue a purchase order to East Jordan Iron Works for hydrant, grate and manhole covers, as requested by the Water Service Center, in an amount NOT-TO-EXCEED $180,000.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150851 Etna Supply Company/Annual Supply of Water Distribution Pipe Stainless Steel Repair Clamps and Repair Parts

Resolution resolving that the Finance Department is hereby authorized to issue a purchase order to Etna Supply Company for the annual supply of water distribution pipe stainless steel repair clamps and repair parts, as requested by the Water Service Center, in an amount NOT-TO-EXCEED $130,000.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150852 Contract/Lake Agency, Inc./Excess Liability Insurance Coverage

Resolution resolving that the appropriate City Officials are authorized to enter into a contract with Lake Agency, Inc. to provide the City with excess liability coverage through the Princeton/Munich Re Insurance Company, as requested by the Finance Department, at a premium amount NOT-TO-EXCEED $322,934.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150853 Purchase Agreement/CSX Transportation, Inc./Property for the Grand Traverse Greenway Trail

Resolution resolving that the appropriate City Officials are hereby authorized to enter into an agreement with CSX Transportation, Inc. to purchase 42.72 acres of abandoned rail line for the Grand Traverse Greenway Trail, in an amount NOT-TO-EXCEED $235,000.00, AND, resolving that the City of Flint may withdraw from this agreement at any time prior to closing on the property.

SEPARATED FROM MASTER RESOLUTION

150854 Contract/The Lake Agency/Excess Liability Insurance Coverage

Resolution resolving that the appropriate City Officials are authorized to enter into a contract with The Lake Agency to provide Property, Equipment Breakdown and Crime Insurance through Traveler's Insurance and Harford Steam Boiler, as requested by the Finance Department, in an amount NOT-TO-EXCEED $144,311.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

Passed The Consent Agenda

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, including all the preceding items marked as having been adopted on a Consent Agenda. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150855 Relocation/Voting Precincts/November 3, 2015 General Election

Resolution resolving that the Flint City Council approves the relocation of voting precincts previously located at Carpenter Road Elementary School, Cummings Elementary School and Scott Elementary School to Greater Holy Temple Church of God in Christ, Eisenhower Elementary School and Grace Emmanuel Baptist Church, respectively, as requested by the Office of the City Clerk, effective with the November 3, 2015 General Election.

SEPARATED FROM MASTER RESOLUTION

SEPARATED FROM MASTER RESOLUTION

150844 Contract/Flint Community Schools/Police Liaison Officer Services

Resolution resolving the approval of a contract that shall be authorized and executed between the City of Flint and Flint Community Schools for Police Liaison Officer Services for the 2015-2016 school year, with Flint Community Schools financing 50% of the costs for wages, fringe benefits, pensions, supplies, and vehicles.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150845 Budget Amendment/Planning and Development/CDBG Housing and Smith Village Housing/Economic Development Activities

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to process a budget adjustment to move $98,674.67 from 101 Fund Balance to the appropriate account and to change existing encumbrances, and to make adjustments to any existing purchase orders that

are affected by said changes, for the purpose of completing CDBG housing and Smith Village housing, and for unbudgeted economic development activities in the Community and Economic Development Division.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150853 Purchase Agreement/CSX Transportation, Inc./Property for the Grand Traverse Greenway Trail

Resolution resolving that the appropriate City Officials are hereby authorized to enter into an agreement with CSX Transportation, Inc. to purchase 42.72 acres of abandoned rail line for the Grand Traverse Greenway Trail, in an amount NOT-TO-EXCEED $235,000.00, AND, resolving that the City of Flint may withdraw from this agreement at any time prior to closing on the property.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150855 Relocation/Voting Precincts/November 3, 2015 General Election

Resolution resolving that the Flint City Council approves the relocation of voting precincts previously located at Carpenter Road Elementary School, Cummings Elementary School and Scott Elementary School to Greater Holy Temple Church of God in Christ, Eisenhower Elementary School and Grace Emmanuel Baptist Church, respectively, as requested by the Office of the City Clerk, effective with the November 3, 2015 General Election.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

ORDINANCES - Second Reading

150830 Ordinance/Chapter 50 (Zoning)/N. Grand Traverse, W. Fourth Avenue, Stone Street/Thomas Ayers, Kettering University/PC 15-292

An ordinance to amend Chapter 50 (Zoning) of the Code of the City of Flint as requested by Thomas Ayers, Kettering University (PC 15-292), for a zoning change for property fronting N. Grand Traverse, W. Fourth Avenue, and Stone Street, Parcels No. 40-12-456-003, 40-12-456-004, 40-12-456-005, 40-12-456-010, 40-12-456-011 and 40-12-456-012, from "B" Two Family Residential to "D-2" Neighborhood Business District. [Planning Commission recommends APPROVAL.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be PASSED. The motion carried by the following vote:

Aye: 5 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Councilperson VanBuren and Councilperson Kincaid

No: 4 - Vice President Davis, Councilperson Winfrey, Councilperson Galloway and Councilperson Mays

Enactment No: 4070

ADJOURNMENT

This City Council meeting was adjourned at 8:15 p.m.

Attachment #3a
150842

SUBMISSION NO.: CA 079 2015

PRESENTED: 9-11-15

ADOPTED: _____

Resolution to Reprogram Unspent HOME Investment Partnership (HOME) Funds and Enter Into Contracts with Flint NIPP for Purchase Rehab Resale in the amount of $150,000, Flint NIPP for CHDO Operating in the amount of $20,000, and Habitat for Humanity for Purchase Rehab Resale in the amount of $250,000.

BY THE CITY ADMINISTRATOR:

The Department of Planning, Community and Economic Development Division (CED) has identified $420,000 in unspent HOME Investment Partnership (HOME) funds that are available for reprogramming; and

The Division requests to reprogram $250,000 for Purchase Rehab Resale to Genesee County Habitat for Humanity to rehabilitate and re-sell a duplex; and

The Division requests to reprogram $150,000 for Purchase Rehab Resale to Flint NIPP to rehabilitate and re-sell up to two homes; and

The Division requests to reprogram $20,000 for CHDO Operating to Flint NIPP to help conduct preliminary planning and feasibility work for the project; and

Funds are available in the below revenue and expenditure accounts and should be moved to the identified Habitat for Humanity and Flint NIPP accounts; and

Available in HOME Uncommitted Accounts:				To be moved to Accounts:		
Revenue Accounts:				**Revenue Accounts:**		
FHUD14HOME	274-749.104-502.749	$400,000	To	FHUD14HOME	274-749.270-502.749	$250,000
				FHUD14HOME	274-749.332-502.749	$150.000
FHUD14HOME	274-749.102-502.749	$20,000		FHUD14HOME	274-749.334-502.749	$20,000
Expense Accounts:				**Expense Accounts:**		
FHUD14HOME	274-749.104-700.100	$400,000	To	FHUD14HOME	274-749.270-805.327	$250,000
				FHUD14HOME	274-749.332-805.327	$150,000
FHUD14HOME	274-749.102-805.510	$20,000		FHUD14HOME	274-749.334-805.453	$20,000

This action represents a substantial amendment to the City's Consolidated Plan. CED has completed the requisite publication and comment period; and

Habitat for Humanity and Flint NIPP will not obligate any funds, incur any costs, nor implement any physical activities until CED Division has completed the Environmental Review Record, received a release of funds from the U.S. Department of HUD, completed all required HOME compliance activities and has issued a written notice to proceed to the agencies; and

The proposed contract has been reviewed and approved by the Mayor and City Administrator.

IT IS RESOLVED, that the above referenced contract is approved and that the appropriate City Of Flint officials are hereby authorized to do all things necessary to reprogram HOME funds in the amount of $420,000, and to process a budget amendment moving funds to appropriate accounts as identified above.

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Joshua Freeman, Council President

RECEIVERSHIP TRANSITION ADVISORY BOARD:

RESOLUTION STAFF REVIEW

Date: August 28, 2015

Agenda Item Title: **Resolution to Reprogram Unspent HOME Investment Partnership (HOME) Funds and Enter Into Contracts with Flint NIPP for Purchase Rehab Resale in the amount of $150,000, Flint NIPP for CHDO Operating in the amount of $20,000, and Habitat for Humanity for Purchase Rehab Resale in the amount of $250,000.**

Prepared by: Suzanne Wilcox, Department of Planning and Development, Community and Economic Development Division (CED)

Summary of Proposed Action:
The Department of Planning and Development, Community and Economic Development Division has identified $420,000 in unspent HOME Investment Partnership (HOME) funds from the HOME 13-14 allocation that are available for reprogramming. The Division requests to reprogram the $250,000 for Purchase Rehab Resale to Genesee County Habitat for Humanity to rehabilitate and re-sell a duplex, $150,000 to Flint NIPP for a purchase rehab resale activity, and $20,000 for CHDO Operating funds to support the eligible purchase rehab resale CHDO activity.

This reprogramming is part of a substantial amendment to the Consolidated Plan and per Citizen Participation requirements, was published in The Flint Journal on July 12, 2015. The comment period ended August 11, 2015 and the City may now enter into contracts, pending receipt of HUD's environmental release of funds.

Financial Implications:
Reprogramming funds to activities that can spend funds, allows CED to draw down funds that are otherwise being unused, and ensures that CED meets its ongoing CHDO requirements.

Pre-encumbered?: Yes____ No __X____ Requisition: BA pending Dept. Head signature

Account No. From FHUD14HOME uncommitted accounts to Flint NIPP CHDO, PRR and Habitat for Humanity accounts

Available in HOME Uncommitted Accounts:				To be moved to Accounts:		
Revenue Accounts:				**Revenue Accounts:**		
FHUD14HOME	274-749.104-502.749	$400,000	To	FHUD14HOME	274-749.270-502.749	$250,000
				FHUD14HOME	274-749.332-502.749	$150.000
FHUD14HOME	274-749.102-502.749	$20,000		FHUD14HOME	274-749.334-502.749	$20,000
Expense Accounts:				**Expense Accounts:**		
FHUD14HOME	274-749.104-700.100	$400,000	To	FHUD14HOME	274-749.270-805.327	$250,000
				FHUD14HOME	274-749.332-805.327	$150,000
FHUD14HOME	274-749.102-805.510	$20,000		FHUD14HOME	274-749.334-805.453	$20,000

Reviewed and approved by C. Dotson 9-1-15 Reviewed and approved by S. Wilcox 9/1/15

Other implications (i.e. collective bargaining):
No other implications are known at this time.

Staff Recommendation: Recommend Approval

APPROVAL

CED Program Manager

09/10/2015 REVENUE AND EXPENDITURE REPORT FOR CITY OF FLINT
PERIOD ENDING 09/30/2015

GL NUMBER	DESCRIPTION	2015-16 ORIGINAL BUDGET	2015-16 AMENDED BUDGET	UNENCUMBERED BALANCE
Fund 274 - HUD CDBG, ESG, & HOME GRANTS				
Dept 749.102-Home - Uncommitted Chdo Oper				
274-749.102-502.749	Federal Grants Hud - Home	0.00	20,000.00	20,000.00
274-749.102-805.510	21I Home Chdo Operate Cost 5% Admin Cap	0.00	20,000.00	20,000.00
Net - Dept 749.102-Home - Uncommitted Chdo Oper		0.00	0.00	0.00
Dept 749.104-HOME uncommitted				
274-749.104-502.749	Federal Grants Hud - Home	0.00	400,000.00	400,000.00
274-749.104-700.100	Unallocated budget appropriations	0.00	400,000.00	400,000.00
Net - Dept 749.104-HOME uncommitted		0.00	0.00	0.00
Fund 274 - HUD CDBG, ESG, & HOME GRANTS :				
TOTAL REVENUES		0.00	420,000.00	420,000.00
TOTAL EXPENDITURES		0.00	420,000.00	420,000.00
NET OF REVENUES & EXPENDITURES		0.00	0.00	0.00

Attachment #36

150843

SUBMISSION NO.: CA080205

PRESENTED: 9-11-15

ADOPTED: _____

RESOLUTION

Resolution to Process a Budget Amendment of USDA Forest Service Funds and Increase Budget by $200,000

BY THE CITY ADMINISTRATOR:

The Department of Planning and Development, Planning Division was awarded a grant modification to its USDA Forest Service Grant number 13-DG-11420004-020 to extend through September 30, 2017 and increase by $200,000. The additional time and funding will be used for the purpose of completing work on the City's vegetative cap project for phytoremediation in the Chevy in the Hole area.

The City has accepted the grant and the necessary funds need to be appropriated by way of a budget amendment.

IT IS RESOLVED, that appropriate City of Flint officials are authorized to do all things necessary to process a budget amendment to appropriate funds under grant code FUSDA14CHEVY, fund number 296 and department number 690.391, in the amount of $200,000.

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Joshua Freeman, Council President

RECEIVERSHIP TRANSITION ADVISORY BOARD:

RESOLUTION STAFF REVIEW

Date: September 9, 2015

Agenda Item Title: **Resolution to Process a Budget Amendment of USDA Forest Service Funds and Increase Budget by $200,000**

Prepared by:
Jonathan Moore, Planning and Development Analyst

Summary of Proposed Action:
The Department of Planning and Development, Planning Division was awarded a grant modification to its USDA Forest Service Grant number 13-DG-11420004-020 to extend through September 30, 2017 and increase by $200,000. The additional time and funding will be used for the purpose of completing work on the City's vegetative cap project for phytoremediation in the Chevy in the Hole area.

The City has accepted the grant and the necessary funds need to be appropriated by way of a budget amendment.

Financial Implications:
A budget amendment is necessary to make use of the grant modification and expense funding

Pre-encumbered?: Yes___ No ✓ Requisition:

Account No: To be appropriated by Finance under FUSDA14CHEVY, fund number 296 and department number 690.391

Reviewed and approved by M. Jarvis Mary Jarvis

Other implications (i.e. collective bargaining):
No other implications are known at this time.

Staff Recommendation: Recommend Approval

APPROVAL

Kevin Schronce
Planner III

Project Narrative – The Greening of Chevy in the Hole
Northeastern Area State and Private Forestry
FY 2016 Great Lakes Restoration Initiative (GLRI)

Project Applicant: The City of Flint will be the entity responsible for conducting the fiscal and performance accountability of the project.

Project Title: Greening of Chevy in the Hole

Project Location: Project activities will be targeted to the Flint River watershed, a part of the larger Saginaw Bay watershed (one of the state's Areas of Concern), which ultimately drains to Lake Huron. Specifically, the proposed project will occur at an approximately 66-acre parcel in the City of Flint, Genesee County, Michigan, formerly used for automotive manufacturing and known as "Chevy in the Hole".

GLRI Program Area: 3. "Reduce Toxic Substances in Brownfield Sites"

Project Contact: Jonathan Moore
City of Flint
1101 S. Saginaw St.
Flint, MI 48502
Phone: (810) 766-7426, ext. 3060
Fax: (810) 766-7351
jmoore@cityofflint.com

Funding Requested: $200,000

Recipient of Funds: *City of Flint (same as above)*

Project Duration: January 1, 2013 through September 30, 2017

Abstract: Chevy in the Hole consists of 66 acres of blighted urban riverfront. Using phytotechnologies to reduce toxic substances is the foundation of an overall site strategy for the City. Integrated with low impact stormwater management and green infrastructure "capping", this riverfront space is being transformed into a center for recreation and research. Trees such as poplars have and will continue to be planted in contaminated areas for uptake and degradation of toxins. These areas will coincide with storm water runoff infiltration such that storm water is also managed, and, ultimately, the contaminated water vector otherwise fluxing to the river will be managed.

Scope of Work:

In 2011-13 the City of Flint successfully completed phytoremediation plantings via similar United States Department of Agriculture (USDA) Forest Service (FS) GLRI grants. In this effort, approximately 16 acres of the site were vegetated successfully with a mix of native deciduous trees such as sugar maples, river birch, evergreens such as white spruce, and water-loving phreatophytes such as poplars and willows that will provide the bulk of the groundwater uptake in the early years of the phytoremediation program. In addition, the City of Flint has begun a *vegetative cap project via other funding mechanisms, and the phytoremediation plantings using* a variety of trees will be integrated with the "green cap" project to the extent possible.

investigations and plantings confirm the site is an ideal candidate for phytotechnologies. Both the soil conditions and shallow groundwater level at this site are suitable for tree growth and the contaminant concentrations are appropriate for phytoremediation. Finally, the project has the potential to provide wildlife habitat and the aesthetic benefits of a reforestation effort in a riparian environment, both of which complement the toxin reduction benefits.

The project will:

• apply phytoremediation to reduce surface runoff and sediment into the river by establishing a vegetated riparian buffer along the low-lying river's edge;
• improve the quality of soil and ground water by using phytoremediation to sequester, degrade, or stabilize contaminants;
• reduce the quantity of contaminated groundwater discharging to the Flint River using the benefits of phytoremediation; and,
• monitor the effectiveness of phytoremediation for use during the design and implementation of this process at other portions of the subject site and other sites in Flint.

The elements to achieve the objectives identified above include the following:

1. Baseline & Performance Monitoring - This task will include all contaminant and hydrologic monitoring, e.g., precipitation and groundwater level gauging throughout the project, and contaminant testing in groundwater at the conclusion of the project. A comprehensive groundwater sampling event and remote groundwater elevation monitoring at key locations will commence under this task.

2. Plantings – This task will include the planting of over 1,000 trees and shrubs of varying species and sizes across key areas (i.e., areas with the highest contamination and having the greatest influence (decrease) on stormwater runoff. Wherever possible, the plantings will integrate and coincide with plantings and design for the "green cap" project in an effort to green the site as much of the site as possible.

3. Reporting - In compliance with GLRI requirements, reporting will consist of biannual reports in addition to a final report.

Priority Landscape:

Phytoremediation will reduce metals and VOCs in groundwater that would otherwise discharge to the Flint River, which drains to the Saginaw Bay, which is a GLRI-defined AOC. In light of the project's objective of toxin reduction to an AOC, it ties directly to the GLRI Action Plan focus area of Toxic Substances and Areas of Concern. Specifically, this project will remediate and restore the Saginaw Bay, which aligns directly with the GLRI action plan objectives. The project links to the State Forest Action Plan via the following:

1. Reforestation of an urban area - 1,000 trees/shrubs will be planted just blocks from downtown Flint
2. Maintenance and restoration of watersheds - this is accomplished by the addition of eight (8) acres of green infrastructure
3. Enhancement of public benefits from trees and forests
4. Provision of forested ecosystems for biodiversity and wildlife

Measurable Results and On-The-Ground Outcomes:

Assuming 1,000 trees will uptake 30 gallons of groundwater per day over 180 days per year, approximately 5,400,000 gallons of contaminated groundwater per year will be transpired. With an average total contaminant concentration of 1 mg/L, it is expected that approximately 45 pounds of contaminants per year will be kept from discharging to the AOC from this project. This is a conservative performance metric, in that 1,000 phreatophytes have already been planted and survived as an outcome of this project.

Partnerships and Collaboration:

Environmental Consulting & Technology, Inc. (ECT) will provide design/build services for the phytoremediation system, including the development of a baseline monitoring program, final landscape plan design, and construction oversight of planting of trees. ECT will also oversee the maintenance of the phytoremediation system and perform final performance monitoring near the final quarter of the project. It is anticipated that their role will be 25% of the contractual services. The "green cap" contractor (ECT's sub), will perform construction/tree plantings; it is anticipated that their role will be 75% of the contractual services.

Timeline:

We anticipate a USDA FS grant start date of October 1, 2015. In light of the timing of this start date, we anticipate a project duration of October 1, 2015 through September 30, 2017 (schedule below).

FY 2016 Schedule - Schedule is approximate and not tied to a specific start date.

Quarter 1, October - December 2015: Site Preparation and Planning, Baseline Monitoring, Fall Plantings and Initiation of Design
Quarter 2, January - March 2016: Spring Planting Design
Quarter 3, April - June 2016: Spring Construction/Plantings and Irrigation and Maintenance
Quarter 4, July - September 2016: Irrigation and Maintenance
Quarter 5, October - December 2016: Maintenance and Winterization of System
Quarter 6, January - March 2017: Data Analysis and Site Preparation for 2017
Quarter 7, April - June 2017: Irrigation and Maintenance of Plantings
Quarter 8, July - September 2017: Final Performance Monitoring, Irrigation and Maintenance and Final Reporting

Budget:
Table I:

Task	Personnel	Fringe Benefits	Travel	Equipment	Supplies	Contractual	Subtotal
Baseline & Performance Monitoring	0	0	0	0	0	$35,000	$35,000
Planting	0	0	0	0	0	$150,000	$150,000
Reporting	0	0	0	0	0	$15,000	$15,000
Subtotal:							$200,000

USDA Forest Service

OMB 0596-0217
FS-1500-19

MODIFICATION OF GRANT OR AGREEMENT

PAGE 1 OF PAGES 2

1. U.S. FOREST SERVICE GRANT/AGREEMENT NUMBER:	2. RECIPIENT/COOPERATOR GRANT or AGREEMENT NUMBER, IF ANY:	3. MODIFICATION NUMBER:
13-DG-11420004-020	N/A	A3

4. NAME/ADDRESS OF U.S. FOREST SERVICE UNIT ADMINISTERING GRANT/AGREEMENT (unit name, street, city, state, and zip + 4)	5. NAME/ADDRESS OF U.S. FOREST SERVICE UNIT ADMINISTERING PROJECT/ACTIVITY (unit name, street, city, state, and zip + 4):
Area Director Northeastern Area State & Private Forestry 11 Campus Blvd., Suite 200 Newtown Square, PA 19073 (610) 557-4106; lgordon@fs.fed.us	Jeremy Peichel Northeastern Area State & Private Forestry 1992 Folwell Avenue St. Paul, MN 55108 (651) 649-5221; jpeichel@fs.fed.us
6. NAME/ADDRESS OF RECIPIENT/COOPERATOR (street, city, state, and zip + 4, county):	7. RECIPIENT/COOPERATOR'S HHS SUB ACCOUNT NUMBER (For HHS payment use only):
Ms. Natasha Henderson, City Administrator City of Flint 1101 S. Saginaw Street Flint, MI 48502-1420 (810) 237-2035; nhenderson@cityofflint.com	G42393044003 $200,000

8. PURPOSE OF MODIFICATION

CHECK ALL THAT APPLY:	This modification is issued pursuant to the modification provision in the grant/agreement referenced in item no. 1, above.
☒	CHANGE IN PERFORMANCE PERIOD: This action changes the ending date to September 30, 2017.
☒	CHANGE IN FUNDING: This action adds Federal funding in the amount of $200,000
☐	ADMINISTRATIVE CHANGES:
☐	*OTHER (Specify type of modification):*

Except as provided herein, all terms and conditions of the Grant/Agreement referenced in 1, above, remain unchanged and in full force and effect.

9. ADDITIONAL SPACE FOR DESCRIPTION OF MODIFICATION (add additional pages as needed):

This modification is subject to the OMB guidance in subparts A through F of 2 CFR Part 200 as adopted and supplimented by the USDA in 2 CFR Part 400. Adoption by USDA of the OMB guidance in 2 CFR 400 gives regulatory effect to the OMB guidance in 2 CFR 200 where full text may be found.

Additional funding in the amount of $200,000 is made under the authority of Cooperative Forestry Assistance Act of 1978, Title 16, Part 2105, Section 9, Public Law 95-313, 92 Stat. 365 for the above project and accepted for the purposes described in the narrative. The Application for Federal Assistance dated July 31, 2015, submitted by you is incorporated and made a part of the award. By acceptance of this supplemental award, the grantee agrees to comply with the applicable Federal requirements for agreements and to the prudent management of all expenditures and actions affecting the award, as outlined in the original award documents.

Except as set forth above, all other terms and conditions of the agreement shall remain the same, unchanged, and in full force and effect.

10. ATTACHED DOCUMENTATION (Check all that apply):

☐	Revised Scope of Work
☐	Revised Financial Plan
☐	Other:

11. SIGNATURES

AUTHORIZED REPRESENTATIVE: BY SIGNATURE BELOW, THE SIGNING PARTIES CERTIFY THAT THEY ARE THE OFFICIAL REPRESENTATIVES OF THEIR RESPECTIVE PARTIES AND AUTHORIZED TO ACT IN THEIR RESPECTIVE AREAS FOR MATTERS RELATED TO THE ABOVE-REFERENCED GRANT/AGREEMENT.

(Signature of Signatory Official)	SIGNED 8/28/15	(Signature of Signatory Official)	SIGNED 8/24/15
11.E. NAME (type or print): Natasha L. Henderson		11.F. NAME (type or print): TONY L. FERGUSON	
11.G. TITLE (type or print): City Administrator		11.H. TITLE (type or print): Area Director	

12. G&A REVIEW

12.A. The authority and format of this modification have been reviewed and approved for signature by: Lori Gordon LORI GORDON U.S. Forest Service Grants & Agreements Specialist	12.B. DATE SIGNED 8/24/15

Attachment # 3c
150845
SUBMISSION NO.: CA0822015
PRESENTED: 9/16/15
ADOPTED:

RESOLUTION

Resolution to Process a Budget Amendment to move funds from 101 Fund Balance to Planning and Development, Community and Economic Development Division, for the Purpose of Completing Community Development Block Grant (CDBG) Housing and Smith Village Housing and to Fund Economic Development Activities

BY THE CITY ADMINISTRATOR:

The Planning and Development Department, Community and Economic Development Division (CED) has invested significant grant funds to rehabilitate City owned CDBG and Smith Village housing. Vandalism has occurred at multiple properties and the repairs are not grant eligible; and

General funds are also necessary for unbudgeted economic development activities in the Department; and

Additionally, needed repairs funded by existing general fund encumbrances were unable to be completed prior to 2015 fiscal year close and were not requested in the fiscal year 2016 budget under department 690.100. Planning and Development has merged its general fund account into department 371.209 and existing purchase orders should be adjusted to same; and

To complete the repairs and to fund economic development activities, CED requests a Budget Amendment to move $98,674.67 from 101 Fund Balance to 101-371.209-801.000 and to change existing encumbrances to 101-371.209-801.000.

IT IS RESOLVED, that appropriate City Of Flint officials are authorized to do all things necessary to process a budget amendment to move $98,674.67 from 101 Fund Balance to the appropriate account and to make adjustments to any existing purchase orders that are affected by the aforementioned changes.

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Joshua Freeman, Council President

RECEIVERSHIP TRANSITION ADVISORY BOARD:

RESOLUTION STAFF REVIEW

Date: September 15, 2015

Agenda Item Title: **Resolution to Process a Budget Amendment to move funds from 101 Fund Balance to Planning and Development, Community and Economic Development Division, for the Purpose of Completing Community Development Block Grant (CDBG) Housing and Smith Village Housing and to Fund Economic Development Activities**

Prepared by:
Community and Economic Development Division (CED)

Summary of Proposed Action:
The Planning and Development Department, Community and Economic Development Division (CED) has invested significant grant funds to rehabilitate City owned CDBG and Smith Village housing. Vandalism has occurred at multiple properties and the repairs are not grant eligible. CED had requested funds in the FY15 4th Quarter Budget Amendment, but it was not adopted prior to the close of the FY15 and CED was unable to utilize those funds. Planning and Development requested no general funds for vandalism and theft items in the FY16 budget. Additionally, needed repairs funded by existing general fund encumbrances were unable to be completed prior to 2015 fiscal year close and were not requested in the fiscal year 2016 budget.

In addition, City Administration has requested CED staff provide some economic development services, which were not budgeted in FY16. These additional economic development activities, combined with the cost estimates for the repairs and existing encumbrances total $172,179.18. Finance has identified $98,674.67 available to request from FY15 Fund Balance. This, combined with the $73,504.51 identified as available in the FY16 P&D budget, will provide the necessary funds to complete the repairs and provide funding for economic development activities.

To complete the repairs, CED requests a Budget Amendment to move $98,674.67 from 101 Fund Balance to 101-371.209-801.000.

Financial Implications:
Failure to complete these repairs could subject the City to repayment of all federal investment.

Pre-encumbered: Yes ___ No X Requisition:

Account No. From 101 Fund Balance to 101-371.209-801.000

Reviewed and approved by C. Dotson Approved by S. Wilcox

Other implications (i.e. collective bargaining):
No other implications are known.

Staff Recommendation: Recommend Approval

APPROVAL

Suzanne Wilcox
Program Manager

Attachment #3d

15-5228

150846

(Purchasing Req. 150000845)

SUBMISSION NO.: CA083215

PRESENTED: 9/23/15

ADOPTED: _____

RESOLUTION TO BS&A SOFTWARE FOR ANNUAL SERVICE AND SUPPORT

BY THE CITY ADMINISTRATOR

RESOLUTION

On August 7, 2012, the Emergency Manager authorized the Proper City Officials to enter into a four year contractual agreement with BS&A Software for software and maintenance agreements in an amount not to exceed $862,100.00 based on the following payment schedule: year one $132,616.25, years two through four $243,161.25 per year as requested by Information Services; and

Pursuant to the terms of the agreement with BS&A, year four is subject to a price increase based on the Consumer Price Index (CPI). In reviewing said CPI, a 1.01% increase is warranted, which results in a $1,446.00 increase for the FY16 fiscal year. Funding will come from the following account: 636-228.100-814.600; and

IT IS RESOLVED, that the Mayor and City Administrator do all things necessary to remit payment to BS&A Software for the software and maintenance agreement for FY16 in an amount not to exceed $244,607.25 and a revised total of $863,546.00. (Information Services Fund)

APPROVED PURCHASING DEPT.:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

Natasha L. Henderson, City Administrator

RECEIVERSHIP TRANSITION ADVISORY BOARD:

CITY COUNCIL:

Joshua Freeman, Council President

FY16 - KRN

RESOLUTION STAFF REVIEW

September 22, 2015

Agenda Item Title: BS&A Software

Submitted By: IS Division

Background/Summary of Proposed Action:

The City of Flint utilizes a software system that has been developed by BS&A. In August 2012 the Emergency Manager authorized the City to enter into a four year contract with said vendor for the purposes of maintain licenses and any maintenance of the software. As part of the terms and conditions of the contract, the City is subject to a price increase during the fourth year that is tied to the Consumer Price Index (CPI). This is the fourth year of this contract and based on the CPI, the City is subject to an increase representing $1,446.00 for a total FY16 invoice of $244,607.25. The IS Division is requesting the Purchasing Division to issue a purchase order to represent said invoice amount.

Financial Implications:

Budgeted Expenditure? **Yes x** **No** **Please explain if no:**

Account No.: 636-228.100-814.600

Pre-encumbered? **Yes x No** **Requisition: 150000845**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Approve

Department Approval: _____
For IS Division

PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
INFORMATION SERVICES FUND (636) - OCTOBER 2015 SUMMARY

Reso #	Council Review Date	Description	Division	Approval Status	636-228.100-814.600	
Amended Budget					**$**	**689,900.00**
Year-to-date Balance					**$**	**21,400.00**
Purchase Orders Approved					**$**	**-**
Available Balance					**$**	**668,500.00**
CA0832015	9/28/2015	BS&A Software - Annual Service & Support	Info Svc			244,607.25
				Pending RTAB Approval Totals	**$**	**244,607.25**
Ending Year to Date Balance Pending Council and RTAB Approval					$	423,892.75

Attachment # 3e

15-5233

150851

(Proposal No. 16000529)

SUBMISSION NO.: CA0882015

PRESENTED: 9/23/15

ADOPTED: _____

RESOLUTION TO ETNA SUPPLY COMPANY FOR THE ANNUAL SUPPLY OF WATER DISTRIBUTION PIPE STAINLESS STEEL REPAIR CLAMPS AND REPAIR PARTS FOR THE WATER SERVICE CENTER

BY THE CITY ADMINISTRATOR

RESOLUTION

The Finance Department, Purchases and Supplies Division, has solicited a unit pricing proposal for the annual supply of water distribution pipe stainless steel repair clamps and repair parts for the Utilities Water Service Center; and

Etna Supply Company, 529 – 32nd Street, Grand Rapids, Michigan 49548 was the lowest responsive overall unit pricing proposal received from four solicitations for said clamps and repair parts. The funding for this purchase will come from the following account: 591-540.202-726.000; and

IT IS RESOLVED, that the Finance Department is authorized to issue a purchase order to Etna Supply Company for the annual supply of water distribution pipe stainless steel repair clamps and repair parts for the Utilities Water Service Center in an amount not to exceed $130,000.00. (Water Fund)

APPROVED PURCHASING DEPT.:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

RECEIVERSHIP TRANSITION ADVISORY BOARD:

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Joshua Freeman, Council President

FY16 – BDB

RESOLUTION STAFF REVIEW

DATE: 7-1-15

Agenda Item Title: Repair Clamp and Water Service Parts

Prepared By: Cheri Priest, Water Service Center

Background/Summary of Proposed Action: The City of Flint Water Service Center requests that a purchase order be issued for the purchase of stainless steel repair clamps and miscellaneous service parts which are used in the repair of water mains and service lines.

Financial Implications: Adequate funding has been allocated for this purchase

Budgeted Expenditure? **Yes** ☒ **No** ☐ **Please explain if no:**

Account No.: 591-540.202-726-000 $130,000.00

Pre-encumbered? Yes ☒ **No** ☐ **Requisition #** 150000608

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: Robert Bunsick
(Dept Head or other authorized staff)

SEALED PROPOSALS RECEIVED FINANCE DEPT/PURCHASING & SUPPLIES ON SEPTEMBER 10, 2015
ANNUAL SUPPLY OF WATER DISTRIBUTION PIPE STAINLESS STEEL REPAIR CLAMPS AND REPAIR PARTS
#16000529

	Michigan Pipe and Valve 4040 Eagles Nest Flushing, MI 48433	Etna Supply Co. 529-32nd St. Grand Rapids, MI 49548 (Flint branch) 2395 Lapeer Rd, Flint, MI 48503	HD Supply c/o Don Napier 6575 - 23 Mile Rd. Shelby Township, MI 48316
Unit Pricing of various repair clamps as requested	$6,065.31	$5,756.00	$5,675.31 ***($6,0725.58)**

***7.0% price advantage given to Etna Supply based on local preference ordinance**

PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
WATER FUND (591) - OCTOBER 2015 SUMMARY

Reso #	Council Review Date	Description	Division	Approval Status	591-540.100-801.000	591-540.202-726.000
Amended Budget					**$ 340,000.00**	**$ 600,000.00**
Year-to-date Balance					**$ 15,358.91**	**$ 44,673.84**
Purchase Orders Approved					**$ 117,766.00**	**$ 44,318.99**
Available Balance					**$ 206,875.09**	**$ 511,007.17**
CA0862015	9/28/2015	Du All Cleaning - Janitorial Services	Multiple		$ 5,850.00	
CA0872015	9/28/2015	East Jordan Iron Works - Hydrant,grates,manhole covers	Various			$ 126,000.00
CA0882015	9/28/2015	Etna Supply Company - repair clamps and parts	DPW-WSC			$ 130,000.00
			Pending RTAB Approval Totals		**$ 5,850.00**	**$ 256,000.00**
Ending Year to Date Balance Pending Council and RTAB Approval					$ 201,025.09	$ 255,007.17

Attachment # 3 f

150852

SUBMISSION NO.: CA092 2015

PRESENTED: 9/24/15

ADOPTED: _____

RESOLUTION AUTHORIZING RETAINING LAKE AGENCY TO PROVIDE EXCESS LIABILITY INSURANCE COVERAGE

BY THE CITY ADMINISTRATOR:

The City of Flint solicited proposals for excess liability insurance coverage; and

The Finance Department is recommending that Lake Agency, Inc. be retained to provide the City with excess liability insurance coverage through the Princeton/Munich Re Insurance Company. Princeton/Munich Re was the more favorable of the two carriers that submitted proposals. The Princeton/Munich Re Insurance Company proposal maintains the same coverage as the prior year at a reduced premium. Additionally, the carrier has offered to maintain the proposed premium for two subsequent years, provided that significant changes do not occur; therefore

IT IS RESOLVED, that the appropriate City officials are authorized to enter into a contract with Lake Agency, Inc. to provide the City with excess liability coverage through the Princeton/Munich Re Insurance Company at a premium amount not to exceed $322,934.00.

Peter M. Bade, Chief Legal Officer

Jody N. Lundquist, Chief Financial Officer

Natasha L. Henderson, City Administrator

CITY COUNCIL:

RECEIVERSHIP TRANSITION ADVISORY BOARD:

Joshua Freeman, Council President

15-0270

RESOLUTION STAFF REVIEW

DATE: 9-4-15

Agenda Item Title: Resolution Authorizing Retaining Lake Agency to Provide Excess Liability Insurance Coverage

Prepared By: V. Foster for Jody Lundquist, Chief Financial Officer

Background/Summary of Proposed Action:

Lake Agency, as the City's insurance broker, obtained quotes for its excess liability insurance policy. Quotes were obtained from Princeton/Munich Insurance Company and Old Republic Union Insurance Company. Seven other carriers declined.

The premium of $322,934.00 quoted by the City's current carrier, Princeton/Munch Re, reflects a total reduction from prior year of $20,500.00 while maintaining the current level of coverage.

Financial Implications: None.

Budgeted Expenditure? x Yes No Please explain if no:

Account No.: 677-174.851-955.000

Pre-encumbered? x Yes No Requisition # 150000896

Other Implications (i.e., collective bargaining): None.

Staff Recommendation: It is the Finance Department's recommendation that the City of Flint *renew the current general liability insurance coverage through the Lake Agency in the amount of* $322,934.00.

Staff Person: V. Foster **Approval:** City Administration

PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
SELF INSURANCE FUND (677) - OCTOBER 2015 SUMMARY

Reso #	Council Review Date	Description	Division	Approval Status	677-174.851-955.000	
Amended Budget					$	**725,000.00**
Year-to-date Balance					$	**75,216.00**
Purchase Orders Approved					$	**-**
Available Balance					$	**649,784.00**
CA0922015	9/28/2015	Lake Agency - Excess Liability Insurance	Finance		$	322,934.00
CA0	9/28/2015	Lake Agency - Property Insurance	Finance		$	144,311.00
			Pending RTAB Approval Totals		$	**467,245.00**
Ending Year to Date Balance Pending Council and RTAB Approval					$	**182,539.00**

INSURANCE PROPOSAL

FOR

City of Flint

Presented By:

John S. Racine, CPCU
President
Revised
September 23, 2015

NAMED INSURED and ADDITIONAL INTEREST SCHEDULE

Named Insureds:

City of Flint

Location Schedule:

Per Statement of Values

Additional Interests (Mortgagees, Loss Payees & Additional Insureds):

Address	Insurable Interest
To Be Determined	

COMMERCIAL GENERAL LIABILITY COVERAGE

Named Insured: City of Flint
Company Name: The Princeton Excess & Surplus Lines Insurance Co. (Munich Re)
Policy Term: 9/23/15 to 9/23/16

Coverage Description	Limits	Aggregate
General Liability – Occurrence Form	$10,000,000	$10,000,000
Law Enforcement Liability – Occurrence Form	Included	Included
Employee Benefits Liability – Claims Made	Included	Included
Wrongful Acts Liability – Claims Made	$10,000,000	$10,000,000
Public Officials Liability – Claims Made	Included	Included
Employment Practices Liability – Claims Made	Included	Included
Sexual Harassment – Claims Made	Included	Included
Automobile Liability – Per Accident	$10,000,000	$10,000,000

Self-Insured Retention - $3,000,000

All Claims Made coverage's will include a retro date of 8/22/13

Defense Costs – Inside the retention & liability limit

A 3 year policy term is being offered from Princeton to renew on 9-23-2015, 9-23-2016 and 9-23-2017 for $315,000 each year, provided that significant changes are not made in the following area's during this 3 year term:
Change in population @ 99,763
Law enforcement officers @ 109
Vehicle count @ 305
Change in incurred (paid and reserved) loss experience
Changes endorsed to the policy after the inception date of the policy
Change in state laws or a change in the interpretation of such state laws as respects tort caps and/or tort immunity and/or sovereign immunity

Minimum earned premium is 100%

COMMERCIAL GENERAL LIABILITY COVERAGE - Continued

Notable Exclusions:

- Sexual Abuse
- Terrorism
- Prior & Pending Litigation 8-22-13

Any *Wrongful Act* arising out of
- Failing to maintain insurance
- Tax assessments, adjustments, collection or refund of taxes, or shortfalls
- Claims for back pay, fringe benefits, overtime even if under regulation
- Breach of contract (give back for EPL – implied contracts)
- *Administration* of any *Employee Benefits Program*

Any liability arising out of:
- Professional Services
- Fiduciary Liability
- Criminal, fraudulent, dishonest acts, etal
- Pollutants
- Asbestos
- Failure to adequately supply gas, oil, water, electricity or sewerage.
- Watercraft
- Landfills
- Aircraft, Airfields, runways, hangars – aviation activities
- War
- Nuclear or Hazardous Material including Waste

- Dams excluded from coverage are: Hamilton, Thread Creek and Utah (Kearsley and Holloway are covered)

- Under the Automobile Liability coverage, Uninsured and Underinsured Motorist, No-Fault and Personal Injury Protection coverage's are excluded from coverage

Please Note: This is a partial and abbreviated list of exclusions. Refer to policy forms for complete terms and conditions.

Mycommunityworkplace.org

As a Princeton policyholder, there is a valuable web-based platform designed specifically for public and nonprofit entities. The site offers management-level training including sexual harassment prevention, discrimination preventions and ethical behavior. Model policies and forms are provided as well as a daily article on vital workplace risk issues. Mycommunityworkplace.org is dynamic and can be adapted to meet the City of Flint's needs!

THIRD PARTY ADMINISTRATOR CLAIMS SERVICES

Named Insured: City of Flint
Company Name: York Claims Administration
Policy Term: 9/23/15 to 9/23/16

Claims Services

York will provide claims handling *for claims in excess of $10,000 in incurred value*, at the following rate(s):

Life of Contract Fee Per Feature		
Line of Business	2015-2016	2016-2017
General Liability		
Bodily Injury	$979.00	$1,008.00
Property Damage	$685.00	$706.00
Personal Injury	$613.00	$631.00
Public Officials		
Includes EBL, EPLI, E&O & Zoning	$2,009.00	$2,069.00
Police Professional	$1,906.00	$1,963.00
Auto Liability		
Bodily Injury	$1,802.00	$1,856.00
Property Damage	$567.00	$584.00
PIP	$1,236.00	$1,273.00
Auto Physical Damage (Not Included)	N/A	N/A

Life of Contract applies to claim features occurring during the 12 month contract term and covers handling until conclusion without additional charge as long as the client continues to renew subsequent contracts. If any subsequent contract is cancelled or non-renewed, the client may require York to return all open claims or to continue the administration of open claims for an additional fee per open claim feature or Time and Expense.

THIRD PARTY ADMINISTRATOR CLAIMS SERVICES

General Fees, Services, Terms and Conditions for City of Flint

- The City of Flint agrees to notify York in the following instances:
  1) On a quarterly basis by email of all claims received, regardless of whether they were denied, closed without payment, or paid under the ten thousand dollar ($10,000) authority point;
  2) Immediately of any claim that cannot be settled for less than ten thousand dollars ($10,000);
  3) Immediately of any claim that the City was attempting to settle that exceeds the ten thousand dollar ($10,000) limit;
  4) Immediately of ALL class action demands;
  5) Immediately of ALL Public Official Errors and Omissions (E&O) claims.

- Claim Reporting/Intake: $15 – Telephonic, Web, Fax, Email.
- $8,500 non-erodible, non-refundable annual administration fee payable upon signing of contract. Annual Administration Fee Includes: Account Administration Services; Loss Fund Administration; Live On-Line Access to Claims Information including "Loss Runs," Claims Data Transfer; Monthly Data Transfers to Excess Carrier as required; Regular Claims Reviews
- Outside Activity/Field Investigations will be billed at time and expense.
- Billing: York will issue an electronic invoice monthly, via e-mail. Payments shall be due and payable no later than thirty days from the invoice date.
- This proposal contemplates that York will be entering into a direct contract with the City of Flint. Should York be required to contract with any other party, different terms may apply.
- Pricing for each subsequent year, following this two year contract will be subject to the greater of 3% or the percentage increase as reported by the U.S. Department of Labor Bureau of Labor Statistics (http://www.gls.gov/cpi/home.htm) for the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average, All Items, covering the prior twelve month period, valued as of the month ending two months prior (to allow time for reports to be published) to the anniversary date of the contract.
- City of Flint will have the right to direct that the services York performs be rendered in a particular or different way or additional services be provided. If such direction increases York's cost of providing the services, York shall be entitled to an equitable adjustment in its compensation.
- Subrogation: York's fee per feature pricing includes placing responsible parties on notice. Pursuit of subrogation beyond this point can be performed at 15% of recovery, plus costs, such as locate searches, skip traces, etc.
- Unless specifically identified, York's General Liability fixed fees are limited to Standard Commercial General Liability Coverage Form coverages. Claims presented to York but excluded from the standard form, coverages will be administered on a time & expense basis or on such other basis as agreed to between York and City of Flint, MI.

PREMIUM SUMMARY

Option 1 **Princeton/Munich Re Insurance Co** A.M. Best Rating – A+ Superior with Stable Outlook $57Million Surplus	**Annual Premium**
General Liability	$335,000.00
Surplus Lines Tax & Policy Fee	$ 8,434.00
Total Estimated Premium	**$343,434.00**

REVISED - Option 1 **Princeton/Munich Re Insurance Co** A.M. Best Rating – A+ Superior with Stable Outlook $57Million Surplus	**Annual Premium**
General Liability	$315,000.00
Surplus Lines Tax & Policy Fee	$ 7,934.00
Total Estimated Premium	**$322,934.00**
3 Year term offered at $315,000 each year as long as conditions are met that are listed on page 3 of the proposal	

Option 2 **Old Republic Union Insurance Co** A.M. Best Rating – A- Excellent with Stable Outlook $22Million Surplus	**Annual Premium**
General Liability *(excludes coverage for Kearsley Creek Dam)*	$300,000.00
Surplus Lines Tax & Policy Fee	$ 7,500.00
Total Estimated Premium	**$307,500.00**

Option 3 **Old Republic Union Insurance Co** A.M. Best Rating – A- Excellent with Stable Outlook $22Million Surplus	**Annual Premium**
General Liability *(includes coverage for Kearsley Creek Dam*)*	$309,000.00
Surplus Lines Tax & Policy Fee	$ 7,725.00
Total Estimated Premium	**$316,725.00**

PREMIUM SUMMARY

Option 4 Old Republic Union Insurance Co. A.M. Best Rating – A; Excellent with Stable Outlook $22Million Surplus	Annual Premium
General Liability *($2Mil retention & excludes coverage for Kearsley Creek Dam)*	$475,000.00
Surplus Lines Tax & Policy Fee	$ 11,875.00
Total Estimated Premium	**$486,875.00**

**See quote conditions on the following page (item #6) for the quote conditions on covering the Kearsley Creek Dam with Old Republic Insurance Co.*

QUOTE CONDITIONS

Quote Conditions:

1. Payment is due in full at time of binding coverage with a 100% earned premium.
2. It is understood and agreed that the City of Flint shall not make any changes in the Claims Administrator (York Risk Services) without the prior written approval of the insurance company prior to the implementation of any such changes.
3. The carrier may decide to audit the TPA during this policy year. If they want to schedule an audit, they will provide 60 days notice to York Risk Services. Any and all recommendations by Munich Re claims will need to be completed within 90 days notice of receiving written notice.
4. Loss reports must be updated at all times and reported quarterly to York Risk Services.
5. Terrorism coverage is not included. The cost to add this coverage is $3,500 with Princeton Insurance Co. and an additional $5,475 with Old Republic Union Insurance Co.
6. *Before coverage for the Kearsley Creek Dam can be granted with Old Republic Insurance Co., the company must be provided with a detailed plan of how the City of Flint intends to address the outstanding maintenance repair and replacement issues at the Dam, along with an estimated timeline for the repairs.
7. Provide updated loss information on the class action lawsuit filed by the retired employee's for their health care program. Has there been any activity at all on this claim in the last year? What is the status of the class action suit? Has a court date been set up yet?

2015 GENERAL LIABILITY MARKETING

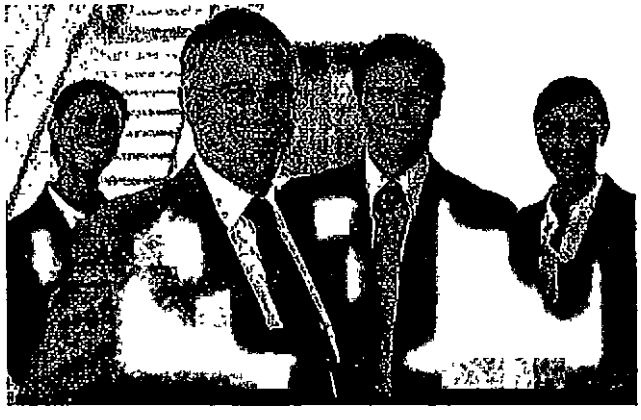
Carrier	Additional Notes:
Princeton Ins. Co.	Provided a quote
Old Republic Ins. Co.	Provided a quote
CV Starr Ins. Co. Declined	Will not write the law enforcement exposure along with all of the other general liability coverage's
One Beacon Ins. Co. Declined	They declined due to the program structure. They will not write liability limits as high as $10,000,000.
Alteris Insurance Co. Declined	They declined due to the ongoing financial issues.
Allied World Ins. Co. Declined	They declined due to the ongoing financial issues.
Lexington Ins. Co. Declined	They declined due to the ongoing financial issues.
Brit Ins. Co. Declined	They declined due to the ongoing financial issues.
Scottsdale Ins. Co. Declined	They declined due to the ongoing financial issues.

Solutions for All Your Insurance Needs

Comprehensive Consulting and Brokerage Services for All Lines of Coverage

Take advantage of the benefits of partnering with Lake Agency, Inc. for your Property & Casualty, Employee Benefits and Personal Lines needs.

We have insurance solutions for all facets of your business. Say goodbye to the confusion of multiple brokers and discover the benefits of placing all your business with Lake Agency, Inc. Understanding all sides of your business will enable us to develop a strategic, comprehensive insurance plan that addresses your unique needs and ensures there are no gaps in coverage. With a single point of contact, you'll never have to worry about who you should call for a claim. Plus, you'll have access to our full range of exciting P&C and Benefits tools and resources. Our comprehensive initiatives work harmoniously to benefit all aspects of your business and your bottom line.



Professional Services

Custom Communications
We can provide you with employee handbooks, newsletters, payroll stuffers, flyers, posters and more on topics ranging from retirement planning and wellness flyers to safety manuals and risk management resources.

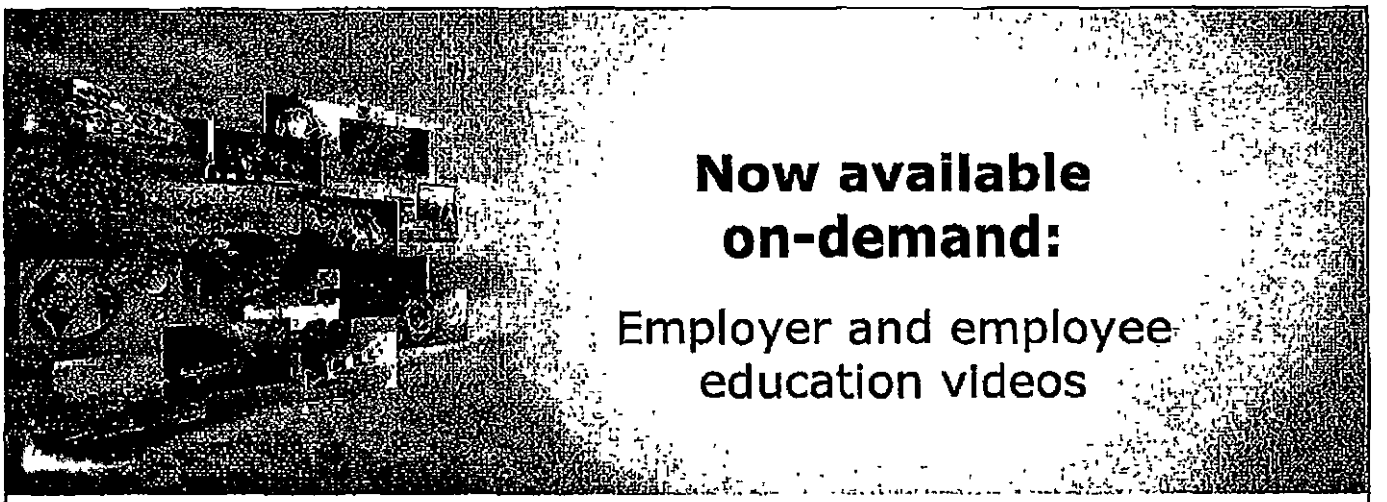
Client Resource Portal
You'll have electronic access to these materials and other resources through a unique client portal site. The site includes an expansive library of HR and risk management resources including legislative guides and newsletters. Plus, you'll have online access to a variety of valuable OSHA resources, including an easy-to-use OSHA reporting and analysis tool.

Loss Control Strategies
Our mission is to help you to reduce your total cost of risk, including insurance costs, and promote continuous improvement in safety. We can achieve this by providing strategic planning, program development and execution through loss control evaluation, preventive action planning and active safety program support.

Cost Containment Resources
Our claims cost containment resources will help you minimize losses and protect your bottom line. This includes proper reporting, accident investigation, implementing a return to work program, educating employees and more.

Employee Portal
This customizable online communication portal provides your employees access to important company and HR information. You can tailor the site to offer information your employees will value, such as company policies, announcements, benefit plan information, an employee directory, vacation tracking and more.

Wellness Team
Our wellness team strives to maximize the health and productivity of your workforce by helping you implement targeted wellness initiatives. These programs will not only promote employee health and help lower medical claims costs, but can also support your safety initiatives and reduce workers' compensation claims.



Now available on-demand:

Employer and employee education videos

Lake Agency, Inc. consistently strives to provide valuable services and resources for our valued clients. Today, we are happy to announce that a **variety of videos are now available on-demand from Lake Client Connect.**

Among our video offerings, you will find:

- Educational videos to help business owners and risk managers better understand complex business and legal topics, such as OSHA, workers' compensation and risk management.
- Engaging videos for employees that educate on vital topics such as workplace safety, DOT standards and workers' compensation rights.

If you have questions or would like a Lake Client Connect refresher, please contact us today. Lake Agency, Inc. is dedicated to providing you with the services and resources to support your business needs. We thank you for your continued business.

Lake Agency, Inc.
(810) 694-2050

Lake Agency, Inc.
1537 E Hill Rd
Grand Blanc, MI 48439

PLEASE NOTE .....

- This proposal contains the coverage's, limits and forms of insurance requested in the specifications furnished or as requested by you insofar as it was possible. Known deviations from specifications or coverage's you requested, if any, have been noted.

- Not all forms of available insurance have been recommended, for our endeavor has been to avoid a disproportionately high premium expenditure. In our oral discussions, we will examine this point in greater detail -- explaining the factors which motivated us to omit certain coverage's that are available.

- Your attention should be directed to one further point: We ask that you not accept our brief description of the insurance coverage's as a complete explanation of the policy terms. A narrative description can never replace the policy, of course, and the actual policy language will govern the scope and limit of coverage involved.

..... THANK YOU

Much of your annual budget is allocated to insurance and we wish to thank you for granting us the opportunity to analyze your insurance needs. Those involved in the selection of the companies utilized and the coverage's suggested were:

Account Executive: **John Racine**
jsracine@lakeagency.com

Account Manager: **Sue Hawk**
shawk@lakeagency.com

This TEAM is here to serve you, so please feel free to call should you have any questions regarding this proposal or other insurance matters.

Attachment # 3g

150854

SUBMISSION NO.: CA09.42015

PRESENTED: 9/25/15

ADOPTED: _____

RESOLUTION AUTHORIZING LAKE AGENCY TO PROVIDE EXCESS LIABILITY INSURANCE COVERAGE

BY THE CITY ADMINISTRATOR:

The City's Property, Equipment Breakdown and Crime coverage is currently provided by Traveler's Insurance Company and Hartford Steam Boiler through the City's insurance broker, the Lake Agency.

The Lake Agency, in consultation with the Finance Department, has evaluated the current coverage amounts and updated the necessary building and equipment lists. Lake Agency is recommending that coverages be continued through Traveler's Insurance Company and Hartford Steam Boiler, for a total premium not to exceed $144,311.00.

IT IS RESOLVED, that the appropriate City officials are authorized to enter into a contract with The Lake Agency to provide Property, Equipment Breakdown and Crime Insurance through Traveler's Insurance and Hartford Steam Boiler at a cost not to exceed $144,311.00.

Peter M. Bade, Chief Legal Officer

Jody N. Lundquist, Chief Financial Officer

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Joshua Freeman, Council President

RECEIVERSHIP TRANSITION ADVISORY BOARD:

15-0241

RESOLUTION STAFF REVIEW

DATE: September 24, 2015

Agenda Item Title: Lake Agency – Property Insurance and Equipment Coverage

Prepared By: V. Foster, Finance Division

Background/Summary of Proposed Action:

The City's Property, Equipment Breakdown and Crime coverage is currently provided by Traveler's Insurance Company and Hartford Steam Boiler through the City's insurance broker, the Lake Agency. The premium cost for the coverage period 11/1/14-11/1/15 was $143,330.00.

Traveler's Insurance and Hartford Steam Boiler, through Lake Agency, has submitted a proposal for the commercial property, equipment breakdown and crime policy for a total premium of $144,311.00.

The Finance Department, based on the recommendation of Lake Agency, is recommending that the City continue its coverage with Traveler's and Hartford Steam Boiler for the period 11/1/15-11/1/16.

Financial Implications

There are sufficient funds budgeted for this purpose. Failure to pay this premium would result in cancellation of the policy and no property protection for the existing structures and equipment.

Budgeted Expenditure? X Yes No Please explain if no:

Account No.: 677-174.851-955.000

Pre-encumbered? X Yes No Requisition #

Other Implications (i.e., collective bargaining):

Staff Recommendation:

It is the recommendation of the Finance Department that this policy premium be paid and the policy renewed.

Staff Person: V. Foster **Approval:** J. Lundquist

PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
SELF INSURANCE FUND (677) - OCTOBER 2015 SUMMARY

Reso #	Council Review Date	Description	Division	Approval Status	677-174.851-955.000	
Amended Budget					$	725,000.00
Year-to-date Balance					$	75,216.00
Purchase Orders Approved					$	-
Available Balance					$	649,784.00
CA0922015	9/28/2015	Lake Agency - Excess Liability Insurance	Finance		$	322,934.00
CA0	9/28/2015	Lake Agency - Property Insurance	Finance		$	144,311.00
			Pending RTAB Approval Totals		$	467,245.00
Ending Year to Date Balance Pending Council and RTAB Approval					$	182,539.00

2015 PROPERTY MARKETING

Carrier	Additional Notes:
Travelers Ins. Co.	Provided a quote
Chubb Ins. Co.	Provided a quote with a $.08 rate which is $.03 higher than current rate
Scottsdale Ins. Co. Declined	They declined as they cannot compete with Travelers rate
State Auto Ins. Co. Declined	They declined because they feel that the current building rate of less than $.05 is too low and they would not generate enough premium to pay for a large loss
Allied Insurance Co. Declined	They declined because they would have to get reinsurance due to the property limits in excess of $20Million
EMC Ins. Co. Declined	They declined as they cannot compete with Travelers rate
Lexington Ins. Co. Declined	They declined due to the ongoing financial issues and Travelers low rate

Account No.	CSR	Date
FLINT12	SH	September 24, 2015

Property, Equipment Breakdown & Crime Policy

Policy #
P6309803R119
Company
Travelers Insurance Co.
Producer
John S. Racine

Effective	Expiration
11/01/15	11/01/16

City Of Flint
1101 S. Saginaw St. Room 203
Flint, MI 48502

Invoice #	Eff Date	Type	Policy #	Description	Amount
56458	11/01/15	PROP	P6309803R119	Property Policy	$121,915.00
	11/01/15	BOIL	FBP2302759	Equipment Breakdown	$ 18,689.00
	11/01/15	CR-S	BY0105857005	Crime Policy	$ 3,707.00
				Invoice Balance:	**$144,311.00**

Please make check payable to Lake Agency, Inc. Account balances
Over 90 days will be charged a 1.5% service fee.

1537 East Hill Rd. – P.O. Box 6000 - Grand Blanc, MI 48439 (810) 694-2050
Fax (810) 694-2055 (800) 225-5930

INSURANCE PROPOSAL

FOR

City of Flint

Presented By:

John S. Racine, CPCU
President
November 1, 2015

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NAMED INSURED and PREMISES SCHEDULE

Named Insured Schedule:

City of Flint

Premises Schedule:

Loc. No.	Bldg No.	Address	Description
		Per Statement of Values	

NAMED INSURED, PREMISES and ADDITIONAL INTEREST SCHEDULES

Loss Payee's & Additional Insureds:

Fleetwood Financial 4 Ethel Road, Suite 405A Edison, NJ 08817	Loss Payee & Additional Insured - Leased Computer & Dictation Equipment
CIT Communications Finance Corporation 650 CIT Drive Livingston, NJ 07039	Loss Payee & Additional Insured – Leased Equipment - Honeywell Management equipment valued at $615,073.19
LaSalle Bank National Association It's successors and/or assigns 135 S. LaSalle St., Suite 545 Chicago, IL 60603	Loss Payee & Additional Insured – Leased Equipment valued at $1,251,292
AT&T Capital Services, Inc. 2000 W. AT&T Center Drive Hoffman Estates, IL 60192-5000	Loss Payee Phone Equipment valued at $69,748
Komatsu Financial Limited Partnership 1701 W. Golf Road, Suite 300 Rolling Meadows, IL 60008	Loss Payee – Leased Komatsu Model #PC228USLC-3 Serial #32682 / Value $163,775
Deere Credit, Inc. It's Successors &/or Assigns 22408 Network Place Chicago, IL 60673-1224	Loss Payee & Additional Insured – (2) Leased 2008 John Deere Mowers valued at $30,000
U.S. Bancorp Government Leasing and Finance, Inc. 13010 SW 68th Parkway, Suite 100 Portland, OR 97223	Lenders Loss Payee and Additional Insured -
Enterprise FM Trust PO Box 16805 St. Louis, MO 63105	Loss Payee & Additional Insured – 2015 Freightliner Step Van #4754 2015 Freightliner Step Van #4755 2015 Freightliner Step Van #4756 2015 Freightliner Step Van #4757 2015 Freightliner Step Van #4758 2015 Freightliner Step Van #4759

COMMERCIAL PROPERTY COVERAGE

Named Insured: City of Flint
Company Name: Travelers Insurance Co.
Policy Term: 11/01/2015 to 11/01/2016

Description/Location	Limit of Insurance
Buildings - All Locations:	$234,637,552
Business Personal Property:	$ 7,315,729
Business Personal Property in the Open:	$ 1,889,225
Blanket Totals:	**$243,842,506**

Building & Business Personal Property:
[X] Special Form
[X] Deductible - $250,000
[X] Voting Machines – $297,600 Limit
Deductible - $1,000
[X] Replacement Cost up to 120% (see below)
[X] Blanketed (see below)*

Flood & Earthquake Coverage:

Limit:	$10,000,000**
Aggregate:	$10,000,000
Deductible:	$ 250,000

**Coverage does not apply to any location(s) designated by the Federal Emergency Management Agency (FEMA) as a Flood Zone A, AE, A1-30, AO, V, VE, V1-30. These properties are considered within the 100 year flood plain.

Note: Insurance applies on a blanket basis only to a coverage for which a limit of insurance is shown on the statement of values. The most the company will pay for loss or damage in any one occurrence at any one premises location is 120% of the value(s) for each building or structure and separately for the total of personal property (including but not limited to furniture and fixtures, machinery and equipment, "stock", all other personal property owned by you and used in your business and your use interest in improvements and betterments) and personal property of others at each location as shown on the latest statement of values filed with the company and at each premises location as subsequently reported to and agreed by the company to insure.

*Coverage Change: The North Building located at 1101 S. Saginaw St. has been removed from the blanket limit. When loss control went out to inspect the building, they determined that only 10% of the building is used for normal business activities. Under the policy language the building is considered vacant and not allowed under blanket coverage or replacement cost up to 120%.

PROPERTY COVERAGE CONDITIONS

- Blanket loss payees will not be provided because of potential problems in event of a loss. Any loss payees will need to be scheduled as well as their interest.
- All other property consisting of bridges, road and sidewalks/paths, sewers are NOT included.
- Utility Interruption is NOT included. Coverage may be considered based on submission of the City of Flint's disaster plan in event of a loss.
- Radioactive Contamination is NOT included.
- Mold is not included.
- Terrorism coverage is provided.

EXTENDED PROPERTY COVERAGE'S

Coverage	Limit of Insurance
Appurtenant Buildings and Structures	$ 100,000
Debris Removal	$ 250,000
Extra Expense	$ 25,000
Fine Arts	$ 50,000
Electronic Data Processing and Media Equipment	$ 50,000
Newly Constructed or Acquired Property:	
Buildings – each	$2,000,000
Personal Property at each Premises	$1,000,000
Ordinance or Law	$ 250,000
Outdoor Property (max limit of $2,500 for any one tree, shrub or plant)	$ 25,000
Outdoor Signs	$ 100,000
Personal Effects	$ 25,000
Personal Property at Undescribed Premises	$ 25,000
Personal Property In Transit	$ 25,000
Pollutant Clean-Up and Removal – Aggregate	$ 100,000
Arson Reward Coverage	$ 25,000
Valuable Papers:	
On Premises	$ 100,000
In Transit or at Undescribed Premises	$ 25,000
Accounts Receivable:	
On premises	$ 50,000
In Transit or at Undescribed Premises	$ 25,000
Water Damage, Other Liquids, Powder or Molten Material Damage	Policy Limit

Note: All extended property coverage's are subject to the policy's $250,000 deductible

INLAND MARINE COVERAGES

Named Insured: City of Flint
Company Name: Travelers Insurance Co.
Policy Term: 11/01/2015 to 11/01/2016

Coverage	Limit of Insurance	Deductible
Rented or Leased Equipment (Actual Cash Value)	$ 200,000	$5,000
Computer Equipment		
EDP Equipment	$2,025,192	$5,000
EDP Software	$ 129,590	$5,000
EDP Extra Expense	$ 409,590	$5,000
Scheduled Equipment		
Tower/Antenna – 310 E. Fifth	$ 60,000	$5,000
Tower/Antenna – 702 W. 12th Street	$ 30,000	$5,000
Tower/Antenna – G-4652 Beecher Rd.	$ 30,000	$5,000
Scheduled Contractors Equipment		
See following page		

SCHEDULED EQUIPMENT

Coverage	Limit of Insurance	Deductible
Contractors Equipment (Actual Cash Value, 80% Co-Insurance)	$3,439,859	$5,000
Unit #00790 / 95 Toro Sand Pro Groomer	$ 9,367.00	
Unit #007400 / JD 690E Track Excavator	$117,450.00	
Unit #000825 / 91 Bobcat 743B Loader	$ 14,589.00	
Unit #006182 / 95 Bobcat 853H	$ 21,607.00	
Unit #007402 / 80 P&H Crane	$ 79,000.00	
Unit #006612 / [17] 87 Salt Spreaders	$ 19,086.00	
Unit #007423 / 93 Ford 655D Tr/Ldr/Bkhe	$ 41,400.00	
Unit #007425 / 95 JD410D Tr/Ldr/Backhoe	$ 55,000.00	
Unit #000130 / 95 Toro 580D Rotary Mow	$ 52,212.00	
Unit #000766 / 89 Toro Groundmaster	$ 10,050.00	
Unit #000787 / 90 Toro 72" Rotary Mower	$ 10,000.00	
Unit #000789 / 92 Toro 345 Groundmaster	$ 12,970.00	
Unit #007515 / 89 Air Compressor 185CFM	$ 9,227.00	
Unit #007516 / 89 Compressor 185CFM Sul	$ 9,227.00	
Unit #007875 / 4" Trash Pump	$ 5,266.00	
Unit #008036 / Forklift Truck	$ 16,478.00	
Komatsu #PC228USLC-3	$163,775.00	
2014 Elgin Pelican Street Sweeper #NP30311	$172,000.00	
2014 Elgin Pelican Street Sweeper #NP30312	$172,000.00	
2014 Elgin Pelican Street Sweeper #NP30313	$172,000.00	
John Deere Loader Backhoe #1T0410KXJEE262328	$110,072.00	
John Deere Loader Backhoe #1T0410KXJEE262311	$110,072.00	
John Deere 4WD Loader #1DW544KHPEE661385	$170,514.00	
2014 Kubota RTV-X1100 Utility Vehicle #A5KC2GDBLDG010846	$ 17,613.00	
2000 Dresser Utility Crawler Dozer #4710003P036411	$ 59,500.00	
2000 John Deere Loader/Backhoe Breaker #T0710DJ678763	$145,200.00	
2004 New Holland LB75 Backhoe #031051053	$ 63,228.00	
2004 New Holland LB75CD Backhoe #031051034	$ 63,228.00	
1997 John Deere 444H Wheel Loader #DW444HX563275	$ 78,800.00	
2006 Wirtgen W50DC Milling Machine #460075	$154,219.00	
2014 Falcon Asphalt Hot Patcher #1F9P41429EM339136	$ 17,850.00	
2006 John Deere 410G Backhoe #T0410GX959767	$ 94,700.00	
2006 John Deere 410G Backhoe #T0410GX959745	$ 94,700.00	
2006 John Deere 410G Backhoe #T0410GX959739	$ 94,900.00	
2007 John Deere Tractor Loader/Backhoe #T0410JX167647	$ 85,345.00	
2007 John Deere Tractor Loader/Backhoe #T0410JX167695	$ 85,345.00	
2007 John Deere Tractor Loader/Backhoe #T0410JX167703	$ 85,345.00	
2007 John Deere Tractor Loader/Backhoe #T0410JX167772	$ 85,345.00	
2014 Kubota RTV-X1100 Utility Vehicle #A5KC2GDBLEG012629	$ 17,613.00	

Flood deductible of $5,000 applies for all scheduled equipment except when stored at 702 W. 12th Street where the flood deductible increases to $10,000

SCHEDULED EQUIPMENT - Continued

Coverage	Limit of Insurance	Deductible
2015 John Deere 410L Backhoe Loader #1T0410LXLFF282837	$118,872.00	$5,000
2015 John Deere 410L Backhoe Loader #1T0410LXLFF283020	$118,872.00	
2015 John Deere 410L Backhoe Loader #1T0410LXCFF283026	$127,141.00	
2015 John Deere 410L Backhoe Loader #1DW544KHPFF670521	$170,519.00	
TOTAL	**$3,439,859**	

AUTOMOBILE PHYSICAL DAMAGE

Named Insured: City of Flint
Company Name: *To Be Determined*
Policy Term: 11/01/2015 to 11/01/2016

$10,432,513 – Total value of physical damage coverage
Based on units with a value in excess of $50,000 each
Actual Cash Value, 80% Co-Insurance
Max. of $1,500,000 at any one location
Deductible - $25,000
Deductible - $50,000 (at 702 W. 12th Street in Flint, MI)

Unit #	Vehicle Description	VIN #	Cost New
1	International Dump Truck 7400 6X4	1HTWHAATX5J045310	$ 79,719
2	International Dump Truck 7400 6X4	1HTWHAAT15J045311	$ 79,719
3	2004 GMC Jet	1GDM8C1C24F501572	$107,741
4	1997 Freightliner 4-Door 13 Ft Rescue Truck	1FV6HLCA4VH862577	$126,200
5	E-One Fire Pumper Firetruck	46J7BAA88M1003753	$142,362
6	Freightliner Fire Pumper Firetruck	1FV6JLCB9TL710589	$142,362
7	Freightliner Fire Pumper Firetruck	1FV6JLCB5TL710590	$155,000
8	1996 Freightliner Fire Pumper Firetruck	1FV6JLCB6TL764481	$155,000
9	2004 Sterling Medium Duty Vactor Jet	2FZHATAK54AM83855	$243,180
10	2003 International KME Pumper Firetruck	1HTMKADR53H590182	$301,526
11	2003 International Pumper Firetruck	1HTMKADR73H590183	$301,526
12	E-One Firetruck		$343,475
13	2004 75' Aerial Quint Fire Truck- Pierce Enforcer	4EN3AAA8231007146	$447,860
14	75' Aerial Ladder Firetruck	4P1CT02A84A003990	$500,888
15	2008 Peterbilt Tandem Dump Truck	1NPTL00X8D739822	$ 97,587
16	2008 Peterbilt Tandem Dump Truck	1NPTL00X8D744686	$ 97,587
17	2005 International Dump Truck	1HTWHAAT95J045315	$107,023
18	2005 International Dump Truck	1HTWHAAT05J045316	$107,023
19	2005 International Dump Truck	1HTWHAAT75J045314	$107,023
20	2005 International Dump Truck	1HTWHAAT55J045313	$107,023
21	2005 International Dump Truck	1HTWHAAT25J045317	$107,023
22	2005 6X4 Dump Truck	1HTWYAHT94J026848	$108,610
23	2007 Peterbilt Tandem Dump Truck	1NPAL00X37N730497	$157,129

HIGH VALUED VEHICLE SCHEDULE - Continued

Unit #	Vehicle Description	VIN #	Cost New
24	2007 Peterbilt Tandem Dump Truck	1NPAL00X57N730498	$157,129
25	2007 Peterbilt Tandem Dump Truck	1NPAL00X37N693418	$157,129
26	2007 Peterbilt Tandem Dump Truck	1NPAL00X57N693419	$157,129
27	2007 Peterbilt Tandem Dump Truck	1NPAL00X17N693420	$157,129
28	2007 Peterbilt Tandem Dump Truck	1NPAL00X37N693421	$157,129
29	2007 Peterbilt Tandem Dump Truck	1NPAL00X57N693422	$157,129
30	1999 Blaw Knox Paver	320027-20	$210,950
31	1990 International 9900	1HSXRAPT35J144340	$ 91,900
32	2008 Peterbilt Tandem Dump Truck	1NPT00X18D744687	$ 93,081
33	2013 International Terra Star Bomb Truck	1HTJSSKK9DH240232	$192,321
34	1998 GMC Med Duty Sign Maintenance	1GDJ7H1M3WJ507618	$ 87,956
35	2003 GMC Med Duty Elec Maintenance	1GDJ6J1E13F515945	$ 88,292
36	2003 GMC Med Duty Elec Maintenance	1GDJ6J1E53F515964	$ 88,292
37	1990 GMC Platform/Digger/Derrick	1GDP7H1J9LJ610327	$144,717
38	1999 International Tandem Axle Tractor	2HSFHAET6XC024700	$ 79,800
39	1995 Volvo WG64 Loadmaster Refuse	4V2JCBME5SR839991	$ 97,947
40	1995 Volvo WG64 Loadmaster Refuse	4V2JCBME9SR839993	$ 97,947
41	2001 GMC 10 Yard Dump Truck	1GDT7H4C51J507639	$ 71,481
42	1991 1H Tandem Axle 10 Yd Dump Truck	1HTGLAYR5NH392919	$ 68,818
43	2008 Freightliner Morgan Olson Route Star	4UVAASDU78CZ60531	$ 72,885
44	2008 Freightliner Morgan Olson Route Star	4UVAASDU58CZ60530	$ 72,885
45	2008 Freightliner Morgan Olson Route Star	4UVAASDU98CZ60529	$ 72,885
46	2008 Freightliner Morgan Olson Route Star	4UVAASDU78CZ60528	$ 72,885
47	2000 GMC 10 Yard Dump Truck	1GDT7H4C4YJ524474	$ 73,621
48	2001 GMC 10 Yard Dump Truck	1GDT7H4C61J507651	$ 71,481
49	2015 KME Fire Truck		$391,840
50	2007 Peterbilt Tandem Dump Truck	1NPAL00X27N730491	$ 89,746
51	2007 Peterbilt Tandem Dump Truck	1NPAL00X47N730492	$ 89,746
52	2007 Sterling Vactor Jet	2FZHAWDA47AX52923	$357,525
53	1988 Grumman 102ft Aerial Ladder	1GACDDT9JR088010	$405,475
54	2002 Freightliner FC70 Chassis	1FVAB3BV82DJ77601	$112,000
55	1998 GMC T7500	1GDM7C1JOWJ503130	$102,000
56	2015 Freightliner FL 114 Truck	1FVHG3CY7FHGE0043	$357,525
57	2015 Freightliner FL 114 Truck	1FVHG3CY5FHGH8600	$357,525
58	2015 Freightliner MT55 Step Van	4UZAASDT0FCGX4754	$ 86,316
59	2015 Freightliner MT55 Step Van	4UZAASDT2FCGX4755	$ 86,316
60	2015 Freightliner MT55 Step Van	4UZAASDT4FCGX4756	$ 86,316
61	2015 Freightliner MT55 Step Van	4UZAASDT6FCGX4757	$ 86,316
62	2015 Freightliner MT55 Step Van	4UZAASDT8FCGX4758	$ 86,316
63	2015 Freightliner MT55 Step Van	4UZAASDTXFCGX4759	$ 86,316

HIGH VALUED VEHICLE SCHEDULE - Continued

Unit #	Vehicle Description	VIN #	Cost New
64	2015 GMC Sierra 5 yd Dump Truck	1GD321C81FF583999	$ 33,545
65	2015 GMC Sierra 5 yd Dump Truck	1GD321C80FF571388	$ 33,545
66	2015 GMC Sierra 5 yd Dump Truck	1GD321C84FF582720	$ 33,545
67	2015 GMC Sierra 4x4 Pickup	1GD321C82FF586202	$ 42,642
68	2015 GMC Sierra 4x4 Pickup	1GD321C84FF586914	$ 43,392
69	2015 GMC Sierra 4x4 Pickup	1GD321C85FF584721	$ 43,392
70	2015 GMC Sierra 4x4 Pickup	1GD321C84FF585634	$ 42,642
71	2015 Ford F350 4x4 Pickup	1GD321C8XFF583273	$ 43,392
72	2015 GMC Sierra 4x4 Pickup	1GD321C88FF586382	$ 43,392
73	2015 GMC Sierra 4x4 Pickup	1GD321C83FF586919	$ 42,642
74	2008 Freightliner Morgan Olson Route Star	4UZAAPDU58CZ08523	$ 60,334
75	2008 Freightliner Morgan Olson Route Star	4UZAAPDU98CZ08525	$ 60,334
76	2008 Freightliner Morgan Olson Route Star	4UZAAPDU78CZ08524	$ 60,334
77	2007 Chevrolet C4500 Cues TV Truck	1GBE4V1G57F419721	$132,500
78	1946 Harley Davidson Motorcycle	58G2061	$ 20,000
	TOTAL		**$10,432,513**

EQUIPMENT BREAKDOWN COVERAGE

Named Insured: City of Flint
Company Name: Hartford Steam Boiler Insurance Co.
Policy Term: 11/01/2015 to 11/01/2016

Coverage Description	Limit
Equipment Breakdown	**$50,000,000**
♦ Property Damage	Included
♦ Off Premises Property Damage	$ 25,000
♦ Extra Expense	$1,000,000
♦ Service Interruption	$1,000,000
♦ Perishable Goods	$1,000,000
♦ Demolition	$1,000,000
♦ Data or Media Restoration	$1,000,000
♦ Ordinance or Law	$1,000,000
♦ Hazardous Substances	$1,000,000
♦ Mold	$ 25,000
♦ Data Compromise Coverage	$ 50,000
♦ Identity Recovery Coverage	$ 15,000
♦ Expediting Expense	Included
♦ Newly Acquired Locations	Included

Deductibles	
Direct Coverage's (4500 N. Dort Highway & G-4652 Beecher Rd.)	$ 10,000
Direct Coverage's (All Other Locations)	$ 5,000
Data Compromise	$ 1,000
Identity Recovery	$ 250

Other Conditions	
Newly Acquired Locations to a Maximum of	365 Days
Interruption of Service Waiting Period	24 Hours

Note: A description of each coverage is listed on the following page

EQUIPMENT BREAKDOWN COVERAGE - Continued

Coverage	Description
♦ Property Damage	Pays for the cost to repair or replace damaged equipment or other covered property, including computers due to a covered accident
♦ Extra Expense	Pays for additional costs you incur after a covered loss to maintain normal operations
♦ Perishable Goods	Covers spoilage of covered property resulting from a change in controlled conditions that results from a breakdown of equipment or equipment owned by a utility supplier
♦ Data or Media Restoration	Coverage pays to restore data that is lost or damaged due to a covered loss
♦ Ordinance or Law	Pays for additional costs due to local ordinances or law, including demolition and increased cost of construction
♦ Hazardous Substances	Additional damage, loss of income or additional expenses due to a hazardous substance which is the direct result of a breakdown
♦ Expediting Expense	Pays for the extra cost of temporary repairs or to expedite permanent repairs to restore business operations
♦ Newly Acquired Locations	Automatically provides coverage during a specified time for new locations until they are reported to the Co.
♦ Data Compromise	Coverage is provided in the event of a data breach of the personal data of employees and customers. Response expense coverage responds to the cost and service obligations resulting from a breach of personal information. Pays for notifications and services to affected individuals along with credit monitoring and identity restoration service. Coverage provides a separate $50,000 aggregate for defense coverage for suits brought against the insured by an affected individual as a result of a breach of personal information
♦ Identity Recovery	Combines identity theft insurance with services that help victims restore their credit history and identity records to pre-theft status. Provides reimbursement for certain out of pocket expenses and the restoration service uses licensed investigators to perform much of the work on behalf of the insured.

CRIME

Named Insured: City of Flint
Company Name: Travelers Insurance Co.
Policy Term: 11/01/2015 to 11/01/2016

Coverage	Limit	Deductible
Employee Dishonesty	$200,000	$15,000
Money & Securities		
Inside the Premises	$200,000	$15,000
Outside the Premises	$200,000	$15,000
Funds Transfer Fraud	$250,000	$15,000
Computer Fraud	$250,000	$15,000

PREMIUM SUMMARY

Description	Annual Premium
Commercial Property ♦ Property	$121,915.00
Inland Marine ♦ Contractors Equipment ♦ Computer Equipment	$ TBD
Commercial Auto – Physical Damage	$ TBD
Equipment Breakdown	$ 18,689.00
Crime	$ 3,707.00
Total Estimated Annual Premium	$ 144,311.00

Optional Quotes:

The crime policy is a guaranteed cost policy for a 3 year term of $3,707.00 each year for a total of $11,121.00. A one-time prepaid installment is offered at $10,565.00 for the 3 year term which offers a savings of $556.00.

Quote Conditions:

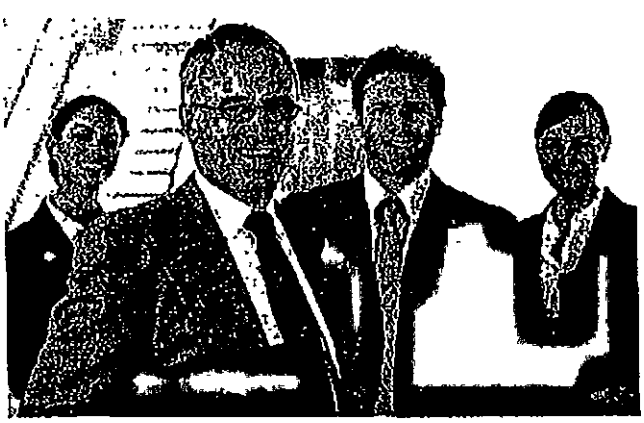
- Payment is required in full on each policy when coverage is bound.
- Signed statement of values.
- Verify the list of locations and the total value of computer equipment where the values are over $75,000.

Solutions for All Your Insurance Needs

Comprehensive Consulting and Brokerage Services for All Lines of Coverage

Take advantage of the benefits of partnering with Lake Agency, Inc. for your Property & Casualty, Employee Benefits and Personal Lines needs.

We have insurance solutions for all facets of your business. Say goodbye to the confusion of multiple brokers and discover the benefits of placing all your business with Lake Agency, Inc. Understanding all sides of your business will enable us to develop a strategic, comprehensive insurance plan that addresses your unique needs and ensures there are no gaps in coverage. With a single point of contact, you'll never have to worry about who you should call for a claim. Plus, you'll have access to our full range of exciting P&C and Benefits tools and resources. Our comprehensive initiatives work harmoniously to benefit all aspects of your business and your bottom line.



Professional Services

Custom Communications
We can provide you with employee handbooks, newsletters, payroll stuffers, flyers, posters and more on topics ranging from retirement planning and wellness flyers to safety manuals and risk management resources.

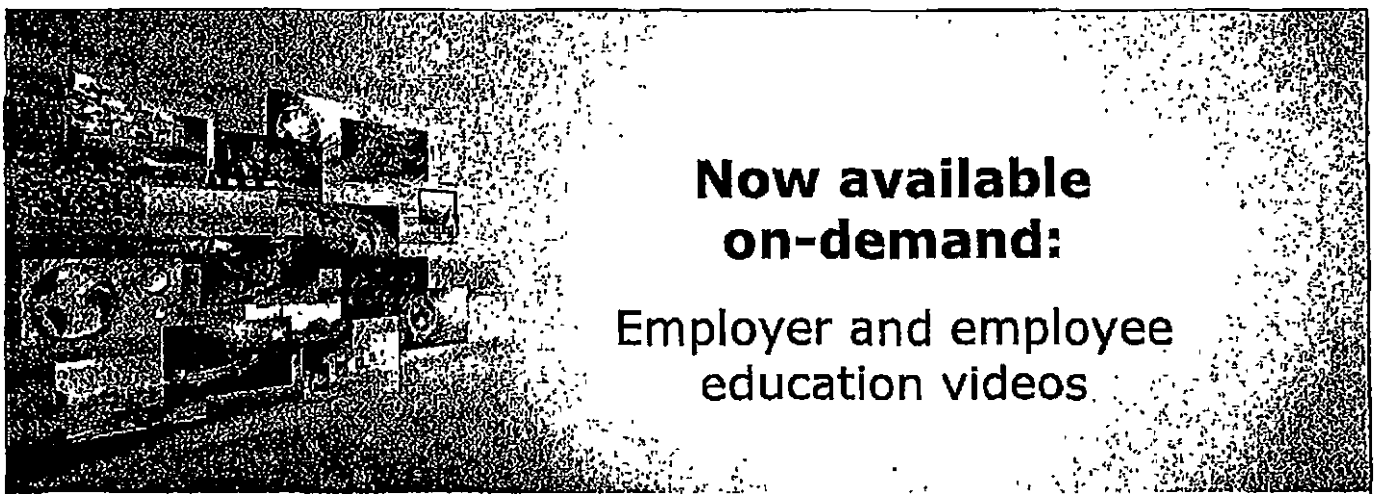
Client Resource Portal
You'll have electronic access to these materials and other resources through a unique client portal site. The site includes an expansive library of HR and risk management resources, including legislative guides and newsletters. Plus, you'll have online access to a variety of valuable OSHA resources, including an easy-to-use OSHA reporting and analysis tool.

Loss Control Strategies
Our mission is to help you to reduce your total cost of risk, including insurance costs, and promote continuous improvement in safety. We can achieve this by providing strategic planning, program development and execution through loss control evaluation, preventive action planning and active safety program support.

Cost Containment Resources
Our claims cost containment resources will help you minimize losses and protect your bottom line. This includes proper reporting, accident investigation, implementing a return to work program, educating employees and more.

Employee Portal
This customizable online communication portal provides your employees access to important company and HR information. You can tailor the site to offer information your employees will value, such as company policies, announcements, benefit plan information, an employee directory, vacation tracking and more.

Wellness Team
Our wellness team strives to maximize the health and productivity of your workforce by helping you implement targeted wellness initiatives. These programs will not only promote employee health and help lower medical claims costs, but can also support your safety initiatives and reduce workers' compensation claims.



Now available on-demand:

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Lake Agency, Inc. consistently strives to provide valuable services and resources for our valued clients. Today, we are happy to announce that a **variety of videos are now available on-demand from Lake Client Connect.**

Among our video offerings, you will find:

- Educational videos to help business owners and risk managers better understand complex business and legal topics, such as OSHA, workers' compensation and risk management.
- Engaging videos for employees that educate on vital topics such as workplace safety, DOT standards and workers' compensation rights.

If you have questions or would like a Lake Client Connect refresher, please contact us today. Lake Agency, Inc. is dedicated to providing you with the services and resources to support your business needs. We thank you for your continued business.

Lake Agency, Inc.
(810) 694-2050

Lake Agency, Inc.
1537 E Hill Rd
Grand Blanc, MI 48439

PLEASE NOTE .....

- This proposal contains the coverage's, limits and forms of insurance requested in the specifications furnished or as requested by you insofar as it was possible. Known deviations from specifications or coverage's you requested, if any, have been noted.

- Not all forms of available insurance have been recommended, for our endeavor has been to avoid a disproportionately high premium expenditure. In our oral discussions, we will examine this point in greater detail -- explaining the factors which motivated us to omit certain coverage's that are available.

- Your attention should be directed to one further point: We ask that you not accept our brief description of the insurance coverage's as a complete explanation of the policy terms. A narrative description can never replace the policy, of course, and the actual policy language will govern the scope and limit of coverage involved.

..... THANK YOU

Much of your annual budget is allocated to insurance and we wish to thank you for granting us the opportunity to analyze your insurance needs. Those involved in the selection of the companies utilized and the coverage's suggested were:

Account Executive:	**John S. Racine, CPCU** **jsracine@lakeagency.com**
Account Manager:	**Sue Hawk** **shawk@lakeagency.com**

This TEAM is here to serve you, so please feel free to call should you have any questions regarding this proposal or other insurance matters.

Attachment # 4

Dayne Walling
Mayor

CITY OF FLINT, MICHIGAN
Department of Finance

Natasha L. Henderson
City Administrator

Jody N. Lundquist
Finance Director

Dawn Steele
Deputy Finance Director

DATE: September 17, 2015

TO: Natasha Henderson, City Administrator

FROM: Jody Lundquist, Finance Director

RE: Budget to Actual Revenue and Expenditure Report

Please find attached the Budget to Actual Revenue and Expenditure Report and Cash and Investment Summary for the period ending August 31, 2015 for your review and submission to the RTAB per Emergency Manager Order 20.

As noted with the transmission of the reports for the August 12, 2015 and September 9, 2015 meetings of the RTAB, please be aware that the City is still in the process of closing the fiscal year ended June 30, 2015. The activity shown for the prior fiscal year is unaudited and subject to change as a result of that process. The City's annual audit is scheduled to be conducted by an external CPA firm during the month of October 2015. As required by Public Act 2: Uniform Budget and Accounting Act and City Ordinance #3855, audited financial statements for the fiscal year ending June 30, 2015 will be available no later than December 31, 2015.

Please let me know if any additional information is necessary or if you have any questions.

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 101 - General Fund						
Property Taxes	4,970,000	4,699,113	4,900,000	4,497,528	402,472	91.79
Special assessment taxes	16,656	20,973	17,000	8,383	8,617	49.31
Income taxes	13,000,000	14,012,171	13,541,000	886,492	12,654,508	6.55
Interest and dividend income	366,100	568,822	470,000	58,405	411,595	12.43
State revenues	17,891,910	17,918,463	18,253,013	300,000	17,953,013	1.64
Charges for service rendered	7,636,721	7,828,820	8,023,942	1,695,496	6,328,446	21.13
Other revenues	534,603	856,977	385,863	184,452	201,411	47.80
Drawings from fund balance	(1,000,000)		(1,000,000)	0	-1,000,000	0.00
Fines and forfeitures	1,633,539	1,583,496	1,805,731	90,486	1,715,245	5.01
License and Permits	1,200,300	1,156,859	1,225,000	40,309	1,184,691	3.29
Proceeds from sale of capital assets	500	500	0	0	0	0.00
Transfers in	4,577,998	4,577,998	3,777,998	629,666	3,148,332	16.67
Proceeds from loan	7,000,000	7,000,000	0	0	0	100.00
TOTAL REVENUES	57,828,327	60,224,192	51,399,547	8,391,218	43,008,329	16.33
General government	20,292,596	20,523,154	22,015,842	3,294,356	18,721,486	14.96
Legislative	429,775	413,336	618,802	73,434	545,368	11.87
Judicial	3,964,721	3,929,670	4,031,207	770,387	3,260,820	19.11
Police	13,132,962	12,951,260	15,897,755	1,991,282	13,906,473	12.53
Emergency dispatch	2,424,446	2,413,458	202,919	205,781	-2,862	101.41
Fire	5,707,529	5,557,690	6,434,419	797,671	5,636,748	12.40
Community development	868,763	740,644	736,153	90,981	645,172	12.36
Facilities and Maintenance	1,453,321	1,331,053	1,462,452	140,273	1,322,179	9.59
Transfers out	99,140	99,140	0	0	0	0.00
TOTAL EXPENDITURES	48,373,253	47,959,404	51,399,549	7,364,166	44,035,383	14.33
NET OF REVENUES/EXPENDITURES	9,455,074	12,264,787	(2)	1,027,051	-1,027,053	
BEG. FUND BALANCE	(8,961,424)	(8,961,424)	3,303,363	3,303,363		
FUND BALANCE ADJUSTMENTS						
END FUND BALANCE	493,650	3,303,363	3,303,361	4,330,415		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 202 - Major Street Fund						
State revenues	7,381,806	7,624,369	6,930,520	0	6,930,520	0.00
Charges for service rendered	23,506	11,118	31,506	30,449	1,057	96.65
Other revenues	209,610	171,414	184,354	83,918	100,436	45.52
Drawings from fund balance	1,181,572		1,476,334	0	1,476,334	0.00
Interest and Dividend income	0	29,010	0	0	0	0.00
Federal revenues	87,680	87,680	0	0	0	0.00
TOTAL REVENUES	8,884,174	7,923,591	8,622,714	114,367	8,508,347	1.33
General government	1,442,892	1,444,564	1,638,378	273,063	1,365,315	16.67
Transportation	6,478,147	4,958,253	6,297,010	526,161	5,770,849	8.36
Debt services - interest	8,551	8,550	8,000	0	8,000	0.00
Debt services - principal	110,072	110,070	110,622	0	110,622	0.00
Transfers out	0	0	568,703	94,784	473,919	16.67
TOTAL EXPENDITURES	8,039,662	6,521,438	8,622,713	894,008	7,728,705	10.37
NET OF REVENUES/EXPENDITURES	844,512	1,402,154	1	-779,640	779,641	
BEG. FUND BALANCE	4,926,787	4,926,787	6,328,941	6,328,941		
END FUND BALANCE	5,771,299	6,328,941	6,328,942	5,549,300		
Fund 203 - Local Street Fund						
State revenues	1,941,703	1,942,018	2,016,514	0	2,016,514	0.00
Other revenues	618,343	117,135	630,677	338,325	292,352	53.64
Interest and dividend income	0	5,993	0	0	0	0 00
Transfers in	0	0	568,703	94,784	0	16.67
Drawings from fund balance	288,513	0	421,863	0	421,863	0.00
TOTAL REVENUES	2,848,559	2,065,146	3,637,757	433,109	2,730,729	11.91
Fund 203 - Local Street Fund						
General government	314,770	314,770	402,087	67,015	335,073	16.67
Transportation	2,476,951	1,991,215	3,235,670	342,834	2,892,836	10.60
TOTAL EXPENDITURES	2,791,721	2,305,985	3,637,757	409,848	3,227,909	11.27
NET OF REVENUES/EXPENDITURES	56,838	(240,839)	0	23,260	-497,180	
BEG. FUND BALANCE	1,610,712	1,610,712	1,369,873	1,369,873		
END FUND BALANCE	1,667,550	1,369,873	1,369,873	1,393,133		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 205 - Public Safety						
Property Taxes	3,688,275	3,842,853	3,700,000	3,776,292	-76,292	102.06
Interest and dividend income	0	30,798	0	0	0	0.00
Other revenues	0	5,462	0	0	0	0.00
Drawings from fund balance	4,690,318	0	2,481,948	0	2,481,948	0.00
TOTAL REVENUES	8,378,593	3,879,113	6,181,948	3,776,292	2,405,656	61.09
Police	2,705,773	2,684,119	1,902,722	315,264	1,587,458	16.57
Fire	3,675,510	3,633,122	4,279,226	616,501	3,662,725	14.41
TOTAL EXPENDITURES	6,381,283	6,317,241	6,181,948	931,765	5,250,183	15.07
NET OF REVENUES/EXPENDITURES	1,997,310	(2,438,128)	0	2,844,527	-2,844,527	
BEG. FUND BALANCE	8,457,278	8,457,278	6,019,150	6,019,150		
END FUND BALANCE	10,454,588	6,019,150	6,019,150	8,863,677		
Fund 207 - Police Fund						
Property Taxes	1,250,306	1,293,783	1,255,000	1,260,588	-5,588	100.45
Interest and dividend income	0	445	0	0	0	0.00
Other revenues	93,180	1,740	0	0	0	0.00
Drawings from fund balance	42,502	0	68,944	0	68,944	0.00
TOTAL REVENUES	1,385,988	1,295,968	1,323,944	1,260,588	63,356	95.21
Fund 207 - Police Fund						
Police	1,358,912	1,311,312	1,323,944	150,355	1,173,589	11.36
TOTAL EXPENDITURES	1,358,912	1,311,312	1,323,944	150,355	1,173,589	11.36
NET OF REVENUES/EXPENDITURES	27,076	(15,344)	0	1,110,233	-1,110,233	
BEG. FUND BALANCE	19,656	19,656	4,312	4,312		
END FUND BALANCE	46,732	4,312	4,312	1,114,545		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 208 - Park/Recreation Fund						
Property Taxes	312,546	323,951	315,000	315,054	-54	100.02
Interest and dividend income	0	718	0	0	0	0.00
Other revenues	4,930	16,954	4,825	1,060	3,765	21.97
Drawings from fund balance	97,000	0	87,146	0	87,146	0.00
Transfers in	99,413	99,140	0	0	0	0.00
TOTAL REVENUES	513,889	440,763	406,971	316,114	90,856	77.67
Fund 208 - Park/Recreation Fund						
Community development	513,889	458,693	406,971	30,408	376,563	7.47
TOTAL EXPENDITURES	513,889	458,693	406,971	30,408	376,563	7 47
NET OF REVENUES/EXPENDITURES	0	(17,930)	0	285,707	-285,707	
BEG. FUND BALANCE	99,941	99,941	82,011	82,011		
END FUND BALANCE	99,941	82,011	82,011	367,717		
Fund 219 - Street Light						
Special assessment taxes	2,738,986	2,415,368	2,738,986	2,616,226	122,760	95 52
Interest and divident income	0	5,272	0	0	0	0.00
Drawings from fund balance	0	0	105,218	0	0	0.00
TOTAL REVENUES	2,738,986	2,420,640	2,844,204	2,616,226	122,760	91.98
Fund 219 - Street Light						
General government	91,210	91,210	128,895	21,483	107,413	16.67
Transportation	2,463,195	2,381,124	2,695,308	201,580	2,493,728	7.48
TOTAL EXPENDITURES	2,554,405	2,472,334	2,824,203	223,063	2,601,140	7.90
NET OF REVENUES/EXPENDITURES	184,581	(51,694)	20,001	2,393,163	-2,478,380	
BEG. FUND BALANCE	709,204	709,204	657,510	657,510		
END FUND BALANCE	893,785	657,510	677,511	3,050,673		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 226 - Rubbish Collection Fund						
Property Taxes	5,517,813	4,909,128	4,829,002	4,624,305	204,697	95.76
Charges for service rendered	11,093	10,877	0	0	0	0.00
Other revenues	0	6,958	0	0	0	0.00
Drawings from fund balance	0	0	1	0	1	0.00
License and Permits	1,660	1,840	500	560	-60	112.00
TOTAL REVENUES	5,530,566	4,928,803	4,829,503	4,624,865	204,638	95.76
General government	173,143	182,710	250,958	41,826	209,132	16.67
Transportation	49,755	52,546	100,000	0	100,000	0.00
Public works	4,551,320	4,380,254	4,478,544	742,274	3,736,270	16.57
TOTAL EXPENDITURES	4,774,218	4,615,510	4,829,502	784,100	4,045,402	16.24
NET OF REVENUES/EXPENDITURES	756,348	313,293	1	3,840,765	-3,840,764	
BEG. FUND BALANCE	277,049	277,049	590,342	590,342		
END FUND BALANCE	1,033,397	590,342	590,343	4,431,107		
Fund 265 - Drug Law Enforcement Fund						
Other revenues	16,500	3,818	0	0	0	0.00
Interest and dividend income	0	5,170	0	0	0	0.00
Drawings from fund balance	374,063	0	169,674	0	169,674	0.00
Fines and forfeitures	101,000	50,299	2,500	24,406	-21,906	976.24
TOTAL REVENUES	491,563	59,287	172,174	24,406	147,768	14.18
Police	477,563	293,332	172,174	3,176	168,998	1.84
TOTAL EXPENDITURES	477,563	293,332	172,174	3,176	168,998	1.84
NET OF REVENUES/EXPENDITURES	14,000	(234,045)	0	21,230	-21,230	
BEG. FUND BALANCE	768,972	768,972	534,927	534,927		
END FUND BALANCE	782,972	534,927	534,927	556,157		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 274 - HUD CDBG, ESG, & HOME GRANTS						
Transfer in from 296 fund	0	250,540	0	0	0	0.00
Drawings from Fund Balance	0	0	0	0	0	0.00
Federal revenues	11,834,239	4,050,301	8,532,130	-238,747	8,770,877	(2.80)
TOTAL REVENUES	11,834,239	4,300,840	8,532,130	-238,747	8,770,877	(2.80)
General government	215,350	165,972	58,680.66	23,083	35,598	39.34
Fire	14,766	11,847	2,918.47	0	2,918	0 00
Community development	10,551,672	3,643,671	7,158,841.20	185,071	6,973,770	2.59
Transportation	204,964	12	204,952.13	0	204,952	0.00
Facilities and Maintenance	35,000		35,000.00	0	35,000	0.00
Building inspections	812,484	204,349	631,255.31	109,439	521,817	17.34
TOTAL EXPENDITURES	11,834,235	4,025,851	8,091,648	317,593	7,774,055	3.92
NET OF REVENUES/EXPENDITURES	3	274,990	440,482	-556,340	996,822	
BEG. FUND BALANCE	(732,424)	(732,421)	(457,431)	-16,949		
END FUND BALANCE	(732,421)	(457,431)	(16,949)	-573,288		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 296 - Other Grants Fund						
Drawings from fund balance	0	0	349,455	0	349,455	0.00
Interest and dividend income	0	0	0	0	0	0.00
Federal revenues	2,227,810	784,366	199,018	0	199,018	0.00
State revenues	4,350,527	2,679,478	4,454,774	0	4,454,774	0.00
Other revenues	354	484	0	0	0	0.00
Local grants	1,082,063	971,730	186,938	203,800	-16,862	109.02
Fines and forfeitures	4,214	4,214	0	0	0	0.00
TOTAL REVENUES	7,664,968	4,440,272	5,190,185	203,800	4,986,385	3.93
Fund 296 - Other Grants Fund						
General government	19,662	7,470	0	0	0	0.00
Police	3,249,067	2,171,088	2,053,594	15,345	2,038,249	0.75
Community development	1,880,783	204,520	795,620	14,755	780,865	1.85
Transportation	1,642,144	73,603	30,906	1,235	29,671	4.00
Facilities and Maintenance	773,310	70,166	830,023	25,326	804,697	3.05
Public works	50,000	49,730	0	0	0	0.00
Transfer out to 274 fund	50,000	250,540	0	0	0	0.00
Utilities	0	332,919	2,000,000	0	2,000,000	0.00
TOTAL EXPENDITURES	7,664,966	3,160,036	5,710,143	56,661	5,653,482	0.99
NET OF REVENUES/EXPENDITURES	2	1,280,236	(519,958)	147,139	-667,097	
BEG. FUND BALANCE	111,778	111,778	1,392,014	1,392,014		
END FUND BALANCE	111,780	1,392,014	872,056	1,539,153		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 402 - Public Improvement Fund						
Property Taxes	1,703,000	1,609,072	1,703,000	1,575,778	127,222	92.53
Other revenues	380,000	38,358	350,000	0	350,000	0.00
Interest and dividend income	0	7,613	0	0	0	0.00
Drawings from fund balance	767,957	0	775,967	0	775,967	0.00
TOTAL REVENUES	2,850,957	1,655,043	2,828,967	1,575,778	1,253,189	55.70
Facilities and Maintenance	721,900	682,720	700,000	0	700,000	0 00
Transfers out	1,526,953	1,526,953	1,526,213	121,159	1,405,054	7.94
Debt services - interest	407,104	400,191	392,754	0	392,754	0.00
Debt services - principal	195,000	200,000	210,000	0	210,000	0.00
TOTAL EXPENDITURES	2,850,957	2,809,864	2,828,967	121,159	2,707,808	7.94
NET OF REVENUES/EXPENDITURES	0	(1,154,821)	0	1,454,619	-1,454,619	
BEG. FUND BALANCE	9,335,339	9,335,339	8,180,518	8,180,518		
END FUND BALANCE	9,335,339	8,180,518	8,180,518	9,635,137		
Fund 542 - Building Inspection Fund						
Charges for service rendered	50,579	45,592	0	7,905	-7,905	0.00
Drawings from fund balance	236,763	0	341,717	0	341,717	0.00
Interest and dividend income	0	9,114	0	0	0	0.00
License and Permits	2,563,164	2,609,751	1,625,000	369,237	1,255,763	22.72
Federal revenues	0	0	0	0	0	0.00
Transfers in	0	0	0	0	0	0.00
TOTAL REVENUES	2,850,506	2,664,457	1,966,717	377,142	1,589,575	19.18
General government	504,425	504,209	619,180	103,160	516,020	16.66
Transfers out	0	0	0		0	0.00
Building inspections	1,361,108	1,068,725	1,347,536	144,535	1,203,001	10.73
TOTAL EXPENDITURES	1,865,533	1,572,934	1,966,716	247,695	1,719,021	12.59
NET OF REVENUES/EXPENDITURES	984,973	1,091,523	1	129,447	-129,446	
BEG. FUND BALANCE	643,476	643,476	1,734,999	1,734,999		
END FUND BALANCE	1,628,449	1,734,999	1,735,000	1,864,446		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 590 - Sewer Fund						
Interest and dividend income	0	147,488	0	0	0	0.00
Charges for service rendered	30,410,162	30,460,790	30,434,895	2,031,722	28,403,173	6.68
Other revenues	91,646	92,073	11,000	2,371	8,629	21.55
Drawings from fund balance	5,189,854	0	1,091,873	0	1,091,873	0.00
Transfers in	800,000	800,000	800,000	0	800,000	0.00
TOTAL REVENUES	36,491,662	31,500,351	32,337,768	2,034,093	30,303,675	6.29
General government	3,765,455	3,747,098	4,786,371	797,729	3,988,643	16.67
Debt services - interest	695	90	695	465	230	66.89
Debt services - principal	6,571	6,571	6,016	90	5,926	1.50
Transfers out	2,660,000	2,660,000	1,860,000	310,000	1,550,000	16.67
Public works	1,990,000	744,175	1,999,898	262,085	1,737,813	13.10
Utilities	22,971,505	15,773,288	23,684,788	2,328,319	21,356,469	9.83
TOTAL EXPENDITURES	31,394,227	22,931,222	32,337,768	3,698,687	28,639,081	11.44
NET OF REVENUES/EXPENDITURES	5,097,435	8,569,129	(0)	-1,664,594	1,664,594	
BEG. FUND BALANCE	67,787,494	67,787,494	76,356,623	76,356,623		
END FUND BALANCE	72,884,929	76,356,623	76,356,622	74,692,029		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 591 - Water Fund						
Charges for service rendered	33,136,042	33,815,296	36,943,802	2,241,210	34,702,592	6.07
Other revenues	35,000	31,151	12,000	699	11,301	5.82
Interest and dividend income	0	100,232	0	0	0	0.00
Drawings from fund balance	4,865,245	0	0	0	0	0.00
Fines and forfeitures	0	0	0	416		100.00
Gain on sale of fixed assets	252,337	225,465	100,000	39,941	60,059	39.94
TOTAL REVENUES	38,288,624	34,172,144	37,055,802	2,282,266	34,773,952	6.16
General government	4,255,508	4,293,842	5,319,386	886,564	4,432,822	16.67
Transfers out	1,660,571	1,660,571	3,224,259	537,377	2,686,883	16.67
Public works	2,760,000	341,630	2,690,000	612,328	2,077,672	22.76
Utilities	26,810,604	17,554,345	24,756,442	3,130,793	21,625,649	12.65
TOTAL EXPENDITURES	35,486,683	23,850,388	35,990,087	5,167,062	30,823,025	14.36
NET OF REVENUES/EXPENDITURES	2,801,941	10,321,756	1,065,715	-2,884,796	3,950,927	
BEG. FUND BALANCE	29,526,264	29,526,264	39,848,020	39,848,020		
END FUND BALANCE	32,328,205	39,848,020	40,913,735	36,963,224		

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING AUGUST 31, 2015

Fund Account	Description	Beginning Balance 08/01/2015	Ending Balance 08/31/2015
Fund 101 General Fund			
001.000	Commercial Pooled Cash Account	5,250,127	6,938,288
001.450	Citizens - P/R Direct Deposit - 906-9766	-46,929	-47,229
004.000	Imprest Cash	9,300	9,300
004.100	Imprest Cash - Register	0	0
	General Fund	5,212,498	6,900,359
Fund 202 Major Street Fund			
001.000	Commercial Pooled Cash Account	5,498,072	5,583,148
004.000	Imprest Cash	60	60
	Major Street Fund	5,498,132	5,583,208
Fund 203 Local Street Fund			
001.000	Commercial Pooled Cash Account	1,083,158	1,425,121
Fund 205 Public Safety			
001.000	Commercial Pooled Cash Account	7,549,925	7,581,517
Fund 207 Police Fund			
001.000	Commercial Pooled Cash Account	589,483	685,894
Fund 208 Park/Recreation Fund			
001.000	Commercial Pooled Cash Account	254,769	267,688
Fund 219 Street Light			
001.000	Commercial Pooled Cash Account	1,821,155	1,793,159
Fund 226 Rubbish Collection Fund			
001.000	Commercial Pooled Cash Account	2,648,342	2,532,435
Fund 265 Drug Law Enforcement Fund			

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING AUGUST 31, 2015

Fund Account	Description	Beginning Balance 08/01/2015	Ending Balance 08/31/2015
001.000	Commercial Pooled Cash Account	1,132,078	1,130,682
Fund 274 HUD CDBG, ESG, & HOME GRANTS			
001.000	Commercial Pooled Cash Account	-667,009	-1,107,571
001.100	Bank - Urban Renewal - 230006018089	3,881	154,768
	HUD CDBG, ESG, & HOME GRANTS	-663,128	-952,803
Fund 296 Other Grants Fund			
001.000	Commercial Pooled Cash Account	1,323,571	1,539,157
Fund 402 Public Improvement Fund			
001.000	Commercial Pooled Cash Account	2,048,920	2,196,818
Fund 542 Building Inspection Fund			
001.000	Commercial Pooled Cash Account	1,843,388	1,900,201
004.000	Imprest Cash	50	50
	Building Inspection Fund	1,843,438	1,900,251
Fund 590 Sewer Fund			
001.000	Commercial Pooled Cash Account	30,226,784	30,655,763
Fund 591 Water Fund			
001.000	Commercial Pooled Cash Account	18,597,850	19,476,110
001.001	Cash Reserve	5,848,116	5,848,116
	Water Fund	24,445,966	25,324,226
	TOTAL - ALL FUNDS	85,015,091	88,563,475

Cline, Richard (Treasury)

From: Jody Lundquist <jlundquist@cityofflint.com>
Sent: Wednesday, October 14, 2015 1:52 PM
To: Widigan, Robert (TREASURY)
Cc: Cline, Richard (Treasury); Natasha Henderson
Subject: Water/Sewer Cash Position

Follow Up Flag: Follow up
Flag Status: Flagged

Rob,

I received the following from the City's Treasurer. His calculation based on a reduced collections by 22.84% estimate that cash will end $13.7M lower than my estimate in the prior transmission of $12M. As stated on the phone, the results of our collection efforts will be known in approximately 30 days as we begin shut-off notices and enforcement.

Please let me know if you have any questions.

Per Doug Bingaman:

Over the past 3 years, we have an average collection rate for water/sewer revenue of 94%. Last year, we collected 99% or our revenue. Which I contribute to our water thief program and aggressively interrupting service for non-pay.

Since 8/1/15, our collections are off 22.84%. If this continues through out FY16, our water/sewer cash will be reduced by $13,731,790, if all else stays the same.

$35,500,000 Water Revenue
30,084,895 Sewer Revenue

$65,584,895
x 91.67% 11 months
$60,121,673
x 22.84%
$13,731,790

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 766-7268 ext. 2301

Byrne, Randall (Treasury)

From:	Workman, Wayne (TREASURY)
Sent:	Wednesday, October 14, 2015 6:43 PM
To:	Cline, Richard (Treasury)
Cc:	Byrne, Randall (Treasury); Widigan, Robert (TREASURY)
Subject:	Re: PRESS RELEASE: RTAB Approves Resolution for the Use of $2 Million in Fund Balance to Reconnect to Detroit Water

Thank you

Sent from my iPhone

On Oct 14, 2015, at 6:28 PM, Cline, Richard (Treasury) <clinerl@michigan.gov> wrote:

Done.

I have notified Natasha and can follow-up with her to ensure that she is aware of this.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 14, 2015 6:23 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <clinerl@michigan.gov>; Widigan, Robert (TREASURY) <WidiganR@michigan.gov>
Subject: Fwd: PRESS RELEASE: RTAB Approves Resolution for the Use of $2 Million in Fund Balance to Reconnect to Detroit Water

Please tell the city ASAP that the treasurer doesn't need to approve this and they can begin work now

Sent from my iPhone

Begin forwarded message:

From: Jason Lorenz <jlorenz@cityofflint.com>
Date: October 14, 2015 at 6:19:12 PM EDT
To: undisclosed-recipients:;
Subject: PRESS RELEASE: RTAB Approves Resolution for the Use of $2 Million in Fund Balance to Reconnect to Detroit Water

For Immediate Release

RTAB Approves Resolution for the Use of $2 Million in Fund Balance to Reconnect to Detroit Water

Flint, Michigan – October 14, 2015 – The City of Flint's Receivership Transition Advisory Board has today approved a resolution that directs $2 Million in fund balance from the Water and Sewer funds be used to fund Flint's portion of the reconnection to Detroit as the City's water source. The Board voted unanimously to approve the measure which will compliment commitments by Governor Snyder in the amount of $6 million and the Charles Stewart Mott Foundation in the amount of $4 million, respectively, for a total reconnection cost of $12 million.

"Flint is one step closer to switching back to Detroit water with the board's approval," said Mayor Dayne Walling. "Now we need approval from the state treasurer and support from the state legislature and I urge them to act immediately." Approval from the legislature is required to finalize the negotiations with the Great Lakes Water Authority, formerly Detroit Water and Sewerage (DWSD). Once the contract between the Authority, Genesse County and the City are complete, Flint can once again begin receiving treated Lake Huron water from Detroit.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039 (Office)
(810) 875-2576 (Cell)
jlorenz@cityofflint.com

Cline, Richard (Treasury)

From: Dostine, Patrick (TREASURY)
Sent: Wednesday, October 14, 2015 2:42 PM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Cc: Heimann, Alexandr (TREASURY); Hudson, Deanna (TREASURY)
Subject: Flint Call notes from this morning

Categories: Blue Category

Flint – Oct. 14 – N. Henderson, Mayor Walling, J Freeman, F Headen, Wendy, R. Byrne, E. Cline, P. Dostine

- **Priorities**
  - Henderson bringing two amendments to Oct 14 RTAB: $2M budget adjustment (money from the Water Fund fund balance) and Agreements needing execution between Flint and DWSD, and Flint and Genesee County.
  - The city anticipates connecting to DWSD in the next few days.
- **Lawsuit**
  - Miller Canfield still representing Flint in both the Kincaid and Shears lawsuits. Henderson repeated again that Flint will need assistance in maintaining Miller Canfield as counsel.
- **Public Safety**
  - Fires are down in Flint. Because of that, Flint no longer qualifies for some grant dollars.
  - Tier1 crimes (homicide, rape, armed robbery) are down in Flint.
  - Chief of Police (and Flint) is participating in Violence Reduction Network (VRN), a Dept. of Justice initiative that provides technical assistance and other in-kind crime prevention assistance to cities with higher than average violent crime.

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division,
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

STATUS OF FLINT WATER: October 14, 2015

- Flint Receivership Transition Advisory Board meeting today to consider budget amendments to pay for temporary reconnection to the Detroit water system

- Treasury staff from Bureau of Local Government will be meeting with City officials to review overall budget and cash conditions
    - Fund Balance in the General Fund is currently projected at $4M by June 30, 2016. This is a projected increase of $1M from FY 2014-2015
    - Fund Balance in the Water Fund is currently projected at $6M, which is a decline of $8M due to non-payment of water bills

- Negotiations between the City of Flint, Genesee County and DWSD remain in progress to finalize the necessary agreements for the City to temporarily reconnect to the Detroit water system
    - Preparation of the pipeline to receive water from DWSD is underway. The City believes that a physical connection can be established this week
    - The City has requested clarification if it should begin receiving water from DWSD before the State Legislature takes action on the request $6M aid package

- Both the Kincaid and Shears lawsuits remain in litigation. Potential losses of $30M are possible. The City's request to Treasury for financial assistance for outside legal consul is still pending

Weekly Critical Issues —October 14, 2015

- **Allen Park**— I have been advised that two new RTAB members are being appointed. They are Mark Wollenweber and Scott Lites. I have asked Eric to schedule an orientation for the new members before the next RTAB meeting on November 4th. The brownfield issue.....
- **Benton Harbor**-The lawsuit with the former Public Safety Director and two former employees is a major issue for the City. Darwin has indicated that it will cost the City $1.7M to settle these three cases. They are only partially insured. I have advised Darwin to seek the City Commission's approval for the Finance Director's Search. The cost is $10,000 for the MML Proposal. The City
- **Ecorse** – The City is proposing a part-time fire department. Their five year financial plan has been revised, according to the City Administrator it is balanced. We are checking to see if the City Council has approved.
- **Flint** – Lawsuit on water rates and the lead issues have Flint in a crisis mode. The City believes that they have reached an understanding with the Genesee County Drain Commission to reconnect to DWSD Natasha has sent me a revised cost ($250K to $350K) from Miller Canfield to represent the City in the Shears and Kincaid cases. Treasury is determining the level of support, if any, to provide the City in this matter. I informed Natasha this morning that the legal representation is still being "discussed". Flint RTAB meeting next week.
- **Hamtramck**-We have several names for the RTAB position to replace Cathy. Segal has developed a work plan for phase 3 of the pension study that is being discussed. The City has hired Alan Young for audit services but that decision was rejected by the RTAB. Katrina wants to reorganize staff. Overtime last month was $60K, we are asking her to get quotes for a police study. Treasury will pay $25,000 for the study.
- **Highland Park**-The City hired a collection firm to collect the past due water and sewer bills. Hiring a collection firm is a requirement of the loan agreement. Cathy has indicated that the OPEB savings of approximately $750K will be implemented by October 1. I will be receiving an OPEB report from Meadowbrook soon. The City has purchased $300,000 of new water meters as part to the FDCVT grant award and are installing them. The City Council conditionally approved the DWSD agreement but no word from DWSD or Great Lakes Water Authority. Regular billing of water and sewer customers has begun. The plans for the demolition of the High School Building are being reviewed. I expect the project will take place in the spring.
- **Lincoln Park**-Brad is placing a PA 345 request on the November Ballot seeking approval of 6 mills to fund the City's pension system. More City Council members are supporting the millage request. Brad has prepared a four month plan which is being updated. His exit will be in the first week of January. The new city manager, Matt Coppler is fitting in the organization. We will be discussing the final order with Brad next week. We are hoping to find several RTAB candidates soon.
- **Inkster**- the City won its appeal on the water billing lawsuit. Mark said the city will be discussing its options. The City is negotiating with Wayne County on its $4.9M sewer debt. A judgement levy for several years will be likely be placed on the July 2016 tax roll. Patrick and I will be

meeting Mark next week. Mark has indicated that the City is updating its Park and Rec Master Plan. I have encouraged Mark to meet with the ministers.

- **Pontiac**-Jane Di Sessa will start on October 26. A contract has been drafted but not signed as of yet. The Mayor and I will be meeting with two council members to discuss the hiring of an executive secretary and other issues. The Pontiac RTAB exit plan is nearing completion. The Mayor would like to do a study of the Phoenix Center. Problem with the GERS Board.
- **River Rouge**—the five year financial plan is not balanced yet. Do we want to exit without a balanced five year financial plan? The Mayor has drafted a revised plan that is even more favorable to Ecorse. The City was chosen by the Governor to be a part of the Rising Tide Initiative.
- **Royal Oak Township**- We may receive a proposal from Oak Park for police service. Additional discussions with Ferndale and Hazel Park are needed. The Township needs to submit another grant application for police funding. We have received Robert's six month plan. Patrick will be assisting Robert on several items. Montgomery and Co. the accounting firm has submitted an invoice for $17,000. Robert has begun discussion on the new budget. He wants to hire Mr. Fedewa for accounting.
- **Miscellaneous Items**—the draft of the October Governor's Memo is finished. Staffing update and lunch on Monday with staff. RTAB candidates are being vetted by the Governor's Office. The draft exit plan for several communities is nearing completion. I sent a consent agreement template for your review. FOIA request from ACLU. I sent you a document on the date(s) the newly elected officials will take office in the distressed local units. Giarmarco contract update. Upcoming Town Hall Meeting

Byrne, Randall (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 15, 2015 8:19 AM
To: Byrne, Randall (Treasury); Saxton, Thomas (Treasury)
Cc: Schafer, Suzanne K. (Treasury); Cline, Richard (Treasury)
Subject: RE: Flint telephone call this morning

Good. Also the Treasurer does not need to approve the budget amendment per Fred.

From: Byrne, Randall (Treasury)
Sent: Thursday, October 15, 2015 8:09 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: RE: Flint telephone call this morning

Wayne and Tom:

Mayor Walling and Natasha were advised to proceed.

Thanks,
Randy

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 14, 2015 12:18 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: RE: Flint telephone call this morning

Please advise the City that they should proceed to get connected immediately

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Byrne, Randall (Treasury)
Sent: Wednesday, October 14, 2015 10:21 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: Flint telephone call this morning

Tom and Wayne:

During our telephone call today, Mayor Walling indicated that they have received the go ahead from the Drain Commissioner and are performing the bacti tests on the eight mile waterline. If all goes well, they may be able to begin to use DWSD water soon. The Mayor wanted to know if they can use DWSD water before the Legislature takes action on the $6M assistance package? Please advise.

Thanks,

Randy

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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Luepnitz, Ann (Treasury)

From: Luepnitz, Ann (Treasury)
Sent: Thursday, October 15, 2015 9:34 AM
To: Noonan, Michael (DTMB)
Cc: Poynter, Jacob (Treasury); Walts, Brian (DTMB)
Subject: RE: Flint Ice Machine

Thanks, we will be in touch.

Ann Luepnitz Manager
Facility, Mail, and Data Operations
Phone: 517-636-5335
Cell: [redacted]
Fax: 517-322-1631

From: Noonan, Michael (DTMB)
Sent: Thursday, October 15, 2015 9:01 AM
To: Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
Cc: Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Walts, Brian (DTMB) <WaltsB@michigan.gov>
Subject: Re: Flint Ice Machine

No problem at the very least we can do the filters but whatever we can do to help save.

Sent from my iPhone

On Oct 14, 2015, at 6:06 PM, Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov> wrote:

> Mike,
>
> Jacob is out until Monday, we have not renewed the Park's maintenance for FY16 yet so we may be able to work together to get it done in house or part of it. Jacob and I will discuss next week and get back to you.
> Thanks,
>
> Ann Luepnitz Manager
> Facility, Mail, and Data Operations
> Phone: 517-636-5335
> Cell: [redacted]
> Fax: 517-322-1631
>
> **From:** Noonan, Michael (DTMB)
> **Sent:** Wednesday, October 14, 2015 5:49 PM
> **To:** Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
> **Cc:** Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Walts, Brian (DTMB) <WaltsB@michigan.gov>
> **Subject:** Re: Flint Ice Machine

If I can ask what is your cost to have them on contract for flint? Can you change it? I'm not sure where Parks are from.

I have three refrigeration guys in the east zone. But at the very least we could pm it and change the filters for you.

Just my thoughts

Sent from my iPhone

On Oct 14, 2015, at 5:17 PM, Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov> wrote:

> Jacob,
>
> How often are we changing the filters in the ice machines now? Is Park's changing them?
>
> Ann Luepnitz Manager
> Facility, Mail, and Data Operations
> Phone: 517-636-5335
> Cell [redacted]
> Fax: 517-322-1631
>
> **From:** Noonan, Michael (DTMB)
> **Sent:** Wednesday, October 14, 2015 9:21 AM
> **To:** Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
> **Cc:** Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Walts, Brian (DTMB) <WaltsB@michigan.gov>
> **Subject:** Re: Flint Ice Machine
>
> Right now probably two or three months
>
> Sent from my iPhone
>
> On Oct 14, 2015, at 8:29 AM, Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov> wrote:
>
> > How often are you thinking?
> >
> > Ann Luepnitz Manager
> > Facility, Mail, and Data Operations
> > Phone: 517-636-5335
> > Cell: [redacted]
> > Fax: 517-322-1631
> >
> > **From:** Noonan, Michael (DTMB)
> > **Sent:** Wednesday, October 14, 2015 6:59 AM
> > **To:** Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
> > **Cc:** Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Walts, Brian (DTMB) <WaltsB@michigan.gov>
> > **Subject:** Re: Flint Ice Machine

I believe he said yes, but with the flint water concerns your better having them changed often!

Sent from my iPad

On Oct 13, 2015, at 5:30 PM, Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov> wrote:

> Jacob,
>
> Does Parks supply the filters under the contract?
>
> Ann Luepnitz Manager
> Facility, Mail, and Data Operations
> Phone: 517-636-5335
> Cell: [redacted]
> Fax: 517-322-1631
>
> **From:** Noonan, Michael (DTMB)
> **Sent:** Monday, October 12, 2015 3:17 PM
> **To:** Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
> **Cc:** Walts, Brian (DTMB) <WaltsB@michigan.gov>
> **Subject:** Flint Ice Machine
>
> Jacob,
>
> I have a special filter for your Ice Machine on the 5th floor. It is supposed to be better for filtering lead from the water it is
>
> 3M FF101
>
> If you have any questions let me know.

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 15, 2015 3:47 PM
To: Byrne, Randall (Treasury)
Cc: Schafer, Suzanne K. (Treasury)
Subject: RE: Contract for Water

thanks

From: Byrne, Randall (Treasury)
Sent: Thursday, October 15, 2015 3:46 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Contract for Water

Wayne:

I spoke to Jim Sygo. He said that they are hoping to schedule the call tomorrow. I looks like you and I will be on it.

Randy,

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 15, 2015 2:00 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: Re: Contract for Water

Maybe both of us

Sent from my iPhone

On Oct 15, 2015, at 1:56 PM, Byrne, Randall (Treasury) <ByrneR1@michigan.gov> wrote:

> Wayne:
>
> I spoke to Karen in Jim Sygo's office and she will be contacting him regarding the conference call. I told her that you would like to be on that call.
>
> Randy
>
> **From:** Workman, Wayne (TREASURY)
> **Sent:** Thursday, October 15, 2015 1:22 PM
> **To:** Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
> **Cc:** Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
> **Subject:** RE: Contract for Water
>
> great

From: Byrne, Randall (Treasury)
Sent: Thursday, October 15, 2015 1:21 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Contract for Water

Wayne:

I will call Jim Sygo and see if he is organizing the call. He may have a contact at the Mott Foundation, if not, I will find one.

Randy,

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 15, 2015 1:14 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Contract for Water

I would suggest DEQ. Need a contact at Mott. Maybe you can call Bill White and Jim Sygo at DEQ

From: Byrne, Randall (Treasury)
Sent: Thursday, October 15, 2015 1:12 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: FW: Contract for Water

Wayne:

Do you know who is organizing this conference call? Natasha called and asked if I knew. Please discuss.

Thanks,
Randy,

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 15, 2015 11:31 AM
To: Dayne Walling <dwalling@cityofflint.com>; Muchmore, Dennis (GOV) <muchmored@michigan.gov>
Cc: Natasha Henderson <nhenderson@cityofflint.com>; Sygo, Jim (DEQ) <SygoJ@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Contract for Water

Mayor, The state appropriation is being made to the DEQ. I have copied Director Wyant and his Chief Deputy Jim Sygo on this. We recommend a conference call with DEQ, Mott and the City to agree on payment procedures. It will be necessary to have a list of expenditure amounts for water and any other equipment, services and supplies that will total up to the $12,000,000 budget. Treasury will participate and help any way, but it is important DEQ , Mott and the City agree on the process. We can participate in a call today or Friday. Wayne

From: Dayne Walling [mailto:dwalling@cityofflint.com]
Sent: Thursday, October 15, 2015 11:02 AM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>

Cc: Natasha Henderson <nhenderson@cityofflint.com>
Subject: Contract for Water

Gentlemen, I have asked City Administrator Natasha Henderson to reach out to you at Treasury Wayne about the contract for Detoit water. The Mott Foundation has questions about payments and ensuring all parties are contributing to the monthly costs as well as how an escrow fund would work to ensure funds are solely for this purpose. Time is of the essence as you know and the City is prepared to do all things necessary for the water to begin flowing as quickly as possible as we have agreed. Thanks for your tremendous efforts on this and we look forward to finalizing the agreements hopefully today or tomorrow.

--

Dayne Walling
Mayor, City of Flint
City Hall, 1101 S. Saginaw St.
Flint, MI 48502
810-766-7346
mayor@cityofflint.com
www.cityofflint.com
follow me on twitter at http://twitter.com/mayorwalling

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 15, 2015 3:10 PM
To: Dayne Walling
Cc: Muchmore, Dennis (GOV); Natasha Henderson
Subject: RE: Contract for Water

We have reached out to DEQ to get a call organized.

From: Dayne Walling [mailto:dwalling@cityofflint.com]
Sent: Thursday, October 15, 2015 2:40 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Natasha Henderson <nhenderson@cityofflint.com>
Subject: Re: Contract for Water

Thank you for the prompt response and the support

On Thu, Oct 15, 2015 at 11:32 AM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

> Just sent Mayor Walling an email to get this this started. DEQ is the lead for the State for disbursing funds.
>
> **From:** Muchmore, Dennis (GOV)
> **Sent:** Thursday, October 15, 2015 11:24 AM
> **To:** 'Dayne Walling' <dwalling@cityofflint.com>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
> **Cc:** Natasha Henderson <nhenderson@cityofflint.com>
> **Subject:** RE: Contract for Water
>
> Thanks Dayne, I'll get with Wayne.
>
> **From:** Dayne Walling [mailto:dwalling@cityofflint.com]
> **Sent:** Thursday, October 15, 2015 11:02 AM
> **To:** Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
> **Cc:** Natasha Henderson <nhenderson@cityofflint.com>
> **Subject:** Contract for Water
>
> Gentlemen, I have asked City Administrator Natasha Henderson to reach out to you at Treasury Wayne about the contract for Detoit water. The Mott Foundation has questions about payments and ensuring all parties are contributing to the monthly costs as well as how an escrow fund would work to ensure funds are solely for this purpose. Time is of the essence as you know and the City is prepared to do all things necessary for the water to

begin flowing as quickly as possible as we have agreed. Thanks for your tremendous efforts on this and we look forward to finalizing the agreements hopefully today or tomorrow.

--

Dayne Walling
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www.cityofflint.com
follow me on twitter at http://twitter.com/mayorwalling

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 15, 2015 3:55 PM
To: Dempkowski, Angela (Treasury); Saxton, Thomas (Treasury); Headen, Frederick (Treasury); Cline, Richard (Treasury); Byrne, Randall (Treasury); Schafer, Suzanne K. (Treasury)
Subject: FW: contract between Flint and Genesee County
Attachments: SKM_C554e15101515460.pdf

FYI and our files

From: Karen Teeples [mailto:K_TEEPLES@gcdcwws.com]
Sent: Thursday, October 15, 2015 3:48 PM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: contract between Flint and Genesee County

Drain Commissioner Jeff Wright wanted you to have a copy of the contract signed today.

LICENSE TO TRANSMIT WATER

This License to Transmit Water ("License") entered into on October 14, 2015, (the "License Date" and "Effective Date") is made between the City of Flint, a Home Rule City (the "City"), and the Genesee County Drain Commissioner, as County Agency, a county agency pursuant to the County Public Improvement Act 342 of 1939, as amended, ("GCDC"). The City and GCDC may be referred to individually as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, the City has requested the Detroit Water and Sewerage Department ("DWSD") to provide the City with potable water; and

WHEREAS, DWSD water distribution system has no physical connection to the City water distribution system; and

WHEREAS, GCDC is currently purchasing potable water from DWSD and GCDC is receiving DWSD water at the water meter GN-01 near Baxter and Potter Roads, located in Genesee County and more fully set forth in Exhibit 1 (hereinafter known as "GCDC/DWSD Connection"); and

WHEREAS, GCDC has a physical connection to the City water distribution system near Center Road and Pierson Road in Genesee Township, Genesee County, Michigan, which is more fully set forth in Exhibit 2 (hereinafter known as "GCDC/City Connection"); and

WHEREAS, GCDC owns nine (9) miles of water transmission pipeline ("Pipeline") that connects the GCDC/DWSD Connection to the GCDC/City Connection; and

WHEREAS, GCDC has the ability to allow Flint to transmit water through the Pipeline from the GCDC/DWSD Connection to the GCDC/City Connection so DWSD may service the City with DWSD treated potable water; and

WHEREAS, this License shall govern the terms and conditions of Flint transmitting water through the Pipeline from the DWSD/GCDC Connection to the GCDC/City Connection; and

WHEREAS, the Parties hereto acknowledge and agree that DWSD may assign its contract to provide potable water to the City to another entity, including, but not limited to, the Great Lakes Water Authority, and, if DWSD assigns its contract to provide water to the City, all reference to DWSD in this License shall be replaced by the party to whom DWSD assigns its contract

NOW, THEREFORE, THIS LICENSE is hereby made and mutually entered into by the City and GCDC for the mutual consideration stated herein and the Parties agree to the following:

1. **Adoption of Recitals.** All of the matters stated in the Recitals of this License are true and correct and are hereby incorporated into the body of this License as though fully set forth in their entirety herein. However, in cases of conflict, provisions of this License shall prevail over the matters stated in the Recitals.

2. **Contract for Water.** As a condition precedent to this License being effective, the City shall enter into a contract with DWSD for DWSD to supply the City with water and said contract shall require the City to pay DWSD directly for all water consumed by the City and any applicable charges, fees, or other amounts charged by DWSD. The City shall hold GCDC harmless from any and all debts the City incurs from receiving water from DWSD and any and all costs that DWSD may impose on GCDC as a result of the City receiving water from DWSD.

3. **Term.** The Parties hereto understand and acknowledge that GCDC needs the Pipeline to transmit its potable water to its customers once GCDC starts receiving raw water from KWA. The Parties agree and acknowledge that this License shall expire sixty (60) days after the City has received notice from KWA that raw water is available for the City for treatment; however, the City may request GCDC to extend this License until GCDC starts receiving raw water from KWA. The City shall not transmit water through the Pipeline after GCDC begins to transmit its potable water to its customers. The City acknowledges and consents to GCDC terminating any water transmission in the Pipeline for the benefit of the City once GCDC begins to produce and sell its potable water to its customers. The City may terminate this License by providing GCDC with thirty (30) days written notice of termination.

4. **Consideration.** In exchange for GCDC allowing the City to transmit water through the Pipeline, the City shall pay GCDC one dollar ($1.00) per month for the term of this License. The City is allowed to pay the first nine (9) months in a lump sum payment.

5. **Meters and Billing.** The City hereby grants GCDC complete access to and upon verbal request by GCDC complete control of Station 2, including, but not limited to, all meters, valves, structures, and appurtenances until the Karegnondi Water Authority ("KWA") has notified the City that water is available to the City for treatment or GCDC has provided the City with thirty (30) days notice that GCDC no longer requires access to Station 2. GCDC shall have the meter calibrated within fifteen (15) days of the execution of this License and all costs for the calibration shall be the responsibility of the City. The City shall be entitled to all data, meter reads, and other information that is collected by GCDC at Station 2. The City shall be responsible for all utility costs associated with the operation of Station 2. The City shall be responsible for all repairs to the meter and meter pit. GCDC shall notify DWSD of the monthly meter read for Station 2.

6. **Transmission of Water.** GCDC shall use reasonable diligence to allow the City regular and uninterrupted transmission of water through the Pipeline from the GCDC/DWSD Connection to the GCDC/City Connection; however, Flint shall hold harmless and indemnify GCDC for any damages, breach of contract, or otherwise for interruption of service or curtailment of supply for any cause beyond the control of GCDC. These could include, but are not limited to, Acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or failure of the Pipeline or appurtenances. The City shall further hold GCDC harmless from any claim for damages related to continuity of service by third parties, including DWSD, for GCDC's inability to allow the transmission of water due to any cause beyond the control of GCDC.

7. **Water Quality.** The City shall hold GCDC harmless from any water quality related claim for damages by third parties, including DWSD, served by the City, which are asserted against, or are imposed upon or incurred by GCDC and which result from, relate to, or arise out of a claim regarding the treatment of water or the quality of water.

8. **Volume Available.** The City shall hold GCDC harmless in the event that DWSD cannot meet the volume demands of both GCDC and the City. GCDC shall be entitled to receive the quantity of water requested by GCDC and the City shall be entitled to any remaining volume of water. The City shall notify GCDC daily of its anticipated water volume for that day and GCDC shall be responsible for notifying DWSD of the water volume demands for both GCDC and the City.

9. **Pipeline Malfunction.** If the Pipeline shall malfunction for any reason while the City is transmitting water through the Pipeline, GCDC shall notify the City within two (2) hours of verifying the Pipeline malfunction. Thereafter, the malfunction shall be promptly repaired by GCDC and a detailed invoice for one-half (1/2) of the total cost of the repair shall be submitted to the City. The City shall have thirty (30) calendar days to process and authorize the payment for the repair to GCDC. Payment shall be made to GCDC within thirty–two (32) calendar days by either check or wire transfer. Wire transfer instructions are available from the GCDC Chief Financial Officer. The City shall indemnify and hold GCDC harmless for any and all claims from the City or third parties that relate to the City not being able to supply water to its customers due to the malfunction.

10. **Severability.** The Parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses or words of this License or the application of such sections, subsections, provisions, clauses or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality or contravention shall not affect any other sections, subsections, provisions, clauses or words of this License or the application of such sections, subsections, provisions, clauses or words to any other situation or circumstance, and it is intended that this License shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause or word had not been included herein, and the rights and obligations of the Parties hereto shall be construed and remain in force accordingly.

11. **Governing Law and Venue.** It is specifically agreed among the Parties to this License that Genesee County, State of Michigan is the place of performance of this License. In the event that any legal proceeding is brought to enforce this License or any provision hereof, the same shall be brought in the Genesee County Circuit Court.

12. **Interpretation and Construction.** For purposes of interpretation and construction of this License, both the City and GCDC shall be deemed to have been the drafter of this License and this License shall not be construed against any Party to this License.

13. **Modification.** This License shall not be modified, altered, or amended except through a written amendment signed by the Parties.

14 **No Third Party Beneficiaries.** This License is not intended to confer upon any person or entity, other than the Parties hereto, any rights or remedies of any kind or nature whatsoever.

15. **Notices.** Other than invoices and payments, any notice, communication, request, reply or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any Party to any other Party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the Party to be notified, with return receipt requested, or by delivering the same to an officer of such Party, or by prepaid telegram when appropriate, addressed to the Party to be notified. Notice deposited in the mail in the manner described above shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the Party to be notified. For the purposes of notice, the addresses of the Parties shall, until changed as hereinafter provided, be as follows:

To GCDC: **Genesee County Drain Commissioner's Office, Division of Water and Waste Services, G-4610 Beecher Road, Flint, Michigan 48532.**

To the City: **City of Flint, 1101 South Saginaw Street, Flint, Michigan 48502.**

The Parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days written notice to the other Party hereto.

IN WITNESS WHEREOF, the Parties hereto acting under authority of their respective governing bodies have caused this License to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written, which is the License and Effective Date.

GCDC:

By: Jeff Wright
Its: Drain Commissioner

CITY:

By: Natasha Henderson
Its: City Administrator

By: Dayne Walling
Its: Mayor

Attest:

By:

By:

This License was prepared by:
Attorney Kevin Kilby (P68599)
McGraw Morris P.C.
2075 West Big Beaver Road
Suite 750
Troy, Michigan 48084
Phone: (248) 502-4000
Facsimile: (248) 502-4001
Email: kkilby@mcgrawmorris.com

Approved as to form by:

Peter M. Bade (P47546)
Chief Legal Officer
City of Flint
1101 South Saginaw Street, Room 307
Flint Michigan 48502

N:\GCDC\2155-1000 (General)\Contracts and Agreements\DWSD regarding transmission of water\License to Transmit Water between Flint and GCDC Draft Date October 14 2015 Final Execution Copy.doc

Exhibit 1
Location of GCDC/DWSD Connection

Exhibit 2
Location of GCDC/Flint

150875

RESOLUTION NO.:_____

PRESENTED: 10-12-15

ADOPTED:_____

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO TAKE NECESSARY ACTION TO CONVERT TO THE DETROIT WATER SYSTEM

BY THE CITY ADMINISTRATOR:

In order to promote the health, safety and welfare of this community, it is in the best interests of the City of Flint for the Detroit Water and Sewer Department (DWSD) to supply the City with treated water pending completion of the Karegnondi Water Authority; and

In order for DWSD to supply the City with water, it will be necessary to utilize pipe owned by the Genesee County Drain Commission (GCDC); and

The City, DWSD and GCDC are actively negotiating the terms of the necessary agreements to ensure this transition occurs as soon as possible; and

IT IS RESOLVED that the City Administrator is hereby authorized to enter into agreements with DWSD and GCDC for conversion to the Detroit Water System.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

Jody N. Lundquist, Chief Financial Officer

FOR THE CITY OF FLINT:

Natasha L. Henderson, City Administrator

APPROVED BY CITY COUNCIL:

PRESENTED TO CITY COUNCIL: 10/12/2015

ADOPTED BY CITY COUNCIL: 10/12/2015

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, October 15, 2014 5:23 PM
To: Sygo, Jim (DEQ)
Cc: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury)
Subject: Flint - water

Jim – as you know Treasury (thru its EM) is engaged in Flint. Obviously the recent stories re their water quality have raised some concerns. Wayne who is the overall lead for us on this had a conversation with the City today including some of their public works staff. Is there someone we could talk to @ DEQ to get your perspective & corroborate what we are hearing from Flint ? Thanks

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Friday, October 16, 2015 7:38 AM
To: Byrne, Randall (Treasury)
Attachments: Meeting with Suzanne October 16.docx

FYI

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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++++**Weekly Critical Issues —October 16, 2015**

- **Allen Park**— I have been advised that two new RTAB members are being appointed. They are Mark Wollenweber and Scott Lites. I have asked Eric to schedule an orientation for the new members before the next RTAB meeting on November 4th. The brownfield issue concerning the Southfield Lease Properties is under discussion.
- **Benton Harbor**-The lawsuit with the former Public Safety Director and two former employees is a major issue for the City. Darwin has indicated that it will cost the City $1.7M to settle these three cases. They are only partially insured. I have advised Darwin to seek the City Commission's approval for the Finance Director's Search. The cost is $10,000 for the MML Proposal. The City is discussing the purchase of public works vehicles ($160 -$200 K)for winter snow removal
- **Ecorse** – The City is proposing a part-time fire department. Their five year financial plan has been sent to us for review. They want the RTAB to approve on November10th. The City Council has approved. One additional RTAB member is needed (Joan Brophy).
- **Flint** – Lawsuit on water rates and the lead issues have Flint in a crisis mode. The City may be able to reconnect to DWSD by today. Natasha has sent me a revised cost ($250K to $350K) from Miller Canfield to represent the City in the Shears and Kincaid cases. Treasury is determining the level of support, if any, to provide the City in this matter. I informed Natasha yesterday that the legal representation is still being "discussed". Brian has asked me to prepare a FY15 Performance Report of the $1.1M public safety grant. Telephone call between the City, Mott Foundation, and DEQ is being scheduled.
- **Hamtramck**-the RTAB position to replace Cathy. Phase 3 of the pension study will begin soon. The City has hired Alan Young for audit services but that decision was rejected by the RTAB. Greg Terrell is their next choice. The City Council is fighting about filling the vacancy on Council. The Circuit Court is now involved. Katrina released a Confidentiality Agreement with the former Police Chief due to a FOIA request. Two RTAB members are needed.
- **Highland Park**-The collection firm that has begun to collect past due ($7M) water and sewer bills. Cathy has indicated that the City has over 500 aged payables including a DTE bill of $200K for the water pumping station. I will be receiving an OPEB report from Meadowbrook soon. The City has purchased new water meters and will be installing them. Wade Trim has opened their water/sewer customer service office on Woodward Avenue.
- **Lincoln Park**-His exit will be in the first week of January. I have a revised EM exit schedule for you. We will be discussing the final order with Brad next week. We are hoping to find several RTAB candidates soon. E-Loan may be necessary? Five RTAB members are needed.
- **Inkster**- the City won its appeal on the water billing lawsuit. Mark said the city will be discussing its options. The City is negotiating with Wayne County on its $4.9M sewer debt. A judgement levy for several years will be likely be placed on the July 2016 tax roll. Patrick and I will be meeting Mark on Tuesday.
- **Pontiac**-Jane Di Sessa will start on October 26. A contract has been signed and has been mailed. The Mayor and I will be meeting with two council members to discuss the hiring of an executive secretary and other issues. The Pontiac RTAB exit plan is nearing completion. The Mayor would

like to do a study of the Phoenix Center. Problem with the GERS Board financial advisor. Six million may be in jeopardy. One RTAB member is needed.

- **River Rouge**—the five year financial plan is not balanced yet. Do we want to exit without a balanced five year financial plan? The Mayor has drafted a revised plan that is even more favorable to Ecorse. The City was chosen by the Governor to be a part of the Rising Tide Initiative.
- **Royal Oak Township**- We may receive a proposal from Oak Park for police service. Additional discussions with Ferndale and Hazel Park are needed. The Township needs to submit another grant application for police funding. Patrick and I will be meeting with Robert on Tuesday. Montgomery and Co. the accounting firm has submitted an invoice for $17,000. Robert has begun discussion on the new budget. He has hired Mr. Fedewa for accounting. According to Robert, he is doing a good job and is well liked by the Clerk and Treasurer.
- **Miscellaneous Items**—the draft of the November Governor's Memo will be finished and sent to Angela by Thursday. If any updates are necessary, please give to Eric. The RTAB candidates list has been revised. The draft exit plan for several communities is nearing completion. I sent a consent agreement template for your review. FOIA request from ACLU. Ed is attempting to get Giarmarco on a SAAG contract. Wayne County and the Downriver Sewage Disposal System update. The FDCVT grant submission deadline was yesterday. New staff members should have cell phones and laptops.

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Friday, October 16, 2015 12:35 PM
To: Egan, Paul
Subject: RE: EM law
Attachments: GenCo DrComm release.pdf; Kurtz KWA.pdf; DWSD Termination Ltr.pdf

Apologies for that. See the attached.

This morning, you asked if there was anything we wanted to add, etc. I would only add...as I mentioned in my Thursday e-mail...that Flint's is not a situation where the Mayor and Council wanted to utilize one system with the EM completely reversing course. Everyone involved in the decision-making process agreed KWA was the best long-term option for the City of Flint.

From: Egan, Paul [mailto:pegan@freepress.com]
Sent: Friday, October 16, 2015 11:21 AM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: RE: EM law

Thanks again for setting up the interview, Terry. I can't find the letters you said were attached (one from DWSD and one from Kurtz). Can you please send if you have?
Paul

From: Stanton, Terry A. (Treasury) [mailto:StantonT@michigan.gov]
Sent: Thursday, October 15, 2015 2:57 PM
To: Egan, Paul
Subject: RE: EM law

Paul—

I understand you recently chatted with Sara W on this issue and she asked me to reach out as well.

I can work toward setting up a phone conversation between you, Wayne Workman (Deputy Treasurer for Local Government), and me tomorrow morning, around 10 or 10:30...if that works for you.

I'm not sure how much background info you have on the issue, so wanted to get you the following, most of which I have previously shared with Nancy Kaffer or John Wisely. I apologize in advance, for the length of the information, but believe it all pertinent to your inquiry.

To you first question...the unfortunate situation in Flint is in no way an indictment (your term) of Public Act 436, The Local Financial Stability and Choice Act. It's my understanding that discussions about the possible development of a Flint-area/Genesee County water system had been on-going since the early 2000's and that the City of Flint had been in discussions about the possibility of joining KWA for much of that time, certainly prior to the appointment of an emergency manager in December 2011. The following M-Live articles show the city was looking at a possible move to KWA, which Genesee County strongly supported, well before a manager was appointed.

http://www.mlive.com/news/flint/index.ssf/2010/02/detroit_tells_genesee_county_w.html
http://www.mlive.com/news/flint/index.ssf/2011/01/water_pipeline_vs_flint_river.html

http://www.mlive.com/news/flint/index.ssf/2011/04/city_of_flint_still_mulling_wa.html
http://www.mlive.com/news/flint/index.ssf/2011/09/flint_officials_to_be_presente.html
http://www.mlive.com/news/flint/index.ssf/2011/12/so_far_so_good_genesee_county_1.html

Additionally, The Flint Journal supported the move to KWA in an editorial in Sept. 2011, again, prior to the appointment of a manager.
http://www.mlive.com/opinion/flint/index.ssf/2011/09/our_voice_its_decision_time_fo.html

Prior to the decision to move to KWA, which the Mayor and City Council fully supported (March 2013 Flint Journal story cites 7-1 City Council vote to join KWA); http://blog.mlive.com/newsnow_impact/print.html?entry=/2013/03/flint_city_council_approves_re.html the city's emergency manager (Mike Brown in June 2012; Ed Kurtz in Sept. 2012) twice requested permission from DWSD to blend river water with DWSD water to ensure high quality, safe drinking water for residents, while saving the city an estimated $2-3 million annually (DWSD was proposing a 5x rate increase for the City of Flint).

It is also important to note that the Genesee County Drain Commissioner, who had been heading up the KWA project, **required** that Flint's elected leaders approve of and sign-off on the transition to KWA as he believed it was important to have the city's elected officials make the decision and not an emergency manager (see attached).

Under PA 436, an emergency manager's approval is required for transactions of $50,000 or more, and thus Ed Kurtz did approve the eventual move to KWA, again with full support and urging from the Mayor and City Council. Kurtz's letter, detailing that decision after consideration of DWSD's "last, best offer" is attached.

I also believe it's important to note that this **is not** a situation where the Mayor and Council wanted to utilize one system with the EM reversing course. All involved in the decision-making process agreed KWA was the best long-term option for the City of Flint.

With Flint's decision to go with KWA, DWSD chose to terminate Flint's contract, effective April 17, 2014 (letter attached). Given that termination, Flint had two "options:"

-sign a long-term (30 year) agreement with DWSD, which was not economically feasible given the city's decision to go with KWA
-Use Flint River as an interim source (it had long been the city's backup) until KWA was on-line

http://www.mlive.com/news/flint/index.ssf/2014/03/flint_drinking_water_to_come_f.html

It is also important to note that the current situation in Flint has been exacerbated by years of neglect and a lack of maintenance to the decades-old system.

All that said, the most important issue now is moving things forward, through the collaborative State, City, and Foundation effort to ensure safe drinking water for the residents of Flint.

As for the "broader picture" of PA 436...as recently as August of 2013, six emergency managers were in place in municipalities experiencing a financial emergency. Today, only one remains; Brad Coulter in the City of Lincoln Park.

While Receivership Transition Advisory Boards (RTABS) are in place in Pontiac, Benton Harbor, Allen Park, Hamtramck, and Flint and the Financial Review Commission is in place in the City of Detroit, local control has been restored in each of those municipalities.

Going forward, elected leaders in those communities will likely face difficult decisions on how best to maintain the financial footing they have today, and to balance revenues with expenditures, but clearly the toolbox available under PA

436 has allowed several managers to remedy local government financial emergencies and restore local control as quickly and efficiently as possible...as was the goal when PA 436 was signed into law.

From: Egan, Paul [mailto:pegan@freepress.com]
Sent: Tuesday, October 13, 2015 10:29 AM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Cc: Wurfel, Sara (GOV) <Wurfels@michigan.gov>
Subject: EM law

Hi Terry/Sara: I am working on a story for the weekend that examines the question of whether the contaminated Flint water situation is an indictment of Michigan's emergency manager law.
Is there someone in state government you can arrange for me to interview who can address that question and also discuss what they see as the successes/shortfalls of the EM law in terms of the broader picture?
Thanks, Paul

Pleyte, Beth (Treasury)

Subject: FW: State Appropriation Payment Procedures
Location: Conference Call - Phone: [redacted] Access Code: [redacted]#

Start: Fri 10/16/2015 2:00 PM
End: Fri 10/16/2015 3:00 PM

Recurrence: (none)

Meeting Status: Accepted

Organizer: Shaler, Karen (DEQ)

The call about the wire to Flint or DWSD from DEQ/Treasury is at 11;00 today. Mott Foundation will also be on the call and they are sending funds also. Call my cell 517-[redacted] if you have any questions. The call instructions are in the heading. Tom is correct. The wire is needed today or Tuesday for sure. Randy Byrne and I will be on the call. Thanks, Wayne

-----Original Appointment-----
From: Shaler, Karen (DEQ)
Sent: Friday, October 16, 2015 9:38 AM
To: Shaler, Karen (DEQ); Sygo, Jim (DEQ); Krisztian, George (DEQ); McDonald, Paul (DEQ); Premoe, Tara (DEQ); Workman, Wayne (TREASURY); Byrne, Randall (Treasury); mgailbreath@mott.org; kroberson@mott.org; jkochanek@bodmanlaw.com; dwalling@cityofflint.com; nhenderson@cityofflint.com
Cc: lmaxwell@mott.org; skammer@cityofflint.com; Thelen, Mary Beth (DEQ); Wilcox, Candra (DEQ)
Subject: State Appropriation Payment Procedures
When: Friday, October 16, 2015 2:00 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Conference Call - Phone: [redacted]; Access Code: [redacted]

This is to confirm the subject conference call (see call-in information above). Following are the participants:

Jim Sygo, Chief Deputy Director, Department of Environmental Quality (DEQ)
George Krisztian, Flint Action Plan Coordinator & Laboratory Director, DEQ (possibly)
Paul McDonald, Assistant Chief, Administration Division, DEQ
Tara Premoe, Administration Division, DEQ
Wayne Workman, Deputy Treasurer, Department of Treasury
Randy Byrne, Department of Treasury
Mary Gailbreath, Vice President, C.S. Mott Foundation
Kimberly Roberson, C.S. Mott Foundation
Joe Kochanek, Bodman Law (C.S. Mott Foundation's attorney)
Mayor Dayne Walling, City of Flint
Natasha Henderson, City Administrator, City of Flint

Jim Sygo will be the host and has the Host Password. Thank you.

Karen Shaler, Management Assistant to

Chief Deputy Director Jim Sygo
Department of Environmental Quality
Constitution Hall, 6th Floor South
Phone: 517-284-6709
Fax: 517-241-7401
shalerk@michigan.gov

Workman, Wayne (TREASURY)

From: Anthony Chubb <achubb@cityofflint.com>
Sent: Friday, October 16, 2015 3:32 PM
To: Workman, Wayne (TREASURY)
Cc: Byrne, Randall (Treasury)
Subject: *Re: DWSD/ Flint Agreement*
Attachments: PARTIALLY EXECUTED DWSD CONTRACT.pdf

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Gentlemen,

Attached please find the partially executed contract. This allows for monthly pricing of $662,100 per month readiness to serve charge, and $8.93/Mcf commodity rate. This is drastically lower, I believe, than any of their other 85 customers.

Anthony Chubb
Interim Director of Human Resources and Labor Relations
Deputy City Attorney
City of Flint
1101 S. Saginaw Street, 3rd Floor
Flint, MI 48502

(810) 237-2078

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On Fri, Oct 16, 2015 at 2:52 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

> Anthony, please send Randy Byre and me a copy of the Agreement. Thank you, Wayne

WATER SERVICE CONTRACT

BETWEEN

CITY OF DETROIT

AND

CITY OF FLINT

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WATER SERVICE CONTRACT
BETWEEN
CITY OF DETROIT
AND
CITY OF FLINT

This Water Service Contract ("Contract") is made between the City of Detroit, a municipal corporation, by its Water and Sewerage Department and Board of Water Commissioners (the "Board"), and the City of Flint, a municipal corporation ("Customer"). The Board and Customer may be referred to individually as "Party" or collectively as the "Parties."

Whereas, the City of Detroit owns a public water supply system ("System") operated by the Board; and

Whereas, the Board supplies water service to numerous governmental entities in the Board's water service area; and

Whereas, Customer is experiencing a public health emergency and desires to obtain water service from the Board in order to abate this emergency; and

Whereas, the purpose of this Contract is to provide potable water to Customer on an emergency basis; and

Whereas, because Customer shall receive water through a Board-owned master meter that also meters water usage by the Genesee County Drain Commissioner ("GCDC"), Customer has entered into a metering agreement with GCDC whereby GCDC agrees to report to the Board the volume of water attributable to Customer; and

ACCORDINGLY, THE PARTIES AGREE AS FOLLOWS:

Article 1.
Definitions

1.01 The following words and expressions, or pronouns used in their stead, shall be construed as follows:

"Adjusted Prevailing Water Rate" shall have the meaning ascribed in Article 3 herein.

"Allocation Flow Rate" shall mean the value that is established as a result of a breach of Section 5.03 herein and which value shall replace the contractual Maximum Flow Rate in the rate calculation process in the event that Section 5.04(C) herein is applied by the Board.

"Annual Volume" shall mean the actual volume of water used by Customer for the period of July 1st to June 30th as measured on bills issued from August 1st through July 31st.

"Board" shall mean the City of Detroit Board of Water Commissioners.

"City" shall mean the City of Detroit, a municipal corporation, acting through its Board of Water Commissioners.

"Contract" shall mean each of the various provisions and parts of this document, including all attached Exhibits and any amendments thereto, as may be executed and approved by Customer's governing body and the Board of Water Commissioners.

"Contract Term" shall have the meaning ascribed in Article 2 herein.

"Customer" shall mean the Party that enters into a contract with the City of Detroit by way of this Contract, whether an authority, city, township, village or other municipal corporation recognized by the State of Michigan.

"Customer Maximum Day Demand" shall mean the Customer's recorded water usage on the DWSD Maximum Day. Customer Maximum Day Demand shall, in conjunction with Customer Peak Hour Demand, be a component of its Maximum Flow Rate.

"Customer Peak Hour Demand" shall mean the Customer's recorded water usage during the DWSD Peak Hour. Customer Peak Hour Demand, in conjunction with Customer Maximum Day Demand, shall be a component of its Maximum Flow Rate.

"DWSD" shall mean the City of Detroit Water and Sewerage Department.

"DWSD Maximum Day" shall mean the maximum reported water production day for the System during any twenty-four hour period as measured from 12:00 a.m. Eastern Standard Time in any given calendar year, as determined by DWSD in reviewing water production and storage reports.

"DWSD Peak Hour" shall mean the hour during the DWSD Maximum Day in which the most water is delivered to the System, measured from top-of-the-hour to top-of-the-hour (e.g. 7:00 a.m. to 8:00 a.m.), and as determined by DWSD in reviewing water production and pumping reports. In calculating the DWSD Peak Hour, the time period from 11:00 PM to 5:00 AM Eastern Standard Time (EST) shall not be considered provided, however, that if Customer has an approved Filling Schedule, the time period specified in the Filling Schedule shall supersede the time period of 11:00 PM to 5:00 AM EST.

"Early Termination Costs" shall have the meaning ascribed in Article 3 herein.

"Filling Schedule" shall have the meaning ascribed in Article 22 herein.

"Maximum Flow Rate" shall mean the aggregate amount of water usage that Customer commits not to exceed, as determined by the Customer Maximum Day Demand and the Customer Peak Hour Demand, collectively.

"Meter Facilities" shall mean a location in which a water meter is housed including, without limitation, meter pits and meter vaults.

"Minimum Annual Volume" shall mean fifty percent of Customer's Projected Annual Volume.

"Notices" shall mean all notices, consents, approvals, requests and other communications required to be given under the terms of this Contract.

"Pressure Problem" shall have the meaning ascribed in Article 5 herein.

"Pressure Range" shall have the meaning ascribed in Article 5 herein.

"Projected Annual Volume" shall mean the projected annual water sales to Customer as set forth in Exhibit B.

"Service Area" shall mean the mutually agreed upon area where Customer is permitted to distribute water received from the Board under the terms of this Contract which (a) may be entirely within the corporate limits of Customer or may exceed the corporate limits of Customer and (b) which may or may not include the entire geographical area within the Customer's corporate limits.

"System" shall mean the public water works system owned and operated by the City of Detroit, acting through its Board of Water Commissioners and its Water and Sewerage Department.

"Technical Advisory Committee" shall mean the committee consisting of representatives of the Detroit Water and Sewerage Department, wholesale water customers of the Detroit Water and Sewerage Department and their respective representatives, and shall include its successor or replacement if altered or discontinued. The Technical Advisory Committee or its successor shall remain in existence for a minimum term of January 1, 2008 until December 31, 2038 unless the committee determines otherwise.

"Water Distribution Points" shall have the meaning ascribed in Article 4 herein.

Article 2.
Contract Term

2.01 Term. The Board shall sell and supply water to Customer from the System in accordance with the terms of this Contract for a period of nine months from the effective date of this Contract (the "Contract Term"), subject to Article 3 herein. The effective date of this Contract shall be the date that this Contract is approved by the Customer's governing body or the Board whichever is later.

2.02 Extension of Term. Should the concern for public health continue beyond the initial Contract Term and a reasonable alternative to the temporary service provided by the Board does not readily exist, the Contract Term may be extended for any mutually agreeable period through a letter which sets forth the emergent circumstances signed by the Parties.

2.03 Reserved.

Article 3.
Early Termination Costs

3.01 Early Termination Costs. In addition to any other remedies provided for by law or by the terms of this Contract, Customer shall be liable to the Board for the payment of any costs incurred by the Board related to providing water to Customer in the event Customer terminates this Contract before the conclusion of a Contract Term ("Early Termination Costs"), unless Customer terminates this Contract for cause in accordance with Article 10; provided, however, that payment of such Early Termination Costs by Customer shall not entitle Customer to receive water service from the Board.

3.02 Calculation of Costs. Payment of Early Termination Costs will be calculated by applying the Adjusted Prevailing Water Rate to the Minimum Annual Volume requirements for the remainder of the Contract Term. The Adjusted Prevailing Water Rate shall be the rate charged by the Board to Customer as of Customer's effective termination date, adjusted annually to reflect projected inflationary increases utilizing a locally based wholesale price index. The Parties may agree upon another standardized price index. The Board may seek a recommendation from the Technical Advisory Committee on the amount of the Early Termination Costs.

3.03 Specifically Constructed Facilities. If the Board has constructed facilities specifically for the benefit of Customer, additional costs may be included in the calculation of the Early Termination Costs, provided that any such facilities shall be identified in a written agreement between the Board and Customer at or near the time of construction.

3.04 Formation of Water Authority. Customer may join with another authority, city, township, village or other municipal corporation recognized by the State of Michigan to form a water authority for the sole purpose of collectively contracting for water service from the Board. The exercise of this right shall not be construed as an early termination of this Contract and this Contract shall be voided upon the approval of a new water service contract by Customer's governing body and the Board.

3.05 Customer Annexation or Consolidation. In the event the territory of Customer is annexed or consolidated with another Michigan municipal corporation and if said municipal corporation is a current customer of the Board, then such an annexation or consolidation shall not be construed as an early termination of this Contract and this Contract shall be voided upon the approval of a new or amended water service contract with the annexing or consolidating municipal corporation.

Article 4.
Service Area

4.01 Delivery Location. Water shall be delivered by the Board to Customer at the location(s) identified in Exhibit A (collectively, the "Water Distribution Points"), and at other locations as may be mutually agreed upon in writing by the Board and Customer. The Board shall not require Customer to pay any fee to reconnect to the System. The Customer shall bear any and all actual costs, including without limitation capital and labor costs, associated with any work required to reconnect Customer to the System.

4.02 Limit of Responsibility. The Board shall have no responsibility for distributing, operating, repairing, replacing and maintaining any portions of the Customer's water supply system downstream of the Water Distribution Points shown in Exhibit A, provided, however, that this Section 4.02 does not prevent the application of the provisions of Section 11.02 herein.

4.03 Board Responsibility. The Board owns and is responsible for operating and maintaining all parts of its System upstream from Customer's Water Distribution Points. Should the Board fail to maintain its Meter Facilities and/or any Board owned and maintained equipment within the Meter Facilities, Customer shall provide written notice to the Board which describes the objectionable condition of the Meter Facility and/or the equipment within, and its intent to take reasonable steps to maintain the condition and charge the reasonable cost of doing so to the Board. Upon receipt of the notice and subject to Section 11.01, the Board shall have thirty calendar days to repair the condition specified in the notice, unless a force majeure event prevents the repair within the thirty-day period. If the Board has not repaired the condition at the conclusion of the thirty-day period and has not provided a written explanation to Customer explaining the reason for the delay (e.g. necessary parts are on order or occurrence of a force majeure event specified in Section 11.01), then Customer may take reasonable steps to maintain the specified condition and charge the reasonable cost of doing so to the Board.

4.04 Extension of Service Area. Customer's distribution of water supplied by the Board shall be limited to the Service Area stated in Exhibit A. The Parties agree that situations may arise in which Customer desires to extend its Service Area, either temporarily or permanently, beyond its corporate limits. Should such a situation arise, Customer shall provide written notice to the Board explaining the nature, duration and extent of the requested Service Area extension. The Board shall have the option, which it may exercise at any time, of requiring a written amendment to this Contract to accommodate the change in Service Area. Should the Board determine that an immediate amendment is required, the Parties shall, within thirty calendar days of Customer's request, meet to negotiate mutually agreeable terms for the extension of the Service Area. The Board shall not unreasonably deny a request to extend the Service Area.

4.05 Change or Addition of Water Distribution Points. Water Distribution Points may be added or changed only by the express written agreement of the Board and Customer and shall be embodied in a written amendment to this Contract.

4.06 Sole Supplier. Except as provided in Article 17 herein, the Board shall be the sole supplier of public potable water to Customer's Service Area.

Article 5.
Pressure; Maximum Flow Rate; Minimum Annual Volume

5.01 Pressure Range. The Board shall use its best efforts to deliver water at the Water Distribution Points at a pressure range ("Pressure Range") adequate to meet the reasonable requirements of Customer. For purposes of evaluating this effort, water pressure shall be determined by reviewing the average hourly pressure measured from top-of-the-hour to top-of-the-hour (e.g. 7:00 a.m. to 8:00 a.m.). The Pressure Range to be provided by the Board to Customer's Water Distribution Points is specified in Exhibit B. The location at

which the water pressure will be measured shall be specified in Exhibit A and identified as point "P". A Pressure Range will not be established for water meters that are not located on a DWSD transmission main, or which are located on a DWSD transmission main and are downstream of and subject to the flow demands of a water meter for another Board customer.

5.02 Remedy for Non-Compliance with Pressure Range. If the water pressure at Customer's Water Distribution Points is above or below the Pressure Range, at Customer's request the Parties shall meet within thirty calendar days to discuss the reasons for the non-compliance and, if agreed necessary, develop and implement a mutually agreeable written corrective action plan within sixty calendar days of the meeting, or as otherwise agreed. The corrective action plan shall include a timetable for resolution of the non-compliance issue(s).

A. If it is determined that another customer's exceedance of the rates of flow established by that customer's Maximum Flow Rate caused or contributed to the Board's inability to meet its Pressure Range agreement with Customer, then the corrective action plan shall provide for the resolution of the issue.

B. If Customer is exceeding the rates of flow established by its Maximum Flow Rate on a day other than the DWSD Maximum Day at the time Customer experiences a variation from the Pressure Range, then the Board shall be relieved from its obligation to provide water to Customer within the Pressure Range for that period of time during which Customer is exceeding the rates of flow established by its Maximum Flow Rate.

5.03 Maximum Flow Rate. Customer's Maximum Flow Rate is specified in Exhibit B. Customer shall not exceed the Maximum Flow Rate specified in Exhibit B, as measured in million gallons on the DWSD Maximum Day and during the DWSD Peak Hour.

A. The Board shall notify all customers in writing on or before October 1 of each calendar year if Customer or any other wholesale customer is alleged to have exceeded its Maximum Flow Rate in a given calendar year. The notice shall state the day and/or hour that Customer or any other wholesale water customer is alleged to have exceeded its Maximum Flow Rate.

B. If Customer is alleged to be in breach of its obligations under this Section 5.03, the Board and Customer shall endeavor to meet before November 1 of the current calendar year, or as soon as practicable, for the purposes of validating the breach, reviewing and analyzing the causes, and to negotiate a possible remedy pursuant to Sections 5.04 and 5.05 herein.

C. The Technical Advisory Committee's Analytical Work Group, or its successor shall review any alleged breach of this Section 5.03.

i. The Analytical Work Group shall meet once, at a minimum, on or before November 1 of each calendar year to review the alleged breaches, if any,

and may thereafter schedule subsequent meetings as necessary to conclude its review.

ii. The Board will seek a recommendation from the Analytical Work Group on (1) an Allocation Flow Rate, if any, and/or (2) concurrence with the remedy tentatively negotiated between Customer and the Board, if any. Customer and the Board shall have the right to present any information related to the alleged breach a Party deems necessary to the deliberations.

iii. Any recommendation submitted by the Analytical Work Group shall be received by the Board on or before December 1 of each calendar year.

5.04 Remedy for Non-Compliance with Maximum Flow Rate. The Board has no obligation to supply to Customer more than the Maximum Flow Rate. If Customer exceeds its Maximum Flow Rate on the DWSD Maximum Day or during the DWSD Peak Hour, the Board and Customer may, as needed, take one or more of the following actions set forth in this Section 5.04. The applicability of any particular action shall be evaluated by the Board on a case-by-case basis.

A. The Board may require that Customer take all reasonable steps to reduce its consumption to the Maximum Flow Rate. Such steps may include water conservation measures, outdoor water use restrictions, water loss studies and remediation, and an internal system operation evaluation.

B. The Parties may meet to negotiate a new Maximum Flow Rate. If so negotiated, Customer shall pay the rate associated with the new Maximum Flow Rate in the subsequent rate year.

C. For ratemaking and cost allocation purposes only, the Board may recalculate Customer's rate for the current and/or subsequent fiscal years utilizing a revised cost allocation formula as follows:

i. The Board shall, as set forth below, establish an Allocation Flow Rate to replace the contractual Maximum Flow Rate in the rate calculation process.

ii. The Allocation Flow Rate shall be applied from no earlier than the first exceedance date forward.

iii. The Allocation Flow Rate will be at least equal to the flow rate demonstrated by Customer on the DWSD Maximum Day, and may be higher than the actual flow rate demonstrated by Customer.

iv. Pursuant to Section 5.03(C), if the Board receives a recommendation on the Allocation Flow Rate to be applied from the Analytical Work Group and the recommendation is higher than twice the amount by which the demonstrated flow rate exceeded the original Maximum Flow Rate, then the Board shall be limited to establishing an Allocation Flow Rate that is at least equal to the flow rate demonstrated by Customer on the DWSD Maximum

Day and no higher than the recommendation provided by the Analytical Work Group.

v. If no recommendation on the Allocation Flow Rate to be applied is received by the Board, or if the Board receives a recommendation and the recommendation is less than twice the amount by which the demonstrated flow rate exceeded the original Maximum Flow Rate, then the Board shall be limited to establishing an Allocation Flow Rate that is at least equal to the flow rate demonstrated by Customer on the DWSD Maximum Day and no higher than twice the amount by which the demonstrated flow rate exceeded the original Maximum Flow Rate.

vi. The Allocation Flow Rate will continue to be applied to each subsequent year's rate calculation process until the Maximum Flow Rate is renegotiated.

vii. If a rate has been approved for the subsequent fiscal year (July 1st to June 30th) but the rate has not yet been applied, the Board may modify Customer's rate for that subsequent fiscal year to account for an exceedance of its Maximum Flow Rate.

viii. If the Board has built capital facilities based upon Customer's negotiated Maximum Flow Rate and Customer consistently exceeds its Maximum Flow Rate, then the Board may re-calculate the amount of Customer's percentage of the capital cost of such facilities

5.05 Procedure for Non-Compliance with Maximum Flow Rate. In addition to the remedies specified in Section 5.04, if Customer has failed in its obligations under Section 5.03, the Parties shall meet to discuss the reasons for the non-compliance and if agreed necessary, develop a mutually agreeable written corrective action plan by December 31 of the year in which the non-compliance occurred, or as otherwise agreed. Any corrective action plan required under this Section 5.05 shall include a timetable for resolution of the non-compliance issue(s).

A. If the Parties determine that a corrective action plan is not required and an incident of non-compliance occurs in the subsequent calendar year, the Parties shall meet to develop a mutually agreeable written corrective action plan by December 31 of the year in which the non-compliance occurred, or as otherwise agreed.

B. In the event the reason for Customer's non-compliance under Section 5.03 is due to a Customer water main break, fire or meter calibration performed by DWSD, these events will be taken into consideration in determining (1) whether a corrective action plan is warranted and (2) the extent to which, if any, the steps specified in Section 5.04 should apply.

5.06 Minimum Annual Volume. Customer shall purchase from the Board not less than the Minimum Annual Volume of water specified in Exhibit B. If Customer's Annual Volume is less than the Minimum Annual Volume, Customer shall pay to the Board an amount

computed by applying the current rate to the Minimum Annual Volume less any amounts already billed to the Customer by the Board.

5.07 Periodic Review. For Customer and System planning purposes and, with regard to the Minimum Annual Volume, enforcement of the provisions of Article 3, a Maximum Flow Rate, Pressure Range, Projected Annual Volume and Minimum Annual Volume shall be established by mutual agreement for the Contract Term. If the Contract Term exceeds two years, a contractually binding Maximum Flow Rate, Pressure Range, Projected Annual Volume and Minimum Annual Volume shall be established by mutual agreement for first two years of the Contract Term. If the Contract Term exceeds two years, not later than the second year of the Contract Term, the Board and Customer shall negotiate a contractually binding Maximum Flow Rate, Pressure Range, Projected Annual Volume and Minimum Annual Volume for the succeeding three years of the Contract Term. If the Contract Term exceeds five years, not later than the fifth year of the Contract Term, and every five years thereafter, the Board and Customer shall negotiate a contractually binding Maximum Flow Rate, Pressure Range, Projected Annual Volume and Minimum Annual Volume for the succeeding five years of the Contract Term. If the Parties do not negotiate new or revised Maximum Flow Rates, Pressure Ranges, Projected Annual Volumes and Minimum Annual Volumes according to the aforementioned schedule, then the figures established for planning purposes (as shown in italicized type in Exhibit B) shall become contractually binding for the then-current three or five year term.

5.08 Remedy for Excessive Rate(s) of Flow Causing Pressure Problem(s). Customer acknowledges that Customer's rates of flow may cause and/or contribute to the Board's inability to meet its Pressure Range agreements with Customer and/or the Board's other customers (hereinafter, "Pressure Problem"). The Board may review or monitor Customer's daily rates of flow if a Pressure Problem occurs and the Board's Pressure Range agreement with Customer and/or another customer of the Board is alleged to have been breached. The approximate rate of flow by individual meter location used to establish the Pressure Range and Maximum Flow Rate is specified in Exhibit B. If a Pressure Problem occurs, the Parties shall meet to discuss the reasons for the Pressure Problem and develop and implement a mutually agreeable written corrective action plan within sixty calendar days of the Pressure Problem, or as otherwise agreed. The corrective action plan may require one or both of the following steps:

A. The Board may require that Customer take all reasonable steps to reduce its consumption to the rate of flow established by the Maximum Flow Rate. Such steps may include water conservation measures, outdoor water use restrictions, water loss studies and remediation, and an internal system operation evaluation. In addition, the Board may require that Customer adjust its rate of flow at individual meters, including the establishment of a not-to-exceed flow rate for individual meters.

B. The Parties may meet to negotiate a new Maximum Flow Rate. If so negotiated, Customer shall pay the rate associated with the new Maximum Flow Rate in the subsequent rate year.

If the Parties determine that a corrective action plan is not required and a subsequent Pressure Problem occurs, the Parties shall meet to develop and implement a mutually agreeable written corrective action plan within sixty calendar days of the subsequent Pressure Problem, or as otherwise agreed. Any corrective action plan required under this Section 5.08 shall include a timetable for resolution of the Pressure Problem. In the event the reason for the Pressure Problem is due to a Customer water main break, fire or meter calibration performed by DWSD, these events will be taken into consideration in determining (1) whether a corrective action plan is warranted and (2) the extent to which, if any, the steps specified above in this Section 5.08 should apply.

5.09 Board Costs for Corrective Action Plan. If at any time the Board is required under the terms of this Article 5 to develop and implement a corrective action plan and the plan involves incurring capital costs, the Board will determine whether the costs will be charged as a System cost or whether the cost will be borne by a specific customer or customers. If the Board determines that all or part of the costs should be borne by a specific customer or customers, the Board will seek a recommendation from the Technical Advisory Committee on the assessment of the costs.

5.10 Customer Costs for Corrective Action Plan. If at any time Customer is required under the terms of this Article 5 to develop and implement a corrective action plan, Customer shall be so informed in writing and Customer will pay all costs related to the corrective action plan.

Article 6.
Technical Advisory Committee

6.01 Establishment. The Technical Advisory Committee is formed to facilitate a cooperative working partnership between the Board and its wholesale water customers by facilitating the development of recommendations regarding System planning and supply to DWSD management and the Board. The Technical Advisory Committee shall maintain bylaws that govern the way it conducts its business. In the event of a conflict between the terms of the bylaws adopted by the Technical Advisory Committee and the terms of this Contract, the terms of this Contract shall control.

6.02 General Responsibilities. The Technical Advisory Committee shall periodically review and evaluate the rates, rate methodology, and performance of the System. The Technical Advisory Committee shall review and evaluate flow rates, pressures and Annual Volumes for the System at a minimum of every five years to assist the Board in its System planning effort. The Technical Advisory Committee shall have the opportunity each year to review the Capital Improvement Program as prepared by DWSD, prior to its adoption by the Board. The Technical Advisory Committee may consider Customer proposals for improving the operation of Customer's water system and/or the System. The Board will supply the Technical Advisory Committee with information the Board deems reasonably necessary to accomplish the general responsibilities defined in this Section 6.02.

6.03 Annual Report by Board. The Board will present an annual report to the Technical Advisory Committee which shall consist of (1) all instances of non-compliance with the Parties' obligations contained in Article 5 herein, including Customer and Board responses

thereto; (2) a general report on System operation and maintenance; and (3) a report that lists those contracts, if any, that have been entered into by the Board and another customer(s) where the terms of the contract(s) invoke the application of Article 14 herein.

6.04 Notification of Rates. The Board shall provide Customer and the Technical Advisory Committee with notice of the proposed rates for each fiscal year as early as possible before the implementation of the rates.

6.05 Disclosure of Rate Information by Board. Each year, the Board will disclose to Customer and the Technical Advisory Committee information related to wholesale rates.

6.06 Disclosure of Rate Information by Customer. Each year, Customer will disclose to its customers information related to its retail rates and other charges, and information regarding what portion of those costs is related to charges from DWSD and/or other major service providers.

6.07 Work Groups. The Technical Advisory Committee may create work groups to address specific issues facing the System. The work groups in existence as of January 1, 2008 are the Analytical Work Group, the Best Practices Work Group, the Contract Work Group, the Customer Service Work Group, the Emergency Preparedness Work Group, and the Rates Work Group. Any reference to a particular work group in this Contract shall include its successor or replacement if altered or discontinued.

Article 7.
Rates

7.01 Rates. Customer agrees to pay for all water supplied by the Board at such rates as the Board may establish. Rates shall be reasonable in relation to the costs incurred by the Board for the supply of water and shall conform to Public Act 34 of 1917, Michigan Compiled Laws, Sec. 123.141, et seq., as amended. The Board shall give written notice of any changes in the rates. Notice shall be made in accordance with Section 5e of Public Act 279 of 1909, Michigan Compiled Laws, Sec. 117.5e, as amended, ("Act 279").

7.02 Notification of Rates. As soon as possible in the ratemaking process, the Board shall provide information on proposed rates and the draft data and information used in the calculation of proposed rates in a format that will enable Customer to assist in the ratemaking process. Not less than thirty calendar days prior to the hearing required by Act 279, the Board shall provide Customer with written notice of a proposed rate and the underlying data used to calculate the rate. The Board shall meet with Customer to review the rate and the data.

7.03 Estimate of Usage. In the event that the Board-owned master meter known as GN-01 fails to correctly measure the quantity of water supplied to Customer for any period of time, the Board shall provide a reasonable estimate of the quantity of water supplied to Customer for such period provided that there is a reasonable basis for the estimate. Customer and the Board shall, either through their respective technical representatives and/or the Technical Advisory Committee, seek agreement upon a method to estimate such quantities. In the event the Parties are unable to agree upon a method to estimate such quantities, the

Board's determination of a method shall be conclusive and the Customer agrees to accept the estimate established by the Board.

7.04 Rate Methodology. The Board agrees to provide to Customer a description of the current methodology for rate making in the form of the "Rates 101" document produced by the Technical Advisory Committee, as may be periodically updated. The "Rates 101" document, entitled *DWSD Rates: Understanding DWSD Wholesale Water Rates*, and any updates thereto shall be provided to Customer via posting on the DWSD website.

Article 8.
Meters and Meter Facilities

8.01 Metering Requirement. All water furnished by the Board to Customer shall be measured by water meters installed in Meter Facilities at Customer's Water Distribution Points unless, in the Board's determination, it is not feasible to install water meters due to the configuration of Customer's water system. Customer's water usage shall be measured by the Board-owned master meter known as GN-01. Because GN-01 also measures the water usage of GCDC, Customer has a separate metering agreement with GCDC (attached as Exhibit C) whereby GCDC will report to Customer and the Board on a monthly basis the volume of water attributable to Customer through the GN-01 master meter. Customer shall ensure that GCDC provides the monthly meter information, specifying the unit of measurement used, on or before the 5th day of each calendar month. Customer shall ensure that the Board has the right at any time to audit the metering information provided by GCDC.

8.02 Existing Distribution Points. As of the effective date of this Contract, the Board shall own, operate and maintain all water meters and Meter Facilities for all existing Water Distribution Points, unless specifically indicated otherwise in Exhibit A.

8.03 Customer Maintenance Responsibilities. Customer shall be responsible for maintaining at its Water Distribution Points any and all appurtenances as may be designated as Customer's responsibility in Exhibit A. Should Customer fail to maintain the appurtenances shown in Exhibit A, the Board may take reasonable steps to maintain the appurtenances and charge the reasonable cost of doing so to Customer. Prior to the Board taking action to maintain the appurtenances, the Board shall give Customer thirty days written notice to complete the required maintenance. Notice to the Customer shall not be required if, in the Board's determination, there exists an emergency condition affecting the operation of the System or if the health, safety and welfare of the general public may be jeopardized.

8.04 New Distribution Points. For any new Water Distribution Points that may be constructed or installed after the effective date of this Contract, Customer shall furnish at Customer's expense, a water meter and Meter Facility that meets the Board's specifications. Thereafter, the Board shall furnish any replacement water meters for new Water Distribution Points and the expense shall be recovered through the Board's rates as a System cost. The Board shall own, operate and maintain all water meters and Meter Facilities after construction, installation or replacement, unless specifically indicated otherwise in Exhibit A.

8.05 Meter Repair and Replacement. If the Board initiates a meter repair or meter replacement, the cost shall be recovered through the Board's rates as a System cost. If Customer requests a meter replacement for reasons other than malfunction or disrepair, Customer shall pay the cost of the replacement.

8.06 Pressure Regulating Facilities. After the effective date of this Contract, all newly installed Customer-owned pressure regulating facilities shall be installed in a facility that is separate from the Board's Meter Facility.

Article 9.
Reserved

Article 10.
Reserved

Article 11.
Force Majeure, Hold Harmless and Other Events

11.01 Force Majeure. No failure or delay in performance of this Contract, by either Party, shall be deemed to be a breach thereof when such failure or delay is caused by a force majeure event including, but not limited to, any Act of God, strikes, lockouts, wars, acts of terrorism, riots, epidemics, explosions, sabotage, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of a Party, except that no cause or contingency shall relieve Customer of its obligation to make payment for water delivered by the Board.

11.02 Board Held Harmless. Customer is experiencing a public health emergency which has resulted in the necessity of entering into this Contract. The Parties do not know the extent of the claims and/or damages which may result from the emergency, nor if the provision of water services by the Board will abate, improve or otherwise alleviate this emergency. As such, the Board shall not be held liable or accountable for any alleged water source or supply issues, or bursting, leakage, breakage, damage or accident of any kind that may occur to Customer's water works system, or any alleged damages of any kind or nature, including, but not limited to, injury to persons or damage to property, resulting from or alleged to result from such water source or supply issues, or bursting, leakage, breakage, damage or accident that may occur to water mains or pipes located downstream of the Water Distribution Points specified herein, or located within Customer's distribution system. Furthermore, to the extent permitted by law, Customer shall indemnify, defend and hold harmless the City of Detroit and the Great Lakes Water Authority from and against any and all alleged liabilities, obligations, damages, penalties, claims, costs, charges, losses and expenses (including, without limitation, fees and expenses for attorneys, expert witnesses and other consultants) that may be imposed upon, incurred by or asserted against the City of Detroit or the Great Lakes Water Authority and their respective departments, officers, employees or agents by reason of any of the following alleged to be attributable to the provision of water services under the terms of this Contract:

A. Any and all alleged injury to persons or damage to property; and

B. Any alleged failure by Customer or its agents to perform its obligations, either express or implied, under this Contract; and

C. Any alleged act, error or omission of Customer or its agents with regard to (i) Customer's distribution of water supplied by the Board downstream of the Water Distribution Point, and (ii) any alteration by Customer or its agents to the water supplied by the Board downstream of the Water Distribution Point, including without limitation any chemical additions to the water as set forth in Section 17.05.

11.03 Discontinuance of Service. In the event the public health, safety and welfare requires the Board to discontinue temporarily all or part of the supply of water to Customer, no claims for damages of any kind or nature for such discontinuance shall be made by Customer against the Board. The Board will provide notice to Customer of any temporary discontinuance of the water supply.

Article 12.
Timely Payment

12.01 Billing and Payment. Bills for water service shall be rendered to Customer on a monthly basis. Notwithstanding the provisions of this Article 12, all such bills shall be due and payable within forty-five calendar days from the date shown on the bill. Any portion of the charges that are not paid by the due date shall be subject to a finance charge at a rate of 1.5% per month for each month that they remain unpaid. Any portion of the total bill, plus any finance charges applied to the bill which are not paid by the next billing date, shall be shown on the next bill as arrears.

12.02 Dispute. The Board may disconnect water service in accordance with the terms of this Contract, including without limitation Sections 12.03 and 12.04. The Board shall not terminate water service if there is a good faith dispute concerning the accuracy of billings. If the accuracy of a bill is in dispute, Customer shall have ten (10) business days in which to provide written notice to the Board of its dispute with the bill and shall place the disputed amount in an escrow account pending resolution of the dispute. Accrued interest on the escrow account shall belong to the Party that prevails in the resolution of the dispute.

12.03 Estimated Prepayment for Services. Customer shall deposit with the Board as an estimated prepayment for services for the term of this Contract certain funds as follows: (a) on or before October 16, 2015, an amount equal to Two Million and 00/100 Dollars ($2,000,000.00), and (b) on or before October 19, 2015, an amount equal to Eight Million and 00/100 Dollars ($8,000,000.00). Collectively, the Ten Million and 00/100 Dollars ($10,000,000.00) shall be referred to as the "Estimated Prepayment". The Estimated Prepayment will be credited to Customer's suburban billing account with the Board. Each month, the Board shall be entitled to draw down from the Estimated Prepayment a sum equal to the amount of the then-current billing. If at any time the Board determines in its sole and reasonable discretion that the remaining amount of the Estimated Prepayment will be insufficient to cover the next monthly billing and/or the remainder of the Contract Term,

Customer shall be required to replenish within thirty (30) days the estimated prepaid funds in the amount required by the Board provided, however, that the Parties shall endeavor to mutually agree upon the amount. Failure to so replenish the estimated prepaid funds shall permit the Board to terminate services to Customer. At the conclusion of the Contract Term, if Customer is in good standing with the Board and there are funds remaining from the Estimated Prepayment, Customer shall be entitled to the prompt return of all such funds. The Estimated Prepayment made by Customer shall not relieve Customer of its obligation to make payment in full for all water delivered by the Board to Customer.

12.04 Account Stated. Notwithstanding the provisions of this Article 12, if Customer fails to make timely payment on invoices due as set forth in this Contract, in addition to terminating services to Customer, the Board shall be entitled to have a judgment entered against Customer for the entire unpaid balance, together with late fees, finance charges, interest, and the costs and reasonable attorney fees required to obtain that judgment. The Board shall be entitled to file this Contract in a court of proper jurisdiction as evidence of Customer's agreement to the existence of the debt stated and Customer's agreement to its liability for that debt.

Article 13.
Assignment

13.01 The Board shall be permitted to assign this Contract to any successor in interest without the prior consent of Customer. Thereafter, and as soon as practicable, the Board shall provide written notice to Customer of the assignment.

Article 14.
Reserved

Article 15.
Amendment

15.01 The Parties may periodically consider it in their best interests to change, modify or extend a term, condition or covenant of this Contract for reasons which may include, but are not limited to, the creation, expansion or closing of industry or other business. Any change, addition, deletion, extension or modification that is mutually agreed upon by the Board and Customer shall be incorporated in a written amendment to this Contract. Such amendments shall not invalidate this Contract nor relieve or release either Party of any of its respective obligations under this Contract unless so stated in the amendment.

15.02 No amendment to this Contract shall be effective and binding upon the Parties unless it expressly makes reference to this Contract, is in writing, is signed and acknowledged by duly authorized representatives of both Parties.

Article 16.
Notices

16.01 Except as otherwise specified herein, all notices, consents, approvals, requests and other communications (collectively, "Notices") required or permitted under this Contract shall be given in writing and mailed by first class mail to the Parties and at the addresses identified in Exhibit B.

16.02 All Notices shall be deemed given on the day of post-marked mailing. Any Notice given by a Party hereunder must be signed by an authorized representative of such Party.

16.03 Notwithstanding the requirement above as to the use of first-class mail, change of address notices, termination notices, and other Notices of a legal nature, shall be sent by certified first-class mail, postage prepaid, return receipt requested.

Article 17.
Water Quality

17.01 Contamination. For the protection of the health of all consumers supplied with water from the System, Customer agrees to guard carefully against all forms of contamination. Should contamination occur, the area or areas affected shall immediately be shut off and isolated, and shall remain so until such conditions shall have been abated, and the water declared safe and fit for human consumption by the properly constituted governmental health agencies having jurisdiction of the area affected. Customer shall immediately notify the Board, and the Board shall immediately notify Customer, of any emergency or condition that may affect the quality of water in either Party's system.

17.02 Co-mingling of Water Sources. Except in cases of emergency other than the specific public health emergency addressed by this Contract, Customer will not permit water from any other source of supply to be mixed or mingled with water from the System without prior written approval from the Board. In cases of emergency, only such water from sources other than the Board shall be used as shall meet the requirements of the Michigan Department of Environmental Quality, and then only in such quantities as shall be necessary to relieve the emergency.

17.03 Emergency Connections. During emergencies other than the specific public health emergency addressed by this Contract, Customer's water facilities may be used and connected, at the discretion of the Board, to water facilities serving other communities for flow in either direction to provide an adequate water supply from the System to Customer and to other areas and other units of government. Customer shall be permitted to immediately make an emergency connection when the connection point to be used has been previously approved for emergency use by the Board in writing, provided that Customer shall, after making the connection, promptly notify the Board of such event. When the emergency has been abated, the emergency connection must be severed as soon as practicable. The Board, or its designee, must approve, in writing, the continuation of any emergency connection that is required for longer than seven calendar days. If an approved emergency connection continues for more than seven calendar days, Customer must

provide the Board with weekly updates on the emergency and a schedule for abatement of the emergency that must be approved by the Board in writing.

17.04 Water Quality. The Board shall endeavor to remain in compliance with all applicable Michigan and Federal laws, rules and regulations regarding drinking water quality.

17.05 Chemical Additions, Public Relations. Customer has advised the Board that in order to more effectively address its public health emergency, it may inject additional chemical treatments into the water it receives from the Board. Customer shall prevent the backflow of any water containing additional chemical treatments by Customer from entering into the System and any other water systems utilizing water provided by the System. Customer acknowledges that such additional chemical treatments may result in chemical, biological and/or physical changes to the water provided by the Board. In order that the public be kept fully informed as to the explanation for any chemical, biological and/or physical changes and to ensure that the Board's long established and award winning brand is not diminished in any way, Customer agrees to coordinate with and seek the approval of the Board regarding its public relations communications on these issues.

Article 18.
Rights-of-Way

18.01 Use of Rights-of-Way. The Customer shall assist the Board to obtain permission to use streets, highways, alleys, and/or easements in the local governmental units within the Customer's jurisdiction for the purpose of constructing, maintaining, and operating water facilities to adequately service the Customer's jurisdiction and other areas. This assistance shall include obtaining the consent of the local governmental units, as provided in Article 7, Section 29, Michigan Constitution of 1963. In the event of such construction, the Board shall request the Customer and local governmental units within the Customer's jurisdiction to execute such separate instruments granting rights-of-way in its streets, highways, and alleys as may be reasonably required by the Board. The Board shall give the Customer notice of any construction work in the Customer's jurisdiction. The Board shall comply with any of Customer's ordinances that apply to the construction. Customer shall inform the Board of the applicable ordinances. The Board and Customer shall meet to review the construction and its impact on their respective operations. The Board shall restore all existing structures and/or improvements laying in the right-of-way of construction to as good a condition as before the construction took place. Any such facilities constructed, maintained and operated under this section shall remain the property of the Board and shall not be operated or maintained by any entity other than the Board or its authorized representatives.

18.02 Relocation of Facilities. Should future construction by any city, township, village, or county require relocation of a water transmission main, Meter Facility ,or other Board facility, the cost incurred by the Board for such relocation, if not reimbursed by the entity requiring the relocation, will be charged in future rates as a common-to-all cost to all System users.

18.03 Easements. Subject to the provisions of Section 18.01 herein and to the extent that Customer has jurisdiction, the Board shall be granted temporary and permanent easements,

and shall be permitted to use the streets, alleys and highways within Customer's legal jurisdiction for the purpose of constructing, operating and maintaining the System, including the relocation of water transmission mains, Meter Facilities or other Board facilities. This consent by Customer is given in compliance with Article 7, Sec. 29 of the Michigan Constitution of 1963, provided that the Board shall provide Customer with a written explanation of the type of easement required and the duration thereof.

Article 19.
Access to Towers and Antennas

19.01 Where possible, each Party shall give to the other Party access to towers and antennas under its respective jurisdiction for the purpose of transmitting information recorded in the Meter Facilities. Access shall not be unreasonably denied by either Party.

Article 20.
Relationship to Wastewater Services

20.01 Customer and the Board acknowledge that future growth in the System may place additional burdens on their respective wastewater systems. Customer, if it is also a wastewater disposal services customer of the Board, understands that any increase in the volume of water it receives from the System is not a guarantee of increased capacity in the Board's wastewater disposal system.

Article 21.
Construction Standards

21.01 The Board shall have the right to review and approve Customer's construction plans for Meter Facilities at new Water Distribution Points, water mains sized twenty-four inches and larger, pump stations, reservoirs, water towers, and any other construction that will cross, or be within close proximity to, or have influence upon the Board's infrastructure. The Board's approval of construction plans shall be timely and shall not be unreasonably withheld.

Article 22.
Operation of Storage

22.01 Prior to Customer's operation of any new or existing water storage facility, Customer shall seek the Board's written approval of the filling schedule ("Filling Schedule") of the storage facility. The Board may periodically require Customer to change or adjust a previously approved Filling Schedule. The Parties shall collaborate on devising a mutually beneficial Filling Schedule. If the Parties are unable to agree upon a Filling Schedule, the Board's determination of a Filling Schedule shall be final. All Filling Schedules shall be for a period of six consecutive hours. Customer shall at all times abide by the then-current Board approved Filling Schedule. The Board shall act promptly in approving Filling Schedule requests. Nothing in this Article 22 shall prevent Customer from operating its storage facility at any time, provided that any storage operation that falls outside of the approved Filling Schedule shall not be exempt from the terms of Article 5 herein.

Article 23.
Miscellaneous

23.01 If any provision of this Contract or its application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Contract shall not be affected and shall remain valid and enforceable to the fullest extent permitted by law.

23.02 This Contract contains the entire agreement between the Parties and all prior negotiations and agreements are merged into this Contract. Neither Party has made any representations except those expressly set forth in this Contract, and no rights or remedies are, or shall be, acquired by either Party by implication or otherwise unless expressly set forth in this Contract.

23.03 Unless the context otherwise expressly requires, the words "herein," "hereof," and "hereunder," and other words of similar import, refer to this Contract as a whole and not to any particular section or subdivision.

23.04 The headings of the sections of this Contract are for convenience only and shall not be used to construe or interpret the scope or intent of this Contract or in any way affect the same.

23.05 The rights and remedies set forth in this Contract are not exclusive and are in addition to any of the rights or remedies provided by law or equity. This Contract and all actions arising under it shall be governed by, subject to, and construed according to the law of the State of Michigan.

23.06 The Great Lakes Water Authority is an acknowledged third party beneficiary to this Contract and this Contract shall not be construed to benefit any persons other than the Board, the Great Lakes Water Authority and Customer.

23.07 This Contract may be executed in any number of originals, any one of which shall be deemed an accurate representation of this Contract. Promptly after the execution of this Contract, the Board shall provide a copy to the Customer.

23.08 The rights and benefits under this Contract shall inure to the benefit of and be binding upon the respective Parties hereto, their agents, successors, and assigns.

23.09 Any and all documents, memoranda, reports, exhibits or other written material referred to in this Contract are and shall be incorporated by reference herein.

23.10 This Contract shall be deemed to be mutually drafted.

(Signatures appear on next page)

In Witness Whereof, the City and Customer, by and through their duly authorized officers and representatives, have executed this Contract.

City of Flint:

By: _____
Dayne Walling
Its: Mayor

By: _____
Natasha L. Henderson
Its: City Administrator

APPROVED BY
FLINT CITY COUNCIL ON:

AUTHORITY GRANTED 10/12/2015
Date

APPROVED AS TO FORM BY
FLINT CITY ATTORNEY ON:

_____ 10/16/15
Signature Date

City of Detroit:

By: _____
Sue F. McCormick
Its: Director, Water and Sewerage Department

APPROVED BY DETROIT
BOARD OF WATER COMMISSIONERS ON:

_____
Date

APPROVED AS TO FORM BY
DWSD GENERAL COUNSEL ON:

_____
Signature Date

EXHIBIT A

Customer's Water Distribution Points

This Exhibit contains the following information:

1. The corporate limits of Customer;

2. The agreed upon water Service Area of Customer which (a) may or may not be entirely within the corporate limits of Customer and (b) which may or may not include the entire area within the Customer's corporate limits;

3. The specific location of the Water Distribution Points, including any Board approved emergency connections;

4. The designation of appurtenances to be maintained by Customer and those to be maintained by the Board; and

5. A list of any closed meter locations.

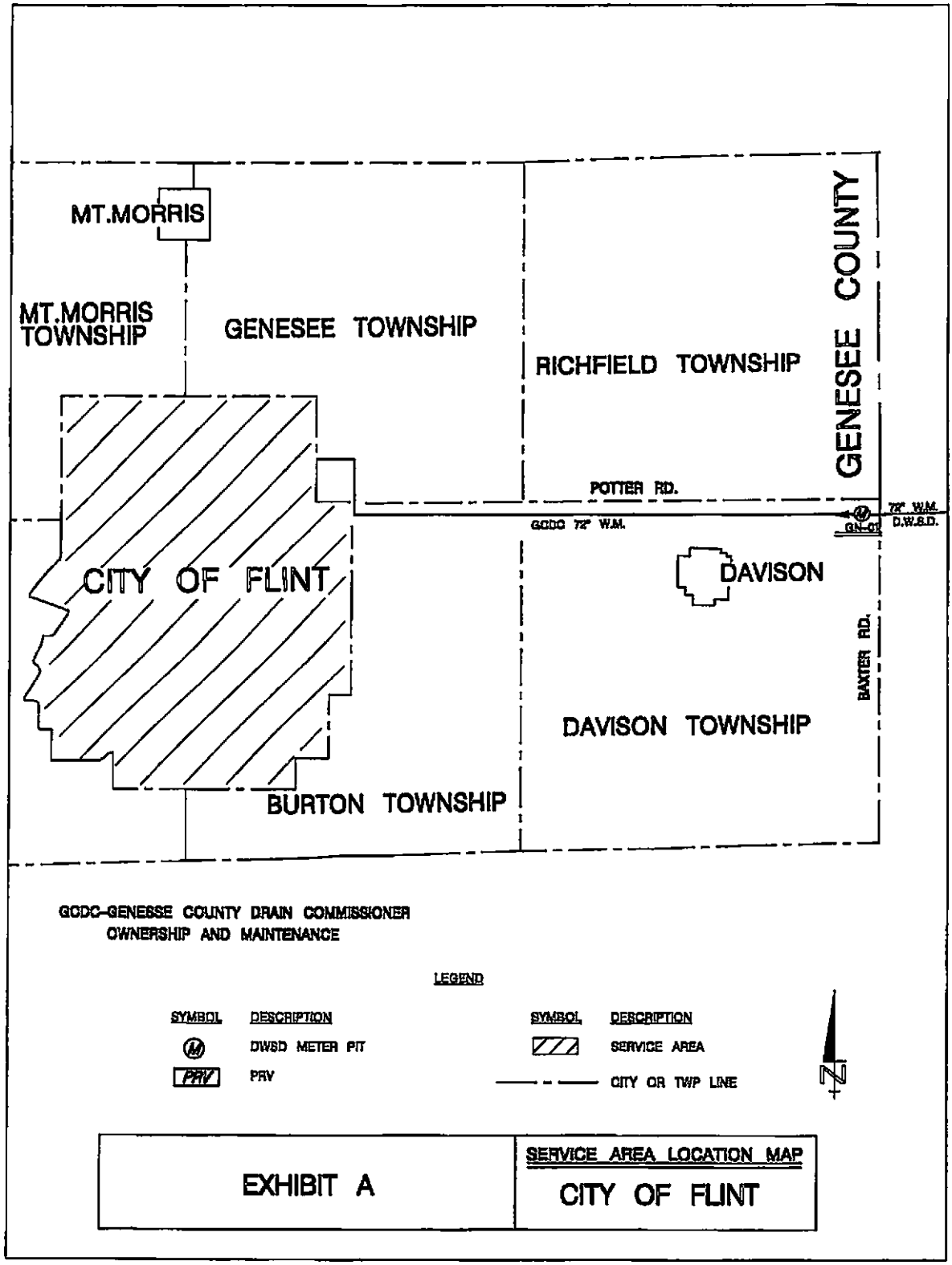

MT.MORRIS
MT.MORRIS TOWNSHIP
GENESEE TOWNSHIP
RICHFIELD TOWNSHIP
GENESEE COUNTY
POTTER RD.
GCDC 72" W.M.
72" W.M.
D.W.S.D.
GN-01
CITY OF FLINT
DAVISON
BAXTER RD.
DAVISON TOWNSHIP
BURTON TOWNSHIP
GCDC-GENESSE COUNTY DRAIN COMMISSIONER
OWNERSHIP AND MAINTENANCE
LEGEND
SYMBOL
DESCRIPTION
DWSD METER PIT
PRV
SYMBOL
DESCRIPTION
SERVICE AREA
CITY OR TWP LINE
N
EXHIBIT A
SERVICE AREA LOCATION MAP
CITY OF FLINT

EXHIBIT A

City of Flint Emergency Connections:

City of Flint Water Customers Outside Municipal Limits:

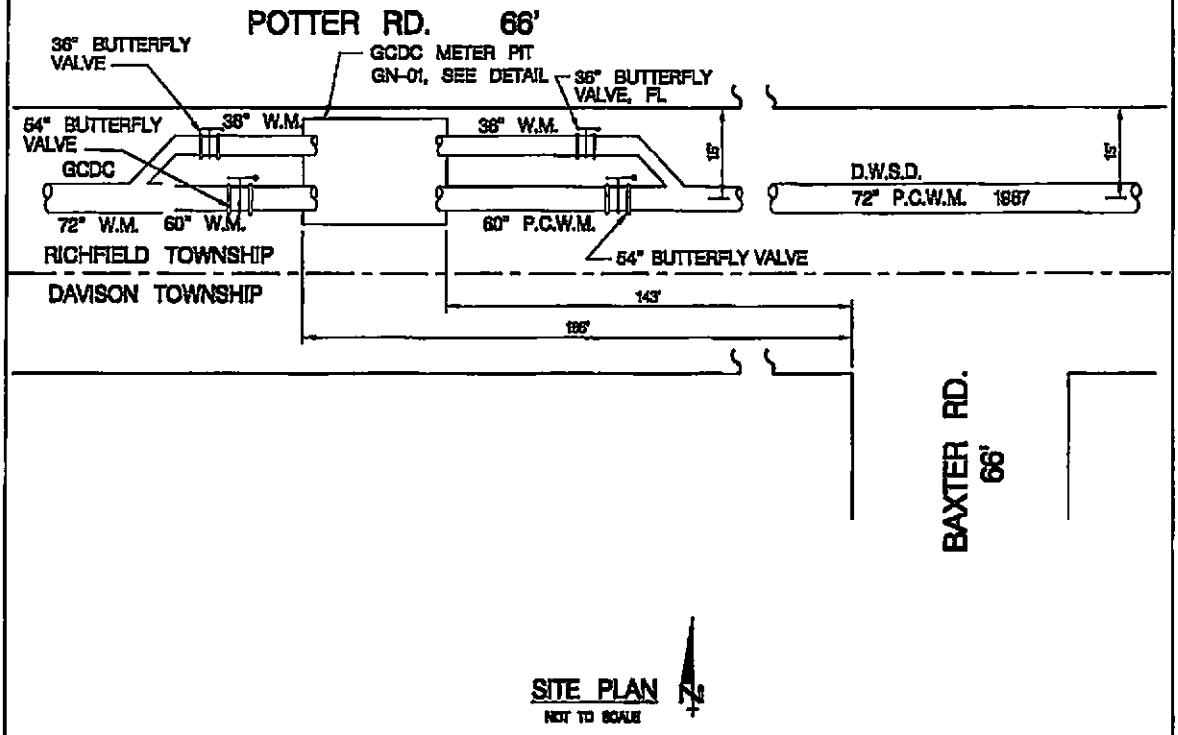
3148	Augusta St	2509	Flushing Rd
3149	Augusta St	3037	Flushing Rd
1274	N Ballenger Hwy	3039	Flushing Rd
3180	Branch Rd	3047	Flushing Rd
3186	Branch Rd	3061	Flushing Rd
3376	Branch Rd	2122	E Hemphill Rd
3418	Branch Rd	2130	E Hemphill Rd
3450	Branch Rd	2278	E Hemphill Rd
3492	Branch Rd	2288	E Hemphill Rd
2296	W Carpenter Rd	2306	E Hemphill Rd
2340	W Carpenter Rd	2350	E Hemphill Rd
2432	W Carpenter Rd	2414	E Hemphill Rd
2474	W Carpenter Rd	1047	W Hemphill Rd
3014	N Center Rd	3141	Herrick St
3022	N Center Rd	3308	Hull Ave
3030	N Center Rd	3314	Hull Ave
3062	N Center Rd	3319	Hull Ave
3070	N Center Rd	3320	Hull Ave
3080	N Center Rd 1	3342	Hull Ave
3080	N Center Rd 2	3351	Hull Ave
3094	N Center Rd	3272	Menominee Ave
3098	N Center Rd	3276	Menominee Ave
3100	N Center Rd	3281	Menominee Ave
3102	N Center Rd	3289	Menominee Ave
3106	N Center Rd	3295	Menominee Ave
3112	N Center Rd	3299	Menominee Ave
3268	Cheyenne Ave	3300	Menominee Ave
3275	Cheyenne Ave	3303	Menominee Ave
3280	Cheyenne Ave	3304	Menominee Ave
3281	Cheyenne Ave	3309	Menominee Ave
3285	Cheyenne Ave	3312	Menominee Ave
3290	Cheyenne Ave	3313	Menominee Ave
3295	Cheyenne Ave	3316	Menominee Ave
3298	Cheyenne Ave	3317	Menominee Ave
3299	Cheyenne Ave	3326	Menominee Ave
3302	Cheyenne Ave	3330	Menominee Ave
3307	Cheyenne Ave	3335	Menominee Ave

3308	Cheyenne Ave
3311	Cheyenne Ave
3312	Cheyenne Ave
3325	Cheyenne Ave
3334	Cheyenne Ave
3338	Cheyenne Ave
3339	Cheyenne Ave
3340	Cheyenne Ave
3347	Cheyenne Ave
3272	Cheyenne Ave
4113	Clio Rd
4243	Clio Rd
3176	W Court St
3189	W Court St
4028	W Court St
1026	Decamp
3009	S Dort Hwy
3043	S Dort Hwy
3111	S Dort Hwy
3281	S Dort Hwy
3342	Fenton Rd
3343	Menominee Ave
3344	Menominee Ave
3348	Menominee Ave
3349	Menominee Ave
2036	Nedra
2052	Nedra
2058	Nedra
2070	Nedra
2100	Nedra
2126	Nedra
3024	W Pierson Rd
2178	Red Arrow Rd
3157	Richfield Rd
3175	Richfield Rd
3217	Richfield Rd
1046	Ronlad St
1066	Ronlad St
1069	Ronlad St
3275	Van Slyke Rd
3339	Van Slyke Rd
3150	Whitney Ave
3155	Whitney Ave

City of Flint Master Meters Not In Service:

None.

EXHIBIT–A
GN–01
POTTER AND BAXTER
CITY OF FLINT



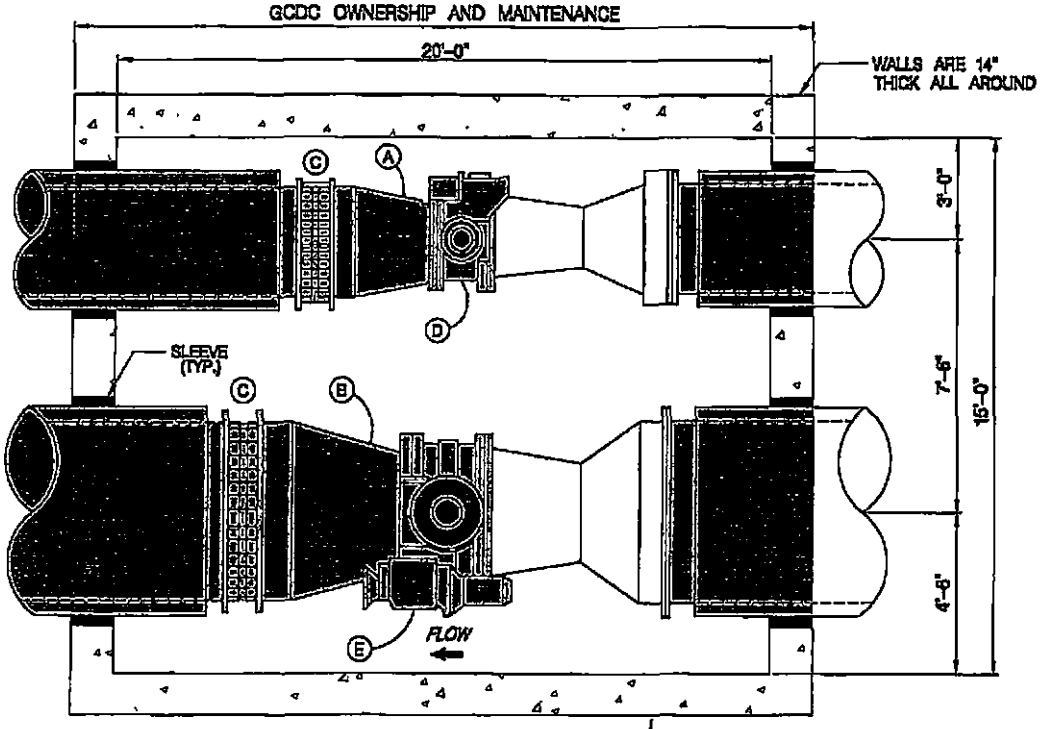
SITE PLAN
NOT TO SCALE

GCDC–GENESSE COUNTY DRAIN COMMISSIONER
OWNERSHIP & MAINTENANCE

LOCATIONS SUBJECT TO VERIFICATION IN THE FIELD.

GN 01

EXHIBIT-A
GN-01
POTTER AND BAXTER
CITY OF FLINT



METER PIT DETAIL

NOT TO SCALE

GENESEE COUNTY DRAIN COMMISSIONER (GCDC) OWNERSHIP & MAINTENANCE

TYPICAL PRESSURE LOSS THRU METER	
METER TYPE	P.S.I. LOSS
VENTURI	1 - 2
MAG	0
TURBINE	4 - 6

LEGEND			
TAG	QTY	DESCRIPTION	SIZE
A	1	PENN. FLOW TUBE	36" X 22" X 30"
B	1	PENN. FLOW TUBE	5' X 37.406" X 42"
C	2	COUPLING	-
D	1	MOTOR OPERATED BUTTERFLY VALVE	30"
E	1	MOTOR OPERATED BUTTERFLY VALVE	42"

(P) UPSTREAM PRESSURE TRANSMITTER, DWSD OWNERSHIP AND MAINTENANCE LOCATION OUTSIDE VAULT

(Q) DOWNSTREAM PRESSURE TRANSMITTER, DWSD OWNERSHIP AND MAINTENANCE LOCATION OUTSIDE VAULT

ADDRESS ..... 12261 POTTER
FEED TO ..... CITY OF FLINT AND GCDC
FEED FROM ..... D.W.S.D. TRANS. MAIN
TYPE OF METER ..... TWO - PENN FLOW TUBES
SIZE OF METER ..... 60" X 37.406 "X 42" 36" X 22" X 30"
TUBE NUMBER ..... 60"}626141 36"}626142
DATE METER SET ..... DECEMBER 14, 1967
METER PIT CONST. & SIZE ..... 20'-0" X 15'-0" I.D. REINF. CONC
REMARKS ..... MANUAL SWITCHOVER

GN 01

EXHIBIT B

Projected Annual Volume and Minimum Annual Volume (Table 1)
Pressure Range and Maximum Flow Rate (Table 2)
Flow Split Assumptions (Table 3)
Addresses for Notice (Table 4)

Table 1 and Table 2 set forth the agreed upon Projected Annual Volumes, Minimum Annual Volumes, Pressure Ranges and Maximum Flow Rates for the term of this Contract provided that figures in bold type face are immediately enforceable pursuant to the terms of Section 5.07 and italicized figures are contained for planning purposes only but will become effective absent the negotiated replacements anticipated in Section 5.07.

The approximate rate of flow by individual meter set forth in Table 3 is the assumption upon which the Pressure Range commitments established in Table 2 have been devised. Should Customer deviate from these assumptions at any meter(s), the Board may be unable to meet the stated Pressure Range commitments in this Contract or in the contract of another customer of the Board and Section 5.08 of this Contract may be invoked.

EXHIBIT B

Table 1
Projected Annual Volume and Minimum Annual Volume

Fiscal Year Ending June 30	Projected Annual Volume (Mcf)	Minimum Annual Volume (Mcf)
2016	**593,000**	**296,500**
2017	**593,000**	**296,500**
2018	*TBD*	*TBD*
2019	*TBD*	*TBD*
2020	*TBD*	*TBD*
2021	*TBD*	*TBD*
2022	*TBD*	*TBD*
2023	*TBD*	*TBD*
2024	*TBD*	*TBD*
2025	*TBD*	*TBD*
2026	*TBD*	*TBD*
2027	*TBD*	*TBD*
2028	*TBD*	*TBD*
2029	*TBD*	*TBD*
2030	*TBD*	*TBD*
2031	*TBD*	*TBD*
2032	*TBD*	*TBD*
2033	*TBD*	*TBD*
2034	*TBD*	*TBD*
2035	*TBD*	*TBD*
2036	*TBD*	*TBD*
2037	*TBD*	*TBD*
2038	*TBD*	*TBD*
2039	*TBD*	*TBD*
2040	*TBD*	*TBD*
2041	*TBD*	*TBD*
2042	*TBD*	*TBD*
2043	*TBD*	*TBD*
2044	*TBD*	*TBD*
2045	*TBD*	*TBD*

EXHIBIT B

Table 2
Pressure Range and Maximum Flow Rate

Calendar Year	Pressure Range (psi) Meter GN-01		Maximum Flow Rate (mgd)	
	Min	Max	Max Day	Peak Hour
2015	**40**	**60**	**21.40**	**22.40**
2016	**40**	**60**	**21.40**	**22.40**
2017	*40*	*60*	*TBD*	*TBD*
2018	*40*	*60*	*TBD*	*TBD*
2019	*40*	*60*	*TBD*	*TBD*
2020	*40*	*60*	*TBD*	*TBD*
2021	*40*	*60*	*TBD*	*TBD*
2022	*40*	*60*	*TBD*	*TBD*
2023	*40*	*60*	*TBD*	*TBD*
2024	*40*	*60*	*TBD*	*TBD*
2025	*40*	*60*	*TBD*	*TBD*
2026	*40*	*60*	*TBD*	*TBD*
2027	*40*	*60*	*TBD*	*TBD*
2028	*40*	*60*	*TBD*	*TBD*
2029	*40*	*60*	*TBD*	*TBD*
2030	*40*	*60*	*TBD*	*TBD*
2031	*40*	*60*	*TBD*	*TBD*
2032	*40*	*60*	*TBD*	*TBD*
2033	*40*	*60*	*TBD*	*TBD*
2034	*40*	*60*	*TBD*	*TBD*
2035	*40*	*60*	*TBD*	*TBD*
2036	*40*	*60*	*TBD*	*TBD*
2037	*40*	*60*	*TBD*	*TBD*
2038	*40*	*60*	*TBD*	*TBD*
2039	*40*	*60*	*TBD*	*TBD*
2040	*40*	*60*	*TBD*	*TBD*
2041	*40*	*60*	*TBD*	*TBD*
2042	*40*	*60*	*TBD*	*TBD*
2043	*40*	*60*	*TBD*	*TBD*
2044	*40*	*60*	*TBD*	*TBD*

EXHIBIT B

Table 3
Flow Split Assumptions

Meter	Assumed Flow Split (2015-2016)
GN-01	100%

Table 4
Addresses for Notice

If to the Board:	**If to Customer:**
Director Detroit Water and Sewerage Department 735 Randolph Street Detroit, Michigan 48226 Attention: General Counsel	Mayor City of Flint 1101 S. Saginaw Street Flint, Michigan, 48502 Attention: City Attorney

EXHIBIT C

Metering Agreement Between City of Flint and Genesee County Drain Commissioner

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Friday, October 16, 2015 4:34 PM
To: Barton, John (Treasury)
Subject: FW: Use of SRF to replace lead service lines
Attachments: Eligibility of Lead Service Line Replacement MEMO 2012-2013.pdf

Do you know has DEQ done any more on this ? i.e., is someone looking at what is needed in terms of state legislation ?

From: Barton, John (Treasury)
Sent: Thursday, October 01, 2015 3:01 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: FW: Use of SRF to replace lead service lines

Below is the response from the EPA regarding the replacement of lead service lines using DWRF loans.

Please let me know if you need anything else.

From: Cossa, Laura [mailto:cossa.laura@epa.gov]
Sent: Thursday, October 01, 2015 12:48 PM
To: Butler, Sonya (DEQ) <BUTLERS2@michigan.gov>
Cc: Barton, John (Treasury) <BartonJ@michigan.gov>; Bielanski, Andrew <bielanski.andrew@epa.gov>; Baltazar, Debbie <baltazar.debbie@epa.gov>; Crooks, Jennifer <crooks.jennifer@epa.gov>; Marquardt, Steve <marquardt.steve@epa.gov>
Subject: RE: Use of SRF to replace lead service lines

Hi Sonya,
Because it is an eligibility question, there is probably no specific regulation to address it, but HQ issued a memo (attached). Although is not dated, it was still draft in 2012, so is probably 2012/2013. We may be able to find a more precise date from HQ. Just FYI, there is a reference on page 2 to a 2003 memo – the link to the 2003 memo is: http://water.epa.gov/grants_funding/dwsrf/upload/2008_04_10_dwsrf_memos_memo_dwsrf_policy_2003-07-25.pdf.

I hope this helps.
Please let me know if you have any questions.
Thanks.
Laura

From: Butler, Sonya (DEQ) [mailto:BUTLERS2@michigan.gov]
Sent: Wednesday, September 30, 2015 12:18 PM
To: Cossa, Laura; Marquardt, Steve
Cc: Barton, John (Treasury)
Subject: FW: Use of SRF to replace lead service lines

Laura

Could you tell me where to find the federal law that allows for work to be done on private property (see original note down below)? John Barton from Treasury wants this information and I know you can find it faster than I.

From: Wyant, Dan (DEQ)
Sent: Monday, September 28, 2015 4:49 PM
To: Pallone, Maggie (DEQ); Busch, Stephen (DEQ); Butler, Sonya (DEQ)
Cc: Wurfel, Brad (DEQ)
Subject: FW: Use of SRF to replace lead service lines

Let's discuss.

Dan Wyant, Director
Department of Environmental Quality
517-284-6700 (New Number)

From: Hedman, Susan [mailto:hedman.susan@epa.gov]
Sent: Monday, September 28, 2015 4:36 PM
To: Wyant, Dan (DEQ)
Subject: Use of SRF to replace lead service lines

Hi Dan –

Here's a quick answer to your question about using SRF to replace lead service lines. Under the federal SRF program, SRF funds can be used to replace lead service lines on both public and private property. (We don't know if Michigan rules allow for the use of SRF funding on private property, but presumably you know whether that's the case.) If you have additional questions, your staff can follow up with Steve Marquardt, Chief of the R5 Water Division State and Tribal Program Section. His number is 312-353-3214.

Please keep me posted on the time for the event later this week.

Thanks,

Susan

Susan Hedman
Region 5 Administrator/Great Lakes National Program Manager
U.S. Environmental Protection Agency
77 West Jackson Blvd - 19th Floor
Chicago, Illinois 60604-3590

EPA United States Environmental Protection Agency

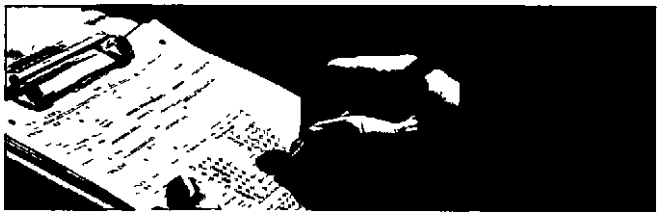
Drinking Water State Revolving Fund (DWSRF)

The Drinking Water State Revolving Fund (DWSRF) program is a federal-state partnership to help ensure safe drinking water. Created by the 1996 Amendments to the Safe Drinking Water Act (SDWA) the program provides financial support to water systems and to state safe water programs.

Learn about the DWSRF

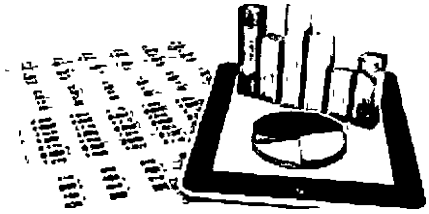
How the DWSRF works
DWSRF project eligibilities
Types of DWSRF assistance
How to apply for DWSRF assistance
DWSRF set-asides

Drinking Water Infrastructure Needs Survey and Assessment



What is the Drinking Water Infrastructure Needs Survey and Assessment?
Report to Congress: 2011 Drinking Water Infrastructure Needs Survey and Assessment
Fact sheet: 2011 Drinking Water Infrastructure Needs Survey and Assessment

DWSRF Financial Reports



Drinking Water National Information Management System (DWNIMS) reports
Annual allotment of federal funds for states, territories, and tribes

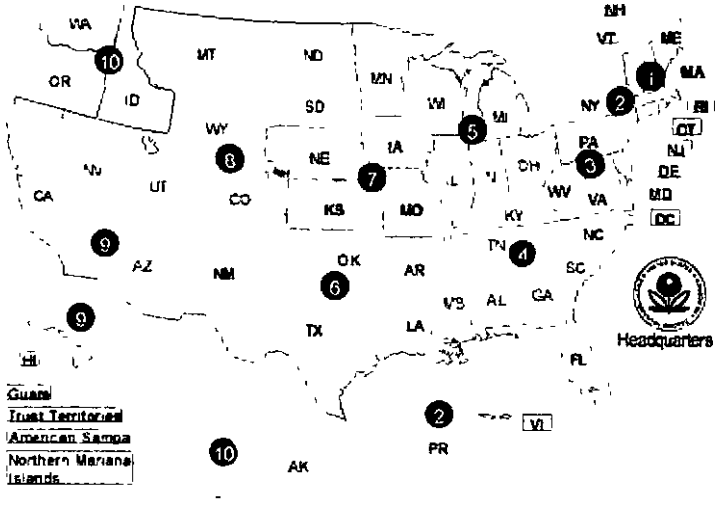
DWSRF Resources

Laws and regulations
Policy and guidance
Reports and fact sheets
Funding assistance for territories

Funding assistance for tribes

EPA Regional and State DWSRF Contacts

EPA has ten regional offices, each of which is responsible for several states and territories. To get information to reach your EPA regional contact, select the number for your region on the map. If you want contacts for your state or territory, select your state or territory from the drop down list below.



View contacts by state

Related Info

- Clean Water State Revolving Fund (CWSRF)

- Federal emergency disaster funding
- Water Infrastructure Finance and Innovation Act (WIFIA)
- American Iron and Steel (AIS) requirements

Last updated on December 1, 2015

MEMORANDUM

SUBJECT: Eligibility of Replacement of Lead Service Lines on Private Property Under the DWSRF.

FROM: Joanne Hogan
Attorney- Advisor
Civil Rights and Financial Law Office
Office of General Counsel

THROUGH: Wendel Askew
Assistant General Counsel
Civil Rights and Financial Law Office
Office of General Counsel

Ken Redden
Deputy Associate General Counsel
Civil Rights and Financial Law Office
Office of General Counsel

TO: Peter Shanaghan
Team Leader
Drinking Water State Revolving Fund Team
Office of Ground Water and Drinking Water, Office of Water

Question Presented.

You have asked whether financial assistance from a State's Drinking Water State Revolving Loan Fund can be used by eligible entities to fund projects that involve replacing lead service lines that may be on private property and that connect to private dwellings.

Brief Answer

We believe that lead service line projects, regardless of the ownership of the property on which the pipe is placed, may be funded by a State's DWSRF so long as the loans are made to an eligible entity and all other requirements of the DWSRF are met.

Analysis

The statute and the regulatory provisions governing the use of State DWSRF funds, though defining which entities may receive funds, do not require the Public Water System to have control over all portions of a project that is funded by the DWSRF. Congress gave EPA's Administrator the clear authority to determine which projects would be eligible under §1452: "Financial assistance. . . may be used. . . only for expenditures of a type or category which the Administrator has determined, through guidance, will facilitate compliance with national primary drinking water regulations." PHSA §1452 (a)(2). The only broad statutory limitations on the types of projects that cannot be funded are projects which include monitoring, operation, or maintenance expenditures, or projects for the acquisition of real property unless the purchase is made from a willing seller and the acquisition is integral to the project.

40 CFR §35.3520 (b)(2) sets forth the categories of projects that can be funded by a DWSRF. This provision includes the transmission and distribution of water to be a category of eligible projects. Specifically, the regulation provides examples of such projects to include: "installation or replacement of transmission and distribution pipes to improve water pressure to safe levels or to prevent contamination caused by leaks or breaks in the pipes." See 40 CFR §35.3520 (2)(ii).

Lead pipes can contaminate water at any point, including on its way to a private home. Allowing a public water system to use its funds to replace such pipes is consistent with this allowable category of projects, and is similarly consistent with the overall health protections of the Safe Drinking Water Act. See PHSA 1452 (a)(1)(A). Note that if a Public Water System wishes to purchase and retain an easement so that it maintains control of such infrastructure, that purchase is authorized as well: "Funds shall not be used for real property or interests therein unless the acquisition is integral to the project authorized... and the purchase is from a willing seller. . ." PHSA 1452(a)(2).

This determination that replacement of lead pipes on privately owned property is an eligible project cost so long as it otherwise complies with the PHSA is consistent with prior approved eligible projects, such as water efficiency projects, that do not require all elements of a project to be under the control of a Public Water System. In a Memorandum dated July 25, 2003, then Assistant Administrator for Water G. Tracy Mehan III informed Water Division Directors in the regions that projects such as the installation or retrofit of plumbing fixtures and appliances, installation of water meters, and implementation of incentive programs to conserve water, such as rebates or conservation rate structures were all eligible projects under the DWSRF. Therefore, so long as the assistance is given to an eligible entity, and the project otherwise meets the requirements of the DWSRF, the project may be funded regardless of ownership or control of the resulting infrastructure.

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

Jason Lorenz
Public Information Officer
Office: (810) 237-2039
Cell: (810) 875-2576
jlorenz@cityofflint.com

For Immediate Release

City of Flint Reconnects to Detroit Water

Flint, Michigan – October 16, 2015 – Flint has reconnected to Detroit water. reached an agreement with the Detroit Water and Sewerage Department (DWSD) for the temporary provision of treated Lake Huron water to Flint. Work to establish the reconnection will begin immediately in a coordinated effort between the City of Flint, Genesee County and the DWSD.

A tremendous effort by all three partners, along with the efforts of the Governor and the State Legislature, ensured that this action occurred as quickly as possible. "The money from the state to begin fixing Flint water by reconnecting to Detroit is just a start – a down payment,' said Mayor Dayne Walling. "I am not going to stop until every drop of drinking water in Flint is 100% safe."

Detroit water will be introduced into the Flint system throughout the evening. It is expected that the thorough replacement from Flint River water to Detroit water will happen after approximately three weeks. Residents in Flint may see discoloration as well as noticing some taste and odor issues during the transition.

Water provided by DWSD will contain corrosion control agents to hinder the leaching of lead from old pipes into the water; however, the City will also be adding additional corrosion control agents to further minimize the risk presented by lead pipes.

–CONTINUE–

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

The contract between the City and DWSD calls for the provision of 12.5 million gallons per day (mgd) of treated water from Lake Huron at a cost of $1.1 million per month. DWSD Director Sue McCormick noted that the talks between Flint, DWSD and the GLWA Board were very cordial: "everyone acted in a spirt of cooperation in order to come to this agreement." Flint will purchase water from Detroit until the Karegnondi Water Authority (KWA) pipeline can be completed in 2016. At that time, the KWA will become the primary water source for the City and the Flint River will remain as a backup system.

Residents with questions or concerns about the hydrant flushing in their area can call the Water Service Center at 810-766-7202. Continuing information on water will be provided via the City of Flint's website, cityofflint.com.

–END–

Pleyte, Beth (Treasury)

From: Barton, John (Treasury)
Sent: Monday, October 19, 2015 7:42 AM
To: Saxton, Thomas (Treasury)
Subject: RE: Use of SRF to replace lead service lines

I have not seen anything in terms of a bill draft. I did respond to Sonya regarding the e-mail below and we also discussed on the phone and she said she would keep me in the loop. I will follow up today though.

Sonya,

With a change in State law, I believe we would be able to make loans to communities for the replacement of private sewer lines. I did want to note that any loan for this purpose would have to be done on a taxable basis along the same lines as the SWQIF and therefore loans for this purpose could not be leveraged in the future to provide additional program capacity.

Please let me know if I can be helpful in developing program policy regarding this issue.

Thank you
John

From: Butler, Sonya (DEQ)
Sent: Thursday, October 08, 2015 11:19 AM
To: Barton, John (Treasury) <BartonJ@michigan.gov>
Subject: FW: Statutory changes to Part 54
Importance: High

John

I'm not sure you saw this. Would we be able to make loans to communities to replace private service line? Let me know what you think

From: Pallone, Maggie (DEQ)
Sent: Wednesday, October 07, 2015 4:33 PM
To: Shekter Smith, Liane (DEQ); Butler, Sonya (DEQ)
Subject: Statutory changes to Part 54
Importance: High

If we are going to clarify that Part 54 can cover replacement of private service lines, is this the best way to do? I made changes to the definition of waterworks systems to include private service lines, and changes the requirement the water supplier had to maintain and operate the private service lines.

Please let me know ASAP what you think.

Thanks,
Maggie

324.5403 Definitions; P to W.

Sec. 5403.

As used in this part:

(a) "Priority list" means the annual ranked listing of projects developed by the department in section 5406.

(b) "Project" means a project related to the planning, design, and construction or alteration of a waterworks system.

(c) "Project refinancing assistance" means buying or refinancing the debt obligations of water suppliers if construction activities commenced, and the debt obligation was incurred, after the effective date of this part.

(d) "Public water supply" means a waterworks system that provides water for drinking or household purposes to persons other than the supplier of the water, except for those waterworks systems that supply water to only 1 house, apartment, or other domicile occupied or intended to be occupied on a day-to-day basis by an individual, family group, or equivalent.

(e) "State drinking water standards" means rules promulgated under Act 399 that establish water quality standards necessary to protect public health or that establish treatment techniques to meet these water quality standards.

(f) "Water supplier" or "supplier" means a municipality or its designated representative accepted by the director, a legal business entity, or any other person who owns a public water supply. However, water supplier does not include a water hauler.

(g) "Waterworks system" or "system" means a system of pipes and structures through which water is obtained or distributed and includes any of the following that are actually used or intended to be used for the purpose of furnishing water for drinking or household purposes:

(i) Wells and well structures.

(ii) Intakes and cribs.

(iii) Pumping stations.

(iv) Treatment plants.

(v) Storage tanks.

(vi) Pipelines and appurtenances.

(vii) Private residential service lines.

~~(vii)~~ (viii) A combination of any of the items specified in this subdivision.

324.5409 Application for fund assistance; contents; availability of revenue sources; acceptance of applications by department; liability for incurred costs.

Sec. 5409.

(1) A water supplier whose project plan is approved or under review by the department under section 5407 may apply for assistance from the fund by submitting an application to the department. A complete application shall include all of the following, if applicable, as determined by the department:

(a) If assistance is in the form of a loan, financial documentation that a dedicated source of revenue is established, consistent with obligations of debt instruments existing at the time assistance is requested, and pledged to both of the following purposes:

(i) The timely repayment of principal and interest.

(ii) Adequate revenues to fund the operation and maintenance of the project.

(b) Evidence of an approved project plan.

(c) A certified resolution from a water supplier that is a municipality, or a letter of appointment from a water supplier that is not a municipality, designating an authorized representative for the project.

(d) A certification by an authorized representative of the water supplier affirming that the supplier has the legal, institutional, technical, financial, and managerial capability to build, operate, and maintain the project. The water supply does not need certify it will operate and maintain any portion of the project that funds the replacement residential private service lines.

Maggie Pallone
Deputy Director
Policy and Legislative Affairs
Department of Environmental Quality
517-599-6190 (cell)
PalloneM@michigan.gov

From: Saxton, Thomas (Treasury)
Sent: Friday, October 16, 2015 4:34 PM
To: Barton, John (Treasury) <BartonJ@michigan.gov>
Subject: FW: Use of SRF to replace lead service lines

Do you know has DEQ done any more on this ? i.e., is someone looking at what is needed in terms of state legislation ?

From: Barton, John (Treasury)
Sent: Thursday, October 01, 2015 3:01 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: FW: Use of SRF to replace lead service lines

Below is the response from the EPA regarding the replacement of lead service lines using DWRF loans.

Please let me know if you need anything else.

From: Cossa, Laura [mailto:cossa.laura@epa.gov]
Sent: Thursday, October 01, 2015 12:48 PM
To: Butler, Sonya (DEQ) <BUTLERS2@michigan.gov>
Cc: Barton, John (Treasury) <BartonJ@michigan.gov>; Bielanski, Andrew <bielanski.andrew@epa.gov>; Baltazar, Debbie <baltazar.debbie@epa.gov>; Crooks, Jennifer <crooks.jennifer@epa.gov>; Marquardt, Steve <marquardt.steve@epa.gov>
Subject: RE: Use of SRF to replace lead service lines

Hi Sonya,
Because it is an eligibility question, there is probably no specific regulation to address it, but HQ issued a memo (attached). Although is not dated, it was still draft in 2012, so is probably 2012/2013. We may be able to find a more precise date from HQ. Just FYI, there is a reference on page 2 to a 2003 memo – the link to the 2003 memo is: http://water.epa.gov/grants_funding/dwsrf/upload/2008_04_10_dwsrf_memos_memo_dwsrf_policy_2003-07-25.pdf.

I hope this helps.
Please let me know if you have any questions.
Thanks.
Laura

From: Butler, Sonya (DEQ) [mailto:BUTLERS2@michigan.gov]
Sent: Wednesday, September 30, 2015 12:18 PM
To: Cossa, Laura; Marquardt, Steve
Cc: Barton, John (Treasury)
Subject: FW: Use of SRF to replace lead service lines

Laura

Could you tell me where to find the federal law that allows for work to be done on private property (see original note down below)? John Barton from Treasury wants this information and I know you can find it faster than I.

From: Wyant, Dan (DEQ)
Sent: Monday, September 28, 2015 4:49 PM
To: Pallone, Maggie (DEQ); Busch, Stephen (DEQ); Butler, Sonya (DEQ)
Cc: Wurfel, Brad (DEQ)
Subject: FW: Use of SRF to replace lead service lines

Let's discuss.

Dan Wyant, Director
Department of Environmental Quality
517-284-6700 (New Number)

From: Hedman, Susan [mailto:hedman.susan@epa.gov]
Sent: Monday, September 28, 2015 4:36 PM
To: Wyant, Dan (DEQ)
Subject: Use of SRF to replace lead service lines

Hi Dan –

Here's a quick answer to your question about using SRF to replace lead service lines. Under the federal SRF program, SRF funds can be used to replace lead service lines on both public and private property. (We don't know if Michigan rules allow for the use of SRF funding on private property, but presumably you know whether that's the case.) If you have additional questions, your staff can follow up with Steve Marquardt, Chief of the R5 Water Division State and Tribal Program Section. His number is 312-353-3214.

Please keep me posted on the time for the event later this week.

Thanks,

Susan

Susan Hedman
Region 5 Administrator/Great Lakes National Program Manager
U.S. Environmental Protection Agency
77 West Jackson Blvd - 19th Floor
Chicago, Illinois 60604-3590

Hudson, Deanna (TREASURY)

From: Dostine, Patrick (TREASURY)
Sent: Monday, October 19, 2015 8:20 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Widigan, Robert (TREASURY); Vandegrift, Drew (TREASURY); Heimann, Alexandr (TREASURY); Hudson, Deanna (TREASURY)
Subject: Wkl Conf Notes Oct. 19, 2015
Attachments: Wkl Conf Call Notes 101915.docx

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division,
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

Weekly Conference Call Notes – Oct. 19, 2015

Allen Park –Oct. 16 –Mayor Matakas, M. Kibby, R. Byrne, E. Cline, P Dostine

Priorities

- White Hall auditors will be starting approximately Nov. 6. Audit should wrap up by end of December.

Bond tender update

- An institution which holds approximately 20% of the bonds that were tendered recently wants to sell. Tentatively a special council meeting and RTAB meeting is scheduled for Oct. 27 & 28 respectively to address the proposed acceptance of the offer.

Park Street construction

- Finished paving today. Walk through tomorrow with city engineers. If all goes well, road will be open next week. City said there are a few issues that have to be addressed by contractor.

FDCVT Grant

- The City submitted its grant Oct. 14.

Retiree Health Changeover

- B Cady said there have been some minor issues. Otherwise, 99% of the people are satisfied. Overall, actives saw an increase in their healthcare cost of 3.2%. Police realized an increase of 5.5%.

Retiree healthcare lawsuit

- Retirees filed an appeal. Allen Park is working with its attorneys. A hearing date has been set for Nov. 5.

Miscellaneous

- Allen Park was informed that the Governor may be appointing a new member to the RTAB.

Benton Harbor –Oct. 8 – D. Watson, R. Byrne, R. Widigan

- **Weekly Priorities:**
  - Negotiations ongoing with ASFME and FOP – should be wrapped up shortly.
    - FOP is asking for everything EM Saunders took away.

- **Election:** Two for mayor, and there is a write-in candidate challenging every commission seat that is up for re-election.
- **Audit:** Auditors will be on site next week, should be out by mid-November.
- **Budget amendments:** Two amendments will go to the commission on the 19th, reallocation of dollars, no change in bottom line.

- **Lange, O'Brien/Unruh Lawsuits:** Plunkett & Cooney will hold a closed session on October 19 to update the Commission.
  - Lange still is asking for $595K
  - Timeframe: Noting will be done before the election is over – Treasury will set up a date for Darwin and the Mayor to come to Lansing to discuss the lawsuits.

- **Update on Vacant Positions:** Personal committee approved the MML search proposal and moved it along to the full Commission.
  - **Water Department Superintendent:** Fleis & Vandenbrink Engineering, Inc. is asking for $2,500/week to provide the City with 4 individuals to run the plant.
  - **Assessor:** The City has identified an individual to hire, meetings are scheduled to discuss details.

- **FDCVT Grant Applications:** The City will be submitting 4 grant applications shortly.

- **City Manager Evaluation Discussion**: One commissioner was hoping to "bridge the peace" between Darwin and the Commission.
  - The Commissioner wanted an update from the evaluation that took place six months ago.

Ecorse – Oct. 06 – W. O'Neal, L. D'Onofrio R. Byrne, D. Van de Grift, P. Dostine

Priorities

- Budget and 5-year budget. New controller has finished revising the budget and the 5-year budget. O'Neal said Ecorse council has approved the revised '15/'16 budget. Going to the Nov. RTAB. The revised 5-year budget has a projected fund balance of $1.5MM in 2021. Capital projects were revised in the '15/'16 budget as well as in the 5-year.

Fire consolidation

- O'Neal said today that Ecorse is counting on the $2MM FDCVT request to make the transition to an all part time fire department work. He asserts that the 5-year is balanced with this deal.

OPEB benefit audit

- O'Neal said that the OPEB benefit audit, which Ecorse did in-house, will be done in a few days.

Miscellaneous

- Water rates. O'Neal said the city will be raising water rates. Plans on hiring an engineering firm to audit all the customers.
- O'Neal promised to get Drew Van de Grift contract disclosure forms for: auditor, insurance, purchase of car, and Miller / Canfield legal services.
- O'Neal said Ecorse is working on the list from the Wayne Workman memo dated Aug 10. Items include: developing a business plan for DPW; OPEB audit; Savings in fire department; budget for fill ARC payments.
- O'Neal has a meeting with US Steel to discuss the company selling a piece of property to the city to use for parking.
- Treasury will meet with O'Neal in the coming weeks.

Flint – Oct. 14 – N. Henderson, Mayor Walling, J. Freeman, F Headen, Wendy, R. Byrne, E. Cline, P. Dostine

- **Priorities**
  - Henderson bringing two amendments to Oct 14 RTAB: $2M budget adjustment (money from the Water Fund fund balance) and Agreements needing execution between Flint and DWSD, and Flint and Genesee County.
  - The city anticipates connecting to DWSD in the next few days.
- **Lawsuit**
  - Miller Canfield still representing Flint in both the Kincaid and Shears lawsuits. Henderson repeated again that Flint will need assistance in maintaining Miller Canfield as counsel.
- **Public Safety**
  - Fires are down in Flint. Because of that, Flint no longer qualifies for some grant dollars.
  - Tier1 crimes (homicide, rape, armed robbery) are down in Flint.
  - Chief of Police (and Flint) is participating in Violence Reduction Network (VRN), a Dept. of Justice initiative that provides technical assistance and other in-kind crime prevention assistance to cities with higher than average violent crime.

Hamtramck – Oct. 8 – K. Powell, R. Byrne, R. Cline, P. Dostine, D. Van de Grift

Priorities

- Hamtramck has commenced work on the park in front of City Hall, Pope Park, and Veteran's Park.

- Katrina and the City Council successfully attended the MML training in Traverse City, in compliance with EM Square's final order and the directive of the RTAB.
- At last month's RTAB meeting, the Board denied the city's current contract with their auditor of choice; the City must find another auditor.
- Following the death of Councilman Walters, the Council disagrees about how the vacancy will be filled.

Police Study

- Katrina has only one potential study proposal; Treasury has requested additional proposals for comparison.
- Ann Moise likely will be appointed to full-time chief after the election.

Pension Study

- Phase II will be skipped; Phase III is expected to begin soon.

City Treasurer

- Has been busy on some projects.

Highland Park– Oct. 14 – C. Square, R. Byrne

- The collection firm has approximately $7M in past due accounts to collect. However, many of these accounts are no longer active.

- Meadowbrook will be providing an updated report on OPEB costs which show a substantial reduction of the annual costs. The new estimated annual costs will be between $200K and $300K.

- New water bills with the new water and sewer rates have been sent out to the customers.

- Wade-Trim has opened its customer service center on Woodward Avenue.

- BSA software installation has been completed.

- The City will be submitting several FDCVT grant applications including master water meters, LED streetlights, and building improvements.

- Wade-Trim has received several shipments of residential water meters that will be installed soon.

Inkster – Sept 16 – M. Stuhldreher, R. Byrne, P. Dostine

Priorities

- Redevelopment Ready Community program. Inkster is interested in following through with MEDC to achieve RRC certification. Treasury to forward brief report on the program's requirements.

Police chief

- New chief is fully engaged. He's attended several community events. He's been in the neighborhoods. Chief is in the process of hiring an officer to work narcotics. Inkster Police administration has lots of training dollars. Mark said Inkster has $47K remaining from the FDCVT grant earmarked for training as well.

Pastors

- Mark had a meeting with Rev. George Williams, an outspoken critic of the upcoming Parks & Recreation millage. Mark stressed the importance of millage passing and that Rev Williams should at most remain neutral on the matter.

'16 FDCVT grant

- Inkster has not started its application process yet, but does plan to apply. Last year the city received $900K in grant monies from Treasury.

Lincoln Park – Oct. 7 – B Coulter, R Byrne, E Cline, D. Van de Grift, P Dostine

Priorities

- PA 345. Another councilman has endorsed the millage. Three councilmen have now officially endorsed the millage, and one other councilman quietly supports it. Unions are behind the millage. The fire union has been doing mailings, meeting with residents. More neighborhood town hall meetings are planned.

City Manager Matt Coppler

- Brad stated that the new city manager is a "good fit" in the city. Transition is very smooth. Coppler will be sitting on the Downriver Sewage committee, taking over for Brad.

Lincoln Park Retiree Lawsuit

- A status conference will take place Oct. 20.

FDCVT grant

- LP is applying for grant to help with DTE street lighting change over. DTE said city would save $100K. LP contemplating using grant funds in police department.

RTAB recruitment membership

- Coulter has one name thus far. It has not been easy for Brad to find willing participants.

Final Order

- Treasury told Brad it should have a draft FO soon. With the new city manager on board, Brad said a lot more time will be freed up for him to focus on other projects.

Gabriel Roeder Smith lawsuit

- Not a priority until after the election results and PA 345 is decided. City is conserving money for other legal matters at the moment. Attorneys for Lincoln Park will be drafting a demand letter for a cost of $7K to $10K.

MEDC / MSHDA

- LP meeting MSHDA Oct. 12 in Lansing. Treasury is invited to the meeting.

Miscellaneous

- City pursuing $1.5MM SRF funding for sanitary sewer line projects.
- MML declined coverage in the retiree lawsuit because the issue at hand deals with modification of healthcare benefits.
-

Pontiac – Oct. 16 - J. Sobota, N. Nazarko, R. Byrne, R. Widigan, P. Dostine

- **Weekly Priorities:**
  - **District Court Decision:** On Oct 7 the City received an Adverse Arbitration Ruling. Can Treasury ask AG to get Letter from Treasury to the City and Court instructing them not to pay the amount decided by the arbitrator. Email sent 10/07 @ 11:25, it has been forwarded to Randy and Eric for review.
  - **Next week's call:** CA and the Mayor will be at a homeland security conference. Should cancel next week's.
  - **Comprehensive Compensation Study:** Sobota is looking for bids from Mark Notley, and the MML and Fox for the projects. Are there any other companies to get bids from?
  - **City Demolitions:** Information is handed off to At-Well. Have demolished 427 of 944 identified. 53 Have been repaired by owners, 56 were dismissed. 303 condemned to be demolished, 50 of the 303 are with hardest hit. That leaves 250 within the City, of that 40 are occupied.
    - Once completed, the blight issues will be mostly resolved.
  - Cemetery Endowment Funds: City is still responsible for cemetery still, would like to re-establish it and deposit $1M. The fund was drained by EFM Stampfler. Possibly do $500K each year over two years.
    - Note for future EMs, may wish to tell them not to touch endowment funds.

- **$6M with Gray Financial Group:** No updates. Nevrus has talked with the director of the pension board and raised concerns.
  - The Director is going to speak with the GERS Board attorney.
  - The City Council being kept up-to-date on the issue.

- **Two-year Rolling Budget/Audit:**
  - **Two-year**: Not been addressed due to the Council not acting on the budget amendment and no agreement on the Sherriff's contract.
    - President Waterman said that Council will vote on the budget amendment this Thursday.
  - **Audit**: Last few details are being inputed, bulk is done.
    - **Fund balance will be $10.8M**

- **Community Development Positions**: HR director had identified 12 candidates total. Sent resumes and questions to the Mayor. The Mayor has asked Joe and HR Director to conduct the interviews. Joe would rater the Mayor be involved.

Royal Oak Township – Oct 5 – R. Burgess, R. Byrne, P. Dostine

- **Priorities for the Week/Miscellaneous Items**
  - Hired an accountant – Nicholas Fedewa -- approximately $55 to $60 /hr. Fedewa was recommended by Pontiac Finance Director. He initially will work full time to catch the township up in the books. Produce a cash flow analysis from Aug till Dec. Work up till the end of the year. Treasury recommended the new accountant stay on pass the end of the fiscal and perhaps even longer. The work is needed.
  - Montgomery has reduced its price from $17K to $10K. Still no deal, no close out of this invoice. Robert requested an Order so he can void the contract. Treasury noted that Montgomery could still take the township to court over the matter.
  - There is an office employee that the township must provide rights and benefits under the union contract. Robert did not budget for these costs. The township attorney has counseled against eliminating her position or denying her benefits because she will grieve the case.

- **FY '16 budget**
  - Robert said a draft of the budget is completed. He's met with all the directors and elected officials regarding their budgets. He's ready to show it to the Board at the next meeting (Oct. 15) or maybe earlier for review. In the budget are CIPs which have $50,000 place holders.
  - Robert has distributed project applications for FY 16 CIPs to all the dept directors. That process is underway.
  - Robert said tax revenues will be slightly higher in FY '16 budget.
  - Oakland Co told Robert that chargebacks for 2016 will be small.
  - In 2017, the Fire, Street and Disposal funds should all break even.
  - The projected fund balance for Year End FY 16 is approximately $200K, which is less than the 15 percent recommended of the total budget amount ($2MM).
  - No money budgeted for township offices. Robert said he would have to do an amended budget should the issue arise in '16.
  - Treasury requested a copy of the draft budget.

- **Police Update**

- Robert met with Oak Park regarding police services. Last week Robert gave Oak Park a written proposal. Oak Park has promised a response in two to three weeks.

Grant School

- Robert said this is not a priority until ROT gets a police contract first.

Township-owned house

- Update: This property has not been sold yet for $975. At its last meeting, the Board approved the ***selling*** of the property, not the ***sale*** of it. At the same meeting, the Board did not approve of the rehabbing of the house for $3K. Municipal Risk (sp) sent a crew in to dry the basement out (the basement experienced water damaged due to clogged drains from area restaurants using them as grease bins) remove damaged drywall etc. It has been estimated that $3K of rehab on the house would elevate the house in price on the market from $10K to $30K.

McKenna

- In 2014 the township paid approximately $100K for McKenna's services. This year, the figure is approximately $64K. Robert has talked to the DDA and Parks about what their share in the cost will be going forward. He hopes to get a reduced price from McKenna for FY '16.

Workman, Wayne (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Monday, October 19, 2015 9:18 AM
To: Martin, Mary G. (Treasury); Nichols, Susan R. (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: DEQ

Importance: High

Just a 'heads up'... Wayne is participating on a call this morning with City of Flint & Mott re the $s (cash) to reconnect to DWSD. One of you or your staff may want to participate to make sure nothing goes astray. (he can send you the #) We want to send a portion of the money that was just appropriated. My sense is we will need to wire funds out possibly today or tomorrow.

Schafer, Suzanne K. (Treasury)

From: Byrne, Randall (Treasury)
Sent: Monday, October 19, 2015 1:02 PM
To: Workman, Wayne (TREASURY)
Cc: Schafer, Suzanne K. (Treasury)
Subject: Flint DWSD wire transfer

Wayne:

I spoke to Jim Sygo's Management Assistant, Karen Shaler and Sara Gross, from Treasury. Sara will be sending to Karen the wire transfer form to initiate the wire transfer. Karen mentioned to me that Paul McDonald is following up remotely on the wire. I asked that Karen cc you on any emails.

Thanks,
Randy

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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++++**Weekly Critical Issues —October 22, 2015**

- **Allen Park**— I have been advised that two new RTAB members are in the process of being appointed. They are Mark Wollenweber and Scott Lites. Wayne wants a special RTAB meeting on Monday to approve the tender. City Council approved it last night.
- **Benton Harbor**-The City Council tabled several items during the last City Council meeting. I may send someone to attend the November 2nd meeting.
- **Ecorse** – Their five year financial plan has been sent to us for review. They want the RTAB to approve on November10th. The City Council has approved. One additional RTAB member is needed (Joan Brophy). Wayne O'Neal will call at 2:30 today to discuss his concerns for the staff regarding the election. A retiree health care audit was performed internally.
- **Flint** – Lawsuit on water rates and the lead issues have Flint in a crisis mode. The City stated the State owes them a lot of money. They want the remainder of the $6M ASAP. We will be scheduling a meeting at Treasury with city officials to discuss the City's water-sewer fund, probably in early November. Brian has asked me to prepare a FY15 Performance Report of the $1.1M public safety grant, Natasha will provide information. They are concerned that we have not agreed to provide legal assistance.
- **Hamtramck**-the City ended the year with $1M in GF operating surplus. Phase 3 of the pension study will begin soon. The City Council is at odds about filling the vacancy on Council. The Circuit Court is now involved. Katrina released a Confidentiality Agreement with the former Police Chief due to a FOIA request. Two RTAB members are needed.
- **Highland Park**- Cathy has indicated that the City has over 500 aged payables including a DTE bill of $200K for the water pumping station. She said that they information in the 2014 Audit indicated that there is approximately $1.2M of accounts payable. The OPEB report from Meadowbrook indicates that the City reduced OPEB costs by $1.25M for the upcoming 12 month period.
- **Lincoln Park**-His exit will be in December. We will be discussing the final order with Brad next week. We are hoping to find several RTAB candidates soon. E-Loan may be necessary? Five RTAB members are needed. Brad feels that the 345 ballot request has a good chance of success. The MERS pension funding issue.
- **Inkster**- the City has reached an agreement with Wayne County on its $4.9M sewer debt. A judgement levy for several years will be likely be placed on the July 2016 tax roll. The City will end its fiscal year with a $1.5M fund balance. The Parks and Rec. millage may be successful.
- **Pontiac**-Jane Di Sessa will start on October 26. The Mayor and I will be meeting with two council members to discuss the hiring of an executive secretary and other issues. The Pontiac RTAB exit plan is nearing completion. The Mayor would like to do a study of the Phoenix Center. Problem with the GERS Board financial advisor and Board Members. One RTAB member is needed. Annual RTAB evaluation soon.
- **River Rouge**- the City was chosen by the Governor to be a part of the Rising Tide Initiative. An exit memo is being drafted
- **Royal Oak Township**- I will be contacting MSHDA regarding housing opportunities in the Township. Additional police discussions with Ferndale and Hazel Park are needed. Patrick and I

met with Robert on Tuesday. Montgomery and Co. the accounting firm has submitted an invoice for $17,000 and has sent me two emails. Robert has begun discussion on the new budget and will send us a draft for review. He has hired Mr. Fedewa for accounting.

- **Miscellaneous Items**—the draft of the November Governor's Memo has been sent to Angela. If any updates are necessary, please give to Eric. Discussion regarding community eligibility for FDCVT funding. The draft exit plan for several communities is nearing completion. FOIA request from Mr. Washington. Ed is attempting to get Giarmarco on a SAAG contract.

Dayne Walling
Mayor

CITY OF FLINT, MICHIGAN
Department of Finance

Natasha L. Henderson
City Administrator

Jody N. Lundquist
Finance Director

Dawn Steele
Deputy Finance Director

DATE: October 20, 2015

TO: Natasha Henderson, City Administrator

FROM: Jody Lundquist, Finance Director

RE: Budget to Actual Revenue and Expenditure Report

Please find attached the Budget to Actual Revenue and Expenditure Report and Cash and Investment Summary for the period ending September 30, 2015 for your review and submission to the RTAB per Emergency Manager Order 20. 2015-2016 Amended Budget Amounts reflect all amendments adopted by City Council and approved by the RTAB as of September 30, 2015.

The activity shown for the prior fiscal year is unaudited and subject to change as the City continues to record annual year-end items. The City's annual audit is being conducted by Yeo & Yeo. The on-site audit work began on October 12, 2015. As required by Public Act 2: Uniform Budget and Accounting Act and City Ordinance #3855, audited financial statements for the fiscal year ending June 30, 2015 will be available no later than December 31, 2015.

Please let me know if any additional information is necessary or if you have any questions.

CITY OF FLINT

BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT

FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 101 - General Fund						
Property Taxes	4,970,000	4,699,113	4,900,000	4,497,531	402,469	91.79
Special assessment taxes	16,656	20,973	17,000	8,383	8,617	49.31
Income taxes	13,000,000	14,012,171	13,541,000	2,303,053	11,237,947	17.01
Interest and dividend income	366,100	568,822	470,000	91,121	378,879	19.39
State revenues	17,891,910	17,918,463	18,253,013	849,218	17,403,796	4.65
Charges for service rendered	7,636,721	7,846,452	8,023,942	2,237,247	5,786,694	27.88
Other revenues	534,603	867,092	385,864	218,209	167,654	56.55
Drawings from fund balance	(1,000,000)	-	(1,000,000)	-	(1,000,000)	0.00
Fines and forfeitures	1,633,539	1,583,496	1,805,731	191,584	1,614,147	10 61
License and Permits	1,200,300	1,144,949	1,225,000	53,626	1,171,374	4.38
Proceeds from sale of capital assets	4,577,998	4,577,998	3,777,998	944,500	2,833,498	0 00
Transfers in	500	500	-	-	-	0 00
Proceeds from loan	7,000,000	7,000,000	-	-	-	100 00
TOTAL REVENUES	57,828,326	60,240,028	51,399,547	11,394,472	40,005,076	22.17
General government	20,292,595	20,530,023	22,015,842	4,977,634	17,038,208	22.61
Legislative	429,775	414,085	618,802	107,447	511,355	17 36
Judicial	3,964,721	3,929,782	4,031,207	1,003,525	3,027,682	24 89
Police	13,132,959	12,961,412	15,897,752	3,142,706	12,755,046	19 77
Emergency dispatch	2,424,447	2,413,532	202,919	160,529	42,390	79.11
Fire	5,707,529	5,558,910	6,434,419	1,267,587	5,166,833	19.70
Community development	868,761	742,881	736,153	127,068	609,085	17.26
Facilities and Maintenance	1,453,322	1,332,445	1,462,452	245,585	1,216,867	16.79
Transfers out	99,140	149,206	-	-	-	0.00
TOTAL EXPENDITURES	48,373,249	48,032,276	51,399,547	11,032,082	40,367,464	21.46
NET OF REVENUES/EXPENDITURES	9,455,078	12,207,752	1	362,389	(362,389)	
BEG. FUND BALANCE	(8,961,424)	(8,961,424)	3,246,328	3,246,328		
END FUND BALANCE	493,654	3,246,328	3,246,329	3,608,718		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	1%	7%	6%			
FUND BALANCE AS % OF EXPENDITURES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	7,255,987	7,255,987	7,709,932			
VARIANCE ACTUAL TO POLICY	(6,762,333)	(4,009,659)	(4,463,603)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 202 - Major Street Fund						
State revenues	7,381,806	7,624,369	6,930,520	852,712	6,077,808	12 30
Charges for service rendered	23,506	13,081	31,506	29,403	2,103	93.32
Other revenues	209,610	290,700	184,354	41,948	142,406	22 75
Drawings from fund balance	1,181,572	-	1,476,334	-	1,476,334	0 00
Interest and Dividend Income	-	29,010	-	-	-	0 00
Federal revenues	87,680	87,680	-	-	-	0.00
TOTAL REVENUES	8,884,174	8,044,841	8,622,714	924,063	7,698,651	10.72
General government	1,442,892	1,444,564	1,638,378	273,063	1,365,315	16.67
Transportation	6,478,147	4,958,253	6,297,010	526,161	5,770,849	8 36
Debt services - interest	8,551	8,550	8,000	-	8,000	0 00
Debt services - principal	110,072	110,070	110,622	-	110,622	0.00
Transfers out	-	-	568,703	94,784	473,919	16.67
TOTAL EXPENDITURES	8,039,662	6,521,438	8,622,713	894,008	7,728,705	10.37
NET OF REVENUES/EXPENDITURES	844,512	1,523,403	1	30,056	(30,055)	
BEG FUND BALANCE	4,926,787	4,926,787	6,450,190	6,450,190		
END FUND BALANCE	4,589,727	6,450,190	4,973,857	6,480,246		
FUND BALANCE AS % OF REVENUES - ACTUAL	60%	84%	70%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	1,155,390	1,155,390	1,071,957			
VARIANCE ACTUAL TO POLICY	3,434,337	5,294,800	3,901,900			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 203 - Local Street Fund						
State revenues	1,941,703	1,942,017	2,016,514	199,693	1,816,821	9.90
Other revenues	618,343	117,135	630,677	338,465	292,212	53 67
Interest and dividend income	-	5,993	-	-	-	0.00
Transfers in	-	-	568,703	142,176	-	25.00
Drawings from fund balance	288,513	-	421,863	-	421,863	0.00
TOTAL REVENUES	2,848,559	2,065,146	3,637,757	680,334	2,530,896	18.70
Fund 203 - Local Street Fund						
General government	314,770	314,770	402,087	100,522	301,565	25.00
Transportation	2,476,948	1,993,800	3,235,670	550,604	2,685,066	17.02
TOTAL EXPENDITURES	2,791,717	2,308,570	3,637,757	651,126	2,986,631	17.90
NET OF REVENUES/EXPENDITURES	56,842	(243,424)	(0)	29,208	(455,736)	
BEG. FUND BALANCE	1,610,712	1,610,712	1,367,288	1,367,288		
END FUND BALANCE	1,379,041	1,367,288	945,425	1,396,496		
FUND BALANCE AS % OF REVENUES - ACTUAL	54%	53%	29%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	384,007	384,007	482,384			
VARIANCE ACTUAL TO POLICY	995,034	983,281	463,041			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 205 - Public Safety						
Property Taxes	3,688,275	3,842,853	3,700,000	3,776,292	(76,292)	102.06
Interest and dividend income	-	30,798	-	-	-	0.00
Other revenues	-	5,462	-	-	-	0.00
Drawings from fund balance	4,690,318	-	2,481,948	-	2,481,948	0.00
TOTAL REVENUES	8,378,593	3,879,113	6,181,948	3,776,292	2,405,656	61.09
Police	2,705,773	2,684,119	1,902,722	445,935	1,456,787	23.44
Fire	3,675,510	3,633,122	4,279,226	958,556	3,320,670	22.40
TOTAL EXPENDITURES	6,381,283	6,317,241	6,181,948	1,404,491	4,777,457	22.72
NET OF REVENUES/EXPENDITURES	1,997,310	(2,438,128)	-	2,371,800	(2,371,800)	
BEG. FUND BALANCE	8,457,278	8,457,278	6,019,150	6,019,150		
END FUND BALANCE	5,764,270	6,019,150	3,537,202	8,390,950		
FUND BALANCE AS % OF REVENUES - ACTUAL	156%	163%	96%			
FUND BALANCE AS % OF REVENUES - POLICY	10%	10%	10%			
DESIGNATED RESERVE PER POLICY (10%)	368,827	368,827	370,000			
VARIANCE ACTUAL TO POLICY	5,395,442	5,650,322	3,167,202			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 207 - Police Fund						
Property Taxes	1,250,306	1,293,783	1,255,000	1,260,588	(5,588)	100.45
Interest and dividend income	-	445	-	-	-	0 00
Other revenues	93,180	1,740	-	-	-	0.00
Drawings from fund balance	42,502	-	68,944	-	68,944	0.00
TOTAL REVENUES	1,385,988	1,295,968	1,323,944	1,260,588	63,356	95.21
Fund 207 - Police Fund						
Police	1,358,912	1,311,361	1,323,944	258,321	1,065,623	19.51
TOTAL EXPENDITURES	1,358,912	1,311,361	1,323,944	258,321	1,065,623	19.51
NET OF REVENUES/EXPENDITURES	27,076	(15,392)	-	1,002,267	(1,002,267)	
BEG. FUND BALANCE	19,656	19,656	4,264	4,264		
END FUND BALANCE	4,230	4,264	(64,680)	1,006,530		
FUND BALANCE AS % OF REVENUES - ACTUAL	0%	0%	-5%			
FUND BALANCE AS % OF REVENUES - POLICY	10%	10%	10%			
DESIGNATED RESERVE PER POLICY (10%)	134,349	134,349	125,500			
VARIANCE ACTUAL TO POLICY	(130,118)	(130,085)	(190,180)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 208 - Park/Recreation Fund						
Property Taxes	312,546	323,951	315,000	315,054	(54)	100 02
Interest and dividend income	-	718	-	-	-	0 00
Other revenues	4,930	16,954	4,825	1,060	3,765	21.97
Drawings from fund balance	97,000	-	87,146		87,146	0.00
Transfers In	99,413	99,140	-	-	-	0.00
TOTAL REVENUES	513,889	440,762	406,971	316,114	90,856	77.67
Fund 208 - Park/Recreation Fund						
Community development	513,889	459,475	406,971	55,346	351,625	13.60
TOTAL EXPENDITURES	513,889	459,475	406,971	55,346	351,625	13.60
NET OF REVENUES/EXPENDITURES	-	(18,712)	-	260,769	(260,769)	
BEG FUND BALANCE	99,941	99,941	81,229	81,229		
END FUND BALANCE	2,941	81,229	(5,917)	341,997		
FUND BALANCE AS % OF REVENUES - ACTUAL	1%	19%	-2%			
FUND BALANCE AS % OF REVENUES - POLICY	10%	10%	10%			
DESIGNATED RESERVE PER POLICY (10%)	41,689	41,689	31,983			
VARIANCE ACTUAL TO POLICY	(38,748)	39,540	(37,899)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 219 - Street Light						
Special assessment taxes	2,738,986	2,415,368	2,718,986	2,616,226	102,760	96.22
Interest and divident income	-	5,272	-	-	-	0.00
Drawings from fund balance	-	-	105,218	-	-	0.00
TOTAL REVENUES	2,738,986	2,420,640	2,824,204	2,616,226	102,760	92.64
Fund 219 - Street Light						
General government	91,210	91,210	128,895	32,224	96,671	25 00
Transportation	2,463,195	2,381,159	2,695,308	399,480	2,295,828	14 82
TOTAL EXPENDITURES	2,554,405	2,472,369	2,824,203	431,704	2,392,499	15.29
NET OF REVENUES/EXPENDITURES	184,581	(51,729)	1	2,184,522	(2,289,739)	
BEG FUND BALANCE	709,204	709,204	657,475	657,475		
END FUND BALANCE	893,785	657,475	552,258	2,841,997		
FUND BALANCE AS % OF REVENUES - ACTUAL	33%	24%	20%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	410,848	410,848	407,848			
VARIANCE ACTUAL TO POLICY	482,937	246,627	144,410			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 226 - Rubbish Collection Fund						
Property Taxes	5,517,813	4,909,128	4,829,002	4,624,305	204,697	95 76
Charges for service rendered	11,093	10,877	-	-	-	0.00
Other revenues	-	6,958	-	-	-	0.00
Drawings from fund balance	-	-	1	-	1	0.00
License and Permits	1,660	1,840	500	740	(240)	148.00
TOTAL REVENUES	5,530,566	4,928,803	4,829,503	4,625,045	204,458	95.77
General government	173,143	182,710	250,958	62,740	188,218	25 00
Transportation	49,755	52,546	100,000	-	100,000	0.00
Public works	4,551,320	4,380,260	4,478,544	1,092,443	3,386,101	24.39
TOTAL EXPENDITURES	4,774,218	4,615,516	4,829,502	1,155,182	3,674,320	23 92
NET OF REVENUES/EXPENDITURES	756,348	313,287	1	3,469,862	(3,469,861)	
BEG. FUND BALANCE	277,049	277,049	590,336	590,336		
END FUND BALANCE	1,033,397	590,336	590,337	4,060,198		
FUND BALANCE AS % OF REVENUES - ACTUAL	19%	11%	12%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	829,585	829,585	724,425			
VARIANCE ACTUAL TO POLICY	203,812	(239,249)	(134,088)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 265 - Drug Law Enforcement Fund						
Other revenues	16,500	3,818	-	2,528	(2,528)	0 00
Interest and dividend income	-	5,170	-	-	-	0 00
Drawings from fund balance	374,063	-	169,674	-	169,674	0 00
Fines and forfeitures	101,000	50,299	2,500	28,007	(25,507)	1,120.29
TOTAL REVENUES	491,563	59,287	172,174	30,536	141,638	17.74
Police	477,563	298,452	172,174	7,450	164,724	4.33
TOTAL EXPENDITURES	477,563	298,452	172,174	7,450	164,724	4.33
NET OF REVENUES/EXPENDITURES	14,000	(239,165)	-	23,085	(23,085)	
BEG FUND BALANCE	768,972	768,972	529,807	529,807		
END FUND BALANCE	408,909	529,807	360,133	552,893		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	86%	178%	209%			
FUND BALANCE AS % OF EXPENDITURES - POLICY	100%	100%	100%			
DESIGNATED RESERVE PER POLICY (100%)	477,563	477,563	172,174			
VARIANCE ACTUAL TO POLICY	(68,654)	52,244	187,959			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 274 - HUD CDBG, ESG, & HOME GRANTS						
Transfer in from 296 fund	-	250,540	-	-	-	0 00
Drawings from Fund Balance	-	-	-	-	-	0.00
Federal revenues	11,834,239	4,148,623	8,532,130	389,207	8,142,924	4.56
TOTAL REVENUES	11,834,239	4,399,163	8,532,130	389,207	8,142,924	4.56
General government	215,350	165,972	58,681	29,424	29,257	50 14
Fire	14,766	11,847	2,918	-	2,918	0.00
Community development	10,551,674	3,814,611	7,158,841	212,624	6,946,217	2 97
Transportation	204,964	-	204,952	-	204,952	0 00
Facilities and Maintenance	35,000	-	35,000	-	35,000	0 00
Building Inspections	812,485	204,349	631,255	124,864	506,392	19 78
TOTAL EXPENDITURES	11,834,239	4,196,779	8,091,648	366,912	7,724,736	4 53
NET OF REVENUES/EXPENDITURES	-	202,385	440,483	22,295	418,187	
Fund 296 - Other Grants Fund						
Federal revenues	2,227,809	784,366	1,467,199	-	1,467,199	0 00
State revenues	4,350,528	1,108,595	3,671,050	1,570,883	2,100,167	0 00
Other revenues	354	483	-	-	-	0 00
Local grants	1,082,063	663,225	110,996	544,610	(433,614)	490.66
Fines and forfeitures	4,214	4,214	-	-	-	0 00
Drawings from fund balance	-	-	-	-	-	0 00
Interest and dividend income	-	-	-	-	-	0.00
TOTAL REVENUES	7,664,968	2,560,883	5,249,245	2,115,493	3,133,752	40 30
Fund 296 - Other Grants Fund						
General government	19,662	7,506	12,192		12,192	0.00
Police	3,249,069	2,172,819	1,114,902	34,785	1,080,117	3.12
Community development	1,880,784	456,370	1,682,484	55,286	1,627,198	3.29
Transportation	1,642,144	73,603	1,568,541	1,235	1,567,306	0.08
Facilities and Maintenance	773,310	165,748	710,973	25,326	685,647	3.56
Public works	50,000	49,730	270	-	270	0 00
Transfer out to 274 fund	50,000	-	50,000	-	50,000	0.00
Utilities	-	332,919	2,000,000	109,507	1,890,493	0.00
TOTAL EXPENDITURES	7,664,968	3,258,696	7,139,361	226,139	6,913,223	3 17
NET OF REVENUES/EXPENDITURES	-	(697,813)	(1,890,116)	1,889,355	(3,779,471)	

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 402 - Public Improvement Fund						
Property Taxes	1,703,000	1,609,072	1,703,000	1,575,778	127,222	92.53
Other revenues	380,000	38,358	350,000	-	350,000	0.00
Interest and dividend income	-	7,613	-	-	-	0.00
Drawings from fund balance	767,957	-	775,967	-	775,967	0 00
TOTAL REVENUES	2,850,957	1,655,042	2,828,967	1,575,778	1,253,189	55.70
Facilities and Maintenance	721,900	688,774	700,000	-	700,000	0.00
Transfers out	1,526,953	1,526,953	1,526,213	181,738	1,344,475	11.91
Debt services - interest	407,104	400,191	392,754	-	392,754	0.00
Debt services - principal	195,000	200,000	210,000	-	210,000	0.00
TOTAL EXPENDITURES	2,850,957	2,815,918	2,828,967	181,738	2,647,229	11.91
NET OF REVENUES/EXPENDITURES	-	(1,160,875)	-	1,394,040	(1,394,040)	
BEG. FUND BALANCE	9,335,339	9,335,339	8,174,464	8,174,464		
END FUND BALANCE	9,335,339	8,174,464	8,174,464	9,568,504		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	N/A	N/A	N/A			
FUND BALANCE AS % OF EXPENDITURES - POLICY	N/A	N/A	N/A			
DESIGNATED RESERVE PER POLICY			2,928,267			
VARIANCE ACTUAL TO POLICY			5,246,197			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 542 - Building Inspection Fund						
Charges for service rendered	50,579	45,592	-	11,388	(11,388)	0.00
Drawings from fund balance	236,763	-	341,717	-	341,717	0 00
Interest and dividend income	-	9,114	-	-	-	0 00
License and Permits	2,563,164	2,609,751	1,625,000	495,806	1,129,194	30.51
TOTAL REVENUES	2,850,506	2,664,457	1,966,717	507,194	1,459,523	25 79
General government	504,425	504,209	619,180	154,741	464,439	24.99
Building inspections	1,361,108	1,069,570	1,347,536	243,528	1,104,008	18 07
TOTAL EXPENDITURES	1,865,533	1,573,779	1,966,716	398,268	1,568,448	20 25
NET OF REVENUES/EXPENDITURES	984,973	1,090,678	1	108,925	(108,925)	
BEG FUND BALANCE	643,476	643,476	1,734,154	1,734,154		
END FUND BALANCE	1,391,686	1,734,154	1,392,438	1,843,079		
FUND BALANCE AS % OF REVENUES - ACTUAL	53%	66%	86%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	392,061	392,061	243,750			
VARIANCE ACTUAL TO POLICY	999,625	1,342,093	1,148,688			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 590 - Sewer Fund						
Interest and dividend income	-	147,488	-	-	-	0 00
Charges for service rendered	30,410,163	30,435,699	30,434,895	5,184,142	25,250,753	17.03
Other revenues	91,646	92,073	11,000	2,371	8,629	21.55
Drawings from fund balance	5,189,855	-	1,091,873	-	1,091,873	0.00
Transfers In	800,000	800,000	800,000	-	800,000	0.00
TOTAL REVENUES	36,491,663	31,475,259	32,337,768	5,186,513	27,151,255	16 04
General government	3,765,455	3,747,098	4,786,371	1,196,593	3,589,778	25 00
Debt services - interest	695	90	695	481	214	69.27
Debt services - principal	6,571	6,571	6,016	629	5,387	10.45
Transfers out	2,660,000	2,660,000	1,860,000	465,000	1,395,000	25 00
Public works	1,990,000	744,175	1,999,898	424,119	1,575,779	21 21
Utilities	22,971,502	20,139,989	23,694,788	3,738,279	19,956,509	15.78
TOTAL EXPENDITURES	31,394,224	27,297,923	32,347,768	5,825,102	26,522,666	18.01
NET OF REVENUES/EXPENDITURES	5,097,439	4,177,336	(10,000)	(638,589)	628,589	
BEG. FUND BALANCE	12,790,945	12,790,945	16,968,281	16,968,281		
END FUND BALANCE	12,698,530	16,968,281	15,866,408	16,329,692		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	40%	54%	49%			
FUND BALANCE AS % OF EXPENDITURES - POLICY	25%	25%	25%			
DESIGNATED RESERVE PER POLICY (25%)	7,848,556	7,848,556	8,086,942			
VARIANCE ACTUAL TO POLICY	4,849,974	9,119,725	7,779,466			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 591 - Water Fund						
Charges for service rendered	33,136,041	33,777,659	36,943,802	5,475,780	31,468,022	14 82
Other revenues	35,000	31,151	12,000	13,374	(1,374)	111.45
Interest and dividend income	-	100,232	-	-	-	0.00
Drawings from fund balance	4,865,245	-	-	-	-	0.00
Fines and forfeitures	-	-	-	416	-	100 00
Gain on sale of fixed assets	252,337	225,465	100,000	58,400	41,600	58 40
TOTAL REVENUES	38,288,623	34,134,507	37,055,802	5,547,970	31,508,248	14.97
General government	4,255,508	4,293,842	5,319,386	1,329,847	3,989,539	25 00
Transfers out	1,660,571	5,960,469	3,224,259	806,065	2,418,194	25.00
Public works	2,760,000	341,630	2,690,000	955,953	1,734,047	35.54
Utilities	26,810,605	19,585,578	24,746,442	4,410,193	20,336,249	17.82
TOTAL EXPENDITURES	35,486,684	30,181,519	35,980,087	7,502,057	28,478,030	20.85
NET OF REVENUES/EXPENDITURES	2,801,940	3,952,988	1,075,715	(1,954,086)	3,030,217	
BEG FUND BALANCE	760,745	760,745	4,713,733	4,713,733		
END FUND BALANCE	(1,302,560)	4,713,733	5,789,448	2,759,647		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	-4%	13%	16%			
FUND BALANCE AS % OF EXPENDITURES - POLICY	25%	25%	25%			
DESIGNATED RESERVE PER POLICY (25%)	8,871,671	8,871,671	8,995,022			
VARIANCE ACTUAL TO POLICY	(10,174,231)	(4,157,938)	(3,205,574)			

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING AUGUST 31, 2015

Fund Account	Description	Beginning Balance 08/01/2015	Ending Balance 08/31/2015
Fund 101 General Fund			
001.000	Commercial Pooled Cash Account	5,250,127	6,938,288
001.450	Citizens - P/R Direct Deposit - 906-9766	-46,929	-47,229
004.000	Imprest Cash	9,300	9,300
004.100	Imprest Cash - Register	0	0
	General Fund	5,212,498	6,900,359
Fund 202 Major Street Fund			
001.000	Commercial Pooled Cash Account	5,498,072	5,583,148
004.000	Imprest Cash	60	60
	Major Street Fund	5,498,132	5,583,208
Fund 203 Local Street Fund			
001.000	Commercial Pooled Cash Account	1,083,158	1,425,121
Fund 205 Public Safety			
001.000	Commercial Pooled Cash Account	7,549,925	7,581,517
Fund 207 Police Fund			
001.000	Commercial Pooled Cash Account	589,483	685,894
Fund 208 Park/Recreation Fund			
001.000	Commercial Pooled Cash Account	254,769	267,688
Fund 219 Street Light			
001.000	Commercial Pooled Cash Account	1,821,155	1,793,159
Fund 226 Rubbish Collection Fund			
001.000	Commercial Pooled Cash Account	2,648,342	2,532,435
Fund 265 Drug Law Enforcement Fund			

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING AUGUST 31, 2015

Fund Account	Description	Beginning Balance 08/01/2015	Ending Balance 08/31/2015
001.000	Commercial Pooled Cash Account	1,132,078	1,130,682
Fund 274 HUD CDBG, ESG, & HOME GRANTS			
001.000	Commercial Pooled Cash Account	-667,009	-1,107,571
001.100	Bank - Urban Renewal - 230006018089	3,881	154,768
	HUD CDBG, ESG, & HOME GRANTS	-663,128	-952,803
Fund 296 Other Grants Fund			
001.000	Commercial Pooled Cash Account	1,323,571	1,539,157
Fund 402 Public Improvement Fund			
001.000	Commercial Pooled Cash Account	2,048,920	2,196,818
Fund 542 Building Inspection Fund			
001.000	Commercial Pooled Cash Account	1,843,388	1,900,201
004.000	Imprest Cash	50	50
	Building Inspection Fund	1,843,438	1,900,251
Fund 590 Sewer Fund			
001.000	Commercial Pooled Cash Account	30,226,784	30,655,763
Fund 591 Water Fund			
001.000	Commercial Pooled Cash Account	18,597,850	19,476,110
001.001	Cash Reserve	5,848,116	5,848,116
	Water Fund	24,445,966	25,324,226
	TOTAL - ALL FUNDS	85,015,091	88,563,475

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, October 20, 2015 10:50 AM
To: Lindsey Smith
Subject: RE: Former Flint EMs
Attachments: GenCo DrComm release.pdf; Kurtz KWA.pdf; DWSD Termination Ltr.pdf

Hey Lindsey...

I can provide you with a list of the managers who worked in Flint, though I cannot promise I will be able to put you in contact with anyone directly.

I do think it is important for you to have the following background...and to reiterate that **the decision to move to KWA**, and thus the decision to use the Flint River as a temporary source (until KWA came on line) **was a decision made collectively by local officials...they mayor, city council, and others**

Please see the information below and attached for additional background on timing, decision-making, etc.

Discussions about the possible development of a Flint-area/Genesee County water system had been on-going since the early 2000's and the City of Flint had been in discussions about the possibility of joining KWA for much of that time, certainly prior to the appointment of an emergency manager (Mike Brown) in December 2011. The following M-Live articles show the city was looking at a possible move to KWA, which Genesee County strongly supported, well before a manager was appointed.

http://www.mlive.com/news/flint/index.ssf/2010/02/detroit_tells_genesee_county_w.html
http://www.mlive.com/news/flint/index.ssf/2011/01/water_pipeline_vs_flint_river.html
http://www.mlive.com/news/flint/index.ssf/2011/04/city_of_flint_still_mulling_wa.html
http://www.mlive.com/news/flint/index.ssf/2011/09/flint_officials_to_be_presente.html
http://www.mlive.com/news/flint/index.ssf/2011/12/so_far_so_good_genesee_county_1.html

Additionally, The Flint Journal supported the move to KWA in an editorial in Sept. 2011, again, prior to the appointment of a manager.
http://www.mlive.com/opinion/flint/index.ssf/2011/09/our_voice_its_decision_time_fo.html

Prior to the decision to move to KWA, which the Mayor and City Council fully supported (March 2013 Flint Journal story cites 7-1 City Council vote to join KWA); http://blog.mlive.com/newsnow_impact/print.html?entry=/2013/03/flint_city_council_approves_re.html the city's emergency manager (Mike Brown in June 2012; Ed Kurtz in Sept. 2012) twice requested permission from DWSD to blend river water with DWSD water to ensure high quality, safe drinking water for residents, while saving the city an estimated $2-3 million annually (DWSD was proposing a 5x rate increase for the City of Flint).

*It is also important to note that the Genesee County Drain Commissioner, who had been heading up the KWA project, **required** that Flint's elected leaders approve of and sign-off on the transition to KWA as he believed it was important to have the city's elected officials make the decision and not an emergency manager (see attached).*

Under PA 436, an emergency manager's approval is required for transactions of $50,000 or more, and thus Ed Kurtz did approve the eventual move to KWA, again with full support and urging from the Mayor and City Council. Kurtz's letter, detailing that decision after consideration of DWSD's "last, best offer" is attached.

*This **is not** a situation where the Mayor and Council wanted to utilize one system with the EM reversing course. **All involved** in the decision-making process agreed **KWA was the best long-term option for the City of Flint**. With Flint's decision to go with KWA, DWSD terminated Flint's contract, effective April 17, 2014 (letter attached). Given that termination, Flint had two "options:"*

-sign a long-term (30 year) agreement with DWSD, which was not economically feasible given the city's decision to go with KWA
-Use Flint River as an interim source (it had long been the city's backup) until KWA was on-line

http://www.mlive.com/news/flint/index.ssf/2014/03/flint_drinking_water_to_come_f.html

It is also important to note that the current situation in Flint has been exacerbated by years of neglect and a lack of maintenance to the decades-old system. All this said, the most important issue now is moving things forward, through the collaborative State, City, and Foundation effort to ensure safe drinking water for the residents of Flint.

From: Lindsey Smith [mailto:lmsmi@umich.edu]
Sent: Tuesday, October 20, 2015 9:43 AM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Former Flint EMs

Hi Terry, Hope you're well.

We're producing a one hour documentary/podcast on Flint's water issues. Would really love to hear from the former EMs on this. Correct me if I'm wrong, but it seems there wasn't just one guy who decided to switch water sources, but maybe a few different people. Is there any way you can help me get interviews with the former EMs of Flint to talk about the decision and the issues that lead to it? Big ask, I know. But I need help if I'm going to do this right. I'm traveling now, so if you want to chat a bit, call my cell 810.923.5839.

All the best,
--
Lindsey Smith
West Michigan Reporter
Michigan Radio
Office (616) 551-0717
michiganradio.org

Cline, Richard (Treasury) SAM, RTAB II, Analyst II, Wendy, CA, VC Pris, Mayor, Fred/

From: Cline, Richard (Treasury)
Sent: Tuesday, October 20, 2015 5:03 PM
To: Byrne, Randall (Treasury); Dostine, Patrick (TREASURY); Hudson, Deanna (TREASURY); Heimann, Alexandr (TREASURY)
Subject: Flint Weekly Call

Tracking:

Recipient	Delivery
Byrne, Randall (Treasury)	Delivered 10/20/2015 5 03 PM
Dostine, Patrick (TREASURY)	Delivered 10/20/2015 5 03 PM
Hudson, Deanna (TREASURY)	Delivered 10/20/2015 5 03 PM
Heimann, Alexandr (TREASURY)	Delivered 10/20/2015 5 03 PM

All:

Here are some talking points for the Weekly Call with Flint.

- Weekly Priorities -
- Status of Water Transition to DWSD – 1) Done 2) 3 weeks to total system
- Utilities Update
- Charter Commission Status – Weekly Meetings, Mott Funding - ?
- Miscellaneous - Fire Dist - Pipelines to MC/ U-M by First Merit Complete
- Water Lawsuit – 1) No Changes → Not Likely
- FDCVT - 2 1) DuPont 2) Assessment

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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PSF
Vic Red Net - PR campaign, DOJ Prosp

CF Director
Interviews
Mayoral Review
Not Part of Freeze

GI Update Done
Confirm
To RTAB

WATER CASH FLOW
Org Meeting
Need other $ M
Mott ?
City upfronted
Drain
$8 M → Sept
Not expected
Collection - ? May
35 days

Shut-offs can resume in A but uncert at this time examine

Flint

Wendy, Dana, Natasha, Josh 10/21/15
Randy, Eric

Public Safety

Violence reduction network (Making public)
federally funded program
the network has the funding

Planning Director actively seeking to fill position
currently holding interview (18 applicants)

1st quarter update available will report @ RTHE

Litigation nothing new
update at November

Charter Commission work
Still meeting multiple times a week
unsure regarding funding

Water

2½ - 3 weeks to get through the system
Remaining balance of $6 million
unsure if cash flow issues in water/sewer fund
bills drawn on the $8 million paid up front by
Flint

Shut off 60 days from due date.
November a month they don't shut off

Byrne, Randall (Treasury)

From: Dostine, Patrick (TREASURY)
Sent: Wednesday, October 21, 2015 10:29 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Heimann, Alexandr (TREASURY); Hudson, Deanna (TREASURY)
Subject: Flint notes

Follow Up Flag: Follow up
Flag Status: Flagged

Flint – Oct. 21 – N. Henderson, Mayor Walling, J. Freeman, F Headen, Wendy, R. Byrne, E. Cline, P. Dostine

- **Priorities**
  - Flint is publicizing today its participation in the Violence Reduction Network (VRN).
  - Flint is close to filling the planning director position. Approximately 18 applicants sought the position. A significant portion of the position will be paid by CDBG dollars.
  - 1st Quarter update Budget to Actual is completed. Henderson will be bringing it to the RTAB for review.
  - Flint submitted its FDCVT grant on time. The city is requesting grant monies for Dupont and an assessment.
  - Mayor Walling reported that the city is looking good, especially along the corridors where mowing and other general blight efforts are paying off.
- **Water**
  - Henderson reported that the transition to DWSC water was "smooth." The connection was made last Friday, Oct. 16.
  - It will take 2 to 3 weeks for DWSD water to make its way through the entire Flint water infrastructure.
  - The city of Flint will be going to Lansing next week to discuss its Water and Sewer Fund and the resources committed by the State Legislature for the DWSD re-connection.
- **Lawsuit**
  - No new developments. Henderson believes a decision will be made in November.
- **Charter Commission**
  - Still meeting regularly. The Commission will meet on a regular basis for the next 9 months or so. Mayor Walling said there is an opportunity for outside entities to provide technical assistance and other in-kind assistance to the commission as it focuses on the Charter.
- **Economic Development**
  - Mayor Walling reported that there are between 30 to 40 (smaller) economic development prospects for the city of Flint. Flint meets weekly with the MEDC and the local Chamber regarding economic development. The U of M-Flint is purchasing a building, located downtown, from First Merit Bank. Henderson said she is pursuing with the U of M-Flint a payment in lieu of

taxes because the deal would remove the building from the tax roll. The justification is although the university has its own police force, the City of Flint would still be providing fire service to the building and area.

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division,
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Thursday, October 22, 2015 8:20 AM
To: Schafer, Suzanne K. (Treasury) (SchaferS7@michigan.gov)
Subject: Meeting this morning
Attachments: Meeting with Suzanne October 22.docx

Suzanne:

I have attached a listing of issues to discuss with you at 9:00 a.m. See you then.

Randy,

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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++++**Weekly Critical Issues —October 22, 2015**

- **Allen Park**— I have been advised that two new RTAB members are in the process of being appointed. They are Mark Wollenweber and Scott Lites. Wayne wants a special RTAB meeting on Monday to approve the tender. City Council approved it last night.
- **Benton Harbor**-The City Council tabled several items during the last City Council meeting. I may send someone to attend the November 2nd meeting.
- **Ecorse** – Their five year financial plan has been sent to us for review. They want the RTAB to approve on November10th. The City Council has approved. One additional RTAB member is needed (Joan Brophy). Wayne O'Neal will call at 2:30 today to discuss his concerns for the staff regarding the election. A retiree health care audit was performed internally.
- **Flint** – Lawsuit on water rates and the lead issues have Flint in a crisis mode. The City stated the State owes them a lot of money. They want the remainder of the $6M ASAP. We will be scheduling a meeting at Treasury with city officials to discuss the City's water-sewer fund, probably in early November. Brian has asked me to prepare a FY15 Performance Report of the $1.1M public safety grant, Natasha will provide information. They are concerned that we have not agreed to provide legal assistance.
- **Hamtramck**-the City ended the year with $1M in GF operating surplus. Phase 3 of the pension study will begin soon. The City Council is at odds about filling the vacancy on Council. The Circuit Court is now involved. Katrina released a Confidentiality Agreement with the former Police Chief due to a FOIA request. Two RTAB members are needed.
- **Highland Park**- Cathy has indicated that the City has over 500 aged payables including a DTE bill of $200K for the water pumping station. She said that they information in the 2014 Audit indicated that there is approximately $1.2M of accounts payable. The OPEB report from Meadowbrook indicates that the City reduced OPEB costs by $1.25M for the upcoming 12 month period.
- **Lincoln Park**-His exit will be in December. We will be discussing the final order with Brad next week. We are hoping to find several RTAB candidates soon. E-Loan may be necessary? Five RTAB members are needed. Brad feels that the 345 ballot request has a good chance of success. The MERS pension funding issue.
- **Inkster**- the City has reached an agreement with Wayne County on its $4.9M sewer debt. A judgement levy for several years will be likely be placed on the July 2016 tax roll. The City will end its fiscal year with a $1.5M fund balance. The Parks and Rec. millage may be successful.
- ***Pontiac***-*Jane Di Sessa will start on October 26. The Mayor and I will be meeting with two* council members to discuss the hiring of an executive secretary and other issues. The Pontiac RTAB exit plan is nearing completion. The Mayor would like to do a study of the Phoenix Center. Problem with the GERS Board financial advisor and Board Members. One RTAB member is needed. Annual RTAB evaluation soon.
- **River Rouge**- the City was chosen by the Governor to be a part of the Rising Tide Initiative. An exit memo is being drafted
- **Royal Oak Township**- I will be contacting MSHDA regarding housing opportunities in the Township. Additional police discussions with Ferndale and Hazel Park are needed. Patrick and I

met with Robert on Tuesday. Montgomery and Co. the accounting firm has submitted an invoice for $17,000 and has sent me two emails. Robert has begun discussion on the new budget and will send us a draft for review. He has hired Mr. Fedewa for accounting.

- **Miscellaneous Items**—the draft of the November Governor's Memo has been sent to Angela. If any updates are necessary, please give to Eric. Discussion regarding community eligibility for FDCVT funding. The draft exit plan for several communities is nearing completion. FOIA request from Mr. Washington. Ed is attempting to get Giarmarco on a SAAG contract.

Byrne, Randall (Treasury)

From: Natasha Henderson <nhenderson@cityofflint.com>
Sent: Thursday, October 22, 2015 8:40 PM
To: Sygo, Jim (DEQ)
Cc: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury); Byrne, Randall (Treasury)
Subject: RE: RTAB Financial Reports

Thank You. I appreciate you all working with the City on this.

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
@Samsung Galaxy Note 4

On Oct 22, 2015 5:27 PM, "Sygo, Jim (DEQ)" <SygoJ@michigan.gov> wrote:

Natasha,

Your proofs were received by Treasury and we have been directed to wire the remaining $4 million tomorrow. I have left a message for Kimberly at the Mott Foundation advising her of the

wire transfer that the state will be making tomorrow. AS we do not control disbursement from Mott, you will need to work directly with them.

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Thursday, October 22, 2015 2:24 PM
To: Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY); Sygo, Jim (DEQ); Byrne, Randall (Treasury)
Subject: RE: RTAB Financial Reports

Hello Mr. Saxton,

Ms. Lundquist is working on it as we speak, so it should be momentarily.

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
@Samsung Galaxy Note 4

On Oct 22, 2015 2:21 PM, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov> wrote:

Natasha – when do think you will have the documentation/support for the payt made to DWSD for the reconnect ? I believe you indicated that would be today yet.

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Thursday, October 22, 2015 2:03 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Sygo, Jim (DEQ) <SygoJ@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: Fwd: RTAB Financial Reports

Hello All:

Per our conversation, I have attached the financials submitted to the RTAB on October 20, 2015. Also, I will follow-up with a detailed financial spreadsheet of our water/sewer cash flow to date.

Thanks,

Natasha L. Henderson, City Administrator

City of Flint, Michigan

1101 S. Saginaw St.

Flint, MI 48502

Email: nhenderson@cityofflint.com

Phone: (810) 237-2057

www.cityofflint.com

---------- Forwarded message ----------
From: **Jody Lundquist** <jlundquist@cityofflint.com>
Date: Tue, Oct 20, 2015 at 6:06 PM
Subject: RTAB Financial Reports

To: Natasha Henderson <nhenderson@cityofflint.com>
Cc: Dawn Steele <dsteele@cityofflint.com>

Ms. Henderson,

Please find attached the City of Flint RTAB reports for the period ended September 30, 2015. Budget amounts reflect amendments that had been adopted by Council and approved by the RTAB prior to September 30. Per our conversation with Mayor Walling last month, I have added rows illustrating Fund Balance for each fund as required by ordinance.

In your review of the attached report, please let me know if you have any questions or if any additional information is required.

Best regards,

Jody N. Lundquist

Chief Financial Officer

City of Flint

1101 S. Saginaw Street, 2nd Floor

Flint, MI 48502

jlundquist@cityofflint.com

(810) 766-7268 ext. 2301

Schafer, Suzanne K. (Treasury)

From: Jody Lundquist <jlundquist@cityofflint.com>
Sent: Wednesday, October 14, 2015 1:52 PM
To: Widigan, Robert (TREASURY)
Cc: Cline, Richard (Treasury); Natasha Henderson
Subject: Water/Sewer Cash Position

Follow Up Flag: Follow up
Flag Status: Flagged

Rob,

I received the following from the City's Treasurer. His calculation based on a reduced collections by 22.84% estimate that cash will end $13.7M lower than my estimate in the prior transmission of $12M. As stated on the phone, the results of our collection efforts will be known in approximately 30 days as we begin shut-off notices and enforcement.

Please let me know if you have any questions.

Per Doug Bingaman:

Over the past 3 years, we have an average collection rate for water/sewer revenue of 94%. Last year, we collected 99% or our revenue. Which I contribute to our water thief program and aggressively interrupting service for non-pay.

Since 8/1/15, our collections are off 22.84%. If this continues through out FY16, our water/sewer cash will be reduced by $13,731,790, if all else stays the same.

$35,500,000 Water Revenue
30,084,895 Sewer Revenue

$65,584,895
x 91.67% 11 months
$60,121,673
x 22.84%
$13,731,790

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 766-7268 ext. 2301

Hudson, Deanna (TREASURY)

From: Hudson, Deanna (TREASURY)
Sent: Thursday, October 22, 2015 9:08 AM
To: Widigan, Robert (TREASURY)
Subject: FW: Signed Resolutions
Attachments: ResolutionsRTABOctober14.pdf

Importance: High

From: Cline, Richard (Treasury)
Sent: Wednesday, October 14, 2015 10:33 AM
To: Hudson, Deanna (TREASURY) <HudsonD4@michigan.gov>; Widigan, Robert (TREASURY) <WidiganR@michigan.gov>
Subject: FW: Signed Resolutions
Importance: High

Here is an updated resolution from Flint.

Please use this in the final submission of the budget amendment.

Also, please save a copy of this resolution to the folder all of the documentation is in.

Thanks.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Wednesday, October 14, 2015 10:15 AM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Subject: Signed Resolutions

Hello All:

I have attached the signed copies. I will bring the signed copies for distribution in the meeting today.

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan

RESOLUTION NO.: 150872

PRESENTED: 10-12-15

ADOPTED: _____

RESOLUTION AUTHORIZING A BUDGET AMENDMENT TO INCREASE THE WATER AND SEWER BUDGET BY $12,000,000.00 AND TO ALLOW FOR EXPENDITURES FROM THOSE FUNDS TO FACILITATE THE SWITCH BACK TO THE DWSD WATER SUPPLY

BY THE CITY ADMINISTRATOR:

Due to the serious health threat facing the residents of the City of Flint, the Administration has been diligently working toward a feasible and speedy resolution to the City's water crisis; and

Through the commitment of $6 million from the State of Michigan and $4 million from the C.S. Mott Foundation, a total of $10 million in contributions have been pledged to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department and its successor, the Great Lakes Water Authority, until the City is able to receive water from the Karegnondi Water Authority (KWA).

The City Administrator and the Mayor have agreed to the acceptance of these funds. At this time, the KWA reports that construction is on schedule to be completed by June 30, 2016. The City estimates that the total cost to purchase water through DWSD will be $12 million for 9 months. The balance of $2 million not covered by the generous pledges of State and Local resources is the responsibility of the City.

A budget amendment is necessary to reflect both an increase in revenues for the receipt of $10 million in assistance and $2 million of budgeted Use of Fund Balance and an increase in expenditures of $12 million for the purchase of DWSD water supply.

IT IS RESOLVED that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable. Specific revenue and expenditure line items will be provided by the Chief Financial Officer.

APPROVED AS TO FORM:

for _____
Peter M. Bade, City Attorney

FOR THE CITY OF FLINT:

_____
Natasha L. Henderson, City Administrator

APPROVED AS TO FINANCE:

_____
Jody N. Lundquist, Chief Financial Officer

APPROVED BY THE FLINT CITY COUNCIL:

_____

PRESENTED TO CITY COUNCIL: 10/12/2015

ADOPTED BY CITY COUNCIL: 10/12/2015

150875

RESOLUTION NO.: _____

PRESENTED: 10-12-15

ADOPTED: _____

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO TAKE NECESSARY ACTION TO CONVERT TO THE DETROIT WATER SYSTEM

BY THE CITY ADMINISTRATOR:

In order to promote the health, safety and welfare of this community, it is in the best interests of the City of Flint for the Detroit Water and Sewer Department (DWSD) to supply the City with treated water pending completion of the Karegnondi Water Authority; and

In order for DWSD to supply the City with water, it will be necessary to utilize pipe owned by the Genesee County Drain Commission (GCDC); and

The City, DWSD and GCDC are actively negotiating the terms of the necessary agreements to ensure this transition occurs as soon as possible; and

IT IS RESOLVED that the City Administrator is hereby authorized to enter into agreements with DWSD and GCDC for conversion to the Detroit Water System.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

Jody N. Lundquist, Chief Financial Officer

FOR THE CITY OF FLINT:

Natasha L. Henderson, City Administrator

APPROVED BY CITY COUNCIL:

PRESENTED TO CITY COUNCIL: 10/12/2015

ADOPTED BY CITY COUNCIL: 10/12/2015

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 22, 2015 9:52 AM
To: Muchmore, Dennis (GOV); Saxton, Thomas (Treasury)
Subject: RE: state money for detroit water

Yes, do you want an update? Jim Sygo should be in the loop also

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 22, 2015 9:48 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: FW: state money for detroit water
Importance: High

Natasha Henderson is becoming a liability.

From: Wurfel, Sara (GOV)
Sent: Thursday, October 22, 2015 9:35 AM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>
Cc: Murray, David (GOV) <MurrayD1@michigan.gov>
Subject: FW: state money for detroit water
Importance: High

Please see below.

No good deed goes unpunished. This looks like may be next big issue.

I thought GLWA-DWSD was NOT going to require the entire sum all up front?

From: Ronald Fonger [mailto:RFONGER1@mlive.com]
Sent: Thursday, October 22, 2015 9:28 AM
To: Wurfel, Sara (GOV) <Wurfels@michigan.gov>
Subject: state money for detroit water

Sara:
I was at a City Council meeting last night when Flint City Administrator Natasha Henderson said the state has only wired Flint $2 million of the $6 million approved by the state Legislature.
She said the city has been told it will receive an additional $2 million in January and another $2 million in April.

Henderson said she's asked that the money be sent immediately because the city was required to pay Detroit the entire $12 million upfront, before the water was reconnected, and its water and sewer fund balance has dropped significantly as a result.
Several council members also spoke about this, and Council President Josh Freeman called the payment plant "beyond ridiculous" given the city's financial position.
Is there someone who can talk to us about this?
Thanks,

Ron Fonger
MLive Media Group
Reporter

mobile 810.347.9963
email rfonger1@mlive.com
address 540 S. Saginaw St. #101, Flint MI 48502

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 22, 2015 9:56 AM
To: Sygo, Jim (DEQ)
Subject: FW: state money for detroit water

Importance: High

Wanted to make sure you are in the loop on this. Rep Neeley`s office just left me a voice mail. I will give you a call

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 22, 2015 9:48 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: FW: state money for detroit water
Importance: High

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Cc: Murray, David (GOV) <MurrayD1@michigan.gov>
Subject: FW: state money for detroit water
Importance: High

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Ron Fonger
MLive Media Group
Reporter

mobile 810.347.9963
email rfonger1@mlive.com
address 540 S. Saginaw St. #101, Flint MI 48502

Dempkowski, Angela (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 22, 2015 10:27 AM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Subject: RE: state money for detroit water

I don't know why she would say this after all the work we've done to get it to this point. We set up the new deal with GLWA, got the money, along with the leadership of Ananich and that of the Republican leadership and Approps. folks, and Treasury is administering. We gave the city the $2M earlier so what's she talking about?

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 22, 2015 9:55 AM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: RE: state money for detroit water

I also have a voice mail from Rep Neeley`s office to call ASAP. Sure it is the same topic

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 22, 2015 9:48 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: FW: state money for detroit water
Importance: High

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Cc: Murray, David (GOV) <MurrayD1@michigan.gov>
Subject: FW: state money for detroit water
Importance: High

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Subject: state money for detroit water

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Several council members also spoke about this, and Council President Josh Freeman called the payment plant "beyond ridiculous" given the city's financial position.
Is there someone who can talk to us about this?
Thanks,

Ron Fonger
MLive Media Group
Reporter

mobile 810.347.9963
email rfonger1@mlive com
address 540 S. Saginaw St. #101, Flint MI 48502

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Thursday, October 22, 2015 12:17 PM
To: Wurfel, Sara (GOV)
Cc: Weiss, Kurt (DTMB); Wurfel, Brad (DEQ)
Subject: Issue

Just spoke with Wayne. He has calls in to Flint and we are awaiting written confirmation that the city made the up-front payment to DWSD.

If you need to respond before we receive that (from the city admin. or the mayor) he suggests something along the lines of the following:

Our understanding of the original plan to re-connect with DWSD called for monthly payments from the city. Without consulting the State or the Mott Foundation, the city agreed to an up-front payment to DWSD (of the full amount).

Upon receiving written confirmation that the full payment was made to DWSD, the State will wire to the city, the remainder of the $6m appropriation for the reconnection to DWSD.

Byrne, Randall (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, October 22, 2015 1:34 PM
To: Byrne, Randall (Treasury)
Subject: Flint Financial Reports
Attachments: Transmittal Memo 091715 .pdf; City of Flint Budget to Actual Report 8-31-2015.pdf; City of Flint Cash and Investment Summary 8-31-2015.pdf

Importance: High

Randy,

Per your request.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Thursday, October 01, 2015 2:40 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Subject: Materials for RTAB Meeting Email 3 of 4

Good afternoon,

Please find attached materials for the October 14, 2015 RTAB meeting.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

Cline, Richard (Treasury)

From: Cline, Richard (Treasury)
Sent: Thursday, October 22, 2015 1:53 PM
To: Vaughn, Cary J. (Treasury)
Cc: Suzanne K. Schafer (Treasury) (SchaferS7@michigan.gov)
Subject: Flint Financial Reports
Attachments: Transmittal Memo 091715 .pdf; City of Flint Budget to Actual Report 8-31-2015.pdf; City of Flint Cash and Investment Summary 8-31-2015.pdf

Importance: High

Categories: Yellow Category
Tracking:

Recipient	Delivery	Read
Vaughn, Cary J. (Treasury)	Delivered. 10/22/2015 1:53 PM	Read 10/22/2015 1:59 PM
Suzanne K. Schafer (Treasury) (SchaferS7@michigan.gov)	Delivered: 10/22/2015 1:53 PM	

Cary,

Randy and I were just discussing, given the apparent growing financial stress in Flint (especially in the Water/Sewer funds), that an experienced review of their monthly financial reports might be helpful.

Is this something that your team could possibly do. We are not looking for an extensive analysis, but more of a quick evaluation.

I have attached a copy of the latest reports, so you can see an example of what we are receiving.

I am sure that we will need to discuss further, so just let me know.

Thanks.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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Dayne Walling
Mayor

CITY OF FLINT, MICHIGAN
Department of Finance

Natasha L. Henderson
City Administrator

Jody N. Lundquist
Finance Director

Dawn Steele
Deputy Finance Director

DATE: September 17, 2015

TO: Natasha Henderson, City Administrator

FROM: Jody Lundquist, Finance Director

RE: Budget to Actual Revenue and Expenditure Report

Please find attached the Budget to Actual Revenue and Expenditure Report and Cash and Investment Summary for the period ending August 31, 2015 for your review and submission to the RTAB per Emergency Manager Order 20.

As noted with the transmission of the reports for the August 12, 2015 and September 9, 2015 meetings of the RTAB, please be aware that the City is still in the process of closing the fiscal year ended June 30, 2015. The activity shown for the prior fiscal year is unaudited and subject to change as a result of that process. The City's annual audit is scheduled to be conducted by an external CPA firm during the month of October 2015. As required by Public Act 2: Uniform Budget and Accounting Act and City Ordinance #3855, audited financial statements for the fiscal year ending June 30, 2015 will be available no later than December 31, 2015.

Please let me know if any additional information is necessary or if you have any questions.

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 101 - General Fund						
Property Taxes	4,970,000	4,699,113	4,900,000	4,497,528	402,472	91 79
Special assessment taxes	16,656	20,973	17,000	8,383	8,617	49 31
Income taxes	13,000,000	14,012,171	13,541,000	886,492	12,654,508	6.55
Interest and dividend income	366,100	568,822	470,000	58,405	411,595	12.43
State revenues	17,891,910	17,918,463	18,253,013	300,000	17,953,013	1.64
Charges for service rendered	7,636,721	7,828,820	8,023,942	1,695,496	6,328,446	21.13
Other revenues	534,603	856,977	385,863	184,452	201,411	47.80
Drawings from fund balance	(1,000,000)		(1,000,000)	0	-1,000,000	0.00
Fines and forfeitures	1,633,539	1,583,496	1,805,731	90,486	1,715,245	5.01
License and Permits	1,200,300	1,156,859	1,225,000	40,309	1,184,691	3.29
Proceeds from sale of capital assets	500	500	0	0	0	0.00
Transfers in	4,577,998	4,577,998	3,777,998	629,666	3,148,332	16.67
Proceeds from loan	7,000,000	7,000,000	0	0	0	100.00
TOTAL REVENUES	57,828,327	60,224,192	51,399,547	8,391,218	43,008,329	16.33
General government	20,292,596	20,523,154	22,015,842	3,294,356	18,721,486	14.96
Legislative	429,775	413,336	618,802	73,434	545,368	11.87
Judicial	3,964,721	3,929,670	4,031,207	770,387	3,260,820	19.11
Police	13,132,962	12,951,260	15,897,755	1,991,282	13,906,473	12.53
Emergency dispatch	2,424,446	2,413,458	202,919	205,781	-2,862	101.41
Fire	5,707,529	5,557,690	6,434,419	797,671	5,636,748	12.40
Community development	868,763	740,644	736,153	90,981	645,172	12.36
Facilities and Maintenance	1,453,321	1,331,053	1,462,452	140,273	1,322,179	9.59
Transfers out	99,140	99,140	0	0	0	0.00
TOTAL EXPENDITURES	48,373,253	47,959,404	51,399,549	7,364,166	44,035,383	14.33
NET OF REVENUES/EXPENDITURES	9,455,074	12,264,787	(2)	1,027,051	-1,027,053	
BEG. FUND BALANCE	(8,961,424)	(8,961,424)	3,303,363	3,303,363		
FUND BALANCE ADJUSTMENTS						
END FUND BALANCE	493,650	3,303,363	3,303,361	4,330,415		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 202 - Major Street Fund						
State revenues	7,381,806	7,624,369	6,930,520	0	6,930,520	0 00
Charges for service rendered	23,506	11,118	31,506	30,449	1,057	96.65
Other revenues	209,610	171,414	184,354	83,918	100,436	45.52
Drawings from fund balance	1,181,572		1,476,334	0	1,476,334	0.00
Interest and Dividend Income	0	29,010	0	0	0	0.00
Federal revenues	87,680	87,680	0	0	0	0 00
TOTAL REVENUES	8,884,174	7,923,591	8,622,714	114,367	8,508,347	1 33
General government	1,442,892	1,444,564	1,638,378	273,063	1,365,315	16.67
Transportation	6,478,147	4,958,253	6,297,010	526,161	5,770,849	8.36
Debt services - interest	8,551	8,550	8,000	0	8,000	0 00
Debt services - principal	110,072	110,070	110,622	0	110,622	0.00
Transfers out	0	0	568,703	94,784	473,919	16.67
TOTAL EXPENDITURES	8,039,662	6,521,438	8,622,713	894,008	7,728,705	10.37
NET OF REVENUES/EXPENDITURES	844,512	1,402,154	1	-779,640	779,641	
BEG. FUND BALANCE	4,926,787	4,926,787	6,328,941	6,328,941		
END FUND BALANCE	5,771,299	6,328,941	6,328,942	5,549,300		
Fund 203 - Local Street Fund						
State revenues	1,941,703	1,942,018	2,016,514	0	2,016,514	0.00
Other revenues	618,343	117,135	630,677	338,325	292,352	53.64
Interest and dividend income	0	5,993	0	0	0	0.00
Transfers in	0	0	568,703	94,784	0	16.67
Drawings from fund balance	288,513	0	421,863	0	421,863	0 00
TOTAL REVENUES	2,848,559	2,065,146	3,637,757	433,109	2,730,729	11.91
Fund 203 - Local Street Fund						
General government	314,770	314,770	402,087	67,015	335,073	16 67
Transportation	2,476,951	1,991,215	3,235,670	342,834	2,892,836	10 60
TOTAL EXPENDITURES	2,791,721	2,305,985	3,637,757	409,848	3,227,909	11.27
NET OF REVENUES/EXPENDITURES	56,838	(240,839)	0	23,260	-497,180	
BEG. FUND BALANCE	1,610,712	1,610,712	1,369,873	1,369,873		
END FUND BALANCE	1,667,550	1,369,873	1,369,873	1,393,133		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 205 - Public Safety						
Property Taxes	3,688,275	3,842,853	3,700,000	3,776,292	-76,292	102.06
Interest and dividend income	0	30,798	0	0	0	0 00
Other revenues	0	5,462	0	0	0	0 00
Drawings from fund balance	4,690,318	0	2,481,948	0	2,481,948	0 00
TOTAL REVENUES	8,378,593	3,879,113	6,181,948	3,776,292	2,405,656	61.09
Police	2,705,773	2,684,119	1,902,722	315,264	1,587,458	16 57
Fire	3,675,510	3,633,122	4,279,226	616,501	3,662,725	14.41
TOTAL EXPENDITURES	6,381,283	6,317,241	6,181,948	931,765	5,250,183	15 07
NET OF REVENUES/EXPENDITURES	1,997,310	(2,438,128)	0	2,844,527	-2,844,527	
BEG FUND BALANCE	8,457,278	8,457,278	6,019,150	6,019,150		
END FUND BALANCE	10,454,588	6,019,150	6,019,150	8,863,677		
Fund 207 - Police Fund						
Property Taxes	1,250,306	1,293,783	1,255,000	1,260,588	-5,588	100 45
Interest and dividend income	0	445	0	0	0	0.00
Other revenues	93,180	1,740	0	0	0	0.00
Drawings from fund balance	42,502	0	68,944	0	68,944	0.00
TOTAL REVENUES	1,385,988	1,295,968	1,323,944	1,260,588	63,356	95.21
Fund 207 - Police Fund						
Police	1,358,912	1,311,312	1,323,944	150,355	1,173,589	11 36
TOTAL EXPENDITURES	1,358,912	1,311,312	1,323,944	150,355	1,173,589	11.36
NET OF REVENUES/EXPENDITURES	27,076	(15,344)	0	1,110,233	-1,110,233	
BEG FUND BALANCE	19,656	19,656	4,312	4,312		
END FUND BALANCE	46,732	4,312	4,312	1,114,545		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 208 - Park/Recreation Fund						
Property Taxes	312,546	323,951	315,000	315,054	-54	100 02
Interest and dividend income	0	718	0	0	0	0 00
Other revenues	4,930	16,954	4,825	1,060	3,765	21.97
Drawings from fund balance	97,000	0	87,146	0	87,146	0.00
Transfers in	99,413	99,140	0	0	0	0.00
TOTAL REVENUES	513,889	440,763	406,971	316,114	90,856	77.67
Fund 208 - Park/Recreation Fund						
Community development	513,889	458,693	406,971	30,408	376,563	7 47
TOTAL EXPENDITURES	513,889	458,693	406,971	30,408	376,563	7 47
NET OF REVENUES/EXPENDITURES	0	(17,930)	0	285,707	-285,707	
BEG FUND BALANCE	99,941	99,941	82,011	82,011		
END FUND BALANCE	99,941	82,011	82,011	367,717		
Fund 219 - Street Light						
Special assessment taxes	2,738,986	2,415,368	2,738,986	2,616,226	122,760	95.52
Interest and divident income	0	5,272	0	0	0	0.00
Drawings from fund balance	0	0	105,218	0	0	0.00
TOTAL REVENUES	2,738,986	2,420,640	2,844,204	2,616,226	122,760	91.98
Fund 219 - Street Light						
General government	91,210	91,210	128,895	21,483	107,413	16.67
Transportation	2,463,195	2,381,124	2,695,308	201,580	2,493,728	7.48
TOTAL EXPENDITURES	2,554,405	2,472,334	2,824,203	223,063	2,601,140	7.90
NET OF REVENUES/EXPENDITURES	184,581	(51,694)	20,001	2,393,163	-2,478,380	
BEG FUND BALANCE	709,204	709,204	657,510	657,510		
END FUND BALANCE	893,785	657,510	677,511	3,050,673		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 226 - Rubbish Collection Fund						
Property Taxes	5,517,813	4,909,128	4,829,002	4,624,305	204,697	95 76
Charges for service rendered	11,093	10,877	0	0	0	0 00
Other revenues	0	6,958	0	0	0	0 00
Drawings from fund balance	0	0	1	0	1	0.00
License and Permits	1,660	1,840	500	560	-60	112.00
TOTAL REVENUES	5,530,566	4,928,803	4,829,503	4,624,865	204,638	95.76
General government	173,143	182,710	250,958	41,826	209,132	16 67
Transportation	49,755	52,546	100,000	0	100,000	0.00
Public works	4,551,320	4,380,254	4,478,544	742,274	3,736,270	16.57
TOTAL EXPENDITURES	4,774,218	4,615,510	4,829,502	784,100	4,045,402	16.24
NET OF REVENUES/EXPENDITURES	756,348	313,293	1	3,840,765	-3,840,764	
BEG. FUND BALANCE	277,049	277,049	590,342	590,342		
END FUND BALANCE	1,033,397	590,342	590,343	4,431,107		
Fund 265 - Drug Law Enforcement Fund						
Other revenues	16,500	3,818	0	0	0	0.00
Interest and dividend income	0	5,170	0	0	0	0.00
Drawings from fund balance	374,063	0	169,674	0	169,674	0.00
Fines and forfeitures	101,000	50,299	2,500	24,406	-21,906	976.24
TOTAL REVENUES	491,563	59,287	172,174	24,406	147,768	14 18
Police	477,563	293,332	172,174	3,176	168,998	1.84
TOTAL EXPENDITURES	477,563	293,332	172,174	3,176	168,998	1 84
NET OF REVENUES/EXPENDITURES	14,000	(234,045)	0	21,230	-21,230	
BEG. FUND BALANCE	768,972	768,972	534,927	534,927		
END FUND BALANCE	782,972	534,927	534,927	556,157		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 274 - HUD CDBG, ESG, & HOME GRANTS						
Transfer in from 296 fund	0	250,540	0	0	0	0 00
Drawings from Fund Balance	0	0	0	0	0	0.00
Federal revenues	11,834,239	4,050,301	8,532,130	-238,747	8,770,877	(2 80)
TOTAL REVENUES	11,834,239	4,300,840	8,532,130	-238,747	8,770,877	(2 80)
General government	215,350	165,972	58,680.66	23,083	35,598	39.34
Fire	14,766	11,847	2,918.47	0	2,918	0.00
Community development	10,551,672	3,643,671	7,158,841.20	185,071	6,973,770	2.59
Transportation	204,964	12	204,952.13	0	204,952	0.00
Facilities and Maintenance	35,000		35,000.00	0	35,000	0.00
Building inspections	812,484	204,349	631,255.31	109,439	521,817	17.34
TOTAL EXPENDITURES	11,834,235	4,025,851	8,091,648	317,593	7,774,055	3.92
NET OF REVENUES/EXPENDITURES	3	274,990	440,482	-556,340	996,822	
BEG FUND BALANCE	(732,424)	(732,421)	(457,431)	-16,949		
END FUND BALANCE	(732,421)	(457,431)	(16,949)	-573,288		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 296 - Other Grants Fund						
Drawings from fund balance	0	0	349,455	0	349,455	0 00
Interest and dividend income	0	0	0	0	0	0.00
Federal revenues	2,227,810	784,366	199,018	0	199,018	0 00
State revenues	4,350,527	2,679,478	4,454,774	0	4,454,774	0 00
Other revenues	354	484	0	0	0	0 00
Local grants	1,082,063	971,730	186,938	203,800	-16,862	109 02
Fines and forfeitures	4,214	4,214	0	0	0	0 00
TOTAL REVENUES	7,664,968	4,440,272	5,190,185	203,800	4,986,385	3 93
Fund 296 - Other Grants Fund						
General government	19,662	7,470	0	0	0	0 00
Police	3,249,067	2,171,088	2,053,594	15,345	2,038,249	0 75
Community development	1,880,783	204,520	795,620	14,755	780,865	1.85
Transportation	1,642,144	73,603	30,906	1,235	29,671	4.00
Facilities and Maintenance	773,310	70,166	830,023	25,326	804,697	3.05
Public works	50,000	49,730	0	0	0	0 00
Transfer out to 274 fund	50,000	250,540	0	0	0	0 00
Utilities	0	332,919	2,000,000	0	2,000,000	0.00
TOTAL EXPENDITURES	7,664,966	3,160,036	5,710,143	56,661	5,653,482	0 99
NET OF REVENUES/EXPENDITURES	2	1,280,236	(519,958)	147,139	-667,097	
BEG. FUND BALANCE	111,778	111,778	1,392,014	1,392,014		
END FUND BALANCE	111,780	1,392,014	872,056	1,539,153		

CITY OF FLINT

BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT

FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 402 - Public Improvement Fund						
Property Taxes	1,703,000	1,609,072	1,703,000	1,575,778	127,222	92 53
Other revenues	380,000	38,358	350,000	0	350,000	0 00
Interest and dividend income	0	7,613	0	0	0	0.00
Drawings from fund balance	767,957	0	775,967	0	775,967	0 00
TOTAL REVENUES	2,850,957	1,655,043	2,828,967	1,575,778	1,253,189	55.70
Facilities and Maintenance	721,900	682,720	700,000	0	700,000	0.00
Transfers out	1,526,953	1,526,953	1,526,213	121,159	1,405,054	7 94
Debt services - interest	407,104	400,191	392,754	0	392,754	0 00
Debt services - principal	195,000	200,000	210,000	0	210,000	0.00
TOTAL EXPENDITURES	2,850,957	2,809,864	2,828,967	121,159	2,707,808	7.94
NET OF REVENUES/EXPENDITURES	0	(1,154,821)	0	1,454,619	-1,454,619	
BEG. FUND BALANCE	9,335,339	9,335,339	8,180,518	8,180,518		
END FUND BALANCE	9,335,339	8,180,518	8,180,518	9,635,137		
Fund 542 - Building Inspection Fund						
Charges for service rendered	50,579	45,592	0	7,905	-7,905	0.00
Drawings from fund balance	236,763	0	341,717	0	341,717	0.00
Interest and dividend income	0	9,114	0	0	0	0.00
License and Permits	2,563,164	2,609,751	1,625,000	369,237	1,255,763	22.72
Federal revenues	0	0	0	0	0	0.00
Transfers in	0	0	0	0	0	0.00
TOTAL REVENUES	2,850,506	2,664,457	1,966,717	377,142	1,589,575	19 18
General government	504,425	504,209	619,180	103,160	516,020	16.66
Transfers out	0	0	0		0	0.00
Building Inspections	1,361,108	1,068,725	1,347,536	144,535	1,203,001	10.73
TOTAL EXPENDITURES	1,865,533	1,572,934	1,966,716	247,695	1,719,021	12 59
NET OF REVENUES/EXPENDITURES	984,973	1,091,523	1	129,447	-129,446	
BEG. FUND BALANCE	643,476	643,476	1,734,999	1,734,999		
END FUND BALANCE	1,628,449	1,734,999	1,735,000	1,864,446		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 590 - Sewer Fund						
Interest and dividend income	0	147,488	0	0	0	0.00
Charges for service rendered	30,410,162	30,460,790	30,434,895	2,031,722	28,403,173	6.68
Other revenues	91,646	92,073	11,000	2,371	8,629	21.55
Drawings from fund balance	5,189,854	0	1,091,873	0	1,091,873	0.00
Transfers in	800,000	800,000	800,000	0	800,000	0.00
TOTAL REVENUES	36,491,662	31,500,351	32,337,768	2,034,093	30,303,675	6 29
General government	3,765,455	3,747,098	4,786,371	797,729	3,988,643	16.67
Debt services - interest	695	90	695	465	230	66 89
Debt services - principal	6,571	6,571	6,016	90	5,926	1.50
Transfers out	2,660,000	2,660,000	1,860,000	310,000	1,550,000	16 67
Public works	1,990,000	744,175	1,999,898	262,085	1,737,813	13.10
Utilities	22,971,505	15,773,288	23,684,788	2,328,319	21,356,469	9.83
TOTAL EXPENDITURES	31,394,227	22,931,222	32,337,768	3,698,687	28,639,081	11 44
NET OF REVENUES/EXPENDITURES	5,097,435	8,569,129	(0)	-1,664,594	1,664,594	
BEG FUND BALANCE	67,787,494	67,787,494	76,356,623	76,356,623		
END FUND BALANCE	72,884,929	76,356,623	76,356,622	74,692,029		

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING AUGUST 31, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 08/31/2015	AVAILABLE BALANCE	% BDGT USED
Fund 591 - Water Fund						
Charges for service rendered	33,136,042	33,815,296	36,943,802	2,241,210	34,702,592	6.07
Other revenues	35,000	31,151	12,000	699	11,301	5.82
Interest and dividend income	0	100,232	0	0	0	0.00
Drawings from fund balance	4,865,245	0	0	0	0	0 00
Fines and forfeitures	0	0	0	416		100 00
Gain on sale of fixed assets	252,337	225,465	100,000	39,941	60,059	39 94
TOTAL REVENUES	38,288,624	34,172,144	37,055,802	2,282,266	34,773,952	6.16
General government	4,255,508	4,293,842	5,319,386	886,564	4,432,822	16.67
Transfers out	1,660,571	1,660,571	3,224,259	537,377	2,686,883	16.67
Public works	2,760,000	341,630	2,690,000	612,328	2,077,672	22 76
Utilities	26,810,604	17,554,345	24,756,442	3,130,793	21,625,649	12.65
TOTAL EXPENDITURES	35,486,683	23,850,388	35,990,087	5,167,062	30,823,025	14 36
NET OF REVENUES/EXPENDITURES	2,801,941	10,321,756	1,065,715	-2,884,796	3,950,927	
BEG. FUND BALANCE	29,526,264	29,526,264	39,848,020	39,848,020		
END FUND BALANCE	32,328,205	39,848,020	40,913,735	36,963,224		

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING AUGUST 31, 2015

Fund Account	Description	Beginning Balance 08/01/2015	Ending Balance 08/31/2015
Fund 101 General Fund			
001.000	Commercial Pooled Cash Account	5,250,127	6,938,288
001.450	Citizens - P/R Direct Deposit - 906-9766	-46,929	-47,229
004.000	Imprest Cash	9,300	9,300
004.100	Imprest Cash - Register	0	0
	General Fund	5,212,498	6,900,359
Fund 202 Major Street Fund			
001.000	Commercial Pooled Cash Account	5,498,072	5,583,148
004.000	Imprest Cash	60	60
	Major Street Fund	5,498,132	5,583,208
Fund 203 Local Street Fund			
001.000	Commercial Pooled Cash Account	1,083,158	1,425,121
Fund 205 Public Safety			
001.000	Commercial Pooled Cash Account	7,549,925	7,581,517
Fund 207 Police Fund			
001.000	Commercial Pooled Cash Account	589,483	685,894
Fund 208 Park/Recreation Fund			
001.000	Commercial Pooled Cash Account	254,769	267,688
Fund 219 Street Light			
001.000	Commercial Pooled Cash Account	1,821,155	1,793,159
Fund 226 Rubbish Collection Fund			
001.000	Commercial Pooled Cash Account	2,648,342	2,532,435
Fund 265 Drug Law Enforcement Fund			

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING AUGUST 31, 2015

Fund Account	Description	Beginning Balance 08/01/2015	Ending Balance 08/31/2015
001.000	Commercial Pooled Cash Account	1,132,078	1,130,682
Fund 274 HUD CDBG, ESG, & HOME GRANTS			
001.000	Commercial Pooled Cash Account	-667,009	-1,107,571
001.100	Bank - Urban Renewal - 230006018089	3,881	154,768
	HUD CDBG, ESG, & HOME GRANTS	-663,128	-952,803
Fund 296 Other Grants Fund			
001.000	Commercial Pooled Cash Account	1,323,571	1,539,157
Fund 402 Public Improvement Fund			
001.000	Commercial Pooled Cash Account	2,048,920	2,196,818
Fund 542 Building Inspection Fund			
001.000	Commercial Pooled Cash Account	1,843,388	1,900,201
004.000	Imprest Cash	50	50
	Building Inspection Fund	1,843,438	1,900,251
Fund 590 Sewer Fund			
001.000	Commercial Pooled Cash Account	30,226,784	30,655,763
Fund 591 Water Fund			
001.000	Commercial Pooled Cash Account	18,597,850	19,476,110
001.001	Cash Reserve	5,848,116	5,848,116
	Water Fund	24,445,966	25,324,226
	TOTAL - ALL FUNDS	85,015,091	88,563,475

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Thursday, October 22, 2015 1:38 PM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Subject: FW: Flint cash flow
Attachments: Flint Financial Reports

Wayne and Tom:

Yes, they send them on a monthly basis to Eric.

Randy

-----Original Message-----
From: Workman, Wayne (TREASURY)
Sent: Thursday, October 22, 2015 1:24 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Re: Flint cash flow

Please send to Tom and me Have they been timely in the past

Sent from my iPhone

> On Oct 22, 2015, at 1:10 PM, Byrne, Randall (Treasury) <ByrneR1@michigan.gov> wrote:
>
> Wayne:
>
> Eric gave me a copy of the most recent one that was dated August 31st.
>
> Randy
>
> -----Original Message-----
> From: Workman, Wayne (TREASURY)
> Sent: Thursday, October 22, 2015 12:59 PM
> To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
> Subject: Flint cash flow
>
> Natasha said they send us cash flows every month on the 20th. Is that true? I thought we weren't getting current ones
>
> Sent from my iPhone

Workman, Wayne (TREASURY)

From:	Christenson, Elysse (TREASURY)
Sent:	Thursday, October 22, 2015 4:11 PM
To:	Fielek, Joseph L. (Treasury); Workman, Wayne (TREASURY); Byrne, Randall (Treasury)
Cc:	Sygo, Jim (DEQ); Saxton, Thomas (Treasury); Gross, Sara (Treasury); Lindsay, Brenda (Treasury)
Subject:	RE: Wire Transfer Information
Attachments:	3703 - New Template.pdf

To initiate the wire request, please complete the attached form and fax it to Treasury's Office of Financial Services at (517) 636-5401. Being that this is a non-repetitive wire, we will need to obtain Joe Fielek or Tom Saxton's approval prior to processing. In addition to the form, please provide us with a brief memo explaining the reason for the wire.

Staff is available to process wires until 4:30 each day; however, being that we will need to obtain approvals on our end, we encourage you to fax the requested memo and form to us by 1:30.

Feel free to contact me if you have further questions or would like assistance in completing the form.

Thanks,

Elysse Christenson, Departmental Analyst
Banking and Disbursements Section
Office of Financial Services
Michigan Department of Treasury
Ph: 517.636.5384
Christensone1@michigan.gov

From: Fielek, Joseph L. (Treasury)
Sent: Thursday, October 22, 2015 4:00 PM
To: Workman, Wayne (TREASURY) ; Byrne, Randall (Treasury)
Cc: Sygo, Jim (DEQ) ; Saxton, Thomas (Treasury) ; Gross, Sara (Treasury) ; Christenson, Elysse (TREASURY) ; Lindsay, Brenda (Treasury)
Subject: RE: Wire Transfer Information

Yes Jim have you DEQ accounting people work with our banking people regarding initiating a wire request.

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 22, 2015 3:57 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Sygo, Jim (DEQ) <SygoJ@michigan.gov>; Fielek, Joseph L. (Treasury) <FIELEKJ@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Re: Wire Transfer Information

DEQ starts the ball

Sent from my iPhone

On Oct 22, 2015, at 3:55 PM, Byrne, Randall (Treasury) <ByrneR1@michigan.gov> wrote:

Jim:

I have been asked by Wayne Workman to forward this to you. This is the documentation from Flint regarding their payment to DWSD of the $10M deposit. I understand that you will forward to Joe Fielek to complete the reimbursement transaction.

Thanks,
Randy

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Thursday, October 22, 2015 3:23 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Fwd: Wire Transfer Information

Hello Randy,

You were included in this email.

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

---------- Forwarded message ----------
From: **Jody Lundquist** <jlundquist@cityofflint.com>
Date: Thu, Oct 22, 2015 at 2:27 PM
Subject: Wire Transfer Information
To: saxtont@michigan.gov, "Sygo, Jim (DEQ)" <sygoj@michigan.gov>, byrner1@michigan.gov
Cc: Natasha Henderson <nhenderson@cityofflint.com>

Good afternoon, Gentlemen.

Please find the City's wire transfer information below.

Bank Name: JPMorgan Chase
Routing [redacted]
Acct# [redacted]
Account Name: [redacted]
Contact: Amanda Trujillo

A copy of the outgoing wire transfer confirmations totaling $10 million is attached. The first wire was sent to DWSD on Friday, October 16, in the amount of $2 million. The remaining balance of $8 million was sent on Monday, October 19, in two separate transactions of $3 and $5 million due to max transfer limitations.

Please let me know if you have any questions or if I may be of any further assistance.

Best regards,

CITY OF FLINT

Payment Detail Report

"For Informational Purposes Only"

J.P.Morgan

PAYMENT INFORMATION

Account Number
230006017552

Payment Method
Wire

Bank to Bank Transfer
No

Account Name
[redacted]

Branch Location
[redacted]

Beneficiary Bank Country
UNITED STATES - US

Bank Name
[redacted]

Bank Id
[redacted]

Payment Amount
USD 2,000,000.00

Value Date: 10/16/2015

Status: Completed

ROUTING INFORMATION

BENEFICIARY

Beneficiary ID Type
[redacted]

Account Number
[redacted]

Beneficiary Name
Detroit Water and Sewer Dept

Address Line 1
735 Randolph

Address Line 2
Room 701

City, State/Province, Zip/Postal Code
Detroit, MI 48226

Country
UNITED STATES - US

BENEFICIARY BANK

Bank ID Type
United States FED ABA

United States FED ABA
[redacted]

Bank Name
[redacted]

Address Line 1
P O BOX 1038 - ML 1320

City, State/Province, Zip/Postal Code
CINCINNATI,OH,45201-1038

Country
UNITED STATES - US

CITY OF FLINT

Payment Detail Report

For Informational Purposes Only

J.P.Morgan

INTERMEDIARY BANK

Bank ID Type

No ID

REFERENCE INFORMATION

Payment Details

City of Flint Water

BANK TO BANK

Charges	Priority
Remitter	No

Date Created	Payment ID	Bank Reference	Settlement Reference
10/16/2015 02:50 PM EDT	[redacted]	[redacted]	[redacted]

CITY OF FLINT

Payment Detail Report

For Informational Purposes Only

J.P.Morgan

PAYMENT INFORMATION

Account Number
[redacted]

Payment Method
Wire

Bank to Bank Transfer
No

Account Name
[redacted]

Branch Location
[redacted] (MI)

Beneficiary Bank Country
UNITED STATES - US

Bank Name
[redacted]

Bank Id
[redacted]

Payment Amount
USD 3,000,000 00

Value Date: 10/19/2015

Status: Completed

ROUTING INFORMATION

BENEFICIARY

Beneficiary ID Type
[redacted]

Account Number
[redacted]

Beneficiary Name
Detroit Water and Sewer Dept

Address Line 1
735 Randolpn

Address Line 2
Room 701

City, State/Province, Zip/Postal Code
Detroit, MI 48226

Country
UNITED STATES - US

BENEFICIARY BANK

Bank ID Type
United States FED ABA

United States FED ABA
042000013

Bank Name
U.S BANK N.A.

Address Line 1
P O BOX 1038 - ML 1320

City, State/Province, Zip/Postal Code
CINCINNATI,OH 45201-1038

Country
UNITED STATES - US

CITY OF FLINT

Payment Detail Report

For Informational Purposes Only

J.P.Morgan

INTERMEDIARY BANK

Bank ID Type

No ID

REFERENCE INFORMATION

Payment Details

City of Flint Water

BANK TO BANK

Charges	Priority
Remitter	No

Date Created	Payment ID	Bank Reference	Settlement Reference
10/19/2015 01.16 PM EDT	[redacted]	[redacted]	[redacted]

CITY OF FLINT

J.P.Morgan

Payment Detail Report

For Informational Purposes Only

PAYMENT INFORMATION

Account Number
[redacted]

Payment Method
Wire

Bank to Bank Transfer
No

Account Name
[redacted]

Branch Location
[redacted]

Beneficiary Bank Country
UNITED STATES - US

Bank Name
[redacted]

Bank Id

Payment Amount
USD 5 000,000 00

Value Date: 10/19/2015

Status: Completed

ROUTING INFORMATION

BENEFICIARY

Beneficiary ID Type
[redacted]

Account Number
[redacted]

Beneficiary Name
Detroit Water and Sewer Dept

Address Line 1
735 Randolpn

Address Line 2
Room 701

City, State/Province, Zip/Postal Code
Detroit, MI 48226

Country
UNITED STATES - US

BENEFICIARY BANK

Bank ID Type
[redacted]

United States FED ABA
[redacted]

Bank Name
U S BANK N.A.

Address Line 1
P O BOX 1038 - ML 1320

City, State/Province, Zip/Postal Code
CINCINNATI,OH,45201 1038

Country
UNITED STATES - US

CITY OF FLINT

Payment Detail Report

"For Informational Purposes Only"

J.P.Morgan

INTERMEDIARY BANK

Bank ID Type

No ID

REFERENCE INFORMATION

Payment Details

City of Flint Water

BANK TO BANK

Charges	Priority
Remitter	No

Date Created	Payment ID	Bank Reference	Settlement Reference
10/19/2015 02 03 PM EDT	[redacted]	[redacted]	[redacted]

Michigan Department of Treasury
3703 (Rev 08-15)

Repetitive Wire or Non-Repetitive Wire Transfer

Payment Request or Update

PART A: ACTION REQUESTED (check only one)	**PART B: AGENCY CONTACT INFORMATION**	
Repetitive Wire	1 Agency Contact	2 Telephone Number
☐ Request to send payment via Repetitive wire transfer	3 Fax Number	4 Pages Faxed
☐ Add new repetitive payment (See note below)	5 Date Faxed	
☐ Change existing repetitive payment	6 Office of Financial Services Contacts Telephone: 517-636-5384 or 517-636-5400 Fax: 517-636-5401	
☐ Delete existing repetitive payment		
Non-Repetitive Wire (one-time payment)		
☐ Request to send payment via Non-repetitive wire transfer		

PART C: PAYMENT

Repetitive Payment – complete Parts C1-14, Add, Change or Delete payment – complete C1, C6-14 and D1, Non-Repetitive Payment – Complete C1-14 and D1

1 MAIN FACS Doc Agency (3 digits)	2 MAIN FACS Document Number (8 characters)	3 MAIN FACS Payment Number for Wire Transfer (9 digits) X
4 Settlement Date	5 Transfer Amount	
6 Receiving Bank Name	7 Receiving Bank Routing Transit Number	
8. Beneficiary's Bank (BBK) Name (if different from receiving bank)		
9. Beneficiary Information (BNF) (name on account)	10. Beneficiary Information (BNF) Account Number	
11 Payment Details – Originator to Beneficiary Information (OBI) and Bank to Bank Information (BBI)		
12 Signed approval of Agency's Chief Financial Officer, Chief Accountant or authorized designee	13 Date	14. Request wire confirmation ☐ Yes ☐ No

PART D: TREASURY APPROVAL

1. Approval of Treasury's Authorized Signer (Treasurer or Deputy Treasurers required for Add, Change or Deletion of repetitive payment information or requesting Non-repetitive payment)

Signature. Date:

TREASURY OFFICE OF FINANCIAL SERVICES USE ONLY

2 Transaction Number	3. The Department of Treasury certifies the payment was initiated as follows:
	Entered by _____ on _____ at _____ a.m./p.m.
	Released by _____ on _____ at _____ a.m./p.m.

Along with this form, submit PCHL 1800 (Direct Voucher Header Entry) screen from ADPICS or 520 (View a Batch) screen from R*STARS to your Agency Accountant Liaison for DTMB certification of funds.

To submit payment request to Treasury:
Fax completed form, with screen print of MAIN FACS header screen (ADPICS Screen PCHL 1800 or R*STARS screen 520, after approved and posted if timing allows) to Office of Financial Services, as shown in Section B6 above

Pleyte, Beth (Treasury)

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 22, 2015 4:30 PM
To: Saxton, Thomas (Treasury)
Subject: RE: Wire Transfer Information

I thought they had upfronted the money to DWSD but this remittance is to DWSD from SoM?

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 22, 2015 3:46 PM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Sygo, Jim (DEQ) <SygoJ@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Wurfel, Sara (GOV) <Wurfels@michigan.gov>
Subject: FW: Wire Transfer Information

Just an update... we are working on the wire transfer to the City 'as we speak'. We also have their supporting info for their payt to DWSD.

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Thursday, October 22, 2015 3:23 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Fwd: Wire Transfer Information

Hello Randy,

You were included in this email.

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

---------- Forwarded message ----------
From: **Jody Lundquist** <jlundquist@cityofflint.com>
Date: Thu, Oct 22, 2015 at 2:27 PM
Subject: Wire Transfer Information
To: saxtont@michigan.gov, "Sygo, Jim (DEQ)" <sygoj@michigan.gov>, byrner1@michigan.gov
Cc: Natasha Henderson <nhenderson@cityofflint.com>

Good afternoon, Gentlemen.

Please find the City's wire transfer information below.

Bank N[redacted]
Routing [redacted]
Acct#: [redacted]
Account [redacted]
Contact: [redacted]

A copy of the outgoing wire transfer confirmations totaling $10 million is attached. The first wire was sent to DWSD on Friday, October 16, in the amount of $2 million. The remaining balance of $8 million was sent on Monday, October 19, in two separate transactions of $3 and $5 million due to max transfer limitations.

Please let me know if you have any questions or if I may be of any further assistance.

Best regards,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 766-7268 ext. 2301

Workman, Wayne (TREASURY)

From: Sygo, Jim (DEQ)
Sent: Thursday, October 22, 2015 6:26 PM
To: Byrne, Randall (Treasury)
Cc: Fielek, Joseph L. (Treasury); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: RE: Wire Transfer Information

Got it and we'll take care of our $4million tomorrow. I've also provided the Mott Foundation a heads up via voicemail.

From: Byrne, Randall (Treasury)
Sent: Thursday, October 22, 2015 3:55 PM
To: Sygo, Jim (DEQ)
Cc: Fielek, Joseph L. (Treasury); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: FW: Wire Transfer Information

Jim:

I have been asked by Wayne Workman to forward this to you. This is the documentation from Flint regarding their payment to DWSD of the $10M deposit. I understand that you will forward to Joe Fielek to complete the reimbursement transaction.

Thanks,
Randy

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Thursday, October 22, 2015 3:23 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Fwd: Wire Transfer Information

Hello Randy,

You were included in this email.

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

---------- Forwarded message ----------
From: **Jody Lundquist** <jlundquist@cityofflint.com>
Date: Thu, Oct 22, 2015 at 2:27 PM
Subject: Wire Transfer Information
To: saxtont@michigan.gov, "Sygo, Jim (DEQ)" <sygoj@michigan.gov>, byrner1@michigan.gov
Cc: Natasha Henderson <nhenderson@cityofflint.com>

Good afternoon, Gentlemen.

Please find the City's wire transfer information below.

Bank Nam[redacted]
Routing [redacted]
Acct#: [redacted]
Account Name: [redacted]
Contact: Amanda Trujillo

A copy of the outgoing wire transfer confirmations totaling $10 million is attached. The first wire was sent to DWSD on Friday, October 16, in the amount of $2 million. The remaining balance of $8 million was sent on Monday, October 19, in two separate transactions of $3 and $5 million due to max transfer limitations.

Please let me know if you have any questions or if I may be of any further assistance.

Best regards,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 766-7268 ext. 2301

Ryan, Howard (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 22, 2015 3:47 PM
To: Saxton, Thomas (Treasury)
Cc: Khouri, Nick (TREASURY); GovernorsOffice; Muchmore, Dennis (GOV); nhenderson@cityofflint.com; Stanton, Terry A. (Treasury); Ryan, Howard (Treasury)
Subject: Re: State Portion of Flint Water Reconnection

He is calling me at 4:00 and I will fill him in

Sent from my iPhone

On Oct 22, 2015, at 3:43 PM, Rep. Sheldon Neeley (District 34) <SheldonNeeley@house.mi.gov> wrote:

> Please see attached letter. Thanks for your cooperation.
>
> Sheldon
>
> <Treasury Letter.pdf>

Workman, Wayne (TREASURY)

From: Muchmore, Dennis (GOV)
Sent: Thursday, October 22, 2015 4:20 PM
To: 'Rep. Sheldon Neeley (District 34)'
Cc: Workman, Wayne (TREASURY)
Subject: RE: State Portion of Flint Water Reconnection

Rep. Neely-
The city made a deal with the DWSD without informing us beforehand. It required an upfront payment, which as I'm sure you are aware isn't the right way to conduct the transaction as expectations were that it would be paid out over time with use. We are taking care of the misstep to get it all back on track.

From: Rep. Sheldon Neeley (District 34) [mailto:SheldonNeeley@house.mi.gov]
Sent: Thursday, October 22, 2015 3:43 PM
To: Khouri, Nick (TREASURY)
Cc: GovernorsOffice ; Muchmore, Dennis (GOV) ; Workman, Wayne (TREASURY) ; nhenderson@cityofflint.com
Subject: State Portion of Flint Water Reconnection

Please see attached letter. Thanks for your cooperation.

Sheldon

Byrne, Randall (Treasury)

From: Sygo, Jim (DEQ)
Sent: Thursday, October 22, 2015 5:27 PM
To: Natasha Henderson; Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY); Byrne, Randall (Treasury)
Subject: RE: RTAB Financial Reports

Natasha,
Your proofs were received by Treasury and we have been directed to wire the remaining $4 million tomorrow. I have left a message for Kimberly at the Mott Foundation advising her of the
wire transfer that the state will be making tomorrow. AS we do not control disbursement from Mott, you will need to work directly with them.

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Thursday, October 22, 2015 2:24 PM
To: Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY); Sygo, Jim (DEQ); Byrne, Randall (Treasury)
Subject: RE: RTAB Financial Reports

Hello Mr. Saxton,

Ms. Lundquist is working on it as we speak, so it should be momentarily.

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
@Samsung Galaxy Note 4

On Oct 22, 2015 2:21 PM, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov> wrote:

Natasha – when do think you will have the documentation/support for the payt made to DWSD for the reconnect ? I believe you indicated that would be today yet.

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Thursday, October 22, 2015 2:03 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Sygo, Jim (DEQ) <SygoJ@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: Fwd: RTAB Financial Reports

Hello All:

Per our conversation, I have attached the financials submitted to the RTAB on October 20, 2015. Also, I will follow-up with a detailed financial spreadsheet of our water/sewer cash flow to date.

Thanks,

Natasha L. Henderson, City Administrator

City of Flint, Michigan

1101 S. Saginaw St.

Flint, MI 48502

Email: nhenderson@cityofflint.com

Phone: (810) 237-2057

www.cityofflint.com

---------- Forwarded message ----------
From: **Jody Lundquist** <jlundquist@cityofflint.com>
Date: Tue, Oct 20, 2015 at 6:06 PM
Subject: RTAB Financial Reports
To: Natasha Henderson <nhenderson@cityofflint.com>
Cc: Dawn Steele <dsteele@cityofflint.com>

Ms. Henderson,

Please find attached the City of Flint RTAB reports for the period ended September 30, 2015. Budget amounts reflect amendments that had been adopted by Council and approved by the RTAB prior to September 30. Per our conversation with Mayor Walling last month, I have added rows illustrating Fund Balance for each fund as required by ordinance.

In your review of the attached report, please let me know if you have any questions or if any additional information is required.

Best regards,

Jody N. Lundquist

Chief Financial Officer

City of Flint

1101 S. Saginaw Street, 2nd Floor

Flint, MI 48502

jlundquist@cityofflint.com

(810) 766-7268 ext 2301

Robert, Carla M. (Treasury)

From: Michelle Zdrodowski <michelle.zdrodowski@detroitk12.org>
Sent: Thursday, October 22, 2015 6:46 PM
To: connersp@michigan.gov; Muchmore, Dennis (GOV); Walsh, John (GOV); McPhee, Karen (GOV); Murray, David (GOV); Khouri, Nick (TREASURY); Baird, Richard (GOV); Stanton, Terry A. (Treasury); Saxton, Thomas (Treasury); Wurfel, Sara (GOV); Hollins, Harvey (GOV)
Cc: Darnell Earley; Kelly Rossman-McKinney
Subject: Final Flint Water OpEd
Attachments: Flint Water Decision Clarification Op-Ed_FINAL.pdf

All,

Attached is the final Flint Water OpEd that was submitted to the Flint Journal, DetNews, Freep, Michigan Chronicle this evening.

Any questions, please advise.

MZ

Michelle A. Zdrodowski
Executive Director of Communications
Detroit Public Schools
3011 W. Grand Boulevard, 14th Floor
Detroit, MI 48202
313.873.3238, office
313.421.2831, mobile

Changes to Flint Water System Made By Local Leaders, Not Emergency Managers
Author: Darnell Earley, ICMA-CM, MPA

It is critically important that the record be set straight about the decision-making and approval processes that led to Flint joining the Karegnondi Water Authority (KWA) with the use of Flint River water as the interim water supply. The fact is, that the river has served and been used as the back-up supply for decades, and this was the rationale given to me by staff and Mayor Walling, who also serves as chairperson of the KWA board. Contrary to reports in the media and rhetoric being espoused by individuals, the decision was made at the local level, by local civic leaders.

The decision to separate from Detroit Water and Sewerage Department and go with the KWA, which included the decision to pump Flint River water in the interim, were both a part of a long-term plan that was approved by Flint's Mayor, and confirmed by a City Council vote of 7-1 on March 25, 2013. This plan was presented to me when I was appointed as Flint Emergency Manager in October 2013 - a full seven months after City Council's affirmative vote.

Genesee County Drain Commissioner Jeff Wright also made the affirmative vote by the City Council a necessary condition of joining the KWA, and applauded the decision in a March 26, 2013 news release, saying, "...I have said from the beginning that this decision must be made by Flint's City Council and Mayor...I am glad that the residents of Flint were able to have their voices heard via their elected officials."

The Mayor's approval of the plan, and the subsequent near unanimous vote by City Council were in no way coerced, forced or demanded by the State, nor any Emergency Manager. Council's affirmative vote was supported and officially signed into EM Executive Order by then Emergency Manager Edward Kurtz on March 29, 2013. A subsequent order Kurtz signed on June 26, 2013, speaks specifically to the, "... upgrading of the Flint Water Plant to ready it to treat water from the Flint River to serve as the primary drinking water source for approximately two years and then converting to KWA delivered lake water."

When I began my term as Emergency Manager, it fell to me to oversee the implementation of the previously accepted and approved plans, as the DWSD terminated the contract with Flint in April 2014. It did not fall to me to question, second guess or to invalidate the actions that were taken prior to my appointment.

At the time the decision was made there was no way to predict such an unfortunate outcome. I would also offer that had local leaders known then what they know now, parts of their decision may have been entirely different. What the City of Flint and the State of Michigan are now dealing with is the management of an unintended consequence resulting in a negative outcome from an otherwise sound public policy decision. There is no "blame" to affix on any Emergency Manager for that.

As the solutions are put into place to address the serious concerns at hand, I believe that everyone's attention should now turn toward another serious concern -- what is being done in the long-term to replace the aged and crumbling water distribution systems that exists throughout Flint and Genesee County, which was a major contributing factor to this serious issue in the first place.

I am a strong believer that the truth supported by fact, speaks for itself. This was a local decision that was made by local civic leaders. Anyone who says otherwise is being disingenuous for whatever reason.

Sincerely,

Darnell Earley, ICMA-CM, MPA

Workman, Wayne (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Friday, October 23, 2015 8:12 AM
To: Workman, Wayne (TREASURY)
Subject: RE: Earley Flint Water OpEd-FOR REVIEW AND INPUT
Attachments: Final Flint Water OpEd

I don't know but attached is the final version

From: Workman, Wayne (TREASURY)
Sent: Friday, October 23, 2015 8:04 AM
To: Saxton, Thomas (Treasury)
Subject: FW: Earley Flint Water OpEd-FOR REVIEW AND INPUT

Did this ever get published?

From: Michelle Zdrodowski [mailto:michelle.zdrodowski@detroitk12.org]
Sent: Monday, October 19, 2015 5:13 PM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>; Paul Conners <connersp@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Wurfel, Sara (GOV) <Wurfels@michigan.gov>; Murray, David (GOV) <MurrayD1@michigan.gov>; haddenf@michigan.gov
Cc: Darnell Earley <darnell.earley@detroitk12.org>; Kelly Rossman-McKinney <krossman@truscottrossman.com>
Subject: Earley Flint Water OpEd-FOR REVIEW AND INPUT

All,

Darnell Earley asked that I send you the draft of an OpEd regarding the Flint Water issue that he would like to send to the media this week.

He is seeking your input before sending, and is looking for any feedback you might have by tomorrow afternoon. He has intentionally placed it on his EM letterhead as he is still acting in the capacity of an EM.

Thank you.

Michelle Z.

Michelle A. Zdrodowski
Executive Director of Communications
Detroit Public Schools
3011 W. Grand Boulevard, 14th Floor
Detroit, MI 48202
313.873.3238, office
313.421.2831, mobile

Stanton, Terry A. (Treasury)

From: Hollins, Harvey (GOV)
Sent: Friday, October 23, 2015 9:22 AM
To: Michelle Zdrodowski
Cc: connersp@michigan.gov; Muchmore, Dennis (GOV); Walsh, John (GOV); McPhee, Karen (GOV); Murray, David (GOV); Khouri, Nick (TREASURY); Baird, Richard (GOV); Stanton, Terry A. (Treasury); Saxton, Thomas (Treasury); Wurfel, Sara (GOV); Darnell Earley; Kelly Rossman-McKinney
Subject: Re: Final Flint Water OpEd

Darnell,
Well stated!

Best,
Harvey

On Oct 22, 2015, at 6:45 PM, Michelle Zdrodowski <michelle.zdrodowski@detroitk12.org> wrote:

All,

Attached is the final Flint Water OpEd that was submitted to the Flint Journal, DetNews, Freep, Michigan Chronicle this evening.

Any questions, please advise.

MZ

Michelle A. Zdrodowski

Executive Director of Communications

Detroit Public Schools

3011 W. Grand Boulevard, 14th Floor

Detroit, MI 48202

313.873.3238, office

Workman, Wayne (TREASURY)

From: Fielek, Joseph L. (Treasury)
Sent: Friday, October 23, 2015 9:17 AM
To: Nichols, Susan R. (Treasury); Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Subject: RE: Wire Transfer Information

Ok, thanks Suzie.

From: Nichols, Susan R. (Treasury)
Sent: Friday, October 23, 2015 8:23 AM
To: Workman, Wayne (TREASURY) ; Saxton, Thomas (Treasury)
Cc: Fielek, Joseph L. (Treasury)
Subject: RE: Wire Transfer Information

I have a call into Paul to see what his concern is.

Thanks,
Suzie

From: Workman, Wayne (TREASURY)
Sent: Friday, October 23, 2015 6:35 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Fielek, Joseph L. (Treasury) <FIELEKJ@michigan.gov>; Nichols, Susan R. (Treasury) <NicholsS4@michigan.gov>
Subject: Re: Wire Transfer Information

I assume we do this one the same as the one on Monday. Not sure why they think this is different

Sent from my iPhone

On Oct 23, 2015, at 6:31 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

> Can you get Paul an answer. The goal would be to get the wire sent today.
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> **From:** "McDonald, Paul (DEQ)" <mcdonaldp@michigan.gov>
> **Date:** October 22, 2015 at 9:26:37 PM EDT
> **To:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> **Cc:** "Sygo, Jim (DEQ)" <SygoJ@michigan.gov>
> **Subject: RE: Wire Transfer Information**
>
> Good evening Tom,
>
> Normally when DEQ sends a wire, we work with our MDOT Accounting Service Center (ASC) to process. Obviously this scenario is a tad different from the normal practice but it is my understanding from the conversation below, that Treasury is processing the

payment on our behalf. Therefore, I believe my request to the ASC should be to process the MAIN accounting entries to reflect the wire only.

Please advise.

Paul McDonald, Assistant Chief
Administration Division
DEQ
(517) 284-5003
mcdonaldp@michigan.gov

From: Sygo, Jim (DEQ)
Sent: Thursday, October 22, 2015 6:24 PM
To: McDonald, Paul (DEQ) <mcdonaldp@michigan.gov>
Subject: FW: Wire Transfer Information

FYI

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 22, 2015 3:46 PM
To: Muchmore, Dennis (GOV); Khouri, Nick (TREASURY)
Cc: Sygo, Jim (DEQ); Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury); Wurfel, Sara (GOV)
Subject: FW: Wire Transfer Information

Just an update... we are working on the wire transfer to the City 'as we speak'. We also have their supporting info for their payt to DWSD.

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Thursday, October 22, 2015 3:23 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Fwd: Wire Transfer Information

Hello Randy,

You were included in this email.

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

---------- Forwarded message ----------
From: **Jody Lundquist** <jlundquist@cityofflint.com>
Date: Thu, Oct 22, 2015 at 2:27 PM
Subject: Wire Transfer Information
To: saxtont@michigan.gov, "Sygo, Jim (DEQ)" <sygoj@michigan.gov>, byrner1@michigan.gov
Cc: Natasha Henderson <nhenderson@cityofflint.com>

Good afternoon, Gentlemen.

Please find the City's wire transfer information below.

Bank Nam
Routing #
Acct#:
Account Name:
Contact: Amanda Trujillo

A copy of the outgoing wire transfer confirmations totaling $10 million is attached. The first wire was sent to DWSD on Friday, October 16, in the amount of $2 million. The remaining balance of $8 million was sent on Monday, October 19, in two separate transactions of $3 and $5 million due to max transfer limitations.

Please let me know if you have any questions or if I may be of any further assistance.

Best regards,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 766-7268 ext. 2301

Poynter, Jacob (Treasury)

From: Poynter, Jacob (Treasury)
Sent: Friday, October 23, 2015 11:00 AM
To: Luepnitz, Ann (Treasury); Noonan, Michael (DTMB)
Cc: Walts, Brian (DTMB)
Subject: RE: Flint Ice Machine

Mike,

Below is a link to the service manual for the ice machine. The preventative maintenance is on page 18 of the manual, which needs to be done every 6 months. There is also a bin cleaning procedure that should be done every 3 months. Let me know if this is something that your staff could do for us.

http://www.iceomatic.com/uploadedFiles/Shared_Content/Product_Content/Downloads/Service_Manuals/gem520-540.pdf

Thanks,
Jacob

From: Luepnitz, Ann (Treasury)
Sent: Thursday, October 15, 2015 9:34 AM
To: Noonan, Michael (DTMB) <noonanm@michigan.gov>
Cc: Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Walts, Brian (DTMB) <WaltsB@michigan.gov>
Subject: RE: Flint Ice Machine

Thanks, we will be in touch.

Ann Luepnitz Manager
Facility, Mail, and Data Operations
Phone: 517-636-5335
Cell: 517-410-3275
Fax: 517-322-1631

From: Noonan, Michael (DTMB)
Sent: Thursday, October 15, 2015 9:01 AM
To: Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
Cc: Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Walts, Brian (DTMB) <WaltsB@michigan.gov>
Subject: Re: Flint Ice Machine

No problem at the very least we can do the filters but whatever we can do to help save.

Sent from my iPhone

On Oct 14, 2015, at 6:06 PM, Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov> wrote:

> Mike,

Jacob is out until Monday, we have not renewed the Park's maintenance for FY16 yet so we may be able to work together to get it done in house or part of it. Jacob and I will discuss next week and get back to you.
Thanks,

Ann Luepnitz Manager
Facility, Mail, and Data Operations
Phone: 517-636-5335
Cell: 517-410-3275
Fax: 517-322-1631

From: Noonan, Michael (DTMB)
Sent: Wednesday, October 14, 2015 5:49 PM
To: Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
Cc: Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Walts, Brian (DTMB) <WaltsB@michigan.gov>
Subject: Re: Flint Ice Machine

If I can ask what is your cost to have them on contract for flint? Can you change it? I'm not sure where Parks are from.

I have three refrigeration guys in the east zone. But at the very least we could pm it and change the filters for you.

Just my thoughts

Sent from my iPhone

On Oct 14, 2015, at 5:17 PM, Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov> wrote:

> Jacob,
>
> How often are we changing the filters in the ice machines now? Is Park's changing them?
>
> Ann Luepnitz Manager
> Facility, Mail, and Data Operations
> Phone: 517-636-5335
> Cell: 517-410-3275
> Fax: 517-322-1631
>
> **From:** Noonan, Michael (DTMB)
> **Sent:** Wednesday, October 14, 2015 9:21 AM
> **To:** Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
> **Cc:** Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Walts, Brian (DTMB) <WaltsB@michigan.gov>
> **Subject:** Re: Flint Ice Machine
>
> Right now probably two or three months
>
> Sent from my iPhone

On Oct 14, 2015, at 8:29 AM, Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov> wrote:

> How often are you thinking?
>
> Ann Luepnitz Manager
> Facility, Mail, and Data Operations
> Phone: 517-636-5335
> Cell: 517-410-3275
> Fax: 517-322-1631
>
> **From:** Noonan, Michael (DTMB)
> **Sent:** Wednesday, October 14, 2015 6:59 AM
> **To:** Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
> **Cc:** Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Walts, Brian (DTMB) <WaltsB@michigan.gov>
> **Subject:** Re: Flint Ice Machine
>
> I believe he said yes, but with the flint water concerns your better having them changed often!
>
> Sent from my iPad
>
> On Oct 13, 2015, at 5:30 PM, Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov> wrote:
>
> > Jacob,
> >
> > Does Parks supply the filters under the contract?
> >
> > Ann Luepnitz Manager
> > Facility, Mail, and Data Operations
> > Phone: 517-636-5335
> > Cell: 517-410-3275
> > Fax: 517-322-1631
> >
> > **From:** Noonan, Michael (DTMB)
> > **Sent:** Monday, October 12, 2015 3:17 PM
> > **To:** Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
> > **Cc:** Walts, Brian (DTMB) <WaltsB@michigan.gov>
> > **Subject:** Flint Ice Machine
> >
> > Jacob,
> >
> > I have a special filter for your Ice Machine on the 5th floor. It is supposed to be better for filtering lead from the water it is

3M FF101

If you have any questions let me know.

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Friday, October 23, 2015 11:11 AM
To: Saxton, Thomas (Treasury); Fielek, Joseph L. (Treasury)
Cc: Nichols, Susan R. (Treasury)
Subject: RE: Wire Transfer Information

Agreed here. Just about getting it to Flint

From: Saxton, Thomas (Treasury)
Sent: Friday, October 23, 2015 11:08 AM
To: Workman, Wayne (TREASURY) ; Fielek, Joseph L. (Treasury)
Cc: Nichols, Susan R. (Treasury)
Subject: FW: Wire Transfer Information

I don't know that we care that it goes thru ASC do we ? ... as long as it gets done.

From: McDonald, Paul (DEQ)
Sent: Friday, October 23, 2015 10:37 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Sygo, Jim (DEQ) <SygoJ@michigan.gov>
Subject: RE: Wire Transfer Information

I just spoke with Suzi and she verified no wires have been sent yet. I'll contact our ASC and process as normal. Stay tuned.

From: Saxton, Thomas (Treasury)
Sent: Friday, October 23, 2015 9:19 AM
To: McDonald, Paul (DEQ) <mcdonaldp@michigan.gov>
Cc: Sygo, Jim (DEQ) <SygoJ@michigan.gov>
Subject: RE: Wire Transfer Information

Suzie Nichols who heads up accounting for us has a call in to you

From: McDonald, Paul (DEQ)
Sent: Thursday, October 22, 2015 9:27 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Sygo, Jim (DEQ) <SygoJ@michigan.gov>
Subject: RE: Wire Transfer Information

Good evening Tom,

Normally when DEQ sends a wire, we work with our MDOT Accounting Service Center (ASC) to process. Obviously this scenario is a tad different from the normal practice but it is my understanding from the conversation below, that Treasury is processing the payment on our behalf. Therefore, I believe my request to the ASC should be to process the MAIN accounting entries to reflect the wire only.

Please advise.

Paul McDonald, Assistant Chief
Administration Division
DEQ
(517) 284-5003
mcdonaldp@michigan.gov

From: Sygo, Jim (DEQ)
Sent: Thursday, October 22, 2015 6:24 PM
To: McDonald, Paul (DEQ) <mcdonaldp@michigan.gov>
Subject: FW: Wire Transfer Information

FYI

From: Saxton, Thomas (Treasury)
Sent: Thursday, October 22, 2015 3:46 PM
To: Muchmore, Dennis (GOV); Khouri, Nick (TREASURY)
Cc: Sygo, Jim (DEQ); Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury); Wurfel, Sara (GOV)
Subject: FW: Wire Transfer Information

Just an update... we are working on the wire transfer to the City 'as we speak'. We also have their supporting info for their payt to DWSD.

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Thursday, October 22, 2015 3:23 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Fwd: Wire Transfer Information

Hello Randy,

You were included in this email.

Thanks,

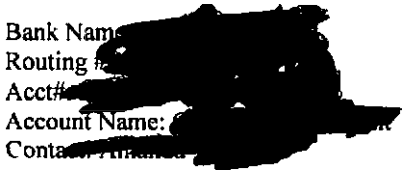
Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

---------- Forwarded message ----------
From: **Jody Lundquist** <jlundquist@cityofflint.com>
Date: Thu, Oct 22, 2015 at 2:27 PM
Subject: Wire Transfer Information

To: saxtont@michigan.gov, "Sygo, Jim (DEQ)" <sygoj@michigan.gov>, byrner1@michigan.gov
Cc: Natasha Henderson <nhenderson@cityofflint.com>

Good afternoon, Gentlemen.

Please find the City's wire transfer information below.



A copy of the outgoing wire transfer confirmations totaling $10 million is attached. The first wire was sent to DWSD on Friday, October 16, in the amount of $2 million. The remaining balance of $8 million was sent on Monday, October 19, in two separate transactions of $3 and $5 million due to max transfer limitations.

Please let me know if you have any questions or if I may be of any further assistance.

Best regards,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 766-7268 ext. 2301

Workman, Wayne (TREASURY)

From: Christenson, Elysse (TREASURY)
Sent: Friday, October 23, 2015 12:44 PM
To: Fielek, Joseph L. (Treasury); Workman, Wayne (TREASURY); Byrne, Randall (Treasury)
Cc: Sygo, Jim (DEQ); Saxton, Thomas (Treasury); Gross, Sara (Treasury); Lindsay, Brenda (Treasury)
Subject: RE: Wire Transfer Information

Follow Up Flag: Follow up
Flag Status: Flagged

Hi all,

We've received the Flint wire request from Jennifer Dingman for $4,000,000. I've forwarded to Joe for his approval. Once we receive his approval, we'll process the request and send fax confirmation to Jennifer Dingman. The payment will be processed today.

Feel free to contact me with questions.

Thanks,

Elysse Christenson, Departmental Analyst
Banking and Disbursements Section
Office of Financial Services
Michigan Department of Treasury
Ph: 517.636.5384
Christensone1@michigan.gov

From: Fielek, Joseph L. (Treasury)
Sent: Thursday, October 22, 2015 5:07 PM
To: Christenson, Elysse (TREASURY) ; Workman, Wayne (TREASURY) ; Byrne, Randall (Treasury)
Cc: Sygo, Jim (DEQ) ; Saxton, Thomas (Treasury) ; Gross, Sara (Treasury) ; Lindsay, Brenda (Treasury)
Subject: RE: Wire Transfer Information

Thanks for sending this Elysse.

From: Christenson, Elysse (TREASURY)
Sent: Thursday, October 22, 2015 4:11 PM
To: Fielek, Joseph L. (Treasury) <FIELEKJ@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Sygo, Jim (DEQ) <SygoJ@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Gross, Sara (Treasury) <GrossS1@michigan.gov>; Lindsay, Brenda (Treasury) <LindsayB2@michigan.gov>
Subject: RE: Wire Transfer Information

To initiate the wire request, please complete the attached form and fax it to Treasury's Office of Financial Services at (517) 636-5401. Being that this is a non-repetitive wire, we will need to obtain Joe Fielek or Tom Saxton's approval prior to processing. In addition to the form, please provide us with a brief memo explaining the reason for the wire.

Staff is available to process wires until 4:30 each day; however, being that we will need to obtain approvals on our end, we encourage you to fax the requested memo and form to us by 1:30.

Feel free to contact me if you have further questions or would like assistance in completing the form.

Thanks,

Elysse Christenson, Departmental Analyst
Banking and Disbursements Section
Office of Financial Services
Michigan Department of Treasury
Ph: 517.636.5384
Christensone1@michigan.gov

From: Fielek, Joseph L. (Treasury)
Sent: Thursday, October 22, 2015 4:00 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Sygo, Jim (DEQ) <SygoJ@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Gross, Sara (Treasury) <GrossS1@michigan.gov>; Christenson, Elysse (TREASURY) <ChristensonE1@michigan.gov>; Lindsay, Brenda (Treasury) <LindsayB2@michigan.gov>
Subject: RE: Wire Transfer Information

Yes Jim have you DEQ accounting people work with our banking people regarding initiating a wire request.

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 22, 2015 3:57 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Sygo, Jim (DEQ) <SygoJ@michigan.gov>; Fielek, Joseph L. (Treasury) <FIELEKJ@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Re: Wire Transfer Information

DEQ starts the ball

Sent from my iPhone

On Oct 22, 2015, at 3:55 PM, Byrne, Randall (Treasury) <ByrneR1@michigan.gov> wrote:

> Jim:
>
> I have been asked by Wayne Workman to forward this to you. This is the documentation from Flint regarding their payment to DWSD of the $10M deposit. I understand that you will forward to Joe Fielek to complete the reimbursement transaction.
>
> Thanks,
> Randy
>
> **From:** Natasha Henderson [mailto:nhenderson@cityofflint.com]
> **Sent:** Thursday, October 22, 2015 3:23 PM
> **To:** Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
> **Subject:** Fwd: Wire Transfer Information

Hello Randy,

You were included in this email.

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

---------- Forwarded message ----------
From: **Jody Lundquist** <jlundquist@cityofflint.com>
Date: Thu, Oct 22, 2015 at 2:27 PM
Subject: Wire Transfer Information
To: saxtont@michigan.gov, "Sygo, Jim (DEQ)" <sygoj@michigan.gov>, byrner1@michigan.gov
Cc: Natasha Henderson <nhenderson@cityofflint.com>

Good afternoon, Gentlemen.

Please find the City's wire transfer information below.

Bank Name: JPMorgan Chase
Routi[redacted]
Acct[redacted]
Account Nam[redacted]
Contact: Amanda Trujillo

A copy of the outgoing wire transfer confirmations totaling $10 million is attached. The first wire was sent to DWSD on Friday, October 16, in the amount of $2 million. The remaining balance of $8 million was sent on Monday, October 19, in two separate transactions of $3 and $5 million due to max transfer limitations.

Please let me know if you have any questions or if I may be of any further assistance.

Best regards,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 766-7268 ext. 2301

Widigan, Robert (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Friday, October 23, 2015 12:51 PM
To: Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: RE: Join Me Wednesday for an Update on Flint Water

OK I RSVP, it is just a telephone conference, so I can participate from home.

-Rob

From: Cline, Richard (Treasury)
Sent: Friday, October 23, 2015 10:30 AM
To: Widigan, Robert (TREASURY); Byrne, Randall (Treasury)
Subject: RE: Join Me Wednesday for an Update on Flint Water

Rob,

Go ahead and plan on attending.

I did mention this to Wayne and he agrees we should at least be aware of this.

Please report back on what transpires.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments Thank you.

From: Widigan, Robert (TREASURY)
Sent: Friday, October 23, 2015 7:34 AM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: FW: Join Me Wednesday for an Update on Flint Water

Randy/Eric,

I received this email yesterday, thought I'd pass it along.

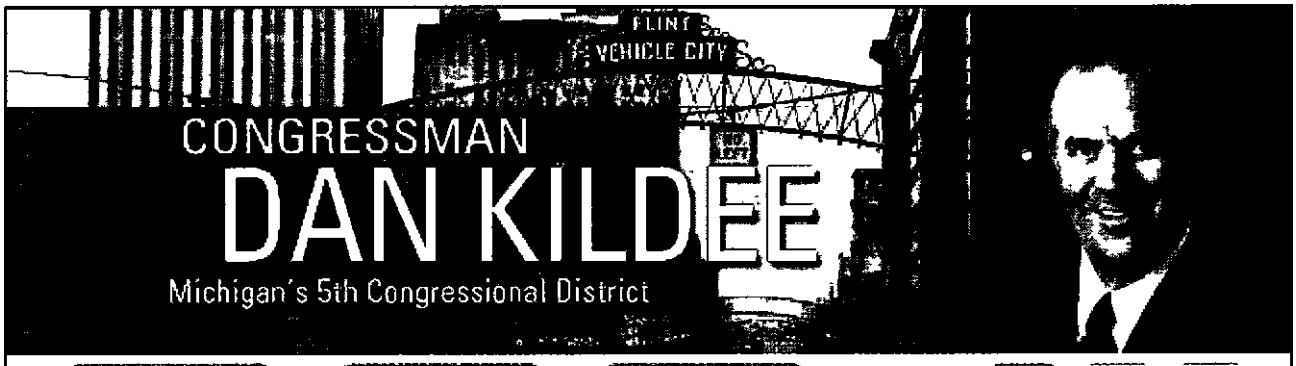
Do we want someone to attend this?

-Rob

From: "Congressman Dan Kildee" <MI05DKima@mail.house.gov>
Date: October 22, 2015 at 6:43:05 PM EDT

To: <rwidigan@gmail.com>
Subject: Join Me Wednesday for an Update on Flint Water

Click here to open this e-mail in its own browser window Click here to open a plain text version of this email



Dear Robert,

The Flint water crisis is a failure of government at every level, and I am committed to increasing transparency and finding answers to ensure that these failures never happen again. That's why I have called for an investigation into the causes of water problems in Flint.

Simply put, high lead levels in Flint's drinking water are unacceptable, and there must be accountability.

As part of my ongoing efforts, I am holding a **telephone town hall with constituents on Wednesday, October 28th, at 7 p.m. ET** to provide an update on my efforts. I'll be joined by both Dr. Mona Hanna-Attisha and Dr. Marc Edwards, who both conducted critical tests that exposed unacceptable lead levels in Flint. On the live call, we will also answer questions from Flint residents.

If you're interested in joining our conversation, please RSVP here, or fill out the form below.

What is your preferred Prefix (Mr./Mrs./Ms./Dr., etc)?
[ ]
What is your First Name?
[ ]
What is your Last Name?
[ ]
What phone number would you like to use to participate in the telephone town hall?
[ ]
What is your Email Address?
[ ]
What is your Address?
[ ]
What is your Zip Code?
[ ]

[RSVP!]

Click to open in a separate window

For months, I have been pressing state and federal agencies for immediate resources and action to improve and restore confidence in water quality At the federal level, I am pushing for resources to ensure the safety of water, but also make much-needed repairs to our city's aging water system and infrastructure. *The Flint Journal* covered these federal efforts in March. You can view them here.

Additionally, I welcome the announcement recently that the U.S. Environmental Protection Agency will send technical advisors to Flint to assist the city and state. I have repeatedly asked the EPA to send these much-needed experts to help improve the water quality and hopefully restore some public confidence in the safety of our water.

Serious issues remain, and there is a long way to go before complete confidence in the city's drinking water is restored. I am committed to working to ensure that Flint residents get a thorough investigation and answers to their questions.

I hope you'll join me next Wednesday for a telephone town hall update on Flint water.

Sincerely,

Dan Kildee

Washington D.C. Office
227 Cannon HOB
Washington, DC 20515
Phone: (202) 225-3611
Hours: 9:00 a.m. - 6:00 p.m.

District Office
111 East Court Street, #3B
Flint, MI 48502
Phone: (810) 238-8627
Hours: 9:00 a.m. - 5:00 p.m.

Workman, Wayne (TREASURY)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Monday, October 26, 2015 4:08 PM
Subject: PRESS RELEASE: City of Flint Department of Public Works Publishes October Water Quality Report
Attachments: 3rd Quarter CoF Water Quality Report (2).pdf; October 2015 Water Quality Report.pdf

For Immediate Release

City of Flint DPW Publishes and Distributes October Water Quality Report to Water Customers

Flint, Michigan – October 26, 2015 – The City of Flint Department of Public Works has published its Quarterly Water Quality Report for October, 2015. The Quarterly Water Quality Report provides important information about Flint's drinking water, including information about the water source, current drinking water issues, lead information, water filters, testing, 3rd quarter news, and temporary expectations when changing water sources. The report is being mailed to all City of Flint water customers and contains the following highlighted events by month:

July

- Completed the evaluation of over 8000 valves in the system and identified over 2300 that are currently inoperable. The repair of these valves will be budgeted and worked into our multi-year Capital Improvement Plan.

August

- Successfully completed the installation of Granulated Activated Carbon at the water treatment plant which reduced the TTHM level in the water and helped bring the City back into compliance with the Safe Drinking Water Act.

September

- Leak Detection on all 600 miles of the distribution system has started and is over halfway complete. Several dozen leaks have been identified and repairs continue as more leaks are found. This has decreased the amount of water loss existing in the system.

- Construction of a load out facility at our wastewater plant is on target for completion by November and will allow the City to eliminate the use of the incinerator resulting in significant annual savings.

- Over 3500 new water meters have been installed this year creating better accuracy, accountability, and decreasing the number of estimated reads on utility bills.

The report is the last to be issued showing the Flint River as a primary drinking water source and contains information on what temporary issues residents can expect during the change in water source, including hydrant flushing and possible discoloration as the water goes through the system. The report also references the submittal of a plan to the MDEQ for the addition of corrosion control agents to treated water delivered from Detroit.

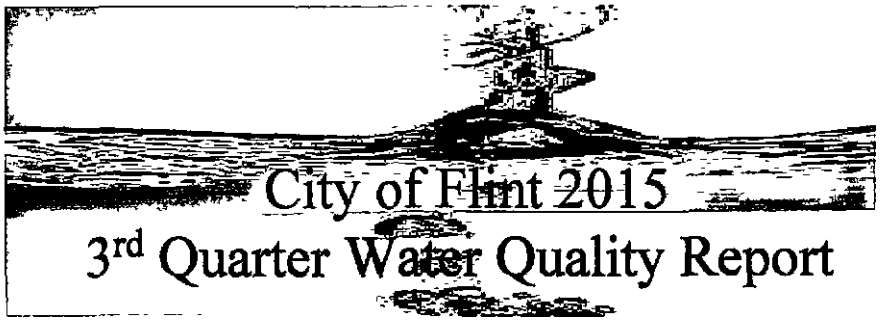
Recent issues with lead leaching into drinking water as the reason for the switch in water source are mentioned in the report along with information regarding lead safety, free in-home water testing and free filters available to residents. A table containing all of the third quarter "Regulated Detected Contaminants", a feature of every water quality report, appears at the end of the publication.

Residents with questions or concerns about water quality can call the Water Treatment Plant at 810-787-6537 or email flintwater@cityofflint.com. Continuing information on water will be provided via the City of Flint's website, cityofflint.com.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039 (Office)
(810) 875-2576 (Cell)
jlorenz@cityofflint.com

Customer Service Center
City Hall
1101 S. Saginaw St.
Flint, MI 48501



The Quarterly Water Quality Report provides important information about your drinking water. This report includes information about the water source, current drinking water issues, lead information, water filters, 3rd quarter work accomplished, and a water timeline of events. The City of Flint Department of Utilities is dedicated to providing quality drinking water to the residents of the community. The Flint Water Plant operates and maintains a certified drinking water laboratory to assure compliance with all state and federal regulations, and is committed to prompt and thorough notification to the consumers if there is any reason for concern about the quality of the drinking water. Information about your drinking water is available on the City of Flint web page at www.cityofflint.com or by calling the City of Flint Water Plant at **(810) 787-6537**. The Safe Drinking Water Hotline at **(800) 426-4791** is a resource for health related questions and water quality issues. General drinking water information can also be found on the U.S. Environmental Protection Agency (EPA) web site at www.epa.gov/safewater/.

Water Source

The City of Flint began using the Flint River as a water source in May of 2014. After 16 months of treating water from the Flint River, the City became aware that the level of corrosiveness found in Flint River water could result in more lead leaching from service lines and household plumbing. Reports of elevated blood lead levels in children and expert analysis resulted in the City's Technical Advisory Committee making a recommendation to return to the previous source of water while waiting for the KWA to provide water from Lake Huron.

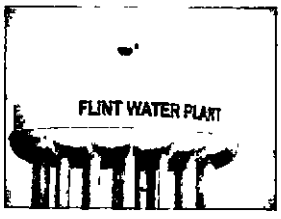
On Friday October 16th, 2015, with the consent of Governor Snyder, the City returned to Detroit as the primary source of drinking water. The decision, along with the Technical Advisory Committee's recommendation followed two consecutive lead and copper test periods that exceeded 5ug/L which calls for additional action. In addition to the switch, the City has submitted a final corrosion control design to the DEQ for comments and approval. The City has requested to use the corrosion control as an additive to treated water it will be required when the city begins treating raw water from the Karegnondi Water Authority which is anticipated to begin in the summer of 2016.

In order to make the transition possible, the City contributed $2 Million dollars, the Mott Foundation contributed $4 Million dollars, and the State of Michigan contributed $ 6 Million dollars.

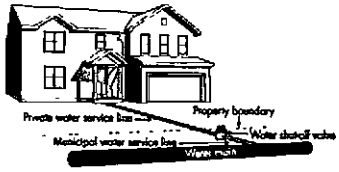
Current Drinking Water Issues & Lead Information

There has been a heightened awareness of lead leaching into drinking water through service lines and household plumbing. The City's Technical Advisory Committee has enlisted the support of EPA lead experts and is working with State of Michigan representatives to increase testing, rebuild public confidence, and implement long-term solutions to lead. It is recommended that everyone get their water tested, obtain a water filter, and check with a plumber to evaluate the type and condition of your household plumbing. The City is currently mapping all of its lead service lines and working to develop a program to get lines changed over time.

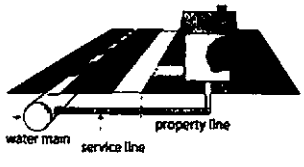
If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. The City of Flint is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 5 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at http://www.epa.gov/safewater/lead.



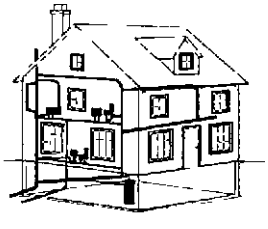
No lead in water leaving the Treatment Plant.



Little or no lead in water in the transmission mains.



Lead can leach into water through service lines.



Lead can leach into water through household plumbing.

Water Filters & Testing

Free water filters have been made available to current Flint residents at several locations. The MDHHS and the Genesee County Community Action Resource Department (GCCARD) are providing Free National Sanitation Foundation certified water filters at the following locations.

Residents receiving MDHHS assistance are encouraged to visit either the **125 E. Union St.** or **4809 Clio Rd. MDHHS** office location to obtain a free, certified home water filter. Residents who are not currently enrolled in MDHHS assistance programs should visit the (GCCARD) offices located at **2727 Lippincott** and **601 N. Saginaw** in Flint.

Staff will be onsite at all four locations from **9 a.m. to 4 p.m., Monday through Friday**, to distribute filters and assist residents who have questions about proper installation.

If you want more information on obtaining a water filter, please call 211.

Other suggestions related to water safety and testing:

- We recommend that everyone get their water tested. Call us at (810)-787-6537.
- Contact the Health Department about having your child's blood tested (810)-257-3612.
- It is advisable to have a plumber check your household plumbing.
- Check your faucet aerator (large lead solder particles can occasionally get lodged in here).

Temporary issues to be aware of when Changing Water Sources

Changing water sources back to Detroit will not fully eliminate the lead concerns. The potential for lead to leach off of certain water service lines or household plumbing will continue to exist regardless of the water source. The City is committed to increased testing, better communication, and developing a lead service line map to identify all of the City owned lead service lines.
As the city changes water sources you can expect the following:

- It could take up to three weeks for the switch in water source to reach all taps in the City.
- Over the next several weeks, we will be winterizing our hydrants which will result in discoloration of the water but will also help accelerate the water flowing through the system.
- Lead will continue to leach off of certain service lines and household plumbing.
- Main breaks could result as a change in source water occurs.
- Water could have discoloration or cloudiness, if this happens, run your faucet until the water clears, if this lasts longer than 20 minutes please report it to our water service center at (810)-766-7202.

Water Timeline

A timeline of events, beginning with signing the KWA contract leading up to the current status of switching back to our previous source of water is available on the City website and can be found by visiting the "water" page located under "residents". Please email flintwater@cityofflint.com with your questions or to request a water test or, call the Water Plant at (810)-787-6537.

3rd Quarter Events

July

- Completed the evaluation of over 8000 valves in the system and identified over 2300 that are currently inoperable. The repair of these valves will be budgeted and worked into our multi-year Capital Improvement Plan.

August

- Successfully completed the installation of Granulated Activated Carbon at the water treatment plant which reduced the TTHM level in the water and helped bring the City back into compliance with the Safe Drinking Water Act.

September

- Leak Detection on all 600 miles of the distribution system has started and is over halfway complete. Several dozen leaks have been identified and repairs continue as more leaks are found. This has decreased the amount of water loss existing in the system.
- Construction of a load out facility at our wastewater plant is on target for completion by November and will allow the City to eliminate the use of the incinerator resulting in significant annual savings.
- Over 3500 new water meters have been installed this year creating better accuracy, accountability, and decreasing the number of estimated reads on water & sewer bills.

Contact Information

Water Treatment Plant - (810)-787-6537
Request a water test.
Request a tour of the Plant.
Ask questions about water quality.

Water Service Center - (810)-766-7202
Report a water leak or other system issues.

Water Pollution Control - (810)-766-7210
Inquiries related to wastewater treatment.
Inquiries related to converting methane gas into energy.

Customer Service – (810)-766-7015
Questions about your water & sewer bill.

Water Filters – 211
Questions about water filters.

2015 3rd Quarter Regulated Detected Contaminants – **Flint River as Source**

Inorganic & Organic Chemicals, Metals, and Pesticides – Monitored at treatment plant						
Regulated Contaminant	Unit of Measure	MCLG	MCL	Highest Level Detected	Range of Detection	Violation
Inorganic Chemicals						
Fluoride	mg/L	4	4	0.84	0.64 – 0.84	No
Nitrate	mg/L	10	10	N.D.	N/A	No
Metals						
Barium	mg/L	2	2	0.02	N/A	No

More than 100 other chemicals were monitored from July through September that were not detected.

The various classification groups of these chemicals include metals, carbamates, herbicides, pesticides, organics, and radiologicals.

Total Organic Carbon, TOC - Monitored at treatment plant			
Regulated Contaminant	Required Monthly % Removal	Minimum Monthly % Removal	Monthly % Removal Ranges
Total Organic Carbon	50	60	60 - 87

Turbidity - Monitored at treatment plant		
Highest Single Measurement (Cannot exceed 1NTU)	Lowest Monthly % of Samples Meeting Turbidity Limit (0.3 NTU in 95% of samples)	Violation
0.18	100 %	No

Disinfectant Residuals – Monitored in the distribution system						
Regulated Contaminant	Unit of Measure	MCLG	MCL	Highest Level Detected	Range of Detection	Violation
Total Chlorine Residual	mg/L	4.0	4.0	4.0	0.2 – 4.0	No

Microbiological Contaminants - Monitored in the distribution system				
Regulated Contaminant	MCLG	MCL	Highest Number detected (in 1 month)	Violation
Total Coliform bacteria	0	The presence of coliform bacteria in > 5% of monthly samples	1	No
E. coli Bacteria	0	0	0	No

Lead & Copper – Monitored from consumers tap					
Regulated Contaminant	Unit of Measure	MCLG	Action Level AL	Number of samples over AL	Total # of Samples Tested from January - September
Lead	ug/L	0	15	16	189
Copper	mg/L	1.3	1.3	0	189

Disinfection By-Products - Monitored in the distribution system and from treatment plant						
Regulated Contaminant	Unit of Measure	MCLG	MCL	Highest Level Detected	Range of Detection	Violation
Total Trihalomethanes (TTHM)	ug/L	n/a	80	90.3	42.6 – 90.3	N/A*
Haloacetic Acids (HAA)	ug/L	n/a	60	15.0	2.0 – 15.0	N/A*
Bromate	ug/L	10	10	N.D.	N/A	N/A*

*Violation based on locational running annual average for TTHM & HAA5, violation for bromate based on yearly average.

Key to the Detected Contaminant Tables		
Symbol	**Abbreviation for**	**Definition/Explanation**
>	Greater than	
AL	Action Level	The concentration of a contaminant, which, if exceeded, triggers treatment or other requirements which a water system must follow.
HAA5	Haloacetic Acids	HAA5 is the total of bromoacetic, chloroacetic, dibromoacetic, dichoroacetic, and trichloroacetic acids. Compliance is based on the total .
LRAA	Locational Running Annual Average	
MCL	Maximum Contaminant Level	The highest level of a contaminant that is allowed in water. MCLs are set as close to the MCLG's as feasible using the best available treatment technology
MCLG	Maximum Contaminant Level Goal	The level of contaminant in drinking water below which there is no known or expected risk to health.
mg/L	Milligrams per Liter	A milligram = 1/1000 gram 1 milligram per liter is equal to 1ppm
MRDL	Maximum Residual Disinfectant Level	The highest level of disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.
MRDLG	Maximum Residual Disinfectant Level Goal	The level of a drinking water disinfectant below which there is no known or expected risk to health. MRLDG's do not reflect the benefits of the use of disinfectants to control microbial contaminants.
n/a	Not Applicable	
ND	Not Detected	
NTU	Nephelometric Turbidity Units	Measures the cloudiness of water.
pCi/L	Picocuries per Liter	A measure of radioactivity. Picocurie (pCi) means the quantity of radioactive material producing 2.22 nuclear transformations per minute.
ppb	Parts Per Billion (one in one billion)	The ppb is equivalent to micrograms per liter. A microgram = 1/1000 milligram.
ppm	Parts Per Million (one in one million)	The ppm is equivalent to milligrams per liter. A milligram = 1/1000 gram.
RAA	Running Annual Average	
TT	Treatment Technique	A required process intended to reduce the level of a contaminant in drinking water.
TTHM	Total Trihalomethanes	Total Trihalomethanes is the sum of chloroform, bromodichloromethane, dibromoochloromethane and bromoform. Compliance is based on total.
ug/L	Micrograms per Liter	A microgram = 1/1,000,000 gram 1 microgram per liter is equal to 1ppb

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

Jason Lorenz
Public Information Officer
Office: (810) 237-2039
Cell: (810) 875-2576
jlorenz@cityofflint.com

For Immediate Release

City of Flint DPW Publishes and Distributes October Water Quality Report to Water Customers

Flint, Michigan – October 26, 2015 – The City of Flint Department of Public Works has published its Quarterly Water Quality Report for October, 2015. The Quarterly Water Quality Report provides important information about Flint's drinking water, including information about the water source, current drinking water issues, lead information, water filters, testing, 3rd quarter news, and temporary expectations when changing water sources. The report is being mailed to all City of Flint water customers and contains the following highlighted events by month:

July

- Completed the evaluation of over 8000 valves in the system and identified over 2300 that are currently inoperable. The repair of these valves will be budgeted and worked into our multi-year Capital Improvement Plan.

August

- Successfully completed the installation of Granulated Activated Carbon at the water treatment plant which reduced the TTHM level in the water and helped bring the City back into compliance with the Safe Drinking Water Act.

–CONTINUE–

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

September

- Leak Detection on all 600 miles of the distribution system has started and is over halfway complete. Several dozen leaks have been identified and repairs continue as more leaks are found. This has decreased the amount of water loss existing in the system.
- Construction of a load out facility at our wastewater plant is on target for completion by November and will allow the City to eliminate the use of the incinerator resulting in significant annual savings.
- Over 3500 new water meters have been installed this year creating better accuracy, accountability, and decreasing the number of estimated reads on utility bills.

The report is the last to be issued showing the Flint River as a primary drinking water source and contains information on what temporary issues residents can expect during the change in water source, including hydrant flushing and possible discoloration as the water goes through the system. The report also references the submittal of a plan to the MDEQ for the addition of corrosion control agents to treated water delivered from Detroit.

Recent issues with lead leaching into drinking water as the reason for the switch in water source are mentioned in the report along with information regarding lead safety, free in-home water testing and free filters available to residents. A table containing all of the third quarter "Regulated Detected Contaminants", a feature of every water quality report, appears at the end of the publication.

Residents with questions or concerns about water quality can call the Water Treatment Plant at 810-787-6537 or email flintwater@cityofflint.com. Continuing information on water will be provided via the City of Flint's website, cityofflint.com.

–END–

City of Flint, Michigan

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Meeting Agenda - Final

Monday, October 26, 2015

6:00 PM

AMENDED AGENDA
(To Add Reso. No. 150893)
Council Chambers

CITY COUNCIL

Joshua M. Freeman, President, Ward 4
Wantwaz D. Davis, Vice President, Ward 5

Eric Mays, Ward 1
Kerry Nelson, Ward 3
Monica Galloway, Ward 7
Jacqueline Poplar, Ward 2
Herbert J. Winfrey, Ward 6
Victoria VanBuren, Ward 8
Scott Kincaid , Ward 9

Inez M . Brown, City Clerk

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

PRESENTATION OF COMMITTEE/COUNCIL MINUTES

150883 Summary Minutes/Flint City Council/Regular Meeting/October 12, 2015

Summary Minutes of the Flint City Council regular meeting held Monday, October 12, 2015, at 6:20 p.m., in the City Council Chambers, 3rd Floor, City Hall.

PUBLIC HEARINGS

PUBLIC COMMENT

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes on ANY ITEM PERTAINING TO THIS AGENDA.

PETITIONS AND UNOFFICIAL COMMUNICATIONS

150884 Government Affairs Organization/Comcast

Communication dated October 16, 2015, Comcast to Flint City Clerk, re: Mr. John P. Gardner, Director, External Affairs, is the new Comcast government affairs liaison for the City of Flint.

COMMUNICATIONS FROM CITY OFFICIALS

150885 Traffic Engineering/Closure Permits

Lane Closures (3) dated October, 2015, re: (1) Selby Street (installing gas services-Nov. 6th); (2) Court Street (water tap-Nov. 2nd); and (3) Selby Street (installing gas main-Oct. 26th).

ADDITIONAL COMMUNICATION

APPOINTMENTS

LICENSES

RESOLUTIONS

RESOLUTIONS - MAY BE REFERRED FROM COTW

150886 Brown & Sons Co./Annual Supply/Brake Parts, Bulbs, Breakers, Sprays and Filters

Resolution resolving that the Finance Department is hereby authorized to issue purchase orders for FY2016, FY2017, and FY2018 to Brown & Sons Co. for the annual supply of brake parts, bulbs, breakers, sprays, and filters, as requested by Fleet, in an annual amount NOT-TO-EXCEED $140,000.00, for an aggregate amount of $420,000.00 (pending adopting of the FY18 Budget), AND, resolving that the Finance Department has the discretion to spend an additional amount of NO-MORE-THAN 5% of the annual requested spend amount to Brown & Sons Co. for unanticipated requests that may be submitted during the next three years [Fleet/Central Garage Fund Acct. No. 661-000.000-110.400]. [City Administrator Submission No. CA1022015]

150887 CO#1/Contract/Zito Construction/Water Main Cut-In Project

Resolution resolving that the Mayor and City Administrator do all things necessary to enter into change order #1 to the contract with Zito Construction to extend the contract into the current fiscal year and pay additional work that was needed to complete the project, as requested by the Water Plant, in an amount NOT-TO-EXCEED $19,570.00, for a revised contractual amount of $695,870.00 [Water Fund Acct. No. 591-536.100-801.000]. [City Administrator Submission No. CA1032015]

150888 Contract/Stansley Industries/Biosolids Sludge Transportation-Hauling Services

Resolution resolving that the Mayor and City Administrator are authorized to enter into a three-year contract with Stansley Industries for [a] biosolids sludge cake transportation/hauling agreement, as requested by the Water Pollution Control, for a FY2016 amount of $60,000.00, and pending adoption of FY2017 [Budget] of $80,000.00, and FY2018 Budget amount of $85,000.00, for a total award of $225,000.00 [Sewer Fund Acct. No. 590-550.100-801.500]. [City Administrator Submission No. CA1042015]

150889 Contract/Waste Management-Venice Park Landfill/Biosolids Sludge Disposal Services

Resolution resolving that the Mayor and City Administrator are authorized to enter into a three-year contract with Waste Management/Venice Park for the disposal of the biosolids sludge cake, as requested by the Water Pollution Control, for a FY2016 amount of $150,000.00, and pending adoption of FY2017 and FY2018 Budget amounts of $200,000.00 each year, for a total award of $550,000.00 [Sewer Fund Acct. No. 590-550.100-801.500]. [City Administrator Submission No. CA1052015]

150890 Budget Amendment/Department of Public Works (DPW)/Michigan Department of Transportation (MDOT) Contracts

Resolution resolving that the Department of Public Works' FY2016 Budget shall be amended with the transfer of $189,301.57 from fund balance to Professional Services Line Item No. 202-441.702-801.000. [NOTE: In order to comply with the contractual agreement between MDOT and DPW for bridge work on I-69, and the contractual agreement between MDOT, the City of Flint, and Rowe Professional Services for the Leith Street-Stewart Avenue Bridge Project, it is necessary to replace funds liquidated during the year-end closing process and increase the FY2016 Budget with those remaining funds, for remaining project funding in the amounts of $101,432.82 and $87,868.75, respectively.] [City Administrator Submission No. CA1062015]

150891 Contract/Fleis & Vandenbrink/Preliminary Design and Engineering Services/Fenton Road Project

Resolution resolving that the Mayor and City Administrator are authorized to enter into a contract with Fleis & Vandenbrink using TIP funds for the preliminary design and engineering services for the Fenton Road Project, as requested by Transportation, in an amount NOT-TO-EXCEED $156,748.60 [Major Street Fund Acct. No. 202-441.702-801.000]. [City Administrator Submission No. CA1072015]

150892 Contract/Wade Trim, Inc./Preliminary Design and Engineering Services/Kearsley Street Rehabilitation Project

Resolution resolving that the Mayor and City Administrator are authorized to enter into a contract with Wade Trim, Inc. using TIP funds for the preliminary design and engineering services for the Kearsley Street Rehabilitation Project, as requested by Transportation, in an amount NOT-TO-EXCEED $94,000.00 [Major Street Fund Acct. No. 202-441.702-801.000]. [City Administrator Submission No. CA1082015]

150893 Charitable Gaming License/State of Michigan Lottery Charitable Gaming Division/Flint Cultural Center Corporation, Inc./Raffle

Resolution recognizing the Flint Cultural Center Corporation, Inc. as a non-profit organization operating in the City of Flint for the purpose of obtaining a charitable gaming license, issued by the Michigan Lottery Charitable Gaming Division, relative to conducting a raffle during their "Night at the Museum" event on November 14, 2015, as allowed by Act 382 of the Public Acts of 1972, as amended. [City Administrator Submission No. CA1092015]

LIQUOR LICENSES

ORDINANCES - First Reading

ORDINANCES - Second Reading

PUBLIC SPEAKERS

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes IN GENERAL.

ADJOURNMENT

150883

City of Flint, Michigan
Summary Meeting Minutes For
CITY COUNCIL

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Joshua M. Freeman, President, Ward 4
Wantwaz D. Davis, Vice President, Ward 5

Eric Mays, Ward 1 — *Jacqueline Poplar, Ward 2*
Kerry Nelson, Ward 3 — *Herbert J. Winfrey, Ward 6*
Monica Galloway, Ward 7 — *Victoria VanBuren, Ward 8*
Scott Kincaid, Ward 9

Inez M. Brown, City Clerk

Monday, October 12, 2015 | **6:20 PM** | **Council Chambers**

SUMMARY FOR 10/26/2015 CITY COUNCIL AGENDA

150873 Summary Minutes/Flint City Council/Regular Meeting/September 28, 2015

Summary Minutes of the Flint City Council regular meeting held Monday, September 28, 2015, at 6:01 p.m., in the City Council Chambers, 3rd Floor, City Hall.

A motion was made by Councilperson Mays, seconded by Councilperson Kincaid, that this matter be Placed on File. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

150874 Traffic Engineering/Closure Permit

Short-Term Street/Lane Closure Permit dated October 7, 2015, re: Kearsley, Robert T. Longway, Horrigan, Court, and Crapo Streets on Saturday, October 10th (Making Strides Against Breast Cancer Walk).

A motion was made by Councilperson Mays, seconded by Councilperson Nelson, that this matter be Placed on File. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

150828.1 Approval/Obsolete Property Rehabilitation District/Lapeer Road and Averill Avenue

Resolution resolving that the legally described parcels of land situated within the City of Flint, Genesee County, and State of Michigan, be and are hereby established as an Obsolete Property Rehabilitation District (3501 Lapeer Road Area District) pursuant to the provision of the Public Act 146 of 2000, as amended. [NOTE: The district encompasses properties located at 3501 Lapeer Road, 3711 Lapeer Road and 1620 Averill Avenue.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150863 SAW Grant Agreement/City of Flint/Michigan Finance Authority (MFA)/Michigan Department of Environmental Quality (DEQ)/Strategic Water Quality Initiatives Grant Program

Resolution resolving that the City Administrator, a position currently held by Natasha L. Henderson, is designated as the Authorized Representative for purposes of the SAW Grant Agreement, AND, the proposed form of the SAW Grant Agreement between the City of Flint, the MFA and the DEQ is hereby approved and the Authorized Representative is authorized and directed to execute the SAW Grant Agreement with such revisions as are permitted by law and agreed to by the Authorized Representative, AND, the City of Flint shall repay the Grant, within ninety (90) days of being informed to do so, with interest at a rate NOT-TO-EXCEED eight (8) percent per year, to the Authority, if the City of Flint is unable to, or decides not to, proceed with contructing the project or implementing the asset management program for which the funding is provided within three (3) years of the Grant award, AND, the Grant, if repayable, shall be a first budget obligation for the City of Flint and the City of Flint is required, if necessary, to levy ad valorem taxes on all taxable property in the City for the payment thereof, subject to applicable constitutional, statutory and local tax rate limitations, AND, the City of Flint shall not invest, reinvest or accumulate any moneys deemed to be Grant funds, nor shall it use Grant funds for the general local government administration activities or activities performed by municipal employees that are unrelated to the project, AND, the Authorized Representative is hereby jointly or severally authorized to take any actions necessary to comply with the requirements of the MFA and the DEQ in connection with the issuance of the Grant. The Authorized Representative is hereby jointly or severally authorized to execute and deliver such other contracts, certificates, documents, instruments, applications and other papers as may be required by the MFA or the DEQ or as may be otherwise necessary to effect the approval and delivery of the Grant, AND, the City of Flint acknowledges that the SAW Grant Agreement is a contract between the City, the MFA and the DEQ, AND, all resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded. [NOTE: Part 52 of the Natural Resources and Environmental Protection Act, as amended, provides that the MFA, in consultation with the DEQ, shall establish a strategic water quality initiatives grant program to provide grants to municipalities for sewage collection and treatment systems or storm water or non-point source pollution control. The City of Flint is requesting $2,000,000.00 to establish an asset management plan.] [NOTE: Agreement is not attached.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150864 Contract/City of Flint/County of Genesee/Flint Holding Facility Operation

Resolution resolving that the City Administrator authorizes the appropriate city officials to do all things necessary to enter into the attached agreement with Genesee County for operation of the Flint Holding Facility. [NOTE: The City of Flint Police Department includes a 110-person holding facility with the ability to hold detainees for up to 72 hours. The Genesee County Sheriff currently operates the holding facility. The city and the sheriff have agreed to the terms of a contract for the sheriff to continue operating the facility for a contract price NOT-TO-EXCEED $2,764,275.00. The agreement is contingent on the city receiving funding from the State of Michigan to pay the full costs of the contract and the Sheriff receiving a continued waiver from the Michigan Department of Corrections.] [NOTE: Agreement is attached.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150865 Budget Amendments/FY2016 Budget of the City of Flint/General Fund/Drug Law Enforcement Fund/Public Improvement Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's General, Drug Law Enforcement and Public Improvement Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0982015.]

SEPARATED FROM MASTER RESOLUTION

150866 Budget Amendments/FY2016 Budget of the City of Flint/Water Fund/Sewer Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's Water and Sewer Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0992015.]

SEPARATED FROM MASTER RESOLUTION

150872 Budget Amendment/Water and Sewer Budget/Switch Back to Detroit Water and Sewerage Department (DWSD) Water Supply

Resolution resolving that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable, with specific revenue and expenditure line items to be provided by the Chief Financial Officer. [NOTE: The State of Michigan and C.S. Mott Foundation have committed $6 million and $4 million dollars respectively to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department (DWSD) and its successor, the Great Lakes Water Authority (GLWA), until the City is able to received water from the Karegnondi Water Authority (KWA). At this time the KWA reports that construction is on schedule to be completed by June 30, 2015 [2016]. The City estimates the total cost to purchase water through DWSD will be $12 million for nine months. The balance of $2 million not covered by the pledges of State and Local resources is the responsibility of the City. A budget amendment is necessary to reflect both an increase in revenues for the receipt of $10 million in assistance and $2 million of budgeted Use of Fund Balance, and an increase in expenditures of $12 million for the purchase of DWSD water supply.]

SEPARATED FROM MASTER RESOLUTION

150875 Authorization/Agreements/City Administrator/Conversion to Detroit Water System

Resolution resolving that the City Administrator is authorized to enter into agreements with the Detroit Water and Sewerage Department (DWSD) and Genesee County Drain Commission (GCDC) for conversion to the Detroit Water System.

SEPARATED FROM MASTER RESOLUTION

150876 Establishment/Indigenous Peoples Day

Resolution resolving that the City of Flint shall recognize Indigenous Peoples Day on the second Monday in October and use it to reflect upon the invaluable contributions made by Indigenous Peoples to our community.

SEPARATED FROM MASTER RESOLUTION

150865 Budget Amendments/FY2016 Budget of the City of Flint/General Fund/Drug Law Enforcement Fund/Public Improvement Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's General, Drug Law Enforcement and Public Improvement Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0982015.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 7 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 2 - Vice President Davis and Councilperson Winfrey

150866 Budget Amendments/FY2016 Budget of the City of Flint/Water Fund/Sewer Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's Water and Sewer Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0992015.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

150872 Budget Amendment/Water and Sewer Budget/Switch Back to Detroit Water and Sewerage Department (DWSD) Water Supply

Resolution resolving that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable, with specific revenue and expenditure line items to be provided by the Chief Financial Officer. [NOTE: The State of Michigan and C.S. Mott Foundation have committed $6 million and $4 million dollars respectively to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department (DWSD) and its successor, the Great Lakes Water Authority (GLWA), until the City is able to received water from the Karegnondi Water Authority (KWA). At this time the KWA reports that construction is on schedule to be completed by June 30, 2015 [2016]. The City estimates the total cost to purchase water through DWSD will be $12 million for nine months. The balance of $2 million not covered by the pledges of State and Local resources is the responsibility of the City. A budget amendment is necessary to reflect both an increase in revenues for the receipt of $10 million in assistance and $2 million of budgeted Use of Fund Balance, and an increase in expenditures of $12 million for the purchase of DWSD water supply.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

150875 Authorization/Agreements/City Administrator/Conversion to Detroit Water System

Resolution resolving that the City Administrator is authorized to enter into agreements with the Detroit Water and Sewerage Department (DWSD) and Genesee County Drain Commission (GCDC) for conversion to the Detroit Water System.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

150876 Establishment/Indigenous Peoples Day

Resolution resolving that the City of Flint shall recognize Indigenous Peoples Day on the second Monday in October and use it to reflect upon the invaluable contributions made by Indigenous Peoples to our community.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

15-5243

150886

(Bid #16000022)

SUBMISSION NO.: CA102201S

PRESENTED: 10-21-15

ADOPTED: _____

RESOLUTION TO BROWN & SONS CO. FOR THE ANNUAL SUPPLY OF BRAKE PARTS, BULBS, BREAKERS, SPRAYS AND FILTERS

BY THE CITY ADMINISTRATOR

RESOLUTION

The Finance Department, Purchases and Supplies Division, has solicited a bid for brake parts, bulbs, breakers, sprays and filters for a three year period as requested by the Fleet Division; and

Brown & Sons Co., 1720 Davison Rd., Flint, Michigan was the lowest responsive bidder from nine solicitations for said supplies. The funding for this purchase will come from the following account: 661-000.000-110.400; and

IT IS RESOLVED, that the Finance Department is authorized to issue purchase orders for FY16, FY17, and FY18 to Brown & Sons Co. for the annual supplies of brake parts, bulbs, breakers, sprays and filters in an annual amount not to exceed $140,000.00 which results in an aggregate amount of $420,000.00 over the three year period. (Fleet/Central Garage Fund) $140,000 for FY16, $140,000 for FY17, and $140,000 pending adoption of the FY18 budget.

BE IT FURTHER RESOLVED, that the Finance Department has the discretion to spend an additional amount of no more than 5% of the annual requested spend amount to Brown & Sons Co for unanticipated requests that may be submitted during the next three years.

APPROVED PURCHASING DEPT.:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

RECEIVERSHIP TRANSITION ADVISORY BOARD:

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Joshua Freeman, Council President

FY16 – KRN

RESOLUTION STAFF REVIEW

DATE:
10/19/15

Agenda Item Title.
Annual Supply of Brake Parts, Bulbs, Breakers, Sprays and Filters

Prepared By:
Mike Rule

Background/Summary of Proposed Action:
The Fleet Garage is requesting a purchase order for our annual supply of aftermarket vehicle replacement parts. Parts to be purchased include brakes, bulbs, filters, sprays, steering, and suspension related items. These aftermarket parts allow the garage to repair our fleet of vehicles at a lower cost than purchasing OEM components

Financial Implications:

Budgeted? **Yes** ☒ **No**☐ **Please explain if no:**

Account No.: **661-000.000-110.400**

Pre-encumbered? **Yes** ☒ **No**☐ **Req#** 150000404

Other Implications (i.e., collective bargaining):

Staff Recommendation: Approval

Staff Person: _____
(Dept Head or other authorized staff)

SEALED BID RECEIVED PURCHASING DEPARTMENT ON OCTOBER 15, 2015
FOR THREE (3) YEAR PRICING ON ANNUAL SUPPLIES OF BRAKE PARTS, BULBS, BREAKERS, SPRAYS, & FILTERS
BID #16-022

VENDOR	*Brown & Sons Co. 1720 Davison Rd. Flint, MI	*Universal Lift Parts 3752 Robert T. Longway Flint, MI	*Mid-Michigan Auto Parts 2153 Richfield Rd. Flint, MI	**O'Reilly Auto Parts 233 S. Patterson Springfield, MO
Brake Parts	$8,147.36/unit price	$9,321.51/unit price	$8,663.19/unit price	$8,602.64/unit price (represents one yr only)
Steering & Suspension	$7,745.73/unit price	$8,476.74/unit price	$8,597.19/unit price	$1,714.76/unit price (represents one yr only)
Miscellaneous	$15,082.42/unit price	$17,286.6/unit price	$14,815.08/unit price	$2,308.86/unit price (represents one yr only)
Bulbs & Breakers	$314.27/unit price	$370.98/unit price	$331.56/unit price	$153.57/unit price (represents one yr only)
Sprays	$247.56/unit price	$356.07/unit price	$257.46/unit price	$102.31/unit price (represents one yr only)
Filters	$1,869.41/unit price	$2,129.16/unit price	$2,615.49/unit price	$699.67/unit price (represents one yr only)

*The pricing that is listed represents the total three year unit pricing for each item listed in bid solicitation
**Vendor submit pricing for only one year and stated for the remaining two years that pricing will be provided at end of each fiscal year.

150887 15-5244

(Purchasing Req. 150000845)

SUBMISSION NO.: CA1032015

PRESENTED: 10-21-15

ADOPTED: _____

RESOLUTION TO ZITO CONSTRUCTION FOR WATERMAIN CUT-IN PROJECT

BY THE CITY ADMINISTRATOR

RESOLUTION

The Finance Department, Purchasing and Supplies Division, solicited a bid in March 2014 for an initial watermain cut-in at the Water Plant and Zito Construction, 8033 Fenton Rd., Grand Blanc, Mi was the sole bidder to submit a bid; and

On March 26, 2014, the Emergency Manager authorized the Proper City Officials to enter into a contract with Zito Construction for said watermain project in an amount not to exceed $676,300.00; and

The Water Plant is requesting the issuance of change order #1 to said contract in order to extend the contract into the current fiscal year (July 1, 2015 – June 30, 2016) and to pay for additional work that was needed to complete the project in an amount not to exceed $19,570.00. Funding will come from the following account: 591-536.100-801.000; and

IT IS RESOLVED, that the Mayor and City Administrator do all things necessary to enter into change order #1 to the contract with Zito Construction to extend the contract into the current fiscal year and pay additional work that was needed to complete the project in an amount not to exceed $19.570.00 for a revised contractual amount of $695,870.00. (Water Fund)

APPROVED PURCHASING DEPT:
Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:
Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:
Peter M. Bade, Chief Legal Officer

Natasha L. Henderson, City Administrator

RECEIVERSHIP TRANSITION ADVISORY BOARD:

CITY COUNCIL:

Joshua Freeman, Council President

FY16 - KRN

RESOLUTION STAFF REVIEW

DATE: September 28, 2015

Agenda Item Title. Amend Contract to Enter into Change Order #1 with Zito Construction

Background/Summary of Proposed Action

The City of Flint DPW/Utilities entered into contract 14-008 with Zito Construction for a water main cut-in for upgrades at the Water Plant. DPW/Utilities is requesting authorization to amend contract 14-088 to continue to work past the expiration date and enter into change order #1 for additional work to complete the project at a price not to exceed $19,570.00 for a total contract price of $695.870.00

Financial Implications: None

Pre-encumbered?: Yes x No __ Requisition: 15000932

Account No: 591-536.100-801.000

Other Implications (i.e., collective bargaining):

Staff Recommendation: Recommend Approval

Staff Person:

PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
WATER FUND (591) - NOVEMBER 2015 SUMMARY

Reso #	Council Review Date	Description	Division	Approval Status	591-536.100-801.000	
Amended Budget					**$**	**2,320,000.00**
Year-to-date Balance					**$**	**232,049.25**
Purchase Orders Approved					**$**	**135,747.74**
Available Balance					**$**	**1,952,203.01**
CA0602015	7/27/2015	Rowe Engineering, Inc. - Engineering Svc	DPW	RTAB Approved 8/12/15	$	25,000.00
CA1032015	10/26/2015	Zito Construction - Watermain Cut-In Project	Water Plant		$	19,570.00
				Pending RTAB Approval Totals	**$**	**44,570.00**
Ending Year to Date Balance Pending Council and RTAB Approval					$	1,907,633.01

15-5235
150888

(Proposal #16-525)

SUBMISSION NO.: CA104 2015

PRESENTED: 10-21-15

ADOPTED: _____

RESOLUTION TO STANSLEY INDUSTRIES FOR THREE (3) YR. BIOSOLIDS SLUDGE TRANSPORTATION/HAULING SERVICES

BY THE CITY ADMINISTRATOR

RESOLUTION

The Finance Department, Purchases & Supplies Division, has solicited proposals for a three (3) yr. biosolids sludge disposal and waste hauling services agreement for removal of the sludge cake from the Utilities Water Pollution Control Facility's new biosolids loading facility; and

Stansley Indutries, 3793 Silica Road, Sylvania, OH was the lowest responsive proposal for transportation/hauling fees for a three (3) year period from five proposals received. The funding for this request will come from the following account number: 590-550.100-801.500; and

IT IS RESOLVED, that the Mayor and City Administrator are authorized to enter into a three (3) yr. contract with Stansley Industries for biosolids sludge cake transportation/hauling agreement for an FY16 amount of $60,000.00 and pending the adoption of FY17 of $80,000.00 and FY18 budget amount of $85,000.00 for a total award of $225,000.00 (Sewer Fund)

APPROVED PURCHASING DEPT.:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

Natasha L. Henderson, City Administrator

RECEIVERSHIP TRANSITION ADVISORY BOARD:

CITY COUNCIL:

Joshua Freeman, Council President

FY16 – BDB

RESOLUTION STAFF REVIEW

September 2, 2015

Agenda Item Title: Biosolids Cake Hauling and Disposal Services

Prepared By: Robert J. Case, WPC Supervisor

Background/Summary of Proposed Action:

WPC is abandoning its multiple hearth incinerators to dispose of sewage sludge, and henceforth will send it to a landfill, as a cost-saving measure. A new Biosolids Loadout Facility under construction will soon enable offsite disposal. Contracts are now needed with a suitable licensed landfill and a trucker to transport and dispose of the cake offsite.

Financial Implications:

A significant reduction in utility and manpower costs will result, and also avoid the need to spend millions to bring the incinerators into compliance with new regulations. Please approve a three year agreement for Sludge Hauling and Disposal for fiscal years 2016, 2017, and 2018. The approved FY2016 budgeted amount is $210,000.00 ($150,000 Landfill, $60,000 Sludge Hauling), future allocations to be determined upon budget adoption. Use account number 590-550.100-801.500.

Budgeted Expenditure: Yes: ☑ No: Please explain if no:

Account No.: 590-550.100-801.500 - $210,000.00

Pre-encumbered: Yes: ☑ No: Requisition: 1500000547

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Approve

Staff Person: Robert J Case
(Department Head or Approved Staff)

Does this go to Res # 157888?

SEALED PROPOSAL RECEIVED PURCHASING DEPARTMENT ON AUGUST 3, 2015
FOR THREE (3) YEAR BIOSOLIDS WASTE HAULING & DISPOSAL SERVICES
PROPOSAL #16-525

HAULING SERVICES

VENDOR	Stansley Industries 3793 Silica Rd. Sylvania, OH	Metro Sanitation 9831 Tuscola Clio, MI
Yr. 1	$7.00/ton	$14.48/ton
Yr. 2	$7.25/ton	$15.40/ton
Yr. 3	$7.50/ton	$16.42/ton

PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
SEWER FUND (590) - NOVEMBER 2015 SUMMARY

Reso #	Council Review Date	Description	Division	Approval Status	590-550.100-801.500
Amended Budget					**$ 200,000.00**
Year-to-date Balance					**$ -**
Purchase Orders Approved					**$ -**
Available Balance					**$ 200,000.00**
CA1042015	10/26/2015	Stansley Industries - Biosolids Sludge Hauling	WPC		60,000.00
CA1052015	10/26/2015	Waste Management/Venice Park Landfill - Biosolids Sludge Disposal	WPC		140,000.00
				Pending RTAB Approval Totals	**$ 200,000.00**
Ending Year to Date Balance Pending Council and RTAB Approval					$ -

15-5264
150889

(Proposal #16-525)

SUBMISSION NO.: CA 1052015

PRESENTED: 10-21-15

ADOPTED: _____

RESOLUTION TO WASTE MANAGEMENT/VENICE PARK LANDFILL FOR THREE (3) YR. BIOSOLIDS SLUDGE DISPOSAL SERVICES

BY THE CITY ADMINISTRATOR

RESOLUTION

The Finance Department, Purchases & Supplies Division, has solicited proposals for a three (3) yr. biosolids sludge disposal and waste hauling services agreement for removal of the sludge cake from the Utilities Water Pollution Control Facility's new biosolids loading facility; and

Waste Management/Venice Park, 9536 Lennon Road, Lennon, Michigan was the best total cost solution for landfill disposal fees in conjunction with transportation/hauling fees with the city's recommended sludge hauling contractor for a three (3) year period from five proposals received. The funding for this request will come from the following account number: 590-550.100-801.500; and

IT IS RESOLVED, that the Mayor and City Administrator are authorized to enter into a three (3) yr. contract with Waste Management/Venice Park for the disposal of the biosolids sludge cake for an FY16 amount of $150,000.00 and pending the adoption of FY17 and FY18 budget amounts of $200,000.00 each year for a total award of $550,000 00 (Sewer Fund)

APPROVED PURCHASING DEPT.:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

Najastia L. Henderson, City Administrator

RECEIVERSHIP TRANSITION ADVISORY BOARD:

CITY COUNCIL:

Joshua Freeman, Council President

FY16 – BDB

SEALED PROPOSAL RECEIVED PURCHASING DEPARTMENT ON AUGUST 3, 2015
FOR THREE (3) YEAR BIOSOLIDS WASTE HAULING & DISPOSAL SERVICES
PROPOSAL #16-525

DISPOSAL SERVICES

VENDOR	Republic - Citizens 2361 W. Grand Blanc Rd. Grand Blanc, MI	***Waste Management** **9536 E. Lennon Rd.** **Lennon, MI**	Brent Run 8385 Vienna Rd. Montrose, MI
Yr. 1	$18.00/ton	**$19.00/ton**	$26.93/ton
Yr. 2	$18.00/ton	**$19.79/ton**	$27.86/ton
Yr. 3	$18.00/ton	**$20.61/ton**	$28.83/ton

*An Alternate Proposal from Waste Management was included in its sealed proposal and reviewed. This proposal appears to offer the lowest cost and best value solution for the City. Waste Management offers to accept 11,000 tons per year of biosolids cake at the Venice Park landfill with no tip fee. In exchange, the City WPC Facilities would accept 11,000,000 gallons per year of leachate trucked in from two other landfills owned by Waste Management. As a result of this trade in services, the City will incur no cost landfill biosolid cakes.

RESOLUTION STAFF REVIEW

September 2, 2015

Agenda Item Title: Biosolids Cake Hauling and Disposal Services

Prepared By: Robert J. Case, WPC Supervisor

Background/Summary of Proposed Action:

WPC is abandoning its multiple hearth incinerators to dispose of sewage sludge, and henceforth will send it to a landfill, as a cost-saving measure. A new Biosolids Loadout Facility under construction will soon enable offsite disposal. Contracts are now needed with a suitable licensed landfill and a trucker to transport and dispose of the cake offsite.

Financial Implications:

A significant reduction in utility and manpower costs will result, and also avoid the need to spend millions to bring the incinerators into compliance with new regulations. Please approve a three year agreement for Sludge Hauling and Disposal for fiscal years 2016, 2017, and 2018. The approved FY2016 budgeted amount is $210,000.00 ($150,000 Landfill, $60,000 Sludge Hauling), future allocations to be determined upon budget adoption. Use account number 590-550.100-801.500.

Budgeted Expenditure: Yes: ☑ No: Please explain if no:

Account No.: 590-550.100-801.500 - $210,000.00

Pre-encumbered: Yes: ☑ No: Requisition: 1500000547

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Approve

Staff Person: Robert J. Case
(Department Head or Approved Staff)

PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
SEWER FUND (590) - NOVEMBER 2015 SUMMARY

Reso #	Council Review Date	Description	Division	Approval Status	590-550.100-801.500
Amended Budget					**$ 200,000.00**
Year-to-date Balance					**$ -**
Purchase Orders Approved					**$ -**
Available Balance					**$ 200,000.00**
CA1042015	10/26/2015	Stansley Industries - Biosolids Sludge Hauling	WPC		60,000.00
CA1052015	10/26/2015	Waste Management/Venice Park Landfill - Biosolids Sludge Disposal	WPC		140,000.00
				Pending RTAB Approval Totals	**$ 200,000.00**
Ending Year to Date Balance Pending Council and RTAB Approval					$ -

150890

CA SUBMISSION NO.: CA10620 15

PRESENTED: 10-21-15

ADOPTED: _____

Resolution Authorizing Appropriate City of Flint Officials to Do All Things Necessary to Process a Budget Amendment to Transfer $189,301.57 From Fund Balance Into the 202-441.702-801.000 Ledger Account

BY THE CITY ADMINISTRATOR:

EM2332014 authorized the City of Flint to enter into contract with MDOT to perform reconstruction, bridge widening, and bridge replacement work on I-69 In order to comply with the contractual agreement between MDOT and Department of Public Works, it is necessary replace funds liquidated during the year-end closing process and increase the FY16 budget by those remaining funds. Funding remaining on this project is $101,432.82.

EMO742013 authorized the City of Flint to enter into contract with Rowe Professional Services for preliminary and construction engineering services on the MDOT Leith St.-Stewart Ave Bridge project. In order to comply with the contractual agreement between City of Flint, MDOT, and Rowe Professional Services, it is necessary replace funds liquidated during the year-end closing process and increase the FY16 budget by those remaining funds. Funding remaining on this project is $87,868.75.

IT IS RESOLVED, that Department of Public Works' FY16 budget shall be amended with the transfer of $189,301.57 from fund balance to line item 202-441.702-801-000 Professional Services.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Finance Director

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Joshua Freeman, Council President

102115-SYR

RESOLUTION STAFF REVIEW

DATE: October 21, 2015

Agenda Item Title: Budget Amendment

Prepared By: Shawanda Roebuck for Howard Croft, Director of Department of Public Works

Background/Summary of Proposed Action: On April 11, 2014, resolution number EME2332014 was adopted giving the City of Flint authorization to enter into contract # 14-020 with MDOT to perform reconstruction, bridge widening, and bridge replacement work on I-69. The local share of the construction project estimated at $343,000.00, however, the project was not completed in FY15, and the remaining authorized funds were rolled into fund balance. Approval for use of fund balance is needed to comply with contractual terms of the contract.

In addition, on July 13, 2013 resolution number EMO742013 authorized the City of Flint to enter into contract # 15-083 with Rowe Professional Services to provide preliminary and construction engineering services for the MDOT Leith St. -Stewart Ave Bridge project for $137,940.00. The project was not completed in FY14, and the authorized funds were rolled into fund balance. Approval for use of fund balance is needed to comply with contractual terms of the contract.

Financial Implications: MDOT has the authority under Public Act 51 of 1951 to request the Treasurer to withhold the City's MTF payment to secure the City's participation in the I-69 project, as well as being in breach of contract for failure to comply with payment terms of the Leith St.-Stewart Ave Bridge project.

Budgeted Expenditure? **Yes** ☒ **No** ☐ **Please explain if no:**

Account No.: 202-441.702-801.000

Pre-encumbered? Yes ☐ **No** ☐ **Requisition #**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: _____

Howard Croft, Director of Dept. of Public Works

150891

SUBMISSION NO.: CA1072015

PRESENTED: 10-21-15

ADOPTED: _____

RESOLUTION TO FLEIS & VANDENBRINK FOR PRELIMINARY DESIGN AND ENGINEERING SERVICES FOR FENTON ROAD PRELIMINARY ENGINEERING

BY THE CITY ADMINISTRATOR:

RESOLUTION

The Department of Public Works & Utilities, Transportation Department has solicited a proposal from one of the pre-qualified engineering vendors for the preliminary design and engineering services for the Fenton Road project, and

Fleis & Vandenbrink, 9475 Holly Rd., Suite 201, Grand Blanc, MI submitted a proposal to provide said services to the Fenton Rd. project. The funding for this request will come from the following account number: 202-441.702-801.000; and

IT IS RESOLVED, that the Mayor and City Administrator are authorized to enter into a contract with Fleis & Vandenbrink using TIP funds for the preliminary design and engineering services for the Fenton Road project in the amount not to exceed $156,748.60 (Major Street Fund)

APPROVED PURCHASING DEPT.:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

Natasha L. Henderson, City Administrator

RECEIVERSHIP TRANSITION ADVISORY BOARD:

CITY COUNCIL:

Joshua Freeman, Council President

102015 – KRN

RESOLUTION STAFF REVIEW

Date: October 21, 2015

Agenda Item Title: Resolution to Fleis & Vandenbrink for PE services for Fenton Rd. rehabilitation project

Prepared By: Kathryn Neumann on behalf of Howard Croft

Background/Summary of Proposed Action:

The City of Flint has four pre-qualified engineering firms. Fleis & Vandenbrink was selected to submit a proposal for the Fenton Rd. rehabilitation project.

The Fenton Rd. rehabilitation project will include design in accordance with MDOT standards and specifications and will be completed in accordance with MDOT's Local Agency Program Plan Preparation and 3R Design Guidelines. Proposed work will include reducing Fenton Rd. from four lanes to three lanes, resurfacing the roadway, storm sewer improvements, curb repairs/replacements as needed, joint repairs, structure adjustments, driveway approaches, sidewalk repairs/replacements as needed as well as ADA sidewalk ramps at all controlled intersections.

Financial Implications: The City must expedite the design of the project in order for the project to be submitted to MDOT for review and approval prior to the funding obligation deadline. If the plans are not completed and approved, MDOT cannot obligate federal funds to the project.

Budgeted Expenditure? **Yes** **X** **No** **Please explain if no:**

Account No.: 202-441.702-801.000

Pre-encumbered? Yes X **No** **Requisition # 15-972**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: _____

Howard Croft, Director of Public Works

PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
MAJOR STREET FUND (202) - NOVEMBER 2015 SUMMARY

Reso #	Council Review Date	Description	Division	Approval Status		202-441.702-801.000
Amended Budget					**$**	**1,276,719.03**
Year-to-date Balance					**$**	**217,557.92**
Purchase Orders Approved					**$**	**160,565.42**
Available Balance					**$**	**898,595.69**
CA1072015	10/26/2015	Fleis & Vanderbrink - Fenton Rd Prelim. Engineering	DPW		$	156,748.60
CA1082015	10/26/2015	Wade Trim - Kearsley Street Rehab Project	DPW		$	94,000.00
			Pending RTAB Approval Totals		**$**	**250,748.60**
Ending Year to Date Balance Pending Council and RTAB Approval					$	647,847.09

150892

SUBMISSION NO.: CA 108 2015

PRESENTED: 10-21-15

ADOPTED: _____

RESOLUTION TO WADE TRIM, INC. FOR PRELIMINARY DESIGN AND ENGINEERING SERVICES FOR KEARSLEY STREET REHABILITATION PROJECT

BY THE CITY ADMINISTRATOR:

RESOLUTION

The Department of Public Works & Utilities, Transportation Department has solicited a proposal from one of the pre-qualified engineering vendors for the preliminary design and engineering services for the Kearsley Street Rehabilitation project, and

Wade-Trim, Inc., 555 S. Saginaw St., Flint, MI submitted a proposal to provide said services to the Kearsley Street project. The funding for this request will come from the following account number: 202-441.702-801.000; and

IT IS RESOLVED, that the Mayor and City Administrator are authorized to enter into a contract with Wade Trim, Inc. using TIP funds for the preliminary design and engineering services for the Kearsley Street Rehabilitation project in the amount not to exceed $94,000.00 (Major Street Fund)

APPROVED PURCHASING DEPT.:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

Natasha L. Henderson, City Administrator

RECEIVERSHIP TRANSITION ADVISORY BOARD:

CITY COUNCIL:

Joshua Freeman, Council President

102015 – KRN

RESOLUTION STAFF REVIEW

Date: October 21, 2015

Agenda Item Title: Resolution to Wade Trim for PE services for Kearsley St. rehabilitation project

Prepared By: Kathryn Neumann on behalf of Howard Croft

Background/Summary of Proposed Action:

The City of Flint has four pre-qualified engineering firms. Wade Trim was selected to submit a proposal for the Kearsley Street rehabilitation project.

The Kearsley Street rehabilitation project will include design in accordance with MDOT standards and specifications and will be completed in accordance with MDOT's Local Agency Program Plan Preparation and 3R Design Guidelines. The project will consist of work from Chevrolet Avenue to Beach Street. Proposed work will include resurfacing the roadway, storm sewer improvements, curb repairs/replacements as needed, joint repairs, structure adjustments, driveway approaches, sidewalk repairs/replacements as needed as well as ADA sidewalk ramps at all controlled intersections.

Financial Implications: The City must expedite the design of the project in order for the project to be submitted to MDOT for review and approval prior to the funding obligation deadline. If the plans are not completed and approved, MDOT cannot obligate federal funds to the project.

Budgeted Expenditure? **Yes** **X** **No** **Please explain if no:**

Account No.: 202-441.702-801.000

Pre-encumbered? Yes X **No** **Requisition # 15-971**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: _____

Howard Croft, Director of Public Works

PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
MAJOR STREET FUND (202) - NOVEMBER 2015 SUMMARY

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			Pending RTAB Approval Totals		**$**	**250,748.60**
Ending Year to Date Balance Pending Council and RTAB Approval					$	647,847.09

150893

RESOLUTION NO.: CA 10920 15

PRESENTED: 10-15-15

ADOPTED: _____

RESOLUTION RECOGNIZING THE FLINT CULTURAL CENTER CORPORATION, INC. AS A NON-PROFIT ORGANIZATION OPERATING IN THE CITY OF FLINT FOR THE PURPOSE OF OBTAINING A CHARITABLE GAMING LICENSE, ISSUED BY THE MICHIGAN LOTTERY CHARITABLE GAMING DIVISION, RELATIVE TO CONDUCTING A RAFFLE ON NOVEMBER 14, 2015

BY THE CITY ADMINISTRATOR:

The Flint Cultural Center Corporation, Inc. is a Michigan non-profit organization whose purpose is to foster cultural activity and community vitality through history, science and the arts; and

The City of Flint, being the local governing body with authority to recognize said organization as a non-profit located within the city as a charitable organization, and the Flint Cultural Center Corporation, Inc., a Michigan non-profit organization, having made proper application for a Charitable Gaming License through the State of Michigan's Charitable Gaming Division to conduct a raffle on November 14, 2015, during their event "Night at the Museum," submit this resolution in accordance with the qualification process pursuant to the State of Michigan, Bureau of State Lottery, as allowed by Act 382 of the Public Acts of 1972, as amended.

IT IS RESOLVED that the Flint Cultural Center Corporation, Inc. is recognized as a non-profit organization operating in the City of Flint for the purpose of obtaining a charitable gaming license, issued by the Michigan Lottery Charitable Gaming Division, relative to conducting a raffle on November 14, 2015, during their event "Night at the Museum," as allowed by Act 382 of the Public Acts of 1972, as amended.

APPROVED AS TO FORM:

for **Peter M. Bade, City Attorney**

FOR THE CITY OF FLINT:

Natasha L. Henderson, City Administrator

APPROVED BY THE FLINT CITY COUNCIL:

S \Bag\Charitable Gaming Licenses\Flint Cultural Center Corporation 10 08.15 doc

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FILED

NOV 05 1992

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

OF

THE COMMITTEE OF SPONSORS FOR THE FLINT COLLEGE AND CULTURAL DEVELOPMENT, INC., a Michigan nonprofit corporation

Effective Date: November 15, 1992

Pursuant to the provisions of Act 162, Public Acts of 1982, as amended, the undersigned corporation executes the following Certificate:

1. The present name of the corporation is THE COMMITTEE OF SPONSORS FOR THE FLINT COLLEGE AND CULTURAL DEVELOPMENT, INC.

2. The corporation identification number (CID) assigned by the Bureau is 832381.

3. The location of its registered office is:

352 S. Saginaw Street, Ste. 707
Flint, MI 48502-1923

4. Article I of the Articles of Incorporation is hereby amended to read as follows:

Article I.

The name of the Corporation is FLINT CULTURAL CENTER CORPORATION, INC.

5. Article IX of the Articles of Incorporation is hereby amended to read as follows:

Article IX.

a. The members of the Corporation shall be Flint Institute of Arts, Flint Institute of Music, Flint Public Library, Flint Youth Theatre, Longway Planetarium, Sloan Museum, and WFBE-FM.

b. The Board of Directors may approve other area cultural organizations as members of the Corporation.

c. The members of the Corporation shall have no authority with respect to the business of the Corporation and shall have no vote.

NEITHERCUT, KLAPP, DILLARD, BANAS & GROSSMANN
ATTORNEYS AT LAW
600 GENESEE TOWERS
FLINT, MICHIGAN 48502-1935
313-6403 767-0666

RECEIVED
NOV 3 1992
MICHIGAN DEPT. OF COMMERCE

RECEIVED
OCT 21 1992
MICHIGAN DEPT OF COMMERCE
CORPORATION & SECURITIES BUREAU

6. The Articles of Incorporation are hereby amended by the addition of the following Articles:

Article XI.

The Corporation is organized on a directorship basis.

Article XII.

The Board of Directors of the Corporation shall have charge, control and management of the business, property, affairs and funds of the Corporation and shall have the power and authority to do and perform all acts and functions permitted for an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, not inconsistent with these Articles of Incorporation, or with the laws of the State of Michigan. The Board of Directors of the Corporation shall be elected or appointed and removed as provided in the Bylaws of the Corporation.

Article XIII.

To the fullest extent permitted under the Michigan Nonprofit Corporation Act, as amended, the Corporation assumes all liability to any person, other than the Corporation, for all acts or omissions of a volunteer Director incurred in the good faith performance of the volunteer Director's duties as such; provided, however, the Corporation shall not be considered to have assumed any liability to the extent such assumption is inconsistent with the Corporation's status as an organization described in Section 501(c)(3) of the Code. Any repeal, amendment or other modification of this Article will not adversely affect any right or protection of a Director of the Corporation existing at the time of such repeal, amendment or other modification.

Article XIV.

The Corporation shall indemnify to the fullest extent authorized or permitted by the Michigan Nonprofit Corporation Act, as amended, in accordance with the procedures of the Michigan Nonprofit Corporation Act, as amended, any person who is or was made or threatened to be made a party to any action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that such person is or was a Director, officer, employee or agent of the Corporation or served or served any other enterprise at the request of the

NEITHERCUT, KLAPP, DILLARD, BANAS & GROSSMANN
ATTORNEYS AT LAW
1000 GENESEE TOWERS
BAY, MICHIGAN 48502-1955
235-6503 767-6560

Corporation. The indemnification provided herein and by the laws of the State of Michigan shall not be deemed exclusive of any other rights to which any person indemnified may be entitled under any agreement, vote of disinterested Directors, or otherwise.

Article XV.

The Board of Directors shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a trustee, director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in such capacity or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under any applicable laws or governmental regulations.

Article XVI.

Any action required or permitted by the Michigan Nonprofit Corporation Act to be taken at an annual, regular or special meeting of the Directors may be taken without a meeting, without prior notice and without a vote if all of the Directors entitled to vote thereon consent in writing. Such written consents shall be filed with the minutes of the Corporation and shall have the same effect as a vote of the Directors for all purposes.

7. This Certificate of Amendment shall become effective November 15, 1992.

7. The foregoing amendment to the Articles of Incorporation was duly adopted on the 12TH day of October 1992. The amendment was duly adopted in accordance with Section 611(2) of the Act by the vote of the members. The necessary votes were cast in favor of the amendment.

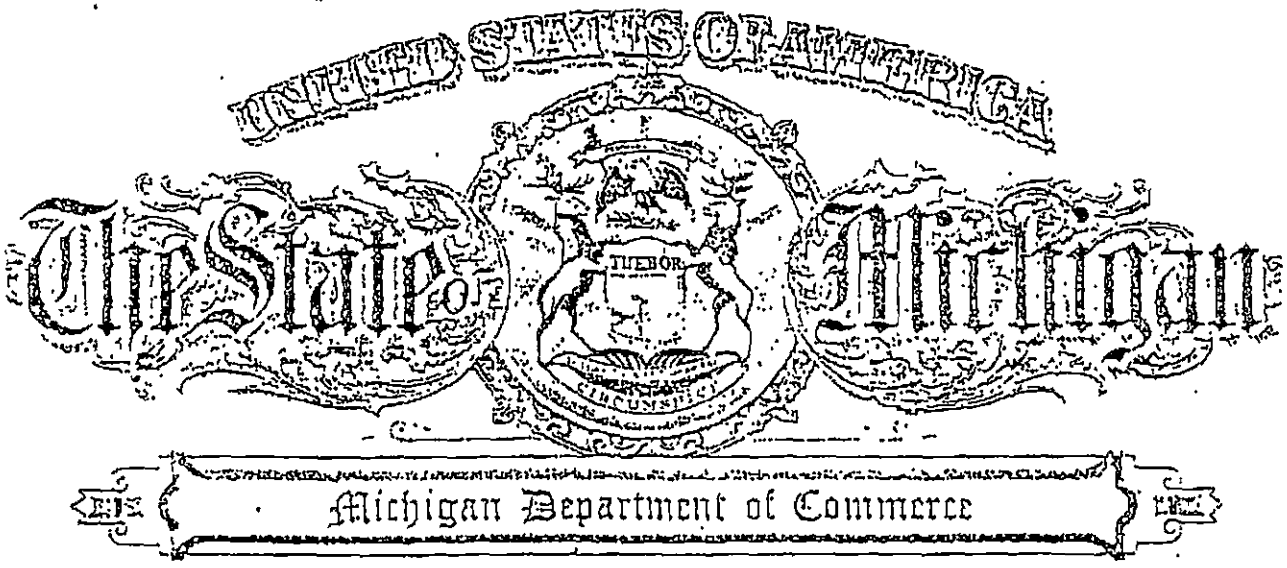
Signed this 19 day of October, 1992.

By: Paul C. Visser
Paul C. Visser
Its President

NEITHERCUT, KLAPP
DILLARD, BANAS
& GROSSMANN
ATTORNEYS AT LAW
1600 GENESEE TOWERS
FLINT, MICHIGAN 48502-1655
235-6603 767-6686

When filed, please return to:

Edward J. Neithercut P18217
Attorney at Law
1600 Genesee Towers
Flint, MI 48502
(313) 235-6603



Lansing, Michigan

This is to Certify That the Annexed Copy of

Articles of Incorporation and Amendment of THE COMMITTEE OF SPONSORS FOR THE FLINT COLLEGE AND CULTURAL DEVELOPMENT, INC.

has been compared by me with the record on file in this Department and that the same is a true copy thereof, and the whole of such record.

In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 30th *day of* June *,19* 83

Director

(Name omitted)

ARTICLES OF INCORPORATION

These Articles of Incorporation are signed and acknowledged by the incorporators for the purpose of forming a nonprofit corporation under the provisions of Act No. 327 of the Public Acts of 1931, as amended, as follows:

ARTICLE I.

The name of the corporation is:

FLINT COMMITTEE OF SPONSORS FOR
THE FLINT COLLEGE AND CULTURAL DEVELOPMENT, INC.

ARTICLE II.

The purpose or purposes for which the corporation is formed are as follows:

To plan and encourage the development of an area in the City of Flint upon which the central Cultural and Education facilities of the city are to be located, including a museum, auditorium, theater, library, art institute, planetarium, the buildings of the Flint Junior College and the Flint College of the University of Michigan and other similar educational and cultural facilities. To acquire and assist in acquiring the site for such center. To supervise and cooperate in the supervision of the location, planning and construction of such structures. To encourage gifts to the Board of Education of the City of Flint for the foregoing purposes. To receive gifts for such purposes and to transmit the same unto the said Board of Education. To establish a trust fund for the purpose of maintenance of such buildings and grounds and to receive gifts on behalf of such trust fund. To conduct such other educational and cultural activities as may be related to the foregoing purposes. To conduct campaigns and drives to accomplish the foregoing purposes. To conduct or to cooperate with others in the conduct of civic celebrations for the purpose of publicizing the plans, purposes and accomplishments of this corporation. To cooperate with, enlist, and develop the cooperation of and between all persons, corporations, and other organizations and agencies, both public and private, engaged or interested in, or in any manner connected with, any or all of the foregoing purposes. To do any and all lawful acts which may be necessary, useful, suitable, desirable, and proper for the furtherance, accomplishment and attainment of any or all of the foregoing purposes. No assets of the corporation (including earnings) shall inure to the benefit of any member or any individual. This corporation shall not carry on propaganda or otherwise attempt to influence legislation.

ARTICLE III.

The location of the first registered office is:

200 East Kearsley Street, Flint 2, Genesee County, Michigan

The mailing address of the first registered office is:

200 East Kearsley Street, Flint 2, Michigan

ARTICLE IV.

The name of the first resident agent is Robert T. Longway.

ARTICLE V.

Said corporation is organized upon a non-stock basis.

(b)

The amount of assets which said corporation possesses is: NONE

Said corporation is to be financed under the following general plan:

Contributions of individuals, associations and corporations.

ARTICLE VI.

The names and places of residence, or business, of each of the incorporators are as follows:

Names	Residence or Business Addresses
F. A. Bower	807 Genesee Bank Bldg., Flint, Michigan
Robert T. Longway	807 Genesee Bank Bldg., Flint, Michigan
J. E. Burroughs	809 Citizens Bank Bldg., Flint, Michigan
H. A. Gorman	2003 Calumet Ave., Flint, Michigan
Ellis Warren	913 E. Court Street, Flint, Michigan
Harlow H. Curtice	1810 Overhill Drive, Flint, Michigan
Clyde F. Applegate	3637 So. Saginaw St., Flint, Michigan
Carl W. Benbright	3700 Parkside Drive, Flint, Michigan
Donald E. Johnson	2671 Westwood Parkway, Flint, Michigan
Charles Stewart Mott	1400 E. Kearsley St., Flint, Michigan
E. A. DeWaters	1102 South Drive, Flint, Michigan
Katharine B. Miner	1000 E. 7th Street, Flint, Michigan
Fannie Wilson	[illegible] Flint, Michigan
Ivan L. Wilson	1312 Blanchard Ave., Flint, Michigan
Edward T. Ragsdale	1007 Beard St., Flint, Michigan
Joseph A. Anderson	3301 Hawthorne Dr., Flint, Michigan
William F. Hufstader	0 9296 Perry Rd., Atlas, Michigan
Arthur L. Crawley	1814 Montclair Ave., Flint, Michigan
Myron Winegardner	401 Citizens Bank Bldg., Flint, Michigan.
Mrs. Geo. C. Wilson	1211 Woodlawn Park Drive, Flint, Michigan

ARTICLE VII.

The names and addresses of the first board of directors are as follows:

Names	Addresses
Frank P. Allen	514 Williams Street, Flint, Michigan
Joseph A. Anderson	3301 Hawthorne Drive, Flint, Michigan
Clyde F. Applegate	3637 S. Saginaw Street, Flint, Michigan

W. S. Ballenger, Jr.	1801 Woodburne Drive, Flint, Michigan
George A. Barnes, Sr.	529 Detroit Street, Flint, Michigan
George A. Barnes, Jr.	529 Detroit Street, Flint, Michigan
Bert E. Beveridge	303 Genesee Bank Bldg., Flint, Michigan
Carl W. Bonbright	2700 Parkside Drive, Flint, Michigan
Wilbur H. Boutell	8109 Dixie Highway, Grand Blanc, Michigan
F. A. Bower	607 Genesee Bank Bldg., Flint, Michigan
Dr. Hira E. Branch	1014 Woodside Drive, Flint, Michigan
Merlin Brown	539 Detroit St., Flint, Michigan
Viola E. Bray	523 East Street, Flint, Michigan
J. E. Burroughs	809 Citizens Bank Bldg., Flint, Michigan
A. William Bishop	2750 Parkside Drive, Flint, Michigan
Robert A. Carter	101 Downey St., Flint, Michigan
Samuel M. Caisman	3304 Westwood Parkway, Flint, Michigan
J. Palmer Crawford	926 Maxine St., Flint, Michigan
Arthur L. Crawley	1614 Montclair Ave., Flint, Michigan
Everett A. Cummings	328 S. Saginaw Street, Flint, Michigan
Harlow H. Curtice	1310 Overhill Drive, Flint, Michigan
E. J. DeWaters	1102 South Drive, Flint, Michigan
Ralph E. Gault	1113 Woodside Drive, Flint, Michigan
W. G. Gregor	1015 Maxine St., Flint, Michigan
M. A. Gorman	2008 Calumet, Flint, Michigan
James E. Goodman	757 Pleasant St., Birmingham, Michigan
George V. Gundry	1918 Cambridge St., Flint, Michigan
A. H. Hall	3201 Sunset Drive, Flint, Michigan
Michael A. Hamady	1023 Woodlawn Park, Flint, Michigan
William F. Hulsander	8206 Perry Rd., Atlas Michigan
Donald E. Johnson	2671 Westwood Parkway, Flint, Michigan
Albert E. Koegel	322 West Hamilton Ave., Flint, Michigan
Fred A. Lavery	1612 Crescent Drive, Flint, Michigan
Reimer F. Lingelbach	328 E. Saginaw St., Flint, Michigan
Robert T. Longway	607 Genesee Bank Bldg., Flint, Michigan
E. Paul Lynch	2602 Mansfield St., Flint, Michigan
Roy I. MacArthur	3930 Circle Drive, Flint, Michigan
Ivan A. MacArthur	3401 Hawthorne Drive, Flint, Michigan
Harvey J. Mallery	324 E. Court St., Flint, Michigan
Oyles E. Merrill	352 S. Saginaw St., Flint, Michigan
Katharine B. Miner	1000 E. 7th Street, Flint, Michigan
Clarence H. Moon	224 E. Court St., Flint, Michigan
Charles Stewart Mott	1400 E Kearsley St., Flint, Michigan
C.S. Harding Mott	1709 Woodburne Drive, Flint, Michigan
Louise Nicoletti	2703 Westwood Parkway, Flint, Michigan
H. Ray Phipps	1307 Maxine, Flint, Michigan
John L. Pierce	1730 Woodburne, Flint, Michigan
Carol Pierron	918 Grand Traverse, Flint, Michigan
Mark E. Piper	501 Lafayette, Flint, Michigan
E. W. Potter	328 S. Saginaw St., Flint, Michigan
Cora M. Parkhill	2920 Parkside Drive, Flint, Michigan
Edward T. Ragsdale	1007 Beard St., Flint, Michigan

C. J. Ross	815 Woodlawn Park Drive, Flint, Michigan
William L. Richards	2710 Westwood Parkway, Flint, Michigan
Walter E. Scott	928 Kensington Ave., Flint, Michigan
Arthur E. Summerfield	3852 Parkside Drive, Flint, Michigan
Harold M. Utley	1109 Maxine St., Flint, Michigan
J. A. Utley	3129 Lapeer Rd., Flint, Michigan
Ellis H. Warren	915 E. Court St., Flint, Michigan
Ivan L. Wiles	1318 Blanchard, Flint, Michigan
Mrs. George C. Willson	1211 Woodlawn Park Drive, Flint, Michigan
Dallas E. Winslow	9101 Dixie Highway, Grand Blanc, Michigan
Myron Winegardon	401 Citizens Bank Bldg., Flint, Michigan
Harry Yeotis	1818 Calumet, Flint, Michigan

ARTICLE VIII.

The term of the corporate existence is thirty years.

ARTICLE IX.

Each contributor of the sum of $25,000.00 or more to the College and Cultural Development fund of the Flint Board of Education, or to this corporation, shall be a member of this corporation. Each member shall have one vote for the election of directors or upon any other corporate matter. In the event of a contribution in such amount by a corporation, or other organization, such corporation or other organization shall delegate an individual to vote its membership. In the event of such contribution by two or more individuals, such contributors shall delegate one of their number to hold the membership in this corporation. In the event of the death of a member of this corporation, the Board of Directors of this corporation may determine who among the survivors or heirs of such member shall thereafter hold such membership.

ARTICLE X.

In the event of the termination of this corporation by expiration of its charter or otherwise, or upon any type of liquidation of its assets, all assets, after payment of its debts, shall be distributed to the Flint Board of Education for the development, operation, and maintenance of its College and Cultural Development. This provision is irrevocable, and shall not be subject to alteration or amendment.

We the incorporators, sign our names this 10th day of October A.D. 1958.

F. A. Bower — Robert T. Longway

J. E. Burroughs — M. A. Gorman

Ellis Warren — Harlow H. Curtice

Clyde P. Applegate — Carl W. Bonbright

Donald F. Thompson

Charles Stewart Mott

E. A. DeWaters

Katharine B. Miner

Mrs. Geo. C. Wilson

Ivan L. Wiles

Edward T. Ragsdale

Joseph A. Anderson

William F. Hufstader

Arthur L. Crawley

Myron Winegarden

STATE OF MICHIGAN)
) ss
COUNTY OF GENESEE)

On this 10th day of October A.D. 1956 before me personally appeared F. A. Bowur, Robert T. Longway, J. E. Burroughs, M. A. Gorman, Ellis Warren, Harlow H. Curtice, Clyde F. Applegate, Carl W. Bonbright, Donald E. Johnson, Charles Stewart Mott, E. A. DeWaters, Katherine B. Miner, Mrs. Geo. C. Wilson, Ivan L. Wiles, Edward T. Ragsdale, Joseph A. Anderson, William F. Hufstader, Arthur L. Crawley and Myron Winegarden to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Janice Markland - notary public
County of Genesee,
State of Michigan
My commission expires Sept. 22, 1957

RECEIVED

FILED

JAN 10 1957

BYLAWS

OF

FLINT CULTURAL CENTER CORPORATION, INC.

ARTICLE I

NAME & PRINCIPAL OFFICE

Section 1. Name: The name of this Corporation shall be Flint Cultural Center Corporation, Inc.

Section 2. Offices: The Corporation shall maintain in the State of Michigan a registered office and a registered agent at such office and may have other offices within the State of Michigan.

ARTICLE II

STATEMENT OF PURPOSE

Section 1. Mission: To foster cultural activity and community vitality through history, science and the arts.

Section 2. Vision: The Flint Cultural Center Corporation will position the Flint Cultural Center as the premier regional destination, educational resource, and entertainment venue for history, science and the arts.

Section 3. Purpose: The purpose of the Corporation is to operate exclusively for charitable, scientific and educational purposes as set forth in the Articles of Incorporation. The Corporation shall be operated exclusively for the not-for-profit purposes set forth herein and in its Articles of Incorporation, and no part of its net earnings shall insure to the benefit of or be distributed to its Board of Directors, officers or any other individuals.

Section 4. Non-Discrimination: The Corporation shall not discriminate in its policies or programs, membership of its Board of Directors, employees or officers on the basis of race, creed, color, gender, age, religion, disability, veteran's status, national origin, sexual orientation, gender identity or gender expression or any other protected class as required by Federal and Michigan law.

Section 5. Political Campaigning/Lobbying: No substantial part of the activities of the Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation. Nor shall the Corporation participate in or intervene in (including the publication or distribution of statements) any political campaign on behalf of (or in opposition to) any candidate for public office.

ARTICLE III

BOARD OF DIRECTORS

Section 1. General Powers: The Corporation is organized on a directorship basis. A Board of Directors shall govern the business and affairs of the Corporation. The Board of Directors shall exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, the Articles of Incorporation or by these Bylaws prohibited. This may include without limitation, employing such staff, agents and individuals, as the Board deems appropriate.

Section 2. Number, Tenure and Appointment: The number of at-large Directors shall be not less than fifteen (15) and no more than twenty-one (21). Directors shall be appointed for a three-year term at the Annual Meeting as determined by resolution of the Board of Directors. Each Director shall hold office until their successor has been appointed, or until their death, resignation or removal. A Director may be re-appointed by a majority vote of the Directors in attendance at a meeting of the Board of Directors to serve an additional three years. There shall be a term limitation of three consecutive terms that a Director may be appointed to serve. A director, whose term has been terminated because of the term limitation, shall be eligible for reappointment to serve three more terms after one year of absence from the Board. Terms shall be staggered so that approximately one-third (1/3) of the Board's total composition expires in the same year. Notwithstanding the provisions of this Section, a term limited Director holding the position of Board Chair, may, by majority vote of the Directors, be reappointed to the Board for an extended one (1) year term in the capacity of Immediate Past Chair.

Section 3. Resignation: Any Director may resign at any time by written notice delivered or sent by mail, email or facsimile transmission to the Chair or Secretary of the board. Such resignation shall take effect at the time specified therein, and unless specifically requested, acceptance of such resignation shall not be necessary to make it effective.

Section 4. Removal: Any Director may be removed from office by an affirmative vote of seventy-five (75%) percent of the Board of Directors of the Corporation in attendance at any special or regular meeting (where a quorum is present), provided that the notice of such meeting included such removal as an item of business to be undertaken at the meeting. Any Director of this Corporation may be removed by such affirmative vote if, in the opinion of such majority, the best interest of the Corporation would be served thereby, or if, in the opinion of such majority, other sufficient cause exists for removal.

Section 5. Vacancies: Any vacancies occurring in the Board of Directors shall be filled by affirmative vote of the majority of the remaining Directors then in office at a special or regular meeting of the Board of Directors, for the unexpired portion of the term. A director so appointed shall be eligible for three (3) additional 3-year terms.

Section 6. Compensation: No salary or other compensation shall be paid to any Director for services rendered as such Director, but this shall not preclude any Director from performing any other service for the Corporation and receiving appropriate compensation.

Directors will abstain from voting on any issues where there may be a conflict of interest including any issue where that Director may personally benefit financially. (see Article VIII).

Section 7. Affiliate Membership: The membership of the Flint Cultural Center Board of Directors shall be composed of a majority of at large members and appointed individuals from the following affiliate organizations:

1. One (1) Flint Board of Education Member
2. One (1) Flint Institute of Arts Board Member
3. One (1) Flint Institute of Music Board Member

7 a. Removal by Affiliate Organizations: Any Director appointed by the Flint Board of Education, Flint Institute of Arts or the Flint Institute of Music may be replaced at any time by the sponsoring organization.

ARTICLE IV

BOARD MEETINGS

Section 1. Annual Meeting: The Annual Meeting of the Board of Directors shall be held each year in the month preceding the first day of the new fiscal year. The annual meeting shall be at such time and place as may be designated by the Chair of the Board of Directors with two weeks advance written notice to all Directors. At the Annual Meeting, the Board of Directors shall elect Officers for the ensuing year and Directors for their appropriate terms, and transact such other business as may come before the meeting.

Section 2. Regular Meetings: The Board of Directors shall establish a schedule of regular meetings as it deems necessary for the efficient conducting of its business.

Section 3. Special Meetings: Special meetings of the Board of Directors may be called by the Chair or Secretary on four (4) days notice to each Director by mail, electronic mail or other electronic transmission. Special meetings shall be called by the Chair or Secretary in like manner on the written request of a majority of the Directors then in office. The meeting notice requirement may be waived from time to time by the Chair if the purpose of the meeting is of urgent nature as determined by the Chair. No other business, other than what was defined in the meeting notice, may be conducted at a special meeting.

Section 4. Notice of Meetings: Notice of each meeting of the Board of Directors shall be given by written notice, or electronic mail notice delivered to each Director at their address as it appears on the books of the Corporation, or by facsimile, or other electronic means. Except where otherwise required by law or by these Bylaws notification of meetings shall be not less than three (3) days prior to the time appointed for the meeting.

Section 5. Quorum: A majority of the Directors then serving shall constitute a quorum for the transaction of business unless the greater or lesser number is required by law, the Articles of Incorporation or these Bylaws. The act of a majority of the Board of Directors present at any meeting at which a quorum is present, or on written consent of a majority of all directors without a meeting, shall be an act of the Board of Directors, unless act of the greater number is required by law, the Articles of Incorporation or these Bylaws. Directors may be deemed present for the purposes of a quorum, and may vote, if such Directors are in contact

with each other by telephone call or other electronic conferencing during the meeting. If a quorum shall not be present at any meeting of the Board of Directors, The Board of Directors present may adjourn the meeting without notice other than announcement at the meeting, until a quorum shall be present. At all meetings of the Board of Directors, each Director shall be entitled to one vote.

ARTICLE V

OFFICERS

Section 1. Number, Election & Term: The officers of the Corporation shall be Chair, Vice Chair, Secretary and Treasurer. Such officers shall be elected by the majority vote of the Board of Directors at the Corporation's Annual Meeting. Each officer shall hold office for not less than one (1) year and not more than three (3) consecutive years, unless death, resignation, removal or until their successors have been duly elected and qualified.

Section 2. Qualifications, Removal & Vacancies: The officers shall be members of the Board of Directors. The Board of Directors may remove any officer or agent whenever in its judgment the best interest of the Corporation will be served. Removal shall be by the affirmative vote of a majority of the Directors in attendance at any meeting at which a quorum is present, provided that notice of the meeting included such removal as an item of business. Vacancies in any Officer position of the Corporation because of death, resignation, removal, disqualification or otherwise shall be filled by a then current Director duly elected to the position by majority vote of the Board of Directors for the unexpired portion of the term.

Section 3. Duties of the Chair: The Chair of the Board of Directors shall preside over all meetings of the Board of Directors and the Executive Committee. The Chair shall have the responsibility to appoint individuals to serve on standing committees as are necessary to efficiently conduct the affairs of the Corporation. The Chair shall be an ex-officio member of all committees of the Corporation. The Chair shall perform such other duties and have authority as from time to time may be assigned by the Board of Directors.

Section 4. Duties of the Vice-Chair: In the absence of the Chair, the Vice-Chair shall perform the duties of the Chair and when so acting shall have all the powers of and be subject to all other restrictions imposed upon the Chair. The Vice-Chair shall perform such duties and have such authority as from time to time may be assigned by the Chair or by the Board of Directors.

Section 5. Duties of the Secretary: The Secretary of the Corporation shall chair the meetings of the Board Governance Committee and shall be the official keeper of the Corporate records and as such, shall countersign the minutes of the regular and special meetings of the Board for accuracy, and perform all duties incident to the office of Secretary and have such other duties and exercise such authority as from time to time may be delegated or assigned by the Chair or by the Board of Directors. A portion of the above duties may be delegated to a staff member, or Assistant Secretary as approved by the Board.

Section 6. Duties of the Treasurer: The Treasurer shall chair the meetings of the Finance Committee and oversee the financial well-being of the corporation, and perform all duties incident to the office of Treasurer and have such other duties and exercise such

authority as from time to time may be delegated or assigned by the Chair or by the Board of Directors. A portion of the above duties may be delegated to a staff member or Assistant Treasurer, as approved by the Board.

ARTICLE VI

STANDING COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. Executive Committee: The Officers and chairs of the standing committees as defined in this article will constitute an Executive Committee. This Executive Committee shall have power to make decisions between meetings of the whole board. Meetings will be called by the Chair and any decisions made by the Executive Committee will be presented to the whole board for ratification at its next regular meeting.

Section 2. Finance Committee: The Chair of the Board may at any time appoint members to serve on the Finance Committee. Such appointments shall be in such numbers as the Chair of the Board may determine advisable, with such duties and such functions as the Board may determine, provided that a majority of the Finance Committee is comprised of current Directors in good standing. The Treasurer of the Board of Directors shall serve as Chair of the Finance Committee. Duties of the Finance Committee include, recommending to the Board of Directors an Annual Budget for the next fiscal year that is presented prior to the Annual Meeting. The committee shall maintain oversight of all fiscal matters pertaining to the Corporation and report to the Board of Directors on a regular basis the financial condition of the Corporation. The committee will also be responsible for developing and recommending employment policies and procedures for the Corporation and monitoring compliance with applicable Federal and State Laws. Any recommendations made by the Finance Committee shall be reported to the full Board at its next regularly scheduled meeting.

Section 3. Strategic Planning Committee: The Chair of the board may at any time appoint a Chair of the Strategic Planning Committee and members to serve on this Committee. Such appointments shall be in such numbers as the Chair may determine advisable, with such duties and such functions as the Board may determine, provided that a majority of the Strategic Planning Committee is comprised of current Directors in good standing. It shall be the function and scope of this committee to evaluate service delivery, develop short and long term organizational strategies, and monitor and evaluate the progress of those strategies in achieving organizational goals. The Strategic Planning Committee shall make recommendations to the Board of Directors regarding any activity within its scope for necessary action.

Section 4. Fund Development Committee: The Chair of the board may at any time appoint a Chair of the Fund Development Committee and members to serve on this Committee. Such appointments shall be in such numbers as the Chair may determine advisable, with such duties and such functions as the Board may determine, provided that a majority of the Fund Development Committee is comprised of current Directors in good standing. It shall be the function and scope of this committee to provide strategic and creative thinking, community intelligence, advocacy and advice to help shape/support the fundraising efforts of the FCCC with a particular focus on collaborative fundraising activities

for the benefit of campus operations and identified capital needs. The Fund Development Committee shall make recommendations to the Board of Directors regarding any activity within its scope for necessary action.

Section 5. **Board Governance Committee:** The Board Governance Committee, chaired by the Secretary of the Corporation, shall consist of the Chair of the Board, the Immediate Past Chair of the Board, and two or four other Directors appointed by the Chair of the Board and confirmed by majority vote of the Board. The Board Governance Committee shall conduct an annual evaluation of the Board, Board continuing education as needed and new Board member orientations. Based on the results of the annual board evaluation, the Board Governance Committee will recruit and review candidates for appointment to the Board and shall forward their recommendations to the full Board of Directors for consideration. It shall nominate individuals from among the Board to serve as Officers of the Board, during which process any committee member under consideration as an Officer shall recuse himself/herself from committee deliberations.

Section 6. Institutional Governing Councils: A Governing Council for each of Sloan*Longway and The Whiting shall provide strategic oversight and direction for the respective operations of each institution. The Chair of the Board may at any time appoint a Chair of either or both Governing Councils and Directors to serve on each respective Council. The Councils, by and in a manner of their choosing, may elect non-Directors to serve on each Council, provided however, that each Council shall be comprised of a majority of FCCC Directors, unless an alternate composition of the Councils is approved by majority vote of the FCCC Board. Except as provided in this Section, the Institutional Governing Councils shall make recommendations to the Board of Directors regarding any activity within its scope for necessary action.

Section 7. **Campus Collaboration Committee:** The Chair of the Board may, in consultation with the affiliate members of the FCC campus, at any time appoint a Chair of the Campus Collaboration Committee and may invite other Directors and institutional representatives to serve on the Committee, such that each affiliate organization holds only two (2) voting seats on this Committee. The campus affiliate organizations include Sloan*Longway, The Whiting, Flint Institute of Arts, Flint Institute of Music, Flint Cultural Center Corporation. It shall be the scope of this committee to provide strategic and creative thinking, and advocacy to shape and support collaboration among the key institutions regarding campus-wide operational and business matters. The Campus Collaboration Committee shall make recommendations to the Board of Directors (and, where appropriate, to the Governing Boards of other campus institutions) regarding any activity within its scope for necessary action.

Section 8. Other Standing or Special Committees:

8a. Other Standing Committees: The Board of Directors, by resolution adopted by affirmative vote of a majority of Directors, may designate other standing committees, each committee to be comprised of a majority of Directors.

8b. Special or Ad Hoc Committees: A special or ad hoc committee may be appointed by the Chair for a special task as the circumstances may warrant. At least one (1) member of the Board shall be appointed to each special committee. A special committee shall limit its activities to the accomplishment of the task for which it is appointed, and shall have no power to act except as is specifically conferred by action of

the Board of Directors. Upon completion of the tasks for which appointed, such special committee shall stand discharged

ARTICLE VII
CHIEF OPERATING OFFICER AND INSTITUTIONAL EXECUTIVE DIRECTORS

Section 1. Chief Operating Officer

a. **General Authority:** The Chief Operating Officer (COO) shall be the paid chief administrative officer of the Corporation and shall have general supervision over the business of the Corporation and over its corporate staff. The COO shall act as the duly authorized representatives of the Board of Directors in all matters in which the Board of Directors has not formally designated some other person or committee to act. Duties include:

   i. The COO may sign and execute in the name of the Corporation and/or its Member Organizations, grant applications, leases, employment agreements, contracts and, from time to time, other instruments which are authorized by the Board of Directors;

   ii. The COO, subject to general policies of the Corporation, shall manage the corporate staff of the Corporation, and have full authority to hire and fire corporate (shared service) employees;

   iii. The COO shall represent the Corporation in its exchanges with the public and with governmental agencies, corporations; and

   iv. The COO in general shall perform all duties incidental to the management of the Corporation and such other duties from time to time may be assigned by the Board of Directors or by any of its committees to which the Board has delegated power for such actions.

b. **Method of Appointment:** The COO shall be appointed and employed by and directly accountable to the Board of Directors of the Corporation.

c. **Board and Committee Membership:** The COO shall serve as an *ex-officio*, non-voting members of the Board of Directors and all of its Committees.

d. **Evaluation and Compensation:** No less than annually, the Executive Committee of the Board shall review the performance and compensation of the COO. Determination of compensation shall be based upon considerations such as organizational and individual performance, length of service, and any other factors the Committee may reasonably consider.

Section 2. Institutional Executive Directors

a. **General Authority:** The Institutional Executive Directors shall be the paid chief administrative officer of the respective Member Institutions of the Corporation and shall have general supervision over the business of the Institution and over its institutional staff. The Executive Director(s) shall act as the duly authorized representatives of the respective Institutions in all matters in which the Board of Directors has not formally designated some other person or committee to act. Duties include:

   i. The Executive Directors may sign and execute in the name of the respective Member Institutions, grant applications, leases, employment agreements, contracts and, from time to time, other instruments which are authorized by the Board of Directors; in the absence of the COO, the Executive Directors, individually or jointly, may sign and execute in the name of the Corporation any document or instrument approved by the Board of Directors or an authorized Committee of the Corporation;

   ii. The Executive Directors, subject to general policies of the Corporation and the respective Institutions, shall manage the institutional staff of the Member Organizations, and have full authority to hire and fire institutional employees;

   iii. The Executive Directors shall represent their respective institutions in its exchanges with the public and with governmental agencies, corporations; and

   iv. In general shall perform all duties incidental to the management of the Member Institution and such other duties from time to time may be assigned by the Board of Directors or by any of its committees to which the Board has delegated power for such actions.

b. **Method of Appointment:** The Executive Directors shall be employed by the Corporation and directly accountable to the respective Governing Councils of the Member Institutions.

c. **Evaluation and Compensation:** No less than annually, the Chair of each Governing Council (and other members of the Governing Council at the Chair's discretion) shall review the performance and compensation of the respective Executive Directors. The Governing Councils shall make recommendations to the Executive Committee of the Corporation on Executive Director compensation.

ARTICLE VIII

CONFLICT OF INTEREST

Section 1. Conflict of Interest: All members of the Flint Cultural Center Corporation Board of Directors should act in the best interest of the FCCC. Any Director or committee member who has, or who represents an organization that has a material, financial interest in a

contract or other transaction presented to the Board of Directors or a committee thereof for authorization, approval, or ratification, shall make a prompt, full and frank disclosure of such person's interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include any relevant and material facts known to such person about the contract or transaction.

*(1a.) **Conflict Resolution:** The absence or existence of a conflict by a Director shall be determined by the vote of the majority of the Board in attendance. The Director with a potential conflict shall abstain from the voting and may be excused from the meeting by the person chairing the meeting.*

ARTICLE IX

NEGOTIABLE INSTRUMENTS

Section 1. Checks, etc.: All checks, drafts, orders for payment of money and negotiable instruments shall be signed by such corporate officers and employees as the Board of Directors may by resolution or special order prescribe.

Section 2. Securities: Such officers as from time to time shall be designated by the Board of Directors shall have the power to control and direct the disposition of any securities or property of the corporation deposited in the custody of any financial institution and sign any endorsements or transfers thereof.

ARTICLE X

FISCAL YEAR & SEAL

Section 1. Fiscal Year: The Fiscal year of the Corporation shall be **July 1st through June 30th**, and may be changed by resolution of the Board.

Section 2. Seal: The Board may adopt a corporate seal, which shall be in the form of a circle and shall bear the full name of the Corporation and the year of its incorporation.

ARTICLE XI

INDEMNIFICATION AND INSURANCE

Section 1. Nonderivative Actions: Subject to all of the provisions of this Article, the Corporation shall have the power to indemnify any person who was or is a party to, or is threatened to be made party to, any threatened, pending or completed action, suit or proceedings by reason of the fact that the person is or was a Director, officer, employee, volunteer, or agent of the Corporation. This includes any civil, criminal, administrative or investigative proceedings, whether formal or informal, other than an action by or in the right of the Corporation. Such indemnification may also apply to a person who is or was serving at the request of the Corporation as a director, officer, employee, volunteer or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, whether for profit or not for profit. The person may be indemnified and held harmless against

expenses (including attorney fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation. With respect to any criminal action or proceeding, the person must have had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, settlement or conviction or on a plea of nolo contendere or its equivalent shall not itself create a presumption that (a) the person did not act in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, or (b) with respect to any criminal action or proceeding, the person had reasonable cause to believe that his or her conduct was unlawful.

Section 2. Derivative Actions: Subject to all of the provisions of this Article, the Corporation shall have the power to indemnify any person who was or is a party to, or is threatened to be made a party to, any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor because (a) the person was or is a Director, officer, employee, volunteer or agent of the Corporation, or (b) the person was or is serving at the request of the Corporation as a director, officer, employee, volunteer or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, whether or not for profit. The person may be indemnified and held harmless against expenses (including actual and reasonable attorney fees) and amounts paid in settlement incurred by the person in connection with such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation. Indemnification shall not be made for any claim, issue or manner in which the person has been found liable to the Corporation, unless and only to the extent that the court in which such action or suit was brought has determined on application that, despite the adjudication of liability but in view of all circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses that the court considers proper.

Section 3. Expenses of Successful Defense: To the extent that a person has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 or 2 or this Article, or in defense of any claim, issue or matter in the action, suit or proceeding, the person shall be indemnified against expenses (including actual and reasonable attorney fees) incurred in connection with the action and in any proceeding brought to enforce the mandatory indemnification provided by this Section 3.

a. **Determination that Indemnification is Proper:** Any indemnification under Sections 1 or 2 of this Article (unless ordered by a court), shall be made by the Corporation only as authorized in the specific case. The Corporation must determine that indemnification of the person is proper in the circumstances because the person has met the applicable standard of conduct set forth in Sections 1 or 2, whichever is applicable. Such determination shall be made in any of the following ways:

   (1) By a majority vote of a quorum of the Directors consisting of Directors who were not parties to such action, suit or proceeding.

   (2) If the quorum described in the clause (1) above is not obtainable, then by a committee of Directors who are not parties to the action.

(3) By independent legal counsel in a written opinion.

b. **Proportionate Indemnity:** If a person is entitled to indemnification under Sections 1 or 2 of this Article for a portion of expenses, including attorney fees, judgments, penalties, fines and amounts paid in settlement, but not for the total amount, the Corporation shall indemnify the person for the portion of the expenses, judgments, penalties, fines or amounts paid in settlement for which the person is entitled to be indemnified.

Section 4. Expense Advance: Expenses incurred in defending a civil or criminal action, suit or proceeding described in Sections 1 or 2 of this Article may be paid by the Corporation in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the person involved to repay the expenses, if it is ultimately determined that the person is not entitled to be indemnified by the Corporation. The undertaking shall be an unlimited general obligation of the person on whose behalf advances are made, but need not be secured.

Section 5. Nonexclusivity of Rights: The indemnification or advancement of expenses provided under this Article is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under a contractual arrangement with the Corporation. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of the actual expenses incurred by the person seeking indemnification or advancement of expenses.

Section 6. Former Directors and Officers: The indemnification provided in this Article continues for a person who ceases to be a director, officer, employee, volunteer or agent and shall insure to the benefit of the heirs, executors and administrators of that person.

Section 7. Insurance: The Corporation may purchase and maintain insurance on behalf of any person who (a) was or is a director, officer, employee, volunteer or agent of the Corporation or (b) was or is serving at the request of the Corporation as a director, officer, employee, volunteer or agent of another corporation, partnership, joint venture, trust or other enterprise. Such insurance may protect against any liability asserted against the person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Corporation would have power to indemnify against such liability under this Article or the laws of the State of Michigan.

Section 8. Changes in Michigan Law: If there are any changes in the Michigan statutory provisions applicable to the Corporation and relating to the subject matter of this Article, then the indemnification to which any person shall be entitled shall be determined by such changed provisions, but only to the extent that any such change permits the Corporation to provide broader indemnification rights than such provisions permitted the Corporation to provide before any such change.

ARTICLE XII

DISSOLUTION

Section 1. Dissolution of the Corporation: In the event of the dissolution of the Flint Cultural Center Corporation, the building contents and fixtures of those organizations governed by the FCCC, and any funds remaining in the FCCC's possession, shall be turned over to the Community Foundation of Greater Flint for management, investment, or distribution. Those assets thus provided to the Community Foundation of Greater Flint shall be used in a manner consistent with the original intentions of the incorporators of the FCCC, as determined by the Community Foundation of Greater Flint's Board of Directors. In addition, pursuant to the property transfer agreement signed between the School District of the City of Flint and the Corporation, the Cultural Center properties and buildings will revert to the Flint Board of Education.

ARTICLE XIII

AMENDMENTS AND PARLIAMENTARY AUTHORITY

Section 1. Amendment: These bylaws may be amended at any regular or special meeting by a two-thirds vote provided that the board has been given all amendments in writing at least two weeks before the meeting.

Section 2. Parliamentary Authority: The rules contained in the current edition of *Roberts Rules of Order Newly Revised* shall govern the Corporation in all cases in which they are applicable and in which they are not inconsistent with these bylaws, any special Rules of Order which the Corporation may adopt and Michigan law.

Authorizing Agent _____ *Title* Chief Operating Officer

Date 04/27/2015

Revised Bylaws Adopted: April 27, 2015

City of Flint, Michigan

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Meeting Minutes 2 - Final

Monday, October 26, 2015

6:04 PM

RTAB SUMMARY

Council Chambers

CITY COUNCIL

Joshua M. Freeman, President, Ward 4
Wantwaz D. Davis, Vice President, Ward 5

Eric Mays, Ward 1
Kerry Nelson, Ward 3
Monica Galloway, Ward 7
Jacqueline Poplar, Ward 2
Herbert J. Winfrey, Ward 6
Victoria VanBuren, Ward 8
Scott Kincaid , Ward 9

Inez M . Brown, City Clerk

ROLL CALL

Present: Councilperson: Councilperson Poplar, Councilperson Nelson, Freeman, Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren and Councilperson Mays

Absent: Councilperson: Councilperson Kincaid

RESOLUTIONS

None

RESOLUTIONS - MAY BE REFERRED FROM COTW

150886 Brown & Sons Co./Annual Supply/Brake Parts, Bulbs, Breakers, Sprays and Filters

Resolution resolving that the Finance Department is hereby authorized to issue purchase orders for FY2016, FY2017, and FY2018 to Brown & Sons Co. for the annual supply of brake parts, bulbs, breakers, sprays, and filters, as requested by Fleet, in an annual amount NOT-TO-EXCEED $140,000.00, for an aggregate amount of $420,000.00 (pending adopting of the FY18 Budget), AND, resolving that the Finance Department has the discretion to spend an additional amount of NO-MORE-THAN 5% of the annual requested spend amount to Brown & Sons Co. for unanticipated requests that may be submitted during the next three years [Fleet/Central Garage Fund Acct. No. 661-000.000-110.400]. [City Administrator Submission No. CA1022015]

SEPARATED FROM MASTER RESOLUTION

150887 CO#1/Contract/Zito Construction/Water Main Cut-In Project

Resolution resolving that the Mayor and City Administrator do all things necessary to enter into change order #1 to the contract with Zito Construction to extend the contract into the current fiscal year and pay additional work that was needed to complete the project, as requested by the Water Plant, in an amount NOT-TO-EXCEED $19,570.00, for a revised contractual amount of $695,870.00 [Water Fund Acct. No. 591-536.100-801.000]. [City Administrator Submission No. CA1032015]

SEPARATED FROM MASTER RESOLUTION

150888 Contract/Stansley Industries/Biosolids Sludge Transportation-Hauling Services

Resolution resolving that the Mayor and City Administrator are authorized to enter into a three-year contract with Stansley Industries for [a] biosolids sludge cake transportation/hauling agreement, as requested by the Water Pollution Control, for a FY2016 amount of $60,000.00, and pending adoption of FY2017 [Budget] of $80,000.00, and FY2018 Budget amount of $85,000.00, for a total award of $225,000.00 [Sewer Fund Acct. No. 590-550.100-801.500]. [City Administrator Submission No. CA1042015]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150889 Contract/Waste Management-Venice Park Landfill/Biosolids Sludge Disposal Services

Resolution resolving that the Mayor and City Administrator are authorized to enter into a three-year contract with Waste Management/Venice Park for the disposal of the biosolids sludge cake, as requested by the Water Pollution Control, for a FY2016 amount of $150,000.00, and pending adoption of FY2017 and FY2018 Budget amounts of $200,000.00 each year, for a total award of $550,000.00 [Sewer Fund Acct. No. 590-550.100-801.500]. [City Administrator Submission No. CA1052015]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150890 Budget Amendment/Department of Public Works (DPW)/Michigan Department of Transportation (MDOT) Contracts

Resolution resolving that the Department of Public Works' FY2016 Budget shall be amended with the transfer of $189,301.57 from fund balance to Professional Services Line Item No. 202-441.702-801.000. [NOTE: In order to comply with the contractual agreement between MDOT and DPW for bridge work on I-69, and the contractual agreement between MDOT, the City of Flint, and Rowe Professional Services for the Leith Street-Stewart Avenue Bridge Project, it is necessary to replace funds liquidated during the year-end closing process and increase the FY2016 Budget with those remaining funds, for remaining project funding in the amounts of $101,432.82 and $87,868.75, respectively.] [City Administrator Submission No. CA1062015]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150891 Contract/Fleis & Vandenbrink/Preliminary Design and Engineering Services/Fenton Road Project

Resolution resolving that the Mayor and City Administrator are authorized to enter into a contract with Fleis & Vandenbrink using TIP funds for the preliminary design and engineering services for the Fenton Road Project, as requested by Transportation, in an amount NOT-TO-EXCEED $156,748.60 [Major Street Fund Acct. No. 202-441.702-801.000]. [City Administrator Submission No. CA1072015]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150892 Contract/Wade Trim, Inc./Preliminary Design and Engineering Services/Kearsley Street Rehabilitation Project

Resolution resolving that the Mayor and City Administrator are authorized to enter into a contract with Wade Trim, Inc. using TIP funds for the preliminary

design and engineering services for the Kearsley Street Rehabilitation Project, as requested by Transportation, in an amount NOT-TO-EXCEED $94,000.00 [Major Street Fund Acct. No. 202-441.702-801.000]. [City Administrator Submission No. CA1082015]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

Passed The Consent Agenda

A motion was made by Councilperson Mays, seconded by Councilperson Nelson, including all the preceding items marked as having been adopted on a Consent Agenda. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren and Councilperson Mays

Absent: 1 - Councilperson Kincaid

150893 Charitable Gaming License/State of Michigan Lottery Charitable Gaming Division/Flint Cultural Center Corporation, Inc./Raffle

Resolution recognizing the Flint Cultural Center Corporation, Inc. as a non-profit organization operating in the City of Flint for the purpose of obtaining a charitable gaming license, issued by the Michigan Lottery Charitable Gaming Division, relative to conducting a raffle during their "Night at the Museum" event on November 14, 2015, as allowed by Act 382 of the Public Acts of 1972, as amended. [City Administrator Submission No. CA1092015]

SEPARATED FROM MASTER RESOLUTION

SEPARATED FROM MASTER RESOLUTION

150886 Brown & Sons Co./Annual Supply/Brake Parts, Bulbs, Breakers, Sprays and Filters

Resolution resolving that the Finance Department is hereby authorized to issue purchase orders for FY2016, FY2017, and FY2018 to Brown & Sons Co. for the annual supply of brake parts, bulbs, breakers, sprays, and filters, as requested by Fleet, in an annual amount NOT-TO-EXCEED $140,000.00, for an aggregate amount of $420,000.00 (pending adopting of the FY18 Budget), AND, resolving that the Finance Department has the discretion to spend an additional amount of NO-MORE-THAN 5% of the annual requested spend amount to Brown & Sons Co. for unanticipated requests that may be submitted during the next three years, [Fleet/Central Garage Fund Acct. No. 661-000.000-110.400]. [City Administrator Submission No. CA1022015]

A motion was made by Councilperson Mays, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 7 - Councilperson Poplar, Councilperson Nelson, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren and Councilperson Mays

Abstain, COI: 1 - Chairperson Freeman

Absent: 1 - Councilperson Kincaid

150887 CO#1/Contract/Zito Construction/Water Main Cut-In Project

Resolution resolving that the Mayor and City Administrator do all things necessary to enter into change order #1 to the contract with Zito Construction to extend the contract into the current fiscal year and pay additional work that was needed to complete the project, as requested by the Water Plant, in an amount NOT-TO-EXCEED $19,570.00, for a revised contractual amount of $695,870.00 [Water Fund Acct. No. 591-536.100-801.000]. [City Administrator Submission No. CA1032015]

A motion was made by Councilperson Mays, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren and Councilperson Mays

Absent: 1 - Councilperson Kincaid

150893 Charitable Gaming License/State of Michigan Lottery Charitable Gaming Division/Flint Cultural Center Corporation, Inc./Raffle

Resolution recognizing the Flint Cultural Center Corporation, Inc. as a non-profit organization operating in the City of Flint for the purpose of obtaining a charitable gaming license, issued by the Michigan Lottery Charitable Gaming Division, relative to conducting a raffle during their "Night at the Museum" event on November 14, 2015, as allowed by Act 382 of the Public Acts of 1972, as amended. [City Administrator Submission No. CA1092015]

A motion was made by Councilperson Mays, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren and Councilperson Mays

Absent: 1 - Councilperson Kincaid

ADJOURNMENT

This regular City Council meeting was adjourned at 7:52 p.m.

Byrne, Randall (Treasury)

From: Dave N Sheeran <Dave.Sheeran@Meadowbrook.com>
Sent: Tuesday, October 27, 2015 8:24 AM
To: Byrne, Randall (Treasury)
Cc: Steven Smith
Subject: Darnell Earley - Professional Liability Coverage: Dec 18, 2014/ 2015

Hi Randy,

We have provided professional liability coverage for a few Emergency Managers. In the case of Mr. Ealey, the carrier did not renew his policy and there is concern about the potential claim related to the City of Flint water issues. Below is an email form our account manager discussing the renewal of the policy.

Question- does the State of Michigan provide any protection from liability for actions taken while the Emergency Manager? Can we discuss this question?

Thanks

David N. Sheeran, CPA | Executive Vice President
[o] 248. 204.8544 [c] 248.361.0084 [f] 248.869.6045
26255 American Drive, Southfield MI 48034
MEADOWBROOK INSURANCE AGENCY
DIVISION OF MEADOWBROOK INSURANCE GROUP

From: Cathy Weil
Sent: *Monday, October 26, 2015 9:31 AM*
To: Dave N Sheeran
Cc: Steven Smith
Subject: Darnell Earley - Professional Liability Coverage: Dec 18, 2014/ 2015

Dave / Steve

I now have Mr. Earley's email address (below). As you know, ACE / Westchester has sent Notice of Non-Renewal on the $1 Mil Primary layer of coverage due to a claim presented against Mr. Earley as EM of Detroit Public Schools. Although the case was closed, the carrier incurred $3,000 of legal expenses. We are searching for a carrier to replace the primary limit of coverage, which will be needed in order to renew the excess $2 mil layer currently with Ironshore. With the article in Sunday's Free Press and the mention of Mr. Earley as the EM of Flint who was allegedly involved in the decision to use the Flint Water Treatment Plant as an interim source until the Karegnodi pipeline is completed, we may have difficulty finding a replacement carrier.

Do you know if the State of Michigan would provide primary defense for Mr. Earley if a claim ensues against him as the EM of Flint? If so, this will certainly give us some hope of finding replacement coverage for Mr. Earley.

Cathy C. Weil, ARM
Account Manager
Meadowbrook Insurance Agency
26255 American Drive
Southfield MI 48034-6112
Phone: (248)204-8260 Fax: (248) 281-1704
Email: cathy.weil@meadowbrook.com

From: Valerie Mitchell [mailto:valerie.mitchell@detroitk12.org]
Sent: Friday, October 23, 2015 4:20 PM
To: Cathy Weil
Subject: Professional Liability Coverage

Cathy,

Darnell Earley's email address is darnell.earley@detroitk12.org.

Thank you. -vb

Message sent on behalf of Darnell Earley, Emergency Manager
by Valerie Bush, Executive Administrative Assistant
Detroit Public Schools
Office of the Emergency Manager
3011 W. Grand Blvd., Fisher Bldg., 14th Floor
Detroit, MI 48202
Main Office Number: 313.873.3299 ~ Fax: 313.870.3726
Cell: 313.608.9764
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Hudson, Deanna (TREASURY)

From: Heimann, Alexandr (TREASURY)
Sent: Wednesday, October 28, 2015 10:19 AM
To: Dostine, Patrick (TREASURY); Cline, Richard (Treasury); Hudson, Deanna (TREASURY)
Subject: Flint 10-28-15 Call Notes

Hello all,

Here are my call notes from the call we just had:

City of Flint
Weekly Call Notes – 10/28/15

Present:
Mayor Walling, N. Henderson, F. Headen, E. Cline, P. Dostine, A. Heimann, D. Hudson

Priorities

1. Crime/Safety

- Flint is preparing for this weekend (Halloween/Devil's Night) with an crime/arson prevention program that utilizes a volunteer citizen network
- Violence Reduction Network – National program to use analytics to help reduce crime by helping to identify individuals who are likely to accelerate crime. Had a press conference that was very well received to announce this partnership with the FBI
- Police Recruitment – Going well, have already hired some staff, and will be sending 5 people to the Police Academy. Also, will be using the KRAM (?) to hire some part-time community officers. The KRAM is a dedicated funding source and will have a net neutral impact on the budget.

Status of Water Situation

1. Revenues/Expenditures

- Flint is continuing to lose money, they are currently down about $11Million this period, and even after the shut off notices are sent out, they anticipate that they will still have a roughly $6-8 Million loss
- Will be amending the budget to show the revenue loss, will be sending along a spreadsheet that has their cash flow estimates

2. Litigation

- Flint is currently absorbing the entire cost of the litigation against the City, and they feel as though the state should pay for part of these costs considering that the State has "some responsibility on this". They say that the decisions that led to this litigation were made in part by Mike Brown and that the State should offer to help pay some of the extra litigation costs. She intends to discuss this further with the Treasury Department when she makes her visit to Lansing in November.

3. KWA Bond Payment

- N. Henderson was unclear when this payment was actually due. Does know that it is around $6M, and that the payment will need to be made in this fiscal year. N. Henderson agreed to follow up with Eric when she comes across the due date for the payment.

Miscellaneous

1. Mayoral Election

- Mayor Walling stated that the elected Mayor will be sworn into office the Monday following the election (November 9th) and as such, this may be his last phone call with the group. He expressed that this group has developed a very positive working relationship, and that he has enjoyed working with the people on the call

Alexandr Heimann
Municipal Anlayst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-2434

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, October 27, 2015 2:17 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Heimann, Alexandr (TREASURY) <HeimannA@michigan.gov>; Hudson, Deanna (TREASURY) <HudsonD4@michigan.gov>
Subject: Final draft: 9 AM Flint call talking points

Flint – Oct. 28 – Mayor Walling, J. Freeman, N. Henderson, F. Headen, Wendy, E Cline, P Dostine

- Priorities
- Status of Water Situation
- Cash Flow Status
- KWA Bond Payment – When is this Due?
- Violence Reduction Network
- Miscellaneous

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division,
Office of Fiscal Responsibility
Cadillac Place
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Schafer, Suzanne K. (Treasury)

From: Cline, Richard (Treasury)
Sent: Wednesday, October 28, 2015 12:21 PM
To: Schafer, Suzanne K. (Treasury)
Subject: FW: Water and Sewer Cash and Fund Balances Information
Attachments: FY16 First Quarter Budget Amendment Transmittal Memo.PDF; City of Flint Cash and Investment Summary 9-30-2015.pdf; City of Flint Budget to Actual Report 9-30-2015.pdf; Jody's Cash Flow FY16 Hayman.xls; Daily Receipt Summary.xlsx

FYI.

I thought you would want to look at this.

It has not yet been sent out of the Division. If you want me to move this to Wayne and/or Ed, please let me know.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Wednesday, October 28, 2015 9:25 AM
To: Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Fwd: Water and Sewer Cash and Fund Balances Information

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
@Samsung Galaxy Note 4

---------- Forwarded message ----------
From: "Jody Lundquist" <jlundquist@cityofflint.com>
Date: Oct 23, 2015 4:59 PM
Subject: Water and Sewer Cash and Fund Balances Information
To: "Natasha Henderson" <nhenderson@cityofflint.com>
Cc: "Dawn Steele" <dsteele@cityofflint.com>

Ms. Henderson:

In response to your request for additional information regarding the City's cash and fund balance positions in its Sewer and Water Funds, I have attached the 9/30/2015 RTAB Reports which include the City's cash balances and Budget to Actual Revenues and Expenditures. The 9/30 Report includes fund balance information with a comparison to the requirement as set forth by City Ordinance.

As of October 21, 2015 the City's Water and Sewer Fund Cash accounts were as follows:

Sewer Fund	29,770,766
Water Fund	18,953,346
Transfer to DWSD	(10,000,000)
Reimbursement from Treasury	2,000,000
Total Water Fund	10,953,346
Total Sewer/Water Funds	**40,724,111**

Please keep in mind that total cash balance does not reflect restricted amounts. For this purpose, I have included a summary of unrestricted fund balance information. The FY2016 budget information in the RTAB report only reflects budget amendments approved by both Council and RTAB through 9/30. It does not reflect the amendments passed in October. The unrestricted fund balance information below illustrates the impact of those amendments. The City has historically reviewed the financial position of the Water and Sewer Funds together as a Utility Services System. For instance, the budget adopted by EM Ambrose projected an operating deficit for FY16 in the Sewer Fund of $1,091,873 and an operating surplus in the Water Fund of $1,065,715.

FY2016 Beginning Sewer Unrestricted Fund Balance*	15,866,408
Drawings Approved by Budget Amendment	(2,883,373)
FY2016 Projected Ending Unrestricted Fund Balance	12,983,035
FY2016 Beginning Water Unrestricted Fund Balance*	5,789,448
Drawings Approved by Budget Amendment	(7,287,125)
DWSD Budget Amendment	(2,000,000)
FY2016 Projected Ending Unrestricted Fund Balance	(3,497,677)
Total COMBINED FY2016 Projected Ending Unresticted Fund Balance	**9,485,358**

I believe that you had intended to provide the Memo regarding the first quarter budget amendments to RTAB with the RTAB packet for November. For ease of reference, if you would like to provide it to them to support the "Drawings Approved by Budget Amendment" as referenced above, I have attached it to this message.

A comprehensive 12-month cash flow that will more clearly outline the timing of revenue and expenditure items is under development. In the interim, I have attached the cash flow provided by the Treasury department on a monthly basis. As of today, Utility collections are down $3,318,835 for the period August 10-October 20 compared to the same time last year. Foot traffic and online activity is down by approximately 138 transactions per day. This continues to be monitored closely.

In an effort to enforce collections and bolster cash flow, the City will be resuming shut off notices. We currently anticipate first mailings to occur at the end of October/beginning of November.

Please let me know if there is any additional information I may provide or if you have any additional questions.

Best regards,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 766-7268 ext. 2301

Dayne Walling
Mayor

CITY OF FLINT, MICHIGAN
Department of Finance

Natasha L. Henderson
City Administrator

Jody N. Lundquist
Finance Director

Dawn Steele
Deputy Finance Director

DATE: October 2, 2015

TO: Natasha L. Henderson, City Administrator

FROM: Jody N. Lundquist, Chief Financial Officer

RE: City of Flint FY2016 First Quarter Budget Amendments

The attached FY2016 First Quarter Budget Amendments are being submitted for review and discussion at the City of Flint's Finance and Administration Committee meeting on October 7, 2015.

The City of Flint has adopted a biennial budget for fiscal years 2015 and 2016 and is committed to ongoing review of revenues and expenses in compliance with City Ordinance and Michigan's Public Act of 1968, Uniform Budgeting and Accounting Act. While much of the City's ongoing operations are aligned with budget projections for the fiscal year to date, the first quarter budget amendments being proposed attempt to adjust for the following items: reallocation of estimated expenditures, use of fund balance for projects and capital improvements outstanding at June 30, 2015, and reduction in revenue projections.

Attached is the City's Proposed First Quarter Budget Amendments for your review. For the purposes of review, discussion and approval, the amendments have been presented in two resolutions. The first resolution contains the General, Drug Enforcement and Public Improvement Funds. The second resolution contains the Sewer and Water Funds.

RESOLUTION I:

General Fund

The Police Department is partnering with the Crim Foundation to provide 5 part-time officers. The Crim Foundation will be reimbursing the City for all expenses associated with these officers. There is no Use of Fund Balance in the 101 Fund for these expenditures.

The Fire Department's budget reflects a budget amendment for the Charter Pension account and

an adjustment to the Pension Defined Benefit and Defined Contribution plans. The original budget had 3 firefighters in the Defined Contribution plan, however the positions are actually participants in the Defined Benefit plan. An adjustment is necessary to cover the additional defined benefit contribution expense. The additional expense will be offset by a reduction in Fleet charges to the department therefore the net impact is zero.

The Planning and Zoning budget reflects an increase in the revenue budget for fees already collected but not budgeted in the amount of $20,000. This revenue was used to fund the increase in the Equipment budget for the purchase of lawn equipment for neighborhood weed abatement efforts.

Drug Enforcement Fund

The Police Department is requesting to add a full-time police officer to be funded with the Drug Enforcement Fund (265). This Officer is currently working at the DEA and his wages are eligible for Forfeiture funds. The City has confirmed that this position is eligible for up to 18 months. This budget amendment reflects the Use of Fund Balance of $42,273 in the Drug Forfeiture Fund.

Permanent Public Improvement Fund

The Public Improvement Fund (402) is being amended to reflect a decrease in revenues and expenditures. The first item reflects a reduction in the revenue received from the DDA for the parking debt bond. The reimbursement revenue was recorded in a prior year with a corresponding account receivable. Receipt of payment will reduce the previously recorded receivable. At the time of adoption, the FY2016 budget included repayment of the long term liability owed to the Sewer Fund. This liability was subsequently repaid in its entirety through the receipt of an emergency loan in FY2015.

RESOLUTION II:

On August 7, 2015 Genesee County District Court Judge Archie Hayman issued a Preliminary Injunction Order (the "Order") against the City. Upon issuance of the Order, the City was immediately enjoined from charging and collecting water and sewer rates that include the September 16, 2011 35% rate increases and disconnecting water service for its delinquent water and sewer customers wherein the delinquency arose between September 16, 2011 and the date of the Order. This immediately resulted in a decrease in cash collections on outstanding and current water bills and a decrease in total billed revenue.

The following budget amendments reflect a decrease in revenue projections as a result of monthly billing activity for the period September 2015-June 2016. The first month of billing since the Order has confirmed preliminary estimates with $670,000 less in billed usage from the same period in 2014. The City has assumed and average decrease of $616,147.64 in monthly billed revenue, or $6,161,476 by fiscal year end.

The City had total accounts receivable due of $13,738,190 for all active and inactive accounts at August 7, 2015. It is highly probable that a large percentage of that balance will have to be written off as uncollectible without the ability to enforce payment. The proposed amendments

reflect an estimated uncollectible balance at this time of $8,340,823.

The City is working diligently to review the FY2016 operating budgets for additional sources of savings. A spending and hiring freeze for all non-critical items is in effect. The City has redeveloped its FY2016 capital improvement plan and has now canceled or postponed many planned projects and purchases until financial stability can be regained.

Changes to appropriations reflect the carry forward of projects in progress but not completed at June 30, 2015 for the Sewer and Water Funds of $41,796 and $1,456,922, respectively. This carry forward is largely offset by decreases to the City's capital improvement plan.

The City's emphasis at this time continues to be on providing safe, clean water to the City's residents and moving forward with preparations for the KWA pipeline to come online. As a result of this re-prioritization, the budget amendments reflect a reduction to budget capital improvements of $5,564,804.

Sewer Fund

The Sewer Fund budget (590) reflects a decrease in projected revenue of $6,741,475 and increase in Use of Fund balance of $2,883,373. The Sewer Fund was paid in full by the 101 fund at the end of FY2015, therefore the budgeted payment of $800,000 from the Public Improvement Fund must be removed. As noted previously, the decrease in Charges for Services of $5,941,475 is a result of the combined impact of inability to enforce collections on balance prior to August 7 and decrease in billed revenue per Court ordered rate reductions.

The roll forward of incomplete FY2015 projects of $41,796 is reflected by a corresponding decrease in cancelled and postponed capital improvement projects of $3,899,898.

Water Fund

The Water Fund budget (591) reflects a decrease in projected revenue of $8,560,824 and increase in Use of Fund balance of $7,287,125. Again, as noted previously, the decrease in Charges for Services are a result of the combined impact of inability to enforce collections on balance prior to August 7 and decrease in billed revenue per Court ordered rate reductions.

The roll forward of incomplete FY2015 projects of $1,456,922 is reflected by a corresponding decrease in cancelled and postponed capital improvement projects of $1,664,906. The City had just begun its much need meter replacement program at the end of FY2015. A significant portion of the roll forward reflects outstanding purchase orders and invoices related to this project prior to the spending freeze. The reduction in FY2016 budgeted improvements reflects the reprioritization of the KWA project and postponement of other significant projects such as the Dupont Street Pipeline Project and Hamilton Dam Sheet Piling.

CITY OF FLINT
1ST QUARTER BUDGET AMENDMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2016

Department	Amended FY2016 Budget Adopted 4/28/2015	1st Quarter Proposed Amendments	Proposed Amended Budget 10/7/2015
General Fund			
Police			
Revenues - Reimbursements	-	145,803	145,803
Expenditures - Personnel Services	3,441,527	145,803	3,587,330
Net Change in Appropriations		-	
Fire			
Expenditures - Personnel Services	1,927,300	27,756	1,955,056
Expenditures - Supplies and Operating Expenses	800,000	(27,756)	772,244
Net Change in Appropriations		-	
Planning and Zoning			
Revenues - Charges for Services	3,500	20,000	23,500
Expenditures - Supplies and Operating Expenses	-	20,000	20,000
Net Change in Appropriations		-	
Drug Law Enforcement Fund			
Revenues - Use of Fund Balance	-	42,273	42,273
Expenditures - Personnel Services	-	42,273	42,273
Net Change in Appropriations		-	
Public Improvement Fund			
Revenues - Reimbursements	350,000	(300,000)	50,000
Expenditures - Transfers Out	800,000	(800,000)	-
Net Change in Appropriations		500,000	

CITY OF FLINT
1ST QUARTER BUDGET AMENDMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2016

Department	Amended FY2016 Budget Adopted 4/28/2015	1st Quarter Proposed Amendments	Proposed Amended Budget 10/7/2015
Sewer Fund			
Revenues:			
Transfers In	800,000	(800,000)	-
Charges for Services	30,434,895	(5,941,475)	24,493,420
Other Revenue	11,000	-	11,000
Drawings From Fund Balance	1,091,873	2,883,373	3,975,246
Appropriations	32,337,768	(3,858,102)	28,479,666
Net Revenues/Appropriations	-	-	-
Water Fund			
Revenues:			
Charges for Services	36,943,802	(8,560,824)	28,382,978
Drawings From Fund Balance	-	7,287,125	7,287,125
All Other Revenue	112,000	-	112,000
Appropriations	35,990,087	(207,984)	35,782,103
Net Revenues/Appropriations	1,065,715	(1,065,715)	-

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

Fund Account	Description	Beginning Balance 09/01/2015	Ending Balance 09/30/2015
Fund 101 General Fund			
001.000	Commercial Pooled Cash Account	6,796,053	6,338,556
001.450	Citizens - P/R Direct Deposit - 906-9766	(47,229)	(47,602)
004.000	Imprest Cash	9,300	9,300
	General Fund	6,758,124	6,300,254
Fund 202 Major Street Fund			
001.000	Commercial Pooled Cash Account	5,624,072	5,095,054
004.000	Imprest Cash	60	60
	Major Street Fund	5,624,132	5,095,114
Fund 203 Local Street Fund			
001.000	Commercial Pooled Cash Account	1,421,382	1,218,355
Fund 205 Public Safety			
001.000	Commercial Pooled Cash Account	7,610,474	7,139,815
Fund 207 Police Fund			
001.000	Commercial Pooled Cash Account	668,561	587,725
001.002	Bank 1 Commercial -Checks Only	-	-
	Police Fund	668,561	587,725
Fund 208 Park/Recreation Fund			
001.000	Commercial Pooled Cash Account	267,636	239,060
001.002	Bank 1 Commercial -Checks Only	-	-
	Park/Recreation Fund	267,636	239,060
Fund 219 Street Light			
001.000	Commercial Pooled Cash Account	1,794,374	1,616,757
001.002	Bank 1 Commercial -Checks Only	-	-
	Street Light	1,794,374	1,616,757

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

Fund Account	Description	Beginning Balance 09/01/2015	Ending Balance 09/30/2015
Fund 226 Rubbish Collection Fund			
001.000	Commercial Pooled Cash Account	2,532,331	1,880,152
Fund 265 Drug Law Enforcement Fund			
001.000	Commercial Pooled Cash Account	1,130,894	1,135,766
Fund 274 HUD CDBG, ESG, & HOME GRANTS			
001.000	Commercial Pooled Cash Account	(1,106,210)	(855,171)
001.002	Bank 1 Commercial -Checks Only	-	-
001.100	Bank - Urban Renewal - 230006018089	154,768	392,708
	HUD CDBG, ESG, & HOME GRANTS	(951,442)	(462,463)
Fund 296 Other Grants Fund			
001.000	Commercial Pooled Cash Account	1,535,007	1,435,027
001.002	Bank 1 Commercial -Checks Only	-	-
	Other Grants Fund	1,535,007	1,435,027
Fund 402 Public Improvement Fund			
001.000	Commercial Pooled Cash Account	2,196,818	2,143,111
Fund 542 Building Inspection Fund			
001.000	Commercial Pooled Cash Account	1,899,261	1,880,684
001.002	Bank 1 Commercial -Checks Only	-	-
	Building Inspection Fund	1,899,261	1,880,684
Fund 590 Sewer Fund			
001.000	Commercial Pooled Cash Account	30,633,285	11,123,680
001.002	Bank 1 Commercial -Checks Only	-	-
003.000	Certificate Of Deposit	-	19,191,527
	Sewer Fund	30,633,285	30,315,206

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

Fund Account	Description	Beginning Balance 09/01/2015	Ending Balance 09/30/2015
Fund 591 Water Fund			
001.000	Commercial Pooled Cash Account	15,145,473	1,282,764
001.001	Cash Reserve	5,848,116	5,848,116
003.000	Certificate Of Deposit	-	12,373,484
	Water Fund	20,993,589	19,504,364
	TOTAL - ALL FUNDS	84,114,425	80,028,928

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 101 - General Fund						
Property Taxes	4,970,000	4,699,113	4,900,000	4,497,531	402,469	91.79
Special assessment taxes	16,656	20,973	17,000	8,383	8,617	49 31
Income taxes	13,000,000	14,012,171	13,541,000	2,303,053	11,237,947	17 01
Interest and dividend income	366,100	568,822	470,000	91,121	378,879	19 39
State revenues	17,891,910	17,918,463	18,253,013	849,218	17,403,796	4.65
Charges for service rendered	7,636,721	7,846,452	8,023,942	2,237,247	5,786,694	27.88
Other revenues	534,603	867,092	385,864	218,209	167,654	56.55
Drawings from fund balance	(1,000,000)	-	(1,000,000)	-	(1,000,000)	0 00
Fines and forfeitures	1,633,539	1,583,496	1,805,731	191,584	1,614,147	10.61
License and Permits	1,200,300	1,144,949	1,225,000	53,626	1,171,374	4 38
Proceeds from sale of capital assets	4,577,998	4,577,998	3,777,998	944,500	2,833,498	0 00
Transfers in	500	500	-	-	-	0 00
Proceeds from loan	7,000,000	7,000,000	-	-	-	100 00
TOTAL REVENUES	57,828,326	60,240,028	51,399,547	11,394,472	40,005,076	22 17
General government	20,292,595	20,530,023	22,015,842	4,977,634	17,038,208	22 61
Legislative	429,775	414,085	618,802	107,447	511,355	17.36
Judicial	3,964,721	3,929,782	4,031,207	1,003,525	3,027,682	24 89
Police	13,132,959	12,961,412	15,897,752	3,142,706	12,755,046	19 77
Emergency dispatch	2,424,447	2,413,532	202,919	160,529	42,390	79 11
Fire	5,707,529	5,558,910	6,434,419	1,267,587	5,166,833	19 70
Community development	868,761	742,881	736,153	127,068	609,085	17.26
Facilities and Maintenance	1,453,322	1,332,445	1,462,452	245,585	1,216,867	16 79
Transfers out	99,140	149,206	-	-	-	0.00
TOTAL EXPENDITURES	48,373,249	48,032,276	51,399,547	11,032,082	40,367,464	21 46
NET OF REVENUES/EXPENDITURES	9,455,078	12,207,752	1	362,389	(362,389)	
BEG. FUND BALANCE	(8,961,424)	(8,961,424)	3,246,328	3,246,328		
END FUND BALANCE	493,654	3,246,328	3,246,329	3,608,718		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	1%	7%	6%			
FUND BALANCE AS % OF EXPENDITURES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	7,255,987	7,255,987	7,709,932			
VARIANCE ACTUAL TO POLICY	(6,762,333)	(4,009,659)	(4,463,603)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 202 - Major Street Fund						
State revenues	7,381,806	7,624,369	6,930,520	852,712	6,077,808	12.30
Charges for service rendered	23,506	13,081	31,506	29,403	2,103	93 32
Other revenues	209,610	290,700	184,354	41,948	142,406	22.75
Drawings from fund balance	1,181,572	-	1,476,334	-	1,476,334	0 00
Interest and Dividend income	-	29,010	-	-	-	0 00
Federal revenues	87,680	87,680	-	-	-	0 00
TOTAL REVENUES	8,884,174	8,044,841	8,622,714	924,063	7,698,651	10.72
General government	1,442,892	1,444,564	1,638,378	273,063	1,365,315	16 67
Transportation	6,478,147	4,958,253	6,297,010	526,161	5,770,849	8.36
Debt services - interest	8,551	8,550	8,000	-	8,000	0.00
Debt services - principal	110,072	110,070	110,622	-	110,622	0.00
Transfers out	-	-	568,703	94,784	473,919	16.67
TOTAL EXPENDITURES	8,039,662	6,521,438	8,622,713	894,008	7,728,705	10.37
NET OF REVENUES/EXPENDITURES	844,512	1,523,403	1	30,056	(30,055)	
BEG. FUND BALANCE	4,926,787	4,926,787	6,450,190	6,450,190		
END FUND BALANCE	4,589,727	6,450,190	4,973,857	6,480,246		
FUND BALANCE AS % OF REVENUES - ACTUAL	60%	84%	70%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	1,155,390	1,155,390	1,071,957			
VARIANCE ACTUAL TO POLICY	3,434,337	5,294,800	3,901,900			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 203 - Local Street Fund						
State revenues	1,941,703	1,942,017	2,016,514	199,693	1,816,821	9.90
Other revenues	618,343	117,135	630,677	338,465	292,212	53 67
Interest and dividend income	-	5,993	-	-	-	0.00
Transfers in	-	-	568,703	142,176	-	25.00
Drawings from fund balance	288,513	-	421,863	-	421,863	0.00
TOTAL REVENUES	2,848,559	2,065,146	3,637,757	680,334	2,530,896	18.70
Fund 203 - Local Street Fund						
General government	314,770	314,770	402,087	100,522	301,565	25.00
Transportation	2,476,948	1,993,800	3,235,670	550,604	2,685,066	17 02
TOTAL EXPENDITURES	2,791,717	2,308,570	3,637,757	651,126	2,986,631	17 90
NET OF REVENUES/EXPENDITURES	56,842	(243,424)	(0)	29,208	(455,736)	
BEG FUND BALANCE	1,610,712	1,610,712	1,367,288	1,367,288		
END FUND BALANCE	1,379,041	1,367,288	945,425	1,396,496		
FUND BALANCE AS % OF REVENUES - ACTUAL	54%	53%	29%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	384,007	384,007	482,384			
VARIANCE ACTUAL TO POLICY	995,034	983,281	463,041			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 205 - Public Safety						
Property Taxes	3,688,275	3,842,853	3,700,000	3,776,292	(76,292)	102.06
Interest and dividend income	-	30,798	-	-	-	0 00
Other revenues	-	5,462	-	-	-	0 00
Drawings from fund balance	4,690,318	-	2,481,948	-	2,481,948	0 00
TOTAL REVENUES	8,378,593	3,879,113	6,181,948	3,776,292	2,405,656	61 09
Police	2,705,773	2,684,119	1,902,722	445,935	1,456,787	23 44
Fire	3,675,510	3,633,122	4,279,226	958,556	3,320,670	22.40
TOTAL EXPENDITURES	6,381,283	6,317,241	6,181,948	1,404,491	4,777,457	22.72
NET OF REVENUES/EXPENDITURES	1,997,310	(2,438,128)	-	2,371,800	(2,371,800)	
BEG. FUND BALANCE	8,457,278	8,457,278	6,019,150	6,019,150		
END FUND BALANCE	5,764,270	6,019,150	3,537,202	8,390,950		
FUND BALANCE AS % OF REVENUES - ACTUAL	156%	163%	96%			
FUND BALANCE AS % OF REVENUES - POLICY	10%	10%	10%			
DESIGNATED RESERVE PER POLICY (10%)	368,827	368,827	370,000			
VARIANCE ACTUAL TO POLICY	5,395,442	5,650,322	3,167,202			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 207 - Police Fund						
Property Taxes	1,250,306	1,293,783	1,255,000	1,260,588	(5,588)	100 45
Interest and dividend income	-	445	-	-	-	0.00
Other revenues	93,180	1,740	-	-	-	0 00
Drawings from fund balance	42,502	-	68,944	-	68,944	0 00
TOTAL REVENUES	1,385,988	1,295,968	1,323,944	1,260,588	63,356	95 21
Fund 207 - Police Fund						
Police	1,358,912	1,311,361	1,323,944	258,321	1,065,623	19 51
TOTAL EXPENDITURES	1,358,912	1,311,361	1,323,944	258,321	1,065,623	19 51
NET OF REVENUES/EXPENDITURES	27,076	(15,392)	-	1,002,267	(1,002,267)	
BEG. FUND BALANCE	19,656	19,656	4,264	4,264		
END FUND BALANCE	4,230	4,264	(64,680)	1,006,530		
FUND BALANCE AS % OF REVENUES - ACTUAL	0%	0%	-5%			
FUND BALANCE AS % OF REVENUES - POLICY	10%	10%	10%			
DESIGNATED RESERVE PER POLICY (10%)	134,349	134,349	125,500			
VARIANCE ACTUAL TO POLICY	(130,118)	(130,085)	(190,180)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 208 - Park/Recreation Fund						
Property Taxes	312,546	323,951	315,000	315,054	(54)	100 02
Interest and dividend income	-	718	-	-	-	0 00
Other revenues	4,930	16,954	4,825	1,060	3,765	21.97
Drawings from fund balance	97,000	-	87,146	-	87,146	0 00
Transfers in	99,413	99,140	-	-	-	0 00
TOTAL REVENUES	513,889	440,762	406,971	316,114	90,856	77 67
Fund 208 - Park/Recreation Fund						
Community development	513,889	459,475	406,971	55,346	351,625	13 60
TOTAL EXPENDITURES	513,889	459,475	406,971	55,346	351,625	13 60
NET OF REVENUES/EXPENDITURES	-	(18,712)	-	260,769	(260,769)	
BEG. FUND BALANCE	99,941	99,941	81,229	81,229		
END FUND BALANCE	2,941	81,229	(5,917)	341,997		
FUND BALANCE AS % OF REVENUES - ACTUAL	1%	19%	-2%			
FUND BALANCE AS % OF REVENUES - POLICY	10%	10%	10%			
DESIGNATED RESERVE PER POLICY (10%)	41,689	41,689	31,983			
VARIANCE ACTUAL TO POLICY	(38,748)	39,540	(37,899)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 219 - Street Light						
Special assessment taxes	2,738,986	2,415,368	2,718,986	2,616,226	102,760	96.22
Interest and divident income	-	5,272	-	-	-	0 00
Drawings from fund balance	-	-	105,218	-	-	0 00
TOTAL REVENUES	2,738,986	2,420,640	2,824,204	2,616,226	102,760	92.64
Fund 219 - Street Light						
General government	91,210	91,210	128,895	32,224	96,671	25.00
Transportation	2,463,195	2,381,159	2,695,308	399,480	2,295,828	14 82
TOTAL EXPENDITURES	2,554,405	2,472,369	2,824,203	431,704	2,392,499	15 29
NET OF REVENUES/EXPENDITURES	184,581	(51,729)	1	2,184,522	(2,289,739)	
BEG. FUND BALANCE	709,204	709,204	657,475	657,475		
END FUND BALANCE	893,785	657,475	552,258	2,841,997		
FUND BALANCE AS % OF REVENUES - ACTUAL	33%	24%	20%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	410,848	410,848	407,848			
VARIANCE ACTUAL TO POLICY	482,937	246,627	144,410			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 226 - Rubbish Collection Fund						
Property Taxes	5,517,813	4,909,128	4,829,002	4,624,305	204,697	95 76
Charges for service rendered	11,093	10,877	-	-	-	0 00
Other revenues	-	6,958	-	-	-	0 00
Drawings from fund balance	-	-	1	-	1	0.00
License and Permits	1,660	1,840	500	740	(240)	148 00
TOTAL REVENUES	5,530,566	4,928,803	4,829,503	4,625,045	204,458	95 77
General government	173,143	182,710	250,958	62,740	188,218	25 00
Transportation	49,755	52,546	100,000	-	100,000	0.00
Public works	4,551,320	4,380,260	4,478,544	1,092,443	3,386,101	24.39
TOTAL EXPENDITURES	4,774,218	4,615,516	4,829,502	1,155,182	3,674,320	23 92
NET OF REVENUES/EXPENDITURES	756,348	313,287	1	3,469,862	(3,469,861)	
BEG. FUND BALANCE	277,049	277,049	590,336	590,336		
END FUND BALANCE	1,033,397	590,336	590,337	4,060,198		
FUND BALANCE AS % OF REVENUES - ACTUAL	19%	11%	12%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	829,585	829,585	724,425			
VARIANCE ACTUAL TO POLICY	203,812	(239,249)	(134,088)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 265 - Drug Law Enforcement Fund						
Other revenues	16,500	3,818	-	2,528	(2,528)	0.00
Interest and dividend income	-	5,170	-	-	-	0.00
Drawings from fund balance	374,063	-	169,674	-	169,674	0 00
Fines and forfeitures	101,000	50,299	2,500	28,007	(25,507)	1,120.29
TOTAL REVENUES	491,563	59,287	172,174	30,536	141,638	17 74
Police	477,563	298,452	172,174	7,450	164,724	4.33
TOTAL EXPENDITURES	477,563	298,452	172,174	7,450	164,724	4 33
NET OF REVENUES/EXPENDITURES	14,000	(239,165)	-	23,085	(23,085)	
BEG FUND BALANCE	768,972	768,972	529,807	529,807		
END FUND BALANCE	408,909	529,807	360,133	552,893		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	86%	178%	209%			
FUND BALANCE AS % OF EXPENDITURES - POLICY	100%	100%	100%			
DESIGNATED RESERVE PER POLICY (100%)	477,563	477,563	172,174			
VARIANCE ACTUAL TO POLICY	(68,654)	52,244	187,959			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 274 - HUD CDBG, ESG, & HOME GRANTS						
Transfer in from 296 fund	-	250,540	-	-	-	0 00
Drawings from Fund Balance	-	-	-	-	-	0.00
Federal revenues	11,834,239	4,148,623	8,532,130	389,207	8,142,924	4.56
TOTAL REVENUES	11,834,239	4,399,163	8,532,130	389,207	8,142,924	4.56
General government	215,350	165,972	58,681	29,424	29,257	50.14
Fire	14,766	11,847	2,918	-	2,918	0.00
Community development	10,551,674	3,814,611	7,158,841	212,624	6,946,217	2.97
Transportation	204,964	-	204,952	-	204,952	0 00
Facilities and Maintenance	35,000	-	35,000	-	35,000	0 00
Building inspections	812,485	204,349	631,255	124,864	506,392	19 78
TOTAL EXPENDITURES	11,834,239	4,196,779	8,091,648	366,912	7,724,736	4 53
NET OF REVENUES/EXPENDITURES	-	202,385	440,483	22,295	418,187	
Fund 296 - Other Grants Fund						
Federal revenues	2,227,809	784,366	1,467,199	-	1,467,199	0 00
State revenues	4,350,528	1,108,595	3,671,050	1,570,883	2,100,167	0 00
Other revenues	354	483	-	-	-	0 00
Local grants	1,082,063	663,225	110,996	544,610	(433,614)	490.66
Fines and forfeitures	4,214	4,214	-	-	-	0 00
Drawings from fund balance	-	-	-	-	-	0 00
Interest and dividend income	-	-	-	-	-	0.00
TOTAL REVENUES	7,664,968	2,560,883	5,249,245	2,115,493	3,133,752	40 30
Fund 296 - Other Grants Fund						
General government	19,662	7,506	12,192		12,192	0 00
Police	3,249,069	2,172,819	1,114,902	34,785	1,080,117	3.12
Community development	1,880,784	456,370	1,682,484	55,286	1,627,198	3.29
Transportation	1,642,144	73,603	1,568,541	1,235	1,567,306	0 08
Facilities and Maintenance	773,310	165,748	710,973	25,326	685,647	3 56
Public works	50,000	49,730	270	-	270	0 00
Transfer out to 274 fund	50,000	-	50,000	-	50,000	0.00
Utilities	-	332,919	2,000,000	109,507	1,890,493	0.00
TOTAL EXPENDITURES	7,664,968	3,258,696	7,139,361	226,139	6,913,223	3.17
NET OF REVENUES/EXPENDITURES	-	(697,813)	(1,890,116)	1,889,355	(3,779,471)	

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 402 - Public Improvement Fund						
Property Taxes	1,703,000	1,609,072	1,703,000	1,575,778	127,222	92 53
Other revenues	380,000	38,358	350,000	-	350,000	0 00
Interest and dividend income	-	7,613	-	-	-	0 00
Drawings from fund balance	767,957	-	775,967	-	775,967	0 00
TOTAL REVENUES	2,850,957	1,655,042	2,828,967	1,575,778	1,253,189	55 70
Facilities and Maintenance	721,900	688,774	700,000	-	700,000	0.00
Transfers out	1,526,953	1,526,953	1,526,213	181,738	1,344,475	11.91
Debt services - interest	407,104	400,191	392,754	-	392,754	0.00
Debt services - principal	195,000	200,000	210,000	-	210,000	0.00
TOTAL EXPENDITURES	2,850,957	2,815,918	2,828,967	181,738	2,647,229	11 91
NET OF REVENUES/EXPENDITURES	-	(1,160,875)	-	1,394,040	(1,394,040)	
BEG. FUND BALANCE	9,335,339	9,335,339	8,174,464	8,174,464		
END FUND BALANCE	9,335,339	8,174,464	8,174,464	9,568,504		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	N/A	N/A	N/A			
FUND BALANCE AS % OF EXPENDITURES - POLICY	N/A	N/A	N/A			
DESIGNATED RESERVE PER POLICY			2,928,267			
VARIANCE ACTUAL TO POLICY			5,246,197			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 542 - Building Inspection Fund						
Charges for service rendered	50,579	45,592	-	11,388	(11,388)	0.00
Drawings from fund balance	236,763	-	341,717	-	341,717	0.00
Interest and dividend income	-	9,114	-	-	-	0.00
License and Permits	2,563,164	2,609,751	1,625,000	495,806	1,129,194	30 51
TOTAL REVENUES	2,850,506	2,664,457	1,966,717	507,194	1,459,523	25 79
General government	504,425	504,209	619,180	154,741	464,439	24 99
Building inspections	1,361,108	1,069,570	1,347,536	243,528	1,104,008	18 07
TOTAL EXPENDITURES	1,865,533	1,573,779	1,966,716	398,268	1,568,448	20 25
NET OF REVENUES/EXPENDITURES	984,973	1,090,678	1	108,925	(108,925)	
BEG FUND BALANCE	643,476	643,476	1,734,154	1,734,154		
END FUND BALANCE	1,391,686	1,734,154	1,392,438	1,843,079		
FUND BALANCE AS % OF REVENUES - ACTUAL	53%	66%	86%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	392,061	392,061	243,750			
VARIANCE ACTUAL TO POLICY	999,625	1,342,093	1,148,688			

CITY OF FLINT

BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT

FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED *BUDGET*	YTD BALANCE *06/30/2015*	2015-16 AMENDED *BUDGET*	YTD BALANCE *42,277*	AVAILABLE BALANCE	% BDGT USED
Fund 590 - Sewer Fund						
Interest and dividend income	-	147,488	-	-	-	0.00
Charges for service rendered	30,410,163	30,435,699	30,434,895	5,184,142	25,250,753	17 03
Other revenues	91,646	92,073	11,000	2,371	8,629	21 55
Drawings from fund balance	5,189,855	-	1,091,873	-	1,091,873	0.00
Transfers in	800,000	800,000	800,000	-	800,000	0 00
TOTAL REVENUES	36,491,663	31,475,259	32,337,768	5,186,513	27,151,255	16.04
General government	3,765,455	3,747,098	4,786,371	1,196,593	3,589,778	25.00
Debt services - interest	695	90	695	481	214	69 27
Debt services - principal	6,571	6,571	6,016	629	5,387	10 45
Transfers out	2,660,000	2,660,000	1,860,000	465,000	1,395,000	25 00
Public works	1,990,000	744,175	1,999,898	424,119	1,575,779	21 21
Utilities	22,971,502	20,139,989	23,694,788	3,738,279	19,956,509	15.78
TOTAL EXPENDITURES	31,394,224	27,297,923	32,347,768	5,825,102	26,522,666	18 01
NET OF REVENUES/EXPENDITURES	5,097,439	4,177,336	(10,000)	(638,589)	628,589	
BEG. FUND BALANCE	12,790,945	12,790,945	16,968,281	16,968,281		
END FUND BALANCE	12,698,530	16,968,281	15,866,408	16,329,692		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	40%	54%	49%			
FUND BALANCE AS % OF EXPENDITURES - POLICY	25%	25%	25%			
DESIGNATED RESERVE PER POLICY (25%)	7,848,556	7,848,556	8,086,942			
VARIANCE ACTUAL TO POLICY	4,849,974	9,119,725	7,779,466			

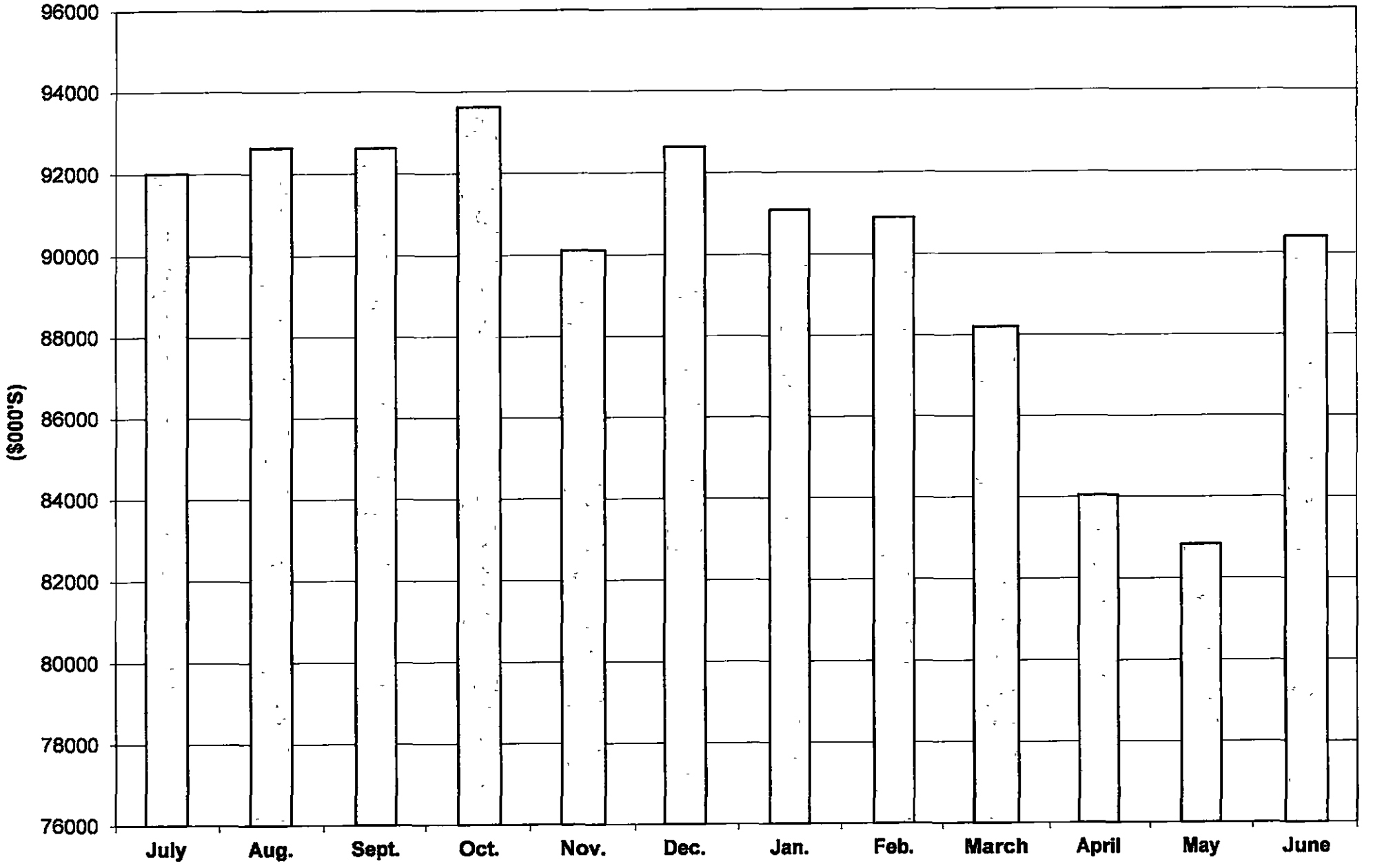
CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 591 - Water Fund						
Charges for service rendered	33,136,041	33,777,659	36,943,802	5,475,780	31,468,022	14 82
Other revenues	35,000	31,151	12,000	13,374	(1,374)	111 45
Interest and dividend income	-	100,232	-	-	-	0 00
Drawings from fund balance	4,865,245	-	-	-	-	0.00
Fines and forfeitures	-	-	-	416	-	100 00
Gain on sale of fixed assets	252,337	225,465	100,000	58,400	41,600	58 40
TOTAL REVENUES	38,288,623	34,134,507	37,055,802	5,547,970	31,508,248	14.97
General government	4,255,508	4,293,842	5,319,386	1,329,847	3,989,539	25 00
Transfers out	1,660,571	5,960,469	3,224,259	806,065	2,418,194	25 00
Public works	2,760,000	341,630	2,690,000	955,953	1,734,047	35 54
Utilities	26,810,605	19,585,578	24,746,442	4,410,193	20,336,249	17 82
TOTAL EXPENDITURES	35,486,684	30,181,519	35,980,087	7,502,057	28,478,030	20.85
NET OF REVENUES/EXPENDITURES	2,801,940	3,952,988	1,075,715	(1,954,086)	3,030,217	
BEG. FUND BALANCE	760,745	760,745	4,713,733	4,713,733		
END FUND BALANCE	(1,302,560)	4,713,733	5,789,448	2,759,647		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	-4%	13%	16%			
FUND BALANCE AS % OF EXPENDITURES - POLICY	25%	25%	25%			
DESIGNATED RESERVE PER POLICY (25%)	8,871,671	8,871,671	8,995,022			
VARIANCE ACTUAL TO POLICY	(10,174,231)	(4,157,938)	(3,205,574)			

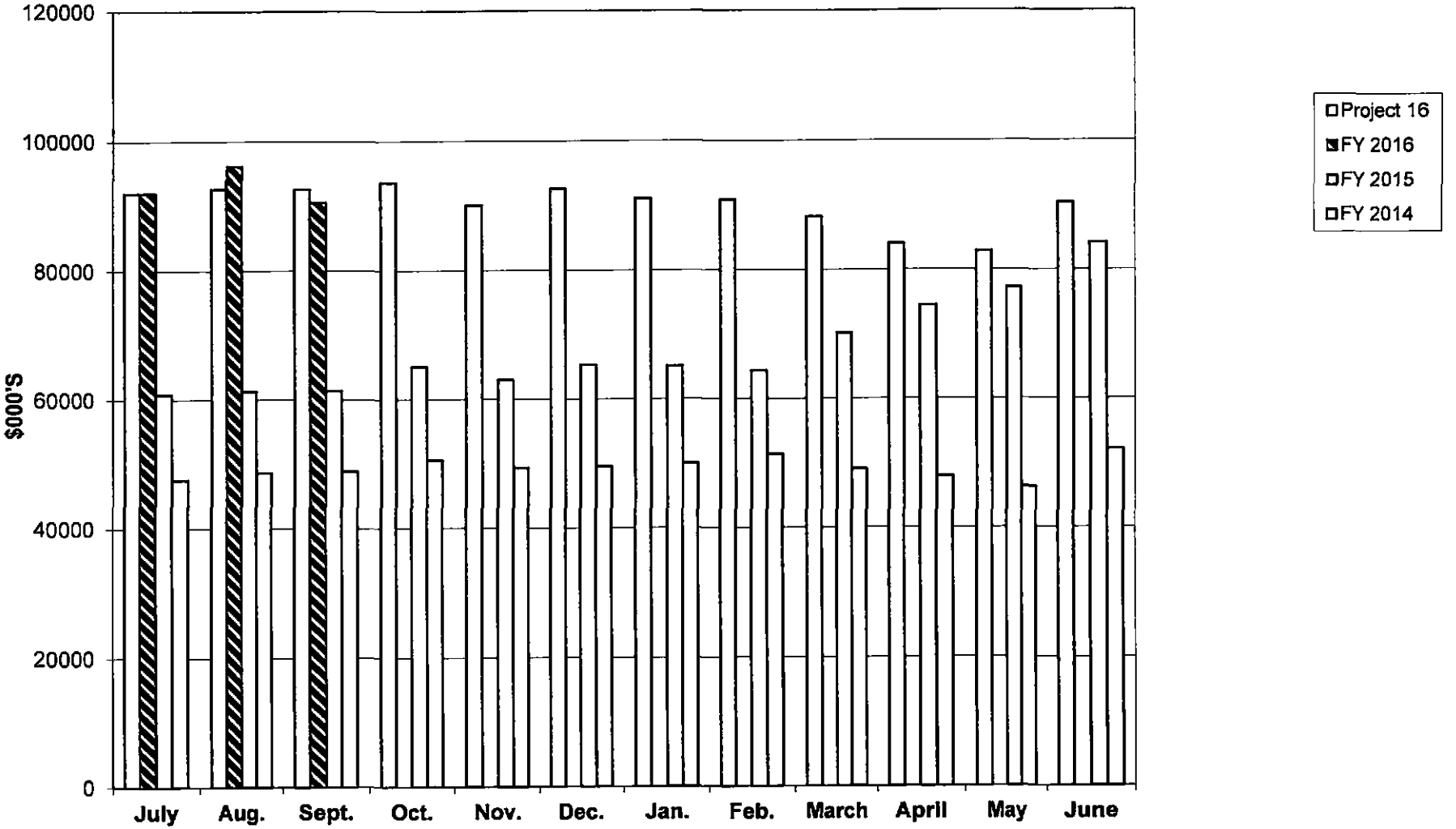
CASH FLOW 2015 - 2016 If Hayman's decision remains in effect

$000's	July	August	Sept.	Oct.	Nov	Dec	Jan	Feb	March	April	May	June	Total
CASH OUTFLOW:													
Payroll	2,090	2,175	3,900	2,410	2,410	2,410	2,410	2,410	2,410	2,410	2,410	2,410	29,855
Pensions	1,450	1,455	1,455	1,587	1,587	1,587	1,587	1,587	1,587	1,587	1,587	1,587	18,643
Disbursements	9,471	15,478	7,326	7,500	7,000	5,000	5,500	9,500	8,000	7,000	4,000	4,000	89,775
Bond and/or Loan Repayments			260	900		101		105	279	1,848		0	3,493
Health Care Payments	689	858	858	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	12,305
Income Tax Refunds	104	66	86	40	100	20	60	150	300	700	400	180	2,206
Misc -Lawsuits	0	0	0	5	5	5	5	5	5	5	5	5	45
Total Cash Outflow	13,804	20,032	13,886	13,542	12,202	10,223	10,662	14,857	13,681	14,650	9,502	9,282	156,322
CASH INFLOW:													
Water & Sewer-Lockbox	2,050	750	1,130	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	19,230
Property Taxes-Lockbox	9,250	410	210	500	900	200	125	1,200	0	0	0	0	12,795
Income Taxes-Lockbox	1,480	500	905	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225	13,910
Parks & Rec													0
Cash Register Receipts *	2,114	19,189	4,722	5,452	1,752	4,052	2,952	4,952	4,952	1,952	2,552	3,952	58,593
Parking Meter													0
DCD Reimb -Urban Renewal		0	400	300	300	300	300	300	300	300	300	300	3,100
Other Misc (including Rev Sharing	750	3,350	934	3,304	750	3,200	750	3,226	750	3,249	750	3,128	24,141
Other-Grants/Delq Co Rtn **	0	0	0	815	815	815	815	815	815	815	815	5,300	11,820
Total Cash Inflow	15,644	24,199	8,301	13,296	7,442	11,492	7,867	13,418	9,742	9,241	7,342	15,605	143,589
Net Cash Flow (Inflows less Outflows)	1,840	4,167	(5,584)	(246)	(4,760)	1,269	(2,795)	(1,439)	(3,939)	(5,409)	(2,160)	6,323	(12,733)
Prior Month's Ending Balance	90,172	92,012	88,179	90,595	90,349	85,589	86,858	84,063	82,624	78,685	73,276	71,116	
Fund Balance used													
End of Month Balance-Pooled & Water/Sewer Cash/Investments	92,012	96,179	90,595	90,349	85,589	86,858	84,063	82,624	78,685	73,276	71,116	77,439	
	July	August	Sept.	Oct.	Nov.	Dec	Jan	Feb	March	April	May	June	
Cash increase/(decrease) 7/1/15 - 6/30/16													-13,166
* Includes Tax Hold (+,-)													
** Grants included in Cash Reg Receipts													
Actuals thru Sept													
Health Care up 6%													
Prop Tax Rev up 1%													
Pension Contributions up 3%													

POOLED CASH BALANCE
END OF THE MONTH



POOLED CASH BALANCE



	Pooled Cash Balance Project 16	FY 2016	FY 2015	FY 2014
July	92012	92012	60789	47532
Aug.	92639	96179	61288	48648
Sept.	92627	90595	61400	48857
Oct.	93629		65054	50534
Nov	90117		62997	49334
Dec.	92634		65288	49561
Jan.	91087		65136	50082
Feb.	90896		64361	51330
March	88205		70197	49094
April	84044		74468	47883
May	82832		77207	46254
June	90403		84172	52129

Cash Receipting Activity

	2015						2014				
Date	2015 Water Receipts	2015 Tax Receipts	Misc Receipts	2015 Total Receipts		Date	2014 Water Receipts	2014 Tax Receipts	Misc Receipts	2014 Total Receipts	
1-Jul-15	659	2	28	689		1-Jul-14	519	1	19	539	
2-Jul-15	469	4	19	492		2-Jul-14	374	3	27	404	
3-Jul-15	0	0	0	0		3-Jul-14	0	0	2	2	
6-Jul-15	0	0	0	0		7-Jul-14	751	210	35	996	
7-Jul-15	1076	17	46	1139		8-Jul-14	553	168	49	770	
8-Jul-15	618	27	59	704		9-Jul-14	368	73	44	485	
9-Jul-15	475	20	28	523		10-Jul-14	266	69	12	347	
10-Jul-15	573	226	43	842		11-Jul-14	649	188	64	901	
13-Jul-15	461	215	41	717		14-Jul-14	520	204	32	756	
14-Jul-15	366	163	16	545		15-Jul-14	436	160	26	622	
15-Jul-15	342	117	70	529		16-Jul-14	323	242	14	579	
16-Jul-15	384	132	14	530		17-Jul-14	330	189	22	541	
17-Jul-15	556	219	30	805		18-Jul-14	477	156	23	656	
20-Jul-15	480	238	29	747		21-Jul-14	485	281	64	830	
21-Jul-15	309	279	25	613		22-Jul-14	341	233	9	583	
22-Jul-15	439	184	9	632		23-Jul-14	461	344	9	814	
23-Jul-15	343	299	66	708		24-Jul-14	430	491	40	961	
24-Jul-15	479	386	25	890		25-Jul-14	553	320	77	950	
27-Jul-15	411	580	16	1007		28-Jul-14	416	629	14	1059	
28-Jul-15	275	333	29	637		29-Jul-14	311	1057	52	1420	
29-Jul-15	312	487	13	812		30-Jul-14	285	466	21	772	
30-Jul-15	210	900	11	1121		31-Jul-14	320	1643	48	2011	
31-Jul-15	558	1307	32	1897	239,461.51	1-Aug-14	644	226	40	910	196,629.96
3-Aug-15	690	466	34	1190	519,481.62	4-Aug-14	806	227	30	1063	525,746.30
4-Aug-15	578	413	56	1047	815,287.69	5-Aug-14	487	114	17	618	973,097.82
5-Aug-15	402	94	24	520	1,131,117.56	6-Aug-14	457	154	16	627	1,197,648.07
6-Aug-15	458	63	33	554	1,455,183.15	7-Aug-14	434	66	22	522	1,427,375.90
7-Aug-15	576	88	18	682	1,712,573.04	8-Aug-14	679	99	23	801	1,642,613.84
10-Aug-15	470	89	20	579	1,961,247.55	11-Aug-14	463	68	34	565	1,810,338.27
11-Aug-15	354	337	46	737	2,247,729.31	12-Aug-14	530	156	66	752	2,088,103.92
12-Aug-15	530	122	54	706	2,347,227.54	13-Aug-14	466	155	24	645	2,248,018.88
13-Aug-15	353	43	17	413	2,545,756.33	14-Aug-14	317	47	13	377	2,396,521.84

14-Aug-15	377	66	23	466	2,772,687.07	15-Aug-14	550	44	13	607	2,557,082.09
17-Aug-15	472	60	14	546	2,889,355.63	18-Aug-14	382	67	47	496	2,673,348.84
18-Aug-15	323	72	13	408	3,049,204.00	19-Aug-14	406	44	26	476	2,862,278.60
19-Aug-15	209	41	9	259	3,368,297.54	20-Aug-14	366	78	13	457	3,080,031.21
20-Aug-15	293	46	19	358	3,493,216.91	21-Aug-14	280	51	5	336	3,562,244.51
21-Aug-15	355	32	28	415	3,789,288.67	22-Aug-14	441	43	37	521	3,746,623.29
24-Aug-15	387	48	24	459	4,115,198.30	25-Aug-14	581	47	16	644	4,022,861.88
25-Aug-15	351	24	25	400	4,463,503.66	26-Aug-14	410	37	18	465	4,275,297.24
26-Aug-15	347	112	48	507	4,529,411.52	27-Aug-14	390	35	66	491	4,631,918.33
27-Aug-15	153	37	42	232	4,808,582.89	28-Aug-14	504	45	29	578	5,065,975.37
28-Aug-15	407	69	27	503	4,961,372.26	29-Aug-14	594	46	29	669	5,366,003.42
31-Aug-15	269	75	14	358	5,187,180.21	9/2/2014	516	38	21	575	5,386,390.09
9/1/2015	364	91	25	480	5,368,259.47	9/3/2014	456	36	11	503	5,561,274.33
9/2/2015	189	32	14	235	5,433,542.51	9/4/2014	510	73	24	607	5,779,643.68
9/3/2015	177	56	20	253	5,533,146.45	9/5/2014	599	69	34	702	6,174,095.96
9/4/2015	377	57	27	461	5,547,936.42	9/8/2014	467	52	29	548	6,433,447.07
9/8/2015	387	53	26	466	5,818,265.27	9/9/2014	467	21	23	511	6,670,376.97
9/9/2015	284	59	9	352	5,967,693.47	9/10/2014	397	45	45	487	6,886,376.18
9/10/2015	284	49	62	395	6,066,890.34	9/11/2014	336	164	41	541	7,035,706.59
9/11/2015	419	61	45	525	6,186,763.81	9/12/2014	465	51	31	547	7,338,565.39
9/14/2015	418	41	20	479	6,399,355.42	9/15/2014	406	53	31	490	7,540,705.72
9/15/2015	395	37	13	445	6,450,864.67	9/16/2014	330	31	57	418	7,732,290.15
9/16/2015	282	100	65	447	6,655,731.14	9/17/2014	376	50	21	447	7,896,076.96
9/17/2015	187	39	18	244	6,726,165.33	9/18/2014	281	102	44	427	8,028,144.02
9/18/2015	346	40	25	411	6,888,496.26	9/19/2014	428	54	35	517	8,154,245.62
9/21/2015	522	52	30	604	6,953,579.71	9/22/2014	381	35	31	447	8,543,913.76
9/22/2015	245	17	14	276	7,292,571.00	9/23/2014	476	33	22	531	8,825,799.04
9/23/2015	209	94	47	350	7,513,308.61	9/24/2014	366	46	48	460	9,105,315.03
9/24/2015	283	30	6	319	7,738,327.74	9/25/2014	460	52	18	530	9,384,908.98
9/25/2015	451	38	30	519	7,916,049.93	9/26/2014	497	50	23	570	9,646,039.02
9/28/2015	295	28	29	352	8,159,469.30	9/29/2014	550	63	22	635	9,850,753.37
9/29/2015	272	53	41	366	8,455,152.24	9/30/2014	310	38	42	390	10,522,085.10
9/30/2015	433	16	25	474	8,801,255.40	10/1/2014	587	80	18	685	10,631,281.98
10/1/2015	218	26	35	279	8,875,021.97	10/2/2014	406	73	15	494	11,025,667.91
10/2/2015	468	67	48	583	9,029,691.82	10/3/2014	746	100	33	879	11,266,677.06
10/5/2015	482	70	58	610	9,247,248.78	10/6/2014	661	88	20	769	11,503,876.05
10/6/2015	393	55	23	471	9,405,718.73	10/7/2014	490	55	13	558	11,817,474.31
10/7/2015	190	81	15	286	9,611,567.74	10/8/2014	569	95	30	694	12,005,445.90
10/8/2015	258	14	41	313	9,693,693.04	10/9/2014	508	42	34	584	12,297,881.70

10/9/2015	365	73	51	489	9,844,722.04	10/10/2014	608	88	18	714	12,536,772.74
10/12/2015	193	30	27	250	9,907,919.33	10/13/2014					12,841,270.57
10/13/2015						10/14/2014					
10/14/2015						10/15/2014					
10/15/2015						10/16/2014					
10/16/2015						10/17/2014					
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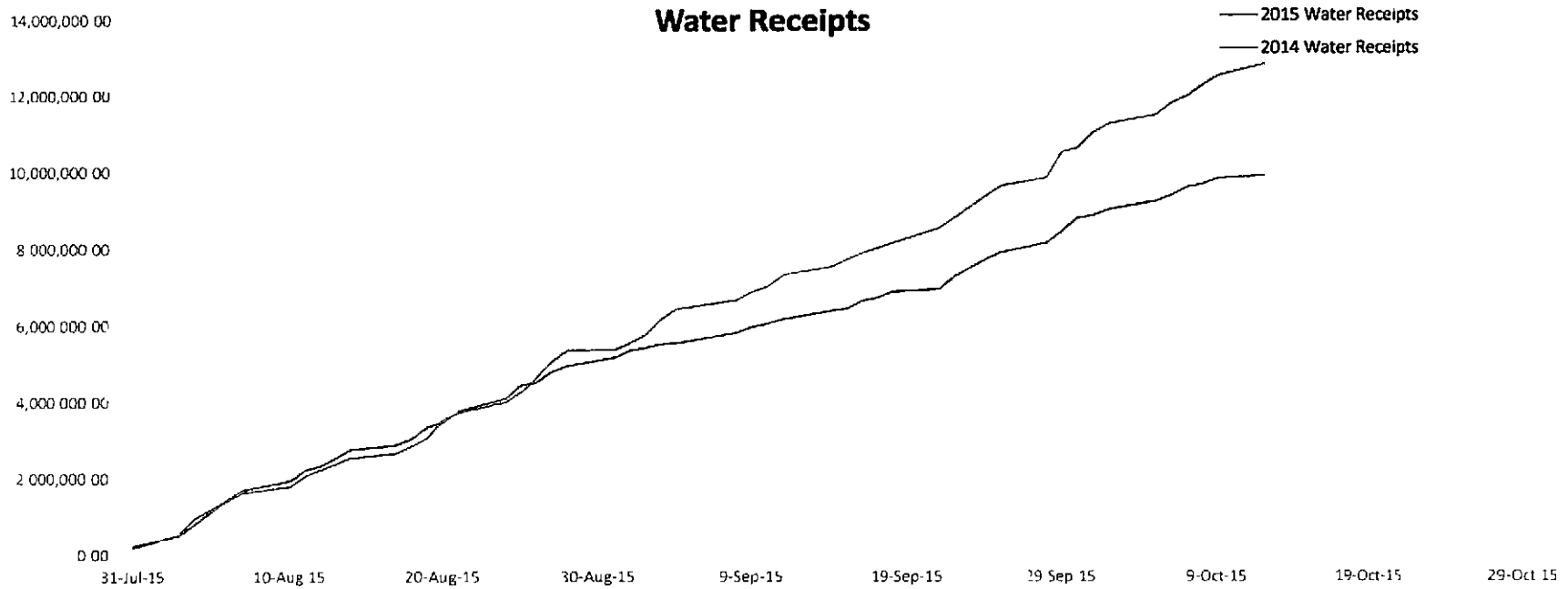
Water Receipts
2015 Water Receipts
2014 Water Receipts
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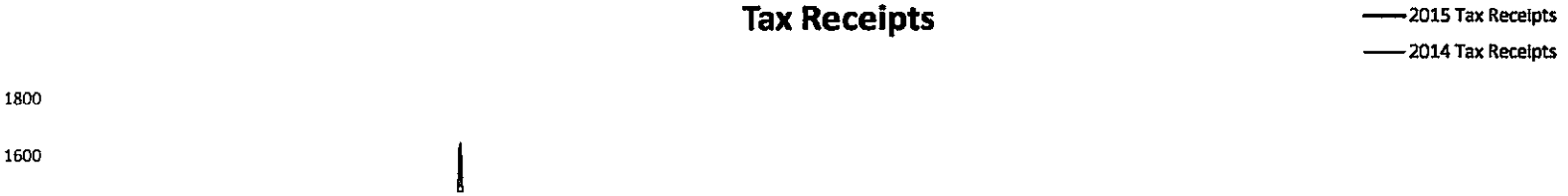
Tax Receipts
2015 Tax Receipts
2014 Tax Receipts
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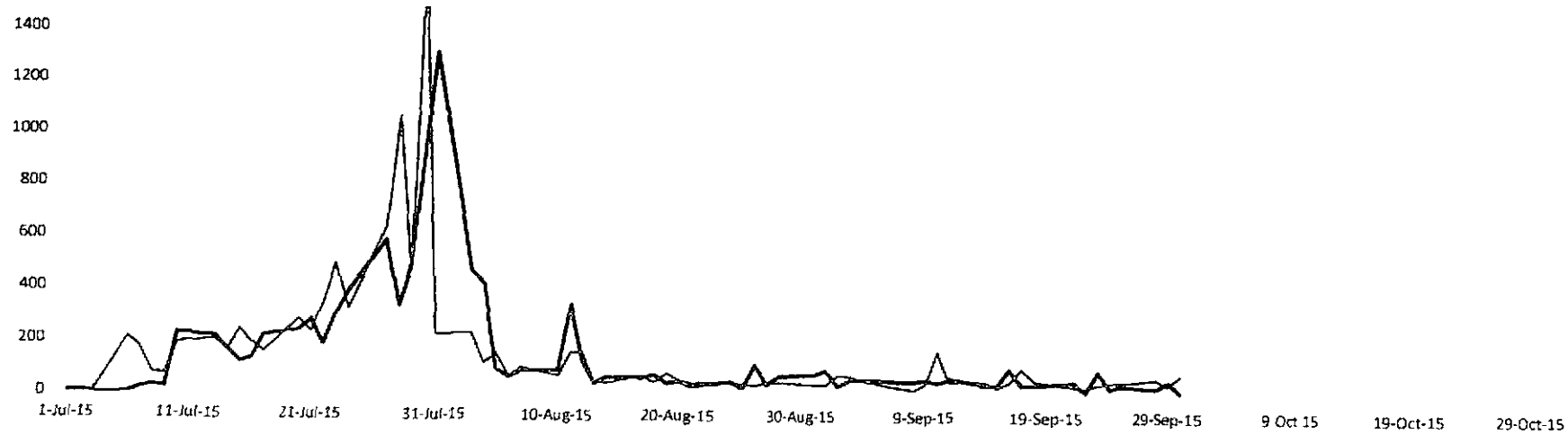
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29-Sep-15
9 Oct 15
19-Oct-15
29-Oct-15

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2014

Date	Residential	Commercial	Total
8/3/2015	217,518.01	21,943.50	239,461.51
8/4/2015	207,888.45	72,131.66	280,020.11
8/5/2015	161,972.88	133,833.19	295,806.07
8/6/2015	109,144.18	206,685.69	315,829.87
8/7/2015	201,057.86	123,007.73	324,065.59
8/10/2015	240,269.00	17,120.89	257,389.89
8/11/2015	95,783.08	152,891.43	248,674.51
8/12/2015	165,747.45	120,734.31	286,481.76
8/13/2015	77,025.51	22,472.72	99,498.23
8/14/2015	131,400.93	67,127.86	198,528.79
8/17/2015	178,456.51	48,474.23	226,930.74
8/18/2015	102,190.59	14,477.97	116,668.56
8/19/2015	97,127.52	62,720.85	159,848.37
8/20/2015	62,428.59	256,664.95	319,093.54
8/21/2015	111,622.36	13,297.01	124,919.37
8/24/2015	138,872.28	157,199.48	296,071.76
8/25/2015	95,842.24	230,067.39	325,909.63
8/26/2015	78,555.34	269,750.02	348,305.36
8/27/2015	42,359.15	23,548.71	65,907.86
8/28/2015	93,050.63	186,120.74	279,171.37
8/31/2015	85,032.38	67,756.99	152,789.37
Totals	**2,693,344.94**	**2,268,027.32**	**4,961,372.26**

Date	Residential	Commercial	Total
8/1/2014	181,307.86	15,322.10	196,629.96
8/4/2014	230,053.71	99,062.63	329,116.34
8/5/2014	240,686.30	206,665.22	447,351.52
8/6/2014	170,404.23	54,146.02	224,550.25
8/7/2014	166,602.41	63,125.42	229,727.83
8/8/2014	182,888.75	32,349.19	215,237.94
8/11/2014	163,018.71	4,705.72	167,724.43
8/12/2014	157,638.37	120,127.28	277,765.65
8/13/2014	147,159.90	12,755.06	159,914.96
8/14/2014	144,634.18	3,868.78	148,502.96
8/15/2014	155,680.33	4,879.92	160,560.25
8/18/2014	109,130.01	7,136.74	116,266.75
8/19/2014	171,167.98	17,761.78	188,929.76
8/20/2014	118,145.80	99,606.81	217,752.61
8/21/2014	98,206.79	384,006.51	482,213.30
8/22/2014	122,554.11	61,824.67	184,378.78
8/25/2014	146,319.48	129,919.11	276,238.59
8/26/2014	126,061.01	126,374.35	252,435.36
8/27/2014	110,370.30	246,250.79	356,621.09
8/28/2014	119,212.89	314,844.15	434,057.04
8/29/2014	167,262.82	132,765.23	300,028.05
	3,228,505.94	**2,137,497.48**	**5,366,003.42**

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Date	Water Receipts	Tax Receipts	Misc Receipts	2015 Total Receipts
3-Aug-15	690	466	34	1190
4-Aug-15	578	413	56	1047
5-Aug-15	402	94	24	520
6-Aug-15	458	63	33	554
7-Aug-15	576	88	18	682
10-Aug-15	470	89	20	579
11-Aug-15	354	337	46	737
12-Aug-15	530	122	54	706
13-Aug-15	353	43	17	413
14-Aug-15	377	66	23	466
17-Aug-15	472	60	14	546
18-Aug-15	323	72	13	408
19-Aug-15	209	41	9	259
20-Aug-15	293	46	19	358
21-Aug-15	355	32	28	415
24-Aug-15	387	48	24	459
25-Aug-15	351	24	25	400
26-Aug-15	347	112	48	507
27-Aug-15	153	37	42	232
28-Aug-15	407	69	27	503
31-Aug-15	269	75	14	358
Total	**8,354**	**2,397**	**588**	**11,339**

[redacted] *2014

Date	Water Receipts	Tax Receipts	Misc Receipts	2014 Total Receipts
1-Aug-14	644	226	40	910
4-Aug-14	806	227	30	1063
5-Aug-14	487	114	17	618
6-Aug-14	457	154	16	627
7-Aug-14	434	66	22	522
8-Aug-14	679	99	23	801
11-Aug-14	463	68	34	565
12-Aug-14	530	156	66	752
13-Aug-14	466	155	24	645
14-Aug-14	317	47	13	377
15-Aug-14	550	44	13	607
18-Aug-14	382	67	47	496
19-Aug-14	406	44	26	476
20-Aug-14	366	78	13	457
21-Aug-14	280	51	5	336
22-Aug-14	441	43	37	521
25-Aug-14	581	47	16	644
26-Aug-14	410	37	18	465
27-Aug-14	390	35	66	491
28-Aug-14	504	45	29	578
29-Aug-14	594	46	29	669
9/2/2014	516	38	21	575
	10,703.00	**1,887.00**	**605.00**	**13,195.00**

[redacted] 2015

Date	Residential	Commercial	Total
9/1/2015	76,163.48	149,644.47	225,807.95
9/2/2015	61,296.86	119,782.40	181,079.26
9/3/2015	51,044.48	14,238.56	65,283.04
9/4/2015	90,984.13	8,619.81	99,603.94
9/7/2015	14,789.97	0.00	14,789.97
9/8/2015	99,720.58	170,608.27	270,328.85
9/9/2015	65,775.35	83,652.85	149,428.20
9/10/2015	88,050.45	11,146.42	99,196.87
9/11/2015	100,379.93	19,493.54	119,873.47
9/14/2015	203,941.65	8,649.96	212,591.61
9/15/2015	44,262.47	7,246.78	51,509.25
9/16/2015	179,346.03	25,520.44	204,866.47
9/17/2015	52,978.49	17,455.70	70,434.19
9/18/2015	129,585.63	32,745.30	162,330.93
9/21/2015	62,805.97	2,277.48	65,083.45
9/22/2015	88,202.96	250,788.33	338,991.29
9/23/2015	77,296.55	143,441.06	220,737.61
9/24/2015	56,583.70	168,435.43	225,019.13
9/25/2015	90,041.57	87,680.62	177,722.19
9/28/2015	121,669.54	121,749.83	243,419.37
9/29/2015	67,252.80	228,430.14	295,682.94
9/30/2015	84,935.92	261,167.24	346,103.16
Totals	**1,907,108.51**	**1,932,774.63**	3,839,883.14

[redacted] 2014

Date	Residential	Commercial	Total
9/1/2014	19,916.72	469.95	20,386.67
9/2/2014	161,762.04	13,122.20	174,884.24
9/3/2014	166,403.62	51,965.73	218,369.35
9/4/2014	167,044.13	227,408.15	394,452.28
9/5/2014	240,925.12	18,425.99	259,351.11
9/8/2014	224,568.61	12,361.29	236,929.90
9/9/2014	111,500.44	104,498.77	215,999.21
9/10/2014	106,929.15	42,401.26	149,330.41
9/11/2014	134,512.17	168,346.63	302,858.80
9/12/2014	177,628.34	24,511.99	202,140.33
9/15/2014	169,461.20	22,123.23	191,584.43
9/16/2014	100,721.48	63,065.33	163,786.81
9/17/2014	95,757.86	36,309.20	132,067.06
9/18/2014	102,915.24	23,186.36	126,101.60
9/19/2014	148,872.24	240,795.90	389,668.14
9/22/2014	180,440.65	101,444.63	281,885.28
9/23/2014	132,806.91	146,709.08	279,515.99
9/24/2014	114,926.46	164,667.49	279,593.95
9/25/2014	116,981.02	144,149.02	261,130.04
9/26/2014	134,410.84	70,303.51	204,714.35
9/29/2014	178,203.84	493,127.89	671,331.73
9/30/2014	95,545.62	13,651.26	109,196.88
	3,082,233.70	**2,183,044.86**	**5,265,278.56**

[redacted] 2015

Date	2015 Water Receipts	2015 Tax Receipts	Misc Receipts	2015 Total Receipts
9/1/2015	364	91	25	480
9/2/2015	189	32	14	235
9/3/2015	177	56	20	253
9/4/2015	377	57	27	461
9/8/2015	387	53	26	466
9/9/2015	284	59	9	352
9/10/2015	284	49	62	395
9/11/2015	419	61	45	525
9/14/2015	418	41	20	479
9/15/2015	395	37	13	445
9/16/2015	282	100	65	447
9/17/2015	187	39	18	244
9/18/2015	346	40	25	411
9/21/2015	522	52	30	604
9/22/2015	245	17	14	276
9/23/2015	209	94	47	350
9/24/2015	283	30	6	319
9/25/2015	451	38	30	519
9/28/2015	295	28	29	352
9/29/2015	272	53	41	366
9/30/2015	433	16	25	474
Total	**6,819**	**1,043**	**591**	**8,453**

[redacted] 2014

Date	2014 Water Receipts	2014 Tax Receipts	Misc Receipts	2014 Total Receipts
9/3/2014	456	36	11	503
9/4/2014	510	73	24	607
9/5/2014	599	69	34	702
9/8/2014	467	52	29	548
9/9/2014	467	21	23	511
9/10/2014	397	45	45	487
9/11/2014	336	164	41	541
9/12/2014	465	51	31	547
9/15/2014	406	53	31	490
9/16/2014	330	31	57	418
9/17/2014	376	50	21	447
9/18/2014	281	102	44	427
9/19/2014	428	54	35	517
9/22/2014	381	35	31	447
9/23/2014	476	33	22	531
9/24/2014	366	46	48	460
9/25/2014	460	52	18	530
9/26/2014	497	50	23	570
9/29/2014	550	63	22	635
9/30/2014	310	38	42	390
	8,558	**1,118**	**632**	**10,308**

[illegible] 2015

Date	Residential	Commercial	Total
9/1/2015	76,163 48	149,644 47	225,807 95
9/2/2015	61,296 86	119,782 40	181,079 26
9/3/2015	51,044 48	14,238 56	65,283 04
9/4/2015	90,984 13	8,619 81	99,603 94
9/7/2015	14,789 97	0 00	14,789 97
9/8/2015	99,720 58	170,608 27	270,328 85
9/9/2015	65,775 35	83,652 85	149,428 20
9/10/2015	88,050 45	11,146 42	99,196 87
9/11/2015	100,379 93	19,493 54	119,873 47
9/14/2015	203,941 65	8,649 96	212,591 61
9/15/2015	44,262 47	7,246 78	51,509 25
9/16/2015	179,346 03	25,520 44	204,866 47
9/17/2015	52,978 49	17,455 70	70,434 19
9/18/2015	129,585 63	32,745 30	162,330 93
9/21/2015	62,805 97	2,277 48	65,083 45
9/22/2015	88,202 96	250,788 33	338,991 29
9/23/2015	77,296 55	143,441 06	220,737 61
9/24/2015	56,583 70	168,435 43	225,019 13
9/25/2015	90,041 57	87,680 62	177,722 19
9/28/2015	121,669 54	121,749 83	243,419 37
9/29/2015	67,252 80	228,430 14	295,682 94
9/30/2015	84,935 92	261,167 24	346,103 16
Totals	*1,907,108 51*	*1,932,774 63*	*3,839,883 14*

[illegible] 2014

Date	Residential	Commercial	Total
9/1/2014	19,916 72	469 95	20,386 67
9/2/2014	161,762 04	13,122 20	174,884 24
9/3/2014	166,403 62	51,965 73	218,369 35
9/4/2014	167,044 13	227,408 15	394,452 28
9/5/2014	240,925 12	18,425 99	259,351 11
9/8/2014	224,568 61	12,361 29	236,929 90
9/9/2014	111,500 44	104,498 77	215,999 21
9/10/2014	106,929 15	42,401 26	149,330 41
9/11/2014	134,512 17	168,346 63	302,858 80
9/12/2014	177,628 34	24,511 99	202,140 33
9/15/2014	169,461 20	22,123 23	191,584 43
9/16/2014	100,721 48	63,065 33	163,786 81
9/17/2014	95,757 86	36,309 20	132,067 06
9/18/2014	102,915 24	23,186 36	126,101 60
9/19/2014	148,872 24	240,795 90	389,668 14
9/22/2014	180,440 65	101,444 63	281,885 28
9/23/2014	132,806 91	146,709 08	279,515 99
9/24/2014	114,926 46	164,667 49	279,593 95
9/25/2014	116,981 02	144,149 02	261,130 04
9/26/2014	134,410 84	70,303 51	204,714 35
9/29/2014	178,203 84	493,127 89	671,331 73
9/30/2014	95,545 62	13,651 26	109,196 88
	3,082,233 70	*2,183,044 86*	*5,265,278 56*

[illegible] 2015

Date	2015 Water Receipts	2015 Tax Receipts	Misc. Receipts	2015 Total Receipts
9/1/2015	364	91	25	480
9/2/2015	189	32	14	235
9/3/2015	177	56	20	253
9/4/2015	377	57	27	461
9/8/2015	387	53	26	466
9/9/2015	284	59	9	352
9/10/2015	284	49	62	395
9/11/2015	419	61	45	525
9/14/2015	418	41	20	479
9/15/2015	395	37	13	445
9/16/2015	282	100	65	447
9/17/2015	187	39	18	244
9/18/2015	346	40	25	411
9/21/2015	522	52	30	604
9/22/2015	245	17	14	276
9/23/2015	209	94	47	350
9/24/2015	283	30	6	319
9/25/2015	451	38	30	519
9/28/2015	295	28	29	352
9/29/2015	272	53	41	366
9/30/2015	433	16	25	474
Total	6,819	1,043	591	8,453

[illegible] 2014

Date	2014 Water Receipts	2014 Tax Receipts	Misc. Receipts	2014 Total Receipts
9/3/2014	456	36	11	503
9/4/2014	510	73	24	607
9/5/2014	599	69	34	702
9/8/2014	467	52	29	548
9/9/2014	467	21	23	511
9/10/2014	397	45	45	487
9/11/2014	336	164	41	541
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9/15/2014	406	53	31	490
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9/17/2014	376	50	21	447
9/18/2014	281	102	44	427
9/19/2014	428	54	35	517
9/22/2014	381	35	31	447
9/23/2014	476	33	22	531
9/24/2014	366	46	48	460
9/25/2014	460	52	18	530
9/26/2014	497	50	23	570
9/29/2014	550	63	22	635
9/30/2014	310	38	42	390
	8,558	1,118	632	10,308

2015

Date	Residential	Commercial	Total
10/1/2015	52,769.18	20,997 39	73,766.57
10/2/2015	136,945 28	17,724 57	154,669 85
10/5/2015	190,357 56	27,199 40	217,556.96
10/6/2015	125,839 81	32,630 14	158,469 95
10/7/2015	127,858.49	77,990.52	205,849 01
10/8/2015	62,605 71	19,519 59	82,125 30
10/9/2015	138,616 46	12,412 54	151,029 00
10/12/2015	55,902.88	7,294 41	63,197 29
10/13/2015	150,865 02	19,228.86	170,093.88
10/14/2015	95,441.41	17,578.59	113,020 00
10/15/2015	110,409.74	30,503 10	140,912 84
10/16/2015	79,498.20	46,064.67	125,562 87
10/19/2015	158,737 47	10,135 33	168,872 80
10/20/2015	84,338 04	18,051 80	102,389 84
10/21/2015			0.00
10/22/2015			0 00
10/23/2015			0.00
10/26/2015			0 00
10/27/2015			0.00
10/28/2015			0 00
10/29/2015			0 00
10/30/2015			0 00
			0 00
Totals	1,570,185.25	357,330.91	1,927,516.16

2014

Date	Residential	Commercial	Total
10/1/2014	158,293 98	236,091 95	394,385 93
10/2/2014	146,662 69	94,346.46	241,009 15
10/3/2014	221,907.16	15,291 83	237,198 99
10/6/2014	292,523 73	21,074.53	313,598 26
10/7/2014	179,039 14	8,932 45	187,971.59
10/8/2014	117,594 70	174,841 10	292,435 80
10/9/2014	168,371 59	70,519 45	238,891.04
10/10/2014	238,287 22	66,210 61	304,497 83
10/13/2014	84,015 87	18,559 65	102,575 52
10/14/2014	233,662.38	20,437 06	254,099 44
10/15/2014	189,685 63	17,146.94	206,832 57
10/16/2014	102,464 68	42,210 89	144,675.57
10/17/2014	169,360 71	42,694 13	212,054.84
10/20/2014	172,109 96	86,181 03	258,290 99
10/21/2014			0 00
10/22/2014			0 00
10/23/2014			0 00
10/24/2014			0 00
10/27/2014			0 00
10/28/2014			0.00
10/29/2014			0.00
10/30/2014			0.00
10/31/2014			0 00
	2,473,979.44	914,538.08	3,388,517 52

2015

Date	2015 Water Receipts	2015 Tax Receipts	Misc. Receipts	2015 Total Receipts
10/1/2015	218	26	35	279
10/2/2015	468	67	48	583
10/5/2015	482	70	58	610
10/6/2015	393	55	23	471
10/7/2015	190	81	15	286
10/8/2015	258	14	41	313
10/9/2015	365	73	51	489
10/12/2015	193	30	27	250
10/13/2015	286	60	83	429
10/14/2015	243	52	42	337
10/15/2015	151	35	23	209
10/16/2015	381	89	26	496
10/19/2015	262	118	31	411
10/20/2015	298	37	31	366
10/21/2015				0
10/22/2015				0
10/23/2015				0
10/26/2015				0
10/27/2015				0
10/28/2015				0
10/29/2015				0
10/30/2015				0
				0
	4188	807	534	5529

2014

Date	2014 Water Receipts	2014 Tax Receipts	Misc. Receipts	2014 Total Receipts
10/1/2014	587	80	18	685
10/2/2014	406	73	15	494
10/3/2014	746	100	33	879
10/6/2014	661	88	20	769
10/7/2014	490	55	13	558
10/8/2014	569	95	30	694
10/9/2014	508	42	34	584
10/10/2014	608	88	18	714
10/13/2014	380	51	21	452
10/14/2014	475	58	26	559
10/15/2014	514	84	17	615
10/16/2014	321	101	13	435
10/17/2014	583	128	14	725
10/20/2014	459	88	19	566
10/21/2014				0
10/22/2014				0
10/23/2014				0
10/24/2014				0
10/27/2014				0
10/28/2014				0
10/29/2014				0
10/30/2014				0
10/31/2014				0
	7307	1131	291	8729

73,766 57

Cash Receipting Activity

	2015				2014				
Date	2015 Water Receipts	2015 Tax Receipts	Misc Receipts	2015 Total Receipts	Date	2014 Water Receipts	2014 Tax Receipts	Misc Receipts	2014 Total Receipts
1-Jul-15	659	2	28	689	1-Jul-14	519	1	19	539
2-Jul-15	469	4	19	492	2-Jul-14	374	3	27	404
3-Jul-15	0	0	0	0	3-Jul-14	0	0	2	2
6-Jul-15	0	0	0	0	7-Jul-14	751	210	35	996
7-Jul-15	1076	17	46	1139	8-Jul-14	553	168	49	770
8-Jul-15	618	27	59	704	9-Jul-14	368	73	44	485
9-Jul-15	475	20	28	523	10-Jul-14	266	69	12	347
10-Jul-15	573	226	43	842	11-Jul-14	649	188	64	901
13-Jul-15	461	215	41	717	14-Jul-14	520	204	32	756
14-Jul-15	366	163	16	545	15-Jul-14	436	160	26	622
15-Jul-15	342	117	70	529	16-Jul-14	323	242	14	579
16-Jul-15	384	132	14	530	17-Jul-14	330	189	22	541
17-Jul-15	556	219	30	805	18-Jul-14	477	156	23	656
20-Jul-15	480	238	29	747	21-Jul-14	485	281	64	830
21-Jul-15	309	279	25	613	22-Jul-14	341	233	9	583
22-Jul-15	439	184	9	632	23-Jul-14	461	344	9	814
23-Jul-15	343	299	66	708	24-Jul-14	430	491	40	961
24-Jul-15	479	386	25	890	25-Jul-14	553	320	77	950
27-Jul-15	411	580	16	1007	28-Jul-14	416	629	14	1059
28-Jul-15	275	333	29	637	29-Jul-14	311	1057	52	1420
29-Jul-15	312	487	13	812	30-Jul-14	285	466	21	772
30-Jul-15	210	900	11	1121	31-Jul-14	320	1643	48	2011
31-Jul-15	558	1307	32	1897					

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, October 28, 2015 1:18 PM
To: Koryzno, Edward (Treasury); Schafer, Suzanne K. (Treasury); Cline, Richard (Treasury); Vandegrift, Drew (TREASURY)
Subject: Fwd: New reports on Flint and local government issued by MSU
Attachments: beyond state takeovers.pdf; ATT00001.htm; flint EM years.pdf; ATT00002.htm

Can someone read these right away and do a summary quickly. Thanks

Sent from my iPhone

Begin forwarded message:

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To: "Amrhein, John" <amrhein@anr.msu.edu>, "Arnold Weinfeld (Arnold.Weinfeld@primacivitas.org)" <Arnold.Weinfeld@primacivitas.org>, "Adrienne Lu (alu@pewtrusts.org)" <alu@pewtrusts.org>, "Khouri, Claire (GOV)" <KhouriC@michigan.gov>, "Alicia Kitsuse (akitsuse@mott.org)" <akitsuse@mott.org>, "Andy Dillon (adillon@conwaymackenzie.com)" <adillon@conwaymackenzie.com>, "Anne Blankenhorn (ABlankenhorn@senate.michigan.gov)" <ABlankenhorn@senate.michigan.gov>, "Alan Mallach" <amallach@comcast.net>, "Allen Bass" <gabass@pobox.com>, "avanderberg@miottawa.org" <avanderberg@miottawa.org>, "Amanda Wright (amandawright529@gmail.com)" <amandawright529@gmail.com>, "Anne Marie Langan" <Anne@detroitmi.gov>, "fwd_schmid" <schmid@msu.edu>, "blarkin@flintandgenesee.org" <blarkin@flintandgenesee.org>, "Beyea, Wayne" <beyea@anr.msu.edu>, "Brian McGrain (mcgrain@cedam.info)" <mcgrain@cedam.info>, "Ballard, Charles" <ballard@msu.edu>, "Bernstein, Douglas [DBernstein@plunkettcooney.com]" <DBernstein@plunkettcooney.com>, "Bill Mathewson (wmathewson@mml.org)" <wmathewson@mml.org>, "Beecher, Janice" <beecher@msu.edu>, "Brent Hartzell (brentco2000@yahoo.com)" <brentco2000@yahoo.com>, "Bruce A Pietrykowski (bpie@umd.umich.edu)" <bpie@umd.umich.edu>, "bstibitz@michigan.gov" <bstibitz@michigan.gov>, "Chris DeRose (CDeRose@mersofmich.com)" <CDeRose@mersofmich.com>, "CKINNS@osc.state.ny.us" <CKINNS@osc.state.ny.us>, "Cudney, Patrick" <cudney@anr.msu.edu>, "Kyle, Cynthia" <Cynthia.Kyle@ssc.msu.edu>, "Coffey, Ryan" <coffeyry@anr.msu.edu>, "Carol O'Cleireacain (coc315@gmail.com)" <coc315@gmail.com>, "cthiel@crcmich.org" <cthiel@crcmich.org>, "Christina Plerhoples" <tinaplerhoples@yahoo.com>, "Dave Hollister" <d.hollister@sbcglobal.net>, "Debra Horner" <dhorner@umich.edu>, "Dennis Muchmore (dennis_muchmore@yahoo.com)" <dennis_muchmore@yahoo.com>, "Delgado, Vincent" <delgado1@msu.edu>, "Debra Pospiech (pospiechd@detroitmi.gov)" <pospiechd@detroitmi.gov>, "Wilson, Diane" <wilsondi@msu.edu>, "'David B. Schweikhardt'" <schweikh@msu.edu>, "Roberts, Douglas" <Douglas.Roberts@ssc.msu.edu>, "Eric Lupher" <elupher@crcmich.org>, "Emanuele Padovani" <emanuele.padovani@unibo.it>, "ftoboso@uv.es" <ftoboso@uv.es>, "Jerry Ambrose (gambrose49@gmail.com)" <gambrose49@gmail.com>, "Graebert, Mary" <lakemary@landpolicy.msu.edu>, "Gibb, Terry" <gibb@anr.msu.edu>, "Nolan, Genevieve (Genevieve.Nolan@moodys.com)" <Genevieve.Nolan@moodys.com>, "Haas, Virginia" <haasv@msu.edu>, "Hannan, Randy" <Randy.Hannan@lansingmi.gov>, "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>,

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Subject: New reports on Flint and local government issued by MSU

Good Morning,

Please find attached some new reports from MSU regarding the Flint EM years (2011-2014) which is a follow-up to our 2011 report on Flint.

Find here the original Flint report:
https://www.cityofflint.com/wp-content/uploads/Reports/MSUE_FlintStudy2011.pdf

The second report documents the role of state government in the fiscal affairs of Local Government. In particular, you will note:

- Page 9, figure 4 that Michigan escalated its local tax limitations more than almost any state except Colorado

- Page 11, figure 5, Michigan is a stick state in regards to local aid

- Page 14, figure 6, MI is ranked as being high cost and high revenue pressure (meaning revenue restrictions) which is the worst of both worlds

Our research points to the fact that Michigan policies are a major part of the cause of local fiscal distress, not the only cause but a major contributing factor. This is the first time we are aware of being able to quantify this conventional wisdom and place it in the fifty state context.

Thank you

Eric

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Beyond State Takeovers:
Reconsidering the Role of State Government in Local Financial Distress, with Important Lessons for Michigan and its Embattled Cities

MSU Extension White Paper

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Executive Summary

One provocative pattern to emerge from the Great Recession is that instances of acute local fiscal distress have clustered in certain states and not others. As recently as last year in Michigan, a state appointed Emergency Manager was operating in each of 17 local governments and school districts. A recent California Policy Center report suggests that more than a dozen cities and counties in California – a state that has already experienced three recent, high-profile municipal bankruptcies and a near-bankruptcy in San Jose, the "capital of Silicon Valley" – are on the cusp of defaulting on general obligation bonds

With the generous support of the C.S. Mott Foundation and Michigan State University, we have engaged in a multi-pronged, multi-method research program to assess the crucial but often overlooked role of state governments in shaping the ways in which cities respond to financial difficulties. This report, based on our analysis of a unique, nearly half-century-long dataset of state and local financial and policy information and correspondence with state officials, analysts and legal experts involved in state-local fiscal affairs, elaborates several key findings:

- **Municipal fiscal distress is not simply a *local* problem. State laws and policies provide state governments with extraordinary influence over the ability of cities to balance revenue and expenditure flows.** The common perception that critical taxing and spending decisions are largely within a city government's control tends to conceal this fundamental detail about American state-local fiscal relations.
- **The ways in which state lawmakers act on this influence varies from state to state and over time.** We refer to the complex mix of laws and policies that prescribe the powers, rights and capacities of local lawmakers to respond to their financial conditions as the **state context for local fiscal distress.** Section 1 of this report assesses key elements of this state context for the lower 48 states since 1970.
- **Some states incubate local financial stress by simultaneously driving up spending pressures on their cities while curtailing their capacity to raise critical revenue.** Since the 1970s, the proliferation of state-imposed tax revenue limitations, coupled with recurring cuts to state aid, has fostered a system that limits a city's ability to fund critical services. Some state governments further undermine the fiscal capacity of their cities via state laws and policies that engender steep expenditure-side pressures (e.g., devolving program responsibilities or driving up labor costs). We classify these states as **incubators of fiscal distress.**
- **Michigan incubates financial stress among its local governments.** Michigan's particular mix of stringent limitations on local revenue and its relatively low level of financial assistance to cities, coupled with spending pressures stemming from spiking local service burdens and increased labor costs, creates conditions that drive up the potential for local fiscal distress.
- **Because state governments can foster dramatically different state contexts for local fiscal stress, there is no single model policy for state intervention in distressed cities or for prevention of local fiscal distress.** A policy that does not address a state's unique context is unlikely to help cities escape financial trouble over the long term. State lawmakers must decide which legal and political tradeoffs they are willing to make to support city fiscal health. Michigan lawmakers, for instance, must recognize that the state context contributes to the problem of local fiscal distress. An aggressive intervention policy does little to curtail the consequences of this state-imposed context. Section 2 of this report draws policy lessons from comparable states in an effort to illustrate alternative approaches to state involvement in local fiscal affairs.

This report's practical recommendations are aimed at assisting the C.S. Mott Foundation, state and local officials, and Michigan residents in identifying a more effective policy and legal approach to local fiscal crises. These are not overly startling recommendations, yet they are easy to neglect because policymakers tend to focus more on short-term political gain rather than the histories and unintended consequences of policies that, over time, become increasingly difficult to alter. Some key recommendations:

- **Creating a state agency that coordinates services to local governments and offers technical support and fiscal monitoring.**
- **Raising awareness among citizens and state decision makers that the causes of fiscal distress are not solely at the local level. Though state governments are certainly part of the solution, they can be a big part of the problem as well.**

Introduction

A recent spate of research and media reports suggest that as the fiscal consequences of the Great Recession continue to subside, state and local fiscal conditions are on the upswing. American cities and locales, however, are not yet out of the woods. A recent analysis from the National League of Cities strikes the proper tone of caution when reporting that, though indeed *state* governments have recovered (albeit slowly), "...*local* fiscal health has not yet fully returned to pre-recession levels. ... While tax revenues continue to improve, increases in service costs, long-term infrastructure needs, employee wages, and pension and healthcare obligations, along with decreased levels of state and federal aid, continue to constrain the [local] fiscal outlook" (McFarland and Pagano, 2014, p. 1, emphasis added).

One thought-provoking pattern to emerge from the aftermath of the Great Recession is that the fiscal outlook seems to be particularly bleak among local governments in certain states. The city of Detroit's bankruptcy proceedings may have indicated that Michigan is something of a hotbed for local financial disaster. Yet a far more damning indicator is the prevalence of financial distress among the state's other local governments. As recently as last year, 17 local governments and school districts were operating under the control of a state-appointed emergency financial manager. Recently, Michigan's most populous county, Wayne, was recently designated for financial emergency status as well. Michigan does not stand alone. News from California, a state that has already seen four cities enter the municipal bankruptcy process since 2008, is equally discouraging. The authors of a recent report conducted for the California Policy Center argue that more than a dozen cities and counties in California are statistically far more likely than "a typical U.S. city or county" to enter bankruptcy proceedings or default on general obligation bonds, with several cities – such as Compton, King City, Sutter Creek and Ione – are a whopping 20 to 40 times more likely to experience acute financial crisis (Joffe and Larkedring, 2015).

What is it with local governments in these states? When it comes to urban fiscal problems, there is much blame to go around. Some blame a mixture of national and global economic forces beyond the control of state and local policymakers. Others contend that the cities facing severe budget crises have only themselves to blame. The goal of this report is to refocus attention on the crucial but often overlooked role of state governments in determining the ways in which cities respond to financial difficulties. How and in what specific ways do state governments structure this local response? Is it possible to assess the fiscal value that all states – via their mix of policies, laws and institutions – may add to or take away from local fiscal decision making? Is it truly more challenging to gain and maintain fiscal sustainability in certain states than it is in others? And in light of this consideration of the role that state governments play in structuring local fiscal decision making, in what ways do state governments choose to – or choose not to – internalize their role in the design and administration of their fiscal distress intervention policy? In other words, can we identify policy self-awareness among state governments that place particularly onerous fiscal pressures on their local lawmakers?

To respond to these important questions, we, with the generous support of the C.S. Mott Foundation and Michigan State University, set out on a multi-pronged, multi-method research program at a critical time in which a new era seems to be dawning for state-local fiscal relations. This report summarizes the findings of the first stage of this ongoing project.

Section 1 of this report develops an indicator for the state context for local fiscal distress based on the mix of state laws and policies that directly influence the revenue and spending decisions of local governments. This section uncovers a number of compelling patterns in the state imposition of revenue and spending pressures over the past quarter-century. Chief among these patterns is that, although a number of states have taken measures to severely limit the revenue capacity of their local governments (thus reducing the resources available to maintain critical services) and several states have devolved greater service responsibilities (and higher spending burdens) to their local governments, only a small handful of states simultaneously drive up spending pressures while aggressively curtailing local governments' capacity to raise revenue. Taken independently, state-imposed revenue- and expenditure-side pressures can play a determinative role in local fiscal decision making. Taken together, as in states such as Michigan and California, they incubate local fiscal distress and can serve to foster fundamental budgetary imbalances that more fiscally challenged local communities are ill-equipped to overcome.

In Section 2, we draw on interpersonal communications with key personnel in several states to assess key elements of state policies for intervening in fiscally distressed local governments. We set out to identify similarities in intervention policies – of which Michigan's is the poster child – and to learn how other states approach local fiscal crises differently. From our work with the state officials, we illustrate how state governments can more effectively align policy with the nature of the problems faced by cities in distress, as well as how state-imposed constraints hamper cities' abilities to balance revenues and expenditures over the long-term. In Section 3, we combine the lessons from Sections 1 and 2 to outline recommendations that can assist the C.S. Mott Foundation, state and local officials, and Michigan residents in identifying a more effective approach to local fiscal crises.

Section 1: Assessing How States Set the Context for Local Fiscal Distress: Revenue Squeezes and Expenditure-side Pressures

Two essential powers that local officials enjoy are their authority to raise revenues and their power to allocate those revenues as they see fit via public expenditures. In local media and policy research, city officials are sometimes lauded for what are perceived as exciting local policy outcomes, such as when a city makes a significant move up the "America's Greenest Cities" or "Child Well-being and Health" rankings. More commonly, they are chastised for decisions deemed detrimental to the city's future, such as providing generous benefits to the municipal workforce, slashing essential services, enacting a rigid historical preservation agenda or raising licensing fees. Yet the common perception that critical taxing and spending decisions – and, by extension, the apportionment of blame and credit associated with the outcomes of such decisions – are largely within a city government's control conceals a fundamental detail about American state-local fiscal relations: state laws and policies provide state governments with extraordinary influence over nearly every aspect of city budgeting. From the type and level of financial assistance that state governments deliver to state-imposed controls over local revenues; to the growing practice and use of state mandates, preapproval and preemption; to minimum service standards; to the formal or informal consultations, advice or technical assistance that state governments may (or may not) provide, local governments in America, in the words of influential legal scholars Gerald Frug and David Barron (2008, p. 75), simply "do not have anything like the kind of local fiscal autonomy often attributed to them."

States influence local governments' capacity to balance revenue and expenditure flows in a variety of ways. In this report, we focus on two core dimensions of this state context for local financial distress.[1] The first is the degree to which states participate in adding or reducing local revenue capacity via the policy balance between the buoyancy of state-granted aid and shared revenue, and the severity of state-imposed controls over city tax revenues. Although most states exhibit a relatively balanced policy approach to local revenue capacity, some state governments have responded to local revenue challenges by granting greater access to state intergovernmental aid while mostly suppressing financial controls over local taxes. These are revenue "carrot" states. Another group – revenue "stick" states, of which Michigan is a prime example – have responded to local revenue challenges by ratcheting financial controls while offering thin or uncertain compensatory aid. Simply put, we expect it to be far more challenging to maintain a sustainable fiscal outlook in states that simultaneously suppress own-source revenue capacity and transfer very little aid to municipalities, particularly during national or state economic downturns.

State policies and actions also burden the opposite end of local budgetary processes: decisions over public expenditures. Few, if any, local spending responsibilities exist because cities choose to take them on. The state decides.[2] Spending pressures can be subtler. For instance, local labor costs, which account for a large slice of most cities' budgets, are heavily influenced by state policies and regulations concerning municipal employees' wages and level of retirement and health care benefits.[3] This basic fact should give pause to those who instinctively attribute chronic local fiscal distress to "profligate spending on public employees" (Greenhut, 2012, pp. 1-2) or "spiraling labor and pension costs" (Rozansky, 2012). To borrow again from Frug and Barron's seminal work (2008, p. 199), "Although cities are often criticized for granting overly generous pensions and health care to their employees, sometimes they become supporters of municipal employees' benefits because the state requires them to do so." Our more general argument here is that it is foolish to claim to correctly diagnose the causes of local fiscal distress without careful examination of the spending context in which states place their cities. In this paper, we aim to capture a large slice of this expenditure-side context by assessing state public sector collective bargaining policies (specifically, those covering municipal police, firefighters, teachers and other local employees) and public employee union membership coverage.

1 Formally defined as the complex, multidimensional, legal-policy frameworks that prescribe the powers, rights and capacities of local lawmakers to respond to their financial conditions.

2 Via specific provisions (or the absence of such provisions) regarding local statutory authorization, budgetary constraints or more general interpretations of local governments' home rule authority.

3 For instance, Michigan, even after the adoption of right-to-work legislation in late 2012, mandates binding arbitration for public safety officers in the event that involved parties in a labor contract dispute cannot reach an agreement. Massachusetts pays out benefits to local employees through the State-Boston Retirement System via formulas established by state law. Illinois law does not mandate city or employee benefit or contribution levels, instead favoring local flexibility in the control over pension costs.

The final segment of this section considers how these revenue- and expenditure-side pressures interact within and across all U.S. state governments. As one might expect (or at least hope), these two competing dimensions tend to work against one another. States that are more revenue stick (meaning local tax limitation increases outpace the distribution of state aid) tend not to impose equally exacting expenditure-side pressures, at least in relation to local labor costs. For many states that do drive up labor and service costs via their mixture of policies, these costs are at least partially offset via a more resilient and vibrant aid environment, coupled with limited own-source revenue restrictions. A few states, such as Michigan and California, place strict limits on local own-source revenues while at the same time providing only meager intergovernmental aid and imposing costly labor and service obligations. We contend that these states have structured local fiscal policymaking in a way that effectively incubates local financial distress. These state contexts are the most egregious in hampering the exercise of local fiscal power; yet the nature of the problem for cities may be much worse – state-imposed budgetary imbalances can engender recurring structural deficits and diminished local service capacity, particularly among the states' older, industrial urban areas.

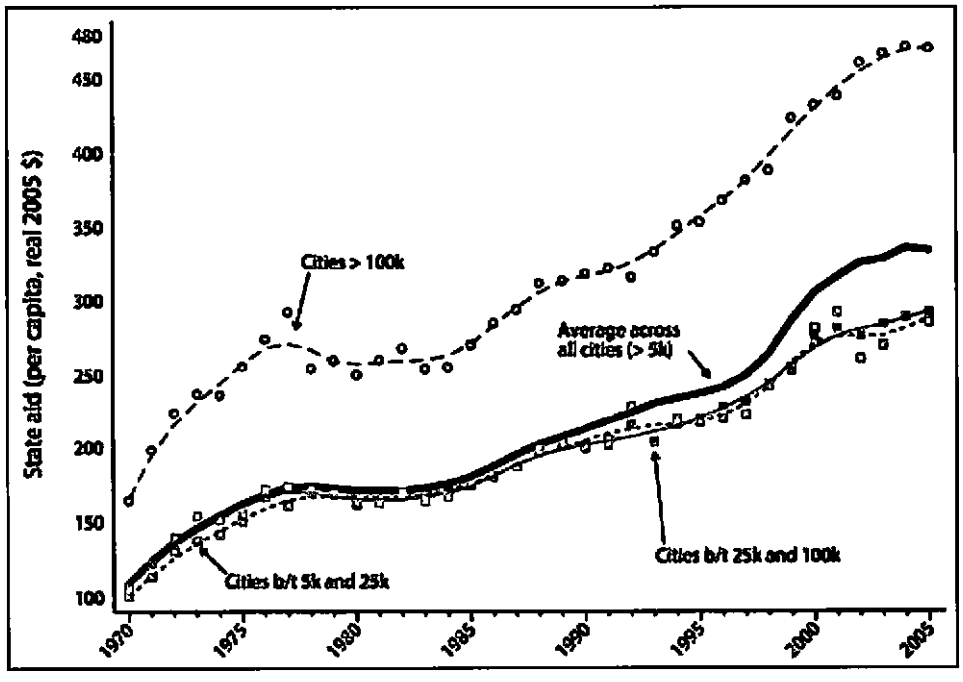
(1) Squeezing Local Revenue Capacity: Thin and Fragile State Aid; Escalating Local Tax Limits

State governments, by virtue of their superior constitutional position, have sweeping legal powers to regulate local finance. Central to our assessment of the state's role in local fiscal distress are state controls over the two dominant sources of city revenue: state aid and local taxes. Local governments occupy a weak position in the American federal system, causing local officials to rely heavily on, in the words of one analyst, "whatever sources of income the states are willing to let them tap into" or "whatever financial assistance" the states are willing to provide (Berman, 2003, p. 89). Sbragia (1983) aptly refers to the condition of American federalism as "the municipal money chase," and in the absence of a vibrant federal aid environment in the United States, state aid – in the form of shared taxes (typically sales, income and gasoline) and restricted or unrestricted grants – continues to be a major source of local government revenue, accounting for roughly a third of local revenue, on average, during the past two decades (Berman, 2003; Urahn et al., 2012).[4]

The importance of a well-designed state aid system is hard to overstate. It allows local officials greater flexibility in responding to economic pressures and the service needs of residents. This flexibility is particularly valuable during periods of economic downturn. Because local governments vary widely in their tax bases and in their ability to raise critical own-source revenues, influential research illustrates the equalizing potential of state aid, particularly in helping to smooth out revenue gaps between wealthier and poorer local jurisdictions (Pelissero, 1984; Stein and Hamm, 1987). In the past few decades, very few states target aid to local governments as a function of local need (Stein and Hamm,

4 Though formulas for the distribution of local aid can vary significantly across states (as well as within states over time), all states provide some form of aid to local governments – often from a historical exchange in which cities would forgo the right to collect certain taxes in exchange for the states returning revenues from those taxes in some form. States typically allocate shared revenue for specific purposes or link it to particular functions of local government. Some shared revenue, however, is unhindered by such state restrictions and can be spent as local lawmakers see fit.

Figure 1. Mapping the Average State Aid Environment Since 1970

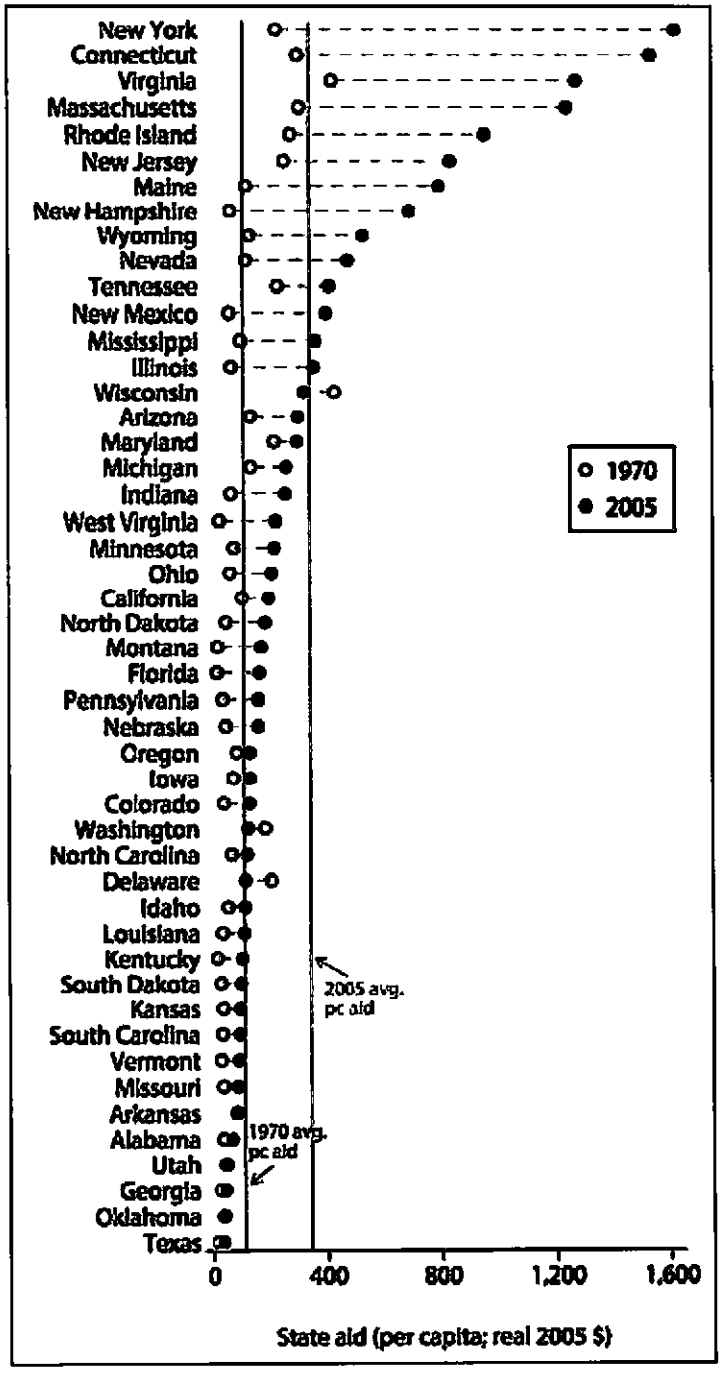


1994). The level of state aid that is available can make it possible for certain jurisdictions – for instance, older, industrial cities experiencing significant job loss coupled with a much reduced tax base – to at least afford minimum levels of services and possibly respond to growing service demands on the heels of a crippling state or national recession (see Ladd and Yinger, 1994).

How then can we characterize the critical state aid portion of the state-controlled revenue environment for American cities? Figure 1, which illustrates trends in per capita state aid to three classes of city governments, shows a steady upward trend in transfers (per capita) received from state governments. Though it is beyond the scope of this project to analyze specific revenue-sharing rules and aid formulas over time and across state contexts, our city financial data allow us to compare important trends in what the Census of Governments classifies as "Total Intergovernmental Revenue from the State Government."[5] In other words, we plot data indicating the fiscal outputs of these rules and decisions. As Figure 1 illustrates, the positive trend over time is particularly strong for cities with populations over 100,000.[6] On average, it would seem that state governments have helped at least larger cities meet increasingly difficult financial conditions through the extension of intergovernmental transfers.

Figure 2, which compares levels and growth of per capita state aid across the contiguous 48 states, paints a bleaker portrait. Consistent with the findings presented in Figure 1, 43 of the 48 states exhibit positive growth rates, meaning that roughly 90 percent of the lower 48 states provided higher levels of aid in the current era than in the early 1970s (mean increase = 256 percent). Figure 1, however, masks the considerable unevenness with which state governments deliver aid. This unevenness is on display in Figure 2, where fewer states provide above average levels of aid, and most states exhibit relatively flat growth in the distribution of state aid.[7]

Figure 2. The Uneven Development of State Aid Environments



5 This includes state grants-in-aid, regardless of basis of distribution; local share of state-collected taxes; payments in lieu of taxes on state property; and reimbursement for services performed for state government (e g., care of state prisoners in local jails, construction or maintenance of state highway facilities, etc.) (U.S. Bureau of the Census, 2006).

6 In 1970, these cities received roughly $160 per capita (in real 2005 dollars) in state intergovernmental revenue; in 2005, the most recent year in our time series, average per capita aid was $470. Though the growth rate for small and medium-sized cities is not as steep, the steady uptick in average per capita state aid exemplifies a healthier state aid environment than in the past.

7 As is indicated by the maroon-colored vertical line, the average per capita aid provided to local governments in 2005 was just over $340. Texas, Oklahoma, Georgia and Utah provided around $40 per person, on average. New York, Connecticut, Virginia, Massachusetts and Rhode Island, on the other hand, distributed intergovernmental revenue at an annual rate at or around $1,000 per resident.

One key reason for this unevenness is that state aid tends to ebb and flow with changing state-level economic conditions (Berman, 2003, pp. 100-102). More generally, state intergovernmental aid – particularly those discretionary resources distributed via statutory aid policies and unprotected by state constitutions – is inextricably linked to state legislative budget battles. State legislatures and governors, scrambling to balance their own budgets, are simply more likely to risk citizen backlash from significant aid cuts during periods of widespread budget shortfalls. What is more, state lawmakers across the country seem to be looking with decreasing favorability on the idea of, in the derisive words of one Wisconsin legislator, "being an ATM machine for local governments" (Rinard, 1999, p. 1).

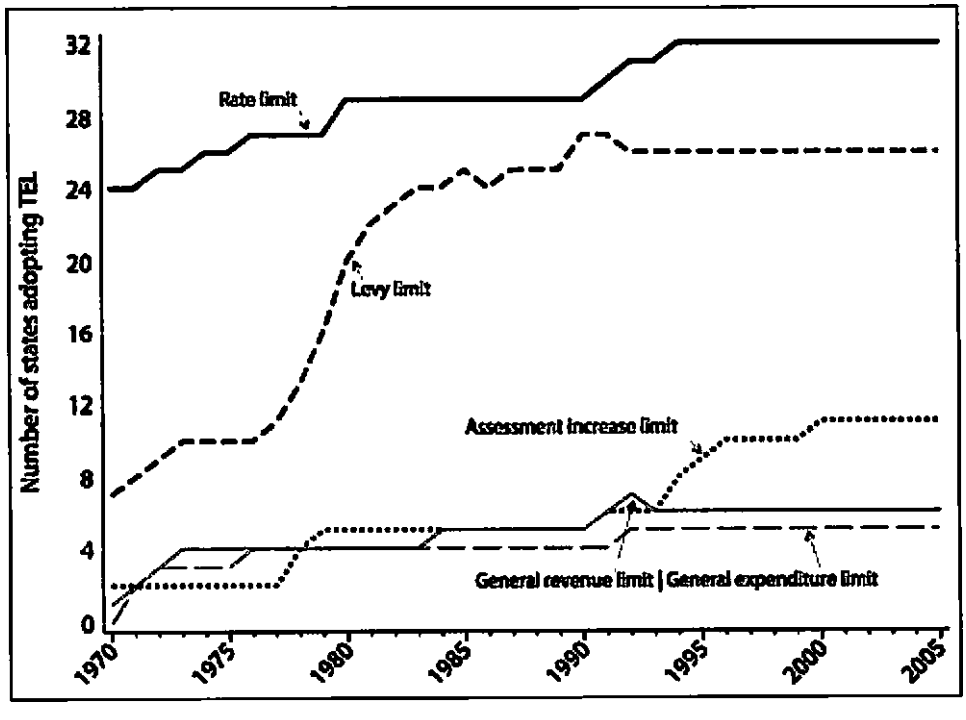
Figure 2, however, illustrates that not all states have chosen to respond to their revenue difficulties by making cuts to intergovernmental aid. A study from Pew's American Cities Project reports that Connecticut, which provides one of the more vibrant aid environments in the country, chose to slightly bolster intergovernmental aid to its local governments on the heels of the Great Recession (in fiscal year 2010) and has not reported a cut since then. Nebraska, on the other hand, canceled all funding to its local governments in 2011; Maryland, California, Arizona, Nevada, Minnesota, Texas, Virginia and Wyoming made 5 to 6 percent cuts that same year. All else being equal, we would expect it to be far less onerous to balance revenue and expenditure flows in city governments in states such as Connecticut, New York or Massachusetts – i.e., states where key state decision makers seem less inclined to shift service costs to local governments via cuts in state aid during times of state financial stress – than in cities facing similar sets of environmental, political or managerial conditions in states that provide lower or more volatile levels of intergovernmental aid.

State policies regarding levels and delivery of state aid are but one piece of an increasingly complex set of structures that govern local revenue capacity. In a classic textbook on American intergovernmental relations, Stephens and Wikstrom (2006, p. 196) remark, "Without doubt, the most important mechanism that the state has for influencing the political behavior of local officials involves financial assistance." This may have been true in the 1970s or 1980s, and to be sure it is a fundamental tenet of traditional models of fiscal federalism, but the most important mechanism for controlling local fiscal behavior in the past quarter-century is the tax and expenditure limit (TEL) – a label that broadly captures state attempts to limit the taxing and/or spending authority of its local governments through constitutional amendment or legislative enactment.

State governments have long imposed some manner of TEL.[8] Figure 3 tracks the adoption of TELs since 1970 across the four most common categories: *rate limits* – which are overall or specific tax rate limits that set the ceiling on the aggregate tax rate, which cannot be exceeded without a vote of the electorate; property tax *levy limits*, which constrain the total amount of revenue that can be raised from the property tax (independent of the property tax rate); *assessment increase limits*, which cap the growth rate of assessed values and is intended to control the ability of local government to raise revenue either by reassessment of property or through escalation of property values; and

8 For instance, the first states to establish property tax rate limits were Rhode Island (1870), Nevada (1895), Oklahoma (1907) and Ohio (1911).

Figure 3. Proliferation and Layering of TELs Since 1970

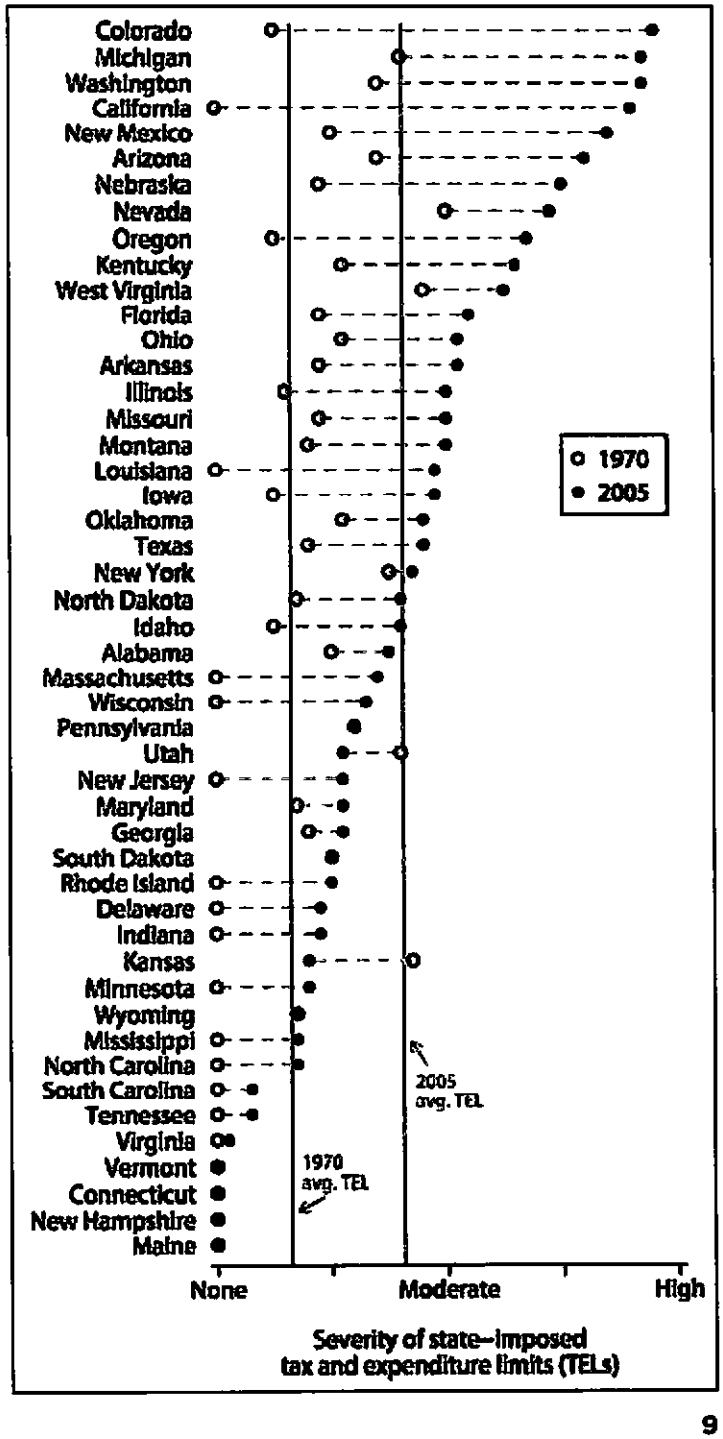


limits on *general revenue* or *general expenditure* increases, which set the maximum growth rate of total revenue or total spending.

Whereas a great deal of research has shown that the appearance of even a single TEL constrains the capacity of local officials to generate revenues on their own (see Poterba and Rueben, 1995; Shadbegian, 1996, 1999; it is the accumulation or layering of fiscal constraints that can be particularly damaging to the revenue capacity of local lawmakers.[9] In single-TEL states, for instance, raising assessments might be employed to circumvent property tax rate limits and vice versa; in states that impose only an assessment cap, this single limitation could potentially be overcome by adopting a higher rate. These methods of circumvention were common early in the 1970s, when 24 of the 29 states adopting some form of TEL imposed only one constraint (mostly rate limits), and a mere five states imposed two revenue TELs. Today, at least 27 of the contiguous 48 states impose multiple revenue TELs. Nineteen states impose two, and eight states – Arizona, California, Colorado, Michigan, Nebraska, Nevada, New Mexico and Washington – apply three local tax limitations.

The number of TELs in a state does not necessarily capture the severity of the limitation(s), though it is reasonable to expect a higher frequency of TELs to create a more restrictive local tax environment. Figure 4 displays a measure of TEL severity (see appendix regarding our research approach beginning on page 25), with the open point illustrating the severity of the state's TEL in 1970, the closed (maroon) point plotting restrictiveness in 2005, and the dashed horizontal line representing the change in severity of the state's tax limitations.[10] Figure 4 reveals some noteworthy patterns that illustrate the reality of state policy choices regarding local tax structures. Michigan, a state that imposes one of the more onerous sets of revenue restrictions, achieved this status via a one-two punch of major constitutional amendments enacted by voters: the Headlee Amendment in 1978 and Proposal A in 1994.[11] The Headlee Amendment capped local property tax millage rates to the rate of inflation. Proposal A – a constitutional amendment quite similar to Proposition 13 in California, a state with a similarly restrictive fiscal relationship with its locales – further limited local property tax revenue growth

Figure 4. TEL Escalations by State



9 Rising adoption rates are on display in Figure 3. So, too, is the increasingly common phenomenon of TEL layering, meaning the imposition of state-imposed controls on multiple elements of the local tax structure And those controls are growing: in 1970, 29 of the contiguous 48 states had at least one revenue TEL; today, some 41 of 48 states have at least one local revenue limit.

10 The measure of TEL severity, initially proposed by Amiel, Deller and Stallmann (2009), indexes six key characteristics: the type of TEL (see discussion above), if the TEL is statutory or constitutional, growth restrictions, method of TEL approval, TEL overrides and exemptions, and method of override. For a more detailed discussion of this measure, see Amiel, Deller, and Stallmann (2009) and Maher and Deller (2013).

11 Constitution of the State of Michigan, Sections 25-33.

by changing the system of assessment to cap individual property values and prohibiting cities from "rolling up" a millage to the rate of inflation if actual property value growth was lower than inflation.[12] Taken together, these two large TEL ratchets, which came 17 years apart and layered on top of an already aggressive property tax rate limit, placed tremendous pressure on local lawmakers' ability to generate critical revenue (Brunori et al., 2008). Contrast Michigan's approach to that of Massachusetts's Prop 2½, a similarly infamous state-imposed TEL, which was passed by referendum in 1980 and effectively caps local property tax levies at 2.5 percent of real property value. Massachusetts's relatively moderate position on the severity index owes much to the state's choice to apply no corresponding rate, revenue or assessment limits on local lawmakers.

TELs, taken alone, are neither inherently good nor bad. They have been alternately portrayed as necessary evils for taming "Leviathan" city governments (Brennan and Buchanan, 1979; Craw, 2008; Downes and Figlio, 1999), or as just plain evils that stifle cities' abilities to pursue innovative visions for their futures (Frug and Barron, 2008).[13] However, over three decades after the tax revolt movement took hold in a major way in states such as California and Michigan, the widespread adoption of local TELs depicted in Figures 1 and 2 has had two overarching effects: the first is the loss of local revenues; the second is decreasing local reliance on property taxes.[14] There is little evidence to suggest that TELs, however, promote local fiscal sustainability. The reason is that local spending mostly goes unaffected by revenue limits (Dye and McGuire, 1997), particularly in the absence of state-imposed spending lids, which exist in only a small handful of states.[15]

In sum, the proliferation of state-imposed TELs has helped to create a national state-local fiscal system that is simply less conducive to local governments' abilities to fund their own activities.[16] States with more aggressive local TELs – such as Michigan, Colorado and California – hinder the revenue capacity of their local governments. This capacity is vital during even the most moderate of economic downturns because service demands tend to rise and state aid tends to drop. Revenue slack, however, was particularly vital during the most recent recession. In previous downturns, home prices mostly remained stable, thus steadying property tax revenues (particularly in relation to sales and income taxes). In the 2009 recession, property tax revenues, already slowed in certain states via state-imposed TELs, plummeted in simultaneity with state aid. The good news, as we illustrate below, is that a relatively small number of states impose such crippling revenue constraints from both ends: meaning states that both limit own-source revenue capacity while also providing far from vibrant levels of state aid. The bad news is that, for local officials who must operate within those state environments, even small declines in revenues can present tremendous budgetary challenges.

Mapping the Revenue Squeeze: Revenue "Carrot" and Revenue "Stick" States

As property tax revenues continue to erode as a function of state-imposed TELs and local governments have become more reliant on state aid, some observers have suggested that state governments have responded to their expanding role in local fiscal affairs by providing greater levels of intergovernmental revenues (Berman, 2003; Sokolow, 2000; Dye and McGuire, 1997b).[17] This reading of state-local fiscal dynamics is somewhat supported by comparing trends in average levels of state aid to local governments exhibited in Figure 1 and total revenue limit adoptions depicted in Figure 3. However, our data allow for a far more detailed look at how local revenue capacity is being affected by state policies for local governments within each of the lower 48 states.

Figure 5 depicts a rough state-level indicator of the severity of state restrictions on local revenue capacity. States for which our standardized measure of per capita state aid far exceeds our standardized measure of the severity of local revenue limits – such as Connecticut, New York, Massachusetts, New York, Rhode Island and New Jersey – are depicted in orange and labeled revenue carrot states. All else being equal, we would expect the revenue capacity of local governments in these states to be buttressed by their state context. As was pointed out above, a well-structured state aid environment increases the overall fiscal capacity of local governments and, according to Pagano and Hoene (2010, p. 260), can provide "a level of equalization and base support for municipalities that may lack other resources." Additional value to local revenue capacity stems from the fact that critical own-source revenues are

12 Many other provisions of both the Headlee Amendment and Proposal A are related to other parts of the state finance system, and a detailed examination of the depth of both laws would be a paper unto itself. We will discuss the impacts of these types of laws, generally and in Michigan, later in the paper.

13 To be sure, they are a frequent source of local consternation, particularly as fixed costs occupy a larger share of local budgets and demand for services – driven by postrecession unemployment rates, population changes and other factors – continues to rise.

14 Indeed, in many state contexts, forgone property tax revenues have at least partially been recovered via more regressive revenue sources – such as fees and, where allowed, sales taxes.

15 This is an important point that is often obscured by the frequent reliance on the TEL acronym (Tax and *Expenditure* Limits).

16 Amidst the national clamor for government austerity and fiscal responsibility, it is important to point out that these activities – particularly in the states that impose the most formidable set of revenue constraints, such as Michigan, California and Colorado – include essential local services such as public safety and infrastructure maintenance, which are critical functions of local government.

17 Greater local reliance on state aid does not necessarily mean that state officials have "anteed up," a point that, mainly because of data constraints, is too often overlooked.

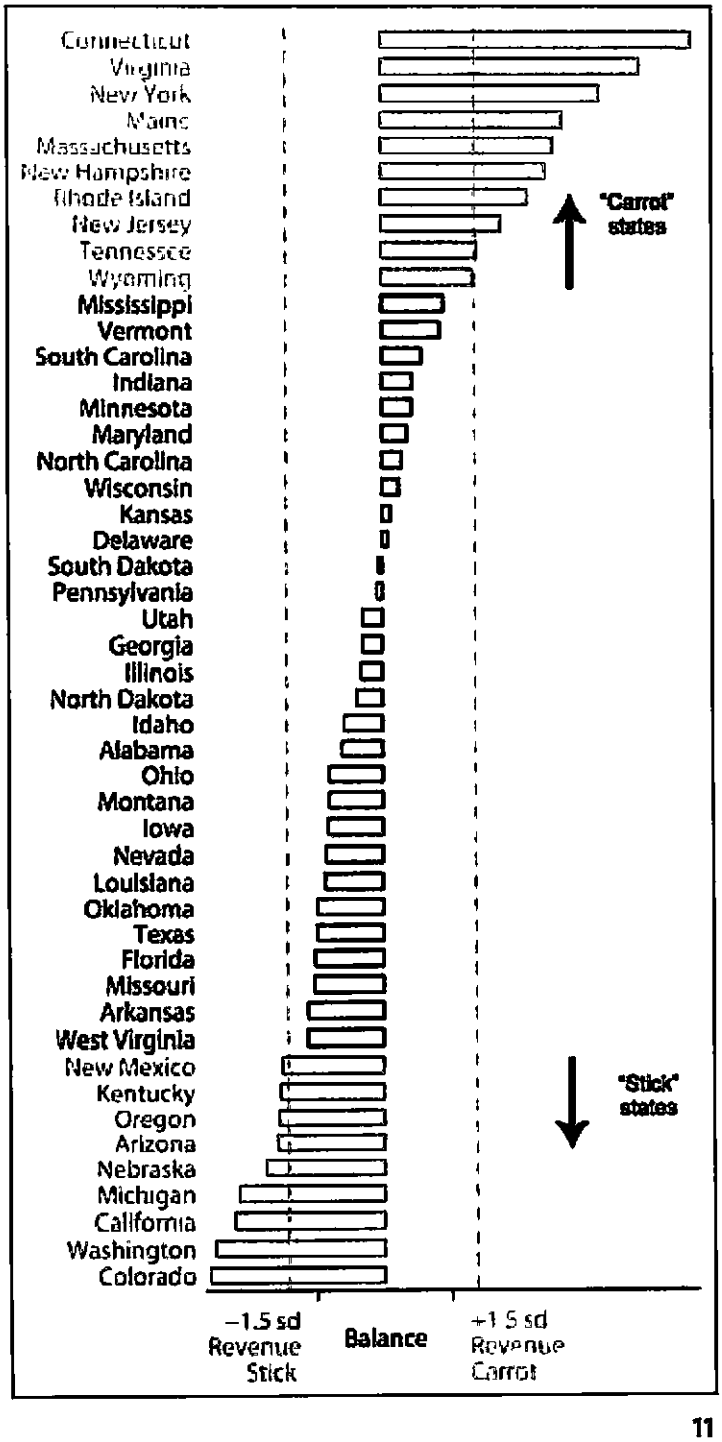
either altogether unencumbered by the absence of state TELs, as in Connecticut; limited only on the margins, as in Rhode Island or Tennessee; or limited via more aggressive TELs offset via significant funding from the state, as in Massachusetts.

Revenue stick states – such as Michigan, Colorado, Washington and California – are depicted in brown. These state governments (or state citizens via the referendum or initiative process) constrain the fiscal autonomy of local government officials rather than buttress it via state aid. An extensive body of research on the local effects of state-imposed TELs strongly suggests that revenue limits have worked: local own-source revenues have been reduced in the states that impose such limitations. Though there is some historical evidence that state legislatures in certain states have offset these limitations via state aid (Mullins and Joyce, 1996), revenue stick states tend to be far less generous in the allocation of intergovernmental revenue. All else being equal, we would expect the revenue capacity of local governments in these states to be constrained by their state context.

Michigan, for instance, has a TEL score well above the most recent annual state average, coupled with slightly below average state aid. The problem with local fiscal sustainability in revenue stick states such as Michigan stems from local governments' heightened reliance on state revenues, which in Michigan is a function of two large TEL ratchets and, in the post-Great Recession period, sharply declining property tax revenues. This high degree of dependency remains in place today. Yet, much like the way that Michigan's Proposition A has exposed critical local education funding to state budgetary battles (Cullen and Loeb, 2004), the state's unyielding property tax rate limits, coupled with special features of the Headlee Amendment that forbid the use of some alternative revenue sources employed in other states (e.g., income, sales and motor fuel taxes), have had the unfortunate side effect of essentially entwining local fiscal health with state legislative politics. As the state economy faltered under a one-state recession throughout much of the 2000s (Darga, 2011), the past decade has seen both clear declines in statutory revenue sharing and heightened levels of uncertainty over revenue-sharing rules (Lavelle, 2014, pp. 2-3).

Michigan's is a precarious fiscal context even for the most well-managed city government. It is particularly onerous for lawmakers in older, industrial cities such as Flint, which has been dealing for some time with sustained job and population loss, waning bureaucratic capacity, and increasingly daunting economic, social and physical challenges (see Doidge et al., 2015). In the words of one local official, if aid is reduced, "It's not rocket science ... pretty much raise taxes or cut services. That's what it boils down to" (McDermott and Powers, 2002, p. 12). Local lawmakers in a state such as Michigan, where they operate

Figure 5. Revenue "Carrot" and Revenue "Stick" States



with very limited discretion over revenue capacity, can boil it down even further: reduce or eliminate services or face the prospects of possible financial meltdown. All cities face political constraints on raising tax revenue. And certainly, some cities have managed their financial affairs in the face of economic decline better than others. However, for those seeking to fully grasp the nature of local fiscal health, we must continue to focus on ways in which states effectively create a mismatch between fiscal needs and available resources into their cities' local fiscal decision-making environment.

(2) Expenditure-side Pressures: Labor Costs and State Regulation of Local Public Employee Collective Bargaining

In addition to the revenue squeeze that some states impose on their local governments, state governments also impose a range of expenditure-side pressures that can drive up local costs.[18] As state governments continue to streamline bureaucracies and downsize operations, service burdens have been shifted onto local governments, often "without careful consideration whether this was the correct course" (Gold and Wallin, 1999, p. 73). As one prominent National League of Cities report argues (2003, p. 23), the transference of "program responsibilities from state and federal government, as well as the imposition of state and federal mandates, increase the roles and responsibilities of municipal governments, often without corresponding fiscal capacity or authority." Observers and analysts interested in the expenditure-side burdens that state policies place on local officials typically focus on the effects that costly mandates in areas such as health care and pollution abatement have on local government budgets (see Berman, 2003, pp. 77-83). Far less attention is paid to what we might call *de facto* spending pressures – the hidden but potentially damaging state-level decisions, policies and institutions that can destabilize local governments' fiscal capacity.

Consider, as we do in this report, local governments' large and increasing burden to pay for previously obligated labor costs. Labor costs, including wages and benefits for current employees as well as pensions and other postemployment benefits (OPEB) such as retiree healthcare, currently make up the largest category of operating costs for local governments. As pointed out in a recent MSU white paper (Scorsone and Bateson, 2013), municipalities were not required to measure the total costs of OPEB until an accounting standard was issued in 2004, with implementation beginning in 2007. Now that local governments have calculated and accounted for OPEB, many are faced with a massive commitment. Indeed, MSU's review of Michigan cities facing severe fiscal stress revealed that each city was confronted with a substantial unfunded OPEB liability (Scorsone and Bateson, 2013).

Though local government employee pensions and OPEB are seemingly always in the headlines, few seem to be asking why observers are more able to link labor costs to local fiscal distress in certain states than in others. Why do we hear so much about Michigan, Pennsylvania, California, Rhode Island and New Jersey? The answer, not surprisingly, is that, although city lawmakers are often criticized for overly cozy relationships with public employee labor unions (see, for instance, Gillette, 2014a; Rozansky, 2012; Greenhut, 2012), critical elements of employee benefit costs are structured by state law. State law may require bargaining by the employer, may provide only for a bargaining forum without requiring it or, alternatively, may simply prohibit collective bargaining altogether. State laws vary in the coverage of certain types of local employees. These rules address the types of items that may be bargained over, such as work rules, pay and benefits. Finally, the collective bargaining laws may include a process for dealing with impasses, such as binding arbitration rules. In line with the framework proposed at this report's outset, we view the mix of these rules as a set of processes and constraints that directly influence a municipality's fiscal capacity.

Table 1 places the local public employee collective bargaining environment of the contiguous 48 states into a five-category classification scheme ranging from very weak to very strong. (See the research approach appendix for a more detailed explanation of this measure.) As Table 1 makes plain, states vary with respect to the collective bargaining environment for local public employees. Not surprisingly, states with strong and very strong collective bargaining environments (e.g., those that impose a duty to bargain with strong union security provisions) have comparatively high union membership rates as well, with New York, Rhode Island, New Jersey, Connecticut, Massachusetts, California, Illinois, Oregon, Minnesota, Pennsylvania and Michigan each holding union membership rates in excess of 50 percent of state public employees. Unionization rates in weak and very weak states, such as Mississippi, South Carolina, North Carolina, New Mexico, Wyoming, Utah, Georgia and Virginia, on the other hand, tend to fall around 10 percent.[19]

State laws concerning pensions and health benefits illustrate, in part, how state-imposed structures affect city expenditure choices. Yet recent attention to employee compensation, pension system funding/underfunding and, especially, the cumulative impact of local government employee costs on current municipal cash flows have

18 This general phenomenon has been termed "second-order devolution" – meaning the transfer of program administration and/or substantive policy powers from the federal and state governments to America's cities and municipalities (see Bowman and Kearney, 2011).

19 Statistics from Union Membership and Coverage Database (see Hirsch and Macpherson, 2003)

brought these issues, in particular, into national focus. To be clear, we do not suggest that a non-unionized workforce is the key to a fiscally sustainable city. City governments must compete with other employers for workers, and rules governing bargaining are part of a state's larger labor culture. Our simple argument is that, in light of the sizeable role for local labor costs in local budgeting as well the implementation of new accounting standards, city governments operating within states with more permissive collective bargaining provisions are more likely to face budgetary constraints. It is easy to pin these constraints on lousy decision making, yet these constraints owe much to higher labor costs and the cumulative costs of payment decisions that are, to a large degree, governed by state policy.

(3) The State Context for Local Fiscal Distress: Tension Between Revenue and Expenditure Pressures

Analysis of the interplay of revenue and expenditure pressures allows for a more detailed assessment of the nature of the fiscal context in which states place their local lawmakers. We offer this analysis as something of a corrective to the typical perception that a city's financial destiny is either entirely within or entirely outside of its control. When assessing why certain local governments seem to respond more effectively to their financial problems than others, our research suggests that identifying on Figure 6 (see page 14) the state in which the city is located is a good place to start. The state's coordinates represent an empirical measure of the state context for local fiscal distress – meaning the tension for local lawmakers between state-imposed revenue-side pressures (captured on the horizontal axis) and state-imposed expenditure-side pressures (captured on the vertical axis).[20]

20 More technically, the horizontal axis captures our measure of the revenue pressures that states inflict upon their local governments (standardized TEL severity score minus standardized average per capita aid score). The vertical axis represents a standardized measure of public employee union coverage, an approximation of the severity of the average city's relatively fixed labor costs. The light gray shading represents the distance between one quartile above and one quartile below the median; thus states that appear outside these two intersecting ranges are quite different from average on both elements of the state context. Dark shaded points indicate state governments that authorize state intervention in financially distressed local governments.

Table 1. State Collective Bargaining Environments for Local Public Sector Employees

Collective bargaining environment	States		Brief description
Very strong	Illinois Minnesota Montana Ohio	Oregon Pennsylvania Vermont Wisconsin	Duty to bargain Strong union security provisions Strikes are permitted with qualifications
Strong	California Connecticut Delaware Maine Massachusetts Michigan	New Hampshire New Jersey New York Rhode Island Washington	Duty to bargain Strong union security provisions Strikes are prohibited
Moderate-mix	Florida Idaho Iowa Kentucky	Nebraska Nevada Oklahoma South Dakota	Some bargaining rights Weak union security Strikes are prohibited
Weak	Arizona Arkansas Indiana Kansas Louisiana Missouri	New Mexico South Carolina Texas Utah West Virginia Wyoming	Limited collective bargaining rights Right to work Strikes are prohibited
Very weak	Alabama Colorado Georgia Maryland Mississippi	North Carolina North Dakota Tennessee Virginia	Collective bargaining is prohibited Right to work Strikes are prohibited

Figure 6. Assessing the State Context for Local Fiscal Distress

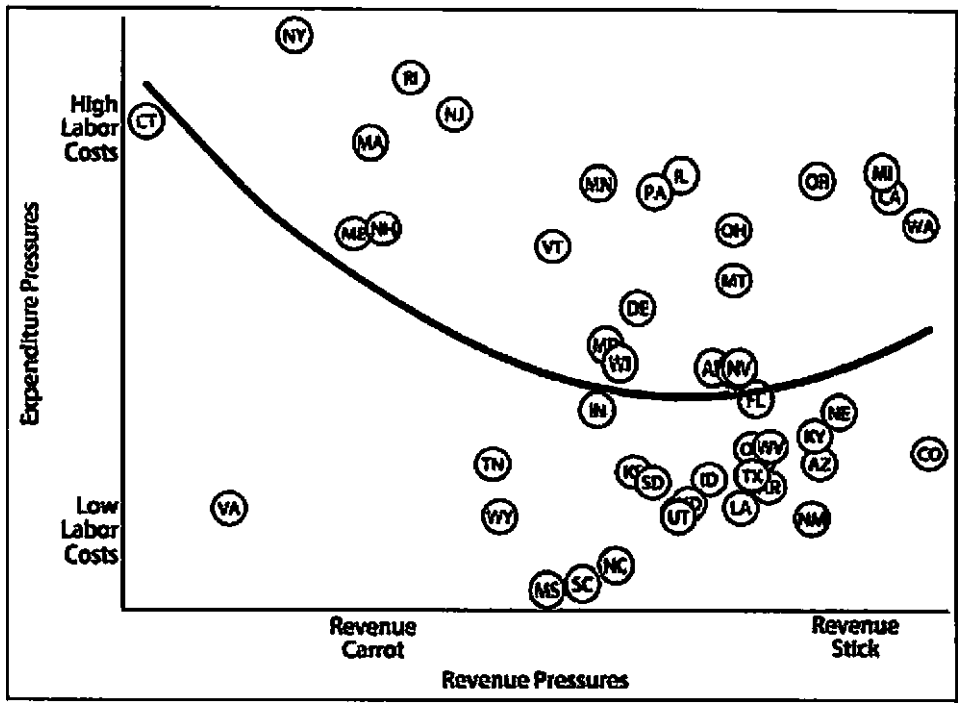


Table 2. Tabulating the State Context for Local Fiscal Distress

State-Imposed Expenditure Pressures	State-Imposed Revenue Pressures		
	Carrot	Balance	Stick
High	Connecticut Massachusetts New Jersey New York Rhode Island	Illinois Minnesota Pennsylvania	California Michigan Oregon Washington
Moderate	Maine New Hampshire Tennessee Vermont	Alabama Delaware Florida Indiana Iowa Kansas Maryland Montana Nevada Ohio Oklahoma Wisconsin	Arizona Colorado Kentucky Missouri Nebraska West Virginia
Low	Mississippi Virginia Wyoming	Georgia Idaho Louisiana North Carolina North Dakota South Carolina South Dakota Texas Utah	Arkansas New Mexico

If state-imposed revenue pressures increased with the severity of expenditure pressures, or vice versa, we would expect a positive "best fit" line (the dark curving line in Figure 6) moving from the lower left-hand quadrant to the upper right. As one might expect (or at least hope), these two elements of the state context tend to offset each other. States such as Colorado and New Mexico – i.e., more revenue stick states (local tax limitation increases outpace growth in the distribution of state aid) – avoid equally exacting expenditure-side pressures, at least when it comes to local labor costs. For states that do structure local collective bargaining in a way that favors higher local labor costs – such as New York, Connecticut and Rhode Island – these costs are at least partially offset by a more resilient and vibrant aid environment, coupled with limited own-source revenue restrictions.

The relationship between these two elements of the state context is negative, but it is not a purely linear relationship. Figure 6's most striking feature is its illustration that states placing extreme limitations on local revenue capacity (meaning they are more than one standard deviation above the state average on the horizontal axis) also tend to impose costly labor and service obligations (more than one standard deviation above the state average on the vertical axis). This relationship between revenue and expenditure pressures creates a best-fit line that resembles a backwards "J". This small handful of states that pull the line upward – which include Michigan and California – cluster in the upper right-hand quadrant of Figure 6. It is no surprise that acute financial emergencies have clustered in these states. We contend that they have structured local fiscal policymaking in a way that effectively incubates financial distress. Table 2 classifies the states in an effort to clearly represent the position of each of the lower 48 states along these two dimensions.

The threat of recurring structural deficits is "baked in" to the state-imposed legal and policy context in which local governments choose how to respond to fiscal problems. For lawmakers in America's older, industrial cities who must operate within these states, that choice is often not theirs to make. As we point out above, these states apply revenue and expenditure pressures on the front end, while also fostering a fiscal environment that exacerbates fiscal stress, links local fiscal health to budgetary battles, and all in all restricts the policy "space" for local fiscal policymaking. Michigan, however, is the only state among the incubators in the top right quadrant of Table 2 and Figure 6 that also intervenes "on the back end" by assertively implementing one of the nation's most powerful fiscal distress intervention policies (Anderson, 2011; Scorsone, 2014).

In light of the clustering of distressed localities within Michigan's borders, it comes as little surprise that Michigan lawmakers would value a policy that allows state officials to help struggling local governments meet conditions of chronic fiscal stress (Scorsone and Bateson, 2011; Doidge et al., 2015). However, as we discuss below, what is quite striking is the relationship between the policy's goals and design – which favors state takeover of local government – and the nature and underlying causes of the problem of acute fiscal distress. The financial consequences of deep-rooted economic and social forces are unlikely to be fully alleviated via temporary suspension of local self-government. Neither are the often overlooked but critically important state-imposed causes analyzed above. In what follows, we survey the state governments with more holistic and self-aware views of local financial distress in an effort to draw important lessons for Michigan lawmakers as they continue to struggle with chronic fiscal stress among the state's localities.

Section 2: If Takeover is the Solution, then what is the Problem? What Michigan Can Learn from the Ways in Which Other States Tackle Problems of Local Fiscal Distress

In the previous section, we make the case that state governments influence how local officials meet their financial problems via a combination of laws and policies that add or take away intergovernmental or own-source revenue capacity and drive up expenditure pressures via the allocation of policy authority over government functions and labor costs. In certain instances, such as when a state government caps property tax revenue and sets near insurmountable override standards, the effects of certain elements of the state context may be more or less direct. A city facing a near identical set of political, institutional, economic and social circumstances that operates in a neighboring state with no such revenue cap at least has the potential to capitalize on this capacity, assuming local political and economic constraints allow for the imposition of a property tax increase. But mostly the effects of this state context are more indirect. The policy balance between revenue restrictions and state aid, for instance, is not so much a direct measure of state policy choice as it is an outcome of a variety of state policy choices – e.g., revenue-sharing rules and formulae, the outcomes of citizen initiatives involving local TELs, legislative-executive budgetary processes, bureaucratic turf battles and so on.

Since as far back as the late 19th century, when the proliferation of railroad bankruptcies prompted states to take action to assist struggling localities (see Dimock, 1935 and 1940), state lawmakers, for fear that "a failing municipality will lower the credit rating of other localities and the state itself" (Berman, 2003, p. 113), have played a far more direct role in responding to local financial distress. The current menu of state policy options for intervening in distressed communities has been reviewed in two recent reports, one by Pew Charitable Trust researchers (Atwell et al., 2013) and a second by one of the authors of this report (Scorsone, 2014). One key shortcoming of these reports is the absence of detailed consideration of state context. Simply put, some states are part of the problem – they incubate financial distress via stringent restrictions on local revenue capacity and state policies precipitating local spending pressures. In other states, local policy options regarding the balance of revenue and expenditure flows are less encumbered by state policies and institutions. This diversity among state contexts is particularly important when reflecting on "best practices" for states dealing with acute local fiscal distress. For instance, close followers of issues of local finance often hear and read about North Carolina's strong oversight and monitoring mechanisms as standards to which state governments should aspire (see, for instance, Mattoon, 2014). But does it make sense for a state such as Michigan or New Jersey, for instance, to adhere to similar policy principles when local fiscal policymaking is structured in such dramatically different ways?

A second shortcoming of these reports is the dearth of detailed comparison among the 18 state governments that currently have an intervention policy. We refer readers to these reports for their quality in cataloguing the formal policy powers of state lawmakers on paper. Neither, however, is as useful at considering these policies in practice. This is a key tension in policy analysis generally and in instances of intervention in particular. The choice of the state's appointed and elected officials to employ the power they have at their disposal and intervene in a distressed community (often meaning the temporary suspension of democratic processes) presents a particular type of implementation dilemma imbued with questions of racial bias, social and economic imbalances, and the legal and political culture that guides state-local relations.

To fully assess the role of state governments in financial distress, we held a workshop for state government officials, analysts and experts with deep knowledge of state operations in local financial affairs. The Workshop on State Intervention in Distressed Communities, held in the fall of 2014 in Detroit, ultimately brought together a diverse group of 28 practitioners and policy experts from six states facing similar sets of local fiscal problems: Michigan, Rhode Island, New Jersey, Pennsylvania, New York and Ohio.[21] The appendix provides a detailed overview of the structure of the event and the types of discussions that were held.

Our primary goal was to provide a venue facilitating the open exchange of ideas and techniques for approaching the complicated problems facing cities in fiscal crisis. Indeed, as we discuss below, one recommendation of this research

21 This portion of the process focused specifically on how states approach intervention. Though many of the participants in the workshop were intimately involved in making decisions at the city level, we intentionally chose participants representing the state perspective rather than that of local decision makers.

report is to continue to advance this and similarly minded endeavors as a means of facilitating what Peter May (1992) refers to as "instrumental policy learning," which can improve state officials' understanding of the benefits and limitations of particular policy approaches or administrative designs. A second goal centers on learning more about the states' implementation processes for deciding whether to designate a city in distress, take it over temporarily or, in the most extreme cases, help shepherd its path to municipal bankruptcy. Our final goal was to investigate the types of "causal stories" (Stone, 2011) that state officials and experts used when considering the fiscal conditions facing their local governments. We held structured discussions about how the problem of local fiscal distress is defined (i.e., who or what bears the responsibility) and the ways in which state governments enshrine this problem definition via the design and implementation of financial emergency policies.

In what follows, we begin with a brief outline of Michigan's approach to local financial emergencies, paying special attention to linkages between the state's policy solutions, the nature of fiscal stress in Michigan's municipalities and the "front-end" context identified in Section 1. We then turn to alternative approaches employed in other key states. We begin with North Carolina, a state whose Local Government Commission, which administers the policy for dealing with financially challenged communities, has received a great deal of national credit. We then move to states facing more comparable sets of local conditions – i.e., with many older, industrial and fiscally vulnerable local governments suffering from population and job loss – that also have a history of state intervention in fiscally distressed communities. The goal here is not comprehensive overview. Rather, we set out to identify key dissimilarities with the new generation of intervention policies – of which Michigan's current policy is the poster child – and to illustrate how state governments facing similar sets of challenges can more effectively align their policy regarding direct involvement in fiscally distressed communities with the nature of problems that these communities face, as well as with state-imposed constraints that hamper their capacity to balance revenue and expenditure flows.

We designed Table 3 (see page 18) to help guide this discussion. The first two columns summarize the state context analyzed in Section 1 of this report. The four rightmost columns depict information summarizing the design and administration of the state's local financial emergency policy. The column labeled "causal story" reflects our assessment of how a state government, via its legislation of state intervention, comes down on the debate over the causes of local financial failure. For some states, the focal point is internal causes – poor management, the incompetence of local leaders, political corruption, the dominance over policymaking by narrow interests, and/or "antidemocratic" structures and processes that favor the whims of local officials over the needs of local residents (Gillette, 2014b). Other states focus on forces external to local management – i.e., socioeconomic conditions that are at once causes and symptoms of diminishing local service capacity and resources (see Kimhi, 2008), such as high and concentrated poverty, older building stocks, residential vacancies, high crime, deep-rooted regional changes, population loss and job loss. The column labeled "policy approach" captures the gist of the state's approach to financially distressed communities and reinforces the causal theory behind the policy's design. We also include information on the administration of the states' policies. Here the focus is on the powers of key administrative actors and their bureaucratic location. In line with a great deal of research on policy analysis and the policymaking process, we structure Table 3 in a way that suggests that key state decisions on goals, administration and implementation flow from how responsibility for the problem is assigned – i.e., the causal story (see Stone, 2011, p. 206). This information is provided for the six states that were represented at the Detroit workshop – Michigan, Rhode Island, New Jersey, Pennsylvania, New York and Ohio – as well as for North Carolina, a state that frequently gains attention for the effectiveness of its intervention policy.

(1) Michigan's Local Financial Stability and Choice Act: A Brave New World for State Intervention

The tenets of Michigan's intervention policy have been well-documented in research reports and news media. After the governor declares a fiscal emergency,[22] four possible courses of action are available to a municipality,[23] though local takeover by an emergency manager (EM) is the most common course of action. This allows a state-appointed manager to "act for and in the place and stead of the governing body and the office of chief administrative officer of the local government" and effectively grants this individual powers beyond those available to local officials.[24] Not only does he or she become responsible for all local fiscal decisions, including development and implementation of a recovery plan (which must be approved by the state treasurer), but the EM can also modify existing collective bargaining agreements, negotiate new union contracts and make personnel changes. The EM can also explore the option of consolidating services with another government entity, sell municipal assets and ask voters to increase the tax rate. The EM remains in this role until the city reaches certain benchmarks within its recovery plan, and a

22 A series of triggers are in place and one must occur – e g., failure by the local unit of government to pay creditors or make timely pension contributions – prior to a state review of a local unit's finances

23 Consent agreement, emergency management, neutral evaluation or municipal bankruptcy.

24 141.1549, Sec 9.

Table 3. Intervention Policy in the Context of State-Local Fiscal Relations

State	State Context		Local Financial Emergency Policy			
			Design		Administration	
	Revenue Pressures	Expenditure Pressures	"Causal" Story	Policy Approach	Agency/Govt. Branch	Responsibilities
Michigan	**Revenue stick (top 5%)**	**High (top 20%)**	**Management (internal)**	**State-appointed manager furnished with broad tools to restore solvency (mostly on spending side) once distress occurs. Michigan typically does not intervene in local fiscal affairs until a fiscal emergency is recognized. There is no program of prevention.**	**Governor** **Department of Treasury (Office of Fiscal Responsibility)**	**Declaration of financial emergency and appointment of powerful emergency manager.** **Monitor emergency management process and approve certain decisions.**
New Jersey	Revenue carrot (bottom 10%)	High (top 5%)	Socioeconomic factors (external) Management (internal)	**Support distressed communities.** When/if cities enter distress, the state makes available monetary and technical assistance.	Department of Community Affairs (Division of Local Govt Services)	Monitor and approve local budgets, certain debt and capital investments; approve of additional aid, advocate for local government interests
New York	Revenue carrot (bottom 5%)	High (top 1%)	City specific	**Generate city-specific solutions.** The legislature designs and enacts a specific policy for each city in distress **Prevent distress from occurring.** The comptroller's office has designed an extensive monitoring system, staffed by many state auditors, to help local officials stave off financial emergency	Legislature Office of the State Comptroller Governor	Legislate and adopt city-specific legislation, including establishing local control board Preventive monitoring of all local budgets and administration of fiscal monitoring system Appoint local control board
North Carolina	Balance/lean carrot (bottom half)	Low (bottom 5%)	Management (internal)	**Central control prevents distress.** North Carolina has a highly centralized system designed to prevent risky decision making and borrowing by municipalities.	Department of Treasury (Local Government Commission)	Review audits, monitor local fiscal health, approve and settle local debt issues, require remediation plan.
Ohio	Balance/lean stick (top 40%)	High (top 25%)	Management (internal)	**Support local control.** Ohio intervenes at the request of local officials; recovery plans are submitted by local officials	State Auditor (Local Government Services Division)	Train local officials, audit local budgets, classify distressed communities
Pennsylvania	Balance (bottom half)	High (top 20%)	Socioeconomic factors (external) Management (internal)	**Helps troubled communities "help themselves."** Even in receivership aims to address causes and prevent relapse, though communities may be unable to exit the state process because of systemic barriers.	Dept. of Community/Econ Development (Center for Local Government Services)	Place cities under receivership, distribute financial aid to distressed cities, monitor fiscal status of cities
Rhode Island	Revenue carrot (bottom 15%)	High (top 5%)	Management (internal)	**Restore solvency and prevent further decline once distress is imminent.** Rhode Island has a strong receivership policy. It also offers additional assistance to cities approaching distress to help prevent full-fledged crisis	Department of Revenue (Division of Municipal Finance)	Monitor all local governments, aid governments in or at risk of distress, appoint receiver

receivership transition board is appointed by the governor to assist in transition until the official termination of receivership.

The structure of Michigan's successive intervention laws and the powers granted to the emergency manager point to a particular type of causal story – local government mismanagement as the chief barrier to fiscal solvency. The state's solutions and assistance all center on correcting local decisions that led to chronic budget shortfalls, and the main focus of Michigan's law, which is administered by the Department of Treasury, is to ensure a balanced budget. Efforts to achieve short-term fiscal solvency typically center on reductions in cities' financial obligations – e.g., cutting pension obligations, making personnel cuts and contracting out services traditionally provided by local governments. EMs and other state officials have little leeway to affect the revenue side of local governments' ledgers. As Anderson (2011, p. 620) argues, the viewpoint being expressed by the design and implementation of Michigan's policy is "that the current revenue picture of the city is adequate to provide for public safety, debt service, and other core expenses—if only .. the city had competent management." Indeed, little or no financial support accompanies state takeover. This is a telling feature of the state law that sheds considerable light on both the degree to which the policy oversimplifies the causes of local fiscal distress and the mismatch between the administrator's toolkit and the nature of the problem.

To respond to the question at the outset of this section: if takeover is the solution, the problem is mismanagement. Michigan codifies this causal story in a way that is less adulterated than in any other state we have surveyed. In other words, the state has adopted and codified a vastly oversimplified story. Even Rhode Island, which granted similarly sweeping powers to its state-appointed emergency managers, offers additional assistance to cities approaching distress to help prevent full-fledged crises. The state has also seen EMs (called "receivers") raise local taxes to generate more local revenue. This less than favorable assessment of Michigan's policy is buttressed by the absence of emergency bailout funding, a traditional feature of the more aggressively implemented state intervention policies (Berman, 1995; Anderson, 2011), as well as meager revenue-raising powers. EMs are empowered to tackle city expenditures as a means of bringing local budgets into equilibrium, but revenue-raising powers are effectively more limited than the powers normally afforded a city's mayor or council member. As has been pointed out elsewhere, for cities such as Flint, Ecorse, Benton Harbor and Pontiac, this is a gross oversimplification of the structural barriers to fiscal sustainability (Doidge et al., 2015). Our aim in this report is not to disprove the notion that mismanagement is the cause. We merely point out that the policy's design and implementation features devalue the considerable constraints that the state places on the revenue capacity of local officials.

(2) The Limited Applicability of "Best Practices": Why Adoption of North Carolina's Policies Won't Work for Michigan

The reentry of Michigan's cities into emergency management and the number of local governments and school districts in trouble have led to suggestions that Michigan should look elsewhere for answers.[25] A Pew Center on the States report suggests that North Carolina's monitoring system has prevented fiscal distress despite a history of crises during the Great Depression and some of highest unemployment rates in the country (Pew Charitable Trusts, 2013).

The Local Government Commission, a division of the North Carolina Treasury Department, reviews cities' independent audits on key fiscal health indicators, particularly the level of fund balance. If a locality fails to meet a specific threshold, it is placed on the commission's watch report and required to submit a plan of improvement. If local officials are unable to return the municipality to an acceptable level on their own, the commission assumes control of all local financial decisions, including taxing issues, until the problem is corrected. Additionally, the commission approves and sells all local bonds for public structure investments, which both increases the level of state oversight and reduces the potential for local mismanagement of debt. Bond agencies assign a premium to this monitoring system, considering it a model system (Coe, 2007).

Features of North Carolina's approach provide intriguing options for Michigan lawmakers, such as a codified, professional state office and extensive front-end monitoring to identify potential crises. However, evaluating these policies in isolation – i.e., in the absence of key contextual factors – is likely to overstate the potential success of North Carolina's policies if they were to be enacted in Michigan.

For instance, according to the U.S. Census Bureau, in 2007, North Carolina had 548 municipalities, no other local general-purpose governments and 100 counties; Michigan had 533 cities and villages (municipalities), 1,242 townships and 83 counties. A consequence of Michigan having three times as many local governments as North Carolina is that the volume of reports that would need to be reviewed for monitoring purposes would be three times as great.[26] Certainly this would require more resources devoted to oversight at the state level, thus putting additional stress on the state budget.

The states differ greatly on other dimensions of the elements of state context identified in Section I. North

25 http://www.crcmich.org/PUBLICAT/2000s/2000/memo1053.pdf.

26 This does not include the additional resources that would be required to monitor school districts, special districts or other governmental units.

Carolina has an obligatory state pension system; Michigan does not. In 1947, North Carolina declared it illegal for local governments to bargain with unions.[27] Conversely, Michigan's local governments have a strong history of collective bargaining and excluded police and fire unions from 2012's right-to-work legislation. Tax and expenditure limits, when averaged from 1970 through 2005, rank Michigan as the third most restrictive state in limits placed on local governments. North Carolina is 38th – a property tax rate limit on counties and municipalities, set in 1973, has remained its only TEL.

The differences in the state policy context between the two states suggest that Michigan should be cautious when drawing lessons from North Carolina as its model for intervention policies. We attribute North Carolina's success in preventing municipalities from entering distress not to the design of its specific intervention policy but rather to a much tighter link between its policy approach and the state-imposed context for fiscal distress.

(3) Rebuilding State-Local Partnerships: Key Insights from Rhode Island, New Jersey, Pennsylvania, New York and Ohio

One of the more striking findings to emerge from our workshop and subsequent research is the difference between Michigan's approach to local fiscal distress and the approaches of comparably situated state governments. These differences are laid bare in Table 3. Plainly put, state policies and institutions effectively incubate budgetary imbalances; yet lawmakers and administrators have ignored potential front-end damage when designing the policy aimed at helping communities in distress. Rhode Island, the state most comparable to Michigan in the priorities of its intervention policy and the powers granted to state receivers, also provides financial assistance to municipalities most in need, targeting aid to communities with a high property tax burden relative to taxpayer wealth through the state's Distressed Communities Relief Fund thus buttressing the revenue capacity of its local governments.[28] With respect to this specific aspect of state context, Rhode Island generally provides higher levels of state aid.

New Jersey and Pennsylvania: A More Comprehensive View of Local Financial Failure

Beyond Rhode Island, Michigan lawmakers have a variety of states from which to learn about the viability of policy alternatives. New Jersey and Pennsylvania have enacted receivership laws that are quite different than Michigan and Rhode Island. Internal mismanagement is not eschewed entirely; rather it is considered alongside the external, structural dynamics with which local lawmakers must contend. This more holistic causal story both reinforces and is reinforced by choices that these states have made regarding implementation and administration.

New Jersey's policy of assisting cities during times of financial crisis originated in the Great Depression. Since that time, the state has built support within its bureaucracy to review and approve city budgets and offer financial and technical assistance as needed to prevent cities from entering bankruptcy. Rather than appointing a state-level official to take charge of a city`s finances (such as an emergency manager in Michigan),[29] New Jersey seeks to assist local officials in alleviating distress. This partnership is reflected in the mission statement of the New Jersey Division of Local Government Services (DLGS), a division of the Department of Community Affairs. It states that the DLGS "serves as an advocate for local Government interests," provides assistance and is responsible for "financial integrity." The DLGS provides advisory services to local governments, both once the community is identified as distressed and on request of the municipality, and also licenses and educates local officials.

Not surprisingly, these two services help establish a partnership between state and local officials independent of the financial position of the municipality. The state requires that all local government budgets and certain financing and purchases be approved by state agencies.[30] The budget review is conducted by department staff members (many hired short-term annually) and is made easier for local units of government by state-provided training and consistent reporting requirements. When these preventive actions fail to ward off systemic financial issues, the state begins a more involved intervention. The community is first placed on a watch list, at which point the state generally channels additional monetary aid to the struggling government. The state also uses its Qualified Bond Act Program, which requires state approval to bond or make capital expenditures, to ensure stability and prevent default. This program can capture and stall state aid for payment of debt services. At the same time, DLGS offers technical assistance to cities to help them solve underlying problems that contribute to fiscal distress.

The most notable example is the consolidation of the Camden police force in 2010. The mayor terminated the entire city police force and contracted with the county to provide those services, with the guidance and support

27 N.C. Gen. Stat. 95-78 to 84 (http://www.nrtw org/right-work-states-north-carolina).

28 Established in 1990. Municipalities that fall in the bottom 20 percent of three of the law's four indices qualify to receive state aid under the law. In the 2014 fiscal year, seven municipalities received funding through this legislation, a total of $10.4 million

29 Until recently, when Atlantic City was declared to be in fiscal distress and an emergency manager was appointed.

30 Procurements over $5 million must be reviewed by the comptroller, and those over $10 million must be directly approved.

of state officials.[31] Camden illustrates the cooperative efforts of various levels and sectors of the state and local governments. It highlights that preventive efforts to maintain or restore fiscal sustainability are not always sufficient, but that a collaborative approach can assist cities and the state through difficult political decisions. New Jersey's approach indicates that the state views itself in partnership with local governments, with a responsibility to provide a check on risky financial decisions but also to provide ongoing financial assistance to struggling communities.

In contrast to New Jersey's hesitance to use direct state control, Pennsylvania's Act 47 allows the state to place fiscally distressed communities in receivership under the direction of the Center for Local Government Services in the Department of Community and Economic Development. Once a municipality has been placed under receivership, local government officials must have the majority of their decisions confirmed by the receiver, and the receivership board may implement cost-saving or revenue-raising strategies unavailable to local officials. The board has the ability to raise taxes above the legal maximum but has no additional powers in collective bargaining. Principally, the receiver acts as a liaison between the local government and others to improve the financial integrity of the city and is typically able to broker additional state funding for the distressed community. In Harrisburg's recent financial descent, for instance, the receiver was able to facilitate $25 million of revenue to fund a non-profit that would provide infrastructure and economic development.

Receivers in Pennsylvania tend to take a comprehensive view of local financial difficulties as they work with the state to look for alternative partnerships and unique revenue-enhancing and cost-sharing schemes. Proposed financial recovery plans often include recommendations that will improve local governments' economic positions in the future. This approach extends through the process of recovery. It requires more research, more interactions and coordination between parties, and more time to allow for business adjustments and industrial reorganization. Furthermore, it includes a period of weaning cities off the additional funding to which they had access during their most trying times. To officially exit Act 47, cities must follow an extensive process that includes hearings and the department director's signature. As a result, Pennsylvania has had only seven of 28 distressed communities officially conclude the process. Allowing cities to remain in a system with additional structure and support illustrates Pennsylvania's acknowledgement that factors outside of local control contribute to fiscal issues, and that the state has some role in providing additional support.

In all, intervention policies in New Jersey and Pennsylvania are administered by state agencies dedicated to working with local governments. State personnel are involved with municipalities well before distress, and they have resources and authority to assist municipalities. Though administrators are afforded the statutory authority to assume greater control over city finances, this is not the only facet of their relationship with local governments.

New York and Ohio: The Benefits of Monitoring

Similar to New Jersey and Pennsylvania, New York has established a system that supports state and local cooperation and information sharing. As local fiscal crisis deepens, the state becomes more involved in local political and operational affairs. The state's policy approach to local fiscal emergencies is ad hoc\ (rather than multijurisdictional), allowing lawmakers to survey the specific causes of distress for a given community and legislate solutions in line with these problems.

As is well-documented, New York's history of fiscal intervention begins with New York City's near bankruptcy in 1975. Naturally, a crisis of that magnitude spurred state action, but since that time, New York has not been plagued by chronic distress. This is due in part to cities' ability to increase revenues without legal restriction (until 2014, when the state imposed a cap on property tax increases). Additionally, many New York communities have avoided the economic peril that results from a loss of major industries and subsequent economic restructuring.[32] This history is evident in the state's view of municipal distress as an unusual and unique instance that requires customized solutions. New York provides gradual intervention and individualized approaches to distress, with the decisions and the process supervised by state elected officials – the governor, the legislature and the comptroller.

In addition to customized intervention approaches to distressed cities – which could violate the constitutions of states that disallow special legislation – New York is also heavily involved in monitoring the fiscal position of its local governments. The state's Local Government and School Accountability (LGSA) unit of the Office of the State Comptroller operates the Fiscal Stress Monitoring System, which reviews annual financial data of local governments to determine whether each government is facing significant, moderate or probable fiscal stress. Municipalities must submit audit reports, which are reviewed and in some cases conducted by approximately 200 auditors.[33] From annual reports, budgets and audits, the LGSA creates local fiscal measures for benchmarking, trend analysis and

31 Returning to the role of other state policies in distress solutions, this action would not have been possible without particular provisions within union and employee contracts that allowed for such termination of individual employees.

32 Buffalo was an exception and did necessitate intervention proceedings. It should be noted that Buffalo is one of only four New York local governments responsible for operating its own school district.

33 These 200 employees review audit reports of school districts and other local governments as well as municipalities.

general monitoring over time and across local government types. State auditors are also deployed to work with local governments. As a result, state officials may use knowledge of community nuances in evaluating local deviations from sound fiscal indicators and state trends. Such specialization is particularly useful as state intervention becomes necessary.[34]

If a local government is identified as financially unsound, the state must pass special legislation to institute a local control board for the municipality to engage in the formal intervention process. After a local control board is created, primary authority over the struggling municipality is transferred from the comptroller's office to the governor-appointed board.

Each board, by the nature of the process, has different powers. Previous boards have overseen proposed local budgets and set personnel policy, and were granted the final authority to initiate bankruptcy proceedings.[35] That the boards have had no additional taxing authority, ability to renegotiate previous collective bargaining agreements nor authority to make unilateral budget decisions reflects the state's emphasis on local autonomy.

The boards have been particularly useful in coordinating intergovernmental solutions. For instance, the Buffalo Fiscal Stability Authority (BFSA) was established in 2003. It helped Buffalo manage its additional school district responsibility and restructured the city's pension and health insurance plans by joining the respective state-level systems. Finally, the BFSA brokered an arrangement for city parks to be managed at the county level and for 16 libraries to close. Despite the local knowledge and intergovernmental efforts, it took nearly nine years for Buffalo to exit receivership and for the BFSA to transition into an advisory role. Policy specifies that the BFSA will serve in this role until 2037, and the city may revert to full receivership if financial indicators show distress.

At the state level, New York vests its relationship with local governments and the power to intervene in elected officials – the governor, the comptroller and the legislature. This separates the state's ongoing monitoring from its intervention, and though it raises the legislative barrier to intervention by requiring the crafting and passage of legislation, it also provides public accountability and a system of checks and balances. The ability to draft city-specific solutions allows New York to address management issues, economic conditions and the impacts of the state context in different ways in each city, ideally assisting the community to long-term stability.

Ohio, like New York, faced a fiscal crisis in its largest city in the 1970s. Cleveland's default on short-term notes in 1978, which made it the first municipality to default since the Great Depression, led Ohio to develop a comprehensive policy designed to prevent and, if necessary, intervene in distressed cities (Pew Charitable Trusts, 2013; Levine, Scorsone and Justice, 2013). No municipality has defaulted since Cleveland, but Toledo, East Cleveland and other municipalities have entered fiscal emergency status, particularly once the Great Recession exacerbated declining revenue bases and expenditure pressures.

Ohio's Local Government Services Division, located in the state auditor's office, is responsible for training local officials and auditing local budgets. Chapter 118 of the state code,[36] which deals with local fiscal emergencies, grants the Local Government Services Division (the auditor) responsibility for categorizing distressed communities for fiscal caution, fiscal watch or fiscal emergency. The categorization system signals to local officials, bondholders and other stakeholders the extent of the local government's fiscal stress and the ease of financial recovery anticipated. It serves as a useful continuum of distress, recognizing that failing to pass one indicator of financial soundness may not require the same actions as a community failing multiple triggers. Each category has an increasing level of oversight (i.e., requirements for audit depth and financial plan proposals). Once fiscal emergency is declared, an advisory board is created.

Under all three distress categories, local governments are required to submit recovery plans to the Local Government Services Division. If a local government is not compliant with its recovery plan, the only penalty is movement to a higher designation of fiscal distress. It is not until a municipality reaches the fiscal emergency status that penalties are imposed.

As part of the fiscal emergency proceedings, municipal officials must submit a recovery plan to the recovery board for approval. If a plan is not submitted or the local government fails to adhere to a plan, the Office of Budget and Management is supposed to suspend all state funding to that municipality,[37] though this penalty has never been fully enforced.

34 Ultimately, any distressed community implements solutions that are specific to its condition. A universal policy prescription is to reduce expenditures. However, no universal prescription can be made on what account specifically should be limited and in what way. Knowledge of exact inefficiencies, redundancies, slack and so forth is necessary to act. If outside agents are to advise on such actions, their already having some knowledge of the particulars of the city will allow for more expedient and implementable recommendations.

35 Control boards are not granted this authority for New York City.

36 The other elements comprising the law became effective, were revised or added in 1996, 1999, 2001 and 2002 – http://codes.ohio.gov/orc/118 (pdf). The state's approach is consistent with the autonomy allowed Ohio's local governments. Section 118.02 (B) of the state code states that, "[t]he intention ..is to enact procedures, provide powers, and impose restrictions ..while leaving principal responsibility for the conduct of the affairs...in the charge of its duly elected officials." The effort to maintain local autonomy is demonstrated by the fact that the review process of the Local Government Services Division is initiated by request of local officials as well as at the suggestion of auditors.

37 Although individuals receiving direct state welfare within the community's borders continue to do so.

Ohio, like other states, struggles with assisting communities to achieve permanent fiscal stability. The city of East Cleveland was under fiscal emergency for 18 years. Exiting the process failed to mark long-term sustainable success – East Cleveland was once again placed under fiscal emergency. In late 2014, it was considering entering into bankruptcy proceedings,[38] and the city's mayor filed a petition seeking a merger with the city of Cleveland in the summer of 2015.[39]

38 http://www.morningjournal com/general-news/20141226/east-cleveland-considers-bankruptcy

39 http://www.cleveland.com/cityhall/index ssf/2015/07/east_clevelandmayor_gary_nort html.

Ohio, like Michigan, illustrates the issues that arise when a state's solution (intervention policy) does not match the causes of distress (context). Local officials retain control of decision making and the plan to resolve distress, but they and the state agency responsible for intervention lack the authority or resources to address the root causes of distress or to circumvent the pressures that the mix of state policies adds to local fiscal policymaking processes.

Section 3: Conclusions and Recommendations

In the previous sections we identified the ways that broad state policies limit or enhance the local governing options and the ways that states with intervention policies match their approach to local financial distress with the reality of city operating environments. Here we conclude our analysis with conclusions and practical recommendations to assist the C.S. Mott Foundation, state and local officials, and Michigan residents in identifying a more effective approach to local fiscal crises.

(1) Conclusions

There is no single model policy for state intervention in distressed cities or for prevention of fiscal distress. Changing Michigan's fiscal intervention law to replicate that of another state would likely provide little improvement for Flint or other cities facing fiscal crises. There is no "best practice" for state intervention in cities. What Michigan can learn from other states and our research is that removing and repairing mismanagement addresses only one cause of fiscal distress. Bringing a structurally imbalanced budget back into balance is an important step to assist cities like Flint, but a policy that does not address a state's unique system of revenue, tax and expenditures, and labor policies may not help cities truly escape financial trouble over the long term. States must decide which legal and political tradeoffs they are willing to make to support city fiscal health. Michigan must also recognize that, in comparison with similar states, it provides a particularly difficult environment for its cities.

Municipal fiscal distress is not just a local problem. State policy choices set the boundaries for local action and the conditions under which cities receive assistance. It is not surprising that these conclusions do not point to simple solutions, executable at the local level. Changing any one part of the state context is politically challenging, and it would be impractical to recommend major policy overhauls of Proposal A, the Headlee Amendment, collective bargaining rules and state revenue sharing. Ideally, Michigan would adopt a more balanced approach to its local governments' fiscal needs, but we are aware that this is unlikely in the short term because of both political will and the high barriers to changing constitutionally enshrined rules. Instead, we offer recommendations that balance improvements that would better support cities in fiscal distress with political feasibility.

(2) Recommendations

Create a state agency that coordinates services to local governments and offers technical support and fiscal monitoring. Establishing a formal place within state government that is responsible for ongoing, cooperative work with local governments on fiscal stability and other issues would help create a partnership and culture of trust between the state and its municipalities. The Department of Treasury does provide some of these services on an individual basis via the Office of Fiscal Responsibility (OFR), but the OFR does not have the resources necessary to provide a comprehensive system of support to all of the state's local governments.

It is important that whatever agency is created be empowered with human resources to sufficiently provide service; financial resources, separate from the state's revenue sharing to local governments, to offer special assistance where needed to communities facing challenges or distress; and a position within the state departmental structure that allows it to be taken seriously when recommending policy and working with other departments to assist local governments. The examples of offices in the other states in our study may provide elements of the agency's design, but the office should be built with Michigan's particular context and culture in mind. It may be appropriate to expand the OFR in its current position, but moving the office to another department, establishing it as a stand-alone agency and other potential structures should be evaluated as well.

Raise awareness among citizens and state decision makers that the causes of fiscal distress are not solely at the local level. Flint is an example that can illustrate this point as the C.S. Mott Foundation and city leaders communicate with the public and state officials. As the city emerges from state control, the budget is balanced for the short term, and the transition advisory board is in place to monitor management and compliance with the plan. Yet revenue projections show the city likely facing a structural deficit in the next five years with little available to cut from the budget. State control has reasonably removed management problems as the cause of deficits, yet the city's fiscal health remains precarious. A focused communications effort highlighting the combined effects of Michigan's expenditure, revenue and labor policies could help broaden the discussion of fiscal distress in the state and create awareness that this is more than a local problem. Rather than being the exception, Flint may be the harbinger of what is to come for Michigan's local governments without changes at the state level.

Appendix

Section 1

The following table lists the key concepts that make up core elements of the state context for local fiscal distress, our empirical measure of the concepts, and the data we brought to bear to generate these measures.

Concept	Measure(s) – by Figure/Table	Data
Revenue Pressures		
State Aid Environment	**Figure 1**: Annual average of per capita state aid in real 2005 dollars to three (population) classes of U.S. cities: (1) population > 100,000; (2) population between 25,000 and 100,000; and population between 5,000 and 25,000. Years: 1970 to 2005. **Figure 2**: Annual average of per capita state aid in real 2005 dollars allocated by each of the 48 contiguous states for the years 1970 and 2005.	U.S. Census Bureau. Annual Survey of State and Local Government Finances and Census of Governments (1970-2005). See: http://www.census.gov/govs/classification/
Tax and Expenditure Limits	**Figure 3**: Annual count of state adoptions of five types of TELs, 1970 to 2005. **Figure 4**: State TEL severity score for 1970 and 2005. Severity score indexes six key characteristics of state-imposed TELs: (1) the type of TEL; (2) if the TEL is statutory or constitutional; (3) growth restrictions; (4) method of TEL approval; (5) TEL overrides and exemptions; and (6) method of override.	Amiel, Deller, and Stallmann (2009). http://www.aae.wisc.edu/pubs/sps/pdf/stpap536.pdf
Revenue "Carrot" and Revenue "Stick"	**Figures 5 and 6 and Table 2**: Displays policy distance between state aid environment and state-imposed TEL restrictions. State aid and TEL z scores were calculated for each state year. (These standardize the relationship to the average of all states and all years and represent how many standard deviations a score is from the average.) The aid measure is per capita state aid in real 2005 dollars for cities with populations over 5,000. The TEL measure is the TEL severity score described above. These scores were then differenced (Aid_z minus TEL_z in Figure 5; TEL_z minus Aid_z for Figure 6 and Table 2) to create the distance measure. The values displayed are the average distances from 2000 through 2005. Carrot states are 1.5 standard deviations above the mean difference; stick states are 1.5 standard deviations below the mean difference.	**Aid**: U.S. Census Bureau. Annual Survey of State and Local Government Finances and Census of Governments (1970-2005). **TEL**: Amiel, Deller, and Stallmann (2009).

Expenditure Pressures		
Collective Bargaining Environment and Labor Costs	**Table 1:** Five-category classification scheme, ranging from Very Weak to Very Strong. The collective bargaining strength of local police, local fire fighters, teachers, and "other" local employees – the four main functional areas of local public employment – are measured along three dimensions: (1) collective bargaining rights for local public employees, ranging from "Duty to Bargain" to "Collective Bargaining Is Prohibited"; (2) Union Security Provisions via the existence of a Right-to-Work Law for local public employees; and (3) Strike Policy Provisions. **Figure 6 and Table 2:** Public sector employee union membership as a percent of all public sector employees in state, 2000-2014. Z scores were calculated to standardize the relationship to the average of all states over this 15-year period. The score represents how many standard deviations a state's percentage is from the average state.	**Collective Bargaining Environment:** NBER Public Sector Collective Bargaining Law Data Set. Valletta and Freeman - original (1988); Rueben - update (2000). See: http://www.nber.org/publaw/ **Labor Costs:** Hirsch and Macpherson. (2003).Union Membership and Coverage Database from the Current Population Survey: Note. See: http://unionstats.gsu.edu/CPS%20Documentation.htm

Section 2

We invited three types of individuals to participate in the Workshop on State Intervention in Distressed Communities held at Detroit's Greektown Hotel and Casino October 16-17, 2014: individuals who were formally involved in various elements of state intervention policy design and implementation, those involved in local fiscal distress and bankruptcy from a legal standpoint, and policy experts and researchers. The following table classifies the participants.

State/Affiliate	No. of Participants
Michigan	4
New Jersey	1
New York	1
Ohio	1
Pennsylvania	1
Rhode Island	1
Attorney's, private practice	2
Unaffiliated policy experts	3
C. S. Mott Program officers	2
Local finance professionals	2
MSU researchers	2
MSU research team	5

The following table provides a detailed agenda of the workshop proceedings:

Session Title	Outline
Setting the Context	Surveying the causes and consequences of local fiscal distress, with particular attention to the relatively weak position of local governments in the U.S. federal system: • Review of structural, economic, fiscal, intergovernmental, institutional, and political causes • Local governments' response to fiscal distress • State policies/institutions' role in local fiscal capacity • State policies designed to help local governments meet their financial problems
State Intervention in Distressed Communities: The View From Michigan	An in-depth view of Michigan's approach to local fiscal distress through the eyes of those closely involved in the policy's design, implementation, and evolution
A Deep Dive Into State Intervention: Policies on Paper v. Policies in Practice	A structured dialogue about the participants' experiences with key elements of state intervention. • *Stage 1: Getting in* Where and when is pre-intervention support offered? How are distressed localities identified? When and how do local governments enter the program? How are decision criteria applied? • *Stage 2: Developing a plan* Who carries out the intervention? What actions may these actors take? What are the specific goals of intervention? What are the chief barriers to effective implementation? • *Stage 3: Exit strategy* How does a local government exit the program? Are triggers well specified? When, if ever, are medium- and long-term fiscal, economic, or service-based objectives discussed?
Detroit, Michigan – Ground Zero for the Changing Fiscal Relations Between State and Local Governments	A detailed view of the City of Detroit's ongoing intervention and bankruptcy processes

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The Flint Fiscal Playbook:

An Assessment of the Emergency Manager Years (2011-2015)[1]

MSU Extension White Paper

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7/31/2015

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I. Introduction

The city of Flint, Michigan, has experienced a variety of fiscal difficulties since the early 2000s. In 2002, an emergency financial manager was appointed for the city under Public Act 72 of 1990 and was in place until 2004. Unfortunately, the reforms and changes made at that time only lasted for a few years before fiscal problems re-emerged in Flint (see MSU Extension white paper *Long-Term Crisis and Systemic Failure: Taking the Fiscal Stress of America's Older Cities Seriously*). By 2011, a second wave of emergency managers would be named to run the city under two newer laws (including PA 4 of 2011 and PA 436 of 2012). These emergency managers were removed from the city, restoring home rule in April 2015. The key question: Can Flint avoid the problems that have plagued it for the last 15 years without being placed under state control for the third time? Before answering that question, we must understand the reforms and changes that have occurred in the city since a fiscal emergency was declared in 2011.

The objectives of this case study of Flint, Michigan, are to understand the economic and fiscal trends that led to the state takeover via an emergency financial manager in November 2011 and to analyze the impact of the emergency manager policy on the city's fiscal health. It updates trends presented in a previous case study on fiscal stress in Flint,[3] provides additional detail regarding the policy changes that emergency managers have made, and examines the impacts of those changes.

[3] Eric Scorsone and Nicolette Bateson, *Long-Term Crisis and Systemic Failure: Taking the Fiscal Stress of America's Older Cities Seriously* (Michigan State University Extension, September 2011), http://expeng.anr.msu.edu/uploads/files/42/MSUE_FlintCaseStudy-2011%202.pdf

II. Historical Overview of Flint, Michigan

Examining the history of Flint can provide an understanding of the evolution of the chronic fiscal stress that has plagued the city, as well as its significance in the geographic region. The city of Flint is located in Genesee County, about 60 miles northwest of Detroit. The Flint River provided the natural resources to create successful commerce in the 1800s for fur trading, the lumber industry, the manufacture of carriages, and eventually the production of horseless carriages that led to the birth of the automotive industry. The entrepreneurial spirit and wealth in the area contributed to the founding of the Buick Motor Company in 1903, followed by the incorporation of General Motors (GM) in 1908. With the rapid growth of the automotive industry came concerns for employee working conditions. This led to the first automotive sit-down strike in 1936-1937 in Flint. After 44 days, the strike ended with the first union agreement with GM, which gave rise to the United Auto Workers (UAW). The continued improvements in working conditions and wages enabled Flint to become an ideal place to live and work, and the increase in wealth fostered a well-respected educational system. Early automotive industry leaders such as Charles Stewart Mott and William C. Durant provided the vision to create a strong cultural environment. Flint prospered for most of the years from the 1930s into the early 1970s. Like many industrial cities, however, the economic vibrancy ebbed and flowed with the U.S. automotive industry. In 1978, GM employed over 80,000 Flint-area residents. By 1990, the number of employees decreased to 23,000, dipping to as low as 8,000 in 2006.

City Government

The City of Flint was incorporated in 1855. The present charter, adopted in 1974, provides for a strong mayor-council form of government. The city council consists of nine members, each representing a ward and serving four-year terms. The mayor, also elected to a four-year term, is the chief executive officer. The mayor appoints a city administrator, as well as principal officials and department heads.

The City of Flint provides a full range of services across 32.8 square miles, including: police and fire protection, construction and maintenance of streets and infrastructure, recreational and cultural activities, water and sewer services, and sanitation and garbage pickup services. In addition, the City of Flint is financially accountable for four other entities:

- City of Flint Board of Hospital Managers (manages and operates the Hurley Medical Center providing inpatient, outpatient, and emergency care)
- Flint Downtown Development Authority (promotes rehabilitation of the downtown area)

- City of Flint Economic Development Corporation (provides financing and development opportunities for businesses located in the City)
- Flint Area Enterprise Community[4] (coordinates the federal enterprise and helps to leverage the resources for the zone)

Flint is the county seat for Genesee County. Like most counties in Michigan, the county government provides court services, human services, record keeping, and community enrichment for its residents. The county and its elected officials also serve as regional problem solvers.

Demographics

The city of Flint's population has changed drastically over the past 50 years. This section explores the historical changes that have occurred throughout the city and region. These trends are essential for explaining the path that has led to Flint's fiscal distress and may point to the path that the city may need to follow in order to build a sustainable future.

Population

According to data collected by the U.S. Census Bureau, the population of the city of Flint has declined over five consecutive decades. There were 48% fewer residents in the city in 2010 compared to 1960 (**Exhibit II-1**). In 2012, there were 100,515[5] residents in the city; in 2013 the city's estimated population further declined to 99,758[6].

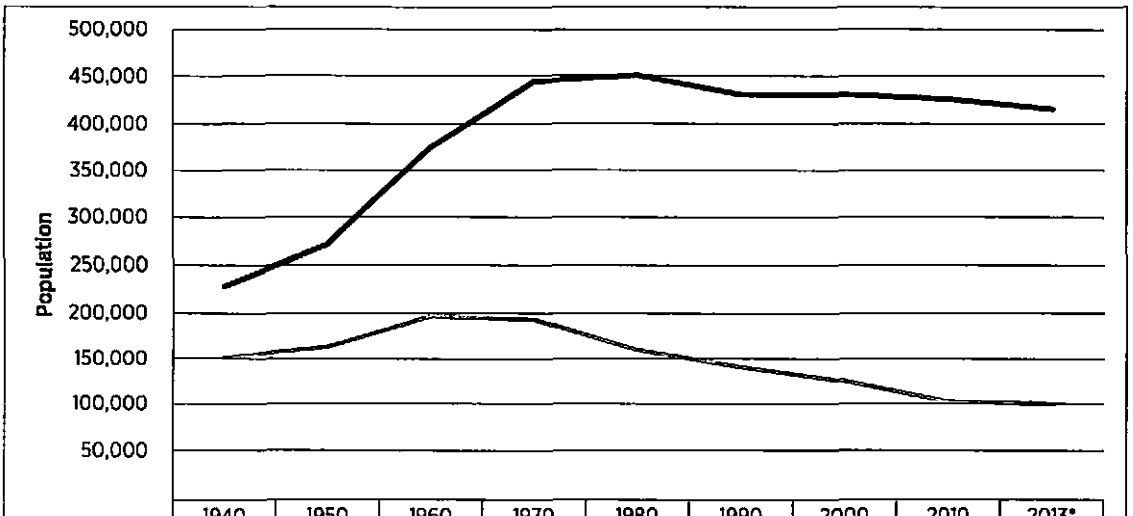
In contrast, the population trends in the Flint metropolitan statistical area (MSA), defined by Genesee County boundaries, indicate enormous growth through the 1970s with slight declines over the following three decades. This indicates that the Flint metropolitan statistical area has experienced significant decentralization.

4 The Flint Area Enterprise Community (FAEC) was consolidated with the Economic Development Corporation (EDC) (with the EDC Board of Directors exercising authority and control of the FAEC) by an executive order of the city's emergency manager effective August 8, 2012.

5 With a margin of error of +/- 27 people.

6 2013 American Community Survey 1-year estimate, http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_13_1YR_S0101&prodType=table

Exhibit II-1 Flint Metropolitan Statistical Area (MSA) and Flint City Population
Data source: U. S. Census Bureau (Decennial Census, American Community Survey*)

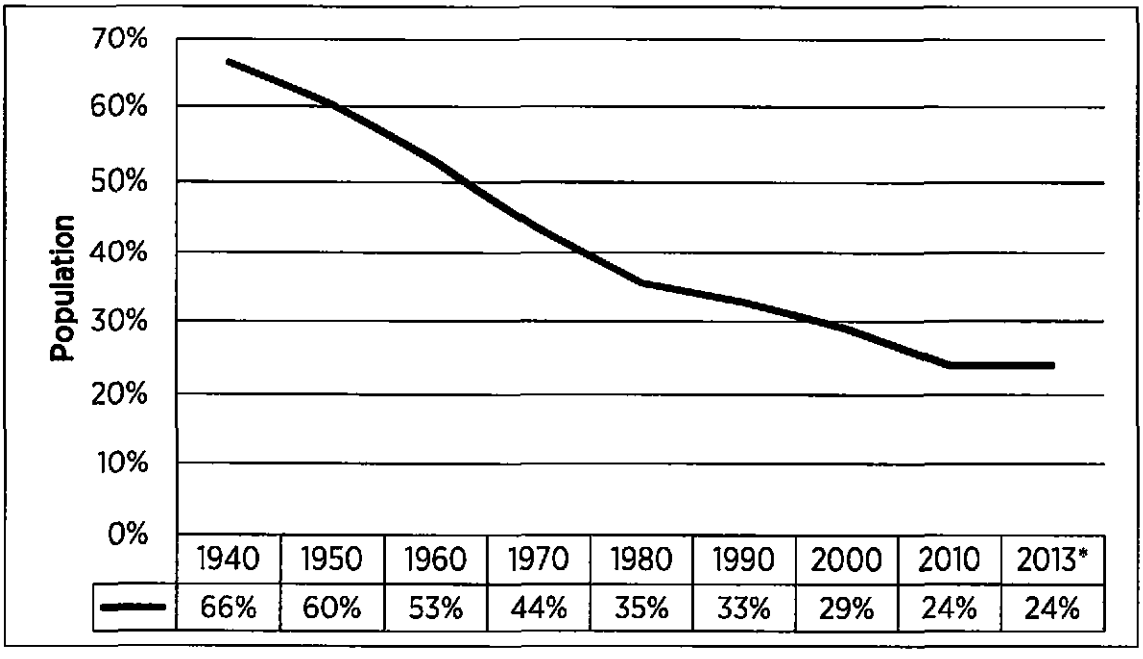


	1940	1950	1960	1970	1980	1990	2000	2010	2013*
MSA	227,944	270,963	374,313	444,341	450,449	430,459	430,459	425,790	415376
City	151,453	163,143	196,940	193,317	159,611	140,761	124,943	102,434	99758

Exhibit II-2 more clearly illustrates this decentralization. In 1940, the city of Flint comprised 66% of the population of the Flint MSA population compared to only 24% in 2013. The estimates from the 2013 American Community Survey indicate that the net migration into the suburbs may be starting to stabilize, though Flint's population has continued to decline in recent years.

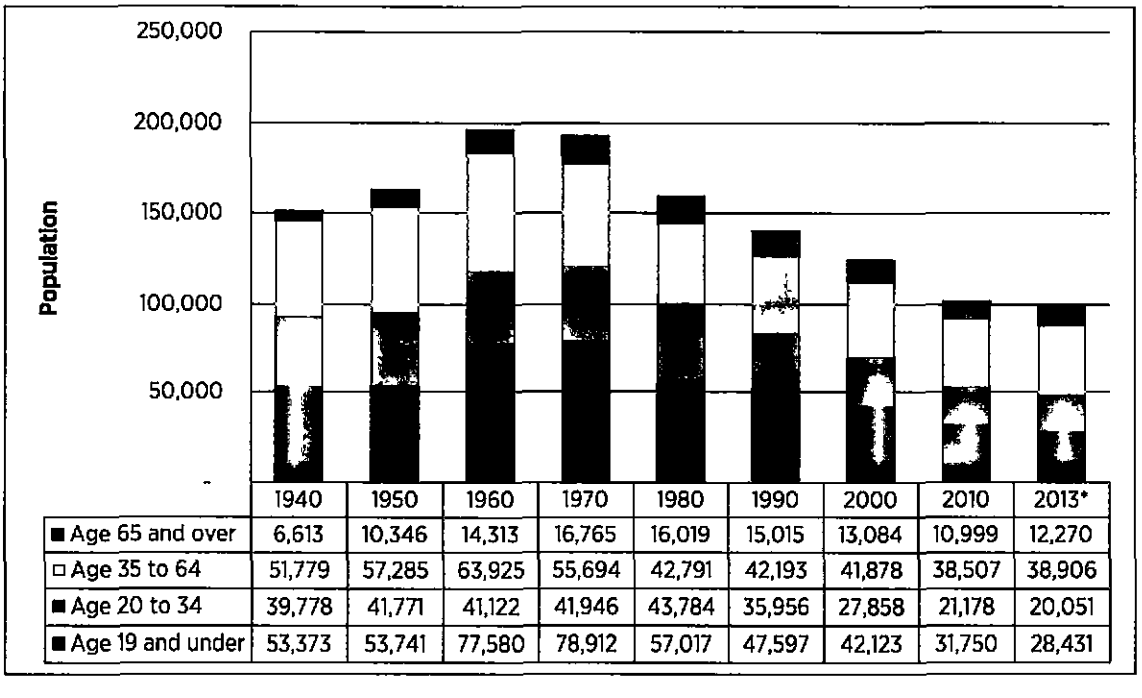
Population Characteristics

Flint's population has been aging over the past several decades. **Exhibit II-3** shows a breakdown of the number of people by age group in Flint from 1940 through 2013.



	1940	1950	1960	1970	1980	1990	2000	2010	2013*
—	66%	60%	53%	44%	35%	33%	29%	24%	24%

Exhibit II-2 Flint City Population as a Percent of MSA
Data source: U. S. Census Bureau (Decennial Census, American Community Survey*)



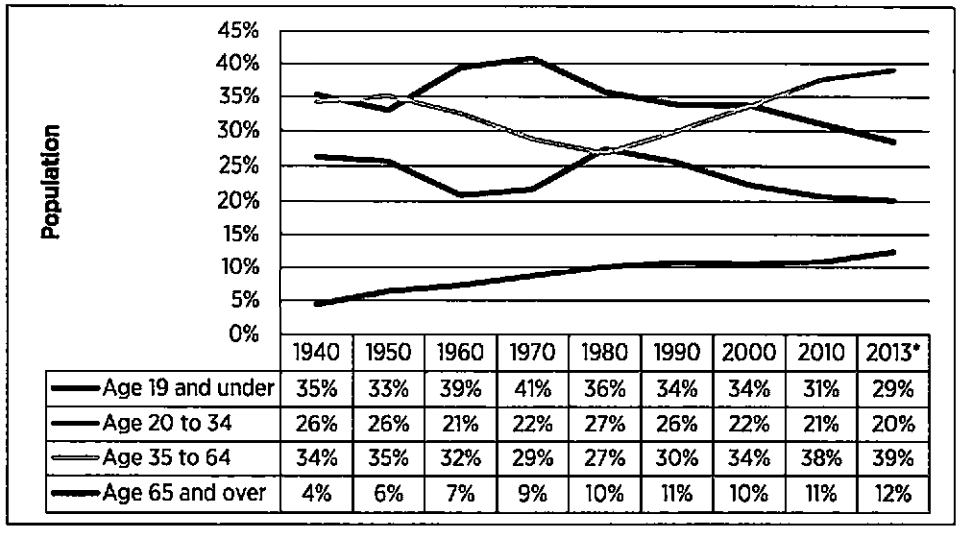
	1940	1950	1960	1970	1980	1990	2000	2010	2013*
■ Age 65 and over	6,613	10,346	14,313	16,765	16,019	15,015	13,084	10,999	12,270
□ Age 35 to 64	51,779	57,285	63,925	55,694	42,791	42,193	41,878	38,507	38,906
■ Age 20 to 34	39,778	41,771	41,122	41,946	43,784	35,956	27,858	21,178	20,051
■ Age 19 and under	53,373	53,741	77,580	78,912	57,017	47,597	42,123	31,750	28,431

Exhibit II-3 Age of Flint Population
Data source: U. S. Census Bureau (Decennial Census, 2013 American Community Survey*)

To see this more clearly, **Exhibit II-4** shows the relative share of each age category in the total population for each year. The share of population aged 19 years old and under generally increased from 1940 to 1970 with the Baby Boom and has since continually declined from its peak of 41% in 1970, to only 29% of the population in 2013. The share of individuals aged 20 to 34 has fluctuated over the last seven decades, but has been on a general decline since 1980. The share of population aged 35 to 64 years old experienced a period of contraction from 1950 to 1980 followed by a continuous period of growth since then, likely due to the aging of the Baby Boomer population. Finally, during the past seven decades, there has been a fairly steady expansion of residents aged 65 and over, probably due to increased life expectancy. This demographic is expected to continue to expand with the aging of the Baby Boomer population.

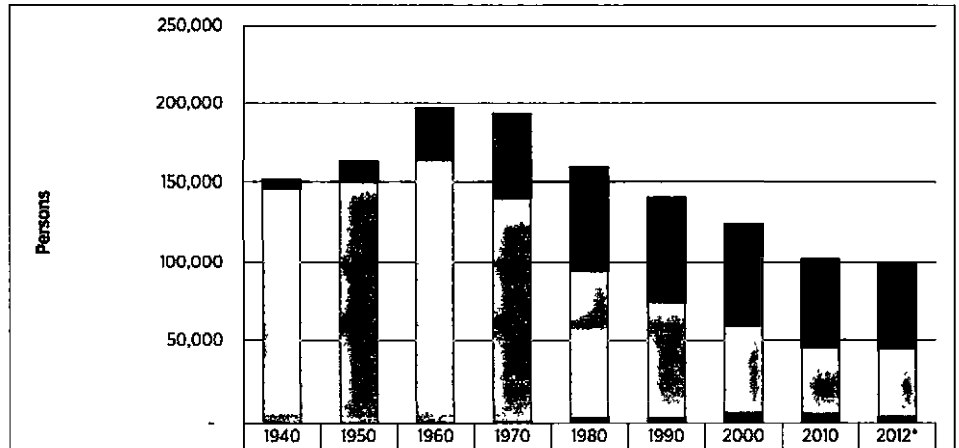
The racial distribution of the city has also changed since the 1940s, as shown in **Exhibit II-5**. The city has become more diverse with a population that is 39% white and 56% black/African-American in 2012 compared to 95.6% white and 4% black/African-American in 1940. The share of the population in the "Other" category, which includes both individuals of other races and multi-racial individuals, has also grown from 0.1% in 1940 to 6% in 2010.

Exhibit II-4 Flint Age by Percentage of Population
Data source: U. S. Census Bureau (Decennial Census, 2013 American Community Survey*)



	1940	1950	1960	1970	1980	1990	2000	2010	2013*
Age 19 and under	35%	33%	39%	41%	36%	34%	34%	31%	29%
Age 20 to 34	26%	26%	21%	22%	27%	26%	22%	21%	20%
Age 35 to 64	34%	35%	32%	29%	27%	30%	34%	38%	39%
Age 65 and over	4%	6%	7%	9%	10%	11%	10%	11%	12%

Exhibit II-5 Flint Population by Race
Data source: U. S. Census Bureau (Decennial Census, 2012 American Community Survey*)

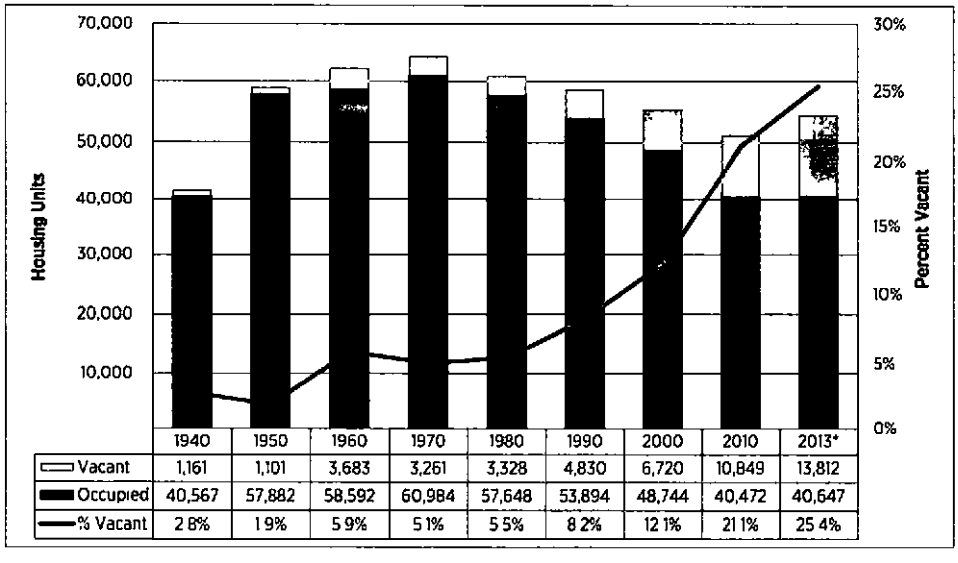


	1940	1950	1960	1970	1980	1990	2000	2010	2012*
Black/African American	6,599	13,906	34,521	54,237	66,124	67,488	66,560	57,939	56,638
White	144,858	149,100	162,128	138,065	89,647	69,777	51,710	38,328	39,531
Other	86	137	291	1,015	3,840	3,496	6,673	6,167	4,346

Housing Trends

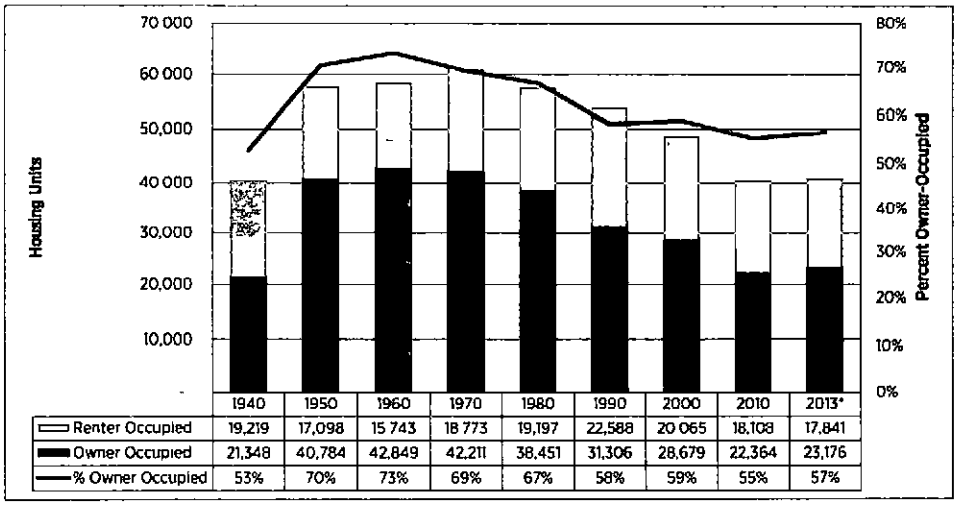
Housing trends also help tell the story of a city that is facing fiscal stress. The rate of housing vacancy increased from 5.1% in 1970 to 25.4% in 2013 (**Exhibit II-6**). The rate of change in vacancy was highest between 2000 and 2013 with a 13 percentage-point increase. This coincides with Michigan's decade of economic decline. The potential impact of increased housing vacancies on fiscal health include not only decline in property values and associated property tax revenues, but also increased municipal maintenance, police patrol, fire protection, and other costs to address health and human safety concerns.[1]

Home ownership is also associated with the strength of a community's property values. In 2013, owner-occupied housing only comprised 57% of occupied housing units compared to 73% of units at its peak over the last seven decades in 1960. However, the rate of owner-occupied housing in 2013 is a slight increase from its value in 2010, perhaps a small sign of recovery for the city of Flint (**Exhibit II-7**).



	1940	1950	1960	1970	1980	1990	2000	2010	2013*
Vacant	1,161	1,101	3,683	3,261	3,328	4,830	6,720	10,849	13,812
Occupied	40,567	57,882	58,592	60,984	57,648	53,894	48,744	40,472	40,647
% Vacant	2 8%	1 9%	5 9%	5 1%	5 5%	8 2%	12 1%	21 1%	25 4%

Exhibit II-6 Flint Vacant vs. Occupied Housing Units
Data source. U. S. Census Bureau (Decennial Census, 2013 American Community Survey*)



	1940	1950	1960	1970	1980	1990	2000	2010	2013*
Renter Occupied	19,219	17,098	15 743	18 773	19,197	22,588	20 065	18,108	17,841
Owner Occupied	21,348	40,784	42,849	42,211	38,451	31,306	28,679	22,364	23,176
% Owner Occupied	53%	70%	73%	69%	67%	58%	59%	55%	57%

Exhibit II-7 Flint Renter-Occupied vs. Owner-Occupied Housing Units
Data source: U. S. Census Bureau (Decennial Census, 2012 American Community Survey*)

Given these trends, it is no surprise that property values in the Flint area have declined drastically since the Great Recession as shown in **Exhibit II-8**. The state equalized value (SEV) and the taxable value (TV) have almost converged as of 2015. This could be attributed to a combination of falling property values and the "pop-up" effect of the transfer of ownership of property due to Proposal A (which will be discussed in more detail in section IV). Since local governments tend to rely heavily on property taxes for revenue, this is another indicator of the declining tax base of the city.

Economy

The trends in the jobless rate in the city of Flint and Flint MSA tend to follow the same pattern as that of Michigan as a whole (**Exhibit II-9**). The jobless rate rose during the 2001 recession and did not see sustained recovery until after the Great Recession ended in 2009; however, absolute unemployment rates tend to be higher in the city compared to the MSA and the state as a whole. While there has been a drop in unemployment in the city of Flint since the end of the Great Recession, it is still higher (14% in 2014) than pre-2001 recession levels (8% in 2000).

Exhibit II-8 State Equalized Value (SEV) and Taxable Value (TV) – Flint
Data source: Genesee County Equalization Department

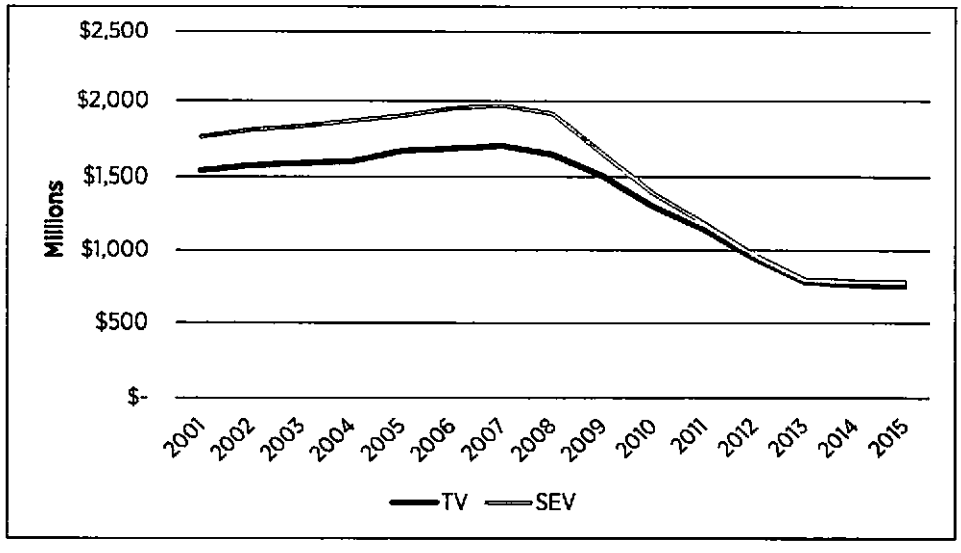
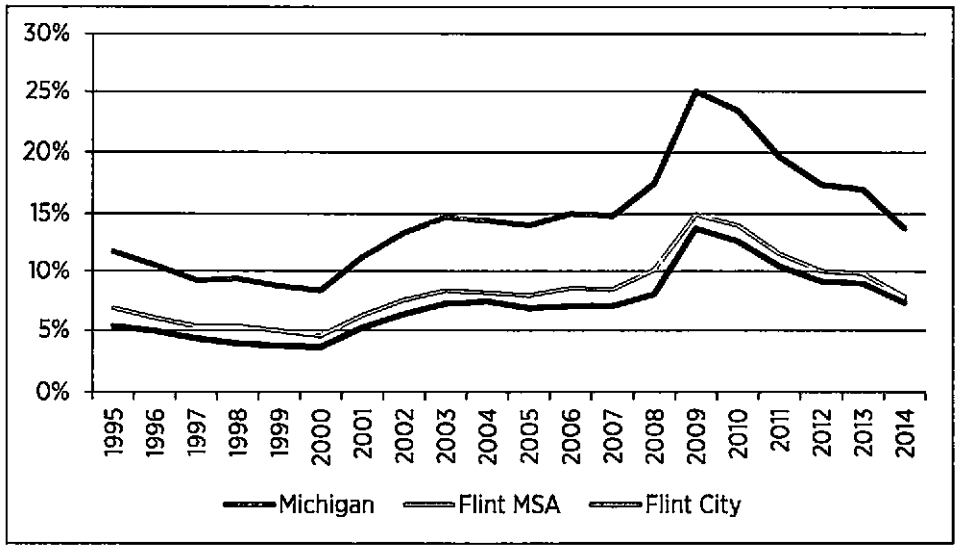


Exhibit II-9 Flint Jobless Rate
Data source: Michigan Department of Technology, Management & Budget



The city of Flint's audit reports disclosed the city's personal income statistics as shown in **Exhibit II-10**. While a slight recovery occurred after the 2001 recession, in general, personal income has been on a long-term decline since 1996, indicating a diminishing tax base. A decline in personal income not only indicates a lower capacity for property tax and income tax revenues, but also suggests a relation to a lower demand for business-type services. If this demand is fairly elastic with respect to personal income, this would lead to a reduction in city income from public recreation programs, parking fees, and similar sources. The decline in personal income began leveling off in 2009, suggesting signs of stabilization following Michigan's decade in recession.

While the economic climate in the 1990s and 2000s worsened the city of Flint's employment and income trends, many decades of above average poverty rates signal long-term fiscal stress. **Exhibit II-11** shows the general growth in the share of total population living below the poverty level, which peaked at 41.2% in 2010. The share of families below the poverty level follows the population trend. Poverty rates reported by the 2012 American Community Survey indicate

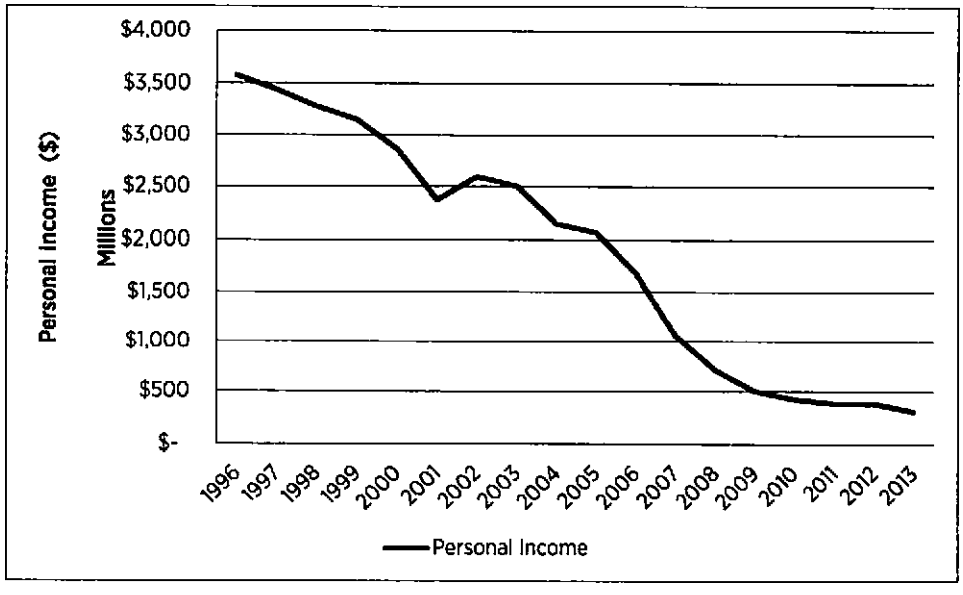
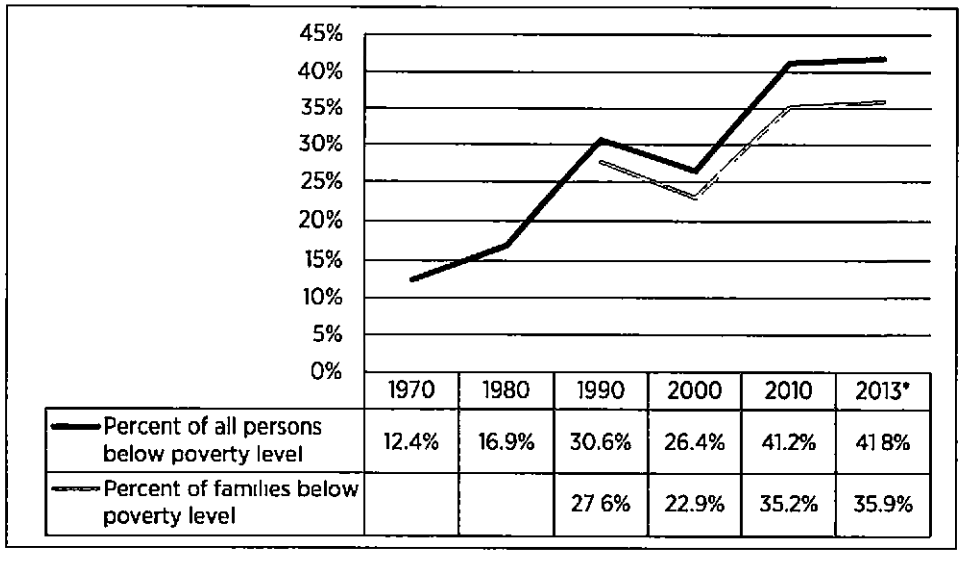


Exhibit II-10 Flint Personal Income
Data source: City of Flint Comprehensive Annual Financial Reports



	1970	1980	1990	2000	2010	2013*
Percent of all persons below poverty level	12.4%	16.9%	30.6%	26.4%	41.2%	41 8%
Percent of families below poverty level			27 6%	22.9%	35.2%	35.9%

Exhibit II-11 Population of Flint Below Poverty Level
Data source: U.S. Census Bureau (Decennial Census, 2012 American Community Survey*)

a possible improvement since 2010, which also coincides with the improvements in unemployment and income, discussed above. If the unemployment and income trends are indeed indicative of economic recovery, then these improvements in poverty statistics are possibly explained by a countercyclical relationship between poverty and the business cycle.

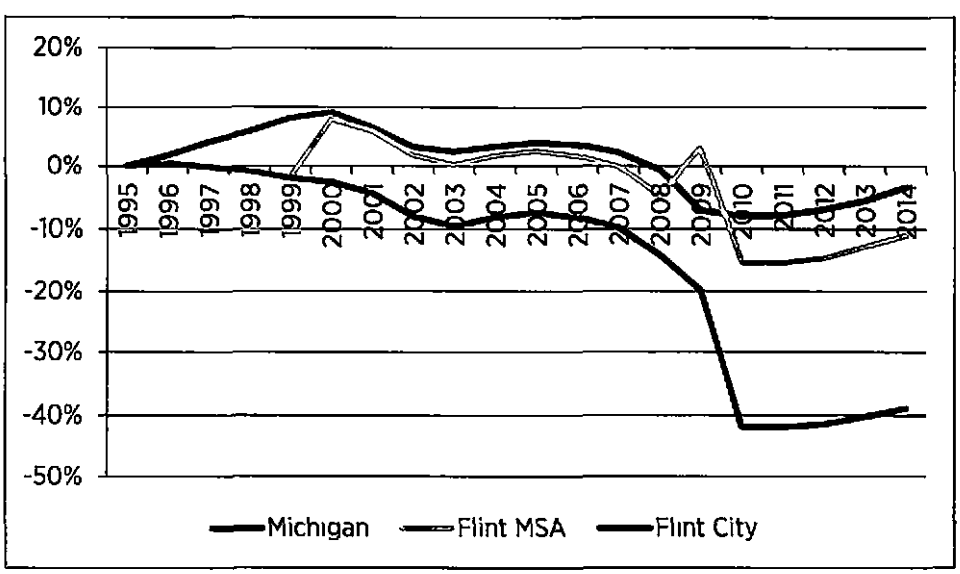
Exhibit II-12 depicts the cumulative change in the number of nonfarm jobs in the city of Flint, the Flint MSA, and Michigan as a whole. While the state overall saw a period of growth in employment in the mid-1990s, employment in the city of Flint and the Flint MSA began to decline in 1996. According to annual estimates from the Bureau of Labor Statistics (BLS) for the Flint MSA, the decline in manufacturing was the driving force of unemployment. Employment in this sector consistently fell between 1995 and 2008, from 48,200 jobs to 9,500.[7] Over this same period, the share of manufacturing jobs (of total nonfarm employment) dropped from 27% to 9%. This trend is likely due to the region's reliance on the domestic auto industry and the declines in the Big Three's market share that began in the 1980s and led to plant closures in the 1990s and early 2000s. According to Genesee County's audit reports, the county's largest employer in FY1997 was GM with 40,944 employees. In FY2009, GM still held its rank as the county's largest employer, but with only 3,417 employees in the county.

While the Flint MSA saw a boost in jobs in 2000, the city experienced a long-term decline in employment over the period shown, with 39% fewer jobs in 2014 than existed in 1995. The share of employment in the city compared to the MSA as a whole also fell in the same time period; as of 2014, employees in Flint represent about 18% of those in the Flint MSA compared to 26% in 1995.

The trends in **Exhibit II-12** indicate that employment started to recover slightly in 2010. This has been primarily driven by the private sector, namely the manufacturing, professional and business services, and trade, transportation and utilities sub-sectors. Public sector employment in the region has followed national trends as it continues to decline. The overall rise in employment in Flint along with the unemployment, income, and poverty trends support the story that the city is experiencing signs of economic recovery.

[7] Not seasonally adjusted

Exhibit II-12 Cumulative Change in Employment in Flint and in Michigan
Data source. Michigan Department of Technology, Management & Budget



The industries representing the city's 10 largest employers have diversified over the past decade. Most notable is the increased prevalence of higher education and employment services (**Exhibit II-13**). During periods of economic decline, enrollment in higher education often increases as individuals seek to expand their skill sets or pursue career changes. Demand for job placement services also increases. Another trend is the increasing concentration of employees in the top 10 employers. The 10 largest employers represented about 65% of the total number of employees in 2014 compared to only 59% of the total number of employees in 2003. This indicates that the impact of smaller firms in the city has diminished over this period. Larger firms tend to have more organizational slack,[ii] which can act as a buffer during economic downturns. Smaller firms that do not have such slack are likely more vulnerable to poor economic environments. Depending on the nature of recovery, employment in small firms could diminish even further during future recessions.

Exhibit II-14 illustrates the diversification of employment in the city of Flint by comparing the share of employees in each industry in 2003 and 2014. The relative share of both automotive employment and public sector employment dropped more significantly than that of healthcare employment.

Principal Employer Industry	FY2003	FY2014
Automotive	23,616	13,975
Federal, state and local government	13,037	6,103
Healthcare	9,569	5,963
Higher education	-	5,656
Employment services	-	1,214
Employees working for ten largest employers	46,222	32,911
Total employees working in City	78,553	51,128

Exhibit II-13 Employment in Flint's 10 Largest Employers by Industry
Data source: City of Flint Comprehensive Annual Financial Reports

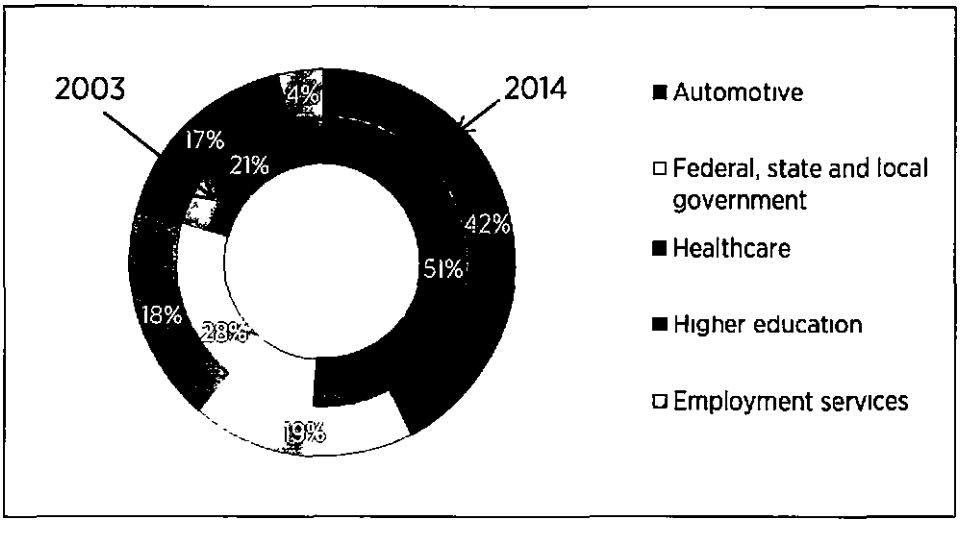


Exhibit II-14 Flint's 10 Largest Employers by Industry
Data source: City of Flint Comprehensive Annual Financial Reports

The city has concentrated efforts to encourage new development. Although most new projects include property that is either tax exempt or requires a property tax incentive, they have brought employees to the city, which increases the nonresident income tax revenue. Recent redevelopment efforts have focused on marketing the 452-acre vacant "Buick City" property. The Environmental Protection Agency has committed up to $7 million for Phase I clean-up of that property.[iii] The total commitment to Buick City is approximately $30 million. Funding for the remediation is from the Revitalizing Auto Communities Environmental Response (RACER) Trust that was created through the GM bankruptcy. The soil remediation project began in early 2011. According to the March 2014 update, corrective measures are being implemented in the Southend site. A corrective measures proposal for the Northend cleanup is being reviewed and will be presented to the public in summer 2014.[iv]

In November 2013, the American Cast Iron Pipe Company announced plans to construct a plant on the Buick City property, creating 50 to 60 manufacturing jobs for Flint. The plant opened in December 2014.

Flint's air transportation needs are serviced by nearby Bishop International Airport. In January 2011, the Bishop Airport Board approved the bid process for a $16.8 million expansion.[v] This project added 47,000 square feet of terminal space, four gates and doubled the width of the corridor linking two sections of the airport. The expansion was completed in November 2012, adding 350 jobs and increasing the number of passengers at Flint's Bishop International Airport[vi]. Several highways meet road transportation needs.

III. Flint Under Emergency Financial Management

Path to Receivership

Due to its decreasing population, employment, and tax revenues, the Flint city government has been under considerable fiscal stress in recent years. In the early 2000s, an emergency financial manager (EFM) was appointed for the city, and was in place until 2004; however, the city soon returned to fiscal insolvency.

The cycle of returning to a deficit position after an EFM appointment ends is not unique to Flint. Drawing on the experience of Flint and other cities that have been assigned an EFM, state policy makers drafted revisions to PA 72, which was replaced by PA 4 in 2011. After a referendum, PA 4 was repealed in 2012, then replaced by PA 436 of 2012[8].

The new law provides greater incentive and mechanisms for local governments to address budget challenges before an emergency manager (EM) is assigned. PA 436 also provides four options to struggling municipalities[9], offering alternatives to the appointment of an EM. Ultimately, however, if cities with chronic fiscal stress are suffering from structural challenges beyond their control, improved management will only be able to cure a limited number of problems.

If a city is placed in receivership under PA 436 of 2012 and an EM is appointed by the state, he or she is granted broad powers to address the struggling city's finances. This includes the authority to amend collective bargaining agreements, make personnel changes, and review and approve the city's budget.

Responding to the most recent fiscal crisis, Michigan's Treasury Department conducted a preliminary review of Flint's financial situation in August and September 2011.[vii] The review found that general fund expenditures had exceeded revenues for the preceding four years. Two years after its deficit reduction plan had been submitted to the state, the general fund deficit had more than doubled. The review also reported that departments within the municipal government had been compensating for cash shortages by borrowing from other funds. The review team determined it was uncertain whether the City of Flint would be able to fulfill its short-term financial obligations.

Due to the City of Flint's structural deficit, increasing legacy costs, and accumulating debt, the review team recommended to the governor that the city be placed under emergency financial management under Public Act 4. In November 2011, the governor of Michigan placed the City of Flint in receivership.

Michael Brown was appointed as the city's emergency financial manager effective December 1, 2011. In August 2012, Michael Brown was replaced by Edward Kurtz as emergency manager (who had served as the city's EM from 2002 to 2004). Ed Kurtz served as the city's emergency manager until July 2013, at which time Michael Brown was again appointed by the governor. Michael Brown resigned in September 2013; Darnell Earley was appointed as his replacement. In January 2015, it was announced that Jerry Ambrose, who had previously served as the city's finance and administration director, would replace Darnell Earley as emergency manager. Jerry Ambrose served as the city's EM until April 2015, when control of the city's finances was returned to the mayor and city council under the supervision of a Receivership Transition Advisory Board.

Reforms to Personnel Costs

Wages and Salaries

Significant actions were taken shortly after Michael Brown's appointment as emergency manager. Almost immediately after his appointment, the salaries, benefits, and other compensation were eliminated for the city's mayor and nine council members. The mayor's salary was later restored to 60% of his base salary with full restoration of his benefits, and the salaries of city council members were restored to $7,000 per year with no benefits. Additionally, council members were required to complete level one of the Michigan Municipal League's core courses for municipal government. Several positions were eliminated, which included the Office of the Ombudsman, the Civil Service Commission, and the respective staff assigned to these offices.

[8] Emergency financial managers were in place under Act 72, the term "emergency manager" is used in PA 4 and PA 436. There are somewhat different powers under the various acts but otherwise the concept is the same.

[9] These options include entering into a consent agreement with the state, filing for bankruptcy, agreeing to mediation, or accepting the appointment of an EM

In an effort to reduce the city government's wage expenses by 20%[viii], significant changes were made to the collective bargaining agreements of the City of Flints's police and fire unions. Wages were reduced across the board for members of all police unions: by 1.5% for sergeants, by 2.5% for captains and lieutenants, and by 5% for officers). Salaries and wages of members of the firefighters' union were also reduced[10].

Substantial changes were also made to the city government contracts with the American Federation of State, County and Municipal Employees (AFSCME) locals 1600 and 1799, the unions representing the majority of general city government employees. Wages for Local 1600 members were reduced by 2.5%, and several changes to overtime, holiday, and leave pay were made for both unions.

With the exception of emergency overtime, the EM required that all employee overtime be approved in advance. Executive orders were also issued to put limitations on departments' spending authority, with EM approval required for purchases over $10,000. Stringent budgetary guidelines were put on all departments, emphasizing that budgetary authority is not a mandate to spend and that actions to keep expenses low should be taken whenever possible.

Pensions

Changes were made to police and fire unions' pension eligibility. Employees' annual pension contributions were increased to 9.5% of all earnings for those in the fire and police unions. For members of the unions hired prior to the introduction of the new pension guidelines, the portion of pensions earned up to the 20th year of service are calculated according to the expired bargaining agreement. However, the multiplier was reduced to 2.25 and capped at 240 hours of leave time included as part of the final average compensation (FAC) for all service time earned after the effective dates of the new collective bargaining agreements.

Similar adjustments were made to the pension benefits for locals 1600 and 1799. The defined benefit multiplier was reduced to 1.5% prospectively, and the employee contribution rate was increased from 8% to 12% for Local 1600 and to 9.5% for Local 1799. Hybrid retirement plans (with both defined contribution and defined benefit components) were established for new hires and former defined benefit plan participants. Employees' contributions to the defined contribution components are matched by the City of Flint; employer contributions to the defined benefit component were capped at 10%.

To save administration-related costs, pensions for all unions with collective bargaining agreements with the City of Flint were transferred from the Flint Employees' Retirement System (FERS) to the Michigan Municipal Employees Retirement System (MERS).[ix] This move was approved by all but the police officers' union; section 19(k) of PA 4 was invoked to approve the transfer of Flint police officers' pensions.

Other Post-Employment Benefits

Changes were made to the healthcare benefits received by retirees of the police and fire unions. Cuts included discontinuing healthcare for a former employees' spouse if he or she is eligible to receive paid health coverage through an employer or former employer. The City of Flint reduced the number of plans offered to employees hired after July 1, 2012, offering a high deductible plan in conjunction with a health savings account. Through executive orders, the EM reserved the right of the city to change or discontinue the health insurance programs in response to the Patient Protection and Affordable Care Act (PPACA) as amended.

The City of Flint scaled back its contribution requirements for an active employee's health coverage, requiring employees to pay any premium contributions that exceed the amount contributed by the employer through pension deductions.

Retirees and their spouses aged 65 and over who are covered by Medicare supplemental plan at the employer's expense are subject to contribution limits of the Publicly Funded Health Insurance Contribution Act (PA 152 of 2012) if and only if the retiree enrolls in and pays for Medicare Supplemental Part B. Changes made to the healthcare coverage of retired members of the local 1600 and 1799 unions were similar to those of the other major unions representing City of Flint employees.

Changes were made to the retiree health benefits offered to personnel hired after the effective dates of the new agreements. Instead of employer-paid retiree healthcare coverage, members of the police officers' and firefighters' unions, as well as locals 1600 and 1799 hired after April 2012 were eligible for Retiree Medical Savings Accounts (RMSAs) to which the City of Flint and employees contribute through payroll deductions.

Under the executive orders, the City of Flint committed to contribute $1,500 annually to the RMSAs, with employees contributing $600 per year. Employees will be 100% vested at all times on their own contributions and investment earnings, while employer contributions and investment earnings will be 100% vested after five years of completed service. The same changes were made to retiree health benefits of newly hired nonunion city government

[10] From $63,080.16 to $50,791 52 for CAD supervisors, from $60,515.52 to $56,998.24 for quartermaster, and from $33,467.20 to $27,270.88 for comm. specialist trainees

employees. Contributions to a new employee's RMSA continue until the employee is no longer employed by the City of Flint (including retirement) or when the employee becomes eligible for Medicare. These benefits were not made available to nonunion retirees or spouses who are eligible for health coverage through another employer or former employer.

Other Reforms

In addition to actions taken to reduce the City of Flint's financial obligations in relation to staff, other measures were taken to address the growing deficit. User fees were implemented for waste collection and a special assessment was levied to provide funds for the operation of street lighting (to eliminate $2.85 million in costs to the city government's general fund[x]). Both fees were added to homeowners' property tax bills. Water and sewer rates were increased by 25% to adequately cover the costs of operating both systems.

The City of Flint's Fiscal Year 2013 budget, passed by an executive order on April 24, 2012, was the first balanced budget it had passed in seven years. A total of 155 positions (16% of the workforce) were eliminated.[xi]

Property taxes were increased in order to support police and fire budgets. This increase was achieved by a vote of the city's residents, who approved a 6 mill property tax increase on November 6, 2012.[xii] This tax increase allowed the city government to maintain staffing levels in the police and fire departments that had, up until that point, been supported through a federal grant.

IV. City Finances

Repeated periods of governmental fund deficits can be used to identify cities with chronic fiscal stress. If a city is consistently unable to sustain a positive fund balance, it is likely facing structural budgetary constraints. The City of Flint's fund balance/accumulated deficit history highlights its recurring deficits (**Exhibit IV-1**). Temporary solutions provided some periods of short-term relief in 2005 to 2007 due to the measures taken by an emergency financial manager under Public Act 72 of 1990. The governor appointed the EFM in May 2002, who remained in place until 2004. The progress made during the EFM's tenure was undone three years later due to subsequent labor settlements, costly litigation, and declining revenues. The City of Flint closed FY2008 with a deficit in the General Fund of $6.8 million. Since 2010, the Flint city government has been able to build up the fund balances in its other governmental funds, but has mixed performance in controlling the deficit in its General Fund, which is the main fund for general operating expenses.

General Fund

As of June 30, 2014, the City of Flint's General Fund ended the year with an accumulated deficit of $8.9 million. This is the seventh consecutive year that the fund balance has been in a deficit position, but significantly reduced from the $19.1 million deficit in FY2012. FY2014 is also the third year since FY2006 that the city operated with a surplus in its General Fund; the only other year in which the General Fund ended with a surplus is FY2011 (**Exhibit IV-2**).

Exhibit IV-1 Governmental Funds – Flint History of Fund Balances
Data source: City of Flint Comprehensive Annual Financial Reports

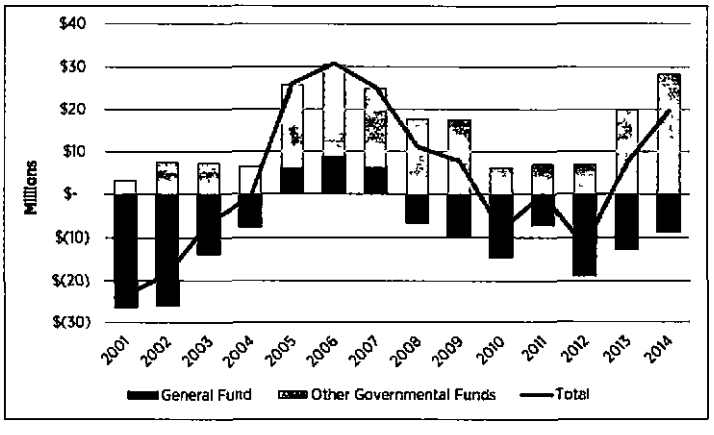
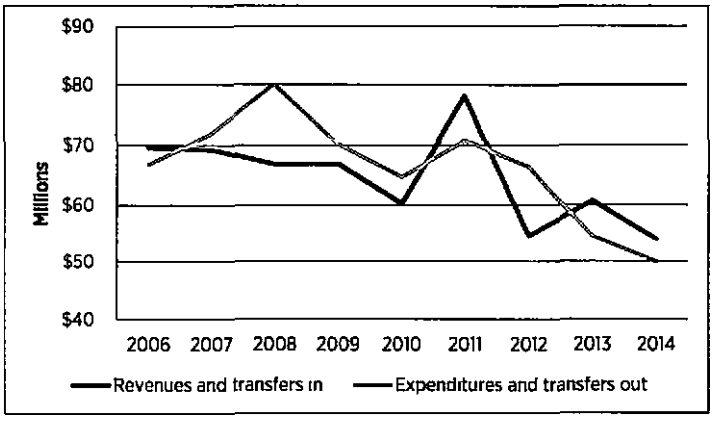


Exhibit IV-2 Flint General Fund Revenues and Expenditures
Data source: City of Flint Comprehensive Annual Financial Reports



Revenues

As of 2014, the four primary sources of revenue, and their proportionate share of the General Fund, are property tax (10%), income tax (24%), state shared revenue (32%), and charges for services (18%). **Exhibit IV-3** shows the changes in the share of General Fund revenues over time. Typically, the property tax is the primary source of revenue for local governments. However, the City of Flint's reliance on the property tax has severely diminished over the last several years, which is a testament to the impact of falling property values in the city. Conversely, the share of revenues from charges for services has seen an overall growth. In FY2010, the share of revenues from charges for services actually exceeded that from property taxes. Both the share of revenues of income taxes and of state shared revenue have also declined, but to a lesser extent. The spike in the share of "Other" revenue funds in FY2011 was due to an $8 million debt issuance in the form of 25-year fiscal stabilization bonds from the Local Government Loan Program through the Michigan Department of Treasury. This was less than half of the $20 million in bonds that the City of Flint had initially requested in order maintain operations when it had anticipated that it would run out of cash by March 1, 2011.

Property Tax

Property tax in Michigan is assessed on both real and personal property, though municipalities are limited in levying property taxes in a number of ways. First, the Home Rule City Act of 1909 limits cities in Michigan to levying property taxes of no more than 20 mills for direct municipal services.[xiii] Next, the Headlee Amendment, ratified in 1978, limits the authorized millage rate when property values rise at a faster rate than the rate of inflation.[xiv] Increases in property values due to improvements or new construction are not subject to this limit. Finally, in 1994, Michigan voters approved Proposal A, which limited annual increases to the taxable value to 5% or the rate of inflation, whichever is lower, until there is a transfer of ownership.[xv]

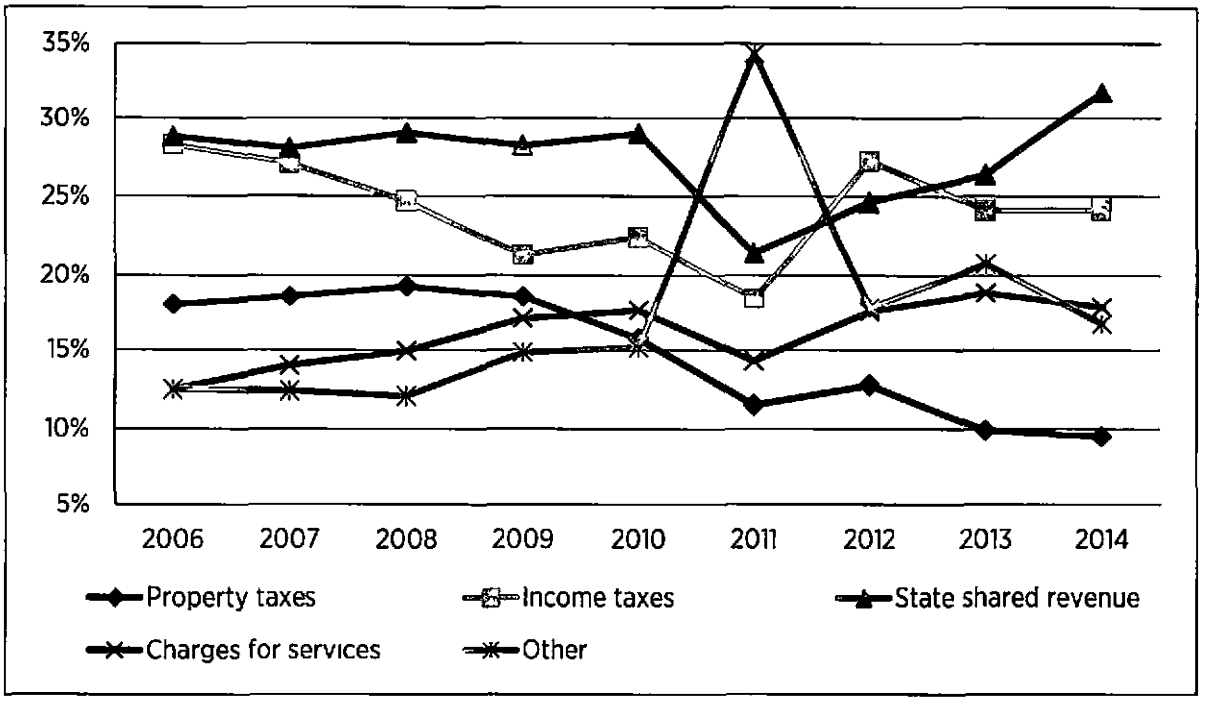


Exhibit IV-3
Share of Flint General Fund Revenues
Data source: City of Flint Comprehensive Annual Financial Reports

Compared to the 10 most populated local units in Genesee County, which represent 72% of the population, the city of Flint levies the highest homestead tax rate (**Exhibit IV-4**). This may cause the city to be less competitive in attracting residents, which hinders its ability to increase its tax base. High tax rates also create incentives for residents to relocate to the suburban areas, which may be one factor that contributes to the population decentralization trends shown in **Exhibit II-2**. For example, a homeowner in the city of Flint will pay, on average, 37.7% more in property taxes than residents of the nine other largest communities that own properties with the same taxable value. This is a substantial increase compared to the same analysis that was performed in the 2011 case study; in FY2011, a homeowner in Flint would pay on average 28.2% more than a homeowner in the other nine communities with a property that had the same taxable value. If a residential property has a taxable value of $75,000, the homeowner in Flint will pay $4,413. A homeowner in the next most-populated community, Grand Blanc Charter Township, will pay $3,119.

Exhibit IV-4 Millage Rates in Genesee County for Fiscal Year 2013 (2014 Tax Rates)
Data source: 2013 American Communities Survey and Michigan Department of Treasury

Taxing Unit	Type of Unit	2013 Population*	Average Property Tax Rates					Annual Bill Based on Taxable Value of $75,000
			County	Local	School	State Education	Total	
Flint	**City**	**101,649**	**9.81**	**22.02**	**21.01**	**6.00**	**58.84**	**$ 4,413**
Grand Blanc	Charter Township	37,060	10.07	7.13	18.38	6.00	41.58	$ 3,119
Flint	Charter Township	31,614	10.07	10.74	20.96	6.00	47.77	$ 3,583
Burton	City	29,663	10.05	15.23	19.27	6.00	50.55	$ 3,791
Genesee	Charter Township	21,291	10.07	7.99	18.19	6.00	42.25	$ 3,169
Mount Morris	Charter Township	21,310	9.56	10.94	17.88	6.00	44.38	$ 3,329
Davison	Charter Township	19,373	10.07	3.35	15.91	6.00	35.33	$ 2,650
Fenton	Charter Township	15,408	10.07	2.08	15.47	6.00	33.62	$ 2,522
Mundy	Township	14,932	10.07	5.56	16.51	6.00	38.14	$ 2,861
Vienna	Charter Township	13,119	10.07	5.04	13.78	6.00	34.89	$ 2,617
Population of Ten Largest Units		**305,419**				**Average**	**42.74**	**$ 3,205**
As a % of County Total		**72%**						

* ACS 5-year estimate

Although the nonhomestead property tax rate had been fairly stable from 2000 to 2010, a more noticeable increase has occurred over the last few years (**Exhibit IV-5**). In 2013, the direct city millage increased from 16.1 to 19.1 mills with the addition of the 6 mill public safety millage and an elimination of a 3 mill waste collection millage.

As discussed in section II, property values in Flint have dramatically declined over the past four years. **Exhibit IV-6** shows a corresponding reduction in property tax revenues; receipts from property taxes in FY2014 were less than half those in FY2006, and less than 40% of their peak in FY2008. The deterioration of the property tax as a stable revenue source is especially clear given that less than 10% of General Fund revenues are dependent on property taxes in FY2014 compared to more than 18% five years prior.

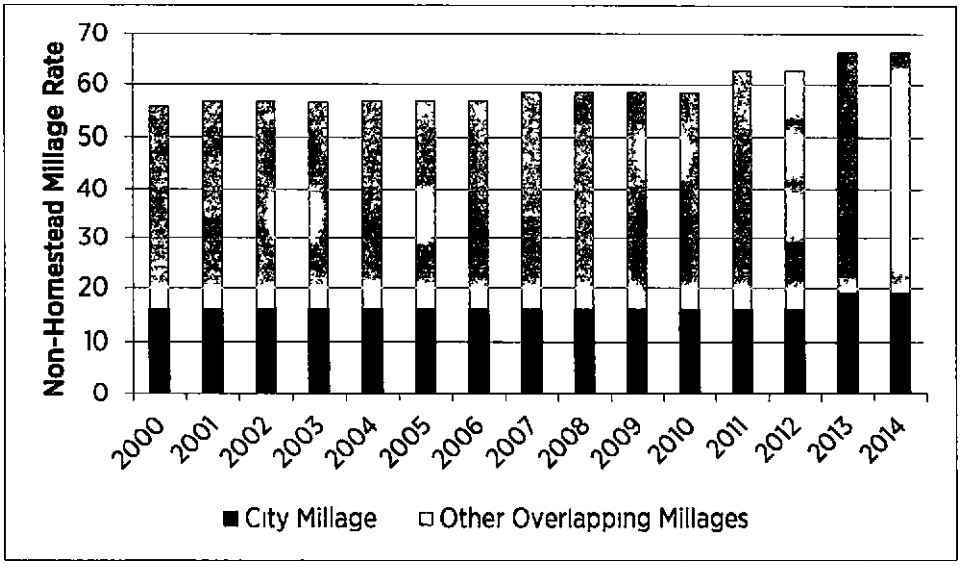


Exhibit IV-5 City of Flint Millage Rates
Data source: City of Flint Comprehensive Annual Financial Reports

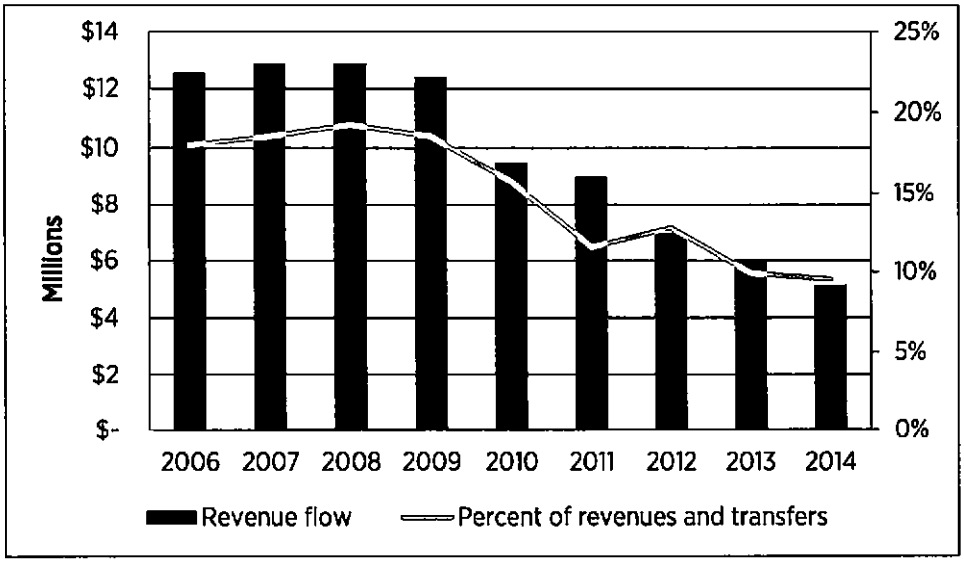


Exhibit IV-6 Flint Property Tax Revenue
Data source: City of Flint Comprehensive Annual Financial Reports

Income Tax

Of the 10 largest cities in Michigan, three are authorized to levy an income tax, including Flint. The income tax rate is 1% for city residents and 0.5% for non-residents. Income tax receipts steadily declined from FY2006 to FY2010 (**Exhibit IV-7**). Since FY2010, this revenue stream has stabilized and seen some slight growth, though it fell again in FY2014.

State Shared Revenue

State shared revenue is generated from a statewide sales tax. Revenue sharing to local governments consists of both constitutional and statutory payments. The constitutional portion is distributed on a population basis. The statutory portion of revenue sharing is defined by a formula based on a combination of population, taxable value per capita, and millage yield (a ratio of the taxable value per mill levied). Starting in FY2012, the statutory revenue sharing was replaced with the Economic Vitality Incentive Program (EVIP).[16] The EVIP allocates funding to cities, villages, and townships based on their ability to satisfy certain criteria, but relies on the old statutory program to determine participation and individual payment amounts. **Exhibit IV-8** shows the breakdown between the

Exhibit IV-7 Flint Income Tax Revenue
Data source: City of Flint Comprehensive Annual Financial Reports

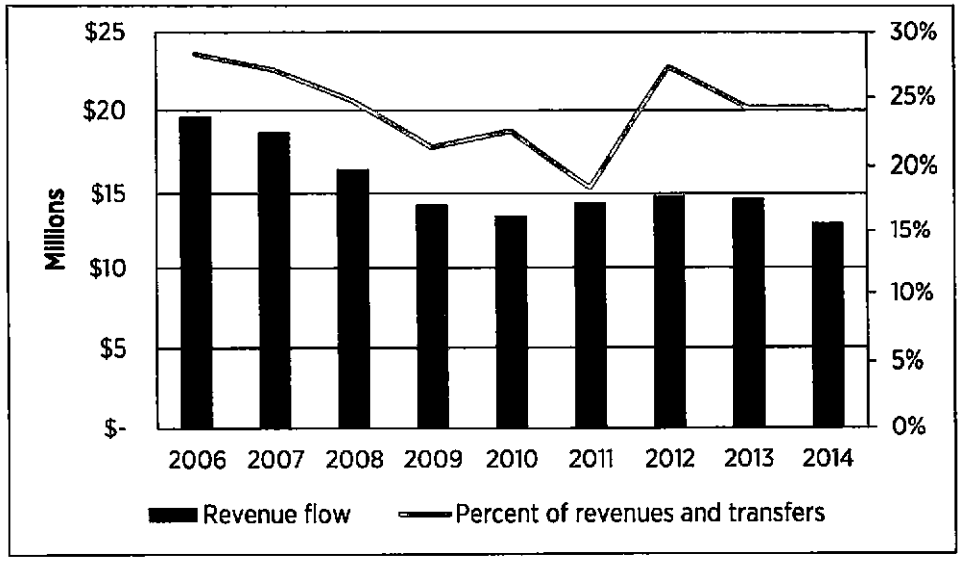
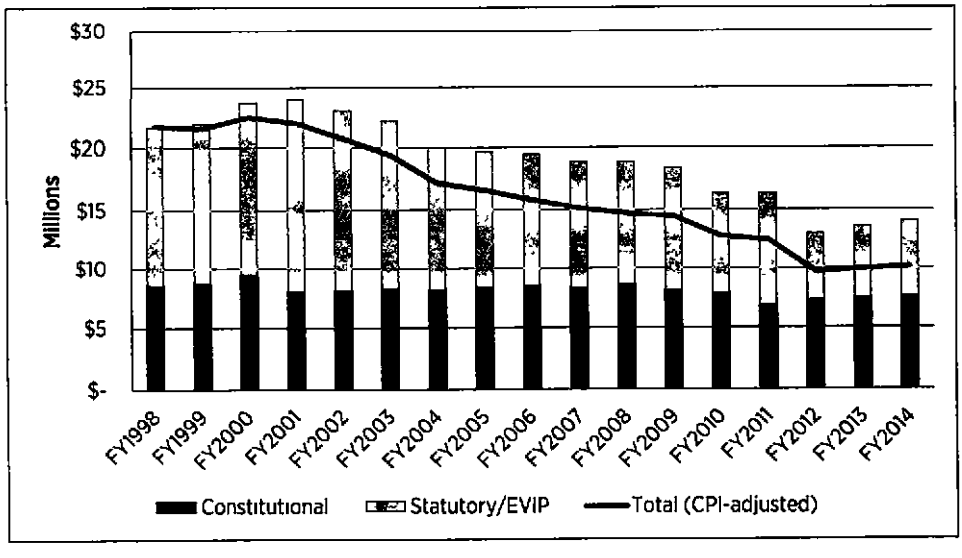


Exhibit IV-8 Breakdown of Flint State Shared Revenue
Data source: Michigan Department of Treasury



constitutional payments and statutory/EVIP payments to the City of Flint since FY1998. While constitutional payments have been fairly constant, there has been a substantial decline in statutory/EVIP payments.

Exhibit IV-9 displays the change in state shared revenue over time as reported in the city's financial audit reports.

Charges for Services

While all other revenue sources have been declining since FY2006, income from user fees and charges for services have actually increased on a nominal basis over the same period (**Exhibit IV-10**). Though it has fluctuated in recent years, the percentage of revenues and transfers from charges for services is still relatively high compared to FY2006. This is indicative of cities undergoing fiscal stress since they seek to replace the typical tax and intergovernmental sources with other revenue streams.

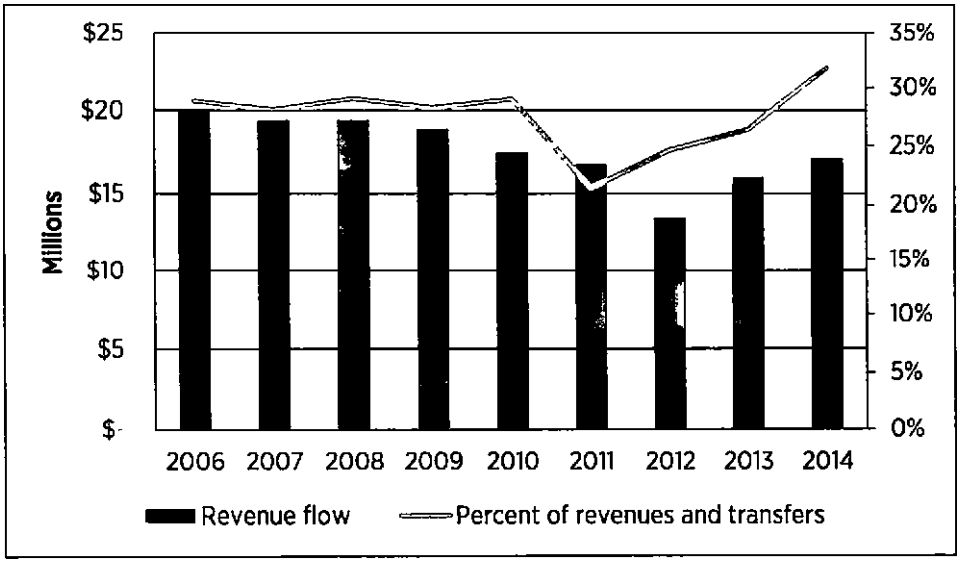


Exhibit IV-9 Flint State Shared Revenue Over Time
Data source: City of Flint Comprehensive Annual Financial Reports

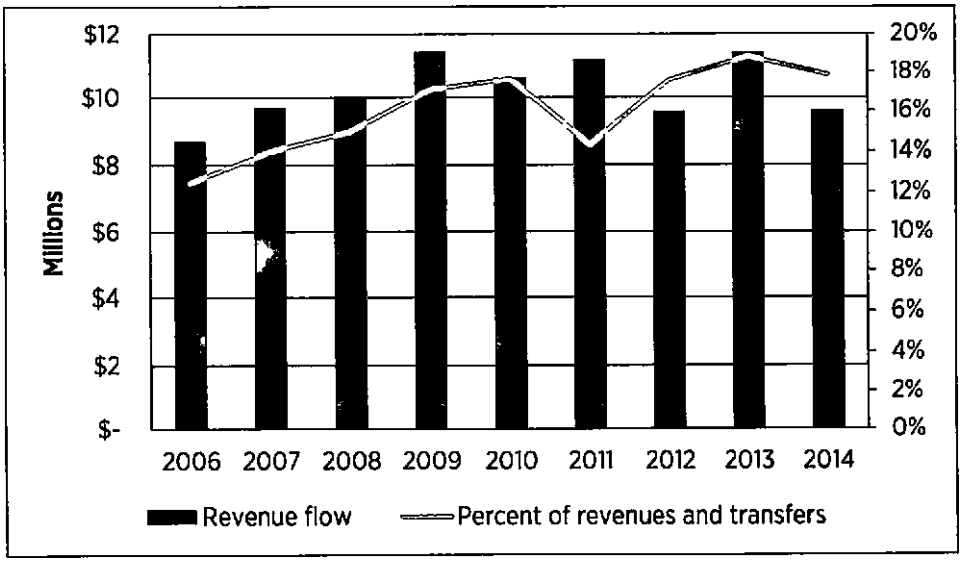


Exhibit IV-10 Charges for Services in Flint
Data source: City of Flint Comprehensive Annual Financial Reports

Expenditures

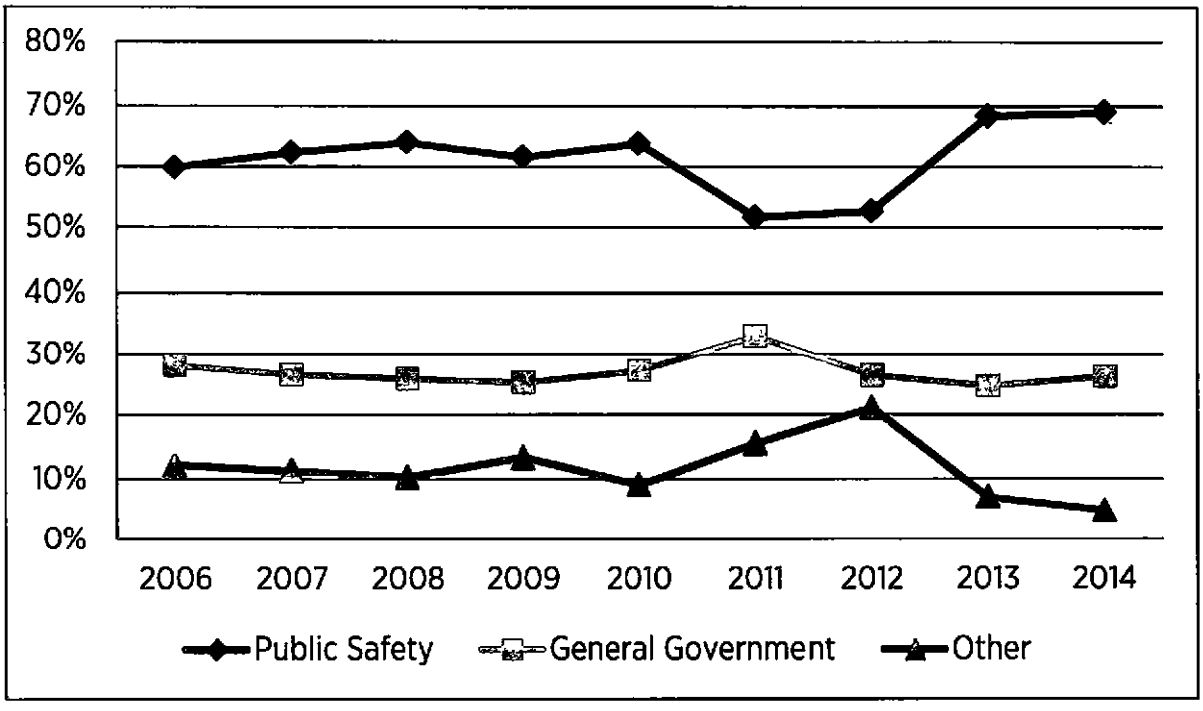
The primary General Fund expenditures are public safety and general government services. In FY2014, 69.1% of spending was allocated to public safety and 26.2% to general government (**Exhibit IV-11**). The following section will detail the spending in various categories for the city of Flint.

Public Safety

Public safety consists of the majority of the General Fund expenditures, and includes the following categories:

- Building inspection
- Combined public safety department
- Emergency dispatch
- Fire department
- Police department

Exhibit IV-11
Share of General Fund Expenditures in Flint
Data source. City of Flint Comprehensive Annual Financial Reports



As discussed in section III, during the November 2012 elections, the voters of Flint approved a 6-mill property tax increase for public safety with 57% approval.[xvii] The proposal also required that 55.5% of General Fund revenues be allocated to public safety budgets (**Exhibit IV-12**). Additional, temporary funding support includes:

- $6.9 million Staffing for Adequate Fire and Emergency Response (SAFER) grant from the Federal Emergency Management Agency (FEMA) awarded in 2012 to avoid laying off 32 fire fighters[11]
- $2.1 million in state funds granted in 2012 to re-open the city's lockup
- $1.8 million grant from the Michigan Department of Treasury Competitive Grant Assistance Program (CGAP) to install a communications tower in the city to expand radio coverage for police and firefighters awarded in April 2013

[11] This grant was awarded twice, but not renewed in 2014.

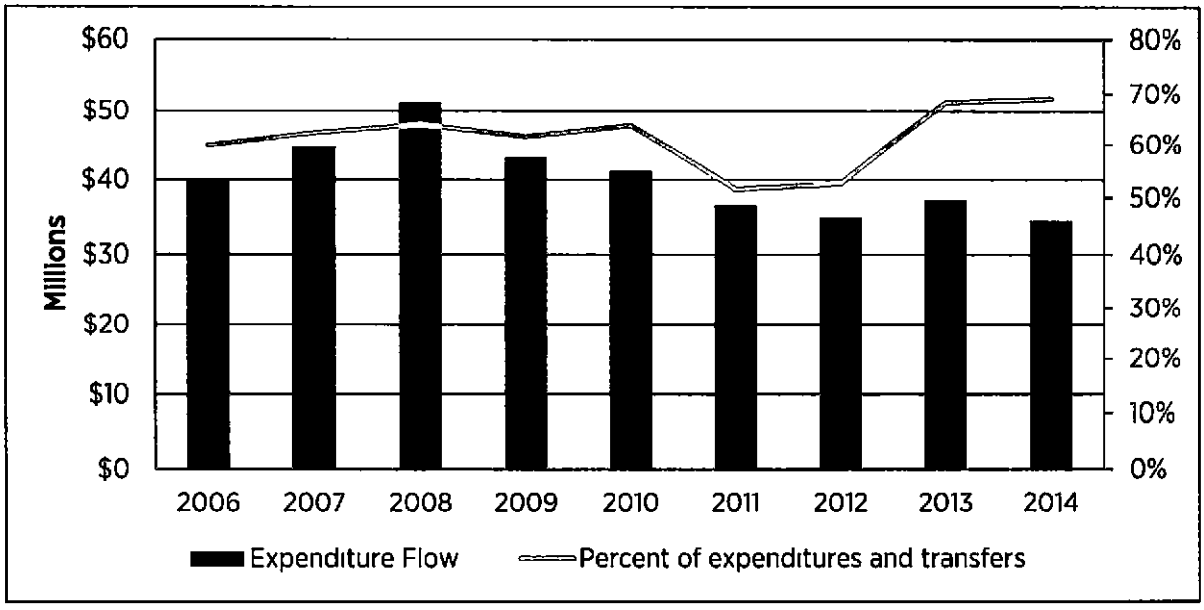


Exhibit IV-12
Flint Public Safety
Data source: City of Flint Comprehensive Annual Financial Reports

General Government

As of FY2014, general government expenditures include the following categories of local government operations:

- Mayor's office
- Finance
- Human relations
- City clerk
- Law office
- Human resources
- City administrator

Expenditures on general government have followed an overall decline since FY2008 (**Exhibit IV-13**). The exception in FY2011 was due to a settlement payment related to a lawsuit against the city regarding the sale of the Genesee Towers building.

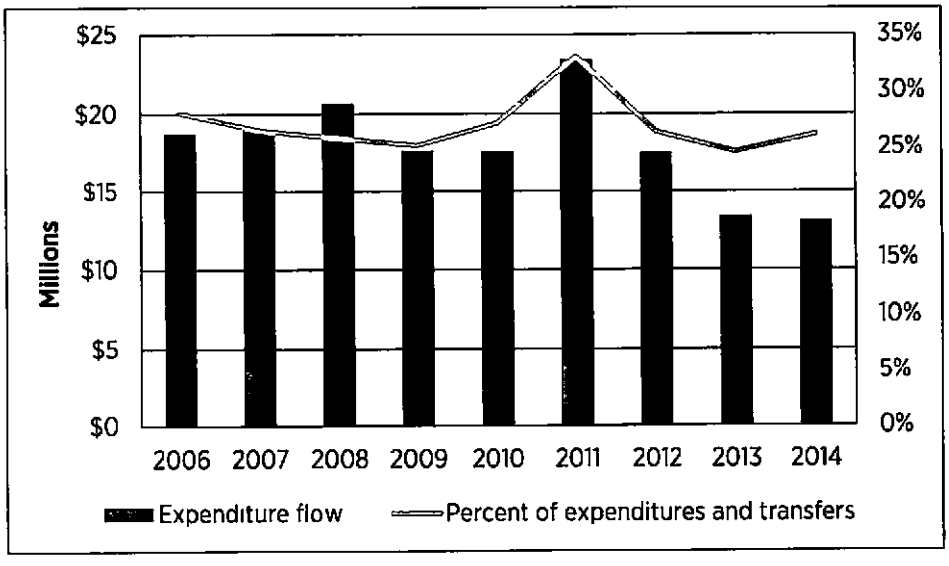
Special Revenue Funds

Revenues and expenditure trends for other governmental funds are shown in **Exhibit IV-14**. These include special revenue funds and debt service funds. As of FY2014, special revenue funds consist of the following types of funds:

- Major streets
- Local streets
- Neighborhood policing
- State Act 251 – forfeitures
- EDA Revolving Loan
- Public Improvement Fund
- Parks and recreation
- Senior citizen centers
- City park
- Building department
- Garbage collection
- Street light (special assessment)
- Public safety (special millage)

The city established a special assessment for streetlights in FY2013 to avoid making cuts to public safety. The public safety special millage was discussed in earlier sections of this report. As of FY2014, debt service includes funds from a

Exhibit IV-13 Flint General Government
Data source: City of Flint Comprehensive Annual Financial Reports



parking deck, Windmill Place, and Buick City. Relative to the General Fund, the city government has managed to keep expenditures in pace with revenues. About $6.5 million of the $10 million deficit in FY2011 was due to the Federal Grants Fund. The majority of the remaining deficit consisted of a $2.3 million deficit in the Major Streets Fund.

Proprietary (Enterprise) Funds

The City of Flint's two proprietary funds include water supply and sewer disposal operations. Prior to FY2012, Hurley Medical Center and the Golf Division were considered business-type activities as part of the city government under proprietary funds. However, starting in FY2012, the city began presenting Hurley as a separate component unit in the audit report, and in March 2012, the city entered into agreements with Flint City Golf, LLC, and the Mott Park Public Golf Course Association to operate the city's golf courses.

Historically, the City of Flint purchased Lake Huron water from the Detroit Water and Sewerage Department (DWSD). Per a resolution that authorized the sale of Drinking Water Revolving Fund bonds, the city government sets its water rates to cover expenses of the administration and operation of the water system. These expenses include the rates charged by the DWSD, which had increased on average by 10% per year. The rates must be sufficient to pay an amount equal to 125% of principal and interest on bonds and any other obligations. In January 2011, the city increased water and sewer rates by 25% and 22% respectively. Another increase of 35% on both water and sewer rates followed in September 2011 in order to meet these revenue requirements.

In April 2013, the city ended its contract with DWSD, and opted instead to contract with the Karegnondi Water Authority (KWA) to build a pipeline from Lake Huron to Genesee County. Effective October 1, 2013, the City of Flint entered into a contract to purchase water from the KWA, with the pipeline expected to be completed in July 2016. The city officially switched its water source to the Flint River in April 2014, to be used until the agreement with the KWA came into effect. However, the city and its residents have experienced several issues with water quality since then.[xviii]. Flint was awarded $2 million from the state through Michigan's Financially Distressed Cities, Villages, and Townships Grant Program to improve its water infrastructure and quality[xix].

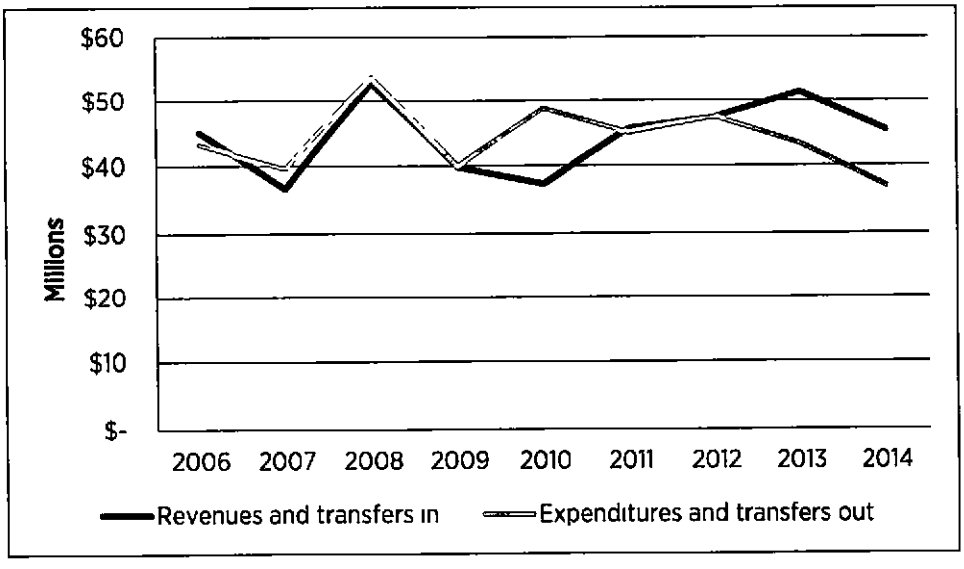


Exhibit IV-14 Other Flint Governmental Funds Revenues and Expenditures
Data source: City of Flint Comprehensive Annual Financial Reports

In general, the revenues and transfers into the water supply fund have exceeded expenditures and transfers out (**Exhibit IV-15**).

In contrast, the sewer disposal fund had seen major deficits annually up until FY2013 (**Exhibit IV-16**). One major contributor to the operating losses associated with this fund is internal borrowing by other funds. This will be discussed in more detail in section V.

Exhibit IV-15 Flint Water Supply Fund Revenues and Expenditures
Data source: City of Flint Comprehensive Annual Financial Reports

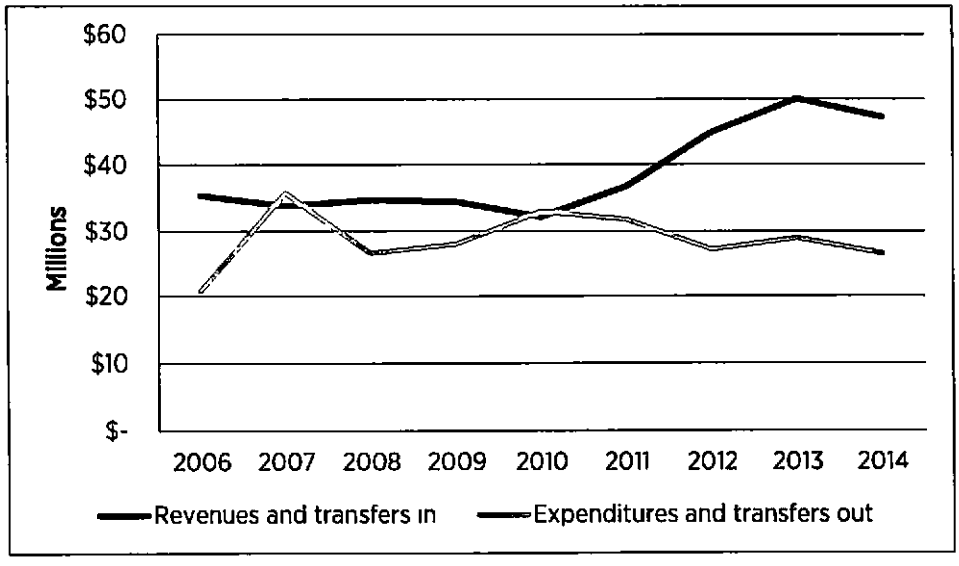
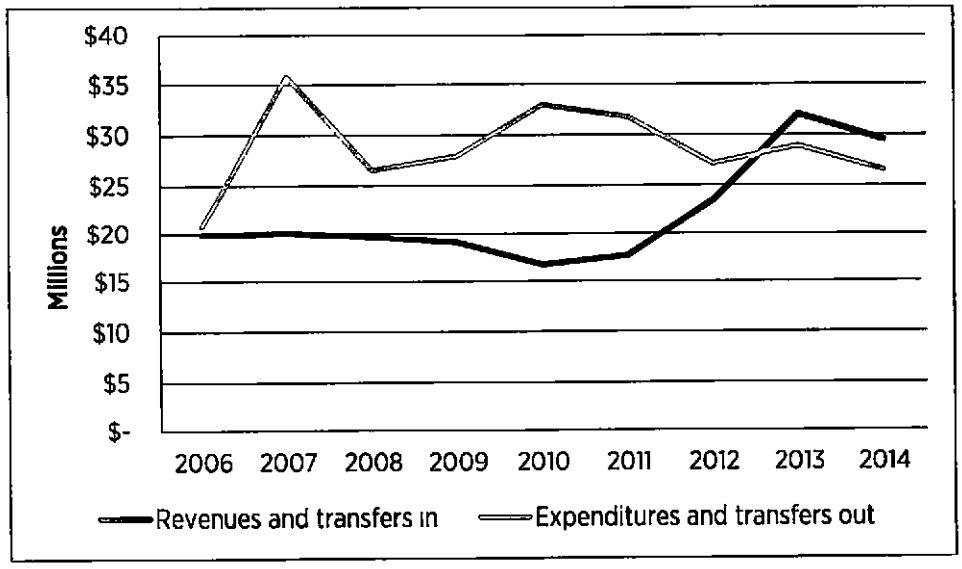


Exhibit IV-16 Flint Sewer Disposal Fund Revenues and Expenditures
Data source: City of Flint Comprehensive Annual Financial Reports



Internal Service Funds

The City of Flint allocates the internal service funds for data processing, fringe benefits, central maintenance garage, and self-insurance. Internal service funds should be self-sustaining through charges for services to other departments and funds. However, this is not always the case, as shown by the positive figures for "Transfers In" in **Exhibit IV-17**. The Central Maintenance Garage Fund received incoming transfers for six consecutive years. On average, these transfers amount to about 28% of operating costs annually. There was an exception in FY2013, in which the Central Maintenance Garage Fund issued an outgoing transfer to the Garbage Collection Fund in order to transfer proceeds related to the sale of city garbage trucks.

Exhibit IV-17 Flint Internal Service Fund Revenues and Expenditures (in thousands)
Data source: City of Flint Comprehensive Annual Financial Reports

Fiscal year	2006	2007	2008	2009	2010	2011	2012	2013	2014	Variation $	Variation %
Revenues and Transfers In											
Charges for services	$ 32,159	######	$ 41,269	$ 39,817	$ 35,715	######	######	$40,051	######	$ 22,931	71%
Transfers In	-	1,039	2,147	1,546	1,789	1,363	1,876	(1,500)	(1,072)	(1,072)	100%
Gain on Disposal of Capital Assets	-	-	-	-	-	-	-	1,047	155	155	
Investment Income	134	281	177	98	110	17	8	(83)	(6)	(139)	-104%
Revenues and transfers in	32,293	49,044	43,593	41,461	37,615	46,288	52,088	39,515	54,168	21,875	68%
Expenditures											
Data Processing	2,104	2,149	2,360	2,868	2,032	2,367	2,887	2,019	2,376	272	13%
Central Maintenace Garage	4,013	5,179	6,439	6,020	5,370	5,613	5,148	3,976	3,372	(641)	-16%
Self Insurance	2,770	17,715	5,180	3,173	2,028	8,706	3,813	2,387	1,399	(1,371)	-50%
Fringe Benefits	23,406	24,577	29,157	29,874	27,592	28,754	30,847	27,476	49,291	25,885	111%
Expenditures and transfers out	32,292	49,619	43,136	41,935	37,022	45,439	42,695	35,858	56,437	24,145	75%
Net change in	1	(575)	457	(474)	592	849	9,393	3,657	(2,269)		
Fund balance - beginning	2,856	2,856	2,281	2,738	2,264	2,857	3,706	13,099	16,756		
Fund balance - ending	$ 2,856	$ 2,281	$ 2,738	$ 2,264	$ 2,857	$ 3,706	$13,099	$ 16,756	$14,487		

V. Debt

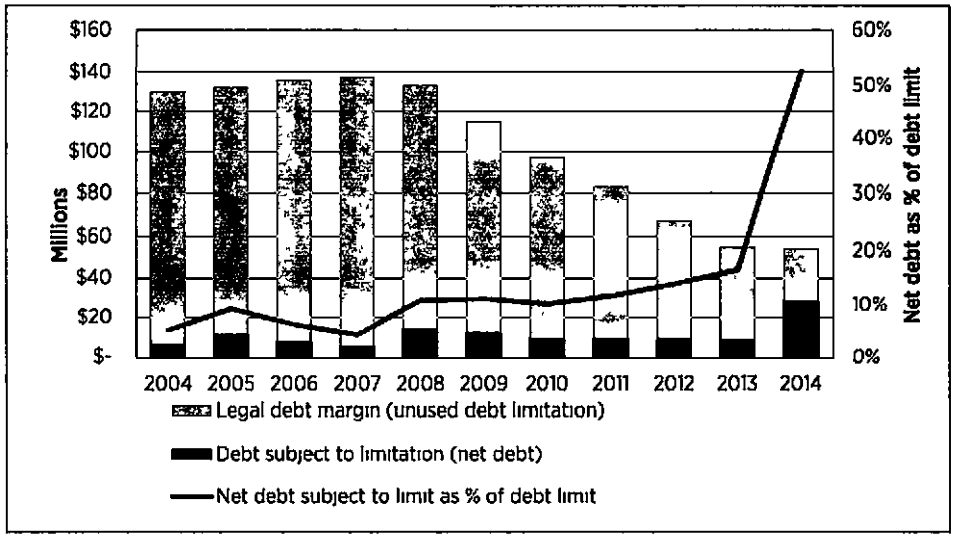
The City of Flint's bond rating has not been updated since the 2011 case study was written. The last bond rating was performed by Moody's Investor Service in February 2006. At that time, the City of Flint was assigned a rating of Bal with a stable outlook.

According to the city's financial audit reports, the City Charter limits net debt to 7% of the assessed value of the real and personal property in the city. **Exhibit V-1** discloses breakdown of the city's net debt limit since 2004. While the absolute amount of the city's debt has been fairly stable over time, the decline in property values in the city has closed the legal debt margin considerably (**Exhibit V-1**). As a result, the net debt as a percentage of the debt limit has jumped from about 4.3% in FY2007 to 16.6% in FY2013.

Many cities with chronic fiscal stress have a significantly large debt burden, which has not necessarily been the case for the City of Flint. The 2011 case study noted that this issue of fiscal distress was mainly due to the lack of capacity to issue debt or manage a long-term capital improvement program. In FY2011, the City made its final payment on an $8 million financial recovery bond issued in 2004 when it was operating under the authority of a state-appointed EFM. As noted earlier, the current level of fiscal stress has caused the City of Flint to seek $20 million fiscal stabilization bonds, of which it received $8 million. These funds are intended to address the chronic cash shortage and unfunded prior operating expenditures. Recurring cash shortages and the need to finance prior years' operations are often considered additional red flags indicating chronic fiscal stress.

Another symptom of chronic fiscal stress is an increased reliance on internal borrowing, another trend that has continued since the 2011 case study. When the City of Flint has difficulty obtaining external financing at a reasonable rate, cash from internal funds becomes a default source of borrowing. **Exhibit V-2** summarizes interfund borrowing activity since FY2006. The nature of this type of activity is generally related to operating transactions among funds. The City of Flint has used this to address cash shortages at the close of the fiscal year. The "Due to/from Other Funds" section is related to short-term loans, while the

Exhibit V-1 Flint Long-Term Debt Limit
Data source: City of Flint Comprehensive Annual Financial Reports



"Advances to/from Other Funds" is related to long-term loans. A concern arises when these balances are significant in dollar amounts and present for more than one year. The City of Flint's General Fund has relied on short-term interfund resources for seven out of the last nine fiscal years and long-term interfund resources since FY2012. As shown in **Exhibit V-2**, the primary lending fund for these transfers has been the Sewer Disposal Division Fund, which contributes to the fund's long-term structural deficit, as reported in **Exhibit IV-16** on page 26. The short-term balance of approximately $13.2 million at June 30, 2013, equates to almost 25% of General Fund revenues for FY2014.

In July 2012, the Flint City Council President, along with three other residents, filed a lawsuit against the city, claiming that the water and sewer rate increases in 2011 violated city ordinances.[xx] The claim was that because water and sewer funds have been transferred to the General Fund, additional funds raised had not been allocated toward their intended purposes. A Genesee County Circuit Court judge dismissed the case in June 2013, claiming that the rate increases were in compliance with Public Act 4, which granted legal power to emergency managers to make rate increases to reflect true operating costs.

As noted in the 2011 case study, advances among funds are often formalized in a written note with specific payment terms including an interest rate. The City of Flint has used advances to fund capital equipment purchases in its internal services funds. Such reliance on interfund borrowings may restrict the lending fund's financial flexibility and use of resources for the designated purpose. Recent advances from the Sewer Disposal Division Fund to the General Fund represent return on equity.

Exhibit V-2 Flint Interfund Borrowing for FY 2006 through FY 2014
Source: City of Flint Comprehensive Annual Financial Reports

Due to/from Other Funds

Fiscal year	2006	2007	2008	2009	2010	2011	2012	2013	2014
Due to:									
Sewer Disposal Division Fund	**$ 10,371,382**	**$ 3,677,506**	**$ 20,161,971**	**$ 20,076,951**	**$ 15,532,804**	**$ 10,524,275**	**$ -**	**$ -**	**$ -**
Self Insurance Fund	-	15,700,000	16,505,386	11,533,250	-	-	-	-	-
Others	9,344	-	-	263,503	7,849,233	12,326,801	18,281,313	9,681,892	9,637,895
	$ 10,380,726	$ 19,377,506	$ 36,667,357	$ 31,873,704	$ 23,382,037	$ 22,851,076	$ 18,281,313	$ 9,681,892	$ 9,637,895
Due from:									
General Fund	**$ 7,279,154**	**$ -**	**$ 14,653,786**	**$ 17,169,931**	**$ 18,002,907**	**$ 14,491,155**	**$ 10,911,215**	**$ 6,312,097**	**$ 13,216,455**
Special Revenue Funds	1 987 245	1 977 579	2,915 148	2,470,945	3 024 856	3 426 800	2,929,238	2,518,595	-
Internal Service Funds	495,116	973,629	216,290	66,535	115 959	-	-		
Pension Trust Funds	609,867	309,265	1 125,312	-	-	-	-	-	-
Enterprise Fund	-	413 729	1,251 435	369,540	1,387,115	708,044	3,589,660	-	-
Fiduciary		3,304	-	-	-	-	-	-	-
Sewer Disposal Division Fund		15,700,000	16,505,386	11,533,250	851,200	4,225,077	851,200	851,200	-
Others	9,344	-	-	263,503	-	-	-	-	-
	$ 10,380,726	$ 19,377,506	$ 36,667,357	$ 31,873,704	$ 23,382,037	$ 22,851,076	$ 18,281,313	$ 9,681,892	$ 13,216,455

Advances to/from Other Funds

Fiscal year	2006	2007	2008	2009	2010	2011	2012	2013	2014
Advance from:									
Sewer Disposal Division Fund	**$ 5,251,361**	**$ 6,094,131**	**$ 4,940,753**	**$ 9,266,399**	**$ 2,426,749**	**$ 1,348,618**	**$ 10,522,453**	**$ 9,800,000**	**$ 2,660,000**
Water Supply Division Fund	-	-	-	-	-	-	1,000,000	1,000,000	1,130,000
	$ 5,251,361	$ 6,094,131	$ 4,940,753	$ 9,266,399	$ 2,426,749	$ 1,348,618	$ 11,522,453	$ 10,800,000	$ 3,790,000
Advance to:									
Internal Service Funds	**$ 4,539,404**	**$ 5,524,565**	**$ 4,513,579**	**$ 7,279,154**	**$ 2,426,749**	**$ 1,348,618**	**$ 522,680**	**$ -**	**$ -**
Enterprise Fund	711,957	569,566	427,174	1,987,245	-	-		-	-
General Fund	-	-	-	-	-	-	10,999,773	10,800,000	3,790,000
	$ 5,251,361	$ 6 094,131	$ 4 940 753	$ 9,266,399	$ 2,426,749	$ 1,348,618	$ 11,522,453	$ 10 800,000	$ 3,790,000

VI. Personnel Costs

Annual Earnings and Benefits

The City of Flint's payroll has declined by almost 1,000 full-time equivalent employees, about 63%, since 2001 due to attrition and downsizing (**Exhibit VI-1**). This breaks down to a 59% reduction in public safety employees and a 65% reduction in other city employees. The majority of this reduction has taken place since 2008.

Pension Benefits

The City of Flint has a defined benefit pension plan with a benefit that ranges from 1.7% to 2.6% of the participant's Final Average Compensation (FAC) based on the last three years of credited service, multiplied by the years of credit service based on the date of hire. Employees who retire at or after age 55 with 10 years of credited service (eight years for appointed officials) or those members with 25 years of credited service (23 years for police and fire employees), regardless of their age, are entitled to a retirement benefit. Certain police members can voluntarily retire at age 50 with 25 years of service. Benefits fully vest on reaching 10 years of service with the benefit payable at age 55. The plan requires employee contributions ranging from 0% to 9%.

Beginning in October 2012, the City of Flint closed out its single-employer plan and transferred approximately $270 million of assets to the Michigan Municipal Employees' Retirement System, an agent multi-employer plan that covers substantially all employees of city government. The City of Flint's unfunded pension liability is $241 million, as of its most recent actuarial valuation.

Defined benefit plan pension benefits are determined by following a three-part formula:

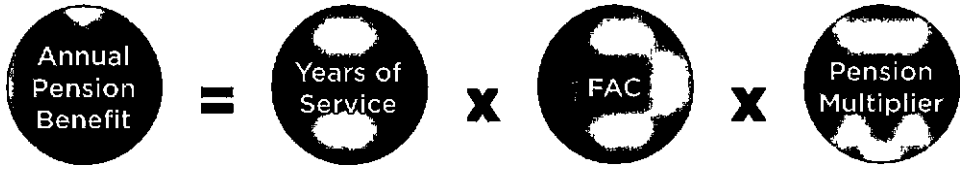
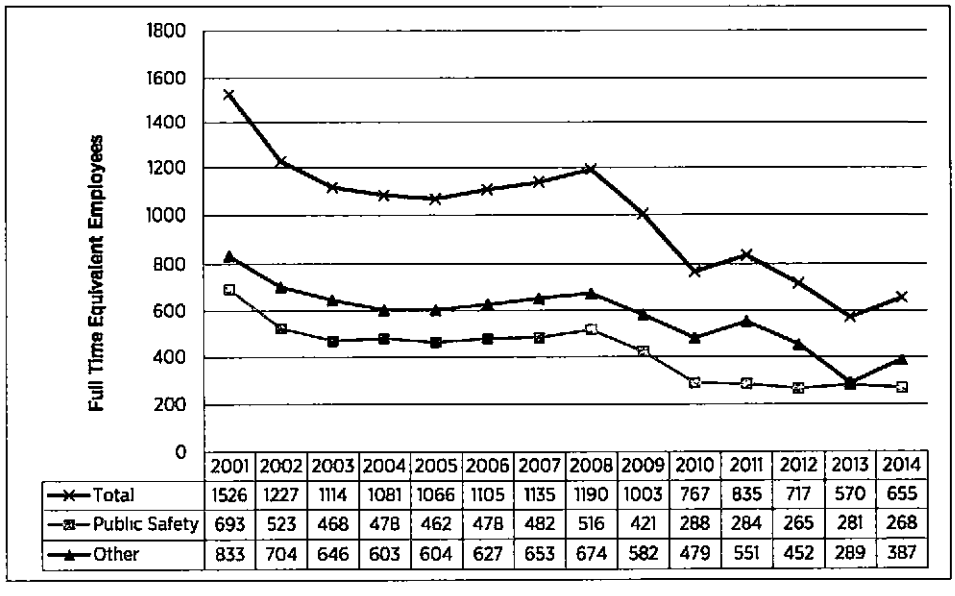


Exhibit VI-1 Flint Full-Time Equivalent Employees
Data source: City of Flint Comprehensive Annual Financial Report



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total	1526	1227	1114	1081	1066	1105	1135	1190	1003	767	835	717	570	655
Public Safety	693	523	468	478	462	478	482	516	421	288	284	265	281	268
Other	833	704	646	603	604	627	653	674	582	479	551	452	289	387

Years of Service – Years of service is based on actual employee service, although sometimes the employee or employer may "buy" years of service at an actuarially determined cost. Unless this is fully funded in advance, it increases the long-term liability.

Final Average Compensation (FAC) – The final average compensation is the average of wages or salary paid to the employee based on a predetermined number of years. Identifying what type of compensation is included in the FAC is important. If it includes overtime, vacation leave payout, longevity, and other pay items, the cost to the employer increases. When the FAC is determined using fewer years, typically the benefit is higher since it is based on highest years. When the FAC period is very short, even small increases in overtime, compensatory time payout, or accrued leave time payout will increase the pension. This is the reason some retirees' actual pension benefits are higher than their regular full-time pay as active employees.

Pension Multiplier – The pension multiplier represents a percent of pay for each year of service.

A cost of living adjustment (COLA) provides an annual increase in benefit retirement. A COLA benefit of E2 provides a 2% annual increase in pension for retirees. Granting automatic pension increases can further constrain future administrations. Employers typically have a pension plan design where they may instead grant a one-time COLA adjustment to retirees.

The proportion of the Annual Required Contribution (ARC) that the city government has contributed to cover pension expenses has improved over the past several years (**Exhibit VI-2**). For every year since FY2009, the City of Flint has contributed at least the ARC amount.

Flint's pension Unfunded Accrued Actuarial Liability (UAAL) has increased from $194 million in 2006 to $323 million in 2011, which was the time of the last actuarial valuation (**Exhibit VI-3**). The funded ratio fell during this time from 81% to 61%.

Exhibit VI-2 Flint Pension – Actual vs. Annual Required Contribution

Data source: City of Flint Comprehensive Annual Financial Reports

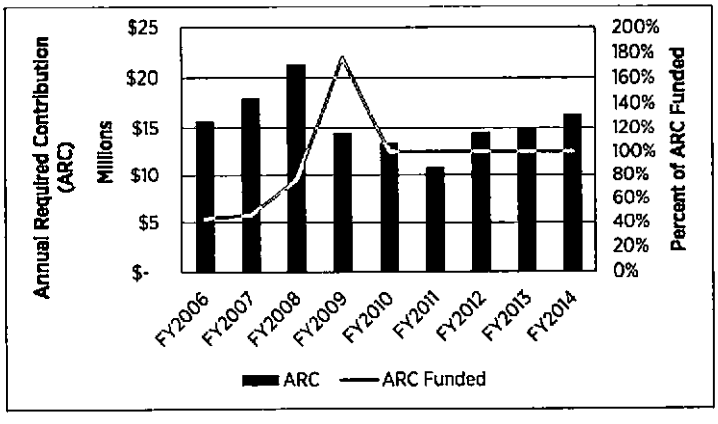
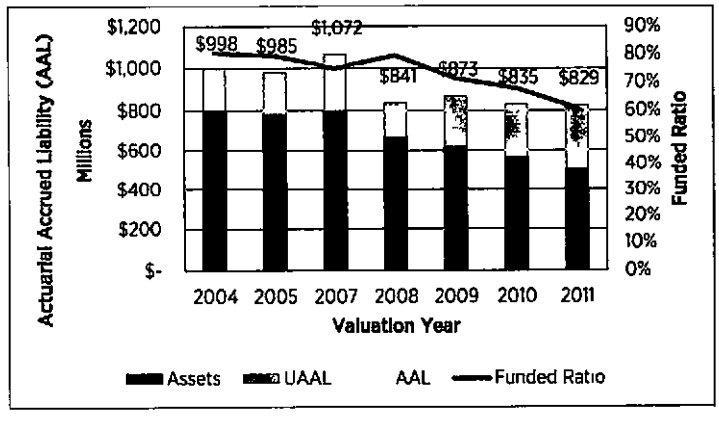


Exhibit VI-3 Flint Pension Funding Status

Data source: City of Flint Comprehensive Annual Financial Reports



Other Post-Employment Benefits

The City of Flint contributes to other post-employment benefits (OPEB) for public safety and general employees under collective bargaining agreements of Local 1799, Local 1600, and Fire Local 352. The proportion of the ARC that the city has paid to cover OPEB expenses has improved over the past couple years, from 31% in FY2011 to only 114% in FY2014 (**Exhibit VI-4**).

Since its actuarial valuation in 2006, the City of Flint's unfunded OPEB liability has been cut by $468 million. The city government began advance funding its OPEB plan in FY2012, which has been reflected in its 2012 actuarial valuation. As of this valuation, the plan is 0.1% funded, though that dropped to 0% in the 2013 valuation (**Exhibit VI-5**).

Exhibit VI-4 Flint Other Post-Employment Benefits – Actual vs. Annual Required Contribution
Data source: City of Flint Finance Department and Comprehensive Annual Financial Reports

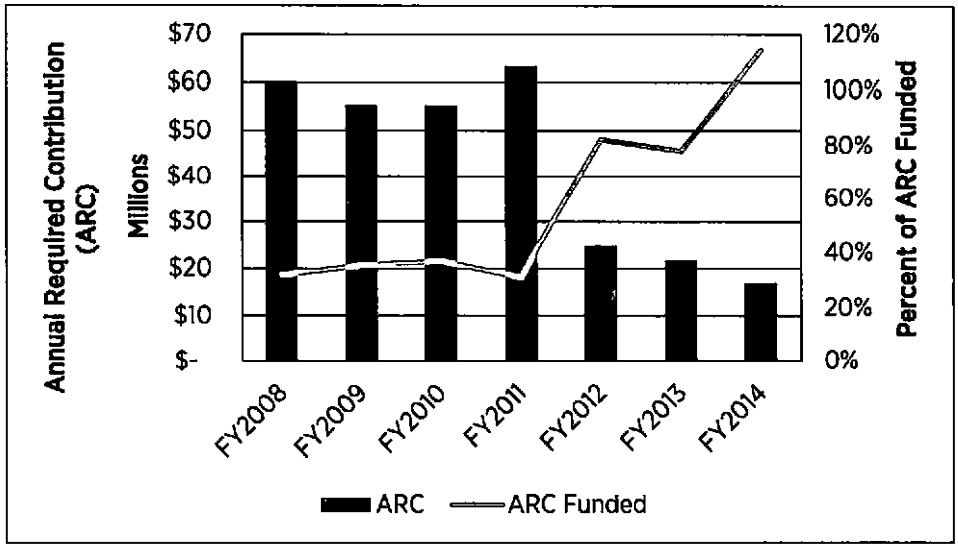
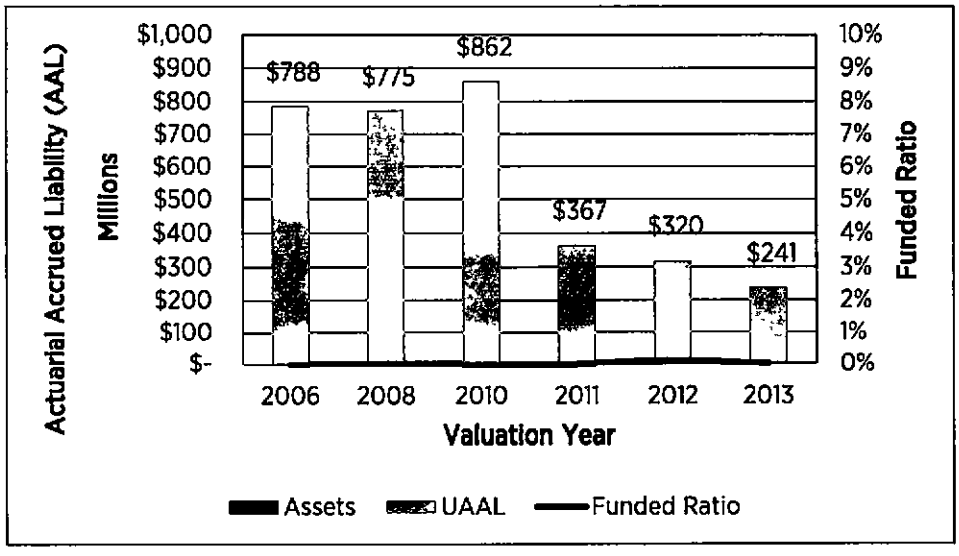


Exhibit VI-5 Flint Other Post-Employment Benefit Funding Status
Data source: City of Flint Comprehensive Annual Financial Reports



VII. Conclusion

On April 30, 2015, Gov. Rick Snyder rescinded the financial emergency in Flint and restored home rule and the power of the city's elected officials. It had been more than 10 years since the last time such an event occurred in Flint in the summer of 2004. Many questions still continue to swirl around the city's fiscal and economic future. A review of the reforms and changes that occurred since the appointment of an emergency manager in 2011 is a useful starting point for the city to understand the future fiscal trajectory it faces. This review will allow local and state officials to assess the reforms and changes in place and shape the future fiscal policy of the city of Flint, Michigan.

Changes implemented by the four emergency managers appointed to oversee Flint's finances were aimed at reducing the city's considerable budgetary deficit through reducing its financial obligations, especially pensions and other retiree benefits, while increasing city revenue. Some of the most significant changes have impacted the employees and retirees of the City of Flint. These two groups were the most important creditors of the city government. They remain so. Like many city governments in Michigan, Flint does not carry a large debt burden outside of water and sewer borrowing. This means that city retirees and employees are the groups owed the most by the city government and therefore, will be the most directly impacted during a financial reorganization following a fiscal crisis.

The structure of the city government was changed, with staffing reduced by 20%. A city administrator, who will serve as the city's chief administrative officer, was hired on a five-year contract. Among other responsibilities, the city administrator has the authority to negotiate collective bargaining agreements with the city's employee unions.

Reforms were also made to the way the city's budgeting practices, requiring two-year budgeting and three-year financial forecasts to be performed annually. This will allow city officials to identify and potentially deal with budgetary issues before they occur. The city government also adopted a master plan for the first time since the 1960s. The master plan identifies a vision for the city. It was developed with considerable input from the residents of Flint.

The electorate of Flint passed a referendum to have a Charter Review Commission put in place in the summer of 2015. The nine-member commission was elected in May of 2015. It will review the entire charter and assess options for reform. This is an excellent opportunity for the commission and the citizens of Flint to evaluate the current charter and determine a path forward for the city government that includes short-and long-term solvency.

The emergency manager signed a number of final orders before leaving office in April 2015. These orders involved the city council including agenda and meeting dates. They also included setting the special assessment for street lighting, restoring mayor and city council compensation, and adopting a set budget for FY 2016 and 2017. In addition, they included an order ensuring compliance with the so-called hard cap section of PA 152 of 2011 stating that the city shall not pay more than 80% of employee healthcare plans.

The final and perhaps most important order of the Flint emergency manager was issued on April 30, 2015. The overall purpose of the order is to ensure that the mayor and city council shall implement reforms and changes to maintain the fiscal stability of the city government. These provisions included following the recommendations of the Receivership Transition Advisory Board (RTAB) and city administrator. Specific other actions include 1) fully funding the annual pension requirement, 2) not interfering with city employees, 3) observing the budget ordinance, 4) ensuring all local laws are consistent with state laws, 5) not issuing debt without approval of the RTAB, 6) documenting all city liabilities, 7) verifying the appropriate eligibility requirements of all official city positions, 8) acting expeditiously on all economic development projects, and 9) reviewing and acting expeditiously on all intergovernmental cooperation initiatives by the city administrator. All of these provisions are intended to ensure that the city government, as dictated by the mayor and city council, follow certain practices and recommendations that are intended to maintain fiscal stability and solvency. These types of provisions were not in place after the 2002-04 crisis.

The city administrator is also subject to a number of provisions in the final EM order. These provisions include 1) overseeing day-to-day operation of city government, 2) negotiating and recommending changes to bargaining unit contracts to the RTAB, 3) submitting regular reports on city progress, 4) ensuring full compliance with PA 436 of 2012, 5) not removing city administrator without approval of RTAB, 6) observing all purchasing order ordinances, and 7) serving as primary interface between city council and city employees. Again, all of these provisions are meant to ensure the fiscal stability of the city government.

The changes made by the emergency managers have improved Flint's financial position. The general fund deficit was reduced from its peak of over $19 million in FY2012 to just over $8 million in the most recent fiscal year. The city has applied for a $7 million loan from Michigan's Emergency Loan Board, which would effectively eliminate

this deficit. Pension and OPEB liabilities have been significantly reduced, and reforms to employee collective bargaining agreements have reduced future legacy costs. Other cost-saving measures include transferring emergency dispatch to Genesee County and contracting out waste collection.

Despite the progress made since a fiscal emergency was declared in 2011, the City of Flint still faces considerable challenges to its fiscal solvency. Outgoing emergency manager Jerry Ambrose mentioned some of these in his final letter, including the lawsuit filed on behalf of Flint's retirees over changes made to their healthcare benefits, the structural deficit that still exists in the city's financial projections, challenges to fund the city's public safety needs, and the city's ageing infrastructure.

The overall Flint fiscal playbook that has been enacted by the state government and its emergency managers serves as an important template for these types of interventions.[12]

The first part of the playbook is that any reforms or changes must be in reference to the largest component of the fiscal problem, which in this case related to liabilities owed to employees and retirees. Many important changes were made to wages and compensation, pension system benefits, medical benefits and other such liabilities. Of equal or perhaps greater importance, there are a number of safeguards now in place to ensure that these changes remain in place for a long period. Any adjustments to these reforms must go through the city administrator and the RTAB. These safeguards are obviously meant to prevent any backsliding to previous wage or benefit levels. It is this type of activity that led to the most recent crisis, as changes made by the emergency financial manager in 2004 were not kept in place and most of those changes were rescinded by the elected officials between 2004 and 2011. Those changes, combined with the worst recession since the Great Depression, meant that the city faced short- and long-term fiscal insolvency in 2011.

[12] This statement is not meant as recommendation or approval for the state emergency manager law. There are many dimensions upon which the state emergency manager should be assessed. This statement is simply meant to reflect that, in following this path, the Flint experience, with one of the state's largest cities, may be an important reference point.

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Endnotes

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Vandegrift, Drew (TREASURY)

From: Heimann, Alexandr (TREASURY)
Sent: Wednesday, October 28, 2015 3:17 PM
To: Vandegrift, Drew (TREASURY)
Cc: Cline, Richard (Treasury)
Subject: RE: New reports on Flint and local government issued by MSU
Attachments: MSU Extension Report Summary - Beyond State Takeovers V2.docx; MSU Extension Report Summary - The Flint Fiscal Playbook.docx

Sorry,

Just to add another version of "Beyond State Takeovers" the intended audience appears to be the Mott Foundation.

Alexandr Heimann
Municipal Anlayst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-2434

From: Heimann, Alexandr (TREASURY)
Sent: Wednesday, October 28, 2015 3:10 PM
To: Vandegrift, Drew (TREASURY) <VandegriftD@michigan.gov>
Cc: Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: RE: New reports on Flint and local government issued by MSU

Eric,

This is a draft summary of these two documents, if Drew is able (and assuming it still needs to get done) I would very much welcome the input from someone with his level of knowledge and expertise on these things. However, these are my comments on these two articles.

The Flint Fiscal Playbook appears to just be a Case Study that documents the events that led up to, and happened during, the State's takeover of Flint. It does not appear to make an overall point, certainly not one that Ed would be too interested in. It's a good read, but I am sure that he is aware of all of these events already.

Beyond State Takeovers, is very critical of EMs nationally, and Michigan is specifically highlighted. I documented all elements from that article that I believe Ed would need to be made aware of.

Please let me know if you need anything else.

Regards,

Alexandr Heimann
Municipal Anlayst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-2434

From: Heimann, Alexandr (TREASURY)
Sent: Wednesday, October 28, 2015 1:31 PM
To: Vandegrift, Drew (TREASURY) <VandegriftD@michigan.gov>
Cc: Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: FW: New reports on Flint and local government issued by MSU
Importance: High

Drew,

Eric wants you and I to look into this ASAP, the higher ups are looking for a summary and I was hoping that we could coordinate our efforts to reduce the amount of time this would take.

Please call me when you get into the office.

With regard,

Alexandr Heimann
Municipal Anlayst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-2434

From: Cline, Richard (Treasury)
Sent: Wednesday, October 28, 2015 1:24 PM
To: Heimann, Alexandr (TREASURY) <HeimannA@michigan.gov>
Subject: FW: New reports on Flint and local government issued by MSU
Importance: High

FYI

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
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Sent: Wednesday, October 28, 2015 1:18 PM
To: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>; Vandegrift, Drew (TREASURY) <VandegriftD@michigan.gov>
Subject: Fwd: New reports on Flint and local government issued by MSU

Can someone read these right away and do a summary quickly. Thanks

Sent from my iPhone

Begin forwarded message:

> **From:** "Scorsone, Eric" <scorsone@anr.msu.edu>
> **To:** "Amrhein, John" <amrhein@anr.msu.edu>, "Arnold Weinfeld (Arnold.Weinfeld@primacivitas.org)" <Arnold.Weinfeld@primacivitas.org>, "Adrienne Lu (alu@pewtrusts.org)" <alu@pewtrusts.org>, "Khouri, Claire (GOV)" <KhouriC@michigan.gov>, "Alicia Kitsuse (akitsuse@mott.org)" <akitsuse@mott.org>, "Andy Dillon (adillon@conwaymackenzie.com)" <adillon@conwaymackenzie.com>, "Anne Blankenhorn (ABlankenhorn@senate.michigan.gov)" <ABlankenhorn@senate.michigan.gov>, "Alan Mallach" <amallach@comcast.net>, "Allen Bass" <gabass@pobox.com>, "avanderberg@miottawa.org" <avanderberg@miottawa.org>, "Amanda Wright (amandawright529@gmail.com)" <amandawright529@gmail.com>, "Anne Marie Langan" <Anne@detroitmi.gov>, "fwd_schmid" <schmid@msu.edu>, "blarkin@flintandgenesee.org" <blarkin@flintandgenesee.org>, "Beyea, Wayne" <beyea@anr.msu.edu>, "Brian McGrain (mcgrain@cedam.info)" <mcgrain@cedam.info>, "Ballard, Charles" <ballard@msu.edu>, "Bernstein, Douglas [DBernstein@plunkettcooney.com]" <DBernstein@plunkettcooney.com>, "Bill Mathewson (wmathewson@mml.org)" <wmathewson@mml.org>, "Beecher, Janice" <beecher@msu.edu>, "Brent Hartzell (brentco2000@yahoo.com)" <brentco2000@yahoo.com>, "Bruce A Pietrykowski (bpie@umd.umich.edu)" <bpie@umd.umich.edu>, "bstibitz@michigan.gov" <bstibitz@michigan.gov>, "Chris DeRose (CDeRose@mersofmich.com)" <CDeRose@mersofmich.com>, "CKINNS@osc.state.ny.us" <CKINNS@osc.state.ny.us>, "Cudney, Patrick" <cudney@anr.msu.edu>, "Kyle, Cynthia"

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<timothy.cunningham@dca.nj.gov>, "Tim Daman" <tdaman@lansingchamber.org>, "theresa.singleton@phil.frb.org" <theresa.singleton@phil.frb.org>, "'Thomas Ivacko'" <tmi@umich.edu>, "Tony Saunders" <saunders.tony2@gmail.com>, "Tanya Stoudemire" <Tanya@detroitmi.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Wooten, Richard" <wooten@anr.msu.edu>, "witter@msu.edu" <witter@msu.edu>, "Wortley, Jay (Treasury)" <WortleyJ1@michigan.gov>, "McCauley, Sara (GOV)" <McCauleyS1@michigan.gov>, "YJones@saginaw-mi.com" <YJones@saginaw-mi.com>, "Unice S. Smith (USSmith@ohioauditor.gov)" <USSmith@ohioauditor.gov>, "David Akerly (dakerly@gmail.com)" <dakerly@gmail.com>
Subject: New reports on Flint and local government issued by MSU

Good Morning,

Please find attached some new reports from MSU regarding the Flint EM years (2011-2014) which is a follow-up to our 2011 report on Flint.

Find here the original Flint report:
https://www.cityofflint.com/wp-content/uploads/Reports/MSUE_FlintStudy2011.pdf

The second report documents the role of state government in the fiscal affairs of Local Government. In particular, you will note:

- Page 9, figure 4 that Michigan escalated its local tax limitations more than almost any state except Colorado
- Page 11, figure 5, Michigan is a stick state in regards to local aid
- Page 14, figure 6, MI is ranked as being high cost and high revenue pressure (meaning revenue restrictions) which is the worst of both worlds

Our research points to the fact that Michigan policies are a major part of the cause of local fiscal distress, not the only cause but a major contributing factor. This is the first time we are aware of being able to quantify this conventional wisdom and place it in the fifty state context.

Thank you

Eric

Beyond State Takeovers: Reconsidering the Role of State Government in Local Financial Distress, with Important Lesions for Michigan and its Embattled Cities

MSU Extension White Paper

SUMMARY - 10/28/15

Overall Summary: The authors compare and contrast various methods for dealing with acute local financial distress, mostly focusing on the State of Michigan. They argue that States are largely to blame for creating these distresses, and that no model for addressing these problems would be universally affective. The audience of this White Paper is intended to be the Mott Foundation, recommendations (at the bottom) are intended specifically to help them craft their strategy for helping deal with this issue.

Michigan context: The authors have two main criticisms of the State of Michigan and the Emergency Manager Law:

1. The State of Michigan incubates municipal financial distress, and is largely to blame for them by:
    - Limiting local revenue collection, author argues that Michigan is more aggressive in its local tax limitations than most states (specifically citing the Headlee Amendment of 1978 and Proposal A of 1994)
    - Michigan provides a low level of financial assistance in state aid to its cities and towns, the author also argues that this is dangerous because it further entwines the municipalities' financial fates to the state (and the politics of the state legislature)
    - The State often imposes additional costs through local service burdens
    - The State increases the cost of labor (healthcare spending, level of retirement contributions etc.). Author argues that critical elements of employee benefits are structured by state laws, that in turn municipalities are forced to abide by, and pay for.

2. The state of Michigan's aggressive intervention policy does little to address the consequences of state imposed financial problems. Author claims that:
    - State assumes that mismanagement is the root cause of fiscal distress
    - State's emergency managers tend to only focus on cutting costs, because there is little they can do on the revenue side. Argues that EMs aren't as effective as their national peers because they lack bailout funding, or substantial tools to raise revenues.
    - State early financial intervention is likely to be less effective (than specifically North Carolina) because Michigan has 3X as many Cities to monitor

Author's recommendations:

- Create a state agency that coordinates services, offers technical support, and financial monitoring. Stresses that this should be more of a cooperative work environment.
- There is no single model for state intervention that Michigan can adopt from other states that would be more effective than the one currently in place
- Raise awareness among citizens that the state is also partially to blame for these financial issues

The Flint Fiscal Playbook: An Assessment of the Emergency Manager Years (2011-2015)

MSU Extension White Paper

SUMMARY - 10/28/15

Overall Summary: This is a case study of Flint, looking at the fiscal and economic trends that led to state takeover, a general history of the State's intervention in Flint, and a very limited analysis of that takeover. This article does paint the EMs role in Flint in a somewhat favorable way, but doesn't really make an overall point but merely to document the events that led up to, and included the State's takeover the Flint, and the EM orders that were established as a result.

Hudson, Deanna (TREASURY)

From: Cline, Richard (Treasury)
Sent: Wednesday, October 28, 2015 3:43 PM
To: Hudson, Deanna (TREASURY); Heimann, Alexandr (TREASURY)
Subject: FW: Materials for November 12th RTAB Meeting
Attachments: AP - City Council (October 12, 2015) FINAL.pdf; Summary Minutes - October 12, 2015 (FINAL) RTAB.pdf; AP - City Council (October 26, 2015) FINAL Amended.pdf; Summary Minutes - October 26, 2015 (FINAL) RTAB.pdf; Transmittal Memo 10-20-2015.pdf; City of Flint Budget to Actual Report 9-30-2015.pdf; City of Flint Cash and Investment Summary 9-30-2015.pdf

Deanna/Alex:

Attached is a packet from the City of Flint for the upcoming RTAB meeting.

I am not sure if this will be their only submission, however, it is a start.

For this packet, please begin to review the materials and note any thoughts, concerns, or items that need follow-up.

Be prepared to discuss your observations.

If you wish to discuss the "packet analysis" process, let me know.

Regards,

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Wednesday, October 28, 2015 3:36 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Cc: Natasha Henderson <nhenderson@cityofflint.com>; Sean Kammer <skammer@cityofflint.com>
Subject: Materials for November 12th RTAB Meeting

Good afternoon,

Please find attached materials for the RTAB meeting being held November 12, 2015.

Thank you.

--
Maxine Murray

Executive Assistant to
Mayor Dayne Walling
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint, Michigan

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Meeting Agenda - Final

Monday, October 12, 2015

6:00 PM

Council Chambers

CITY COUNCIL

Joshua M. Freeman, President, Ward 4
Wantwaz D. Davis, Vice President, Ward 5

Eric Mays, Ward 1
Kerry Nelson, Ward 3
Monica Galloway, Ward 7
Jacqueline Poplar, Ward 2
Herbert J. Winfrey, Ward 6
Victoria VanBuren, Ward 8
Scott Kincaid , Ward 9

Inez M . Brown, City Clerk

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

PRESENTATION OF COMMITTEE/COUNCIL MINUTES

150873 Summary Minutes/Flint City Council/Regular Meeting/September 28, 2015

Summary Minutes of the Flint City Council regular meeting held Monday, September 28, 2015, at 6:01 p.m., in the City Council Chambers, 3rd Floor, City Hall.

PUBLIC HEARINGS

None

PUBLIC COMMENT

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes on ANY ITEM PERTAINING TO THIS AGENDA.

PETITIONS AND UNOFFICIAL COMMUNICATIONS

None

COMMUNICATIONS FROM CITY OFFICIALS

150874 Traffic Engineering/Closure Permit

Short-Term Street/Lane Closure Permit dated October 7, 2015, re: Kearsley, Robert T. Longway, Horrigan, Court, and Crapo Streets on Saturday, October 10th (Making Strides Against Breast Cancer Walk).

ADDITIONAL COMMUNICATION

APPOINTMENTS

LICENSES

RESOLUTIONS

NOTE: Resolution No. 150828.1 was referred to today's City Council agenda from the Wednesday, September 30th Planning & Development Committee meeting, while Nos. 150863 and 150864 were referred from the Wednesday, October 7th Finance & Administration Committee meeting.

150828.1 Approval/Obsolete Property Rehabilitation District/Lapeer Road and Averill Avenue

Resolution resolving that the legally described parcels of land situated within the City of Flint, Genesee County, and State of Michigan, be and are hereby established as an Obsolete Property Rehabilitation District (3501 Lapeer Road Area District) pursuant to the provision of the Public Act 146 of 2000, as amended. [NOTE: The district encompasses properties located at 3501 Lapeer Road, 3711 Lapeer Road and 1620 Averill Avenue.]

150863 SAW Grant Agreement/City of Flint/Michigan Finance Authority (MFA)/Michigan Department of Environmental Quality (DEQ)/Strategic Water Quality Initiatives Grant Program

Resolution resolving that the City Administrator, a position currently held by Natasha L. Henderson, is designated as the Authorized Representative for purposes of the SAW Grant Agreement, AND, the proposed form of the SAW Grant Agreement between the City of Flint, the MFA and the DEQ is hereby approved and the Authorized Representative is authorized and directed to execute the SAW Grant Agreement with such revisions as are permitted by law and agreed to by the Authorized Representative, AND, the City of Flint shall repay the Grant, within ninety (90) days of being informed to do so, with interest at a rate NOT-TO-EXCEED eight (8) percent per year, to the Authority, if the City of Flint is unable to, or decides not to, proceed with contructing the project or implementing the asset management program for which the funding is provided within three (3) years of the Grant award, AND, the Grant, if repayable, shall be a first budget obligation for the City of Flint and the City of Flint is required, if necessary, to levy ad valorem taxes on all taxable property in the City for the payment thereof, subject to applicable constitutional, statutory and local tax rate limitations, AND, the City of Flint shall not invest, reinvest or accumulate any moneys deemed to be Grant funds, nor shall it use Grant funds for the general local government administration activities or activities performed by municipal employees that are unrelated to the project, AND, the Authorized Representative is hereby jointly or severally authorized to take any actions necessary to comply with the requirements of the MFA and the DEQ in connection with the issuance of the Grant. The Authorized Representative is hereby jointly or severally authorized to execute and deliver such other contracts, certificates, documents, instruments, applications and other papers as may be required by the MFA or the DEQ or as may be otherwise necessary to effect the approval and delivery of the Grant, AND, the City of Flint acknowledges that the SAW Grant Agreement is a contract between the City, the MFA and the DEQ, AND, all resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded. [NOTE: Part 52 of the Natural Resources and Environmental Protection Act, as amended, provides that the MFA, in consultation with the DEQ, shall establish a strategic water quality initiatives grant program to provide grants to municipalities for sewage collection and treatment systems or storm water or non-point source pollution control. The City of Flint is requesting $2,000,000.00 to establish an asset management plan.] [NOTE: Agreement is not attached.]

150864 Contract/City of Flint/County of Genesee/Flint Holding Facility Operation

Resolution resolving that the City Administrator authorizes the appropriate city officials to do all things necessary to enter into the attached agreement with Genesee County for operation of the Flint Holding Facility. [NOTE: The City of Flint Police Department includes a 110-person holding facility with the ability to hold detainees for up to 72 hours. The Genesee County Sheriff currently operates the holding facility. The city and the sheriff have agreed to the terms of a contract for the sheriff to continue operating the facility for a contract price NOT-TO-EXCEED $2,764,275.00. The agreement is contingent on the city receiving funding from the State of Michigan to pay the full costs of the contract and the Sheriff receiving a continued waiver from the Michigan Department of Corrections.] [NOTE: Agreement is attached.]

RESOLUTIONS - MAY BE REFERRED FROM COTW

150865 Budget Amendments/FY2016 Budget of the City of Flint/General Fund/Drug Law Enforcement Fund/Public Improvement Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's General, Drug Law Enforcement and Public Improvement Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0982015.]

150866 Budget Amendments/FY2016 Budget of the City of Flint/Water Fund/Sewer Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's Water and Sewer Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0992015.]

150872 Budget Amendment/Water and Sewer Budget/Switch Back to Detroit Water and Sewerage Department (DWSD) Water Supply

Resolution resolving that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable, with specific revenue and expenditure line items to be provided by the Chief Financial Officer. [NOTE: The State of Michigan and C.S. Mott Foundation have committed $6 million and $4 million dollars respectively to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department (DWSD) and its successor, the Great Lakes Water Authority (GLWA), until the City is able to received water from the Karegnondi Water Authority (KWA). At

this time the KWA reports that construction is on schedule to be completed by June 30, 2015 [2016]. The City estimates the total cost to purchase water through DWSD will be $12 million for nine months. The balance of $2 million not covered by the pledges of State and Local resources is the responsibility of the City. A budget amendment is necessary to reflect both an increase in revenues for the receipt of $10 million in assistance and $2 million of budgeted Use of Fund Balance, and an increase in expenditures of $12 million for the purchase of DWSD water supply.]

LIQUOR LICENSES

ORDINANCES - First Reading

ORDINANCES - Second Reading

PUBLIC SPEAKERS

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes IN GENERAL.

COUNCIL DISCUSSION

ADJOURNMENT

150873

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

City of Flint, Michigan
Summary Meeting Minutes For - Final
CITY COUNCIL

Joshua M. Freeman, President, Ward 4
Wantwaz D. Davis, Vice President, Ward 5

Eric Mays, Ward 1 — *Jacqueline Poplar, Ward 2*
Kerry Nelson, Ward 3 — *Herbert J. Winfrey, Ward 6*
Monica Galloway, Ward 7 — *Victoria VanBuren, Ward 8*
Scott Kincaid, Ward 9

Inez M. Brown, City Clerk

Monday, September 28, 2015 | **6:01 PM** | **Council Chambers**

SUMMARY FOR 10/12/2015 CITY COUNCIL AGENDA

150831 Summary Minutes/Flint City Council/Special Meeting/June 29, 2015

Summary Minutes of the Flint City Council Special City Council meeting held Monday, June 29, 2015, at 5:36 p.m., in the City Council Chambers, 3rd Floor, City Hall.

A motion was made by Councilperson Kincaid, seconded by Councilperson Winfrey, that this matter be Placed on File. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150832 Summary Minutes/Flint City Council/Regular Meeting/August 10, 2015

Summary Minutes of the Flint City Council regular meeting held Monday, August 10, 2015, at 6:35 p.m., in the City Council Chambers, 3rd Floor, City Hall.

A motion was made by Councilperson Kincaid, seconded by Councilperson Winfrey, that this matter be Placed on File. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150833 Summary Minutes/Flint City Council/Special Meeting/August 11, 2015

Summary Minutes of the Flint City Council Special City Council meeting held Tuesday, August 11, 2015, at 6:01 p.m., in the City Council Chambers, 3rd Floor, City Hall.

A motion was made by Councilperson Kincaid, seconded by Councilperson Winfrey, that this matter be Placed on File. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150834 Summary Minutes/Flint City Council/Regular Meeting/August 24, 2015

Summary Minutes of the Flint City Council regular meeting held Monday, August 24, 2015, at 6:10 p.m., in the City Council Chambers, 3rd Floor, City Hall.

A motion was made by Councilperson Kincaid, seconded by Councilperson Winfrey, that this matter be Placed on File. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150835 Summary Minutes/Flint City Council/Regular Meeting/September 14, 2015

Summary Minutes of the Flint City Council regular meeting held Monday, September 14, 2015, at 6:07 p.m., in the City Council Chambers, 3rd Floor, City Hall.

A motion was made by Councilperson Kincaid, seconded by Councilperson Winfrey, that this matter be Placed on File. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150830 Ordinance/Chapter 50 (Zoning)/N. Grand Traverse, W. Fourth Avenue, Stone Street/Thomas Ayers, Kettering University/PC 15-292

An ordinance to amend Chapter 50 (Zoning) of the Code of the City of Flint as requested by Thomas Ayers, Kettering University (PC 15-292), for a zoning change for property fronting N. Grand Traverse, W. Fourth Avenue, and Stone Street, Parcels No. 40-12-456-003, 40-12-456-004, 40-12-456-005, 40-12-456-010, 40-12-456-011 and 40-12-456-012, from "B" Two Family Residential to "D-2" Neighborhood Business District. [Planning Commission recommends APPROVAL.]

The following individuals spoke during this public hearing:

1. Adam Gerics (Discouraged Council to vote on this ordinance)

This public hearing was CLOSED at 6:06 p.m.

HEARING HELD

Enactment No: 4070

150836 Proof of Service and Entire Tribunal Property Tax Petition/Michigan Tax Tribunal/DPH Environmental Response Trust v. City of Flint/MTT Docket No. 15-003166

Communication received August 17, 2015, 2015, re: Proof of Service and Entire Tribunal Property Tax Petition filed with the Michigan Tax Tribunal by DPH Environmental Response Trust regarding Parcels No. 41-09-101-005 and 41-09-126-009 as it relates to their valuation, and true cash and taxable values.

A motion was made by Councilperson Mays, seconded by Councilperson Galloway, that this matter be Placed on File. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150837 Notice of Public Hearing/Michigan Public Service Commission [MPSC]

Notice of Public Hearing received September 11, 2015, re: Michigan Public Service Commission notice of hearing for the natural gas customers of Consumers Energy Company, Case No. U-17803, to be held September 16, 2015, at 10:00 a.m., MPSC, Lansing.

A motion was made by Councilperson Mays, seconded by Councilperson Galloway, that this matter be Placed on File. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150838 Notice of Public Hearing/Michigan Public Service Commission [MPSC]

Notice of Public Hearing received September 11, 2015, re: Michigan Public Service Commission notice of hearing for the natural gas customers of Consumers Energy Company, Case No. U-17771, to be held September 17, 2015, at 9:00 a.m., MPSC, Lansing.

A motion was made by Councilperson Mays, seconded by Councilperson Galloway, that this matter be Placed on File. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150839 Proof of Service and Petition/Michigan Tax Tribunal/John N. and Patricia Pavlis v. City of Flint/MTT Docket No. 15-005021

Communication dated September 16, 2015, re: Proof of Service and Petition filed with the Michigan Tax Tribunal by John N. and Patricia Pavlis regarding Parcel No. 41-18-160-009 as it relates to its true cash and taxable value.

A motion was made by Councilperson Mays, seconded by Councilperson Galloway, that this matter be Placed on File. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150840 Meeting Notice/Karegnondi Water Authority (KWA)

Communication received September 18, 2015, re: A public notice for the KWA meeting scheduled for October 21, 2015, at 2:00 p.m., Genesee County Board of Commissioners, 1101 Beach Street, Flint, Michigan.

A motion was made by Councilperson Mays, seconded by Councilperson Galloway, that this matter be Placed on File. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150841 Traffic Engineering/Closure Permit

Intermittent Sidewalk/Lane Closure Permit dated September 16, 2015, re: Harrison Street, western-most lane, from Union Street to the Flint River (building renovations).

A motion was made by Councilperson Mays, seconded by Councilperson Galloway, that this matter be Placed on File. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150842 Reprogramming/Unspent HOME Investment Partnership Funds/Contracts/Flint NIPP/Habitat for Humanity/Purchase Rehab Resale/CHDO Operating

Resolution resolving that contracts with Genesee County Habitat for Humanity ($250,000) for Purchase Rehab Resale to rehabilitate and re-sell a duplex, with Flint NIPP ($150,000) for Purchase Rehab Resale to rehabilitate and re-sell up to two homes, and with Flint NIPP ($20,000) to help conduct preliminary planning and feasibility work are approved and that the appropriate City Officials are hereby authorized to do all things necessary to reprogram HOME funds in the amount of $420,000.00, and to process a budget amendment moving said funds to the appropriate Habitat for Humanity and Flint NIPP accounts.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150843 Budget Amendment/USDA Forest Service Grant/Chevy-in-the-Hole

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to process a budget amendment to appropriate funds under grant code FUSDA14CHEVY, Fund Number 296 and Department Number 690.391, in the amount of $200,000.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150844 Contract/Flint Community Schools/Police Liaison Officer Services

Resolution resolving the approval of a contract that shall be authorized and executed between the City of Flint and Flint Community Schools for Police Liaison Officer Services for the 2015-2016 school year, with Flint Community Schools financing 50% of the costs for wages, fringe benefits, pensions, supplies, and vehicles.

SEPARATED FROM MASTER RESOLUTION

150845 Budget Amendment/Planning and Development/CDBG Housing and Smith Village Housing/Economic Development Activities

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to process a budget adjustment to move $98,674.67 from 101 Fund Balance to the appropriate account and to change existing encumbrances, and to make adjustments to any existing purchase orders that are affected by said changes, for the purpose of completing CDBG housing and Smith Village housing, and for unbudgeted economic development activities in the Community and Economic Development Division.

SEPARATED FROM MASTER RESOLUTION

150846 BS&A Software/Annual Service and Support

Resolution resolving that the Mayor and City Administrator do all things necessary to remit payment to BS&A Software for the software and maintenance agreement for FY2016, as requested by the IS Division, in an amount NOT-TO-EXCEED $244,607.25, for a revised four-year contract total of $863,546.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150847 Detroit Salt/Bulk Salt

Resolution resolving that the Finance Department is hereby authorized to issue a purchase order to Detroit Salt for bulk salt, as requested by Street Maintenance, in an amount NOT-TO-EXCEED $300,000.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150848 JAM Best One/Annual Supply of Tires

Resolution resolving that the Finance Department is hereby authorized to issue a purchase order to JAM Best One for the annual supply of tires, as requested by the Fleet Division, in an amount NOT-TO-EXCEED $120,000.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150849 Change Order/Contract/Du All Cleaning/Janitorial Services

Resolution resolving that the Finance Department is hereby authorized to CO#3 to the contract with Du All Cleaning for an additional year of janitorial services, as requested by the Department of Public Works, in an amount NOT-TO-EXCEED $65,700.00, with an aggregate total spend of $325,113.88 to said vendor.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150850 East Jordan Iron Works/Hydrant, Grate and Manhole Covers

Resolution resolving that the Finance Department is hereby authorized to issue a purchase order to East Jordan Iron Works for hydrant, grate and manhole covers, as requested by the Water Service Center, in an amount NOT-TO-EXCEED $180,000.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150851 Etna Supply Company/Annual Supply of Water Distribution Pipe Stainless Steel Repair Clamps and Repair Parts

Resolution resolving that the Finance Department is hereby authorized to issue a purchase order to Etna Supply Company for the annual supply of water distribution pipe stainless steel repair clamps and repair parts, as requested by the Water Service Center, in an amount NOT-TO-EXCEED $130,000.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150852 Contract/Lake Agency, Inc./Excess Liability Insurance Coverage

Resolution resolving that the appropriate City Officials are authorized to enter into a contract with Lake Agency, Inc. to provide the City with excess liability coverage through the Princeton/Munich Re Insurance Company, as requested by the Finance Department, at a premium amount NOT-TO-EXCEED $322,934.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150853 Purchase Agreement/CSX Transportation, Inc./Property for the Grand Traverse Greenway Trail

Resolution resolving that the appropriate City Officials are hereby authorized to enter into an agreement with CSX Transportation, Inc. to purchase 42.72 acres of abandoned rail line for the Grand Traverse Greenway Trail, in an amount NOT-TO-EXCEED $235,000.00, AND, resolving that the City of Flint may withdraw from this agreement at any time prior to closing on the property.

SEPARATED FROM MASTER RESOLUTION

150854 Contract/The Lake Agency/Excess Liability Insurance Coverage

Resolution resolving that the appropriate City Officials are authorized to enter into a contract with The Lake Agency to provide Property, Equipment Breakdown and Crime Insurance through Traveler's Insurance and Harford Steam Boiler, as requested by the Finance Department, in an amount NOT-TO-EXCEED $144,311.00.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150855 Relocation/Voting Precincts/November 3, 2015 General Election

Resolution resolving that the Flint City Council approves the relocation of voting precincts previously located at Carpenter Road Elementary School, Cummings Elementary School and Scott Elementary School to Greater Holy Temple Church of God in Christ, Eisenhower Elementary School and Grace Emmanuel Baptist Church, respectively, as requested by the Office of the City Clerk, effective with the November 3, 2015 General Election.

SEPARATED FROM MASTER RESOLUTION

150844 Contract/Flint Community Schools/Police Liaison Officer Services

Resolution resolving the approval of a contract that shall be authorized and executed between the City of Flint and Flint Community Schools for Police Liaison Officer Services for the 2015-2016 school year, with Flint Community Schools financing 50% of the costs for wages, fringe benefits, pensions, supplies, and vehicles.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150845 Budget Amendment/Planning and Development/CDBG Housing and Smith Village Housing/Economic Development Activities

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to process a budget adjustment to move $98,674.67 from 101 Fund Balance to the appropriate account, and to change existing encumbrances, and to make adjustments to any existing purchase orders that are affected by said changes, for the purpose of completing CDBG housing and Smith Village housing, and for unbudgeted economic development activities in the Community and Economic Development Division.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150853 Purchase Agreement/CSX Transportation, Inc./Property for the Grand Traverse Greenway Trail

Resolution resolving that the appropriate City Officials are hereby authorized to enter into an agreement with CSX Transportation, Inc. to purchase 42.72 acres of abandoned rail line for the Grand Traverse Greenway Trail, in an amount NOT-TO-EXCEED $235,000.00, AND, resolving that the City of Flint may withdraw from this agreement at any time prior to closing on the property.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150855 Relocation/Voting Precincts/November 3, 2015 General Election

Resolution resolving that the Flint City Council approves the relocation of voting precincts previously located at Carpenter Road Elementary School, Cummings Elementary School and Scott Elementary School to Greater Holy Temple Church of God in Christ, Eisenhower Elementary School and Grace Emmanuel Baptist Church, respectively, as requested by the Office of the City Clerk, effective with the November 3, 2015 General Election.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 9 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

150830 Ordinance/Chapter 50 (Zoning)/N. Grand Traverse, W. Fourth Avenue, Stone Street/Thomas Ayers, Kettering University/PC 15-292

An ordinance to amend Chapter 50 (Zoning) of the Code of the City of Flint as requested by Thomas Ayers, Kettering University (PC 15-292), for a zoning change for property fronting N. Grand Traverse, W. Fourth Avenue, and Stone Street, Parcels No. 40-12-456-003, 40-12-456-004, 40-12-456-005, 40-12-456-010, 40-12-456-011 and 40-12-456-012, from "B" Two Family Residential to "D-2" Neighborhood Business District. [Planning Commission recommends APPROVAL.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be PASSED. The motion carried by the following vote:

Aye: 5 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Councilperson VanBuren and Councilperson Kincaid

No: 4 - Vice President Davis, Councilperson Winfrey, Councilperson Galloway and Councilperson Mays

Enactment No: 4070

150828.1

Submission No.: CA0892015

Presented: 9/24/15

Adopted: _____

Resolution Approving the Establishment of an Obsolete Property Rehabilitation District
(P.A. 146 of 2000, as amended - IMS Ice Arena Corp.)

BY THE CITY ADMINISTRATOR:

Pursuant to Act No. 146 of the Public Acts of 2000, the City of Flint has the authority to establish Obsolete Property Rehabilitation Act Districts within the physical boundaries of the City of Flint.

The owner of such property has filed a written request with the Clerk of the City of Flint requesting the establishment of an Obsolete Property Rehabilitation Act District on property located at 3501 Lapeer Road and legally described in Exhibit 1. The City of Flint has proposed to extend the requested district to include adjacent properties commonly known as 3711 Lapeer Road and 1620 Averill, and legally described in Exhibit 2.

The Flint City Council of the City of Flint sets forth a finding and determination that the district meets the requirements set forth in section 3(1) of Public Act 146 of 2000, as amended.

Written notice has been given by mail to all owners of real property located within the proposed district, and to the public by newspaper advertisement in the Flint Journal and/or public posting of the hearing on the establishment of the proposed district.

On October 12, 2015, a public hearing was held and all residents and taxpayers of the City of Flint were afforded an opportunity to be heard thereon.

The Flint City Council deems it to be in the public interest of the City of Flint to establish the Obsolete Property Rehabilitation Act District as proposed.

It Is Resolved, by the Flint City Council that the legally described parcels of land situated within the City of Flint, Genesee County, and State of Michigan to wit:

See attached Exhibits 1 and 2

be and are hereby established as an Obsolete Property Rehabilitation Act district (3501 Lapeer Road Area District) pursuant to the provision of the Public Acts of P.A. 146 of 2000, as amended.

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

Natasha L. Henderson, City Administrator

CITY COUNCIL:

RECEIVERSHIP TRANSITION ADVISORY BOARD:

Joshua Freeman, Council President

EXHIBIT 1

Lots 394 through 408, inclusive; also Lots 428 through 433, inclusive; also Lots 541 through 546, inclusive; also part of Lots 393, 423, 424, 425, 426, 427, 411, 410, 409, 462 and 540 of Evergreen Valley No. 3, according to the recorded plat thereof, as recorded in Liber 38 of Plats, Page 48, Genesee County Records and a contiguous unplatted part of the East ½ of Section 16, Town 7 North, Range 7 East, City of Flint, Genesee County, Michigan all described as follows: Beginning at a point in the centerline of Lapeer Road which is South 01 degrees 12 minutes 15 seconds East a distance of 494.46 feet and South 88 degrees 06 minutes 45 seconds West a distance of 1312.08 feet from the East 1/4 corner of said Section 16; thence continuing South 88 degrees 06 minutes 45 seconds West along said centerline, a distance of 1240.57 feet to the Easterly line of Averill Avenue and along said line extended Southerly, North 02 degrees 07 minutes 15 seconds West a distance of 53.0 feet and on a curve to the right, having a radius of 955.0 feet and a chord bearing and distance of North 12 degrees 22 minutes 45 seconds East a distance of 478.22 feet and North 26 degrees 52 minutes 45 seconds East a distance of 199.81 feet, and on a curve to the left having a radius of 1432.56 feet and a chord bearing and distance of North 19 degrees 30 minutes 22 seconds East a distance of 367.68 feet; thence North 78 degrees 02 minutes 30 seconds East a distance of 261.92 feet; thence North 80 degrees 48 minutes 36 seconds East a distance of 455.53 feet; thence South 89 degrees 59 minutes 22 seconds East a distance of 309.0 feet; thence South 01 degrees 24 minutes 52 seconds East a distance of 361.48 feet; thence South 44 degrees 24 minutes 08 seconds West a distance of 167.73 feet; thence South 01 degrees 46 minutes 12 seconds East a distance of 650.15 feet to the Place of Beginning. EXCEPT, a part of the East 1/2 of Section 16, Township 7 North, Range 7 East; thence commencing at the East 1/4 corner of Section 16; thence South 01 degrees 12 minutes 15 seconds East 494.46 feet along the East Section line and centerline of Center Road to the centerline of Lapeer Road; thence South 88 degrees 06 minutes 45 seconds West 1312.08 feet along the centerline of Lapeer Road; thence North 01 degrees 46 minutes 12 seconds West 650.15 feet for a point of beginning; thence continuing North 01 degrees 46 minutes 12 seconds West 481.41 feet to the Southerly right-of-way line of Interstate 69; thence South 89 degrees 59 minutes 45 seconds East 123.31 feet along the Southerly right-of-way line of Interstate 69; thence South 01 degrees 24 minutes 52 seconds East 361.45 feet; thence South 44 degrees 24 minutes 08 seconds West 167.73 feet to the Point of Beginning.

Exhibit 2

Legal descriptions

1602 S. Averill (Scott Elementary Schol)
Parcel Number: 41-16-201-002
UNPLATTED PART OF SEC 16, T7N, R7E. COM AT INT OF CENTER LINE OF LAPEER RD WITH N & S 1/4 LINE OF SD SEC; TH S 88 DEG 08 MIN W ALG SD CENTER LINE 40 FT; TH N 2 DEG 06 MIN 46 SEC W 50 FT FOR P.O.B.; TH N 2 DEG 06 MIN 46 SEC W, 3.0 FT; TH NLY ALG A TANG CURVE TO THE RIGHT HAVING A RADIUS OF 1035 FT, A DIST OF 523.86 FT; TH N 26 DEG 53 MIN 14 SEC E, 199.31 FT; TH NLY ALG A TANG CURVE TO THE LEFT HAVING A RADIUS OF 1352.5 FT, A DIST OF 554.36 FT; TH S 88 DEG 08 MIN W, 755.64 FT; TH S 2 DEG 06 MIN 46 SEC E, 1223.70 FT TO A PT 33 FT NLY FROM CENTER LINE OF LAPEER RD; TH N 88 DEG 08 MIN E ALG NLY LINE OF SD RD, 215.88 FT; TH N 2 DEG 06 MIN 46 SEC W, 17 FT; TH N 88 DEG 08 MIN E, 150 FT TO P.O.B. EXC THAT PART LYING NLY OF A LINE 103 FT SLY FROM & = WITH THE SURVEY LINE OF EASTBOUND ROADWAY OF HWY M-78 RELOCATED, EXC THAT PART NOW USED AS THE SLY ROW OF I-69 HIGHWAY (AMENDED 1/13/15).

3711 Lapeer Rd (Eastridge Commons except Target store):
UNPLATTED PART OF E 1/2 OF SECTION 16, T7N, R7E DESC AS: COM AT E 1/4 COR OF SD SEC; TH S 1 DEGREE 12' 15" E, 55.52 FT ALG E SEC LINE, C/L OF CENTER RD; TH S 89 DEGREES 35' 20" W, 50.00 FT TO W R.O.W. LINE OF CENTER RD FOR POB; TH S 1 DEG 12' 15" E, 390.23 FT ALG SD R.O.W. LINE TO N R.O.W. LINE OF LAPEER RD; TH S 88 DEG 06' 45" W, 1262.67 FT ALG SD R.O.W. LINE; TH N 1 DEG 46' 12" W, 589.07 FT; TH N 88 DEG 06' 45" E, 351.48 FT; TH S 1 DEG 53' 15" E, 10.00 FT; TH N 88 DEG 06' 45" E, 21.97 FT; TH S 1 DEG 53' 15" E, 28.02 FT; TH N 88 DEG 06' 45" E, 586.71 FT; TH S 2 DEG 14' 52" E, 153.00 FT; TH N 89 DEG 35' 20" E, 305.00 FT TO POB

PROJECT STAFF REVIEW FORM

To:	Natasha Henderson, City Administrator
From:	Janice Karcher, Flint & Genesee Chamber of Commerce
Date:	August 25, 2015
Subject:	Request for the creation of an Obsolete Property Rehabilitation District (OPRD), Dort Federal Event Center

Request to Create an Obsolete Property Rehabilitation District
Owners of the Dort Federal Event Center (formerly Perani Arena) plan to refurbish the arena in order to accommodate a new hockey team and additional community events. An estimated 28 jobs will result from the project. The increased commercial activity in the facility is expected to benefit neighboring businesses in the City.

Authorized by the State of Michigan Obsolete Property Rehabilitation Act (OPRA), a district has been requested by the owner to allow them to make future application for an OPRA certificate that supports reconstruction of portions of the building interior, freeway signage, and other amenities.

NOTE: The creation of an OPRD is the first step in the establishment of OPRA certificate for a specific property. Owners of property within the district must make application for an OPRA certificate and receive approval from the local jurisdiction in order to receive any benefit.

It is recommended that the City of Flint consider creating an OPRD with a larger footprint to include Scott Elementary to the west of the arena and the retail complex east of the arena. Both properties are underutilized and could benefit from tools that encourage redevelopment.

In anticipation of a request for OPRA certificate for Dort Federal Event Center, some estimates have been created to determine potential impact of the project on City of Flint revenues. See page 2 of this memo.

Estimate of impact on tax revenue (estimate only, for planning purposes)
In anticipation of a future application for OPRA status, the following details should be contemplated:

The property is currently listed on Flint tax rolls with a true cash value of $2.2 million, despite the facility's age and decayed condition. The new owners purchased the building for $500,000 in December, 2014, and filed a tax appeal to the State of Michigan in May, 2015 to request an adjustment in the assessed value of the property. It is expected that the true cash value of land and building will be adjusted to an amount closer to the $500,000 paid.

Note: The building has been inspected and deemed obsolete, according to City Assessor Bill Fowler. Should an OPRA certificate be granted in the future, the taxable value of the building would be frozen for up to 12 years, obligating the owners to pay the property taxes at the current level and giving them relief on only the annual increase in assessed value over that period of time.

Below is an estimate of City of Flint tax revenue impact based on taxable values provided by City of Flint Assessor's Office.

Estimated Property Tax Revenue – estimated high and low

- True cash value (purchase price) $500,000*
  - Land $150,000; Building $350,000
  - Estimated annual tax $$16,740
  - Estimated City of Flint portion $5,331

*If the owner's state tax appeal results in a true cash value higher than the $500,000 purchase price, the property tax obligation will increase accordingly.

Income tax revenue

- Estimated City of Flint income tax revenue 2016 -- $3,640 per year

1 City of Flint, Flint Schools Current Non-Homestead Millage Rate is 66.9603 (per 1,000 of taxable value). This includes City property tax as follows: General Operating 7.5 mils, Capital Improvements 2.5 mils, and Voted Operating 9.1 mils.

150863

RESOLUTION NO.: CA0952015

PRESENTED: 9/30/15

ADOPTED: _____

RESOLUTION AUTHORIZING THE SAW GRANT AGREEMENT

BY THE CITY ADMINISTRATOR:

Part 52 (strategic water quality initiatives) of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended ("Part 52"), provides at MCL 324.5204e that the Michigan Finance Authority (the "MFA") in consultation with the Michigan Department of Environmental Quality (the "DEQ") shall establish a strategic water quality initiatives grant program; and

In accordance with the provisions of 2012 PA 511, that provides grants to municipalities for sewage collection and treatment systems or storm water or nonpoint source pollution control; and

In accordance with the provisions of 1985 PA 227, as amended, Part 52, and other applicable provisions of law, the MFA, the DEQ, and the City of Flint, as a grant recipient, shall enter into a grant agreement (the "SAW Grant Agreement") that requires the City of Flint to repay the grant under certain conditions as set forth in MCL 324.5204e, as amended; and

The City of Flint does hereby determine it necessary to ***(select one or more)***
☑ establish an asset management plan, ☐ establish a stormwater management plan, ☐ establish a plan for wastewater/stormwater, ☐ establish a design of wastewater/stormwater, ☐ pursue innovative technology, or ☐ initiate construction activities (up to $500,000 for disadvantaged community); and

It is the determination of the City of Flint that at this time, a grant in the aggregate principal amount not to exceed $2,000,000 ("Grant") be requested from the MFA and the DEQ to pay for the above-mentioned undertaking(s); and

The City of Flint shall obtain this Grant by entering into the SAW Grant Agreement with the MFA and the DEQ.

BE IT RESOLVED THAT:

1. The City Administrator, a position currently held by Natasha L. Henderson, is designated as the Authorized Representative for purposes of the SAW Grant Agreement.

2. The proposed form of the SAW Grant Agreement between the City of Flint, the MFA and DEQ (attached Sample Grant Agreement) is hereby approved and the Authorized Representative is authorized and directed to execute the SAW Grant Agreement with such revisions as are permitted by law and agreed to by the Authorized Representative.

3. The City of Flint shall repay the Grant, within ninety (90) days of being informed to do so, with interest at a rate not to exceed eight (8) percent per year, to the Authority, if the City of Flint is unable to, or decides not to, proceed with constructing the project or implementing the asset management program for which the funding is provided within three (3) years of the Grant award

4. The Grant, if repayable, shall be a first budget obligation of the City of Flint, and the City of Flint is required, if necessary, to levy ad valorem taxes on all taxable property in the City for the payment thereof, subject to applicable constitutional, statutory and local tax rate limitations.

5. The City of Flint shall not invest, reinvest or accumulate any moneys deemed to be Grant funds, nor shall it use Grant funds for the general local government administration activities or activities performed by municipal employees that are unrelated to the project.

6. The Authorized Representative is hereby jointly or severally authorized to take any actions necessary to comply with the requirements of the MFA and the DEQ in connection with the issuance of the Grant. The Authorized Representative is hereby jointly or severally authorized to execute and deliver such other contracts, certificates, documents, instruments, applications and other papers as may be required by the MFA or the DEQ or as may be otherwise necessary to effect the approval and delivery of the Grant.

7. The City of Flint acknowledges that the SAW Grant Agreement is a contract between the City, the MFA and the DEQ.

8. All resolutions and parts of resolutions insofar as they conflict with the provisions of this Resolution are rescinded.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

FOR THE CITY OF FLINT:

Natasha L. Henderson, City Administrator

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED BY THE FLINT CITY COUNCIL:

S P Bade City Administrator Resolutions SAW Authorization Reso 09 17 15 docx

150864

RESOLUTION NO.: CA0962015

PRESENTED: 10-2-15

ADOPTED: _____

RESOLUTION AUTHORIZING AN AGREEMENT WITH GENESEE COUNTY FOR OPERATION OF THE FLINT HOLDING FACILITY

BY THE CITY ADMINISTRATOR:

The City of Flint Police Department includes a 110-person holding facility with the ability to hold detainees for up to 72 hours: and

The City desires to continue utilizing the holding facility and has sought funding from the State of Michigan to operate the facility; and

The Genesee County Sheriff currently operates the holding facility. The City and the Sheriff have agreed to the terms of a contract for the Sheriff to continue operating the facility. Pursuant to that agreement, the Sheriff will operate the Flint Holding Facility for a contract price not-to-exceed $2,764,275.00; and

The agreement between the City and County is contingent on the City receiving funding from the State of Michigan to pay the full costs of the contract, and the Sheriff receiving a continued waiver from the Michigan Department of Corrections; and

It is the determination of the City that it is in its best interests to enter into a contract with the Sheriff to continue operating the holding facility.

IT IS RESOLVED that the City Administrator authorizes the appropriate City Officials to do all things necessary to enter into the attached agreement with Genesee County for operation of the Flint Holding Facility.

FOR THE CITY:

Natasha L. Henderson, City Administrator

Dayne Walling, Mayor

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED BY THE CITY COUNCIL:

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CITY OF FLINT AND GENESEE COUNTY
AGREEMENT FOR OPERATION OF FLINT HOLDING FACILITY
BY GENESEE COUNTY SHERIFF
FY2015-16

This is an agreement between the City of Flint (hereinafter "City") and Genesee County (hereinafter "County") for operation of the Flint Police Department pre-arraignment holding facility (hereinafter "Holding Facility") by the Genesee County Sheriff (hereinafter "Sheriff") (together, the "Parties").

The Holding Facility is a 110 person pre-arraignment lodging facility located on the second floor of the City of Flint Police Department. The Sheriff shall operate the Holding Facility in accordance with the following terms and conditions:

1. **Applicable Law:** This contract shall be governed by and interpreted according to the laws of the State of Michigan pertaining to contracts made and to be performed in this state.

2. **Arbitration:** County agrees that for all claims, counterclaims, disputes, and other matters arising out of or relating to this agreement, County must request the City's consent to arbitrate within 30 days from the date the County knows or should have known the facts giving rise to the claim, dispute or question.

   (a) Notice of a request for arbitration must be submitted to the City in writing by certified mail or personal service upon the City Attorney.

   (b) Within 60 days from the date a request for arbitration is received by the City, the City shall inform County whether it agrees to arbitrate. If the City does not consent, County may proceed with an action in the appropriate court. If the City does consent, then within 30 days of the consent each party shall submit to the other the name of one person to serve as an arbitrator. The two arbitrators together shall then select a third person, the three together shall then serve as a panel in all proceedings. Any decision concurred in by a majority of the three shall be a final binding decision. The City's failure to respond to a timely, conforming request for arbitration is deemed consent to arbitration.

   (c) The costs of the arbitration shall be split and borne equally between the parties and such costs are not subject to shifting by the arbitrator.

   (d) The remedy for County's failure to comply with this provision is dismissal of the action.

3. **City Income Tax Withholding:** County and any subcontractor engaged in this contract shall withhold from each payment to its employees the City income tax on all of their compensation subject to tax, after giving effect to exemptions, as follows:

   (a) Residents of the City: At a rate equal to 1% of all compensation paid to the employee who is a resident of the City of Flint.

   (b) Non-residents: At a rate equal to 1/2% of the compensation paid to the employee for work done or services performed in the City of Flint.

These taxes shall be held in trust and paid over to the City of Flint in accordance with City ordinances and State law. Any failure to do so shall constitute a substantial and material breach of this contract.

4. **Compensation:** This agreement is contingent on certain conditions described below. In the event the City receives funding, the City shall pay for such services, as set forth herein, a contract price not to exceed $2,764,275.00 for services as described in the original 3 and 6 page **"Genesee County Sheriff's Office Flint City Lockup Proposals"** and the attachment to this contract titled, **"Genesee County Fund #899- City of Flint Lockup-Fiscal Year 2015/16,"** which governs pricing for this contract term, with the amounts stated in this document superseding any inconsistent amounts stated in the proposals. The contract price includes all anticipated costs of operating the facility including transport, meals, insurance, service fees, and personnel costs. In no event will County be entitled to a greater amount of payment than is set forth in this contract, nor will the County perform services or acquire equipment for which it will not be reimbursed. Other costs may include vacation payouts upon retirement for time accrued while assigned to the Holding Facility. County expressly recognizes that oral agreements by City officials to pay a greater amount are not binding.

   The Parties agree that if the above contract price is not approved by the State, County will provide, and the City of Flint will accept, a revised budget and services based on the available funding.

   (1) County shall submit itemized invoices for all services provided under this Agreement identifying:

      (a) The date of service
      (b) The name of person providing the service and a general description of the service provided.
      (c) The unit rate and the total amount due.

      Invoices shall be submitted to:

      City of Flint
      Accounts Payable
      P.O. Box 246
      Flint, MI 48501-0246

   (2) Invoices shall be paid by the City within forty-five (45) days of submission of a proper invoice.

   (3) It is solely within the discretion of the City as to whether County has provided a proper invoice. The City may require additional information or waive requirements as it sees fit.

   (4) If, during the period covered by this Agreement, an increase in salary, fringe benefits or other costs is implemented as a result of negotiation between the County and the collective bargaining organization (labor union) of the employees or as a result of rate increases, this Agreement shall be amended to include the increased cost of providing the services covered by this Agreement, and the City agrees to reimburse the County to the extent of the increased costs and available funding.

5. **Contingencies:** This agreement is contingent on the City receiving funding to pay the full costs of this contract from the State of Michigan for the Holding Facility, and the Sheriff receiving a continued waiver from the Michigan Department of Corrections regarding the standards applicable to the Holding Facility. Failure to obtain either contingency shall render this contract void.

6. **Contract Documents:** The invitation for bids, instructions to bidders, proposal, affidavit, addenda (if any), statement of bidder's qualifications (when required), general conditions, special conditions, performance bond, labor and material payment bond, insurance certificates, technical specifications, and drawings, together with this agreement, form the contract, and they are as fully a part of the contract as if attached hereto or repeated herein.

7. **Disclaimer of Contractual Relationship with Subcontractors:** Nothing contained in the Contract Documents shall create any contractual relationship between the City and any Subcontractor or Sub-subcontractor.

8. **Term:** The term of this contract is October 1, 2015 through September 30, 2016.

9. **Certification, Licensing, Debarment, Suspension and Other Responsibilities:** County warrants and certifies that County and/or any of its principals are properly certified and licensed to perform the duties required by this contract in accord with laws, rules, and regulations, and is not presently debarred, suspended, proposed for debarment or declared ineligible for the award of any Federal contracts by any Federal agency. County may not continue to or be compensated for any work performed during any time period where the debarment, suspension or ineligibility described above exists or may arise in the course of County contractual relationship with the City. Failure to comply with this section constitutes a material breach of this Contract. Should it be determined that County performed work under this contract while in non-compliance with this provision, County agrees to reimburse the City for any costs that the City must repay to any and all entities.

10. **Force Majeure:** Neither party shall be responsible for damages or delays caused by Force Majeure or other events beyond the control of the other party and which could not reasonably have been anticipated or prevented. For purposes of this Agreement, Force Majeure includes, but is not limited to, adverse weather conditions, floods, epidemics, war, riot, strikes, lockouts, and other industrial disturbances; unknown site conditions, accidents, sabotage, fire, and acts of God. Should Force Majeure occur, the parties shall mutually agree on the terms and conditions upon which the services may continue.

11. **Good Standing:** County must remain current and not be in default of any obligations due the City of Flint, including the payment of taxes, fines, penalties, licenses, or other monies due the City of Flint. Violations of this clause shall constitute a substantial and material breach of this contract. Such breach shall constitute good cause for the termination of this contract should the City of Flint decide to terminate on such basis.

12. **Liability:** Each party to this Agreement will remain responsible for any claims arising out of that party's performance of this Agreement, as provided for in this Agreement or by law. This Agreement is not intended to either increase or decrease either party's liability to, or immunity from, tort claims.

This Agreement is not intended to, nor will it be interpreted as giving, either party a right of indemnification either by contract or at law for claims arising out of the performance of this Agreement.

13. **Independent County:** No provision of this contract shall be construed as creating an employer-employee relationship. It is hereby expressly understood and agreed that County is an "independent contractor" as that phrase has been defined and interpreted by the courts of the State of Michigan and, as such, County is not entitled to any benefits not otherwise specified herein.

14. **Insurance/Worker's Compensation:** County shall provide evidence of having acquired the insurance within 10 days of the State appropriation of funding for this Contract. All coverage shall be obtained from insurance companies licensed and authorized to do business in the State of Michigan unless otherwise approved by the City's Risk Manager. Policies shall be reviewed by the City's Risk Manager for completeness and limits of coverage. All coverage shall be with insurance carriers acceptable to the City of Flint. County shall maintain the following insurance coverage for the duration of the contract.

    (a) Commercial General Liability coverage of not less than $11,000,000 combined single limit with the City of Flint, and including all elected and appointed officials, all employees and volunteers, all boards, commissions and/or authorities and their board members, employees and volunteers, named as "Additional Insureds." This coverage shall include: Bodily Injury, Personal Injury, Property Damage, Contractual Liability, Products and Completed Operations, Independent Contractors; Broad Form Commercial General Liability Endorsement, (XCU) Exclusions deleted and a per contract aggregate coverage. This coverage shall be primary to the Additional Insureds, and not contributing with any other insurance or similar protection available to the Additional Insureds, whether said other available coverage be primary, contributing, or excess.

    (b) Workers Compensation Insurance in accordance with Michigan statutory requirements. The Parties agree that this coverage is included in the personnel costs in the Proposal.

    (c) SIR Charges. It is understood that no County resources will be expended which are not reimbursed. County shall establish and maintain, and City shall pay into, an account to be utilized solely as the Self Insured Retention source of funding for settlements or payments on claims, including legal fees, arising from the Holding Facility. The contribution into this account agreed upon by the Parties for this term is $50,000 to be invoiced and paid in the first billing cycle. County agrees to provide a quarterly accounting of this fund.

    County shall furnish to City two certificates of insurance for all coverage requested with original endorsements for those policies requiring the Additional Insureds. All certificates of insurance must provide the City of Flint with not less than 30 days advance written notice in the event of cancellation, non-payment of premium, non-renewal, or any material change in policy coverage. County must provide, upon request, certified copies of all insurance policies. If any of the above polices are due to expire during the term of this contract, County shall deliver renewal certificates and copies of the new policies to the City of Flint at least ten days prior to the expiration date. County shall ensure that all subcontractors utilized obtain and maintain all insurance coverage required by this provision.

15. **Laws and Ordinances:** County shall obey and abide by all of the laws, rules and regulations of the Federal Government, the Constitution of the United States, State of Michigan, Genesee County and the City of Flint, applicable to the performance of this agreement, including, but not limited to, labor laws, and laws regulating or applying to public improvements.

16. **Modifications:** Any modifications to this contract must be in writing and signed by the parties or the authorized employee, officer, board or council representative of the parties authorized to make such contractual modifications under State law and local ordinances.

17. **Non-Assignability:** County shall not assign or transfer any interest in this contract without the prior written consent of the City provided, however, that claims for money due or to become due to County from the City under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the City.

18. **Non-Disclosure/Confidentiality:** County agrees that the documents identified herein as the contract documents are confidential information intended for the sole use of the City and that County will not disclose any such information, or in any other way make such documents public, without the express written approval of the City or the order of the court of appropriate jurisdiction or as required by the laws of the State of Michigan.

19. **Non-Discrimination:** County shall not discriminate against any employee or applicant for employment with respect to hiring or tenure; terms, conditions, or privileges of employment; or any matter directly or indirectly related to employment, because of race, color, creed, religion, ancestry, national origin, age, sex, height, weight, disability or other physical impairment, marital status, or status with respect to public assistance.

20. **No Third Party Beneficiaries:** There are no third party beneficiaries of this contract.

21. **Notices:** Notices to the City of Flint shall be deemed sufficient if in writing and mailed, postage prepaid, addressed to **Flint City Attorney, City of Flint, 1101 S. Saginaw St, Flint, Michigan 48502** and **Flint City Clerk, City of Flint, 1101 S. Saginaw Street, Flint, Michigan 48502**, or to such other address as may be designated in writing by the City from time to time. Notices to County shall be deemed sufficient if in writing and mailed, postage prepaid, addressed to **Genesee County Corporation Counsel, 1101 Beach St., Flint, MI 48502**, or to such other address as may be designated in writing by County from time to time.

22. **Records Property of City:** All documents, information, reports and the like prepared or generated by County as a result of this contract shall be shared with the City of Flint at the City's request.

23. **Scope of Services:** County shall provide all of the personnel, materials, labor, equipment, supplies, machinery, tools, cleaning, superintendence, insurance and other accessories and services necessary to provide the service in accordance with the original **3 and 6 page** proposals titled **"Genesee County Sheriff's Office Flint City Lockup Proposal,"** the attachment to this agreement titled, **"Genesee County Fund #899- City of Flint Lockup-Fiscal Year 2015/16,"** which governs pricing for this contract term, and the special conditions stated within this agreement. City will provide the physical space as well as all utilities and general maintenance of the space. If there is any inconsistency between the

proposal and the conditions stated in this document or in the other attachments to this document, the terms of the proposal are superseded to the extent of such inconsistency.

County shall perform the work in accordance with the General Conditions and any Special Conditions provided for in this contract and warrants to the City that all materials and equipment furnished under this contract will be new unless otherwise specified, and that all work will be of good quality, free from faults and defects and in conformance with the contract documents.

24. **Special Conditions:** The following special conditions shall supersede any and all inconsistent provisions:

(a) **Detainee Booking** – Detainees will be booked at the Holding Facility. Sheriff agrees that he formally takes custody and control over the detainee when the detainee is presented for booking and detainee remains in his custody and control until release. Detainees will be booked using the City's Live Scan equipment. Sheriff shall be solely responsible for supervision and care of detainees while they are under his custody and control. The County's Jail Admission Policy shall govern when the Holding Facility reaches 100 detainees.

(b) **Jail Policy and Procedures** –The County and the Sheriff agree that all detainees will be accepted for holding in the Holding Facility as provided for in this Agreement. Failure to accept detainees as provided by this agreement, except when the population is over 100 as provided in section 24 (a) above, is a material breach of this Agreement and is cause for termination of this Agreement with 30 days written notice. County agrees that, for the duration of the Sheriff's administration of the Holding Facility, the County is legally responsible for costs and damages that may result from incidents related to the provision of these services occurring within the Facility.

(c) **Healthcare** – The Sheriff is responsible for determining whether a detainee needs healthcare, including mental or physical care. If a detainee who does not meet the County's Jail Admission Policy needs healthcare, the Sheriff or his designee will immediately seek consent from an authorized City representative, as designated by the Flint Police Department, to release the detainee from custody. If the City consents, the Sheriff will transport detainee to a health care provider. Upon delivery of the detainee to the provider, the detainee will be discharged from custody. The City is not liable for health care costs for detainees if it has consented to their release from custody.

If a detainee who meets the County's Jail Admission Policy needs healthcare, the Sheriff or his designee will immediately seek consent from an authorized City representative, as designated by the Flint Police Department, to transport the detainee to a health care provider. If the City consents, the Sheriff will transport detainee to a health care provider and ensure proper personnel from the county jail are there to receive custody of the detainee. Upon delivery of the detainee to the provider, the detainee will be discharged from custody of the Holding Facility and transferred to the custody of the Sheriff. The City is not liable for health care costs for detainees if it has consented to their release from custody.

(d) **Use of Holding Facility** – Any person arrested on an original charge within the City may be lodged at the Holding Facility regardless of agency making the arrest.

Any person arrested within the City on an outstanding warrant from the 67th District Court district or the Seventh Circuit Court may be lodged in the Holding Facility regardless of agency making the arrest.

Any person arrested on a warrant from the 68th District Court district or, upon consolidation, the 5th Division of the 67th District Court may be lodged in the holding facility regardless of the location of arrest or agency making the arrest.

Any person arrested within the County, not within the City limits, on an outstanding warrant from the 67th District Court district or the Seventh Circuit Court may be lodged in the Holding Facility, unless the person is arrested on a charge that otherwise meets the County's Jail Admission Policy, in which cast the arrested person shall be lodged in the County Jail. This paragraph applies unless the County Jail is under a County Jail Overcrowding State of Emergency described in Public Act 352 of 1982, as amended, that is beyond 14 days as described in MCL 801.56.

Any person arrested in the City on a warrant(s) issued from a jurisdiction other than those listed above may be lodged at the Holding Facility, provided that the warrant holding agency confirms the validity of the warrant and commits to picking up the detainee within 24 hours.

(e) **Performance Objectives** – City and County will develop financial and performance objectives. The objectives shall include, but will not be limited to, determining how many detainees were lodged in the jail who did not meet the County Jail Admission Policy; how many detainees were arraigned; and the reported crime as compared to the period preceding the operation of the Holding Facility. The metrics will be reviewed every 6 months. After review, if necessary, the terms of this contract will be revised so as to facilitate satisfaction of the agreed upon benchmarks.

(f) **Organization Chart** – City and County will develop and continuously update an organization chart which will set forth all corrections staff employees and their positions. In no event will the total number of employees assigned to the Holding Facility fall below the number provided in the Proposals.

(g) **Detainee Reimbursement** – County may seek reimbursement from detainees as allowed by law. The total price of the contract will be reduced by the amount recovered.

(h) **Meeting/Reporting** - The City and County will designate representatives of the Sheriff and Flint Police Departments to confer as needed, but no less than a weekly basis, to ensure the safe and efficient operation of the Holding Facility, as well as compliance with the terms of this Agreement. The Sheriff will provide the Flint Police Department with access to operational data and regularly report on the operation of the Holding Facility.

(i) **Collect Calling Service** - The City may offer detainees collect calling service, including but not limited to installation of phones in the Holding Facility, and the City will recover all revenue generated. The County assumes no responsibility for this service or its maintenance.

(j) **Monitoring System** - The County will continue to maintain the previously installed video monitoring system in the facility.

25. **Severability**: In the event that any provision contained herein shall be determined by a court or administrative tribunal to be contrary to a provision of state or federal law or to be unenforceable for any reason, then, to the extent necessary and possible to render the remainder of this Agreement enforceable, such provision may be modified or severed by such court or administrative tribunal so as to, as nearly as possible, carry out the intention of the parties hereto, considering the purpose of the entire Agreement in relation to such provision. The invalidation of one or more terms of this contract shall not affect the validity of the remaining terms.

26. **Standards of Performance**: County agrees to exercise independent judgment and to perform its duties under this contract in accordance with sound professional practices. The City is relying upon the professional reputation, experience, certification, and ability of County. County agrees that all of the obligations required by it under this Contract shall be performed by the County and its employees and working under County direction and control.

27. **Subcontracting**: No subcontract work, if permitted by the City, shall be started prior to the written approval of the subcontractor by the City. The City reserves the right to accept or reject any subcontractor.

28. **Termination**: Either party may terminate this contract upon giving written notice 2 months in advance. The contract will be automatically terminated should the State of Michigan not provide funds to operate the Holding Facility. The City will immediately notify the County if it learns that the State will not renew funding for the Holding Facility for the purpose of implementing an organized transition or shut down of the Facility.

29. **Time of Performance**: County's services shall commence immediately upon receipt of the notice to proceed and shall be carried out forthwith and without reasonable delay.

30. **Waiver**: Failure of the any of the Parties to insist upon strict compliance with any of the terms, covenants, or conditions of this Agreement shall not be deemed a waiver of any term, covenant, or condition. Any waiver or relinquishment of any right or power hereunder at any one or more times shall not be deemed a waiver or relinquishment of that right or power at any other time.

31. **Whole Agreement**: This written agreement and the documents cited herein embody the entire agreement between the parties. Any additions, deletions or modifications hereto must be in writing and signed by both parties.

SIGNATURE PAGE FOLLOWS

HOLDING FACILITY CONTRACT 2015-16
SIGNATURE PAGE

COUNTY OF GENESEE:

Jamie W. Curtis, Chairperson
Genesee County Board of Commissioners — Date

Robert J. Pickell, Sheriff — Date

CITY OF FLINT, a Michigan Municipal Corp.:

Dayne Walling, Mayor — Date 10/5/15

Natasha L. Henderson, City Administrator — Date 10-2-2015

APPROVED AS TO FORM:

Peter M. Bade
Chief Legal Officer — Date

Celeste D. Bell
Chief Assistant Prosecuting Attorney-Civil Division — Date

S:\P Bade\Genesee County\Lock-up Facility\Flint Holding Facility Agreement 2015 2016 10 02 15.doc

Genesee County
Fun # 899 - City of Flint Lockup - Fiscal Year Ending September 30, 2016

	2015/2016 BUDGET
Expenditures	
Personnel:	
Straight Time	1,186,702
Overtime	134,258
Overtime Holiday Pay	32,777
Shift Premium	52,668
Longevity	42,267
Court Time	4,575
Total Salary	1,453,247
Social Security	110,694
Health Care-Current	227,624
Optical	2,551
Dental	24,642
Life	17,857
Retirement	409,123
Workers Comp.	45,993
Unemployment	1,455
Health Care-Retirement	238,805
Total Fringes	1,078,744
Total Personnel	**2,531,991**
Other:	
Laundry - Robes/Uniforms	2,487
Supplies-Food	27,309
Supplies-Uniforms	1,218
Supplies-Other	17,373
Supplies-Inmate clothing	6,631
Repair Equipment	302
Internet Provider Charges	1,668
Liability Insurance	57,195
Motor Pool Charges	1,101
SIR Charges	50,000
Controller Services	67,000
Total Other	232,284
Total Expenditures	2,764,275

10/02/2015 REVENUE AND EXPENDITURE REPORT FOR CITY OF FLINT
PERIOD ENDING 10/31/2015

GL NUMBER	DESCRIPTION	2015-16 ORIGINAL BUDGET	2015-16 AMENDED BUDGET	YTD BALANCE 10/31/2015	NENCUMBERED BALANCE
Fund 101 - General Fund					
Dept 302.205-Pol Admin - City Lock up					
101-302.205-539.000	State Grants	2,554,329.00	2,835,843.07	431,022.21	2,404,820.86
101-302.205-801.000	Professional Service	2,424,329.00	2,725,843.07	431,022.21	2,294,820.86
101-302.205-977.000	Equipment	110,000.00	110,000.00	0.00	110,000.00
Net - Dept 302.205-Pol Admin - City Lock up		20,000.00	0.00	0.00	0.00
Fund 101 - General Fund:					
TOTAL REVENUES		2,554,329.00	2,835,843.07	431,022.21	2,404,820.86
TOTAL EXPENDITURES		2,534,329.00	2,835,843.07	431,022.21	2,404,820.86
NET OF REVENUES & EXPENDITURES		20,000.00	0.00	0.00	0.00
TOTAL REVENUES - ALL FUNDS		2,554,329.00	2,835,843.07	431,022.21	2,404,820.86
TOTAL EXPENDITURES - ALL FUNDS		2,534,329.00	2,835,843.07	431,022.21	2,404,820.86
NET OF REVENUES & EXPENDITURES		20,000.00	0.00	0.00	0.00

City of Flint, Michigan

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Meeting Minutes 2 - Final

Monday, October 12, 2015

6:20 PM

RTAB SUMMARY

Council Chambers

CITY COUNCIL

Joshua M. Freeman, President, Ward 4
Wantwaz D. Davis, Vice President, Ward 5

Eric Mays, Ward 1
Jacqueline Poplar, Ward 2
Kerry Nelson, Ward 3
Herbert J. Winfrey, Ward 6
Monica Galloway, Ward 7
Victoria VanBuren, Ward 8
Scott Kincaid , Ward 9

Inez M . Brown, City Clerk

ROLL CALL

Present: Councilperson: Councilperson Poplar, Councilperson Nelson, Freeman, Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: Councilperson: Councilperson Winfrey

ROLL CALL

Councilperson Davis left the Council Chambers at 7:25 p.m.

Present: Councilperson: Councilperson Poplar, Councilperson Nelson, Freeman, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: Councilperson: Davis and Councilperson Winfrey

RESOLUTIONS

150828.1 Approval/Obsolete Property Rehabilitation District/Lapeer Road and Averill Avenue

Resolution resolving that the legally described parcels of land situated within the City of Flint, Genesee County, and State of Michigan, be and are hereby established as an Obsolete Property Rehabilitation District (3501 Lapeer Road Area District) pursuant to the provision of the Public Act 146 of 2000, as amended. [NOTE: The district encompasses properties located at 3501 Lapeer Road, 3711 Lapeer Road and 1620 Averill Avenue.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150863 SAW Grant Agreement/City of Flint/Michigan Finance Authority (MFA)/Michigan Department of Environmental Quality (DEQ)/Strategic Water Quality Initiatives Grant Program

Resolution resolving that the City Administrator, a position currently held by Natasha L. Henderson, is designated as the Authorized Representative for purposes of the SAW Grant Agreement, AND, the proposed form of the SAW Grant Agreement between the City of Flint, the MFA and the DEQ is hereby approved and the Authorized Representative is authorized and directed to execute the SAW Grant Agreement with such revisions as are permitted by law and agreed to by the Authorized Representative, AND, the City of Flint shall repay the Grant, within ninety (90) days of being informed to do so, with interest at a rate NOT-TO-EXCEED eight (8) percent per year, to the Authority, if the City of Flint is unable to, or decides not to, proceed with contructing the project or implementing the asset management program for which the funding is provided within three (3) years of the Grant award, AND, the Grant, if repayable, shall be a first budget obligation for the City of Flint and the City of Flint is required, if necessary, to levy ad valorem taxes on all taxable property in the City for the payment thereof, subject to applicable constitutional, statutory and local tax rate limitations, AND, the City of Flint shall not invest, reinvest or

accumulate any moneys deemed to be Grant funds, nor shall it use Grant funds for the general local government administration activities or activities performed by municipal employees that are unrelated to the project, AND, the Authorized Representative is hereby jointly or severally authorized to take any actions necessary to comply with the requirements of the MFA and the DEQ in connection with the issuance of the Grant. The Authorized Representative is hereby jointly or severally authorized to execute and deliver such other contracts, certificates, documents, instruments, applications and other papers as may be required by the MFA or the DEQ or as may be otherwise necessary to effect the approval and delivery of the Grant, AND, the City of Flint acknowledges that the SAW Grant Agreement is a contract between the City, the MFA and the DEQ, AND, all resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded. [NOTE: Part 52 of the Natural Resources and Environmental Protection Act, as amended, provides that the MFA, in consultation with the DEQ, shall establish a strategic water quality initiatives grant program to provide grants to municipalities for sewage collection and treatment systems or storm water or non-point source pollution control. The City of Flint is requesting $2,000,000.00 to establish an asset management plan.] [NOTE: Agreement is not attached.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150864 Contract/City of Flint/County of Genesee/Flint Holding Facility Operation

Resolution resolving that the City Administrator authorizes the appropriate city officials to do all things necessary to enter into the attached agreement with Genesee County for operation of the Flint Holding Facility. [NOTE: The City of Flint Police Department includes a 110-person holding facility with the ability to hold detainees for up to 72 hours. The Genesee County Sheriff currently operates the holding facility. The city and the sheriff have agreed to the terms of a contract for the sheriff to continue operating the facility for a contract price NOT-TO-EXCEED $2,764,275.00. The agreement is contingent on the city receiving funding from the State of Michigan to pay the full costs of the contract and the Sheriff receiving a continued waiver from the Michigan Department of Corrections.] [NOTE: Agreement is attached.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

Passed The Consent Agenda

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, including all the preceding items marked as having been adopted on a Consent Agenda. The motion carried by the following vote:

Aye: 7 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 2 - Vice President Davis and Councilperson Winfrey

RESOLUTIONS - MAY BE REFERRED FROM COTW

150865 Budget Amendments/FY2016 Budget of the City of Flint/General Fund/Drug Law Enforcement Fund/Public Improvement Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's General, Drug Law Enforcement and Public Improvement Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0982015.]

SEPARATED FROM MASTER RESOLUTION

150866 Budget Amendments/FY2016 Budget of the City of Flint/Water Fund/Sewer Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's Water and Sewer Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0992015.]

SEPARATED FROM MASTER RESOLUTION

150872 Budget Amendment/Water and Sewer Budget/Switch Back to Detroit Water and Sewerage Department (DWSD) Water Supply

Resolution resolving that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable, with specific revenue and expenditure line items to be provided by the Chief Financial Officer. [NOTE: The State of Michigan and C.S. Mott Foundation have committed $6 million and $4 million dollars respectively to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department (DWSD) and its successor, the Great Lakes Water Authority (GLWA), until the City is able to received water from the Karegnondi Water Authority (KWA). At this time the KWA reports that construction is on schedule to be completed by June 30, 2015 [2016]. The City estimates the total cost to purchase water through DWSD will be $12 million for nine months. The balance of $2 million not covered by the pledges of State and Local resources is the responsibility of the City. A budget amendment is necessary to reflect both an increase in revenues for the receipt of $10 million in assistance and $2 million of budgeted Use of Fund Balance, and an increase in expenditures of $12 million for the purchase of DWSD water supply.]

SEPARATED FROM MASTER RESOLUTION

150875 Authorization/Agreements/City Administrator/Conversion to Detroit Water

System

Resolution resolving that the City Administrator is authorized to enter into agreements with the Detroit Water and Sewerage Department (DWSD) and Genesee County Drain Commission (GCDC) for conversion to the Detroit Water System.

SEPARATED FROM MASTER RESOLUTION

150876 Establishment/Indigenous Peoples Day

Resolution resolving that the City of Flint shall recognize Indigenous Peoples Day on the second Monday in October and use it to reflect upon the invaluable contributions made by Indigenous Peoples to our community.

SEPARATED FROM MASTER RESOLUTION

SEPARATED FROM MASTER RESOLUTION

150865 Budget Amendments/FY2016 Budget of the City of Flint/General Fund/Drug Law Enforcement Fund/Public Improvement Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's General, Drug Law Enforcement and Public Improvement Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0982015.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 7 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 2 - Vice President Davis and Councilperson Winfrey

ROLL CALL

Councilperson Davis returned to the Council Chamber at 7:29 p.m.

Present: Councilperson: Councilperson Poplar, Councilperson Nelson, Freeman, Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: Councilperson: Councilperson Winfrey

150866 Budget Amendments/FY2016 Budget of the City of Flint/Water Fund/Sewer Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to

the city's Water and Sewer Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0992015.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

150872 Budget Amendment/Water and Sewer Budget/Switch Back to Detroit Water and Sewerage Department (DWSD) Water Supply

Resolution resolving that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable, with specific revenue and expenditure line items to be provided by the Chief Financial Officer. [NOTE: The State of Michigan and C.S. Mott Foundation have committed $6 million and $4 million dollars respectively to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department (DWSD) and its successor, the Great Lakes Water Authority (GLWA), until the City is able to received water from the Karegnondi Water Authority (KWA). At this time the KWA reports that construction is on schedule to be completed by June 30, 2015 [2016]. The City estimates the total cost to purchase water through DWSD will be $12 million for nine months. The balance of $2 million not covered by the pledges of State and Local resources is the responsibility of the City. A budget amendment is necessary to reflect both an increase in revenues for the receipt of $10 million in assistance and $2 million of budgeted Use of Fund Balance, and an increase in expenditures of $12 million for the purchase of DWSD water supply.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

150875 Authorization/Agreements/City Administrator/Conversion to Detroit Water System

Resolution resolving that the City Administrator is authorized to enter into agreements with the Detroit Water and Sewerage Department (DWSD) and Genesee County Drain Commission (GCDC) for conversion to the Detroit Water System.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

150876 Establishment/Indigenous Peoples Day

Resolution resolving that the City of Flint shall recognize Indigenous Peoples Day on the second Monday in October and use it to reflect upon the invaluable contributions made by Indigenous Peoples to our community.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

ADJOURNMENT

This regular Flint City Council meeting was adjourned at 9:09 p.m.

City of Flint, Michigan

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Meeting Agenda - Final

Monday, October 26, 2015

6:00 PM

AMENDED AGENDA
(To Add Reso. No. 150893)
Council Chambers

CITY COUNCIL

Joshua M. Freeman, President, Ward 4
Wantwaz D. Davis, Vice President, Ward 5

Eric Mays, Ward 1
Jacqueline Poplar, Ward 2
Kerry Nelson, Ward 3
Herbert J. Winfrey, Ward 6
Monica Galloway, Ward 7
Victoria VanBuren, Ward 8
Scott Kincaid , Ward 9

Inez M . Brown, City Clerk

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

PRESENTATION OF COMMITTEE/COUNCIL MINUTES

150883 Summary Minutes/Flint City Council/Regular Meeting/October 12, 2015

Summary Minutes of the Flint City Council regular meeting held Monday, October 12, 2015, at 6:20 p.m., in the City Council Chambers, 3rd Floor, City Hall.

PUBLIC HEARINGS

PUBLIC COMMENT

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes on ANY ITEM PERTAINING TO THIS AGENDA.

PETITIONS AND UNOFFICIAL COMMUNICATIONS

150884 Government Affairs Organization/Comcast

Communication dated October 16, 2015, Comcast to Flint City Clerk, re: Mr. John P. Gardner, Director, External Affairs, is the new Comcast government affairs liaison for the City of Flint.

COMMUNICATIONS FROM CITY OFFICIALS

150885 Traffic Engineering/Closure Permits

Lane Closures (3) dated October, 2015, re: (1) Selby Street (installing gas services-Nov. 6th); (2) Court Street (water tap-Nov. 2nd); and (3) Selby Street (installing gas main-Oct. 26th).

ADDITIONAL COMMUNICATION

APPOINTMENTS

LICENSES

RESOLUTIONS

RESOLUTIONS - MAY BE REFERRED FROM COTW

150886 Brown & Sons Co./Annual Supply/Brake Parts, Bulbs, Breakers, Sprays and Filters

Resolution resolving that the Finance Department is hereby authorized to issue purchase orders for FY2016, FY2017, and FY2018 to Brown & Sons Co. for the annual supply of brake parts, bulbs, breakers, sprays, and filters, as requested by Fleet, in an annual amount NOT-TO-EXCEED $140,000.00, for an aggregate amount of $420,000.00 (pending adopting of the FY18 Budget), AND, resolving that the Finance Department has the discretion to spend an additional amount of NO-MORE-THAN 5% of the annual requested spend amount to Brown & Sons Co. for unanticipated requests that may be submitted during the next three years [Fleet/Central Garage Fund Acct. No. 661-000.000-110.400]. [City Administrator Submission No. CA1022015]

150887 CO#1/Contract/Zito Construction/Water Main Cut-In Project

Resolution resolving that the Mayor and City Administrator do all things necessary to enter into change order #1 to the contract with Zito Construction to extend the contract into the current fiscal year and pay additional work that was needed to complete the project, as requested by the Water Plant, in an amount NOT-TO-EXCEED $19,570.00, for a revised contractual amount of $695,870.00 [Water Fund Acct. No. 591-536.100-801.000]. [City Administrator Submission No. CA1032015]

150888 Contract/Stansley Industries/Biosolids Sludge Transportation-Hauling Services

Resolution resolving that the Mayor and City Administrator are authorized to enter into a three-year contract with Stansley Industries for [a] biosolids sludge cake transportation/hauling agreement, as requested by the Water Pollution Control, for a FY2016 amount of $60,000.00, and pending adoption of FY2017 [Budget] of $80,000.00, and FY2018 Budget amount of $85,000.00, for a total award of $225,000.00 [Sewer Fund Acct. No. 590-550.100-801.500]. [City Administrator Submission No. CA1042015]

150889 Contract/Waste Management-Venice Park Landfill/Biosolids Sludge Disposal Services

Resolution resolving that the Mayor and City Administrator are authorized to enter into a three-year contract with Waste Management/Venice Park for the disposal of the biosolids sludge cake, as requested by the Water Pollution Control, for a FY2016 amount of $150,000.00, and pending adoption of FY2017 and FY2018 Budget amounts of $200,000.00 each year, for a total award of $550,000.00 [Sewer Fund Acct. No. 590-550.100-801.500]. [City Administrator Submission No. CA1052015]

150890 Budget Amendment/Department of Public Works (DPW)/Michigan Department of Transportation (MDOT) Contracts

Resolution resolving that the Department of Public Works' FY2016 Budget shall be amended with the transfer of $189,301.57 from fund balance to Professional Services Line Item No. 202-441.702-801.000. [NOTE: In order to comply with the contractual agreement between MDOT and DPW for bridge work on I-69, and the contractual agreement between MDOT, the City of Flint, and Rowe Professional Services for the Leith Street-Stewart Avenue Bridge Project, it is necessary to replace funds liquidated during the year-end closing process and increase the FY2016 Budget with those remaining funds, for remaining project funding in the amounts of $101,432.82 and $87,868.75, respectively.] [City Administrator Submission No. CA1062015]

150891 Contract/Fleis & Vandenbrink/Preliminary Design and Engineering Services/Fenton Road Project

Resolution resolving that the Mayor and City Administrator are authorized to enter into a contract with Fleis & Vandenbrink using TIP funds for the preliminary design and engineering services for the Fenton Road Project, as requested by Transportation, in an amount NOT-TO-EXCEED $156,748.60 [Major Street Fund Acct. No. 202-441.702-801.000]. [City Administrator Submission No. CA1072015]

150892 Contract/Wade Trim, Inc./Preliminary Design and Engineering Services/Kearsley Street Rehabilitation Project

Resolution resolving that the Mayor and City Administrator are authorized to enter into a contract with Wade Trim, Inc. using TIP funds for the preliminary design and engineering services for the Kearsley Street Rehabilitation Project, as requested by Transportation, in an amount NOT-TO-EXCEED $94,000.00 [Major Street Fund Acct. No. 202-441.702-801.000]. [City Administrator Submission No. CA1082015]

150893 Charitable Gaming License/State of Michigan Lottery Charitable Gaming Division/Flint Cultural Center Corporation, Inc./Raffle

Resolution recognizing the Flint Cultural Center Corporation, Inc. as a non-profit organization operating in the City of Flint for the purpose of obtaining a charitable gaming license, issued by the Michigan Lottery Charitable Gaming Division, relative to conducting a raffle during their "Night at the Museum" event on November 14, 2015, as allowed by Act 382 of the Public Acts of 1972, as amended. [City Administrator Submission No. CA1092015]

LIQUOR LICENSES

ORDINANCES - First Reading

ORDINANCES - Second Reading

PUBLIC SPEAKERS

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes IN GENERAL.

ADJOURNMENT

150883

City of Flint, Michigan
Summary Meeting Minutes For
CITY COUNCIL

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Joshua M. Freeman, President, Ward 4
Wantwaz D. Davis, Vice President, Ward 5

Eric Mays, Ward 1 — *Jacqueline Poplar, Ward 2*
Kerry Nelson, Ward 3 — *Herbert J. Winfrey, Ward 6*
Monica Galloway, Ward 7 — *Victoria VanBuren, Ward 8*
Scott Kincaid, Ward 9

Inez M. Brown, City Clerk

Monday, October 12, 2015 | **6:20 PM** | **Council Chambers**

SUMMARY FOR 10/26/2015 CITY COUNCIL AGENDA

150873 Summary Minutes/Flint City Council/Regular Meeting/September 28, 2015

Summary Minutes of the Flint City Council regular meeting held Monday, September 28, 2015, at 6:01 p.m., in the City Council Chambers, 3rd Floor, City Hall.

A motion was made by Councilperson Mays, seconded by Councilperson Kincaid, that this matter be Placed on File. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

150874 Traffic Engineering/Closure Permit

Short-Term Street/Lane Closure Permit dated October 7, 2015, re: Kearsley, Robert T. Longway, Horrigan, Court, and Crapo Streets on Saturday, October 10th (Making Strides Against Breast Cancer Walk).

A motion was made by Councilperson Mays, seconded by Councilperson Nelson, that this matter be Placed on File. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

150828.1 Approval/Obsolete Property Rehabilitation District/Lapeer Road and Averill Avenue

Resolution resolving that the legally described parcels of land situated within the City of Flint, Genesee County, and State of Michigan, be and are hereby established as an Obsolete Property Rehabilitation District (3501 Lapeer Road Area District) pursuant to the provision of the Public Act 146 of 2000, as amended. [NOTE: The district encompasses properties located at 3501 Lapeer Road, 3711 Lapeer Road and 1620 Averill Avenue.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150863 SAW Grant Agreement/City of Flint/Michigan Finance Authority (MFA)/Michigan Department of Environmental Quality (DEQ)/Strategic Water Quality Initiatives Grant Program

Resolution resolving that the City Administrator, a position currently held by Natasha L. Henderson, is designated as the Authorized Representative for purposes of the SAW Grant Agreement, AND, the proposed form of the SAW Grant Agreement between the City of Flint, the MFA and the DEQ is hereby approved and the Authorized Representative is authorized and directed to execute the SAW Grant Agreement with such revisions as are permitted by law and agreed to by the Authorized Representative, AND, the City of Flint shall repay the Grant, within ninety (90) days of being informed to do so, with interest at a rate NOT-TO-EXCEED eight (8) percent per year, to the Authority, if the City of Flint is unable to, or decides not to, proceed with contructing the project or implementing the asset management program for which the funding is provided within three (3) years of the Grant award, AND, the Grant, if repayable, shall be a first budget obligation for the City of Flint and the City of Flint is required, if necessary, to levy ad valorem taxes on all taxable property in the City for the payment thereof, subject to applicable constitutional, statutory and local tax rate limitations, AND, the City of Flint shall not invest, reinvest or accumulate any moneys deemed to be Grant funds, nor shall it use Grant funds for the general local government administration activities or activities performed by municipal employees that are unrelated to the project, AND, the Authorized Representative is hereby jointly or severally authorized to take any actions necessary to comply with the requirements of the MFA and the DEQ in connection with the issuance of the Grant. The Authorized Representative is hereby jointly or severally authorized to execute and deliver such other contracts, certificates, documents, instruments, applications and other papers as may be required by the MFA or the DEQ or as may be otherwise necessary to effect the approval and delivery of the Grant, AND, the City of Flint acknowledges that the SAW Grant Agreement is a contract between the City, the MFA and the DEQ, AND, all resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded. [NOTE: Part 52 of the Natural Resources and Environmental Protection Act, as amended, provides that the MFA, in consultation with the DEQ, shall establish a strategic water quality initiatives grant program to provide grants to municipalities for sewage collection and treatment systems or storm water or non-point source pollution control. The City of Flint is requesting $2,000,000.00 to establish an asset management plan.] [NOTE: Agreement is not attached.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150864 Contract/City of Flint/County of Genesee/Flint Holding Facility Operation

Resolution resolving that the City Administrator authorizes the appropriate city officials to do all things necessary to enter into the attached agreement with Genesee County for operation of the Flint Holding Facility. [NOTE: The City of Flint Police Department includes a 110-person holding facility with the ability to hold detainees for up to 72 hours. The Genesee County Sheriff currently operates the holding facility. The city and the sheriff have agreed to the terms of a contract for the sheriff to continue operating the facility for a contract price NOT-TO-EXCEED $2,764,275.00. The agreement is contingent on the city receiving funding from the State of Michigan to pay the full costs of the contract and the Sheriff receiving a continued waiver from the Michigan Department of Corrections.] [NOTE: Agreement is attached.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150865 Budget Amendments/FY2016 Budget of the City of Flint/General Fund/Drug Law Enforcement Fund/Public Improvement Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's General, Drug Law Enforcement and Public Improvement Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0982015.]

SEPARATED FROM MASTER RESOLUTION

150866 Budget Amendments/FY2016 Budget of the City of Flint/Water Fund/Sewer Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's Water and Sewer Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0992015.]

SEPARATED FROM MASTER RESOLUTION

150872 Budget Amendment/Water and Sewer Budget/Switch Back to Detroit Water and Sewerage Department (DWSD) Water Supply

Resolution resolving that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable, with specific revenue and expenditure line items to be provided by the Chief Financial Officer. [NOTE: The State of Michigan and C.S. Mott Foundation have committed $6 million and $4 million dollars respectively to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department (DWSD) and its successor, the Great Lakes Water Authority (GLWA), until the City is able to received water from the Karegnondi Water Authority (KWA). At this time the KWA reports that construction is on schedule to be completed by June 30, 2015 [2016]. The City estimates the total cost to purchase water through DWSD will be $12 million for nine months. The balance of $2 million not covered by the pledges of State and Local resources is the responsibility of the City. A budget amendment is necessary to reflect both an increase in revenues for the receipt of $10 million in assistance and $2 million of budgeted Use of Fund Balance, and an increase in expenditures of $12 million for the purchase of DWSD water supply.]

SEPARATED FROM MASTER RESOLUTION

150875 Authorization/Agreements/City Administrator/Conversion to Detroit Water System

Resolution resolving that the City Administrator is authorized to enter into agreements with the Detroit Water and Sewerage Department (DWSD) and Genesee County Drain Commission (GCDC) for conversion to the Detroit Water System.

SEPARATED FROM MASTER RESOLUTION

150876 Establishment/Indigenous Peoples Day

Resolution resolving that the City of Flint shall recognize Indigenous Peoples Day on the second Monday in October and use it to reflect upon the invaluable contributions made by Indigenous Peoples to our community.

SEPARATED FROM MASTER RESOLUTION

150865 Budget Amendments/FY2016 Budget of the City of Flint/General Fund/Drug Law Enforcement Fund/Public Improvement Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's General, Drug Law Enforcement and Public Improvement Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0982015.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 7 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 2 - Vice President Davis and Councilperson Winfrey

150866 Budget Amendments/FY2016 Budget of the City of Flint/Water Fund/Sewer Fund

Resolution resolving that the FY2016 Budget of the City of Flint is hereby amended to reflect the changes in the attached list of budget adjustments to the city's Water and Sewer Funds, dated October 7, 2015, AND, the Chief Financial Officer is authorized to do all things necessary to incorporate the attached changes into the (FY2016) Budget and to assign the appropriate account numbers. [NOTE: Budget adjustments are attached.] [City Administrator Submission No. CA0992015.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

150872 Budget Amendment/Water and Sewer Budget/Switch Back to Detroit Water and Sewerage Department (DWSD) Water Supply

Resolution resolving that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable, with specific revenue and expenditure line items to be provided by the Chief Financial Officer. [NOTE: The State of Michigan and C.S. Mott Foundation have committed $6 million and $4 million dollars respectively to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department (DWSD) and its successor, the Great Lakes Water Authority (GLWA), until the City is able to received water from the Karegnondi Water Authority (KWA). At this time the KWA reports that construction is on schedule to be completed by June 30, 2015 [2016]. The City estimates the total cost to purchase water through DWSD will be $12 million for nine months. The balance of $2 million not covered by the pledges of State and Local resources is the responsibility of the City. A budget amendment is necessary to reflect both an increase in revenues for the receipt of $10 million in assistance and $2 million of budgeted Use of Fund Balance, and an increase in expenditures of $12 million for the purchase of DWSD water supply.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

150875 Authorization/Agreements/City Administrator/Conversion to Detroit Water System

Resolution resolving that the City Administrator is authorized to enter into agreements with the Detroit Water and Sewerage Department (DWSD) and Genesee County Drain Commission (GCDC) for conversion to the Detroit Water System.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

150876 Establishment/Indigenous Peoples Day

Resolution resolving that the City of Flint shall recognize Indigenous Peoples Day on the second Monday in October and use it to reflect upon the invaluable contributions made by Indigenous Peoples to our community.

A motion was made by Councilperson Kincaid, seconded by Councilperson Nelson, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, Councilperson Nelson, Chairperson Freeman, Vice President Davis, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid and Councilperson Mays

Absent: 1 - Councilperson Winfrey

15-543
150886

(Bid #16000022)

SUBMISSION NO.: CA102015

PRESENTED: 10-21-15

ADOPTED: _____

RESOLUTION TO BROWN & SONS CO. FOR THE ANNUAL SUPPLY OF BRAKE PARTS, BULBS, BREAKERS, SPRAYS AND FILTERS

BY THE CITY ADMINISTRATOR

RESOLUTION

The Finance Department, Purchases and Supplies Division, has solicited a bid for brake parts, bulbs, breakers, sprays and filters for a three year period as requested by the Fleet Division; and

Brown & Sons Co., 1720 Davison Rd., Flint, Michigan was the lowest responsive bidder from nine solicitations for said supplies. The funding for this purchase will come from the following account: 661-000.000-110.400; and

IT IS RESOLVED, that the Finance Department is authorized to issue purchase orders for FY16, FY17, and FY18 to Brown & Sons Co. for the annual supplies of brake parts, bulbs, breakers, sprays and filters in an annual amount not to exceed $140,000.00 which results in an aggregate amount of $420,000.00 over the three year period. (Fleet/Central Garage Fund) $140,000 for FY16, $140,000 for FY17, and $140,000 pending adoption of the FY18 budget.

BE IT FURTHER RESOLVED, that the Finance Department has the discretion to spend an additional amount of no more than 5% of the annual requested spend amount to Brown & Sons Co for unanticipated requests that may be submitted during the next three years.

APPROVED PURCHASING DEPT.:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

RECEIVERSHIP TRANSITION ADVISORY BOARD:

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Joshua Freeman, Council President

FY16 – KRN

RESOLUTION STAFF REVIEW

DATE:
10/19/15

Agenda Item Title:
Annual Supply of Brake Parts, Bulbs, Breakers, Sprays and Filters

Prepared By:
Mike Rule

Background/Summary of Proposed Action:
The Fleet Garage is requesting a purchase order for our annual supply of aftermarket vehicle replacement parts. Parts to be purchased include brakes, bulbs, filters, sprays, steering, and suspension related items. These aftermarket parts allow the garage to repair our fleet of vehicles at a lower cost than purchasing OEM components.

Financial Implications:

Budgeted? **Yes** ☒ **No** ☐ **Please explain if no:**

Account No.: **661-000.000-110.400**

Pre-encumbered? **Yes** ☒ **No** ☐ **Req#** 150000404

Other Implications (i.e., collective bargaining):

Staff Recommendation: Approval

Staff Person: _____
(Dept Head or other authorized staff)

SEALED BID RECEIVED PURCHASING DEPARTMENT ON OCTOBER 15, 2015
FOR THREE (3) YEAR PRICING ON ANNUAL SUPPLIES OF BRAKE PARTS, BULBS, BREAKERS, SPRAYS, & FILTERS
BID #16-022

VENDOR	*Brown & Sons Co. 1720 Davison Rd. Flint, MI	*Universal Lift Parts 3752 Robert T. Longway Flint, MI	*Mid-Michigan Auto Parts 2153 Richfield Rd. Flint, MI	**O'Reilly Auto Parts 233 S. Patterson Springfield, MO
Brake Parts	$8,147.36/unit price	$9,321.51/unit price	$8,663.19/unit price	$8,602.64/unit price (represents one yr only)
Steering & Suspension	$7,745.73/unit price	$8,476.74/unit price	$8,597.19/unit price	$1,714.76/unit price (represents one yr only)
Miscellaneous	$15,082.42/unit price	$17,286.6/unit price	$14,815.08/unit price	$2,308.86/unit price (represents one yr only)
Bulbs & Breakers	$314.27/unit price	$370.98/unit price	$331.56/unit price	$153.57/unit price (represents one yr only)
Sprays	$247.56/unit price	$356.07/unit price	$257.46/unit price	$102.31/unit price (represents one yr only)
Filters	$1,869.41/unit price	$2,129.16/unit price	$2,615.49/unit price	$699.67/unit price (represents one yr only)

*The pricing that is listed represents the total three year unit pricing for each item listed in bid solicitation
**Vendor submit pricing for only one year and stated for the remaining two years that pricing will be provided at end of each fiscal year.

150887 15-5244

(Purchasing Req. 150000845)

SUBMISSION NO.: CA1032015

PRESENTED: 10-21-15

ADOPTED: _____

RESOLUTION TO ZITO CONSTRUCTION FOR WATERMAIN CUT-IN PROJECT

BY THE CITY ADMINISTRATOR

RESOLUTION

The Finance Department, Purchasing and Supplies Division, solicited a bid in March 2014 for an initial watermain cut-in at the Water Plant and Zito Construction, 8033 Fenton Rd., Grand Blanc, Mi was the sole bidder to submit a bid; and

On March 26, 2014, the Emergency Manager authorized the Proper City Officials to enter into a contract with Zito Construction for said watermain project in an amount not to exceed $676,300.00; and

The Water Plant is requesting the issuance of change order #1 to said contract in order to extend the contract into the current fiscal year (July 1, 2015 – June 30, 2016) and to pay for additional work that was needed to complete the project in an amount not to exceed $19,570.00. Funding will come from the following account: 591-536.100-801.000; and

IT IS RESOLVED, that the Mayor and City Administrator do all things necessary to enter into change order #1 to the contract with Zito Construction to extend the contract into the current fiscal year and pay additional work that was needed to complete the project in an amount not to exceed $19,570.00 for a revised contractual amount of $695,870.00. (Water Fund)

APPROVED PURCHASING DEPT.:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

Natasha L. Henderson, City Administrator

RECEIVERSHIP TRANSITION ADVISORY BOARD:

CITY COUNCIL:

Joshua Freeman, Council President

FY16 - KRN

RESOLUTION STAFF REVIEW

DATE. September 28, 2015

Agenda Item Title: Amend Contract to Enter into Change Order #1 with Zito Construction

Background/Summary of Proposed Action

The City of Flint DPW/Utilities entered into contract 14-008 with Zito Construction for a water main cut-in for upgrades at the Water Plant. DPW/Utilities is requesting authorization to amend contract 14-088 to continue to work past the expiration date and enter into change order #1 for additional work to complete the project at a price not to exceed $19,570.00 for a total contract price of $695,870.00.

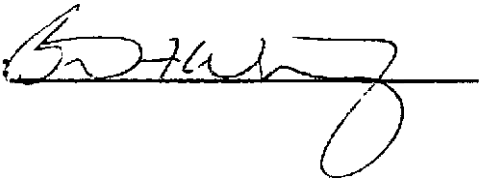
Financial Implications: None

Pre-encumbered?: Yes x No __ Requisition: 15000932

Account No: 591-536.100-801.000

Other Implications (i.e., collective bargaining):

Staff Recommendation: Recommend Approval

Staff Person: 

PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
WATER FUND (591) - NOVEMBER 2015 SUMMARY

Reso #	Council Review Date	Description	Division	Approval Status	591-536.100-801.000	
Amended Budget					**$**	**2,320,000.00**
Year-to-date Balance					**$**	**232,049.25**
Purchase Orders Approved					**$**	**135,747.74**
Available Balance					**$**	**1,952,203.01**
CA0602015	7/27/2015	Rowe Engineering, Inc. - Engineering Svc	DPW	RTAB Approved 8/12/15	$	25,000.00
CA1032015	10/26/2015	Zito Construction - Watermain Cut-In Project	Water Plant		$	19,570.00
				Pending RTAB Approval Totals	**$**	**44,570.00**
Ending Year to Date Balance Pending Council and RTAB Approval					$	1,907,633.01

15-5235
150888

(Proposal #16-525)

SUBMISSION NO.: CA10 4 2015

PRESENTED: 10-21-15

ADOPTED: _____

RESOLUTION TO STANSLEY INDUSTRIES FOR THREE (3) YR. BIOSOLIDS SLUDGE TRANSPORTATION/HAULING SERVICES

BY THE CITY ADMINISTRATOR

RESOLUTION

The Finance Department, Purchases & Supplies Division, has solicited proposals for a three (3) yr. biosolids sludge disposal and waste hauling services agreement for removal of the sludge cake from the Utilities Water Pollution Control Facility's new biosolids loading facility; and

Stansley Indutries, 3793 Silica Road, Sylvania, OH was the lowest responsive proposal for transportation/hauling fees for a three (3) year period from five proposals received. The funding for this request will come from the following account number: 590-550.100-801.500; and

IT IS RESOLVED, that the Mayor and City Administrator are authorized to enter into a three (3) yr. contract with Stansley Industries for biosolids sludge cake transportation/hauling agreement for an FY16 amount of $60,000.00 and pending the adoption of FY17 of $80,000.00 and FY18 budget amount of $85,000.00 for a total award of $225,000.00 (Sewer Fund)

APPROVED PURCHASING DEPT.:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

Natasha L. Henderson, City Administrator

RECEIVERSHIP TRANSITION ADVISORY BOARD:

CITY COUNCIL:

Joshua Freeman, Council President

FY16 – BDB

RESOLUTION STAFF REVIEW

September 2, 2015

Agenda Item Title: Biosolids Cake Hauling and Disposal Services

Prepared By: Robert J. Case, WPC Supervisor

Background/Summary of Proposed Action:

WPC is abandoning its multiple hearth incinerators to dispose of sewage sludge, and henceforth will send it to a landfill, as a cost-saving measure. A new Biosolids Loadout Facility under construction will soon enable offsite disposal. Contracts are now needed with a suitable licensed landfill and a trucker to transport and dispose of the cake offsite.

Financial Implications:

A significant reduction in utility and manpower costs will result, and also avoid the need to spend millions to bring the incinerators into compliance with new regulations. Please approve a three year agreement for Sludge Hauling and Disposal for fiscal years 2016, 2017, and 2018. The approved FY2016 budgeted amount is $210,000.00 ($150,000 Landfill, $60,000 Sludge Hauling), future allocations to be determined upon budget adoption. Use account number 590-550.100-801.500.

Budgeted Expenditure: Yes: ☑ No: Please explain if no:

Account No.: 590-550.100-801.500 - $210,000.00

Pre-encumbered: Yes: ☑ No: Requisition: 1500000547

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Approve

Staff Person: Robert J. Case
(Department Head or Approved Staff)

SEALED PROPOSAL RECEIVED PURCHASING DEPARTMENT ON AUGUST 3, 2015
FOR THREE (3) YEAR BIOSOLIDS WASTE HAULING & DISPOSAL SERVICES
PROPOSAL #16-525

HAULING SERVICES

VENDOR	Stansley Industries 3793 Silica Rd. Sylvania, OH	Metro Sanitation 9831 Tuscola Clio, MI
Yr. 1	$7.00/ton	$14.48/ton
Yr. 2	$7.25/ton	$15.40/ton
Yr. 3	$7.50/ton	$16.42/ton

PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
SEWER FUND (590) - NOVEMBER 2015 SUMMARY

Reso #	Council Review Date	Description	Division	Approval Status	590-550.100-801.500
Amended Budget					**$ 200,000.00**
Year-to-date Balance					**$ -**
Purchase Orders Approved					**$ -**
Available Balance					**$ 200,000.00**
CA1042015	10/26/2015	Stansley Industries - Biosolids Sludge Hauling	WPC		60,000.00
CA1052015	10/26/2015	Waste Management/Venice Park Landfill - Biosolids Sludge Disposal	WPC		140,000.00
			Pending RTAB Approval Totals		**$ 200,000.00**
Ending Year to Date Balance Pending Council and RTAB Approval					$ -

150889

(Proposal #16-525)

SUBMISSION NO.: CA 1052015

PRESENTED: 10-21-15

ADOPTED: _____

RESOLUTION TO WASTE MANAGEMENT/VENICE PARK LANDFILL FOR THREE (3) YR. BIOSOLIDS SLUDGE DISPOSAL SERVICES

BY THE CITY ADMINISTRATOR

RESOLUTION

The Finance Department, Purchases & Supplies Division, has solicited proposals for a three (3) yr. biosolids sludge disposal and waste hauling services agreement for removal of the sludge cake from the Utilities Water Pollution Control Facility's new biosolids loading facility; and

Waste Management/Venice Park, 9536 Lennon Road, Lennon, Michigan was the best total cost solution for landfill disposal fees in conjunction with transportation/hauling fees with the city's recommended sludge hauling contractor for a three (3) year period from five proposals received. The funding for this request will come from the following account number: 590-550.100-801.500; and

IT IS RESOLVED, that the Mayor and City Administrator are authorized to enter into a three (3) yr. contract with Waste Management/Venice Park for the disposal of the biosolids sludge cake for an FY16 amount of $150,000.00 and pending the adoption of FY17 and FY18 budget amounts of $200,000.00 each year for a total award of $550,000.00 (Sewer Fund)

APPROVED PURCHASING DEPT.:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

Natasha L. Henderson, City Administrator

RECEIVERSHIP TRANSITION ADVISORY BOARD:

CITY COUNCIL:

Joshua Freeman, Council President

FY16 – BDB

SEALED PROPOSAL RECEIVED PURCHASING DEPARTMENT ON AUGUST 3, 2015
FOR THREE (3) YEAR BIOSOLIDS WASTE HAULING & DISPOSAL SERVICES
PROPOSAL #16-525

DISPOSAL SERVICES

VENDOR	Republic - Citizens 2361 W. Grand Blanc Rd. Grand Blanc, MI	*Waste Management 9536 E. Lennon Rd. Lennon, MI	Brent Run 8385 Vienna Rd. Montrose, MI
Yr. 1	$18.00/ton	**$19.00/ton**	$26.93/ton
Yr. 2	$18.00/ton	**$19.79/ton**	$27.86/ton
Yr. 3	$18.00/ton	**$20.61/ton**	$28.83/ton

*An Alternate Proposal from Waste Management was included in its sealed proposal and reviewed. This proposal appears to offer the lowest cost and best value solution for the City. Waste Management offers to accept 11,000 tons per year of biosolids cake at the Venice Park landfill with no tip fee. In exchange, the City WPC Facilities would accept 11,000,000 gallons per year of leachate trucked in from two other landfills owned by Waste Management. As a result of this trade in services, the City will incur no cost landfill biosolid cakes.

RESOLUTION STAFF REVIEW

September 2, 2015

Agenda Item Title: Biosolids Cake Hauling and Disposal Services

Prepared By: Robert J. Case, WPC Supervisor

Background/Summary of Proposed Action:

WPC is abandoning its multiple hearth incinerators to dispose of sewage sludge, and henceforth will send it to a landfill, as a cost-saving measure. A new Biosolids Loadout Facility under construction will soon enable offsite disposal. Contracts are now needed with a suitable licensed landfill and a trucker to transport and dispose of the cake offsite.

Financial Implications:

A significant reduction in utility and manpower costs will result, and also avoid the need to spend millions to bring the incinerators into compliance with new regulations. Please approve a three year agreement for Sludge Hauling and Disposal for fiscal years 2016, 2017, and 2018. The approved FY2016 budgeted amount is $210,000.00 ($150,000 Landfill, $60,000 Sludge Hauling), future allocations to be determined upon budget adoption. Use account number 590-550.100-801.500.

Budgeted Expenditure: Yes: ☑ No: Please explain if no:

Account No.: 590-550.100-801.500 - $210,000.00

Pre-encumbered: Yes: ☑ No: Requisition: 1500000547

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Approve

Staff Person: Robert J. Case
(Department Head or Approved Staff)

PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL
SEWER FUND (590) - NOVEMBER 2015 SUMMARY

Reso #	Council Review Date	Description	Division	Approval Status	590-550.100-801.500
Amended Budget					**$ 200,000.00**
Year-to-date Balance					**$ -**
Purchase Orders Approved					**$ -**
Available Balance					**$ 200,000.00**
CA1042015	10/26/2015	Stansley Industries - Biosolids Sludge Hauling	WPC		60,000.00
CA1052015	10/26/2015	Waste Management/Venice Park Landfill - Biosolids Sludge Disposal	WPC		140,000.00
				Pending RTAB Approval Totals	**$ 200,000.00**
Ending Year to Date Balance Pending Council and RTAB Approval					$ -

150890

CA SUBMISSION NO.: CA10620 15

PRESENTED: 10-21-15

ADOPTED: _____

Resolution Authorizing Appropriate City of Flint Officials to Do All Things Necessary to Process a Budget Amendment to Transfer $189,301.57 From Fund Balance Into the 202-441.702-801.000 Ledger Account

BY THE CITY ADMINISTRATOR:

EM2332014 authorized the City of Flint to enter into contract with MDOT to perform reconstruction, bridge widening, and bridge replacement work on I-69. In order to comply with the contractual agreement between MDOT and Department of Public Works, it is necessary replace funds liquidated during the year-end closing process and increase the FY16 budget by those remaining funds. Funding remaining on this project is $101,432.82.

EMO742013 authorized the City of Flint to enter into contract with Rowe Professional Services for preliminary and construction engineering services on the MDOT Leith St.-Stewart Ave Bridge project. In order to comply with the contractual agreement between City of Flint, MDOT, and Rowe Professional Services, it is necessary replace funds liquidated during the year-end closing process and increase the FY16 budget by those remaining funds. Funding remaining on this project is $87,868.75.

IT IS RESOLVED, that Department of Public Works' FY16 budget shall be amended with the transfer of $189,301.57 from fund balance to line item 202-441.702-801-000 Professional Services.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Finance Director

Natasha L. Henderson, City Administrator

CITY COUNCIL:

_____

Joshua Freeman, Council President

102115-SYR

RESOLUTION STAFF REVIEW

DATE: October 21, 2015

Agenda Item Title: Budget Amendment

Prepared By: Shawanda Roebuck for Howard Croft, Director of Department of Public Works

Background/Summary of Proposed Action: On April 11, 2014, resolution number EME2332014 was adopted giving the City of Flint authorization to enter into contract # 14-020 with MDOT to perform reconstruction, bridge widening, and bridge replacement work on I-69. The local share of the construction project estimated at $343,000.00, however, the project was not completed in FY15, and the remaining authorized funds were rolled into fund balance. Approval for use of fund balance is needed to comply with contractual terms of the contract.

In addition, on July 13, 2013 resolution number EMO742013 authorized the City of Flint to enter into contract # 15-083 with Rowe Professional Services to provide preliminary and construction engineering services for the MDOT Leith St. -Stewart Ave Bridge project for $137,940.00. The project was not completed in FY14, and the authorized funds were rolled into fund balance. Approval for use of fund balance is needed to comply with contractual terms of the contract.

Financial Implications: MDOT has the authority under Public Act 51 of 1951 to request the Treasurer to withhold the City's MTF payment to secure the City's participation in the I-69 project, as well as being in breach of contract for failure to comply with payment terms of the Leith St.-Stewart Ave Bridge project.

Budgeted Expenditure? **Yes** ☒ **No** ☐ **Please explain if no:**

Account No.: 202-441.702-801.000

Pre-encumbered? Yes ☐ **No** ☐ **Requisition #**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: _____

Howard Croft, Director of Dept. of Public Works

150891

SUBMISSION NO.: CA1072015

PRESENTED: 10-21-15

ADOPTED: _____

RESOLUTION TO FLEIS & VANDENBRINK FOR PRELIMINARY DESIGN AND ENGINEERING SERVICES FOR FENTON ROAD PRELIMINARY ENGINEERING

BY THE CITY ADMINISTRATOR:

RESOLUTION

The Department of Public Works & Utilities, Transportation Department has solicited a proposal from one of the pre-qualified engineering vendors for the preliminary design and engineering services for the Fenton Road project, and

Fleis & Vandenbrink, 9475 Holly Rd., Suite 201, Grand Blanc, MI submitted a proposal to provide said services to the Fenton Rd. project. The funding for this request will come from the following account number: 202-441.702-801.000; and

IT IS RESOLVED, that the Mayor and City Administrator are authorized to enter into a contract with Fleis & Vandenbrink using TIP funds for the preliminary design and engineering services for the Fenton Road project in the amount not to exceed $156,748.60 (Major Street Fund)

APPROVED PURCHASING DEPT.:

Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

RECEIVERSHIP TRANSITION ADVISORY BOARD:

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Joshua Freeman, Council President

102015 – KRN

RESOLUTION STAFF REVIEW

Date: October 21, 2015

Agenda Item Title: Resolution to Fleis & Vandenbrink for PE services for Fenton Rd. rehabilitation project

Prepared By: Kathryn Neumann on behalf of Howard Croft

Background/Summary of Proposed Action:

The City of Flint has four pre-qualified engineering firms. Fleis & Vandenbrink was selected to submit a proposal for the Fenton Rd. rehabilitation project.

The Fenton Rd. rehabilitation project will include design in accordance with MDOT standards and specifications and will be completed in accordance with MDOT's Local Agency Program Plan Preparation and 3R Design Guidelines. Proposed work will include reducing Fenton Rd. from four lanes to three lanes, resurfacing the roadway, storm sewer improvements, curb repairs/replacements as needed, joint repairs, structure adjustments, driveway approaches, sidewalk repairs/replacements as needed as well as ADA sidewalk ramps at all controlled intersections.

Financial Implications: The City must expedite the design of the project in order for the project to be submitted to MDOT for review and approval prior to the funding obligation deadline. If the plans are not completed and approved, MDOT cannot obligate federal funds to the project.

Budgeted Expenditure? **Yes** **X** **No** **Please explain if no:**

Account No.: 202-441.702-801.000

Pre-encumbered? Yes X **No** **Requisition # 15-972**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: _____

Howard Croft, Director of Public Works

Hudson, Deanna (TREASURY)

From: Heimann, Alexandr (TREASURY)
Sent: Thursday, October 29, 2015 10:09 AM
To: Cline, Richard (Treasury); Hudson, Deanna (TREASURY)
Subject: RE: Materials for November 12th RTAB Meeting

Eric/Deanna,

I started looking at revenue v expenditure document that you'd sent us, and here is my feedback:

FLINT Financial Review – 9/30/15 Budget to Actual

10/29/15

Overall:

- **No cash flow document** - We have not been furnished with a cash flow and projections, so we might be missing some critical information. So far (9/30/15), the cash flow can be inferred to be in OK shape, they have collected $41M for the year, and only have spent $30M in total.
- **Other Grants Fund deficit in amended budget** - There is one item in the budget that is budgeted to be about a $1.9M deficit, in the "Other Grants Fund" fund, I am not sure why this is, my guess is that there are funds from other year's that are being carried over into this one, but I would like to be sure:

2015-16 Amended Budget

Fund Items	Revenues	Expenditure	Net
Fund 101 - General Fund	$51,399,548.00	$51,399,546.00	$2.00
Fund 202 - Major Street Fund	$8,622,714.00	$8,622,713.00	$1.00
Fund 203 - Local Street Fund	$3,637,757.00	$3,637,757.00	$0.00
Fund 205 - Public Safety	$6,181,948.00	$6,181,948.00	$0.00
Fund 207 - Police Fund	$1,323,944.00	$1,323,944.00	$0.00
Fund 208 - Park/Recreation Fund	$406,971.00	$406,971.00	$0.00
Fund 219 - Street Light	$2,824,204.00	$2,824,203.00	$1.00
Fund 226 - Rubbish Collection Fund	$4,829,503.00	$4,829,502.00	$1.00
Fund 265 - Drug Law Enforcement Fund	$172,174.00	$172,174.00	$0.00
Fund 274 - HUD CDBG, ESG, & HOME GRANTS	$8,532,130.00	$8,091,647.00	$440,483.00
Fund 296 - Other Grants Fund	**$5,249,245.00**	**$7,127,170.00**	**-$1,877,925.00**
Fund 402 - Public Improvement Fund	$2,828,967.00	$2,828,967.00	$0.00
Fund 542 - Building Inspection Fund	$1,966,717.00	$1,966,716.00	$1.00
Fund 590 - Sewer Fund	$32,337,768.00	$32,347,768.00	-$10,000.00
Fund 591 - Water Fund	$37,055,802.00	$35,980,087.00	$1,075,715.00
(blank)			
Grand Total	$167,369,392.00	$167,741,113.00	-$371,721.00

Water and Sewer

- **Does not include $ for new deal with DWSD** - This budget and the expenses does not appear to include the $12M revenues or expenditures associated with transferring back to the Detroit Water and Sewerage System
- **Water fund and Sewer fund projecting major deficits, possibly higher than estimated** - In trying to replicate N. Henderson's estimate of an $11M revenue shortfall for the Water fund and the Sewer fund I am not as optimistic. A lot can happen in a month, so this being a month behind might be the cause of the difference of opinion, but as of 9/30/15, they were only collecting about 65% of their "Charges for services rendered". If we project that out for the year, we are looking at a much larger deficit than $11M (p. 13-14):

Revenues	Sum of 2015-16 Adopted Budget	Collected	Projected collection
Fund 590 - Sewer Fund (TOTAL)	**$ 32,337,768.00**	**$ 5,186,513.00**	**$**
Charges for service rendered	**$ 30,434,895.00**	**$ 5,184,142.00**	**$**
Drawings from fund balance	$ 1,091,873.00	$ -	$
Interest and dividend income	$ -	$ -	$
Other revenues	$ 11,000.00	$ 2,371.00	$
Transfers in	$ 800,000.00	$ -	$
Fund 591 - Water Fund (TOTAL)	**$ 37,055,802.00**	**$ 5,547,970.00**	**$**
Charges for service rendered	**$ 36,943,802.00**	**$ 5,475,780.00**	**$**
Drawings from fund balance	$ -	$ -	$
Fines and forfeitures	$ -	$ 416.00	$
Gain on sale of fixed assets	$ 100,000.00	$ 58,400.00	$
Interest and dividend income	$ -	$ -	$
Other revenues	$ 12,000.00	$ 13,374.00	$

Alexandr Heimann
Municipal Anlayst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-2434

From: Cline, Richard (Treasury)
Sent: Wednesday, October 28, 2015 3:43 PM
To: Hudson, Deanna (TREASURY) <HudsonD4@michigan.gov>; Heimann, Alexandr (TREASURY) <HeimannA@michigan.gov>
Subject: FW: Materials for November 12th RTAB Meeting

Deanna/Alex:

Attached is a packet from the City of Flint for the upcoming RTAB meeting.

I am not sure if this will be their only submission, however, it is a start.

For this packet, please begin to review the materials and note any thoughts, concerns, or items that need follow-up.

Be prepared to discuss your observations.

If you wish to discuss the "packet analysis" process, let me know.

Regards,

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Wednesday, October 28, 2015 3:36 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Cc: Natasha Henderson <nhenderson@cityofflint.com>; Sean Kammer <skammer@cityofflint.com>
Subject: Materials for November 12th RTAB Meeting

Good afternoon,

Please find attached materials for the RTAB meeting being held November 12, 2015.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

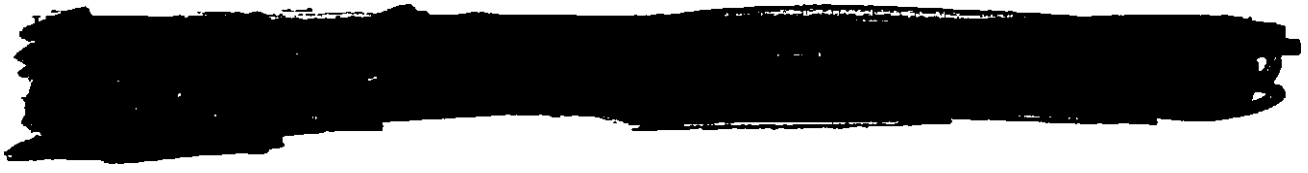
Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Thursday, October 29, 2015 2:26 PM
To: Lindsey Smith
Subject: Re: Former Flint EMs

Let me know if Friday about 10 works...

Will not make it in today.

On Oct 29, 2015, at 1:33 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:



While I was not planning to be in the office tomorrow (I'm going out of state for a week), I probably can meet some time tomorrow morning...perhaps 10ish...

On Oct 29, 2015, at 12:58 PM, Lindsey Smith <lmsmi@umich.edu> wrote:

> I can do 4 or 430 or tomorrow. It's really gotta be in person. If we have to push til Monday that'll work too. Please let me know. I don't want to drive out today if we're not talking
>
> On Thursday, October 29, 2015, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
> Lindsey...
>
> I hate to tell you this but I might not be in the office later this pm.
>
> I am still hoping to be there by 4...but I can't promise I will be.
>
> I know you wanted to speak in person and I totally appreciate that for sound quality etc but if we HAVE to speak by phone, could that work?
>
> TS
>
> On Oct 27, 2015, at 3:30 PM, Lindsey Smith <lmsmi@umich.edu> wrote:
>
> > If you have any reliable info at all re: cost savings, I'd appreciate it. I'm digging around. See you Thursday. Best~
> >
> > On Fri, Oct 23, 2015 at 4:48 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Ok.

TS

On Oct 23, 2015, at 4:45 PM, Lindsey Smith <lmsmi@umich.edu> wrote:

> Thursday would be better on my end. I'll plan on heading out your way, maybe crash a conference room over there or something?
>
> On Fri, Oct 23, 2015 at 1:02 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
> How about weds between 930 and 11...or 330-4 on Thursday?
>
> TS
>
> On Oct 22, 2015, at 5:30 PM, Lindsey Smith <lmsmi@umich.edu> wrote:
>
> > Hey not sure what day works for you... I now have until Nov 2. Lemme know.
> >
> > On Tue, Oct 20, 2015 at 10:50 AM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
> >
> > Hey Lindsey...
> >
> > I can provide you with a list of the managers who worked in Flint, though I cannot promise I will be able to put you in contact with anyone directly.
> >
> > I do think it is important for you to have the following background...and to reiterate that **the decision to move to KWA**, and thus the decision to use the Flint River as a temporary source (until KWA came on line) **was a decision made collectively by local**

officials...they mayor, city council, and others.

Please see the information below and attached for additional background on timing, decision-making, etc.

Discussions about the possible development of a Flint-area/Genesee County water system had been on-going since the early 2000's and the City of Flint had been in discussions about the possibility of joining KWA for much of that time, certainly prior to the appointment of an emergency manager (Mike Brown) in December 2011. The following M-Live articles show the city was looking at a possible move to KWA, which Genesee County strongly supported, well before a manager was appointed.

http://www.mlive.com/news/flint/index.ssf/2010/02/detroit_tells_genesee_county_w.html

http://www.mlive.com/news/flint/index.ssf/2011/01/water_pipeline_vs_flint_river.html

http://www.mlive.com/news/flint/index.ssf/2011/04/city_of_flint_still_mulling_wa.html

http://www.mlive.com/news/flint/index.ssf/2011/09/flint_officials_to_be_presente.html

http://www.mlive.com/news/flint/index.ssf/2011/12/so_far_so_good_genesee_county_1.html

Additionally, The Flint Journal supported the move to KWA in an editorial in Sept. 2011, again, prior to the appointment of a manager.

http://www.mlive.com/opinion/flint/index.ssf/2011/09/our_voice_its_decision_time_fo.html

Prior to the decision to move to KWA, which the Mayor and City Council fully supported (March 2013 Flint Journal story cites 7-1 City Council vote to join KWA); http://blog.mlive.com/newsnow_impact/print.html?entry=/2013/03/flint_city_council_approves_re.html the city's emergency manager (Mike Brown in June 2012; Ed Kurtz in Sept. 2012) twice requested permission from DWSD to blend river water with DWSD water to ensure high quality, safe drinking water for residents, while saving the city an estimated $2-3 million annually (DWSD was proposing a 5x rate increase for the City of Flint).

It is also important to note that the Genesee County Drain Commissioner, who had been heading up the KWA project, ***required*** *that Flint's elected leaders approve of and sign-off on the transition to KWA as he believed it was important to have the city's elected officials make the decision and not an emergency manager (see attached).*

Under PA 436, an emergency manager's approval is required for transactions of $50,000 or more, and thus Ed Kurtz did approve the

eventual move to KWA, again with full support and urging from the Mayor and City Council. Kurtz's letter, detailing that decision after consideration of DWSD's "last, best offer" is attached.

This ***is not*** *a situation where the Mayor and Council wanted to utilize one system with the EM reversing course.* ***All involved*** *in the decision-making process agreed* ***KWA was the best long-term option for the City of Flint.*** *With Flint's decision to go with KWA, DWSD terminated Flint's contract, effective April 17, 2014 (letter attached). Given that termination, Flint had two "options:"*

-sign a long-term (30 year) agreement with DWSD, which was not economically feasible given the city's decision to go with KWA

-Use Flint River as an interim source (it had long been the city's backup) until KWA was on-line

http://www.mlive.com/news/flint/index.ssf/2014/03/flint_drinking_water_to_come_f.html

It is also important to note that the current situation in Flint has been exacerbated by years of neglect and a lack of maintenance to the decades-old system. All this said, the most important issue now is moving things forward, through the collaborative State, City, and Foundation effort to ensure safe drinking water for the residents of Flint.

From: Lindsey Smith [mailto:lmsmi@umich.edu]
Sent: Tuesday, October 20, 2015 9:43 AM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Former Flint EMs

Hi Terry, Hope you're well.

We're producing a one hour documentary/podcast on Flint's water issues. Would really love to hear from the former EMs on this. Correct me if I'm wrong, but it seems there wasn't just one guy who decided to switch water sources, but maybe a few different people. Is there any way you can help me get interviews with the former EMs of Flint to talk about the decision and the issues that lead to it? Big ask, I know. But I need help if I'm going to do this right. I'm traveling now, so if you want to chat a bit, call my cell 810.923.5839.

All the best,

--

Lindsey Smith
West Michigan Reporter
Michigan Radio
Office (616) 551-0717
michiganradio.org

Robert, Carla M. (T[illegible]ry)

From: Michelle Zdrodowski <michelle.zd[illegible]dowski@[illegible]
Sent: Thursday, October 29, 2015 3:53 P[illegible]
To: Hollins, Harvey (GOV)
Cc: connersp@michigan.gov; Muchmo[illegible]e, Dennis (G[illegible], W[illegible] GOV); McPhee, Karen (GOV); Murray, David (GOV); Khou[illegible], Nick (TRE[illegible]RY), [illegible], [illegible]rd (GOV); Stanton, Terry A. (Treasury); Saxton, Thoma[illegible](Treasury)[illegible]fel[illegible] Darnell Earley
Subject: Flint EM Order On Water Plant Up[illegible]ades
Attachments: Water Plant EO-Kurtz Or[illegible]er on W[illegible]r Plant

Harvey,

Mr. Earley asked that [illegible] you the attached executive orde[illegible]gned b[illegible] [illegible]ard Kurtz, which clearly indicates that a [illegible]ion on the use of Flint River wate[illegible]ad been [illegible]23.

This was not included [illegible]e packet of documents that had pre[illegible]iously beer[illegible]ury.

Any questions, please [illegible]him know.

Thanks,

Z

Michelle A. Zdrod[illegible]
Executive Director of [illegible]unications
Detroit Public Schoo[illegible]
3011 W. Grand Boule[illegible].4th Floor
Detroit, MI 48202
313.873.3238, office
313.421.2831, mobil[illegible]

EM SUBMISSION NO.: 2013 EM140

PRESENTED: 6-21-13

ADOPTED: 6-26-13

BY THE EMERGENCY MANAGER:

Resolution Authorizing Approval to Enter into a Professional Engineering Services Contract for the Implementation of Placing the Flint Water Plant into Operation

The City of Flint requires professional engineering services for assistance in placing the Flint Water Plant into operation using the Flint River as a primary drinking water source for approximately two years and then converting to KWA delivered lake water when available at a cost of $171,000.00, and

The City of Flint is seeking to enter into a sole source contract with Lockwood, Andrews & Newnam, Inc., with funding coming from the Utilities Administration FY14 account in 591-536.100-801 000, and

IT RESOLVED, That appropriate City Officials are authorized to enter into a Professional Engineering Services contract with Lockwood, Andrews & Newnam, Inc. for the administration of placing the Flint Water Plant into operation using the Flint River as a primary drinking water source at a cost of $171,000 00. Funding will come from the Utilities Administration FY14 account 591-536.100-801 000

APPROVED AS TO FORM:

for

Peter M. Bade, Chief Legal Officer

APPROVED AS TO FINANCE:

Jerry Ambrose, Finance Director

EM DISPOSITION:

ENACT ✓ **FAIL** _____ **DATED** 6-26-13

Edward J. Kurtz, Emergency Manager

RESOLUTION STAFF REVIEW

Date. June 17, 2013

Agenda Item Title: Resolution Authorizing Approval to Enter into a Professional Engineering Services Contract for the implementation of Placing the Flint Water Plant into Operation

Prepared by.
Yolanda Gray, Utilities Accounting Coordinator

Summary of Proposed Action.
Resolution authorizing the City of Flint to enter into a sole source contract with Lockwood, Andrews & Newnam for professional engineering services to place the Flint Water Plant into operation using the Flint River as a primary drinking water source

Financial Implications:
$171,000 00

Pre-encumbered?: Yes____ No __x____ Requisition: Funding will be available in the FY14 Utilities Administration budget.

Account No. FY14 591-536.100-801 000

Other implications (i.e collective bargaining):
No other implications are known at this time.

Staff Recommendation: Recommend Approval

Staff Person

Howard Croft
Infrastructure & Development Director

Daugherty A. Johnson III
Utilities Administrator

Robert, Carla M. (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Thursday, October 29, 2015 4:22 PM
To: Rep. Sheldon Neeley (District 34)
Cc: Khouri, Nick (TREASURY)
Subject: RE: RTAB Recommendation

Rep. Neeley, Thank you for sending Ms. Williams resume for consideration for the RTAB process for finding a replacement for Brian Lark is just beginning. We will make sure Ms. Williams gets her for an RTAB appointment with the Governor's Appointments staff. Thank you for your help. Wayne

From: Rep. Sheldon Neeley (District 34) [mailto:SheldonNeeley@house.mi.gov]
Sent: Thursday, October 29, 2015 3:53 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RTAB Recommendation

This email is to request your consideration for the following person when looking at your options for the Receivership Transition Advisory Board (RTAB):

Brenda Williams
2520 Orchard Lane
Flint, MI 48505
(810) 577-0536

Ms. Williams is highly recommended for the position. She is a local area attorney who will provide a different/legal perspective to the RTAB. She is a former assistant prosecutor with a vast knowledge of the assets and offerings in the Flint Community. Ms. Williams has a fantastic relationship with both profit and non-profit organizations, the faith-based community, and community leaders throughout the area. For your convenience, Ms. Williams resume is attached.

As such, I strongly recommend her for the RTAB vacancy.

Respectfully,

Sheldon A. Neeley

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, October 30, 2015 10:20 AM
To: Headen, Frederick (Treasury); Saxton, Thomas (Treasury)
Subject: RE: Gerics v Ambrose dismissed /w prejudice

Good news, Thanks

From: Headen, Frederick (Treasury)
Sent: Friday, October 30, 2015 9:15 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: FW: Gerics v Ambrose dismissed /w prejudice

FYI.

From: Peter Bade [mailto:pbade@cityofflint.com]
Sent: Friday, October 30, 2015 8:59 AM
To: Jerry Ambrose <gambrose49@gmail.com>
Cc: Flint Mayor <dwalling@cityofflint.com>; Natasha Henderson <nhenderson@cityofflint.com>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Subject: Fwd: Gerics v Ambrose dismissed /w prejudice

Jerry: good news. The lawsuit *Gerics v Ambrose* was dismissed by the federal court this morning.

Attorney Bill Kim of my office handled this and did a good job.

Have a great weekend.

Pete

--
Peter M Bade
Chief Legal Officer
City of Flint
p 810 766 7146
f 810 232 2114

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

ADAM GERICS,

Plaintiff,

v.

JERRY AMBROSE,

Defendant.
_____/

Case No. 15-cv-12992

HONORABLE STEPHEN J. MURPHY, III

ORDER DISMISSING CASE

Plaintiff Adam Gerics filed the present case and claimed that the City of Flint violated the Constitution when it redrew the boundaries of the Carriage Town Historic District. On September 8, the parties stipulated that Gerics would have 14 days to submit a new complaint that conformed to the pleading standards contained in the Federal Rules. ECF No. 6. On September 18, Gerics filed a motion that requested additional time to respond. ECF No. 8. The Court granted the motion and gave Gerics until October 28 to file a new complaint that conformed to the Federal Rules. The order also stated that "[i]f the Court has not received a properly formatted complaint by that date, the Court will dismiss his case with prejudice under Civil Rule 41." ECF No. 10. October 28 has passed and Gerics has yet to file a corrected complaint. Accordingly, Gerics' case is **DISMISSED WITH PREJUDICE**.

SO ORDERED.

s/Stephen J. Murphy, III
STEPHEN J. MURPHY, III
United States District Judge

Dated: October 30, 2015

I hereby certify that a copy of the foregoing document was served upon the parties and/or counsel of record on October 30, 2015, by electronic and/or ordinary mail.

s/Carol Cohron
Case Manager

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

ADAM GERICS,

Plaintiff,

Case No. 15-12992

v.

HONORABLE STEPHEN J. MURPHY, III

JERRY AMBROSE,

Defendant.
_____/

JUDGMENT

IT IS ORDERED AND ADJUDGED that pursuant to this Court's order dated October 30, 2015, the complaint is **DISMISSED WITH PREJUDICE.**

DAVID J. WEAVER
CLERK OF THE COURT

BY: s/C. Cohron

APPROVED:

s/Stephen J. Murphy, III
STEPHEN J. MURPHY, III
UNITED STATES DISTRICT JUDGE

I hereby certify that a copy of the foregoing document was served upon the parties and/or counsel of record on October 30, 2015, by electronic and/or ordinary mail.

s/Carol Cohron
Case Manager

Hudson, Deanna (TREASURY)

From: Heimann, Alexandr (TREASURY)
Sent: Friday, October 30, 2015 1:40 PM
To: Cline, Richard (Treasury); Hudson, Deanna (TREASURY)
Subject: RE: Materials for November 12th RTAB Meeting

Hello Eric,

Deanna and I just conferenced on this assignment, and we have noticed that we appear to be missing some documents that we assumed would have been included in the materials that you sent over.

1. There doesn't seem to be a cash flow with projections document anywhere
2. City Council Mtg 10/12 – They didn't seem to include documentation for 5 of the City Council's resolutions: Res 150872, 150875, 150876, 150865, 150866

Alexandr Heimann
Municipal Anlayst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-2434

From: Cline, Richard (Treasury)
Sent: Wednesday, October 28, 2015 3:43 PM
To: Hudson, Deanna (TREASURY) <HudsonD4@michigan.gov>; Heimann, Alexandr (TREASURY) <HeimannA@michigan.gov>
Subject: FW: Materials for November 12th RTAB Meeting

Deanna/Alex:

Attached is a packet from the City of Flint for the upcoming RTAB meeting.

I am not sure if this will be their only submission, however, it is a start.

For this packet, please begin to review the materials and note any thoughts, concerns, or items that need follow-up.

Be prepared to discuss your observations.

If you wish to discuss the "packet analysis" process, let me know.

Regards,

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Wednesday, October 28, 2015 3:36 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Cc: Natasha Henderson <nhenderson@cityofflint.com>; Sean Kammer <skammer@cityofflint.com>
Subject: Materials for November 12th RTAB Meeting

Good afternoon,

Please find attached materials for the RTAB meeting being held November 12, 2015.

Thank you.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

Dempkowski, Angela (Treasury)

From: Headen, Frederick (Treasury)
Sent: Friday, October 30, 2015 5:54 PM
To: Connors, Paul (Treasury); Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Saxton, Thomas (Treasury)
Cc: Storberg, Ann Marie (TREASURY)
Subject: RE: Professional Liability Insurance

Paul:

That would not be my interpretation. You did not indicate how Meadowbrook staff reached the conclusion that governmental immunity no longer would apply to Darnell for acts taken by him while at the City of Flint. I will presume that they read § 20(1) of the Act to apply only to an Emergency Manager currently serving in the local government regarding which litigation arises and concluded it would not apply to Darnell since he no longer is Emergency Manager for the City of Flint. That conclusion may appear reasonable if § 20(1) is read in isolation. However, when read as a whole, § 20 is replete with instances where the term "Emergency Manager" refers to past as well as current occupants of that office.

Section 20 was intended to remedy two shortcomings in Act 72: providing legal representation for Emergency Financial Managers while in office and after *leaving* office. Section 20(2) was intended to address the former and § 20(5) to address the latter, which was of particular concern since two former Act 72 Emergency Financial Managers had been subjected to litigation after leaving office.

With one exception, the Attorney General's Office consistently took the position under Act 72 that it would not provide legal representation for Emergency Financial Managers because they were not State officials. Section 20(2) requires such representation, but only if litigation challenges: (a) the validity of the Act, (b) the authority of a State official or officer acting under the Act, or (c) the authority of an Emergency Manager and even then only if he or she was acting within the scope of his or her authority under the Act. If, hypothetically speaking, litigation were to be filed against Darnell for acts taken by him while at the City of Flint, the Attorney General's Office would be obligated to provide legal representation only if such litigation involved (a) or (c); (b) would not apply because Emergency Managers are neither State officials or officers.

As noted above, § 20(5) would address, again hypothetically speaking, litigation filed against Darnell for acts taken by him while at the City of Flint. If not covered by insurance, his litigation-related expenses, actual and *anticipated*, would be assessed against the City of Flint, if approved by the State Treasurer after determining that Darnell's conduct had been within the scope of his authority and occurred on behalf of a local government while it was in receivership. See § 20(5)(a) and (b).

Let me know should you have further questions.

Fred

From: Connors, Paul (Treasury)
Sent: Friday, October 30, 2015 2:00 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>

Cc: Storberg, Ann Marie (TREASURY) <StorbergA@michigan.gov>
Subject: RE: Professional Liability Insurance

Tom

I spoke to Meadowbrook and they are confident that they can find another carrier for Darnell. There chief concern is that if Darnell is sued for an action taken as Flint EM, PA 436 governmental immunity no longer covers him--Section 20 (4) (5).

Fred is that your interpretation?

Also, insurance will cost approx. $5,000 which, in their opinion, is probably less that it would cost the AG to defend him.

I talked to Darnell who really wants the additional protection and is discussing the matter further with Meadowbrook.

http://www.legislature.mi.gov/(S(nojcldiedb45grz1rqeqbtvc))/documents/mcl/pdf/mcl-141-1560.pdf

From: Workman, Wayne (TREASURY)
Sent: Friday, October 30, 2015 12:52 PM
To: Connors, Paul (Treasury) <ConnorsP@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Cc: Storberg, Ann Marie (TREASURY) <StorbergA@michigan.gov>
Subject: RE: Professional Liability Insurance

Should let Tom know also

From: Connors, Paul (Treasury)
Sent: Friday, October 30, 2015 12:38 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Cc: Storberg, Ann Marie (TREASURY) <StorbergA@michigan.gov>
Subject: FW: Professional Liability Insurance

I talked to Darnell and he wants Meadowbrook to find another carrier even though he knows as EM he has immunity. I think Ann makes some good points.

From: Storberg, Ann Marie (TREASURY)
Sent: Friday, October 30, 2015 12:36 PM
To: Connors, Paul (Treasury) <ConnorsP@michigan.gov>
Subject: RE: Professional Liability Insurance

He probably isn't trusting the state to back him up and wants added assurance of liability coverage, which is outlined in Sec. 20(4) of the statute. He also may not feel comfortable having the AG represent him and would again prefer to have the extra insurance coverage [which provide for legal defense if needed]. After reading Sec. 20(5) in the statute, there is reliance that the state treasurer will approve the legal expenses and determine that his actions fell within (5)(a)(b). I can see some possible holes in the statute that would make me feel uncomfortable, especially in light of all the legal threats being thrown his way.

From: Connors, Paul (Treasury)
Sent: Friday, October 30, 2015 12:20 PM

To: Storberg, Ann Marie (TREASURY) <StorbergA@michigan.gov>
Subject: RE: Professional Liability Insurance

Why is has immunity and AG representation?

From: Storberg, Ann Marie (TREASURY)
Sent: Friday, October 30, 2015 12:17 PM
To: Connors, Paul (Treasury) <ConnorsP@michigan.gov>
Subject: FW: Professional Liability Insurance

Interesting, but not surprising to hear that the prof liab insurance carrier doesn't want to renew coverage based on all of the negative media coverage. Since I worked at a med mal insurance co. for 10 years, I understand why an underwriter might have a difficult time assessing the risk for this coverage and would prefer to not be exposed to any "potential" risk going forward. Did the state provide coverage for Darnell? I was wondering why they would contact the state versus Darnell. I can also understand why Darnell would want to continue receiving this coverage. I would if I were in his shoes for a number of reasons.

The premiums on this coverage are sure to go up based on the potential risk, and that is if any carrier is willing to take on the risk.

From: Darnell Earley [mailto:darnell.earley@detroitk12.org]
Sent: Friday, October 30, 2015 11:58 AM
To: Connors, Paul (Treasury) <ConnorsP@michigan.gov>
Cc: Storberg, Ann Marie (TREASURY) <StorbergA@michigan.gov>; John Clark <jclark@gmhlaw.com>
Subject: Re: Professional Liability Insurance

Paul,

For any number of reasons, I want that coverage. I would ask that Meadowbrook identify a carrier. I am also curious as to why they didn't contact me. In any event, they should be asked to pursue this matter despite their concerns about media coverage of an event that clearly I was not liable for.

DE

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Detroit Public Schools

From: Connors, Paul (Treasury) <ConnorsP@michigan.gov>
Sent: Friday, October 30, 2015 10:48 AM
To: Darnell Earley
Cc: Storberg, Ann Marie (TREASURY)
Subject: Professional Liability Insurance

Hi Darnell

I received an email today from Meadowbrook Insurance that ACE/Westchester gave notice that it will not renew your professional liability coverage. Meadowbrook is concerned that if will be difficult to find a new carrier because of a recent Freep article on Flint Water.

Do you need professional liability coverage? Section 20 of PA 436 provides that EM is immune from liability and that the AG shall defend any civil claim, demand, or lawsuit. As a result, I think you may not need additional coverage. However, before I respond to Meadowbrook, I want to get your thoughts on the matter. My cell is 517 899 1291 thanks

http://www.legislature.mi.gov/(S(nojcldiedb45grz1rqeqbtvc))/documents/mcl/pdf/mcl-141-1560.pdf

Director of the Office of School Review and Fiscal Accountability
Michigan Department of Treasury
430 W. Allegan Street
Lansing, MI 48922
(517) 241-1186

Dostine, Patrick (TREASURY)

From: Cline, Richard (Treasury)
Sent: Tuesday, September 01, 2015 4:55 PM
To: Dostine, Patrick (TREASURY)
Subject: Flint Weekly Call

Importance: High

Patrick,

Here are a few points:

Water Lawsuit and City Response

KWA Bond Payment – We want to periodically follow-up on how they are going to make this payment in-light of the other issues.

Water Tests – Have they gotten the latest water test results? When will they be public? Will they be in-compliance?

Water Improvements – Status of other water system improvements.

Admin Assistant – Natasha hired an assistant. Let's confirm the hiring and see how it is working out.

Add whatever else you believe necessary.

Also, when you send these, copy Suzanne in case she wishes to attend.

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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Cline, Richard (Treasury) SAM, UCS, CA, Mayer, Josh, Wendy

From: Dostine, Patrick (TREASURY)
Sent: Wednesday, September 02, 2015 8:10 AM
To: Byrne, Randall (Treasury), Cline, Richard (Treasury); Schafer, Suzanne K. (Treasury)
Cc: Porubsky, Carmen (TREASURY)
Subject: For Flint call this morning, 9AM

- Priorities – 1) Reassessment Grant being prepared - FDCVT; 2) Fin count ↓; 3) PD - Murder still ^
- Water Lawsuit and City Response – $500K ↓ rev in 3wks → $7M ↓/yr in unpaid bills
- Any estimate what cost is to water/sewer fund for customers "opting-out" of water bill?
- KWA Bond Payment
  - How Flint to make this payment ($6M in FY '16) in light of the other issues. – Due Nov 2016; Able to Pay?
- Water Tests
  - Have they gotten the latest water test results? – Yes; TCHM ↓ but high in one area
  - When will they be public? – No Notice Required
  - Will they be in-compliance? – Yes
- Water Improvements – Status of other water system improvements. – Meters going in
- Admin Assistant – Natasha hired an assistant. Let's confirm the hiring and see how it is working out. – Yes
- Miscellaneous – SCM help for Water CIP projects

Patrick Dostine

State of Michigan
Department of Treasury
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

Utilities

1) Bills Today – Rates Adjusted; $7M/yr $600K ↓ for this bill; Resume shut-off's after this bill — Y4 – Y3 shut-off notices every billing

2) KWA Hook-up Plan – June 2016 or Dec 2016

3) Class Action – All customers; 30,000 approx; # of Foreclosures?; True Impact?

4) Water Break – Under the River; $500K; RTAB approval of contract

FLINT SEPT. 2

LOSH FRAHOM, NATASHA, ERIC, MAYOR, RANDY WENDY

- Priorities

Utilities

- adjusted bills - going out today
- Even if stay, everyone will receive at least this bill
- Financial impact $600K / for one billing - for the yr. $7M

Engineers

working w them - to see what Flint executive to book into KWA taste plan —

1- Jump Plan
2- Dec. Plan
> two diff scenarios by engineers

— Due in NOV. 1st bond payment for KWA

Results for Oatly test

TTHM. tested higher in one area

Flint doesn't have to send notification out — Flint is in Compliance!

- Still installing meters

Avg water bill
5/8" line —
- $18 reduction usage rate side of bill
- Flint is able to collect water/sewer charges — not the water rate

Class action suit

How many homes affected?
- 30,000 customers — assumed
- Flint officials have ~~estimated~~ a city-wide impact —
- Flint doesn't really know the number how many foreclosures result of delinquent water bills - research this —
- When can shut water off again?
- if these bills go unpaid, can shut off these customers who get the reduced-rate bill.
- There is also the question of how many ~~R~~ are going to pay —
  ↳
-

- $7.5M loss for rest of FY 15 —
  (Will Flint make NN 16 KWA Bond? if revenue loss continues
- Flint doesn't actually know when Appellate will be heard.

- Property tax reassessment grant
  Flint applying for $2M / FOCUT grant

Public Safety

- Down on fires;
- Police — homicides are still high for Flint - ≈ 40 to 41 this yr.

WATERMAIN BREAK

- Flint is addressing it.
- broke under the river — so big Flint will have to contract this fix out — will need DTAB approval -

Administrative ASST.

- was hired just before the freeze

— HELP FLINT with C.P. on the table;

Q posed by NATASHA

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

September

- Leak Detection on all 600 miles of the distribution system has started and is over halfway complete. Several dozen leaks have been identified and repairs continue as more leaks are found. This has decreased the amount of water loss existing in the system.
- Construction of a load out facility at our wastewater plant is on target for completion by November and will allow the City to eliminate the use of the incinerator resulting in significant annual savings.
- Over 3500 new water meters have been installed this year creating better accuracy, accountability, and decreasing the number of estimated reads on utility bills.

The report is the last to be issued showing the Flint River as a primary drinking water source and contains information on what temporary issues residents can expect during the change in water source, including hydrant flushing and possible discoloration as the water goes through the system. The report also references the submittal of a plan to the MDEQ for the addition of corrosion control agents to treated water delivered from Detroit.

Recent issues with lead leaching into drinking water as the reason for the switch in water source are mentioned in the report along with information regarding lead safety, free in-home water testing and free filters available to residents. A table containing all of the third quarter "Regulated Detected Contaminants", a feature of every water quality report, appears at the end of the publication.

Residents with questions or concerns about water quality can call the Water Treatment Plant at 810-787-6537 or email flintwater@cityofflint.com. Continuing information on water will be provided via the City of Flint's website, cityofflint.com.

–END–

Dostine, Patrick (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Wednesday, September 02, 2015 9:14 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Vandegrift, Drew (TREASURY); Dostine, Patrick (TREASURY)
Subject: Independent Water Tests Show Lead Problems Far Worse Than Flint Claims

FYI – we may want to monitor this: http://www.metrotimes.com/Blogs/archives/2015/09/01/independent-water-tests-show-lead-problems-far-worse-than-flint-claims

Robert Widigan | Local Government Financial Services Division
State of Michigan | Department of Treasury
430 W. Allegan Street | Lansing, MI 48922
Office (517) 373-3227 | Cell (517) 243-8645
WidiganR@michigan.gov

NEWS HITS Tuesday, September 1, 2015

Independent water tests show lead problems far worse than Flint claims

Posted By Curt Guyette on Tue, Sep 1, 2015 at 5 13 pm

Photo courtesy Min Tang and Kelsey Pieper/Virginia Tech

Photo of Flint drinking water pipes showing different kinds of iron corrosion and rust

Claims by state and local officials that Flint's municipal water is safe to drink are being put to the test in a precedent-setting independent study.

So far, those claims are emphatically failing to pass muster.

Researchers from Virginia Tech — working with a group of Flint residents and the ACLU of Michigan — are conducting an extensive analysis of lead and copper levels in water flowing into the homes of Flint's residents.

Initial findings show the problem is roughly twice as bad as the city's tests indicate.

What's been dubbed the Flint Citizen Science Study is still under way, but the early findings have been so disturbing that the Virginia Tech team is posting results on the web in order to alert residents about how extensive the problem may be.

"I think it would have been unethical to not release this information right away," said VT professor Marc Edwards, who is leading the project.

According to U.S. Environmental Protection Agency regulations, the city would be out of compliance if 10 percent of homes tested were above the action level of 15 parts per billion lead. The city says its latest sampling, conducted during the first six months of this year, shows that Flint's water is in compliance with federal regulations, according to documents obtained by the ACLU of Michigan.

That claim is based on tests conducted at 69 homes.

The VT study is looking at nearly four times as many homes. Of the 120 samples analyzed so far, 20 percent have been over the federal action level — twice what it would take for the city to be out of compliance.

"Needless to say, these data are very worrisome," said Edwards. "There are a disturbingly high number of homes with lead levels in a range where water consumption has caused lead poisoning in children and adverse pregnancy outcomes."

Flint Mayor Dayne Walling and the Michigan Department of Environmental Quality both failed to respond to requests to comment on this story.

Edwards said that a study of this type — with residents leading the effort — is unprecedented.

Impetus for the project grew after the ACLU of Michigan in early July disclosed **an internal U.S. Environmental Protection Agency memo** that raised concerns about the water-sampling methodology used by the City of Flint.

One major concern is that the city, operating in accordance with Michigan Department of Environmental Quality protocol, instructs residents to "pre-flush" their water lines prior to testing. Residents are told to run their water for about four minutes in advance of taking a sample, which limits the amount of time water can absorb lead and copper from pipes and fixtures prior to testing. As a result, the amounts of metals that will be found are minimized, and the possibility that worst-case scenarios will be missed is increased.

Miguel Del Toral, a water specialist for the U.S. EPA's Region V, characterized the city's method as the equivalent of finding a "loophole" in the law and exploiting it.

Edwards agreed, contending that "no legitimate scientist" would say that the pre-flushing approach is an acceptable way to test for lead.

He also said that, based on recent tests the VT team conducted, high lead levels were to be expected, in part, because water from the Flint River is so **caustic.**

"At present, as a rough estimate ... it looks like Detroit water is about five times less corrosive to iron pipe than Flint River water. This also probably means that the iron pipes in the city of Flint system will fail five times faster using the Flint River water rather than the Detroit water," according to the VT web site.

While under the control of **a state-appointed emergency manager**, Flint switched from using Detroit water as its source to the Flint River in April 2014, ostensibly as a cost-saving measure. Since then there has been a constant stream of water quality problems, with residents complaining of a variety of health issues and water that's often brown or yellow and frequently foul-smelling.

According to Edwards, Flint's water is at least four times more corrosive than Detroit's, causing infrastructure to break down and lead to be released into the city's drinking water. As a result, his study's disturbing findings are not surprising.

Edwards, a former recipient of a MacArthur Foundation "genius grant" who

discovered widespread problems regarding lead in Washington, D.C.'s water in the early 2000s, applied for an emergency National Science Foundation grant to fund the study currently taking place.

Three hundred sample kits arrived in Flint on Aug. 19. Since then, a team of residents representing such local groups as Concerned Pastors for Social Change, Water You Fighting For?, and the Democracy Defense League — all of which are part of a lawsuit seeking to force the city to return to the Detroit system — has been recruiting volunteers to have their water tested.

As of Tuesday, more than 265 sample kits have been collected and returned to Virginia Tech. The community-driven effort has exceeded all expectations regarding resident participation, said Edwards, who noted that the project would have been considered successful if at least 75 of the kits had been returned for analysis.

"The response shows how concerned the people of Flint are about the quality of their water," Edwards said.

Curt Guyette is an investigative reporter for the ACLU of Michigan. His work, which is funded by a grant from the Ford Foundation, focuses on issues involving emergency management and open government.

Tags lead levels drinking water, emergency management, Image

Jump to comments

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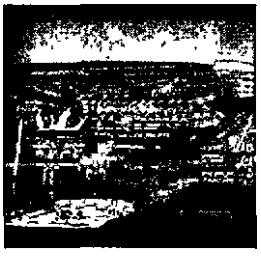
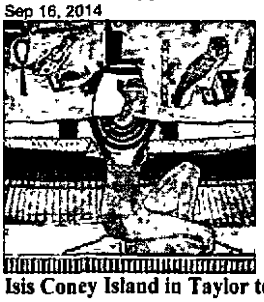


Detroit DDA approves $450 million bond sale for new Red Wings arena
Sep 16, 2014



Isis Coney Island in Taylor to change its name because of ISIS
Oct 15, 2014

BLOGS Archives | RSS

Schafer, Suzanne K. (Treasury)

From: Dostine, Patrick (TREASURY)
Sent: Wednesday, September 02, 2015 11:29 AM
To: Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury)
Cc: Porubsky, Carmen (TREASURY)
Subject: Flint call notes, Sept 2
Attachments: Flint call Sept2.docx

Patrick Dostine

State of Michigan
Department of Treasury
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

Flint – Sept 2 – Mayor Walling, N Henderson, J Freeman, Wendy, R Byrne, E Cline, P Dostine

- Flint sent adjusted water bills out to customers; bill reflects 35% reduction per court order. (So, even if stay is granted, customers will receive at least one newly adjusted bill.) Henderson said financial impact of adjusted rate is approx. $600K per billing period. For the year, projected to be $7M.
- Average water bill reduction for a 5/8" line is $18.00. Flint is still able to bill and collect for water and sewer service charges.
- Class Action Suit. How many homes are affected? Flint officials have assumed the impact is city-wide, some 30,000 customers. The city doesn't know how many past, foreclosed homes are a result of delinquent water bills. Mayor Walling and Henderson said they are trying to determine this number.
- Flint can resume water shut-offs with the new, adjusted bills that just went out.
- Henderson has asked engineers to study the KWA project, to see what is essential, what must remain. The engineers said there are two different scenarios: (1) June Plan, (2) December Plan.
- First KWA bond payment ($6M) is due in Nov-15.
- Results from Quarterly Water Test. TTHM levels tested higher than the average in one part of the city. Levels still within acceptable limit. Flint not required to send out notifications.
- Flint still continuing its meter installation program.
- Flint will be applying for this year's FDCVT grant, $2M, for a property assessment project.
- Watermain Break. The break is under the Flint River. City officials said they cannot fix this in-house, will have to contract it out. Will need RTAB approval. A special meeting may have to be called to address this issue.
- Public safety. Fires are down, but this means the city loses some eligibility for grants. Homicides are still high, approx. 42 so far this year.
- The administrative assistant was hired, brought on, prior to the recent hiring freeze edict.
- Flint officials asked Treasury during the call if there was any assistance available to the city for its suspended CIP.

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Thursday, September 03, 2015 8:55 AM
To: Byrne, Randall (Treasury)
Subject: RE: info about KWA from Drain Commissioner Jeff Wright

Call my cell when you get a break to touch base on the Pontiac Cable issue and anything else

From: Byrne, Randall (Treasury)
Sent: Thursday, September 03, 2015 8:53 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: info about KWA from Drain Commissioner Jeff Wright

Wayne:

Thanks, we will.

Randy

From: Workman, Wayne (TREASURY)
Sent: Thursday, September 03, 2015 8:33 AM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Widigan, Robert (TREASURY) <WidiganR@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: FW: info about KWA from Drain Commissioner Jeff Wright

Let keep in our files for future refwerence

From: Muchmore, Dennis (GOV)
Sent: Thursday, September 03, 2015 8:19 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Wurfel, Sara (GOV) <Wurfels@michigan gov>; Murray, David (GOV) <MurrayD1@michigan.gov>
Subject: FW: info about KWA from Drain Commissioner Jeff Wright

FYI

From: Karen Teeples [mailto:K_TEEPLES@gcdcwws.com]
Sent: Wednesday, September 2, 2015 11:44 AM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Wisniewski, Wendy (GOV) <wisniewskiw@michigan.gov>
Subject: info about KWA from Drain Commissioner Jeff Wright

GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE
JEFFREY WRIGHT
COMMISSIONER
G-4608 BEECHER ROAD, FLINT, MI 48532
PHONE (810) 732-1590 FAX (810) 732-1474

MEMORANDUM

DATE: September 2, 2015

TO: Dennis Muchmore, Chief of Staff, State of Michigan, Office of the Governor
Harvey Hollins III, Director, Office of Urban Initiatives, State of Michigan

FROM: Jeff Wright, Drain Commissioner, Genesee County

SUBJECT: Karegnondi Water Authority
Fact Sheets

Gentlemen,

Find enclosed 3 items as promised at our meeting of August 26, 2015.

1. Original Fact Sheet
   DWSD vs. KWA: 5/1/12

2. KWA Fact Sheet: 9/1/15

3. DWSD Cost of Water

Should you have any questions, do not hesitate to contact me directly at 810-287-1925.

VIA EMAIL

Revised 5/1/12

Fact Sheet
City of Flint
DWSD versus KWA

Issue: City of Flint joining Karegnondi Water Authority and leaving City of Detroit water system

Fact: Both the City of Flint and City of Detroit operate their water system via enterprise funds. The water fund does not impact either community's general fund. Leaving the water system will not impact the general fund.

Fact: The City of Flint is a suburban customer of Detroit. If Flint leaves, it only impacts the suburban customer rate, not Detroit's.

Fact: Detroit's own plan calls for (latest available estimate) $1.2 billion dollar improvements to supply redundancy to Flint. If Flint leaves, Detroit avoids this construction cost.

Fact: Detroit and DWSD have experienced bond rating decreases in recent months. If Flint leaves, DWSD avoids a new bond issue and eliminates a capital project from its master plan improving its financial outlook.

Fact: Delivering water to Flint from DWSD is expensive. If Flint leaves, DWSD can reduce its operating and maintenance costs to its contracted customers.

Fact: DWSD has a limited capacity for water treatment and delivery. If Flint leaves, the City can resell that volume to other customers.

Fact: DWSD has multiple drinking water treatment plants. Some are more expensive to operate and maintain than others. Without a commitment to Flint, its largest customer other than the City of Detroit, DWSD may choose to discontinue operation of one or more of its current facilities and realize significant cost reductions to the overall system.

Fact: Flint is not part of the DWSD sewer system. The City of Flint leaving has no impact on the sewer system.

Fact: The creation of the KWA system will create over 1,000 construction jobs in Michigan. Design and construction of the system will take 42 months from July 2012 through December 2015.

Fact: KWA is offering a fixed rate for capital to its customers. Flint joining KWA will give the City a stable rate for upwards of 20 years.

Fact: KWA will offer raw water to the region. Raw water is not enhanced with chemicals, which is undesirable to agribusiness.

Fact: The I-69 corridor/I-75 corridor crosses in Flint. Along with CN and CSX and the pipeline aerotropolis, Flint can be a major transportation center for agribusiness. KWA can provide two products for agribusiness: potable and process (raw) water, and wastewater treatment facilities.

Fact: DWSD does not serve the Thumb region. KWA with its partners will be able to serve both the population with its basic needs: drinking water and the businesses with large quantities of process (raw) water.

Fact: DWSD is the only water supplier for over 4 million residents of the state. The creation of the KWA will create a second water supply system thereby reducing the impact of terrorist attacks on water supplies. With a mutual aid agreement between DWSD and KWA, the system could complement each other.

Fact: DWSD does not provide water supply to major portions of the KWA service area. KWA will provide local municipalities in the thumb region with an alternative water supply to the Arsenic impacted well systems.

In addition, local communities can replace groundwater systems with KWA surface water system and thereby improve local groundwater levels.

The KWA system will provide fire protection service to regions currently not served.

Fact: The current DWSD water system has over 20% water loss in its system. KWA's water supply is expected to have less than a 5% water loss. KWA will provide a more effective use of the waters of the state.

Fact: KWA provides redundant water supply to Flint. Currently, DWSD only provides a single source to Flint. KWA provides multiple supply sources to Flint at a fraction of the cost.

Fact: KWA has offered to purchase excess infrastructure from DWSD. If Flint leaves, Detroit has 25 miles of watermain it no longer needs. KWA has offered to purchase the pipeline and enter into a long-term arrangement for purchase of water from DWSD.

Fact: Each incorporating municipality in KWA will pay the same rate for raw water; therefore, each community will set its own treatment standards and exert local control of the cost of water it provides to its citizens.

Fact: Lapeer and Sanilac Counties are facing depletion of their groundwater supplies.

Karegnondi Water Authority (KWA) Fact Sheet

- KWA is incorporated by the State of Michigan, comprised of the City of Flint, City of Lapeer, Genesee County, Lapeer County, and Sanilac County.

- As specified in its Articles of Incorporation, each of these constituent municipalities has one representative to the board – specifically the Mayors or their designees of the 2 cities (Flint and Lapeer), the Drain Commissioners or their designees from each of the counties (Sanilac, Lapeer. and Genesee).

- KWA will deliver raw water to customer utilities.

- Each governmental unit will still own and operate their respective treatment and distribution systems. GCDC will have no jurisdiction over the City of Flint water. Flint will have all franchise rights for sale and treatment of water from KWA within the City of Flint.

- Each community that obligates itself to the debt for construction of the KWA infrastructure pipeline, intake and pump stations, receives commensurate voting membership to the board.

- Flint's debt obligation is based on the volume as selected by the city.

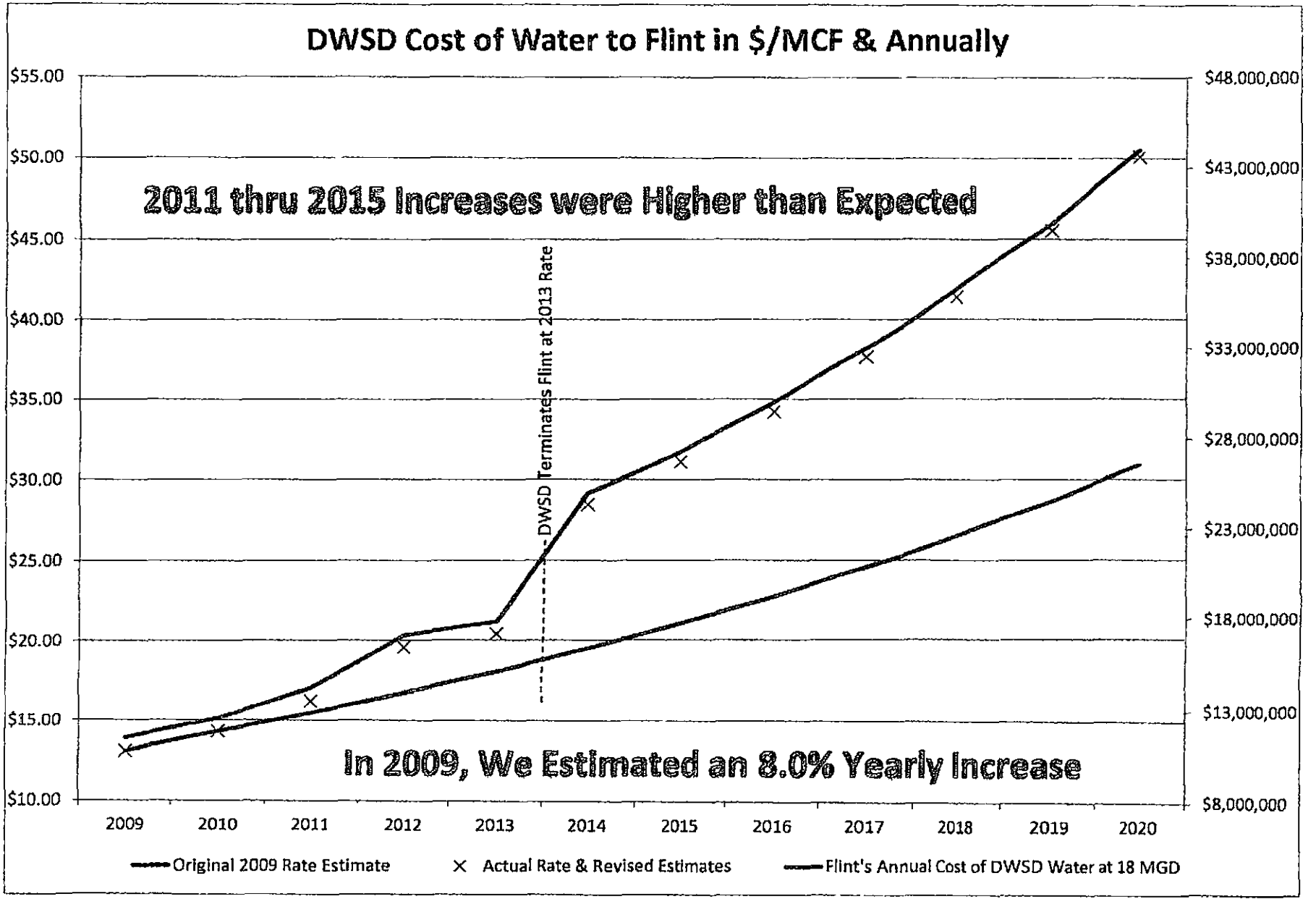
- Additional members are appointed by their respective communities.

- All board members serve without compensation.

- KWA will operate with 5 to 7 full-time equivalent employees. KWA will contract its labor force.

- To date, only the City of Flint and Genesee County have bought capacity in the project.

- Once KWA water is available, each community receiving untreated Lake Huron water from KWA will pay a share of the operating costs, i.e.: electricity, labor, maintenance, and chemicals in proportion to the volume of water they receive.


DWSD Cost of Water to Flint in $/MCF & Annually
2011 thru 2015 Increases were Higher than Expected
DWSD Terminates Flint at 2013 Rate
In 2009, We Estimated an 8.0% Yearly Increase
$55.00
$50.00
$45.00
$40.00
$35.00
$30.00
$25.00
$20.00
$15.00
$10.00
$48,000,000
$43,000,000
$38,000,000
$33,000,000
$28,000,000
$23,000,000
$18,000,000
$13,000,000
$8,000,000
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
Original 2009 Rate Estimate
Actual Rate & Revised Estimates
Flint's Annual Cost of DWSD Water at 18 MGD

KAREGNONDI WATER AUTHORITY FINANCING CONTRACT

THIS CONTRACT, dated as of August 1, 2013, by and among the Karegnondi Water Authority, a municipal authority and public body corporate of the State of Michigan (hereinafter referred to as the "Authority"), the City of Flint in the County of Genesee and the County of Genesee (collectively, the "Local Units" and each a "Local Unit").

WITNESSETH:

WHEREAS, the Authority has been incorporated under the provisions of Act No. 233, Public Acts of Michigan, 1955, as amended (hereinafter referred to as "Act 233"), for the purposes set forth in Act 233; and

WHEREAS, the Authority will acquire, construct and operate a water supply system to be known as the Karegnondi Water Supply System that provides untreated water to the Local Units, each of which is a constituent municipality of the Authority; and

WHEREAS, it is immediately necessary and imperative for the public health and welfare of the present and future residents of each of the Local Units that a certain water supply system, as more fully described on Exhibit A hereto, together with all necessary interests in land, appurtenances and attachments thereto (the "System") be acquired, installed and constructed; and

WHEREAS, plans and an estimate of cost of the System have been prepared by the Authority's consulting engineers, Wade Trim (the "Consulting Engineers"), which said estimate of aggregate cost totals an amount not to exceed $300,000,000; and

WHEREAS, each of the Local Units is desirous of having the Authority acquire and own the System in order to continue to operate the System in order to furnish the Local Units with untreated raw water; and

WHEREAS, the parties hereto have determined that the System is essential to the general health, safety and welfare of each of the Local Units; and

WHEREAS, the Authority and each of the Local Units are each agreeable to the execution of this Contract by and among themselves which provides, among other things, for the financing of all or a portion of the cost of the System; and

WHEREAS, this Contract contemplates the issuance of bonds in one or more series by the Authority to pay all or part of the costs of the System; and

WHEREAS, each of the Local Units has or will approve and authorize the execution of this Contract by resolution of its governing body; and

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WHEREAS, each of the Local Units has published or will publish, individually or jointly, a notice of intention to enter into this Contract in a newspaper of general circulation in the territory encompassed by each Local Unit; and

WHEREAS, this Contract will become effective for each Local Unit upon expiration of a period of forty-five (45) days following publication by each Local Unit of its notice of intention without filing of a petition for referendum on the question of its entering into this Contract, or if such referendum election be required, then upon approval by the qualified electors of the Local Unit.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE COVENANTS MADE HEREIN, THE PARTIES HERETO AGREE AS FOLLOWS:

SECTION 1. The Authority and the Local Units hereby approve the acquisition, construction and operation of System, together with all necessary interests in land, appurtenances and attachments thereto.

SECTION 2. Each of the Local Units hereby consents to the use by the Authority and any parties contracting with the Authority of the public streets, alleys, lands and rights-of-way in each Local Unit for the purpose of constructing, operating and maintaining the System including any improvements, enlargements and extensions thereto.

SECTION 3. The System is designed to provide and transport untreated raw water to each of the Local Units and the System is immediately necessary to protect and preserve the public health.

SECTION 4. The Authority and each of the Local Units hereby approve and confirm the plans for the System prepared by the Consulting Engineers and the total estimated cost thereof in the sum of not to exceed $300,000,000. Said cost estimate includes all surveys, plans, specifications, acquisition of property for rights-of-way, physical construction necessary to acquire and construct the System, the acquisition of all materials, machinery and necessary equipment, and all engineering, engineering supervision, administrative, legal and financing expenses necessary in connection with the acquisition and construction of the System and the financing thereof.

SECTION 5. The Authority shall not enter into any final contract or contracts for the acquisition and construction of the System if such contract price or prices will be such as to cause the actual cost thereof to exceed the estimated cost as approved in Section 4 of this Contract unless the Authority has sufficient funds to cover such excess, or, each of the Local Units, by resolution of its respective legislative body, (a) approves said increased total cost, and (b) agrees to pay such excess over the estimated cost, either in cash or by specifically authorizing the maximum principal amount of bonds to be issued, as provided in Sections 9 and 14 of this Contract, to be increased to an amount which will provide sufficient funds to meet said increased cost, and approves a similar increase in the installment obligations of each Local Unit, if any, pledged under the terms of this Contract to the payment of such bonds.

SECTION 6. The System shall be acquired and constructed by the Authority substantially in accordance with the plans and specifications therefor approved by this Contract. All matters relating to engineering plans and specifications, together with the making and letting of final construction contracts, the approval of work and materials thereunder, and construction supervision, shall be in the

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control of the Authority. All acquisition of sites and rights-of-way, if any, shall be done by the Authority. Each Local Unit's share of the costs of such acquisition in each Local Unit, if any, shall be paid from the Local Unit's share of bond proceeds and, in addition, any costs incurred by any Local Unit in connection with the acquisition or construction of the System, including, but not limited to, engineering expenses, shall be promptly reimbursed to the Local Unit by the Authority from the proceeds of the Authority's Bonds with the approval of the Authority board.

SECTION 7. The Authority shall operate, maintain and administer the System for and on behalf of the Local Units. The System shall be maintained in good condition and repair. The Authority shall provide insurance as part of its obligation to operate the System. The Authority will furnish reports to the Local Units at periodic intervals corresponding with the reporting periods of the Local Units in detail sufficient to inform the Local Units of the operations of the System and to permit the Local Units to meet their financing requirements hereunder.

SECTION 8. To provide for the construction and financing of the System in accordance with the provisions of Act 233, the Authority shall take the following steps:

(a) The Authority will take steps to adopt a resolution or resolutions providing for the issuance of its bonds in one or more series in the principal amount of not to exceed $300,000,000 (except as otherwise authorized pursuant to Section 5 of this Contract) to finance all or part of the costs of the System. Said bonds shall mature serially or be subject to mandatory sinking fund redemption as authorized by law, and shall be secured by the contractual obligations of each Local Unit in this Contract. After due adoption of the resolution or resolutions , the Authority will take all necessary legal procedures and steps necessary to effectuate the sale or sales and delivery or deliveries of said bonds.

(b) The Authority shall take all steps necessary to take bids for and enter into and execute final acquisition and construction contracts for the acquisition and construction of the System as specified and approved hereinbefore in this Contract, in accordance with the plans and specifications therefor based on the plans as approved by this Contract.

(c) The Authority will require and procure from the contractor or contractors undertaking the actual construction and acquisition of the System necessary and proper bonds to guarantee the performance of the contract or contracts and such labor and material bonds as may be required by law.

(d) The Authority, upon receipt of the proceeds of sale of each series of bonds, will comply with all provisions and requirements provided for in the resolution authorizing the issuance of such series of bonds and this Contract relative to the disposition and use of the proceeds of sale of such series of bonds.

(e) The Authority may temporarily invest any bond proceeds or other funds held by it for the benefit of each Local Unit as permitted by law and investment income shall accrue to and follow the fund producing such income. The Authority shall not, however, invest, reinvest or accumulate any moneys deemed to be proceeds of the bonds pursuant to §148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder (the "Code"), in such a manner as to cause the bonds to be "arbitrage bonds" within the meaning of Code §

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103(b)(2) and §148, or otherwise as may jeopardize the tax status of the bonds.

SECTION 9. Each Local Unit irrevocably covenants and agrees to pay to the Authority its Local Unit share of each series of bonds to be issued by the Authority pursuant to this Contract. The share of each Local Unit shall be determined as set forth on Exhibit B hereto.

The cost of the System to be financed with the issuance of bonds of the Authority in the aggregate principal amount of not to exceed $300,000,000 shall be paid in annual installments on the dates and in the amounts as established in the Authority's bond authorizing resolution.

Each Local Unit covenants that it will make or cause to be made its payments as required by this Contract not less than 3 days prior to the dates on which the Authority is required to make payments on the bonds described herein to the transfer agent for the bonds.

It is understood and agreed that the bonds of the Authority hereinbefore referred to will be issued in anticipation of the above contractual obligation, with principal maturities on the dates established by the Authority corresponding to the principal amount of the installments then coming due, and there shall also be paid in addition to said principal installments, on such dates as shall be determined by the Authority, commencing on such date as determined by the Authority, as accrued interest on the principal amount remaining unpaid, an amount sufficient to pay all interest at an interest rate not to exceed ten percent (10%) per annum, due on the next succeeding interest payment date on the bonds from time to time outstanding.

It is further understood and agreed that the bonds of the Authority may be secured by a debt service reserve fund or funds to provide additional security for the timely payment thereof if the Authority determines, in consultation with its financial advisor, that the provision of such debt service reserve fund or funds is advisable. If the bonds of the Authority are secured by a debt service reserve fund or funds, each Local Unit covenants and agrees to provide for the replenishment of such debt service reserve funds as described in Exhibit B.

From time to time as the Authority is billed by the transfer agent for its services for the bonds, and as other costs and expenses accrue to the Authority from handling of the payments made by the Local Units, or from other actions taken in connection with the System, the Authority shall promptly notify the Local Units of the amount of such paying agent fees and other costs and expenses, and the Local Units shall promptly remit to the Authority sufficient funds to meet such fees and other costs and expenses in the proportions hereinabove provided to the extent sufficient funds are not available to the Authority. Each Local Unit warrants and represents that the amount of its obligations under this Contract, when taken together with other indebtedness of such Local Unit, will not cause its obligations under this Contract to exceed any constitutional, statutory or charter debt limitation applicable to such Local Unit.

The Authority shall, within thirty (30) days after the delivery of each series of the bonds of the Authority hereinbefore referred to, furnish each Local Unit with a complete schedule of installments of principal and interest thereon, and the Authority shall also at least sixty (60) days prior to each principal and/or interest installment due date, advise the Local Units, in writing, of the exact amount of principal and interest installments due on each series of bonds on the next succeeding bond principal and/or interest due date, and payable on the first day of the month immediately preceding, as hereinbefore

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provided. Failure of the Authority to notify the Local Units of any such payment shall not relieve the Local Units of the obligation to make such payment.

If any principal installment or interest installment is not paid when due, the amount not so paid shall be subject to a penalty, in addition to interest, of one percent (1%) thereof for each month or fraction thereof that the same remains unpaid after the due date.

SECTION 10. Each Local Unit states its intention to pay its obligations under this Contract from sources of moneys as are provided by Act 233 and applicable law, including the levy and collection of rates and charges to users of its respective water supply system for operating and maintaining its system provided by each Local Unit to customers in the Local Unit. Nevertheless, pursuant to the authorization contained in Act 233, each Local Unit hereby irrevocably pledges its full faith and credit for the prompt and timely payment of its obligations pledged for bond payments as expressed in this Contract, and, subject to the provisions of the last sentence of this paragraph, shall each year, commencing with the first tax levy after issuance of the bonds by the Authority, levy an ad valorem tax on all the taxable property in the Local Unit in an amount which, taking into consideration estimated delinquencies in tax collections, will be sufficient to pay such obligations under this Contract becoming due before the time of the following year's tax collections. Such annual tax levies shall be subject to applicable constitutional, statutory, and charter tax limitations. Nothing herein contained shall be construed to prevent a Local Unit from using any, or any combination of, the means and methods provided in Section 7 of Act 233, as now or hereafter amended, for the purpose of providing funds to meet its obligations under this Contract, and, if at the time of making the annual tax levy there shall be either other funds on hand earmarked and set aside, or funds provided in the annual budget of the water supply system of the Local Unit, for the payment of the contractual obligations due prior to the next tax collection period, then such annual tax levy may be reduced by such amount.

In the event a Local Unit shall fail for any reason to pay to the Authority at the times specified the amounts required to be paid by the provisions of this Contract, the Authority shall immediately give notice of such default and the amount thereof, to the Treasurer of each Local Unit, the Treasurer of the State of Michigan, and such other officials charged with the disbursement to such Local Unit of funds returned by the State and now or hereafter under Act 233 available for pledge as provided in this Section and in Section 12a of Act 233, and if such default is not corrected within ten (10) days after such notification, the State Treasurer, or other appropriate official charged with disbursement to such Local Unit of the aforesaid funds, is, by these presents, specifically authorized by the Local Unit, to the extent permitted by law, to withhold from the aforesaid funds the maximum amount necessary to cure said deficit and to pay said sums so withheld to the Authority, to apply on the obligations of the Local Unit as herein set forth. Any such moneys so withheld and paid shall be considered to have been paid to the Local Unit within the meaning of the Michigan Constitution and statutes, the purpose of this provision being voluntarily to pledge and authorize the use of said funds owing to the Local Unit to meet any past-due obligations of such Local Unit due under the provisions of this Contract. In addition to the foregoing, the Authority shall have all other rights and remedies provided by law to enforce the obligations of the Local Unit to make its payments in the manner and at the times required by this Contract, including the right of the Authority to direct the Local Unit to make a tax levy to reimburse the Authority for any funds advanced.

SECTION 11. Each Local Unit may pay in advance any of the payments required to be made by this Contract, in which event the Authority shall credit the respective Local Unit with such advance

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payment on future due payments to the extent of such advance payment, or use such advances to call bonds without credit to the extent provided in relevant series of bonds.

SECTION 12. Each Local Unit may pay additional moneys over and above any of the payments specified in this Contract, with the written request that such additional funds be used to prepay installments, in which event the Authority shall be obligated to apply and use said moneys for such purpose to the fullest extent possible. Such moneys shall not then be credited as advance payments under the provisions of Section 11 of this Contract.

SECTION 13. It is specifically recognized by each Local Unit that the debt service payments required to be made by each pursuant to the terms of Section 9 of this Contract are to be pledged for and used to pay the principal installments of and interest on with respect to the bonds to be issued by the Authority as provided by this Contract and authorized by law, and each Local Unit covenants and agrees that it will make all required payments to the Authority promptly and at the times herein specified without regard to whether the System is actually completed or placed in operation.

SECTION 14. If the proceeds of the sale of the bonds in one or more series in aggregate amount not to exceed $300,000,000 to be issued by the Authority are for any reason insufficient to complete each Local Unit's share of the cost of the System, subject to each Local Unit's approval required by Section 5 hereof, the Authority shall automatically be authorized to issue additional bonds in an aggregate principal amount sufficient to pay the cost of completing the System and to increase the annual payments required to be made by each Local Unit in an amount so that the total payments required to be made as increased will be sufficient to meet the annual principal and interest requirements on the bonds herein authorized plus the additional bonds to be issued. It is expressly agreed between the parties hereto that the Authority shall issue bonds pursuant to this Contract and each Local Unit shall be committed to retire such amount of bonds as may be necessary to pay each Local Unit's share of the costs of the System whether or not in excess of those presently estimated herein. Any such additional bonds shall comply with the requirements of Act 233 and any increase in the annual payments shall be made in the manner and at the times specified in this Contract. In lieu of such additional bonds, each Local Unit may pay over to the Authority, in cash, sufficient moneys to complete each Local Unit's share of the cost of the System.

SECTION 15. After completion of the System and payment of all costs thereof, any surplus remaining from the proceeds of sale of bonds shall be used by the Authority for either of the following purposes: (a) for improvements or enhancements to the System or for other projects of the Authority undertaken on behalf of the Local Units, subject to approval of the Authority; or (b) credited by the Authority toward the next payments due the Authority by said Local Units hereunder.

SECTION 16. The obligations and undertakings of each of the parties to this Contract shall be conditioned on the successful issuance and sale of the first series of bonds pursuant to Act 233, and if for any reason whatsoever the first series of bonds are not issued and sold within three (3) years from the date of this Contract, this Contract, except for payment of preliminary expenses and ownership of engineering data, shall be considered void and of no force and effect.

SECTION 17. The Authority and each Local Unit each recognize that the owners from time to time of each series of bonds issued by the Authority under the provisions of Act 233 to finance the cost of the System will have contractual rights in this Contract, and it is, therefore, covenanted and agreed by

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the Authority and each Local Unit that so long as any of series of bonds shall remain outstanding and unpaid, the provisions of this Contract shall not be subject to any alteration or revision which would in any manner materially affect either the security of such series of bonds or the prompt payment of principal or interest thereon. Each Local Unit and the Authority each further covenant and agree that each will comply with its respective duties and obligations under the terms of this Contract promptly at the times and in the manner herein set forth, and will not suffer to be done any act which would in any way impair the said bonds, the security therefor, or the prompt payment of principal and interest thereon. It is hereby declared that the terms of this Contract insofar as they pertain to the security of any such bonds shall be deemed to be for the benefit of the owners of said bonds.

SECTION 18. This Contract shall remain in full force and effect from the effective date hereof (as provided in Section 21) until each series bonds issued by the Authority are paid in full, but in any event not to exceed a period of thirty (30) years for each series of bonds. At such time within said 30-year term as any of the series of said bonds are paid, this Contract shall be terminated. In any event, the obligation of each Local Unit to make payments required by this Contract shall be terminated at such time as all of said bonds are paid in full, together with any deficiency or penalty thereon.

SECTION 19. This Contract shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

SECTION 20. This Contract shall become effective upon (i) approval by the legislative body of each Local Unit, (ii) approval by the Board of the Authority and (iii) due execution by authorized officers of each Local Unit and by the Chairman and Secretary of the Authority.

SECTION 21. This Contract may be executed in several counterparts.

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IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the day and year first above written.

In the presence of:

KAREGNONDI WATER AUTHORITY

_____

By: _____
Chairman

_____

By: _____
Secretary

In the presence of:

CITY OF FLINT

_____

By: _____
Michael K. Brown, Emergency Manager

In the presence of:

COUNTY OF GENESEE

_____

By: _____
Chairperson of Board of Commissioners

_____

By: _____
Clerk

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

EXHIBIT A

SYSTEM

The Karegnondi Water System is a raw water supply system. It will deliver untreated Lake Huron water 65 miles inland to the population centers of Lapeer and Genesee Counties, including the Cities of Lapeer and Flint, and the County Agency of Genesee County with 17 local municipal systems. The system will also be capable of delivering water along the route to customers in Sanilac and Lapeer County, as well as future customers in Saint Clair County.

The system will consist of a lake intake, two pumping stations, and over 65 miles of large diameter transmission watermain. The system will include fire hydrants, metering stations, reservoirs, and the appurtenances necessary to operate the system efficiently. The lake intake portion of the project and the land where the two pumping stations are located will be acquired, constructed, designed and financed by the County of Genesee and made available for use by the Karegnondi Water System.

All land and required right-of-ways and easements have been acquired.

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EXHIBIT B

LOCAL UNIT ESTIMATED SHARE OF IMPROVEMENT COST

The following is a breakdown of the percent each Local Unit is required to pay of the aggregate debt service, including the obligation to replenish a debt service reserve fund(s), if any, on the Authority's bonds authorized by this Contract:

Local Unit	Bond Issue
County of Genesee	65.8%
City of Flint	34.2%

In the event the City of Flint fails to fulfill its payment obligations under this Contract, the County of Genesee irrevocably covenants and agrees to make such missed payment within 1 day of being notified of the missed payment. Further, the Authority covenants and agrees to undertake all legal action and make use of all remedies available under this Contract to enforce the payment obligations of the City of Flint under this Contract. The Authority also covenants and agrees to undertake all legal action and make use of all remedies available to it under the Raw Water Supply Contract between the Authority and the City of Flint dated as of June 28, 2013 ("Raw Water Supply Contract"), as amended, specifically sections 7.08 and 7.09 of such contract. If the County of Genesee is required to make a payment for the City of Flint under this Contract and the Authority recovers any funds from the pursuit of such remedies described above, the Authority shall reimburse the County of Genesee from such funds for any payments made. To the extent permitted by law, the capacity that the City of Flint acquired in the System pursuant to the Raw Water Supply Contract shall be transferred to the County of Genesee until the City of Flint has repaid the County of Genesee for any additional payments made hereunder. The City of Flint shall also pay a penalty of one percent (1%) thereof for each month or fraction thereof that the same remains unpaid after the due date of the amount paid by the County of Genesee as a result of the failure of the City of Flint to fulfill its payment obligations hereunder. Further, if a Local Unit fails to pay its contractual obligation causing a shortfall and the debt service reserve fund(s) is drawn upon to pay the Authority's bonds, the replenishment of such debt service reserve fund shall be an obligation of the Local Unit that failed to pay, as provided in the resolution authorizing the bonds. Provided, however, if the City of Flint fails to fulfill its debt service reserve fund replenishment obligation, as with other payment obligations under the Contract, the County of Genesee agrees to make such payments.

Additionally, if the Authority sells raw untreated water capacity to other parties, to the extent funds are available from payments received from those parties, each Local Unit shall be credited on each day payment is due hereunder as agreed to by the Authority and the Local Units towards each Local Unit's payment obligations hereunder.

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Executive Summary

1 Introduction

The City of Flint (Flint), the Genesee County Drain Commissioner – Division of Water and Waste Services (GCDC-WWS), and the Greater Lapeer County Utilities Authority (GLCUA) are supplied water from the City of Detroit's Water and Sewerage Department (DWSD). Because of growing concerns regarding the reliability and cost of the DWSD supply, Flint, GCDC-WWS, and GLCUA have considered alternatives for water supply. The first formal study was completed in 1992; the most recent was completed in 2006.

This study considers two alternatives from the 2006 study. One alternative is the continued purchase of water from DWSD; the other alternative is the development of a new water supply from Lake Huron.

Both alternatives include the construction of a new pipeline. DWSD is planning the construction of a new pipeline to Flint to address concerns regarding reliability and capacity. Water rates for either alternative will be increased similarly to recover the capital investment in new facilities.

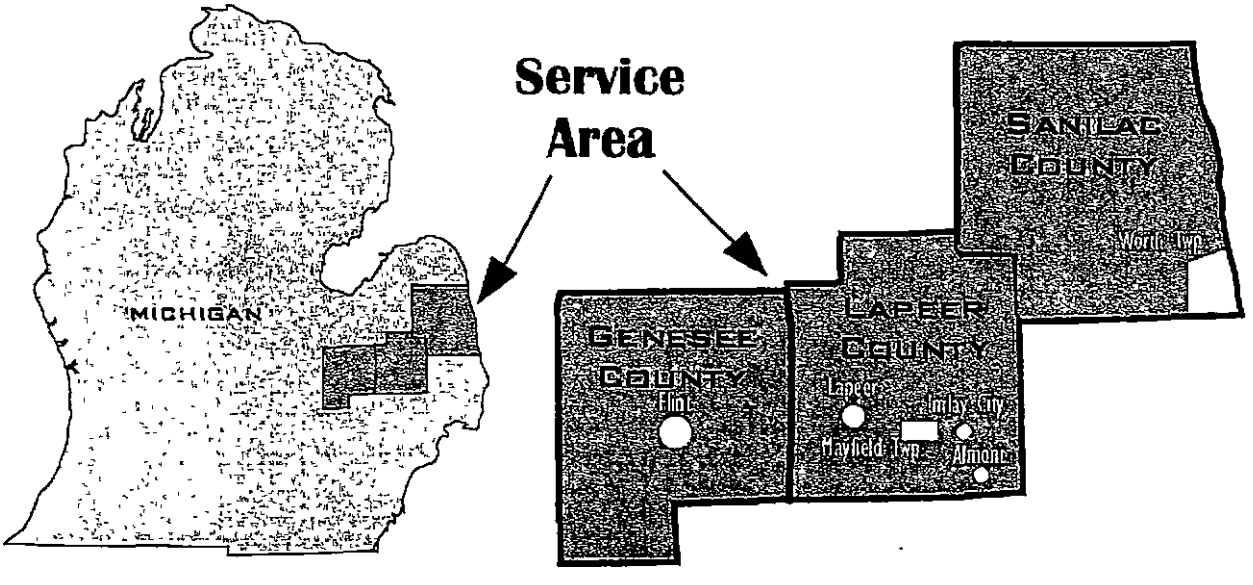
The second alternative, development of a new water supply from Lake Huron, provides the opportunity to supply water to additional communities. Sanilac County has joined Flint, GCDC-WWS, and GLCUA as participants in this study of water supply alternatives.

A new governmental authority, the Karegnondi Water Authority (KWA), is planned to develop and operate the new water supply. The KWA will be comprised of the communities supplied water.

2 Study Area

Figure 1 shows the study area.

Figure 1: Study Area



3 Demands

Table 1 shows the current and future (25 year) demands used for this study. Existing demands are based on records of recent water use; future demands have been developed from information provided by each community.

Table 1: Demands for Planning

	Initial (2014)		25 Year (2039)	
	Avg Day (mgd)	Max Day (mgd)	Avg Day (mgd)	Max Day (mgd)
Genesee County	14 2	25.0	16.2	32.5
City of Flint	16 5	25.0	19 2	28.8
Lapeer County	2.5	3.8	9.0	14.8
Sanilac County	0.1	0 1	0.1	0.1
Total	33.3	53 9	44.5	76.2

4 Alternative 1- Continued Supply by DWSD

Several options for continued DWSD supply to Flint, GCDC-WWS, and GLCUA have been discussed with DWSD representatives; however, there have been no formal negotiations or agreement regarding any particular option. Four options have been evaluated based on these discussions. Analysis indicates that the lowest cost option for continued supply from DWSD is a partnering arrangement with DWSD. This alternative is not available to Sanilac County.

With this option, a 30 year contract with DWSD for water service is required. Flint, GCDC-WWS, and GLCUA will be responsible to construct and operate a portion of the Flint Transmission System (FTS) which DWSD is planning to construct in 2010. By constructing and operating a portion of the FTS; water can be purchased by Flint, GCDC-WWS, and GLCUA at a lower rate.

DWSD estimates the portion of the FTS to be constructed by Flint, GCDC-WWS, and GLCUA at $346,000,000. Operating costs are projected to be $724,000 per year initially. In exchange for responsibility for the construction and operating costs; Flint, GCDC-WWS, and GLCUA will benefit by a 45% reduction in the purchase price of water from DWSD. Table 2 shows the cost of water for this option in 2011-2012, the year in which construction of the FTS is planned to be completed. The current water rate (2009-2010) is shown for comparison.

Table 2: Comparison of DWSD Cost of Water, Now and After Construction of FTS

	Flint & GCDC-WWS ($/MCF)	GLCUA ($/MCF)
DWSD Commodity	$8.70	$9.30
FTS Capital	$15.19	$14.53
Macomb Capital *	$0.00	$0.00
FTS O&M	$0.46	$0.46
Projected 2011-2012 Rate	$24.35	$24.29
2009-2010 Rate	$14.32	$16.11

*Planned for 2024; no cost impact until then

5 Alternative 2 – New Lake Huron Water Supply

The 2006 study evaluated several options for a new water supply. The 2009 update focuses on one of the options, the alternative of delivering raw water from Lake Huron to participating communities for local treatment and distribution.

GCDC-WWS purchased 230 acres of property adjacent to Lake Huron in southern Sanilac County in 2002. An intake to draw water from Lake Huron and a pumping station are planned for this site. Raw water will be pumped through a pipeline to an inland reservoir.

Inland from the reservoir, pipelines supply treatment facilities for Flint, GCDC-WWS, and GLCUA. Treatment facilities for Sanilac County can be located along the pipeline route.

Treatment by microfiltration has been planned for Sanilac County and GLCUA. A new conventional treatment plant is planned for GCDC-WWS. It is planned that raw Lake Huron water is delivered for treatment to Flint's existing treatment plant.

The planned water system provides for twin pipelines, storage, backup equipment and processes to provide a reliable supply. Facilities have been planned with capacity for the 25 year demands shown in Table 1, and provisions for further expansion.

Figure 2 is a schematic showing the new water supply.

Figure 2: Schematic Lake Huron Water Supply

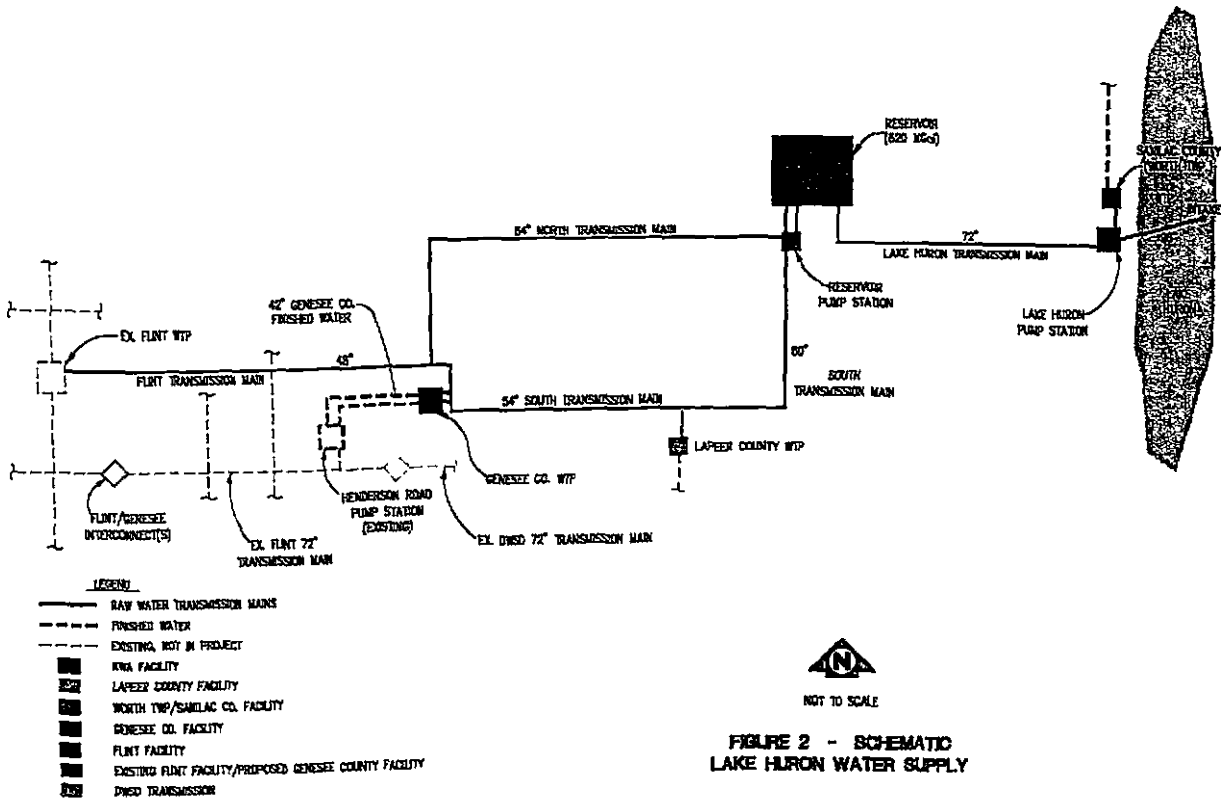


FIGURE 2 - SCHEMATIC
LAKE HURON WATER SUPPLY

Table 3 summarizes the project cost of the new Lake Huron water supply which was studied.

Table 3: Summary of Cost of New Lake Huron Water Supply

Project Component	Total Project Cost	Sanilac Co. Share	Lapeer Co. Share	GCDC-WWS Share	Flint Share
KWA Lake Huron Water Supply	$443,885,767	$813,723	$86,312,736	$188,899,927	$167,859,381
New Sanilac Co. Facilities	$1,849,360	$1,849,360			
New Lapeer Co. Facilities	$40,009,060		$40,009,060		
New Genesee Co. Facilities / Upgrades	$110,038,554			$110,038,554	
New Flint Upgrades	$5,987,030				$5,987,030
Totals	$601,769,771	$2,663,083	$126,321,796	$298,938,481	$173,846,411

Table 4 shows the projected operating costs for the new Lake Huron water supply during the initial year of operation

Table 4: Project Operating Expenses during Initial Year of New Lake Huron Water Supply

Community	KWA ($/MCF)	Local ($/MCF)	New Water Supply Treatment Cost (2014)	2009-2010 DWSD Rate
Sanilac County	$1.30	$41.56	$42.86	N.A.
Lapeer County (GLCUA)	$1.30	$3.11	$4.41	$16.10
GCDC-WWS	$1.30	$2.86	$4.16	$14.32
City of Flint	$1.30	$4.13	$5.43	$14.32

Notes
1. New water supply costs based on projected annual consumption of each community in year 2014.
2. Costs do not include debt retirement or depreciation expense.

6 Comparison of Alternatives

With the investments in facilities planned by DWSD, either of the alternatives considered are believed to provide a reliable, long-term water supply with sufficient capacity for the needs of the study area. Regardless of the alternative selected, a new pipeline and other facilities are planned for construction. As a result, the cost of water will increase with either alternative.

Figure 3 shows the projected cost of water for each alternative. For demonstration purposes, the cost of water for the new Lake Huron water supply alternative does not include the cost of repayment of debt incurred for its construction. The graph shows that without the debt of constructing the new system (or once the debt for its construction is repaid), the cost of water from the new supply will be substantially less than continuing to purchase water from DWSD.

Figure 4: Comparison of Alternatives

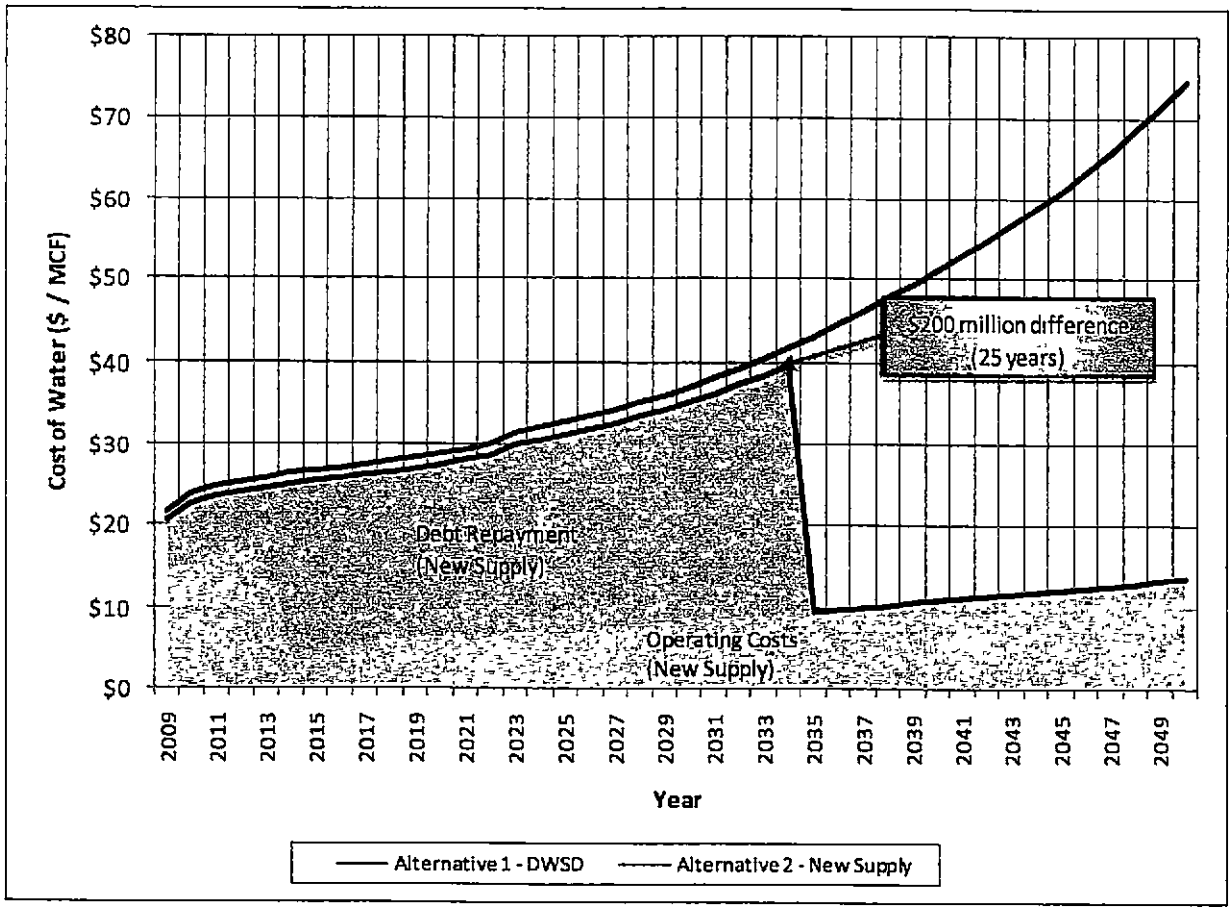
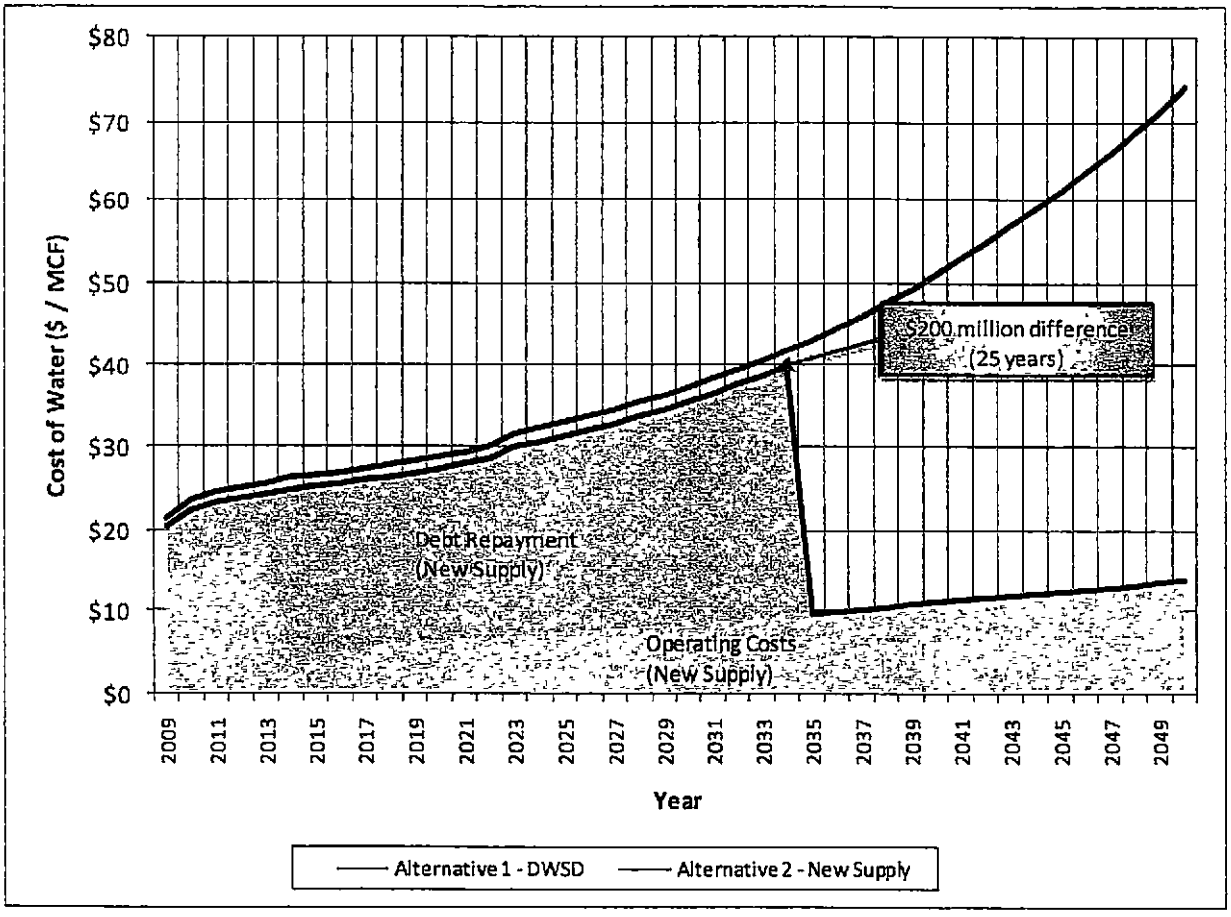


Figure 4: Comparison of Alternatives



Lake Huron Water Supply Study

Karegnondi Water Authority

- City of Flint
- Genesee County

Appendix 20
October 2012 Preliminary Engineering Report Update
Final Report

October 4, 2012

DRAFT

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ROWE PROFESSIONAL SERVICES COMPANY
540 S. Saginaw Street Suite 200 P.O. Box 3748 Flint, MI 48502

20.1 Introduction

The September 2009 Preliminary Engineering Report – Lake Huron Water Supply (2009 Study) compared alternatives for a new regional water supply. Since the 2009 Study, Genesee County and the City of Flint have continued planning and confirmed the capacities to be provided for each. This memorandum updates the capital costs for the proposed new water supply based on the confirmed capacities.

20.2 KWA Water Supply

Ongoing planning has resulted in modifications to the preliminary design developed in the 2009 Study. This cost update is based on the modified preliminary design. For this update, the KWA water supply is assumed to include the following primary components:

- Water Supply Intake
- Lake Huron Pumping Station (LHPS)
- Transmission Mains (Segment 1, Segment 2, and Flint Segment)
- Intermediate Pumping Station (IPS)

It is assumed that the new KWA supply will deliver raw water to a new WTP constructed and operated by Genesee County in western Lapeer County and to the City of Flint's existing WTP. Construction of the new GCDC-WWS WTP and needed upgrades to the Flint WTP will be the responsibility of each agency and these costs are not included in KWA costs.

20.3 Economics

Costs are based on the following criteria:

- Assume construction occurs in 2013 through 2015
- Assume construction is financed by 25 year bonds at a rate of 5%
- Assume engineering, legal, administration, and contingencies are 25% of construction cost
- Adjust construction costs to the current Engineering News-Record Construction Cost Index (ENR CCI) which in August 2012 had a value of 9351

Costs for pump stations and the intake have been updated based on the current design concepts. New material costs for pipe have been obtained from pipe suppliers. Pipe sizes and lengths are revised from the 2009 Study based on providing service only to GCDC-WWS and the City of Flint.

20.4 Capacities

This update is based on providing the following Maximum Day Demands:

GCDC-WWS:	42 mgd
City of Flint:	18 mgd
Total:	60 mgd

Maximum day demands include WTP process water.

20.5 Design Criteria

Based on current market conditions, it is assumed that ductile iron pipe will be used for pipe sizes smaller than 48" diameter and that pipe having a diameter of 48" or more is steel pipe. Pipe is designed assuming a Hazen Williams coefficient of 120 and a maximum operating pressure of 200 psi.

20.6 Reliability

It is assumed that the KWA will provide only the primary raw water supply to each agency's WTP. GCDC-WWS and the City of Flint will each be responsible for their backup water supply for reliability.

20.7 Water Supply Details

Following is a summary of the primary components of the planned KWA water supply. Revised construction costs are based on the following assumptions regarding the planned water supply.

- *78" diameter intake pipeline, extending about one mile into Lake Huron* – Two timber crib intakes are provided each having a capacity of 60 mgd and located in 25 deep water. The intake pipeline has provisions for extension and designed for a capacity of 85 mgd. Both intakes are provided with chemical feed provisions to control zebra mussels.
- *Lake Huron Pump Station (LHPS)* – Four 14,000 gpm vertical turbine pumps with constant speed motors are planned. Pumps will draw from one of two clear wells, each provided with separate screens. No backup power is planned for the pumps; a redundant power supply from the utility is planned to maintain lights and controls in the event of loss of the primary power supply.
- *Transmission Main Segment 1* – 121,000 lf 60' pipeline will convey water from the LHPS to the Intermediate Pumping Station (IPS) reservoir, located midway between Lake Huron and a new water treatment plant (WTP).
- *Intermediate Pumping Station (IPS)* – The IPS is assumed to provide four 14,000 gpm constant speed horizontal split case pumps to pump water from the IPS reservoir to the GCDC-WWS WTP. The IPS reservoir is planned to be an open top, 5 million gallon ground storage tank. The reservoir will allow for balancing of variations in the pumping rates between the two pump stations. No backup power is planned for pumping. A generator is planned to provide lights and maintain controls in the event of loss of power from the utility company.
- *Transmission Main Segment 2* – The IPS will pump water to the GCDC-WWS WTP through 148,000 lf of 60" pipeline.
- *Transmission Main Flint Segment* – 96,000 Lf of 36" transmission main will be provided to convey water past the GCDC-WWS WTP to the City of Flint's existing WTP.

20.8 Project Cost

The updated project cost for the proposed water supply is $272,000,000. Figure 1 provides a summary of the costs. Annual principal and interest payments for the project are estimated to be $19,300,000 for a total of $483,000,000 over the life of the 25 year bond period. The annual unit cost is estimated to be $322,000 per each 1 mgd of total capacity.

Figure 1 - KWA Water Supply Project Cost

	Unit Cost	Quantity	Total
Intake			
Timber Crib	$1,050,000 Each	2 Each	$2,100,000
Intake Pipe - Marine Construction	$2,120 / LF	5,655 LF	$11,988,600
Intake Pipe - Tunnelled	$2,200 / LF	1,235 LF	$2,717,000
Shorewell	$3,500,000 Each	1 Each	$3,500,000
Zebra Mussel Control	$75 / LF	10,800 LF	$810,000
Site Work		1 LS	$961,250
Intake Subtotal			$22,076,850
Pumping Stations			
Structure	$3,338,300 / Each	2 Each	$6,676,600
Pumps & Equipment	$1,716,840 / Each	2 Each	$3,433,680
Piping & Valves	$1,812,220 / Each	2 Each	$3,624,440
Electrical	$4,387,480 / Each	2 Each	$8,774,960
5 MG Reservoir	$1,606,400 / Each	1 Each	$1,606,400
Reservoir Sitework / Appurtenances	$502,000 / Each	1 Each	$502,000
Pumping Station - Subtotal			$24,618,080
Lake Huron Transmission - Segment 1			
60" Pipe	$360 / LF	117,955 LF	$42,463,800
Excavation, Pipelaying, & Bedding	$66 / LF	117,435 LF	$7,804,679
Backfill & Restoration - OCAR	$38 / LF	34,263 LF	$1,287,031
Backfill & Restoration - OCCC	$29 / LF	17,499 LF	$499,111
Backfill & Restoration - OCGR	$35 / LF	65,673 LF	$2,297,251
Backfill - Hauled Sand	$21 / CY	91,990 CY	$1,920,793
Backfill - Native Materials	$7 / CY	110,990 CY	$794,408
Paved Road Crossings	$17,221 / Each	7 Each	$120,547
Drain Crossings	$9,687 / Each	35 Each	$339,038
Tunneling	$2,419 / Each	520 LF	$1,257,895
Valves & Hydrants	$2,976,904 / LS	1 Each	$2,976,904
Lake Huron Transmission - Segment 1 Subtotal			$61,761,458
Lake Huron Transmission - Segment 2			
60" Pipe	$360 / LF	135,491 LF	$48,776,760
Excavation, Pipelaying, & Bedding	$66 / LF	134,821 LF	$8,963,443
Backfill & Restoration - OCAR	$38 / LF	58,584 LF	$2,200,608
Backfill & Restoration - OCCC	$29 / LF	12,604 LF	$359,495
Backfill & Restoration - OCGR	$35 / LF	55,733 LF	$1,949,548
Backfill & Restoration - OCPR	$72 / LF	7,900 LF	$565,441
Backfill - Hauled Sand	$21 / CY	22,440 CY	$468,557
Backfill - Native Materials	$7 / CY	55,120 CY	$394,520
Paved Road Crossings	$17,221 / Each	8 Each	$137,768
Drain Crossings	$9,687 / Each	10 Each	$96,868
Tunneling	$2,419 / LF	670 LF	$1,620,750
Valves & Hydrants	$4,093,233 / Each	1 Each	$4,093,233
Lake Huron Transmission - Segment 2 Subtotal			$69,626,991
Flint Transmission			
36" Pipe	$205 / LF	96,467 LF	$19,795,028
Excavation, Pipelaying, & Bedding	$55 / LF	95,767 LF	$5,261,371
Backfill & Restoration - OCAR	$38 / LF	40,309 LF	$1,514,139
Backfill & Restoration - OCCC	$29 / LF	25,559 LF	$729,001
Backfill & Restoration - OCGR	$35 / LF	18,190 LF	$636,289
Backfill & Restoration - OCPR	$72 / LF	11,709 LF	$838,069
Backfill - Hauled Sand	$21 / CY	29,640 CY	$618,897
Backfill - Native Materials	$7 / CY	48,420 CY	$346,565
Paved Road Crossings	$17,221 / Each	6 Each	$103,326
Drain Crossings	$9,687 / Each	4 Each	$38,747
Utility Relocations	$341,191 / LS	1 LS	$341,191
Tunneling	$968 / LF	700 LF	$677,328
Valves & Hydrants	$1,906,593 / Each	1 Each	$1,906,593
Flint Transmission Subtotal			$32,806,544
System Control & Monitoring	$2,007,322 / LS	1 LS	$2,007,323
Construction Subtotal			$212,897,247
Engineering, Legal, Admin, & Contingency	25%		$53,224,312
Land			$2,300,000
Power			$4,000,000
Project total		→	$272,421,558
Annual P&I			$19,328,979
Total P&I			$483,224,474

Flint's $81 million
18/60 = 30%

Project Summary

ROWE
10/5/2012

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Thursday, September 03, 2015 5:36 PM
To: Redford, James (GOV); Muchmore, Dennis (GOV)
Cc: Workman, Wayne (TREASURY)
Subject: FW: Flint Water
Attachments: Flint Water Ltr 3-3-15.pdf; Flint Water memo 2-11-15.pdf

Gentlemen... in the attached (which you have likely seen before) is a description of the cost to reconnect to DWSD. I assume/hope no one is still seriously considering that option but if you need anything more give us a call.

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Gerald Ambrose
Emergency Manager

TO: Wayne Workman, Deputy Treasurer
Treasury Department
State of Michigan

FROM: Jerry Ambrose, Emergency Manager
City of Flint

DATE: March 3, 2015

As the Emergency Manager for the City of Flint, I am charged with restoring the City government to financial solvency, and working to assure that the City moves forward on a financially sustainable basis. The steps taken over the past three years have been difficult. Taxes and fees have been raised, services and workforce reduced, and ongoing costs, including legacy costs, have been constrained.

The current controversy surrounding the provision of water, and the path for resolution, has a potentially significant impact on the progress that is being made. I am satisfied that the water provided to Flint users today is within all MDEQ and EPA guidelines, as evidenced by the most recent water quality results conducted for MDEQ. We have a continuing commitment to maintain water safety and to improve water quality, and have dedicated resources to assure this commitment will be made.

The oft-repeated suggestion that the City should return to DWSD, even for a short period of time, would, in my judgment, have extremely negative financial consequences to the water system, and consequently to the rate payers. By the most conservative estimates, such a move would increase costs by at least $12 million annually, with that amount achieved only by eliminating virtually all budgeted improvements in the system. For a system with Unrestricted Assets of only $740,745, according to the June 30, 2014 audited financial statements, the only recourse within the City's control would be to increase revenues significantly. And in my judgment, that would come from raising rates for water by 30% or more . Further, changing the *source* of the city's water would not necessarily change any of the *aesthetics* of the water, including odor and discoloration, since those appear to be directly related to the aging pipes and other infrastructure that carry water from the treatment facility to our customers.

This direction of discussion also deviates from what, in my judgment, should be the focus: How can we not only operate and maintain a system to assure the delivery of safe and quality water dependably, but significantly reduce the cost of water and sewer to the users? At an average of $149 per month for water and sewer service for a residential user, the cost is extremely high in comparison to surrounding areas, as well as most areas across the state, and creates a significant financial burden for many users. In my judgment, we should all be concentrating on how to reduce rates by 50% or more. Unfortunately, there are no easy or evident answers, and continuation of the status will be an impediment to the sustainable recovery of the City of Flint. It is a conversation that I expect we will have with the recently created Water Quality Advisory Committee.

My reasoning for this conclusion is as follows:

One of the decisions made in the context of beginning to eliminate deficits and to restore financial stability to the City of Flint was to increase water and sewer rates significantly – the only choice available to financially stabilize a system that as of June 30, 2012, had a deficit of $8,758,091. Another was to leave DWDS for the KWA because it offered the opportunity to lower future rate increases. A third decision was to utilize the Flint River on an interim basis when DWSD unilaterally terminated the City's contract for water purchase. That decision was made because it also offered an immediate cost savings opportunity which translated into the ability to upgrade the Water Treatment Plant without having to seek financing. It was a reasonable decision because of our experience in using the river in a back-up capacity, including test runs on a quarterly basis for several decades.

Unfortunately, the switch to the river as a primary source was more challenging than anticipated, and the harsh winter of 2013-2014 resulted in much more damage to the aging water infrastructure than in previous years. The result was the issuance of required notices that water exceeded established guidelines for safety as it could affect certain vulnerable populations, and some users of the system experienced unpleasant odors and discoloration. Some users also appeared to have had some negative reactions to the new source of water. However, as soon as the test results were known, City staff took immediate actions to address the concerns. These actions are evidenced today by the fact that MDEQ has certified that our most recent testing shows water from all testing sites to be well within acceptable guidelines. Additionally, the City is continuing to taking the necessary actions to assure that the water supply remains safe and that water quality continues to improve.

As the City has moved to address the situation, the suggestion continues to be made that the City should re-engage with DWSD and purchase water at least until the KWA pipeline is supplying water. As evidenced by the most recent letter from DWSD, such a decision would immediately increase the City's cost by $846,700 per month, or $10,160,400 per year, just for the fixed cost portion of the price. The actual *purchase* of water would be an additional fee, and dependent upon

the quantity purchased. We estimate the actual water purchase cost to average more than $1 million per month, for a grand total of approximately $22 million per year. Finally, the DWSD offer is conditioned upon the City (or presumably the KWA) agreeing to negotiate a long term contract (30 years) for back-up.

The $22 million annual estimate of increased costs to purchase water from DWSD would be minimally offset by an approximate $3 million in reduced operating costs, and could be further offset by an additional $9 million, but only if all funding for capital improvements to the system are eliminated. To eliminate all funding dedicated to repairing, stabilizing, and improving the system would be totally irresponsible and would have long term negative consequences to the City and to future rate payers.

As you are aware we have recently brought in outside expert assistance to evaluate the steps we have taken to assure that the water is safe and to continue to improve water quality. We are expecting specific recommendations within the next few weeks, and are committed to implementing those recommendations in a timely manner. Many steps have already been taken. I am confident that implementing their recommendations will assure a continuing supply of safe water as well as improved quality, and at far less cost than re-engaging DWSD.

We have also created a 40-member Water Advisory Committee and a 13-member Technical Advisory Committee to assure two-way communication with the public and users of the system. Those committees will begin to meet this week, and we look forward to answering their questions and receiving their input.

It is unfortunate that problems and concerns with quality have arisen, and we are working every day to address the issues that caused them. Maintaining safe water and improving quality is a top priority as we work to make the City of Flint an attractive place to live, work, study, and play.

72 (Rev. 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

DATE: February 11, 2015

TO: Tom Saxton, Chief Deputy Treasurer

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: City of Flint Water Rates

Attached and below is information regarding the increase in water and sewer rates for the City of Flint since 2010.

- The data shows the significant deficit position of the water fund which was not rectified until 2013 when water rates were increased by 26%. The data also shows the lack of capital investment for a system as old as Flint.

- This condition is acknowledged in the City's recently adopted Capital Improvements Plan which identified approximately $50M in needed capital improvements over the next several years. This deficiency was also noted in the rate study commissioned by the City of Flint in 2014.

- According to the City, if Flint reconnected to DWSD for the next 18 months, the estimated monthly cost would be more than $1M per month totaling approximately $18M. This includes a fixed monthly charge of $846,700 plus the cost of actual water usage, minus the cost of operational expenditures at the Water Treatment Plant. Even with the elimination of future capital improvements, most of the additional cost would need to be funded with an additional increase to existing rates. Such an increase could approach 30%.

- The option of purchasing DWSD water from the County would be on parity with purchasing water directly from DWSD.

- The KWA previously advised the City that the connection to KWA may take place in mid-2016, but has now stated that weather conditions permitting, the connection could be made as early as December 2015.

- The $8M capital costs to upgrade the Water Treatment Plant was made to be able to treat both river water and KWA water. This upgrade has been funded with the cost reduction in operating costs achieved by not buying water from DWSD during the interim period.

- As you are aware, the City has retained Veolia as an outside water consultant to assist in maintaining the safety and improving the quality of water produced by its water system, and their initial analysis is due to be completed within the next two weeks. In addition, the City's current budget includes $2M for replacement of a 2-mile pipeline segment that is anticipated to significantly address some of the current water issues.

Average monthly bill in 2015 - note that water and sewer are not billed separately; the charges are included within the same bill regardless of water usage.

Water service charge	$22.90
Sewer service charge	$34.48
Total service charge	$57.38
Per unit rate:	
Water	$ 7.92
Sewer	$ 5.17
Total per unit	$13.09

Average family of four uses 7 units per month.
Their bill for usage would be: 7 x 13.09 = 91.63 + 57.38 service charge = $149.

If additional information is desired, please let me know.

City of Flint Water Rate History

Year (Date Effective)	Average Monthly Water/Sewer Bill*	Percentage Change in Water/Sewer Rates	Water Fund** Total Operating Revenue	Water Fund** Unrestricted Net Position	Water Fund** Capital Improvements
2010	$64	12%	$31,956,754	-$5,795,973	$2,091,160
1/15/2011	$82	29%	$36,762,663	-$12,443,265	$1,403,916
9/16/2011	$111	35%			
7/1/2012	$111	26%	$44,834,439	-$8,758,091	$755,681
2013	$140	0%	$49,903,868	$834,447	$147,462
07/01/13 to 06/30/14	$140	0%	$43,552,152	$760,745	$3,301,700
07/01/14 to 06/30/15	$149***	6%	N/A	N/A	N/A

Note* Water rate information is based on average usage of 7 units per month with a 5/8" residential remote meter.

Note** Water fund information was compiled from the City of Flint's CAFR filed with the Michigan Department of Treasury.

Note*** Billing breakdown contained in attached memo.

Workman, Wayne (TREASURY)

From: Muchmore, Dennis (GOV)
Sent: Thursday, September 03, 2015 5:49 PM
To: Hollins, Harvey (GOV); Wurfel, Sara (GOV); Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Subject: FW: PRESS RELEASE: MDEQ Testing of City of Flint Water Shows TTHM Levels are Well Below the Required Action Level, City No Longer in Violation
Attachments: Water Quality Update 9.2015.pdf

Great news.

From: Jason Lorenz [mailto:jlorenz@cityofflint.com]
Sent: Thursday, September 3, 2015 11:27 AM
Subject: PRESS RELEASE: MDEQ Testing of City of Flint Water Shows TTHM Levels are Well Below the Required Action Level, City No Longer in Violation

For Immediate Release

MDEQ Testing of City of Flint Water Shows TTHM Levels are Well Below the Required Action Level, City No Longer in Violation

Flint, Michigan – September 3, 2015 – The City of Flint has made significant improvements to its water treatment process and distribution system. Annual average results show all locations are within acceptable limits for total trihalomethanes (TTHM) and work continues to ensure that the average stays below the acceptable level. Flint's TTHM levels have now been below the actionable level for four consecutive quarters, long enough to bring the City out of violation with the Safe Water Drinking Act.

Installation of the Granulated Activated Carbon filter mediums in July has had a significant impact on the reduction of total organic carbon (TOC) and is expected to continue to do so. TOC contact with chlorine can lead to the creation of the chemical byproduct trihalomethanes. By reducing the amount of TOC in the treated water, the amount of TTHM in the water fell as a direct result.

"The City of Flint is continuing to improve its water system including both the areas of treatment and distribution," said Mayor Dayne Walling. "As the issue of trihalomethanes comes under control and the City is no longer in violation of safety standards, it will work with the MDEQ on implementing water optimization

measures to reduce the corrosive effects of water on older pipes and home service lines." Older pipes and service lines can contain lead solder which can leach into the water over time.

Flint has been looking at the water optimization option for some time and is now looking at taking accelerated steps toward implementation. According to the MDEQ, a typical water optimization plan can take up to five years to complete, as in the case of the Detroit Water and Sewerage Department. The City of Flint plans to have its water optimization measures in place by the beginning of 2016. This measure, combined with the ongoing improvements to the distribution system wherever possible, will improve water quality and extend the performance of the City's aging infrastructure.

"The City of Flint has been in constant communication with the MDEQ in our continuing efforts to upgrade and improve our water system," said Director of Public Works Howard Croft. "We have received assurances from them that every step we have taken has been in line with their recommended actions. The City will continue to work to ensure safe, quality water to its residents, businesses and visitors."

The City of Flint will continue to provide updates on its water progress through its website, cityofflint.com. Anyone with water issues is encouraged to call 810-766-7202 so that they can be addressed. Residents wishing to receive a free and independent in-home water test can call 810-787-6537 or email flintwater@cityofflint.com.

–END–

-Jason Lorenz
Public Information Officer
City of Flint
(810) 237-2039 (Office)
(810) 875-2576 (Cell)
jlorenz@cityofflint.com

Weekly Conference Call Notes – Sept. 7, 2015

Allen Park –August 28 – Mayor Matakas, B. Cady, M. Kibby, R. Byrne, E. Cline, P. Dostine

- **Priorities**
  - Construction on Park Street is moving along.
  - The City's new app, Click It & Fix, is popular with the residents.
  - City to recommend vendor who will update Master Plan to Council.
  - City to recommend vendor who will produce overview/audit of City to ouncil.
  - The MML is progressing on its review of AP's personnel, job reclassifications, and salary survey.
- **Order 54**
  - Brownfield issue. Treasury's Brownfield expert reviewing paperwork. When completed, a conference call will be scheduled with AP to discuss.
- **Order 55**
  - Searching for vendor to do appraisal and survey of the property.
- **Fire Contract**
  - No change. Still two outstanding issues: duty-disability; voting member on pension from fire. Talks to resume Sept. 14.
- **SAFER Grant**
  - Update. This grant is retaining 6 firefighters, not hiring new.
- **Bond Tender**
  - $195K issued as insured. BOA is assuming this piece of the tender.
  - The tender is out until Sept. 16.
- **Prescription Drug Coverage/Healthcare for Under 65, Actives & Over 65**
  - Over 65 switched to Humana, savings of $176K
  - The change to Catamaran drug coverage saved $143K.
  - Under 65 & actives are staying with BCBS. Cady said the overall net increase for the healthcare and prescription drug for the under 65 and actives is $211K.
  - AP must now pay the arrearage fee ($505K, was reduced from $850K) to BCBS over 4 years.
  - Treasury has requested a comprehensive breakdown of this healthcare and drug coverage provider change for the over 65, under 65 and actives.
- **CM Search**
  - All candidates have been interviewed.
  - Treasury asked to be included if candidates appear before council for interviews.
- **F.O. Directive: Quarterly Litigation Report**
  - AP checking on status of reports. Should have been part of the packets. Treasury has not received.
  - A litigation report was emailed after the telephone call today.
- **Elevator**
  - Should be completed today.

Benton Harbor –August 27 – D. Watson, R. Byrne, P. Dostine, R. Widigan

- **Weekly Priorities:**
  - **FLSA Claim:** Checks have been cut for the settlement.
  - There is a new FLSA claim for $25K against the City and Darwin. The individual does not have a solid case at the moment.
  - Audit prep is going well, looking at $140K surplus.
- **Lange, O'Brien/Unruh Lawsuit:** No new information regarding O'Brien/Unruh. Offer to settle all three is $1.8M.
  - Bob Callahan said that Lange wants $595K to settle.
  - Darwin will have a conference call with the attorneys to develop a response to that settlement request.
  - The insurance company has not stated how much they would contribute to just the Lange case.
- **Update on Vacant Positions:**
  - MML proposal is complete and will be sent to Treasury for review (for the head hunting firm).
  - Marja Winters will be working with the City three days a week and will help the City find a new community and economic director/assistant city manager.
    - Posting/job description will be sent out Monday or Tuesday next week.
  - **Assessor position**: Individual is interested, however, they would like to have an assessing assistant.
    - The contract gives 6 months of severance pay when the contract is terminated. The City attorney is reviewing the contract to see if the City still needs to pay it if the assessor is the one leaving.
  - Darwin has a phone call with Al Mooney tomorrow – Al is looking to do more part time.
  - **DPW**: City is filling one position, gearing up for the winter.
- **Status of FDCVT Grant Applications:**
  - Darwin is resubmitting some of the projects from LY as well as additional projects that they are getting cost estimates to submit in new projects.
  - Should be submitted mid-September.

Ecorse – August 25 – W. O'Neal, T. Sadowski, J. Pepperman, R. Byrne, P. Dostine, C. Porubsky

Priorities:

Waiting to hear from Treasury on five-year budget, would like feedback. Randy: does the budget reflect the consolidation with River Rouge? Current fiscal year doesn't show anything, didn't budget for savings. Transferred salaries to professional services. Has some time to show savings. Has leeway in PA 33.

Spoke with RR yesterday, have to put contract on hold. Things are heating up. If the deal does not go thru, all Ecorse FF will be reduced to part-time. Would help with savings needed to balance five-year. Current salaries are around $850-900K, thinks this would cut roughly in half.

Would pay RR around $400K. Would like to have shared command with the agency to cut down on overtime costs. Their Public Safety gets a bonus, Ecorse has not had a raise in twelve years.

Tim's first day was yesterday. John and Tim will work together this week. John has volunteered to be on call.

DPW Superintendent resigned last week. Will be brought to the RTAB next month. **This position was being paid salary plus overtime.** Has been here around two years, Wayne thinks he is overwhelmed administratively. Wayne is thinking of moving current employee into vacant treasury position and give an applicant that has water/sewer billing experience the position of DPW Administration Assistant. Wayne stated the bills are going out on time; has some problems to address regarding fraud, etc.

OPEB Benefit Audit is also on the radar, Wayne is going to look at. Has to look at what a couple people are paying for healthcare and ensure it is the correct amount. Pre-65 do not have healthcare anymore, only ones grandfathered in (approximately ½ dozen or more). Wayne has met with MERS multiple occasion. 7.75 rate of return, Wayne was using 8. Need to recalculate.

Prax Air: Got a call from Livese at Prax Air and stated there are things that need to be changed in the resolutions to comply with law. Getting prep work ready, conducting pre-construction meetings, etc.

Council voted to receive and file letter from Wayne Workman.

Flint – Sept 2 – Mayor Walling, N Henderson, J Freeman, Wendy, R Byrne, E Cline, P Dostine

- Flint sent adjusted water bills out to customers; bill reflects 35% reduction per court order. (So, even if stay is granted, customers will receive at least one newly adjusted bill.) Henderson said financial impact of adjusted rate is approx. $600K per billing period. For the year, projected to be $7M.
- Average water bill reduction for a 5/8" line is $18.00. Flint is still able to bill and collect for water and sewer service charges.
- Class Action Suit. How many homes are affected? Flint officials have assumed the impact is city-wide, some 30,000 customers. The city doesn't know how many past, foreclosed homes are a result of delinquent water bills. Mayor Walling and Henderson said they are trying to determine this number.
- Flint can resume water shut-offs with the new, adjusted bills that just went out.
- Henderson has asked engineers to study the KWA project, to see what is essential, what must remain. The engineers said there are two different scenarios: (1) June Plan, (2) December Plan.
- First KWA bond payment ($6M) is due in Nov-15.

- Results from Quarterly Water Test. TTHM levels tested higher than the average in one part of the city. Levels still within acceptable limit. Flint not required to send out notifications.
- Flint still continuing its meter installation program.
- Flint will be applying for this year's FDCVT grant, $2M, for a property assessment project.
- Watermain Break. The break is under the Flint River. City officials said they cannot fix this in-house, will have to contract it out. Will need RTAB approval. A special meeting may have to be called to address this issue.
- Public safety. Fires are down, but this means the city loses some eligibility for grants. Homicides are still high, approx. 42 so far this year.
- The administrative assistant was hired, brought on, prior to the recent hiring freeze edict.
- Flint officials asked Treasury during the call if there was any assistance available to the city for its suspended CIP.

Hamtramck – August 27 – K. Powell, R. Byrne, P. Dostine, D. Van de Grift

- **Priorities**
  - Processing paperwork for the bond sale (closing in Sept.), and infrastructure project. Anticipated cost is $6.5M.
  - Put out to bid for vendor to perform City audit.
  - Hired an auditor for the housing discrimination fund.
  - Taking the snow removal responsibilities in-house this season, expected to save the City money. DPW began prepping for the winter season.
  - Bidding out the landscaping contract, Katrina said the current cost is too high.
  - Also bidding out contract to do sewer work and repair.
  - Meeting scheduled with Wayne County Executive and Sheriff regarding jail services.
- **Police Overtime**
  - Last month's bill was $60K. Katrina noted that revenues of $96K were generated as a result. Fireworks and a movie night at the school contributed to the $60K overtime figure.
  - Overtime language is in police contract in eight hour shifts. This will need to change in the next contract.
  - Katrina will ask court to break out traffic revenues from forfeiture revenues.
  - The Police Chief is in the process of hiring part-time officers and a dispatcher so higher paid staff will not have to dispatch.
  - Police Study: No progress. Treasury recommends looking at ICMA .
- **Library**
  - A library study is needed. Last fiscal year, the library finished with an $80K deficit. The City bailed them out. According to Katrina, the library has important role in the community and acts as community center in many ways.

- **HR Update**
    - Recently, the City Treasurer's actions resulted in an overdrawn account. The Finance Director sent a memo documenting the error.

Inkster – August 13 – M. Stuhldreher, R. Byrne, P. Dostine, C. Porubsky

- **Priorities/Misc.:**
    - DOJ employee came in to facilitate community group (resulted from Dent situation).
    - Richard Marsh is transitioning; Mark is getting used to new position/role.
    - Meeting with MSHDA on Monday; Mark will be in attendance.
    - Discussion will take place Monday at the Council meeting regarding Mark's role as Interim City Manager.
    - Final billing for search has been processed.
    - Police training is needed, but it is hard to send as they are short-staffed. Randy suggested contacting Capt. Yes.
    - TIFA is declining; Mark will have to get money from GF. Debt was issued in 2010 and has about 20 years left. This was in the long-term forecast and is not a surprise. Initial projections were at 4-5%, actual rate of decline was 8-9%.
- **Police Chief:**
    - Started Monday. Interim Chief Thomas is completely separated from the agency now, but the two were able to spend some time together.
    - To Mark's knowledge, the Chief has not met Captain Yesh yet, but has met some MSP members, include Lt. Shaw.
    - Mark stated that the new Chief is straightforward, about business, articulate, and has good people skills. Expects that the community will embrace him.
    - Randy would like to meet the new Chief and see the building.
- **Chargebacks:**
    - Came back lower than budgeted.
    - $300K positive variance on GF, $100K negative on Sewer; everything together is $213K positive variance.

Lincoln Park – July 29 – B. Coulter, P. Dostine, D. Van de Grift

- **FAC & Wayne County Future Road Projects:**
    - Brad and the DPW Director will begin attending these meetings.
- **New City Manager:**
    - Mr. Coppler will start October 1. Brad has started forwarding informational emails to begin the acclimation process.
- **Five-Year Plan/90-Day Plan:**
    - Both will be submitted soon; the five-year is nearly complete.
    - Projected fund balance this year is $100K, $500K-$700K for next year, and $400K-$500K the year after.
    - If the projected fund balances don't materialize, there are areas that can be modified to reduce expenses. The fire contract allows for modification, first responders could be

eliminated, FTEs could be reduced from 18, police shifts could be shortened, and could begin charging for HazMat cleanups.
  - Healthcare costs were decreased by $600K this year.
  - If pension payments cannot be made, a judgement levy should be considered.
- **Order Concerning the New City Manager:**
  - Brad will add language to the Final Order detailing the City Manager's authority.
- **Rental & Vacant Property Ordinances:**
  - Two ordinances, will help to control/monitor the number of rental/vacant properties in the City; this will hopefully help stabilize and perhaps increase property values.
  - It is estimated that between 6-15% of properties in the City are currently vacant.
- **TJ Adams Final Invoice:**
  - The final invoice for the City Manager search will be forwarded to Treasury.
- **Gabriel, Roeder, Smith & Co:**
  - The City is considering filing for the full amount of pension underfunding, $90M.
  - Legal fees would range from $75K-$100K.
  - May or may not be a good risk to take.

Pontiac – August 28 – Mayor Waterman, J. Sobota, , N. Nazarko, R. Byrne, P. Dostine, R. Widigan

Weekly Priorities:

- GERS Board passed a policy addressing future overpayments of COLA.
- J. Sobota is working on his report to the RTAB.

Deputy Mayor Position: TJ Adams firm sent out letters to council-members to attend a forum to meet the two Dept. Mayor finalist.

- The names will be kept confidential.
- Informal meeting with council on Thursday at 10AM, there will be no vote or evaluation to fill out. Council meeting to follow at 12.
- Randy will attend the sessions on Thursday.

Community Development Positions: Salary approved, positions were posted on August 20. 30 days ends on September 25.

- Met with Oakland Co. to discuss working together on community development once the positions are filled.

Phoenix Center: The City's attorneys have talked with one of the other condemnation attorney's. They are working on setting up a meeting between the owner of the Ottawa Towers owners and the City.

- The Mayor/City is working on a strategic plan for the property/area.

Two-year Rolling Budget: Budget amendment for the 15/16 budget is pending before the finance committee. Once that is complete then the City will prepare and finalize the two-year.

Retiree Lawsuit: The City had a pre-meeting with opposing council. A new list of possible eligible individuals. Once all the information is gathered it will be finalized and sent to the mediator. Next pre-meeting is set for September 21.

- A letter of understanding is being developed and shared with the mediator.

FDCVT Grant Applications: Randy reminded the City.

Royal Oak Township – July 27 – R. Burgess, D. Squalls, R. Byrne, P. Dostine, C. Porubsky

- **Priorities for the Week/Miscellaneous Items:**
  - Set up meetings for this week or next with potential developers.
  - Code enforcement officers currently have dealership in court over taxes – Donna thinks the best scenario would be for someone to buy both the dealership and motel next to it and demolish the motel.
  - Donna: Finish F&O Plan.
  - Robert: Spoke with Finance on Thursday, need a cash flow analysis for the remainder of the year and to create an amended budget.
  - Current on all bills with the exception of one.
  - Revenue sharing is anticipated to be the only income, but Robert thinks there is enough money to make it thru the year.
  - Randy reminded the Twp. that a monthly financial report is required.
  - General fund renewal is on the ballot August 4; Donna and Robert would like to send a flyer out. Randy cautioned them on the wording
- **Audit:**
  - Completed; Donna said that it was better than last years' and didn't highlight many problems.
  - Robert stated that one of the things the audit noted was that an inventory needed to be completed.
  - Donna wanted to know if the Board had to approve the audit – Randy said to ask Mr. Wilkerson.
- **Police Update**
  - Donna will know soon after August 4 (election) more regarding Hazel Park.
  - Oak Park is not interested; very short meeting where annexation was suggested.
  - Ferndale: Over $1M, have not talked to.
  - Deadline is August 31; if not completed money will need to be returned.
- **Street Lighting:**
  - Completed last Friday, grant should close this week.
  - A rebate of $9700 is anticipated.
  - Bills should start being lower in September; the entire $10K budgeted for these may not be needed.

Michigan

Feds sending in experts to help Flint keep lead out of water

By Ron Fonger | rfonger1@mlive.com
on September 10, 2015 at 6 00 PM, updated September 10, 2015 at 6 04 PM

FLINT, MI – The U.S. Environmental Protection Agency says it will send help to the city as it develops plans for controlling **corrosion in treated Flint River water**, a key to keeping lead from leaching into homes and businesses.

The EPA said that while city water is within allowable levels for lead, it has "recommended that Flint implement **corrosion control treatment** as soon as possible since the city's lead service lines can leach lead into the drinking water if left untreated."

The statement was issued to The Flint Journal-MLive Wednesday, Sept. 9, one day after researchers from Virginia Tech University advised Flint residents not to drink or cook with tap water here without flushing lines before each use or using a filter to remove lead.

Virginia Tech students and faculty have posted the results of 252 water tests from Flint online, concluding the city has "a very serious lead in water problem."

The Virginia Tech testing so far has shown 10 percent of the water samples from across the city tested at 25 parts per billion of lead or more – far more than the allowable level – 15 ppb – set in federal guidelines

Overall, the Virginia Tech testing showed 16 7 percent of Flint samples showed more than 15 ppb of lead.

FLINT WATER

Pastor's effort to raise cash for Flint water crisis draws AG warning

Flint water crisis to get fresh probe by state lawmakers

Flint water crisis draws fed team for more study on rashes

Saginaw passes resolution in support of Flint amid its water crisis

Lead-absorbing snacks going to 4,500 kids outside Flint hit by water crisis

All Stories

Meanwhile, the city's official test results show 90 percent or more of the samples are 15 ppb or less, according to the state, and the water is meeting all standards for safety.

Flint Mayor Dayne Walling said in an email that he trusts "efforts being made by the EPA to work closely with the Michigan Department of Environmental Quality and the city of Flint to ensure that Flint residents are provided with safe drinking water and all questions are answered "

Walling announced last week that the city will put measures in place that are designed to reduce lead in drinking water by 2016, and said he had been in regular communication with the U.S. EPA, which has agreed to have experts from its Office of Research and Development join Flint's Technical Advisory Committee.

The Technical Advisory Committee was **formed in March** by Walling and former emergency manager Jerry Ambrose but has met only twice, Flint Department of Public Works Director Howard Croft said.

Virginia Tech Professor Marc Edwards, who plans to visit Flint next week to discuss the results of water testing here, said city residents need "scientifically sound advice about the safety of their water when it comes to lead," a toxic metal that was used for many years in household plumbing and water service lines.

Even at low levels, lead may cause a range of health effects, including behavioral problems and learning disabilities, according to the EPA, which warns that children 6 years old and under are most at risk from lead exposure

The Michigan Department of Environmental Quality has estimated at least 15,000 homes in Flint have lead plumbing, and Communications Director Brad Wurfel said the only way to eliminate lead in those homes would be to replace hundreds of miles of lead pipes and connections

Flint residents "who have lead pipes or a lead service connection had lead in their water at some level before this issue was in the newspaper ... before the switch to the Flint River," Wurfel said in an email THursday, Sept. 10. "Optimizing (corrosion control) can minimize impacts, but it won't alleviate the issue."

Edwards' group says in a posting online that Flint water is safe for bathing, showering, toilet flushing and watering lawns and gardens, but advised that the water should be used for cooking or drinking only if it flows through a faucet filter certified to remove lead or if lines have been continuously flushed for 5 minutes at a high flow rate to clean most lead from pipes before use

Brad Wurfel, communications director for the DEQ, said in an email to The Journal that Flint's water system has problems -- but is meeting safe water standards based on its water sampling.

"The city of Flint has challenges, no question," Wurfel said "Decades of forestalled maintenance ... coupled with changes in city population size that put new demands on an old system .. compounded by a rate structure which makes Flint's water very expensive, are all serious issues the city must confront."

The "solution won't be cheap and relief for some parts of the city won't come quickly because this problem didn't start last month, last year, or even last governor; it started in the last century," the statement says

Wurfel and the Virginia Tech researchers each questioned how testing by the city and the university have come up with different results.

Wurfel said that while the state "appreciates academic participation in this discussion, offering broad, dire public health advice based on some quick testing could be seen as fanning political flames irresponsibly."

Edwards said the university's work in Flint, including warnings about the corrosiveness of the city's tap water and sampling that has shown high levels of lead, is available to review online

Wurfel said the state's program for ensuring water quality is built on federal law and "has been effectively protecting drinking water supplies for decades . a consistent, solid program."

Virginia Tech conducted experiments on Flint water, concluding it leaches more lead from plumbing than does Detroit water, "creating a public health threat in some Flint homes that have lead pipe or lead solder."

More corrosive water creates more potential for that lead to leach into tap water, city, state and federal officials have said

Edwards has said experiments at Virginia Tech show Flint's tap water is much more corrosive than treated water from Lake Huron -- sold by the city of Detroit, which had been used here for more than 50 years

The city plans to connect to Lake Huron again in 2016 by tapping into the Karegnondi Water Authority pipeline, which Flint and Genesee County are partners in constructing

The Virginia Tech professor said elevated lead levels in Flint tap water are tied to a corrosive water source that contains about eight times more chloride than Detroit water does.

"Chloride is generally considered to be very corrosive to iron. For instance, chloride present in road salts applied in the winter causes iron in cars and bridges to rust," the Virginia Tech team's website says.

In April 2014, after the city of Detroit terminated its contract to sell water to Flint, the city began using the Flint River as its water source.

Croft said, based on consultation with the DEQ, the city did not take steps at that time to attempt to make the water less corrosive

Wurfel said large water system operators like Flint must carry out two consecutive rounds of water tests in a 12-month period after changing water sources.

The tests allow the city is to see what changes need to be made to minimize corrosion.

"Those (test) results show the system complies with the federal rule -- 90 percent of the samples are 15 ppb or less," Wurfel said in an

email "If the system is large -- 50,000 or more customers -- they still have to proceed with optimizing the system

"They get a year to make a plan, based on the results of the tests. We get a year to review the plan They get two years to implement the plan," the statement says "We've encouraged Flint to skip the time periods and move immediately to optimizing."

The results of the Virginia Tech water testing in Flint are expected to be shared during a **town hall meeting** from 6-8 p m. Tuesday, Sept. 15, in Saints of God Church, 2200 Forest Hill Ave

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9.9.15

888. 363.4734 [redacted]

5 incls me. Randy Natasha mayor Eric

Dec of this yr (Natasha) Utilities
1st line pmt due in Nov. KWA bond pmt.
Rec'd results frm Qtrly
installing meters.

Avrg bill ~ $25.00 standard cust.
30 K customers - city wide impact

home foreclosure #s? No they don't
have #'s.

start shutting off. with
billing now 600,000 less in billing.
- Have 1/4 people recing a shut off Notice
- Good % will not pay. Revenue won't
flow until two mos pass.

~~KWA~~ Court interfering with
process = management forecast
problems to set rates.

When heard @ Appealate level? Unknown

InKster case: Raised Rates. Has 2.9 m. $300 credits, Appeal Court sided with city.

App assembly for grant re: property taxes.
2 million they will apply for

less fires.
police safety - homocides continue 40 people this year
Wking W/ State Pol too.

Watermain break under river status.
-in process of fixing that still. RTAB will need to consider cost. might not be ready (spec mtg possible).

New admin Asst ✓ Natasha B4 hiring freeze.
help with dog Improvment project if possible
vs litigation,

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Friday, September 11, 2015 4:44 PM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Widigan, Robert (TREASURY)
Cc: Schafer, Suzanne K. (Treasury); Koryzno, Edward (Treasury)
Subject: Flint Kincaid lawsuit

We need to advise Tom and Fred of the situation and set a call with Natasha and Pete

Sent from my iPhone

CITY OF FLINT

Dayne Walling
Mayor

September 14, 2015

The Honorable Rick Snyder
Governor, State of Michigan
P.O. Box 30013
Lansing, MI 48909

RE: Call for Additional Support for Flint Water Improvement Plan

Dear Governor Snyder:

On behalf of the Flint community, I am writing with a renewed request for additional support to address Flint's water challenges to ensure that water is affordable and secure for everyone in Flint especially our vulnerable populations. I am asking for an additional $30 million in funds for Flint's infrastructure and a new healthy homes initiative.

Significant progress has been made throughout this year to increase water safety and quality and I thank you for the involvement of your office, the Michigan Department of Environmental Quality, and the Michigan Department of Treasury. A majority of items in the Water Improvement Plan are completed or underway. Most importantly, Flint is now in compliance with the Safe Drinking Water Act due in large part to the installation of the new carbon filter. The infrastructure systems are being made more secure and efficient through the State grants. Now the City is committed to following the recommendation of the Michigan Department of Environmental Quality to optimize the treatment process, reduce corrosion and further minimize risks from lead.

The need to accelerate the City's capital improvement investments remains and has been further increased by the continued financial stress and legal issues. Previously I requested support for replacement or forgiveness of payment to the Drinking Water Revolving Loan Fund due to Flint's status as a distressed community and the gap in funding in the adopted capital improvement plan. I understand that the existing federal law does not allow the existing Drinking Water Revolving Loans that Flint is carrying to be forgiven in retrospect but the need still exists. Flint owes approximately $20 Million. One solution is for the State to grant a new $20 Million that is designed as forgivable from the start. Another solution is to provide

equivalent funding through an expansion of the grant program to Michigan's Financially Distressed Cities, Villages and Townships with a supplemental budget amendment in cooperation with the State Legislature.

The community's heightened concern about lead leeching into the water from old service lines and home plumbing also needs to be addressed. We know that lead is an environmental contaminant and there have been many programs in place over the years to address sources in paint and pipes. Flint needs a new healthy homes initiative specifically focused on lead in water with $10 Million to start the process of replacing service lines for the most vulnerable households. Regardless of the source and treatment of Flint's water, this long term threat of lead in pipes needs to be removed in the interest of public health.

My approach continues to be to work with you and your appointed officials, State Senator Ananich, State Representatives Phelps and Neeley, Congressman Kildee, community groups, businesses, churches, foundations, the Flint City Council, and all of the City of Flint and State and Federal government personnel. We need every available expert and resource to address Flint's water problems.

Flint's safety is my top priority. Just as the City and State have worked together on public safety, we need additional support for fixing the water problems. We need $30 Million in new funds to repair and update the city-wide infrastructure and to assist households in becoming lead-free. The entire Flint community deserves sustainable, safe, secure and affordable water now and into the future. Thank you for the consideration Governor and I look forward to future discussions.

Sincerely,

Dayne Walling
Mayor, City of Flint

CC: Flint City Council President Joshua Freeman; Congressman Dan Kildee; State Senator Jim Ananich; State Representative Sheldon Neeley; State Representative Phil Phelps; EPA Regional Administrator Dr. Susan Hedman; Chief of Staff Dennis Muchmore

Weekly Conference Call Notes – Sept. 14, 2015

Allen Park –Sep. 11 – Mayor Matakas, B. Cady, M. Kibby, R. Byrne, E. Cline, P. Dostine

Priorities

- Payroll clerk is leaving Allen Park, going to Garden City. Allen Park will start interviews for new payroll clerk Monday.
- Town Hall meeting scheduled for next week. Topic is 2 mill on ballot for street repair.
- City closing books. Audit to start next week.

Update on Bond Tender

- $1.3M so far. Cady said they are disappointed. Hoping that people waiting to last minute (Sept 16) for every penny.

Fire contract Update

- Fireman are taking Allen Park to arbitration. They and the city cannot reach an agreement. Cady said one of the problems is that all the city's internal knowledge is gone.
-

FDCVT Grant Application

- Allen Park is working on the grant. Looking to fund a LED replacement program and purchase a portable generator.
-

Retiree Health Care Update

- The retiree have been switched to Humana. The under 65 and actives are with BCBS. Go live for both is Oct. 1
-

Position/Classification Study Update

- Allen Park selected White Hall Group ($47K) to conduct third and final piece of the study: city personnel/service efficiency study. Other two, Job Description and Salary Surveys, MML did.
-

Beatom Lawsuit

- Settled for $22.5K. MML is paying the cost.

Benton Harbor –Sept. 10 – D. Watson, R. Byrne, P. Dostine, E. Cline

Priorities

- Fri, Sept 11, Benton Harbor is unveiling its Sept 11 Monument. Expecting 1,000 people.
- BH still in negotiations with FOP and AFSCME. Darwin said it's easy because the city has no money.
-

Lange, O'Brien / Unruh Lawsuit

- No update, at a standstill.

Update on Vacant position

- Assessor position. RFP went out. A company responded that Darwin likes, a mother and son team. One works as an assessor for a small twp. One works in equalization for Berrien County. The cost for their services is $10K less than former assessor. They are committing to 2 years.
- Finance Director. Darwin forwarded Treasury the MML-headhunter specs for the position. The headhunter is Kathy Eisinger (sp)
- Plante Moran is conducting the annual audit. Preliminary numbers show a $774K fund balance. A Ronda Hildebrandt, interim finance director as described by Darwin, will be helping out BH from now through the close of the audit. She will be at the offices 5 days a week. Watson plans on asking her is she has any interest in applying for the finance job.
- Water Supervisor. BH posted the position. BH has an agreement with St Joseph to assist them. The current supervisor is staying till Oct. 20. BH also advertised for a Distribution Foreman.
- Community Development & Economic Director. The current director is staying till Nov, she will help with transitioning the new hire when he/she gets on board. BH posted the position already.
- BH's political season is in full swing. Darwin noted that commission meetings are ratcheting up.

FDCVT Grant

- Darwin plans to make an application in about 2 weeks. The focus will be using the grant monies on the sanitary survey results mentioned below.

Sanitary Survey results

- Two areas were found to be deficient: the hydraulic and reliability systems.

New commissioner

- Darwin reported that the new commissioner is doing well. He's been given the Charter Code of Ethics and a copy of the ordinances.

Ecorse – August 25 – W. O'Neal, T. Sadowski, J. Pepperman, R. Byrne, P. Dostine, C. Porubsky

Priorities:

Waiting to hear from Treasury on five-year budget, would like feedback. Randy: does the budget reflect the consolidation with River Rouge? Current fiscal year doesn't show anything, didn't budget for savings. Transferred salaries to professional services. Has some time to show savings. Has leeway in PA 33.

Spoke with RR yesterday, have to put contract on hold. Things are heating up. If the deal does not go thru, all Ecorse FF will be reduced to part-time. Would help with savings needed to balance five-year. Current salaries are around $850-900K, thinks this would cut roughly in half. Would pay RR around $400K. Would like to have shared command with the agency to cut down on overtime costs. Their Public Safety gets a bonus, Ecorse has not had a raise in twelve years.

Tim's first day was yesterday. John and Tim will work together this week. John has volunteered to be on call.

DPW Superintendent resigned last week. Will be brought to the RTAB next month. **This position was being paid salary plus overtime.** Has been here around two years, Wayne thinks he is overwhelmed administratively. Wayne is thinking of moving current employee into vacant treasury position and give an applicant that has water/sewer billing experience the position of DPW Administration Assistant. Wayne stated the bills are going out on time; has some problems to address regarding fraud, etc.

OPEB Benefit Audit is also on the radar, Wayne is going to look at. Has to look at what a couple people are paying for healthcare and ensure it is the correct amount. Pre-65 do not have healthcare anymore, only ones grandfathered in (approximately ½ dozen or more). Wayne has met with MERS multiple occasion. 7.75 rate of return, Wayne was using 8. Need to recalculate.

Prax Air: Got a call from Livese at Prax Air and stated there are things that need to be changed in the resolutions to comply with law. Getting prep work ready, conducting pre-construction meetings, etc.

Council voted to receive and file letter from Wayne Workman.

Flint – Sept 2 – Mayor Walling, N Henderson, J Freeman, Wendy, R Byrne, E Cline, P Dostine

- Flint sent adjusted water bills out to customers; bill reflects 35% reduction per court order. (So, even if stay is granted, customers will receive at least one newly adjusted bill.) Henderson said financial impact of adjusted rate is approx. $600K per billing period. For the year, projected to be $7M.
- Average water bill reduction for a 5/8" line is $18.00. Flint is still able to bill and collect for water and sewer service charges.
- Class Action Suit. How many homes are affected? Flint officials have assumed the impact is city-wide, some 30,000 customers. The city doesn't know how many past, foreclosed homes are a result of delinquent water bills. Mayor Walling and Henderson said they are trying to determine this number.
- Flint can resume water shut-offs with the new, adjusted bills that just went out.
- Henderson has asked engineers to study the KWA project, to see what is essential, what must remain. The engineers said there are two different scenarios: (1) June Plan, (2) December Plan.
- First KWA bond payment ($6M) is due in Nov-15.
- Results from Quarterly Water Test. TTHM levels tested higher than the average in one part of the city. Levels still within acceptable limit. Flint not required to send out notifications.
- Flint still continuing its meter installation program.

- Flint will be applying for this year's FDCVT grant, $2M, for a property assessment project.
- Watermain Break. The break is under the Flint River. City officials said they cannot fix this in-house, will have to contract it out. Will need RTAB approval. A special meeting may have to be called to address this issue.
- Public safety. Fires are down, but this means the city loses some eligibility for grants. Homicides are still high, approx. 42 so far this year.
- The administrative assistant was hired, brought on, prior to the recent hiring freeze edict.
- Flint officials asked Treasury during the call if there was any assistance available to the city for its suspended CIP.

Hamtramck – Sept. 10 – K. Powell, R. Byrne, P. Dostine, D. Van de Grift

Priorities

- Hamtramck is busy working on the park in front of City Hall, Pope Park, and Veteran's Park.
- Katrina attended a focus group meeting in A2 hosted by the MML. MML is exploring the development of a program that would provide consultants to communities in financial distress. Other participants included: Joyce Parker, Flint's finance director, a Monroe representative and someone from the GFOA.
- Hamtramck's city council as well as Katrina will attend next week's MML conference in Traverse City.
- Hamtramck is signing contracts with an auditor to audit the city, a company to perform sewer repairs, and someone to audit the housing fund. The city has yet to bid-out the landscaping contract.
- No meeting date has been set yet between Katrina and the Wayne County Executive and the Sheriff to discuss jail services.

Police Study

- Katrina reached out the ICMA who gave her a list of consultants to conduct a police study. They included Tri Data, Wes Anderson & Assoc, McGrath Consulting, and Fitch.
- Treasury provided Katrina with a contact at the ICMA who may be able to assist with the study.

Housing discrimination lawsuit

- There are 5 homes left to be built: Hamtramck is responsible for two, Habitat for Humanity two, and MSHDA one. The cost to Hamtramck will be approximately $500K of which the city will put on its winter tax rolls.

City Treasurer

- Has been busy on some projects.

Inkster – August 13 – M. Stuhldreher, R. Byrne, P. Dostine, C. Porubsky

- **Priorities/Misc.:**
  - DOJ employee came in to facilitate community group (resulted from Dent situation).
  - Richard Marsh is transitioning; Mark is getting used to new position/role.
  - Meeting with MSHDA on Monday; Mark will be in attendance.
  - Discussion will take place Monday at the Council meeting regarding Mark's role as Interim City Manager.
  - Final billing for search has been processed.
  - Police training is needed, but it is hard to send as they are short-staffed. Randy suggested contacting Capt. Yes.
  - TIFA is declining; Mark will have to get money from GF. Debt was issued in 2010 and has about 20 years left. This was in the long-term forecast and is not a surprise. Initial projections were at 4-5%, actual rate of decline was 8-9%.
- **Police Chief:**
  - Started Monday. Interim Chief Thomas is completely separated from the agency now, but the two were able to spend some time together.
  - To Mark's knowledge, the Chief has not met Captain Yesh yet, but has met some MSP members, include Lt. Shaw.
  - Mark stated that the new Chief is straightforward, about business, articulate, and has good people skills. Expects that the community will embrace him.
  - Randy would like to meet the new Chief and see the building.
- **Chargebacks:**
  - Came back lower than budgeted.
  - $300K positive variance on GF, $100K negative on Sewer; everything together is $213K positive variance.

Lincoln Park – Sept. 9 – B. Coulter, R. Byrne, E. Cline, D. Van de Grift, P. Dostine

Priorities:

- **Cell Tower**
  - Should be completed next week. The City expects to gross about $350K.
- **PA 345 Issue**
  - The EM will be holding 3 town hall meetings with the Police and Fire chiefs. The Mayor may also be invited.
  - Information will also be placed on Cable TV and on the City's social media sites.
  - The EM noted that he is being careful not to violate state law regarding ballot proposals.
- **FDCVT Grants**
  - Applications being developed.
- **Retiree Lawsuit**

- No activity on this issue. Noted that MML will not provide insurance coverage. The EM is deciding how to address this.

- **Cost Recovery**
  - All information is being assembled for cost recovery regarding the tanker fire on I-75.

- **Jury Duty**
  - The EM is still scheduled for jury duty the week of September 21.

- **Panhandling and Donation Bins** – The EM is still considering the adoption of ordinances regarding these issues.
  - First Amendment issues must be taken into concern.
  - May look at enforcing this through the Motor Vehicle Code.

FY 15-16 Budget
- Adopted.

City Manager
- Start date is anticipated at October 1.

4-Month Plan
- The EM indicated that this is moving forward.

MSHDA/MEDC
- No new information.

Exit Timeline
- Eric is to develop a draft Exit Timeline to share with the EM.
- Drew stated that the EM's last day, based on the 18-month limit, is Thursday, January 7, 2016.

Wayne County Sewer Issue
- This continues to be researched.

Pontiac – Sept. 11 – Councilman K. Williams, J. Sobota, , N. Nazarko, R. Byrne, P. Dostine, R. Widigan

- **Weekly Priorities:**
  - Council will have a special meeting on Monday to take up the contact for the Deputy Mayor and the Transition Advisor Position.

- **Questions from Councilman Williams:**

1. Is this a true transition?: Yes, it is.

2. Why is there no timeline in the contact for the transition advisor?: The timeline is unknown, it may take 5 months or 10 months. Jerry is simply an advisor, period. The idea is to limit the number of hours, hoping there is no need to re-new the contact.
3. It would be prefer that there are limits on the advisor, council has no appetite to add more "advisors". Why not set the contract at 4 months and renew if it's needed: We will take to W. Workman.
4. Retiree healthcare and Phoenix Center litigation are two big issues. Healthcare lawsuit must be resolved before RTABs exit?
5. Financial best practices have already been implemented,
6. limits to spending, fund balance policy, etc…RTAB/State has requested a 5-year financial plan, that is out of council's control: Mayor stated the requirement is to have a two year budget and a five year projection, right now they are waiting on the council to address and act on the two year budget. Sobota stated once the first two years is finalized the five year protection will not be difficult.
    a. **Councilman Williams**: how much of these bullet points must be finalized/addressed before the RTAB can begin the transition and what are the sticking points to transition out. Council needs a list of what THEY need to take care of to help with transition. Most of the bullet points are in the hands of the Mayor, Dept. Mayor, and CA.
    b. How does the Council show the state that they are making progress/addressing the checkpoints.
    c. The benchmarks are left to interpretation as to how to complete them, need a clear set of bullet points showing how the council moves towards local government (referencing the contract).
    d. The Council's key goal is to have a legitimate plan as to how to transition.
    e. Issue with the contract is it does not come back to the Council, there is no renewal date. No problem with the council renewing it, the problem is that it's not an option.

- **Deputy Mayor Position Update**: No vote was taken last night, the council agrees with the Mayor's choice. Debate on the salary. Council will meet on Monday at 5PM to address.
    - Raise in the salary was NOT mentioned to the council until last night. Last they were informed the salary was $95K. With the salary at $107K it will be hard to get four votes from the council.
    - Residents do NOT want the Dept. Mayor making more money than the Mayor.

- **Transition Advisor Position Update:** Comments from Mayor – Councilman Williams is part of the old guard, looking for some sound bites and is a very 'savvy' councilman. Any changes Treasury makes to the contract he will take to council and will say that they took on Treasury and 'won'.
    - Mayor says that if changes are made to the contract it puts her in a precarious situation.

- **Community Development Positions**: City is still accepting applications. HR director will review and present to the council. Process closes soon.

- **Street Sweeper:** Council is requesting to bring street sweeping 'in-house'. No research has been done as to the liability and cost of this undertaking.

- **Two-year Rolling Budget:** This is being addressed by council and committees.

- **RTAB Agenda add-on requests:** Mr. Sobota is requesting the RTAB address street sweeping and DPW road stripping. He was informed the request must be submitted in a memo by noon today.

Royal Oak Township – July 27 – R. Burgess, D. Squalls, R. Byrne, P. Dostine, C. Porubsky

- **Priorities for the Week/Miscellaneous Items:**
  - Set up meetings for this week or next with potential developers.
  - Code enforcement officers currently have dealership in court over taxes – Donna thinks the best scenario would be for someone to buy both the dealership and motel next to it and demolish the motel.
  - Donna: Finish F&O Plan.
  - Robert: Spoke with Finance on Thursday, need a cash flow analysis for the remainder of the year and to create an amended budget.
  - Current on all bills with the exception of one.
  - Revenue sharing is anticipated to be the only income, but Robert thinks there is enough money to make it thru the year.
  - Randy reminded the Twp. that a monthly financial report is required.
  - General fund renewal is on the ballot August 4; Donna and Robert would like to send a flyer out. Randy cautioned them on the wording
- **Audit:**
  - Completed; Donna said that it was better than last years' and didn't highlight many problems.
  - Robert stated that one of the things the audit noted was that an inventory needed to be completed.
  - Donna wanted to know if the Board had to approve the audit – Randy said to ask Mr. Wilkerson.
- **Police Update**
  - Donna will know soon after August 4 (election) more regarding Hazel Park.
  - Oak Park is not interested; very short meeting where annexation was suggested.
  - Ferndale: Over $1M, have not talked to.
  - Deadline is August 31; if not completed money will need to be returned.
- **Street Lighting:**
  - Completed last Friday, grant should close this week.
  - A rebate of $9700 is anticipated.
  - Bills should start being lower in September; the entire $10K budgeted for these may not be needed.

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Monday, September 14, 2015 5:36 PM
To: Muchmore, Dennis (GOV); Saxton, Thomas (Treasury)
Subject: Fwd: Flint Water Request
Attachments: Flint Mayor Water Request.pdf; ATT00001.htm

We are talking at 4:00 Tuesday about their failure to timely appeal the Kincaid lawsuit. What is he thinking?

Sent from my iPad

Begin forwarded message:

> **From:** "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
> **Date:** September 14, 2015 at 5:07:02 PM EDT
> **To:** "Roberts, John (DTMB)" <RobertsJ9@michigan.gov>
> **Cc:** "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Posthumus, Dick (GOV)" <Posthumusd@michigan.gov>, "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>
> **Subject: FW: Flint Water Request**
>
> Great, we have a lot of money laying around...
>
> **From:** Dayne Walling [mailto:dwalling@cityofflint.com]
> **Sent:** Monday, September 14, 2015 4:17 PM
> **To:** GovernorsOffice <GovernorsOffice@michigan.gov>; Snyder, Rick (GOV) <Rick.Snyder@michigan.gov>
> **Cc:** Joshua Freeman <jfreeman@cityofflint.com>; senjananich@senate.mi.gov; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Phil Phelps <philphelps@house.mi.gov>; SheldonNeeley@house.mi.gov; Hedman, Susan <Hedman.susan@epa.gov>; Natasha Henderson <nhenderson@cityofflint.com>
> **Subject:** Flint Water Request
>
> Dear Governor,
> I am renewing my call for additional funding to address Flint's water challenges. While significant progress has been made, with the fiscal stress and pending lawsuits against the City, there is a gap in the funds necessary to meet the adopted capital improvement plan and to respond to new needs with lead pipes. Attached is a letter of request. I thank you in advance for your willingness to review.
>
> Sincerely,
> Mayor Walling
>
> --
> Dayne Walling
> Mayor, City of Flint
> City Hall, 1101 S. Saginaw St.

Flint, MI 48502
810-766-7346
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CITY OF FLINT

Dayne Walling
Mayor

September 14, 2015

The Honorable Rick Snyder
Governor, State of Michigan
P.O. Box 30013
Lansing, MI 48909

RE: Call for Additional Support for Flint Water Improvement Plan

Dear Governor Snyder:

On behalf of the Flint community, I am writing with a renewed request for additional support to address Flint's water challenges to ensure that water is affordable and secure for everyone in Flint especially our vulnerable populations. I am asking for an additional $30 million in funds for Flint's infrastructure and a new healthy homes initiative.

Significant progress has been made throughout this year to increase water safety and quality and I thank you for the involvement of your office, the Michigan Department of Environmental Quality, and the Michigan Department of Treasury. A majority of items in the Water Improvement Plan are completed or underway. Most importantly, Flint is now in compliance with the Safe Drinking Water Act due in large part to the installation of the new carbon filter. The infrastructure systems are being made more secure and efficient through the State grants. Now the City is committed to following the recommendation of the Michigan Department of Environmental Quality to optimize the treatment process, reduce corrosion and further minimize risks from lead.

The need to accelerate the City's capital improvement investments remains and has been further increased by the continued financial stress and legal issues. Previously I requested support for replacement or forgiveness of payment to the Drinking Water Revolving Loan Fund due to Flint's status as a distressed community and the gap in funding in the adopted capital improvement plan. I understand that the existing federal law does not allow the existing Drinking Water Revolving Loans that Flint is carrying to be forgiven in retrospect but the need still exists. Flint owes approximately $20 Million. One solution is for the State to grant a new $20 Million that is designed as forgivable from the start. Another solution is to provide

equivalent funding through an expansion of the grant program to Michigan's Financially Distressed Cities, Villages and Townships with a supplemental budget amendment in cooperation with the State Legislature.

The community's heightened concern about lead leeching into the water from old service lines and home plumbing also needs to be addressed. We know that lead is an environmental contaminant and there have been many programs in place over the years to address sources in paint and pipes. Flint needs a new healthy homes initiative specifically focused on lead in water with $10 Million to start the process of replacing service lines for the most vulnerable households. Regardless of the source and treatment of Flint's water, this long term threat of lead in pipes needs to be removed in the interest of public health.

My approach continues to be to work with you and your appointed officials, State Senator Ananich, State Representatives Phelps and Neeley, Congressman Kildee, community groups, businesses, churches, foundations, the Flint City Council, and all of the City of Flint and State and Federal government personnel. We need every available expert and resource to address Flint's water problems.

Flint's safety is my top priority. Just as the City and State have worked together on public safety, we need additional support for fixing the water problems. We need $30 Million in new funds to repair and update the city-wide infrastructure and to assist households in becoming lead-free. The entire Flint community deserves sustainable, safe, secure and affordable water now and into the future. Thank you for the consideration Governor and I look forward to future discussions.

Sincerely,

Dayne Walling
Mayor, City of Flint

CC: Flint City Council President Joshua Freeman; Congressman Dan Kildee; State Senator Jim Ananich; State Representative Sheldon Neeley; State Representative Phil Phelps; EPA Regional Administrator Dr. Susan Hedman; Chief of Staff Dennis Muchmore

CITY OF FLINT

Dayne Walling
Mayor

January 18, 2015

The Honorable Rick Snyder
Governor, State of Michigan
P.O. Box 30013
Lansing, MI 48909

RE: Flint Water Improvement Plan

Dear Governor Snyder·

On behalf of the Flint community, I am writing to convey serious concerns about water quality and to request your support for my proposed Flint Water Improvement Plan. Access to safe and clean water is a basic human right, and, therefore, policy and budget decisions need to ensure that water is affordable and secure for everyone in Flint and all across Michigan It is essential there is City, State and Federal cooperation to address the challenges here and to meet the needs of vulnerable populations.

The Flint Water Improvement Plan is focused in five areas: safety, quality, access, investment and education. The plan puts safety and quality first because this is fundamental. It is designed to be a sustainable solution for the City of Flint and the community as we move towards a new permanent water supply from Lake Huron through the Karegnondi Water Authority. My plan offers new ideas and also builds on successful models of utility, energy and assistance programs at the State and Federal levels.

<u>Safety & Quality</u>

- 100% Safety is the standard
- City of Flint reports testing data to the public to assure safety and expands testing sites and frequency
- Bring on experienced river water treatment operational management in the City of Flint

<u>Access</u>

- Announce an amnesty program for Flint water service turn-ons and reduce the turn-on fee
- Develop a revised affordable payment plan policy to encourage customers to return
- Design Federal and State partnership to establish new Drinking Water Emergency Assistance Fund for the elderly and vulnerable families

<u>Investment</u>

- Accelerate water system improvements outlined in the City of Flint Capital Improvement Plan through Federal and State Investments
    - State approves City of Flint's Distressed Cities Fund applications

- Federal and State support for replacement or forgiveness of payment to the Drinking Water Revolving Loan Fund due to Flint's status as a distressed community
- Federal and State grants for infrastructure improvements in alignment with the Flint Master Plan

- City Water Department implements budgeted FY15 projects including leak detection, valve repairs, new pipes and meter replacements

Education

- Develop a community partnership with universities to provide household and business customers with information on testing and conservation
- Ongoing partnership with Michigan Department of Human Services, United Way, Salvation Army and community organizations to provide information and water assistance with the Keep the Water Flowing Fund and support services
- Expand youth energy initiative to assist households with conservation and efficiency (piloted in summer 2014 with Northwestern High School students, EcoWorks and Consumers Energy)

It is also critical to restore the public confidence in Flint Water. The implementation of this plan must be accompanied by extensive community engagement including local elected officials. My objective is to work with you and your appointed officials, State Senator Ananich, State Representatives Phelps and Neeley, Congressman Kildee, community groups, businesses, churches, foundations, the Flint City Council, and all of the City of Flint and government personnel.

It is imperative that we communicate better and provide residents more information. I understand representatives from the Michigan Department of Environmental Quality will be joining a public forum this week at City Hall. This engagement going forward is vital so thank you for supporting their efforts. I think this issue of transparency is important for communities all across the State. I recommend a review of the applicable laws and policies and, at a minimum, a new requirement that water testing data be reported publicly no less than quarterly by law in all Michigan communities in Flint's population category.

Thank you for the consideration Governor. There is nothing more important in Flint right now than fixing the water problems. We must work together to identify funds to repair and update the water treatment facilities and city-wide infrastructure and to help those persons without access to clean water so that the entire Flint community has sustainable, safe, secure and affordable water now and into the future. This is an important issue for the state of our State of Michigan and I urge you to work with us to implement solutions.

Sincerely,

Dayne Walling, Mayor
City of Flint

CC: Flint City Council President Joshua Freeman; Congressman Dan Kildee; State Senator Jim Ananich; State Representative Sheldon Neeley; State Representative Phil Phelps; Flint Emergency Manager Jerry Ambrose

Summary: Conference Call with City of Flint

September 15, 2015

Participating: Tom Saxton, Wayne Workman, Fred Headen, Eric Cline, Mayor Walling, City Administrator Natasha Henderson, Finance Director Jody Lundquist, City Attorney Pete Bade, Assistant City Attorney Tony Chubb

- The City of Flint is involved in two lawsuits regarding water and sewer rates: *Kincaid* and *Shears*.
    - It was stressed that the *Shears* and *Kincaid* lawsuits are both separate but are being litigated concurrently and that any developments mutually impact both suits.
- It was noted that in the opinion of the City, both cases will continue to be litigated for some time due to the complexity of the issues involved.
- In a related matter, the City Attorney noted that the Water Coalition lawsuit to force the City to purchase water from the City of Detroit was dismissed in Genesee County Circuit Court.

***Shears* Lawsuit**

- *Shears* was decided by the Genesee County Circuit Court by a non-final order on August 17, 2015.
    - Among other things, the Court enjoined City officials from any longer imposing a 35 percent increase in water and sewer rates; from disconnecting water or sewer service due to delinquent bills, dating back to September 16, 2011; and from placing liens on property due to delinquent bills, dating back to September 16, 2011.
    - City officials have filed an appeal with the Michigan Court of Appeals seeking, among other things, a stay of the Genesee County Circuit Court injunction.
    - In the interim, City officials are complying with the Court's order in *Shears*.
- The City's appeal is still being considered by the Court. No timeline for a decision is known.

***Kincaid* Lawsuit**

- *Kincaid* was decided by the Michigan Court of Appeals on June 11, 2015.
    - The Court held that a 35 percent increase in water and sewer rates imposed by City officials on September 16, 2011, violated the City charter and that Emergency Manager Mike Brown had no statutory authority to later ratify those rate increases in May of 2012.
    - The Court of Appeals remanded the case to Genesee County Circuit Court.
    - City officials intended to appeal this decision to the Michigan Supreme Court, but missed the filing deadline by one day.
- The City Attorney stated that litigation of this case must continue because some key issues have yet to be resolved, including:
    - The exact damages have not been clarified.
    - The issue of who has standing in this case remains unresolved.

Summary: Conference Call with City of Flint

September 15, 2015

Financial Impacts

- City officials estimate that nullification of the 35 percent increase in water and sewer rates is costing approximately $600K/month. Therefore, if the Court orders either refunds or credits against future water and sewer bills retroactive to September 16, 2011, the cost is estimated to be approximately $30M.
    - The Finance Director noted that since September 2011, the system has had a declining number of users, so the total potential refund is higher than basing calculations from the current number of users.
    - The City Administrator stated that the City has not developed a plan to issue a refund of this size because the City lacks sufficient funds to do so and they would be unable to operate at this point.
- The City Administrator noted that citizens are paying the latest monthly billing but that the City must contend with lower revenues for the foreseeable future.
- In addition, it was noted that if the City has to refund the Ready-to-Serve charge from September 2011 through July 1, 2015, that this amount is approximately $10M.
- It was noted that the amount of delinquent funds owed to the City that are over 30 days old has grown from $7.8M to $8.4M since the ruling in the Shears Lawsuit.
    - Further, the City Administrator stated that because the City is prohibited from shutting off service for non-payment, the amount of delinquent funds is expected to continue to grow.
- In addition, the City Administrator noted that the measures taken to reserve funds within the system to address the financial issues has delayed needed capital improvements, which further exacerbates the problems within the system, but the City cannot address these capital needs without additional revenue.
- The City Administrator further stressed the importance of the State assistance sought by the Mayor in his September 14, 2015, letter to the Governor.
    - The Mayor requested $30M for infrastructure and capital improvements related to the City's water and sewer system.
    - It was stressed by Treasury that existing funding options were very limited and we were not aware of anything short of a legislative appropriation.
        - State funding of the City's $30M request will likely invite requests from many other communities with similar needs.
        - The State recently awarded the City $2M in Distressed Cities grant funds to implement improvements to their system.
        - The State further provided the City with an additional $2M in relief for outstanding SRF/DWRF loans.
        - Treasury is not aware of any current Flint projects related to their water quality issues that could be funded through the DWRF program and DEQ is responsible for managing DWRF eligible projects.

Byrne, Randall (Treasury)

From: Jason Lorenz <jlorenz@cityofflint.com>
Sent: Tuesday, September 15, 2015 9:37 AM
Subject: PRESS RELEASE: Coalition for Clean Water Lawsuit Dismissed by Circuit Court
Attachments: Coalition for Clean Water Lawsuit Dismissed 9.14.15.pdf

For Immediate Release

Lawsuit against City of Flint brought by Coalition for Clean Water Dismissed by Circuit Court

Flint, Michigan – September 15, 2015 – The lawsuit brought against the City of Flint by the Coalition for Clean Water has been dismissed by Circuit Court Judge Archie Hayman. In his September 14 ruling, Judge Hayman determined that the plaintiff did not state a valid cause of action against the City of Flint, the Mayor and the City Administrator. Judge Hayman also determined that he did not have jurisdiction to provide the relief sought by the plaintiff. All counts of the Coalition's amended complaint were therefore dismissed.

The City of Flint has maintained communication with both the Michigan Department of Environmental Quality and the United States Environmental Protection Agency to ensure all proper safety and quality standards have been followed. The MDEQ recently notified Flint that it is no longer in violation of the Safe Water Drinking Act due to total trihalomethanes (TTHM) following four consecutive quarters of testing showing levels below the federal action level. The City of Flint will continue to work to ensure safe, quality and affordable drinking water to its residents, businesses and visitors.

The City of Flint will continue to provide updates on its water progress through its website, cityofflint.com. Anyone with water issues is encouraged to call 810-766-7202 so that they can be addressed. Residents wishing to receive a free and independent in-home water test can call 810-787-6537 or email flintwater@cityofflint.com.

–END–

-Jason Lorenz
Public Information Officer
City of Flint

Pleyte, Beth (Treasury)

From:	Muchmore, Dennis (GOV)
Sent:	Tuesday, September 15, 2015 9:57 AM
To:	Khouri, Nick (TREASURY); Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); Wyant, Dan (DEQ); Roberts, John (DTMB)
Cc:	Wurfel, Brad (DEQ); Agen, Jarrod (GOV); Clement, Elizabeth (GOV); Hollins, Harvey (GOV)
Subject:	Follow up to previous email

Flint asks Snyder for $30M to upgrade water system

Associated Press 7:52 a.m. EDT September 15, 2015

Water from the Flint River rushes into the Flint water treatment plant in Flint.(Photo: File photo)

1 CONNECTTWEETLINKEDIN 2 COMMENTEMAILMORE

Flint — The mayor of Flint is asking Michigan Gov. Rick Snyder for $30 million to help upgrade the city's water system and replace lead service pipes.

The Flint Journal reports Mayor Dayne Walling announced his request while speaking Monday to the City Council. The request was made that day in a letter to Snyder.

The funds sought by Walling include $10 million to replace lead service lines and plumbing that can leach lead into drinking water. Virginia Tech researchers testing Flint's water have said residents shouldn't drink or cook with city water without flushing lines or using a filter.

The U.S. Environmental Protection Agency says Flint's water is within levels allowed for lead. The agency has said it would help the city in its efforts to reduce lead.

Workman, Wayne (TREASURY)

From:	Saxton, Thomas (Treasury)
Sent:	Tuesday, September 15, 2015 10:48 AM
To:	Muchmore, Dennis (GOV)
Cc:	Wurfel, Brad (DEQ); Agen, Jarrod (GOV); Clement, Elizabeth (GOV); Hollins, Harvey (GOV); Roberts, John (DTMB); Wyant, Dan (DEQ); Lyon, Nick (DCH); Khouri, Nick (TREASURY); Workman, Wayne (TREASURY)
Subject:	Flint
Attachments:	*Fwd: PRESS RELEASE: Coalition for Clean Water Lawsuit Dismissed by Circuit Court*

Wayne & I have a call scheduled with the Mayor, City Atty, & the City Mgr @ 4:00 today. We are following up to see if in fact they inadvertently missed filing the appeal on the rate case. If so, in my mind that would be a huge, costly blunder (but that is why we are talking to them) which will greatly exacerbate the financial condition/solvency of the system.
And recall (not that long ago) I believe we gave them approx. $2mm in SRF loan relief and approx. $2mm in grant *money[cgap?] to improve the system.*
We are having staff look at possible other assistance from a financing or loan perspective. My sense is there will not be much there if any.

p.s. – the Flint coalition lawsuit was dismissed (see attached)

From: Muchmore, Dennis (GOV)
Sent: Tuesday, September 15, 2015 9:52 AM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Lyon, Nick (DCH) <LyonN2@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>
Cc: Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>
Subject: Flint

Nice of Dayne Walling to work with us before he called yesterday to tell me he was going to announce to City Council last night that Flint needs and deserves $30M from the state for upgrades to their water system and a lead abatement program. Any thoughts on this?

Stanton, Terry A. (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Tuesday, September 15, 2015 10:59 AM
To: Stanton, Terry A. (Treasury)
Cc: Headen, Frederick (Treasury); Workman, Wayne (TREASURY)
Subject: RE: walling request for $30 million
Attachments: Flint

I don't know how you respond. Attached is an email I just sent to Dennis et al. We/Treasury don't do the distressed cities $s. Shouldn't that come from TED ?
If the state gives Flint money; all of the urban communities will be standing in line.
They all have problematic water systems.

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, September 15, 2015 10:50 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Subject: FW: walling request for $30 million
Importance: High

Guys...

The Flint Journal is asking for a reaction from the Gov's Office...on Walling's "request." The letter is attached and does indicate that Walling understands "forgiveness" is not an option on the existing loans...but that he seems to be requesting a "new" loan that could be forgiven...which I doubt is feasible or legal, etc.

Please advise on what you feel is a most appropriate response...

Should we say we "encourage" the city to apply for a distressed cities grant (total grant is only $5m) and suggest they work with their respective legislators to increase the grant limit, if they feel that is an appropriate avenue? If we do that, Dave will be asked if the G supports an increase...not sure we want to go there???

From: Murray, David (GOV)
Sent: Tuesday, September 15, 2015 10:14 AM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: FW: walling request for $30 million

Hi Terry,

The Journal is asking for a response to Mayor Walling's letter.

I just want to double check: I see he's again asking for loans to be forgiven, but didn't we say earlier that there's no legal path to do that?

His letter is attached.

Thanks!

Dave

From: Ronald Fonger [mailto:RFONGER1@mlive.com]
Sent: Tuesday, September 15, 2015 8:33 AM
To: Murray, David (GOV) <MurrayD1@michigan.gov>
Subject: walling request for $30 million

Hey Dave:
Mayor Walling has penned another letter to the governor, requesting $30 million for Flint's infrastructure.
I've attached the letter and a link to a story I posted last night.
I'd like to follow up with any comment your office can provide.
http://www.mlive.com/news/flint/index.ssf/2015/09/flint_mayor_asks_governor_for_1.html#incart_river

Ron Fonger
MLive Media Group
Reporter

mobile 810.347.9963
email rfonger1@mlive.com
address 540 S. Saginaw St. #101, Flint MI 48502

Stanton, Terry A. (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Tuesday, September 15, 2015 11:19 AM
To: Stanton, Terry A. (Treasury)
Subject: FW: Flint

From: Wurfel, Brad (DEQ)
Sent: Tuesday, September 15, 2015 11:05 AM
To: Hollins, Harvey (GOV) <hollinsh@michigan.gov>
Cc: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Lyon, Nick (DCH) <LyonN2@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>
Subject: Re: Flint

Amen.

Sent from my iPhone

On Sep 15, 2015, at 11:00 AM, Hollins, Harvey (GOV) <hollinsh@michigan.gov> wrote:

> On the one hand, this is an infrastructure challenge that is not unique. A number of cities in Michigan, maybe not as pronounced, are dealing with water and sewage infrastructure challenges. Flint's problem is that it has 500 miles of iron piping that's over 60 years old, coupled with the fact that the city's population is half the size than it was at it's peak.
>
> On the other hand, like roads, we need a broader state wide solution. Given the roads legislation, perhaps the solution is a fund that a city of a certain size or county can draw down with a required match that can be used to invest in roads, water or sewer.
>
> Of course, Flint's residents are tapped out in terms of rates, taxes and fees, but in the end, they are still a municipality. Any solution the state provides needs to be available to other cities, and should function to assist the city, not total pay for their problem.

> On Sep 15, 2015, at 10:26 AM, Wurfel, Brad (DEQ) <WurfelB@michigan.gov> wrote:
>
> > Caution that if Flint gets another allotment, we can expect every other large system in the state will be right on their heels. 15,000 homes in Flint is the estimate. That's a fraction of Detroit. ...
> > Perhaps this is an opportunity for Mott Foundation? Just a thought.
> > b

Sent from my iPhone

On Sep 15, 2015, at 9:52 AM, Muchmore, Dennis (GOV) <muchmored@michigan.gov> wrote:

> Nice of Dayne Walling to work with us before he called yesterday to tell me he was going to announce to City Council last night that Flint needs and deserves $30M from the state for upgrades to their water system and a lead abatement program. Any thoughts on this?

Cline, Richard (Treasury) SAM, uos, VC Pres, CA, Mayor

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, September 15, 2015 3.38 PM
To: Cline, Richard (Treasury)
Cc: Byrne, Randall (Treasury)
Subject: Here's my list for Flint

Will you host?

Flint – Sept. 16, 9 am

- Priorities – 1) Charter Comm help - Slow start - Melt $ to assist; 2) PD - Grant app re target students
- Update on water/sewer fund, lawsuit – N/A
- Watermain break under Flint River – RFP Pending; Valve closed; Low Priority
- FDCVT grant application – App finished; Submit Friday
- Miscellaneous

a Lead - Extent; DEQ vs. VA Tech; Plan – Addative to reduce Lead → working w/DEQ
In compliance w/ state & Fed law
Owners need to flush lines to clear lines

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division,
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

3) 3 FD Stations ~~Closed~~ Rented
$90 K Rev

4) GM Body Shop - Meeting re Move forward
Open Dec 2017

Cline, Richard (Treasury)

From: Dostine, Patrick (TREASURY)
Sent: Wednesday, September 16, 2015 10:33 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Schafer, Suzanne K. (Treasury)
Cc: Porubsky, Carmen (TREASURY)
Subject: Flint note

Categories: Blue Category

Flint – Sept. 16 – N. Henderson, Mayor Walling, J .Freeman, W. Lamphier, R. Byrne, E. Cline, P. Dostine

Priorities

- Working with Charter Commission. Natasha has contacted Mott Foundation. Foundation may have some money for the Commission so it can complete its mission and get an updated Charter on the ballot.
- Police. Crime prevention. Flint looking into a prevention grant that targets students who have been expelled from school for lengthy periods. This grant would keep the students occupied and engaged, keep them out of trouble.
- Flint has contracted out space in its fire stations for ambulance services. The contract is for $90K. Much needed revenue for the city.
- GM is moving forward on the planned Body Shop, to be completed in Dec. 2017. The project will engage Flint's transportation, public works and building departments, bringing in much needed revenue.
- Flint has completed its FDCVT grant. Submission is next.

Watermain break

- Watermain break under the Flint River. This is not a priority right now for Flint. The repair will be expensive and will have to be bid out.

Lead in the water

- Flint is working with MDEQ to address the issue. Phosphorus can be added to the system which will reduce the presence of lead.
- Flint is planning a press conference once the problem is addressed.
- Natasha mentioned that the city is still in compliance with Safe Water Drinking Act regarding the recent lead issue.

Water lawsuit

- No new developments.

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division,
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

Stanton, Terry A. (Treasury)

From: Headen, Frederick (Treasury)
Sent: Wednesday, September 16, 2015 12:49 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Cc: Stanton, Terry A. (Treasury); Cline, Richard (Treasury); Dempkowski, Angela (Treasury)
Subject: RE: Flint follow up

Tom and Wayne:

This is as revised based upon additional notes from Eric. This is ready to go.

Fred

****

Summary from September 15, 2015, conference call between Treasury and City of Flint officials.

The participants were: Tom Saxton, Wayne Workman, Fred Headen, and Eric Cline, from Treasury, and Dayne Walling, Natasha Henderson (City Administrator), Pete Bade (City Attorney), Tony Chubb (Assistant City Attorney), and Jody Lundquist (Finance Director) from the City.

Issues discussed:

- The City of Flint is involved in two lawsuits regarding water and sewer rates: *Kincaid* and *Shears*. *Kincaid* was decided by the Michigan Court of Appeals on June 11, 2015. The Court held that a 35 percent increase in water and sewer rates imposed by City officials on September 16, 2011, violated the City charter and that EM Mike Brown had no statutory authority to later ratify those rate increases in May of 2012. The Court of Appeals remanded the case to Genesee County Circuit Court. City officials intended to appeal the Court of Appeals *Kincaid* decision to the Michigan Supreme Court, but missed the filing deadline by one day.

- *Shears* was decided by the Genesee County Circuit Court by a non-final order on August 17, 2015. Among other things, the Court enjoined City officials from any longer imposing the 35 increase in water and sewer rates; from disconnecting water or sewer service due to delinquent bills dating back to September 16, 2011; and from placing liens on property due to delinquent bills dating back to September 16, 2011. City officials have filed an appeal with the Michigan Court of Appeals seeking, among other things, a stay of the Genesee County Circuit Court injunction.

- In the interim, City officials are complying with the Court's order in *Shears*. City officials estimated that removal of the 35 percent increase in water and sewer rates from future bills will cost roughly $600,000 per month, or $7.2 million annually. Therefore, if the Court orders either refunds or credits against future water and sewer bills, retroactive to September 16, 2011, the cost would be roughly $28.8 million to date (i.e., $600,000 per month times 48 months to date). The City Administrator indicated that City officials have not developed a plan to issue a refund of this magnitude because the City lacks sufficient funds to do so and they believe the City would be unable to operate at that point.

- The City Administrator noted that the accounts receivable for water and sewer operations that are over 30 days old has increased from $7.8 million to $8.4 million since the *Shears* order. She also noted that, because

City officials are prohibited from disconnecting water or sewer service for non-payment, they expect this number to continue to increase.

- The City Administrator noted that the measures taken to preserve funds within the water and sewer system to address these issues have delayed needed capital improvements, which has further exacerbated problems within the system. However, City officials cannot address capital needs without additional revenue.

- The City Administrator brought up and stressed the importance of the State assistance sought by the Mayor in his September 14, 2015, letter to the Governor. The Mayor requested $30.0 million for infrastructure and capital improvements related to the City's water and sewer system. Wayne indicated that the Mayor's request had been received and promptly disseminated within Treasury and was being reviewed. However, he also indicated that, in his opinion, existing funding options were limited without additional legislative action.

****

From: Cline, Richard (Treasury)
Sent: Wednesday, September 16, 2015 10:15 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: RE: Flint follow up

I am working on it right now.

You should see a summary of my notes within 15 minutes.

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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From: Workman, Wayne (TREASURY)
Sent: Wednesday, September 16, 2015 10:14 AM
To: Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: RE: Flint follow up

Eric will have a summary around noon to share, so we can edit down.

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Headen, Frederick (Treasury)
Sent: Wednesday, September 16, 2015 9:40 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>

Cc: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: RE: Flint follow up

Tom and Wayne:

I did not take notes, but here is a summary as I recall it. Feel free to fill in missing items.

Fred

****

Summary from September 15, 2015, conference call between Treasury and City of Flint officials.

The participants were: Tom Saxton, Wayne Workman, Fred Headen, and Eric Cline, from Treasury, and Dayne Walling, Natasha Henderson (City Administrator), Pete Bade (City Attorney), Tony Chubb (Assistant City Attorney), and Jody Lundquist (Finance Director) from the City.

Issues discussed:

- The City of Flint is involved in two lawsuits regarding water and sewer rates: Kincaid and Shears. Kincaid was decided by the Michigan Court of Appeals on June 11, 2015. The Court held that a 35 percent increase in water and sewer rates imposed by City officials on September 16, 2011, violated the City charter and that EM Mike Brown had no statutory authority to later ratify those rate increases in May of 2012. The Court of Appeals remanded the case to Genesee County Circuit Court. City officials intended to appeal the Court of Appeals Kincaid decision to the Michigan Supreme Court, but missed the filing deadline by one day.

- Shears was decided by the Genesee County Circuit Court by a non-final order on August 17, 2015. Among other things, the Court enjoined City officials from any longer imposing the 35 increase in water and sewer rates; from disconnecting water or sewer service due to delinquent bills dating back to September 16, 2011; and from placing liens on property due to delinquent bills dating back to September 16, 2011. City officials have filed an appeal with the Michigan Court of Appeals seeking, among other things, a stay of the Genesee County Circuit Court injunction.

- City officials estimated that removal of the 35 percent increase in water and sewer rates will cost roughly $600,000 per month. Therefore, if the Court orders either refunds or credits against future water and sewer bills retroactive to September 16, 2011, the cost would be roughly $28.8 million to date (i.e., $600,000 per month times 48 months to date).

- The City Administrator brought up and stressed the importance of the State assistance sought by the Mayor in his September 14, 2015, letter to the Governor. The Mayor requested $30.0 million for infrastructure and capital improvements related to the City's water and sewer system.

****

-----Original Message-----
From: Workman, Wayne (TREASURY)
Sent: Wednesday, September 16, 2015 7:22 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Subject: Re: Flint follow up

Yes, Fred, Eric usually has pretty good notes. I ask him to share with you

Sent from my iPhone

> On Sep 16, 2015, at 6:54 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:
>
> can you pull together some bullet points that summarize the call late yesterday ? And I will pass them on to some of the people higher up the food chain. Thanks
>
>

Khouri, Nick (TREASURY)

From:	Busch, Stephen (DEQ)
Sent:	Wednesday, September 16, 2015 1:05 PM
To:	Pallone, Maggie (DEQ); Wurfel, Brad (DEQ)
Cc:	Shekter Smith, Liane (DEQ); Sygo, Jim (DEQ); Benzie, Richard (DEQ); Wyant, Dan (DEQ)
Subject:	Draft Background, Timeline, Quadrant Diagram
Attachments:	Flint-QuadrantDiagram-Draft.xlsx; City of Flint Background-Draft.docx

Attached are drafts of the Quadrant Diagram and the Background-Timeline. I am now working on a draft FAQ.

Below are some additional general informational handouts available from EPA that we may want to consider including.

Understanding the Safe Drinking Water Act
http://water.epa.gov/lawsregs/guidance/sdwa/upload/2009_08_28_sdwa_fs_30ann_sdwa_web.pdf

Drinking Water Costs and Federal Funding
http://water.epa.gov/lawsregs/guidance/sdwa/upload/2009_08_28_sdwa_fs_30ann_dwsrf_web.pdf

Water Facts
http://water.epa.gov/lawsregs/guidance/sdwa/upload/2009_08_28_sdwa_fs_30ann_waterfacts_web.pdf

Public Access to Information and Public Involvement
http://water.epa.gov/lawsregs/guidance/sdwa/upload/2009_08_28_sdwa_fs_30ann_publicinvolve_web.pdf

Let me know if you have questions or need anything further.

Stephen Busch, P.E.
MDEQ Lansing District Coordinator
Office of Drinking Water and Municipal Assistance
Lansing and Jackson District Supervisor
517-643-2314
buschs@michigan.gov

DRAFT

DRINKING WATER - LEAD - DISTRIBUTION OF RESPONSIBILITIES

Environmental Protection Agency	**Michigan Department of Environmental Quality**
Promulgation of Federal Safe Drinking Water Act Rules	Primacy - Michigan Safe Drinking Water Act and Administrative Rules
1974 Safe Drinking Water Act	Oversight of public water systems
1991 Lead and Copper Rule	Inspections
2000 Lead and Copper Rule Minor Revisions	Construction Permitting
2007 Lead and Copper Rule Short Term Revisions	Provide loans to water systems for public infrastructure improvements
???? Lead and Copper Rule Long Term Revisions	State Laboratory Services
Granting Primacy of Federal Regulations to States	Laboratory Certification
Auditing of State Public Water Supply Programs	Establish monitoring requirements, quantity and frequency
Provide Funding to States	Verification of monitoring results and compliance determination
	Notify water systems of Action Level Exceedance
	Establish Water Quality Parameter Ranges, as necessary
	State Reporting to EPA
	Operator Training and Certification

City of Flint Water System	**Water Customers**
Certified Operation of public water system	Participate in lead sampling as requested
Establish Water Rates	Request lead testing if concerned
Obtain construction permits	Follow lead sampling Instructions
Reporting to MDEQ	Provide signed information on how sample was collected
Coordination of lead and copper sampling	Review individual result material
Establishing a Tiered Sampling Pool	Follow instructions for reducing lead exposure
Providing Sampling Kits and Instructions to customers	Replace private leaded service line and plumbing materials with lead-free products
Obtain signed statements from participating customers	Obtain plumbing permits and comply with code requirements
Obtain sample analysis	Pay Water Bills
Provide individual lead sample result to participants	Read Annual Report (CCR)
Comply with Action Levels for lead and copper	Read and follow Public Notification materials
Provide lead monitoring and notice Certification to MDEQ	
Provide Annual Report (CCR) to all customers	
Conduct Water Quality Parameter Monitoring	
Recommend and Install Optimized Corrosion Control Treatment	
Provide Public Notification, as necessary	
Replace public portion of lead service, as necessary	

DRAFT

City of Flint Water System Background

Water Service Land Area 34 square miles
550+ miles of public water mains
250+ miles of water mains 75+ years old
70% of public water mains are unlined cast iron pipe
Service population 99,763
Service connections 32,900
Flint Water System established in 1883
Flint Water Treatment Plant #2 completed in 1954
Connection to Detroit Water and Sewerage Department 1967
Flint Water Treatment Plant #2 rehabilitated 1999 – 2005

City of Flint Timeline

December 2011 – Flint Emergency Financial Manager Appointed by Governor Snyder
April 2013 – Flint rejects DWSD contract and instead joins the Karegnondi Water Authority
April 2013 – DWSD sets termination of Flint water service contract to April 17, 2014
June 2013 – Karegnondi Water Authority groundbreaking
June 2013 – Flint Requests full time use of Flint Water Treatment Plant with Flint River
May 2014 – Flint stops purchasing DWSD. Starts using the City of Flint WTP and Flint River
August 2014 – Flint E.Coli Bacteria violation, Partial System Boil Water Advisory
August 2014 – Disinfection Byproducts, DEQ requests preemptive Operational Evaluation
September 2014 – Flint Total Coliform Bacteria violation, Partial System Boil Water Advisory
November 2014 – Disinfection Byproducts violation begins
January 2015 – 1st 6 month lead and copper sampling completed 100 samples, 90th% = 6 ppb
April 2015 – Flint Financial Emergency Ends
July 2015 – 2nd 6 month lead and copper sampling completed 69 samples, 90th% = 11 ppb
August 2015 – Disinfection Byproducts return to compliance
August 2015 – Flint required by DEQ to recommend and install Optimized Corrosion Control Treatment

January 2016 – Flint plans to have Optimized Corrosion Control Treatment operational
July 2016 – Planned connection to Karegnondi Water Authority (Lake Huron water to Flint WTP)

Workman, Wayne (TREASURY)

From: Cline, Richard (Treasury)
Sent: Wednesday, September 16, 2015 3:13 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: Updated Summary of September 15 Conference Call
Attachments: Utilities Update 9_16_15-2.pdf; Summary of September 15 Conference Call.docx

Importance: High

Tom/Wayne:

Attached, per your request, is an updated summary of the September 15 call with the City of Flint plus an update on utility upgrades, provided by the City.

If you need anything further, let me know.

Eric Cline | Department Manager
State of Michigan | Michigan Department of Treasury | Office of Fiscal Responsibility
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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City of Flint
Water Quality Update
Wednesday September 16TH, 2015

GAC Installation

What: ***$1,601,740 contract with LAN*** to design and install new filter media at the Water Plant

Status: Complete

Leak Detection

What: ***$900,000 Treasury Distressed City Grant*** for Leak Detection / Pipe Wall Assessment

Status: In Progress

The vendor "echologics" is nearly 1/3 complete with the leak detection

WPC Incinerator Shutdown

What: ***$1,100,000 Treasury Distressed City Grant*** for WPC Incinerator Shutdown

Status: In construction phase

The walls are nearly done being erected.

Next steps: Construction of the walls.

Water Meter Installation

What: ***$5,000,000 contract*** to purchase and install up to 18,000 water meters.

Status: In progress

The vendor has established a good routine and has installed approximately 3000 of the targeted 9000 meters have been installed

Installers are facing more resistance from customers about the change outs ~300 people are refusing the installation.

Small jumpers were added to the installation to protect plastic meters going in place of metal to protect electronics within the household.

The main focus of this contract was the $2,500,000 on the front end to complete the targeted 9000 meter installation. This was an FY15 expenditure.

Next steps: Continue with the progress.

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, September 16, 2015 5:48 PM
To: Cline, Richard (Treasury); Dempkowski, Angela (Treasury); Headen, Frederick (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: FW: Flint
Attachments: Updated Summary of September 15 Conference Call

Thanks all for your work on this today. This won't be the end of it.

From: Saxton, Thomas (Treasury)
Sent: Wednesday, September 16, 2015 5:19 PM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Lyon, Nick (DCH) <LyonN2@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: Flint

Attached is the summary (prepared by Wayne's staff) of the call we/Treasury had yesterday with Flint. I would say nothing 'enlightening' really came out of the call.

As indicated they asked about the status of the $30mm request to the Governor. Which coincidently is the ballpark number they are at risk for in the rate lawsuit(s).
We said we did not have an immediate response other than it would likely require an appropriation by the legislature. This would probably lead to similar requests from other urban communities; but, we are still looking at it.

We are not aware of any existing qualifying projects that the City has sought funding for in the SRF-drinking water program. They had asked previously for some funds on the wastewater side but had withdrawn the request because they lacked match funds.

From: Workman, Wayne (TREASURY)
Sent: Wednesday, September 16, 2015 10:40 AM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Lyon, Nick (DCH) <LyonN2@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>
Subject: RE: Flint

We will have an update later today from our call with the City yesterday.

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Muchmore, Dennis (GOV)
Sent: Wednesday, September 16, 2015 10:33 AM

To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Lyon, Nick (DCH) <LyonN2@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>
Subject: RE: Flint

Any additional information on this?

From: Khouri, Nick (TREASURY)
Sent: Tuesday, September 15, 2015 10:01 AM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Lyon, Nick (DCH) <LyonN2@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>
Subject: Re: Flint

Tom

Any state or federal subsidized financing available? Something similar in structure to combined sewer overflow?

It's not free money, but a better option

Sent from my iPhone

On Sep 15, 2015, at 9:52 AM, Muchmore, Dennis (GOV) <muchmored@michigan.gov> wrote:

> Nice of Dayne Walling to work with us before he called yesterday to tell me he was going to announce to City Council last night that Flint needs and deserves $30M from the state for upgrades to their water system and a lead abatement program. Any thoughts on this?

Dempkowski, Angela (Treasury)

From: Anderson, Madhu (DEQ)
Sent: Wednesday, September 16, 2015 8:12 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: Fwd: MDEQ Response to Congressman Kildee Letter re: Flint Drinking Water
Attachments: Congressman Kildee Response re Flint Water.pdf; ATT00001.htm

Tom and Wayne...FYI

Madhu
Madhu R. Anderson
Deputy Director, Economic & Strategic Initiatives
Michigan Department of Environmental Quality
Phone 517 284 6702 | 517 290 9653
andersonm30@michigan.gov

Begin forwarded message:

From: DEQ-Legislative-Contact <DEQ-Legislative-Contact@michigan.gov>
Date: September 16, 2015 at 5:06:15 PM EDT
To: "Jordan.Dickinson@mail.house.gov" <Jordan.Dickinson@mail.house.gov>
Cc: "Ananich, Senator Jim " <ofcJAnanich@senate.michigan.gov>, "Neeley, Rep Sheldon" <SheldonNeeley@house.mi.gov>, "Phelps, Rep Phil" <repphelps@house.mi.gov>, "dwalling@cityofflint.com" <dwalling@cityofflint.com>, "hcroft@cityofflint.com" <hcroft@cityofflint.com>, "hedman.susan@epa.gov" <hedman.susan@epa.gov>, "poy.thomas@epa.gov" <poy.thomas@epa.gov>, "Schock.michael@epa.gov" <Schock.michael@epa.gov>, "Lytle.darren@epa.gov" <Lytle.darren@epa.gov>, "fortin.denise@epa.gov" <fortin.denise@epa.gov>, "Edwardsm@vt.edu" <Edwardsm@vt.edu>, "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>, "Mcbride, Bill (GOV)" <mcbrideb@michigan.gov>, "Brown, Eric (GOV)" <BrownE15@michigan.gov>, "Thelen, Mary Beth (DEQ)" <THELENM2@michigan.gov>, "Sygo, Jim (DEQ)" <SygoJ@michigan.gov>, "Shaler, Karen (DEQ)" <SHALERK@michigan.gov>, "Anderson, Madhu (DEQ)" <AndersonM30@michigan.gov>, "Copen, Leigh (DEQ)" <CopenL1@michigan.gov>, "Pallone, Maggie (DEQ)" <PalloneM@michigan.gov>, "Howes, Sarah (DEQ)" <HowesS1@michigan.gov>, "Wurfel, Brad (DEQ)" <WurfelB@michigan.gov>, "Shekter Smith, Liane (DEQ)" <SHEKTERL@michigan.gov>, "Devereaux, Tracy Jo (DEQ)" <DEVEREAUXT@michigan.gov>, "Busch, Stephen (DEQ)" <BUSCHS@michigan.gov>, "Cook, Pat (DEQ)" <COOKP@michigan.gov>
Subject: MDEQ Response to Congressman Kildee Letter re: Flint Drinking Water

Attached please find the MDEQ's response to your September 9, 2015 letter regarding Flint drinking water.

Thank you,
Heather Feuerstein
Management Assistant to
Maggie Pallone, Deputy Director and
Brad Wurfel, Communications Director
Department of Environmental Quality

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING

RICK SNYDER
GOVERNOR

DAN WYANT
DIRECTOR

September 16, 2015

VIA E-MAIL

The Honorable Daniel Kildee
United States House of Representatives
Washington, DC 20515

Dear Congressman Kildee:

Thank you for your September 9, 2015, letter regarding your concerns for the drinking water in the city of Flint (Flint). The Michigan Department of Environmental Quality (MDEQ) is working closely with Flint's water department as well as the U.S. Environmental Protection Agency (USEPA) to ensure Flint residents have ample water that meets state and federal drinking water standards.

The MDEQ's role is to administer its nearly 40-year-old state drinking water protection program based on federal guidelines. The MDEQ works with approximately 11,500 public water systems in the state to monitor for more than 90 primary drinking water contaminants and ensure that every supply consistently provides safe drinking water.

In Flint, the city made a decision 18 months ago to switch drinking water sources. This change required them to take specific measures under the federal Lead and Copper Rule, which was enacted in 1991 to monitor water as it interacts with lead service connections and home plumbing. Flint's test results were conducted according to the same testing protocols every Michigan community uses and the same protocols Flint has used to test its water every three years for the past 25 years.

While the results from Flint's testing show compliance with the federal action level for lead and copper, on August 17, 2015, the MDEQ instructed the city to move forward expeditiously with developing additional corrosion control treatment to minimize the corrosive effects between drinking water and lead service connections and home plumbing in the Flint service area.

We appreciate and share your concern for the situation, and the MDEQ looks forward to providing you a detailed briefing next week. If you have any additional questions in the meantime, please contact Ms. Maggie Pallone, Deputy Director, Policy and Legislative Affairs, at 517-284-6704 or pallonem@michigan.gov; or you may contact me.

Sincerely,

Dan Wyant

Dan Wyant
Director
517-284-6700

cc: Senator Jim Ananich
Representative Sheldon Neeley
Representative Phil Phelps
Mayor Dayne Walling, City of Flint
Mr. Howard Croft, City of Flint
Dr. Susan Hedman, Regional Administrator, USEPA, Region 5
Mr. Thomas Poy, USEPA, Region 5
Ms. Denise Fortin, USEPA, Region 5
Mr. Michael Schock, USEPA
Mr. Darren Lytle, USEPA
Mr. Marc Edwards, Virginia Tech
Mr. Harvey Hollins, Governor's Southeast Michigan Office
Mr. Bill McBride, Governor's Washington Office
Mr. Eric Brown, Governor's Washington Office
Mr. Jim Sygo, Chief Deputy Director, MDEQ
Ms. Madhu R. Anderson, Deputy Director, MDEQ
Ms. Maggie Pallone, Deputy Director, MDEQ
Ms. Sarah M. Howes, Legislative Liaison, MDEQ
Mr. Brad Wurfel, Communications Director, MDEQ
Ms. Liane Shekter Smith, MDEQ
Mr. Stephen Busch, MDEQ
Mr. Pat Cook, MDEQ

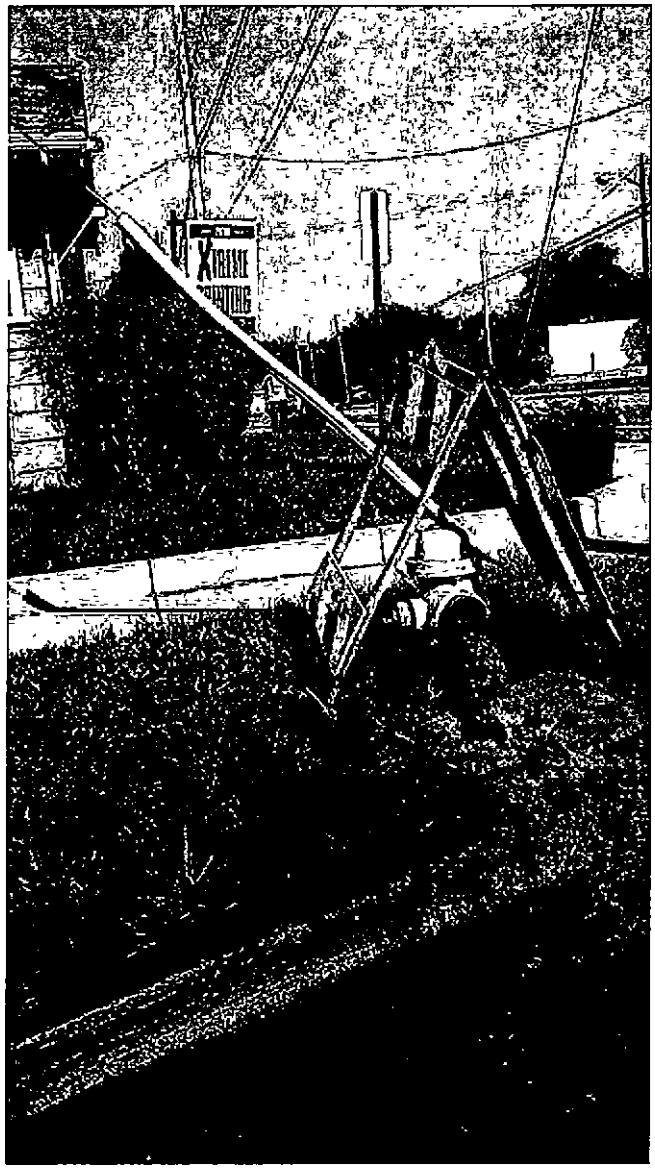
Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, September 17, 2015 2:03 PM
To: Saxton, Thomas (Treasury)
Subject: Fwd: Flint - Hydrant Flushing Photo

Sent from my iPhone

Begin forwarded message:

> **From:** "Widigan, Robert (TREASURY)" <WidiganR@michigan.gov>
> **Date:** September 17, 2015 at 11:27:28 AM EDT
> **To:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>, "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov>, "Cline, Richard (Treasury)" <cliner1@michigan.gov>, "Dempkowski, Angela (Treasury)" <DempkowskiA@michigan.gov>
> **Subject: Flint - Hydrant Flushing Photo**
>
> All,
>
> This photo was taken in the city of Flint, on Corunna Rd east of Ballenger Hwy.
>
> This is allegedly after five **hours** of flushing. Just by looking at the amount of water in the grass and on the road, it has definitely been open for a while.



Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury

Sent from my iPhone

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Tuesday, September 22, 2015 10:07 AM
To: Cline, Richard (Treasury)
Subject: FW: City Administrator Statement Regarding Additional Water Testing
Attachments: CA Water Testing Statement 9.21.15.pdf

FYI

From: Jason Lorenz [mailto:jlorenz@cityofflint.com]
Sent: Monday, September 21, 2015 4:45 PM
Subject: City Administrator Statement Regarding Additional Water Testing

For Immediate Release

City Administrator Statement Regarding the Possibility of Additional Water Testing

Flint, Michigan – September 21, 2015 – The following is a statement from the City Administrator regarding the possibility of additional testing being conducted on Flint's water.

"The City of Flint has no problem with cooperating in additional testing. In fact, at this time we are already taking the steps necessary to improve Flint's water including a plan to add a corrosion inhibitor into the treatment process in addition to ongoing efforts to fix problems in the distribution system. The City also continues to offer free and independent testing so that all customers understand the water quality in their homes, including any problems with lead. Our focus has been and will continue to be to provide safe, quality water to our customers."

-Natasha L. Henderson

City Administrator, City of Flint

–END–

-Jason Lorenz
Public Information Officer
City of Flint

Flint outside counsel

Tuesday, September 22, 2015 10 47 AM

Subject **Flint outside counsel**

From *Byrne, Randall (Treasury)*

To Workman, Wayne (TREASURY); Schafer, Suzanne K. (Treasury)

Sent Tuesday, September 22, 2015 10:24 AM

Wayne and Suzanne:

FYI, I just spoke to Natasha regarding the hiring of a law firm to assist the City in the water lawsuit. She indicated that she will know more by early next week as to what firm they would like to hire. She will be contacting us with her recommendation and the estimated cost.

Randy

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, September 23, 2015 11:23 AM
To: Byrne, Randall (Treasury)
Subject: Thursday meeting
Attachments: Meeting with Suzanne August 31.docx

Randall Byrne | State Administrative Manager
Local Government Services - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

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Weekly Critical Issues —September 24, 2015

- **Allen Park**— City Council has appointed Mark Kibby as City Administrator. We have several names for serving on the RTAB that are getting vetted by the Governor's Office. A discussion list will be prepared as to where each could serve. The tender offer has been extended, so far, approximately 30% of bondholders have agreed.
- **Benton Harbor**-The lawsuit with the former Public Safety Director and two former employees is a major issue for the City. Darwin has indicated that it will cost the City $1.7M to settle these three cases. They are only partially insured. I have advised Darwin to seek the City Commission's approval for the Finance Director's Search. The cost is $10,000 for the MML Proposal. If approved, it won't begin until late October. The Assistant City Manager position will be reduced to part-time due to commuting distance. A job posting for this position has been advertised.
- **Ecorse** –they received and filed the Memo from Treasury. The City indicated that if they were to agree to have River Rouge provide fire protection or if they were to go to a paid part-time department the pension liability costs would spike. Their five year financial plan will need to be reviewed once again. We need to determine who will serve on the RTAB position after Joyce leaves.
- **Flint** – Lawsuit on water rates may cause the City to rebate $51M and repay $15.7M. I have offered financial assistance to the City to assist in determining the financial impact of this court. Natasha will make a decision on legal representation assistance this week. A water main break under the Flint River may cost up to $500K to repair. The City has decided to postpone the repair.
- **Hamtramck**-we have several names for the RTAB position to replace Cathy. Segal will develop a work plan for phase 3 of the pension study. The City has hired Alan Young for audit services. Katrina wants to reorganize staff. Overtime last month was $60K, we are asking her to get quotes for a police study. Treasury will pay $25,000 for the study. Eric and I will be meeting with individual members of the City Council in October.
- **Highland Park**-The City has had difficulty finding a collection firm to collect the past due water and sewer bills, Cathy is working with a firm and expects to hire them soon. Hiring a collection firm is a requirement of the loan agreement. Cathy has indicated that the OPEB savings of approximately $750K will be implemented by October 1. We have a number of loan requirements that will be in the draft E-loan document. The City has purchased $300,000 of new water meters as part to the FDCVT grant award and are installing them. The City Council conditionally approved the DWSD agreement and are asking DWSD for an extension on the number of years required for payback. Regular billing of water and sewer customers has begun.
- **Lincoln Park**-Brad is placing a PA 345 request on the November Ballot seeking approval of 6 mills to fund the City's pension system. Some of the City Council members are supporting the millage request. Brad has prepared a four month plan which is being updated. His exit will be in the first week of January. The new city manager, Matt Coppler begins work on Monday. We have met with Brad to discuss the final order.

- **Inkster-** the City won its appeal on the water billing lawsuit. Mark said the city will be discussing its options. The City is negotiating with Wayne County on its $4.9M sewer debt. A judgement levy for several years will be likely be placed on the July 2016 tax roll. Patrick submitted his report on the Benton Harbor Park Conservancy. Mark has indicated that the City is updating its Park and Rec Master Plan. I have encouraged Mark to meet with the ministers.
- **Pontiac-**Jane Di Sessa will become the new Deputy Mayor. Jerry Ambrose will not hired as a transition advisor to the Mayor. The Pontiac RTAB exit plan is nearing completion. The major issues are a deputy mayor ordinance, the Phoenix Center Order and city council action items.
- **River Rouge**—the five year financial plan will have to be balanced in order to discuss an exit from the Consent Agreement, The City's plan for taking over fire service for the City of Ecorse is on hold for now. The Mayor has drafted a revised plan that is even more favorable to Ecorse.
- **Royal Oak Township**— police service proposal from another community has been a problem. We may receive a proposal from Oak Park. Additional discussions with Ferndale and Hazel Park are needed. The Township needs to submit another grant application for police funding. We have received Robert's six month plan. Patrick will be assisting Robert on several items. Montgomery and Co. the accounting firm has submitted an invoice for $17,000. Robert says that they won't have a deficit at the end of the year. The MERS issue has resurfaced, Robert wants to invest these funds with MERS but the market is risky.
- **Miscellaneous Items**—the draft of the October Governor's Memo is almost complete. Staffing update. RTAB candidates are being vetted by the Governor's Office. The draft exit plan for several communities is nearing completion. Vacation request will be October 23 to November 1. Request to produce documents is going well so far. Any other division items that we should discuss?

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, September 24, 2015 8:24 AM
To: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Schafer, Suzanne K. (Treasury)
Subject: FW: Flint To Issue Lead In Water Warning After Push From Doctors, Health Officials

---

From: Widigan, Robert (TREASURY)
Sent: Thursday, September 24, 2015 8:07 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: Flint To Issue Lead In Water Warning After Push From Doctors, Health Officials

FYI – http://www.mlive.com/news/flint/index.ssf/2015/09/flint_will_issue_lead_advisory.html#incart_river

Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-3227 Cell [redacted]

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

Jason Lorenz
Public Information Officer
Office: (810) 237-2039
Cell: (810) 875-2576
jlorenz@cityofflint.com

For Immediate Release

City of Flint Issues Lead Advisory

Flint, Michigan – September 25, 2015 – The City of Flint is issuing a Lead Advisory for residents to be aware of lead levels in drinking water after hearing concerns from the medical community. While the City is in full compliance with the Federal Safe Drinking Water Act, this information is being shared as part of a public awareness campaign to ensure that everyone takes note that no level of lead is considered safe.

The Genesee County Health Department has issued a fact sheet regarding lead precautions for residents. The fact sheet can be found on their website at www.gchd.us. Here are a few of the suggestions the Health Department recommends:

- Flush your cold-water pipes by running the water for approximately 5 minutes
- Use only water from the cold-water tap for drinking, cooking, and especially for making baby formula.
- Install a water filter that is NSF-certified for lead removal.

Lead contamination can leach into water from a home's lead water service lines, lead solder, and leaded plumbing materials including fixtures, faucets, and fittings. Older service lines with pipes and fixtures installed before 1986 can sometimes be more susceptible to lead issues due to materials used in the home such as lead based paint and lead pipes.

This message is meant as a precaution to residents and does not mean that all homes in the City will experience the same issue. Residents with concerns about lead service lines

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

and lead in home plumbing fixtures are encouraged to contact the City's Utilities Division to schedule a free water testing by calling the Water Treatment Plant at 810-787-6537 and pressing #1 after prompted or by emailing flintwater@cityofflint.com.

The City of Flint is working proactively along with the County Health Department, the Michigan Department of Environmental Quality, and the U.S. Environmental Protection Agency to improve the water system throughout the City. An accelerated plan to add a corrosion control agent to our water within 30 to 60 days with expedited approval from the Michigan Department of Environmental Quality is already underway. This will reduce corrosion which can cause lead in old pipes to leach into the water.

This plan is in addition to Mayor Walling's letter requesting $30 Million in water infrastructure assistance funding from the State of Michigan. $10 Million of that request would be for the replacement of lead service lines in households to ensure that lead no longer presents a danger to the drinking water of our residents. As the letter states, "It is the City's position that the abatement of lead through the removal of lead containing pipes and fixtures in homes is the best long term solution to keeping our residents' water safe."

Mayor Walling further stated: "I am extremely concerned about the risks around lead with Flint's children and I will be working tirelessly to ensure the water is safe and all of our families have the information they need. I also will continue to pursue funding for infrastructure improvements and a comprehensive healthy homes initiative that addresses lead in paint and pipes. We have to get the lead out of our community to eliminate the threat of childhood lead poisoning."

The City of Flint continues working proactively with the County Health Department, the Michigan Department of Environmental Quality, and the U.S. Environmental Protection Agency to improve the water system throughout the City. The City remains committed to working with all of our partners in the Water Technical Advisory Committee to address all

Dayne Walling
Mayor

Natasha L. Henderson
City Administrator

issues of public health and quality concerns that face the community. Updates on progress made in addressing this issue will be made during regular public meetings including City Council and other scheduled meetings. Information on this and all related matters will continue to be posted on the City of Flint's website, cityofflint.com.

–END–

City Hall
1101 S. Saginaw Street - Flint, Michigan 48502
810-766-7346 FAX: 810-766-7218 www.cityofflint.com

Genesee County Health Department

Mark Valacak, M.P.H., Health Officer
Gary K Johnson, M.D., M.P.H , Medical Director

How does lead get into my tap water?

Under typical circumstances, lead will dissolve into the water. The concentration of lead in drinking water can vary greatly, depending on the corrosiveness of the water, the type and age of the plumbing materials and the length of time that the water stands in the pipes. The highest levels of lead occur when very corrosive water stands motionless in lead or lead soldered pipe for long periods of time.

How do I know if my tap water is contaminated with lead?

The only way to know whether your tap water contains lead is to have it tested. You cannot see, taste, or smell lead in drinking water. There are different sampling methods for sampling lead in drinking water. To determine your household risk, it is recommended to take a first draw sample.

Does lead in my tap water cause health effects?

Lead can cause damage to the brain, red blood cells and kidneys. The greatest risk is to young children and pregnant women. Amounts of lead that won't hurt adults can slow down normal mental and physical development of growing bodies. Lead in water can be a special problem for infants, whose diets may be mostly liquids, such as baby formulas or concentrated juices mixed with water. Smaller bodies can absorb lead more rapidly than bigger ones. A child's mental and physical growth can be permanently harmed by too much lead. Risk will vary, depending on the individual, the circumstances, and the amount of water consumed.

What can I do to reduce or eliminate lead in my tap water?

Flush your cold-water pipes by running the water for approximately 5 minutes. The longer the water has been sitting in the pipes, the more lead it may contain. You can fill containers for later use, after the flushing process. *Use only water from the cold-water tap for drinking, cooking, and especially for* making baby formula. Hot water is likely to contain higher levels because it dissolves more lead.
You may choose to install a water filter that is NSF-certified for lead removal. If a water filter is installed, replace filters at least as often as recommended by the manufacturer.

Buy a lead-free faucet. The legal definition of "lead-free" still allows brass faucets to contain up to 8 percent lead. However, faucets marked with "NSF 61/9" and/or "California Proposition 65" meet stricter limits. Regularly clean particles from faucet aerators.

Is it safe to take a bath or shower, if my water has high lead levels?

Yes. Bathing and showering should be safe for you and your children, even if the water contains lead over EPA's action level. Human skin does not absorb lead in water. This information applies to most situations and to a large majority of the population, but individual circumstances may vary. Some situations, such as cases involving highly corrosive water, may require additional recommendations or more stringent actions.

Who do I contact for more information?

The local water authority is always your first source for testing and identifying lead contamination in your tap water. You can visit the City of Flint Website at www.cityofflint.com or contact the Flint Water Department at 810-787-6537.

WWW.EPA.GOV
WWW.MDEQ.GOV

Dostine, Patrick (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Friday, September 25, 2015 8:07 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Vandegrift, Drew (TREASURY); Dostine, Patrick (TREASURY)
Subject: Lead-Poisoned Flint Kids Will Pay Price For Water Switch

I don't know if anyone saw this, by we may want to monitor what Hurley Children's Hospital's says.

http://michiganradio.org/post/flint-pediatricians-raise-alarm-about-lead-levels-city-water#stream/0

http://www.freep.com/story/opinion/editorials/2015/09/24/lead-poisoned-flint-kids-pay-price-water-switch/72741222/

Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-3227 Cell [redacted]

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Friday, September 25, 2015 9:02 AM
To: Wurfel, Sara (GOV)
Cc: Murray, David (GOV); Wurfel, Brad (DEQ); Minicuci, Angela (DCH)
Subject: Re: PRESS BRIEFING: Health Information for Residents on Water

FYI--This was on MLive earlier this week.

http://www.mlive.com/news/flint/index.ssf/2015/09/flint_will_issue_lead_advisory.html#incart_river

On Sep 25, 2015, at 8:54 AM, Wurfel, Sara (GOV) <Wurfels@michigan.gov> wrote:

> FYI
>
> Dave - please followup and see if we can get more on content, unless someone knows already.
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> **From:** Jason Lorenz <jlorenz@cityofflint.com>
> **Date:** September 25, 2015 at 8:15:46 AM EDT
> **To:** Jason Lorenz <jlorenz@cityofflint.com>
> **Subject: Re: PRESS BRIEFING: Health Information for Residents on Water**
>
> **UPDATE: Flint Mayor Dayne Walling will also be in attendance for today's briefing.**
>
> -Jason Lorenz
> Public Information Officer
> City of Flint
> (810) 237-2039 (Office)
> (810) 875-2576 (Cell)
> jlorenz@cityofflint.com
>
> On Thu, Sep 24, 2015 at 5:18 PM, Jason Lorenz <jlorenz@cityofflint.com> wrote:

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Friday, September 25, 2015 11:48 AM
To: Murray, David (GOV)
Subject: Flint info

Dave...

See below...from TPs developed last spring. Calling you momentarily..

The City has received significant financial assistance through both grant programs and bond restructuring initiatives administered by the MI Department of Treasury. This financial assistance has allowed the City to replace miles of aged pipeline and begin efforts to install a specialized filter at the Water Treatment Plant.

In February, Flint was awarded a total of $2 million through two *Financially Distressed Cities, Villages, and Townships Grants*. $1.1 million was awarded for water system enhancements through improved waste management while $900,000 was awarded for water system enhancements through leak detection and pipe assessments.

On April 8th, the City announced that it was moving forward with a series of actions to ensure the continued safety of Flint drinking water and address issues of discoloration and odor. The most significant step will be the installation of a Granulated Active Charcoal filter (GAC) at the Water Treatment Plant. The GAC filter will help block or eliminate the formation of TTHM during the filtration process. The $1.5 million project (targeted for completion by mid-July) will be funded with proceeds from the state-approved restructuring of Flint's Drinking Water Revolving Fund loans ($2.24 million).

The City is undertaking a number of other improvements to the water system including the acceleration of valve replacements, targeted hydrant flushing, the replacement of two miles of water main in a critical area of the city, and acceleration of the project to automate plant operations.

Stanton, Terry A. (Treasury)

From: Michelle Zdrodowski <michelle.zdrodowski@detroitk12.org>
Sent: Friday, September 25, 2015 5:21 PM
To: Wurfel, Sara (GOV); Murray, David (GOV); Stanton, Terry A. (Treasury)
Cc: Darnell Earley; Chrystal Wilson
Subject: Free Press Request for Comment from DE on Flint Water-RESPONSE FOR REVIEW

Importance: High

Sara, Dave, Terry,

Mr. Earley got a request from Freep's Nancy Kaffer for a comment on the Flint Water situation. She is doing a column for Sunday's paper that is a follow up to the paper's story that ran yesterday on Flint water quality.

She asked for his comment, she said, since water system decisions were made under his term as EM.

The following is the statement that he would like to send to Nancy. Her deadline is, as always, rapidly approaching. Apologies for short turn-around time.

"The decision for Flint to join the Karegnondi Water Authority and to leave the Detroit Water and Sewerage System was made under the authority of previous Flint Emergency Managers prior to my appointment in October 2013. And, while the deal to sell the pipeline had been in process as I assumed my position, it was finalized after thorough review and with the health and well-being of all citizens -- from small children to senior citizens and everyone in between -- taken into consideration. An even bigger concern that we must all be paying attention to is the aging infrastructure and water distribution systems in all of our urban communities -- many of which are more than 100 years old. Where the focus should be placed moving forward is not on what we do in the interim between now and when the new system is complete, but what is done in the long-term to replace the crumbling water distribution system that exits throughout Flint and Genesee County. Iam confident that the city of Flint is following the standards of the State of Michigan's Department of Environmental Quality for safe water compliance, as it should."

Please let me know if you have any issues/edits.

Thanks,

Michelle

Michelle A. Zdrodowski
Executive Director of Communications
Detroit Public Schools
3011 W. Grand Boulevard, 14th Floor
Detroit, MI 48202
313.873.3238, office
313.421.2831, mobile

Dempkowski, Angela (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Friday, September 25, 2015 6:11 PM
To: Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury)
Subject: Fwd: Flint Water Statement-FOR REVIEW

FYI

Sent from my iPhone

Begin forwarded message:

> **From:** Darnell Earley <darnell.earley@detroitk12.org>
> **Date:** September 25, 2015 at 5:55:19 PM EDT
> **To:** Thomas Saxton <saxtont@michigan.gov>, Rich Baird <bairdr@michigan.gov>
> **Subject: Fwd: Flint Water Statement-FOR REVIEW**
>
> FYI
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** Michelle Zdrodowski <michelle.zdrodowski@detroitk12.org>
> > **Date:** September 25, 2015 at 5:33:31 PM EDT
> > **To:** Darnell Earley <darnell.earley@detroitk12.org>
> > **Subject: Re: Flint Water Statement-FOR REVIEW**
> >
> > Received approval from Gov's Office PR. Sending now.
> >
> > **Michelle A. Zdrodowski**
> >
> > Executive Director of Communications
> >
> > Detroit Public Schools
> >
> > 3011 W. Grand Boulevard, 14th Floor
> >
> > Detroit, MI 48202
> >
> > 313.873.3238, office
> >
> > 313.421.2831, mobile

From: Michelle Zdrodowski
Sent: Friday, September 25, 2015 5:16 PM
To: Darnell Earley
Subject: Re: Flint Water Statement-FOR REVIEW

OK, with your edit. I will send to Sara and Terry

The decision for Flint to join the Karegnondi Water Authority and to leave the Detroit Water and Sewerage System was made under the authority of previous Flint Emergency Managers prior to my appointment in October 2013. And, while the deal to sell the pipeline had been in process as I assumed my position, it was finalized after thorough review and with the health and well-being of all citizens -- from small children to senior citizens and everyone in between -- taken into consideration. An even bigger concern that we must all be paying attention to is the aging infrastructure and water distribution systems in all of our urban communities -- many of which are more than 100 years old. Where the focus should be placed moving forward is not on what we do in the interim between now and when the new system is complete, but what is done in the long-term to replace the crumbling water distribution system that exits throughout Flint and Genesee County. Iam confident that the city of Flint is following the standards of the State of Michigan's Department of Environmental Quality for safe water compliance, as it should.

Michelle A. Zdrodowski

Executive Director of Communications

Detroit Public Schools

3011 W. Grand Boulevard, 14th Floor

Detroit, MI 48202

313.873.3238, office

313.421.2831, mobile

From: Darnell Earley
Sent: Friday, September 25, 2015 5:12 PM
To: Michelle Zdrodowski
Subject: Re: Flint Water Statement-FOR REVIEW

Add as the last sentence :

I'm confident that the city of Flint is following the standards of the States department of environmental quality for safe water compliance, as it should.

Work that in then send it to Sara and Terry for their blessing .

Sent from my iPhone

On Sep 25, 2015, at 4:56 PM, Michelle Zdrodowski <michelle.zdrodowski@detroitk12.org> wrote:

> Mr. Earley,
>
> Draft statement for the Freep, based on our discussion, for your review:
>
> The decision for Flint to join the Karegnondi Water Authority and to leave the Detroit Water and Sewerage System was made under the authority of previous Flint Emergency Managers prior to my appointment in October 2013. And, while the deal to sell the pipeline had been in process as I assumed my position, it was finalized after thorough review and with the health and well-being of all citizens -- from small children to senior citizens and everyone in between -- taken into consideration. An even bigger concern that we must all be paying attention to is the aging infrastructure and water distribution systems in all of our urban communities -- many of which are more than 100 years old. Where the focus should be placed moving forward is not on what we do in the interim between now and when the new system is complete, but what is done in the long-term to replace the crumbling water distribution system that exits throughout Flint and Genesee County.
>
> Michelle

Stanton, Terry A. (Treasury)

From: Kaffer, Nancy <nkaffer@freepress.com>
Sent: Friday, September 25, 2015 5:34 PM
To: Stanton, Terry A. (Treasury)
Subject: FW: Flint water

Nancy Kaffer
Columnist
Detroit Free Press
www.freep.com/abettermichigan
313-222-6585
@nancykaffer, @abettermi

-----Original Message-----
From: Kaffer, Nancy
Sent: Friday, September 25, 2015 5:12 PM
To: 'Wurfel, Sara (GOV)' <Wurfels@michigan.gov>
Subject: RE: Flint water

Please note this Flint Journal story, at which time a decision about where the city would get its water during the Karegnondi construction had not yet been made. Darnell was EM. Do you need me to send more? There is no shortage of documentation.

Flint Journal (Michigan)

January 5, 2014 Sunday
1 EDITION

City shells out $4 million on plant since Detroit ended water pact

LENGTH: 482 words

URL: http://www.mlive.com/news/flint/index.ssf/2014/01/flint_spends_4_million_on_wate.html
By Dominic Adams
dadams5@mlive.com
The city of Flint has spent $4 million on its water plant in the eight months since Detroit ended its almost 50-year-old contract for selling water to the city.
An analysis by The Flint Journal/MLive.com found the city has spent more than $3.8 million on improvements and other work at the water plant since April, according to figures listed in resolutions posted on the city's website.
Efforts have included paying consultants for studies, paying a public water fee to the Michigan Department of Environmental Quality and spending more than $1.5 million to upgrade the switchgear for the power distribution to the facility's motor control center.
The Detroit Water and Sewerage Department director said it will stop selling water to Flint and Genesee County on April 17.

The move came after Flint agreed to purchase raw water from Lake Huron as a member of the Karegnondi Water Authority. The water will be pumped to Flint and treated at its plant.

"Some of the money that we're spending are on upgrades that are necessary for when we start getting our water from the KWA," City Council President Scott Kincaid said. "There are guidelines as far as the quality of our water."

In July, city officials said they still were trying to figure out whether they would renegotiate a temporary deal with Detroit while the KWA pipeline was built.

Kincaid said a decision about where the city will get its water during the KWA construction hasn't been finalized.

"I'm not concerned that Detroit is going to cut our water off," he said. "We're preparing our water treatment facility for the KWA, and when we do that, of course, that will give us the capability to take water from the Flint River."

Here's a look at five expenditures associated with upgrades at the water plant:

Electrical Distribution Upgrades: Emergency Manager Darnell Earley approved paying McNaughton-McKay Electric $1.51 million to upgrade electrical switchgear at the water plant Nov. 18. On the same day, Earley signed off on paying McNaughton-McKay $505,000 to replace switchgear at the city's Cedar Street pumping station.

New pump: McNaughton-McKay also received $349,710 from the city to replace an obsolete pump at pump station No. 4, according to the resolution.

Design work and construction engineering to use the Flint River: The city spent $1.13 million with Flint-based Lockwood, Andrews & Newnam Inc. on design work, construction engineering and regulatory submissions that will allow the plant to be used to convert raw water from Lake Huron delivered via the KWA pipeline into drinkable water in Flint.

Cleaning up lime: The city paid Young's Environmental Cleanup $6,154.61 to remove inactive lime at the water plant, according to a resolution from Aug. 13.

@fl-river flint city hall flint news is-featured

Stanton, Terry A. (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Saturday, September 26, 2015 8:23 AM
To: Saxton, Thomas (Treasury)
Cc: Stanton, Terry A. (Treasury)
Subject: Re: Kaffer issue.

Looks good

Sent from my iPhone

On Sep 26, 2015, at 6:45 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

> I think it is fine. Murray signed off.
>
> Sent from my iPhone
>
> On Sep 25, 2015, at 8:52 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
>
> > Think I'm ok to send? Sara hasn't responded to repeated calls, texts and emails.
> >
> > TS
> >
> > Begin forwarded message:
> >
> > **From:** "Murray, David (GOV)" <MurrayD1@michigan.gov>
> > **Date:** September 25, 2015 at 8:17:56 PM EDT
> > **To:** "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>
> > **Subject: Re: Kaffer issue.**
> >
> > Looks good to me.
> >
> > Sent from my iPhone
> >
> > > On Sep 25, 2015, at 8:04 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
> > >
> > > Sara and Dave...
> > >
> > > Below is my proposed response to Nancy...with which I intend to include 3 documents. Please confirm you are ok with this as it won't necessarily paint DWSD in a favorable light.

Please advise asap. I will send the 2 additional letters under separate emails.

"Nancy...

I am sending you a series of documents (3) to help frame the situation regarding Flint water.

The first is a letter Flint officials sent to DWSD in June of 2012, requesting that Flint be allowed to "blend" DWSD water with Flint river water to keep costs for Flint reasonable and affordable. Please note that DWSD was increasing rates by 5-times.

The second letter (Sept. 2012) from the city of Flint to the DWSD again requests written approval for the city to "blend" water, as requested in the June letter.

These letters were sent to DWSD as Flint officials, including the Mayor and city council, considered a move to KWA vs staying with DWSD.

In April of 2013, Flint received the 3rd document, from DWSD, terminating the contract with Flint effective April 17, 2014.

It is my understanding that the City of Flint then worked over the next number of months to upgrade its water facilities, test those facilities for quality and efficient water supply to residents and to gain Department of Environmental Quality approval to use Flint River water until KWA was operational in the spring of 2016.

Given DWSD's decision to terminate Flint's contract...and given that the Flint River had long been the city's backup source, Flint was faced with limited options."

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Saturday, September 26, 2015 10:47 AM
To: nkaffer@freepress com
Subject: Fwd: DWSD Termination Letter to Flint
Attachments: DWSD Termination Ltr.pdf; ATT00001.htm

Try this.

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226
WWW.DETROITMI.GOV

April 17, 2013

RECEIVED
CITY OF FLINT
CITY CLERK'S OFFICE
2013 APR 18 AM 11:33

Via Certified Mail and Electronic Delivery

Ms. Inez M. Brown
City Clerk
City of Flint
2nd Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502

Dear Ms. Brown:

Regarding: Termination of Contract for the Provision of Water Services by the City of Detroit, Water and Sewerage Department

On December 20, 1965, the City of Detroit, through its Board of Water Commissioners, (DWSD) and the City of Flint, Michigan (Flint) entered into a contract for the provision of DWSD treated water to Flint and the distribution by flint of that water to other Genesee County communities. Section 18 of that Agreement[1] provides:

18. The Board [DWSD] shall supply and sell water to the City [Flint] from the water system of the City of Detroit, and the City shall receive and purchase such water in accordance with the terms of this Agreement for an indefinite period of time but at least for a period of thirty-five (35) years from the date hereof. This Agreement may be terminated by either party after expiration of said 35-year period, upon one year's written notice served upon the other party by delivering the same to the Secretary of the Board or to the Clerk of the City as the case may be, or at any time upon mutual consent of both parties.

Please take notice that pursuant to this section, 18, of the above-referenced Agreement, DWSD is terminating this Agreement one year from today's date (April 17, 2014).

Sincerely yours,

Sue F. McCormick
Director

[1] Although the Agreement between DWSD has been subsequently amended, Section 18 remains unchanged and in full effect.

Stanton, Terry A. (Treasury)

From: Darnell Earley <darnell.earley@detroitk12.org>
Sent: Sunday, September 27, 2015 11:54 AM
To: Stanton, Terry A. (Treasury)
Subject: Re: Flint

Thanks Terry,

Should we do anything else on this? I think it is misleading for her to say that the decision to go to Flint River water was made under my watch. That was all part of the process already approved by the mayor, council and the state. There was no mechanism nor reason available for me to undo that decision. It made good long-term as well as short term sense.

I would appreciate your thoughts.

DE
Darnell Earley, ICMA-CM, MPA
Emergency Manager
Detroit Public Schools

From: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Sent: Sunday, September 27, 2015 11:26 AM
To: Darnell Earley; Earley Darnell
Subject: Flint

Darnell...

My apologies. Meant to send you an email yesterday after I sent the info below to Nancy Kaffer at the Free Press.

Terry
>
> Nancy--
>
> Sorry I didn't get this to you sooner, but had to pull some information together.
>
> I am sending you a series of documents (3) to help frame the situation regarding Flint water.
>
> The first is a letter Flint officials sent to DWSD in June of 2012, requesting that Flint be allowed to "blend" DWSD water with Flint river water to keep costs for Flint reasonable and affordable. Please note that DWSD was increasing rates by 5-times.
>
> The second letter (Sept. 2012) from the city of Flint to the DWSD again requests written approval for the city to "blend" water, as requested in the June letter. These letters were sent to DWSD as Flint officials, including the Mayor and city council, considered a move to KWA vs staying with DWSD. That decision was made in March-April of 2013.
>
> In April of 2013, Flint received the 3rd document, from DWSD, terminating the contract with Flint effective April 17, 2014. It is my understanding that the City of Flint then worked over the next number of months to upgrade its water

facilities, test those facilities for quality and efficient water supply to residents and to gain Department of Environmental Quality approval to use Flint River water until KWA was operational in the spring of 2016.
>
> Given DWSD's decision to terminate Flint's contract...and given that the Flint River had long been the city's backup source, Flint was faced with limited options until KWA was operational.
>
> I would suggest you contact Brad Wurfel at DEQ if you haven't already, as he could probably assist with additional information about the use of the Flint River and DEQ approval, etc.
>
> Terry

Workman, Wayne (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Monday, September 28, 2015 6:42 AM
To: Workman, Wayne (TREASURY)
Subject: Re: Freep editorial on Flint water

sorry missed your note yesterday. I will be in the office around 8 (dropping kids off from 7:30 - 8)

From: Workman, Wayne (TREASURY)
Sent: Sunday, September 27, 2015 12:07 PM
To: Saxton, Thomas (Treasury)
Subject: Fwd: Freep editorial on Flint water
Have a few thoughts. Maybe talk later today?

Sent from my iPhone

Begin forwarded message:

> **From:** "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>
> **Date:** September 27, 2015 at 7:10:31 AM EDT
> **To:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Cc:** "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> **Subject: Re: Freep editorial on Flint water**
>
> What's our plan to help?
>
> It can't be
>
> (1) it's not a problem
>
> (2) it's not OUR problem
>
> (3) we can't help flint because others will want help
>
> Sent from my iPad
>
> > On Sep 26, 2015, at 6:55 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

We had to approve it going to KWA. The Council Mayor and EM all approved first. We didn't have control of DWSD decision

Sent from my iPhone

> On Sep 26, 2015, at 6:51 PM, Khouri, Nick (TREASURY) <KhouriN@michigan.gov> wrote:
>
> Thanks
>
> What was our role?
>
> Sent from my iPhone
>
> > On Sep 26, 2015, at 6:11 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
> >
> > Nick..
> >
> > FYI--
> >
> > The free press is apparently going to run what's expected to be a negative editorial tomorrow about Flint water and decisions made by Darnell Earley when he was EM there.
> >
> > Sara Wurfel contacted me late yesterday, asking me to help frame the timing of decisions in Flint- first going with KWA (which occurred before Darnell) then using Flint River water as their source.
> >
> > With Tom's help w finding correspondence between Flint and DWSD...I sent Nancy Kaffer (Freep editorial writer) 3 letters, two from Flint to

DWSD asking for permission to "blend" river water w DWSD water to keep costs reasonable and water quality up...and one from DWSD to Flint...canceling Flints contract for water.

The City then worked over several months to upgrade its water facilities, test those facilities for quality and water supply to residents and to gain Department of Environmental Quality approval to use Flint River water (which occurred in April 2013).

Given DWSD's decision to terminate Flint's contract...and given that the Flint River had long been the city's backup source, Flint was faced with limited options until KWA was operational.

Terry

Robert, Carla M. (Treasury)

From: Cousineau, Sara (Treasury)
Sent: Monday, September 28, 2015 9:28 AM
To: Khouri, Nick (TREASURY)
Subject: RE: Flint

Just sent you an appointment with Tom's call in information. He is calling in right now.
Thanks,
Sara

From: Khouri, Nick (TREASURY)
Sent: Monday, September 28, 2015 9:25 AM
To: Cousineau, Sara (Treasury) <CousineauS@michigan.gov>
Subject: Re: Flint

Right now 9:30 works for me

Sent from my iPad

On Sep 28, 2015, at 9:24 AM, Cousineau, Sara (Treasury) <CousineauS@michigan.gov> wrote:

> Do you want on this call? Is there anything you can step out of today if so?
>
> **From:** Dempkowski, Angela (Treasury)
> **Sent:** Monday, September 28, 2015 9:17 AM
> **To:** Doyle, Maureen (Treasury) <DoyleM4@michigan.gov>
> **Cc:** Cousineau, Sara (Treasury) <CousineauS@michigan.gov>
> **Subject:** FW: Flint
>
> Sara: I assume you will handle this in Maureen's absence. Thanks.
>
> Angela Dempkowski
> Senior Executive Management Assistant
> Department of Treasury
>
> **From:** Workman, Wayne (TREASURY)
> **Sent:** Monday, September 28, 2015 9:14 AM
> **To:** Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
> **Cc:** Doyle, Maureen (Treasury) <DoyleM4@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
> **Subject:** Fwd: Flint

Can we get a short call?

Sent from my iPhone

Begin forwarded message:

From: "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
Date: September 28, 2015 at 9:00:43 AM EDT
To: "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
Subject: Flint

I know that I'm a broken record on this one, but I need some specific attention to Flint today. I need you all to reconstruct a timeline of events from the records we have relating to the Flint KWA DWSD controversy as it is becoming unwieldy. Please go back and review the Flint procedures and find the initial decision making process relating to the switchover. The first time I remember it is in 2012 (August I think) when the county started pitching the project at council. Then we instituted Mike Brown as EM and from there on it became to a certain extent our problem. However, if I remember right, this was a Flint idea from the start. Then, if you can trace the financial drivers of the decision to present day it would be important. I think for the most part the explanation you had in the distressed cities reports were helpful...my point being that this was an idea to help the city survive and without drastic changes it wouldn't have, KWA being one of them. We'll take any other ideas that you have.

Dempkowski, Angela (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Monday, September 28, 2015 10:19 AM
To: Ryan, Howard (Treasury); Workman, Wayne (TREASURY)
Subject: RE: City of Flint water contract

The contract would be with the Great Lakes Water Authority.

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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Thank you

From: Ryan, Howard (Treasury)
Sent: Monday, September 28, 2015 10:00 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Subject: FW: City of Flint water contract

Can you guys let me know for Maggie? Thanks.

From: Pallone, Maggie (DEQ)
Sent: Monday, September 28, 2015 9:59 AM
To: Ryan, Howard (Treasury) <RyanH1@michigan.gov>
Subject: City of Flint water contract

Hi Howard-
Following up on our call. Senate Dem Policy is wondering if City of Flint were to switch back to the DWSD would the contract be with DWSD or would it be with the newly formed Great Lakes Water Authority?

Thanks,
Maggie

Maggie Pallone
Deputy Director
Policy and Legislative Affairs
Department of Environmental Quality
517-599-6190 (cell)
PalloneM@michigan.gov

Schafer, Suzanne K. (Treasury)

From: Byrne, Randall (Treasury)
Sent: Monday, September 28, 2015 11:54 AM
To: Schafer, Suzanne K. (Treasury)
Subject: RE: Flint

Suzanne:

She wants a grant.

Randy,

From: Schafer, Suzanne K. (Treasury)
Sent: Monday, September 28, 2015 11:10 AM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Flint

$18 million in an emergency loan or $18 million in grant money?

From: Byrne, Randall (Treasury)
Sent: Monday, September 28, 2015 11:07 AM
To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Flint

Suzanne:

We are preparing a chronology of KWA and DWSD for Wayne with as much information as we have. We spoke to Natasha this morning and she wants the state to give them $18M to temporarily connect to Detroit until KWA is available. Wayne asked that we request a formal letter from Flint on this request.

Randy,

From: Schafer, Suzanne K. (Treasury)
Sent: Monday, September 28, 2015 11:01 AM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Flint

Thanks. I tried to call you because I'm in a pension meeting and was going to ask you to call Wayne. My guess is most of this was handled between Andy and Roger.

From: Byrne, Randall (Treasury)
Sent: Monday, September 28, 2015 11:00 AM
To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: FW: Flint

Suzanne:

When you have a minute, please give me a call and I will update you.

Thanks,
Randy,

From: Workman, Wayne (TREASURY)
Sent: Monday, September 28, 2015 9:16 AM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: Fwd: Flint

Can you call my cell when you get second

Sent from my iPhone

Begin forwarded message:

> **From:** "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>
> **Date:** September 28, 2015 at 9:00:43 AM EDT
> **To:** "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Subject: Flint**
>
> I know that I'm a broken record on this one, but I need some specific attention to Flint today. I need you all to reconstruct a timeline of events from the records we have relating to the Flint KWA DWSD controversy as it is becoming unwieldy. Please go back and review the Flint procedures and find the initial decision making process relating to the switchover. The first time I remember it is in 2012 (August I think) when the county started pitching the project at council. Then we instituted Mike Brown as EM and from there on it became to a certain extent our problem. However, if I remember right, this was a Flint idea from the start. Then, if you can trace the financial drivers of the decision to present day it would be important. I think for the most part the explanation you had in the distressed cities reports were helpful...my point being that this was an idea to help the city survive and without drastic changes it wouldn't have, KWA being one of them. We'll take any other ideas that you have.

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Monday, September 28, 2015 1:03 PM
To: Cline, Richard (Treasury)
Subject: FW: KWA Timeline

Eric:

I got this from Suzanne. Please note the last bullet.\

Randy

From: Schafer, Suzanne K. (Treasury)
Sent: Monday, September 28, 2015 12:37 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: KWA Timeline

Randy,

I couldn't find much.

The City of Flint has been participating with Genesee County on the feasibility of the City's use of a planned water pipe line from Lake Huron that would serve a large portion of Genesee County as an alternative to water supplied by DWSD. After entertaining numerous offers from DWSD, the EM announced on May 1, 2013 that the City will join the Karegnondi Water Authority.

January 2013- An engineering firm selected by Treasury to conduct an independent evalua tion of Flint's choices for water supply presented their findings on December 18th. Flint's decision regarding their participation in the Karegnondi Water Authority must be finalized before mid-January 2013.

December 2012 - Treasury has selected an engineering firm to conduct an independent evaluation of Flint's choices for water supply; remaining with Detroit Water and Sewerage Department or participating in the proposed Karegnondi Water Authority.

The City of Flint has been participating with Genesee County on the feasibility of the City's use of a planned water pipe line from Lake Huron that would serve a large portion of Genesee County as an alternative to water supplied by DWSD. After entertaining numerous offers from DWSD, the EM announced on May 1, 2013 that the City will join the Karegnondi Water Authority.

Suzanne Schafer, Administrator
Local Government Financial Services Division
Department of Treasury
517-373-3227

Byrne, Randall (Treasury)

From: Cline, Richard (Treasury)
Sent: Monday, September 28, 2015 2:22 PM
To: Byrne, Randall (Treasury)
Subject: Updated: KWA & Water Quality Chronology Memo
Attachments: KWA & Water Quality Chronology Memo.09-28-15.docx

Importance: High

Randy,

Here is an updated copy of the memo.

Randy,

Attached is a chronology compiled from our records from the first noted events regarding Flint's decision to switch to KWA.

The chronology ends in April 2014, when the City began using the Flint River as a water source.

If additional information is needed, let me know.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: September 28, 2015

TO: Wayne Workman, Deputy State Treasurer

FROM: Eric Cline, Department Manager; Fiscal Responsibility Section

SUBJECT: Flint KWA Timeline

October 31, 2012 – Analysis by the Flint Finance Director suggests that the annual cost to purchase water from DWSD will steadily increase to $23M per year by fiscal year 2020.

November 2012 – Treasury retains Tucker, Young, Jackson and Tull (TYJT) to evaluate the KWA proposal to the City of Flint.

February 2013 – TYJT issues a final report to Treasury on the comparison between KWA and DWSD. Analysis suggests that the KWA option is the cheaper option for the City of Flint.

March 2013 – DWSD contacts the City of Flint to begin direct negotiations on a contract extension. Multiple offers are provided to the Flint Emergency Manager (EM) Ed Kurtz.

March 26, 2013 – The Flint City Council endorses joining KWA.

April 12, 2013 – KWA issues a press release stating that the State Treasurer has endorsed the City of Flint joining KWA.

April 15, 2013 – DWSD provides a final offer to the City of Flint. Analyses by Flint EM Ed Kurtz, the Department of Environmental Quality and Treasury's Office of Fiscal Responsibility independently conclude that the KWA option is cheaper for the City of Flint.

April 16, 2013 – The Flint EM informs the State Treasurer that the City will join KWA. This decision was officially announced May 1, 2013.

April 17, 2013 – DWSD transmits a letter to Flint EM Ed Kurtz terminating service to the City of Flint, effective April 17, 2014.

June 28, 2013 – Financing Contract between the City of Flint and KWA is approved. Effective September 1, 2013. This document was signed by EM Mike Brown.

February 19, 2014 – The KWA Board of Directors adopts Resolution 2014-01, authorizing KWA to bond for water line construction on-behalf of the City of Flint.

April 17, 2014 – Water service from DWSD officially ends.

April 25, 2014 – Use of Flint River water officially begins in the City of Flint.

Byrne, Randall (Treasury)

From: Cline, Richard (Treasury)
Sent: Monday, September 28, 2015 3:01 PM
To: Byrne, Randall (Treasury)
Subject: FW: Letter to Governor Snyder: Flint Water
Attachments: 09.28.2015-Letter-Ananich-Snyder-Water-Requests.pdf

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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From: Saxton, Thomas (Treasury)
Sent: Monday, September 28, 2015 2:20 PM
To: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Subject: FW: Letter to Governor Snyder: Flint Water

Fyi

I was also asked... somewhat related & in terms of the chronology you are working on: i) the City sold that section of pipeline to the County... would that impact an effort to reconnect to DWSD ? ii) confirm when KWA is going to be done. Anyway to pick up the schedule ?

We can cover this when we talk @ 3:00

From: Muchmore, Dennis (GOV)
Sent: Monday, September 28, 2015 12:36 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: FW: Letter to Governor Snyder: Flint Water

This is the latest set of requests. Jim is trying to work with us to find solutions.

From: Andrew Leavitt [mailto:ALeavitt@senate.michigan.gov]
Sent: Monday, September 28, 2015 11:45 AM
To: Muchmore, Dennis (GOV) <muchmored@michigan.gov>
Subject: Letter to Governor Snyder: Flint Water

Hi Dennis,

Senator Ananich began drafting the attached letter on Sunday and thought it would be helpful to guide our 12pm call.

Thanks,

Andy

SENATE MINORITY LEADER
JIM ANANICH

517.373.0142
senjananich@senate.michigan.gov
senatedems.com/ananich

September 28, 2015

State of Michigan
Executive Office of the Governor
P.O. Box 30013
Lansing, MI 48909

Governor Snyder,

Access to safe, affordable drinking water is a basic necessity for every community. It is completely unacceptable that respected scientific experts and our trusted local physicians have verified that the City of Flint's drinking water is dangerous for our citizens, especially our most vulnerable young people.

As a result, I am formally requesting assistance as suggested by the experts on the frontline of this public health crisis. Here are the top priorities we should work together to address:

1. **Swift transfer to a safe source of water until the Karegnondi Water Authority (KWA) project is complete next year.** Your administration has the ability to ensure a financially acceptable and responsible contract between Flint and the Detroit Water and Sewerage Department, particularly in light of the public health implications with the Flint River supply.

2. **Equally urgent is the need for corrosion control as recommended by independent scientific experts.** There are chemical treatment additives that could help reduce this corrosion. I urge you to help the city implement anti-corrosion methods immediately. The current emergency makes the January timeline unacceptable.

3. **Filters and bottled water assistance.** Flint water touches the entire city. Whether it's a person's home, work, school, restaurant or place of worship, access to safe, clean drinking water should not be hindered. Water filters, used in conjunction with corrosion control methods, are necessary to help guard against toxic exposure.

   I have been working with the philanthropic community and private sector to secure donations to acquire filters and water; however, more funds will be necessary to effectively cover the thousands of residents impacted. I would like to formally request emergency funding to help supplement the acquisition of water filters and bottled water. Any and all appropriate state or federal money to help accomplish this feat should be considered.

SENATE MINORITY LEADER
JIM ANANICH

517.373 0142
senjananich@senate.michigan.gov
senatedems.com/ananich

4. **Support for completion of the KWA pipeline.** It is presumed that the upcoming KWA pipeline will solve a number of problems associated with the current sourcing of Flint's water from the Flint River. I am requesting a meeting between representatives from your office, KWA board members and project engineers to discuss any options to expedite the pipeline's construction.

5. **A long-term commitment to addressing outdated infrastructure.** A recent EPA report just outlined the billions of dollars necessary over the next several decades to adequately secure safe water for our entire state. You have the position and opportunity to be a national leader on moving the debate forward on this topic so that we can avoid the type of catastrophe my community is grappling with today.

I look forward to working with you to deliver on these concrete and urgent action items to alleviate the public health crisis facing our residents.

We jeopardize any progress and comeback for our cities and state if we cannot ensure safe, basic necessities for our families or if we cannot come together swiftly to fix an identified, severe threat to the safety of our people.

Sincerely,

Jim Ananich
Senate Democratic Leader
District 27

cc:
U.S. Representative Dan Kildee
Mayor Dayne Walling, City of Flint
Howard Croft, City of Flint
Susan Hedman, EPA
Thomas Poy, EPA
Michael Schock, EPA-ORD
Darren Lytle, EPA-ORD
Denise Fortin, EPA
Liane Shekter-Smith, MDEQ
Pat Cook, MDEQ
Stephen Busch, MDEQ
Brad Wurfel, MDEQ
Marc Edwards, Virginia Tech

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Monday, September 28, 2015 4:07 PM
To: Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Cc: Stanton, Terry A. (Treasury)
Subject: FW: City of Flint Background-Draft
Attachments: City of Flint Background-Draft.docx

Fyi... see if the dates line up with yours. Basically the May '14 date he refers to below is effect their 'final final' signoff on the use of the river. He had told us April of '14.

From: Wurfel, Brad (DEQ)
Sent: Monday, September 28, 2015 3:57 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: City of Flint Background-Draft

Per our conversation, a quick correction: our history has it at May 2014.
b

DRAFT

City of Flint Water System Background

Water Service Land Area 34 square miles
550+ miles of public water mains
250+ miles of water mains 75+ years old
70% of public water mains are unlined cast iron pipe
Service population 99,763
Service connections 32,900
Flint Water System established in 1883
Flint Water Treatment Plant #2 completed in 1954
Connection to Detroit Water and Sewerage Department 1967
Flint Water Treatment Plant #2 rehabilitated 1999 – 2005

City of Flint Timeline

December 2011 – Flint Emergency Financial Manager Appointed by Governor Snyder
April 2013 – Flint rejects DWSD contract and instead joins the Karegnondi Water Authority
April 2013 – DWSD sets termination of Flint water service contract to April 17, 2014
June 2013 – Karegnondi Water Authority groundbreaking
June 2013 – Flint Requests full time use of Flint Water Treatment Plant with Flint River
May 2014 – Flint stops purchasing DWSD. Starts using the City of Flint WTP and Flint River
August 2014 – Flint E.Coli Bacteria violation, Partial System Boil Water Advisory
August 2014 – Disinfection Byproducts, DEQ requests preemptive Operational Evaluation
September 2014 – Flint Total Coliform Bacteria violation, Partial System Boil Water Advisory
November 2014 – Disinfection Byproducts violation begins
January 2015 – 1st 6 month lead and copper sampling completed 100 samples, 90th% = 6 ppb
April 2015 – Flint Financial Emergency Ends
July 2015 – 2nd 6 month lead and copper sampling completed 69 samples, 90th% = 11 ppb
August 2015 – Disinfection Byproducts return to compliance
August 2015 – Flint required by DEQ to recommend and install Optimized Corrosion Control Treatment

January 2016 – Flint plans to have Optimized Corrosion Control Treatment operational
July 2016 – Planned connection to Karegnondi Water Authority (Lake Huron water to Flint WTP)

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Monday, September 28, 2015 5:04 PM
To: Saxton, Thomas (Treasury); Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: FW: DEQ Flint Backgrounder / talking points

Flint DEQ backgrounder. Some of the info may not be 100% accurate. Note the highlighted sections:

From: Wurfel, Brad (DEQ)
Sent: Wednesday, January 28, 2015 4:07 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Wurfel, Sara (GOV) <Wurfels@michigan.gov>; Murray, David (GOV) <MurrayD1@michigan.gov>
Cc: Silfven, Ken (GOV) <silfvenk@michigan.gov>; Wyant, Dan (DEQ) <WyantD@michigan.gov>; Datema, Maggie (DEQ) <DatemaM@michigan.gov>
Subject: DEQ Flint Backgrounder / talking points

Terry, all good and thanks for working these up. Been rebriefed by our staff, so let me throw in some things that are pertinent from that point.

Following the formal approval of Flint into the KWA, DWSD sent Flint a letter saying their contract was thereby terminated (early 2013).
According to our folks, Genesee County has been using DWSD water without a contract since May 2014. But Flint took the letter to imply a water cutoff, and promptly turned to DEQ with a proposal to use the Flint River (their historic backup system).

This proposed shift put the city in the business of water production, where they historically had been in the business of water transmission. DEQ approved the use of the river as a source, based on the treatment plant's past performance as a standby facility and the improvements needed prior to switchover. Several municipalities around the state use surface water supplies (rivers): Blissfield near Monroe, Manistique, and Alma to name a few.

The city completed the upgrades at the water plant the facility and DEQ approved it April 2014.

There were some initial hiccups. Last summer, there were a couple of 'boil water' notices issued. One for a water test that showed e. coli, one for a break in the water main.

The challenge to using the Flint River as a source is that the condition of the water is variable and changes with season and weather. It has substantially more organic matter than deep lake sources like Lake Huron. This organic matter is mobilized by

high water events, and warm weather also can account for more organic material in the water.

The treatment of the organic matter is done with chlorine. One might conclude that the perennial answer is just to use more chlorine to achieve water safety. However, at some point on the continuum, the chlorine and organic matter create TTHM – total trihalomethanes – as a byproduct. When the standard for those is exceeded over several consecutive quarters of testing, the supply is required by law to issue public notice and submit an approved plan for addressing the situation.

You'll note that this regulatory approach means TTHM testing is done quarterly. That means people who use the system are exposed to TTHM for several months before the public notice is required. It's because TTHM is a chronic health threat. Over the long term (measured in decades), continued exposure can contribute to some known health problems. Put in context, the EPA (who established the standard and the rule) estimates this rule prevents an estimated 280 bladder cancer cases each year ... out of more than 330 million people who use public water supplies around the country.

It's not nothing. State and federal law requires quarterly testing for TTHM and that the public be informed of it when the annual average of four quarters' worth of consecutive testing shows TTHM levels exceeding 80 parts per billion. Flint's results managed to exceed the annual average in three quarters, and they must develop a plan to address it. But it's not like an eminent threat to public health. Unlike an e. Coli or even total coliform bacteria maximum contaminant level, which require immediate public notification and response and are part of daily / hourly testing of public water supplies, TTHMs pose a public health concern with chronic, long-term exposure.

It's clear the nature of the threat was communicated poorly. It's also clear that folks in Flint are concerned about other aspects of their water – taste, smell and color being among the top complaints.

The Safe Drinking Water Act requires public water supplies be tested for more than 90 regulated contaminants, including microbial contaminants. The act, and the program here in Michigan, work to ensure that water is <u>safe</u> to drink. The act does not regulate aesthetic values of water. Here are some factors affecting the aesthetics of water in Flint.

1. It's the Flint River. The water supplied by DWSD historically came from Lake Huron. It's softer. With hard water, you get a different flavor and feel. It's why General Motors suspended use of Flint Water – it was rusting their parts. Also, there's the 'organics' factor (discussed previously).

2. The system is old. Flint has more than 500 miles of water pipes. More than half of those pipe miles are more than 75 years old. Much of it is cast iron. Hard water

can react with cast iron and exacerbates the rusty factor, which creates that brown water that angry residents were holding up in jugs for the media cameras last week. Valve failure has also been a key challenge. The system has an estimated 7,500+ valves. When they stick open or stick shut, it affects the hydraulics of the system and increase areas of stagnation. The city has a backlog of valves that need to be addressed. They've done half a dozen or so since November.

3. Flint is old. Many of the homes served by the system are old. Brown water complaints may also be attributable to cast iron pipes in customers' service connection to the city lines. The DEQ has been encouraging people with water coloration concerns to contact the city and see whether it is the service line or the City's line causing the issue. Again, discoloration is not an indicator of water quality or water safety, but we recognize that nobody likes it.

In summary, the City of Flint has tremendous need to address its water delivery system. We are not aware that they have any Capital Improvement funds for preventative maintenance in place, much less line replacement project monies that will require hundreds of millions. The City was approved for a Revolving Fund loan in 2008 or 2009. As a Distressed Community, they qualified for flexible terms and 2 percent interest rate Revolving Fund Loan. After they were notified they were approved for the loan, they declined it. Previous SRF loans from the state to Flint bear an outstanding balance of $20.7 million today.

The DEQ continues working with the city to address the TTHM issue. They can take interim steps – from scrubbing the insides of transmission lines to carefully monitoring the hydraulic challenges in their system – to address customers' aesthetic concerns. Their TTHM numbers already are showing dramatic improvement; the November testing showed only one of seven sample points exceeding the standard. The key now is that the standard is an average of three quarters' worth of results. It will be some time before they are officially "not in violation." However, depending on weather in 2015, it's not unforeseeable that we will be having this conversation again by next Christmas.

The key to the conversation is that TTHM is not a top health concern. That's key because residents need to understand TTHM in context, and it is key because it appears the mayor has seized on the public panic (sparked, frankly, by their poor communication of the violation notice) to ask the state for loan forgiveness and more money for their infrastructure improvement.

Another key thing to remember is that once the city connects to the new KWA system in 2016, this issue will fade in the rearview.

Until then, our top messages:

1. The DEQ Drinking Water program works with communities around the state to ensure that municipalities provide customers with clean, safe drinking water.
2. Municipal water supplies are tested rigorously and regularly for more than 90 regulated contaminants, including microbial contaminants that pose an immediate public health concern.
3. Flint's exceedance of the TTHM standard should reassure residents that the testing program is effective.
4. TTHM is not an immediate health threat. It is a chronic concern, one that can be problematic over the course of several decades of exposure. The public was notified because the law requires the city to make public notification, so that everyone can make informed decisions. This is particularly true for people with infants or those with compromised immune systems.
5. The DEQ is working with the City to address the situation. Recent tests show the TTHM numbers dropping rapidly. The department will continue working with the city in the months ahead, and residents should feel confident that their water is safe to drink unless the DEQ or City notifies them otherwise.
6. The discoloration and odor issues some Flint residents are experiencing are separate issues from the TTHM issue. TTHM is odorless, colorless and measured in parts per billion.
7. Flint water customers who have questions or concerns about their water should first contact the city to get answers and help. They also can contact the Michigan DEQ at ********** (web or phone address?)

Brad Wurfel
Communications Director
Michigan Department of Environmental Quality
517-284-6713
517-230-8006 cell

Koryzno, Edward (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Monday, September 28, 2015 5:28 PM
To: Saxton, Thomas (Treasury); Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: Flint City Council OKs KWA 3-25-13

Importance: High

http://blog.mlive.com/newsnow_impact/print.html?entry=/2013/03/flint_city_council_approves_re.html

Walling previously said the **city would save $19 million over eight years** by getting water from the KWA. "It's a historic night in the City of Flint," Walling said. "The savings will be less with the capacity level approved by city council because there will be increased treatment cost for the river water." He said the DEQ told the city it needed to get 18 million gallons per day or there would have to be additional work done at Flint's water plant. Flint's water plant and the Flint River is currently the backup for Flint and Genesee County, however, the plant only operates four times per year.

Tuesday's meeting followed weeks of discussions and special meetings surrounding the resolution. "We got there," Councilman Joshua Freeman said. "That's the important thing."

"Going with Karegnondi is the best decision. We have no opinion on the economics of the decision," said Rebecca Fedewa, Flint River Watershed Coalition executive director. "If we start drawing water out of the Flint River, we are at risk of having to start releasing water from our reservoirs."

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Monday, September 28, 2015 5:31 PM
To: Saxton, Thomas (Treasury); Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: DEQ ok's KWA intake

From the Flint Journal...October 1, 2012.

http://www.mlive.com/news/flint/index.ssf/2012/10/construction_permit_approved_s.html

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Monday, September 28, 2015 5:33 PM
To: Saxton, Thomas (Treasury)
Subject: Quote in Flint Journal

Councilman Bryant Nolden was the lone dissenting vote.

"It was a protest vote," Nolden said. "I knew they had enough votes. I just feel like the Flint River is our best option."

Koryzno, Edward (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Tuesday, September 29, 2015 8:34 AM
To: Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: Fw: KWA & Water Quality Chronology Timeline

fyi... I have not looked at it but Brad sent us some 'stuff' (attached). Please check to see if any of it is worthwhile in adding to our document.

From: Wurfel, Brad (DEQ)
Sent: Monday, September 28, 2015 9:58 PM
To: Saxton, Thomas (Treasury); Muchmore, Dennis (GOV)
Cc: Khouri, Nick (TREASURY); Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury)
Subject: RE: KWA & Water Quality Chronology Timeline

Apparently our staff are triple-checking this document with a fine-toothed comb, but here's what we're working with.
b

From: Saxton, Thomas (Treasury)
Sent: Monday, September 28, 2015 5:57 PM
To: Muchmore, Dennis (GOV)
Cc: Khouri, Nick (TREASURY); Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury); Wurfel, Brad (DEQ)
Subject: FW: KWA & Water Quality Chronology Timeline
Importance: High

Dennis – attached is a first draft of a timeline. We will refine it tomorrow. We rec'd some info from Brad that we might need to incorporate. And Terry & Wayne's staff are still coming up with dates/events. Please let us know if this is what you had in mind.

Terry found these links; including an article when City Council approved the move/switch. There are some noteworthy quotes.

http://blog.mlive.com/newsnow_impact/print.html?entry=/2013/03/flint_city_council_approves_re.html

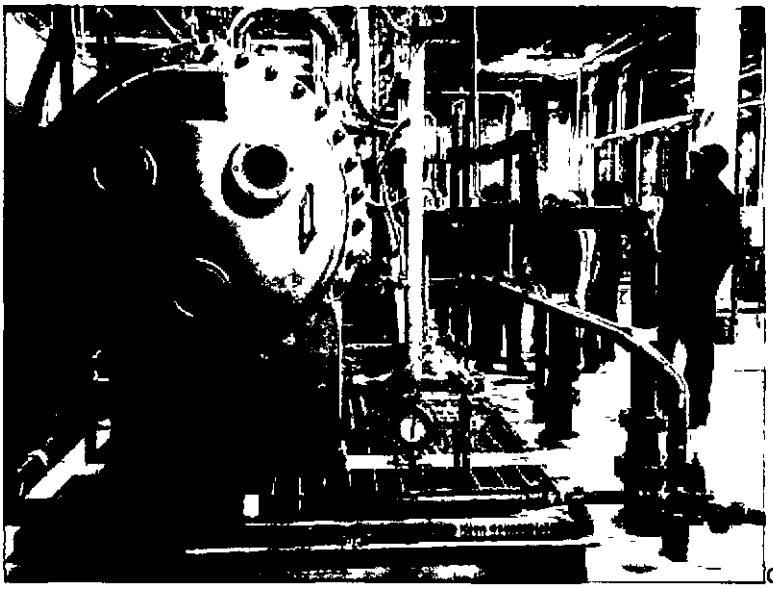
http://www.mlive.com/news/flint/index.ssf/2012/10/construction_permit_approved_s.html

Flint City Council approves resolution to buy water from Karegnondi, state approval still needed

Dominic Adams | dadams5@mlive.com By **Dominic Adams | dadams5@mlive.com** The Flint Journal

Follow on Twitter

on March 25, 2013 at 10:45 PM, updated March 26, 2013 at 1:28 AM



Guests get a look at an ozone generator at the Flint Water Treatment Plant during a public tour in this file photo. MLive.com File Photo

FLINT, MI – Flint is one step closer to getting its water from Lake Huron as part of the Karegnondi Water Authority.

The vote, **approved 7-1 at the Flint City Council meeting Monday, March 25**, may have set in motion the end to Flint paying to get its water from Detroit.

Under the proposal, Flint would get 16 million gallons per day of raw water from Lake Huron, pipe it to Flint for treatment and then sell it to customers throughout the city. Another 2 million gallons per day would come from the Flint River and will be treated in Flint.

Mayor Dayne Walling said the Department of Environmental Quality must approve Flint's getting 2 million gallons per day from the Flint River.

Tuesday's meeting followed weeks of discussions and special meetings surrounding the resolution.

"We got there," Councilman Joshua Freeman said. "That's the important thing."

There were more than 50 people at Monday's meeting.

"Going with Karegnondi is the best decision. We have no opinion on the economics of the decision," said Rebecca Fedewa, Flint River Watershed Coalition executive director. "If we start drawing water out of the Flint River, we are at risk of having to start releasing water from our reservoirs."

Genesee County Drain Commissioner Jeff Wright said the decision must still be approved by a county water and waste advisory board. The KWA board will then be reconvened for final approval.

Wright said construction could start in May.

State treasury officials still must approve the city council's move because Flint has an emergency financial manager. All expenditures over $50,000 must be approved.

Genesee County Drain Commissioner Jeff Wright has said that Flint would pay roughly $6.4 million annually for water service if it joined the pipeline – a nearly $4 million savings on what it pays Detroit for water.

Walling previously said the **city would save $19 million over eight years** by getting water from the KWA.

"It's a historic night in the City of Flint," Walling said. "The savings will be less with the capacity level approved by city council because there will be increased treatment cost for the river water."

He said the DEQ told the city it needed to get 18 million gallons per day or there would have to be additional work done at Flint's water plant.

Flint's water plant and the Flint River is currently the backup for Flint and Genesee County, however, the plant only operates four times per year.

Councilman Bryant Nolden was the lone dissenting vote.

"It was a protest vote," Nolden said. "I knew they had enough votes. I just feel like the Flint River is our best option."

Karengnondi is the regional water authority that includes Genesee, Lapeer and Sanilac counties and the cities of Flint and Lapeer.

****

Massive Karegnondi water project moving forward after state OKs pipeline tap into Lake Huron

Print

By **Ron Fonger | rfonger1@mlive.com** The Flint Journal
on October 01, 2012 at 7 00 AM, updated October 01, 2012 at 7 32 AM

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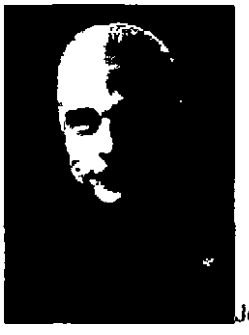
Email



Jeff Wright

GENESEE COUNTY, MI -- The state has approved a critical permit that allows the **Karegnondi Water Authority** to tap into Lake Huron with a 1.5-mile underground intake.

But water authority officials are still waiting for Flint to decide if it will be part of it.

Construction on the intake -- estimated to cost $27 million -- might mark the no-turning-back point for the massive project, and county Drain Commissioner Jeff Wright said other developments make it necessary Flint to make a final decision on its involvement in the next few months.

As control of Flint has shifted from mayors and city councils to emergency managers, the city has never committed to buying a minimum volume of water from the KWA.

"The only question at this point really is whether Flint is going to be a partner," said Wright, who has met with emergency financial manager Ed Kurtz and wants to resolve the question **before Kurtz leaves** his position -- something likely to happen soon after the November election.
"I'd say we have a couple of months here," Wright said of Flint's deadline. He described Kurtz as positive about the city's potential involvement but said, "There's still some questions Flint is working on with Detroit and Lansing."

Kurtz said he can't predict what will happen.

"We're looking at all our options," Kurtz said Friday.
County Commissioner Ted Henry, D-Clayton Twp., said regardless of the city's participation, the pipeline can be built by the remaining partners: Genesee, Sanilac and Lapeer counties and the city of Lapeer.

"The answer is yes," Henry said. "It will be a little different but it can go,"

The drain commissioner said construction of the pipeline intake, which has already been designed, is expected to start this year, after the job is put out for bids and borrowing is authorized by the county Board of Commissioners.

Building the intake will be specialized work, part of which must be done from a barge, and will require building tunnels below the sand bottom of the lake and laying an 84-inch pipe below the surface of the water.

In addition to the state Department of Environmental Quality permit to build the intake, the KWA also needs approval from the U.S. Army Corp of Engineers, Wright said.

A 45-day public comment period on the intake permit has passed and county officials said they expect the permit to be approved within two weeks.

Among other recent developments in the pipeline project:

- The Genesee County Water and Waste Advisory Committee, made up of elected and appointed city, township and village officials, has voted unanimously to set a date for accepting public bids to build the intake.
- The same committee has approved negotiating a contract with Wade Trim to act as program manager for the pipeline project once all necessary permits have been received.
- The county has revised its estimate on the cost of the intake portion of the pipeline from $40 million to $27 million.

Wright said his office is ready to negotiate a contract for Wade Trim to oversee the pipeline work, and said he expects six or seven engineering and surveying companies to assist in getting the job done.

County officials count those jobs among the 1,000 that they say will be created by building the pipeline.

"I want to use local (people) wherever possible and keep the money here," Wright said.

The drain commissioner said the selection of Wade Trim is important to the city of Flint because it signals the start of engineering, which includes decisions about the size of pumps, motors and pipes that will be used to build the pipeline.

Flint officials have options, including the use of Flint River water, or continuing to purchase water from the city of Detroit.

Wright said the only choice for the rest of the county is build the pipeline or sign a 30-year contract with Detroit.

A KWA study claims that continuing to buy water from Detroit will cost the region $2.1 billion during the next 25 years. By building a pipeline, that cost would be $1.9 billion over the same period, the KWA Web site says.

After the initial 25-year period, the cost of water would be less than 25 percent of the projected cost of water form Detroit, according to KWA.

Ron Fonger can be reached at 810-347-9963. You can also follow him on Twitter @ronfonger or subscribe on Facebook.

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

Flint Water Timeline (09-28-15)

June 26, 2012 – Letter from Flint EM Mike Brown to DWSD for permission to begin blending Flint River water with treated water from DWSD. The letter indicates that the DEQ is supporting this option and its implementation would save the City between $2M and $3M annually.

September 20, 2012 – Letter from Flint EM Ed Kurtz to DWSD requesting written permission to implement the blending option. Approval is requested by October 1, 2012.

October 31, 2012 – Analysis by the Flint Finance Director suggests that the annual cost to purchase water from DWSD will steadily increase to $23M per year by fiscal year 2020.

November 2012 – Treasury retains Tucker, Young, Jackson and Tull (TYJT) to evaluate the KWA proposal to the City of Flint.

November 6, 2012 – Letter from Flint Emergency Manager Ed Kurtz to State Treasurer Dillon that a proposal from DWSD is expected but that the initial assessment is that switching to KWA is in the best interest of the City of Flint.

February 2013 – TYJT issues a final report to Treasury on the comparison between Karegnondi Water Authority (KWA) and DWSD. Analysis suggests that the KWA option is the cheaper option for the City of Flint.

March 2013 – DWSD contacts the City of Flint to begin direct negotiations on a contract extension. Multiple options are provided to the Flint Emergency Manager (EM) Ed Kurtz.

March 26, 2013 – The Flint City Council endorses joining KWA.

April 11, 2013 – State Treasurer Andy Dillon authorizes Flint EM Ed Kurtz, pursuant to Section 12(3) of P.A. 436 of 2012, to enter into a contract with KWA if a final offer from DWSD is either not received for rejected in good faith based upon specific objections.

April 15, 2013 – DWSD provides a best and final offer to the City of Flint. Analyses by Flint EM Ed Kurtz, the Department of Environmental Quality and Treasury's Office of Fiscal Responsibility independently conclude that the KWA option is cheaper for the City of Flint.

April 16, 2013 –Flint EM Ed Kurtz informs the State Treasurer that the City will join KWA. This decision was officially announced May 1, 2013.

April 17, 2013 – DWSD transmits a letter to Flint EM Ed Kurtz terminating service to the City of Flint, effective April 17, 2014.

June 2013 – Groundbreaking for the Karegnondi Water Authority. Flint also requests full time use of the Flint Water Treatment Plant with Flint River water as a source.

June 28, 2013 – Financing Contract between the City of Flint and KWA is approved. Effective September 1, 2013. This document was signed by EM Mike Brown.

February 19, 2014 – The KWA Board of Directors adopts Resolution 2014-01, authorizing KWA to bond for water line construction on-behalf of the City of Flint.

April 17, 2014 – Water service from DWSD officially ends. The City of Flint also conducts two separate public forums regarding the use of Flint River water, upgrades to the City's water system and the overall cost of the switch to KWA.

April 25, 2014 – City conducts public event marking the transition to the use of Flint River water. DEQ information shows that transition complete by May 2015.

March 3, 2015 – Flint EM Jerry Ambrose provides a memorandum to Deputy State Treasurer Wayne Workman stating that a reconnection to DWSD will cost the City $10.1M/year and that water purchases could be as high as $1M/month.

March 12, 2015 – The City of Flint hires Veolia to conduct an operational evaluation of the City's water system.

RE: RE: Preliminary Budget

Tuesday, September 29, 2015 8 00 AM

Subject **RE: RE: Preliminary Budget**
From Byrne, Randall (Treasury)
To Natasha Henderson
Cc Workman, Wayne (TREASURY); Schafer, Suzanne K. (Treasury)
Sent Tuesday, September 29, 2015 7:46 AM

Natasha:

Thanks for the revised cost estimates. Can I get more detail and the timing of items 1-5? Please call me if you have any questions.

Thanks,
Randy

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Monday, September 28, 2015 7:03 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Fwd: RE: Preliminary Budget

Thanks,
Natasha L. Henderson, City Administrator
City of Flint, Michigan
@Samsung Galaxy Note 4

---------- Forwarded message ----------
From: "Trebilcock, Christopher M." <trebilcock@millercanfield.com>
Date: Sep 28, 2015 12:19 PM
Subject: RE: Preliminary Budget
To: "Natasha Henderson" <nhenderson@cityofflint.com>
Cc:

Natasha:

As I mentioned on the phone this afternoon, we have been able to review the pleadings and procedural posture of the *Shears* case. Given the work that has been done thus far, I think we can revise our estimates favorably for the City. For your consideration, here is a summary of our revised estimated budget:

1) Motions and appearances before the Circuit Court, prior to trial on damages: $35,000 - $75,000
2) Motions and briefs before the Court of Appeals: $45,000 - $65,000
3) Motion and Briefs before the Supreme Court: $25,000 - $55,000
4) Trial regarding damages before the Circuit Court (excluding experts): $75,000 - $105,000
5) Appeals after trial on

damages: $65,000 - $85,000
Total:
$245,000 - $385,000

Please let me know if you have any questions.

Chris

From: Trebilcock, Christopher M.
Sent: Friday, September 25, 2015 5:26 PM
To: 'Natasha Henderson'
Subject: RE: Preliminary Budget

Sorry, I forgot to include that. $345 for partners, $305 for associates, $225 for paralegals (depending on the paralegal it can be less). I believe this is consistent with our work on the prior City of Flint litigation.

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Friday, September 25, 2015 5:10 PM
To: Trebilcock, Christopher M.
Subject: Re: Preliminary Budget

Hello Christopher,
What is the hourly rate for attorneys, paralegals. etc.?
Thanks,
Natasha L. Henderson, City Administrator
City of Flint, Michigan
@Samsung Galaxy Note 4

On Sep 25, 2015 4:54 PM, "Trebilcock, Christopher M." <trebilcock@millercanfield.com> wrote:
Dear Pete and Natasha:

It was a pleasure speaking with you earlier today regarding Miller Canfield's ability to assist you with the *Shears* litigation. We look forward to aggressively defending this matter on your behalf. Per your request, below is a preliminary budget for the various anticipated stages of litigation based on our current understanding of the case:

1) Motions and appearances before the Circuit Court, prior to trial on damages: $55,000 - $135,000
2) Motions and briefs before the Court of Appeals: $65,000 - $95,000
3) Motion and Briefs before the Supreme Court: $35,000 - $55,000
4) Trial regarding damages before the Circuit Court: $100,000 - $175,000 (excluding experts)
5) Appeals after trial on damages: $75,000 - $95,000
Total:
$330,000 - $555,000

Obviously we will do our best to be as efficient as possible. However, it is difficult to be more precise, particularly at the Circuit Court level, because of the Court's unpredictability in adhering

to normal procedural practices. Given the issues and dollars at stake, we do not want to shorthand anything. Also We will be giving this our fullest attention.

Please let me know if you need anything further. I can be reached by email or cell phone at any time.

Regards,

Chris

Christopher M. Trebilcock | Deputy Practice Group Leader for Employment and Labor
Miller Canfield
150 West Jefferson, Suite 2500
Detroit, Michigan 48226 (USA)
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trebilcock@millercanfield.com | View Profile + VCard

Dostine, Patrick (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Tuesday, September 29, 2015 8:27 AM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury); Vandegrift, Drew (TREASURY); Dostine, Patrick (TREASURY)
Subject: Governor Says He's "Working Hard" To Resolve Flint Water Problems

http://michiganradio.org/post/governor-says-hes-working-hard-resolve-flint-water-problems

Governor says he's "working hard" to resolve Flint water problems

Governor Snyder says the state is "working hard" and doing its best to resolve Flint's water issues.

Recent tests have raised alarms about high lead levels in city water — and in some Flint children's blood.

Snyder wouldn't offer specifics about possible action, but he will soon.

"There's actions going on," he said. "But I think we'd rather make sure I can give you a longer list of the comprehensive actions we're taking sometime during the week."

Flint Mayor Dayne Walling said last week the governor should "work harder" to resolve the water issues.

Flint's system has had repeated problems since it switched from Detroit to Flint River water in April 2014.

Sent from my iPhone

Schafer, Suzanne K. (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Tuesday, September 29, 2015 9:55 AM
To: Cline, Richard (Treasury)
Cc: Schafer, Suzanne K. (Treasury)
Subject: Flint follow up Questions

Eric,

Tom asked me about the status of the following questions:

1. Does the sale of the water main by Flint to Genesee County impede Flint reconnecting to DWSD/Great Lakes Water Authority?
2. What is the most recent estimated date of when Flint will be able to draw water from the Karegnondi water line?

Ed

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, September 29, 2015 10:24 AM
To: Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: Re: water

We have a file on the pipeline

Sent from my iPhone

On Sep 29, 2015, at 10:17 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

> Also check your email/files as to anything you might have re reconnecting to dwsd.
> I know it has come up before... surrounding that was the pipeline section that was sold (which you are looking into), cost (of course), length of contract, etc.

Koryzno, Edward (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, September 29, 2015 11:24 AM
To: Koryzno, Edward (Treasury)
Subject: Accepted: Flint River Water Quality

Workman, Wayne (TREASURY)

From: Muchmore, Dennis (GOV)
Sent: Tuesday, September 29, 2015 11:33 AM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY)
Subject: KWA

Can we call the Drain Commissioner immediately and encourage him to put a press on to complete KWA?

STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

BRIAN CALLEY
LT. GOVERNOR

CONTACTS:	FOR IMMEDIATE RELEASE
Sara Wurfel or Dave Murray, Governor's Office 517-335-6397 Terry Stanton, Department of Treasury 517-335-2167	September 29, 2015

Gov. Rick Snyder awards Flint $2 million in Distressed Cities grants for water system infrastructure improvements

Funding to be used for leak detection, waste incinerator replacement

LANSING, Mich. – Gov. Rick Snyder today awarded Flint $2 million in grants for water system infrastructure improvements, part of an overall $8 million plan to help cities through the Financially Distressed Cities, Villages, and Townships Grant Program.

Flint is among six municipalities receiving grants through the program. The city will use the funding to detect leaks in its water lines and replace its Water Pollution Control Facility Incinerator.

"There are opportunities for the state government to assist Flint city leaders as they address issues related to the city's water system," Snyder said. "These grants will help recovering cities improve public services and infrastructure, improving the quality of life for all residents."

The grants to Flint were announced today at the Haskell Community Center by Harvey Hollins, director of the state's Office of Urban Initiatives and Wayne Workman, the state's deputy treasurer. They were joined by Dan Wyant, director of the Michigan Department of Environmental Quality, Flint Emergency Manager Jerry Ambrose, Mayor Dayne Walling, state Senate Minority Leader Jim Ananich, state Reps. Sheldon Neeley and Phil Phelps.

Flint was awarded $900,000 to allow the city to hire a contractor to perform a leak detection survey of the city water lines. The city will receive a map of leak locations and an assessment of leak severity, allowing the city to prioritize leak repair. The project also covers the expense of conducting a water pipe line wall thickness condition assessment on a portion of the city's pipes. The assessment will guide the city's water main replacement program.

The city also was awarded $1.1 million to shut down its current Water Pollution Control Facility incinerator and replace it with new facilities which will allow for the disposal of waste in landfills. The existing facilities are not up to federal Environmental Protection Agency standards.

Municipalities are eligible for the grants of they are experiencing one or more conditions indicative of "probable financial stress," as defined by Public Act 436 of 2012, the Local Financial Stability and Choice Act.

Under the grant program, funding may be used to pay for specific projects, services, or strategies that move a city, village, or township toward financial stability. There was $8 million appropriated for the program with a $2 million cap, per local unit.

##

Koryzno, Edward (Treasury)

From: Dempkowski, Angela (Treasury)
Sent: Tuesday, September 29, 2015 12:51 PM
To: Pleyte, Beth (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: FW: Flint River Water Quality

Beth: What does Tom want to do? See below.

Angela Dempkowski
Senior Executive Management Assistant
Department of Treasury

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Tuesday, September 29, 2015 12:05 PM
To: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Cc: Natasha Henderson (Nhenderson@cityofflint.com) <Nhenderson@cityofflint.com>
Subject: Re: Flint River Water Quality

Good morning Angela,

Ms. Henderson, Peter Bade and Howard Croft have a Council Committee meeting tomorrow at 4:30 pm to discuss water. Is it possible to move the call to 3:00 pm tomorrow? I can also have everyone available tomorrow anytime before 3:00 pm. Peter Bade is not available after 3:00 pm on Thursday.

Thanks Angela.

--
Maxine Murray
Executive Assistant to
Mayor Dayne Walling
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

On Tue, Sep 29, 2015 at 10:02 AM, Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov> wrote:

We would like to schedule this meeting on Wednesday, September 30, 2015 at 4:00 pm. Flint participants will be Natasha, Peter Bade, and Howard Croft. Call in information is:

Ed Koryzno to host

Call in – [redacted]

Access Code [redacted]

Angela Dempkowski

Senior Executive Management Assistant

Department of Treasury

From: Koryzno, Edward (Treasury)
Sent: Tuesday, September 29, 2015 9:58 AM
To: Natasha Henderson (Nhenderson@cityofflint.com) <Nhenderson@cityofflint.com>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Subject: Flint River Water Quality

Natasha,

I am following up on yesterday's phone call with you.

Angela will contact you to set up a conference call for tomorrow afternoon. Because Wayne is out of town Tom Saxton will participate in the discussion regarding your request. Tom and I would request you, Peter Bade and Howard Croft be on the call.

We have a number of follow-up questions: What is the basis for the estimated $18M cost to temporarily reconnect to the Great Lakes Water Authority? What is the timeline? Why didn't Viola advise the City about the potential for elevated lead levels when using Flint river water? What assurances do you have indicating a temporary reconnection to the Water Authority resolves the elevated lead problem or other system problems? Who are the assurances from? Did the Viola report recommend using Ortho Phosphates to treat the water?

Ed

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, September 29, 2015 2:59 PM
To: Saxton, Thomas (Treasury)
Cc: Koryzno, Edward (Treasury); Cole, Evah (Treasury); Stanton, Terry A. (Treasury); Pleyte, Beth (Treasury); Dempkowski, Angela (Treasury)
Subject: Re: FDCVT

They did money last year for water issues and I did not know the window was open for this new year

Sent from my iPhone

On Sep 29, 2015, at 2:53 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

> Do we know whether Flint has yet applied for any of these $s ? Do we know if they have plans to? And have they asked (& rec'd) $s from this program previously i.e., last year. [knowing that it hasn't been going that long]. If so, what did they use those $s for.
> Finally, if they hadn't applied yet... given the current Flint water situation;
> Could they use these grant funds to purchase filters for individual residents for use in their homes ?
> If you can get back to me quickly I would appreciate it. Thanks

Koryzno, Edward (Treasury)

From: nhenderson <nhenderson@cityofflint.com>
Sent: Tuesday, September 29, 2015 4:25 PM
To: Koryzno, Edward (Treasury)
Subject: RE: Flint River Water Quality
Attachments: image002.jpg

Hello Ed,

I will have the answer to all of your questions for the conference call. I will also email the answers to you before the call.

Thanks,

Sent via Natasha L Henderson's Samsung Galaxy Note®

-------- Original message --------
From: "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>
Date: 09/29/2015 9:57 AM (GMT-05:00)
To: "Natasha Henderson (Nhenderson@cityofflint.com)" <Nhenderson@cityofflint.com>
Cc: "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Dempkowski, Angela (Treasury)" <DempkowskiA@michigan.gov>
Subject: Flint River Water Quality

Natasha,

I am following up on yesterday's phone call with you.

Angela will contact you to set up a conference call for tomorrow afternoon. Because Wayne is out of town Tom Saxton will participate in the discussion regarding your request. Tom and I would request you, Peter Bade and Howard Croft be on the call.

We have a number of follow-up questions: What is the basis for the estimated $18M cost to temporarily reconnect to the Great Lakes Water Authority? What is the timeline? Why didn't Viola advise the City about the potential for elevated lead levels when using Flint river water? What assurances do you have indicating a temporary reconnection to the Water Authority resolves the elevated lead problem or other system problems? Who are the assurances from? Did the Viola report recommend using Ortho Phosphates to treat the water?

Ed

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services

State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922

(517) 373-4415 | (517) 373-0633 (fax)

KoryznoE@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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Thank you

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Tuesday, September 29, 2015 2:59 PM
To: Stanton, Terry A. (Treasury)
Subject: FW: Governor Helped Hush-Hush Delivery Of Water Filters To Flint Pastors

Fyi… you almost can't win

Governor helped hush-hush delivery of water filters to Flint pastors

Print Email

By Ron Fonger | rfonger1@mlive.com The Flint Journal
on September 29, 2015 at 1 01 PM

0
Reddit
Email

FLINT WATER

- **Governor helped hush-hush delivery of water filters to Flint pastors**
- **City administrator asks Detroit about reconnecting Flint to Lake Huron**
- **State Sen. Ananich joins call for disconnecting city from Flint River**
- **Flint schools chief seeking water donations for students after lead warning**
- **Clean water activists demand Detroit reconnection in Flint after lead study**

All Stories

Michigan Gov. Rick Snyder delivers his 2015 State of the State address in this Associated Press file photo *Associated Press file photo*

FLINT, MI -- Gov. Rick Snyder quietly helped deliver **1,500 water filters** to Flint last month -- even as state officials gave assurances that the city's tap water was safe and meeting all regulatory standards.

Dave Murray, a spokesman for Snyder, confirmed that the filters, distributed by the Concerned Pastors for Social Action, came from a "corporate donor that does not wish to be recognized but cares deeply about the community."

The donor "worked with the governor to provide 1,500 faucet filters to be distributed to city homes," Murray said in an email.

The state's involvement in the filter distribution was never publicized and pastors told The Flint Journal-MLive Tuesday, Sept. 29, that they were asked by staffers in the governor's office not to speak about it.

Flint city Councilwoman Jackie Poplar raised the subject during a council committee meeting Monday, Sept. 28, as officials discussed the potential for Flint to reconnect to the Detroit Water and Sewerage Department. Recent testing and studies show lead levels have been rising -- both in water and children's blood.

"Those filters came from the governor," Poplar said. "The governor seems to be the one with the golden key" to make something happen, she said.

Pastors involved with the giveaway of the filters, which were designed to remove total trihalomethanes (TTHM) as well as lead from water, said they accepted the condition that they not discuss the state's role in securing the equipment, said the Rev. Allen Overton.

Overton and the Rev. Alfred Harris said they thought the arrangement was odd, but did not want to jeopardize receiving the water filters, which Flint residents waited in line for and which were given away in just three hours.

"If the water was OK, why would the governor work with someone to provide the filters?" Harris said Tuesday. "I think the state working with the private donor is an admission (that) the people needed some help."

"Our objective was to help the people. (Now) everybody is trying to cover their behinds," Harris said.

Flint took over treatment of its water supply from the city of Detroit in April 2014 and switched its water source from Lake Huron to the Flint River.

In the 17 months since, the city has struggled to keep bacteria out of city water, was found in violation of the Safe Drinking Water Act because of TTHM levels, and last week declared a health advisory after a study showed elevated blood lead levels in children since the transition.

Murray said the governor's office simply "did not want to draw attention to (the state's role in the filter donation), respecting the wishes of the donor."

"Our focus is on helping the people in Flint. We are grateful to the pastors for working with us on this," Murray said in an email.

The Snyder spokesman said Flint water "does meet state and federal safety standards" but said the filters also are a benefit to customers with water quality issues such as discoloration and odor.

"We are talking with other businesses and groups that might be able to expand the (filter) effort," Murray's email says.

From: Cline, Richard (Treasury)
Sent: Tuesday, September 29, 2015 2:54 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Cc: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Subject: FW: Governor Helped Hush-Hush Delivery Of Water Filters To Flint Pastors

Tom/Wayne:

FYI.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, September 29, 2015 4:23 PM
To: Koryzno, Edward (Treasury); Schafer, Suzanne K. (Treasury); Cline, Richard (Treasury); Byrne, Randall (Treasury); Dempkowski, Angela (Treasury)
Subject: Fwd: Flint Update
Attachments: Flint Update.pdf; ATT00001.htm

Sent from my iPhone

Begin forwarded message:

> **From:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> **Date:** September 29, 2015 at 3:26:53 PM EDT
> **To:** "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>, "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>
> **Cc:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Subject: FW: Flint Update**
>
> Attached is Dan W's handout from the meeting this afternoon with the Governor's office et al. At this juncture DEQ appears to be the lead (with DCH).
> You will note this culminates with a press event this Friday in Flint where various listed 'next steps' will be announced.
>
> For us/Treasury in terms of our more immediate 'homework' assignment...
> We are checking whether distressed community $s can be used to purchase home filters. And we trying to confirm whether the state revolving fund (drinking water side) legislation could be amended to permit replacement of lead piping say from the curb to the residence, etc [#9]. Dan implied it was already permissible under Fed guidelines/rules.

9.29.2015
T.S.

9/29
from Dan W handout

Flint Update 9/29

Issues:

- DWSD switch
- Emergency Declaration
- Edwards issue
- Testing protocols

Flint Drinking Water Action Plan

1. **Governor Snyder names Dr. Eden Wells as Flint drinking water Public Health Advisor.**

   Action to date: Dr. Wells has been brought in and is reviewing the Hurley Health information.

2. **All 13 Flint schools water will immediately be tested to ensure that drinking water is safe.** incl Charters + will do Parochs

   Action to date: Phone call with Superintendent and Facilities manager to identify schools. Phone call with Genesee County Public Health, DEQ and Flint schools afternoon of 9/29 to discuss testing protocols and timeline. DEQ has volunteered to pay for testing.
   Checking with MDE on fund availability to replace lead lines if they are identified in the testing.

3. **Advisories will be disseminated recommending citizens flush your cold water pipes, use only water from the cold water tap for drinking, cooking and especially for making baby formula.**

   Action to date: This step has already started to occur.

4. **Convene a safe drinking water "Technical Advisory Committee" to ensure best technology, practices and science is being utilized, including EPA's expertise and assistance from their Office of Research and Development.**

   Action to date: Committee will meet October 7. EPA will have Tom Burke, who heads up EPA's Office of Research and Development, participate on the Committee. Va. Tech Prof will also present possible change in protocol

5. **Implementation of fully optimized corrosion controls in the Flint drinking water system.**

   Action to date: Technical Advisory Committee is meeting October 7 to recommend this. Flint will submit permit application to DEQ October 8. Corrosion control will begin by end of October.

"two paths" Support the mtg of GLWA?

add Jill Wright

6. **Expanded water testing of at risk properties.**

   Action to date: EPA and DEQ have a conference call at 1:45 PM 9/29 to discuss additional testing locations and protocols.

7. **Offer water testing at no cost to Flint residents to assure water is safe.**

   Action to date: City is already offering. DEQ will be discussing cost issues with the City.

8. **Offer bottled water and premixed formula if test results indicate high levels of lead.**

   Action to date: DHHS evaluating.

9. **Accelerate water system improvements to address replacement of lead service lines.**

   Action to date: EPA has indicated that federal Drinking Water Revolving Loan money can be used to replace private service lines. State law needs to be changed to allow this to occur.

10. **Provide filters to residences of Flint.***

    Action to date: Ananich has indicated United Way would supply some. Harvey to follow up with Meijer.

11. **Expedite Completion of KWA.**

    Action to date: DEQ had initial conversation with Drain Commissioner to indicate help in moving any remaining permits.

Next Steps:

Press Conference in Flint - Friday, October 2, 1:30

Participants
Mayor of Flint
Dan Wyant – Michigan Department of Environmental Quality
Nick Lyon – Department of Community Health
Susan Hedman – Region 5 Administrator or EPA
Harvey Hollins – Governor's office
Local Public Health Department

* 10,000 filters → $250,000 [Health Foundation]

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226-2830
WWW.DETROITMI.GOV

September 30, 2015

Via email: nhenderson@cityofflint.com
and U.S. Mail

Ms. Natasha L. Henderson, City Administrator
City of Flint
1101 S. Saginaw St.
Flint, Michigan 48502

Dear Ms. Henderson:

Thank you for your inquiry regarding the possibility of reconnecting the City of Flint to the Detroit Water and Sewerage Department's (DWSD) Water Supply system. Director McCormick has asked me to respond to you and provide a brief outline of the basis for that reconnection. However, I want to again emphasize what Ms. McCormick has previously stated to your City Council on this issue: DWSD is willing to sit down and talk with the City of Flint without pre-condition, if that is mutually desirable.

I would be remiss if I did not point out that on June 12, 2015, the City of Detroit and the Great Lakes Water Authority (GLWA) executed a Lease Agreement that provides for the GLWA's operation of the Regional Water Supply System. At present, we are transitioning management of the system from DWSD to the GLWA while certain Conditions Precedent of the Lease Agreement are satisfied. We have made substantial progress towards satisfying these Conditions Precedent with a goal of having GLWA commence full system operations on or before January 1, 2016. I can assure you that, like DWSD, the GLWA is concerned with the challenges Flint's residents have faced in recent months, and will be willing to discuss service to your City.

That said, here is a likely list of issues that would need to be addressed:

1) Rates: In Sue McCormick's January 12, 2015 letter to Flint, she indicated that the rates Flint would pay for the remainder of the then current 2014-2015 Fiscal Year (FY) would be "the same rates Flint was paying as a terminated customer when it left the system but modified to include the 4% increase experienced by all other DWSD wholesale customers in 2014." As we are now in the 2015-16 FY, that offer must be modified to include an additional adjustment similar to that which was received by other customers. In this regard we propose that the rates be adjusted as follows:

a) Starting with the 2013-2014 FY terminated rate; and

b) Adding a 4% adjustment to that rate to account for the 2014-2015 FY increases; and

c) Adding an adjustment equal to the average Suburban Wholesale Charge Adjustment for the current 2015-2016 FY. This rate would remain in place until June 30, 2016, the end of the current 2015-2016 FY.

d) Based upon the above considerations, the resulting rate structure is a fixed monthly rate of $662,100 and a commodity rate of $8.93/Mcf for the current 2015-2016 FY. Please note that this rate structure is designed to be applicable to incremental water sales over and above water sales to the Genesee County Drain Commission. Depending on how water is provided to the combined GCDC/Flint customer, alternative rate structures may be appropriate.

e) Additionally, DWSD recently changed its wholesale customer billing methodology as follows: Flint's calculated share of the FY 2016 Budget is allocated 60% to the Fixed Monthly Charge and 40% to the Commodity Charge, which is consistent with the adopted FY 2015-2016 water wholesale rates

f) In extending this proposal, our assumption is that the service provided is to Flint only and computations are based on data from our previous customer relationship.

g) It is anticipated that under the management of the GLWA, the rates for the 2016-2017 FY will be computed using the same methodology as applied to all other Water Supply System customers.

The proposed rate methodology is intended to ensure that Flint is treated fairly by using the average wholesale customer adjustment in the current Fiscal Year, and the same methodology as all other customers.

2) Term: DWSD understands that Flint's current long-term desire is to receive water service from the KWA. Under these circumstances, Flint would be expected to remain a DWSD customer from the time of reconnection until the time it begins to receive service from KWA. If Flint wishes to consider a longer term relationship with DWSD or GLWA, we would welcome that discussion.

3) Reconnection: As previously indicated by Ms. McCormick in her January 12, 2015, letter, DWSD will not charge an additional fee for Flint to reconnect to the DWSD Water System, and is prepared to immediately take those steps necessary on its end to facilitate a reconnection. Any expenses incurred would be billed at actual cost. Because DWSD lacks sufficient information on the status of the disconnection, we are unable to provide an estimate of those costs at this time. Nonetheless, we will work with you in good faith to develop an expedited plan for reconnection, and to develop a mutually agreed good faith estimate of the costs associated with that plan.

Thank you for raising this issue with us. We hope that this letter addresses the concerns you raised during your recent conversation with Ms. McCormick, and we sincerely appreciate your interest and the opportunity to serve Flint.

Finally, we look forward to the opportunity to meet with you at your earliest convenience to discuss this letter, and how we may best assist Flint in serving its residents' needs. Please contact Ms. McCormick's office at (313) 224-4701 to arrange this meeting.

Best Regards,

William M. Wolfson
Chief Administrative and Compliance Officer/General Counsel, DWSD
Interim General Counsel, GLWA

Dostine, Patrick (TREASURY)

From: Widigan, Robert (TREASURY)
Sent: Wednesday, September 30, 2015 8:13 AM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury)
Cc: Dempkowski, Angela (Treasury); Vandegrift, Drew (TREASURY); Dostine, Patrick (TREASURY)
Subject: Report: Using Flint River Proving Costly To City's Water System

Report estimates it will cost the city of Flint $1.5 billion to repair the damage done since the switch to the Flint River as a water source: http://michiganradio.org/post/report-using-flint-river-proving-costly-citys-water-system

Here is a link to the site with the repot: http://flintwaterstudy.org/

Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-3227 Cell (517) 243-8645

Koryzno, Edward (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Wednesday, September 30, 2015 8:32 AM
To: Koryzno, Edward (Treasury); Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: Genesee County Board Health Advisory - Flint Water
Attachments: Genesee Co Advisory Flint Water 09.29.15.pdf

FYI – yesterday the Genesee County Board of Commissioners released the attached public health advisory for residents concerning lead in Flint Water.

It states one of the common health effects on children is brain damage resulting in IQ loss, learning disabilities, hyperactivity, inability to concentrate, and/or behavior problems.

A copy is on in our share drive – V:\LGOV\OFR\Cities\City of Flint\KWA Water Authority

Robert Widigan
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 373-3227 Cell (517) 243-8645

Widigan, Robert (TREASURY)

From:	Widigan, Robert (TREASURY)
Sent:	Wednesday, September 30, 2015 9:50 AM
To:	Byrne, Randall (Treasury); Cline, Richard (Treasury); Patrick Dostine (TREASURY) (DostineP@michigan.gov)
Cc:	Koryzno, Edward (Treasury); Schafer, Suzanne K. (Treasury)
Subject:	Flint Call Notes 09/29/15
Attachments:	GCHD Lead Fact Sheet.pdf; Flint Lead Advisory 09.25.15.pdf; Genesee Co Advisory Flint Water 09.29.15.pdf

Flint Weekly Call Notes 09/29/2015 9:00 PM

R. Byrne, E. Cline, R. Widigan, P. Dostine, F. Headen, W. Lamphier, Mayor D. Walling, N. Henderson, Council President J. Freeman

- **Note:** Water advisory's from Genesee County Commissioners, Genesee County Health Department, and the City of Flint are attached.
- **City's Press release on Violence Reduction Network (VRN):** https://www.cityofflint.com/2015/09/28/city-of-flint-selected-to-join-the-department-of-justices-violence-reduction-network/

- **Priorities**:
  - Water: City is looking to CDBG funding to purchase lead filters, Mayors initiative.
    - City has CDBG funding to the tune of $400K, city will start within and use city resources before approaching the Mott Foundation.
    - Working with United Way – they are activity searching for funding.
  - VIEOLIA is finished the contract with the city. City has implemented the recommendations from VIEOLIA.
  - $8.4M outstanding in billing. City cannot keep going on with this issue – state needs to help take some of the responsibility with us.
    - City Admin. argues Flint is a special case with Judge Hayman's order, lead issues, financial issues, etc...
  - Cash on hand: Finance department is estimating how long the city can operate with cash on hand, and what bills are and are not being paid (presentation will be made at the November RTAB meeting).
  - Council is requesting a special meeting on October 21 to have an open discussion regarding water issues. Letters will be sent to 75 individuals, including F. Headen.
    - City Admin. does not agree with the idea and believes it is micromanaging at best.
  - Budget amendments will be presented to Council next week – reduction in revenue for enterprise fund and removing capital improvement projects. Without being able to collect water bills, the city cannot go forward with CIPs.
  - Today is the deadline for the finance department's report required by Judge Hayman's Order.
    - A report was completed and submitted, it was determined not acceptable by attorney Val Washington, the city was then asked to re-submit the report.
    - Will be submitted by 5pm today.

- **KWA**: City Administrator said that they are still on track to hook up June 2016.

- Jeff Wright, Genesee Co. Drain Commissioner is putting together all paperwork, permits, etc. to submit to the state for approval. Trying to stay/get ahead of the project.

- **Water/lead:**
  - The city has issued a lead advisory due to information released from the medical community. Working with the Gen. Co. Health Department as well.
  - Operational standpoint: Working with LAN to tie down a corrosion control plan. Will include adding phosphate to the water, aware of the potential issues with adding phosphate.
  - The city has requested that the state assist the city with possibly re-connecting to DWSD until can connect to KWA.
  - Mayor has spoken with DEQ director, he stated the city's requests are being carefully considered.
    - GOV has met with Congressman Kildee and Senator Ananich.

- **Legal representation for Flint:** City Manager has received additional detail from Miller Canfield and is reviewing it.
  - The City Administrator will send it to Treasury today.
  - Should have engagement by end of week if council works with administration.

- **Crime Rate:** City was named 3rd most violent city in America.
  - City will work to get out in front of it and address the issue.
  - Chief is at a conference by the Violence Reduction Network (VRN) – City will be able to receive additional help from DEA, etc...

- **October RTAB:** City council meeting will be approving a OPRA tax abatements on Oct. 12 and if approved would like to bring it forward to the Oct 14 RTAB meeting. Former Perani Arena (Dort Federal Credit Union Event Center).

line, Richard (Treasury) SAM, RTAB I, UOS, Josh, Fred, Wendy, EA, Mayor

From: Dostine, Patrick (TREASURY)
Sent: Tuesday, September 29, 2015 3:39 PM
To: Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: Flint Sept 30 9 AM call topics

PSF

Flint – Sept. 30 – Call topics

10-21

- Priorities – OPRA issue → Pull to Oct 14; VC wants RTAB Chair to attend 5p VC on water
- Water / lead / lawsuits
- ~~Water billing~~
- Legal representation for Flint – Proposal → More Detail Needed ← under Review; $5.4 M outstanding
- Charter Commission
- Miscellaneous – 1) KWA - June debt to but will confirm; 2) Veolia Dent

Veolia

Patrick Dostine

Finance Rpt to Judge today

State of Michigan
Department of Treasury
Local Government Financial Services Division,
Office of Fiscal Responsibility
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456.1772
dostinep@michigan.gov

Water/Lead

- Lead Advisory
  - Based from Mid Comm
  - County Health Advisory
  - Recommendations
- Operations
  - Corrosion Control Plan being developed
  - Request DWSD connection
  - Comm w/ DEQ
- Misc
  - CDBG for Lead Filters $400K
    - No Contact w/ Mott Foundation
    - Partner w/ United Way
    - Community Foundation $250K

Public Safety

- Third Most Violent City
  - PR Response?
- Selected for Violence Reduction Network program

Water collection ↓ Due to Lead
- Refusal to pay
- Cash on-hand – unclear how long operate

City Present to RTAB in Nov on water

BA's for w/s to ↓ Rev & Expd.

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, September 30, 2015 10:19 AM
To: Byrne, Randall (Treasury)
Cc: Schafer, Suzanne K. (Treasury); Koryzno, Edward (Treasury); Cline, Richard (Treasury)
Subject: Re: Shears Preliminary Budget and timeline

Please add Tom to this loop. Whatever we do needs to be coordinated with any other water assistance. Let Natasha know we are reviewing in context of other Flint Demands.

Sent from my iPhone

On Sep 30, 2015, at 10:08 AM, Byrne, Randall (Treasury) <ByrneR1@michigan.gov> wrote:

> Wayne and Suzanne:
> This is the revised budget and timeline for hiring Miller Canfield on the Shears Case. In addition, they added more detail regarding their plan to defend the city. I asked that she send a copy to Fred as well. Natasha is hoping for a response soon. Please discuss.
> Thanks,
> Randy
> **From:** Natasha Henderson [mailto:nhenderson@cityofflint.com]
> **Sent:** Wednesday, September 30, 2015 9:41 AM
> **To:** Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>
> **Subject:** Fwd: Shears Preliminary Budget and timeline
>
> Thanks,
>
> Natasha L. Henderson, City Administrator
> City of Flint, Michigan
> @Samsung Galaxy Note 4
>
> ---------- Forwarded message ----------
> From: "Trebilcock, Christopher M." <trebilcock@millercanfield.com>
> Date: Sep 30, 2015 9:31 AM
> Subject: Shears Preliminary Budget and timeline
> To: "Natasha Henderson" <nhenderson@cityofflint.com>
> Cc: "Trebilcock, Christopher M." <trebilcock@millercanfield.com>, "Peter Bade" <pbade@cityofflint.com>
>
> Natasha:
>
> Thanks for the follow-up call. We have been able to review the pleadings and procedural posture of the *Shears* case more closely. Given the work that has been done thus far, I think we can

revise our estimates favorably for the City. For your consideration, here is a summary of our revised estimated budget:

1) Motions and appearances before the Circuit Court, prior to trial on damages: $35,000 - $75,000

2) Motions and briefs before the Court of Appeals: $45,000 - $65,000

3) Motion and Briefs before the Supreme Court: $25,000 - $55,000

4) Trial regarding damages before the Circuit Court (excluding experts): $75,000 - $105,000

5) Appeals after trial on damages: $65,000 - $85,000

Total: $245,000 - $385,000

Also, for your internal discussion, here is the additional detail on our immediate pleadings we would file in the next week:

1) We will file an appearance in *Shears* in GCCC on Wednesday (or upon engagement)

2) We will file a motion for 30-day adjournment in GCCC on Wednesday (or upon engagement)

3) If our Motion for a 30-day adjournment is denied, which is likely, we will immediately file the next day:

a) Supplemental brief on Motion to Change Venue based on fact that GCCC is member of the class

b) Motion to Recuse Hayman based on status of Chief Judge and that GCCC is member for the class.

4) File a Motion to Dissolve the TRO in GCCC based on federal court finding on Kincaid TRO (if supported after closer review of pleadings). This would be an Emergency Motion filed as soon as possible.

5) File a Motion to Consolidate Case with Kincaid in GCCC. Since the Kincaid Plaintiffs are also member of the class the more technically correct way to go is dismiss the Kincaid case, but the real point would be to keep the action before Judge Yiuule which apparently can't happen if he is conflicted (e.g., if he is a member of the class as a Flint resident). We would recommend filing this Motion in the next 7 days.

6) We will also look at the Kincaid Ct. App. decision and see if we can supplement the motion to dismiss with any law of the case argument (i.e., the pooling issue, the Emergency Manager's decision. We will also consider whether there are other arguments for dismissal by comparing the Kincaid state and federal pleadings and the Shear pleadings. We are still trying to figure out how Val got to file a second suit on the same claims in the same court; seems to go against every principle of judicial economy.

Once these are resolved, we will likely file Expedited Motions for Application to Leave to the Court of Appeals. This is especially true for the Motion to Consolidate. But would be for all the

rulings – we might want to shoot for peremptory reversal. This would be filed as soon as Judge Hayman issues his rulings on the various motions above.

I think this is largely the work that we will need to do in the next 30-45 days. We may want to meet with witnesses and spend time with decision makers, especially if we get adjournment.

Let me know if you need anything else.

Thanks.

Chris

From: Trebilcock, Christopher M.
Sent: Monday, September 28, 2015 12:19 PM
To: 'Natasha Henderson'
Subject: RE: Preliminary Budget

Natasha:

Please let me know if you have any questions.

Chris

From: Trebilcock, Christopher M.
Sent: Friday, September 25, 2015 5:26 PM
To: 'Natasha Henderson'
Subject: RE: Preliminary Budget

Sorry, I forgot to include that. $345 for partners, $305 for associates, $225 for paralegals (depending on the paralegal it can be less). I believe this is consistent with our work on the prior City of Flint litigation.

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Friday, September 25, 2015 5:10 PM
To: Trebilcock, Christopher M.
Subject: Re: Preliminary Budget

Hello Christopher,

What is the hourly rate for attorneys, paralegals, etc.?

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
@Samsung Galaxy Note 4

On Sep 25, 2015 4:54 PM, "Trebilcock, Christopher M." <trebilcock@millercanfield.com> wrote:

Dear Pete and Natasha:

It was a pleasure speaking with you earlier today regarding Miller Canfield's ability to assist you with the *Shears* litigation. We look forward to aggressively defending this matter on your behalf. Per your request, below is a preliminary budget for the various anticipated stages of litigation based on our current understanding of the case:

1) Motions and appearances before the Circuit Court, prior to trial on damages: $55,000 - $135,000

2) Motions and briefs before the Court of Appeals: $65,000 - $95,000

3) Motion and Briefs before the Supreme Court: $35,000 - $55,000

4) Trial regarding damages before the Circuit Court: $100,000 - $175,000 (excluding experts)

5) Appeals after trial on damages: $75,000 - $95,000

Total: $330,000 - $555,000

Obviously we will do our best to be as efficient as possible. However, it is difficult to be more precise, particularly at the Circuit Court level, because of the Court's unpredictability in adhering to normal procedural practices. Given the issues and dollars at stake, we do not want to shorthand anything. Also We will be giving this our fullest attention.

Please let me know if you need anything further. I can be reached by email or cell phone at any time.

Regards,

Chris

Christopher M. Trebilcock | Deputy Practice Group Leader for Employment and Labor

Miller Canfield
150 West Jefferson, Suite 2500
Detroit, Michigan 48226 (USA)

T +1.313.496.7647 |**F** +1.313.496.8453 | **Mobile** +1.313.268.1051

trebilcock@millercanfield.com | View Profile + VCard

Workman, Wayne (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, September 30, 2015 10:57 AM
To: Workman, Wayne (TREASURY); Stanton, Terry A. (Treasury); Koryzno, Edward (Treasury)
Subject: FW: fyi

When or if you have the time click on the link to the Mayor interview

Flint mayor to state: Approve plan "as fast as humanly possible" to help keep lead out of water

BY LINDSEY SMITH · 16 HOURS AGO
Share Twitter Facebook Google+ Email

Flint leaders issued a water advisory last week after health officials raised concerns about lead levels in children's blood tests.

Credit Steve Carmody / Michigan Radio

Flint hasn't been using any corrosion-control method since it switched from Detroit's water system in April 2014. Corrosion-control treatment helps keep lead out of drinking water. Since the switch, more kids are showing up with elevated levels of lead in their blood.

Flint Mayor Dayne Walling says he wants to put corrosion-control treatment back in place, but he needs state approval first. The state says it's going to take a little while to implement.

"One of my requests to (Michigan's) Department of Environmental Quality director is that (approval) be accelerated as fast as humanly possible," Walling said.

"Whatever decisions are coming next, we need that corrosion control in the water treatment process that we have now," he said.

Walling was a guest today on Stateside with Cynthia Canty.

Listen

Listen

Listening...

0:00

16.01

Listen to Flint Mayor Dayne Walling on Stateside.

Flint spokesman Jason Lorenz says MDEQ made the recommendation to put corrosion-control treatment into the water supply last month. But, he says, it needs MDEQ Director Dan Wyant's official approval.

There's been some debate over whether Flint should have had corrosion control in place the entire time. MDEQ officials have argued to the U.S. Environmental Protection Agency that corrosion control is not technically required yet, because the Flint River is a new water source.

"You have to have to do a full year of studying" the water chemistry as it behaves across the system before implementing corrosion control, MDEQ spokesman Brad Wurfel said. He says that's the only way to know what corrosion-control treatment to use.

That period of study was to be completed by June 30.

As the DEQ reads federal regulations, Flint technically has up to two years after the study to install treatment. But Wurfel says an announcement on the state's decision will come by the end of this week, and "the prescription for optimizing the system for corrosion control is going to be done in Flint by the end of this year."

"If I handed you a bag of chocolate chips and a sack of flour and said 'make cookies,' you'd still need a recipe right? They need to get the results from that testing to understand how much of what to put in the (new water source)," Wurfel said.

"We have a plan to expedite this with the city ... and folks can take some comfort in that," Wurfel said.

It's not clear yet how much the treatment will cost, but Wurfel says "this won't break the bank." A state-appointed emergency manager made the interim switch to the Flint River to save the city money.

Related: Have you missed parts of the Flint water story? Here's a quick rundown.

The U.S. Environmental Protection Agency has not yet answered this question: Was Flint required to have some form of corrosion-control treatment the whole time?

At face value, the EPA rules are clear, all water systems that serve more than 50,000 people must have some kind of corrosion control.

But when you switch water sources, there is apparently some room for interpretation.

In approving updates to this federal regulation in 2000, the EPA noted that "water systems need to make treatment changes, on occasion, to react to changing circumstances."

In these cases, the rule does not "prevent a state from approving treatment changes," but it's not entirely clear if the state can approve having zero corrosion-control treatment.

One key section of the rule change reads:

"One commenter requested that EPA clarify in the rule language that (large water) systems are not required to have (corrosion-control treatment) physically present. EPA disagrees that this is appropriate."

"For large water systems, (the federal rule) does not eliminate the need to have any (corrosion-control treatment) in place, unless the water system can demonstrate to the satisfaction of the State that such treatment will have no effect on reducing the levels of lead and copper at the tap ... EPA expects few, if any, large water systems can make this demonstration without (corrosion-control treatment)."

Flint residents can be sure about one thing: This period of study and approval won't happen the next time the city switches water sources.

The city expects to stop using the Flint River when a new regional water system in Genesee County is completed, slated for the end of 2016. According the MDEQ's Brad Wurfel, that's because they won't need to study the nature of the new water source – Lake Huron. Because Detroit's water system uses water from Lake Huron, Flint will be able to use the same corrosion-control treatment it did when it was hooked up to Detroit's system.

Related Program:

Stateside with Cynthia Canty

Workman, Wayne (TREASURY)

From: Muchmore, Dennis (GOV)
Sent: Wednesday, September 30, 2015 3:35 PM
To: Workman, Wayne (TREASURY)
Cc: Saxton, Thomas (Treasury); Clement, Elizabeth (GOV)
Subject: Re: FDCVT - Flint

I wish we could get realistic rather than inflamed, but I'm afraid the flames have long ago been stoked by some missteps that occurred in the switchover to Flint River water. Let's see what we can do.

On Sep 30, 2015, at 9:26 AM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

> There is a STC order for reassessment. It will take 3 years so they can pay in phases. They don't all the money at once. A permanent lead solution is best but more costly. I think we need a face with just a few City people DEQ, HHS to talk about realistic options, not inflamed rhetoric
>
> Sent from my iPhone
>
> On Sep 30, 2015, at 9:03 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:
>
> > To be honest I am not sure... I don't have the history/background to know whether we would actually turn them/communities down (& we might) if they can't fully fund their project. I am sure that area (assessing) is in chaos as well in Flint.
> > If that were the case i.e., we would say no to the assessing project; then yes in terms of the switch to water related projects. I think the number I heard yesterday was 10,000-15,000 filters for $250k. Or maybe you create a program to replace the curb-to-home lead piping.
> >
> > The call with Flint got cancelled today. They are not available now at that time.
> >
> > **From:** Muchmore, Dennis (GOV)
> > **Sent:** Wednesday, September 30, 2015 8:47 AM
> > **To:** Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
> > **Cc:** Clement, Elizabeth (GOV) <clemente@michigan.gov>
> > **Subject:** RE: FDCVT - Flint
> >
> > Thanks. Are you suggesting they modify their request to one that asks for money for filters instead of the assessing since the assessing cost exceeds the grant and they couldn't do the project anyway?
> >
> > **From:** Saxton, Thomas (Treasury)
> > **Sent:** Tuesday, September 29, 2015 5:34 PM
> > **To:** Muchmore, Dennis (GOV) <muchmored@michigan.gov>
> > **Cc:** Clement, Elizabeth (GOV) <clemente@michigan.gov>
> > **Subject:** FW: FDCVT - Flint
> >
> > > One of my 'take-aways' from the meeting this afternoon was to follow up on whether they could use those Distressed Cities' $s for filters. Remember last year they did receive $2mm which they

used for water related items. This year they want funds for the property assessing area. Their project cost is more than the grant limit. It is not clear they realize that. The deadline application is Oct 15 if they were willing to change the application. Assuming that is doable.

With Wayne away (and before the 1:00 mtg)... a call was set up actually earlier today with Natasha Henderson. Do you care if we still do that ? The email setting it up is attached. Obviously we are not going to commit to anything.

Let me know if you need anything else.

From: Cole, Evah (Treasury)
Sent: Tuesday, September 29, 2015 4:20 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Pleyte, Beth (Treasury) <PleyteB@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Kolka, Carolyn (Treasury) <KolkaC@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: FDCVT - Flint

Tom,

Below are the answers to your questions. If you have any further questions, let us know. Thank you.

Do we know whether Flint has yet applied for any of these (FDCVT) $s ?
ANSWER: We received an application from the City of Flint on September 17th. The amount requested for the project is $2M (the limit for a local unit) and it is estimated to take $3.1M to complete the entire project. They also indicated that if full funding is not awarded, it is doubtful that they will be able to move forward with the project. The proposed project is:

"The city proposes to hire a qualified contractor to provide property assessing services. Specifically, this contractor will create digital property sketches of all improved properties, evaluate existing property conditions and improvements by providing real property data verification, and conduct a comprehensive appraisal valuation study. This process will take place over a period of 3 years, from June 1, 2016 to July 1, 2019."

Do we know if they have plans to?
ANSWER: Since they asked for the entire $2M for the above project, we would assume they are not submitting any further projects, however we are not sure.

And have they asked (& rec'd) $s from this program previously i.e., last year, and If so, what did they use those $s for?

ANSWER: Treasury awarded Flint two grants in FY 2015 under the FDCVT program. Treasury has not yet received any reimbursement requests from the City. Therefore, we have not distributed any of the FDCVT grant related funds to the City. The two grants are:

Awarded	Project Name	Brief Description
$1,100,000	Water Pollution Control Incinerator Shutdown	Water system enhancements thr improved waste management
$900,000	Water Main Leak Detection Survey and Condition Assessment	Water system enhancements thr leak detection and pipe assessme

Sent from my iPhone

On Sep 29, 2015, at 3:00 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

> See the attached press release...noting Flint's awards (2).
>
> The writeup below was included in Flint Water Talking Points from last winter.
>
> **The City has received significant financial assistance through both grant programs and bond restructuring initiatives administered by the MI Department of Treasury. This financial assistance has allowed the City to replace miles of aged pipeline and begin efforts to install a specialized filter at the Water Treatment Plant.**
>
> **In February, Flint was awarded a total of $2 million through two *Financially Distressed Cities, Villages, and Townships Grants*. $1.1 million was awarded for water system enhancements through improved waste management while $900,000 was awarded for water system enhancements through leak detection and pipe assessments.**
>
> **From:** Saxton, Thomas (Treasury)
> **Sent:** Tuesday, September 29, 2015 2:53 PM
> **To:** Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Cole, Evah (Treasury) <ColeE@michigan.gov>
> **Cc:** Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Pleyte, Beth (Treasury) <PleyteB@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
> **Subject:** FW: FDCVT
>
> Do we know whether Flint has yet applied for any of these $s ? Do we know if they have plans to? And have they asked (& rec'd) $s from

this program previously i.e., last year. [knowing that it hasn't been going that long]. If so, what did they use those $s for.

Finally, if they hadn't applied yet... given the current Flint water situation;
Could they use these grant funds to purchase filters for individual residents for use in their homes ?

If you can get back to me quickly I would appreciate it. Thanks

<FDCVT Grant Awards 2-3-15.pdf>

72 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

August 19, 2015

FOR IMMEDIATE RELEASE
www.michigan.gov/treasury

Contact: Terry Stanton
(517) 335-2167

$5 million in grants available for local governments facing financial distress

Money for special projects to free up funds for services

Municipalities experiencing financial struggles can apply for a $5 million grant program that can help fund special projects and free up tax dollars for important services.

Applications for the Financially Distressed Cities, Villages, and Townships grant program are now available. Municipalities interested in applying for an award must submit applications to the Department of Treasury by 11:59 p.m. on Thursday, Oct. 15, 2015.

All cities, villages, and townships, experiencing at least one condition of "probable financial distress" as outlined in Public Act 436 of 2012, the Local Financial Stability and Choice Act*, are eligible to apply.

"This program offers critical assistance to municipalities facing significant financial difficulties," Gov. Rick Snyder said. "Grant dollars can help troubled cities, villages, and townships fund projects which, in turn, frees up valuable tax dollars for other critical services that benefit residents and taxpayers in those communities."

Grant funding may be used to pay for specific projects, services, or strategies that move the city, village, or township toward financial stability. Preference will be given to applicants from local units in which:

- A financial emergency has been declared in the past five years;
- An approved Deficit Elimination Plan for the General Fund is currently in place; or,
- Two or more conditions indicating "probable financial distress" currently exist.

For more information about FDCVT grants, including the application for cities, villages, and townships, visit www.michigan.gov/revenuesharing.

*Conditions of "probable financial distress" relating solely to school districts are not included as conditions for FDCVT, as school districts are not eligible.

Pleyte, Beth (Treasury)

Subject:	Flint River Water Quality
Location:	Tom's Office
Start:	Wed 9/30/2015 4:00 PM
End:	Wed 9/30/2015 5:00 PM
Show Time As:	Tentative
Recurrence:	(none)
Meeting Status:	Not yet responded
Organizer:	Koryzno, Edward (Treasury)
Required Attendees:	Saxton, Thomas (Treasury); Cline, Richard (Treasury)
Optional Attendees:	Pleyte, Beth (Treasury)

Flint Participants: Natasha Henderson, Peter Bade, Howard Croft

Ed Koryzno to host
Call in – [redacted]
Access Code – [redacted]

Pleyte, Beth (Treasury)

From: Barton, John (Treasury)
Sent: Wednesday, September 30, 2015 5:53 PM
To: Saxton, Thomas (Treasury)
Subject: Fw: Use of SRF to replace lead service lines

Tom,

Below is the e-mail Dan received from EPA regarding the use of SRF to replace lead service lines. I talked with Sonya Butler and she reached out to Susan and Steve below to obtain the actual cite in the EPA guidelines. I will follow up tomorrow.

John

From: Hedman, Susan [mailto:hedman.susan@epa.gov]
Sent: Monday, September 28, 2015 4:36 PM
To: Wyant, Dan (DEQ)
Subject: Use of SRF to replace lead service lines

Hi Dan –

Here's a quick answer to your question about using SRF to replace lead service lines. Under the federal SRF program, SRF funds can be used to replace lead service lines on both public and private property. (We don't know if Michigan rules allow for the use of SRF funding on private property, but presumably you know whether that's the case.) If you have additional questions, your staff can follow up with Steve Marquardt, Chief of the R5 Water Division State and Tribal Program Section. His number is 312-353-3214.

Please keep me posted on the time for the event later this week.

Thanks,

Susan

Susan Hedman
Region 5 Administrator/Great Lakes National Program Manager
U.S. Environmental Protection Agency
77 West Jackson Blvd - 19th Floor
Chicago, Illinois 60604-3590

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, September 30, 2015 6:49 PM
To: Wurfel, Sara (GOV); Wurfel, Brad (DEQ)
Cc: Murray, David (GOV)
Subject: RE: Grant

I don't recall either grant being related to "the existence of lead and copper pipes, and the impact...of Flint River water" (Nancy's words) as neither had surfaced as an issue that I am aware of. Brad?

The grants...which the City submitted applications for (which I do not have access to tonight)...were to be used for exactly what was described in the Gov's release:

$1.1 million for water system enhancement through improved waste management and $900k for system enhancement through leak detection and pipe assessments.

The other $2.24 million you are asking about came from the state-approved (Treasury & DEQ) restructuring of Flint's Drinking Water Revolving Fund loans. The restructuring saved the city the $2.24m...with $1.5m used to pay for the installation of a Granulated Active Charcoal filter (GAC) at the Water Treatment Plant.

Below is a section from the Flint Water TPs distributed in late January-early February 2015.

The City has received significant financial assistance through both grant programs and bond restructuring initiatives administered by the MI Department of Treasury. This financial assistance has allowed the City to replace miles of aged pipeline and begin efforts to install a specialized filter at the Water Treatment Plant.

In February, Flint was awarded a total of $2 million through two Financially Distressed Cities, Villages, and Townships Grants. $1.1 million was awarded for water system enhancements through improved waste management while $900,000 was awarded for water system enhancements through leak detection and pipe assessments.

On April 8th, the City announced that it was moving forward with a series of actions to ensure the continued safety of Flint drinking water and address issues of discoloration and odor. The most significant step will be the installation of a Granulated Active Charcoal filter (GAC) at the Water Treatment Plant. The GAC filter will help block or eliminate the formation of TTHM during the filtration process.

A contract for the filter installation was approved by the State Treasurer with the project targeted for completion by mid-July. The $1.5 million project will be funded with proceeds from the state-approved restructuring of Flint's Drinking Water Revolving Fund loans ($2.24 million).

The City is undertaking a number of other improvements to the water system including the acceleration of valve replacements, targeted hydrant flushing, the replacement of two miles of water main in a critical area of the city, and acceleration of the project to automate plant operations.

From: Wurfel, Sara (GOV)
Sent: Wednesday, September 30, 2015 6:26 PM
To: Wurfel, Brad (DEQ) <WurfelB@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Cc: Murray, David (GOV) <MurrayD1@michigan.gov>
Subject: FW: Grant
Importance: High

Who can answer this STAT?

From: Kaffer, Nancy [mailto:nkaffer@freepress.com]
Sent: Wednesday, September 30, 2015 6:17 PM
To: Wurfel, Sara (GOV) <Wurfels@michigan.gov>
Subject: RE: Grant

I'm a little confused about this press release ... it sounds like the majority of that grant is to replace an incinerator, and $900k is create a map of leaks in pipes so that the city can prioritize repair, and provide a pipe thickness assessment that will contribute to the city's water main replacement program ... was any of this directly prompted by the existence of lead and copper pipes, and the impact to those pipes of the more-corrosive Flint River water?

Nancy Kaffer
Columnist
Detroit Free Press
www.freep.com/abettermichigan
313-222-6585
@nancykaffer, @abettermi

From: Wurfel, Sara (GOV) [mailto:Wurfels@michigan.gov]
Sent: Wednesday, September 30, 2015 6:04 PM
To: Kaffer, Nancy <nkaffer@freepress.com>
Subject: Grant
Importance: High

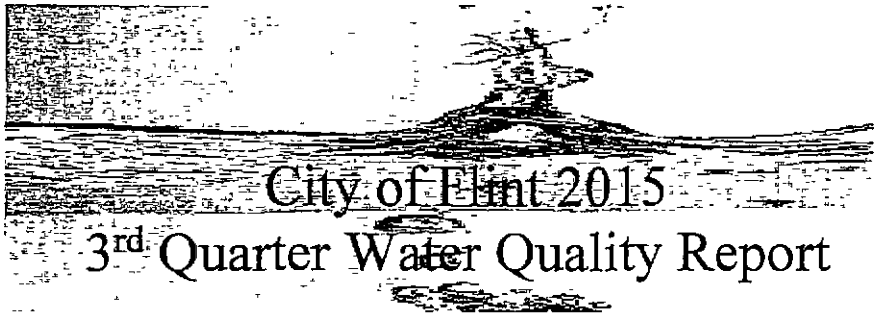
Here's one example of the funding that has been allocated:

http://www.michigan.gov/snyder/0,4668,7-277-57577_57657-346722--,00.html

9/30/15

Customer Service Center
City Hall
1101 S. Saginaw St.
Flint, MI 48501

Postage



The Quarterly Water Quality Report provides important information about your drinking water. This report includes information about the water source, current drinking water issues, lead information, water filters, 3rd quarter work accomplished, and a water timeline of events. The City of Flint Department of Utilities is dedicated to providing quality drinking water to the residents of the community. The Flint Water Plant operates and maintains a certified drinking water laboratory to assure compliance with all state and federal regulations, and is committed to prompt and thorough notification to the consumers if there is any reason for concern about the quality of the drinking water. Information about your drinking water is available on the City of Flint web page at www.cityofflint.com or by calling the City of Flint Water Plant at **(810) 787-6537**. The Safe Drinking Water Hotline at **(800) 426-4791** is a resource for health related questions and water quality issues. General drinking water information can also be found on the U.S. Environmental Protection Agency (EPA) web site at www.epa.gov/safewater/.

Water Source

The City of Flint began using the Flint River as a water source in May of 2014. After 16 months of treating water from the Flint River, the City became aware that the level of corrosiveness found in Flint River water could result in more lead leaching from service lines and household plumbing. Reports of elevated blood lead levels in children and expert analysis resulted in the City's Technical Advisory Committee making a recommendation to return to the previous source of water while waiting for the KWA to provide water from Lake Huron.

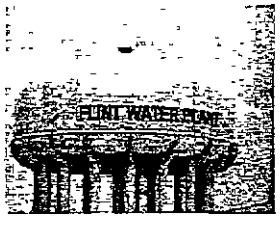
On Friday October 16th, 2015, with the consent of Governor Snyder, the City returned to Detroit as the primary source of drinking water. The decision, along with the Technical Advisory Committee's recommendation followed two consecutive lead and copper test periods that exceeded 5ug/L which calls for additional action. In addition to the switch, the City has submitted a final corrosion control design to the DEQ for comments and approval. The City has requested to use the corrosion control as an additive to treated water it will be required when the city begins treating raw water from the Karegnondi Water Authority which is anticipated to begin in the summer of 2016.

In order to make the transition possible, the City contributed $2 Million dollars, the Mott Foundation contributed $4 Million dollars, and the State of Michigan contributed $ 6 Million dollars.

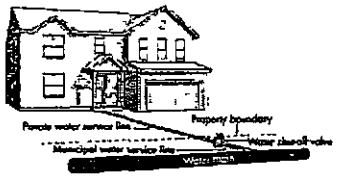
Current Drinking Water Issues & Lead Information

There has been a heightened awareness of lead leaching into drinking water through service lines and household plumbing. The City's Technical Advisory Committee has enlisted the support of EPA lead experts and is working with State of Michigan representatives to increase testing, rebuild public confidence, and implement long-term solutions to lead. It is recommended that everyone get their water tested, obtain a water filter, and check with a plumber to evaluate the type and condition of your household plumbing. The City is currently mapping all of its lead service lines and working to develop a program to get lines changed over time.

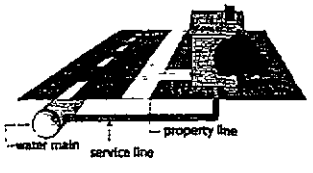
If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. The City of Flint is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 5 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at http://www.epa.gov/safewater/lead.



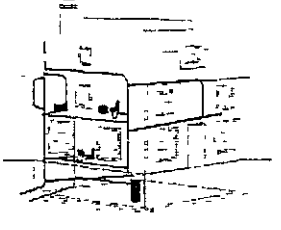
No lead in water leaving the Treatment Plant.



Little or **no lead** in water in the transmission mains.



Lead can leach into water through service lines.



Lead can leach into water through household plumbing.

2015 3rd Quarter Regulated Detected Contaminants – **Flint River as Source**

Inorganic & Organic Chemicals, Metals, and Pesticides – Monitored at treatment plant						
Regulated Contaminant	Unit of Measure	MCLG	MCL	Highest Level Detected	Range of Detection	Violation
Inorganic Chemicals						
Fluoride	mg/L	4	4	0.84	0.64 – 0.84	No
Nitrate	mg/L	10	10	N.D.	N/A	No
Metals						
Barium	mg/L	2	2	0.02	N/A	No

More than 100 other chemicals were monitored from July through September that were not detected.

The various classification groups of these chemicals include metals, carbamates, herbicides, pesticides, organics, and radiologicals.

Total Organic Carbon, TOC - Monitored at treatment plant			
Regulated Contaminant	Required Monthly % Removal	Minimum Monthly % Removal	Monthly % Removal Ranges
Total Organic Carbon	50	60	60 - 87

Turbidity - Monitored at treatment plant		
Highest Single Measurement (Cannot exceed 1NTU)	Lowest Monthly % of Samples Meeting Turbidity Limit (0.3 NTU in 95% of samples)	Violation
0.18	100 %	No

Disinfectant Residuals – Monitored in the distribution system						
Regulated Contaminant	Unit of Measure	MCLG	MCL	Highest Level Detected	Range of Detection	Violation
Total Chlorine Residual	mg/L	4.0	4.0	4.0	0.2 – 4.0	No

Microbiological Contaminants - Monitored in the distribution system				
Regulated Contaminant	MCLG	MCL	Highest Number detected (in 1 month)	Violation
Total Coliform bacteria	0	The presence of coliform bacteria in > 5% of monthly samples	1	No
E. coli Bacteria	0	0	0	No

Lead & Copper – Monitored from consumers tap					
Regulated Contaminant	Unit of Measure	MCLG	Action Level AL	Number of samples over AL	Total # of Samples Tested from January - September
Lead	ug/L	0	15	16	189
Copper	mg/L	1.3	1.3	0	189

Disinfection By-Products - Monitored in the distribution system and from treatment plant						
Regulated Contaminant	Unit of Measure	MCLG	MCL	Highest Level Detected	Range of Detection	Violation
Total Trihalomethanes (TTHM)	ug/L	n/a	80	90.3	42.6 – 90.3	N/A*
Haloacetic Acids (HAA)	ug/L	n/a	60	15.0	2.0 – 15.0	N/A*
Bromate	ug/L	10	10	N.D.	N/A	N/A*

*Violation based on locational running annual average for TTHM & HAA5, violation for bromate based on yearly average.

Key to the Detected Contaminant Tables		
Symbol	**Abbreviation for**	**Definition/Explanation**
>	Greater than	
AL	Action Level	The concentration of a contaminant, which, if exceeded, triggers treatment or other requirements which a water system must follow.
HAA5	Haloacetic Acids	HAA5 is the total of bromoacetic, chloroacetic, dibromoacetic, dichoroacetic, and trichloroacetic acids. Compliance is based on the total
LRAA	Locational Running Annual Average	
MCL	Maximum Contaminant Level	The highest level of a contaminant that is allowed in water. MCLs are set as close to the MCLG's as feasible using the best available treatment technology
MCLG	Maximum Contaminant Level Goal	The level of contaminant in drinking water below which there is no known or expected risk to health
mg/L	Milligrams per Liter	A milligram = 1/1000 gram 1 milligram per liter is equal to 1ppm
MRDL	Maximum Residual Disinfectant Level	The highest level of disinfectant allowed in drinking water There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.
MRDLG	Maximum Residual Disinfectant Level Goal	The level of a drinking water disinfectant below which there is no known or expected risk to health. MRLDG's do not reflect the benefits of the use of disinfectants to control microbial contaminants
n/a	Not Applicable	
ND	Not Detected	
NTU	Nephelometric Turbidity Units	Measures the cloudiness of water.
pCi/L	Picocuries per Liter	A measure of radioactivity. Picocurie (pCi) means the quantity of radioactive material producing 2.22 nuclear transformations per minute.
ppb	Parts Per Billion (one in one billion)	The ppb is equivalent to micrograms per liter. A microgram = 1/1000 milligram.
ppm	Parts Per Million (one in one million)	The ppm is equivalent to milligrams per liter. A milligram = 1/1000 gram.
RAA	Running Annual Average	
TT	Treatment Technique	A required process intended to reduce the level of a contaminant in drinking water
TTHM	Total Trihalomethanes	Total Trihalomethanes is the sum of chloroform, bromodichloromethane, dibromoochloromethane and bromoform. Compliance is based on total.
ug/L	Micrograms per Liter	A microgram = 1/1,000,000 gram 1 microgram per liter is equal to 1ppb

Water Timeline

A timeline of events, beginning with signing the KWA contract leading up to the current status of switching back to our previous source of water is available on the City website and can be found by visiting the "water" page located under "residents". Please email flintwater@cityofflint.com with your questions or to request a water test or, call the Water Plant at (810)-787-6537.

3rd Quarter Events

July

- Completed the evaluation of over 8000 valves in the system and identified over 2300 that are currently inoperable. The repair of these valves will be budgeted and worked into our multi-year Capital Improvement Plan.

August

- Successfully completed the installation of Granulated Activated Carbon at the water treatment plant which reduced the TTHM level in the water and helped bring the City back into compliance with the Safe Drinking Water Act.

September

- Leak Detection on all 600 miles of the distribution system has started and is over halfway complete. Several dozen leaks have been identified and repairs continue as more leaks are found. This has decreased the amount of water loss existing in the system.
- Construction of a load out facility at our wastewater plant is on target for completion by November and will allow the City to eliminate the use of the incinerator resulting in significant annual savings.
- Over 3500 new water meters have been installed this year creating better accuracy, accountability, and decreasing the number of estimated reads on water & sewer bills.

Contact Information

Water Treatment Plant - (810)-787-6537
Request a water test.
Request a tour of the Plant.
Ask questions about water quality.

Water Service Center - (810)-766-7202
Report a water leak or other system issues.

Water Pollution Control - (810)-766-7210
Inquiries related to wastewater treatment.
Inquiries related to converting methane gas into energy.

Customer Service – (810)-766-7015
Questions about your water & sewer bill.

Water Filters – 211
Questions about water filters.

Water Filters & Testing

Free water filters have been made available to current Flint residents at several locations. The MDHHS and the Genesee County Community Action Resource Department (GCCARD) are providing Free National Sanitation Foundation certified water filters at the following locations.

Residents receiving MDHHS assistance are encouraged to visit either the **125 E. Union St.** or **4809 Clio Rd. MDHHS** office location to obtain a free, certified home water filter. Residents who are not currently enrolled in MDHHS assistance programs should visit the (GCCARD) offices located at **2727 Lippincott** and **601 N. Saginaw** in Flint.

Staff will be onsite at all four locations from **9 a.m. to 4 p.m., Monday through Friday**, to distribute filters and assist residents who have questions about proper installation.

If you want more information on obtaining a water filter, please call 211.

Other suggestions related to water safety and testing:

- We recommend that everyone get their water tested. Call us at (810)-787-6537.
- Contact the Health Department about having your child's blood tested (810)-257-3612.
- It is advisable to have a plumber check your household plumbing.
- Check your faucet aerator (large lead solder particles can occasionally get lodged in here).

Temporary issues to be aware of when Changing Water Sources

Changing water sources back to Detroit will not fully eliminate the lead concerns. The potential for lead to leach off of certain water service lines or household plumbing will continue to exist regardless of the water source. The City is committed to increased testing, better communication, and developing a lead service line map to identify all of the City owned lead service lines.
As the city changes water sources you can expect the following:

- It could take up to three weeks for the switch in water source to reach all taps in the City.
- Over the next several weeks, we will be winterizing our hydrants which will result in discoloration of the water but will also help accelerate the water flowing through the system.
- Lead will continue to leach off of certain service lines and household plumbing.
- Main breaks could result as a change in source water occurs.
- Water could have discoloration or cloudiness, if this happens, run your faucet until the water clears, if this lasts longer than 20 minutes please report it to our water service center at (810)-766-7202.

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

Fund Account	Description	Beginning Balance 09/01/2015	Ending Balance 09/30/2015
Fund 101 General Fund			
001.000	Commercial Pooled Cash Account	6,796,053	6,338,556
001.450	Citizens - P/R Direct Deposit - 906-9766	(47,229)	(47,602)
004.000	Imprest Cash	9,300	9,300
	General Fund	6,758,124	6,300,254
Fund 202 Major Street Fund			
001.000	Commercial Pooled Cash Account	5,624,072	5,095,054
004.000	Imprest Cash	60	60
	Major Street Fund	5,624,132	5,095,114
Fund 203 Local Street Fund			
001.000	Commercial Pooled Cash Account	1,421,382	1,218,355
Fund 205 Public Safety			
001.000	Commercial Pooled Cash Account	7,610,474	7,139,815
Fund 207 Police Fund			
001 000	Commercial Pooled Cash Account	668,561	587,725
001.002	Bank 1 Commercial -Checks Only	-	-
	Police Fund	668,561	587,725
Fund 208 Park/Recreation Fund			
001.000	Commercial Pooled Cash Account	267,636	239,060
001.002	Bank 1 Commercial -Checks Only	-	-
	Park/Recreation Fund	267,636	239,060
Fund 219 Street Light			
001.000	Commercial Pooled Cash Account	1,794,374	1,616,757
001.002	Bank 1 Commercial -Checks Only	-	-
	Street Light	1,794,374	1,616,757

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

Fund Account	Description	Beginning Balance 09/01/2015	Ending Balance 09/30/2015
Fund 226 Rubbish Collection Fund			
001.000	Commercial Pooled Cash Account	2,532,331	1,880,152
Fund 265 Drug Law Enforcement Fund			
001.000	Commercial Pooled Cash Account	1,130,894	1,135,766
Fund 274 HUD CDBG, ESG, & HOME GRANTS			
001.000	Commercial Pooled Cash Account	(1,106,210)	(855,171)
001.002	Bank 1 Commercial -Checks Only	-	-
001.100	Bank - Urban Renewal - 230006018089	154,768	392,708
	HUD CDBG, ESG, & HOME GRANTS	(951,442)	(462,463)
Fund 296 Other Grants Fund			
001.000	Commercial Pooled Cash Account	1,535,007	1,435,027
001.002	Bank 1 Commercial -Checks Only	-	-
	Other Grants Fund	1,535,007	1,435,027
Fund 402 Public Improvement Fund			
001.000	Commercial Pooled Cash Account	2,196,818	2,143,111
Fund 542 Building Inspection Fund			
001.000	Commercial Pooled Cash Account	1,899,261	1,880,684
001.002	Bank 1 Commercial -Checks Only	-	-
	Building Inspection Fund	1,899,261	1,880,684
Fund 590 Sewer Fund			
001.000	Commercial Pooled Cash Account	30,633,285	11,123,680
001.002	Bank 1 Commercial -Checks Only	-	-
003.000	Certificate Of Deposit	-	19,191,527
	Sewer Fund	30,633,285	30,315,206

CITY OF FLINT
CASH AND INVESTMENT ACCOUNT SUMMARY
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

Fund Account	Description	Beginning Balance 09/01/2015	Ending Balance 09/30/2015
Fund 591 Water Fund			
001.000	Commercial Pooled Cash Account	15,145,473	1,282,764
001.001	Cash Reserve	5,848,116	5,848,116
003.000	Certificate Of Deposit	-	12,373,484
	Water Fund	20,993,589	19,504,364
	TOTAL - ALL FUNDS	84,114,425	80,028,928

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 101 - General Fund						
Property Taxes	4,970,000	4,699,113	4,900,000	4,497,531	402,469	91 79
Special assessment taxes	16,656	20,973	17,000	8,383	8,617	49.31
Income taxes	13,000,000	14,012,171	13,541,000	2,303,053	11,237,947	17.01
Interest and dividend income	366,100	568,822	470,000	91,121	378,879	19.39
State revenues	17,891,910	17,918,463	18,253,013	849,218	17,403,796	4.65
Charges for service rendered	7,636,721	7,846,452	8,023,942	2,237,247	5,786,694	27.88
Other revenues	534,603	867,092	385,864	218,209	167,654	56 55
Drawings from fund balance	(1,000,000)	-	(1,000,000)	-	(1,000,000)	0.00
Fines and forfeitures	1,633,539	1,583,496	1,805,731	191,584	1,614,147	10 61
License and Permits	1,200,300	1,144,949	1,225,000	53,626	1,171,374	4 38
Proceeds from sale of capital assets	4,577,998	4,577,998	3,777,998	944,500	2,833,498	0 00
Transfers in	500	500	-	-	-	0.00
Proceeds from loan	7,000,000	7,000,000	-	-	-	100 00
TOTAL REVENUES	57,828,326	60,240,028	51,399,547	11,394,472	40,005,076	22.17
General government	20,292,595	20,530,023	22,015,842	4,977,634	17,038,208	22 61
Legislative	429,775	414,085	618,802	107,447	511,355	17.36
Judicial	3,964,721	3,929,782	4,031,207	1,003,525	3,027,682	24 89
Police	13,132,959	12,961,412	15,897,752	3,142,706	12,755,046	19 77
Emergency dispatch	2,424,447	2,413,532	202,919	160,529	42,390	79.11
Fire	5,707,529	5,558,910	6,434,419	1,267,587	5,166,833	19 70
Community development	868,761	742,881	736,153	127,068	609,085	17 26
Facilities and Maintenance	1,453,322	1,332,445	1,462,452	245,585	1,216,867	16.79
Transfers out	99,140	149,206	-	-	-	0 00
TOTAL EXPENDITURES	48,373,249	48,032,276	51,399,547	11,032,082	40,367,464	21 46
NET OF REVENUES/EXPENDITURES	9,455,078	12,207,752	1	362,389	(362,389)	
BEG. FUND BALANCE	(8,961,424)	(8,961,424)	3,246,328	3,246,328		
END FUND BALANCE	493,654	3,246,328	3,246,329	3,608,718		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	1%	7%	6%			
FUND BALANCE AS % OF EXPENDITURES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	7,255,987	7,255,987	7,709,932			
VARIANCE ACTUAL TO POLICY	(6,762,333)	(4,009,659)	(4,463,603)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 202 - Major Street Fund						
State revenues	7,381,806	7,624,369	6,930,520	852,712	6,077,808	12 30
Charges for service rendered	23,506	13,081	31,506	29,403	2,103	93.32
Other revenues	209,610	290,700	184,354	41,948	142,406	22 75
Drawings from fund balance	1,181,572	-	1,476,334	-	1,476,334	0.00
Interest and Dividend Income	-	29,010	-	-	-	0 00
Federal revenues	87,680	87,680	-	-	-	0 00
TOTAL REVENUES	8,884,174	8,044,841	8,622,714	924,063	7,698,651	10 72
General government	1,442,892	1,444,564	1,638,378	273,063	1,365,315	16 67
Transportation	6,478,147	4,958,253	6,297,010	526,161	5,770,849	8 36
Debt services - interest	8,551	8,550	8,000	-	8,000	0.00
Debt services - principal	110,072	110,070	110,622	-	110,622	0.00
Transfers out	-	-	568,703	94,784	473,919	16.67
TOTAL EXPENDITURES	8,039,662	6,521,438	8,622,713	894,008	7,728,705	10.37
NET OF REVENUES/EXPENDITURES	844,512	1,523,403	1	30,056	(30,055)	
BEG. FUND BALANCE	4,926,787	4,926,787	6,450,190	6,450,190		
END FUND BALANCE	4,589,727	6,450,190	4,973,857	6,480,246		
FUND BALANCE AS % OF REVENUES - ACTUAL	60%	84%	70%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	1,155,390	1,155,390	1,071,957			
VARIANCE ACTUAL TO POLICY	3,434,337	5,294,800	3,901,900			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 203 - Local Street Fund						
State revenues	1,941,703	1,942,017	2,016,514	199,693	1,816,821	9 90
Other revenues	618,343	117,135	630,677	338,465	292,212	53 67
Interest and dividend income	-	5,993	-	-	-	0 00
Transfers in	-	-	568,703	142,176	-	25 00
Drawings from fund balance	288,513	-	421,863	-	421,863	0.00
TOTAL REVENUES	2,848,559	2,065,146	3,637,757	680,334	2,530,896	18.70
Fund 203 - Local Street Fund						
General government	314,770	314,770	402,087	100,522	301,565	25.00
Transportation	2,476,948	1,993,800	3,235,670	550,604	2,685,066	17.02
TOTAL EXPENDITURES	2,791,717	2,308,570	3,637,757	651,126	2,986,631	17 90
NET OF REVENUES/EXPENDITURES	56,842	(243,424)	(0)	29,208	(455,736)	
BEG FUND BALANCE	1,610,712	1,610,712	1,367,288	1,367,288		
END FUND BALANCE	1,379,041	1,367,288	945,425	1,396,496		
FUND BALANCE AS % OF REVENUES - ACTUAL	54%	53%	29%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	384,007	384,007	482,384			
VARIANCE ACTUAL TO POLICY	995,034	983,281	463,041			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 205 - Public Safety						
Property Taxes	3,688,275	3,842,853	3,700,000	3,776,292	(76,292)	102.06
Interest and dividend Income	-	30,798	-	-	-	0.00
Other revenues	-	5,462	-	-	-	0 00
Drawings from fund balance	4,690,318	-	2,481,948	-	2,481,948	0 00
TOTAL REVENUES	8,378,593	3,879,113	6,181,948	3,776,292	2,405,656	61.09
Police	2,705,773	2,684,119	1,902,722	445,935	1,456,787	23 44
Fire	3,675,510	3,633,122	4,279,226	958,556	3,320,670	22.40
TOTAL EXPENDITURES	6,381,283	6,317,241	6,181,948	1,404,491	4,777,457	22.72
NET OF REVENUES/EXPENDITURES	1,997,310	(2,438,128)	-	2,371,800	(2,371,800)	
BEG. FUND BALANCE	8,457,278	8,457,278	6,019,150	6,019,150		
END FUND BALANCE	5,764,270	6,019,150	3,537,202	8,390,950		
FUND BALANCE AS % OF REVENUES - ACTUAL	156%	163%	96%			
FUND BALANCE AS % OF REVENUES - POLICY	10%	10%	10%			
DESIGNATED RESERVE PER POLICY (10%)	368,827	368,827	370,000			
VARIANCE ACTUAL TO POLICY	5,395,442	5,650,322	3,167,202			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 207 - Police Fund						
Property Taxes	1,250,306	1,293,783	1,255,000	1,260,588	(5,588)	100.45
Interest and dividend Income	-	445	-	-	-	0 00
Other revenues	93,180	1,740	-	-	-	0.00
Drawings from fund balance	42,502	-	68,944	-	68,944	0 00
TOTAL REVENUES	1,385,988	1,295,968	1,323,944	1,260,588	63,356	95 21
Fund 207 - Police Fund						
Police	1,358,912	1,311,361	1,323,944	258,321	1,065,623	19 51
TOTAL EXPENDITURES	1,358,912	1,311,361	1,323,944	258,321	1,065,623	19.51
NET OF REVENUES/EXPENDITURES	27,076	(15,392)	-	1,002,267	(1,002,267)	
BEG. FUND BALANCE	19,656	19,656	4,264	4,264		
END FUND BALANCE	4,230	4,264	(64,680)	1,006,530		
FUND BALANCE AS % OF REVENUES - ACTUAL	0%	0%	-5%			
FUND BALANCE AS % OF REVENUES - POLICY	10%	10%	10%			
DESIGNATED RESERVE PER POLICY (10%)	134,349	134,349	125,500			
VARIANCE ACTUAL TO POLICY	(130,118)	(130,085)	(190,180)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 208 - Park/Recreation Fund						
Property Taxes	312,546	323,951	315,000	315,054	(54)	100 02
Interest and dividend income	-	718	-	-	-	0 00
Other revenues	4,930	16,954	4,825	1,060	3,765	21 97
Drawings from fund balance	97,000	-	87,146	-	87,146	0 00
Transfers In	99,413	99,140	-	-	-	0 00
TOTAL REVENUES	513,889	440,762	406,971	316,114	90,856	77.67
Fund 208 - Park/Recreation Fund						
Community development	513,889	459,475	406,971	55,346	351,625	13 60
TOTAL EXPENDITURES	513,889	459,475	406,971	55,346	351,625	13.60
NET OF REVENUES/EXPENDITURES	-	(18,712)	-	260,769	(260,769)	
BEG. FUND BALANCE	99,941	99,941	81,229	81,229		
END FUND BALANCE	2,941	81,229	(5,917)	341,997		
FUND BALANCE AS % OF REVENUES - ACTUAL	1%	19%	-2%			
FUND BALANCE AS % OF REVENUES - POLICY	10%	10%	10%			
DESIGNATED RESERVE PER POLICY (10%)	41,689	41,689	31,983			
VARIANCE ACTUAL TO POLICY	(38,748)	39,540	(37,899)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 219 - Street Light						
Special assessment taxes	2,738,986	2,415,368	2,718,986	2,616,226	102,760	96 22
Interest and divident income	-	5,272	-	-	-	0.00
Drawings from fund balance	-	-	105,218	-	-	0.00
TOTAL REVENUES	2,738,986	2,420,640	2,824,204	2,616,226	102,760	92.64
Fund 219 - Street Light						
General government	91,210	91,210	128,895	32,224	96,671	25.00
Transportation	2,463,195	2,381,159	2,695,308	399,480	2,295,828	14 82
TOTAL EXPENDITURES	2,554,405	2,472,369	2,824,203	431,704	2,392,499	15.29
NET OF REVENUES/EXPENDITURES	184,581	(51,729)	1	2,184,522	(2,289,739)	
BEG. FUND BALANCE	709,204	709,204	657,475	657,475		
END FUND BALANCE	893,785	657,475	552,258	2,841,997		
FUND BALANCE AS % OF REVENUES - ACTUAL	33%	24%	20%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	410,848	410,848	407,848			
VARIANCE ACTUAL TO POLICY	482,937	246,627	144,410			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 226 - Rubbish Collection Fund						
Property Taxes	5,517,813	4,909,128	4,829,002	4,624,305	204,697	95 76
Charges for service rendered	11,093	10,877	-	-	-	0 00
Other revenues	-	6,958	-	-	-	0 00
Drawings from fund balance	-	-	1	-	1	0 00
License and Permits	1,660	1,840	500	740	(240)	148 00
TOTAL REVENUES	5,530,566	4,928,803	4,829,503	4,625,045	204,458	95 77
General government	173,143	182,710	250,958	62,740	188,218	25 00
Transportation	49,755	52,546	100,000	-	100,000	0.00
Public works	4,551,320	4,380,260	4,478,544	1,092,443	3,386,101	24 39
TOTAL EXPENDITURES	4,774,218	4,615,516	4,829,502	1,155,182	3,674,320	23 92
NET OF REVENUES/EXPENDITURES	756,348	313,287	1	3,469,862	(3,469,861)	
BEG. FUND BALANCE	277,049	277,049	590,336	590,336		
END FUND BALANCE	1,033,397	590,336	590,337	4,060,198		
FUND BALANCE AS % OF REVENUES - ACTUAL	19%	11%	12%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	829,585	829,585	724,425			
VARIANCE ACTUAL TO POLICY	203,812	(239,249)	(134,088)			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 265 - Drug Law Enforcement Fund						
Other revenues	16,500	3,818	-	2,528	(2,528)	0.00
Interest and dividend income	-	5,170	-	-	-	0 00
Drawings from fund balance	374,063	-	169,674	-	169,674	0 00
Fines and forfeitures	101,000	50,299	2,500	28,007	(25,507)	1,120 28
TOTAL REVENUES	491,563	59,287	172,174	30,536	141,638	17.74
Police	477,563	298,452	172,174	7,450	164,724	4.33
TOTAL EXPENDITURES	477,563	298,452	172,174	7,450	164,724	4.33
NET OF REVENUES/EXPENDITURES	14,000	(239,165)	-	23,085	(23,085)	
BEG FUND BALANCE	768,972	768,972	529,807	529,807		
END FUND BALANCE	408,909	529,807	360,133	552,893		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	86%	178%	209%			
FUND BALANCE AS % OF EXPENDITURES - POLICY	100%	100%	100%			
DESIGNATED RESERVE PER POLICY (100%)	477,563	477,563	172,174			
VARIANCE ACTUAL TO POLICY	(68,654)	52,244	187,959			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 274 - HUD CDBG, ESG, & HOME GRANTS						
Transfer In from 296 fund	-	250,540	-		-	0 00
Drawings from Fund Balance	-	-	-		-	0 00
Federal revenues	11,834,239	4,148,623	8,532,130	389,207	8,142,924	4.56
TOTAL REVENUES	11,834,239	4,399,163	8,532,130	389,207	8,142,924	4 56
General government	215,350	165,972	58,681	29,424	29,257	50 14
Fire	14,766	11,847	2,918	-	2,918	0 00
Community development	10,551,674	3,814,611	7,158,841	212,624	6,946,217	2.97
Transportation	204,964	-	204,952	-	204,952	0 00
Facilities and Maintenance	35,000	-	35,000		35,000	0 00
Building Inspections	812,485	204,349	631,255	124,864	506,392	19 78
TOTAL EXPENDITURES	11,834,239	4,196,779	8,091,648	366,912	7,724,736	4 53
NET OF REVENUES/EXPENDITURES	-	202,385	440,483	22,295	418,187	
Fund 296 - Other Grants Fund						
Federal revenues	2,227,809	784,366	1,467,199	-	1,467,199	0 00
State revenues	4,350,528	1,108,595	3,671,050	1,570,883	2,100,167	0 00
Other revenues	354	483	-	-	-	0 00
Local grants	1,082,063	663,225	110,996	544,610	(433,614)	490.66
Fines and forfeitures	4,214	4,214	-	-	-	0.00
Drawings from fund balance	-			-	-	0.00
Interest and dividend income	-	-	-	-	-	0 00
TOTAL REVENUES	7,664,968	2,560,883	5,249,245	2,115,493	3,133,752	40 30
Fund 296 - Other Grants Fund						
General government	19,662	7,506	12,192		12,192	0.00
Police	3,249,069	2,172,819	1,114,902	34,785	1,080,117	3 12
Community development	1,880,784	456,370	1,682,484	55,286	1,627,198	3 29
Transportation	1,642,144	73,603	1,568,541	1,235	1,567,306	0 08
Facilities and Maintenance	773,310	165,748	710,973	25,326	685,647	3 56
Public works	50,000	49,730	270	-	270	0 00
Transfer out to 274 fund	50,000	-	50,000	-	50,000	0 00
Utilities	-	332,919	2,000,000	109,507	1,890,493	0.00
TOTAL EXPENDITURES	7,664,968	3,258,696	7,139,361	226,139	6,913,223	3.17
NET OF REVENUES/EXPENDITURES	-	(697,813)	(1,890,116)	1,889,355	(3,779,471)	

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 402 - Public Improvement Fund						
Property Taxes	1,703,000	1,609,072	1,703,000	1,575,778	127,222	92 53
Other revenues	380,000	38,358	350,000	-	350,000	0.00
Interest and dividend income	-	7,613	-	-	-	0.00
Drawings from fund balance	767,957	-	775,967	-	775,967	0 00
TOTAL REVENUES	2,850,957	1,655,042	2,828,967	1,575,778	1,253,189	55.70
Facilities and Maintenance	721,900	688,774	700,000	-	700,000	0.00
Transfers out	1,526,953	1,526,953	1,526,213	181,738	1,344,475	11.91
Debt services - interest	407,104	400,191	392,754	-	392,754	0.00
Debt services - principal	195,000	200,000	210,000	-	210,000	0.00
TOTAL EXPENDITURES	2,850,957	2,815,918	2,828,967	181,738	2,647,229	11.91
NET OF REVENUES/EXPENDITURES	-	(1,160,875)	-	1,394,040	(1,394,040)	
BEG FUND BALANCE	9,335,339	9,335,339	8,174,464	8,174,464		
END FUND BALANCE	9,335,339	8,174,464	8,174,464	9,568,504		
FUND BALANCE AS % OF EXPENDITURES --ACTUAL	N/A	N/A	N/A			
FUND BALANCE AS % OF EXPENDITURES - POLICY	N/A	N/A	N/A			
DESIGNATED RESERVE PER POLICY			2,928,267			
VARIANCE ACTUAL TO POLICY			5,246,197			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 542 - Building Inspection Fund						
Charges for service rendered	50,579	45,592	-	11,388	(11,388)	0 00
Drawings from fund balance	236,763	-	341,717	-	341,717	0 00
Interest and dividend income	-	9,114	-	-	-	0 00
License and Permits	2,563,164	2,609,751	1,625,000	495,806	1,129,194	30.51
TOTAL REVENUES	2,850,506	2,664,457	1,966,717	507,194	1,459,523	25.79
General government	504,425	504,209	619,180	154,741	464,439	24.99
Building Inspections	1,361,108	1,069,570	1,347,536	243,528	1,104,008	18.07
TOTAL EXPENDITURES	1,865,533	1,573,779	1,966,716	398,268	1,568,448	20.25
NET OF REVENUES/EXPENDITURES	984,973	1,090,678	1	108,925	(108,925)	
BEG. FUND BALANCE	643,476	643,476	1,734,154	1,734,154		
END FUND BALANCE	1,391,686	1,734,154	1,392,438	1,843,079		
FUND BALANCE AS % OF REVENUES - ACTUAL	53%	66%	86%			
FUND BALANCE AS % OF REVENUES - POLICY	15%	15%	15%			
DESIGNATED RESERVE PER POLICY (15%)	392,061	392,061	243,750			
VARIANCE ACTUAL TO POLICY	999,625	1,342,093	1,148,688			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 590 - Sewer Fund						
Interest and dividend income	-	147,488	-	-	-	0.00
Charges for service rendered	30,410,163	30,435,699	30,434,895	5,184,142	25,250,753	17 03
Other revenues	91,646	92,073	11,000	2,371	8,629	21 55
Drawings from fund balance	5,189,855	-	1,091,873	-	1,091,873	0 00
Transfers In	800,000	800,000	800,000	-	800,000	0 00
TOTAL REVENUES	36,491,663	31,475,259	32,337,768	5,186,513	27,151,255	16 04
General government	3,765,455	3,747,098	4,786,371	1,196,593	3,589,778	25 00
Debt services - interest	695	90	695	481	214	69 27
Debt services - principal	6,571	6,571	6,016	629	5,387	10 45
Transfers out	2,660,000	2,660,000	1,860,000	465,000	1,395,000	25 00
Public works	1,990,000	744,175	1,999,898	424,119	1,575,779	21 21
Utilities	22,971,502	20,139,989	23,694,788	3,738,279	19,956,509	15 78
TOTAL EXPENDITURES	31,394,224	27,297,923	32,347,768	5,825,102	26,522,666	18 01
NET OF REVENUES/EXPENDITURES	5,097,439	4,177,336	(10,000)	(638,589)	628,589	
BEG. FUND BALANCE	12,790,945	12,790,945	16,968,281	16,968,281		
END FUND BALANCE	12,698,530	16,968,281	15,866,408	16,329,692		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	40%	54%	49%			
FUND BALANCE AS % OF EXPENDITURES - POLICY	25%	25%	25%			
DESIGNATED RESERVE PER POLICY (25%)	7,848,556	7,848,556	8,086,942			
VARIANCE ACTUAL TO POLICY	4,849,974	9,119,725	7,779,466			

CITY OF FLINT
BUDGET TO ACTUAL REVENUE AND EXPENDITURE REPORT
FOR THE PERIOD ENDING SEPTEMBER 30, 2015

ACCOUNT DESCRIPTION	2014-15 AMENDED BUDGET	YTD BALANCE 06/30/2015	2015-16 AMENDED BUDGET	YTD BALANCE 42,277	AVAILABLE BALANCE	% BDGT USED
Fund 591 - Water Fund						
Charges for service rendered	33,136,041	33,777,659	36,943,802	5,475,780	31,468,022	14 82
Other revenues	35,000	31,151	12,000	13,374	(1,374)	111.45
Interest and dividend income	-	100,232	-	-	-	0.00
Drawings from fund balance	4,865,245	-	-	-	-	0.00
Fines and forfeitures	-	-	-	416	-	100.00
Gain on sale of fixed assets	252,337	225,465	100,000	58,400	41,600	58 40
TOTAL REVENUES	38,288,623	34,134,507	37,055,802	5,547,970	31,508,248	14 97
General government	4,255,508	4,293,842	5,319,386	1,329,847	3,989,539	25 00
Transfers out	1,660,571	5,960,469	3,224,259	806,065	2,418,194	25 00
Public works	2,760,000	341,630	2,690,000	955,953	1,734,047	35 54
Utilities	26,810,605	19,585,578	24,746,442	4,410,193	20,336,249	17 82
TOTAL EXPENDITURES	35,486,684	30,181,519	35,980,087	7,502,057	28,478,030	20 85
NET OF REVENUES/EXPENDITURES	2,801,940	3,952,988	1,075,715	(1,954,086)	3,030,217	
BEG. FUND BALANCE	760,745	760,745	4,713,733	4,713,733		
END FUND BALANCE	(1,302,560)	4,713,733	5,789,448	2,759,647		
FUND BALANCE AS % OF EXPENDITURES - ACTUAL	-4%	13%	16%			
FUND BALANCE AS % OF EXPENDITURES - POLICY	25%	25%	25%			
DESIGNATED RESERVE PER POLICY (25%)	8,871,671	8,871,671	8,995,022			
VARIANCE ACTUAL TO POLICY	(10,174,231)	(4,157,938)	(3,205,574)			

Sampson, Jeremy (TREASURY)

From: Weiss, Kurt (DTMB)
Sent: Monday, February 01, 2016 8:18 AM
To: Ackley, Martin (MDE); Angela Simpson; Bach, Katie (MSHDA); Banner, Shanon (MSP); Bean, Mary Kay (MGCB); Biehl, Laura (GOV); Humes, William R (DMVA); Bitely, Andrea (AG); Brown, Jessica (GOV); Brown, Melanie (DEQ); Brown, Tiffany (MSP); Buhs, Caleb (DTMB); Cranson, Jeff (MDOT); DeVol, Lauren (DMVA); Eisner, Jennifer (DHHS); Fagan, Kathleen (MEDC); Fedorchuk, Matthew (MCSC); Gautz, Chris (MDOC); Gendreau, Gisgie (MDOS); Golder, Edward (DNR); Heaton, Anna (GOV); Holton, Jennifer (MDARD); Holyfield, Jeff (MSL); Kennedy, Jordan (GOV); Leeds, Lauren (DTMB); Levengood, Vicki (MDCR); Miller, Andrea (DIFS); Miller, Jacki (MDCR); Minicuci, Angela (DHHS); Moon, Jason (LARA); Murray, David (GOV); Emily Palsrok; Sampson, Jeremy (TREASURY); Stanton, Terry A. (Treasury); Thelen, Suzanne (DMVA); Throne, Heather (MDARD); Tommasulo, Karen (DEQ); Wheaton, Bob (DHHS); Woodhams, Fred (MDOS); Wurfel, Brad (DEQ)
Subject: FW: Time Sensitive: FAQs Needed

Hello again everyone. We really only need to hear back from DEQ, DHHS and Education on the request below, as those are the primary program areas impacted by Flint. If you work in another department and feel like you have some FAQs that should be included, please feel free to send them to me, but it's primarily DEQ and DHHS and Education that the FAQ request is directed to. Thank you!

Kurt Weiss
State Budget Office
517-335-0050
State Budget Office

From: Weiss, Kurt (DTMB)
Sent: Sunday, January 31, 2016 2:57 PM
To: Ackley, Martin (MDE); Angela Simpson; Bach, Katie (MSHDA); Banner, Shanon (MSP); Bean, Mary Kay (MGCB); Biehl, Laura (GOV); Bill Humes; Bitely, Andrea (AG); Brown, Jessica (GOV); Brown, Melanie (DEQ); Brown, Tiffany (MSP); 'Buhs, Caleb'; 'Cranson, Jeff'; DeVol, Lauren (DMVA); Eisner, Jennifer (DHHS); 'Fagan, Kathleen (MEDC)'; 'Fedorchuk, Matthew'; Gautz, Chris (MDOC); 'Gendreau, Gisgie'; Golder, Edward (DNR); Heaton, Anna (GOV); 'Holton, Jennifer'; Holyfield, Jeff (MSL); Kennedy, Jordan (GOV); Leeds, Lauren (DTMB); Levengood, Vicki (MDCR); Miller, Andrea (DIFS); Miller, Jacki (MDCR); Minicuci, Angela (DHHS); Moon, Jason (LARA); Murray, David (GOV); 'Palsrok, Emily (MEDC)'; Sampson, Jeremy (TREASURY); 'Stanton, Terry'; Thelen, Suzanne (DMVA); Throne, Heather (MDARD); Tommasulo, Karen (DEQ); Wheaton, Bob (DHHS); Woodhams, Fred (MDOS); Wurfel, Brad (DEQ)
Cc: JICManager
Subject: FW: Time Sensitive: FAQs Needed

Your help with the request below is much appreciated. This message was sent by the budget office legislative liaison to all of your legislative liaisons. Thank you.

Kurt Weiss
State Budget Office
517-335-0050
State Budget Office

From: Starr, Scott (DTMB)
Sent: Sunday, January 31, 2016 2:53 PM
To: Ruest, Karla (DHHS); Pallone, Maggie (DEQ)
Cc: Weiss, Kurt (DTMB); Epkey, Amy (DEQ); Hanley, Farah (DHHS)
Subject: Time Sensitive: FAQs Needed

Good afternoon,

In preparation for announcing additional appropriation measures related to the Flint water emergency in the upcoming FY 17 budget presentation, we'll be preparing a briefing document for legislators. As part of this effort, we want to include a Frequently Asked Questions document. This is where we really need your help.

Your budget staff should have a breakdown of each potential spending item related to your agency (both pending FY 16 supplemental items and FY 17 items). Please work with your budget folks and your communications team to develop any FAQs that you anticipate the public or legislators might ask, related to each item assigned to your agency.

Outreach to the Legislature has already begun, so having these responses back from you quickly is very important. Please send our PIO, Kurt Weiss, and me your FAQ lists no later than 5:00 p.m. this Tuesday, February 2.

Please let me know if you have any questions or concerns, or feel free to have your communications staff touch base with Kurt. I apologize for the short time window, but we really appreciate your help.

Dostine, Patrick (TREASURY)

From: Dostine, Patrick (TREASURY)
Sent: Monday, February 01, 2016 10:11 AM
To: Heimann, Alexandr (TREASURY)
Subject: FW: Materials for February 10th RTAB Meeting
Attachments: AP - City Council (January 11, 2016) FINAL.pdf; Summary Minutes - January 11, 2016 (FINAL) RTAB.pdf; AP - Agenda FINAL 012516.PDF; RTAB Summary 1-25-16.pdf

Flint Council packets

From: Dempkowski, Angela (Treasury)
Sent: Monday, February 01, 2016 7:21 AM
To: Dostine, Patrick (TREASURY) <DostineP@michigan.gov>
Subject: FW: Materials for February 10th RTAB Meeting

Angela Dempkowski
Senior Executive Management Assistant
Department of Treasury

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, January 29, 2016 6:18 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Cc: Natasha Henderson <nhenderson@cityofflint.com>; Sean Kammer <skammer@cityofflint.com>
Subject: Materials for February 10th RTAB Meeting

Good afternoon,

Please find attached the materials for the February 10th RTAB meeting. I have not yet received the transcript of the February 22nd meeting. I will send that upon receipt.

Thank you.

--
Maxine Murray
Executive Assistant to
Dr. Karen W. Weaver, Mayor
City of Flint
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax

City of Flint, Michigan

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Meeting Agenda - Final

Monday, January 11, 2016

6:00 PM

Council Chambers

CITY COUNCIL

Kerry L. Nelson, President, Ward 3
Vicki VanBuren, Vice President, Ward 8

Eric Mays, Ward 1
Jacqueline Poplar, Ward 2
Vacant, Ward 4
Wantwaz D. Davis, Ward 5
Herbert J. Winfrey, Ward 6
Monica Galloway, Ward 7
Scott Kincaid, Ward 9

Inez M . Brown, City Clerk

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

SPECIAL ORDER

150984 Special Order/City of Flint Audit

A Special Order to allow for a Fiscal Year 2014/2015 Audit Presentation, as requested by City Council Finance & Administration Committee Chairperson Scott Kincaid.

PRESENTATION OF COMMITTEE/COUNCIL MINUTES

150978 Summary Minutes/Flint City Council/Regular Meeting/December 14, 2015

Summary Minutes of the Flint City Council regular meeting held Monday, December 14, 2015, at 6:31 p.m., in the City Council Chambers, 3rd Floor, City Hall.

150979 *Summary Minutes/Flint City Council/Special Meeting/December 30, 2015*

Summary Minutes of the Flint City Council special meeting held Wednesday, December 30, 2015, at 5:37 p.m., in the City Council Chambers, 3rd Floor, City Hall.

PUBLIC HEARINGS

PUBLIC COMMENT

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes on ANY ITEM PERTAINING TO THIS AGENDA.

PETITIONS AND UNOFFICIAL COMMUNICATIONS

150980 Stipulation for Entry of Consent Judgment and Consent Judgment/Michigan Tax Tribunal/IMS Ice Arena Corp. v. City of Flint/MTT Docket No. 15-002155

Communication dated December 2, 2015, 2015, re: Stipulation for Entry of Consent Judgment and Consent Judgment filed with the Michigan Tax Tribunal by /IMS Ice Arena Corp. regarding Parcel No. 41-16-401-010 as it relates to its true cash, assessed and taxable values.

150981 2016 Summer Tax Collection Annual Resolution/Genesee Intermediate School

District

Communication dated December 16, 2015, re: A copy of the 2016 Summer Tax Collection Annual Resolution imposing a summer property tax levy of 50 percent or 100 percent of the annual school property taxes within the local school district. Each governmental unit within the local school district receives a copy of this resolution whether or not there is a summer collection.

150982 Annual Status Report/FY2015 Flint Genesee County Transportation Improvement Program (TIP)/Genesee County Metropolitan Planning Commission (GCMPC)

Communication received December 30, 2015, re: The Annual Status Report of the Fiscal Year (FY) 2015 Flint Genesee County Transportation Improvement Program.

COMMUNICATIONS FROM CITY OFFICIALS

150983 Traffic Engineering/Closure Permits

Lane Closures (2) dated December 2015 and January 2016, re: (1) Third, East, Second, Crapo, and Court Streets (New Year's Eve Run-Dec. 31st); and (2) Second Street (replacing transformer-Jan. 7th).

ADDITIONAL COMMUNICATIONS

APPOINTMENTS

LICENSES

RESOLUTIONS

150968 Contract/Mass Transportation Authority (MTA)/Police Services

Resolution resolving that the appropriate city officials, upon City Council's approval, are hereby authorized to enter into a contract with the Mass Transportation Authority (MTA) for police services, in amounts NOT-TO-EXCEED $68,282.55 for FY2016, $127,597.81 for FY2017, and $131,372.71 for FY2018, for a total aggregate amount of $327,253.07; AND resolving that the appropriate city officials, upon City Council's approval, are hereby authorized to recognize said revenues in FY2016, and the aforementioned amounts for budget years 2017 and 2018, as requested by the City Administrator. [NOTE: MTA has negotiated an agreement with the City of Flint Police Department for police officer services at its downtown location through June 30, 2018.] [NOTE: Contract is attached.] [City Administrator Submission No. CA1322015.]

LIQUOR LICENSES

ORDINANCES - First Reading

ORDINANCES - Second Reading

PUBLIC SPEAKERS

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes IN GENERAL.

ADDITIONAL COUNCIL DISCUSSION

ADJOURNMENT

150978

City of Flint, Michigan
Summary Meeting Minutes For
CITY COUNCIL

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Kerry L. Nelson, President, Ward 3
Vicki VanBuren, Vice President, Ward 8

Eric Mays, Ward 1 *Jacqueline Poplar, Ward 2*
Joshua M. Freeman, Ward 4 *Wantwaz D. Davis, Ward 5*
Herbert J. Winfrey, Ward 6 *Monica Galloway, Ward 7*
Scott Kincaid, Ward 9

Inez M. Brown, City Clerk

Monday, December 14, 2015 **6:31 PM** **Council Chambers**

SUMMARY FOR 1-11-2016 CITY COUNCIL AGENDA

150949 Summary Minutes/Flint City Council/Regular Meeting/November 23, 2015

Summary Minutes of the Flint City Council regular meeting held Wednesday, November 23, 2015, at 6:06 p.m., in the City Council Chambers, 3rd Floor, City Hall.

A motion was made by Councilperson Freeman, seconded by Councilperson Kincaid, that this matter be Placed on File. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150950 2015 Tax Rate Request/Michigan Department of Treasury/Flint Public Library District

Form L-4029 dated November 5, 2015, re: Millage Request Report to the County Board of Commissioners for a Flint Public Library property tax levy.

This Matter was Placed on File on the Consent Agenda.

150951 Notice of Public Hearing/Michigan Public Service Commission [MPSC]

Notice of Public Hearing received November 23, 2015, re: Michigan Public Service Commission notice of hearing for the electrical customers of Consumers Energy Company, Case No. U-17918, to be held December 4, 2015, at 10:00 a.m., MPSC, Lansing.

This Matter was Placed on File on the Consent Agenda.

150952 Proof of Service and Entire Tribunal Stipulation for Entry of Consent Judgment/Michigan Tax Tribunal/CPH Properties v. City of Flint/MTT Docket No. 15-002821

Communication December 2, 2015, 2015, re: Proof of Service and Entire Tribunal Stipulation for Entry of Consent Judgment filed with the Michigan Tax Tribunal by CPH Properties regarding Parcel No. 41-18-154-043 as it relates to its true cash, assessed and taxable values.

This Matter was Placed on File on the Consent Agenda.

150953 Proof of Service and Small Claims Stipulation for Entry of Consent Judgment/Michigan Tax Tribunal/John N. and Patricia Pavlis v. City of Flint/MTT Docket No. 15-005021

Communication December 2, 2015, 2015, re: Proof of Service and Small Claims Stipulation for Entry of Consent Judgment filed with the Michigan Tax Tribunal by John N. and Patricia Pavlis regarding Parcels No. 41-18-160-009 and 41-18-159-008 as it relates to their true cash, assessed and taxable values.

This Matter was Placed on File on the Consent Agenda.

150954 Traffic Engineering/Closure Permits

Street and Lane Closures (5) dated November and December, 2015, re: (1) Stevens, Harrison, Boulevard, Kearsley, Wallenberg, Chavez, First and Third Streets (YMCA Family Santa Run/Walk 5K and 1 Mile-Dec. 5th); (2) Harrison and Second Streets (pulling electrical cable-Dec. 9th); (3) Maplewood Avenue (Sunday Fun Day-Nov. 22nd); (4) Dupont Street (renewing gas services-Nov. 30th); and (5) Kearsley and Forest Streets (Holiday Walk-Dec. 1st).

This Matter was Placed on File on the Consent Agenda.

150956 Appointment/[Hurley] Board of Hospital Managers/Ada C. Washington

Resolution approving the appointment of Ada C. Washington (1505 Arrow Lane, Apt. 302, Flint, Michigan, 48502) to the [Hurley] Board of Hospital Managers for the remainder of a five-year term, commencing immediately upon adoption of this resolution and expiring April 30, 2017, as requested by Mayor Karen Weaver. [NOTE: By way of background, Ms. Washington will serve the remainder of Mayor Karen Weaver's term.] [City Administrator Submission No. CA1222015]

A motion was made by Councilperson Mays, seconded by Councilperson Kincaid, that this matter be Approved. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150957 Re-Appointment/Flint District Library Board/Matthew Schlinker

Resolution approving the reappointment of Mr. Matthew Schlinker (919 Kensington Avenue, Flint, Michigan, 48503) to the Flint District Library Board for an additional three-year term commencing October 1, 2015, and expiring September 30, 2018, as requested by Mayor Karen Weaver. [City Administrator Submission No. CA1232015]

A motion was made by Councilperson Kincaid, seconded by Councilperson Freeman, that this matter be Approved. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150958 Office Depot/Office Supplies/Additional Spending Amount

Resolution resolving that the Finance Department is authorized to issue purchase orders to Office Depot for office supplies, as requested by Development, in an amount NOT-TO-EXCEED $4,000.00, for an aggregate spend amount of $103,925.00, AND, resolving that the Finance Department has the discretion for the remainder of FY2016 to spend an additional amount of not more than 5% of the aforementioned aggregate spend amount to Office Depot for unanticipated requests that may be submitted. [City Administrator Submission No. CA1242015]

SEPARATED FROM MASTER RESOLUTION

150959 CO[#1]/Pricing Proposal/McNaughton McKay Electric/Electrical Supplies

Resolution resolving that the Finance Department is authorized to issue a change order for the second year of a three-year renewable pricing proposal [with McNaughton McKay Electric] for electrical supplies for the FY2015, FY2016 and FY2017 fiscal years, as requested by Utilities, in the amount of $20,000.00, for an aggregate spend amount of $229,500.00 over the first and second years of the three-year pricing proposal, AND, resolving that the Finance Department has the discretion for the remainder of the term of this three-year renewable pricing proposal to spend an additional amount of not more than 5% of the annual requested spend amount to McNaughton McKay Electric for unanticipated requests that may be submitted during the remainder of the agreement.

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150960 Budget Amendment/Planning Division/Imagine Flint Neighborhood Planning Grant/Ruth Mott Foundation

Resolution resolving that the appropriate City Officials are authorized to process a budget amendment recognizing grant revenue and the corresponding appropriation of funds under Grant Code LRM-16-NPLAN, in the amount of $320,000.00, as requested by the Planning Division for the implementation of the Imagine Flint Neighborhood Planning Initiative. [City Administrator Submission No. CA1252015]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150961 Budget Amendment/Police Department/FY15 National Sexual Assault Kit Initiative [SAKI]/U.S. Department of Justice Grant

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to appropriate revenue and expenditure amounts in Fund-Dept No. 296-301.732, under Grant Code FDOJ-15-SAKI, in compliance with U.S. Department of Justice Grant Award No. 2015-AK-BX-K016, in the amount of $1,166,409.00, as requested by the Police Department to address the issue of unsubmitted sexual assault kits. [City Administrator Submission No. CA1262015]

SEPARATED FROM MASTER RESOLUTION

150962 Budget Amendment/Police Department/DANY Sexual Assault Kit Backlog Elimination Program/District Attorney's Office of New York [DANY]

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to appropriate revenue and expenditure amounts in Fund-Dept No. 296-301.733, under Grant Code ODANY-15-SAK, in compliance with New York County District Attorney's Office Sexual Assault Kit Backlog Elimination Grant Program guidelines, in the amount of $163,590.00, as requested by the Police Department to address the issue of unsubmitted sexual assualt kits. [City Administrator Submission No. CA1272015]

SEPARATED FROM MASTER RESOLUTION

150963 Budget Amendment/Planning & Development/Professional Services in City of Flint Parks/Ruth Mott Foundation

Resolution resolving that the appropriate City Officials are authorized to process a budget amendment recognizing grant revenue and corresponding appropriation of funds under Grant Code LRM-16-PKMOW [in the amount of $68,400.00], as requested by Planning & Development for the mowing and maintenance of City parks between November 2015 and October 2016. [City Administrator Submission No. CA1282015]

SEPARATED FROM MASTER RESOLUTION

150964 Budget Amendment/5th Division/Consolidation of 67th and 68th District Courts

Resolution resolving that the amended 5th Division budget amendment for the consolidation of the Sixty-Seventh [67th] and Sixty-Eighth [68th] District Courts, as approved by the Genesee County Board of Commissioners, is hereby authorized as requested by the Finance Department. [City Administrator Submission No. CA1302015]

SEPARATED FROM MASTER RESOLUTION

150965.1 Amended Resolution/Support Emergency Operations Plan [SEOP]/City of Flint/Genesee County Emergency Management Program

An amended resolution resolving that the appropriate City Officials do all things necessary to adopt the City of Flint's Support Emergency Operations Plan, a support plan to the Genesee County Emergency Management Program Action Guidelines developed to identify the responsibilities between the City of Flint and Genesee County in regards to pre-disaster emergency management activities, as requested by the Fire Department. [NOTE: Resolution attachment (City of Flint, Michigan Support Emergency Operations Plan - September 24, 2014) amended to add City Council President (Kerry Nelson) as a part of the Public Information Function under Basic Information Section IV, Emergency Management Organization.]

SEPARATED FROM MASTER RESOLUTION

150958 Office Depot/Office Supplies/Additional Spending Amount

Resolution resolving that the Finance Department is authorized to issue purchase orders to Office Depot for office supplies, as requested by Development, in an amount NOT-TO-EXCEED $4,000.00, for an aggregate spend amount of $103,925.00, AND, resolving that the Finance Department has the discretion for the remainder of FY2016 to spend an additional amount of not more than 5% of the aforementioned aggregate spend amount to Office Depot for unanticipated requests that may be submitted. [City Administrator Submission No. CA1242015]

A motion was made by Councilperson Mays, seconded by Councilperson Freeman, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150961 Budget Amendment/Police Department/FY15 National Sexual Assault Kit Initiative [SAKI]/U.S. Department of Justice Grant

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to appropriate revenue and expenditure amounts in Fund-Dept No. 296-301.732, under Grant Code FDOJ-15-SAKI, in compliance with U.S. Department of Justice Grant Award No. 2015-AK-BX-K016, in the amount of $1,166,409.00, as requested by the Police Department to address the issue of unsubmitted sexual assault kits. [City Administrator Submission No. CA1262015]

A motion was made by Councilperson Mays, seconded by Councilperson Freeman, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150962 Budget Amendment/Police Department/DANY Sexual Assault Kit Backlog Elimination Program/District Attorney's Office of New York [DANY]

Resolution resolving that the appropriate City Officials are authorized to do all things necessary to appropriate revenue and expenditure amounts in Fund-Dept No. 296-301.733, under Grant Code ODANY-15-SAK, in compliance with New York County District Attorney's Office Sexual Assault Kit Backlog Elimination Grant Program guidelines, in the amount of $163,590.00, as requested by the Police Department to address the issue of unsubmitted sexual assualt kits. [City Administrator Submission No. CA1272015]

A motion was made by Councilperson Mays, seconded by Councilperson Freeman, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150963 Budget Amendment/Planning & Development/Professional Services in City of Flint Parks/Ruth Mott Foundation

Resolution resolving that the appropriate City Officials are authorized to process a budget amendment recognizing grant revenue and corresponding appropriation of funds under Grant Code LRM-16-PKMOW [in the amount of $68,400.00], as requested by Planning & Development for the mowing and maintenance of City parks between November 2015 and October 2016. [City Administrator Submission No. CA1282015]

A motion was made by Councilperson Mays, seconded by Councilperson Freeman, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150964 Budget Amendment/5th Division/Consolidation of 67th and 68th District Courts

Resolution resolving that the amended 5th Division budget amendment for the consolidation of the Sixty-Seventh [67th] and Sixty-Eighth [68th] District Courts, as approved by the Genesee County Board of Commissioners, is hereby authorized as requested by the Finance Department. [City Administrator Submission No. CA1302015]

A motion was made by Councilperson Mays, seconded by Councilperson Freeman, that this matter be Adopted. The motion carried by the following vote:

Aye: 7 - Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

No: 1 - Councilperson Mays

Absent: 1 - Councilperson Davis

150965.1 Amended Resolution/Support Emergency Operations Plan [SEOP]/City of Flint/Genesee County Emergency Management Program

An amended resolution resolving that the appropriate City Officials do all things necessary to adopt the City of Flint's Support Emergency Operations Plan, a support plan to the Genesee County Emergency Management Program Action Guidelines developed to identify the responsibilities between the City of Flint and Genesee County in regards to pre-disaster emergency management activities, as requested by the Fire Department. [NOTE: Resolution attachment (City of Flint, Michigan Support Emergency Operations Plan - September 24, 2014) amended to add City Council President (Kerry Nelson) as a part of the Public Information Function under Basic Information Section IV, Emergency Management Organization.]

A motion was made by Councilperson Mays, seconded by Councilperson Freeman, that this matter be Adopted. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150955 Special Order/Mayor Karen Weaver

A special order to allow for remarks by Mayor Karen Weaver.

Presented

150966 Declaration of State of Emergency/Mayor Karen W. Weaver/City of Flint, Michigan/County of Genesee/Michigan Emergency Management Act 390 of 1976

A Declaration of a State of Emergency for the incorporated boundaries of the City of Flint, effective December 14, 2015, by Mayor Karen W. Weaver (In accordance with Michigan Emergency Management Act 390 of 1976) to protect the health, safety and welfare of the citizens of Flint as the City of Flint has experienced a man-made disaster by switching to the use of the Flint River before connecting to the KWA (Karegnondi Water Authority), AND, Flint children have experienced increased blood lead levels since the switch to the Flint River, AND, this damage to children is irreversible and can cause effects to a child's IQ which will result in learning disabilities and the need for special education and mental health services and an increase in the juvenile justice system, AND, this damage will increase the need for foster and adoptive parents as a result of social services needed due to the detrimental effects of the high blood lead levels.

A motion was made by Councilperson Freeman, seconded by Councilperson Kincaid, that this matter be Placed on File. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150966.1 Extension Authorization/Declaration of State of Emergency/Mayor Karen W. Weaver/City of Flint, Michigan/County of Genesee/Michigan Emergency Management Act 390 of 1976

An authorization to extend for thirty (30) days the Declaration of a State of Emergency for the incorporated boundaries of the City of Flint, effective December 14, 2015, by Mayor Karen W. Weaver (in accordance with Michigan Emergency Management Act 390 of 1976) to protect the health, safety and welfare of the citizens of Flint as the City of Flint has experienced a man-made disaster by switching to the use of the Flint River before connecting to the KWA (Karegnondi Water Authority), AND, Flint children have experienced increased blood lead levels since the switch to the Flint River, AND, this damage to children is irreversible and can cause effects to a child's IQ which will result in learning disabilities and the need for special education and mental health services and an increase in the juvenile justice system, AND, this damage will increase the need for foster and adoptive parents as a result of social services needed due to the detrimental effects of the high blood lead levels. [NOTE: The Flint City Council voted to authorize Mayor Karen W. Weaver to extend for 30 days the State of Emergency in the City of Flint, as declared by Mayor Weaver, to January 14, 2016.]

This item, an Authorization to Extend a Declaration of State of Emergency, was entered into the legislative system as an Official Communication from the Administration. As such, Placed on File was one of only two available actions for voting details. The vote by the City Council was on a motion to authorize Mayor Weaver to extend the Declaration of State of Emergency for thirty (30) days.

A motion was made by Councilperson Mays, seconded by Councilperson Winfrey, that this matter be Placed on File. The motion carried by the following vote:

Aye: 8 - Councilperson Mays, Councilperson Poplar, President Nelson, Councilperson Freeman, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Davis

150979

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

City of Flint, Michigan
Summary Meeting Minutes For
SPECIAL CITY COUNCIL

Kerry L. Nelson, President, Ward 3
Vicki VanBuren, Vice President, Ward 8

Eric Mays, Ward 1 | *Jacqueline Poplar, Ward 2*
Joshua M. Freeman, Ward 4 | *Wantwaz D. Davis, Ward 5*
Herbert J. Winfrey, Ward 6 | *Monica Galloway, Ward 7*
Scott Kincaid, Ward 9

Inez M. Brown, City Clerk

Wednesday, December 30, 2015 **5:37 PM** **Council Chambers**

SUMMARY FOR 1-11-2016 CITY COUNCIL AGENDA

150967 Acknowledgment, Approval, Ratification and Confirmation/Transfer of Funds/Sewer Fund/Sewer Claim Settlements

Resolution resolving that the Flint City Council hereby acknowledges, approves, ratifies, and confirms the transfer of $15,700,000.00 from the Sewer Fund to the Self Insurance Fund/Suits and Settlements (677) for the sole purpose of settlement payments previously made, to the extent necessary to resolve the specific requirements of the ongoing litigation matter Larry Shears and Margaret Fralick v. City of Flint, et al, Case No. 14-103476-CZ. [NOTE: Over the course of several years, the City Administration and City Council had numerous executive sessions regarding the settlement of several sewer litigation matters and, ultimately, $15.7 million dollars was transferred from the Sewer Fund to the Self Insurance Fund/Suits and Settlements (677) to facilitate settlement payments to various plaintiffs.] [City Administrator Submission No. CA1332015]

A motion was made by Councilperson Freeman, seconded by Vice President VanBuren, that this matter be Adopted. The motion carried by the following vote:

Aye: 6 - Councilperson Mays, President Nelson, Councilperson Freeman, Councilperson Davis, Councilperson Winfrey and Vice President VanBuren

Absent: 3 - Councilperson Poplar, Councilperson Galloway and Councilperson Kincaid

150968

CA1322015

Presented: 12-18-15

Adopted:

Resolution authorizing a contract between MTA and the City of Flint for police officer services.

BY THE CITY ADMINISTRATOR:

The Mass Transportation Authority, also refer to as MTA, has negotiated an agreement with the City of Flint Police Department for police officer services at their downtown transportation station through June 30, 2018.

A contract shall be authorized and executed between the City of Flint and MTA for police services through June 30, 2018, becoming effective as of the date of execution of said agreement. Budgeted amounts would be as follows: $68,282.55 – FY16, $127,597.81 – FY17, and $131,372.71 – FY18 for an aggregate cost of $327,253.07. Funding for said services will come from accounts; 101-315.100-702.000, 101-315.100-719.100, 101-315.100-719.150, 101-315.100-719.200, 101-301.200-863.900 and 101-315.100-677.000.

THEREFORE BE IT RESOLVED, That the appropriate City Officials, Upon City Council's approval, are hereby authorized to enter into a contract with Mass Transportation Authority for police services, in the amount of $68,282.55 for FY16, $127,597.81 for FY17, and $131,372.71 for FY18 for a total aggregate amount of $327,253.07

BE IT FURTHER RESOLVED, That the appropriate City Officials, Upon City Council's approval, are hereby authorized to recognize said revenues in FY16 and the aforementioned amounts for following budget years FY17, and FY18.

APPROVED AS TO FORM:

Peter M. Bade, Chief Legal Officer

Natasha L. Henderson, City Administrator

Kerry L. Nelson, Council President

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Finance Officer

RECEIVERSHIP TRANSITION ADVISORY BOARD:

RESOLUTION STAFF REVIEW

DATE: 11/10/15

Agenda Item Title: Mass Transportation Authority

Prepared By: Rick Johnson, Police Financial Coordinator

Background/Summary of Proposed Action: Resolution authorizing the Flint Police Department to enter into a contract with the Mass Transportation Authority for Officer Services for FY-16 (Dec 2015 – June 2016) in the amount of $68,282.55, FY-17 in the amount of $127,597.81 and FY-18 in the amount of $131,372.71 for a total of $327,253.07.

Financial Implications: 100% reimbursement of the officer

Budgeted Estimated Revenue? Yes ☐ No☒ **Please explain if no: New agreement after budget prep.**

Account No.: 101-315.100-677.000

Pre-encumbered? Yes ☐ **No**☒ **Requisition:**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: James W. Tolbert, Chief of Police

MASS TRANSPORTATION AUTHORITY

CONTRACT AGREEMENT

This Agreement made this 19th day of November, 2015, between the Mass Transportation Authority, herein called the "Authority" and/or "Buyer" and The City of Flint herein called the "Contractor" and/or "Seller".

In consideration of the mutual promises and agreements hereinafter set forth, the parties agree to undertake, carry out and perform this Contract in accordance with the terms and conditions as set forth herein, and as follows:

1. The Contract Documents:
   The Contract Documents consist of this Agreement, the engagement letter between the City of Flint Police Department and the Mass Transportation Authority dated September 11, 2015, the cost proposal provided by the Flint Police Department, and the Mass Transportation Authority's Board Resolution #15-63. These form the Contract and all are fully a part of the Contract as if attached to this Agreement or reported herein. If there is a conflict between the contract and any of the referenced documents, the order of precedence shall be the order as listed in this paragraph.

2. The Performance:
   The Contractor shall furnish pursuant to the terms and conditions of this Contract labor and material as listed in the attached Letter of Engagement between the City of Flint Police Department and the Mass Transportation Authority. The parties acknowledge that the services provided pursuant to this Agreement are subordinate to the emergency needs of the City that may occur from time to time. The FPD Chief of Police, or his/her designee, shall have the sole discretion to determine if an emergency exists. Should the FPD Chief of Police, or his/her designee, determine that an emergency exists, services provided pursuant to this Agreement shall cease immediately until the conclusion of such emergency.

3. Time of Commencement and Completion:
   The Contractor shall perform under this Contract from December 6, 2015 until June 30, 2018 at a total contract cost of $327,253.07 based on one uniformed Officer working 40 hours per week from the hours of 10:00AM to 6:00PM Monday through Friday with a City of Flint patrol vehicle at the MTA Downtown Transportation Center, 615 Harrison Street. This contract may be extended to a later date only by mutual consent of the parties.

4. Independent Contractor:
   The Contractor is employed by the Authority as an independent Contractor and has and retains the right to exercise full control and supervision of the services including compliance with Social Security, withholding and all other regulations governing such matters. The contractor agrees to indemnify, defend and save harmless the Authority, its agents, officers and members of the Board of the Mass Transportation Authority against any and all loss, damage or expense which the Authority may suffer by reason of liability imposed by law upon the Authority or Contractor for damages because of bodily injury, including death at any time resulting there from sustained by any person or persons, or on account of damage to property are due to the fault of the Contractor, its sub-contractors or their employees, agents or any other person under the direct or indirect Contract of the Contractor.

5. Contractor's Financial Responsibilities:
Any costs due to the fault of the Contractor, sub-contractor, or anyone directly employed by them either for making good of defective work, disposal of material wrongly supplied, making good of damage to property, or excess costs from material or labor, or otherwise shall be borne by this Contractor, and the Authority may withhold money due the Contractor to cover any such costs.

6. Assignment:
The Contractor shall not assign or transfer any interest in this Agreement or delegate its performance of duties except on prior written approval of the Authority, which approval shall not be unreasonably withheld. Consent to assign, transfer or delegate any interest or performance of this Contract shall not be construed to relieve the Contractor of any responsibility for the fulfillment of this Agreement.

7. Payments:
The Authority shall pay the Contractor for the performance of work in current funds per price stated in the cost proposal provided by the City of Flint Police Department upon completion and acceptance by the Mass Transportation Authority. The Contractor shall invoice each item against an Authority Purchase Order and all invoices for the calendar month shall be payable by the fifteenth day of the following month.

No payment will be made to the Contractor for material not delivered upon the Authority premises, unless otherwise agreed to in writing by the Authority.

Neither payment made under the Contract or used by the Authority of the labor and material provided shall be evidence of performance of the Contract, either in whole or in part, nor shall such payment, final or otherwise, be construed to relieve the Contractor from its obligation to make good any defects arising or discovered in its performance within the period of its guarantee, nor shall the Authority be deemed to waive any specific obligation the contractor may assume as to its performance.

8. Testing:
At any time if it is determined by an independent testing firm analysis that equipment delivered and installed is substandard, the Authority reserves the right to discontinue shipments and shall not be obligated to pay for such substandard shipment already delivered. The Contractor agrees to pay all costs incurred by the Authority to provide test on equipment delivered and installed found not meeting the specification.

9. Termination for Convenience:
The Authority may terminate this contract, in whole or in part, at any time by written notice to the Contractor when it is in the Authority's best interest. The Contractor shall be paid its costs, including contract close-out costs, and profit on work performed up to the time of termination. The Contractor shall promptly submit its termination claim to the Authority to be paid the Contractor. If the Contractor has any property in its possession belonging to the Authority, the Contractor will account for the same, and dispose of it in the manner the Authority directs.

10. Termination for Default:
The Authority reserves the right to cancel all or any part of the work covered by this Agreement and/or Purchase Order, if Seller does not make deliveries as specified in the schedules or so fails to make progress as to endanger performance of the work and does not correct such failure after receipt of written notice from the Authority specifying such failure, or if Seller breaches any of the terms hereof, including the warrants of Seller. Should cancellation be made for cause, the

Authority reserves the right to purchase elsewhere and if additional costs are incurred, such costs are to be at the Seller's expense. The Seller shall be liable for any other damages suffered by the Authority as a result of any breach by the Seller in the performance of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives, as of the day first above written.

CITY OF FLINT	MASS TRANSPORTATION AUTHORITY
Title	General Manager, Edgar H. Benning
WITNESS:	WITNESS:

Cost of One (1) Officer - Mass Transportation Authority (*MTA*)

	December 06, 2015 to July 02, 2016	July 03, 2016 to July 01, 2017	Juy 02, 2017 to June 30, 2018	Total
Wages	$31,730.40	$55,000.00	$55,000.00	$141,730.40
Direct Fringe	$1,361.23	$2,359.50	$2,359.50	$6,080.23
Pension	$21,947.33	$42,331.31	$44,236.21	$108,514.85
Other Fringes	$8,743.58	$19,327.00	$20,417.00	$48,487.58
Total Payroll	$63,782.55	$119,017.81	$122,012.71	$304,813.07
Vehicles	$4,500.00	$8,580.00	$9,360.00	$22,440.00
Total Cost	$68,282.55	$127,597.81	$131,372.71	$327,253.07

City of Flint, Michigan

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Meeting Minutes 2 - Final

Monday, January 11, 2016

6:06 PM

RTAB SUMMARY

Council Chambers

CITY COUNCIL

Kerry L. Nelson, President, Ward 3
Vicki VanBuren, Vice President, Ward 8

Eric Mays, Ward 1 ***Jacqueline Poplar, Ward 2***
Vacant, Ward 4 ***Wantwaz D. Davis, Ward 5***
Herbert J. Winfrey, Ward 6 ***Monica Galloway, Ward 7***
Scott Kincaid, Ward 9

Inez M . Brown, City Clerk

ROLL CALL

Present: Councilperson: Councilperson Poplar, President Nelson, Councilperson Davis, Councilperson Winfrey, Councilperson Galloway, VanBuren and Councilperson Kincaid

Absent: Councilperson: Councilperson Mays

SPECIAL ORDER

150984 Special Order/City of Flint Audit

A Special Order to allow for a Fiscal Year 2014/2015 Audit Presentation, as requested by City Council Finance & Administration Committee Chairperson Scott Kincaid.

Councilperson Kincaid, seconded by Councilperson Davis, made a motion to Receive and Place on File the FY2014-2015 City of Flint Audit. The motion passed by a vote of 7:0.

Presented

RESOLUTIONS

150968 Contract/Mass Transportation Authority (MTA)/Police Officer Services/MTA Downtown Transportation Station

Resolution resolving that the appropriate City Officials, upon City Council approval, are hereby authorized to enter into a contract with the Mass Transportation Authority (MTA) for police officer services at the MTA's downtown Flint transportation station through June 30, 2018, in the amount of $68,282.55 for FY2016, $127,597.81 for FY2017, and $131,372.71 for FY2018, for a total aggregate amount of $327,253.07, AND, resolving that the appropriate City Officials are hereby authorized to recognize said revenues in FY2016, and the aforementioned amounts for budget years 2017 and 2018, as requested by the Police Department. [City Administrator Submission No. CA1322015.]

A motion was made by Councilperson Kincaid, seconded by Councilperson Galloway, that this matter be Adopted. The motion carried by the following vote:

Aye: 7 - Councilperson Poplar, President Nelson, Councilperson Davis, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Mays

ADJOURNMENT

This regular City Council meeting was adjourned at 8:02 p.m.

City of Flint, Michigan

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Meeting Agenda - Final

Monday, January 25, 2016

6:00 PM

Council Chambers

CITY COUNCIL

Kerry L. Nelson, President, Ward 3
Vicki VanBuren, Vice President, Ward 8

Eric Mays, Ward 1
Jacqueline Poplar, Ward 2
Kate Fields, Ward 4
Wantwaz D. Davis, Ward 5
Herbert J. Winfrey, Ward 6
Monica Galloway, Ward 7
Scott Kincaid, Ward 9

Inez M. Brown, City Clerk

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes on ANY ITEM PERTAINING TO THIS AGENDA.

PETITIONS AND UNOFFICIAL COMMUNICATIONS

None

COMMUNICATIONS FROM CITY OFFICIALS

None

APPOINTMENTS

None

LICENSES

None

BONDS

None

RESOLUTIONS

150985 Amendment/Grant Acceptance/Additional Funds/Michigan Department of Transportation (MDOT)/Construction of Stewart Avenue & Andrew Street

Resolution resolving that the appropriate city officials are authorized to do all things necessary to accept a grant increase of $280,114.00, resulting in a cumulative grant award of $2,591,182.00 for the Category A funding from MDOT, to comply with the terms of the funding award and to perform any necessary revenue and expenditure appropriations, as requested by Transportation, for MDOT Job No. 124371. [NOTE: On June 25, 2014, the Emergency Manager approved Resolution No. EME3412014, authorizing the City of Flint to accept a grant in the amount of $2,311,068.00 for the reconstruction of Stewart Avenue (Dort Highway to James P. Cole Boulevard) and Andrew Street (Stewart Avenue to Wager Avenue) through MDOT. In an effort to offset anticipated increases in project costs, MDOT awarded additional grant funds in the amount of $280,114.00. Implementation of the grant will be performed by the MDOT Davison Transportation Service Center.]

[City Administrator Submission No. CA1342016.]

150985.1 Contract/Michigan Department of Transportation (MDOT)/Construction of Stewart Avenue & Andrew Street

Resolution resolving that the appropriate city officials are authorized to do all things necessary to enter into MDOT Contract No. 15-5514, accept and utilize Michigan's Transportation Economic Development Fund (TEDF) grant funds totaling $2,591,182.00 to fund it, and comply with all terms of the contract, as requested by Transportation. [NOTE: On June 25, 2014, the Emergency Manager approved Resolution No. EME3412014, authorizing the City of Flint to accept a grant in the amount of $2,311,068.00 for the reconstruction of Stewart Avenue (Dort Highway to James P. Cole Boulevard) and Andrew Street (Stewart Avenue to Wager Avenue) through MDOT. In an effort to offset anticipated increases in project costs, MDOT awarded additional grant funds in the amount of $280,114.00. Implementation of the grant will be performed by the MDOT Davison Transportation Service Center. This resolution represents a new contract.] [City Administrator Submission No. CA1352016.]

RESOLUTIONS - MAY BE REFERRED FROM COMMITTEE-OF-THE-WHOLE

150989 CO#1/Contract/TSP Environmental/Removal/Seven (7) Underground Storage Tanks

Resolution resolving that the Mayor and city Administrator do all things necessary to enter into change order #1 to the contract with TSP Environmental in order to pay for unanticipated work that was discovered upon unearthing the work site, in an amount NOT-TO-EXCEED $20,097.04, for a revised contractual amount of $79,986.04, as requested by the Water Plant [Water Fund Acct. No. 591-545.300-801.000]. [NOTE: Initial contract resolution was not received by the Council office.] [City Administrator Submission No. CA1362016.]

150990 Transfer/Obsolete Property Rehabilitation Exemption Certificate/Friends of the Capitol Theatre (FOTCT), LLC

Resolution resolving that city officials are authorized to transfer the Obsolete Property Rehabilitation Exemption Certificate from Capitol Theatre Building, LLC (Jerusalem Capitol Theatre Building, L.L.C.) to Friends of the Capitol Theatre, LLC., as requested by the Department of Community and Economic Development (DCED). [NOTE: FOTCT is a subsidiary of the non-profit Uptown Reinvestment Corp. (URC), which will spearhead the development and restoration of the building. The Flint Cultural Center and The Whiting will operate and handle programming.] [City Administrator Submission No. CA1372016.]

LIQUOR LICENSES

None

ORDINANCES - First Reading

ORDINANCES - Second Reading

PUBLIC SPEAKERS

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, April 27, 2015), members of the public may address the Council for three (3) minutes IN GENERAL.

ADDITIONAL COUNCIL DISCUSSION

ADJOURNMENT

150985

CA SUBMISSION NO.: CA 1342016

PRESENTED: 1-19-16

ADOPTED: _____

RESOLUTION AUTHORIZING APPROPRIATE CITY OF FLINT OFFICIALS TO AMEND EME3412014 AND ACCEPT A GRANT INCREASE IN THE AMOUNT OF $280,114.00 FROM MDOT FOR RECONSTRUCTION OF STEWART AVENUE AND ANDREW STREET RESULTING IN A GRANT AWARD IN THE AMOUNT OF $2,591,182.00

BY THE CITY ADMINISTRATOR:

On June 25, 2014, the Emergency Manager approved resolution EME3412014 authorizing the City of Flint to accept a grant in the amount of $2,311,068.00 for the reconstruction of Stewart Avenue (Dort Highway to James P. Cole Boulevard) and Andrew Street (Stewart Avenue to Wager Avenue) through a grant from the State of Michigan's Department of Transportation's (MDOT) Economic Development Fund Category A funding.

In an effort to offset an anticipated increase in project costs, MDOT awarded additional TEDF grant funds in the amount of $280,114.00. The Department of Public Works requests authorization to accept the additional MDOT grant and to do all things necessary to comply with the terms of the grant. Implementation of the grant will be performed by the MDOT Davison Transportation Service Center.

IT IS RESOLVED, that appropriate City of Flint officials are authorized to do all things necessary to accept a grant increase of $280,114.00, resulting in a cumulative grant award of $2,591,182.00 for the Category A funding from MDOT, to comply with the terms of the funding award, and perform any necessary revenue and expenditure appropriations for MDOT Job No. 124371.

APPROVED AS TO FORM:

Anthony K. Chubb, Interim Chief Legal Counsel

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Finance Director

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Kerry Nelson, Council President

1/11/16 SYR

RESOLUTION STAFF REVIEW

DATE: January 11, 2016

Agenda Item Title: RESOLUTION AUTHORIZING APPROPRIATE CITY OF FLINT OFFICIALS TO AMEND EME3412014 AND ACCEPT A GRANT INCREASE IN THE AMOUNT OF $280,114.00 FROM MDOT FOR RECONSTRUCTION OF STEWART AVENUE AND ANDREW STREET RESULTING IN A GRANT AWARD IN THE AMOUNT OF $2,591,182.00

Prepared By: Shawanda Roebuck for Kay Muhammad

Background/Summary of Proposed Action: EME3412014, adopted June 25, 2014, accepted a grant from MDOT in the amount of $2,311,068.00 from Michigan's Transportation Economic Development Fund (TEDF) Category A funding, which is restricted for transportation needs that are critical to eligible economic development projects. The American Spiralweld Pipe Company, LLC was awarded the contract to supply steel pipe for the Karegnondi Water Authority (KWA) pipeline. The company has built a new manufacturing facility on the site of the former Buick City complex, however the access roads to the site are in extremely poor condition.

In an effort to offset anticipated increased project costs, MDOT increased the grant award amount resulting in a cumulative grant award of $2,591,182.00. Department of Public Works is requesting that the new cumulative grant award amount of $2,591,182.00 be accepted so that execution of the much-needed project can begin.

Financial Implications: No cost to the City, this grant is meant to cover the entire cost of the construction and engineering costs (preliminary and construction). The 20% match requirement has been waived.

Budgeted Expenditure? Yes ☐ No ☒ **Please explain if no:**

Account No.: N/A

Pre-encumbered? Yes ☐ No ☒ **Requisition #**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: M. Muhammad for Kay
Kay Muhammad, Director of Transportation

1/11/16 SYR

MDOT
Michigan Department of Transportation

Grant Summary

Date: 01/09/2019

Grant Type: TED - Category A
Grant Number: 1166

Section	Applicant	Description (rpt)	Current Grant Amount	Total Match	Grant Percentage	Status	Grant Year
01	Flint	Stewart Ave. and Andrew St. reconstruction	$2,591,182.00	$231.13	99.99%	Approved	2014
Total:			**$2,591,182.00**	**$231.13**	**99.99%**		

Section **Grant Section Description**

01 This project includes the reconstruction of two streets in the city of Flint: Stewart Avenue from Dort Highway to James P. Cole Boulevard and Andrew Street from Stewart Avenue to Wager Avenue. These improvements will improve the structural capacity for the proposed commercial traffic due to the new American SpiralWeld Pipe Co. facility. Work elements include a full reconstruction of the existing roadways with drainage improvements. Total costs for this project are $2,591,413. A portion of these funds will be used for preliminary and construction engineering.

Project Summary

American Cast Iron Pipe Company is a manufacturer of pipes, valves, pumps, castings, and hydrants for the waterworks and oil and gas industries. One of its subsidiaries, American SpiralWeld Pipe Company, was recently awarded the contract to supply spiral-welded steel pipe for the Karegnondi Water Authority (KWA) pipeline. The 67-mile KWA project will extend from Lake Huron to Flint and supply 60 million gallons of water a day to Sanilac, Lapeer, and Genesee counties. American SpiralWeld is building a new 180,000 square foot manufacturing plant on the site of the old Buick City complex in Flint. Buick City, which closed operations in 1999, was the largest General Motors complex in the world. The entire 450 acre site is currently vacant. American SpiralWeld Pipe Company is the first new company to break ground at the site since it was vacated.
Access to the American SpiralWeld Pipe Company plant will come primarily from I-475 via Stewart Avenue and Andrew Street. The heavy industrial traffic along this route has left these two roadways in poor condition. The increase in traffic generated by American SpiralWeld will accelerate this deterioration. To ensure continued access to the plant, the city of Flint will reconstruct Stewart Avenue from Dort Highway to James P. Cole Boulevard and reconstruct Andrew Street from Stewart Avenue to Wager Avenue. The increased structural capacity will extend the life span of the roadway and accommodate the increase in employee and commercial traffic.

Job Phase Summary

Section	Job/Phase	Est Grant Amount	Auth Grant Amount	CTD Grant Amount	Route	Work Description	Location Description	Financial Stage/Status	FinSys
01	124371(A)	$2,316,182.00	$2,580,550.32	$0.00	Stewart Ave	Reconstruction	Stewart Ave and Andrew St	Initial / Approved	EDA
01	124371(C)	$184,886.00	$184,886.00	$108,799.18	Stewart Ave	Reconstruction	Stewart Ave and Andrew St	Change / Approved	EDA
01	124371(B)	$2,000.00	$2,000.00	$0.00	Stewart Ave	Reconstruction	Stewart Ave and Andrew St	Initial / Approved	EDA
Total:		**$2,503,068.00**	**$2,767,436.32**	**$108,799.18**					

150985.1

CA SUBMISSION NO.: CA1352016

PRESENTED: 1-19-16

ADOPTED: _____

RESOLUTION AUTHORIZING APPROPRIATE CITY OF FLINT OFFICIALS TO ENTER INTO MDOT CONTRACT No. 15-5514, Job No. 124371A, STEWART AVENUE (DORT HIGHWAY TO JAMES P. COLE BLVD) AND ANDREW STREET (STEWART AVE TO WAGER AVENUE) PROJECT USING THE MICHIGAN TRANSPORTATION ECONOMIC DEVELOPMENT FUND (TEDF) GRANT AWARD

BY THE CITY ADMINISTRATOR:

On June 2015 EM No. EME3412014 authorized proper City of Flint officials to accept a grant from MDOT for the reconstruction of Stewart Avenue and Andrew Street in the amount of $2,311,068.00 through Michigan's Transportation Economic Development Fund (TEDF) Category A funding. Category A funding is restricted for transportation needs that are critical to eligible economic development projects. The American Spiralweld Pipe Company, LLC was awarded the contract to supply steel pipe for the Karegnondi Water Authority (KWA) pipeline. The company has built a new manufacturing facility on the site of the former Buick City complex, however the access roads to the site are in extremely poor condition. Increased industrial traffic in the area generated by American Spiralweld will accelerate road deterioration of the local roads in the Stewart Avenue and Andrew Street area.

Road reconstruction of Stewart Avenue (Dort Highway to James P. Cole Boulevard) and Andrew Street (Stewart Avenue to Wager Avenue) will increase the structural capacity, extend the life span of the roadway, and accommodate the increase in residential and commercial traffic.

The grant was revised and The City of Flint was awarded the TEDF grant in the amount of $2,591,182.00 for the reconstruction of Stewart Avenue (Dort Highway to James P. Cole Boulevard) and Andrew Street (Stewart Avenue to Wager Avenue). Grant funds, which will be retained by MDOT, are expected to cover all costs of the project. Department of Public Works is requesting authorization to enter into MDOT contract No.15-5514 for the purpose of fixing the rights and obligations of the City and MDOT in agreeing to the construction improvements and performance of the project work.

IT IS RESOLVED, that the appropriate City of Flint officials are authorized to do all things necessary to enter into MDOT contract No. 15-5514, accept and utilize TEDF grant funds totaling $2,591,182.00 to fund MDOT contract No. 15-5514, and comply with all terms of the contract.

APPROVED AS TO FORM:

Anthony R. Chubb, Interim Chief Legal Counsel

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Finance Director

Natasha L. Henderson, City Administrator

CITY COUNCIL:

Kerry Nelson, Council President

1/11/16 SYR

RESOLUTION STAFF REVIEW

DATE: December 11, 2015

Agenda Item Title: RESOLUTION AUTHORIZING APPROPRIATE CITY OF FLINT OFFICIALS TO ENTER INTO MDOT CONTRACT 15-5514 STEWART AVENUE (DORT HIGHWAY TO JAMES P. COLE BLVD) AND ANDREW STREET (STEWART AVE TO WAGER AVENUE) PROJECT USING THE MICHIGAN TRANSPORTATION ECONOMIC DEVELOPMENT FUND (TEDF) GRANT AWARD

Prepared By: Shawanda Roebuck for Kay Muhammad

Background/Summary of Proposed Action: Michigan's Transportation Economic Development Fund (TEDF) Category A funding is restricted for transportation needs that are critical to eligible economic development projects. The American Spiralweld Pipe Company, LLC has been awarded the contract to supply steel pipe for the Karegnondi Water Authority(KWA) pipeline. The company has built a new manufacturing facility on the site of the former Buick City complex, however the access roads to the site are in extremely poor condition. Increased industrial traffic in the area generated by American Spiralweld will accelerate road deterioration of the local roads in the Stewart Avenue and Andrew Street area.

Road reconstruction of Stewart Avenue (Dort Highway to James P. Cole Boulevard) and Andrew Street (Stewart Avenue to Wager Avenue) will increase the structural capacity, extend the life span of the roadway, and accommodate the increase in residential and commercial traffic.

Grant funds which will be retained by MDOT, are expected to cover all costs of the Stewart Avenue (Dort Highway to James P. Cole Boulevard) and Andrew Street (Stewart Avenue to Wager Avenue) reconstruction project. Department of Public Works is requesting authorization to enter into MDOT contract 15-5514.

Financial Implications: None. The TEDF grant is expected to cover all funding required for project costs

Budgeted Expenditure? Yes ☐ No☒ **Please explain if no:** Grant retained by MDOT
Account No.: N/A

Pre-encumbered? Yes ☐ No ☐ **Requisition #** N/A

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Recommend Approval

Staff Person: K. Muhammad
Kay Muhammad, Director of Transportation

12/11/15 SYR

MDOT
Michigan Department of Transportation

Grant Summary

Date: 01/08/2016

Grant Type: TED - Category A
Grant Number: 1185

Section	Applicant	Description (rpt)	Current Grant Amount	Total Match	Grant Percentage	Status	Grant Year
01	Flint	Stewart Ave. and Andrew St. reconstruction	$2,691,182.00	$231.13	99.99%	Approved	2014
Total:			**$2,691,182.00**	**$231.13**	**99.99%**		

Section **Grant Section Description**

01 This project includes the reconstruction of two streets in the city of Flint: Stewart Avenue from Dort Highway to James P. Cole Boulevard and Andrew Street from Stewart Avenue to Wager Avenue. These improvements will improve the structural capacity for the proposed commercial traffic due to the new American SpiralWeld Pipe Co. facility. Work elements include a full reconstruction of the existing roadways with drainage improvements. Total costs for this project are $2,691,413. A portion of these funds will be used for preliminary and construction engineering.

Project Summary

American Cast Iron Pipe Company is a manufacturer of pipes, valves, pumps, castings, and hydrants for the waterworks and oil and gas industries. One of its subsidiaries, American SpiralWeld Pipe Company, was recently awarded the contract to supply spiral-welded steel pipe for the Karegnondi Water Authority (KWA) pipeline. The 67-mile KWA project will extend from Lake Huron to Flint and supply 60 million gallons of water a day to Sanilac, Lapeer, and Genesee counties. American SpiralWeld is building a new 160,000 square foot manufacturing plant on the site of the old Buick City complex in Flint. Buick City, which closed operations in 1999, was the largest General Motors complex in the world. The entire 450 acre site is currently vacant. American SpiralWeld Pipe Company is the first new company to break ground at the site since it was vacated.
Access to the American SpiralWeld Pipe Company plant will come primarily from I-475 via Stewart Avenue and Andrew Street. The heavy industrial traffic along this route has left these two roadways in poor condition. The increase in traffic generated by American SpiralWeld will accelerate this deterioration. To ensure continued access to the plant, the city of Flint will reconstruct Stewart Avenue from Dort Highway to James P. Cole Boulevard and reconstruct Andrew Street from Stewart Avenue to Wager Avenue. The increased structural capacity will extend the life span of the roadway and accommodate the increase in employee and commercial traffic.

Job Phase Summary

Section	Job/Phase	Est Grant Amount	Auth Grant Amount	CTD Grant Amount	Route	Work Description	Location Description	Financial Stage/Status	FinSys
01	124371(A)	$2,316,182.00	$2,580,550.32	$0.00	Stewart Ave	Reconstruction	Stewart Ave and Andrew St	Initial / Approved	EDA
01	124371(C)	$184,888.00	$184,888.00	$108,799.18	Stewart Ave	Reconstruction	Stewart Ave and Andrew St	Change / Approved	EDA
01	124371(B)	$2,000.00	$2,000.00	$0.00	Stewart Ave	Reconstruction	Stewart Ave and Andrew St	Initial / Approved	EDA
Total:		**$2,503,068.00**	**$2,767,438.32**	**$108,799.18**					

15-4213

150989

(Bid No. 150000071)

SUBMISSION NO.: CA 1362016

PRESENTED: 1-21-16

ADOPTED: _____

RESOLUTION TO TSP ENVIRONMENTAL FOR REMOVAL OF SEVEN (7) UNDERGROUND STORAGE TANKS

BY THE CITY ADMINISTRATOR

RESOLUTION

The Finance Department, Purchasing and Supplies Division, solicited a bid for the removal of seven (7) underground storage tanks and TSP Environmental, 2500 Capitol, Redford, MI was the lowest bidder to submit a bid; and

On September 29, 2015, the Mayor approved for the Proper City Officials to enter into a contract with TSP Environmental for said tank removal project in an amount not to exceed $59,889.00; and

The Purchasing and Supplies Division is requesting the issuance of change order #1 to said contract in an amount not to exceed $20,097.04 in order to pay for unanticipated work that was discovered upon unearthing the work site. Funding will come from the following account: 591-545.300-801.000; and

IT IS RESOLVED, that the Mayor and City Administrator do all things necessary to enter into change order #1 to the contract with TSP Environmental in order to pay for unanticipated work that was discovered upon unearthing the work site in an amount not to exceed $20,097.04 for a revised contractual amount of $79,986.04. (Water Fund)

APPROVED PURCHASING DEPT.: Derrick Jones, Purchasing Manager

APPROVED AS TO FINANCE: Jody K. Lundquist, Chief Financial Officer

APPROVED AS TO FORM: Anthony K. Chubb, Interim Chief Legal Officer

Natasha L. Henderson, City Administrator

RECEIVERSHIP TRANSITION ADVISORY BOARD:

CITY COUNCIL:

Kerry Nelson, Council President

FY16 – DFJ

RESOLUTION STAFF REVIEW

January 20, 2016

Agenda Item Title: TSP Environmental

Submitted By: Purchasing Div. & Water Plant

Background/Summary of Proposed Action:
In November 2014, the City's underground storage tanks were inspected. As part of the inspection, it was discovered that the City had to maintain a number of items in order for tanks to be in compliance. In doing a review, it was determined that the tanks would be removed. The Purchasing Division solicited bids to have said work done, and TSP Environmental was the lowest bidder. The initial contract was approved for an amount not to exceed $59,889.00 and the vendor began unearthing the tanks at the Water Plant. Upon excavation, it was discovered that a tank that the City thought would be 250 gallons subsequently was 20,000 gallons. With the additional size of the tank and the additional amount of back fill needed to cover the hole, the City is requesting a change order in the amount of $20,097.04. This change order will also pay for the hauling and disposing of dirt that had been exposed to some of the product contained in the tanks.

Financial Implications:

Budgeted Expenditure? **Yes x** **No** **Please explain if no:**

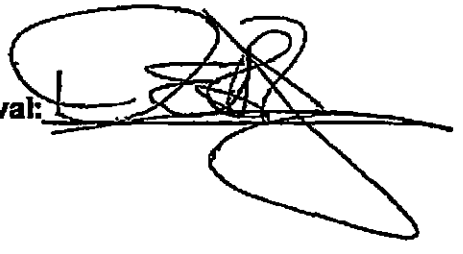
Account No.: 591-545.300-801.000

Pre-encumbered? **Yes x No** **Requisition: 160000028**

Other Implications (i.e., collective bargaining): None

Staff Recommendation: Approve

Department Approval:



PURCHASE ORDERS PENDING COUNCIL AND RTAB APPROVAL.
WATER FUND (591) - JANUARY 2016 SUMMARY

Reso #	Council Review Date	Description	Division	Approval Status	591-545.300-801.000
Amended Budget					$ 2,293,579.58
Year-to-date Balance					$ 1,716,924.62
Purchase Orders Approved					$ 429,101.01
Available Balance					$ 147,553.95
CA1382018	1/26/2016	TSP Environmental - Removal of 7 Underground Storage Tanks	Water Plant	Pending	$ 20,097.04
				Pending RTAB Approval Totals	$ 20,097.04
Ending Year to Date Balance Pending Council and RTAB Approval					$ 127,456.91

150990

RESOLUTION NO.: CA 1372016

PRESENTED: 1-21-16

ADOPTED: _____

RESOLUTION APPROVING THE TRANSFER OF OBSOLETE PROPERTY REHABILITATION EXEMPTION CERTIFICATE FOR THE CAPITOL THEATRE

BY THE CITY ADMINISTRATOR:

The City awarded an OPRA certificate for the Capitol Theatre located at 140 E. Second Street, Flint, MI. The purpose of this resolution is to request the transfer of said certificate from the current building owner, Capitol Theatre Building, LLC to the Friends of the Capitol Theatre, LLC (FOTCT); and

FOTCT is a subsidiary of the non-profit Uptown Reinvestment Corporation (URC) and will be the owner of the building. The Flint Cultural Center Corporation (FCCC), through The Whiting, has agreed to a partnership with URC. URC will spearhead the development and restoration of the building and FCCC/The Whiting will operate and handle programing in the venue once activated; and

Final due diligence and investigation are ongoing, but the approximately $30 million project is expected to begin construction in late spring or early summer of 2016, and take 12 to 15 months to complete.

IT IS RESOLVED that City officials are authorized to transfer the Obsolete Property Rehabilitation Exemption Certificate from Capitol Theatre Building, LLC to Friends of the Capitol Theatre, LLC.

APPROVED AS TO FORM:

Anthony Chubb, Interim City Attorney

Jody N. Lindquist, Chief Financial Officer

FOR THE CITY OF FLINT:

Natasha L. Henderson, City Administrator

APPROVED BY CITY COUNCIL:

Kerry Nelson, City Council President

RECEIVERSHIP TRANSITION ADVISORY BOARD:

S:\AChubb\Resolutions\City Administrator\Capitol Theatre OPRA Transfer 01.20.16.docx

City of Flint, Michigan

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

Meeting Minutes 2 - Final

Monday, January 25, 2016

6:06 PM

RTAB Summary

Council Chambers

CITY COUNCIL

Kerry L. Nelson, President, Ward 3
Vicki VanBuren, Vice President, Ward 8

Eric Mays, Ward 1 ***Jacqueline Poplar, Ward 2***
Kate Fields, Ward 4 ***Wantwaz D. Davis, Ward 5***
Herbert J. Winfrey, Ward 6 ***Monica Galloway, Ward 7***
Scott Kincaid, Ward 9

Inez M . Brown, City Clerk

ROLL CALL

Present: Councilperson: Councilperson Poplar, President Nelson, Councilperson Fields, Councilperson Davis, Councilperson Winfrey, Councilperson Galloway, VanBuren and Councilperson Kincaid

Absent: Councilperson: Councilperson Mays

SPECIAL ORDER

150991 Special Order/Water Issues

A Special Order as requested by City Council President Kerry Nelson to allow for an update on water issues.

Presented

RESOLUTIONS

150985 Amendment/Grant Acceptance/Additional Funds/Michigan Department of Transportation (MDOT)/Construction of Stewart Avenue & Andrew Street

Resolution resolving that the appropriate city officials are authorized to do all things necessary to accept a grant increase of $280,114.00, resulting in a cumulative grant award of $2,591,182.00 for the Category A funding from MDOT, to comply with the terms of the funding award and to perform any necessary revenue and expenditure appropriations, as requested by Transportation, for MDOT Job No. 124371. [NOTE: On June 25, 2014, the Emergency Manager approved Resolution No. EME3412014, authorizing the City of Flint to accept a grant in the amount of $2,311,068.00 for the reconstruction of Stewart Avenue (Dort Highway to James P. Cole Boulevard) and Andrew Street (Stewart Avenue to Wager Avenue) through MDOT. In an effort to offset anticipated increases in project costs, MDOT awarded additional grant funds in the amount of $280,114.00. Implementation of the grant will be performed by the MDOT Davison Transportation Service Center.]
[City Administrator Submission No. CA1342016.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150985.1 Contract/Michigan Department of Transportation (MDOT)/Construction of Stewart Avenue & Andrew Street

Resolution resolving that the appropriate city officials are authorized to do all things necessary to enter into MDOT Contract No. 15-5514, accept and utilize Michigan's Transportation Economic Development Fund (TEDF) grant funds totaling $2,591,182.00 to fund it, and comply with all terms of the contract, as requested by Transportation. [NOTE: On June 25, 2014, the Emergency Manager approved Resolution No. EME3412014, authorizing the City of Flint to accept a grant in the amount of $2,311,068.00 for the reconstruction of Stewart Avenue (Dort Highway to James P. Cole Boulevard) and Andrew Street

(Stewart Avenue to Wager Avenue) through MDOT. In an effort to offset anticipated increases in project costs, MDOT awarded additional grant funds in the amount of $280,114.00. Implementation of the grant will be performed by the MDOT Davison Transportation Service Center. This resolution represents a new contract.] [City Administrator Submission No. CA1352016.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

RESOLUTIONS - MAY BE REFERRED FROM COMMITTEE-OF-THE-WHOLE

150989 CO#1/Contract/TSP Environmental/Removal/Seven (7) Underground Storage Tanks

Resolution resolving that the Mayor and city Administrator do all things necessary to enter into change order #1 to the contract with TSP Environmental in order to pay for unanticipated work that was discovered upon unearthing the work site, in an amount NOT-TO-EXCEED $20,097.04, for a revised contractual amount of $79,986.04, as requested by the Water Plant [Water Fund Acct. No. 591-545.300-801.000]. [NOTE: Initial contract resolution was not received by the Council office.] [City Administrator Submission No. CA1362016.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150990 Transfer/Obsolete Property Rehabilitation Exemption Certificate/Friends of the Capitol Theatre (FOTCT), LLC

Resolution resolving that city officials are authorized to transfer the Obsolete Property Rehabilitation Exemption Certificate from Capitol Theatre Building, LLC (Jerusalem Capitol Theatre Building, L.L.C.) to Friends of the Capitol Theatre, LLC., as requested by the Department of Community and Economic Development (DCED). [NOTE: FOTCT is a subsidiary of the non-profit Uptown Reinvestment Corp. (URC), which will spearhead the development and restoration of the building. The Flint Cultural Center and The Whiting will operate and handle programming.] [City Administrator Submission No. CA1372016.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

ADD-ON RESOLUTIONS

150992 CO#1/Increase/2015-16 Annual Action Plan of the Consolidated Plan/Contract/Genesee County Land Bank

Resolution resolving that the appropriate City Officials are hereby authorized to do all things necessary to execute Change Order #1 and increase the Genesee County Land Bank Contract #15-054 by $400,000.00, for a new total contract amount NOT-TO-EXCEED $1,000,000.00, as requested by the Department of

Community and Economic Development (DCED). [NOTE: Genesee County Land Bank received Community Development Block Grant (CDBG) funds for a residential and commercial demolition program. The change order is to fund the demolition of the Glen Acres apartment complex.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150993 Adoption/FY2017-FY2021 Vision, Mission, and Goals/City of Flint Strategic Plan

Resolution resolving that the City of Flint FY2017-FY2021 Vision, Mission, and Goals of the Strategic Plan are hereby approved as set forth in the attached document. [NOTE: The Mayor and City Council, working with the City Administrator and city staff, have created the City of Flint FY2017-FY2021 Vision, Mission, and Goals of the Strategic Plan, which is attached.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

150994 Establishment/Safe Water, Safe Home Campaign Fund/Community Foundation of Greater Flint

Resolution resolving that the City of Flint hereby requests the Community Foundation of Greater Flint to create a Safe Water, Safe Home Campaign Fund to receive gifts intended for the maintenance and restoration of the City of Flint's water distribution infrastructure as it relates to the provision of safe, clean water for Flint water customers. [City Administrator Submission No. CA1402016.]

This Matter was ADOPTED BY THE MASTER RESOLUTION on the Consent Agenda.

Passed The Consent Agenda

A motion was made by Councilperson Kincaid, seconded by Councilperson Poplar, including all the preceding items marked as having been adopted on a Consent Agenda. The motion carried by the following vote:

Aye: 8 - Councilperson Poplar, President Nelson, Councilperson Fields, Councilperson Davis, Councilperson Winfrey, Councilperson Galloway, Vice President VanBuren and Councilperson Kincaid

Absent: 1 - Councilperson Mays

ADJOURNMENT

This regular City Council meeting was adjourned at 9:08 p.m.

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Monday, February 01, 2016 12:40 PM
To: Murray, David (GOV)
Subject: Fwd: Questions for story

Dave-

I will work up a draft response and share w you for thoughts etc.

Begin forwarded message:

> **From:** Ryan Felton <ryanfelton13@gmail.com>
> **Date:** February 1, 2016 at 12:12:46 PM EST
> **To:** Terry Stanton <stantont@michigan.gov>
> **Cc:** "Murray, David (GOV)" <MurrayD1@michigan.gov>
> **Subject: Questions for story**
>
> Hi Terry and David,
>
> I'm working on a story about the negotiations between Flint and Detroit in 2013 and 2014. I had some questions for the both of you:
>
> -- According to a letter sent in February 2014 by DWSD to Flint's EM, the utility "to date" had received no official confirmation on Flint's plans for a water source, despite months of negotiations. This has been explained to me as an attempt to confirm what Flint actually planned to do after its 1965 contract with DWSD expired in April 2014 - and to either to strike a short-term deal until the KWA was online, or strike a new long-term deal with Detroit. As it was explained to me, DWSD was essentially still "in the dark" about the city's plans at this point.
>
> The governor's timeline says Flint made the decision to use the river in June 2013. Can you explain what that means, and how that decision was made? Was that decision ever officially conveyed to DWSD? Why or why not?
>
> -- Despite the commitment of Flint and Genesee County to use a new system, negotiations were clearly still ongoing until a final letter was sent by Darnell Earley in March 2014 to DWSD, saying the city's plan was to use the river. Discussions over regionalizing DWSD were ongoing at the time. Do you have any comment on why DWSD was "left in the dark" about Flint and Genesee's plan going forward, even though it represented a substantial customer base for the system?
>
> -- Emails released this week indicate DWSD offered a nearly 50% discount to Flint in April 2014 to stay with Detroit. That deal was ultimately rejected by Flint's emergency manager. As you've explained to me previously, Treasury was aware of the negotiations. Did this deal ever come across then-Treasurer Dillon's desk? If so, why was it rejected?

And the decision to use the KWA was painted as a cost-cutting measure. If DWSD's estimates of $800m in savings over 30 years is accurate, is that still an accurate description?

I appreciate your time and look forward to your response.

Best,

Ryan Felton
Journalist
Detroit, MI
734.353.2221
ryancfelton.com
Twitter: @ryanfelton13

Stanton, Terry A. (Treasury)

From:	Stanton, Terry A. (Treasury)
Sent:	Monday, February 01, 2016 12:43 PM
To:	Murray, David (GOV)
Subject:	Fwd: Any comment on this report???????? S&P Ratings: Credit Challenges Tied To The Flint Water Crisis Run Deep For Michigan
Attachments:	Credit Challenges Tied To the Flint Water Crisis Run Deep For Michigan_Feb 2016.pdf; ATT00001.htm

Same here. Checking w Saxton et al.

Begin forwarded message:

> **From:** <karen.pierog@thomsonreuters.com>
> **Date:** February 1, 2016 at 12:35:29 PM EST
> **To:** <StantonT@michigan.gov>, <murrayd1@michigan.gov>
> **Subject: Any comment on this report???????? S&P Ratings: Credit Challenges Tied To The Flint Water Crisis Run Deep For Michigan**
>
> Thanks.
>
> **Karen Pierog**
> Correspondent
> Reuters
>
> (t) 312-408-8647 | (m) 312-371-3951 | (f) 312-983-7252
>
> karen.pierog@thomsonreuters.com
> Reuters Messaging karen.pierog.reuters.com@reuters.net
>
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Credit Challenges Tied To The Flint Water Crisis Run Deep For Michigan

Primary Credit Analyst:
Carol H Spain, Chicago (1) 312-233-7095; carol.spain@standardandpoors.com

Secondary Contact:
Gabriel J Petek, CFA, San Francisco (1) 415-371-5042, gabriel.petek@standardandpoors.com

1571094 | 301963398

Credit Challenges Tied To The Flint Water Crisis Run Deep For Michigan

The water crisis in Flint, Mich has presented serious humanitarian concerns, with the greatest social and economic costs borne by Flint residents, and the repercussions will likely affect the region for years. At the state level, political costs for Michigan have been greater than financial costs at this point. However, we could see financial pressures on the state deepen as answers to the financing of infrastructure replacement and social services, coupled with potential legal settlements, unfold. Thus, for now, it is too early to determine the magnitude of the Flint water crisis' credit implications for the state. We do not expect that the solution to the water crisis will play out in fiscal 2016-2017 budgets alone, and we anticipate that the economic and social costs, on top of the financial responsibility, will unfold over a long time.

In response to the unfolding crisis, Gov. Rick Snyder declared a state of emergency on Jan. 5 and directed the National Guard to assist with water and filter distribution. Michigan has also approved $28 million in emergency assistance to Flint. The funds will assist with the purchase of bottled water, water filters, treatment for children with high blood lead levels, work being done by the Michigan National Guard, and plumbing replacements among other items. In October 2015, the legislature approved $9.35 million to help Flint reconnect to the Detroit water system and to finance bottled water. Relative to Michigan's fiscal 2016 general fund budget of $9.87 billion, the financial costs have so far been minimal. The Senate Fiscal Agency reported that as of December 2015, general fund collections were down $214.9 million compared with levels based on May 2015 estimates, with the largest declines in sales taxes. If state revenues continue to decline compared with budgeted expectations, additional costs related to Flint could become a bigger challenge.

Overview

- So far, the costs to the state from the Flint water crisis have been minimal.
- The crisis could contribute to a reversal of the state's recent efforts to rebuild its reserves.
- The situation in Flint is emblematic of the state's broader economic challenges.

We anticipate that the governor will include further assistance for Flint when he releases his fiscal 2017 budget proposal on Feb. 10, although the ultimate costs of the Flint water crisis are still unknown. Cost estimates to replace Flint's water infrastructure alone have ranged between $700 million to $1.5 billion. Genessee County has guaranteed $220 million of Karegnondi Water Authority bonds, and given the current debt obligations, coupled with a 40% poverty rate for the city of Flint, issuance of substantial additional debt would be a large burden on residents. Given the local tax base limitations, coupled with the fact that the drinking water was contaminated with lead starting when the city was under the control of a state-appointed emergency manager, we expect that there will be a state role in financing the cost of fixing the city's water infrastructure. On top of waterline replacement costs, Flint is facing rising health and social service needs tied to the lead contamination that will likely persist for years, and political pressure for the state to contribute to these costs is mounting. Various class action lawsuits have been filed alleging that the state is

responsible in part for the water crisis, and related legal costs to the state are uncertain. Federal financial support thus far has been limited, and we expect that the state and local governments will be responsible for financing the majority of the costs. Currently, the U.S. Senate is considering legislation that would provide up to $400 million in emergency federal funding, but with the caveat that it must be matched by the state.

The Flint water crisis could contribute to a reversal of the state's recent measures to build reserves. To add to recent assistance for Flint, mid-fiscal 2016 shortfalls or help to additional distressed local credits, such as Wayne County or Detroit Public Schools, could cause the state to draw down its balances. On Jan. 28, the Detroit Federation of Teachers filed a lawsuit not only asking the district to repair existing building code violations, but also asking the court to remove the district's state appointed emergency manager. As a result, we could see more pressure on the state to provide additional aid to the district. The governor must address other challenges in the fiscal 2017 budget, such as general aid increases for schools and measures to improve the state's pension funding.

Business closures and population losses will likely have considerable economic effects on Flint and the region. Spillover from the crisis could affect the area's general economic reputation including that of the surrounding local governments. While it's difficult to quantify the financial impacts, the reputational damage with negative economic implications to other communities in Genessee county could also persist for some time. As developments of this type arise, Standard & Poor's will continue to monitor any potential impact to the credit quality of these surrounding governments.

The water crisis in Flint is not on its own likely to determine statewide economic performance, but it is emblematic of Michigan's broader economic challenges. In cities once dominated by manufacturing, there is a longer-term trend of shrinking employment opportunity and declining populations. For Flint, the recent water crisis only exacerbates this existing pattern. Many of these municipalities, however, even if they do not confront the type of immediate crisis that Flint does, face legacy costs not easily supported by their currently contracting economic bases. The fiscal crises unfolding among some of Michigan's local governments illustrate how toxic—from both a credit and humanitarian perspective—the combination of persistent economic weakness, financial mismanagement, and infrastructure neglect can be. It also illuminates that short-term solutions to communities' fiscal stresses can have unintended long-term costs.

We have determined, based solely on the developments described herein, that no rating actions are currently warranted. Only a rating committee may determine a rating action and, as these developments were not viewed as material to the ratings, neither they nor this report were reviewed by a rating committee.

1571094 301932398

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Monday, February 01, 2016 2:40 PM
To: Steckelberg, Larry (TREASURY); Wayne Workman
Subject: FW: Flint RTAB - Letter of Resignation
Attachments: RTAB Resignation Letter.pdf

Importance: High

Another fyi... Wayno don't you miss this place? I am looking at my wrist band now.

From: Headen, Frederick (Treasury)
Sent: Monday, February 01, 2016 2:36 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Breslin, Brian (GOV) <BreslinB@michigan.gov>; Harden, Carolyn (GOV) <hardenc@michigan.gov>
Subject: FW: Flint RTAB - Letter of Resignation
Importance: High

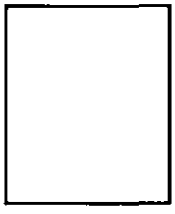
Please see the attached.

From: Beverly Walker-Griffea [mailto:b.walkergriffea@mcc.edu]
Sent: Monday, February 01, 2016 2:09 PM
To: Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Subject: Flint RTAB - Letter of Resignation

Mr. Headen:

The attached letter is notice of my immediate resignation from the Flint Receivership Transition Advisory Board.

Dr. Beverly Walker-Griffea



Beverly Walker-Griffea, Ph.D.
1520 E. Second Street
Flint, MI 48503
[redacted](cell)

February 1, 2016

The Honorable Governor Rick Snyder
P.O. Box 30013
Lansing, Michigan 48909

Dear Governor Snyder:

Thank you for the opportunity to serve the Flint community as a member of the Receivership Transition Advisory Board (RTAB). It is with regret that I am writing to inform you of my decision to resign from the Board effective immediately.

After considerable thought, I have decided that my work commitments and obligations during this crucial period in Flint's history are too great for me to be able to fulfill the requirements of my position on the RTAB.

If I can be of any assistance or service in the future, please do not hesitate to contact me.

Looking Forward,

Beverly Walker-Griffea, Ph.D.

Robert, Carla M. (Treasury)

From: Brown, Jessica (GOV) <BrownJ53@michigan.gov>
Sent: Monday, February 01, 2016 5:29 PM
Subject: 2/1 Flint Daily Update
Attachments: 160201_Flint Water Daily Update.docx

Below and attached.

Thanks,

Jessica M. Brown
Communications Representative
Executive Office of Michigan Governor Rick Snyder
O: 517-335-6397
M: 517-388-3873
BrownJ53@michigan.gov

Flint Water Daily Update
Updated Feb. 1

Current Issues Talking Points

Governor and DEQ stress importance of home water testing

- The health and safety of Flint residents remains a top priority. It is essential that all Flint residents have the water in their homes tested as soon as possible.
- While water filters will eliminate lead in most homes, those with levels above 150 parts per billion will need to take extra precaution.
- If levels are above 150 ppb, residents should not drink water from the filtered faucet and use bottled water only.
- DEQ and DHHS will visit homes found to have lead levels over 150 ppb for additional testing.
- To date, less than one percent of Flint homes have been identified as having lead levels of this amount. Results showing lower levels indicate residents should continue following established protocols.
- Pregnant and nursing mothers and young children should continue to drink bottled water as a precaution.
- Free water testing kits are available at Fire Stations 1, 3, 5, 6, and 8. Water Samples should be returned to the fire stations for testing.
- Anyone who is unable to get to a Fire Station to pick up a free testing kit should call United Way 2-1-1 for assistance.

Federal denial of WIC expansion for Flint children

- On Saturday, the federal government denied the Governor's request to use supplemental nutrition funding for Flint children up to 10 years of age who may have been exposed to high lead levels in the water.
- The governor has continually stated that the Flint water issue is the result of government failure at all levels. All levels of government should be committed to supporting Flint's families along their road to recovery.

- It is understood that WIC funding is generally meant for children five years old and younger, however this disaster calls for a waiver of this rule. Expanded nutritional support for children under 10 is essential to their long-term well-being.
- The Governor is urging the federal government to re-evaluate their denial of this funding.
- The state has provided more than $28 million for a short-term solution in Flint, but additional funding and collaboration is necessary to implement a successful long-term solution.

Ryan, Howard (Treasury)

From: Peruchietti, Cindy (Treasury)
Sent: Tuesday, February 02, 2016 9:14 AM
To: Stanton, Terry A. (Treasury); Ryan, Howard (Treasury)
Cc: Walsh, Julie (Treasury); Kratz, Katherine (Treasury)
Subject: RE: Time Sensitive: FAQs Needed

The only funding that we have specific to Flint is the funding that is provided to OFR. That would be the funding they are using for vendor services. We also could use FIT funding potentially if the Flint schools are also a part of the problem. The funding for that is overseen by Brian Carpenter for OFR and by Phil Trapp for FIT spending.

The only Flint specific funding that we ever got was in FY 15 for City of Flint Police and Fire Safety Grant. We got a one-time $1.1 million grant for them. They were supposed to use the funding to hire new fire fighters and police offices. I do not believe that they actually hired additional staff but used this funding for existing staffing costs. In FY 16 we have nothing specific to it.

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, February 02, 2016 9:05 AM
To: Peruchietti, Cindy (Treasury) <PeruchiettiC@michigan.gov>; Ryan, Howard (Treasury) <RyanH1@michigan.gov>
Cc: Walsh, Julie (Treasury) <WalshJ8@michigan.gov>; Kratz, Katherine (Treasury) <KratzK1@michigan.gov>
Subject: RE: Time Sensitive: FAQs Needed

Hi Cindy...sorry you aren't feeling well.

Yesterday, I noted that per Kurt Weiss (my counterpart at SBO), they needed only Flint-related talking points from DEQ, MDE, and DHHS.

That said, of course, there are always caveats...

If there is something specifically "Flint-related" in Treasury's budget...can I get the amount...what it's for...and which area of Treasury is responsible for it? If we do not have anything specifically Treasury-related...then I believe we can stand down...for now.

From: Peruchietti, Cindy (Treasury)
Sent: Tuesday, February 02, 2016 7:42 AM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Ryan, Howard (Treasury) <RyanH1@michigan.gov>
Cc: Walsh, Julie (Treasury) <WalshJ8@michigan.gov>; Kratz, Katherine (Treasury) <KratzK1@michigan.gov>
Subject: RE: Time Sensitive: FAQs Needed

Terry I have added Julie Walsh and Kat Kratz to this e-mail. Unfortunately I am at home not feeling well. I am sorry but even after reading what Scott said I am not clear what we are doing FAQ's on. Is it our role in the Flint water issue or something else? I am not sure what to look at. If this is about any assistance that we have provided to Flint Brian Carpenter might be able to provide more detail. I know we had a special approp for them for public safety but I just want to make sure we are looking at what we are being asked to do. If you would reply all on this so that Julie and Kat can also see your response that would be great. I am going to try and get some sleep so I won't be on e-mail all day. Thanks

From: Stanton, Terry A. (Treasury)
Sent: Sunday, January 31, 2016 8:11 PM
To: Ryan, Howard (Treasury) <RyanH1@michigan.gov>
Cc: Peruchietti, Cindy (Treasury) <PeruchiettiC@michigan.gov>
Subject: FW: Time Sensitive: FAQs Needed

Do either of you have the information, etc. mentioned below, if relevant to Treasury?

If so, can we chat about developing some FAQs etc ?

Thanks...Terry

From: Starr, Scott (DTMB)
Sent: Sunday, January 31, 2016 2:53 PM
To: Ruest, Karla (DHHS); Pallone, Maggie (DEQ)
Cc: Weiss, Kurt (DTMB); Epkey, Amy (DEQ); Hanley, Farah (DHHS)
Subject: Time Sensitive: FAQs Needed

Good afternoon,

In preparation for announcing additional appropriation measures related to the Flint water emergency in the upcoming FY 17 budget presentation, we'll be preparing a briefing document for legislators. As part of this effort, we want to include a Frequently Asked Questions document. This is where we really need your help.

Your budget staff should have a breakdown of each potential spending item related to your agency (both pending FY 16 supplemental items and FY 17 items). Please work with your budget folks and your communications team to develop any FAQs that you anticipate the public or legislators might ask, related to each item assigned to your agency.

Outreach to the Legislature has already begun, so having these responses back from you quickly is very important. Please send our PIO, Kurt Weiss, and me your FAQ lists no later than 5:00 p.m. this Tuesday, February 2.

Please let me know if you have any questions or concerns, or feel free to have your communications staff touch base with Kurt. I apologize for the short time window, but we really appreciate your help.

Robert, Carla M. (Treasury)

From: Kennedy, Jordan (GOV) <KennedyJ4@michigan.gov>
Sent: Tuesday, February 02, 2016 5:27 PM
Subject: 2/2 Flint Daily Update
Attachments: 160202_Flint Water Daily Update - Copy.docx

Below and attached.

Thank you,

Jordan Kennedy
Communications Representative
Executive Office of Governor Rick Snyder
Phone: 517.335.6397

Flint Water Daily Update
Updated Feb. 2

Current Issues Talking Points

Flint Mayor calls for immediate replacement of Flint pipes

- In a press conference today, Flint Mayor Karen Weaver called for immediate replacement of Flint's water infrastructure.
- Immediately removing pipes could potentially add to the infrastructure problem and result in higher costs for the city.
- Both Senate Minority Leader Jim Ananich and Virginia Tech water treatment expert Marc Edwards advise first mapping the city's pipes to determine the location of lead infrastructure.
- Edwards also says the state is taking the correct actions to make Flint's water safe again. Adding phosphate to the water to coat the pipes is a necessary first step toward ensuring safe drinking water for Flint residents.
    - Flint's damaged pipes spark debate on fix (Detroit Free Press)
    - Prof. Marc Edwards discusses pipes in Flint (video)
- The Governor continues to work with Edwards and the Flint Water Interagency Coordinating Committee to identify and implement a successful long-term solution for Flint families.

Senate Minority Leader sends Governor Flint action letter

- The Governor's senior staff has been in close communication with state Sen. Jim Ananich and have met with him frequently to provide updates, answer questions and get feedback.
- The Governor remains committed to providing Flint residents with the resources needed to implement both short and long-term solutions and will continue to work closely with Ananich.
- The Governor will announce a long-term funding proposal in his formal budget presentation next week to further address Flint water.

DPS Emergency Manager Darnell Earley resigns

- Today, Detroit Public Schools Emergency Manager Darnell Earley resigned, effective February 29.

- The Governor will appoint a transition leader before the end of the month to help guide DPS through a plan that will help address the district's academics and finances giving students and teachers the learning environment they deserve.
- The Governor is encouraging the Legislature to pass a bill package that will help address the $515 million debt faced by DPS. With that support the district should be better able to manage its business and educational goals.

Governor continues to stress importance of home water testing

- A video with instructions on how to properly test home water is available to share: https://www.youtube.com/watch?v=QTER-DiK64o
- The health and safety of Flint residents remains a top priority. It is essential that all Flint residents have the water in their homes tested as soon as possible.
- While water filters will eliminate lead in most homes, those with levels above 150 parts per billion will need to take extra precaution.
- If levels are above 150 ppb, residents should not drink water from the filtered faucet and use bottled water only.
- DEQ and DHHS will visit homes found to have lead levels over 150 ppb for additional testing.
- To date, less than one percent of Flint homes have been identified as having lead levels of this amount. Results showing lower levels indicate residents should continue following established protocols.
- Pregnant and nursing mothers and young children should continue to drink bottled water as a precaution.
- Free water testing kits are available at Fire Stations 1, 3, 5, 6, and 8. Water Samples should be returned to the fire stations for testing.
- Anyone who is unable to get to a Fire Station to pick up a free testing kit should call United Way 2-1-1 for assistance.

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, February 02, 2016 5:50 PM
To: Burr, Richard
Subject: RE: Why did Darnell Earley replace Ed Kurtz in Flint as EM?
Attachments: Flint_Brown Earley 9-11-13.pdf

Richard,

Mike Brown was initially appointed under PA4 in November 2011. When PA4 was done away with through the statewide referendum PA72 was revived. Under 72 a former city employee could not serve as EM so Mr. Kurtz was appointed in August of 2012.

It is my recollection that in July of 2013 Mr. Kurtz wanted to retire, so he was replaced by Mike Brown...who by that time could serve as EM as PA436 was in effect and it carried no prohibition on former city staff serving.

Mr. Earley replaced Mr. Brown when he stepped down in October 2013.

I have attached the press release from that appointment.

It was not mentioned in the release, **and I would not want it attributed to me** but, a member of Mr. Brown's immediate family had fallen ill and he wanted to spend time with that family member.

Hope this helps...

Terry

From: Burr, Richard [mailto:RBurr@detroitnews.com]
Sent: Tuesday, February 02, 2016 5:37 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Why did Darnell Earley replace Ed Kurtz in Flint as EM?
Importance: High

Did Kurtz just not want to be EM any more?

Richard Burr
Politics and Government Editor
The Detroit News
160 W. Fort St.
Detroit, MI 48226
(313) 222-2294
rburr@detroitnews.com

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

September 11, 2013

FOR IMMEDIATE RELEASE
www.michigan.gov/treasury

Contact: Terry Stanton/Treasury
(517) 335-2167
Sara Wurfel/Governor
(517) 335-6397

Gov. Snyder accepts Brown resignation as Flint emergency manager; names Darnell Earley successor

Appointment to be effective October 1st h

Gov. Rick Snyder today accepted the resignation of Mike Brown as the city of Flint's emergency manager, effective Oct. 31, 2013. Gov. Snyder has tapped current Saginaw City Manager Darnell Earley as successor-emergency manager in Flint. His appointment will be effective Oct. 1, 2013. Brown and Earley will work collaboratively during the month-long transition period.

"Mike Brown has worked hard for the city of Flint," Gov. Snyder said. "He offered a calm hand in the face of turbulent times, and was continually willing to push forward in addressing the financial emergency, while keeping the needs of Flint residents as his focus. I thank him for his service."

Darnell Earley, who will become successor-emergency manager Oct. 1, has been city manager in Saginaw for the last eight years, first joining the city as deputy city manager and interim director of fiscal services in August of 2004. Prior to that, Earley served as city administrator in Flint and also did a six-month stint as temporary mayor during a vacancy in 2002.

"Darnell Earley has extensive experience in municipal government and his familiarity with the city of Flint and its finances will be an essential asset as he transitions into the role of emergency manager," Gov. Snyder said. "I am certain he will work together with the mayor, other elected officials, residents, and community leaders to resolve the city's fiscal crisis with the goal of returning Flint to local control as quickly and efficiently as possible."

For more information regarding the city of Flint and other Local Government Fiscal Health issues visit the Local Government Fiscal Health page on Treasury's website.

Stanton, Terry A. (Treasury)

From: Heaton, Anna (GOV)
Sent: Tuesday, February 02, 2016 6:20 PM
To: Weiss, Kurt (DTMB); Stanton, Terry A. (Treasury)
Subject: Water bills PR draft
Attachments: PR 160203 Water billsV2.docx

Thanks for everything today, guys.

Giving you this as an FYI.

Anna Heaton
Deputy Press Secretary |Gov Rick Snyder
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@Republicanna

STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

BRIAN CALLEY
LT. GOVERNOR

Contacts: Dave Murray, Laura Biehl or Anna Heaton 517-335-6397	**FOR IMMEDIATE RELEASE** Wednesday, Feb. 3, 2016 11 a.m.

Gov. Rick Snyder: Budget recommendation will include $30 million for Flint water bill repayments

Consumption and Consumer Use Credit provides relief to residents who cannot drink their water

Funding is on top of $39.3 million in relief already allocated in last year

LANSING, Mich. – Gov. Rick Snyder today said he will ask the Legislature to approve a $30 million water payment relief plan for the residents of Flint that will keep their water service on and eliminate the need to pay for water they cannot drink.

The governor's proposal will be part of the 2016-2017 Fiscal Year budget he will present to lawmakers next week, and calls for a Consumption and Consumer Use Credit the city of Flint can apply to residents' water bills until state and federal officials certify the water is safe for consumption.

"Flint residents will not have to pay for water they cannot drink," Snyder said. "My budget recommendation will include the request that the state make payments to the city's water system for residential bills going back to April 2014 and alleviate the need for residential water shutoffs."

Under the plan, the city will credit residential bills going back to April 2014 for the cost of drinking water residents could not use. Because the city-issued water bills include sewage charges, residents should not plan to receive the exact amount they originally paid. Prior residents of Flint who paid water bills between April of 2014 and now will be able to submit their bills to the city for reimbursement. The city also will receive funding for unpaid residential bills to help maintain the financial integrity of the public water system.

The funding to the city is meant to ensure no resident will have their water shutoff for nonpayment until the water is certified safe for consumption.

"As an American who sympathizes with the plight of Flint residents, it's hard to find moral justification in having them pay for water that is not fit for human consumption or bathing," said Marc Edwards, Charles P. Lunsford Professor of Environmental and Water Resources Engineering at Virginia Tech University. "This essentially refunds all the money associated with consumption or consumer use. I think it's an amazing gesture of common sense and good will and it corrects an injustice. I don't think there's a precedent for this. I feel so encouraged by the direction this is going."

On Friday, Snyder signed supplemental spending for Flint in the amount of $28 million that will:

- Supply free bottled water, faucet filters, and testing kits for Flint residents;
- Put nine nurses in local schools to monitor student health and well-being;
- Provide better nutrition for students and infants through WIC and in-school nutrition programs;
- Replace fixtures in schools, daycares, nursing homes and hospitals;
- Provide for an infrastructure study using independent experts;
- Treat any children who have high lead levels in the blood, using diagnostic testing, nurse visits and environmental assessments in the home;
- Provide additional community education opportunities within the Genesee County Health Department;
- Compensate the Michigan National Guard's work to support water distribution;
- Assist with home lead abatement costs;
- Help the City of Flint with utility issues;
- Provide operational funding for the Flint Interagency Advisory Committee.

The $28 million is in addition to $2 million allocated for improvements to Flint's water system in February of 2015 and $9.3 million in October of 2015 to move back to Detroit's water system, test drinking water and provide wraparound services for children.

The governor will formally present his Fiscal Year 2016-2017 budget recommendation on Feb. 10 in Lansing.

#####

WEEKLY FLINT

02-03-16 SAM, Legal, VC Nelson, UOS, CA

EPA ORDER - Met w/ City

KWA - Must change Plan ; $6 3 M Plus $4 M
DEQ Award

Corrosion Control - Working, 2 Yr to be all set
EPA disagrees

ECC Challenges - want to change Dist centers
out of FD

Water Samples -

Legal Request - Sent to ST & GOV

February 3, 2016

Flint Water
1 Week Deliverable

Questions to address:

1) How will we implement the Consumption and Consumer Use Credit program?

2) Will the water system run out of cash?

   18 month cash flow statement

   1. Without consumer use proposal
   2. With consumer use proposal

   Understand underlying assumptions

   Revenues--

   Usage
   Rates
   Collection ratio

   Expenditures

   Detroit System fees
   KVA connection costs

3) If necessary, what levers do we have to manage a cash shortfall?

<u>Deliverables</u>

- Summary of Customer Use plan
- Q&A on implementation details
- 18 month Flint Water/Sewer Cash flows – with / without credit program
- List of options to manage cash flow deficits (if necessary)

2/18/2016

Flint Water Fund

DRAFT

State Payments Effect on Delinquencies (net to system)

	Billed/ Revenues	(A) Collectible	Delinquent	State Pmts	Balance
Jul-15	$ 2,921,585	$ 2,921,585	$ -	$ -	$ -
Aug-15	2,595,455	2,595,455	-	-	-
Sep-15	2,366,248	2,214,755	151,493	-	151,493
Oct-15	2,366,248	1,750,177	616,071	-	767,564
Nov-15	2,366,248	1,864,184	502,064	-	1,269,628
Dec-15	2,366,248	2,020,248	346,000	-	1,615,628
Jan-16	2,366,248	1,324,483	1,041,765	-	2,657,393
Feb-16	2,366,248	1,324,483	1,041,765	-	3,699,158
Mar-16	2,366,248	1,324,483	1,041,765	-	4,740,923
Apr-16	2,366,248	1,324,483	1,041,765	-	5,782,688
May-16	2,366,248	1,419,749	946,499	(10,000,000)	(3,270,813)
Jun-16	2,366,247	1,419,748	946,499	(10,000,000)	(12,324,314)
Jul-16	2,366,247	1,064,811	1,301,436	(10,000,000)	(21,022,878)
Aug-16	2,366,248	1,064,812	1,301,436	-	(19,721,442)
Sep-16	2,366,248	1,064,812	1,301,436	-	(18,420,005)
Oct-16	2,366,248	1,064,812	1,301,436	-	(17,118,569)
Nov-16	2,366,248	1,064,812	1,301,436	-	(15,817,133)
Dec-16	2,366,248	1,064,812	1,301,436	-	(14,515,696)
Jan-17	2,366,248	1,774,686	591,562	-	(13,924,134)
Feb-17	2,366,248	1,774,686	591,562	-	(13,332,572)
Mar-17	2,366,248	1,774,686	591,562	-	(12,741,010)
Apr-17	2,366,248	1,774,686	591,562	-	(12,149,448)
May-17	2,366,248	1,774,686	591,562	-	(11,557,886)
Jun-17	2,366,248	1,774,686	591,562	-	(10,966,324)

(A) collection Rate ↓

Bond sale 9 on after Fund

60%

45%

75%

Assumptions:

September 2015 forward - Billed/Revenues based on 2015 budgeted revenues.

Collectible based on rates as shown in the cash flow (60%, 45%, 75%).

Delinquent is difference between revenues and collectible.

Balance is cummulative effect on cash to the water fund.

(B) This is where the CF shows reduced user fees due to State payments. Needs to calculate the delinquent based on percentage and not the user fees reduction

	Billed/ Revenues	62% Billed/Revenue Residential	38% Billed/Revenue Business	65/20 State
Apr-14	2,814,804	1,745,178	1,069,626	
May-14	2,814,804	1,745,178	1,069,626	1,348,291
Jun-14	2,814,804	1,745,178	1,069,626	1,348,291
Jul-14	2,814,804	1,745,178	1,069,626	1,348,291
Aug-14	2,814,804	1,745,178	1,069,626	1,348,291
Sep-14	2,814,804	1,745,178	1,069,626	1,348,291
Oct-14	2,814,804	1,745,178	1,069,626	1,348,291
Nov-14	2,814,804	1,745,178	1,069,626	1,348,291
Dec-14	2,814,804	1,745,178	1,069,626	1,348,291
Jan-15	2,814,804	1,745,178	1,069,626	1,348,291
Feb-15	2,814,804	1,745,178	1,069,626	1,348,291
Mar-15	2,814,804	1,745,178	1,069,626	1,348,291
Apr-15	2,814,804	1,745,178	1,069,626	1,348,291
May-15	2,814,804	1,745,178	1,069,626	1,348,291
Jun-15	2,814,804	1,745,178	1,069,626	1,348,291
Jul-15	2,921,585	1,811,383	1,110,202	1,399,439
Aug-15	2,595,455	1,609,182	986,273	1,243,223
Sep-15	2,366,248	1,467,074	899,174	1,133,433
Oct-15	2,366,248	1,467,074	899,174	1,133,433
Nov-15	2,366,248	1,467,074	899,174	1,133,433
Dec-15	2,366,248	1,467,074	899,174	1,133,433
Jan-16	2,366,248	1,467,074	899,174	1,133,433
Feb-16	2,366,248	1,467,074	899,174	1,133,433
Mar-16	2,366,248	1,467,074	899,174	1,133,433
Apr-16	2,366,248	1,467,074	899,174	1,133,433
				30,586,198

City Treasurer's Report on FY 2015 Billed		
12,795,396	38.5%	business
20,461,515	61.5%	residential
33,256,911		

Note 6 - Capital Lease

Capital Leases - The Authority has entered into a lease ag financing the purchase of the intake pump station. This lease a capital lease for accounting purposes and, therefore, has been r value of the future minimum lease payments as of the incep minimum lease obligations and the net present value are as follov

Years Ending September 30	Ar
2015	$ 2
2016	2
2017	2
2018	2
2019	2
2020-2024	12
2025-2029	12
2030-2034	12
2035-2039	12
Total minimum lease payments	63,184,254
Less amount representing interest	(28,184,254)
Present value	$ 35,000,000

Note 7 - Water Supply Contract Operating Subsidy

Understanding that the goal of the Authority is to provide water to both the City of Flint and Genesee County Drain Commision (local units), the local units have agreed to pay the Authority a good faith payment equal to $32,300 per unit of water that the local unit has contractually agreed to purchase once the pipeline is fully operational. The City of Flint and Genesee County Drain Commission have contractually agreed to purchase 18 and 42 units, respectively, on a yearly basis. The yearly good faith payment will be paid through monthly installments and is expected to bring cash flows of $1,938,000 to the Authority. When the pipeline becomes fully operational, the monthly payments will be suspended and the contract with the local units indicates that a credit will be given on their monthly bills to return the funds contributed to the Authority. The terms of the repayment will be decided by the Board of Directors at the time that the pipeline is operational; however, the funds must be repaid within a maximum of 40 years.

Flint Payments to KWA

Month	Operational Charge	Bond Interest*	Bond Principal*	Total
Mar-16	48,450 00			48,450.00
Apr-16	48,450 00			48,450.00
May-16	48,450 00			48,450.00
Jun-16	48,450 00			48,450.00
Jul-16	48,450 00			48,450.00
Aug-16	48,450 00			48,450.00
Sep-16	48,450 00			48,450.00
Oct-16	48,450.00			48,450.00
Nov-16	48,450 00			48,450.00
Dec-16	48,450 00			48,450.00
Jan-17	48,450 00			48,450.00
Feb-17	48,450 00			48,450.00
Mar-17	48,450 00			48,450.00
Apr-17	48,450 00	1,902,800 36		1,951,250.36
May-17	48,450 00			48,450.00
Jun-17	48,450 00			48,450.00
Jul-17	48,450 00			48,450.00
Aug-17	48,450 00			48,450.00
Sep-17	48,450 00			48,450.00
Oct-17	48,450 00	1,902,800.36	1,403,910.00	3,355,160.36
Nov-17	48,450 00			48,450.00
Dec-17	48,450.00			48,450.00
Jan-18	48,450 00			48,450.00
Feb-18	48,450 00			48,450.00
Mar-18	48,450 00			48,450.00
Apr-18	48,450.00	1,874,542.61		1,922,992.61
May-18	48,450 00			48,450.00
Jun-18	48,450 00			48,450.00
Jul-18	48,450 00			48,450.00
Aug-18	48,450 00			48,450.00
Sep-18	48,450.00			48,450.00
Oct-18	48,450 00	1,874,542 61	1,482,050.00	3,385,042.61

*P&I due May 1 and November 1, Local Units must make debt service payments 30 days prior to due date, Flint responsible for 34.2% of KWA debt service
*Interest capitalized through November 1, 2016

$220,500,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS (KAREGNONDI WATER PIPELINE), SERIES 2014A
(LIMITED TAX GENERAL OBLIGATION)

Dated: 16-Apr-14
Delivery Date: 16-Apr-14
Bond Term: 29 yrs 7 mos
Average Life: 19.46

$87,300,000
KAREGNONDI WATER AUTHORITY
STATE OF MICHIGAN
WATER SUPPLY SYSTEM BONDS, SERIES 2014 B
(LIMITED TAX GENERAL OBLIGATION)

Dated: 01-Nov-14
Delivery Date: 01-Nov-14

SCHEDULE OF ESTIMATED REVENUE SUPPORTING BONDED DEBT

F/Y End 12-31	[1] Genesee County Operating	[2] Genesee County Capital	[1] City of Flint Operating	[2] City of Flint Capital	All Revenue	[1] Annual O&M Costs	Revenues Available for Debt Service	$220,500,000 SERIES 2014A Interest Due May 1	Interest Due Nov 1	Split Interest Rate	Split Interest Rate	Principal Due Nov 1	Total P&I	$57,300,000 SERIES 2014B Interest Due May 1	Interest Due Nov 1	Estimated Interest Rate	Principal Due Nov 1	Total P&I	Total KWA Water Bonds	Series 2014 A Capitalized Interest	Series 2014 B Capitalized Interest	Net Existing & Proposed Debt	Annual Excess
2014	$1 356 600	$0	$578 600	$0	$1 933,200	$1 933 200	$0		$8 027 389 [3]			$0	$8 027 389					$0	$8 027,389	($8 027 389)	$0	$0	$0
2015	1 356 600	$0	578 600	0	1 933,200	1,933,200	0	5 563 744	5,563 744			0	11 127 488	$1 504 125	$1,504 125	5.250%	$0	3 008,250	14 135 738	(11,127 488)	(3 008 250)	0	0
2016	1 260 936	$0	974 764	0	2,235 700	2,235,708	0	5 563 744	5,563 744			0	11 127 488	1 504 125	1 504 125	5.250%	820 000	3,828 250	14 135 738	(11,127 488)	(3 008 250)	0	0
2017	1 365,707	12,594 360	1 055,700	6 476 378	21 492,205	2,421 467	19 050 738	5 563 744	5 563 744	5 000%	3,000%	4,105,000	15,232,488	1,504 125	1 504 125	5.250%	820 000	3,828 250	19 060,738			19 050 738	0
2018	1 454 568	12,595 430	1 124 451	6 477 008	21 641 455	2,579,017	19 062,438	5 481,119	5 481 119	5 000%	4,000%	4,275 000	15,237,238	1 482,600	1 482,600	5.250%	860 000	3 825,200	19,062,438			19 062 438	0
2019	1 498 203	12 595 100	1 159 185	6 476 438	21 717 925	2,656,388	19 061 538	5 380,744	5 380 744	5 000%	3,000%	4 475 000	15,236,488	1 460 025	1,460 025	5.250%	905 000	3 825 050	19 061 538			19 051,538	0
2020	1 498 203	12,593 435	1 158,185	6 476 839	21 716 663	2,656 388	19 060 275	5,288 869	5,288 869	5 000%	4 000%	4 655 000	15,232,738	1 438 259	1 436,259	5.250%	955 000	3,827 538	19 060,275			19 060,275	0
2021	1 498,203	12 596 040	1,158,185	6 476 348	21 718,775	2,656 388	19 052,388	5 182,494	5 182,494	5 000%	3,000%	4 870 000	15,234,988	1 411 200	1 411,200	5.250%	1 005 000	3,827 400	19 062 388			19 062,388	0
2022	1 498 203	12,593 955	1,158 185	6 477 159	21 717 513	2,656 388	19 051 125	5 080 744	5 080 744	5 000%	0 000%	5 075 000	15,236 488	1,384 819	1 384,819	5.250%	1 055 000	3 824 638	19 061 126			19 061 126	0
2023	1 498,203	12,595 695	1 158 185	6 476 303	21,718 376	2,656 388	19 051,888	4 953 869	4 953 869	5 000%	0 000%	5 325 000	15,232,738	1 357 125	1 357 125	5 250%	1 115 000	3,829,250	19 061,988			19,061,988	0
2024	1,498 203	12,594 709	1 158 185	6 477 491	21,718 588	2,656 388	19 062,200	4,820 744	4 820 744	5 000%	0 000%	5 595 000	15,236 488	1,327 856	1 327 856	5 250%	1 170 000	3,825 713	19 062,200			19,062,200	0
2025	1 498 203	12,595 161	1,158 185	6 476 864	21 717 413	2,656 388	19,061 025	4 680 869	4 680,869	5 000%	0 000%	5 875 000	15 236 738	1,297 144	1 297 144	5 250%	1,230 000	3 824 288	19 061 025			19 061,025	0
2026	1 498 203	12,595 434	1 158 185	6 477,266	21,718 088	2,656,388	19 062,700	4 533 994	4,533 994	5 000%	0 000%	6 165 000	15,232,988	1,254 856	1 254 856	5 250%	1,300,000	3 829 713	19 062,700			19 062,700	0
2027	1 498,203	12,593 938	1 158 185	6 477,263	21 717 588	2,656 388	19 061,200	4 379 869	4,379 869	5 250%	0 000%	6 475 000	15 234 738	1,230 731	1 230 731	5 250%	1 365 000	3 826 463	19 061,200			19 061,200	0
2028	1,498,203	12,593 474	1 158,185	6 476 126	21 718 988	2,656,388	19 059 600	4,209 900	4,209 900	5,250%	0 000%	6 815 000	15,234 800	1 194 900	1 194 800	5 250%	1 435 000	3 824 800	19 059 600			19 059 600	0
2029	1 498,203	12,595 045	1 158,185	6 476 430	21 717 863	2,656 388	19 061 475	4 031 006	4,031,006	5,250%	0 000%	7 175 000	15 237 013	1,157,231	1 157,231	5 250%	1 510 000	3 824 463	19,061 475			19 061 475	0
2030	1 498,203	12,594 571	1,158,185	6 475 841	21 718 900	2,656 388	19 060,513	3 842,653	3 842,653	5,250%	0 000%	7,550 000	15,235 325	1,076 656	1 075 656	5,250%	1,675 000	3 826 713	19 060 513			19 060 513	0
2031	1,498,203	12,594 701	1 158 185	6 475 961	21 717 050	2,656 388	19,060 663	3 644,475	3 644 476	5,250%	0 000%	7,845 000	15 233 950	1 031 888	1 031 888	5 250%	1 795 000	3 823 775	19 060 663			19 060 663	0
2032	1,498,203	12,594,291	1 158,185	6 478 321	21,717 000	2,656 388	19 060 813	3 435 919	3 435 919	5,250%	0 000%	8 365 000	15 236 838	985 688	985 688	5 250%	1,855 000	3 826 375	19 059 050			19 059 050	0
2033	1,498,203	12,593,258	1 158,185	6 475 793	21,718 438	2,656 388	19,059 050	3,218 338	3,216,338	4,500%	0 000%	8 800 000	15,232,675	936,894	936 894	5 250%	1,950 000	3 823 988	19 060,653			19 060 653	0
2034	1,498,203	12,594,330	1 158 185	6 478 333	21 717 050	2,656,388	19 060 653	3,018 338	3,018,338	5,250%	0 000%	9,200 000	15 236,675	885 606	885 606	5 250%	2,055 000	3 826 813	19 060,288			19 060 288	0
2035	1 498,203	12,593,031	1 158 185	6 478 357	21 718 675	2 656,388	19 060 288	2,778,838	2,778 838	5,250%	0 000%	9 680 000	15 233 675	831,863	831 863	5,250%	2,160 000	3 823 725	19 059,200			19 059 200	0
2036	1,498 203	12,593,228	1 158,185	6,475,974	21,718 588	2,656,388	19,059,200	2,522,738	2,522,738	5,250%	0 000%	10,190 000	15,235 500	775 163	775,163	5,250%	2,275 000	3 825 325	19 060,826			19 060 825	0
2037	1 498 203	12,594 693	1 158,185	6,478 132	21 717,213	2,656 388	19 060 825	2,255,250	2,255,250	5,250%	0 000%	10 725 000	15,235 500	715 444	715,444	5 250%	2,390 000	3 820 888	19 058 325			19 058 325	0
2038	1 498,203	12,582,128	1,158,185	6 478 198	21 714 713	2,656 388	19 058 325	1 973,719	1,973 719	5,250%	0 000%	11,280 000	15,234,713	652,706	652,706	5 250%	2,620 000	3 825 413	19 060 125			19 060 125	0
2039	1 498,203	12,593 261	1 158,185	6 478 854	21 716 513	2,656,388	19,060 125	1 877 356	1 877 356	5,250%	0 000%	11,880 000	15,234,713	586,656	586 656	5,250%	2,650 000	3 823 113	19 059 125			19 059,125	0
2040	1 498,203	12,593,338	1 158,185	6,475,789	21,715 613	2,656 388	19,059,125	1,365 506	1,365,506	5,250%	0 000%	12,505 000	15 236 013	516,994	516 994	5,250%	2,760 000	3 823 988	19 058 488			19 058 488	0
2041	1,498,203	12,592,725	1 159,185	6 475 753	21,714 676	2,656 388	19,058 488	1 037 250	1 037,250	5 000%	0 000%	13 160 000	15 234 500	443 756	443 756	5,250%	2,935 000	3 822 513	19 059 013			19 059 013	0
2042	1 498,203	13 341,308	1 159,185	5,717,704	21 715 400	2 656 388	19 059 013	708 250	708,250	5 000%	0 000%	13 820 000	15 236 500	368 713	368 713	5,250%	3 090 000	3 823 425	19 059 925			19 059 925	0
2043	1 498,203	13 341,248	1 159 185	5 717,678	21 715 313	2 656 388	19 058 925	362,750	362,750	5 000%	0 000%	14,510 000	15 235 500	285 600	285 600	5,250%	10 680 000	11,451,200	11 451,200			11 451,200	0
2044	1,498 203	8 015 840	1 158 185	3 435 360	14,107 588	2 656,388	11 451 200	0	0	0 000%	0 000%	0	0	0	0	5 250%	0	0	0			0	0
2045	1 498,203		1 158 185	0	2,656 388	2 656 388	0	0	0	0 000%	0 000%	0	0										
								$108 852,838	$112,580,237			$220 500 000	$439 933 084					$31,725 750	$57,300 000	$120 751 500	$560 384 584	($28 282,364)	($8 016 500)	$525 085 700	

[1] Projected annual operating costs provided by the KWA. Allocation based on flow Initially Genesee approx 56.4% Flint approx 43.6%.
[2] Revenue estimates provided by the KWA based on fixed charges for system capacity from Genesee County and City of Flint.
Approx Allocations 2017-2038 Genesee 66% Flint 34%. 2039-2041 Genesee 67% Flint 33%, 2042 2044 Genesee 70% Flint 30%.
[3] Interest from date of issue to first interest payment date.

pra/acg

Totals from Bill Print Summary export to Level One (water bill printing company)

FISCAL YEAR 2014-2015

READ Date	# of Cust Billed Wtr Serv Chrgs	Water Consumption	Water Charges	Water Service Charges	Total
Jul-14	28,676	130,926	$1,036,425.30	$674,125.04	$1,710,550.34
Aug-14	28,499	131,390	$1,042,165.07	$670,600.76	$1,712,765.83
Sep-14	28,358	115,720	$917,558.77	$669,279.42	$1,586,838.19
Oct-14	28,161	133,099	$978,591.94	$707,733.87	$1,686,325.81
Nov-14	28,235	125,902	$998,800.67	$666,765.35	$1,665,566.02
Dec-14	28,290	125,881	$998,277.17	$666,830.58	$1,665,107.75
Jan-15	28,055	188,495	$1,443,094.85	$666,213.56	$2,109,308.41
Feb-15	28,273	133,417	$1,057,362.05	$665,402.63	$1,722,764.68
Mar-15	28,286	108,257	$856,822.21	$663,635.35	$1,520,457.56
Apr-15	28,380	119,618	$943,539.74	$665,479.58	$1,609,019.32
May-15	28,305	117,432	$931,216.65	$664,935.25	$1,596,151.90
Jun-15	28,179	153,002	$1,213,170.97	$663,487.87	$1,876,658.84
RESIDENTIA	311,021	1,452,213	$12,417,025.39	$8,044,489.26	**$20,461,514.65**
COMMERCIAL					
READ Date	# of Cust Billed Wtr Serv Chrgs	Water Consumption	Water Charges	Water Service Charges	Total
Jul-14	1,661	149,233	$1,104,398.38	$240,042.06	$1,344,440.44
Aug-14	1,666	112,125	$833,915.32	$287,050.81	$1,120,966.13
Sep-14	1,676	115,640	$859,383.26	$288,379.55	$1,147,762.81
Oct-14	1,607	105,506	$788,579.23	$279,106.64	$1,067,685.87
Nov-14	1,599	90,398	$681,423.23	$280,254.26	$961,677.49
Dec-14	1,576	102,164	$766,773.86	$277,057.41	$1,043,831.27
Jan-15	1,575	99,674	$752,011.70	$273,462.18	$1,025,473.88
Feb-15	1,563	103,444	$775,819.28	$271,983.65	$1,047,802.93
Mar-15	1,573	92,945	$696,071.36	$275,415.95	$971,487.31
Apr-15	1,573	90,060	$676,542.66	$273,559.88	$950,102.54
May-15	1,580	74,297	$560,592.14	$274,513.71	$835,105.85
Jun-15	1,626	134,596	$997,943.03	$281,116.73	$1,279,059.76
COMMERCI	17,614	1,120,849	$9,493,453.45	$3,301,942.83	**$12,795,396.28**
			TOTAL BILLED WATER REVENUE		**$33,256,910.93**

Sampson, Jeremy (TREASURY)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, February 03, 2016 8:34 AM
To: Sampson, Jeremy (TREASURY)
Subject: RE: today...

k

From: Sampson, Jeremy (TREASURY)
Sent: Wednesday, February 03, 2016 8:33 AM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Re: today...

Perfect I'll have my phone close

Sent from my iPhone

On Feb 3, 2016, at 8:32 AM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

> Ok...don't blow up your schedule as we may take NO calls.
>
> Not sure how and when calls would come in...I think most will just take it at face value...that the state would cover 65%. Not sure anyone will ask for additional calculations, etc.
>
> I will keep you posted if I hear anything.
>
> **From:** Sampson, Jeremy (TREASURY)
> **Sent:** Wednesday, February 03, 2016 8:30 AM
> **To:** Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
> **Subject:** Re: today...
>
> I was planning on working at ops today because I have a couple of meetings but can certainly get downtown if those interviews need to be coordinated.
>
> Would they be coming through you or how would those interviews be coordinated?
>
> Sent from my iPhone
>
> On Feb 3, 2016, at 8:28 AM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
>
> > JS...
> >
> > Are you downtown or at Ops today?
> >
> > Asking because the Gov's office leaked the following to AP last night, and they initially wanted Nick to speak with David Eggert then changed their minds.

http://www.freep.com/story/news/local/michigan/flint-water-crisis/2016/02/03/snyder-ask-legislature-30m-flint-bills/79737148/

We may take calls and requests for comment etc. from Nick (specifically how they developed the 65% mark)...but I'm not so sure.

In any case, may need your help coordinating interviews if we get any requests.

Thanks, TS

Robert, Carla M. (Treasury)

From: Headen, Frederick (Treasury)
Sent: Wednesday, February 03, 2016 10:53 AM
To: Saxton, Thomas (Treasury)
Cc: Khouri, Nick (TREASURY)
Subject: FW: Water Related Civil Litigation.PDF
Attachments: Water Related Civil Litigation.PDF

FYI:

During this morning's weekly Local Government conference call with Flint officials, the City Administrator mentioned this letter and then forwarded a copy of it. I believe she also indicated she or the Mayor had provided a copy to Rich. I had not previously seen it. Oddly, the letter makes no mention of the State Treasurer's January 4, 2016, letter stating that Treasury would reimburse the City 75 percent of *Shears* related legal expenses up to $300,000 incurred by the City.

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Wednesday, February 03, 2016 9:15 AM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>; Kerry Nelson <knelson@cityofflint.com>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Subject: Water Related Civil Litigation.PDF

Thanks,

Natasha L. Henderson, City Administrator
1101 S. Saginaw St.
Flint, MI
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

CITY OF FLINT

Dr. Karen W. Weaver
Mayor

January 27, 2016

Treasurer Nick A. Khouri
Michigan Department of Treasury
Lansing, Michigan 48922

Re: ***Water Related Civil Litigation***

Dear Treasurer Khouri:

In our letter of December 10, 2015, we requested the State of Michigan's financial assistance with the cost of defending the *Shears, et al v City of Flint, et al* lawsuit. As stated in that letter, if plaintiffs were to be successful in that litigation, the financial impact on the City of Flint (City) would be catastrophic.

As you are aware, the City hired the law firm of Miller Canfield to aid in its defense. Since the firm became involved defending this suit, the City has won favorable rulings before Circuit Court Judge Archie Hayman. These rulings included an amendment scaling back the scope of the August 17, 2015, preliminary injunction. Prior to this ruling the City was forecasting financial insolvency as early as this summer. Now, the City is permitted to charge water and sewer rates consistent with the Revenue Bond Act and the biennial budget adopted by former Emergency Manager Gerald Ambrose. Additionally, Judge Hayman has acknowledged that the City is not obligated to repay 15.7 million dollars from its general fund to its water and sewer fund. Put simply, while the costs to retain Miller Canfield have not been insubstantial, it has been money well spent.

These rulings are clear victories for the City. They are a key step in ensuring Flint's overall financial health and stability – both now and in the future. While these triumphs are important, the City has also moved to have the case dismissed. Although Judge Hayman denied the motion, the City believes it has strong grounds for appellate review. That appeal is currently pending before the Michigan Court of Appeals, and the City expectantly awaits a favorable ruling.

Despite the successes in *Shears*, the City must still overcome significant economic challenges. Our City is confronting the most dire water related emergency faced by a municipality in recent memory. This is not hyperbole. Both Governor Snyder and President Obama have declared states of emergency in the City because of the water. What is more, our City's infrastructure, reputation, and people have been irreparably damaged.

As a result of this situation, the City is facing a significant amount of civil litigation. Several lawsuits have already been filed against the City. These include two class action suits. The first, *Mays v Snyder, et al* was brought in the Eastern District of Michigan; the second, *Collins v Snyder*, was brought against the City in Genesee County Circuit Court. The City expects to incur significant legal

fees and costs in defending these two suits. Moreover, we believe these suits are only the first wave of suits to be filed. It is very likely that additional plaintiffs will file suits against the City in the future.

As is the case with the *Shears* litigation, if the plaintiffs in any water related lawsuits are successful, the financial impact on the City would be catastrophic. Certainly, the financial progress and accomplishments achieved by emergency managers over the last four years are at risk. Avoiding this catastrophic result must be a priority. And, given the potential liability posed by these cases all funds expended on competent, qualified legal counsel will be money well spent.

We again acknowledge that under Public Act 436, the State does not assume liability for the actions of an emergency manager. However, without State assistance, the City simply cannot cope with the voluminous number of lawsuits it will soon be facing. Our City needs the resources and expertise of proven legal counsel, such as Miller Canfield. Unfortunately, the City cannot afford these costs. Therefore, we are asking the State to provide the necessary funding for outside legal counsel.

The City and its residents have sacrificed much to attain fiscal stability and end the financial emergency. Our budget, which is already thin, has been stretched to the breaking point by the water crisis. Again, we need the State's help. We would ask that you provide us with the financial assistance necessary to deal with all water related litigation both now and in the future.

Respectfully submitted,

Karen W. Weaver

Dr. Karen W. Weaver
Mayor

Natasha L. Henderson
City Administrator

S:\DBR\Municipal Folders\Water Litigation Treasury Correspondence\Ltr to N Khouri re Water Suits 1 27 16 docx

Pleyte, Beth (Treasury)

From: Baird, Richard (GOV)
Sent: Wednesday, February 03, 2016 12:20 PM
To: Saxton, Thomas (Treasury)
Subject: FW: Water Related Civil Litigation.PDF

Sent from Mail for Windows 10

From: Natasha Henderson
Sent: Wednesday, February 3, 2016 7:01 AM
To: Baird, Richard (GOV); Hollins, Harvey (GOV)
Cc: Karen Weaver; Anthony Chubb; Jody Lundquist
Subject: Re: Water Related Civil Litigation.PDF

Mr. Baird,

This request was drafted and in submission process before the Mr. Earley issue and was not intended to be included in this request specifically. We were made aware of Mr. Earley's situation on Friday evening of last week and worked on a resolution over the weekend. Anthony Chubb, Chief Legal Counsel, will talk to you about this specifically to clarify.

Your agreement to pay for costs to represent Mr. Earley in yesterday's meeting did not solidy your response to the request to this letter, so I hope we continue to be on the same page as relates to cases arising out of Emergency Manager actions after departure.

Thanks,

Natasha L. Henderson, City Administrator
1101 S. Saginaw St.
Flint, MI
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

On Feb 2, 2016 10:50 PM, "Baird, Richard (GOV)" <bairdr@michigan.gov> wrote:
This request was not the same as the request you made during our meeting regarding the funding of Darnell Earley's legal costs in conjunction with the preparation for a congressional hearing appearance. Please contact me so that we can clarify the rationale for this request.

Rich

Sent from my Verizon Wireless 4G LTE DROID
On Feb 2, 2016 4:30 PM, Natasha Henderson <nhenderson@cityofflint.com> wrote:

Hello Mr. Baird, and Mr. Hollins,

Thanks for meeting with the City of Flint's team today. I appreciated the dialogue and look forward to moving the City in a fiscally sustainable direction. Also, as discussed, I have mailed a letter requesting funding for litigation costs. Accordingly, I have attached the request.

Thanks,

Natasha L. Henderson, City Administrator
1101 S. Saginaw St.
Flint, MI
Email: nhenderson@cityofflint.com<mailto:nhenderson@cityofflint.com>
Phone: (810) 237-2057
www.cityofflint.com<http://www.cityofflint.com>

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, February 03, 2016 1:47 PM
To: Murray, David (GOV)
Subject: RE: reporter in need of help with a few facts, please respond ASAP

YW

From: Murray, David (GOV)
Sent: Wednesday, February 03, 2016 1:41 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: RE: reporter in need of help with a few facts, please respond ASAP

Perfect! Thank you very much!

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, February 03, 2016 1:39 PM
To: Murray, David (GOV) <MurrayD1@michigan.gov>
Subject: RE: reporter in need of help with a few facts, please respond ASAP

Dave...

See below in bold:

1. When was Earley appointed emergency manager in Flint?
   October 8, 2013
2. What was Earley's salary while emergency manager in Flint?
   $180,000
3. When did Earley leave his role as Flint's emergency manager?
   January 13, 2015
4. What is the proper way to describe his departure from the Flint emergency manager post.
   Mr. Earley was appointed emergency manager for Detroit Public Schools.
5. On what date was Earley appointed emergency manager of Detroit Public Schools?
   January 13, 2015
6. On what date did he begin his job as the emergency manager of Detroit Public Schools?
   January 13, 2015
7. What is Earley's current salary?
   $225,000

From: Murray, David (GOV)
Sent: Wednesday, February 03, 2016 1:02 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: FW: reporter in need of help with a few facts, please respond ASAP

Hi Terry,

The Washington Post is looking for some technical questions about Darnell – start dates, salary and so on. Do you have that handy, or is it on the website? I can tackle the last one about the governor.

Thanks!

Dave

From: Ross, Janell [mailto:Janell.Ross@washpost.com]
Sent: Wednesday, February 03, 2016 12:52 PM
To: Murray, David (GOV) <MurrayD1@michigan.gov>
Subject: reporter in need of help with a few facts, please respond ASAP

Janell Ross here I am a reporter on the Washington Post's National Political Desk who is working on a piece about Emergency Manager Darnell Earley's plans to resign To that end, I have a few factual questions with which I am hoping that you can help me ASAP this afternoon Please note I have read the statement released yesterday Here are my questions **A specific response to each is needed by 2:30 pm EST today.**

1. When was Earley appointed emergency manager in Flint? (a date or a month and year would do)
2. What was Earley's salary while emergency manager in Flint? Please share his final salary while serving in this role.
3. When did Earley leave his role as Flint's emergency manager? (a precise date would be idea, but again a month and year will do)
4. What is the proper way to describe his departure from the Flint emergency manager post. Did he resign. Did his term reach some sort of natural or goal-related end?
5. On what date was Earley appointed emergency manger of Detroit Public Schools?
6. On what date did he begin his job as the emergency manger of Detroit Public Schools?
7. What is Early's current salary?
8. Did the governor have any reservations or concerns about the events surrounding Flint's water and the way that complaints were managed when he appointed Earley to oversee Detroit Public Schools? If so please describe them, what was conveyed to Earley and when.

Sincerely,

Janell Ross
Washington Post
202/334-6114

Luepnitz, Ann (Treasury)

From: Hanses, Bruce (TREASURY)
Sent: Wednesday, February 03, 2016 4:57 PM
To: Pawlak, Gregory (TREASURY); Robel, Kristen E. (TREASURY); Collins, Julie (TREASURY); Marple, Andy (TREASURY)
Cc: Fielek, Joseph L. (Treasury); Stanton, Terry A. (Treasury); Sampson, Jeremy (TREASURY); Luepnitz, Ann (Treasury); Poynter, Jacob (Treasury)
Subject: FW: Flint Emergency Purchasing Procedures
Attachments: Flint Emergency Purchasing Procedures.pdf

Treasury Purchasing,
The attached memo regarding purchases related to Flint water was distributed at today's Procurement Leadership Team meeting. Please read it and let me know if you have any questions. The memo references an attachment which lists the SEOC contact (this isn't attached and I'm working on getting a copy). I believe the attachment lists each agency Emergency Management Coordinator (EMC). Treasury's EMC is Ann Luepnitz and her backup is Jacob Poynter.

I wanted to make sure you see this ASAP. I'm going to get with Terry Stanton to determine the appropriate distribution in Treasury.

Thanks,
Bruce

From: Calahan, Heather (DTMB)
Sent: Wednesday, February 03, 2016 4:20 PM
To: Brownlee, Jeff (DTMB) <BrownleeJ@michigan.gov>; Vargovich, Carol (MCSC) <vargovichC@michigan.gov>; Epkey, Amy (DEQ) <epkeya@michigan.gov>; Sanches, Christine (DHHS) <SanchesC@michigan.gov>; Wright, Penny (DIFS) <WrightP@michigan.gov>; Graham, Kimberly (DMVA) <grahamk@michigan.gov>; Gyorkos, Laura (DNR) <gyorkosl@michigan.gov>; Hamp, Julie M. (MDOC) <HampJ@michigan.gov>; Paradine, Cindy (MDOS) <ParadineC@michigan.gov>; Frierson, Myron (MDOT) <FriersonM@michigan.gov>; Spaniolo, Natalie (DTMB) <spaniolon@michigan.gov>; Mullen, Patrick (DTMB) <mullenp1@michigan.gov>; Maynard, Sharon (DTMB) <maynards1@michigan.gov>; Simon, Robert (MGCB) <SimonR@michigan.gov>; Droste, LeAnn (LARA) <drostel1@michigan.gov>; Robinson, Steve (LARA) <robinsons@michigan.gov>; Kish, Lucy (MSL) <KishL1@michigan.gov>; Bruce, David M. (MDARD) <bruced9@michigan.gov>; Shackelford, Levita (MDCR) <ShackelfordI@michigan.gov>; Morse, Peter (MEDC) <morsep@michigan.org>; Grammer, Scott (MSHDA) <GrammerS@michigan.gov>; Olivarez, Victoria (MSP) <OlivarezV1@michigan.gov>; Smith, Gerri (DTMB) <SmithG15@michigan.gov>; Moody, Michael (DTMB) <MoodyM1@michigan.gov>; Hanses, Bruce (TREASURY) <HansesB@michigan.gov>; Gyorkos, Laura (DNR) <gyorkosl@michigan.gov>; Quigley, David (DTMB) <quigleyd@michigan.gov>; Stephen, Kimberly (DHHS) <STEPHENK@michigan.gov>; Zuker, Whitnie (DTMB) <ZukerW@michigan.gov>; McDonald, Paul (DEQ) <mcdonaldp@michigan.gov>; Edgett, Chelsea (MEDC) <edgettc1@michigan.org>; Doyle, Holli (MGCB) <doyleh@michigan.gov>; Kotsifis, Marina (MGCB) <KotsifisM@michigan.gov>; Platte, Pamela (MDOS) <plattep@michigan.gov>; Dennis, Ann (MDE) <DennisA@michigan.gov>; Payne, Darcie (DIFS) <PayneD3@michigan.gov>; Davis, Kimberly (MCSC) <davisK5@michigan.gov>
Cc: Maher, Sharon (DEQ) <MAHERS@michigan.gov>; Schmitt, Jane (MDE) <SchmittJ1@michigan.gov>; Bassett, Chad (MDE) <BassettC@michigan.gov>
Subject: Flint Emergency Purchasing Procedures

Good afternoon,

Attached is the Flint Emergency Purchasing Procedures Jeff spoke about this afternoon.

Heather

STATE OF MICHIGAN

RICK SNYDER
GOVERNOR

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

DAVID B. BEHEN
DIRECTOR

February 2, 2016

TO: State of Michigan Procurement Leadership

FROM: DTMB Procurement

SUBJECT: Genesee County Water Emergency Response - Purchasing Guidance

Thank you to all who are working to support the State of Michigan's Genesee County, City of Flint water emergency response.

Given the complexity and variety of the needs of this emergency effort, the purchasing support required is complex as well Purchasing protocols have some differences under this declared state of emergency, and meticulous tracking of expenditures is imperative.

The Michigan State Police (MSP) is the lead agency overseeing the situation and managing the State Emergency Operations Center (SEOC). Flint related purchases must **first** be routed through the appropriate SEOC contact (see attached for an agency roster) to include the SEOC State Director This is required for all Flint- related purchases without exception. The SEOC financial team is responsible for tracking all expenditures in connection with the emergency efforts

Each agency is responsible for its own purchasing transactions. This includes p-card transactions and purchase orders, the tracking of all such transactions, and reporting of those transactions to the appropriate SEOC representative. Failure to properly inform the SEOC financial team of any transaction may result in a forfeiture of any potential reimbursement anticipated by the agency.

Agency purchasing managers are responsible to supply their agency's SEOC representative with a 24/7 phone number for agency purchasing staff support and request that the SEOC representative involves them in every purchase. (Note: SEOC hours are 8 am to 8 pm, seven days a week at this time.)

Emergency Purchasing Procedure:
Public Act 431 of 1984 provides an exception to competitive bidding during a state of emergency. However, responsible purchasing procedures are still the expectation for all procurement professionals (agency purchasing staff).

In addition to the notification and reporting expectations set forth above, transactions should be conducted and/or overseen by procurement professionals, with rare exception, in accordance with the following:

- Each agency makes their own determination when an emergency purchase order is required, and is then responsible for the supporting documentation
- Utilize existing State contracts where possible. Contact DTMB Procurement for help negotiating bulk rates or expedited shipments if needed, and for any concerns related to availability of funds on a contract

- Obtain three quotes whenever reasonably practicable
- Post bids online to the extent practicable
- Please escalate any questions to DTMB Procurement before executing a buy
- DTMB Procurement will assist any agency upon request to address supply chain issues (e.g. working with a national supplier to ensure a high volume supply of water filters are available)
- DTMB-Financial Services is not responsible for issuing emergency purchase orders on behalf of agencies with the exception of information technology related goods and services
- Maintain documentation supporting all transactions. Establish internal protocols to support this such as a single spreadsheet to track agency-wide transactions. Report your agency's expenses to the SEOC Finance team via your SEOC representative.

Questions, concerns, or comments should be directed to:

Primary Contact:
Rebecca Cook, Commodities Division Director
Cookr6@michigan.gov
Cell: 517-930-4015

Secondary Contact:
Jeff Brownlee, Chief Procurement Officer
brownleej@michigan.gov
Cell: 517-930-3472

Sincerely,

Jeff Brownlee
Chief Procurement Officer
State of Michigan

Robert, Carla M. (Treasury)

From: Brown, Jessica (GOV) <BrownJ53@michigan.gov>
Sent: Wednesday, February 03, 2016 9:56 PM
Subject: 2/3 Daily Update
Attachments: 160203_Flint Water Daily Update - Copy.doc

Below and attached

Thank you,

Jessica M Brown

Communications Representative
Executive Office of Michigan Governor Rick Snyder
O 517-335-6397
M 517-388-3873

Flint Water Daily Update

Updated Feb. 3

Current Issues Talking Points

Governor proposes $30M to cover Flint water bills

- The Governor announced a proposed plan to request $30 million as part of the Fiscal year 2017 budget proposal to cover Flint residents' water bills because he believes they should not pay for water that wasn't suitable for consumption.
- The proposal calls for a Consumption and Use Credit the city could use to relieve families of a portion of their water bills from April 2014-April 2016.
- Under the plan, the funding would cover water used for drinking, cooking and bathing which is approximately 65 percent of a resident's water bill.
- Residents would still be responsible for covering sewer costs as well as water not used for consumption (i e. water heaters, outside water use, etc)
- The Governor's proposal would allow Flint to relieve residents of their water bills or provide payment credits for future use.
- The request will be part of the Governor's official budget presentation next week on Feb 10.
- The $30 million recommendation builds on the previous $37.3 million in emergency funding already allocated to Flint by the state.
- The recommendation must go through the formal state budget process and be approved by both the House and Senate.

Congressional Hearing

- A Congressional hearing on Flint water took place today in Washington D C.
- Interim DEQ Director Keith Creagh and Virginia Tech Professor of Environmental and Water Resources Engineering Marc Edwards testified in the hearing of the Reform and Oversight Committee
- To date, the Governor has not been invited to testify before Congress
- The Governor remains focused on fixing the problem in Flint. He is committed to establishing both a short and long-term solution to ensure clean, safe drinking water for Flint families.
- He was in Flint today meeting with local community leaders and discussing the Consumption and Use Credit $30 million budget proposal with local media outlets

Democratic Presidential Debate coming to Flint

- It was confirmed today that a Democratic Presidential debate will take place in Flint in early March
- To date the Federal Government has provided only $5 million in funding to assist residents in Flint while the State has allocated $37.3 million in emergency funding to support Flint families.
- The Governor also proposed a plan to dedicate an additional $30 million as part of his upcoming formal budget presentation to assist Flint residents with water bill payments.
- What will help Flint more than a presidential debate is working together to implement concrete solutions that will aid the city along its road to recovery now and into the future
- It is important we draw on all available resources to help meet both the immediate and long-term needs of Flint residents.

Osborne, Ken (TREASURY)

From: Osborne, Ken (TREASURY)
Sent: Thursday, February 04, 2016 10:36 AM
To: 'Posthumus, Dick (GOV)'; Ackerman, Darin (GOV)
Subject: Water Bill Info

Importance: High

Dick and Darin,

Senate R's have asked if Nick could come over and brief them on the water rate credit issue. He is more than willing to do that, and I am coordinating with the Senate. But I had heard that some information had been shared with Senate Dems, just checking if that was the case and what document that was. So we can make sure we are using the same documents.

Ken Osborne
Legislative Liaison
Department of Treasury
Desk: 517-241-2474
Cell: 517-388-0968

Osborne, Ken (TREASURY)

From: Posthumus, Dick (GOV) <Posthumusd@michigan.gov>
Sent: Thursday, February 04, 2016 10:43 AM
To: Osborne, Ken (TREASURY)
Cc: Ackerman, Darin (GOV)
Subject: FW: Water Use Determination for Flint
Attachments: Household Water Use Distribution Rates docx; Water Relief Analysis (65R_20C Levers + No Late Fees).pdf

This is what we sent to the Democrats. Same as we sent to the Republican leaders.
Dick

From: Posthumus, Dick (GOV)
Sent: Wednesday, February 03, 2016 2:40 PM
To: senjananich@senate.michigan.gov; 'Rep. Sheldon Neeley (District 34)' <SheldonNeeley@house.mi.gov>; 'Philphelps@house.mi.gov' <Philphelps@house.mi.gov>
Cc: Baird, Richard (GOV) <bairdr@michigan.gov>; Ackerman, Darin (GOV) <ackermand3@michigan.gov>; Lange, Michelle (GOV) <LangeM3@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>
Subject: Water Use Determination for Flint

Senator and Representatives;
Attached are

1) The way in which we determined that 65% of the water usage (not including sewer) is cooking, drinking and bathing.
2) Applying that stat to the aggregate costs of water in Flint, how we came up with $30M for credits

Dick

Household Water Use Distribution Rates

There appear to be a number of online resources (including online calculators) that indicate the distribution of water used for cooking, drinking, and bathing. A good example is the pie chart in this EPA document: http://www3.epa.gov/watersense/pubs/indoor.html. Flushing the toilet and washing clothes, alone, make up about 48% of the average indoor use. Add in leaks, and you're at 62%. Also, keep in mind that this is only indoor use, so any outdoor use would further dilute the percentage used in cooking, drinking, and bathing. So on this scale cooking, drinking, and bathing range from 38% to 52%. So reimbursing for 65% of total water used (not sewer costs) should cover almost anyone's cost for those items.

Another way to check this is using a fairly detailed calculator (http://wecalc.org/calc/#) to map consumption. Here are the stats that we entered, which are aimed at generating an atypically high ratio of refundable uses to other uses:

Single person
Relatively modern dishwasher, washing machine, toilet
1 toilet
7 showers/wk (avg is 4.7)
1 bath per week
4 flushes/day (avg is 5)
No aerators and old faucets
Energy star dishwasher used 0.7 times/week (that's the avg. per person, though a single person is likely to run the dishwasher at least once, and probably twice, per week—I'm assuming hand washing would use even more water)
2 loads of laundry/week (avg is 11 loads/month)
No apparent leaks
No outside water use

With all of that, the combined faucet*, shower, and bath percentage was 70% of household usage.

If we only change the shower and toilet figure to reflect average use, that percentage goes down to 65%.

If we plug in a 4-person household that uses the dishwasher, washing machine, toilet, and shower the average number of times, and I also allow for 2 baths per week, keeping all of the other parameters the same, the percentage goes down to 64%.

*It's important to note, however, that in all of these calculations we are using "faucet" as a proxy for cooking and drinking. The default faucet statistic allows for 8.1 minutes of use per person per day. That's much more water than would be used for those two purposes. If we change that one stat to allow for a total of 8 minutes of water use per day for drinking and cooking, the above percentage plummets to 50%. And if we don't count the water we waste while waiting for it to heat up (this is a toggle that is in addition to the 8 minutes noted above), the percentage drops to 48%. If we assume that the home doesn't have a washing machine at this point (and that laundry is done at a laundromat), the percentage use for faucet, shower, and bath is 64%.

That's a fair amount of detail, but the point is that even with all of the variables at play, we think that a 65% refund would cover the cost of water used for drinking, cooking, and bathing for most, and possibly all, Flint residents.

DRAFT - For Discussion Purposes and Subject to Revision

EVENTS

Water Switch Over Date	4/30/2011
Current Consumption Data Available Date	11/30/2015
Planned Rate Increase Date	5/31/2016
Clean Water Certification Date	5/31/2016
Months Between Switch Over and Current Consumption Date	56
Months Projected Prior to Planned Rate Increase	6
Months Projected till Clean Water Certification Date for Rate Incr	6

NOTES / COMMENTS

• Water billed by the "Bill Read Dates" in the Historical Data tabs reflects water consumption from the prior month (i.e. billing transactions with a Bill Read Date of July 2014 reflects "water consumption" from June 2014)

• Projected water costs are computed by using the average amounts for water transactions for Billed Dates July 2014 till August 2015 to reflect rates at which the City of Flint is legally authorized to bill customers

• Due to absence of actual water reads for the month of January 2015 and February 2016 (i.e. water consumed in December 2015 and January 2016 respectively), "Current Date" is set at November 30, 2015. As such an additional two months of water consumption (December 2015 and January 2016) for which actual reads are currently unavailable are included in the projected costs

Projected cost includes estimation up to June 2016 using the average monthly historical cost from July 2014-August 2015. Estimated projections beyond June 2016 incorporates a 5% increase against the historical costs from July 2014 to August 2015. The 5% increase reflects the increase the City would otherwise have implemented effective July 1, 2016 until the "safe date". This rate increase was adopted in the Biennial FY15/FY17 budget by the City's Emergency Manager

HISTORICAL PAYMENTS (State Reimburses for...)

RESIDENTIAL		COMMERCIAL	
% of Water Service Charges	65%	% of Water Service Charges	20%
% of Water Rates	65%	% of Water Rates	20%
% of Sewer Service Charges	0%	% of Sewer Service Charges	0%
% of Sewer Rates	0%	% of Sewer Rates	0%
% of Late Fees	0%	% of Late Fees	0%

FUTURE PAYMENTS (State Reimburses for...)

RESIDENTIAL		COMMERCIAL	
% of Water Service Charges	65%	% of Water Service Charges	20%
% of Water Rates	65%	% of Water Rates	20%
% of Sewer Service Charges	0%	% of Sewer Service Charges	0%
% of Sewer Rates	0%	% of Sewer Rates	0%
% of Late Fees	0%	% of Late Fees	0%

TOTAL HISTORICAL

RESIDENTIAL		COMMERCIAL	
Water Service Charges	$ 8,247,952.84	Water Service Charges	$ 1,640,411.41
Water Rates	$ 11,948,562.44	Water Rates	$ 2,246,589.73
Total Water	$20,196,515.28	Total Water	$ 3,887,001.14
Sewer Service Charges	$ -	Sewer Service Charges	$ -
Sewer Rates	$ -	Sewer Rates	$ -
Total Sewer	$ -	Total Sewer	$ -
Total Water and Sewer	$20,196,515.28	Total Water and Sewer	$ 3,887,001.14
Late Fees	$ -	Late Fees	$ -
Grand Total	$20,196,515.28	Grand Total	$ 3,887,001.14

TOTAL PROJECTED

RESIDENTIAL		COMMERCIAL	
Water Service Charges	$ 1,697,620.25	Water Service Charges	$ 66,23[illegible].08
Water Rates	$ 2,538,361.80	Water Rates	$ 188,282.48
Total Water	$ 4,235,982.06	Total Water	$ 254,513.56
Sewer Service Charges	$ -	Sewer Service Charges	$ -
Sewer Rates	$ -	Sewer Rates	$ -
Total Sewer	$ -	Total Sewer	$ -
Total Water and Sewer	$ 4,235,982.06	Total Water and Sewer	$ 254,513.56
Late Fees	$ -	Late Fees	$ -
Grand Total	$ 4,235,982.06	Grand Total	$ 254,513.56

Total Historical Cost to be Reimbursed (Residential and Commercial)	$ 24,083,516.42
Total Projected Cost to be Reimbursed (Residential and Commercial)	$ 4,490,495.61
Total Historical and Projected Cost (Residential and Commercial)	$ 28,574,012.03

Cline, Richard (Treasury)

From: Maxine Murray <mmurray@cityofflint.com>
Sent: *Thursday, February 04, 2016 12:15 PM*
To: Cline, Richard (Treasury); Dempkowski, Angela (Treasury)
Cc: Natasha Henderson; Sean Kammer
Subject: Transcript RTAB Proceedings
Attachments: January 22nd RTAB Transcript.pdf

Good afternoon.

Attached is the transcript of the January 22nd RTAB Proceeding.

--
Maxine Murray
Executive Assistant to
Dr. Karen W. Weaver. Mayor
City of Flint
1101 S. Saginaw Street
Flint. MI 48502
810.237.2035 Telephone
810.766.7218 Fax

STATE OF MICHIGAN

In the Matter of:

CITY OF FLINT

RECEIVERSHIP TRANSITION ADVISORY BOARD

_____/

Proceedings had in the above-entitled matter, taken by Claudia M. Weekly, CSR-2963, and Notary Public, on Friday, January 22, 2016, at 1101 South Saginaw Street, Council Chambers, Flint, Michigan, commencing at or about 2:11 P.M.

APPEARANCES:

FRED HEADEN, Chair

MICHAEL FINNEY, Member

MICHAEL TOWNSEND, Member

DAVID McGHEE, Member

BEVERLY WALKER-GRIFFEA, Member

ERIC CLINE

Friday, January 22, 2016

Flint, Michigan

1:09 P.M.

CHAIRPERSON HEADEN: Meeting will be in order, please. Let the record reflect that all five members of the RTAB are present. We have a quorum.

I would like to, before conducting further business, acknowledge two new additions to the Board, both to my right, Mr. Michael Townsend and Mr. Michael Finney. We look forward with working with both of you. Both of you will be a great addition to the Board. If either one of you have a desire to make any comments now please feel free.

MEMBER FINNEY: No.

MEMBER TOWNSEND: No.

CHAIRPERSON HEADEN: The next item is the approval of the agenda. Are there any additions to the agenda? Mr. McGhee?

MEMBER McGHEE: Yes. Mr. Chair, thank you. I would like to make a motion that public comment be moved toward the beginning, so moved after the minutes.

CHAIRPERSON HEADEN: Is there support?

MEMBER WALKER-GRIFFEA: Support.

CHAIRPERSON HEADEN: Without objection, the agenda is so amended.

The next item of business is the approval of the RTAB minutes of January 13. Those are previously distributed. Are there corrections or additions to those minutes?

If not, I'll entertain a motion that the minutes from January 13 be approved.

MEMBER WALKER-GRIFFEA: So moved.

MEMBER McGHEE: Support.

CHAIRPERSON HEADEN: Those in favor of the motion please say aye.

MEMBER FINNEY: Aye.

MEMBER TOWNSEND: Aye.

MEMBER McGHEE: Aye.

MEMBER WALKER-GRIFFEA: Aye.

CHAIRPERSON HEADEN: Opposed?

The motion is adopted.

There is no unfinished business pending.

The next item based upon the amended agenda is public comment.

Mr. Cline, has anyone signed in to provide public comment?

MR. CLINE: Good afternoon. At the moment we have six individuals that have signed in for public comment. Start off with A. Dumas.

MR. DUMAS: Good afternoon. My name is A.C.

Dumas and I reside at 533 East Rankin Street in the City of Flint. I've been a resident of the City of Flint for my entire life. And I do want to say, according to the agenda, hopefully that this RTAB Board will give the Mayor Karen Weaver her powers back to govern as Mayor of the City of Flint.

Now, every one knows that I am anti, I want to repeat that, anti Emergency Managers, anti Emergency Managers appointees, anti this Board, because I don't believe in Emergency Managers.

And I'm going to say this as I go to my seat. I'm going to say what God told Moses. The difference, we had one preacher up there. God told Moses tell Pharaoh to let my people go, that they may serve me. And I'm going to say to this RTAB Board I would appreciate if you go to the Governor and tell the Governor to let the people of the City of Flint go so we can be governed by our Bible, which is our own City charter, Constitution of the United States and the State of Michigan.

Just to recant, that I am not in favor of Emergency Manager style, a takeover. I do believe in strong government. As you know, strong city governments, as you know, many of you don't know, that last night when we had our city charter review commission meeting that 100 percent of the people, residents were there in that

packed house say they want a strong mayor form of governor, government that will be able to appoint their own executive staff. And so, I hope that you can send that message to the Governor.

You know, water is very important. And you do know that God destroyed the whole world with water. Don't get caught in the judgment of water.

CHAIRPERSON HEADEN: Next, please.

MR. CLINE: Keith Pemberton.

MR. PEMBERTON: Good afternoon.

CHAIRPERSON HEADEN: Good afternoon.

MR. PEMBERTON: I worked for 25 years being a mental health aide. My job was to watch people, watch their nonverbals, hear what they had to say. And hear what they were saying, words that what they meant by what they said instead of what they wanted you to hear. I don't know if you understood what I just said, but it's double-talk. And all we've gotten from Lansing since all this problem started is double-talk. That's all we get from any of the politicians is double-talk.

I hope that you guys, reading your nonverbals, I don't believe it, but I hope that you guys will stop this theft of the people's government and give the government back to the people. We didn't do anything to deserve this. Bad politicians did it and bad politicians

made the mess we're in now. The people should be able to live freely.

CHAIRPERSON HEADEN: Thank you.

MR. CLINE: Pastor Gilbert.

PASTOR GILBERT: Good evening to all.

CHAIRPERSON HEADEN: Good evening.

PASTOR GILBERT: Pastor Alvin Gilbert. I live at 1906 McPhail Street in the City of Flint. I've been in the City of Flint for 42 years.

And I want to say to this Board you look real nice, but nice is not good enough. I want Mayor Weaver to get all the power that the charter has granted her because she deserves it. She has been elected by the city, she is the voice of this city and she is our leader.

But I have one problem. I'm nonprofit. You know I'm not Jesus Christ. I'm just nobody. But I have paid taxes. I worked 33 years for General Motors and I paid my taxes. I can't stand Public Act 436, Executive Order 3 or 20 or any other order because it wasn't the order of the people.

I'm just a voice crying in the wilderness like John the Baptist. I don't care if you like me. I'm not trying to be popular. I don't want nothing from Mayor Weaver. I don't want nothing from any of her consultants

or anybody else. But I am sick and tired of being trampled on by democracy and my rights. I speak for all of the people that can't get down here. Mayor Weaver deserves it. She was elected by the people.

But also, I want to know who is going to check Mayor Weaver? Who's going to watch her? No one gets off the hook anymore. We've been mistreated. We've been downtrodden, but we rising up, we going to fight back. Because I ain't running for office. I don't have no big mega church.

General Motors sends me my pension every month, and I'm so grateful to God that they do. So, I'm not for sale. You can't buy me. You don't have enough money.

So, what I recommend that you do is that you remember that if you do not give this council some power because the council represents the people and their voices must be heard as well. So, give Mayor Weaver her power. She deserves it, she earned it, and the people love her. But we are watching her as well and we are watching you.

So, remember Pastor Alvin Gilbert. I live at 1906 McPhail Street on the south side of Flint. Anytime you're welcome to come to my home and we can discuss it further or we can talk about it later. I hope that you take what I said to heart because I meant every single

word of it. And I intend on driving every demon in this city out in the name of Jesus. God bless you.

CHAIRPERSON HEADEN: Thank you. I would like to acknowledge I believe the Mayor is on the phone, so she's listening in.

Next, please?

MR. CLINE: Tony Pelladono.

MR. PALLADENO: Palladeno.

MR. CLINE: Palladeno. My apologies.

MR. PALLADENO: Hi, everybody. Tony Palladeno, east side of Flint. Mayor Weaver, I haven't seen you in a while. How are you doing?

Just to touch on a little bit, we fought our butts off to get her where she's at, and I say we, a lot of us have. She's got to have her job back. We've got to have this council. And other than that, the citizens, themselves, have got to have someplace to go when they have a complaint. And I don't mean the sidekicks or whatever. We need somebody in here that will listen to us and do something about it.

We need our Mayor. We didn't vote for her to listen to somebody else. We've been pounding them streets, you know. And I don't have no hidden agenda. I'm not no church. As far as taxes, we're getting beat up, you guys, the ones that are trying to pay.

Mayor Weaver, if you see me right now, I've been trying to meet with you now for two weeks, I've been trying to see you. Please, guys, we got to have our Mayor, honestly, from east side all over the city. Thank you.

CHAIRPERSON HEADEN: Thank you.

MR. CLINE: Arthur Woodson.

MR. WOODSON: How you doing?

CHAIRPERSON HEADEN: Good afternoon.

MR. WOODSON: My name is Arthur Woodson. I live at 402 West Stewart. I'm up here today. I hate that you all are giving her her powers back right now. She need her powers, but the thing is if you look at Hurricane Katrina, if you don't cross your Is, I mean cross your Ts and dot your Is they're going to try to get you for corruption, bribery.

I wish they would have cleaned up this mess before they did because I see them trying to put her under the gun and say I told you that she couldn't do it. And they going to try to put every obstacle in her way.

If we didn't have this RTAB we would have been on Detroit water because the council voted, along with the Emergency Manager with the RTAB, the council voted to go back to Detroit. But they stopped it by Emergency Manager Jerry Ambrose. So, if we didn't have him here we

would have been all right.

Mr. McGhee, you know I'm a veteran and you know I fight all day, you know. So, my problem is, Mr. Townsend, you sued the City, so how would you work for the City and you sued the City? Mr. Finney, this is my first time seeing you, but I saw you at the press conference with Snyder.

So, we have a lot of puppets sitting up here that will not work for the City. And I'm just saying like I see it because it's agents of the State. RTAB is the agent of the State.

Me, myself, I would have never accepted it. I'm unbought and I'm un-bossed, so I'm going to be shouting out doing research all day. I'm not here to pull -- I'm not here to fill up pulpits. I'm not running for political office. And I tell it like it is. If I see you doing wrong, I don't care if you're Democrat or Republican, I'm going to let everybody know. Because this situation we're in right now we shouldn't even be in. Thank you very much.

CHAIRPERSON HEADEN: Thank you.

MR. CLINE: Monica Galloway.

MS. GALLOWAY: Monica Galloway, 7th Ward City Council member. I want to thank you guys for serving. I do thank you for hearing the voice of the people, giving

the power and the leadership back to the Mayor. But I do want to hold this Board accountable because since the council is not going to be the checks and balances of the legislative, my hopes are that we won't go back to politics as we've done in the past.

I want to thank this leadership team that has worked very hard in very difficult times. And I understand that the Mayor has the ability to appoint leaders. But I think that it's irresponsible of any leader to come into a situation in a city that is so devastating, and yet, there are still more years ahead in which the devastation hasn't stopped. It doesn't stop because we're in national media about the water. We got some budget issues.

And I just ask that the Mayor would take a real good look at the leadership that's in place that has been working through this situation and that you don't always need to reappoint somebody. And I'm asking this Board to make sure that those that come up as an appointee are not the political agenda as usual.

One thing I appreciated about the administrator and the way that the order was written is that they didn't have to get caught into the political ties of a mayoral race. They could do the services of the city every day without the hanging over them that because the

leadership has changed I might get a notice today. And so, it gives you the freedom to serve and do everything you can for this community. And I'm asking that this Board will still allow that to happen. Thank you so much.

CHAIRPERSON HEADEN: Thank you.

MR. CLINE: That concludes public comment.

CHAIRPERSON HEADEN: The next item, new business, consideration of resolution, RTAB resolution 2016-1. For discussion purposes only is there a motion that the resolution be approved?

MEMBER FINNEY: Mr. Chairman, I would move for approval.

CHAIRPERSON HEADEN: Is there support?

MEMBER TOWNSEND: Support.

CHAIRPERSON HEADEN: Motion has been made and seconded. Any discussion?

MEMBER WALKER-GRIFFEA: I believe that the Mayor would like to discuss this point.

CHAIRPERSON HEADEN: Madam Mayor, are you still with us?

Madam Mayor, are you still with us?

Dr. Weaver?

MAYOR WEAVER: Okay. It keeps going out.

CHAIRPERSON HEADEN: Do you have comments to

offer regarding the proposed resolution?

MAYOR WEAVER: Can you hear me?

MEMBER WALKER-GRIFFEA: Yes.

MEMBER McGHEE: Yes.

MAYOR WEAVER: Okay. Well, first of all, I really wanted to thank you for having this special meeting. And it's another great day to help bring Flint back, and I want to thank the Governor and his staff to help make this possible, I really do.

I need to thank my transitional team as well for their help in the negotiations. And I really want to think the media, both the local and the national, who helped us get our story out.

And, you know, I recognize and we recognize that we have a lot of work yet to do. I thank the Board for stepping forward and I appreciate it. I really wish I was there in person, to be perfectly honest, but there's a snowstorm here and I've been up since 4:00 o'clock trying to get my reservation changed and I haven't had any luck doing it.

But I do just want people to know that I will continue to be responsible and thoughtful about how I entertain moving forward. So, I just wanted an opportunity to express that to you and thank you for calling the meeting today.

CHAIRPERSON HEADEN: Thank you, Madam Mayor.

I want to also acknowledge I believe Council President Nelson is here. President Nelson, do you have any comments you'd like to offer with regard to the resolution?

MR. NELSON: Good evening to this Board and to the new faces on this Board. I am in support of returning the Mayor her power, but I want it to be clear that this Governor needs to understand that this is a two-way street and this is not a one-way street. And I support him giving the Mayor her power, but he really needs to consider that the people voted for us as elected officials, also. And so, we have that right to have our power back.

I won't stop the train from running on the track, but the Governor needs to know that on November the 3rd the people elected me, also, as they did Mayor Weaver. And so, we want to have a fair playing field, level playing field. We want to make sure that we're able to make our own decisions for the people that elected us to do so.

And so, I'm in support of Mayor having all her power. But the day must come, as council president I must take a stand and say that we serve, all nine of us, and we share responsibilities to be the check and the

balance, and you just can't write a check and do what you want with it.

And so, to you, and to all of us here today, I appreciate you for being here. I appreciate you for letting me have words to say. But I, as council president, was elected, too, and I need the power, also, to do what the people elected me to do.

CHAIRPERSON HEADEN: Thank you. Before adopting the resolution is there further discussion?

MEMBER McGHEE: Yes.

CHAIRPERSON HEADEN: Mr. McGhee.

MEMBER McGHEE: Thank you. For any American city the Democratic process is one that is vitally important, especially for Flint where since 2002 there have been so many inconsistencies at the municipal level. I mean we're sitting at a point in time in our community's history where we could be facing, we could be known as the largest catastrophe in the state.

When you look at similar communities or if you just look at any neighboring community, the financial restructuring of the City of Detroit, they had the control back in addition to an abundance of resources that helped them get through the tough times. And I think, I know I accepted this role on the Transition Advisory Board, as a resident born and raised here, lived

here all my life, to see what I could do and assist in transitioning back to local control. And even though whatever decision is made today, this could be a step in the right direction.

However, we are leaps away from where we need to be as a city and where we need to be as a community and where the Governor needs to be in supporting us through this particular process. We just need to make sure that we move forward and that we take steps, not laterally leaning on the wrong house.

As I understand it, and as the Governor told me when I had a conversation with him earlier, he stated as if he was committed to helping the city through this. And my hope and my desire is as we navigate through these difficult times he works with the City of Flint as a partner and not in a continued form of dictatorship or anything like that.

I'm sad that this particular piece didn't happen in a different way. There were conversations -- I made the conversation and the comment and the request to the Governor personally that if he saw fit that the Mayor was in a position to have powers back why wouldn't he just hand over the keys completely, use the charter completely and dismiss the RTAB. That was my recommendation to the Governor.

But this could be a start. But if it is to be, so we need to be partners. The state needs to be transparent. They need to give this particular Board information in a timely manner and make decisions based on what's in the best interest of the people and not just what's in the best interest of politics.

And the City of Flint and its residents, you've heard, have been here for quite some time. We are resilient people, so we need to make sure that decisions, that all of them are being made based on what's in the best interest of the people as a whole and not just what's in the best interest of individuals.

CHAIRPERSON HEADEN: Further comment or discussion?

MEMBER WALKER-GRIFFEA: Mr. Chair?

CHAIRPERSON HEADEN: Yes.

MEMBER WALKER-GRIFFEA: I believe that we were appointed as RTAB members to be thoughtful, reflective and decisive for the community. Each one of us has the ethical responsibility to the Flint community to make fully informed decisions. And I know that the original RTAB members really worked hard to embrace our positions and make decisions that we hoped would make our community stronger and better.

I've had deep concerns, and I've spoken with

the Governor as well, about the deep concerns during the last month and-a-half that we've been called to make decisions without any time to seek clarifying information and support for the decision. I believe to approve any resolution that RTAB needs the opportunity to hear the rationale for the request and the impact on the community and other city functions. My concerns have fallen on process and communication of information.

As we consider this new resolution I appreciate that the Governor and his cabinet members this week gave RTAB members insight into the rationale. It helps to clarify the intentions of the resolution and to allow me to fulfill my obligations as an RTAB member. So, I understand, as was presented to me, that Mayor Weaver has shown dramatic growth in her ability to run the local government. That it is viewed that our city is coming together.

I certainly understand with the water crisis that it is not a normal time for Flint, and so, we have to accelerate in our processes in order to make our decisions. I know that it is a challenging time and progress is required immediately. And above all, I know that Mayor Weaver needs to have the appropriate skill set and resources to move the community forward.

So, as the Board moves forward I'm requesting,

Mr. Chair, that RTAB is given the requisite information in a timely manner to do our jobs and that transparency is at the utmost for every issue that befalls RTAB in the future. We cannot be perceived as puppets.

Thank you for your consideration of my concerns.

CHAIRPERSON HEADEN: Thank you. Questions on the adoption of the resolution? Is there further discussion, comments?

Under our Rules of Procedure, because this is a resolution, a record roll call vote is required. We'll proceed in alphabetical order.

Mr. Finney, how do you vote?

MEMBER FINNEY: Aye.

CHAIRPERSON HEADEN: Mr. Finney votes aye.

Mr. McGhee?

MEMBER McGHEE: Yes.

CHAIRPERSON HEADEN: Mr. McGhee votes aye.

Mr. Townsend?

MEMBER TOWNSEND: Aye.

CHAIRPERSON HEADEN: Mr. Townsend votes aye.

Dr. Walker-Griffea?

MEMBER WALKER-GRIFFEA: Support.

CHAIRPERSON HEADEN: Dr. Walker-Griffea votes aye.

The Chair votes aye.

There are five yeas and no nays. The resolution is adopted.

Is there further business before this Board? If not, is there a motion that we adjourn?

MEMBER WALKER-GRIFFEA: So moved.

MEMBER FINNEY: Seconded.

CHAIRPERSON HEADEN: Motion is made and seconded without objection. We are adjourned. Thank you.

(Meeting adjourned at 2:38 PM.)

CERTIFICATE OF REPORTER

STATE OF MICHIGAN)
SS)
COUNTY OF GENESEE)

I hereby certify that on the date and at the place hereinbefore set forth, I reported stenographically the proceedings held in the matter hereinbefore set forth, and that the testimony so recorded was subsequently transcribed by me, and that the foregoing is a full, true and accurate transcript of my original stenotype notes.

Dated: January 27, 2016

Claudia Weekly, CSR-2963

Notary Public:
Genesee, Michigan
My Commission Expires:
March 6, 2019

Osborne, Ken (TREASURY)

From: Osborne, Ken (TREASURY)
Sent: Thursday, February 04, 2016 12:51 PM
To: Saxton, Thomas (Treasury); Peruchietti, Cindy (Treasury); Durfee, Sally (TREASURY); Ryan, Howard (Treasury)
Subject: FW: Amendments to SB 136 for Flint water bills
Attachments: SB 136 amdts.pdf

These are the amendments regarding the Flint water credit. Nick asked me to share to see if there are any major concerns with the boilerplate

From: Starr, Scott (DTMB)
Sent: Thursday, February 04, 2016 12:45 PM
To: Osborne, Ken (TREASURY) <OsborneK1@michigan.gov>
Subject: FW: Amendments to SB 136 for Flint water bills

From: Nancy Vreibel [mailto:NVreibel@senate.michigan.gov]
Sent: Thursday, February 04, 2016 11:56 AM
To: Starr, Scott (DTMB); Alisha Cottrell; Josiah Kissling
Subject: Amendments to SB 136 for Flint water bills

FYI....n

February 3, 2016

G. AMENDMENT NO. 4

Senator JONES offered the following amendments to Senate Bill No. 136:

1. Amend page 1, line 6, by striking out the remainder of section 101 and inserting

"APPROPRIATION SUMMARY

GROSS APPROPRIATION	$30,000,000
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	$30,000,000
Total federal revenues	0
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	$30,000,000

Sec. 102. DEPARTMENT OF TREASURY

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION	$30,000,000
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	$30,000,000
Federal revenues:	
Total federal revenues	0
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	$30,000,000

(2) GRANTS

Flint declaration of emergency	$30,000,000
GROSS APPROPRIATION	$30,000,000
Appropriated from:	
State general fund/general purpose	$30,000,000"

2. Amend page 2, line 9, after "is" by striking out the balance of the line and inserting "$30,000,000.00 and state appropriations".

3. Amend page 2, following line 13, by inserting

"DEPARTMENT OF TREASURY

Sec. 301. (1) From the funds appropriated in part 1 for Flint declaration of emergency, $30,000,000.00 shall be allocated to help cover the cost of water bills for residents of the city of Flint.

(2) The department shall report quarterly to the chairs of the senate and house appropriations committees on the distribution of the funds allocated pursuant to part 1.".

January 22, 2016 AMENDMENT 3 3RD

Senator Stirkey offered the following amendment to Senate Bill No. 136:

1. Amend page 2, following section 301, by inserting (A)

"Sec. 302. (1) There shall be no administrative charges, from any entity, removed or expended from the appropriation in part 1.

(2) There shall be no expenditures from the funds appropriated in part 1 without specific authorization from the state treasurer.

(3) All unexpended funds, as of September 30, 2016, from the appropriations in part 1 shall be returned to the department of treasury.

(4) Any allocation to an entity receiving funds from the appropriations in part 1, other than a specific water and sewer customer, must be specifically approved by the state treasurer in each instance."

Robert, Carla M. (Treasury)

From: Steckelberg, Larry (TREASURY)
Sent: Thursday, February 04, 2016 7:27 PM
To: Khouri, Nick (TREASURY)
Subject: FW: 2.5.16 FWICC Items
Attachments: FWICC Contact List - February 1 2016.pdf; FWICC Subcommittees Draft.pdf; FWATF letter #1 to Governor Snyder.pdf; FWATF-Snyder Letter #2 12-29-15.pdf; FWATF - Snyder Letter #3 1-22-16.pdf; EO No. 2016 -1 FWICC Summary.pdf

I think this is what you are looking for.

From: Doyle, Maureen (Treasury)
Sent: Thursday, February 04, 2016 2:35 PM
To: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: FW: 2.5.16 FWICC Items

Maureen Doyle
Executive Assistant to the StateTreasurer
Department of Treasury
430 West Allegan Street
Lansing, MI 48922
(517) 241-2624
DoyleM4@michigan.gov
NOTICE: *This message is intended for the named recipient(s) only and may contain confidential, privileged, or private information exempt from disclosure under Michigan law. If you have received this message in error, do not forward, share, save or duplicate it. Please reply and notify me of the error in transmission and then delete the message. Thank you*

From: Clayton, Stacie (GOV)
Sent: Thursday, February 04, 2016 2:27 PM
To: Thelen, Mary Beth (DEQ) <THELENM2@michigan.gov>; Garza, Oralya (MSP) <GarzaO@michigan.gov>; Doyle, Maureen (Treasury) <DoyleM4@michigan.gov>; Grijalva, Nancy (DHHS) <GrijalvaN@michigan.gov>; Carefoot, Karen (MDE) <CarefootK@michigan.gov>; Burton, Diane (LARA) <BurtonD2@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Houseman, Jennifer (MDE) <HousemanJ1@michigan.gov>
Subject: 2.5.16 FWICC Items

Greetings All,

If you have not done so already, please confirm your director's attendance at the Flint Water Interagency Coordinating Committee meeting tomorrow in Flint. The agenda is under final review and will be sent later this afternoon.

Attached are the other documents for tomorrow's meeting (item 4 was passed out as a hard copy at last week's meeting).

1. FWICC Contact List
2. FWICC Subcommittees Draft
3. Flint Water Advisory Task Force Letters (3)
4. EO No. 2016 -1 FWICC Summary

December 7, 2015

Dear Governor Snyder:

On Wednesday, November 18, 2015, the Flint Water Advisory Task Force met with representatives of the Michigan Department of Environmental Quality (MDEQ) and the Michigan Department of Health and Human Services (MDHHS) to discuss elements of the 10-point Action Plan designed to address various issues related to the ongoing public health protection challenges precipitated by lead in the Flint water supply. These discussions were held at our request as part of our task to make recommendations to prevent a similar occurrence in Flint or elsewhere, and also to monitor ongoing mitigation efforts.

Subsequent to those meetings, on Tuesday, November 24, 2015, members of the Task Force participated in a conference call with yourself, members of the Administration, and representatives of these agencies to discuss the progress to date on the 10-point Action Plan, as well as several other related issues.

We want to acknowledge the steps that have already been taken to implement the action plan, specifically in the areas of outreach efforts to facilitate blood lead testing for children, communication with health care providers in the Flint community about the importance of testing children for lead, and the training of additional public health nurses in the Genesee County Health Department. We do believe, however, that additional steps need to be taken to reach additional children for blood lead testing, assure proper follow-up with children found to have elevated blood lead levels, and to continue water testing. We will continue to assess state and local efforts and make recommendations regarding specific steps that we believe are warranted.

One primary concern we have at this point is that the current efforts appear to be taking place in the absence of a larger project coordination framework that measures results and clearly delineates responsibilities for continuing actions to protect public health. We believe the state is best positioned to facilitate this larger framework, which should address the following:

1. The need for MDHHS and MDEQ—and, possibly, other state agencies--to set **goals** for actions in collaboration with local and federal agencies and organizations.
2. The need for a set of corresponding **timelines** for the goals.
3. The need to establish **responsibility** for meeting the goals in a timely fashion and for **contingency plans** for the state if the goals are not being met.
4. The need for clear, regular **communication** with the Flint community and stakeholder groups regarding action steps and updates.

We also believe it important that a single person or entity—potentially independent of any one particular state agency and mutually agreeable to this Task Force and you, Governor—be established to provide effective coordination of ongoing activities and reporting on the status of mitigation measures. For this, we also believe a readily understood "dashboard" should be developed that reports on the goals, timelines and assignments. This will enable members of the Flint community, public health providers, and state agencies to know about the status of the Flint water crisis mitigation program, as

well as promote coordination and accountability. The Task Force is prepared to assist in the development of that dashboard.

We believe it is vitally important that trusted members of the Flint community be engaged in communication on this issue, as well as the distribution of information conveyed by our suggested dashboard reporting. Accordingly, in advance of our final report, we would like to ensure the independent coordinator suggested above engage trusted community groups to begin rebuilding community trust in state actions.

We appreciate your personal interest in this issue, commitment to assisting the Task Force in our review, and—most importantly—commitment to ensuring that the full measure of state resources are brought forward to protect the public health in Flint and throughout the state.

Respectfully yours,

Flint Water Advisory Task Force:

Dr. Matt Davis

Chris Kolb

Dr. Larry Reynolds

Eric Rothstein

Ken Sikkema

January 22, 2016

Governor Rick Snyder
Office of Governor
P.O. Box 30013
Lansing, Michigan 48909

Dear Governor Snyder:

The Flint Water Advisory Task Force (FWATF) appreciates your recent efforts to secure federal and mobilize state emergency response resources to address the immediate water supply issues in Flint.

This letter is to encourage a similarly robust response to the challenges of re-establishing a reliable, trusted potable water distribution system in Flint. This is required as soon as possible to replace the unsustainable and expensive bottled water and filter distribution program that has been necessitated, but which clearly must serve as an interim, emergency response.

Consistent with the priorities identified in the Safe Drinking Water Emergency Order issued by the EPA on January 21, 2016, we recommend the following actions to address scientifically grounded concerns that the water system in Flint remains unsafe because of lead contamination and Legionella. Public trust in the safety of the water supply may only begin to be re-established through the state's forthright engagement of the scientific experts who overcame state and federal agency intransigence to expose the lead poisoning.

Our recommendations are:

- Engage US EPA staff experts versed in Lead and Copper Rule (LCR) requirements – specifically Miguel del Toral, Darren Lytle and Michael Shock. These individuals should be empowered to guide implementation of a comprehensive LCR sampling program in Flint that will monitor lead levels now and throughout the conversion to raw water supply by the Karegnondi Water Authority (KWA) and full-time use of the Flint Water Treatment Plant.
- Establish an inter-disciplinary work group comprising subject matter experts drawn from respected public utility associations and institutions of higher learning in Michigan and elsewhere (including Marc Edwards of Virginia Tech), to oversee the conversion to KWA-supplied raw water.
- Commission and/or contract with an unbiased third-party organization or consortium (hereafter: Flint water safety scientific assessment team [FWSSAT]) that will be responsible for assessing the quality and safety of drinking water in residences, schools and child care settings in Flint, and hospitals and other healthcare facilities served by the

Flint water system. The explicit focus of FWSSAT activities will be lead and Legionella; however, the FWSSAT may include other considerations in its work.

The FWSSAT will be invested with the responsibility of declaring when the public water supply in Flint is safe for routine consumption. The FWSSAT will employ the most rigorous scientific standards, using a sampling strategy that is designed to optimize detection of water contamination in home, school, and child-care settings, and healthcare environments. All schools and healthcare facilities must be included in the sampling approach. Rigorous sampling of residences and child-care settings (whether centers or in-home) will also be implemented, using any and all available information about lead water service lines. In addition, if a homeowner or renter whose dwelling has not been included in sampling wishes to have the dwelling included, they will also be sampled. The sampling efforts and reporting process of the FWSSAT will be fully transparent to the public; results of testing should be published on local, state, and federal (EPA) websites.

- To assure the re-building of community trust and assure sufficient expertise for future water quality and safety, the FWSSAT should partner with local (Flint Water Treatment) and state (MDEQ) personnel in its activities. The FWSSAT should have an inter-disciplinary advisory committee that includes local community leaders, local and state officials, national scientific authorities regarding water quality and safety and public health, and the leader of the interagency state effort regarding the Flint water crisis. When the FWSSAT advisory committee is satisfied that the FWSSAT scientific procedures have thoroughly assessed water quality and safety in Flint residences, schools and child care settings, and healthcare facilities and found the water to be sufficiently free of contamination, then the committee will advise the public of the findings. The FWSSAT will then organize the transfer of responsibility to local and state authorities to sustain the sampling and reporting methods thereafter, including the conversion to KWA raw water in the future.

We also believe that a forthright response to the Legionella outbreak must similarly engage trusted, scientific experts drawn from independent institutions. Accordingly, we recommend:

- The Michigan Department of Health and Human Services (MHHS) should make a formal request to the federal Centers for Disease Control and Prevention (CDC) for assistance in assessing the outbreak of Legionnaire's disease in Flint, if they have not already done so. MHHS, working with CDC, should develop a strategy for improving prevention, rapid detection, and timely treatment of cases of Legionellosis in Michigan in 2016 and beyond. While the MDHHS evaluation of the dozens of cases of Legionellosis in 2014 and 2015 has strongly suggested a link to the shift to drinking water from the Flint River in 2014, further and more intensive evaluation of clinical isolates (i.e., samples from infected patients) is necessary to understand the route(s) of transmission from contaminated water to humans. The unique set of outbreak circumstances in the setting of a change in water source strongly indicates that support from federal public

health authorities would be a welcome way to amplify the public's collective understanding of risk of contracting Legionella in residences served by the Flint water system, and in Flint healthcare facilities.

- The state should specifically request federal support from the CDC – and, as appropriate, additional federal experts and agencies – to advise and assess Flint healthcare facilities and Flint-based healthcare providers regarding: (a) appropriate application and timely re-application of biocides to air treatment systems and cooling towers in all healthcare facilities in Flint, in order to prevent colonization with Legionella; and (b) proper assessment and timely diagnosis of Legionella among patients in Flint who present with characteristic signs and symptoms and have a history of potential exposure to contaminated water. Of note, the risk of resurgent Legionellosis in Spring 2016 is on the horizon; the first cases of Legionellosis in the 2014 and 2015 outbreaks were diagnosed in June and May, respectively, and Legionella is known to be much more common in the spring, summer, and fall than in the winter months. Time is of the essence.

- MDHHS should work with its federal partners to assure that investigative efforts related to Legionella regarding quality and safety of water are conducted in coordination with the FWSSAT described above. Furthermore, MDHHS should regularly communicate its findings to the Flint community regarding its efforts to prevent, detect, and treat cases of Legionella until case levels return to pre-2014 levels.

We expect that these measures will provide members of the Flint community with assurance that the quality of their tap water is being appropriately monitored and that forthcoming announcements that Flint's tap water is safe to drink are well-founded. Notwithstanding earnest state agency actions, we believe that the engagement of independent subject matter experts, whether to assess drinking water quality or public health concerns, is critical to overcome, over time, the understandable skepticisms that prevail in the Flint community.

We hope that you will receive these recommendations in the same spirit with which they are offered – to advance the recovery and reinvigoration of the Flint community.

Respectfully,

Matthew Davis, M.D.
Chris Kolb
Lawrence Reynolds, M.D.
Eric Rothstein, CPA
Ken Sikkema

Draft Subcommittee Recommendations for FWICC

- Incident Action Plan

- Water Quality
  - ✓ Response tactics and flow process
  - ✓ Testing
    - Lead and Cooper
    - Other Contaminants and Disease Transmission
  - ✓ Monitoring and reporting entry of contagions

- Water Infrastructure Integrity
  - ✓ Reliability Study
  - ✓ Infrastructure upgrade/replacement
  - ✓ Lead Line Replacement

- KWA
  - ✓ Benefit-Cost Analysis
  - ✓ Transition
  - ✓ Safety
  - ✓ Flint Water Treatment Plant Upgrade
  - ✓ Rate Structure

- Health
  - ✓ Health and Safety Plan
  - ✓ Responder Medical Plan
  - ✓ Nutrition
  - ✓ Post Exposure Actions

- Education
  - ✓ Public education and awareness
  - ✓ Secondary education materials

- Policy
  - ✓ Intra-agency Protocols
  - ✓ Statewide Policy
  - ✓ Lead and Cooper Rule Change Recommendations

- Communication Protocols and Transparency

DRAFT

December 29, 2015

Dear Governor Snyder:

The Flint Water Advisory Task Force, which you appointed on October 21, 2015, has devoted considerable effort and countless hours to our review of the contamination of the Flint water supply: what happened, why it occurred, and what is needed to prevent a recurrence in Flint or elsewhere in the state. We have also been assessing ongoing mitigation efforts to help assure that short- and long-term public health issues and water management concerns will be properly addressed to safeguard the health and well being of the Flint community.

Shortly after we began our work, we recognized the immediate need for better coordination of the state's response to the ongoing public health issues in Flint, and for assignment of a single person to provide this coordination. We addressed these concerns in a letter to you on December 7, 2015, and you responded with immediate adoption of these recommendations. We thank you for the commitment your response demonstrates.

In our continuing efforts, we have now interviewed numerous individuals at state and local levels; reviewed many documents, articles, and emails; and deliberated repeatedly as a group. Both individually and as a group, we have visited Flint several times during the past several weeks to meet with citizens, public health officials and healthcare providers, individuals who have water management responsibilities at the city and county levels, and other public officials.

It is clear to us, particularly as we listen to the people of Flint, that it is both critical and urgent to establish responsibility for what happened in their community and to ensure accountability. This is a first step in a long process to re-establish the trust they no longer have in their government and the agencies whose responsibility it is to protect their health. It is urgent because this deep distrust of government continues to compromise the effective delivery of protective services designed to address ongoing public health issues. It is for these reasons that we are sending this letter at this time.

We believe the primary responsibility for what happened in Flint rests with the Michigan Department of Environmental Quality (MDEQ). Although many individuals and entities at state and local levels contributed to creating and prolonging the problem, MDEQ is the government agency that has responsibility to ensure safe drinking water in Michigan. It failed in that responsibility and must be held accountable for that failure.

The Safe Drinking Water Act (SDWA) places responsibility for compliance with its requirements on the public water system. In this instance, the City of Flint had the responsibility to operate its water system within SDWA requirements, under the jurisdiction of the MDEQ. The role of the MDEQ is to **ensure** compliance with the SDWA through its regulatory oversight as the primary agency having enforcement responsibility for the Flint water system.

The MDEQ failed in three fundamental ways.

Regulatory Failure

We believe that in the Office of Drinking Water and Municipal Assistance (ODWMA) at MDEQ, a culture exists in which "technical compliance" is considered sufficient to ensure safe drinking water in Michigan.

This minimalist approach to regulatory and oversight responsibility is unacceptable and simply insufficient to the task of public protection. It led to MDEQ's failure to recognize a number of indications that switching the water source in Flint would—and did—compromise both water safety and water quality. The MDEQ made a number of decisions that were, and continue to be, justified on the basis that federal rules "allowed" those decisions to be made. ODWMA must adopt a posture that is driven not by this minimalist technical compliance approach, but rather by one that is founded on *what needs to be done to assure drinking water safety.*

A culture change must occur within ODWMA. It must be driven by a mission that is aspirational regarding the role of the MDEQ in ensuring the safety and the quality of Michigan's drinking water. We believe, and have expressed to MDEQ Director Dan Wyant, that as a Great Lakes State, Michigan should aspire to have the safest drinking water in the nation, rather than merely aiming for technical compliance with regulatory requirements.

Failure in Substance and Tone of MDEQ Response to the Public

Throughout 2015, as the public raised concerns and as independent studies and testing were conducted and brought to the attention of MDEQ, the agency's response was often one of aggressive dismissal, belittlement, and attempts to discredit these efforts and the individuals involved. We find both the tone and substance of many MDEQ public statements to be completely unacceptable. In a real way, the MDEQ represents the public, including the very individuals it treated dismissively and disrespectfully in public statements. We recognize that the agency might disagree with the opinions of others on a variety of issues, including testing protocol, interpretation of testing results, the requirements of federal law and rules, and other matters. What is disturbing about MDEQ's responses, however, is their persistent tone of scorn and derision. In fact, the MDEQ seems to have been more determined to discredit the work of others—who ultimately proved to be right—than to pursue its own oversight responsibility.

Failure in MDEQ Interpretation of the Lead and Copper Rule

The federal Lead and Copper Rule (LCR) is central to what happened in Flint, because that rule, at least theoretically, is designed to prevent lead and copper contamination of drinking water. The federal LCR calls for "optimized corrosion control treatment," which the MDEQ did not require in the switch to the Flint River. Prior to the switch, MDEQ staff instructed City of Flint water treatment staff that corrosion control treatment (CCT) was not necessary until two six-month monitoring periods had been conducted. The need for CCT would be evaluated after the results from those two monitoring periods were reviewed. The decision not to require CCT, made at the direction of the MDEQ, led directly to the contamination of the Flint water system.

The MDEQ seems to have taken different positions on whether it faithfully followed the LCR in the Flint situation. It first maintained that it followed the LCR, then stated that it did not follow the rule properly, and most recently claimed that a federal memorandum issued by the US EPA in early November 2015 suggests that the original MDEQ interpretation was possibly correct.

We are not convinced. Even the MDEQ's latest interpretation of the US EPA's November memorandum is overly legalistic and misunderstands the intent of the LCR, which is to minimize risks of lead and copper exposure for human health.

We believe ODWMA's single-minded legalistic focus is the heart of the problem, and it is part of the "technical compliance" culture described above. ODWMA should not be basing its actions solely on a

legally possible interpretation of the LCR. It should be focusing on how to protect Michigan's citizens from lead in drinking water.

We met with MDEQ Director Wyant on December 16, 2015, to discuss these issues, as well as many others. We note his substantial agreement with many of our conclusions, particularly as it relates to the regulatory failure and the abysmal public response of his agency. It is our understanding that he has drawn similar conclusions in his own evaluation of the MDEQ's role in the Flint water crisis. At the same time, it was disappointing to hear his weak defense of the CCT decision based on the EPA's November 2015 memorandum.

We are not finished with our work. Other individuals and entities made poor decisions, contributing to and prolonging the contamination of the drinking water supply in Flint. As an example, we are particularly concerned by recent revelations of MDHHS's apparent early knowledge of, yet silence about, elevated blood lead levels detected among Flint's children. We also feel it important to further review local government decision processes under emergency management. Our final report will highlight and discuss those concerns, among many others, to provide some context to a comprehensive series of recommendations. **As stated earlier in this letter, however, we believe that establishing responsibility is a critical and urgent need, and one that should not wait for our final report in 2016. Individuals and agencies responsible must be held accountable in a timely fashion.**

It is our hope that the heightened awareness of the dangers of lead poisoning can be an opportunity to make Michigan safer, particularly for its children. Drinking water must be recognized as a potential source of health risk exposure when water lines and fixtures containing lead are disturbed or compromised. Proper testing, not only in high-risk areas but also in facilities serving children (e.g., schools), must be considered. Facilitating long-term financing of a model public health program, and also replacement of lead-containing water service lines and fixtures, would enable Michigan to realize a positive lasting legacy from the tragedy of the Flint water crisis. Our final report will address some of these issues.

The City of Flint's water customers—fellow Michigan citizens—were needlessly and tragically exposed to toxic levels of lead through their drinking water supply. They deserve a commitment to properly assess responsibility and ensure accountability. They also deserve a commitment to needed mitigation in both the short and long term. The Flint water crisis never should have happened. Having failed to prevent it, state government should coordinate a sustained, public-health-focused response to remedy, to the fullest extent possible, the impacts on the Flint community.

Respectfully yours,

Flint Water Advisory Task Force:

Matt Davis
Chris Kolb
Larry Reynolds
Eric Rothstein
Ken Sikkema

Notes on Executive Order 2016-01
Creating the Flint Water Interagency Coordinating Committee

1 Purpose of the FWICC

The first section of Executive Order 2016-01 explains that the goal of the FWICC is to facilitate collaboration and communication between state departments, local governments, and subject matter experts to (1) ensure safe drinking water and (2) address the consequences of elevated lead levels in drinking water. Three key "whereas" clauses are highlighted below:

> WHEREAS, multiple state departments and local authorities share the responsibility for ensuring safe drinking water and the coordination of efforts to address the consequences resulting from the presence of elevated lead levels in drinking water; and
>
> WHEREAS, ensuring safe drinking water and addressing the consequences of elevated lead levels in drinking water will require collaboration and communication between state departments, local governments, and subject matter experts; and
>
> WHEREAS, the establishment of a Flint Water Interagency Coordinating Committee within the Michigan Department of State Police will facilitate the collaboration and communication between state departments, local governments, and subject matter experts necessary to effectively coordinate a response and recovery effort;

2. Administrative Location of the FWICC

Under the Michigan law, executive functions generally must occur within one of the principal departments of the executive branch. Accordingly, the FWICC was created within the Department of State Police (MSP). All administrative matters like budget and staffing fall under the MSP umbrella. Colonel Kriste Etue is the department director of MSP.

> **I. A.** The Flint Water Interagency Coordinating Committee ("Coordinating Committee") is created as an advisory body within the Michigan Department of State Police (the "Department").
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> ****
>
> **III. A.** The Coordinating Committee shall be staffed and assisted by personnel from the Department as directed by the Department Director. Any budgeting, procurement, and related management functions of the Coordinating Committee shall be performed under the direction and supervision of the Department Director.

An advisory committee does not make policy; rather, it provides advice to policy makers. As such, the committee is not subject to the specific statutory requirements Open Meetings Act. This gives the committee maximum flexibility to hold meetings in private or in public as the committee decides. This also gives FWICC flexibility to allow all or some participants to join meetings by telephone or send votes by email, as you decide to be appropriate.

3. Composition of the FWICC & Length of Terms

Section I of the Executive Order addresses the composition of the committee. The FWICC consists of seven state government officials (Office of Urban Initiatives, EMHS, DEQ, DHHS, LARA, Treasury and MDE), seven local officials (selected by the Mayor and the county commission), and three subject matter experts. The initial terms of service end on 12/31/18, the last full day of the Governor's term.

Directors may send a designee to attend and vote at meetings. It generally works best if the designee is the same person each time, but that is not a strict requirement.

Executive orders carry over from one administration to the next unless they are rescinded or amended. The next Governor will have the option of keeping the FWICC in place and making new appointments. Your appointment will last as long as you remain eligible or until a new person is appointed after the expiration of your term. You may be appointed to successive terms. The FWICC will exist until a Governor decides that the FWICC should be terminated.

I. C. A vacancy on the Coordinating Committee occurring other than by expiration of a term shall be filled in the same manner as the original appointment for the balance of the unexpired term. A member may continue serving until his or her successor is appointed. A member may serve successive terms if reappointed.

4. Charge to FWICC

Section II of the Executive Order lays out the responsibilities of the FWICC:

1. Create an incident action plan designed to assist state and local authorities in ensuring safe drinking water for the residents of the City of Flint and addressing the consequences of elevated lead levels in drinking water.
2. Review recommendations made by the Flint Water Advisory Task Force and propose statutory, regulatory, or contractual actions necessary for implementation of such recommendations.
3. Identify staff with competencies in emergency planning, operations, logistics, and finance as outlined under the National Incident Management System (NIMS) to work with the Coordinating Committee to track resource requests and document progress on the incident action plan.
4. Establish a standard process for sharing pertinent information between all members including use of the NIMS and Unified/Incident Command as appropriate.
5. Establish routine communications protocols at the local, executive, and legislative levels as appropriate.
6. Establish a public information protocol to effectively inform the community.
7. Make recommendations for acceptable standards for potable water.

8. Make recommendations regarding the health impacts for the affected population.

9. Assess the status of infrastructure and determine feasible actions to upgrade the water system.

10. Establish subcommittees among its members to specifically address, at a minimum, each of the three following topic areas: Water Quality, Community Health, and Education.

11. Assist the Governor and the Department in implementing appropriate operations permitted under the Michigan Emergency Management Act or the federal Stafford Disaster Relief and Emergency Assistance Act, including local emergency operations plans and guides.

12. Explore any avenues of funding for response and recovery efforts including federal grants, legislative appropriations, and private partners.

Highlights include: Creating an incident action plan, reviewing recommendations of the Flint Water Advisory Task Force, working with EMHS on the emergency response, facilitating communication within and outside of government, forming at least three subcommittees (Water Quality, Community Health, and Education), making various recommendations to the Governor based on the knowledge and expertise of the FWICC, and exploring funding options.

Not all of these tasks are not the *sole* responsibility of the FWICC. A number of the state and local offices that are part of the FWICC also share responsibility. The FWICC will help to ensure that the various responsible bodies at the state and local level are collaborating and communicating with each other.

5. Operations of the FWICC

Section III of the Executive Order addresses how the FWICC will operate. It is designed to give the FWICC maximum flexibility.

As Statewide Coordinators, Harvey Hollins and Captain Kelenske will be responsible for running the meetings and ensuring that the FWICC completes its required functions:

III. B. The Director of Office of Urban Initiatives within the Executive Office of the Governor and the Deputy State Director of Emergency Management and Homeland Security shall together serve as the Statewide Coordinators responsible for the administrative functions of the Coordinating Committee.

****

III. E. The Coordinating Committee shall meet at the call of either of the Statewide Coordinators and as may be provided in procedures adopted by the Coordinating Committee.

The FWICC has a great deal of freedom to consult with or work with outside experts, members of the public, and government officials:

> **III. C.** The Coordinating Committee may utilize subcommittees and advisory panels composed of its members to assist in completing the functions of the Coordinating Committee. The Coordinating Committee may request public participation on advisory panels as the Coordinating Committee deems necessary.
>
> ****
>
> **III. F.** The Coordinating Committee may, as appropriate to perform its duties, make inquiries, conduct studies, consult with outside experts and federal agencies, and receive comments from the public.
>
> ****
>
> **III. H.** The Coordinating Committee may accept donations of labor, services, or other items of value from any public or private agency or person. Any donations shall be expended in accordance with applicable laws, rules, and procedures.
>
> ****
>
> **IV. A.** All departments, committees, commissioners, or officers of this state or of any political subdivision of this state may give to the Coordinating Committee, or to any member or representative of the Coordinating Committee, any necessary assistance required by the Coordinating Committee, or any member or representative of the Coordinating Committee, in the performance of the duties of the Coordinating Committee so far as is compatible with its, his or her duties.

Any recommendations to the Governor must be supported by a majority of currently serving FWICC members:

> **III. D.** When making recommendations to the Governor, a majority of the serving members of the Coordinating Committee must concur.

Committee members are not compensated but may be reimbursed for travel expenses (e.g., mileage and parking) according to the normal state expense rules. These reimbursements would occur through MSP, which houses the FWICC.

> **III. G.** Members of the Coordinating Committee shall serve without compensation but may receive reimbursement for necessary travel and expenses according to relevant statutes and the rules and procedures of the Civil Service Commission, and the Department of Technology, Management and Budget, subject to available funding.

Any media inquiries, legislative inquiries, and legal inquiries should be handled through MSP. If the FWICC needs legal representation or assistance, it would be provided by an assistant attorney general through MSP:

> **III. I.** Members of the Coordinating Committee shall refer all legal, legislative, and media contacts to the Department.

6. The Freedom of Information Act

The FWICC is a "public body" within the department of state police in the executive branch. Accordingly it is subject to FOIA. For purposes of clarity, this is spelled out in the Executive Order:

> **III. J.** A writing prepared, owned, used, in the possession of, or retained by the Coordinating Committee in the performance of an official function is subject to the Freedom of Information Act, 1976 PA 442, as amended, MCL 15.231 to 15.246.

Any FOIA requests to FWICC should be referred to the FOIA coordinator for MSP, who will work with you to handle the response.

Michigan's FOIA law covers the public records of public bodies (such as MSP and the FWICC).

A "public record" means "a writing prepared, owned, used, in the possession of, or retained by a public body in the performance of an official function, from the time it is created. Public record does not include computer software." The definition of "writing" is very broad, including any "means of recording or retaining meaningful content."

In short, this means that your notes taken at FWICC meetings, e-mails between FWICC members about FWICC business, and any documents created or used by FWICC are subject to FOIA and could be released to the media. There are a number of exemptions to FOIA. These are listed at MCL 15.243, and include—among other things—personal information and information that is subject to a legal privilege like that attorney-client privilege.

Ryan, Howard (Treasury)

From: Sarah Studley <SStudley@senate.michigan.gov>
Sent: Friday, February 05, 2016 10:15 AM
To: Ryan, Howard (Treasury)
Subject: Re: Treasury approvals regarding Flint WTP

Thanks Howard for your quick turnaround on this.

Enjoy your weekend!

Sarah Studley
Counsel and Senior Policy Adviser
Senate Minority Leader Jim Ananich
Boji Tower, 2nd Floor
PO Box 30036 | Lansing, MI 48909-7536
P: 517.373.1755
C: 202.341.4488

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From: Ryan, Howard (Treasury) <RyanH1@michigan.gov>
Sent: Friday, February 5, 2016 9:45 AM
To: Sarah Studley
Subject: RE: Treasury approvals regarding Flint WTP

Sarah,

Pursuant to your request for Treasury approvals regarding the Flint water treatment plant, please see the list of requests/approvals below. Please note that this list does not include requested purchases/contracts of more than $50,000 if those purchases/contracts were competitively bid (per PA 436 of 2012).

Let me know if you need any additional information.

Howard

Department of Treasury – Related Contract and Purchase Approvals

Flint Water System

1. **December 15, 2011** – Requesting approval to contract with Amwell for the purchase of wastewater treatment repair parts - **$236,100.00**
2. **April 11, 2013** – Requesting authorization to proceed with adopting of the resolution and entering into a contract with KWA - **No cost estimate included in our records**

3. **May 23, 2013** – Requesting approval to contract Ace-Saginaw Paving for replacing of parking lot at water service center - **$98,459.00**
4. **June 24, 2013** – Requesting approval to contract with JWC for emergency repairs to Flint's northwest pump station - **$275,000.00**
5. **June 24, 2013** – Requesting approval to contract with Lockwood, Andrews & Newman, Inc. to implement Phase I and develop Phase II of placing the Flint Water Plant into operation - **$171,000.00**
6. **July 31, 2013** – Requesting approval to contract with Titus Welding Company for secondary clarifier installation (water pollution control) - **$274,488.00**
7. **August 27, 2013** – Requesting approval to contract with Ace-Saginaw for Paving at the Water Service Center - **$124,236.00**
8. **August 27, 2013** – Requesting approval to contract with Rowe Engineering for Engineering Services - **$149,600.00**
9. **September 24, 2013** – Requesting approval to contract with Ace-Saginaw for Asphalt Paving Materials - **$194,062.00**
10. **October 04, 2013** – Requesting approval to contract with SLC Meter for water service couplings/connectors and hydrant repair parts - **$75,000.00**
11. **October 04, 2013** – Requesting approval to contract with Sorensen Gross Construction Services for removal of old and installation of new bar-screen at East Pumping Station for water pollution control - **$395,000.00**
12. **October 04, 2013** – Requesting approval to contract with Sorensen Gross Construction Services for removal of old and installation of new bar-screen at Northwest Pumping Station for water pollution control - **$165,000.00**
13. **October 11, 2013** – Requesting approval to contract with Metrom-Farnier for Polymer water meters - **$89,000.00**
14. **October 16, 2013** – Requesting approval to contract with Kennedy Industries for Torrey Road pump station mechanical equipment upgrade - **$65,260.00**
15. **October 25, 2013** – Requesting approval to contract with McNaughton-McKay Electric for Cedar Street pumping station switchgear upgrades - **$482,000.00**
16. **November 14, 2013** – Requesting approval to contract with McNaughton-McKay Electric for variable frequency drive - **$349,710.00**
17. **November 14, 2013** – Requesting approval to contract with McNaughton-McKay Electrical for Variable Frequency Drive - **$349,710.00**
18. **November 15, 2013** – Requesting approval to contract with McNaughton-McKay Electric for electrical distribution upgrades - **$1,512,000.00**
19. **November 15, 2013** – Requesting approval to contract with McNaughton-McKay Electric for Cedar Street pumping station switchgear upgrades - **$505,000.00**
20. **November 15, 2013** – Requesting approval to contract with Lockwood, Andrews, & Newman contract for the implementation of water plant operations - **$1,133,800.00**

21. **November 15, 2013** – Requesting approval to contract with McNaughton-McKay Electrical for Cedar St. Pumping Station Switchgear Upgrades - **$505,000.00**
22. **November 15, 2013** – Requesting approval to contract with McNaughton-McKay Electrical for Water Plant Electrical Distribution Upgrades - **$1,512,000.00**
23. **November 15, 2013** – Requesting approval to contract with Lockwood, Andrews and Newnam for Water Plant Operations implementation - **$1,133,800.00**
24. **November 21, 2013** – Requesting approval to contract with Wachs Valve and Hydrant Services for year one of a three year valve exercising/maintenance agreement - **$60,000.00**
25. **November 21, 2013** – Requesting approval to contract with Wachs Valve and Hydrant Services for Water Valve Exercising/Maintenance Program - **$60,000.00**
26. **November 21, 2013** – Requesting approval to contract with HD Supply Waterwork for water and sewer distribution parts - **$200,000.00**
27. **November 21, 2013** – Requesting approval to contract with HD Supply Waterwork for Water Distribution Parts - **$200,000.00**
28. **December 06, 2013** – Requesting approval to contract with McNaughton-McKay Electrical for outdoor lighting upgrade at water pollution control facilities - **$159,063.00**
29. **December 16, 2013** – Requesting approval to contract with McNaughton-McKay for Water Plant Transformer Upgrade - **$238,306.00**
30. **February 20, 2014** – Requesting approval to purchase of High Voltage Distribution equipment for the Water Plant - **$225,000.00**
31. **February 25, 2014** – Requesting approval to contract with McNaughton-McKay for electrical distribution upgrades at the Water Plant. Amendment to the original contract. Original approval was for $1,528,850 - **$16,850.00**
32. **February 25, 2014** – Requesting approval to contract with Xylem Water Solution for a pump and large motor purchase - **$277,000.00**
33. **February 25, 2014** – Requesting approval to contract with Newkirk for replacement of obsolete electrical equipment at the Water Plant - **$852,000.00**
34. **February 25, 2014** – Requesting approval to contract with Zito Construction for lime residual disposal at the water plant (it was determined that no Treasurer approval was required because the City had requested bids from several firms) - **$1,442,720.00**
35. **March 11, 2014** – Requesting approval to contract with Metron-Farnier for water meter purchases - **$199,645.00**
36. **March 16, 2014** – Requesting approval to contract with Zito Construction for emergency underground utility excavation and repair in the 716 W. Pierson Road area - **$82,500.00**
37. **March 18, 2014** – Requesting approval to contract with Zito Construction for initial water main cut-in at the Water Plant - **$676,300.00 (Verification still needed)**

38. **March 28, 2014** – Requesting approval to contract with Mersino Dewatering for emergency pumping/bypass services for the sewer repair in the 716 W. Pierson Road area - **No cost estimate included in our records**
39. **April 24, 2014** – Requesting approval to contract with Ozonia North America for Water Plant ozone generators - **$55,815.00**
40. **May 30, 2014** – Requesting approval to sell a 72" pipeline - **$3,987,700.00**
41. **August 28, 2014** – Requesting approval to purchase water testing supplies from Idexx Distribution - **$70,000.00**
42. **August 28, 2014** – Requesting approval to contract with Idexx Distribution for water testing supplies - **$70,000.00**
43. **December 10, 2014** – Requesting approval to contract with Metron-Farnier for water meter purchases - **$110,811.00**
44. **December 11, 2014** – Requesting approval to purchase 594 water meters from Metron-Farnier, LLC - **$110,811.00**
45. **April 13, 2015** – Requesting approval to contract with Lockwood, Andrews and Newnam for GAC Filters to assist in reducing the levels of TTHM - **$1,601,740.00**

From: Sarah Studley [mailto:SStudley@senate.michigan.gov]
Sent: Monday, January 25, 2016 3:31 PM
To: Ryan, Howard (Treasury) <RyanH1@michigan.gov>
Subject: Re: Treasury approvals regarding Flint WTP

Thanks!

Sarah Studley
Counsel and Senior Policy Adviser
Senate Minority Leader Jim Ananich
Boji Tower, 2nd Floor
PO Box 30036 | Lansing, MI 48909-7536
P: 517.373.1755
C: 202.341.4488

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From: Ryan, Howard (Treasury) <RyanH1@michigan.gov>
Sent: Monday, January 25, 2016 3:11 PM
To: Sarah Studley
Subject: RE: Treasury approvals regarding Flint WTP

I've requested this information for you.

From: Sarah Studley [mailto:SStudley@senate.michigan.gov]
Sent: Monday, January 25, 2016 12:26 PM
To: Ryan, Howard (Treasury) <RyanH1@michigan.gov>
Subject: Treasury approvals regarding Flint WTP

Howard,

My understanding is that Treasury had to sign off on any purchases in Flint over $50,000 while it was under the control of an Emergency Manager. Is it possible for me to get either a list of purchases with respect to the Water Treatment Plant that were presented to Treasury and whether each was signed off on or rejected? Alternatively, documentation related to each would also be helpful.

Thank you,
Sarah Studley
Counsel and Senior Policy Adviser
Senate Minority Leader Jim Ananich
Boji Tower, 2nd Floor
PO Box 30036 | Lansing, MI 48909-7536
P: 517.373.1755
C: 202.341.4488

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Ryan, Howard (Treasury)

From: Osborne, Ken (TREASURY)
Sent: Friday, February 05, 2016 9.29 AM
To: Khouri, Nick (TREASURY); Durfee, Sally (TREASURY); Saxton, Thomas (Treasury)
Cc: Ryan, Howard (Treasury)
Subject: Flint water credit

Adam Carlson in Pscholka's office asked if we could have someone walk them through how the proposal would work at 3 p.m. today. This would just be staff, but they want to be prepared for action next week and asked that someone who could walk through it in a pretty detailed fashion be available. Adam, Josiah Kissling, Hassan Beydoun from HRPO expected to attend along with SBO.

Ken Osborne
Legislative Liaison
Department of Treasury
Desk: 517-241-2474
Cell: 517-388-0968

Robert, Carla M. (Treasury)

From: Mcbride, Bill (GOV) <mcbrideb@michigan.gov>
Sent: Saturday, February 06, 2016 6:36 PM
To: Khouri, Nick (TREASURY); Creagh, Keith (DEQ); Roberts, John (DTMB); Brown, Eric (GOV); Mcbride, Bill (GOV)
Subject: Questions for Sundays call
Attachments: 2.6.2016 Questions for Michigan Officials kd.docx; ATT00001.htm

Erik – thank you for your time and assistance in this important matter. Attached, please find the questions we would like to discuss during tomorrow's call. These questions are only intended to facilitate our discussion; we are not seeking written responses.

Questions for Michigan Officials

Federal Funding

- The Administration recently announced that it would provide $82 million in funding to the State of Michigan to help deal with the situation in Flint. It is our understanding that the money is the State's allotment of FY 2016 Clean Water and Drinking Water State Revolving Fund dollars.
  - Of the $82 million, how much is the State planning to allot to Flint specifically?
  - What is the timeframe under which Flint's allotment can be disbursed?

- Upon the President's emergency declaration for Flint, FEMA made $5 million available for immediate use for items like potable water and testing kits. What is the timeframe for disbursing these federal dollars?

- What is the difference in federal funding that could be made available under the disaster declaration that Michigan sought, and the emergency declaration that the Obama Administration ultimately issued?

- Does the State have an accurate assessment of how much federal assistance would be needed within the next 12 months and for what purpose (please see below)?

State Funding

- Does the State have any funds available from its FY 2015 allotment from the State Revolving Fund that it can dedicate to Flint?

- How much funding does the State of Michigan have available over the next 12 months to work on fixing this problem?

- Is it accurate that to-date, Michigan has provided $37.3 million for Flint relief?

  - Last week the Governor signed a supplemental bill to provide $28 million to Flint to supply free bottled water, faucet filters, and testing kits; place nurses in local schools for monitoring purposes; and enhance WIC services. What is the timeframe for disbursing these funds?

  - In Oct. 2015, the State provided $9.3 million to move Flint back to Detroit's water system, test drinking water, and provide other services. Has this funding already been disbursed?

- There is currently a measure pending in Michigan that would provide another $30 million in order to credit citizens' water/sewer bills. Is this expected to pass? Is this $30 million entirely the state's money or is it tied to a federal program in some way?

Focus of Needed Work

- Is the State's goal to restore the corrosion control system or to replace the lead pipe infrastructure?

- How much actual, on the ground work can be completed in Flint in the next 12 months and what is the cost to complete that work?

- At a briefing for Congressional staff yesterday, the combined federal agencies (HHS, EPA, CDC, USDA, and OASH) said the key issue right now is to restore the corrosion control system. Does the State agree with this assessment?

- What is the most accurate estimate for the cost to fix the corrosion control system?

- Also at that briefing, EPA relayed a non-federal estimate that replacing Flint's lead service lines would cost about $75 million.
    - EPA said Flint contains 14,000 to 15,000 lead service lines (combined public/private figure) and that it would take $3000 to $5000 per line to replace. Does the State agree with this assessment?
    - Does the State have a breakdown of the number of public lines versus private lines?

- What is the most accurate estimate for the cost to fix the water infrastructure in Flint and what type of work is required to fix the water infrastructure? Does this include replacing both public and private pipes?

Robert, Carla M. (Treasury)

From: Headen, Frederick (Treasury)
Sent: Sunday, February 07, 2016 7:30 AM
To: Stanton, Terry A. (Treasury)
Cc: Khouri, Nick (TREASURY); Saxton, Thomas (Treasury)
Subject: Fwd: Flint Water Town Hall Meeting Invitation

FYI: See the e-mail below. I suspect I received this only because I serve on the RTAB. I do not intend to attend the event or to reply to the e-mail.

Sent from my iPhone

Begin forwarded message:

> **From:** Michael Schram <mschram@sbgtv.com>
> **Date:** February 6, 2016 at 9:36:52 PM EST
> **To:** "HeadenF@michigan.gov" <HeadenF@michigan.gov>
> **Subject: Flint Water Town Hall Meeting Invitation**
>
> Mr. Headen:
>
> Many Flint residents can no longer use their water service for basic tasks like drinking, cooking, and taking baths. Lead contamination has resulted in an emergency declaration. National Guard, law enforcement, community groups are all pitching in to deliver bottled water, lead testing kits, and water filters.
>
> How did we get here? What's being done to address the immediate and long-term health and economic impact the Flint water crisis has had on our community?
>
> That will be the focus of a WEYI-TV NBC25 & University of Michigan-Flint Town Hall meeting. "Your Voice, Your Future: The Flint Water Crisis" will be broadcast live from the historic Northbank Center's Grand Ballroom (432 N. Saginaw Street) in downtown Flint **on Monday, February 29th at 7:00 p.m.** The forum will give government, health care, environmentalists, community groups, emergency/disaster response officials, and others the opportunity to speak directly with residents directly affected by the water crisis. We hope the forum will provide people the latest on efforts to restore safe water service to Flint's homeowners, business leaders, schools, and churches.
>
> We believe that you can offer a unique perspective and background on this issue. We would like to invite you to be part of our audience for this important discussion.
>
> Please let us know by Friday (February 12) if you are available to attend this Town Hall meeting. You can RSVP by e-mailing townhall@nbc25news.com.
>
> If you have any questions, feel free to contact the NBC25-FOX66 newsroom at (810) 687-9600.
>
> All the best,
>
> **Mike Schram**
> **News Director**

Stanton, Terry A. (Treasury)

From: Weiss, Kurt (DTMB)
Sent: Sunday, February 07, 2016 4:45 PM
To: Stanton, Terry A. (Treasury)
Subject: Update

Late breaker Terry. As part of the 16 supplemental that's announced Wednesday (not the 17 budget), governor will be announcing creation of a new fund within treasury set aside for statewide infrastructure. Total of $165 million. Below is how I currently have it written up:

The supplemental request also includes $25 million for infrastructure needs specific to Flint and another $165 million to be set aside for statewide infrastructure needs in a newly created Michigan Infrastructure Fund. Michigan's infrastructure was given a D grade by the American Society of Civil Engineers. The new Michigan Infrastructure Fund will be used to make strategic improvements and provide local governments with financial assistance in making necessary improvements to known high-risk lead and copper service lines.

Kurt Weiss
State Budget Office
517-335-0050

Stanton, Terry A. (Treasury)

From: Weiss, Kurt (DTMB)
Sent: Sunday, February 07, 2016 5:16 PM
To: Buhs, Caleb (DTMB); Stanton, Terry A. (Treasury)
Subject: Supplemental
Attachments: FY16 Supplemental Recommendations by Agency FINAL pdf

Hey Caleb and Terry,

Ball still bouncing a bit and wanted to make sure I looped both of you in on some items that will be part of a new FY 16 supplemental that is announced on Wednesday along with the 2017 budget recommendation . I just emailed Terry reference a new statewide infrastructure fund within Treasury with a recommended $165 million set aside for pipe replacement for communities in need across the state. Another $25 million on top of that specific to Flint for pipe replacement. Other supplemental items of interest for you two are listed below. Note $50 million in transition funding within Treasury...Terry, I believe this is to continue to keep DPS afloat while the longer term solution recommended by the governor is worked on by the Legislature. Note the $50 million reserve within DTMB for Flint....Caleb, this is reserved funding for Flint to be used if needed this fiscal year. All Flint stuff is going through Bill Nowling, so I don't think you two will need to speak to it, just wanted you to be aware that what's in your budget from the supplemental. Thanks guys.

DTMB	*Flint - reserve (boilerplate appropriation)*	*$50,000.0*	*$50,000.0*	*2016-6*
Treasury	Assistance to local governments	$2,000 0	$2,000.0	2016-4
Treasury	*Infrastructure fund (boilerplate appropriation)*	*$165,000.0*	*$165,000.0*	*2016-4*
Treasury	Transition funding for Detroit Public Schools	$50,000.0	$50,000.0	2016-

Kurt Weiss
State Budget Office
517-335-0050
State Budget Office

FY 2016 Supplemental Recommendations

($ in thousands)

Agency	Issue	FY16 Supplemental (Exec. Rec. Request) GF	Gross	Letter Number
Agriculture	Intercounty Drain - topographical data	$0 0	$1,925.0	2016-4
Cap Outlay	DNR: MNRTF Projects	$0.0	$27,957.2	2016-3
Cap Outlay	DNR: State parks repair and maintenance - Milliken State Park improvements	$0 0	$800.0	2016-4
Cap Outlay	DNR: East Tawas State Harbor (adds to existing FY 16 appropriation)	$0 0	$100 0	2016-4
Corrections	Unrealized savings from health care contract	$13,400.0	$13,400.0	2016-4
Education	Flint - child care services	$0.0	$8,000 0	2016-6
Education	Flint - communications to child care providers about lead	$0.0	$100.0	2016-6
Education	Flint - nutrition programs	$6,000.0	$9,500.0	2016-6
Education	*Flint - CCDF Reserve for Flint child care needs - boilerplate appropriation*	*$0.0*	*$8,000.0*	*2016-6*
DEQ	Flint - funding to keep Flint on Detroit water system (July-Sept. 2016)	$3,900.0	$3,900.0	2016-6
DEQ	Flint - water system needs	$2,200.0	$2,200.0	2016-6
DEQ	Flint - payment to city to aid with water bills	$30,000 0	$30,000.0	2016-6
DEQ	Flint - utility assistance: infrastructure and filters	$25,000.0	$25,000.0	2016-6
DEQ	Flint - water response team	$2,250 0	$2,250 0	2016-6
DHHS	Medicare Part B rate Increase	$12,463.9	$36,232.2	2016-4
DHHS	Medicare Part D clawback	$18,354.2	$18,354.2	2016-4
DHHS	Federal grant for community behavioral health clinics	$0.0	$980 0	2016-4
DHHS	Federal VOCA Justice assistance grant	$0.0	$5,000 0	2016-4
DHHS	Fund shift (SCHIP)	($14,329 1)	$0.0	2016-4
DHHS	Autism caseload/utilization	$4,733.1	$13,759.1	2016-4
DHHS	Anticipated FY16 use tax adjustment	$0 0	$0.0	2016-4
DHHS	FY16 adjustments to human services caseloads	($7,728 4)	($92,759 3)	2016-4
DHHS	FY16 child care fund adjustment	$6,294.2	$6,294.2	2016-4
DHHS	Sexual assault evidence kit tracking and reporting commission	$25.0	$25.0	2016-4
DHHS	Flint - food bank resources	$430.0	$430.0	2016-6
DHHS	Flint - home visits	$260.0	$260.0	2016-6
DHHS	Flint - Intensive behavioral therapy	$1,500 0	$1,500.0	2016-6
DHHS	*Flint - TANF Reserve for Flint (work project authority and boilerplate appropriation)*	*$0.0*	*$6,100.0*	*2016-6*
DHHS	**Subtotal**	**$22,002.9**	**($3,824.6)**	
Higher Ed	Tuition Incentive Program (TIP) reimbursement costs	$0.0	$2,000 0	2016-5
DIFS	Autism coverage fund	$2,225.0	$2,225 0	2016-4
Judiciary	SADO replacement funding for MCOLES grant	$167.0	$0.0	2016-4
Judiciary	E-file (fee revenue)	$0.0	$5,000.0	2016-4
Judiciary	SADO: Montgomery v Louisiana	$300.0	$300.0	2016-4
LARA	Distance education learning	$0.0	$300 0	2016-4
Legislature	Redistricting enhanced data program	$450.0	$450.0	2016-4
Legislature	Increase for IT and Capitol maintenance	$5,000.0	$5,000.0	2016-4
Legislature	Criminal justice policy commission	$500.0	$500.0	2016-4
DMVA	Grand Rapids Homes for Veterans	$2,300.0	$0.0	2016-4

FY 2016 Supplemental Recommendations

($ in thousands)

DMVA	D.J Jacobetti Home for Veterans	$200 0	$200.0	2016-4
DMVA	Medicaid certfication consultant contract	$1,200.0	$1,200.0	2016-4
DMVA	Reappropriate funds from tuition assistance program to tuition assistance fund	$0 0	$3,741.6	2016-4
DMVA	Seed tuition assistance fund	$2,000.0	$2,000.0	2016-4
DNR	Off-road vehicle trail projects	$0 0	$4,000 0	2016-4
DNR	Dam funding	$3,000.0	$3,000 0	2016-4
DNR	Flint - summer youth program	$250 0	$250.0	2016-6
School Aid	Technical cost adjustments	$0.0	($73,645 8)	2016-5
School Aid	Statewide school water testing	$0.0	$9,000.0	2016-5
School Aid	Flint - Early On services	$9,200.0	$9,200.0	2016-7
School Aid	State School Reform/Redesign	$0.0	$1,000.0	2016-5
State	Implementation of transportation package (PA 174 of 2015)	$3,800.0	$3,800 0	2016-4
State Police	Increase trooper school by 12 additional recruits	$428.8	$428.8	2016-4
DTMB	State Building Authority rent lapse	($26,500.0)	($26,500 0)	2016-4
DTMB	Low-income state trooper pensioners (PA 168 of 2015)	$145.0	$145.0	2016-4
DTMB	Office of retirement services (SIGMA implementation)	$0 0	$2,800.0	2016-4
DTMB	Enterprise legal services	$5,000.0	$5,000.0	2016-4
DTMB/CSC	Office of Good Government new manager academy	$325 0	$325.0	2016-4
DTMB	*Flint - reserve (boilerplate appropriation)*	*$50,000.0*	*$50,000.0*	*2016-6*
Treasury	Assistance to local governments	$2,000.0	$2,000.0	2016-4
Treasury	*Infrastructure fund (boilerplate appropriation)*	*$165,000.0*	*$165,000.0*	*2016-4*
Treasury	Transition funding for Detroit Public Schools	$50,000.0	$50,000.0	2016-4
	Total	**$381,743.7**	**$358,027.2**	

Robert, Carla M. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Sunday, February 07, 2016 9:43 PM
To: Khouri, Nick (TREASURY)
Cc: Durfee, Sally (TREASURY); Saxton, Thomas (Treasury); Peruchietti, Cindy (Treasury)
Subject: Re: Budget Narrative

Also...as an FYI in case you weren't aware...as part of the 16 supplemental that's announced Wednesday (not the 17 budget) the governor will be announcing creation of a new fund within treasury set aside for statewide infrastructure. Total of $165 million. Below is how it is written up:

The supplemental request also includes $25 million for infrastructure needs specific to Flint and another $165 million to be set aside for statewide infrastructure needs in a newly created Michigan Infrastructure Fund. Michigan's infrastructure was given a D grade by the American Society of Civil Engineers. The new Michigan Infrastructure Fund will be used to make strategic improvements and provide local governments with financial assistance in making necessary improvements to known high-risk lead and copper service lines.

On Feb 7, 2016, at 3:58 PM, Khouri, Nick (TREASURY) <KhouriN@michigan.gov> wrote:

> So that's more than Cindy thought on Friday?
>
> Or are we defining the numbers differently?
>
> Sent from my iPad
>
> On Feb 7, 2016, at 2:46 PM, Durfee, Sally (TREASURY) <DurfeeS1@michigan.gov> wrote:
>
> > Cindy confirmed that ITIF is 10 m
> >
> > Sent from my iPad
> >
> > On Feb 7, 2016, at 7:42 AM, Khouri, Nick (TREASURY) <KhouriN@michigan.gov> wrote:
> >
> > > John Roberts keeps saying $10m. He says "you asked for $15m, I got you $10m"
> > >
> > > But I'm guessing it's $5m "base" and $5m "one time"
> > >
> > > Sent from my iPad

On Feb 7, 2016, at 7:38 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

> I don't have any changes.
>
> Nick - I thought last week you (& Sally/Cindy) were saying it was $10mm.
>
> ---
>
> **From:** Khouri, Nick (TREASURY)
> **Sent:** Sunday, February 7, 2016 6:21 AM
> **To:** Stanton, Terry A. (Treasury)
> **Cc:** Saxton, Thomas (Treasury); Durfee, Sally (TREASURY); Peruchietti, Cindy (Treasury)
> **Subject:** Re: Budget Narrative
>
> I'm ok
>
> But someone has to decide on the last bullet
>
> Are we getting $5 or $10m for IT?
>
> Sent from my iPad
>
> On Feb 6, 2016, at 9:28 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
>
> > Attached is Treasury's budget narrative from the SBO. If we have any concerns or need edits to the document, SBO needs to know by 2:00 PM tomorrow (Sunday) in order to make their printer deadline.
> >
> > Thanks..TS
> >
> > <Treasury.pdf>

Credits –

City of Flint
Consumption and Consumer Use Credit Program
February 8, 2016

1. Introductions

2. Discuss implementation details required to execute the program

   a. Broad Parameters
      i. Relief from April 2014 to April 2016
      ii. Water only
      iii. Both fixed and variable portions of the water bill
      iv. 65 percent reduction for residential, 20 percent reduction for commercial

Res comm
- 65+A
- proleptl

   b. Implementation Details
      i. How will we handle "start/stop" i.e., customers that have left system
      ii. How will delinquent accounts be handled?
      iii. Resumption of collection enforcement
      iv. Timing of future bill credit for current ratepayers
      v. Are late fees included?
      vi. Timing of the distribution of state dollars to Flint
      vii. Other?

3. Underlying Cash Flow of the Flint water and sewer system
   a. 18 month cash flow without the Credit program
   b. With the Credit program
   c. Options to address potential cash flow deficits

4. Next Steps and Timing

Byrne, Randall (Treasury)

Subject:	Flint Weekly
Location:	Conf Call
Start:	Mon 2/8/2016 9:00 AM
End:	Mon 2/8/2016 9:30 AM
Recurrence:	Weekly
Recurrence Pattern:	every Monday from 9:00 AM to 9.30 AM
Meeting Status:	*Accepted*
Organizer:	Dempkowski, Angela (Treasury)
Required Attendees:	Koryzno, Edward (Treasury); Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury); Carpenter, Brian (TREASURY); Cline, Richard (Treasury); Steckelberg, Larry (Treasury); workmanwayne@gmail com

Ed Koryzno to host
Call in – 1-888-557-8511
Access Code – 3389106

According to Natasha, it may be a couple of months before the work is done to date.
Lawsuit has been filed against the city Engineering company.
- Appeal of property tax due to lead service lines, the tax reappraisal has been put off for this year
- 30 m.i. state relief on the wtrs bills
- state will have to account for the spending
- 18 month cash flow

Treasury role

GF needs to be looked at as well

DEQ website for lead in community

mtg 2/6 EM community wins & accomplishments

Schafer, Suzanne K. (Treasury)

From: Vaughn, Cary J. (Treasury)
Sent: Monday, February 08, 2016 9:36 AM
To: Headen, Frederick (Treasury)
Cc: Steckelberg, Larry (TREASURY); Schafer, Suzanne K. (Treasury)
Subject: RE: City of Flint 18 Month Cash Flows Water & Sewer Funds updated 1-28-15.xlsx
Attachments: City of Flint 18 Month Cash Flows Water Sewer Funds updated 2-2-2016.xlsx

Fred,
Attached is the latest cash flow. The major difference is in the October disbursements in that it includes a $7 million bond payment to KWA There were also some adjustments in other disbursement accounts. Forgive some of the highlights and lines. I have marked it up a little.
cary

From: Headen, Frederick (Treasury)
Sent: Monday, February 08, 2016 8:59 AM
To: Vaughn, Cary J. (Treasury) <VaughnC2@michigan.gov>
Subject: FW: City of Flint 18 Month Cash Flows Water & Sewer Funds updated 1-28-15.xlsx
Importance: High

Cary:

Larry sent me the attached last week. I presume it is the latest financial information you have? And, that it does not reflect the impact of the $30.0 million in proposed water bill relief that passed the State Senate last week?

Fred

From: Steckelberg, Larry (TREASURY)
Sent: Thursday, February 04, 2016 2:37 PM
To: Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Subject: FW: City of Flint 18 Month Cash Flows Water & Sewer Funds updated 1-28-15.xlsx

Latest cash flow.

From: Vaughn, Cary J. (Treasury)
Sent: Thursday, January 28, 2016 4:42 PM
To: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: City of Flint 18 Month Cash Flows Water & Sewer Funds updated 1-28-15.xlsx

Please see attached. Version 2

CITY OF FLINT
WATER FUND
18-MONTH CASH FLOW
FOR THE PERIOD JULY 1, 2015 THROUGH DECEMBER 31, 2016
Actual Activity Reported through December 31, 2015

Assumptions Outlined Below

REVENUE ASSUMPTIONS:
1 User Charges for the period January 2015 December 2015 were based on YTD billing activity and collection rates.
2 Rate increase assumptions effective March 1 2015 and July 1, 2016 may be modified in the grey box below
3 Restoring the FY16 Master Fee Schedule rates per the amended preliminary injunction order would result in a rate increase of approximately 23% and would impact collections beginning in March 2016.
4 If the Master Fee Schedule rates are restored in FY16, then any rate increase assumption for FY17 must also include 23%.
5 Issuance of shut off notices and disconnection of services has a tremendous impact on the City's ability to enforce payment for services rendered In August prior to the Preliminary Injunction Order the City's average monthly collection rate was 98%. The average collection rate for the period August through December 2015 has fallen to 83%, with a low point in October of 70%

EXPENDITURE ASSUMPTIONS:
1 Expenditure activity for the period January 2016 June 2016 reflect amounts funds as of December 31 2015 divided equally over the remaining 6 months of the fiscal year
2 Expenditure activity for the period July 2016-December 2016 assumes the FY17 budget projection as included in the Blended FY16 & FY17 Budget as adopted by emergency manager order
3 The City will likely have to continue purchasing treated water from the Great Lakes Water Authority through the first quarter of FY17 An amount for illustrative purposes is shown

	Until 6/30/2016	After 7/1/2016
Average Monthly Collection Rate	83%	88%
Rate Increase	0%	0%
DWSD Water Purchases	$ 3,333,333	

- Regarding Rate Increases:
FY15 has been set such that an increase would impact bills beginning in March 2016
Any rate increase assumption for FY17 must also include any rate assumption made for FY16
For Example FY16 restoration of Master Fee Schedule equals approximately 17% Budgeted FY17 projection of 5% must be covered as 22%

	ACTUAL JULY 2015	ACTUAL AUGUST 2015	ACTUAL SEPTEMBER 2015	ACTUAL OCTOBER 2015	ACTUAL NOVEMBER 2015	ACTUAL DECEMBER 2015	PROJECTED JANUARY 2016	PROJECTED FEBRUARY 2016	PROJECTED MARCH 2016	PROJECTED APRIL 2016	PROJECTED MAY 2016	PROJECTED JUNE 2016	PROJECTED JULY 2016	PROJECTED AUGUST 2016	PROJECTED SEPTEMBER 2016	PROJECTED OCTOBER 2016	PROJECTED NOVEMBER 2016	PROJECTED DECEMBER 2016				FY15 Audited 2015	Actuals and Info December 2015	Actuals and Info June 2016	Actuals and Info Dec 2016
BEGINNING CASH BALANCE	19,997,363	19,921,378	20,768,899	19,284,646	16,338,463	16,012,088	16,240,829	15,306,166	13,591,482	11,316,622	10,342,148	7,872,300	3,898,677	894,347	(2,108,533)	(5,113,813)	(10,872,359)	(13,631,195)				19,997,363	19,997,363	19,997,363	19,997,363
CASH RECEIPTS																									
User Charges	2 921 525	2,595 453	2 214 755	1 760 177	1,864 189	2,020,248	1 324 483	1,324 483	1 324 483	1 324 483	1 324 483	1 324 483	993 362	993 362	993 362	993 362	993 362	993 362	21 313 302	13 907 070	13 779 558	28 732 810	16 893 795	11 920 646	
Grants and State Appropriations				8 000 000			1,000 000			1 000 000									10 000 000	2 000 000					
Other Revenue	1 328			677	55		8 333	8 333	8,333	8 333	8 333	8,333	8 333	8 333	8 333	8 333	8 333	8,333	52,058	100 000	31 191	6 116	100,000	100 000	
Certificate of Deposit Activity			(91,83))	179,195	70 408	(2,051)													49,820						
TOTAL CASH RECEIPTS	2,922,852	2,595,453	2,122,924	9,939,240	1,934,646	2,011,197	2,332,816	1,332,816	1,332,816	2,332,816	1,332,816	1,332,816	1,001,696	1,001,696	1,001,696	1,001,696	1,001,696	1,001,696	31 415 181	16,007 070	13,808,808	28,738,926	16,993,988	11,920 646	
CASH DISBURSEMENTS																									
Salaries and Benefits	922,539	914 807	914 068	1 101 350	901,582	897,993	988,350	988 350	988,350	988,350	1,481 525	988 350	996,726	996 726	996,726	996,726	996 726	996,726	12,077,736	12,404,832	10,651,521	11,906,919	12 848 932	11 980 713	
Supplies	253 373	147,058	187,527	188,151	48,259	48,535	409 039	409 039	409,039	409,039	409,039	409 039	213,617	213 617	213,617	213 617	213,617	213,617	3 623 176	3 725 934	2 561 742	1,727,887	4 908 464	2,563 404	
Contractual Services	751,353	26,584	1,526 880	900 183	678,945	263,300	726,892	726,892	726,892	726,892	726,892	726 892	649 128	649 128	649,128	649 128	649 128	649 128	8 346,502	8,256 121	538,061	7,930 495	8 772 708	7 789 538	
Purchase of Water				10,000,000								2,000,000	1,333,333	1,333,333	1,333,333				12 000,000	8 000,000		10,000,000			
Claims																									
Utilities	41,588	147 607	81,183	62,630	50,729	97 166	183 173	183 173	183,173	183,173	183 173	183,173	108,750	108,750	108,750	108 750	108 750	108,750	1 531 948	1,783 933	1,080 454	841,804	2,222,078	1,305,000	
Equipment Operator	161,162	172,065	282 911	151 448	254 418	145,231	304 310	304 310	304,310	304,310	304 310	304,310	157,380	157 380	157,380	157,380	157 380	157,380	2,923,073	2,770 158	1,127 786	2,194 429	3 651 718	1,933 560	
Repairs and Maintenance	482 408	10,815	255,180	89,901	11,196	13,041	110 613	110 613	110,613	110,613	110 613	110,613	128,581	128,581	128,581	128 581	128 581	128,581	3 728,348	2 465 182	2,074 044	1,725,344	3 727,352	1,542 972	
Insurance																									
EMA bond payment																7 000,000				7,000,000					
EMA Operating & maintenance cost																88,000	88,000	88,000		264,000					
Transfers to Debt Service Fund	174,522	174,522	174,522	174,522	174,522	174,522	174 522	174 522	174,522	174,522	174 522	174,522	260,147	260 147	260 147	260 147	260 147	260,147	3 084 259	2,838,012		2,094,259	2,094 259	3,121,754	
Other Expenses	118,678	110 331	110 563	112,957	118,206	110 503	114 425	114 425	114,425	114 425	114 425	114,425	63,946	63 946	63,946	63,946	63 946	63,946	1,360 786	1 070,223	759 440	1,843,678	1 873,094	767 153	
Transfers Out	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94 167	94,167	94,167	94 167	94,167	94,167	94 167	94,167	1,130,000	1,130 000		1,130,000	1,130 000	1,130,004	
TOTAL CASH DISBURSEMENTS	2,998,898	1,947,935	3,627,185	13,879,818	2,372,011	1,772,455	3,307 489	3,307,489	3,307,489	3,307,489	3,801,864	5,807,208	4,005,776	4,005,776	4,005,776	4,760,442	2,960,442	2,960,442	47,513,939	49 617 757	18,800,082	48,369,618	40,678,219	27,068,204	
NET CASH FLOW	(76,047)	647,521	(1 484 3 1)	2 059,422	28 ,634)	238,743	(974 673)	(1 974,673)	(1 974,673)	(974 673)	(2 468,048)	(3 974 674)	(3 004 080)	(3 004 080)	(3 004 080)	(3 758,746)	(1 958 746)	(1 958 746)	(16 098 758)	3 389 313	19,002,963	33 630 692	24 684 424	(14 847 558)	
ENDING CASH BALANCE	19,921,378	20,568,899	19,284,646	16,299,463	16,012,088	16,240,829	15,306,166	13,591,482	11,316,622	10,342,148	7,873,300	3,898,677	894,347	(2,108,533)	(5,113,813)	(10,872,359)	(13,631,195)	(15,589,941)							

2/2/2016

Stanton, Terry A. (Treasury)

From: Weiss, Kurt (DTMB)
Sent: Monday, February 08, 2016 3:32 PM
To: Stanton, Terry A. (Treasury)
Subject: RE: 436 info

Thanks Terry. Perfect!

Kurt Weiss
State Budget Office
517-335-0050
State Budget Office

From: Stanton, Terry A. (Treasury)
Sent: Monday, February 08, 2016 3:26 PM
To: Weiss, Kurt (DTMB)
Subject: 436 info

Kurt...

Attached is the piece we discussed briefly this afternoon. We crafted this as a run-up to possible SoS pieces.

Also, below is some information I am going to be sharing with a writer with Pew Charitable Trust's "State and Local Fiscal Health" section shortly.

The unfortunate situation in Flint is not an indictment of Public Act 436. Discussions about the possible development of a Flint-area/Genesee County water system had been on-going since the early 2000's, long before a manager was appointed (Dec. 2011). Additionally, it was not a situation where elected officials (Mayor & City Council) wanted to utilize one system with the EM reversing course. All involved in the decision-making process agreed KWA was the best long-term option for the City of Flint. Unfortunately, once the City was cut-off from DWSD, the correct anti-corrosives (or amount of anti-corrosives) were not added to the water as it was treated, which allowed lead to leach into the system.

As for DPS, emergency manager statutes have had less success in addressing the financial emergency there, than in municipalities. A significant decline in enrollment over the last decade has made the situation very difficult. That's why Governor Snyder has proposed a comprehensive restructuring of education in Detroit, to address both academic and financial struggles. The plan would get DPS out from under crushing debt and drive academic success at all schools in Detroit. The MI Legislature has begun hearings on the Governor's proposal.

As for municipalities, there has been real progress: In mid-2015, six cities in Michigan had emergency managers. With the departure of Brad Coulter as manager in Lincoln Park in December, **no Michigan City** is being run by an emergency manager for the first time in some 15 years. In those communities, deficits have been eliminated, sound accounting practices have been restored, and advisory boards are in place to ensure a smooth transition to full home rule.

Certainly, the City of Detroit is a success story. There is work yet to do, but, for the first time in many years, optimism about Detroit's future has returned. Another success story is Wayne County's decision to address critical financial issues through cooperative county leadership and avoid further State intervention.

RICK SNYDER
89 (Rev 11-13) GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

R. NICK KHOURI
STATE TREASURER

State of the State
2015 Treasury/Local Government Highlights
DRAFT

Municipalities

- We know some of our local communities have experienced financial difficulties over the years. In some extreme cases, it has been necessary for the State to step in to address financial emergencies. Today, we can report real progress: Eighteen months ago, six cities in Michigan had emergency managers. With the departure of Brad Coulter as manager in Lincoln Park in December, **no Michigan City** is being run by an emergency manager.

- In all of those communities, deficits have been eliminated, sound accounting practices have been restored, and advisory boards are in place to ensure a smooth transition to full home rule. We look forward to a day when state oversight in these communities is no longer necessary.

- The City of Detroit is a success story. Yes, there is a lot of work yet to do, but, for the first time in many years, optimism about Detroit's future has returned. (insert positive data telling the Detroit success story)

- Another success story is the decision by Wayne County to address critical financial issues through cooperative county leadership and avoid further State intervention. Our preferred model in situations like this, is to work collaboratively with local communities and leaders to overcome local financial challenges with limited state intervention.

- In the coming year, we will be working to gather data from communities throughout Michigan in order to develop a proactive early warning system to identify critical factors of financial stress. We know other communities in Michigan may run into financial difficulties. Our goal is to act sooner when certain factors arise, in cooperation with local communities and interested participants.

- As an extra boost to communities facing serious financial challenges, the legislature appropriated $5 million in fiscal year 2016 to provide special funding to our hardest hit communities as they provide and support critical services.

Schools

- State involvement continues in five Michigan school districts (Detroit, Highland Park, Muskegon Heights, Pontiac, & Benton Harbor) and we look forward to the same success in restoring local management as quickly and efficiently as possible.

- The Office of School Review and Accountability (within Treasury) continues to work with several school districts experiencing potential financial stress to determine whether an Enhanced Deficit Elimination Plan (EDEP), which provides for additional financial monitoring, oversight and on-site review of business office practices, can address district financial difficulties before they become full-blown financial emergencies.

Robert, Carla M. (Treasury)

From:	Clayton, Stacie (GOV) <claytons3@michigan.gov>
Sent:	Monday, February 08, 2016 6:14 PM
To:	Kelenske, Chris (MSP); Creagh, Keith (DEQ); Lyon, Nick (DHHS); Zimmer, Mike (LARA); Khouri, Nick (TREASURY); Whiston, Brian (MDE); 'Karen Weaver - City of Flint (kweaver@cityofflint.com)'; 'Laura L. Sullivan (lsulliva@kettering.edu)'; 'Natasha Henderson - City of Flint (nhenderson@cityofflint.com)'; 'mvalacak@gchd.us'; 'jcurtis@co.genesee.mi.us'; 'jim@koskiconsult.com'; 'Lawrence Reynolds'; 'Marc Edwards'; 'Mona Hanna-Attisha'; Steckelberg, Larry (TREASURY)
Cc:	Garza, Oralya (MSP); Thelen, Mary Beth (DEQ); Grijalva, Nancy (DHHS); Burton, Diane (LARA); Doyle, Maureen (Treasury); Carefoot, Karen (MDE); Houseman, Jennifer (MDE); 'mmurray@cityofflint.com'; 'skammer@cityofflint.com'; 'mvalacak@gchd.us'; 'Bishop, Melissa'; 'Shelly Casey'; Brown, Melanie (DEQ); Holland, Meegan (GOV); Wells, Eden (DHHS); Moran, Susan (DHHS); Cousineau, Sara (Treasury); Dempkowski, Angela (Treasury)
Subject:	FWICC Priorities, Objectives, Tasks and Updated Committee List
Attachments:	Flint Water Interagency Coordinating Committee Subcommittees.docx; FWICC Objectives Tasks.doc

Greetings,

Please see the attached updated FWICC subcommittees and the subcommittee worksheets. Each subcommittee can provide its own **priorities** and **objectives**. You may use, eliminate or expound upon the suggested **tasks** after you have identified your subcommittee's priorities. Each subcommittee has three priority sheets and can add more if you choose.

The goal is to have a first draft priority sheet from each committee for discussion at this Friday's meeting. Please feel free to email FWICC co-chairs Harvey Hollins or Capt. Kelenske if you have any questions.

Lastly, we are asking that each subcommittee co-chair email their priority list to me no later than 10am on Thursday.

Thank you,
~Stacie

313.456.4994 (office)
claytons3@michigan.gov

Flint Water Interagency Coordinating Committee Subcommittees

Incident Action Plan Subcommittee
Chair - Capt. Chris Kelenske
Harvey Hollins

Water Quality Subcommittee
Chair – Keith Creagh
Nick Lyon
Dr. Laura Sullivan
Dr. Marc Edwards
Dr. Yanna Lambrinidou
Mark Valacak
EPA

Suggested Tasks

- ✓ Response tactics and flow process
- ✓ Testing
  - Lead and Copper
  - Other Contaminants and Disease Transmission
- ✓ Monitoring and reporting entry of contagions

Water Infrastructure Integrity Subcommittee
Chair – Keith Creagh
Jim Koski
Dr. Laura Sullivan
Dr. Marc Edwards
Jamie Curtis
Natasha Henderson
American Water Works Association
EPA

Suggested Tasks

- ✓ Reliability Study
- ✓ Infrastructure upgrade/replacement
- ✓ Lead Line Replacement

KWA Subcommittee
Chair – Khouri
Keith Creagh
Harvey Hollins
Natasha Henderson
Jamie Curtis
Larry Steckelberg
EPA

Suggested Tasks

- ✓ Benefit-Cost Analysis
- ✓ Transition
- ✓ Safety
- ✓ Flint Water Treatment Plant Upgrade
- ✓ Rate Structure

Health and Education Subcommittee
Chair - Nick Lyon
Mayor Karen Weaver
Dr. Mona Hanna-Attisha
Dr. Lawrence Reynolds
Superintendent Brian Whiston
Deputy Superintendent Kyle Guerrant
Sue Moran
Dr. Eden Wells
Dr. Jane Turner
Stan Bien (WIC)
Dawn Sweeney (SNAP)

Suggested Tasks

- ✓ Health and Safety Plan
- ✓ Responder Medical Plan
- ✓ Nutrition
- ✓ Post Exposure Actions
- ✓ Pre-K and Secondary education materials

Policy Subcommittee
Chair – Mike Zimmer
Nick Khouri
Larry Steckelberg
Dr. Marc Edwards
Keith Creagh
Nick Lyon
Dr. Lawrence Reynolds
Mark Valacak

Suggested Tasks

- ✓ Intra-agency Protocols
- ✓ Statewide Policy
- ✓ Lead and Copper Rule Change Recommendations

Communication Protocols and Transparency Subcommittee
Chair – Hollins
Nick Lyon
Meegan Holland
Melanie Brown

Suggested Tasks

- ✓ Public education and awareness

Information for Flint Water Interagency Coordinating Committee Subcommittees

Establishing Initial Incident Priorities

Clear initial priorities are important to establishing unity of effort early in the incident response process. When the members of the team clearly understand the intent behind instructions, they are equipped to act decisively and make better decisions. While many things vie for attention, especially in the immediate aftermath of a disaster or emergency, not everything can be a priority. The axiom that if everything is a priority, then nothing is a priority clearly applies to incident management.

Objectives

Good objectives:

- Are concise and stated in the form of a command
- Begin with an action verb (but not "continue" or "maintain")

Tasks

Tasks define specific actions to be performed to achieve a planned outcome. Tasks specify who, what, where, and when for implementing strategies to achieve incident objectives. Tasks describe the deployment and direction of resources, based on the strategy to accomplish the incident objectives.

In this case, tasks or tactics can be developed by those personnel at lower levels who will be implementing the priorities and objectives.

Steckelberg, Larry (TREASURY)

Sent: Monday, February 08, 2016 7:25 PM
To: Jody Lundquist
Subject: my notes from the meeting

Jody,

We can talk in the morning, but from my notes, I have the following on water bill relief that need to come first:

1. Engage BSA in developing the implementation plan in their billing system to provide the 65/20 relief
2. Find a way to pay the costs for BSA work (Treasury)
3. Determine methodology and cost for pulling debts back from county to be reworked in light of 65/20 relief. On this one, let me know if this hits any snags. I

We also have to figure out how to handle starts/stops, the legal issues, penalties, and reimbursements but it all depends on the ability of BSA to work their system to generate billing adjustments. I suspect we will know a lot more about this once they get started.

My notes indicate you are updating water and sewer cash flow with the latest information including the KWA connection costs.

Larry Steckelberg
Division Administrator
Property Services Division
Michigan Department of Treasury
(517) 241-3733

Durfee, Sally (TREASURY)

From: Khouri, Nick (TREASURY)
Sent: Monday, February 08, 2016 7:43 PM
To: Durfee, Sally (TREASURY)
Subject: Fwd: FWICC Priorities, Objectives, Tasks and Updated Committee List
Attachments: Flint Water Interagency Coordinating Committee Subcommittees.docx; ATT00001.htm; FWICC Objectives Tasks.doc; ATT00002.htm

Sally

Flint is going to take a bigger part of my time

We need to think about what this means for our internal efficiency and employee engagement projects

Clearly, I'll have a lot less time and more will fall to you and Deb

Not my choice, but nothing I can do

Sent from my iPad

Begin forwarded message:

> **From:** "Clayton, Stacie (GOV)" <claytons3@michigan.gov>
> **Date:** February 8, 2016 at 6:14:03 PM EST
> **To:** "Kelenske, Chris (MSP)" <KelenskeC@michigan.gov>, "Creagh, Keith (DEQ)" <creaghk@michigan.gov>, "Lyon, Nick (DHHS)" <LyonN2@michigan.gov>, "Zimmer, Mike (LARA)" <zimmerm@michigan.gov>, "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>, "Whiston, Brian (MDE)" <WhistonB@michigan.gov>, "'Karen Weaver - City of Flint (kweaver@cityofflint.com)'" <kweaver@cityofflint.com>, "'Laura L. Sullivan (lsulliva@kettering.edu)'" <lsulliva@kettering.edu>, "'Natasha Henderson - City of Flint (nhenderson@cityofflint.com)'" <nhenderson@cityofflint.com>, "'mvalacak@gchd.us'" <mvalacak@gchd.us>, "'jcurtis@co.genesee.mi.us'" <jcurtis@co.genesee.mi.us>, "'jim@koskiconsult.com'" <jim@koskiconsult.com>, 'Lawrence Reynolds' <lrey52@gmail.com>, 'Marc Edwards' <edwardsm@vt.edu>, 'Mona Hanna-Attisha' <MHanna1@hurleymc.com>, "Steckelberg, Larry (TREASURY)" <SteckelbergL@michigan.gov>
> **Cc:** "Garza, Oralya (MSP)" <GarzaO@michigan.gov>, "Thelen, Mary Beth (DEQ)" <THELENM2@michigan.gov>, "Grijalva, Nancy (DHHS)" <GrijalvaN@michigan.gov>, "Burton, Diane (LARA)" <BurtonD2@michigan.gov>, "Doyle, Maureen (Treasury)" <DoyleM4@michigan.gov>, "Carefoot, Karen (MDE)" <CarefootK@michigan.gov>, "Houseman, Jennifer (MDE)" <HousemanJ1@michigan.gov>, "'mmurray@cityofflint.com'" <mmurray@cityofflint.com>, "'skammer@cityofflint.com'" <skammer@cityofflint.com>, "'mvalacak@gchd.us'" <mvalacak@gchd.us>, "'Bishop, Melissa'" <MBishop@co.genesee.mi.us>, 'Shelly Casey' <SCasey1@hurleymc.com>, "Brown, Melanie (DEQ)" <BrownM45@michigan.gov>, "Holland, Meegan (GOV)" <HollandM2@michigan.gov>, "Wells, Eden (DHHS)" <WellsE3@michigan.gov>, "Moran, Susan (DHHS)" <MoranS@michigan.gov>, "Cousineau, Sara (Treasury)" <CousineauS@michigan.gov>, "Dempkowski, Angela (Treasury)"

<DempkowskiA@michigan.gov>
Subject: FWICC Priorities, Objectives, Tasks and Updated Committee List

Greetings,

Please see the attached updated FWICC subcommittees and the subcommittee worksheets. Each subcommittee can provide its own **priorities** and **objectives**. You may use, eliminate or expound upon the suggested **tasks** after you have identified your subcommittee's priorities. Each subcommittee has three priority sheets and can add more if you choose.

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Lastly, we are asking that each subcommittee co-chair email their priority list to me no later than 10am on Thursday.

Thank you,
~Stacie

313.456.4994 (office)
claytons3@michigan.gov

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, February 09, 2016 9:28 AM
To: Stephen Fehr
Subject: RE: Question from Pew please

Stephen...

For background, I thought I would share the link for the Local Financial Stability and Choice Act, PA 436 of 2012.
http://www.legislature.mi.gov/(S(f5uawwsqvl0pse5k32cqdrpn))/mileg.aspx?page=GetObject&objectname=mcl-act-436-of-2012

On Treasury's website, you can also find "how a financial emergency works":
http://www.michigan.gov/treasury/0,4679,7-121-1751_51556-198770--,00.html

The most recent updates on local units under some piece of PA 436.
http://www.michigan.gov/treasury/0,4679,7-121-1751_51556_64472---,00.html

The unfortunate situation in Flint is not an indictment of Public Act 436. Discussions about the possible development of a Flint-area/Genesee County water system had been on-going since the early 2000's, long before a manager was appointed (Dec. 2011). Additionally, it was not a situation where elected officials (Mayor & City Council) wanted to utilize one system with the EM reversing course. All involved in the decision-making process agreed KWA was the best long-term option for the City of Flint. Unfortunately, once the City was cut-off from DWSD, the correct anti-corrosives (or amount of anti-corrosives) were not added to the water as it was treated, which allowed lead to leach into the system.

As for DPS, emergency manager statutes have had less success in addressing the financial emergency there, than in municipalities. A significant decline in enrollment over the last decade has made the situation very difficult. That's why Governor Snyder has proposed a comprehensive restructuring of education in Detroit, to address both academic and financial struggles. The plan would get DPS out from under crushing debt and drive academic success at all schools in Detroit. The MI Legislature has begun hearings on the Governor's proposal.

As for municipalities, there has been real progress: In mid-2015, six cities in Michigan had emergency managers. With the departure of Brad Coulter as manager in Lincoln Park in December, **no Michigan City** is being run by an emergency manager for the first time in some 15 years. In those communities, deficits have been eliminated, sound accounting practices have been restored, and advisory boards are in place to ensure a smooth transition to full home rule.

Certainly, the City of Detroit is a success story. There is work yet to do, but, for the first time in many years, optimism about Detroit's future has returned. Another success story is Wayne County's decision to address critical financial issues through cooperative county leadership and avoid further State intervention.

Finally, I am not aware of any thoughts, discussions, etc. about amending PA 436.

I hope this is helpful.

Terry

From: Stephen Fehr [mailto:sfehr@stateline.org]
Sent: Monday, February 08, 2016 10:46 AM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Question from Pew please

Terry, you have helped us before with answering questions about Michigan's EM system. I wanted to reach out to you again. My boss has asked me to put together this week a brief report (5 pages) on the Michigan EM system in light of current news events in Flint and Detroit public schools. The idea is to explain to people what the EM system is and link to our previous work. I guess I need to ask you a few obvious questions:

1. What, if anything, do the setbacks in Flint and Detroit schools say about the effectiveness of the EM system?
2. Will Michigan now re-evaluate whether the EM system is worth keeping?
3. Depending on how you answer #1 and #2: Is the EM system something other states should consider implementing to assist distressed local governments?

Thanks for your help. I am around all week.

Stephen C. Fehr
Senior officer
State and Local Fiscal Health
The Pew Charitable Trusts
901 E St. NW
Washington, DC 20004
202-552-2189 (direct)
Twitter: @scfehr1

Robert, Carla M. (Treasury)

From: Steckelberg, Larry (TREASURY)
Sent: Tuesday, February 09, 2016 10:01 AM
To: Saxton, Thomas (Treasury); Khouri, Nick (TREASURY)
Cc: Headen, Frederick (Treasury)
Subject: RE: emergency managers
Attachments: EM Accomplishments v5 02-08-16.docx

Just FYI, I have attached a larger document we put together on accomplishments in the EM communities. Fred highlighted a couple but this is a good resource for reference on some of our successes across the communities.

From: Saxton, Thomas (Treasury)
Sent: Tuesday, February 09, 2016 5:49 AM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: Re: emergency managers

I would agree schools are more challenging because of the 'academic side' and the way they are funded... While it may be a pretty low bar in terms of gauging success I would say Muskegon Hts & HPS could be mentioned... The schools have stabilized. There was not the disruption associated with a dissolution. There is community support. The reason we have had to keep EMs place is somewhat tied to the fact they are psa districts. Pontiac schools has been a 'success'. Again, when we first got involved they were a week or two from making payroll. That situation involves a consent agreement not a EM. The 'jury' is still out on BHS. DPS is in a category by itself.

On Feb 8, 2016, at 1:26 PM, Khouri, Nick (TREASURY) <KhouriN@michigan.gov> wrote:

> Thanks
>
> Maybe it's just easier to turn around a city than it is a school
>
> **From:** Headen, Frederick (Treasury)
> **Sent:** Monday, February 08, 2016 1:19 PM
> **To:** Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
> **Subject:** RE: emergency managers
>
> Not in my view. The school districts that have had EFMs/EMs (Detroit, Highland Park, Inkster, and Muskegon Heights) have not fared well. Inkster was dissolved and the other school districts have had multiple EMs.
>
> Prior to 2011, I would have said the reason was that Act 72 drew an artificial distinction between fiscal matters and instruction/academics and granted EFMs authority only over the former. However, under both Acts 4 and 436, EMs have had control over both fiscal matters and

instruction/academics and it appears to have made little difference in regards to lack of long-term success. It may be that because school finances are tied so closely to enrollments, that once enrollments begin a downward spiral, even an EM cannot cut enough, or quickly enough, to keep up.

From: Khouri, Nick (TREASURY)
Sent: Monday, February 08, 2016 12:51 PM
To: Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: RE: emergency managers

Thanks Fred

Any schools?

From: Headen, Frederick (Treasury)
Sent: Monday, February 08, 2016 8:29 AM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: RE: emergency managers

Here are three possibilities:

1. Village of Three Oaks. The EFM was appointed on December 1, 2008 and exited after only one year. The EFM resolved all financial issues (including cash flow and accounts payable), while working cooperatively with local officials. Indeed, so positive was the working relationship between the EFM and Village officials that for a number of years after the EFM's departure, Village officials invited her back for annual events.

2. City of Detroit. The EM was appointed on March 25, 2013 and was succeeded by a FRC on December 9, 2014, after guiding the City through the largest municipal bankruptcy in U.S. history in only 18 months. In doing so, the EM addressed three primary issues: first, a cash crisis that was projected to reach a cumulative deficit in excess of $100.0 million by June 30, 2013; second, recurring general fund deficits (the City had not experienced a positive year-end fund balance since fiscal year 2004); and third, long-term liabilities, including unfunded actuarial accrued pension liabilities and other post-employment benefits, that exceeded approximately $14 billion as of June 30, 2012.

3. City of Hamtramck. The EM was appointed on July 1, 2013 and was succeeded by an RTAB on December 18, 2014. The EM addressed general fund operating deficits. In addition, unfunded liabilities (pension and other post-employment benefits) posed significant obstacles to long-term fiscal health. Actuarial evaluation had indicated the pension plan had $98.4 million in actuarial accrued liabilities, but only $55.8 million in pension assets (i.e., a funding ratio of only 56.8 percent).

Fred

From: Khouri, Nick (TREASURY)
Sent: Monday, February 08, 2016 7:38 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Subject: emergency managers

I'm testifying tomorrow on DPS, and I know the topic of EM's is going to come up

Can you give me one or two great success stories of locals or schools with an EM?

When has it worked really well?

Why?

Emergency Manager Accomplishments

Receivership Communities – Emergency Manager Option
Source: Emergency Manager Exit Letters

Allen Park – Exit Date - September 24, 2014

- The city's structural and cumulative deficits were eliminated and FY14 ended with a positive General Fund balance of $3.2M.
- Employment contracts and/or Emergency Manager (EM) Orders were in place with all bargaining units. Additional cost savings had resulted from the implementation of a 10% reduction in pay for active employees, the elimination of vacant positions, the consolidation of healthcare plans from five to two), an increase in co-pays and deductibles, and the implementation of other pension related changes. These savings amounted to approximately $54M.
- The establishment of the Allen Park Advisory Committee to assist with engaging the community and the development of a Visionary and Strategic Plan.

Benton Harbor – Exit Date - March 10, 2014

- The city's structural and cumulative deficits were eliminated and FY14 ended with a positive General Fund balance of $2.3M.
- The city met its recommended pension contribution during FY14 for the first time in 10 years.
- Through the use of Data Driven Policing, crime had fallen while arrests and closure rates had increased.

Ecorse – Exit Date - April 26, 2013

- The city eliminated a $14.6M cumulative deficit and a $5M structural deficit. Also, the city reduced operating costs by $4.3M and increased revenue by $2.3M.
- The city reorganized several city departments to combine the Police and Fire departments into a Public Safety Department, and privatizing Emergency Medical Services. Included in the reorganization plans are the Public Works Department, the Controller's Office, and the Building Department.
- The city worked with State Legislature to develop special legislation that allowed the city to re-enter the bond market to borrow money to pay off outstanding judgment levies against the city. The special legislation increased the city's bond rating from a "junk" rating to an "A" rating.

Flint – Exit Date - April 28, 2015

- The Water Fund deficit was addressed and the Water Fund is solvent but not at the level indicated by city policy.
- The $7M General Fund deficit was eliminated by June 30, 2015, through a loan authorized by the Emergency Loan Board.
- Long-term liability costs had been reduced significantly. Approximately, $850M in OPEB liabilities have been reduced to $240M, and new employees were given a contribution towards future healthcare costs at retirement instead of the promise of retiree healthcare.

Hamtramck – Exit Date - December 18, 2014

- Savings were made in healthcare for current employees and retirees, and by eliminating non-contracted payments to healthcare retirement and savings accounts. In addition, drastic pay cuts were negotiated with both union and department heads at the city that resulted in substantial savings. Included was the elimination of minimum staffing requirements and some services, such as EMS, which will allow the city more flexibility in managing its financial and personnel resources. These cuts totaled $1M.
- Jobs previously outsourced were brought back into City Administration, including the City Controller and the City Assessor.
- The sale of surplus vacant land and tax reverted properties totaled $358k.

Lincoln Park – Exit Date - December 21, 2015

- In July 2014, the city had an unassigned General Fund deficit of $1,007,245 for the fiscal year ending as of June 30, 2014. The unassigned fund General Fund balance, upon the EM departure, is a positive $186,901.
- A contract with firefighters was renegotiated to eliminate minimum manning and place restrictions on the number of staff per day that can take time off. Restrictions on sick time were also put in place to stem sick time abuse. As a result, overtime dropped from over $600k per year to a budgeted $50k in FY16. In addition, the Fire Chief and Fire Marshall positions were combined for a payroll savings of $65k per year.
- In FY15, the city spent $4.3M in retiree health insurance. With the move to a monthly stipend, in FY16, the city was spending $600k per year on the retiree healthcare. Of the savings, $3M per year was shifted to funding the pensions systems while the remaining $700k provided cost savings to the General Fund, Water Fund, and Road funds.

Pontiac – Exit Date - August 16, 2013

- With the implementation of healthcare and benefits reform by consolidating 87 benefit plans into one, the city no longer pays retiree health insurance.
- Selling excess capacity in the sewage treatment plant to Oakland County for $55M allowed the city to significantly reduce its debt of $87M and eliminate its structural deficit of $9.2M.
- By creating a regional fire department (merger with Waterford Township), the cost of fire services had been reduced by $3.6M annually.
- General Fund expenditures were reduced by nearly $30M from six years prior by closing the defined-benefit pensions systems, contracting nearly all city services, eliminating money losing enterprise activities, consolidating departments, and hiring qualified employees.
- The city contracted with the Oakland County Sheriff's office for police services, which saved the city $2.2M annually.

Stanton, Terry A. (Treasury)

From: Murray, David (GOV)
Sent: Tuesday, February 09, 2016 11:05 AM
To: Stanton, Terry A. (Treasury)
Subject: FW: request for comment
Attachments: Re_ Information Request and Documentation_10_3_2015.pdf

From: Ronald Fonger [mailto:RFONGER1@mlive.com]
Sent: Tuesday, February 09, 2016 10:44 AM
To: Murray, David (GOV) <MurrayD1@michigan.gov>
Subject: request for comment

Dave:
I've attached an email from March 2015, which was sent by the Genesee County Health Department to a number of officials from the city and the state regarding an outbreak of Legionnaires' disease and the potential connection to the Flint River.
I've also requested comment form the state treasurer's office and Jerry Ambrose in an effort to determine whether this information was ever shared by the emergency manager – either with treasury, the governor's office, or other state agencies.
I wanted to see if you would want to comment on the fact that the governor's appointee had knowledge of this outbreak and possible connection to the Flint River 11 months ago.
Thanks for help,

Ron Fonger
MLive Media Group
Reporter

mobile 810.347.9963
email rfonger1@mlive.com
address 540 S. Saginaw St. #101, Flint MI 48502

From: "Henry, James" <James>
To: Cupal
Suzanne;
CC:
Date: 3/10/2015 8:08:48 PM
Subject: Re: Information Request and Documentation
Attachments: .dat

Me too, but I don't expect much. Hopefully, Jerry Ambrose will be reasonable and smart enough to see the significance. I've been keeping records of all correspondence. Its disappointing that these people are the leaders of the city.

Sent from my phone.

—— Original message——
From: Cupal , Suzanne
Date: Tue, Mar 10, 2015 6:54 PM
To: Henry, James;
Subject:RE : Information Request and Documentation

I hope we receive a prompt response.

Sent from my Windows Phone

From: Henry, James
Sent: 3/10/2015 6:40 PM
To: Howard Croft; Mike Prysby (DEQ); Elizabeth Murphy; Natasha Henderson; Jerry Ambrose; Dayne Walling
Cc: Valacak, Mark; Cupal, Suzanne; Hasan, Shurooq; Childs, Bonnie; Hallwood, Dawn; Johnson, M.D., Gary
Subject: Information Request and Documentation

Hello everyone,

The Genesee County Health Department has made several written and verbal requests for specific information since October, 2014, including a Freedom of

Information Act Request on January 27, 2015. The information still has not been received and the city's lack of cooperation continues to prevent my office from performing our responsibilities.

The Genesee County Health Department has the responsibility to conduct illness investigations and consider all potential sources, this is not optional. In 2014, Genesee County experienced a significant increase of confirmed Legionella illnesses relative to previous years. Legionella can be a deadly, waterborne disease that typically affects the respiratory system.

The increase of the illnesses closely corresponds with the timeframe of the switch to Flint River water. The majority of the cases reside or have an association with the city. Also, McLaren Hospital identified and mitigated Legionella in their water system. This is rather glaring information and it needs to be looked into now, prior to the warmer summer months when Legionella is at its peak and we are potentially faced with a crisis.

This situation has been explicitly explained to MDEQ and many of the city's officials. I want to make sure, in writing that there are no misunderstandings regarding this significant and urgent public health issue. The Trihalomethane issues "pale in comparison" to the potential public health risks of Legionella.

I am submitting the attached FOIA request again and requesting that the legal obligations of the request are met. If the information is not available, please let me know. In the past, I have requested to meet with the water plant staff and MDEQ regarding Legionella concerns. I did not receive a response from the water plant staff and MDEQ declined. I think it is in the best interest for all stakeholders that we meet and discuss the issues.

Respectfully,

Jim

Jim Henry
Jim Henry RS, MBA
Environmental Health Supervisor
Genesee County Health Department www.gchd.us
630 S. Saginaw St., Suite 4
Flint, MI 48502-1540
Phone (810) 257-3618 Fax (810) 257-3125
E-mail jhenry@gchd.us

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Workman, Wayne (TREASURY)

From: Dempkowski, Angela (Treasury)
Sent: Tuesday, February 09, 2016 11:47 AM
To: Workman, Wayne (TREASURY)
Subject: FW: City of Flint assistance

Angela Dempkowski
Senior Executive Management Assistant
Department of Treasury

From: Dempkowski, Angela (Treasury)
Sent: Monday, February 08, 2016 12:35 PM
To: 'Wayne Workman' <workmanwayne@gmail.com>
Subject: FW: City of Flint assistance

fyi

Angela Dempkowski
Senior Executive Management Assistant
Department of Treasury

From: Juan Santambrogio [mailto:Juan.Santambrogio@ey.com]
Sent: Monday, February 08, 2016 12:21 PM
To: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Subject: FW: City of Flint assistance

Hi Angela,
Just wanted to check with you to see if Wayne received the slides I sent.
Does Wayne have a new e-mail address he is using now?

Thanks
Juan

Juan Santambrogio | Restructuring
Ernst & Young LLP
55 Ivan Allen Jr Blvd - Suite 1000, Atlanta, GA 30308, United States of America
Office +1 404 817 5156 | Mobile +1 404 229 2567 | juan.santambrogio@ey.com
Fax +1 866 455 6605
Website http://www.ey.com

From: Dempkowski, Angela (Treasury) [mailto:DempkowskiA@michigan.gov] **On Behalf Of** Workman, Wayne (TREASURY)
Sent: Friday, January 29, 2016 2:31 PM
To: Juan Santambrogio
Subject: RE: City of Flint assistance

I will forward to Wayne Workman.

Angela Dempkowski
Senior Executive Management Assistant
Department of Treasury

From: Juan Santambrogio [mailto:Juan.Santambrogio@ey.com]
Sent: Friday, January 29, 2016 2:07 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Gaurav Malhotra <Gaurav.Malhotra@ey.com>
Subject: City of Flint assistance

Hi Wayne,

I hope you are enjoying your last days before "retirement".
After our call last week, we thought it would be a good idea to send you a few slides (attached) covering the areas in which we think EY could be helpful to the Flint situation:

1. **Disaster recovery services:** assisting in oversight (funds spent appropriately), grant and contract management, compliance, documentation, reimbursement process and loss prevention
2. **Feasibility of infrastructure solution:** teaming up with the engineering firm to identify and assist in the selection of viable projects to address emergency and performing the financial analysis
3. **Construction management:** conducting a risk assessment to identify issues, develop process controls for construction project, develop project status and progress reviews
4. **Financial analysis and projections:** assist in identifying alternative funding sources, modeling the financial impact on Flint's financial situation and completing a rate analysis

Please feel free to share this document with others at Treasury and the other departments and let us know when is a good time to connect again over the phone or in person.

Have a great weekend.

Juan

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Fax +1 866 455 6605
Website http://www.ey.com

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Doyle, Maureen (Treasury)

From: Marc Edwards <edwardsm@vt.edu>
Sent: Tuesday, February 09, 2016 12:08 PM
To: Zimmer, Mike (LARA); Khouri, Nick (TREASURY); Steckelberg, Larry (TREASURY); Creagh, Keith (DEQ); Lyon, Nick (DHHS); lrey52@gmail.com; mvalacak@gchd.us
Cc: Grijalva, Nancy (DHHS); Thelen, Mary Beth (DEQ); Doyle, Maureen (Treasury); 'Yanna Lambrinidou'
Subject: RE: FWICC Policy Subcommittee

This sounds reasonable to me. At present I do not understand what interagency protocols mean, or statewide policy, but we can work that out as we go. I assume it means something to everyone else. Also, please include Yanna on this, as she is likely going to be an expert on the panel working on the lead and copper rule changes.

Marc

From: Zimmer, Mike (LARA) [mailto:zimmerm@michigan.gov]
Sent: Tuesday, February 09, 2016 11:45 AM
To: Khouri, Nick (TREASURY); Steckelberg, Larry (TREASURY); edwardsm@vt.edu; Creagh, Keith (DEQ); Lyon, Nick (DHHS); lrey52@gmail.com; mvalacak@gchd.us
Cc: Grijalva, Nancy (DHHS); Thelen, Mary Beth (DEQ); Doyle, Maureen (Treasury)
Subject: FWICC Policy Subcommittee

Good Morning:

I have been asked to chair the FWICC Policy Subcommittee on which you have all been selected to serve.

Our subcommittee has been assigned three general priorities/tasks:

1) Interagency Protocols
2) Statewide Policy
3) Lead and Copper Rule Change Recommendations

Of these, I think the Lead and Copper Rule Change Recommendations is the more straightforward - although certainly not the simplest. Interagency Protocols may prove more multifaceted as it could include protocols between state agencies, between state and local agencies, and between state and federal partners. The last, Statewide Policy, is at this point a holding category that could review implementation of policies requested by other work groups or items of interest to the committee members.

We have been asked to get our finalized list of priorities to Harvey by Thursday morning at 10:00. Given the short time frame and the fact that many of you serve on multiple subcommittees, at this point I am asking that you get back to me by COB tomorrow (Wednesday) indicating whether you agree with my reading of our assignments or would like any changes or modifications. Also, if there are any items on our list that are of particular interest to any of you, please note that.

I will be having my assistant, Diane Burton, reach out to you so that we can set up a telephone conference early next week to discuss scoping out our priorities and assign specific tasks, metrics, and timelines.

I look forward to working with all of you.

Mike

Mike Zimmer, Director
Dept. of Licensing and Regulatory Affairs
611 W. Ottawa Street
Lansing, Michigan 48909
517-241-7124

Department of Environmental Quality
Flint Funding
February 11, 2016

2016 Budget			
Supplemental 1: PA 143 of 2015			
City of Flint Emergency Water Services *		$	6,000,000
Drinking Water and Environmental Health Staff	2	$	300,000
Laboratory Services		$	1,000,000
	Supplemental 1 Total	$	7,300,000
Supplemental 2: PA 3 of 2016			
Water System Infrastructure Needs		$	2,000,000
Utility Payment Relief		$	3,000,000
Lab and Testing Costs		$	250,000
Corrosion Control Procedures		$	36,500
Infrastructure Integrity Study		$	500,000
	Supplemental 2 Total	$	5,786,500
Supplemental 3: TBD			
City of Flint Water Bill Relief		$	30,000,000
Utility Assistance		$	25,000,000
City of Flint Emergency Water Services (Jul - Sept)		$	3,900,000
Water System Needs (KWA)		$	2,200,000
Response Team		$	2,250,000
	Supplemental 3 Total	$	63.350,000
Total 2016 Supplemental Funding for DEQ		**$**	**76,436,500**

2017 Budget			
City of Flint Emergency Water Services (Oct - Dec)		$	3,900,000
Drinking Water Technical Expertise	10	$	1,500,000
Total 2017 General Fund Request for DEQ		**$**	**5,400,000**

* The DEQ paid $6 million to the City of Flint for water connection services through June 2016 The total cost for the connection services was $12 million of which the Mott Foundation paid $4 million and the City of Flint paid $2 million.

State of Michigan Totals		
Supplemental 1 - PA 143 of 2015	$	9,350,100
Supplemental 2 - PA 3 of 2016	$	28,028,500
Supplemental 3 - As Introduced	$	156,690,000
2017 Budget - As Introduced	$	38,730,900
Total State of Michigan Funding for Flint	**$**	**232,799,500**

KAREGNONDI WATER AUTHORITY FINANCING CONTRACT

THIS CONTRACT, dated as of August 1, 2013, by and among the Karegnondi Water Authority, a municipal authority and public body corporate of the State of Michigan (hereinafter referred to as the "Authority"), the City of Flint in the County of Genesee and the County of Genesee (collectively, the "Local Units" and each a "Local Unit").

WITNESSETH:

WHEREAS, the Authority has been incorporated under the provisions of Act No. 233, Public Acts of Michigan, 1955, as amended (hereinafter referred to as "Act 233"), for the purposes set forth in Act 233; and

WHEREAS, the Authority will acquire, construct and operate a water supply system to be known as the Karegnondi Water Supply System that provides untreated water to the Local Units, each of which is a constituent municipality of the Authority; and

WHEREAS, it is immediately necessary and imperative for the public health and welfare of the present and future residents of each of the Local Units that a certain water supply system, as more fully described on Exhibit A hereto, together with all necessary interests in land, appurtenances and attachments thereto (the "System") be acquired, installed and constructed; and

WHEREAS, plans and an estimate of cost of the System have been prepared by the Authority's consulting engineers, Wade Trim (the "Consulting Engineers"), which said estimate of aggregate cost totals an amount not to exceed $300,000,000; and

WHEREAS, each of the Local Units is desirous of having the Authority acquire and own the System in order to continue to operate the System in order to furnish the Local Units with untreated raw water; and

WHEREAS, the parties hereto have determined that the System is essential to the general health, safety and welfare of each of the Local Units; and

WHEREAS, the Authority and each of the Local Units are each agreeable to the execution of this Contract by and among themselves which provides, among other things, for the financing of all or a portion of the cost of the System; and

WHEREAS, this Contract contemplates the issuance of bonds in one or more series by the Authority to pay all or part of the costs of the System; and

MILLER CANFIELD PADDOCK AND STONE PLC

WHEREAS, each of the Local Units has or will approve and authorize the execution of this Contract by resolution of its governing body; and

WHEREAS, each of the Local Units has published or will publish, individually or jointly, a notice of intention to enter into this Contract in a newspaper of general circulation in the territory encompassed by each Local Unit; and

WHEREAS, this Contract will become effective for each Local Unit upon expiration of a period of forty-five (45) days following publication by each Local Unit of its notice of intention without filing of a petition for referendum on the question of its entering into this Contract, or if such referendum election be required, then upon approval by the qualified electors of the Local Unit.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE COVENANTS MADE HEREIN, THE PARTIES HERETO AGREE AS FOLLOWS:

SECTION 1 The Authority and the Local Units hereby approve the acquisition, construction and operation of System, together with all necessary interests in land, appurtenances and attachments thereto.

SECTION 2 Each of the Local Units hereby consents to the use by the Authority and any parties contracting with the Authority of the public streets, alleys, lands and rights-of-way in each Local Unit for the purpose of constructing, operating and maintaining the System including any improvements, enlargements and extensions thereto.

SECTION 3 The System is designed to provide and transport untreated raw water to each of the Local Units and the System is immediately necessary to protect and preserve the public health.

SECTION 4 The Authority and each of the Local Units hereby approve and confirm the plans for the System prepared by the Consulting Engineers and the total estimated cost thereof in the sum of not to exceed $300,000,000. Said cost estimate includes all surveys, plans, specifications, acquisition of property for rights-of-way, physical construction necessary to acquire and construct the System, the acquisition of all materials, machinery and necessary equipment, and all engineering, engineering supervision, administrative, legal and financing expenses necessary in connection with the acquisition and construction of the System and the financing thereof.

SECTION 5. The Authority shall not enter into any final contract or contracts for the acquisition and construction of the System if such contract price or prices will be such as to cause the actual cost thereof to exceed the estimated cost as approved in Section 4 of this Contract unless the Authority has sufficient funds to cover such excess, or, each of the Local Units, by resolution of its respective legislative body, (a) approves said increased total cost, and (b) agrees to pay such excess over the estimated cost, either in cash or by specifically authorizing the maximum principal amount of bonds to be issued, as provided in Sections 9 and 14 of this Contract, to be increased to an amount which will provide sufficient funds to meet said increased cost, and approves a similar increase in the installment obligations of each Local Unit, if any, pledged under the terms of this Contract to the payment of such bonds.

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SECTION 6 The System shall be acquired and constructed by the Authority substantially in accordance with the plans and specifications therefor approved by this Contract. All matters relating to engineering plans and specifications, together with the making and letting of final construction contracts, the approval of work and materials thereunder, and construction supervision, shall be in the control of the Authority. All acquisition of sites and rights-of-way, if any, shall be done by the Authority. Each Local Unit's share of the costs of such acquisition in each Local Unit, if any, shall be paid from the Local Unit's share of bond proceeds and, in addition, any costs incurred by any Local Unit in connection with the acquisition or construction of the System, including, but not limited to, engineering expenses, shall be promptly reimbursed to the Local Unit by the Authority from the proceeds of the Authority's Bonds with the approval of the Authority board.

SECTION 7 The Authority shall operate, maintain and administer the System for and on behalf of the Local Units. The System shall be maintained in good condition and repair. The Authority shall provide insurance as part of its obligation to operate the System. The Authority will furnish reports to the Local Units at periodic intervals corresponding with the reporting periods of the Local Units in detail sufficient to inform the Local Units of the operations of the System and to permit the Local Units to meet their financing requirements hereunder.

SECTION 8 To provide for the construction and financing of the System in accordance with the provisions of Act 233, the Authority shall take the following steps:

(a) The Authority will take steps to adopt a resolution or resolutions providing for the issuance of its bonds in one or more series in the principal amount of not to exceed $300,000,000 (except as otherwise authorized pursuant to Section 5 of this Contract) to finance all or part of the costs of the System. Said bonds shall mature serially or be subject to mandatory sinking fund redemption as authorized by law, and shall be secured by the contractual obligations of each Local Unit in this Contract. After due adoption of the resolution or resolutions , the Authority will take all necessary legal procedures and steps necessary to effectuate the sale or sales and delivery or deliveries of said bonds.

(b) The Authority shall take all steps necessary to take bids for and enter into and execute final acquisition and construction contracts for the acquisition and construction of the System as specified and approved hereinbefore in this Contract, in accordance with the plans and specifications therefor based on the plans as approved by this Contract.

(c) The Authority will require and procure from the contractor or contractors undertaking the actual construction and acquisition of the System necessary and proper bonds to guarantee the performance of the contract or contracts and such labor and material bonds as may be required by law.

(d) The Authority, upon receipt of the proceeds of sale of each series of bonds, will comply with all provisions and requirements provided for in the resolution authorizing the issuance of such series of bonds and this Contract relative to the disposition and use of the proceeds of sale of such series of bonds.

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(e) The Authority may temporarily invest any bond proceeds or other funds held by it for the benefit of each Local Unit as permitted by law and investment income shall accrue to and follow the fund producing such income. The Authority shall not, however, invest, reinvest or accumulate any moneys deemed to be proceeds of the bonds pursuant to §148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder (the "Code"), in such a manner as to cause the bonds to be "arbitrage bonds" within the meaning of Code § 103(b)(2) and §148, or otherwise as may jeopardize the tax status of the bonds

SECTION 9. Each Local Unit irrevocably covenants and agrees to pay to the Authority its Local Unit share of each series of bonds to be issued by the Authority pursuant to this Contract. The share of each Local Unit shall be determined as set forth on Exhibit B hereto.

The cost of the System to be financed with the issuance of bonds of the Authority in the aggregate principal amount of not to exceed $300,000,000 shall be paid in annual installments on the dates and in the amounts as established in the Authority's bond authorizing resolution.

Each Local Unit covenants that it will make or cause to be made its payments as required by this Contract not less than 3 days prior to the dates on which the Authority is required to make payments on the bonds described herein to the transfer agent for the bonds.

It is understood and agreed that the bonds of the Authority hereinbefore referred to will be issued in anticipation of the above contractual obligation, with principal maturities on the dates established by the Authority corresponding to the principal amount of the installments then coming due, and there shall also be paid in addition to said principal installments, on such dates as shall be determined by the Authority, commencing on such date as determined by the Authority, as accrued interest on the principal amount remaining unpaid, an amount sufficient to pay all interest at an interest rate not to exceed ten percent (10%) per annum, due on the next succeeding interest payment date on the bonds from time to time outstanding.

It is further understood and agreed that the bonds of the Authority may be secured by a debt service reserve fund or funds to provide additional security for the timely payment thereof if the Authority determines, in consultation with its financial advisor, that the provision of such debt service reserve fund or funds is advisable. If the bonds of the Authority are secured by a debt service reserve fund or funds, each Local Unit covenants and agrees to provide for the replenishment of such debt service reserve funds as described in Exhibit B.

From time to time as the Authority is billed by the transfer agent for its services for the bonds, and as other costs and expenses accrue to the Authority from handling of the payments made by the Local Units, or from other actions taken in connection with the System, the Authority shall promptly notify the Local Units of the amount of such paying agent fees and other costs and expenses, and the Local Units shall promptly remit to the Authority sufficient funds to meet such fees and other costs and expenses in the proportions hereinabove provided to the extent sufficient funds are not available to the

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Authority. Each Local Unit warrants and represents that the amount of its obligations under this Contract, when taken together with other indebtedness of such Local Unit, will not cause its obligations under this Contract to exceed any constitutional, statutory or charter debt limitation applicable to such Local Unit.

The Authority shall, within thirty (30) days after the delivery of each series of the bonds of the Authority hereinbefore referred to, furnish each Local Unit with a complete schedule of installments of principal and interest thereon, and the Authority shall also at least sixty (60) days prior to each principal and/or interest installment due date, advise the Local Units, in writing, of the exact amount of principal and interest installments due on each series of bonds on the next succeeding bond principal and/or interest due date, and payable on the first day of the month immediately preceding, as hereinbefore provided. Failure of the Authority to notify the Local Units of any such payment shall not relieve the Local Units of the obligation to make such payment.

If any principal installment or interest installment is not paid when due, the amount not so paid shall be subject to a penalty, in addition to interest, of one percent (1%) thereof for each month or fraction thereof that the same remains unpaid after the due date.

SECTION 10. Each Local Unit states its intention to pay its obligations under this Contract from sources of moneys as are provided by Act 233 and applicable law, including the levy and collection of rates and charges to users of its respective water supply system for operating and maintaining its system provided by each Local Unit to customers in the Local Unit. Nevertheless, pursuant to the authorization contained in Act 233, each Local Unit hereby irrevocably pledges its full faith and credit for the prompt and timely payment of its obligations pledged for bond payments as expressed in this Contract, and, subject to the provisions of the last sentence of this paragraph, shall each year, commencing with the first tax levy after issuance of the bonds by the Authority, levy an ad valorem tax on all the taxable property in the Local Unit in an amount which, taking into consideration estimated delinquencies in tax collections, will be sufficient to pay such obligations under this Contract becoming due before the time of the following year's tax collections. Such annual tax levies shall be subject to applicable constitutional, statutory, and charter tax limitations. Nothing herein contained shall be construed to prevent a Local Unit from using any, or any combination of, the means and methods provided in Section 7 of Act 233, as now or hereafter amended, for the purpose of providing funds to meet its obligations under this Contract, and, if at the time of making the annual tax levy there shall be either other funds on hand earmarked and set aside, or funds provided in the annual budget of the water supply system of the Local Unit, for the payment of the contractual obligations due prior to the next tax collection period, then such annual tax levy may be reduced by such amount.

In the event a Local Unit shall fail for any reason to pay to the Authority at the times specified the amounts required to be paid by the provisions of this Contract, the Authority shall immediately give notice of such default and the amount thereof, to the Treasurer of each Local Unit, the Treasurer of the State of Michigan, and such other officials charged with the disbursement to such Local Unit of funds returned by the State and now or hereafter under Act 233 available for pledge as provided in this Section and in Section 12a of Act 233, and if such default is not corrected within ten (10) days after such

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notification, the State Treasurer, or other appropriate official charged with disbursement to such Local Unit of the aforesaid funds, is, by these presents, specifically authorized by the Local Unit, to the extent permitted by law, to withhold from the aforesaid funds the maximum amount necessary to cure said deficit and to pay said sums so withheld to the Authority, to apply on the obligations of the Local Unit as herein set forth. Any such moneys so withheld and paid shall be considered to have been paid to the Local Unit within the meaning of the Michigan Constitution and statutes, the purpose of this provision being voluntarily to pledge and authorize the use of said funds owing to the Local Unit to meet any past-due obligations of such Local Unit due under the provisions of this Contract. In addition to the foregoing, the Authority shall have all other rights and remedies provided by law to enforce the obligations of the Local Unit to make its payments in the manner and at the times required by this Contract, including the right of the Authority to direct the Local Unit to make a tax levy to reimburse the Authority for any funds advanced.

SECTION 11 Each Local Unit may pay in advance any of the payments required to be made by this Contract, in which event the Authority shall credit the respective Local Unit with such advance payment on future due payments to the extent of such advance payment, or use such advances to call bonds without credit to the extent provided in relevant series of bonds.

SECTION 12. Each Local Unit may pay additional moneys over and above any of the payments specified in this Contract, with the written request that such additional funds be used to prepay installments, in which event the Authority shall be obligated to apply and use said moneys for such purpose to the fullest extent possible. Such moneys shall not then be credited as advance payments under the provisions of Section 11 of this Contract.

SECTION 13. It is specifically recognized by each Local Unit that the debt service payments required to be made by each pursuant to the terms of Section 9 of this Contract are to be pledged for and used to pay the principal installments of and interest on with respect to the bonds to be issued by the Authority as provided by this Contract and authorized by law, and each Local Unit covenants and agrees that it will make all required payments to the Authority promptly and at the times herein specified without regard to whether the System is actually completed or placed in operation

SECTION 14. If the proceeds of the sale of the bonds in one or more series in aggregate amount not to exceed $300,000,000 to be issued by the Authority are for any reason insufficient to complete each Local Unit's share of the cost of the System, subject to each Local Unit's approval required by Section 5 hereof, the Authority shall automatically be authorized to issue additional bonds in an aggregate principal amount sufficient to pay the cost of completing the System and to increase the annual payments required to be made by each Local Unit in an amount so that the total payments required to be made as increased will be sufficient to meet the annual principal and interest requirements on the bonds herein authorized plus the additional bonds to be issued. It is expressly agreed between the parties hereto that the Authority shall issue bonds pursuant to this Contract and each Local Unit shall be committed to retire such amount of bonds as may be necessary to pay each Local Unit's share of the costs of the System whether or not in excess of those presently estimated herein. Any such additional

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bonds shall comply with the requirements of Act 233 and any increase in the annual payments shall be made in the manner and at the times specified in this Contract. In lieu of such additional bonds, each Local Unit may pay over to the Authority, in cash, sufficient moneys to complete each Local Unit's share of the cost of the System.

SECTION 15 After completion of the System and payment of all costs thereof, any surplus remaining from the proceeds of sale of bonds shall be used by the Authority for either of the following purposes: (a) for improvements or enhancements to the System or for other projects of the Authority undertaken on behalf of the Local Units, subject to approval of the Authority; or (b) credited by the Authority toward the next payments due the Authority by said Local Units hereunder.

SECTION 16. The obligations and undertakings of each of the parties to this Contract shall be conditioned on the successful issuance and sale of the first series of bonds pursuant to Act 233, and if for any reason whatsoever the first series of bonds are not issued and sold within three (3) years from the date of this Contract, this Contract, except for payment of preliminary expenses and ownership of engineering data, shall be considered void and of no force and effect.

SECTION 17. The Authority and each Local Unit each recognize that the owners from time to time of each series of bonds issued by the Authority under the provisions of Act 233 to finance the cost of the System will have contractual rights in this Contract, and it is, therefore, covenanted and agreed by the Authority and each Local Unit that so long as any of series of bonds shall remain outstanding and unpaid, the provisions of this Contract shall not be subject to any alteration or revision which would in any manner materially affect either the security of such series of bonds or the prompt payment of principal or interest thereon. Each Local Unit and the Authority each further covenant and agree that each will comply with its respective duties and obligations under the terms of this Contract promptly at the times and in the manner herein set forth, and will not suffer to be done any act which would in any way impair the said bonds, the security therefor, or the prompt payment of principal and interest thereon. It is hereby declared that the terms of this Contract insofar as they pertain to the security of any such bonds shall be deemed to be for the benefit of the owners of said bonds.

SECTION 18 This Contract shall remain in full force and effect from the effective date hereof (as provided in Section 21) until each series bonds issued by the Authority are paid in full, but in any event not to exceed a period of thirty (30) years for each series of bonds. At such time within said 30-year term as any of the series of said bonds are paid, this Contract shall be terminated. In any event, the obligation of each Local Unit to make payments required by this Contract shall be terminated at such time as all of said bonds are paid in full, together with any deficiency or penalty thereon.

SECTION 19 This Contract shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

SECTION 20. This Contract shall become effective upon (i) approval by the legislative body of each Local Unit, (ii) approval by the Board of the Authority and (iii) due execution by authorized officers of each Local Unit and by the Chairman and Secretary of the Authority.

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SECTION 21. This Contract may be executed in several counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the day and year first above written.

In the presence of:

KAREGNONDI WATER AUTHORITY

By: _____
Chairman

By: _____
Secretary

In the presence of:

CITY OF FLINT

By: _____
Mayor

By: _____
City Clerk

In the presence of:

COUNTY OF GENESEE

By: _____
Chairperson of Board of Commissioners

By: _____
Clerk

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EXHIBIT A

SYSTEM

The Karegnondi Water System is a raw water supply system. It will deliver untreated Lake Huron water 65 miles inland to the population centers of Lapeer and Genesee Counties, including the Cities of Lapeer and Flint, and the County Agency of Genesee County with 17 local municipal systems. The system will also be capable of delivering water along the route to customers in Sanilac and Lapeer County, as well as future customers in Saint Clair County

The system will consist of a lake intake, two pumping stations, and over 65 miles of large diameter transmission watermain. The system will include fire hydrants, metering stations, reservoirs, and the appurtenances necessary to operate the system efficiently. The lake intake portion of the project and the land where the two pumping stations are located will be acquired, constructed, designed and financed by the County of Genesee and made available for use by the Karegnondi Water System.

All land and required right-of-ways and easements have been acquired.

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EXHIBIT B

LOCAL UNIT ESTIMATED SHARE OF IMPROVEMENT COST

The following is a breakdown of the percent each Local Unit is required to pay of the aggregate debt service, including the obligation to replenish a debt service reserve fund(s), if any, on the Authority's bonds authorized by this Contract:

Local Unit	Bond Issue
County of Genesee	65.8%
City of Flint	34.2%

In the event the City of Flint fails to fulfill its payment obligations under this Contract, the County of Genesee irrevocably covenants and agrees to make such missed payment within 1 day of being notified of the missed payment. Further, the Authority covenants and agrees to undertake all legal action and make use of all remedies available under this Contract to enforce the payment obligations of the City of Flint under this Contract. The Authority also covenants and agrees to undertake all legal action and make use of all remedies available to it under the Raw Water Supply Contract between the Authority and the City of Flint dated as of June 28, 2013 ("Raw Water Supply Contract"), as amended, specifically sections 7.08 and 7.09 of such contract. If the County of Genesee is required to make a payment for the City of Flint under this Contract and the Authority recovers any funds from the pursuit of such remedies described above, the Authority shall reimburse the County of Genesee from such funds for any payments made. To the extent permitted by law, the capacity that the City of Flint acquired in the System pursuant to the Raw Water Supply Contract shall be transferred to the County of Genesee until the City of Flint has repaid the County of Genesee for any additional payments made hereunder. The City of Flint shall also pay a penalty of one percent (1%) thereof for each month or fraction thereof that the same remains unpaid after the due date of the amount paid by the County of Genesee as a result of the failure of the City of Flint to fulfill its payment obligations hereunder. Further, if a Local Unit fails to pay its contractual obligation causing a shortfall and the debt service reserve fund(s) is drawn upon to pay the Authority's bonds, the replenishment of such debt service reserve fund shall be an obligation of the Local Unit that failed to pay, as provided in the resolution authorizing the bonds. Provided, however, if the City of Flint fails to fulfill its debt service reserve fund replenishment obligation, as with other payment obligations under the Contract, the County of Genesee agrees to make such payments.

Additionally, if the Authority sells raw untreated water capacity to other parties, to the extent funds are available from payments received from those parties, each Local Unit shall be credited on each day payment is due hereunder as agreed to by the Authority and the Local Units towards each Local Unit's payment obligations hereunder.

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Byrne, Randall (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, February 09, 2016 1:43 PM
To: Stanton, Terry A. (Treasury); Byrne, Randall (Treasury)
Subject: RE: Help finding EM orders on water investigator

Terry,

I can find no information related to this topic.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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From: Stanton, Terry A. (Treasury)
Sent: Tuesday, February 09, 2016 12:45 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: FW: Help finding EM orders on water investigator

Just following up to ensure we do not have ANY info/documentation on this issue or the extension...

From: Gary Ridley [mailto:GRIDLEY@mlive.com]
Sent: Tuesday, February 09, 2016 12:40 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: RE: Help finding EM orders on water investigator

The year-long extension ended up costing the city more than $80,000 for the two of them. So, even if we separate them and they individually don't hit the $50,000 threshold, was there any requirement for Earley to sign a resolution or order to make this extension? He did so for the original 9 month contract, but not for the 1-year extension. It just seems odd that city money could be spent without any record on the city's end.

--
Gary Ridley | The Flint Journal-MLive Media Group | 810-280-9516 | gridley@mlive.com

From: Stanton, Terry A. (Treasury) [mailto:StantonT@michigan.gov]
Sent: Tuesday, February 09, 2016 12:37 PM
To: Gary Ridley <GRIDLEY@mlive.com>
Subject: RE: Help finding EM orders on water investigator

Gary...

It is my understanding that this issue wouldn't have come to Treasury for approval. Under PA 436, only requested purchases/contracts of over $50,000 need approval by Treasury, if they were not competitively bid.

The statutory provision is below:

141.1552 Additional actions by emergency manager; suspension of power of administrative officer and governing body; contracts subject to competitive bidding; sale or transfer of public utility; limitation.

Sec. 12.

(3) Except as otherwise provided in this subsection, any contract involving a cumulative value of $50,000.00 or more is subject to competitive bidding by an emergency manager. However, if a potential contract involves a cumulative value of $50,000.00 or more, the emergency manager may submit the potential contract to the state treasurer for review and the state treasurer may authorize that the potential contract is not subject to competitive bidding.

From: Gary Ridley [mailto:GRIDLEY@mlive.com]
Sent: Tuesday, February 09, 2016 9:31 AM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Help finding EM orders on water investigator

Terry,
I'm working on a story over here and I'm hoping you could help me out.

Flint Emergency Manager Darnell Earley apparently gave two Flint water investigators a contract extension, but I have been unable to find any actions by him approving the expenditure on the city side. Below, is an email I sent to city attorney Tony Chubb on the issue for your reference.

I have a copy of the initial order appointing them for 9 months, copies of the county's motions to extend the contract and the eventual approval. However, I cannot find anything involving Earley approving these extensions (although I found multiple other resolutions/orders from the same time frame extending and/or modifying extensions for other contracts.)

So, I'm trying to figure out if there is anything with the state approving this extension? Also, could you clarify the rules for me that Mr. Earley was required to follow in terms of approving such extensions?

Thanks.
--
Gary Ridley | The Flint Journal-MLive Media Group | 810-280-9516 | gridley@mlive.com

From: Gary Ridley
Sent: Thursday, February 04, 2016 5:48 PM
To: 'achubb@cityofflint.com' <achubb@cityofflint.com>
Cc: 'bgrisi@cityofflint.com' <bgrisi@cityofflint.com>
Subject: Help finding EM orders on water investigator

Tony,

Per our conversation, I am seeking the EM order/resolution authorizing the extension of the contract with the county employing Marcus Mahan and Daniel Mata as special water investigators.

What I have:

1) EM Earley's resolutions allowing the entrance of the contract (EM submission nos: EME3262014 and eME5992014)
2) Requests to the county's gov. operations board on March and May 2014, asking for an extension until Jan. 2016 on the contract. http://www.gc4me.com/departments/board_of_commissioners_1/docs/GOC_032315.pdf http://www.gc4me.com/departments/board_of_commissioners_1/docs/GOC_051115.pdf

3) Documents showing the county approved the extensions (attached)

What I need:

The EM's order/resolution authorizing the city to enter into the extension proposed in item no. 2 above. I couldn't find it on the resolution/order list on the city's website.

Also, if you could provide the running list you referenced of their investigations it would be much appreciated.

Thanks.

--

Gary Ridley | The Flint Journal-MLive Media Group | 810-280-9516 | gridley@mlive.com

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Tuesday, February 09, 2016 3:50 PM
To: Gary Ridley
Subject: RE: Help finding EM orders on water investigator

We do not have documentation related to this. The city may, though I know you have contacted the city already.

From: Gary Ridley [mailto:GRIDLEY@mlive.com]
Sent: Tuesday, February 09, 2016 12:40 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: RE: Help finding EM orders on water investigator

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Sent: Thursday, February 04, 2016 5:48 PM
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Cc: 'bgrisi@cityofflint.com' <bgrisi@cityofflint.com>
Subject: Help finding EM orders on water investigator

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Also, if you could provide the running list you referenced of their investigations it would be much appreciated.

Thanks.

Doyle, Maureen (Treasury)

From: Lawrence Reynolds <lrey52@gmail.com>
Sent: Tuesday, February 09, 2016 5:48 PM
To: Zimmer, Mike (LARA)
Cc: Khouri, Nick (TREASURY); Steckelberg, Larry (TREASURY); edwardsm@vt.edu; Creagh, Keith (DEQ); Lyon, Nick (DHHS); mvalacak@gchd.us; Grijalva, Nancy (DHHS); Thelen, Mary Beth (DEQ); Doyle, Maureen (Treasury)
Subject: Re: FWICC Policy Subcommittee

I would defer to Miguel DelToral for background on the initial LCR, revisions, and implementation.
Interagency protocols;
Start with a commitment to protect the health and safety of people and the environment being primary when developing programs and policies .
Then allowing meaningful opportunities for participation (voice)
to be heard in a neutral forum where people are treated with dignity and respect
That benefits and liabilities from decisions will be shared equitably by all parties concerned . That the authorities are trustworthy (seeTyler 2000:121)
Recognition that adherence to procedure is only one aspect of fairness.
Where there is overlap in responsibility or management of potential outcomes - good or bad , those agencies must submit written opinions for evaluation by the governor's cabinet and published online in a format accessible to the public before a final decision is made.Additionally , there must be a monitoring plan that will published in the same manner.
That an independent ombudsman be appointed to assure that these policies are followed.

On Tuesday, February 9, 2016, Zimmer, Mike (LARA) <zimmerm@michigan.gov> wrote:

Good Morning:

I have been asked to chair the FWICC Policy Subcommittee on which you have all been selected to serve.

Our subcommittee has been assigned three general priorities/tasks:

1) Interagency Protocols

2) Statewide Policy

3) Lead and Copper Rule Change Recommendations

Of these, I think the Lead and Copper Rule Change Recommendations is the more straightforward - although certainly not the simplest. Interagency Protocols may prove more multifaceted as it could include protocols between state agencies, between state and local agencies, and between state and federal partners. The last, Statewide Policy, is at this point a holding category that could review implementation of policies requested by other work groups or items of interest to the committee members.

We have been asked to get our finalized list of priorities to Harvey by Thursday morning at 10:00. Given the short time frame and the fact that many of you serve on multiple subcommittees, at this point I am asking that you get back to me by COB tomorrow (Wednesday) indicating whether you agree with my reading of our assignments or would like any changes or modifications. Also, if there are any items on our list that are of particular interest to any of you, please note that.

I will be having my assistant, Diane Burton, reach out to you so that we can set up a telephone conference early next week to discuss scoping out our priorities and assign specific tasks, metrics, and timelines.

I look forward to working with all of you.

Mike

Mike Zimmer, Director

Dept. of Licensing and Regulatory Affairs

611 W. Ottawa Street

Lansing, Michigan 48909

517-241-7124

LARA
LICENSING AND REGULATORY AFFAIRS

Schafer, Suzanne K. (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Tuesday, February 09, 2016 6:26 PM
To: Steckelberg, Larry (TREASURY)
Cc: Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury)
Subject: Re: KWA information

Absolutely.

Sent from my iPhone

On Feb 9, 2016, at 6:22 PM, Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov> wrote:

> I talked with Tom and he thinks he asked for any background on the analysis concerning the switch to KWA. He thinks there is background material developed that supported the economics of the switch and he wants us to review our records to put our hands on relevant documents. I see the Tucker, Young study in the Flint Timeline binder. We can review that and other relevant documents. Can we make that a priority in the morning?
>
> Larry Steckelberg
> Division Administrator
> Property Services Division
> Michigan Department of Treasury
> (517) 241-3733

Pleyte, Beth (Treasury)

From: Baird, Richard (GOV)
Sent: Wednesday, February 10, 2016 11:27 PM
To: Khouri, Nick (TREASURY)
Cc: Saxton, Thomas (Treasury); Hollins, Harvey (GOV); Steckelberg, Larry (TREASURY)
Subject: Re: FWICC subcommittee

I already weighed in by phone on this one. Let me know if you need anything. I think an impact analysis around the switching process is the right approach. GC should not panic nor should anyone conclude without reason that anything is "off the table" if reasoned experts conclude it makes no sense.

Sent from my Verizon Wireless 4G LTE DROID
On Feb 10, 2016 10:29 AM, "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov> wrote:

Rich and Harvey

Similar to Zimmer's email, I was going to send this to the FWICC KWA subcommittee (including Jamie Curtis)

Does this capture our subcommittee's to-do?

I miss one meeting, and look what happens

We are the "KWA Subcommittee" of the FWIC

My understanding, and why I what to check-in with you, is we are to address 3 questions (our 3 objectives):

(1) What is the updated, long-term, financial cost/benefit analysis for Flint residents of KWA vs staying with DWSD?

(2) What are Flint's formal commitments to KWA?

(3) What are updated projections for Flint resident's water rates? What is driving future rates in the city?

I think the tasks fall into:

(1) Update the prior cost/benefit analysis with revised estimates, including transition costs

(2) Review the long term assumptions of Flint rates if they stay with DWSD

(3) Agree on any non-financial reasons for Flint to choose one option or the other

(4) Review bond covenants and other contractual relations between Flint and KWA

(5) Given reasonable assumptions, project typical Flint water rates for the next 5 and 10 years

We still need to work up a specific work plan and schedule, but the goal is to report back to the full committee by early June

Please let me know you thoughts

Cline, Richard (Treasury)

From: Jody Lundquist <jlundquist@cityofflint.com>
Sent: Wednesday, February 10, 2016 11:52 AM
To: Cline, Richard (Treasury)
Subject: Fwd: 24 Month Cash Flow Attached
Attachments: Draft City of Flint 24 Month Cash Flows Water & Sewer Funds v02092016.2.xlsx

Please find the most recent cash flow iteration provided to Treasury attached.

Best regards,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 237-2441

---------- Forwarded message ----------
From: **Jody Lundquist** <jlundquist@cityofflint.com>
Date: Wed, Feb 10, 2016 at 11:05 AM
Subject: 24 Month Cash Flow Attached
To: Cary Vaughn <VaughnC2@michigan.gov>
Cc: "Steckelberg, Larry (TREASURY)" <SteckelbergL@michigan.gov>, Natasha Henderson <nhenderson@cityofflint.com>, "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>

Cary,

Per our conversation, please find attached the cash flow which extends projections through June 30, 2017. I have also included additional assumptions for:
1. how customer bill relief will be distributed from the State to the City (amount and # of months)
2. an area for assumptions should the State appropriate additional funding for GLWA water purchase (amount and # of months)
3. Rate increase and collection rate assumptions for the period following 1/1/2017 through 6/30/2017

Please let me know if you have any questions.

Best regards,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 237-2441

CITY OF FLINT
WATER FUND
24 MONTH CASH FLOW
FOR THE PERIOD JULY 1, 2015 THROUGH JUNE 30, 2017
Actual Activity Reported through December 31, 2015

Assumptions Defined Below

REVENUE ASSUMPTIONS:

1. User Charges for the period January 2015-December 2016 were based on YTD billing activity and collection rates
2. Rate increase assumptions effective March 1, 2016 and July 1, 2016 may be modified in the gray box below
3. Restoring the FY16 Master Fee Schedule rates per the amended preliminary injunction order would result in a rate increase of approximately 22% and would impact collections beginning in March 2016
4. If the Master Fee Schedule rates are restored in FY16 then any rate increase assumption for FY17 must also include 22%.
5. Issuance of shut off notices and disconnection of services has a tremendous impact on the City's ability to enforce payment for services rendered. In August, prior to the Preliminary Injunction Order the City's average monthly collection rate was 98%. The average collection rate for the period August through December 2015 has fallen to 83%, with a low point in October of 70%.

EXPENDITURE ASSUMPTIONS:

1. Expenditure activity for the period January 2016-June 2016 reflect unspent funds as of December 31, 2015 divided equally over the remaining 6 months of the fiscal year
2. Expenditure activity for the period July 2016-December 2016 assumes the FY17 budget projection as included in the Biennial FY16 & FY17 Budget as adopted by emergency manager order
3. The City will likely have to continue purchasing treated water from the Great Lakes Water Authority through the first quarter of FY17. An amount for illustrative purposes is shown

	Until 6/30/2016	After 7/1/2016	After 1/1/2017
Average Monthly Collection Rate	85%	45%	75%
Rate Increase	0%	0%	0%

GLWA Water Purchases $ 1,333,333
# of Months of FY17 GLWA Water 6

Amount of State Assisted GLWA Purchases $ -
# of Months Allocated to City -

Amount of State Assisted Bill Relief $ 50,000,000
# of Months Allocated to City 2

- Regarding Rate Increases:
  FY16 has been set such that an increase would impact bills beginning in March 2016.
  Any rate increase assumption for FY17 must also include any rate assumption made for FY16
  For Example: FY16 restoration of Master Fee Schedule equals approximately 22%. Budgeted FY17 projection of 5% must be entered as 27%.

	ACTUAL JULY 2015	ACTUAL AUGUST 2015	ACTUAL SEPTEMBER 2015	ACTUAL OCTOBER 2015	ACTUAL NOVEMBER 2015	ACTUAL DECEMBER 2015	PROJECTED JANUARY 2016	PROJECTED FEBRUARY 2016	PROJECTED MARCH 2016	PROJECTED APRIL 2016	PROJECTED MAY 2016	PROJECTED JUNE 2016	PROJECTED JULY 2016	PROJECTED AUGUST 2016	PROJECTED SEPTEMBER 2016	PROJECTED OCTOBER 2016	PROJECTED NOVEMBER 2016	PROJECTED DECEMBER 2016	PROJECTED JANUARY 2017	PROJECTED FEBRUARY 2017	PROJECTED MARCH 2017	PROJECTED APRIL 2017	PROJECTED MAY 2017	PROJECTED JUNE 2017
BEGINNING CASH BALANCE	19,997,365	19,921,378	20,768,899	19,254,648	16,289,463	16,002,098	16,240,839	15,266,166	15,291,493	21,316,821	30,342,148	37,571,300	33,698,827	30,694,547	27,690,467	22,866,588	10,794,508	5,702,228	(589,852)	(1,488,357)	(2,582,862)	(3,679,367)	(4,775,872)	(5,872,377)
CASH RECEIPTS																								
User Charges	2,921,585	2,595,455	2,214,755	1,750 177	1,864 184	2,020,248	1,324 483	1,324 483	1,324 483	1 324 483	1 324,483	1,324 483	993,362	993,362	993,362	993,362	993,362	993,362	1,655 604	1,655 604	1,655 604	1 655 604	1,655 604	1,655,604
Grants and State Appropriations				8 000 000			1,000 000			1,000 000														
Customer Bill Relief									10,000 000	10,000,000	10,000,000													
Other Revenue	1,326			677	55		8,333	8,333	8 333	8 333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8 333	8,333	8,333	8,333
Certificate of Deposit Activity			(91,621)	1,29,285	20,408	(8,051)																		
TOTAL CASH RECEIPTS	2,922,912	2,595 455	2,122,934	9,880,140	1,884,646	2,012,197	2,332,816	1,332,816	11,332,816	12,332,816	11,332,816	1,332,816	1,001,696	1,001,696	1,001,696	1,001,696	1,001,696	1,001,696	1,663,937	1,663,937	1,663,937	1,663,937	1,663,937	1,663,937
CASH DISBURSEMENTS																								
Salaries and Benefits	922 659	914,807	914,048	1,103,360	900,592	897,993	988,350	988,350	988,350	988,350	1 482 525	988,350	996 726	996 726	996,726	996,726	996,726	996 726	996 726	996,726	996 726	998 726	996 726	996,726
Supplies	253 373	147 058	187,527	188,152	48,298	48,595	409 039	409 039	409 039	409 039	409,039	409,039	213 617	213,617	213 617	213 617	213 617	213 617	213 617	213 617	213 617	213,617	213,617	213,617
Contractual Services	752,353	26 584	1,526,880	900 188	526,945	252,300	726,892	726,892	726,892	726,892	726,892	726,892	649 128	649 128	649 128	649,128	649,128	649,128	649 128	649,128	649 128	649 128	649 128	649,128
Purchase of Water				10,000,000								2,000,000	1,333 333	1,333,333	1,333,333	1,333 333	1,333 333	1,333,333						
Claims																								
Utilities	41,528	147 607	83 183	62 630	50,729	37,166	185 173	185,173	185 173	185 173	185 173	185 173	108,750	108 750	108,750	108,750	108,750	108,750	108 750	108 750	108 750	108,750	108,750	108 750
Equipment Operation	161 162	122,045	262,911	151,449	254 416	145,231	304,310	304,310	304 310	304 310	304 310	304 310	157,380	157,380	157,380	157,380	157 380	157,380	157,380	157,380	157,380	157,380	157,380	157 380
Repairs and Maintenance	482,400	10,815	255,383	89,901	11,136	13 041	310 613	310 613	310 613	310 613	310 613	310 613	128,581	128,581	128,581	128 581	128 581	128,581	128,581	128,581	128,581	128,581	128,581	128,581
Insurance																								
KWA Pipeline Connection															2,000 000	2,000,000	2,000 000	3 000 000						
KWA bond payment																7,000 000								
KWA operating & maintenance cost																88 000	88,000	88 000	88,000	88,000	88,000	88,000	88,000	88,000
Transfers to Debt Service Fund	174 522	174 522	174,522	174,522	174,522	174,522	174 522	174,522	174 522	174 522	174,522	174,522	260 147	260 147	260,147	260,147	260 147	260 147	260,147	260,147	260,147	260,147	260 147	260 147
Other Expenses	116 676	110,331	110,568	112,957	113,206	110,502	114 425	114 425	114 425	114 425	114,425	114,425	63,946	63,946	63,946	63 946	63 946	63,946	63,946	63,946	63,946	63 946	63,946	63,946
Transfers Out	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94 167	94 167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94 167	94 167	94,167
TOTAL CASH DISBURSEMENTS	2,998,898	1,747,935	3,607,185	12,875,825	2,172,011	1,779 455	3,307 489	3,307,489	3,307 489	3,307 489	3,801 684	5,307,489	4,005,775	4,005,775	6,005,775	13,093,775	6,093,775	7,093,775	2,760,442	2,760,442	2,760,442	2,760,442	2,760 442	2,760,442
NET CASH FLOW	(75,987)	847,521	(1,484,251)	(2,995,685)	(287,365)	232,741	(974,673)	(1,974 673)	8,025,327	9,025,327	7,531,132	(3 974 673)	(3,004 080)	(3,004,080)	(5,004,080)	(12,092,080)	(5,092,080)	(6 092,080)	(1,096,505)	(1,096,505)	(1,096,505)	(1 096 505)	(1,096,505)	(1 096 505)
ENDING CASH BALANCE	19,921,378	20,769,899	19,254,648	16,289,463	16,002,098	16,240,839	15,266,166	13,291,493	21,316,821	30,342,148	37,873,300	33,898,827	30,894,547	27,890,467	22,886,388	10,794,308	5,702,228	(389,852)	(1,488,357)	(2,582,862)	(3,679,367)	(4,775,872)	(5,872,377)	(6,968,882)

2/10/2016
jm

February 10, 2016

Billing vs Cash Flow vs Invoiced

Cary Vaughn

PPC Progress?

~~Lead~~ Al & Amanda

2 issues Credit generator (EC6)

1) 5 10.2 set aside preliminary inspection area
Removes from billing history
trying to prove Black oak to Accounts
2) Billing utility for county. That BSA will need to create.

a. interaction
b. interchange

c. then the credit generator (Build & test (4)
- Run a test do then bump back 10.2
potential for doubling up

Timing of credit generator - 3 weeks
Timeline & hurdles (our goals)
9 billing cycles. 2 more bills before cred
7 million records April contract for Bill w/ client

Facts sheets - Distressed units Defer Dive until next emergency letter

Go over New Pics - Because it is moving forward
Flood flags in Aspen - set?
Tycrans Bike
Update keeping to date task force?

email
June 2014
through 7/2014

* ORGANIZE PLINT

* FOIA

~~Jody keeping out of office~~

lawsuit 9/15/2011 35% increase
6/2014 injunction
NO longer collect fees
that included the 35%

35% in 2014
↳ 22% water
13% sewer

Master fee schedule

How much fees? How much collected?

Mike U

Dec Cherry-6 trees

④ 2014 Item 4,000 account?
County will not collect on Water. Refund
Burn Back from county? State pays 65%
∴ city stuck w/ 35% since treas
will not pursue

2014 Roll 2014 Back in
Rest not all (75%) will
Not be reimb. by State
All appeared as fully paid in Black Books.
because county made them whole
Foreclosure?
④ Refunds those that have already paid 2014 Item

⑤ late fees waived? + 65% Reimb?
some
commercial is multi use residential
Delorme model based on actual data.
late fees built in? $28 M Water + sewer not
$2.5 M late fee ref? collected
28.5 + 2.5 + ⑥ 3-4M? estimate

Top Ten Questions

1. How to handle residents who have moved
2. Whether residents in apartments get the 65% or the owner of the building receives 20%.
    a. If the residents are to receive the credit, how will this work?
3. By accepting the credit, do the residents waive their rights to future claims?
    a. If so, how would this work?
4. When will the water fund run out of cash?
5. What is needed when the water fund runs out of cash?
6. Should the $30 million be distributed over several months or should it be credited to a customer's account at one time.
7. When will the water be given a clean bill of health?
8. When will the city be able to resume collecting past due accounts?

Is the assumption that the consumption for the water remains constant throughout the cash flow period?

Please clarify GLWA fees. $10 million and $2 million in escrow? Is the $10 million already spent (in October of 2015)?

Bond payments for KWA –
We see the 2016 payment of $7 million. Is this a yearly payment? Once each year?
The copy from last Friday from the *Jones & Henry Engineers* shows a $690,000 payment for FY 2015. This does not show on the cash flow. Why?
Would you please give me the amortization schedule for the bond payments to KWA?

Upcoming bond sale –
What and when? What does that do to the bond payment?

How many gallons of usage is the cash flow based on?
Is the usage number for 2017 (1.6 million) the expected final number or is there reduced payment or usage – GM water usage – in 2015 numbers (the 2017 numbers look reduced)? Will GM come back?
The cash flow takes into account the GM exit. Jody does not know about when or if they will reenter the system.

What is the contractual obligation for Detroit water? When does that end? What needs to be negotiated? Start/stop date – runs through?
GLWA payments of $1.3 million after June 2016 is speculative. There is no contract.
$12 million for FY 2016 is in escrow. The actual amount of outflows could be more or less depending on what happens with the water.

Is there a cost for testing and treating water for KWA? Does not show on cash flow.
You mentioned that the testing and treating of KWA water is in the line item, Capital Improvements. Which line is that on your cash flow? If it is in the cash flow, do I understand you correctly that you know of no additional costs for this?
Transition, backup, and treatment fees baked in?

Does the "Transfers to Debt Service Fund" line item take into account the restructuring of DWRF loans? We have a yearly amount of $1.8 million. Is that what this line is?

Notes

Two Questions for Larry:

① Cash Flow doesn't appear to include payments to KWA for water. Is it some place else or why isn't it included?

② Sewer Fund may need cash. Can it take from Water (after influx of assistance) or does it have to take from GF?

Suzanne

Is the $8PL really the ongoing amount?

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Stanton, Terry A. (Treasury)

From: Calvert, Scott <scott.calvert@wsj.com>
Sent: Wednesday, February 10, 2016 1:11 PM
To: Stanton, Terry A. (Treasury)
Subject: Re: WSJ reporter getting in touch re: Michigan's emergency manager law and program

Got it. I won't quote you on the Mike Brown personal issues stuff. I too heard he left for family reasons.

On Wed, Feb 10, 2016 at 12:54 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

In July 2013, Mr. Kurtz retired and was replaced by Mike Brown, who could serve as EM pursuant to PA 436. Mr. Earley replaced Mr. Brown when he stepped down in October 2013. **Please do not attribute the following to me:** It's my understanding a member of Mr. Brown's family had fallen ill and he left to spend time with that individual.

Mr. Earley then was named EM for DPS in January 2015 and Mr. Ambrose was appointed...with the expectation he would likely conclude his work by spring. He then left in April 2015, after indicating to the governor that the financial emergency had been adequately addressed.

From: Calvert, Scott [mailto:scott.calvert@wsj.com]
Sent: Wednesday, February 10, 2016 11:35 AM

To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Re: WSJ reporter getting in touch re: Michigan's emergency manager law and program

Terry,

Can you give me a short (one or two sentence) explanation for why various Flint EMs left the position?

I know why Ed Kurtz took over for Michael Brown in August 2012.

But why did Michael Brown return as EM in July 2013 and why did Darnell Early become EM in October 2013? Put another way, why did Ed Kurtz leave and why did Michael Brown stop being EM the second time?

When Darnell Earley left Flint, was that because he'd been named EM of the Detroit Public Schools?

And did Jerry Ambrose's tenure end in April 2015 because that's when the governor determined that Flint's fiscal emergency ended?

Thanks,

Scott

On Tue, Feb 9, 2016 at 3:17 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

I can call you in a couple of minutes...

From: Calvert, Scott [mailto:scott.calvert@wsj.com]
Sent: Tuesday, February 09, 2016 1:23 PM

To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Re: WSJ reporter getting in touch re: Michigan's emergency manager law and program

Terry, can you please give me a call when you get a few minutes? I just left you a voice message and said I think it'd be easier to talk by phone rather than over email. I want to better understand interactions between EMs, the treasurer, Treasury Department and the governor.

My number is 443-955-9390. I expect to be free all afternoon. As I said in the message, if you can give me a couple minutes' heads-up that you'll be calling, I can make sure I'm available to take the call.

Thanks,

Scott

On Tue, Feb 9, 2016 at 11:15 AM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Emergency managers serve at the pleasure of the Governor. There is no set "end date."

There is a provision in PA 436 that after serving 18 months, an individual EM can be removed by a vote of the legislative body (w mayoral support if a strong mayor system). If it were to vote out an EM, the local unit would then have to negotiate a consent agreement with the state.

Under PA 436, the State pays EMs...though salary is determined on a case-by-case basis. Contracts are posted on the following web-page:

http://www.michigan.gov/treasury/0,4679,7-121-1751_51556_64472---,00.html

From: Calvert, Scott [mailto:scott.calvert@wsj.com]
Sent: Tuesday, February 09, 2016 10:21 AM

To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Re: WSJ reporter getting in touch re: Michigan's emergency manager law and program

Terry,

Do emergency managers serve set terms? If so, how long? And how much are they paid (and who pays them)? Thanks.

On Wed, Feb 3, 2016 at 12:27 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

They do...and are to be posted on each local unit's website. Sometimes, once a manager leaves, the local unit makes the reports less obvious. The Flint reports, for example, are at the url below.

https://www.cityofflint.com/finance/finanical-reports/

From: Calvert, Scott [mailto:scott.calvert@wsj.com]
Sent: Wednesday, February 03, 2016 12:13 PM

To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Re: WSJ reporter getting in touch re: Michigan's emergency manager law and program

Thanks, that's helpful.

Do the EMs submit reports on a regular basis -- e.g., quarterly -- to the governor or treasury outlining steps taken and progress made?

On Wed, Feb 3, 2016 at 11:03 AM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Sorry...the first employee was hired in January 2012...and staffing ramped up from there.

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, February 03, 2016 11:03 AM
To: 'Calvert, Scott' <scott.calvert@wsj.com>
Subject: RE: WSJ reporter getting in touch re: Michigan's emergency manager law and program

There is a Fiscal Responsibility Section within the Local Government Financial Services Division of Treasury's Bureau of Local Government Services. Staff does not "oversee" Emergency Managers, per se. EMs are appointed by the Governor and serve at the pleasure of the Governor. Staff does provide technical support to EMs and local units with a Receivership Transition Advisory Board, working under a Consent Agreement or Neutral Condition (mediation).

The Fiscal Responsibility Section (7 employees) can provide any local unit of government (not just those with EMs) with state-wide technical expertise and policy recommendations to ensure proper implementation of state and federal laws, regulations, requirements, accounting standards, and financial controls and to help develop strategies that help locals retain strong fiscal health, and avoid financial stress or crisis.

From: Calvert, Scott [mailto:scott.calvert@wsj.com]
Sent: Wednesday, February 03, 2016 9:45 AM

To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Re: WSJ reporter getting in touch re: Michigan's emergency manager law and program

OK, thanks. And someone told me the treasury department has an office of fiscal responsibility that oversees emergency managers. Is that right, and if so when was that office established?

On Wed, Feb 3, 2016 at 9:43 AM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

My apologies...it is a typo. Should be 2011.

As for EM "applicants"...there is not a formal application process to become a manager (as noted yesterday) so I am not aware of a compilation of resumes per se, for potential and/or selected Ems/EFMs. I will check with staff.

Terry

From: Calvert, Scott [mailto:scott.calvert@wsj.com]
Sent: Wednesday, February 03, 2016 9:31 AM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>

Subject: Re: WSJ reporter getting in touch re: Michigan's emergency manager law and program

Thanks, Terry.

The year on this is wrong. Can you pls check? 2011, maybe?

Lou Schimmel appointed EM (PA4) in October 2001, by Gov. Snyder

Also, where do things stand on the resumes for individuals considered/chosen to be EFMs and EMs?

On Tue, Feb 2, 2016 at 4:44 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Scott,

I compiled a list of the managers who have been appointed to MI municipalities and school districts, since the inception of an emergency (financial) manager statute in 1988. As you might have expected, the Wikipedia list has some of the information but does not appear to be an exhaustive list (only municipalities are in the table) and some of the dates were off, when compared to my information.

As you are likely aware, given statutory changes that occurred here between 2001 and 2013, three Acts were intertwined, which makes the compiling of, and understanding of a list, somewhat difficult. That said, the attached has managers listed by local unit, with the Act they were appointed under noted. Under PA72 of 1990, the Local Financial Assistance Loan Board (commonly referred to as the Emergency Loan Board or ELB) appointed emergency financial managers. The ELB is made up of three Gubernatorial appointees; The State Treasurer, the Director of the Department of Technology Management and Budget, and the Director of the Department of Licensing and Regulatory Affairs. Under PA4 (which fell to a statewide voter referendum) and PA436, the Governor appoints managers. Also, under PA436, local units can elect which of four potential remedies they would like to proceed under; an emergency manager, consent agreement, neutral evaluation, or chapter 9 bankruptcy. Please also note the "note" at the bottom of the document.

To date, 15 local units of government have had a manager appointed. Clearly, there have been multiple managers for a number of the local units.

As for EM "applicants"...there is not a formal application process to become a manager.

Under PA436, these are Gubernatorial appointments, so individuals may express an interest in being named an appointee by the Governor, for any given potential post...and those with the financial acumen and or municipal finance expertise could certainly find themselves under consideration.

As you might understand, Treasury staff also interact with, know of, and/or become aware of, individuals who have municipal finance backgrounds and expertise in the area, who may be interested in and have the ability to serve in such a post.

I hope this proves helpful.

Terry

From: Calvert, Scott [mailto:scott.calvert@wsj.com]
Sent: Monday, February 01, 2016 2:15 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Re: WSJ reporter getting in touch re: Michigan's emergency manager law and program

Hi Terry,

My editor is looking for me to get as much info as possible by tomorrow morning or afternoon. Of the two things I asked about, I'm hoping you can get the list of managers pretty quickly. We don't use Wikipedia as a source, but the chart I found there would seem to be a good guide:

https://en.wikipedia.org/wiki/Financial_emergency_in_Michigan

The basic selection process should be pretty straightforward, too, right? I would imagine someone there could explain to me how managers are chosen.

Then we are still interested in the resumes of applicants/would-be managers. Depending on how those are filed, I could see that taking a bit longer. I'm an optimist, though, so I start off thinking those could be sitting in the same file cabinet or computer file.

Please keep me posted.

Scott

On Mon, Feb 1, 2016 at 2:01 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Scott...

When are you hoping to have this information by? I can compile it but it's going to take some legwork, etc.

Terry

From: Calvert, Scott [mailto:scott.calvert@wsj.com]
Sent: Monday, February 01, 2016 11:05 AM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: WSJ reporter getting in touch re: Michigan's emergency manager law and program

Hi Terry,

I'm a Wall Street Journal reporter working with Kris Maher on a story about Michigan's emergency manager law(s) and program. I just left a couple voicemail messages for you and am following up with a quick email.

As I mentioned in the messages, we're looking for a list of all emergency managers and emergency financial managers who've been appointed by various governors since the program began, along with their tenures (and which governor made the appointment).

We're also looking for more information on the process by which these managers are selected. Do they apply? Or does the governor work from a list provided by staff? Is there some other process? In addition, we would like to see the resumes of everyone who applied or has been considered for these positions, which obviously would include the ones appointed as emergency managers.

I know the Treasury Department has a lot of information on its website, but I didn't see what I describe above. Please give me a call at 443-955-9390 at your earliest convenience.

Thanks,

Scott Calvert

--

Scott Calvert

Wall Street Journal reporter

443-955-9390

scott.calvert@wsj.com

Royal Oak Township

Steve Smaka appointed EFM (PA101 of 1988) in January 1990, by the Emergency Loan Board (Blanchard Admin.)

George Smith appointed EFM (PA101) in July, 1990, by the Emergency Loan Board (Blanchard Admin.)

City of Hamtramck

Lou Schimmel appointed EFM (PA72 of 1990) in November 2000, by the Emergency Loan Board (Engler Admin.)

Cathy Square appointed EM (PA436) in July 2013, by Gov. Snyder

City of Highland Park

Ramona Henderson-Pearson appointed EFM (PA72) in June 2001, by the Emergency Loan Board (Engler Admin.)

Art Blackwell appointed EFM (PA72) in March 2005, by the Emergency Loan Board (Granholm Admin.)

Robert Mason appointed EFM (PA72) in April 2009, by the Emergency Loan Board (Granholm Admin.)

Inkster Public Schools

W. Howard Morris appointed EFM (PA72) in 2002, by Governor Engler

Village of Three Oaks

Pam Amato appointed EFM (PA72) in December 2008, by the Emergency Loan Board (Granholm Admin.)

Detroit Public Schools

Robert Bobb appointed EFM (PA72) in March 2009, by Governor Granholm

Roy Roberts appointed EM (PA4) in May 2012, by Gov. Snyder

*Roy Roberts appointed EFM (PA72) in August 2012, by Gov. Snyder

Jackie Martin appointed EM (PA4 of 2011) in July 2013, by Gov. Snyder

Darnell Earley appointed EM (PA436) in January 2015, by Gov. Snyder

City of Pontiac

Fred Leeb appointed EFM (PA72) in March 2009, by the Emergency Loan Board (Granholm Admin.)

Michael Stampfler appointed EFM (PA72) in July 2010, by the Emergency Loan Board (Granholm Admin.)

Lou Schimmel appointed EM (PA4) in October 2001, by Gov. Snyder

*Lou Schimmel appointed EFM (PA72) in August 2012 by Emergency Loan Board (Snyder Admin.)

City of Ecorse

Joyce Parker appointed EFM (PA72) in October 2009, by the Emergency Loan Board (Granholm Admin.)

*Joyce Parker appointed EFM (PA72) in August 2012, by the Emergency Loan Board (Snyder Admin.)

City of Benton Harbor

Joe Harris appointed EFM in April 2010, by the Emergency Loan Board (Granholm Admin.)

*Joe Harris appointed EFM (PA72) in August 2012, by the Emergency Loan Board (Snyder Admin.)

Tony Saunders appointed EFM in February 2013, by the Emergency Loan Board (Snyder Admin.)

City of Flint

Ed Kurtz appointed EFM (PA72) in July 2002, by the Emergency Loan Board (Engler Admin.)

Michael Brown appointed EM (PA4) in November 2011, by Gov. Snyder

*Ed Kurtz appointed EFM (PA72) in August 2012, by the Emergency Loan Board (Snyder Admin.)

Michael Brown appointed EM (PA436) in July 2013, by Gov. Snyder

Darnell Earley appointed EM (PA436) in October 2013, by Gov. Snyder

Gerald Ambrose appointed EM (436) in January 2015, by Gov. Snyder

Highland Park Schools

Jackie Martin appointed EM (PA4) in January 2012, by Governor Snyder

Joyce Parker appointed EM (PA4) in May 2012, by Gov. Snyder

*Joyce Parker appointed EFM (PA72) in August 2012, by Gov. Snyder

Donald Weatherspoon appointed EFM (PA72) in October 2012, by Gov. Snyder

Donald Weatherspoon appointed EM (PA436) in March 2013, by Gov. Snyder

Gregory Weatherspoon appointed EM (PA436) in October 2013, by Gov. Snyder

Donald Weatherspoon appointed EM (PA436) in April 2015, by Gov. Snyder

Muskegon Heights Schools

Donald Weatherspoon appointed EM (PA4) in April 2012, by Gov. Snyder

*Donald Weatherspoon appointed EFM (PA72) in August 2012, by Gov. Snyder

Donald Weatherspoon appointed EM (PA436) in March 2013, by Gov. Snyder

Gregory Weatherspoon appointed EM (PA436) in October 2013, by Gov. Snyder

Steven Schiller appointed EM (PA436) in April 2015, by Gov. Snyder

City of Allen Park

Joyce Parker appointed EFM (PA72) in October 2012, by Gov. Snyder

City of Detroit

Kevyn Orr appointed EFM (PA72) in March 2013, by the Emergency Loan Board (Snyder Admin.)

Kevyn Orr appointed EM (PA436) in March 2013, by Gov. Snyder

City of Lincoln Park

Brad Coulter appointed EM (PA436) in July 2014, by Gov. Snyder

Note:

***Due to the suspension of Act 4 of 2011 on August 8, 2012, existing Emergency Managers were reappointed as Emergency Financial Managers under revived Act 72 of 1990. Upon repeal of Act 72 by Act 436 of 2012, existing Emergency Financial Managers were converted by operation of law to Emergency Managers and executed new contracts, but were not formally reappointed.**

Flint February 10, 2016

1. TO DO
   a. 2/3 page write up on the details of the water credit program (When?) 2/28 1. Judy 2. BSTA
   b. Re-estimate the cost
   c. 18 month cash flow of water/sewer with or without credit program (when?)
2. FWICC
   a. Three questions (Work Plan, Timeline)
      a. Does it still make financial sense to go to KWA vs. DWSD?
      b. What are Flint's contracted obligations to KWA?
      c. 3-5 year forecast of customer rates i.e.: anything we can do to reduce rates?
3. Issues
      a. Flint Water project resources- internal, external (D&T)?
      b. Who? attends each week
      c How do we stay connected?
      d. How do we stay connected with the City and the Governor's Office?

e $, . audit how is

f How do we support Judy

6. Fed $ CMF, State wfa

7. SRF

- Broad outline
- list of questions
- FAQ

- week
- memo 2-3 pg
- Cashflow sheet

Front loaded vs spread out
rates
DHS
When collection enforcement

Costs
Connect.
Rates KWA
Rates DWSD

Ryan, Howard (Treasury)

From: Peruchietti, Cindy (Treasury)
Sent: Wednesday, February 10, 2016 4:33 PM
To: Saxton, Thomas (Treasury); Osborne, Ken (TREASURY); Durfee, Sally (TREASURY); Ryan, Howard (Treasury)
Cc: Walsh, Julie (Treasury)
Subject: FW: List of Emergency Managers
Attachments: EFM-EM Appointment Summary 1-28-16.docx

You guys ok with me sharing this list with Corey Savino with the SFA?

From: Koryzno, Edward (Treasury)
Sent: Wednesday, February 10, 2016 4:31 PM
To: Peruchietti, Cindy (Treasury) <PeruchiettiC@michigan.gov>
Subject: FW: List of Emergency Managers

FYI

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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Thank you

From: Schafer, Suzanne K. (Treasury)
Sent: Wednesday, February 10, 2016 4:27 PM
To: Ryan, Howard (Treasury) <RyanH1@michigan.gov>
Cc: Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Subject: RE: List of Emergency Managers

See attached. I updated Fred's version to include Lincoln Park.

From: Ryan, Howard (Treasury)
Sent: Wednesday, February 10, 2016 4:22 PM
To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Cc: Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: FW: List of Emergency Managers

I'm getting a bunch of these.

From: Nick Plescia [mailto:NPlescia@senate.michigan.gov]
Sent: Wednesday, February 10, 2016 3:20 PM
To: Ryan, Howard (Treasury) <RyanH1@michigan.gov>
Subject: List of Emergency Managers

Dear Howard,

Sen. Colbeck is looking for a list of all Emergency Managers by city since the law went into effect.

I found this Wikipedia page that lists all of the EM's in Michigan (including one in Hamtramck in 1988). I was wondering if this list was accurate? And, if not, does Treasury have a complete list?

Thanks,

Nick Plescia, MPP
Legislative Director
Office of Senator Colbeck
517-373-7350

Michigan Department of Treasury, Office of Legal Affairs
Emergency Financial Manager/Emergency Manager Appointments Summarized by Act[1]
January 28, 2016 (supersedes all previous versions)

Statute	Local Unit	EFM/EM	Appointment Date	Administration	Appointed By
Act 101	Royal Oak Township	Steve Smaka George Smith	January 1990 July 2, 1990	Governor Blanchard Governor Blanchard	Emergency Loan Board Emergency Loan Board
Act 72	Allen Park, City of	Joyce A. Parker[6]	October 29, 2012	Governor Snyder	Governor Snyder
	Benton Harbor, City of	Joseph L. Harris Joseph L Harris[2] Tony R. Saunders II[5]	April 1, 2010 August 8, 2012 February 1, 2013	Governor Granholm Governor Snyder Governor Snyder	Emergency Loan Board Emergency Loan Board Emergency Loan Board
	Detroit, City of	Kevyn D. Orr	March 14, 2013	Governor Snyder	Emergency Loan Board
	Detroit Public Schools	Robert Bobb Roy A. Roberts[2]	March 2, 2009 August 8, 2012	Governor Granholm Governor Snyder	Governor Granholm Governor Snyder
	Ecorse, City of	Joyce A. Parker Joyce A. Parker[2, 3]	October 30, 2009 August 8, 2012	Governor Granholm Governor Snyder	Emergency Loan Board Emergency Loan Board
	Flint, City of	Edward J. Kurtz Edward J. Kurtz[2]	July 8, 2002 August 8, 2012	Governor Engler Governor Snyder	Emergency Loan Board Emergency Loan Board
	Hamtramck, City of	Louis H. Schimmel	November 16, 2000	Governor Engler	Emergency Loan Board
	Highland Park, City of	Ramona Henderson Pearson Arthur Blackwell II Robert Mason	June 19, 2001 March 17, 2005 April 17, 2009	Governor Engler Governor Granholm Governor Granholm	Emergency Loan Board Emergency Loan Board Emergency Loan Board
	Highland Park Schools	Joyce A. Parker Joyce A. Parker[2] Donald B. Weatherspoon	May 21, 2012 August 8, 2012 October 29, 2012	Governor Snyder Governor Snyder Governor Snyder	Governor Snyder Governor Snyder Governor Snyder
	Inkster Public Schools	W. Howard Morris	2002	Governor Engler	Governor Engler
	Muskegon Heights Schools	Donald B. Weatherspoon[2]	August 8, 2012	Governor Snyder	Governor Snyder

Michigan Department of Treasury, Office of Legal Affairs
Emergency Financial Manager/Emergency Manager Appointments Summarized by Act[1]
January 28, 2016 (supersedes all previous versions)

Statute	Local Unit	EFM/EM	Appointment Date	Administration	Appointed By
Act 72 continued					
	Pontiac, City of	Fred P. Leeb Michael L. Stampfler Louis H. Schimmel *Louis H. Schimmel*[2, 4]	March 19, 2009 July 1, 2010 October 6, 2011 *August 8, 2012*	Governor Granholm Governor Granholm Governor Snyder *Governor Snyder*	Emergency Loan Board Emergency Loan Board Governor Snyder *Emergency Loan Board*
	Three Oaks, Village of	Pamela Amato	December 1, 2008	Governor Granholm	Emergency Loan Board
Act 4	Detroit Public Schools	Roy A. Roberts	May 16, 2012	Governor Snyder	Governor Snyder
	Flint, City of	Michael K. Brown	November 28, 2011	Governor Snyder	Governor Snyder
	Highland Park Schools	Jackie Martin Jackie Martin Joyce A. Parker	January 27, 2012 March 2, 2012 May 21, 2012	Governor Snyder Governor Snyder Governor Snyder	Governor Snyder Governor Snyder Governor Snyder
	Muskegon Heights Schools	Donald B. Weatherspoon	April 23, 2012	Governor Snyder	Governor Snyder
Act 436	*Detroit, City of*	*Kevyn D. Orr*[7]	March 26, 2013	Governor Snyder	Governor Snyder
	Detroit Public Schools	Jackie Martin Darnell Earley	July 16, 2013 January 13, 2015	Governor Snyder Governor Snyder	Governor Snyder Governor Snyder
	Flint, City of	Michael K. Brown Darnell Earley Gerald W. Ambrose[9]	July 4, 2013 October 8, 2013 January 13, 2015	Governor Snyder Governor Snyder Governor Snyder	Governor Snyder Governor Snyder Governor Snyder
	Hamtramck, City of	Cathy L. Square[8]	July 1, 2013	Governor Snyder	Governor Snyder
	Highland Park Schools	Donald B. Weatherspoon Gregory D. Weatherspoon Donald B. Weatherspoon	March 26, 2013 October 16, 2013 April 15, 2015	Governor Snyder Governor Snyder Governor Snyder	Governor Snyder Governor Snyder Governor Snyder

Michigan Department of Treasury, Office of Legal Affairs
Emergency Financial Manager/Emergency Manager Appointments Summarized by Act[1]
January 28, 2016 (supersedes all previous versions)

Statute	Local Unit	EFM/EM	Appointment Date	Administration	Appointed By
Act 436 continued					
	Lincoln Park, City of	Bradford Lee Coulter	July 7, 2014	Governor Snyder	Governor Snyder
	Muskegon Heights Schools	Donald B. Weatherspoon Gregory D. Weatherspoon Steven M. Schiller	March 26, 2013 October 14, 2013 April 14, 2015	Governor Snyder Governor Snyder Governor Snyder	Governor Snyder Governor Snyder Governor Snyder

[1] Originally compiled on February 25, 2013. Revised on July 1, 2013; January 27, 2014; June 4, 2014; June 23, 2014; September 29, 2014; January 16, 2015; April 1, 2015; April 15, 2015; September 3, 2015; October 16, 2015; January 28, 2016.

[2] Due to the suspension of Act 4 of 2011 on August 8, 2012, existing Emergency Managers were reappointed as Emergency Financial Managers under revived Act 72 of 1990. Upon repeal of Act 72 by Act 436 of 2012, existing Emergency Financial Managers were converted by operation of law to Emergency Managers and executed new contracts, but were not formally reappointed.

[3] Vacated Emergency Manager position on April 30, 2013, and was succeeded by a Receivership Transition Advisory Board.

[4] Vacated Emergency Manager position on August 19, 2013, and was succeeded by a Receivership Transition Advisory Board.

[5] Vacated Emergency Manager position on March 10, 2014, and was succeeded by a Receivership Transition Advisory Board.

[6] Vacated Emergency Manager position on September 25, 2014, and was succeeded by a Receivership Transition Advisory Board.

[7] Vacated Emergency Manager position on December 9, 2014, and was succeeded by a Financial Review Commission.

[8] Vacated Emergency Manager position on December 18, 2014, and was succeeded by a Receivership Transition Advisory Board.

[9] Vacated Emergency Manager position on April 29, 2015, and was succeeded by a Receivership Transition Advisory Board

[10] Vacated Emergency Manager position on December 21, 2015, and was succeeded by a Receivership Transition Advisory Board

Ryan, Howard (Treasury)

From: Ryan, Howard (Treasury)
Sent: Wednesday, February 10, 2016 4:41 PM
To: 'NPlescia@senate.michigan.gov'
Subject: FW: List of Emergency Managers
Attachments: EFM-EM Appointment Summary 1-28-16.docx

Here you go.....

From: Nick Plescia [mailto:NPlescia@senate.michigan.gov]
Sent: Wednesday, February 10, 2016 3:20 PM
To: Ryan, Howard (Treasury) <RyanH1@michigan.gov>
Subject: List of Emergency Managers

Dear Howard,

Sen. Colbeck is looking for a list of all Emergency Managers by city since the law went into effect.

I found this Wikipedia page that lists all of the EM's in Michigan (including one in Hamtramck in 1988). I was wondering if this list was accurate? And, if not, does Treasury have a complete list?

Thanks,

Nick Plescia, MPP
Legislative Director
Office of Senator Colbeck
517-373-7350

Stanton, Terry A. (Treasury)

From: Murray, David (GOV)
Sent: Wednesday, February 10, 2016 6:23 PM
To: 'Calvert, Scott'
Cc: Heaton, Anna (GOV); Biehl, Laura (GOV)
Subject: RE: WSJ reporter getting in touch re: emergency manager law/program

Hi Scott,

The emergency managers – there are now none in a Michigan city – work closely with the Treasury Department. They have a regular schedule of reporting information to the Treasury Department and would meet when the need arose. The state Treasurer regularly meets with the Governor and provides updates.

In the cases of the city of Detroit and the Detroit Public Schools, Governor has meet directly with the emergency manager, or the emergency manager would be included as a part of larger meeting with the Governor and members of the administration focused on Detroit's challenges.

The Governor was not part of the discussion about the switch to Flint River water. It's important to note that Virginia Tech professor Marc Edwards and other experts have said that the problems did not arise from the change of the water source, but that the new source was not treated with the corrosion control materials.

That transition is the subject of a study by the Governor's Flint Water Task Force, and it would be inappropriate to get a head of the task force's work. The group's report is expected next month.

Dave

PS: Here's a graphic of the emergency managers in Michigan. There are none in a Michigan city now. Three school districts have emergency managers, though one is expected to change at the end of the month.

http://www.michigan.gov/documents/snyder/FinancialEmergenciesGraph_509182_7.pdf

From: Calvert, Scott [mailto:scott.calvert@wsj.com]
Sent: Wednesday, February 10, 2016 3:39 PM
To: Murray, David (GOV) <MurrayD1@michigan.gov>
Cc: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Heaton, Anna (GOV) <HeatonA@michigan.gov>; Biehl, Laura (GOV) <BiehlL@michigan.gov>
Subject: Re: WSJ reporter getting in touch re: emergency manager law/program

Hi Dave,

Terry and I did speak after I got your email, and he was very helpful from the treasury department's perspective. I'd still like to talk to you or someone on the governor's staff, given that emergency managers are appointed by the governor and serve at his pleasure. I'm interested in knowing how Gov. Snyder ensures EMs do the job he appointed them to do, and in the case of Flint, whether he was consulted or informed before the switch to river water in April 2014.

My number is 443-955-9390.

Thanks,
Scott

On Tue, Feb 9, 2016 at 3:17 PM, Murray, David (GOV) <MurrayD1@michigan.gov> wrote:

Scott,

I'm going to introduce you by way of email to Terry Stanton, the communications director at the Department of Treasury, which has oversight over emergency managers. Terry is super helpful and a really nice guy.

Dave

From: Calvert, Scott [mailto:scott.calvert@wsj.com]
Sent: Tuesday, February 09, 2016 3:12 PM
To: Murray, David (GOV) <MurrayD1@michigan.gov>
Subject: WSJ reporter getting in touch re: emergency manager law/program

Hi Dave,

I just left a voicemail message and am following up with a quick email. I'm a Wall Street Journal reporter and would like to speak to you for a story I've been asked to do on Michigan's emergency manager law and program. One thing I'm trying to better understand is how the governor and treasurer and their respective staffs monitor, oversee, etc., the work that the emergency managers do.

Can you please give me a call ASAP at 443-955-9390?

Thanks,

Scott Calvert

--

Scott Calvert

Pleyte, Beth (Treasury)

From: SaxtonT@michigan.gov
Sent: Thursday, February 11, 2016 5:37 AM
To: wayne workman
Subject: Fwd: FWICC subcommittee

See below. In talking to Nick yesterday (if it can work out) I was thinking this would be a good first task for you to 'shepherd'. My morning is sort of bad; maybe later in the afternoon we can chat.

Begin forwarded message:

> **From:** "Baird, Richard (GOV)" <bairdr@michigan.gov>
> **Date:** February 10, 2016 at 11:27:06 PM EST
> **To:** "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov>
> **Cc:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>, "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>, "Steckelberg, Larry (TREASURY)" <SteckelbergL@michigan.gov>
> **Subject: Re: FWICC subcommittee**
>
> I already weighed in by phone on this one. Let me know if you need anything. I think an impact analysis around the switching process is the right approach. GC should not panic nor should anyone conclude without reason that anything is "off the table" if reasoned experts conclude it makes no sense.
>
> *Sent from my Verizon Wireless 4G LTE DROID*
> On Feb 10, 2016 10:29 AM, "Khouri, Nick (TREASURY)" <KhouriN@michigan.gov> wrote:
>
> Rich and Harvey
>
> Similar to Zimmer's email, I was going to send this to the FWICC KWA subcommittee (including Jamie Curtis)
>
> Does this capture our subcommittee's to-do?

I miss one meeting, and look what happens

We are the "KWA Subcommittee" of the FWIC

My understanding, and why I what to check-in with you, is we are to address 3 questions (our 3 objectives):

(1) *What is the updated, long-term, financial cost/benefit analysis for Flint residents of KWA vs staying with DWSD?*

(2) *What are Flint's formal commitments to KWA?*

(3) *What are updated projections for Flint resident's water rates? What is driving future rates in the city?*

I think the tasks fall into:

(1) *Update the prior cost/benefit analysis with revised estimates, including transition costs*

(2) *Review the long term assumptions of Flint rates if they stay with DWSD*

(3) *Agree on any non-financial reasons for Flint to choose one option or the other*

(4) *Review bond covenants and other contractual relations between Flint and KWA*

(5) *Given reasonable assumptions, project typical Flint water rates for the next 5 and 10 years*

We still need to work up a specific work plan and schedule, but the goal is to report back to the full committee by early June

Please let me know you thoughts

Steckelberg, Larry (TREASURY)

From: Khouri, Nick (TREASURY)
Sent: Thursday, February 11, 2016 7:58 AM
To: Creagh, Keith (DEQ); Hollins, Harvey (GOV); nhendeson@cityofflint.com; jcurtis@co.genesssee.mi.us; Steckelberg, Larry (TREASURY)
Cc: Saxton, Thomas (Treasury); Baird, Richard (GOV); Doyle, Maureen (Treasury)
Subject: FWICC Subcommittee

I miss one meeting, and look what happens

We are the "KWA Subcommittee" of the FWIC

My understanding, and why I what to check-in with you, is we are to address 3 questions (our 3 objectives):

(1) Can we update some of the basic assumptions underlying the city's transition to KWA? What has changed since the original estimates? Are the updated transition costs reflected in the city's sewer / water cash flows?
(2) What are Flint's dollar commitments to KWA (both amount and timing)?
(3) Can we update projections for Flint resident's future water rates? What is driving future rates in the city?

I think the tasks fall into:

(1) Update the prior analysis with revised estimates, including transition / construction costs and the costs for the upgrade of the Flint Water Treatment Plant
(2) Given reasonable assumptions, project typical Flint water rates for the next 5 and 10 years

We still need to work up a specific work plan and schedule, but the goal is to report back to the full committee by mid-April

Please let me know you thoughts

I'll try and schedule a quick call early next week, or we can use group email if that's easier

Nick

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Thursday, February 11, 2016 8:04 AM
To: Khouri, Nick (TREASURY)
Cc: Baird, Richard (GOV); Brader, Valerie (GOV)
Subject: FW: Reimbursement for House Oversight Committee Deposition Testimony

fyi

From: achubb@cityofflint.com [mailto:achubb@cityofflint.com]
Sent: Thursday, February 11, 2016 7:19 AM
To: Darnell Earley <darnell.earley@detroitk12.org>
Cc: William Kim <wkim@cityofflint.com>; Bolden, A. Scott <ABolden@ReedSmith.com>; Valerie Mitchell <valerie.mitchell@detroitk12.org>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Re: Reimbursement for House Oversight Committee Deposition Testimony

Darnell,
Per Ms. Henderson, the City will reimburse for expenses as requested not to exceed $1,000.

Anthony Chubb
Interim City Attorney
City of Flint

Sent from my iPhone

On Feb 10, 2016, at 12:42 PM, Darnell Earley <darnell.earley@detroitk12.org> wrote:

> Good Morning Tony:
>
> As you may know, I have been subpoenaed by the Chairman of the House of Representatives' Committee on Oversight and Government Reform to, "...testify at a deposition touching matters of inquiry committed to said committee or subcommittee." The matter is related to and entitled, "Examining Federal Administration of the Safe Drinking Water Act in Flint, Michigan." The deposition is scheduled for 10:00 a.m., Thursday, February 25, 2016. It will be held at 2154 Rayburn House Office Building: Washington, D.C. 20515.
>
> The Witness Instruction Sheet issued to Governmental Witnesses states in part:
>
> *"The Committee does not provide financial reimbursement for witness travel or accommodations..."*

Please consider this email as my request for reimbursement for my documented expenses in an amount not to exceed $1,000. The request is being made pursuant to the terms and conditions of my contract while serving as Flint Emergency Manager, with specific reference to coverage provided for legal matters arising from my tenure in service to the City of Flint.

Thank you for your attention to this matter.

DE

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Detroit Public Schools

Robert, Carla M. (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, February 10, 2016 12:56 PM
To: Baird, Richard (GOV); Khouri, Nick (TREASURY); Brader, Valerie (GOV)
Subject: FW: Reimbursement for House Oversight Committee Deposition Testimony

Fyi... see below

From: Anthony Chubb [mailto:achubb@cityofflint.com]
Sent: Wednesday, February 10, 2016 12:44 PM
To: Darnell Earley <darnell.earley@detroitk12.org>; Jody Lundquist <jlundquist@cityofflint.com>; Natasha Henderson <nhenderson@cityofflint.com>
Cc: William Kim <wkim@cityofflint.com>; Bolden, A. Scott <ABolden@reedsmith.com>; Valerie Mitchell <valerie.mitchell@detroitk12.org>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Re: Reimbursement for House Oversight Committee Deposition Testimony

Thank you Darnell. By way of this reply, I am copying in CFO Jody Lundquist and City Administrator Natasha Henderson to make this determination. Thanks,

Anthony Chubb
Interim City Attorney
City of Flint
1101 S. Saginaw Street, 3rd Floor
Flint, MI 48502

(810) 237-2078

This communication, along with any documents, files or attachments, is intended only for the use of the addressee and may contain legally privileged and confidential information. If you are not the intended recipient, you are hereby notified that any dissemination, distribution or copying of any information contained in or attached to this communication is strictly prohibited.

On Wed, Feb 10, 2016 at 12:42 PM, Darnell Earley <darnell.earley@detroitk12.org> wrote:

Good Morning Tony:

As you may know, I have been subpoenaed by the Chairman of the House of Representatives' Committee on Oversight and Government Reform to, "...testify at a deposition touching matters of inquiry committed to said committee or subcommittee." The matter is related to and entitled, "Examining Federal Administration of the Safe Drinking Water Act in Flint, Michigan." The deposition is scheduled for 10:00 a.m., Thursday, February 25, 2016. It will be held at 2154 Rayburn House Office Building: Washington, D.C. 20515.

The Witness Instruction Sheet issued to Governmental Witnesses states in part:

"The Committee does not provide financial reimbursement for witness travel or accommodations..."

Please consider this email as my request for reimbursement for my documented expenses in an amount not to exceed $1,000. The request is being made pursuant to the terms and conditions of my contract while serving as Flint Emergency Manager, with specific reference to coverage provided for legal matters arising from my tenure in service to the City of Flint.

Thank you for your attention to this matter.

DE

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Detroit Public Schools

Robert, Carla M. (Treasury)

From:	Hollins, Harvey (GOV) <hollinsh@michigan.gov>
Sent:	Thursday, February 11, 2016 10:57 AM
To:	Kelenske, Chris (MSP); Creagh, Keith (DEQ); Khouri, Nick (TREASURY); Lyon, Nick (DHHS); Zimmer, Mike (LARA)
Cc:	Garza, Oralya (MSP); Thelen, Mary Beth (DEQ); Lord, Daniel (DNR); Doyle, Maureen (Treasury); Grijalva, Nancy (DHHS); Burton, Diane (LARA); Clayton, Stacie (GOV)
Subject:	FWICC Subcommittee Presentations on Friday

FWICC Subcommittee Chairs,

The following subcommittees will present their priorties list at the meeting on Friday:

Health and Education – Chaired by Lyon
Water Quality - Chaired by Creagh
Water Infrastructure Integrity - Chaired by Creagh

The remaining 4 subcommittees will present next week, Feb. 19.

This week we also will have a special presentation by representatives from the Netherlands regarding their experience in replacing lead lines in Amsterdam and how they can assist with the Flint infrastructure and drinking water issues. They are particularly interested in relaying how they built trust within the community as they replaced the lines.

The final agenda will be sent later today. Please let me know if you have any questions.

Best,
Harvey

Dempkowski, Angela (Treasury)

From: Dempkowski, Angela (Treasury)
Sent: Thursday, February 11, 2016 12:27 PM
To: Zimmer, Mike (LARA)
Subject: RE: FWICC Policy Subcommittee

Mike: Larry Steckelberg is available:

2/16 from 10 am – 5 pm
2/17 all day

Angela Dempkowski
Senior Executive Management Assistant
Department of Treasury

From: Cousineau, Sara (Treasury)
Sent: Thursday, February 11, 2016 10:44 AM
To: Zimmer, Mike (LARA) <zimmerm@michigan.gov>
Cc: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Subject: RE: FWICC Policy Subcommittee

Treasurer Khouri is asking that Larry to cover this. Angela can you please email Mike.

Thank you!

Sara

From: Zimmer, Mike (LARA)
Sent: Thursday, February 11, 2016 9:47 AM
To: Grijalva, Nancy (DHHS); Thelen, Mary Beth (DEQ); Cousineau, Sara (Treasury); lrey52@gmail.com; mvalacak@gchd.us; edwardsm@vt.edu; pnalternatives@yahoo.com
Subject: FW: FWICC Policy Subcommittee

Per Director Zimmer's e-mail below, I am asking you to check calendars for next week to schedule this phone conference on Tuesday or Wednesday next week. Below are dates/times for this discussion. Please let me know when you (or your boss) are available during either of these options. Ideally I'd like to schedule an hour for this discussion. Thank you.

P.S. Sara, if you could please respond on behalf of both Treasurer Khouri and Larry Steckelberg, that would be greatly appreciated.

Tues., 2/16 9:00-5:00
Wed., 2/17 8:00-1:15

From: Zimmer, Mike (LARA)
Sent: Tuesday, February 09, 2016 11:45 AM

To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; 'edwardsm@vt.edu' <edwardsm@vt.edu>; Creagh, Keith (DEQ) <creaghk@michigan.gov>; Lyon, Nick (DHHS) <LyonN2@michigan.gov>; 'lrey52@gmail.com' <lrey52@gmail.com>; 'mvalacak@gchd.us' <mvalacak@gchd.us>
Cc: Grijalva, Nancy (DHHS) <GrijalvaN@michigan.gov>; Thelen, Mary Beth (DEQ) <THELENM2@michigan.gov>; Doyle, Maureen (Treasury) <DoyleM4@michigan.gov>
Subject: FWICC Policy Subcommittee

Good Morning:

I have been asked to chair the FWICC Policy Subcommittee on which you have all been selected to serve.

Our subcommittee has been assigned three general priorities/tasks:

1) Interagency Protocols
2) Statewide Policy
3) Lead and Copper Rule Change Recommendations

Of these, I think the Lead and Copper Rule Change Recommendations is the more straightforward - although certainly not the simplest. Interagency Protocols may prove more multifaceted as it could include protocols between state agencies, between state and local agencies, and between state and federal partners. The last, Statewide Policy, is at this point a holding category that could review implementation of policies requested by other work groups or items of interest to the committee members.

We have been asked to get our finalized list of priorities to Harvey by Thursday morning at 10:00. Given the short time frame and the fact that many of you serve on multiple subcommittees, at this point I am asking that you get back to me by COB tomorrow (Wednesday) indicating whether you agree with my reading of our assignments or would like any changes or modifications. Also, if there are any items on our list that are of particular interest to any of you, please note that.

I will be having my assistant, Diane Burton, reach out to you so that we can set up a telephone conference early next week to discuss scoping out our priorities and assign specific tasks, metrics, and timelines.

I look forward to working with all of you.

Mike

Mike Zimmer, Director
Dept. of Licensing and Regulatory Affairs
611 W. Ottawa Street
Lansing, Michigan 48909
517-241-7124

Ryan, Howard (Treasury)

From: Steckelberg, Larry (TREASURY)
Sent: Thursday, February 11, 2016 2:06 PM
To: Osborne, Ken (TREASURY); Khouri, Nick (TREASURY); Saxton, Thomas (Treasury); Durfee, Sally (TREASURY); Ryan, Howard (Treasury)
Subject: RE: Flint Water Credit Supplemental

Ken,
For the last question: yes, it is our understanding relief can be provided on the water portion only. We intend to verify and document that the relief was for water and not sewer.

Larry

From: Osborne, Ken (TREASURY)
Sent: Thursday, February 11, 2016 2:02 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; Durfee, Sally (TREASURY) <DurfeeS1@michigan.gov>; Ryan, Howard (Treasury) <RyanH1@michigan.gov>
Subject: Flint Water Credit Supplemental

I met with Rep. Poleski during House Session today. He is working on boilerplate to provide some additional guidance/ audit requirements for the money appropriated for credits. Will share the language when I get it, likely this afternoon or tomorrow.

The plan is for the bill to be up in House Appropriations next Wednesday at 9 a.m. How do we want to handle that? Nick, do you want to testify? If Howard and I are to cover it we'll need to spend some time getting a better understanding of the details.

Michelle Lange and Scott Starr were also present for the meeting, I told them we would coordinate with them, and DEQ for purposes of the hearing next week. About how we want to handle next week. But from my conversations with staff and members I think Treasury will be the subject of most of the questions on this.

Finally, Rep. Poleski has been looking at the financial statements for the Flint water system and noted that water and sewer were accounted for separately. I know this came up in our previous meeting with house staff, but he was very interested whether bills were also segregated between water and sewer and whether we could ensure that credits were authorized only for the water portion of the bills.

Ken Osborne
Legislative Liaison
Department of Treasury
Desk: 517-241-2474
Cell: 517-388-0968

Robert, Carla M. (Treasury)

From: Clayton, Stacie (GOV) <claytons3@michigan.gov>
Sent: Thursday, February 11, 2016 4:25 PM
To: 'jcurtis@co.genesee.mi.us'; Creagh, Keith (DEQ); Marc Edwards; Mona Hanna-Attisha; Natasha Henderson - City of Flint (nhenderson@cityofflint.com); Hollins, Harvey (GOV); Kelenske, Chris (MSP); Khouri, Nick (TREASURY); 'jim@koskiconsult.com'; Lyon, Nick (DHHS); 'Lawrence Reynolds'; Laura L. Sullivan (lsulliva@kettering.edu); 'mvalacak@gchd.us'; Karen Weaver - City of Flint (kweaver@cityofflint.com); Whiston, Brian (MDE); Guerrant, Kyle (MDE); Zimmer, Mike (LARA)
Cc: 'Bishop, Melissa'; Thelen, Mary Beth (DEQ); 'Shelly Casey'; 'skammer@cityofflint.com'; Garza, Oralya (MSP); Doyle, Maureen (Treasury); Grijalva, Nancy (DHHS); 'mmurray@cityofflint.com'; Houseman, Jennifer (MDE); Carefoot, Karen (MDE); Burton, Diane (LARA)
Subject: Agenda for 2/12/16 FWICC Meeting
Attachments: FWICC Agenda for 2.12.16.pdf; Flint Water Interagency Coordinating Committee Subcommittees.pdf

Greetings All,

Attached are the agenda and subcommittees for the FWICC meeting tomorrow, 2/12/16, at 10am. ***Please note the meeting will be livestreamed.****

We will see you in the morning!

~Stacie

FLINT WATER INTERAGENCY COORDINATING COMMITTEE

FEBRUARY 12, 2016, 10:00AM – 11:30AM

I. Introductions (All – 5 min)

II. Opening Remarks (Gov. Snyder – 5 min)

III. Subcommittee Priorities Presentations

a. Health & Education (Lyon – 15 mins)

i. Blood Lead Testing/Follow up
ii. Access to Physical and Behavioral Health Services
iii. Nutrition
iv. Case Management
v. Education Birth to 12th

b. Water Quality (Creagh – 15 mins)

i. Establish criteria for lifting the health advisory
ii. Develop a multi-dimensional approach to addressing lead in water going beyond the requirements of the lead and copper rule
iii. Create protocols for addressing concerns regarding disinfection residuals to account for seasonal fluctuations throughout the year
iv. Ensure that disinfection byproduct levels are not adversely affected by disinfection processes
v. Establish a protocol for proactively monitoring for Legionella

c. Water Infrastructure Integrity (Creagh – 15 mins)

i. Assess the condition and functionality of the overall distribution system
ii. Determine the right sizing of the water infrastructure system to support the needs of the City
iii. Create a plan for addressing the needs as defined from the overall distribution assessment
iv. Determine a viable backup / emergency water source
v. Develop a comprehensive lead line replacement program that takes all needs into consideration such as at-risk populations and construction alignment

IV.	**Next Week Subcommittee Presentations** a. Incident Action Plan – Kelenske Chair b. KWA – Khouri Chair c. Policy – Zimmer Chair d. Communication – Hollins Chair	(Hollins – 5 mins)
V.	**Netherlands Waternet Presentation** a. Pipe replacement in Amsterdam b. Community Education and Trust	(Struker– 20 min)
VI.	**Group**	(Hollins/Kelenske 5)
VII.	**Closing Remarks**	(Gov. Snyder – 5 min)

Flint Water Interagency Coordinating Committee Subcommittees

Incident Action Plan Subcommittee
Chair - Capt. Chris Kelenske
Harvey Hollins

Water Quality Subcommittee
Chair – Keith Creagh
Nick Lyon
Dr. Laura Sullivan
Dr. Marc Edwards
Yanna Lambrinidou
Mark Valacak
EPA

Suggested Tasks

- ✓ Response tactics and flow process
- ✓ Testing
  - Lead and Copper
  - Other Contaminants and Disease Transmission
- ✓ Monitoring and reporting entry of contagions

Water Infrastructure Integrity Subcommittee
Chair – Keith Creagh
Jim Koski
Dr. Laura Sullivan
Dr. Marc Edwards
Jamie Curtis
Natasha Henderson
Michael Glasgow
American Water Works Association
EPA

Suggested Tasks

- ✓ Reliability Study
- ✓ Infrastructure upgrade/replacement
- ✓ Lead Line Replacement

KWA Subcommittee
Chair – Khouri
Keith Creagh
Harvey Hollins
Natasha Henderson
Jamie Curtis
Larry Steckelberg
EPA

Suggested Tasks

- ✓ Benefit-Cost Analysis
- ✓ Transition
- ✓ Safety
- ✓ Flint Water Treatment Plant Upgrade
- ✓ Rate Structure

Health and Education Subcommittee
Chair - Nick Lyon
Mayor Karen Weaver
Dr. Mona Hanna-Attisha
Dr. Lawrence Reynolds
Superintendent Brian Whiston
Deputy Superintendent Kyle Guerrant
Sue Moran
Dr. Eden Wells

Suggested Tasks
- ✓ Health and Safety Plan
- ✓ Responder Medical Plan
- ✓ Nutrition
- ✓ Post Exposure Actions
- ✓ Pre-K and Secondary education materials

Policy Subcommittee
Chair – Mike Zimmer
Nick Khouri
Larry Steckelberg
Dr. Marc Edwards
Yanna Lambrinidou
Keith Creagh
Nick Lyon
Dr. Lawrence Reynolds
Mark Valacak

Suggested Tasks
- ✓ Intra-agency Protocols
- ✓ Statewide Policy
- ✓ Lead and Copper Rule Change Recommendations

Communication Protocols and Transparency Subcommittee
Chair – Hollins
Geralyn Lasher
Meegan Holland
Melanie Brown
Jason Moon

Suggested Tasks
- ✓ Public education and awareness

Robert, Carla M. (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Thursday, February 11, 2016 5:13 PM
To: Khouri, Nick (TREASURY); Wayne Workman; Steckelberg, Larry (TREASURY)
Subject: FW: Karegnondi Water Authority OS
Attachments: MIKaregnondi01b-FIN.pdf; MIGenesee01a-FIN.pdf

329 pages 196 pages

Fyi.

From: Barton, John (Treasury)
Sent: Thursday, February 11, 2016 3:20 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Karegnondi Water Authority OS

There have been two deals for KWA. The first deal was done in 2013 by Genesee county at $35 million to finance the intake at Lake Huron.

The other deal was done by KWA with Genesee, Lapeer and Sanilac Counties in 2014 at $220.5 million.

The team on both deals were Miller as Bond Counsel with Dickson Wright as Underwriters Counsel. Stauder who is now with PFM was FA.

I believe they are currently working on a $60 million deal as well.

Let me know if you need anything else.

Thanks
John

Stanton, Terry A. (Treasury)

From: Calvert, Scott <scott.calvert@wsj.com>
Sent: Thursday, February 11, 2016 6:05 PM
To: Stanton, Terry A. (Treasury)
Subject: Re: WSJ reporter getting in touch re: emergency manager law/program

Thanks for the Pontiac release.

I appreciate that the task force is still working, but I still don't understand why that prevents the state from saying when the EM decided to go with the river option (unless that's not known). Kurtz was clearly moving to do so in the June 28, 2013 report where he mentions the "high consideration" given to using the river and/or a combo of the river and DWSD. What I'm looking for is something that says he definitively went with the river option on June 30 or Aug. 4 or whatever -- if possible.

What I am clear on is that Gov. Snyder wasn't involved in the discussions about using the river, and that then-Treasurer Dillon's OK wasn't required under the law. Dillon told me he vaguely recalls that Kurtz report but said the river issue didn't hit his desk as he best he remembers. The question of whether Flint would part ways with DWSD and go with KWA, on the other hand, was something Dillon said he was very much involved in, as was the governor.

On Thu, Feb 11, 2016 at 5:38 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Ed Kurtz was EM in Flint in June of 2013. I cannot speak to any requests made to DEQ. As Dave noted earlier...the timeline and transition is the subject of a study by the Governor's Flint Water Task Force, which is expected to finalize a report next month.

On your Pontiac question(s), see the attached press release from Sept. 2011.

Mr. Schimmel was appointed given his extensive experience with the emergency manager law and the expectation that he would work collaboratively with local officials to address the financial emergency there.

Mr. Stampfler is certainly entitled to his opinion. One of the primary intents of PA 436 (and PA 4 when it was in effect) was to provide an emergency manager with the tools necessary to address a local government financial emergency as quickly and efficiently as possible so to begin the transition to full local control...as soon as is prudent and possible.

From: Calvert, Scott [mailto:scott.calvert@wsj.com]
Sent: Thursday, February 11, 2016 12:35 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>

Cc: Murray, David (GOV) <MurrayD1@michigan.gov>; Heaton, Anna (GOV) <HeatonA@michigan.gov>; Biehl, Laura (GOV) <BiehlL@michigan.gov>

Subject: Re: WSJ reporter getting in touch re: emergency manager law/program

Sorry for another email, but I came across this on page 94 of Gov. Snyder's email release. It's a timeline of events. "Flint" here is Ed Kurtz, correct? And was the request made to DEQ for permits?

June 2013- Groundbreaking for the Karegnondi Water Authority. Flint also requests full time use of the Flint Water Treatment Plant with Flint River water as a source.

http://somcsprod2govm001.usgovcloudapp.net/files/snyder%20emails.pdf

On Thu, Feb 11, 2016 at 12:19 PM, Calvert, Scott <scott.calvert@wsj.com> wrote:

> Which EM decided to use the Flint River as the temporary water source, and when was that decision made? I'm still trying to pin that down.
>
> Thanks,
>
> Scott

On Thu, Feb 11, 2016 at 11:05 AM, Calvert, Scott <scott.calvert@wsj.com> wrote:

> Got it, but it's not on the website and I don't know where else to look for it. Do Treasury and the governor's office not have that order?
>
> I have another question for you guys: Why did Gov. Snyder replace Michael Stampfler as EM in Pontiac? Stampfler says it's because he wouldn't sell the city's water department to Oakland County, which he didn't think was in Pontiac's long-term interest. He also said he felt there wasn't much supervision/oversight from Treasury/Gov. Snyder and that there was too much emphasis on balancing the books and not enough on making sure the city was positioned to do well after the financial crisis. Any response?
>
> Thanks,
>
> Scott

On Thu, Feb 11, 2016 at 10:53 AM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

There is no statutory requirement for orders to be sent to the state. They are posted on the local unit's website and should be there unless removed, etc.

From: Calvert, Scott [mailto:scott.calvert@wsj.com]
Sent: Thursday, February 11, 2016 7:28 AM
To: Murray, David (GOV) <MurrayD1@michigan.gov>
Cc: Heaton, Anna (GOV) <HeatonA@michigan.gov>; Biehl, Laura (GOV) <BiehlL@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>

Subject: Re: WSJ reporter getting in touch re: emergency manager law/program

I don't know if Ed Kurtz made the call but it looks like he issued an order in June 2013 calling for the water plant to be readied so the river could serve as the temporary water source while the pipeline was being built. Can you track the order down? Darnell Earley quotes from it in the op-ed he wrote for the Detroit News last fall, but the order isn't on the Flint website that Terry pointed me to (https://www.cityofflint.com/finance/finanical-reports/). I'm copying Terry on this in case he can help. Thanks. Scott

Here's the relevant line from the op-ed:

A subsequent order Kurtz signed on June 26, 2013, speaks specifically to "... upgrading of the Flint Water Plant to ready it to treat water from the Flint River to serve as the primary drinking water source for approximately two years and then converting to KWA delivered lake water."

On Wed, Feb 10, 2016 at 7:11 PM, Calvert, Scott <scott.calvert@wsj.com> wrote:

Thanks, Dave.

When was the decision made to switch to the Flint River, and which emergency manager made that decision? In June 2013 Ed Kurtz reported to the treasurer that "high consideration" was being given to

using the river, and in April 2014 Darnell Earley reported that the city was proceeding with a transition to the river as temporary water source. So the decision would have been made between those two dates, either by Mike Brown or Mr. Earley. I don't see any documents on Flint's website noting when and by whom the decision was made. Can you let me know?

Best,

Scott

On Wed, Feb 10, 2016 at 6:22 PM, Murray, David (GOV) <MurrayD1@michigan.gov> wrote:

Hi Scott,

The emergency managers – there are now none in a Michigan city – work closely with the Treasury Department. They have a regular schedule of reporting information to the Treasury Department and would meet when the need arose. The state Treasurer regularly meets with the Governor and provides updates.

In the cases of the city of Detroit and the Detroit Public Schools, Governor has meet directly with the emergency manager, or the emergency manager would be included as a part of larger meeting with the Governor and members of the administration focused on Detroit's challenges.

The Governor was not part of the discussion about the switch to Flint River water. It's important to note that Virginia Tech professor Marc Edwards and other experts have said that the problems did not arise from the change of the water source, but that the new source was not treated with the corrosion control materials.

That transition is the subject of a study by the Governor's Flint Water Task Force, and it would be inappropriate to get a head of the task force's work. The group's report is expected next month.

Dave

PS: Here's a graphic of the emergency managers in Michigan. There are none in a Michigan city now. Three school districts have emergency managers, though one is expected to change at the end of the month.

http://www.michigan.gov/documents/snyder/FinancialEmergenciesGraph_509182_7.pdf

From: Calvert, Scott [mailto:scott.calvert@wsj.com]
Sent: Wednesday, February 10, 2016 3:39 PM
To: Murray, David (GOV) <MurrayD1@michigan.gov>
Cc: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Heaton, Anna (GOV) <HeatonA@michigan.gov>; Biehl, Laura (GOV) <BiehlL@michigan.gov>
Subject: Re: WSJ reporter getting in touch re: emergency manager law/program

Hi Dave,

Terry and I did speak after I got your email, and he was very helpful from the treasury department's perspective. I'd still like to talk to you or someone on the governor's staff, given that emergency managers are appointed by the governor and serve at his pleasure. I'm interested in knowing how Gov. Snyder ensures EMs do the job he appointed them to do, and in the case of Flint, whether he was consulted or informed before the switch to river water in April 2014.

My number is 443-955-9390.

Thanks,

Scott

On Tue, Feb 9, 2016 at 3:17 PM, Murray, David (GOV) <MurrayD1@michigan.gov> wrote:

Scott,

I'm going to introduce you by way of email to Terry Stanton, the communications director at the Department of Treasury, which has oversight over emergency managers. Terry is super helpful and a really nice guy.

Dave

From: Calvert, Scott [mailto:scott.calvert@wsj.com]
Sent: Tuesday, February 09, 2016 3:12 PM
To: Murray, David (GOV) <MurrayD1@michigan.gov>
Subject: WSJ reporter getting in touch re: emergency manager law/program

Hi Dave,

I just left a voicemail message and am following up with a quick email. I'm a Wall Street Journal reporter and would like to speak to you for a story I've been asked to do on Michigan's emergency manager law and program. One thing I'm trying to better understand is how the governor and treasurer and their respective staffs monitor, oversee, etc., the work that the emergency managers do.

Can you please give me a call ASAP at 443-955-9390?

Thanks,

Scott Calvert

--

Scott Calvert

Wall Street Journal reporter

443-955-9390

scott.calvert@wsj.com

On Twitter: @scottmcalvert

--

BSA
-Bill Adjustments
1. Credit Generator
7 million records
2 Accounting piece
interface w SAL

Agenda

Water Billing Relief Meeting

February 12, 2016

1. Top implementation Issues
    a. Timeline for relief-tentatively April
    b. BSA software work-building credit generator and modeling relief
    c. Lien issues are off the table
    d. Putting collectibles from lawsuits back into the system
    e. Commercial accounts that are residential dwellings
    f. Handling starts
    g. Handling stops

2. Cash flow for water and sewer fund

3. Staffing

4. Assistance with covering costs for the relief program

5. The importance of documentation and an audit trail

6. Any other hurdles

Pleyte, Beth (Treasury)

From: SaxtonT@michigan.gov
Sent: Friday, February 12, 2016 5:18 AM
To: Wayne Workman
Cc: Khouri, Nick (TREASURY); Steckelberg, Larry (TREASURY)
Subject: Re: Karegnondi Water Authority OS

At this point don't call him though

On Feb 11, 2016, at 6:48 PM, Wayne Workman <workmanwayne@gmail.com> wrote:

> I think Massaron did at least the first deal
>
> Sent from my iPhone
>
> On Feb 11, 2016, at 5:13 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:
>
> > Fyi.
> >
> > **From:** Barton, John (Treasury)
> > **Sent:** Thursday, February 11, 2016 3:20 PM
> > **To:** Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
> > **Subject:** Karegnondi Water Authority OS
> >
> > There have been two deals for KWA. The first deal was done in 2013 by Genesee county at $35 million to finance the intake at Lake Huron.
> >
> > The other deal was done by KWA with Genesee, Lapeer and Sanilac Counties in 2014 at $220.5 million.
> >
> > The team on both deals were Miller as Bond Counsel with Dickson Wright as Underwriters Counsel. Stauder who is now with PFM was FA.
> >
> > I believe they are currently working on a $60 million deal as well.
> >
> > Let me know if you need anything else.
> >
> > Thanks
> > John
> >
> > <MIKaregnondi01b-FIN.pdf>
> >
> > <MIGenesee01a-FIN.pdf>

NEW ISSUE **Rating:** See "RATING" herein

Book-Entry-Only

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, assuming compliance with certain covenants by the Issuer, the interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See" TAX MATTERS" and "FORM OF APPROVING OPINION" herein for a description of certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which may affect the tax treatment of interest on the Bonds for certain Bondholders.

KAREGNONDI WATER AUTHORITY
COUNTIES OF GENESEE, LAPEER AND SANILAC
STATE OF MICHIGAN

$220,500,000
WATER SUPPLY SYSTEM BONDS
(KAREGNONDI WATER PIPELINE), SERIES 2014A

Dated: Date of Delivery **Principal Due: November 1, as shown on Inside Cover Page**

The Water Supply System Bonds (Karegnondi Water Pipeline), Series 2014A (the "Bonds") are issued under the provisions of Act 233, Public Acts of Michigan, 1955, as amended, and a resolution adopted by the Board of Trustees of the Karegnondi Water Authority, Counties of Genesee, Lapeer and Sanilac, State of Michigan (the "Issuer") on November 20, 2013. The Bonds are being issued for the purpose of paying a portion of the cost of acquiring and constructing the Issuer's Water Supply System (the "System") to serve initially the City of Flint and the County of Genesee (individually a "Local Unit" and collectively, the "Local Units"), funding a debt service reserve account, paying capitalized interest and paying the costs of issuing the Bonds. The Bonds are to be issued in anticipation of, and are payable primarily as to principal and interest from, payments (the "Contractual Payments") to be made by the Local Units to the Issuer pursuant to a Contract among the Issuer and the Local Units dated as of August 1, 2013 (the "Contract"). The Contractual Payments will be in installments that will equal the principal and interest payments on the Bonds. Further, each Local Unit has pledged its limited tax full faith and credit for the payment of its Contractual Payments and is obligated, to the extent necessary, as a first budget obligation to levy ad valorem taxes on all taxable property within its boundaries for such purpose, subject to applicable constitutional, statutory and charter tax limitations. Each Local Unit is expected to make its Contractual Payments from revenues collected from charges imposed on the customers of its respective water supply system. The County of Genesee in the Contract has pledged to make all payments that the City of Flint fails to make to the Issuer under the Contract. The Issuer has irrevocably pledged the Contractual Payments for the payment of the principal of and interest on the Bonds.

The Bonds are issuable only as fully registered Bonds without coupons, and when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry only form, in the denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See *BOOK-ENTRY ONLY SYSTEM* herein.

Interest on the Bonds will be payable semiannually on May 1 and November 1 of each year commencing on November 1, 2014. The Bonds will be registered Bonds, of the denomination of $5,000 or multiples thereof not exceeding for each maturity the principal amount of such maturity. The principal and interest shall be payable at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any change in interest payment date (the "Transfer Agent"). Interest shall be paid when due by check mailed to the registered owner as shown by the registration books as of the fifteenth day of the month preceding the payment date for each interest payment. Payment of principal and interest to Beneficial Owners shall be made as described in *BOOK-ENTRY ONLY SYSTEM* herein.

The Bonds are subject to redemption at par, as described herein.

The Bonds are offered when, as and if issued by the Issuer and subject to receipt of the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Dickinson Wright PLLC, Troy and Lansing, Michigan. It is expected that delivery of the Bonds through DTC will be made in New York, New York on or about April 16, 2014.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT.

J.P. Morgan

Wells Fargo Securities **Stifel, Nicolaus & Company, Incorporated**

Dated. April 1, 2014

NEW ISSUE **Rating:** See "RATING" herein

Book-Entry-Only

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, assuming compliance with certain covenants by the Issuer, the interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" and "FORM OF APPROVING OPINION" herein for a description of certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which may affect the tax treatment of interest on the Bonds for certain Bondholders.

COUNTY OF GENESEE
STATE OF MICHIGAN
$35,000,000
WATER SUPPLY SYSTEM REVENUE BONDS
(LIMITED TAX GENERAL OBLIGATION)
SERIES 2013

Dated: Date of Delivery **Principal Due: November 1, as shown on Inside Cover Page**

The Water Supply System Revenue Bonds (Limited Tax General Obligation), Series 2013 (the "Bonds") are issued under the provisions of Act 94, Public Acts of Michigan, 1933, as amended, Act 342, Public Acts of Michigan, 1939, as amended, and Ordinance Nos. 03-03, 03-05, 06-06, 12-03 and 13-01 (collectively, the "Ordinances") duly adopted by the County of Genesee, State of Michigan (the "Issuer"). The Bonds are being issued for the purpose of paying a portion of the cost of acquiring and constructing improvements to the Issuer's Water Supply System (the "System"). The Bonds are payable primarily from the Net Revenues (as hereinafter defined) of the System, and are secured by a statutory first lien on the Net Revenues established by said Ordinances on a parity basis with certain Outstanding Bonds (as hereinafter defined). The Issuer has covenanted and agreed to fix and maintain at all times while any of the Bonds are outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the necessary expenses of operation, maintenance and administration of the System, of the principal of and interest on all of the Bonds and the Outstanding Bonds when due, and to provide for such other expenditures and funds for the System as are required by the Ordinances.

As additional security for the payment of the principal of and interest on the Bonds, the Issuer has irrevocably pledged its full faith and credit for the prompt payment of the principal of and interest on the Bonds. Should the Net Revenues of the System at any time be insufficient to pay the principal of and interest on the Bonds when due, then the Issuer shall pay the amount of the insufficiency from its general funds as a first budget obligation. The Issuer is obligated, to the extent necessary, to levy ad valorem taxes on all taxable property in the boundaries of the Issuer for such purpose, subject to applicable constitutional and statutory limitations as to rate and amount.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY.**

The Bonds are issuable only as fully registered Bonds without coupons, and when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry only form, in the denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See *BOOK-ENTRY ONLY SYSTEM* herein.

Interest on the Bonds will be payable semiannually on May 1 and November 1 of each year commencing on May 1, 2014. The Bonds will be registered Bonds, of the denomination of $5,000 or multiples thereof not exceeding for each maturity the principal amount of such maturity. The principal and interest shall be payable at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any change in interest payment date (the "Transfer Agent"). Interest shall be paid when due by check mailed to the registered owner as shown by the registration books as of the fifteenth day of the month preceding the payment date for each interest payment. Payment of principal and interest to Beneficial Owners shall be made as described in *BOOK-ENTRY ONLY SYSTEM* herein.

The Bonds are subject to redemption at par, as described herein.

The Bonds are offered when, as and if issued by the Issuer and subject to receipt of the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Dickinson Wright PLLC, Troy and Lansing, Michigan. It is expected that delivery of the Bonds will be made in New York, New York on or about October 3, 2013.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT.

J.P. Morgan

Wells Fargo Securities **Stifel, Nicolaus & Company, Incorporated**

Dated: September 17, 2013

Robert, Carla M. (Treasury)

From:	Jody Lundquist <jlundquist@cityofflint.com>
Sent:	Friday, February 12, 2016 10:25 AM
To:	Vaughn, Cary J. (Treasury)
Cc:	Natasha Henderson; Dawn Steele; Khouri, Nick (TREASURY); Steckelberg, Larry (TREASURY); Saxton, Thomas (Treasury)
Subject:	Updated 24 Month Cash Flow
Attachments:	Draft City of Flint 24 Month Cash Flows Water & Sewer Funds v02092016.4.xlsx

Please find attached the updated 24 month cash flow modified to include additional assumptions for collection rates after the $30 million appropriation is applied to customer accounts. The appropriation has also been extended to show as being received by the City beginning in May. Boxes for assumptions regarding the receipt of the appropriation are also included.

Please let me know if you have any questions.

Best regards,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 237-2441

CITY OF FLINT
WATER FUND
24 MONTH CASH FLOW
FOR THE PERIOD JULY 1, 2015 THROUGH JUNE 30, 2017
Actual Activity Reported through December 31, 2015
Assumptions Defined Below

VENUE ASSUMPTIONS:

User Charges for the period January 2015-December 2016 were based on YTD billing activity and collection rates.
Rate increase assumptions effective March 1, 2016 and July 1, 2016 may be modified in the grey box below
Restoring the FY16 Master Fee Schedule rates per the amended preliminary injunction order would result in a rate increase of approximately 22% and would impact collections beginning in March 2016
If the Master Fee Schedule rates are restored in FY16, then any rate increase assumption for FY17 must also include 22%
Issuance of shut off notices and disconnection of services has a tremendous impact on the City's ability to enforce payment for services rendered In August, prior to the Preliminary Injunction Order, the City's average monthly collection rate was 98% The average collection rate for the period August through December 2015 has fallen to 83%, with a low point in October of 70%.

PENDITURE ASSUMPTIONS:

Expenditure activity for the period January 2016-June 2016 reflect unspent funds as of December 31, 2015 divided equally over the remaining 6 months of the fiscal year.
Expenditure activity for the period July 2016-December 2016 assumes the FY17 budget projection as included in the Biennial FY16 & FY17 Budget as adopted by emergency manager order
The City will likely have to continue purchasing treated water from the Great Lakes Water Authority through the first quarter of FY17 An amount for illustrative purposes is shown

	Until 6/30/2016	After 7/1/2016	After 1/1/2017
Average Monthly Collection Rate	60%	45%	75%
Rate Increase	0%	0%	0%

GLWA Water Purchase $ 1,333,333
# of Months of FY17 GLWA Water 6

Amount of State Assisted GLWA Purchase $ -
# of Months Allocated to City -

Amount of State Assisted Bill Relief $ 30,000,000
# of Months Allocated to City 3

% Receiving Credit 75%
# of Months Credit Received 4

- Regarding Rate Increases:
  - FY16 has been set such that an increase would impact bills beginning in March 2016
  - Any rate increase assumption for FY17 must also include any rate assumption made for FY16
  - For Example, FY16 restoration of Master Fee Schedule equals approximately 22% Budgeted FY17 projection of 5% must be entered as 27%.

ACTUAL AUGUST 2015	ACTUAL SEPTEMBER 2015	ACTUAL OCTOBER 2015	ACTUAL NOVEMBER 2015	ACTUAL DECEMBER 2015	PROJECTED JANUARY 2016	PROJECTED FEBRUARY 2016	PROJECTED MARCH 2016	PROJECTED APRIL 2016	PROJECTED MAY 2016	PROJECTED JUNE 2016	PROJECTED JULY 2016	PROJECTED AUGUST 2016	PROJECTED SEPTEMBER 2016	PROJECTED OCTOBER 2016	PROJECTED NOVEMBER 2016	PROJECTED DECEMBER 2016
19,921,378	20,768,899	19,284,648	16,289,463	16,002,098	16,240,839	15,266,166	13,291,493	11,316,821	10,342,148	16,879,938	21,911,903	28,162,801	25,158,721	20,154,642	8,062,562	2,970,482
2,595,455	2,214,755	1,750,177	1,864,184	2,020,248	1,324,483	1,324,483	1,324,483	1,324,483	331,121	331,121	248,341	993,362	993,362	993,362	993,362	993,362
-	-	8,000,000	-	-	1,000,000		-	1,000,000	-	-	-	-	-	-	-	-
-	-		-		-	-	-	-	10,000,000	10,000,000	10,000,000	-	-	-	-	-
	-	677	55	-	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333
-	(91,821)	129,285	20,408	(8,051)	-	-	-	-	-	-	-	-	-	-	-	-
2,595,455	2,122,934	9,880,140	1,884,646	2,012,197	2,332,816	1,332,816	1,332,816	2,332,816	10,339,454	10,339,454	10,256,674	1,001,696	1,001,696	1,001,696	1,001,696	1,001,696
914,807	914,048	1,103,360	900,592	897,993	988,350	988,350	988,350	988,350	1,482,525	988,350	996,726	996,726	996,726	996,726	996,726	996,726
147,058	187,527	186,152	46,298	48,535	409,039	409,039	409,039	409,039	409,039	409,039	213,617	213,617	213,617	213,617	213,617	213,617
26,584	1,926,880	900,188	526,945	252,300	726,892	726,892	726,892	726,892	726,892	726,892	649,128	649,128	649,128	649,128	649,128	649,128
		10,000,000			-	-	-	-	-	2,000,000	1,333,333	1,333,333	1,333,333	1,333,333	1,333,333	1,333,333
					-	-		-	-	-	-	-	-	-	-	-
147,607	81,183	62,630	50,729	37,166	185,173	185,173	185,173	185,173	185,173	185,173	108,750	108,750	108,750	108,750	108,750	108,750
122,045	262,911	151,449	254,416	145,231	304,310	304,310	304,310	304,310	304,310	304,310	157,380	157,380	157,380	157,380	157,380	157,380
10,815	255,380	89,901	11,136	13,041	310,613	310,613	310,613	310,613	310,613	310,613	128,581	128,581	128,581	128,581	128,581	128,581
-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	2,000,000	2,000,000	2,000,000	3,000,000
-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,000,000	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	88,000	88,000	88,000
174,522	174,522	174,522	174,522	174,522	174,522	174,522	174,522	174,522	174,522	174,522	260,147	260,147	260,147	260,147	260,147	260,147
110,331	110,568	112,957	113,206	110,502	114,425	114,425	114,425	114,425	114,425	114,425	63,946	63,946	63,946	63,946	63,946	63,946
94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167
1,747,935	3,607,185	12,875,325	2,172,011	1,773,455	3,307,489	3,307,489	3,307,489	3,307,489	3,801,664	5,307,489	4,005,775	4,005,775	6,005,775	13,093,775	6,093,775	7,093,775
847,521	(1,484,251)	(2,995,185)	(287,365)	238,741	(974,673)	(1,974,673)	(1,974,673)	(974,673)	6,537,790	5,031,965	6,250,899	(3,004,080)	(5,004,080)	(12,092,080)	(5,092,080)	(6,092,080)
20,768,899	19,284,648	16,289,463	16,002,098	16,240,839	15,266,166	13,291,493	11,316,821	10,342,148	16,879,938	21,911,903	28,162,801	25,158,721	20,154,642	8,062,562	2,970,482	(3,121,598)

2/12/2016
jnl

CITY OF FLINT
WATER FUND
24 MONTH CASH FLOW
FOR THE PERIOD JULY 1, 2015 THROUGH JUNE 30, 2017
Actual Activity Reported through December 31, 2015

PROJECTED FEBRUARY 2017	PROJECTED MARCH 2017	PROJECTED APRIL 2017	PROJECTED MAY 2017	PROJECTED JUNE 2017
(4,218,103)	**(5,314,608)**	**(6,411,113)**	**(7,507,618)**	**(8,604,123)**
1,655,604	1,655,604	1,655,604	1,655,604	1,655,604
-	-	-	-	-
-	-	-	-	-
8,333	8,333	8,333	8,333	8,333
-		-	-	-
1,663,937	**1,663,937**	**1,663,937**	**1,663,937**	**1,663,937**
996,726	996,726	996,726	996,726	996,726
213,617	213,617	213,617	213,617	213,617
649,128	649,128	649,128	649,128	649,128
-	-	-	-	
-	-	-	-	-
108,750	108,750	108,750	108,750	108,750
157,380	157,380	157,380	157,380	157,380
128,581	128,581	128,581	128,581	128,581
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
88,000	88,000	88,000	88,000	88,000
260,147	260,147	260,147	260,147	260,147
63,946	63,946	63,946	63,946	63,946
94,167	94,167	94,167	94,167	94,167
2,760,442	**2,760,442**	**2,760,442**	**2,760,442**	**2,760,442**
(1,096,505)	**(1,096,505)**	**(1,096,505)**	**(1,096,505)**	**(1,096,505)**
(5,314,608)	**(6,411,113)**	**(7,507,618)**	**(8,604,123)**	**(9,700,628)**

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Friday, February 12, 2016 2:26 PM
To: Steckelberg, Larry (TREASURY)
Subject: FW: Flint Supplemental
Attachments: Flint Funding Request.xlsx

From: Epkey, Amy (DEQ)
Sent: Friday, February 12, 2016 2:24 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Barton, John (Treasury) <BartonJ@michigan.gov>
Subject: Flint Supplemental

Please see the attached document.

Department of Environmental Quality
Flint Funding
February 11, 2016

2016 Budget

Supplemental 1: PA 143 of 2015			
City of Flint Emergency Water Services *		$	6,000,000
Drinking Water and Environmental Health Staff	2	$	300,000
Laboratory Services		$	1,000,000
	Supplemental 1 Total	$	7,300,000
Supplemental 2: PA 3 of 2016			
Water System Infrastructure Needs		$	2,000,000
Utility Payment Relief		$	3,000,000
Lab and Testing Costs		$	250,000
Corrosion Control Procedures		$	36,500
Infrastructure Integrity Study		$	500,000
	Supplemental 2 Total	$	5,786,500
Supplemental 3: TBD			
City of Flint Water Bill Relief		$	30,000,000
Utility Assistance		$	25,000,000
City of Flint Emergency Water Services (Jul - Sept)		$	3,900,000
Water System Needs (KWA)		$	2,200,000
Response Team		$	2,250,000
	Supplemental 3 Total	$	63,350,000
Total 2016 Supplemental Funding for DEQ		**$**	**76,436,500**

2017 Budget

City of Flint Emergency Water Services (Oct - Dec)		$	3,900,000
Drinking Water Technical Expertise	10	$	1,500,000
Total 2017 General Fund Request for DEQ		**$**	**5,400,000**

* The DEQ paid $6 million to the City of Flint for water connection services through June 2016. The total cost for the connection services was $12 million of which the Mott Foundation paid $4 million and the City of Flint paid $2 million

State of Michigan Totals

Supplemental 1 - PA 143 of 2015	$	9,350,100
Supplemental 2 - PA 3 of 2016	$	28,028,500
Supplemental 3 - As Introduced	$	156,690,000
2017 Budget - As Introduced	$	38,730,900
Total State of Michigan Funding for Flint	**$**	**232,799,500**

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Friday, February 12, 2016 3:30 PM
To: Gary Ridley
Subject: RE: Comment sought on email release - Flint TTHM

Gary—

In reading the full e-mail string you reference, it indicates that the issues raised by Mr. Busch were discussed on a call between DEQ staff and Treasurer Dillon. In the final e-mail of the string, DEQ Director Wyant notes that "all indications are that we (DEQ) are supportive of KWA and its cost benefits..."

I would also clarify that the "approval" signed by Treasurer Dillon in April of 2013 dealt **only** with the eventual transition to KWA, from DWSD (see page 209 of 338 in documents posted today).

Terry

From: Gary Ridley [mailto:GRIDLEY@mlive.com]
Sent: Friday, February 12, 2016 1:18 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Comment sought on email release - Flint TTHM

Terry,
As I'm sure you're aware, there was a massive email release today regarding Flint water. One email (attached) contains an email chain between the DEQ and Dept. of Treasury. One of the emails, a March 26, 2013, message from Stephen Busch shows that using the Flint River for an extended period of time could lead to possible microbial and disinfection by-product concerns. The city, under an apparent order from the emergency manager, switched to the river for its drinking water source while awaiting the KWA.

Subsequently, the city's drinking water, following the switch to the river, was found to contain TTHM and suffer from multiple microbial problems (and an alleged connection to Legionella), as warned by Busch.

I wanted to see if treasury would comment on if Mr. Busch's concerns in 2013 were taken seriously (or discussed at all) when the city's switch occurred and if Treasury took these concerns into consideration when signing off on the EM's orders that allowed the city's switch to the river?

I am hoping for a response ASAP for my story.

Thanks.

--
Gary Ridley | The Flint Journal-MLive Media Group | 810-280-9516 | gridley@mlive.com

Lamphier, Wendy (Treasury)

From: Lamphier, Wendy (Treasury) on behalf of Dillon, Andy (Treasury)
Sent: Wednesday, October 07, 2015 4:44 PM
To: Robert, Carla M. (Treasury)
Subject: FW: ODWMA Response - Flint KWA-DWSD Report
Attachments: deq-wb-dwehs-wwciu-gcdclqwwpermitresponsepubliccomment_290345_7.pdf; Rowe Review of Tucker Young Report.pdf

Importance: High

From: Wyant, Dan (DEQ)
Sent: Wednesday, March 27, 2013 2:13 PM
To: Dillon, Andy (Treasury) <DillonA2@michigan.gov>
Subject: FW: ODWMA Response - Flint KWA-DWSD Report
Importance: High

Andy,

Attached is staff feedback. I will be getting additional feedback in the morning. All indications are that we are supportive of KWA and its cost benefits compared to DWSD options. If that is not the answer you want tomorrow – then we should discuss.

Dan Wyant, Director
Department of Environmental Quality
517-373-7917

From: Busch, Stephen (DEQ)
Sent: Wednesday, March 27, 2013 1:39 PM
To: Thelen, Mary Beth (DEQ); Wyant, Dan (DEQ); Sygo, Jim (
Cc: Willard, Veronica (DEQ); Benzie, Richard (DEQ); Prysby, M
onaldson, Kristina (DEQ); Creal, William (DEQ)
Subject: ODWMA Response - Flint KWA-DWSD Report
Importance: High

email & 2 attachments

Director Wyant, and Deputy Director Sygo,

Addendums to ODWMA comments provided yesterday regarding the City of Flint water system and comments on the reports from Tucker, Young, Jackson, Tull, Inc. (TYJT) can be found below in red. Additional comments are as follows:

With regards to regulatory authority for DEQ to allow or prevent the breakup of water utilities, and State vs. local decisions about cost effectiveness, it is important to note that when the DEQ permitted the water withdrawal for KWA (permit 2009-001) part of the decision making process (copy attached) included reasonable use and the balance of Economic Development, Social Development, and Environmental Protection. As part of the public participation process general comments were received (pages 6 & 7) regarding impacts on DWSD and rates to remaining customers. The Department's response to those comments stated:

"The DEQ is specifically precluded from using part 327 to "...diminish or create any existing authority of municipalities to require persons to connect to municipal water supply systems as authorized by law" (MCL 324.32726)."

And

"It is appropriately an issue for water service contract negotiations between the regional water system and its customers. To do otherwise invites unwanted intervention of the state into local decision making."

ODWMA cannot on its own assess an actual dollar value to any regional benefit for the City of Flint to remain a full customer of DWSD, but the following should be included in any additional analysis:

- The cost estimates provided in the TYJT report show a cost difference between full KWA and full DWSD participation of $172 million over 30 years.
- The formation of KWA would itself be considered one of the largest regional drinking water authorities in the State in terms of capacity, and as such any regional benefits provided by DWSD may only be marginal in comparison.

Finally, we have additional questions for TYJT regarding the various DWSD supply options and the considerations they made in the operations of the Flint WTP. These considerations will have an impact on the cost estimates for DWSD options.

We look forward to further discussion of these comments during our meetings tomorrow, and please let us know if you have any additional questions for us between now and then.

Stephen Busch, P.E.
Lansing and Jackson District Supervisor
Office of Drinking Water and Municipal Assistance
MDEQ
517-643-2314

From: Busch, Stephen (DEQ)
Sent: Tuesday, March 26, 2013 3:58 PM
To: Wyant, Dan (DEQ); Thelen, Mary Beth (DEQ); Sygo, Jim (DEQ)
Cc: Willard, Veronica (DEQ); Shekter Smith, Liane (DEQ)
Subject: RE: Flint Draft Response

I will provide additional follow up by tomorrow (Wed.) afternoon to my previous email below based on our discussion and the conference call with Andy Dillon earlier today.

Stephen Busch, P.E.
Lansing and Jackson District Supervisor
Office of Drinking Water and Municipal Assistance
MDEQ
517-643-2314

From: Busch, Stephen (DEQ)
Sent: Tuesday, March 26, 2013 12:37 PM
To: Wyant, Dan (DEQ); Thelen, Mary Beth (DEQ); Sygo, Jim (DEQ)
Cc: Willard, Veronica (DEQ); Shekter Smith, Liane (DEQ)
Subject: Flint Draft Response

Director Wyant,

In preparation for our call today with Treasurer Dillon's office, ODWMA has developed the following for consideration. We can provide any additional info you require during the meeting.

ODWMA has reviewed the materials developed by the consultant Tucker, Young, Jackson, Tull, Inc. (TYJT) for Treasury regarding the City of Flint and potential alternatives for public water supply. Based on our reviews, we have developed the following comments to this point in our analysis:

1. The TYJT report does not contain the full scope of the Karegnondi Water Authority (KWA) raw water supply system. TYJT concerns over raw water supply redundancy and reliability are addressed to the satisfaction of ODWMA under the full KWA proposal. Please note some portions of the overall project are being financed independently by the Genesee County Drain Commission.

2. There are significant differences in contract language between KWA and Detroit Water and Sewerage Department (DWSD) with respect to the contracted maximum day demand capacity.
    a. Under a KWA contract, a "maximum day" capacity of 18 million gallons per day (MGD) would fully satisfy current demands of the City of Flint, without the need to supplement raw water capacity using the Flint River. (18 MGD, average over a 30 day period).
    b. Under a DWSD model contract, a "maximum day" capacity, even at 18 MGD, would not satisfy the current demands for the City of Flint. (18 MGD, over any 24 hour period).

3. Restrictions in contracted capacity that would prevent the City of Flint from meeting peak demand requirements present potential limits to economic development within the City of Flint, including possible connection bans and water system extension bans. This information was previously conveyed to the City of Flint by ODWMA staff.

4. All contract options with DWSD that are considered semi-competitive with the KWA contract do not fully supply the City of Flint, and would require the City of Flint to meet a significant, if not majority, of its water demands by treating water from the Flint River. Continuous use of the Flint River at such demand rates would:
    a. Pose an increased microbial risk to public health (Flint River vs. Lake Huron source water)
    b. Pose an increased risk of disinfection by-product (carcinogen) exposure to public health (Flint River vs. Lake Huron source water)
    c. Trigger additional regulatory requirements under the Michigan Safe Drinking Water Act (LT2ESWTR)
    d. Require significant enhancements to treatment at the Flint WTP, beyond those identified in the TYJT report (see item 5 below).
    e. Water Resource Division is evaluating potential impacts to NPDES wastewater discharge permits in downstream segments of the Flint River, as a result of decreased river baseflow caused by Flint WTP use.

5. The TYJT report does not adequately address increased requirements and costs associated with using the Flint River as a significant source for the Flint WTP, which are not necessary under a Lake Huron source water scenario. This includes:
    a. The need to provide softening treatment
    b. Limitations on disposal options for lime softening sludge
    c. Increased ozone capacity, UV disinfection
    d. Additional backup power, more power required for Flint River operation

6. The Flint WTP must operate at some minimum level and within a range of flow rates to maintain treatment effectiveness. Currently that minimum level is 9 MGD. This level may be reduced with additional capital costs to modify the WTP, not addressed in the TYJT report.

7. Allowing Flint WTP to blend water with DWSD sets a new precedent that could pose future consequences with other DWSD customers.

8. Costs impacts to remaining DWSD customers would be similar under the proposed scenarios, only retaining 8 MGD of 30+ MGD total Flint/Genesee Co. demands, based on the following:

a. Genesee County distribution system demands are pulling out of DWSD regardless of the decisions by Flint WTP
b. Flint's need to utilize the Flint River as a source

9. ODWMA anticipates cost savings under the KWA proposal will be leveraged to provide additional improvements to the City of Flint water distribution system, improving efficiency and providing additional cost benefits. The KWA water withdrawal permit (2009-001) includes the required implementation of conservation measures that would also drive these distribution system improvements.

10. Major cost discrepancies in TYJT analysis
    a. Engineering, Legal, Administration, Contingency – TYJT appears to have effectively double charged for these costs in their KWA estimates without adequate justification
    b. Pumping facilities – TYJT cost estimate methodology does not appear to address localized market costs and does not distinguish fixed and variable costs in its comparison analysis.

11. Remaining DWSD customers in Lapeer County could potentially see water quality impacts as a result of Flint joining KWA, if they remain with DWSD. However, indications to ODWMA are that these communities are currently in final negotiations with KWA for service, which would make this a non-issue.
    a. City Lapeer
    b. City of Imlay City

Additional response to the TYJT report has also been provided by Rowe Engineering to Flint EFM, Mr. Ed Kurtz. (Copy Attached)

ODWMA has continued to meet on a regular basis with KWA, Genesee County, and the City of Flint regarding these water supply proposals.

ODWMA will continue to provide any additional detailed analysis requested by Treasury or the DEQ Executive Office.

Stephen Busch, P.E.
Lansing and Jackson District Supervisor
Office of Drinking Water and Municipal Assistance
MDEQ
517-643-2314

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Friday, February 12, 2016 3:54 PM
To: Eggert, David
Subject: RE: pg. 92

If it is the document titled "Update to Treasury..." that has no letterhead, etc., it appears to have been penned by Ed Kurtz.

From: Eggert, David [mailto:DEggert@ap.org]
Sent: Friday, February 12, 2016 12:20 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: pg. 92

Terry,

On pg. 92 of the treasury emails released today, who wrote that memo? Thx.

AP

ASSOCIATED PRESS

David Eggert
State government reporter

215 S. Washington Square, Suite 170
Lansing, MI 48933
T 517-482-8011
M 517-899-2991

deggert@ap.org
www.ap.org

Robert, Carla M. (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Friday, February 12, 2016 3:30 PM
To: Baird, Richard (GOV); Khouri, Nick (TREASURY)
Subject: FW: Flint Police and Fire Chiefs

Importance: High

Fyi. See below.

From: Headen, Frederick (Treasury)
Sent: Friday, February 12, 2016 3:24 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Flint Police and Fire Chiefs
Importance: High

See below the link to a *Flint Journal* article about the firing of the Police and Fire chiefs. The last paragraph refers to an interim Police chief. If accurate, it may be advisable for us to remind the Mayor that per the terms of the RTAB resolution she cannot name even an interim replacement without first submitting to the RTAB the minimum professional or occupational qualifications and the minimum/maximum salary range for the vacated positions.

http://www.mlive.com/news/flint/index.ssf/2016/02/mayor_fires_flint_police_fire.html#incart_2box_news_flint

Osborne, Ken (TREASURY)

From: Starr, Scott (DTMB)
Sent: Friday, February 12, 2016 4:38 PM
To: Lange, Michelle (GOV)
Cc: Osborne, Ken (TREASURY)
Subject: Re: SB 136 (Re: Flint $30MM appropriation) Poleski proposed edits

I think they are just moving the 3 million for water relief in 5220 from DEQ to Treasury. We're ok with it.

Sent from my iPhone

On Feb 12, 2016, at 3:17 PM, Lange, Michelle (GOV) <LangeM3@michigan.gov> wrote:

> Hey. FYI for you, I heard there was going to be a $3M change in the supplemental? The gross number would still be the same? I don't have details other than that.
>
> **From:** Adam Carlson [mailto:acarlson@house.mi.gov]
> **Sent:** Friday, February 12, 2016 2:31 PM
> **To:** Earl Poleski <epoleski@house.mi.gov>; Josiah Kissling <jkissling@house.mi.gov>; Maria Ostrander <Mostrander@house.mi.gov>
> **Cc:** Lange, Michelle (GOV) <LangeM3@michigan.gov>; mjshirkey@gmail.com; starrs@michigan.gov; Osborne, Ken (TREASURY) <OsborneK1@michigan.gov>
> **Subject:** RE: SB 136 (Re: Flint $30MM appropriation) Poleski proposed edits
>
> Hey Rep. Poleski (& Others),
>
> This is a pretty good draft from our end with just a couple of things to note. I don't want to speak for Treasury, but I'm not sure if we want to specify in this bill about late fees with such detail. That is for two reasons.
>
> 1) It has been indicated to me that we may not be able to obtain a significant amount of detail on late fees, or exactly when they were incurred. If it is impossible to separate late fees that occurred in this time frame from ones that were outside the time frame, the way this amendment is written it might make it impossible to do any reimbursements.
> 2) I think we may be able to, through our Dept. of Treasury, put pressure on the water system to forgive these late fees, since no services were provided that would justify them. If we stipulate in this bill that they must be paid, the water treatment department would not have any incentive to forgive those charges since the state would be reimbursing them for them
>
> Perhaps for subsection (c) we could change to:
>
> "100% of charges, commonly known as late charges, charged to a system customer relating to unpaid billings, as approved by the State Treasurer".
>
> The other comment is on the administrative fee. Based on our conversations with Treasury, I do not have a supreme level of confidence in the ability of the local water folks to administer this credit program. We may want to consider allowing Treasury to bring in some private sector consulting/accounting assistance to ensure that this is done properly. Perhaps we could change Section 302 (1) to read:

"There shall be no administrative charges retained by the Michigan Department of Treasury to expend the funds in this act. However, the Department may expend up to $1,500,000.00 (5%) to contract with a third party entity to ensure the proper distribution of funds under this act."

Please let me know your thoughts on these changes.

Thanks,
Adam

Adam Carlson
Senior Budget Advisor
Representative Al Pscholka
79th District, Michigan
(517) 373-1403
acarlson@house.mi.gov

From: Earl Poleski
Sent: Friday, February 12, 2016 8:56 AM
To: Adam Carlson <acarlson@house.mi.gov>; Josiah Kissling <jkissling@house.mi.gov>; Maria Ostrander <Mostrander@house.mi.gov>
Cc: langem3@michigan.gov; mjshirkey@gmail.com; starrs@michigan.gov; osbornek1@michigan.gov
Subject: SB 136 (Re: Flint $30MM appropriation) Poleski proposed edits

My apology for not having sent this yesterday afternoon as I had said I would.

Attached is a redlined Word document with my suggestions, and incorporates suggestions I got from House personnel and reflects my discussion yesterday with the Governor's and Treasury's people.

Copying Michelle Lange, Senator Shirkey, Scott Starr and Ken Osborne.

Comments and suggestions from all are welcomed.

Earl Poleski
64th District State Representative
Office: 517.373.1795

Osborne, Ken (TREASURY)

From: Josiah Kissling <jkissling@house.mi.gov>
Sent: Friday, February 12, 2016 5:21 PM
To: Osborne, Ken (TREASURY); Adam Carlson
Subject: RE: SB 136 (Re: Flint $30MM appropriation) Poleski proposed edits

Thanks, Ken.

From: Osborne, Ken (TREASURY) [mailto:OsborneK1@michigan.gov]
Sent: Friday, February 12, 2016 3:36 PM
To: Adam Carlson <acarlson@house.mi.gov>
Cc: Josiah Kissling <jkissling@house.mi.gov>
Subject: RE: SB 136 (Re: Flint $30MM appropriation) Poleski proposed edits

Adam and Josiah,

Our staff was in Flint working on this today. I'm hoping they will have some additional clarity about how best to proceed, but I haven't had a chance to talk with them yet. In general I think the treasurer agrees that we may need some additional flexibility, we are working on the form that would take. And obviously can work to balance that with the need for the oversight the legislature is interested in.

From: Adam Carlson [mailto:acarlson@house.mi.gov]
Sent: Friday, February 12, 2016 2:31 PM
To: Earl Poleski <epoleski@house.mi.gov>; Josiah Kissling <jkissling@house.mi.gov>; Maria Ostrander <Mostrander@house.mi.gov>
Cc: Lange, Michelle (GOV) <LangeM3@michigan.gov>; mjshirkey@gmail.com; starrs@michigan.gov; Osborne, Ken (TREASURY) <OsborneK1@michigan.gov>
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Subject: SB 136 (Re: Flint $30MM appropriation) Poleski proposed edits

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Copying Michelle Lange, Senator Shirkey, Scott Starr and Ken Osborne.

Comments and suggestions from all are welcomed.

Earl Poleski
64th District State Representative
Office: 517.373.1795

CITY OF FLINT
WATER FUND
24 MONTH CASH FLOW
FOR THE PERIOD JULY 1, 2015 THROUGH JUNE 30, 2017
Actual Activity Reported through December 31, 2015

Assumptions Defined Below

REVENUE ASSUMPTIONS:

1. User Charges for the period January 2015-December 2016 were based on YTD billing activity and collection rates.
2. Rate increase assumptions effective March 1, 2016 and July 1, 2016 may be modified in the grey box below.
3. Restoring the FY16 Master Fee Schedule rates per the amended preliminary injunction order would result in a rate increase of approximately 22% and would impact collections beginning in March 2016.
4. If the Master Fee Schedule rates are restored in FY16, then any rate increase assumption for FY17 must also include 22%.
5. Issuance of shut off notices and disconnection of services has a tremendous impact on the City's ability to enforce payment for services rendered in August, prior to the Preliminary Injunction Order, the City's average monthly collection rate was 98%. The average collection rate for the period August through December 2015 has fallen to 89%, with a low point in October of 70%.

EXPENDITURE ASSUMPTIONS:

1. Expenditure activity for the period January 2016-June 2016 reflect unspent funds as of December 31, 2015 divided equally over the remaining 6 months of the fiscal year.
2. Expenditure activity for the period July 2016-December 2016 assumes the FY17 budget projection as included in the Biennial FY16 & FY17 Budget as adopted by emergency manager order.
3. The City will likely have to continue purchasing treated water from the Great Lakes Water Authority through the first quarter of FY17 An amount for illustrative purposes is shown.

	Until 6/30/2016	After 7/1/2016	After 1/1/2017
Average Monthly Collection Rate	60%	45%	75%
Rate Increase	0%	0%	0%

Regarding Rate Increases:
FY16 has been set such that an increase would impact bills beginning in March 2016
Any rate increase assumption for FY17 must also include any rate assumption made for FY16.
For Example, FY16 restoration of Master Fee Schedule equals approximately 22%. Budgeted FY17 projection of 5% must be entered as 27%.

GLWA Water Purchase $ 1,333,333
# of Months of FY17 GLWA Water 6

Amount of State Assisted GLWA Purchase $
# of Months Allocated to City

Amount of State Assisted Bill Relief $ 30,000,000
# of Months Allocated to City 3

% Receiving Credit 75%
# of Months Credit Received 6

	ACTUAL JULY 2015	ACTUAL AUGUST 2015	ACTUAL SEPTEMBER 2015	ACTUAL OCTOBER 2015	ACTUAL NOVEMBER 2015	ACTUAL DECEMBER 2015	PROJECTED JANUARY 2016	PROJECTED FEBRUARY 2016	PROJECTED MARCH 2016	PROJECTED APRIL 2016	PROJECTED MAY 2016	PROJECTED JUNE 2016	PROJECTED JULY 2016	PROJECTED AUGUST 2016	PROJECTED SEPTEMBER 2016	PROJECTED OCTOBER 2016	PROJECTED NOVEMBER 2016	PROJECTED DECEMBER 2016	PROJECTED JANUARY 2017	PROJECTED FEBRUARY 2017	PROJECTED MARCH 2017	PROJECTED APRIL 2017	PROJECTED MAY 2017	PROJECTED JUNE 2017
BEGINNING CASH BALANCE	19,997,365	19,921,378	20,768,899	19,284,648	16,289,463	16,002,098	16,240,839	15,266,166	13,291,493	11,316,821	10,342,148	16,879,938	21,911,903	28,162,801	25,158,721	20,154,642	8,062,562	2,970,482	(3,121,598)	(4,218,103)	(5,314,608)	(6,411,113)	(7,507,618)	(8,604,123)
CASH RECEIPTS																								
User Charges	2,921,585	2,595,455	2,214,755	1,750,177	1,864,184	2,020,248	1,324,483	1,324,483	1,324,483	1,324,483	331,121	331,121	248,341	993,362	993,362	993,362	993,362	993,362	1,655,604	1,655,604	1,655,604	1,655,604	1,655,604	1,655,604
Grants and State Appropriations	-	-	-	8,000,000	-	-	1,000,000	-	-	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer Bill Relief	-	-	-	-	-	-	-	-	-	-	10,000,000	10,000,000	10,000,000	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	1,326	-	-	677	55	-	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333
Certificate of Deposit Activity	-	-	(91,821)	129,285	20,408	(8,051)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH RECEIPTS	2,922,912	2,595,455	2,122,934	9,880,140	1,884,646	2,012,197	2,332,816	1,332,816	1,332,816	2,332,816	10,339,454	10,339,454	10,256,674	1,001,696	1,001,696	1,001,696	1,001,696	1,001,696	1,663,937	1,663,937	1,663,937	1,663,937	1,663,937	1,663,937
CASH DISBURSEMENTS																								
Salaries and Benefits	922,659	914,807	914,048	1,103,360	900,592	897,993	988,350	988,350	988,350	988,350	1,482,525	988,350	996,726	996,726	996,726	996,726	996,726	996,726	996,726	996,726	996,726	996,726	996,726	996,726
Supplies	253,373	147,058	187,527	186,152	46,298	48,535	409,039	409,039	409,039	409,039	409,039	409,039	213,617	213,617	213,617	213,617	213,617	213,617	213,617	213,617	213,617	213,617	213,617	213,617
Contractual Services	752,353	26,584	1,526,880	900,188	526,945	252,300	726,892	726,892	726,892	726,892	726,892	726,892	649,128	649,128	649,128	649,128	649,128	649,128	649,128	649,128	649,128	649,128	649,128	649,128
Purchase of Water	-			10,000,000			-	-	-	-	-	2,000,000	1,333,333	1,333,333	1,333,333	1,333,333	1,333,333	1,333,333	-	-	-	-	-	-
Claims	-						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	41,588	147,607	81,183	62,690	50,729	37,166	185,173	185,173	185,173	185,173	185,173	185,173	108,750	108,750	108,750	108,750	108,750	108,750	108,750	108,750	108,750	108,750	108,750	108,750
Equipment Operation	161,162	122,045	262,911	151,449	254,416	145,231	304,310	304,310	304,310	304,310	304,310	304,310	157,380	157,380	157,380	157,380	157,380	157,380	157,380	157,380	157,380	157,380	157,380	157,380
Repairs and Maintenance	482,400	10,815	255,380	89,901	11,186	19,041	310,613	310,613	310,613	310,613	310,613	310,613	128,581	128,581	128,581	128,581	128,581	128,581	128,581	128,581	128,581	128,581	128,581	128,581
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
KWA Pipeline Connection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000,000	2,000,000	2,000,000	3,000,000	-	-	-	-	-	-
KWA bond payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,000,000	-	-	-	-	-	-	-	-
KWA operating & maintenance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000
Transfers to Debt Service Fund	174,522	174,522	174,522	174,522	174,522	174,522	174,522	174,522	174,522	174,522	174,522	174,522	260,147	260,147	260,147	260,147	260,147	260,147	260,147	260,147	260,147	260,147	260,147	260,147
Other Expenses	116,678	110,331	110,568	112,957	113,206	110,502	114,425	114,425	114,425	114,425	114,425	114,425	63,946	63,946	63,946	63,946	63,946	63,946	63,946	63,946	63,946	63,946	63,946	63,946
Transfers Out	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167
TOTAL CASH DISBURSEMENTS	2,998,898	1,747,935	3,607,185	12,875,325	2,172,011	1,773,455	3,307,489	3,307,489	3,307,489	3,307,489	3,801,634	5,307,489	4,005,775	4,005,775	6,005,775	13,093,775	6,093,775	7,093,775	2,760,442	2,760,442	2,760,442	2,760,442	2,760,442	2,760,442
NET CASH FLOW	(75,987)	847,521	(1,484,251)	(2,995,185)	(287,365)	238,741	(974,673)	(1,974,673)	(1,974,673)	(974,673)	6,537,820	5,031,965	6,250,899	(3,004,080)	(5,004,080)	(12,092,080)	(5,092,080)	(6,092,080)	(1,096,505)	(1,096,505)	(1,096,505)	(1,096,505)	(1,096,505)	(1,096,505)
ENDING CASH BALANCE	19,921,378	20,768,899	19,284,648	16,289,463	16,002,098	16,240,839	15,266,166	13,291,493	11,316,821	10,342,148	16,879,938	21,911,903	28,162,801	25,158,721	20,154,642	8,062,562	2,970,482	(3,121,598)	(4,218,103)	(5,314,608)	(6,411,113)	(7,507,618)	(8,604,123)	(9,700,628)

APRIL 2014 - MAY 2015
Maturity Schedule
Info on upcoming bond sale
- debt payment

2/12/2016
jnl

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SEWER FUND
24 MONTH CASH FLOW
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Actual Activity Reported through December 31, 2015

Assumptions Defined Below

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Rate Increase	0%	17%	17%

Regarding Rate Increases:
FY16 has been set such that an increase would impact bills beginning in March 2016.
Any rate increase assumption for FY17 must also include any rate assumption made for FY16.
For Example, FY16 restoration of Master Fee Schedule equals approximately 17%. Budgeted FY17 projection of 5% must be entered as 22%.

	ACTUAL JULY 2,015	ACTUAL AUGUST 2015	ACTUAL SEPTEMBER 2015	ACTUAL OCTOBER 2015	ACTUAL NOVEMBER 2015	ACTUAL DECEMBER 2015	PROJECTED JANUARY 2016	PROJECTED FEBRUARY 2016	PROJECTED MARCH 2016	PROJECTED APRIL 2016	PROJECTED MAY 2016	PROJECTED JUNE 2016	PROJECTED JULY 2016	PROJECTED AUGUST 2016	PROJECTED SEPTEMBER 2016	PROJECTED OCTOBER 2016	PROJECTED NOVEMBER 2016	PROJECTED DECEMBER 2016	PROJECTED JANUARY 2017	PROJECTED FEBRUARY 2017	PROJECTED MARCH 2017	PROJECTED APRIL 2017	PROJECTED MAY 2017	PROJECTED JUNE 2017
BEGINNING CASH BALANCE	**30,071,313**	**30,118,463**	**30,524,964**	**30,210,227**	**29,604,906**	**29,686,146**	**29,821,883**	**28,692,527**	**27,563,171**	**26,433,816**	**25,304,460**	**23,642,275**	**22,512,919**	**21,151,138**	**19,789,357**	**18,427,576**	**17,065,795**	**15,704,014**	**14,508,901**	**14,059,442**	**13,609,982**	**13,160,523**	**12,711,064**	**12,261,605**
CASH RECEIPTS																								
User Charges	2,572,687	2,497,207	1,983,807	1,814,519	1,878,839	1,953,667	1,274,622	1,274,622	1,274,622	1,274,622	1,274,622	1,274,622	1,118,481	1,118,481	1,118,481	1,118,481	1,118,481	1,118,481	1,864,135	1,864,135	1,864,135	1,864,135	1,864,135	1,864,135
Other Revenue	-	2,971	-	-	-	-	1,401	1,401	1,401	1,401	1,401	1,401	500	500	500	500	500	500	500	500	500	500	500	500
Certificate of Deposit Activity	-	-	(142,417)	193,928	30,612	(12,077)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH RECEIPTS	**2,572,687**	**2,489,578**	**1,841,390**	**2,008,447**	**1,909,450**	**1,941,590**	**1,276,023**	**1,276,023**	**1,276,023**	**1,276,023**	**1,276,023**	**1,276,023**	**1,118,981**	**1,118,981**	**1,118,981**	**1,118,981**	**1,118,981**	**1,118,981**	**1,864,635**	**1,864,635**	**1,864,635**	**1,864,635**	**1,864,635**	**1,864,635**
CASH DISBURSEMENTS																								
Salaries and Benefits	1,040,559	1,019,523	1,013,797	1,236,159	980,533	987,640	1,065,658	1,065,658	1,065,658	1,065,658	1,598,487	1,065,658	1,114,758	1,114,758	1,114,758	1,114,758	1,114,758	1,114,758	1,114,758	1,114,758	1,114,758	1,114,758	1,114,758	1,114,758
Supplies	115,640	60,905	44,994	106,849	52,995	93,142	256,200	256,200	256,200	256,200	256,200	256,200	163,717	163,717	163,717	163,717	163,717	163,717	163,717	163,717	163,717	163,717	163,717	163,717
Contractual Services	416,055	96,123	282,292	356,227	43,091	93,872	365,518	365,518	365,518	365,518	365,518	365,518	406,899	406,899	406,899	406,899	406,899	406,899	406,899	406,899	406,899	406,899	406,899	406,899
Claims	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	396,997	150,685	203,415	145,138	44,424	159,871	219,043	219,043	219,043	219,043	219,043	219,043	180,417	180,417	180,417	180,417	180,417	180,417	180,417	180,417	180,417	180,417	180,417	180,417
Equipment Operation	101,772	171,227	147,754	270,398	139,201	111,203	34,088	34,088	34,088	34,088	34,088	34,088	-	-	-	-	-	8,667	8,667	8,667	8,667	8,667	8,667	8,667
Repairs and Maintenance	196,306	280,546	206,562	241,240	510,757	162,761	201,789	201,789	201,789	201,789	201,789	201,789	354,100	354,100	354,100	354,100	354,100	128,581	128,581	128,581	128,581	128,581	128,581	128,581
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Debt Service Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	103,208	99,067	102,913	102,758	102,210	102,965	108,082	108,082	108,082	108,082	108,082	108,082	105,871	105,871	105,871	105,871	105,871	156,055	156,055	156,055	156,055	156,055	156,055	156,055
Transfers Out	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
TOTAL CASH DISBURSEMENTS	**2,529,537**	**2,033,077**	**2,156,127**	**2,613,768**	**1,828,210**	**1,808,858**	**2,405,379**	**2,405,379**	**2,405,379**	**2,405,379**	**2,938,207**	**2,405,379**	**2,480,762**	**2,480,762**	**2,480,762**	**2,480,762**	**2,480,762**	**2,314,094**	**2,314,094**	**2,314,094**	**2,314,094**	**2,314,094**	**2,314,094**	**2,314,094**
NET CASH FLOW	**47,150**	**406,501**	**(314,737)**	**(605,321)**	**81,240**	**135,737**	**(1,129,356)**	**(1,129,356)**	**(1,129,356)**	**(1,129,356)**	**(1,662,185)**	**(1,129,356)**	**(1,361,781)**	**(1,361,781)**	**(1,361,781)**	**(1,361,781)**	**(1,361,781)**	**(1,195,113)**	**(449,459)**	**(449,459)**	**(449,459)**	**(449,459)**	**(449,459)**	**(449,459)**
ENDING CASH BALANCE	**30,118,463**	**30,524,964**	**30,210,227**	**29,604,906**	**29,686,146**	**29,821,883**	**28,692,527**	**27,563,171**	**26,433,816**	**25,304,460**	**23,642,275**	**22,512,919**	**21,151,138**	**19,789,357**	**18,427,576**	**17,065,795**	**15,704,014**	**14,508,901**	**14,059,442**	**13,609,982**	**13,160,523**	**12,711,064**	**12,261,605**	**11,812,146**

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Saturday, February 13, 2016 12:03 AM
To: Buhs, Caleb (DTMB)
Cc: Weiss, Kurt (DTMB); Leeds, Lauren (DTMB)
Subject: Re: Flint water funding

Sorry so late. I believe this is the fiscally distressed communities grant program. May not be able to confirm right away.

On Feb 12, 2016, at 7:37 PM, Buhs, Caleb (DTMB) <BuhsC@michigan.gov> wrote:

> Terry,
> Is Emily referring to the Treasury funds that Flint received?
>
> Caleb Buhs
>
> Begin forwarded message:
>
> > **From:** Emily Lawler <ELAWLER@mlive.com>
> > **Date:** February 12, 2016 at 5:28:12 PM EST
> > **To:** "LeedsL@michigan.gov" <LeedsL@michigan.gov>, "Buhs, Caleb (DTMB)" <BuhsC@michigan.gov>
> > **Subject: Fw: Flint water funding**
> >
> > Hi Lauren & Caleb,
> >
> > Kurt's email said he was on vacation. Is this a question either of you can answer?
> >
> > Emily
> >
> > ---
> >
> > **From:** Emily Lawler
> > **Sent:** Friday, February 12, 2016 5:26 PM
> > **To:** Weiss, Kurt (DTMB)
> > **Subject:** Flint water funding
> >
> > Hi Kurt,

I'm 3,583 pages into some light reading on the Flint water crisis. On that page of this document set the EPA in a June 10 conference call summary notes that in relation to Flint "the state, though the Governor's office, provided disadvantaged system funding, $2M which includes $900K for lead detection and pipe inspection."

Can I get more information on that expenditure?

Emily

Steckelberg, Larry (TREASURY)

From: Jody Lundquist <jlundquist@cityofflint.com>
Sent: Friday, February 12, 2016 11:42 AM
To: Steckelberg, Larry (TREASURY)
Cc: Khouri, Nick (TREASURY); Albert Mooney; Amanda Trujillo; Natasha Henderson; Doug Bingaman; Dawn Steele; Saxton, Thomas (Treasury); Vaughn, Cary J. (Treasury)
Subject: Top Q&A for review
Attachments: Draft City of Flint 24 Month Cash Flows Water & Sewer Funds v02092016.4.xlsx

Larry,

I think it was a productive meeting this morning. My team will continue to keep you informed as conversations progress with BS&A re: design of the "Credit Generator".

The City's next steps are:
1. Work with Treasury to draft Top Q&A for review and approval by State officials and Mayor.
2. Develop technical implementation plan with assistance from BS&A, Yeo & Yeo, State Treasury, and City staff
3. Provide implementation cost estimate to State
4. Review legal implications of implementation strategy with Counsel
5. Develop comprehensive communication plan

Top Q&A:
1. Time line for implementation - application of credits to customer accounts and reimbursement to City dependent upon policy decisions by State/Mayor and development of software program
2. How credits will be disbursed - Determine whether credits will be applied to total bill (more immediate customer relief, benefits sewer fund cash as well) vs. applied only to water billing (keeps water and sewer separate and maintains habit of monthly payment) → city may object - need to discuss w/ Mayor
3. Determination of how water penalties will be relieved - relief of penalties not included in State's initial estimate for relief
4. Application of residential relief to commercial accounts for multi-unit housing customers - Ability to ensure that potential relief is passed from owner to tenants is an issue. Redistribution from 20% relief to 65% relief will put further strain on the ability of $30 million to cover relief amount and time period covered
5. Inactive accounts - how will inactive accounts be addressed if credit amount is greater than any other amount potentially due to the City?

The question of inactive accounts also begs the question of accounts closed while a credit is still active on the account. For instance, if the credit is to be applied to water charges only, someone could close their account with a credit still due. After applying the remaining credit to the total balance owed (water AND sewer), would the customer then be due a refund? If so, what control or policy will be put in place such that someone doesn't come in and close their account to qualify for a refund and then immediately open a new account? Amanda/Al please brainstorm. 60 day delay?

Our next meeting will discuss the 24 month cash flow and to review/finalize the Q&A list for presentation to the State and Mayor's office for their approval before proceeding with finalizing the Credit Generator's parameters.

I have reattached the 24 month cash flow for ease of reference. I have noted that of the total cash balance shown, $5,848,116 is a restricted cash balance in compliance with the Revenue Bond Act (Act 94 of 1933). Reducing the beginning cash balance for the restricted amount immediately impacts the City's ongoing cash position. As distribution of the appropriation from the State to City is coordinated, I cannot reiterate often enough how dire the need is to provide support as quickly as possible. We are dedicated on our end to ensuring all procedures and policies are in place to provide the State with any requisite information and documentation to make it happen.

As always, please feel free to contact me with any questions or for additional information.

Have a great weekend.

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 237-2441

CITY OF KENT
WATER FUND
24 MONTH CASH FLOW
FOR THE PERIOD JULY 1, 2015 THROUGH JUNE 30 2017
Actual Activity Reported Through December 31, 2015

Assumptions Outlined Below

June 2016 were based on FY15 billing activity and collection rates.
16 and July 1, 2016 may be modified in the grey box below.
e the recorded preliminary injunction order would result in a rate increase of approximately 22% and would become enforceable beginning in March 2016.
FY16, there may rate increase assumption for FY17 may also include 22%.
Services had a tremendous impact on the City's ability to enforce payment for services rendered. In August, prior to the Preliminary Injunction Order, the City's
ervice collection rate for the period August through December 2015 was below 80%, with a low point in October of 70%.

June 2016 reflect actuarial funds as of December 31, 2015 divided equally over the remaining 6 months of the fiscal year
mother 2016 assumes the FY17 budget projection as included in the Biennial FY16 & FY17 Budget as adopted by ordinance thereafter
transf owner from the Great Lakes Water Authority through the first quarter of FY17. An amount for Electricity payments is shown.

16	After 7/1/2016	After 7/1/2017
5%	4.5%	7.5%
3%	2%	3%

Impending Rate Increases:
FY16 may have no such effect, an increase would become effective beginning in March 2016.
Any rate increase assumptions for FY17 may also include rate restructure costs for FY16.
For Example, FY16 restruction of Meter Fee Schedule equals approximately 22%. Budgeted FY17 reduction of 5% must be assumed at 27%

ee	$	1,332,333
ter		0
ee	$	-
ity		-

Amount of State Audited SRF Relief $ 20,000,000
$ of Monthly Allocated to City - $

AL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
ER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
15	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2017	2017	2017	2017	2017	2017
17	14,293,483	16,002,696	16,240,630	15,264,358	13,291,491	11,316,821	10,343,543	87,573,300	23,038,837	20,894,547	17,890,467	12,865,369	10,794,206	9,702,228	(889,833)	(1,486,357)	(2,542,865)	(3,679,367)	(4,775,677)	(5,872,377)
17	1,864,184	2,020,696	1,324,683	1,324,683	1,324,683	1,324,683	1,324,683	1,324,683	992,362	992,362	992,362	992,362	992,362	992,362	1,653,604	1,653,604	1,653,604	1,653,604	1,653,604	1,653,604
39			1,020,696			1,020,696														
					10,000,000	10,000,000	10,000,000													
7	53		8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333
4	20,408	(8,511)																		
19	1,884,646	2,012,187	2,352,654	1,332,816	11,332,816	12,353,836	11,332,816	1,332,816	1,000,696	1,000,696	1,000,696	1,000,696	1,000,696	1,000,696	1,661,937	1,661,937	1,661,937	1,661,937	1,661,937	1,661,937
10	900,532	857,893	988,350	988,350	988,350	988,350	1,482,525	988,350	896,726	896,726	896,726	896,726	896,726	896,726	896,726	896,726	896,726	896,726	896,726	896,726
12	66,296	42,325	409,039	409,039	409,039	409,039	409,039	409,039	213,617	213,617	213,617	213,617	213,617	213,617	218,617	218,617	218,617	218,617	218,617	218,617
18	526,845	252,300	726,892	726,892	726,892	726,892	726,892	726,892	649,128	649,128	649,128	649,128	649,128	649,128	649,128	649,128	649,128	649,128	649,128	649,128
30								2,000,000	1,333,333	1,333,333	1,333,333	1,333,333	1,333,333	1,333,333	1,333,333					
30	50 729	37,104	185,179	185,179	185,179	185,179	185,179	185,179	108,750	108,750	108,750	108,750	108,750	108,750	108,750	108,750	108,750	108,750	108,750	108,750
09	254,418	145,121	304,330	304,330	304,330	304,330	304,330	304,330	157,380	157,380	157,380	157,380	157,380	157,380	157,380	157,380	157,380	157,380	157,380	157,380
21	11,138	19,041	110,613	110,613	110,613	110,613	110,613	110,613	128,541	128,541	128,541	128,541	128,541	128,541	128,541	128,541	128,541	128,541	128,541	128,541
											1,000,000	1,000,000	2,000,000	2,000,000						
												7,000,000								
24	174,521	174,522	174,523	174,523	174,522	174,522	174,522	174,522	260,147	260,147	260,147	260,147	260,147	260,147	260,147	260,147	260,147	260,147	260,147	260,147
57	113,209	130,502	134,425	134,425	134,425	134,425	134,425	134,425	83,946	83,946	83,946	83,946	83,946	83,946	83,946	83,946	83,946	83,946	83,946	83,946
57	84,167	84,167	84,167	84,167	84,167	84,167	84,167	84,167	84,167	84,167	84,167	84,167	84,167	84,167	84,167	84,167	84,167	84,167	84,167	84,167
25	1,373,333	1,773,853	2,307,488	2,307,488	2,307,488	2,307,488	3,801,664	5,922,488	4,026,778	4,026,778	8,026,778	12,026,778	6,693,775	6,693,775	7,693,775	2,760,442	2,760,442	2,760,442	2,760,442	2,760,442
57	(287,365)	238,743	(574,672)	(1,574,672)	8,025,337	9,025,337	7,531,151	(3,574,672)	(3,004,980)	(3,004,980)	(5,004,980)	(12,682,980)	(6,892,980)	(6,892,980)	(1,896,505)	(1,896,505)	(1,896,505)	(1,896,505)	(1,896,505)	(1,896,505)
63	14,005,998	14,240,698	15,666,958	13,691,686	21,316,828	20,341,148	17,871,300	81,998,627	20,034,547	17,890,467	12,886,386	10,794,208	3,902,228	(889,833)	(1,486,357)	(2,542,865)	(3,679,367)	(4,775,677)	(5,872,377)	(6,968,883)

1/19/2016
jw

CITY OF FLINT
WATER FUND
18 MONTH CASH FLOW
FOR THE PERIOD JULY 1, 2015 THROUGH DECEMBER 31, 2016
Actual Activity Reported through December 31, 2015

Assumptions Defined Below

MPTIONS:
s for the period January 2015-December 2016 were based on YTD billing activity and collection rates.
e assumptions effective March 1, 2016 and July 1, 2015 may be modified in the grey box below.
e FY16 Master Fee Schedule rates per the amended preliminary injunction order would result in a rate increase of approximately 22% and would impact collections beginning in March 2016.
r Fee Schedule rates are restored in FY16, then any rate increase assumption for FY17 must also include 22%.
ded off notices and disconnection of services has a tremendous impact on the City's ability to enforce payment for services rendered. In August, prior to the Preliminary Injunction Order, the City a
ility collection rate was 88%. The average collection rate for the period August through December 2015 has fallen to 83%, with a low point in October of 70%.

SSUMPTIONS:
activity for the period January 2015-June 2016 reflect unpaid funds as of December 31, 2015 divided equally over the remaining 6 months of the fiscal year
activity for the period July 2016-December 2016 assumes the FY17 budget projection as included in the Biennial FY16 & FY17 Budget as adopted by emergency manager order
they have to continue purchasing treated water from the Great Lakes Water Authority through the first quarter of FY17. An increase for illustrative purposes is shown.

	Until 6/30/2016	After 7/1/2016
ity Collection Rate	80%	85%
Rate Increase	0%	0%

GLWA Water Purchase $ 1,821,833

- Regarding Rate Increases:
  FY16 has been set such that an increase would impact bills beginning in March 2016.
  Any rate increase assumption for FY17 must also include any rate assumption made for FY16.
  For Example, FY16 restoration of Master Fee Schedule equals approximately 17%. Budgeted FY17 projection of 5% must be entered as 22%.

ACTUAL OCTOBER 2015	ACTUAL NOVEMBER 2015	ACTUAL DECEMBER 2015	PROJECTED JANUARY 2016	PROJECTED FEBRUARY 2016	PROJECTED MARCH 2016	PROJECTED APRIL 2016	PROJECTED MAY 2016	PROJECTED JUNE 2016	PROJECTED JULY 2016	PROJECTED AUGUST 2016	PROJECTED SEPTEMBER 2016	PROJECTED OCTOBER 2016	PROJECTED NOVEMBER 2016	PROJECTED DECEMBER 2016	7/15-6/16	1/16-12/18	FY15 Audited	Annualized July -December 2015	Annualized Jan - June 2016	Annualized July - Dec 2016
19,294,642	(4,269,463)	16,002,088	16,540,837	15,256,164	13,251,421	11,316,821	10,142,148	7,873,300	5,898,827	894,547	(2,109,513)	(5,119,612)	(13,672,359)	(19,631,105)						
1,750,177	1,854,184	2,020,248	1,324,433	1,324,433	1,324,433	1,324,433	1,324,433	1,324,433	993,362	993,362	993,362	993,362	993,362	993,362	11,913,802	13,907,070	11,777,658	-	26,732,810	15,853,785	11,920,368
8,000,000			1,000,000			1,000,000									10,000,000	2,000,000				
877	55		8,997	8,441	8,181	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	83,820	100,000	91,151	4,118	100,000	100,000
129,785	20,408	(8,051)													42,142					
9,880,840	1,874,646	2,012,197	2,332,830	1,332,874	1,332,614	2,332,766	1,332,766	1,332,766	1,001,695	1,001,695	1,001,695	1,001,695	1,001,695	1,001,695	22,039,764	16,007,070	11,868,809	4,118	26,832,810	15,953,785	11,920,368
1,103,388	900,592	637,983	968,350	928,350	928,350	988,350	1,481,525	988,350	986,726	986,726	986,726	986,726	986,726	986,726	11,077,726	12,404,632	10,681,921	11,906,819	12,868,552	11,580,712
186,152	48,288	48,535	409,039	409,039	409,039	409,039	409,039	409,039	213,617	213,617	213,617	213,617	213,617	213,617	3,323,173	3,723,834	2,543,342	1,737,887	4,908,464	2,583,404
900,188	526,945	752,800	726,892	726,892	726,892	726,892	726,892	726,892	649,128	649,128	649,128	649,128	649,128	649,128	8,446,601	8,236,371	928,281	7,970,498	8,727,308	7,783,536
10,000,000								1,000,000	1,333,333	1,333,333	1,333,333	1.3	1.3	1.3	11,000,000	6,000,000		18,000,000		
62,810	50,729	37,166	185,172	185,172	185,172	185,172	185,172	185,172	108,750	108,750	108,750	108,750	108,750	108,750	1,531,940	1,763,568	1,220,454	843,804	2,122,026	1,305,000
151,649	754,416	143,291	304,310	304,310	304,310	304,310	304,310	304,310	157,380	157,380	157,380	157,380	157,380	157,380	2,923,673	2,776,138	1,127,786	1,194,429	1,651,716	1,288,560
19,901	11,196	18,041	310,613	310,613	310,613	310,613	310,613	310,613	128,581	128,581	128,581	128,581	128,581	128,581	1,726,348	2,635,161	1,074,644	1,725,344	1,727,552	1,542,972
												7,000,000	-	-		7,000,000				
												88,000	88,000	88,000	-	264,000				
174,522	174,522	174,522	174,522	174,522	174,522	174,522	174,522	174,522	260,147	260,147	260,147	260,147	260,147	260,147	2,094,259	2,608,512	-	2,094,259	2,094,259	2,121,764
112,957	113,206	110,502	114,425	114,425	114,425	114,425	114,425	114,425	63,946	63,946	63,946	63,946	63,946	63,946	1,350,784	1,070,723	783,640	1,348,478	1,573,094	767,352
94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	94,167	1,130,000	1,130,000		1,130,000	1,130,000	1,130,004
12,975,335	3,572,011	3,778,455	3,807,489	3,807,489	3,807,489	3,807,489	3,822,664	3,807,489	4,005,775	4,005,775	4,005,775	9,768,642	2,760,642	2,760,642	47,518,918	49,637,762	18,098,043	40,642,818	40,578,229	32,868,304
16,293,483	18,000,098	18,240,839	15,256,164	13,291,493	11,316,821	10,142,148	7,873,300	8,858,827	894,547	(2,109,513)	(5,119,612)	(13,672,359)	(15,631,105)	(17,589,852)						

- flat consumption
- water only

2/2/2016
jm

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	4/30/2014
	11/30/2015
	5/31/2016
	5/31/2016
onsumption Date	19
	6
n Date for Rate Incr	0

MENTS

ase rates reflects water consumption from ... water

ase amounts for water transactions for which the City of Flint is legally authorized

...uation 2015 and February 2016 (i.e., ...spectively). Current Date is an a... f water consumption (December 2015 and ...ks) are indicated in the projected cross.

...the average monthly residential cost from ...e 2015 incorporates a 5% increase against ...t increase reflect the increase the City ...ard the "safe dose." This rate increase ...s Emergency Manager

HISTORICAL PAYMENTS (State Reimburses for...)

RESIDENTIAL		COMMERCIAL	
% of Water Service Charges	65%	% of Water Service Charges	20%
% of Water Rates	65%	% of Water Rates	20%
% of Sewer Service Charges	0%	% of Sewer Service Charges	0%
% of Sewer Rates	0%	% of Sewer Rates	0%
% of Late Fees	0%	% of Late Fees	0%

FUTURE PAYMENTS (State Reimburses for...)

RESIDENTIAL		COMMERCIAL	
% of Water Service Charges	65%	% of Water Service Charges	20%
% of Water Rates	65%	% of Water Rates	20%
% of Sewer Service Charges	0%	% of Sewer Service Charges	0%
% of Sewer Rates	0%	% of Sewer Rates	0%
% of Late Fees	0%	% of Late Fees	0%

TOTAL HISTORICAL

RESIDENTIAL		COMMERCIAL	
Water Service Charges	$ 8,247,952.84	Water Service Charges	$ 1,040,411.41
Water Rates	$ 11,948,562.44	Water Rates	$ 2,846,589.73
Total Water	$20,196,515.28	Total Water	$ 3,887,001.14
Sewer Service Charges	$ -	Sewer Service Charges	$ -
Sewer Rates	$ -	Sewer Rates	$ -
Total Sewer	$ -	Total Sewer	$ -
Total Water and Sewer	$20,196,515.28	Total Water and Sewer	$ 3,887,001.14
Late Fees	$ -	Late Fees	$ -
Grand Total	$20,196,515.28	Grand Total	$ 3,887,001.14

TOTAL PROJECTED

RESIDENTIAL		COMMERCIAL	
Water Service Charges	$ 1,697,620.25	Water Service Charges	$ 66,231.08
Water Rates	$ 2,538,361.80	Water Rates	$ 188,282.48
Total Water	$ 4,235,982.06	Total Water	$ 254,513.56
Sewer Service Charges	$ -	Sewer Service Charges	$ -
Sewer Rates	$ -	Sewer Rates	$ -
Total Sewer	$ -	Total Sewer	$ -
Total Water and Sewer	$ 4,235,982.06	Total Water and Sewer	$ 254,513.56
Late Fees	$ -	Late Fees	$ -
Grand Total	$ 4,235,982.06	Grand Total	$ 254,513.56

Total Historical Cost to be Reimbursed (Residential and Commercial)	$ 24,083,516.42
Total Projected Cost to be Reimbursed (Residential and Commercial)	$ 4,490,495.61
Total Historical and Projected Cost (Residential and Commercial)	$ 28,574,012.03

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Charges	Due Date	Water Consumption Billed	Water Consumption	Water Charges	Water Service Charges	Unaccounted Water Charges	Conservation Charges	Sewer Charges	Sewer Service Charges	Total Billed	Refundable Water Charges	Refundable Water Service Charges	Refundable Sewer Charge	Refundable Sewer Service Charge	Refundable Penalty
$3,296,390.70	Jul-14	28,742	139,899	$1,059,810.80	$642,552.06	235	$1,767.20	139,110	$667,891.82	$929,338.99	28,562	$ 684,977.02	$ 417,658.84	$ -	$ -	$ -
$3,286,930.63	Aug-14	28,676	130,926	$1,030,425.30	$674,125.04	788	$6,178.56	130,131	$672,912.04	$997,106.94	28,458	$ 673,676.45	$ 438,181.28	$ -	$ -	$ -
$3,383,954.67	Sep-14	28,499	131,390	$1,042,165.07	$670,600.76	1,147	$9,024.84	130,679	$675,761.33	$991,396.47	28,267	$ 677,407.20	$ 435,890.49	$ -	$ -	$ -
$3,176,862.19	Oct-14	28,358	115,720	$917,558.77	$669,279.42	761	$6,000.42	115,071	$595,031.80	$988,586.58	28,116	$ 596,413.20	$ 435,031.62	$ -	$ -	$ -
$3,367,080.14	Nov-14	28,161	133,099	$978,591.94	$707,733.87	308	$2,427.66	132,510	$684,032.74	$980,229.25	27,943	$ 636,084.76	$ 460,027.02	$ -	$ -	$ -
$3,301,355.31	Dec-14	28,235	125,902	$998,800.67	$666,766.35	76	$600.32	125,196	$647,371.30	$987,812.47	28,047	$ 649,220.44	$ 433,397.48	$ -	$ -	$ -
$2,307,593.24	Jan-15	28,290	125,881	$998,277.17	$666,830.58	806	$6,156.92	125,238	$647,618.15	$988,695.22	28,113	$ 648,880.16	$ 433,439.88	$ -	$ -	$ -
$4,063,269.02	Feb-15	28,055	188,493	$1,443,094.85	$666,213.56	15	$118.80	187,642	$970,553.44	$998,303.17	27,892	$ 938,011.65	$ 433,038.81	$ -	$ -	$ -
$2,397,278.96	Mar-15	28,272	133,417	$1,057,362.05	$665,402.69	0	$0	129,683	$687,170.46	$987,338.62	28,111	$ 687,285.33	$ 432,511.71	$ -	$ -	$ -
$3,222,599.95	Apr-15	28,286	109,257	$856,822.21	$663,635.35	0	$0.00	107,771	$557,000.86	$984,593.04	28,125	$ 556,934.44	$ 431,362.93	$ -	$ -	$ -
$3,209,549.87	May-15	28,380	119,618	$943,539.74	$665,479.58	0	$0.00	119,037	$613,013.04	$987,487.31	28,221	$ 613,300.84	$ 432,561.73	$ -	$ -	$ -
$3,186,808.39	Jun-15	28,305	117,432	$931,216.65	$664,935.25	36	$285.12	116,770	$643,144.69	$940,817.46	28,139	$ 605,290.82	$ 432,207.91	$ -	$ -	$ -
$3,648,965.07	Jul-15	28,179	153,002	$1,221,170.97	$663,487.87	644	$2,031.98	152,209	$787,048.59	$983,095.46	27,990	$ 788,561.13	$ 431,267.12	$ -	$ -	$ -
$2,952,941.05	Aug-15	28,184	105,185	$810,647.87	$665,524.17	333	$1,807.38	104,609	$529,244.45	$985,702.03	27,935	$ 526,921.12	$ 432,590.71	$ -	$ -	$ -
$2,993,485.14	Sep-15	28,280	127,[illegible]	$790,832.90	$665,404.15	772	$2,787.43	127,236	$548,012.40	$984,422.93	28,066	$ 514,080.39	$ 432,512.70	$ -	$ -	$ -
$3,317,246.25	Oct-15	28,297	[illegible]9,622	$972,544.65	$666,160.23	977	$5,997.63	158,883	$684,017.06	$984,822.30	28,072	$ 632,154.05	$ 433,004.15	$ -	$ -	$ -
$3,180,000.18	Nov-15	28,357	128,570	$774,334.26	$665,906.23	508	$3,126.52	128,047	$551,845.05	$984,783.78	28,138	$ 503,317.27	$ 432,839.05	$ -	$ -	$ -
$2,833,947.54	Dec-15	28,425	110,955	$697,049.89	$668,560.54	256	$1,553.04	110,371	$475,589.50	$991,169.17	28,245	$ 403,082.43	$ 434,564.35	$ -	$ -	$ -
$3,139,542.56	Jan-16	[illegible]	141,674	$886,097.96	$670,561.57	17	$103.23	140,950	$607,657.86	$995,084.00	28,404	$ 562,983.67	$ 435,865.02	$ -	$ -	$ -

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Billing Cycle	Current Penalty	Billed Charges	Due Date	# of Customers Billed Water Service Charges	Water Consumption	Water Charges	Water Service Charges	Lawn Consumption	Lawn Charges	Sewer Consumption	Sewees Charges	Sewer Service Charges	# of Customers Billed Sewer Service Charge	Genesee County Commodity Charge	Refundable Water Charges	Refundable Water Service Charges	Refundable Sewer Charge	Refundable Sewer Service Charge	Refundable Penalty
29,562	$ 131,132.61	$ 3,332,051.69	2/14/2015	28,297	129,728	$ 1,001,326.15	$ 663,672.63	399	$ 2,673.53	128,624	$ 661,278.24	$ 933,999.78	25,106		$ 650,862.00	$ 435,287.24	$ -	$ -	$ -
	$ 137,741.74	$ 3,469,854.27				$ 1,051,532.46	$ 703,156.32				$ 694,542.95	$ 1,033,199.77			$ 683,405.10	$ 457,051.61	$ -	$ -	$ -
1,657	$ 17,552.73	$ 1,099,355.89	2/22/2015	1,629	136,624	$ 784,536.33	$ 276,952.82	8	$ 61.36	180,746	$ 637,385.47	$ 254,252.55	1,525	40,000	$ 156,902.07	$ 55,182.56	$ -	$ -	$ -
	$ 15,472.29	$ 2,099,302.48				$ 823,735.85	$ 289,760.97				$ 637,754.74	$ 308,912.68			$ 164,747.17	$ 57,952.19	$ -	$ -	$ -

EVENTS

NOTES / COMMENTS

HISTORICAL PAYMENTS (State Reimburses for...)

FUTURE PAYMENTS (State Reimburses for...)

TOTAL HISTORICAL

TOTAL PROJECTED

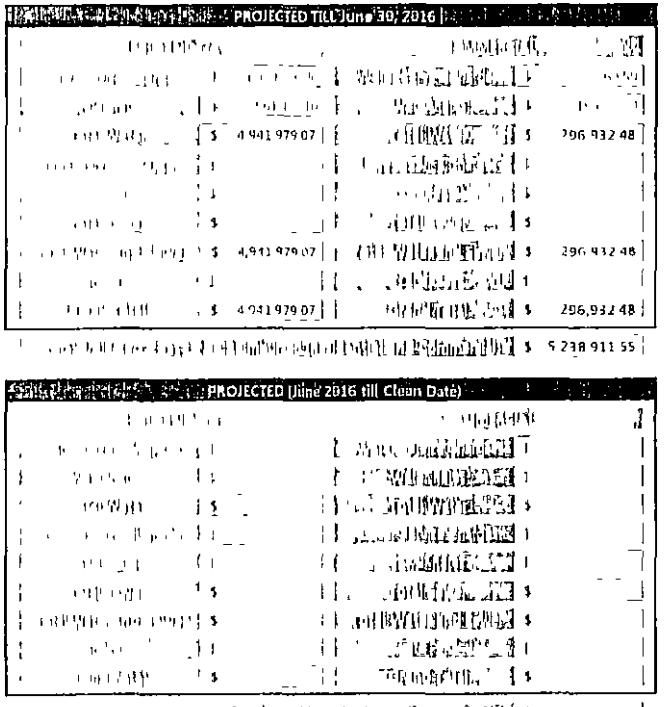
	$ 20 196 515 28		$ 3 887 001 14
	$		$
	$ 20 196 515 28		$ 3 887 001 14
	$ 20 196 515 28		$ 3 887 001 14

	$ 4 941 979 07		$ 296 932 48
	$ 4 941 979 07		$ 296 932 48
	$ 4 941 979 07		$ 296 932 48

Total Historical Cost to be Reimbursed (Residential and Commercial): $ 24 083 516 42

Total Projected Cost to be Reimbursed (Residential and Commercial): $ 5 238 911 55

Total Historical and Projected Cost (Residential and Commercial): $ 29,322,427 97


PROJECTED TILL June 30, 2016
$ 4,941,979.07
296,932.48
$ 4,941,979.07
296,932.48
$ 4,941,979.07
296,932.48
$ 5,238,911.55
PROJECTED (June 2016 till Clean Date)
$
$
$
$

DRAFT For Discussion Purposes and Subject to Revision

EVENTS

[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]

NOTES / COMMENTS

- [illegible] by the Bill Rate Date in the Historical Billings table is net of any exemptions for the prior months. Billings prior to [illegible] Bill Rate Schedule 01-1 reflect water crossing that does not [illegible]

- [illegible] reflect the [illegible] Bill Rate Schedule [illegible] Bill Rate Schedule [illegible] Bill Rate Schedule [illegible]

- [illegible] Historical Billings [illegible] Billings [illegible] Billings [illegible]

	PROJECTED TILL June 30, 2016		
	$ 4 687 708 79		$ 1,931,739 77
	$		$
	$ 4 687 708 79		$ 1 931,739 77
	$ 4 687 708 79		$ 1,931,739 77
			$ 6,619 448 56

	PROJECTED (June 2016 till Clean Date)		
	$		$
	$		$
	$		$
	$		$
	$		$
	$		$
			$

DRAFT - For Discussion Purposes and Subject to Revision

EVENTS

Water Switch Over Date	4/30/2014
Start of Construction Date	11/30/2015
Planned Pilot Injection Date	2/28/2016
Start Water Conservation Date	4/30/2016
Months Between Switch Over and Start of Construction Date	19
Months Projected Pilot Injection Will Be Delayed	2
Months Projected Start Water Conservation Date Will Be	0

NOTES / COMMENTS

- Water billed by the Bill Read Date in the Historical Data table reflects water consumption from the prior month (i.e., billing from a bill with a Bill Read Date of July 2014 reflects water consumption from June 2014).

- Projected water costs are computed by using the average monthly water use for customers for Billed Date July 2014 through [illegible] for both residential and commercial customers legally authorized to bill for water.

Due to the nature of the total water credit for the month of January 2015 (i.e., February 2015 billing for water consumed in December 2014) and January billing for the period of Billed Date [illegible] 2015 to [illegible] 2015 which are applicable exclusively with [illegible] water consumption (December 2014 and January 2015), for those months the total water use credits available are excluded in the projected costs.

Projected cost includes estimated up to June 2016 using the average monthly historical cost from July 2014 August 2015 to account projection (as described here). This incorporates a 3% increase against the historical [illegible] 2014 August 2015. The 3% increase reflects the increase the City used when it [illegible] implemented effective July 1, 2015 until the [illegible] date. The rate increase [illegible] adopted at the Regular [illegible] held in the [illegible] Arizona.

HISTORICAL PAYMENTS (State Reimburses for...)

[illegible]		[illegible]	
[illegible]	100%	[illegible]	100%
[illegible]	100%	[illegible]	100%
[illegible]	0%	[illegible]	0%
[illegible]	0%	[illegible]	0%
[illegible]	100%	[illegible]	100%

FUTURE PAYMENTS (State Reimburses for...)

[illegible]		[illegible]	
[illegible]	100%	Water Service Charge	100%
[illegible]	100%	[illegible]	100%
[illegible]	0%	[illegible]	0%
[illegible]	0%	Sewer Service Charge	0%
[illegible]	0%	[illegible]	0%

TOTAL HISTORICAL

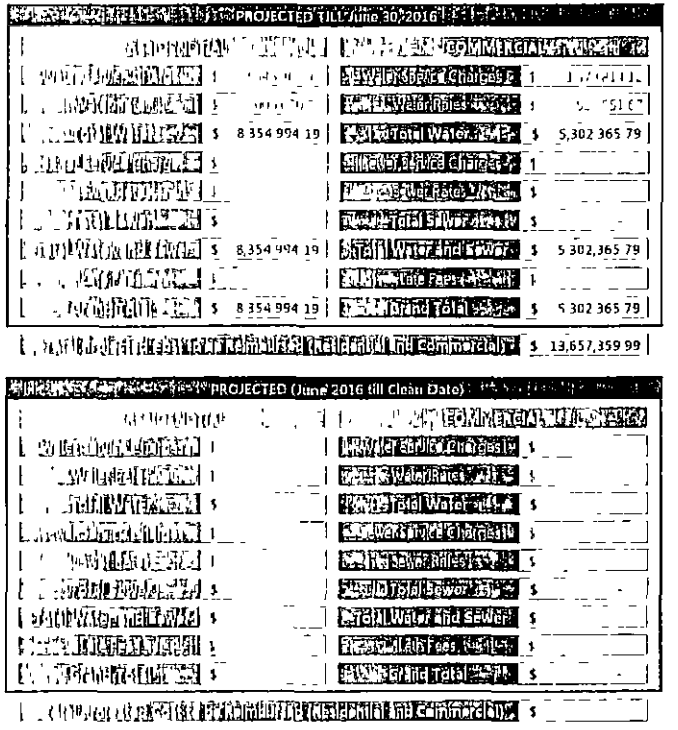
[illegible]		[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ 31,071,561.97	[illegible]	$ 19,435,005.70
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$	[illegible]	$
[illegible]	$ 31,071,561.97	[illegible]	$ 19,435,005.70
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ 33,304,966.85	[illegible]	$ 19,728,056.60

TOTAL PROJECTED

[illegible]		[illegible]	
[illegible]	$ [illegible]	Water Service Charge	$ [illegible]
[illegible]	$ [illegible]	[illegible]	$ [illegible]
[illegible]	$ 8,354,994.19	[illegible]	$ 5,302,365.79
[illegible]	$	[illegible]	$
[illegible]	[illegible]	[illegible]	$
[illegible]	$	[illegible]	$
[illegible]	$ 8,354,994.19	[illegible]	$ 5,302,365.79
[illegible]	[illegible]	[illegible]	$
[illegible]	$ 8,354,994.19	[illegible]	$ 5,302,365.79

Total Historical Cost to be Reimbursed (Residential and Commercial)	$ 53,033,023.45	Total Projected Cost to be Reimbursed (Residential and Commercial)	$ 13,657,359.99

Total Historical and Projected Cost (Residential and Commercial) $ 66,690,383.44



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EVENTS	
Water Switch Over Date	4/30/2014
Current Consumption Data Available Date	11/30/2015
Planned Rate Increase Date	6/30/2016
Clean Water Certification Date	12/31/2016
Months Between Switch Over and Current Consumption Date	19
Months Projected Prior to Planned Rate Increase	7
Months Projected till Clean Water Certification Date for Rate In	6

HISTORICAL PAYMENTS (State Reimburses for...)			
RESIDENTIAL		COMMERCIAL	
% of Water Service Charges	50%	% of Water Service Charges	50%
% of Water Charges	50%	% of Water Charges	50%
% of Sewer Service Charges	0%	% of Sewer Service Charges	0%
% of Sewer Charges	0%	% of Sewer Charges	0%
% of Late Fees	100%	% of Late Fees	100%

FUTURE PAYMENTS (State Reimburses for...)			
RESIDENTIAL		COMMERCIAL	
% of Water Service Charges	50%	% of Water Service Charges	50%
% of Water Charges	50%	% of Water Charges	50%
% of Sewer Service Charges	0%	% of Sewer Service Charges	0%
% of Sewer Charges	0%	% of Sewer Charges	0%
% of Late Fees	100%	% of Late Fees	100%

NOTES / COMMENTS
• Water billed by the "Bill Read Dates" in the Historical Data tabs reflects water consumption from the prior month (i.e., billing transactions with a Bill Read Date of July 2014 reflects water consumption from June 2014)
• Projected water costs are computed by using the average amounts for water transactions for Billed Dates July 2014 till August 2015 to reflect rates at which the City of Flint is legally authorized to bill customers
• Due to absence of actual water reads for the month of January 2015 and February 2016 (i.e., water consumed in December 2015 and January 2016 respectively) "Current Date" is set at November 30, 2015. As such an additional two months of water consumption (December 2015 and January 2016) for which actual reads are currently unavailable are included in the projected costs
Projected cost includes estimation up to June 2016, the average monthly historical cost from July 2014-August 2015. Estimated projections beyond June 2016 incorporates a 5% increase against the historical costs from July 2014 to August 2015. The 5% increase reflects the increase the City would otherwise have implemented effective July 1, 2016 until the "safe date". This rate increase was adopted in the Biennial FY16/FY17 budget by the City's Emergency Manager.

TOTAL HISTORICAL			
RESIDENTIAL		COMMERCIAL	
Water Service Charges	$ 6,344,579.11	Water Service Charges	$ 2,601,028.54
Water Charges	$ 9,191,201.88	Water Charges	$ 7,116,474.32
Total Water	$ 15,535,780.99	Total Water	$ 9,717,502.85
Sewer Service Charges	$	Sewer Service Charges	$
Sewer Charges	$	Sewer Charges	$
Total Sewer	$ -	Total Sewer	$ -
Total Water and Sewer	$ 15,535,780.99	Total Water and Sewer	$ 9,717,502.85
Late Fees	$ 2,233,404.88	Late Fees	$ 293,050.90
Grand Total	$ 17,769,185.87	Grand Total	##########

TOTAL PROJECTED			
RESIDENTIAL		COMMERCIAL	
Water Service Charges	$ 2,226,661.68	Water Service Charges	$ 917,576.39
Water Charges	$ 3,329,409.46	Water Charges	$ 2,608,496.86
Total Water	$ 5,556,071.14	Total Water	$ 3,526,073.25
Sewer Service Charges	$	Sewer Service Charges	$ -
Sewer Charges	$	Sewer Charges	$
Total Sewer	$ -	Total Sewer	$ -
Total Water and Sewer	$ 5,556,071.14	Total Water and Sewer	$ 3,526,073.25
Late Fees	$ 1,744,728.75	Late Fees	$ 233,983.61
Grand Total	$ 7,300,799.89	Grand Total	$ 3,760,056.87

Total Historical Cost to be Reimbursed (Residential and Commercial)	##########
Total Projected Cost to be Reimbursed (Residential and Commercial)	$11,060,856.75
Total Historical and Projected Cost (Residential and Commercial)	$ 38,840,596.37

current rate - court ruling rate

PROJECTED TILL June 30, 2016			
RESIDENTIAL		COMMERCIAL	
Water Service Charges	$ 1,171,927.20	Water Service Charges	$ 482,934.94
Water Charges	$ 1,752,370.77	Water Charges	$ 1,372,893.09
Total Water	$ 2,924,247.97	Total Water	$ 1,855,828.03
Sewer Service Charges	$	Sewer Service Charges	$
Sewer Charges	$	Sewer Charges	$
Total Sewer	$	Total Sewer	$
Total Water and Sewer	$ 2,924,247.97	Total Water and Sewer	$ 1,855,828.03
Late Fees	$ 918,278.29	Late Fees	$ 123,149.27
Grand Total	$ 3,842,526.26	Grand Total	$ 1,978,977.30

Total Projected Cost to be Reimbursed (Residential and Commercial)	$ 5,821,503.56

PROJECTED (June 2016 till Clean Date)			
RESIDENTIAL		COMMERCIAL	
Water Service Charges	$ 1,054,734 48	Water Service Charges	$ 434,641 45
Water Charges	$ 1 577,088 69	Water Charges	$ 1,235,603 78
Total Water	$ 2,631,823 17	Total Water	$ 1,670,245 22
Sewer Service Charges	$	Sewer Service Charges	$
Sewer Charges	$	Sewer Charges	$ -
Total Sewer	$	Total Sewer	$ -
Total Water and Sewer	$ 2,631,823 17	Total Water and Sewer	$ 1,670,245 22
Late Fees	$ 826,450 46	Late Fees	$ 110,834 34
Grand Total	$ 3,458,273 63	Grand Total	$ 1,781,079 57

Total Projected Cost to be Reimbursed (Residential and Commercial)	$ 5,239 353 20

DRAFT - For Discussion Purposes and Subject to Revision

	Read Date	Bill Date	# of Bills Printed	Current Penalty	Billed Charges	Due Date	# of Customers Billed Water Service Charges	Water Consumption	Water Charges	Water Service Charges	Lawn Consumption	Lawn Charges	Sewer Consumption	Sewer Charges	Sewer Service Charges	# of Customers Billed Sewer Service Charge	Genesee County Commodity Charge	Refundable Water Charges	Refundable Water Service Charges	Refundable Sewer Charge	Refundable Sewer Service Charge	Refundable Penalty
ONTHLY SIDENTIAL t June 30, 2016	x		29,568	$ 131,182.61	$ 3,332,051.69	2/24/2015	28,297	129,178	$ 1,931,326.15	$ 669,672.68	399	$ 2,073.51	128,821	$ 661,278.41	$ 581,920.78	28,100		$ 500,663.08	$ 334,836.34	$	$	$ 131,182.61
ONTHLY SIDENTIAL OST June 30, 2016				$ 137,741.74					$ 1,051,392.41	$ 704,156.42				$ 661,312.15	$ 1,033,139.27			$ 525,696.23	$ 351,578.16	$	$	$ 137,741.74
ONTHLY MMERCIA L June 20116	x		1,687	$ 17,592.75	$ 1,999,335.63	2/22/2015	1,609	105,681	$ 761,510.13	$ 275,402.82	8	$ 63.36	188,716	$ 1,172,808.14	$ 291,170.55	1,542	10,000	$ 392,255.17	$ 137,981.41	$	$	$ 17,592.75
ONTHLY MMERCIA ost June 20116				$ 18,472.39					$ 823,735.85	$ 289,741.97				$ 1,181,921.07	$ 303,112.68			$ 411,867.93	$ 144,880.48	$	$	$ 18,472.39

50%
25%

DRAFT - For Discussion Purposes and Subject to Revision

Read Date	Bill Date	# of Bills Printed	Current Penalty	Billed Charges	Due Date	# of Customers Billed Water Service Charges	Water Consumption	Water Charges	Water Service Charges	Lawn Consumption	Lawn Charges	Sewer Consumption	Sewer Charges	Sewer Service Charges	# of Customers Billed Sewer Service Charge	Refundable Water Charges	Refundable Water Service Charges	Refundable Sewer Charge	Refundable Sewer Service Charge	Refundable Penalty [1]
Jun-14		29,924	$126,359 51	$3,295,390 70	Jul-14	28,742	139,899	$1,053 810 80	$642,552 06	235	$1,767 20	139,110	$667,891 82	$929,338 99	28,562	$ 526,905 40	$ 321,276 03	$	$ -	$ 126,359 51
Jul 14		29,838	$105 111 52	$3 386,980 63	Aug 14	28,676	130 926	$1 036 435 30	$674 125 04	783	$6 178 56	130,131	$672,912 04	$997 106 94	28,458	$ 518,212 65	$ 337,062 52	$	$ -	$ 105,111 52
Aug 14		29,740	$96,330 45	$3,388,954 67	Sep-14	28,499	131 390	$1 042 165 07	$670 600 76	1,147	$9 024 81	130,679	$675,761 33	$991 396 17	28,267	$ 521,082 54	$ 335,300 38	$	$ -	$ 96,330 45
Sep 14		29,571	$117 938 20	$3,176,862 19	Oct 14	28,358	115 720	$917 558 77	$669,279 12	761	$6 000 42	115 071	$595,031 80	$988 086 58	28 119	$ 458,779 39	$ 334,639 71	$ -	$ -	$ 117,938 20
Oct 14		29,366	$133 032 70	$3,367 080 14	Nov 14	28 161	133 099	$978 591 94	$707,733 87	308	$2 427 66	132 310	$684,032 74	$980,229 75	27,943	$ 489,295 97	$ 353,866 94	$	$ -	$ 133,032 70
Nov 14		29,438	$130,291 72	$3,301,355 31	Dec 14	28,235	125 902	$998 800 67	$666 7b5 35	76	$600 32	125 195	$647,371 30	$987,812 47	28 017	$ 499,400 34	$ 333,382 68	$	$	$ 130,291 72
Dec 14		29,524	$144 348 85	$3 307,593 24	Jan 15	28 290	125 881	$998 277 17	$666 830 58	80	$6 166 92	125 238	$647 618 15	$988 695 22	28 113	$ 499,138 59	$ 333,415 29	$	$ -	$ 144 348 85
Jan 15		29,519	$148,948 63	$4,068 269 02	Feb 15	28 055	188,495	$1 443 094 85	$666 213 56	15	$118 80	187 642	$970 533 41	$988 303 17	27,892	$ 721,547 43	$ 333,106 78	$ -	$ -	$ 148,948 63
Feb 15		29 b27	$137,566 20	$3,397,278 96	Mar 15	28,273	133 417	$1,057 362 05	$665,402 63	0	$0	129 693	$687,170 46	$987 338 62	28,111	$ 528,681 03	$ 332,701 32	$ -	$	$ 137,566 20
Mar 15		29,590	$160,543 28	$3,222,599 95	Apr 15	28,286	108 257	$856 822 21	$663 635 35	0	$0 00	107 711	$557 000 86	$984 593 05	28 125	$ 428,411 11	$ 331,817 68	$ -	$ -	$ 160,543 28
Apr 15		29,660	$165,170 33	$3,209,549 87	May-15	28,380	119 618	$943 539 74	$665 479 58	0	$0 00	119 037	$613,013 04	$987 487 31	28,221	$ 471,769 87	$ 332,739 79	$ -	$ -	$ 165,170 33
May-15		29,596	$154,377 00	$3,186,808 39	Jun 15	28,305	117 432	$931 216 65	$664 935 25	36	$285 12	116 770	$643 144 69	$940 817 46	28 139	$ 465,608 33	$ 332,467 63	$ -	$ -	$ 154,377 00
Jun 15		29,464	$105,080 55	$3 648,965 07	Jul 15	28 179	153 002	$1,213 170 97	$663 487 87	644	$2 061 98	152 209	$787 048 53	$983 095 46	27,990	$ 606,585 49	$ 331,743 94	$ -	$ -	$ 105,080 55
Jul-15		29 428	$114 869 87	$2,992,941 05	Aug 15	28 184	105 185	$810 647 87	$665,524 17	233	$1 807 30	104 609	$539 244 48	$985 71 ' 03	27 991	$ 405 323 94	$ 332,762 09	$	$ -	$ 114,869 87
Aug 15		29 590	$122,947 28	$2,993,485 14	Sep 15	28,280	127,862	$790 892 90	$665 404 15	172	$1 787 13	127 236	$548 012 40	$984 122 93	28 066	$ 395,446 45	$ 332,702 08	$	$ -	$ 122,947 28
Sep 15		29 507	$137,437 21	$3,313,546 25	Oct 15	28,297	159,622	$972 544 69	$666 160 23	977	$1 997 63	158 883	$684 017 06	$984 822 30	28 072	$ 486,272 35	$ 333,080 12	$	$ -	$ 137,437 21
Oct-15		29 642	$61,561 13	$2,980,000 18	Nov-15	28 357	128,570	$774,334 26	$665 906 23	908	$3 136 52	128,047	$551 815 05	$984 783 78	28 138	$ 387,167 13	$ 332,953 12	$ -	$ -	$ 61,561 13
Nov 15		29 750	$36 004 17	$2 833 947 54	Dec 15	28 425	110,955	$697 049 89	$668 560 54	256	$1,553 04	110 371	$475 589 50	$991 169 17	28,245	$ 348,524 95	$ 334,280 27	$ -	$ -	$ 36,004 17
Dec-15		29 936	$35,486 28	$3 139 542 56	Jan 16	28 5b3	141 674	$866 097 96	$670 561 57	17	$105 23	140 990	$b07 657 86	$995 084 00	28,404	$ 433,048 98	$ 335,280 79	$ -	$ -	$ 35,486 28

DRAFT For Discussion Purposes and Subject to Revision

Read Date	Bill Date	# of Bills Printed	Current Penalty	Billed Charges	Due Date	# of Customers Billed Water Service Charges	Water Consumption	Water Charges	Water Service Charges	Lawn Consumption	Lawn Charges	Sewer Consumption	Sewer Charges	Sewer Service Charges	# of Customers Billed Sewer Service Charge	Genesee County	Refundable Water Charges	Refundable Water Service Charges	Refundable Sewer Charge	Refundable Sewer Service Charge	Refundable Penalty
Jun-14		1,888	$18 284 81	$2,112 983 88	Jul 14	1,825	121,707	$888,162 18	$232,525 34	0	0	272 959	$727,384 28	$284,683 88	1834	$40,000 00	$ 433,081 08	$ 116,263 17	$	$ -	$ 18,294 91
Jul 14		1,720	$11,938 34	$2,424 026 76	Aug 14	1 661	149,233	$1 104 398 38	$210 842 06	33	261 36	219 439	$755 662 71	$311,612 47	1 539	$40 000 00	$ 552,199 19	$ 120,021 03	$	$	$ 11,938.34
Aug 14		1,725	$17,517 95	$2,356,820 63	Sep 14	1 666	112,125	$833,915 32	$281,050 81	33	261 36	176 881	$591 815 57	$306,732 86	1 541	$40 000 00	$ 416,957 66	$ 143,525 41	$	$ -	$ 17,517 95
Sep 14		1,735	$18,741 45	$2,083,260 55	Oct 14	1,676	115 640	$859 383 26	$288 379 55	26	205 92	187 548	$621 811 32	$306 853 55	1 549	$40 000 00	$ 429,691 63	$ 144,189 78	$	$ -	$ 18,741 45
Oct 14		1 662	$20 213 32	$1,978 393 31	Nov 14	1,607	105,506	$788 579 23	$279 106 64	0	0	197 642	$602 815 31	$302 572 41	1 521	$40 000 00	$ 394,289 62	$ 138,553 32	$	$	$ 20,213 32
Nov 14		1,660	$20 749 17	$1,823,987 34	Dec 14	1 599	90 398	$681 423 23	$280 254 26	0	0	174 919	$550 076 31	$307 503 31	1 535	$40 000 00	$ 340,711 62	$ 140,127 13	$	$	$ 20,749 17
Dec 14		1,642	$20 255 60	$1 927,304 92	Jan 15	1,576	102,164	$766,773 82	$277 057 41	0	0	172 788	$575,501 4_	$305 021 32	1 518	$40 000 00	$ 383,386 93	$ 138 528 71	$	$ -	$ 20,255 60
Jan 15		1 632	$20 462 86	$1 945,574 74	Feb 15	1 575	99 674	$752 011 70	$273 402 18	0	0	200,955	$630 747 20	$ 293 858 66	1 517	$40,000 00	$ 376,005 85	$ 136,731 09	$	$	$ 20,462 86
Feb 15		1,621	$21,066 90	$1,962,848 34	Mar 15	1,563	103 414	$775 814 28	$271 981 65	0	0	181 976	$612 789 28	$294,239 57	1,511	$40 000 00	$ 387,909 64	$ 135,991 83	$	$	$ 21,066 90
Mar 15		1,629	$19,484 35	$1,809 599 50	Apr 15	1,573	92 945	$696 071 36	$275 415 95	0	0	157 117	$551 448 80	$303 663 39	1,520	$ 10 000 00	$ 348,035 68	$ 137,707 98	$	$	$ 19,484.35
Apr 15		1,627	$21,846 20	$1 839 105 26	May 15	1,573	90 040	$676,542 66	$273 559 68	0	0	199,374	$581 108 16	$ 300,388 77	1,519	$40 000 00	$ 338,271 33	$ 136,779 94	$	$	$ 21,846 20
May 15		1,635	$21,086 70	$1,653 878 22	Jun 15	1 580	74 297	$560,592 14	$274 513 71	0	0	166 166	$517 510 87	$ 300 138 03	1,516	$ 10 000 00	$ 280,296 07	$ 137,256 85	$	$	$ 21,086.70
Jun 15		1,683	$10,725 69	$2,316,081 46	Jul 15	1 626	134 596	$997,944 01	$281 110 73	9	71 28	209 909	$649 320 018 94	$301 529 80	1522	$ 10 000 00	$ 498,971 52	$ 140,558 37	$	$	$ 10,725 69
Jul 15		1,683	$10,663 31	$2,138 501 71	Aug 15	1 626	118,714	$880,579 32	$280 765 51	11	87 12	207 581	$675,048 19	$301 248 17	1 522	$40 000 00	$ 440,289 66	$ 140,382 76	$	$	$ 10,663 31
Aug 15		1,680	$11,546 70	$1,721 257 94	Sep 15	1,625	104,214	$609,111 91	$280 771 20	0	0	178,145	$529 548 22	$ 172 413 35	1 526	$40 000 00	$ 304,555 96	$ 140,385 60	$	$	$ 11,546 70
Sep 15		1,678	$11,075 08	$1,839 334 34	Oct 15	1,623	119 101	$690 245 73	$280 318 40	0	0	184 012	$542 028 21	$301 446 92	1 523	$ 10 000 00	$ 345,122 87	$ 140 159 20	$	$	$ 14,075 08
Oct 15		1 665	$4 153 01	$1 818 820 83	Nov 15	1 608	120 694	$695 979 37	$278 417 85	0	0	171 643	$512,705 07	$ 302 206 92	1 532	$40 000 00	$ 347,989 69	$ 139,208 93	$	$	$ 4,153 01
Nov 15		1,621	$4 190 11	$1 646 287 67	Dec 15	1 570	91 280	$528 159 41	$273 772 80	0	0	155 134	$488 668 13	$ 300 270 47	1 518	$ 10 000 00	$ 290,079 71	$ 136,886 40	$	$	$ 4 190 11
Dec 15		1,614	$6 039 25	$1,368,558 94	Jan 16	1,561	71 111	$417 252 18	$271 542 11	0	0	113,871	$392 402 46	$290 371 08	1 510	$ 10 000 00	$ 208,628 64	$ 136,771 07	$	$	$ 6,039.25

Ryan, Howard (Treasury)

From: Khouri, Nick (TREASURY)
Sent: Friday, February 12, 2016 5:39 PM
To: Osborne, Ken (TREASURY)
Cc: Saxton, Thomas (Treasury); Steckelberg, Larry (TREASURY); Peruchietti, Cindy (Treasury); Ryan, Howard (Treasury); Durfee, Sally (TREASURY)
Subject: Re: SB 136 (Re: Flint $30MM appropriation) Poleski proposed edits

Yes

Sent from my iPhone

On Feb 12, 2016, at 4:50 PM, Osborne, Ken (TREASURY) <OsborneK1@michigan.gov> wrote:

> I talked with the House this afternoon about the likely need for some more flexibility. They seemed open to it.
>
> I told them we would have a more detailed response on Tuesday.
>
> Nick, Adam from Rep. Pscholka's asked if you would be willing to brief the Appropriations caucus on Tuesday afternoon following session on the issue. Likely between 3:30-4.
>
> **From:** Khouri, Nick (TREASURY)
> **Sent:** Friday, February 12, 2016 10:58 AM
> **To:** Osborne, Ken (TREASURY) <OsborneK1@michigan.gov>
> **Cc:** Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; Peruchietti, Cindy (Treasury) <PeruchiettiC@michigan.gov>; Ryan, Howard (Treasury) <RyanH1@michigan.gov>; Durfee, Sally (TREASURY) <DurfeeS1@michigan.gov>
> **Subject:** Re: SB 136 (Re: Flint $30MM appropriation) Poleski proposed edits
>
> We need a little more flexibility
>
> We are not even sure $30m covers the specifics of the language
>
> How about ranges? Or some language that gives us an out at the treasurer's discretion under certain conditions?
>
> Sent from my iPhone
>
> On Feb 12, 2016, at 10:50 AM, Osborne, Ken (TREASURY) <OsborneK1@michigan.gov> wrote:
>
> > All,
> >
> > Following up on my e-mail yesterday. This is the proposed boilerplate from Rep. Poleski. I believe they are taking this up on Wednesday morning. Given the Monday holiday it

would be best if we can review this today and get them some initial feedback so that Tuesday we can work with them to finalize something for Wednesday.

From: Earl Poleski [mailto:epoleski@house.mi.gov]
Sent: Friday, February 12, 2016 8:56 AM
To: Adam Carlson <acarlson@house.mi.gov>; Josiah Kissling <jkissling@house.mi.gov>; Maria Ostrander <Mostrander@house.mi.gov>
Cc: Lange, Michelle (GOV) <LangeM3@michigan.gov>; mjshirkey@gmail.com; starrs@michigan.gov; Osborne, Ken (TREASURY) <OsborneK1@michigan.gov>
Subject: SB 136 (Re: Flint $30MM appropriation) Poleski proposed edits

My apology for not having sent this yesterday afternoon as I had said I would.

Attached is a redlined Word document with my suggestions, and incorporates suggestions I got from House personnel and reflects my discussion yesterday with the Governor's and Treasury's people.

Copying Michelle Lange, Senator Shirkey, Scott Starr and Ken Osborne.

Comments and suggestions from all are welcomed.

Earl Poleski
64th District State Representative
Office: 517.373.1795

<Poleski edit SB 136 Treasury provisions 2.docx>

REP POLESKI PROPOSED EDITS TO BOILERPLATE OF SB 136
THESE EDITS DATED 2/11/2016.

GENERAL SECTIONS

Sec. 201. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending from state resources in this appropriation act for the fiscal year ending September 30, 2016 is **<<**$30,000,000.00 and state appropriations**>>** paid to local units of government are $0.

Sec. 202. The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

<<DEPARTMENT OF TREASURY

Sec. 301.
(1) From the funds appropriated in part 1 for Flint declaration of emergency, $30,000,000.00 shall be allocated to reimburse the Water Enterprise Fund of the City of Flint in an amount equal to credits posted to its customers' accounts under the provisions of Section 302.~~help cover the cost of water bills for residents of the city of Flint.~~

(2) The department shall report quarterly to the chairs of the senate and house appropriations committees on the distribution of the funds allocated pursuant to part 1.

Sec. 302.
(1) There shall be no administrative charges, from any entity, removed or expended from the appropriations in part 1.

(2) There shall be no expenditures from the funds appropriated in part 1 without specific authorization from the state treasurer.

(3) All unexpended funds, as of September 30, 2016, from the appropriations in part 1 shall be returned to the General Fund.~~department of treasury.~~

~~(4) Any allocation to an entity receiving funds from the appropriations in part 1, other than a specific water and sewer customer, must be specifically approved by the state treasurer in each instance.~~**>>**

(4) The credit to a water customer's account shall be equal to:

a) As to a residential customer, 65% of the amount billed for water from the beginning of the billing period containing April 30, 2014 and ending at the end of the billing period

REP POLESKI PROPOSED EDITS TO BOILERPLATE OF SB 136
THESE EDITS DATED 2/11/2016.

containing the date upon which [some official certification is made that the water is safe to drink]

b) As to all other customers, 20% of the amount billed for water from the beginning of the billing period containing April 30, 2014 and ending at the end of the billing period containing the date upon which [some official certification is made that the water is safe to drink]

c) 100% of charges, commonly known as late charges, charged to a system customer relating solely to any unpaid billings for the time period described in (a) and (b) above.

d) Such late charges relating to amounts due from prior to the billing period containing April 30, 2014 may continue to accrue to Flint's Water Enterprise Fund and shall not be reimbursed under this Section.

e) Credits for sewer services are not to be reimbursed under Section 301 or this Section.

f) The charges described in (a), (b) and (c) above shall reflect rates consistent with historical practice.

(5) The State Treasurer, his/her designee(s), and the Michigan Auditor General may audit transactions called for under Section 301 and this Section at their discretion.

Osborne, Ken (TREASURY)

From: Earl Poleski <epoleski@house.mi.gov>
Sent: Monday, February 15, 2016 9:04 AM
To: Adam Carlson
Cc: Josiah Kissling; Maria Ostrander; Lange, Michelle (GOV); mjshirkey@gmail.com; starrs@michigan.gov; Osborne, Ken (TREASURY)
Subject: RE: SB 136 (Re: Flint $30MM appropriation) Poleski proposed edits

So, this afternoon, I will draft some language incorporating Adam's comments and my observations. I realize that today is a holiday, but I want to move this language along speedily.

Earl Poleski
64th District State Representative
Office: 517.373.1795

From: Earl Poleski
Sent: Friday, February 12, 2016 3:53 PM
To: Adam Carlson <acarlson@house.mi.gov>
Cc: Josiah Kissling <jkissling@house.mi.gov>; Maria Ostrander <Mostrander@house.mi.gov>; langem3@michigan.gov; mjshirkey@gmail.com; starrs@michigan.gov; osbornek1@michigan.gov
Subject: Re: SB 136 (Re: Flint $30MM appropriation) Poleski proposed edits

My observations on Adams comments:

I understand and agree with the suggestion with respect to late fees.

As to administrative costs, I fear that those cost may end up being exactly what we allocate to them. Frankly, any accountant who can't administer a straightforward credit to a customer account isn't worthy of the title.

That being said, and in deference to your suggestion, I would suggest language that doesn't specify an amount or percentage; that allows the state treasurer to incur those costs at his discretion; and report the nature of and amount of those costs as part of his quarterly report to the legislature.

Further comments welcomed, with alacrity.

Earl Poleski
State Representative 64th District

On Feb 12, 2016, at 2:30 PM, Adam Carlson <acarlson@house.mi.gov> wrote:

> Hey Rep. Poleski (& Others),
>
> This is a pretty good draft from our end with just a couple of things to note. I don't want to speak for Treasury, but I'm not sure if we want to specify in this bill about late fees with such detail. That is for two reasons.
>
> 1) It has been indicated to me that we may not be able to obtain a significant amount of detail on late fees, or exactly when they were incurred. If it is impossible to separate late fees that

occurred in this time frame from ones that were outside the time frame, the way this amendment is written it might make it impossible to do any reimbursements.

2) I think we may be able to, through our Dept. of Treasury, put pressure on the water system to forgive these late fees, since no services were provided that would justify them. If we stipulate in this bill that they must be paid, the water treatment department would not have any incentive to forgive those charges since the state would be reimbursing them for them.

Perhaps for subsection (c) we could change to:

"100% of charges, commonly known as late charges, charged to a system customer relating to unpaid billings, as approved by the State Treasurer".

The other comment is on the administrative fee. Based on our conversations with Treasury, I do not have a supreme level of confidence in the ability of the local water folks to administer this credit program. We may want to consider allowing Treasury to bring in some private sector consulting/accounting assistance to ensure that this is done properly. Perhaps we could change Section 302 (1) to read:

"There shall be no administrative charges retained by the Michigan Department of Treasury to expend the funds in this act. However, the Department may expend up to $1,500,000.00 (5%) to contract with a third party entity to ensure the proper distribution of funds under this act."

Please let me know your thoughts on these changes.

Thanks,
Adam

Adam Carlson
Senior Budget Advisor
Representative Al Pscholka
79th District, Michigan
(517) 373-1403
acarlson@house.mi.gov

From: Earl Poleski
Sent: Friday, February 12, 2016 8:56 AM
To: Adam Carlson <acarlson@house.mi.gov>; Josiah Kissling <jkissling@house.mi.gov>; Maria Ostrander <Mostrander@house.mi.gov>
Cc: langem3@michigan.gov; mjshirkey@gmail.com; starrs@michigan.gov; osbornek1@michigan.gov
Subject: SB 136 (Re: Flint $30MM appropriation) Poleski proposed edits

My apology for not having sent this yesterday afternoon as I had said I would.

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Copying Michelle Lange, Senator Shirkey, Scott Starr and Ken Osborne.

Comments and suggestions from all are welcomed.

Earl Poleski
64th District State Representative
Office: 517.373.1795

Osborne, Ken (TREASURY)

From: Earl Poleski <epoleski@house.mi.gov>
Sent: Monday, February 15, 2016 9:13 AM
To: Adam Carlson; Josiah Kissling; Maria Ostrander
Cc: Lange, Michelle (GOV); mjshirkey@gmail.com; starrs@michigan.gov; Osborne, Ken (TREASURY)
Subject: RE: SB 136 (Re: Flint $30MM appropriation) Poleski proposed edits

As we consider this language, I want to draw the attention of the Administration addressees to the [bracketed] language. That language defines the date that ends this particular payment. You are the ones who would know better how to define that date.

I realize it puts you under some time and definition pressure – to put it bluntly, that is my intent.

Earl Poleski
64th District State Representative
Office: 517.373.1795

From: Adam Carlson
Sent: Friday, February 12, 2016 2:31 PM
To: Earl Poleski <epoleski@house.mi.gov>; Josiah Kissling <jkissling@house.mi.gov>; Maria Ostrander <Mostrander@house.mi.gov>
Cc: langem3@michigan.gov; mjshirkey@gmail.com; starrs@michigan.gov; osbornek1@michigan.gov
Subject: RE: SB 136 (Re: Flint $30MM appropriation) Poleski proposed edits

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Perhaps for subsection (c) we could change to:

"100% of charges, commonly known as late charges, charged to a system customer relating to unpaid billings, as approved by the State Treasurer".

The other comment is on the administrative fee. Based on our conversations with Treasury, I do not have a supreme level of confidence in the ability of the local water folks to administer this credit program. We may want to consider allowing Treasury to bring in some private sector consulting/accounting assistance to ensure that this is done properly. Perhaps we could change Section 302 (1) to read:

"There shall be no administrative charges retained by the Michigan Department of Treasury to expend the funds in this act. However, the Department may expend up to $1,500,000 00 (5%) to contract with a third party entity to ensure the proper distribution of funds under this act."

Please let me know your thoughts on these changes.

Thanks,
Adam

Adam Carlson
Senior Budget Advisor
Representative Al Pscholka
79th District, Michigan
(517) 373-1403
acarlson@house.mi.gov

From: Earl Poleski
Sent: Friday, February 12, 2016 8:56 AM
To: Adam Carlson <acarlson@house.mi.gov>; Josiah Kissling <jkissling@house.mi.gov>; Maria Ostrander <Mostrander@house.mi.gov>
Cc: langem3@michigan.gov; mjshirkey@gmail.com; starrs@michigan.gov; osbornek1@michigan.gov
Subject: SB 136 (Re: Flint $30MM appropriation) Poleski proposed edits

My apology for not having sent this yesterday afternoon as I had said I would.

Attached is a redlined Word document with my suggestions, and incorporates suggestions I got from House personnel and reflects my discussion yesterday with the Governor's and Treasury's people.

Copying Michelle Lange, Senator Shirkey, Scott Starr and Ken Osborne.

Comments and suggestions from all are welcomed.

Earl Poleski
64th District State Representative
Office: 517.373.1795

Osborne, Ken (TREASURY)

From: Osborne, Ken (TREASURY)
Sent: Monday, February 15, 2016 9:57 PM
To: Khouri, Nick (TREASURY); Ryan, Howard (Treasury); Durfee, Sally (TREASURY)
Subject: Fwd: SB 136 (re: Flint) Poleski fresh draft of boilerplate
Attachments: Poleski edit SB 136 Treasury provisions 3.docx; ATT00001.htm

We should discuss this at the 9:30 meeting tomorrow.

Sent from my iPhone

Begin forwarded message:

> **From:** Earl Poleski <epoleski@house.mi.gov>
> **Date:** February 15, 2016 at 3:35:04 PM EST
> **To:** Adam Carlson <acarlson@house.mi.gov>, Josiah Kissling <jkissling@house.mi.gov>, Maria Ostrander <Mostrander@house.mi.gov>
> **Cc:** "langem3@michigan.gov" <langem3@michigan.gov>, "mjshirkey@gmail.com" <mjshirkey@gmail.com>, "starrs@michigan.gov" <starrs@michigan.gov>, "osbornek1@michigan.gov" <osbornek1@michigan.gov>
> **Subject: SB 136 (re: Flint) Poleski fresh draft of boilerplate**
>
> To all:
>
> I attach a fresh draft of proposed boilerplate for SB 136. My comments upon it:
>
> - **As to Late Fees:** On reflection, it is my view that it would be inappropriate and unnecessary for the State to reimburse the Flint Water System for late fees that may need to be charged off by the System.
>   - My rationale:
>   - If the water system had been operating normally, customers would have paid their bills and no late fees would have accrued. If we reimburse for late fees, the Flint water system would be enriched more than it would have been had there not been a water problem.
>   - If the system is reimbursed for a portion of the water charges, the late fees on that portion should be charged off by the system.
>   - What about late fees as to the unreimbursed water charges (35% for residential and 80% for all others)?
>   - I can argue both sides of this one. **I would value additional thoughts.**
>
> - **As to Administrative costs:** It has been suggested that we should allow some latitude to the Treasurer to expend funds for consultants or others who would help Flint administer the customer credits that SB 136 contemplates. I can see that that may be needed at some point, but I believe it is too early to know for sure.
>
>   - I have purposely drafted the SB 136 language to make billing cutoffs clear, and therefore the credits should be straightforward to calculate.
>   - If we find that the Flint water system accountants can't calculate and post those credits, we can discuss additional assistance then.

- The risk, of course, is that Flint makes a blundering attempt at calculation/posting of credits, and makes an even larger mess of its billing system than would have existed had we helped in the first place.

Earl Poleski
64th District State Representative
Office: 517.373.1795

SENATE BILL No. 136

(As amended February 4, 2016)

February 17, 2015, Introduced by Senator HILDENBRAND and referred to the Committee on Appropriations.

A bill to make, supplement, and adjust appropriations for various state departments and agencies for the fiscal year ending September 30, 2016; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for various state departments and agencies to supplement appropriations for the fiscal year ending September 30, 2016, from the following funds:

<<APPROPRIATION SUMMARY

GROSS APPROPRIATION	$ 30,000,000
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	$ 30,000,000
Total federal revenues	0
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	$ 30,000,000

Sec. 102. DEPARTMENT OF TREASURY

(1) APPROPRIATION SUMMARY

SENATE BILL No. 136

Senate Bill No. 136 as amended (2 of 2)

GROSS APPROPRIATION	$	30,000,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	$	30,000,000
Federal revenues:		
Total federal revenues		0
Special revenue funds:		
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		0
State general fund/general purpose	$	30,000,000
(2) GRANTS		
Flint declaration of emergency	$	30,000,000
GROSS APPROPRIATION	$	30,000,000

Appropriated from:

State general fund/general purpose..... $ 30,000,000>>

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending from state resources in this appropriation act for the fiscal year ending September 30, 2016 is <<$30,000,000.00 and state appropriations>> paid to local units of government are $0.

Sec. 202. The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

<<**DEPARTMENT OF TREASURY**

Sec. 301. (1) From the funds appropriated in part 1 for Flint declaration of emergency, $30,000,000.00 shall be allocated to help cover the cost of water bills for residents of the city of Flint.

(2) The department shall report quarterly to the chairs of the senate and house appropriations committees on the distribution of the funds allocated pursuant to part 1.

Sec. 302. (1) There shall be no administrative charges, from any entity, removed or expended from the appropriations in part 1.

(2) There shall be no expenditures from the funds appropriated in part 1 without specific authorization from the state treasurer.

(3) All unexpended funds, as of September 30, 2016, from the appropriations in part 1 shall be returned to the department of treasury.

(4) Any allocation to an entity receiving funds from the appropriations in part 1, other than a specific water and sewer customer, must be specifically approved by the state treasurer in each instance.>>

Senator Meekhof offered the following concurrent resolution:

Senate Concurrent Resolution No. 23.

A concurrent resolution to approve an extension of the state of emergency in the county of Genesee and the city of Flint.

Whereas, Since October 1, 2015, the county of Genesee, the city of Flint, the state of Michigan, and the Federal Emergency Management Agency have taken numerous actions to cope with the drinking water situation in the county of Genesee and the city of Flint, including but not limited to, switching back to the Detroit water system on October 16, declaring states of emergency, activating the emergency response and recovery aspects of their emergency operations plans, marshaling and distributing required resources on a city-wide level, and issuing emergency public information and bulletins; and

Whereas, It is in the best interest of the state of Michigan to continue to provide resources within the city, and take appropriate measures in response to the public health emergency, to ensure that resources remain sufficient to protect public health, safety, and property, and to lessen or avert the threat of more severe and long-lasting impacts to the community; and

Whereas, Pursuant to the *Constitution of the State of Michigan of 1963* and section 3 of the Emergency Management Act, 1976 PA 390, MCL 30.403, Governor Snyder requested on January 28, 2016, that the legislature approve an extension of the state of emergency proclaimed on January 5, 2016, and expiring on February 2, 2016, to April 14, 2016, in the county of Genesee and the city of Flint. This 73-day extension coincides with the current Presidential Emergency Declaration; now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That we approve Governor Snyder's request for an extension of the state of emergency in the county of Genesee and the city of Flint proclaimed on January 5, 2016, for another 73 days; and be it further

Resolved, That copies of this resolution be transmitted to the Governor.

DRAFT - For Discussion Purposes and Subject to Revision

EVENTS	
[redacted]	4/30/2014
[redacted]	11/30/2015
[redacted]	5/30/2017
[redacted]	5/30/2018
[redacted]	19
[redacted]	6
[redacted]	0

HISTORICAL PAYMENTS (State Reimburses for...)	RESIDENTIAL	COMMERCIAL
[redacted]	75%	20%
[redacted]	10%	20%
[redacted]	10%	0%
[redacted]	10%	75%
[redacted]	10%	10%

FUTURE PAYMENTS (State Reimburses for...)	RESIDENTIAL	COMMERCIAL
[redacted]	75%	20%
[redacted]	10%	20%
[redacted]	10%	0%
[redacted]	10%	75%
[redacted]	20%	10%

TOTAL HISTORICAL	RESIDENTIAL	COMMERCIAL
[redacted]	$ 8,247,952 84	$ 1,040,411 41
[redacted]	$ 11,948,562 44	$ 2 846,589 73
Total Water	$20,196,515.28	Total Water $ 3,887,001 14
[redacted]	$ -	$ -
[redacted]	$ -	$ -
Total Sewer	$ -	Total Sewer $ -
Total Water and Sewer	$20,196,515.28	Total Water and Sewer $ 3,887,001 14
[redacted]	$ -	$ -
Grand Total	$20,196,515.28	Grand Total $ 3,887,001.14

TOTAL PROJECTED	RESIDENTIAL	COMMERCIAL
[redacted]	$ 1,697,620 25	$ 66,231 08
[redacted]	$ 2,538,361 80	$ 188,282 48
Total Water	$ 4,235,982.06	Total Water $ 254,513.56
[redacted]	$ -	$ -
[redacted]	$ -	$ -
Total Sewer	$ -	Total Sewer $ -
Total Water and Sewer	$ 4,235,982.06	Total Water and Sewer $ 254,513 56
[redacted]	$ -	$ -
Grand Total	$ 4,235,982 06	Grand Total $ 254,513.56

NOTES / COMMENTS
• Water billed by the "Bill Read Dates" in the Historical Data tabs reflects water consumption from the prior month (i e , billing transactions with a Bill Read Date of July 2014 reflects water consumption from June 2014)
• Projected water costs are computed by using the average amounts for water transactions for Billed Dates July 2014 till August 2015 to reflect rates at which the City of Flint is legally authorized to bill customers
• Due to absence of actual water reads for the month of January 2015 and February 2015 (i e water consumed in December 2015 and January 2016 respectively), "Current Date" is set at November 30, 2015 As such an additional two months of water consumption (December 2015 and January 2016) for which actual reads are currently unavailable are included in the projected costs
Projected cost includes estimation up to June 2016 using the average monthly historical cost from July 2014-August 2015 Estimated projections beyond June 2016 incorporates a 5% increase against the historical costs from July 2014 to August 2015 The 5% increase reflects the increase the City would otherwise have implemented effective July 1 2016 until the "safe date" This rate increase was adopted in the Biennial FY15/FY17 budget by the City's Emergency Manager

Total Historical Cost to be Reimbursed (Residential and Commercial)	$ 24,083,516 42
Total Projected Cost to be Reimbursed (Residential and Commercial)	$ 4,490,495 61
Total Historical and Projected Cost (Residential and Commercial)	$ 28,574,012.03

REP POLESKI PROPOSED EDITS TO BOILERPLATE OF SB 136
THESE EDITS DATED 2/15~~1~~/2016.

GENERAL SECTIONS

Sec. 201. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending from state resources in this appropriation act for the fiscal year ending September 30, 2016 is **<<**$30,000,000.00 and state appropriations**>>** paid to local units of government are $0.

Sec. 202. The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

<<DEPARTMENT OF TREASURY

Sec. 301.
(1) From the funds appropriated in part 1 for Flint declaration of emergency, $30,000,000.00 shall be allocated to reimburse the Water Enterprise Fund of the City of Flint in an amount equal to credits posted to its customers' accounts under the provisions of Section 302.~~help cover the cost of water bills for residents of the city of Flint.~~

(2) The department shall report quarterly to the chairs of the senate and house appropriations committees on the distribution of the funds allocated pursuant to part 1.

Sec. 302.
(1) There shall be no administrative charges, from any entity, removed or expended from the appropriations in part 1.

(2) There shall be no expenditures from the funds appropriated in part 1 without specific authorization from the state treasurer.

(3) All unexpended funds, as of September 30, 2016, from the appropriations in part 1 shall be returned to the General Fund.~~department of treasury.~~

~~(4) Any allocation to an entity receiving funds from the appropriations in part 1, other than a specific water and sewer customer, must be specifically approved by the state treasurer in each instance.>>~~

(4) The credit to a water customer's account shall be equal to:

REP POLESKI PROPOSED EDITS TO BOILERPLATE OF SB 136
THESE EDITS DATED 2/15~~1~~/2016.

a) As to a residential customer, 65% of the amount billed for water from the beginning of the billing period containing April 30, 2014 and ending at the end of the billing period containing the date upon which [some official certification is made that the water is safe to drink]
b) As to all other customers, 20% of the amount billed for water from the beginning of the billing period containing April 30, 2014 and ending at the end of the billing period containing the date upon which [some official certification is made that the water is safe to drink].
c) Credits for sewer services are not to be reimbursed under Section 301 or this Section.
d) The charges described in (a)and (b) above shall reflect rates consistent with historical practice.

(5) The State Treasurer, his/her designee(s), and the Michigan Auditor General may audit transactions called for under Section 301 and this Section at their discretion.

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REP POLESKI PROPOSED EDITS TO BOILERPLATE OF SB 136
THESE EDITS DATED 2/15~~1~~/2016.

a) As to a residential customer, 65% of the amount billed for water from the beginning of the billing period containing April 30, 2014 and ending at the end of the billing period containing the date upon which [some official certification is made that the water is safe to drink]
b) As to all other customers, 20% of the amount billed for water from the beginning of the billing period containing April 30, 2014 and ending at the end of the billing period containing the date upon which [some official certification is made that the water is safe to drink].
c) Credits for sewer services are not to be reimbursed under Section 301 or this Section.
d) The charges described in (a)and (b) above shall reflect rates consistent with historical practice.

(5) The State Treasurer, his/her designee(s), and the Michigan Auditor General may audit transactions called for under Section 301 and this Section at their discretion.

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REP POLESKI PROPOSED EDITS TO BOILERPLATE OF SB 136
THESE EDITS DATED 2/15~~4~~/2016.

GENERAL SECTIONS

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<<DEPARTMENT OF TREASURY

Sec. 301.
(1) From the funds appropriated in part 1 for Flint declaration of emergency, $30,000,000.00 shall be allocated to reimburse the Water Enterprise Fund of the City of Flint in an amount equal to credits posted to its customers' accounts under the provisions of Section 302.~~help cover the cost of water bills for residents of the city of Flint.~~

(2) The department shall report quarterly to the chairs of the senate and house appropriations committees on the distribution of the funds allocated pursuant to part 1.

Sec. 302.
(1) There shall be no administrative charges, from any entity, removed or expended from the appropriations in part 1.

(2) There shall be no expenditures from the funds appropriated in part 1 without specific authorization from the state treasurer.

(3) All unexpended funds, as of September 30, 2016, from the appropriations in part 1 shall be returned to the General Fund.~~department of treasury.~~

~~(4) Any allocation to an entity receiving funds from the appropriations in part 1, other than a specific water and sewer customer, must be specifically approved by the state treasurer in each instance.>>~~

(4) The credit to a water customer's account shall be equal to:

Robert, Carla M. (Treasury)

From: Steckelberg, Larry (TREASURY)
Sent: Monday, February 15, 2016 5:52 PM
To: Khouri, Nick (TREASURY); Saxton, Thomas (Treasury)
Subject: updated Flint comments
Attachments: Flint water relief implementation hurdles (2) (1)(Flint comments).docx

Al Mooney seems to be diligently working the system. I have highlighted several updates from the City. We should talk in the morning before you meet with the Governor to review the issues. In addition, Jody may be meeting with the Mayor later this evening to discuss a couple of issues so I may have more updates.

Larry

Flint Water Bill Relief-Top Implementation Issues

Project Scope

The Flint Water Bill Relief Project will distribute an appropriated amount of state funds to the customers of the City of Flint water system. The Project will focus on overcoming implementation hurdles, distributing the funds using equitable principles defined in the appropriation legislation and administrative guidelines, and provide detailed reporting to ensure accountability for all the funds received.

Commented [AM1]: Slight revision with added details for clarification.

Significant Challenges in Implementing Water Bill Relief

- **Communications**
  - Develop a plan which will include media notices, targeted mailings, web-based communications, and/or other communique.
  - Engage a point person to handle the plan to relieve strain on city staff.

Commented [AM2]: Slight revision with added details for clarification.

- **BSA software-building credit generator and modeling relief**
  - Can the BSA software handle the relief as proposed?
  - BSA is at work defining the project scope of the necessary changes.
  - Need to also model relief on all or a portion of the water service and water commodity penalties.
  - Need to tighten timeline for building the credit generator.
  - With the number of accounts and various transaction detail items for each account, there are 7,787,266 records that consist of the data set.
  - A date range delimiter will be used to reduce the data set and define the records to integrate into the relief process.
  - The system changes should include the ability to create comprehensive reporting and provide a complete audit trail of all expenditures for water bill relief.
  - BSA preliminarily has provided for a rate of $150/hour for the software modifications (a special rate reduced from their normal $200/hour rate charged) and guestimates a total cost not to exceed $15,000.

Commented [AM3]: Note several entries have had slight revisions with added details for clarification.

- **Timeline for relief**
  - Given the early stage of the defining the project scope, early April is the best placeholder date for when the software modifications will be available following development, testing, and finalization of the relief program.
  - Highly dependent on the software changes managing the exception items represented by 24,494 Pre-Ruling Balance records and 3,531 water/sewer balances placed on the 2015 real property tax roll as liens.
  - **Can relief be fully provided by the deadline in the statute?**

Commented [AM4]: Slight revision with added details for clarification.

- **How the credits are applied**
  - Need to show the sewer bill on future months to make clear that relief was provided for the water bill.
  - Relief will be provided on active accounts in the form of credits on water bills, not refunds.
  - Can the 65/20 relief be provided on penalties ~~or can penalties be waived altogether~~. Need to have this modeled in the credit generator to make sure it fits within the $30 million?

- **Updating customer information prior to running the credit generator**
  - Delinquent accounts that were on the lien list for 2015 need to be restored in the system (i.e. 3,531 water/sewer balances).
  - Those billings that are now collectible after Shears v. City of Flint amended preliminary injunction order need to be moved back onto customer account history (24,494 Pre-Ruling Balance records and 1,046 payments on these balances). What is the status of the settlement of the lawsuits?

- **Commercial accounts that are residential dwellings**
  - Should commercial accounts that are residential dwellings (4 or more units) receive 65 or 20 relief?
  - How can we be sure the resident received the relief rather than have the relief be kept by the owner? How many are there?
  - Can the credit generator model this relief to ensure it fits within the $30 million?

- **Handling starts**
  - The credit generator needs to calculate relief to ensure those starting service after April 2014 get the proper credits. A determination needs to be made as to the specific start date for credit allocations after the April 24, 2014 Flint River cutover date (i.e. at what point was Detroit's treated water no longer reaching taps). *As noted in our discussion by phone on 2/13, this is not a hurdle. The generator should be more than capable of handling all accounts with activity during the designated period whether active or inactive and regardless of the start/stop date.*

- **Handling stops**
  - Targeting relief if a customer has changed residences but is still a customer.
  - Targeting relief to other bills owed to the city by the customer
  - Development of a hierarchy for which balances get paid in what order from the relief credits if funds are available after 100% of the water relief has been provided for the account (i.e. the sewer charges for the account owed to the city, the water/sewer

Commented [AM5]: The concept of waiving all penalties should be jettisoned as it will become it creates programmatic and policy issues we want to avoid.

Commented [JL6]: Language regarding lien needs to be updated to more accurately communicate delinquency year of origin and tax year.

Commented [AM7]: Updated to reflect the one year in question and added # of records.

Commented [AM8]: Updated to reflect the # of records and # of payments made on the Pre-Ruling Balances to mid-February.

Commented [JL9]: This is active litigation. The City must defer to its Counsel on any disclosures.

Commented [AM10]: Note the added detail on defining the initial date to use – there should be separate dates for different districts. A matrix will need to be developed to adjust for the lag time between when meters are read and when the bill calculation routine is processed for the billing district. If our water service staff believes a billing period included any Flint River source water, the billing district will be granted the entire credit for the period in question.

charges owed on another account by the same customer, the water/sewer charges owed by the same customer at Genesee County).
  - There may need to be an effort to find customers that have left the system to issue a refund.
  - *Policy also needs to be designed in such a way that prevents or limits the number of customers who intentionally close an account to prompt the refund process and reopen immediately in the same or related party's name.*

Commented [AM11]: Further definition is needed on the process by which credit balances on inactive accounts will be managed.

- **Legal agreement with relief to forestall future claims**
  - Local officials need to decide if they need or want to pursue a legal agreement with the customers as part of the relief. This would be an agreement that the customer accepts the relief and foreswears any other claims to relief on their water bills.

Commented [JL12]: Input by the City's legal counsel is requested to describe the potential waiver of claims discussed at previous meetings.

- **Payments to city**
  - As the city provides relief, the state will provide funds to the city.
  - A thorough audit trail is necessary. This might require the city to engage an outside firm to document all expenditures and create an audit trail.

Commented [JL13]: State and City must discuss the impact of timing of disbursement from the State to City.

- **DHHS clients**
  - If DHHS paid the water bill, the customer should only get relief for that portion they paid. Can the credit generator handle this?
    As discussed in the meeting held on 2/12, this point may be immaterial for inclusion in any further discussion. Any customer receiving assistance from DHS is limited to $175 in any given year. This would mean that on an individual basis the most DHHS may have paid on behalf of a water customer is approximately $57 of the total credit ($175 x 50% x 65%) of $114 for the two year period if the customer received assistance in both years.

Stanton, Terry A. (Treasury)

From: Calvert, Scott <scott.calvert@wsj.com>
Sent: Monday, February 15, 2016 7:55 PM
To: Stanton, Terry A. (Treasury)
Subject: Re: Question

Thanks.

On Mon, Feb 15, 2016 at 7:35 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
Right

On Feb 15, 2016, at 3:24 PM, Calvert, Scott <scott.calvert@wsj.com> wrote:

> And the switch to the river didn't involve a contract/purchase of $50,000 or more that wasn't competitively bid, right? I'm not trying to belabor the point, just making sure I'm clear.
>
> On Sat, Feb 13, 2016 at 4:41 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
> Only contracts/purchases of $50 k or more that are not competitively bid need treasury approval.
>
> On Feb 13, 2016, at 1:14 PM, Calvert, Scott <scott.calvert@wsj.com> wrote:
>
> > Hi Terry,
> >
> > Did you see this email I sent yesterday? I know I sent it after-hours. If you can get back to me as soon as you have a minute, I'd appreciate it.
> >
> > Best,
> > Scott
> >
> > On Fri. Feb 12, 2016 at 6:37 PM, Calvert, Scott <scott.calvert@wsj.com> wrote:
> > Terry,
> >
> > When we spoke a few days ago you said the treasurer didn't have to approve the switch to the Flint River on an interim basis because that wasn't required under the statute. Why wasn't it required? An editor asked. I realized I'm not sure -- just that it wasn't.
> >
> > Thanks,
> > Scott

--

Scott Calvert

Robert, Carla M. (Treasury)

From: Baird, Richard (GOV) <bairdr@michigan.gov>
Sent: Tuesday, February 16, 2016 7:52 AM
To: Saxton, Thomas (Treasury)
Cc: Khouri, Nick (TREASURY)
Subject: Re: Flint Police and Fire Chiefs

OK. Will call you after 8am meeting.

Sent from my Verizon 4G LTE Droid
On Feb 16, 2016 5:51 AM, "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov> wrote:
I don't know if you saw this note below from last Friday but we should try to talk about this today.

On Feb 12, 2016, at 3:29 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

Fyi. See below.

From: Headen, Frederick (Treasury)
Sent: Friday, February 12, 2016 3:24 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Flint Police and Fire Chiefs
Importance: High

See below the link to a *Flint Journal* article about the firing of the Police and Fire chiefs. The last paragraph refers to an interim Police chief. If accurate, it may be advisable for us to remind the Mayor that per the terms of the RTAB resolution she cannot name even an interim replacement without first submitting to the RTAB the minimum professional or occupational qualifications and the minimum/maximum salary range for the vacated positions.

http://www.mlive.com/news/flint/index.ssf/2016/02/mayor_fires_flint_police_fire.html#incart_2box_news_flint

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Tuesday, February 16, 2016 1:27 PM
To: Koryzno, Edward (Treasury)
Subject: Flint Phone Call, Natasha, Pete Bade, Howard Craft

Flint Phone Call, Natasha, Pete Bade, Howard Craft, Jodi Lundquist

Lead in Water System

- Financial assistance from the State in reconnecting to DWSD

- Want to do anything they can to avoid EM installed

- Cost to reconnect is $1.8M per month time 12 months

- Can the State Help?

- They want a forgivable loan.

- $9M less in H2O billing

- Treatment to address lead issue 3 month period (Ortho Phosphate) to purchase, add to the system and the time it takes to coat pipes. May not be a solution.

- Litigation

- Miller Canfield est. $350K - $500K

- Next court date 10/15/15, seeking adjournment of trial dates

- DONT SEND ANY LETTER UNTIL YOU HAVE APLAN THAT THE

- MAYOR, NATASHA, PETE BADE, HOWARD CROFT, SCHEDULE CALL PM

- IF CONNECTED TO DETROIT PROBLEM SOLVED?

- NEED REPORT FROM FIRM STATE HIRED, INCLUDE IN CHRONOLOGY

- ADDITIONAL DOCUMENTATION FROM FLINT WATER

- DO IT BY EMAIL, TOM IS GOING TO ASK HOW YOU CAME UP W/ $18M EST, WHY WASNT. THIS PICKED UP BY VIOLA, WHAT ASSURANCES DO YOU HAVE THAT THIS SOLVES THE LEAD PROBLEM,

Sent from my iPad

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Tuesday, February 16, 2016 1:55 PM
To: Koryzno, Edward (Treasury)
Subject: City of Flint. (Special Project)

City of Flint. (Special Project)

1. DPW search meet w/ Dan Gilmartin

2. Inform Natasha that we will pay for Miller Canfield re: most recent lawsuit

3. Shears v. Flint, drafting order for the Judge, need to quantify liability

4. Randy/Ed tell Natasha that if they do not provide cash flow info, the RTAB will amend the EM order, State will pay the cost of Yeo & Yeo

5. Drew, Research Flint Charter or Ordinance RE: limits the amount of pay for the City Administrator.

6.

Sent from my iPad

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Tuesday, February 16, 2016 4:48 PM
To: ksikkema@pscinc.com
Cc: Schafer, Suzanne K. (Treasury) (SchaferS7@michigan.gov)
Subject: FW: Flint Timeline
Attachments: KWA Water Quality Chronology Timeline 11-09-15.pdf

Ken:

Sorry for the delay. I have attached an electronic version of the timeline per your request.

Thanks,
Randall

4425 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

Flint Water Timeline (11-09-15)

1. **June 26, 2012** – Letter from Flint EM Mike Brown to DWSD for permission to begin blending Flint River water with treated water from DWSD. The letter indicates that the DEQ is supporting this option and its implementation would save the City between $2M and $3M annually.

2. **September 20, 2012** – Letter from Flint EM Ed Kurtz to DWSD requesting written permission to implement the blending option. Approval is requested by October 1, 2012.

3. **October 31, 2012** – Analysis by the Flint Finance Director suggests that the annual cost to purchase water from DWSD will steadily increase to $23M per year by fiscal year 2020.

4. **November 2012** – Treasury retains Tucker, Young, Jackson and Tull (TYJT) to evaluate the KWA proposal to the City of Flint.

5. **November 6, 2012** – Letter from Flint Emergency Manager Ed Kurtz to State Treasurer Dillon that a proposal from DWSD is expected but that the initial assessment is that switching to KWA is in the best interest of the City of Flint.

6. **February 6, 2013** – TYJT issues a final report to Treasury on the comparison between Karegnondi Water Authority (KWA) and DWSD. Analysis suggests that the KWA option is the cheaper option for the City of Flint.

7. **March 2013** – DWSD contacts the City of Flint to begin direct negotiations on a contract extension. Multiple options are provided to the Flint Emergency Manager (EM) Ed Kurtz.

8. **March 25, 2013** – The Flint City Council endorses joining KWA.

9. **April 11, 2013** – State Treasurer Andy Dillon authorizes Flint EM Ed Kurtz, pursuant to Section 12(3) of P.A. 436 of 2012, to enter into a contract with KWA if a final offer from DWSD is either not received for rejected in good faith based upon specific objections.

10. **April 15, 2013** – DWSD provides a best and final offer to the City of Flint. Analyses by Flint EM Ed Kurtz, the Department of Environmental Quality and Treasury's Office of Fiscal Responsibility independently conclude that the KWA option is cheaper for the City of Flint.

11. **April 16, 2013** –Flint EM Ed Kurtz informs the State Treasurer that the City will join KWA. This decision was officially announced May 1, 2013.

12. **April 17, 2013** – DWSD transmits a letter to Flint EM Ed Kurtz terminating service to the City of Flint, effective April 17, 2014.

13. **June 26, 2013** – Groundbreaking for the Karegnondi Water Authority begins. Flint also requests full time use of the Flint Water Treatment Plant with Flint River water as a source.

14. **June 28, 2013** – Financing Contract between the City of Flint and KWA is approved. Effective August 1, 2013. This document was signed by EM Mike Brown.

15. **July 08, 2013** – The City retains Lockwood, Andrews & Newman engineering firm to get the City's water plant up and running while the KWA pipeline is built.

16. **February 19, 2014** – The KWA Board of Directors adopts Resolution 2014-01, authorizing KWA to bond for water line construction on-behalf of the City of Flint.

17. **April 17, 2014** – Water service from DWSD officially ends. The City of Flint also conducts two separate public forums regarding the use of Flint River water, upgrades to the City's water system and the overall cost of the switch to KWA.

18. **April 25, 2014** – City conducts public event marking the transition to the use of Flint River water. DEQ information shows that transition complete by May 2015.

19. **January 2, 2015** – The City issues a press release stating the City water system exceeds the TTHM maximum contaminant level.

20. **March 3, 2015** – Flint EM Jerry Ambrose provides a memorandum to Deputy State Treasurer Wayne Workman stating that a reconnection to DWSD will cost the City $10.1M/year and that water purchases could be as high as $1M/month.

21. **March 12, 2015** – Veolia issues the final operational evaluation of the City's water system.

22. **September 3, 2015** – MDEQ testing of the City's water shows TTHM levels are below the required action level.

23. **September 25, 2015** – Genesee County Health Department and the City of Flint issues a lead advisory for residents to be aware of lead levels in drinking water after hearing concerns from the medical community.

24. **October 16, 2015** – The City of Flint reconnects to Detroit Water.

25. **November 4, 2015** – The EPA issues its final report on high lead levels at three residences in the City.

Osborne, Ken (TREASURY)

From: Osborne, Ken (TREASURY)
Sent: Tuesday, February 16, 2016 9:52 PM
To: Nick Khouri (TREASURY) (KhouriN@michigan.gov)
Subject: SB 136 language
Attachments: 01196'15 (J160216).pdf

Nick,

In looking at SCR 23, which is what Rep. Poleski's language references, it appears to be a hard end date of the declaration of emergency in Flint to April 14, 2016. The House's intent is that April 14 would serve as the hard end date- so bills including that date would be the last billing period the credit would apply to. State Budget Office is reviewing the language as well to make sure they are interpreting it the same way.

I heard from Michelle Lange in the Gov's office this evening though, and they were concerned about a hard date. She was awaiting word from Dick about where they are at. I did share with her your perspective that in a practical sense the $30 million is estimated to cover April 2014 to April 2016, so to cover additional time would potentially require the legislature to revisit the issue anyway.

Will let you know if I hear from her this evening yet.

Ken Osborne
Legislative Liaison
Department of Treasury
Desk: 517-241-2474
Cell: [redacted]

Osborne, Ken (TREASURY)

From: Lange, Michelle (GOV) <LangeM3@michigan.gov>
Sent: Wednesday, February 17, 2016 8:13 AM
To: Osborne, Ken (TREASURY)
Subject: RE: PDF For Amendment for SB 136

Ignore the email saying he thinks they are good with it!!! He's looking at it again right now & reaching out to Adam in Pscholka's office

M.

From: Lange, Michelle (GOV)
Sent: Wednesday, February 17, 2016 8:09 AM
To: Osborne, Ken (TREASURY) <OsborneK1@michigan.gov>
Subject: RE: PDF For Amendment for SB 136

Just talked to Starr- he thinks they are good with it, was going to call me back to confirm.

M

From: Osborne, Ken (TREASURY)
Sent: Tuesday, February 16, 2016 9:36 PM
To: Lange, Michelle (GOV) <LangeM3@michigan.gov>
Subject: FW: PDF For Amendment for SB 136

Meant to include you on this.

From: Osborne, Ken (TREASURY)
Sent: Tuesday, February 16, 2016 9:34 PM
To: 'Adam Carlson' <acarlson@house.mi.gov>; Starr, Scott (DTMB) <StarrS1@michigan.gov>
Subject: RE: PDF For Amendment for SB 136

What is your interpretation of the language related to the end of the time period for bills to qualify that references SCR 23. I didn't work on that SCR so I'm a little in the dark. The last whereas clause talks about the emergency being extended to April 14, 2016. The resolved clause references 73 additional days from the state of emergency declared January 5. which is sometime in early March.

Governor Snyder requested on January 28, 2016, that the legislature approve an extension of the state of emergency proclaimed on January 5, 2016, and expiring on February 2, 2016, to April 14, 2016, in the county of Genesee and the city of Flint. This 73-day extension coincides with the current Presidential Emergency Declaration; now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That we approve Governor Snyder's request for an extension of the state of emergency in the county of Genesee and the city of Flint proclaimed on January 5, 2016, for another 73 days; and be it further

So is the intent that the credit would cover bills including April 14, or something else?

From: Adam Carlson [mailto:acarlson@house.mi.gov]
Sent: Tuesday, February 16, 2016 9:14 PM
To: Starr, Scott (DTMB) <StarrS1@michigan.gov>; Osborne, Ken (TREASURY) <OsborneK1@michigan.gov>
Subject: FW: PDF For Amendment for SB 136

Last chance to criticize. Thoughts?

From: LSB Legal Division [mailto:legal@legislature.mi.gov]
Sent: Tuesday, February 16, 2016 5:43 PM
To: Earl Poleski <epoleski@house.mi.gov>; Kyle Jen <kjen@house.mi.gov>; Maria Ostrander <Mostrander@house.mi.gov>; Adam Carlson <acarlson@house.mi.gov>
Cc: Kellie A. Seyfried <KSeyfried@legislature.mi.gov>; Jon Bassett <JBassett@legislature.mi.gov>
Subject: PDF For Amendment for SB 136

Legal Division

Please do not reply directly to this email.

The attached legislative document is being provided by the Legal Division of the Legislative Service Bureau. If you have any questions regarding this document, please contact the attorney who drafted the document or call the Legal Division's main telephone number at 373-9425 to obtain further assistance.

Legislative Service Bureau
Legal Division
(517) 373-9425 Front Desk
(517) 373-5642 Fax

Rep. _____ offered the following amendment to Senate Bill No. 136:

1. Amend page 2, following line 13, following "**DEPARTMENT OF TREASURY**" by striking out all of sections 301 and 302 and inserting:

"Sec. 301. (1) From the funds appropriated in part 1 for the Flint declaration of emergency, up to $30,000,000.00 shall be allocated to reimburse the water enterprise fund of the city of Flint in an amount equal to credits posted to its customers' accounts in accordance with section 302.

(2) The department shall report quarterly to the senate and house appropriations committees, the senate and house fiscal agencies, and the state budget director on the distribution of the funds allocated pursuant to part 1.

Sec. 302. (1) There shall be no administrative charges, from any entity, removed or expended from the appropriations in part 1.

(2) There shall be no expenditures from the funds appropriated in part 1 without specific authorization by the state treasurer.

(3) All unexpended funds from the appropriations in part 1, as of September 30, 2016, shall lapse to the general fund.

(4) The credit to a water customer's account shall be equal to the following:

(a) For a residential customer, an amount determined by the state treasurer not to exceed 65% of the amount billed for water from the beginning of the billing period containing April 30, 2014 to the end of the billing period containing the date upon which the declaration of disaster, as described in Senate Concurrent Resolution No. 23 of the 98th Legislature, expires.

(b) For all other customers, an amount determined by the state treasurer not to exceed 20% of the amount billed for water from the beginning of the billing period containing April 30, 2014 to the end of the billing period containing the date upon which the declaration of disaster, as described in Senate Concurrent Resolution No. 23 of the 98th Legislature, expires.

(5) Credits for sewer services are not to be reimbursed under this section or section 301.

(6) The amount of the credits calculated under subsection (4) shall reflect rates consistent with the rates paid at the time of billing.

(7) The state treasurer, or his or her designee, and the auditor general may audit transactions provided for under this section and section 301 at their discretion.".

Doyle, Maureen (Treasury)

From: Doyle, Maureen (Treasury)
Sent: Wednesday, February 17, 2016 1:11 PM
To: Khouri, Nick (TREASURY)
Subject: FW: FWICC Subcommittee Priorities, Objectives and Tasks
Attachments: FWICC Objectives Tasks.doc

Importance: High

Tracking:

Recipient	Read
Khouri, Nick (TREASURY)	Read. 2/17/2016 1 18 PM

THEY NEED templates no later than 10am tomorrow.....
How can I assist?

Maureen Doyle
Executive Assistant to the StateTreasurer
Department of Treasury
430 West Allegan Street
Lansing, MI 48922
(517) 241-2624
Doylem4@michigan gov
NOTICE: *This message is intended for the named recipient(s) only and may contain confidential, privileged, or private information exempt from disclosure under Michigan law If you have received this message in error do not forward, share, save or duplicate it. Please reply and notify me of the error in transmission and then delete the message. Thank you.*

From: Clayton, Stacie (GOV)
Sent: Wednesday, February 17, 2016 12:57 PM
To: Doyle, Maureen (Treasury) <DoyleM4@michigan.gov>; Thelen, Mary Beth (DEQ) <THELENM2@michigan.gov>; Burton, Diane (LARA) <BurtonD2@michigan.gov>
Subject: FW: FWICC Subcommittee Priorities, Objectives and Tasks
Importance: High

Ladies,

I apologize but I was typing too fast yesterday, I **need the templates by end of business today (but please no later than 10am Thursday morning)**. My email below said Friday (the meeting is Friday and they have to be put into the presentation for Friday's meeting).

~Stacie

From: Clayton, Stacie (GOV)
Sent: Tuesday, February 16, 2016 5:06 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Zimmer, Mike (LARA) <zimmerm@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Creagh, Keith (DEQ) <creaghk@michigan.gov>; Lord, Daniel (DNR) <LordD1@michigan.gov>; Becker, Timothy (DHHS) <beckert1@michigan.gov>
Cc: Doyle, Maureen (Treasury) <DoyleM4@michigan.gov>; Burton, Diane (LARA) <BurtonD2@michigan.gov>; Grijalva,

Nancy (DHHS) <GrijalvaN@michigan.gov>; Thelen, Mary Beth (DEQ) <THELENM2@michigan.gov>
Subject: FWICC Subcommittee Priorities, Objectives and Tasks

Greetings All,

This week we are schedule to have presentations from the FWICC KWA, Policy and Communications Sub-Committees. As a reminder, please send me your lists of priorities, objectives and tasks using the attached template by end of business on Friday (I need to include them in the Governor's briefing on Thursday).

Also, for those who presented last week and have not sent me your items on this template, please do so by end of business on Wednesday. Please let Harvey or me know if you have any questions.

Thank you,
Stacie

313.456.4994 (office)
claytons3@michigan.gov

Robert, Carla M. (Treasury)

Sent: Wednesday, February 17, 2016 1:22 PM
To: Baird, Richard (GOV)
Cc: bill.nowling@finnpartners.com
Subject: RE: MEDIA RELEASE: Flint Mayor Targets First Lead Pipe Removal for Next Week

From: Baird, Richard (GOV) [mailto:bairdr@michigan.gov]
Sent: Wednesday, February 17, 2016 12:51 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: bill.nowling@finnpartners.com
Subject: FW: MEDIA RELEASE: Flint Mayor Targets First Lead Pipe Removal for Next Week

From: Snyder, Rick (GOV)
Sent: Wednesday, February 17, 2016 12:40 PM
To: Agen, Jarrod (GOV)
Cc: Baird, Richard (GOV)
Subject: Fwd: MEDIA RELEASE: Flint Mayor Targets First Lead Pipe Removal for Next Week

I just received this email. The Mayor appears to be on her own path.

Please get Nick going ASAP on what is available from existing loan and other financing programs. Also, we need to look at the cash flow timing on the water bill payment program.

Thanks
Rick

Sent from my iPad

Begin forwarded message:

> **From:** "Murray, David (GOV)" <MurrayD1@michigan.gov>
> **Date:** February 17, 2016 at 12:31:07 PM EST
> **To:** "Snyder, Rick (GOV)" <snyderr11@michigan.gov>
> **Subject: Fwd: MEDIA RELEASE: Flint Mayor Targets First Lead Pipe Removal for Next Week**
>
> Good afternoon, Governor. Jarrod asked me to send you this release that the Mayor just issued.
>
> I believe you may get asked questions about some of the Mayor's comments.
>
> Dave
>
> Sent from my iPhone

Begin forwarded message:

From: Kristin Moore <kmoore@cityofflint.com>
Date: February 17, 2016 at 12:14:05 PM EST
To: undisclosed-recipients:;
Subject: MEDIA RELEASE: Flint Mayor Targets First Lead Pipe Removal for Next Week

Kristin Moore
Public Relations Director
kmoore@cityofflint.com

February 17, 2016
For Immediate Release

Flint Mayor Karen Weaver Targets First Lead Pipe Removal for Next Week

Mayor Calls on Gov. Snyder to Pressure House, Senate GOP Leaders to Immediately Pass $25 Million Supplemental to Pay for Pipe Removal

Mayor's Ambitious "Fast Start" Plan Wins Endorsement of Renowned Virginia Tech Water Expert Dr. Marc Edwards

(FLINT)-- Mayor Karen Weaver announced today that her administration intends to begin replacing lead pipes in Flint next week to restore safe, clean drinking water as quickly as possible to the citizens of her city. She called on Gov. Rick Snyder to pressure the Legislature to move immediately to approve funding for the first phase of her $55 million *Fast Start* lead pipe replacement plan.

Mayor Weaver said she is working with water infrastructure experts from the Lansing Board of Water & Light (BWL) to train local Flint workers on lead pipe removal at a vacant property in Flint owned by the Genesee County Land Bank. The training exercise is set to begin next week at a location to be announced. House-by-house lead service line removal and replacement operations targeting high-risk households across the city will commence shortly thereafter, Weaver said.

Mayor Weaver said she is very pleased that her *Fast Start* plan has been endorsed by renowned Virginia Tech water expert Dr. Marc Edwards, who is widely hailed for his role in uncovering the shocking lead levels in Flint's water supply and frequently testifies before Congress on lead contamination in municipal water systems. Dr. Edwards confirmed to MSNBC's The Rachel Maddow Show last week that he supports Mayor Weaver's project moving forward.

"These guys know what they are doing," Edwards told MSNBC. "Society needs to decide if lead pipe replacements are a good investment. Personally, I think so. I support this plan."

"I will not accept anything less than full removal of all lead pipes from our water system," said Mayor Weaver. "I continue to hear from Lansing that the people of Flint should wait to see if pipes can be 'coated.' I call on Governor Snyder to end that discussion, and to commit fully to getting the lead out of Flint."

Weaver added: "Legislative leaders and Governor Snyder say they want to see our city recover. Job one in that recovery is removal of lead service lines. This Legislature can move bills in a matter of hours when it wants to. Now is the time for the state to accept its duty and its responsibility and cover the cost of this important action."

During the training exercise next week, the BWL will demonstrate its innovative technology for removing and replacing lead pipes with new copper pipes in half the time at half the cost of traditional methods. The Lansing public water and electric utility has perfected its technique by removing more than 13,500 lead pipes in Michigan's capital city over the past 12 years.

"Flint is so fortunate to have great neighbors, friends and partners reaching out to us from every corner of Michigan, across the country and all around the world. Our sister city right next door in Lansing is definitely one of our strongest allies," Weaver said. "I'm especially grateful to Lansing Mayor Virg Bernero and the Board of Water & Light for their help. Together, we're going to get the lead out of Flint, starting next week."

Mayor Weaver said she also appreciates Gov. Snyder's change of heart on moving quickly to replace Flint's lead pipes and his recent budget proposal to partially fund the project, but she is not agreeing to allow the governor's engineering firm and contractors do the work. Weaver welcomed the governor's interest in working with the city to coordinate removal of the first 30 lead service lines, but noted that much more needs to be done by Gov. Snyder and others to secure full funding for her plan.

Toward that end, Mayor Weaver said she is working closely with The White House and Flint's representatives in the Michigan Legislature and U.S. Congress to secure full funding for her lead pipe removal project, as well as long-term funding to fully repair the city's devastated water distribution system. She called on state and federal lawmakers to move quickly to approve emergency funding for her project while long-term repairs to Flint's water distribution system are evaluated.

"Lansing and Washington need to understand that the first and most critical priority is an emergency public health intervention to start getting rid of these pipes immediately," Weaver said. "Then we can figure out exactly what it will cost over the long-term to fix our broken water distribution system. If we have to

replace major components or even the whole system, it will cost an enormous amount of money. Everyone needs to be prepared for that possibility. Let's start a serious conversation about where that money is going to come from while we get to work removing the pipes."

If funding to ramp up her *Fast Start* project is not secured quickly from the state or federal government, Weaver said she may have to take her case directly to the national and international audience that is closely following the daily indignities still being suffered by the people of Flint, especially the city's children, who have been living on bottled water for months after being forced to drink lead-poisoned water for nearly two years.

"If the state and federal governments won't pay to restore safe drinking water and dignity to the people of my city, I may have to go on national TV and crowdsource the funding on the Internet," Weaver said. "Rachel Maddow might just be willing to help me issue a worldwide challenge to the celebrities and other philanthropic donors who are showing so much love for Flint.

"We're going to get this done -- and done quickly -- by any and every means necessary," Weaver concluded. "The people of my city have simply run out of patience and I have a moral obligation to act."

###

Kristin Moore
Public Relations Director
City of Flint
Office: (810) 237-2039
Mobile: (810) 875-2576

Osborne, Ken (TREASURY)

From: Osborne, Ken (TREASURY)
Sent: Wednesday, February 17, 2016 2:15 PM
To: Durfee, Sally (TREASURY)
Subject: Re: Flint Billing cycle date

They are going to add an amendment that would allow them to extend the timeframe via resolution. I talked with Nick, while not ideal his inclination was we could live with this. In a practical sense it sounds like we may have to revisit this at some point regardless.

They are not inclined to budge much more than that.

Sent from my iPhone

> On Feb 17, 2016, at 2:01 PM, Durfee, Sally (TREASURY) <DurfeeS1@michigan.gov> wrote:
>
> Ken - is it time for Nick to give Rep. Poleski a call.....my sense is that the legislature will keep the pressure on state government if this amendment says April or May.
>
>
>
> -----Original Message-----
> From: Osborne, Ken (TREASURY)
> Sent: Wednesday, February 17, 2016 10:05 AM
> To: Saxton, Thomas (Treasury)
> Cc: Durfee, Sally (TREASURY); Khouri, Nick (TREASURY)
> Subject: Re: Flint Billing cycle date
>
> I've expressed the potential scenario that we need to cover periods beyond April. Rep Poleski feels pretty strongly that he wants to force the administration to revisit the issue with the legislature at that time. His sense is they want the language to serve as pressure on state government to get this resolved.
>
> I am hanging out in committee to catch Chairman Pscholka after and see if he has the same view.
>
> Will update after I talk with him.
>
> Sent from my iPhone
>
>> On Feb 17, 2016, at 9:55 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:
>>
>> I would agree with Nick. Particularly given we don't have a firm schedule yet on the software changes, etc we need to make to the billing system.
>>
>> -----Original Message-----
>> From: Khouri, Nick (TREASURY)
>> Sent: Wednesday, February 17, 2016 9:40 AM
>> To: Osborne, Ken (TREASURY) <OsborneK1@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
>> Cc: Durfee, Sally (TREASURY) <DurfeeS1@michigan.gov>
>> Subject: RE: Flint Billing cycle date

>>
>>
>>
>> Either way, we are still left with a possible situation where we are through April, only spend $25m, and the water still isn't safe
>>
>> Would we have to stop? Wouldn't we want to spend the last $5m on May bills?
>>
>> How about saying something like "program continues until either the water is determined safe, or $30m is spent, whichever is first"
>>
>>
>>
>> -----Original Message-----
>> From: Osborne, Ken (TREASURY)
>> Sent: Wednesday, February 17, 2016 9:35 AM
>> To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
>> Cc: Durfee, Sally (TREASURY) <DurfeeS1@michigan.gov>
>> Subject: Flint Billing cycle date
>>
>>
>> Is there a way to find out what day of the month their billing cycles end on?
>>
>> Committee is still going, but I talked to Rep Poleski and feels pretty strongly about having an end date as his language contemplates.
>>
>> It would mean that bills containing April 14th would be the last bills covered.
>>
>> If the bill covers April 4- May 4 for example I think this would meet the April 2014 to April 2016 goal. If the last bill covered March 15- April 15th, there would be a two week portion of April not covered.
>>
>> Sent from my iPhone

Sampson, Jeremy (TREASURY)

From: Brown, Jessica (GOV) <BrownJ53@michigan.gov>
Sent: Wednesday, February 17, 2016 2:33 PM
To: Stanton, Terry A. (Treasury)
Cc: Sampson, Jeremy (TREASURY)
Subject: RE: FOR TODAY at 3: RTAB Appointment

Thanks Terry, we'll make that correction.

Jess

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, February 17, 2016 2:32 PM
To: Brown, Jessica (GOV) <BrownJ53@michigan.gov>
Cc: Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
Subject: RE: FOR TODAY at 3: RTAB Appointment

One correction:

Michael Townsend is the designee of the director of DTMB.

From a Jan 21, 2016 appt release:

"Townsend is the former finance director and budget director of the city of Flint and had served the city since 1997. He has over 25 years of experience in budgetary, finance, accounting and managerial experience. Townsend earned a bachelor's in business administration from Olivet College. He fills the vacancy created by the resignation of Brian Larkin and will serve as the representative of the director of the Department of Technology, Management, and Budget."

From: Brown, Jessica (GOV)
Sent: Wednesday, February 17, 2016 1:46 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Cc: Sampson, Jeremy (TREASURY) <SampsonJ@michigan.gov>
Subject: FOR TODAY at 3: RTAB Appointment

Hi Terry – We're planning to issue this appointment release at 3 p.m. I'm not sure if Jordan sent you an FYI yet. If you have changes let me know, otherwise we'll issue at 3.

Thanks much!
Jess

Gov. Rick Snyder appoints Joel Ferguson to Flint Receivership Transition Advisory Board

LANSING, Mich. – Gov. Rick Snyder today announced the appointment of Joel Ferguson, of Lansing, to the Flint Receivership Transition Advisory Board.

The board was first named in April 2015 after the city of Flint transitioned back to local control.

"I thank Joel for his willingness to serve on this important board and am confident his collaboration with local leaders will help ensure ongoing financial stability in the city of Flint," Snyder said.

Ferguson is president of Ferguson Development and F&S Development and is chairman of the Michigan State University Board of Trustees. He served in the U.S. Marine Corps and earned a bachelor's degree in elementary education from Michigan State University. He will represent members with relevant professional experience and replaces David McGhee.

Other members of the City of Flint RTAB include: Frederick Headen, representing the State Treasurer, Mike Finney, representing members with relevant professional experience, and Michael Townsend, representing members with relevant professional experience. Members serve at the pleasure of the governor.

For more information about Public Act 436 of 2012, the Local Financial Stability and Choice Act, visit the Local Government Fiscal Health page on the Department of Treasury's web site at www.michigan.gov/treasury.

#####

Jessica M. Brown
Communications Representative
Executive Office of Michigan Governor Rick Snyder
O: 517-335-6397
M: 517-388-3873
Brownj53@michigan.gov

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, February 17, 2016 5:32 PM
To: Khouri, Nick (TREASURY)
Cc: Wayne Workman; Steckelberg, Larry (TREASURY); Barton, John (Treasury); Martin, Mary G. (Treasury); Pleyte, Beth (Treasury)
Subject: RE: Flint Water infrastructure funding options
Attachments: Water Options DRAFT 021716.pptx; FW: Flint - Proposed Emergency Relief Package

Nick – attached are the info/presentations we talked about earlier. As we discussed too we have meeting @ 10 tomorrow morning. I would suggest maybe before John starts drafting that we go thru the attached first. Let me/us know if you are ok with that.

From: Khouri, Nick (TREASURY)
Sent: Wednesday, February 17, 2016 5:18 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Wayne Workman <workmanwayne@gmail.com>; Barton, John (Treasury) <BartonJ@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: Flint Water infrastructure funding options

We've been asked to put together a couple of pages for the Governor on financing options for pipe replacement in Flint

Let's assume a $100m project

I found the 1/19 document titled "water infrastructure improvements..." It's a good start

What I need is a memo that lays out the options for the Gov

(1) SRO—basically just incorporate John's SRO Federal government proposal
(2) G.O options—CMI, GLWQ (quality of life bonds doesn't seem big enough to mention)
(3) Revenue bonds—bottle deposit, etc

Are there other options we should discuss? Non-state dollars?

For each, a short write up on pros and cons

John—can you take the lead drafting something tomorrow? I know its short notice, but hopefully most of the work has been done already

Thanks

Water Infrastructure Improvements Program and Revenue Generation Options

DRAFT – 2/17/16

CONFIDENTIAL, subject to client privilege

Revenue Generation Options

To date, the following options have been identified as potential sources of proceeds for water infrastructure improvements:

- State GO Bonds
  - Clean Michigan Initiative Program ("CMI")
  - Environmental Protection Program ("EPP"); also known as "Quality of Life Bonds"
  - Great Lakes Water Quality Program ("GLWQ")
- Utilization of the Michigan Finance Authority's ("MFA") Drinking Water Revolving Fund ("DWRF") and/or EPA forgiveness options
- Bottle Deposit Fund usage and/or Bottle Bill changes
- As part of this analysis, tobacco securitization and Lottery revenue bonds have been explored but are not recommended for this purpose

Revenue Generation Options
State GO Bonds - CMI

Purpose

The CMI Program was authorized by voters in 1998 to, "finance environmental and natural resources protection programs that would clean up and redevelop contaminated sites, protect and improve water quality, prevent pollution, ***abate lead contamination***, reclaim and revitalize community waterfronts, enhance recreational opportunities and clean up contaminated sediments in lakes, rivers and streams."

Capacity

- Approximately $80 million is remaining of the originally authorized $675 million
- Last issuance in 2011 - $85 million

Enabling Legislation

PA 451 of 1994, Part 196

Benefits

- Likely easiest to accomplish

Considerations

- Amendments needed to utilize and identify specifically the remaining allocations

Revenue Generation Options

State GO Bonds – EPP "Quality of Life Bonds"

Purpose

The EPP Program was authorized by voters in 1988 to, "finance environmental protection programs that would ***clean up sites of toxic and other environmental contamination,*** contribute to a regional Great Lakes protection fund, address solid waste problems, ***treat sewage and other water quality problems***, and reuse industrial sites and preserve open space."

Capacity

- Approximately $8 million is remaining of the originally authorized $660 million
- Last issuance in 2006 - $25 million

Enabling Legislation

PA 451 of 1994, Parts 193 (proposal and authorization) & 195 (implementation)

Benefits

- Due to spirit of original purpose and small amount of remaining authorization, may not be a strong candidate for other interested parties to mount legal challenges

Considerations

- Appears to be more focused on "dirt-like" projects, i.e., "sites" and "environmental contamination"
- Lead abatement projects not specifically mentioned in ballot language
- Slight possibility of legal challenges; could be offset by new ballot initiatives
- Amendments needed to authorize uses to address water quality problems and other environmental contamination issues and to utilize remaining allocations

Revenue Generation Options

State GO Bonds - GLWQ

Purpose

The GLWQ Program was authorized by voters in 2002 to, "***improve the quality of waters of the state by financing*** sewage treatment works projects, storm water projects and ***water pollution projects***."

Capacity

Out of the $1 billion originally authorized, $527.4 million is not fully expended:

- $200 million is remaining under the Water Pollution Control Revolving Fund
- A $90 million "Rising Bond", issued to satisfy original statutory issuance requirements, is held at the MFA level and could be refunded
- $237.4 million has been committed to local governments for project that have already been approved although funds have not expended under the Strategic Water Quality Initiatives Fund ("SWQIF")

Enabling Legislation

PA 451 of 1994, Parts 53, 54 and 197

Benefits

- Potentially largest source of GO bond proceeds

Considerations

- Appears to be more focused on sewage treatment works projects, storm water projects and nonpoint source projects
- Lead abatement projects not specifically mentioned in ballot language or in authorization paragraph
- SWQIF funds have already been committed and local governments have begun making expenditures based on those commitments
- Possibility of legal challenges; could be offset by new ballot initiatives
- Amendments needed to expand authorization, remove annual borrowing limits and utilize remaining allocations

Revenue Generation Options

Traditional Drinking Water Revolving Fund "DWRF"

Purpose

Designed to make low-interest rate loans to communities and water suppliers in order to improve water quality.

Capacity

- Annual program size approximately $55 million
- $36.3 million has been committed in FY 16

Enabling Legislation

Amendments may be considered to amend application scoring process

Benefits

- Program already well established
- State may be able to supplant or offset debt service to local units of government through revenue sharing modifications

Considerations

- If revenue sharing not used as an offset, normally loans are repaid by local governments who pass along the costs to homeowners through water and sewer rates or special assessments
- FY 16 funding already set; Federal requirements dictate the FY 17 application process begins May 2016 and loans are awarded on a quarterly basis but can be as early as October 1, 2016
- Would need to comply with Federal guidelines related to material sourcing and labor
- Limit of 30% of fundable range

Revenue Generation Options

DWRF Forgiveness

Purpose

The Environmental Protection Agency ("EPA") has allowed for certain percentages of loan forgiveness for disadvantaged communities.

Capacity

- Up to 30% of loans made since 2010 could be eligible for forgiveness
- Potentially up to $60 million in loans could be forgiven, producing upfront proceeds

Enabling Legislation

Federal program – state legislation not needed

Benefits

- No need to backfill program with Proposal 2 bonds or other bonding

Considerations

- Need replacement funds for Clean Water Fund ("CWF")
- 10-15% reduction in annual capacity if CWF funds not replaced

Revenue Generation Options

Bottle Deposit Fund Usage and/or Bottle Bill Changes

Purpose

- Use of cash assets in Bottle Deposit Fund
- Could be combined with an expansion (to other beverages, e.g., tea and juice) or modification of the Bottle Bill to lower the deposit rate to 10 cents in order to increase annual amounts of unclaimed property

Capacity

- Revenues in the Bottle Deposit Fund were $18.8 million in FY 15, $21.7 million in FY 14 and $18.9 million in FY 13
- The Bottle Deposit Fund has $52 million in Common Cash as of FY 15, down from $56 million in FY 14 and $58 million in FY 13

Enabling Legislation

- Changes to the Bottle Bill would need to be drafted and introduced

Benefits

- Utilizes assets generated for environmental purposes

Considerations

- Determination needed to see if funds held in Common Cash can be redirected
- Lowering the deposit rate could appear to be adverse to environmental purposes
- Replacement revenues needed for current expenditures

Program Questions

- Is this to be a statewide program, or specific to a local unit of government?
  - If for a specific unit of government, would the unit be asked to borrow as well?
  - Can special assessments be passed along to the homeowners?
- Are funds to be used for grants or loans? If a revolving loan program, what assumptions should be used to establish the amount of needed seed capital?
  - Amount of individual loans
  - Number of loans targeted per year
  - Repayment terms: duration and rate
  - Default rate
  - Administrative fees
- Does an educational field study need to be funded to determine the most cost effective and fastest way to execute the projects?
- Are there other expenditures other than for pipe replacements that need to be funded? For example:
  - Treatment facility upgrades
  - Water main replacements
  - Education enhancements
  - Health care costs – initial and ongoing

Revolving Loan Fund Example

State of Michigan
Water Infrastructure Replacement
Cash Flow Analysis

Assumptions	
Cash Deposit	100 000 000
Replacement Project (Loan) Size	7 500
Replacements (Loans) per Year	2,500
Length of Loans (Years)	20
Loan Lending Rate	2 50%
Investment Rate	0 75%
Administrative Fee	0 00%
Default Rate	25 00%
Loan Inflator Factor	0 25%

NOTES
Loans close at beginning of FY
All Loans are the same amounts
All Loans are the same length
All Loans have the same rate

Minimum Net CF	74 992
FY for Minimum	FY - 8

	FY 1	FY 2	FY 3	FY 4	FY - 5	FY 6	FY - 7	FY - 8	FY - 9	FY 10
Revenues										
Beginning Balance		82,444 694	65 672 940	49 689 801	34 500 363	20 109 737	6 523 057	297 823	74 992	876 891
Cash Deposits	100,000,000									
Interest Earnings	375 000	309 168	246,274	186 337	129 376	75 412	24 461	1 117	281	3 288
Loan Repayments	1,092 925	2,287 939	3,485 940	4 686 938	5 890 935	7 097 944	7 908 579	8,351 273	8,720 143	9 085 880
Total Revenues (Available for Loans)	**101,467,925**	**85,041,800**	**69,405,153**	**54,563,074**	**40,520,675**	**27,283,092**	**14,456,097**	**8,650,213**	**8,795,416**	**9,966,059**
Loans & Expenses										
Loans (5 per year)	18 750 000	18,796 875	18 843 867	18 890 977	18 938 204	18,985 550	12 181 129	5 487 403	5 738 489	5 752,838
Administration Fees	0	0	0	0	0	0	0	0	0	0
Loan Defaults @ 25 00% per year	273 231	571 985	871 485	1 171 734	1 472 734	1 774,485	1 977 145	2 087 818	2 189 036	2 271 470
Total Loans & Expenses	**19,023,231**	**19,368,860**	**19,715,352**	**20,062,711**	**20,410,938**	**20,760,036**	**14,158,273**	**8,575,221**	**7,918,525**	**8,024,308**
Net Cash Flow (End of FY)	**82,444,694**	**65,672,940**	**49,689,801**	**34,500,363**	**20,109,737**	**6,523,057**	**297,823**	**74,992**	**876,891**	**1,941,754**
Loans Repayments (Loans / Defaults)	(17 930 308	(17 080 921	(16 229 417	(15 377 775	(14 520 003	(13 662 092	(7 249 564	423 948	801 818	1 061 574

Period		1	2	3	4	5	6	7	8	9
Loan Size	7,500	7 519	7 538	7 556	7 575	7 594	7 613	7 632	7 651	7 670
Inflator Factor		0 25%	0 25%	0 25%	0 25%	0 25%	0 25%	0 25%	0 25%	0 25%
Number Of Replacements	2 500	2,500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2,500
Number Of Replacements Adustment		-	-	-	-		900	1 650	1 750	1 750
Adjusted Number of Replacements	2 500	2,500	2 500	2 500	2 500	2 500	1 600	850	750	750
Dollar Value of Replacements	18 750 000	18,796 875	18 843 867	18 890 977	18 938 204	18,985 550	12,181 129	5 487 403	5 738 489	5 752,838
Accumulated Total of Replacements	**2,500**	**5,000**	**7,500**	**10,000**	**12,500**	**15,000**	**16,600**	**17,450**	**18,200**	**18,950**

This example uses the assumptions located in the blue boxes and supports 18,950 replacements (loans) over 10 years from a $100 million initial deposit

Robert, Carla M. (Treasury)

From: Khouri, Nick (TREASURY)
Sent: Friday, January 29, 2016 4:43 PM
To: Barton, John (Treasury); Saxton, Thomas (Treasury)
Subject: FW: Flint - Proposed Emergency Relief Package
Attachments: Flint - Proposed Emergency Relief Package draft 1-29-16.docx

From: Khouri, Nick (TREASURY)
Sent: Friday, January 29, 2016 4:42 PM
To: Mcbride, Bill (GOV) <mcbrideb@michigan.gov>; Roberts, John (DTMB) <RobertsJ9@michigan.gov>; Creagh, Keith (DEQ) <creaghk@michigan.gov>
Subject: FW: Flint - Proposed Emergency Relief Package

Here's a simple offer for the Senate

Its two pieces

(1) Allow the State to forgive the current $21m DWRF loan to Flint AND recapitalize the fund by the same amount so other communities in Michigan aren't hurt
(2) Provide an additional $25m capitalization each year for 5 years to the DWRF (above the normal $25m/yr) directed toward communities under an emergency declaration. The capitalization could be converted to a forgivable loan based on a viable implementation plan

#2 could be modified based on legislative appetite

Call with questions

From: Barton, John (Treasury)
Sent: Friday, January 29, 2016 4:36 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Epkey, Amy (DEQ) <epkeya@michigan.gov>
Subject: Flint - Proposed Emergency Relief Package

Attached is the draft proposed emergency relief package summary for the City of Flint.

Thank you
John

Robert, Carla M. (Treasury)

From: Doyle, Maureen (Treasury)
Sent: Wednesday, February 17, 2016 1:11 PM
To: Khouri, Nick (TREASURY)
Subject: FW: FWICC Subcommittee Priorities, Objectives and Tasks
Attachments: FWICC Objectives Tasks.doc

Importance: High

THEY NEED templates no later than 10am tomorrow.....
How can I assist?

Maureen Doyle
Executive Assistant to the StateTreasurer
Department of Treasury
430 West Allegan Street
Lansing, MI 48922
(517) 241-2624
DoyleM4@michigan.gov
NOTICE: *This message is intended for the named recipient(s) only and may contain confidential, privileged, or private information exempt from disclosure under Michigan law. If you have received this message in error, do not forward, share, save or duplicate it. Please reply and notify me of the error in transmission and then delete the message. Thank you*

From: Clayton, Stacie (GOV)
Sent: Wednesday, February 17, 2016 12:57 PM
To: Doyle, Maureen (Treasury) <DoyleM4@michigan.gov>; Thelen, Mary Beth (DEQ) <THELENM2@michigan.gov>; Burton, Diane (LARA) <BurtonD2@michigan.gov>
Subject: FW: FWICC Subcommittee Priorities, Objectives and Tasks
Importance: High

Ladies,

I apologize but I was typing too fast yesterday, I need the templates by end of business **today** (but please no later than 10am Thursday morning). My email below said Friday (the meeting is Friday and they have to be put into the presentation for Friday's meeting).

~Stacie

From: Clayton, Stacie (GOV)
Sent: Tuesday, February 16, 2016 5:06 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Zimmer, Mike (LARA) <zimmerm@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Creagh, Keith (DEQ) <creaghk@michigan.gov>; Lord, Daniel (DNR) <LordD1@michigan.gov>; Becker, Timothy (DHHS) <beckert1@michigan.gov>
Cc: Doyle, Maureen (Treasury) <DoyleM4@michigan.gov>; Burton, Diane (LARA) <BurtonD2@michigan.gov>; Grijalva, Nancy (DHHS) <GrijalvaN@michigan.gov>; Thelen, Mary Beth (DEQ) <THELENM2@michigan.gov>
Subject: FWICC Subcommittee Priorities, Objectives and Tasks

Greetings All,

This week we are schedule to have presentations from the FWICC KWA, Policy and Communications Sub-Committees. As a reminder, please send me your lists of priorities, objectives and tasks using the attached template by end of business on Friday (I need to include them in the Governor's briefing on Thursday).

Also, for those who presented last week and have not sent me your items on this template, please do so by end of business on Wednesday. Please let Harvey or me know if you have any questions.

Thank you,
Stacie

313.456.4994 (office)
claytons3@michigan.gov

Information for Flint Water Interagency Coordinating Committee Subcommittees

Establishing Initial Incident Priorities

Clear initial priorities are important to establishing unity of effort early in the incident response process. When the members of the team clearly understand the intent behind instructions, they are equipped to act decisively and make better decisions. While many things vie for attention, especially in the immediate aftermath of a disaster or emergency, not everything can be a priority. The axiom that if everything is a priority, then nothing is a priority clearly applies to incident management.

Objectives

Good objectives:

- Are concise and stated in the form of a command
- Begin with an action verb (but not "continue" or "maintain")

Tasks

Tasks define specific actions to be performed to achieve a planned outcome. Tasks specify who, what, where, and when for implementing strategies to achieve incident objectives. Tasks describe the deployment and direction of resources, based on the strategy to accomplish the incident objectives.

In this case, tasks or tactics can be developed by those personnel at lower levels who will be implementing the priorities and objectives.

Water Quality

PRIORITY		
Objectives & Tasks	Metric	Timeline
Objective 1:		
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Water Quality

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Water Quality

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Water Infrastructure Integrity

PRIORITY Objectives & Tasks	Metric	Timeline
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Water Infrastructure Integrity

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Water Infrastructure Integrity

PRIORITY:		
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KWA

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KWA

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KWA

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Health and Education

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Health and Education

PRIORITY:		
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Health and Education

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Health and Education

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Communication and Transparency

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Incident Action Plan

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Robert, Carla M. (Treasury)

From: Baird, Richard (GOV) <bairdr@michigan.gov>
Sent: Wednesday, February 17, 2016 12:51 PM
To: Khouri, Nick (TREASURY)
Cc: bill.nowling@finnpartners.com
Subject: FW: MEDIA RELEASE: Flint Mayor Targets First Lead Pipe Removal for Next Week

From: Snyder, Rick (GOV)
Sent: Wednesday, February 17, 2016 12:40 PM
To: Agen, Jarrod (GOV)
Cc: Baird, Richard (GOV)
Subject: Fwd: MEDIA RELEASE: Flint Mayor Targets First Lead Pipe Removal for Next Week

I just received this email. The Mayor appears to be on her own path.

Please get Nick going ASAP on what is available from existing loan and other financing programs. Also, we need to look at the cash flow timing on the water bill payment program.

Thanks
Rick

Sent from my iPad

Begin forwarded message:

> **From:** "Murray, David (GOV)" <MurrayD1@michigan.gov>
> **Date:** February 17, 2016 at 12:31:07 PM EST
> **To:** "Snyder, Rick (GOV)" <snyderr11@michigan.gov>
> **Subject: Fwd: MEDIA RELEASE: Flint Mayor Targets First Lead Pipe Removal for Next Week**
>
> Good afternoon, Governor. Jarrod asked me to send you this release that the Mayor just issued.
>
> I believe you may get asked questions about some of the Mayor's comments.
>
> Dave
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** Kristin Moore <kmoore@cityofflint.com>
> > **Date:** February 17, 2016 at 12:14:05 PM EST
> > **To:** undisclosed-recipients:;
> > **Subject: MEDIA RELEASE: Flint Mayor Targets First Lead Pipe Removal for Next Week**

Kristin Moore
Public Relations Director
kmoore@cityofflint.com

February 17, 2016
For Immediate Release

Flint Mayor Karen Weaver Targets First Lead Pipe Removal for Next Week

Mayor Calls on Gov. Snyder to Pressure House, Senate GOP Leaders to Immediately Pass $25 Million Supplemental to Pay for Pipe Removal

Mayor's Ambitious "Fast Start" Plan Wins Endorsement of Renowned Virginia Tech Water Expert Dr. Marc Edwards

(FLINT)-- Mayor Karen Weaver announced today that her administration intends to begin replacing lead pipes in Flint next week to restore safe, clean drinking water as quickly as possible to the citizens of her city. She called on Gov. Rick Snyder to pressure the Legislature to move immediately to approve funding for the first phase of her $55 million *Fast Start* lead pipe replacement plan.

Mayor Weaver said she is working with water infrastructure experts from the Lansing Board of Water & Light (BWL) to train local Flint workers on lead pipe removal at a vacant property in Flint owned by the Genesee County Land Bank. The training exercise is set to begin next week at a location to be announced. House-by-house lead service line removal and replacement operations targeting high-risk households across the city will commence shortly thereafter, Weaver said.

Mayor Weaver said she is very pleased that her *Fast Start* plan has been endorsed by renowned Virginia Tech water expert Dr. Marc Edwards, who is widely hailed for his role in uncovering the shocking lead levels in Flint's water supply and frequently testifies before Congress on lead contamination in municipal water systems. Dr. Edwards confirmed to MSNBC's The Rachel Maddow Show last week that he supports Mayor Weaver's project moving forward.

"These guys know what they are doing," Edwards told MSNBC. "Society needs to decide if lead pipe replacements are a good investment. Personally, I think so. I support this plan."

"I will not accept anything less than full removal of all lead pipes from our water system," said Mayor Weaver. "I continue to hear from Lansing that the people of Flint should wait to see if pipes can be 'coated.' I call on Governor Snyder to end that discussion, and to commit fully to getting the lead out of Flint."

Weaver added: "Legislative leaders and Governor Snyder say they want to see our city recover. Job one in that recovery is removal of lead service lines. This Legislature can move bills in a matter of hours when it wants to. Now is the time for the state to accept its duty and its responsibility and cover the cost of this important action."

During the training exercise next week, the BWL will demonstrate its innovative technology for removing and replacing lead pipes with new copper pipes in half the time at half the cost of traditional methods. The Lansing public water and electric utility has perfected its technique by removing more than 13,500 lead pipes in Michigan's capital city over the past 12 years.

"Flint is so fortunate to have great neighbors, friends and partners reaching out to us from every corner of Michigan, across the country and all around the world. Our sister city right next door in Lansing is definitely one of our strongest allies," Weaver said. "I'm especially grateful to Lansing Mayor Virg Bernero and the Board of Water & Light for their help. Together, we're going to get the lead out of Flint, starting next week."

Mayor Weaver said she also appreciates Gov. Snyder's change of heart on moving quickly to replace Flint's lead pipes and his recent budget proposal to partially fund the project, but she is not agreeing to allow the governor's engineering firm and contractors do the work. Weaver welcomed the governor's interest in working with the city to coordinate removal of the first 30 lead service lines, but noted that much more needs to be done by Gov. Snyder and others to secure full funding for her plan.

Toward that end, Mayor Weaver said she is working closely with The White House and Flint's representatives in the Michigan Legislature and U.S. Congress to secure full funding for her lead pipe removal project, as well as long-term funding to fully repair the city's devastated water distribution system. She called on state and federal lawmakers to move quickly to approve emergency funding for her project while long-term repairs to Flint's water distribution system are evaluated.

"Lansing and Washington need to understand that the first and most critical priority is an emergency public health intervention to start getting rid of these pipes immediately," Weaver said. "Then we can figure out exactly what it will cost over the long-term to fix our broken water distribution system. If we have to replace major components or even the whole system, it will cost an enormous amount of money. Everyone needs to be prepared for that possibility. Let's start a serious conversation about where that money is going to come from while we get to work removing the pipes."

If funding to ramp up her *Fast Start* project is not secured quickly from the state or federal government, Weaver said she may have to take her case directly to the national and international audience that is closely following the daily

indignities still being suffered by the people of Flint, especially the city's children, who have been living on bottled water for months after being forced to drink lead-poisoned water for nearly two years.

"If the state and federal governments won't pay to restore safe drinking water and dignity to the people of my city, I may have to go on national TV and crowdsource the funding on the Internet," Weaver said. "Rachel Maddow might just be willing to help me issue a worldwide challenge to the celebrities and other philanthropic donors who are showing so much love for Flint.

"We're going to get this done -- and done quickly -- by any and every means necessary," Weaver concluded. "The people of my city have simply run out of patience and I have a moral obligation to act."

###

Kristin Moore
Public Relations Director
City of Flint
Office: (810) 237-2039
Mobile: (810) 875-2576

3500 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: February 17, 2016

TO: File

FROM: Nick A. Khouri

SUBJECT: Flint Emergency Loan Waiver

Pursuant to Section 21 of the Emergency Loan Agreement between the State of Michigan and the City of Flint, dated April 29, 2015, I hereby waive the requirement of Section 6(c) in which the city must seek prior approval of the Receivership Transition Advisory Board to terminate the City Administrator.

RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

Index of Documents in Respect to
City of Flint Emergency Loan
(General Obligation Limited Tax)
2014-15 Series I
April 29, 2015

Responsibility for:	Document:
City Officials	1. Application
City Officials	2. EM Order Authorizing Loan Application
Emergency Loan Board	3. Emergency Loan Board Order of Approval
Department of Treasury	4. EM Appointment Documentation
City Officials	5. EM Order Ratifying Terms of Loan
Department of Treasury	6. Certification of Statutory Compliance
Department of Treasury	7. Certification of Final Transcript
Department of Treasury	8. Certified Copy of Emergency Municipal Loan Act
Department of Treasury	9. Emergency Loan Agreement
City Officials	10. Certification of City Charter
City Officials	11. Copy of Note
City Officials	12. Certification of Non-Litigation/Signature Identification
City Officials	13. Certification of Receipt of Loan
City Officials	14. Certification of Non-Litigation of City Attorney
City Officials	15. Certification of City Clerk Incumbency
Miller Canfield	16. Legal Opinion of Miller Canfield
Office of Attorney General	17. Letter from Office of Attorney General
City Officials	18. Certification of Final Transcript by City

1. APPLICATION

MICHIGAN DEPARTMENT OF TREASURY
Bureau of Local Government Services
PO Box 30728
Lansing, Michigan 48909
EMERGENCY MUNICIPAL LOAN APPLICATION

Applicant:	City of Flint		
County/Counties of:	Genesee County		
Mailing Address:	1101 S. Saginaw St. Flint MI 48502		
Chief Financial Officer:	Gerald Ambrose	Phone:	810-766-7470 ext. 2062
Contact Person:	Gerald Ambrose	Phone:	810-766-7470 ext. 2062
Loan Amount Requested:	$7,000,000.00		

1. Projected General Fund deficit for the current fiscal year: $7,000,000

2. Date of last Tax Anticipation Note or
   date of last application made to Department of Treasury to issue a Tax Anticipation Note: N/A
   For school districts, date of last State Aid Note:

3. Income Tax Revenue Growth Rate

A. Calendar year preceding application:	2014	Income tax revenue:	$13,038,276
B. Calendar year preceding above year:	2013	Income tax revenue:	$14,674,274
		A/B	0.89

4. Local and State Tax Base Growth Rates

C. Tax year of most recent municipal State Equalized Value:	2014	Municipal SEV (real and personal):	$773,073,560
D. Tax year five years preceding above year:	2009	Municipal SEV (real and personal):	$1,548,866,055
E. Tax year of most recent statewide State Equalized Value:	2014	Statewide SEV (real and personal):	$360,592,938,004
F. Tax year five years preceding above year:	2009	Statewide SEV (real and personal):	$423,901,291,288
		C/D	0.50
		E/F	0.85
		(C/D)/(E/F)	0.59

5. Decrease in State Equalized Value

G. Tax year of most recent municipal SEV:	2014	Municipal SEV (real and personal):	$773,073,560
H. Tax year preceding above year:	2013	Municipal SEV (real and personal):	$797,212,769

6. Ad valorem operating tax millage

I. Maximum levy per charter:	10.0000
J. Maximum levy authorized as approved by voters:	9.1000
K. Current levy:	19.1000

7. Does the municipality have one or more delinquent special assessments? Yes or No. No

   If yes, provide explanation:

8. Does the municipality have outstanding bonds, notes, or other evidences of indebtedness that were issued in anticipation of a contract obligation with, or an assessment obligation against, another municipality that has one or more delinquent special assessments that were levied to satisfy, in whole or in part, the contract or assessment obligation? Yes or No. No

   If yes, provide explanation:

9. School district enrollment

L. Current fiscal year:	2015	Enrollment:	N/A
M. Three years preceding above year:	2012	Enrollment:	N/A
		(M-L)/M	#VALUE!

10. Is the municipality in receivership or subject to a consent agreement under the Local Financial Stability and Choice Act, Public Act 436 of 2012? Yes or No. Yes

ADDITIONAL REQUIRED INFORMATION

11. Resolution adopted by the governing body of the municipality approving the application.

12. Resolution adopted by the governing body of the municipality approving the Deficit Elimination Plan.

13. Deficit Elimination Plan, not less than five years, that eliminates the General Fund deficit and balances future expenditures with anticipated revenues.

14. Budget for current fiscal year and proceding fiscal year(s) if available.

15. Projected monthly cash flows for the proceding 12 months.

16. Accounts Payable Aging Report.

17. Additional commants. Taxable Values are from the tax roll settlement reports and do not reflect the distributions that occur for the Flint DDA, the Brownfield Authority, etc...

Chief Administrative Officer Name: Gerald Ambrose

Chief Administrative Officer Signature: _____ Date: 4/17/15

City of Flint- Deficit Elimination Plan - April 17, 2015

With the currently approved Deficit Elimination/ Reserve Accumulation Plan, adjusted for revised revenue estimates, the current $7 million deficit would not be eliminated until FY22. With the $7 million loan, the deficit is eliminated by the end of FY15, and General Fund reserves accumulate to as much as 10% of projected revenues by FY20, assuming $1 million continues to be budgeted for reserve accumulation as provided for in the current DEP/RAP and City Ordinance.

Impact of Emergency Loan on General Fund Deficit:

1 **Status Quo - No Loan:**

$1 million surplus committed annually by ordinance for deficit elimination/reserve accumulation/OPEB reduction
Assumes revenue-expense gap is not eliminated each year

	Tentative FY16	Tentative FY17	Projected FY18	Projected FY19	Projected FY20
General Fund (101)					
Revenues	$51,239,208	$50,029,123	$50,638,175	$51,180,184	$51,762,300
Expenses	$51,239,208	$50,029,123	$50,638,175	$51,180,184	$51,762,300
Revenues - Expenses Gap	$0	$0	$0	$0	$0
Committed for Deficit Reserve	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Projected Fund Balance June 30, 2015*	($7,000,000)				
Projected Fund Balance FY17 - FY20		($6,000,000)	($5,000,000)	($4,000,000)	($3,000,000)
Ending Fund Balance	($6,000,000)	($5,000,000)	($4,000,000)	($3,000,000)	($2,000,000)

* Accumulated GF Deficit per audit, June 30, 2014	($8,681,427)
$1,000,000 revenue surplus budgeted in GF for FY15 for deficit elimination	$1,000,000
$800,000 budgeted in Public Improvement Fund for FY15 to reduce GF deficit per previous EM order	$800,000
Additional projected GF surplus for FY15 which will reduce deficit	$181,427
	($7,000,000)

2 **With $7 million Loan:**

$1 million surplus committed annually by ordinance for deficit elimination/reserve accumulation/OPEB reduction
Revenue - expense gap is eliminated each year

	Projected FY16	Projected FY17	Projected FY18	Projected FY19	Projected FY20
General Fund (101)					
Revenues	$51,239,208	$50,029,123	$50,638,175	$51,180,184	$51,762,300
Expenses	$51,239,208	$50,029,123	$50,638,175	$51,180,184	$51,762,300
Revenues - Expenses Gap	$0	$0	$0	$0	$0
Committed for Deficit Reserve	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Projected Fund Balance June 30, 2015*	$0				
Projected Fund Balance FY17 - FY20		$1,000,000	$2,000,000	$3,000,000	$4,000,000
Ending Fund Balance	$1,000,000	$2,000,000	$3,000,000	$4,000,000	$5,000,000
Reserves as % of Revenues	2%	4%	6%	8%	10%

* Accumulated GF Deficit per audit, June 30, 2014	($8,681,427)
$1,000,000 revenue surplus budgeted in GF for FY15 for deficit elimination	$1,000,000
$800,000 budgeted in Public Improvement Fund for FY15 to reduce GF deficit per previous EM order	$800,000
Additional projected GF surplus for FY15 which will reduce deficit	$181,427
	($7,000,000)
Loan	$7,000,000
	$0

Submitted April 17, 2015

Gerald Ambrose
Emergency Manager, City of Flint

CITY OF FLINT, MICHIGAN

Setting a Sustainable Course for the City of Flint

Five Year Financial Projections 2015-2019

Adopted Budgets for FY15 and FY16

Future Projections for FY17, FY18 and FY19

Darnell Earley, ICMA-CM, MPA
Emergency Manager

Prepared by
Department of Finance
Gerald Ambrose, Finance Director
Antonio Brown, Deputy Finance Director

Contents

1. City of Flint 5-Year Financial Plan
    a. Preface
    b. Background
    c. Overview
    d. Highlights
    e. Addendum for City Council and Mayor Recommendations
2. City Council Adopted Vision and Mission Goals
3. City Council Approved Budget Priorities
4. Organization Chart
5. FY15 and FY16 Budgets and 3-Year Forecast
6. FY15 and FY16 General Fund Budget
7. City of Flint Staffing Projection
8. Projected 5-Year Facilities Improvements
9. Deficit Elimination/Reserve Accumulation Projections
10. Five Year Outlook – Pension and Retiree Healthcare Costs
11. Projected Taxpayer Impact

City of Flint 5-Year Financial Plan

Preface

This adopted budget for the City of Flint covers the FY15 and FY16 fiscal years which begin July 1, 2014 and July 1, 2015 respectively. Financial projections for the following 3 fiscal years are included as well.

This budget has been developed within the context of the City's recently adopted Master Plan, the Vision, Mission, and Goals for the City government as adopted by the City Council, and the Budget Priorities as adopted by the City Council. Accompanying this budget is a preliminary statement of objectives initially proposed to be accomplished during the two years.

Taken together, the budget and strategic plan will serve as a template to move the City government forward to become a well-managed, financially stable, and accountable organization focused on creating a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

However, this budget demonstrates the continuing financial challenges facing the City of Flint. Stagnant revenue growth in property tax and income tax revenues, coupled with significant increases in legacy costs, retiree health care in particular, create a significant gap between revenues and expenses which require increases in other revenues and decreases in City staffing and services including the possibility of adjustments in public safety services.

Unfortunately, the financial forecast for the next several years beyond FY16 show a continuing gap between projected revenues and expenses. Within the next few years, without significant means to identify and collect additional revenues, or to further reduce the cost base, the City of Flint will be extremely challenged to provide even the most basic of City services.

Over the last several weeks, this adopted budget has been reviewed by the City Council, which will also held a public hearing to receive citizen input. The Mayor and Council subsequently provided comments and recommendations pertaining to the budget to the Emergency Manager.

Background

The City of Flint has been in state receivership since December, 2011, as a result of consistent deficits in the General Fund, a decline in pooled cash, unrealistic budgeting, and unfunded liabilities for postemployment benefits. Significant progress has been made in addressing these financial issues, as the $19.1 million deficit at the end of FY12 had been reduced to $12.9 million at the end of FY13, cash position had improved, and the FY14 budget was realistically balanced, with further reduction of the deficit anticipated.

The FY14 budget was designed and implemented with the same goals in mind – operating within the constraints of available revenues; restructuring operations and cost factors to enhance future financial stability, and continuing to reduce the remaining $12.9 million deficit. The FY14 budget was constructed with the specific intent of further reducing the deficit by a minimum of $1 million, by budgeting expenses at $1 million less than projected revenues. As of January 31, 2014, seven months into the FY14 year, revenues and expenses are on target.

In order to regain and maintain financial solvency, it is not only necessary to eliminate the remaining accumulated deficit but to have an adequate amount of reserves to protect the City in the event of unexpected financial losses. Planning to accomplish this requires a continual dedication of revenues over the next several years to eliminate the remaining deficit and establish an adequate reserve level. A draft deficit elimination plan to accomplish this is currently under review by the Michigan Department of Treasury.

Making progress to date has required hard decisions and sacrifices for all. The FY13 and FY14 budgets were balanced through a mixture of significant revenue increases, significant expenditure decreases, and steps taken to reduce legacy costs. Revenue increase included a 25 percent increase in water and sewer rates, passage of a 6 mill property tax increase for police and fire, establishment of a special assessment district for street lighting, and implementation of a fee sufficient to cover the cost of waste collection. Expenditure reductions included elimination of 20 percent of the City's workforce, compensation decreases equivalent to a 20 percent wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan.

The actions taken to-date to restructure healthcare benefits for current employees and retirees have also had a significant impact on reducing both current costs and long-term liabilities. The 20% reduction in the workforce required significant reorganizational activities focused on reducing current costs. Long term liabilities were reduced by eliminating traditional defined benefit pension programs for new employees in favor of hybrid plans; by moving the City's retirement system into the a state wide retirement system; by restructuring health insurance benefits for current employees and placing retirees into those same plans; and by eliminating the promise of retiree health care for new employees in favor of providing retiree medical savings accounts. Much of the positive financial result in FY13 came from these actions. The restructuring, which was implemented during the course of FY12, reduced the City's OPEB liabilities alone from nearly $900 million to less than $325 million as noted in the FY13 audit.

The efforts of the City to regain financial solvency have been aided by support from numerous Federal, State and private partners. State police troopers have been placed in the City to support local law enforcement efforts, and funds have been allocated to enhance prosecution activities and to operate the City's lock up. The Governor's proposed budget continues this support.

The steps taken to begin to restore the City to financial solvency have not been without conflict and changing circumstances. A significant legal challenge has been made to the decision to move retirees from their historical health insurance plans into the same plans offered current employees. This action resulted in an initial cost reduction in FY13 of $3.5 million to the City and imposed deductibles and co-pays on retirees. This challenge is currently pending in federal court. If the challenge is ultimately upheld, it will pose a significant challenge to the City in its efforts to regain and maintain financial and service solvency. Due to the stay imposed by the federal court, the City must increase its budget for retiree healthcare costs in the FY15 budget by $5 million and may even need to pay more as retirees seek reimbursement for past medical expenses. These healthcare expenses will continue to increase in subsequent years.

Legacy costs in total will continue to be a cost burden to the City of Flint. In FY 14, the City budgeted $30.2 million for its retiree healthcare and pension costs, an amount equal to 17% of its total revenues. The General Fund alone budgeted $16.4 million, an amount equal to 31% of its total revenues. By FY19, it is projected that the City will need to budget over $43 million, an amount equal to 23% of its total revenues. For the General Fund alone, the amount projected to be needed will exceed $21 million, an amount equal to 34% of General Fund revenues.

The future financial solvency of Flint will also be challenged by a continuing structural deficit. As part of the planning for future financial solvency, five year projections and a strategic plan were developed. This exercise indicated a significant financial challenge forthcoming in FY15, due to the current status of the retiree health care lawsuit and the ending of a major grant supporting firefighting resources. Future year projections also show a continuing gap between revenues and projections.

Finally, the most important challenge to be addressed in the City of Flint will be instituting structural changes in the organization of the City to foster financial solvency as a core value and to assure that future governance and management of the City is conducted in a financially responsible manner. To this end, the current Emergency Manager has created a Blue Ribbon Committee on Governance, charged with developing recommended changes to current ordinances, procedures, and the Charter. The recommendations of the Task Force are anticipated within six months.

Overview

The City of Flint has spent considerable time planning for the community's future through the comprehensive master plan and creating an organizational framework focused on the City's new vision, mission, and goals. The 2-Year budget has been developed in a balanced manner to best meet the needs of a variety of service areas and challenges.

However, challenges to changes in retiree healthcare and the loss of grant funds have required that a new service baseline be established; this also poses significant and immediate challenges to the City's financial viability. Current court rulings in regards to the retiree health care lawsuit have increased retiree health care expenses nearly $5 million in FY15, and the loss of the SAFER grant ($ 3.4 million) eliminates funding for 39 of the City's 65 firefighters.

The harsh winter increased the need to remove hundreds (if not thousands) of damaged and fallen trees throughout the city, and to repair damaged roads and sidewalks. The winter also placed additional stress on the antiquated city facilities as they faced water leaks and damage to walkways and sidewalks. Implementing the master plan, and continuing to eliminate blight will also require dedicated resources going forward.

The recently completed study of the water and sewer system finances also demonstrated a shortfall in revenues needed to operate this critical service and provide for necessary maintenance. As much as the high rates for providing water and sewer services pose significant financial challenges and community implications, the alternative of not addressing basic maintenance and adjustments based on guidance in the master plan is equally challenging.

These factors have a significant effect on the adopted staffing levels. Reductions in city staffing over the past two years have come almost exclusively from City services other than police, fire, and 911. As a result, those remaining city services are thinly staffed, and despite valiant efforts of dedicated employees, service levels have been reduced. In some cases, the reductions have been severe and counter-productive. For example, reductions in customer service at Treasury and staffing at Utilities has reduced capacity to effectively pursue collection of delinquent bills. Reductions in Information Technology have slowed the implementation of technology which can improve effective processing. Reductions in Human Resources have slowed the process of hiring employees. Reductions in Building Safety have slowed the process of conducting inspections and issuing permits, and have eliminated much in the way of code compliance efforts.

Therefore, balancing the budget in a financially sustainable way requires addressing the impact of these issues. It also requires that they are addressed within the context of the Mayor's and Council's stated budget priorities. The Council's stated priorities are:

- Maintaining police and fire staffing levels at the maximum level feasible
- Reducing the General Fund deficit by at least $1 million
- Continuing efforts to reduce blight, including demolition
- Hiring an experienced City Administrator
- Assure that capacity exists to implement the Master Plan
- Add capacity in the areas of Economic Development

- Fund years 1 & 2 of capital improvements identified in the Master Plan
- Improve street maintenance
- Establish parks partnerships
- Improve customer service through training and technology
- Increase removal of dead and diseased trees
- Evaluate ways to reduce water and sewer rates for constituents in the budget process

Balancing the budget responsibly in the context of these immediate and significant financial challenges, while addressing stated priorities, is a significantly difficult task. The unplanned addition of $5 million in expenses for increased retiree health care is a "Game-Changer" and seriously undermines the ability of the City government to move forward in becoming a positive force helping to create a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve quality of life.

As the development of the FY15 budget began, there was a significant gap between projected General Fund revenues and General Fund expenses alone. While some revenue sources indicated a slight increase over the current year, projected expenses were significantly above the current year. The expense increases are due primarily to a nearly $5 million increase in costs for retiree health care and an increase in the per person cost of pension contribution. In addition, there was recognition of the need to assure capacity to implement the Master Plan to continue addressing blight, to address increased costs of health care for current employees, and to address critically needed facility maintenance.

The budget presented here is balanced in a financially responsible manner, in that revenues and expenses meet. However, the consequence is that, where possible, revenues have been increased, and where necessary, expenses have been decreased. Whether the result is an acceptable result, in the context of the needs and the future of the City, is uncertain.

It is clear that proposed changes in service levels reflected in this budget are significant, and that at the same time the financial plan is being finalized within the confines of available revenues, considerable efforts will continue to mitigate the impacts. Continued efforts to achieve a satisfactory resolution of the retiree healthcare lawsuit, as well as to continue searching for additional sustainable funding, or to engage in mutually beneficial partnerships will continue. The changes necessary to achieve necessary balancing of revenues and expenses will be done in a managed way, not in a crisis response.

The financial projection for the years following FY15 and FY16 show the continuing challenge of a structural deficit. Without a means to identify a new significant revenue source or to sustain and even make further reductions in the City's cost base, such as retiree health care, Flint will be extremely challenged to provide even the most basic of City services in future years.

Highlights of the Adopted Budget

Costs to taxpayers are increased....

- Property tax levies remain unchanged
- Street lighting assessment increased to $71 in FY15 and $74 in FY16
- Solid Waste fee increased to $163 in FY15 and $169 in FY16
- Water and Sewer rates increased by a total of 6.5% in FY15 and 6% in FY16

Costs to City employees are increased....

- 20% premium share for health insurance implemented
- Premium contribution for non-Medicare eligible employees retiring after July 1, 2014 established
- 50% premium share for dental and vision insurance implemented
- Vacation and sick leave replaced with PTO, new accumulation caps established
- All new employees enrolled in hybrid pension plan
- All new employees enrolled in RMSA in lieu of promise of retiree health care

Legacy costs are increased significantly...

- General Fund costs for retiree health care are increased 25%, from $8 million to $10 million in FY15, increasing on an annual basis thereafter
- General Fund costs for retiree health care and pension in total are projected to increase from $16.4 million (31% of total revenues) in FY14 to $21.5 million (34% of total revenues) by FY19
- For all funds, total costs for retiree healthcare and pension are projected to increase from $30.4 million (or 17% of total revenues)in FY14 to $43.5 million (23% of total revenues) by FY19

City staffing is budgeted at 522 in FY15 and 523 in FY16.....

- Staffing is maintained in District Court, 911, Finance, Assessing, Transportation, IT, and Fleet
- Police Department – Total department staffing will be 115, with 7 vacant positions and 29 additional positions eliminated through attrition by end of FY15. Additionally, a recently offered COPS Hiring grant for six School Resource Officers will not be accepted. The next several months will be focused on mitigating the impact of this through reorganization with the assistance of consultants specialized in police and fire service; seeking additional funds; and obtaining assistance from law enforcement partners in order to achieve the best possible level of police response.
- Fire Department – Total department will be 75, with 19 positions eliminated as the SAFER grant expires. There are several vacant positions to be eliminated as part of this, with a goal of needed reduction no later than December, 2014. The next several months will be focused on mitigating the impact of this through reorganization and restructuring obtained with the assistance of consultants specialized in fire and police service.

- Planning and Development Department - Staffing is at 25, with adding 1 position. The department is being reorganized to assure capacity to implement the newly adopted Master Plan and continue efforts of blight management. Continued assistance in the form of grants and partnerships will be utilized, and general fund support for those activities is increased.
- Public Works Department - 6 positions are added to the Utilities division as the Water Treatment Plant begins operation as the primary source for Flint water; 1 position is added to Facilities to address critically needed maintenance issues.
- Finance and Administration Department - 3 positions are added to the Treasurer's Office to increase delinquent collections, with the added cost to be offset by additional revenues.
- Governance – As efforts to resolve the financial emergency progress, the position of City Administrator will be filled. Additionally, the salaries of Mayor and Council are partially restored as their role in governance increases.

Council budget priorities are addressed as follows:

- Maintaining police and fire staffing levels at the maximum level feasible – Due to revenue shortfall, increased retiree health care, and lack of other options, staffing is reduced. The Police and Fire millage funds will be used to fund 20 fire fighters and 26 police officers through FY15 and FY16. However, the accumulated millage funds will be fully used by the end of FY16.
- Reducing the General Fund deficit by at least $1 million – General Fund expenses are budgeted at $1 million less than revenues, and $800,000 in Capital Improvement Funds will be appropriated to the Utilities, thus reducing the General Funds debt to the Utility Fund by an additional $800,000. The plan is to continue this commitment for the next several years until the deficit is eliminated, and then the commitment will become one of building a financial reserve equal to 15% of General Fund revenues.
- Continuing efforts to reduce blight, including demolition – CDBG funds continue to be used for demolition and General Fund is assuming partial cost of the Blight Coordinator position
- Hiring an experienced City Administrator – Funds are included in budget.
- Assure that capacity exists to implement the Master Plan – General Fund is assuming partial cost of the Planning and Development Director, and Associate Planner, and a position of GIS technician is created, whose funding is shared among various city funds. Lead partners will be identified in each work area. Also, the Mayor has committed to overseeing the process of assuring that Master Plan implementation is an ongoing important part of city operations.
- Add capacity in the areas of Economic Development-The P&D Director is committed to defining a program for small business development, to be funded in FY16 through CDBG funds. Additionally, 20% of staff time of two DCED staffers and a portion of the Director's time will be devoted to economic development. Also, the Mayor has committed to leading the City's economic development efforts with partners and the assistance of this City staff.
- Fund years 1 & 2 of capital improvements identified in the Master Plan – the CIP portion of the Master Plan will be finalized in FY15, and the results will be considered for inclusion in the FY16 budget.

- Improve street maintenance – Due to minimal increases in state funding for streets, maintenance efforts will continue at the current levels. State financial support has been sought and obtained for some major street projects, in particular those related to economic development projects.

- Establish parks partnerships – The Planning and Development Department now has oversight of Parks, and as one of its strategic objectives, has committed to increase the number of parks partnerships in FY15 and FY16. Funding even the most basic of parks maintenance activities is increasingly challenging within the constraints of the parks millage funds. The goal is to eliminate General Fund support of these activities by the end of FY16.

- Improve customer service through training and technology– Human Resources, as it did in FY14, is committed to continuing ongoing training for supervisors and will be extending these efforts to all employees. IT likewise is committed to providing ongoing training for employees. Finally, most departments are including funds for ongoing training for employees. For example, the Treasury's customer service division is committed to specific customer service training for its front line employees.

- Increase removal of dead and diseased trees – Oversight of removal of trees within street right of ways is now the responsibility of the Transportation Division of Public Works, removal of trees within Parks is now the responsibility of Planning and Development; and removal of trees on other city properties is the responsibility of the Facilities Division of Public Works. Unfortunately, there is only a limited amount of funds available for these purposes, and the general effort will be focused on emergency responses. However, the Transportation Division is committed to attempting to secure assistance from other entities to increase capacity to address this problem.

- Evaluate ways to reduce water and sewer rates for constituents in the budget process-The results of the recent rate study confirm that it unlikely that water and sewer rates can be decreased at any time in the foreseeable future, and in fact, rates need to be increased. However, the actions taken to date to join KWA and to temporarily use the Flint River show that future rate increases will be less than had the City stayed with its prior provider.

Absent new sources of funding or reduced expenses in areas such as retiree healthcare, the commitments to progress and the staffing and service levels here are anticipated to continue for both FY15 and FY16. It is anticipated that the slight additional revenues in the General Fund for FY 16 will not be sufficient to cover increased costs, and it will be necessary to utilize additional funding from the police and fire millage to cover the costs of some police or fire positions in the General Fund in FY15. Depending on the rate of attrition in the Police Department, there should be sufficient remaining funds in the Police and Fire millage to avoid additional reductions in police or fire positions in FY16.

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Darnell Earley, ICMA-CM, MPA
Emergency Manager

June 3, 2014

Mr. Scott Kincaid, President
Members of the Flint City Council
1101 S. Saginaw St.
Flint, MI 48502

Dear Mr. Kincaid and Members of the Flint City Council:

Transmitted herewith are the final numbers for the biennial budget beginning FY14-15 and ending FY 15-16.

This budget is reflective of some of the recommended revisions offered following the Council's departmental budget hearings. All recommendations put forth by City Council were reviewed and thoroughly vetted at Treasury. The attached budget document was revised upwards by $90,000 and includes the details of the incorporated revisions.

The budget was revised to include your recommendations, along with those of the Mayor, which I felt could be implemented without adversely impacting the organizational structure, management, and the anticipated transition of the City of Flint to a Receivership Transition Advisory Board during the course of this spending plan.

Following the public hearing and consideration of the comments received, it is my intent to execute the order adopting the budget at the next Council meeting scheduled for June 23, 2014. At that time, Council will be able to officially receive the two-year budget consistent with PA 436 and the 7 Point Transition Management Plan.

You should also be aware that effective July 1, 2014, the day-to-day operations of the departments of Planning and Development, and Public Works will be shifted to Mayor Dayne Walling. The Mayor is currently putting together a plan for the allocation of resources within those departments. Similarly, Police Chief Tolbert and Fire Chief Cox are also putting together their work plans to utilize the final resource allocations for public safety.

The assistance and cooperation from you and the Council given to me, the Mayor, and the Administration in this process is greatly appreciated. I think we can agree that this is a responsible and realistic snapshot of the City's financial stability over the next two years, given its myriad financial challenges.

Sincerely,

Darnell Earley, ICMA-CM, MPA
Emergency Manager

CC: Dayne Walling, Mayor
Inez Brown, City Clerk
Administration

Proposed Changes to the City of Flint Proposed FY15 & FY16 Budget

On April 30, 2014, Emergency Manager Darnell Earley transmitted a proposed bi-annual budget to the Mayor and City Council, with a request that the Mayor and Council review and comment on the proposed budget. Accordingly, the City Council, acting as Committee of the Whole chaired by Finance Chair Josh Freeman, met five times to review the budget. At the conclusion, a set of recommendations was adopted and given to the Emergency Manager.

This document summarizes the key recommendations of the Council and Mayor and outlines changes made to the proposed budget as a result.

Summary of Council and Mayor Recommended Changes to FY15 & FY16 Proposed Budget

1. The recommendation of the Council identifies $1,824,510 in additional funds to be used by the Police Department:

- Specifically, $1 million of the $2.5 million in state appropriated revenues for the Lock-Up is proposed to be moved to the Police Budget.
- In addition, $1 million is identified by increasing the allocation in the CIP Fund for the purpose of reducing the deficit, thus freeing up the $1 million in the General Fund which has been identified for deficit reduction. Of that $1 million, $763,000) ($628,000 + $135,000) would be moved to the Police budget. Additionally, $61,510 is identified to be moved from the Finance Budget to the Police Budget.

2. The remaining funds from the proposed re-appropriation of the freed-up General Fund revenues ($237,000) would be used for the following:

- $50,000 - District Court
- $72,000 - City Clerk
- $50,000 - City Council Staff
- $45,000 – Additional Pay Raises for Council
- $10,000 – Brennen Center
- $10,000 – Hasselbring

3. Finally, there is a recommendation to eliminate funding for the Human Relations Commission ($22,547) and split those funds equally between Brennen Center and Hasselbring:

- Brennen - $11,274
- Hasselbring - $11,274

4. The Mayor has also made recommendations in other areas, including:

- Adding capacity to Economic Development by replacing the 20% of 2 DCED staff currently subsidized by the GF with CDBG funds and directing that staff to perform 100%

CDGB activities. The freed-up funds ($51,458) would then be used to contract for economic development services.

- Reduce DCED program staff by 1 FTE and utilize CDBG administrative funds for 50% of administrative staff support in Planning and Development
- Add 1 new FTE in Planning and Development dedicated to the new Business Licensing function
- Add to the Strategic Plan a key objective under Governance and Administration: "Respond to a minimum of 500 constituent services per month, including those formerly addressed by the Human Relations Commission staff."

Changes to the Proposed FY15 & FY16 Recommended Budget in response to Council and Mayor recommended changes

The changes proposed by the Mayor and Council have been reviewed, and changes made as considered appropriate within the context of maintaining a viable financial plan for the next two years. The proposed budget, as submitted to the Mayor and Council on April 30, 2014, will be revised as follows in response:

1. The Proposed Budget anticipates a reduction in public safety staffing of 36 officers and 19 firefighters. However, it also does not anticipate these reductions (other than vacancies occurring through attrition) until the comprehensive study of the police and fire departments is concluded. That study is to be completed prior to the end of 2014. At that time, depending on the study recommendations, a decision will be made as to the need for additional resources, and to the extent that funds in the General Fund which are currently targeted for deficit reduction can be used. Although the State will not agree to utilize funds appropriated for the operation of the Lock-Up to fund Flint police officers and firefighters, the Mayor and Emergency Manager will continue their efforts to obtain other state funding to support police and fire operations in Flint during this critical time.
2. The concern of the City Clerk, and supported by both the Council and the Mayor, of her inability to properly conduct the upcoming elections with the proposed staffing reduction, is acknowledged. Accordingly, the proposed budget is revised to continue FY14 budget level of staffing within the Clerk's Office. The business license position, originally moved to the Planning and Zoning Department in the FY15 and FY16 Proposed Budget, has been restored back to City Clerk's department. The new Business Licensing process is scheduled to be implemented by January 1, 2015; at which time, the responsibility for the process will be assumed by the Department of Planning and Development. Since the Clerk's Office staff will remain the same while reducing the responsibilities of the Clerks' Office, there should be adequate staff to conduct the elections and to provide additional support to the Council Office. Until such time as the

Business Licensing process is assumed by the Department of Planning and Development, the Clerk is authorized to increase the hours of the current part-time employee in the Council Office. $15,000 in temporary wages is added to the Council's budget for FY15.

3. The concern of the Council and the Mayor that financial support be continued to assist in the transition of the senior citizen programming at the Brennen Center and Hasselbring is acknowledged. The end goal is for there to be successful senior citizen programming at these locations, supported in their entirety by the County's senior citizen millage, which has been approved by voters within the City of Flint as well as the rest of Genesee County. Instead of adding additional funding to the FY15 and FY16 budgets, however, an amendment to the FY14 budget is being prepared to make a one-time appropriation to each center in the amount of $20,000, for a total expenditure of $40,000. The purpose of this appropriation is to support this transition.
4. The concern of the Council to add additional resources to the District Court is noted. However, during the presentation by the Court at its budget hearing, it became apparent that the proposed strategy of the Court to utilize part time employees may not be consistent with the requirement that temporary employees working in excess of 29 hours per week must be provided access to health care to the extent that full time employees are. Thus, additional funds in the amount of $40,000 is added to the Court's budget to address this potential problem.
5. The recommendation of the Mayor to add additional capacity to economic development as stated in #4 above is acknowledged. Additional resources for economic development was also a stated priority of the Council. The change recommended by the Mayor provides $50,000 in financial capacity, is revenue neutral, and is incorporated into the budget.
6. The recommendation of the Mayor with respect to reducing DCED staff by 1 FTE and redistributing the funds as noted above are also incorporated into the budget.
7. The recommendation of the Mayor to add one new FTE in Planning and Development dedicated to the new Business Licensing function is also acknowledged as being valuable in helping to assure that the new process is implemented aggressively and successfully. Accordingly, $64,000 for wages and fringes is added to the budget of Planning and Development for that purpose.
8. Finally, the recommendation of the Mayor to add an additional objective to the Governance and Administration section of the Strategic Plan is acknowledged and will be incorporated. Accordingly, while the Human Relations Commission may continue as a volunteer board, the proposed allocation is eliminated. As it has become apparent that the Human Resources Director is fully engaged with managing the Human Resources function, the portion of the Director's salary allocated to the HRC budget will be transferred to the Human Resources Budget.

Implementing the changes noted above require identifying $119,000 in FY15 General Fund appropriations and $104,000 in FY16 appropriations. The revenue and expense projections in the budget have been reviewed, and the necessary funds have been identified from the following sources:

FY15:

- $39,000 - reduction in audit costs
- $ 2,600 – net reduction in HRC budget
- $38,400 - additional projected revenue - income tax revenue
- $39,000 – additional projected revenue – delinquent income tax collections

FY16:

- $31,000 - reduction in audit costs
- $ 2,678 – net reduction in HRC budget
- $32,000 - additional projected revenue - income tax revenue
- $38,322 - additional projected revenue - delinquent income tax collections

Appreciation is extended to the Mayor, Council, and staff for the time and effort spent reviewing the proposed budget. The citizens of Flint will be better served by the changes made.

Proposed Budget FY15 and FY16 Technical Adjustments

1. Included the pension expense in the Office of the Clerk - $29,519

2. Removed wages and fringes for GIS Technician from Assessing Department because it was already budgeted in the Planning and Zoning Department - $60,518

3. Corrected the inclusion of all salaries, wages, and fringes in the Planning and Zoning department for all the approved positions - $123,596

4. Corrected Fund 202 FY15 and FY16 fund balance use. The indirect cost allocation was double reported in FY15. This was a $536,000 reduction in cost in FY15. In FY16, wages in administration was entered in error causing salaries to be overstated by $812,000. This correction was made.

FLINT STRATEGIC PLAN

2015 -2019

Setting a Sustainable Course for the City of Flint

The Vision for the City Government of Flint:

A well managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors and improve our quality of life.

The Mission of the City Government:

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly and financially responsible manner

The Goals:

In order to realize our Mission, residents, businesses, students and visitors can expect that:

The City will provide a highly trained and professional staff of elected leaders, appointed officials and employees

The City will provide for a safe, secure, and healthy environment in which to live, work, learn and play

The City will provide access to dependable and affordable water, sewer, and waste collection

The City will provide access to an adequate and well maintained transportation network serving motorized, non-motorized, and pedestrian needs

The City will foster cooperation between business, non-profit, and foundation partners and residents to create a climate that supports community and economic development

The City government will also:

Seek partnerships with Local, State and Federal governmental partners and other private entities in order to maximize efficiencies and resources in meeting its Mission

Provide municipal services consistent with the City's Master Plan and also work with residents, businesses, and others to foster development of the City and its infrastructure in a manner consistent with its Master Plan

Encourage partnerships for recreation and access to open space across the City

Enforce building and occupancy codes and to aggressively work with others to address blighted conditions

Assure that City ordinances and regulatory activities are consistent with the Master plan and supportive of economic development

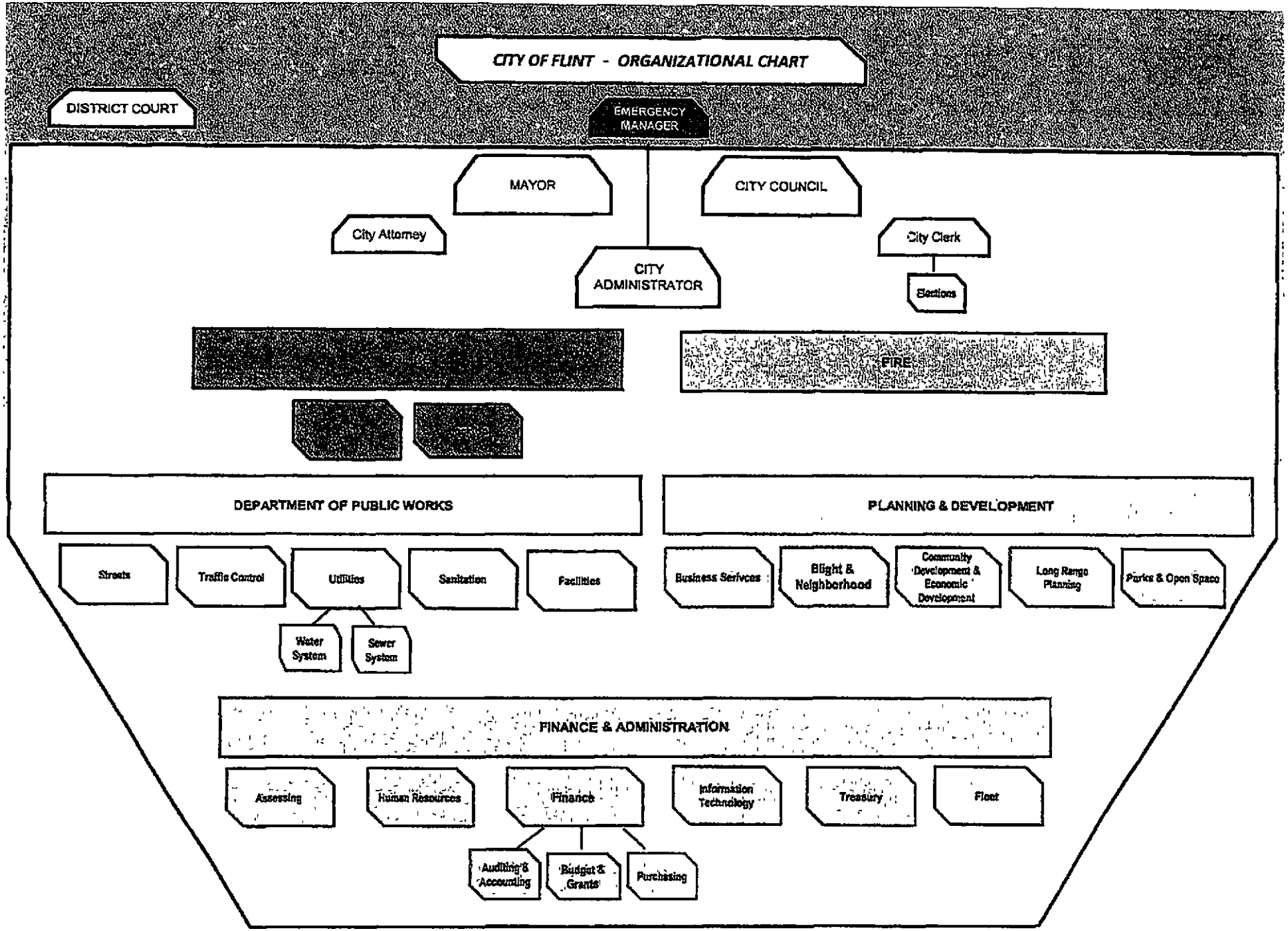
Operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits

Mayor and Council Priorities for Developing the Two-year (FY15 & FY16) Budget

The Mayor and Council request that the two-year budget to be developed will include a set of objective which, when achieved, will result in significant progress being made towards achieving their stated Vision, Mission, and Goals.

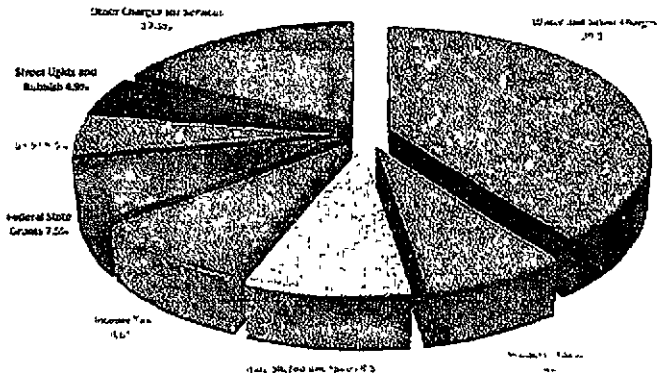
Additionally, the Mayor and Council request that the two-year budget to be developed address the following specific priorities:

1. Maintain police and fire staffing levels at the maximum level feasible
2. Reduce the General Fund deficit by at least $1 million
3. Continue efforts to reduce blight, including demolition
4. Hire an experienced and professional City Administrator
5. Assure that capacity exists to implement the Master Plan
6. Add capacity in the area of Economic Development
7. Fund years 1 & 2 of capital improvements identified in the Master Plan
8. Improve street maintenance
9. Establish parks partnerships
10. Improve customer service through training and technology
11. Increase removal of dead and diseased trees
12. Evaluate ways to reduce water and sewer rates for constituents in the budget process

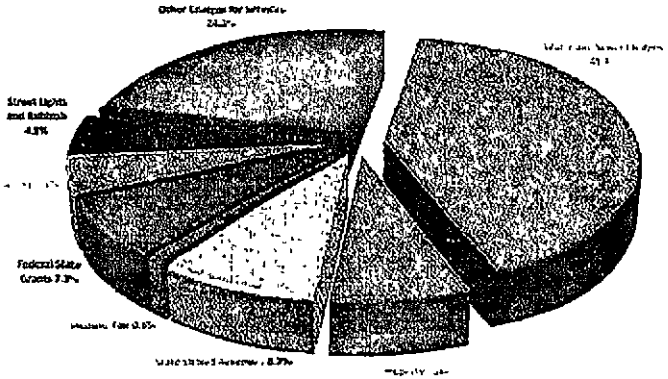

CITY OF FLINT - ORGANIZATIONAL CHART
DISTRICT COURT
EMERGENCY MANAGER
MAYOR
CITY COUNCIL
City Attorney
CITY ADMINISTRATOR
City Clerk
Elections
FIRE
DEPARTMENT OF PUBLIC WORKS
PLANNING & DEVELOPMENT
Streets
Traffic Control
Utilities
Sanitation
Facilities
Water System
Sewer System
Business Services
Blight & Neighborhood
Community Development & Economic Development
Long Range Planning
Parks & Open Space
FINANCE & ADMINISTRATION
Assessing
Human Resources
Finance
Information Technology
Treasury
Fleet
Auditing & Accounting
Budget & Grants
Purchasing

REVENUE - ALL FUNDS

FY15 $165,609,588

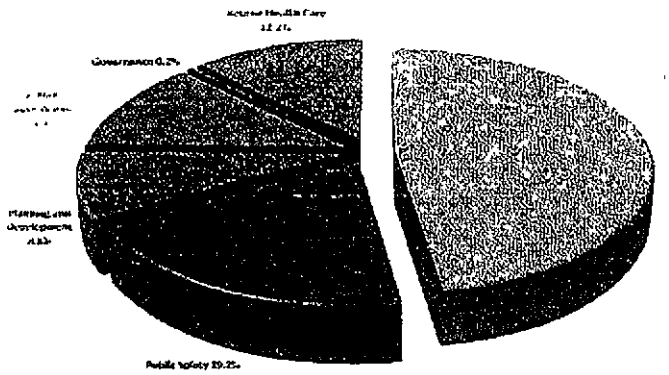


FY16 $169,482,080

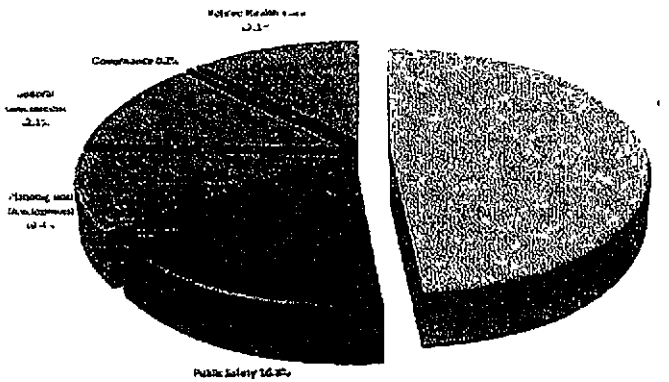


EXPENSES - ALL FUNDS

FY15 $162,186,042



FY16 $166,592,999



CITY OF FLINT - FIVE YEAR OUTLOOK

All Funds Summary

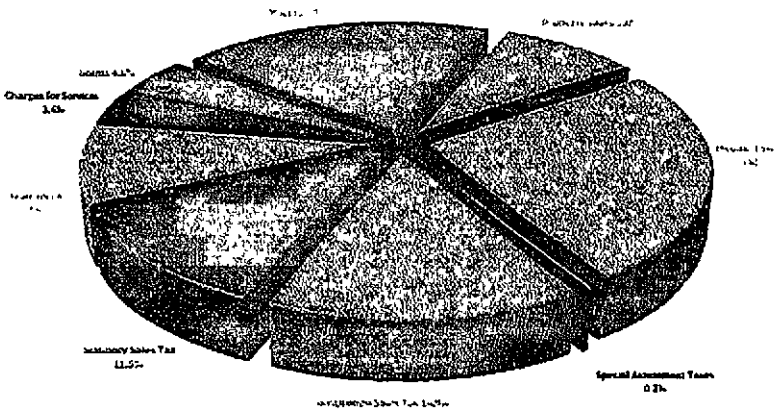
		Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund	101						
	Revenues*	$53,568,121	$55,097,880	$56,308,236	$56,815,010	$56,985,455	$57,498,324
	Expenses	$53,568,121	$55,097,880	$56,308,236	$58,616,874	$61,020,165	$63,644,033
	Cumulative Gap	$0	$0	$0	($1,801,864)	($5,836,574)	($11,982,282)
	Annual Gap	$0	$0	$0	($1,801,864)	($4,034,710)	($6,145,708)
*Includes $1 million for deficit elimination							
Major Streets	202						
	Revenues	$6,335,408	$7,022,888	$7,306,688	$7,511,255	$7,721,570	$7,945,495
	Expenses	$6,331,408	$7,022,888	$7,306,688	$7,577,015	$7,842,210	$8,124,530
	Cumulative Gap	$4,000	$0	$0	($65,760)	($186,400)	($365,435)
	Annual Gap	$0	$0	$0	($65,760)	($120,640)	($179,034)
Local Streets	203						
	Revenues	$2,601,090	$2,694,458	$2,763,112	$2,841,557	$2,904,072	$2,987,961
	Expenses	$2,601,090	$2,694,458	$2,763,112	$2,880,521	$2,972,688	$3,067,824
	Cumulative Gap	$0	$0	$0	($38,964)	($107,580)	($207,452)
	Annual Gap	$0	$0	$0	($38,964)	($68,626)	($99,883)
Police and Fire Millage	205						
	Revenues	$1,845,827	$9,258,560	$7,249,000	$4,484,540	$4,602,941	$4,671,885
	Expenses	$1,845,827	$9,258,560	$7,249,000	$7,538,960	$7,848,057	$8,169,828
	Cumulative Gap	$0	$0	$0	($3,074,420)	($6,319,537)	($9,817,379)
	Annual Gap	$0	$0	$0	($3,074,420)	($3,245,117)	($3,497,843)
Neighborhood Police Millage	207						
	Revenues	$1,550,180	$1,405,180	$1,418,300	$1,448,668	$1,491,513	$1,513,885
	Expenses	$1,550,180	$1,378,104	$1,408,660	$1,465,008	$1,525,072	$1,587,600
	Cumulative Gap	$0	$27,076	$9,640	($16,340)	($51,899)	($125,814)
	Annual Gap	$0	$0	$0	($16,340)	($33,559)	($73,714)
Parks Millage	208						
	Revenues	$373,064	$440,140	$344,370	$351,257	$362,148	$367,579
	Expenses	$373,064	$440,140	$344,343	$358,117	$372,800	$388,084
	Cumulative Gap	$0	$0	$27	($6,859)	($17,512)	($38,018)
	Annual Gap	$0	$0	$0	($6,859)	($10,653)	($20,506)
Lighting Special Assessment	219						
	Revenues	$2,982,980	$2,694,870	$2,698,300	$2,561,485	$2,433,411	$2,311,740
	Expenses	$2,982,980	$2,694,870	$2,698,300	$2,696,300	$2,696,300	$2,696,300
	Cumulative Gap	$0	$0	$0	($134,815)	($397,704)	($782,264)
	Annual Gap	$0	$0	$0	($134,815)	($262,889)	($384,560)

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		226						
	Revenues		$5,132,490	$5,398,293	$5,450,723	$5,178,187	$4,919,278	$4,673,314
	Expenses		$5,132,490	$5,398,293	$5,450,723	$5,559,737	$5,670,932	$5,784,351
	Cumulative Gap		$0	$0	$0	($381,551)	($1,133,205)	($2,244,243)
	Annual Gap		$0	$0	$0	($381,551)	($751,655)	($1,111,037)
Drug Forfeiture		265						
	Revenues		$435,042	$439,063	$439,063	$452,235	$465,802	$479,776
	Expenses		$435,042	$425,063	$433,399	$446,401	$459,793	$473,587
	Cumulative Gap		$0	$14,000	$5,664	$5,834	$11,843	$18,032
	Annual Gap		$0	$0	$0	$5,834	$6,009	$6,189
HUD Grant 2014		274						
	Revenues		$11,767,728	$5,035,900	$5,035,900	$5,186,977	$5,342,586	$5,502,864
	Expenses		$11,767,728	$5,035,900	$5,035,900	$5,186,977	$5,342,586	$5,502,864
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Other Grants		298						
	Revenues		$7,483,589	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Expenses		$7,477,931	$4,864,976	$4,864,976	$5,010,925	$5,161,253	$5,316,091
	Cumulative Gap		$5,758	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Federal Stimulus Grant		297						
	Revenues		$4,524,108	$0	$0	$0	$0	$0
	Expenses		$4,524,108	$0	$0	$0	$0	$0
	Cumulative Gap		$0	$0	$0	$0	$0	$0
	Annual Gap		$0	$0	$0	$0	$0	$0
Public Improvement Fund		402						
	Revenues		$2,150,000	$2,850,957	$2,887,987	$2,925,347	$3,016,032	$3,081,273
	Expenses*		$2,150,000	$2,850,957	$2,887,987	$2,882,706	$3,102,015	$3,228,095
	Cumulative Gap		$0	$0	$0	($57,360)	($143,342)	($308,164)
	Annual Gap		$0	$0	$0	($57,360)	($85,983)	($164,822)
* Includes $600,000 for deficit elimination								
Building Safety Fund		542						
	Revenues		$2,548,456	$2,395,528	$2,484,700	$2,484,700	$2,484,700	$2,484,700
	Expenses		$2,548,456	$2,395,528	$2,484,700	$2,584,088	$2,687,452	$2,794,950
	Cumulative Gap		$0	$0	$0	($99,388)	($302,140)	($612,390)
	Annual Gap		$0	$0	$0	($99,388)	($202,752)	($310,250)
TOTAL General City								
	Revenues		$103,288,162	$99,596,694	$99,249,335	$97,230,141	$97,880,758	$98,794,987
	Expenses		$103,278,404	$99,555,618	$99,234,004	$102,903,628	$106,701,333	$110,776,135
	Cumulative Gap		$9,758	$41,076	$15,331	($5,673,486)	($14,484,061)	($25,465,209)
	Annual Gap		$0	$0	$0	($5,673,486)	($8,810,575)	($11,981,148)

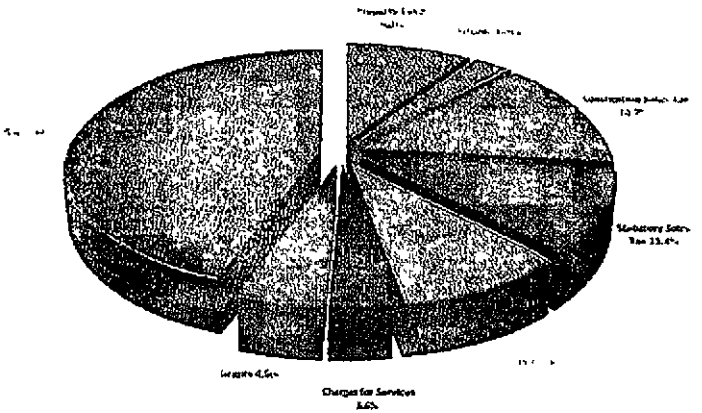
			Current	Adopted	Adopted	Projected	Projected	Projected
Sewer Fund		590	FY14	FY15	FY16	FY17	FY18	FY19
	Revenues		$31,629,269	$28,126,894	$32,346,745	$32,346,745	$32,346,745	$32,346,745
	Expenses		$31,629,269	$28,126,894	$32,346,745	$34,609,099	$36,149,143	$37,216,957
	Cumulative Gap		$0	$0	$0	($2,262,354)	($6,064,752)	($10,934,964)
	Annual Gap		$0	$0	$0	($2,262,354)	($3,802,398)	($4,870,212)
Water Fund		591						
	Revenues		$47,896,872	$37,886,000	$37,886,000	$37,500,000	$37,500,000	$37,500,000
	Expenses		$47,896,872	$34,503,530	$35,012,250	$38,841,189	$40,741,806	$41,943,725
	Cumulative Gap		$0	$3,382,470	$2,873,750	($1,341,189)	($4,583,095)	($9,026,820)
	Annual Gap		$0	$0	$0	($1,341,189)	($3,241,806)	($4,443,725)
Water and Sewer		590 & 591						
	Revenues		**$79,826,141**	**$66,012,894**	**$70,232,745**	**$69,846,745**	**$69,846,745**	**$69,846,745**
	Expenses		**$79,826,141**	**$62,630,424**	**$67,358,995**	**$73,450,288**	**$76,891,049**	**$79,160,682**
	Cumulative Gap		**$0**	**$3,382,470**	**$2,873,750**	**($3,603,543)**	**($10,647,847)**	**($19,961,784)**
	Annual Gap		**$0**	**$0**	**$0**	**($3,603,543)**	**($7,044,304)**	**($9,313,937)**
TOTAL CITY								
	Revenues		**$183,114,303**	**$165,609,588**	**$169,482,080**	**$167,076,886**	**$167,737,503**	**$168,641,732**
	Expenses		**$183,104,545**	**$162,186,042**	**$166,592,999**	**$176,353,916**	**$183,592,382**	**$189,936,817**
	Cumulative Gap		**$9,758**	**$3,423,546**	**$2,889,081**	**($9,277,029)**	**($25,131,908)**	**($46,426,993)**
	Annual Gap		**$0**	**$0**	**$0**	**($9,277,029)**	**($15,854,879)**	**($21,295,085)**

REVENUE - GENERAL FUND

FY15 $55,097,880

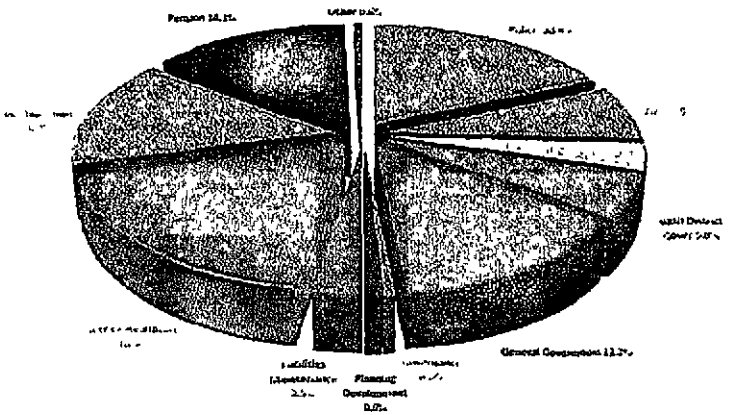


FY16 $56,308,239

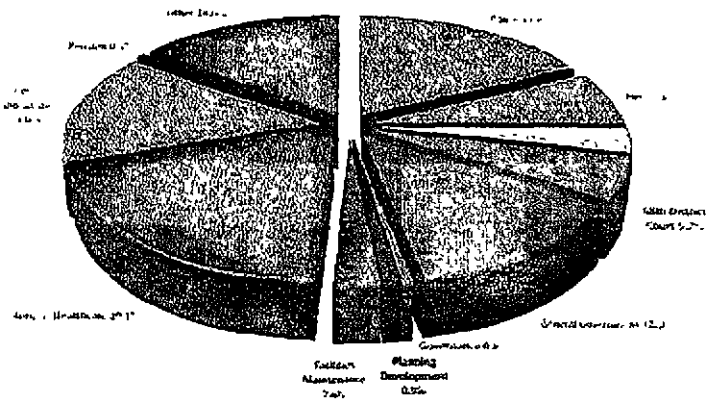


EXPENSES - GENERAL FUND

FY15 $55,097,880



FY16 $56,308,239



CITY OF FLINT PORPOSED FINANCIAL BUDGET
FOR FISCAL YEARS 2015 AND 2016
GENERAL FUND

DESCRIPTION	2013-14 AMENDED BUDGET	2014-15 PROPOSED BUDGET	2015-16 PROPOSED BUDGET
Fund 101 - General Fund			
ESTIMATED REVENUES			
Function: General government			
Property Taxes	$ 4,622,000	$ 4,970,000	$ 5,069,400
Income taxes	14,210,000	14,238,400	14,354,000
Special assessment taxes	97,941	89,000	89,000
State revenues	16,730,120	17,161,629	17,347,719
License and Permits	1,303,626	1,286,626	1,396,626
Fines and forfeitures	1,625,000	1,862,600	1,967,000
Charges for service rendered	9,942,485	11,161,416	11,582,811
Interest and dividend income	850,000	919,000	1,118,325
Other revenues	898,946	601,011	605,360
Transfers in	4,077,998	3,777,998	3,777,998
Drawings from fund balance	(1,000,000)	(1,000,000)	(1,000,000)
Total - Function General government	53,558,116	55,097,880	56,308,239
TOTAL ESTIMATED REVENUES	$ 53,558,116	$ 55,097,880	$ 56,308,239
APPROPRIATIONS			
Function: Legislative			
City Council	$ 373,220	$ 356,505	$ 341,080
Total - Function Legislative	373,220	356,505	341,080
Function: General governemnt			
District Court	5,194,307	4,099,999	4,167,078
Office Of Mayor	228,813	215,426	218,278
City Administrator	396,646	362,912	356,034
Finance -Admin/Accounting/Payroll	1,188,137	951,331	982,846
Finance Purchasing	130,229	139,185	141,145
Total Finance and Purchasing Department	1,318,366	1,090,516	1,103,991
Office Of City Clerk	220,645	163,146	164,955
City Clerk-License And Permits	90,850	185,408	186,651
City Clerk-Board Of Review	10,500	11,601	11,601
City Clerk-Election	403,183	391,241	399,979
Cty Clk Elec Div. - Election Workers	138,654	179,591	179,627
Total City Clerk and Elections	863,832	920,986	931,813
Customer Services-Treasury Operations	380,321	275,977	279,810
Customer Services-Income Tax	466,826	432,000	433,740
Customer Services-Water Collection	1,018,852	1,240,933	1,263,429
Customer Service-Sewer collection	1,020,102	1,243,133	1,264,476
Delinquent Collections	167,686	263,063	267,313
Total Treasury Department	3,052,786	3,455,106	3,508,767
Assessment	1,084,221	1,160,515	1,175,688
Law Office Operations	962,042	940,589	953,797

Human Relations Commission	26,237		
Personnel Office	551,542	624,409	629,970
Personnel Office-Personnel-Training	70,625	55,500	56,415
Total Human Relations and Personnel	648,404	679,909	686,385
Police - Fleet	990,000	990,000	1,000,000
Police Reduction		(2,608,823)	(2,635,863)
Pol Admin Bureau - Admin	6,023,126	409,669	419,941
Pol Admin Bureau-Inspections	127,354	125,506	126,866
Pol Admin - City Lock up	2,673,549	2,554,329	2,534,329
Pol Tech Serv-Records & Identification	1,831,592	2,121,908	2,168,785
Pol Tech Serv-Planning, Research, & Trai	135,359	129,847	130,692
Pol Tech Serv - City Impound	437,323	438,575	439,869
Pol Invst Ovrhd - Criminal Invest Overh	2,469,997	2,369,062	2,398,335
Pol Invst Ovrhd - Police School Liason	764,011	751,475	760,749
Pol Invst Ovrhd - Special Operations	707,260	738,802	749,143
Patrol Bureau - Administration	5,502,823	4,263,373	4,326,180
Patrol Bureau-School Crossing Guards	267,854	286,712	286,712
Total Police Department	21,930,338	12,569,434	12,604,837
Public Safety 911 - Administration	3,745,525	2,604,021	2,540,188
Office Of Fire Chief	753,547	692,077	709,158
Fire Admin-Maintenance	116,000	412,500	424,500
Fire Admin - Training	253,400	161,541	164,771
Firefighting Division-Fire Battalion Chi	3,349,980	496,649	506,293
Firefighting Division-Fire Station Overh	5,858,149	4,101,133	4,168,260
SAFER Grant EMW-2011-FH-00843	1,083,370		
Fire Prevent - Inspection And Training	285,370	315,903	322,422
Total Fire Department	11,699,796	6,179,803	6,295,404
Development-Planning & Zoning	121,875	395,277	397,634
DCD - Administration	186,293	279,007	285,416
Golf Division - Kearsley Lake Gc	3,500		
Golf Division-Mott Park Gc		9,000	9,270
Golf Division-Swartz Crk Gc	1,600		
Total Planning and Development Department	313,268	683,284	692,320
Facilities Maint-Municipal Center	1,207,382	1,464,233	1,532,362
Total - Function General government	52,645,726	36,416,733	36,666,940
Cost Allocation and Retiree Healthcare		17,911,941	18,986,658
Transfer out to Fund 208		99,140	
Transfers out to fund 542	539,170	313,561	313,561
Total - Function Transfers out	539,170	412,701	313,561
TOTAL APPROPRIATIONS	$ 53,558,116	$ 55,097,880	$ 56,308,239
NET OF REVENUES/APPROPRIATIONS - FUND 101	0	0	0
BEGINNING FUND BALANCE	(12,895,642)	(11,895,642)	(10,895,642)
ENDING FUND BALANCE	(11,895,642)	(10,895,642)	(9,895,642)

CITY OF FLINT STAFFING PROJECTION

	FY11 ACTUAL	FY12 ACTUAL	FY13 ACTUAL	FY14 CURRENT	FY15 PROPOSED	FY16 PROPOSED
GOVERNANCE AND ADMINISTRATION	38.5	20	17	19	20	20
POLICE	150	148	144	151	115	115
911	25.5	23	22	23	23	23
FIRE	75	94	91	94	75	75
DISTRICT COURT	49	35	30	31	31	31
DEPARTMENT OF PUBLIC WORKS	263	207	156	166	173	173
PLANNING AND DEVELOPMENT	71	56	26	24	25	26
FINANCE AND ADMINISTRATION	120.5	103	60	57	60	60
TOTALS	792.5	686	546	565	522	523

PROJECTED FACILITIES IMPROVEMENTS FY15-FY19

IMPROVEMENT	RANK	COST	FY15	FY16	FY17	FY18	FY19
City Hall Elevators(2 main only)	1	400,000.00	$ 400,000.00				
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 155,000.00				
Assessing Renovations	3	65,000.00	$ 65,000.00				
Roof Repair - Main Fire Station	4	127,400.00	$ 127,400.00				
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 10,000.00				
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 20,000.00				
I.S. Water Leaks PART I OF II	7	50,000.00	$ 50,000.00				
Legal Renovations	8	40,000.00	$ 40,000.00				
Police Station Bridge to 5th St	9	30,000.00	$ 30,000.00				
Roof Repair - North building	10	99,384.00	$ 99,384.00				
Motion Lights, City Hall & Police	11	100,000.00	$ 100,000.00				
Pave City Hall Parking Lot	12	100,000.00		$ 100,000.00			
911 Consoles & Telephones	13	330,000.00		$ 330,000.00			
I.S. Water Leaks PART II OF II	14	50,000.00		$ 50,000.00			
Council Chambers Renovations PART I OF III	15	116,666.67		$ 116,666.67			
City Hall Building Facade PART I OF III	16	500,000.00		$ 500,000.00			
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00			$ 250,000.00		
Council Chambers Renovations PART II OF III	18	116,666.67			$ 116,666.67		
City Hall Building Facade PART II OF III	19	500,000.00			$ 500,000.00		
Council Chambers Renovations PART III OF III	20	116,666.67				$ 116,666.67	
City Hall Building Facade PART III OF III	21	500,000.00				$ 500,000.00	
Police Shooting Range	22	250,000.00				$ 250,000.00	
Fire Station Kitchens - Remodel	23	60,000.00				$ 60,000.00	
TOTAL		$3,926,784.00	$ 1,096,784.00	$ 1,096,666.67	$ 866,666.67	$ 926,666.67	$ -

IMPROVEMENT	RANK	COST	CUMULATIVE COST
City Hall Elevators(2 main only)	1	400,000.00	
Repl/Rep Chiller in city Hall - only 1.5 of 4 cmprs for air	2	155,000.00	$ 555,000.00
Assessing Renovations	3	65,000.00	$ 620,000.00
Roof Repair - Main Fire Station	4	127,400.00	$ 747,400.00
Roof Repair - Atherton Rd Fire Station	5	10,000.00	$ 757,400.00
Repair walkway between Police and City Hall Main Bldg	6	20,000.00	$ 777,400.00
I.S. Water Leaks PART I OF II	7	50,000.00	$ 827,400.00
Legal Renovations	8	40,000.00	$ 867,400.00
Police Station Bridge to 5th St	9	30,000.00	$ 897,400.00
Roof Repair - North building	10	99,384.00	$ 996,784.00
Motion Lights, City Hall & Police	11	100,000.00	$ 1,096,784.00
Pave City Hall Parking Lot	12	100,000.00	$ 1,196,784.00
911 Consoles & Telephones	13	330,000.00	$ 1,526,784.00
I.S. Water Leaks PART II OF II	14	50,000.00	$ 1,576,784.00
Council Chambers Renovations PART I OF III	15	116,666.67	$ 1,693,450.67
City Hall Building Facade PART I OF III	16	500,000.00	$ 2,193,450.67
Parking lot lighting - City Hall, Pol, Stevens & 7th St Lots	17	250,000.00	$ 2,443,450.67
Council Chambers Renovations PART II OF III	18	116,666.67	$ 2,560,117.33
City Hall Building Facade PART II OF III	19	500,000.00	$ 3,060,117.33
Council Chambers Renovations PART III OF III	20	116,666.67	$ 3,176,784.00
City Hall Building Facade PART III OF III	21	500,000.00	$ 3,676,784.00
Police Shooting Range	22	250,000.00	$ 3,926,784.00
Fire Station Kitchens - Remodel	23	60,000.00	$ 3,986,784.00
TOTAL		**$3,926,784.00**	**$ 3,986,784.00**

DEFICIT ELIMINATION AND RESERVE ACCUMULATION PROJECTIONS

FINANCIAL COMMITMENT NECESSARY TO ELIMINATE THE DEFICIT AND ACCUMULATE AN APPROPRIATE BUDGET STABILIZATION RESERVE OF 10% -15%

	DEFICIT REDUCTION						
	FY14	FY15	FY16	FY17	FY18	FY19	FY20
DEFICIT	($12,895,642)	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000
REMAINING DEFICIT	($11,095,642)	($9,295,642)	($7,495,642)	($5,695,642)	($3,895,642)	($2,095,642)	($295,642)
GENERAL FUND REVENUE	$53,555,121	$55,080,609	$56,281,965	$56,788,503	$56,958,868	$57,471,498	$58,620,928

	RESERVE ACCUMULATION					
	FY21	FY22	FY23	FY24	FY25	
RESERVE	($295,642)	$1,504,358	$3,304,358	$5,104,358	$6,904,358	
GF CONTRIBUTION	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	
CIP CONTRIBUTION	$800,000	$800,000	$800,000	$800,000	$800,000	
ACCUMULATED RESERVE	$1,504,358	$3,304,358	$5,104,358	$6,904,358	$8,704,358	Equals 13%
GENERAL FUND REVENUE	$59,793,347	$60,989,213	$62,208,998	$63,453,178	**$64,722,241**	of GF Revenues

CITY OF FLINT - FIVE YEAR OUTLOOK
Pension and Retiree Healthcare Costs

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
General Fund		101						
	Retiree Healthcare Expense		$8,034,324	$10,167,701	$10,777,763	$11,424,429	$12,109,895	$12,836,489
	Pension Expense		$8,401,335	$7,981,672	$8,439,853	$8,946,244	$9,483,019	$10,052,000
	Other Expenses		$37,122,462	$36,948,508	$37,090,623	$38,246,204	$39,427,255	$40,755,548
	Total Expenses		$53,558,121	$55,097,881	$56,308,239	$58,616,877	$61,020,169	$63,644,036
	Retiree Healthcare as % of Total Expenses		15%	18%	19%	19%	20%	20%
	Pension as % of Total Expenses		16%	14%	15%	15%	16%	15%
	Healthcare & Pension Costs as % of Total		31%	33%	34%	35%	35%	35%
Major Streets		202						
	Retiree Healthcare		$998,165	$1,056,180	$1,119,551	$1,186,724	$1,257,928	$1,333,403
	Pension		$565,832	$551,415	$588,563	$632,357	$670,298	$710,516
	Other expenses		$5,167,418	$5,415,283	$5,400,554	$5,597,904	$6,783,353	$6,981,277
	Total		$6,331,405	$7,022,888	$8,118,668	$8,416,985	$8,711,579	$9,025,196
	Healthcare & Pension %		18%	23%	21%	22%	22%	23%
Local Streets		203						
	Retiree Healthcare		$388,761	$200,824	$212,873	$225,645	$239,184	$253,535
	Pension		$331,106	$330,315	$354,959	$378,257	$398,832	$422,762
	Other expenses		$1,681,223	$2,163,316	$2,215,280	$2,278,819	$2,334,682	$2,391,527
	Total		$2,601,090	$2,694,458	$2,783,112	$2,880,621	$2,972,698	$3,067,824
	Healthcare & Pension %		28%	20%	20%	21%	21%	22%
Police and Fire Millage		205						
	Retiree Healthcare		$0	$1,337,828	$1,418,098	$1,503,184	$1,593,375	$1,688,977
	Pension		$448,524	$2,593,093	$2,748,679	$2,913,600	$3,088,416	$3,273,721
	Other expenses		$1,397,303	$5,327,639	$3,092,223	$3,122,176	$3,169,267	$3,207,130
	Total		$1,845,827	$9,258,560	$7,249,000	$7,538,960	$7,848,057	$8,169,828
	Healthcare & Pension %		24%	42%	57%	59%	60%	61%
Neighborhood Police Millage		207						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$379,934	$300,795	$318,844	$337,975	$358,253	$379,748
	Other expenses		$1,170,246	$1,077,309	$915,030	$945,254	$977,588	$1,010,863
	Total		$1,550,180	$1,378,104	$1,233,874	$1,283,229	$1,335,841	$1,390,611
	Healthcare & Pension %		25%	22%	26%	26%	27%	27%
Parks Millage		208						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$5,651	$20,863	$20,563	$21,903	$23,217	$24,610
	Other expenses		$367,473	$419,477	$320,760	$333,177	$346,421	$360,183
	Total		$373,064	$440,140	$341,423	$355,080	$369,638	$384,793
	Healthcare & Pension %		1%	5%	6%	6%	6%	6%
Lighting Special Assessment		219						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$6,029	$5,390	$6,773	$7,180	$7,611
	Other expenses		$2,982,980	$2,688,841	$2,689,910	$2,689,527	$2,689,120	$2,688,689
	Total		$2,982,980	$2,694,870	$2,696,300	$2,696,300	$2,696,300	$2,696,300
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Waste Collection		228						
	Retiree Healthcare		$621,196	$411,202	$435,874	$462,026	$489,748	$519,133
	Pension		$25,335	$12,988	$13,767	$14,593	$15,469	$16,397
	Other expenses		$4,485,985	$4,972,103	$5,001,082	$5,083,118	$5,165,718	$5,248,821
	Total		$5,132,490	$5,396,293	$5,450,723	$5,559,737	$5,670,932	$5,784,351
	Healthcare & Pension %		13%	8%	8%	9%	9%	9%
Drug Forfeiture		265						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$122,739	$82,406	$87,351	$92,592	$98,148	$104,036
	Other expenses		$312,303	$342,657	$346,048	$353,869	$361,845	$369,550
	Total		$435,042	$425,063	$433,399	$446,461	$459,793	$473,587
	Healthcare & Pension %		28%	19%	20%	21%	21%	22%
HUD Grant 2014		274						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$230,159	$292,418	$292,418	$309,963	$328,561	$348,275
	Other expenses		$11,537,570	$4,743,481	$4,743,481	$4,877,013	$5,014,024	$5,154,688
	Total		$11,767,729	$5,035,899	$5,035,899	$5,186,976	$5,342,585	$5,502,663
	Healthcare & Pension %		2%	6%	6%	6%	6%	6%
Other Grants		288						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$40,027	$230,605	$230,605	$244,441	$259,109	$274,654
	Other expenses		$7,437,904	$4,634,371	$4,634,371	$4,766,484	$4,902,145	$5,041,436
	Total		$7,477,931	$4,864,976	$4,864,976	$5,010,926	$5,161,253	$5,316,091
	Healthcare & Pension %		1%	5%	5%	5%	5%	5%
Federal Stimulus Grant		297						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$1,355,981	$0	$0	$0	$0	$0
	Other expenses		$3,168,127	$0	$0	$0	$0	$0
	Total		$4,524,108	$0	$0	$0	$0	$0
	Healthcare & Pension %		30%	0%	0%	0%	0%	0%
Public Improvement Fund		402						
	Retiree Healthcare		$0	$0	$0	$0	$0	$0
	Pension		$0	$0	$0	$0	$0	$0
	Other expenses		$2,150,000	$2,850,857	$2,857,987	$2,882,706	$3,104,997	$3,232,302
	Total		$2,150,000	$2,850,857	$2,857,987	$2,882,706	$3,104,997	$3,232,302
	Healthcare & Pension %		0%	0%	0%	0%	0%	0%
Building Safety Fund		542						
	Retiree Healthcare		$562,854	$393,633	$417,251	$442,288	$468,823	$488,953
	Pension		$151,734	$237,628	$251,886	$266,999	$283,019	$300,000
	Other expenses		$1,833,768	$1,784,268	$1,815,553	$1,874,603	$1,935,606	$1,997,697
	Total		$2,548,456	$2,395,529	$2,484,700	$2,584,089	$2,687,452	$2,794,650
	Healthcare & Pension %		28%	26%	27%	27%	28%	25%
Internal Service Funds								
	Retiree Healthcare		$300,210	$722,428	$722,428	$764,504	$809,105	$356,332
	Pension		$382,106	$383,747	$383,747	$406,772	$431,178	$457,049
	Other expenses		$7,795,975	$8,780,612	$7,845,931	$8,118,992	$8,398,419	$8,684,357
	Total		$8,478,291	$7,888,787	$8,951,605	$9,288,178	$9,638,703	$9,997,788
	Healthcare & Pension %		8%	14%	12%	13%	13%	13%

TOTAL General City							
Retiree Healthcare Expense	$10,505,594	$14,269,786	$15,103,838	$16,008,788	$16,968,057	$17,984,872
Pension Expense	$12,440,403	$13,023,777	$13,745,725	$14,570,469	$15,444,697	$16,371,378
Other Expenses	$97,288,989	$87,975,619	$88,920,349	$91,555,874	$94,241,946	$97,122,057
Total Expenses	$118,302,313	$116,374,211	$118,854,931	$123,285,261	$127,673,827	$132,770,582
Retiree Healthcare as % of Total Expenses	9%	12%	13%	13%	13%	14%
Pension as % of Total Expenses	11%	11%	12%	12%	12%	12%
Healthcare & Pension Costs as % of Total	19%	23%	24%	25%	26%	26%

			Current FY14	Adopted FY15	Adopted FY16	Projected FY17	Projected FY18	Projected FY19
Sewer Fund		590						
	Retiree Healthcare		$2,329,583	$2,447,568	$2,594,420	$2,750,085	$2,915,090	$3,089,996
	Pension		$2,179,100	$2,040,715	$2,163,159	$2,292,949	$2,430,525	$2,576,357
	Other expenses		$27,420,186	$26,768,264	$27,593,166	$28,966,065	$30,803,527	$31,550,604
	Total		$31,929,269	$30,256,545	$32,346,745	$34,609,099	$36,149,143	$37,216,957
	Healthcare & Pension %		14%	15%	15%	15%	15%	15%
Water Fund		591						
	Retiree Healthcare		$1,680,062	$2,963,586	$3,141,403	$3,329,887	$3,529,680	$3,741,461
	Pension		$1,815,687	$1,803,098	$1,911,284	$2,025,961	$2,147,519	$2,276,370
	Other expenses		$44,401,123	$28,736,844	$29,959,563	$33,485,341	$36,064,707	$35,925,894
	Total		$47,898,872	$34,503,530	$35,012,250	$38,841,189	$40,741,906	$41,943,725
	Healthcare & Pension %		7%	14%	14%	14%	14%	14%
Water and Sewer		590 & 591						
	Retiree Healthcare		$4,010,045	$5,411,154	$5,735,823	$6,079,972	$6,444,771	$6,831,457
	Pension		$3,994,787	$3,843,813	$4,074,443	$4,318,910	$4,578,044	$4,852,727
	Other expenses		$71,821,309	$55,505,108	$57,548,729	$63,051,406	$66,868,234	$67,476,498
	Total		$79,826,141	$64,760,075	$67,358,995	$73,450,288	$76,891,049	$79,160,682
	Retiree Healthcare as % of Total Expenses		5%	8%	9%	8%	8%	9%
	Pension as % of Total Expenses		5%	6%	6%	6%	6%	6%
	Healthcare & Pension %		10%	14%	15%	14%	14%	15%
TOTAL CITY								
	Retiree Healthcare		$14,515,639	$19,700,950	$20,839,661	$22,088,771	$23,412,628	$24,816,329
	Pension		$16,435,190	$16,867,590	$17,820,168	$18,889,378	$20,022,741	$21,224,105
	Other expenses		$169,110,298	$143,480,727	$146,469,078	$154,607,280	$160,110,180	$164,598,555
	Total		$198,128,454	$181,134,286	$185,213,926	$195,735,549	$204,764,876	$211,931,264
	Retiree Healthcare %		7%	11%	11%	11%	11%	12%
	Pension %		8%	9%	10%	10%	10%	10%
	Healthcare & Pension %		16%	20%	21%	21%	21%	22%

PROJECTED TAXPAYER IMPACT

$41,000 House, $40,000 Income

Values	FY14 Current Winter & Summer		FY15 Adopted Winter & Summer		FY16 Adopted Winter & Summer
House value	$41,000.00		$41,000.00		$41,000.00
Taxable value	$20,500.00		$20,500.00		$20,500.00
Annual Income	$40,000.00		$40,000.00		$40,000.00
Tax rate (mills)	65.88		65.88		65.88
Street Lights	$67.87		$70.94		$74.14
Garbage	$146.00		$162.63		$168.84
Water Bill	$1,800.00		$1,917.00		$2,032.02
Payments					
Property taxes	$1,351.00		$1,351.00		$1,351.00
Street lights	$67.87		$70.94		$74.14
Rubbish	$146.00		$162.63		$168.84
Income tax	$400.00		$400.00		$400.00
Water bill	$1,800.00		$1,917.00		$2,032.02
Total Payments	$3,764.87		$3,901.57		$4,026.00
		$137 3.6%		$124 3.2%	

$61,500 House, $50,000 Income

Values	FY14 Current Winter & Summer		FY15 Adopted Winter & Summer		FY16 Adopted Winter & Summer
House value	$61,500.00		$61,500.00		$61,500.00
Taxable value	$30,750.00		$30,750.00		$30,750.00
Annual Income	$50,000.00		$50,000.00		$50,000.00
Tax rate (mills)	65.88		65.88		65.88
Street Lights	$67.87		$70.94		$74.14
Garbage	$146.00		$162.63		$168.84
Water Bill	$1,800.00		$1,917.00		$2,032.02
Payments					
Property taxes	$2,026.00		$2,026.00		$2,026.00
Street lights	$67.87		$70.94		$74.14
Garbage	$146.00		$162.63		$168.84
Income tax	$500.00		$500.00		$500.00
Water bill	$1,800.00		$1,917.00		$2,032.02
Total Payments	$4,539.87		$4,676.57		$4,801.00
		$137 3.0%		$124 2.7%	

Projected Cash Flow

	05/31/2015	06/30/2015	07/31/2015	08/31/2014	09/30/2014	10/31/2014	11/30/2014	12/31/2014	01/31/2015	02/28/2015	03/31/2015	04/30/2015	05/31/2015	06/30/2015	
Beginning Bal.	4,591,000	5,020,000	481,000	2,957,000	389,000	474,000	(638,000)	(1,012,358)	1,573,078	1,065,871	2,709,669	2,904,052	4,230,670	4,441,816	
Taxes	1,441,146	1,346,444	4,058,491	1,539,949	1,036,812	1,649,428	745,642	1,235,436	1,662,793	1,818,798	1,324,383	1,126,618	1,441,146	1,946,444	19,079,940
State Aid	250,000	2,670,000	250,000	2,710,000	250,000	2,800,000	250,000	2,800,000	250,000	2,725,000	250,000	2,680,000	250,000	2,750,000	17,915,000
Other Rev	1,620,000	1,620,000	1,620,000	1,600,000	1,580,000	1,620,000	1,580,000	1,600,000	1,580,000	1,600,000	1,620,000	1,620,000	1,620,000	1,620,000	19,260,000
Ending Bal.	7,902,146	10,656,444	6,409,491	8,806,949	3,255,812	6,537,428	1,937,642	4,623,078	5,065,871	6,709,669	5,904,052	8,280,670	7,541,816	10,758,260	56,254,940
Payrolls	(2,350,000)	(2,600,000)	(2,400,000)	(2,600,000)	(2,400,000)	(2,550,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(30,750,000)
Other Exp	(532,146)	(7,575,444)	(1,052,491)	(5,817,949)	(381,812)	(4,625,428)	(350,000)	(450,000)	(1,400,000)	(1,400,000)	(400,000)	(1,450,000)	(500,000)	(6,500,000)	(24,327,680)
Ending Bal.	5,020,000	481,000	2,957,000	389,000	474,000	(638,000)	(1,012,358)	1,573,078	1,065,871	2,709,669	2,904,052	4,230,670	4,441,816	1,658,260	(55,077,680)
														Surplus	1,177,260
														07-01 Bal.	481,000
														Proof	1,658,260

City of Flint Outstanding Invoices as of 4/17/15

Vendor Name	Invoice #	Reference #	Invoice Date	Due Date	Amount
GARNER K. TRAIN	032615	281049	3/26/2015 12:00:00 AM	4/16/2015 12:00:00 AM	1250.00
FRED ROSS	310551	281100	4/7/2015 12:00:00 AM	4/23/2015 12:00:00 AM	27.00
GENESEE COUNTY TREASURER	4083	281101	3/31/2015 12:00:00 AM	4/23/2015 12:00:00 AM	602.58
GENESEE COUNTY TREASURER	4086	281102	3/31/2015 12:00:00 AM	4/23/2015 12:00:00 AM	664.54
PAULA J. MCGLOWN	032315	281187	3/23/2015 12:00:00 AM	4/23/2015 12:00:00 AM	60.34
Y W C A OF FLINT	1408104	281123	10/21/2014 12:00:00 AM	4/23/2015 12:00:00 AM	1709.44
Y W C A OF FLINT	1408105	281124	12/15/2014 12:00:00 AM	4/23/2015 12:00:00 AM	1764.93
Y W C A OF FLINT	1408106	281125	1/28/2015 12:00:00 AM	4/23/2015 12:00:00 AM	1377.70
Y W C A OF FLINT	1408107	281126	2/22/2015 12:00:00 AM	4/23/2015 12:00:00 AM	2184.76
ROWE ENGINEERING INC	0076196	281130	4/14/2015 12:00:00 AM	4/23/2015 12:00:00 AM	8804.25
SIMEN, FIGURA & PARKER PLC	179123	281167	4/15/2015 12:00:00 AM	4/23/2015 12:00:00 AM	22.00
SIMEN, FIGURA & PARKER PLC	179124	281168	4/15/2015 12:00:00 AM	4/23/2015 12:00:00 AM	495.00
SALEM HOUSING COMM DEVELOPMENT CORP	1315305	273500	10/31/2014 12:00:00 AM	12/4/2014 12:00:00 AM	1579.99
TREASURER CITY OF FLINT	40-01-229-041	274711	12/12/2014 12:00:00 AM	1/1/2015 12:00:00 AM	44.19
METRO COMMUNITY DEVELOPMENT, INC	1407103	274779	12/22/2014 12:00:00 AM	1/1/2015 12:00:00 AM	2175.00
CHRIST ENRICHMENT CENTER	1406207	277628	2/13/2015 12:00:00 AM	2/19/2015 12:00:00 AM	11369.02
C S MOTT COMMUNITY COLLEGE	003028480	278195	2/24/2015 12:00:00 AM	3/5/2015 12:00:00 AM	33027.28
BIG BROTHERS BIG SISTERS OF	1406007	278198	2/5/2015 12:00:00 AM	3/5/2015 12:00:00 AM	2972.50
HI-TECH PROTECTION	2711	278255	2/25/2015 12:00:00 AM	3/5/2015 12:00:00 AM	19888.00
HI-TECH PROTECTION	2699	278256	1/22/2015 12:00:00 AM	3/5/2015 12:00:00 AM	9372.00
HI-TECH PROTECTION	2703	278257	2/5/2015 12:00:00 AM	3/5/2015 12:00:00 AM	9944.00
SALEM HOUSING COMM DEVELOPMENT CORP	0902253	278680	10/22/2014 12:00:00 AM	3/5/2015 12:00:00 AM	12300.00
SALEM HOUSING COMM DEVELOPMENT CORP	0909741	278681	10/10/2014 12:00:00 AM	3/5/2015 12:00:00 AM	4795.31
GENESEE CTY COMMUNITY ACTION	1310307	279042	3/5/2015 12:00:00 AM	3/12/2015 12:00:00 AM	38244.50
UNITED WAY OF GENESEE COUNTY	1309512	279230	2/18/2015 12:00:00 AM	3/19/2015 12:00:00 AM	801.00
UNITED WAY OF GENESEE COUNTY	1408001	279356	1/16/2015 12:00:00 AM	3/19/2015 12:00:00 AM	6826.56
UNITED WAY OF GENESEE COUNTY	1408002	279357	3/16/2015 12:00:00 AM	3/19/2015 12:00:00 AM	2260.00
SIMEN, FIGURA & PARKER PLC	178812	279648	3/19/2015 12:00:00 AM	3/26/2015 12:00:00 AM	1408.00
BIG BROTHERS BIG SISTERS OF	1406008	279962	3/6/2015 12:00:00 AM	4/2/2015 12:00:00 AM	3056.59
CONSUMERS ENERGY	1000 0025 4035	280600	3/31/2015 12:00:00 AM	4/9/2015 12:00:00 AM	76.90
DOVER & COMPANY	528	280673	3/24/2015 12:00:00 AM	4/9/2015 12:00:00 AM	762.42
GENESEE COUNTY LAND BANK AUTHORITY	1400405	280737	3/10/2015 12:00:00 AM	4/9/2015 12:00:00 AM	16834.54
GENESEE CTY COMMUNITY ACTION	1310308	280771	3/25/2015 12:00:00 AM	4/9/2015 12:00:00 AM	41498.42
SHORELINE INVESTMENT SERVICES INC	121521	280978	5/1/2015 12:00:00 AM	4/16/2015 12:00:00 AM	360.00
SHORELINE INVESTMENT SERVICES INC	121520	280979	5/1/2015 12:00:00 AM	4/16/2015 12:00:00 AM	360.00

QUEST DIAGNOSTICS INC	9158972585	280804	3/26/2015 12:00:00 AM	4/16/2015 12:00:00 AM	51.20
GENESYS OCCUPATIONAL HEALTH NETWORK	62174	280672	3/31/2015 12:00:00 AM	4/9/2015 12:00:00 AM	209.00
WATKINS PHARMACY AND SURGICAL SUPPL	0000356976	278889	2/6/2015 12:00:00 AM	3/12/2015 12:00:00 AM	795.35
GENESYS OCCUPATIONAL HEALTH NETWORK	60773	278707	2/27/2015 12:00:00 AM	3/12/2015 12:00:00 AM	96.00
QUEST DIAGNOSTICS INC	9158374352	278823	2/24/2015 12:00:00 AM	3/12/2015 12:00:00 AM	225.72
NAN MCKAY & ASSOCIATES INC	001323	279859	2/28/2015 12:00:00 AM	4/2/2015 12:00:00 AM	2547.00
LEHIGH OUTFITTERS LLC	0171392	280992	2/25/2015 12:00:00 AM	4/16/2015 12:00:00 AM	1021.84
LEHIGH OUTFITTERS LLC	0173700	280993	6/26/2015 12:00:00 AM	4/16/2015 12:00:00 AM	200.00
LEHIGH OUTFITTERS LLC	0246622	280996	4/1/2015 12:00:00 AM	4/16/2015 12:00:00 AM	-122.39
NAN MCKAY & ASSOCIATES INC	001347	281182	3/28/2015 12:00:00 AM	4/23/2015 12:00:00 AM	9480.00
MICHIGAN ELECTRIC SUPPLY COMPANY	S100318875.006	281153	4/3/2015 12:00:00 AM	4/23/2015 12:00:00 AM	79.45
MICHIGAN ELECTRIC SUPPLY COMPANY	S100318875.007	281154	4/3/2015 12:00:00 AM	4/23/2015 12:00:00 AM	73.50
MICHAEL REITER OR CODE OFFICIALS	05042015	281063	3/17/2015 12:00:00 AM	4/16/2015 12:00:00 AM	150.00
GCR TIRES & SERVICE	536-25901	281104	4/15/2015 12:00:00 AM	4/23/2015 12:00:00 AM	35.00
GCR TIRES & SERVICE	536-25909	281134	4/15/2015 12:00:00 AM	4/23/2015 12:00:00 AM	620.00
ARNOLD SALES	1137948	281159	4/10/2015 12:00:00 AM	4/23/2015 12:00:00 AM	45.48
WEST SHORE FIRE INC	9354	280455	3/25/2015 12:00:00 AM	4/9/2015 12:00:00 AM	-1785.00
WEST SHORE FIRE INC	9371	280461	3/27/2015 12:00:00 AM	4/9/2015 12:00:00 AM	1607.41
WEST SHORE FIRE INC	9217	278796	2/25/2015 12:00:00 AM	3/12/2015 12:00:00 AM	3168.00
WEST SHORE FIRE INC	9065	277166	1/27/2015 12:00:00 AM	2/12/2015 12:00:00 AM	2342.71
WEST SHORE FIRE INC	8928	274952	12/22/2014 12:00:00 AM	1/1/2015 12:00:00 AM	1473.86
CINTAS CORP	308309454	281150	4/7/2015 12:00:00 AM	4/23/2015 12:00:00 AM	36.95
MICHIGAN STATE UNIVERSITY	150330	281145	4/13/2015 12:00:00 AM	4/23/2015 12:00:00 AM	3500.00
BASIC	88524	281164	4/10/2015 12:00:00 AM	4/23/2015 12:00:00 AM	625.00
AMERAPLAN INC	0515	281175	4/15/2015 12:00:00 AM	4/23/2015 12:00:00 AM	7479.45
KIMBERLY YOUNG	5-13-15 CHICAGO	280668		4/30/2015 12:00:00 AM	513.10
BS & A SOFTWARE	099591	278364	2/1/2015 12:00:00 AM	2/19/2015 12:00:00 AM	27810.00
EPIC TECHNOLOGY SOLUTIONSLLC	4108	281176	4/16/2015 12:00:00 AM	4/23/2015 12:00:00 AM	5501.50
EPIC TECHNOLOGY SOLUTIONSLLC	4109	281177	4/16/2015 12:00:00 AM	4/23/2015 12:00:00 AM	4528.00
LAW OFFICE OF I'LANTA M ROBBINS PLC	15-009	281178	4/16/2015 12:00:00 AM	4/23/2015 12:00:00 AM	965.44
DAVID ROTH	012615	281183	1/26/2015 12:00:00 AM	4/23/2015 12:00:00 AM	35.07
SIMEN, FIGURA & PARKER PLC	178927	281165	4/15/2015 12:00:00 AM	4/23/2015 12:00:00 AM	55.00
SIMEN, FIGURA & PARKER PLC	178929	281166	4/15/2015 12:00:00 AM	4/23/2015 12:00:00 AM	550.00
HARVEY KRUSE PC	377664	281170	3/31/2015 12:00:00 AM	4/23/2015 12:00:00 AM	3762.00
HARVEY KRUSE PC	377667	281171	3/31/2015 12:00:00 AM	4/23/2015 12:00:00 AM	748.00
HARVEY KRUSE PC	374666	281172	3/31/2015 12:00:00 AM	4/23/2015 12:00:00 AM	638.00
HARVEY KRUSE PC	377665	281173	3/31/2015 12:00:00 AM	4/23/2015 12:00:00 AM	1661.00
AXIOM REQUISITION COPY SERVICE	389588	281151	4/10/2015 12:00:00 AM	4/23/2015 12:00:00 AM	45.00
GIARMARCO MULLINS & HORTON PC	83547.003	281136	12/17/2014 12:00:00 AM	4/23/2015 12:00:00 AM	393.75

GIARMARCO MULLINS & HORTON PC	83547.001	281137	12/17/2014 12:00:00 AM	4/23/2015 12:00:00 AM	2150.00
GIARMARCO MULLINS & HORTON PC	83547.001	281138	1/13/2015 12:00:00 AM	4/23/2015 12:00:00 AM	5033.28
GIARMARCO MULLINS & HORTON PC	83547.003	281139	2/12/2015 12:00:00 AM	4/23/2015 12:00:00 AM	2610.50
GIARMARCO MULLINS & HORTON PC	83547.001	281140	2/12/2015 12:00:00 AM	4/23/2015 12:00:00 AM	4942.90
GIARMARCO MULLINS & HORTON PC	83547.001	281141	3/9/2015 12:00:00 AM	4/23/2015 12:00:00 AM	2950.00
GIARMARCO MULLINS & HORTON PC	83547.003	281142	3/9/2015 12:00:00 AM	4/23/2015 12:00:00 AM	2450.00
GIARMARCO MULLINS & HORTON PC	83547.001	281143	4/13/2015 12:00:00 AM	4/23/2015 12:00:00 AM	2196.88
GIARMARCO MULLINS & HORTON PC	83547.003	281144	4/13/2015 12:00:00 AM	4/23/2015 12:00:00 AM	593.75
ANTHONY CHUBB	040815	281185	4/8/2015 12:00:00 AM	4/23/2015 12:00:00 AM	86.15
PETER BADE	032615	281186	3/26/2015 12:00:00 AM	4/23/2015 12:00:00 AM	71.51
LAW OFFICE OF I'LANTA M ROBBINS PLC	15-008	281128	4/14/2015 12:00:00 AM	4/23/2015 12:00:00 AM	250.00
AT&T	AMER232014053700597	273233	7/11/2014 12:00:00 AM	11/27/2014 12:00:00 AM	5455.29
CONSUMERS ENERGY	9301315980	257517	1/14/2014 12:00:00 AM	2/13/2014 12:00:00 AM	517.31
LEVEL ONE LLC	0020354	257897	10/30/2013 12:00:00 AM	2/13/2014 12:00:00 AM	7818.63
CONSUMERS ENERGY	9301493882	257977	2/10/2014 12:00:00 AM	2/20/2014 12:00:00 AM	1120.57
CONSUMERS ENERGY	96706399	261488	8/9/2011 12:00:00 AM	4/24/2014 12:00:00 AM	10797.11
WILLIAM E WALTER INC	41281	279999	3/27/2015 12:00:00 AM	4/2/2015 12:00:00 AM	182.50
WILLIAM E WALTER INC	41110	280094	3/5/2015 12:00:00 AM	4/2/2015 12:00:00 AM	3624.97
LOWE'S HOME CENTER	923593	281009	3/21/2015 12:00:00 AM	4/16/2015 12:00:00 AM	152.28
LOWE'S HOME CENTER	923480	281007	3/18/2015 12:00:00 AM	4/16/2015 12:00:00 AM	96.50
MID MICHIGAN LOCK & SAFE SERVICE	30775	281031	2/20/2015 12:00:00 AM	4/16/2015 12:00:00 AM	149.00
ALLIE BROTHERS INC	54914	280951	4/3/2015 12:00:00 AM	4/16/2015 12:00:00 AM	933.02
UNITED PARCEL SERVICE	0000T1188T145	280953	4/4/2015 12:00:00 AM	4/16/2015 12:00:00 AM	7.32
GENESEE COUNTY TREASURER	30	280918	4/8/2015 12:00:00 AM	4/16/2015 12:00:00 AM	178268.86
COMPLETE TOWING SERVICE	390387	280489	3/23/2015 12:00:00 AM	4/9/2015 12:00:00 AM	80.00
ALLIE BROTHERS INC	54825	280853	3/26/2015 12:00:00 AM	4/16/2015 12:00:00 AM	219.52
COMPLETE AUTO AND TRUCK PARTS, INC	088	280862	3/31/2015 12:00:00 AM	4/16/2015 12:00:00 AM	10050.00
ALLIE BROTHERS INC	54864	280884	3/30/2015 12:00:00 AM	4/16/2015 12:00:00 AM	1060.33
ALLIE BROTHERS INC	54719	279754	3/18/2015 12:00:00 AM	3/26/2015 12:00:00 AM	2961.34
ALLIE BROTHERS INC	54578	279734	3/10/2015 12:00:00 AM	3/26/2015 12:00:00 AM	6010.39
ALLIE BROTHERS INC	54622	279735	3/12/2015 12:00:00 AM	3/26/2015 12:00:00 AM	4010.80
MIDSTATE SECURITY	342308	279619	3/10/2015 12:00:00 AM	3/26/2015 12:00:00 AM	666.00
COMPLETE TOWING SERVICE	390042	279088	2/21/2015 12:00:00 AM	3/19/2015 12:00:00 AM	80.00
Consumers Energy	100010646956	268393	8/27/2014 11:56:15 AM	8/28/2014 12:00:00 AM	1033.88
Consumers Energy	100010646956	270761	10/8/2014 9:12:38 AM	10/9/2014 12:00:00 AM	1126.65
MIDSTATE SECURITY	341029	274276	12/4/2014 12:00:00 AM	12/11/2014 12:00:00 AM	564.00
MOTOROLA INC	91734597	275536	12/26/2014 12:00:00 AM	1/8/2015 12:00:00 AM	308.00
STATE OF MICHIGAN	551-434189	275913	1/14/2015 12:00:00 AM	1/22/2015 12:00:00 AM	540.00
MIDSTATE SECURITY	341644	276801	1/18/2015 12:00:00 AM	1/29/2015 12:00:00 AM	404.50

XEROX CORP	800644532	280874	3/21/2015 12:00:00 AM	4/16/2015 12:00:00 AM	6772.32
MAIL ROOM SERVICE CENTER	03150261	281000	3/31/2015 12:00:00 AM	4/16/2015 12:00:00 AM	3315.95
RITZ SAFETY SUPPLIES	5127150	280839	4/6/2015 12:00:00 AM	4/16/2015 12:00:00 AM	91.14
LOWE'S HOME CENTER	922266	281006	3/6/2015 12:00:00 AM	4/16/2015 12:00:00 AM	83.70
LOWE'S HOME CENTER	922762	281008	3/23/2015 12:00:00 AM	4/16/2015 12:00:00 AM	68.25
LEHIGH OUTFITTERS LLC	0116702	280986	1/28/2015 12:00:00 AM	4/16/2015 12:00:00 AM	1897.91
LEHIGH OUTFITTERS LLC	0145216	280988	2/11/2015 12:00:00 AM	4/16/2015 12:00:00 AM	284.59
LEHIGH OUTFITTERS LLC	0147540	280989	2/12/2015 12:00:00 AM	4/16/2015 12:00:00 AM	100.00
DETROIT SALT CO	49578	280900	4/6/2015 12:00:00 AM	4/16/2015 12:00:00 AM	16131.57
AIS CONSTRUCTION EQUIP&CONTRACTORS	515573	280665	3/20/2015 12:00:00 AM	4/9/2015 12:00:00 AM	5187.00
MICHIGAN ELECTRIC SUPPLY COMPANY	S100320739.001	280536	3/31/2015 12:00:00 AM	4/9/2015 12:00:00 AM	95.00
MICHIGAN ELECTRIC SUPPLY COMPANY	S100320783.001	280548	4/1/2015 12:00:00 AM	4/9/2015 12:00:00 AM	-61.76
MICHIGAN ELECTRIC SUPPLY COMPANY	S100313387.004	279630	3/17/2015 12:00:00 AM	3/26/2015 12:00:00 AM	11.50
MICHIGAN ELECTRIC SUPPLY COMPANY	S100313387.005	279632	3/18/2015 12:00:00 AM	3/26/2015 12:00:00 AM	88.24
COMCAST	09501 756493-03-7	279738	3/14/2015 12:00:00 AM	3/26/2015 12:00:00 AM	76.15
OFFICE DEPOT	757187419001	279792	3/19/2015 12:00:00 AM	3/26/2015 12:00:00 AM	6.56
RITZ SAFETY SUPPLIES	5123449	279855	3/23/2015 12:00:00 AM	4/2/2015 12:00:00 AM	786.87
MICHIGAN ELECTRIC SUPPLY COMPANY	S100313387.008	281152	3/31/2015 12:00:00 AM	4/23/2015 12:00:00 AM	73.53
MICHIGAN ELECTRIC SUPPLY COMPANY	S100313387.010	281155	4/6/2015 12:00:00 AM	4/23/2015 12:00:00 AM	47.06
MICHIGAN ELECTRIC SUPPLY COMPANY	S100313387.011	281156	4/9/2015 12:00:00 AM	4/23/2015 12:00:00 AM	134.12
MICHIGAN ELECTRIC SUPPLY COMPANY	S100320081.001	281157	4/13/2015 12:00:00 AM	4/23/2015 12:00:00 AM	9.95
MICHIGAN ELECTRIC SUPPLY COMPANY	S100313387.009	281158	4/3/2015 12:00:00 AM	4/23/2015 12:00:00 AM	170.58
RITZ SAFETY SUPPLIES	5129469	281118	4/14/2015 12:00:00 AM	4/23/2015 12:00:00 AM	97.20
MCNAUGHTON MCKAY ELECTRIC CO	13867460-01	281113	4/14/2015 12:00:00 AM	4/23/2015 12:00:00 AM	317.62
MCNAUGHTON MCKAY ELECTRIC CO	13884140-00	281114	4/14/2015 12:00:00 AM	4/23/2015 12:00:00 AM	10.80
CONSTRUCTION FASTENERS	637088-01	281037	4/10/2015 12:00:00 AM	4/16/2015 12:00:00 AM	14.54
MID STATES BOLT & SCREW CO	30517304	279968	3/19/2015 12:00:00 AM	4/2/2015 12:00:00 AM	68.95
MCNAUGHTON MCKAY ELECTRIC CO	13845226-00	279911	3/24/2015 12:00:00 AM	4/2/2015 12:00:00 AM	87.04
MCNAUGHTON MCKAY ELECTRIC CO	13854310-00	279954	3/26/2015 12:00:00 AM	4/2/2015 12:00:00 AM	113.82
MCNAUGHTON MCKAY ELECTRIC CO	13843814	279771	3/20/2015 12:00:00 AM	3/26/2015 12:00:00 AM	353.60
MID STATES BOLT & SCREW CO	30518212	279851	3/20/2015 12:00:00 AM	4/2/2015 12:00:00 AM	382.53
GENESEE COUNTY ROAD COMMISSION	23674	279731	2/28/2015 12:00:00 AM	3/26/2015 12:00:00 AM	67.69
GENESEE COUNTY ROAD COMMISSION	23685	279732	2/28/2015 12:00:00 AM	3/26/2015 12:00:00 AM	958.42
LOWE'S HOME CENTER	922521	279127	2/10/2015 12:00:00 AM	3/12/2015 12:00:00 AM	109.58
LOWE'S HOME CENTER	923740	279129	2/12/2015 12:00:00 AM	3/12/2015 12:00:00 AM	27.94
LOWE'S HOME CENTER	922085	279130	2/18/2015 12:00:00 AM	3/12/2015 12:00:00 AM	32.54
MCNAUGHTON MCKAY ELECTRIC CO	13817172-00	279187	3/12/2015 12:00:00 AM	3/19/2015 12:00:00 AM	200.00
MCNAUGHTON MCKAY ELECTRIC CO	13817172-01	279188	3/12/2015 12:00:00 AM	3/19/2015 12:00:00 AM	54.00
MCNAUGHTON MCKAY ELECTRIC CO	13829476-00	279204	3/13/2015 12:00:00 AM	3/19/2015 12:00:00 AM	86.66

CONSTRUCTION FASTENERS	635477-01	276783	1/16/2015 12:00:00 AM	1/29/2015 12:00:00 AM	12.16
MCNAUGHTON MCKAY ELECTRIC CO	13801414-00	278656	3/2/2015 12:00:00 AM	3/5/2015 12:00:00 AM	13.87
CONSTRUCTION FASTENERS	41841-01	278888	2/28/2015 12:00:00 AM	3/12/2015 12:00:00 AM	489.00
CONSTRUCTION FASTENERS	636082-01	278081	2/18/2015 12:00:00 AM	2/26/2015 12:00:00 AM	34.94
MCNAUGHTON MCKAY ELECTRIC CO	13788826-00	277959	2/23/2015 12:00:00 AM	2/26/2015 12:00:00 AM	63.10
CONSTRUCTION FASTENERS	636647-01	280492	3/20/2015 12:00:00 AM	4/9/2015 12:00:00 AM	247.75
MICHIGAN ELECTRIC SUPPLY COMPANY	S100317318.002	280512	3/26/2015 12:00:00 AM	4/9/2015 12:00:00 AM	83.25
MCNAUGHTON MCKAY ELECTRIC CO	13854310-01	280525	3/31/2015 12:00:00 AM	4/9/2015 12:00:00 AM	10.26
MCNAUGHTON MCKAY ELECTRIC CO	13860832-00	280526	3/31/2015 12:00:00 AM	4/9/2015 12:00:00 AM	66.56
UNITED PARCEL SERVICE	Y7A222125	280468	3/21/2015 12:00:00 AM	4/9/2015 12:00:00 AM	26.41
STATE OF MICHIGAN	SE 375892	280806	3/4/2015 12:00:00 AM	4/16/2015 12:00:00 AM	2515.11
MID STATES BOLT & SCREW CO	30528651	280859	4/7/2015 12:00:00 AM	4/16/2015 12:00:00 AM	23.94
MCNAUGHTON MCKAY ELECTRIC CO	13867460-00	280820	4/6/2015 12:00:00 AM	4/16/2015 12:00:00 AM	21.82
MCNAUGHTON MCKAY ELECTRIC CO	13880457-00	280957	4/10/2015 12:00:00 AM	4/16/2015 12:00:00 AM	112.70
MCNAUGHTON MCKAY ELECTRIC CO	13877158-00	280935	4/9/2015 12:00:00 AM	4/16/2015 12:00:00 AM	25.39
WADE TRIM, INC	3002469	280469	3/31/2015 12:00:00 AM	4/9/2015 12:00:00 AM	1164.80
ROWE ENGINEERING INC	0075817	277978	2/5/2015 12:00:00 AM	2/26/2015 12:00:00 AM	1151.50
ROWE ENGINEERING INC	0075846	278011	2/10/2015 12:00:00 AM	2/26/2015 12:00:00 AM	635.95
WADE TRIM, INC	3002201	278355	2/17/2015 12:00:00 AM	3/5/2015 12:00:00 AM	2688.00
RESOURCE RECYCLING SYSTEMS INC	727219	273242	11/10/2014 12:00:00 AM	11/27/2014 12:00:00 AM	18750.00
ROWE ENGINEERING INC	0076052	279961	3/20/2015 12:00:00 AM	4/2/2015 12:00:00 AM	891.02
WADE TRIM, INC	3002461	279963	3/26/2015 12:00:00 AM	4/2/2015 12:00:00 AM	3266.99
Consumers Energy	100004254759	277079	2/4/2015 1:52:32 PM	2/5/2015 12:00:00 AM	49.48
LINDE LLC	51844456	281032	4/12/2015 12:00:00 AM	4/16/2015 12:00:00 AM	1848.00
ROWLEYS WHOLESALE	1774963-01	281021		4/16/2015 12:00:00 AM	866.50
RITZ SAFETY SUPPLIES	5129075	281022	4/13/2015 12:00:00 AM	4/16/2015 12:00:00 AM	218.84
RITZ SAFETY SUPPLIES	5129201	281023	4/13/2015 12:00:00 AM	4/16/2015 12:00:00 AM	27.58
FLINT WELDING SUPPLY CO	411242	281026	4/6/2015 12:00:00 AM	4/16/2015 12:00:00 AM	67.00
RAFTELIS FINANCIAL CONSULTANTS INC	FLMI1501-03	281034	4/6/2015 12:00:00 AM	4/16/2015 12:00:00 AM	8155.00
RITZ SAFETY SUPPLIES	5129103	281052	4/13/2015 12:00:00 AM	4/16/2015 12:00:00 AM	139.48
B & D ELEVATOR SERVICES INC	10897	281072	4/1/2015 12:00:00 AM	4/16/2015 12:00:00 AM	175.00
PVS TECHNOLOGIES INC	196286	281111	4/10/2015 12:00:00 AM	4/23/2015 12:00:00 AM	6049.61
MCNAUGHTON MCKAY ELECTRIC CO	13578247-01	281115	4/14/2015 12:00:00 AM	4/23/2015 12:00:00 AM	64680.00
CHEMCO PRODUCTS INC	104269	281127	4/14/2015 12:00:00 AM	4/23/2015 12:00:00 AM	4950.00
MCNAUGHTON MCKAY ELECTRIC CO	13886559-00	281148	4/16/2015 12:00:00 AM	4/23/2015 12:00:00 AM	385.02
MCNAUGHTON MCKAY ELECTRIC CO	13878891-00	281149	4/16/2015 12:00:00 AM	4/23/2015 12:00:00 AM	142.80
STANDARD ELECTRIC CO	1379880-01	281110	4/13/2015 12:00:00 AM	4/23/2015 12:00:00 AM	74.12
POLYDYNE INC	960907	281146	4/15/2015 12:00:00 AM	4/23/2015 12:00:00 AM	6777.00
MID STATES BOLT & SCREW CO	30535218	281147	4/16/2015 12:00:00 AM	4/23/2015 12:00:00 AM	989.99

TESTAMERICA ANALYTICAL TESTING CORP	19005310	281131	4/15/2015 12:00:00 AM	4/23/2015 12:00:00 AM	750.00
TESTAMERICA ANALYTICAL TESTING CORP	19005317	281132	4/15/2015 12:00:00 AM	4/23/2015 12:00:00 AM	30.00
MACOMB GROUP	4379955	281133	4/16/2015 12:00:00 AM	4/23/2015 12:00:00 AM	1235.35
MACOMB GROUP	4380824	281162	4/17/2015 12:00:00 AM	4/23/2015 12:00:00 AM	573.06
MACOMB GROUP	4381158	281163	4/17/2015 12:00:00 AM	4/23/2015 12:00:00 AM	36.68
AMERICAN ELECTRIC MOTOR CORP	51565	281169	4/15/2015 12:00:00 AM	4/23/2015 12:00:00 AM	424.00
HACH COMPANY	9330698	281179	4/14/2015 12:00:00 AM	4/23/2015 12:00:00 AM	1356.60
HUBBELL, ROTH & CLARK INC	0135303	281180	4/13/2015 12:00:00 AM	4/23/2015 12:00:00 AM	3000.00
MCNAUGHTON MCKAY ELECTRIC CO	13880748-00	281116	4/14/2015 12:00:00 AM	4/23/2015 12:00:00 AM	84.28
ROBERT CASE	040915	281098	4/9/2015 12:00:00 AM	6/11/2015 12:00:00 AM	220.43
ALEXANDER CHEMICAL CORP	SLS10030902	281036	4/7/2015 12:00:00 AM	4/16/2015 12:00:00 AM	694.00
ROBERT CASE	033015	281188	3/30/2015 12:00:00 AM	4/23/2015 12:00:00 AM	100.76
TESTAMERICA ANALYTICAL TESTING CORP	19005290	281002	4/13/2015 12:00:00 AM	4/16/2015 12:00:00 AM	76.00
SEEPEX, INC	30466241	281003	3/31/2015 12:00:00 AM	4/16/2015 12:00:00 AM	381933.60
MCNAUGHTON MCKAY ELECTRIC CO	13618724-00	280936	4/10/2015 12:00:00 AM	4/16/2015 12:00:00 AM	19800.00
POWER PLUS ENGINEERING INC	54194	280938	3/24/2015 12:00:00 AM	4/16/2015 12:00:00 AM	17139.00
STANDARD ELECTRIC CO	1300004-00	280925	4/9/2015 12:00:00 AM	4/16/2015 12:00:00 AM	1658.71
STANDARD ELECTRIC CO	1379990-00	280926	4/9/2015 12:00:00 AM	4/16/2015 12:00:00 AM	109.59
OAK CONSTRUCTION CORPORATION	13-6-66	280098	3/27/2015 12:00:00 AM	4/2/2015 12:00:00 AM	2039.86
OAK CONSTRUCTION CORPORATION	13-6-64	280099	3/26/2015 12:00:00 AM	4/2/2015 12:00:00 AM	12316.00
ALEXANDER CHEMICAL CORP	10030967	280903	4/8/2015 12:00:00 AM	4/16/2015 12:00:00 AM	1735.00
PCT SECURITY LLC	52474	277751	2/16/2015 12:00:00 AM	2/26/2015 12:00:00 AM	449.00
PCT SECURITY LLC	52475	277752	2/16/2015 12:00:00 AM	2/26/2015 12:00:00 AM	1760.00
RITZ SAFETY SUPPLIES	5124835	280022	3/26/2015 12:00:00 AM	4/2/2015 12:00:00 AM	360.00
ETNA SUPPLY COMPANY	S101378140.001	279910	3/24/2015 12:00:00 AM	4/2/2015 12:00:00 AM	3722.50
ETNA SUPPLY COMPANY	S101365773.005	279838	3/23/2015 12:00:00 AM	4/2/2015 12:00:00 AM	584.80
ETNA SUPPLY COMPANY	S101384948.001	280819	4/7/2015 12:00:00 AM	4/16/2015 12:00:00 AM	1010.00
MICHIGAN PIPE & VALVE - FLINT	X002710	280802	3/27/2015 12:00:00 AM	4/16/2015 12:00:00 AM	777.03
MICHIGAN PIPE & VALVE - FLINT	X002682	280803	3/27/2015 12:00:00 AM	4/16/2015 12:00:00 AM	189.00
CINTAS CORP	308309139	280742	4/6/2015 12:00:00 AM	4/9/2015 12:00:00 AM	373.76
ACE SAGINAW PAVING COMPANY	2020906	280442	3/25/2015 12:00:00 AM	4/9/2015 12:00:00 AM	5364.11
HD SUPPLY WATERWORKS, LTD.	D681716	280531	3/31/2015 12:00:00 AM	4/9/2015 12:00:00 AM	4930.92
ETNA SUPPLY COMPANY	S101384669.001	280608	4/1/2015 12:00:00 AM	4/9/2015 12:00:00 AM	314.36
ETNA SUPPLY COMPANY	S101390356.002	280934	4/8/2015 12:00:00 AM	4/16/2015 12:00:00 AM	179.46
GENESEE COUNTY SHERIFF	15-1016	280941	4/6/2015 12:00:00 AM	4/9/2015 12:00:00 AM	4705.77
OFFICE DEPOT	764209695001	280961	4/7/2015 12:00:00 AM	4/16/2015 12:00:00 AM	192.59
OFFICE DEPOT	76429828001	280962	4/8/2015 12:00:00 AM	4/16/2015 12:00:00 AM	37.17
CENTRAL CONCRETE PRODUCTS, INC	80845	280973	4/6/2015 12:00:00 AM	4/16/2015 12:00:00 AM	612.00
CENTRAL CONCRETE PRODUCTS, INC	80844	280974	4/6/2015 12:00:00 AM	4/16/2015 12:00:00 AM	185.00

LEHIGH OUTFITTERS LLC	0155325	280991	2/17/2015 12:00:00 AM	4/16/2015 12:00:00 AM	100.00
ETNA SUPPLY COMPANY	S101382503.004	280956	4/10/2015 12:00:00 AM	4/16/2015 12:00:00 AM	644.00
COMCAST	09501750593-01-5	281033	4/7/2015 12:00:00 AM	4/16/2015 12:00:00 AM	86.67
ALDRIDGE TRUCKING	30604	281038	4/10/2015 12:00:00 AM	4/16/2015 12:00:00 AM	1090.59
MICHIGAN PIPE & VALVE - FLINT	X002798	281040	4/6/2015 12:00:00 AM	4/16/2015 12:00:00 AM	1427.13
LEHIGH OUTFITTERS LLC	0150025	281053	2/13/2015 12:00:00 AM	4/16/2015 12:00:00 AM	299.67
CENTRAL CONCRETE PRODUCTS, INC	80850	281055	4/7/2015 12:00:00 AM	4/16/2015 12:00:00 AM	405.00
CENTRAL CONCRETE PRODUCTS, INC	80858	281056	4/9/2015 12:00:00 AM	4/16/2015 12:00:00 AM	229.50
EXOTIC AUTOMATION & SUPPLY	I355984	281112	4/14/2015 12:00:00 AM	4/23/2015 12:00:00 AM	129.85
LIQUI-FORCE SERVICES INC.	1798	281105	3/31/2015 12:00:00 AM	4/23/2015 12:00:00 AM	41700.00
CENTRAL CONCRETE PRODUCTS, INC	80861	281181	4/10/2015 12:00:00 AM	4/23/2015 12:00:00 AM	267.75
HOWARD SWICKARD	032415	281184	3/13/2015 12:00:00 AM	4/23/2015 12:00:00 AM	213.07

2. EM ORDER AUTHORIZING LOAN APPLICATION

EM SUBMISSION NO.: EMA 16 7 2015

PRESENTED: 4-08-15

ADOPTED: 4-08-15

BY THE EMERGENCY MANAGER:

RESOLUTION APPROVING SUBMISSION OF AN APPLICATION TO THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD CREATED PURSUANT TO THE EMERGENCY MUNICIPAL LOAN ACT, REQUESTING AN EMERGENCY LOAN FOR THE PURPOSE OF ENABLING THE CITY TO MEET ITS FINANCIAL OBLIGATIONS, PRESCRIBING THE FORM OF THE NOTE, AND DETERMINING OTHER MATTERS RELATING TO THE APPLICATION, THE LOAN AND RELATED DOCUMENTATION TO ASSURE THAT THE LOAN MAY BE MADE UNDER THE MOST FAVORABLE CONDITIONS FOR THE CITY

The City of Flint, County of Genesee, State of Michigan (the "City"), a municipal corporation of the State of Michigan (the "State), has been duly created under the provisions of the Home Rule Cities Act of the State, Act 279, Michigan Public Acts of 1909, as amended ("Act 279"), pursuant to which the City has the comprehensive home rule power conferred upon it by Act 279 and the Constitution of the State of 1963 (the "Constitution"), subject only to the limitations on the exercise of that power contained in the Constitution, by statute of the State or by Flint City Charter (the "City Charter") provisions; and

Pursuant to the City Charter, the City may borrow money for any purpose within the scope of its powers, may issue bonds or other evidences of indebtedness therefor, and may when permitted by the Constitution and the law, pledge the full faith, credit and resources of the City for the payment of those obligations; and

The State has enacted the Revised Municipal Finance Act, Act 34, Michigan Public Acts of 2001, as amended ("Act 34"), relative, inter alia, to the borrowing of money and the issuance of certain debt and securities, providing for tax levies, authorizing the issuance of certain debt and securities and to generally govern municipal finance practices in the State; and

The City is defined to be a "municipality" under Act 34 that has the power to issue a security such as bonds, notes, contracts, obligations or other similar instruments; and

Pursuant to the provisions of the Local Financial Stability and Choice Act, Act 436, Michigan Public Acts of 2012 ("Act 436"), a financial emergency has been determined to exist within the City and Gerald W. Ambrose has been appointed, pursuant to Act 436, as Emergency Manager (the "Manager") for the City and is authorized to take certain actions in accordance with Act 436; and

The Manager has determined that there exists a deficit in the City's general fund for the current fiscal year that could not be adequately provided for in the current fiscal year budget; and

The Manager has determined that it is necessary and in the best interest of the City to make application to the Michigan Local Emergency Financial Assistance Loan Board (the "Board") established pursuant to the Emergency Municipal Loan Act, Act 243, Michigan Public Acts of 1980, as amended ("Act 243") to borrow the sum of not to exceed Seven Million Dollars ($7,000,000); and

The City is defined to be a "municipality" under Act 243 which may apply for and receive a loan under Act 243; and

Pursuant to Act 34, Act 279, Act 436 and Act 243, the Manager may approve the issuance of municipal securities to finance the deficit and pay necessary operating expenditures of the City; and

Pursuant to Act 436 and Act 34, the Manager may order or resolve the issuance of a municipal security which order or resolution shall contain an irrevocable provision for the levying of a tax in order to repay the municipal security from the receipt of such taxes; and

The Manager has determined that a deficit for the City's general fund is projected for the City's current fiscal year; and

The Manager anticipates that within the last eighteen (18) months immediately preceding the request for a loan with the Board, the Department of Treasury will act upon a request by the City to issue tax anticipation notes under Act 34; and

The state equalized valuation of real and personal property within the City at the time the loan application will be made will be less than the state equalized valuation of real and personal property within the City in the immediately preceding year; and

The City has or will submit a five-year plan that has been approved by the Manager on behalf of the City, outlining actions to be taken to balance future expenditures with anticipated revenues; and

The Manager hereby certifies the foregoing and further desires to make certain determinations for, on behalf of and in the best interests of the City, which determinations by the Manager shall be in writing and included along with all other documentation of the Loan, as hereinafter defined.

IT IS RESOLVED that:

Section 1. The Manager is authorized to submit an application to the Board requesting a loan in the amount of not to exceed Seven Million Dollars ($7,000,000) or such part thereof as the Michigan Department of Treasury may authorize (the "Loan") for which a note (the "Note") of the City shall be issued as evidence thereof.

Section 2. The Note shall bear interest at the current rate of interest of 2.09% per annum or such other rate established by the Board not to exceed 3.00% per annum, as in compliance with and pursuant to Act 243 in its Order, as hereinafter defined, approving the Loan, and interest payments shall be due and payable on June 1 and December 1 of each year commencing on December 1, 2015 or such other dates established by the Board in its Order.

Section 3. Principal payments under the Note shall be payable in not to exceed fifteen (15) annual installments on June 1 of each year commencing on June 1, 2016 or such other dates and in the amounts specified by the Board in the Order.

Section 4. The Loan shall be a general obligation of the City, and the full faith and credit of the City shall be pledged to the payment of the principal of and interest on the Note as and when due. The Note shall be payable out of the general fund of the City, including collections of ad valorem taxes the City may levy on all taxable property within the City within applicable Constitutional, statutory and City Charter limitations. As additional security for the payments due and owing under the Note, the City shall acknowledge, assign, and pledge, to the repayment of principal of or interest on the Note, the State's statutory right to withhold the amount of all delinquent payments due on the Note from State payments owed to the City under the Glenn Steil State Revenue Sharing Act of 1971, Act 140, Michigan Public Acts of 1971, as amended ("Act 140").

Section 5. The Manager shall execute the Note on behalf of the City and the City's seal or facsimile thereof shall be imprinted or affixed thereon, and upon receipt of the principal amount of the Loan, the fully executed Note shall be delivered to the Board as agent for the State.

Section 6. The Note shall be in substantially the form attached hereto as Exhibit A.

Section 7. The City hereby acknowledges that the Loan will be made pursuant to an order of the Board (the "Order") which Order may contain terms and conditions of the Loan. The Manager is hereby authorized to accept such terms and conditions if he determines that accepting such terms and conditions is in the best interests of the City, and once accepted such terms and conditions of any such Order shall be binding on the City.

Section 8. Notwithstanding anything herein to the contrary, the Manager, City Clerk, Finance Director, Deputy Finance Director, City Attorney and any other official or employee of the City are each hereby authorized and ordered to take such action or execute such documents and certificates as may be necessary or desirable and in the best interests of the City in connection with the delivery of the Note and the City's receipt of the proceeds of the Loan.

Section 9. The appointment of the law firm of Miller, Canfield, Paddock and Stone, P.L.C. of Detroit, Michigan as Note Counsel for the Note securing the Loan is hereby ratified and confirmed notwithstanding the periodic representation by Miller, Canfield, Paddock and Stone, P.L.C. in unrelated matters of the State and other parties and potential parties, if any, to the issuance of the Note.

Section 10. All resolutions and parts of resolutions insomuch and insofar as they conflict with the provisions of this Resolution be and the same are hereby rescinded.

Section 11. This Resolution shall be effective immediately upon execution.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

Natasha L. Henderson, City Administrator

EM DISPOSITION:

ENACT X **FAIL** _____ **REFER TO COUNCIL** _____

Gerald Ambrose, Emergency Manager

EXHIBIT A

NOTE FORM

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF GENESEE

CITY OF FLINT

EMERGENCY LOAN NOTE
(General Obligation Limited Tax)
2014-15 Series _

Registered Owner: State of Michigan

Principal Amount: _____

Date of Original Issue: _____, 2015

The CITY OF FLINT, County of Genesee, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the State of Michigan, the Principal Amount specified above, in lawful money of the United States of America, in ____ installments on the dates and in the amounts set forth on Schedule A attached hereto ("Schedule A"), unless prepaid prior thereto as hereinafter provided, with interest on the unpaid principal balance hereof from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the rate of ___ percent (___%) per annum payable semiannually on the dates and in the amounts set forth on Schedule A. Interest on this note shall be computed on the basis of a 365-day year and the actual number of days elapsed. Both the principal of and interest on this note are payable at the Office of the State Treasurer in Lansing, Michigan, or such other place as may be designated in writing to the Issuer by the State Treasurer.

This note is issued pursuant to a resolution of the Emergency Manager of the Issuer, and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically the Emergency Municipal Loan Act, Act 243, Michigan Public Acts of 1980, as amended, to evidence the obligation of the Issuer to make repayment of an emergency loan made by the State of Michigan for the purpose of enabling the Issuer to meet its financial obligations.

The Issuer shall have the right to pay at any time or times prior to maturity, without penalty or premium, all or any portion of this note. Prepayments shall be credited to principal payments in direct order of maturity.

This note, including the interest hereon, is payable as a first budget obligation from the general fund of the Issuer, and the Issuer is required, if necessary, to levy ad valorem taxes on all

taxable property in the Issuer for the payment thereof, subject to applicable constitutional, statutory and charter tax rate limitations.

As additional security for payment of this note and in the event of the delinquency of the Issuer on the payment of required principal or interest hereon, the State Treasurer is authorized to withhold all delinquent amounts of principal or interest due on this note from state payments to the Issuer otherwise required to be made to the Issuer pursuant to the provisions of the Glenn Steil State Revenue Sharing Act of 1971, Act 140, Michigan Public Acts of 1971, as amended ("Act 140"), and said withholding shall be applied by the State Treasurer against said delinquent payments.

The Issuer covenants that it shall perform and meet all requirements imposed upon the Issuer as a result of receiving this loan pursuant to Act 243 until this note is paid in full.

It is hereby certified and recited that all acts, conditions and things required by law to be done, precedent to and in the issuance of this note, exist and have been done and performed in regular and due form and time as required by law, and that the total indebtedness of the Issuer, including this note, does not exceed any constitutional, statutory or charter debt limitation.

[Signature page to follow]

IN WITNESS WHEREOF, the Issuer, by resolution of the Emergency Manager, has caused this note to be signed in the name of the Issuer by the manual signature of its Emergency Manager and its corporate seal to be hereunto affixed, all as of the Date of Original Issue.

CITY OF FLINT
County of Genesee
State of Michigan

By _____
Gerald W. Ambrose
Its: Emergency Manager

[SEAL]

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City of Flint, Michigan

Certified Copy

Resolution: 150302.1

Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com

File Number: 150302.1

Amended Resolution/Approval of Emergency Manager Resolution No. EMA1672015/Approval of Emergency Loan

An Amended Resolution resolving that the Flint City Council, pursuant to Public Act No. 243 and Local Financial Stability and Choice Act No. 436, hereby approves the terms and conditions of the issuance of the Note and the Loan set forth in Emergency Manager Resolution No. EMA1672015 (EXHIBIT A), AND, resolving that all resolutions or parts of resolutions or other proceedings of the City of Flint in conflict herewith shall be and the same hereby are repealed insofar as conflict exists, AND, resolving that this resolution shall take effect immediately upon its adoption by the City Council. [NOTE: Resolution EXHIBIT A title reads: Resolution Approving Submission Of An Application To The Local Emergency Financial Assistance Loan Board Created Pursuant To The Emergency Municipal Loan Act, Requesting An Emergency Loan For The Purpose Of Enabling The City To Meet Its Financial Obligations, Prescribing The Form Of The Note, And Determining Other Matters Relating To The Application, The Loan And Related Documentation To Assure That The Loan May Be Made Under The Most Favorable Conditions For The City.] [NOTE: Resolution amended to add Emergency Manager resolution number AND to acknowledge correction in Exhibit A.]

State of Michigan
County of Genesee

I, Inez M. Brown, hereby certify that the foregoing is a true and complete copy of Resolution No. 150302.1, offered and passed with the following vote by the Flint City Council at a meeting held on 4/13/2015.

The motion was made by Councilperson Mays and seconded by Councilperson Kincaid.

Aye: 8 Councilperson Mays, Councilperson Poplar, Councilperson Nelson, President Freeman, Councilperson Winfrey, Councilperson Galloway, Councilperson VanBuren, Councilperson Kincaid

Absent: 1 Vice President Davis

Inez M. Brown

April 15, 2015
Date Certified

RESOLUTION NO.: **150302.1**

PRESENTED: April 13, 2015

ADOPTED: April 13, 2015

RESOLUTION APPROVING EMERGENCY MANAGER RESOLUTION NO. EMA1672015, APPROVAL OF EMERGENCY LOAN

BY THE FLINT CITY COUNCIL:

On April 8, 2015, pursuant to Section 12(1)(u) of the Local Financial Stability and Choice Act, Act No. 436, Public Acts of Michigan, 2012, ("Act 436"), Gerald W. Ambrose, the Emergency Manager of the City of Flint (the "Emergency Manager"), filed with this City Council his EM Resolution No. EMA1672015 (the "Resolution") approving submission of an Application to the Local Emergency Financial Assistance Loan Board (the "Emergency Loan Board") for a loan in the amount of not to exceed Seven Million Dollars ($7,000,000), or such part thereof as approved by the Emergency Loan Board (the "Loan"); and

The Resolution provides that (i) the City will issue a Note (the "Note") under Act 243, Public Acts of Michigan, 1980, as amended ("Act 243") in the principal amount of the final amount of the Loan approved by the Emergency Loan Board; (ii) the Note will bear interest at the current rate of 2.09% per annum or such other rate not to exceed 3.0%, as finally approved by the Emergency Loan Board, and payable on the dates provided in the Resolution, or such other dates as approved by the Emergency Loan Board; and (iii) principal payments under the Note shall be payable in not to exceed 15 annual installments on June 1 of each year commencing on June 1, 2016, or on the dates and in the amounts as approved by the Emergency Loan Board; and

Under Act 243, approval of the issuance of the Note and the terms and conditions of the Loan must be provided by the Emergency Loan Board; and

The City Council has reviewed the Resolution and terms and conditions for the issuance of the Note and the Loan; and

The City Council desires to adopt this resolution to indicate its approval of the issuance of the Note and the Loan pursuant to Section 19(1) of Act 436, as a precondition for the Emergency Manager to seek approval of the terms and conditions for the issuance of the Note and the Loan by the Emergency Loan Board.

IT IS RESOLVED by the Flint City Council, pursuant to Act 243 and Act 436, as follows:

Section 1. Pursuant to Section 19(1) of Act 436, the City Council hereby approves the terms and conditions of the issuance of the Note and the Loan as set forth in the Resolution, attached hereto as Exhibit A.

Section 2. All resolutions or parts of resolutions or other proceedings of the City of Flint in conflict herewith shall be and the same hereby are repealed insofar as such conflict exists.

Section 3. This resolution shall take effect immediately upon its adoption by the City Council.

APPROVED AS TO FORM:

Peter M. Bade, City Attorney

APPROVED BY THE FLINT CITY COUNCIL:

APPROVED BY
CITY COUNCIL
APR 13 2015

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CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Gerald Ambrose
Emergency Manager

TO: Harlan Goodrich, Department of Treasury

FROM: Gerald Ambrose, Emergency Manager, City of Flint

RE: Proceeds List

DATE: April 20, 2015

Please be advised that the proceeds from the $7 million Emergency Loan will be used to eliminate the accumulated General Fund deficit. Specifically, the funds will be used towards repayment of a cash advance from the Sewer Fund.

3. Emergency Loan Board Order of Approval

4425 (Rev. 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD

ORDER 2015-2

ORDER OF APPROVAL OF EMERGENCY LOAN

THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD, ACTING UPON THE APPLICATION OF

THE CITY OF FLINT
COUNTY OF GENESEE
STATE OF MICHIGAN

A local fiscal emergency exists within the city of Flint (the "City").

A deficit is projected for the City's General Fund in the City's fiscal year ending June 30, 2015.

The Michigan Department of Treasury ("**Treasury**") has acted upon a request by the City to issue tax anticipation notes or revenue sharing notes under the Revised Municipal Finance Act, 2001 PA 34, as amended, MCL 141.2101 to 141.2821.

As of April, 17, 2015, the state equalized value of real and personal property within the City is less than the state equalized valuation of real and personal property within the City in the immediately preceding year.

The City seeks an emergency loan in the amount of $7,000,000.00 to enable the City to meet its financial obligations.

The City has submitted with an application for an emergency loan a five-year plan approved by the emergency manager for the City acting for the City's governing body under the Local Financial Stability and Choice Act, 2012 PA 436, MCL 141.151 to 141.1575 ("**Act 436**"), and acceptable to Treasury that will balance future expenditures with anticipated revenues.

The City has complied with the applicable requirements of the Emergency Municipal Loan Act, 1980 PA 243, as amended, MCL 141.931 to 141.142 ("**Act 243**").

The Local Emergency Financial Assistance Loan Board ("Board") therefore orders the following:

1. **Approval of Emergency Loan.** The Board approves an emergency loan from the State of Michigan to the City in the amount of $7,000,000.00 (the "Emergency Loan").

2. **Loan Terms.** The Emergency Loan will be evidenced by a note with a term not to exceed 15 years. The principal amount outstanding under the emergency loan will bear interest initially at the rate of 2.09% per year, except as otherwise provided in the emergency loan agreement described in section 3. Interest will be computed on the basis of actual number of days elapsed in a calendar year. The City shall make an initial payment of interest only then owing on December 1, 2015. After the initial payment and until the Emergency Loan is repaid, the City shall make a payment of principal and interest then owing on each June 1, and a payment of interest only then owing on each December 1, with a date of final maturity of June 1, 2030. Principal payments shall be made in 15 consecutive annual installments as set forth in schedule 1, unless prepaid in advance of schedule payments.

3. **Emergency Loan Agreement.** The State Treasurer (the "**Treasurer**") shall, on behalf of the Board, enter into an emergency loan agreement with the City, dated April 29, 2015, previously approved by the City (the "**Emergency Loan Agreement**"). The City shall comply with the Emergency Loan Agreement.

4. **Security.** As additional security for the repayment, the City hereby pledges and assigns to the repayment of principal of or interest on the Emergency Loan, the State Treasurer's right to withhold delinquent payments due on the Emergency Loan from both of the following:

(1) state payments owed to the City under the Glenn Steil State Revenue Sharing Act of 1971, 1971 PA 140, as amended, MCL 141.901 to 141.921 ("Act 140"); and

(2) the City's portion of the revenue generated by the local community stabilization share tax levied under the Use Tax Act, 1937 PA 94, as amended, MCL 205.91 to 205.111, and payable by the Michigan Department of Treasury ("Treasury") to the Local Community Stabilization Authority created under the Local Community Stabilization Authority Act, 2014 PA 86, MCL 123.1341 to 123.1362, for distribution to the City and other governmental entities.

5. **Supervision.** The Treasurer shall supervise the City's compliance with this order.

6. **Waiver.** The Board may waive a provision of this order if the City demonstrates good cause for the waiver to the satisfaction of the Board, if permitted under Act 243. No waiver will be effective unless approved by the Board and in writing.

The Board has approved this order at a properly noticed open meeting and the members of the Board are signing the order on the date indicated.

[signatures on following page]

IN WITNESS WHEREOF, the members of the Board, or their designees, have signed and executed this Order of Approval.

LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD

By _____

Thomas F. Saxton, Chief Deputy State Treasurer
As Designee for Nick A. Khouri, State Treasurer

By _____

John Roberts, Budget Director
As Designee for David Behan, Director
Department of Technology, Management and Budget

By _____

Michael Zimmer, Director
Department of Licensing and Regulatory Affairs

Date: 4-29-15

Lansing, Michigan

SCHEDULE 1

UNITED STATES OF AMERICA
STATE OF MICHIGAN

CITY OF FLINT

EMERGENCY LOAN NOTE
(General Obligation Limited Tax)
2014-2015 Series I

Date	Principal Amount
June 1, 2016	$390,000.00
June 1, 2017	$410,000.00
June 1, 2018	$420,000.00
June 1, 2019	$430,000.00
June 1, 2020	$440,000.00
June 1, 2021	$445,000.00
June 1, 2022	$455,000.00
June 1, 2023	$465,000.00
June 1, 2024	$475,000.00
June 1, 2025	$485,000.00
June 1, 2026	$495,000.00
June 1, 2027	$505,000.00
June 1, 2028	$515,000.00
June 1, 2029	$530,000.00
June 1, 2030	$540,000.00

BAIRD

BOND DEBT SERVICE

Local Unit of Government
Emergency Loan Note (General Obligation Limited Tax) 2014-15 Series I
15-Year Scenario | $7,000,000 | Interest Daycount Actual/Actual
MMD Rates as of March 17, 2015

Dated Date	04/29/2015
Delivery Date	04/29/2015

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2015			86,577 53	86,577 53	
06/01/2016	390,000	2.090%	73,150 00	463,150 00	
06/30/2016					549,727 53
12/01/2016			69,074 50	69,074 50	
06/01/2017	410,000	2.090%	68,885 25	478,885 25	
06/30/2017					547,959 75
12/01/2017			64,967 51	64,967 51	
06/01/2018	420,000	2.090%	64,612 49	484,612.49	
06/30/2018					549,580 00
12/01/2018			60,566.48	60,566.48	
06/01/2019	430,000	2.090%	60,235.52	490,235.52	
06/30/2019					550,802 00
12/01/2019			56,060.67	56,060 67	
06/01/2020	440,000	2.090%	55,907.50	495,907.50	
06/30/2020					551,968 17
12/01/2020			51,309 50	51,309 50	
06/01/2021	445,000	2 090%	51,168.93	496,168.93	
06/30/2021					547,478 43
12/01/2021			46,787.08	46,787 08	
06/01/2022	455,000	2 090%	46,531.42	501,531 42	
06/30/2022					548,318 50
12/01/2022			42,019 31	42,019.31	
06/01/2023	465,000	2.090%	41,789.69	506,789 69	
06/30/2023					548,809 00
12/01/2023			37,146.74	37,146.74	
06/01/2024	475,000	2 090%	37,045.25	512,045.25	
06/30/2024					549,191 99
12/01/2024			32,081.50	32,081 50	
06/01/2025	485,000	2 090%	31,993.61	516,993.61	
06/30/2025					549,075 11
12/01/2025			27,087 26	27,087.26	
06/01/2026	495,000	2 090%	26,939 24	521,939.24	
06/30/2026					549,026 50
12/01/2026			21,900.34	21,900 34	
06/01/2027	505,000	2.090%	21,780 66	526,780 66	
06/30/2027					548,681 00
12/01/2027			16,608 63	16,608 63	
06/01/2028	515,000	2.090%	16,563.25	531,563 25	
06/30/2028					548,171.88
12/01/2028			11,181.50	11,181.50	
06/01/2029	530,000	2 090%	11,150.87	541,150.87	
06/30/2029					552,332 37
12/01/2029			5,658.46	5,658.46	
06/01/2030	540,000	2 090%	5,627.54	545,627 54	
06/30/2030					551,286.00
	7,000,000		1,242,408.23	8,242,408 23	8,242,408 23

Notes:
Robert W Baird & Co. Incorporated is providing this information to you for discussion purposes only in seeking to serve as a financial advisor or municipal advisor to you on a possible issuance of municipal securities Baird is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board ('MSRB') A financial advisor or municipal advisor is subject to a fiduciary duty, including a duty of care and a duty of loyalty, and is required to act solely in the best interests of the client. See 'Important Disclosures' contained herein.

4. EM Appointment Documentation

STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

BRIAN CALLEY
LT. GOVERNOR

January 13, 2015

RECEIVED/FILED
MICHIGAN DEPT OF STATE
2015 JAN 13 PM 1:44
OFFICE OF THE GREAT SEAL

The Honorable Ruth Johnson
Secretary of State
Office of the Great Seal
Michigan Department of State
Lansing, Michigan 48909

Dear Secretary Johnson:

Please be advised of the following appointment to office:

Emergency Manager – City of Flint

Gerald W. Ambrose of 1693 Tuttle Road, Mason, Michigan 48854, county of Ingham, succeeding Darnell Earley, is appointed to serve effective January 13, 2015.

Sincerely,

Rick Snyder
Governor

OATH OF OFFICE

RECEIVED
MICHIGAN DEPT OF STATE
2015 JAN 13 PM 1:44
OFFICE OF THE GREAT SEAL

STATE OF MICHIGAN } SS.
County of Ingham

I do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will faithfully discharge the duties of the office of

Emergency Manager - City of Flint

according to the best of my ability.

[signature] **
Signature

Gerald W. Ambrose
Name Printed or Typed

Sworn to and subscribed before me this 7th *day of* January, *20*15

[signature] **
Signature

Notary Public **
Title

Carolyn Harden **
Name Printed or Typed

Notary Public, State of Michigan, County of CAROLYN HARDEN
My Commission Expires NOTARY PUBLIC - STATE OF MICHIGAN COUNTY OF INGHAM My Commission Expires Sept. 20, 2017
Acting in the County of Acting in the County of Ingham

**When filing with the Secretary of State, original signatures are required.

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

CONTRACT FOR EMERGENCY MANAGER SERVICES

Rick Snyder, Governor of the State of Michigan (Governor) and the Michigan Department of Treasury retain and appoint Gerald W. Ambrose as the Emergency Manager (Emergency Manager) for the City of Flint (City) under Public Act 436 of 2012, the Local Financial Stability and Choice Act, MCL 141.1541 *et seq*, (the Act).

The Emergency Manager will provide services to the City pursuant to the terms and conditions set forth in this Contract and the Act.

The Emergency Manager's role is to remedy the financial distress of the City by requiring, within available resources, prudent fiscal management and an efficient provision of municipal services by exercising the necessary authority conferred herein to take appropriate action on behalf of the City and its residents. In accepting this appointment, the Emergency Manager agrees to leverage all the Emergency Manager's skills and abilities to accomplish these objectives on behalf of City residents.

1. PARTIES, PURPOSE, DUTIES, AND REPORTS

1.1 Parties. The parties to this Contract are the State of Michigan by the Department of Treasury and Gerald W. Ambrose.

1.2 Purpose. The parties to this Contract agree that Gerald W. Ambrose will act as the Emergency Manager for the City. The Emergency Manager's duties and responsibilities are delineated in the Act and include conducting all aspects of the operations of the City and establishing and implementing a written financial plan as required by Section 11 of the Act.

1.3 Duties. The Emergency Manager shall possess all the powers and duties authorized under the Act, including those specifically related to local governments. In addition, the Emergency Manager shall work cooperatively with the Office of the Governor and the State Treasurer. The Emergency Manager agrees to continue to keep these officials informed of major initiatives to be undertaken in furtherance of this Contract before their public announcement. The Emergency Manager shall seek the approval of the State Treasurer before entering into a new collective bargaining agreement.

1.4 Reports. The Emergency Manager shall file quarterly reports with the Department of Treasury beginning on April 15, 2015, for the immediately preceding quarter and shall file the first report required by Section 17 of the Act within six months of the Emergency Manager's appointment and every three months thereafter.

1.5 Communications. The Emergency Manager shall establish and maintain an appropriate protocol for ongoing communications with officials of the City, City residents, and the media. The communications protocol should include a variety of means, including personal interactions.

2. TERM OF CONTRACT

2.1 The Emergency Manager serves at the pleasure of the Governor except as provided in Section 9(3)(d) and Section 9(6)(c) of the Act.

2.2 Effective Date. This contract is effective on Tuesday January 13, 2015.

3. COMPENSATION FOR SERVICES PROVIDED

3.1 Source of Payment. The State shall pay the compensation of the Emergency Manager for all services rendered under this Contract.

3.2 Salary. The Emergency Manager's salary for services rendered under this Contract shall be $180,000.00 per year. If this Contract is terminated after the Emergency Manager has provided services for a portion of the month, the Emergency Manager shall be entitled, for that portion of that month, to $15,000.00 multiplied by the proportion that the number of days of the month for which services were provided bears to the number of days of the whole month.

3.3 Payment for Services. The Emergency Manager shall be paid in installments consistent with the established written policies and procedures of the Michigan Department of Treasury. If requested by the State Treasurer, the Emergency Manager shall provide to the Michigan Department of Treasury additional information regarding services performed pursuant to this Contract.

3.4 Reimbursement for Actual and Necessary Expenses. The actual and necessary expenses of the Emergency Manager, including customary expenses related to travel, meals, and lodging which are incurred in connection with service to the City will be reimbursed by the City. The Emergency Manager shall provide original copies of all receipts for meals, lodging, and travel reimbursement with any request for reimbursement. Any reimbursement for expenses under this contract shall be reviewed and approved in writing by the City's Chief Financial Officer.

4. ADDITIONAL STAFF AND CONSULTANT FEES

4.1 Staff. The Emergency Manager may, as provided in the Act, appoint additional staff as necessary to fulfill the obligations of the Emergency Manager's appointment and duties under this Contract. Payment of compensation for additional staff will be the obligation of the City. While authority to hire additional staff rests with the Emergency Manager, the Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before extending offers of employment for positions paying $50,000.00, or more, annually. The Emergency Manager shall issue a written employment contract to each individual hired pursuant to this Section, regardless of the compensation paid to that individual. The employment contract

issued pursuant to this Section shall, as of the date the individual is hired by the Emergency Manager, prohibit the individual from engaging in any other employment for remuneration without the express written approval of the Emergency Manager. The Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before approving outside employment for any individual. A breach of this Section shall be a material breach of this Contract.

4.2 Professional Assistance. The Emergency Manager may, as provided in the Act, secure professional assistance as necessary to fulfill the obligations of the Emergency Manager's appointment and duties under this Contract. Payment of compensation for additional professional assistance will be the obligation of the City. The Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before authorizing professional services contracts of $50,000.00, or more, per engagement or project. If a contract under this Section, or under Section 4.1, has a value of $50,000 or more, the Emergency Manager shall not execute the contract unless the contract is subject to competitive bidding by the Emergency Manager or the Emergency Manager receives prior written approval from the State Treasurer.

4.3 Security. The Emergency Manager will be entitled to receive security protection in connection with the Emergency Manager's duties under this Contract. Security personnel will be retained only upon the approval of the State Treasurer, or the designee of the State Treasurer, and only after consultation with the Director of the Michigan Department of State Police, or the designee of the Director of the Michigan Department of State Police. Payment of compensation for security personnel will be the obligation of the City.

5. REPRESENTATIONS

5.1 Qualifications. By signing this Contract, the Emergency Manager, represents that the Emergency Manager meets the minimum qualifications for appointment set forth in the Act. The Emergency Manager shall perform the duties of that office on a full-time basis, except as otherwise approved by the State Treasurer, and shall not accept any other employment or engage in any other activity for remuneration without the express written approval of the State Treasurer.

5.2 Conflict of Interest. The Emergency Manager represents and warrants that the Emergency Manager has no personal or financial interest, and will not acquire any such interest, that would conflict in any manner or degree with the performance of this Contract.

5.3 Non-competition. The Emergency Manager represents and warrants that the Emergency Manager is not subject to any non-disclosure, non-competition, or similar clause with current or prior clients or employers that will interfere with the performance of this Contract. The State will not be subject to any liability for any such claim.

5.4 Facilities and Personnel. The City will provide the Emergency Manager with proper facilities and personnel to perform the services and work required to be performed pursuant to this Contract.

5.5 Records. The Emergency Manager shall maintain complete records in accordance with

generally accepted accounting practices and sound business practices. This requirement applies to all information maintained or stored in the computer system of the Emergency Manager or computer system of the City. The State Treasurer and his designees shall have the right to inspect all records related to this Contract.

5.6 Non-Discrimination.

a) The Emergency Manager shall comply with Public Act 220 of 1976, the Persons with Disabilities Civil Rights Act, MCL 37.1101 *et seq.*, and all applicable federal, State, and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that the Emergency Manager will not discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. The Emergency Manager shall impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant shall be a material breach of this Contract.

b) The Emergency Manager shall comply with Public Act 453 of 1976, the Elliott-Larsen Civil Rights Act, MCL 37.2101 *et seq.*, and all applicable federal, State, and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that the Emergency Manager will not discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, or marital status. The Emergency Manager shall impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant shall be a material breach of this Contract.

5.7 Unfair Labor Practices. The Emergency Manager shall not enter into a contract for the performance of any obligation imposed by this Contract with a subcontractor, manufacturer, or supplier whose name appears in the register prepared pursuant to Public Act 278 of 1980, MCL 423.322, of employers found in contempt of court for failure to correct unfair labor practices. The State may void this Contract if the Emergency Manager, or any subcontractor, manufacturer, or supplier of the Emergency Manager that is a party to a contract for the performance of any obligation imposed by this Contract, appears in the above mentioned register.

5.8 Independent Contractor. The relationship of the Emergency Manager to the State and to the City under this Contract is that of an independent contractor. Except as specifically provided in the Act, no liability, benefits, workers compensation rights or liabilities, insurance rights or liabilities, or any other rights or liabilities arising out of, or related to, a contract for hire, nor employer-employee relationship, shall arise, accrue, or be implied to either party under this Contract or to an agent, subcontractor, or employee of either party under this Contract, as a result of the performance of this Contract.

6. NOTICES

6.1 The State Treasurer is the designee for this Contract unless notice of another designa-

tion is provided by the Governor. All notices, correspondence, requests, inquiries, billing statements, and other documents mentioned in this Contract shall be directed to the attention of the State Treasurer, R. Kevin Clinton, and to the following:

For the State:

Michigan Department of Treasury
Office of Legal Affairs
Richard H. Austin Building, 430 West Allegan Street
Lansing, Michigan 48922
Phone: (517) 373-3223

For the Emergency Manager:

Gerald W. Ambrose
Flint City Hall
1101 South Saginaw Street
Flint, Michigan 48502

7. LIMITATION UPON LIABILITY

7.1 The State. The State, the Governor, the State Treasurer, and all other State officials are not liable for any obligation of or claim against the City resulting from actions taken in accordance with the Act or this Contract.

7.2 The Emergency Manager. Pursuant to the Act, in performing this Contract the Emergency Manager is engaging in a governmental function and is immune from liability for any action taken which the Emergency Manager reasonably believes to be within the scope of the Emergency Manager's authority granted by the Act or by this Contract.

8. INSURANCE

8.1 General. The Emergency Manager may procure and maintain, at the expense of the City, health, worker's compensation, general liability, professional liability, and motor vehicle insurance for the Emergency Manager and any employee, agent, appointee, or contractor of the Emergency Manager as may be provided to elected officials, appointed officials, or employees of the City. The insurance procured and maintained by the Emergency Manager may extend to any claim, demand, or lawsuit asserted or costs recovered against the Emergency Manager and any employee, agent, appointee, or contractor of the Emergency Manager to the extent permitted by the Act.

8.2 Post-Contract. If, after the date that the service of the Emergency Manager is concluded, the Emergency Manager or any employee, agent, appointee, or contractor of the Emergency Manager is subject to a claim, demand, or lawsuit arising from an action taken during the service of the Emergency Manager, and not covered by a procured insurance policy, litigation expenses, including but not limited to attorney fees, payments in satisfaction of judgments, and

payments made in settlement as specified pursuant to the Act, shall be paid by the City. If such expenses are not paid by the City, they shall be treated as a debt owed to this State pursuant to section 17a(5) of Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971, MCL 141.917a.

8.3 Additional Insurance. If the City has purchased, or otherwise obtained, an errors and omissions policy, then the Emergency Manager may choose to be covered under such policy at the expense of the City.

8.4 Payment by City. All insurance required under this Contract shall be acquired at the expense of the City under valid and enforceable policies, issued by insurers of recognized responsibility. The State Treasurer reserves the right to reject as unacceptable any insurer.

9. TERMINATION OF CONTRACT AND APPOINTMENT

9.1 Termination by the State.

a) The State. The Emergency Manager serves at the pleasure of the Governor except as provided in Section 9(3)(d) and Section 9(6)(c) of the Act. The Governor has the power to rescind the appointment and terminate this Contract at any time, and without cause, by issuing a Notice of Termination to the Emergency Manager.

9.2 Termination Process. Upon receipt of a Notice of Termination, and except as otherwise directed, the Emergency Manager shall:

a) Cease work under this Contract upon the date and to the extent specified in the Notice of Termination;

b) Incur no costs beyond the date specified by the Notice of Termination;

c) Submit to the State Treasurer on the date the termination is effective all records, reports and documents as this State shall specify and carry out such directives as the State Treasurer may issue concerning the safeguarding and disposition of files and property; and

d) Submit within 30 calendar days a closing memorandum and final billing, which shall be paid within 30 days.

9.3 Termination by Emergency Manager. The Emergency Manager may terminate this Contract at any time, with or without cause, with 30 days written notice to the State Treasurer. Within 30 days of the Emergency Manager's final day of service, the Emergency Manager shall submit a closing memorandum and final billing, which shall be paid within 30 calendar days.

10. GENERAL PROVISIONS

10.1 Governing Law and Jurisdiction. This Contract shall be subject to, and construed according to, the laws of the State of Michigan, and no action shall be commenced against this State,

its agents, or employees for any matter whatsoever arising out of this Contract, in any court other than a Michigan State court.

10.2 No Waiver. A party's failure to insist on the strict performance of this Contract shall not constitute waiver of any breach of the Contract.

10.3 Other Debts. The Emergency Manager represents and warrants that the Emergency Manager is not, and will not become, in arrears on any contract, debt, or other obligation to the State of Michigan, including taxes.

10.4 Invalidity. If any provision of this Contract or its application to any persons or circumstances shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Contract shall not be affected, and each remaining provision of this Contract shall be valid and enforceable to the fullest extent permitted by law.

10.5 Headings. Section headings contained in this Contract are for convenience only and shall not be used to interpret the scope or intent of this Contract.

10.6 Entire Agreement. This Contract represents the entire and exclusive agreement between the parties and supersedes all proposals or other prior agreements, oral or written, and all other communications between the parties.

10.7 Amendment. No Contract amendment will be effective and binding upon the parties to this Contract unless the amendment expressly makes reference to this Contract, is in writing, and is signed by duly authorized representatives of all parties and all the requisite State approvals are obtained.

10.8 Order of Priority. This Contract and the Act shall be read to be consistent one with the other. However, if a conflict is deemed to exist between the terms of this Contract and the Act, the Act shall supersede the terms of this Contract.

10.9 Counterparts. This Contract may be executed in separate counterparts, each of which when executed shall be deemed an original, but all of which when taken together shall constitute one and the same Contract.

IN WITNESS WHEREOF, the Governor and the Emergency Manager have signed and executed this Contract.

STATE OF MICHIGAN

Dated: _____

Rick Snyder, Governor

Dated: _____

Gerald W. Ambrose, Emergency Manager

Approved as to form and content pursuant to Section 9(3)(e) of Public Act 436 of 2012, the Local Financial Stability and Choice Act, MCL 141.1541 *et seq.*

Dated: 11/14/15

R. Kevin Clinton, State Treasurer

5. EM ORDER RATIFYING TERMS OF LOAN

Execution Copy

RESOLUTION RATIFYING TERMS OF LOAN

BY THE EMERGENCY MANAGER:

RESOLUTION OF THE EMERGENCY MANAGER OF THE CITY OF FLINT, COUNTY OF GENESEE, STATE OF MICHIGAN, APPROVING ISSUANCE OF THE CITY'S EMERGENCY LOAN NOTE (GENERAL OBLIGATION LIMITED TAX) 2014-15 SERIES I, TO THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD CREATED PURSUANT TO THE EMERGENCY MUNICIPAL LOAN ACT, FOR THE PURPOSE OF ENABLING THE CITY TO MEET ITS FINANCIAL OBLIGATIONS, PRESCRIBING THE FORM OF THE NOTE, PROVIDING FOR THE RIGHTS OF THE HOLDER OF THE NOTE AND ENFORCEMENT THEREOF, RATIFYING THE TERMS OF THE LOAN, DETERMINING OTHER MATTERS RELATING TO THE ISSUANCE OF THE NOTE AND RELATED DOCUMENTATION TO ASSURE THAT THE NOTE IS ISSUED UNDER THE MOST FAVORABLE CONDITIONS FOR THE CITY.

WHEREAS, the City of Flint, County of Genesee, State of Michigan (the "City"), a municipal corporation of the State of Michigan (the "State), has been duly created under the provisions of the Home Rule City Act of the State, Act 279, Michigan Public Acts of 1909, as amended ("Act 279"); and

WHEREAS, pursuant to the City Charter, the City may borrow money for any purpose within the scope of its powers, and may issue notes or other evidences of indebtedness therefor; and

WHEREAS, the State has enacted the Revised Municipal Finance Act, Act 34, Michigan Public Acts of 2001, as amended ("Act 34"), relative, inter alia, to the borrowing of money and the issuance of certain debt and securities, providing for tax levies, authorizing the issuance of certain debt and securities and to generally govern municipal finance practices in the State; and

WHEREAS, the City is defined to be a "municipality" under Act 34 that has the power to issue a security such as bonds, notes, contracts, obligations or other similar instruments; and

WHEREAS, pursuant to the provisions of the Local Finance Stability and Choice Act, Act 436, Michigan Public Acts of 2012, as amended ("Act 436"), a financial emergency has been determined to exist in the City and Gerald W. Ambrose has been appointed, pursuant to Act 436, as emergency manager of the City (the "Manager") and is authorized to take certain actions in accordance with Act 436; and

Whereas, pursuant to the provisions of the Emergency Municipal Loan Act, Act 243, Michigan Public Acts of 1980 as amended ("Act 243"), a local fiscal emergency exists in the City; and

WHEREAS, the Manager has determined that there exists a deficit in the City's general fund for the current fiscal year which condition could not reasonably have been adequately provided for in the current fiscal year budget; and

RESOLUTION RATIFYING TERMS OF LOAN

WHEREAS, in a Resolution ordered by the Manager on April 8, 2015, the Manager resolved that it was necessary and in the best interest of the City to request a loan from the Michigan Local Emergency Financial Assistance Loan Board (the "Board") established pursuant to Act 243, in the principal amount of not to exceed Seven Million Dollars ($7,000,000); and

WHEREAS, the Board, at a meeting held on April 29, 2015 approved a loan to the City in the principal amount of Seven Million Dollars ($7,000,000), together with other matters related thereto; and

WHEREAS, it is now necessary for the City to ratify, confirm, and approve the conditions of the said initial loan and other matters related thereto; and

WHEREAS, the City is defined to be a "municipality" under Act 243 which may receive a loan under Act 243; and

WHEREAS, pursuant to Act 34, Act 279, Act 436 and Act 243, the Manager may approve the issuance of municipal securities to finance the deficit and pay necessary operating expenditures of the City; and

WHEREAS, pursuant to Act 436, Act 34 and Act 243, the Manager may order or resolve the issuance of a municipal security which order or resolution shall contain an irrevocable provision for the levying of a tax in order to repay the municipal security from the receipt of such taxes; and

WHEREAS, the Manager desires to make certain determinations for, on behalf of and in the best interest of the City, which determinations by the Manager shall be in writing and included along with all other documentation of the Loan, as hereinafter defined.

NOW, THEREFORE, BE IT RESOLVED by the Emergency Manager of the City of Flint, that:

Section 1. A note of the City designated "Emergency Loan Note (General Obligation Limited Tax) 2014-15 Series I" (the "Note") shall be issued in the principal amount of Seven Million Dollars ($7,000,000) (the "Loan"). The Note shall evidence the obligation of the City to repay the Loan to the State pursuant to the provisions of the Act 243. The Note shall be dated as of the date of delivery thereof to the State of Michigan (April 29, 2015). Principal on the note shall be payable in fifteen (15) consecutive annual installments beginning on June 1, 2016 and ending on the maturity date of June 1, 2030. The Note shall bear interest at the rate of 2.09% per annum, payable semiannually beginning on December 1, 2015 and ending on the maturity date of June 1, 2030. Interest on the Note shall be computed on the basis of a 365-day year and the actual number of days elapsed. A schedule of the amounts of interest and principal payments on the Note is set forth on Schedule A attached hereto. Principal and interest on the Note shall be payable to the office of the State Treasurer of the State.

Section 2. The Note shall be a limited general obligation of the City and the full faith and credit of the City shall be pledged to the payment of the principal of and interest on the Note as and when due. The Note shall be payable out of the general funds of the City, including collection of ad valorem taxes the City may levy on all taxable property within the City within constitutional,

statutory and City Charter limitations. As additional security for the payments due and owing under the Note, the City acknowledges the State's statutory right to withhold the amount of all delinquent payments due on the Note from State payments owed to the City under the Glenn Steil State Revenue Sharing Act of 1971, Act 140, Michigan Public Acts of 1971, as amended ("Act 140") and authorizes the State to withhold such funds and apply such funds to the repayment of principal of or interest on the Note which are delinquent according to the Note. The City also authorizes the State to withhold and apply to the repayment of principal of or interest on the Note that are delinquent, the City's portion of the revenue generated by the local community stabilization share tax levied under the Use Tax Act, Act 94, Michigan Public Acts of 1937, as amended ("Act 94"), and payable by the Michigan Department of Treasury ("Treasury") to the Local Community Stabilization Authority created under the Local Community Stabilization Authority Act, Act 86, Michigan Public Act of 2014, as amended ("Act 86"), for distribution to the City and other governmental entities.

Section 3. The Manager and the City Clerk of the City shall execute the Note on behalf of the City, and the City's seal or facsimile thereof shall be imprinted or affixed thereon, and upon receipt of the principal amount of the Loan, the fully executed Note shall be delivered to the Board as agent for the State.

Section 4. The Note shall be in substantially the form attached hereto as Exhibit A.

Section 5. The City also hereby acknowledges the conditions of the Loan and agrees to comply with the requirements of the Board's Order of Approval of Loan (the "Order"). A copy of the Order is attached to this Resolution as Exhibit B.

Section 6. The Manager hereby resolves that the proceeds of the Loan shall be disbursed in accordance with Use of Proceeds of Emergency Loan Table.

Section 7. The Manager is authorized and directed to execute the Emergency Loan Agreement between the City and the Board. The Manager, the City Clerk, the Finance Director, the City Attorney and any other official or employee of the City are hereby authorized and ordered to take such action or execute such other documents and certificates as may be necessary or desirable and in the best interest of the City in connection with the delivery of the Note and the City's receipt of the proceeds of the Loan.

Section 8. This Resolution shall be effective immediately upon execution.

Section 9. All resolutions and parts of resolutions insomuch and insofar as they conflict with the provisions of this Resolution be and the same are hereby rescinded.

CITY OF FLINT

By _____

Gerald W. Ambrose
Emergency Manager

Dated: April 29, 2015

RESOLUTION RATIFYING TERMS OF LOAN
SCHEDULE A

EXHIBIT A
FORM OF NOTE

UNITED STATES OF AMERICA
STATE OF MICHIGAN

CITY OF FLINT

EMERGENCY LOAN NOTE
(General Obligation Limited Tax)
FY 2014-2015 Series 1

Registered Owner:	State of Michigan
Principal Amount:	$7,000,000.00 (the "**Principal Amount**")
Date of Original Issue:	April 29, 2015 (the "**Issue Date**")

The City of Flint, a Michigan public body corporate (the "**Issuer**"), acknowledges that it owes and hereby promises to pay the State of Michigan the Principal Amount owed in 15 consecutive annual installments as detailed on schedule 1, unless prepaid as provided in this note, with interest on the unpaid principal balance of this note from the Issue Date or the later date to which interest has been paid, until paid, at the annual rates provided in this note, first payable on December 1, 2015 and biannually on each following June 1 and December 1. Both the principal of and interest on this note are payable at the office of the State Treasurer in Lansing, Michigan, or another place as designated in writing to the Issuer by the State Treasurer.

From the Date of Original Issue specified above until June 1, 2030, this note will bear interest at an annual rate of 2.09%. Interest on this note will be computed on the basis of the actual number of days elapsed in a calendar year.

This note is issued by the Emergency Manager of the Issuer under and in full compliance with Michigan law to evidence the obligation of the Issuer to repay an emergency loan made by the State of Michigan under the Emergency Municipal Loan Act, 1980 PA 243, as amended, MCL 141.931 to 141.942 ("**Act 243**") to enable the Issuer to meet its financial obligations.

The Issuer may pay at any time or times before maturity, without penalty or premium, all or any portion of this note. Prepayments will be credited to principal payments in direct order of maturity.

This note, including the interest on this note, is payable as a first budget obligation from the general funds of the Issuer, and the Issuer is required, if necessary, to levy ad valorem taxes on all taxable property in the Issuer for the payment of the obligations, subject to applicable limitations under Michigan law.

RESOLUTION RATIFYING TERMS OF LOAN
SCHEDULE A

As additional security for payment of the note and if the Issuer is delinquent in paying required principal or interest under this note, the State Treasurer is authorized to withhold all delinquent amounts of principal or interest due on this note from either or both of the following:

(1) payments from the State of Michigan owed to the Issuer under the Glenn Steil State Revenue Sharing Act of 1971, 1971 PA 140, as amended, MCL 141.901 to 141.921; and

(2) the Issuer's portion of the revenue generated by the local community stabilization share tax levied under the Use Tax Act, 1937 PA 94, as amended, MCL 205.91 to 205.111, and payable by the Michigan Department of Treasury to the Local Community Stabilization Authority created under the Local Community Stabilization Authority Act, 2014 PA 86, MCL 123.1341 to 123.1362, for distribution to the Issuer and other governmental entities.

The City hereby consents to an entry of judgment against the City for unpaid amounts owed under this note and enforcement of that judgment under section 6093 of the Revised Judicature Act of 1961, 1961 PA 236, as amended, MCL 600.6093, if the City defaults on the Emergency Loan.

Until this note is paid in full, the Issuer will perform and meet all applicable requirements resulting from the receipt of an emergency loan under Act 243.

The Issuer states that all acts, conditions, and things required by law for the issuance of this note have been completed in a timely manner and that the total indebtedness of the Issuer, including this note, does not any applicable debt limitation.

The Emergency Manager and the City Clerk are signing and the City Clerk is affixing the seal of the Issuer on the date indicated opposite the Emergency Manager's and the City Clerk's signature.

CITY OF FLINT

Date: _____ By _____
Gerald Ambrose
Emergency Manager

Date: _____ By _____
Inez M. Brown
City Clerk

[SEAL]

RESOLUTION RATIFYING TERMS OF LOAN
SCHEDULE A

SCHEDULE 1

UNITED STATES OF AMERICA
STATE OF MICHIGAN

CITY OF FLINT

EMERGENCY LOAN NOTE
(General Obligation Limited Tax)
2014-2015 Series I

Date	Principal Amount
June 1, 2016	$390,000.00
June 1, 2017	$410,000.00
June 1, 2018	$420,000.00
June 1, 2019	$430,000.00
June 1, 2020	$440,000.00
June 1, 2021	$445,000.00
June 1, 2022	$455,000.00
June 1, 2023	$465,000.00
June 1, 2024	$475,000.00
June 1, 2025	$485,000.00
June 1, 2026	$495,000.00
June 1, 2027	$505,000.00
June 1, 2028	$515,000.00
June 1, 2029	$530,000.00
June 1, 2030	$540,000.00

RESOLUTION RATIFYING TERMS OF LOAN

EXHIBIT B
ORDER OF APPROVAL OF LOAN

24256700.2\029624-00024

6. Certification of Statutory Compliance

4425 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

CERTIFICATION OF STATUTORY COMPLIANCE

I, Nick A. Khouri, State Treasurer, hereby certify in conjunction with the City of Flint, County of Genesee, State of Michigan, "Emergency Loan Note (General Obligation Limited Tax) 2014-15 Series I," in the principal amount of seven million dollars ($7,000,000), made under the authority of Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended, that the total of emergency loans made to all municipalities other than school districts does not exceed the amount authorized by Section 3 of the Act.

By _____
N. A. Khouri

Date: 4/28/15
Lansing, Michigan

7. Certification of Final Transcript

4425 (Rev 04-15)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

CERTIFICATION OF FINAL TRANSCRIPT

I, Harlan Goodrich, Secretary to the Local Emergency Financial Assistance Loan Board, Bureau of Local Government Services, Michigan Department of Treasury, do hereby certify as follows:

1. That the foregoing is a complete and correct transcript of all relevant proceedings and records on file in the Bureau of Local Government Services relating to the issuance by the City of Flint, County of Genesee, State of Michigan, of its "Emergency Loan Note (General Obligation Limited Tax) 2014-15 Series I," in the principal amount of seven million dollars ($7,000,000), dated April 29, 2015, the same having been compared by me with the originals on file in the Bureau of Local Government Services.

2. That the Local Emergency Financial Assistance Loan Board proceedings of April 29, 2015, have not been vetoed, rescinded, or amended in any manner whatsoever, but are in full force and effect.

3. That, at the time of the taking of the proceedings of the Local Emergency Financial Assistance Loan Board April 29, 2015, the persons named in the proceedings were the duly qualified and acting members of the Board, and that the persons who acted for, or as designees of, any members at the meeting at which the proceedings were taken were duly qualified and authorized to act.

4. That public notice of the meeting of the Local Emergency Financial Assistance Loan Board of April 29, 2015, was given pursuant to and in compliance with Public Act 267 of 1976, the Open Meetings Act, as amended, including in the case of a special meeting or a meeting recessed for more than 36 hours, notice by posting at least 18 hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have hereunto affixed my signature on the date indicated below.

By Harlan Goodrich
Harlan Goodrich

Date: 4-29-15
Lansing, Michigan

8. CERTIFIED COPY OF EMERGENCY MUNICIPAL LOAN ACT

LEGISLATIVE SERVICE BUREAU
Since 1941

Legal Division
John C. Bollman, Director

March 23, 2015

Mr. Harlan Goodrich
Local Emergency Financial Assistance Loan Board
430 W. Allegan Street
Lansing, MI 48922

Dear Mr Goodrich:

Attached please find one copy of the following act:

Act 243 of 1980, as amended, being § 141.931 et seq. of the *Michigan Compiled Laws*.

The attached copy of this act was generated from *MichLaw*, the computerized database of the *Michigan Compiled Laws*, which database is maintained by the Legislative Service Bureau, a nonpartisan agency of the Michigan Legislature, pursuant to its duty to maintain the official text of the statutes of Michigan. See Act 268 of 1986, being § 4.1101 et seq. of the *Michigan Compiled Laws*, and Const 1963, art 4, sec 36.

The text of the above described act, as set forth in the attached copy, has been verified against the official copy of the act and all amendments thereto as filed with the Secretary of State.

Materials in boldface type on the attached copy, particularly the act heading, M. C. L. numbers, catchlines, history notes, compiler's notes, and related annotations are not part of the statutes as enacted by the Michigan Legislature.

Sincerely,

Marge Martin

Marge Martin, Legal Counsel
Legal Division, Statutory Compiling and
Law Publications Unit
Legislative Service Bureau

ls
Enclosure

EMERGENCY MUNICIPAL LOAN ACT
Act 243 of 1980

AN ACT to provide emergency financial assistance for certain political subdivisions of this state; to create a local emergency financial assistance loan board and to prescribe the powers and duties of this board; to prescribe conditions for granting and receiving loans, to prescribe terms and conditions for the repayment of loans, and to allow the limiting of repayment by a county from specified revenue sources; to impose certain requirements and duties on certain state departments, political subdivisions of this state, and officials of this state and political subdivisions of this state; and to prescribe remedies and penalties.

History: 1980, Act 243, Imd Eff July 24, 1980;—Am 1980, Act 324, Imd Eff Dec 15, 1980;—Am 1988, Act 198, Imd Eff June 27, 1988;—Am 2012, Act 284, Imd. Eff. Aug 1, 2012.

The People of the State of Michigan enact:

141.931 Definitions.

Sec. 1. As used in this act:

(a) "Board" means the local emergency financial assistance loan board created under section 2.

(b) "Fiscal year" means, unless otherwise provided in this act, the fiscal year of the municipality applying for a loan under this act.

(c) "Income tax collections" means the total collection of a municipality under the city income tax act, 1964 PA 284, MCL 141.501 to 141.787, in any calendar year.

(d) "Income tax revenue growth rate" means the quotient of the following:

(*i*) The numerator is the income tax collections of the municipality for the calendar year immediately preceding the municipality's application for a loan under this act.

(*ii*) The denominator is the income tax collections for the municipality for the calendar year preceding the calendar year used in determining the numerator.

(e) "Municipality" means a county, city, village, or township in this state. For the period beginning on October 1, 2011 and ending on September 30, 2018, municipality also includes a school district in this state.

(f) "Local tax base growth rate" for a municipality means the state equalized valuation of the real and personal property of the municipality for the most recent year for which data is available divided by the state equalized valuation of real and personal property of the municipality for the fifth year preceding the most recent year for which data is available.

(g) "Statewide tax base growth rate" means the total state equalized valuation for real and personal property for the most recent year for which data is available divided by the total state equalized valuation for the fifth year preceding the most recent year for which data is available.

(h) "State equalized valuation of real and personal property of the municipality" means the valuation determined under 1911 PA 44, MCL 209.1 to 209.8, of real and personal property within the municipality plus an amount equal to the state equalized valuation equivalent of certain revenues of the municipality as determined under this subdivision. The state equalized valuation equivalent shall be calculated by dividing the sum of the following amounts by the municipality's millage rate for the fiscal year:

(*i*) The amount levied by the municipality for its own use during the municipality's fiscal year from the specific tax levied under 1974 PA 198, MCL 207.551 to 207.572.

(*ii*) The amount levied by the municipality for its own use during the municipality's fiscal year from the specific tax levied under the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668.

History: 1980, Act 243, Imd Eff July 24, 1980;—Am. 1987, Act 282, Eff Apr 11, 1988;—Am 2007, Act 178, Imd Eff. Dec. 21, 2007;—Am. 2012, Act 284, Imd. Eff Aug 1, 2012.

141.932 Local emergency financial assistance loan board; creation; membership; powers and duties; approval of actions; conducting business at public meeting; staff services.

Sec. 2. (1) There is created a local emergency financial assistance loan board within the department of treasury. This board shall consist of the state treasurer, the director of the department of licensing and regulatory affairs, and the director of the department of technology, management, and budget. Except for budgeting, procurement, and related functions of the board that shall be performed under the direction and supervision of the state treasurer, the board shall exercise its prescribed statutory powers, duties, and functions independently of the department of treasury.

(2) The board has the powers necessary to carry out and effectuate the purposes and provisions of this act, and powers vested in the board under other laws of this state, including, but not limited to, all of the following powers:

(a) To act by an order issued in the name of the board and signed by the members of the board. The signature of the designee of a member, when the designee is acting for his or her principal, has the same force and effect as the signature of the member.

(b) To authorize and make loans; to renegotiate the terms of outstanding loans; and to make, execute, and deliver contracts and other instruments necessary or convenient to the exercise of its powers.

(c) To aid, advise, and consult with a municipality with respect to fiscal questions arising from and relating to its proposed or outstanding loans.

(d) To promulgate rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, that it considers necessary.

(e) To examine the books and records of a municipality applying for or receiving a loan under this act for the purpose of ascertaining if the municipality is complying, in relation to a loan under this act, with the requirements of the board, the laws of this state, and the charter, ordinances, and resolutions of the municipality. Additionally, for effectuating this purpose, the board may require sworn statements from any officer or employee of the municipality and may require the municipality to furnish a statement of its financial condition. The board has full power, in furtherance of its investigations, to examine witnesses on oath, to compel the attendance of witnesses, to compel the giving of testimony, and to compel the production of books, papers, and records. Witnesses may be summoned by the board by its process upon the payment of the same fees as are allowed to witnesses attending in the circuit court for the county in which a hearing is held. A person duly subpoenaed under this section who fails to attend or testify at the place named in the subpoena served for that purpose is guilty of a misdemeanor.

(f) To serve notice upon a municipality of an order relating to the municipality issued by the board. A municipality has prima facie notice of and is bound by an order of the board if notice has been served upon it by registered mail addressed to any officer of the municipality upon whom legal process may be served.

(g) To enforce compliance with its orders; with the terms of outstanding loans; with any provision of this act; or, in relation to a loan under this act, with any law of this state or with the charter, ordinances, or resolutions of a municipality that received a loan under this act. As 1 method to enforce compliance, the board may institute appropriate proceedings in the courts of this state, including proceedings for writs of mandamus and injunctions.

(h) To subject a loan to the terms and conditions the board considers necessary to ensure compliance with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a, and to ensure timely repayment of the loan, including, but not limited to, requiring the direct assignment for repayment of a loan of any state money appropriated to the municipality or, for a municipality that is a school district, other revenue or money that may be pledged by a school district under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, or other law.

(i) To provide loan terms specifying conditions and events of default and remedies available upon default by a municipality.

(j) To impose loan terms upon the disbursement of a loan authorized to be made under section 3(2)(b) or (3).

(3) The board shall review each application for a loan from a municipality to determine if the municipality satisfies the requirements of this act. Except for loans authorized under section 3(2) or (3), upon determining those applications that satisfy the application eligibility requirements of section 4 and, for subsequent annual loans, section 8, the board may authorize an annual loan to 1 or more of those eligible applicants upon declaring that a local fiscal emergency exists in the municipality. For loans authorized under section 3(2) or (3), the board may authorize a loan upon determining that the municipality has satisfied the requirements of this act applicable to loans under section 3(2) or (3).

(4) All actions of the board shall be approved by all members of the board. All meetings of the board shall be conducted at a public meeting held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(5) Subject to the requirements of this act, the board has the sole authority to determine all of the following:

(a) The amount of a loan.

(b) The rate or rates of interest on a loan.

(c) Any other condition related to a loan including, but not limited to, requiring that the proceeds of a loan be used for specified purposes.

(6) The department of treasury shall provide staff services to the board to carry out this act.

(7) A municipality may do 1 or more of the following:

(a) Borrow money under this act, and issue evidences of indebtedness for repayment of obligations, including, but not limited to, money advanced or previously advanced to a school district or approved or

previously approved for advancement to a school district under section 15(2) of the state school aid act of 1979, 1979 PA 94, MCL 388.1615, or money borrowed by the school district under section 1225 of the revised school code, 1976 PA 451, MCL 380.1225.

(b) Enter into a loan agreement with the board.

(c) Issue its notes evidencing the loan.

(d) Assign and convey any revenues allocated to it for repayment of the loan.

(e) Take any other action necessary to receive, secure, or repay a loan under this act.

History: 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1986, Act 6, Imd. Eff. Feb. 21, 1986;—Am. 1987, Act 282, Eff. Apr. 11, 1988;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012

141.933 Maximum amount of loans in fiscal year; limitations; conditions; revenue for loans; restructuring payments; "county juvenile agency" defined.

Sec. 3. (1) For state fiscal years ending before October 1, 2011, the board may authorize loans under this act to municipalities that total up to $5,000,000.00 in a state fiscal year. For state fiscal years beginning after September 30, 2018, the board may authorize loans under this act to municipalities that total up to $10,000,000.00 in a state fiscal year, but a loan to a single municipality shall not exceed $4,000,000.00 in a state fiscal year. For the period beginning on October 1, 2011 and ending on September 30, 2018, the board may do all of the following:

(a) Authorize loans to municipalities other than school districts that total up to $35,000,000.00 during the period. Loans to a single municipality under this subdivision shall not total more than $20,000,000.00. The board shall not authorize a loan to a municipality under this subdivision until 30 days after the effective date of the amendatory act that added this subdivision.

(b) Authorize loans to municipalities that are school districts that total up to $50,000,000.00 during the period. Loans to a single school district under this subdivision shall not total more than $20,000,000.00.

(2) The board may authorize loans under this act to a county within the following limitations:

(a) In the 1998-99 state fiscal year, the board may authorize loans under this act to a county with a population greater than 1,500,000.

(b) For a state fiscal year in which the block grant appropriated to a county with a population of more than 1,500,000 that is organized under 1966 PA 293, MCL 45.501 to 45.521, and that is a county juvenile agency is less than the amount required to be distributed to that county in that year under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, the board may authorize a loan to that county in an amount not greater than the difference between the amount of the block grant and the amount required to be distributed to that county for that fiscal year under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b. The board is not required to authorize loans under this subdivision to a county for more than 1 state fiscal year.

(3) If in a state fiscal year the block grant appropriated to a county other than a county described in subsection (2) that is a county juvenile agency is less than the amount required to be distributed to that county in that year under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, the board may authorize a loan to that county in an amount not greater than the difference between the amount of the block grant and the amount required to be distributed to that county under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, in that state fiscal year.

(4) Sections 6(2), 7, and 8 and the conditions listed in section 4(1) do not apply to a loan authorized under subsection (2) or (3).

(5) The proceeds of a loan made under subsection (2) or (3) shall be maintained in a separate account and shall not be commingled with the county's general fund or any other special fund or account.

(6) The state treasurer or his or her designee shall monitor the expenditure of the proceeds of any loan made under subsection (2) or (3).

(7) The proceeds of a loan made under subsection (2) or (3) are subject to the requirements of the county juvenile agency act, 1998 PA 518, MCL 45.621 to 45.631.

(8) Except as otherwise provided in this subsection, revenue for loans made under this act shall be provided from the surplus funds of this state under authorization granted under section 1 of 1855 PA 105, MCL 21.141. Alternatively, for a school district, revenue for a loan made under this act may be provided from money advanced to the school district by this state from money appropriated from the state school aid fund established under section 11 of article IX of the state constitution of 1963 and payable to the school district under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896.

(9) After September 30, 2012, the board may restructure payments, but not the outstanding principal balance or interest, on a loan to a municipality under subsection (1) if all of the following apply:

(a) For a municipality that is a school district, in a state fiscal year after the state fiscal year in which the

loan to the school district was authorized by the board, the foundation allowance for the school district under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896, is less than the foundation allowance for the school district in the state fiscal year in which the loan was authorized.

(b) For a municipality other than a school district, in a state fiscal year after the state fiscal year in which the loan to the municipality was authorized by the board, statutory revenue sharing for the municipality under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921, combined with any economic vitality incentive program money payable to the municipality is less than the statutory revenue sharing for the municipality combined with any economic vitality incentive program money payable to the municipality in the state fiscal year in which the loan was authorized.

(c) The municipality is in compliance with the terms of the loan and any other requirements applicable to the municipality under this act.

(d) The municipality is in compliance with any requirements relating to a deficit elimination plan under state law.

(e) The municipality is in compliance with any applicable consent agreement or order of an emergency manager under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531.

(f) For a municipality that is a school district, the school district is in compliance with all requirements for receipt of the foundation allowance and any other requirements applicable to the school district under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896.

(g) For a municipality other than a school district, the municipality is in compliance with all conditions for economic vitality incentive program money or statutory revenue sharing or other requirements applicable to the municipality under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921.

(h) The restructuring of payments complies with applicable law.

(i) The loan has not been sold or transferred under section 6a.

(10) As used in this section, "county juvenile agency" means that term as defined in section 2 of the county juvenile agency act, 1998 PA 518, MCL 45.622.

History: 1980, Act 243, Imd. Eff. July 24, 1980.—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980.—Am. 1987, Act 282, Eff. Apr. 11, 1988.—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999.—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012

141.933a Proceeds of a loan; special assessment.

Sec. 3a. The proceeds of a loan issued under this act to a municipality shall not be used by the municipality to finance any costs associated with a special assessment or special assessment district established after the effective date of the amendatory act that added this section.

History: Add. 2012, Act 284, Imd. Eff. Aug. 1, 2012

141.934 Application for loan; resolution; certification of information and conditions; inspection, copying, or auditing of books and records; applicability of subsection (1).

Sec. 4. (1) If the governing body of a municipality desires to request a loan, it shall provide by resolution for the submission of an application to the board for a loan made under this act. The municipality shall certify and substantiate all of the following information and conditions to be eligible for consideration for a loan authorization by the board:

(a) A deficit for the municipality's general fund is projected for the current fiscal year.

(b) That 1 or both of the following have occurred within the 18 months immediately preceding the loan request:

(*i*) The municipality has issued tax anticipation notes or revenue sharing notes under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, or for a school district, issued notes under section 1225 of the revised school code, 1976 PA 451, MCL 380.1225.

(*ii*) The department of treasury has acted upon a request by the municipality to issue tax anticipation notes or revenue sharing notes under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(c) The municipality meets 1 or more of the following conditions:

(*i*) Its income tax revenue growth rate is .90 or less, or the municipality has 2 or more emergency loans outstanding at the time its application is submitted and its income tax revenue growth rate is 1.3 or less.

(*ii*) Its local tax base growth rate is 75% or less of the statewide tax base growth rate.

(*iii*) The state equalized valuation of real and personal property within the municipality at the time the loan application is made is less than the state equalized valuation of real and personal property within the municipality in the immediately preceding year.

(*iv*) The municipality is levying the maximum number of mills it is authorized to levy as approved by the

voters and has either of the following:

(A) One or more delinquent special assessments.

(B) Outstanding bonds, notes, or other evidences of indebtedness that were issued in anticipation of a contract obligation with, or an assessment obligation against, another municipality that has 1 or more delinquent special assessments that were levied to satisfy, in whole or in part, the contract or assessment obligation.

(*v*) For a school district, the school district's membership under section 6 of the state school aid act of 1979, 1979 PA 94, MCL 388.1606, at the time the loan application is made has declined over a preceding 3-state-fiscal-year period by a total of 15% or more, as determined by the department of treasury.

(*vi*) The municipality is in receivership or is subject to a consent agreement under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, or a successor statute, and loan authorization by the board is necessary to implement a financial and operating plan, a consent agreement, or a continuing operations plan or recovery plan for the municipality under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, or a successor statute.

(*vii*) The municipality is a municipality for which a financial emergency has been confirmed to exist and responsibilities for the municipality are vested in an emergency financial manager under former 1990 PA 72 or is a municipality for which a consent agreement, including a plan to address a serious financial problem, is in place for the municipality under former 1990 PA 72. This subparagraph applies only if the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, is repealed or otherwise not effective and former 1990 PA 72 is again in effect or applicable.

(d) The municipality submits a 5-year plan, that has been approved by the governing body of the municipality, and that will balance future expenditures with anticipated revenues.

(2) If the board determines it necessary, the board may inspect, copy, or audit the books and records of a municipality.

(3) Subsection (1) does not apply to a loan authorized under section 3(2) or (3).

History: 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980,—Am. 1983, Act 67, Imd. Eff. May 31, 1983,—Am. 1986, Act 6, Imd. Eff. Feb. 21, 1986,—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999;—Am. 2002, Act 405, Imd. Eff. June 3, 2002,—Am. 2007, Act 198, Imd. Eff. Dec. 21, 2007,—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012

141.935 Maximum amount of loans; eligibility.

Sec. 5. Except for a county subject to section 3(2), until September 30, 2011, the board may authorize loans to any 1 municipality in an amount not to exceed $3,000,000.00 in any 1 fiscal year of the municipality. Except for a county subject to section 3(2), a municipality is not eligible to receive loans in more than 5 fiscal years in any 10-year period.

History: 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980,—Am. 1987, Act 282, Eff. Apr. 11, 1988,—Am. 2007, Act 198, Imd. Eff. Dec. 21, 2007,—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012

141.936 Annual rate or rates of interest; fixed rate; rate calculated upon formula; limitation; payment of interest and principal; delinquency; repayment at earlier date or in fewer installments; prohibited conditions; effect of failure to make repayments; loan as general obligation of municipality; exception.

Sec. 6. (1) A loan made under this act shall bear an annual rate or rates of interest, if any, as established by the board under section 2(5). The board may establish interest for a loan under this act either at a rate or rates that are fixed for the term of the loan or, if the formula is approved by the board at the time the loan is made or renegotiated as authorized in section 2, at a rate calculated upon a formula that varies the rate annually. The board may provide that the interest rate or rates for a loan under this act may adjust to an interest rate or rates determined at the time of the sale or transfer by the state treasurer to be sufficient to facilitate the sale of the loans under section 6a. Except for loans sold or transferred under section 6a, if the interest rate for a loan under this act is a single fixed rate, the annual rate of interest for the term of a loan shall not be less than the municipal 10-year rate as determined by the state treasurer. The board may consider a higher interest rate based on both the market interest rates and the risk of the municipality requesting the loan.

(2) Interest payments are due and payable as determined by the board or the state treasurer under section 6a. Repayment of all of the principal shall be made not more than 30 years from the date of issuance determined by the board or state treasurer under section 6a, except as provided in subsection (5). This subsection, sections 7 and 8, and the conditions listed in section 4(1) do not apply to a loan authorized under section 3(2) or (3).

(3) The loan agreement between the board and a county for a loan authorized under section 3(2) or (3) shall establish the schedule for payment of the principal of and interest on the loan, the nature of the

obligation of the county to repay a loan made under this act, and any security for that loan. Payments of principal and interest for a loan authorized by section 3(2) shall be limited to revenues allocated to the county under the health and safety fund act, 1987 PA 264, MCL 141.471 to 141.479, minus those revenues authorized by the board in the loan agreement for use in the payment of other county obligations.

(4) Unless other state appropriations to a municipality are pledged or assigned in an amount sufficient for the municipality to make a required principal or interest payment, if the municipality's payment of required principal or interest is delinquent, the state treasurer may withhold the amount of all delinquent payments that are due on a loan issued under this act from state payments to the municipality under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921.

(5) Except for loans sold or transferred under section 6a or as otherwise determined by the board, notwithstanding the payment schedules and methods established by this section or by the terms of a loan agreement, a municipality may initiate repayment of all or part of a loan made under this act at an earlier date or may make repayment in fewer installment payments, or both. The board shall not condition either eligibility for consideration for a loan or the grant of a loan under this act on repayment schedules and terms other than those required by subsections (1), (2), (3), and (4). In addition, failure of a municipality to make repayments under terms or a schedule it has instituted under this subsection does not disqualify the municipality from eligibility for consideration for loans in subsequent fiscal years.

(6) A loan issued under this act shall be a general obligation of the municipality except that a loan issued under section 3(2) shall not be a general obligation of the municipality and shall be repaid solely from specific revenues pledged for repayment of the loan.

History: 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1986, Act 6, Imd. Eff. Feb. 21, 1986;—Am. 1987, Act 282, Eff. Apr. 11, 1988;—Am. 1988, Act 198, Imd. Eff. June 27, 1988;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012

141.936a State treasurer selling or transferring loan; security; interest rate; terms; notice.

Sec. 6a. (1) The state treasurer may sell or transfer a loan under this act and enter into an agreement related to the sale or transfer of the loan. The state treasurer also may assign to the purchaser or transferee of a loan under this act all security pledged for the loan by a municipality. A loan sold or transferred under this section shall be secured in the same manner as a loan under this act not sold or transferred, including, but not limited to, benefiting from the security provided by section 6(4).

(2) The state treasurer may enter into an agreement with the purchaser or transferee of a loan under this act to repurchase the loan at a price and time or upon the occurrence of an event provided in the agreement.

(3) Except as otherwise provided in this subsection, at the time a loan is sold or transferred under this section, the state treasurer may set the interest rate, or method of determining the interest rate, on the loan being sold or transferred, including, but not limited to, a loan made before the effective date of the amendatory act that added this section, at a rate the state treasurer determines necessary and advisable to accomplish the sale or transfer. A rate determined by the state treasurer shall not exceed the maximum rate otherwise authorized by law.

(4) When a loan is sold or transferred under this section, the state treasurer may make changes to the terms of the loan, including a loan made before the effective date of the amendatory act that added this section, as the state treasurer determines necessary and advisable to permit a purchaser or transferee to sell obligations secured by the loans as tax-exempt under federal law, including, but not limited to, modifying redemption provisions, principal amortization, and interest and principal payment dates of the loan. The state treasurer also may require a municipality to make certain covenants the state treasurer determines necessary or advisable relating to the tax-exempt status of the obligations of a purchaser or transferee.

(5) At any time, the state treasurer may require a municipality to enter into an agreement with a purchaser or transferee of a loan regarding continuing disclosure obligations under federal law or any other matters the state treasurer determines are necessary and advisable. The state treasurer may require entry into an agreement with a recipient of a loan issued before the effective date of the amendatory act that added this section.

(6) If a loan is sold or transferred under this section, the state treasurer shall notify all of the following that the loan was sold or transferred:

(a) Governor.

(b) Senate majority leader.

(c) Senate minority leader.

(d) Speaker of the house of representatives.

(e) House minority leader.

(f) Senate fiscal agency.

(g) House fiscal agency.

History: Add. 2012, Act 284, Imd. Eff. Aug. 1, 2012

141.937 Duties of municipality receiving loan; definitions; exception.

Sec. 7. (1) A municipality that receives a loan under this act shall perform all of the following:

(a) Except as otherwise provided in this subdivision, employ a full-time professional administrator or contract with a person with expertise in municipal finance and administration to direct or participate directly in the management of the municipality's operations until otherwise ordered by the board. If the municipality is in receivership under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, or a successor statute, compensate the emergency manager for the municipality and reimburse the emergency manager's actual and necessary expenses as provided under section 15(5)(e) of the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1515, or a successor statute. If the municipality is under a consent agreement as provided under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, or a successor statute, compensate those officials who are required to be compensated under the consent agreement with the municipality and reimburse those officials' actual and necessary expenses as provided under the consent agreement.

(b) If the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, is repealed or otherwise not effective and former 1990 PA 72 is again in effect or applicable and an emergency financial manager is in place for the municipality under former 1990 PA 72, compensate the emergency financial manager and reimburse the emergency financial manager's actual and necessary expenses. If the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, is repealed or otherwise not effective and former 1990 PA 72 is again in effect or applicable and a consent agreement is in place for the municipality under former 1990 PA 72, compensate those officials who are required to be compensated under the consent agreement with the municipality and reimburse those officials' actual and necessary expenses as provided under the consent agreement.

(c) Not more than 6 months after receiving a loan and semiannually after that date for the period the loan is outstanding, submit to the board an evaluation of the performance of the municipality against the 5-year plan submitted under section 4(1).

(d) Submit all of the following to the board on a quarterly basis:

(*i*) A statement of actual revenues received in the last quarter and in the current fiscal year to date.

(*ii*) A statement of total revenues estimated to be received by the municipality in the current fiscal year.

(*iii*) A statement of expenditures made and encumbrances entered into by the municipality in the last quarter and in the current fiscal year to date.

(*iv*) A statement of revenues that were estimated to be received and expenditures that were estimated to be made during the current fiscal year and through the end of the last quarter.

(*v*) A balance sheet indicating whether total estimated expenditures for the current fiscal year and for the last quarter exceed the total estimated revenues for the current fiscal year and for the last quarter, respectively.

(e) Submit the general appropriations act of the municipality, and any amendments to that act, adopted under the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a, or any equivalent report as may be required by the board if the municipality is not required to adopt a general appropriations act.

(f) Submit any budget change in the current fiscal year or any amendment to the general appropriations act of the municipality for the current fiscal year to the board before adoption.

(g) Submit any budget for the ensuing fiscal year or the general appropriations act of the municipality for the ensuing fiscal year to the board before adoption.

(h) Certify that the municipality has fully complied with all statutory requirements concerning use of the uniform chart of accounts and audits.

(2) If the state treasurer determines that a municipality is not in compliance with all of the requirements under subsection (1) and with the 5-year plan submitted under section 4(1), the state treasurer may modify the terms of the loan to require a higher interest rate or to accelerate the repayment of the loan.

(3) As used in this section, "expenditure" and "revenue" mean those terms as defined in sections 2c and 2d of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.422c and 141.422d.

(4) Subsection (1) does not apply to a loan authorized under section 3(2) or (3).

History: 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1986, Act 6, Imd. Eff. Feb. 21, 1986;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012

141.938 Additional eligibility requirements; exception.

Sec. 8. (1) In addition to the requirements of section 4, to be eligible for consideration for a fiscal year loan

under this act after having qualified for and received the first or any subsequent fiscal year loan under this act, a municipality shall satisfy all of the following requirements:

(a) Fulfilled the requirements of section 7.

(b) Submitted a progress report to the board detailing the steps that have been taken to achieve the long-range plan submitted pursuant to section 4(1) and the management measures that have been taken to improve fiscal management of the municipality.

(c) Satisfy the board that reasonable progress has been made to resolve any federal discrimination suit pending against the municipality.

(2) Subsection (1) does not apply to a loan authorized under section 3(2) or (3).

History: 1980, Act 243, Imd Eff July 24, 1980,—Am 1980, Act 324, Imd Eff Dec 15, 1980,—Am. 1986, Act 6, Imd Eff. Feb 21, 1986,—Am. 1998, Act 528, Imd Eff Jan 12, 1999

141.939 Annual report; evaluation of loan program; recommendations.

Sec. 9. The board shall report annually to the governor and the legislature on which municipalities have applied for loans under the program, which municipalities have received loans, the amount of each loan, and the conditions under which each loan was made. Five years after the effective date of this act, the board shall submit to the governor and the legislature an evaluation of the loan program with recommendations for its continuance or discontinuance.

History: 1980, Act 243, Imd. Eff. July 24, 1980

141.940 Repealed. 1980, Act 324, Imd. Eff. Dec. 15, 1980.

Compiler's note: The repealed section pertained to local emergency financial assistance loan fund

141.941 Short title.

Sec. 11. This act may be known and may be cited as the "emergency municipal loan act".

History: 1980, Act 243, Imd Eff July 24, 1980

141.942 Conditional effective date.

Sec. 12. This act shall not take effect unless the following Senate Bills of the 1980 regular session of the legislature are enacted into law:

(a) Senate Bill No. 1192.

(b) Senate Bill No. 1193.

History: 1980, Act 243, Imd. Eff July 24, 1980

Compiler's note: Senate Bill No 1192, referred to in this section, was approved by the Governor on July 24, 1980, and became P A. 1980, No 242, Imd Eff July 24, 1980 Senate Bill No 1193, also referred to in this section, was approved by the Governor on July 24, 1980, and became P A 1980, No 241, Imd Eff July 24, 1980.

9. Emergency Loan Agreement

EMERGENCY LOAN AGREEMENT

This emergency loan agreement is dated April 29, 2015, and is between the LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD, a Michigan state board (the "**Board**"), and the CITY OF FLINT, a Michigan public body corporate (the "**City**").

A financial emergency currently exists within the City under the Local Financial Stability and Choice Act, 2012 PA 436, MCL 141.151 to 141.1575 ("**Act 436**").

To assist in the resolution of its financial emergency, on behalf of the City and with the approval of the City's governing body (the "**City Council**"), the emergency manager of the City appointed under section 9 of Act 436 (the "**Emergency Manager**") asked for an emergency loan from the State of Michigan in the amount of $7,000,000.00 (the "**Emergency Loan**") under the Emergency Municipal Loan Act, 1980 PA 243, as amended MCL 141.931 to 141.942 ("**Act 243**").

The parties acknowledge that the Emergency Loan is necessary and in the best interests of the City.

The parties therefore agree as follows:

1. **Emergency Loan Terms.** (a) The Board shall authorize a loan from the State of Michigan to the City, and the City shall borrow from the State of Michigan, $7,000,000.00, with the proceeds payable to the City on April 29, 2015. The Emergency Loan is a general obligation of the City.

(b) The principal amount outstanding under the Emergency Loan will bear interest at the rate of 2.09% per year, except as provided in section 15(a). Interest will be computed on the basis of actual number of days elapsed in a calendar year.

(c) The City shall issue notes evidencing the Emergency Loan, with the notes substantially in the form as attachment A (the "**Note**"). The Note will be for a term of up to 15 years.

2. **Repayment.** (a) The City shall make an initial payment of interest only then owing on December 1, 2015. After the initial payment and until the Emergency Loan is repaid, the City shall make a payment of principal and interest then owing on each June 1, and a payment of interest only then owing on each December 1, with a date of final maturity of June 1, 2030.

(b) As additional security for the repayment, the City hereby pledges and assigns to the repayment of principal of or interest on the Emergency Loan, the State Treasurer's right to withhold delinquent payments due on the Emergency Loan from both of the following:

(1) state payments owed to the City under the Glenn Steil State Revenue Sharing Act of 1971, 1971 PA 140, as amended, MCL 141.901 to 141.921 ("**Act 140**"); and

(2) the City's portion of the revenue generated by the local community stabilization share tax levied under the Use Tax Act, 1937 PA 94, as amended, MCL 205.91 to 205.111, and payable by the Michigan Department of Treasury ("**Treasury**") to the Local Community Stabilization Authority created under the Local Community Stabilization Authority Act, 2014 PA 86, MCL 123.1341 to 123.1362, for distribution to the City and other governmental entities.

3. **Loan Proceeds.** (a) The City shall use the proceeds of the Emergency loan to reduce the City's general fund deficit by first using the proceeds to repay a cash advance from the City's sewer fund, and then using any remaining proceeds in a manner consistent with the two-year budget for the City imposed by the Emergency Manager.

(b) As required by section 3a of Act 243, the City shall not use the proceeds of the Emergency Loan to finance any costs associated with a special assessment or a special assessment district established after August 1, 2012.

4. **City Certifications.** The City states all of the following:

(1) that a deficit is projected for the City's general fund in the City's fiscal year ending June 30, 2015;

(2) that Treasury has acted upon a request by the City to issue tax anticipation notes or revenue sharing notes under the Revised Municipal Finance Act, 2001 PA 34, as amended, MCL 141.2101 to 141.282 ("**Act 34**");

(3) that as of April 17, 2015, the state equalized value of real and personal property within the City is less than the state equalized valuation of real and personal property within the City in the immediately preceding year; and

(4) that the City has fully complied with all statutory requirements concerning use of the uniform chart of accounts and audits.

5. **Five-Year Plan.** (a) The Board acknowledges that the City has submitted a five-year plan that has been approved by the Emergency Manager exercising the powers of the City Council under Act 436 and that will balance future City expenditures with anticipated City revenues (the "**Five-Year Plan**").

(b) Each year after 2015, before the adoption of a new budget for a fiscal year for the City, the City shall update the Five-Year Plan for a new five-year period. Each Five-Year Plan must balance future City expenditures with anticipated City revenues.

(c) By September 30, 2015, and by each following March 31 and September 30, the City shall submit to the Board an evaluation of the City's performance against the original Five-Year Plan and the Five-Year Plan then effective.

6. **Professional Assistance.** (a) As required by section 7(1)(a) of Act 243, the City shall employ a full-time professional administrator or contract with a person with expertise in municipal finance and administration to direct or participate directly in the management of the City's operations until otherwise ordered by the Board.

(b) The parties acknowledge that the position of city administrator created by Order No. 3 issued by the Emergency Manager on April 10, 2015 (the "**City Administrator**") satisfies the requirements of section 6(a).

(c) If a vacancy in the position of City Administrator occurs, the City shall fill the vacancy within 120 days, with the approval of a receivership transition advisory board for the City if a receivership transition advisory board is in place for the City under section 23 of Act 436, or the approval of the State Treasurer if no receivership transition advisory board is in place. A vacancy must be filled

with an individual that meets qualifications included in a job description adopted by a receivership transition advisory for the City, if a receivership transition advisory board is in place for the City under section 23 of Act 436, or the by the State Treasurer if no receivership transition advisory board is in place. To identify qualified candidates to potentially fill a vacancy in the position of City Administrator, the City shall use a professionally recognized search firm approved by a receivership transition advisory board for the City if a receivership transition advisory board is in place for the City under section 23 of Act 436, or by the State Treasurer if no receivership transition advisory board is in place. The City may not terminate the City Administrator without the prior approval of a receivership transition advisory board for the City, if a receivership transition advisory board is in place for the City under section 23 of Act 436, or the State Treasurer if no receivership transition advisory board is in place.

7. **Reports.** (a) Beginning on September 30, 2015, and on each following December 31, March 31, June 30, and September 30, the City shall submit to the Board, in a form prescribed by the State Treasurer, all of the following:

(1) a statement of actual Revenues received by the City in the previous quarter and in the current fiscal year to date;

(2) a statement of total Revenues estimated to be received by the City in the current fiscal year;

(3) a statement of Expenditures made and encumbrances entered into by the City in the previous quarter and in the current fiscal year to date;

(4) a statement of Revenues that were estimated to be received and Expenditures that were estimated to be made by the City during the current fiscal year and through the end of the last quarter; and

(5) a balance sheet indicating whether total estimated City Expenditures for the current fiscal year and for the last quarter exceed the total estimated City Revenues for the current fiscal year and for the last quarter, respectively.

(b) For purposes of this section 7 and section 8, "**Expenditure**" and "**Revenue**" mean those terms as defined in sections 2c and 2d of the Uniform Budgeting and Accounting Act, 1968 PA 2, as amended, MCL 141.421 to 141.440a ("**Budget Act**").

8. **Budget.** (a) The City shall adopt and adhere to a budget for each City fiscal year consistent with applicable law and the ordinances described in section 13 (collectively the "**Fiscal Stability Ordinances**") and in fiscal years 2015-2016 and 2016-2017 the two-year budget for the City imposed by the Emergency Manager. If a receivership transition advisory board is in place for the City, each City budget and any City budget amendment must be approved by the receivership transition advisory board. Each budget must comply with all of the following:

(1) be prepared, presented, and adopted in compliance with the Budget Act and 1963 (Ex Sess) PA 43, as amended, MCL 141.411 to 141.415; and

(2) be based upon a forecast of monthly cash demands necessary to satisfy the Expenditures authorized in the budget, with an appropriation not being a mandate to spend.

(b) If a shortfall in anticipated Revenue occurs in any City fund, the City shall reduce budgeted Expenditures in the adopted annual budget on a timely basis as provided under the Budget

Act and, the Fiscal Stability Ordinances, and any applicable orders of the Emergency Manager, so that the City may close the fiscal year with a balanced budget. For purposes of this section 8(b), "**a timely basis**" means the time period necessary to adjust budgeted Expenditures or budgeted Revenues, or both, so as to preclude an Expenditure being made for which adequate Revenues are unavailable or are projected to be unavailable.

(c) The City shall not close a fiscal year with an operating deficit in any fund according to the uniform minimum standards of and guidelines for financial accounting and reporting standards for state and local governments issued by the Government Accounting Standards Board ("**GASB**"), including GASB's hierarchy of generally accepted accounting principles for state and local governments ("**Generally Accepted Accounting Principles**"), unless both of the following occur:

(1) the fund in which the operating deficit occurred had a sufficient beginning balance to offset the deficit consistent with the Budget Act; and

(2) the financial statements of the City indicate that the sufficient beginning balance fairly represents the financial position of the City according to an independent auditor in a qualified or unqualified opinion using Generally Accepted Accounting Principles and the professional standards and guidance included in government accounting standards issued by the Comptroller General of the United States ("**Generally Accepted Government Auditing Standards**").

(d) The City shall do all of the following:

(1) submit to the Board the general appropriations act of the City and any amendments adopted under the Budget Act;

(2) submit to the Board before adoption any budget change in its 2015-2016 fiscal year or any amendment to the general appropriations act of the City for the 2015-2016 fiscal year; and

(3) submit to the Board before adoption any budget for a City fiscal year after the 2015-2016 fiscal year or the general appropriations act of the City for a fiscal year after the 2015-2016 fiscal year.

9. **Audits.** (a) For each City fiscal year ending after the effective date of this agreement, the City shall retain, with the approval of the State Treasurer, a recognized independent certified public accounting firm to perform an annual audit of the City (an "**Independent Auditor**"). The parties acknowledge that the City has retained an Independent Auditor as of the effective date of this agreement and the Independent Auditor retained by the City is hereby approved by the State Treasurer. If the City fails to retain an Independent Auditor in compliance with this section 9(a) or the annual audit required under this section 9 is not completed, the State Treasurer shall conduct the audit or appoint a firm to perform the audit, with the cost paid by City. The City may continue to retain the auditor under contract with the City to perform an annual audit of the City on the effective date of this agreement for the remainder of the City's agreement with that auditor, but that agreement may not be renewed or extended without the approval of the State Treasurer.

(b) The annual audit required under this section 9 shall:

(1) comply with Generally Accepted Government Auditing Standards;

(2) include an opinion as to whether the City's financial statements for the fiscal year were prepared in accordance with Generally Accepted Accounting Principles;

(3) state whether the audit of the City's financial statements was made in accordance with Generally Accepted Government Accounting Standards and accordingly included tests of the City's accounting records and other auditing procedures as considered necessary under the circumstances;

(4) disclose any fiscal irregularities, including defalcations, misfeasance, nonfeasance, or malfeasance identified by the Independent Auditor;

(5) note the nature and extent of any variations from Generally Accepted Accounting Principles reflected in the City's financial statements; and

(6) comply with the requirements of the Budget Act and other applicable law.

(c) The Independent Auditor shall prepare a report of the auditing procedures applied in each annual audit using Treasury Form 496 or any successor form.

(d) The City shall require the Independent Auditor to transmit upon completion a copy of the annual audit and the audit procedures report required under section 9(c) to the City Council and the State Treasurer.

(e) The City shall make available for inspection and duplication all records required by the Independent Auditor to perform the annual audit required under this section. The City shall make its officers and employees available to, and shall cooperate with, the Independent Auditor to facilitate timely completion of the annual audit by the Independent Auditor.

10. **Retirement System Obligations.** The City shall do all of the following:

(1) comply with the Municipal Employees Retirement Act of 1984, 1984 PA 427, as amended, MCL 38.1501 to 38.1555, (the "**Retirement Act**");

(2) make timely payments to the Michigan Employees Retirement System ("**MERS**") created by former 1945 PA 135 and continued and restated under the Retirement Act; and

(3) fully satisfy all City obligations to MERS under the Retirement Act and any agreement between the City and MERS.

11. **Water and Sewers.** (a) The City shall not decrease rates the City charges for water or sewer services without the prior written approval of the State Treasurer or a prior written determination by the State Treasurer that the City's water and sewer system are financially stable.

(b) The City shall not terminate its participation in the Karegnondi Water Authority (the "KWA") before the KWA water supply system, including the pipeline being constructed by the KWA from Lake Huron to the City, is operational with all required regulatory approvals effective. The City also shall comply with the KWA financing contract between the City, Genesee County, and the State of Michigan dated August 1, 2013.

(c) The City shall not enter into an agreement with the Detroit Water and Sewerage Department, or any successor entity, including the Great Lakes Water Authority, without the prior written approval of the State Treasurer.

12. **District Court Consolidation.** The City shall implement the memorandum of understanding with Genesee County dated April 13, 2015 providing for the consolidation of the 67th District Court and the 68th District Court beginning on January 2, 2016, consistent with section 8134(4) of the Revised Judicature Act of 1961, 1961 PA 236, as amended, MCL 600.8134(4). The City shall take all action necessary to approve and implement the consolidation described in this section 12.

13. **Fiscal Stability Ordinances.** The City shall comply with City Ordinances 3851 to 3856 each adopted March 1, 2015, and City Ordinance 3866, adopted on April 24, 2015.

14. **Emergency Manager Orders.** The City shall comply with each provision of an order issued by the Emergency Manager that remains effective, including an order issued on or after April 29, 2015.

15. **Noncompliance; Remedies.** (a) Consistent with section 7(2) of Act 243, if the State Treasurer determines that the City is not in compliance with sections 5(c), 6, 7, or 8(c), the State Treasurer may modify the terms of the Emergency Loan to require a higher interest rate or to accelerate the repayment of the loan. If the State Treasurer determines that the City is otherwise not in compliance with this agreement, the City hereby consents to withholding by the State Treasurer of some or all of the state payments otherwise owed to the City under Act 140 until the State Treasurer determines that the City is in compliance with this agreement.

(b) If the City does not pay principal or interest, or both, when due under the Note, the State Treasurer may declare all amounts under the Note to be due and payable immediately, without notice or demand. The City hereby waives presentment, demand, notice of dishonor, protest, and notice of non-payment with respect to the Note.

16. **Due Dates.** If a due date under this agreement falls on a Saturday, Sunday, or legal holiday, then the due date will be the next day that is not a Saturday, Sunday, or legal holiday.

17. **Governing Law.** The laws of the State of Michigan, without giving effect to its principles of conflicts of law, govern all adversarial proceedings arising out of this agreement.

18. **Entire Agreement.** This agreement constitutes the entire understanding between the parties as to the Emergency Loan and supersedes all other agreements, whether written or oral, between the parties.

19. **Non-assignment.** No party may assign any of that party's rights or delegate any of that party's obligations under this agreement without the prior written consent of the other party. Any purported assignment or delegation in breach of this section 19 will be void.

20. **End Date.** This agreement ends upon the repayment in full by the City of all amounts due under this agreement.

21. **Modification; Waiver.** No amendment to this agreement will be effective unless it is in writing and signed by the parties. Unless prohibited by Act 243, the State Treasurer may waive a provision of this agreement not relating to the payment of principal and interest on the Emergency Loan if the State Treasurer determines that the City demonstrates good cause for the waiver. No waiver of satisfaction of a condition or failure to comply with an obligation under this agreement will be effective

unless it is in writing and signed by the State Treasurer, and no such waiver will constitute a waiver of satisfaction of any other condition or failure to comply with any other obligation.

22. **Severability.** If any provision of this agreement is held to be unenforceable, then that provision is to be construed either by modifying it to the minimum extent necessary to make it enforceable (if permitted by law) or disregarding it (if not). If an unenforceable provision is modified or disregarded under this section 22, the rest of the agreement is to remain in effect as written, and the unenforceable provision is to remain as written in any circumstances other than those in which the provision is held to be unenforceable.

23. **Counterparts.** If the parties sign this agreement in several counterparts, each will be deemed an original but all counterparts together with will constitute one instrument.

The parties are signing this agreement on the date stated in the introductory clause.

LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD

By: _____

N. A. Khouri
State Treasurer

CITY OF FLINT

By: _____

Gerald Ambrose
Emergency Manager

ATTACHMENT A
NOTE

UNITED STATES OF AMERICA
STATE OF MICHIGAN

CITY OF FLINT

EMERGENCY LOAN NOTE
(General Obligation Limited Tax)
FY 2014-2015 Series 1

Registered Owner:	State of Michigan
Principal Amount:	$7,000,000.00 (the "**Principal Amount**")
Date of Original Issue:	April 29, 2015 (the "**Issue Date**")

The City of Flint, a Michigan public body corporate (the "**Issuer**"), acknowledges that it owes and hereby promises to pay the State of Michigan the Principal Amount owed in 15 consecutive annual installments as detailed on schedule 1, unless prepaid as provided in this note, with interest on the unpaid principal balance of this note from the Issue Date or the later date to which interest has been paid, until paid, at the annual rates provided in this note, first payable on December 1, 2015 and biannually on each following June 1 and December 1. Both the principal of and interest on this note are payable at the office of the State Treasurer in Lansing, Michigan, or another place as designated in writing to the Issuer by the State Treasurer.

From the Date of Original Issue specified above until June 1, 2030, this note will bear interest at an annual rate of 2.09%. Interest on this note will be computed on the basis of the actual number of days elapsed in a calendar year.

This note is issued by the Emergency Manager of the Issuer under and in full compliance with Michigan law to evidence the obligation of the Issuer to repay an emergency loan made by the State of Michigan under the Emergency Municipal Loan Act, 1980 PA 243, as amended, MCL 141.931 to 141.942 ("**Act 243**") to enable the Issuer to meet its financial obligations.

The Issuer may pay at any time or times before maturity, without penalty or premium, all or any portion of this note. Prepayments will be credited to principal payments in direct order of maturity.

This note, including the interest on this note, is payable as a first budget obligation from the general funds of the Issuer, and the Issuer is required, if necessary, to levy ad valorem taxes on all taxable property in the Issuer for the payment of the obligations, subject to applicable limitations under Michigan law.

As additional security for payment of the note and if the Issuer is delinquent in paying required principal or interest under this note, the State Treasurer is authorized to withhold all delinquent amounts of principal or interest due on this note from either or both of the following:

(1) payments from the State of Michigan owed to the Issuer under the Glenn Steil State Revenue Sharing Act of 1971, 1971 PA 140, as amended, MCL 141.901 to 141.921; and

(2) the Issuer's portion of the revenue generated by the local community stabilization share tax levied under the Use Tax Act, 1937 PA 94, as amended, MCL 205.91 to 205.111, and payable by the Michigan Department of Treasury to the Local Community Stabilization Authority created under the Local Community Stabilization Authority Act, 2014 PA 86, MCL 123.1341 to 123.1362, for distribution to the Issuer and other governmental entities.

The City hereby consents to an entry of judgment against the City for unpaid amounts owed under this note and enforcement of that judgment under section 6093 of the Revised Judicature Act of 1961, 1961 PA 236, as amended, MCL 600.6093, if the City defaults on the Emergency Loan.

Until this note is paid in full, the Issuer will perform and meet all applicable requirements resulting from the receipt of an emergency loan under Act 243.

The Issuer states that all acts, conditions, and things required by law for the issuance of this note have been completed in a timely manner and that the total indebtedness of the Issuer, including this note, does not have any applicable debt limitation.

The Emergency Manager and the City Clerk are signing and the City Clerk is affixing the seal of the Issuer on the date indicated opposite the Emergency Manager's and the City Clerk's signature.

CITY OF FLINT

Date: _____ By _____
Gerald Ambrose
Emergency Manager

Date: _____ By _____
Inez M. Brown
City Clerk

[SEAL]

SCHEDULE 1

UNITED STATES OF AMERICA
STATE OF MICHIGAN

CITY OF FLINT

EMERGENCY LOAN NOTE
(General Obligation Limited Tax)
2014-2015 Series I

Date	Principal Amount
June 1, 2016	$390,000.00
June 1, 2017	$410,000.00
June 1, 2018	$420,000.00
June 1, 2019	$430,000.00
June 1, 2020	$440,000.00
June 1, 2021	$445,000.00
June 1, 2022	$455,000.00
June 1, 2023	$465,000.00
June 1, 2024	$475,000.00
June 1, 2025	$485,000.00
June 1, 2026	$495,000.00
June 1, 2027	$505,000.00
June 1, 2028	$515,000.00
June 1, 2029	$530,000.00
June 1, 2030	$540,000.00

10. Certification of City Charter

CERTIFICATE REGARDING CITY CHARTER

I, Inez M. Brown, do hereby certify that I am the duly qualified and appointed City Clerk of the City of Flint, County of Genesee, State of Michigan, and that the Charter of the City of Flint has not been amended, modified, or rescinded since May 3, 2011 and is in full force and effect as of the date hereof.

City of Flint
County of Genesee
State of Michigan

Inez M. Brown
City Clerk

Dated: April 29, 2015

11. COPY OF NOTE

NUMBER

SPECIMEN

R-1

UNITED STATES OF AMERICA
STATE OF MICHIGAN

CITY OF FLINT

EMERGENCY LOAN NOTE
(General Obligation Limited Tax)
FY 2014-2015 Series I

Registered Owner:	State of Michigan
Principal Amount:	$7,000,000.00 (the **"Principal Amount"**)
Date of Original Issue:	April 29, 2015 (the **"Issue Date"**)

The City of Flint, a Michigan public body corporate (the **"Issuer"**), acknowledges that it owes and hereby promises to pay the State of Michigan the Principal Amount owed in 15 consecutive annual installments as detailed on schedule 1, unless prepaid as provided in this note, with interest on the unpaid principal balance of this note from the Issue Date or the later date to which interest has been paid, until paid, at the annual rates provided in this note, first payable on December 1, 2015 and biannually on each following June 1 and December 1. Both the principal of and interest on this note are payable at the office of the State Treasurer in Lansing, Michigan, or another place as designated in writing to the Issuer by the State Treasurer.

From the Date of Original Issue specified above until June 1, 2030, this note will bear interest at an annual rate of 2.09%. Interest on this note will be computed on the basis of the actual number of days elapsed in a calendar year.

This note is issued by the Emergency Manager of the Issuer under and in full compliance with Michigan law to evidence the obligation of the Issuer to repay an emergency loan made by the State of Michigan under the Emergency Municipal Loan Act, 1980 PA 243, as amended, MCL 141.931 to 141.942 (**"Act 243"**) to enable the Issuer to meet its financial obligations.

The Issuer may pay at any time or times before maturity, without penalty or premium, all or any portion of this note. Prepayments will be credited to principal payments in direct order of maturity.

NUMBER

SPECIMEN

This note, including the interest on this note, is payable as a first budget obligation from the general funds of the Issuer, and the Issuer is required, if necessary, to levy ad valorem taxes on all taxable property in the Issuer for the payment of the obligations, subject to applicable limitations under Michigan law.

As additional security for payment of the note and if the Issuer is delinquent in paying required principal or interest under this note, the State Treasurer is authorized to withhold all delinquent amounts of principal or interest due on this note from either or both of the following:

(1) payments from the State of Michigan owed to the Issuer under the Glenn Steil State Revenue Sharing Act of 1971, 1971 PA 140, as amended, MCL 141.901 to 141.921; and

(2) the Issuer's portion of the revenue generated by the local community stabilization share tax levied under the Use Tax Act, 1937 PA 94, as amended, MCL 205.91 to 205.111, and payable by the Michigan Department of Treasury to the Local Community Stabilization Authority created under the Local Community Stabilization Authority Act, 2014 PA 86, MCL 123.1341 to 123.1362, for distribution to the Issuer and other governmental entities.

The City hereby consents to an entry of judgment against the City for unpaid amounts owed under this note and enforcement of that judgment under section 6093 of the Revised Judicature Act of 1961, 1961 PA 236, as amended, MCL 600.6093, if the City defaults on the Emergency Loan.

Until this note is paid in full, the Issuer will perform and meet all applicable requirements resulting from the receipt of an emergency loan under Act 243.

The Issuer states that all acts, conditions, and things required by law for the issuance of this note have been completed in a timely manner and that the total indebtedness of the Issuer, including this note, does not any applicable debt limitation.

NUMBER

SPECIMEN

The Emergency Manager and the City Clerk are signing and the City Clerk is affixing the seal of the Issuer on the date indicated opposite the Emergency Manager's and the City Clerk's signature.

CITY OF FLINT

Date: _____ By _____
Gerald Ambrose
Emergency Manager

Date: _____ By _____
Inez M. Brown
City Clerk

[SEAL]

NUMBER

SPECIMEN

SCHEDULE 1

UNITED STATES OF AMERICA
STATE OF MICHIGAN

CITY OF FLINT

EMERGENCY LOAN NOTE
(General Obligation Limited Tax)
2014-2015 Series I

Date	Principal Amount
June 1, 2016	$390,000.00
June 1, 2017	$410,000.00
June 1, 2018	$420,000.00
June 1, 2019	$430,000.00
June 1, 2020	$440,000.00
June 1, 2021	$445,000.00
June 1, 2022	$455,000.00
June 1, 2023	$465,000.00
June 1, 2024	$475,000.00
June 1, 2025	$485,000.00
June 1, 2026	$495,000.00
June 1, 2027	$505,000.00
June 1, 2028	$515,000.00
June 1, 2029	$530,000.00
June 1, 2030	$540,000.00

R-1

UNITED STATES OF AMERICA
STATE OF MICHIGAN

CITY OF FLINT

EMERGENCY LOAN NOTE
(General Obligation Limited Tax)
FY 2014-2015 Series I

Registered Owner:	State of Michigan
Principal Amount:	$7,000,000.00 (the "**Principal Amount**")
Date of Original Issue:	April 29, 2015 (the "**Issue Date**")

The City of Flint, a Michigan public body corporate (the "**Issuer**"), acknowledges that it owes and hereby promises to pay the State of Michigan the Principal Amount owed in 15 consecutive annual installments as detailed on schedule 1, unless prepaid as provided in this note, with interest on the unpaid principal balance of this note from the Issue Date or the later date to which interest has been paid, until paid, at the annual rates provided in this note, first payable on December 1, 2015 and biannually on each following June 1 and December 1. Both the principal of and interest on this note are payable at the office of the State Treasurer in Lansing, Michigan, or another place as designated in writing to the Issuer by the State Treasurer.

From the Date of Original Issue specified above until June 1, 2030, this note will bear interest at an annual rate of 2.09%. Interest on this note will be computed on the basis of the actual number of days elapsed in a calendar year.

This note is issued by the Emergency Manager of the Issuer under and in full compliance with Michigan law to evidence the obligation of the Issuer to repay an emergency loan made by the State of Michigan under the Emergency Municipal Loan Act, 1980 PA 243, as amended, MCL 141.931 to 141.942 ("**Act 243**") to enable the Issuer to meet its financial obligations.

The Issuer may pay at any time or times before maturity, without penalty or premium, all or any portion of this note. Prepayments will be credited to principal payments in direct order of maturity.

This note, including the interest on this note, is payable as a first budget obligation from the general funds of the Issuer, and the Issuer is required, if necessary, to levy ad valorem taxes on all taxable property in the Issuer for the payment of the obligations, subject to applicable limitations under Michigan law.

As additional security for payment of the note and if the Issuer is delinquent in paying required principal or interest under this note, the State Treasurer is authorized to withhold all delinquent amounts of principal or interest due on this note from either or both of the following:

(1) payments from the State of Michigan owed to the Issuer under the Glenn Steil State Revenue Sharing Act of 1971, 1971 PA 140, as amended, MCL 141.901 to 141.921; and

(2) the Issuer's portion of the revenue generated by the local community stabilization share tax levied under the Use Tax Act, 1937 PA 94, as amended, MCL 205.91 to 205.111, and payable by the Michigan Department of Treasury to the Local Community Stabilization Authority created under the Local Community Stabilization Authority Act, 2014 PA 86, MCL 123.1341 to 123.1362, for distribution to the Issuer and other governmental entities.

The City hereby consents to an entry of judgment against the City for unpaid amounts owed under this note and enforcement of that judgment under section 6093 of the Revised Judicature Act of 1961, 1961 PA 236, as amended, MCL 600.6093, if the City defaults on the Emergency Loan.

Until this note is paid in full, the Issuer will perform and meet all applicable requirements resulting from the receipt of an emergency loan under Act 243.

The Issuer states that all acts, conditions, and things required by law for the issuance of this note have been completed in a timely manner and that the total indebtedness of the Issuer, including this note, does not any applicable debt limitation.

The Emergency Manager and the City Clerk are signing and the City Clerk is affixing the seal of the Issuer on the date indicated opposite the Emergency Manager's and the City Clerk's signature.

CITY OF FLINT

Date: April 29, 2015 By _____
Gerald Ambrose
Emergency Manager

Date: April 29, 2015 By _____
Inez M. Brown
City Clerk

[SEAL]

SCHEDULE 1

UNITED STATES OF AMERICA
STATE OF MICHIGAN

CITY OF FLINT

EMERGENCY LOAN NOTE
(General Obligation Limited Tax)
2014-2015 Series I

Date	Principal Amount
June 1, 2016	$390,000.00
June 1, 2017	$410,000.00
June 1, 2018	$420,000.00
June 1, 2019	$430,000.00
June 1, 2020	$440,000.00
June 1, 2021	$445,000.00
June 1, 2022	$455,000.00
June 1, 2023	$465,000.00
June 1, 2024	$475,000.00
June 1, 2025	$485,000.00
June 1, 2026	$495,000.00
June 1, 2027	$505,000.00
June 1, 2028	$515,000.00
June 1, 2029	$530,000.00
June 1, 2030	$540,000.00

BAIRD

BOND DEBT SERVICE

Local Unit of Government
Emergency Loan Note (General Obligation Limited Tax) 2014-15 Series I
15-Year Scenario | $7,000,000 | Interest Daycount Actual/Actual
MMD Rates as of March 17, 2015

Dated Date	04/29/2015
Delivery Date	04/29/2015

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2015			86,577 53	86,577.53	
06/01/2016	390,000	2.090%	73,150 00	463,150.00	
06/30/2016					549,727 53
12/01/2016			69,074.50	69,074.50	
06/01/2017	410,000	2.090%	68,885 25	478,885.25	
06/30/2017					547,959.75
12/01/2017			64,967 51	64,967.51	
06/01/2018	420,000	2.090%	64,612 49	484,612.49	
06/30/2018					549,580 00
12/01/2018			60,566.48	60,566.48	
06/01/2019	430,000	2.090%	60,235.52	490,235 52	
06/30/2019					550,802.00
12/01/2019			56,060.67	56,060 67	
06/01/2020	440,000	2.090%	55,907.50	495,907.50	
06/30/2020					551,968.17
12/01/2020			51,309.50	51,309.50	
06/01/2021	445,000	2 090%	51,168.93	496,168.93	
06/30/2021					547,478.43
12/01/2021			46,787 08	46,787 08	
06/01/2022	455,000	2 090%	46,531 42	501,531.42	
06/30/2022					548,318.50
12/01/2022			42,019.31	42,019.31	
06/01/2023	465,000	2 090%	41,789 69	506,789.69	
06/30/2023					548,809.00
12/01/2023			37,146.74	37,146 74	
06/01/2024	475,000	2 090%	37,045.25	512,045.25	
06/30/2024					549,191.99
12/01/2024			32,081.50	32,081.50	
06/01/2025	485,000	2.090%	31,993.61	516,993.61	
06/30/2025					549,075.11
12/01/2025			27,087.26	27,087 26	
06/01/2026	495,000	2.090%	26,939.24	521,939 24	
06/30/2026					549,026.50
12/01/2026			21,900.34	21,900.34	
06/01/2027	505,000	2 090%	21,780.66	526,780.66	
06/30/2027					548,681 00
12/01/2027			16,608 63	16,608 63	
06/01/2028	515,000	2 090%	16,563.25	531,563 25	
06/30/2028					548,171 88
12/01/2028			11,181.50	11,181.50	
06/01/2029	530,000	2 090%	11,150.87	541,150.87	
06/30/2029					552,332.37
12/01/2029			5,658.46	5,658.46	
06/01/2030	540,000	2 090%	5,627 54	545,627.54	
06/30/2030					551,286.00
	7,000,000		1,242,408 23	8,242,408 23	8,242,408 23

Notes
Robert W. Baird & Co Incorporated is providing this information to you for discussion purposes only in seeking to serve as a financial advisor or municipal advisor to you on a possible issuance of municipal securities Baird is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board ('MSRB') A financial advisor or municipal advisor is subject to a fiduciary duty, including a duty of care and a duty of loyalty, and is required to act solely in the best interests of the client. See 'Important Disclosures' contained herein

12. Certification of Non-Litigation/Signature Identification

NON-LITIGATION AND
SIGNATURE IDENTIFICATION CERTIFICATE

STATE OF MICHIGAN
COUNTY OF Genesee

We hereby certify that we are the duly qualified and acting officers of the City of Flint, in the County and State aforesaid (the "Issuer"), as herein indicated, that the seal hereto affixed is the official seal of the Issuer; that we, did officially sign the $7,000,000 Emergency Loan Note (General Obligation Limited Tax), 2014-15 Series I, dated April 29, 2015, and delivered herewith (the "Note"); that we are on the date hereof the officers having authority to execute and deliver the Note; that there is no litigation of any nature pending for the purpose of restraining or enjoining the issuance of the Note, nor directly affecting the proceedings or authority by which the Note is issued, the legality of the purpose for which the note is issued, or the validity of the Note, and that neither the corporate existence nor the boundaries of the Issuer nor the title of the present officers of the Issuer to their respective offices is being contested to the best of our respective knowledge and information; that to the best of our respective knowledge there is no litigation pending indirectly or collaterally affecting any of the foregoing, and that none of the proceedings heretofore taken to authorize the issuance of the Note and to provide security therefor have been repealed, revoked or rescinded.

Dated: April 29, 2015

SIGNATURE	TITLE
_____	Emergency Manager
Gerald Ambrose	
_____	City Clerk
Inez M. Brown	

[SEAL]

STATE OF MICHIGAN)
)ss.
COUNTY OF INGHAM)

On this ___ day of April , 2015, before me appeared the Emergency Manager and the City Clerk of the City of Flint, County of Genesee, State of Michigan, to me personally known, who, by me duly sworn, say they have executed the Certificate and I acknowledge their signatures as true and genuine.

Penny K. Ducat

Notary Public, State of Michigan, County of Ingham
My Commission Expires: Nov 30, 2017

PENNY L. DUCAT
Notary Public, State of Michigan
County of Clinton
My Commission Expires Nov 30, 2017
Acting in the County of Ingham

13. Certification of Receipt of Loan

CERTIFICATE OF LOAN RECEIPT

I hereby certify that I am the duly qualified and acting Emergency Manager of the City of Flint, County of Genesee, State of Michigan, and I further certify and acknowledge that the City has received on the date hereof the proceeds of the Emergency Loan Note (General Obligation Limited Tax) 2014-15 Series I from the State of Michigan in the amount of Seven Million Dollars ($7,000,000).

City of Flint
County of Genesee
State of Michigan

Gerald Ambrose
Emergency Manager

Dated: April 29, 2015

14. Certification of Non-Litigation of City Attorney

NON-LITIGATION CERTIFICATE OF CITY ATTORNEY

STATE OF MICHIGAN
COUNTY OF GENESEE

I HEREBY CERTIFY that I am the City Attorney for the City of Flint (the "City"), in the County and State aforesaid; that on date even herewith, the City issued and delivered its Emergency Loan Note (General Obligation Limited Tax) 2014-15 Series I (the "Note") in the principal amount of Seven Million Dollars ($7,000,000), dated as of the date of delivery thereof; that no litigation of any nature is pending for the purpose of restraining or enjoining the issuance of the Note or the levy and collection of taxes sufficient to pay the principal and interest thereof, nor directly affecting the proceedings or authority by which the Note is issued, the legality of the purpose for which the Note is issued, or the validity of the Note, and that neither the corporate existence nor the boundaries of the City is being contested to the best of my knowledge and information; that to the best of my knowledge there is no litigation pending indirectly or collaterally affecting any of the foregoing, and that none of the proceedings heretofore taken to authorize the issuance of the Note and to provide security therefor has been repealed, revoked or rescinded.

Peter M. Bade
Chief Legal Officer
City of Flint

Dated: April 29, 2015

15. Certification of City Clerk Incumbency

CITY CLERK'S CERTIFICATE OF INCUMBENCY

The undersigned, being the duly qualified and appointed Clerk of the City of Flint, County of Genesee, State of Michigan (the "City"), hereby certifies that the seal hereto affixed is the official seal of the City; that the City did officially authorize, issue and, through its Emergency Manager and City Clerk, did execute the City's Emergency Loan Note (General Obligation Limited Tax) 2014-15 Series I, in the principal amount of Seven Million Dollars ($7,000,000), dated as of the date of delivery thereof (the "Note"); that the undersigned has examined the official files, records and resolutions of the City and accordingly certifies that:

1. The following named individuals and their respective offices are the present Emergency Manager and the City Clerk of the City.

NAME	TITLE
Gerald Ambrose	Emergency Manager
Inez M. Brown	City Clerk

2. Resolutions of the Emergency Manager, dated April 8, 2015 and April 29, 2015, with respect to the Note, were duly adopted, are valid and effective, and none of the proceedings heretofore taken by the City to authorize and issue the Note and to provide security therefor have been repealed, revoked or rescinded.

City of Flint
County of Genesee
State of Michigan

Inez M. Brown
City Clerk

[SEAL]

Dated: April 29, 2015

16. LEGAL OPINION OF MILLER CANFIELD

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
TEL (313) 963-6420
FAX (313) 496-7500
www.millercanfield.com

MICHIGAN: Ann Arbor
Detroit • Grand Rapids
Kalamazoo • Lansing • Troy
FLORIDA: Tampa
ILLINOIS: Chicago
NEW YORK: New York
OHIO: Cincinnati
CANADA: Toronto • Windsor
CHINA: Shanghai
MEXICO: Monterrey
POLAND: Gdynia
Warsaw • Wroclaw

April 29, 2015

City of Flint
County of Genesee
State of Michigan

We have examined the transcript of proceedings relating to the issuance by the City of Flint, County of Genesee, State of Michigan (the "City"), of a note in the principal amount of $7,000,000, designated Emergency Loan Note (General Obligation Limited Tax) 2014-15 Series I (the "Note"), for the purpose described in the Note. The Note is dated as of April 29, 2015, is payable as to principal and interest, and is subject to payment prior to maturity in the manner, at the prices and at the times specified in the Note and the Loan Agreement, as hereinafter defined. The Note was authorized by the Emergency Manager of the City (the "Emergency Manager"), on behalf of the City pursuant to resolutions executed by the Emergency Manager on April 8, 2015 and April 29, 2015 under the authority granted to the Emergency Manager pursuant to Act 436, Public Acts of Michigan, 2012, and an Order of the Local Emergency Financial Assistance Loan Board dated April 29, 2015. In connection with the issuance of the Note, the City and the Local Emergency Financial Assistance Loan Board have entered into an Emergency Loan Agreement, dated April 29, 2015 (the "Loan Agreement").

We have also examined the Note as executed.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Loan Agreement has been duly authorized and executed by the City and is a legal, valid and binding obligation of the City.

2. The Note has been duly authorized and executed by the City and is a legal, valid and binding general obligation of the City.

3. All taxable property within the boundaries of the City is subject to taxation for payment of the Note, subject to applicable constitutional, statutory and charter tax rate limitations.

The rights or remedies of noteholders and the enforceability of the Note and the Loan Agreement may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws

affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By: _____
Harold W. Bulger, Jr.

24268780 2\029624-00024

17. LETTER FROM OFFICE OF ATTORNEY GENERAL

STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL

P.O. Box 30754
LANSING, MICHIGAN 48909

BILL SCHUETTE
ATTORNEY GENERAL

April 29, 2015

Nick A. Khouri, State Treasurer
Austin Building
430 West Allegan St.
Lansing, MI 48922

Dear Mr. Khouri:

Re: City of Flint, Genesee County, Michigan, Emergency Loan Note (General Obligation Limited Tax) 2014-15 Series I

We have caused to be examined certified copies of the proceedings (the "Closing Transcript") and other documents relating to the issuance by the City of Flint, Genesee County, Michigan, of its note designated "Emergency Loan Note (General Obligation Limited Tax) 2014-15 Series I." Said note is in the denomination of Seven Million Dollars ($7,000,000), dated April 29, 2015, bearing interest at the rate of 2.09% per annum. The accrued interest on the note shall be paid first on December 1, 2015 and semi-annually on each June 1st and December 1st thereafter. The principal balance on the note shall be paid first on June 1, 2016 and thereafter shall be paid in 15 consecutive annual installments on June 1st of the years 2016 through 2030. In the event that an installment for the principal amount or interest due on May 1st or November 1st in any year falls on a Saturday, Sunday or any day in which banks in Michigan are generally not open, such payment shall be due on the next succeeding business day. The City has the right to pay all or part of the principal and accrued interest on the note at any time prior to maturity without penalty or premium. Prepayments shall be credited to principal payments in direct order of maturity.

The documentation for this loan is consistent with and demonstrates compliance with the statutory authority for the making of this loan by the Local Emergency Financial Assistance Loan Board pursuant to the Emergency Municipal Loan Act, 1980 PA 243, as amended, MCL 141.931 *et seq*. When you are satisfied with the documents in the Closing Transcript, the loan

proceeds can be transmitted by the Department of Treasury to the City of Flint to complete the closing of this loan.

Sincerely,

Bill Schuette
Attorney General

Shenique A. Moss
Assistant Attorney General
Finance Division

18. CERTIFICATION OF FINAL TRANSCRIPT BY CITY

FINAL TRANSCRIPT CERTIFICATE OF CITY

The undersigned, being the duly qualified and elected City Clerk of the City of Flint, County of Genesee, State of Michigan, hereby certifies that:

1. The documents described and contained in the foregoing transcript relating to the issuance by the City of its Emergency Loan Note (General Obligation Limited Tax) 2014-15 Series I, dated as of the date of delivery thereof, in the principal amount of $7,000,000, insofar as the same constitute proceedings, records and other documents of the City, are true copies of the originals or certified copies thereof and have not been amended, modified or supplemented except as therein permitted and as set forth in the foregoing transcript, and remain in full force and effect without change as of the date hereof.

2. At the times of the taking of the various proceedings and execution of the various records and documents by the City, which are contained in the foregoing transcript, the persons named therein (including the undersigned) as being officers of the City were such duly designated, qualified and acting officers.

City of Flint
County of Genesee
State of Michigan

Inez M. Brown
City Clerk

Dated: April 29, 2015

Agenda for Call on BS&A Utility Billing (UB) Software Modifications

February 18, 2016

Discussion with Matt Harris, BS&A Utility Billing program manager and Ryan Klein on design, testing, and implementation issues for the customization work.

Topics to be covered by MI Treasury - Update on the legislative framework in the bill.

Topics to be covered by BS&A - Update on the development of the 3 primary program changes:

1) Creating the utility to move Pre-Ruling Balances from the Certification subscreen back to the History subscreen. (Proposal dated 02-15-16)
mostly ready – – in testing –
Issues: Managing the 1,046 payment records

2) Creating the utility to transfer back from the 2015 Summer Tax Roll the delinquent unpaid UB amounts back to the History subscreen.

   Issues: Managing the 50+ payment records
   Follow Up: Run the Export Delq. Utility Bills To Tax using Delq. Item Codes for sewer charges.

3) Create the credit generator for Utility Bills to provide the water relief, revise the billing program to assign credits, and provide for reporting and GL requirements.

   Issues: Managing the credit buckets, including the penalty buckets; design of program to be water specific in terms of applying credit bucket amounts for active accounts; risks of designing work flows where the legislation does not pair up with the BS&A code used for our anticipated program; definition on relief for Commercial accounts with residential usage (apartments, mobile home parks) and need for flexibility in routine to categorize relief buckets as "apply to accounts" versus "apply to common bucket with a defined batch number"; capacity to design for DHS stipends of $114 per customer for two years of grants; capacity to design for other assistance providers; establishing hierarchy of applying relief in credit buckets to other non-water balances.

Miscellaneous

SRF $2m
Recvd from state

$2m for distressed cities

2.18.2016

Bond payments for KWA –
We see the 2016 payment of $7 million. Is this a yearly payment? Once each year?
The copy from last Friday from the *Jones & Henry Engineers* shows a $690,000 payment for FY 2015. This does not show on the cash flow. Why?

Upcoming bond sale –
What and when? What does that do to the bond payment?

How many gallons of usage is the cash flow based on?
Is the usage number for 2017 (1.6 million) the expected final number or is there reduced payment or usage – GM water usage – in 2015 numbers (the 2017 numbers look reduced)? Will GM come back.
The cash flow takes into account the GM exit. Jody does not know about when or if they will reenter the system.

What is the contractual obligation for Detroit water? When does that end? What needs to be negotiated? Start/stop date – runs through?
GLWA payments of $1.3 million after June 2016 is speculative. There is no contract.
$12 million for FY 2016 is in escrow. The actual amount of outflows could be more or less depending on what happens with the water.
true up

Is there a cost for testing and treating water for KWA? Does not show on cash flow.

$10 & 2 million escrow

4 mos @ 75%

Can Detroit & consumption flat?

* Transition, backup, & treatment

SRF
Credit in fact
Debt rate or
Capital cost Eff incl Transaction Fees
DWSD Fees
Consumption. Focused on Con
Consumption flat?
Flow at $30M?

Also Sewer

2/18/16

Is the assumption that the consumption for the water remains constant throughout the cash flow period? Yes Consistent usage.

Please clarify GLWA fees. $10 million and $2 million in escrow? Is the $10 million already spent (in October of 2015)? Outflow to escrow Account

Bond payments for KWA –
We see the 2016 payment of $7 million. Is this a yearly payment? Once each year?
The copy from last Friday from the *Jones & Henry Engineers* shows a $690,000 payment for FY 2015. This does not show on the cash flow. Why?
Would you please give me the amortization schedule for the bond payments to KWA?
Contract may agree to monthly payment.

Upcoming bond sale –
What and when? What does that do to the bond payment?
That would increase it. No date set

How many gallons of usage is the cash flow based on?
Is the usage number for 2017 (1.6 million) the expected final number or is there reduced payment or usage – GM water usage – in 2015 numbers (the 2017 numbers look reduced)? Will GM come back?
The cash flow takes into account the GM exit. Jody does not know about when or if they will reenter the system.

What is the contractual obligation for Detroit water? When does that end? What needs to be negotiated? Start/stop date – runs through?
GLWA payments of $1.3 million after June 2016 is speculative. There is no contract.
$12 million for FY 2016 is in escrow. The actual amount of outflows could be more or less depending on what happens with the water.

Is there a cost for testing and treating water for KWA? Does not show on cash flow.
You mentioned that the testing and treating of KWA water is in the line item, Capital Improvements. Which line is that on your cash flow? If it is in the cash flow, do I understand you correctly that you know of no additional costs for this? Baked into the other numbers
Transition, backup, and treatment fees baked in? Not going to 2017.

Does the "Transfers to Debt Service Fund" line item take into account the restructuring of DWRF loans? We have a yearly amount of $1.8 million. Is that what this line is? Monthly. State adjusted Baked in

Aug '16 $993k correct?
May '16 Shawna 26 pay periods

Vaughn, Cary J. (Treasury)

From: Jody Lundquist <jlundquist@cityofflint.com>
Sent: Thursday, February 18, 2016 10:45 AM
To: Vaughn, Cary J. (Treasury)
Subject: Fwd: Flint Cash Flow Questions

Please see below in response to #5. As I stated during our conversation yesterday, I am unaware of additional testing and treating costs beyond those included in the City's adopted capital improvements budget and as described in the most recent LAN contract change order.

Thanks,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 237-2441

---------- Forwarded message ----------
From: **Dawn Steele** <dsteele@cityofflint.com>
Date: Thu, Feb 18, 2016 at 10:34 AM
Subject: Re: Flint Cash Flow Questions
To: Jody Lundquist <jlundquist@cityofflint.com>

It is under capital improvement on bs&a $4,123,906 and on your cash flow as follows:

contractual services 2,293,580
equipment operation 942,866
repairs and maintenance 887,460

On Wed, Feb 17, 2016 at 5:29 PM, Jody Lundquist <jlundquist@cityofflint.com> wrote:
In follow up to my previous email, please assist in responding to 1,2&5. I will handle the others.

Thanks for all you do. I hope you know how much it's appreciated!

---------- Forwarded message ----------
From: **Vaughn, Cary J. (Treasury)** <VaughnC2@michigan.gov>
Date: Wednesday, February 17, 2016
Subject: Flint Cash Flow Questions
To: "Jody N. Lundquist (jlundquist@cityofflint.com)" <jlundquist@cityofflint.com>

Jody,

I have a few follow up questions to our conversation that I would appreciate your assistance on when you are able.

1. Would you please give me the amortization schedule for the bond payments to KWA?

2. The report from *Jones & Henry* showed a "KWA Capital Cost" of $6.9 million in FY 2017 and 2018 which is shown on the cash flow. However, there is $690,000 for the FY 2016 that does not show or is this on a different line?

3. There is an upcoming bond sale. What does that do to your bond payment line?

4. Does the "Transfers to Debt Service Fund" line item take into account the restructuring of DWRF loans? We have a yearly amount of $1.8 million. Is that what this line is?

5. You mentioned that the testing and treating of KWA water is in the line item, *Capital Improvements*. Which line is that on your cash flow? If it is in the cash flow, do I understand you correctly that you know of no additional costs for this?

Feel free to reply or give me a call. As you know, we are looking to get these items taken care of prior to your meeting with the Treasurer tomorrow at 3:00.

Thanks for your help!

cary

--
Sent from Gmail Mobile

--
Thank you.

Dawn R. Steele
Deputy Finance Director
City of Flint
(810) 766-7266 ext 2309

Osborne, Ken (TREASURY)

From: Osborne, Ken (TREASURY)
Sent: Thursday, February 18, 2016 1:48 PM
To: Steckelberg, Larry (TREASURY)
Cc: Dempkowski, Angela (Treasury)
Subject: RE: Request for Larry Steckelberg
Attachments: 2015-SCVBH-0136-9338.PDF

Larry,

Attached is the most recent version of the bill. The House passed it today. The Senate has already adjourned, but I would suspect they will approve it next week.

No major changes from prior versions of the language Rep. Poleski had been working on. It allows for a credit at a rate determined by the Treasurer not to exceed 65% for residential customers and 20% for commercial customers.

Time period is from April 2014 until the billing period containing the date of the expiration of the disaster declaration as described in SCR 23, which is April 14, unless a subsequent resolution is approved extending it.

From: Dempkowski, Angela (Treasury)
Sent: Thursday, February 18, 2016 1:08 PM
To: Osborne, Ken (TREASURY) <OsborneK1@michigan.gov>
Cc: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: Request for Larry Steckelberg

Ken: Larry would like you to provide him with the latest information that you have regarding the flint water relief appropriation. He has a 2 pm meeting in Flint and was hoping you could email this information to him by then. Thank you.

Angela Dempkowski | Senior Executive Management Assistant/Treasury
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
dempkowskia@michigan.gov

Think Green! Don't print this e-mail unless you need to.

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Thank you

HOUSE SUBSTITUTE FOR

SENATE BILL NO. 136

A bill to make, supplement, and adjust appropriations for various state departments and agencies for the fiscal year ending September 30, 2016; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for various state departments and agencies to supplement appropriations for the fiscal year ending September 30, 2016, from the following funds:

APPROPRIATION SUMMARY

GROSS APPROPRIATION	$ 30,000,000
Total interdepartmental grants and intradepartmental transfers	0

ADJUSTED GROSS APPROPRIATION	$	30,000,000
Total federal revenues		0
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		0
State general fund/general purpose	$	30,000,000

Sec. 102. DEPARTMENT OF TREASURY

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION	$	30,000,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	$	30,000,000
Federal revenues:		
Total federal revenues		0
Special revenue funds:		
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		0
State general fund/general purpose	$	30,000,000

(2) GRANTS

Flint declaration of emergency	$	30,000,000
GROSS APPROPRIATION	$	30,000,000
Appropriated from:		
State general fund/general purpose	$	30,000,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending from state resources in this appropriation act for the fiscal year ending September 30, 2016 is $30,000,000.00 and state appropriations paid to local units of government are $0.

Sec. 202. The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

DEPARTMENT OF TREASURY

Sec. 301. (1) From the funds appropriated in part 1 for the Flint declaration of emergency, up to $30,000,000.00 shall be allocated to reimburse the water enterprise fund of the city of Flint in an amount equal to credits posted to its customers' accounts in accordance with section 302.

(2) The department shall report quarterly to the senate and house appropriations committees, the senate and house fiscal agencies, and the state budget director on the distribution of the funds allocated pursuant to part 1.

Sec. 302. (1) There shall be no administrative charges, from any entity, removed or expended from the appropriations in part 1.

(2) There shall be no expenditures from the funds appropriated in part 1 without specific authorization by the state treasurer.

(3) All unexpended funds from the appropriations in part 1, as of September 30, 2016, shall lapse to the general fund.

(4) The credit to a water customer's account shall be equal to the following:

(a) For a residential customer, an amount determined by the state treasurer not to exceed 65% of the amount billed for water from the beginning of the billing period containing April 30, 2014 to the end of the billing period containing the date upon which the declaration of disaster, as described in Senate Concurrent Resolution No. 23 [or a successor concurrent resolution] of the 98TH Legislature, expires.

(b) For all other customers, an amount determined by the state treasurer not to exceed 20% of the amount billed for water from the beginning of the billing period containing April 30, 2014 to the end of the billing period containing the date upon which the declaration of disaster, as described in Senate Concurrent Resolution No. 23 [or a successor concurrent resolution] of the 98th Legislature, expires.

(5) Credits for sewer services are not to be reimbursed under this section or section 301.

(6) The amount of the credits calculated under subsection (4) shall reflect rates consistent with the rates paid at the time of billing.

(7) The state treasurer, or his or her designee, and the auditor general may audit transactions provided for under this section and section 301 at their discretion.

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

February 19, 2016

FOR IMMEDIATE RELEASE
www.michigan.gov/treasury

Contact: Terry Stanton, Treasury
(517) 335-2167
Dave Murray, Governor
(517) 335-6397

Gov. Snyder announces grants for distressed municipalities

$5.4 million awarded for service and quality of life projects

Gov. Rick Snyder will award $5.4 million to eleven municipalities to help fund various improvement projects, including water system and public safety enhancements as well as technology upgrades through the Financially Distressed Cities, Villages, and Townships (FDCVT) grant program. Snyder previously announced a $2 million award for the City of Flint.

Municipalities are eligible to apply for a FDCVT grant if they are experiencing one or more conditions indicative of "probable financial stress," as defined by Public Act 436 of 2012, the Local Financial Stability and Choice Act.

"The municipalities that applied for and have now been approved for this special funding are among those that have faced significant financial challenges in recent years," Snyder said. "These grants will go a long way to ensure these cities can improve the public services their residents expect and deserve."

Under the grant program, funding may be used to pay for specific projects, services, or strategies that move a city, village, or township toward financial stability. There was $5 million appropriated for the program with a $400,000 carryover from the previous fiscal year. The FDCVT program has a $2 million cap, per local unit.

The following communities will receive funding this year, with projects and amounts noted (alphabetical order):

Local Unit	Project Description	Amount
City of Allen Park	Provide an emergency generator for public safety.	$270,187
City of Benton Harbor	Public safety enhancement through replacement and upgrade of police camera system.	$25,000
City of Benton Harbor	Water system enhancement through water main replacements.	$400,000
City of Ecorse	Public safety enhancement through police body cameras.	$30,000
City of Flint	Water system enhancement through reconnection to Detroit Water and Sewer Department.	$2,000,000

City of Hamtramck	Public safety enhancement through replacement and upgrade of police camera system.	$90,000
City of Highland Park	Water system enhancement through maintenance to water system.	$1,505,000
City of Inkster	Public safety enhancement through deployment of a community relations police officer.	$244,968
City of Inkster	Public safety enhancement through replacement and upgrade of police and fire radios.	$318,993
City of Inkster	Public safety enhancement through fleet replacement of police vehicles.	$218,367
City of Lincoln Park	Public safety enhancement through replacement and upgrade of fire technology.	$21,000
City of Melvindale	Public safety enhancement through fleet replacement of police vehicles and replacement and upgrade of technology.	$94,800
City of River Rouge	Public safety enhancement of dispatch and jail services.	$171,833
City of Wayne	Public safety enhancement through fleet replacement of police vehicle.	$25,389

All appropriated funding has been spent. No future rounds will occur in FY 2016.

####

Vaughn, Cary J. (Treasury)

From: Vaughn, Cary J. (Treasury)
Sent: Friday, February 19, 2016 9.16 AM
To: Jody N Lundquist (jlundquist@cityofflint.com)
Subject: KWA

Follow Up Flag: Follow up
Flag Status: Flagged

Jody,
Would you please email me your contractual agreements and debt amortization schedules that the city has with KWA? Also include any agreements with the county related to KWA and the city including any debt agreements. I am looking for support for any future payment obligations that the city may have with KWA and the county related to the Water fund.
Thanks
cary

* What sticks (Cann Analysis)
SLF Loan - Remove
* KWA Debt Schedule (Contract) All
Treatment & costs

Memo - Highlights Subject to change
* Backup Cost for Water Supply
Bullets
Attached updated following note w/ Open
We have after
is a revised cash flow Reflects we have attempted to perfect
4 months : 1 2 3 4
* 4 months of Credits
Double check

Given date is Today
last day before vacation we
have not been able to
finalize. will change over
third Quarter

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON D C 20460

THE ADMINISTRATOR

The Honorable Rick Snyder
Governor of Michigan
P.O Box 30013
Lansing, Michigan 48909

Dear Governor Snyder:

Thank you for your time today to talk about our shared concerns for the people of Flint. As we discussed, today I am issuing an Order, pursuant to Section 1431 of the Safe Drinking Water Act, directing the Michigan Department of Environmental Quality and the City of Flint to take immediate action to address serious and ongoing concerns with the safety of Flint's drinking water system. The U.S. Environmental Protection Agency is deeply concerned by continuing delays and lack of transparency and has determined that the actions required by the Order – the key elements of which are summarized below – are essential to ensuring the safe operation of Flint's drinking water system and the protection of public health. The Order, which has been transmitted separately, directs that the state notify the EPA in writing within one day of its intent to comply. Recognizing that you have made changes to the leadership at MDEQ, it is imperative that our respective teams set up a meeting no later than next week to begin the work that is before the state, the city and the EPA.

The EPA and other federal agencies are working closely with the state and city to address the public health emergency that is now unfolding as a result of the failure to properly operate Flint's system, leading to multiple health-based drinking water violations and unsafe lead levels in the city's drinking water. As part of these efforts, this past October the EPA established the Flint Safe Drinking Water Task Force (the "EPA Task Force"), composed of EPA scientists who are recognized experts in the field of corrosion control in drinking water systems. The EPA Task Force has provided written recommendations to the city and MDEQ, clearly addressing specific steps needed to re-optimize corrosion control, as well those needed to ensure that the system maintains optimal corrosion control throughout the transition of Flint's water supply from the Great Lakes Water Authority (Detroit) to the Karegnondi Water Authority (KWA) that the city is planning for the summer of 2016. These recommendations have been publicly posted at http://www.epa.gov/mi/flint-drinking-water-documents.

As you and I discussed, some progress has been made in addressing these recommendations; but there continues to be inadequate transparency and accountability with regard to provision of test results and actions taken and those are critical for the people of Flint. In addition, there is an increasing concern about capacity to carry out the recommended actions and to safely manage Flint's drinking water system – especially in the context of the intended transition to KWA water in summer 2016. The EPA Task Force, the city, and the state have had to devote substantial effort to issues related to the planned

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transition from treated water purchased from Detroit to untreated water from KWA. That transition presents complex technical and managerial challenges, above and beyond those related to the immediate need to reduce lead levels in Flint's drinking water, that have serious implications for drinking water safety and public health. Finally, it must be recognized that the EPA Task Force's expertise and technical advisory role are narrowly focused on corrosion control, and that there is a much broader set of issues that must be addressed to ensure the safety of drinking water provided by the Flint system.

For these reasons, the EPA's Order requires the state and the city to take a number of actions, summarized below, to ensure that Flint's drinking water system is re-optimized for corrosion control, that the city establishes the capacity to safely and effectively operate its drinking water system, and that there is public transparency and accountability with regard to these actions:

1. Promptly provide the EPA and the public with official, public and timely responses to the recommendations of the EPA Task Force, including status and plans with regard to implementation of recommended actions

2. Fully implement the EPA Task Force's recommendations with regard to lead sampling; promptly and continuously share the results of all lead sampling and other relevant Flint drinking water data with the EPA and the public, with proper protections for personally identifiable information; and cooperate with the independent EPA sampling effort described below.

3. Ensure, including through the provision of state resources as necessary, that the city has the full complement of qualified professionals needed to safely operate Flint's drinking water system.

4. Obtain, through a publicly transparent process and with the support of state resources as necessary, advice from independent, nationally-recognized experts on drinking water treatment, sampling, and distribution system operation – in order to ensure safe and effective management of that system and to restore public confidence.

5. Prior to implementing any transition to KWA water, make an affirmative determination, with appropriate expert advice and an opportunity for public input, that the city has the technical, managerial, and financial capacity to safely and effectively operate its drinking water system, and that all necessary infrastructure upgrades, analysis, and testing have been completed, in order to ensure a safe transition to KWA.

To help ensure transparency and accountability, the EPA will work with the city in the near term to oversee and participate in the collection of Lead and Copper Rule drinking water samples by Flint residents, will have these samples analyzed in a certified laboratory, and will provide this data to the public, with appropriate protections for personally identifiable information. Further, the EPA will conduct additional, sequential sampling at locations throughout the distribution system, which will be used to further inform the treatment optimization process. The EPA underscores that the state and city ultimately will need to work with independent recognized experts to undertake a broader effort to fully assess and verify the safety of Flint's drinking water system-wide.

Flint Drinking Water Task Force (FTF 15-5)

Task Force Recommendations Regarding Flint Drinking Water Treatment Performance Evaluation

For protection of public health, Flint must avoid significant distribution system issues similar to those experienced following the source water switch to the Flint River and subsequent operation of Flint's water treatment plant.

The EPA Flint Safe Drinking Water Task Force recommends that Flint develop and implement a Performance Assessment Plan prior to distribution of water from the Karegnondi Water Authority (KWA) source. The plan must address how the treatment plant will be brought on-line, and how finished drinking water will be introduced to the distribution system. This plan is particularly important given the City has no experience treating the KWA-supplied water, and is operating a distribution system that is still recovering from the past upset.

Flint should work with its consultant and MDEQ to establish objective water quality and plant performance criteria. The plan must include operation of Flint's drinking water treatment plant for a reasonable period of time to treat KWA-supplied water until:

(1) the treated water meets finished water quality goals;
(2) the finished water quality is consistently maintained;
(3) potential plant operational and mechanical start-up issues are identified and addressed; and
(4) water plant operations staff are proficient in treating the new source.

KWA water should not be distributed to the public until these conditions are satisfied.

During this performance evaluation period, Flint must distribute to the public water from an alternate source. As water is already received from Detroit (Great Lakes Water Authority), that is an obvious and appropriate choice for that interim period. The length of the performance evaluation period will be dependent on the amount of time it takes for the treatment plant to consistently and reliably meet the performance criteria.

Because of similarities in source water and in treatment processes with Detroit's Huron plant, the Flint water plant will likely be configured to produce treated water with similar quality to that of the water currently being received from Detroit. Continued use of Detroit water during the performance evaluation period will minimize the risk of distribution system upsets.

We encourage Flint and the City's consultant to perform a number of assessments prior to the completion of the KWA pipeline and availability of the Lake Huron source water to expedite the plant transition period. For example, the planned bench-scale jar tests will be helpful in establishing full-scale treatment plant operating parameters. Assessment of corrosion control treatment using Detroit source water with lead pipe loop rigs in advance of switching to the KWA source may also be transferrable to the KWA source water. Pipe loops rigs operated during the performance assessment period will help predict whether lead release will be an issue when the new plant goes on line. EPA will work with the City to set up pipe loops at the Flint treatment plant.

The steps outlined above are essential to fulfill our shared interest in the protection of public health against further harm from drinking water contamination, and to restoring public confidence that the ongoing drinking water crisis will be promptly and fully remedied. I expect to receive prompt written notice of the state's intention to promptly and fully comply with the requirements of the Order.

Sincerely,

Gina McCarthy

cc: The Honorable Karen Weaver
Mayor of Flint

Notes on Executive Order 2016-01
Creating the Flint Water Interagency Coordinating Committee

1 Purpose of the FWICC

The first section of Executive Order 2016-01 explains that the goal of the FWICC is to facilitate collaboration and communication between state departments, local governments, and subject matter experts to (1) ensure safe drinking water and (2) address the consequences of elevated lead levels in drinking water. Three key "whereas" clauses are highlighted below:

> WHEREAS, multiple state departments and local authorities share the responsibility for ensuring safe drinking water and the coordination of efforts to address the consequences resulting from the presence of elevated lead levels in drinking water; and
>
> WHEREAS, ensuring safe drinking water and addressing the consequences of elevated lead levels in drinking water will require collaboration and communication between state departments, local governments, and subject matter experts; and
>
> WHEREAS, the establishment of a Flint Water Interagency Coordinating Committee within the Michigan Department of State Police will facilitate the collaboration and communication between state departments, local governments, and subject matter experts necessary to effectively coordinate a response and recovery effort;

2. Administrative Location of the FWICC

Under the Michigan law, executive functions generally must occur within one of the principal departments of the executive branch. Accordingly, the FWICC was created within the Department of State Police (MSP). All administrative matters like budget and staffing fall under the MSP umbrella. Colonel Kriste Etue is the department director of MSP.

> I. A. The Flint Water Interagency Coordinating Committee ("Coordinating Committee") is created as an advisory body within the Michigan Department of State Police (the "Department").
>
> ****
>
> III. A. The Coordinating Committee shall be staffed and assisted by personnel from the Department as directed by the Department Director. Any budgeting, procurement, and related management functions of the Coordinating Committee shall be performed under the direction and supervision of the Department Director.

An advisory committee does not make policy; rather, it provides advice to policy makers. As such, the committee is not subject to the specific statutory requirements Open Meetings Act. This gives the committee maximum flexibility to hold meetings in private or in public as the committee decides. This also gives FWICC flexibility to allow all or some participants to join meetings by telephone or send votes by email, as you decide to be appropriate.

3. Composition of the FWICC & Length of Terms

Section I of the Executive Order addresses the composition of the committee. The FWICC consists of seven state government officials (Office of Urban Initiatives, EMHS, DEQ, DHHS, LARA, Treasury and MDE), seven local officials (selected by the Mayor and the county commission), and three subject matter experts. The initial terms of service end on 12/31/18, the last full day of the Governor's term.

Directors may send a designee to attend and vote at meetings. It generally works best if the designee is the same person each time, but that is not a strict requirement.

Executive orders carry over from one administration to the next unless they are rescinded or amended. The next Governor will have the option of keeping the FWICC in place and making new appointments. Your appointment will last as long as you remain eligible or until a new person is appointed after the expiration of your term. You may be appointed to successive terms. The FWICC will exist until a Governor decides that the FWICC should be terminated.

I. C. A vacancy on the Coordinating Committee occurring other than by expiration of a term shall be filled in the same manner as the original appointment for the balance of the unexpired term. A member may continue serving until his or her successor is appointed. A member may serve successive terms if reappointed

4. Charge to FWICC

Section II of the Executive Order lays out the responsibilities of the FWICC:

1. Create an incident action plan designed to assist state and local authorities in ensuring safe drinking water for the residents of the City of Flint and addressing the consequences of elevated lead levels in drinking water.
2. Review recommendations made by the Flint Water Advisory Task Force and propose statutory, regulatory, or contractual actions necessary for implementation of such recommendations.
3. Identify staff with competencies in emergency planning, operations, logistics, and finance as outlined under the National Incident Management System (NIMS) to work with the Coordinating Committee to track resource requests and document progress on the incident action plan.
4. Establish a standard process for sharing pertinent information between all members including use of the NIMS and Unified/Incident Command as appropriate.
5. Establish routine communications protocols at the local, executive, and legislative levels as appropriate.
6. Establish a public information protocol to effectively inform the community.
7. Make recommendations for acceptable standards for potable water.

8. Make recommendations regarding the health impacts for the affected population.

9. Assess the status of infrastructure and determine feasible actions to upgrade the water system.

10. Establish subcommittees among its members to specifically address, at a minimum, each of the three following topic areas: Water Quality, Community Health, and Education.

11 Assist the Governor and the Department in implementing appropriate operations permitted under the Michigan Emergency Management Act or the federal Stafford Disaster Relief and Emergency Assistance Act, including local emergency operations plans and guides

12. Explore any avenues of funding for response and recovery efforts including federal grants, legislative appropriations, and private partners.

Highlights include: Creating an incident action plan, reviewing recommendations of the Flint Water Advisory Task Force, working with EMHS on the emergency response, facilitating communication within and outside of government, forming at least three subcommittees (Water Quality, Community Health, and Education), making various recommendations to the Governor based on the knowledge and expertise of the FWICC, and exploring funding options.

Not all of these tasks are not the *sole* responsibility of the FWICC. A number of the state and local offices that are part of the FWICC also share responsibility. The FWICC will help to ensure that the various responsible bodies at the state and local level are collaborating and communicating with each other.

5. Operations of the FWICC

Section III of the Executive Order addresses how the FWICC will operate. It is designed to give the FWICC maximum flexibility.

As Statewide Coordinators, Harvey Hollins and Captain Kelenske will be responsible for running the meetings and ensuring that the FWICC completes its required functions:

III. B. The Director of Office of Urban Initiatives within the Executive Office of the Governor and the Deputy State Director of Emergency Management and Homeland Security shall together serve as the Statewide Coordinators responsible for the administrative functions of the Coordinating Committee.

****

III. E. The Coordinating Committee shall meet at the call of either of the Statewide Coordinators and as may be provided in procedures adopted by the Coordinating Committee.

The FWICC has a great deal of freedom to consult with or work with outside experts, members of the public, and government officials:

> **III. C.** The Coordinating Committee may utilize subcommittees and advisory panels composed of its members to assist in completing the functions of the Coordinating Committee. The Coordinating Committee may request public participation on advisory panels as the Coordinating Committee deems necessary.
>
> ****
>
> **III. F.** The Coordinating Committee may, as appropriate to perform its duties, make inquiries, conduct studies, consult with outside experts and federal agencies, and receive comments from the public.
>
> ****
>
> **III. H.** The Coordinating Committee may accept donations of labor, services, or other items of value from any public or private agency or person. Any donations shall be expended in accordance with applicable laws, rules, and procedures.
>
> ****
>
> **IV. A.** All departments, committees, commissioners, or officers of this state or of any political subdivision of this state may give to the Coordinating Committee, or to any member or representative of the Coordinating Committee, any necessary assistance required by the Coordinating Committee, or any member or representative of the Coordinating Committee, in the performance of the duties of the Coordinating Committee so far as is compatible with its, his or her duties.

Any recommendations to the Governor must be supported by a majority of currently serving FWICC members:

> **III. D.** When making recommendations to the Governor, a majority of the serving members of the Coordinating Committee must concur.

Committee members are not compensated but may be reimbursed for travel expenses (e.g., mileage and parking) according to the normal state expense rules. These reimbursements would occur through MSP, which houses the FWICC.

> **III. G.** Members of the Coordinating Committee shall serve without compensation but may receive reimbursement for necessary travel and expenses according to relevant statutes and the rules and procedures of the Civil Service Commission, and the Department of Technology, Management and Budget, subject to available funding.

Any media inquiries, legislative inquiries, and legal inquiries should be handled through MSP. If the FWICC needs legal representation or assistance, it would be provided by an assistant attorney general through MSP:

> III. I. Members of the Coordinating Committee shall refer all legal, legislative, and media contacts to the Department.

6. The Freedom of Information Act

The FWICC is a "public body" within the department of state police in the executive branch. Accordingly it is subject to FOIA. For purposes of clarity, this is spelled out in the Executive Order:

> III. J. A writing prepared, owned, used, in the possession of, or retained by the Coordinating Committee in the performance of an official function is subject to the Freedom of Information Act, 1976 PA 442, as amended, MCL 15.231 to 15.246

Any FOIA requests to FWICC should be referred to the FOIA coordinator for MSP, who will work with you to handle the response.

Michigan's FOIA law covers the public records of public bodies (such as MSP and the FWICC).

A "public record" means "a writing prepared, owned, used, in the possession of, or retained by a public body in the performance of an official function, from the time it is created. Public record does not include computer software." The definition of "writing" is very broad, including any "means of recording or retaining meaningful content."

In short, this means that your notes taken at FWICC meetings, e-mails between FWICC members about FWICC business, and any documents created or used by FWICC are subject to FOIA and could be released to the media. There are a number of exemptions to FOIA. These are listed at MCL 15.243, and include—among other things—personal information and information that is subject to a legal privilege like that attorney-client privilege.

Governor Rick Snyder
REINVENTING MICHIGAN
Getting It Right. Getting It Done.

SNYDER

Gov. Rick Snyder: Swift Senate approval of $30 million for water bills shows strong commitment to Flint residents

If approved by House, supplemental funding for Flint totals $67.3 this fiscal year

Thursday, Feb 4, 2016

LANSING, Mich. – The proposal announced yesterday by Gov. Rick Snyder to aid the city of Flint with credits to be applied to the portion of residents' water and sewer bills for water used for drinking, bathing and cooking is one step closer to enactment after the state Senate voted unanimously today for passage of the $30 million dollar funding request.

"We want to provide relief to Flint residents who were paying for water they could not drink," Snyder said. "The entire state continues to demonstrate unity in coming together for the residents of Flint, and I greatly appreciate the acts of cooperation, bipartisanship and good will that are advancing Flint's recovery."

If approved by both chambers and signed into law, the Consumption and Consumer Use Credit would aid the city of Flint in applying these credits to residents' water portion of their water and sewer bills until state and federal officials certify the water is safe to consume. Under the plan, the city would credit residential bills going back to April 2014 for water used for drinking, bathing and cooking - about 65 percent of the water portion of residential water and sewer bills. Residents would still be responsible for covering sewer costs as well as water not used for consumption - such as flushing toilets, hot water boilers and outside water use.

Last Friday, Snyder signed a supplemental budget bill for Flint for $28 million to supply free bottled water, faucet filters, and testing kits for Flint residents, put nurses in local schools to monitor student health and well-being, provide better nutrition for students and infants through WIC and in-school nutrition programs and fund other health care and follow-up services for children with high lead levels.

The $28 million is in addition to $9.3 million appropriated in Oct. 2015 to move back to Detroit's water system, test drinking water and provide wraparound services for children. If this $30 million is approved by the House, state funding for Flint's water crisis for this Fiscal Year will total $67.3 million.

The supplemental spending now heads to the House for consideration, where it will be held for 5 days according to the Constitution before it can be voted on.

NEW ISSUE **Rating:** See "RATING" herein

Book-Entry-Only

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, assuming compliance with certain covenants by the Issuer, the interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" and "FORM OF APPROVING OPINION" herein for a description of certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which may affect the tax treatment of interest on the Bonds for certain Bondholders

COUNTY OF GENESEE
STATE OF MICHIGAN
$35,000,000
WATER SUPPLY SYSTEM REVENUE BONDS
(LIMITED TAX GENERAL OBLIGATION)
SERIES 2013

Dated: Date of Delivery **Principal Due: November 1, as shown on Inside Cover Page**

The Water Supply System Revenue Bonds (Limited Tax General Obligation), Series 2013 (the "Bonds") are issued under the provisions of Act 94, Public Acts of Michigan, 1933, as amended, Act 342, Public Acts of Michigan, 1939, as amended, and Ordinance Nos. 03-03, 03-05, 06-06, 12-03 and 13-01 (collectively, the "Ordinances") duly adopted by the County of Genesee, State of Michigan (the "Issuer") The Bonds are being issued for the purpose of paying a portion of the cost of acquiring and constructing improvements to the Issuer's Water Supply System (the "System") The Bonds are payable primarily from the Net Revenues (as hereinafter defined) of the System, and are secured by a statutory first lien on the Net Revenues established by said Ordinances on a parity basis with certain Outstanding Bonds (as hereinafter defined) The Issuer has covenanted and agreed to fix and maintain at all times while any of the Bonds are outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the necessary expenses of operation, maintenance and administration of the System, of the principal of and interest on all of the Bonds and the Outstanding Bonds when due, and to provide for such other expenditures and funds for the System as are required by the Ordinances.

As additional security for the payment of the principal of and interest on the Bonds, the Issuer has irrevocably pledged its full faith and credit for the prompt payment of the principal of and interest on the Bonds. Should the Net Revenues of the System at any time be insufficient to pay the principal of and interest on the Bonds when due, then the Issuer shall pay the amount of the insufficiency from its general funds as a first budget obligation The Issuer is obligated, to the extent necessary, to levy ad valorem taxes on all taxable property in the boundaries of the Issuer for such purpose, subject to applicable constitutional and statutory limitations as to rate and amount.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY.**

The Bonds are issuable only as fully registered Bonds without coupons, and when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds Purchases of beneficial interests in the Bonds will be made in book-entry only form, in the denominations of $5,000 or any integral multiple thereof Purchasers will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See *BOOK-ENTRY ONLY SYSTEM* herein.

Interest on the Bonds will be payable semiannually on May 1 and November 1 of each year commencing on May 1, 2014 The Bonds will be registered Bonds, of the denomination of $5,000 or multiples thereof not exceeding for each maturity the principal amount of such maturity The principal and interest shall be payable at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any change in interest payment date (the "Transfer Agent"). Interest shall be paid when due by check mailed to the registered owner as shown by the registration books as of the fifteenth day of the month preceding the payment date for each interest payment. Payment of principal and interest to Beneficial Owners shall be made as described in *BOOK-ENTRY ONLY SYSTEM* herein.

The Bonds are subject to redemption at par, as described herein.

The Bonds are offered when, as and if issued by the Issuer and subject to receipt of the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Dickinson Wright PLLC, Troy and Lansing, Michigan. It is expected that delivery of the Bonds will be made in New York, New York on or about October 3, 2013.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT.

J.P. Morgan

Wells Fargo Securities **Stifel, Nicolaus & Company, Incorporated**

Dated: September 17, 2013

MATURITY SCHEDULE

WATER SUPPLY SYSTEM REVENUE BONDS (LIMITED TAX GENERAL OBLIGATION), SERIES 2013

SERIAL BONDS
(Base CUSIP§:371608)

Year	Amount	Interest Rate	Price or Yield	CUSIP§	Year	Amount	Interest Rate	Price or Yield	CUSIP§
2014	$670,000	2 000%	0 580%	RJ1	2024	$1,185,000	5 000%	4 260%*	RU6
2015	$815,000	3 000%	1 100%	RK8	2025	$1,240,000	5.000%	4 440%*	RV4
2016	$840,000	3 000%	1 520%	RL6	2026	$1,305,000	5.250%	4 620%*	RW2
2017	$865,000	4 000%	1 970%	RM4	2027	$1,375,000	5.250%	4 750%*	RX0
2018	$900,000	4 000%	2 490%	RN2	2028	$1,445,000	5 250%	4.870%*	RY8
2019	$935,000	4 000%	2 860%	RP7	2029	$1,520,000	5 000%	5 000%	RZ5
2020	$975,000	5 000%	3 190%	RQ5	2030	$1,595,000	5 000%	5 080%	SA9
2021	$1,020,000	5 000%	3 530%	RR3	2031	$1,675,000	5 000%	5 130%	SB7
2022	$1,075,000	5 000%	3 810%	RS1	2032	$1,760,000	5 125%	5 210%	SC5
2023	$1,125,000	5 000%	4 030%*	RT9	2033	$1,850,000	5 125%	5 280%	SD3

*Yield to the May 1, 2023 first call date

TERM BONDS

Year	Amount	Interest Rate	Price or Yield	CUSIP§
2038	$10,830,000	5 375%	5 510%	SE1

§ Registered trademark of American Bankers Association. CUSIP numbers are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Issuer does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity

COUNTY OF GENESEE

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DIRECTOR, DIVISION OF WATER & WASTE SERVICES
John F. O'Brien

CONTROLLER
Keith Francis

COUNTY CLERK
John J. Gleason

TREASURER
Deborah L. Cherry

BOARD OF COMMISSIONERS
Jamie W. Curtis, Chairperson

Omar A. Sims
Brenda Clack
John Northrup
Mark Young

Tony Brown
Archie H. Bailey
Ted Henry
Pegge Adams

PROFESSIONAL SERVICES

TRANSFER AGENT ..... *The Huntington National Bank*

BOND COUNSEL ..... *Miller, Canfield, Paddock and Stone, P.L.C.*

FINANCIAL ADVISOR ..... *Stauder, BARCH & ASSOCIATES, Inc.*

No dealer, broker, salesman or other person has been authorized by the Issuer to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth in this Official Statement has been obtained from the Issuer and other sources which are believed to be reliable, including The Depository Trust Company with respect to the information contained under the heading BOOK-ENTRY ONLY SYSTEM, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuer. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above or that the other information or opinions are correct as of any time subsequent to the date of this Official Statement. The Transfer Agent has not participated in the preparation of this Official Statement and assumes no responsibility for it.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and in Appendix H, "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY ISSUER. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement contains forward-looking statements, which can be identified by the use of the future tense or other forward-looking terms such as "may," "intend," "will," "expect," "anticipate," "plan," "management believes," "estimate," "continue," "should," "strategy," or "position" or the negatives of those terms or other variations of them or by comparable terminology. In particular, any statements express or implied, concerning future receipts of federal grants or the ability to generate cash flow to service indebtedness are forward-looking statements. Investors are cautioned that reliance on any of those forward-looking statements involves risks and uncertainties and that, although the Issuer's management believes that the assumptions on which those forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate. As a result, the forward-looking statements based on those assumptions also could be incorrect, and actual results may differ materially from any results indicated or suggested by those assumptions. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Official Statement should not be regarded as a representation by the Issuer or that its plans and objectives will be achieved. All forward-looking statements are expressly qualified by the cautionary statements contained in this paragraph. The Issuer undertakes no duty to update any forward-looking statements.

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OFFICIAL STATEMENT

COUNTY OF GENESEE
STATE OF MICHIGAN
$35,000,000
WATER SUPPLY SYSTEM REVENUE BONDS
(LIMITED TAX GENERAL OBLIGATION)
SERIES 2013

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by the County of Genesee, State of Michigan (the "Issuer") of its Water Supply System Revenue Bonds (Limited Tax General Obligation), Series 2013 (the "Bonds") in the aggregate principal amount of $35,000,000.

PURPOSE AND SECURITY

Pledge of Revenues

The Bonds are issued under the provisions of Act 94, Public Acts of Michigan, 1933, as amended, Act 342, Public Acts of Michigan, 1939, as amended ("Act 342"), and Ordinance Nos. 03-03, 03-05, 06-06, 12-03 and 13-01 (collectively, the "Ordinances") duly adopted by the Issuer. The Bonds are being issued for the purpose of paying a portion of the cost of acquiring and constructing improvements to the Issuer's Water Supply System (the "System") consisting of acquiring land adjacent to Lake Huron in Sanilac County, Michigan and constructing thereon an intake facility in the County of Sanilac (collectively, the "Project"). The Issuer intends for the Project to be made available to and used by the Karegnondi Water Authority ("KWA") as part of the water supply system to be established by KWA (the "KWA System") for the benefit of its member communities. KWA was incorporated in October, 2010 pursuant to Act 233, Public Acts of Michigan, 1955, as amended, by the Issuer, the County of Lapeer, the County of Sanilac, the City of Flint and the City of Lapeer. For a description of the proposed KWA System, see the heading KAREGNONDI WATER AUTHORITY herein.

The principal of and interest on the Bonds are payable primarily from the revenues of the System, after provision has been made for the reasonable and necessary expenses of administration, operation and maintenance of the System (the "Net Revenues"), and a statutory first lien on the Net Revenues is established by the Ordinances. The Bonds are equally secured and on a parity basis in all respects as to the Net Revenues of the System with the Issuer's outstanding Water Supply System Revenue Bonds (Limited Tax General Obligation), Series 2003, Water Supply System Revenue Bonds (Limited Tax General Obligation), Series 2003B, Water Supply System Revenue Bonds (Limited Tax General Obligation), Series 2004 and Water Supply System Revenue Bonds (Limited Tax General Obligation), Series 2007 (collectively, the "Outstanding Bonds").

Rate Covenant

The Issuer has covenanted and agreed to fix and maintain at all times while any of the Bonds are outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the expenses of administration and operation of the System and such expenses for

maintenance of the System as are necessary to preserve the System in good repair and working order. In addition, the Issuer has covenanted and agreed to fix and maintain rates so that there shall be produced in each fiscal year Net Revenues in an amount not less than the aggregate principal and interest coming due on the Bonds and the Outstanding Bonds in each fiscal year.

No Bond Reserve Account

The Issuer has not established and will not maintain a bond reserve account to secure payment of the Bonds and the Outstanding Bonds.

Additional Bonds

The Issuer has reserved the right to issue additional bonds of equal standing and priority of lien as to the Net Revenues with the Bonds and the Outstanding Bonds, but only for the purposes and subject to the terms and conditions set forth in Section 20 of Ordinance No. 03-03, a copy of which is included in APPENDIX G.

System Information; Funds and Accounts

For a description of the System and certain statistical and summary financial information related to the operation of the System, see the heading GENESEE COUNTY MUNICIPAL WATER SYSTEM herein and APPENDIX C hereto. For a complete description of the funds and accounts of the System and the flow of funds, reference is made to the Ordinances attached hereto as APPENDIX G.

Pledge of Issuer Full Faith and Credit

As additional security for the payment of the principal of and interest on the Bonds, the Issuer has irrevocably pledged its full faith and credit for the prompt payment of the principal of and interest on the Bonds. Should the Net Revenues of the System at any time be insufficient to pay the principal of and interest on the Bonds when due, then the Issuer shall pay the amount of the insufficiency from its general funds as a first budget obligation. The Issuer is obligated, to the extent necessary, to levy ad valorem taxes on all taxable property in the boundaries of the Issuer for such purpose, subject to applicable constitutional and statutory limitations as to rate and amount.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

For additional information on the Issuer, see APPENDIX A and APPENDIX C hereto.

THE PROJECT

The Project consists of water supply system improvements involving the acquisition of a parcel of land adjacent to Lake Huron in Sanilac County and the acquisition and construction thereon of a raw water intake facility. The Issuer intends for the Project to be made available to and used by KWA as part of the KWA System for the benefit of its member communities.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds

Par amount of Bonds	$35,000,000
Net Original Issue Premium/Discount	657,341
Total Sources	$35,657,341

Use of Funds

Deposit to Construction Fund	$35,118,672
Costs of Issuance (including Insurance Premium)	355,687
Underwriters' Discount	182,982
Total Uses	$35,657,341

THE BONDS

The Bonds will be dated the date of delivery thereof, will bear interest at the rates and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement and will be subject to redemption prior to maturity as described below.

The Bonds will be issued as fully registered Bonds as described in APPENDIX F, BOOK-ENTRY-ONLY SYSTEM. Subject to the provisions for the book-entry system, the principal of and any redemption premium on the Bonds will be payable upon surrender thereof at the designated office of the Transfer Agent, and interest will be payable by check or draft mailed by the Transfer Agent to the registered owners of the Bonds as shown on the registration books of the Issuer maintained by the Transfer Agent as of the close of business on the fifteenth day of the calendar month preceding the month in which the interest payment is due. The Transfer Agent also may pay interest on Bonds by wire transfer or such other method as is acceptable to the Transfer Agent and the Bondholder to whom payment is being made.

PRIOR REDEMPTION OF BONDS

Optional Redemption

Bonds maturing in the years 2014 to 2022, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of Bonds in multiples of $5,000 maturing in the year 2023 and thereafter shall be subject to redemption prior to maturity, at the option of the Issuer, in any order of maturity and by lot within any maturity, on any date on or after May 1, 2023, at par and accrued interest to the date fixed for redemption.

Mandatory Redemption of Term Bonds

The Bonds maturing in the year 2038 (the "Term Bonds") shall be subject to annual mandatory redemption on November 1 of the following years and in the following amounts, at par, plus accrued interest to the date of mandatory redemption.

Redemption Dates	Principal Amounts
November 1, 2034	$1,945,000
November 1, 2035	$2,050,000
November 1, 2036	$2,160,000
November 1, 2037	$2.275.000
November 1, 2038 (Maturity)	$2,400,000
TOTAL	$10,830,000

When Term Bonds are purchased by the Issuer and delivered to the Transfer Agent for cancellation or are redeemed in a manner other than by mandatory redemption, the principal amount of Term Bonds affected shall be reduced by the principal amount of the Term Bonds so purchased or redeemed in the order determined by the Issuer.

In case less than the full amount of an outstanding Bond is called for redemption, the Transfer Agent, upon presentation of the Bond called for redemption, shall register, authenticate and deliver to the registered owner of record a new Bond in the principal amount of the portion of the original Bond not called for redemption.

Notice of redemption shall be given to the registered owner of any Bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A Bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem said Bond or portion thereof.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix H to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities

otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2013 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $485.8 million, $9.2 million and $476.6 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the

accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE."

GENESEE COUNTY
MUNICIPAL WATER SUPPLY SYSTEM

Water Supply System

The Issuer currently purchases water from the City of Flint, which in turn purchases water from the City of Detroit, through its Detroit Water and Sewerage Department ("DWSD"). The Issuer's payment to Flint is a flat rate of $446,290 per month plus a commodity charge equal to the charge from Detroit to Flint for the water. For 2012 the commodity charge was $1.246 per metered hundred cubic feet. The commodity charge went down starting July 1, 2012 by 6.7%, but is anticipated to increase at 6 to 8% per year in the future. The flat rate went up starting July 1, 2012 by $124,035 and is also anticipated to increase at 6 to 8% per year in the future.

Wholesale or master meter customers are those customers that purchase the water in bulk at designated metered locations. The Issuer is not involved in the local operation and maintenance of the water distribution system.

Purchased Water from the City of Flint

Year	Total (cu.ft.)	% Increase	Year	Total (cu. ft.)	%Increase
2006	709,663,900		2010	616,632,200	0.05
2007	719,759,400	1.42	2011	621,182,300	0.74
2008	656,343,300	-8.81	2012	630,152,800	1.44
2009	616,325,400	-6.10			

Average - 1.88% per year

Billable Metered Water Volume

The Issuer's water charges are based on either community master meter readings or the summation of individual water meter readings within each community. Billable metered water volumes by community for 2011 and 2012 for the water supply district are given in Table 1.

Table 1
Water Supply District

Community	2011 (cu. ft.)	2012 (cu. ft.)	Average % Increase Per Year (11-12)
Burton City[1]	60,577,973	62,145,013	2.59%
Clio City[1]	9,063,800	8,916,600	-1.62%
Morris City[1]	11,257,800	11,276,200	0.16%
Swartz Creek City[1]	28,734,200	27,420,810	-4.57%
Montrose City[1]	6,093,500	6,105,500	0.20%
Flushing City[1]	27,988,300	27,741,300	-0.88%
Montrose Twp.	5,800,860	4,707,630	-18.85%
Vienna Twp.	13,436,826	12,698,830	-5.49%
Thetford Twp.	17,000	17,100	0.59%
Flushing Twp.	22,867,220	21,778,280	-4.76%
Mt. Morris Twp.	33,608,700	31,347,030	-6.73%
Genesee Twp.[1]	36,069,100	35,315,900	-2.09%
Richfield Twp.	8,260,510	6,239,880	-24.46%
Clayton Twp.	7,272,720	6,804,280	-6.44%
Flint Twp.	107,050,962	91,129,219	-14.87%
Davidson Twp.	41,696,344	37,408,010	-10.28%
Gaines Twp.	4,260,490	4,059,900	-4.71%
Mundy Twp.	25,851,918	22,909,853	-11.38%
Grand Bl. Twp.[1]	129,998,237	130,167,445	0.13%
Hydrants	1,786,526	3,010,216	68.50%
Total	581,692,986	551,198,996	-2.25%

[1] Master Meter

Water Purchased and Sold

The historical water loss is shown below with an average system loss of 5.56%. Water loss can be due to fire protection, water line breaks, illegal hook ups, and errors in billing. Water purchases are based on billable water plus 8% water loss.

Historical Water Purchased v. Sold

Year	Water Purchased	Billable Water	% System Loss
2007	719,759,400	668,814,441	7.08%
2008	656,343,300	643,936,714	1.89%
2009	616,325,400	594,736,958	3.50%
2010	616,632,200	585,092,058	5.11%
2011	621,182,300	572,717,934	7.80%
2012	630,152,800	579,781,667	7.99%

Operating Revenues and Expenses

The following table sets forth operating revenue and expense summaries for the System for the years ended 2010, 2011 and 2012, which information has been taken from the audited financial statements of the System for such years. See APPENDIX C hereto.

Operating Revenues	2010 Audited	2011 Audited	2012 Audited
Revenue from Rates	$21,202,820	$21,697,903	$23,104,124
Water Meter Sales	65,757	64,662	46,694
Other Operating Revenue	21,705	497,659	709,227
Total Operating Revenues	$21,560,282	$22,260,224	$23,860,045

Operating Expenses	2010 Audited	2011 Audited	2012 Audited
Cost of Water	$10,835,456	$12,947,738	$11,779,406
Personnel Services	4,423,629	4,108,249	4,474,345
Contractual Services	394,893	273,867	1,026,699
Utilities	440,210	563,135	510,656
Repairs and Maintenance	410,699	623,712	459,761
Other Supplies and Expenses	254,988	183,585	255,244
Insurance Claims and Expenses	71,501	78,992	118,481
Depreciation	1,782,129	1,782,145	1,849,811
Total Operating Expenses	$18,613,505	$20,561,423	$20,474,403

Water Rate Structure

Water for the System is measured by a meter or equivalent meters, installed and controlled by the Issuer. Charges for water service are made for water furnished based upon monthly and quarterly billings as set forth in the tables below. The Issuer charges a County Capital Improvement Fee (CCIF) for new connections to the water loop in the amount of $1,000 per residential equivalent unit. The Issuer also charges for specific services.

The basis for customer charges is the monthly distribution of water per customer. Water bills are based on a Readiness to Server (RTS) charge along with a commodity component due on actual usage. This cost recovery method provides a relatively consistent revenue base. In addition, each of the customer communities imposes rates and charges to recover the cost of local water utility services that they provide. As a result, each community on the System has diverse rates and charges in place which impact individual customers differently.

Where individual water meter readings are available, the readings are used as the basis for charges. The rates charged are based on the size of the individual water meters, plus the actual water consumption measured by the accumulation of these individual water meter readings. RTS charges start at $14.59 per month for a 5/8" meter. Commodity charges are currently $3.53 per 100 cubic feet, or $4.72 per 1,000 gallons of water consumed.

Where community bulk water readings are available, the readings are used as the basis for charges. The rates charged are based on the number of equivalent meters for a community plus the actual water consumption measured at the community master meters. RTS charges are currently $89.67 per equivalent meter. Commodity charges are currently $3.53 per 100 cubic feet, or $4.72 per 1,000 gallons of water consumed.

Individual Meters **Water Supply Minimum Charge Rates**

Meter Size (in)	09/02/2012 - 09/01/2013 Charge	09/02/2013 Charge	01/02/2014 Charge
5/8	$13.38	$14.59	$14.59
3/4	20.07	21.89	21.89
1	33.45	36.48	36.48
1-1/2	66.90	72.95	72.95
2	107.04	116.72	116.72
3	200.70	218.85	218.85
4	334.50	364.75	364.75
6	669.00	729.50	729.50
8	1,070.40	1,167.20	1,167.20
10	1,605.60	1,750.80	1,750.80
12	2,876.70	3,136.85	3,136.85

Indirect Rates

Meter Size (in)	09/02/2012 – 09/01/2013 Charge	09/02/2013 Charge	01/02/2014 Charge
5/8	$13.38	$13.53	$13.53
3/4	20.07	20.30	20.30
1	33.45	33.83	33.83
1-1/2	66.90	67.65	67.65
2	107.04	108.24	108.24
3	200.70	202.95	202.95
4	334.50	338.25	338.25
6	669.00	676.50	676.50
8	1,070.40	1,082.40	1,082 40

Equivalent Meters	09/02/2012 - 09/01/2013 Charge/EM	09/02/2013 Charge/EM	01/02/2014 Charge/EM
25	$3,295.75	$2,241.75	$2,241.75
50	6,591.50	4,483.50	4,483.50
80	10,546.40	7,173.60	7,173.60
120	15,819.60	10,760.40	10,760.40
165	21,751.95	14,795.55	14,795.55
215	28,343.45	19,279.05	19,279.05
320	42,185.60	28,694.40	28,694.40

Commodity/Usage Charges

Rate Per 100 cubic feet of consumption	
09/02/09 - 09/01/10	$2.54
09/02/10 - 09/01/11	$2.76
09/02/11- 09/01/12	$2.96
09/02/12 – 09/01/13	$3.18
09/02/13- 01/01/14	$3.53
01/02/14	$3.94

Ten Largest Customers

The majority of the customers of the System are communities, with individual customers primarily utilizing hydrants. See GENESEE COUNTY MUNICIPAL WATER SUPPLY - "*Billable Metered Water Volume*" herein. The ten largest customers for the year ended September 30, 2012 are as follows:

Community	Cubic Ft.	% of Total System
Grand Blanc Township	130,167,445	23.62%
Flint Township	91,129,219	16.53
City of Burton	62,145,013	11.27
Davison Township	37,408,010	6.79
Genesee Township	35,315,900	6.41
Mt. Morris Township	31,347,030	5.69
City of Flushing	27,741,300	5.03
City of Swartz Creek	27,420,810	4.97
Mundy Township	22,909,853	4.16
Flushing Township	21,778,280	3.95
TOTAL	487,362,860	88.42%

$35,000,000
COUNTY OF GENESEE
STATE OF MICHIGAN
WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2013
(LIMITED TAX GENERAL OBLIGATION)
Schedule of Projected Revenue Coverage over Debt

Bond Term	25 1 years
Bonds Dated	10/3/2013

	2011	2012
REVENUES		
Operating Revenue	$22,260,224	$23,860,045
Augment of Rate Increase	4,740,439	3,429,515
CCIF Revenue	249,600	595,025
Investment Income	21,315	28,348
	$27,271,578	$27,912,933
EXPENSES		
Operating Expenses	$20,561,423	$20,474,403
Depreciation	(1,782,145)	(1,849,811)
	$18,779,278	$18,624,592
NET REVENUE	$ 8,492,300	$ 9,288,341

Max Annual Principal & Interest Requirement	$5,754,984
Lesser of prior year and 2 year average	$8,890,321
Minimum Coverage	1.54
Minimum Coverage	1 10 x

Tax Year	Fiscal Year Ended 12/31	Total Existing Water Revenue Bonds $39,890,000	Interest Due May 1	Interest Due Nov 1	Interest Rate	Principal Due Nov 1	Total P&I	Total Proposed Water Revenue Bonds	Adjusted Net Revenue	Estimated Annual Debt Service Coverage
2012	2013	$3,161,064	$0	$0	0 000%	$0	$0	$ 3,161,064	$8,890,321	2 81
2013	2014	3,158,776	996,804	862,619	2 000%	670,000	2,529,423	5,688,199	8,890,321	1 56
2014	2015	3,158,256	855,919	855,919	3 000%	815,000	2,526,838	5,685,094	8,890,321	1 56
2015	2016	3,153,696	843,694	843,694	3 000%	840,000	2,527,388	5,681,084	8,890,321	1 56
2016	2017	3,151,064	831,094	831,094	4 000%	865,000	2,527,188	5,678,251	8,890,321	1.57
2017	2018	3,154,318	813,794	813,794	4 000%	900,000	2,527,588	5,681,906	8,890,321	1 56
2018	2019	3,206,584	795,794	795,794	4 000%	935,000	2,526,588	5,733,171	8,890,321	1 55
2019	2020	3,214,371	777,094	777,094	5.000%	975,000	2,529,188	5,743,559	8,890,321	1 55
2020	2021	3,223,559	752,719	752,719	5 000%	1,020,000	2,525,438	5,748,996	8,890,321	1 55
2021	2022	3,225,546	727,219	727,219	5 000%	1,075,000	2,529,438	5,754,984	8,890,321	1.54
2022	2023	3,227,559	700,344	700,344	5 000%	1,125,000	2,525,688	5,753,246	8,890,321	1.55
2023	2024	3,225,471	672,219	672,219	5 000%	1,185,000	2,529,438	5,754,909	8,890,321	1 54
2024	2025	3,213,256	642,594	642,594	5 000%	1,240,000	2,525,188	5,738,444	8,890,321	1 55
2025	2026	3,206,419	611,594	611,594	5.250%	1,305,000	2,528,188	5,734,606	8,890,321	1 55
2026	2027	3,169,525	577,338	577,338	5 250%	1,375,000	2,529,675	5,699,200	8,890,321	1 56
2027	2028	3,078,919	541,244	541,244	5 250%	1,445,000	2,527,488	5,606,406	8,890,321	1 59
2028	2029	2,986,794	503,313	503,313	5 000%	1,520,000	2,526,625	5,513,419	8,890,321	1 61
2029	2030	2,888,313	465,313	465,313	5 000%	1,595,000	2,525,625	5,413,938	8,890,321	1 64
2030	2031	1,768,669	425,438	425,438	5 000%	1,675,000	2,525,875	4,294,544	8,890,321	2 07
2031	2032	1,659,713	383,563	383,563	5 125%	1,760,000	2,527,125	4,186,838	8,890,321	2 12
2032	2033	1,610,406	338,463	338,463	5 125%	1,850,000	2,526,925	4,137,331	8,890,321	2 15
2033	2034	0	291,056	291,056	5 375%	1,945,000	2,527,113	2,517,113	8,890,321	3 52
2034	2035	0	238,784	238,784	5 125%	2,050,000	2,527,569	2,527,569	8,890,321	3 52
2035	2036	0	183,691	183,691	5 375%	2,160,000	2,527,381	2,527,381	8,890,321	3 52
2036	2037	0	125,641	125,641	5 375%	2,275,000	2,526,381	2,526,381	8,890,321	3.52
2037	2038	0	64,500	64,500	5 375%	2,400,000	2,529,000	2,529,000	8,890,321	3 52
		$61,842,277	$14,159,220	$14,025,034		$35,000,000	$63,184,254	$125,026,531		

KAREGNONDI WATER AUTHORITY

KWA was established in October 2010 for the purpose of providing its member communities (the Issuer, the County of Lapeer, the County of Sanilac, the City of Flint ("Flint") and the City of Lapeer) with a new source of water. KWA will supply raw water for the three county area consisting of over 2,232 square miles and a population of over one half million residents. Each member will be responsible for providing finished or raw water to its local customers. The Issuer participated in the establishment of KWA in order to have a more reliable supply of water at rates that will ultimately be less than what would otherwise be payable to DWSD.

KWA will supply metered, untreated water to each contracting member. The actual cost for appurtenances and maintenance of KWA will be allocated based on water sold and each contracting member will be responsible for its proportional share of the cost. Each contracting member will be responsible for treating and distributing drinking water to its individual customers.

To supply water to its contracting members, KWA will be required to construct a lake intake on Lake Huron, approximately 65 miles of pipe from the intake plant to the City of Flint and 2 pump stations, one of which will be located near the intake facility. Such facilities collectively constitute the KWA System. The intake facility and the site therefor also constitute the Project that is being financed with the proceeds of the Bonds, and the Issuer intends for the Project to be made available to and used by KWA as part of the KWA System.

KWA has retained the services of the Genesee County Drain Commissioner, as County Agency of the Issuer under Act 342 (the "County Agency"), to administer the design and construction of the KWA System. On behalf of KWA, the County Agency has acquired 40 acres on Lake Huron for the intake plant and pump station and 40 acres in Lynn Township on the borders of Sanilac, St. Clair and Lapeer Counties for the second pump station. In anticipation of the construction of the KWA System, the County Agency has obtained a water withdrawal permit of up to 85 million gallons per day ("mgd") from Lake Huron. The lake intake is currently under construction, the County Agency having supervised the design of the facility and the receipt and award of construction bids for the facility. In addition, the County Agency has hired project managers which have to date secured the route of the pipe line, identified all environmental issues and prepared preliminary permits for the entire 65-mile route, and also has retained consulting firms to complete the design of the remaining KWA System facilities.

KWA currently has entered into two water purchase contracts (the "Water Purchase Contracts"), effective October 1, 2013: one with Flint to supply up to 18 mgd and one with the County Agency, on behalf of the Issuer, to supply 42 mgd. The charges to be paid by Flint and the Issuer in the Water Purchase Contracts are broken down into two distinct portions: an annual fixed or capital fee and an annual commodity or operations and maintenance fee. The Issuer expects to pay such charges from Revenues of the System as an operation and maintenance expense in the same manner that it presently pays Flint for water furnished by DWSD.

The size of the KWA System is based on the volume identified in the Water Purchase Contracts and any additional water purchase contracts entered into with additional parties, up to a maximum of 85 mgd, KWA's permit limit. Each contracting party will be responsible for the annual

fixed fee regardless of the amount of water taken. The other members of KWA have until October 16, 2013 to enter into a water purchase contract with KWA at the same rates set forth in the Water Purchase Contracts. It is not anticipated that other members of KWA will enter into water purchase contracts during this period. Members entering into water purchase contracts with KWA subsequent to such date will pay any incremental costs associated with accommodating their water purchase contracts.

The estimated construction costs for the KWA System, including the Project, are $272,000,000 based on water contracts of 60 mgd. It is expected that KWA will enter into a contract with Flint and the Issuer under Act 233 (the "KWA Financing Contract") whereby KWA will agree to issue bonds (the "KWA Bonds") to finance the remaining facilities for the KWA System, presently estimated to be in an amount not to exceed $237,000,000, in anticipation of payments to be made by Flint and the Issuer as provided therein. The KWA Financing Contract is contemplated in the Water Purchase Contracts and will set forth the manner in which the capital costs of the KWA System facilities will be allocated. Under the KWA Financing Contract, Flint and the Issuer are expected to be responsible for paying 34.2% and 65.8%, respectively, of the debt service on the KWA Bonds. This allocation takes into account and credits the Issuer for financing and being responsible for the payment of 100% of the costs of the Project. In addition, in the event and to the extent that Flint fails to pay its share of the debt service on the KWA Bonds, the Issuer will be responsible for making up the shortfall. Flint and the Issuer each expect to make such payments from the revenues to be derived from the users of their respective water supply systems, but each will pledge its limited tax full faith and credit to the making of such payments.

In order to provide finished water to its customers, Flint expects to utilize an existing water treatment plant, which is currently operating in a back-up role with a capacity of 36 mgd. Flint will be required to make an estimated $8,000,000 in improvements to convert the plant from stand-by to fully operational. The County Agency will be required to build a new water treatment plant at an estimated cost of $60,000,000 to provide finished water to the Issuer's customers. The County Agency has acquired 76 acres approximately 14 miles east of the City of Flint in Marathon Township in Lapeer County, which is expected to serve as the site of the Issuer's new water treatment plant. The new water treatment plant is expected to be constructed and fully operational on or before January 1, 2016, the date on which the KWA System is expected to be fully operational.

Currently, Flint and the Issuer through the County Agency receive finished water from the City of Detroit, through its Detroit Water and Sewerage Department ("DWSD"). In 2012, Flint and the Issuer combined for a total payment to DWSD of approximately $25,000,000 in both fixed fee and commodity charges for an average water cost of $22.72 per 1,000 cubic feet of water. Based upon the purchase of 16 mgd and an annual average flow of 12 mgd, Flint's estimated cost to produce finished water is $14.02 per 1,000 cubic feet. The County Agency will purchase 42 mgd of capacity. With a current annual average day flow of 14 mgd, the Issuer's estimated cost per 1,000 cubic feet will be $32.96. Based on current estimates, assuming an annual 5% increase in DWSD rates, the Issuer expects that its cost to produce finished water from the KWA System will be less than its cost to produce finished water from DWSD beginning 7 years after the commencement of operation of the KWA System.

It is expected that the design of the remaining facilities of the KWA System will be completed in late 2013 with bid dates in February, 2014 and construction to begin in May, 2014. The completion date for the KWA System has been set for January 1, 2016, at which time Flint and the County Agency expect to discontinue purchasing water from DWSD and begin purchasing water from KWA and producing their own water. It is expected that KWA will also contract with the County Agency for operation and maintenance of the KWA System.

BONDHOLDERS' RISKS

The following discussion of some of the risk factors associated with the Bonds is not, and is not intended to be, exhaustive, and such risks are not necessarily presented in the order of their magnitude.

This Official Statement does not describe all of the risks of an investment in the Bonds and the Underwriters disclaim any responsibility to advise prospective investors of such risks as they exist at the date of this Official Statement or as they change from time to time. Prospective investors should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds and the suitability of investing in the Bonds in light of their particular circumstances. Prospective investors should be able to bear the risks relating to an investment in the Bonds and should carefully consider, among other factors, the matters described below.

Assumptions With Regard to Net Revenues

To estimate the Net Revenues available to pay debt service on the Bonds, the Issuer has made certain assumptions with regard to the Net Revenues of the System. The Issuer believes these assumptions to be reasonable, but to the extent that the Net Revenues of the System are less than the assumptions, Net Revenues available to pay debt service on the Bonds may be less than those projected herein and may under certain circumstances, be less than those necessary to pay the principal of and interest on the Bonds when due. The assumptions are based on factors beyond the Issuer's control and there is no assurance that these projections will be achieved. Many factors may prevent the projections from being achieved. These include yearly changes in water consumption.

In addition, the Issuer's pledge of Net Revenues is shared on a parity basis with the Outstanding Bonds and any Additional Bonds authorized to be issued under the Ordinances. There can be no assurance that the Net Revenues will be sufficient to pay debt service on the Bonds.

Sufficiency of Net Revenues

Although it is expected that the Net Revenues will be available in sufficient amounts to pay debt service on the Bonds, there can be no assurance that the Net Revenues will be sufficient to pay debt service on the Bonds. Future economic and other factors may adversely affect the Issuer's revenues and expenses, and, consequently, its ability to meet its operating expenses. Among the factors that could have such adverse effects are population, population growth, household income, competitive facilities, accessibility, absorption, occupancy, vacancy and market penetration.

NO GUARANTEE CAN BE MADE THAT THE PROJECTIONS CONTAINED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE BY THE ISSUER IN FORMULATING THE PROJECTIONS. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED NET REVENUES, CHANGES IN EMPLOYEE RELATIONS, APPLICABLE GOVERNMENTAL REGULATION, ECONOMIC AND DEMOGRAPHIC TRENDS, AND COMPETITION.

Inability to Finance the Project; Project Completion Risk

As described under the heading KAREGNONDI WATER AUTHORITY, the Issuer intends for the Project to be made available and used by the KWA System, which in turn will supply raw water for the Issuer's System. If for any reason KWA is unable to acquire, construct, complete or place the KWA System in service, the Project will not be useful to the Issuer's System unless the Issuer constructs its own pipeline. At this time, it is unclear whether the Issuer would undertake constructing its own pipeline.

The rates and charges currently established by the Issuer are projected to be sufficient to pay the principal of and interest on the Bonds. However, if the KWA System is not placed in service, the additional costs associated with paying for the debt service on the Bonds without a tangible benefit to be derived from the Project could ultimately have an adverse effect on the Issuer's Net Revenues and its ability to pay debt service on the Bonds.

In order to provide customers for the KWA System, the County Agency and Flint have entered into the Water Purchase Contracts. The Issuer and Flint also expect to enter into the Financing Contract, under which they will be responsible for paying their respective share of the KWA Bonds to be issued to finance the costs of the remaining KWA System facilities (approximately $237,000,000). The Issuer's share of the approximately $237,000,000 will be the entire amount if Flint fails to fulfill its payment obligation under the Financing Contract for any reason. The Financing Contract is subject to a right of referendum by the respective electors of Flint and the Issuer. If a referendum prevents Financing Contract from becoming effective, it is unlikely that KWA could finance the remaining facilities intended to be part of the KWA System.

The Issuer faces potential exposure to its general fund and to the rates and charges to be paid by its water customers served by its System for the debt service associated with the Bonds and up to an estimated $237,000,000 for the KWA Bonds if for any reason the remaining KWA System facilities are not completed. The remaining KWA System facilities could fail to be completed because of a referendum on the Financing Contract, an inability to gain market access for the financing for all or part of such facilities, cost overruns in construction, or acts of God.

The Issuer intends for its obligations with respect to the Bonds and the KWA Bonds to be paid for by rates and charges from the users of its System. If Flint fails to pay its share of the KWA Bonds, either from rates and charges to users of its water system or from its general fund, the Issuer

would be responsible for making up the shortfall. If the Issuer's general fund is needed to pay a significant portion of the KWA Bonds, it could cause significant financial strain on the Issuer.

As noted under the heading KAREGNONDI WATER AUTHORITY, in order for Flint to provide finished water to its customers, it needs to undertake approximately $8,000,000 in improvements to its existing water treatment plant. If Flint is unable to timely complete such improvements for any reason (including without limitation, a referendum on the financing, an inability to gain market access for the financing for the improvements, cost overruns in construction, or acts of God), Flint may be unable to generate sufficient rates and charges from its customers to cover its share of the debt service on the KWA Bonds as provided in the Financing Contract. Without sufficient rates and charges, it is unclear whether Flint's general fund will have sufficient funds to fulfill its obligations under the Financing Contract, which in turn could strain the Issuer's general fund or the amount of rates and charges to be charged to the Issuer's customers.

Finally, similar to Flint, the Issuer needs to construct a water treatment plant at an estimated cost of $60,000,000 as described under the heading KAREGNONDI WATER AUTHORITY in order to provide finished water to its customers. If the Issuer is unable to timely complete the new treatment plant for any reason (including without limitation, a referendum on the financing, an inability to gain market access for the financing, cost overruns in construction, or acts of God), the Issuer may be unable to generate sufficient rates and charges from its customers to cover its share of the debt service on the KWA Bonds as provided in the Financing Contract, which could strain the Issuer's general fund.

Financial Condition of the City of Flint for future KWA Obligations

Flint is currently operating under a State-appointed Emergency Manager under the Local Financial Stability and Choice Act, Act No. 436, Michigan Public Acts of 2012 ("Act 436"). If Flint's financial status were to deteriorate further, Flint's options to improve its fiscal health may be limited. The United States Bankruptcy Code, 11 U.S.C. Section 101, *et. seq.* (the "Bankruptcy Code") does not authorize municipalities to be subject to involuntary bankruptcy. Flint must be specifically authorized to be a debtor under chapter 9 of the Bankruptcy Code by State law or by a governmental officer or organization empowered by State law to authorize Flint to be a debtor under chapter 9 of the Bankruptcy Code. Act 436 provides such authorization after Flint first complies with certain requirements set forth therein. The effect of a Flint bankruptcy on its obligations to KWA is unknown at this time, including without limitation its obligations to continue to make payments to KWA under its Water Purchase Contract with KWA and under the KWA Financing Contract. If such obligations are modified for any reason, including a bankruptcy of Flint, the Issuer will be required to pay Flint's share of the debt service on the proposed KWA Bonds. Such payments could cause significant financial strain on the general fund of the Issuer and the Net Revenues of the System.

LITIGATION

Pending Litigation

The Issuer has no litigation pending or, to its knowledge, threatened, wherein an unfavorable decision, ruling or finding would adversely affect the issuance of the Bonds or materially affect the Issuer's ability to pay the principal of and interest on the Bonds.

Other Litigation

On December 28, 1998, in *Bolt v City of Lansing*, the Michigan Supreme Court decided that the City of Lansing's stormwater user fee, imposed to defray the capital costs of the City of Lansing's stormwater system, was an unconstitutional tax levied without the approval of the electors of the City of Lansing in violation of the Headlee Amendment to the Michigan Constitution. The Court articulated certain principles in reaching its decision which, if extended to all enterprise systems, could, in certain instances, result in a finding that fees charged to the users of such enterprise systems are taxes which may not be imposed without the approval of the electors of the municipality.

Although the *Bolt* opinion did not address user charges relating to enterprise systems generally, subsequent lower court decisions have applied the principles articulated in *Bolt* to other enterprise systems, including water supply systems. Because of the confusion caused by the language of the *Bolt* decision and subsequent lower court decisions, it is not possible to predict with certainty what impact, if any, *Bolt* and subsequent decisions would have on any legal challenge to the rates and charges imposed by the Issuer for use of the System.

TAX MATTERS

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, the interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Bond Counsel is also of the opinion that, under existing law, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The opinion on federal tax matters is based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Issuer contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. The Issuer has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excludable from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. Bond Counsel's

opinion assumes the accuracy of the Issuer's certifications and representations and the continuing compliance with the Issuer's covenants. Noncompliance with these covenants by the Issuer may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market prices of the Bonds.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to the excludability of interest on the Bonds from gross income for federal income tax purposes but is not a guarantee of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give and has not given any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986, as amended (the "Code"), the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

Tax Treatment of Accruals on Original Issue Discount Bonds

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Bond is less than the stated redemption price of such Bonds at maturity, then such Bond is considered to have "original issue discount" equal to the difference between such initial offering price and the amount payable at maturity (such Bonds are referred to as "OID Bonds"). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

All holders of the OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition of an OID Bond to the extent such loss is attributable to accrued original issue discount.

Amortizable Bond Premium

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Bonds (collectively, the "Original Premium Bonds") an amortizable bond premium. Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer's basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the "Premium Bonds"). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

Market Discount

The "market discount rules" of the Code apply to the Bonds. Accordingly, holders acquiring their Bonds subsequent to the initial issuance of the Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid after March 31, 2007 on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding

would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

Future Developments

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds and, unless separately engaged, bond counsel is not obligated to defend the Issuer in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. BOND COUNSEL EXPRESSES NO OPINION REGARDING ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

QUALIFICATION BY THE MICHIGAN DEPARTMENT OF TREASURY

The Issuer has received a letter from the Department of Treasury of the State of Michigan stating that the Issuer is in material compliance with the criteria of the Revised Municipal Finance Act, Act No. 34, Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status. The Issuer may therefore proceed to issue the Bonds without further approval from the Department of Treasury of the State of Michigan.

BOND COUNSEL'S RESPONSIBILITY

The fees of Miller, Canfield, Paddock and Stone, P.L.C. ("Bond Counsel") for services rendered in connection with its approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds and tax matters relating to the Bonds and the interest thereon, and except as stated below, Bond Counsel has not been retained to examine or review, and has not examined or reviewed, any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

Bond Counsel has reviewed the statements in this Official Statement under the headings entitled "PURPOSE AND SECURITY," "THE BONDS," "PRIOR REDEMPTION OF BONDS," "TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM," "TAX MATTERS," "QUALIFICATION BY THE MICHIGAN DEPARTMENT OF TREASURY," "BOND COUNSEL'S RESPONSIBILITY," and "CONTINUING DISCLOSURE" (first two paragraphs only). Bond Counsel has not been retained to review and has not reviewed any other portions of the Official Statement for accuracy or completeness, and has not made inquiry of any official or employee of the Issuer or any other person and has made no independent verification of such other portions hereof, and further has not expressed and will not express an opinion or belief as to any such other portions hereof.

CONTINUING DISCLOSURE

Prior to the delivery of the Bonds, the Issuer will execute a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the holders of the Bonds or Beneficial Owners to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis, and the other terms of the Undertaking are set forth in *APPENDIX D-FORM OF CONTINUING DISCLOSURE UNDERTAKING* to this Official Statement.

A failure by the Issuer to comply with the Undertaking will not constitute an event or default under the Ordinances authorizing the issuance of the Bonds and holders of the Bonds or Beneficial Owners are limited to the remedies described in the Undertaking.

The Issuer has recently discovered it had failed to comply with certain of its continuing disclosure obligations under previous undertakings entered into pursuant to the Rule with respect to annual information filings required for fiscal years 2008-2010. The Issuer was required to file this information within a period of time specified in each previous undertaking after the end of the fiscal year which ends on September 30. The filings were subsequently made for fiscal year 2008 in December 2010, for fiscal year 2009 in June 2010 and for fiscal year 2010 in December 2011 for the Issuer's sewer, water supply, capital improvement and general obligation bonds. The filings for

fiscal years 2008-2010 were subsequently made for the Issuer's building authority bonds on July 23, 2013. The Issuer has filed its annual audited financial statements for fiscal years 2011 and 2012 on a timely basis.

In addition, the Issuer failed to provide notice of certain underlying rating changes that occurred in 2010 affecting its sewer, water supply, building authority, capital improvement and general obligation bonds. The Issuer has subsequently filed notice of these rating changes and the current ratings on those bonds with a filing dated July 16, 2013. Furthermore, the Issuer failed to provide notice of certain insured rating downgrades affecting its sewer, water supply and building authority bonds, of which the Issuer was not separately notified by the relevant rating agencies, and which resulted from a series of widely reported downgrades of the applicable municipal bond insurer for those bonds. The Issuer has subsequently filed notice of these rating changes and the current ratings on those bonds with a filing dated July 16, 2013. The Issuer has taken steps to assure that it will comply with the Undertaking, including the annual filing requirements, in the future. The Issuer entered into an agreement in October, 2011 with Stauder, Barch & Associates, Inc. to serve as disclosure agent and assist the Issuer in completing all required filings on a timely basis.

A failure by the Issuer to comply with the Undertaking must be reported by the Issuer in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

LEGAL OPINION

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., attorneys of Detroit, Michigan, Bond Counsel. A copy of the opinion of Bond Counsel will be furnished with the Bonds, which opinion will be substantially in the form set forth in APPENDIX E.

FINANCIAL ADVISOR

Stauder, Barch & Associates, Inc., Ann Arbor, Michigan, (the "Financial Advisor") has been retained by the Issuer to provide certain financial advisory services including, among other things, preparation of portions of the deemed "final" Preliminary Official Statement and the final Official Statement (the "Official Statements"). The information contained in the Official Statements was prepared in part by the Financial Advisor and is based on information supplied by various officials from records, statements and reports required by various local county or state agencies of the State of Michigan in accordance with constitutional or statutory requirements.

To the best of the Financial Advisor's knowledge, all of the information contained in the Official Statements, which it assisted in preparing, while it may be summarized is (i) complete and accurate; (ii) does not contain any untrue statement of material fact; and (iii) does not omit any material fact, or make any statement which would be misleading in light of the circumstances under which these statements are being made. However, the Financial Advisor has not and will not

independently verify the completeness and accuracy of the information contained in the Official Statements.

The Financial Advisor's duties, responsibilities and fees arise solely from that as financial advisor to the Issuer and they have no secondary obligations or other responsibility. The Financial Advisor's fees are expected to be paid from Bond proceeds.

UNDERWRITING

The Bonds are being purchased by the Underwriters listed on the cover page of this Official Statement. The Underwriters have agreed, subject to certain conditions, to purchase all of the Bonds from the Issuer at an underwriters' discount of $182,981.96 from the initial offering prices set forth in this Official Statement. The Underwriters are obligated to purchase all of the Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement with respect to the Bonds, the approval of certain legal matters by counsel and certain other conditions. The initial public offering prices of the Bonds may be changed from time to time by the Underwriters. The Bonds may be offered and sold by the Underwriters to certain dealers (including dealers depositing the Bonds in unit investment trusts, some of which may be managed by the Underwriters) and certain dealer banks and banks acting as agents at prices lower than the public offering prices set forth in this Official Statement.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS& Co. will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association ("WFBNA"). WFBNA, one of the underwriters of the Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage

activities. The Underwriters have, from time to time, and may in the future perform, various investment banking services for the Issuer for which it received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities may involve securities and instruments of the Issuer.

RATING

The Underwriters' obligations to purchase the Bonds is conditioned on the Bonds receiving a rating of "AA" from Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. ("S&P"). The assignment of such rating is conditioned upon the delivery by BAM of the Policy at the time of the delivery of the Bonds. In addition, Moody's Investors Service has assigned the Bonds an underlying rating of "A2," and S&P has assigned the Bonds an underlying rating of "A+." No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. Any explanation of the significance of each such rating may only be obtained from the rating agency. Generally, a rating agency bases its rating on such information and materials and on investigations, studies and assumptions by the rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of the rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

OTHER MATTERS

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

COUNTY OF GENESEE

By: /s/ Jeffrey Wright
Jeffrey Wright, Drain Commissioner

By: /s/ Keith Francis
Keith Francis, Controller

Byrne, Randall (Treasury)

From: Kristin Moore <kmoore@cityofflint.com>
Sent: Monday, January 04, 2016 2:03 PM
Subject: PRESS RELEASE: GENESEE COUNTY COMMISSIONERS DECLARE EMERGENCY

Kristin Moore
Public Relations Director, City of Flint
kmoore@cityofflint.com

FOR IMMEDIATE RELEASE

GENESEE COUNTY COMMISSIONERS DECLARE EMERGENCY

Flint, MI -- January 4, 2016 – During their first board meeting of the year, Monday morning, Genesee County Commissioners declared a state of emergency in Genesee County. The move a sign that county leaders support Flint Mayor Dr. Karen Weaver and her efforts to get resources and relief to the residents suffering from the ongoing water situation in the city.

Mayor Weaver declared a state of emergency in Flint last month to raise awareness about the severity of the problems surrounding the water situation that continues to effect residents. The problems a result of the man-made disaster caused by the city switching to the Flint River as a water source in 2014.

Following the board's vote today, Genesee County Commission Chairperson, Jaime Curtis said, "This is a state, man-made disaster and we're going to ask the state to fix their disaster. Curtis also said, "Genesee County is the fifth largest county in Michigan and we will not be ignored."

Mayor Weaver hopes the county's show of support will convince the Governor to provide the City of Flint with financial support to help leaders address immediate infrastructure needs. Those needs include more than $45 million to replace every identified lead pipe in the city, reimbursement of the $2 million spent to switch back to the Detroit Water Sewerage Department, $6 million to help with the transfer to the Karegnondi pipeline and additional resources to support the city's Heath Initiative to assist affected adults and children in Flint who have consumed water contaminated with lead.

In an interview with media after the board's emergency declaration Mayor Weaver said, "It's a victory and a step in the right direction." The mayor plans to meet with Governor Snyder in Lansing Thursday of this week to discuss the state's response and next steps.

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Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, January 05, 2016 12:28 PM
To: Dempkowski, Angela (Treasury); Byrne, Randall (Treasury); Schafer, Suzanne K. (Treasury)
Subject: FW: State Treasurer's Flint Letter
Attachments: Weaver-Henderson Letter, 1-4-16.pdf

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Headen, Frederick (Treasury)
Sent: Tuesday, January 05, 2016 11:23 AM
To: Hollins, Harvey (GOV)
Cc: Saxton, Thomas (Treasury) ; Workman, Wayne (TREASURY)
Subject: State Treasurer's Flint Letter

Harvey:

Attached is a copy of the State Treasurer's letter responding to one recently received from the Flint Mayor and City Administrator. It will be posted in todays' mail. Thanks.

Fred

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

January 4, 2016

Karen W. Weaver, Mayor
City of Flint
1101 S. Saginaw Street
Flint, Michigan 48502

Natasha L. Henderson, Administrator
City of Flint
1101 S. Saginaw Street
Flint, Michigan 48502

Dear Mayor Weaver and Ms. Henderson:

Thank you for your recent letter. Your letter requested financial assistance from the Department of Treasury to defray litigation-related expenses incurred by the City in defending *Shears* v *City of Flint*.

This Department will reimburse the City for 75 percent of *Shears* litigation-related expenses incurred by the City, including any such expenses incurred prior to the date of this letter, up to a maximum amount of $300,000.00. Any *Shears* litigation-related expenses incurred by the City in excess of $300,000.00 shall remain the sole obligation of the City.

The City Administrator must provide this Department within 45 days of receipt by the City original copies of *Shears* litigation-related invoices with any request for reimbursement. Requests for reimbursement must first be reviewed and approved in writing by the City's Chief Financial Officer. Any requests for reimbursement submitted to this Department should be directed to the attention of Randall Byrne, Manager of the Fiscal Responsibility Section, Bureau of Local Government Services.

I trust that this information will be of assistance. If I may be of further assistance, let me know.

Sincerely,

N. A. Khouri
State Treasurer

cc: Wayne Workman, Deputy State Treasurer
Frederick Headen, Legal Advisor

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, January 05, 2016 12:28 PM
To: Byrne, Randall (Treasury); Schafer, Suzanne K. (Treasury); Dempkowski, Angela (Treasury)
Subject: FW: State Treasurer's Flint Letter

FYI

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Headen, Frederick (Treasury)
Sent: Tuesday, January 05, 2016 12:20 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: State Treasurer's Flint Letter

Only U.S. mail at this point. But, I will e-mail a copy this afternoon to the Mayor and City Administrator.

On a related topic, I need to loop in Harvey on the proposed RTAB letter to Flint residents. Everyone (i.e., you, Wayne, Dave Murray) has signed off on the letter, but it was drafted before the Governor named Harvey as the point person for Flint issues.

From: Saxton, Thomas (Treasury)
Sent: Tuesday, January 05, 2016 11:49 AM
To: Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: State Treasurer's Flint Letter

Did we send an electronic version of the letter to the Mayor & Natasha ?
If not we should.

From: Headen, Frederick (Treasury)
Sent: Tuesday, January 05, 2016 11:23 AM
To: Hollins, Harvey (GOV) <hollinsh@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: State Treasurer's Flint Letter

Harvey:

Attached is a copy of the State Treasurer's letter responding to one recently received from the Flint Mayor and City Administrator. It will be posted in todays' mail. Thanks.

Fred

1-5-16

STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

BRIAN CALLEY
LT. GOVERNOR

PROCLAMATION

DECLARATION OF EMERGENCY

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the state of Michigan in the Governor; and

WHEREAS, under the Emergency Management Act, Act No. 390 of the Public Acts of 1976, as amended, MCL 30.401 to 30.421, the Governor is responsible for coping with dangers to this state or the people of this state presented by a disaster or emergency or threat thereof, and may issue executive orders and proclamations, having the force and effect of law to implement the Act; and

WHEREAS, under Section 3 of the Emergency Management Act, 1976 Public Act 390, MCL 30.403, the Governor shall, by executive order or proclamation, declare a state of emergency if the Governor finds that an emergency has occurred or that the threat of an emergency exists; and

WHEREAS, on April 25, 2014 the City of Flint, Michigan switched from the Detroit water system to the Flint River as a water source, the harmful effects of untreated water struck the city's water infrastructure, causing leaching of lead into the water which caused damage to the water system and potential negative health impacts to the citizens; and

WHEREAS, the area affected includes parts of the City of Flint, within the County of Genesee; and

WHEREAS, the damaged water infrastructure and leaching of lead into the city's water caused damage to public and private water infrastructure, and has either caused or threatened to cause elevated blood lead levels, especially in the population of children and pregnant women, and causing a potential immediate threat to public health and safety and disrupting vital community services; and

WHEREAS, from October 1, 2015 to this date, the County of Genesee and the City of Flint have taken a number of actions to cope with the situation, including but not limited to, switching back to the Detroit water system on October 16th, declaring local states of emergency, activating the emergency response and recovery aspects of their emergency operations plan, marshaling

and distributing required resources on a city-wide level, and issuing emergency public information and bulletins; and

WHEREAS, local resources have been insufficient to address the situation, and additional assistance from voluntary organizations and the state is required to protect public health, safety, and property, and to lessen or avert the threat of more severe and long lasting impacts to the community;

NOW, THEREFORE, I, RICHARD D. SNYDER, Governor of the state of Michigan, pursuant to the Constitution of the state of Michigan and provisions of Act No. 390 of the Public Acts of 1976, as amended, do hereby proclaim that a state of emergency exists in the aforementioned county and municipality; and

FURTHER, the Emergency Management and Homeland Security Division of the Department of State Police shall coordinate and maximize all state efforts, and may call upon all state departments to utilize resources at their avail to assist in the emergency area pursuant to the Michigan Emergency Management Plan; and

FURTHER, termination of this emergency will occur at such time as the threats to public health, safety, and property caused by the emergency no longer exist and appropriate programs have been implemented to recover from the effects of this emergency, but in no case longer than February 1, 2016, unless extended as provided by Act No. 390.

Given under my hand and the
Great Seal of the State of Michigan this
5th day of January in the Year of Our
Lord, Two Thousand and Sixteen.

RICHARD D. SNYDER
GOVERNOR

BY THE GOVERNOR:

SECRETARY OF STATE

FILED WITH SECRETARY OF STATE
ON 1/5/16 AT 4:00pm

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

Flint Water Quality Chronology – January 2016

Pre-Emergency Manager Status: Prior to November 28, 2011

1. **March 16, 2011** – Public Act 4 of 2011 becomes effective repealing Public Act 72 of 1990.
2. **August 26, 2011** – Notification of preliminary review sent to Flint Mayor.
3. **August 29, 2011** – Treasury staff begins preliminary review of Flint's finances.
4. **September 12, 2011** – Treasurer sends preliminary review report sent to Governor indicating probable financial stress and recommends appointment of a review team.
5. **September 30, 2011** – Governor appoints a financial review team asking review team to produce a report within 30 days versus 60 days allowed by statute.
6. **October 5, 2011** – Review team begins its review of the City's finances.
7. **November 7, 2011** – The review team issues its report to the Governor finding a financial emergency in the City of Flint.
8. **November 8, 2011** – The Governor declares a financial emergency in the City of Flint.
9. **November 28, 2011** – The Governor appoints Michael Brown as the Emergency Financial Manager.

Emergency Manager Michael Brown: November 28, 2011 – August 8, 2012

1. **June 26, 2012** – Letter from Flint EM Mike Brown to DWSD for permission to begin blending Flint River water with treated water from DWSD. The letter indicates that the DEQ is supporting this option and its implementation would save the City between $2M and $3M annually.
2. **August 8, 2012** – Public Act 4 of 2011 is suspended while awaiting referendum vote on November 6, 2012. Public Act 72 of 1990 reinstated, which does not allow a former employee of the city to be an emergency financial manager. Michael Brown is required to step down.

Emergency Financial Manager/Emergency Manager Ed Kurtz: August 8, 2012 – July 4, 2013

3. **August 8, 2012** – ELB Order #2012-4, Appointment of Emergency Financial Manager, Edward J. Kurtz.

4. **September 20, 2012** – Letter from Flint EM Ed Kurtz to DWSD requesting written permission to implement the blending option. Approval is requested by October 1, 2012.

5. **October 31, 2012** – Analysis by the Flint Finance Director suggests that the annual cost to purchase water from DWSD will steadily increase to $23M per year by fiscal year 2020.

6. **November 2012** – Treasury retains Tucker, Young, Jackson and Tull (TYJT) to evaluate the KWA proposal to the City of Flint.

7. **November 6, 2012** – Letter from Flint Emergency Manager Ed Kurtz to State Treasurer Dillon that a proposal from DWSD is expected but that the initial assessment is that switching to KWA is in the best interest of the City of Flint.

8. **January 11, 2013** – ELB Order #2013-2, Amending Contract of Emergency Financial Manager, Edward J. Kurtz.

9. **February 6, 2013** – TYJT issues a final report to Treasury on the comparison between Karegnondi Water Authority (KWA) and DWSD. Analysis suggests that the KWA option is the cheaper option for the City of Flint.

10. **March 2013** – DWSD contacts the City of Flint to begin direct negotiations on a contract extension. Multiple options are provided to the Flint Emergency Manager (EM) Ed Kurtz.

11. **March 25, 2013** – The Flint City Council endorses joining KWA.

12. **March 28, 2013** – Public Act 436 of 2012 becomes effective.

13. **April 11, 2013** – State Treasurer Andy Dillon authorizes Flint EM Ed Kurtz, pursuant to Section 12(3) of P.A. 436 of 2012, to enter into a contract with KWA if a final offer from DWSD is either not received for rejected in good faith based upon specific objections.

14. **April 15, 2013** – DWSD provides a best and final offer to the City of Flint. Analyses by Flint EM Ed Kurtz, the Department of Environmental Quality and Treasury's Office of Fiscal Responsibility independently conclude that the KWA option is cheaper for the City of Flint.

15. **April 16, 2013** –Flint EM Ed Kurtz informs the State Treasurer that the City will join KWA. This decision was officially announced May 1, 2013.

16. **April 17, 2013** – DWSD transmits a letter to Flint EM Ed Kurtz terminating service to the City of Flint, effective April 17, 2014.

17. **June 26, 2013** – Groundbreaking for the Karegnondi Water Authority begins. Flint also requests full time use of the Flint Water Treatment Plant with Flint River water as a source.

18. **June 28, 2013** – Financing Contract between the City of Flint and KWA is approved. Effective August 1, 2013. This document was signed by EM Mike Brown.

Emergency Manager Michael Brown: July 4, 2013 – October 8, 2013

19. **July 4, 2013** – Michael Brown appointed Emergency Manager under PA 436 of 2012.

20. **July 08, 2013** – The City retains Lockwood, Andrews & Newman engineering firm to get the City's water plant up and running while the KWA pipeline is built.

Emergency Manager Darnell Earley: October 8, 2013 – January 13, 2015

21. **October 8, 2013** – Darnell Earley appointed as Emergency Manager under PA 436 of 2012.

22. **February 19, 2014** – The KWA Board of Directors adopts Resolution 2014-01 and 2014-02, authorizing KWA to bond for water line construction on-behalf of the City of Flint.

23. **April 17, 2014** – Water service from DWSD officially ends. The City of Flint also conducts two separate public forums regarding the use of Flint River water, upgrades to the City's water system and the overall cost of the switch to KWA.

24. **April 25, 2014** – City conducts public event marking the transition to the use of Flint River water. DEQ information shows that transition complete by May 2015.

25. **January 2, 2015** – The City issues a press release stating the City water system exceeds the TTHM maximum contaminant level.

26. **January 9, 2015** – ELB Order #2015-1, Determination that Modification of Collective Bargaining Agreement Proposed by Emergency Manager Best Serves Interest of the Public (International Association of Firefighters Local 352)

Emergency Manager Gerald Ambrose: January 13, 2015 – April 29, 2015

27. **January 13, 2015** – Gerald Ambrose appointed Emergency Manager under PA 436 of 2012.

28. **March 3, 2015** – Flint EM Jerry Ambrose provides a memorandum to Deputy State Treasurer Wayne Workman stating that a reconnection to DWSD will cost the City $10.1M/year and that water purchases could be as high as $1M/month.

29. **March 12, 2015** – Veolia issues the final operational evaluation of the City's water system.

30. **April 29, 2015** – ELB Order #2015-2, Order of Approval of Emergency Loan, ($7,000,000)

31. **April 29, 2015** – Financial emergency resolved. Gerald Ambrose vacates Emergency Manager position and Governor appoints a Receivership Transition Advisory Board.

Post Emergency Manager Status (Flint RTAB): April 29, 2015 - Present

32. **September 3, 2015** – MDEQ testing of the City's water shows TTHM levels are below the required action level.

33. **September 25, 2015** – Genesee County Health Department and the City of Flint issues a lead advisory for residents to be aware of lead levels in drinking water after hearing concerns from the medical community.

34. **October 16, 2015** – The City of Flint reconnects to Detroit Water.

35. **November 4, 2015** – The EPA issues its final report on high lead levels at three residences in the City.

Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, January 05, 2016 10:54 AM
To: Storberg, Ann Marie (TREASURY)
Cc: Connors, Paul (Treasury); Byrne, Randall (Treasury); Schafer, Suzanne K. (Treasury)
Subject: Re: Professional Liability claim

We can check but I bet Flint paid

Sent from my iPhone

On Jan 5, 2016, at 10:32 AM, Storberg, Ann Marie (TREASURY) <StorbergA@michigan.gov> wrote:

> Wayne,
>
> Who has paid the insurance premiums for Darnell when he was EM for Flint? Did all of the EM's have professional liability coverage? Paul and I were not sure if the premiums were paid by Treasury or by the municipality.
>
> Thanks.
> Ann
>
> **From:** Connors, Paul (Treasury)
> **Sent:** Tuesday, January 05, 2016 10:23 AM
> **To:** Storberg, Ann Marie (TREASURY) <StorbergA@michigan.gov>
> **Subject:** Fwd: Professional Liability claim
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** "Steven Smith" <Steven.Smith@Meadowbrook.com>
> > **To:** "douglas.gniewek@detroitk12.org" <douglas.gniewek@detroitk12.org>, "darnell.earley@detroitk12.org" <darnell.earley@detroitk12.org>
> > **Cc:** "John Clark" <jclark@gmhlaw.com>, "Dave N Sheeran" <Dave.Sheeran@Meadowbrook.com>, "Cathy Weil" <Cathy.Weil@Meadowbrook.com>, "Connors, Paul (Treasury)" <ConnorsP@michigan.gov>
> > **Subject: FW: Professional Liability claim**
> >
> > Hi All;
> >
> > We are still working towards procuring coverage on a go forward basis for professional liability. In the meantime we do need to take advantage of the extended reporting period (ERP) on the expiring policy. If you want to elect the ERP, which gives you an additional 12 months to report any incident that occurred during the policy period that expired on 12-18-2015 we need to act quickly. Attached is an invoice for that coverage.

Please let us know if you wish to take advantage

Thanks
Steve

From: Steven Smith
Sent: Friday, December 18, 2015 3:30 PM
To: 'Darnell Earley'
Cc: John Clark; Dave N Sheeran; Cathy Weil; 'ConnorsP@michigan.gov'
Subject: RE: Professional Liability claim

Darnell;

Attached is the policy that was requested. With respects to the renewal here is where we stand.

The current carrier ACE has non-renewed the first layer of coverage (initial $1M) and the market is turning with respects to covering any prior acts before the renewal. The excess carrier Ironshore is also unwilling to renew the second layer ($2M). Both have stated the Flint water situation is making them uncomfortable to continue offering coverage at any price. (You will have the option to purchase extended reporting which I will describe later in a paragraph below)

With the City of Flint making National headlines the marketplace is tightening up and unwilling to offer coverage with any prior acts. This means we cannot purchase a policy at this point that will cover any potential claim (act) that will provide coverage prior to 12/18/2015. We are searching the marketplace for a carrier that will consider writing a new policy going forward only. That will be the most cost effective way to go, albeit you will have potential exposure for a prior act. But remember it is our understanding that PA 436 (attached) affords protection for you if you are unable to procure a policy.

Our marketing was also delayed in this endeavor as during these efforts it came to our attention the current DPS broker, who we believe is AON, was searching for coverage thus blocking certain markets for us to approach. That further delays the process when two brokers are going to the same carriers. We do not know what the outcomes from that research yielded but it is preventing us from accessing those declinations or proposals. On top of this we do not know the parameters discussed with the carriers by the AON? Were they looking for prior acts or a policy just going forward? This could make a significant difference in what carriers will think or be willing to offer.

We would respectfully ask you to consider one broker to obtain the coverage for you as the insurance industry becomes muddled and slow with more than one broker going to the same carrier(s). Only one broker is going to get a proposal or declination and the other will have to ask for a release from you to obtain access to the carrier(s). We are comfortable with any decision you make as the ultimate goal is to get coverage for you.

With respects to the expiring policies they do provide for an extended reporting period of 12 months from the expiration date of 12/18/2015. The cost for the extended period is $1,118 for the first layer ($1 M) and $4,100 for the second layer ($2M). We would advise taking advantage of this option as it will give you another 12 months to present claims incurred prior to 12/18/2015, which would include time spent in Flint and

DPS. We have 30 days to decide whether to accept the offer for the extension. Just let us know.

We know this is last minute, but the delay in getting the renewal information, the complexity of the Flint issue and the current DPS broker blocking the markets hindered our ability to have quotes presented on a timely basis. Please let us know how you would like us to proceed as we are blocked at our other markets.

Regards,

Steve

From: Darnell Earley [mailto:darnell.earley@detroitk12.org]
Sent: Friday, December 18, 2015 10:13 AM
To: Steven Smith
Cc: John Clark; Dave N Sheeran
Subject: Re: Professional Liability claim

Thanks for the information Steve. I had asked for an electronic copy of the policy and current status given the recent email traffic regarding not only this issue but the renewal status as well. I continue to await that information. Thank you for your assistance with those matters as expeditiously as possible.

Darnell

Sent from my iPhone

On Dec 18, 2015, at 9:53 AM, Steven Smith <Steven.Smith@Meadowbrook.com> wrote:

> Dear Darnell;
>
> We have reviewed the policy for Professional Liability and the denial on the claim for Melisa Mays et al. The suit involved a number of families who are alleging that due to the toxic nature of the City of Flint water system they have suffered bodily injuries (i.e. high levels of copper and lead causing among other things, neurological and autoimmune disorders). Professional Liability policies are written to protect the insured from decisions that cause financial harm and not bodily injury or pollution arising from the decision. Bodily injury and pollution coverage are generally afforded under separate General Liability policies and/or a Pollution Liability policy.
>
> The coverage under your professional policy has specific exclusions for decisions that cause alleged bodily injury or pollution. There is no alleged monetary loss due to the decision of converting the water system (increased monetary costs to the plaintiff's by switching the systems) from Detroit to Flint only that families have suffered alleged bodily injury or property damage due to pollutants in the system. We have calls into the City of Flint notifying them that they need to have their General Liability or Pollution policies respond to the allegations.

Your professional policy has responded to other claims that have been submitted with respects to decisions that have caused alleged financial harm.

We are available for further conversations on this matter

Regards,
Steve

Steven M. Smith, JD | Executive Vice President
[o] 248.204.8235 [c] 248.943.6315 [f] 248.485.6331
26255 American Drive, Southfield MI 48034

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The Information contained in this message is privileged and confidential. It is intended only to be read by the individual or entity named above or their designee. Unless you are the named addressee or an authorized designee, you may not copy or use it, or disclose it to anyone else. If the reader of this message is not the intended recipient, you are on notice that any distribution of this message, in any form, is strictly prohibited. If you receive this message in error, please immediately notify the sender and delete or destroy any copy of this message.

<Invoice ERP121815.pdf>

Schafer, Suzanne K. (Treasury)

From: Byrne, Randall (Treasury)
Sent: Tuesday, January 05, 2016 3:49 PM
To: Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY); Schafer, Suzanne K. (Treasury)
Subject: RE: Flint water
Attachments: COA Kincaid v. Flint; SHEARS PRELIMINARY INJUNCTION 872015.docx

Tom:

These are the two rulings that I have.

Randy

From: Saxton, Thomas (Treasury)
Sent: Tuesday, January 05, 2016 2:24 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Flint water

Can you send me the two rulings. Thanks

From: Byrne, Randall (Treasury)
Sent: Tuesday, January 05, 2016 1:21 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Flint water

Tom

A Flint city attorney confirmed that it is Ordinance Section 46-52.1 date of April 15 by which the Finance Director shall calculate and transmit to the Mayor and City Council the new water rate schedules. Let me know if you need any further information.

Randy

From: Saxton, Thomas (Treasury)
Sent: Tuesday, January 05, 2016 10:54 AM
To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: Flint water

Did you guys go back to the court ruling to confirm whether the operative date re fee increases is April or Dec 31. It would be helpful if we could know that by the end of today.

Schafer, Suzanne K. (Treasury)

From:	Vandegrift, Drew (TREASURY)
Sent:	Monday, June 15, 2015 11:45 AM
To:	Headen, Frederick (Treasury)
Cc:	Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Subject:	COA Kincaid v. Flint
Attachments:	COA FLINT WATER 6.12.pdf

Hello Fred,

I am reviewing the latest COA opinion for Kincaid v. Flint. I am troubled by the court's holding that no EM actions taken under PA 4 "survive[d] the electors' referendum of that Act" (p8). What about the 19(1)(k) actions taken under PA 4?

Both Flint and Pontiac have enormous OPEB liabilities to honor if the 19(1)(k) actions are no longer effective.

--Drew

STATE OF MICHIGAN

COURT OF APPEALS

WILLIAM SCOTT KINCAID, ERAINA POOLE, GEORGE POOLE, and MARY BELL,

Plaintiffs-Appellants,

v

CITY OF FLINT,
a municipal corporation.

Defendant-Appellee.

FOR PUBLICATION
June 11, 2015
9:10 a.m.

No. 318906
Genesee Circuit Court
LC No. 12-098490-CZ

Before: DONOFRIO, P.J., and BORRELLO and STEPHENS, JJ.

STEPHENS, J.

Plaintiffs, all residents of the defendant, appeal as of right the order of the circuit court granting defendant's motion for summary disposition and denying plaintiffs' motion to amend their complaint. We reverse and remand.

I. BACKGROUND

On August 15, 2011, the defendant's finance director, Michael Townsend sent a notice of a proposed 3.5% water and sewerage rate increase to be effective September 16, 2011, to the city council and mayor. The increase was proposed to meet a projected fiscal year deficit in the water fund of $14,789,666 as well as a sewer fund deficit of $8,078,917. Council adopted the proposal and the mayor signed it.

Shortly thereafter defendant was declared to be in a state of financial emergency.[1] On November 28, 2011, Governor Rick Snyder appointed Michael Brown as the Emergency Manager (EM) of defendant under the Emergency Manager Law, Public Act 4 of 2011.[2] On

[1] MCL 141.1545, former MCL 141.1214 lists the four instances in which a financial emergency exists.

[2] Former MCL 141.1501 *et seq.*; At the time, former MCL 141.1515(4) provided the Governor with the authority to appoint an emergency manager:

May 5, 2012, after being informed by newly appointed finance director Gerald Ambrose of the financial disarray of the water and sewer funds for defendant, EM Brown created Emergency Order No. 31. Order No. 31 ratified and confirmed the water and sewer rates implemented under Townsend on September 16, 2011, and additionally raised water and sewer rates, 12.5% and 45%, respectively.

After the Emergency Order by Brown, plaintiffs in this suit filed a complaint seeking this Court's original jurisdiction pursuant to Const 1963, art 9, §§ 31-32. The claim of error in that case was that defendant violated the Headlee Amendment[3]. This Court dismissed plaintiffs' claims without a hearing, finding that the rate increases from September of 2011 and those set to take place in July of 2012 were "revisions of existing user fees that do not implicate the Headlee Amendment." Plaintiffs' claims not relating to the Headlee Amendment were dismissed for lack of original jurisdiction. *Kincaid v Flint*, unpublished order of the Court of Appeals, entered June 29, 2012 (Docket No. 310221), lv den 493 Mich 871 (2012).

After the case before this Court was dismissed, plaintiff filed the instant action. The essence of the case was a claim that the rate increases in September of 2011 were made contrary to city ordinances: § 46-52.1.and § 46-57 and that the defendant had illegally pooled the funds collected for the water and sewer fund and used them to pay general obligations not related to sewer or water expenses. Plaintiffs requested that the trial court certify a class action suit against defendant for all sewer and water customers of defendant, declare that the rate increases were an illegal tax under the Headlee Amendment, and cease the co-mingling funds. Additionally, plaintiffs requested monetary relief in the form of a refund of the illegally collected rates and for damages caused to defendant's residents that were left without water and sewer service.

In lieu of filing an answer, defendant moved the trial court to grant it summary disposition pursuant to MCR 2.116(C) (6), (7), and (8). However, before defendant's motion for summary disposition was heard, plaintiffs moved the trial court for leave to amend their complaint asking for leave to allege a violation of MCL 123.131(2), (3).[4]

> Upon the confirmation of a finding of a financial emergency, the governor shall declare the local government in receivership and shall appoint an emergency manager to act for and in the place and stead of the governing body and the office of chief administrative officer of the local government.

[3] Specifically, the Headlee Amendment to the state constitution provides standing to "[a]ny taxpayer of the state" to bring suit in this Court to enforce the tax provisions of §§ 25 to 31.

[4] MCL 123.141(2), (3), states:

> (2) The price charged by the city to its customers shall be at a rate which is based on the actual cost of service as determined under the utility basis of rate-making. This subsection shall not remove any minimum or maximum limits imposed contractually between the city and its wholesale customers during the remaining life of the contract. This subsection shall not apply to a water system

Defendant responded to plaintiffs' motion to amend their complaint by arguing that it should be denied as futile. On February 15, 2013, the trial court heard the two outstanding motions. On June 21, 2013, the trial court entered an opinion and order granting summary disposition in favor of defendant. On July 12, 2013, plaintiffs moved the trial court to reconsider its decision to which the court entered an order permitting defendant to respond to plaintiffs' motion for reconsideration. The court denied the motion on October 14, 2013. Plaintiffs now appeal the order granting defendant summary disposition.

During the pendency of this case in the trial court, Public Act 4 of 2011 was rejected by a majority of the electorate causing its repeal.[5] One month later on December 26, 2012, the Legislature approved the Local Financial Stability and Choice Act, Public Act 436 of 2012,[6] effective March 28, 2013.[7] Many of the provisions of Public Act 436 of 2012 mirror those of Public Act 4 of 2011.

II. STANDARD OF REVIEW

The trial court ordered summary disposition under (C)(8) and the parties base their arguments on that subsection before this Court, but our review of the record shows that the trial court went beyond the pleadings in making its decision as did both parties in making their arguments. Plaintiffs' response to defendant's motion for summary disposition relied on 16 exhibits. Plaintiffs also moved for summary disposition themselves and cited exhibits outside the pleadings. The analysis of this case therefore will be done under MCR 2.116(C)(10). See *Cuddington v United Health Servs, Inc*, 298 Mich App 264, 270; 826 NW2d 519 (2012)

> that is not a contractual customer of another water department and that serves less than 1% of the population of the state. This subsection shall take effect with the first change in wholesale or retail rate by the city or its contractual customers following the effective date of this subsection. Any city that has not adjusted rates in conformity with this subsection by April 1, 1982 shall include in the next ensuing rate period an adjustment to increase or decrease rates to wholesale or retail customers, so that each class of customer pays rates which will yield the same estimated amount of revenue as if the rate adjustment had been retroactive to April 1, 1982. A city that is subject to section 5e of Act No. 279 of the Public Acts of 1909, being section 117.5e of the Michigan Compiled Laws, shall begin proceedings to determine rate changes pursuant to section 5e(b) of Act No. 279 of the Public Acts of 1909, being section 117.5e of the Michigan Compiled Laws.
>
> (3) The retail rate charged to the inhabitants of a city, village, township, or authority which is a contractual customer as provided by subsection (2) shall not exceed the actual cost of providing the service.

[5] The state board of canvassers certified the vote on November 26, 2012. Public Act 72 of 1990 came back into effect while the referendum on Public Act 4 of 2011 was pending.

[6] MCL 141.1541 *et seq.*

[7] Public Act 436 of 2012 repealed Public Act 72 of 1990, effective March 28, 2013.

("[B]ecause the trial court considered documentary evidence beyond the pleadings, we construe the motion as having been granted pursuant to MCR 2.116(C)(10).").

"This Court reviews decisions on motions for summary disposition de novo to determine if the moving party was entitled to judgment as a matter of law." *Alcona Co v Wolverine Environmental Prod, Inc*, 233 Mich App 238, 245; 590 NW2d 586 (1998), lv den 461 Mich 854 (1999). A motion for summary disposition pursuant to MCR 2.116(C)(10) "tests the factual sufficiency of the complaint." *Joseph v Auto Club Ins Assoc*, 491 Mich 200, 206; 815 NW2d 412 (2012), reh den 815 NW2d 491 (2012). "In evaluating a motion for summary disposition brought under this subsection, a trial court considers affidavits, pleadings, depositions, admissions, and other evidence submitted by the parties, MCR 2.116(G)(5), in the light most favorable to the party opposing the motion." *Maiden v Rozwood*, 461 Mich 109, 120; 597 NW2d 817 (1999). Summary disposition is proper where there is no "genuine issue regarding any material fact." *Id.* A party opposing a motion made pursuant to MCR 2.116(C)(10) has "the burden of showing that a genuine issue of disputed fact exists." *Major v Auto Club Ins Assoc*, 185 Mich App 437, 440; 462 NW2d 771 (1990), lv den 437 Mich 923 (1991) (citations omitted). The opposing party may not rest upon mere allegations or denial in the pleadings, but must, by affidavit or other documentary evidence, set forth specific facts showing that there is a genuine issue for trial. *Id.* (citations omitted).

This Court also reviews issues of statutory interpretation de novo. *Allen v Bloomfield Hills Sch Dist,* 281 Mich App 49, 52; 760 NW2d 811 (2008).

> When interpreting a statute, we follow the established rules of statutory construction, the foremost of which is to discern and give effect to the intent of the Legislature. The first step when interpreting a statute is to examine its plain language, which provides the most reliable evidence of [legislative] intent. If the language of a statute is clear and unambiguous, the statute must be enforced as written and no further judicial construction is permitted. When an ambiguity does indeed exist, we may go beyond the statutory text to ascertain legislative intent. Effect should be given to every phrase, clause, and word in the statute and, whenever possible, no word should be treated as surplusage or rendered nugatory. [*People v. Carrier*, ___ Mich App ___; ___ NW2d ___ (2015); slip op at 6-7 (citations and quotation marks omitted).].

III. CLAIMS OF ERROR

Plaintiffs' claims of error are two: that water and sewer rate increases that occurred under Townsend in September 2011were not authorized by Flint Ordinances and that EM Brown did not have the authority to ratify Townsend's unauthorized increases and then further increase water and sewer rates in violation of the same ordinances.

A. ORDINANCE VIOLATIONS

The City of Flint Ordinances that plaintiffs claim were violated are:

Ordinance 46-52.1

(a) Every year the Director of Finance shall calculate and transmit on or before April 15, to the Mayor and City Council the new water rate schedules with a complete itemization of water system costs for all classes of customers as given in § 46-52, for the purpose of calculating all bills for the forthcoming 12 months beginning July 1 of that year. The new water rate schedules shall be published at least 30 days prior to the date of implementation.

(b) Water rates shall be reviewed annually and the water percentage index (WRI) as applied to the water rate schedules shall be limited to an adjustment of 8% in any year unless:

(1) Such an adjustment is necessary to provide for all costs of operation, maintenance, replacement and debt service of the water supply system; or

(2) Such an adjustment is necessary to comply with applicable provisions of the city's water supply revenue bond resolutions or ordinances.

and,

Ordinance 46-57.1

Every year the Director of Finance shall calculate and transmit on or before April 15, to the Mayor and City Council the new sewage rate schedules with a complete itemization of sewage system costs for all classes of customers as given in § 46-57, for the purpose of calculating all bills for the forthcoming 12 months beginning July 1 of that year. The new water rate schedules shall be published at least 30 days prior to the date of implementation.

Plaintiffs argue that the rate increases of September 2011 and those imposed by the EM failed to meet the notice and effective date requirements of the ordinances and exceeded the percentage of increase allowed under the ordinances. We agree in part.

The September 2011 35% water rate increase was in violation of Flint Ordinance 46-52.1 because it was not published and noticed at least 30 days prior to its implementation and went into effect almost immediately in September 2011 instead of being implemented over twelve months beginning on July 1 of the next fiscal year. The sewer rate increases were invalid for the same reasons under Ordinance 46-57.1. The sewer rates were not published and noticed 30 days prior to their implementation and were implemented soon after the finance director's recommendation instead of on July 1 of the next fiscal year.

Plaintiffs' argument that the increases also violated Ordinance 46-52.1 by increasing the water rates above 8% is not supported by the ordinance language. Ordinance 46-52.1 envisions that water rate increases be limited to an adjustment of 8%, but allows for uncapped increases in the event "the adjustment is necessary to provide for all costs of operation, maintenance,

replacement and debt service of the water supply system' or . . . to comply with applicable provisions of the city's water supply revenue bond resolutions and ordinances." The defendant's then finance director, Townsend, sent an August 2011 letter to Mayor Walling and City Council, providing justification for the amount of the increase. In that letter, Townsend stated that the water fund was operating at a $3.21 million loss and that the city was not meeting its state bond requirements to operate with revenues greater than 125% of the amount of debt service of the bonds. Townsend explained that the rate increases would help cover the rate increases the city paid to Detroit and the Drinking Water Revolving Fund Bonds. This Court has no basis to find those statements invalid. While the notice, publication and implementation of the water and sewer rate increases were not authorized, the percentage of increase for the rates was not a violation of the ordinances.

Plaintiffs challenge the EM's rate increases under Order No. 31 on the same basis as they challenged the September 2011 increases. However, EM Brown's water and sewer rate increases of 12.5% and 45% respectively, did not violate Flint Ordinances 46-52.1 and 46-57.1. On May 5, 2012, EM Brown published notice of the increases and that they were to be effective July 1, 2012. The Order complied with the notice, publication and implementation provisions of 46-52.1 and 46-57.1. Plaintiffs again argue that any increase in water rates over 8% is not authorized under 46-52.1, but as discussed above, the language of the ordinance does not support that argument. The language of Order No. 31 established both of the excepted instances in 46-52.1 that allow for an increase in water rates greater than 8%. The Order explained that defendant was required under MCL 141.121[8] to set sewer rates that were sufficient to cover the costs of operating the water and sewer systems and that Townsend's increase was insufficient to

---

[8] MCL 141.121, the Revenue Bond Act of 1933, provides in pertinent part:

(1) Rates for services furnished by a public improvement shall be fixed before the issuance of the bonds. The rates shall be sufficient to provide for all the following:

(a) The payment of the expenses of administration and operation and the expenses for the maintenance of the public improvement as may be necessary to preserve the public improvement in good repair and working order.

(b) The payment of the interest on and the principal of bonds payable from the public improvements when the bonds become due and payable.

(c) The creation of any reserve for the bonds as required in the ordinance.

(d) Other expenditures and funds for the public improvement as the ordinance may require.

(2) The rates shall be fixed and revised by the governing body of the borrower so as to produce the amount described in subsection (1). The borrower shall covenant and agree in the ordinance authorizing the issuance of the bonds and on the face of each bond to maintain at all times the rates for services furnished by the public improvement sufficient to provide for the amount described in subsection (1). Rates pledged for the payment of bonds that are fixed and established pursuant to a contract or lease shall not be subject to revision or change, except in the manner provided in the lease or contract.

meet defendant's obligation under state law. The Order stated that additional increases were necessary "to cover the costs of operating the water and sewer systems and pay outstanding bonded indebtedness on the water system."

B. RATIFICATION AUTHORITY OF THE EMERGENCY MANAGER

EM Brown not only increased water and sewer rates with the enactment of Order No. 31, but also purported to expressly ratify and confirm the September 16, 2011 rate increases. The issue of first impression for this Court is whether EM Brown was granted the authority to ratify the unauthorized acts of another public official. We conclude that the Legislature did not delegate the power to ratify to an emergency manager.

The EM is a creature of the Legislature with only the power and authority to do what is granted by statute. EM Brown derived his authority from the former Emergency Manager Law, PA 4 of 2011.[9] That authority was not as broad as defendant argues. We do not agree with defendant that Public Act 436 of 2012, the successor statute to PA 4 of 2011, ratified all the actions of the EM taken under PA 4. MCL 141.1570(1)(a)-(e), states that "[a]ll of the following actions that occurred under the former 2011 PA 4" became effective under 2012 PA 436:

> (a) A determination by the state treasurer or superintendent of public instruction pursuant to a preliminary review of the existence of probable financial stress or a serious financial problem in a local government.
>
> (b) The appointment of a review team.
>
> (c) The findings and conclusion contained in a review team report submitted to the governor.
>
> (d) A determination by the governor of a financial emergency in a local government.
>
> (e) A confirmation by the governor of a financial emergency in a local government.

The actions taken by the state treasurer, the appointed review team and the governor remain effective and were not required to be re-approved with 2012 PA 436. Notably, actions taken by the EM are not included.

We also reject defendant's argument that an act of the EM is an act of the governor and that the EM derives power to ratify from the governor. Former MCL 141.1519(1)(dd) and (ee) state that an EM's authority is limited to the local level. An EM "[e]xercise[s] solely, for and on behalf of the local government," and "exercise[s] any power or authority of any officer, employee, department, board, commission, or other similar entity of the local government.

[9] Former MCL 141.1501 *et seq.*

whether elected or appointed, relating to the operation of the local government." MCL 141.1519(1)(dd), (ee). Thus, the EM acts in place of numerous persons, but they are all local government officials. Former 2011 PA 4[10] and 2012 PA 436[11] each provides that the governor may delegate his duties to the treasurer. Notably, there is no similar provision regarding the delegation of any authority to the EM. Rather, the EM serves at the pleasure of the governor.[12]

The EM's responsibilities and authority under former 2011 PA 4 are listed in former sections MCL 141.1515 through MCL 141.1530. Those provisions are similarly stated in sections MCL 141.1549 through MCL 141.1564 under 2012 PA 436. Of all the powers granted to the EM, ratification is not one of them. Ratification, in both the former 2011 PA 4 and 2012 PA 436, is explicitly granted to the actions of certain persons and entities. Under the former 2011 PA 4, "[a]ll proceedings and actions taken by the governor, the state treasurer, or a review team . . . are ratified and are enforceable as if the proceedings and actions were taken under this act, and a consent agreement entered into . . . is ratified and is binding and enforceable." Former MCL 141.1512(6). 2012 PA 436 contains nearly identical language:

> All proceedings and actions taken by the governor, the state treasurer, the superintendent of public instruction, the local emergency financial assistance loan board, or a review team under former 2011 PA 4, . . . are ratified and are enforceable as if the proceedings and actions were taken under this act, and a consent agreement entered into under former 2011 PA 4, . . . that was in effect immediately prior to the effective date of this act is ratified and is binding and enforceable under this act. [MCL 141.1544(6).]

The clear difference between 2011 PA 4 and 2012 PA 436 is that PA 436 adds "the superintendent of public instruction" and "the local emergency financial assistance loan board." Neither PA 4 nor PA 436 ratifies actions taken by the EM. Further, the EM's power to supersede local government authority does not extend to the state officers and entities listed above.[13] Consequently, the Legislature did not grant the EM the power of ratification, nor did the actions of the EM taken under 2011 PA 4 survive the electors' referendum of that Act.

Absent the power of ratification, defendant urges this Court to look elsewhere for the EM's authority to approve the unauthorized 2011 water and sewer rate increases. Defendant

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[10] Former MCL 141.1515(10).

[11] MCL 141.1549(8).

[12] Former MCL 141.1515(5)(d); MCL 141.1549(3)(d).

[13] The EM's power is superior to and supersedes that of local government officials and entities. Former MCL 141.1519(1)(ee); MCL 141.1552(1)(ee). The EM does not usurp the authority of the superintendent of public instruction. See e.g. MCL 141.1554(c). The EM is not an appointed member of the financial assistance loan board or review team. Former MCL 141.1212; MCL 141.1544.

argues that the additional powers granted to an emergency manager in former MCL 141.1519[14] authorized the EM to raise water and sewer rates notwithstanding the ordinances. Under that section,

> An emergency manager may take 1 or more of the following additional actions with respect to a local government which is in receivership, notwithstanding any charter provision to the contrary:
>
> (a) Analyze factors and circumstances contributing to the financial emergency of the local government and initiate steps to correct the condition.

We are not persuaded by this argument. MCL 141.1519 applies in the instance where the EM, after having analyzed the factors and circumstances contributing to the financial emergency, *initiates* some action to alleviate the emergency. In other words, some affirmative act is required of the EM. "The word 'initiate' is a synonym of the word 'commence.' " *Fast Air, Inc. v. Knight*, 235 Mich App 541, 544; 599 NW2d 489 (1999) citing *Black's Law Dictionary* (5th ed). In turn, the plain and ordinary meaning of the word commence is "to begin; start," *The American Heritage Dictionary* (4th Ed 2006) and "begin" is defined as "to take the first step in performing an action." *Id.*[15] MCL 141.1519, then in effect, supported the 12.5% water and 45% sewer rates initiated by the EM after his appointment. Those increases were initiated after the EM was provided with information from his appointed finance director Gerald Ambrose of the operating losses of both the water and sewer systems and were implemented to correct those conditions. Although the EM had the authority to institute the change in rates notwithstanding any charter provision to the contrary under the former MCL 141.1519(1)(a), as discussed above, the increases complied with the notice, publication and implementation guidelines of city ordinances 46-52.1 and 46-57.1. MCL 141.1519(1)(a) however, does not support the action taken by the EM to expressly ratify and confirm the increases recommended by Townsend. In that instance, the EM did not "initiate" the steps to correct the condition by an affirmative act, but rather approved the steps already taken by someone else. Because the EM did not initiate those increases, MCL 141.1519(1)(a) does not apply.

In light of our analysis, we conclude that defendant violated its own ordinances, 46-52.1 and 46-57.1, by increasing water and sewer rates without first providing notice and publication to its residents thirty days prior and by not waiting to implement those rates until July 1 of the next fiscal year. We also conclude that Order No. 31 did not rectify the violations.

The trial court's grant of summary disposition to defendant was premised on its understanding of the EM's authority as broad, substantial and complete. Our decision today only highlights that authority for a closer look at the statutory boundaries of the EM's power.

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[14] Now, MCL 141.1552.

[15] See *SBC v J.T. Crawford, Inc*, unpublished opinion per curiam of the Court of Appeals, issued November 27, 2007 (Docket No. 275334), p. 5.

Because we disagree with the trial court's conclusion that the EM had the authority to ratify, we reverse its order granting defendant summary disposition.

C. COMINGLING OF FUNDS

Next, this Court must consider whether the trial court properly summarily disposed of plaintiffs' claims regarding comingling of funds. Plaintiffs assert that defendant placed water and sewer rate fees from customers into a pooled cash account with other funds, used the water and sewer funds to pay general obligations of defendant in violation of the Revenue Bond Act of 1933, and that this practice led to a deficit in the water and sewer funds which precipitated the increases by Townsend and EM Brown. Plaintiffs' arguments rely entirely on the motion being granted pursuant to MCR 2.116(C)(8). Indeed, plaintiffs maintain that the trial court should not have considered the affidavit of Pamela Hill, a certified public accountant and auditor of defendant's financial statements, nor held it against plaintiffs for not providing any evidence to the contrary, because subrule (C)(8) requires the trial court to disregard evidence outside the pleadings. However, as has been discussed, this motion was granted pursuant to MCR 2.116(C)(10).

Plaintiffs argue that defendant illegally comingled funds. We find no merit to this claim. A party opposing a motion made pursuant to MCR 2.116(C)(10) has "the burden of showing that a genuine issue of disputed fact exists." *Major*, 185 Mich App at 440. The opposing party may not rest upon mere allegations or denials in the pleadings, but must, by affidavit or other documentary evidence, set forth specific facts showing that there is a genuine issue for trial. *Id.* (citations omitted). The record reveals that defendant provided evidence, in the form of an affidavit from Hill who was hired to audit municipalities, that defendant's accounting system was entirely legal and was used by several other municipalities. Plaintiffs assert that Hill's affidavit only evidences the practice of comingling without establishing the legality of the practice. While the trial court only mentioned the Hill affidavit in its order granting summary dismissal, it also had before it plaintiffs' exhibits in support of their response to defendant's motion for summary disposition which included an affidavit from city treasurer Douglas Bingaman. Bingaman's affidavit stated that the water and sewer funds were in a single pooled cash account, but that funds which state law required to be maintained separately were excluded. Further, that the "account is intended to have each City fund, including the water and sewer funds, end up paying only its own operating and other expenses." Bingaman's affidavit is evidence that defendant was following state law in regards to pooled cash accounts. It was also evidence that the water and sewer funds were not being used to pay the general obligations of defendant. Hill's affidavit averred knowledge of legal accounting practices that only certain accounts were excluded from being maintained in single pooled cash accounts and that water and sewer funds were not excluded. Hill further averred that, "each participating fund's share of the pooled cash account is accounted for," meaning that the water and sewer funds were also accounted for. In response, plaintiffs provided no evidence of defendant's accounting system being illegal. This Court's decision in *Major*, 185 Mich App 437, quite plainly requires plaintiffs to provide *some* evidence that there is a disputed issue of fact. This, plaintiffs did not do. As such, the trial court was required to determine that there was no genuine issue of material fact for trial, and properly granted summary disposition on this issue. *Id.*

III. MOTION TO AMEND

Plaintiffs last argue that it was error for the trial court to deny their request to amend their complaint. We agree.

"This Court reviews grants and denials of motions for leave to amend pleadings for an abuse of discretion." *Hakari v Ski Brule Inc*, 230 Mich App 352, 355; 584 NW2d 345 (1998). "There are circumstances where a trial court must decide a matter and there will be no single correct outcome; rather, there may be more than one reasonable and principled outcome. The trial court abuses its discretion when its decision falls outside this range of principled outcomes." *Pontiac Fire Fighters Union Local 376 v Pontiac*, 482 Mich 1, 8; 753 NW2d 595 (2008).

"A party may amend a pleading once as a matter of course within 14 days after being served with a responsive pleading by an adverse party." MCR 2.118(A)(1). "Except as provided in subrule (A)(1), a party may amend a pleading only by leave of the court or by written consent of the adverse party. Leave shall be freely given when justice so requires." MCR 2.118(A)(2). "Because a court should freely grant leave to amend a complaint when justice so requires, a motion to amend should ordinarily be denied only for particularized reasons." *Wormsbacher v Phillip R Seaver Title Co*, 284 Mich App 1, 8; 772 NW2d 827 (2009), lv den 485 Mich 927 (2009). Those reasons include undue delay, bad faith or dilatory motive, repeated failure to cure deficiencies by amendment previously allowed, undue prejudice, or where amendment would be futile. *Miller v Chapman Contracting*, 477 Mich 102, 105; 730 NW2d 462 (2007). Further, MCR 2.116(I)(5) states that when the trial court summarily disposes of a case under subrules (C)(8), (C)(9), or (C)(10), the trial court "shall give the parties an opportunity to amend their pleadings as provided by MCR 2.118, unless the evidence then before the court shows that amendment would not be justified."

The trial court's reason for denying plaintiffs' motion to amend their complaint was that the "proposed amended complaint is in conflict with this decision." The fact that an amended complaint would present issues at odds with the trial court's decision does not appear to be an accepted particularized reason. A court must specify its reasons for denying the motion; a failure to do so requires reversal, unless amendment would be futile. *Noyd v Claxton, Morgan, Flockhart & Vanliere*, 186 Mich.App 333, 340; 463 NW2d 268 (1990). Because we cannot discern on what basis the trial court denied plaintiffs' motion to amend their complaint, we remand this issue to the trial court. On remand, the trial court is to consider the additional claims in plaintiffs' proposed amended complaint and articulate its reasons for granting or denying the motion.

Reversed and remanded for proceedings consistent with this opinion. We do not retain jurisdiction.

/s/ Cynthia Diane Stephens
/s/ Pat M. Donofrio
/s/ Stephen L. Borrello

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF GENESEE

LARRY SHEARS AND MARGARET FRALICK, in their individual capacities, and as class representatives of all other similarly situated plaintiff class members.

PLAINTIFFS.

Vs.

DOUGLAS BINGAMAN, individually and in His official capacity as Treasurer of the City of Flint, **DARNELL EARLEY,** individually and In his official capacity as Emergency Manager Of the City of Flint, And, **THE CITY OF FLINT, MICHIGAN**, a municipal corporation.

DEFENDANTS.

/

JUDGE: Archie L. Hayman
P37516
CASE NUMBER: 14- 103476-CZ

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PRELIMINARY INJUNCTION

At a Session of Said Court
Held in the Courthouse
On the 7th Day of August, 2015

PRESENT HONORABLE ARCHIE L. HAYMAN, CIRCUIT COURT JUDGE

THIS MATTER, having come on to be heard by Plaintiffs' Motion for Issuance of a Preliminary Injunction, the City of Flint having responded thereto, the Court having read the same and taken testimony and received exhibits into evidence, in Open Court, and being otherwise duly advised in the premises;

IT IS THEREFORE ORDERED AND ADJUDGED that Plaintiffs' Motion for Issuance of a Preliminary Injunction be and the same is hereby **GRANTED** for the reasons stated on the Record in Open Court, which include the following reasons:

1. The September 16, 2011 35% water and sewer rate increases, that have been collected by the City of Flint between September 16, 2011 and the date hereof, were not implemented in conformity with Flint City Ordinances 46 – 52.1 and 46 – 57.1.
2. The water readiness to serve charges that have been collected by the City of Flint from September 16, 2011 to the date hereof are not calculated nor authorized in accordance with Flint City Ordinance 46 – 52.
3. The July 1, 2012 12.5 % water rate increase and 45% sewer rate increase implemented by Emergency Manager Michael Brown under Public Act 4 of 2011 became void with the electors' referendum/rejection of Public Act 4 of 2011.
4. Following the rejection of Public Act 4 of 2011 there was no Order signed by any later Flint Emergency Manager that adopted or implemented the September 16, 2011 water and sewer rate increases and the July 1, 2012 water and sewer rate increases.
5. The liens placed against the real property of the City of Flint's delinquent water and sewer customers were due to delinquencies caused by the September 16, 2011 and July 1, 2012 water and sewer rate increases and the charging of the water readiness to serve charge from September 16, 2011 to the date hereof.

6. The City of Flint has disconnected the water service for its delinquent water and sewer customers due to their failure to pay delinquencies caused by charges related to the September 16, 2011, July 1, 2012, water and sewer rate increases, and water readiness to serve charges.

IT IS FURTHER ORDERED AND ADJUDGED that the City of Flint, its agents, employees, servants, attorneys, and those other persons in active concert or participation with it, be and the same are hereby **ENJOINED** from the following actions, until further Order of This Court:

1. Charging and collecting a water readiness to serve charge, also known as the water service charge from its water and sewer customers until it comes into compliance with Flint City Ordinance 46 – 52.
2. Charging and collecting water and sewer rates that include the September 16, 2011 35% rate increases.
3. Disconnecting the water service for its delinquent water and sewer customers wherein the delinquency arose between September 16, 2011 and the date hereof.
4. Placing any further liens against the real property of its delinquent water and sewer customers for delinquencies that occurred between September 16, 2011 and the date hereof.
5. Taking any monies from the Water Supply Fund, which include the water and sewer funds, and using those monies to pay general obligations.

IT IS FURTHER ORDERED AND ADJUDGED that no Security is required of Plaintiffs herein as this matter is in the public interest as the actions of the City of Flint that are being enjoined are actions that Defendant City of Flint has been engaged in since September 16, 2011, which violate its own Ordinances.

IT IS FURTHER ORDERED AND ADJUDGED that the parties are to meet and negotiate the repayment of 15.7 million dollars to the Sewer fund by the General Fund and are to return to this Court on November 13, 2015 if they are unable to reach agreement on the return of the 15.7 million dollars to the Sewer Fund.

The parties are to provide this Court with their proposals for repayment of the 15.7 million dollars to the Sewer fund, if they are unable to reach an agreement on the process of repayment of the 15.7 million dollars to the Sewer fund by the General Fund by October 31, 2015.

The City of Flint shall immediately establish funds for its water and sewer funds, also known as the Water Supply fund, that are in compliance with the Revenue Bond Act of 1933 as recited by the Court in open Court.

The Finance Department of Defendant City of Flint shall prepare a document/report that creates for this Court a history of the expenditures for the Sewer fund between 2007 and 2013 that reflects how those expenditures would have occurred if the 15.7 million dollars had not been transferred to the General Fund/Lawsuit Settlement Fund.

The issue of Emergency Manager Brown's July 1, 2012 12.5% water rate increase and 45% sewer rate increase is hereby preserved until the Court has reviewed the document/report prepared by the City of Flint's Finance Department.

IT IS FURTHER ORDERED AND ADJUDGED that the parties shall attend a Pre-Trial Conference for this case to be held on November 13, 2015 at 12:00 PM.

IT IS SO ORDERED

ARCHIE L. HAYMAN, P37516
CIRCUIT COURT JUDGE
AUGUST 7, 2015

The above Order is Approved as to Form:

Anthony Chubb, P 72608
Deputy City Attorney

Prepared By:

Valdemar L. Washington
Attorney for Plaintiffs
718 Beach Street/ P.O. Box 187
Flint, MI 48501-0187
810.407.6868

Luepnitz, Ann (Treasury)

From: Luepnitz, Ann (Treasury)
Sent: Tuesday, January 05, 2016 5:50 PM
To: Hanses, Bruce (TREASURY)
Cc: Fielek, Joseph L. (Treasury); Saxton, Thomas (Treasury)
Subject: RE: S E O C Activation

Bruce,

I represent Treasury at the Flint water crisis briefing tomorrow morning at the SEOC. If you have any questions before 9:00 AM let me know.
Thanks,

Ann Luepnitz Manager
Facility, Mail, and Data Operations
Phone: 517-636-5335
Cell: 517-410-3275
Fax: 517-322-1631

From: Michigan State Police Alert Notification System [mailto:conf-1735095090@everbridge.net]
Sent: Tuesday, January 05, 2016 4:46 PM
To: Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
Subject: S E O C Activation
Importance: High

Please click here to acknowledge receipt of this message

The S E O C will be activated at 8 a.m. on Wednesday January 6, 2016 in response to the Flint water crisis and the Emergency Declaration made by Governor Snyder. An e mail was sent to all primary S E M C's this afternoon requesting your agency's participation in a mandatory briefing which will be conducted at the S E O C at 9 a.m. on Wednesday January 6, 2016. Please coordinate within your agency to assure that a representative will be at this briefing.

This message is from the Michigan State Police Alert Notification System and is For Official Use Only.

Flint

Weekly Phone Call

01/06/16

Present on call:

Mayor Weaver, (Flint)
N. Henderson (Flint)
Council President Nelson (Flint)
F. Headen (Treasury)
W. Lamphier (Treasury)
P. Dostine (Treasury)
E. Cline (Treasury)
A. Heimann (Treasury)

Not present:

R. Byrne (Treasury)

1. Water Update:

Governor has declared a state of emergency regarding Flint's water

- GIS Mapping/Scope of issue
  - Will be documenting all lines that are made of lead (likely) so that they can have an accurate scope of the issue, and better prioritize replacements when funding becomes available
  - Will also look at the age of the infrastructure
- Health Department will be adding a nutrition component to the State of Emergency declaration

Water rate

- According to the city, their water rates adjustment schedule is that the rates need to be determined by "April at some point" was not sure of the exact day in April
- Will be considering this after their audit is completed, but do intend to examine it.

KWA Connection

- *Temporary line may not be necessary, have been discussing a plan where* "city and county would back up each other"
  - This plan would solve the problem of not having to have the Flint River as a backup water supply
  - Will also be significantly more expensive than the original plan to create a temporary pipeline to the city that will go to waste afterwards

DPW Recruitment

- Have met with two recruiters, and will be going with "Joyce" from the MML
- Will be changing the proposal slightly for recruitment, the original proposal was too minimal, and the new proposal will be more expensive
- Could take 120 days to find a candidate, but the city is optimistic that it will happen sooner

Legal fees

- Treasury sent a letter notifying the city that they (the Treasury) will be paying 75% of legal fees associated with the Spears Kincaid lawsuit.
- City will start to send us invoices shortly

Corrosion control

- No issues with the corrosion control so far, have seen significant decreases in the quantity of lead in the water

2. Other issues

City Council Meetings - Had a City Council special meeting on the 30th and regular meeting on the 21st

- Special meeting on the 30th of December
    - Judge wanted to City Council to approve a fund transfer from 2008
    - If the RTAB approves this action, the city believes that the judge will not force the city to transfer this money back

Question about PA 436 and Councilor Eric Mays

- City Council President Nelson wanted to know if the RTAB has the capacity to act on removing Councilor Mays considering he is going to be serving a prison sentence
- F. Headen suggested that this was a matter for the City Council to address, and suggested that most cities have a provision to remove a Councilor.
- The City then noted that they would explore that matter internally.

Follow-up questions from the RTAB

- RTAB member (not named) sent follow-up questions to N. Henderson that weren't returned
- N. Henderson had difficulty finding the questions in her email, but after getting them forwarded to her from E. Cline she suggested that all of these questions had been thoroughly addressed in materials that were already sent.
- She will be following up with the individual, and will send responses to her direct questions to all RTAB members so that everyone will have them.

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, January 06, 2016 12:37 PM
To: Steckelberg, Larry (TREASURY)
Subject: FW: URGENT - SEOC Activation

Fyi... let me know if you hear anything different from Randy

From: Luepnitz, Ann (Treasury)
Sent: Wednesday, January 06, 2016 12:30 PM
To: Fielek, Joseph L. (Treasury) <FIELEKJ@michigan.gov>; Hanses, Bruce (TREASURY) <HansesB@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Cc: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: URGENT - SEOC Activation

All:

I attended the briefing at the SEOC regarding the Flint Water Crisis, Randy Byrne also attended. The briefing included a lot of details regarding actions already taken by the City, County, and State and to establish the resources necessary to move forward to get the issue fixed. MSP-EMHSD has taken the lead along with several other state agency EMC and PIO's, at this time Treasury is not part of the incident command plans but they will call on us if needed. After the meeting, Randy Byrnes informed me of the RTAB that is in place with the City of Flint and I shared with MSP, Chris Kelenske and Tony Katarsky, they appreciated having knowledge of the RTAB and feel that will work its daily course and not play at this time in the EM plan. If you have any questions let me know.

Ann Luepnitz Manager
Facility, Mail, and Data Operations
Phone: 517-636-5335
Cell: 517-410-3275
Fax: 517-322-1631

From: Fielek, Joseph L. (Treasury)
Sent: Tuesday, January 05, 2016 6:47 PM
To: Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
Cc: Hanses, Bruce (TREASURY) <HansesB@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Re: URGENT - SEOC Activation

Ok thanks for the FYI. Give us an update after the meeting.

Sent from my iPhone

On Jan 5, 2016, at 6:02 PM, Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov> wrote:

> Bruce,
>
> FYI-Below is more information on SEOC briefing tomorrow for the Flint water crisis.

Ann Luepnitz Manager
Facility, Mail, and Data Operations
Phone: 517-636-5335
Cell: 517-410-3275
Fax: 517-322-1631

From: Katarsky, Anthony (MSP)
Sent: Tuesday, January 05, 2016 4:36 PM
To: Linda.Dintenfass2@redcross.org; Manning, Peter (AG) <ManningP@michigan.gov>; Bishop, Mark (MDCR) <BishopM3@michigan.gov>; Betterly, Steve (DHHS) <betterlys@michigan.gov>; Deacon, Brad (MDARD) <deaconb9@michigan.gov>; Travelbee, Brent (MDOC) <TravelbeeB@michigan.gov>; Burgess, Louis (MDE) <burgessl@michigan.gov>; Hagler, Gary (DNR) <HAGLERG@michigan.gov>; Lixey-Terrill, Jennifer (DHHS) <LixeyTerrillJ@michigan.gov>; Thelen, Richard (DHHS) <ThelenR4@michigan.gov>; Towne, Karen (LARA) <TowneK2@michigan.gov>; Deprez, Michael (LARA) <DeprezM@michigan.gov>; Badgero, William (MDOS) <badgerow@michigan.gov>; Doll, Jeanette (DTMB) <dollj@michigan.gov>; Phifer, Eileen (MDOT) <PhiferE@michigan.gov>; Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>; Smith, Paul (GOV) <SmithP29@michigan.gov>; Kirby, Catherine (DIFS) <kirbyc@michigan.gov>; Alisha Clack <clack@michmab.com>; Vargovich, Carol (MCSC) <vargovichC@michigan.gov>; Kelly, David (MSP) <KellyD@michigan.gov>; Ort, John <ortj@courts.mi.gov>; chad.d.randall.mil@mail.mil; Maczko, James <James.Maczko@noaa.gov>; McDonough, John <wb8rcr@arrl.net>; Feldpausch, Lynne (MEDC) <feldpauschl@michigan.org>
Cc: Simon, Terri (DHHS) <SimonT@michigan.gov>; Merrill, Debra (MDARD) <merrilld@michigan.gov>; paul.spata@redcross.org; Howd, Raymond (AG) <HowdR@michigan.gov>; Levy, Daniel (MDCR) <LevyD@michigan.gov>; Lardie, Keri (MCSC) <LardieK@michigan.gov>; Farmer, Michael V. (MDOC - Training) <Farmemv@michigan.gov>; Guerrant, Kyle (MDE) <GuerrantK@michigan.gov>; Wolf, Jennifer (DNR) <WOLFJ1@michigan.gov>; Weber, Travis (GOV) <WeberT7@michigan.gov>; Wahl, Kathy (DHHS) <WahlK@michigan.gov>; Wilson, Brian (DHHS) <WilsonB3@michigan.gov>; Morante, Teri (DIFS) <MoranteT@michigan.gov>; Gensler, Alesha (LARA) <GenslerA1@michigan.gov>; Wieber, Kevin (LARA) <WIEBERK@michigan.gov>; dkelley@michmab.comm; acdonelld@courts.mi.gov; billy.g.beliew.mil@mail.mil; richard.pollman@noaa.gov; Wolf, Jennifer (DNR) <WOLFJ1@michigan.gov>; klipad@charter.net; Lienhart, Kevin (MDOS) <LienhartK1@michigan.gov>; Bolger, Matt (MSP) <BolgerM@michigan.gov>; Teri Martin (MEDC) <martint19@michigan.org>; McKee, Ryan (DTMB) <mckeer1@michigan.gov>; Vallier, Connie (MDOT) <VallierC@michigan.gov>; Poynter, Jacob (Treasury) <PoynterJ@michigan.gov>; Kelenske, Chris (MSP) <KelenskeC@michigan.gov>; Strobel, Pamela (MSP) <StrobelP1@michigan.gov>; Krisztian, George (DEQ) <krisztiang@michigan.gov>; Burger, Penelope (MSP) <BurgerP@michigan.gov>; Covey, Gabriel (MSP) <coveyg@michigan.gov>; Galbreath, Wendy (MSP) <GalbreathW@michigan.gov>; Hampton, Jacqueline (MSP) <HamptonJ3@michigan.gov>; Leix, Ron (MSP) <LeixR@michigan.gov>; Porcello, James (MSP) <PorcelloJ@michigan.gov>; Reese, Jaqueline (MSP) <ReeseJ@michigan.gov>
Subject: URGENT - SEOC Activation

On January 4, 2016, Genesee County requested that a "State of Emergency/Disaster" be issued by Governor Snyder. Today, the Governor issued a State of Emergency declaration.

EMHSD will activate the SEOC tomorrow at 0800 and will conduct a briefing at 0900 on the event. All state agencies are to send a representative to the 0900 briefing. MDHHS and MDEQ have been directed to brief on the situation. Following initial SEOC briefings, each state agency, in consultation with the State Director, must determine if they need to play a role in ongoing SEOC operations to contribute to addressing the problem. At minimum, MDEQ, MDHHS, Education, DTED, DTMB, and MDARD should maintain a presence in the SEOC. The initial focus of the SEOC will be to:

- Identify and implement any needed protective actions to protect public health and safety;
- Develop situational awareness;

- Develop understanding of technical aspects;
- Coordinate damage assessment;
- Coordinate public information; and
- Identify programs to assist in remediating damage.

If you require anything in the interim, please contact me by email or cell (517-242-5371).

Anthony P. Katarsky
Assistant Division Commander
Michigan State Police
Emergency Management and Homeland Security Division
517-336-2686

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, January 06, 2016 2:41 PM
To: Khouri, Nick (TREASURY); Saxton, Thomas (Treasury)
Subject: RE: Flint Water Interagency Coordinating Committee - DRAFT EO - Review and response requested by COB today.

It is what Harvey mentioned the other day

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Khouri, Nick (TREASURY)
Sent: Wednesday, January 06, 2016 2:40 PM
To: Workman, Wayne (TREASURY) ; Saxton, Thomas (Treasury)
Subject: FW: Flint Water Interagency Coordinating Committee - DRAFT EO - Review and response requested by COB today.
Importance: High

Assume you guys have seen this

Looks ok to me

From: Smith, Paul (GOV) [mailto:SmithP29@michigan.gov]
Sent: Wednesday, January 06, 2016 1:32 PM
To: Etue, Kriste (MSP) <EtueK@michigan.gov>; Kelenske, Chris (MSP) <KelenskeC@michigan.gov>; Creagh, Keith (DEQ) <creaghk@michigan.gov>; Lyon, Nick (DHHS) <LyonN2@michigan.gov>; Becker, Timothy (DHHS) <beckert1@michigan.gov>; Zimmer, Mike (LARA) <zimmerm@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Whiston, Brian (MDE) <WhistonB@michigan.gov>
Cc: Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>; Hollins, Harvey (GOV) <hollinsh@michigan.gov>; Redford, James (GOV) <RedfordJ@michigan.gov>; Arwood, Cheri (GOV) <ArwoodC@michigan.gov>
Subject: Flint Water Interagency Coordinating Committee - DRAFT EO - Review and response requested by COB today.
Importance: High

All,

Attached please find a **DRAFT** Executive Order that would establish the Flint Water Interagency Coordinating Committee. The goal of the executive order is to establish a coordinating committee that will allow state and local officials the opportunity to communicate and collaborate on both short-term and long-term response and recovery efforts to address the Flint water issues. The coordinating committee would be housed within MSP and chaired by Harvey Hollins and Captain Chris Kelenske of MSP (who leads state emergency response efforts). The impacted departments are MSP, DEQ, DHHS, LARA, Treasury, and MDE.

Please review and advise of any suggested edits, corrections or questions by C.O.B. today. You may share this with relevant staff, as necessary, but please maintain confidentiality as this document is only a draft.

Thank you,

Paul C. Smith
Deputy Legal Counsel
Office of the Governor – Legal Division

517.241.5598 (office)
517.512.0642 (cell)
smithp29@michigan.gov

EXECUTIVE ORDER
No. 2016 – xxx

CREATION OF
FLINT WATER INTERAGENCY COORDINATING COMMITTEE

MICHIGAN DEPARTMENT OF STATE POLICE

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the state of Michigan in the Governor; and

WHEREAS, Section 2 of Article V of the Michigan Constitution of 1963 empowers the Governor to make changes in the organization of the Executive Branch or in the assignment of functions among its units that he considers necessary for efficient administration; and

WHEREAS, municipal water in the City of Flint showed elevated lead levels after the City of Flint switched its water source to the Flint River causing the Governor to issue a proclamation declaring a state of emergency on January 5, 2016; and

WHEREAS, the Flint Water Advisory Task Force was formed as an independent advisory task force charged with reviewing actions regarding water use and testing in Flint; and

WHEREAS, the Flint Water Advisory Task Force has made an interim recommendation that the state government should coordinate a sustained, public-health focused response to remedy, to the fullest extent possible, the impacts on the Flint community; and

WHEREAS, multiple state departments and local authorities share the responsibility for ensuring the restoration of safe drinking water and the coordination of efforts to address the consequences resulting from the presence of elevated lead levels in drinking water; and

WHEREAS, restoring safe drinking water and addressing the consequences of elevated lead levels in drinking water will require collaboration and communication between state departments, local governments, and subject matter experts; and

WHEREAS, the establishment of a Flint Water Interagency Coordinating Committee within the Department of State Police will facilitate the collaboration and communication between state departments, local governments, and subject matter experts necessary to effectively coordinate a response and recovery effort;

NOW, THEREFORE, I, Richard D. Snyder, Governor of the state of Michigan, by virtue of the power and authority vested in the Governor by the Michigan Constitution of 1963 and Michigan law, order the following:

I. CREATION OF THE FLINT WATER INTERAGENCY COORDINATING COMMITTEE

A. The Flint Water Interagency Coordinating Committee ("Coordinating Committee") is created as an advisory body within the Department of State Police (the "Department").

B. The Coordinating Committee shall be composed of the following sixteen members who shall serve an initial term expiring on December 31, 2018.

- The Director of Office of Urban Initiatives within the Executive Office of the Governor;
- The Deputy State Director of Emergency Management and Homeland Security within the Michigan Department of State Police;
- The Director of the Department of Environmental Quality, or his or her designee;
- The Director of the Department of Health and Human Services, or his or her designee;
- The Director of the Department of Licensing and Regulatory Affairs, or his or her designee;
- The State Treasurer, or his or her designee;
- The Superintendent of Public Instruction, or his or her designee;
- The elected Mayor of the City of Flint who shall be appointed to the Coordinating Committee by the Governor;
- Two additional representatives of the City of Flint who shall be submitted by the Mayor of the City of Flint and appointed to the Coordinating Committee by the Governor;
- Three representatives of Genesee County who shall be submitted by the Genesee County Board of Commissioners and appointed to the Coordinating Committee by the Governor;
- Three subject matter experts who shall be appointed to the Coordinating Committee by the Governor.

After the initial appointments, members of the Coordinating Committee appointed under this subsection shall serve terms of three years.

C. A vacancy on the Coordinating Committee occurring other than by expiration of a term shall be filled in the same manner as the original appointment for the balance of the unexpired term. A member may continue serving until his or her successor is appointed. A member may serve successive terms if reappointed.

II. CHARGE TO THE COORDINATING COMMITTEE

A. The Coordinating Committee shall act in an advisory capacity to the Governor and subject to the Governor's review and approval, shall do all of the following:

1. Create an incident action plan designed to assist state and local authorities in restoring safe drinking water to the residents of the City of Flint and addressing the consequences of elevated lead levels in drinking water.

2. Review recommendations made by the Flint Water Advisory Task Force and propose statutory, regulatory or contractual actions necessary for implementation of such recommendations.

3. Identify staff with competencies in emergency planning, operations, and finance as outlined under the National Incident Management System (NIMS) to work with the Coordinating Committee to track resource requests and document progress on the incident action plan.

4. Establish a standard process for sharing pertinent information between all members including use of the NIMS and Unified/Incident Command as appropriate.

5. Establish routine communications protocols at the local, executive and legislative levels as appropriate.

6. Establish a public information protocol to effectively inform the community.

7. Make recommendations for acceptable standards for potable water.

8. Make recommendations regarding the health impacts for the affected population.

9. Assess the status of infrastructure and determine feasible actions to upgrade the water system.

10. Establish subcommittees among its members to specifically address, at a minimum, each of the three following topic areas: Water Quality, Community Health, and Education.

11. Assist the Governor and the Department in implementing appropriate operations permitted under the Michigan Emergency Management Act or the federal Stafford Disaster Relief and Emergency Assistance Act, including local emergency operations plans and guides.

12. Explore any avenues of funding for response and recovery efforts including federal grants, legislative appropriations, and private partners.

B. The Coordinating Committee shall provide other information or advice as requested by the Governor or the Department.

III. OPERATIONS OF THE COORDINATING COMMITTEE

A. The Coordinating Committee shall be staffed and assisted by personnel from the Department as directed by the Department Director. Any budgeting, procurement, and related management functions of the Coordinating Committee shall be performed under the direction and supervision of the Department Director.

B. The Director of Office of Urban Initiatives within the Executive Office of the Governor and the Deputy State Director of Emergency Management and Homeland Security shall

together serve as the Statewide Coordinators responsible for the administrative functions of the Coordinating Committee.

C. The Coordinating Committee may utilize subcommittees and advisory panels composed of its members to assist in completing the functions of the Coordinating Committee. The Coordinating Committee may request public participation on advisory panels as the Coordinating Committee deems necessary.

D. When making recommendations to the Governor, a majority of the serving members of the Coordinating Committee must concur.

E. The Coordinating Committee shall meet at the call of either of the Statewide Coordinators and as may be provided in procedures adopted by the Coordinating Committee.

F. The Coordinating Committee may, as appropriate to perform its duties, make inquiries, conduct studies, consult with outside experts, and receive comments from the public.

G. Members of the Coordinating Committee shall serve without compensation but may receive reimbursement for necessary travel and expenses according to relevant statutes and the rules and procedures of the Civil Service Commission, and the Department of Technology, Management and Budget, subject to available funding.

H. The Coordinating Committee may accept donations of labor, services, or other items of value from any public or private agency or person. Any donations shall be expended in accordance with applicable laws, rules and procedures.

I. Members of the Coordinating Committee shall refer all legal, legislative, and media contacts to the Department.

J. A writing prepared, owned, used, in the possession of, or retained by the Coordinating Committee in the performance of an official function is subject to the Freedom of Information Act, 1976 PA 442, as amended, MCL 15.231 to 15.246.

IV. MISCELLANEOUS

A. All departments, committees, commissioners, or officers of this state or of any political subdivision of this state may give to the Coordinating Committee, or to any member or representative of the Coordinating Committee, any necessary assistance required by the Coordinating Committee, or any member or representative of the Coordinating Committee, in the performance of the duties of the Coordinating Committee so far as is compatible with its, his or her duties.

B. Any suit, action, or other proceeding lawfully commenced by, against, or before any entity affected under this Order shall not abate by reason of the taking effect of this Order.

C. The invalidity of any portion of this Order shall not affect the validity of the remainder of the Order.

The Executive Order shall become effective upon filing.

Given under my hand and the Great Seal of the state of Michigan this _____ day of January, in the year of our Lord, Two Thousand Sixteen

RICHARD D. SNYDER
GOVERNOR

BY THE GOVERNOR:

SECRETARY OF STATE

Robert, Carla M. (Treasury)

From: Smith, Paul (GOV) <SmithP29@michigan.gov>
Sent: Wednesday, January 06, 2016 4:20 PM
To: Hollins, Harvey (GOV)
Cc: Etue, Kriste (MSP); Kelenske, Chris (MSP); Creagh, Keith (DEQ); Lyon, Nick (DHHS); Becker, Timothy (DHHS); Zimmer, Mike (LARA); Khouri, Nick (TREASURY); Whiston, Brian (MDE); Muchmore, Dennis (GOV); Agen, Jarrod (GOV); Clement, Elizabeth (GOV); Baird, Richard (GOV); Redford, James (GOV); Arwood, Cheri (GOV)
Subject: RE: Flint Water Interagency Coordinating Committee - DRAFT EO - Review and response requested by COB today.
Attachments: Flint Water Interagency Coordinating Committee - Revised Draft.docx

Attached is a revised version incorporating Harvey's suggestion.

The relevant paragraphs now read:

WHEREAS, municipal water in the City of Flint showed elevated lead levels after the City of Flint switched its water source to the Flint River

WHEREAS, the County of Genesee and the City of Flint have taken actions to cope with the situation, including but not limited to, switching back to the Detroit water system on October 16th, declaring local states of emergency, activating the emergency response and recovery aspects of their emergency operations plan, marshaling and distributing required resources on a city-wide level, and issuing emergency public information and bulletins; and

WHEREAS, the Flint Water Advisory Task Force was formed as an independent advisory task force charged with reviewing actions regarding water use and testing in Flint; and

WHEREAS, the Flint Water Advisory Task Force has made an interim recommendation that the state government should coordinate a sustained, public-health focused response to remedy, to the fullest extent possible, the impacts on the Flint community; and

WHEREAS, on January 5, 2016, the Governor issued a proclamation declaring a state of emergency in the County of Genesee and the City of Flint; and

From: Hollins, Harvey (GOV)
Sent: Wednesday, January 06, 2016 3:06 PM
To: Smith, Paul (GOV) <SmithP29@michigan.gov>
Cc: Etue, Kriste (MSP) <EtueK@michigan.gov>; Kelenske, Chris (MSP) <KelenskeC@michigan.gov>; Creagh, Keith (DEQ) <creaghk@michigan.gov>; Lyon, Nick (DHHS) <LyonN2@michigan.gov>; Becker, Timothy (DHHS) <beckert1@michigan.gov>; Zimmer, Mike (LARA) <zimmerm@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Whiston, Brian (MDE) <WhistonB@michigan.gov>; Muchmore, Dennis (GOV) <muchmored@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>; Clement, Elizabeth (GOV) <clemente@michigan.gov>; Baird, Richard (GOV) <bairdr@michigan.gov>; Redford, James (GOV) <RedfordJ@michigan.gov>; Arwood, Cheri (GOV) <ArwoodC@michigan.gov>
Subject: Re: Flint Water Interagency Coordinating Committee - DRAFT EO - Review and response requested by COB today.

The following whereas statement implies the Governor declared and emergency absent any actions from the locals.

"WHEREAS, municipal water in the City of Flint showed elevated lead levels after the City of Flint switched its water source to the Flint River causing the Governor to issue a proclamation declaring a state of emergency on January 5, 2016; and"

I suggest inserting some of the following language from the Governor's emergency declaration either in the whereas above or as a stand alone statement before this whereas:
"WHEREAS, from October 1, 2015 to this date, the County of Genesee and the City of Flint have taken a number of actions to cope with the situation, including but not limited to, switching back to the Detroit water system on October 16th, declaring local states of emergency, activating the emergency response and recovery aspects of their emergency operations plan, marshaling and distributing required resources on a city-wide level, and issuing emergency public information and bulletins; and"

Best,
Harvey

On Jan 6, 2016, at 1:32 PM, Smith, Paul (GOV) <SmithP29@michigan.gov> wrote:

> All,
>
> Attached please find a **DRAFT** Executive Order that would establish the Flint Water Interagency Coordinating Committee. The goal of the executive order is to establish a coordinating committee that will allow state and local officials the opportunity to communicate and collaborate on both short-term and long-term response and recovery efforts to address the Flint water issues. The coordinating committee would be housed within MSP and chaired by Harvey Hollins and Captain Chris Kelenske of MSP (who leads state emergency response efforts). The impacted departments are MSP, DEQ, DHHS, LARA, Treasury, and MDE.
>
> **Please review and advise of any suggested edits, corrections or questions by C.O.B. today.** You may share this with relevant staff, as necessary, but please maintain confidentiality as this document is only a draft.
>
> Thank you,
>
> Paul C. Smith
> Deputy Legal Counsel
> Office of the Governor – Legal Division
>
> 517.241.5598 (office)
> 517.512.0642 (cell)
> smithp29@michigan.gov
>
> <Flint Water Interagency Coordinating Committee - DRAFT.docx>

Doyle, Maureen (Treasury)

Subject: RDS - Local Government Update
Location: Governor's Office, Romney

Start: Wed 1/6/2016 3:00 PM
End: Wed 1/6/2016 3:45 PM

Recurrence: (none)

Meeting Status: Accepted

Organizer: GovCalendar
Required Attendees: Agen, Jarrod (GOV); Clement, Elizabeth (GOV); Wisniewski, Wendy (GOV); Workman, Wayne (TREASURY); Dempkowski, Angela (Treasury); Pleyte, Beth (Treasury); Saxton, Thomas (Treasury); Doyle, Maureen (Treasury); Khouri, Nick (TREASURY)

Gov Memo Local Units - Schools...

Summary Local Units Schools D...

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: December 17, 2015

TO: Rick Snyder, Governor

FROM: Wayne Workman, Deputy State Treasurer

SUBJECT: Status of Financially Distressed Local Governments

	DECEMBER				NOVEMBER			
	Cities	Counties	Schools	**Total**	Cities	Counties	Schools	**Total**
Emergency Manager	1	0	3	**4**	1	0	3	**4**
Financial Review Commission	1	0	0	**1**	1	0	0	**1**
Receivership Transition Advisory Board	6	0	0	**6**	6	0	0	**6**
Consent Agreement	2	1	2	**5**	3	1	2	**6**
Neutral Evaluation	1	0	0	**1**	1	0	0	**1**

EMERGENCY MANAGER

Lincoln Park
Emergency Manager: Brad Coulter
Appointed: July 7, 2014
Exit: December 22, 2015

Recent Developments

- In FY15 the anticipated unassigned general fund balance was $186,901. In FY14 the unassigned general fund balance was a negative $1.0M.
- The police and fire pension millage failed 53% to 47%. The millage would have raised an additional $3M annually.
- MERS recently notified the city that its pension ARC is increasing from last year's amount of $2.2M to a current amount due of $3.9M. EM Coulter believes the city can only pay $3.16M. Treasury and the city are working with MERS to reach a resolution regarding annual contributions to the pension plan.

- The City Council hired a law firm to prepare a complaint against the pension funds' actuary. The city believes that the actuary did not properly advise the city regarding long-term financial sustainability of the pension system. The May 2015 actuarial analysis showed pension funding at 23% for Police and Fire and 20% for MERS. The city paid the required ARC each year, yet the funding levels were reduced to critical levels.

- A collective bargaining agreement with the Technical and Professional Office Workers Association of Michigan was approved by the Treasurer and became effective on November 1, 2015. The city eliminated retiree healthcare and reduced employee paid time off.

Significant Actions/Issues

- On August 10, 2015, the Lincoln Park Retiree Association filed suit against the state, Treasury, and the City of Lincoln Park regarding the reduction of city retiree healthcare.

FINANCIAL REVIEW COMMISSION (FRC)

Detroit

FRC Created: November 12, 2014

FRC Members: Nick Khouri, Bill Martin, Brenda Jones, Darrell Burks, John Roberts, Lorron James, Mike Duggan, Stacy Fox, Tony Saunders

Recent Developments

- The city expects to record a larger than expected surplus for FY15. For FY16, the city currently projects a $35M budget surplus.
- The FRC filed its second statutorily required biannual report on Detroit on November 24, 2015. The report detailed the FRC's activities to date and significant developments in the city's finances.
- The city's three police officers' unions have ratified amendments to their existing labor contracts to implement additional pay increases and other work rule changes. The additional cost is projected to be $41M over 4 years (FY16 - FY19) and will be paid for with savings from lower Exit Financing debt service, reallocating budgeted police capital expenses to old bond proceeds, and the elimination of vacant police assistant positions no longer deemed needed.
- The city's EM Orders are subject to revision or rescission by the City Council beginning on December 10, 2015. The city has informed the FRC that the City Council has decided not to modify these EM Orders at this time.
- On December 3, 2015, the DWSD and the GLWA achieved bondholder consent to transfer DWSD debt to GLWA.
- Moody's issued a report on December 7, 2015 indicating Detroit's economic and fiscal health are stronger a year after bankruptcy. Moody's noted the city's ongoing recovery is necessary to meet the challenge in funding its pension obligations from the General Fund starting in FY24. Moody's current rating on Detroit is "B2".

Significant Action/Issues

- The city has started developing its FY17 - FY20 financial plan. This will be the first budget since the EM's departure that Mayor and City Council will develop.

RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

Allen Park
RTAB Appointed: September 26, 2014
RTAB Members: Suzanne Schafer, Fredrick Frank, Karen Barann, Mark Wollenweber, Scott Lites

Recent Developments
- In FY15 the anticipated unassigned general fund balance was $5.8M. In FY14 the unassigned general fund balance was $2.6M.
- Incumbent Mayor William Matakas defeated challenger Councilman Dennis Hays 62% to 38%.
- The road repair millage passed 52% to 48%. The millage will raise $1.4M in the first year.
- The city closed the bond tender refinancing related to the prior movie studio transaction on November 19, 2015. S&P rated the bonds "BBB."

Significant Actions/Issues
- On September 22, 2015, the Michigan Court of Claims granted the state's motion to dismiss the lawsuit brought by retirees of the City of Allen Park who challenged changes made to their healthcare by the former EM. The retirees may appeal this decision.

Benton Harbor
RTAB Appointed: March 10, 2014
RTAB Members: Larry Steckelberg, Bret Witkowski, Marvin Raglon, Sharon Hunt

Recent Developments
- In FY15 the anticipated unassigned general fund balance was $3.1M. In FY14 the unassigned general fund balance was $2.2M.
- Mayoral challenger Marcus Muhammad defeated incumbent Mayor James Hightower 60% to 40%.
- Treasury has begun planning to reduce the RTAB's role.

Significant Actions/Issues
- The former Public Safety Director brought a lawsuit against the city and the former EM for wrongful termination.
- On August 3, 2015, the City Commission requested financial assistance from the Department of Treasury for legal fees and settlement costs associated with decisions made during the tenure of the EM.

Ecorse
RTAB Appointed: May 1, 2013
RTAB Members: Edward Koryzno, Robert Bovitz, Joan Brophy

Recent Developments
- In FY15 the anticipated unassigned general fund balance was $2.7M. In FY14 the unassigned general fund balance was $2.1M.
- Incumbent Mayor Lamar Tidwell defeated challenger John Miller Jr. 59% to 41%.
- On November 25, 2015, the City Administrator submitted a revised 5-year financial plan. Treasury is in the process of reviewing.

Significant Actions/Issues

- MERS pension contributions are anticipated to increase from $1.8M in FY15 to $2.4M in FY16 due to accelerated funding for closed plans.

Flint

RTAB Appointed: April 29, 2015

RTAB Members: Frederick Headen, David McGhee, Beverly Walker-Griffea, Robert McMahan

Recent Developments

- Mayoral challenger Karen Weaver defeated incumbent Mayor Dayne Walling 56% to 44%.
- The Regional Flint Mass Transportation Authority millage passed 72% to 28%.
- The City Attorney has resigned effective December 31, 2015. A new City Attorney, when appointed, will need to be confirmed by the RTAB.
- On November 13, 2015, a complaint was filed in the U.S. District Court against State officials, City of Flint officials, and the former EM for the decision to utilize the Flint River as a water source for residents.
- On November 16, 2015, a Notice of Intent to Sue was filed in the U.S. District Court against state and City of Flint officials for violating the federal Safe Drinking Water Act requirements.
- Mayor Weaver declared State of Emergency on December 14, 2015.
- On August 7, 2015, a Genesee County Circuit Court lawsuit, Shears vs. Flint, invalidated a previous 35% increase in water and sewer rates, reverting back to 2011 rates. This injunction also requires the city to repay $15.7M from the General Fund to the Water Fund, prevents the city from collecting certain past due water bills, and from disconnecting water service for nonpayment. The city's appellate efforts to date have not been successful. The city has requested financial assistance related to the litigation regarding water issues.
- Kincaid vs. City of Flint litigation was held that the EM had no statutory authority to later ratify water and sewer rate increases from May of 2012. The city filed an appeal to the Michigan Supreme Court, but the Court did not address the appeal because the city missed the filing deadline by one day. The case has been remanded back to Genesee County Circuit Court to resolve outstanding matters.
- As a result of current review, the State Tax Commission notified the city it must maintain adequate assessment records. The city will be issuing an RFP for the reassessment of properties.

Significant Actions/Issues

- On September 11, 2015, Genesee County Circuit Court dismissed the Coalition for Clean Water vs. the City of Flint case to force the city to purchase water from the City of Detroit.
- The KWA pipeline is expected to be completed in June 2016. The pipeline is 80% complete, the two pump houses are 90% complete and the intake is completed.
- If the city loses a lawsuit over retiree healthcare, the EM's two-year budget does not assume an additional $5M to $6M projected annual expense.

Hamtramck
RTAB Appointed: December 18, 2014
RTAB Members: Deborah Roberts, Mark Stema, Karen Young, Albert Bogdan, Peter McInerney

Recent Developments
- In FY15 the anticipated unassigned general fund balance was $3.3M. In FY14 the unassigned general fund balance was $2.6M.
- The city has developed a long-term capital improvements plan.

Significant Actions/Issues
- A suit was filed in federal court by Hamtramck retirees over changes to healthcare benefits made in October 2014. The potential exposure to the city is currently unknown.
- The annual pension liability is anticipated to increase from $3.5M in FY15 to $4.3M by FY19. This increase is a result of closing certain pension plans and the MERS policy of accelerating the required contribution for closed plans. The increases were included in the EM's two-year budget.

Pontiac
RTAB Appointed: August 19, 2013
RTAB Members: Edward Koryzno, Keith Sawdon, Robert Burgess, (one appointment pending)

Recent Developments
- In FY15 the anticipated unassigned general fund balance was $9.9M. In FY15 the unassigned general fund balance was $4.3M.
- The city's former pension advisor Roy Dixon was sentenced to federal prison for bribery involving Pontiac pension board members.
- The Oakland County Circuit Court dismissed the lawsuit filed by the city against Ottawa Towers LLC/ Phoenix Center. Treasury is working with the city to move forward to resolve the litigation and assist with the sale to a private operator, which could free up $2M in demolition funds.
- Treasury is working with the city on a plan to significantly reduce the role of the RTAB by spring of 2016.

Significant Actions/Issues
- A proposed mediation settlement between the city and the Pontiac Retired Employees Association, if approved, could fund pension and OPEB benefits for the GERS and the Police and Fire VEBA members, and resolve the lawsuit filed by the Association.

CONSENT AGREEMENT

Inkster
Date Executed: February 20, 2012
Consent Agreement Consultant: Mark Stuhldreher

Recent Developments
- In FY15 the audited unassigned general fund balance was $1.38M. In FY14 the general fund balance was a negative $837,194.
- Byron Nolen was elected Mayor by defeating Walter Stargill Jr. 87% to 13%.
- The Parks and Recreation millage passed 72% to 28%. It will raise $400K annually.

- The Senior Services millage passed 73% to 27%. It will raise $200K annually.
- The Inkster Public Schools non-homestead millage passed 64% to 34%. It will raise $750K the first year.
- On October 5, 2015, City Council approved an agreement with Wayne County regarding repayment of the $4.9M sewer charges owed to the county through a millage levy and other resources.

River Rouge
Date Executed: December 15, 2009
Consent Agreement Consultant: N/A (PA 72)
Date Released: December 7, 2015

Recent Developments
- The city ended FY 15 with an operating surplus of $1.77M.
- Standard and Poor's ratings services assigned an investment grade "A" rating for a recent $5M refunding bond issue that the city undertook.

Royal Oak Township
Effective Date: April 21, 2014
Consent Agreement Consultant: Robert Burgess

Recent Developments
- In FY15 the anticipated unassigned general fund balance was $267,405. In FY14 the unassigned general fund balance was $154,092. The fiscal year ends December 31, 2015.
- The Township Board voted to extend the Consent Agreement Consultant's contract through March 31, 2016. A replacement will need to be identified.
- The township is exploring options for police services with neighboring jurisdictions, however the proposed costs are greater than what the township's police millage generates. The Michigan State Police have and continue to provide police services to the township.

Wayne County
Effective Date: August 21, 2015
Consent Agreement Consultant: Warren Evans

Recent Developments
- On November 15, 2015, the county submitted a revised cash flow forecast. The cash flow, excluding the Trust and Agency cash, projects a September 2016 balance of $179M, which is $36M less than the October 2015 projection.
- The quarterly financial report submitted by the county on October 15, 2015 projects an operating surplus of $107M.
- The county indicated it has reached/imposed agreements with all collective bargaining units with the exception of the Circuit Court. The Circuit Court contracts do not expire until September 2016 and includes 77 members.
- Two lawsuits are currently pending a motion to dismiss: 1) AFSCME 3317 (sergeants and lieutenants) is a state case; and 2) AFSCME 25 (hearing and vision techs) is a federal case. Neither case prevents the county from carrying out its requirements under the Consent Agreement.

- On May 29, 2015, the Wayne County Circuit Court rendered a decision in favor of the Retirement System resulting in a $49M judgement levy. The county paid $10M of the judgment from available funds and placed $39M on the tax roll. As of November 9, 2015, the county has collected $29M of the amount levied.

Significant Actions/Issues

- The annual structural General Fund deficit is approximately $53.4M prior to any of the proposed remedial actions. Those remedial actions include $36.2M in changes to retiree healthcare, $5.2M in changes to active employee healthcare, and $12M in a combination of revenue increases and potential expenditure reductions.
- The county submitted documentation regarding the long-term solution for its jail. Reviews and discussion are ongoing with the county.

NEUTRAL EVALUATION

Highland Park
Financial Review Team Appointed: December 2, 2013
Financial Emergency Declared: January 30, 2014
PA 436 Option Selected: Neutral Evaluation

Recent Developments

- Mayoral challenger (and former Mayor) Hubert Yopp defeated incumbent Mayor DeAndre Windom 63% to 37%.
- The Highland Park Schools non-homestead millage passed 54% to 46%. It will raise $1.5M the first year.
- A class action lawsuit dated November 6, 2015 has been filed against the city claiming Headlee Amendment violations for alleged overcharging for water and sewer services.
- The City Administrator reported that annual retiree OPEB costs were reduced from $1.5M to $250K, effective October 1, 2015.
- Hearings are being held in U.S. Federal Court regarding the judgement in favor of DWSD over the city's unpaid water bill.
- The city's water system is experiencing low water pressure. City officials are working with Wade Trim, Treasury, DEQ, and GLWA/DWSD to develop a plan to implement immediate repairs which are anticipated to increase water pressure. Treasury expects funding the project through continued grants and loans.

Cline, Richard (Treasury)

From: Natasha Henderson <nhenderson@cityofflint.com>
Sent: Wednesday, January 06, 2016 6:42 PM
To: Cline, Richard (Treasury)
Cc: Headen, Frederick (Treasury)
Subject: Re: FW: RTAB Questions from RTAB Meeting

Categories: Blue Category

Please see my responses to each item below. Should you need any further clarification or have any additional questions, please let me know.

1. The City Administrator in her email proposes using $7,287,125 of Fund Balance in the water fund to offset the balance projected decrease in the revenue. The latest "budget to actual" report provided shows the Fund Balance in the water fund to be $4,937,210. Will there be an amendment showing where the remaining $2,349,915 will be taken from?

When the first quarter budget amendments were originally presented to Council the FYE 6/30/2015 fund balances for the water and sewer funds were $4.9M and $17.2M, respectively. These were unaudited year end projections as the City worked to close it's books and prepare for the auditors arrival. The City has historically looked at the combined total of the fund balances of both funds to determine the financial position of the system as a whole. I would note that, in light of the recent attention being paid to the City's compliance with the Revenue Bond act, the practice of reviewing the combined fund balances for financial position of the total system will not be followed in the future. This is especially important as new GASB statements governing the preparation of the City's financial statements continue to be issued requiring the City to report total pension liabilities for unfunded expenses.

With the changes in GASB reporting that require net pension liability to be reported for the first time, the water and sewer funds now carry unrestricted deficits for both funds. The funds maintain a positive total net position. Net pension liability is a long term liability that has always existed, however with the implementation of GASB 68 and 71 is shown on the face of the financial statements. I have been maintaining ongoing conversations with the City's auditors regarding the presentation of the net pension liability on the water and sewer fund unrestricted fund balances (also referred to as unrestricted net assets) and how to communicate that to the City's management, elected officials and public. These statements impact all units of government across the nation and have resulted in many of them, including Flint, reporting negative unrestricted balances for their enterprise funds. I have asked that the auditors be prepared to discuss this matter in more detail with the Council and RTAB.

I have summarized unrestricted net asset data below. The unrestricted net position has been adjusted to remove net pension liability in order to present a clearer indication of the City's current financial position and, therefore, its ability to respond to any change in financial circumstances ($11.3M for water and $22.8M for sewer). It would be from these assets that the City would be offsetting the shortfall in revenues to cover operating expenditures (shown as budgeted use of fund balance of $7.3M for water and $4M for sewer). The unrestricted net asset and net pension liability balances were taken directly from page 3-11 of the City's audited financial statements, which are now available online.

CITY OF FLINT
WATER AND SEWER FUND UNRESTRICTED NET POSITION ANALYSIS

	Budgeted Use of Fund Balance	Projected FYE 6/30/2015 Unrestricted Net Assets	Actual FYE 6/30/2015 Audited Unrestricted Net Assets	Add Back: Net Pension Liability	**Unrestricted Net Position w/o Net Pension Liability**
Water	**(7,287,125)**	4,937,210	(20,358,465)	31,703,314	**11,344,849**
Sewer	**(3,975,246)**	17,229,833	(14,158,340)	36,982,444	**22,824,104**
Total	**(11,262,371)**	22,167,043	(34,516,805)	68,685,758	**34,168,953**

2. The last budget to actual report provided to RTAB (Month Ended October 31, 2015) the 590 Sewer Fund shows a "YTD Balance" at 10/31/15 of $2,480,146 in the "Charges for Services" line item. If I annualize this, the total would be $7,440,438. The budget amendment of a $5,941,475 reduction in that budget line item adjusts the total budgeted amount to be $24,493,240. In what months from November 2015 through June 2015 will there be an acceleration of service for fee revenue that will allow us to achieve the amended budget?

Unfortunately, as a result of the Preliminary Injunction Order the process of moving delinquent balances off of customers accounts removed all of the billed revenue from the current year actual totals. This was necessary in order to identify accounts with delinquent balances outstanding on bills issued after the rates were reduced. The City's Utility Billing and Finance staff are working together to repost the actual billed revenue to the appropriate periods and move the revenue that was reduced to the appropriate allowance for doubtful accounts.

Stated another way, nearly $11.6 million in delinquent balances were "set aside" in order to process shut off notices. In doing so, the utility billing department inadvertantly reduced the current year billed revenue reported under "Charges for Services" on the RTAB report by the same amount. Adding this back and annualizing activity through 10/31/2015 to fiscal year end returns projections closely to those reflected by the amounts reflected in the first quarter budget amendment. It should be further noted that with the amendment to the preliminary injunction order, the City looks forward to recommending a third quarter budget amendment that will restore a portion of the projected revenue.

3. The same concern for the Water Fund as well.

See above.

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

On Wed, Jan 6, 2016 at 10:03 AM, Cline, Richard (Treasury) <cliner1@michigan.gov> wrote:

For your review

Eric Cline | Department Manager | State of Michigan

Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section

430 W. Allegan Street, 3rd Floor | Lansing, MI 48922

Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228

E-mail cliner1@michigan.gov

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From: Headen, Frederick (Treasury)
Sent: Friday, December 18, 2015 11:48 AM
To: Natasha Henderson <nhenderson@cityofflint.com>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Cc: Karen Weaver <kweaver@cityofflint.com>
Subject: RE: RTAB Questions from RTAB Meeting

Natasha:

See the attached questions from Beverly Walker-Griffea.

Sincerely,

Frederick Headen

Legal Advisor to the State Treasurer

From: Natasha Henderson [mailto:nhenderson@cityofflint.com]
Sent: Wednesday, December 16, 2015 5:56 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Cc: Karen Weaver <kweaver@cityofflint.com>
Subject: RTAB Questions from RTAB Meeting

On August 7, 2015 Genesee County District Court Judge Archie Hayman issued a Preliminary Injunction Order (the "Order") against the City. As a result of the Order, the City anticipated an immediate and devastating impact on the financial stability of the Water and Sewer Funds if a stay was not quickly granted by the Michigan Supreme Court Appellate Court. Indeed, the City's request was denied and the financial impact of the Court order has been reviewed through the fiscal year ending June 30, 2016.

Upon issuance of the Order, the City was immediately enjoined from charging and collecting water and sewer rates that include the September 16, 2011 35% rate increases and disconnecting water service for its delinquent water and sewer customers wherein the delinquency arose between September 16, 2011 and the date of the Order. This immediately resulted in a decrease in cash collections on outstanding and current water bills and a decrease in total billed revenue.

The following budget amendments reflect a decrease in revenue projections as a result of monthly billing activity for the period September 2015-June 2016. September billing reflected the reduced rates as ordered by the Preliminary Injunction and confirmed preliminary estimates with $670,000 less in billed usage from the same period in 2014. The City has assumed and average decrease of $616,148 in monthly billed revenue, or $6,777,624 by fiscal year end (for 11 months of billing).

The City had total accounts receivable due of $13,738,190 for all active and inactive accounts at August 7, 2015. It is highly probable that a large percentage of that balance will have to be written off as uncollectible without the ability to enforce payment. The proposed amendments reflect an estimated uncollectible balance at this time of $8,340,823.

The City is working diligently to review the FY2016 operating budgets for additional sources of savings. Upon issuance of the Order, a spending and hiring freeze for all non-critical items was immediately implemented. The City has worked diligently to redevelop its capital improvement plan and has now canceled or postponed many planned projects and purchases until financial stability can be regained.

Changes to appropriations reflect the carry forward of projects in progress but not completed at June 30, 2015 for the Sewer and Water Funds of $41,796 and $1,456,922, respectively. This carry forward is largely offset by decreases to the City's capital improvement plan.

The City's emphasis at this time continues to be on providing safe, clean water to the City's residents and moving forward with preparations for the KWA pipeline to come online. As a result of this re-prioritization, the budget amendments reflect a reduction to budget capital improvements of $5,564,804.

Sewer Fund

The Sewer Fund budget (590) reflects a decrease in projected revenue of $6,741,475 and increase in Use of Fund balance of $2,883,373. The Sewer Fund was paid in full by the 101 fund at the end of FY2015, therefore the budgeted payment of $800,000 from the Public Improvement Fund must be removed. As noted previously, the decrease in Charges for Services of $5,941,475 is a result of the combined impact of inability to enforce collections on balance prior to August 7 and decrease in billed revenue per Court ordered rate reductions.

The roll forward of incomplete FY2015 projects of $41,796 is reflected by a corresponding decrease in cancelled and postponed capital improvement projects of $3,899,898.

Water Fund

The Water Fund budget (591) reflects a decrease in projected revenue of $8,560,824 and increase in Use of Fund balance of $7,287,125. Again, as noted previously, the decrease in Charges for Services are a result of the combined impact of inability to enforce collections on balance prior to August 7 and decrease in billed revenue per Court ordered rate reductions.

The roll forward of incomplete FY2015 projects of $1,456,922 is reflected by a corresponding decrease in cancelled and postponed capital improvement projects of $1,664,906. The City had just begun its much need meter replacement program at the end of FY2015. A significant portion of the roll forward reflects outstanding purchase orders and invoices related to this project prior to the spending freeze. The reduction in FY2016 budgeted improvements reflects the reprioritization of the KWA project and postponement of other significant projects such as the Dupont Street Pipeline Project and Hamilton Dam Sheet Piling.

Thanks,

Natasha L. Henderson, City Administrator

City of Flint, Michigan

1101 S. Saginaw St.

Flint, MI 48502

Email: nhenderson@cityofflint.com

Phone: (810) 237-2057

www.cityofflint.com

---------- Forwarded message ----------
From: Beverly Walker-Griffea <b.walkergriffea@mcc.edu>
To: "Headen, Frederick (Treasury)" <HeadenF@michigan.gov>
Cc:
Date: Thu, 17 Dec 2015 23:12:03 +0000
Subject: Fwd: RTAB Questions from Earlier today
Below are my questions for the City Manager. Thank you. Beverly

1. The City Administrator in her email proposes using $7,287,125 of Fund Balance in the water fund to offset the balance projected decrease in the revenue. The latest "budget to actual" report provided shows the Fund Balance in the water fund to be $4,937,210. Will there be an amendment showing where the remaining $2,349,915 will be taken from?

2. The last budget to actual report provided to RTAB (Month Ended October 31, 2015) the 590 Sewer Fund shows a "YTD Balance" at 10/31/15 of $2,480,146 in the "Charges for Services" line item. If I annualize this, the total would be $7,440,438. The budget amendment of a $5,941,475 reduction in that budget line item adjusts the total budgeted amount to be $24,493,240. In what months from November 2015 through June 2015 will there be an acceleration of service for fee revenue that will allow us to achieve the amended budget?

3. The same concern for the Water Fund as well.

--
Lawrence A. Gawthrop, CPA
Chief Financial Officer
Mott Community College
1401 E. Court Street
Flint, MI 48503

(810) 762-0525 (office)
(810) 348-5910 (cellular)
(810) 762-0235 Kim Brown, Executive Assistant

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, January 07, 2016 7:34 AM
To: [redacted]gen, Jarrod (GOV); Clement, Elizabeth (GOV); Muchmore, Dennis (GOV)
Cc: Baird, Richard (GOV); Hollins, Harvey (GOV); Khouri, Nick (TREASURY); Saxton, Thomas (Treasury); Headen, Frederick (Treasury)
Subject: Flint Water Litigation

Governor Snyder, Since our meeting yesterday afternoon, we have learned from Miller Canfield that the City of Flint has succeeded in Genesee County Circuit Court in substantially reducing the plaintiff's requested damages in the Shears case. We are working with Miller Canfield and the City to get a solid estimate of the savings, but it appears to be significant. In addition, Miller Canfield believes this decision will have a beneficial impact on the other water rate case (Kincaid). As additional information is available we will keep you updated. Wayne

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

Workman, Wayne (TREASURY)

From: Headen, Frederick (Treasury)
Sent: *Thursday, January 07, 2016 7:42 AM*
To: Khouri, Nick (TREASURY); Workman, Wayne (TREASURY)
Cc: Saxton, Thomas (Treasury)
Subject: RE: Update on Shears v City of Flint, 1-6-16

I can answer only the first question at this point. The order has not yet been issued by the court. The parties are in the process of the drafting it.

From: Khouri, Nick (TREASURY)
Sent: Thursday, January 07, 2016 6:02 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Re: Update on Shears v City of Flint, 1-6-16

Couple of things

(1) when was the recent order limiting the time period issued? 9 months for $3m vs $30 m for 48 months doesn't add, unless usage really changed? How did we get the $30m original estimate? Was part of it Kincaid? Is there still the ongoing $750,000 a month risk to the city?

(2) Tom or Wayne --I'm out this morning. Please send an email to the gov right away, cc the folks in the room yesterday, and tell him something like "since our meeting yesterday, we found out the court has eliminated most of the city's exposure to a refund....

Thanks

Sent from my iPad

On Jan 6, 2016, at 9:11 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

> I recall that of this number is because of the Kincaid lawsuit as well. We can just generalize about winning on part and reducing the potential liability
>
> Sent from my iPhone
>
> On Jan 6, 2016, at 9:05 PM, Headen, Frederick (Treasury) <HeadenF@michigan.gov> wrote:
>
> > The biggest change is the refund time frame: nine months instead of roughly 48 months. However, I caution that the $3.0 million amount also is an estimate. We should have a better idea once the Circuit Court issues final orders and that has not yet happened.
> >
> > Sent from my iPhone

On Jan 6, 2016, at 8:54 PM, Khouri, Nick (TREASURY) <KhouriN@michigan.gov> wrote:

Ok

But we sound pretty silly that it went from $30m to $3m in 2 hours

Sent from my iPhone

On Jan 6, 2016, at 8:51 PM, Headen, Frederick (Treasury) <HeadenF@michigan.gov> wrote:

> Chris Trebilcock of Miller Canfield thinks the number is $3.0 million. However, he indicated that he keeps requesting info from the City, but has yet to receive it.
>
> The other thing to bear in mind is that the $30.0 million estimate, to the extent it was ever accurate, assumed refunds from September 2011 to roughly September 2015. We now are talking about a refund period of only nine months.
>
> Sent from my iPhone
>
> On Jan 6, 2016, at 6:18 PM, Khouri, Nick (TREASURY) <KhouriN@michigan.gov> wrote:
>
> > Thanks
> >
> > I thought we were talking about a $30m refund?
> >
> > Is the number now $3m?
> >
> > Sent from my iPhone
> >
> > On Jan 6, 2016, at 5:45 PM, Headen, Frederick (Treasury) <HeadenF@michigan.gov> wrote:
> >
> > > All:
> > >
> > > This is an update regarding *Shears* v *City of Flint.*
> > >
> > > Background. Plaintiffs sought injunctive relief and order from

Genesee County Circuit Court declaring: (1) that a 35 percent water/sewer rate increase City officials adopted September 16, 2011, violated the City's charter; (2) that water/sewer rate increases EM Brown adopted, effective July 1, 2012, were voided by the November 6, 2012, voter disapproval of Public Act 4 of 2011; and (3) that City officials improperly commingled water/sewer funds.

In August 2015, the Court issued a preliminary injunction directing City officials: (1) to rescind the 35 percent rate increase; (2) to refrain from service shut offs for failure to pay if the 35 percent rate increase was involved; and (3) on the Court's own motion, to rescind a $15.7 million transfer from the water/sewer fund to a litigation settlement fund that City officials made in 2008 to settle claims related to sewer backups.

Recent Developments.

(1) Plaintiffs asked the Court to hold City officials in contempt for not properly

calculating how the 35 percent rate increase should be rescinded. City officials had calculated the amount to be $11.4 million and placed that amount in escrow. The Court agreed with the City's methodology.

(2) The Court has essentially limited any refunds to a nine-*month period* (i.e., mid-September of 2011 to June 2012). Miller Canfield is estimating that refunds should be roughly $3.0 million, far less than the $11.4 million City officials have escrowed.

(3) The Court agreed to drop the issue of requiring City officials to repay the $15.7 million from the water/sewer fund if the City Council retroactively ratified the transfer. The City Council adopted a resolution to that effect on December 30th and the resolution will be on the RTAB's agenda next Wednesday.

(4) Technical issues in *Shears* remain on appeal with the Court of Appeals (i.e., are Flint residents entitled to a remedy even if City officials *did* violate the City

charter/ordinances in adopting the 35 percent rate increase)? Miller Canfield believes that a favorable decision by the Court of Appeals in *Shears* can then be used to have *Kincaid* dismissed. *Kincaid* is in Genesee County Circuit Court on remand, but before a different judge than the one presiding over *Shears*.

Fred

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, January 07, 2016 9:58 AM
To: Saxton, Thomas (Treasury)
Subject: RE: Flint Class Action lawsuit

I am confident this is the one Bill was referring to. This was a notice of intent to file, I think.

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Saxton, Thomas (Treasury)
Sent: Thursday, January 07, 2016 9:56 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Flint Class Action lawsuit

This is the 2nd fed lawsuit ?

From: Workman, Wayne (TREASURY)
Sent: Thursday, January 07, 2016 9:27 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: FW: Flint Class Action lawsuit

I think this is what Bill D is talking about. We are telling the City to involve MCPS

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Byrne, Randall (Treasury)
Sent: Thursday, January 07, 2016 9:19 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: Flint Class Action lawsuit

Wayne:

This is a copy of the class action lawsuit per your request yesterday. Michael L. Pitt is the Plaintiffs Attorney. This is the Melissa May's case.

Randy

Randall Byrne | State Administrative Manager
Local Government Services - Fiscal Responsibility Section
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2521 | (517) 373-0633 (fax) | ByrneR1@michigan.gov

Think Green! Don't print this e-mail unless you need to.

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Thursday, January 07, 2016 12:30 PM
To: Headen, Frederick (Treasury)
Subject: FW: Flint water
Attachments: COA Kincaid v. Flint; SHEARS PRELIMINARY INJUNCTION 872015.docx

Per our conversation a couple minutes ago. I assume what Randy fwd would be the 'right' documents.

From: Byrne, Randall (Treasury)
Sent: Tuesday, January 05, 2016 3:49 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Flint water

Tom:

These are the two rulings that I have.

Randy

From: Saxton, Thomas (Treasury)
Sent: Tuesday, January 05, 2016 2:24 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Flint water

Can you send me the two rulings. Thanks

From: Byrne, Randall (Treasury)
Sent: Tuesday, January 05, 2016 1:21 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Flint water

Tom:

A Flint city attorney confirmed that it is Ordinance Section 46-52.1 date of April 15 by which the Finance Director shall calculate and transmit to the Mayor and City Council the new water rate schedules. Let me know if you need any further information.

Randy

From: Saxton, Thomas (Treasury)
Sent: Tuesday, January 05, 2016 10:54 AM
To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>

Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: Flint water

Did you guys go back to the court ruling to confirm whether the operative date re fee increases is April or Dec 31. It would be helpful if we could know that by the end of today.

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF GENESEE

LARRY SHEARS AND MARGARET FRALICK, in their individual capacities, and as class representatives of all other similarly situated plaintiff class members.

PLAINTIFFS.

Vs.

DOUGLAS BINGAMAN, individually and in His official capacity as Treasurer of the City of Flint, **DARNELL EARLEY,** individually and In his official capacity as Emergency Manager Of the City of Flint, And, **THE CITY OF FLINT, MICHIGAN**, a municipal corporation.

DEFENDANTS.

/

JUDGE: Archie L. Hayman
P37516
CASE NUMBER: 14- 103476-CZ

Valdemar L. Washington (P27165)
Attorney for Plaintiffs
718 Beach Street
P.O. Box 187
Flint, MI 48501-0187
810.407.6868

Peter M. Bade (P47546)
Anthony Chubb (P72608)
Attorneys for Defendant
1101 S. Saginaw St. 3rd Floor
Flint, MI 48502
810.766.7146

PRELIMINARY INJUNCTION

At a Session of Said Court
Held in the Courthouse
On the 7th Day of August, 2015

PRESENT HONORABLE ARCHIE L. HAYMAN, CIRCUIT COURT JUDGE

THIS MATTER, having come on to be heard by Plaintiffs' Motion for Issuance of a Preliminary Injunction, the City of Flint having responded thereto, the Court having read the same and taken testimony and received exhibits into evidence, in Open Court, and being otherwise duly advised in the premises;

IT IS THEREFORE ORDERED AND ADJUDGED that Plaintiffs' Motion for Issuance of a Preliminary Injunction be and the same is hereby **GRANTED** for the reasons stated on the Record in Open Court, which include the following reasons:

1. The September 16, 2011 35% water and sewer rate increases, that have been collected by the City of Flint between September 16, 2011 and the date hereof, were not implemented in conformity with Flint City Ordinances 46 – 52.1 and 46 – 57.1.
2. The water readiness to serve charges that have been collected by the City of Flint from September 16, 2011 to the date hereof are not calculated nor authorized in accordance with Flint City Ordinance 46 – 52.
3. The July 1, 2012 12.5 % water rate increase and 45% sewer rate increase implemented by Emergency Manager Michael Brown under Public Act 4 of 2011 became void with the electors' referendum/rejection of Public Act 4 of 2011.
4. Following the rejection of Public Act 4 of 2011 there was no Order signed by any later Flint Emergency Manager that adopted or implemented the September 16, 2011 water and sewer rate increases and the July 1, 2012 water and sewer rate increases.
5. The liens placed against the real property of the City of Flint's delinquent water and sewer customers were due to delinquencies caused by the September 16, 2011 and July 1, 2012 water and sewer rate increases and the charging of the water readiness to serve charge from September 16, 2011 to the date hereof.

6. The City of Flint has disconnected the water service for its delinquent water and sewer customers due to their failure to pay delinquencies caused by charges related to the September 16, 2011, July 1, 2012, water and sewer rate increases, and water readiness to serve charges.

IT IS FURTHER ORDERED AND ADJUDGED that the City of Flint, its agents, employees, servants, attorneys, and those other persons in active concert or participation with it, be and the same are hereby **ENJOINED** from the following actions, until further Order of This Court:

1. Charging and collecting a water readiness to serve charge, also known as the water service charge from its water and sewer customers until it comes into compliance with Flint City Ordinance 46 – 52.
2. Charging and collecting water and sewer rates that include the September 16, 2011 35% rate increases.
3. Disconnecting the water service for its delinquent water and sewer customers wherein the delinquency arose between September 16, 2011 and the date hereof.
4. Placing any further liens against the real property of its delinquent water and sewer customers for delinquencies that occurred between September 16, 2011 and the date hereof.
5. Taking any monies from the Water Supply Fund, which include the water and sewer funds, and using those monies to pay general obligations.

IT IS FURTHER ORDERED AND ADJUDGED that no Security is required of Plaintiffs herein as this matter is in the public interest as the actions of the City of Flint that are being enjoined are actions that Defendant City of Flint has been engaged in since September 16, 2011, which violate its own Ordinances.

IT IS FURTHER ORDERED AND ADJUDGED that the parties are to meet and negotiate the repayment of 15.7 million dollars to the Sewer fund by the General Fund and are to return to this Court on November 13, 2015 if they are unable to reach agreement on the return of the 15.7 million dollars to the Sewer Fund.

The parties are to provide this Court with their proposals for repayment of the 15.7 million dollars to the Sewer fund, if they are unable to reach an agreement on the process of repayment of the 15.7 million dollars to the Sewer fund by the General Fund by October 31, 2015.

The City of Flint shall immediately establish funds for its water and sewer funds, also known as the Water Supply fund, that are in compliance with the Revenue Bond Act of 1933 as recited by the Court in open Court.

The Finance Department of Defendant City of Flint shall prepare a document/report that creates for this Court a history of the expenditures for the Sewer fund between 2007 and 2013 that reflects how those expenditures would have occurred if the 15.7 million dollars had not been transferred to the General Fund/Lawsuit Settlement Fund.

The issue of Emergency Manager Brown's July 1, 2012 12.5% water rate increase and 45% sewer rate increase is hereby preserved until the Court has reviewed the document/report prepared by the City of Flint's Finance Department.

IT IS FURTHER ORDERED AND ADJUDGED that the parties shall attend a Pre-Trial Conference for this case to be held on November 13, 2015 at 12:00 PM.

IT IS SO ORDERED

ARCHIE L. HAYMAN, P37516
CIRCUIT COURT JUDGE
AUGUST 7, 2015

The above Order is Approved as to Form:

Anthony Chubb, P 72608
Deputy City Attorney

Prepared By:

Valdemar L. Washington
Attorney for Plaintiffs
718 Beach Street/ P.O. Box 187
Flint, MI 48501-0187
810.407.6868

Re: Flint lawsuit memo

Workman, Wayne (TREASURY)

Fri 1/8/2016 3:40 PM

To Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>,

Cc Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>,

We should ask Fred to check his files also

Sent from my iPhone

On Jan 8, 2016, at 3 31 PM, Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov> wrote

> **There is this article in which Dayne Walling was saying he was requesting $30 million for tackling the Flint Water issue.**
> **http://www.mlive.com/news/flint/index.ssf/2015/09/lawsuit_aimed_at_forcing_flint.html**
>
> **From:** Workman, Wayne (TREASURY)
> **Sent:** Friday, January 08, 2016 3:15 PM
> **To:** Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
> **Cc:** Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
> **Subject:** Re: Flint lawsuit memo
>
> Some one prepared something. I will have a look Monday at my paper files. It won't look good if Tom finds it in his file They should look for any analysis of the cost of losing the two suits
>
> Sent from my iPhone
>
> On Jan 8, 2016, at 3:09 PM, Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov> wrote:
>
> > Randy has checked his records and asked his staff but no one remembers an analysis of the exposure on the Flint water lawsuits with a $30 million figure. Maybe each of you could search your e-mail for potential attachments on this topic.
> >
> > Larry Steckelberg
> > Division Administrator
> > Property Services Division
> > Michigan Department of Treasury
> > (517) 241-3733

Workman, Wayne (TREASURY)

From: Steckelberg, Larry (TREASURY)
Sent: Friday, January 08, 2016 4:33 PM
To: Workman, Wayne (TREASURY)
Cc: Koryzno, Edward (Treasury)
Subject: Searching for the $30 million figure
Attachments: Assistance Request from Mich Treasury.PDF

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Another likely suspect from Suzanne. Also, I spoke with Fred and Randy. Fred recalls the $30 million figure being spoken by the city in a phone call in August or September of last year. He doesn't recall that being memorialized in any official communication. We will keep searching.

From: Schafer, Suzanne K. (Treasury)
Sent: Friday, January 08, 2016 4:13 PM
To: Steckelberg, Larry (TREASURY)
Subject:

Larry,

I think this gets close to the $30M.

Suzanne

CITY OF FLINT

Dr. Karen W. Weaver
Mayor

Natasha L. Henderson
City Administrator

December 10, 2015

Treasurer Nick A. Khouri,
Michigan Department of Treasury
Lansing, Michigan 48922

Re: ***Larry Shears v. City of Flint***

Dear Treasurer Khouri:

We are writing to respectfully request financial assistance from the State of Michigan with the cost of defending the above-reference lawsuit. This is a class action that challenges water/sewer rates set by the City. The rates were established, in part, by Emergency Manager Michael K. Brown in 2011. The plaintiffs seek a 35% reduction in rates, as well as repayment of charges that were allegedly illegal. If successful, the financial impact would be catastrophic.

Due to the gravity of the situation, and at the urging of Treasury officials, the City retained the law firm of Miller Canfield to handle its defense. Miller Canfield has an outstanding reputation and is well-suited to litigate this matter. However, a firm of this caliber is well beyond the financial means of the City of Flint. We are at a crossroads that requires careful consideration. We cannot afford to continue paying Miller Canfield, but equally cannot risk failure in this lawsuit.

The lawsuit has already caused devastating financial harm to the City due to rulings by the court. In August, the court issued a preliminary injunction order that is striking in its breadth. Among other things, it compelled the City to reduce water rates by 35% pending the outcome of litigation, and prevented readiness to serve charges.

Under the injunction, the City has been unable to collect past due water bills, leaving $11.6 million dollars of uncollected revenue. The City is losing over $600,000.00 per month, with many customers taking a wait-and-see approach to paying their bills.

In a Hobbesian choice, the City was forced to abandon desperately needed capital improvements. This will further escalate costs and exacerbate infrastructure needs.

In addition, Genesee County Circuit Court Judge Archie Hayman sue sponte ordered the City to repay $15.7 million dollars from its general fund to the water and sewer fund, on the perception that the money was wrongfully transferred. The court's ruling have consistently been pro-plaintiff. Much of the legal work is focused on appellate review.

These financial pressures are rapidly impacting the City. Despite a hiring/spending freeze, the City will soon confront the difficult question of whether to use the general fund to pay for the water/sewer system. This would necessarily compel cuts in its already short-staffed police force.

It is imperative the claims asserted in this case are confronted and reversed. The City needs a strong legal defense in this matter, as the consequences of not prevailing will be drastic.

In August of 2015, the City retained Miller Canfield at the urging of State officials. At that time, it was suggested the State would provide financial support. Unfortunately, that support has been discussed for months, but not yet provided. Legal fees from Miller Canfield, to date, total more than $80,000. The cost of defending this matter is rapidly exhausting the City's litigation reserves. We need help, or will not be able to continue with this level of defense.

Under Public Act 436, the State does not assume liability for the actions of an emergency manager. However, we believe there are practical considerations that call for financial assistance. By ensuring the City has needed litigation resources, the State can guard against a return to emergency financial crisis in Flint. Without those resources, the risk of a catastrophic judgment substantially increases. Thus, helping Flint now is a prudent investment to avoid a more costly enterprise.

Moreover, a substantial portion of this lawsuit relates to actions taken by an emergency manager under the careful watch of the State of Michigan. The City of Flint should not be left on its own to defend those choices.

Over the past four years, the City has made enormous strides in attempting to rectify its financial crisis. Pain was broadly spread to current employees, retirees and residents. The City was forced to do more with substantially less. Our residents received reduced municipal services, but increased their volunteerism. Contrary to the perception of some, the City and its residents have met the challenge of regaining financial solvency issued by each of the four emergency managers appointed by Governor Snyder. We proudly closed fiscal year 2015 with a balanced budget.

We have come far, but now confront a lawsuit that seriously threatens to undermine the enormous work, hardship and sacrifice of the past four years. We need financial assistance to avert that disaster, and we need it now.

Respectfully submitted,

Dr. Karen Weaver
Mayor

Natasha L. Henderson
City Administrator

PMB/eem

S:\P. Bade\Miscellaneous Letters\Ltr to N. Khouri re Shears, Kincaid 12.7.15.docx

[redacted]

- [redacted] stated the City is headed in the right direction, [redacted] to do various capital improvement projects.

Flint – Jan. 6 – Mayor Weaver, Council President Nelson, N. Henderson, P. Dostine, E. Cline, A. Heimann

1. Water Update:

Governor has declared a state of emergency regarding Flint's water

- GIS Mapping/Scope of issue
  - Will be documenting all lines that are made of lead (likely) so that they can have an accurate scope of the issue, and better prioritize replacements when funding becomes available
  - Will also look at the age of the infrastructure
- Health Department will be adding a nutrition component to the State of Emergency declaration

Water rate

- According to the city, their water rates adjustments need to be determined by "April at some point" was not sure of the exact day in April
- Will be looking into making changes to their rates

KWA Connection

- Temporary line may not be necessary, have been discussing a plan where "city and county would back up each other"
  - This plan would solve the problem of not having to have the Flint River as a backup water supply
  - Will also be significantly more expensive than the original plan to create a temporary pipeline to the city that will go to waste afterwards

DPW Recruitment

- Have met with two recruiters, and will be going with "Joyce" from the MML

- Will be changing the proposal slightly for recruitment, the original proposal was too minimal, and the new proposal will be more expensive
- Could take 120 days to find a candidate, but the city is optimistic that it will happen sooner

Legal fees

- Treasury sent a letter notifying the city that they (the Treasury) will be paying 75% of legal fees associated with the Spears Kincaid lawsuit.
- City will start to send us invoices shortly

Corrosion control

- No issues with the corrosion control so far, have seen significant decreases in the quantity of lead in the water

2. Other issues

City Council Meetings - Had a City Council special meeting on the 30th and regular meeting on the 21st

- Special meeting on the 30th of December
  - Judge wanted to City Council to approve a fund transfer from 2008
  - If the RTAB approves this action, the city believes that the judge will not force the city to transfer this money back

Question about PA 436 and Councilor Eric Mays

- City Council President Nelson wanted to know if the RTAB has the capacity to act on removing Councilor Mays considering he is going to be serving a prison sentence
- F. Headen suggested that this was a matter for the City Council to address, and suggested that most cities have a provision to remove a Councilor.
- The City then noted that they would explore that matter internally.

Follow-up questions from the RTAB

- RTAB member (not named) sent follow-up questions to N. Henderson that weren't returned
- N. Henderson had difficulty finding the questions in her email, but after getting them forwarded to her from E. Cline she suggested that all of these questions had been thoroughly addressed in materials that were already sent.
- She will be following up with the individual, and will send responses to her direct questions to all RTAB members so that everyone will have them.

Stanton, Terry A. (Treasury)

From: Brown, Jessica (GOV)
Sent: Friday, January 08, 2016 11:25 AM
To: Holton, Jennifer (MDARD); Levengood, Vicki (MDCR); Miller, Jacki (MDCR); Gautz, Chris (MDOC); Eisner, Jennifer (DHHS); Miller, Andrea (DIFS); Moon, Jason (LARA); Kathleen Achtenberg (MEDC); Bach, Katie (MSHDA); Thelen, Suzanne (DMVA); DeVol, Lauren (DMVA); Golder, Edward (DNR); Banner, Shanon (MSP); Brown, Tiffany (MSP); Brown, Melanie (DEQ); Cranson, Jeff (MDOT); Stanton, Terry A. (Treasury); Sampson, Jeremy (TREASURY); Bitely, Andrea (AG); Woodhams, Fred (MDOS); Sellek, Stacy (Courts); Bean, Mary Kay (MGCB); Humes, William R (DMVA); Simpson, Angela (DMVA); Hawthorne, Megan (AG); Throne, Heather (MDARD); Tommasulo, Karen (DEQ)
Cc: Holland, Meegan (GOV); Murray, David (GOV); Biehl, Laura (GOV); Heaton, Anna (GOV); Kennedy, Jordan (GOV); Paciorek, Josh (GOV)
Subject: Joint Information Center Info
Attachments: JIC News Release_1 (1).doc; SocialMedia010616.docx; Facebook graphic.png; Twitter graphics.png

Fellow PIOs:

This week, the governor activated the State Emergency Operation Center to address the health and safety issues related to Flint drinking water. The Joint Information Center has been established to support the SEOC by centralizing communications and streamlining public education efforts.

All media inquiries regarding Flint water and health concerns must be directed to the JIC – the media line is: 888-363-8632. Additionally, all communications materials related to Flint must be routed through the JIC to ensure consistent and accurate messaging. If you have draft social media, FAQs, or any materials you plan to share, send them to Ron Leix at leixr@michigan.gov for approval.

The JIC has created approved social media content for your use, as well as Facebook and Twitter graphics. Messaging and graphics are attached.

Some of you may be called on to staff the JIC. Currently, the governor's office and lead agencies – MDHHS and DEQ – are working side by side with MSP on location. Through close of business today, Friday, January 8, the JIC will be located at 4000 Collins Road, Lansing, MI 48910 in the SEOC. As of Monday morning at 9 a.m., the JIC will be moved to Flint, at 125 E. Union Street, 48502.

Thank you,
Dave

STATE OF MICHIGAN
JOINT INFORMATION CENTER

NEWS RELEASE

FOR IMMEDIATE RELEASE
January 6, 2016; 4:50 p.m.
Release #: 01

For more information contact:
Joint Information Center
888-EMD-TODAY (888-363-8632)

State of Michigan Joint Information Center Now Operational

LANSING, Mich. – Today the State of Michigan launched its Joint Information Center (JIC) to coordinate public information from the State Emergency Operations Center, set up to help with health and safety issues caused by lead in the city of Flint's drinking water. The emergency operations center was activated after Gov. Rick Snyder declared a state of emergency for Genesee County on Jan. 5.

Public information and updates, including resources for residents such as how to obtain free water filters and lead testing, are available at www.michigan.gov/FlintWater.

The JIC will serve as the state's central communications hub for this emergency and is staffed by public information officers (PIO) from several state agencies. Hours of operation will be 9 a.m – 5 p.m., Monday – Friday, until further notice.

It is operating out of the Michigan State Police Emergency Management and Homeland Security Division in Lansing. State officials have been in contact with Flint and Genesee County officials to move the JIC to the city of Flint to better partner and coordinate with local agencies.

The declaration makes available all state resources in cooperation with local response and recovery operations

Genesee County declared a "local state of emergency" on Jan. 4, activating local emergency response and recovery plans. By requesting a governor's declaration, the county has determined local resources are insufficient to address the situation and state assistance is required to protect public health, safety and property to lessen or avert the threat of a crisis.

The city of Flint has been under a local emergency declaration since Dec. 14, 2015.

###

NOTE: ALL MEDIA INQUIRIES ARE BEING HANDLED BY THE JOINT INFORMATION CENTER AT 888-EMD-TODAY (888-363-8632).

Stanton, Terry A. (Treasury)

From: Murray, David (GOV)
Sent: Monday, January 11, 2016 11:48 AM
To: Stanton, Terry A. (Treasury)
Subject: Re: DWSB and Flint

Thank you!

Sent from my iPhone

On Jan 11, 2016, at 11:41 AM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

> Dave...
>
> See below. Let me know if you need more, etc. I will copies of letters for each date/step momentarily.
>
> **Key dates**
> June 26, 2012 – Letter from EM Brown to DWSD seeking permission to blend river water with DWSD water
> Sept. 20, 2012 – Letter from EM Kurtz to DWSD requesting written permission to implement blending (to ensure quality drinking water while saving an estimated $2-3 million annually. DWSD was proposing a 5x rate increase for the City of Flint).
> March 25, 2013 – The Flint City Council endorses joining KWA
> April 11, 2013 – Treasurer Dillion sends letter to EM Kurtz noting conditional approval of move to KWA (pursuant to PA436), pending a review of DWSD's last, best offer.
> April 16, 2013 – EM Kurtz informs Treasury that the City will join KWA
> April 17, 2013 – DWSD transmits letter to EM Kurtz terminating service to Flint, effective April 17, 2014
> April 17, 2014 – Water service from DWSD officially ends
>
> Discussions about the possible development of a Flint-area/Genesee County water system had been on-going since the early 2000's and the City of Flint had been in discussions about the possibility of joining KWA for much of that time (certainly prior to the appt. of an EM in Dec '11)
>
> **Flint EM dates**
> Mike Brown, apptd 12-1-11 (when fin emer declared under PA 4 of 2011)
> Ed Kurtz, apptd 8-8-12 (when PA4 was repealed in Aug 2012, Brown couldn't serve as EM, PA 72 back in effect)
> Mike Brown, apptd 7-4-13 (Kurtz retired; PA436 in effect)
> Darnell Earley, apptd 10-8-13 (Brown resigned)
> Gerald Ambrose, apptd 1-13-15 (Earley appointed DPS EM)
>
> -----Original Message-----
> From: Murray, David (GOV)
> Sent: Monday, January 11, 2016 11:20 AM
> To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
> Subject: DWSB and Flint
>
> Hi Terry,

I'm in a meeting with the governor. He's asking for some details for a timeline regarding the switch.

Do we have dates and information about the exact communication with DWSB and Flint regarding rates, especially the part about the attempt by Detroit water and the rate demands? We are attempting to provide an accurate picture of the timeline, and difficult decisions faced by the city and EM at the time.

Thank you!

Sent from my iPad

Robert, Carla M. (Treasury)

From: Wisniewski, Wendy (GOV) <wisniewskiw@michigan.gov> on behalf of Agen, Jarrod (GOV) <AgenJ@michigan.gov>
Sent: Tuesday, January 12, 2016 12:04 PM
To: Abednego, Jaime (DTMB); Allan, Jon (DEQ); Arbulu, Agustin (MDCR); Arwood, Steve (MEDC); Barnes, Jeff (DMVA); Behen, David (DTMB); Bowen, Scott (MSL); Brader, Valerie (LARA); Brown, Diane (MGCB); Burton, Diane (LARA); Carefoot, Karen (MDE); Clover Adams, Jamie (MDARD); Comai, Stephanie (TIA); Creagh, Keith (DEQ); Crockett, Tracy (MSHDA); Deloney, Andrew (LARA); Donnan, Chanda (DTMB); Doyle, Maureen (Treasury); Dungey, Cecilia (TIA); Elsenheimer, Kevin (MSHDA); Etue, Kriste (MSP); Evans, Amiee (MEDC); General Gregory J. Vadnais (gregory.j.vadnais.mil@mail.mil); Grijalva, Nancy (DHHS); Hill, Nancy (DIFS); Isaacs, Carol (AG); Kalm, Rick (MGCB); Khouri, Nick (TREASURY); King, Rebecca (MCSC); Klotz, Josephine (MSP); Lyon, Nick (DHHS); 'Mason, Dace (DMVA)'; McDermott, Cristina (MSL); McPharlin, Pat (DIFS); Minix, Connie (DTMB); Quackenbush, John (LARA); Roberts, John (DTMB); Sanford, Shawn (MDCR); Sebenick, Pam (MDOT); Sederburg, Kari (DHHS); Senyko, Mike (MDOS); Simon, Sandy C. (MDOC); Smith, Brenda (MDARD); Steudle, Kirk (MDOT); Sworden, Julie (DMVA); Teszlewicz, Barbara (AG); Thelen, Mary Beth (DEQ); Tkaczyk, Judy (DNR); Vaughn, Kari (DEQ); Waalkes, Marie (DTMB); Washington, Heidi E. (MDOC); West, Samantha (LARA); Whiston, Brian (MDE); Winters, Jan (MCSC); Zimmer, Mike (LARA); Moritz, William (DNR)
Subject: Daily Report

This is the first of daily reports from me on activity and issues concerning the Flint water situation.

MONDAY

- The Governor & Flint Mayor Weaver held a press conference in Flint to stress the use of 211 for residents in need of water, detail the water distribution system, and clarify our coordination with FEMA.
- The SEOC is improving its restocking system to make sure no water resource sites run out of supplies. Part of that effort entails the SEOC expanding its partnership with the Red Cross, which is providing expertise on warehousing, inventory and transporting supplies in emergency situations.
- The SEOC began mapping lead service lines.

COMING UP TODAY:

- Home Depot is donating over 12,700 cases of water daily starting today
- Door-to-door teams had a kick off press conference at the Genesee County Community Action Resource Department, and began distributing water resources in neighborhoods.
- A PSA will be submitted to Comcast, with MSP Capt. Kelenske providing water resource information.

Jarrod Agen
Chief of Staff
Governor Rick Snyder, Michigan
517-241-5599

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, January 12, 2016 3:58 PM
To: Agen, Jarrod (GOV); Baird, Richard (GOV); Hollins, Harvey (GOV)
Cc: Saxton, Thomas (Treasury); Khouri, Nick (TREASURY)
Subject: Flint Water

Just finished a call with the Mayor. She indicates that the staff is working on a more complete analysis of Water System finances right now and it should be done soon. I also want to share that while we were talking she received a text message that the City had exhausted their supply of bottled water and filters. Not sure where that info needs to go, but please pass it the appropriate parties. Wayne

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

Cousineau, Sara (Treasury)

From: Clayton, Stacie (GOV)
Sent: Wednesday, January 13, 2016 1:11 PM
To: Hollins, Harvey (GOV); Kelenske, Chris (MSP); Creagh, Keith (DEQ); Khouri, Nick (TREASURY); Zimmer, Mike (LARA); Whiston, Brian (MDE); Lyon, Nick (DHHS); Carefoot, Karen (MDE); Thelen, Mary Beth (DEQ); Garza, Oralya (MSP); Cousineau, Sara (Treasury); Burton, Diane (LARA); Grijalva, Nancy (DHHS); Burgess, Louis (MDE)
Subject: EO No. 2016-1 Flint Water Interagency Coordinating Committee
Attachments: EO+2016-1.pdf

Follow Up Flag: Follow up
Flag Status: Completed

Greetings All,

Attached for your reference is the Executive Order creating the Flint Water Interagency Coordinating Committee. Thank you, again, for your prompt response for scheduling tomorrow's conference call.

~Stacie

Stacie Clayton, Assistant Director
Harvey Hollins III, Director
Governor's Office of Urban Initiatives
3044 West Grand Boulevard, Ste. 14-650
Detroit, MI 48202
313.456.4994 (office)
claytons3@michigan.gov

STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

BRIAN CALLEY
LT. GOVERNOR

EXECUTIVE ORDER
No. 2016 – 1

CREATION OF
FLINT WATER INTERAGENCY COORDINATING COMMITTEE

MICHIGAN DEPARTMENT OF STATE POLICE

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the state of Michigan in the Governor; and

WHEREAS, Section 2 of Article V of the Michigan Constitution of 1963 empowers the Governor to make changes in the organization of the Executive Branch or in the assignment of functions among its units that he considers necessary for efficient administration; and

WHEREAS, municipal water in the City of Flint showed elevated lead levels after the City of Flint switched its water source to the Flint River; and

WHEREAS, the County of Genesee and the City of Flint have taken actions to cope with the situation, including but not limited to, switching back to the Detroit water system on October 16, 2016, declaring local states of emergency, activating the emergency response and recovery aspects of their emergency operations plan, marshaling and distributing required resources on a city-wide level, and issuing emergency public information and bulletins; and

WHEREAS, the Flint Water Advisory Task Force was formed as an independent advisory task force charged with reviewing actions regarding water use and testing in Flint; and

WHEREAS, the Flint Water Advisory Task Force has made an interim recommendation that the state government should coordinate a sustained, public-health focused response to remedy, to the fullest extent possible, the impacts on the Flint community; and

WHEREAS, on January 5, 2016, the Governor issued a proclamation declaring a state of emergency in the County of Genesee and the City of Flint; and

WHEREAS, multiple state departments and local authorities share the responsibility for ensuring safe drinking water and the coordination of efforts to address the consequences resulting from the presence of elevated lead levels in drinking water; and

WHEREAS, ensuring safe drinking water and addressing the consequences of elevated lead levels in drinking water will require collaboration and communication between state departments, local governments, and subject matter experts; and

WHEREAS, the establishment of a Flint Water Interagency Coordinating Committee within the Michigan Department of State Police will facilitate the collaboration and

communication between state departments, local governments, and subject matter experts necessary to effectively coordinate a response and recovery effort;

NOW, THEREFORE, I, Richard D. Snyder, Governor of the state of Michigan, by virtue of the power and authority vested in the Governor by the Michigan Constitution of 1963 and Michigan law, order the following:

I. CREATION OF THE FLINT WATER INTERAGENCY COORDINATING COMMITTEE

A. The Flint Water Interagency Coordinating Committee ("Coordinating Committee") is created as an advisory body within the Michigan Department of State Police (the "Department").

B. The Coordinating Committee shall be composed of the following seventeen (17) members who shall serve an initial term expiring on December 31, 2018.

- The Director of Office of Urban Initiatives within the Executive Office of the Governor;
- The Deputy State Director of Emergency Management and Homeland Security within the Michigan Department of State Police;
- The Director of the Department of Environmental Quality, or his or her designee;
- The Director of the Department of Health and Human Services, or his or her designee;
- The Director of the Department of Licensing and Regulatory Affairs, or his or her designee;
- The State Treasurer, or his or her designee;
- The Superintendent of Public Instruction, or his or her designee;
- The elected Mayor of the City of Flint who shall be appointed to the Coordinating Committee by the Governor;
- Three (3) additional representatives of the City of Flint who shall be submitted by the Mayor of the City of Flint and appointed to the Coordinating Committee by the Governor;
- Three (3) representatives of Genesee County who shall be submitted by the Genesee County Board of Commissioners and appointed to the Coordinating Committee by the Governor; and
- Three (3) subject matter experts who shall be appointed to the Coordinating Committee by the Governor.

After the initial appointments, members of the Coordinating Committee appointed under this subsection shall serve terms of three years.

C. A vacancy on the Coordinating Committee occurring other than by expiration of a term shall be filled in the same manner as the original appointment for the balance of the unexpired term. A member may continue serving until his or her successor is appointed. A member may serve successive terms if reappointed.

II. CHARGE TO THE COORDINATING COMMITTEE

A. The Coordinating Committee shall act in an advisory capacity to the Governor and subject to the Governor's review and approval, shall do all of the following:

1. Create an incident action plan designed to assist state and local authorities in ensuring safe drinking water for the residents of the City of Flint and addressing the consequences of elevated lead levels in drinking water.

2. Review recommendations made by the Flint Water Advisory Task Force and propose statutory, regulatory, or contractual actions necessary for implementation of such recommendations.

3. Identify staff with competencies in emergency planning, operations, logistics, and finance as outlined under the National Incident Management System (NIMS) to work with the Coordinating Committee to track resource requests and document progress on the incident action plan.

4. Establish a standard process for sharing pertinent information between all members including use of the NIMS and Unified/Incident Command as appropriate.

5. Establish routine communications protocols at the local, executive, and legislative levels as appropriate.

6. Establish a public information protocol to effectively inform the community.

7. Make recommendations for acceptable standards for potable water.

8. Make recommendations regarding the health impacts for the affected population.

9. Assess the status of infrastructure and determine feasible actions to upgrade the water system.

10. Establish subcommittees among its members to specifically address, at a minimum, each of the three following topic areas: Water Quality, Community Health, and Education.

11. Assist the Governor and the Department in implementing appropriate operations permitted under the Michigan Emergency Management Act or the federal Stafford Disaster Relief and Emergency Assistance Act, including local emergency operations plans and guides.

12. Explore any avenues of funding for response and recovery efforts including federal grants, legislative appropriations, and private partners.

B. The Coordinating Committee shall provide other information or advice as requested by the Governor or the Department.

III. OPERATIONS OF THE COORDINATING COMMITTEE

A. The Coordinating Committee shall be staffed and assisted by personnel from the Department as directed by the Department Director. Any budgeting, procurement, and related management functions of the Coordinating Committee shall be performed under the direction and supervision of the Department Director.

B. The Director of Office of Urban Initiatives within the Executive Office of the Governor and the Deputy State Director of Emergency Management and Homeland Security shall together serve as the Statewide Coordinators responsible for the administrative functions of the Coordinating Committee.

C. The Coordinating Committee may utilize subcommittees and advisory panels composed of its members to assist in completing the functions of the Coordinating Committee. The Coordinating Committee may request public participation on advisory panels as the Coordinating Committee deems necessary.

D. When making recommendations to the Governor, a majority of the serving members of the Coordinating Committee must concur.

E. The Coordinating Committee shall meet at the call of either of the Statewide Coordinators and as may be provided in procedures adopted by the Coordinating Committee.

F. The Coordinating Committee may, as appropriate to perform its duties, make inquiries, conduct studies, consult with outside experts and federal agencies, and receive comments from the public.

G. Members of the Coordinating Committee shall serve without compensation but may receive reimbursement for necessary travel and expenses according to relevant statutes and the rules and procedures of the Civil Service Commission, and the Department of Technology, Management and Budget, subject to available funding.

H. The Coordinating Committee may accept donations of labor, services, or other items of value from any public or private agency or person. Any donations shall be expended in accordance with applicable laws, rules, and procedures.

I. Members of the Coordinating Committee shall refer all legal, legislative, and media contacts to the Department.

J. A writing prepared, owned, used, in the possession of, or retained by the Coordinating Committee in the performance of an official function is subject to the Freedom of Information Act, 1976 PA 442, as amended, MCL 15.231 to 15.246.

IV. MISCELLANEOUS

A. All departments, committees, commissioners, or officers of this state or of any political subdivision of this state may give to the Coordinating Committee, or to any member or representative of the Coordinating Committee, any necessary assistance required by the

Coordinating Committee, or any member or representative of the Coordinating Committee, in the performance of the duties of the Coordinating Committee so far as is compatible with its, his or her duties.

B. Any suit, action, or other proceeding lawfully commenced by, against, or before any entity affected under this Order shall not abate by reason of the taking effect of this Order.

C. The invalidity of any portion of this Order shall not affect the validity of the remainder of the Order.

The Executive Order shall become effective upon filing.

Given under my hand and the Great Seal of the state of Michigan this 11th day of January, in the year of our Lord, Two Thousand Sixteen

RICHARD D. SNYDER
GOVERNOR

BY THE GOVERNOR:

SECRETARY OF STATE

FILED WITH SECRETARY OF STATE
ON 1/11/16 AT 10:05 AM

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, January 13, 2016 3:25 PM
To: kweaver@cityofflint.com; Natasha Henderson
Cc: Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury); Saxton, Thomas (Treasury)
Subject: Water and General Fund financial information needed

Mayor Weaver,

This is to confirm our discussion on January 12, 2016 regarding the financial information Treasury needs for the City of Flint. Please submit the following:

1. Monthly cash flow reports (for both General Fund and the Water/Sewer Fund) for the period of 7/1/2015 thru 6/30/16. The report should show the actual cash flow for the months already past and the projected cash flow for the remainder of the city's fiscal year. It should show the ending cash balance assuming that the Shearer decision is upheld and a second balance assuming the Shearer decision is reversed.
2. Water shutoff history starting 1/1/2015 to present. The history should include the number of shutoffs and what that represents in terms of percentage of customers and percentage impact on revenues.
3. Water bill collection history starting 1/1/2015 to present.
4. Reports required by the emergency loan agreement issued in April 2015 (requirements will be sent in a separate letter).

As I mentioned, if the City needs additional resources to help gather this information quickly, Treasury is prepared to offer financial help for the City to retain the help of your auditors. If you want to pursue this please contact Randy Byrne regarding estimated cost.

We look forward to working with the City to identify and secure additional funds from foundations, corporations and the federal government to provide long term solutions for Flint`s water system.
Should you have any additional questions or need assistance on the formatting or content of the reports, please do not hesitate to contact Suzanne Schafer at 517-373-0533. We look forward to getting this information as soon as possible.
Thank you, Wayne

Workman, Wayne (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, January 13, 2016 3:24 PM
To: Workman, Wayne (TREASURY)
Subject: RE: Flint Water Interagency Coordinating Committee

It might be good if you sat in as well. If you are around.

From: Khouri, Nick (TREASURY)
Sent: Wednesday, January 13, 2016 3:12 PM
To: Cousineau, Sara (Treasury) <CousineauS@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: RE: Flint Water Interagency Coordinating Committee

Looks like its 8:00

So I can call in from my office

But Tom should join us too (if available)

From: Cousineau, Sara (Treasury)
Sent: Wednesday, January 13, 2016 1:55 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Subject: Re: Flint Water Interagency Coordinating Committee

Ok

Sent from my iPhone

On Jan 13, 2016, at 12:29 PM, Khouri, Nick (TREASURY) <KhouriN@michigan.gov> wrote:

> I'd like to do it
>
> See if they can do it at 8:00
>
> Sent from my iPhone
>
> On Jan 13, 2016, at 11:07 AM, Cousineau, Sara (Treasury) <CousineauS@michigan.gov> wrote:
>
> > Nick,
> > Per email below, do you want someone to sit in on this call tomorrow for you? If yes, who would you like?
> > Thanks,
> > Sara

From: Clayton, Stacie (GOV)
Sent: Wednesday, January 13, 2016 11:02 AM
To: Garza, Oralya (MSP) <GarzaO@michigan.gov>; Thelen, Mary Beth (DEQ) <THELENM2@michigan.gov>; Cousineau, Sara (Treasury) <CousineauS@michigan.gov>; Burton, Diane (LARA) <BurtonD2@michigan.gov>; Carefoot, Karen (MDE) <CarefootK@michigan.gov>; Grijalva, Nancy (DHHS) <GrijalvaN@michigan.gov>
Subject: Flint Water Interagency Coordinating Committee
Importance: High

Greetings All,

Your Director, or his designee, has been appointed by Governor Snyder to serve on the Flint Water Interagency Coordinating Committee (it will be the deputy state director of Emergency Management and Homeland Security within MSP). Harvey Hollins would like to have an initial conversation via conference call as soon as possible.

Please let me know availability for a 30-minute call on Thursday (tomorrow) anytime between 8am-11am. Your prompt response will be greatly appreciated. Please feel free to email or call me with any questions.

~Stacie

Stacie Clayton, Assistant Director
Harvey Hollins III, Director
Governor's Office of Urban Initiatives
3044 West Grand Boulevard, Ste 14-650
Detroit, MI 48202
313.456.4994 (office)
claytons3@michigan.gov

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, January 13, 2016 4:47 PM
To: Jody Lundquist
Cc: Natasha Henderson; Karen Weaver; Saxton, Thomas (Treasury); Byrne, Randall (Treasury); Schafer, Suzanne K. (Treasury)
Subject: Re: Water and General Fund financial information needed

Why don't you give us an estimate of and then we can talk it over

Sent from my iPhone

On Jan 13, 2016, at 4:35 PM, Jody Lundquist <jlundquist@cityofflint.com> wrote:

> Ms. Henderson,
>
> I will direct my staff to begin compiling this information. While several of the reports will be fairly easily to prepare, others will require analysis and take more time. Are you aware of how quickly this information is needed?
>
> Thank you,
>
> Jody N. Lundquist
> Chief Financial Officer
> City of Flint
>
> jlundquist@cityofflint.com
> (810)237-2441 direct
>
> On Jan 13, 2016, at 4:19 PM, Natasha Henderson <nhenderson@cityofflint.com> wrote:
>
> > Good afternoon, Mr. Workman.
> >
> > Thank you for sharing this detailed information request with me. I will ensure that City staff begin working on this immediately. This information will take some time to prepare, however I am confident that City staff is fully capable of responding to your request in its entirety. We appreciate your offer of assistance. Although I believe that it will be unnecessary at this time, we will be sure to inform you should additional support be necessary in the future.
> >
> > Thanks,
> >
> > Natasha L. Henderson, City Administrator
> > 1101 S. Saginaw St.
> > Flint, MI
> > Email: nhenderson@cityofflint.com

Phone: (810) 237-2057
www.cityofflint.com

Mayor Weaver,

This is to confirm our discussion on January 12, 2016 regarding the financial information Treasury needs for the City of Flint. Please submit the following:

1. Monthly cash flow reports (for both General Fund and the Water/Sewer Fund) for the period of 7/1/2015 thru 6/30/16. The report should show the actual cash flow for the months already past and the projected cash flow for the remainder of the city's fiscal year. It should show the ending cash balance assuming that the Shearer decision is upheld and a second balance assuming the Shearer decision is reversed.

2. Water shutoff history starting 1/1/2015 to present. The history should include the number of shutoffs and what that represents in terms of percentage of customers and percentage impact on revenues.

3. Water bill collection history starting 1/1/2015 to present.

4. Reports required by the emergency loan agreement issued in April 2015 (requirements will be sent in a separate letter).

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We look forward to working with the City to identify and secure additional funds from foundations, corporations and the federal government to provide long term solutions for Flint's water system.

Should you have any additional questions or need assistance on the formatting or content of the reports, please do not hesitate to contact Suzanne Schafer at 517-373-0533. We look forward to getting this information as soon as possible.
Thank you, Wayne

As I mentioned, if the City needs additional resources to help gather this information quickly, Treasury is prepared to offer financial help for the City to retain the help of your auditors. If you want to pursue this please contact Randy Byrne regarding estimated cost.

We look forward to working with the City to identify and secure additional funds from foundations, corporations and the federal government to provide long term solutions for Flint's water system.

Should you have any additional questions or need assistance on the formatting or content of the reports, please do not hesitate to contact Suzanne Schafer at 517-373-0533. We look forward to getting this information as soon as possible. Thank you, Wayne

Workman, Wayne (TREASURY)

From: Jody Lundquist <jlundquist@cityofflint.com>
Sent: Wednesday, January 13, 2016 8:16 PM
To: Workman, Wayne (TREASURY)
Cc: Natasha Henderson; Karen Weaver; Saxton, Thomas (Treasury); Byrne, Randall (Treasury); Schafer, Suzanne K. (Treasury)
Subject: Re: Water and General Fund financial information needed

Follow Up Flag: Follow up
Flag Status: Flagged

Approximately two weeks. We can provide this information to you by February 1.

Thanks,

Jody N. Lundquist
Chief Financial Officer
City of Flint

jlundquist@cityofflint.com
(810)237-2441 direct

On Jan 13, 2016, at 4:46 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:

> Why don't you give us an estimate of and then we can talk it over
>
> Sent from my iPhone
>
> On Jan 13, 2016, at 4:35 PM, Jody Lundquist <jlundquist@cityofflint.com> wrote:
>
> > Ms. Henderson,
> >
> > I will direct my staff to begin compiling this information. While several of the reports will be fairly easily to prepare, others will require analysis and take more time. Are you aware of how quickly this information is needed?
> >
> > Thank you,
> >
> > Jody N. Lundquist
> > Chief Financial Officer
> > City of Flint
> >
> > jlundquist@cityofflint.com
> > (810)237-2441 direct
> >
> > On Jan 13, 2016, at 4:19 PM, Natasha Henderson <nhenderson@cityofflint.com> wrote:

Workman, Wayne (TREASURY)

From: Baird, Richard (GOV)
Sent: Thursday, January 14, 2016 11:46 AM
To: Clement, Elizabeth (GOV); Workman, Wayne (TREASURY)
Subject: Re: Water bills

Mayors office working on it. Wayne W on point. Wayne?

Sent from my Verizon Wireless 4G LTE DROID
On Jan 14, 2016 11:22 AM, "Clement, Elizabeth (GOV)" wrote:

> Do we have numbers from Treasury or the city of Flint that outlines the extent of past due water bills and do we have any proposals of how we can assist in addressing that problem? I know the rate increases contributed to this problem but I am trying to to determine if we have numbers that outline the problem.
>
> Thanks!
>
> Beth
>
> Sent from my iPad

Sampson, Jeremy (TREASURY)

From: Fielek, Joseph L. (Treasury)
Sent: Thursday, January 14, 2016 1:12 PM
To: Luepnitz, Ann (Treasury); Hanses, Bruce (TREASURY); Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury)
Cc: Pleyte, Beth (Treasury); Doyle, Maureen (Treasury); Cousineau, Sara (Treasury); Sampson, Jeremy (TREASURY)
Subject: RE: Review of Draft Presidential Declaration Request-Approval Needed by Today at 1:30PM

FYI – the only reference to Treasury is on page 4 of the request letter as indicated below:

With input from the Department of Treasury, MDTED assessed that the most significant immediate negative impact will be the economic effects of such things as decreased property values, lost business activity (new businesses will not move to Flint and existing businesses that rely on clean water, such as restaurants, will be hurt), lost employment, population loss (renters will leave the city). Residents and businesses will also have to pay extra for bottled water, so the extra spending on water will take away from other spending. It is relatively easy for residents to move some of their economic/spending activity outside the city, so the Flint economy will be hurt. These impacts will create an economic downturn in Flint. In terms of personal income losses, a three to four percent loss in nominal personal income in the City of Flint seems a reasonable estimate, which would equal a negative impact of $85 million to $115 million per year in lost economic activity. Long-term, there will be the significant cost of a new water system. Direct health related costs, estimated by MDHHS, are in addition to this estimate.

So I would say for the most part we have no other comment to make regarding this correspondence.

From: Luepnitz, Ann (Treasury)
Sent: Thursday, January 14, 2016 12:48 PM
To: Hanses, Bruce (TREASURY) <HansesB@michigan.gov>; Fielek, Joseph L. (Treasury) <FIELEKJ@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Cc: Pleyte, Beth (Treasury) <PleyteB@michigan.gov>; Doyle, Maureen (Treasury) <DoyleM4@michigan.gov>; Cousineau, Sara (Treasury) <CousineauS@michigan.gov>
Subject: FW: Review of Draft Presidential Declaration Request-Approval Needed by Today at 1:30PM
Importance: High

All:

I received the attached documents from MSP EMHSD a few minutes ago. Treasury needs to review and approve the two documents: 1) the letter to President Obama and 2) an associated FEMA request form before they sent to the Governor's office for final review and editing. The approval is needed based on information provided by the Michigan Department of Treasury on page 4 of the Declaration Request Cover Letter attached.

Can any of you tell me who should approve this? This has been promised to the Governor by early afternoon, our approval needs to be returned to Tony Katarsky by no later than 1:30 PM today. Please let me know or call me at 517-[redacted]o discuss.
Thanks,

Ann Luepnitz Manager
Facility, Mail, and Data Operations

Phone: 517-636-5335
Cell: 517-410-3275
Fax: 517-322-1631

From: Katarsky, Anthony (MSP)
Sent: Thursday, January 14, 2016 12:17 PM
To: Deacon, Brad (MDARD) <deaconb9@michigan.gov>; Lixey-Terrill, Jennifer (DHHS) <LixeyTerrillJ@michigan.gov>; Manning, Peter (AG) <ManningP@michigan.gov>; Towne, Karen (LARA) <TowneK2@michigan.gov>; Feldpausch, Lynne (MEDC) <feldpauschl@michigan.org>; Doll, Jeanette (DTMB) <dollj@michigan.gov>; Wolf, Jennifer (DNR) <WOLFJ1@michigan.gov>; chad.d.randall.mil@mail.mil; Burgess, Louis (MDE) <burgessl@michigan.gov>; Kirby, Catherine (DIFS) <kirbyc@michigan.gov>; Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
Cc: Thelen, Richard (DHHS) <ThelenR4@michigan.gov>; Kelenske, Chris (MSP) <KelenskeC@michigan.gov>; Weber, Thomas (MSP) <WeberT1@michigan.gov>
Subject: Review of Draft Presidential Declaration Request

Attached for review and approval by your agency are two documents: 1) the letter to President Obama and 2) an associated FEMA request form. Both are based on information provided state agencies. Please review for content before they are sent to the Governor's office for final review and editing. This has been promised to the Governor by early afternoon, so please review as quickly as possible, but no later than by 1:30 PM.

Please let me know if you have any questions by calling my cell at 517-[redacted]

Anthony P. Katarsky
Assistant Division Commander
Michigan State Polia ce
Emergency Management and Homeland Security Division
517-336-2686

REQUEST FOR PRESIDENTIAL DISASTER DECLARATION
COVER LETTER
MAJOR DISASTER OR EMERGENCY

January 14, 2016

The Honorable Barack Obama
President of the United States
The White House
Washington, D. C.

Through: Mr. Andrew Velasquez III, Regional Administrator
FEMA Region V
536 South Clark Street, 6th Floor
Chicago, IL, 60605

Dear Mr. President:

Under the provisions of Section [Major Disaster citation (401), Emergency citation (501)]of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. §§ 5121-5207] (Stafford Act), and implemented by 44 CFR §, Emergency citation (206.35)], I request that you declare an Emergency for the State of Michigan as a result of the elevated blood lead levels of citizens, especially children, within the City of Flint which was demonstrated in October, 2015.

Impact and Trauma

As a result of the cooperative monitoring efforts in place by the City, State and Environmental Protection Agency (EPA), and the painstaking work of doctors at Hurly medical center, elevated blood lead levels (EBLLs) were discovered, and the County issued a do not drink order on October 1, 2015. As of the most recent update 2,182 Flint residents have been tested for lead levels and 43 residents have exhibited elevated blood lead levels. Of those, 23 were children under the age of six, the most likely age group to be impacted long term. One child was hospitalized, treated, and released. No deaths have been associated with this emergency.

The situation becomes more complex as the Michigan Department of Health and Human Services has observed a spike in the Flint area of Legionella which also occurred in roughly the same time frame. This too will be investigated for any potential link to the water system. While unlikely to be related to the water system, this new problem adds to the negative psychological impacts on mental health that have become extensive.

Additionally, the economic and psychological impact this has had on the community is severe. While water is flowing through the tap, it is considered unusable for any purposes by a large percentage of the populace. Mistrust in government is at a heightened level, and so, while water is safe for non-consumptive uses, people are understandably concerned. Special populations are especially vulnerable in this crisis as they are often unable to access available vital nutrition or water resources. Assistance with the Individuals and Households Program will be vital to recovery.

With the extent of time between the inception of Flint River water until the return to Detroit Water and Sewerage Department and re-treatment of the mains and pipes by the City, it is impossible to know the extent of those individuals who suffered the effects of EBLL. The duration of an EBLL can vary significantly depending on season, diet and other factors. The detection of substantial increases in EBLLs suggests a much higher rate over the duration of the emergency is likely.

Voluntary Efforts

Voluntary agencies have been assisting since early in the emergency. United Way and 2-1-1 are the central call bank and donation resource for people needing assistance or wishing to donate. The American Red Cross has established a Disaster Recovery Operation and also is providing warehousing management. On January 13, 2016, with the establishment of the (Volunteer Reception Center (VRC), the Michigan Voluntary Organizations Active in Disaster (MI-VOAD) is conducting a conference call to determine how it can more fully activate (several member organizations have already activated). Numerous local voluntary organizations including the Genesee County Community Action Resource Department and the Food Bank of Eastern Michigan are serving key roles in the acquisition and distribution of water.

A State of Emergency was declared on January 5, 2016 for the County of Genesee and City of Flint. Pursuant to Michigan's Public Act 390, both the City of Flint and the County of Genesee declared local states of emergency on December 14, 2015 and January 4, 2015, respectively.

The effect of this emergency has been the loss of potable water for the entire City of Flint. This includes its residents, businesses and worker population. It includes those who live outside and travel in to take advantage of work, school, or recreational activities. And it even includes all pets and other domestic animals living in the city.

The City of Flint has estimated the cost of replacing corroded infrastructure at $767,419,500. Of that, $54,619,500 is private and $712,800,000 is public. These numbers are based on an estimate compiled by the Genesee County Department of Equalization estimates of $25 per linear foot to remove and replace damaged private service lines. Both Individual Assistance – IHP, and Public Assistance – Category B, will be crucial to helping the city and her residents recover. The State has also invested over $10 million so far in emergency protective measures and will be expending much more, some details of which are provided in the public assistance portion of this letter.

Recognizing their responsibility to make their community as disaster-resilient as possible, be advised that all affected jurisdictions that are the subject of this request have in place a current, federally/FEMA approved, Disaster Mitigation Act of 2000-compliant Hazard Mitigation Plan. The plan was adopted January 26, 2015, and under Michigan's Emergency Management Act, Public Act 390, as amended, the City of Flint is included in Genesee County's mitigation plan and emergency management program. Similarly, the State of Michigan has also made a strong commitment to mitigate hazards and has met applicable federal standards: the Michigan Hazard Mitigation Plan was approved by FEMA on April 23, 2014 as a Standard State Hazard Mitigation Plan under the Disaster Mitigation Act of 2000.

The following information is furnished on the nature and amount of State, local, or Indian tribal government resources that have been or will be used to alleviate the conditions of this emergency:

Michigan State Police, Emergency Management and Homeland Security Division (MSP/EMHSD or EMHSD)

In response to Flint's water emergency, the EMHSD has undertaken bulk distribution of water, filters, filter cartridges, and test kits throughout the City of Flint. Working closely with the mayor's office, the EMHSD has identified Points of Distribution (PODs) throughout the city and have begun training troopers and volunteers to canvass the city to provide these commodities to households.

EMHSD is also maintaining overall coordination of the incident, both through the State Emergency Operations Center, and through members of an incident management assistance team in the local Genesee County EOC.

EMHSD – GIS Unit

On Friday, January 8, 2016 GIS staff met with the City of Flint's Department of Public Works (DPW) to begin defining the scope of the affected area for the incident. The critical data layers needed to define where lead pipes are present needs significant updating before an accurate picture can be created.

DPW estimated that approximately 80% of the parcels within the city may have lead piping within their services lines from the water main to the house. Based on preliminary processing of the analog map data that DPW was able to provide, we have noted that newer sections of the city (post 1950) tend to be copper piping and do not have a prevalence of lead. In contrast, the older areas of the city tend to have sparse concentrations of lead, but often the records for these areas are incomplete.

In order to effectively determine where the affected area is EMHSD is working with DPW and the University of Michigan – Flint to digitize many of DPW's old analog maps to extract the pipe status. Even when this initiative is complete, it will remain unclear if the data will prove to be very accurate as the source data is considerably out of date. With the comprehensive water testing plan that the DEQ is implementing, problem areas for the city will be identified so that manual inspections of the underground pipes can be done to confirm the presence of lead.

Michigan Department of Military and Veterans Affairs (MDMVA)

As of January 13, 2016, I authorized activation of the Michigan National Guard to assist the people of Flint and the surrounding communities served by the water department. The Guard will help to broaden the distribution of water, filters, and test kits throughout the water department's service area.

Department of Health and Human Services – Health (MDHHS – H)

MDHHS-H is unique in that it responds to the types of emergencies being experienced by Flint as part of its daily mission. The unique aspect is the potential additional impact to the department's work due to the water emergency.

The MDHHS continues to work closely with local partners to ensure that impacted individuals, especially children younger than six years of age, are being tested at the State Laboratory for elevated blood lead levels (EBLLs). Including working closely with the local primary care provider community and WIC clinics to emphasize the importance of blood lead level screening for children. A technical workgroup comprised of Medicaid data and public health surveillance experts have developed Medicaid specific EBLL testing goals. The department updated its data surveillance methods for blood lead level testing to ensure the most up-to-date, accurate information is being reviewed. Ongoing efforts include enhanced epidemiological disease surveillance. Results are made available through summary reports on the www.michigan.gov/flintwater website, indicating the number tested and with elevated levels.

The MDHHS is partnering with the Genesee County Health Department to ensure families are being offered case management support, which incorporates environmental investigations. The state continues to distribute free water filters to Flint residents with replacement cartridges available at multiple locations. In October, community outreach was initiated for distribution of educational materials for parents, families, and healthcare providers in Flint. These materials were also distributed to all children in Flint schools highlighting the importance of blood lead level testing, effects of lead exposure and the importance of nutrition. MDHHS has been proactively monitoring the Ready to Feed formula use and coordinating with manufacturers and WIC retailers to address any supply or distribution issues with infant formula availability.

MDHHS-H has generated the potential expected impact of this emergency on future health costs. They include as much as $12,000,000 in secondary prevention – education; $1,575,000 in secondary and tertiary prevention – nutrition; Direct medical health costs are estimated at $18,280,849 with $120,875,000 in secondary and tertiary medical expenses;

Department of Talent and Economic Development (MTED)

MTED is comprised of the Michigan State Housing and Development Authority (MSHDA), Michigan Economic Development Corporation (MEDC) and the Talent Investment Agency (TIA).

Our combined efforts are focused on short and long-term assistance to the Townships of Mt. Morris, Flint, and Genesee; the Cities of Flint and Burton; and Genesee County through various grants and potential infrastructure assistance. MSHDA has identified allowable funds to assist residents with MSHDA-backed mortgages and the purchase of water/water filters for low income households. MEDC is focused on infrastructure development and qualifying funds for this purpose

Based on available sources, MTED has assessed potential impacts to the economy of Flint resulting from the water crisis. We developed the attached analysis that looked at 4 potential long term costs associated with certain blood lead levels, which are:

- Lifetime earnings loss total
- Lead Health Care Treatment Costs
- ADHD Treatment Costs
- Special Education Costs

With input from the Department of Treasury, MDTED assessed that the most significant immediate negative impact will be the economic effects of such things as decreased property values, lost business activity (new businesses will not move to Flint and existing businesses that rely on clean water, such as restaurants, will be hurt), lost employment, population loss (renters will leave the city). Residents and businesses will also have to pay extra for bottled water, so the extra spending on water will take away from other spending. It is relatively easy for residents to move some of their economic/spending activity outside the city, so the Flint economy will be hurt. These impacts will create an economic downturn in Flint. In terms of personal income losses, a three to four percent loss in nominal personal income in the City of Flint seems a reasonable estimate, which would equal a negative impact of $85 million to $115 million per year in lost economic activity. Long-term, there will be the significant cost of a new water system. Direct health related costs, estimated by MDHHS, are in addition to this estimate.

Department of Environmental Quality (MDEQ)

On October 1, 2015 the State Chief Medical Officer confirms Hurley Children's Hospital blood lead level data. On this same date the Genesee County Health Department issued the customers of the Flint Water Treatment Plant a "Do Not Drink" advisory. On October 2, the state announces the Governor's Flint action plan. On October 15, 2015 the state legislature authorizes $9.35 million to help fund the City's return to purchasing treated water from the DWSD, and to fund comprehensive lead evaluations at City schools, provide free water filters for residents, provide free in-home water tests for residents, and provide free blood lead level testing and follow-up services.

On October 16, 2015 the Flint Water Treatment Plant reverted its source back to DWSD. On October 28, 2015 the MDEQ issued a construction permit for additional corrosion control treatment.

The MDEQ is supporting the response with incident management personnel, lead and copper water test kits and analysis and investigative teams. The connection to the Karegnondi Water Authority is scheduled to be completed in mid to late 2016.

MDEQ estimates cost impacts in the amount of $9.55 million. This includes $7.8 million to keep Flint on the Detroit system until January 1. It also includes $250,000 in chemicals needed for Flint to test the new water system once it is in place, and $1.5 million for 10 staff and lab equipment. The staff will be responsible for providing additional school and residential sampling and laboratory testing as well as expertise related to corrosion control and service line verification.

Department of Health and Human Services – Human Services (MDHHS- HS)

MDHHS has been working steadily to provide assistance to the local community through several different programs listed below.

Healthy foods. MSU-Extension has been giving out recipes of healthy foods that will help counter the effects of lead, but residents must be able to purchase the ingredients. Many have a Bridge Card and can utilize the double up food bucks but it still requires additional healthy fruits and vegetables. Some residents who have the elevated blood levels may not have a Bridge Card and purchasing fresh fruits and vegetables is a burden due to higher costs.

In some homes the plumbing is very poor; as a result the faucet filters may not fit. The cost of paying for city water that the residents can't use is astronomical. As a scenario, residents have to make a choice to buy food, or pay for water to flush toilets, bathe, wash clothes etc. A typical water bill in a home with good plumbing for a family of 2 is $98 per month. For a family of 4 with leaks etc. it could be about $150 or more per month.

Additional ongoing testing will be required for those with EBLs - treatment long-term, tutoring, behavior specialists, and mental health services are all long-term effects.

The state and city's poverty rates are given in the table "Michigan – Genesee – Flint Demographic Summary" on page 7.

- In addition to the general numbers in the table, the number of children age 0-17 living in poverty, has risen substantially:
  - 2012: 31.8% - 2006: 25.4%
- The median income for Flint residents between 2009 and 2013 was markedly lower than the state's median income, also shown in the table "Michigan – Genesee – Flint Demographic Summary" on page 9.
- Overall, Genesee County ranked 73 out of 83 counties for child well-being (with 1 being best). For poverty, Genesee County ranked 69 among the state's 83 counties.
- In Genesee County, 55.5% of students are eligible for free or reduced price school lunches compared to 38 % in 2006.
- Children age 0-5 eligible for Supplemental Nutrition Assistance Program (SNAP)
  - 2013: 47% - 2006: 35.4%
- 21.8% of students did not graduate on time in 2013.
- The following table, "MDHHS Program Data" shows the numbers of recipients of programs offered by MDHHS.

MDHHS Program Data

City of Flint		
Program	Cases	Recipients
Food Assistance Program (FAP)	35,231	57,974
Family Independence Program (FIP) [TANF]	1,917	4,578
State Disability Assistance (SDA)	233	234
Child Development and Care (CDC)	1,406	2,607
State Emergency Relief (SER)	460	n/a
Medicaid (MA)	52,735	82,117

Department of Agriculture and Rural Development (MDARD)

Part of MDARD's coordinated outreach includes contact with businesses, particularly food related businesses, to evaluate the safety of the water they use in their products.

Water safety also impacts animals. As a precautionary measure, MDARD included pets, service animals, and other domestic animals in their messages to families about water. They also reached out to the veterinary and animal care communities to bring their attention to this issue.

Through Michigan's funds and the USDA's Rural Development's programs, we are working to build and grow regional food systems, including the food hub and incubator kitchen at the Flint Farmers' Market. Through additional federal and state investments as well as public-private partnerships, we can help address some of the challenges to a nutritious food system. This is a critical component of responding to lead blood levels as good nutrition is one of the most effective treatments.

There are 549 Food Service establishments (includes restaurants as well as schools, which are being handled by Department of Education) and 337 Food Establishments (includes grocery, convenience stores, vending machines, etc.). In both cases we are identify higher priorities. All of those received a letter in October with guidance; all of them will receive revised guidance as soon as it is approved. There are 97 gas stations within the city which are within those food license numbers, but we are planning additional outreach to them as part of our efforts. MDARD will be working with on potential next steps with the Flint Farmers' Market.

No animal shelters exist in the water service area that we are aware of. The primary focus is and should be on residences where they also have pets. There are two vet clinics in the City, and we were making individualized follow up calls with them; all veterinarians in the region were contacted last week by Michigan Veterinary Medical Association.

MDARD has been in close coordination with DEQ, DHHS, and Genesee County Health Department on the protocol for using water. Guidance put out last fall was jointly issued by all four agencies. MDARD has also worked with other agencies on water sampling protocols. Compliance with new protocols will be a top priority.

Department of Insurance and Financial Services (DIFS)

DIFS is prepared to assist individuals with questions relating to their health insurance coverage or any health insurance claims that are not covered by their health insurer.

The losses experienced in Flint would not be a covered loss under property insurance. It is unlikely that there will be any remedy under property insurance to assist with the replacement of lead service lines. The estimate provided by the Department of Environmental Quality of $4,000 per service line would be multiplied by the ultimate number of lead service lines identified when the study is complete.

Department of Technology, Management and Budget (DTMB)

DTMB has been helping to procure water, filters and refill cartridges, 7 trucks and drivers have been deployed to assist with delivering supplies to Points of Distribution (PODs) and assisting with neighborhood visits. More are being procured.

DTMB also facilitated the establishment of the Joint Information Center (JIC) at the Flint State Office Building and provided additional security at the building. They have also established a lease agreement for 100,000 square feet of warehouse space in the city to use for water, filters and supplies and provided guidance and assistance with agencies in their contracts along with IT needs.

Procurements include:

- Truckloads of water - 32; Equating to gallons, this is approximately 250,000 gallons over two days, and this is anticipated to double.
- Brita faucet filters – 27,000
- Brita Replacement filters – 1,600
- PUR faucet filters – 12,500
- PUR 3-pack replacement filters – 40,000

Disaster History/Long Term Recovery Continues

The State of Michigan has had two Governor's declarations in the previous 12 months, the Portland Tornado in June, 2015, and the Grand Traverse and Leelanau Straight Line Winds in August, 2015. Additionally, the state continues to work on Public Assistance and Long Term Recovery from the Southeast Michigan Flood of August, 2014.

The State, in addition to Stafford Act assistance from DR-4195, has made disaster funding available from state funds through Sections 18 and 19 of Public Act 390, the Michigan Emergency Management Act.

While the responses to Portland and Grand Traverse/Leelanau successfully responded to the impacts, the Long Term Recovery in Southeast Michigan continues to face many challenges. Several voluntary organizations work in Detroit proper to continue rebuilds and even muck-outs from the flooding of 2014. Resurgent black mold plagues many households, and the rebuild efforts continue to struggle with unmet needs such as furnaces. A Long Term Recovery committee meets regularly to establish funding opportunities, identify needs, and communicate the needs, but resources continue to be difficult to obtain, at best. The Southeast Michigan Flood Recovery Group (SEMIFRG) in cooperation with the Urban Studies Center at Wayne State University estimates that there remain 14,992 homes still in need of intervention resulting from the 2014 flood, with estimated repairs reaching as much as $144,477,500.

Demographics

Genesee County, and particularly the City of Flint, experience rates of poverty significantly higher than both the nation and the state. Genesee County's poverty rate is a full 5.6% above the national average, and the City's rate is nearly double the county's. Household income lags significantly behind national and state median income in the county, and the city is less than half the national median income. To exacerbate the problem, especially of lead, which impacts young children so significantly, the percentage of children under 5 living in Flint exceeds the national, state, and county rate. The elderly population is slightly lower in the City of Flint, but the percent disabled is significantly higher, 8.1 percentage points above the national rate. Unemployment too is significantly higher than national and state rates. As of September, 2015, prior to the emergency, The City of Flint's unemployment rate was 9%; nearly double the state rate of 5% and national rate of 5.1% However, looking at the U.S. Census American Community Survey 5 year average a prolonged period of very high unemployment is seen, over 26.3%. The table below shows the unemployment rate in Flint has been nearly three times the national average over the past 5 years.

Michigan – Genesee – Flint Demographic Summary

	Average of Persons Below Poverty Level*	Median Household Income*	Percent Children under 5	Percent Elderly*	Percent Disabled*	Percent Pre-Disaster Unemployment*
US Average	15.6%	$53,482	6.4%	13.7%	12.3%	9.2%
State of Michigan	16.9%	$49,087	5.9%	14.6%	13.9%	11.4%
Genesee County	21.2%	$41,879	6.2%	14.7%	16.1%	15.5%
City of Flint	41.6%	$24,679	7.8%	11.7%	20.4%	26.3%

* U.S. Census Bureau American Community Survey 2010-2014, Selected Social Characteristics in the U.S. (5 year estimates)

Public and Individual Assistance

The relevant category under PA is B, Emergency Protective Measures.

In the October to December time frame, the State made an emergency appropriation to return Flint to Detroit water. The appropriation included several emergency measures which included testing, case management for those affected, and short and long term health care strategies. The state's commitment to those measures was $9.35 million. As part of the return to Detroit water, the City of Flint also committed to expending $2 million, and the Charles Mott Foundation committed $4 million. Current emergency response measures include the distribution of approximately 1 gallon of water per day per resident, a filtration cartridge to every household, a cartridge refill, and a water testing kit. These measures are require approximately $9.55 million to keep Flint on Detroit water until Karagnondi is available and $22 million to distribute water, filters and testing kits until the emergency is resolved.

For Individual Assistance, under Housing Assistance, there is an estimated need of approximately $53,000,000 to help individuals eliminate damaged lead service lines on their properties.

The City's water system was damaged by the introduction of a new source of water with a different chemical composition. A "coating" that is maintained by chemical treatment at different levels, depending on the water source decomposed and underlying lead pipes and lead solders began to leach into the water. Ultimately, this lead to the significant EBL problem noted throughout this letter and numerous public reports. The extent of lead in the City's system at this time is difficult to determine. Much of the system has not been mapped, but the City's best estimate right now is that as much as 80% could contain lead components. The map attached as Figure 2, shows pipe composition in the northwest part of the city (the newest), so the percentage would be lower here than in older parts of the city. The University of Michigan – Flint is assisting the city with the digitization of historic hand-written records.

Insurance

The City of Flint is self-insured, so there is no outside insurance resource for this emergency.

Concluding Statement

In response to this emergency, I took appropriate action under state law and directed the execution of the Michigan Emergency Management Plan on January 5, 2016, in accordance with Section 401 of the Stafford Act. On that same date, under my authority as Governor I also proclaimed a State of Emergency for Genesee County, including the City of Flint, and directed state departments and agencies to utilize all available resources necessary to assist the aforementioned county and local political subdivision in responding to and recovering from this emergency. Numerous state departments and agencies had already initiated response actions prior to my formal proclamation, in accordance with their assigned missions in the Michigan Emergency Management Plan. These actions included but were not limited to: providing direct assistance to the affected communities and to individuals.

I have determined that this incident is of such severity and magnitude that effective recovery is beyond the capabilities of the State of Michigan and the affected local governments and that emergency federal relief assistance is necessary. I am specifically requesting activation of both Individual Assistance and Public Assistance for the affected county and jurisdictions specified in this request. Preliminary estimates of the types and amount of Individual Assistance and Public Assistance needed under the Stafford Act are estimated in FEMA Form 010-0-13.

I am requesting Direct Federal Assistance from other agencies who's resources and expertise can be brought to their relevant areas of expertise, including but not limited to the CDC, EPA, USDA, HHS, HUD, SBA, and USACE.

I certify that for this emergency, the state and local governments will assume all applicable non-federal share of costs required by the Stafford Act.

I have designated Capt. Chris A. Kelenske of the Michigan State Police, Emergency Management and Homeland Security Division, as the State Coordinating Officer for this request. He will work with the Federal Emergency Management Agency on recovery program implementation and may provide further information or justification on my behalf.

Sincerely,

Richard D. Snyder
Governor

Enclosures

OMB No. 1660-0009/FEMA Form 010-0-13

DEPARTMENT OF HOMELAND SECURITY
FEDERAL EMERGENCY MANAGEMENT AGENCY

OMB No. 1660-0009 Expires March 31,2016

REQUEST FOR PRESIDENTIAL DISASTER DECLARATION MAJOR DISASTER OR EMERGENCY

1. Request Date Jan 14, 2016

Burden Disclosure Notice

Public reporting burden for this form is estimated to average 9 hours per response. The burden estimate includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and submitting the form. This collection of information is required to obtain a benefit. You are not required to respond to this collection of information unless it displays a valid OMB control number. Send comments regarding the accuracy of the burden estimate and any suggestions for reducing the burden to: Information Collections Management, *Department of Homeland Security, Federal Emergency Management Agency*, 500 C Street SW, Washington, DC 20472, Paperwork Reduction Project (1660-0009). **NOTE: Do not send your completed form to this address.**

Completion of this form including applicable attachments satisfies legal requirements for emergency and major disaster declaration requests under 42 U.S C. §§ 5170 and 5191, respectively, as implemented at 44 C.F.R., §§ 206.35 and 206.36. Failure to use this form may result in a failure to meet these requirements and/or a delay in processing the request.

2a. Name of State (as defined in Stafford Act 102, 42 U.S.C. § 5122) or Indian tribal government requesting declaration.	2b. Population (as reported by 2010 Census) or estimated population of Indian tribal government's damaged area(s).
Michigan	9,883,640

3. Governor's or Tribal Chief Executive's Name	4. Designation of State or Tribal Coordinating Officer upon declaration (if available) and phone number
Richard D. Snyder	Captain Chris A. Kelenske Office: 517-333-5042 Cell: 517-719-1194

5 *Designation of Governor's Authorized Representative or Tribal Chief Executive Representative upon declaration (if available) and phone number*

Mr. Anthony Katarsky Office: 517-336-2686 Cell: 517-242-5371

6. Declaration Request For: ☐ Major Disaster (Stafford Act Sec. 401) ☒ Emergency (Stafford Act Sec. 501(a))

7. Incident Period: Beginning Date _____ End Date _____ or ☒ Continuing

If requesting a "continuing" incident period, enclose an official statement from a qualified Federal Government agency acknowledged as a national authority in a specific incident field (e.g., United States Geological Survey for seismic incidents, the National Weather Service for flooding).

7b. Type of Incident (Check all that apply)

☐ Drought ☐ Earthquake ☐ Explosion ☐ Fire ☐ Flood ☐ Hurricane ☐ Landslide ☐ Mudslide
☐ Severe Storm (rain, high water, wind-driven rain, hail, lightning) ☐ Snowstorm (Must Include Enclosure D: Historic and Current Snowfall Data) ☐ Straight-Line Winds
☐ Tidal Wave ☐ Tornado ☐ Tropical Depression ☐ Tropical Storm ☐ Tsunami ☐ Volcanic Eruption ☐ Winter Storm
☒ Other (please specify) Public Health

8. *Description of damages (Short description of impacts of disaster on affected area and population).* Include additional details in enclosed Governor's or Tribal Chief Executive's cover letter.

In early May 2014, the City of Flint switched from the Detroit Water and Sewerage Department (DWSD) to water from its own water treatment plant drawn from the Flint River as its primary water source. The different characteristics of the water resulted in leaching of lead from lead pipes in the city's water infrastructure into the water supply. Increased exposure to lead can cause immediate negative health effects. However, the main health concerns are long-term effects in children such as developmental and cognitive delays, and behavioral disorders. Increased water lead levels and elevated blood lead levels in young children were observed in the City of Flint and confirmed by the State Chief Medical Officer. Based on the 2010 U.S. census data, the population of the City of Flint is 99,002. Census data puts the percentage of the total population under the age of 5 at 8% or approximately 8,200. Children in under 6 are high-risk stage of growth for lead exposure. Approximately 2,182 residents have been tested for lead blood levels as a result of this incident with 43 exhibiting EBL. The 2010 census data identifies 40,017 households and 51,321 housing units within the City of Flint. All of these households obtain their potable water from the city.

9. Description of the nature and amount of State and local or Indian tribal government resources which have been or will be committed. Include additional details in enclosed Governor's or Tribal Chief Executive's cover letter.

All appropriate local, regional and state resources were used to their maximum in responding to and recovering from this public health emergency. This included equipment, personnel, materials and supplies, facilities, technical expertise (including emergency contracting, as appropriate), and financial resources. When local and regional resources (including partner voluntary relief organizations and other community-based organizations) were not sufficient to address incident conditions, or very specialized resources were required to perform specialized response and/or recovery functions, State of Michigan resources were activated to address capability shortfalls. State agencies actively involved in the response and recovery activities in the SEOC and/or field include the Michigan Departments of State Police, Agriculture and Rural Development, Attorney General, Civil Rights, Corrections, Education, Environmental Quality, Health and Human Services, Insurance and Financial Services, Licensing and Regulatory Affairs, Military and Veterans Affairs, Natural Resources, and Talent and Economic Development. Details are in the cover letter.

10. Joint Preliminary Damage Assessment*

☐ Individual Assistance Dates Performed **Requested** _____ **Start** _____ **End** _____

Individual Assistance Accessibility Problems (Areas that could not be accessed, and why)
N/A

☐ Public Assistance Dates Performed **Requested** _____ **Start** _____ **End** _____

Public Assistance Accessibility Problems (Areas that could not be accessed, and why)
N/A

11. Programs and Areas Requested

Individual Assistance ☐ N/A ☒ Individuals and Households Program ☐ Crisis Counseling Program ☐ Disaster Unemployment Assistance

☐ All ☐ Disaster Case Management ☐ Disaster Legal Services

For the following jurisdictions, specify programs and areas (counties, parishes, independent cities; for Indian tribal government, list tribe(s) and/or tribal area(s)) *If additional space is needed, please enclose additional documentation).*

Townships of Mt. Morris, Flint and Genesee; Cities of Flint and Burton; County of Genesee
We request all available programs. The Individual and Households Program will be needed to assist residents/water service customers with an estimated $53,000,000 to repair damaged lead service lines on private property.

For States, identify Federally-recognized Tribes in the requested counties (if applicable).
N/A

Please see **Enclosure A: Supplemental Information for Individual Assistance** for additional information in support of this request*.

**Not Required for Emergency Declaration Request*

11. Programs and Areas Requested (Continued)

Public Assistance ☐ N/A ☐ Debris Removal (Category A) ☒ Emergency Protective Measures (Category B) ☐ Permanent Work (Categories C-G)* (not available for Emergency Declaration Requests)

For the following jurisdictions, specify programs and areas (counties, parishes, independent cities; for Indian tribal government, list tribe(s) and/or tribal area(s)). If additional space is needed or your request includes different categories of work for different jurisdictions; please enclose additional documentation.

Townships of Mt. Morris, Flint and Genesee; Cities of Flint and Burton; County of Genesee
We request all available programs. Emergency Protective Measures have been and will continue to be implemented with estimated costs in the range of $41,000,000.

For States, identify Federally-recognized Tribes included in the requested counties (if applicable).

N/A

Please see **Enclosure B: Supplemental Information for Public Assistance** for additional information in support of this request*.

Indemnification for Debris Removal Activity

☒ I do not anticipate the need for debris removal.

☐ I anticipate the need for debris removal, which poses an immediate threat to lives, public health and safety. Pursuant to Sections 403 and 407 of the Stafford Act, 42 U.S.C. §§ 5170b & 5173, the State or Indian tribal government agrees to indemnify and hold harmless the United States of America for any claims arising from the removal of debris or wreckage for this disaster. The State or Indian tribal government agrees that debris removal from public and private property will not occur until the landowner signs an unconditional authorization for the removal of debris.

Request for Direct Federal Assistance

☐ I do not request direct Federal assistance at this time.

☒ I request direct Federal assistance for work and services to save lives and protect property, and:

a. I request the following type(s) of assistance:

Emergency work and protective measures to save lives, protect public health and safety and to protect property, for state and local governments; including but not limited to the provision of food, water and other consumable commodities. Assistance from CDC, EPA, HHS, HUD, SBA and any other agencies with responsibilities related to health, nutrition, and water infrastructure.

b. List of reasons why State and local or Indian tribal government cannot perform, or contract for, required work and services.

State and local resources can not meet the demand for filters, cartridges, water, and water testing at each residence; or the physical and mental health or nutrition needs of the affected population of 40,509 households with approximately 99,002 residents. The city is not able to repair its water system and the state has responded, but the response needs far exceed the state's capability, in addition to continuing response to other disasters, including the 2014 flooding in metro Detroit.

c. In accordance with 44 C.F.R. § 206.208, the State or Indian tribal government agrees that it will, with respect to direct Federal assistance: (1) Provide without cost to the United States all lands, easements, and rights-of-ways necessary to accomplish the approved work; (2) Hold and save the United States free from damages due to the requested work, and shall indemnify the Federal Government against any claims arising from such work; (3) Provide reimbursement to FEMA for the non-Federal share of the cost of such work in accordance with the provisions of the FEMA-State or FEMA-Tribe Agreement ; and (4) Assist the performing Federal agency in all support and local jurisdictional matters.

Request for Snow Assistance

☒ N/A ☐ I request snow assistance.

Snow assistance for the following jurisdictions (Specify counties, independent cities or tribes and/or tribal areas).

Please see **Enclosure D: Historic and Current Snowfall Data** for additional information in support of this request*.

*Not Required for Emergency Declaration Request

11. Programs and Areas Requested (Continued)

Hazard Mitigation* ☐ Statewide OR

For the following specific counties, parishes, independent cities or tribes and/or tribal areas.
N/A

12. Mitigation Plan Information*

a. Mitigation Plan Expiration Date April 23, 2019 b. Type of Plan ☐ Enhanced ☒ Standard

13. Other Federal Agency Programs

☐ I do not anticipate requirements from Other Federal Agencies ☒ I do anticipate requirements from Other Federal Agencies

Please see **Enclosure C:** Requirements for Other Federal Agency Programs for additional information in support of this request*.

14. Findings and Certifications

☒ I certify the following:

a. I have determined that this incident is of such severity and magnitude that effective response is beyond the capabilities of the State and the affected local government or Indian tribal government and that supplementary federal assistance is necessary.

b. In response to this incident, I have taken appropriate action under State or tribal law and have directed the execution of the State or Tribal Emergency Plan on Jan 5, 2016 in accordance with the Stafford Act.

c. The State and local governments, or Indian tribal government will assume all applicable non-Federal share of costs required by the Stafford Act.

15. List of Enclosures and Supporting Documentation

☒ Cover Letter ☐ Enclosure A (Individual Assistance)* ☐ Enclosure B (Public Assistance)*

☐ Enclosure C (Requirements for Other Federal Agency Programs) ☐ Enclosure D (Historic and Current Snowfall Data)

☐ Additional Supporting Documentation _____

Governor's or Tribal Chief Executive's Signature

Jan 14, 2016
Date

If anyone except the Governor or Tribal Chief Executive signs this document, please provide the documentation that establishes that this individual has the legal authority to act on behalf of the Governor or Tribal Chief Executive.

Not Required for Emergency Declaration Request

Workman, Wayne (TREASURY)

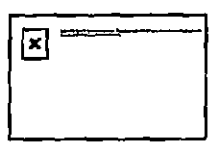
From: Sharon Workman [redacted]
Sent: Thursday, January 14, 2016 1:01 PM
To: Workman, Wayne (TREASURY)
Subject: Fwd: Drinking water emergency

Follow Up Flag: Flag for follow up
Flag Status: Flagged

fyi - just got this

Begin forwarded message:

From: Team Lon <lonjohnson@lonjohnson.com>
Subject: Drinking water emergency
Date: January 14, 2016 at 12:11:09 PM EST
To: Sharon Workman [redacted]
Reply-To: lonjohnson@lonjohnson.com



Sharon,
Access to clean and safe drinking water is a fundamental right for Michigan families and a top responsibility for our state's elected officials.
The current drinking water emergency in Flint demonstrates how Governor Rick Snyder and others in Lansing have failed to live up to this responsibility and protect the public's safety.
Sign on and demand Governor Snyder take action to solve the drinking water emergency in Flint >>
Instead of focusing on the health of families in our communities, our state's leadership has shifted its attention elsewhere.
It's time we return to a government that's every bit as hardworking and honest as the people who pay for it.
Will you sign on and tell our elected officials in Lansing to fix the drinking water crisis?
Sign here: http://action.lonjohnson.com/water-emergency
Thanks for your time,
Team Lon

Paid for by Lon Johnson for Congress

This message was sent to swworkman@centurytel.net | *Change or update your email address by clicking here*

We believe that emails are a crucial way for our campaign to stay in touch with supporters like you. However, if you'd just like to receive fewer emails, you *can click here*.

Luepnitz, Ann (Treasury)

From: Luepnitz, Ann (Treasury)
Sent: Thursday, January 14, 2016 1:23 PM
To: Katarsky, Anthony (MSP)
Cc: Thelen, Richard (DHHS); Kelenske, Chris (MSP); Weber, Thomas (MSP); Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Fielek, Joseph L. (Treasury); Hanses, Bruce (TREASURY); Feldpausch, Lynne (MEDC) (feldpauschl@michigan.org)
Subject: RE: Review of Draft Presidential Declaration Request
Attachments: Declaration Request Cover Letter Template-1 Flint Water 2016 Emergency D .docx

Tony,

Treasury approves. Please see typo on page 4, we believe it should be MTED not MDTED.
Thanks,

Ann Luepnitz Manager
Facility, Mail, and Data Operations
Phone: 517-636-5335
Cell: 517-410-3275
Fax: 517-322-1631

From: Katarsky, Anthony (MSP)
Sent: Thursday, January 14, 2016 12:17 PM
To: Deacon, Brad (MDARD) <deaconb9@michigan.gov>; Lixey-Terrill, Jennifer (DHHS) <LixeyTerrillJ@michigan.gov>; Manning, Peter (AG) <ManningP@michigan.gov>; Towne, Karen (LARA) <TowneK2@michigan.gov>; Feldpausch, Lynne (MEDC) <feldpauschl@michigan.org>; Doll, Jeanette (DTMB) <dollj@michigan.gov>; Wolf, Jennifer (DNR) <WOLFJ1@michigan.gov>; chad.d.randall.mil@mail.mil; Burgess, Louis (MDE) <burgessl@michigan.gov>; Kirby, Catherine (DIFS) <kirbyc@michigan.gov>; Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>
Cc: Thelen, Richard (DHHS) <ThelenR4@michigan.gov>; Kelenske, Chris (MSP) <KelenskeC@michigan.gov>; Weber, Thomas (MSP) <WeberT1@michigan.gov>
Subject: Review of Draft Presidential Declaration Request

Attached for review and approval by your agency are two documents: 1) the letter to President Obama and 2) an associated FEMA request form. Both are based on information provided state agencies. Please review for content before they are sent to the Governor's office for final review and editing. This has been promised to the Governor by early afternoon, so please review as quickly as possible, but no later than by 1:30 PM.

Please let me know if you have any questions by calling my cell at 517-[redacted]

Anthony P. Katarsky
Assistant Division Commander
Michigan State Polia ce
Emergency Management and Homeland Security Division
517-336-2686

Luepnitz, Ann (Treasury)

From: Luepnitz, Ann (Treasury)
Sent: Thursday, January 14, 2016 1:23 PM
To: 'Lynne Feldpausch (MEDC)'
Subject: RE: Flint Water Crisis Economic Impact

Thanks Lynne.

Ann Luepnitz Manager
Facility, Mail, and Data Operations
Phone: 517-636-5335
Cell: 517-[redacted]
Fax: 517-322-1631

From: Lynne Feldpausch (MEDC) [mailto:feldpauschl@michigan.org]
Sent: Thursday, January 14, 2016 1:12 PM
To: Luepnitz, Ann (Treasury) <LuepnitzA@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: FW: Flint Water Crisis Economic Impact

Good afternoon!
Here is the information that Jay shared with Jarrod and Greg.

Thank you,
Lynne

Lynne A. Feldpausch, CHRO
Senior Vice President - Strategy, Technology & Administrative Services
Michigan Economic Development Corporation
300 N. Washington Square | Lansing, MI 48913
Office: 517.335.0587 | Fax: 517.241.3060
feldpauschl@michigan.org
Follow me on Twitter: @LynneFeldpausch

This message contains information which may be confidential and privileged. Unless you are the intended recipient (or authorized to receive this message for the intended recipient), you may not use, copy, disseminate or disclose to anyone the message or any information contained in the message If you have received the message in error, please advise the sender by reply e-mail, and delete the message. Thank you very much.

From: Tedder, Greg (TED) [mailto:TedderG@michigan.gov]
Sent: Tuesday, January 12, 2016 4:06 PM
To: Lynne Feldpausch (MEDC)
Subject: Fwd: Flint Water Crisis Economic Impact

FYI from Jay

Sent from my iPhone

Begin forwarded message:

From: "Wortley, Jay (Treasury)" <WortleyJ1@michigan.gov>
Date: January 12, 2016 at 4:02:11 PM EST
To: "Agen, Jarrod (GOV)" <AgenJ@michigan.gov>
Cc: "Tedder, Greg (TED)" <TedderG@michigan.gov>, "Bakkal, Steve (MEDC)" <bakkals@michigan.org>
Subject: Flint Water Crisis Economic Impact

Hi Jarrod,

I think the most significant immediate negative impact will be the economic effects of such things as decreased property values, lost business activity (new businesses will not move to Flint and existing businesses that rely on clean water like restaurants will be hurt), lost employment, population loss (renters will leave the city). Residents and businesses are also having to pay extra for bottled water, so the extra spending on water will take away from other spending. It is relatively easy for residents to move some of their economic/spending activity outside the city, so the Flint economy will be hurt. These impacts will create an economic downturn in Flint. In terms of personal income losses, a three to four percent loss in nominal personal income in the City of Flint seems reasonable, which would equal a negative impact of $85 million to $115 million per year in lost economic activity. Long-term there would be the cost of a new water system, which would have a significant cost. Direct health related costs would be on top of this estimate.

This is a very rough estimate. I would need a lot more time and a lot more information/data to develop a more thorough estimate.

Jay

Robert, Carla M. (Treasury)

From: Wisniewski, Wendy (GOV) <wisniewskiw@michigan.gov> on behalf of Agen, Jarrod (GOV) <AgenJ@michigan.gov>
Sent: Thursday, January 14, 2016 2:12 PM
To: Abednego, Jaime (DTMB); Allan, Jon (DEQ); Arbulu, Agustin (MDCR); Arwood, Steve (MEDC); Barnes, Jeff (DMVA); Behen, David (DTMB); Bowen, Scott (MSL); Brader, Valerie (LARA); Brown, Diane (MGCB); Burton, Diane (LARA); Carefoot, Karen (MDE); Clover Adams, Jamie (MDARD); Comai, Stephanie (TIA); Creagh, Keith (DEQ); Crockett, Tracy (MSHDA); Deloney, Andrew (LARA); Donnan, Chanda (DTMB); Doyle, Maureen (Treasury); Dungey, Cecilia (TIA); Elsenheimer, Kevin (MSHDA); Etue, Kriste (MSP); Evans, Amiee (MEDC); General Gregory J. Vadnais (gregory.j.vadnais.mil@mail.mil); Grijalva, Nancy (DHHS); Hill, Nancy (DIFS); Isaacs, Carol (AG); Kalm, Rick (MGCB); Khouri, Nick (TREASURY); King, Rebecca (MCSC); Klotz, Josephine (MSP); Lyon, Nick (DHHS); Mason, Dace (DMVA); McDermott, Cristina (MSL); McPharlin, Pat (DIFS); Minix, Connie (DTMB); Moritz, William (DNR); Quackenbush, John (LARA); Roberts, John (DTMB); Sanford, Shawn (MDCR); Sebenick, Pam (MDOT); Sederburg, Kari (DHHS); Senyko, Mike (MDOS); Simon, Sandy C. (MDOC); Smith, Brenda (MDARD); Steudle, Kirk (MDOT); Sworden, Julie (DMVA); Teszlewicz, Barbara (AG); Thelen, Mary Beth (DEQ); Tkaczyk, Judy (DNR); Vaughn, Kari (DEQ); Waalkes, Marie (DTMB); Washington, Heidi E. (MDOC); West, Samantha (LARA); Whiston, Brian (MDE); Winters, Jan (MCSC); Zimmer, Mike (LARA)
Cc: Agen, Jarrod (GOV); Holland, Meegan (GOV); Clement, Elizabeth (GOV)
Subject: RE: Daily Update

Here are Wednesday's key actions and issues in the Flint water situation:

- The Governor announced at a Detroit press conference that Genesee County has seasonal spikes in Legionella cases in 2014 & 2015. At this time, the increase cannot be directly related to the change in Flint water supply due to a lack of clinical Legionella isolates during the time period.

- Request for federal emergency declaration is being prepared.
- Our team from the Executive Office briefed Flint area state legislators on all that's being done in Flint.
- More Michigan National Guardsmen will arrive in Flint.
- Flint Mass Transportation Authority will include Fire Station water resource sites on their bus routes.
- Coordinating donations/support from donor vendors Comcast, Penske, and Google.

Coming up:

- Preparing to boost door-to-door teams up to 20.

Steckelberg, Larry (TREASURY)

From: Baird, Richard (GOV)
Sent: Thursday, January 14, 2016 2:17 PM
To: Workman, Wayne (TREASURY)
Cc: Clement, Elizabeth (GOV); Saxton, Thomas (Treasury); Steckelberg, Larry (TREASURY)
Subject: Re: Water bills

I am going to see Mayor Weaver tonight. I will steer her toward accepting our help with a third party at our expense. Wayne says Yeo & Yeo are their auditors.

Rich

Sent from my Verizon Wireless 4G LTE DROID
On Jan 14, 2016 1:35 PM, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov> wrote:
It's Flint. They are very understaffed as city hall payrolls were slashed by the EM's to balance budget. We also asked for some detailed information to get complete picture of the system. Just getting one item always leads to need for the complete picture. We offered to pay for a third party to help and they have not taken us up on that. I will forward that email thread. Wayne

Sent from my iPhone

On Jan 14, 2016, at 1:20 PM, Clement, Elizabeth (GOV) <clemente@michigan.gov> wrote:

> Why so long?
>
> Sent from my iPad
>
> On Jan 14, 2016, at 12:51 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:
>
> > City has promised data by February 1
> >
> > Sent from my iPhone
> >
> > On Jan 14, 2016, at 11:45 AM, Baird, Richard (GOV) <bairdr@michigan.gov> wrote:
> >
> > > Mayors office working on it. Wayne W on point. Wayne?
> > >
> > > *Sent from my Verizon Wireless 4G LTE DROID*
> > > On Jan 14, 2016 11:22 AM, "Clement, Elizabeth (GOV)" <clemente@michigan.gov> wrote:
> > > Do we have numbers from Treasury or the city of Flint that outlines the extent of past due water bills and do we have any proposals of how we can assist in addressing that problem? I know the rate increases contributed to this problem but I am trying to to determine if we have numbers that outline the problem.

Stanton, Terry A. (Treasury)

From: Ryan Felton <ryanfelton13@gmail.com>
Sent: Thursday, January 14, 2016 5:23 PM
To: Stanton, Terry A. (Treasury)
Cc: Murray, David (GOV)
Subject: Re: PRESS INQUIRY | The Guardian re: Flint River

Thanks much!

On Thu, Jan 14, 2016 at 5:22 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
The treasurer approved the contract with KWA. I assume that's what Mr Croft is referring to.

On Jan 14, 2016, at 5:14 PM, Ryan Felton <[redacted]@gmail.com> wrote:

> Thanks for the prompt reply. Any comment about the first question, on whether Croft's statement is inaccurate - or false?
>
> Best,
> Ryan
>
> On Thu. Jan 14, 2016 at 5:12 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
> I don't have a date for a break off in talks. The decision to go with KWA was made in mid-April of 2013.
>
> Under PA436, the treasurer had to consider (approve or disapprove) the contract with KWA, as it was above the $50k threshold in the act. The Treasurer (Dillon) approved the contract with KWA and when Kurtz announced the city would go to the new authority, DWSD sent a termination letter to Flint.
>
> On Jan 14, 2016, at 4:58 PM, Ryan Felton <[redacted]gmail.com> wrote:
>
> > Sorry, forgot to add this one: Howard Croft, Flint's then-director of the city's Public Works Department, is on the record as saying the decision to use the Flint River came from the governor's office; that "evaluations [went] all the way up to the state level on what the best course of action would be for the city of Flint, and that was the determination."
> >
> > So, based on what you just told me, would you say that Croft's statement is false?
> >
> > Did the state Treasury have to approve this, as the city was under a financial emergency?
> >
> > Thanks much!
> > Ryan

On Thu, Jan 14, 2016 at 4:49 PM, Ryan Felton <[redacted]@gmail.com> wrote:

Thanks, Terry.

And is there a known date as to when negotiations fell through? As far as I can tell, in late July, it was still reported that negotiations were ongoing.

On Thu, Jan 14, 2016 at 4:47 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Ryan...

It's my understanding the EM at the time, Ed Kurtz and city public works staff handled negotiations.

Neither treasury nor the governor's office was at the table. Both were aware of the negotiations.

Terry

On Jan 14, 2016, at 4:29 PM, Ryan Felton <[redacted]@gmail.com> wrote:

> Hi Terry,
>
> I spoke with David Murray and he said this is a question that would be best suited for you. I'm on a tight deadline, so I'd be truly grateful for a response at your earliest convenience.
>
> Per the Auditor General's report on Flint - after it says that DWSD sent a one-year notice that it would terminate its agreement to provide water service on April 17, 2014:
>
> "According to DEQ management, the Flint WTP attempted to negotiate with the DWSD to maintain it as the City of Flint water supplier; however, **after negotiations were unsuccessful, the City of Flint notified DEQ through a permit request of its intent to operate the Flint WTP full time using the Flint River.** Although the Flint City Council voted in March 2013 in support of moving to the KWA pipeline, the vote was silent on the use of the Flint River as a temporary drinking water source."
>
> So, my questions are:
>
> 1. Since City Council did not vote on the use of the Flint River as a temporary drinking water source, **who handled the negotiations with DWSD on behalf of Flint** that were eventually "unsuccessful," as it's described in the auditor general's letter.
> 2. Was the governor's office involved in those negotiations? Was the governor involved?
>
> Let me be clear: I understand that, after negotiations fell through, it was decided to use the backup water supply.
>
> I appreciate your time and look forward to your response.
>
> Best,

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, January 14, 2016 10:28 PM
To: Baird, Richard (GOV)
Subject: Fwd: Water and General Fund financial information needed

This is the email. The emergency loan requirements are not urgent. Focus is truly on water. Thanks, Wayne

Sent from my iPhone

Begin forwarded message:

> **From:** Natasha Henderson <nhenderson@cityofflint.com>
> **Date:** January 13, 2016 at 4:19:55 PM EST
> **To:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, Jody Lundquist <jlundquist@cityofflint.com>
> **Cc:** Karen Weaver <kweaver@cityofflint.com>, "Saxton, Thomas (Treasury)" <saxtont@michigan.gov>, "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov>, "Schafer, Suzanne K. (Treasury)" <SchaferS7@michigan.gov>
> **Subject: Re: Water and General Fund financial information needed**
>
> Good afternoon, Mr. Workman.
>
> Thank you for sharing this detailed information request with me. I will ensure that City staff begin working on this immediately. This information will take some time to prepare, however I am confident that City staff is fully capable of responding to your request in its entirety. We appreciate your offer of assistance. Although I believe that it will be unnecessary at this time, we will be sure to inform you should additional support be necessary in the future.
>
> Thanks,
>
> Natasha L. Henderson, City Administrator
> 1101 S. Saginaw St.
> Flint, MI
> Email: nhenderson@cityofflint.com
> Phone: (810) 237-2057
> www.cityofflint.com
>
> Mayor Weaver,
>
> This is to confirm our discussion on January 12, 2016 regarding the financial information Treasury needs for the City of Flint. Please submit the following:
>
> 1. Monthly cash flow reports (for both General Fund and the Water/Sewer Fund) for the period of 7/1/2015 thru 6/30/16. The report should show the actual cash flow for the months already past and the projected cash flow for the remainder of the city's fiscal year. It should show the ending cash balance assuming that the Shearer decision is upheld and a second balance assuming the Shearer decision is reversed.

2. Water shutoff history starting 1/1/2015 to present. The history should include the number of shutoffs and what that represents in terms of percentage of customers and percentage impact on revenues.

3. Water bill collection history starting 1/1/2015 to present.

4. Reports required by the emergency loan agreement issued in April 2015 (requirements will be sent in a separate letter).

As I mentioned, if the City needs additional resources to help gather this information quickly, Treasury is prepared to offer financial help for the City to retain the help of your auditors. If you want to pursue this please contact Randy Byrne regarding estimated cost.

We look forward to working with the City to identify and secure additional funds from foundations, corporations and the federal government to provide long term solutions for Flint's water system.

Should you have any additional questions or need assistance on the formatting or content of the reports, please do not hesitate to contact Suzanne Schafer at 517-373-0533. We look forward to getting this information as soon as possible. Thank you, Wayne

Workman, Wayne (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Friday, January 15, 2016 9:01 AM
To: Steckelberg, Larry (TREASURY); Workman, Wayne (TREASURY); Byrne, Randall (Treasury); Koryzno, Edward (Treasury); Schafer, Suzanne K. (Treasury)
Subject: RE: Confirming our Discussion tonight

I would also think about maybe including MCPS in to this mix. Understanding there is not yet a final order from the recent court decision; it will have an impact on the cash flow & projections.

From: Steckelberg, Larry (TREASURY)
Sent: Friday, January 15, 2016 8:12 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Confirming our Discussion tonight

I would like to be on that call also.

From: Saxton, Thomas (Treasury)
Sent: Friday, January 15, 2016 7:59 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: RE: Confirming our Discussion tonight

... so, what I would do is make sure that someone from our shop (say Suzanne & Randy) be on the phone or at the mtg with Y&Y for the kick off. We need to have a clear scope of work as to what is needed & it (cash flow – work product) can't be filtered (no pun intended) thru the City/Natasha. We need the info 'real time' the same as the City. We can't afford the 'back & forth' as to what we are looking for. Wayne – it might be good if you make that call with the Mayor & Natasha. I am happy to participate.

From: Workman, Wayne (TREASURY)
Sent: Friday, January 15, 2016 7:29 AM
To: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: Fwd: Confirming our Discussion tonight

FYI

Sent from my iPhone

Begin forwarded message:

> **From:** "Baird, Richard (GOV)" <bairdr@michigan.gov>
> **Date:** January 14, 2016 at 11:08:29 PM EST
> **To:** "weaverkaren@[redacted]" <weaverkaren@[redacted]

Cc: "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>
Subject: Confirming our Discussion tonight

Mayor Weaver:

It was good talking with you today. Confirming our discussion, MI Treasury will pay for the costs of having the City's auditors come in and secure the information requested in the memo below.

We were advised that the information could not be provided prior to February 1. I see this as a half day or day effort with the right resources. The people of Flint have been paying for or been billed for water they couldn't use and this information will help in our efforts to provide potential relief in the future and perhaps in the past as well.

But we need to determine what that looks like operationally and financially. If we are successful in securing funding, it would be our hope you could advise the people of Flint of what you were able to work out with the state and to do so in the fastest time possible.

We don't want to wait until February 1. We want to have Yeo and Yeo contacted, providing a time/expenses cost estimate, and deployed by Monday. I have copied Wayne Workman here in case I have missed something.

Thank you,

Rich

Sent from my iPad

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> **From:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Date:** January 14, 2016 at 10:27:38 PM EST
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> **Subject: Fwd: Water and General Fund financial information needed**
>
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> > **Date:** January 13, 2016 at 4:19:55 PM EST
> > **To:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, Jody Lundquist <jlundquist@cityofflint.com>
> > **Cc:** Karen Weaver <kweaver@cityofflint.com>, "Saxton, Thomas (Treasury)" <saxtont@michigan.gov>, "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov>, "Schafer, Suzanne K.

(Treasury)" <SchaferS7@michigan.gov>
Subject: Re: Water and General Fund financial information needed

Good afternoon, Mr. Workman.

Thank you for sharing this detailed information request with me. I will ensure that City staff begin working on this immediately. This information will take some time to prepare, however I am confident that City staff is fully capable of responding to your request in its entirety. We appreciate your offer of assistance. Although I believe that it will be unnecessary at this time, we will be sure to inform you should additional support be necessary in the future.

Thanks,

Natasha L. Henderson, City Administrator
1101 S. Saginaw St.
Flint, MI
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

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1. Monthly cash flow reports (for both General Fund and the Water/Sewer Fund) for the period of 7/1/2015 thru 6/30/16. The report should show the actual cash flow for the months already past and the projected cash flow for the remainder of the city's fiscal year. It should show the ending cash balance assuming that the Shearer decision is upheld and a second balance assuming the Shearer decision is reversed.

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Dempkowski, Angela (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Friday, January 15, 2016 3:13 PM
To: Baird, Richard (GOV); Hollins, Harvey (GOV)
Subject: Fwd: State of the State-Flint Question

FYI

Sent from my iPhone

Begin forwarded message:

> **From:** "Dempkowski, Angela (Treasury)" <DempkowskiA@michigan.gov>
> **Date:** January 15, 2016 at 3:10:59 PM EST
> **To:** "Headen, Frederick (Treasury)" <HeadenF@michigan.gov>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> **Subject: RE: State of the State-Flint Question**
>
> Thanks. Right now I have a confirmation from Beverly that she can attend at 9 am on Jan 25. I have not heard back from David or Robert yet on their availability.
>
> Angela Dempkowski
> Senior Executive Management Assistant
> Department of Treasury
>
> **From:** Headen, Frederick (Treasury)
> **Sent:** Friday, January 15, 2016 3:10 PM
> **To:** Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
> **Subject:** RE: State of the State-Flint Question
>
> The stand down concerns only the timeline of EM actions. We still need an RTAB meeting.
>
> **From:** Dempkowski, Angela (Treasury)
> **Sent:** Friday, January 15, 2016 3:07 PM
> **To:** Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
> **Subject:** RE: State of the State-Flint Question
>
> Does this mean, we are standing down regarding scheduling a special RTAB meeting? Or are we still moving forward with that?
>
> Angela Dempkowski
> Senior Executive Management Assistant
> Department of Treasury
>
> **From:** Headen, Frederick (Treasury)
> **Sent:** Friday, January 15, 2016 1:15 PM
> **To:** Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>

Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Pleyte, Beth (Treasury) <PleyteB@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: RE: State of the State-Flint Question
Importance: High

Just got another call; we have been asked to "stand down" at least for now. Sorry.

From: Workman, Wayne (TREASURY)
Sent: Friday, January 15, 2016 1:07 PM
To: Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Pleyte, Beth (Treasury) <PleyteB@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: Re: State of the State-Flint Question

No one gave us an assignment. We have a notebook with al the info. It will need to be summarized in a list. Larry and angela can you get someone to make chronological list of key dates and actions

Sent from my iPhone

On Jan 15, 2016, at 1:02 PM, Headen, Frederick (Treasury) <HeadenF@michigan.gov> wrote:

> I just got a call from the Governor's Legal Division indicating they thought Tom, or perhaps someone in Local Government, had, or was working on, a timeline of EM actions in Flint, specifically related to the decision to switch to KWA, leave DWSD, etc. They want this for the State of the State. Does anyone recall this?

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Sent: Friday, January 15, 2016 3:14 PM
To: Saxton, Thomas (Treasury)
Cc: Steckelberg, Larry (TREASURY)
Subject: Re: State of the State-Flint Question

I think Angela has on that I am aware of

Sent from my iPhone

On Jan 15, 2016, at 3:07 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

> We should probably have another one of those binders (if we don't already) that we shared with Sikkema. I think we have one left; if not two?
>
> **From:** Steckelberg, Larry (TREASURY)
> **Sent:** Friday, January 15, 2016 3:05 PM
> **To:** Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
> **Subject:** RE: State of the State-Flint Question
>
> FYI, I asked Suzanne to keep that information handy if we are asked again.
>
> **From:** Saxton, Thomas (Treasury)
> **Sent:** Friday, January 15, 2016 2:58 PM
> **To:** Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
> **Cc:** Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Pleyte, Beth (Treasury) <PleyteB@michigan.gov>; Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
> **Subject:** RE: State of the State-Flint Question
>
> ... I agree with Wayne i.e., no one ever gave us that assignment.
>
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> **To:** Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
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Workman, Wayne (TREASURY)

From: Jody Lundquist <jlundquist@cityofflint.com>
Sent: Sunday, January 17, 2016 8:30 PM
To: Natasha Henderson
Cc: Karen Weaver; Baird, Richard (GOV); Workman, Wayne (TREASURY); Hollins, Harvey (GOV)
Subject: Re: Confirming our Discussion tonight

Good evening, Ms. Henderson.

In response to the email from the State regarding Yeo & Yeo's cost, availability and timeline, I reached out to Jamie Rivette. I provided her with exactly the same description of the cash flow report included in the email from Mr. Workman last week.

She provided the following response:

"Our estimated cost for performing monthly cash flow reports for both General Fund and the Water/Sewer Fund for the period of 7/1/2015 thru 6/30/16 (to include the information you specified below) would be billed at our standard hourly rates. I would expect this to take approximately 60 hours and cost around $15,000.

Dave and I would be available to start this project next week Thursday."

My original timeline of two weeks was consistent with that confirmed by Yeo & Yeo. I am happy to prepare the cash flow reports as I had intended and can make this a priority for completion by week's end now that I understand the priority and urgency placed on this item by the State. Should the State so desire to completely offset the cost of outsourcing the production of this report, I am happy to engage Yeo & Yeo, however it will cost more, take longer and require nearly the same amount of time and effort by City staff in order to provide them with the requisite information and assumptions.

Please let me know how you would like to proceed.

Best regards,

Jody N. Lundquist
Chief Financial Officer

City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 237-2441

On Fri, Jan 15, 2016 at 10:08 AM, Natasha Henderson <nhenderson@cityofflint.com> wrote:

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

---------- Forwarded message ----------
From: **Karen Weaver** <weaverkaren@[redacted]
Date: Fri, Jan 15, 2016 at 10:00 AM
Subject: Fwd: Confirming our Discussion tonight
To: nhenderson@cityofflint.com

Sent from my iPhone

Begin forwarded message:

> **From:** "Baird, Richard (GOV)" <bairdr@michigan.gov>
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> **To:** "weaverkaren@[redacted]" <weaverkaren@[redacted]
> **Cc:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>
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Date: January 13, 2016 at 4:19:55 PM EST
To: "Workman, Wayne (TREASURY)"
<WorkmanW@michigan.gov<mailto:WorkmanW@michigan.gov>>, Jody Lundquist
<jlundquist@cityofflint.com<mailto:jlundquist@cityofflint.com>>
Cc: Karen Weaver <kweaver@cityofflint.com<mailto:kweaver@cityofflint.com>>, "Saxton, Thomas (Treasury)" <saxtont@michigan.gov<mailto:saxtont@michigan.gov>>, "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov<mailto:ByrneR1@michigan.gov>>, "Schafer, Suzanne K. (Treasury)" <SchaferS7@michigan.gov<mailto:SchaferS7@michigan.gov>>
Subject: Re: Water and General Fund financial information needed

Good afternoon, Mr. Workman.

Thank you for sharing this detailed information request with me. I will ensure that City staff begin working on this immediately. This information will take some time to prepare, however I am confident that City staff is fully capable of responding to your request in its entirety. We appreciate your offer of assistance. Although I believe that it will be unnecessary at this time, we will be sure to inform you should additional support be necessary in the future.

Thanks,

Natasha L. Henderson, City Administrator

1101 S. Saginaw St.
Flint, MI
Email: nhenderson@cityofflint.com<mailto:nhenderson@cityofflint.com>
Phone: (810) 237-2057
www.cityofflint.com<http://www.cityofflint.com>

Mayor Weaver,

This is to confirm our discussion on January 12, 2016 regarding the financial information Treasury needs for the City of Flint. Please submit the following:

1. Monthly cash flow reports (for both General Fund and the Water/Sewer Fund) for the period of 7/1/2015 thru 6/30/16. The report should show the actual cash flow for the months already past and the projected cash flow for the remainder of the city's fiscal year. It should show the ending cash balance assuming that the Shearer decision is upheld and a second balance assuming the Shearer decision is reversed.

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Should you have any additional questions or need assistance on the formatting or content of the reports, please do not hesitate to contact Suzanne Schafer at 517-373-0533. We look forward to getting this information as soon as possible. Thank you, Wayne

Workman, Wayne (TREASURY)

From: Baird, Richard (GOV)
Sent: Sunday, January 17, 2016 11:08 PM
To: Workman, Wayne (TREASURY)
Subject: Re: Confirming our Discussion tonight

I did reach out to Davidoff too.

Sent from my Verizon Wireless 4G LTE DROID
On Jan 17, 2016 10:35 PM, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov> wrote:
We will try on Monday

Sent from my iPhone

On Jan 17, 2016, at 9:21 PM, Baird, Richard (GOV) <bairdr@michigan.gov> wrote:

> Why is re-creation of basic billings and collections 60 hours? Can you discuss with Yeo and Yeo?
>
> *Sent from my Verizon Wireless 4G LTE DROID*
> ---------- Forwarded message ----------
> From: Natasha Henderson <nhenderson@cityofflint.com>
> Date: Jan 17, 2016 8:42 PM
> Subject: Re: Confirming our Discussion tonight
> To: Jody Lundquist <jlundquist@cityofflint.com>
> Cc: Karen Weaver <kweaver@cityofflint.com>,"Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>,"Hollins, Harvey (GOV)" <hollinsh@michigan.gov>,"Baird, Richard (GOV)" <bairdr@michigan.gov>
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> Good evening, Ms. Henderson.

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Best regards,

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Chief Financial Officer
City of Flint
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jlundquist@cityofflint.com
(810) 237-2441

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From: **Karen Weaver** <weaverkaren@[redacted]
Date: Fri, Jan 15, 2016 at 10:00 AM
Subject: Fwd: Confirming our Discussion tonight
To: nhenderson@cityofflint.com

Sent from my iPhone

Begin forwarded message:

> **From:** "Baird, Richard (GOV)" <bairdr@michigan.gov>
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> **Cc:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>
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Subject: Fwd: Water and General Fund financial information needed

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Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Monday, January 18, 2016 6:59 AM
To: Saxton, Thomas (Treasury)
Cc: Baird, Richard (GOV); Hollins, Harvey (GOV)
Subject: Re: Confirming our Discussion tonight

That should be the plan but Yeo&Yeo seems to be too slow. I will try to talk with them today

Sent from my iPhone

On Jan 18, 2016, at 6:05 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

> I am guess I am unclear... my sense is we would still have Yeo & Yeo do this (water cash flow etc). And Deloitte would be doing the bigger picture of the city's financial issues, coordination, etc.
>
> On Jan 17, 2016, at 9:06 PM, Workman, Wayne (TREASURY) <WorkmanW@michigan.gov> wrote:
>
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> >
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> >
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> >
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> > **Date:** January 17, 2016 at 8:42:25 PM EST
> > **To:** Jody Lundquist <jlundquist@cityofflint.com>
> > **Cc:** Karen Weaver <kweaver@cityofflint.com>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, <hollinsh@michigan.gov>, <bairdr@michigan.gov>
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On Jan 17, 2016 8:29 PM, "Jody Lundquist" <jlundquist@cityofflint.com> wrote:

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To: Workman, Wayne (TREASURY)
Subject: Fwd: Re: Confirming our Discussion tonight

Sent from my Verizon Wireless 4G LTE DROID
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From: "Davidoff, Mark (US - Detroit)"
Date: Jan 18, 2016 12:28 AM
Subject: Re: Confirming our Discussion tonight
To: "Baird, Richard (GOV)"
Cc:

No sense of urgency and no appreciation for the need to give Mayor Weaver some positive news to share with the people of Flint as soon as possible.

Mark Davidoff
Michigan Managing Partner
Deloitte LLP

Office: 313-396-3317
Mobile: 248-705-1996

>*Driving Towards Detroit 2030*

(Sent from my mobile device)

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<saxtont@michigan.gov<mailto:saxtont@michigan.gov><mailto:saxtont@michigan.gov>>, "Byrne, Randall (Treasury)"
<ByrneR1@michigan.gov<mailto:ByrneR1@michigan.gov><mailto:ByrneR1@michigan.gov>>, "Schafer, Suzanne K. (Treasury)"
<SchaferS7@michigan.gov<mailto:SchaferS7@michigan.gov><mailto:SchaferS7@michigan.gov>>
Subject: Re: Water and General Fund financial information needed

Good afternoon, Mr. Workman.

Thank you for sharing this detailed information request with me. I will ensure that City staff begin working on this immediately. This information will take some time to prepare, however I am confident that City staff is fully capable of responding to your request in its entirety. We appreciate your offer of assistance. Although I believe that it will be unnecessary at this time, we will be sure to inform you should additional support be necessary in the future.

Thanks,

Natasha L. Henderson, City Administrator
1101 S. Saginaw St.
Flint, MI
Email:
nhenderson@cityofflint.com<mailto:nhenderson@cityofflint.com><mailto:nhenderson@cityofflint.com>
Phone: (810) 237-2057
www.cityofflint.com<http://www.cityofflint.com><http://www.cityofflint.com>

Mayor Weaver,

This is to confirm our discussion on January 12, 2016 regarding the financial information Treasury needs for the City of Flint. Please submit the following:

1. Monthly cash flow reports (for both General Fund and the Water/Sewer Fund) for the period of 7/1/2015 thru 6/30/16. The report should show the actual cash flow for the months already past and the projected cash flow for the remainder of the city's fiscal year. It should show the ending cash balance assuming that the Shearer decision is upheld and a second balance assuming the Shearer decision is reversed.

2. Water shutoff history starting 1/1/2015 to present. The history should include the number of shutoffs and what that represents in terms of percentage of customers and percentage impact on revenues.

3. Water bill collection history starting 1/1/2015 to present.

4. Reports required by the emergency loan agreement issued in April 2015 (requirements will be sent in a separate letter).
As I mentioned, if the City needs additional resources to help gather this information quickly, Treasury is prepared to offer financial help for the City to retain the help of your auditors. If you want to pursue this please contact Randy Byrne regarding estimated cost.

We look forward to working with the City to identify and secure additional funds from foundations, corporations and the federal government to provide long term solutions for Flint`s water system.
Should you have any additional questions or need assistance on the formatting or content of the reports, please do not hesitate to contact Suzanne Schafer at 517-373-0533. We look forward to getting this information as soon as possible. Thank you, Wayne

This message (including any attachments) contains confidential information intended for a specific individual and purpose, and is protected by law. If you are not the intended recipient, you should delete this message and any disclosure, copying, or distribution of this message, or the taking of any action based on it, by you is strictly prohibited.

v.E.1

Workman, Wayne (TREASURY)

From: Baird, Richard (GOV)
Sent: Monday, January 18, 2016 8:25 AM
To: Workman, Wayne (TREASURY)
Subject: Fwd: Re: Confirming our Discussion tonight

Sent from my Verizon Wireless 4G LTE DROID
---------- Forwarded message ----------
From: "Davidoff, Mark (US - Detroit)"
Date: Jan 17, 2016 11:56 PM
Subject: Re: Confirming our Discussion tonight
To: "Baird, Richard (GOV)"
Cc:

Don't have all the background on this but we are already considering this as part of our rapid response team and have resources that could be on the ground this week. We need to get this right, and right away.

Mark Davidoff
Michigan Managing Partner
Deloitte LLP

Office: 313-396-3317
Mobile: [redacted]

>*Driving Towards Detroit 2030*

(Sent from my mobile device)

On Jan 17, 2016, at 9:21 PM, Baird, Richard (GOV) <bairdr@michigan.gov> wrote:

> What do you think. 2 weeks is ludicrous.
>
> Sent from my Verizon Wireless 4G LTE DROID
> ---------- Forwarded message ----------
> From: "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
> Date: Jan 17, 2016 9:06 PM
> Subject: Fwd: Confirming our Discussion tonight
> To: "Baird, Richard (GOV)" <bairdr@michigan.gov>,"Hollins, Harvey (GOV)" <hollinsh@michigan.gov>,"Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> Cc:
>
> Can Deloitte jump on this quickly?
>
> Sent from my iPhone
>
> Begin forwarded message:

From: Natasha Henderson
<nhenderson@cityofflint.com<mailto:nhenderson@cityofflint.com>>
Date: January 17, 2016 at 8:42:25 PM EST
To: Jody Lundquist <jlundquist@cityofflint.com<mailto:jlundquist@cityofflint.com>>
Cc: Karen Weaver <kweaver@cityofflint.com<mailto:kweaver@cityofflint.com>>, "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov<mailto:WorkmanW@michigan.gov>>, <hollinsh@michigan.gov<mailto:hollinsh@michigan.gov>>, <bairdr@michigan.gov<mailto:bairdr@michigan.gov>>
Subject: Re: Confirming our Discussion tonight

Mr. Baird,

Please let me know as soon as possible what your pleasure is in this matter.

Thanks,

Natasha L. Henderson, City Administrator
1101 S. Saginaw St.
Flint, MI
Email: nhenderson@cityofflint.com<mailto:nhenderson@cityofflint.com>
Phone: (810) 237-2057
www.cityofflint.com<http://www.cityofflint.com>

On Jan 17, 2016 8:29 PM, "Jody Lundquist"
<jlundquist@cityofflint.com<mailto:jlundquist@cityofflint.com>> wrote:

Good evening, Ms. Henderson.

In response to the email from the State regarding Yeo & Yeo's cost, availability and timeline, I reached out to Jamie Rivette. I provided her with exactly the same description of the cash flow report included in the email from Mr. Workman last week.

She provided the following response:

"Our estimated cost for performing monthly cash flow reports for both General Fund and the Water/Sewer Fund for the period of 7/1/2015 thru 6/30/16 (to include the information you specified below) would be billed at our standard hourly rates. I would expect this to take approximately 60 hours and cost around $15,000.

Dave and I would be available to start this project next week Thursday."

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the State. Should the State so desire to completely offset the cost of outsourcing the production of this report, I am happy to engage Yeo & Yeo, however it will cost more, take longer and require nearly the same amount of time and effort by City staff in order to provide them with the requisite information and assumptions.

Please let me know how you would like to proceed.

Best regards.

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com<mailto:jlundquist@cityofflint.com>
(810) 237-2441

On Fri, Jan 15, 2016 at 10:08 AM, Natasha Henderson <nhenderson@cityofflint.com<mailto:nhenderson@cityofflint.com>> wrote:

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com <mailto:nhenderson@cityofflint.com>
Phone: (810) 237-2057
www.cityofflint.com<http://www.cityofflint.com>

---------- Forwarded message ----------
From: Karen Weaver <weaverkaren@[redacted]<mailto:weaverkaren@[redacted]>>
Date: Fri, Jan 15, 2016 at 10:00 AM
Subject: Fwd: Confirming our Discussion tonight
To: nhenderson@cityofflint.com<mailto:nhenderson@cityofflint.com>

Sent from my iPhone

Begin forwarded message:

From: "Baird, Richard (GOV)" <bairdr@michigan.gov<mailto:bairdr@michigan.gov>>
Date: January 14, 2016 at 11:08:29 PM EST
To: "weaverkaren@[redacted]<mailto:weaverkaren@[redacted]
<weaverkaren@sbcglobal.net<mailto:weaverkaren@sbcglobal.net>>
Cc: "Workman, Wayne (TREASURY)"
<WorkmanW@michigan.gov<mailto:WorkmanW@michigan.gov>>, "Hollins, Harvey (GOV)"

<hollinsh@michigan.gov<mailto:hollinsh@michigan.gov>>
Subject: Confirming our Discussion tonight

Mayor Weaver:

It was good talking with you today. Confirming our discussion, MI Treasury will pay for the costs of having the City's auditors come in and secure the information requested in the memo below.

We were advised that the information could not be provided prior to February 1. I see this as a half day or day effort with the right resources. The people of Flint have been paying for or been billed for water they couldn't use and this information will help in our efforts to provide potential relief in the future and perhaps in the past as well.

But we need to determine what that looks like operationally and financially. If we are successful in securing funding, it would be our hope you could advise the people of Flint of what you were able to work out with the state and to do so in the fastest time possible.

We don't want to wait until February 1. We want to have Yeo and Yeo contacted, providing a time/expenses cost estimate, and deployed by Monday. I have copied Wayne Workman here in case I have missed something.

Thank you,

Rich

Sent from my iPad

Begin forwarded message:

From: "Workman, Wayne (TREASURY)"
<WorkmanW@michigan.gov<mailto:WorkmanW@michigan.gov><mailto:WorkmanW@michigan.gov>>
Date: January 14, 2016 at 10:27:38 PM EST
To: "Baird, Richard (GOV)"
<bairdr@michigan.gov<mailto:bairdr@michigan.gov><mailto:bairdr@michigan.gov>>
Subject: Fwd: Water and General Fund financial information needed

This is the email. The emergency loan requirements are not urgent. Focus is truly on water. Thanks, Wayne

Sent from my iPhone

Begin forwarded message:

From: Natasha Henderson
<nhenderson@cityofflint.com<mailto:nhenderson@cityofflint.com><mailto:nhenderson@cityofflint.com>>
Date: January 13, 2016 at 4:19:55 PM EST
To: "Workman, Wayne (TREASURY)"
<WorkmanW@michigan.gov<mailto:WorkmanW@michigan.gov><mailto:WorkmanW@mich

igan.gov>>, Jody Lundquist
<jlundquist@cityofflint.com<mailto:jlundquist@cityofflint.com><mailto:jlundquist@cityofflint.com>>
Cc: Karen Weaver
<kweaver@cityofflint.com<mailto:kweaver@cityofflint.com><mailto:kweaver@cityofflint.com>>, "Saxton, Thomas (Treasury)"
<saxtont@michigan.gov<mailto:saxtont@michigan.gov><mailto:saxtont@michigan.gov>>, "Byrne, Randall (Treasury)"
<ByrneR1@michigan.gov<mailto:ByrneR1@michigan.gov><mailto:ByrneR1@michigan.gov>>, "Schafer, Suzanne K. (Treasury)"
<SchaferS7@michigan.gov<mailto:SchaferS7@michigan.gov><mailto:SchaferS7@michigan.gov>>
Subject: Re: Water and General Fund financial information needed

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Natasha L. Henderson, City Administrator
1101 S. Saginaw St.
Flint, MI
Email:
nhenderson@cityofflint.com<mailto:nhenderson@cityofflint.com><mailto:nhenderson@cityofflint.com>
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v.E.1

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Monday, January 18, 2016 9:48 AM
To: mdavidoff@deloitte.com
Cc: Baird, Richard (GOV)
Subject: FW: Water and General Fund financial information needed

Mark, I think Rich may have already sent the information we requested from the City, but I take the liberty of double coverage. After you talk with Mayor Weaver, please feel free to contact me to discuss how Treasury can assist you and the City. We already have a number of things starte and communicate with City staff daily. Thanks, Wayne Workman cell phone231-590-0503

From: Workman, Wayne (TREASURY)
Sent: Wednesday, January 13, 2016 3:25 PM
To: kweaver@cityofflint.com; Natasha Henderson
Cc: Schafer, Suzanne K. (Treasury) ; Byrne, Randall (Treasury) ; Saxton, Thomas (Treasury)
Subject: *Water and General Fund financial information needed*

Mayor Weaver,

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1. Monthly cash flow reports (for both General Fund and the Water/Sewer Fund) for the period of 7/1/2015 thru 6/30/16. The report should show the actual cash flow for the months already past and the projected cash flow for the remainder of the city's fiscal year. It should show the ending cash balance assuming that the Shearer decision is upheld and a second balance assuming the Shearer decision is reversed.
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Workman, Wayne (TREASURY)

From: Baird, Richard (GOV)
Sent: Monday, January 18, 2016 1:47 PM
To: Workman, Wayne (TREASURY)
Subject: Re: FW: Confirming our Discussion tonight

Marks call I think. He and Joel need to get Mayor agreement that he will be her second in command.

Sent from my Verizon Wireless 4G LTE DROID
On Jan 18, 2016 10:19 AM, "Workman, Wayne (TREASURY)" wrote:

Trading calls with Davidoff. Is it OK to let Flint CFO know about Deloitte? I would like get a call set up for Tuesday with Treasury, City and Deloitte if they are going to do the work.

From: Jody Lundquist [mailto:jlundquist@cityofflint.com]
Sent: Sunday, January 17, 2016 8:30 PM
To: Natasha Henderson
Cc: Karen Weaver ; Baird, Richard (GOV) ; Workman, Wayne (TREASURY) ; Hollins, Harvey (GOV)
Subject: Re: Confirming our Discussion tonight

Good evening, Ms. Henderson.

In response to the email from the State regarding Yeo & Yeo's cost, availability and timeline, I reached out to Jamie Rivette. I provided her with exactly the same description of the cash flow report included in the email from Mr. Workman last week.

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Please let me know how you would like to proceed.

Best regards,

Jody N. Lundquist

Chief Financial Officer

City of Flint

1101 S. Saginaw Street, 2nd Floor

Flint, MI 48502

jlundquist@cityofflint.com

(810) 237-2441

On Fri, Jan 15, 2016 at 10:08 AM, Natasha Henderson <nhenderson@cityofflint.com> wrote:

Thanks,

Natasha L. Henderson, City Administrator

City of Flint, Michigan

1101 S. Saginaw St.

Flint, MI 48502

Email: nhenderson@cityofflint.com

Phone: (810) 237-2057

www.cityofflint.com

---------- Forwarded message ----------
From: **Karen Weaver** <weaverkaren@[redacted]
Date: Fri, Jan 15, 2016 at 10:00 AM
Subject: Fwd: Confirming our Discussion tonight
To: nhenderson@cityofflint.com

Sent from my iPhone

Begin forwarded message:

> **From:** "Baird, Richard (GOV)" <bairdr@michigan.gov>
> **Date:** January 14, 2016 at 11:08:29 PM EST
> **To:** "weaverkaren@[redacted] <weaverkaren@[redacted]
> **Cc:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Hollins, Harvey (GOV)" <hollinsh@michigan.gov>
> **Subject: Confirming our Discussion tonight**

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Thank you,

Rich

Sent from my iPad

Begin forwarded message:

From: "Workman, Wayne (TREASURY)"
<WorkmanW@michigan.gov<mailto:WorkmanW@michigan.gov>>
Date: January 14, 2016 at 10:27:38 PM EST
To: "Baird, Richard (GOV)" <bairdr@michigan.gov<mailto:bairdr@michigan.gov>>
Subject: Fwd: Water and General Fund financial information needed

This is the email. The emergency loan requirements are not urgent. Focus is truly on water. Thanks, Wayne

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<nhenderson@cityofflint.com<mailto:nhenderson@cityofflint.com>>
Date: January 13, 2016 at 4:19:55 PM EST
To: "Workman, Wayne (TREASURY)"
<WorkmanW@michigan.gov<mailto:WorkmanW@michigan.gov>>, Jody Lundquist
<jlundquist@cityofflint.com<mailto:jlundquist@cityofflint.com>>
Cc: Karen Weaver <kweaver@cityofflint.com<mailto:kweaver@cityofflint.com>>, "Saxton, Thomas (Treasury)" <saxtont@michigan.gov<mailto:saxtont@michigan.gov>>, "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov<mailto:ByrneR1@michigan.gov>>, "Schafer, Suzanne K. (Treasury)" <SchaferS7@michigan.gov<mailto:SchaferS7@michigan.gov>>
Subject: Re: Water and General Fund financial information needed

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Thanks,

Natasha L. Henderson, City Administrator
1101 S. Saginaw St.
Flint, MI
Email: nhenderson@cityofflint.com<mailto:nhenderson@cityofflint.com>
Phone: (810) 237-2057
www.cityofflint.com<http://www.cityofflint.com>

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Should you have any additional questions or need assistance on the formatting or content of the reports, please do not hesitate to contact Suzanne Schafer at 517-373-0533. We look forward to getting this information as soon as possible. Thank you, Wayne

Kettering University

Monday, January 18, 2016

To: The Kettering Community of Parents of our Students and our Alumni

Subject: Kettering Campus Water Update

I know that you value the excellence of the education we provide, but I expect as alumni or parents of students currently enrolled at our great University that you are concerned about the barrage of news about Flint's water supply. I am a proud parent of a Kettering student, and my family and I reside in Flint, so I understand deeply and very personally how you might be feeling about the situation as reported in the media.

Last week, I sent a detailed Kettering Water Update letter to our campus and to our students. Because I know (from direct experience!) that students may not always communicate promptly with their parents on even important issues, I thought I would take a moment to update you and our alumni directly on this issue, because I know it is a subject of concern.

Unfortunately, as is often the case in public crises, a great deal of misinformation about the water supply in Flint is being reported as fact. Just as distressingly, though, a great deal of important information that we do have about the situation is also *not* being reported.

Kettering campus water is safe, and our faculty, staff, students, and campus residents are **not** being exposed to contaminated water on campus. We are, and have been even before the current crisis emerged, committed to ongoing testing of our water to ensure the safety of the campus water supply. Moreover, the entire water supply of Flint has not been contaminated with lead; although some sections of the city have experienced problems, some severe, other sections have not

All of us deplore that any single person has been exposed to unsafe levels of lead in the water; however, many, many people living in Flint have not been exposed to water containing elevated levels of lead in their residences or places of business. To date:

- Roughly 2% of all individuals tested in Flint have shown elevated blood lead levels.[1]
- Twenty-three (23) children younger than age six tested in Flint show elevated blood levels of lead.[2]
    - Children under the age of 5-6 are the most vulnerable population with respect to the long-term health effects of lead; in the U.S., 535,000 children under the age of 5 have elevated blood lead levels high enough to damage their health.[3]
- A total of 43 of 2182 of people tested in Flint show elevated blood levels of lead.[4]

I also want to clarify that *the water from the Flint River that was used as the city's water source from April 2014 through October 2015 was not contaminated with lead.* The contamination, where it occurred, was due primarily to interactions between treated river water and lead supply

[1] http://www.michigan.gov/documents/deq/Flint_Blood_Testing_Report_December_23_509464_7.pdf
[2] http://www.mlive.com/lansing-news/index.ssf/2016/01/43_flint_residents_identified.html
[3] http://www.cdc.gov/nceh/lead/infographic.htm
[4] ibid.

lines in the distribution system, particularly in lead lines connecting individual houses to local water mains. This is not a global problem with the water, but a problem with how that water - after treatment - interacted with some pipes and other elements of the city's distribution system. This interaction was often (considerably) different - even house-by-house on a single block.

In this letter I want to outline for you what we know about the nature of the contamination of the Flint system, how the university has responded to it, what we have done and are doing on an ongoing basis to ensure the integrity and safety of drinking water on the campus, and how we are working to ensure that those in the campus community who live off-campus in private housing have access to appropriate information, tests, and filters to ensure and monitor the safety of their private supplies.

Because I want to document what I write, I am also including footnotes that will lead you, if you are interested, to the sources of my information, something I learned to do as a faculty member and still highly value. We are committed to deploying every resource at our disposal to continue to ensure the safety of our entire campus community and our visitors. We value your input, and I hope that as members of the Kettering Community and of this great University that the information presented in this letter is helpful to you. If you have questions, comments, or thoughts on this issue we welcome you to send them to us at water@kettering.edu.

Introduction

Inflated lead levels have been detected in the water supply in a number of areas in the city of Flint, and these have received significant medical, political, and media attention over the last three months. The State of Michigan officially declared a state of emergency in Flint on January 6, 2016,[5] and the Federal Government followed on January 16, 2016.[6] Federal, state and local officials have now engaged and are taking more aggressive corrective action to address this situation and the public health crisis that has resulted from it. Proudly, many in the Kettering Community have taken a very active role in helping those families and children in Flint impacted by this health crisis since its beginning last year.

The levels of lead found in some areas of Flint are gravely upsetting, but I want again to stress that the problem of lead contamination in public and private drinking water supplies is not present in all of Flint. Unfortunately, this distinction has been absent from much of the reporting on this subject in the media. Reports often imply that the water was tainted at the source (i.e. the Flint River), or that contamination of the water is uniform across the entire distribution system and that every house and business has been equally affected.

I also think it important for us to recognize that this problem is widespread and in fact is not isolated to Flint.[7] For example, I am sad to report, drinking water supply contamination, in some cases at levels far worse than have been found in Flint, has been found in Washington D.C., Seattle, Baltimore, Philadelphia, and Los Angeles among other cities and areas of the country.[8] In Michigan, elevated blood-lead levels have been found in an even higher percentage of children

[5] http://www.freep.com/story/news/local/michigan/2016/01/05/us-attorneys-office-investigating-lead-flint-water/78303960/

[6] http://www.mlive.com/news/flint/index.ssf/2016/01/president_obama_signs_emergenc.html#incart_2box_news_flint

[7] http://www.cdc.gov/nceh/lead/leadinwater/

[8] ibid., http://www.cdc.gov/mmwr/preview/mmwrhtml/mm5312a6.htm, http://www.washingtonpost.com/wp-dyn/content/article/2009/08/03/AR2009080303003.html, and http://www.yaleseas.com/watersymposium/pdfs/EdwardsLeadPaper.pdf

than Flint is experiencing in sections of Jackson, Detroit, Grand Rapids, Saginaw, Holland, and a number of other cities.[9]

The Nature of the Problem

First, the nature and cause of the contamination are reasonably well understood at this point. In brief:

- Historically, the Flint water system used and distributed treated water from Detroit Water Authority. It did so until April 2014, when it switched to treating water from the Flint River in an existing Flint water treatment plant.
- The "raw" river water to which the city switched in April 2014 was not contaminated with lead.
- The water within *some* sections of the distribution network was, however, contaminated *after* the water left the treatment plant by the leaching of metals such as lead. iron. and copper from lead service lines and lines containing lead solder

After the switch to river water, the City failed to treat the water for corrosivity by managing its chemistry,[10] which lead to the erosion (and release) of lead-bearing pipe scale in supply lines[11] and lead/copper galvanic corrosion of lead solder and lead copper joints in the distribution system.[12] Because raw water quality varies across the US, federal law requires all municipal water systems to have a corrosion control plan to address this possibility; this regulation is known as the Lead and Copper Rule.[13] Flint unfortunately did not have such a plan in place when it switched the water source to the River.

Here I want to stress that the lack of corrosion control did not, in and of itself, make the water unsafe. What it did do, however, is increase the potential for the water to react chemically with certain types of plumbing systems, and in doing so leach lead and other metals (if they were present) from those systems.

And if this isn't enough complexity, the City (out of what I'm sure were benign motives) used a relatively high level of chlorine to treat the river water to prevent bacterial growth in the supply. The unanticipated consequence of this choice, combined with a lack of activated charcoal filtration in the treatment process, led to the subsequent production of elevated levels of trihalomethanes (which are disinfection by-products of water chlorination) in the water, but these were present primarily in areas of the system where the water pooled or moved through the system slowly.

In October of last year, Flint switched its water source back to Detroit Water Authority. It took approximately 3-4 weeks for the Detroit source water to replace fully all of the water in the distribution system. In December, Flint also began introducing additional corrosion control

[9] http://www.crainsdetroit.com/article/20151210/NEWS/151219980/interactive-map-places-with-higher-lead-rates-than-flint

[10] Specifically the chloride-to-sulfate mass ratio in the treated water, which can be influenced by salt entering the source river from runoff or changes in the way that organics are removed in the treatment process. This is typically adjusted by adding lime or orthophosphates in the treatment process, see http://www.waterrf.org/publicreportlibrary/4088.pdf

[11] http://pubs.acs.org/doi/pdfplus/10.1021/es101328u?src=recsys&

[12] http://www.awwa.org/publications/journal-awwa/abstract/articleid/26682.aspx

[13] http://www.epa.gov/dwregmfo/lead-and-copper-rule and http://www.ecfr.gov/cgi-bin/text-idx?SID=531617f923c3de2cbf5d12ae4663f56d&mc=true&node=sp40.23.141.i&rgn=div6

additives to the water supply.[14] It did this expecting that the addition of these additives will, over time, help to rebuild the protective scale on the inside of the parts of the distribution system where it has been damaged.

Not All Areas of Flint were Impacted Equally

The specific mechanisms that gave rise to the contamination of the system mean that **not all areas of the system were equally impacted**. Portions of the system that do not contain lead service lines or lead solder were not as greatly impacted as those that do. Older parts of the system, especially sections built in the 1940's through the 1960's[15] that have not been upgraded since their construction are disproportionately vulnerable.[16] Other areas are far less so.

As a consequence, **the presence of lead contamination in the water supply was not uniform across the entire municipal water system, and not all areas of the city or all resident supplies were equally affected by it.** [17]

- The amount of lead that leached into a given part of the system depended upon a variety of factors, including the age of the system in the area, the specifics of its construction (e.g. are lead service lines present), and the time that water typically spends in that part of the system between treatment and use.
    - The levels of lead contamination measured in the water drawn from a particular source point depends upon the characteristics of the infrastructure through which the water passed, and how long it took to do so. **This is why water drawn in some houses on a single block might show measurable lead contamination, while others did not.**[18]
- For the same reason, as I noted earlier, only a percentage of Flint residents have been exposed to water containing elevated levels of lead in their residences or places of business [19]

Kettering's Campus Water Supply and Our Approach to Ensuring its Safety

The municipal water infrastructure that supplies Kettering is relatively modern, the flow-rates of water through the system are high, and we do not have lead-copper transitions in the main supply lines, as do many residences in some areas of the city. All of these factors reduce the chance of contamination in our supply. Even so, the University has taken a number of proactive steps to ensure that the campus drinking and cooking water supplies are free from contamination, a number of which have been described in previous communications to the campus on this issue. These include:

[14] https://www.cityofflint.com/2016/01/10/flint-city-leaders-county-state-officials-announce-relief-effort-expansion/
[15] In the early part of the last century, many municipal codes *required* the use of lead pipes when connecting homes and businesses to municipal water mains but most codes banned the use of lead pipes by the early 1970's. Chicago, for example, continued to require them as recently as 1986, see *EPA warns modernizing water system may boost levels of lead*, Chicago Tribune, September 25, 2013 Some major U.S. cities still have 100% piping bringing water from the utilities to homes and businesses, see: https://www.safeplumbing.org/health-safety/lead-in-plumbing
[16] http://nepis.epa.gov/Exe/ZyPDF.cgi?Dockey=20001R4V.txt
[17] For an example see: http://www.michigan.gov/documents/deq/Copy_of_deq-fw-Flint-Home-Owner-Data-Sept-3-thru_Nov-5-15_505529_7_505579_7.pdf
[18] ibid.
[19] ibid

- Since early 2015 (after the switch to river water but before lead contamination was suspected), the University has been engaged in recurring testing of all drinking and food service water distribution points on campus using an independent, certified laboratory (Brighton Analytical, LLC). We will continue to test all drinking and food service water distribution points (and there are almost 100 of these) indefinitely.
- We also similarly test incoming water from our (six) Flint Municipal Water system input supply lines.
- All food service water source lines are flushed for a minimum of five minutes prior to use each morning, and only cold water is used, consistent with EPA guidelines.[20]
- We use NSF/ANSI 53 certified filters on all drinking water supplies on campus; these filters are certified to remove lead and trihalomethanes in addition to a wide variety of other contaminants and suspended solids. You may find details on the NSF/ANSI 53 certification standard at nsf.org and on the websites of manufacturers that produce filters conforming to this standard. There are 31 specific performance criteria that fall under Standard 53.
- All of our filters are maintained and replaced at the intervals recommended by their respective manufacturers.
- To be conservative, we shut off all water fountains on campus where the filters for that fountain were located at a significant physical distance from the fountain itself (usually because of space restrictions in the fountain cabinet).

  We did this as a precautionary measure, since it is possible for lead (if, for example lead solder was used in its supply line) to be produced through the interaction of water with plumbing in the supply line *after* it has been filtered *if* that water is allowed to sit undisturbed for a protracted time in the supply line (such as when a water fountain is used very rarely).

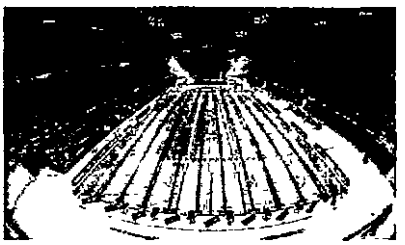
We do not test the water used in toilets, bathroom vanities, or showers, **but we do test the sources from which they draw water** (i.e. the input supply lines to campus). **Human skin does not absorb lead in water**, so bathing, washing, or showering is safe even using water containing lead over the EPA's action level.[21] [22] Adults may safely use unfiltered water for brushing their teeth.[23]

In addition, we continue to make improvements to our local system to improve convenience and ensure safety. One of the most visible of these is the replacement of many of our water fountains across campus with hydration stations; this project in fact began a number of years ago. All of our hydration stations are monitored and contain integral NSF/ANSI 53 water filtration systems.

How are Lead Levels in Water Specified and Interpreted?

The concentration of a metal, like lead, in water is often measured in parts per billion, usually denoted **ppb**. A concentration in water of 1 ppb represents one gram, or three one-hundredths of an ounce (3/100 ounce), of a substance in 260,000 *gallons* of water. One ppb is also three seconds

[20] EPA 810-F-93-001
[21] http://www.cdc.gov/nceh/lead/tips/water.htm
[22] http://www.michigan.gov/deq/0,4561,7-135-3313_3675_73946-372051--,00.html
[23] http://www.michigan.gov/documents/deq/2015-10-21_-_Lead_-_Flint_Water_FINAL_504265_7.pdf



out of 100 years. **Ten parts per billion (10 ppb) is the equivalent of approximately one teaspoon of water in an Olympic-sized swimming pool.**

The EPA has set an action level for lead in drinking water supplies at 15 ppb. In other words, if drinking water contains lead below this level, EPA regulations state that no action is required.[24]

For reference, the EPA permits faucets to be sold in the U.S. that leach 10 ppb or less of lead into water during a 19-day test.[25] Studies conducted by the EPA have found that the geometric mean of lead levels in drinking water systems in the US is 2.8 ppb.[26]

Results of Our Ongoing Testing

- As of the date of our last test series and over the past many months, we have tested the water drawn from the six input lines to campus a total of 15 times and all tests have resulted in a measured level of "ND" (for "None Detected"), with only three, single-test exceptions. In these three exceptions:
    - One detection was at 1 ppb, one was at 5 ppb, and the other was at 7 ppb. All of these are significantly lower than the EPA's allowable limit for lead of 15 ppb.[27]
    - These were single point-in-time detections; **later repeat testing of the same distribution points detected no lead.**
- **No lead has ever been detected in any water source used for food preparation.**
- As of the date of our last test series and over the past many months, all drinking water distribution points (e.g. water fountains) on campus have consistently tested "ND" (for "None Detected") for lead, with only six, single-test exceptions in well over one-hundred tests conducted. In these six exceptions:
    - All detections were at levels of less than 5 ppb (1,4,5,2,3 and 2 ppb respectively); all are significantly under the EPA's allowable action limit for lead of 15 ppb.[28]
    - These were single point-in-time detections; **later repeat testing of the same distribution points detected no lead.**

Access to Test Data

We make all results of these tests public. You may always find our latest test results along with other information related to the state of water in Flint at http://www.kettering.edu/water. We will continue to update the test reports on this site as we receive them.

[24] http / www cdc.gov/nceh/lead/tips/water htm
[25] https://www.safeplumbing.org/health-safety/lead-in-plumbing
[26] Levin R, Schock MR, Marcus AH. Exposure to lead in U.S drinking water. In: *Proceedings of the 23rd Annual Conference on Trace Substances in Environmental Health* Cincinnati, OH, US Environmental Protection Agency, 1989
[27] http //www cdc gov/nceh/lead/tips/water htm
[28] ibid

On this same webpage, you will also find a link to PDF copies of the certified assay reports provided to us by our independent laboratory.

We have encouraged our students to speak with their parents or guardians about this issue, and to share with them all communications they receive from us. Copies of all of our communications to students on this matter may also always be found at http://www.kettering.edu/water.

More Information

If you have further concerns, I encourage you to read the Centers for Disease Control website on lead contamination of water at http://www.cdc.gov/nceh/lead/leadinwater/ and http://www.cdc.gov/nceh/lead/tips/water.htm as well as the citations in this letter. Additional information is also available on our website at http://www.kettering.edu/water.

If you have technical questions about the campus water supply, they may be directed to Nadine Thor, Director of Auxiliary Services, at nthor@kettering.edu. Questions from students or their families of a more general nature should be directed to Dean Betsy Homsher, Dean of Students, at bhomsher@kettering.edu.

We will of course continue to update the campus as this situation evolves.

Members of the Kettering Community that Live off Campus in Impacted Areas

We have encouraged our students, faculty and staff who live off campus within Flint city limits to use bottled water, to test their water (which also supports the city's data collection and analysis efforts), and to use appropriate water filtration in drinking water sources until notified otherwise by civil authorities.[29]

In the interim, **free bottles of water, water filters, replacement cartridges, and home water testing kits are widely available to all Flint residents.**[30] There are multiple distribution points for these around the city, and the University maintains a supply of filters in the Office of Student Life for students otherwise unable to obtain them.

Information on the city's distribution of all of these items to residents may be found at www.michigan.gov/deq. Students residing off campus needing assistance in acquiring water, test kits, and/or faucet filters have been encouraged to contact the Office of Student Life at (810) 762-9871.

A Note on Water Clarity

You may see pictures of bottles of rusty or cloudy water in articles on water safety; the same has been true of the reporting surrounding the water crisis in Flint.

The presence of suspended rust in water can turn it orange, red, brown or yellow. The presence of rust in water is not an indication of the presence of lead or other contaminants in the water, nor does it necessarily indicate that the water is unsafe to drink.[31] In water, lead is colorless, odorless, and tasteless.[32] and the presence of rust in water does not indicate the presence of lead, bacteria, or other substances.

[29] http://www.michigan.gov/deq/0,4561,7-135-3313_3675_73946---,00.html
[30] http://www.michigan.gov/deq/0,4561,7-135-3313_3675_73946-366279--,00.html
[31] http://www.quincyma.gov/CityOfQuincy_Content/documents/RustyWaterFactSheet.pdf
[32] http://extension.psu.edu/natural-resources/water/drinking-water/water-testing/pollutants/lead-in-drinking-water

> *On its own, rust in water is not a sign of harmful bacteria or lead. In fact, the limits set by the Environmental Protection Agency (EPA) for iron in drinking water are based on aesthetics (taste, odor, color), not safety concerns.*[33]

Trapped air (in the form of small bubbles) in the water can also turn it cloudy or milky. Water pipelines are pressurized systems, so any air introduced into the system can remain trapped until the water leaves a faucet. This cloudiness is not indicator of water quality.

The NSF/ANSI 53 water filtration systems we use on campus for all drinking water remove suspended particulates including the iron that can discolor water (known as "turbidity reduction")

Legionella

It has very recently been reported[34] that there were an unusually high number of cases of Legionnaire's Disease seen in Genesee County in 2014-2015.[35] It has also been suggested in the media that this increase related in some way to the switch in the Flint water supply. Roughly half of the cases identified are in individuals who live outside of the city and the Flint municipal water service zone,[36] and a possible causal link between the two has absolutely not been established

We have no evidence of any member of the University community having contracted Legionnaire's Disease.

Legionnaire's Disease is not contracted by drinking water containing *Legionella* nor is it transmitted between individuals. It is not contagious.

Legionnaire's Disease is a form of pneumonia caused by the bacteria *Legionella pneumophila*, and it is treatable with several classes of antibiotics.[37] It has an incubation period of two to ten days. *Legionella* do not survive in water above 140 °F (60 °C). *Legionella* are normally found in rivers, lakes, and streams,[38] and they are normally present in the water systems of large buildings and even in a percentage of residential water systems.[39]

Legionnaire's Disease is primarily contracted by heavy smokers, immunocompromised individuals, and individuals with chronic lung disease[40] through the aspiration of water or the inhalation of water mist contaminated with the *Legionella* bacteria.[41] Even after exposure to *Legionella* most people do not become sick.

Cooling towers for large buildings are frequently cited as potential breeding ground for *Legionella* bacteria if they are not regularly maintained and disinfected.[42] **The University has for many years routinely monitored and disinfected all cooling towers on campus.**

As part of a proactive effort, though, we have also begun ongoing and recurring testing of our water for the presence of *Legionella.* We will take appropriate action (which we will report) if elevated levels of the bacteria are detected in campus water supplies in the future. We will of

[33] http://www.berkeleywellness.com/healthy-eating/food-safety/article/rusty-water
[34] http://www.freep.com/story/news/local/michigan/2016/01/13/snyder-flint-area-has-seen-spike-legionnaires/78750610/
[35] http://www.mlive.com/news/flint/index.ssf/2016/01/legionnaires_disease_cases_spi.html
[36] http://media.mlive.com/newsnow_impact/other/Legionellosis+Analysis+Report+20150604.pdf
[37] http://legionella.org/about-the-disease/what-is-legionnaires-disease/treatment/
[38] http://legionella.org/about-the-disease/what-is-legionnaires-disease/legionella-bacteria/
[39] http://legionella.org/faqs/general-public/disease-sources/
[40] http://www.cdc.gov/legionella/about/people-risk.html
[41] http://www.cdc.gov/legionella/about/causes-transmission.html
[42] http://www.cdc.gov/healthywater/other/industrial/cooling_towers.html

course publish the results of these tests on http://www.kettering.edu/water when they become available.

Federal Emergency Declaration

On January 16, 2016 and at the request of the state of Michigan, President Obama signed an emergency declaration the purpose of which is to make Federal aid available to the city in support of current filter and water distribution efforts to impacted persons in the city.[43] Substantively, this declaration simply mobilizes the Federal Emergency Management Agency (FEMA) to assist in these efforts and also makes certain federal funds available to the city for the purpose of supporting these activities. As stated in the order, it "is to provide water, water filters, water filter cartridges, water test kits, and other necessary related items for a period of no more than 90 days."[44]

A Kettering Professor (from the Beginning) and Our Students have been and will continue to be Part of the Solution

Last year, Kettering's Mechanical Engineering Professor Laura Sullivan was asked to co-chair Flint's Technical Water Advisory Board and was recently appointed by Mayor Karen Weaver to the Karegnondi Water Authority. This is important work, and through it she makes all of us in the greater Kettering family a key part of the solution. I want to take this opportunity to recognize her and to thank her for her service to Flint and the University.

Our students are some of the most creative in the world, and so we have been and are continuing to organize ways for our students, often in teams, to solve some of the challenging and unforeseen problems that have arisen in the distribution and installation of filters in affected areas of Flint. These efforts not only take advantage of the expertise and ingenuity of our students but they are also consistent with Kettering's ongoing commitment to Flint. We will make information on these efforts available on http://www.kettering.edu/water as it becomes available.

Please know that we are deploying every resource at our disposal to ensure the safety of our entire campus community and our visitors, and we will continue to work with federal, state, and local officials to help create long-term solutions to these problems. We value your input, and I hope that as valued members of the Kettering Community and of this great University that this letter has been helpful to you. If you have questions, comments, or thoughts on this issue or the University's response to it please send them to us at water@kettering.edu.

Thank you

Warmest Regards,

Dr. Robert K. McMahan
President

[43] http://www.mlive.com/news/flint/index.ssf/2016/01/president_obama_signs_emergenc.html
[44] ibid

Steckelberg, Larry (TREASURY)

From: Cline, Richard (Treasury)
Sent: Tuesday, January 19, 2016 12:27 PM
To: Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Steckelberg, Larry (TREASURY); Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: FW: Ed Kurtz
Attachments: Ed Kurtz

Importance: High

FYI.

This is the contact information I had for Ed Kurtz.

I do not know if these are still good but they were as of the time we were looking at the appointment of the Flint RTAB.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
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Schafer, Suzanne K. (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, January 19, 2016 1:05 PM
To: Saxton, Thomas (Treasury); Workman, Wayne (TREASURY); Steckelberg, Larry (TREASURY); Schafer, Suzanne K. (Treasury); Koryzno, Edward (Treasury); Byrne, Randall (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: Draft Flint CIP
Attachments: Flint CIP.Draft.01-14-16.pdf

All:

FYI.

Attached is the most recent draft to the Flint Capital Improvements Plan.

It was recently submitted to the City Planning Commission for approval so note that some of the projects could change prior to final approval.

Planned Water System improvements begins on Page 47 of the .pdf.

I note that Lead Service Line Replacement is listed as an Urgent project but with a cost *TBD*. No other information is provided.

I also note about $34M in other system projects that have been identified.

There is not a great amount of detail in the document but it provides a good overview of some of the areas that the City sees as priority.

If there are any questions, let me know.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) [redacted] | Traverse City Office (231) 922-5228
E-mail clinere1@michigan.gov

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The introduction to the Capital Improvement Plan (CIP) is divided into three sections:

- What is a Capital Improvement Plan?
- Why Prepare a CIP?
- How Does the CIP Relate to the Master Plan?

WHAT IS A CAPITAL IMPROVEMENT PLAN?

A Capital Improvement Plan (CIP) is a multi-year program for expenditures by the City of Flint for rehabilitation, replacement, and balancing of the City's municipal infrastructure systems. Projects considered through the CIP process involve proposed investments in the City's infrastructure and facilities, such as police and fire stations, parks and recreation facilities, community centers, offices, roads and sidewalks, and utilities.

Definition of Capital Improvements

Capital improvements are permanent physical improvements, generally expected to have a normal life of ten years or longer. Equipment and objects needed for day-to-day use are generally not considered capital improvements. Smaller projects and projects that are intended to last for fewer than ten years are funded through the City's operating budget.

CIP and Budgeting

A CIP is typically prepared and adopted annually by the Planning Commission and is presented as a recommendation to the Mayor and the City Council.
Each year, the plan identifies the physical needs of the City's departments, estimates the costs of proposed projects, and recommends expenditures and sources of funding for priority capital improvements.

As such, the CIP plays an integral role in the process of formulating the City's annual capital budget.

20 Year Horizon

The Flint CIP is a 6-20 year plan of programmed projects for the City's municipal infrastructure systems. The first two years of this plan should form the basis for the City's two-year Capital Approval of annual budgets allocates funds to undertake projects in this period, thus beginning the implementation of the CIP. In addition, capital projects that will need to be implemented between years 7 and 20 are also included to provide a basis for future updates to this CIP.

Uncertainty about the availability of budgets does not allow for these necessary improvements to be planned in the 6-year period and are considered unfunded needs in this CIP.

BENEFITS OF THE CIP

- Assist in implementation of the Master Plan.
- Identify both short- and long-term capital expenditures to allow budgeting.
- Determine regular maintenance needs for City facilities so they remain viable.
- Provide for a more effective evaluation of alternatives and solutions than the crisis-decision process.
- Enhance opportunities for grants by allowing for long-term planning.
- Provide the ability to stabilize debt and consolidate projects to reduce borrowing costs.
- Serve as a public relations and economic development tool.
- Allow for a focus on preserving infrastructure while ensuring efficient use of public funds.
- Provide opportunities for cooperation between departments and other units of government, such as Genesee County and Flint Community Schools, by pooling resources to reduce costs in some instances.

CAPITAL IMPROVEMENT PLANNING IN FLINT

The City of Flint has been significantly impacted by factory closures and population loss, with an 18% decline in population between the 2000 and 2010 census. The loss of jobs and population and decline in local tax revenue and state-shared revenues has had a significant impact on the City's finances. The City returned to state receivership in December 2011, as a result of consistent deficits in the General Fund, a decline in pooled cash, poor budgeting practices, and unfunded liabilities for retiree benefits

Significant progress has been made in addressing the financial issues leading to the assignment of an emergency manager, as the $19.1 million deficit at the end of FY12 had been eliminated by the end of FY15, largely as the result of a $7 million emergency loan.

On April 29th, 2015 the Emergency Manager notified the Governor of Michigan that the financial emergency in Flint had been resolved. At that time, the Governor relieved the Emergency Manager of his responsibilities and a Receivership Transition Advisory Board was created to oversee the transition of city affairs, to its charter-designated officials.

For the first time in nearly a decade, the City began FY16 with positive balances in all of its funds. Cash position had drastically improved, and the FY16 and FY17 Budgets are realistically balanced.

Looking forward to FY18 and beyond however, the City will continue to face significant challenges as expenditures are projected to outpace any increases in revenues leading to operating deficits in many of the City funds. Water rate increases and the renewal of two City millage's (Public Safety and Parks and Recreation), will assist in ensuring ongoing sources of funding exist for much needed capital improvements, but will limit the amount of progress that can be made without additional sources of revenue or other decrease operational costs.

While the City continues to await resolution of litigation over retiree healthcare that could devastate the City's financial position, a number of issues emerging in Q1 of FY16 have adversely impacted the ability to complete even planned FY16 capital improvements.

On August 17, 2015 a preliminary injunction order was issued against the City requiring that the City immediately reduce its water and sewer rates. In addition, the order barred the City in shutting off a service for non-payment or collecting delinquent balances prior to August 17. This led to a projected increase of uncollectible accounts of approximately $11 million, a decrease in monthly billed revenue and a drop in the number of payments being received.

In order to respond to the loss in projected revenue, a spending freeze across the City was implemented. At this time, the freeze remains in effect. For water and sewer funds, it was necessary to identify projects which could be eliminated or postponed to lessen the financial burden of the order and maintain ongoing daily operations. To that end, many of the water and sewer capital improvements were eliminated or postponed with the exception of any projects necessary to ready the City for receipt of water from the Karegnondi Water Authority (KWA).

As a result of the spending freeze and postponement of capital improvement projects in many of the City's funds, the 2016-2021 CIP update largely repeats the City's prior capital improvement plan with projects postponed by one fiscal year. Emerging capital improvement projects have been added and all existing projects have been update to reflect any changes in priority or estimated cost.

A Common Issue

The City of Flint, like many municipalities in the United States, has been severely impacted by the recession. In the wake of the Great Recession, many local governments in Michigan have witnessed a decrease in property tax and income tax revenues while seeing the level of state- shared revenue reduced.

With less money coming in, younger communities with relatively new infrastructure have been able to cope with severe budget reductions by postponing planned infrastructure installation or expansion. In established communities like Flint, however, budget cuts have led to deferred maintenance on existing infrastructure. This has often resulted in deterioration that now requires significant expenditures to catch up.

Many of the improvements listed in the CIP are a direct response to both the years of neglect due to severe budgetary issues and the fact that there has not been a Master Plan or comprehensive CIP developed for the City in decades.

Rising Costs of Deferred Maintenance

In April 2014, the City of Flint formally transitioned its primary source of drinking water by connecting to the Flint River. As a result of this switch, the corrosive nature of the treated river water has led to an accelerated aging process of the City's water infrastructure. This unexpected result of the switch has directly led to a shortened useful of this infrastructure. While the total cost for replacement of all City-owned water mains and property service lines is estimated, this total cost could approach or exceed $1 billion dollars.

Providing ongoing maintenance, such as resurfacing streets and repairing or replacing leaky roofs, is vital for maintaining the condition of assets. When maintenance is not fully funded, it contributes to deferred maintenance and capital costs. The City has not funded required maintenance on most facilities due to tight budgetary constraints and competing priorities. As a result the City has a large backlog in deferred capital projects which is likely to significantly increase as more information is collected on the actual condition of City facilities. Compounding the problem, as assets continue to deteriorate, the cost of repair will exponentially increase and can result in peripheral damage. For example, deferring roof replacement could later result in needing to replace the roof structural members, walls, and floor of a building.

Getting the Most out of Existing Infrastructure

The challenge to maintain services in the midst of shrinking resources and increasing costs has put pressure on City government to make its limited capital resources work more efficiently. City administration, elected and appointed officials, and staff, working under the oversight of an Emergency Manager appointed by the Governor, have taken several steps to make capital expenditures more closely reflect long-range objectives. However, the population and job losses, years of neglect, and lack of regular maintenance on much of the City's infrastructure, facilities, and properties have taken their toll.

City Budget

Making progress on the budget deficit has required difficult decisions and sacrifices, including dedicating minimal resources to capital improvements beyond emergency repairs. The FY16 and FY17 budgets were balanced through a mixture of significant revenue increases, significant expenditure de- creases, and steps taken to reduce legacy costs. Past revenue increases included increases in water and sewer rates, passage of a 6 mill property tax for police and fire, establishment of a special assessment district for street lighting, and implementation of a fee sufficient to cover the cost of waste collection.

Expenditure reductions included elimination of 20 percent of the City's workforce, compensation decreases equivalent to a 20 percent wage reduction for remaining employees, and the restructuring of health and retirement benefits for current employees and retirees necessary to develop a credibly balanced spending plan. The City continues to work towards a process of realistic budgeting that will enable capital needs to be planned for, rather than reacted to.

Other Influencing Factors

In addition to adopted City policy, including the recommendations of the Master Plan, several factors and recent or on-going initiatives have shaped the development of the CIP. These influencing factors include:

Most City facilities are in urgent need of upgrades, repair, and/or replacement of critical components, such as HVAC systems, roofs, parking lots, sidewalks, plumbing and electrical systems, security upgrades, lighting, windows, etc., and there are several buildings that are closed and not being used. Completion of some energy efficiency and other projects may result in long-term net savings but require initial capital outlays. The CIP calls for several facility assessments to determine the future viability of facilities and prioritize where investments should occur.

Improvements to the City's water system are needed, not necessarily to mitigate the factors from the primary source transfer, but to maintain and replace water system components that are in dire need of improvement or replacement regardless of the water source. Previous studies have shown the current system to have very low efficiency, with losses up to $2.0 million annually.

The street system in Flint has severely deteriorated. A Pavement Surface Evaluation and Rating System (PASER) study in 2012 found only 8% of Federal-Aid eligible City streets to be in good condition. Estimates for repair of local streets exceed $50 million.

Sidewalks throughout the City are in unsatisfactory condition and have an estimated unmet need of $40-85 million for repairs. These sidewalks are old,

cracked, have separations and heaving that are potential safety hazards, creating accessibility issues for persons with certain disabilities. Grants have been used to repair sidewalks in eligible areas but do not result in significant progress to handle needs. Though no detailed inventory is known to exist, it is also extremely likely that a significant number of curb ramps in the City are in poor condition, create access issues for persons with disabilities, and do not meet current standards under the Americans with Disabilities Act. Current city ordinance requires property owners to maintain their adjacent sidewalks. A 50/50 cost share program has the potential to expedite the repairs and improve accessibility throughout the city.

The City owns and operates several dams that are critical to the water supply for the City, as well as for recreational uses. All of them require varying amounts of rehabilitation and repair, with some being mandated to be removed as they are not viable and provide no purpose given the current drinking water system design.

Inflow and infiltration (I/I) into the sanitary sewer results in significant amounts of water being treated that is clean. Much of the I/I is at manholes and perforated manhole covers in floodplain areas that are regularly under water.

Housing diversity is limited, particularly for multi-family housing. Much of the housing stock (82%) was built prior to 1970 and 14.1% of parcels contain houses in poor or substandard condition.

Many residential parcels are vacant lots (22%) and there are thousands of blighted parcels in the City.

Flint Community Schools (FCS) suffers from budget problems, outdated facilities, and loss of students. Enrollment for the '14-'15 academic year was roughly 5,700 students, 86% lower than the peak numbers in the late 1960's. A number of FCS schools have been closed and many of them currently sit vacant awaiting demolition or reuse in some manner.

The City park system, including over 67 facilities and 1,800 acres, suffers from severe neglect. Lack of regular maintenance and upkeep and elimination of most staff and programs has resulted in many facilities being closed. Equipment at most parks is severely outdated and does not meet current design and safety standards, with many parks plagued by trash and graffiti. 34 parks are currently cared for through volunteer-led efforts including park tenders and park adopter programs. This helps reduce the overall cost of trash abatement, but not mowing costs as these groups do not mow many of the city's parks.

Budget issues have led to reductions in staffing and service levels for many city departments. For instance, since 2002 the Parks and Recreation Division has eliminated 89 staff positions, leaving less than 1 full-time employee focused on parks.

WHY PREPARE A CIP?

THE BENEFITS OF CAPITAL IMPROVEMENT PLANNING

Over time, public facilities need major repair, replacement, or expansion and maintaining and upgrading a community's capital assets requires significant financial investment. This investment must be weighed against other community needs and analyzed in light of community goals. The City of Flint, like many cities, is under pressure to make efficient use of capital resources and must make difficult choices. There are more needs than can be satisfied at once, and the selection of one investment over another may shape the development of the City for years to come.

Capital improvement planning is a valuable tool to ensure that choices are made wisely. The City's development goals are implem3nt, in park, by the careful provision of capital facilities. The benefits of this systematic approach to planning capital projects include:

Focused attention and co-ordination with community goals, needs, and capabilities – By developing a CIP, capital projects can be brought into line with the City's long-range plans by balancing identified needs with financial capacities. Considered individually, a building renovation, park system improvement, and street widening may all be viable projects, but each project may look quite different when, in the course of the CIP process, it is forced to compete directly with a number of other projects for limited funds.

Optimizes use of the taxpayer's dollar – The CIP helps the Mayor and City Council make sound annual budget decisions. Careful planning of capital improvements helps prevent costly mistakes. In addition, capital planning allows the City to save money in several other ways. For example, investors in municipal bonds tend to look more favorably on communities that have a CIP; if bond financing is selected for a capital improvement project, the City may realize significant savings on interest.

Guides redevelopment and growth – The location and capacity of capital improvements shape the growth and redevelopment of the City. City decision-makers can use the CIP to develop well thought out policies to guide future land use and economic development that are consistent with the implementation of the Master Plan.

Encourages coordination between departments – Participatory efforts of multiple City service units in the planning and coordination of capital improvement planning reduces scheduling conflicts and ensures that high priority needs are addressed before those of a lower priority. In addition, the CIP can be used to promote innovative management techniques and improve governmental efficiency and effectiveness by combining projects within the same area to provide a lower overall cost than if the projects were constructed separately.

Improves the basis for intergovernmental and regional cooperation – Capital improvement planning offers public officials of all governmental units (City of Flint, MDOT, Genesee County, Flint Community Schools, Genesee County Metropolitan Planning Commission, Mass Transportation Authority, etc.) an opportunity to plan the location, timing, and financing of improvements in the interest of the community and region as a whole. Advance planning also allows these entities to seek funding opportunities that may have limited availability otherwise and provide the potential for coordination/ cost-sharing for projects that span community borders and jurisdictions of the various governmental entities.

Maintains a sound and stable financial program – Unplanned emergency expenditures can endanger the financial well-being of the City, as the lack of ability to plan generally leads to higher costs. Sharp changes in the tax structure or bonded indebtedness may be avoided when construction projects are planned in advance and scheduled at intervals over a number of years. When there is ample time for planning, the most economical means of financing each project can be selected in advance. The CIP can help the City avoid commitments and debts that would prevent the initiation of other important projects at a later date.

Enhances opportunities for participation in Federal or state grant programs – Preparing and regularly updating a CIP improves the City's chance of obtaining aid through Federal and state programs that provide funds for planning, construction, and financing of capital improvements. By knowing which projects are planned, eligibility can be determined and specific grants sought for eligible projects. The CIP should include projects that can be started quickly by having construction documents ready should grant funds become available

LEGAL BASIS FOR THE CAPITAL IMPROVEMENT PLAN

State of Michigan
The State of Michigan provides for the development and use of a capital improvement plan in the Municipal Planning Act (Section 125.3865, Act 33 of the Public Acts of 2008).

> "To further the desirable future development of the local unit of government under the master plan, a planning commission, after adoption of a master plan, shall annually prepare a capital improvements program of public structures and improvements, unless the planning commission is exempted from this requirement by charter or otherwise."

If the planning commission is exempted, the legislative body either shall prepare and adopt a capital improvements program, separate from or as a part of the annual budget, or shall delegate the preparation of the capital improvements program to the chief elected official or a nonelected administrative official, subject to final approval by the legislative body.

The capital improvements pro- gram shall show those public structures and improvements, in the general order of their priority, that in the commission's judgment will be needed or desirable and can be under- taken within the ensuing 6-year period. The capital improvements program shall be based upon the requirements of the local unit of government for all types of public structures and improvements. Consequently, each agency or department of the local unit of government with authority for public structures or improvements shall upon request furnish the planning commission with lists, plans, and estimates of time and cost of those public structures and improvements."

City of Flint
In addition, the City of Flint Charter (Section 4-504) reinforces the City's planning responsibility, with Section 4-505 calling for periodic review of the plan:

> ***4-504 Comprehensive Plan*** – "The Mayor shall propose and the City Council, after review by the Planning Commission, shall approve, with the modifications the Council deems necessary, a comprehensive plan of policies for the social, economic and physical development and conservation of the City."
>
> ***4-505 Periodic Review of Plan*** – "After approval of the plan, the Mayor shall annually propose any amendments necessary to keep the plan current; and the City Council, after review by the Planning Commission, shall consider the Mayor's proposed amendments and make the modifications in the plan that it deems necessary."

CIP & ANNUAL BUDGET PROCESS

The City's Annual Budget itemized and appropriates the funds needed for all municipal purposes. It is generally recommended that budgets separate out capital improvements from operating expenses to ensure a clear demarcation between the two.

The ***Operating Budget*** includes the day-to-day operational expenses of the City, such as salaries, supplies, and expenses for programmed activities.

A ***Capital Projects Budget*** would include the anticipated capital project costs. The first two years of projects contained in the Capital Improvement Plan should be the basis for formulating the Capital Projects Budget

The City needs to strive to maximize resources by maintaining a balance between operating and capital budgets. A continuous relationship exists between the CIP and the annual budget and a direct link can be seen between the two documents, as there should be in a strategic planning environment. Budget appropriations lapse at the end of the fiscal year as the operating budget is funded with recurring annual revenues such as taxes, licenses, fines, user fees, and interest income.

Linking Planning to the Budget

The CIP plays a significant role in the implementation of a Master Plan by providing a link between planning and budgeting for capital projects. The CIP process precedes the budget process and is used to develop the capital project portion of the annual budget.

Approval of the CIP by the Planning Commission does not mean that they grant final approval of all projects contained within the plan. Rather, by approving the CIP the Planning Commission acknowledges that these projects represent a reasonable interpretation of the upcoming needs for the City and that projects contained in the first year of the plan are suitable for inclusion in the up- coming budget to be considered and ultimately approved by the City Council

Priorities vs. Funding Availability

Priority rankings do not necessarily always correspond to funding sequence. For example, a road-widening project which is ranked lower than a park project may be funded before the park project because the road project has access to a restricted revenue source, whereas a park project may have to compete for funding from other revenue sources. A project's funding depends upon a number of factors – not only its merit, but also its location, cost, funding source, and logistics.

City Funds with Capital Spending Capacity

101- General Fund for limited capital improvements

402 – Public Improvement Fund (Millage) for capital building improvements

202–Transportation (major Roads) fund

203-Transportation (local roads) fund

590 – Utilities (sewer) capital funds

591 - Utilities (water) capital funds

RELATIONSHIP BETWEEN THE CIP & CITY MASTER PLAN

The completion of the City's "Master Plan for a Sustainable Flint" in late 2013 has formed the basis for Flint's continued recovery. The Master Plan is the first in over 50 years and was the result of collaboration between City leaders, residents, and business owners to develop a vision for Flint's recovery efforts.

The CIP is intended to complement the Master Plan to ensure infrastructure can be provided to meet the goals of the Master Plan, with a clear definition of needs and priorities to assist in budget development annually. However, it must be noted that the City's capital needs far exceed available resources, even with additional funding from non-traditional sources (grants, donations, etc.).The condition of the facilities will require difficult decisions to be made regarding prioritization of CIP projects.

Comprehensive planning influences the programming of capital improvements. As noted above, state law reinforces that link by requiring that the Planning Commission annually prepare a CIP to support and implement Master Plan recommendations.

The City also provides a strong connection between the comprehensive plan and capital improvements in the form of short-range implementation strategies. In addition to the Master Plan, several other planning documents provide implementation recommendations that link the future vision of the community to relatively short-term actions.

These documents include, but are not limited to:

- Parks & Recreation Master Plan
- Flint Parks Assessment & Amenity Inventory
- Reimagining Chevy in the Hole
- Flint River Assessment
- City of Flint Water Reliability Study
- Flint River District Strategy
- City of Flint Water Supply Assessment
- Flint River Restoration Plan
- Flint Downtown Traffic and Parking Study
- Flint Street Lights Project
- City of Flint Water and Waste- water Rate Study
- Portfolio Energy Use Analysis
- State Revolving Fund Report
- Transportation Improvement Plan (TIP)
- City Strategic Plan

CIP as a Planning Document

The CIP is a planning document that serves to consolidate necessary projects associated with the City's various infrastructure asset areas. These needs are gathered primarily from findings of the City's master planning efforts and staff identification through the operations and maintenance of the City's facilities and systems. The CIP provides a methodology for addressing the infrastructure needs to allow staff to determine anticipated funding sources and schedules for the projects necessary to meet the needs, based on priority, and the availability of the financial and staffing resources to perform these projects.

Annual Update Process

The CIP is a dynamic and needs to be reevaluated at least annually. Each year all projects included within the CIP should be reviewed, a call for new projects made, and adjustments made to existing project lists arising from changes in the amount of funding required, conditions or timeline. A new year of programming is also added each year to replace the year funded in the annual operating budget.

The CIP will continue to develop over time. Greater attention shall be devoted to provide more detailed information about individual project requests, program planning, fiscal analysis, fiscal policies and developing debt strategy.

Need for Further Study

A vast majority of Flint's infrastructure projects are not new infrastructure – it is the need to replace or rehabilitate and adjust the current aged facilities. The infrastructure in place supported a significantly higher residential population and industrial user base, so the infrastructure is generally prepared to support the "rebirth" of the City as described in the Master Plan. Other investigations should be considered to verify CIP needs and benefits, and assist in determining priorities.

PUBLIC INVOLVEMENT

The City is committed to including the public in its recovery efforts and a significant public involvement campaign was included during the Master Plan.

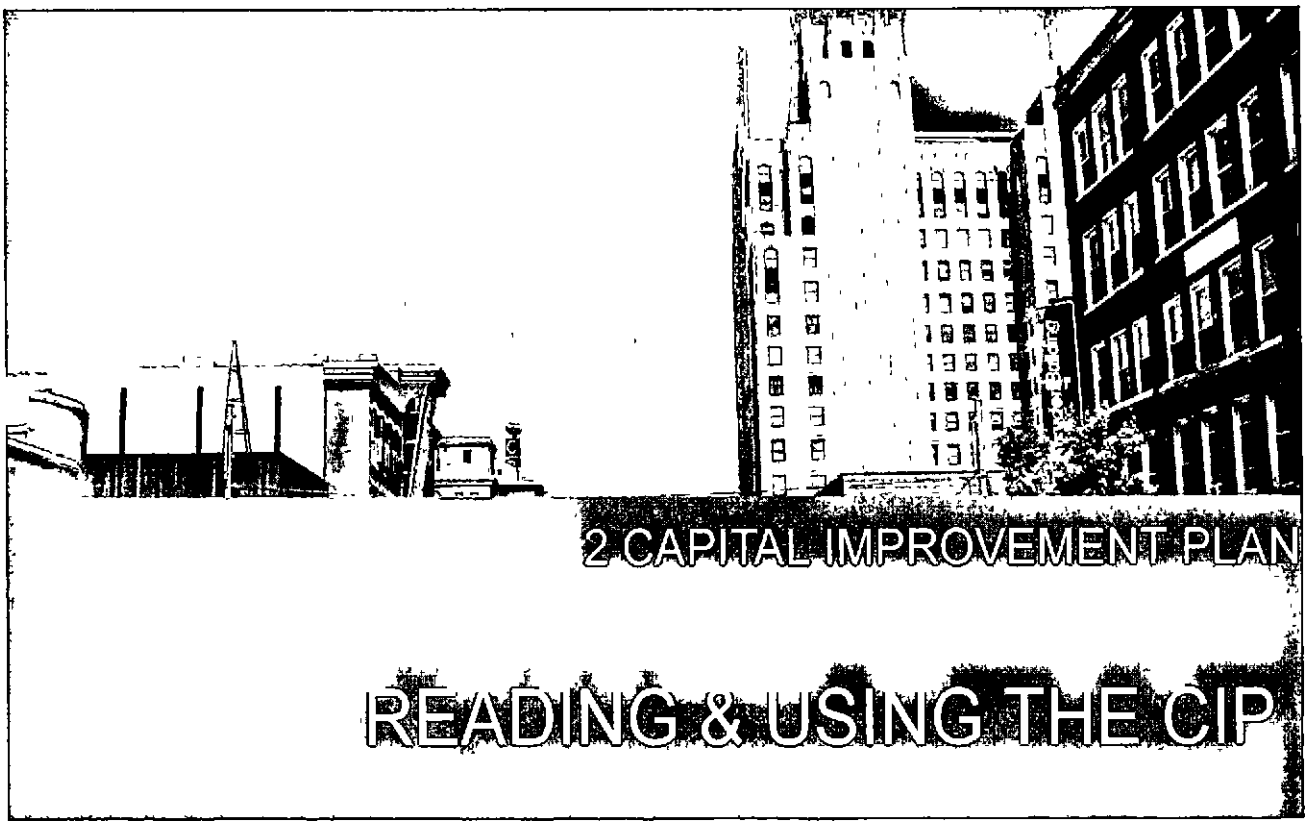
Given both the unusual and unique circumstances during the update of this document, extensive community engagement and outreach was unable to occur. As noted earlier, the current landscapes involving the water and subsequent budget stability leaves many of the projects in this document unattainable at this given time.

Court, State and even Federal decisions that currently hang in the balance all have a tremendous unknown impact on the implementation of this document. With these uncertainties noted, a traditional outreach process did not occur. Although not ideal, this document has the potential to literally change by the day, and more extensive on-gong community outreach is needed to address the public's concerns around water.

It is the hope that a targeted outreach process would continue throughout 2016 and far beyond, given the potential lasting effects of the inadequate water that has made its way into Flint households.

PUBLIC INVOLVEMENT AFTER THE CIP PROCESS

Some of the projects included in the CIP are studies and planning efforts that should incorporate public involvement as an integral part of the project. The majority of the projects that are identified for implementation in the CIP are "traditional" municipal public works projects, such as water main replacements, road reconstructions, park development, government buildings, and structures.



2016-2021 CIP POLICY

This CIP outlines a schedule of public expenditures over the ensuing six-year period. The CIP provides for large, physical improvements that are permanent in nature, including the basic facilities, services, and installations needed for the functioning of the community. These include transportation systems, parks, utilities, municipal facilities, and other miscellaneous projects. The CIP provides a list of high value capital budget items or projects for inclusion in the proposed Capital Budget of the City's Annual Budget Document.

Standards for Inclusion

The City's CIP is a document that initiates and tracks high expenditure capital projects, purchases and programs. To qualify for inclusion in the CIP, a single project or a program of projects comprised of components of a common infrastructure or capital system (e.g., neighborhood parks system, annual street program, etc.) must meet certain standards, which are to be set by the Planning Commission with assistance from City staff and input of residents.

General guidance on the standards for an item's inclusion in the CIP includes that the project:

- Is consistent with an adopted or anticipated component of the Master Plan, a state or Federal requirement, or a City Council approved policy;
- Constitutes a permanent, physical, or system improvement in excess of an established cost or significant equipment purchases in excess of an established cost; or,
- Adds to the value or capacity of the infrastructure of the City.

Unfunded Needs

The CIP cannot address all of the capital expenditure needs for the City. As with other communities throughout the region, state, and nation, the City's infrastructure systems have needs that are mounting at such a rate that they cannot be addressed within the span of a six- year CIP. Some identified needs cannot be addressed because of limits on the annual amount of available funding or staffing resources. Others cannot be addressed because of a lack of any applicable funding source, or perhaps policy or legal restrictions. Furthermore, given the current financial situation created due to legal rulings, the City of Flint finds itself with very little-to-no room for infrastructure upgrades outside of the immediate water systems.

As a result, there are needs whose solutions cannot be implemented within the CIP. Rather than discard or ignore these items, they are included in the CIP as unfunded needs and are shown as being unfunded, with many of them shown out- side of the 6-year window. This information will provide guidance to City staff in examining the limitations and restrictions currently in place and to seek alternative methods to achieve solutions.

Operational & Maintenance Needs

Many cities include within their annual budget an Operations and Maintenance (O&M) Budget and a Capital Projects budget. Projects that are considered operational, maintenance, or recurring are typically excluded from the CIP, but are captured in the O&M Budget portion of the Annual City Budget Document.

In this CIP, some O&M projects are included in the CIP. A separate O&M budget should be developed in future years to include the items that have a regular schedule for maintenance or replacement, such as:

- Minor bridge rehabilitation;
- Minor street repairs and filling of potholes;
- Replacement of roofs, doors, windows, etc.;
- Parking lot reconstruction;
- Computer system upgrades;
- Hydrant and water valve replacement;
- Security system upgrades; and,
- Water meter replacement.

Capital Projects Budget

Approval of the CIP by the City Council does not mean that the Council grants final approval or authorization for all the projects contained in the plan. Rather, by approving the CIP Council acknowledges that they agree that these projects represent a reasonable interpretation of the upcoming needs for the City, with the projects contained in the first two years of the plan being the basis for the City's next Capital Projects Budget. Until a project is contained within an approved annual budget and funding is identified, projects and schedules for each included in the CIP are only guides that are likely to be changed as conditions change.

ASSIGNING PRIORITY

The following classification system has been used to prioritize capital improvement needs and is used in the list of CIP projects in this document:

PRIORITY 1 – URGENT
Urgent, high-priority projects that should be done if at all possible.

These include projects that are required to comply with a Federal or state requirement; projects that would address an emergency or remedy a condition dangerous to public health, welfare, and safety; projects that would provide facilities for a critically needed community program; projects needed to correct an inequitable distribution of public improvements in the past; and projects vital to the economic stability of the City. A special effort is made to find sufficient funding for all of the projects in this group, realizing that this is not feasible given the significant needs

PRIORITY 2 - IMPORTANT
High-priority projects that should be done as funding becomes available.

These include projects that would benefit the community and projects whose validity of planning and validity of timing have been established.

PRIORITY 3 – DESIRABLE
Worthwhile projects to be considered if funding is available.

These are projects that are adequately planned, but not absolutely required, and should be deferred to a subsequent year if budget reductions are necessary. These projects may end up being included within a funded portion of the CIP if alternative sources of funding are identified.

CIP Project Narratives

The CIP includes an extensive inventory of capital improvement projects proposed for inclusion in the proposed Capital Budget of the City's Annual Budget Document. As a planning document with a direct impact on the physical make-up of the city, the projects included in the CIP should support long-term City policy established in the Master Plan.

2015 CIP Progress

It is important to note the significant amount of effort and progress that has been either initiated or completed over the course of the previous CIP year. Given that 2015 represent the first, official combined CIP in the City's history, the 2016 CIP update will highlight a handful of the significant projects that were addressed from the previous year, and also update on a broad basis, the total progress that has been achieved by the City, within each chapter. To make the document easier to read and follow, a color-coded system has been devised to help the reader track the progress and understand the document:

Project Completed in 2015 -

Project On-Going from 2015 -

Project Added from 2015 -

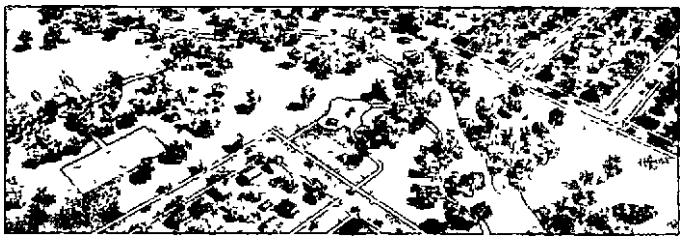
Project Removed from 2015 -

Imagine Flint Master Plan for a Sustainable Flint

The Master Plan utilizes an innovative "placemaking" approach, which defines desired places within the City. While traditional approaches to city planning are often concerned with the specific "uses", the Land Use Plan builds on the idea of establishing unique and desirable places. The Place-Based Land Use Plan is the central component of the Master Plan, the implementation of which individual capital projects should work toward.

Master Plan Place Types

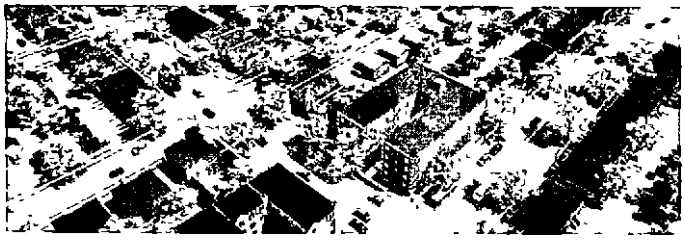
The Land Use Plan establishes 12 distinct place types within the city that provide for various land uses and types of places, essential for creating a harmonious and inviting community in which to live, work, and visit. The following summary highlights the intent of each place type. Chapter 4: Land Use Plan of the Master Plan provides detailed descriptions accompanied by a series of implementation strategies for each place type.



Community Open Space
Community Open Space areas are designated where parks, open spaces, and environmental features predominate These areas are defined by large natural features, such as large greenways along the Flint River, Swartz Creek, Gilkey Creek, and Kearsley Creek, areas around Thread Lake, Kearsley Reservoir, and Flint Park Lake, large wooded areas and urban forests, and, other City parks and open spaces.

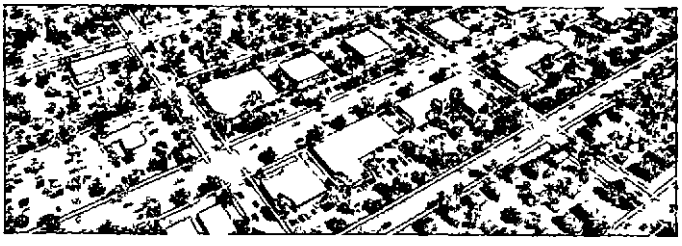
Green Neighborhoods
Flint's Green Neighborhoods are areas where previously vacant or underutilized properties have been repurposed They have become low-density, residential neighborhoods with a significant amount of land dedicated to green uses, community gardens, small-scale urban agriculture, and small open space areas.

Traditional Neighborhoods
The Traditional Neighborhood is the building block of the Flint community It is where most people live and families are raised, in primarily detached single family homes Flint's Traditional Neighbor hoods are supported by various other uses including schools, com- munity centers, religious institutions and parks.

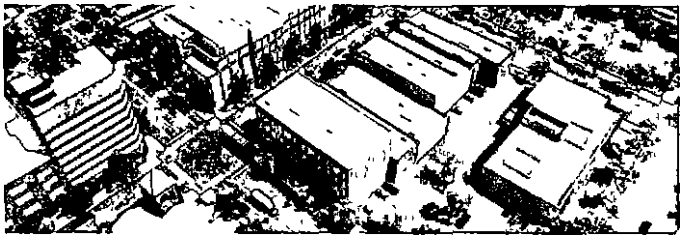


Mixed Residential
Mixed Residential areas are generally concentrated around Down- town, providing a local population to help patronize Downtown businesses Mixed Residential areas are also situated along busy corridors, providing an opportunity for transit-oriented development and more robust commercial services

Neighborhood Centers
Neighborhood Centers are a focal point of Flint's neighborhoods and are distributed throughout the City Neighborhood Centers are primarily located at the intersection of busy streets that provide ease of access for nearby residents and contribute to the overall activity of the area



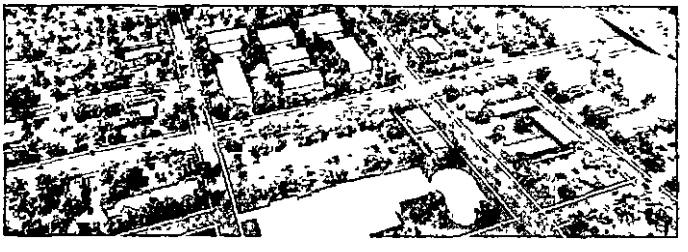
City Corridor
City Corridors are situated along Flint's busiest roads, providing areas for a range of activities on parcels easily accessible by automobiles and serviced by transit City Corridors leverage the economic potential of traffic and help minimize land use incompatibilities by containing a variety of uses in manageable areas throughout the City.



Downtown
Downtown is a dense and vibrant mixed use area near the geographic center of the City along Saginaw Street, between the Flint River and Interstate 69. Downtown is, and should continue to be, a compact area consisting of a variety of uses that together provide and foster an active pedestrian-oriented area

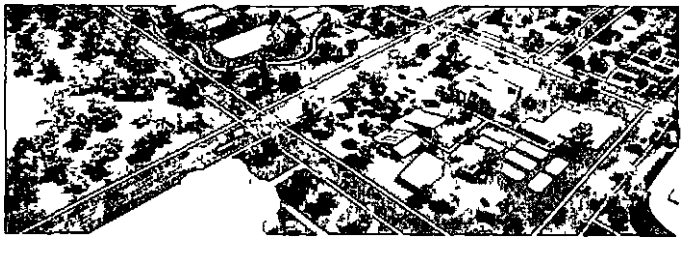
Civic/Cultural Campus
As home to Mott Community College, the Flint Cultural Center, and the Flint Central High School campus, the Civic/Cultural Campus is a unique area of the City. The Civic/Cultural Campus is a unique place type consisting entirely of institutional and public uses and any redevelopment within this place type should consist of uses that complement or strengthen the existing campus.

University Avenue Core
Flint's University Avenue Core is a unique area of the City, home to Hurley Medical Center, Kettering University, Atwood Stadium, and General Motors Tool and Die These anchor institutions form the central component of a high-intensity district outside of Downtown Flint.



Commerce and Employment Centers
Commerce and Employment Centers are areas where the development pattern is focused around a community anchor such as a large employer, regional commercial center, or a cluster of smaller employment-related uses. Commerce and Employment Centers can attract a significant number of workers and visitors from outside of the community

Production Centers
Production Centers are designated where the City's major industrial centers and economic generators exist such as GM's Flint Truck Assembly and portions of the Buick City site. These intense industrial uses are capable of generating considerable noise, traffic, and other nuisances and should be separated from residential and commercial areas



Green Innovation
The deindustrialization of the City has resulted in a significant population decline and areas of Flint that once consisted of fully built out neighborhoods are now vacant. Areas of Green Innovation represent significant redevelopment opportunities that hold the potential for a variety of eco-friendly and sustainable solutions to repurpose large vacant areas and help reinvent the City.

CIP ORGANIZATION

Several areas of the Master Plan identified infrastructure/capital projects and the CIP maintains the same chapter structure to enable a one-to-one comparison between CIP projects and Master Plan policy. The CIP is organized into the following chapters:

- Chapter 1 – Introduction & Overview
- Chapter 2 – Reading & Using This CIP
- Chapter 3 – Housing & Neighborhoods;
- Chapter 4 – Transportation & Mobility;
- Chapter 5 – Environmental Features, Open Space, & Parks;
- Chapter 6 – Infrastructure & Community Facilities;
- Chapter 7 – Economic Development & Education; and,
- Chapter 8 – Public Safety, Health, & Welfare.
- Chapter 9 – Moving Forward

To assist with implementation of the Master Plan and align CIP projects with long-term City policy, the CIP has been organized around the core chapters of the Master Plan. The CIP includes several sections with corresponding Master Plan chapters, including those in the above table.

CIP ORGANIZATION

CIP CHAPTER	MASTER PLAN CHAPTER
3	Chapter 5 – Housing & Neighborhoods
4	Chapter 6 – Transportation & Mobility
5	Chapter 7 – Environmental Features, Open Space, &
6	Chapter 8 – Infrastructure & Community Facilities
7	Chapter 9 – Economic Development & Education
8	Chapter 10 – Public Safety, Health & Welfare

Grouped CIP Projects

Within each section, CIP items have been grouped based on the various sections and sub-headings contained within the Master Plan. This will enable a one-to-one comparison between City policy identified in the Master Plan and the projects identified in the CIP. So, for example, improvements to traffic signals along Pierson Road directly relate to the "Technology & Wayfinding" section of the Transportation & Mobility chapter.

In some sections the categories are further subdivided to ensure there is clear delineation of needs for departments. This is most significant for the Infra- structure & Community Facilities section, which is subdivided for City Hall, miscellaneous City facilities, Water Department, and Sewer Department subsections in the CIP.

Information Sources

Capital projects and costs listed were obtained from a variety of sources, including:

- Lists of capital projects provided by various departments;
- Applications prepared by the City for various grants; and,
- Previous studies prepared by the City, other governmental entities, or consultants on behalf of either.

In some cases, projects listed have had very little detail prepared and cost estimates have been approximated based on the anticipated scope of the project. It is very likely that many of the costs noted for various projects will vary, sometimes considerably, when additional information or analysis is obtained.

READING CIP PROJECTS

All projects have the following information provided:

- ***Project Name*** – a short description of the project.
- ***Project Narrative*** – provides additional detail about each project that is known at the time of the CIP completion. The exact extent of the scope of all projects may not be known at this time but the narrative does give additional detail that is not always obvious in the Project Name.
- ***Priority*** – as discussed previously, all projects were given a priority based on their need. Priority is provided for projects on a case-by-case basis and there is no ranking between projects either within a department or between departments. In considering the priority, a number of factors were considered. Of primary importance was how the project might assist in implementation of the Master Plan, as well as other plans (e.g., Strategic Plan), provide a long-term cost savings or other similar benefit (e.g., roof replacement/repair prevents interior water damage to a building), or is required as a regulatory requirement (e.g., dam repair required by the state).

Priorities are stated as:

1 *URGENT*: projects that should be done if at all possible

2 *IMPORTANT*: projects that should be done as soon as funding is available

3 *DESIRABLE*: worthwhile projects that can be deferred if needed

Projects have also been ordered within each priority group such that the most important projects are at the top of the list and least important at the bottom. For example, various roadway improvements are listed as '2 – IMPORTANT', but some projects should be implemented ahead of others within that priority group based on their location and the place type they serve.

- ***Total Cost*** – the total cost of the project, which may be a one-time cost, multi-year, or continuous. For continuous cost projects (i.e., projects such as water-main replacements done every year on a 20-year cycle), the total cost shown is for the 20-year CIP duration.
- ***City Cost Share*** – the portion of the total cost assumed to be the responsibility of the City.
- ***Non-City Funds*** – funding provided by grants, donations, or other sources not part of the City's budget.

With regard to City cost share, unless a non-City fund source such as a grant has been identified and secures, it is assumed that the City will be responsible for funding 100% of the cost of the project.

CIP PROJECT SPREADSHEET

The information in the following CIP tables is a summary of the CIP Project Spreadsheet included at the end of the CIP. The project spreadsheet includes similar information in a slightly different format. The most relevant difference is that the spreadsheet includes an "Unfunded Needs FY 2015-2035" column. This column reflects the amount of the total cost of each project that is currently unfunded – essentially not included in an approved budget, has no identified funding source except for the City budget, an assumed match for a grant that is or may be sought for the improvement, etc.

Many "unfunded" projects are likely to be included in a future CIP update and may have funding from alternate sources. All projects contained on the CIP spread-sheet are included in the tables below, with some multi-phase projects on the spreadsheet lumped together into one project (e.g., design engineering, construction, and construction engineering for road projects are split into three phases on the spreadsheet but combined below).

3 CAPITAL IMPROVEMENT PLAN

HOUSING & NEIGHBORHOODS

The City of Flint has lost approximately half its population over the past fifty years. This population loss has resulted in a tremendous physical impact across Flint's neighborhoods, with some experiencing significant vacancies and degrading housing conditions, while other neighborhoods have fared more favorably, but are still fighting to remain stable

The Housing and Neighborhoods Chapter in the Master Plan outlines a wide variety of strategies needed to address the drastic changes that have occurred in Flint's neighborhood structure. In more populated neighborhoods, the City must devote resources toward vacant lot maintenance, targeted demolition, building rehabilitation, and code enforcement to prevent these neighborhoods from destabilizing

In other traditional single-family neighborhoods experiencing significant population loss, the City should focus on helping these areas evolve into well- maintained, less dense, "green neighborhoods." A few neighborhoods with extreme population loss are being repurposed to make way for non-residential development that can make productive use of largely vacant areas.

The CIP plays an important role in tying infrastructure improvements to the needs of each neighborhood place type identified in the Master Plan.

CIP Vision for Housing & Neighborhoods

Imagine thriving neighborhoods, free of blight, where a targeted demolition stabilizes traditional neighborhoods and transforms high-vacancy neighborhoods into stable green neighborhoods with larger lots, community gardens, and well-maintained open space
Imagine inclusive neighborhoods teeming with mixed-income and mixed use developments integrated into the fabric of the community and connected to transit and walkable retail options.
Imagine neighborhoods with re-tooled, modern infrastructure that is well-matched to the service needs of the population.

Capital Improvement Overview

Housing maintenance or neighborhood stabilization projects are typically not included in a Capital Improvement Plan. Unfortunately, the burden of managing vacant properties falls on local government and cities like Flint are struggling to find the resources necessary to demolish or rehabilitate vacant buildings and take care of vacant property. Moving forward, it is important to note that the City continue to commit its Community Development Block Grant Funds and pursue additional grants to fund neighborhood stabilization efforts such as owner occupied rehabilitation and new housing construction The City should also use grant funds to help stimulate multi- family supply in a fairly weak housing market

Imagine Flint Neighborhood Planning Initiative

The City has committed to completing 10 - 15 neighborhood plans within the City by 2020. Investments in improving the quality of housing, along with strategic investments in neighborhood infrastructure should be guided by this neighborhood-level planning effort. In November 2015, the City was awarded a multi-year grant from the Ruth Mott Foundation to begin this process. The grant will enable to the City to develop and implement two (2) neighborhood plans annually, over the next two years. The City should continue to work with its community partners and identify the necessary funding to carry-out this program indefinitely.

HUD Choice Neighborhoods Planning Project (CN)

The City, in partnership with the Flint Housing Commission (FHC) was awarded a $500,000 CN planning grant for the South Flint community. The grant specifically focuses on the Atherton East housing complex, one of the most isolated and crime-ridden developments within the City. Identified in the master plan as an inequitable development, the site currently lies within a floodplain. The grant will allow the City, FHC, and residents of the South Flint community the ability to craft a transformation plan for housing rehabilitation and relocation. The plan and any new potential development would focus on creating vibrant mixed-income neighborhoods that include quality, affordable housing and a multitude of options for the residents of South Flint.

Housing & Neighborhoods – 2015 CIP Progress

It's important to document and detail the tremendous amount of work being done by the City over the past year. The following details the significant progress and investment made towards improving Flint's housing and neighborhoods. In all, there are 8 on-going projects that total roughly $12.8 million dollars in capital improvements to Flint neighborhoods.

A full list of the projects can be found on the project spreadsheet listed within this chapter.

Hardest-Hit Funding.

The City and GCLBA partnered again in 2015, resulting in $12 million of Federal demolition dollars being awarded to the GCLBA, to address abandoned properties in Flint. The funding will result in 800-1,000 additional problem properties being removed from neighborhoods.

Blight Removal Activities.

The City continues to take a community-driven approach to eliminating blight. 2015 produced some astounding numbers of blight removal:

- Over 1,000 tons of trash removed.
- 31 participants of Operation Fresh Start.
- 4,208 enforcement complaints received; 3,551 responded to and 1,826 resolved.

Neighborhood Inventory Program.

The City continued to partner with the Community Foundation and their NSG program to offer $21,000 in mini-grants for neighborhood data collection work. In all, 70,000 pieces of data was collected.

Housing & Neighborhoods Policy

The following housing and neighborhood policies are derived from the Master Plan and should shape all projects moving forward. These policies provide a framework for evaluating the merits of any capital improvement project. For detailed discussion of each policy, please refer to the Master Plan section and the page referenced.

Housing options diversification.

The City partnered with MSHDA to commission a Target Market analysis report. The TMA should be used to encourage new, quality multi-family housing options to meet the new place based land use patterns.

Master Plan reference Diversifying Housing Options, pp 93-95.

Data-driven investment.

The City developed a blight-matrix that uses data to guide future block-level intervention. This has produced a data-driven foundation to make investment decisions that align with the Land Use Plan.

Master Plan reference Developing An Investment Framework, pp. 97-100

Neighborhood stabilization.

The City continues to equitably commit funds for neighborhood stabilization, with at least half allocated to Green Neighborhood.

Master Plan reference: Neighborhood Revitalization Priorities, p. 101; Eliminating Blight and Urban Decay, p 110

Code enforcement.

The City continues to develop a pro-active code enforcement program designed to first address absentee property owners in the city who are failing to adequately provide care to their property. Currently a Magistrate position is being created to help expedite citations created through Code Enforcement.

Master Plan reference Code Enforcement, p 101.

Low-Maintenance Restoration & Greening.

With funding from HHF, the City and GCLBA have begun to restore recently demolished lots with low-growth clover. The planting of clover offers a significant reduction to annual maintenance of vacant lots, resulting in two (2) mowing's a season.

Master Plan reference: Greening & Repurposing, pp. 102-103

HOUSING & NEIGHBORHOODS CAPITAL IMPROVEMENT PLAN

Blight Elimination

The Master Plan calls for the development of a multi-phase blight elimination framework that serves to stabilize neighborhoods through a collaborative approach between residents, local government, institutions, community groups, and business leaders and developers. In its important campaign to end blight in Flint, the City produced a Five-Year Blight Elimination Framework with assistance from the Genesee County Land Bank. The blight elimination framework uses the Master Plan place types to provide direction for blight removal, which can be used by institutions, residents, business owners, public officials, and the entire Flint community. Grant funding is aiding in the implementation of this document.

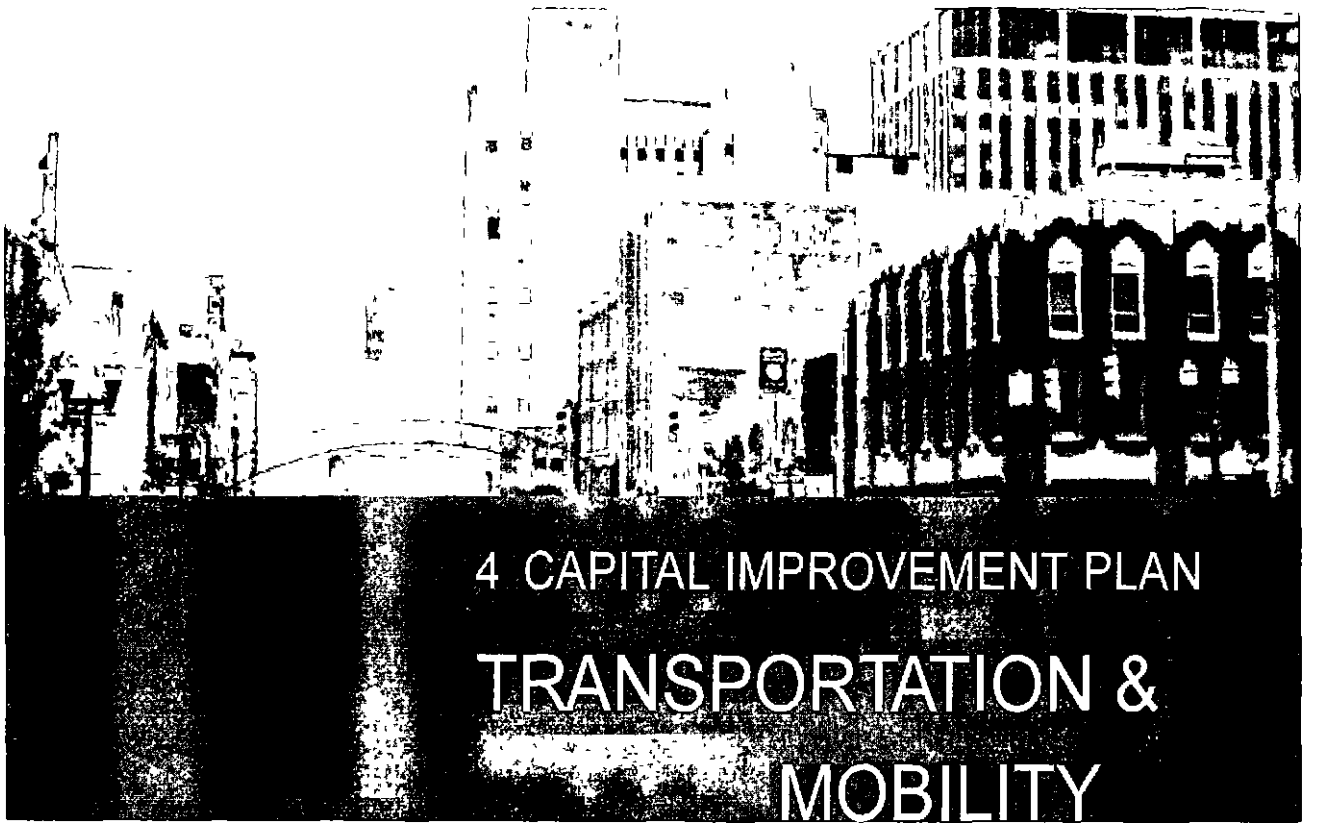
PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Code Enforcement Provide effective code enforcement to support blight removal and work to ensure that properties remain blight free. 5-year cost.	1 – URGENT	$2,500,000	TDB	TDB
Boarding Boarding of 5,000 structures. 5-year cost.	1 – URGENT	$1,100,000	TDB	TDB
Mowing Mow 20,000 properties annually with next-door support and using mow strips for properties not adjacent to occupied properties, if not reused. 5-year cost.	1 – URGENT	$17,988,300	TDB	TDB
Waste Removal Removal of 71,000 tons of trash, debris, and hazardous trees. 5-year cost.	1 – URGENT	$3,800,000	TDB	TDB
Demolition Demolish 5,000 vacant and blighted residential structures. 5-year cost.	1 – URGENT Grant Funds Secured	$63,950,000	TDB	TDB
Vacant Lot Reuse Facilitate reuse of 5,000 vacant lots. 5-year cost.	1 – URGENT Grant Funds Secured	$1,400,000	TDB	TDB

HOUSING & NEIGHBORHOODS CAPITAL IMPROVEMENT PLAN

Improving Neighborhoods

Investing in Flint's existing neighborhoods is a key component in improving quality of life, a guiding principle of the Master Plan. The City should continue to identify projects and initiatives that improve neighborhoods in accordance to the Master Plan

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Smith Village Landscaping and Green Infrastructure Plan The Renaissance of Smith Village Development is nearly complete. This plan will address remaining issues such as inconsistent grading and drainage, and make the neighborhood more attractive through better streetscape and landscape design. These issues give us the opportunity to make Smith Village a demonstration project for the implementation of green infrastructure, helping the City cut long term maintenance and utility costs while becoming more sustainable in the process.	2 – IMPORTANT	$75,000	$75,000	$0
Smith Village Landscaping and Infrastructure Improvements Implementation and construction of the above plan. Will include. streetscape and gateway improvements, landscaping and grading, sidewalk and utility repairs, and green infrastructure elements such as rain gardens.	2 – IMPORTANT	$195,000	$195,000	$0
LED streetlight program Converting existing streetlights to LED fixtures would require an initial capital outlay but the savings in energy costs was anticipated to have a payback of as soon as 3 years (based on EPICS-Purdue University study).	3 – DESIRABLE	$5,00,000	$5,000,000	$0
Residential Parcel Assessment Biennial inventory of residential parcels for structural quality and housing vacancy. Cost of undertaking one such inventory is $20,000.	2 – IMPORTANT Grant Funds Secured	$20,000	$0	$20,000
Choice Neighborhood Planning Project Development of a comprehensive Transformation Plan for the south Flint community, which specifically targets the Atherton East housing complex. The plan includes funding for "short-term" action projects to improve the quality of neighborhoods in South Flint.	1 – URGENT Grant Funds Secured	$500,000	$500,000	$0
Imagine Flint Neighborhood Planning Initiative Two-year planning project that will create at least 4 neighborhood plans across Flint.	1 – URGENT Grant Funds Secured	$487,580	$177,580	$320,000
Interactive Parcel Mapping Platform Development and implementation of a parcel based mapping platform accessible to residents to assist with City code enforcement efforts and neighborhood stabilization.	2 – IMPORTANT	$50,000	$0	$50,000



4 CAPITAL IMPROVEMENT PLAN

TRANSPORTATION & MOBILITY

The City must approach transportation and mobility with a strategy that is driven by the Master Plan. The City is primed to leverage its strategic regional location, access to the interstate highway system, and connection to Bishop International Airport for new economic development efforts The City is also faced with the challenge of restructuring its transportation and mobility systems that were designed and built for a population twice that of which they currently serve.

The Transportation & Mobility Plan of the Master Plan stresses the need to work with agencies, to better coordinate efforts, manage and maintain their roadways, and improve the transportation system in Flint. Furthermore the city must undertake and support initiatives that reduce dependence on the automobile while improving walkability and bikeability.

Land use and transportation are inherently linked. Together, they create the places people go and the ways they get there. Land use and transportation must be closely coordinated to ensure that Flint grows in a sustainable and efficient way.

All policies and projects should consider the impacts on both the City's land use pattern and transportation network based on the following questions:

- Does the existing transportation system support anticipated development?
- How can future development complement the transportation network?
- What modes of transportation are most appropriate for a given area?
- How can investment in transportation accomplish other community goals, including neighborhood stabilization; infrastructure improvement; economic development; and the promotion of public safety, health and welfare?
- How does the local environment influence transportation improvements?

CIP Vision for Transportation & Mobility

Imagine an efficient, coordinated, and reliable transportation system within Flint, where an interactive network of trails, sidewalks, bike lanes, buses, and roads afford all citizens multiple modes of safe transit. Imagine a Flint that is one of the most walkable and bike-able communities in all of Michigan. Imagine a Flint that capitalizes on its strategic regional location, access to the interstate highway system, existing railroad infrastructure, and connection to Bishop Inter- national Airport to spark new industries and grow companies.

CIP Overview

The City of Flint has the opportunity to redesign its image and develop a more efficient mode of transit throughout the city. An aging street network that is severely in excess given the cur- rent population counts should be addressed though prioritized projects that align accordingly with the future functional classification map, identifying current and future traffic counts. These roadways offer support to the areas of envisioned higher density and regional opportunities found in the land use plan. Focusing on major road way improvements that offer increased bicycle and pedestrian mobility options will aid the City towards shifting the perception of an auto-oriented town, while providing the vibrant spaces for increased recreation and reduced long-term maintenance for the city to manage.

A strong prioritization on road diet projects and streetscape improvements present lower cost options that offer higher reward returns. Furthermore, the transportation and mobility CIP has the opportunity to connect with the larger regional transit network, of which air, rail and public transit have tremendous long-term opportunities. Linking increased passenger rail options with a growing state network of public transit options provides opportunities for Flint to significantly tap into its strategic location

Transportation & Mobility – 2015 CIP Progress

It's important to document and detail the tremendous amount of work initiated by the City over the past year and document the progress being made from the previous years CIP.

In all, 4 major projects were fully completed and an additional 13 have begun and still remain in progress. This substantial progress results in roughly $2.9 million fully executed on CIP projects last year (2015) and another $19.9 million worth of capital improvements that remain "in progress".

The following details the significant projects and investment made towards improving Flint's roads and increasing mobility for all residents and visitors. A full list of the projects can be found on the project spreadsheet listed within this chapter.

Pierson Rd. CMAQ Project
$420,000 project designed to upgrade traffic signals and remove unnecessary ones.

N. Saginaw St. Rehab.
$2.5 million dollar project that rehabilitated 1.8 miles of N. Saginaw St.

Stewart St. Bridge
A $400,000 project that provided preventative maintenance that runs over Buick City.

Genesee Valley Trail
A 10-foot wide non-motorized trail was completed that connects the City with the larger, regional trail network.

Transportation & Mobility Policy

The following transportation and mobility policies are derived from the Master Plan and should shape all projects moving forward. These policies should provide a framework for evaluating the merits of any given capital improvement project. For detailed discussion of each policy, please refer to the Master Plan section and page referenced

Infrastructure Design
An increased emphasis on road diets and traffic calming is taking shape as multiple City-streets are awaiting the results of engineered road diet studies.

Master Plan reference: Infrastructure Design, p 123-126

Trail Development
The City completed and remains in negotiations to build additional non-motorized trails.

Master Plan reference Trail Improvements, p 128

Street Tree Management
A tree inventory has been conducted and a draft street tree management plan is currently under review. Once finalized, adequate dollar amounts will be appropriated in upcoming CIP updates.

Winter Plowing & Storage
There is a need to acquire a second location to store salt during the winter months to reduce reload and travel time when plowing city streets. Additionally, due to the age of the fleet, there are mechanical challenges faced by the Department. DPW will need access to an indoor storage facility to help decrease startup/down times.

Aging Fleet
Due to the aging of the fleet used to perform winter maintenance activities, the City desperately needs to start replacing the tandem trucks to reduce the repair costs and downtown currently being experienced. DPW is proposing to purchase at least two trucks/year, during the next three years.

Pedestrian Safety (Walking Audit)
The City will be partnering with community groups to begin to audit the city's sidewalk network while also assessing the ADA compatibility.

Master Plan reference: Signage & Safety, p. 130-132

Sidewalk Repair (50/50 Program)
The City launched a 50/50 program works to repair faulty sidewalks with partial payment coming from homeowners. The City should also continue to secure federal, state, and grant funding for the repair or installation of sidewalks.

Master Plan reference: Signage & Safety, p. 131

Mass Transit Authority
The MTA should be consulted to determine needs related to local infrastructure (bus turn-outs, stop locations, intersection phasing, ITS applications, etc.) and identify desirable modifications to established routes.

Master Plan reference. Transit, p. 133-136

Data Collection efforts
The City launched an aggressive program to better understand exactly "where" mobility problems are occurring. The problem spotter technology allows residents and DPW staff to identify problems in real time, through the use and collection of data.

TRANSPORTATION & MOBILITY CAPITAL IMPROVEMENT PLAN

Maintenance of Existing Streets

The street network within the City includes more than 550 miles of roadways. The current network of local streets has long been neglected, with estimates of repairs needed at $50 million, and this estimate may be well below actual costs when considering the full scope of projects. Even with the undeniable need, the FY 2012-13 maintenance programs accounted for only 4.5 miles of resurfacing. At that pace, City roadway resurfacing would be completed on a 122-year cycle even though the life expectancy of an asphalt roadway is 20 years at best. Pavement Surface Evaluation and Rating System (PASER) ratings in 2012 found only 8% of City streets to be in "Good" condition, down from 28% in 2008.

Investment in streets is vital to accomplishing the goals of the Master Plan and should be considered an investment in other aspects of the community. The goods and people transported by the street network supports commerce, industry, health, education, activity, and other important functions. Land use changes in the City and their relationship to the changing transportation needs should be analyzed in great detail as part of any redevelopment project. The Master Plan discussed a number of concepts and techniques to consider in various parts of the City to reflect the change in context, multi-modes of transportation available, and current practices in the industry.

Opportunities to make improvements, such as instituting Complete Streets, converting one-way streets to two-way in the area, consolidating curb cuts, reconnecting cul-de-sac streets, road diets, reconfiguring intersection alignments, removing traffic signals that are no longer needed, signal technology improvements, and access management (all of which are discussed in detail in the Master Plan Chapter 6), can all contribute to "right-sizing" the roadway network to meet the needs of the new Flint and be a critical infrastructure improvement for implementation of all aspects of the Master Plan. Eliminating some roadway segments can be done without compromising local mobility or character of neighborhoods, and these segments then do not compete with critical segments for maintenance dollars. There are numerous four-lane roadways throughout the City that have Average Daily Traffic (ADT) totals below 20,000, making them candidates for a road diet via conversion to three-lanes or narrow median four-lane boulevard, along with other improvements specific to the modal requirements of the corridor. A number of the projects included below include review of feasibility of a road diet implementation (see page 125 of the Master Plan for a complete list and map).

NOTE. It is anticipated that moving forward the City will spend an average of $75,000 each year for general engineering services. In addition, it is anticipated that the annual cost for bridge inspections and engineering services by consultants will be $44,000. These annual costs are not included as line items within the following CIP project table.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Lapeer Road – I-69 to Dort Hwy. Milling and resurfacing of existing pavement, pavement repairs, manhole adjustments, and reconstruction of curb ramps from I-69 to Dort Highway. Cost includes PE, construction, and CE.	2 – IMPORTANT	$1,382,973	$276,595	$1,106,378
Future TIP projects Not identified projects 1.5 million dollars for FY21 at assumed 20% cost-share. TIP projects for 2017-2020 recognized individually as new projects in CIP. FY2021 only year with unidentified projects.	2 – IMPORTANT	$1,500,000	$300,000	$1,200,000
Lapeer Road – Center Rd. to Railroad Tracks Milling and resurfacing of existing pavement, pavement repairs, manhole adjustments, and reconstruction of curb ramps from Center Road to Dort Highway. Cost includes PE, construction, and CE.	2 – IMPORTANT	$1,127,085	$225,417	$901,668

TRANSPORTATION & MOBILITY CAPITAL IMPROVEMENT PLAN

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Stewart Avenue Milling and resurfacing of existing pavement, pavement repairs, manhole adjustments, and reconstruction of curb ramps from Andrew Street to Dupont Street. Cost includes PE, construction, and CE.	2 – IMPORTANT	$1,633,690	$326,738	$1,306,952
Mackin Road Total reconstruction with storm sewer upgrades, new sidewalk, drive approaches, ADA ramps and signals from Ballenger Highway to Grand Traverse. Cost includes PE, construction, and CE.	2 – IMPORTANT	$2,500,000	$485,000	$2,015,000
Martin Luther King Avenue Total reconstruction with storm sewer upgrades, new sidewalk, drive approaches, ADA ramps and signals from Pierson to downtown. Cost includes PE, construction, and CE.	2 – IMPORTANT	$3,750,000	$750,000	$3,000,000
Hamilton Avenue Project to include milling the existing pavement, pavement repairs, placement of 4 inches of HMA over existing pavement, manhole adjustments, sidewalk ramps and associated sidewalks and curbs reconstructed in accordance with ADA guidelines from Chevrolet to ML King. Cost includes PE, construction, and CE. TIP application submitted. Competing for federal funding award	2 – IMPORTANT	$830,285	$166,057	$664,228
Atherton Road Project to include milling the existing pavement, pavement repairs, placement of 4 inches of HMA over existing pavement, manhole adjustments, sidewalk ramps and associated sidewalks and curbs reconstructed in accordance with ADA guidelines from Ogema to Dort Highway. Cost includes PE, construction, and CE. TIP application submitted. Competing for federal funding award.	2 – IMPORTANT	$745,316	$149,063	$596,252
Grand Traverse Street Project to include milling the existing pavement, pavement repairs, placement of 4 inches of HMA over existing pavement, manhole adjustments, sidewalk ramps and associated sidewalks and curbs reconstructed in accordance with ADA guidelines from Welch to Court. Cost includes PE, construction, and CE. TIP application submitted. Competing for federal funding award.	2 – IMPORTANT	$2,282,663	$456,526	$1,826,106

TRANSPORTATION & MOBILITY CAPITAL IMPROVEMENT PLAN

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Flint Cemetery driveway Construct a new driveway to improve accessibility to the cemetery, particularly for veterans.	3 – DESIRABLE	$100,000	$100,000	$0
Saginaw Street Brick Resurfacing Resurface existing brick-surfaced segment of Saginaw Street from the Flint River to Court Street with brick and other materials to improve road surface and environment for safe travel of motorists, bicyclists and pedestrians. TIP application submitted. Competing for federal funding award.	3 – DESIRABLE	$3,859,415	$771,883	$3,087,532
Andrew Street Full reconstruct of Andrew Street from Stewart to Wager. Andrew will remain a 3 lane, one-way road with the potential to be converted to two-way in the future. Cost includes PE, construction, and CE. Preliminary design completed by MDOT. Project to be constructed during calendar year 2016.	1 – URGENT Grant Funds Secured	$874,971	$0	$874,971
Stewart Avenue Full reconstruct of Stewart Ave from James P. Cole to Dort. Stewart will be reduced from a six lane roadway to 5 lanes. Cost includes PE, construction, and CE. Preliminary design completed by MDOT. Project to be constructed during calendar year 2016. Additional $192,000 grant awarded to cover projected project cost overrun.	1 – URGENT Grant Funds Secured	$1,628,097	$0	$1,628,097
Residential Streets Includes a variety of road treatments to preserve and maintain residential streets annually at a cost of $2,000,000. Three-year prioritization list to be determined by April 2016 to assist in implementation of Master Plan to meet estimated $50,000,000 need. Residential paving program to be initiated spring 2016. Enacted Road Funding Bill to provide additional funds for road/bridge maintenance.	1 – URGENT	$12,000,000	$12,000,000	$0
Miscellaneous projects Projects identified for FY 2016/2017 includes contribution to preliminary engineering for S. Saginaw Street road diet ($25,000) and funding source identification for Leith Street access project ($20,000).	2 – IMPORTANT	$45,000	$45,000	$0

TRANSPORTATION & MOBILITY CAPITAL IMPROVEMENT PLAN

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Fenton Road Milling and resurfacing of existing pavement, pavement repairs, manhole adjustments, and reconstruction of curb ramps from Hemphill to Campbell Street. Cost includes PE, construction, and CE. Fleis & Vandenbrink performing preliminary engineering and design. Construction anticipated calendar year 2016.	1 – URGENT Grant Funds Secured	$788,591	$157,718	$630,873
Dupont Street Milling and resurfacing of existing pavement, pavement repairs, manhole adjustments, and reconstruction of curb ramps from Stewart Avenue to Carpenter Road. Cost includes PE, construction, and CE. Preliminary design completed. Project to be constructed during calendar year 2016.	1 – URGENT Grant Funds Secured	$1,970,574	$656,860	$1,313,714
Fenton Road Milling and resurfacing of existing pavement, pavement repairs, manhole adjustments, and reconstruction of curb ramps from I-69 to Campbell Street. Cost includes PE, construction, and CE. Fleis & Vandenbrink performing preliminary engineering and design. Construction anticipated calendar year 2016.	2 – IMPORTANT	$1,984,569	$661,910	$1,322,700
MDOT Projects Annual projects anticipated for FY 2015, 2016, and 2017 that require a cost-share by the City to participate. City cost share represents 12.5% of MDOT local share of federal project costs for improvements within City jurisdiction. MDOT completed construction I-69. Construction I-475 scheduled for 2016.	1 – URGENT Grant Funds Secured	TBD	$556,000	TBD
Hamilton Avenue Project to include milling the existing pavement, pavement repairs, placement of 4 inches of HMA over existing pavement, manhole adjustments, sidewalk ramps and associated sidewalks and curbs reconstructed in accordance with ADA guidelines from ML King to Broadway. Cost includes PE, construction, and CE. TIP application submitted. Competing for federal funding award.	2 – IMPORTANT	$1,928,498	$385,699	$1,542,798

TRANSPORTATION & MOBILITY CAPITAL IMPROVEMENT PLAN

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Court Street Project to include milling the existing pavement, pavement repairs, placement of 4 inches of HMA over existing pavement, manhole adjustments, sidewalk ramps and associated sidewalks and curbs reconstructed in accordance with ADA guidelines from Crapo to Center. Cost includes PE, construction, and CE. TIP application submitted. Competing for federal funding award.	2 – IMPORTANT	$3,296,932	$659,386	$2,637,546
Davison Road Project to include milling the existing pavement, pavement repairs, placement of 4 inches of HMA over existing pavement, manhole adjustments, sidewalk ramps and associated sidewalks and curbs reconstructed in accordance with ADA guidelines from Hamilton to Dort. Cost includes PE, construction, and CE.	2 – IMPORTANT	$1,983,650	$396,730	$1,586,920
Fleming Road Project to include milling the existing pavement, pavement repairs, placement of 4 inches of HMA over existing pavement, manhole adjustments, sidewalk ramps and associated sidewalks and curbs reconstructed in accordance with ADA guidelines from Pasadena to Bell Creek. Cost includes PE, construction, and CE. TIP application submitted. Competing for federal funding award.	2 – IMPORTANT	$1,762,578	$352,516	$1,410,062
Kearsley Street Resurfacing project to include milling the existing pavement, pavement repairs, placement of 4 inches of HMA over existing pavement, manhole adjustments, sidewalk ramps and associated sidewalks and curbs reconstructed in accordance with ADA guidelines Chevrolet to Beach. Cost includes PE, construction, and CE. Wade Trim performing preliminary design. Construction anticipated FY 2017.	2 – IMPORTANT Grant Funds Secured	$1,318,891	$263,778	$1,055,113
Van Slyke Road Project to include milling the existing pavement, pavement repairs, placement of 4 inches of HMA over existing pavement, manhole adjustments, sidewalk ramps and associated sidewalks and curbs reconstructed in accordance with ADA guidelines from Atherton to Hemphill and a pedestrian crosswalk added at the Atherton Rd intersection. Cost includes PE, construction, and CE. TIP application submitted. Competing for federal funding award.	2 – IMPORTANT	$858,837	$171,767	$687,070

TRANSPORTATION & MOBILITY CAPITAL IMPROVEMENT PLAN

Technology & Wayfinding

Projects on the transportation network to improve mobility are not restricted to paving or reconstruction. There are many low cost improvements that can be considered that can have a dramatic positive impact on mobility. Given the reduction in population, it is very likely that some intersections that are currently signalized would no longer warrant them. The City has 288 signalized intersections, well over twice the number anticipated for the population according to the Institute for Transportation Engineers (ITE). Conversion of signalized intersections to two-or four-way stop control can save several thousand dollars annually in electricity costs, not to mention the cost of hardware and controllers. For intersections where signals are warranted, improvements can still be made, including coordinating a series of signals on major arterial roadways to allow vehicle platoons driving the posted speed limit to progress through a corridor. Where synchronization isn't an option, alternatives such as changing the cycle length as warranted by traffic throughout the day or addition of vehicle detection systems to modify signal phasing based on traffic volumes in real time can be considered to minimize queuing of vehicles and wasted green time. These changes, in addition to emergency signal preemption and transit signal priority can assist in improving mobility for emergency vehicles and buses

Another, often overlooked, method of improving mobility is through improved wayfinding signage. Addition of distinctive, uniform, and attractive signage along key corridors, intersections, and locations can be instrumental in directing visitors to key destinations, such as downtown, public parking, parks, hospitals, schools, colleges, motels, restaurants, etc. Within key areas such as downtown, additional pedestrian-level maps can further highlight attractions in each area. As the Master Plan is implemented it is very likely that a number of projects in addition to those listed will be identified to improve mobility. The City should collaborate with entities such as MDOT to review traffic signals on state routes and downtown business groups for ideas on wayfinding programs in the downtown. It is also feasible that student projects at one of the local colleges could be done for wayfinding recommendations and options throughout the City.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Analysis of City traffic signals Review of all City traffic signals to determine if they are war- ranted and, if so determine if synchronization, cycle length changes, etc. can	2 – IMPORTANT	TBD	TBD	TBD
Pierson Road CMAQ Project LED and wireless traffic signal upgrades at 6 of 12 intersections from Harvard to Dort Highway. Traffic signal improvements at the following locations: Pierson Road at Harvard Street, Saginaw Street, Selby Street, and Horton Ave. Improvements include full signal replacement and ADA ramp upgrades at each intersection. Traffic signal removal at the following locations: Pierson Road at North Street and Pierson Road at Industrial Ave. This is the second phase of a project completed in 2012 to	COMPLETED	$420,517	$0	$420,517

TRANSPORTATION & MOBILITY CAPITAL IMPROVEMENT PLAN

Infrastructure Design

Street network improvements that are not typical resurfacing or reconstruction can also have a dramatic impact on mobility. Implementation of "Complete Streets" designed and operated to be safe for pedestrians, bicyclists, motorists, and transit riders of all ages and abilities can often not only ease congestion but also support economic growth, improve safety, encourage walking and biking, improve air quality, and enhance mobility for children. A Complete Streets approach to roadway infrastructure promotes the development of a multi-modal transportation network where safe alternatives to cars are available. The City has adopted a non-binding Complete Streets ordinance stating its support for development of multi-modal corridors, and a logical next step is adopting a binding policy outlining how various components can be integrated into future public and private development projects. The components could include design guidelines, technological improvements, signage, education programs and outreach, road diets, one-way to two-way conversions, addition of bike lanes, access management, mid-block pedestrian crossings/pedestrian signals, traffic calming, and intersection realignment, among others. The Master Plan has already identified a number of corridors in the City that could be candidates for a road diet (conversion from four full width travel lanes, often with full length center left turn lane to generally 2 travels lanes with on-street parking, transit lanes, bike lanes, and/or medians added). A handful of projects have been identified below as a first step in the Complete Streets program for the City during implementation of the Master Plan

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Saginaw Street Milling and resurfacing of existing pavement, pavement repairs, manhole adjustments, and reconstruction of curb ramps from Hamilton Avenue to the Flint River. Cost includes PE, construction, and CE.	2 – IMPORTANT	$1,940,822	$388,164	$1,552,658
Buick City redevelopment perimeter streets Total reconstruction with storm sewer upgrades, new sidewalk, drive approaches, ADA ramps and signals to facilitate redevelopment in the area. Cost includes PE, construction, and CE.	2 – IMPORTANT	$3,750,000	$750,000	$3,000,000
South Saginaw Street road diet Planning staff received a $30,000 grant to complete the road diet for S. Saginaw St. from I-69 to Hemphill Rd. These resources will result in new bike lanes being created on Saginaw St., a streetscape plan with gateway enhancements being generated and minor streetscape improvements being implemented.	1 – URGENT Grant Funds Secured	$30,000	$0	$30,000
Harrison Street Enhancement Cost includes CE and construction. Rowe Professional Services completed preliminary design. Construction scheduled calendar year 2016	2 –IMPORTANT	$385,189	$106,884	$278,345
Saginaw Street Construction and CE for 1.77 miles of road rehabilitation, including cold-milling of existing asphalt roadway, placement of HMA surfacing, select curb repair, minor base repair including detail 7 & 8 joint repair, manhole cover adjustments, ADA compliant ramp improvements, select storm sewer improvements, traffic signal improvements, pavement markings and restoration from Hamilton to Pierson.	COMPLETE	$2,449,677	$444,616	$2,005,061

TRANSPORTATION & MOBILITY CAPITAL IMPROVEMENT PLAN

Mobility & Access

Given the fact that the City's transportation network hosted much higher traffic volumes than are expected in the future, the existing network is likely a candidate for other improvements not already mentioned that would improve mobility and access. The City should consider a comprehensive analysis of the street network within the City to ascertain what improvements best meet the needs, both current and future. The scope of this analysis should build upon that already completed in the Master Plan but go to a higher level of detail, looking at additional data such as traffic counts, crash data, land use, etc. and develop a more comprehensive listing of projects that can be discussed at a future update of this CIP. This study should also consider the need for connectivity to Bishop International Airport and the state highways and interstate highways in the City (M-21, M-54, I-69, I-75 and I-475), transit needs of MTA, and regional mobility. Other factors to consider is reconnecting cul-de-sacs where mobility would be enhanced, making new network connections to eliminate isolation from a neighborhood, and street removals that no longer serve their original purpose.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
City-Wide Transportation Network Analysis Study suggested performing a thorough analysis of the true needs of the City's roadway network.	1 – URGENT	TBD	TBD	TBD
Bus Rapid Transit The City, in partnership with the Mass Transit Authority (MTA), should pursue a feasibility study on BRT transit along Saginaw Street. Identified as the "primary artery" within Flint, BRT along Saginaw Street would provide increased accessibility and access through much of the City's core.	3 – DESIRABLE	TBD	TBD	TBD
Leith Street (Access Point) Total reconstruction with storm sewer upgrades, new sidewalk, drive approaches, ADA ramps and signals from Dort to Saginaw, which would restore east-west access across I-475 and Buick City and provide access on the north side of the City. Cost includes PE, construction, and CE.	3 – DESIRABLE	$18,750,000	$3,750,000	$15,000,000
Leith Street Bridge Preventative maintenance of the bridge over the C&O railroad includes substructure repairs of the piers under the fascia beams. Costs include construction and CE.	COMPLETED	$41,977	$2,098	$39,878

TRANSPORTATION & MOBILITY CAPITAL IMPROVEMENT PLAN

Bridges

As would be expected, bridges in the City are in a similar situation when compared to the streets. There are a number of vehicle and pedestrian bridges that are in need of regular maintenance, rehabilitation, or replacement. At least 53 bridges in the City are rated as "structurally deficient" or "functionally obsolete" according to a Highway Bridge Report prepared by MDOT in 2013. The City has a total of 32 bridges under its jurisdiction, 23 of which (72%) were found to be "structurally deficient" or "functionally obsolete" according to a Bridge Technical Report prepared by Genesee County Metropolitan Planning Commission. All of these bridges facilitate the movement of vehicles over freeways, other roadways, railroads, and watercourses and are essential to the movement of goods and people in the City. It is unlikely that any of the vehicle bridges are no longer required; however there are some pedestrian-only overpasses that no longer serve their original purpose due to the changes in population, closing of schools, etc.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Atherton Road over Carmen Creek Bridge Preventative maintenance of the bridge over Thread Creek. Cost includes PE, construction, and CE.	1 – URGENT Grant Funds Secured	$425,000	$85,000	$340,000
12th Street Pedestrian Bridge Demolish pedestrian bridge over 12th Street and railroad at Southwestern Academy. Verify that bridge no longer is needed to meet future plans of Flint Community Schools and Master Plan implementation.	3 – DESIRABLE	$150,000	$150,000	$0
Kearsley Park Boulevard Bridge Preventative maintenance of the bridge over Gilkey Creek. Cost includes PE, construction, and CE.	1 – URGENT Grant Funds Secured	$135,000	$32,400	$102,600
Barton Street Bridge Preventative maintenance of the bridge over Thread Creek. Cost includes PE, construction, and CE.	1-URGENT Grand Funds Secured	$183,750	$44,100	$139,650
Bridge Maintenance Projects Annual allocation to perform miscellaneous routine bridge maintenance projects FY2017 to FY2021. $200,000 annually.	1 – URGENT	$1,000,000	$1,000,000	$0
Torrey Road (12th Street) Bridge over Carmen Creek Bridge replacement. Costs include PE, construction, CE. Construction anticipated in FY2017	2 - IMPORTANT Grant Funds Secured	$1,227,500	$245,500	$982,000
S. Saginaw Street Bridge over Flint River Preventative maintenance project. Costs include PE, construction, CE. Construction anticipated in FY2018	2 – IMPORTANT Grant Funds Secured	$387,500	$77,500	$310,000
Stewart Street Bridge Preventative maintenance of the bridge over the C & O Railroad includes pin and hanger replacement, deck joint replacement, and cleaning and coating the beam ends. Costs include construction and CE.	COMPLETED	$414,754	$20,737	$394,016

TRANSPORTATION & MOBILITY CAPITAL IMPROVEMENT PLAN

Pedestrian Network

The City has a comprehensive sidewalk network that serves its neighborhoods, commercial areas, and recreational areas. The condition of many sidewalks is deteriorating and areas exist where gaps limit pedestrian safety and mobility. There is no detailed inventory of sidewalks but there is extensive evidence of the need for significant work being needed to maintain, repair, or replace sidewalks. Sidewalk maintenance is an on-going challenge given Flint's limited resources, a problem common in most urban areas. A walkability audit should be performed that identifies pedestrian paths and physical barriers to walking, access to transit, and accessibility to persons with disabilities

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Sidewalk repairs Repairs to sidewalks city-wide with estimated cost of $40,000,000 minimum. By ordinance, sidewalk repairs are the responsibility of the property owner and a cost-sharing program is being evaluated to facilitate city-wide improvements. An accurate, detailed inventory is needed to assess most critical areas based on Master Plan implementation goals.	2 - IMPORTANT	TBD	TBD	TBD
Walkability audit of City pedestrian network Review of entire network of City sidewalks to determine condition and ADA compliance to allow prioritization of projects. Should include extensive public involvement and be consistent with the implementation of the Master Plan.	2 - IMPORTANT	TBD	TBD	TBD

Right-of-way Maintenance

The City has recently completed a comprehensive street tree audit. These findings are under review and will determine specific monetary amounts dedicated to street tree maintenance for the upcoming years. Additionally, fleet service and upgrades are needed for winter maintenance activities.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Street Tree Maintenance Annual allocation to perform routine maintenance of urban tree system as recommended in the Street Tree Management Plan. Costs include tree removals, plantings, and routine maintenance activities.	2 - IMPORTANT	TBD	TBD	TBD
Salt Storage Facility Secure additional salt storage facility in northern section of City to decrease salt truck reload time and improve plowing efficiency.	2 - IMPORTANT	TBD	TBD	TBD
Equipment Storage Facility Facility to store vehicles to protect engines and mechanical parts to decrease startup time/downtime and improve response times.	2 - IMPORTANT	TBD	TBD	TBD
Tandem Trucks Purchase two trucks per year for the next three years, thereafter follow approved depreciation schedule for vehicle replacements ($175,000 each)	1 - URGENT	$1,050,000	$1,050,000	$0

TRANSPORTATION & MOBILITY CAPITAL IMPROVEMENT PLAN

Trail Improvements

Trails provide many benefits to the community including an improved transportation system, health and safety, environmental preservation, and economic vitality for the community. Trails and pathways are an important component of creating a livable community and attracting a talented workforce to the City of Flint and Genesee County. The Genesee County Regional Trail Plan included a number of trail projects that should be considered both within the City as well as regional trail connections. The Genesee County Plan identified the Flint River Trail, Genesee Valley Trail, and Grand Traverse Greenway as the top 3 priority trail projects in the county. Groups, such as the Genesee Regional Trail Council (GRTC), consisting of representatives from local communities, Friends of the Flint River Trail, M-15 Heritage Route, Clio Area Pathways, Genesee County Parks and Recreation Commission, Genesee County Road Commission, Genesee County Land Bank, MTA, MDOT, University of Michigan-Flint, Ruth Mott Foundation, and numerous other groups. The purpose of the GRTC is to create an interconnected system of trails linking people and communities throughout Genesee County and guide the development of the countywide trail plan. There are a number of agencies and organizations that offer funding for the development of non-motorized trail systems. The Federal and state government, non-profit organizations, and corporations all offer programs for trail funding, and several funding sources can only be used for non-motorized trail systems. Maintaining eligibility for the various funding sources and seeking funding for improvements is critical to meeting the goals for trails in the City.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Northeast Flint River trail extension (3.8 miles) Estimated from Genesee County Regional Trail Plan (2007)	3 – DESIRABLE	$1,140,000	$1,140,000	$0
Eastern Flint River trail extension (4.9 miles) Estimated from Genesee County Regional Trail Plan (2007)	3 – DESIRABLE	$1,470,000	$1,470,000	$0
Western Flint River trail extension - Carriage Town (1.3 miles) Estimated from Genesee County Regional Trail Plan (2007)	3 – DESIRABLE	$390,000	$390,000	$0
Southern Flint River trail extension - Flint Golf Club (2.0 miles) Estimated from Genesee County Regional Trail Plan (2007)	3 – DESIRABLE	$600,000	$600,000	$0
Western Flint River trail extension - Mott Park (2.2 miles) Estimated from Genesee County Regional Trail Plan (2007)	3 – DESIRABLE	$660,000	$660,000	$0
Southern Flint River trail extension - Swartz Creek (2.8 miles) Estimated from Genesee County Regional Trail Plan (2007)	3 – DESIRABLE	$840,000	$840,000	$0
Southern Flint River trail extension - CSX railroad (3.1 miles) Estimated from Genesee County Regional Trail Plan (2007)	3 – DESIRABLE	$930,000	$930,000	$0
Genesee Valley Trail Construct 10-foot wide non-motorized pathway from Chevrolet Ave. to M-21.	COMPLETED	$655,803	$131,070	$524,733

5 CAPITAL IMPROVEMENT PLAN

ENVIRONMENTAL FEATURES, OPEN SPACE & PARKS

Built around the Flint River, the City has always had a direct relationship with the natural environment. The Master Plan presents an opportunity for the City to generate greater social and capital benefits from its environmental features, open spaces, and parks.

Open space and parks are critical components of urban life. They provide opportunities for passive and active recreation, access to nature, enhanced air and water quality, and help define the character of each neighborhood and community as a whole. They also present possibilities for improving the efficiency of the City's infrastructure and capital systems.

Accordingly, the Master Plan establishes the framework for more extensive blue/green corridors throughout the City, that are complemented by linked trails, paths, parks, and other open space amenities. Investment in environmental features, open spaces, and parks capital is needed to generate greater benefits from these assets.

The Environmental Features, Open Space & Parks Plan in the Master Plan aims to balance some of Flint's most significant challenges with unique opportunities to enhance the quality of life for its residents, and create a natural framework around which to build a new, prosperous Flint. It also identifies ways that water bodies, green open spaces, and parks can dovetail into other planning efforts, including land use, transportation, community facilities, public safety, and more.

CIP Vision for Environmental Features, Open Spaces & Parks

Imagine a new national reputation for Flint, with the City positioned as a post-industrial leader in protecting the environment and building upon its natural assets to clean polluted air, land, and water, and confront climate change. Imagine an extensive network of well-kept parks, safe and accessible to all and beautifully maintained. Imagine the Flint River revitalized by an alliance of City, non-profit, volunteer, and resident partners. Imagine the Flint River as an anchor for economic growth and recreation and home to a vibrant "green waterfront" of parks and trails spanning the entire length of the river.

CIP Overview

Primary capital investments within Flint parks system should be made in conjunction with the land use and transportation and mobility plans, ensuring that any investment, even minimal in nature, over the next 5-years be targeted at the *vulnerable populations, thus* aiding neighborhood stabilization and our Youth demographics.

Increased emphasis should be placed on implementing alternative methods to address the traditional landscapes that are found throughout many Flint parks today. By identifying portions or entire public spaces that are unused, transitions to native landscapes shall be prioritized as part of a comprehensive park naturalization process.

This approach is highlighted within the Chevy Commons Greening Project that incorporates both active and passive landscapes with non-traditional greening processes, ultimately reducing long term *maintenance costs while* providing benefits to infrastructure systems through new green and blue infrastructure methods

City of Flint Parks Millage

The parks millage, which ends in 2016, is the only dedicated source of funding for City parks and open space. Maintaining our extensive network of parks is costly and the revenue brought in by our millage has been on a steady decline due to decreased property values. In 2015, the parks millage only generated $312,000 of which 90% was spent the most basic of mowing services and utilities. Staffing in parks has also been vastly decreased. In 2008 the City had the equivalent of 65 full time positions. In 2015 it had less than one full time position shared by four staffers. Renewing the parks millage in 2016 and finding additional long term funding is necessary as the parks millage alone is not sufficient to our needs. Despite budget constraints, the City continues to aggressively pursue grant funding to supplement the millage.

Parks & Open Space – 2015 CIP Progress

Over the past year, the City has made great progress on major capital projects. In all, 8 projects have been completed totaling $575,000 in capital upgrades during 2015. Additionally, 7 projects worth $1.24 million remain in progress.

The following list details the significant projects and investment made towards improving Flint's infrastructure. A full list of the projects can be found on the project spreadsheet listed within this chapter.

Brennan Park Improvements
A $55,000 community-build project that to improve the playground.

Riverbank Park Development
A $500,000 phased improvement project that will increase access to the park, complete with a new ADA ramp.

Max Brandon Park Eco-Park
A $137,500 project to naturalize parts of Max Brandon Park while incorporating community engagement through interpretative signage

Environmental Features, Open Spaces & Parks Policy

The following environmental features, open space, and parks policies are derived from the Master Plan and should shape all projects moving forward. These policies should provide a frame- work for *evaluating the merits of any* capital improvement project. For detailed discussion of each policy, please refer to the Master Plan section and the page referenced.

Flint River revitalization.
One of the defining projects in the revitalization of Flint should be transforming the Flint River and its riverfront into a clean and appealing recreational and entertainment destination. Projects should include increased waterfront park space, re-design of Riverbank Park, increased connectivity to Downtown and neighborhoods, and better utilization of University Pavilion.

Master Plan reference Flint River, pp 150-151; Flint River & Water- front, pp. 220.

River greenbelt.
Vacant land adjacent to the Flint River should be assembled for "blue/green infrastructure" that can both absorb rainwater and provide additional natural spaces for residents.

Master Plan reference Greenbelt (Blue/Green Infrastructure), pp 151-152

Water quality.
The Flint River, Thread Lake, Kearsley Reservoir, Flint Park Lake, and other waterways should be protected from pollution and contamination.

Master Plan reference Water Quality, p 150

Park access.
All residents should have reasonable access to safe and attractive parks and natural areas, including having a neighborhood park within ½ mile of their home and a larger park within 1 mile. All park improvements should be ADA compliant.

Master Plan reference· Park Standards, p. 156

Operation & maintenance.
Operational & maintenance Partnerships for shared *responsibility for each of the* City's parks should be dictated by the number of park users, with small local parks maintained by neighborhood groups and large regional parks transferred to state, county, or regional control. All parks would remain under the oversight of the City of Flint and a Parks Advisory Board comprised of residents and stakeholder
Master Plan reference· Park Maintenance, p 158.

Park Partners and Partnerships.

Park partners, who currently work in over 40 of Flint's 68 parks, have also contributed to capital improvements at Max Brandon, Flint Park Lake, Hardenbrook, Longway, Mott, Sarginson, and Bassett parks.

Master Plan reference· Park Partners, 158

Naturalization.
The transition of under-utilized parkland from manicured turf or fields to native vegetation represents an opportunity to increase park beauty and reduce *maintenance costs.*

Master Plan reference. Naturalization, pp. 160-161.

ENVIRONMENTAL FEATURES, OPEN SPACE & PARKS CAPITAL IMPROVEMENT PLAN

The City of Flint Parks and Recreation Master Plan 2013-2017 was adopted in late 2012, which includes additional information about the park system. Maintenance of a current park master plan is a requirement for eligibility of numerous grant programs and the City is urged to keep this plan updated. The City has been very successful at obtaining various grants to make improvements and, given the budget issues of the City, continued grant acquisition will be needed to make any improvements of significance. Recommendations of the park master plan should be reviewed in concert with Master Plan recommendations to ensure that the distribution of park funding is equitable, serving populations in need, and strategic investments in parks and community centers serve to stabilize neighborhoods

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
McKinley Park Improvements The City was awarded a Natural Resources Trust Fund grant from MDNR to make improvements to McKinley Park, which is located on Thread Lake. Grant to be matched by donations. Project will include tennis court renovations, improved waterfront access, new playground equipment and accessibility improvements, pavilion and overlook construction, parking improvements, and related items.	1 – URGENT Grant Funds Secured	$300,000	$0	$300,000
Riverbank Park Improvements Make upgrades to meet ADA standards, barrier-free access to amphitheater stage including new railings, landscaping enhancements, and kayak access to river. This project is funded by a grant from the Michigan DNR.	1 – URGENT Grant Funds Secured	$500,000	$0	$500,000
Brennan Park Improvements Improvements to the park and playground equipment.	1 – URGENT Grant Funds	$55,000	$15,000	$40,000
Bassett Park Master Plan CIP Improvements consistent with the park master plan developed in 2012, including filling the side yard, construct storage shed and concrete slab, improve tennis courts and ball diamonds, improve playground, and add mulch to trails.	2 – IMPORTANT	$124,000	$15,000	$110,000
Hardenbrook Park Master Plan CIP Improvements consistent with the park master plan developed in 2013, including pavilion repairs, installation of a new pavilion, benches, picnic tables and grills, landscaping, and new playground equipment.	2 – IMPORTANT	$87,000	$0	$87,000
Longway Park Improvements CIP Developed in early 2016 through the Adopt-a-Park program, project includes removal of hazardous equipment, new play scape, improvements to the soccer/rugby fields, picnic area, and wooded area.	3 – DESIRABLE	$55,000	$0	$55,000

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Mott Park Improvements CIP Project includes removal of hazardous equipment, new play equipment, improvements to the street hockey court, picnic area, and brush removal area.	3 – DESIRABLE	$60,000	$0	$60,000
Sarginson Park Improvements CIP Project includes removal of hazardous equipment, new ball field, bleachers, and improved picnic area.	3 – DESIRABLE	$65,000	$0	$65,000
Kearsley Park Softball Field Improvements Improvements to the Kearsley Park softball field, which Mott intends to use for their women's softball team. Improvements include the installation of evening lighting, dugouts, bleachers, scoreboard, fencing, and the construction of a concession stand/clubhouse.	COMPLETED	$195,000	$0	$195,000
Durant Park Master Plan CIP Improvements consistent with the park master plan developed in 2012, including basketball upgrades, playground equipment, sidewalk improvements, tree removal, and mower purchase.	COMPLETED	$54,339	$0	$54,339
Mann Hall Park Master Plan CIP Improvements consistent with the park master plan developed in 2012, including new playground equipment, flag pole, concrete pavilion pad, playground safety surfacing, benches, and landscaping.	COMPLETED	$84,021	$0	$84,021
Max Brandon Park Playground Improvements A new playground added. Completed by the County.	COMPLETED	$60,000	$0	$60,000
Flint Park Lake Playground Improvements A new playground added. Completed by the County.	COMPLETED	$50,000	$0	$50,000
Rollingwood Park Master Plan CIP Improvements include playground equipment, baseball infield and benches, horseshoe pits, flagpole lighting, fishing dock, scoreboard, bleachers, and lights.	COMPLETED	$79,100	$79,100	$0
Woodlawn Park Master Plan CIP Improvements include a shade structure, play equipment, shade trees, and repair tennis court.	COMPLETED	$43,200	$43,200	$0
Bassett Park Maintenance Partnership Crim Fitness Foundation will take on maintenance and operations oversight in Bassett Park for FY 2015 under a two-year partnership agreement beginning in FY 2014.	REMOVED			

ENVIRONMENTAL FEATURES, OPEN SPACE & PARKS CAPITAL IMPROVEMENT PLAN

Naturalization

Naturalization is the transition of parkland from manicured turf or fields to native vegetation. There are many benefits to naturalizing part of Flint's park inventory including a reduction in operating expenses, the creation of a healthier environment through increased local biodiversity, and improved storm-water management.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Park Naturalization Plan Develop a Park Naturalization Plan to identify and prioritize City- owned parks for naturalization and reduced maintenance.	2 – IMPORTANT	TBD	TBD	TBD
Max Brandon Park - Park Naturalization/Education Project Project to promote naturalization within Max Brandon Park through eco-educational curriculum, restoration of the park's wetland, increased access through construction of a boardwalk, and hazardous tree removal.	1 – URGENT Grant Funds Secured	$137,500	$50,000	$87,500
Park Forestry Management The City has secured the services of Genesee Conservation District to manage tree removal within the City's network of parks for FY 2015. Using trained forestry staff, and informed by a street and park tree inventory that is currently underway, GCD will ensure that the City's limited forestry funds will be used in a manner that is both equitable and efficient.	1 – URGENT	$10,000	$10,000	$0
Park Maintenance Partnership Genesee County and City of Flint partnership in which the County will take on maintenance and safety patrols in four of Flint's largest parks under a pilot program. 5-year cost.	1 – URGENT	$100,000	$100,000	$0
Park Naturalization Project - Tree Plantings The City is interested in working with Fresh Coast Capital in inactive and underutilized parkland to farm poplar trees. FCC would maintain the property for 15 - 18 years at no cost to the city and share 10% of sale revenue. Parkland would remain open to the public and educational signage would be installed.	3- DESIRABLE	TBD	$0	TBD

Open Space Brownfield Remediation

Brownfields are parcels of land where the presence of environmental contamination complicates redevelopment. In addition to redeveloping brownfields for economic development and community revitalization purposes, there is a rising interest among communities to redevelop brownfields as environmental assets for active and passive recreation.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Oak Park decommissioning Located in an inaccessible area surrounded on three sides by the Buick City brownfield site, this park is proposed to be decommissioned and integrated into the redevelopment plans of the area.	3 – DESIRABLE	$0	$0	$0
Chevy Commons Greening Project Phase III of remediation of Chevy Commons into an active/passive public open space.	1 – URGENT Grant Funds Secured	$200,000	$0	$200,000
Chevy Commons phytoremediation Phase III Phase III of remediation of Chevy Commons, funding is Great Lakes Restoration Initiative grant.	1 – URGENT Grant Funds Secured	$200,000	$0	$200,000

Flint River Restoration

As a prime natural resource, the Flint River served as the basis for the founding of the City of Flint. Historically, the Flint River was used for drinking water, power, and transportation. Currently, the river is utilized much less, in part due to water quality and infrastructure concerns. In order for the City to successfully achieve its goal related to environmental features and open space, revitalization and enhancement of the Flint River must be a major focal point.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Flint River Restoration Plan - Season 3 Implementation of the 2010 report "Flint Riverfront Restoration Plan".	3 – DESIRABLE	$5,300,000	$5,300,000	$0
Flint River Restoration Plan - Season 2 Implementation of the 2010 report "Flint Riverfront Restoration Plan".	3 – DESIRABLE	$6,700,000	$6,700,000	$0
Flint River Restoration Plan - Season 1 Implementation of the 2010 report "Flint Riverfront Restoration Plan".	3 – DESIRABLE	$7,100,000	$7,100,000	$0
Flint River Restoration Plan - Future Projects Implementation of the 2010 report "Flint Riverfront Restoration Plan".	3 – DESIRABLE	$40,000,000	$40,000,000	$0

6 CAPITAL IMPROVEMENT PLAN

INFRASTRUCTURE & COMMUNITY FACILITIES

In 1960, 197,000 people lived in Flint, and the community was bracing for rapid growth around its core industries. Infrastructure was in place to support over 200,000 people. Flint's population has dropped by 48% since that time, yet the City is still responsible for maintaining infrastructure systems capable of servicing its peak population.

Chapter 6 in the Master Plan considers ways to tailor infrastructure and services to suit local population centers and anticipated long-term development patterns.

The Master Plan establishes a coordinated vision for Flint's government facilities, infrastructure, and utilities where infrastructure and services are closely coordinated with housing, economic development, the environment, parks and open space, and transportation, as well as a community that is fiscally responsible and able to support these systems in a fair and equitable way.

This chapter represents perhaps the most substantial capital challenges to the City and consists of the highest cost items. Given the many unknowns at this time of the water infrastructure, this chapter was developed and formatted to be adaptable and flexible dependent upon further data collection and analysis that will occur extensively throughout the FY16-17 year. The attempts at project costs and timeline will fluctuate throughout the year, dependent on the emergency situation that currently exist in the City.

The City's Capital Improvement Program includes a series of projects or improvements related to facilities and infrastructure. It identifies specific actions to be completed, and considers anticipated costs, phasing and funding sources. The Master Plan should be referenced as a guide that provides context for specific decisions and priorities identified in the CIP, specifically considering:

- The potential future benefit of certain actions. These may include long-term cost savings, environmental benefits, in- creased mobility to important services, and social equity, among others.
- The relative need for specific investments. Some projects may be critical to the health safety, and welfare of the Flint community, despite also being expensive. These should be considered more immediate action as they may protect other investments in public systems or private development.
- The anticipated impact in achieving other community goals. Investment in infrastructure or municipal services is often critical to successful economic development, the advancement of arts and culture, or healthy transportation options. These are all goals that provide positive returns back to the Flint community.
- Complementary non municipal resources. While the CIP reflects the City's intended investment in certain projects, the City should consider funding partners who may make specific actions more attainable in the short-term. This may influence the phasing or priority of some projects and allow the City to attain its vision more quickly.

CIP Vision for Infrastructure & Community Facilities

Imagine an efficient and reliable system of infrastructure and community services that ensures the safety of the Flint community meets the needs of residents and supports investment in businesses, innovation, and the local economy. Imagine a Flint that serves its residents through an effective local government and quality facilities. Imagine a Flint that invests in infrastructure in order to spark new development, restore the environmental integrity of the area, meet the needs of various activities throughout the City, and is not only capable, but is also dependable.

CIP Overview

The City has an overwhelming task of addressing its numerous dated facilities and the tremendous amounts of inefficient and aging water and sewer possessions. Immediate improvements to the water and sewer system should be prioritized so they address the areas contributing to the most substantial water losses within the city.

In concert with the land use plan areas identified as primary residential and business and economic hubs, improvements should be prioritized to meet the needs of the business community while ensuring quality services for Flint's tax-paying residents. Future capital improvements in place types with lower densities should have a lower priority in order to ensure the highest cost/benefit ratio.

Immediate actions should also be taken to right-size the facilities within the city. Substantial decline in staffing levels as well as decades of inadequate preventative maintenance has resulted in millions of dollars needed to just improve these public places to satisfactory levels. A study shall be conducted to look at alternatives for major sites such as City Hall and the Police and Fire headquarters, while also considering the disposition of the buildings to be vacated and sold.

Infrastructure & Facilities – 2015 CIP Progress

It's important to document and detail the tremendous amount of work being done by the City over the past year. In all, there were 13 major projects completed, totaling $4.25 million in capital upgrades. Also, an additional 8 remain in progress. The completion of these will result in an additional $12.3 million in City-led upgrades to its systems.

The following list details the significant projects and investment made towards improving Flint's infrastructure. A full list of the projects can be found on the project spreadsheet listed within this chapter.

Bio solids Load Out Facility
Construction of a bio solids load out facility at the WPC center.

Valve Exercising
Approximately 1,430 valves were exercised throughout the system

Roof Replacements
Plant 2 lab and operations center was treated with a new roof

City Hall Campus LED Lights
Installation of energy efficient LED lights around City Hall.

IT/IS Upgrades
$639,415 was spent in 2015 Fiscal Year. Activities included maintenance for dell desktop workstations, routers, and BS&A Software, and Microsoft software. Some activities that were not completed include Backup servers, new routers, and a much needed phone system upgrade Overall $220,000 in improvements was not completed.

Infrastructure & Community Facilities Policy
The infrastructure and community facilities policies are derived from the Master Plan and should shape all projects moving forward. These policies should provide a framework for evaluating the merits of any capital improvement project. For detailed discussion of each policy, please refer to the Master Plan section and the page referenced.

Infrastructure & Land Use Plan alignment.
The provision of infrastructure and community services throughout the City should be aligned with the Land Use Plan, with land use typologies informing "right-sizing" and investment decisions.

Master Plan reference
Infrastructure & Future Land Use, pp 175-176

Sustainability.
Green technology should be leveraged to reduce energy costs, improve air quality, and increase long-term sustainability. While sustainable approaches to infrastructure improvements may require additional up-front costs, long term cost savings should be considered when evaluating project costs

Master Plan reference:
Sustainable & Renewable Infrastructure, p 177.

Facility maintenance & efficiency upgrades.
To ensure the long-term viability of City facilities, the City should conduct on-going maintenance, employ new technologies, increase energy efficiency, and identify consolidation opportunities.

Master Plan reference:
Government Facilities, p. 178.

Dams.
The Hamilton and Utah Dams should be removed, the Fabri Dam should be reconstructed, the Kearsley Dam should receive maintenance, the need for the Holloway Dam should be assessed, and a fish passage should be constructed at Thread Dam.

Master Plan reference:
Dams, p 186

Sanitary & storm sewer system.
Sewer systems should receive necessary ongoing maintenance as recommended by staff and engineers, and short- term upgrades and long-term capital improvements including investments in green infrastructure should be identified, planned, and budgeted for

Master Plan reference:
Sanitary Sewer System, p 185

INFRASTRUCTURE & COMMUNITY FACILITIES CAPITAL IMPROVEMENT PLAN

City Hall

Flint's administrative center consists of a number of buildings, including City Hall, City Hall North, City Hall South, and City Hall Dome, which collectively total more than 187,000 square feet. According to City Facilities, Grounds, & Maintenance Division staff, the condition of these buildings ranges from poor to fair. Constructed in 1956, these four buildings house a majority of Flint's governmental operations and are in need of extensive upgrades, repairs, system replacement, and maintenance. Significant reductions (well over 50% from historic levels) in staffing at departments housed at the City Hall complex has resulted in significant portions of the buildings being unused or used for storage

The list of necessary capital improvements for the four City Hall buildings is only a portion of what is likely needed, and there are serious questions as to the long-term viability of the buildings considering their age, condition, and cost of corrections needed. The City should consider a study of alternative options for right-sizing their facilities to meet projected staffing needs, either in a renovated facility that is purchased or leased or a new facility constructed in the downtown area. The study could also look at partnerships with the County for a combined City-County Government Complex. The study would also need to consider the disposition of the existing complex and buildings to be vacated if the study shows this to be the most viable option.

The administrative center complex at one time was considered to be an architectural masterpiece; but due to outdated components, lack of maintenance and energy inefficiencies the buildings require extensive emergency repairs and extensive maintenance has been deferred due to budgetary constraints. City Hall north is essentially vacant due to staff reductions and a leaking roof. The existing windows in all buildings are single pane, aluminum frame and highly inefficient, as are the light fixtures inside and outside the buildings. The boilers and chillers are 80% efficient at best and in need of replacement soon. The marble on the façade, once a major contributor to the beauty of the building, suffers from water intrusions that have caused these large marble slabs to fall off the building. Significant information technology improvements are needed throughout to modernize computer servers, other hard- ware, and cabling. The elevators at City Hall break down regularly and create a safety hazard to users trapped inside until repairs can be made. The pavement in the parking lot used by employees is in very poor condition. Sidewalks are in various states of disrepair and in need of replacement.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Study to determine options for housing City Hall staff Commission a comprehensive study of the Civic Center Complex to determine best option to right-size in the most cost-effective manner. City should enlist a committee to develop a comprehensive scope of services for a Request for Proposals that includes budget to adequately investigate the existing facilities and options and costs available to house City operations long-term.	1 – URGENT	TDB	TDB	TDB
City Hall Dome drains Repair roof drains at the City Hall Dome to fix leaks.	1 – URGENT	$1,640	$1,640	$0
City Hall North Building Roof Repairs to the roof on the City Hall North Building to fix areas that currently	1 – URGENT	$99,384	$99,384	$0
City Hall chiller Replace 1 of 2 chillers at City Hall.	1 – URGENT	$155,000	$155,000	$0
Emergency repairs Annual cost of $225,000 for emergency repairs to various City facilities.	1 – URGENT	$4,500,000	$4,500,000	$0

INFRASTRUCTURE & COMMUNITY FACILITIES CAPITAL IMPROVEMENT PLAN

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Walkway between Police and City Hall Repair and seal walkway between Police Station and City Hall.	2 – IMPORTANT	$20,000	$20,000	$0
City Hall Dome repairs Various maintenance and repairs to the City Hall Dome.	2 – IMPORTANT	$90,000	$90,000	$0
Window replacement Replacement of single pane, aluminum frame windows in City Hall. Energy Analysis Report identified payback of 15 years in energy savings.	2 – IMPORTANT	$400,000	$400,000	$0
City Hall façade Remove existing and replacement of the façade of City Hall. Existing marble siding is falling off the building and is a safety hazard. Gaps behind the marble allow water intrusions, exacerbating the problem.	2 – IMPORTANT	$3,000,000	$3,000,000	$0
City Hall heating/cooling system Total replacement and upgrades of controls and boilers/chillers to the City Hall heating/cooling system.	2 – IMPORTANT	$3,300,000	$3,300,000	$0
Separate utility meters Separate the utility meter for City Hall, Police HQ, and Fire Station #1 to monitor energy use.	3 – DESIRABLE	$24,000	$24,000	$0
City Hall 7th Street parking lot Rehabilitation of parking lot at City Hall.	3 – DESIRABLE	$100,000	$100,000	$0
City Hall 5th Street parking lot Rehabilitation of parking lot at City Hall.	3 – DESIRABLE	$132,000	$132,000	$0
Information technology improvements Includes a variety of IT improvements, including backup servers, new Dell workstations, routers and switches, software, cabling and fiber, etc. Long-term needs should be assessed to prioritize and fund projects.	3 – DESIRABLE	$3,730,246	$3,730,246	$0
Building Management System Upgrades to the BMS controls are on-going.	2 – IMPORTANT	$148,000	$148,000	$0
Council Chambers light fixtures Convert existing light fixtures to LED to save energy costs.	2 – IMPORTANT	$24,000	$24,000	$0
City Hall Ceilings Replacement of ceiling tiles throughout City Hall. Improvements to multiple offices have been completed.	3 – DESIRABLE	$70,000	$70,000	$0
Council Chambers renovations Renovations to Council Chambers to include windows, painting, and ceiling, and IT upgrades to add projection screens.	3 – DESIRABLE	$350,000	$350,000	$0
City Hall Elevator Removal and installation of two new efficient elevators at City Hall	2- IMPORTANT	$400,000	$400,000	$0
South City Hall Building bridge Bridge connecting the South City Hall Building to 7th Street is closed and	COMPLETED	$30,000	$30,000	$0

INFRASTRUCTURE & COMMUNITY FACILITIES CAPITAL IMPROVEMENT PLAN

Other City Facilities

City facilities outside of the City Hall complex, public safety departments, and public works are limited. The primary facilities in this category would include the Street Maintenance & Sanitation Department, public parking lots, District Court, and anything else that does not fit into another category or department. All of these facilities have needs for various maintenance, etc. and should be considered to generally be important to fund as soon as possible. A number of projects were identified during discussion with City staff and are presented below; however, a comprehensive evaluation of the Street Maintenance & Sanitation Department facility has not been performed and is needed to ensure all projects are accounted for.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Street Maintenance & Sanitation Department facility improvements Various capital improvements needed at the facility that would be identified following a comprehensive audit of the facility.	2 – IMPORTANT	TDB	TDB	TDB
12th Street garage roof repairs Repairs to the garage used to service the City fleet vehicles (located at the Street Maintenance & Sanitation Department facility).	COMPLETED	$266,900	$266,900	$0
Parking lot lighting New lighting for the Stevens Street/7th Street/City Hall/Police Station parking lot to improve safety, lot is currently not lit.	COMPLETED	$250,000	$250,000	$0
District Court improvements Repairs, maintenance, etc. at the District Court building and grounds that are the responsibility of the City per the lease agreement with Genesee County (the owner of the building).	REMOVED	$125,000	$125,000	$0

INFRASTRUCTURE & COMMUNITY FACILITIES CAPITAL IMPROVEMENT PLAN

Water Department

The Water Department is responsible for the treatment and distribution of potable water to customers utilizing an extensive infrastructure system. Their facilities include six (6) dams, numerous buildings and related facilities, pumping stations and storage facilities, and conveyance system of approximately 600 miles of water distribution and transmission pipes and appurtenances. The existing City water system was designed to service a much larger population and significantly more industry than is currently being served.

The various facilities of the Water Department have been grouped below to allow for an individual discussion of each. The current water system has twice the storage and pumping capacity that is needed to operate the system. A number of options to reduce pumping and storage were identified in a Water Reliability Study (prepared by Rowe and Potter Consulting in 2011). Implementing these operational changes going forward will allow the city to operate more cost effectively and concentrate on upgrading and maintaining key infrastructure.

It is important to note that the City's water system suffers from a number of problems which can be at least partially corrected by making the necessary capital improvements, which should be prioritized and done to be consistent with the implementation of the Master Plan and modified as needed. The most prevalent problems were discussed in great detail in the Water Reliability Study, including the age and efficiency of the water system. Much of the water distribution sys- tem is over 70 years old and is in need of rehabilitation or replacement. There is a significant amount of water-main in the system that is over 70 years old, prone to breaks, and unable to provide modern pressures and fire flows.

Water system efficiency analysis indicated that the City of Flint system is at 68.41% (i.e., only 68.41% of the water that was purchased from Detroit was recovered by user fees). This indicates that the city has significant leaks, inaccurate meters and/or illegal connections to the system. This inefficiency results in lost revenue in the range of $1.5 million to $2.0 million dollars per year. A program to improve the water system efficiency should be put in place. A high priority should be placed on implementing a program to reduce the unaccounted for water.

INFRASTRUCTURE & COMMUNITY FACILITIES CAPITAL IMPROVEMENT PLAN

Dams

The six dams owned and operated by the City are critical to the water supply system of the City, as well as providing various recreational opportunities. This is even more important currently as the City is dependent on the Flint River as an emergency back-up source to supply water to its customers Various studies have been done on the dams to determine their condition and future plans for either replacement or removal. Improvements to Hamilton Dam, built in 1920, have been mandated by the state due to its poor condition and deteriorating structural deficiencies. A study was completed by the City in 2008 that evaluated various options. Hamilton Dam is located just upstream from Fabri Dam. Fabri Dam is an inflatable dam in the downtown area constructed in 1979 for visual and recreational enhancement. The 2008 study reviewed options for its removal.

Utah Dam was built in 1928 to prevent industrial oil discharges from entering the City's water intakes and is located downstream from both Holloway Reservoir and Kearsley Creek. Utah Dam serves no viable purpose and the gates are permanently locked in an open position. Utah Dam has been recommended for removal. Holloway Dam was constructed in 1953 for potable water supply and flow augmentation of wastewater effluent. The Holloway Reservoir serves as emergency back-up supply of water, with a storage capacity of17,500 acre-feet of water, and is the structure furthest upstream in the system. Kearsley Dam, constructed in 1928 for water and ice supply, has a storage capacity of 1,800 acre-feet and is used primarily for recreation and occasional flow augmentation. Kearsley Creek joins the Flint River a short distance downstream from the dam just upstream from Utah Dam.

Thread Dam, also build in 1928, impounds 80 acres of water on Thread Creek, providing recreational opportunities. Thread Creek joins Swartz Creek west of the lake, with Swartz Creek flowing into the Flint River downstream of the other five dams. Capital projects on the six dams that require expenditures of City funds should be kept to the minimum needed to prevent further degradation of the dams and to meet regulatory requirements until such time as higher priority projects in the City have been completed. In accordance with the Flint River Restoration Plan, dams that can be removed should be considered for removal and funding sought from various sources that promote dam removal for river restoration and removal of barriers for boating and fish movement.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Thread Dam Improvements Replace dam.	1 – URGENT	$655,600	$655,600	$0
Hamilton Dam Removal Removal of the Hamilton Dam.	1 – URGENT	$3,500,000	$1,060,000	$2,500,000
Holloway Dam Drum Gate Rehabilitation	2 – IMPORTANT	$1,600,000	$1,600,000	$0
City-Wide Dam Inspection & Maintenance Plan Develop a comprehensive plan to address the City's six failing and/or obsolete dams along the Flint River.	3 – DESIRABLE	$0	$0	$0

INFRASTRUCTURE & COMMUNITY FACILITIES CAPITAL IMPROVEMENT PLAN

Buildings & Related Facilities

The Water Department has a number of buildings and related facilities for which they are responsible. The most significant is the Water Treatment Plant (WTP) located at 4500 N. Dort Highway, which includes Plant 2 (Plant 1 has been decommissioned), water testing laboratory, and a number of smaller facilities. The WTP was put into service in 1954 and significant upgrades were completed in 2006 to meet state regulatory requirements. The WTP operated an average of 20 days per year previously since water from Detroit was treated but the plant will be operated on a continual basis. A significant number of upgrades, replacement of equipment, and regular maintenance are required for the WTP to properly take in raw water, treat it through the entire process, and transmit treated water to the conveyance system. In addition to the facilities at the WTP, the Water Department is also responsible for the Water Service Center (located at 3310 E. Court Street) and the Water Department has a need for a variety of large vehicles and other equipment.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Electrical upgrades Electrical upgrades at various facilities.	1 – URGENT	$1,167,100	$1,167,100	$0
Fencing Water plant security fencing.	1 – URGENT	$109,300	$109,300	$0
Alum feed system Alum feed system for water treatment process. Project will be complete in 2016. Project was tied to KWA.	REMOVED	$39,300	$39,300	$0
Phosphoric acid feed system - Partially Complete Phosphoric acid feed system for water treatment. Temporary feed system set up, long term system for KWA system needs to be established.	REMOVED	$185,800	$185,800	$0
Post filtration system Post filtration system for water treatment process.	REMOVED	$387,200	$387,200	$0
Vehicles dump trucks, flatbed, tractor, etc. Annual cost for 6 years.	REMOVED	$13,631,400	$13,631,400	$0
SCADA upgrades - In Progress Upgrades of Supervisory Control and Data Acquisition (SCADA) to allow system to operate more efficiently and with lower labor costs by using SCADA to operate and analyze the water system and its operation.	1 – URGENT	$836,400	$836,400	$0
Security cameras - (2 installed, need 3 more) Install security cameras at water treatment plant.	1 – URGENT	$7,000	$7,000	$0
Roof replacements - Partially complete At various pump stations throughout the system. West Side reservoir & pump station complete. Cedar Street reservoir & pump station and Torrey Rd. booster station still needed.	1 – URGENT	$500,000	$500,000	$0
Water Plant rehabilitation - In Progress Rehabilitation of Phase II, Segment I.	2 – IMPORTANT	$1,030,000	$1,030,000	$0
Roof replacement - Complete Plant 2 lab and operations center.	COMPLETED	$257,500	$257,500	$0

INFRASTRUCTURE & COMMUNITY FACILITIES CAPITAL IMPROVEMENT PLAN

Pumping Stations & Storage Facilities

The Water Department operates several pumping and water storage facilities.

- Dort Reservoir and Pumping Stations No. 3. (PS #3) and No. 4 (PS #4) – located at the WTP, the reservoir is a 20-million gallon (MG) ground storage facility. This facility was constructed in 1966 and is used primarily for emergency water storage and for use during peak water demand periods. PS #4 total pumping capacities is 46 million gallons per day (MGD) with a firm pumping capacity of 26 MGD. The pumping station was rehabilitated in 1994 with two new 20 MGD pumps and one 6 MGD pump to induce turnover of the Dort Reservoir. This pumping station is primarily used to provide supply from the Dort Reservoir during emergency situations and peak demand events. A 2.0 MG elevated water storage tank is also located at the WTP that is used primarily for emergency water storage and as a pressure buffer. The elevated tank fills and drains as system demands and pressures dictate. A 3.0 MG ground storage tank is also located at the WTP complex. This storage tank was constructed in 1954 and is used primarily as an emergency water supply and pumping source during peak demand events.
- Cedar Street Reservoir and Pumping Station – the Cedar Street Reservoir is a 20 MG ground storage facility located between 1-69 and Swartz Creek, off of Cedar Street. This facility was constructed in 1948 and is primarily used as an emergency water supply and a pumping source during peak demand events. The pumping station electrical controls have not been updated since the original construction. The station requires significant upgrades to bring it up to current automatic operation standards. The pumping station is equipped with three pumps installed in 1948 and are primarily used to supply water from the Cedar Street reservoir during emergency events and peak demand periods. This pumping facility has a total pumping capacity of 30 MGD and a firm pump capacity of 18 MGD. Pump operation and filling of the reservoir can be controlled from the WTP or manually at the pumping station. The pumping station is equipped with chlorination facilities to provide additional chlorine residual as needed.
- West Side Reservoir and Pumping Station – the West Side Reservoir is a 12 MG ground storage facility located near Mackin Road and Jean Avenue. This facility was constructed in 1970 and is primarily used as an emergency water supply and a pumping source during peak demand events. The West Side Pumping Station is equipped with four pumps, all installed in 1970, and has a total pumping capacity 24 MGD with a firm pump capacity of 16 MGD. Pump operation and filling of the reservoir can be controlled from the WTP or manually at the pumping station. The pumping station is equipped with chlorination facilities to provide additional chlorine residual as needed.
- Torrey Road Pumping Station – the Torrey Road pumping station is equipped with two pumps installed in 1954. The station has a total pump capacity of 6.8 MGD and a firm pump capacity of 2.8 MGD. The primary function of this station is as an in-line booster pumping station to provide increase pressures to the southwest portion of the city. This pumping station takes suction from the 24" transmission main along Hammerburg Road and discharges to the 18" transmission main supplying the southwest pressure district. There is no standby power provided to this pumping station.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Pump replacement Pump station #3 pump with variable frequency drive (VFD).	1 – URGENT	$140,000	$140,000	$0
Electrical upgrades New feeder to pump station 4	1 – URGENT	$466,600	$466,600	$0
Valve rebuild Elevated tank altitude valve.	2 – IMPORTANT	$54,600	$54,600	$0
Pump replacement Replace pumps 1 and 2 at pump station #4 new pumps with VFD. Pump # 2 has been replaced. Pump # 1 still needed	1 – URGENT	$270,000	$270,000	$0
Electrical upgrades At Cedar Street Pump Station.	COMPLETED	$120,000	$120,000	$0
Roof replacement Westside pump station.	*COMPLETED*	*$1,200,000*	*$1,200,000*	$0
Lift pump station Plant 2 to Dort Reservoir.	REMOVED	$2,100,000	$2,100,000	$0

INFRASTRUCTURE & COMMUNITY FACILITIES CAPITAL IMPROVEMENT PLAN

Conveyance Systems & Appurtenances

The conveyance system of the Water Department includes all transmission and distribution pipes, valves, hydrants, and water meters. The conveyance system of the City of Flint consists of water mains ranging in size from 4" to 72" in diameter. Many of these mains exceed 70 years old, and the majority constructed of cast iron or ductile iron pipe up to 24" in diameter. Transmission mains larger than 24" are primarily constructed of steel piping. A majority of the system has adequate transmission piping to convey sufficient flows and pressure for fire protection. However, the distribution and transmission systems are old and in serious need of replacement. A large number of water main breaks occur every year and are repaired by staff, with a significant number of breaks occurring due to the harsh 2013-14 winter season. These breaks result in water service disruptions and potential water quality problems to customers. The system appurtenances are generally over 50 years old and in constant need of repair or replacement also.

As projects are considered, opportunities should be evaluated to right size the water distribution system and make the most effective and efficient use of existing infrastructure. In accordance with the Master Plan, infrastructure may be modified to provide the level of service appropriate for a given place type.

The information below if summarized directly from the Water Reliability Study

- ***Piping System.*** Much of the City of Flint's water distribution system is over 70 years old and is in need of rehabilitation or replacement. There is a significant amount of 4" water main in the system that is over 70 years old, prone to water main breaks, and unable to provide modern pressures and fire flows. The 20-year plan for the water distribution system is twofold: 1) rehabilitate or replace the primary transmission system that serves the City and 2) abandon 4" water mains where there is a suitable parallel main or replace the 4" with 8". The priority of these replacements should be consistent with the needs of the Master Plan implementation. The Water Department has also included replacement of 3,800 feet of transmission mains annually, the prioritization of which should consider severity of current problems, needs for implementation of the Master Plan, and ability to service high water users adequately.
- ***Valves*** The City of Flint distribution system currently has a total valve count of 7,258 valves to be operated and maintained (20 72" valves, 661 24"–72", 737 16"–20", 1,398 12", and 4,462 <12). Critical valves are 16" and larger valves that are on the primary transmission mains around the city and in the event of a break in a major transmission main, valve failure, or multiple valve failures, could result in shutting down a significant portion of the city. The Water Reliability Study noted that there are 1,418 critical valves in the system and these valves should receive primary attention. Primary attention would consist of operating the valves on a rotating two-year basis and making all repairs and replacements that are necessary. Approximately 700 critical valves would be operated and maintained each year. Subcritical valves are the 12" valves on minor transmission mains and the failure of one or more of these valves could result in shutting down a residential area.There are 1,398 subcritical valves in the system. These valves should receive secondary attention which would consist of a 5-year plan for operation and maintenance. This would require that approximately 280 valves be operated and maintained each year. Normal valves are any valve smaller than 12" and the failure of one or more of these valves would shut down a small residential area. There are 4462 of these valves in the system and these valves should receive operation and maintenance attention on a 10-year rotating basis. Approximately 450 valves would require attention each year. The total valve operation and maintenance program would require that approximately 1,430 valves receive routine maintenance each year in addition to any emergency repair and replacement that is required during the course of a year.
- ***Hydrants***. The City of Flint has 3,605 hydrants in the water system and many are in excess of 50 years old. In the spring of 2010 the City purchased 80 hydrants to begin replacing old hydrants. Similar to the asset management approach to the valve maintenance, the plan for hydrants would include a transition from reactive maintenance to planned maintenance and replacement. The goal would be to analyze the hydrant age in the system and begin to change out hydrants in excess of 50 years old and then over a period of twenty years create a system where hydrant age did not exceed 25 years.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Water line loop Install 24" loop at the WTP to increase distribution options.	2 – IMPORTANT	$100,000	$100,000	$0
Raw water line Provide raw water line to Pump Station 4.	2 – IMPORTANT	$636,500	$636,500	$0
Water Main Replacement Replace various sections of residential water mains with a goal of 3800' per year.	2 - IMPORTANT	$16,000,000	$16,000,000	$0
Yard valves Replace yard valves, cost is for 6 years.	2 – IMPORTANT	$1,000,000	$1,00,000	$0
Water Meters – Partially Complete Annual replacement of water meters throughout the system, cost is for 6 years.	2 – IMPORTANT	$8,500,000	$8,500,000	$0
Valve exercising Operate the approximately 8,000 system valves throughout the system on a 2 - 10 year basis.	2 - IMPORTANT	$500,000	$500,000	$0
Valve Repairs	1 - URGENT	$200,000	$200,000	$0
Valve excavation Gain access to over 600 paved over system valves to evaluate, maintain accessibility, and replace if necessary.	1 - URGENT	$2,000,000	$2,000,000	$0
24" Transmission main replacement 3800' of 24" transmission main at various locations annually. Project is designed in 5 segments with one segment scheduled for completion each year.	1 - URGENT	$18,000,000	$18,000,000	$0
Lead Service Line Replacement Replace lead service lines leading to customer's residence and businesses.	1 - URGENT	TBD	TBD	TBD
Valve exercising Operate the approximately 1,430 valves throughout the system on an annual basis.	COMPLETED	$400,000	$400,000	$0
Hydrant replacement program Replace hydrants throughout the City on 20-25 year rotation, cost is for 20 years. FY 15 cost $250,000 with	REMOVED	$6,227,284	$6,227,284	$0

Sewer Department

The Sewer Department is responsible for the collection and treatment of wastewater at various facilities, most notably the 50 MGD wastewater treatment plant referred to as the Water Pollution Control Facility (WPCF) located at G-4652 Beecher Road. The City of Flint also accepts wastewater from the Beecher Metropolitan Sewer District (BMSD). The WPCF has a peak capacity of approximately 85 MGD. The City has an extensive sanitary and storm sewer collection and treatment system that includes approximately 569 miles of gravity sanitary sewers and force mains, 11 pump stations (1 additional pump station on the system is operated by BMSD), an 8-foot 6-inch deep tunnel (10 MG of storage), a 10 MG Retention Treatment Basin (RTB), WPCF and a number of associated buildings, and 350 miles of storm sewers.

The WPCF provides primary and secondary treatment to the sanitary wastewater, with primary treatment consisting of physical removal of suspended solids via grit tanks and primary sedimentation basins. Secondary treatment is performed through the activated sludge process, which consists of aeration and final settling tanks. Chlorination and dechlorination, using liquefied and gaseous chlorine and sulfur dioxide, is used to disinfect the final effluent prior to its discharge into the Flint River. Even though the sanitary and storm sewer systems are separated, the 10 MG capacity of the RTB can be exceeded, resulting in a discharge to the river. All overflows receive skimming, settling, and disinfection prior to release. Since January of 2009, the City has experienced 11 partially treated discharges.

The City was awarded a State Revolving Fund (SRF)/Strategic Water Quality Initiatives Fund (S2) Grant from the Michigan Department of Environmental Quality (MDEQ) in 2011 (study prepared by Rowe and Fishbeck, Thompson, Carr, & Huber, Inc. in 2013). The scope of the grant-funded engineering study included smoke testing in areas of the City suspected of containing sources of inflow and infiltration (I/I), as well as a sanitary manhole inspection program focusing on the manholes located along the creeks and rivers where water was suspected of entering the sanitary system during high river elevations. The Sewer System Evaluation Study (SSES) included smoke testing of approximately 2,397 manholes and the inspection of 256 manholes along the rivers. Although the sanitary system is separated, wet weather brings significant flow increases into the system. Most footing drains are connected to the sanitary system; however, during these large rain events, the City's deep tunnel and RTB's capacity can be exceeded, and it results in discharges from the RTB to the Flint River.

Green Infrastructure

The Master Plan calls for the development of green infrastructure to absorb rainwater, reduce flooding, and lessen the burden on the City's sewer infrastructure. The City should also promote the use of Best Management Practice (BMPs) and Low Impact Development (LID) techniques that help protect and restore water quality while reducing the quantity of storm water run-off throughout the City. Vacant or underutilized parcels within Green Neighborhood and Green Innovation place types may also present opportunities for large scale green infrastructure projects.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Green Infrastructure Assessment Undertake a study to identify opportunities for the implementation of large scale green infrastructure projects that will limit the volume of storm water	1 – URGENT	TDB	TDB	TDB

Buildings & Related Facilities

The Sewer Department operates the Water Pollution Control Facility (wastewater treatment plant) and 29 buildings at the WPCF grounds. The buildings on the grounds of the WPCF are of variable age and condition and require a variety of upgrades, replacement of equipment, and regular maintenance to properly treat the wastewater collected from system users and discharge it to the Flint River consistent with regulatory requirements. The Department has similar needs to that of the Water Department for large vehicles and other equipment

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Wastewater Plant roof Repair roof at WPC.	1 – URGENT	$106,100	$106,100	$0
Disinfection process upgrades Improvements to processes for treating wastewater.	1 – URGENT	$150,000	$150,000	$0
Lighting upgrades Lighting upgrades at WPC.	1 – URGENT	$212,200	$212,200	$0
Samplers Samplers at WPC.	2 – IMPORTANT	$35,000	$35,000	$0
Air compressor Air compressor.	2 – IMPORTANT	$44,000	$44,000	$0
Primary tank rebuild Rebuild primary tank at WPC.	2 – IMPORTANT	$75,000	$75,000	$0
Lighting panel upgrades Upgrade lighting panel at WPC.	2 – IMPORTANT	$87,400	$87,400	$0
Coarse bubble diffusers Coarse bubble diffusers at WPC.	2 – IMPORTANT	$100,000	$100,000	$0
Meter replacement Final effluent meter.	2 – IMPORTANT	$109,300	$109,300	$0
Meter replacement Battery A influent meter.	2 – IMPORTANT	$109,300	$109,300	$0
Air diffuser upgrades Battery B.	2 – IMPORTANT	$109,300	$109,300	$0
Vehicle storage addition Addition to vehicle storage.	2 – IMPORTANT	$130,000	$130,000	$0
Controls Root blowers at WPC.	2 – IMPORTANT	$175,000	$175,000	$0
HVAC equipment HVAC improvements at WPC.	2 – IMPORTANT	$200,000	$200,000	$0
Aeration blower replacement Replace aeration blower at WPC.	2 – IMPORTANT	$238,700	$238,700	$0

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Final tank installation Install final tank at WPC.	2 – IMPORTANT	$274,488	$274,488	$0
Sludge cake storage Storage facility for sludge cakes.	2 – IMPORTANT	$327,800	$327,800	$0
Concrete repairs Major concrete repairs at WPC.	2 – IMPORTANT	$380,000	$380,000	$0
Blower header insulation Insulate blower header.	2 – IMPORTANT	$437,100	$437,100	$0
Grit piping Battery B.	2 – IMPORTANT	$491,700	$491,700	$0
Concrete coatings Concrete coatings.	2 – IMPORTANT	$600,000	$600,000	$0
Solids disposal Ultimate disposal of solids.	2 – IMPORTANT	$800,000	$800,000	$0
Headworks & bar screens Headworks and bar screens at WPC.	2 – IMPORTANT	$1,000,000	$1,000,000	$0
Lab Remodeling of lab, new equipment, sample lines, and ventilation.	2 – IMPORTANT	$1,000,000	$1,000,000	$0
4160 volt switchgear 4160 volt switchgear at WPC.	2 – IMPORTANT	$2,185,500	$2,185,500	$0
Battery A grit chamber Replacement of Battery A grit chamber.	2 – IMPORTANT	$5,500,000	$5,500,000	$0
HVAC upgrades - In Progress HVAC upgrades at WPC.	1 – URGENT	$400,000	$400,000	$0
Final tank retrofits - In Progress At final 4 tanks at WPC.	2 – IMPORTANT	$695,200	$695,200	$0
Modulating Valve B grit Butterfly Valve	2 – IMPORTANT	$100,000	$100,000	$0
Air diffuser upgrades Battery A.	COMPLETED	$190,000	$190,000	$0
Sump pumps Sump pumps.	COMPLETED	$85,000	$85,000	$0
Biosolids load out facility engineering For biosolids load out facility.	COMPLETED	$90,000	$90,000	$0
Biogas pump house Biogas pump house.	COMPLETED	$100,000	$100,000	$0

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Outdoor lighting Lighting at WPC.	COMPLETED	$130,000	$130,000	$0
Biosolids load out facility - 95% Complete Construction of biosolids load out facility at WPC.	COMPLETED	$1,300,000	$1,300,000	$0
Isolation gates Battery B isolation gates.	REMOVED	$106,100	$106,100	$0
Heavy mobile equipment Purchase of heavy equipment required to respond to emergency repairs.	REMOVED	$163,900	$163,900	$0
Sodium hypochlorite Purchase of sodium hypochlorite used in water treatment process.	REMOVED	$650,000	$650,000	$0
Vehicles, dump trucks, vactor, etc. Annual cost for 20 years.	REMOVED	$9,352,700	$9,352,700	$0

Pumping Stations & Storage Facilities

As mentioned above, the City operates 11 pump stations. Storage facilities include an 8-foot 6-inch deep tunnel (10 MG of storage) and a 10 MG Retention Treatment Basin (RTB). The deep tunnel was constructed of concrete in the late 1970s as part of the RTB project The flow is transported through a series of interceptors to the three main feeder pump stations (East Pump Station, Third Avenue Pump Station, and Northwest Pump Station). These three main pump stations then pump the flow to the WPCF for treatment. Both the East Pump Station and the Northwest Pump Station are located next to the WPCF. The Third Avenue Pump Station is located southeast of the WPCF and requires 18,181 feet of force main to send the flows to the WPCF.

The 8-foot 6-inch tunnel is upstream of the East Pump Station and discharges to the station. During large rain events, the tunnel is used for storage. The flow is allowed to accumulate in the tunnel and the East Pump Station pumping rate is reduced to allow the flow from the Northwest Pump Station and Third Avenue Pump Station to be pumped to the WPCF without restriction. The latter have essentially no storage capability, and must pump ac- cording to flow received. If the flows from the Northwest Pump Station and Third Avenue Pump Station exceed the capacity of the WPCF, the excess flow is diverted to the 8-foot 6-inch tunnel through the same 48" pipe that normally conveys sewage from the East Pump Station to the WPCF. Should the rain event be large enough to fill the tunnel, then flow from the tunnel will overflow to the 10 MG RTB for temporary storage. The RTB provides skimming and disinfection should its capacity be exceeded, prior to discharging flows to the river

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Electrical upgrades Various lift stations.	1 – URGENT	$82,000	$82,000	$0
Replace lift station. Replace lift station 6.	1 – URGENT	$250,000	$250,000	$0
Replacement pumps At northwest pump station	1 – URGENT	$318,300	$318,300	$0
Switchgear at EPS Replace switchgear at East Pump Station.	1 – URGENT	$450,900	$450,900	$0
Replace pumps East pump station.	1 – URGENT	$655,600	$655,600	$0
Replacement pump Third Avenue pump station.	1 – URGENT	$1,700,000	$1,700,000	$0
Electrical switchgear Third Avenue pump station.	1 – URGENT	$1,900,000	$1,900,000	$0
High pressure header Third Avenue pump station.	2 – IMPORTANT	$300,000	$300,000	$0
Retention basin Improvements at retention basin at WPC, including metering, concrete work, and chemical feed upgrades.	COMPLETED	$100,000	$100,000	$0

Conveyance Systems & Appurtenances

The City has an extensive sanitary sewer collection and treatment system that includes approximately 569 miles of 8" to 72" gravity sewers and force mains, with manholes at regular intervals. The majority of the gravity sewers were constructed between the 1920s and 1950s, consisting mostly of vitrified clay, concrete, and some newer polyvinyl chloride (PVC) segments. The sanitary manholes are either block or pre-cast concrete. Televising portions of the system during the 2011 SSES revealed joint integrity to have been compromised along sections of the interceptors adjacent to Swartz and Thread Creek. Both sections of interceptors televised had root balls reducing the flow capacity at multiple locations by as much as 80 to 90%. The video also shows stretches of pipe with root infiltration at every joint, reducing flow capacity ranging from 15 to 50%. Some minor infiltration was observed; how- ever, the root balls hindered the camera progress through the sections of pipe at the creek crossings and therefore potential inflow from the creeks was not determined. The integrity of the pipe itself appeared to be sound; however, most joints appeared to have some separation where root infiltration was present. This separation could potentially allow infiltration to occur during wet weather conditions. There was some sediment buildup observed in a few spots along the interceptors; however, there was not enough to reduce capacity of the interceptor.

Manhole inspections were performed on the manholes that parallel Swartz, Carman, Gilkey and Thread Creeks. The creeks are upstream of Meter 9 which appears to have significant (I/I). Ninety-three (93) manholes with perforated covers, which would be submerged during a "design storm" or a larger wet weather event, were found. Besides the perforated covers, several manholes were found to be in poor condition structurally and leaking. The Huron-Camden and Northwest areas have been identified as problems areas with regards to I/I, based on studies conducted in the past. Additional and more recent studies had flow meters strategically placed in the sanitary trunk line sewers around the City. These flow meters identified a significant flow increase to the sanitary system during rain events throughout the City. In the past, the use of dye testing procedures was used to identify cross- connections with some degree of success. However dye testing does not allow for a complete identification of all potential inflow sources; therefore, smoke testing of the system was the most economical and timely procedure to identify additional sources of inflow. The purpose of smoke testing was to identify potential sources of significant I/I through cross connections between sanitary and storm sewer collections systems. The smoke testing was performed as a team effort between City staff and ROWE.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Manhole rehab in floodplains Replace perforated covers and rehab/lining of manholes located within floodplains to reduce water inflow/infiltration (I/I).	1 – URGENT	$1,200,000	$1,200,000	$0
Root control Root control within existing pipes to remove roots which might block waste flow, cost if for 20 years.	1 – URGENT	$9,331,830	$9,331,830	$0
Pipe lining Lining of existing pipes to reduce water infiltration, cost if for 20 years.	1 – URGENT	$15,000,000	$15,000,000	$0
Major valve repairs Repair major valves in system.	2 – IMPORTANT	$200,000	$200,000	$0
Meter replacement	2 – IMPORTANT	$8,400,000	$8,400,000	$0

7 CAPITAL IMPROVEMENT PLAN ECONOMIC DEVELOPMENT & EDUCATION

Economic development and education will form the foundation of the future of Flint and there will need to be multi- sector alignment and substantial investments in people, places, and planning to achieve the City's economic development vision.

The City of Flint was built on the automotive industry. While the auto industry continues to play an important role in the economy, other sectors are evolving including life sciences, transportation, distribution/logistics, advanced manufacturing, and information technology. The emergence of these and other industries is needed to diversify the City's economy and create growth and new opportunities for employment.

In addition, the City must also recognize that the 21st century economy is unpredictable and in constant flux. To stay competitive moving forward, the City must continually and proactively reassess its economic development strategies and targeted sectors of investment to meet changing market needs.

To realize the economic development and education vision and goals of the Master Plan, the City must support and in specifically, concentrate and coordinate work force and economic development facilities in line with the Master Plan, strive to reuse Brownfield sites for productive purposes, and ensure that educational facilities and opportunities are well connected and reinforced by the City's capital improvements and infrastructure.

CIP Vision for Economic Development & Education

Imagine Flint as a dynamic college town, a center of innovation and entrepreneurship, a top destination for medical sector companies, an international hub for trade and transportation and a community where residents of all backgrounds share equally in Flint's economic rebirth. Imagine an entrepreneurial youth population, equipped for success through a robust education system and an extensive network of local businesses and institutions. Imagine a thriving small business scene, where aspiring businesses owners are empowered to open shops in neighborhoods across the City. Imagine transforming our current liability of vacant land into new green spaces for economic growth, creating jobs for residents in alternative energy, local food production, or "green initiatives" fields.

CIP Overview

A sluggishly growing economy with a surplus of available work- force labor and inexpensive, vacant commercial space can be found throughout all areas of Flint. Reshaping the economy in Flint is a primary principle of the master plan and is addressed through a variety of new, unique place types that focus increased improvements and investment strategically within these areas.

Neighborhood Centers, City Corridors, Commerce & Employment Centers, Production Centers and the Innovation District should represent the focus of future economic development initiatives and capital upgrades.

By emphasizing repairs and enhancements to these areas of perceived development, nodes of higher density and activity can develop creating enhanced options for workforce development, employment centers and future residential market demand. By reducing the importance on capital projects within current areas of commercial build slated for future areas of non-commercial, the City can focus its limited resources to invest in the future to achieve the goal of reshaping our economy.

Key Partners

It is important to remember that some of Flint's largest institutions such as Flint Community Schools, University of Michigan- Flint, Kettering University, Mott Community College, Baker College, and Hurley and McLaren Medical Centers have significant capital improvement needs and confront similar challenges in funding projects. This presents the City with a unique opportunity to coordinate our capital improvement efforts, seek additional cost savings by combining projects, jointly applying for grants, and eliminating reiterative work.

Developing stronger ties with Flint Community Schools on capital improvements has great potential given that many schools (open and closed) are located next to City parks, such as the Stewart School and Brennan Park. This connectivity allows for cooperation on maintenance and on improvements to facilities. In the case of closed schools, this would help position the vacant buildings for adaptive reuse Examples of school adaptive reuse projects include community centers, art centers, and Flint's own Oak Street School, which is being transformed into apartments for seniors.

Economic Development & Education Policy

The economic development and education policies are derived from the Master Plan and should shape all projects moving forward. These policies should provide a framework for evaluating the merits of any capital improvement project.

For detailed discussion of each policy, please refer to the Master Plan section and the page referenced.

Community education.

The City and Flint Community Schools should work together to reestablish a sustainable version of community education, with schools serving as "homebases" within neighborhoods and providing programming, meeting space, and social services.

Master Plan reference: Community Education, p. 205

K-12 and college curriculum integration.

Social and educational partnerships should be developed between Flint's public schools, Kettering University, UM-Flint, Baker College, and Mott Community College in order to better prepare Flint's K-12 students for college.

Master Plan reference Integrating K-12 with Higher Education, p 208

Workforce development.

Adults, especially ex-offenders and those struggling with literacy should be provided with opportunities to gain additional education, skills, and training.

Master Plan reference. Adult Workforce Development, pp 208-209

Small business support.

Incentives, incubators, and assistance programs should be used to encourage small business development in the City Corridor and Neighborhood Center place types, especially in underserved areas experiencing significant levels of retail leakage.

Master Plan reference Supporting Small Businesses, pp. 210-213

Growth industries.

The City and its economic development partners should target retention and expansion efforts at the following six industries, which were determined by the Flint Regional Cluster Project to offer the highest potential for growth: life sciences; transportation, distribution, and logistics; automotive and transportation equipment manufacturing; machinery manufacturing; information technology; and food manufacturing.

Master Plan reference. Flint Regional Cluster Project, p. 203

Blue and green economy.

Leverage Green Innovation areas and the construction of the Karegnondi Water Pipeline for the creation of new "green" and "blue" jobs.

Master Plan reference Green Initiatives, p 214; Blue Economy, p. 214

Commercial demolition & revitalization.

A Commercial Areas Investment Framework, grounded in the Land Use Plan, should be developed that can created a targeted framework for demolition, public investment, and reuse of commercial properties.

Master Plan reference· Redeveloping & Repurposing Properties, p 215-216

Brownfields.

Capitalize on Flint's existing infrastructure and well-connected transportation network to spur redevelopment of the Buick City and Delphi East brownfield sites, in alignment with the Land Use Plan.

Master Plan reference: Redeveloping & Repurposing Properties, pp. 215-216

Downtown Revitalization.

Four catalyst projects were identified that can best continue revitalization efforts in the Downtown area: (1) development of the Flat Lot; (2) restoration of Capitol Theatre; (3)redevelopment of Riverbank Park, including better utilization of the University Pavilion and new waterfront park space; and (4)creation of the Flint Health and Wellness District.

Master Plan reference Downtown Flint, pp. 218-220.

Innovation District.

The City should encourage increased physical, social, and transportation linkages between key employers and institutional anchors clustered around the center of the City, from McLaren Regional Medical Center in the west through Downtown to Delphi East in the east.

Master Plan reference: Innovation District, p 221

New residents.

Residential growth into the City should be encouraged and incentivized, particularly for foreign-born immigrants, current commuters, veterans, young professionals, and city employees living in Flint.

ECONOMIC DEVELOPMENT & EDUCATION CAPITAL IMPROVEMENT PLAN

Placemaking

Flint's Innovation District encompasses the University Avenue and Court Street corridors, the Flint River, and Delphi East. This area includes the region's largest employers, research institutions, and cultural assets such as: Kettering University, Mott Community College, University of Michigan - Flint, Genesys Downtown Flint Health Center, Hurley Medical Center, McLaren Regional Medical Center, Delphi East, and the Flint Cultural Center. Capital improvements within the Innovation District should be evaluated and prioritized to maximize benefits to the district's anchor institutions and their users.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Innovation District Comprehensive Plan The Innovation district stretches from the McLaren Regional Medical center in the west, to Mott Community College in the east, and also contains Flint's Downtown, Kettering University, and other civic and cultural assets.	2 – IMPORTANT	$150,000	TBD	TBD
Wayfinding Signage – Innovation District Expand wayfinding program to roadways within the Innovation District, consistent with the design of the Downtown wayfinding program.	3 – DESIRABLE	TBD	TBD	TBD
Grand Traverse Greenway Trail Development 3-mile multi-use trail on the abandoned CSX Railroad to connect Downtown Flint, the Flint River, and surrounding neighborhoods to the southern part of the City.	2 – IMPORTANT	TBD	TBD	TBD
International Academy Safe Routes to School Improvements Improvements include: replacing sections of sidewalk along Oakley Street and Saginaw Street, updating ADA ramps and installing pedestrian heads at Oakley and Grand Traverse Street, and repainting crosswalks and updating pedestrian lights at Oakley and Saginaw.	COMPLETED			

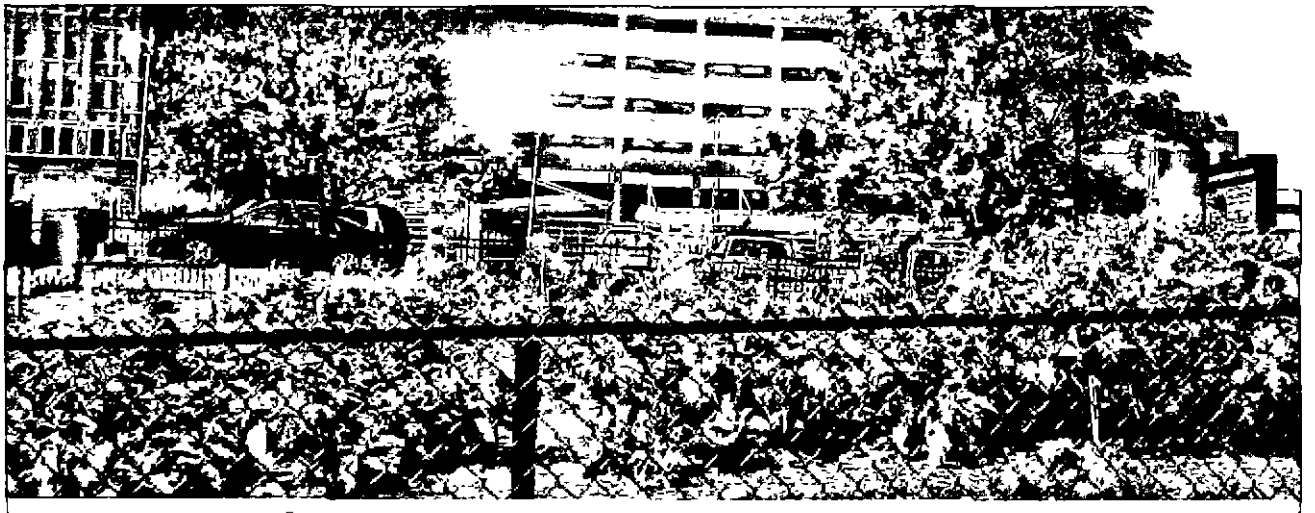
Commercial Area Enhancement

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Buick City Accelerator Building Development and construction of a spec. building that would serve as an incubator on the Buick City site and allow for organizational growth.	2 – IMPORTANT	TBD	TBD	TBD
Commercial Structure Demolition Working from the Blight Elimination Framework, 432 blighted commercial structures have been identified as priority demolitions to enhance economic development within City commercial/retail nodes.	2 – IMPORTANT	$21,600,000	TBD	TBD
Oak Business Center Facility Improvements Current large parking lot (formerly the lot of an auto dealership) needs to be replaced. Asphalt will be torn out and replaced and new striping put down.	COMPLETED	$50,000	$50,000	$0

Information Technology Upgrade

Information Technology Services for the City of Flint is responsible for planning and upgrading the information technology systems that allow the city to remain responsive and efficient when providing services to residents. A goal of the City is to develop free wireless internet accessibility in key community areas.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Consolidation and Construction of City owned Fiber Optic Network The construction and upgrade of Fiber optic communication lines that connect City offices in a Metropolitan Area Network (MAN) can strategically be done with Collaboration and consolidation partners such as the GISD and local universities can connect networks. The benefits are lower operating costs and more control and flexibility. Investment lasts 12 Years.	2 – IMPORTANT	$240,000	$240,000	$0
Mesh Wireless Internet Accessibility for Residents A community run wireless network could be created with Mesh technology. Currently this technology is being piloted in Detroit and can be applied to Flint	3 – DESIRABLE	$900,000	TBD	TBD



community organizations must

Crime affects not only the everyday quality of life for Flint's residents, but also the City's regional and national perception. Moving forward, increasing the safety of residents will be dependent upon providing adequate resources to our at-risk youth; finding innovative new strategies, technologies, and partnerships to prevent *crime; and sustaining* effective, proactive, and responsive police and fire departments.

The transportation systems that this CIP works to improve and inspire are important not for their own sake but for the public safety, health, and welfare that they work to *advance. Healthy transportation* choices will rely on investment in sidewalks, bike paths, and supporting systems that provide full accessibility to all residents, regardless of age or level of mobility.

Social service providers and reinforce agencies and institutions that provide health *care and education. Through* this holistic and collaborative approach, the Flint community will be empowered to instill positive change that leads to a healthier population and a higher quality of life.

CIP Vision for Public *Safety, Health &* Welfare

Imagine Flint as one of the safest cities in the country, with a proactive and technologically- savvy police force trusted by residents. Imagine Flint as a regional hub for fresh and locally grown produce, where a thriving movement of entrepreneurial growers transform vacant lots into gardens and provide healthy food to schools, farmers markets, restaurants, and stores across the City Imagine all of Flint's youth growing up in stable neighborhoods that *are clean, safe, and* welcoming, patrolled by police officers known to residents and home to community centers providing around-the-clock activities and services for youth

CIP Overview

The City faces a constant battle against extremely high levels of crime and the general health welfare of Flint residents. Strapped with debilitating staffing levels, public safety operations must be at the forefront of efficiency to ensure adequate service support for the Flint community. Old and dysfunctional facilities must be prioritized first and receive significant improvements and upgrades in order to meet the growing need and demand for smart, data driven policing and fire safety procedures. As noted previously in the com- munity facilities section, a study to determine the feasibility of full re- habilitation or potential new build remains of substantial importance.

Key Partners

The City only has five community centers: Haskell, Berston, Hasselbring, Brennan, and McKinley. Two of these centers are so well utilized that they have already exceeded their capacity, demonstrating a clear need for community centers in the City, especially for youth.

Throughout the Master Plan, we overwhelmingly heard from youth that there are no safe places to go. Youth often cited this fact as a reason from high crime in the City. Thus, it is critical that the City work with community partners to raise substantial funds to make much needed upgrades to these community facilities. Sadly, with the City's fiscal crisis, little has been done to these facilities, but based on the priorities outlined in the Master Plan, funding improvements to these facilities must be a priority. When cities have invested in community centers, they often have seen significant declines in crime.

Public Safety, Health & Welfare Policy

The public safety, heath, and welfare policies are derived from the Master Plan and should shape all projects moving for- ward. These policies should pro- vide a framework for evaluating the merits of any capital improvement project. For detailed discussion of each policy, please refer to the Master Plan section and the page referenced

Facility maintenance and location.

To ensure the long-term viability of the City's public safety facilities, the City should conduct on-going maintenance, employ new technologies, increase energy efficiency, and identify consolidation opportunities. The location of Neighborhood Service Centers should be aligned with the Land Use Plan

Master Plan reference State-Of- The-Art Police & Fire Departments, pp 238-239, Government Facilities, p 178

Police and Fire Department staffing.

New revenue streams and strategies should be identified that can help sustain adequate personnel levels, including grants, inter-department collaboration, and possible creation of an auxiliary or reserve force.

Master Plan reference· State-Of- The-Art Police & Fire Departments, pp 238-239.

Crime Prevention through Environmental Design (CPTED).

Environmental contributions to crime should be eliminated through strategies such as territoriality, natural access control, informal surveillance, regular maintenance, and code enforcement.

Master Plan reference Crime Prevention through Environmental Design, p 242

Community policing and holistic partnerships.

The City and law enforcement entities should take a holistic approach to public safety through partnerships with community organizations, social service providers, educators, and health providers that can built trust with residents and offer alternative paths to at-risk youth and ex-offenders. The development of "wrap-around community centers" was identified by residents as one of the most important steps towards achieving this end.

Master Plan reference Community Partnerships, p 242-244

Healthcare access.

While the City's role in healthcare is very limited, it should actively support policies, practices, and funding opportunities that increase awareness of existing services, expand services, increase accessibility of facilities, and reduce citizen dependence on drugs, alcohol, and smoking.

Master Plan reference. Community Partnerships, p. 242-244

Urban food production.

Vacant lots and green space should be used for localized food production that can generate affordable fresh foods for residents.

Master Plan reference Nutrition & Access to Produce, pp 250-252

Physical activity & exercise.

Changes in policies, programs, and the built environment (e.g. walkability and bikeability) should play a proactive role in reversing poor health trends and increasing healthy lifestyles.

Master Plan reference Physical Activity & Exercise, pp 252-253

PUBLIC SAFETY, HEALTH & WELFARE CAPITAL IMPROVEMENT PLAN

Police Department

The facilities of the FPD include Police Headquarters, located on the City Hall Complex site, along with several service centers. The headquarters facility has a number of issues associated with it. Constructed at the same time as City Hall (1956), the 62,400 square foot building suffers from many of the same problems and inefficiencies. Many building components are outdated and in need of maintenance or replacement. The building is extremely energy inefficient. The list of necessary capital improvements for FPD facilities is only a portion of what is likely needed, and there are serious questions as to the long-term viability of at least some of the buildings considering their age, condition, and cost of corrections needed. The City should consider including in a study of options for right-sizing their facilities to meet projected staffing needs the needs of the Police Department, especially the head- quarters. Opportunities could also exist as part of the implementation of the Master Plan to repurpose FCS facilities into combined police mini-stations/ community centers/senior centers.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Police Station bridge to 5th Street Improvements to the public access from 5th Street. Includes improvements for emergency exit from facility by employees.	1 – URGENT	$30,000	$30,000	$0
Flint City Lock-Up Door Replacements Replace doors in temporary lock-up facility located on the 3rd floor of Police Station. Doors currently do not operate or close as they should.	1 – URGENT	$50,000	$50,000	$0
Police Station HVAC Improvements to the heating and cooling system at Police Station.	2 – IMPORTANT	$1,685,000	$1,685,000	$0
Police Station remodeling Remodeling of interior space.	2 – IMPORTANT	$250,000	$250,000	$0
Police Station roof repairs Repairs to the roof to prevent and correct leaks.	1 – URGENT	$100,000	$100,000	$0
Police Station electrical upgrades Improvements to the electrical system at the Police Station.	2 – IMPORTANT	$200,000	$200,000	$0
Police Station -Property Room Fencing and shelving for property, Move blood drying cabinets to MPO and construct venting system, create electrical supply for blood drying Cabinets, connect water supply to Blood Drying Cabinets. Electronic door entry readers, Dehumidifiers, Air purifiers, Labor to move Drying cabinets, sprinkler Fire Suppression System, Security Cameras and paint.	1 – URGENT	$209,450	$209,450	$0
Police Station- General Improvements New paint and replacement of kickplate trim throughout entire building. Replacement of windows and fix the flooding issues on east end of building	1-URGENT	$517,000.00	$517,000.00	$0
Police Station- Patrol Operations Upgrades Upgrades include removing old wiring, flooring, ceiling tiles and replacing with new wiring, new paint and new carpet.	1-URGENT	$68,900	$68,900	$0

Police Department

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Police Station- Control Center (formally TRU) New wire room for feeds, installation of new video monitors and replacement of ceiling tiles and new paint	1-URGENT	$21,500	$21,500	$0
Police Station- Juvenile Offices Repairs and upgrades to the offices include flooring, bathrooms and holding cells	2- IMPORTANT	$30,000	$30,000	$0
Police Station Lighting Installation of new, motion sensor lights	2-IMPORTANT	$100,000	$100,000	$0
Police Station- Front Desk Workspace overhaul and remodel.	2- IMPORTANT	$20,000	$20,000	$0
Police Station- Traffic Bureau Replace carpet and new paint	2- IMPORTANT	$8,500	$8,500	$0
Police Station HVAC Improvements to the heating and cooling system at Police Station.	2- IMPORTANT	$1,685,000	$1,685,000	$0
Police Station- Crime Stoppers Office Replace carpet that was flooded and now smells moldy	2- IMPORTANT	$5,000	$5,000	$0
Police Station- Women's Locker Room Replace broken toilet in handicapped stall	2- IMPORTANT	$500	$500	$0
Police Station – City Lock Up Substantial upgrades and rehabilitation to the BLOCK's, Female holding area and the Booking Room	2- IMPORTANT	$35,000	$35,000	$0
Police shooting range Improvements to police shooting range.	REMOVED			

PUBLIC SAFETY, HEALTH & WELFARE CAPITAL IMPROVEMENT PLAN

Fire Department

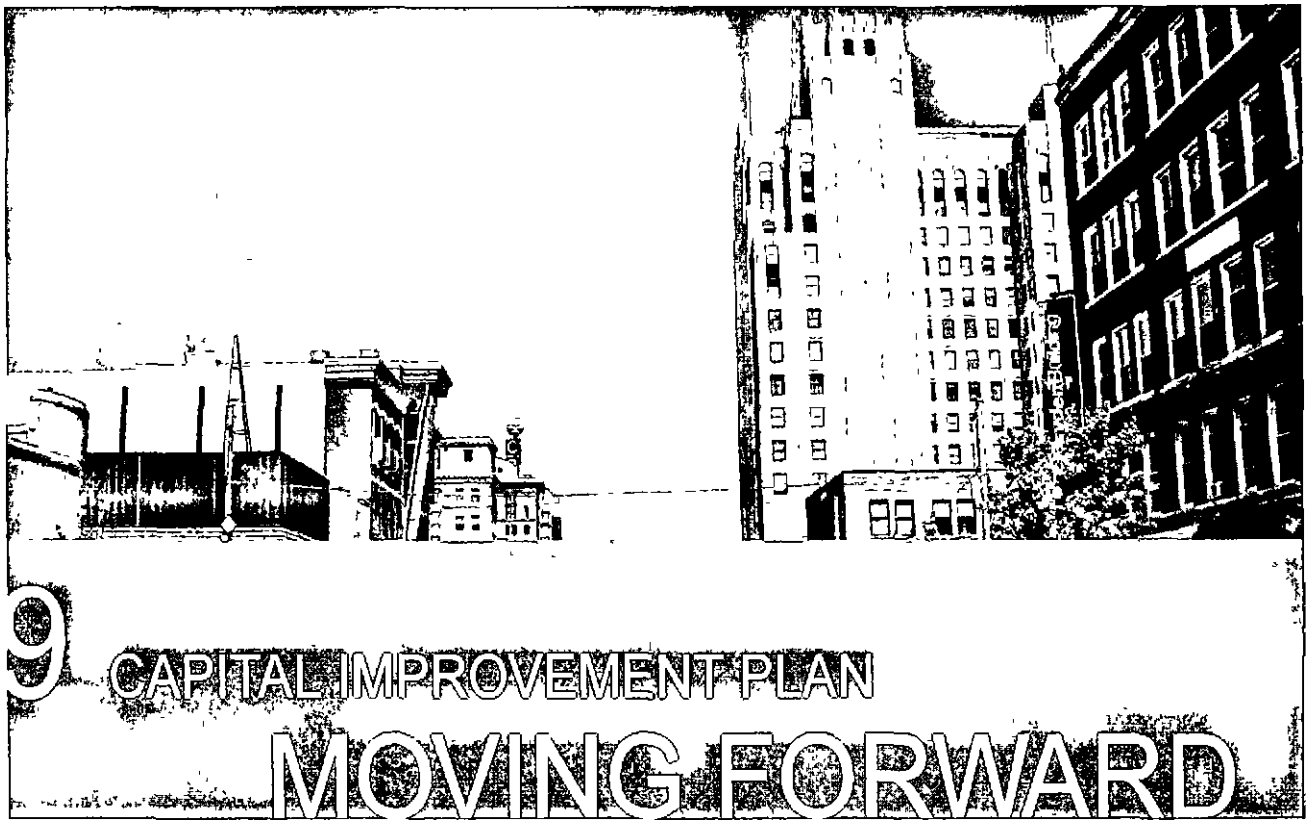
The Fire Department includes six (6) fire stations (with old Station 5 and Station 7 being closed) which are in various conditions. All have needs to varying degrees for upgrades or other improvements. There is no comprehensive facility assessment known for any of the fire stations and this should be considered. It is very likely that these facilities have many of the same issues as others of the City, with the added concerns of FFD staff being on duty 24 hours, 365 days a year. The assigned station is home to firefighters, who perform their duties as assigned, eat, and sleep at the station. This aspect presents unique issues not present in other facilities, such as kitchen remodeling and updates appliances, etc.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Atherton Road Station Roof Repair Repairs to the roof at the Atherton Road Fire Station.	1 – URGENT	$10,000	$10,000	$0
Fire Station 2 Roof Repairs to the roof at Fire Station 2.	1 – URGENT	$15,000	$15,000	$0
Fire Station 1 Kitchen Remodeling of the kitchen at the main Fire Station.	2 – IMPORTANT	$60,000	$60,000	$0
Fire Station 5 Miscellaneous Items Updates and maintenance to miscellaneous items at Fire Station 5, including security upgrades, Nederman unit, bay door, refrigerator, etc.	2 – IMPORTANT	$90,000	$90,000	$0
Fire Station 8 Miscellaneous Items Updates and maintenance to miscellaneous items at Fire Station 8, including tiles, plumbing, Nederman unit, HVAC unit, etc.	2 – IMPORTANT	$95,000	$95,000	$0
Fire Station 6 Miscellaneous Items Updates and maintenance to miscellaneous items at Fire Station 6, including minor roof repairs, HVAC unit, tiles, lighting, painting, etc.	2 – IMPORTANT	$96,500	$96,500	$0
Fire Station 1 Miscellaneous Items Updates and maintenance to miscellaneous items at Fire Station 1, including a new HVAC unit, carpeting, ceiling tiles, painting, etc.	2 – IMPORTANT	$145,000	$145,000	$0
Fire Station 3 Miscellaneous Items Updates and maintenance to miscellaneous items at Fire Station 3, including a new AC unit, minor roof repairs, parking lot gate, bay door, etc.	2 – IMPORTANT	$150,000	$150,000	$0
Fire Station 4 Miscellaneous Items Updates and maintenance to miscellaneous items at Fire Station 4, including various systems and furnishings.	2 – IMPORTANT	$150,000	$150,000	$0
Fire Station 1 HVAC Improvements to the heating and cooling system at Fire Station 1.	2 – IMPORTANT	$845,000	$845,000	$0
Fire Station 1 Roof Replacement Replace roof at Fire Station 1.	COMPLETED	$127,400	$127,400	$0

Community Wellbeing

The City currently has two senior centers (Brennan and Hasselbring), two youth centers (Berston and Haskell), and the McKinley Center (run by VISTA Drop-In Center). All are well utilized, with programming at all of the centers if provided by various non-profit partners. Some are utilized to the point that they physically cannot accommodate more users without capital investments, an indication of the need for more centers and partners to help with programming. Utilization of senior and community centers can be a key component in implementation of the Master Plan and many of the different place types, which can include adaptive reuse of FCS facilities. There is an immediate need for improvements at the two senior centers and it is likely that improvements are needed at the others. Identifying funding for necessary projects needs to be a priority, along with project partners.

PROJECT NAME	PRIORITY	TOTAL COST	CITY COST SHARE	NON-CITY FUNDS
Facility Needs Assessment Undertake a study to identify improvements needed at the various com- munity centers (Berston, Brennan, Haskell, Hasselbring, and McKinley) and identify long term goals for providing services at each center.	1 – URGENT	TBD	TBD	TBD
Soil\Turf repairs at Haskell Youth Center Soil cap design and construction for the demolished swimming pool site at Haskell Youth Center.	2 – IMPORTANT	$13,000	$13,000	$0
Pierce Community Center HVAC Replacement of air conditioning units at Pierce Community Center.	3 – DESIRABLE	$15,000	$15,000	$0
Fire Sprinkler System at Berston Field House Fire sprinkler system installation at Berston Field House. Cost estimate by Sedgewick & Ferweda Architects in on- site survey and analysis report (May 19, 2014).	3 – DESIRABLE	$150,000	$150,000	$0
LED Lighting Conversion Convert existing lights at city-owned community centers (including Berston, Haskell, Pierce, McKinley, Mott Park, Brennan, and Hasselbring) to high- efficiency LED fixtures to reduce long-term utility costs. Total cost represents a rough estimate based on the cost of conversion for gym lighting at Berston Field House.	3- DESIRABLE	$210,000	$210,000	$0
Bishop & MLK Service Center Improvements to the Service Center that are needed.	COMPLETED	$50,000	$50,000	$0
Berston Lighting Improvements Installation of new energy efficient lights	COMPLETED	$37,850	$37,850	$0
McKinley Center HVAC Repairs Emergency replacement of multiple furnaces in the McKinley Center	COMPLETED	$10,194	$10,194	$0
Hands Free Faucets **Installation of hands-free faucets at Berston, Haskell, McKinley, and Mott Park.**	REMOVED			



9 CAPITAL IMPROVEMENT PLAN
MOVING FORWARD

NEXT STEPS

The City of Flint is gathering significant momentum towards a rebirth. Implementation of the Master Plan will require significant capital investments. The projects listed in this CIP are but a fraction of what is needed for the City to once again attain its previous status.

The next steps required for the growth and development of Flint over the next 20 years include:

- Use of the Master Plan to guide City policies and decision-making;
- Review and update of the Zoning Ordinance, which is currently underway, and other development controls to reflect policies presented in the Master Plan;
- Use of this CIP to plan for recommended infrastructure improvements,
- Promote cooperation and participation among various agencies, organizations, community groups, and individuals;
- Prepare and implement a 5-year Strategic Plan to prioritize objectives and list accomplishments of preceding years;
- Explore possible funding sources and implementation techniques for projects;
- Enhance public communication and community engagement in decision-making; and,
- Update the CIP, Strategic Plan, and Master Plan at regular intervals.

ADOPTING AN ANNUAL CIP PROCESS

The CIP is a distinct element of the annual budget process that flows through City government in separate, but linked channels. The CIP process typically occurs earlier than the budget process, as the CIP will be used in developing the capital projects portion of the annual budget. The process for developing the CIP generally involves the following steps

Step 1: Organize the Process

Since the City has not had a formal process for collaborating on development of a CIP, the first step should be to develop and organize a process for doing so. Staff members whose work duties, responsibilities, and/or expertise are impacted by or affect capital improvement projects should be identified as members of the CIP Team. These meetings should occur on a regular basis throughout the year and not wait until immediately prior to the budget process, as the CIP process will take on less meaning if it is merged in any way with the budget The CIP draft should be completed well prior to beginning the budget process, with adjustments to the CIP made as needed based on budget discussions.

Step 2: Identify Needs

Each member of the CIP Team identifies the needs within or affected by its particular asset area. Team members should develop their CIP "wish list" of needs for facilities they are responsible for throughout the year and bring this list to the first CIP Team meeting. These needs can be identified by reviewing the findings of the City's various master plans, maintenance records and experiences of staff, and citizen requests submitted since the last CIP process.

Step 3: Identify Key Scope Items

Next, each member of the CIP Team identifies key scope items that are likely to influence the cost and/or schedule requirements of the project to address the needs. These items may include: impacts to natural features; changes to the character of an area; locations within established boundaries such as historic districts, DDA, Master Plan place types, etc.; impacts on other utility infrastructure systems or their operations; special assessment or other outside funding component; need to obtain right-of-way or easement area; or, require a public engagement process.

There are tools that can be utilized in this process. One is the utilization of the City's geographic information system (GIS), which should contain an inventory and status or condition of many of the key items listed above. By identifying the location of a particular need, the presence or absence of many key items can be determined. Another tool, though not as technical as the GIS, is the broad perspective of the CIP Team members. By leveraging the expertise of the various staff involved with, or affected by, the operations and improvement of a particular asset area, many critical scope items can be factored into the planning and programming of a project to address a particular need.

If these scope items are not taken into account as part of the CIP process, the implementation of many projects is likely to encounter delays and cost over- runs as these items are discovered during the actual project study and design activities.

Step 4: Prioritize Needs

The key task for the CIP Team is to evaluate and prioritize the many identified needs. This is a critical component of the CIP process. Project selection and scheduling is constrained by the amount of funding anticipated to be available for capital projects. Shrinking funds and rising costs incurred in maintaining and rehabilitating deteriorating infrastructure make the process of selecting the most vital capital projects even more crucial and difficult. The merits of each need must be judged against the policies and criteria of the CIP process and the goals of each component of the Master Plan, as well as against the other competing needs.

Collaborative Classification Process

This CIP utilizes the collaborative classification method to prioritize projects. This method considers the varied perspectives on a given project to arrive at a prioritization relative to the other needs within that project category.

Prioritization or Weighting Model

Some communities utilize a detailed, yet clear method of prioritizing projects. The City of Flint should consider use of a prioritization or weighting model, which employs the following procedure.

1. Determine the decision criteria to be used in the prioritization analysis

2 Assign relative weights to the criteria from 0 to 100, with 100 being the most important
criteria and the others weighted relative to the most important

3 Determine performance measures from 0 to 10 for each criterion

4. Score each need/project for each criterion

5. Run the model

The results of the prioritization model express the overall, relative benefit of each need/project compared to the others in that particular category. These results are reviewed to confirm that the criteria, weighting, and scoring have not produced improper results. If it is determined by the team that some aspects of the results are in- appropriate, the criteria, weighting, and/or scoring should be reviewed and adjusted and the model re- run. The purpose of this iterative process is to better calibrate the model, but care must be taken to not adjust the model to produce "desired" results.

Note that while priorities for projects are included in the project listings, it is incumbent on the City to determine the final priority for projects between departments once department heads have prioritized projects within their own area of responsibility. Regardless of the method employed (prioritization model, collaborative process, or other means), this step is to be conducted without consideration of project cost or availability of funding or staffing resources. The goal of this step is to assign a priority to each project to allow for subsequent steps to be completed.

Step 5: Schedule Projects

During previous steps, CIP Team members identified needs, developed scope, and prioritized needs based on use of some method for doing so. An item of major importance is the scheduling of projects based on the initial estimate of the project costs, proposed funding source(s) for those costs, and prioritization.

The CIP Team members should develop an initial proposed schedule for the projects based on their understanding of the need and its relative priority within its asset category. Unlike a budget, a CIP is not required to be fiscally constrained based on available dollars, but it should have some semblance of reality to be effective and serve its intended purpose of providing guidance to future budget cycles.

The projects should initially be grouped by the fiscal year in which funding is proposed. The CIP Team should then evaluate each fiscal year grouping and adjust project schedules until an overall schedule of projects is established wherein:

Higher priority needs are addressed before lower priority needs.

Available funding limits are not exceeded for the upcoming budget cycle.

Staffing resources are anticipated to have capacity to perform the projects.

Step 6: Prepare, Adopt & Approve

As the process continues, and increasingly detailed information emerges, projects may be added, altered, or abandoned. Eventually, the CIP Team arrives at a final list of projects that is submitted to the City Planning Commission for review.

The Planning Commission evaluates the CIP package in light of additional information, holds a public hearing, and makes final programming decisions before adopting the CIP and sending it on to City Council. Council approves the CIP after its review. Approval is not a commitment to finance the approved projects, but is a statement of policy regarding the City's approach to meeting its future capital needs. However, the first two years of the CIP do form the initial basis for the Capital Projects Budget portion of the City's Annual Budget.

Policy Assessment

The City Council ultimately approves the assumptions, criteria, policies, and recommendations of the CIP Team and City Planning Commission by approving the CIP. Depending on the policy orientation, modifications are expected throughout the process. This is considered an essential part of the procedure, placing the burden on those who dissent to assess the policies underlying the recommendations and to advocate their differences, resulting in the necessary evolution of the entire capital planning process.

Highlight Priority Needs Regardless of Funding

It is inevitable that the number of projects required to address all of the City's infrastructure needs will exceed the available funding. In the endeavor to provide better service to the community, capital projects are proposed at times which, unfortunately, are moved to a later date when funding is available, or are determined to be un- funded or unprogrammed. This process should not discourage staff from continuing to submit identified needs, but should develop into a mechanism to help in the effort to uncover alternate sources of funding and see that higher-priority projects get implemented.

APPENDIX

The attached Appendix includes the CIP spreadsheet that pro- vides more detailed information about budget cycles, funding sources, and project costs for projects listed in this CIP Several projects do not have a detailed scope or cost determined and there are numerous additional studies and investigations needed for the City to document existing conditions and fully understand infrastructure and capital improvement needs. Additional discussion on "Moving Forward" can be found in Chapter 12 of the Master Plan.

Byrne, Randall (Treasury)

From: Cline, Richard (Treasury)
Sent: Tuesday, January 19, 2016 4:23 PM
To: Byrne, Randall (Treasury)
Cc: Schafer, Suzanne K. (Treasury)
Subject: RE: Message from "RNP002673A81665"

Importance: High

Randy,

I have reviewed our information and I can only confirm a few pieces of information that are highlighted:

- December 20, 2012 – While I have no specific information on this listing, Treasury and the City met with TYJT on December 21 to review options on either going with KWA or staying with DWSD. I believe this was a presentation of TYJT's preliminary report. I also have a reference that on December 21, the City received a new proposal from DWSD for water purchases. These points are outlined in a January 23, 2013 memo to the State Treasurer.

- March 12, 2015 – I can confirm this is the date that Veolia released its report. We have a copy of this document.

- January 9, 2015 – I have no specific information on this issue. However, it is worth noting that it was at this time that the TTHM issue also began. Much of our information from this period concerns this issue. The TTHM issue was not resolved until early September 2015. The earliest reference I see on a lead issue is late September.

This is all of the information that I can find to cross-reference.

I should note that many of these events our office was not directly involved.

If you have further questions, let me know.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517)[redacted] Traverse City Office (231) 922-5228
E-mail cliner1@michigan.gov

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From: Byrne, Randall (Treasury)
Sent: Tuesday, January 19, 2016 3:25 PM
To: Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: FW: Message from "RNP002673A81665"
Importance: High

Eric:

Please review and discuss.

Randy

From: Saxton, Thomas (Treasury)
Sent: Tuesday, January 19, 2016 3:17 PM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: FW: Message from "RNP002673A81665"
Importance: High

Wayne & I are tied up for the next hour+. Can you guys start looking at this.

From: Khouri, Nick (TREASURY)
Sent: Tuesday, January 19, 2016 3:14 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: FW: Message from "RNP002673A81665"

Wayne and Tom

We need to quickly look at this and see if we agree

Thanks

From: Posthumus, Dick (GOV) [mailto:Posthumusd@michigan.gov]
Sent: Tuesday, January 19, 2016 2:50 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Sally Durfee <durfees@michigan.gov>; Sally Durfee <sdurfee05@hotmail.com>
Subject: Fwd: Message from "RNP002673A81665"

Let me know if this is accurate Thanks
Dick

Sent from my iPhone

Begin forwarded message:

> **From:** "Posthumus, Dick (GOV)" <Posthumusd@michigan.gov>
> **Date:** January 19, 2016 at 1:53:44 PM EST
> **To:** "Redford, James (GOV)" <RedfordJ@michigan.gov>, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>, "Agen, Jarrod (GOV)" <AgenJ@michigan.gov>, "Creagh, Keith (DEQ)" <creaghk@michigan.gov>, "Pallone, Maggie (DEQ)" <PalloneM@michigan.gov>, "Lyon, Nick (DHHS)" <LyonN2@michigan.gov>, "Ruest, Karla (DHHS)" <RuestK@michigan.gov>
> **Subject: FW: Message from "RNP002673A81665"**

To all;
Senator Ananich would like to add additional items to our timeline that I sent. They are highlighted and I think show up on this scan. Please look at and let me know if they are factual (DHHS and DEQ) (and if you say they aren't tell me why because Senator Ananich will have his info). I want to make sure we are accurate as to what happened when. Need to know as soon as possible (by end of day would be nice)
Dick

-----Original Message-----
From: legislative_scanner@michigan.gov [mailto:legislative_scanner@michigan.gov]
Sent: Tuesday, January 19, 2016 1:35 PM
To: Posthumus, Dick (GOV) <Posthumusd@michigan.gov>
Subject: Message from "RNP002673A81665"

This E-mail was sent from "RNP002673A81665" (MP C3503).

Scan Date: 01.19.2016 13:34:47 (-0500)
Queries to: legislative_scanner@michigan.gov

Pleyte, Beth (Treasury)

Sent: Tuesday, January 19, 2016 5:07 PM
To: Khouri, Nick (TREASURY); Workman, Wayne (TREASURY)
Cc: Stanton, Terry A. (Treasury)
Subject: RE: Message from "RNP002673A81665"
Attachments: 20160119133448197.pdf

Per our conversation a lot of these dates involve DEQ et al in which we/Treasury did not play a role i.e., someone else would need to confirm their accuracy.
Items we would question from the document or need to investigate further...

12/20/12 (p.1) - we don't have the notification that is referenced

3/29/13 (p.2) – we are not aware of any veto by Kurtz.

The early offers by DWSD to reconnect were rejected because of the cost, they were long term & the fact the City had executed a contract with KWA.

3/12/15 – the Veolia report did mention corrosion control but the focus was on TTHM which was chlorination issue not related to the lead problem. I believe Treasury funded the study.

From: Khouri, Nick (TREASURY)
Sent: Tuesday, January 19, 2016 3:14 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: FW: Message from "RNP002673A81665"

Wayne and Tom

We need to quickly look at this and see if we agree

Thanks

From: Posthumus, Dick (GOV) [mailto:Posthumusd@michigan.gov]
Sent: Tuesday, January 19, 2016 2:50 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Sally Durfee <durfees@michigan.gov>; Sally Durfee <sdurfee05@hotmail.com>
Subject: Fwd: Message from "RNP002673A81665"

Let me know if this is accurate Thanks

Dick

Sent from my iPhone

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Date: January 19, 2016 at 1:53:44 PM EST
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Subject: FW: Message from "RNP002673A81665"

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-----Original Message-----
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Sent: Tuesday, January 19, 2016 1:35 PM
To: Posthumus, Dick (GOV) <Posthumusd@michigan.gov>
Subject: Message from "RNP002673A81665"

This E-mail was sent from "RNP002673A81665" (MP C3503).

Scan Date: 01.19.2016 13:34:47 (-0500)
Queries to: legislative_scanner@michigan.gov

Summary of Flint Water Date Timeline and Background Information

Overall

- The health and welfare of Flint residents is a top priority and Governor Snyder is committed to a coordinated approach with resources from state agencies to address all aspects of this situation.
- Governor Snyder has requested support from the Federal Emergency Management Agency (FEMA) to coordinate with other federal agencies to provide resources to Flint as we work on short-term and long-term solutions for residents.
- About a month after Governor Snyder became aware that the city of Flint's water showed elevated lead levels and that the state's handling of the situation was being questioned, he requested funding to switch the source back to the Great Lakes Water Authority and appointed an independent task force to identify possible missteps and areas for improvement.
- On Jan. 11 Gov. Snyder created the Flint Water Interagency Coordinating Committee (FWIACC), which will bring together a wide range of experts to work on long-term solutions to the Flint water situation and ongoing public health concerns affecting residents. The FWIACC is made up of experts from government and the Flint community and will set a course of action to remedy the water situation and resulting health issues, and carry on long after the emergency declaration expires.
- The independent Flint Water Task Force is continuing a full review of all local, state and federal actions that led to the current situation in Flint. A detailed report will be released upon completion.

In response to initial findings from the Flint Water Task Force, Governor Rick Snyder accepted the resignation of the Director of the Michigan Department of Environmental Quality.

Here is a summary timeline of the Flint water events:

2006

January: Discussions regarding Karegnondi Water Authority start.

2011

July: Flint receives the results of a study they commissioned examining the feasibility of processing water from the Flint River in the Flint Water Treatment plant. That analysis says that getting the plant up to speed could take as long as five years and nearly $50 million.

November 8: The State of Michigan declares a financial emergency in Flint.

November 29: Governor Snyder appoints Flint's first Emergency Manager, Michael Brown.

2012

December 20: The City of Flint notifies the Department of Treasury that it is no longer considering using the Flint River as a primary water source.

2013

March 25: Flint City Council votes on a resolution presented to them by Emergency Manager Ed Kurtz to join the Karengondi Water Authority. Although the council approves the resolution 7-1, the council alters the quantity of water to be purchased from KWA before they vote.

March 29: Flint Emergency Manager Ed Kurtz vetoes Flint City Council's changes to the KWA resolution and signs an Executive Order to join KWA.

April 12: State of Michigan approves of the decision for Flint to join KWA.

April 16: City of Flint Emergency Manager Ed Kurtz signs agreement to switch from Detroit Water and Sewerage Department water source to KWA. DWSD sets termination of Flint water service for April 17, 2014.

April 17: DWSD says it will stop selling water to the City of Flint in April 2014.

June: Flint notifies the DEQ of intent to operate the Flint Water Treatment Plant full-time using Flint River for drinking water.

2014

February 12: DWSD writes a letter offering to continue to provide service after April 2014.

Mid-March: City of Flint decides to use the Flint River as a water source.

April 4: Flint files its application with DEQ for a permit to treat Flint River water. Reportedly, DEQ normally takes 30 to 45 days to approve these permits.

April 10: DEQ issues Flint Water Treatment Plant construction permits for full-time operation enhancements.

April 18: DEQ visits the Flint Water Treatment Plant to ensure the permitted upgrades have been completed.

April 25: City of Flint switches to Flint River water.

July: DEQ begins the first six-month Flint lead-copper monitoring report. Part of EPA corrosion control protocol. Although DEQ is requiring the city to conduct lead and copper monitoring, they are not requiring the city's water treatment plant to use any form of corrosion control, which would cost about $60 a day.

October: GM stops using Flint water because of corrosion problems.

December: First round of lead-copper monitoring results come back at 6 ppb. Flint's two prior lead results were 0 ppb. Although these results were due January 10, 2015, they were not finalized until February 27, 2015.

2015

January 1: DEQ begins second six-month Flint lead/copper monitoring period.

January 9: UM-Flint begins testing its water and ultimately finds elevated lead levels in water on campus. They alert city officials.

January 12: DWSD offers Flint's emergency manager a waiver of the $4 million reconnection fee to switch back to Detroit water.

January 26: Flint releases its Capital Improvement Plan, which includes provisions for a phosphoric acid feed system for corrosion control.

February 26: The EPA discusses a resident's water sample testing results with the DEQ. High levels of lead (104 ppb) were found in the water at the residence.

February 27: DEQ responds to the EPA saying that the Flint Water Treatment Plant has an optimized corrosion control program.

February: EPA offers to send a corrosion control expert to Flint, and DEQ ignores the offer.

March 12: Consultant Veolia, which was hired by Flint's emergency manager, releases its final water quality report for Flint that includes the recommendation for corrosion control.

March 23: Flint City Council votes 7-1 to return to DWSD water. The city's Emergency Manager does not approve the switch, so the city continues to rely exclusively on the Flint River for water.

April 24: DEQ indicates no corrosion chemical (orthophosphate) in place. DEQ staff were following an incorrect interpretation the EPA protocol for two six month testing periods (to end in July), which requires corrosion control.

May 28: Sample results from the residence noted with high lead levels on Feb. 26 show lead levels improved after a new copper service line installation.

June 24: EPA official Miguel Del Toral releases a memo about high lead levels in Flint.

July 9: Flint water treatment official emails DEQ admitting that Flint was in violation for having two few samples. The deadline for the January-June 2015 report is July 10.

July 10: DEQ staffer replies to Flint water treatment official saying that DEQ was "discussing options" regarding the number of samples Flint was required to collect.

July 13: DEQ spokesman Brad Wurfel says, "anyone who is concerned about lead in the drinking water in Flint can relax."

July 21: A conference call between EPA and DEQ officials reveals that EPA experts do not agree with DEQ's interpretation of the Lead and Copper Rule with respect to corrosion control requirements.

July 28: Flint WTP sends a lead and copper report to DEQ. Its results are above the EPA action level, but this report is ultimately labeled a draft.

July 28: Excerpt response from Childhood Lead Poisoning Prevention program head:

"We compared lead testing rates and lead testing results to the same time frame for the previous 3 years, to see if there were any patterns that suggested that there were increased rates of lead poisoning after the water supply was switched.

- Lead testing rates remained about the same from year to year
- There was a spike in elevated blood lead tests from July-September 2014
- However that pattern was not terribly different from what we saw in the previous three years,

especially in 2011-2012 (we are working with our Epidemiologist to statistically verify any significant differences).

- We commonly see a 'seasonal effect' with lead, related to people opening and closing windows more often in the summer, which disturbs old deteriorating paint on the windows, sills and sashes. Window fans frequently blow and spread the lead dust from the deteriorating paint to other parts of the room/house. We suspect that the summer data spike may be related to this effect.
- If the home water supply lines and/or river water were contributing to elevated blood lead tests, we expected that the increased rates would extend beyond the summer, but they drop quite a bit from September to October, stayed low over the winter, and are just starting to tail up again in the spring of 2015.

"So upon review, we don't believe our data demonstrates an increase in lead poisoning rates that might be attributable to the change in water source for Flint. We recognize that lead exposure via the water is only a small piece of what may be happening for families in Flint, however, we hope the information is helpful."

August 4: Meeting with Governor's Office and Flint pastors.

August 17: DEQ notifies the Flint WTP of the second six-month lead/copper monitoring results that show lead levels at 11 ppb. These results reflect an increase above the last report, which had results of 6 ppb, and the two most recent pre-switch results, which had results of 0 ppb. DEQ arrives at 11 ppb result after it, unprompted, removes two high-lead samples from the pool. If those samples are included, Flint's lead levels would be above the EPA action level.

August 23: Virginia Tech researcher, Marc Edwards, notifies the DEQ that he will begin a study of the City of Flint water quality.

August 24: Dr. Mona Hanna Attisha from Hurley Hospital contacts Genesee County Health Department for blood lead level data/information.

August 28: Concerned Pastors announce water filter giveaway in Flint.

September 1: Concerned Pastors holds giveaway of 1,500 lead-reducing water filters in Flint, which was coordinated by Governor's Office.

September 1: Virginia Tech professor Marc Edwards releases an independent analysis of Flint water finding elevated lead levels.

September 2: Virginia Tech researcher, Marc Edwards, indicates that the corrosiveness of the Flint water is causing lead to leach into the residents' water.

September 24: Dr. Mona Hanna-Attisha of Hurley Medical Center issues study showing high blood lead levels in City of Flint children.

September 24: DHHS spokeswoman says Dr. Mona Hanna-Attisha's lead data are a seasonal anomaly.

September 25: Flint issues lead advisory regarding drinking water.

September 27: Free Press analyzes state lead data and finds elevated levels, confirming Dr. Hanna-Attisha's results.

September 27: Governor's spokeswoman called Hurley's lead data "spliced and diced."

September 28: DEQ spokesman Brad Wurfel comments on Dr. Edwards's results saying, "this group specializes in looking for high lead problems. They pull that rabbit out of that hat everywhere they go."

September 29: Dr. Eden Wells, State Medical Officer, contacts Dr. Mona Hanna Attisha regarding her study results.

September 30: Briefing to Director Lyon comparing Lead Copper Rule Testing (EPA protocol) and Marc Edwards protocol.

October 1: Michigan Department of Health and Human Services confirms results of Hurley Medical Center Study.

October 1: DHHS provides information for Flint Water website, including the following documents: Parent Handbook: Is Your Child Safe From Lead Poisoning, Blood Lead Level Quick Reference for Primary Care Providers, Lead Screening & Testing for Safe, Healthy Michigan Kids, and finally, Pregnant and Nursing Mothers: What You Need to Know.

October 1: City of Flint, Genesee County Health Department urge residents to not drink water and issues "Do Not Drink" Advisory.

October 2: DEQ falsely claims that Flint's use of lime softeners constitutes corrosion control. Lime softeners are not traditionally considered a corrosion control measure.

October 2: DHHS determines its study results are now consistent with Hurley findings, Gov. Snyder announces comprehensive action plan to address Flint water issues. State Budget Office approval to use carryover emergency funds and transfer of DEQ funds to purchase water filters.

October 2: Genesee County Health Department school screening water samples collected for analysis.

October 5: DHHS announces water filters will be available to the public on Oct. 6.

October 7: Flint Technical Advisory Board meets, recommends reconnection to Detroit water.

October 8: Gov. Snyder conducts press conference in Flint, where he Snyder publicly admits that there is a problem with Flint's water for the first time and announces plan to reconnect to Detroit water.

October 8: City of Flint develops plan to reconnect to DWSD.

October 15: Gov. Snyder signs bill authorizing funding for Flint to move back to Detroit water system.

October 16: City of Flint reconnects to DWSD.

October 19: DEQ Director Dan Wyant states: "Staff made a mistake while working with the City of Flint. Simply stated, staff employed a federal (corrosion control) protocol they believed was appropriate and it was not."

October 21: Gov. Snyder announces Flint Water Task Force to review state, federal and municipal actions, offer recommendations.

October 28: DEQ issues construction permit for additional corrosion control treatment.

December 9: Flint begins adding supplemental corrosion controls to the water.

December 29: Gov. Snyder takes action on initial findings from Flint Water Task Force.

2016

January 4: Genesee County Commission votes for emergency declaration.

January 5: Gov. Snyder declares emergency for Genesee County due to the ongoing health and safety issues caused by lead in the city of Flint's drinking water. This emergency declaration did not require any preceding emergency declaration by local authorities.

- *By declaring a state of emergency, The Governor has made available all state resources in cooperation with local response and recovery operations.*
- *The declaration authorizes the Michigan State Police, Emergency Management and Homeland Security Division (MSP/EMHSD) to coordinate state efforts.*
- *In addition to the emergency declaration, the Governor activated the State Emergency Operations Center to coordinate state departments, the state's response, resources, and relief and recovery activities.*
- *The SEOC is the emergency operations center for the state of Michigan. Located in Lansing, the center is overseen by the MSP/EMHSD and coordinates response and recovery efforts by state agencies and local government. The SEOC is staffed by members of state agencies and other partners for decision making and information coordination during disasters or emergencies in the state of Michigan.*
- *On Jan. 6, the Joint Information Center was opened to lead the state's messaging and information response in coordination with the local Emergency Operations Center, Genesee County, and the City of Flint.*

January 8: Gov. Snyder and Flint Mayor Weaver meet to discuss how city and state can work on water issues.

January 9: MSP Emergency Management Division announces water resource sites established in Flint with bottled water, filters and testing kits

FEMA/National Guard/Resources

- Governor has requested support from FEMA
  - Coordinate interagency recovery plan
  - Identify federal agencies that have programs, authorities, and technical expertise to assist
  - At this point there is not a federal declaration. FEMA is not currently sending supplies to this incident.
- In addition to requesting support from FEMA, the Governor has activated the Michigan National Guard to help our local volunteers distribute supplies at the five water resource sites.
  - The resource sites are open seven days a week from 9 a.m. to 9 p.m. at Flint fire stations.

        - Fire Station #1 310 East 5th St. Flint, MI 48502
        - Fire Station #3 1525 Martin Luther King Ave. Flint, MI 48503
        - Fire Station #5 3402 Western Rd. Flint, MI 48506
        - Fire Station #6 716 West Pierson Rd. Flint, MI 48505
        - Fire Station #8 202 East Atherton Rd. Flint, MI 48507
    - There are water resource teams going door to door to ensure every resident has a water filter and additional water resources
    - Residents who need immediate help should call 211 or the governor's office at 517-335-7858
        - 211 is open 24/7/365
        - To assist the residents of Flint, Governor Snyder's office has committed ensure the constituent relations division will be open 7 days per week from 8 am until 5 pm until further notice.
- The Michigan State Police continue to lead the door to door mission of reaching every Flint resident. They are assisted by the Genesee County Sheriff's office, state of Michigan employees, and volunteers from organizations such as the American Red Cross.
- One of our top priorities is ensuring Flint residents know the resources that are available to them. We have used direct mail, automated calls, emails and bill boards to ensure residents know that information on water resources is available by calling 211 or visiting www.michigan.gov/FlintWater

Additional information

Corrosion Control

- On October 16, 2015 Flint returned to using water supplied by DWSD. The water supplied by DWSD is a finished product ready to use and already has phosphate added to it to assist with corrosion control.

- Recognizing that the level of phosphate in the water from DWSD was designed to be a maintenance dosage, the DEQ and the Flint worked together to bring online supplemental phosphate addition so as to speed up the rebuilding of the protective layer in the distribution system.

- The DEQ is now partnering with Flint, the U.S. EPA and other governmental entities to proactively identify bottlenecks so that the eventual switch from DWSD to the KWA can be done smoothly and with safety being the top priority.

- Even with similarities between DWSD and KWA water, precautionary measures are being taken.
    - These measures will include running the Flint Water Treatment Plant on a trial basis for a period of time without sending the water into the distribution system so that all of the treatment processes can be thoroughly evaluated.
    - In addition, bench top testing will be conducted to assist in determining how the Water Treatment Plant processes can be optimized.

- The KWA will be supplying raw water. This water will need to be treated by each of the respective water supplies.

- When KWA comes on line, Flint will be receiving raw water that is similar to the raw water that DWSD treats.
    - Flint will then need to operate the water treatment plant for an (as of yet) undetermined period of time.
    - Once Flint has demonstrated that it is capable of generating water with the desired background characteristics it will then be able to then send water to the distribution system.

- For non-Flint residents who want to test their water for lead – they can purchase a testing kit from DEQ for $18 – details follow:
    - Anyone in Michigan who wants to test their water for lead can call the State Drinking Water Lab at 517-335-8184.
    - The lead testing kit costs $18, which includes the sample bottle and instructions shipped to your home as well as the lab test. It does not include the cost of shipping your filled sample bottle back to the lab.
    - Depending on the lab workload, results are typically available within 1-2 weeks.
    - Your results will include information about the EPA's lead recommendations as well as contact information for your local health department, which can help you interpret your results further, if needed.

Stanton, Terry A. (Treasury)

From: Weiss, Kurt (DTMB)
Sent: Wednesday, January 20, 2016 9:02 AM
To: Stanton, Terry A. (Treasury)
Subject: RE: Media request: Flint water savings -- $5million?

Got it.

Kurt Weiss
State Budget Office
517-335-0050

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, January 20, 2016 9:00 AM
To: Weiss, Kurt (DTMB)
Subject: Re: Media request: Flint water savings -- $5million?

If it's about the current year budget, please send him to the city. They'd be in the best position to answer that.

TS

On Jan 20, 2016, at 8:08 AM, Weiss, Kurt (DTMB) <WeissK1@michigan.gov> wrote:

> Terry, this looks more like an emergency manager question than a Roberts question. Okay if I send this guy your way? Or would you rather I direct him to the city?
>
> Kurt Weiss
> State Budget Office
> 517-335-0050
> <image001.jpg>
>
> **From:** Sara Jerving [mailto:sara.jerving@vice.com]
> **Sent:** Tuesday, January 19, 2016 4:15 PM
> **To:** Contact-SBO
> **Subject:** Media request: Flint water savings -- $5million?
>
> Dear Mr. Roberts,
>
> I hope this message finds you well. I am a researcher with Vice, which is a television show on the HBO network. We have a film crew covering the issue of lead contamination in Flint, and I am trying to make sense of reports that the City of Flint had a budget forecast of $5 million over a two year period. I've been trying to see if these figures are accurate, and I'm wondering if they came from a draft of the 2016-2020 budget? I was trying to identify where in the budget these figures came from, and I saw that under the Water Fund on Page 26 of the budget, there is a section that says "ending unreserved fund balance" that accumulates to $5.7 million in 2018 and 2019. Would this reflect the savings reported in the piece? Or am I looking in the wrong place? I'm also not sure if your office handles the Flint budget, or just the state budget?

Thank you very much for your time and help on this!

Very best,
Sara

--
SARA JERVING
Researcher, Vice on HBO

VICE
49 South 2nd St.
Brooklyn, NY 11249
p: 608-334-1342

Workman, Wayne (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Wednesday, January 20, 2016 3:20 PM
To: Byrne, Randall (Treasury)
Cc: Workman, Wayne (TREASURY); Schafer, Suzanne K. (Treasury); Stanton, Terry A. (Treasury)
Subject: RE: Timeline Follow-up Questions

So in re-reviewing the timeline are you guys good with the timeline other than the points I outlined/noted yesterday i.e., are there any other refinements?

From: Byrne, Randall (Treasury)
Sent: Wednesday, January 20, 2016 1:45 PM
To: Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY) ; Schafer, Suzanne K. (Treasury) ; Stanton, Terry A. (Treasury)
Subject: FW: Timeline Follow-up Questions

Tom:

This is in response to your earlier email.

Randy

From: Heimann, Alexandr (TREASURY)
Sent: Wednesday, January 20, 2016 1:36 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Timeline Follow-up Questions

Hello Randy,

I have finished reviewing the follow-up questions that you sent to me, and after reviewing all of our documents, here are my responses:

Timeline questions follow-up

Response

1. Most of these dates involve DEP et al in which we/Treasury did not play a role i.e., someone else [DEQ] would need to confirm their accuracy

2. Just quickly, items we would question from the document or need to investigate further...

3. 12/20/12 (p.1) – we don't have the notification that is referenced
"The City of Flint notifies the Treasury that it is no longer considering using the Flint River as a water supply"

- Cannot find documentation that this occurred.
- During that time period, the Treasury was analyzing the report from Tucker and Young study, and had not even received a proposal from DWSD.

4. 3/29/13 (p.2) – we are not aware of any veto by Kurtz
"EM Kurtz Vetoes Flint City Council's changes to the KWA resolution, and signs an executive order to join KWA"

- We were able to confirm that the City Council voted to connect to water from KWA
- No Executive Order was filed with the Treasury overriding the City Council's changes to the KWA agreement, nor was there an Executive Order filed with the Treasury to join the KWA

5. The early offers by DWSD to reconnect were rejected because of the add'l cost, they were long term and the fact the city had executed a contract with KWA. On Jan 12 '15 they waived the reconnect fee but were still issues re length/term of commitment.

- Per Jerry Ambrose's memo dated 3/3/15 (attached), the water from DWSD would still cost the city an additional estimated $12M annually, which would have raised water rates by an additional 30%. As such, he strongly disagreed with restoring the water to DWSD at the time.

6. 3/12/15 – The Veolia report did mention corrosion control but the focus was on TTHM which was chlorination issue not related to the lead problem. I believe Treasury funded the study.

- No documentation was found to conclude that this study was funded by the Treasury.

Alexandr Heimann
Municipal Analyst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 335-2434

Attachment #20

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Gerald Ambrose
Emergency Manager

TO: Wayne Workman, *Deputy Treasurer*
Treasury Department
State of Michigan

FROM: Jerry Ambrose, Emergency Manager
City of Flint

DATE: March 3, 2015

As the Emergency Manager for the City of Flint, I am charged with restoring the City government to financial solvency, and working to assure that the City moves forward on a financially sustainable basis. The steps taken over the past three years have been difficult. Taxes and fees have been raised, services and workforce reduced, and ongoing costs, including legacy costs, have been constrained.

The current controversy surrounding the provision of water, and the path for resolution, has a potentially significant impact on the progress that is being made. I am satisfied that the water provided to Flint users today is within all MDEQ and EPA guidelines, as evidenced by the most recent water quality results conducted for MDEQ. We have a continuing commitment to maintain water safety and to improve water quality, and have dedicated resources to assure this commitment will be made.

The oft-repeated suggestion that the City should return to DWSD, even for a short period of time, would, in my judgment, have extremely negative financial consequences to the water system, and consequently to the rate payers. By the most conservative estimates, such a move would increase costs by at least $12 million annually, with that amount achieved only by eliminating virtually all budgeted improvements in the system. For a system with Unrestricted Assets of only $740,745, according to the June 30, 2014 audited financial statements, the only recourse within the City's control would be to increase revenues significantly. And in my judgment, that would come from raising rates for water by 30% or more . Further, changing the *source* of the city's water would not necessarily change any of the *aesthetics* of the water, including odor and discoloration, since those appear to be directly related to the aging pipes and other infrastructure that carry water from the treatment facility to our customers.

This direction of discussion also deviates from what, in my judgment, should be the focus: How can we not only operate and maintain a system to assure the delivery of safe and quality water dependably, but significantly reduce the cost of water and sewer to the users? At an average of $149 per month for water and sewer service for a residential user, the cost is extremely high in comparison to surrounding areas, as well as most areas across the state, and creates a significant financial burden for many users. In my judgment, we should all be concentrating on how to reduce rates by 50% or more. Unfortunately, there are no easy or evident answers, and continuation of the status will be an impediment to the sustainable recovery of the City of Flint. It is a conversation that I expect we will have with the recently created Water Quality Advisory Committee.

My reasoning for this conclusion is as follows:

One of the decisions made in the context of beginning to eliminate deficits and to restore financial stability to the City of Flint was to increase water and sewer rates significantly – the only choice available to financially stabilize a system that as of June 30, 2012, had a deficit of $8,758,091. Another was to leave DWDS for the KWA because it offered the opportunity to lower future rate increases. A third decision was to utilize the Flint River on an interim basis when DWSD unilaterally terminated the City's contract for water purchase. That decision was made because it also offered an immediate cost savings opportunity which translated into the ability to upgrade the Water Treatment Plant without having to seek financing. It was a reasonable decision because of our experience in using the river in a back-up capacity, including test runs on a quarterly basis for several decades.

Unfortunately, the switch to the river as a primary source was more challenging than anticipated, and the harsh winter of 2013-2014 resulted in much more damage to the aging water infrastructure than in previous years. The result was the issuance of required notices that water exceeded established guidelines for safety as it could affect certain vulnerable populations, and some users of the system experienced unpleasant odors and discoloration. Some users also appeared to have had some negative reactions to the new source of water. However, as soon as the test results were known, City staff took immediate actions to address the concerns. These actions are evidenced today by the fact that MDEQ has certified that our most recent testing shows water from all testing sites to be well within acceptable guidelines. Additionally, the City is continuing to taking the necessary actions to assure that the water supply remains safe and that water quality continues to improve.

As the City has moved to address the situation, the suggestion continues to be made that the City should re-engage with DWSD and purchase water at least until the KWA pipeline is supplying water. As evidenced by the most recent letter from DWSD, such a decision would immediately increase the City's cost by $846,700 per month, or $10,160,400 per year, just for the fixed cost portion of the price. The actual *purchase* of water would be an additional fee, and dependent upon

the quantity purchased. We estimate the actual water purchase cost to average more than $1 million per month, for a grand total of approximately $22 million per year. Finally, the DWSD offer is conditioned upon the City (or presumably the KWA) agreeing to negotiate a long term contract (30 years) for back-up.

The $22 million annual estimate of increased costs to purchase water from DWSD would be minimally offset by an approximate $3 million in reduced operating costs, and could be further offset by an additional $9 million, but only if all funding for capital improvements to the system are eliminated. To eliminate all funding dedicated to repairing, stabilizing, and improving the system would be totally irresponsible and would have long term negative consequences to the City and to future rate payers.

As you are aware we have recently brought in outside expert assistance to evaluate the steps we have taken to assure that the water is safe and to continue to improve water quality. We are expecting specific recommendations within the next few weeks, and are committed to implementing those recommendations in a timely manner. Many steps have already been taken. I am confident that implementing their recommendations will assure a continuing supply of safe water as well as improved quality, and at far less cost than re-engaging DWSD.

We have also created a 40-member Water Advisory Committee and a 13-member Technical Advisory Committee to assure two-way communication with the public and users of the system. Those committees will begin to meet this week, and we look forward to answering their questions and receiving their input.

It is unfortunate that problems and concerns with quality have arisen, and we are working every day to address the issues that caused them. Maintaining safe water and improving quality is a top priority as we work to make the City of Flint an attractive place to live, work, study, and play.

Byrne, Randall (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, January 20, 2016 10:55 AM
To: Schafer, Suzanne K. (Treasury) (SchaferS7@michigan.gov)
Subject: FW: Message from "RNP002673A81665"

Suzanne:

FYI,

Randy

From: Saxton, Thomas (Treasury)
Sent: Wednesday, January 20, 2016 10:34 AM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject: FW: Message from "RNP002673A81665"

See the note(s) below... we do need to take a deeper dive to confirm some of the questions raised late yesterday. We should try to do so quickly. Thanks. Sorry for the rush.

From: Saxton, Thomas (Treasury)
Sent: Wednesday, January 20, 2016 10:31 AM
To: Posthumus, Dick (GOV) <Posthumusd@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Message from "RNP002673A81665"

Dick – we can 'run' those details down. We were under the impression we had a 5:00 deadline last night. But late yesterday our staff were not aware of the Kurtz veto i.e., we will double check.

What is the deadline?

From: Posthumus, Dick (GOV)
Sent: Wednesday, January 20, 2016 9:51 AM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: RE: Message from "RNP002673A81665"

I am going to include these changes in the timeline, but I need to know they are 100% accurate or we will be criticized by detractors. Are we sure Kurtz didn't veto the City Council changes to the KWA resolution?

From: Khouri, Nick (TREASURY)
Sent: Wednesday, January 20, 2016 7:01 AM
To: Posthumus, Dick (GOV) <Posthumusd@michigan.gov>
Subject: RE: Message from "RNP002673A81665"

Dick

Relied on Tom and Wayne Workman for the history

Here are their comments

(1) Most of these dates involve DEQ et al in which we/Treasury did not play a role i.e., someone else [DEQ] would need to confirm their accuracy.

(2) Just quickly, items we would question from the document or need to investigate further...

(3) 12/20/12 (p.1) - we don't have the notification that is referenced

(4) 3/29/13 (p.2) – we are not aware of any veto by Kurtz.

(5) The early offers by DWSD to reconnect were rejected because of the add'l cost, they were long term & the fact the City had executed a contract with KWA. On Jan 12 '15 they waived the reconnection fee but there were still issues re the length/term of the commitment.

(6) 3/12/15 – the Veolia report did mention corrosion control but the focus was on TTHM which was chlorination issue not related to the lead problem. I believe Treasury funded the study.

From: Posthumus, Dick (GOV) [mailto:Posthumusd@michigan.gov]
Sent: Tuesday, January 19, 2016 2:50 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Sally Durfee <durfees@michigan.gov>; Sally Durfee <sdurfee05@hotmail.com>
Subject: Fwd: Message from "RNP002673A81665"

Let me know if this is accurate Thanks
Dick

Sent from my iPhone

Begin forwarded message:

> **From:** "Posthumus, Dick (GOV)" <Posthumusd@michigan.gov>
> **Date:** January 19, 2016 at 1:53:44 PM EST
> **To:** "Redford, James (GOV)" <RedfordJ@michigan.gov>, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>, "Agen, Jarrod (GOV)" <AgenJ@michigan.gov>, "Creagh, Keith (DEQ)" <creaghk@michigan.gov>, "Pallone, Maggie (DEQ)" <PalloneM@michigan.gov>, "Lyon, Nick (DHHS)" <LyonN2@michigan.gov>, "Ruest, Karla (DHHS)" <RuestK@michigan.gov>
> **Subject: FW: Message from "RNP002673A81665"**
>
> To all;
> Senator Ananich would like to add additional items to our timeline that I sent. They are highlighted and I think show up on this scan. Please look at and let me know if they are factual (DHHS and DEQ) (and if you say they aren't tell me why because Senator Ananich will have his

info). I want to make sure we are accurate as to what happened when. Need to know as soon as possible (by end of day would be nice)
Dick

-----Original Message-----
From: legislative_scanner@michigan.gov [mailto:legislative_scanner@michigan.gov]
Sent: Tuesday, January 19, 2016 1:35 PM
To: Posthumus, Dick (GOV) <Posthumusd@michigan.gov>
Subject: Message from "RNP002673A81665"

This E-mail was sent from "RNP002673A81665" (MP C3503).

Scan Date: 01.19.2016 13:34:47 (-0500)
Queries to: legislative_scanner@michigan.gov

Summary of Flint Water Date Timeline and Background Information

Overall

- The health and welfare of Flint residents is a top priority and Governor Snyder is committed to a coordinated approach with resources from state agencies to address all aspects of this situation.
- Governor Snyder has requested support from the Federal Emergency Management Agency (FEMA) to coordinate with other federal agencies to provide resources to Flint as we work on short-term and long-term solutions for residents.
- About a month after Governor Snyder became aware that the city of Flint's water showed elevated lead levels and that the state's handling of the situation was being questioned, he requested funding to switch the source back to the Great Lakes Water Authority and appointed an independent task force to identify possible missteps and areas for improvement.
- On Jan. 11 Gov. Snyder created the Flint Water Interagency Coordinating Committee (FWIACC), which will bring together a wide range of experts to work on long-term solutions to the Flint water situation and ongoing public health concerns affecting residents. The FWIACC is made up of experts from government and the Flint community and will set a course of action to remedy the water situation and resulting health issues, and carry on long after the emergency declaration expires.
- The independent Flint Water Task Force is continuing a full review of all local, state and federal actions that led to the current situation in Flint. A detailed report will be released upon completion.

In response to initial findings from the Flint Water Task Force, Governor Rick Snyder accepted the resignation of the Director of the Michigan Department of Environmental Quality.

Here is a summary timeline of the Flint water events:

2006

January: Discussions regarding Karegnondi Water Authority start.

2011

July: Flint receives the results of a study they commissioned examining the feasibility of processing water from the Flint River in the Flint Water Treatment plant. That analysis says that getting the plant up to speed could take as long as five years and nearly $50 million.

November 8: The State of Michigan declares a financial emergency in Flint.

November 29: Governor Snyder appoints Flint's first Emergency Manager, Michael Brown.

2012

December 20: The City of Flint notifies the Department of Treasury that it is no longer considering using the Flint River as a primary water source.

2013

March 25: Flint City Council votes on a resolution presented to them by Emergency Manager Ed Kurtz to join the Karengondi Water Authority. Although the council approves the resolution 7-1, the council alters the quantity of water to be purchased from KWA before they vote.

March 29: Flint Emergency Manager Ed Kurtz vetoes Flint City Council's changes to the KWA resolution and signs an Executive Order to join KWA.

April 12: State of Michigan approves of the decision for Flint to join KWA.

April 16: City of Flint Emergency Manager Ed Kurtz signs agreement to switch from Detroit Water and Sewerage Department water source to KWA. DWSD sets termination of Flint water service for April 17, 2014.

April 17: DWSD says it will stop selling water to the City of Flint in April 2014.

June: Flint notifies the DEQ of intent to operate the Flint Water Treatment Plant full-time using Flint River for drinking water.

2014

February 12: DWSD writes a letter offering to continue to provide service after April 2014.

Mid-March: City of Flint decides to use the Flint River as a water source.

April 4: Flint files its application with DEQ for a permit to treat Flint River water. Reportedly, DEQ normally takes 30 to 45 days to approve these permits.

April 10: DEQ issues Flint Water Treatment Plant construction permits for full-time operation enhancements.

April 18: DEQ visits the Flint Water Treatment Plant to ensure the permitted upgrades have been completed.

April 25: City of Flint switches to Flint River water.

July: DEQ begins the first six-month Flint lead-copper monitoring report. Part of EPA corrosion control protocol. Although DEQ is requiring the city to conduct lead and copper monitoring, they are not requiring the city's water treatment plant to use any form of corrosion control, which would cost about $60 a day.

October: GM stops using Flint water because of corrosion problems.

Myalgy

December: First round of lead-copper monitoring results come back at 6 ppb. Flint's two prior lead results were 0 ppb. Although these results were due January 10, 2015, they were not finalized until February 27, 2015.

2015

January 1: DEQ begins second six-month Flint lead/copper monitoring period.

January 9: UM-Flint begins testing its water and ultimately finds elevated lead levels in water on campus. They alert city officials.

January 12: DWSD offers Flint's emergency manager a waiver of the $4 million reconnection fee to switch back to Detroit water.

January 26: Flint releases its Capital Improvement Plan, which includes provisions for a phosphoric acid feed system for corrosion control.

February 26: The EPA discusses a resident's water sample testing results with the DEQ. High levels of lead (104 ppb) were found in the water at the residence.

February 27: DEQ responds to the EPA saying that the Flint Water Treatment Plant has an optimized corrosion control program.

February: EPA offers to send a corrosion control expert to Flint, and DEQ ignores the offer.

March 12: Consultant Veolia, which was hired by Flint's emergency manager, releases its final water quality report for Flint that includes the recommendation for corrosion control.

March 23: Flint City Council votes 7-1 to return to DWSD water. The city's Emergency Manager does not approve the switch, so the city continues to rely exclusively on the Flint River for water.

April 24: DEQ indicates no corrosion chemical (orthophosphate) in place. DEQ staff were following an incorrect interpretation the EPA protocol for two six month testing periods (to end in July), which requires corrosion control.

May 28: Sample results from the residence noted with high lead levels on Feb. 26 show lead levels improved after a new copper service line installation.

June 24: EPA official Miguel Del Toral releases a memo about high lead levels in Flint.

July 9: Flint water treatment official emails DEQ admitting that Flint was in violation for having two few samples. The deadline for the January-June 2015 report is July 10.

July 10: DEQ staffer replies to Flint water treatment official saying that DEQ was "discussing options" regarding the number of samples Flint was required to collect.

July 13: DEQ spokesman Brad Wurfel says, "anyone who is concerned about lead in the drinking water in Flint can relax."

July 21: A conference call between EPA and DEQ officials reveals that EPA experts do not agree with DEQ's interpretation of the Lead and Copper Rule with respect to corrosion control requirements.

July 28: Flint WTP sends a lead and copper report to DEQ. Its results are above the EPA action level, but this report is ultimately labeled a draft.

July 28: Excerpt response from Childhood Lead Poisoning Prevention program head:

"We compared lead testing rates and lead testing results to the same time frame for the previous 3 years, to see if there were any patterns that suggested that there were increased rates of lead poisoning after the water supply was switched.

- Lead testing rates remained about the same from year to year
- There was a spike in elevated blood lead tests from July-September 2014
- However that pattern was not terribly different from what we saw in the previous three years,

especially in 2011-2012 (we are working with our Epidemiologist to statistically verify any significant differences).

- We commonly see a 'seasonal effect' with lead, related to people opening and closing windows more often in the summer, which disturbs old deteriorating paint on the windows, sills and sashes. Window fans frequently blow and spread the lead dust from the deteriorating paint to other parts of the room/house. We suspect that the summer data spike may be related to this effect.
- If the home water supply lines and/or river water were contributing to elevated blood lead tests, we expected that the increased rates would extend beyond the summer, but they drop quite a bit from September to October, stayed low over the winter, and are just starting to tail up again in the spring of 2015.

"So upon review, we don't believe our data demonstrates an increase in lead poisoning rates that might be attributable to the change in water source for Flint. We recognize that lead exposure via the water is only a small piece of what may be happening for families in Flint, however, we hope the information is helpful."

August 4: Meeting with Governor's Office and Flint pastors.

August 17: DEQ notifies the Flint WTP of the second six-month lead/copper monitoring results that show lead levels at 11 ppb. These results reflect an increase above the last report, which had results of 6 ppb, and the two most recent pre-switch results, which had results of 0 ppb. DEQ arrives at 11 ppb result after it, unprompted, removes two high-lead samples from the pool. If those samples are included, Flint's lead levels would be above the EPA action level.

August 23: Virginia Tech researcher, Marc Edwards, notifies the DEQ that he will begin a study of the City of Flint water quality.

August 24: Dr. Mona Hanna Attisha from Hurley Hospital contacts Genesee County Health Department for blood lead level data/information.

August 28: Concerned Pastors announce water filter giveaway in Flint.

September 1: Concerned Pastors holds giveaway of 1,500 lead-reducing water filters in Flint, which was coordinated by Governor's Office.

September 1: Virginia Tech professor Marc Edwards releases an independent analysis of Flint water finding elevated lead levels.

September 2: Virginia Tech researcher, Marc Edwards, indicates that the corrosiveness of the Flint water is causing lead to leach into the residents' water.

September 24: Dr. Mona Hanna-Attisha of Hurley Medical Center issues study showing high blood lead levels in City of Flint children.

September 24: DHHS spokeswoman says Dr. Mona Hanna-Attisha's lead data are a seasonal anomaly.

September 25: Flint issues lead advisory regarding drinking water.

September 27: Free Press analyzes state lead data and finds elevated levels, confirming Dr. Hanna-Attisha's results.

September 27: Governor's spokeswoman called Hurley's lead data "spliced and diced."

September 28: DEQ spokesman Brad Wurfel comments on Dr. Edwards's results saying, "this group specializes in looking for high lead problems. They pull that rabbit out of that hat everywhere they go."

September 29: Dr. Eden Wells, State Medical Officer, contacts Dr. Mona Hanna Attisha regarding her study results.

September 30: Briefing to Director Lyon comparing Lead Copper Rule Testing (EPA protocol) and Marc Edwards protocol.

October 1: Michigan Department of Health and Human Services confirms results of Hurley Medical Center Study.

October 1: DHHS provides information for Flint Water website, including the following documents: Parent Handbook: Is Your Child Safe From Lead Poisoning, Blood Lead Level Quick Reference for Primary Care Providers, Lead Screening & Testing for Safe, Healthy Michigan Kids, and finally, Pregnant and Nursing Mothers: What You Need to Know.

October 1: City of Flint, Genesee County Health Department urge residents to not drink water and issues "Do Not Drink" Advisory.

October 2: DEQ falsely claims that Flint's use of lime softeners constitutes corrosion control. Lime softeners are not traditionally considered a corrosion control measure.

October 2: DHHS determines its study results are now consistent with Hurley findings, Gov. Snyder announces comprehensive action plan to address Flint water issues. State Budget Office approval to use carryover emergency funds and transfer of DEQ funds to purchase water filters.

October 2: Genesee County Health Department school screening water samples collected for analysis.

October 5: DHHS announces water filters will be available to the public on Oct. 6.

October 7: Flint Technical Advisory Board meets, recommends reconnection to Detroit water.

October 8: Gov. Snyder conducts press conference in Flint, where he Snyder publicly admits that there is a problem with Flint's water for the first time and announces plan to reconnect to Detroit water.

October 8: City of Flint develops plan to reconnect to DWSD.

October 15: Gov. Snyder signs bill authorizing funding for Flint to move back to Detroit water system.

October 16: City of Flint reconnects to DWSD.

October 19: DEQ Director Dan Wyant states: "Staff made a mistake while working with the City of Flint. Simply stated, staff employed a federal (corrosion control) protocol they believed was appropriate and it was not."

October 21: Gov. Snyder announces Flint Water Task Force to review state, federal and municipal actions, offer recommendations.

October 28: DEQ issues construction permit for additional corrosion control treatment.

December 9: Flint begins adding supplemental corrosion controls to the water.

December 29: Gov. Snyder takes action on initial findings from Flint Water Task Force.

2016

January 4: Genesee County Commission votes for emergency declaration.

January 5: Gov. Snyder declares emergency for Genesee County due to the ongoing health and safety issues caused by lead in the city of Flint's drinking water. This emergency declaration did not require any preceding emergency declaration by local authorities.

- *By declaring a state of emergency, The Governor has made available all state resources in cooperation with local response and recovery operations.*
- *The declaration authorizes the Michigan State Police, Emergency Management and Homeland Security Division (MSP/EMHSD) to coordinate state efforts.*
- *In addition to the emergency declaration, the Governor activated the State Emergency Operations Center to coordinate state departments, the state's response, resources, and relief and recovery activities.*
- *The SEOC is the emergency operations center for the state of Michigan. Located in Lansing, the center is overseen by the MSP/EMHSD and coordinates response and recovery efforts by state agencies and local government. The SEOC is staffed by members of state agencies and other partners for decision making and information coordination during disasters or emergencies in the state of Michigan.*
- *On Jan. 6, the Joint Information Center was opened to lead the state's messaging and information response in coordination with the local Emergency Operations Center, Genesee County, and the City of Flint.*

January 8: Gov. Snyder and Flint Mayor Weaver meet to discuss how city and state can work on water issues.

January 9: MSP Emergency Management Division announces water resource sites established in Flint with bottled water, filters and testing kits

FEMA/National Guard/Resources

- Governor has requested support from FEMA
  - Coordinate interagency recovery plan
  - Identify federal agencies that have programs, authorities, and technical expertise to assist
  - At this point there is not a federal declaration. FEMA is not currently sending supplies to this incident.
- In addition to requesting support from FEMA, the Governor has activated the Michigan National Guard to help our local volunteers distribute supplies at the five water resource sites.
  - The resource sites are open seven days a week from 9 a.m. to 9 p.m. at Flint fire stations.

        - Fire Station #1 310 East 5th St. Flint, MI 48502
        - Fire Station #3 1525 Martin Luther King Ave. Flint, MI 48503
        - Fire Station #5 3402 Western Rd. Flint, MI 48506
        - Fire Station #6 716 West Pierson Rd. Flint, MI 48505
        - Fire Station #8 202 East Atherton Rd. Flint, MI 48507
    - There are water resource teams going door to door to ensure every resident has a water filter and additional water resources
    - Residents who need immediate help should call 211 or the governor's office at 517-335-7858
        - 211 is open 24/7/365
        - To assist the residents of Flint, Governor Snyder's office has committed ensure the constituent relations division will be open 7 days per week from 8 am until 5 pm until further notice.
- The Michigan State Police continue to lead the door to door mission of reaching every Flint resident. They are assisted by the Genesee County Sheriff's office, state of Michigan employees, and volunteers from organizations such as the American Red Cross.
- One of our top priorities is ensuring Flint residents know the resources that are available to them. We have used direct mail, automated calls, emails and bill boards to ensure residents know that information on water resources is available by calling 211 or visiting www.michigan.gov/FlintWater

Additional information

Corrosion Control

- On October 16, 2015 Flint returned to using water supplied by DWSD. The water supplied by DWSD is a finished product ready to use and already has phosphate added to it to assist with corrosion control.

- Recognizing that the level of phosphate in the water from DWSD was designed to be a maintenance dosage, the DEQ and the Flint worked together to bring online supplemental phosphate addition so as to speed up the rebuilding of the protective layer in the distribution system.

- The DEQ is now partnering with Flint, the U.S. EPA and other governmental entities to proactively identify bottlenecks so that the eventual switch from DWSD to the KWA can be done smoothly and with safety being the top priority.

- Even with similarities between DWSD and KWA water, precautionary measures are being taken.
    - These measures will include running the Flint Water Treatment Plant on a trial basis for a period of time without sending the water into the distribution system so that all of the treatment processes can be thoroughly evaluated.
    - In addition, bench top testing will be conducted to assist in determining how the Water Treatment Plant processes can be optimized.

- The KWA will be supplying raw water. This water will need to be treated by each of the respective water supplies.

- When KWA comes on line, Flint will be receiving raw water that is similar to the raw water that DWSD treats.
    - Flint will then need to operate the water treatment plant for an (as of yet) undetermined period of time.
    - Once Flint has demonstrated that it is capable of generating water with the desired background characteristics it will then be able to then send water to the distribution system.

- For non-Flint residents who want to test their water for lead – they can purchase a testing kit from DEQ for $18 – details follow:
    - Anyone in Michigan who wants to test their water for lead can call the State Drinking Water Lab at 517-335-8184.
    - The lead testing kit costs $18, which includes the sample bottle and instructions shipped to your home as well as the lab test. It does not include the cost of shipping your filled sample bottle back to the lab.
    - Depending on the lab workload, results are typically available within 1-2 weeks.
    - Your results will include information about the EPA's lead recommendations as well as contact information for your local health department, which can help you interpret your results further, if needed.

Workman, Wayne (TREASURY)

From: Steckelberg, Larry (TREASURY)
Sent: Wednesday, January 20, 2016 5:27 PM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Subject: update on Flint

We are in receipt of a narrative summary of the status of the unpaid accounts for Flint water. I spoke with Jody Lundquist at length this afternoon to let her know that we would have Suzanne and Cary share the cashflow format with her and work to clarify what we are asking her to provide. I expect Cary and Suzanne will discuss this first thing on Thursday and will talk with Jody about that format and her timeline of when she could provide the information. I should note that Jody was being conservative about her timeline so as to not under-deliver and is being careful to be as accurate as possible because she knows this information will be used at a high level and does not want to make mistakes. I will follow-up with Cary and Suzanne after the morning session with the Department leadership which should be around noon.

Larry Steckelberg
Division Administrator
Property Services Division
Michigan Department of Treasury
(517) 241-3733

Stanton, Terry A. (Treasury)

From: Murray, David (GOV)
Sent: Wednesday, January 20, 2016 8:05 PM
To: Stanton, Terry A. (Treasury)
Cc: Biehl, Laura (GOV); Heaton, Anna (GOV)
Subject: Re: PRESS INQUIRY | The Guardian

Thank you, Terry.

Sent from my iPhone

> On Jan 20, 2016, at 7:47 PM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
>
> All--
>
> I can respond to this if you'd like.
>
> Regardless, I believe the most appropriate response is..."DM was referring to Treasurer Dillon's decision to approve the move to KWA, which was required under statutory provisions regarding contracts of $60k or more."
>
> Terry
>
>> On Jan 20, 2016, at 7:09 PM, Ryan Felton <ryanfelton13@gmail.com> wrote:
>>
>> Hi all,
>>
>> I had a question regarding the emails that were released this evening. With regards to the attached email, what exactly is Muchmore referencing when he says Dillon made the "ultimate decision"? The decision for the city to use the Flint River or for it to use the KWA?
>>
>> I'd appreciate a reply at your earliest convenience.
>>
>> Thanks much,
>> Ryan
>>
>> <Image-1.jpg>
>>
>>
>>
>> Sent from my iPhone

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, January 20, 2016 10:04 PM
To: Ryan Felton
Cc: Murray, David (GOV); Biehl, Laura (GOV); Heaton, Anna (GOV)
Subject: Re: PRESS INQUIRY | The Guardian

Ryan...

Mr. Muchmore was referring to Treasurer Dillon's decision to approve the move to KWA, which was needed under statutory provisions regarding contracts of $60k or more.

Terry

> On Jan 20, 2016, at 7:09 PM, Ryan Felton <ryanfelton13@gmail.com> wrote:
>
> Hi all,
>
> I had a question regarding the emails that were released this evening. With regards to the attached email, what exactly is Muchmore referencing when he says Dillon made the "ultimate decision"? The decision for the city to use the Flint River or for it to use the KWA?
>
> I'd appreciate a reply at your earliest convenience.
>
> Thanks much,
> Ryan
>
> <Image-1.jpg>
>
>
>
> Sent from my iPhone

Original Message-----
m: Muchmore, Dennis (GOV)
t: Friday, September 25, 2015 10:29 AM
Snyder, Rick (GOV) [redacted]Calley, Brian (GOV[redacted]
Scott, Allison (GOV) <scotta12@michigan.gov>; Agen, Jarrod (GOV) <AgenJ@michigan.gov>
ject: Flint water

issue of Flint water and its quality continues to be a challenging topic. The switch over to use Flint river water has rred most of the controversy and contention. The DEQ and DCH feel that some in Flint are taking the very sensitive e of children's exposure to lead and trying to turn it into a political football claiming the departments are lerestimating the impacts on the populations and particularly trying to shift responsibility to the state.

have put an incredible amount of time and effort into this issue because of the impacted neighbors and their dren, and the KWA/DWSD controversy and Dillon's involvement in the final decision. Kildee is asking for a call with . That's tricky because he's sure to use it publicly, but if you don't talk with him it will just fan the narrative that the e is ducking responsibility. I can't figure out why the state is responsible except that Dillon did make the ultimate ision so we're not able to avoid the subject.

real responsibility rests with the County, city and KWA, but since the issue here is the health of citizens and their dren we're taking a pro-active approach putting DHHS out there as an educator.

not sure how much background you need on all this so I don't want to flood you with stuff. Jarrod and Dave have a of info that we can supplement your understanding and we can put a briefing or face to face with Wyant and Lyon if want to go there.

t from my iPhone

Workman, Wayne (TREASURY)

From: Heimann, Alexandr (TREASURY)
Sent: Thursday, January 21, 2016 9:20 AM
To: Saxton, Thomas (Treasury)
Cc: Schafer, Suzanne K. (Treasury); Workman, Wayne (TREASURY); Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: RE: Timeline Follow-up

Hello Tom,

Randy and I have one more follow-up from our email yesterday:

"8. January 26, 2015 - CIP plan includes phosphoric acid to act as a corrosion control agent
- Does phosphoric acid act as a corrosion control agent? We know that the city is current using orthophosphate, but we will research what the usages are for phosphoric acid. "

It appears that phosphoric acid **CAN** indeed be used as a corrosion control agent.

Alexandr Heimann
Municipal Analyst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 335-2434

From: Heimann, Alexandr (TREASURY)
Sent: Wednesday, January 20, 2016 5:15 PM
To: Saxton, Thomas (Treasury)
Cc: Schafer, Suzanne K. (Treasury) ; Workman, Wayne (TREASURY) ; Byrne, Randall (Treasury) ; Cline, Richard (Treasury)
Subject: Timeline Follow-up

Hello Tom,

Randy and I have just had a discussion about the Flint timeline, and we had some more feedback to add to the document that we distributed to you earlier.

1. November 29, 2011 Governor Snyder appoints Flints first Emergency Manager, Michael Brown.
- According to our database, the first Emergency Manager was Kurtz appointed in 2002

2. March 25, 2013: Flint City Council votes in favor of switching to KWA, but alters the quantity of water purchased
- Can find documentation that confirms that they voted in favor of KWA, cannot find documentation that determines whether or not they changed the proposal first

3. April 12th, 2013 – State of Michigan approves the decision for Flint to join KWA
- Decision was actually April 11th, 2013

4. June 2013 – Flint notifies the DEQ to use the Flint River as a primary, and to operate the Water Plant full time
- Was able to confirm this with signed documentation

5. February 12, 2014 – DWSD writes a letter offering to continue to provide service to Flint after April 2014
- Cannot find documentation to support this in our records

6. Mid-March 2014 – City of Flint decides to use the Flint River as a water source
- Cannot find any formal document to support this, unclear what this decision is, the decision to switch to the Flint River seems to have been made long in advance of this.

7. January 12, 2015– DWSD offers Flint a waiver on $4M reconnection fee

- Cannot find documentation to support this in our files

8. January 26, 2015 - CIP plan includes phosphoric acid to act as a corrosion control agent

- Does phosphoric acid act as a corrosion control agent? We know that the city is current using orthophosphate, but we will research what the usages are for phosphoric acid.

9. March 23rd, 2015 – Flint City Council votes to return to DWSD Water

- We don't have this City Council decision on file

Please let us know if you have any questions or concerns with this feedback.

With regard,

Alexandr Heimann
Municipal Analyst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 335-2434

Pleyte, Beth (Treasury)

From: Kester K. So <KSo@dickinson-wright.com>
Sent: Thursday, January 21, 2016 1:31 PM
To: Donner, Lee (ldonner@firstsw.com); Anne Burger Entrekin (Anne.BurgerEntrekin@firstsw.com)
Cc: Saxton, Thomas (Treasury)
Subject: Use of SRF to replace lead service lines CONFIDENTIAL
Attachments: Eligibility of Lead Service Line Replacement MEMO 2012-2013.pdf

Here is a copy of the EPA memo. It may have been issued in the 2012 to 2013 time frame.

Kester K. So Member
215 S Washington Square
Suite 200
Lansing MI 48933
Profile | V-Card
Phone 517-487-4722
Fax 517-487-4700
Email KSo@dickinsonwright.com

DICKINSON WRIGHT PLLC
MICHIGAN ARIZONA KENTUCKY NEVADA OHIO TENNESSEE WASHINGTON D.C. TORONTO

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C.

MEMORANDUM

SUBJECT: Eligibility of Replacement of Lead Service Lines on Private Property Under the DWSRF.

FROM: Joanne Hogan
Attorney- Advisor
Civil Rights and Financial Law Office
Office of General Counsel

THROUGH: Wendel Askew
Assistant General Counsel
Civil Rights and Financial Law Office
Office of General Counsel

Ken Redden
Deputy Associate General Counsel
Civil Rights and Financial Law Office
Office of General Counsel

TO: Peter Shanaghan
Team Leader
Drinking Water State Revolving Fund Team
Office of Ground Water and Drinking Water, Office of Water

Question Presented.

You have asked whether financial assistance from a State's Drinking Water State Revolving Loan Fund can be used by eligible entities to fund projects that involve replacing lead service lines that may be on private property and that connect to private dwellings.

Brief Answer

We believe that lead service line projects, regardless of the ownership of the property on which the pipe is placed, may be funded by a State's DWSRF so long as the loans are made to an eligible entity and all other requirements of the DWSRF are met.

Analysis

The statute and the regulatory provisions governing the use of State DWSRF funds, though defining which entities may receive funds, do not require the Public Water System to have control over all portions of a project that is funded by the DWSRF. Congress gave EPA's Administrator the clear authority to determine which projects would be eligible under §1452: "Financial assistance. . . may be used. . . only for expenditures of a type or category which the Administrator has determined, through guidance, will facilitate compliance with national primary drinking water regulations." PHSA §1452 (a)(2). The only broad statutory limitations on the types of projects that cannot be funded are projects which include monitoring, operation, or maintenance expenditures, or projects for the acquisition of real property unless the purchase is made from a willing seller and the acquisition is integral to the project.

40 CFR §35.3520 (b)(2) sets forth the categories of projects that can be funded by a DWSRF. This provision includes the transmission and distribution of water to be a category of eligible projects. Specifically, the regulation provides examples of such projects to include: "installation or replacement of transmission and distribution pipes to improve water pressure to safe levels or to prevent contamination caused by leaks or breaks in the pipes." See 40 CFR §35.3520 (2)(ii).

Lead pipes can contaminate water at any point, including on its way to a private home. Allowing a public water system to use its funds to replace such pipes is consistent with this allowable category of projects, and is similarly consistent with the overall health protections of the Safe Drinking Water Act. See PHSA 1452 (a)(1)(A). Note that if a Public Water System wishes to purchase and retain an easement so that it maintains control of such infrastructure, that purchase is authorized as well: "Funds shall not be used for real property or interests therein unless the acquisition is integral to the project authorized... and the purchase is from a willing seller. . ." PHSA 1452(a)(2).

This determination that replacement of lead pipes on privately owned property is an eligible project cost so long as it otherwise complies with the PHSA is consistent with prior approved eligible projects, such as water efficiency projects, that do not require all elements of a project to be under the control of a Public Water System. In a Memorandum dated July 25, 2003, then Assistant Administrator for Water G. Tracy Mehan III informed Water Division Directors in the regions that projects such as the installation or retrofit of plumbing fixtures and appliances, installation of water meters, and implementation of incentive programs to conserve water, such as rebates or conservation rate structures were all eligible projects under the DWSRF. Therefore, so long as the assistance is given to an eligible entity, and the project otherwise meets the requirements of the DWSRF, the project may be funded regardless of ownership or control of the resulting infrastructure.

Workman, Wayne (TREASURY)

From: Stanton, Terry A. (Treasury)
Sent: Thursday, January 21, 2016 10:33 AM
To: Byrne, Randall (Treasury)
Cc: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Subject: RE: Question on Veolia study on Flint water from March 2015

Thanks

From: Byrne, Randall (Treasury)
Sent: Thursday, January 21, 2016 10:31 AM
To: Stanton, Terry A. (Treasury)
Cc: Workman, Wayne (TREASURY) ; Saxton, Thomas (Treasury)
Subject: Re: Question on Veolia study on Flint water from March 2015

Terry:

The City hired Veolia to help them resolve the TTHM problem.

Randy

Sent from my iPhone

On Jan 21, 2016, at 10:03 AM, "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov> wrote:

> Thanks.
>
> **From:** Workman, Wayne (TREASURY)
> **Sent:** Thursday, January 21, 2016 10:01 AM
> **To:** Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
> **Cc:** Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
> **Subject:** Re: Question on Veolia study on Flint water from March 2015
>
> Flint retained them and got the final report
>
> Sent from my iPhone
>
> On Jan 21, 2016, at 10:00 AM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:
>
> > All...
> >
> > See below. Didn't the city contract for the Veolia study? Seems best to direct Jacob there, yes?
> >
> > **From:** Jacob Kanclerz [mailto:jacob@mirsnews.com]
> > **Sent:** Thursday, January 21, 2016 9:57 AM

To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Question on Veolia study on Flint water from March 2015

Terry,

I wanted to see if you could provide me some more context on what looks like a third-party study on Flint water that was conducted for EM Jerry Ambrose by Veolia in March 2015. I found this as part of the emails the Governor released yesterday.

The study starts on pg. 151 (I would attach the PDF but it is too large to send, I trust you have access to these emails).

I just wanted to see if you could provide the backstory on this -- who initiated the study, what was the goal and were any of the recommendations implemented in Flint? Let me know more when you get a chance today. Thanks!

--
Jacob Kanclerz
Reporter, MIRS News
Office: 517-482-2125
Cell: 810-923-8235
Twitter: @jacobkanclerz

Stanton, Terry A. (Treasury)

From: Jacob Kanclerz <jacob@mirsnews.com>
Sent: Thursday, January 21, 2016 10:52 AM
To: Stanton, Terry A. (Treasury)
Subject: Re: Question on Veolia study on Flint water from March 2015

Ah OK, I'll see what I can do. I just saw it was addressed to Mr. Ambrose and was forwarded from Treasury to Muchmore, so I thought I would try to loop you guys in on this. Thank you though.

On Thu, Jan 21, 2016 at 10:34 AM, Stanton, Terry A. (Treasury) <StantonT@michigan.gov> wrote:

Jacob...

It is my understanding the City of Flint retained Veolia for the study and received the final report. I believe it was done as a result of the TTHM issue in Flint water. You should contact the city.

Terry

From: Jacob Kanclerz [mailto:jacob@mirsnews.com]
Sent: Thursday, January 21, 2016 9:57 AM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Question on Veolia study on Flint water from March 2015

Terry,

I wanted to see if you could provide me some more context on what looks like a third-party study on Flint water that was conducted for EM Jerry Ambrose by Veolia in March 2015. I found this as part of the emails the Governor released yesterday.

The study starts on pg. 151 (I would attach the PDF but it is too large to send, I trust you have access to these emails).

Steckelberg, Larry (TREASURY)

From: Jody Lundquist <jlundquist@cityofflint.com>
Sent: Thursday, January 21, 2016 11:49 AM
To: Steckelberg, Larry (TREASURY)
Cc: Natasha Henderson; Workman, Wayne (TREASURY); Byrne, Randall (Treasury); Cline, Richard (Treasury)
Subject: Fwd: Water rates and shut off notices

Per Ms. Henderson, I am forwarding this correspondence for additional context and information relating to the City's current position on water rates and shut off notices.

Please let me know if you have any additional questions.

Best regards,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 237-2441

---------- Forwarded message ----------
From: **Jody Lundquist** <jlundquist@cityofflint.com>
Date: Sun, Jan 17, 2016 at 7:48 PM
Subject: Water rates and shut off notices
To: Natasha Henderson <nhenderson@cityofflint.com>
Cc: Anthony Chubb <achubb@cityofflint.com>, Karen Weaver <kweaver@cityofflint.com>

Good evening, Ms. Henderson.

I sent you an email this afternoon regarding the media coverage on the City's intent to begin issuing shut off notices effectively immediately. At this point in time, I have not given such an instruction to Treasury staff nor provided them with a rate schedule to restore water and sewer rates to their pre-injunction amounts. However, there are a number of matters for which I must make you aware.

Water Rates

On August 17, 2015, Honorable Judge Archie Hayman issued a preliminary injunction order requiring the City to reduce its water and sewer rates. Billing was postponed for a number of weeks while the City awaited an opinion from the Court of Appeals. Having not received a stay, the City moved forward with implementing the reduced rate structure and regular monthly billing resumed on September 1, 2015.

On Monday, January 11, 2016, the Judge signed an amended preliminary injunction order restoring the City's water and sewer rates to those set by the master fee schedule as adopted by emergency manager order. City Council and RTAB approved a first quarter budget amendment recognizing the reduced revenue resulting from the rates currently in effect as ordered by the original preliminary injunction order. The court-ordered rates result in rates being insufficient to meet the operations, maintenance, and bond obligations necessary to fulfill

the requirements as set forth in the Revenue Bond Act, however the budget amendment authorized the use of unrestricted fund balance to offset the gap between rates and revenue requirements.

If the City were not to restore rates pursuant to the master fee schedule, the budget has already been updated accordingly. However, I request that the legal department provide an opinion as to the City's obligation to restore the EM adopted rates as failure to do so may be a violation of PA436. Not doing so, would require further action to set a new master fee schedule.

I would also note that with the current financial position of the City, this method of subsidizing insufficient rates cannot be maintained past the end of this fiscal year.

Shut off Notices

The preliminary injunction order prohibited the City from performing shut off notices on delinquent balances prior to the implementation of the reduced rates. Upon receiving the verbal order on August 7, 2015 the City immediately ceased disconnection of service for non payment. When the reduced rates became delinquent in October, the City worked through some administrative hurdles to "set aside" the balances outstanding prior to September 1 when regular billing resumed. In November the City held a press conference announcing that shut off notices were going to resume. (At the time, lead was not as widely present in the media coverage.) The last cycle to be sent shut off notices were mailed on or around 12/9 with a due date of 12/29/2015. Processing of additional notices was then postponed in consideration of the holidays.

No disconnection for nonpayment of an active account has occurred since August.

The City has seen a dramatic decline in its collection rate since August. As with any utility, the City performs shut offs to enforce timely payment. The Finance and Treasury Departments have been reviewing the financial impact of the reduced billed revenue and decrease in collections on a regular basis. In August the City's collection rate was 99%. With the issuance of shut off notices, the City received in payments each month approximately the same amount that it billed although payments were often trailing. For instance, many customers were constantly in a state of delinquency, but they were at least coming in each month and making a payment.

Without the issuance of shut off notices, the City's collection rate fell to 70% in October before increasing (through issuance of shut off notices) to 89% in December. Average collection rate for the period August to December has now fallen to 84%.

As I noted in my previous email, there is an incredible amount of media attention and public outcry regarding the City's policy on shutting off service for nonpayment of "poisonous" water. This does NOT absolve the City from state law or its responsibility to maintain a functional water and sewer system. Rates and enforcement of payment are necessary in order to ensure we have the resources to maintain the system unless financial support is going to be provided from an external entity.

While we may have some time as we request financial assistance from the State and Federal government and review both our policy and legal positions, we must be considerate of our obligations to the system and long term financial stability of the City. Per our conversation, Treasury has been instructed not to take any action at this time and will wait until further notice to update the rate schedule and issue shut off notices.

Thank you for your time and consideration of these matters. Please let me know if you have any questions or would like any additional information.

Best regards,

Cline, Richard (Treasury)

From: Dostine, Patrick (TREASURY)
Sent: Thursday, January 21, 2016 11:57 AM
To: Cline, Richard (Treasury)
Subject: FW: Ver. 2 Flint call notes
Attachments: Call 1-20-16.docx

Eric

See Randy's email below. Perhaps we can discuss when we talk later about AP.

From: Byrne, Randall (Treasury)
Sent: Thursday, January 21, 2016 10:38 AM
To: Dostine, Patrick (TREASURY) <DostineP@michigan.gov>
Cc: Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: Re: Ver. 2 Flint call notes

Pat:

I am OK with this. Discuss with Eric, then send to Suzanne and Wayne.

Thanks,
Randy

Sent from my iPhone

On Jan 20, 2016, at 4:16 PM, "Dostine, Patrick (TREASURY)" <DostineP@michigan.gov> wrote:

> Randy
>
> Attached are Alex's notes with some minor edits from me. -- Pat
>
> Patrick Dostine
>
> State of Michigan
> Department of Treasury
> Local Government Financial Services Division
> Cadillac Place
> 3044 W Grand Blvd
> Detroit, MI 48202
> (office) 313.456.1772
> dostinep@michigan.gov
>
> CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments.

Flint
Weekly Phone Call
01/20/16

Present:
N. Henderson (Flint)
Council President Nelson (Flint)
F. Headen (Treasury)
W. Lamphier (Treasury)
P. Dostine (Treasury)
E. Cline (Treasury)
A. Heimann (Treasury)
R. Byrne (Treasury)

Not Present:
Mayor Weaver (Flint)

1. Water Update:

Water, Lead Test Kits, and Filter Distribution Update:

- ~~Councilor~~ Council President Nelson has been uplifted by the significant donations of water, filters, and volunteers to help distribute water
- The City has a partnership with the MTA to distribute water to people who are homebound, or who lack transportation to retrieve water on their own.
- The City has been strained financially and operationally in its response to the emergency. ~~by this process.~~ Henderson also said, "It's becoming a really big strain for staff." ~~N.~~ Henderson ~~suggests~~ said that the city ~~has had to utilize~~is using ~~significant~~ ~~Public Safety and Sanitation~~ resources that: ~~have either~~
    - Accrue ~~additional~~unbudgeted financial costs to the city, ~~as is the case with their~~like its sanitation contractor being dispatched to fire stations to clean-up from distribution efforts , or
    - ~~Remove~~ Borrow ~~city~~ limited resources that are needed in other areas. ~~N.~~ Henderson told an anecdote about how the city ~~y~~ wanted to place a police officer by all of the fire stations to help manage traffic (~~which is~~ where water distribution is happening) and that they could not justify removing officers from their duties in the neighborhoods where crime is a problem. ~~to help manage traffic~~.
- ~~N.~~ Henderson ~~expressed interest in getting~~ said Flint needs to be reimbursed for the additional expenses that the city is accruing. Asked the Treasury participants on the call to help if there is "anything that we can do about that". Said that she has been keeping a record of how much this has cost the city, and will be sending that document to E. Cline from Treasury.
- Deloitte has offered to help the city with crisis management. They are sending in (3) consultants, and one of them has worked with cities to manage the aftermath of hurricane Katrina.

Water Billing/Water Fund

- ~~N.~~ Henderson stated that the City was attempting to combat false information about water bills.
- The city says that "the judge's ruling" allows them to send out water shut off notices, but they currently are not doing so.
- People are still not paying their water bills, the city suggests that part of the reason is that there is so much confusion about the bills, especially around whether or not the state is going to pay for the past-due bills from when the water was tainted with lead, which the city suggests is the common conception. The city expressed concern that they did not find money to pay ~~off~~ delinquent water bills in the Governor's Supplemental Budget.
- The water usage rate has not decreased since the news broke about the lead.

Water Operations

- The city is working to formalize a plan to connect the city to its neighboring communities to back up each other's water supply. This plan would cost $6.4 Million, but ~~N.~~ Henderson feels confident that the city would only be responsible for paying a portion of the costs. This plan would serve two purposes:
    - It would prevent the city from having to spend an estimated $3.1M to build a temporary above ground water line for testing the connection to the KWA
    - It would allow the city to use its neighbors for a water supply backup and not have to rely on the Flint River as a back-up source
- Efforts to control the corrosion from city water are going well. ~~N.~~ Henderson ~~suggests~~ said that they have been doing field testing of water, and that lead levels are decreasing.

Drinking Water Emergency Loan Fund

- The city intends to apply for this fund, and hopes that a portion of this loan money is forgivable.
- The city's proposal would likely be $25M annually (the maximum is $15M according to the city) for (5) years, at a total of $125M
- Would be working on public and private infrastructure by prioritizing areas in the highest need of infrastructure improvement. The city knows, for example, where water sits in the system. Areas like those would be targeted for these monies.
- The city is aware that their initial estimates of over a b~~B~~illion d~~D~~ollars to replace all lead infrastructure is an unrealistic request
- The city has already conducted a Reliability and Sanitary Sewer study, which they say is a requirement of the application
- Their data suggests that the city has about 600 Miles of water infrastructure, but their engineering consultant suggests that this number might be 100 Miles low

2. Other issues

Police and Fire Department updates

- There is not much to report in crimes, the city is about at where it would expect to be at this point in the year
- Fire stations are being utilized as water and filter distribution centers

Shears v Flint

- The $15M transfer from the Sewer Fund has been resolved. The City Council voted to approve that transfer, and now it is awaiting RTAB approval.

Steckelberg, Larry (TREASURY)

From: Jody Lundquist <jlundquist@cityofflint.com>
Sent: Thursday, January 21, 2016 7:51 PM
To: Vaughn, Cary J. (Treasury)
Cc: Natasha Henderson; Steckelberg, Larry (TREASURY); Workman, Wayne (TREASURY)
Subject: Re: DRAFT 18 Month Cash Flow Attached
Attachments: City of Flint 18 Mo. Water Cash Flow 1-21-2016 jnl v2.pdf; City of Flint 18 Mo. Water Cash Flow 1-21-2016 jnl v2.xlsx

Good evening, Cary.

Please find responses to each of your inquiries below:

1. As noted in the assumptions narrative, the activity shown summarized total recorded debits and credits to the GL and NOT actual cash receipts and disbursements. I have removed this completely so as not to give any other user a false impression of cash receipts and disbursements being greater than they were. In response to your question, during the months of September and October the City recorded a number of entries as it implemented various components required by the Preliminary Injunction Order. Among these requirements was to separate water and sewer cash accounts from pooled cash. The debit and credit activity reflected journal entries among which the establishment of these accounts were recorded. In the process of doing so, my staff posted, reversed then corrected such an entry.

2. For the "As budgeted" tab, you are correct. Annualized receipts and disbursements differ from total budget. If you unhide columns B-D on either tab, you will find the underlying Budget, YTD Activity and Available Balances for the Fund through 12/31/2015. For revenues, $28.3 million was budgeted. As a result of the Preliminary Injunction Order, the City had to "set aside" over $10.2 million in billed water and sewer revenue. When the Utility Billing Department posted these changes to the customer accounts, it reversed current year billed revenue recorded to our GL. This was taken into account for the RTAB reports submitted to the State yesterday. It appears that the AJE has not been posted yet. I have adjusted YTD activity shown on this report accordingly. Even as such, with 50% of the year complete the City is slightly below its revenue projection. Projected revenue was reduced with the first quarter budget amendment based upon estimates and early assumption immediately following issuance of the Preliminary Injunction Order. The lower projected revenue is included in the amended budget amounts. As we continue to analyze the ongoing impact of the order on billed revenue and collections, further adjustment may be reflected in future quarterly amendments.

Similar to revenue, as of 12/31/2015 only 33% of total expenditures had been recorded. This would leave approximately two-thirds of the total budget to be expended during the remaining 6 months of the fiscal year. Annualizing the monthly amounts shown does not make sense in this case. As discussed, there are items within the budget that may not be equally divided over a 12-month or even 6-month period. Capital expenditure and debt service payments for instance, may be paid in lump sums. Total budgeted depreciation for the water fund is $1.5 million. I have removed depreciation from Water Plant Operations line for now so that net cash flow will reflect this item as removed.

3. Debt service payments are reflected by the line item "Transfers out to fund 493".

Again, this is a rough draft for your review and remains a document in progress. As I begin to populate actual cash receipt and disbursement activity for July 1-December 31, 2015, the line item descriptions shown may be

subject to change. If anything, they will be more detailed as opposed to less and I will do my best to mirror the audit. I will touch base with you again tomorrow to discuss this further.

Please let me know if you have any additional questions, comments or concerns regarding the revised report and information provided.

Thanks,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 237-2441

On Thu, Jan 21, 2016 at 5:38 PM, Vaughn, Cary J. (Treasury) <VaughnC2@michigan.gov> wrote:

Jody,

Thank you for getting me this information so quickly. I appreciate your understanding related to the necessity of getting it under such a short timeline. This is very helpful. I have a few questions for you though.

1. It looks like September and October of 2015 had unusually high receipts and disbursements. Please explain those higher numbers.

2. I annualized the average receipts and disbursements projections for January 2016 through June 2016 and it calculates to be yearly receipts of $40 million and disbursements of $63.36 million (does not include noted transfers out). Your 2015 audit shows annual revenues to be $33.8 million and expenses to be $20.6 million (which includes depreciation that would not be included on the cash flow). What is the reason for the higher projections going forward *in broad terms?*

3. Where are the debt service payments reflected?

As discussed, please go forward with filling in the detail for the actual numbers for July through December 2015 as well as the projections of July through December 2016. You also mentioned that you would tweak the numbers by estimating more closely the monthly flow instead of evenly spreading the estimates. That would be good.

Thanks for your help! It's nice to work with you again. If I or anyone here at Treasury can be of assistance including coming to Flint for whatever reason, let me know.

cary

From: Jody Lundquist [mailto:jlundquist@cityofflint.com]
Sent: Thursday, January 21, 2016 4:12 PM
To: Vaughn, Cary J. (Treasury) <VaughnC2@michigan.gov>

Cc: Natasha Henderson <nhenderson@cityofflint.com>
Subject: DRAFT 18 Month Cash Flow Attached

Cary,

Please find attached a draft 18-month cash flow with the preliminary formatting and content assumptions that we discussed this morning.

I'd like to highlight the following two matters:

1. The "As Budgeted" projection is overly optimistic as it includes the 5% increase as originally projected in the EM Adopted FY16 and FY17 Budget. Further, it continues to (falsely) assume a near 98% collection rate. Both tabs include the same assumptions for the remaining FY16 expenditures.

2. Although the emergency was declared over a water crisis, the impact of the preliminary injunction order affected rates and collections for both the Water AND Sewer funds and the further decline in collections as a result of public perception over water impacts sewer equally as the City issues combined utility bills.

If the State is to provide support for the Water Fund, I would implore them to consider the devastating impact this is having on the Sewer Fund as well. Indeed, the large majority of capital improvement projects eliminated with the City's 1st quarter budget amendment were from sewer. If financial support as a result of the combined billing process of the City is not an option for the State, then we will absolutely need the State and elected officials support for billing sewer separately and forcefully pursuing non payment, otherwise both funds will go under.

Please let me know if you have any questions regarding the information as shown. I am stepping into a meeting but should be available around 4:45 to discuss.

As always, it is a pleasure working with you.

Best regards,

Jody N. Lundquist

Sanders, William (TREASURY)

From: Steckelberg, Larry (TREASURY)
Sent: Thursday, January 21, 2016 4:46 PM
To: Schafer, Suzanne K. (Treasury); Vaughn, Cary J. (Treasury)
Subject: FW: Summary of Water Crisis Financial Needs
Attachments: Summary of Water Crisis Financial Needs 1.15.16.xlsx

forwarding

From: Jody Lundquist [mailto:jlundquist@cityofflint.com]
Sent: Thursday, January 21, 2016 11:45 AM
To: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Cc: Natasha Henderson <nhenderson@cityofflint.com>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Subject: Fwd: Summary of Water Crisis Financial Needs

Good morning, Mr. Steckelberg.

On behalf of City Administrator Henderson, I am forwarding the draft summary of financial needs provided to the Governor on January 15, 2015. As we discussed on our call yesterday, an estimate of collections resulting from the 35% 9/16/2011 rate increase is included. The City received in total payments for the period October 2011 through July 2012 approximately $46 million for all Water and Sewer rates and charges. Of that approximately 35% or $16,1 million would have been a direct result of the rate increase (35% x $46,000,000).

This summary of financial impact is in the process of being updated further as two more class action lawsuits have now been filed against the City as a result of lead allegations. We are also experiencing a tremendous threat to our IT security causing a number of increased costs in order to mitigate ongoing attacks by Anonymous and other such organizations.

Please let me know if you have any questions regarding the information included in this summary.

Best regards,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 237-2441

---------- Forwarded message ----------
From: **Natasha Henderson** <nhenderson@cityofflint.com>
Date: Fri, Jan 15, 2016 at 10:29 AM
Subject: Summary of Water Crisis Financial Needs
To: Jody Lundquist <jlundquist@cityofflint.com>, Anthony Chubb <achubb@cityofflint.com>

This is Jody on Natasha's computer.

Please find attached the updated draft of the financial needs summary.

I have not had a chance to include the capital improvement projects that were suspended across the City's other funds as a result of the spending freeze following the judge's preliminary injunction order (i.e. facilities improvements, IT upgrades, and vehicle/equipment purchases).

Thanks,

Natasha L. Henderson, City Administrator
City of Flint, Michigan
1101 S. Saginaw St.
Flint, MI 48502
Email: nhenderson@cityofflint.com
Phone: (810) 237-2057
www.cityofflint.com

CITY OF FLINT
SUMMARY OF WATER CRISIS FINANCIAL NEEDS

Shears v. City of Flint Litigation

Description	Amount
Loss in monthly billed revenue The Preliminary Injunction Order issued by Honorable Judge Archie Hayman on August 17, 2015 required the City to reduce water and sewer rates to exclude the September 16, 2011 rate increases This resulted in a loss of monthly billed revenue of approximately $616,000 per month for approximately 5 months	$ 3,080,000
Loss in monthly revenue collections As a result of the City's inability to enforce payment through shut offs, which was later accelerated by the declaration of the water emergency, the City's collection rate has fallen from 98% in August to 75% in November before improving slightly in December. The average collection rate for the period August to December is now 84%. The City issued its first round of shut off notices in November but has not resumed processing as of January 14, 2015 No disconnection of service for nonpayment on active accounts has occurred since August 2015. Based on the reduced average monthly billed revenue of $4 6 million and the increased delinquency rate, the City's allowance for uncollectible accounts must be increased. The collection rate is expected to remain low until shut off notice processing is resumed and processed consistently. ($4.6 million x 15% x 7 months)	$ 4,830,000
Loss due to uncollectible delinquent accounts at August 17, 2015 The original preliminary injunction order enjoined the City from disconnecting any accounts for non payment for which the delinquency arose between September 16, 2011. This effectively forced the City to set aside approximately $10.9 million in outstanding customer balances as uncollectible	$ 10,890,947
Rate increase for the period September 16, 2011 through June 30, 2012 Judge Hayman has stated in open court that the rate increase from September 16, 2011 to June 30, 2012 was illegal. While a ruling regarding this matter is anticipated, the increase to rates and charges during that time period resulted in approximately $15 million of billed revenue. Should the judge order the City to repay these billings or provide credits to customer accounts in that amount, the City's current revenue will need to offset this enormous cost. Collections for the period October 2011-July 2012 for which the September 16, 2011 rate increase would have been billed in received total $46 million Refunding the amount of collections during that period resulting from the rate increase will cost the City over $16 million.	$ 16,100,000
Capital Improvement Projects removed from Fiscal Year 2016 Budget As a result of the immediate and drastic impact of the preliminary injunction order, the City issued a spending freeze for all non-critical items In order to offset the reduction in billed revenue and collections, the City reviewed its capital improvement plan and cancelled or postponed nearly all projects with the exception of those necessary to prepare for the Karegnondi Water Authority (KWA). The removal of $3.9 million and $1 7 million in planned capital improvement projects for the Sewer and Water funds, respectively, were included in the adopted FY16 First Quarter Budget Amendments	$ 5,600,000
Legal costs associated with litigation The State has agreed to reimburse the City 75% of legal costs associated with this litigation not to exceed a total reimbursement of $300,000 Total legal expense of representation by external legal counsel is anticipated to reach $600,000 leaving a gap of $300,000 borne entirely by the City. (25% of the first $400,000 = $100,000 plus an additional $200,000 through final ruling)	$ 300,000
TOTAL FINANCIAL IMPACT OF SHEARS V. CITY OF FLINT LITIGATION	**$ 40,800,947**

CITY OF FLINT
SUMMARY OF WATER CRISIS FINANCIAL NEEDS

Declaration of State of Water Emergency

Description	Amount
Additional Corrosion Control Procedures Implementation of the additional corrosion control procedures totaled approximately $45,000 and is being maintained at an estimated cost of $100/day ($45,000 + $100/day x 365 days/year x 5 years)	$ 227,500
Purchase of DWSD Water The City expended $2 million towards the $10 million escrow required by the Detroit Water and Sewage Department (DWSD) to resume purchasing water through June 30, 2016 It is expected that the City will need to continue purchasing water from Great Lakes Water Authority (formerly DWSD) for an additional three months until the City is ready to begin receiving water through KWA.	$ 6,000,000
Backflow system necessary for testing and future back flow supply As a result of switching the City's water supply to DWSD, the pipe that would have been used to transport raw water from Lake Huron to the City's water plant is in use The City must develop an alternate path from which to receive water during the period for which raw water must be tested prior to full conversion to KWA as the City's water supplier.	$ 6,342,326
PSI contractor for locating and mapping lead lines Historical data maintained by the City is incomplete and inaccurate. A third party contractor has been engaged to assist in locating lead lines and testing water samples obtained from those sites Additional services may include integrating the results of their efforts with the City's GIS maps	$ 75,000
University of Michigan for data compilation The University of Michigan has agreed to assist the City in its efforts to compile historical data on the location of lead lines and any additional data obtained through the course of this emergency.	$ 3,600
Excavation of residential service lines The excavation of 6 residential services lines is necessary for additional testing ($5,000/line x 6 lines)	$ 30,000
Replacement of service lines Replacement cost included in other estimates provided to the State of Michigan detailed each residential line to cost $1,500 to replace. ($1,500/line x 15,000 lines)	$ 22,500,000
8" residential water mains and 24" transmission mains It is estimated that there are approximately 600 miles of 8" residential lines and 60 miles of 24" transmission mains needing replacement. Preliminary estimates place replacement of residential lines at $145 per foot and $800 per foot for transmission mains. ($145/foot x 600 miles x 5,280 feet/mile plus $800/foot x 60 miles x 5,280 feet/mile)	$ 712,800,000
Loss of monthly County backup revenue ($40,000/month x 9 months) As a result of the media coverage and declaration of a health emergency, Genesee County has decided to discontinue its contractual payment to the City per its backup agreement. The City has not received payment since September 2015 Assuming another agreement for backup supply is negotiated with Genesee County, $360,000 in revenue adopted in the City's FY16 budget will be lost or remain uncollectible without litigation	$ 360,000
Fire Department overtime The Fire Department is now operating an additional fire station as a distribution center 7 days per week. With the necessity to designate staff to the EOC and overseeing distribution at each of the other sites, overtime costs are being incurred daily ($2,000/day x 180 days)	$ 360,000
PTO's for counter ($3,000/month x 6 months) In order to carryout staffing of the EOC and distribution counter at City Hall, civilian staff within the police department has been assigned to fulfilling this specific function. Additional wages are estimated at $3,000 per month. ($3,000/month x 6 months)	$ 18,000
TOTAL FINANCIAL IMPACT OF DECLARATION OF WATER EMERGENCY	**$ 748,716,426**

Workman, Wayne (TREASURY)

From:	Workman, Wayne (TREASURY)
Sent:	Friday, January 22, 2016 10:20 AM
To:	Saxton, Thomas (Treasury); Steckelberg, Larry (TREASURY); Koryzno, Edward (Treasury)
Subject:	Fwd: Water Emergency Response Invoice to State
Attachments:	Water Emergency Expenses Invoice - Reimbursement Request.pdf; ATT00001.htm

I don't think this belongs to us probably budget for state police. Could be the supplemental

Sent from my iPhone

Begin forwarded message:

> **From:** "Jody Lundquist" <jlundquist@cityofflint.com>
> **To:** "Steckelberg, Larry (TREASURY)" <SteckelbergL@michigan.gov>
> **Cc:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Cline, Richard (Treasury)" <cliner1@michigan.gov>, "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov>, "Natasha Henderson" <nhenderson@cityofflint.com>
> **Subject: Fwd: Water Emergency Response Invoice to State**
>
> Good morning, Mr. Steckelberg.
>
> On behalf of Ms. Henderson, please find attached an invoice summarizing costs incurred since the declaration of an emergency on the state level directly related to performing the necessary actions to administer emergency assistance to the City's residents.
>
> Please let me know if you have any questions or require any additional information.
>
> Best regards,
>
> Jody N. Lundquist
> Chief Financial Officer
> City of Flint
>
> jlundquist@cityofflint.com
> (810)237-2441 direct
>
> Begin forwarded message:
>
> > **From:** Jody Lundquist <jlundquist@cityofflint.com>
> > **Date:** January 21, 2016 at 6:19:20 PM EST
> > **To:** Natasha Henderson <nhenderson@cityofflint.com>
> > **Subject: Fwd: Water Emergency Response Invoice to State**
> >
> > Good evening, Ms. Henderson.

Please find an invoice attached for your review summarizing the costs incurred as a result of the water crisis. Please let me know if you have any questions or if any additional information is required.

Best regards,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 237-2441

---------- Forwarded message ----------
From: **Vickie Foster** <vfoster@cityofflint.com>
Date: Thu, Jan 21, 2016 at 5:34 PM
Subject: Water Emergency Response Invoice to State
To: Jody Lundquist <jlundquist@cityofflint.com>

Jody,

I am attaching a copy of the invoice, along with copies of the supporting documents. Please let me know if you need anything else.

Vickie

TREASURER'S OFFICE
CITY OF FLINT, MICHIGAN

(810) 766-7015

Dr. Karen Weaver, Mayor

BILLING DATE: 01/21/16
CUST #: 05-3887
INVOICE #: 1600027175
SERVICE DATE: 01/20/2016
INVOICE DATE: 01/21/2016
DUE DATE: 02/28/2016

MISCELLANEOUS RECEIVABLE BILL

MICHIGAN DEPT OF TREASURY
430 W. ALLEGAN ST. 1ST FLOOR
LANSING MI 48922

SERVICE ADDRESS:

Description	Amount
WATER EMERGENCY EXPENSES	$15246 61

REQUEST FOR REIMBURSEMENT OF PERSONNEL COSTS ASSOCIATED WITH WATER EMERGENCY RESPONSE

FLINT FIRE DEPARTMENT $11,366.69
DPW - TRAFFIC ENGINEERING TRAFFIC CONTROL $565.48
DPW - WATER PLANT $620.84
FLINT POLICE DEPARTMENT- WATER EMERGENCY CALLS $2,693.60

TOTAL CHARGES INCLUDE PERSONNEL AND EQUIPMENT RELATED COSTS ASSOCIATED WITH THE WATER EMERGENCY FOR THE PERIOD 1/5/16-1/20/16: $15,246.61

TOTAL $15246.61

PLEASE REMIT BOTTOM PORTION WITH YOUR PAYMENT

REMIT PAYMENT TO:
CITY OF FLINT, TREASURER
1101 S. Saginaw Street, Room 10
Flint, MI 48502
Phone: (810) 766-7015

MISCELLANEOUS RECEIVABLE BILL

CUST #: 05-3887
INVOICE #: 1600027175
SERVICE DATE: 01/20/2016
INVOICE DATE: 01/21/2016
DUE DATE: 02/28/2016

TOTAL INVOICE	$15246.61

MICHIGAN DEPT OF TREASURY
430 W. ALLEGAN ST. 1ST FLOOR
LANSING MI 48922

FLINT FIRE DEPARTMENT - WATER EMERGENCY ASSISTANCE

January 5 - January 16, 2016 - Regular hours worked related to water emergency

		REG RATE	OT RATE	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	TOTALS	Direct Fringe
Cobb	Stephen	28.5920	42.8880											24						$686.21	$29.44
Dorman	Jacob	22.9190	34.3785									24			24					$1,100.11	$47.19
Earegood	Cynthia	19.4870	29.2305																	$0.00	$0.00
Galloway	Micheal	21.5210	32.2815																	$0.00	$0.00
Hogan	Kwame	22.9190	34.3785																	$0.00	$0.00
Hunt	Jerry	22.4080	33.6120								19.5									$436.96	$18.75
Maser	Phillip	14.8470	22.2705																	$0.00	$0.00
Parrish	Robert	21.0690	31.6035																	$0.00	$0.00
Presswood	Frederick	21.0690	31.6035																	$0.00	$0.00
Rygwelski	Amy	19.8400	29.7600																	$0.00	$0.00
Stenger	John	19.8400	29.7600	4							11	8	12	24						$1,170.56	$50.22
Winford	Robert	21.0690	31.6035									6								$126.41	$5.42
Wright	James	20.6090	30.9135				24													$494.62	$21.22
Yonan	Jeremy	19.4870	29.2305				12	12			11	8	12							$1,071.79	$45.98
																			Total Straight Time Hours Worked Expenses	**$5,086.65**	**$218.22**

January 17 - January 30, 2016 - Overtime hours worked related to water emergency

		OT RATE	OT RATE	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	TOTALS	Direct Fringe
Earegood	Cynthia	19.4870	29.2305													24			12	$1,052.30	$45.14
Galloway	Micheal	21.5210	32.2815																24	$774.76	$33.24
Hogan	Kwame	22.9190	34.3785																12	$412.54	$17.70
Maser	Phillip	14.8470	22.2705													12				$267.25	$11.46
Parrish	Robert	21.0690	31.6035																12	$379.24	$16.27
Presswood	Frederick	21.0690	31.6035															16	8	$758.48	$32.54
Rygwelski	Amy	19.8400	29.7600																12	$357.12	$15.32
Winford	Robert	21.0690	31.6035													24				$758.48	$32.54
Yonan	Jeremy	19.4870	29.2305													12	24			$1,052.30	$45.14
																			Total Overtime Expenses	**$5,812.47**	**$249.35**

TOTAL FIRE DEPARTMENT EXPENSES INCURRED RELATED TO WATER EMERGENCY ASSISTANCE FOR PERIOD 1/5/16-1/20/16

$11,366.69

DPW TRAFFIC ENGINEERING **1-21-16**

TRAFFIC CONTROL FOR WATER EMERGENCY

1-14-16 TO 1-18-16

Street Maintenance and Traffic Engineering Water Emergency Response Calls

DATE	EMPLOYEE	OT HRS WORKED	REG RATE	OT RATE	OVT SUB-TOTAL	DIRECT FRINGE	EQUIP #	HRS USED	COST/HR	TOTAL EQUIP
14-Jan	Pat O'Donnell	2	$ 20.252	30.378	$ 60.76	$ 6.37	4103	2	$ 8.93	$ 17.86
15-Jan	Pat O'Donnell	2	$ 20.252	30.378	$ 60.76	$ 6.37	4103	1	$ 8.93	$ 8.93
16-Jan	Pat O'Donnell	2	$ 20.252	30.378	$ 60.76	$ 6.37	4103	1	$ 8.93	$ 8.93
17-Jan	Pat O'Donnell	4	$ 20.252	30.378	$ 121.51	$ 12.75	4103	2	$ 8.93	$ 17.86
18-Jan	Ken Chapman	4	$ 19.943	29.9145	$ 119.66	$ 12.55	4109	2	$ 8.93	$ 17.86
18-Jan	Rod McGaha	0.5	$ 31.601	47.4015	$ 23.70	$ 2.49				
OVERTIME TOTAL (FRINGES NOT INCLUDED)					**$ 447.14**	**$ 46.90**	**EQUIPMENT USAGE TOTAL**			**$ 71.44**

TOTAL EXPENSES INCURRED RELATED TO WATER EMERGENCY ASSISTANCE FOR PERIOD 1/14/16-1/18/16

$565.48

Utilities Water Plant Emergency Operations Center Assistance

DATE	EMPLOYEE	OT HRS WORKED	REG RATE	OT RATE	OVT SUB-TOTAL	DIRECT FRINGE	VEHICLE #	HRS USED	MILEAGE	TOTAL EQUIP
14-Jan	Melanie Poisson	0.3	$ 16.996	25.494	$ 7.65	$ 0.80				$ -
15-Jan	Melanie Poisson	2	$ 16.996	25.494	$ 50.99	$ 5.35				$ -
16-Jan	Melanie Poisson	2.6	$ 16.996	25.494	$ 66.28	$ 6.95				$ -
17-Jan	Melanie Poisson	2.8	$ 16.996	25.494	$ 71.38	$ 7.49	7755	2	$ 62.96	$ 125.92
18-Jan	Melanie Poisson	2.4	$ 16.996	25.494	$ 61.19	$ 6.42	4109	2	$ 62.96	$ 125.92
18-Jan	Melanie Poisson	3	$ 16.996	25.494	$ 76.48	$ 8.02				
OVERTIME TOTAL (FRINGES NOT INCLUDED)					**$ 333.97**	**$ 35.03**	**EQUIPMENT USAGE TOTAL**			**$ 251.84**

TOTAL EXPENSES INCURRED RELATED TO WATER EMERGENCY ASSISTANCE FOR PERIOD 1/14/16-1/18/16

$620.84

FLINT POLICE DEPARTMENT - WATER EMERGENCY CALLS FOR SERVICE

Date	Times	# Officers	Rank	Name	Hourly Rate	Location	Request	Straight Time	Over Time	Wages Paid Straight Time	Wages Paid @ OVT 1.5 Rate	Direct Fringe Expense
1/10/2016	1434-1615	1	Ofc	Snyder	$26.44	716 W. Pierson	Traffic/Crowd Control	1.7		$44.95		$1.93
	1434-1453	2	Ofc	Hughley	$26.44			0 3		$7.93		$0.34
			Ofc	Watson	$26.44			0.3		$7.93		$0.34
1/11/2016	0954-1705	1	Ofc	Fields	$26.44	716 W. Pierson	Traffic/Crowd Control	7.1		$187.72		$8.05
	1654-1748	1	Ofc	W. Johnson	$26.44			0.9		$23.80		$1.02
	1654-2057	2	Ofc	Eads	$26.44			4.0		$105.76		$4.54
			Ofc	Wilson	$26.44			4.0		$105.76		$4.54
1/13/2016	1417-1422	1	Sgt	Hall	$30.35	202 E. Atherton	Trouble at location	0.1		$3.04		$0.13
1/14/2016	1310-1755	1	Ofc	Hall	$26.44	716 W. Pierson	Traffic/Crowd Control	4.8		$126.91		$5.44
	1642-2100	1	Ofc	Willingham	$26.44			2.3		$60.81		$2.61
1/15/2016	1600-1830	1	Ofc	Plair	$26.44	716 W. Pierson	Traffic/Crowd Control	2.5		$66.10		$2.84
	1830-2100	2	Ofc	Balasko	$20.36	716 W. Pierson	Traffic/Crowd Control	2.5		$50.90		$2.18
			Ofc	N. White	$16.76			2.5		$41.90		$1.80
1/16/2016	0900-1600	1	Sgt	Handley	$29.85	716 W. Pierson	Traffic/Crowd Control		7.0		$313.43	$13.45
	1600-1930	1	Ofc	Fields	$26.44	716 W. Pierson	Traffic/Crowd Control	3.5		$92.54		$3.97
1/16/2016	1545-1645	1	Capt	Golden	$37.91	1101 S. Saginaw	Monitor Rally at City Hall		1.0		$56.87	$2.44
	1545-1700	1	Sgt	Dumanois	$29.85	1101 S. Saginaw	Monitor Rally at City Hall	1.3		$38 81		$1.66
1/17/2016	0830-1530	4	Sgt	Groulx	$29.85	2202 W. Dartmouth	Traffic Control at Rally		7.0		$313.43	$13.45
			Ofc	Snyder	$26.44				7.0		$277.62	$11.91
			Ofc	Summers	$26.44				7.0		$277.62	$11.91
			Ofc	Watson	$26.44				7.0		$277.62	$11.91
1/17/2016	2100-2200	2	Ofc	Smith	$26.44	Unknown	Follow up/TWM	1		$26.44		$1.13
			Ofc	Henige	$16.76			1		$16.76		$0.72
1/18/2016	1115-1230	1	Ofc	Marshall	$26.44	716 W. Pierson	Traffic/Crowd Control	1.3		$34.37		$1.47
	1654-1748	1	Ofc	Hall	$26.44	716 W. Pierson	Traffic/Crowd Control	0.9		$23.80		$1.02
							Total	**42.0**	**36.0**	**$1,066.22**	**$1,516.58**	**$110.80**

TOTAL POLICE DEPARTMENT EXPENSES INCURRED RELATED TO WATER EMERGENCY ASSISTANCE FOR PERIOD 1/10/16-1/20/16

$2,693.60

January 22, 2016

Governor Rick Snyder
Office of Governor
P.O. Box 30013
Lansing, Michigan 48909

Dear Governor Snyder:

The Flint Water Advisory Task Force (FWATF) appreciates your recent efforts to secure federal and mobilize state emergency response resources to address the immediate water supply issues in Flint.

This letter is to encourage a similarly robust response to the challenges of re-establishing a reliable, trusted potable water distribution system in Flint. This is required as soon as possible to replace the unsustainable and expensive bottled water and filter distribution program that has been necessitated, but which clearly must serve as an interim, emergency response.

Consistent with the priorities identified in the Safe Drinking Water Emergency Order issued by the EPA on January 21, 2016, we recommend the following actions to address scientifically grounded concerns that the water system in Flint remains unsafe because of lead contamination and Legionella. Public trust in the safety of the water supply may only begin to be re-established through the state's forthright engagement of the scientific experts who overcame state and federal agency intransigence to expose the lead poisoning.

Our recommendations are:

- Engage US EPA staff experts versed in Lead and Copper Rule (LCR) requirements – specifically Miguel del Toral, Darren Lytle and Michael Shock. These individuals should be empowered to guide implementation of a comprehensive LCR sampling program in Flint that will monitor lead levels now and throughout the conversion to raw water supply by the Karegnondi Water Authority (KWA) and full-time use of the Flint Water Treatment Plant.
- Establish an inter-disciplinary work group comprising subject matter experts drawn from respected public utility associations and institutions of higher learning in Michigan and elsewhere (including Marc Edwards of Virginia Tech), to oversee the conversion to KWA-supplied raw water.
- Commission and/or contract with an unbiased third-party organization or consortium (hereafter: Flint water safety scientific assessment team [FWSSAT]) that will be responsible for assessing the quality and safety of drinking water in residences, schools and child care settings in Flint, and hospitals and other healthcare facilities served by the

Flint water system. The explicit focus of FWSSAT activities will be lead and Legionella; however, the FWSSAT may include other considerations in its work.

The FWSSAT will be invested with the responsibility of declaring when the public water supply in Flint is safe for routine consumption. The FWSSAT will employ the most rigorous scientific standards, using a sampling strategy that is designed to optimize detection of water contamination in home, school, and child-care settings, and healthcare environments. All schools and healthcare facilities must be included in the sampling approach. Rigorous sampling of residences and child-care settings (whether centers or in-home) will also be implemented, using any and all available information about lead water service lines. In addition, if a homeowner or renter whose dwelling has not been included in sampling wishes to have the dwelling included, they will also be sampled. The sampling efforts and reporting process of the FWSSAT will be fully transparent to the public; results of testing should be published on local, state, and federal (EPA) websites.

- To assure the re-building of community trust and assure sufficient expertise for future water quality and safety, the FWSSAT should partner with local (Flint Water Treatment) and state (MDEQ) personnel in its activities. The FWSSAT should have an inter-disciplinary advisory committee that includes local community leaders, local and state officials, national scientific authorities regarding water quality and safety and public health, and the leader of the interagency state effort regarding the Flint water crisis. When the FWSSAT advisory committee is satisfied that the FWSSAT scientific procedures have thoroughly assessed water quality and safety in Flint residences, schools and child care settings, and healthcare facilities and found the water to be sufficiently free of contamination, then the committee will advise the public of the findings. The FWSSAT will then organize the transfer of responsibility to local and state authorities to sustain the sampling and reporting methods thereafter, including the conversion to KWA raw water in the future.

We also believe that a forthright response to the Legionella outbreak must similarly engage trusted, scientific experts drawn from independent institutions. Accordingly, we recommend:

- The Michigan Department of Health and Human Services (MHHS) should make a formal request to the federal Centers for Disease Control and Prevention (CDC) for assistance in assessing the outbreak of Legionnaire's disease in Flint, if they have not already done so. MHHS, working with CDC, should develop a strategy for improving prevention, rapid detection, and timely treatment of cases of Legionellosis in Michigan in 2016 and beyond. While the MDHHS evaluation of the dozens of cases of Legionellosis in 2014 and 2015 has strongly suggested a link to the shift to drinking water from the Flint River in 2014, further and more intensive evaluation of clinical isolates (i.e., samples from infected patients) is necessary to understand the route(s) of transmission from contaminated water to humans. The unique set of outbreak circumstances in the setting of a change in water source strongly indicates that support from federal public

health authorities would be a welcome way to amplify the public's collective understanding of risk of contracting Legionella in residences served by the Flint water system, and in Flint healthcare facilities.

- The state should specifically request federal support from the CDC – and, as appropriate, additional federal experts and agencies – to advise and assess Flint healthcare facilities and Flint-based healthcare providers regarding: (a) appropriate application and timely re-application of biocides to air treatment systems and cooling towers in all healthcare facilities in Flint, in order to prevent colonization with Legionella; and (b) proper assessment and timely diagnosis of Legionella among patients in Flint who present with characteristic signs and symptoms and have a history of potential exposure to contaminated water. Of note, the risk of resurgent Legionellosis in Spring 2016 is on the horizon; the first cases of Legionellosis in the 2014 and 2015 outbreaks were diagnosed in June and May, respectively, and Legionella is known to be much more common in the spring, summer, and fall than in the winter months. Time is of the essence.

- MDHHS should work with its federal partners to assure that investigative efforts related to Legionella regarding quality and safety of water are conducted in coordination with the FWSSAT described above. Furthermore, MDHHS should regularly communicate its findings to the Flint community regarding its efforts to prevent, detect, and treat cases of Legionella until case levels return to pre-2014 levels.

We expect that these measures will provide members of the Flint community with assurance that the quality of their tap water is being appropriately monitored and that forthcoming announcements that Flint's tap water is safe to drink are well-founded. Notwithstanding earnest state agency actions, we believe that the engagement of independent subject matter experts, whether to assess drinking water quality or public health concerns, is critical to overcome, over time, the understandable skepticisms that prevail in the Flint community.

We hope that you will receive these recommendations in the same spirit with which they are offered – to advance the recovery and reinvigoration of the Flint community.

Respectfully,

Matthew Davis, M.D.
Chris Kolb
Lawrence Reynolds, M.D.
Eric Rothstein, CPA
Ken Sikkema

Weekly Conference Call Notes – Jan. 25, 2016

Allen Park –Jan. 25 –Mayor Matakas, M. Kibby, B. Cady, P. Dostine, A. Heimann, D. Hudson

- **Priorities**
  - Order 55-A. CBRE marketing the 11 acres where old city hall is located. Allen Park wants permission to allow CBRE to market the property rather than issuing a RFP as required by Order 55-A. Question: would using CBRE satisfy or be non-compliant with Order 55-A? Treasury-LGFSD to take the city's request to management for a decision.

  - Order 29. This order mandates that city comply with the 80/20 cost-sharing model as provided for pursuant to Public Act 152 of 2011. Cady said by offering the city the option of a hard-cap, it would save families $2,500 per year or singles $1,200 per year. A real money saver for Allen Park employees and, Cady adds, would help the city recruit employees, especially police.

  - The Mayor expressed concern over the delay in the RTAB Evaluation. Treasury explained that there have been some extenuating circumstances and staff unavailability and assured the Mayor that a delayed evaluation report would not negatively affect the outcome.

  - Treasury discussed the possible cancellation of the Feb. 3 RTAB. The city was ok with the cancellation. There was agreement that there were no pressing agenda items that needed consideration in Feb. They just requested that they be informed of the Chair's decision by early next week.

- **Claims and Accounts (Dec. v Jan. numbers)**
  - The city explained that Dec was near normal ($1.8M from Nov. activity) and Jan. was low ($346K) because December was a short month due to the holidays and time off from many department heads, including Cady. Invoices simply weren't processed.

- **Two, F 250 Trucks. Not enough money in the Capital Outlay Fund ($47,968) to cover $65,805 cost.**
  - Cady reminded Treasury that that was one of eight budget amendments the city recently submitted for RTAB approval (in Jan.) and now is awaiting State Treasurer approval. City was told the paperwork was submitted early last week (wk of Jan. 11).

Benton Harbor –Jan. 21 – D. Watson, D. Hudson, E. Cline

- **Public Notice – Personnel & Finance Committee Meeting 1/27/16**
  - Settlement of Public Safety – discussing end of negotiations of FOP

- City Manager Contract Renewal – Mayor appears to be on board with renewing contract for 2 years. Darwin believes all but possibly 2 commissioners will support his renewal.

- **Commissioner Replacement**
  - Special meeting being held on 1/25/16 for interviews
  - Planning to announce replacement on 2/1/16
  - 5 candidates being considered

- **Personnel Issues**
  - Met with Joyce Parker on 1/20/16. Cemetery audit on schedule for 2/1/16. Infrastructure valuafion report requesting additional time to submit. Thinking the information will be available by 4/1/16.

- **Community & Economic Director**
  - Interviewed a candidate on 1/20/16. Darwin feels he is a great candidate. He wants to offer him the position but is concerned regarding the salary expectations. The position salary range is $60k - $70k. He is thinking of offering $68k with room for re-evaluation once he is on the job (would like to observe his interaction with staff/community).

- **Lawsuits**
  - Lange – A closed session was scheduled but postponed. Looking to resolve this case in March 2016.
  - Unruh and O'Brien are slated to be complete November 2016 – strongly suggesting mediation for these cases.
  - The insurance company wants Benton Harbor to contribute $300k to the settlement of the lawsuits. A representative from the insurance company is scheduled to attend a commission meeting to discuss the city's contribution.

- **Meeting schedule**
  - Our meetings will continue to occur bi-weekly beginning 1/28.

Ecorse – Dec. 22 – W. O'Neal, R. Byrne, D. Van de Grift, P. Dostine, A. Heimann, R. Widigan

- **Priorities:**
  - Council will receive and file the audit tonight – shows a decrease in fund balance, had to "book liabilities for lawsuits and pensions"
    - Ended with an overall debt of $34K
  - Council will be approving a $1.9M payment on the E-Loan
    - City would like a DEP schedule
  - 47% cash fund balance – the restriction on the U.S. Steel payment has ended.
    - However, this will drop after the $1.9M payment for debt service
  - 5-year budget is being reviewed by treasury

        - Wayne said to fund police and fire it is coming from PA 33 assessment
        - Wayne said if the arc payment goes up, the city has a judgment levy (Order) against it, the city can then levy it.
            - Drew said that the city attorney needs to review the Order before the next RTAB meeting.
            - Wayne said he will read it and talk to the attorney about it
    - City will do training every two months with employees – will have an employee book everyone will sign.
    - Wayne will be meeting with city council on an individual basis to discuss where he would like to head in regards to city attorney and DPW.
        - Wayne thinks he can bring a full time attorney on board for current cost or less.

- **SEV. Assessments:**
    - Decrease of 10% on residential tax base
        - Roughly $250K

- **Miscellaneous:** Wayne stated the City is headed in the right direction, needs to do various capital improvement projects, etc…

Flint – Jan. 20 –Council President Nelson, N. Henderson, P. Dostine, E. Cline, A. Heimann, W Lamphier, F. Headen

1. Water Update:

Water, Lead Test Kits, and Filter Distribution Update:

- Council President Nelson has been uplifted by the significant donations of water, filters, and volunteers to help distribute water
- The City has a partnership with the MTA to distribute water to people who are homebound, or who lack transportation to retrieve water on their own.
- The City has been strained financially and operationally in its response to the emergency. Henderson also said, "It's becoming a really big strain for staff." Henderson said that the city is using resources that:
    - Accrue unbudgeted financial costs to the city, like its sanitation contractor being dispatched to fire stations to clean-up from distribution efforts ; or
    - Borrow limited resources that are needed in other areas. N. Henderson told an anecdote about how the city wanted to place a police officer by all of the fire stations to help manage traffic (where water distribution is happening) and that they could not justify removing officers from their duties in the neighborhoods where crime is a problem. .

- N. Henderson said Flint needs to be reimbursed for the additional expenses that the city is accruing. Asked the Treasury participants on the call to help if there is "anything that we can do about that". Said that she has been keeping a record of how much this has cost the city, and will be sending that document to E. Cline from Treasury.
- Deloitte has offered to help the city with crisis management. They are sending in (3) consultants, and one of them has worked with cities to manage the aftermath of hurricane Katrina.

Water Billing/Water Fund

- N. Henderson stated that the City was attempting to combat false information about water bills.
- The city says that "the judge's ruling" allows them to send out water shut off notices, but they currently are not doing so.
- People are still not paying their water bills, the city suggests that part of the reason is that there is so much confusion about the bills, especially around whether or not the state is going to pay for the past-due bills from when the water was tainted with lead, which the city suggests is the common conception. The city expressed concern that they did not find money to pay delinquent water bills in the Governor's Supplemental Budget.
- The water usage rate has not decreased since the news broke about the lead.

Water Operations

- The city is working to formalize a plan to connect the city to its neighboring communities to back up each other's water supply. This plan would cost $6.4 Million, but N. Henderson feels confident that the city would only be responsible for paying a portion of the costs. This plan would serve two purposes:
    - It would prevent the city from having to spend an estimated $3.1M to build a temporary above ground water line for testing the connection to the KWA
    - It would allow the city to use its neighbors for a water supply backup and not have to rely on the Flint River as a back-up source
- Efforts to control the corrosion from city water are going well. N. Henderson said that they have been doing field testing of water, and that lead levels are decreasing.

Drinking Water Emergency Loan Fund

- The city intends to apply for this fund, and hopes that a portion of this loan money is forgivable.
- The city's proposal would likely be $25M annually (the maximum is $15M according to the city) for (5) years, at a total of $125M
- Would be working on public and private infrastructure by prioritizing areas in the highest need of infrastructure improvement. The city knows, for example, where water sits in the system. Areas like those would be targeted for these monies.

- The city is aware that their initial estimates of over a billion dollars to replace all lead infrastructure is an unrealistic request
- The city has already conducted a Reliability and Sanitary Sewer study, which they say is a requirement of the application
- Their data suggests that the city has about 600 Miles of water infrastructure, but their engineering consultant suggests that this number might be 100 Miles low

2. Other issues

Police and Fire Department updates

- There is not much to report in crimes, the city is about at where it would expect to be at this point in the year
- Fire stations are being utilized as water and filter distribution centers

Shears v Flint

- The $15M transfer from the Sewer Fund has been resolved. The City Council voted to approve that transfer, and now it is awaiting RTAB approval.

Hamtramck – Jan. 14 – K. Powell, P. Dostine, A. Heimann

Miscellaneous

- The city started plowing its own streets for the first time since 2001. Using pick-up trucks purchased through Act 84 monies, Katrina said the crew plowed every street during the last snow event. The cost was $5K. Katrina said under the old contract with CPI, the cost would have been $46K.
- Katrina reported that the city settled a lawsuit for $999.00. The plaintiff originally wanted $175K.
- Katrina had a question about whether or not the FO applies to the court. The court wants to make personnel changes and increase salaries. Does the FO prevent the courts from doing that?
- Since the recent exchange of emails between Councilman Miah and K Powell, things have settled down. Katrina said the last council meeting was actually cordial.

'15 Budget Audit

- Katrina expects the audit to be completed week of January 18.

Police Study

- Katrina reported that the new Chief is expecting up to 4 proposals from firms interested in conducting a study.

Election fraud

- No update.

Highland Park– Oct. 14 – C. Square, R. Byrne

- The collection firm has approximately $7M in past due accounts to collect. However, many of these accounts are no longer active.
- Meadowbrook will be providing an updated report on OPEB costs which show a substantial reduction of the annual costs. The new estimated annual costs will be between $200K and $300K.
- New water bills with the new water and sewer rates have been sent out to the customers.
- Wade-Trim has opened its customer service center on Woodward Avenue.
- BSA software installation has been completed.
- The City will be submitting several FDCVT grant applications including master water meters, LED streetlights, and building improvements.
- Wade-Trim has received several shipments of residential water meters that will be installed soon.

Inkster – Jan. 14 – M. Stuhldreher, R. Byrne, A. Heimann, D. Hudson, P. Dostine

Charter Change

Attempt to revise the role of the Mayor by using a charter amendment has not been fruitful

Will attempt to put a Charter revision on the ballot for March

If it is successful, there will be a charter commission established in May

Financials

2nd Qtr Budget amendment will be voted on by the City Council on February 1st

- The city will be maintaining a positive operating surplus or $600k even after this amendment

Drop in residential property values

- **Residential property values are slated to decrease by 17% next year, which will be a $700,000 decrease in revenues**

- Suggests that the City, who will have approximately a $2M fund balance, and alluded to potentially using this as a financial buffer

Treasury Financial Assistance - City Manager Search/Economic Development

Has not heard anything about whether or not the city will be receiving some assistance to pay for this search from the Treasury. Eric and Pat will be following up with Randy and finding out what the status of this is, and getting back to him.

Relationship with new Mayor and City Council

Currently struggling to build a working relationship. Told a story about how one City Councilor asked to sit in on a staff meeting, and was outraged to be denied.

Rouge Valley Lawsuit

$4.7M lawsuit that has been ongoing

- Had gotten approval from the previous City Council for this
- Wayne County has agreed to, and signed the lawsuit
- Awaiting a judge's order to put payment of this lawsuit on 5 years of tax rolls

Regional Service Authority

- Has expressed interest in doing some kind of service consolidation, Eric will have Randy follow-up with him to find out where MMSA is, and what they are currently working on

Lincoln Park – Jan. 25 –M. Coppler, A. Heimann, P Dostine, R Byrne

- **Priorities**

- Coppler said he is working to get financial policies of the city in-line with the Final Order and Best Practices. Historically, Coppler said Lincoln Park has not amended its ordinances. The city council has always changed or revised policy by way of resolution. Going forward, Coppler will be eventually bring the ordinances up-to-date with previously passed resolutions by the amendment process.

- Coppler said Lincoln Park residents have been requesting a lot of documents from the city. In an effort to build back trust, Coppler generally has been giving residents what they ask for without having them file a Freedom for Information Act request. (Soon, many of these documents will be on the city's website, Coppler added.) Coppler did note that attorneys have been filing FOIAs to get information on addresses with delinquent

water bills (and most likely taxes too). They are trying to get ahead on the process to purchase homes that have been left vacant but not yet turned over to the county.

- **MERs**
- Coppler said he has not heard anything from MERs regarding the city's under-payment and whether or not MERs is going to sue the city or kick the city out of MERs. MERs met either Jan. 14 or 15 about Lincoln Park.

Pontiac – Jan. 15 - Deputy Mayor Jane Bais-DiSessa, J. Sobota, N. Narzarko, R. Widigan,

- Weekly **priorities:**
  - Will be meeting with the mayor to go over proposed budget amendments of FY 16
  - Departments will be turning in annual reports today

- **What is the taxable value 14-15:** 1.6%

- **What is the assessed value 14-15:** 4.9%

- **OPED Mediation**: Actively working on counter proposal; meeting with plaintiff's on Tuesday.

- **Phoenix Center:** Nothing new, Nowak & Fraus Engineers did a presentation on the center, regarding all engineering that had been done.
  - Structure is not in danger of collapse, but identified required structural repairs.
-

Royal Oak Township – Dec. 14 – Supervisor Squall, R. Burgess, P. Dostine, D. Hudson

- **Priorities**

- Burgess and Fedewa are working to complete reports that are owed to Treasury per the Consent Agreement and F & O plan.
- Burgess said with police service agreement still uncertain the township has only produced a '16 budget. Can't project without the police agreement in place. The 5-year is on hold.
- Burgess put two Capital Improvement Projects into the '16 budget. He is not currently working on the 6-year CIP.
  - The two projects are 1) Widening of Wyoming Road, and 2) Updating of the accounting system.
- Burgess said for years the township has paid $20K annually for use of Grant School.

- **MERS**

- Burgess did not want to discuss this issue. He said he would like to bring it up during the next call. (Note: Because the supervisor was on the line I think Burgess was reluctant to talk about the MERS money.)

- **Police Update**

  - The Supervisor said she had recently talked to the city of Southfield. The city told her it was interested in providing police services, but currently was under-staffed. Southfield said it was a year away from being at full capacity. Until then, it couldn't talk agreements with the township.
  - Supervisor said Treasury told the township it could continue to collect the special assessment while it looked for an agreement with a local unit.
  - Supervisor pledged to continue to work hard at finding a solution to the issue of no police service.

- **Clerk**
  - Supervisor expressed great frustration at the Clerk's unwillingness to perform her statutory responsibilities.
  - Supervisor said this happens every year around Christmas time.
  - Supervisor will be sending a letter to Treasury requesting advice on handling the situation.

Cline, Richard (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Thursday, January 22, 2015 1:16 PM
To: Cline, Richard (Treasury)
Subject: FW: Fernanders v Wright, et al
Attachments: Fernanders (1).PDF

Follow Up Flag: Follow up
Flag Status: Completed

Per our discussion

Edward B. Koryzno, Jr. | Director - Bureau of Local Government Services
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov

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Thank you

From: Workman, Wayne (TREASURY)
Sent: Thursday, January 22, 2015 10:17 AM
To: Koryzno, Edward (Treasury); Headen, Frederick (Treasury); Byrne, Randall (Treasury)
Cc: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury); Gelisse, Ashley (TREASURY); Stibitz, Brom (Treasury); Dempkowski, Angela (Treasury)
Subject: FW: Fernanders v Wright, et al

Would the EM usually be defended by the AG or a SAAG?

From: Peter Bade [mailto:pbade@cityofflint.com]
Sent: Thursday, January 22, 2015 9:20 AM
To: Workman, Wayne (TREASURY); Headen, Frederick (Treasury); Byrne, Randall (Treasury); Gerald Ambrose; Flint Mayor
Subject: Fernanders v Wright, et al

Gentlemen: I'm forwarding the attached motion for temporary restraining order that was filed in federal court. Darnell Earley is a named defendant. I and writing to seek guidance on whether the Attorney General will be representing him.

I do not have Darnell's new email address. I left a message on his cell phone this morning. I'm not sure if he's been served.

--
Peter M Bade
Chief Legal Officer
City of Flint
p 810 766 7146
f 810 232 2114

UNITED STATES DISTRICT COURT EASTERN DISTRICT
OF MICHIGAN SOUTHERN DIVISION

ANDERSON LEE FERNANDERS

Plaintiff,

V

JEFF WRIGHT
GENESEE COUNTY DRAIN COMMISSIONER,
DARNELL EARLE
FLINT'S STATE-APPOINTED
EMERGENCY MANAGER
DAYNE WALLING
MAYOR OF THE CITY OF FLINT,

AND

MR. AND MS/MRS JANE AND
JOHN DOE/UNKNOWN (1 TO 1000)
Defendents

Case No 2 15-cv-10083
Hon Avern Cohn
Mag. Steven R Whalen

RECEIVED
JAN 2 0 2015
CITY ATTORNEY'S
OFFICE

FILED
JAN 15 2015
U.S. DISTRICT COURT
FLINT, MICHIGAN

Jeff Wright
Genesee County Drain Commissioner
4610 Beecher Road
Flint MI 48532
810-732-7870

Anderson Lee Fernanders
5801 Marlowe Drive
Flint, MI 48504
(216) 272-3539
Plaintiff

Darnell Earle
Flint's State-Appointed
Emergency Manager
1101 S. Saginaw St
Flint, MI 48502
(810) 766-7418

RECEIVED
JAN 20 2015
By

Dayne Walling
Mayor of the City of Flint
1101 South Saginaw Street # 101
Flint, MI 48502
(810) 766-7346
Defendants

EX PARTE MOTION FOR A TEMPORARY RESTRAINING ORDER WITH ASSET FREEZE AND OTHER EQUITABLE RELIEF

NOW COMES the Plaintiff, *in pro per, sui juris*, being an indigent brings this matter before this honorable Court in the public interest to respectfully moves this Court to Grant his Ex Parte Motion for a Temporary Restraining Order with Asset Freeze and Other Equitable Relief pursuant to Rule 65 of the Federal Rules of Civil Procedure, Fed. R. Civ. P. 65 and moves the court to issue a temporary restraining order without written or oral notice to the adverse party or its attorney pursuant to Fed. R. Civ. P 65 (b) under Racketeer Influenced and Corrupt Organizations Act (RICO), Uniform Commercial Code (UCC), Federal Safe Water Act, Michigan Safe Water Act, State of Michigan Constitution and these United States Federal Constitution for Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) ongoing violations of the causes for action set forth in Plaintiff's *ex parte* Complaint for the reasons contained in his accompanying Memorandum.

WHEREFORE, Anderson Lee Fernanders prays that this Honorable Court make him whole by granting recovery of and all other relief sought in his Ex Parte Motion for a Temporary Restraining Order with Asset Freeze and Other Equitable and other relief that this Court finds as may be just and proper in the premises.

Respectfully

1-15-15

Anderson Lee Fernanders

Memorandum in Support

I. STATEMENT OF FACTS

Plaintiff's Statement of Facts as written in his *ex parte* Complaint are hereby incorporated as if fully set forth herein as facts in this Memorandum in Support.

II. STANDARD OF REVIEW

Plaintiff's motion is governed by Fed R. Civ. P. 65. The decision whether or not to grant a request for interim injunctive relief falls within the sound discretion of the district court. Friendship Materials, Inc. v. Michigan Brick, Inc., 679 F.2d 100, 102 (6th Cir. 1982).

III. ARGUMENT

INTRODUCTION

Plaintiff moves the Court for a preliminary injunction and temporary restraining order pursuant to Fed. R. Civ. P. 65.

Plaintiff makes this motion on the grounds that:

1. Plaintiff is likely to prevail on the merits of his claim;
2. Plaintiff will suffer irreparable harm if preliminary relief is not granted;
3. Third parties will not be harmed by the relief sought; and
4. The public interest will be served by granting the relief sought.

Plaintiff requests that the Court issue a temporary restraining order and Preliminary Injunction relief sought specifically written in his *ex parte* Complaint; and

Plaintiff moves the court to issue a temporary restraining order without written or oral notice to the adverse party or its attorney pursuant to Fed. R. Civ. P. 65 (b).

Plaintiff makes this motion on the grounds that:

1. Plaintiff's attached affidavit clearly shows that immediate and irreparable injury will result to the movant before the Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) can be heard in opposition.

2. Plaintiff's certifies in writing his efforts made to give notice Defendants and Mr. and Ms/Mrs Jane and John Doe/Unknown (1 to 1000).

3. Plaintiff's gives reasons why notice Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) should not be required.

PRELIMINARY INJUNCTION AND TEMPORARY RESTRAINING ORDER

In the present case, Plaintiff satisfy the standard for obtaining a temporary restraining order and a preliminary injunction because (1) Plaintiff has a strong likelihood of success on the merits; (2) the Plaintiff will be irreparably harmed if a temporary restraining order and preliminary injunction is not issued; (3) an injunction in favor of Plaintiff will not cause substantial harm to others; and (4) an injunction in favor of Plaintiff serves the public interest. *Leary v. Daeschner, 228 F.3d 729, 736 (6th Cir. 2000); McPherson v. Michigan High Sch. Athletic Ass'n, 119 F.3d 453, 459 (6th Cir. 1997) (en banc) (quoting Sandison v. Michigan High Sch. Athletic Ass'n, 64 F.3d 1026, 1030 (6th Cir. 1995)); Frisch's Restaurant Inc. v. Shoney's Inc., 759 F.2d 1261, 1263 (6th Cir. 1985).* "These factors are to be balanced against one another and should not be considered prerequisites to the grant of a preliminary injunction." *Leary*, 228 F.3d at 737, (*citing United Food & Commercial Workers Union, Local 1099 v. Southwest Ohio Reg'l Transit Auth.*, 163 F.3d 341, 347 (6th Cir. 1998))

The equities weigh solidly in favor of granting preliminary relief to ensure that Plaintiff and all City of Flint residents and business along with their employees of ceasing buy, drink and otherwise using water contaminated with Trihalomethanes (THMs) above 80 parts per billion,

the city causes the Plaintiffs and all City of Flint residents and business along with their employees to suffer a spontaneous and acute gastrointestinal reaction and other physical injuries as contained in Plaintiff's Affidavit, as well as but not limited to suffering emotional pain, suffering, inconvenience, mental anguish, loss of enjoyment of life, the clear and present treat of law suits on the City of Flint business and medical professionals, and other nonpecuniary losses such results of Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) actions and lack of action illuminated in the statements of fact caused the type of harm that the Uniform Commercial Code (UCC), Federal Safe Water Act, and Michigan Safe Water Act were intended to prevent and furthermore, denies us our right to enjoyment as conferred in Michigan Constitution ARTICLE 18 Section 13 and right to domestic Tranquility as conferred in the Federal Constitution's Preamble. The equities also weigh in favor of granting preliminary relief to Plaintiffs and all City of Flint residents and business along with their employees to ensure they do not continue to buy, drink and otherwise using water contaminated with Trihalomethanes (THMs) above 80 parts per billion for any longer, especially given the fact too much time has passed since Plaintiffs and all City of Flint residents and business along with their employees first unknowingly and unwittingly to drink, shower in, bathe in, and otherwise use domestic water supplied by the City of Flint which "exceeded the trihalomethanes (TTHM) MCL" and recently reported "that the location reporting the highest TTHM level was 99 ug/L."[1]

The public interest of Plaintiffs and all City of Flint residents and business along with their employees along with City of Flint business and medical professionals will not suffer harm if an injunction is issued:

Plaintiffs and all City of Flint residents and business along with their employees along with City of Flint business and medical professionals suffer from having to buy, drink

[1] Exhibit 4

and otherwise using water contaminated with Trihalomethanes (THMs) above 80 parts per billion. As reported throughout the news media for a time now a like and similarly to Ron Fonger's January 11, 2015 article entitled "*City to enlist water experts*" in The Flint Journal, he writes quoting City Council President Josh Freeman "Perception is reality, and the perception of a large number of people in that the water is unsafe." (p A7). The article speaks of indicated that City Councilmen Eric Mays and Kerry Nelson invited all of the City of Flint residents to a town hall meeting. (p A7).

The harm to Plaintiff and all City of Flint residents and business along with their employees along with City of Flint business and medical professionals in the absence of injunctive relief outweighs the harm to the Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) if Plaintiff's Motion is granted:

> At the outset, when the Court balances the hardships of public interest against a private interest under a statutory injunction, the public interest receives the greater weight.[2] In such cases involving violation of law, harm to the public interest is presumed.[3] The injunctive relief request granted centers on the governance of water supplied by the City of Flint. The Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) being removed from the governance of water supplied by the City of Flint does not render him or her unable to fulfill their other work duties unless any duty is connected to the governance of water supplied by the City of Flint whereby the Flint's City Council will carry out in the manner detailed Plaintiff injunctive relief numbered 11 and 12. Given the task of the governance of water supplied by the City of Flint, the injunctive relief as written puts the Flint's City Council in control of the monies and freezes on

[2] *FTC v. Nat'l Testing Servs., LLC*, No. 3:05-0613, 2005 WL 2000634, at *3 (M.D. Tenn. Aug. 18, 2005).
[3] Nat'l Testing Servs., LLC, 2005 WL 2000634, at *3.

assets Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) connected with their governance of water supplied by the City of Flint to ensure and protect the Flint's City Council ability to be successful at governance of the water supplied by the City of Flint.

The foregoing antitrust cases establish that equitable relief to prevent and restrain future violations is not limited to relief prohibiting future conduct, but also broadly encompasses relief designed to cure the ill effects of violators' past and/or ongoing misconduct and to deprive them of the fruits of their misconduct. For the reasons stated above, RICO's equitable relief must be interpreted to be at least as broad as antitrust equitable relief. Moreover, it is important to bear in mind that the Supreme Court has admonished that "once the Government" has established a violation of law, "all doubts as to the remedy are to be resolved in its favor." United States v. E. I. du Pont de Nemours & Co., 366 U.S. 316, 334 (1961). Accord United States v. Bausch & Lomb Optical Co., 321 U.S. 707, 726 (1944).

Thus, federal courts have held that evidence of past violations may establish the requisite **reasonable likelihood of future violations** in view of the totality of the circumstances, particularly where the defendant's past violations were: (1) "part of a pattern" and not isolated; (2) were "deliberate" and not "merely technical in nature"; and (3) "the defendant's business will present opportunities to violate the law in the future."[4]

---

[4] SEC v. First City Financial Corp., Ltd., 890 F.2d 1215, 1228-29 (D.C. Cir. 1989). Accord SEC v. Bilzerian, 29 F.3d 689, 695 (D.C. Cir. 1994); SEC v. Gruenberg, 989 F.2d 977, 978 (8th Cir. 1993); CFTC v. Hunt, 591 F.2d 1211, 1220-21 (7th Cir. 1979); SEC v. Savoy Indus., Inc., 587 F.2d 1149, 1168 (D.C. Cir. 1978); SEC v. Commonwealth Chemical Securities Inc., 574 F.2d 90, 98-100 (2d Cir. 1978); SEC v. Management Dyn. Inc., 515 F.2d 801, 807-08 (2d Cir. 1975); SEC v. Advance Growth Capital Corp., 470 F.2d 40, 53 (7th Cir. 1972); SEC v.Manor Nursing Ctrs., Inc., 458 F.2d 1082, 1100-01 (2d Cir. 1972); Pullum v. Greene, 396 F.2d 251, 256-57 (5th Cir. 1968); United States v. Philip Morris USA, Inc., 449 F. Supp. 2d at 909-10; United States v. Philip Morris USA, 316 F. Supp. 2d 6, 10 n. 3 (D.C. Cir. 2004) (collecting cases); United States v. Philip Morris, Inc., 116 F. Supp. 2d 131, 148-49 (D.D.C. 2000).

Plaintiff elects to raise information and belief be heard in this matter that Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) in a scheme for City of Flint residents and business along with their employees as well as the medical profession to buy, drink and otherwise using water contaminated with Trihalomethanes (THMs) above 80 parts per billion, supplied by the City of Flint past violations of RICO, Uniform Commercial Code (UCC), Federal Safe Water Act, Michigan Safe Water Act, State of Michigan Constitution and these United States Federal Constitution this Court establish the requisite reasonable likelihood of future violations in view of the totality of the circumstances, since these violation started at Trihalomethanes (THMs) above 80 parts per billion and have continued to Trihalomethanes (THMs) levels reaching 99 parts per billion. Second, Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) knowingly, recklessly, wantonly, and/or negligently poisoned the Plaintiff and all City of Flint residents and employees by causing City of Flint residents and business along with their employees as well as the medical profession who unknowingly and unwittingly to buy, drink and otherwise using water contaminated with Trihalomethanes (THMs) above 80 parts per billion, failed to rectify this problem, which it could and should have resolved, attempted to cover up the problem by issuing inadequate and misleading information, did not warn Plaintiff and all City of Flint residents and employees by causing City of Flint residents and business along with their employees as well as the medical profession the true nature and extent of the danger to those exposed to the water supplied by the City of Flint. Finally, Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) continued governance and or connection has continued the Scheme were Plaintiff and all City of Flint residents and employees by causing City of Flint residents and business along with their

employees as well as the medical profession who unknowingly and unwittingly to buy, drink and otherwise using water contaminated with Trihalomethanes (THMs) above 80 parts per billion

1962(d) It shall be unlawful for any person to conspire to violate any of the provisions of subsections (a), (b), or (c) of this section.

A RICO conspiracy is composed of two agreements:

(1) An agreement to commit at least two predicate acts which form the pattern of racketeering activity; and

(2) An agreement to the conduct which violates subsection (a), (b) or (c) of '1962, e.g. an agreement to conduct or participate in the affairs of an enterprise (sub-section(c)).[5]

- A RICO conspiracy generally involves two groups of people- the conspirators and the enterprise.
- Under agency law, a corporation cannot conspire with its officers or employees.
- An overt act in furtherance of the conspiracy is required in civil cases. This requirement is distinct from the predicate act requirement, although the predicate act may satisfy the overt act requirement.

Plaintiff elects to raise information and belief be heard in this matter that Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) in a scheme for City of Flint residents and business along with their employees as well as the medical profession to ceasing buy, drink and otherwise using water contaminated with Trihalomethanes (THMs) above 80 parts per billion, supplied by the City of Flint. Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) this scheme to earn money derived from water continued being supplied by the City of Flint. See other predicate acts which were enacted during the conspiracy in the Plaintiff's ex parte Complaint.

[5] US. v. Campione, 942 F.2d 429, 438 (7th Cir. 1991)

Plaintiff is likely to prevail the merit even if the some facts remain unclear or some merits cannot be determined without a full hearing:

As alleged in Plaintiff's *ex parte* Complaint, Plaintiff contends that concerning all of the material elements to sustain a recovery as a Breach of duty to Statutory Standard of Care (Negligence per se), Negligence, Breach Of Express Or Implied Contracts Or Even Speculation Of Bad Faith And Unfair Dealing, Civil Conspiracy, Breach of Express and Implied Good Faith and Fiduciary, and Constitutional Tort action under Uniform Commercial Code (UCC), Federal Safe Water Act, Michigan Safe Water Act, State of Michigan Constitution and these United States Federal Constitution which put the Defendants on notice of her claims and the grounds on which they rest.

Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) will not suffer irreparable injury from the preliminary injunction:

Properly stated, the definition of irreparable harm is whether there is or will be a "wrong which cannot be adequately redressed by relief on the merits." N.Y. Pathological and X-Ray Laboratories, Inc., v. Immigration and Naturalization Service, 523 F. 2d 79, 81 (2d Cir. 1975). Plaintiff's Injunctive relief in on forcible manner restrains Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) from any other method other than through their governance of the water supplied by the City of Flint for obtaining adequate compensation for their inability to their governance of the water supplied by the City of Flint.

Plaintiffs and all City of Flint residents and business along with their employees along with City of Flint business and medical professionals acute and long term exposure to Trihalomethanes (THMs) develop but not limited to certain cancers, such as bladder and colon

cancer, reproductive issues such as miscarriages, birth defects and low birth rates, damage to the heart, lungs, kidney, liver and central nervous system in the absence of an injunction will cause a noncompensable injury for which there is no legal measurement of damages or for which damages cannot be determined with a sufficient degree of certainty·

> ""Trihalomethane (THM) contamination was found in the municipal water supply during the 1990s. City officials have been accused of not telling the truth about the levels of THM in the Chesapeake area. Hiding test information on THM levels, failure to provide adequate warning of the high levels of THM in the water, and failure to let the public know about the THM and possible miscarriages, still births and birth defects. Some studies link THMs (Bromodichloromethane [BDCM]), to possible stillbirths, miscarriages and birth defects, and bladder and rectal cancers." (Exhibit 3, p 3). In 2007, Taiwanese researchers found people who drank water with trihalomethane concentrations of more than 21 parts per billion had twice the odds of dying from bladder cancer than those who did not. (Exhibit 2, 2). Exhibit one, explain "[t] ypically, the following four THMs are found as a result of chlorination: trichloromethane (chloroform), bromodichloromethane (BDCM), dibromochloromethane (DBCM), tribromomethane (bromoform)." Further that, "[c]hloroform may be absorbed into the body through ingestion, inhalation, and through the skin. The largest source of human exposure to THMs in the U.S. is from the consumption of chlorinated drinking water. Besides consuming water, other water uses in the home may contribute significantly to total chloroform exposure both from breathing in chloroform vaporized into the air and from it passing through the skin during bathing. Swimming in chlorinated pools will also contribute to the total exposure from the same exposure paths. One study observed that a

greater percentage of chloroform passed through the skin when bathing water temperatures were increased." (p 1).

TEMPORARY RESTRAINING ORDER WITHOUT WRITTEN OR ORAL NOTICE

In the present case, Plaintiff's attached affidavit clearly shows that immediate and irreparable injury will result to the movant before the Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) can be heard in opposition, such as in Exhibit one on page 2:

Short-Term (Acute) Effects

Evidence of chloroform's acute effects on humans has been obtained primarily during its past use as an inhalation anesthetic. In addition to central nervous system effects, chloroform anesthesia was associated with cardiac arrhythmias and abnormalities of the liver and kidneys. Inhalation exposure experiments with animals revealed that high levels are toxic to the liver and secondarily to the kidneys. Skin contact with undiluted chloroform may cause a burning sensation, redness, and blistering. Acute effects of exposure to the other THMs are not documented in the literature, but are expected to be similar to chloroform.

Long-Term (Chronic) Effects

Chronic oral exposure of humans to chloroform at high doses results in adverse effects on the central nervous system, liver, kidneys and heart. Animal studies have shown decreased body weights in rats and mice given chloroform at high oral doses and an increased incidence of respiratory disease at higher doses. At still higher doses given orally, liver abnormalities and decreased size of the reproductive organs were observed in rats. In animal studies investigating effects of chronic exposure to each of the other THMS, liver toxicity was observed. BDCM also caused kidney toxicity.

Carcinogenic (cancer-causing) Effects Chloroform has been demonstrated by several studies to produce kidney and liver tumors in rats and mice when given orally. In studies of human populations using chlorinated drinking water in which chloroform is the predominant THM, small increases in the incidence of rectal, colon and bladder cancer have been consistently observed, with evidence strongest for bladder cancer. However, because other possible carcinogens were found in this water, it is impossible to identify chloroform as the sole carcinogenic agent. Therefore, chloroform has been classified by the U.S. Environmental Protection Agency (EPA) as a Group B2 or "probable human carcinogen," based on sufficient animal evidence and inadequate human evidence of carcinogenicity. Evidence from animal studies now strongly indicates that chloroform exposure causes cancer only after first producing sustained cell toxicity. Because a certain threshold level of exposure is necessary to cause cell toxicity, cancer from chloroform exposure can only occur if that threshold is exceeded. Based on the results of animal studies in which BDCM exposure increased tumors of the large intestine, kidney, and liver, and bromoform increased tumors of the large intestine, they are also classified in Group B2. DBCM is classified in Group C, "possible human carcinogen," based on limited animal evidence of an increase in liver tumors.

Developmental/Reproductive Effects

Reports in the scientific literature in which chloroform was administered to animals indicate that chloroform has the potential to cause birth defects, miscarriages, and delays in fetal development. Results have generally been inconclusive regarding exposure to THMs and adverse developmental or reproductive effects in humans. However, the results of a recent study suggest an increased risk of early-term miscarriage from high

levels of THMs in tap water, particularly BDCM. Additional studies are underway to determine the significance of the association found in this study.

Plaintiff's Proof of Service evidences his efforts to give notice Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000). Plaintiff's Affidavit along with the above arguments combined with Statement of Facts gives reasons why this Court should issue a temporary restraining order without written or oral notice to Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000).

BOND

Plaintiff, *in pro per, sui juris*, being an indigent brought this matter before this honorable Court in the public interest to respectfully move this Court to Grant his Ex Parte Motion for a Temporary Restraining Order with Asset Freeze and Other Equitable Relief pursuant to Rule 65 of the Fed. R. Civ. P. 65 under Uniform Commercial Code (UCC), Federal Safe Water Act, and Michigan Safe Water Act.

The bond requirement's of Fed. R. Civ. P. 65 (c) serves two functions - deterrence of frivolous claims and compensation of the Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) - are often cited by commentators as compelling reasons for courts ordinarily to require security from injunction applicants. The requirement assumes that applicants will not be willing to lose money over cases in which they have no valid interest, or in which the factual or legal arguments are less than compelling. This assumption, however, is based on a further assumption: that the applicant can afford to post a bond. Only where the applicant can afford to post a bond does its failure to provide security reflect its lack of good faith or the lack of meritoriousness of its petition. The typical public interest plaintiff's failure to post a bond says nothing about its good faith or confidence of success, or the strength of its claim

for relief. For in the public interest context, the bond operates not as a screening device, eliminating some claims, but as a financial bar, blocking all claims. This argument was made by the Supreme Court with respect to double appeal bonds required by Oregon's wrongful detainer statute.[6]

Although the federal courts interpreted Rule 65(c) as a mandatory provision for the first forty years of its history, about half of the circuits now consider it a discretionary provision, reasoning that the phrase "such sum as the court deems proper" literally allows the trial judge to dispense with the bond.[7] Recognizing that bond requirements can bar public interest litigants' access to court, the federal courts have fairly consistently decided not to require bonds in cases brought by indigents[8] and those brought in public interest.

Denny v. Health and Social Services Board, [9] Bass v. Richardson,[10] Bartels v. Biernat[11], and Crowley v. Local No. 82 Furniture and Piano Movers[12] establish the general principle that the federal courts have been unwilling to condition preliminary relief upon the applicant's financial resources, at least when the applicant is a poor individual.

In Denny, two inferences can be drawn from the court's waiver of the security requirements. First, since the court did not rely on constitutional authority to waive the security requirement, it must have relied on its equity powers. Second, while it did not expressly state its

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[6] Lindsey v. Normet, 405 U.S. 56, 78 (1972). See also Henson & Gray, supra note 33, at 565-69.

[7] This rationale was first articulated by the Sixth Circuit in Urbain v. Knapp Bros. Mfg. Co., 217 F.2d 810 (6th Cir. 1954), cert. denied, 349 U.S. 930 (1955).

[8] See, e.g., Denny v. Health and Social Servs. Bd., 285 F. Supp. 526, 527 (E.D. Wis. 1968); Bass v. Richardson, 338 F. Supp. 478 (S.D.N. Y. 1971); Bartels v. Biernat, 405 F. Supp. 1012 (E.D. Wis. 1975); Wayne Chem., Inc. v. Columbus Agency Service Corp., 567 F.2d 692 (1977); Marsh v. Moore, 325 F. Supp. 392 (D. Mass. 1971). For an early article 011 the indigent exception, see generally Blood, Injunction Bonds: Equal Protection for the Indigent, 11 S. TEX. L J. 16 (1969).

[9] 285 F. Supp. 526 (E.D. Wis. 1968).

[10] 338 F. Supp. 478 (S.D.N. Y. 1971).

[11] 405 F. Supp. 1012 (E.D. Wis. 1975).

[12] 697 F.2d 978 (1st Cir. 1982).

rationale for granting the waiver, its decision would appear to be based on the theory that it would be unjust to an individual to block adjudication for want of money, or on the theory that the legal system itself has an interest in having justiciable issues adjudicated in the judicial forum (rather than the streets), or both. Faced with blocking the indigent plaintiffs' access to court by requiring a bond they could not provide, the court waived the security requirement in a clear demonstration of its reluctance to condition judicial access upon the parties' financial resources.

Bass v. Richardson, decided in 1971, reiterated the Denny court's holding that bond should not be required of indigents. Like Denny, the Bass decision was based on the idea that it was unjust to require bonds of individuals when such a requirement blocked judicial access. The principle that bond requirements should be waived where necessary to affect a congressionally-intended private enforcement scheme adds the further equitable theory that the legal system has a positive interest in citizen enforcement, and that courts sitting in equity should waive bond requirements to encourage citizen suits. As then-Circuit Judge Burger stated in Church of Christ, in the context of listener intervention in agency proceedings:

> The theory that the Commission can always effectively represent the listener interests in a renewal proceeding without the aid and participation of legitimate listener representatives fulfilling the role of private attorneys general is one of those assumptions we collectively try to work with so long as they are reasonably adequate. When it becomes clear, as it does to us now, that it is no longer a valid assumption which stands up under the realities of actual experience, neither we nor the Commission can continue to rely on it.

The Bass court's approach was extended in 1975, by the court in Bartels v. Biernat, it stated: "because the Court determined that the action concerns important social considerations,

the Court would exercise [its] discretion to issue preliminary injunctive relief ... without security." [13] Bartels seems to contemplate, therefore, an equitable private attorney general exemption triggered by the court's equitable determination that the public interest impact of the litigation requires a waiver of Rule 65(c). The shift in judicial focus from Denny to Bartels from the **applicant's identity as an indigent**, to whether **cases involve significant social considerations**.

In 1982, First Circuit decided in, Crowley v. Local No. 82 Furniture and Piano Movers[14] created the first and the only bond exemption test developed by a federal court. First, the court in Crowley viewed the plaintiff access problem posed by Rule 65(c) as a recurring one that required a general test. Unlike the NEPA courts, the Crowley court fashioned a bond exemption test applicable to all public interest cases. Second, as discussed in the following section, the test in Crowley was a fundamentally "equitable" test whose triggering event was the noncommercial, public interest status of the plaintiff. On appeal, the First Circuit It divided bond cases into two types. The first type involved commercial cases where an unsecured injunction exposed the defendant to a risk of monetary IOSS.[15] In these cases, the courts required bonds.[16] The second type of case involved "important federal rights or 'public interests'" brought, often by indigents, under remedial social legislation.[17] In these cases, the courts waived or nominalized bond requirements.[18] After dividing the federal case law into "commercial" and "public interest" types, the court constructed its exemptions test. In making bond exemptions available to public interest

[13] 405 F. Supp. 1019 (E.D. Wis. 1975).
[14] 697 F.2d 978 (1st Cir. 1982).
[15] 697 F.2d 1000 (1st Cir. 1982).
[16] 697 F.2d 1000 (1st Cir. 1982).
[17] 697 F.2d 1000 (1st Cir. 1982).
[18] 697 F.2d 1000 (1st Cir. 1982).

litigants, the Crowley decision ensures that federal public interest litigation will not be barred by the applicants' limited financial resources.

IV. CONCLUSION

The harm suffered by Plaintiffs and all City of Flint residents and business along with their employees may not be remedied by any but the most immediate and comprehensive action by this Court. Each day that Plaintiffs and all City of Flint residents and business along with their employees along with City of Flint business and medical professionals are forced to go without domestic water supplied by the City of Flint which does not exceeded the trihalomethanes (TTHM) MCL" neglectfully impacts our well-being and that of our families continues prolonged duress. Therefore, an order protecting Plaintiffs and all City of Flint residents and business along with their employees, as well as, along with City of Flint business and medical professionals from Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) actions and lack of action illuminated in the statements of fact is clearly in the public interest. Under RICO, Uniform Commercial Code (UCC), Federal Safe Water Act, Michigan Safe Water Act, State of Michigan Constitution and these United States Federal Constitution this Court has ample authority to grant the Debtor the relief requested in his *ex parte* Motion for a Temporary Restraining Order with Asset Freeze and Other Equitable against Defendants and Mr. and Ms/Mrs. Jane and John Doe/Unknown (1 to 1000) and should do so to permit the Anderson Lee Fernanders to be made whole.

V. RELIEF

WHEREFORE, Anderson Lee Fernanders prays that this Honorable Court make him whole by granting recovery of and all other relief sought in his Ex Parte Motion for a Temporary

Restraining Order with Asset Freeze and Other Equitable and other relief that this Court finds as may be just and proper in the premises.

Respectfully

1-15-15

Anderson Lee Fernanders/Date
5801 Marlowe Drive
Flint, MI 48504
(216) 272-3539

UNITED STATES DISTRICT COURT EASTERN DISTRICT

OF MICHIGAN SOUTHERN DIVISION

ANDERSON LEE FERNANDERS

Plaintiff,

V

JEFF WRIGHT
GENESEE COUNTY DRAIN COMMISSIONER,
DARNELL EARLE
FLINT'S STATE-APPOINTED
EMERGENCY MANAGER,
DAYNE WALLING
MAYOR OF THE CITY OF FLINT,

AND

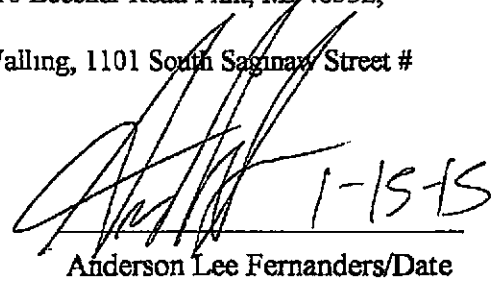
MR. AND MS/MRS. JANE AND
JOHN DOE/UNKNOWN (1 TO 1000)
Defendents.
_____/

Case No. 2:15-cv-10083
Hon. Avern Cohn
Mag. Steven R Whalen

JEFF WRIGHT
DARNELL EARLE
DAYNE WALLING
_____/

PROOF OF SERVICE

I hereby certify that I mailed a copy of this Ex Parte Motion for a Temporary Restraining Order with Asset Freeze and Other Equitable Relief, and Affidavit by prepaid U.S. First Class Mail, to the following persons on 15 of January 2015: Jeff Wright, 4610 Beecher Road Flint, MI 48532; Darnell Earle, 1101 S. Saginaw St. Flint, MI 48502; and Dayne Walling, 1101 South Saginaw Street # 101 Flint, MI 48502.



1-15-15

Anderson Lee Fernanders/Date

UNITED STATES DISTRICT COURT EASTERN DISTRICT

OF MICHIGAN SOUTHERN DIVISION

ANDERSON LEE FERNANDERS
Plaintiff,
V

Case No. 2:15-cv-10083
Hon. Avern Cohn
Mag. Steven R Whalen

JEFF WRIGHT
GENESEE COUNTY DRAIN COMMISSIONER,
DARNELL EARLE
FLINT'S STATE-APPOINTED
EMERGENCY MANAGER,
DAYNE WALLING
MAYOR OF THE CITY OF FLINT,

AND
MR. AND MS/MRS. JANE AND
JOHN DOE/UNKNOWN (1 TO 1000)
Defendents.
_____/

AFFIDAVIT

I, Anderson Lee Fernanders, certify that the following information presented in this affidavit is true and accurate to the best of my knowledge: It is my understanding and belief that information included in Exhibits 1 thru 3 of his Ex Parte Motion for a Temporary Restraining Order with Asset Freeze and Other Equitable Relief are true and accurate to the best of my knowledge and are hereby incorporated as if fully set forth herein in this affidavit.

1-15-15
Anderson Lee Fernanders

Subscribed and sworn to before me on this date 1-15-15, Genesee County, Michigan
My commission expires on this date: 5-10-21, Notary public, State of Michigan, County of: Genesee

Amanda Caldwell
Signature of Notary Public

AMANDA CALDWELL
NOTARY PUBLIC - MICHIGAN
GENESEE COUNTY
MY COMMISSION EXPIRES 05-10-2021
ACTING IN GENESEE COUNTY

Amanda Caldwell
Name of Notary Public
NOTARY PUBLIC

Genesee

Exhibit 1

ENVIRONMENTAL
Fact Sheet

NEW HAMPSHIRE DEPARTMENT OF Environmental Services

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ARD-EHP-13 2006

Trihalomethanes: Health Information Summary

Trihalomethanes (THMs) are a group of organic chemicals that often occur in drinking water as a result of chlorine treatment for disinfectant purposes and, therefore, are also known as "disinfection byproducts" or DBPs. THMs are formed when chlorine reacts with naturally occurring organic material found in water such as decaying vegetation. Typically, the following four THMs are found as a result of chlorination: trichloromethane (chloroform), bromodichloromethane (BDCM), dibromochloromethane (DBCM), tribromomethane (bromoform).

Untreated or raw water rarely contains THMs in significant concentrations. Since chloroform is the THM found in highest concentrations and about which the most is known, the bulk of the information contained in this summary will pertain to chloroform.

Chloroform was once used as an anesthetic during surgery. Most chloroform produced today is used to make other chemicals. Chloroform is produced in the bleaching process of the pulp and paper industry and may also be formed in wastewater, which is often chlorinated in order to kill bacteria. Environmental release of chloroform is largely to air during pulp and paper bleaching and chlorination of drinking and wastewater, with a small amount released to water.

Information regarding the production and use of bromoform, BDCM, and DBCM is very limited. Bromoform appears to be produced in small quantities for use as a chemical intermediate and the other two THMs are thought to be produced in small quantities for laboratory use. Environmental release of these three THMs is largely to air during water chlorination.

Health Effects

Absorption and Exposure

Chloroform may be absorbed into the body through ingestion, inhalation, and through the skin. The largest source of human exposure to THMs in the U.S. is from the consumption of chlorinated drinking water. Besides consuming water, other water uses in the home may contribute significantly to total chloroform exposure both from breathing in chloroform vaporized into the air and from it passing through the skin during bathing. Swimming in chlorinated pools will also contribute to the total exposure from the same exposure paths. One study observed that a greater percentage of chloroform passed through the skin when bathing water temperatures were increased. Chloroform does not concentrate in plants; therefore, the contribution from food to total chloroform exposure is small.

Short-Term (Acute) Effects

Evidence of chloroform's acute effects on humans has been obtained primarily during its past use as an inhalation anesthetic. In addition to central nervous system effects, chloroform anesthesia was associated with cardiac arrhythmias and abnormalities of the liver and kidneys. Inhalation exposure experiments with animals revealed that high levels are toxic to the liver and secondarily to the kidneys. Skin contact with undiluted chloroform may cause a burning sensation, redness, and blistering.

Acute effects of exposure to the other THMs are not documented in the literature, but are expected to be similar to chloroform.

Long-Term (Chronic) Effects

Chronic oral exposure of humans to chloroform at high doses results in adverse effects on the central nervous system, liver, kidneys and heart.

Animal studies have shown decreased body weights in rats and mice given chloroform at high oral doses and an increased incidence of respiratory disease at higher doses. At still higher doses given orally, liver abnormalities and decreased size of the reproductive organs were observed in rats. In animal studies investigating effects of chronic exposure to each of the other THMS, liver toxicity was observed. BDCM also caused kidney toxicity.

Carcinogenic (cancer-causing) Effects

Chloroform has been demonstrated by several studies to produce kidney and liver tumors in rats and mice when given orally. In studies of human populations using chlorinated drinking water in which chloroform is the predominant THM, small increases in the incidence of rectal, colon and bladder cancer have been consistently observed, with evidence strongest for bladder cancer. However, because other possible carcinogens were found in this water, it is impossible to identify chloroform as the sole carcinogenic agent. Therefore, chloroform has been classified by the U.S. Environmental Protection Agency (EPA) as a Group B2 or "probable human carcinogen," based on sufficient animal evidence and inadequate human evidence of carcinogenicity. Evidence from animal studies now strongly indicates that chloroform exposure causes cancer only after first producing sustained cell toxicity. Because a certain threshold level of exposure is necessary to cause cell toxicity, cancer from chloroform exposure can only occur if that threshold is exceeded.

Based on the results of animal studies in which BDCM exposure increased tumors of the large intestine, kidney, and liver, and bromoform increased tumors of the large intestine, they are also classified in Group B2. DBCM is classified in Group C, "possible human carcinogen," based on limited animal evidence of an increase in liver tumors.

Developmental/Reproductive Effects

Reports in the scientific literature in which chloroform was administered to animals indicate that chloroform has the potential to cause birth defects, miscarriages, and delays in fetal development. Results have generally been inconclusive regarding exposure to THMs and adverse developmental or reproductive effects in humans. However, the results of a recent study suggest an increased risk of early-term miscarriage from high levels of THMs in tap water, particularly BDCM. Additional studies are underway to determine the significance of the association found in this study.

Health Standards and Criteria

The EPA has established a Maximum Contaminant Level (MCL) for total THMs in public drinking water systems. MCLs are enforceable drinking water standards determined by balancing the adverse health effects of a particular chemical against the feasibility and costs of treating contaminated water, and in the case of THMs, a consideration of the benefits of chlorination in reducing the risk from acute gastrointestinal diseases. The MCL for total THMs is 80 parts per billion (ppb = micrograms per liter (ug/l).

Although chloroform is considered to be a probable human carcinogen, sufficient evidence has accumulated to indicate that it causes cancer only if, as previously explained, exposure exceeds the threshold level needed to cause cell toxicity. That threshold exposure has been calculated to be greater than the exposure level at which the most sensitive non-cancer adverse health effect, fatty cyst formation in the liver, may occur. Therefore, exposure at or below the state drinking water standard for chloroform of 70 ppb is not anticipated to result in either adverse non-cancer health effects or cancer.

The standard is based on an average daily intake of two liters (0.53 gallons) of water per day by a 70-kilogram (154 lb.) adult for a chronic time period. It is important to note that the 70 ppb state standard for chloroform is actually only 20 percent of the total safe exposure. This allows for a margin of safety and for water exposures that occur during bathing by inhalation of vaporized chloroform and absorption through the skin.

State drinking water standards developed for the other three THM compounds are 0.6 ppb for BDCM, 60 ppb for DBCM, and 5 ppb for bromoform. The drinking water standards for the four individual contaminants apply only if a water source was not intentionally chlorinated. If the well or water body was chlorinated, the federal MCL for the sum of the four THMs applies.

For more information, please contact the DES Environmental Health Program, 29 Hazen Drive, Concord, NH 03302-0095; (603) 271-4608.

Suggested Reading and References

Casarett and Doull's Toxicology: The Basic Science of Poisons, Sixth Edition. Klaassen, C.D., ed. McGraw-Hill Publishing Co., Inc., New York, 2001.

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Toxicological information on dibromochloromethane. Integrated Risk Information System (IRIS). U.S. EPA, Office of Health and Environmental Assessment.

Exhibit 2

- 9/11 Litigation
- About
  - Staff
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  - Board of Advisors
  - Press Releases
  - Copyright notice
- Advertise
- Blog Roll
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- Contact
- Digital Broward: Faces and Places
  - New Photo Upload Test
- Donate to Broward Bulldog
- See Click Fix
- Video: An Evening With Michael Connelly
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February 27, 2013 at 11:19 am

Report points to cancer risk from chemicals used to treat drinking water

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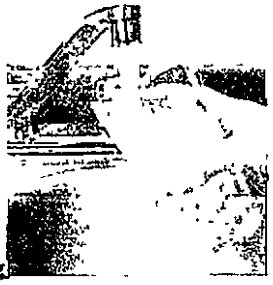

By Bridget Huber, FairWarning

Chemicals used to treat drinking water for millions of Americans may raise the risk of cancer and lead to other unintended health hazards, according to a report released today by the Environmental Working Group, an advocacy organization.

The group is urging the U.S. Environmental Protection Agency to reevaluate its standards for the byproducts created when water is disinfected. The Environmental Working Group also is pushing officials to clean up sources of public drinking water to reduce the need for chemical treatment in the first place

"By failing to protect source water, Congress, EPA and polluters leave Americans with no choice but to treat it with chemical disinfectants and then consume the residual chemicals generated by the treatment process," the report says. (See page 13 of the report for a list contaminant levels at waters suppliers in Florida and elsewhere).

Chlorine and other chemicals are added to public drinking water to kill disease-causing bacteria and other microorganisms. But when they come into contact with organic material such as fallen leaves, sewage or livestock manure, reactions occur that create toxic byproducts.

Some of the resulting compounds are regulated, but most are not. "We're talking about 600 known disinfection byproducts and probably many hundreds more that haven't been identified," said Renee Sharp, a senior scientist at the Environmental Working Group and a co-author of the report.

Researchers analyzed results from water quality tests done in 2011 at 201 large municipal water systems that serve more than 100 million people in 43 states. They found trihalomethanes, a byproduct of chlorination, in every system. The EPA calls some members of this class of chemicals "probable human carcinogens" and studies have linked them to bladder cancer, birth defects and miscarriages. However, only one water treatment system exceeded the EPA's limits for the chemicals, which was set at 80 parts per billion in 1998.

But the report argued that the EPA's limits are too lax, citing several studies linking even lower levels of the chemicals to health problems. For example, in 2011 a French research team analyzing data from three countries found that men exposed to more than 50 parts per billion of trihalomethanes [try-hal-o-MEH-thanes] had significantly increased cancer risks.

In 2007, Taiwanese researchers found people who drank water with trihalomethane concentrations of more than 21 parts per billion had twice the odds of dying from bladder cancer than those who did not. In 2010, California environmental health regulators proposed a public health goal for trihalomethanes of 0.8 parts per billion — one-hundredth of the federal standard. The goal, which would not be legally binding, is in the process of being finalized.

But David Savitz, a professor of community health at Brown University who has studied the issue, says the chemical byproducts created by disinfection are only of "modest concern." He faulted the report's authors for selectively focusing on studies that suggested evidence of harm while ignoring ones that did not. "The general tone of this report is alarmist and exaggerated," he said.

In response, Sharp said both the EPA and California health officials have concluded that lowering the levels of trihalomethanes in drinking water would cut the number of bladder cancer cases. "We are not the only ones saying this," she said.

The EPA, which previously has considered lowering the limit for trihalomethanes, declined to comment on the new report. In 2005, it proposed a rule that would have lowered the limit to 40 parts per billion, a move that it calculated would prevent nearly 1,300 cases of bladder cancer and save the U.S. between $2.9 and $7.1 billion annually. Instead of adopting the rule, however, the agency made what the report called "marginal" improvements in its system for measuring compliance with existing regulations. The EPA said these changes will prevent 280 cases of bladder cancer annually.

Analysts also found that levels of trihalomethanes in public water systems vary throughout the year, depending on factors including farming cycles. The EPA, however, regulates the chemicals based on an annual average, which means that spikes in the byproducts may go undetected.

This is of particular concern for pregnant women, said Sharp, since a fetus could be exposed to higher levels of the chemicals during crucial stages in development. "If you are thinking about pregnancy and the possibility for miscarriage or birth defects or stillbirth or any number of pregnancy or reproduction-related effects, then having short-term spikes can really make a difference."

Health concerns have prompted some public water systems to switch from chlorine to chloramines, compounds made from chlorine and ammonia gases. This substitution, however, may usher in other problems.

For example, Environmental Working Group researchers cited EPA data reporting that drinking water treated with chloramines had the highest levels of an unregulated and potentially highly toxic class of chemicals called idoacids Chloramine also forms nitrosamine compounds, which are related to chemicals "reasonably anticipated" to be human carcinogens, according to the federal National Toxicology Program.

The Environmental Working Group recommends all people drinking tap water to use carbon filtration systems and released a guide for consumers. Savitz, in contrast, said, "It's really an individual judgment."

But Sharp said the real solution is reducing pollution farther upstream. "The answer is truly to have cleaner source water and put more resources into cleaning up source water to begin with."

Related posts:

1. **New tanning industry campaign to dismiss skin cancer threat draws fire from doctors' group**
2. **South Florida water district to re-think policies that skirt state law on influence-peddling**
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Dan Christensen tagged this post with: chemical treatment, drinking water, Environmental Protection Agency, Environmental Working Group, EPA. Read 548 articles by Dan Christensen

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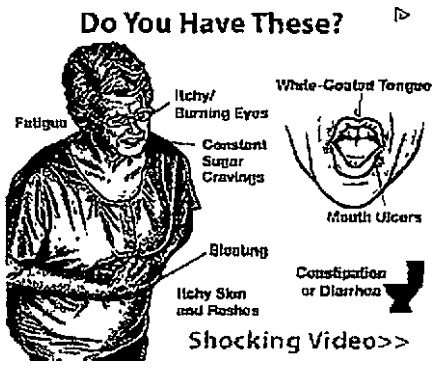

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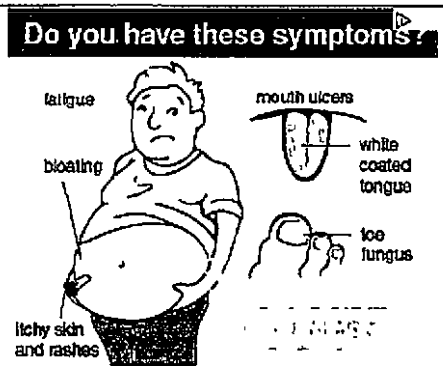

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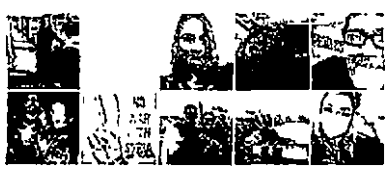

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Exhibit 3

Trihalomethanes in Drinking Water

SPECIAL REPORT
March 2002

Trihalomethane is a by-product that comes from chlorination.

It is one of the toxic carcinogens created when Chlorine reacts with organic matter in water. When this matter decays - somewhat like compost materials (leaves, bark, sediments) Trihalomethanes are formed. This includes chemicals called chloroform, bromoform and dichlorobromethane. Even in small amounts they are all very carcinogenic.

Since the publication of the study by Environmental Working Group and the Public Interest Research Groups, trihalomethanes have been the focus of news articles across the United States. Following are a few excerpts from articles that relate to nationwide water issues, followed by the Water Quality Association's recommendation of a home water filtration system to protect consumers from potential health problems associated with trihalomethanes.

THMs (Trihalomethanes)in blood increase after shower
Chapel Hill, NC, May 3, 2002 (Water Tech Online)

THMs, by-products from chlorination, appear to increase significantly in the bloodstream after showering, says a study by researchers at the University of North Carolina (UNC) at Chapel Hill School of Public Health.

Public health experts suspect the chemicals might boost the risk of cancer and contribute to reproductive problems such as miscarriages, a release by UNC said.

Through blood sample analysis, researchers measured THMs in the blood of 25 women at each site before and soon after they showered, and compared those levels to concentrations found in tap water in their houses.

THM concentrations were around 1,000 times lower in blood than in tap water, but after the showers, median levels in blood increased by a factor of four.

February 10, 2002, - From Washington, DC (Washington Post)

"Annette Spaven already had three children when she found out she was pregnant again four years ago. She and her husband were surprised but pleased by the prospect of welcoming another child into their Chesapeake, VA home. So when she suffered a miscarriage in the first trimester, they tried again. Six months later, she lost another baby.

About the same time, two women on her block had miscarriages. Across town, a woman gave birth to a boy who died shortly after birth. For more than a decade, they and others wondered why they'd suddenly lost their pregnancies.

Today, many are wondering if they might have lost their babies simply because they drank tap water while they were pregnant. It's a question that has roiled this booming port

community ever since residents became aware of controversy surrounding chemicals in the public drinking supply. Now, 25 women are suing the city, and nearly 170 more have filed their intentions to do so.

In a statement last month, the EPA called the issue of chlorination byproducts in drinking water an important health concern.

Meanwhile, however, millions of Americans are unaware of what their water utilities know: The levels of chlorination byproducts in their drinking water often spike higher than the EPA's allowable annual average.

The EPA does not require this information to be included in regular water quality reports from utilities."

For the complete article, go to: Click or paste - http://www.washingtonpost.com/ac2/wp-dyn/A51936-2002Feb9?language=printer

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February 8, 2002, - From Alamo, Texas (The Monitor)

"A woman has filed a lawsuit against the city of Alamo, claiming that trihalomethanes (THMs) caused her to miscarry three times.

In the suit, Judith Expericueta says she drank Alamo's tap water during her pregnancies and the chemicals in it caused her to have three spontaneous miscarriages.

The EPA says that concentrated exposure to THMs may elevate the risk of spontaneous miscarriages during the first trimester. The TNRCC said the city of Alamo has the highest levels of THMs in Texas, but stressed that there is no immediate cause for alarm. The agency has cited the city several times in the past two years for exceeding the acceptable limit.

Alamo's THM levels for two years has been between 88.83 and 141.03 parts per billion. The state on January 1st set the maximum acceptable limit at 80 parts per billion."

January 22, 2002, - From Boston, Massachusetts (Ascribe News)

"Environmental epidemiologists from the Harvard School of Public Health analyzing tap water samples from 36 surface water systems throughout Massachusetts have found high levels of disinfection by-products (DBPs), which form during water treatment and transport, and a wide range of by-product activity in the water supplies they tested.

Using 88 tap water samples form 36 Massachusetts communities taken between spring 1997 and fall 1998, the researchers studied how the formation of DBPs is influenced by water treatment. Within the communities in the study, 24 used chlorine to disinfect the water supply with 10 of those towns chlorinating their water twice prior to distribution. One town used ozone and another used chlorine dioxide for disinfection. The remaining 12 used chloramine to disinfect their water supply. The researchers found that water that had been chlorinated multiple times prior to distribution was associated with higher THM levels and that THM levels are generally higher in the spring. "

February 19, 2002, - Westminster, Maryland (Carroll County Times)

"Maryland's tap water may be putting women at risk of having pregnancies end in miscarriage or having children with birth defects, according to a report by two environmental groups (Public Interest Research Groups and Environmental Working Group).

14 communities in Maryland had a relatively high proportion of people projected to be at risk from using their local drinking water. The group arrived at its findings after reviewing data on tap water contaminated by trihalomethanes, one of the principal byproducts of chlorination. The Maryland Department of the Environment, Water Management Administration, provided these results."

The full report is available at: Click or Paste - http://www.marypirg.org

---

January 11, 2002, - Florida (Florida Today)

"The water they drink puts more than 1,700 pregnant women in Florida at risk of miscarriages or birth defects each year, according to a study released by two environmental groups (Public Interest Research Groups and Environmental Working Group).

Florida ranked 14th worst in the nation for the number of pregnancies at risk of exposure to high levels of chlorination byproducts, the study found. Boca Raton was the worst in the state and 36th in the nation with 654 pregnancies at risk. "

THM victims group formed
Chesapeake, VA, March 21, 2001 (Water Tech Online) –

"Trihalomethane (THM) contamination was found in the municipal water supply during the 1990s. City officials have been accused of not telling the truth about the levels of THM in the Chesapeake area. Hiding test information on THM levels, failure to provide adequate warning of the high levels of THM in the water, and failure to let the public know about the THM and possible miscarriages, still births and birth defects.

Some studies link THMs (Bromodichloromethane [BDCM]), to possible stillbirths, miscarriages and birth defects, and bladder and rectal cancers. The Virginian Pilot reported that Chlorine mixes with organic materials, like algae and leaf particles, which includes chloroform and BDCM. In 1998, THM was suspected as a carcinogen and possible cause of miscarriages. Around that time, a new water treatment plant was being upgraded and reports say the levels of THM were higher than normal for about nine months. "

January 11, 2002, - Lisle, Illinois (PR Newswire)

"Chlorination of public drinking water may lead to harmful chemical byproducts such as chloroform, trihalomethanes, and haloacetic acids flowing from home taps according to a study released by the Environmental Working Group and the Illinois Public Interest Research Group.

The study reports that such byproducts in drinking water may put pregnant women at a

higher risk for miscarriages, neural tube defects, and reduced fetal growth. At the same time, physicians universally recommend that pregnant women drink plenty of water.

The issue is complex. Chlorination of public drinking water ensures that consumers have safe drinking water according to the Water Quality Association. Together with filtration, chlorination is one of the greatest public health advancements of this millennium, notes WQA Executive Director Peter Censky. Unfortunately, however, chlorination does introduce potentially toxic contaminant byproducts.

There is a solution to the dilemma, however. Consumers can have the best of both worlds when it comes to their household water supply. Municipal water treatment systems must continue to use essential chlorination processes to safeguard against bacteria, viruses, and protozoa. Fortunately, there are several at-home devices that cheaply and simply remove possible chlorine byproducts, Harrison notes.

In addition to safeguarding pregnant women and potential bladder cancer victims from more than 100 potentially toxic chlorination byproduct compounds, commonly available home filtration units can also remove unpleasant tastes and smells associated with chlorinated water."

More Information on Chlorine - CLICK HERE - http://www.theolivebranch.com/water/chlorine.htm

More News on Water - http://www.theolivebranch.com/water/news.htm

Business Opportunity	Current Price and Questions?	HOME PAGE

K. Culbreth, Independent Distributor

[TOP OF PAGE]

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are not necessarily endorsed by our Company.

Exhibit 4

IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER

City of Flint Did Not Meet Treatment Requirements

Our water system was recently found to be in violation of a drinking water standard. Although this incident was not an emergency, as our customers, you have a right to know what happened and what we are doing to correct this situation.

We routinely monitor for the presence of drinking water contaminants. Samples were collected for total trihalomethanes (TTHM) analysis from eight locations on a quarterly basis (May 21, August 21, and November 20 of 2014). The average of the results at ANY of the eight locations must not exceed the maximum contaminant level (MCL) for TTHMs, otherwise our water system exceeds the Maximum Contaminant Level (MCL). The standard for TTHMs is 80 ug/L. The location reporting the highest TTHM level was 99 ug/L; thus, our water system exceeds the TTHM MCL.

What should I do?

- There is nothing you need to do unless you have a severely compromised immune system, have an infant, or are elderly. In that case, you may be at increased risk and should seek advice about drinking water from your health care provider.
- You do not need to boil your water or take other corrective actions. If a situation arises where the water is no longer safe to drink, you will be notified within 24 hours.

What does this mean?

This is not an emergency. If it had been an emergency, you would have been notified within 24 hours.

People who drink water containing trihalomethanes in excess of the MCL over many years may experience problems with their liver, kidneys, or central nervous system, and may have an increased risk of getting cancer.

What is being done?

We are currently working on solutions to correct the problem. We anticipate resolving the problem in 2015.

For more information, please contact Mr. Brent Wright or Mike Glasgow at 810-787-6537 or the Water Plant at 4500 North Dort Highway, Flint, MI 48505.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments, nursing homes, schools, and businesses). You can do this by posting this notice in a public place or distributing copies by hand or mail.

This notice is being sent to you by the City of Flint.

CERTIFICATION: F1 S3 WSSN: 02310

I certify that this water supply has fully complied with the public notification requirements in the Michigan Safe Drinking Water Act, 1976 PA 399, as amended, and the administrative rules. Reminder to water supplier: This notice/ certification must be sent to the DEQ.

Michael T Glasgow	ASSISTANT SUPERVISOR	1/2/15
Signature	Title	Date Distributed

Steckelberg, Larry (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Monday, January 25, 2016 7:21 AM
To: Byrne, Randall (Treasury)
Cc: Schafer, Suzanne K. (Treasury); Steckelberg, Larry (TREASURY); Koryzno, Edward (Treasury); Saxton, Thomas (Treasury)
Subject: Re: Flint Consultant Selection Process

Lets talk on our 9:00 Flint call

Sent from my iPhone

On Jan 25, 2016, at 7:12 AM, Byrne, Randall (Treasury) <ByrneR1@michigan.gov> wrote:

> Wayne, Suzanne, and Larry:
>
> I received this email from Tetra Tech on Friday. Please discuss and advise.
>
> Thanks,
> Randy
>
> ***From:*** *Cooperwasser, Victor [mailto:Victor.Cooperwasser@tetratech.com]*
> **Sent:** Friday, January 22, 2016 9:33 AM
> **To:** Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
> **Subject:** Flint Consultant Selection Process
>
> Good Morning Randy:
> Per my voicemail to you this morning, the EPA's Order, in part, requires a "publicly transparent process" to get nationally recognized water treatment experts on board as mentioned in item 4 on the second page of US EPA Administrator McCarthy's letter to Governor Snyder, attached.
>
> In regard to item 5 of Ms. McCarthy's letter regarding the "affirmative determination" that Flint has the "technical, managerial, and financial capacity" to make the transition to the KWA, the Flint Drinking Water Task Force's recommendations, attached, recommend that "Flint develop and implement a Performance Assessment Plan prior to distribution of water from the KWA...".
>
> Tetra Tech has the expertise to provide the required services and desires information regarding the process that will be used for consultant selection.
>
> Thank you for any assistance you can provide.
>
> Best regards,
> Vic
>
> **Victor I. Cooperwasser, PE| Senior Project Manager**
> Direct 734 [redacted] | Mobile 734 [redacted] Fax 734 213 3003
> victor.cooperwasser@tetratech.com
>
> **Tetra Tech | Water, Environment & Infrastructure Group | US Based Operations**
> 710 Avis Drive, Suite 100 | Ann Arbor, MI 48108 | **www.tetratech.com**
>
> PLEASE NOTE: This message, including any attachments, may include privileged, confidential and/or inside information. Any

distribution or use of this communication by anyone other than the intended recipient is strictly prohibited and may be unlawful If you are not the intended recipient please notify the sender by replying to this message and then delete it from your system

<ftf-5_performance_evaluation_period_12-16-15_final_0.pdf>

<McCarthylettertoRickSnyder.pdf>

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON D C 20460

THE ADMINISTRATOR

The Honorable Rick Snyder
Governor of Michigan
P.O. Box 30013
Lansing, Michigan 48909

Dear Governor Snyder:

Thank you for your time today to talk about our shared concerns for the people of Flint. As we discussed, today I am issuing an Order, pursuant to Section 1431 of the Safe Drinking Water Act, directing the Michigan Department of Environmental Quality and the City of Flint to take immediate action to address serious and ongoing concerns with the safety of Flint's drinking water system. The U.S. Environmental Protection Agency is deeply concerned by continuing delays and lack of transparency and has determined that the actions required by the Order – the key elements of which are summarized below – are essential to ensuring the safe operation of Flint's drinking water system and the protection of public health. The Order, which has been transmitted separately, directs that the state notify the EPA in writing within one day of its intent to comply. Recognizing that you have made changes to the leadership at MDEQ, it is imperative that our respective teams set up a meeting no later than next week to begin the work that is before the state, the city and the EPA.

The EPA and other federal agencies are working closely with the state and city to address the public health emergency that is now unfolding as a result of the failure to properly operate Flint's system, leading to multiple health-based drinking water violations and unsafe lead levels in the city's drinking water. As part of these efforts, this past October the EPA established the Flint Safe Drinking Water Task Force (the "EPA Task Force"), composed of EPA scientists who are recognized experts in the field of corrosion control in drinking water systems. The EPA Task Force has provided written recommendations to the city and MDEQ, clearly addressing specific steps needed to re-optimize corrosion control, as well those needed to ensure that the system maintains optimal corrosion control throughout the transition of Flint's water supply from the Great Lakes Water Authority (Detroit) to the Karegnondi Water Authority (KWA) that the city is planning for the summer of 2016. These recommendations have been publicly posted at http://www.epa.gov/mi/flint-drinking-water-documents

As you and I discussed, some progress has been made in addressing these recommendations; but there continues to be inadequate transparency and accountability with regard to provision of test results and actions taken and those are critical for the people of Flint. In addition, there is an increasing concern about capacity to carry out the recommended actions and to safely manage Flint's drinking water system – especially in the context of the intended transition to KWA water in summer 2016. The EPA Task Force, the city, and the state have had to devote substantial effort to issues related to the planned

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transition from treated water purchased from Detroit to untreated water from KWA. That transition presents complex technical and managerial challenges, above and beyond those related to the immediate need to reduce lead levels in Flint's drinking water, that have serious implications for drinking water safety and public health. Finally, it must be recognized that the EPA Task Force's expertise and technical advisory role are narrowly focused on corrosion control, and that there is a much broader set of issues that must be addressed to ensure the safety of drinking water provided by the Flint system.

For these reasons, the EPA's Order requires the state and the city to take a number of actions, summarized below, to ensure that Flint's drinking water system is re-optimized for corrosion control, that the city establishes the capacity to safely and effectively operate its drinking water system, and that there is public transparency and accountability with regard to these actions:

1. Promptly provide the EPA and the public with official, public and timely responses to the recommendations of the EPA Task Force, including status and plans with regard to implementation of recommended actions.

2. Fully implement the EPA Task Force's recommendations with regard to lead sampling; promptly and continuously share the results of all lead sampling and other relevant Flint drinking water data with the EPA and the public, with proper protections for personally identifiable information; and cooperate with the independent EPA sampling effort described below.

3. Ensure, including through the provision of state resources as necessary, that the city has the full complement of qualified professionals needed to safely operate Flint's drinking water system.

4. Obtain, through a publicly transparent process and with the support of state resources as necessary, advice from independent, nationally-recognized experts on drinking water treatment, sampling, and distribution system operation – in order to ensure safe and effective management of that system and to restore public confidence.

5. Prior to implementing any transition to KWA water, make an affirmative determination, with appropriate expert advice and an opportunity for public input, that the city has the technical, managerial, and financial capacity to safely and effectively operate its drinking water system, and that all necessary infrastructure upgrades, analysis, and testing have been completed, in order to ensure a safe transition to KWA.

To help ensure transparency and accountability, the EPA will work with the city in the near term to oversee and participate in the collection of Lead and Copper Rule drinking water samples by Flint residents, will have these samples analyzed in a certified laboratory, and will provide this data to the public, with appropriate protections for personally identifiable information. Further, the EPA will conduct additional, sequential sampling at locations throughout the distribution system, which will be used to further inform the treatment optimization process. The EPA underscores that the state and city ultimately will need to work with independent recognized experts to undertake a broader effort to fully assess and verify the safety of Flint's drinking water system-wide.

The steps outlined above are essential to fulfill our shared interest in the protection of public health against further harm from drinking water contamination, and to restoring public confidence that the ongoing drinking water crisis will be promptly and fully remedied. I expect to receive prompt written notice of the state's intention to promptly and fully comply with the requirements of the Order.

Sincerely,

Gina McCarthy

cc: The Honorable Karen Weaver
Mayor of Flint

Flint Drinking Water Task Force (FTF 15-5)

Task Force Recommendations Regarding Flint Drinking Water Treatment Performance Evaluation

For protection of public health, Flint must avoid significant distribution system issues similar to those experienced following the source water switch to the Flint River and subsequent operation of Flint's water treatment plant.

The EPA Flint Safe Drinking Water Task Force recommends that Flint develop and implement a Performance Assessment Plan prior to distribution of water from the Karegnondi Water Authority (KWA) source. The plan must address how the treatment plant will be brought on-line, and how finished drinking water will be introduced to the distribution system. This plan is particularly important given the City has no experience treating the KWA-supplied water, and is operating a distribution system that is still recovering from the past upset.

Flint should work with its consultant and MDEQ to establish objective water quality and plant performance criteria. The plan must include operation of Flint's drinking water treatment plant for a reasonable period of time to treat KWA-supplied water until:

(1) the treated water meets finished water quality goals;
(2) the finished water quality is consistently maintained;
(3) potential plant operational and mechanical start-up issues are identified and addressed; and
(4) water plant operations staff are proficient in treating the new source.

KWA water should not be distributed to the public until these conditions are satisfied.

During this performance evaluation period, Flint must distribute to the public water from an alternate source. As water is already received from Detroit (Great Lakes Water Authority), that is an obvious and appropriate choice for that interim period. The length of the performance evaluation period will be dependent on the amount of time it takes for the treatment plant to consistently and reliably meet the performance criteria.

Because of similarities in source water and in treatment processes with Detroit's Huron plant, the Flint water plant will likely be configured to produce treated water with similar quality to that of the water currently being received from Detroit. Continued use of Detroit water during the performance evaluation period will minimize the risk of distribution system upsets.

We encourage Flint and the City's consultant to perform a number of assessments prior to the completion of the KWA pipeline and availability of the Lake Huron source water to expedite the plant transition period. For example, the planned bench-scale jar tests will be helpful in establishing full-scale treatment plant operating parameters. Assessment of corrosion control treatment using Detroit source water with lead pipe loop rigs in advance of switching to the KWA source may also be transferrable to the KWA source water. Pipe loops rigs operated during the performance assessment period will help predict whether lead release will be an issue when the new plant goes on line. EPA will work with the City to set up pipe loops at the Flint treatment plant.

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Monday, January 25, 2016 9:54 AM
To: Steckelberg, Larry (TREASURY)
Subject: FW: Message from "RNP002673A81665"
Attachments: 20160119133448197.pdf

From: Saxton, Thomas (Treasury)
Sent: Tuesday, January 19, 2016 5:11 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: RE: Message from "RNP002673A81665"

Per our conversation a lot of these dates involve DEQ et al in which we/Treasury did not play a role i.e., someone else [DEQ] would need to confirm their accuracy.

Just quickly, items we would question from the document or need to investigate further...

12/20/12 (p.1) - we don't have the notification that is referenced

3/29/13 (p.2) – we are not aware of any veto by Kurtz.

The early offers by DWSD to reconnect were rejected because of the add'l cost, they were long term & the fact the City had executed a contract with KWA. On Jan 12 '15 they waived the reconnection fee but there were still issues re the length/term of the commitment.

3/12/15 – the Veolia report did mention corrosion control but the focus was on TTHM which was chlorination issue not related to the lead problem. I believe Treasury funded the study.

From: Khouri, Nick (TREASURY)
Sent: Tuesday, January 19, 2016 3:14 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: FW: Message from "RNP002673A81665"

Wayne and Tom

We need to quickly look at this and see if we agree

Thanks

From: Posthumus, Dick (GOV) [mailto:Posthumusd@michigan.gov]
Sent: Tuesday, January 19, 2016 2:50 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Sally Durfee <durfees@michigan.gov>; Sally Durfee <sdurfee05@[redacted]>
Subject: Fwd: Message from "RNP002673A81665"

Let me know if this is accurate Thanks
Dick

Sent from my iPhone

Begin forwarded message:

> **From:** "Posthumus, Dick (GOV)" <Posthumusd@michigan.gov>
> **Date:** January 19, 2016 at 1:53:44 PM EST
> **To:** "Redford, James (GOV)" <RedfordJ@michigan.gov>, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov>, "Agen, Jarrod (GOV)" <AgenJ@michigan.gov>, "Creagh, Keith (DEQ)" <creaghk@michigan.gov>, "Pallone, Maggie (DEQ)" <PalloneM@michigan.gov>, "Lyon, Nick (DHHS)" <LyonN2@michigan.gov>, "Ruest, Karla (DHHS)" <RuestK@michigan.gov>
> **Subject: FW: Message from "RNP002673A81665"**
>
> To all;
> Senator Ananich would like to add additional items to our timeline that I sent. They are highlighted and I think show up on this scan. Please look at and let me know if they are factual (DHHS and DEQ) (and if you say they aren't tell me why because Senator Ananich will have his info). I want to make sure we are accurate as to what happened when. Need to know as soon as possible (by end of day would be nice)
> Dick
>
> -----Original Message-----
> From: legislative_scanner@michigan.gov [mailto:legislative_scanner@michigan.gov]
> Sent: Tuesday, January 19, 2016 1:35 PM
> To: Posthumus, Dick (GOV) <Posthumusd@michigan.gov>
> Subject: Message from "RNP002673A81665"
>
> This E-mail was sent from "RNP002673A81665" (MP C3503).
>
> Scan Date: 01.19.2016 13:34:47 (-0500)
> Queries to: legislative_scanner@michigan.gov

Summary of Flint Water Date Timeline and Background Information

Overall

- The health and welfare of Flint residents is a top priority and Governor Snyder is committed to a coordinated approach with resources from state agencies to address all aspects of this situation.
- Governor Snyder has requested support from the Federal Emergency Management Agency (FEMA) to coordinate with other federal agencies to provide resources to Flint as we work on short-term and long-term solutions for residents.
- About a month after Governor Snyder became aware that the city of Flint's water showed elevated lead levels and that the state's handling of the situation was being questioned, he requested funding to switch the source back to the Great Lakes Water Authority and appointed an independent task force to identify possible missteps and areas for improvement.
- On Jan. 11 Gov. Snyder created the Flint Water Interagency Coordinating Committee (FWIACC), which will bring together a wide range of experts to work on long-term solutions to the Flint water situation and ongoing public health concerns affecting residents. The FWIACC is made up of experts from government and the Flint community and will set a course of action to remedy the water situation and resulting health issues, and carry on long after the emergency declaration expires.
- The independent Flint Water Task Force is continuing a full review of all local, state and federal actions that led to the current situation in Flint. A detailed report will be released upon completion.

In response to initial findings from the Flint Water Task Force, Governor Rick Snyder accepted the resignation of the Director of the Michigan Department of Environmental Quality.

Here is a summary timeline of the Flint water events:

2006

January: Discussions regarding Karegnondi Water Authority start.

2011

July: Flint receives the results of a study they commissioned examining the feasibility of processing water from the Flint River in the Flint Water Treatment plant. That analysis says that getting the plant up to speed could take as long as five years and nearly $50 million.

November 8: The State of Michigan declares a financial emergency in Flint.

November 29: Governor Snyder appoints Flint's first Emergency Manager, Michael Brown.

2012

December 20: The City of Flint notifies the Department of Treasury that it is no longer considering using the Flint River as a primary water source.

2013

March 25: Flint City Council votes on a resolution presented to them by Emergency Manager Ed Kurtz to join the Karengondi Water Authority. Although the council approves the resolution 7-1, the council alters the quantity of water to be purchased from KWA before they vote.

March 29: Flint Emergency Manager Ed Kurtz vetoes Flint City Council's changes to the KWA resolution and signs an Executive Order to join KWA.

April 12: State of Michigan approves of the decision for Flint to join KWA.

April 16: City of Flint Emergency Manager Ed Kurtz signs agreement to switch from Detroit Water and Sewerage Department water source to KWA. DWSD sets termination of Flint water service for April 17, 2014.

April 17: DWSD says it will stop selling water to the City of Flint in April 2014.

June: Flint notifies the DEQ of intent to operate the Flint Water Treatment Plant full-time using Flint River for drinking water.

2014

February 12: DWSD writes a letter offering to continue to provide service after April 2014.

Mid-March: City of Flint decides to use the Flint River as a water source.

April 4: Flint files its application with DEQ for a permit to treat Flint River water. Reportedly, DEQ normally takes 30 to 45 days to approve these permits.

April 10: DEQ issues Flint Water Treatment Plant construction permits for full-time operation enhancements.

April 18: DEQ visits the Flint Water Treatment Plant to ensure the permitted upgrades have been completed.

April 25: City of Flint switches to Flint River water.

July: DEQ begins the first six-month Flint lead-copper monitoring report. Part of EPA corrosion control protocol. Although DEQ is requiring the city to conduct lead and copper monitoring, they are not requiring the city's water treatment plant to use any form of corrosion control, which would cost about $60 a day.

October: GM stops using Flint water because of corrosion problems.

Mychugh

December: First round of lead-copper monitoring results come back at 6 ppb. Flint's two prior lead results were 0 ppb. Although these results were due January 10, 2015, they were not finalized until February 27, 2015.

2015

January 1: DEQ begins second six-month Flint lead/copper monitoring period.

January 9: UM-Flint begins testing its water and ultimately finds elevated lead levels in water on campus. They alert city officials.

January 12: DWSD offers Flint's emergency manager a waiver of the $4 million reconnection fee to switch back to Detroit water.

January 26: Flint releases its Capital Improvement Plan, which includes provisions for a phosphoric acid feed system for corrosion control.

February 26: The EPA discusses a resident's water sample testing results with the DEQ. High levels of lead (104 ppb) were found in the water at the residence.

February 27: DEQ responds to the EPA saying that the Flint Water Treatment Plant has an optimized corrosion control program.

February: EPA offers to send a corrosion control expert to Flint, and DEQ ignores the offer.

March 12: Consultant Veolia, which was hired by Flint's emergency manager, releases its final water quality report for Flint that includes the recommendation for corrosion control.

March 23: Flint City Council votes 7-1 to return to DWSD water. The city's Emergency Manager does not approve the switch, so the city continues to rely exclusively on the Flint River for water.

April 24: DEQ indicates no corrosion chemical (orthophosphate) in place. DEQ staff were following an incorrect interpretation the EPA protocol for two six month testing periods (to end in July), which requires corrosion control.

May 28: Sample results from the residence noted with high lead levels on Feb. 26 show lead levels improved after a new copper service line installation.

June 24: EPA official Miguel Del Toral releases a memo about high lead levels in Flint.

July 9: Flint water treatment official emails DEQ admitting that Flint was in violation for having two few samples. The deadline for the January-June 2015 report is July 10.

July 10: DEQ staffer replies to Flint water treatment official saying that DEQ was "discussing options" regarding the number of samples Flint was required to collect.

July 13: DEQ spokesman Brad Wurfel says, "anyone who is concerned about lead in the drinking water in Flint can relax."

July 21: A conference call between EPA and DEQ officials reveals that EPA experts do not agree with DEQ's interpretation of the Lead and Copper Rule with respect to corrosion control requirements.

July 28: Flint WTP sends a lead and copper report to DEQ. Its results are above the EPA action level, but this report is ultimately labeled a draft.

July 28: Excerpt response from Childhood Lead Poisoning Prevention program head:

"We compared lead testing rates and lead testing results to the same time frame for the previous 3 years, to see if there were any patterns that suggested that there were increased rates of lead poisoning after the water supply was switched.

- Lead testing rates remained about the same from year to year
- There was a spike in elevated blood lead tests from July-September 2014
- However that pattern was not terribly different from what we saw in the previous three years,

especially in 2011-2012 (we are working with our Epidemiologist to statistically verify any significant differences).

- We commonly see a 'seasonal effect' with lead, related to people opening and closing windows more often in the summer, which disturbs old deteriorating paint on the windows, sills and sashes. Window fans frequently blow and spread the lead dust from the deteriorating paint to other parts of the room/house. We suspect that the summer data spike may be related to this effect.
- If the home water supply lines and/or river water were contributing to elevated blood lead tests, we expected that the increased rates would extend beyond the summer, but they drop quite a bit from September to October, stayed low over the winter, and are just starting to tail up again in the spring of 2015.

"So upon review, we don't believe our data demonstrates an increase in lead poisoning rates that might be attributable to the change in water source for Flint. We recognize that lead exposure via the water is only a small piece of what may be happening for families in Flint, however, we hope the information is helpful."

August 4: Meeting with Governor's Office and Flint pastors.

August 17: DEQ notifies the Flint WTP of the second six-month lead/copper monitoring results that show lead levels at 11 ppb. These results reflect an increase above the last report, which had results of 6 ppb, and the two most recent pre-switch results, which had results of 0 ppb. DEQ arrives at 11 ppb result after it, unprompted, removes two high-lead samples from the pool. If those samples are included, Flint's lead levels would be above the EPA action level.

August 23: Virginia Tech researcher, Marc Edwards, notifies the DEQ that he will begin a study of the City of Flint water quality.

August 24: Dr. Mona Hanna Attisha from Hurley Hospital contacts Genesee County Health Department for blood lead level data/information.

August 28: Concerned Pastors announce water filter giveaway in Flint.

September 1: Concerned Pastors holds giveaway of 1,500 lead-reducing water filters in Flint, which was coordinated by Governor's Office.

September 1: Virginia Tech professor Marc Edwards releases an independent analysis of Flint water finding elevated lead levels.

September 2: Virginia Tech researcher, Marc Edwards, indicates that the corrosiveness of the Flint water is causing lead to leach into the residents' water.

September 24: Dr. Mona Hanna-Attisha of Hurley Medical Center issues study showing high blood lead levels in City of Flint children.

September 24: DHHS spokeswoman says Dr. Mona Hanna-Attisha's lead data are a seasonal anomaly.

September 25: Flint issues lead advisory regarding drinking water.

September 27: Free Press analyzes state lead data and finds elevated levels, confirming Dr. Hanna-Attisha's results.

September 27: Governor's spokeswoman called Hurley's lead data "spliced and diced."

September 28: DEQ spokesman Brad Wurfel comments on Dr. Edwards's results saying, "this group specializes in looking for high lead problems. They pull that rabbit out of that hat everywhere they go."

September 29: Dr. Eden Wells, State Medical Officer, contacts Dr. Mona Hanna Attisha regarding her study results.

September 30: Briefing to Director Lyon comparing Lead Copper Rule Testing (EPA protocol) and Marc Edwards protocol.

October 1: Michigan Department of Health and Human Services confirms results of Hurley Medical Center Study.

October 1: DHHS provides information for Flint Water website, including the following documents: Parent Handbook: Is Your Child Safe From Lead Poisoning, Blood Lead Level Quick Reference for Primary Care Providers, Lead Screening & Testing for Safe, Healthy Michigan Kids, and finally, Pregnant and Nursing Mothers: What You Need to Know.

October 1: City of Flint, Genesee County Health Department urge residents to not drink water and issues "Do Not Drink" Advisory.

October 2: DEQ falsely claims that Flint's use of lime softeners constitutes corrosion control. Lime softeners are not traditionally considered a corrosion control measure.

October 2: DHHS determines its study results are now consistent with Hurley findings, Gov. Snyder announces comprehensive action plan to address Flint water issues. State Budget Office approval to use carryover emergency funds and transfer of DEQ funds to purchase water filters.

October 2: Genesee County Health Department school screening water samples collected for analysis.

October 5: DHHS announces water filters will be available to the public on Oct. 6.

October 7: Flint Technical Advisory Board meets, recommends reconnection to Detroit water.

October 8: Gov. Snyder conducts press conference in Flint, where he Snyder publicly admits that there is a problem with Flint's water for the first time and announces plan to reconnect to Detroit water.

October 8: City of Flint develops plan to reconnect to DWSD.

October 15: Gov. Snyder signs bill authorizing funding for Flint to move back to Detroit water system.

October 16: City of Flint reconnects to DWSD.

October 19: DEQ Director Dan Wyant states: "Staff made a mistake while working with the City of Flint. Simply stated, staff employed a federal (corrosion control) protocol they believed was appropriate and it was not."

October 21: Gov. Snyder announces Flint Water Task Force to review state, federal and municipal actions, offer recommendations.

October 28: DEQ issues construction permit for additional corrosion control treatment.

December 9: Flint begins adding supplemental corrosion controls to the water.

December 29: Gov. Snyder takes action on initial findings from Flint Water Task Force.

2016

January 4: Genesee County Commission votes for emergency declaration.

January 5: Gov. Snyder declares emergency for Genesee County due to the ongoing health and safety issues caused by lead in the city of Flint's drinking water. This emergency declaration did not require any preceding emergency declaration by local authorities.

- *By declaring a state of emergency, The Governor has made available all state resources in cooperation with local response and recovery operations.*
- *The declaration authorizes the Michigan State Police, Emergency Management and Homeland Security Division (MSP/EMHSD) to coordinate state efforts.*
- *In addition to the emergency declaration, the Governor activated the State Emergency Operations Center to coordinate state departments, the state's response, resources, and relief and recovery activities.*
- *The SEOC is the emergency operations center for the state of Michigan. Located in Lansing, the center is overseen by the MSP/EMHSD and coordinates response and recovery efforts by state agencies and local government. The SEOC is staffed by members of state agencies and other partners for decision making and information coordination during disasters or emergencies in the state of Michigan.*
- *On Jan. 6, the Joint Information Center was opened to lead the state's messaging and information response in coordination with the local Emergency Operations Center, Genesee County, and the City of Flint.*

January 8: Gov. Snyder and Flint Mayor Weaver meet to discuss how city and state can work on water issues.

January 9: MSP Emergency Management Division announces water resource sites established in Flint with bottled water, filters and testing kits

FEMA/National Guard/Resources

- Governor has requested support from FEMA
  - Coordinate interagency recovery plan
  - Identify federal agencies that have programs, authorities, and technical expertise to assist
  - At this point there is not a federal declaration. FEMA is not currently sending supplies to this incident.
- In addition to requesting support from FEMA, the Governor has activated the Michigan National Guard to help our local volunteers distribute supplies at the five water resource sites.
  - The resource sites are open seven days a week from 9 a.m. to 9 p.m. at Flint fire stations.

        - Fire Station #1 310 East 5th St. Flint, MI 48502
        - Fire Station #3 1525 Martin Luther King Ave. Flint, MI 48503
        - Fire Station #5 3402 Western Rd. Flint, MI 48506
        - Fire Station #6 716 West Pierson Rd. Flint, MI 48505
        - Fire Station #8 202 East Atherton Rd. Flint, MI 48507
    - There are water resource teams going door to door to ensure every resident has a water filter and additional water resources
    - Residents who need immediate help should call 211 or the governor's office at 517-335-7858
        - 211 is open 24/7/365
        - To assist the residents of Flint, Governor Snyder's office has committed ensure the constituent relations division will be open 7 days per week from 8 am until 5 pm until further notice.
- The Michigan State Police continue to lead the door to door mission of reaching every Flint resident. They are assisted by the Genesee County Sheriff's office, state of Michigan employees, and volunteers from organizations such as the American Red Cross.
- One of our top priorities is ensuring Flint residents know the resources that are available to them. We have used direct mail, automated calls, emails and bill boards to ensure residents know that information on water resources is available by calling 211 or visiting www.michigan.gov/FlintWater

Additional Information

Corrosion Control

- On October 16, 2015 Flint returned to using water supplied by DWSD. The water supplied by DWSD is a finished product ready to use and already has phosphate added to it to assist with corrosion control.

- Recognizing that the level of phosphate in the water from DWSD was designed to be a maintenance dosage, the DEQ and the Flint worked together to bring online supplemental phosphate addition so as to speed up the rebuilding of the protective layer in the distribution system.

- The DEQ is now partnering with Flint, the U.S. EPA and other governmental entities to proactively identify bottlenecks so that the eventual switch from DWSD to the KWA can be done smoothly and with safety being the top priority.

- Even with similarities between DWSD and KWA water, precautionary measures are being taken.
    - These measures will include running the Flint Water Treatment Plant on a trial basis for a period of time without sending the water into the distribution system so that all of the treatment processes can be thoroughly evaluated.
    - In addition, bench top testing will be conducted to assist in determining how the Water Treatment Plant processes can be optimized.

- The KWA will be supplying raw water. This water will need to be treated by each of the respective water supplies.

- When KWA comes on line, Flint will be receiving raw water that is similar to the raw water that DWSD treats.
    - Flint will then need to operate the water treatment plant for an (as of yet) undetermined period of time.
    - Once Flint has demonstrated that it is capable of generating water with the desired background characteristics it will then be able to then send water to the distribution system.

- For non-Flint residents who want to test their water for lead – they can purchase a testing kit from DEQ for $18 – details follow:
    - Anyone in Michigan who wants to test their water for lead can call the State Drinking Water Lab at 517-335-8184.
    - The lead testing kit costs $18, which includes the sample bottle and instructions shipped to your home as well as the lab test. It does not include the cost of shipping your filled sample bottle back to the lab.
    - Depending on the lab workload, results are typically available within 1-2 weeks.
    - Your results will include information about the EPA's lead recommendations as well as contact information for your local health department, which can help you interpret your results further, if needed.

Steckelberg, Larry (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Monday, January 25, 2016 9:55 AM
To: Steckelberg, Larry (TREASURY)
Subject: FW: Timeline Follow-up Questions

From: Saxton, Thomas (Treasury)
Sent: Wednesday, January 20, 2016 3:20 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: RE: Timeline Follow-up Questions

So in re-reviewing the timeline are you guys good with the timeline other than the points I outlined/noted yesterday i.e., are there any other refinements?

From: Byrne, Randall (Treasury)
Sent: Wednesday, January 20, 2016 1:45 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: FW: Timeline Follow-up Questions

Tom:

This is in response to your earlier email.

Randy

From: Heimann, Alexandr (TREASURY)
Sent: Wednesday, January 20, 2016 1:36 PM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Timeline Follow-up Questions

Hello Randy,

I have finished reviewing the follow-up questions that you sent to me, and after reviewing all of our documents, here are my responses:

Timeline questions follow-up

Response

1. Most of these dates involve DEP et al in which we/Treasury did not play a role i.e., someone else [DEQ] would need to confirm their accuracy

2. Just quickly, items we would question from the document or need to investigate further...

3. 12/20/12 (p.1) – we don't have the notification that is referenced
"The City of Flint notifies the Treasury that it is no longer considering using the Flint River as a water supply"

- Cannot find documentation that this occurred.
- During that time period, the Treasury was analyzing the report from Tucker and Young study, and had not even received a proposal from DWSD.

4. 3/29/13 (p.2) – we are not aware of any veto by Kurtz
"EM Kurtz Vetoes Flint City Council's changes to the KWA resolution, and signs an executive order to join KWA"

- We were able to confirm that the City Council voted to connect to water from KWA
- No Executive Order was filed with the Treasury overriding the City Council's changes to the KWA agreement, nor was there an Executive Order filed with the Treasury to join the KWA

5. The early offers by DWSD to reconnect were rejected because of the add'l cost, they were long term and the fact the city had executed a contract with KWA. On Jan 12 '15 they waived the reconnect fee but were still issues re length/term of commitment.

- Per Jerry Ambrose's memo dated 3/3/15 (attached), the water from DWSD would still cost the city an additional estimated $12M annually, which would have raised water rates by an additional 30%. As such, he strongly disagreed with restoring the water to DWSD at the time.

6. 3/12/15 – The Veolia report did mention corrosion control but the focus was on TTHM which was chlorination issue not related to the lead problem. I believe Treasury funded the study.

- No documentation was found to conclude that this study was funded by the Treasury.

Alexandr Heimann
Municipal Analyst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 335-2434

Workman, Wayne (TREASURY)

From: Saxton, Thomas (Treasury)
Sent: Monday, January 25, 2016 10:41 AM
To: Khouri, Nick (TREASURY)
Cc: Workman, Wayne (TREASURY); Steckelberg, Larry (TREASURY)
Subject: FW: Flint Water Cutover to Flint River
Attachments: approved_construction_permits pdf

Nick – I think this is what you would be looking for (attached). If you look at #6 'Facility Description' it broadly describes or covers the switch over to the river.

From: Steckelberg, Larry (TREASURY)
Sent: Monday, January 25, 2016 10:19 AM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Flint Water Cutover to Flint River

Brian located what appears to be the DEQ approval for switching to the Flint River for water.

From: Carpenter, Brian (TREASURY)
Sent: Monday, January 25, 2016 10:14 AM
To: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Subject:

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

PERMIT APPLICATION FOR WATER SUPPLY SYSTEMS

(CONSTRUCTION - ALTERATION - ADDITION OR IMPROVEMENT) AS DESCRIBED HEREIN

Required under the Authority of 1976 PA 399, as amended

This application becomes an Act 399 Permit only when signed and issued by authorized Michigan Department of Environmental Quality (DEQ) Staff. See instructions below for completion of this application.

1. **Municipality or Organization, Address and WSSN** that will own or control the water facilities to be constructed. This permit is to be issued to: City of Flint 4500 North Dort Highway Flint, MI 48505 **WSSN:** 02310	Permit Stamp Area (DEQ use only) MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY PERMIT NO W 140026 APR 09 2014 EXAMINED AND APPROVED FOR COMPLIANCE WITH ACT 399, P.A. 1976	
2. **Owner's Contact Person** (provide name for questions): Contact: Brent Wright Title: Plant Supervisor Phone: 810-787-6537		
3. **Project Name** (Provide phase number if project is segmented): Flint WTP Phase II, Segment II - Lime Residual Disposal	4. **Project Location** (City, Village, Township): City of Flint	5. **County** (location of project): Genesee County

ISSUED UNDER THE AUTHORITY OF THE DIRECTOR OF THE DEPARTMENT OF ENVIRONMENT QUALITY

cc:

Issued by: _____

Reviewed by: Patrick Cook for MPP for Mike Prysby

☐ **If this box is marked see attached special conditions.**

Instructions: Complete items 1 through 5 above and 6 through 21 on the following pages of this application. Print or type all information except for signatures. Mail completed application, plans and specifications, and any attachments to the DEQ District Office having jurisdiction in the area of the proposed construction

Please Note:

a. This **PERMIT** only authorizes the construction, alteration, addition or improvement of the water system described herein and is issued solely under the authority of 1976 PA 399, as amended.
b. The issuance of this **PERMIT** does not authorize violation of any federal, state or local laws or regulations, nor does it obviate the necessity of obtaining such permits, including any other DEQ permits, or approvals from other units of government as may be required by law.
c. This **PERMIT** expires two (2) years after the date of issuance in accordance with R 325.11306, 1976 PA 399, administrative rules, unless construction has been initiated prior to expiration.
d. Noncompliance with the conditions of this permit and the requirements of the Act constitutes a violation of the Act.
e. Applicant must give notice to public utilities in accordance with 1974 PA 53, (MISS DIG), being Section 460.701 to 460.718 of the Michigan Compiled Laws, and comply with each of the requirements of that Act.
f. All earth changing activities must be conducted in accordance with the requirements of the Soil Erosion and Sedimentation Control Act, Part 91, 1994 PA 451, as amended.
g. All construction activity impacting wetlands must be conducted in accordance with the Wetland Protection Act, Part 303, 1994 PA 451, as amended.
h. Intentionally providing false information in this application constitutes fraud which is punishable by fine and/or imprisonment.
i. Where applicable for water withdrawals, the issuance of this permit indicates compliance with the requirements of Part 327 of Act 451, Great Lakes Preservation Act.

6. **Facilities Description** – In the space below provide a detailed description of the proposed project. Applications without adequate facilities descriptions **will be returned.** SEE EXAMPLES BELOW. Use additional sheets if needed.

Improvements to the City of Flint Lime Sludge Lagoons at Bray Road to allow lime sludge from the the Flint WTP to be stored during the interim period when the plant will be treating Flint River water. The lagoons will not be needed for continuous use when the plant switches to treatment of raw water from the KWA Lake Huron Water Supply:

PHASE II, SEGMENT II - LIME RESIDUAL DISPOSAL (@BRAY ROAD):
* Plugging and abandonment of 8" inlet piping; construction of 306 LF of new 10" inlet piping; installation of bulkhead on existing outlet structure to prevent discharge to surface water.
* Clay Berm barrier improvements to separate concrete debris pile from lime sludge.
* Construction of new decant tower structure, 8" gravity sewer, and decant pump station (duplex submersible) with CO2 feed system for pH adjustment. Vortex impeller pumps (2) shall each be rated at 140 gpm at 22' TDH; CO2 feed consists of 6 ton storage tank, 15 pph pH controlled feed system, SS gas piping, and diffusers installed in the decant tower.
* Construction of approx. 3,800 LF of 6" HDPE decant forcemain and connection to existing City santiary sewer system.

EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES	
Water Mains	500 feet of 8-inch water main in First Street from Main Street north to State Street. **OR** 250 feet of 12-inch water main in Clark Road from an existing 8-inch main in Third Avenue north to a hydrant.
Booster Stations	A booster station located at the southwest corner of Third Avenue and Main Street, and equipped with two, 15 Hp pumps each rated 150 gpm @ 200 feet TDH. Station includes backup power and all other equipment as required for proper operation.
Elevated Storage Tank	A 300,000 gallon elevated storage tank located in City Park. The proposed tank shall be spherical, all welded construction and supported on a single pedestal. The tank shall be 150 feet in height, 40 feet in diameter with a normal operating range of 130 – 145 feet. The interior coating system shall be ANSI/NSF Standard 61 approved or equivalent. The tank will be equipped with a cathodic protection system, and includes a tank level control system with telemetry.
Chemical Feed	A positive displacement chemical feed pump, rated at 24 gpd @ 110 psi to apply a chlorine solution for Well No. 1. Chlorine is 12.5% NaOCL. ANSI/NSF Standard 60 approved and will be applied at a rate of 1.0 mg/l of actual chlorine.
Water Supply Well	Well No. 3, a 200 foot deep well with 170 feet of 8-inch casing and 30 feet of 8-inch, 10 slot screen. The well will be equipped with a 20 Hp submersible pump and motor rated 200 gpm @ 225 feet TDH, set at 160 feet below land surface.
Treatment Facilities	A 5 million gpd water treatment plant located at the north end of Second Avenue. The facility will include 6 low service pumps, 2 rapid mix basins, 4 flocculation/sedimentation basins, 8 dual media filters, 3 million gallon water storage reservoir and 6 high service pumps. Also included are chemical feed pumps and related appurtenances for the addition of alum, fluoride, phosphate and chlorine.

General Project Information – Complete all boxes below.

7. Design engineer's name, engineering firm, address, phone number, and email address:	8. Indicate who will provide project construction inspection:
Jeremy N. Nakashima, PE Lockwood, Andrews & Newnam, Inc. 1 Oakbrook Terrace, Suite 207 Oakbrook Terrace, IL 60181 630-495-4123 / jnnakashima@lan-inc.com	☒Organization listed in Box 1. ☒Engineering firm listed in Box 7. ☐Other - name, address, and phone number listed below.

9. Is a basis of design attached?
☒YES ☐NO

If no, briefly explain why a basis of design is not needed. Submitted previously under separate cover.

10. Are sealed and signed engineering plans attached?
☒YES ☐NO

If no, briefly explain why engineering plans are not needed. Plans and specs submitted previously under separate cover.

11. Are sealed and signed construction specifications attached?
☒YES ☐NO

If specifications are not attached, they need to be on file at DEQ.

12. Were Recommended Standards for Water Works, Suggested Practice for Water Works, AWWA guidelines, and the requirements of Act 399 and its administrative rules followed?
☒YES ☐NO

If no, explain which deviations were made and why.

13. Are all coatings, chemical additives and construction materials ANSI/NSF or other adequate 3rd party approved?
☒YES ☐NO

If no, describe what coatings, additives or materials did not meet the applicable standard and why.

14. Are all water system facilities being installed in the public right-of-way or a dedicated utility easement? (For projects not located in the public right-of-way, utility easements must be shown on the plans.)
☐YES ☒NO

If no, explain how access will be obtained. Most work will be on City owned property, except forcemain.

15. Is the project construction activity within a wetland (as defined by Section 324.30301(d)) of Part 303, 1994 PA 451?
☐YES ☒NO

If yes, a wetland permit must be obtained.

16. Is the project construction activity within a 100-year floodplain (as defined by R 323.1311(e)) of Part 31, 1994 PA 451, administrative rules?
☐YES ☒NO

If yes, a flood plain permit must be obtained.

17. Is the project construction activity within 500 feet of a lake, reservoir, or stream?
☒YES ☐NO

If yes, a Soil and Erosion Control Permit must be obtained or indicate if the owner listed in box 2 of this application is an Authorized Public Agency (Section 10 of Part 91, 1994 PA 451) ☐ Owner is APA.

18. Will the proposed construction activity be part of a project involving the disturbance of five (5) or more acres of land?
☐YES ☒NO
If yes, is this activity regulated by the National Pollutant Discharge Elimination System storm water regulations?
☐YES: NPDES Authorization to discharge storm water from construction activities must be obtained.

☐NO: Describe why activity is not regulated:
Please call 517-241-8993 with questions regarding the applicability of the storm water regulations.

19. Is the project in or adjacent to a site of suspected or known soil or groundwater contamination?
☐YES ☒NO

If yes, attach a copy of a plan acceptable to the DEQ for handling contaminated soils and/or groundwater disturbed during construction. Contact the local DEQ district office for listings of Michigan sites of environmental contamination.

20. IF YOU ARE A CUSTOMER/WHOLESALE/BULK PURCHASER, COMPLETE THE FOLLOWING

1) Name and WSSN of source water supply system (seller) _____

2) Does the water service contract require water producer/seller to review and approve customer/wholesale/bulk purchaser water system construction plans?
☐YES ☐NO

If yes to #2, the producer/seller approval letter must be attached when submitted to DEQ.

21. **Owner's Certification** The owner of the proposed facilities or the owner's authorized representative shall complete the owner's certification. It is anticipated that the owner will either be a governmental agency (city, village, township, county, etc.) or a private owner (individual, company, association, etc.) of a Type I public water supply.

OWNER'S CERTIFICATION

I, BRENT F. WRIGHT (print) (name), acting as the WATER PLANT SUPERVISOR (print) (title/position) for CITY OF FLINT (print) (entity owning proposed facilities) certify that this project has been reviewed and approved as detailed by the Plans and Specifications submitted under this application, and is in compliance with the requirements of 1976 PA 399, as amended, and its administrative rules.

Signature* 3-31-2014 Date (810) 787-6537 Phone

*Original signature only, no photocopies will be accepted.

PROJECT BASIS OF DESIGN – FOR WATER MAIN PROJECTS

PROJECT NAME: _____

For this PROJECT the following information must be provided per Act 399 unless waived by the Department. For projects other than water main installation, or if additional space is needed, attach separate sheet(s) with detailed Basis of Design calculations.

A. A general map of the initial and ultimate service areas
☐ Included on engineering plans ☐ Attached separately

B. Number of service connections served by this permit application _____

C. Total number of service connections ultimately served by entire project _____

D. Residential Equivalent Units (REUs) served by this permit application _____

E. Total Residential Equivalent Units (REUs) ultimately served by entire project _____

F. Water flow rates for proposed project based on REUs listed in "D' and "E" above

1. Initial design average day flow (mgd) _____
2. Initial design maximum day flow (mgd) _____
3. Total design average day flow (mgd) _____
4. Total design maximum day flow (mgd) _____
5. Required fire flows: (1) _____ gpm for _____ hours

G. Actual flows and pressures of existing system at the connection point(s) (2)
_____ gpm at _____ psi
_____ gpm at _____ psi
_____ gpm at _____ psi
_____ gpm at _____ psi

H. Estimated minimum flows and pressures within the proposed water main system (3) _____ gpm at _____ psi

(1) Every water system must decide what levels of fire fighting flows they wish to provide. Fire flow should be appropriate for the area (residential, commercial, industrial) being served by the project. Typical fire flow rates can be obtained from the water supply, local fire dept., ISO or AWWA. The water system must then be designed to be able to provide the required fire flows while maintaining at least 20 psi in all portions of the distribution system.

(2) Flows and pressures at the connection points must be given to determine if the existing water main(s) are able to deliver water to the new service area. These numbers can be obtained from a properly modeled and calibrated distribution system hydraulic analysis or hydrant flow tests performed in the field. If more than one connection is proposed, list as needed.

(3) List what the estimated minimum flows can be expected in the proposed water mains based on estimated water demands, head losses, elevation changes and other factors that may affect flows, such as dead end mains.

PERMIT APPLICATION FOR WATER SUPPLY SYSTEMS

(CONSTRUCTION - ALTERATION - ADDITION OR IMPROVEMENT) AS DESCRIBED HEREIN

Required under the Authority of 1976 PA 399, as amended

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1. Municipality or Organization, Address and WSSN that will own or control the water facilities to be constructed. This permit is to be issued to:

City of Flint
4500 North Dort Highway
Flint, MI 48505

WSSN: 02310

2. Owner's Contact Person (provide name for questions):

Contact: Brent Wright
Title: Plant Supervisor
Phone: 810-787-6537

Permit Stamp Area (DEQ use only)

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

PERMIT NO. W 140025 APR 09 2014

EXAMINED AND APPROVED FOR COMPLIANCE WITH ACT 399, P.A. 1976

3. Project Name (Provide phase number if project is segmented):

1) Flint WTP Phase II, Sement I - Initial Watermain Cut-In / Rehabilitation; 2) Flint WTP Phase II, Segment II - Lime Residual Disposal; 3) Flint WTP Phase II, Segment III - Electrical Improvements

4. Project Location (City, Village, Township):
City of Flint

5. County (location of project):
Genesee County

ISSUED UNDER THE AUTHORITY OF THE DIRECTOR OF THE DEPARTMENT OF ENVIRONMENT QUALITY

cc:

Issued by: _____

Reviewed by: Robert Cook for MPP
for Mike Prysby

☐ **If this box is marked see attached special conditions.**

Instructions: Complete items 1 through 5 above and 6 through 21 on the following pages of this application. Print or type all information except for signatures. Mail completed application, plans and specifications, and any attachments to the DEQ District Office having jurisdiction in the area of the proposed construction.

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c. This **PERMIT** expires two (2) years after the date of issuance in accordance with R 325.11306, 1976 PA 399, administrative rules, unless construction has been initiated prior to expiration.
d. Noncompliance with the conditions of this permit and the requirements of the Act constitutes a violation of the Act.
e. Applicant must give notice to public utilities in accordance with 1974 PA 53, (MISS DIG), being Section 460.701 to 460.718 of the Michigan Compiled Laws, and comply with each of the requirements of that Act.
f. All earth changing activities must be conducted in accordance with the requirements of the Soil Erosion and Sedimentation Control Act, Part 91, 1994 PA 451, as amended.
g. All construction activity impacting wetlands must be conducted in accordance with the Wetland Protection Act, Part 303, 1994 PA 451, as amended.
h. Intentionally providing false information in this application constitutes fraud which is punishable by fine and/or imprisonment.
i. Where applicable for water withdrawals, the issuance of this permit indicates compliance with the requirements of Part 327 of Act 451, Great Lakes Preservation Act.

6. **Facilities Description** – In the space below provide a detailed description of the proposed project. Applications without adequate facilities descriptions **will be returned**. SEE EXAMPLES BELOW. Use additional sheets if needed.

Improvements to the City of Flint WTP to enable treatment of Flint River water on an interim basis until the KWA Lake Huron Water Supply is available for connection and use by the City of Flint:

PHASE II, SEGMENT I - INITIAL WATERMAIN CUT-IN / REHABILITATION (@WTP):
* Replace existing 25 MGD HSP #1 at Pump Station No. 4 with a new 700 HP, vertically mounted, split-case centrifugal pump rated for 15 MGD at 185' TDH. New pump suction and discharge piping, valves and supports will also be provided.
* Construction of new ozone system LOX/LIN storage facility to provide system redundancy and a minimum of 30 days chemical storage. A new concrete containment structure will be constructed adjacent to the existing LOX/LIN storage facility. The new LOX and LIN tanks will have nominal capacities of 9000 gal. and 525 gal., respectively.
* Installation of Midpoint Chlorination. A 3"x6" dual walled chlorine solution line, approx. 665 LF, will be installed from the existing chlorine room at Pump Station No. 4 to a diffuser in the filter influent channel at Plant 2. The chlorine gas feed system shall consist of four 500 ppd feed systems (total 2000 ppd) to be installed by City personnel. Each 500 ppd system consists of a ton cylinder mounted vacuum regulator, control panel, ejector, and misc. piping, tubing & valves.
* Approx. 850 LF 42" raw watermain connection from existing 48" and 36" mains that feed the plant to convey KWA raw water to the Ozone Building. Work includes a 54x48 cross to make the initial connection at the Ozone Building, buried yard butterfly valves, access and air release manholes, and cathodic protection test stations.

PHASE II, SEGMENT III - ELECTRICAL IMPROVEMENTS (@WTP):
* Plant substation improvements, including two new 2500 kW transformers and switchgear. The substation switchgear has been fabricated with two utility main breakers, one generator breaker and two tie breakers. So provisions are in place for a future permanent generator. If a temporary generator is needed in the event of an outage to both independent utility services, provisions are in place to temporary cable a large portable generator through a manhole, duct bank and cable tray system to the generator breaker in the substation switchgear
* Plant 2 electrical improvements, including two new 500 kW transformers and switchgear.
* Pump Station No. 4 improvements, including new switchgear and VFD for HSP #1.

EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES – EXAMPLES	
Water Mains	500 feet of 8-inch water main in First Street from Main Street north to State Street. **OR** 250 feet of 12-inch water main in Clark Road from an existing 8-inch main in Third Avenue north to a hydrant.
Booster Stations	A booster station located at the southwest corner of Third Avenue and Main Street, and equipped with two, 15 Hp pumps each rated 150 gpm @ 200 feet TDH. Station includes backup power and all other equipment as required for proper operation.
Elevated Storage Tank	A 300,000 gallon elevated storage tank located in City Park. The proposed tank shall be spherical, all welded construction and supported on a single pedestal. The tank shall be 150 feet in height, 40 feet in diameter with a normal operating range of 130 – 145 feet. The interior coating system shall be ANSI/NSF Standard 61 approved or equivalent. The tank will be equipped with a cathodic protection system, and includes a tank level control system with telemetry.
Chemical Feed	A positive displacement chemical feed pump, rated at 24 gpd @ 110 psi to apply a chlorine solution for Well No. 1. Chlorine is 12.5% NaOCL, ANSI/NSF Standard 60 approved and will be applied at a rate of 1.0 mg/l of actual chlorine.
Water Supply Well	Well No. 3, a 200 foot deep well with 170 feet of 8-inch casing and 30 feet of 8-inch, 10 slot screen. The well will be equipped with a 20 Hp submersible pump and motor rated 200 gpm @ 225 feet TDH, set at 160 feet below land surface.
Treatment Facilities	A 5 million gpd water treatment plant located at the north end of Second Avenue. The facility will include 6 low service pumps, 2 rapid mix basins, 4 flocculation/sedimentation basins, 8 dual media filters, 3 million gallon water storage reservoir and 6 high service pumps. Also included are chemical feed pumps and related appurtenances for the addition of alum, fluoride, phosphate and chlorine.

General Project Information – Complete all boxes below.

7. Design engineer's name, engineering firm, address, phone number, and email address:

Jeremy N. Nakashima, PE
Lockwood, Andrews & Newnam, Inc.
1 Oakbrook Terrace, Suite 207
Oakbrook Terrace, IL 60181
630-495-4123 / jnnakashima@lan-inc.com

8. Indicate who will provide project construction inspection:
☒Organization listed in Box 1.
☒Engineering firm listed in Box 7.
☐Other - name, address, and phone number listed below.

9. Is a basis of design attached?
☒YES ☐NO

If no, briefly explain why a basis of design is not needed. Submitted previously under separate cover.

10. Are sealed and signed engineering plans attached?
☒YES ☐NO

If no, briefly explain why engineering plans are not needed. Plans and specs submitted previously under separate cover.

11. Are sealed and signed construction specifications attached?
☒YES ☐NO

If specifications are not attached, they need to be on file at DEQ.

12. Were Recommended Standards for Water Works, Suggested Practice for Water Works, AWWA guidelines, and the requirements of Act 399 and its administrative rules followed?
☒YES ☐NO

If no, explain which deviations were made and why.

13. Are all coatings, chemical additives and construction materials ANSI/NSF or other adequate 3rd party approved?
☒YES ☐NO

If no, describe what coatings, additives or materials did not meet the applicable standard and why.

14. Are all water system facilities being installed in the public right-of-way or a dedicated utility easement? (For projects not located in the public right-of-way, utility easements must be shown on the plans.)
☐YES ☒NO

If no, explain how access will be obtained. Most work will be on City owned property, except forcemain.

15. Is the project construction activity within a wetland (as defined by Section 324.30301(d)) of Part 303, 1994 PA 451?
☐YES ☒NO

If yes, a wetland permit must be obtained.

16. Is the project construction activity within a 100-year floodplain (as defined by R 323.1311(e)) of Part 31, 1994 PA 451, administrative rules?
☐YES ☒NO

If yes, a flood plain permit must be obtained.

17. Is the project construction activity within 500 feet of a lake, reservoir, or stream?
☒YES ☐NO

If yes, a Soil and Erosion Control Permit must be obtained or indicate if the owner listed in box 2 of this application is an Authorized Public Agency (Section 10 of Part 91, 1994 PA 451) ☐ Owner is APA.

18. Will the proposed construction activity be part of a project involving the disturbance of five (5) or more acres of land?
☐YES ☒NO
If yes, is this activity regulated by the National Pollutant Discharge Elimination System storm water regulations?
☐YES: NPDES Authorization to discharge storm water from construction activities must be obtained.

☐NO: Describe why activity is not regulated:
Please call 517-241-8993 with questions regarding the applicability of the storm water regulations.

19. Is the project in or adjacent to a site of suspected or known soil or groundwater contamination?
☐YES ☒NO

If yes, attach a copy of a plan acceptable to the DEQ for handling contaminated soils and/or groundwater disturbed during construction. Contact the local DEQ district office for listings of Michigan sites of environmental contamination.

20. IF YOU ARE A CUSTOMER/WHOLESALE/BULK PURCHASER, COMPLETE THE FOLLOWING

1) Name and WSSN of source water supply system (seller) _____

2) Does the water service contract require water producer/seller to review and approve customer/wholesale/bulk purchaser water system construction plans?
☐YES ☐NO

If yes to #2, the producer/seller approval letter must be attached when submitted to DEQ.

21. **Owner's Certification** The owner of the proposed facilities or the owner's authorized representative shall complete the owner's certification. It is anticipated that the owner will either be a governmental agency (city, village, township, county, etc.) or a private owner (individual, company, association, etc.) of a Type I public water supply.

OWNER'S CERTIFICATION

I, BRENT F. WRIGHT (print) (name), acting as the WATER PLANT SUPERVISOR (print) (title/position) for

CITY OF FLINT (print) (entity owning proposed facilities) certify that this project has been reviewed and approved as detailed by the Plans and Specifications submitted under this application, and is in compliance with the requirements of 1976 PA 399, as amended, and its administrative rules.

Signature* 3-31-2014 Date (810)787-6537 Phone

*Original signature only, no photocopies will be accepted.

PROJECT BASIS OF DESIGN – FOR WATER MAIN PROJECTS

PROJECT NAME: _____

For this PROJECT the following information must be provided per Act 399 unless waived by the Department. For projects other than water main installation, or if additional space is needed, attach separate sheet(s) with detailed Basis of Design calculations.

A. A general map of the initial and ultimate service areas
☐Included on engineering plans ☐Attached separately

B. Number of service connections served by this permit application _____

C. Total number of service connections ultimately served by entire project _____

D. Residential Equivalent Units (REUs) served by this permit application _____

E. Total Residential Equivalent Units (REUs) ultimately served by entire project _____

F. Water flow rates for proposed project based on REUs listed in "D' and "E" above

1. Initial design average day flow (mgd) _____
2. Initial design maximum day flow (mgd) _____
3. Total design average day flow (mgd) _____
4. Total design maximum day flow (mgd) _____
5. Required fire flows: (1) _____ gpm for _____ hours

G. Actual flows and pressures of existing system at the connection point(s) (2)
_____ gpm at _____ psi
_____ gpm at _____ psi
_____ gpm at _____ psi
_____ gpm at _____ psi

H. Estimated minimum flows and pressures within the proposed water main system (3) _____ gpm at _____ psi

(1) Every water system must decide what levels of fire fighting flows they wish to provide. Fire flow should be appropriate for the area (residential, commercial, industrial) being served by the project. Typical fire flow rates can be obtained from the water supply, local fire dept., ISO or AWWA. The water system must then be designed to be able to provide the required fire flows while maintaining at least 20 psi in all portions of the distribution system.

(2) Flows and pressures at the connection points must be given to determine if the existing water main(s) are able to deliver water to the new service area. These numbers can be obtained from a properly modeled and calibrated distribution system hydraulic analysis or hydrant flow tests performed in the field. If more than one connection is proposed, list as needed.

(3) List what the estimated minimum flows can be expected in the proposed water mains based on estimated water demands, head losses, elevation changes and other factors that may affect flows, such as dead end mains.

Stanton, Terry A. (Treasury)

From: Weiss, Kurt (DTMB)
Sent: Monday, January 25, 2016 11:12 AM
To: Salzman, Eric (NBCUniversal)
Cc: Stanton, Terry A. (Treasury); Brown, Melanie (DEQ)
Subject: RE: Cost Estimate for Flint

Hi Eric,

It's my understanding the City of Flint and their public works team have done previous infrastructure studies that you can see. The $500,000 that was put into the January supplemental is for a new study, to be conducted by an outside engineering firm yet to be determined, so there isn't anything to see yet on the new study. I've looped in Melanie Brown at DEQ to see if she has anything else to add regarding the new study, but it's my understanding that it will be done by outside experts in conjunction with the city.

Thanks!

Kurt Weiss
State Budget Office
517-335-0050

From: Salzman, Eric (NBCUniversal) [mailto:Eric.Salzman@nbcuni.com]
Sent: Monday, January 25, 2016 10:12 AM
To: Weiss, Kurt (DTMB)
Cc: Stanton, Terry A. (Treasury)
Subject: RE: Cost Estimate for Flint

Kurt

This is fantastic. Thank you so much for the detailed response. Is there anywhere I can read more background on the infrastructure study?

Eric

Eric Salzman
Executive Producer
MSNBC
W 212 664 5465
M 646 283 4521
eric.salzman@nbcuni.com
www.mnsbc.com
@ericsalzman

From: Weiss, Kurt (DTMB) [mailto:WeissK1@michigan.gov]
Sent: Monday, January 25, 2016 9:58 AM
To: Salzman, Eric (NBCUniversal)

Cc: Stanton, Terry A. (Treasury)
Subject: Cost Estimate for Flint

Hi Eric,

Terry Stanton at Treasury passed along your question about cost estimates for Flint. To address immediate needs, two supplemental budget requests for Flint have been made for the current year budget. The first was a supplemental of $9.3 million approved by the Legislature in October which included funding for emergency water services for Flint to reconnect to Detroit, water inspections and public health monitoring, water filters, blood screening and plumbing inspections in educational and health facilities. The second supplemental was submitted to the Legislature last week for $28 million and it's expected to be passed this week. The $28 million January supplemental includes funding for bottled water, water filters, replacement filter cartridges, fixture replacements in schools, daycares and hospitals, treatment of children, experts to asses potential linkages to Legionnaire's disease, an infrastructure integrity study using outside experts, as well as funding for lead abatement in Flint homes, additional nurses in Flint schools, and epidemiologists to analyze blood lead levels. Again, these two supplementals to the current year budget are for the immediate needs. When it comes to the longer term needs for infrastructure and health that you are referencing, the governor will be releasing his fiscal year 2017 budget recommendation on Feb. 10 where he will outline additional funding for Flint in the next fiscal year. The results of the infrastructure study which was included in the January supplemental will help to determine the long-term costs for replacing pipes and infrastructure.

I hope this helps.

Thank you.

Kurt Weiss
State Budget Office
517-335-0050
State Budget Office

From: Salzman, Eric (NBCUniversal) [mailto:Eric.Salzman@nbcuni.com]
Sent: Monday, January 25, 2016 8:48 AM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: MSNBC inquiry - cost estimate for Flint repair

Hi Terry

Is there any big picture cost estimate for Flint at this point?
Be it pipe replacement, current water delivery, health treatment to come ... looking for any sense of what kind of budgeting is being done for the near and long term future.

Thanks

Eric

Eric Salzman
Executive Producer
MSNBC

Connors, Paul (Treasury)

From: Connors, Paul (Treasury)
Sent: Monday, January 25, 2016 11:36 AM
To: Stanton, Terry A. (Treasury)
Subject: Fwd: Flint water crises

I sent this to Tom

Sent from my iPhone

Begin forwarded message:

> **From:** "Hanrahan, Daniel (MDE)" <HanrahanD@michigan.gov>
> **Date:** January 25, 2016 at 11:33:12 AM EST
> **To:** "Connors, Paul (Treasury)" <ConnorsP@michigan.gov>
> **Subject: FW: Flint water crises**
>
> Although the e-mail came from Kyle, I believe the advice was relayed to us from the State Emergency Operations Center through our liaison, Louis Burgess.
>
> Dan Hanrahan
> Director
> Office of State Aid and School Finance
>
> *Customer Service is a priority at the Michigan Department of Education – helping Michigan schools, families, and communities improve the achievement and well-being of ALL our children.*
>
> MICHIGAN Department of Education
>
> **From:** Houseman, Jennifer (MDE) **On Behalf Of** Guerrant, Kyle (MDE)
> **Sent:** Monday, January 11, 2016 12:07 PM
> **To:** MDE-All Staff <MDE-AllStaff@michigan.gov>
> **Subject:** Flint water crises
>
> Colleagues,
>
> As you know, the Governor has declared a state of emergency for Genesee County due to the ongoing health and safety issues caused by lead in the City of Flint's drinking water. The State has established an incident command operations center at the State Emergency Operations Center (SEOC). Louis Burgess, our Emergency Management Coordinator, and other staff have been representing MDE at the SEOC. This is currently operating seven days a week. MDE leadership is being kept up to date of the State's on-going efforts in Flint. A Joint Information Center (JIC) has been established. All messages regarding Flint and water safety issues are to be coordinated through the JIC.

Any MDE staff conducting business in the Flint area should be aware that there is some resentment towards the State concerning the handling of the water crises. Staff should not travel in State-owned cars through Flint neighborhoods. Any MDE logo clothing should be avoided. (This is more an issue for uniformed staff of other state agencies.)

State officials from the Department of Environmental Quality have been working with schools, child care centers, and other institutions to ensure that they are taking proper safety precautions related to water. The State is actively coordinating water filter distribution, water quality testing, blood level testing, and distribution of bottled water with local county emergency managers. MDE staff in the Office of School Support Services have also been working with child nutrition program providers since last October. OSSS staff continues to reach out to Flint-area MDE-approved child nutrition program providers (both school meals and Child and Adult Care food programs) to ensure they are aware of available resources regarding water quality.

The State is maintaining an up-to-date website on the Flint water crises at http://Michigan.gov/Flintwater. The "Taking Action of Flint Water" link on the MDE Homepage (left side) will take you to the same webpage.

If you have any communication going out to the field that is related to the Flint water crises, you should coordinate your message with Marty Ackley. Marty will coordinate with the JIC to ensure that we have a consistent, accurate message.

If you have any questions on the Flint water crises, feel free to contact me or Louis. If you are interested in this issue, be aware that Dr. Eden Wells will be making a presentation on the Flint water crises tomorrow at the State Board meeting (Tuesday, January 12). Dr. Wells is the Chief Medical Executive of the Michigan Department of Health and Human Services (MDHHS).

KG

Kyle Guerrant, LMSW
Deputy Superintendent
Administration & School Support Services
Michigan Department of Education
p 517-335-0565 | f 517-335-4565
guerrantk@michigan.gov

Twitter: http://twitter.com/kguerrant/

Customer Service is a priority at the Michigan Department of Education – helping Michigan schools, families, and communities improve the achievement and well-being of ALL our children.

MICHIGAN Department of Education

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Tuesday, January 26, 2016 7:27 AM
To: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury)
Subject: FW: Treasury approvals regarding Flint WTP

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Cline, Richard (Treasury)
Sent: Monday, January 25, 2016 6:00 PM
To: Workman, Wayne (TREASURY) ; Steckelberg, Larry (TREASURY) ; Schafer, Suzanne K. (Treasury) ; Byrne, Randall (Treasury) ; Koryzno, Edward (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: RE: Treasury approvals regarding Flint WTP

All:

Here is what I have that specifically pertains to the City's Water System:

1. **April 10, 2015** – Lockwood, Andrews and Newnam for GAC Filter procurement and construction - **$1,601,740.**
2. **December 10, 2014** – Metron-Farnier for water meter purchases - **$110,811.**
3. **August 28, 2014** – Idexx Distribution for water testing supplies - **$70,000.**
4. **April 24, 2014** – Ozonia North America for Water Plant ozone generators - **$55,815.**
5. **March 18, 2014** – Zito Construction for initial watermain cut-in at the Water Plant - **$676,300.**
6. **March 11, 2014** – Metron-Farnier for water meter purchases - **$199,645.**
7. **February 25, 2014** – McNaughton-McKay for electrical distribution upgrades at the Water Plant - **$16,850.**
8. **February 25, 2014** – Xylem Water Solution for a pump and large motor purchase - **$277,000.**
9. **February 25, 2014** – Newkirk for replacement of obsolete electrical equipment at the Water Plant - **$852,000.**
10. **February 20, 2014** – Purchase of High Voltage Distribution equipment for the Water Plant - **$225,000.**
11. **December 16, 2013** – McNaughton-McKay for Water Plant Transformer Upgrade - **$238,306.**
12. **November 21, 2013** – Wachs Valve and Hydrant Services for Water Valve Exercising/Maintenance Program - **$60,000.**
13. **November 21, 2013** – HD Supply Waterwork for Water Distribution Parts - **$200,000.**
14. **November 15, 2013** - McNaughton-McKay for Cedar St. Pumping Station Switchgear Upgrades - **$505,000.**
15. **November 15, 2013** - McNaughton-McKay for Water Plant Electrical Distribution Upgrades - **$1,512,000.**
16. **November 15, 2013** - Lockwood, Andrews and Newnam for Water Plant Operations implementation - **$1,133,800.**
17. **November 14, 2013** - McNaughton-McKay for Variable Frequency Drive - **$349,710.**

18. **September 24, 2013 –** Ace-Saginaw for Asphalt Paving Materials - **$194,062.**
19. **August 27, 2013** – Ace-Saginaw for Paving at the Water Service Center - **$124,236.**
20. **August 27, 2013** – Rowe Engineering for Engineering Services - **$149,600.**

Rob is also compiling his list. This will be forwarded as soon as it is finished.

If there are any questions, let me know.

Eric Cline | Department Manager | State of Michigan
Michigan Department of Treasury | Local Government Financial Services Division | Fiscal Responsibility Section
430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
Lansing Office (517) 335-2078 | Cell Phone (517) 243-8450 | Traverse City Office (231) 922-5228
E-mail clinerl@michigan.gov

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From: Workman, Wayne (TREASURY)
Sent: Monday, January 25, 2016 3:14 PM
To: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Cc: Dempkowski, Angela (Treasury) <DempkowskiA@michigan.gov>
Subject: FW: Treasury approvals regarding Flint WTP

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Ryan, Howard (Treasury)
Sent: Monday, January 25, 2016 3:11 PM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>
Subject: FW: Treasury approvals regarding Flint WTP

This is from Ananich's office.....

From: Sarah Studley [mailto:SStudley@senate.michigan.gov]
Sent: Monday, January 25, 2016 12:26 PM
To: Ryan, Howard (Treasury) <RyanH1@michigan.gov>
Subject: Treasury approvals regarding Flint WTP

Howard,

My understanding is that Treasury had to sign off on any purchases in Flint over $50,000 while it was under the control of an Emergency Manager. Is it possible for me to get either a list of purchases with respect to the

Water Treatment Plant that were presented to Treasury and whether each was signed off on or rejected? Alternatively, documentation related to each would also be helpful.

Thank you,

Sarah Studley
Counsel and Senior Policy Adviser
Senate Minority Leader Jim Ananich
Boji Tower, 2nd Floor
PO Box 30036 | Lansing, MI 48909-7536
P: 517.373.1755
C: 202.341.4488

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Robert, Carla M. (Treasury)

From: Clement, Elizabeth (GOV) <clemente@michigan.gov>
Sent: Monday, January 25, 2016 5:39 PM
To: Agen, Jarrod (GOV); Abednego, Jaime (DTMB); Allan, Jon (DEQ); Arbulu, Agustin (MDCR); Arwood, Steve (MEDC); Barnes, Jeff (DMVA); Behen, David (DTMB); Bowen, Scott (MSL); Brader, Valerie (LARA); Brown, Diane (MGCB); Burton, Diane (LARA); Carefoot, Karen (MDE); Clover Adams, Jamie (MDARD); Comai, Stephanie (TIA); Creagh, Keith (DEQ); Crockett, Tracy (MSHDA); Deloney, Andrew (LARA); Donnan, Chanda (DTMB); Doyle, Maureen (Treasury); Dungey, Cecilia (TIA); Elsenheimer, Kevin (MSHDA); Etue, Kriste (MSP); Evans, Amiee (MEDC); General Gregory J. Vadnais (gregory.j.vadnais.mil@mail.mil); Grijalva, Nancy (DHHS); Hill, Nancy (DIFS); Kalm, Rick (MGCB); Khouri, Nick (TREASURY); King, Rebecca (MCSC); Klotz, Josephine (MSP); Lyon, Nick (DHHS); 'Mason, Dace (DMVA)'; McDermott, Cristina (MSL); McPharlin, Pat (DIFS); Minix, Connie (DTMB); Quackenbush, John (LARA); Roberts, John (DTMB); Sanford, Shawn (MDCR); Sebenick, Pam (MDOT); Sederburg, Kari (DHHS); Smith, Brenda (MDARD); Steudle, Kirk (MDOT); Sworden, Julie (DMVA); Thelen, Mary Beth (DEQ); Tkaczyk, Judy (DNR); Vaughn, Kari (DEQ); Waalkes, Marie (DTMB); Washington, Heidi E. (MDOC); West, Samantha (LARA); Whiston, Brian (MDE); Winters, Jan (MCSC); Zimmer, Mike (LARA)
Cc: Murray, David (GOV); Holland, Meegan (GOV); Wisniewski, Wendy (GOV); Baird, Richard (GOV)
Subject: Flint Status Update

All,

As of January 21, Rich Baird has assumed the Lead Point of Contact role for Flint. This has been communicated to the existing team working on the Flint water emergency. As of today, an office has been opened in the State of Michigan building located at 125 Union Street in downtown Flint. In addition to the individual team members listed below, a representative from DEQ, DHHS and the Department of Civil Rights will join Rich's team.

Per Rich, here is a list of the "Mission Flint" team and a summary of roles and responsibilities:

LG Calley—Will establish an office in Flint and provide input to POC Leader. He will also be focused on sustaining a quality partnership with Dr. Mona Hanna-Attisha and DHHS to attest to blood sampling protocols and interpretation, and begin executing additional monitoring/education and remediation for those impacted. He will also provide input and guidance to the EO communications team on ways to be more proactive with messaging and the public narrative (drawing attention to volunteers, community groups, and stories that are happening but not getting into the narrative).

Harvey Hollins—Harvey will continue (with R. Baird) to nurture a quality partnership with Mayor Weaver and her team, pastor groups, and provide grass roots community leadership so that we can stay acutely attuned to the needs of the Flint Community and bring resources to bear. Harvey will also serve as the co-facilitator for the FWIACC with the first meeting occurring on January 27.

Bill Nowling—Bill will step back from the role he is playing as Crisis Leader for Communications Department. Meegan Holland will work closely with LG Calley to improve (department wide) proactive efforts in messaging and narrative. Bill will approve all communications from our Flint Team. He will coordinate the Mercury team communications engagement and engage with Mark Davidoff and the Deloitte team to provide more support to Mayor Weaver (through his associate Ms. Cockrell).

Tori Sachs—Tori will continue playing a "utility" role on a variety of fronts, including supporting the philanthropic

campaign, eliciting University engagement (Community Scholars, etc.), monitoring vendors and follow up with third party validation groups, assisting with messaging and volunteer deployment, and supporting Col. Greg Durkac in tracking our critical matters and decisions organization framework.

Colonel Greg Durkac—SME for project management, logistics, and organizational frameworks for critical matters and decisions. He lives in Linden (just outside Flint) and is deferring his retirement for this assignment.

Captain Chris Kelenske--As Chris winds down from Phase 1 Emergency Stabilization, it is important he remain engaged as a spokesperson, coordination expert, and leveraging his expertise as we continue a different model of community outreach (testing, monitoring, engaging resources, etc.). He will also work with Harvey on the FWIACC and in continued community outreach.

Nat Forstner/Ben Geiger— Will take the lead on data collection, analytics, comparative interpretation and communication to Governor Snyder and principals. Need more benchmarking and historical data not just from Michigan but around the country.

Others who have agreed to engage as appropriate are Mike Finney (community outreach), Nick Khouri (treasury support and financing), Chris Rizik (Entrepreneurial recruitment and identification of venture capital/other capital) Peter Remington (Philanthropic and Campaign Strategy) and Matt Rizik (Intergovernmental relations City/County).

Clearly there will many more connection points as represented in the FWIACC but the above represent a type of "executive committee" to lead us into Phase 2 and 3 of "Mission Flint".

Please feel free to reach out to me, Rich or Jarrod if you have any questions or suggestions.

Thanks,

Beth

Workman, Wayne (TREASURY)

From: Jody Lundquist <jlundquist@cityofflint.com>
Sent: Monday, January 25, 2016 4:43 PM
To: Schafer, Suzanne K. (Treasury)
Cc: Vaughn, Cary J. (Treasury); Steckelberg, Larry (TREASURY); Natasha Henderson; Karen Weaver; Cline, Richard (Treasury); Byrne, Randall (Treasury)
Subject: City of Flint Water Fund Cash Flow Attached
Attachments: City of Flint Water Fund 18 Month Cash Flow.xlsx; City of Flint Water Fund 18 Month Cash Flow.pdf

Good afternoon, Suzanne.

As Cary is out of the office this afternoon, I was instructed to provide you with the updated 18 month cash flow for the City's Water Fund for review.

There are three tabs. Assumptions for each scenario are listed. The tab "Water CF-With Variables" is set to allow users to manipulate and modify the assumptions by entering data into the grey highlighted cells.

Because reviewing the financial position of the City's Water Fund only illustrates half of the financial picture for the City's utility services, I encourage all users to be mindful of the impact that the Shears Lawsuit and Water Crisis has also had on the Sewer Fund. I will begin working on creating a cash flow for the Sewer Fund this week to be reviewed in conjunction with the Water Fund cash flow attached.

Please let me know if you have any questions regarding the information provided.

Best regards,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 237-2441

CITY OF FLINT
WATER FUND
18 MONTH CASH FLOW
FOR THE PERIOD JULY 1, 2015 THROUGH DECEMBER 31, 2016
Actual Activity Reported through December 31, 2015

Status Quo Maintained

1. Revenue assumptions were based on YTD billing activity and current collection rates projected through FY1 and held constant into FY17
2. Assuming that the City continues to delay issuance of shut off notices, the collection rate will continue to decline drastically
3. Expenditure activity for the period January 2016-June 2016 reflect unspent funds as of December 31, 2015 divided equally over the remaining 6 months of the fiscal year
4. Expenditure activity for the period July 2016-December 2016 assumes the FY17 budget projection as included in the Biennial FY16 & FY17 Budget as adopted by emergency manager order
5. The City will likely have to continue purchasing treated water from the Great Lakes Water Authority through the first quarter of FY17. An amount for illustrative purposes is shown

	Until 6/30/2016	After 7/1/2016
Average Monthly Collection Rate	80%	60%
Rate Increase	0%	0%
GLWA Water Purchase $		1,333,333

	ACTUAL JULY 2015	ACTUAL AUGUST 2015	ACTUAL SEPTEMBER 2015	ACTUAL OCTOBER 2015	ACTUAL NOVEMBER 2015	ACTUAL DECEMBER 2015	PROJECTED JANUARY 2016	PROJECTED FEBRUARY 2016	PROJECTED MARCH 2016	PROJECTED APRIL 2016	PROJECTED MAY 2016	PROJECTED JUNE 2016	PROJECTED JULY 2016	PROJECTED AUGUST 2016	PROJECTED SEPTEMBER 2016	PROJECTED OCTOBER 2016	PROJECTED NOVEMBER 2016	PROJECTED DECEMBER 2016
BEGINNING CASH BALANCE	**19,997,365**	**19,921,178**	**20,768,899**	**19,284,648**	**16,289,463**	**16,002,098**	**16,260,839**	**15,716,093**	**14,191,548**	**12,666,600**	**12,141,854**	**10,229,563**	**8,704,817**	**6,542,303**	**6,379,785**	**2,217,275**	**94,761**	**(2,107,753)**
CASH RECEIPTS																		
User Charges	2,921,585	2,595,455	2,214 755	1,750,177	1,864,184	2,020,248	1,765,977	1,765,977	1,765 977	1,765,977	1,765,977	1,765,977	1,324,483	1,324 483	1,324 483	1,324 483	1,324,483	1,324 483
Grants and State Appropriations				8,000 000			1,000,000			1,000,000								
Other Revenue	1,326			677	55		8,333	8 333	8 333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333
Certificate of Deposit Activity			(91,821)	129,285	20 408	(8 051)												
TOTAL CASH RECEIPTS	**2,922,912**	**2,595 455**	**2,122,934**	**9,880,140**	**1,884,646**	**2,012,197**	**2,774,311**	**1,774,311**	**1,774,311**	**2,774,311**	**1,774,311**	**1,774,311**	**1,332,816**	**1,332,816**	**1,332,816**	**1,332,816**	**1,332,816**	**1,332,816**
CASH DISBURSEMENTS																		
Salaries and Benefits	922,659	914,807	914,048	1,103,360	900 592	897,993	775,089	775,089	775,089	775,089	1,162,633	775 089	996,726	996 726	996 726	996,726	996,726	996 726
Supplies	253 373	147,058	187,527	186,152	46,798	48,535	467,306	467,306	467 306	467,306	467,306	467,306	214,083	214,083	214,083	214,083	214,083	214,083
Contractual Services	752,353	26,584	1,526,880	900,188	526,945	252,300	772,505	772,505	772,505	772,505	772,505	772,505	1,231,088	1,231,088	1,231,088	1,231,086	1,231,086	1,231,088
Purchase of Treated Water				10,000,000														
Claims										-							-	
Utilities	41,588	147,607	81,183	62,630	50 729	37 166	176,840	176,840	176,840	176,840	176,840	176,840	104,583	104 583	104 583	104,583	104,583	104 583
Equipment Operation	161,162	122,045	262,911	151,449	254,416	145,231	304,310	304,310	304 310	304,310	304,310	304,310	8,667	8,667	8,667	8,667	8,667	8,667
Repairs and Maintenance	482,400	10,815	255,380	89,901	11,138	13 041	310 613	310,613	310,613	310,613	310,613	310,613	128,581	128,581	128,581	128,581	128,581	128 581
Insurance												-		-			-	
Transfers to Debt Service Fund	174,522	174,522	174 522	174,522	174,522	174,522	174,522	174 522	174,522	174,522	174,522	174,522	260,147	260 147	260 147	260,147	260,147	260,147
Other Expenses	116,876	110,331	110 558	112,957	113,206	110,502	244,297	244,297	244,297	244,297	244,297	244 297	156,055	156,055	156,055	156,055	156,055	156,055
Transfers Out	94 167	94,167	94,167	94,167	94 167	94 167	94,167	94 167	94 167	94,167	94,167	94,167	415,992	415,992	415,992	415,992	415,992	415,992
TOTAL CASH DISBURSEMENTS	**2,998,898**	**1,747,935**	**3,607,185**	**12,879,529**	**2,172,011**	**1,778,455**	**3,819,647**	**3,819,647**	**3,819,647**	**3,819,647**	**3,707,191**	**3,819,647**	**3,515,920**	**3,515,920**	**3,515,920**	**3,515,920**	**3,515,920**	**3,515,920**
NET CASH FLOW	**(75 987)**	**847,521**	**(1 484 251)**	**(2 995 185)**	**(287,365)**	**233,741**	**(545,336)**	**(1,545,336)**	**(1,545,336)**	**(545 336)**	**(1 932,880)**	**(1,545,336)**	**(2 183 104)**	**(2,183 104)**	**(2 183 104)**	**(2 183 104)**	**(2,183,104)**	**(2,183 104)**
ENDING CASH BALANCE	**19,921,378**	**20,768,899**	**19,284,648**	**16,289,463**	**16,002,098**	**16,260,839**	**15,695,503**	**14,170,757**	**12,646,010**	**12,121,264**	**10,208,973**	**8,684,227**	**6,521,713**	**6,359,199**	**2,196,685**	**94,171**	**(2,128,341)**	**(4 290 857)**

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CITY OF FLINT
WATER FUND
18 MONTH CASH FLOW
FOR THE PERIOD JULY 1, 2015 THROUGH DECEMBER 31, 2016
Actual Activity Reported through December 31, 2015

Master Fee Schedule Rates Restored

1 Revenue assumptions were based on YTD billing activity and current collection rates projected through FYE and held constant into FY17 with the FY16 Master Fee Schedule rates restored effective with March 2016 collection
2 Assuming the City begins issuing shut off notices and disconnecting service for nonpayment during FY16 the collection rate will improve
3 Expenditure activity for the period January 2016-June 2016 reflect unspent funds as of December 31, 2015 divided equally over the remaining 6 months of the fiscal year
4 Expenditure activity for the period July 2016-December 2016 assumes the FY17 budget projection as included in the Biennial FY16 & FY17 Budget as adopted by emergency manager order Revenue assumptions were held constant The 5% rate increase assumed in the adopted FY17 projected budget was REMOVED for purposes of this cash flow
5 The City will likely have to continue purchasing treated water from the Great Lakes Water Authority through the first quarter of FY17 An amount for illustrative purposes is shown

	Until 6/30/2016	After 7/1/2016
Average Monthly Collection Rate	85%	95%
Rate Increase	22%	22%

GLWA Water Purchase $ 1,333,333

	ACTUAL JULY 2,015	ACTUAL AUGUST 2015	ACTUAL SEPTEMBER 2015	ACTUAL OCTOBER 2015	ACTUAL NOVEMBER 2015	ACTUAL DECEMBER 2015	PROJECTED JANUARY 2016	PROJECTED FEBRUARY 2016	PROJECTED MARCH 2016	PROJECTED APRIL 2016	PROJECTED MAY 2016	PROJECTED JUNE 2016	PROJECTED JULY 2016	PROJECTED AUGUST 2016	PROJECTED SEPTEMBER 2016	PROJECTED OCTOBER 2016	PROJECTED NOVEMBER 2016	PROJECTED DECEMBER 2016
BEGINNING CASH BALANCE	**19,997,369**	**19,921,378**	**20,768,899**	**19,284,648**	**16,289,463**	**16,002,098**	**16,260,839**	**15,805,877**	**14,370,914**	**13,460,401**	**13,438,236**	**12,028,826**	**11,006,861**	**10,057,234**	**9,108,106**	**8,158,979**	**7,209,852**	**6,260,725**
CASH RECEIPTS																		
User Charges	2,921,585	2,595 455	2,214,755	1,750 177	1,864,184	2,020,248	1,876,351	1,876,351	2,400,801	2,289 148	2,289 148	2,289 148	2,558,459	2,558 459	2,558 459	2,558,459	2,558.459	2,558 459
Grants and State Appropriations				8,000,000			1,000 000			1,000,000								
Other Revenue	1,326			677	55		8 333	8,333	8,333	8,333	8,333	8 333	8,333	8,333	8,333	8,333	8,333	8,333
Certificate of Deposit Activity			(91,821)	129,285	20 408	(8 051)												
TOTAL CASH RECEIPTS	**2,922,912**	**2,595 455**	**2,122,934**	**9,880,140**	**1,884,648**	**2,012,197**	**2,884,684**	**1,884,684**	**2,409,134**	**3,297,481**	**2,297,481**	**2,297 481**	**2,566,793**	**2,566,793**	**2,566,793**	**2,566,793**	**2,566,793**	**2,566,793**
CASH DISBURSEMENTS																		
Salaries and Benefits	922,659	914,807	914,049	1,103 360	900,592	897 993	775,089	775 089	775,089	775,089	1,162,633	775 089	996,726	996 726	996 726	996,726	996 726	996 726
Supplies	253,373	147,058	187,527	186,152	46,298	48,535	457,306	457,306	457,306	457,306	457,306	457 306	214,083	214,083	214,083	214,083	214 083	214,083
Contractual Services	752,353	26 584	1,526,890	900 188	526,945	252,300	772,505	772,505	772 505	772,505	772,505	772,505	1,231,086	1,231,086	1,231,086	1,231,086	1,231,086	1,231,086
Purchase of Treated Water				10,000,000														
Claims																		
Utilities	41,588	147,607	81,183	62 630	50 729	37 166	176,840	176,840	176,840	176,840	176,840	176,840	104,583	104,583	104 583	104,583	104,583	104,583
Equipment Operation	161,182	122,045	262,911	151,449	254 416	145,231	304,310	304,310	304,310	304,310	304,310	304,310	8,667	8,667	8,667	8,667	8,667	8,667
Repairs and Maintenance	482,400	10,815	255,380	89 901	11,136	13 061	310,613	310,613	310,613	310,613	310,613	310 613	128,581	128 581	128 581	128,581	128,581	128 581
Insurance																		
Transfers to Debt Service Fund	174,522	174,522	174,522	174,522	174,522	174,522	174,522	174,522	174 522	174,523	174 522	174 522	260,147	260,147	260,147	260,147	260,147	260 147
Other Expenses	118,676	110,331	110,568	112,957	113,206	110,502	244,297	244,297	244,297	244,297	244,297	244,297	156,055	156,055	156 055	156,055	156,055	156,055
Transfers Out	94,167	94,167	94,167	94 167	94,167	94,167	94 167	94,167	94 167	94,167	94,167	94 167	415,992	415,992	415,992	415,992	415,992	415,992
TOTAL CASH DISBURSEMENTS	**2,988,898**	**1,747,985**	**3,607,185**	**12,875,829**	**2,172,011**	**1,778,455**	**3,319,647**	**3,319,647**	**3,319,647**	**3,319,647**	**3,707,191**	**3,319,647**	**3,518,920**	**3,518,920**	**3,518,920**	**3,518,920**	**3,518,920**	**3,518,920**
NET CASH FLOW	**(75,987)**	**847,521**	**(1 484 251)**	**(2,995,185)**	**(287 366)**	**233,741**	**(434,963)**	**(1 434,963)**	**(910 513)**	**(22,165)**	**(1 409 710)**	**(1,022,165)**	**(949 127)**	**(949 127)**	**(949 127)**	**(949,127)**	**(949 127)**	**(949,127)**
ENDING CASH BALANCE	**19,921,378**	**20,768,899**	**19,284,648**	**16,289,463**	**16,002,098**	**16,260,839**	**15,805,877**	**14,370,914**	**13,460,401**	**13,438,236**	**12,028,826**	**11,006,861**	**10,057,234**	**9,108,106**	**8,158,979**	**7,209,852**	**6,260,725**	**5,311,598**

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CITY OF FLINT
WATER FUND
18 MONTH CASH FLOW
FOR THE PERIOD JULY 1, 2015 THROUGH DECEMBER 31, 2016
Actual Activity Reported through December 31, 2015

Assumptions Defined Below

REVENUE ASSUMPTIONS:

1. User Charges for the period January 2015-December 2016 were based on YTD billing activity and collection rates.
2. Rate increase assumptions effective March 1, 2016 and July 1, 2016 may be modified in the grey box below
3. Restoring the FY16 Master Fee Schedule rates per the amended preliminary injunction order would result in a rate increase of approximately 22% and would impact collections beginning in March 2016
4. If the Master Fee Schedule rates are restored in FY16 then any rate increase assumption for FY17 must also include 22%.
5. Issuance of shut off notices and disconnection of services has a tremendous impact on the City's ability to enforce payment for services rendered. In August, prior to the Preliminary Injunction Order the City's average monthly collection rate was 98%. The average collection rate for the period August through December 2015 has fallen to 83%, with a low point in October of 70%

EXPENDITURE ASSUMPTIONS:

1. Expenditure activity for the period January 2016-June 2016 reflect unspent funds as of December 31, 2015 divided equally over the remaining 6 months of the fiscal year
2. Expenditure activity for the period July 2016-December 2016 assumes the FY17 budget projection as included in the Biennial FY16 & FY17 Budget as adopted by emergency manager order
3. The City will likely have to continue purchasing treated water from the Great Lakes Water Authority through the first quarter of FY17. An amount for illustrative purposes is shown.

	Until 6/30/2016	After 7/1/2016
Average Monthly Collection Rate	85%	85%
Rate Increase	22%	27%
GLWA Water Purchase $	1,333,333	

- Regarding Rate Increases:
  FY16 has been set such that an increase would impact bills beginning in March 2016.
  Any rate increase assumption for FY17 must also include any rate assumption made for FY16
  For Example, FY16 restoration of Master Fee Schedule equals approximately 22%. Budgeted FY17 projection of 5% must be entered as 27%

	ACTUAL JULY 2015	ACTUAL AUGUST 2015	ACTUAL SEPTEMBER 2015	ACTUAL OCTOBER 2015	ACTUAL NOVEMBER 2015	ACTUAL DECEMBER 2015	PROJECTED JANUARY 2016	PROJECTED FEBRUARY 2016	PROJECTED MARCH 2016	PROJECTED APRIL 2016	PROJECTED MAY 2016	PROJECTED JUNE 2016	PROJECTED JULY 2016	PROJECTED AUGUST 2016	PROJECTED SEPTEMBER 2016	PROJECTED OCTOBER 2016	PROJECTED NOVEMBER 2016	PROJECTED DECEMBER 2016
BEGINNING CASH BALANCE	19,997,865	19,921,378	20,768,899	19,284,648	16,289,463	16,002,098	16,240,839	15,805,877	14,370,914	13,948,748	13,826,583	11,916,878	10,894,708	9,770,087	8,645,466	7,520,844	6,396,223	5,271,602
CASH RECEIPTS																		
User Charges	2,921,585	2,595 455	2,214 755	1,750,177	1,854 184	2,020,248	1,876,351	1,876,351	2,289 148	2,289 148	2,289 148	2,289 148	2,332,965	2,332,965	2,332,965	2,332,965	2,332,965	2,332,965
Grants and State Appropriations				8,000 000			1,000,000			1,000,000								
Other Revenue	1,326	-		677	55		8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333
Certificate of Deposit Activity		-	(91,821)	129,285	20 408	(8,051)												
TOTAL CASH RECEIPTS	2,922,912	2,595 455	2,122,934	9,880,140	1,894,646	2,012,197	2,884,684	1,884,684	2,297,481	3,297,481	2,297,481	2,297,481	2,341,299	2,341,299	2,341,299	2,341,299	2,341,299	2,341,299
CASH DISBURSEMENTS																		
Salaries and Benefits	922,659	914,807	914,048	1,103,360	900,592	837,991	775,089	775,089	775,089	775,089	1,162,633	775,089	998,726	998,726	998,728	998 728	998 726	998,726
Supplies	253,373	147,058	187,527	186,152	46,298	48,535	467,306	467,306	467,306	467,306	467,306	467,306	214,083	214,083	214,083	214,083	214,083	214,083
Contractual Services	752,353	26,584	1,526,880	900 188	526,945	352,300	772,505	772,505	772,505	772,505	772,505	772,505	1,231,086	1,231,086	1,231,086	1,231,086	1,231,086	1,231,086
Purchase of Treated Water				10,000,000										-	-	-	-	
Claims																		
Utilities	41,583	147,607	81,183	62,630	50,729	37,166	175,840	175,840	175,840	175,840	175,840	175,840	104,583	104,583	104,583	104,583	104,583	104,583
Equipment Operation	161,182	122,045	262,911	151,449	254 416	145,231	304,310	304,310	304,310	304,310	304,310	304,310	8,667	8,667	8,667	8,667	8,667	8,667
Repairs and Maintenance	482,400	10,815	255 380	89 901	11,136	13 041	310,613	310,613	310,613	310,613	310,613	310,613	128,581	128,581	128,581	128,581	128 581	128,581
Insurance	-						-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Debt Service Fund	174,522	174 522	174,522	174,522	174,522	174 522	174 522	174,522	174,522	174,522	174,522	174,522	260 147	260 147	260 147	260 147	260 147	260 147
Other Expenses	118,876	110,331	110,568	112,957	113,206	110,502	244,297	244,297	244,297	244,297	244,297	244,297	156,055	156,055	156,053	156,055	156,055	156,055
Transfers Out	93 167	94 167	94 167	94 167	94 167	94,167	98 167	98 167	98 167	98 167	94 167	98 167	415,992	415,992	413,992	413,992	415,992	415,992
TOTAL CASH DISBURSEMENTS	2,998,898	1,747,935	3,607,189	12,876,326	2,172,011	1,773,455	3,319,647	3,319,647	3,319,647	3,319,647	3,707,191	3,319,647	3,515,920	3,515,920	3,518,920	3,515,920	3,519,920	3,515,920
NET CASH FLOW	(75,987)	847,521	(1,484,251)	(2,995,185)	(287,365)	238,741	(434,963)	(1,434,963)	(1,022,165)	(22,165)	(1,409,710)	(1,022,165)	(1,174,621)	(1,174,621)	(1 174 621)	(1,174,621)	(1 174 621)	(1,174,621)
ENDING CASH BALANCE	19,921,378	20,768,899	19,284,648	16,289,463	16,002,098	16,240,839	15,805,877	14,370,914	13,948,749	13,926,583	11,916,873	10,894,708	9,770,087	8,645,466	7,520,844	6,396,223	5,271,602	4,146,981

1/25/2016
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Pleyte, Beth (Treasury)

From: Barton, John (Treasury)
Sent: Monday, January 25, 2016 6:07 PM
To: Saxton, Thomas (Treasury)
Subject: FW: Jan 24 call notes
Attachments: January 24-2015call notes.docx

I am not sure if you were on the call Steve mentioned, but I wanted to pass along Steve's e-mail. Steve is the EPA contact I talked to last fall.

From: Marquardt, Steve [mailto:marquardt.steve@epa.gov]
Sent: Monday, January 25, 2016 5:46 PM
To: Butler, Sonya (DEQ) <BUTLERS2@michigan.gov>; Barton, John (Treasury) <BartonJ@michigan.gov>
Subject: Jan 24 call notes

My notes from a call yesterday where your names came up.

Let me know if questions. thanks

Steve Marquardt
USEPA Region 5
77 West Jackson Blvd
Chicago, Illinois 60604
(312)353-3214

January 24, 2015 Call Notes

Call arranged by Emily Barson – HHS
Included representatives from Michigan Governor's office, MDEQ, USEPA headquarters and Region 5

On the call the Governor's office requested information regarding press related to $80M in infrastructure funds going to Michigan. USEPA responded that this was the annual appropriation of Clean Water State Revolving Funds (CWSRF) and Drinking Water State Revolving Funds (DWSRF) and these funds are awarded to the state as a grant and then state provide these funds to communities primarily in the form of low interest loans. It would be up to the state to determine the amount of funds provided to Flint.

There was then discussion of the state revolving fund and options under the fund to provide resources to Flint. The State asked about the eligibility of lead service line replacement and USEPA responded that they were eligible. The state also asked about eligibility of items inside the home and USEPA indicated that this would be investigated.

Options discussed for further investigation:

- Old Debt – The Michigan Finance Authority holds approximately $20M in DWSRF Flint Debt. The state should examine any savings that could be provided to Flint on this old debt including lowering the interest rate which is at 2.5% and possible extending the term of the debt from 20 year to 30 year. The extended term may make the semi-annual payments more affordable but costs more in the long run. Also, the State could pay off a portion of the debt. The Michigan Finance Authority may also have other ideas of actions that could be taken.
- New Funding - FY15 USEPA Funding – In September 2015, the MI DWSRF program identified $35M in projects they plan to fund in 2016 and provide $5.5M in principal forgiveness for those projects. The FY15 USEPA funding allowed stated to provide 20%-30% of the grant to the state as principal forgiveness to communities. This would be approximately $5.5M-$8M. The state should investigate the ability to award Flint a DWSRF loan that provides principal forgiveness up to the maximum allowed.
- FY16 USEPA Funding – FY16 CWSRF and DWSRF allocations to states have not yet been released. It is anticipated that MI would receive a similar allocation to FY15 – in FY15 USEPA awarded approximately $60M in CWSRF and $27M in DWSRF. If Flint applies for funding, the state could provide a loan to Flint and provide principal forgiveness up to the amount allowed under the FY16 appropriation language which is 20% of the DWSRF grant. The issue is that these funds would not be available for some time if the normal state SRF process is followed. The state normally applies for the funds in summer and provides funds to communities in the fall.

All options for new funding are dependent on Flint providing detailed information on needs, prioritizing the needs, and applying for funds.

Action items:

- USEPA look into eligibility options for SRF related to internal home plumbing replacement – Peter Grevatt (USEPA)
- USEPA, Michigan Finance Authority and MDEQ to investigate SRF funding options listed above and any other possible options. – John Barton (Michigan Finance Authority), Sonya Butler (MDEQ), Steve Marquardt (USEPA R5)
    - Look for most effective, economic and efficient way to approach needs
- USEPA Finance Center offered assistance – Jim Gebhardt (USEPA)
- Investigate the ability to transfer funds from the CWSRF to the DWSRF and the pros and cons of approach
- MDEQ requested the formation of a Municipal Finance Team - The USEPA Region 5 representative is Steve Marquardt and the request was made by EPA to have Sonya Butler from MDEQ and John Barton from the Michigan Finance Authority.

Workman, Wayne (TREASURY)

From:	Khouri, Nick (TREASURY)
Sent:	Tuesday, January 26, 2016 7:27 AM
To:	Steckelberg, Larry (TREASURY); Workman, Wayne (TREASURY); Koryzno, Edward (Treasury); Schafer, Suzanne K. (Treasury); Byrne, Randall (Treasury); Cline, Richard (Treasury)
Cc:	Saxton, Thomas (Treasury)
Subject:	RE: Article from MLive-Flint Water Crisis Leaves City Finances in "Very Precarious Position"

We need to get a handle on how big is the potential deficit in the water system

From: Steckelberg, Larry (TREASURY)
Sent: Tuesday, January 26, 2016 7:23 AM
To: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>; Koryzno, Edward (Treasury) <KoryznoE@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Subject: Article from MLive-Flint Water Crisis Leaves City Finances in "Very Precarious Position"

http://www.mlive.com/news/flint/index.ssf/2016/01/flint_water_crisis_leaves_city.html#incart_2box_news_flint

Larry Steckelberg
Division Administrator
Property Services Division
Michigan Department of Treasury
(517) 241-3733

Stanton, Terry A. (Treasury)

From: Salzman, Eric (NBCUniversal) <Eric.Salzman@nbcuni.com>
Sent: Tuesday, January 26, 2016 11:09 AM
To: Weiss, Kurt (DTMB)
Cc: Stanton, Terry A. (Treasury)
Subject: RE: Cost Estimate for Flint

Hey Kurt

Is there any word on when the $28 million request gets voted on?
Also – please advise if there are any other updates we should be aware of. Reporting more on this in the afternoon today.

Thanks!

Eric

Eric Salzman
Executive Producer
MSNBC
W 212 664 5465
M 646 283 4521
eric.salzman@nbcuni.com
www.msnbc.com
@ericsalzman

From: Weiss, Kurt (DTMB) [mailto:WeissK1@michigan.gov]
Sent: Monday, January 25, 2016 9:58 AM
To: Salzman, Eric (NBCUniversal)
Cc: Stanton, Terry A. (Treasury)
Subject: Cost Estimate for Flint

Hi Eric,

Terry Stanton at Treasury passed along your question about cost estimates for Flint. To address immediate needs, two supplemental budget requests for Flint have been made for the current year budget. The first was a supplemental of $9.3 million approved by the Legislature in October which included funding for emergency water services for Flint to reconnect to Detroit, water inspections and public health monitoring, water filters, blood screening and plumbing inspections in educational and health facilities. The second supplemental was submitted to the Legislature last week for $28 million and it's expected to be passed this week. The $28 million January supplemental includes funding for bottled water, water filters, replacement filter cartridges, fixture replacements in schools, daycares and hospitals, treatment of children, experts to asses potential linkages to Legionnaire's disease, an infrastructure integrity study using outside experts, as well as funding for lead abatement in Flint homes, additional nurses in Flint schools, and epidemiologists to analyze blood lead levels. Again, these two supplementals to the current year budget are for the immediate needs. When it comes to the longer term needs for infrastructure and health that you are referencing, the governor will be releasing his fiscal year 2017 budget recommendation on Feb. 10 where he will outline additional funding for Flint in

Workman, Wayne (TREASURY)

From: Steckelberg, Larry (TREASURY)
Sent: Tuesday, January 26, 2016 5:23 PM
To: Khouri, Nick (TREASURY); Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: RE: Flint information

I've sent the request and we should have some information in the morning. We can add to the fact sheet as new ideas arise

From: Khouri, Nick (TREASURY)
Sent: Tuesday, January 26, 2016 5:16 PM
To: Steckelberg, Larry (TREASURY) ; Saxton, Thomas (Treasury)
Cc: Workman, Wayne (TREASURY)
Subject: RE: Flint information

Perfect

Thanks

Also, talked to Tom about getting me some background facts tomorrow, i.e. number of water customers, total revenues of the system, current uncollectables, etc

I'm out all day tomorrow, but just email a second page of facts

Thanks

From: Steckelberg, Larry (TREASURY)
Sent: Tuesday, January 26, 2016 5:06 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Flint information

New one page with edits.

From: Khouri, Nick (TREASURY)
Sent: Tuesday, January 26, 2016 4:54 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Flint information

Yes please

From: Saxton, Thomas (Treasury)
Sent: Tuesday, January 26, 2016 4:52 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Flint information

So you want this converted to one page ?

From: Khouri, Nick (TREASURY)
Sent: Tuesday, January 26, 2016 4:48 PM
To: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Flint information

He is my edits

From: Steckelberg, Larry (TREASURY)
Sent: Tuesday, January 26, 2016 4:44 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Flint information

One page

From: Khouri, Nick (TREASURY)
Sent: Tuesday, January 26, 2016 4:32 PM
To: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Flint information

Can you put it in one page of talking bullets

Don't need a cover page or powerpoint format

From: Steckelberg, Larry (TREASURY)
Sent: Tuesday, January 26, 2016 4:31 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: Flint information

Larry Steckelberg
Division Administrator
Property Services Division
Michigan Department of Treasury
(517) 241-3733

Treasury's Role in Three Primary Areas

Flint has critical needs in many areas. We see our role in three primary areas.

- Infrastructure development and finance.
- Fiscal stability of both the water/sewer and overall city government.
    - Short term (cash)
    - Long term
- Flint's economic development.

Infrastructure Development and Finance

- Treasury's goal is to work with others to develop a long-term water infrastructure investment plan for distressed local units.
- Once a quality study is created to determine an accurate picture of the scope and cost for the necessary system improvements, Treasury is confident we can come up with a method to help finance improvements.
- We will look at alternative funding sources, including bonds, surcharges, and existing Federal and State dollars.

Fiscal Stability

- In April of 2015, Flint was on a path to exit financial emergency with its funds showing comfortable cash balances.
- The cash balance in the water system was $20 million in July 2015. Now, the system is in the red and Flint's water system will potentially be out of cash as early as November. The sewer fund faces a similar situation. Eventually this will become an obligation of the city's general fund.
- Develop strategies to stabilize near term finances of water and sewer system.
- Doing all we can to make sure Flint's water rates are affordable.
- Assist city in continuing on path to financial stability across all accounts.

Economic Development

- We need to address the long term impact of the recent months on the city's economic development.
- Start by assessing the impact on property values and business location decisions.
- Partner with economic development agencies to assist in growing Flint's economy.
- The support needs to be targeted to the needs of the city.

Robert, Carla M. (Treasury)

From: Kennedy, Jordan (GOV) <KennedyJ4@michigan.gov>
Sent: Tuesday, January 26, 2016 6:19 PM
Subject: Daily Talking Points
Attachments: EO Talking Points-Updated 160126 (002).docx

Below and attached.

Regards,

Jordan Kennedy
Communications Representative
Executive Office of Governor Rick Snyder
Phone: 517.335.6397

Flint Water Discussion Points
Updated Jan. 26

Current Issues Talking Points

Medicaid/Federal Asks

- Governor Snyder today announced that a request will be sent to the federal government that asks for all Flint residents under age 21 to receive additional healthcare services to address potential problems brought on from exposure to lead.
- We want to make sure comprehensive medical care services are available, and we hope the federal government will partner in our efforts.
- Request will include:
    - Expanded Medicaid eligibility for all residents in the impacted areas up to age 21, regardless of income level.
    - Lead-abatement programs to help minimize and/or prevent any long term adverse health problems associated with lead exposure.
    - Additional, community-based resources to ensure all children, regardless of health insurance coverage, have access to comprehensive medical treatment.

House passage of the $28 million supplemental bill (unanimous vote)

- The supplemental request includes short-term funding to address immediate needs in the city, including bottled water, filters and testing kits.
    - The supplemental request will also include funds to address the most critical needs of Flint residents.
    - The Governor has asked to completely re-open the budget proposal the administration has been working on since last fall to assess all of the resources available to provide long-term support for the health of Flint residents.
- The health and safety of Flint residents remains a top priority. The Governor has worked closely with the Legislature to encourage quick passage of the supplemental to encourage immediate action.
- We look forward to the Senate taking action on this bill this week.

General High-level talking points

- There are people in the state of Michigan that can't drink their water, and that is unacceptable to all of us. As Governor, Rick Snyder has taken responsibility, taken emergency response measures and is committed to dedicate all the resources needed to make this right for the people of Flint.

- The top priority for Governor Snyder and his administration is ensuring every Flint resident has access to clean, safe drinking water. We are committed to providing affected children and families access to medical and educational resources to ensure long-term care and treatment.

- The Flint water crisis has been a systemic failure of government at all levels: from the city of Flint, the state of Michigan, the civil servant scientists and the U.S. Environmental Protection Agency (EPA).

- The Governor has held himself and his government accountable. The Governor replaced the leadership of Michigan Department of Environmental Quality (MDEQ) and has taken disciplinary measures on the staff and civil servant scientists responsible for the crisis. Actions have been taken to ensure a new and capable team is overseeing Flint water and creating a department culture focused on the health and safety of Michigan residents. Two DEQ officials involved in the testing of Flint water have been suspended pending an investigation, in accordance with civil service rules.

- The Governor has asked to completely re-open the budget proposal the administration has been working on since last fall to assess all of the resources available to provide long-term support to the health of Flint residents. In addition, the supplemental budget request will provide funds to the city to help alleviate the need for utility shutoffs.

- Governor Snyder and his administration are committed to working in partnership with Flint Mayor Karen Weaver, independent experts, and the federal government to ensure both short-term and long-term solutions.

Resources distributed (as of 1/25/2016):

- 176,118 cases of water
- 93,048 filters
- 29,320 testing kits
- 198,552 filter cartridges

Homes visited by Flint Water Response Teams (as of 1/24/16): 37,844

For more information, visit www.mi.gov/flintwater or www helpforflint.com.

AT A GLANCE: Flint Action Timeline: For the 2006 – Jan. 16, 2016 Timeline click here

- **Sept. 28, 2015:** For the first time, DEQ and DHHS directors briefed the governor on the potential scope and magnitude of the lead issue. They begin discussion on what actions should be taken if the concerns raised by outside researchers were to be verified.
- **Oct. 1. 2015:** DHHS director informed the governor that his epidemiologists reviewed the data and confirmed Dr. Mona Hanna-Attisha's conclusions that blood lead levels in children were elevated – due to an association with lead contaminated water in certain ZIP codes.
- **October 2, 2015:** Governor releases 10-point Plan to address water systems, designates $1 million for water filters and anticorrosion treatment. This action was taken with 24 hours of DHHS confirmation that there was lead present in Flint's drinking water. The 10-Point Plan is available here.
- **Oct. 8, 2015**: Governor announces plan to reconnect to Detroit water.

- **Oct. 15, 2015**: Governor signs supplemental appropriation with $9.35 million to assist Flint in reconnecting to DWSD. Mott Foundation contributed $4 million and Flint $2 million. Flint officially reconnects to Detroit water system the following day, October 16.

For October 15, 2015 – January 16, 2016 click here

- **January 19, 2016**: Governor gives State of the State Address. Focuses on Flint response, short-term and long-term solutions.
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- **January 22, 2016**: Executive power to appoint city administrator and all department heads is returned to Flint Mayor via resolution approved by Flint RTAB and Treasurer Khouri.
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Flint Water Discussion Points
Updated Jan. 26

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Schafer, Suzanne K. (Treasury)

From: TreasRevenueSharing
Sent: Wednesday, January 27, 2016 8:29 AM
To: Byrne, Randall (Treasury); Cole, Evah (Treasury); Khouri, Claire (GOV); Schafer, Suzanne K. (Treasury)
Subject: FW: FDCVT Grant for Flint
Attachments: fdcvt dwsd flint mi.PDF

Importance: High

Please find attached an amended FDCVT application from the City of Flint. The application intends to seek reimbursement for the reconnection to DWSD

Let me know if you have any questions or concerns

Thank you.

Carrie Kolka

Carolyn Kolka
Michigan Department of Treasury
Office of Revenue and Tax Analysis
Phone: (517) 241-7417
Fax: (517) 335-3298
KolkaC@michigan.gov

From: Sean Kammer [mailto:skammer@cityofflint.com]
Sent: Tuesday, January 26, 2016 4:58 PM
To: TreasRevenueSharing <TreasRevenueSharing@michigan.gov>
Cc: Khouri, Claire (GOV) <KhouriC@michigan.gov>; Natasha Henderson <nhenderson@cityofflint.com>; kschwerdtfeger@deloitte.com; Karen Weaver <kweaver@cityofflint.com>
Subject: FDCVT Grant for Flint

To whom it may concern:

Please find the Fiscally Distressed Cities, Villages, and Townships Grant application for the City of Flint, Michigan attached. This application seeks reimbursement for the DWSD reconnection made by the City last fall and is intended to supplant the Dupont Street Project submitted by the City in October 2015.

Please let me know if the information submitted is sufficient.

Thank you.

Sean Kammer

--
Sean Kenneth Kammer, MPA

CITY OF FLINT

Dr. Karen W. Weaver
Mayor

Natasha L. Henderson
City Administrator

Tuesday, January 26, 2016
Michigan Department of Treasury
Office of Revenue and Tax Analysis
P.O. Box 30722
Lansing, MI 48909

Re: Letter of Support for Financially Distressed Cities, Villages, and Townships Grant

County: Genesee Local Unit Code: 252040

To whom it may Concern:

Please accept this letter as the City of Flint's commitment to the Michigan Department of Treasury's Financially Distressed Cities, Villages, and Townships Grant Program for the Detroit Water and Sewerage Department Reconnection reimbursement.

On October 16, 2015, the City of Flint reconnected to the Detroit Water and Sewerage Department as its source of water, ceasing the use of the Flint River. The water from the river, combined with the absence of corrosion control additives, caused severe damage to the City's water infrastructure. It negatively affected the water quality in terms of color, smell, and taste. It was the cause of several threats to the public health, most notably, the leeching of heavy metals from solder and old pipes. Many children in the City were found with elevated levels of lead in their blood, placing them in direct harm of the irreversible effects of lead poisoning. The City contributed two million dollars to a total cost of $12 million for the reconnection to Detroit, which was a safer source of water. The City seeks to recuperate this two million dollars while it faces financial challenges posed by this State of Emergency.

Even though the City has progressed to strategically reduce deficits by seeking new millages, reducing staff, and reducing services, the City still faces critical financial obstacles. The City does not have the financial stability to expend this level of resources. The FDCVT Grant is essential for the successful reimbursement of this project, which has contributed to improving the safety, reliability, and sustainability of the City's water system, so that the City can continue operations in a time of financial stress.

Respectfully,

Natasha L. Henderson, City Administrator
City of Flint, Michigan

1-26-2016
Date

Application Due Date:
October 15, 2015

Financially Distressed Cities, Villages, and Townships Application (FY 2016)

Issued under authority of 2015 Public Act 64

PART 1: APPLICANT INFORMATION

1. Applicant Name	2. Applicant Local Unit Code
City of Flint	252040
3. Applicant FEIN	**4. Applicant County**
38-6004611	Genesee

5. Mailing Address	6. City	7. State	8. ZIP Code
1101 South Saginaw	Flint	MI	48502

PART 2: PROPOSAL OVERVIEW

9. Proposal Title
Detroit

10. Estimated Start Date	11. Estimated Completion Date
06/01/2016	08/30/2016
12. Estimated Total Proposal Cost	**13. Grant Amount Requested**
$ 3,985,267.00	$ 2,000,000.00

14. Additional Local Units, if Participating in a Shared Service Project (include county and local unit code). Attach letters of support from each of the participating local units.

NA

15. Is the applicant(s) willing to devote appropriate resources and time to this proposal?

☒ Yes ☐ No If no, explain why the applicant(s) is unable to devote appropriate resources and time to the proposal.

16. Plan for Partial Funding: If full funding is not awarded, how will you fund the proposal? Can you go forward with the proposal if partial funding is awarded?

Due to the City's fiscally distressed condition, the City seeks reimbursement of the $2 million the City incurred to reconnect to the Detroit Water and Sewerage Department (DWSD) as its water supply on October 16, 2015.

PART 3: PROPOSAL CONTACT INFORMATION

Note: The proposal contact individual should be a vital part of the grant proposal and will be the Michigan Department of Treasury's contact.

17. Contact Name	18. Contact Title
Natasha Henderson	City Administrator
19. Contact Telephone Number	**20. Contact Fax Number**
(810) 766-7346	(810) 766-7218

21. Contact E-mail Address
nhenderson@cityofflint.com

22. Contact Entity Name
City of Flint

PART 4: CONDITIONS OF PROBABLE FINANCIAL DISTRESS

23. Indicate the conditions affecting the applicant that indicate probable financial distress (check all that apply and attach proof of existence for each condition checked).

☐ 1. The governing body or the chief administrative officer of the city, village or township has requested a preliminary review. The request shall be in writing and shall identify the existing or anticipated financial conditions or events that make the request necessary.

☐ 2. The state financial authority has received a written request from a creditor with an undisputed claim, that remains unpaid 6 months after its due date, against the city, village, or township that exceeds the greater of $10,000.00 or 1% of the annual general fund budget of the city, village, or township, provided that the creditor has notified the city, village or township in writing at least 30 days before the creditor's request to the state financial authority of the creditor's intention to submit a written request.

PART 4: CONDITIONS OF PROBABLE FINANCIAL DISTRESS, CONTINUED

- ☐ 3. The state financial authority has received a petition containing specific allegations of financial distress signed by a number of registered electors residing within the city's, village's, or township's jurisdiction equal to not less than 5% of the total vote cast for all candidates for governor within the city's, village's, or township's jurisdiction at the last preceding election at which a governor was elected. The petition shall not have been filed within 60 days before any election of the city, village, or township.
- ☐ 4. The state financial authority has received a written notification that the city, village, or township has not timely deposited its minimum obligation payment to the city's, village's, or township's pension fund, as required by law.
- ☐ 5. The state financial authority has received a written notification that the city, village, or township has failed, for a period of 7 days or more after the scheduled date of payment, to pay wages and salaries or other compensation owed to employees or benefits owed to retirees.
- ☐ 6. The state financial authority has received a written notification from a trustee, paying agent, bondholder, or auditor engaged by the city, village, or township of a default in a bond or note payment or a violation of 1 or more bond or note covenants.
- ☐ 7. The state financial authority has received a resolution from either the senate or the house of representatives requesting a preliminary review of the city, village, or township.
- ☐ 8. The city, village, or township has violated a requirement of, or a condition of an order issued pursuant to, former 1943 PA 202, revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140, the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, or any other law governing the issuance of bonds or notes.
- ☐ 9. The city, village, or township has violated the conditions of an order issued by the local emergency financial assistance loan board pursuant to the emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942.
- ☐ 10. The city, village, or township has violated a requirement of sections 17 to 20 of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.437 to 141.440.
- ☐ 11. The city, village, or township has failed to timely file an annual financial report or audit that conforms with the minimum procedures and standards of the state financial authority and is required for cities, villages, and townships under the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.
- ☐ 12. The city, village, or township is delinquent in the distribution of tax revenues, as required by law, that it has collected for another taxing jurisdiction, and that taxing jurisdiction requests a preliminary review.
- ☒ 13. The city, village, or township is in breach of its obligations under a deficit elimination plan or an agreement entered into pursuant to a deficit elimination plan.
- ☐ 14. A court has ordered an additional tax levy without the prior approval of the governing body of the city, village, or township.
- ☐ 15. The city, village, or township has ended a fiscal year in a deficit condition as defined in section 21 of the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.921, or has failed to comply with the requirements of that section for filing or instituting a financial plan to correct the deficit condition.
- ☒ 16. The city, village, or township has been assigned a long-term debt rating within or below the BBB category or its equivalent by 1 or more nationally recognized credit rating agencies.
- ☒ 17. There is an existence of other facts or circumstances that, in the state treasurer's sole discretion for a city, village or township, are indicative of probable financial stress

PART 5: PROPOSAL DETAILS

24. Describe Current State of Affairs: What is working well? What is not working? Explain the current condition of infrastructure/equipment

See attached.

PART 5: PROPOSAL DETAILS, CONTINUED

25. Describe Strategy, Project, or Service Proposal:

The City of Flint reconnected to the Detroit Water and Sewerage Department on October 16th, 2015, due to the contamination of the water caused by the Flint River supply. The cost to the City to reconnect to DWSD was $2 million. These funds were taken from an already distressed Water and Sewer Fund.

26. Describe How Grant Funding will Lead the Applicant Toward Financial Stability

Reimbursement of the City's two million dollars will offer some financial relief when revenues to the Water and Sewer fund are at a devastating low. Based on current projections, the City has estimated that the Water and Sewer Fund will become insolvent by the end of 2016. Returning this sum will help to reduce the urgency of the impending fiscal crisis.

27. Goals, Measures, and Business Objectives of this Proposal: What are the outcomes you hope to achieve? How will you measure the outcomes? Provide the measures which will be used to determine the success of the proposal.

The anticipated goal is to recouperate some of the losses the City has incurred during the Flint Water crisis. Successful completion of this goal will be the reimbursement of the Water and Sewer Fund to help the City continue operations during a time of financial stress.

28. Potential Barriers: Describe any barriers that currently exist that may have an impact on the implementation of the proposal.

The City returned to Detroit water on October 16, 2015. This proposal is seeking reimbursement of the City's cost to reconnect.

29. Continuity of Proposal: How do you plan to fund the proposal going forward once awarded grant funds are exhausted?

There are no significant residual costs. This is a one-time request for reimbursement of already expended funds.

PART 5: PROPOSAL DETAILS, CONTINUED

30. Cost Savings: Will the proposal save money? Attach a detailed calculation of the cost savings and provide an explanation of how the cost savings were calculated. Do not include any anticipated FDCVT grant funding as part of the cost savings calculation.

☒ Yes ☐ No

A. SHORT-TERM (1 year or less)	☐ Yes	☒ No	Estimated Short-Term Savings
B. LONG-TERM (Greater than 1 year)	☐ Yes	☒ No	Estimated 5 Year Total Savings

31. Work Plan and Proposal Timeline: What are the implementation steps to ensure this proposal's success? What are the projected outcomes at each step? Attach a detailed work plan, if the narrative will not fit in the space provided.

On October 12, 2015, City Council authorized a budget amendment to contribute $2 million from the Water and Sewer Fund to the total $12 million cost of reconnecting the City to DWSD. On October 16, 2015, that reconnection was executed. The projected outcome was to improve water quality by ceasing the use of the Flint River as a primary water source.

32. Total Grant Budget Worksheet: For each budget category, attach a detailed list of proposed expenditures, including an indication of the priority for each budgeted item. Explain how the expenditures support and are essential to the proposal.

Budget Category	Estimated Total Proposal Cost	Grant Budget Amount Requested (Total Limited to $2.0 million)
Reconnection to DWSD	$ 2,000,000.00	$ 2,000,000.00
	TOTAL ESTIMATED PROPOSAL COST $ 2,000,000.00	TOTAL GRANT AMOUNT REQUESTED $ 2,000,000.00

33. Additional Information and Comments:

The total cost to reconnect was $12 million, with the State of Michigan contributing $6 million, the Ruth Mott Foundation contributing $4 million, and the City of Flint contributing $2 million. To this date, the Ruth Mott Foundation has contributed half of its pledge ($2 million). Consequently, $10 million has been paid to DWSD.

PART 6: ATTACHMENTS

34 Check the appropriate boxes and attach the following items to the application All attachments must be included and labeled appropriately

☒ Attached	☐ N/A	1 Letter of support from each of the participating local units identified in Part 2, Box 14
☒ Attached		2 Proof of existence for each condition of probable financial distress checked in Part 4, Box 23
☒ Attached	☐ N/A	3 Detailed calculation of cost savings and an explanation of how the cost savings were calculated in Part 5, Box 30
☐ Attached	☒ N/A	4 Detailed work plan, if the narrative will not fit in Part 5, Box 31
☒ Attached		5 Detailed list of proposed expenditures to support Part 5, Box 32, including an indication of the priority for each budgeted item and an explanation of how the expenditure will support and is essential to the proposal

PART 7: CERTIFICATION

35 I certify that all statements in this application, including all requested supplemental information, are true complete and accurate to the best of my knowledge If awarded, I agree to allow the Michigan Department of Treasury and the State Auditor General's Office (and/or any of their duly authorized representatives) access, for the purposes of inspection, audit, and examination, to any books, documents papers, and records of the grantee which are related to this proposal I agree to allow the Michigan Department of Treasury to conduct periodic program reviews of the proposal The purpose of these reviews will be to determine adherence to stated proposal goals and to review progress of the proposal in meeting its objectives I agree to submit semiannual and final narrative and financial status reports and a one-year Final Follow-up Report to the Michigan Department of Treasury I understand that failure to submit any required reports may result in the termination of the grant I understand that this grant may be terminated if the Michigan Department of Treasury concludes that I am not in compliance with the conditions and provisions of this grant, or have falsified any information By way of signature, I agree with all conditions of this grant program

Applicant's Chief Administrative Officer Signature (as defined in MCL 141 422b)	Date
	01/26/2016
Printed Name of Applicant's Chief Administrative Officer (as defined in MCL 141 422b)	**Title**
Natasha L. Henderson	City Administrator

Applications are due October 15 2015 Completed applications submitted via mail or e-mail must be received by the Michigan Department of Treasury no later than 11 59 p m on Thursday, October 15, 2015 Incomplete applications may not be considered.

A signed and completed application (including attachments) can be submitted by e-mail to **TreasRevenueSharing@michigan.gov** or by mail to

Michigan Department of Treasury
Office of Revenue and Tax Analysis
PO Box 30722
Lansing MI 48909

Appendix A
FDCVT Supplemental Answers

Part 5: Proposal Details

Question 24. Describe the current state of affairs. What is working well? What is not working? Explain the current condition of infrastructure/equipment.

The City is currently in a Federal state of emergency. Water from the Flint River, the City's water source, had been leeching lead from old pipes and solder, contaminating the water supply. Elevated lead levels in children were discovered by physicians at Hurley Hospital. Genesee County, the State of Michigan, and the United States Federal Government have elevated the emergency to their levels as well.

The City of Flint is also currently in a state of fiscal distress at a time in which considerable demands are placed upon it relating to the provision of clean and safe water. The City is attempting to cope with these demands, while revenues are down or drastically reduced. Even though the City has progressed to strategically reduce deficits by seeking new millages, reducing the number of city employees and related costs, and ultimately reducing the services to the public, the City continues to face critical financial challenges. Both the income tax and property tax revenue bases have declined by 55% since the economic downturn in 2008. The current resources available to the City are very restricted and limited.

The City of Flint has been in receivership since December 2011. At that time, the State of Michigan Financial Review Team found that the City has a General Fund deficit of $14,621,546 as of June 30th, 2010, which was not eliminated within the two year preceding period.

The City previously submitted a five year deficit elimination plan for a cumulative general fund deficit of $7,046,820 as of June 30th, 2008. However, by June 30th, 2010, the cumulative general fund deficit had grown to $14,621,546. An updated plan submitted for 2010 did not purport to eliminate cumulative deficit until 2030 and that relied upon the issuance of an additional $12 million of debt in 2013.

A structural operating deficit existed in the general fund as of June 30, 2007, 2008, 2009, 2010, and the General Fund was projected to have a $6,768,864 deficit as of June 30, 2011.

The Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011 was received in December 2011. The City's General Fund, which had a $14.6 million deficit at the beginning of the year, ended it with an $8.9 million deficit. The reduction in the deficit was due solely to an $8 million Fiscal Stabilization Bond issued by the city in March 2011. In total, excluding the impact of the FSB proceeds and the Genesee Towers judgment levy, expenses in the General Fund exceeded revenues. The City's Comprehensive Financial Report revealed an unassigned deficit in the General Fund of $8,961,427 as of June 30, 2014, which had resulted from operating deficits.

The City does not have a current bond rating. The most recent bond rating was from over a decade ago and received a score of Ba1, a qualifying indicator of fiscal distress.

As part of a recent judgment, the City was ordered to repay its Water and Sewer Fund 15.7 million from its General Fund. The recent water challenges have also resulted a lower frequency of bill payments from residents, further reducing revenues. This places considerable strain on the City's path to recovery as it struggles to emerge from receivership.

Appendix A
FDCVT Supplemental Answers

The City has transitioned back to the Detroit Water and Sewerage Department as the source of water. This project cost of $2 million from the City's fund balance, an unanticipated expense. It is imperative that old pipes and water lines need to be addressed in order to arrive at a long term solution that will safeguard the public health, return public confidence in the Water System, resulting in a return to a sustainable Water and Sewer Fund. The City is the water provider, and as such, it has an obligation to provide clean and safe water for residents.

CITY OF FLINT

Payment Detail Report

"For Informational Purposes Only"

J.P.Morgan

PAYMENT INFORMATION

Account Number
[redacted]

Payment Method
Wire

Bank to Bank Transfer
No

Account Name
COMMERCIAL CHECKING

Branch Location
JPMorgan Chase Bank, N.A. (MI)

Beneficiary Bank Country
UNITED STATES - US

Bank Name
JPMORGAN CHASE BANK, N.A.

Bank Id
072000326

Payment Amount
USD 2,000,000.00

Value Date: 10/16/2015

Status: Completed

ROUTING INFORMATION

BENEFICIARY

Beneficiary ID Type
Account Number

Account Number
[redacted]

Beneficiary Name
Detroit Water and Sewer Dept

Address Line 1
735 Randolph

Address Line 2
Room 701

City, State/Province, Zip/Postal Code
Detroit, MI 48226

Country
UNITED STATES - US

BENEFICIARY BANK

Bank ID Type
United States FED ABA

United States FED ABA
[redacted]

Bank Name
U.S BANK N.A.

Address Line 1
P O BOX 1038 - ML 1320

City, State/Province, Zip/Postal Code
CINCINNATI,OH,45201-1038

Country
UNITED STATES - US

CITY OF FLINT

Payment Detail Report

For Informational Purposes Only

J.P.Morgan

INTERMEDIARY BANK

Bank ID Type

No ID

REFERENCE INFORMATION

Payment Details

City of Flint Water

BANK TO BANK

Charges	Priority
Remitter	No

Date Created	Payment ID	Bank Reference	Settlement Reference
10/16/2015 02:50 PM EDT	16232630	[redacted]	FED Ref: 1016B1QGC07C007988

RESOLUTION NO.: CA10028 15 '16

PRESENTED: 10-12-15

ADOPTED: RTAB 10-14-15

RESOLUTION AUTHORIZING A BUDGET AMENDMENT TO INCREASE THE WATER AND SEWER BUDGET BY $12,000,000.00 AND TO ALLOW FOR EXPENDITURES FROM THOSE FUNDS TO FACILITATE THE SWITCH BACK TO THE DWSD WATER SUPPLY

BY THE CITY ADMINISTRATOR:

Due to the serious health threat facing the residents of the City of Flint, the Administration has been diligently working toward a feasible and speedy resolution to the City's water crisis; and

Through the commitment of $6 million from the State of Michigan and $4 million from the C.S. Mott Foundation, a total of $10 million in contributions have been pledged to assist the City with the cost of purchasing water from the Detroit Water and Sewerage Department and its successor, the Great Lakes Water Authority, until the City is able to receive water from the Karegnondi Water Authority (KWA).

The City Administrator and the Mayor have agreed to the acceptance of these funds. At this time, the KWA reports that construction is on schedule to be completed by June 30, 2016. The City estimates that the total cost to purchase water through DWSD will be $12 million for 9 months. The balance of $2 million not covered by the generous pledges of State and Local resources is the responsibility of the City.

A budget amendment is necessary to reflect both an increase in revenues for the receipt of $10 million in assistance and $2 million of budgeted Use of Fund Balance and an increase in expenditures of $12 million for the purchase of DWSD water supply.

IT IS RESOLVED that the Finance Department is authorized to process a budget amendment to the appropriate Water and Sewer funds to facilitate the switch back to the Detroit water system as soon as practicable. Specific revenue and expenditure line items will be provided by the Chief Financial Officer.

APPROVED AS TO FORM:

per

Peter M. Bade, City Attorney

FOR THE CITY OF FLINT:

Natasha L. Henderson, City Administrator

APPROVED AS TO FINANCE:

Jody N. Lundquist, Chief Financial Officer

APPROVED BY THE FLINT CITY COUNCIL:

PRESENTED TO CITY COUNCIL: 10/12/2015

ADOPTED BY CITY COUNCIL: 10/12/2015

ADOPTED BY THE RECEIVERSHIP TRANSITION ADVISORY BOARD OCTOBER 14, 2015

CITY OF DETROIT
WATER AND SEWERAGE DEPARTMENT
GENERAL ADMINISTRATION

735 RANDOLPH STREET
DETROIT, MICHIGAN 48226-2830
WWW.DWSD.ORG

November 25, 2015

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502

RE: November, 2015 Invoice for Water Supply Service

Included with this letter is the November invoice from the City of Detroit Water and Sewerage Department ("DWSD") for water services provided from October 16, 2015 to October 31, 2015. Per the Water Services Agreement, effective October 16, 2015, the invoiced amount of $581,722.75 will be paid from the $10 million Estimated Prepayment previously transferred to DWSD by the City of Flint on October 19, 2015. The remaining balance in the Estimated Prepayment account after payment of this invoice is $9,418,277.25. We will continue to monitor the balance in the Estimated Prepayment account to ensure sufficient funds remain to pay subsequent invoices. Should you have any dispute with, or questions regarding this invoice, please contact me immediately.

Sincerely,

Jon Wheatley
Public Finance Manager
Detroit Water & Sewerage Department
735 Randolph, 16th Floor
Detroit, MI 48226
Office: (313) 224-4771
wheatley@dwsd.org

Please Remit Payments To:

BOARD OF WATER COMMISSIONERS
City of Detroit

Suburban Billing
P.O. Box 32681 / Detroit, MI 48232

FOR BILLING INQUIRIES CALL:
(313) 964-9045 or 964-9146

ACCOUNT [redacted]

ACCOUNT NAME: CITY OF FLINT

SERVICE ADDRESS: CITY OF FLINT

DISTRICT: 188

BILLING DATE: 11/24/15 DUE DATE: 12/28/15

RATE TYPE: WHOLESALE WATER

METER NUMBER	SITE ID	METER SIZE	PREVIOUS DATE	PREVIOUS READING	PREVIOUS READ TYPE	PRESENT DATE	PRESENT READING	PRESENT READ TYPE	CONSUMPTION	CONSUMPTION IN MCF
ACCOUNT # [redacted]			CITY OF FLINT							
GNDC-Deduct			10/16/15	0	ACT	11/01/15	268750	ACT		26,875.(

TOTAL CONSUMPTION: 26,875.(

PREVIOUS ACTIVITY	
Previous Balance	$0.00
Payment 10/22/15 - THANK YOU	$10,000,000.00(
Balance Forward	$10,000,000.00(
CURRENT ACTIVITY	
Water Usage/Sewage Disposal	$239,993.75
Fixed Charge	$341,729.00
Total Current Charges	$581,722.75
CREDIT BALANCE ON ACCOUNT	$9,418,277.25(

CONSUMPTION SAME PERIOD LAST YEAR		TOTAL AMOUNT DUE	BY		$9418,277.25CR

PLEASE DETACH AND RETURN THIS PORTION WITH YOUR PAYMENT. PLEASE BRING ENTIRE BILL WHEN PAYING IN OFFICE.
Make checks payable to Board of Water Commissioners.

85

FOR BILLING INQUIRIES CALL:
(313) 964-9045 or 964-9146
MON-FRI 8:30 AM - 5:00 PM

TOTAL AMOUNT DUE	$ DO NOT PAY	DUE DATE	
IF PAID AFTER DUE DATE, PLEASE PAY THIS AMOUNT	$		

DUE DATE IS 5 PM ON THE REVISED DUE OR PENALTY DATE

Account Name: CITY OF FLINT

AMOUNT REMITTED $ DO NOT PAY

ACCOUNT NUMBER [redacted]

CITY OF FLINT
JODY LUNDQUIST, CFO
1101 S. SAGINAW ST, 3RD FLOOR
CITY OF FLINT MI 48502

0020451300 0000000000 6

1 Revenue assumptions were based on YTD billing activity and current collection rates projected through FYE and held constant into FY17
2 Assuming that the City continues to delay issuance of shut off notices the collection rate will continue to decline drastically
3 Expenditure activity for the period January 2016-June 2016 reflect unspent funds as of December 31 2015 divided equally over the remaining 6 months of the fiscal year
4 Expenditure activity for the period July 2016-December 2016 assumes the FY17 budget projection as included in the planned FY16 & FY17 Budget as adopted by emergency manager order
5 The City will likely have to continue purchasing treated water from the Great Lakes Water Authority through the last quarter of FY17 An amount for illustrative purposes is shown

	Until 6/30/2016	After 7/1/2016
Average Monthly Collection Rate	80%	80%
Rate Increase	0%	0%
GLWA Water Purchase	$ 1,333,333	

	ACTUAL JULY 2015	ACTUAL AUGUST 2015	ACTUAL SEPTEMBER 2015	ACTUAL OCTOBER 2015	ACTUAL NOVEMBER 2015	ACTUAL DECEMBER 2015	PROJECTED JANUARY 2016	PROJECTED FEBRUARY 2016	PROJECTED MARCH 2016	PROJECTED APRIL 2016	PROJECTED MAY 2016	PROJECTED JUNE 2016	PROJECTED JULY 2016	PROJECTED AUGUST 2016
BEGINNING CASH BALANCE	19 997,165	19,921,378	20,768,899	19,284,648	16,289,468	16,002,098	16,240,839	15,715,098	14 191,345	12,668,600	12,141,854	10,229,563	8,704,817	6 542,205
CASH RECEIPTS														
User Charges	2 921 545	2 595 455	2,214 755	1 750 177	1 844 184	2 070 248	1 765,977	1 765 977	1 765 977	1,765 977	1,765 977	1 765,977	1 324 483	1 324 483
Grants and State Appropriations				8 000 000			1 000 000			1 000 000				
Other Revenue	1 326			677	55		8,333	8,333	8,333	8,333	8 333	8,333	8 333	8 333
Certificate of Deposit Activity			(91 821)	129 285	20 403	(8 051)								
TOTAL CASH RECEIPTS	**2 922,912**	**2,595 455**	**2,122,934**	**9,880,140**	**1,864,646**	**2,012,197**	**2,774,311**	**1,774,311**	**1,774,311**	**2,774,311**	**1,774,311**	**1,774,311**	**1,332,816**	**1,332,816**
CASH DISBURSEMENTS														
Salaries and Benefits	922 659	914 807	914 048	1 103 860	900 592	897 993	775 089	775,089	775,089	775 089	1 162 633	775 089	996 726	996 726
Supplies	253 373	147 058	187,527	186 152	46,298	48 535	467 306	467 306	467 306	467,306	467,306	467 306	214 083	214 083
Contractual Services	752 359	26 584	1 526 880	900 188	526 945	252 300	772,505	772,505	772,505	772 505	772 505	772 505	1 23 086	1 731 086
Purchase of Treated Water				10 000 000										
Claims														
Utilities	61 588	147 607	81 183	62,650	50 729	37 166	176 840	176 840	176 840	176,840	176,840	176 840	104 583	104 583
Equipment Operation	161 162	122 045	262 911	193 449	254 416	145 231	304,310	304,310	304 310	304 310	304,310	304,310	8 667	8 667
Repairs and Maintenance	482 400	10 815	255 380	89 901	11 136	13 041	310 613	310 613	310 613	310 613	310,613	310 613	128 581	128 581
Insurance														
Transfers to Debt Service Fund	74,522	174,522	174 522	174 522	174,522	174,522	174,522	174,522	174 522	174 522	174 522	174 522	260 147	260 147
Other Expenses	116 676	110 331	110 568	117,957	113 206	110 502	744 797	744,797	744 797	744,797	744,797	744 797	156 055	156 055
Transfers Out	94 167	94 167	94 167	94 167	94 167	94 167	94 167	94 167	94 167	94 167	94,167	94 167	415 992	415 992
TOTAL CASH DISBURSEMENTS	**2,998,898**	**1,747,935**	**3,607 185**	**12,879,825**	**2,172 013**	**1,773,455**	**3,319,647**	**3,319,647**	**3,319,647**	**3,819,647**	**3,707,191**	**3,319,647**	**3,515 920**	**3,515,920**
NET CASH FLOW	[illegible]	**847,521**	[illegible]	[illegible]	[illegible]	**238,741**	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ENDING CASH BALANCE	**19,921,378**	**20,768,899**	**19,284,648**	**16,289,468**	**16,002,098**	**16,240,839**	**15,695,503**	**14,170,757**	**12,646,010**	**12,121,264**	**10,208,973**	**8,684,227**	**6,521,713**	**4,359,199**

	PROJECTED SEPTEMBER 2016	PROJECTED OCTOBER 2016	PROJECTED NOVEMBER 2016	PROJECTED DECEMBER 2016
BEGINNING CASH BALANCE	**4,379,789**	**2,217,275**	**54,761**	**(2,107 753)**
CASH RECEIPTS				
User Charges	1 324 483	1 324 483	1 324 483	1 324 483
Grants and State Appropriations				
Other Revenue	8 333	8,333	8 333	8 333
Certificate of Deposit Activity				
TOTAL CASH RECEIPTS	**1,332,816**	**1,332,816**	**1,332,816**	**1,332,816**
CASH DISBURSEMENTS				
Salaries and Benefits	996 726	996 726	996 726	996 726
Supplies	214 083	214 083	214 083	214 083
Contractual Services	1 231 086	1 231 086	1 231 086	1 231 086
Purchase of Treated Water				
Claims				
Utilities	104 583	104,583	104 583	104 583
Equipment Operation	8 667	8 667	8 667	8 667
Repairs and Maintenance	178 581	178,581	178 581	178,581
Insurance				
Transfers to Debt Service Fund	260 147	260 147	260 147	260,147
Other Expenses	156 055	156 055	156 055	156 055
Transfers Out	415 992	415 992	415 992	415 992
TOTAL CASH DISBURSEMENTS	**3,515,920**	**3,515,920**	**3 515,920**	**3,515,920**
NET CASH FLOW	[illegible]	[illegible]	[illegible]	[illegible]
ENDING CASH BALANCE	**2 196,685**	**54,171**	**2 128 341 1**	**[illegible]**

1 Revenue assumptions were based on YTD billing activity and current collection rates projected through FYE and held constant into FY17 with the FY16 Master Fee Schedule rates restored effective with March 2
2 Assuming the City begins issuing shut off notices and disconnecting service for nonpayment during FY16 the collection rate will improve
3 Expenditure activity for the period January 2016 June 2016 reflect unspent funds as of December 31 2015 divided equally over the remaining 6 months of the fiscal year
4 Expenditure activity for the period July 2016 December 2016 assumes the FY17 budget projection as included in the Biennial FY16 & FY17 Budget as adopted by emergency manager order Revenue assumptio
constant The 5% rate increase assumed in the adopted FY17 projected budget was REMOVED for purposes of this cash flow
5 The City will likely have to continue purchasing treated water from the Great Lakes Water Authority through the first quarter of FY17 An amount for illustrative purposes is shown

	Until 6/30/2016	After 7/1/2016
Average Monthly Collection Rate	85%	95%
Rate Increase	22%	22%

GLWA Water Purchase $ 1,333,333

	ACTUAL JULY 2015	ACTUAL AUGUST 2015	ACTUAL SEPTEMBER 2015	ACTUAL OCTOBER 2015	ACTUAL NOVEMBER 2015	ACTUAL DECEMBER 2015	PROJECTED JANUARY 2016	PROJECTED FEBRUARY 2016	PROJECTED MARCH 2016	PROJECTED APRIL 2016	PROJECTED MAY 2016	PROJECTED JUNE 2016	PROJECTED JULY 2016	PROJECTED AUGUST 2016
BEGINNING CASH BALANCE	**19 997 369**	**19,921,378**	**20,768,899**	**19,284,648**	**16,289 463**	**16 002,098**	**15,240,839**	**15,805,877**	**14,370 914**	**13,460,401**	**13,433,236**	**12,028,526**	**11,006,361**	**10 057,284**
CASH RECEIPTS														
User Charges	2 921 585	2 595 455	2,214 755	1 750 177	1 864 184	2 020 148	1 876 351	870,351	2 400 801	2,289 148	2,289,148	2,289 148	2,558 459	2 558 459
Grants and State Appropriations				8 000,000			1 000 000			1 000 000				
Other Revenue	1,326			627	55		8 333	8 333	8 333	8 333	8 333	8 333	8 333	8 333
Certificate of Deposit Activity			(91 821)	129 285	20 408	(8,051)								
TOTAL CASH RECEIPTS	**2,922,912**	**2,595,455**	**2,122,934**	**9,880,140**	**1,884,646**	**2,012,197**	**2,884,684**	**1,884,684**	**2,409,134**	**3,297,481**	**2,297,481**	**2,297,481**	**2,566,793**	**2,566,793**
CASH DISBURSEMENTS														
Salaries and Benefits	922,659	914 807	914 048	1 103 360	900 592	897 997	775 089	775 089	775 089	775,089	1 162 633	775 089	996 726	996 726
Supplies	253 373	147 056	187 527	186 152	46 298	98 535	467 306	467,306	467 306	467 306	467,306	467 306	214 083	214,083
Contractual Services	752,358	26 584	1 526 880	900 188	526 945	452 300	772 505	772 505	772 505	772 505	772,505	772,505	1 231 086	1 231 086
Purchase of Treated Water				10 000 000										
Claims														
Utilities	41 588	147 607	81 183	62 630	50 729	37 166	176,840	176,840	176,840	76,840	176,840	176,840	104 583	104 583
Equipment Operation	161 162	122 045	262 911	151,649	256 416	145 231	304 310	304 310	304 310	304 310	304,310	304 310	8 667	8 667
Repairs and Maintenance	482 400	10,815	255 380	89 90_	11 138	13 041	310 613	310 613	310 613	310 613	310,613	310 613	128 581	128 581
Insurance														
Transfers to Debt Service Fund	174 527	174 527	174 527	174 527	174 527	174 527	174 527	174 527	174 527	74 527	174,527	174,527	760 147	760 147
Other Expenses	116 676	110 331	110 568	112 957	113 706	110,502	244 297	244,297	244 297	244,297	244,297	244 297	156 055	156,055
Transfers Out	94 167	94 167	94 167	94 167	94 167	94 167	94 167	94 167	94 167	94 167	94,167	94 167	415 992	415 992
TOTAL CASH DISBURSEMENTS	**2,928,898**	**1,747,835**	**3,607 185**	**12,876,225**	**2,172 011**	**1,773 455**	**3,319 647**	**3,319 647**	**3,319 647**	**3,319,647**	**3,707 191**	**3,319,647**	**3,615,920**	**3 615,920**
NET CASH FLOW		**847,521**				**238,741**								
ENDING CASH BALANCE	**19,921,378**	**20,768,899**	**19,284,648**	**16,289,463**	**16,002,098**	**16,240,839**	**15,805,877**	**14,370,914**	**13,460,401**	**13,433,236**	**12,028,526**	**11,006,361**	**10,057,284**	**9,108,106**

	016 collections. s were held PROJECTED SEPTEMBER 2016	PROJECTED OCTOBER 2016	PROJECTED NOVEMBER 2016	PROJECTED DECEMBER 2016
BEGINNING CASH BALANCE	9,108,106	8,158,979	7,209,852	6,260,725
CASH RECEIPTS				
User Charges	2,558,459	2,558,459	2,558,459	2,558,459
Grants and State Appropriations				
Other Revenue	8,333	8,333	8,333	8,333
Certificate of Deposit Activity				
TOTAL CASH RECEIPTS	2,566,793	2,566,793	2,566,793	2,566,793
CASH DISBURSEMENTS				
Salaries and Benefits	996,726	996,726	996,726	996,726
Supplies	214,033	214,033	214,033	214,033
Contractual Services	1,231,086	1,231,086	1,231,086	1,231,086
Purchase of Treated Water	-	-	-	-
Claims	-	-	-	-
Utilities	104,583	104,583	104,583	104,583
Equipment Operation	8,667	8,667	8,667	8,667
Repairs and Maintenance	128,581	128,581	128,581	128,581
Insurance	-	-	-	-
Transfers to Debt Service Fund	250,147	250,147	250,147	250,147
Other Expenses	186,055	186,055	186,055	186,055
Transfers Out	415,092	415,092	415,092	415,092
TOTAL CASH DISBURSEMENTS	3,518,920	3,518,920	3,518,920	3,518,920
NET CASH FLOW	(949,127)	(949,127)	(949,127)	(949,127)
ENDING CASH BALANCE	8,158,979	7,209,852	6,260,725	5,311,598

REVENUE ASSUMPTIONS

1 User Charges for the period January 2015 December 2016 were based on YTD billing activity and collection rates
2 Rate increase assumptions effective March 1 2016 and July 1 2016 may be modified in the grey box below
3 Restoring the FY16 Master Fee Schedule rates per the amended preliminary injunction order would result in a rate increase of approximately 22% and would impact collections beginning in March 2016
4 If the Master Fee Schedule rates are restored in FY16 then any rate increase assumption for FY17 must also include 22%
5 Issuance of shut off notices and disconnection of services has a tremendous impact on the City s ability to enforce payment for services rendered In August prior to the Preliminary Injunction Order the City s average monthly collection rate was 98% The average collection rate for the period August through December 2015 has fallen to 88% with a low point in October of 70%

EXPENDITURE ASSUMPTIONS

1 Expenditure activity for the period January 2016- June 2016 reflect unspent funds as of December 31 2015 divided equally over the remaining 6 months of the fiscal year
2 Expenditure activity for the period July 2016 December 2016 assumes the FY17 budget projection as included in the Biennial FY16 & FY17 Budget as adopted by emergency manager order
3 The City will likely have to continue purchasing treated water from the Great Lakes Water Authority through the first quarter of FY17 An amount for illustrative purposes is shown

	Until 6/30/2016	After 7/1/2016
Average Monthly Collection Rate	85%	85%
Rate Increase	22%	27%

GLWA Water Purchase $ 1,833,333

- Regarding Rate Increases
  FY16 has been set such that an increase would impact bills beginning in March 2016
  Any rate increase assumption for FY17 must also include any rate assumption made for FY16
  For Example FY16 restoration of Master Fee Schedule equals approximately 22% Budgeted FY17 projection of 5% must be

	ACTUAL JULY 2015	ACTUAL AUGUST 2015	ACTUAL SEPTEMBER 2015	ACTUAL OCTOBER 2015	ACTUAL NOVEMBER 2015	ACTUAL DECEMBER 2015	PROJECTED JANUARY 2016	PROJECTED FEBRUARY 2016	PROJECTED MARCH 2016	PROJECTED APRIL 2016	PROJECTED MAY 2016	PROJECTED JUNE 2016	PROJECTED JULY 2016	PROJECTED AUGUST 2016
BEGINNING CASH BALANCE	**19,997,355**	**19,921,378**	**20,768,899**	**19,284,648**	**16,289,463**	**16,002,098**	**16,240,829**	**15,805,877**	**14,370,914**	**13,348,749**	**13,326,583**	**11,916,873**	**10,894,708**	**9,770,087**
CASH RECEIPTS														
User Charges	2 921 585	2,595 455	2,214 755	1 750 177	1 864 184	2 020 248	1 876 351	1 876,351	2 289 148	2 289 148	2,289,148	2 289 148	2 382 964	2 382 965
Grants and State Appropriations				5 000 000			1 000 000			1 000 000				
Other Revenue	1 326			677	55		8 333	8 333	8 333	8 333	8,333	8 333	8 333	8 333
Certificate of Deposit Activity			(91 821)	129 285	20 408	(8 051)								
TOTAL CASH RECEIPTS	**2,922,911**	**2,595,455**	**2,122,934**	**6,880,140**	**1,884,646**	**2,012,197**	**2,884,684**	**1,884,684**	**2,297,481**	**3,297,481**	**2,297,481**	**2,297,481**	**2,391,299**	**2,391,299**
CASH DISBURSEMENTS														
Salaries and Benefits	927 659	914,807	914 048	1 103 360	900,592	897 593	775 089	775,089	775 089	775 089	1,162,633	775 089	996 726	996 726
Supplies	253 373	147 058	187 527	186 152	46 298	48,535	467,306	467 306	467 306	467,306	467 306	467 306	214 083	214 083
Contractual Services	752 153	26 584	1 426 850	900 188	526 945	252 300	772 505	772 505	772,505	772,505	772,505	772,505	1 231 086	1 231 086
Purchase of Treated Water				10 000 000										
Claims														
Utilities	42 588	147 607	81,183	62,630	50 729	37,166	176 840	176,840	176 840	176,840	176 840	176,840	104 583	104,583
Equipment Operation	161 162	122 045	262 911	151 449	254 416	148 231	304 310	304,310	304 310	304,310	304,310	304 310	8 667	8,667
Repairs and Maintenance	482 400	10 815	255 380	89 901	11 136	13,041	310 613	310,613	310 613	310,613	310,613	310,613	128 581	128 581
Insurance														
Transfers to Debt Service Fund	174 522	174 522	174 522	174,522	174 522	174,522	174 522	174 522	174 522	174 522	174 522	174 522	260,147	260,147
Other Expenses	116 676	110 331	110 568	112 957	113 286	110 502	244,297	244,297	244 297	244,297	244,297	244,297	156 055	156 055
Transfers Out	94 167	94 167	94 167	94 167	94,167	94,167	94,167	94 167	94 167	94 167	94,167	94 167	415 997	415 997
TOTAL CASH DISBURSEMENTS	**2,998,898**	**1,747,938**	**3 607,185**	**12,875,325**	**2,172,011**	**1,771,455**	**3,319,647**	**3,319,647**	**3,319,647**	**3,319,647**	**3,707,191**	**3,319,647**	**3,515,920**	**3,515,920**
NET CASH FLOW	(76 [illegible]	**847,521**	(1 484 25 [illegible]	(2 [illegible] 18 [illegible]	(287 365	**212,741**	414 964	(1 434 963)	(1 022 166	(22 [illegible]	(1 409 710)	1 022 162	(1 12 [illegible]	1 124 621
ENDING CASH BALANCE	**19,921,378**	**20,768,899**	**19,284,648**	**16,289,463**	**16,002,098**	**16,240,829**	**15,805,877**	**14,370,914**	**13,348,749**	**13,326,583**	**11,916,873**	**10,894,708**	**9,770,087**	**8,645,466**

	entered as 27%			
	PROJECTED SEPTEMBER 2016	PROJECTED OCTOBER 2016	PROJECTED NOVEMBER 2016	PROJECTED DECEMBER 2016
BEGINNING CASH BALANCE	8,645,466	7,520,844	6,396,223	5,271,602
CASH RECEIPTS				
User Charges	2,332,965	2,332,965	2,332,965	2,332,965
Grants and State Appropriations				
Other Revenue	8,333	8,333	8,333	8,333
Certificate of Deposit Activity				
TOTAL CASH RECEIPTS	2,391,299	2,391,299	2,391,299	2,391,299
CASH DISBURSEMENTS				
Salaries and Benefits	996,726	996,726	996,726	996,726
Supplies	214,083	214,083	214,083	214,083
Contractual Services	1,231,086	1,231,086	1,231,086	1,231,086
Purchase of Treated Water	-	-	-	-
Claims		-	-	-
Utilities	104,583	104,583	104,583	104,583
Equipment Operation	8,667	8,667	8,667	8,667
Repairs and Maintenance	128,581	128,581	128,581	128,581
Insurance	-	-	-	-
Transfers to Debt Service Fund	260,147	260,147	260,147	260,147
Other Expenses	156,055	156,055	156,055	156,055
Transfers Out	415,992	415,992	415,992	415,992
TOTAL CASH DISBURSEMENTS	3,515,920	3,515,920	3,515,920	3,515,920
NET CASH FLOW	(1,124,621)	(1,124,621)	(1,124,621)	(1,124,621)
ENDING CASH BALANCE	7,520,844	6,396,223	5,271,602	4,146,981

chard (Treasury) SAM, Analyst II, UOS, CA, VC Nelson, Tony Chubb

Dostine, Patrick (TREASURY)
Wednesday, January 27, 2016 8.11 AM
Byrne, Randall (Treasury), Cline, Richard (Treasury); Heimann, Alexandr (TREASURY), Vandegrift, Drew (TREASURY)
Subject: Flint and Lincoln Park

Who would like to host Flint?

Alex, will you note take?

I will host and scribe LP.

9 am Flint – Jan. 27 –Mayor Weaver, Council President Nelson, N. Henderson, R. Byrne P. Dostine, A. Heimann, W. Lamphier, F. Headen

- Priorities
- Mayor Weaver
- Updates Council President - N/A
- Updates N Henderson
- Third party performing the tests in Flint homes?
- DPW director - Being Posted; 11 Resumes already
- City charter commission update — No substantive action
- Miscellaneous - Leave to State for Litigation Costs

C V/C F

10 am Lincoln Park – Jan. 27 –M. Coppler D. Van de Grift, A. Heimann, P. Dostine

- Priorities
- MERs decision. Update?
- Miscellaneous

Patrick Dostine

State of Michigan
Department of Treasury
Local Government Financial Services Division
Cadillac Place
3044 W Grand Blvd
Detroit, MI 48202
(office) 313.456 1772
dostinep@michigan.gov

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WATER

EPA Order - Meeting to Discuss ; Very complex

- City cannot do some things → Contractor ? ; EPA Pay ?
- Add Much More Testing - Water Quality

DWRLF - Want Loans Forgiven

- $25M ? - 5-yr Plan
- Improve Water Flow across System

Corrosion Control - Nearly Compliant, Lead & Significantly

Testing - 40a/day ; Collect by City ; DEQ Analysis

HHS

Blood Testing ↑

City wants More org to coord

[redacted]

Mays

Coord w/ AG to File

Water Usage

Usage Steady

Payments ↓

SHEARS

Jan 11 Revision

Master Fee Rates OK

but not Implemented

July 1, 2012 - Can collect forward

Sept 2011 - July 2012 - Unresolved [< $10M]

Settlement Talks Scheduled

Kincaid

Amended Complaint ? - Illegal Acts Since 2006

Robert, Carla M. (Treasury)

From:	Headen, Frederick (Treasury)
Sent:	Wednesday, January 27, 2016 8:44 AM
To:	Monticello, Frank (AG)
Cc:	Khouri, Nick (TREASURY); Saxton, Thomas (Treasury); Doyle, Maureen (Treasury); Pleyte, Beth (Treasury)
Subject:	Concerned Pastors for Social Action Litigation, 1-27-16
Attachments:	16-cv-10277-complaint.pdf
Importance:	High

Frank:

Please find attached a copy of a complaint entitled *Concerned Pastors for Social Action, Melissa Mays, ACLU, and Natural Resources Defense Council* v *State Treasurer, Flint RTAB, and Flint City Administrator*. The case appears to have been filed this morning in United States District Court, Eastern District. I received a copy of the complaint by e-mail a short time ago.

You will recall that plaintiffs served a Notice of Intent to Sue upon the defendants and your Office on November 16, 2015. In addition to the State Treasurer, Flint RTAB members, and City Administrator, the Notice of Intent to Sue also listed as defendants the Governor, now former DEQ Director Dan Wyant, and Flint Mayor Weaver. The latter three officials have been dropped from the filed complaint.

Please consider this e-mail a request for legal representation for the State Treasurer and Flint RTAB members. Should you need further information or wish to discuss, let me know. Thanks.

Fred

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

CONCERNED PASTORS FOR SOCIAL ACTION; MELISSA MAYS; AMERICAN CIVIL LIBERTIES UNION OF MICHIGAN; and NATURAL RESOURCES DEFENSE COUNCIL, INC.,

Plaintiffs,

v.

Case No. 16-10277

NICK A. KHOURI, in his official capacity as Secretary of Treasury of the State of Michigan; FREDERICK HEADEN, in his official capacity as Chairperson of the Flint Receivership Transition Advisory Board; MICHAEL A. TOWNSEND, in his official capacity as Member of the Flint Receivership Transition Advisory Board; DAVID MCGHEE, in his official capacity as Member of the Flint Receivership Transition Advisory Board; MICHAEL A. FINNEY, in his official capacity as Member of the Flint Receivership Transition Advisory Board; BEVERLY WALKER-GRIFFEA, in her official capacity as Member of the Flint Receivership Transition Advisory Board; NATASHA HENDERSON, in her official capacity as City Administrator; and CITY OF FLINT,

Hon.

Defendants. /

COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF

INTRODUCTION

1. The water in Flint, Michigan is not safe to drink. It has not been safe to drink since April 2014, when city and state officials began using the Flint River as a source of drinking water and caused lead to leach into the city's water supply.

2. This case is about the government's failure to comply with the federal law that requires cities to deliver safe drinking water to the public. The Safe Drinking Water Act directs officials who operate water systems to test drinking water for harmful contaminants and to treat the water to control for those contaminants. City and state officials' complete disregard for those requirements is exposing the people of Flint to lead, a powerful toxin that is devastating to the human body.

3. Flint was once a prosperous city with a strong economy built around the automotive industry. But the closing and relocation of automotive plants over the past thirty years hurt the city's economy and tax base, contributing to a shrinking population and resulting in increased unemployment, poverty, and crime. Flint is now a struggling city. More than forty percent of Flint residents live below the poverty level, and more

than a quarter of its working-age residents are unemployed.

4. In November 2011, in response to Flint's budget deficit and mounting debt, Michigan Governor Rick Snyder declared a financial emergency in the city. He stripped local elected officials of all of their authority and installed a state-appointed Emergency Manager to take over and run the city's operations. The Emergency Manager was not removable by Flint voters or otherwise accountable to the Flint electorate.

5. To save the city money, the Emergency Manager and other state officials decided to switch the city's drinking water source from Lake Huron to the Flint River. The Flint River has long been known to residents as a contaminated dumping ground for nearby industries. In making this switch, city and state officials sent Flint River water flowing into the homes, schools, and churches in Flint without following federal requirements for treating and testing drinking water for lead.

6. These decisions have endangered the health of Flint's residents. When run through the city's aging metallic pipes, the corrosive Flint River water ate away at those pipes, causing lead to leach into drinking water. The people of Flint have been exposed and are still being exposed to high levels of lead in their water. In the past two years, the percentage of Flint

children with elevated levels of lead in their blood has doubled and in some areas has nearly tripled.

7. Flint residents began raising concerns about the safety of their drinking water nearly two years ago. Government officials dismissed their concerns and insisted that the water was safe to drink. State officials even disregarded researchers' findings that the water contained dangerously high levels of lead. Not until a national spotlight was focused on Flint did city and state officials belatedly acknowledge a problem.

8. Despite this far-too-late acknowledgement, the problems in Flint have not been fixed. Public trust has been eroded by government officials' efforts to evade responsibility in this crisis. The damage done to city pipes from the Flint River water means that lead will continue to contaminate Flint's drinking water. This contamination poses an ongoing health risk to the city's residents, especially young children, who are most vulnerable to the effects of lead.

9. The harms suffered by Flint residents will not be addressed until city and state officials properly treat Flint's water to control lead, properly test the water for lead contamination, promptly notify residents of testing results, and report their activities to state regulators, all as required

by the Safe Drinking Water Act.

10. Plaintiffs are individuals and citizens' groups whose members live in homes served by Flint's water system. They bring this suit as citizens to ensure that the water provided to their homes will no longer threaten their health, and to address the medical and health harms they have suffered.

JURISDICTION AND VENUE

11. This Court has subject matter jurisdiction over this action pursuant to the Safe Drinking Water Act, 42 U.S.C. § 300j-8(a), and the federal-question jurisdiction statute, 28 U.S.C. § 1331. The Court may award Plaintiffs all necessary injunctive relief pursuant to the Safe Drinking Water Act, 42 U.S.C. § 300j-8(a), (e), and declaratory relief pursuant to the Declaratory Judgment Act, 28 U.S.C. §§ 2201-2202.

12. Venue is proper in this district under 28 U.S.C. § 1391(b)(2) because a substantial part of the events or omissions giving rise to Plaintiffs' claims occurred in this judicial district, in Flint, Michigan.

13. Plaintiffs have provided Defendants, the Administrator of the U.S. Environmental Protection Agency (EPA), and the Michigan Attorney General with at least sixty days' written notice of the violations of law

alleged here in the form and manner required by the Safe Drinking Water Act. 42 U.S.C. § 300j-8(b); 40 C.F.R. §§ 135.11-.13. A copy of Plaintiffs' November 16, 2015 notice letter is attached as Exhibit A to this Complaint.

THE PARTIES

14. Plaintiffs consist of organizational plaintiffs Concerned Pastors for Social Action (Concerned Pastors), American Civil Liberties Union of Michigan (ACLU-MI), and Natural Resources Defense Council, Inc. (NRDC), and individual plaintiff Melissa Mays.

15. Concerned Pastors is a nonprofit association of religious leaders and congregations from more than thirty predominantly African American churches and ministries in the City of Flint (City) and its surrounding communities. The association was founded nearly fifty years ago to protect the rights of the underserved and improve the lives of the people of Flint. Concerned Pastors has been organizing and advocating for safe drinking water in Flint for nearly two years. Its efforts include holding public rallies and meetings, liaising with state and local elected officials, and distributing thousands of cases of bottled water and water filters to community members. Concerned Pastors is committed to protecting the health of Flint's children and families from the City's contaminated drinking water.

Concerned Pastors is organized under the laws of Michigan and has an office address of 2200 Forest Hill, Flint, Michigan 48504.

16. Plaintiff ACLU-MI is a nonprofit organization founded in 1959. ACLU-MI's mission is to protect the freedoms and rights of all Michigan citizens. Through public education, advocacy, organizing, and litigation, ACLU-MI works to guarantee the benefits of our nation's laws to everyone. ACLU-MI played a significant role in investigating the water problems in Flint while the City was under emergency management and exposing the lead contamination in its drinking water. ACLU-MI has approximately 9,000 members, more than ninety-five of whom live in Flint. ACLU-MI is incorporated under the laws of Michigan and has an office address of 2966 Woodward Avenue, Detroit, Michigan 48201.

17. Plaintiff NRDC is an international, nonprofit environmental organization. NRDC engages in research, advocacy, and litigation to protect public health and reduce the exposure of all communities to toxic substances. NRDC's work includes advocacy aimed at ensuring that all Americans have access to safe and affordable drinking water that is free from dangerous contaminants. Founded in 1970, NRDC has more than 294,000 members nationwide, including more than 8,600 members who

reside in Michigan, eighty of whom live in Flint. NRDC is incorporated under the laws of New York and is headquartered at 40 West 20th Street, New York, New York 10011.

18. Concerned Pastors, ACLU-MI, and NRDC bring this action on behalf of their members. Members of these organizations are residents of Flint whose homes are served by the City's water system (Water System). These members and their families live, work, recreate, attend church, and go to school in buildings that receive Flint's water.

19. Members of Concerned Pastors, ACLU-MI, and NRDC living in Flint are harmed, and will continue to be harmed, by Defendants' violations of the Safe Drinking Water Act unless this Court grants the requested relief. These members are harmed, and will continue to be harmed, because they have an increased risk of exposure to elevated levels of lead in their drinking water.

20. High levels of lead have been found in drinking water in homes and schools throughout Flint. Members of Concerned Pastors, ACLU-MI, and NRDC are reasonably fearful of exposure to lead from their drinking water. They are concerned about their health and the health of their children, including potential long-term developmental problems.

21. Because of these members' reasonable concerns about lead exposure, they use bottled water and/or install water filters in their homes to minimize their risk. Members of these organizations would prefer to use unfiltered tap water that they purchase from the Water System, rather than having to incur additional costs and inconvenience to use bottled water and/or install water filters. These filters, if not used, changed, and maintained regularly and properly, can stop working or even make lead problems worse. Members also have visited and will continue to visit doctors to have their blood tested for lead.

22. Members of Concerned Pastors, ACLU-MI, and NRDC are harmed by these and other actions they are taking to protect themselves and their families from Flint's water. Their injuries will be redressed by an order requiring Defendants to monitor and control for lead in Flint's drinking water in accordance with the Safe Drinking Water Act and to comply with the Act's reporting and notification requirements. Such an order will enable members to make informed decisions about whether their tap water is safe to drink and will remediate the dangerous conditions and health risks that the members continue to be exposed to as a result of Defendants' continued noncompliance.

23. Plaintiff Melissa Mays and her husband live in Flint with their three sons, ages eleven, twelve, and seventeen. From when she moved to Flint in 2002 until September 2014, Ms. Mays and her family used tap water supplied by the Water System for drinking and cooking. In September 2014, after the City issued a temporary advisory instructing all residents to boil their drinking water, Ms. Mays and her family stopped drinking Flint's water. In January 2015, Ms. Mays and her family stopped cooking with the City's water.

24. Ms. Mays is concerned about her health and the health of her family. She is harmed because she and her family have an increased risk of exposure to elevated levels of lead in their drinking water. She is reasonably fearful that she and her family have been exposed and will continue to be exposed to lead if they drink and cook with Flint's water. She is harmed, and will continue to be harmed, by Defendants' violations of the Safe Drinking Water Act, unless this Court grants the requested relief.

25. Ms. Mays' concerns have caused her to stop using Flint's water for drinking and cooking, to minimize her risk of exposure to lead. Although Ms. Mays would use her home's tap water if it were safe to

drink, Ms. Mays' reasonable fears about lead in her tap water have forced her to purchase water filters and bottled water for herself and her family and to visit doctors routinely to monitor her family's health. Ms. Mays has been forced to take these actions, including incurring considerable costs and inconvenience, to protect herself and her family from lead in Flint's drinking water.

26. Ms. Mays' injuries will be redressed by an order requiring Defendants to monitor and control for lead in Flint's drinking water and report information in accordance with the Safe Drinking Water Act.

27. Defendant Nick A. Khouri is sued in his official capacity as Secretary of Treasury of the State of Michigan. He oversees and manages the City's operations while the City remains under state control. Pursuant to his authority under the Michigan Local Financial Stability and Choice Act, *see* Mich. Comp. Laws § 141.1561(2), Defendant Khouri must approve amendments to the City budget, including amendments resulting from large contracts the City enters. He or his designee must also sit on the Flint Receivership Transition Advisory Board (Board), a group of state-appointed officials presently monitoring the City. *Id.* §§ 141.1552(3), .1563(2). Defendant Khouri is an operator of the Water System within the

meaning of the Safe Drinking Water Act.

28. Defendant Frederick Headen is sued in his official capacity as Chairperson of the Board, and Defendants Michael A. Townsend, David McGhee, Michael A. Finney, and Beverly Walker-Griffea are sued in their official capacities as Members of the Board. The Board directs the City's affairs alongside city officials. The Board must approve certain contracts and all resolutions, ordinances, and budget amendments adopted by the City Council before they can take effect, including those concerning the operations of the Water System. Defendants Headen, Townsend, McGhee, Finney, and Walker-Griffea are operators of the Water System within the meaning of the Safe Drinking Water Act.

29. Defendant Natasha Henderson is sued in her official capacity as the City Administrator of Flint. She directs and supervises the day-to-day operations of the City, including the operations of the Water System. Flint's Emergency Manager appointed Defendant Henderson to her position. Defendant Henderson is an operator of the Water System within the meaning of the Safe Drinking Water Act.

30. Defendant City of Flint is the owner and an operator of a "public water system" as defined by the Safe Drinking Water Act. 42 U.S.C.

§ 300f(4); 40 C.F.R. § 141.2. A public water system is a system that provides drinking water through pipes to at least twenty-five people, and includes water collection, treatment, storage, and distribution facilities. 42 U.S.C. § 300f(4); 40 C.F.R. § 141.2. As an owner and operator of a public water system, the City is also a "supplier of water." 42 U.S.C. § 300f(5); 40 C.F.R. § 141.2. The Water System is a large public water system for purposes of the Act. 40 C.F.R. § 141.2.

FACTS

Harmful effects of lead

31. Lead can harm nearly all of the body's functions and organs, and is particularly damaging to the nervous system.

32. Young children are especially vulnerable to lead. Lead exposure in children can cause a wide array of problems, but is most harmful to a child's developing brain. Even low levels of lead exposure during childhood can result in lower intelligence, poorer academic performance, developmental delays, attention deficits, impulsivity, and other behavioral problems. Some of these effects appear to be irreversible.

33. Lead can pass from a pregnant woman to her developing baby, which can cause the baby to be born premature or underweight, and can

harm the baby's brain. Lead can also pass from nursing mothers to their babies through breastmilk.

34. Exposure to lead also harms adults, including by causing nerve disorders, decreased kidney function, reproductive problems, and gastrointestinal damage. Adults exposed to lead may also suffer from muscle and joint pain, memory and concentration problems, and high blood pressure.

35. Lead is uniquely harmful because, after it enters the bloodstream, it is distributed throughout the body just like iron and calcium. It settles in bones, where it interferes with the production of blood cells and the absorption of calcium. Calcium is necessary for muscle and nerve function, and for bone growth in children. Lead may remain stored in bones for years, from where it can be reabsorbed into blood during times of physiological change, including stress, pregnancy, lactation, broken bones, and advanced age.

36. People can be exposed to lead by breathing air containing lead particles or by ingesting water, food, or dust contaminated with lead.

37. Children and adults who have been exposed to lead may not immediately show symptoms. The effects of exposure often do not appear

for years, even long after measures of lead levels in blood have returned to normal.

38. There is no safe level of lead in blood.

Lead in drinking water

39. Water sources vary in terms of their chemical properties. When water displays certain characteristics including an acidic pH, it is considered corrosive.

40. Corrosive water dissolves metals from metallic pipes at a high rate. This can cause lead contained in pipes and the solder joining pipes to leach into drinking water in significant amounts. *See* 56 Fed. Reg. 26,460, 26,463, 26,466 (June 7, 1991). This leaching can continue indefinitely. *Id.* at 26,466.

41. The amount of lead that leaches into drinking water depends heavily on the corrosivity of the source water. *Id.*

42. Over the past several decades, drinking water has become a more significant source of lead exposure, as regulation has reduced the risk of lead exposure from other sources such as lead paint and leaded gasoline. Infants who rely on formula may receive more than eighty-five percent of their exposure to lead from drinking water. *Id.* at 26,470.

43. There is no safe level of lead in drinking water.

The Safe Drinking Water Act's approach to controlling lead in drinking water

44. The Safe Drinking Water Act (the Act), 42 U.S.C. § 300 *et seq.*, is the federal law that protects Americans from harmful contaminants in their drinking water.

45. To achieve this goal, the Act requires owners and operators of public water systems to test their water for specified contaminants, treat the water to control for those contaminants, and provide certain reports and notices to customers and regulators. *See, e.g.*, 42 U.S.C. § 300g-1; 40 C.F.R. §§ 141.22-.26, .31, .61-.66, .151, .201. Each of these steps is essential to reducing lead levels in tap water and informing the public about the health risks posed by their drinking water. *See* 42 U.S.C. § 300g-1(b)(1)(A).

46. The Act also requires public water systems to control for lead. The requirements for controlling lead in drinking water are set forth in regulations issued under the Act known as the Lead and Copper Rule (the Rule). 40 C.F.R. §§ 141.80-.91.

47. EPA is charged with issuing regulations to implement the Safe Drinking Water Act and enforcing the Act's requirements if states fail to do

so. 42 U.S.C. § 300g-2. Almost every state, including Michigan, has been delegated primary responsibility for ensuring that public water systems comply with the Act's requirements. The Michigan Department of Environmental Quality (MDEQ) is responsible for enforcing the Safe Drinking Water Act in Michigan. *See* Mich. Comp. Laws § 325.1003.

Corrosion control

48. EPA promulgated the Lead and Copper Rule in 1991. *See* 56 Fed. Reg. at 26,460. The Rule requires public water systems to treat drinking water to control the leaching of lead from pipes and solder. *See* 40 C.F.R. § 141.80(b), (d).

49. The Rule directed all large public water systems to identify and implement an "optimal" treatment program to reduce corrosion of lead pipes and solder by January 1, 1997. *Id.* § 141.81(d)(4). "[O]ptimal corrosion control treatment" is defined as the treatment that minimizes lead concentrations in consumers' tap water. *Id.* § 141.2. It often involves adding chemicals to the water to reduce its corrosivity and control its effect on leaded pipes and solder.

50. Certain treatment chemicals, such as phosphates, inhibit corrosion. They work by forming a protective coating inside of water pipes.

This protective coating develops over many years. The coating helps slow the corrosion of leaded pipes and solder, reducing the amount of lead that leaches into drinking water. When highly corrosive water that is not treated with an inhibitor flows through leaded water pipes, this protective coating is destroyed, increasing the amount of lead that enters into drinking water. Corrosive water can irreversibly damage water pipes.

51. Once a water system has optimized its corrosion control treatment program, it is required by the Rule to "continue to operate and maintain optimal corrosion control treatment." 40 C.F.R. § 141.82(g).

Tap water monitoring

52. The Rule also requires water systems to conduct periodic monitoring for lead in household tap water. *Id.* § 141.86. Monitoring for lead at consumers' taps is necessary to measure lead levels in drinking water. This is because lead can enter the water after it leaves the water system's treatment plant, as it travels through pipes towards consumers' homes.

53. The Rule's tap water monitoring requirements are designed to test for lead under worst-case conditions, including by testing at homes that are most at risk for elevated lead levels. Homes are at high risk if they

contain lead plumbing or if they are served by lead service lines. 56 Fed. Reg. at 26,514; *see* 40 C.F.R. § 141.86(a). Service lines are pipes that connect household plumbing to the main water distribution pipe in the street. In older water distribution systems, such as the system in Flint, these service lines often are made of lead.

54. Monitoring at high-risk homes is critical to ensuring that elevated lead levels in drinking water are detected, because lead is not distributed uniformly throughout a water system. 56 Fed. Reg. at 26,514. Instead, lead pieces may break away from a lead service line and travel into a customer's home without dissolving and spreading evenly throughout the water in the distribution system. These lead pieces result in intermittent but large spikes in the water's lead levels. Even a single sample showing elevated levels of lead indicates that these dangerous lead pieces may be present more widely in the system.

55. Targeting high-risk homes thus makes it more likely that a water system will detect whether lead is breaking off or leaching from the Water System's pipes or solder. Such targeting also helps water systems and regulators determine whether a system has minimized lead levels in drinking water by operating an optimized corrosion control treatment

program. *Id.*

56. The Rule requires public water systems serving more than 100,000 people to collect a set of at least 100 tap water samples twice each year. 40 C.F.R. § 141.86(c), (d)(1). Water systems serving between 10,001 and 100,000 people must collect at least sixty tap water samples twice each year. *Id.* A water system has six months to collect each set of tap water samples. *Id.*

57. Each time a water system completes a six-month monitoring period, it must calculate whether more than ten percent of the samples collected have a lead concentration greater than 15 parts per billion (ppb). *See id.* §§ 141.80(c), .90(a)(1)(iv). EPA found that lead levels of 15 ppb or less were representative of effective corrosion control treatment. 56 Fed. Reg. at 26,490. EPA concluded that when more than ten percent of tap water samples collected by a water system exceed this 15 ppb threshold, known as the "lead action level," additional treatment of drinking water would be "appropriate to protect public health." *Id.* at 26,491.

58. If more than ten percent of samples collected during a monitoring period have a lead concentration in excess of the lead action level (15 ppb), the water system must take additional steps to protect its

customers from lead exposure. 40 C.F.R. §§ 141.84(a), .85-.86; 56 Fed. Reg. at 26,478. These steps include identifying and reporting to the state the number of lead service lines in the water system, 40 C.F.R. § 141.90(e); replacing a portion of the system's infrastructure with pipes and solder that are "lead free" as defined by the Safe Drinking Water Act, *id.* § 141.84; conducting additional monitoring of the system's source water to determine whether additional treatment is needed, *id.* §§ 141.83, .88(b); and conducting additional tap water monitoring, *id.* § 141.86(d)(4)(vi)(B).

59. As part of these additional steps, water systems must also offer to sample the tap water of any customer who requests it, *id.* § 141.85(c), and educate the public about the risks of lead and ways consumers can reduce their exposure to lead in drinking water, *id.* § 141.85(b).

60. A water system may reduce the number of tap water samples it collects and the frequency of its monitoring if it meets certain criteria for two consecutive monitoring periods. First, less than ten percent of tap water samples collected during each monitoring period may exceed the lead action level. *Id.* § 141.86(d)(4)(ii). Second, the water system must show that it is maintaining optimal corrosion control treatment. It can show this by maintaining prescribed values for certain water-quality indicators,

including pH and other measures of the water's corrosivity. *Id.*; *see id.* § 141.82(f).

61. If each of these conditions is met for two consecutive monitoring periods, a state may allow the water system to reduce its monitoring frequency to once per year, and may reduce the required number of samples. *Id.* § 141.86(d)(4)(ii). If the water system continues to meet these conditions for additional monitoring periods, the water system may become eligible to reduce its monitoring frequency further, to once every three years. *Id.* § 141.86(d)(4)(iii).

62. If, for any monitoring period, the water system exceeds the lead action level, or if water-quality monitoring shows problems with the system's corrosion control treatment, the water system must resume collecting a set of tap water samples every six months. *Id.* § 141.86(d)(4)(vi)(B).

63. The Lead and Copper Rule requires water systems to report detailed information about their tap water monitoring to the state enforcement agency. *Id.* § 141.90. Water systems must also notify customers of the individual results of tap water samples collected from their homes. *Id.* § 141.85(d)(1)-(2).

64. EPA promulgated the Lead and Copper Rule because it understood the harmful effects that lead-contaminated drinking water can have on citizens. *See* 56 Fed. Reg. at 26,463-66, 26,467-71. The Rule's requirements are intended to force public water systems to remain vigilant about the possible infiltration of lead into drinking water, and to take critical steps in the event of contamination. *See id.* at 26,481-82.

State control over Flint

65. In November 2011, pursuant to Michigan's Local Financial Stability and Choice Act, Governor Snyder declared a financial emergency in Flint and placed the City in a state-controlled receivership.

66. A receivership is a process whereby local government officials are stripped of authority in favor of state-appointed personnel. Those state appointees control the local government's finances and operations. *See* Mich. Comp. Laws §§ 141.1549(1)-(2), .1551(1), .1552. Among the purposes of the receivership is to "assure the provision of necessary government services essential to public health, safety, and welfare." *Id.* § 141.1543(a).

67. After placing the City into receivership, Governor Snyder appointed an Emergency Manager to govern all of the City's operations. *See id.* §§ 141.1542(q), .1549(2). Through this appointment, Governor Snyder

removed authority from Flint's elected Mayor and City Council. The Emergency Manager served at the pleasure of the Governor and could not be removed by Flint voters. *Id.* § 141.1549(3)(d).

68. From November 2011 to April 2015, Flint had four successive emergency managers. The emergency managers were vested with "broad powers" to address the City's financial emergency. These powers included the authority to revise the City's budget; make, approve, or disapprove any contract; supervise heads of city departments; and exercise the powers of "any officer, employee, [or] department . . . of the local government, whether elected or appointed." *Id.* §§ 141.1552(1)(b), (g), (n), (ee), .1549(2). The power of the emergency managers was "superior to and supersede[d]" that of the City's employees, departments, and elected officials. *Id.* § 141.1552(1)(ee).

69. In early 2015, the Emergency Manager hired Defendant Natasha Henderson as City Administrator. The Emergency Manager gave Defendant Henderson full authority to direct and supervise the day-to-day operations of the City, including directing the head of the Department of Public Works and managing the operations of the Water System. The Utilities Department is located within the Department of Public Works and

is responsible for the supply and maintenance of water services. Defendant Henderson also must approve and cosign with the Mayor all contracts entered into, modified, or terminated by the City.

70. Since her appointment, Defendant Henderson has directed the operation of the Water System. For instance, she has managed the City's purchases of water meters, plumbing supplies, and chemicals to treat Flint River water at Flint's Water Treatment Plant. In March 2015, she decided that the City could hire a contractor to provide emergency leak detection services for the Water System, and allowed the City to accept a $900,000 state grant to pay for water-leak surveys. In April 2015, Defendant Henderson decided that the City could enter into a contract with consultants to provide design, procurement, and construction services to the Water Treatment Plant to install a new filter system.

71. On April 28, 2015, the Emergency Manager informed Governor Snyder that Flint's financial emergency had been rectified. *See* Mich. Comp. Laws § 141.1562(1). Governor Snyder then removed the Emergency Manager and, in his place, appointed the Receivership Transition Advisory Board to manage the City's affairs alongside city officials for the duration of Flint's receivership. *See id.* § 141.1563(1). The Board's members now

include Defendants Frederick Headen, Michael A. Townsend, David McGhee, Michael A. Finney, and Beverly Walker-Griffea.

72. The Board has had authority over the operations of the City since its creation last spring. It must approve all ordinances and resolutions adopted by the City Council before they take effect, and must approve purchases and contracts over $75,000. The City Administrator advises and reports to the Board. She is required to submit regular reports to the Board regarding her activities and the overall operation of the City. Approval of the Board is also required before the Mayor or City Council can change the responsibilities of the City Administrator.

73. Since its formation, the Board has made a number of decisions directing the operation of the Water System. For example, in August 2015, the Board decided that the City could enter into a multi-year environmental monitoring services contract with a testing laboratory and decided to allow the City to purchase chemicals to be used to treat water at Flint's Water Treatment Plant. In October 2015, the Board decided whether the City could purchase water distribution pipe repair parts for use in maintaining the Water System.

74. The Board is the primary but not exclusive state entity that

manages the City's operations during the City's receivership. The State Treasurer, Defendant Nick A. Khouri, also manages aspects of the City's operations. For example, during the pendency of the City's receivership, orders by the Emergency Manager may be amended only by the Board, but the State Treasurer's approval is also required. Similarly, the Mayor and City Council cannot amend the budget that was adopted by the Emergency Manager without approval of both the Board and the State Treasurer.

75. The State Treasurer also exerts control over the Water System, including by having the final authority to decide whether the Water System can make large operational changes that involve budget amendments. For instance, on information and belief, in early 2014, the State Treasurer decided whether the City could expend more than $3 million to upgrade its Water Treatment Plant to allow the City to use the Flint River as its primary drinking water source. The State Treasurer also exercised final decision-making power over the Water System's choices about where to get its drinking water.

76. Flint remains under the management of the Board and State Treasurer. The Mayor and City Council are stripped of all authority except as "specifically authorized in writing by the emergency manager" prior to

the elimination of his position last spring. Mich. Comp. Laws § 141.1549(2). The Mayor and City Council are powerless to change any decisions made by the Emergency Manager until one year after Governor Snyder terminates the City's receivership.

Changes in Flint's drinking water supply

77. Flint's Water System provides drinking water to nearly 100,000 people. The Water System includes the Flint Water Treatment Plant and more than 600 miles of water distribution pipes.

78. The Water System also has approximately 32,900 service line connections, points where household and building plumbing connect to main water distribution pipes. At least 15,000 of these connections are through lead service lines.

79. For decades prior to 2014, the Water System purchased pretreated or "finished" drinking water from the Detroit Water and Sewerage Department (Detroit), which draws water from Lake Huron.

80. "Finished" water is water that is ready to be delivered to customers for consumption without further treatment. *See* 40 C.F.R. § 141.2. The Water System received finished water from Detroit and distributed it through its pipes and service lines to customers. Detroit treated the water

with orthophosphate to reduce the amount of lead leaching from pipes and solder.

81. In March 2013, partially in response to rising water rates charged by Detroit, the City Council voted to join the Karegnondi Water Authority (KWA), a newly formed water supply system. The KWA plans to build a new pipeline to distribute Lake Huron water directly to mid-Michigan communities, including Flint. The KWA pipeline is scheduled for completion in June 2016.

82. The City Council's vote to join the KWA was not immediately effective because the City was in state receivership. Only the Emergency Manager and the State Treasurer had the power to authorize the City to enter into a contract to join the KWA. *See* Mich. Comp. Laws § 141.1552(1)(g), (3). The Emergency Manager authorized the KWA contract on March 29, 2013.

83. On April 16, 2013, after evaluating various options for the City's drinking water supply, the State Treasurer also authorized the KWA contract.

84. Although Detroit sought to avoid losing Flint as a customer, the Emergency Manager rejected Detroit's final offer to renegotiate rates.

Detroit then terminated its existing contract with Flint. Pursuant to the contract, the termination was scheduled to take effect a year later, in April 2014. This was at least eighteen months before the new KWA pipeline was expected to be ready.

85. Although Detroit offered to negotiate a short-term contract to supply drinking water to Flint during the interim period, the Emergency Manager declined Detroit's proposals.

86. In early 2014, the Emergency Manager and state officials decided that the Water System would use the Flint River as a primary drinking water source until the KWA pipeline was completed.

87. The Flint River suffers from significant water-quality problems. Industrial waste and agricultural runoff have contributed to excessive contamination. Fish in the River contain mercury, a potent neurotoxin, and polychlorinated biphenyls (PCBs), which are carcinogens. Swimming is not recommended in the River after rain due to elevated levels of bacteria.

88. Before switching to the Flint River as a water source, the Water System had not treated its own water on a regular basis for nearly fifty years. It had never undertaken the analysis required by the Safe Drinking Water Act to identify and understand how a water system optimizes

corrosion control treatment for drinking water. The Water Treatment Plant's staff had not previously been responsible for managing the treatment of water to control corrosion of lead pipes and solder.

89. In 2011, outside consultants for the City analyzed whether the Flint River could be used as the City's permanent primary source of drinking water. The consultants concluded that the Flint Water Treatment Plant would need about $50 million in upgrades to equipment and systems to assure reliable delivery of safe drinking water to customers. Nonetheless, the Water System did not perform all of the recommended upgrades in advance of distributing Flint River water to customers' homes in 2014.

90. On April 29, 2014, the Water System began pumping Flint River water through the System's distribution pipes and into customers' taps.

91. The Water System did not treat the river water at all to reduce its corrosivity and minimize the leaching of lead from pipes and solder into customers' drinking water.

The effects on customers' drinking water

92. In the months following the Water System's switch to the Flint River, customers reported that their tap water was discolored, laden with

sediment, and foul-smelling. Customers also reported skin rashes, hair loss, and vomiting after drinking and/or bathing in the water.

93. In the summer of 2014, testing conducted by the Water System showed elevated levels of total coliform bacteria, bacteria found in soil and in human and animal waste, in Flint's drinking water. The City was forced to issue boil-water notices to some of its customers.

94. To control the high levels of total coliform bacteria, the Water System increased its use of disinfectants.

95. In December 2014, MDEQ notified the Water System that it was in violation of the Safe Drinking Water Act after high levels of total trihalomethanes—byproducts of disinfection—were detected in the water. Trihalomethanes can cause serious health problems, including an increased risk of cancer.

96. Despite these Safe Drinking Water Act violations, city and state officials continued to tell Flint residents that their water was safe to drink.

97. Because the Water System had begun using a new water source, MDEQ instructed the System to conduct lead tap water monitoring for two six-month periods, gathering one hundred samples per period. MDEQ had the authority to require one hundred samples, even though in

2014 Flint's population had fallen below 100,000 for the first time since the 1920s. *See* 40 C.F.R. §§ 141.81(b)(iii), .86(d)(vii). The Water System initiated the first six-month monitoring period in July 2014, and the second in January 2015.

98. To collect these samples, the Water System instructed customers to flush their taps for at least five minutes and then allow the water to sit for at least six hours before drawing the sample. This practice, known as "pre-flushing," is intended to minimize the amount of lead captured in the sample and results in an under-reporting of the concentration of lead in drinking water.

99. Even though the Water System engaged in practices that underestimate lead concentrations in drinking water, certain tap water samples still returned high levels of lead. In February 2015, at least one customer's water contained lead concentrations of more than 100 ppb, more than six times the lead action level of 15 ppb. Subsequent testing at the same home revealed lead levels of nearly 400 ppb. Medical records showed that the blood lead level of the customer's child had more than tripled since the Water System began using Flint River water.

100. That customer, concerned about the high levels of lead in her

water, contacted EPA. After learning of her test results, staff in EPA's regional office told MDEQ that the results raised significant concerns about the corrosion of lead pipes within the Water System. An EPA Regulations Manager later wrote a memo raising a "serious concern" about the high lead levels detected in the Water System's drinking water and the System's failure to use any treatment to mitigate lead leaching from pipes and solder. EPA shared the memo with MDEQ.

101. By February 26, 2015, the Water System, state officials, and EPA staff were all aware of sampling results showing high levels of lead in Flint's drinking water. No one notified Flint residents.

102. In March 2015, in response to growing complaints from the community, the City Council voted to do "all things necessary" to end the use of the Flint River as a water source. This vote had no effect, because the City remained under the control of state-appointed officials. The Emergency Manager refused to approve the City Council's vote, asserting that Flint's tap water was safe to drink and calling the elected officials' effort to return to Detroit water "incomprehensible."

103. In July 2015, the Water System sent a letter to its customers stating that their tap water was safe to drink and in compliance with all

Safe Drinking Water Act requirements. The Water System nonetheless advised elderly residents, infants, and those with a severely compromised immune system to consult their doctors before drinking the water.

104. During the next two months, in response to intensifying citizen concerns about lead in the City's drinking water, researchers from Virginia Polytechnic Institute and State University (Virginia Tech) collected more than 250 tap water samples from homes in Flint. More than ten percent of the samples collected contained lead at levels over 25 ppb, well above the Lead and Copper Rule's action level for lead of 15 ppb. *See* 40 C.F.R. § 141.80(c)(1). Some samples collected by the Virginia Tech researchers contained lead levels more than ten times greater than the lead action level.

105. In response to these findings, state officials asserted that Virginia Tech's sampling showed far higher lead levels than sampling conducted by the Water System. Those officials questioned the reliability of Virginia Tech's results, and insisted that the City's water contained lead levels within allowable limits.

106. On September 24, 2015, a Flint pediatrician released the findings of a study showing that the proportion of Flint children with elevated blood lead levels had doubled since the Water System began

using the Flint River as a drinking water source. State officials and Governor Snyder's office attempted to discredit the pediatrician's data, calling her work "unfortunate" in a time of "near-hysteria." MDEQ continued to insist that Flint's water was safe to drink.

107. The following day, the City of Flint issued a Lead Advisory suggesting that residents flush their taps for at least five minutes prior to drinking the water; use only cold water for drinking, cooking, and making baby formula; and install water filters certified for lead removal. The Lead Advisory did not tell residents that Flint's water was unsafe to drink.

108. The Board of Commissioners in Genesee County, where Flint is located, issued a Public Health Advisory a few days later, also urging Flint residents to use filters certified to remove lead before drinking tap water, or to drink bottled water.

109. On September 30, 2015, Governor Snyder for the first time acknowledged that the City's water supply "appears" to have increased lead levels.

110. The Genesee County Board of Commissioners declared a Public Health Emergency in Flint on October 1, 2015. It advised Flint residents not to drink water from the Water System unless it had been run through a

filter certified to remove lead or tested to confirm the water does not contain elevated lead levels.

111. That same day, Plaintiffs submitted a petition to EPA asking it to issue an emergency order pursuant to its authority under the Safe Drinking Water Act. *See* 42 U.S.C. § 300i(a). Plaintiffs asked EPA to take immediate action to address the danger to Flint residents from lead in their water. EPA did not act.

112. In early October, tap water sampling conducted by MDEQ showed that three Flint schools had tap water with lead levels that exceeded the action level. Subsequent testing confirmed elevated lead levels in drinking water at seven of Flint's schools.

113. In mid-October, following a request from the City Administrator, the Board decided that the City could amend its budget to allow the Water System to return to Detroit's water supply. The same day, the Board also decided that the City Administrator could enter into agreements with Detroit and other local entities to execute the switch back to Detroit's water.

114. On information and belief, the State Treasurer then approved the budget appropriation for Flint to return to Detroit's water supply.

115. On October 16, 2015, the Water System resumed using Detroit's pretreated Lake Huron water as its drinking water.

116. After Flint's return to Detroit water, the water in Flint did not become safe to drink. The Water System's extended failure to treat the Flint River water with phosphates—combined with the highly corrosive nature of the water—had stripped the protective coating from the inside of the Water System's pipes and service lines. As this coating had taken years to build up, the damage to the Water System's infrastructure cannot be reversed right away, if ever, even though the System is again receiving water from Detroit pretreated with corrosion-inhibiting chemicals. This damage is allowing lead to continue to leach into Flint's drinking water.

117. In early December 2015, the Water System began supplementing Detroit's water treatment by adding more phosphates to further reduce the corrosivity of the water and control for the corrosion of lead pipes and solder.

118. Two weeks later, on December 14, 2015, Flint Mayor Karen Weaver declared a State of Emergency in Flint.

119. On January 5, 2016, Governor Snyder declared a State of Emergency in Genesee County. The next week, Governor Snyder activated

the National Guard and requested help from the federal government to address the lead-contamination crisis.

120. Days later, President Obama declared a federal emergency in Flint, authorizing the Federal Emergency Management Agency to provide disaster relief.

121. On January 21, 2016, EPA issued an Emergency Administrative Order declaring that the lead contamination in Flint posed an imminent and substantial endangerment to human health, and directing the City, the State of Michigan, and MDEQ to take certain remedial measures. EPA's action came nearly a year after it was first made aware of sampling results showing high levels of lead in Flint's drinking water, and nearly four months after Plaintiffs submitted a petition to the agency asking it to act under its emergency authority. While the City has stated it will comply with EPA's order, Michigan and MDEQ have challenged EPA's legal authority to require some of the actions that EPA demands.

122. Despite awareness at the local, state, and federal levels of the lead-contamination crisis in Flint, tap water distributed from the Water System remains unsafe to drink.

The Water System is failing to maintain optimal corrosion control treatment

123. The Water System is no longer "operat[ing] and maintain[ing] optimal corrosion control treatment" as required by the Lead and Copper Rule. 40 C.F.R. § 141.82(g).

124. Prior to the Water System's switch to the Flint River as a drinking water source, Detroit treated water delivered to Flint's customers to control the leaching of lead from pipes and solder.

125. In the early 1990s, Detroit conducted a multi-year study to determine the optimal approach to controlling lead in its system's drinking water. The study evaluated water-quality data and information about the system's pipe materials; identified and analyzed feasible treatment methods to control corrosion; and designed and pilot-tested the treatment alternatives. Detroit determined that its water should be treated with orthophosphate to optimize corrosion control, and, with MDEQ's approval, began implementing that treatment. The Water System coordinated with Detroit to ensure the System's compliance with the Lead and Copper Rule's requirement to implement an optimal corrosion control treatment program. The Water System relied on Detroit to treat the water with

orthophosphate before delivering the finished water to Flint. On information and belief, through Detroit's orthophosphate treatment, the Water System was able to minimize the amount of lead leaching from pipes and solder.

126. By coordinating with Detroit, the Water System optimized its corrosion control treatment program as of January 1999. The Water System's cooperation with Detroit did not exempt it from the Lead and Copper Rule's requirements, including the requirement to maintain optimal corrosion control treatment. *See* 56 Fed. Reg. at 26,497-98.

127. From April 29, 2014, when the Water System began distributing Flint River water, through at least October 16, 2015, the Water System failed to maintain optimal corrosion control treatment because it did not treat the river water with corrosion-inhibiting chemicals or any other form of treatment to minimize the amount of lead leaching from the System's pipes and solder.

128. Flint River water is highly corrosive. It is significantly more corrosive than water from Lake Huron. Because Flint River water is highly corrosive, the Water System's use of the river water without treatment to control corrosion destroyed the protective coating that had built up inside

the System's pipes and solder. The absence of this protective coating caused dangerous amounts of lead to enter Flint's drinking water.

129. Since October 16, 2015, when the Water System resumed distributing water from Detroit, the Water System has failed to maintain optimal corrosion control treatment because it has not minimized the concentration of lead at customers' taps. 40 C.F.R. § 141.2.

130. The corrosivity of the river water damaged the Water System's infrastructure, including by destroying the protective coating that had formed inside the System's water pipes over many years. As a result of this damage, the Water System is not currently maintaining optimal corrosion control treatment. On information and belief, because of this damage to the Water System's infrastructure, additional chemical treatment of Detroit's pretreated water is necessary to implement an optimal corrosion control treatment program.

131. On information and belief, the Water System's failure to treat the river water to control corrosion has caused and continues to cause dangerous levels of lead to enter customers' tap water.

132. The Water System plans to switch water sources again in summer of 2016. The Water System will use Lake Huron water distributed

through the KWA pipeline as its new water source.

133. After this switch, the Water System will be required to treat the Lake Huron water to control for the corrosion of lead pipes and solder.

134. On information and belief, the Water System has not gathered or analyzed background water chemistry information about the new KWA water source; has not evaluated corrosion control treatment options for the new KWA water source; has not conducted pilot-scale tests using lead pipes extracted from the System to determine the effectiveness of different corrosion control treatment alternatives; and has not procured the specialized equipment or developed the equipment operating skills necessary to maintain an optimal corrosion control treatment program.

135. On information and belief, the Water System's failure to maintain optimal corrosion control treatment is likely to continue until the System switches to the new KWA water source, and is likely to continue or recur when the System switches to the new KWA water source.

The Water System is failing to comply with the Lead and Copper Rule's monitoring requirements

136. The Water System is not monitoring for lead contamination in accordance with the Lead and Copper Rule. As a result, the Water System

cannot promptly or reliably detect elevated lead levels in its drinking water.

Sampling site selection

137. Before a water system begins monitoring for lead at household taps, it must identify a pool of targeted sampling sites. 40 C.F.R. § 141.86(a)(1). The sampling pool must target homes that have a high risk of lead contamination. *See id.* § 141.86(a)(3)-(8). For water systems like Flint's that regularly serve more than twenty-five people, this means that the sampling pool must, if possible, consist of single-family homes that are served by a lead service line and/or contain lead pipes or copper pipes with lead solder installed after 1982. *Id.* § 141.86(a)(3).

138. The pool must also be large enough to ensure that the water system can collect the required number of samples during each monitoring period. *Id.* § 141.86(a)(1).

139. During each monitoring period, a water system must collect the minimum required number of samples from homes that are part of the system's sampling pool. *Id.*

140. A water system that contains lead service lines must also collect half of its samples from homes served by a lead service line, and half from

homes that contain lead pipes or copper pipes with lead solder. *Id.* § 141.86(a)(8). If a water system cannot identify a sufficient number of homes served by lead service lines, then it must collect samples from all homes it has identified as being served by lead service lines. *Id.*

141. In addition to the tap water samples collected from the water system's targeted sampling pool, the system may collect more samples from homes not included in its pool at a customer's request. Those customer-requested samples do not count towards the system's minimum number of required samples under the Rule. *See id.* § 141.86(a)(1), (c). Customer-requested samples generally must, however, be included when the water system calculates whether more than ten percent of its total collected samples exceed the lead action level of 15 ppb.

142. After the Water System began using the Flint River as a water source, it collected household tap water samples during two six-month monitoring periods, between July and December 2014 and between January and June 2015. The Water System serves a sufficient number of single-family homes with a lead service line or lead pipes that its sampling pool must consist entirely of such homes.

143. During its July–December 2014 and January–June 2015

monitoring periods, the Water System requested that city employees volunteer to submit tap water samples, without regard to whether those employees lived in homes served by a lead service line or containing lead pipes.

144. At least six city employees submitted tap water samples during the City's January–June 2015 monitoring period. On information and belief, the Water System included these samples as part of its monitoring for lead without verifying or even inquiring whether these samples came from homes that are served by a lead service line or contain lead pipes.

145. The City's Utilities Administrator, Michael Glasgow, has stated that the Water System "throw[s] bottles out everywhere" to collect the required number of tap water samples, without regard to whether the homes from which samples are collected are served by a lead service line or contain lead pipes.

146. From July 2014 to the present, the Water System has not targeted and is not targeting homes at high risk of contamination when monitoring for lead.

147. Prior to the July–December 2014 monitoring period, the Water System did not identify a pool of targeted sampling sites large enough to

ensure that it could collect the number of tap water samples required by the Lead and Copper Rule. The Water System also failed to identify a targeted pool prior to the beginning of the January-June 2015 monitoring period.

148. The Water System did not select all of the sampled homes from an existing sampling pool during either monitoring period.

149. The Water System does not have comprehensive, reliable information identifying the locations of its more than 15,000 lead service lines. On information and belief, the Water System has not consistently used and does not consistently use the records it may have concerning the locations of lead service lines to confirm that its samples are collected from homes with lead service lines.

150. On information and belief, for monitoring conducted from July 2014 through the present, the Water System has not ensured or verified and is not ensuring or verifying that half of its samples are collected from homes served by a lead service line, and that half of its samples are collected from homes that have lead pipes or copper pipes with lead solder. Because of its lack of knowledge of where its lead service lines are located, the Water System cannot reliably ensure that during each

monitoring period, it collects at least half of its samples from homes served by a lead service line.

151. On information and belief, the Water System has yet to identify a pool of targeted tap water sampling sites that meet the high-risk criteria set forth in the Lead and Copper Rule and is large enough to ensure that the System can collect the required number of tap water samples during future monitoring periods.

152. On information and belief, the Water System will continue to monitor for lead in household tap water without using an existing, sampling pool of high-risk sites to select the homes from which it collects samples.

Sampling sites across monitoring periods

153. During each monitoring period, the Lead and Copper Rule requires water systems to collect samples from the same homes. 40 C.F.R. § 141.86(b)(4). If the water system cannot gain entry into a previously sampled home, or if a previously sampled home no longer fits the Rule's high-risk criteria, then the system may collect a sample from another home in its sampling pool. *Id.* The home selected as a replacement sampling site must be located near the previously sampled home and meet the same

high-risk criteria. *Id.*

154. For the January–June 2015 monitoring period, the Water System collected tap water samples from only thirteen of the one hundred homes used during the previous six-month monitoring period. Each of these thirteen sampling sites had lead levels below the lead action level during the previous monitoring period.

155. On information and belief, during the January–June 2015 monitoring period, for any homes sampled during the previous monitoring period into which the Water System could no longer gain entry or that no longer met the Rule's high-risk criteria, the System did not collect tap water samples from other homes selected from an existing sampling pool that were located nearby and met the same high-risk criteria.

156. On information and belief, the Water System is failing and/or will continue to fail to collect tap water samples at the same homes from which it collected samples during previous monitoring periods. The Water System is also failing and/or will continue to fail to replace homes in its sampling pool when necessary with homes that are nearby and meet the same high-risk criteria.

The Water System is failing to comply with the Lead and Copper Rule's reporting requirements

157. The Lead and Copper Rule requires water systems to report to state regulators all tap water sampling results for lead, including the location or "site" where each sample was collected. 40 C.F.R. § 141.90(a)(1)(i). For each sampling site, the water system must also report the basis on which the site was selected for the system's sampling pool, including whether the site is served by a lead service line or contains lead pipes. *Id.*; *see id.* § 141.86(a)(3)(i)-(ii).

158. If a water system does not collect tap water samples from the same sites across monitoring periods, the water system must mark or "designate" each site that was not sampled during the previous monitoring period, and explain why the sampling site changed. *Id.* § 141.90(a)(1)(v).

159. These requirements ensure that the water system is sampling in high-risk homes, and prevent the system from purposely avoiding sampling sites that have yielded high lead results in past monitoring periods.

160. The Water System is not accurately reporting to MDEQ whether its sampling sites are served by lead services lines or contain lead

pipes. For at least six tap water samples collected between July 1, 2014, and June 30, 2015, the Water System falsely reported to MDEQ that the sites were served by lead service lines, when in fact they were not.

161. On information and belief, the Water System does not have accurate information to identify whether its sampling sites are served by lead service lines or contain lead pipes. The Water System is likely to continue to fail to accurately report whether its sampling sites are served by lead service lines or contain lead pipes.

162. The Water System also is not reporting required information to MDEQ when the System fails to sample the same sites across monitoring periods.

163. For both the July–December 2014 and January–June 2015 monitoring periods, the Water System did not use the same sampling sites as in the previous monitoring periods. The Water System did not designate for MDEQ each new sampling site from which it collected a tap water sample during these monitoring periods. The Water System did not adequately explain—and in some cases, did not explain at all—the changes in its sampling sites from one monitoring period to the next.

164. The Water System is likely to continue its practice of not

designating each new sampling site from which it collects a tap water sample. The Water System is also likely to continue its practice of failing to explain changes in its sampling sites from previous monitoring periods.

The Water System is failing to comply with the Lead and Copper Rule's notification requirements

165. The Lead and Copper Rule requires water systems to notify the individuals residing at each sampling site of their tap water sampling results for lead. 40 C.F.R. § 141.85(d)(1). A water system must provide this notice "no later than 30 days after the system learns of the tap monitoring results." *Id.* § 141.85(d)(2).

166. On information and belief, for monitoring conducted from July 1, 2014, through June 30, 2015, the Water System failed to notify individuals residing at each sampling site of their tap water sampling results for lead within thirty days after the System learned of the results.

167. On information and belief, for monitoring conducted from July 1, 2015, through the present, the Water System is continuing to fail to notify individuals residing at each sampling site of their tap water sampling results for lead within thirty days after the System learns of the results.

FIRST CLAIM FOR RELIEF
(Violations of the Safe Drinking Water Act's requirement to operate and maintain optimal corrosion control treatment, 40 C.F.R. §§ 141.81-.82)

168. Plaintiffs incorporate by reference all of the preceding paragraphs.

169. Since April 2014, Defendants have violated and continue to violate the Safe Drinking Water Act and its implementing regulations by failing to operate and maintain optimal corrosion control treatment. 40 C.F.R. § 141.82(g).

SECOND CLAIM FOR RELIEF
(Violations of the Safe Drinking Water Act's requirements for monitoring tap water for lead, 40 C.F.R. § 141.86)

170. Plaintiffs incorporate by reference all of the preceding paragraphs.

171. Since April 2014, Defendants have violated and continue to violate the Safe Drinking Water Act and its implementing regulations by failing to comply with the Act's requirements to monitor household tap water for lead, including:

a. the requirement to identify a pool of targeted sampling sites prior to monitoring, 40 C.F.R. § 141.86(a)(1);

b. the requirement to select homes for sampling from an existing sampling pool, *id.*;

c. during each monitoring period, the requirement to collect half of the samples from homes served by a lead service line and half of the samples from homes containing lead pipes or copper pipes with lead solder, *id.* § 141.86(a)(8); and

d. the requirement to collect samples from the same homes or replacement homes that meet the Rule's criteria across monitoring periods, *id.* § 141.86(b)(4).

THIRD CLAIM FOR RELIEF
(Violations of the Safe Drinking Water Act's reporting requirements, 40 C.F.R. § 141.90)

172. Plaintiffs incorporate by reference all of the preceding paragraphs.

173. Since April 2014, Defendants have violated and continue to violate the Safe Drinking Water Act and its implementing regulations by failing to comply with the reporting requirements for monitoring household tap water for lead, including:

a. the requirement to report the results of all tap water samples, including the location of each sampled home and the high-risk

criteria under which the home was chosen for the water system's sampling pool, 40 C.F.R. § 141.90(a)(1)(i); and

b. the requirement to designate any home that was not sampled during the previous monitoring periods and explain why the homes sampled have changed, *id.* § 141.90(a)(1)(v).

FOURTH CLAIM FOR RELIEF
(Violations of the Safe Drinking Water Act's notification requirements, 40 C.F.R. § 141.85)

174. Plaintiffs incorporate by reference all of the preceding paragraphs.

175. Since April 2014, Defendants have violated and continue to violate the Safe Drinking Water Act and its implementing regulations by failing to comply with the requirement that water systems notify customers of the individual results of tap water samples collected and tested for lead within thirty days after the water system receives the results. 40 C.F.R. § 141.85(d)(1), (d)(2).

REQUEST FOR RELIEF

Plaintiffs respectfully request that this Court enter judgment against Defendants as follows:

A. Declaring that all Defendants are in violation of their

obligations under the Safe Drinking Water Act and its implementing regulations;

B. Enjoining all Defendants from ongoing and future violations of the Safe Drinking Water Act and its implementing regulations, including but not limited to the treatment, monitoring, reporting, and notification requirements of the Lead and Copper Rule;

C. Ordering that Defendants take all such actions as may be necessary, and all such actions as the Court may deem appropriate, to remedy these violations, comply with the Safe Drinking Water Act and its implementing regulations, and mitigate the harm caused by Defendants' violations of the Lead and Copper Rule's treatment, monitoring, reporting, and notification requirements.

D. Ordering that Defendants promptly complete full replacement of all lead service lines in the Water System at no cost to customers of the Water System, including replacement of those portions of the lead service lines that are privately owned, to the extent the Water System is able to obtain permission from the owner of the line after notifying the owner and offering to replace the owner's portion of the line at the Water System's expense;

E. Granting appropriate equitable relief to mitigate the health and medical risks and harm resulting from Defendants' violations;

F. Awarding Plaintiffs their reasonable costs and attorneys' fees; and

G. Granting such other and further relief as the Court deems just and proper.

Dated: January 27, 2016

Respectfully submitted,

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EXHIBIT A

to January 27, 2016 Complaint for Declaratory and Injunctive Relief

November 16, 2015

By Certified Mail, Return Receipt Requested

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Re: Notice of Intent to Sue Under the Safe Drinking Water Act, 42 U.S.C. § 300j-8(b)(1)(a), for Failure to Control Lead in Drinking Water in Flint, Michigan, and Failure to Assist Michigan Schools with Lead Testing and Remediation

We write on behalf of Concerned Pastors for Social Action, Melissa Mays, the American Civil Liberties Union of Michigan (ACLU of Michigan), and the Natural

Resources Defense Council (NRDC), nonprofit citizens' organizations and individuals working to secure safe drinking water for the residents of Flint, Michigan. Since April 2014, the City of Flint and Michigan state officials have failed to monitor and control for lead in Flint's drinking water, and to maintain a program to assist Michigan schools with lead testing and remediation, in violation of the Safe Drinking Water Act, 42 U.S.C. § 300f et seq. This letter provides notice pursuant to 42 U.S.C. § 300j-8(b)(1)(a) that we intend to sue the City of Flint; Rick Snyder, Governor of Michigan; Dan Wyant, Director of Michigan Department of Environmental Quality; Nick A. Khouri, Treasurer of Michigan; Frederick Headen, Chairperson of the Flint Receivership Transition Advisory Board (Board); Brian Larkin, David McGhee, Robert McMahan, and Beverly Walker-Griffea, Members, RTAB; and Natasha Henderson, Flint City Administrator, if these violations are not remedied within sixty days.[1]

Concerned Pastors for Social Action is an association of religious leaders from more than thirty churches and ministries in the Flint area that has advocated for the rights of the underserved for nearly fifty years. Melissa Mays is a Flint resident whose family has suffered from serious health problems as a result of the City's failure to provide safe drinking water. The ACLU of Michigan works in courts, legislatures, and communities to preserve the protections that our laws guarantee to all citizens. NRDC is a national membership organization committed to protecting public health and the environment and to reducing the exposure of all communities to toxic chemicals. These groups and individuals continue to be harmed by the violations of the Safe Drinking Water Act by the City and Michigan state officials, detailed below.

I. City and State officials have exposed and continue to expose Flint residents to dangerous amounts of lead in drinking water

A. The City, Emergency Manager, and State Treasurer chose the Flint River as a primary drinking-water source

In the fall of 2011, Michigan Governor Rick Snyder declared a financial emergency in the City of Flint and appointed an emergency manager to take control of the City's operations and finances.[2] Flint Mayor Dayne Walling and the City Council were stripped of all authority except as specifically allowed by the Emergency Manager, and the City was placed in state receivership.[3] Under Michigan's Local Financial Stability and Choice Act, an

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[1] These individuals are noticed in their official capacities.

[2] *See* Mich. Comp. Laws § 141.1549; Letter from Gov. Rick Snyder to Mayor Dayne Walling and Flint City Council (Nov. 8, 2011), http://www.michigan.gov/documents/treasury/Flint-GovernorsDetermination-11-8-11_417435_7.pdf (attached as Ex. 1); Dawson Bell, *Governor names Flint native as city's emergency financial manager*, Detroit Free Press, Nov. 30, 2011, http://www.freep.com/article/20111130/NEWS06/111300370/Governor-names-Flint-native-city-s-emergency-financial-manager (attached as Ex. 2).

[3] Mich. Comp. Laws § 141.1549(2).

Emergency Manager has "broad powers" to "rectify the financial emergency and to assure fiscal accountability of the local government."[4]

While under control of the Emergency Manager, the City faced decisions about the future of its drinking-water supply. For fifty years, the City had purchased drinking water from the Detroit Water and Sewerage Department (Detroit), which sources water from Lake Huron.[5] In response to rising water rates charged by Detroit, in March 2013, the City Council voted to join the Karegnondi Water Authority (KWA), a newly formed municipal water supply system. The KWA was planning to build a pipeline to distribute water directly from Lake Huron to mid-Michigan communities, including Genesee County, where Flint is located.[6] The City Council's vote did not become effective until several weeks later, after both the Emergency Manager and State Treasurer approved the decision.[7]

The City's contract with Detroit was set to expire in April 2014, at least eighteen months before the KWA pipeline was scheduled to be completed.[8] Faced with a year-and-a-half gap in the City's water supply, the Emergency Manager declined to negotiate a short-term contract with Detroit and decided instead to use the Flint River as a primary drinking-water source.[9] The City had previously explored—and rejected—the Flint River as a primary drinking-water source. This is because the Flint Water Treatment Plant would have required fifty million dollars in upgrades to treat the river water and "produce finished water in conformance with the current federal and state drinking water regulations."[10]

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[4] *Id.*

[5] *See* Dominic Adams, *Closing the valve on history: Flint cuts water flow from Detroit after nearly 50 years*, Michigan Live, Apr. 25, 2014, http://www.mlive.com/news/flint/index.ssf/2014/04/closing_the_valve_on_history_f.html (attached as Ex. 3).

[6] Steve Carmody, *Flint opting to get its future tap water from Lake Huron*, Michigan Radio, Mar. 25, 2013, http://michiganradio.org/post/flint-opting-get-its-future-tap-water-lake-huron#stream/ (attached as Ex. 4); Karegnondi Water Authority, About, http://www.karegnondi.com/#!about/c20r9 (last visited Nov. 13, 2015) (attached as Ex. 5).

[7] *See* Mich. Comp. Laws § 141.1552(1)(g), (3); Emergency Manager, Resolution to Purchase Capacity from Karegnondi Water Authority (adopted Mar. 29, 2013) (attached as Ex. 6); Letter from Andy Dillon, State Treasurer, to Edward Kurtz, Emergency Manager (Apr. 11, 2013) (authorizing Emergency Manager to enter into contract with KWA) (attached as Ex. 7).

[8] Sarah Schuch, *KWA pipeline work continues as Flint water lead concerns rise*, Michigan Live, Sept. 25, 2015, http://www.mlive.com/news/flint/index.ssf/2015/09/kwa_pipeline_projected_to_be_c.html (attached as Ex. 8); *see* Ron Fonger, *Detroit gives notice: It's terminating water contract covering Flint, Genesee County in one year*, Michigan Live, Apr. 19, 2013, http://www.mlive.com/news/flint/index.ssf/2013/04/detroit_gives_notice_its_termi.html (attached as Ex. 9).

[9] Letter from Darnell Earley, Emergency Manager, to Sue McCormick, Detroit Water & Sewer Dep't (Mar. 7, 2014) (explaining that the City "has actively pursued using the Flint River as a temporary water source" instead of accepting Detroit's offer to provide water to the City) (attached as Ex. 10).

[10] Cost of Service Study (2011), Appendix 8 to Analysis of the Flint River as a Permanent Water Supply for the City of Flint, http://www.scribd.com/doc/64382181/Analysis-of-the-Flint-River-as-a-Permanent-Water-Supply-for-the-City-of-Flint-July-2011-Appendices-1-to-8 (attached as Ex. 11);

Under the Safe Drinking Water Act's Lead and Copper Rule, Flint's water system could not use the Flint River as a water source without first obtaining approval from the Michigan Department of Environmental Quality (MDEQ). The Lead and Copper Rule required MDEQ to approve both the City's proposed addition of a new water source (the Flint River) and the long-term change in water treatment (from treatment through Detroit's water plant to treatment at the Flint Water Treatment Plant).[11] In April 2014, MDEQ approved the switch to river water.[12] The City immediately began pumping Flint River water through the City's distribution pipes and into residents' taps.

B. Dangerous lead contamination results from the City's switch to river water

In the twenty months following the switch in water sources, residents' drinking water has been at times cloudy, discolored, and foul-smelling.[13] Residents reported that they have experienced hair loss, skin rashes, and vomiting after drinking the water.[14] In the summer of 2014, the City was forced to issue several boil-water notices after tap water tested positive for total coliform bacteria.[15] The City's subsequent treatment of the water to kill disease-carrying pathogens resulted in elevated levels of total trihalomethanes, a disinfection byproduct that can cause serious health problems, including an increased risk of cancer.[16]

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see also Kristin Longley, *Water pipeline v. Flint River: City of Flint studying its drinking water options*, Michigan Live, Jan. 22, 2011, http://www.mlive.com/news/flint/index.ssf/2011/01/water_pipeline_vs_flint_river.html (attached as Ex. 12); Dominic Adams, *Flint River now an option for drinking water following Detroit's termination of contract*, Michigan Live, July 23, 2013, http://www.mlive.com/news/flint/index.ssf/2013/07/city_readying_water_plant_to_t.html (quoting city officials' explanation for rejecting use of Flint River: "upgrades to Flint's water plant would be too expensive, the river didn't provide enough capacity to serve Flint residents' water needs and the Michigan Department of Environmental Quality would not allow it") (attached as Ex. 13).

[11] 40 C.F.R. § 141.90(a)(3); *see also id.* § 141.81(a)-(b).

[12] *See* Adams, *Closing the valve on history*, *supra* note 5 (Ex. 3).

[13] *See* Curt Guyette, *In Flint, Michigan, Overpriced Water is Causing People's Skin to Erupt in Rashes and Hair to Fall Out*, The Nation, July 16, 2015, http://www.thenation.com/article/in-flint-michigan-overpriced-water-is-causing-peoples-skin-to-erupt-and-hair-to-fall-out/ (attached as Ex. 14); Wenonah Hauter, *Flint's Brown Water Blues*, Huffington Post, July 10, 2015, http://www.huffingtonpost.com/wenonah-hauter/flints-brown-water-blues_b_7765132.html (attached as Ex. 15).

[14] Laura Gottesdiener, *Flint, Mich., residents find state water control hard to swallow*, Al Jazeera America, Apr. 3, 2015, http://america.aljazeera.com/articles/2015/4/3/flint-residents-find-state-water-control-hard-to-swallow.html (attached as Ex. 16).

[15] Ron Fonger, *Flint issues boil water advisory for section of the city after positive test result for total coliform bacteria*, Michigan Live, Sept. 5, 2014, http://www.mlive.com/news/flint/index.ssf/2014/09/flint_issues_boil_water_adviso.html (attached as Ex. 17).

[16] Robin Erb, *Who wants to drink Flint's water?*, Detroit Free Press, Jan. 23, 2015, http://www.freep.com/story/news/local/michigan/2015/01/22/water-woes-latest-hit-flint/22193291/ (attached as Ex. 18); Mich. Dep't of Envtl. Quality, Violation Notice—Maximum Contaminant Level for Total Trihalomethanes (Dec. 16, 2014) (attached as Ex. 19); U.S. EPA, Basic Information about Disinfection Byproducts in Drinking Water, http://water.epa.gov/drink/contaminants/basicinform

Because Flint River water is also highly corrosive, dangerous amounts of lead began to leach out of pipes and into the City's drinking water.[17] Lead in drinking water occurs primarily from corrosion of pipes and other plumbing materials that contain lead or lead solder.[18] The Lead and Copper Rule requires water systems to manage lead levels by controlling corrosion, which is often accomplished by adding corrosion-inhibiting chemicals.[19] Water systems must implement and maintain an "optimal" corrosion-control treatment program that "minimizes the lead . . . concentrations at users' taps."[20]

Flint did not consider how to control the corrosivity of the river water before switching water sources, nor did MDEQ require the City to implement any corrosion-control measures. Rather, beginning in April 2014, the City did not use any form of treatment to control corrosion.[21] The City waited until after its residents were drinking the river water to assess whether it posed a risk of increased lead exposure. MDEQ endorsed this approach. In June 2014, Flint's water system initiated the first of two six-month monitoring periods to test tap water for lead under the Lead and Copper Rule; the second six-month period ran from January to June 2015.[22] During these monitoring periods, the water system used flawed testing methods that appear to have been designed to underreport the lead content of residents' drinking water.[23]

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ation/disinfectionbyproducts.cfm (last updated Dec. 13, 2013) (attached as Ex. 20); *see also* 40 C.F.R. § 141.64(b).

[17] Marc Edwards, *Test Update: Flint River water 19X more corrosive than Detroit water for Lead Solder; Now What?*, Flint Water Study (Sept. 11, 2015), http://flintwaterstudy.org/2015/09/test-update-flint-river-water-19x-more-corrosive-than-detroit-water-for-lead-solder-now-what/ (attached as Ex. 21); Marc Edwards, *Flint River water is very corrosive to lead, and causing lead contamination in homes*, Flint Water Study (Sept. 2, 2015), http://flintwaterstudy.org/2015/09/flint-rivers-water-is-very-corrosive-to-lead-and-causing-lead-contamination-in-homes/ (attached as Ex. 22). The river water is so corrosive that in October 2014, a local GM engine plant decided to switch back to Lake Huron water to avoid damage to equipment at the plant from corrosion. Brianna Owczarzak, *GM says no to Flint water*, WNEM, Oct. 14, 2014, http://www.wnem.com/story/26785625/gm-says-no-to-flint-water (attached as Ex. 23).

[18] *See* Maximum Contaminant Level Goals and National Primary Drinking Water Regulations for Lead and Copper, 56 Fed. Reg. 26,460, 26,464 (June 7, 1991).

[19] *See* 40 C.F.R. § 141.82.

[20] *Id.* §§ 141.2; 141.80(d).

[21] *See* Email from Pat Cook, MDEQ, to Miguel Del Toral, U.S. EPA (Apr. 24, 2015) (attached as Ex. 24).

[22] *See* 40 C.F.R. § 141.86; Email from Pat Cook, *supra* note 21 (Ex. 24).

[23] *See infra* pp. 11-13.

Flint's monitoring data showed that some residents' water contained lead at concentrations above the federal "action level" of 15 parts per billion (ppb).[24] These high lead levels put residents at risk of a broad array of serious, irreversible health effects, including cognitive impairment, kidney damage, and increased blood pressure.[25] When the Environmental Protection Agency (EPA) learned of these high lead sampling results in February 2015, it notified MDEQ officials that the sampling results raised significant concerns about corrosion from lead pipes in Flint's distribution system.[26] Nonetheless, throughout the monitoring periods, the City and MDEQ maintained that these high lead levels were isolated and that the data, taken together, demonstrated Flint's compliance with the Lead and Copper Rule.[27]

C. Community advocacy and independent testing prompt long past due response from City and State officials

As the City concluded its second six-month round of sampling in July 2015, and notified some Flint residents of elevated lead levels in their tap water, the community became increasingly concerned. A small coalition of local groups, including Water You Fighting For and Concerned Pastors for Social Action, began working with researchers at Virginia Tech to conduct their own lead sampling of Flint's water. The Virginia Tech scientists found that ten percent of the more than 250 samples collected from Flint residences had lead levels of 25 ppb or more, well above the federal action level for lead.[28] Several samples exceeded 100 ppb, and one sample exceeded 1000 ppb.[29] Though aware of

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[24] *See* Mich. Dep't of Envtl. Quality, Lead and Copper Report and Consumer Notice of Lead Result Certificate for Community Water Supply (Aug. 20, 2015) (showing six samples with lead levels over the action level) (attached as Ex. 25); 40 C.F.R. § 141.80(c)(1).

[25] *See, e.g.*, U.S. EPA, Integrated Science Assessment for Lead tbl.ES-1 (June 2013) (attached as Ex. 26); U.S. EPA, Basic Information About Lead in Drinking Water, http://water.epa.gov/drink/contaminants/basicinformation/lead.cfm (last updated June 26, 2015) (explaining that "[i]nfants and children who drink water containing lead in excess of the action level could experience delays in their physical or mental development," and that "[a]dults who drink this water over many years could develop kidney problems or high blood pressure") (attached as Ex. 27); *see also* National Ambient Air Quality Standards for Lead, 80 Fed. Reg. 278, 290 (Jan. 5, 2015).

[26] *See, e.g.*, Email from Jennifer Crooks, U.S. EPA, to Stephen Busch, MDEQ, and Mike Prysby, MDEQ (Feb. 26, 2015) (attached as Ex. 28).

[27] *See* Nancy Kaffer, *MDEQ e-mails show stunning indifference to Flint peril*, Detroit Free Press, Oct. 22, 2015, http://www.freep.com/story/opinion/columnists/nancy-kaffer/2015/10/21/indifference-characterized-state-approach-flint-water/74289430/ (attached as Ex. 29).

[28] *Flint Town Hall Meeting Presentation and Distribution of lead results across Flint by ward and zip codes*, Flint Water Study, Sept. 16, 2015, http://flintwaterstudy.org/2015/09/distribution-of-lead-results-across-flint-by-ward-and-zip-codes/ (attached as Ex. 30); Ron Fonger, *Virginia Tech professor says Flint's tests for lead in water can't be trusted*, Michigan Live, Sept. 15, 2015, http://www.mlive.com/news/flint/index.ssf/2015/09/virginia_tech_researcher_says.html (attached as Ex. 31).

[29] Marc Edwards et al., *Lead testing results for water sampled by residents*, Flint Water Study, Sept. 28, 2015, http://flintwaterstudy.org/information-for-flint-residents/results-for-citizen-testing-for-lead-300-kits/ (attached as Ex. 32).

the Virginia Tech sampling results, MDEQ officials continued to insist that Flint's water was safe to drink.[30]

In September 2015, a medical study conducted by a local pediatrician confirmed the kinds of adverse health impacts that residents had voiced concern about for months: the rate of Flint children with elevated blood lead levels had nearly doubled since the City changed its drinking-water source.[31] State officials and the Governor reacted by "downplay[ing] and in some cases attempt[ing] to discredit" the pediatrician's findings, and dismissing citizen concerns as "near-hysteri[cal]."[32]

Subsequent testing by MDEQ revealed that at least four schools in Flint had lead levels in their drinking water above the federal action level.[33] At Freeman Elementary School, water tested had lead levels over 100 ppb, more than six times the federal action level.[34] This increase in lead exposure is particularly dangerous in Flint, a community where residents are already at higher risk of elevated blood lead levels and lead poisoning. Michigan ranks fifth worst in the country for harmful exposures to lead.[35] Low income is a risk factor for lead poisoning, and more than a third of families in Flint live below the poverty level, three times the national average.[36] Children in Flint also face high risk of lead

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[30] Ron Fonger, *Feds sending in experts to help Flint keep lead out of water*, Michigan Live, Sept. 10, 2015, http://www.mlive.com/news/flint/index.ssf/2015/09/university_researchers_dont_dr.html (attached as Ex. 33).

[31] *Pediatric Lead Exposure in Flint, MI: Concerns from the Medical Community* (PowerPoint Presentation) (presented on Sept. 24, 2015), *available at* http://flintwaterstudy.org/2015/09/pediatric-lead-exposure-presentation-from-hurley-medical-center-doctors-concerning-flint-mi/ (attached as Ex. 34).

[32] *Study suggests Flint's water causing increased lead poisoning*, Michigan Radio, Sept. 28, 2015, http://michiganradio.org/post/study-suggests-flints-water-causing-increased-lead-poisoning#stream/0 (attached as Ex. 35); Ron Fonger, *State says data shows no link to Flint River, elevated lead in blood,* Michigan Live, Sept. 24, 2015, http://www.mlive.com/news/flint/index.ssf/2015/09/state_says_its_data_shows_no_c.html (attached as Ex. 36); *Did this Michigan Town Poison its Children?*, U.S. News & World Report, Sept. 24, 2015, http://www.usnews.com/news/articles/2015/09/25/flint-michigan-children-show-high-levels-of-lead-in-blood (attached as Ex. 37).

[33] Steve Carmody, *Four Flint schools have high lead levels in their water*, Michigan Radio, Oct. 8, 2015, http://michiganradio.org/post/four-flint-schools-have-high-lead-levels-their-water (attached as Ex. 38).

[34] *Id.*

[35] Ctrs. for Disease Control & Prevention, *Public Health in Action: Lead Poisoning Prevention in Michigan* (last updated Feb. 4, 2013), http://www.cdc.gov/nceh/information/healthy_homes_lead.htm (attached as Ex. 39).

[36] 2009-2013 American Community Survey 5-Year Estimates, 2013, *available at* http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml (enter "Flint, MI" in the box under "Community Facts," click on "Income" on left-side bar, then click "Selected Economic Characteristics" under "2013 American Community Survey") (table attached as Ex. 40 compares data from Flint, Michigan, to Michigan and the United States).

exposure from lead-paint dust, as nearly ninety percent of Flint's housing stock was built before 1978 (when the federal ban on high-lead paint went into effect).[37]

Finally, in late September 2015, the City abandoned its assertions that Flint's drinking water was safe. Nearly seven months after the City first saw dangerously high levels of lead in some residents' water, Flint issued a drinking-water advisory and called for state financial assistance to switch the water system back to Detroit's supply.[38] Two weeks later, Governor Snyder requested six million dollars from the state legislature to reconnect the Flint water system to Detroit.[39] With additional funding from the City and a private foundation, the switch was completed in mid-October.[40]

Following the switch back to Detroit water, some government officials began to ask questions about what went wrong in the course of Flint's change in water sources.[41] Governor Snyder created a task force to review water management and testing in Flint,[42] and EPA established its own task force "to provide the Agency's technical expertise through regular conversations" with the City and MDEQ.[43] Governor Snyder has also announced

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[37] *2012 Annual Data Report on Blood Lead Levels of Children in Michigan* 26 (Apr. 30, 2013), https://www.michigan.gov/documents/mdch/2012AnnualDataReportOnBloodLeadLevels_419508_7.pdf (attached as Ex. 41); Am. Cancer Soc'y, *Lead, Lead in the Environment,* http://www.cancer.org/cancer/cancercauses/othercarcinogens/athome/lead (last updated May 27, 2014) (explaining that lead paint is a "major" source of exposure) (attached as Ex. 42); Maj. Thomas F. Zimmerman, *The Regulation of Lead-Based Paint in Air Force Housing,* 44 A.F. L. Rev. 169, 174-75 (1998).

[38] *City of Flint Issues Lead Advisory*, City of Flint, Sept. 25, 2015, https://www.cityofflint.com/2015/09/25/city-of-flint-issues-lead-advisory/ (attached as Ex. 43); Steve Carmody, *Flint officials exploring return to Detroit water*, Michigan Radio, Sept. 28, 2015, http://michiganradio.org/post/flint-officials-exploring-return-detroit-water#stream/0 (attached as Ex. 44).

[39] John Wisely, *Snyder announces $12 million plan to fix Flint water*, Detroit Free Press, Oct. 8, 2015, http://www.freep.com/story/news/local/michigan/2015/10/08/snyder-flint-water-reconnect/73567778/ (attached as Ex. 45).

[40] Amanda Emery, *Flint reconnects to Detroit water, may take 3 weeks to clear all pipes*, Michigan Live, Oct. 16, 2015, http://www.mlive.com/news/flint/index.ssf/2015/10/flint_reconnecting_to_detroit.html (attached as Ex. 46).

[41] *E.g.*, Letter from Sen. Jim Ananich, Mich. Senate Minority Leader, to Susan Hedman, U.S. EPA, and Gina McCarthy, U.S. EPA (Oct. 21, 2015) (attached as Ex. 47); Letter from Rep. Daniel Kildee, U.S. Congressman, to Gina McCarthy, U.S. EPA (Oct. 21, 2015) (attached as Ex. 48).

[42] Press Release, Gov. Rick Snyder, *Gov. Rick Snyder announces Flint Water Task Force to review state, federal and municipal actions, offer recommendations* (Oct. 21, 2015), http://www.michigan.gov/snyder/0,4668,7-277-57577_57657-367761--,00.html (attached as Ex. 49).

[43] Press Release, U.S. EPA, *EPA Establishes Safe Drinking Water Task Force to Provide Technical Expertise to MDEQ and City of Flint* (Oct. 16, 2015), http://yosemite.epa.gov/opa/admpress.nsf/0/A92DE629DB86E66685257EE000579593 (attached as Ex. 50).

plans to launch an "education campaign soon to help schools statewide learn how to get their water tested" for lead.[44]

Despite this proliferation of task forces and campaigns, neither the City nor MDEQ has announced changes in the City's lead monitoring practices in the wake of Flint's public-health crisis. Rather, Flint and MDEQ have maintained that these practices are accurate and adequate, despite the near certainty that they are underrepresenting lead contamination in many of Flint's high-risk homes.

II. City and State officials are in violation of the Safe Drinking Water Act's Lead and Copper Rule

The Safe Drinking Water Act (the Act) authorizes citizens to sue any governmental entity "who is alleged to be in violation of any requirement" under the statute.[45] These requirements include the national primary drinking-water regulations for lead and copper set forth in the Lead and Copper Rule.[46] The Lead and Copper Rule obligates water systems to monitor and control for lead in drinking water.[47]

Since April 2014, Flint's water system has failed to comply with the Lead and Copper Rule's requirements for monitoring water for lead, notifying the public of tap-water monitoring results, reporting monitoring results to MDEQ, and controlling corrosion from lead pipes.[48] These violations systematically result in the City's underestimating lead levels in its drinking water, masking a public-health crisis. The violations are ongoing and likely to recur in the future: Flint's water system presently is obligated to monitor for lead every six months, and there is no indication that Flint has changed or disavowed its inadequate approach to monitoring.[49]

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[44] *See* Lori Higgins, *Michigan to launch lead education effort statewide*, Detroit Free Press, Oct. 13, 2015, http://www.freep.com/story/news/local/michigan/2015/10/13/lead-water-flint-michigan-testing/73871480/ (attached as Ex. 51).

[45] 42 U.S.C. § 300j-8(a)(1).

[46] *See id.* § 300g-1(b)(1)(A); 40 C.F.R. § 141.80(a)(1).

[47] *See, e.g.*, 40 C.F.R. § 141.86.

[48] Flint's water system is subject to the requirements of the Lead and Copper Rule because it is a "community water system" not otherwise exempted from the regulations. 40 C.F.R. §§ 141.80(a)(1), 141.2.

[49] *See Tamaska v. City of Bluff City*, 26 F. App'x 482, 485 (6th Cir. 2002) (citing *Chesapeake Bay Found. v. Gwaltney of Smithfield*, 844 F.2d 170, 171–72 (4th Cir.1988)). A water system is required to monitor tap water for lead every six months if it (1) exceeds the action level for any monitoring period, or (2) "fails to operate at or above the minimum value or within the range of values for the water quality parameters specified by the State ... for more than 9 days in any six-month period." 40 C.F.R. § 141.86(d)(4)(vi)(B). Flint's water system failed to maintain applicable values of orthophosphate and/or pH designated as the optimal water quality parameters by MDEQ. In addition, had the water system conducted monitoring in compliance with the Lead and Copper Rule during the January to June 2015 period, it likely would have exceeded the lead action level.

Under the Act, a "supplier of water" is "any person who owns or operates a public water system."[50] The City of Flint owns Flint's water system.[51] Upon information and belief, the State officials administering Flint's receivership and the City presently operate Flint's water system. As discussed above, Flint's Emergency Manager exercised the authority of the local government in the place of Flint's mayor and city council. The Emergency Manager managed the water system and conducted its affairs, including making the decision to use the Flint River as a primary drinking-water source.[52] In April 2015, Governor Snyder removed the Emergency Manager and appointed a Receivership Transition Advisory Board to oversee the City's affairs until the receivership is terminated.[53] The Board has control over the City's budget, and must approve all decisions adopted by the City Council.[54] The Michigan Local Financial Stability and Choice Act requires the State Treasurer to sit on a receivership transition advisory board for any municipality for which the governor appoints such a board, and Governor Snyder has appointed the State Treasurer (or his designee) to chair Flint's Board.[55] The City Administrator reports to the Board, manages the City's daily administrative operations, and directs City department heads in carrying out the daily activities of the City.[56] To date, the City remains in receivership, and its actions remain subject to approval of the Board.[57]

Accordingly, the City of Flint; Governor Snyder; Dan Wyant, Director of MDEQ; Nick A. Khouri, Treasurer of Michigan; Frederick Headen, Chairperson of the Flint Receivership Transition Advisory Board; Brian Larkin, David McGhee, Robert McMahan,

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[50] 42 U.S.C. § 300f(5).

[51] *See* City of Flint, Water System Update, Sept. 2015, https://www.cityofflint.com/wp-content/uploads/City-Council-Water-Presentation-9-14-2015.pdf (attached as Ex. 52).

[52] *See United States v. Twp. of Brighton*, 153 F.3d 307, 314 (6th Cir. 1998) (defining "operator" for purposes of CERCLA as an entity that "performed some affirmative acts," such as "directing the workings, managing, or conducting the affairs" of a facility) (internal quotation marks and alterations omitted); *cf. United States v. Alisal Water Corp.*, 114 F. Supp. 2d 927, 938 (N.D. Cal. 2000) (applying case law discussing CERCLA "operator" liability to the Safe Drinking Water Act context).

[53] Mich. Comp. Laws § 141.1563(1); Press Release, Gov. Rick Snyder, *Gov. Rick Snyder: City of Flint ready to move forward as financial emergency resolved*, Apr. 29, 2015, http://www.michigan.gov/snyder/0,4668,7-277-57577_57657-353433--,00.html (attached as Ex. 53); Emergency Manager Order 20 ¶¶ 4.a.6, 4.a.7 (adopted Apr. 25, 2015), https://www.cityofflint.com/wp-content/uploads/Order-No.-20.pdf (attached as Ex. 54).

[54] Emergency Manager Order 20 ¶¶ 4.a.6, 4.a.7, *supra* note 53 (Ex. 54).

[55] *See* Mich. Comp. Laws § 141.1563(2); Letter from Gov. Rick Snyder to Hon. Ruth Johnson, Mich. Sec'y of State (Apr. 29, 2015), http://michigan.gov/documents/treasury/Flint_RTAB_Appointments_488251_7.pdf (attached as Ex. 55).

[56] Emergency Manager Order 3 ¶¶ 4-6, 25 (adopted Apr. 10, 2015), https://www.cityofflint.com/wp-content/uploads/Order-No.-3.pdf (attached as Ex. 56). The City Administrator was appointed by the Emergency Manager and can be removed only with the Board's consent.

[57] *Id.*

and Beverly Walker-Griffea, Members of the Board; and Natasha Henderson, Flint City Administrator, are responsible for the violations of the Act by Flint's water system which have endangered and will continue to endanger the health of Flint's residents.

A. Flint's water system is in violation of the Lead and Copper Rule's tap-water monitoring, reporting, and notification requirements

The Lead and Copper Rule requires water systems to identify a pool of sampling sites prior to the commencement of a monitoring period.[58] This requirement is designed to target residences at high risk of lead contamination in drinking water, such as homes served by lead service lines.[59] In violation of the Rule, Flint's water system does not select sampling sites for lead monitoring based on a pre-established sampling pool. For Flint's most recent completed monitoring period, January–June 2015, the Director of the City's Department of Public Works admitted that Flint "thr[ew] bottles out everywhere just to collect as many [samples] as we can, to try and hit our number."[60] Similarly, email correspondence shows that the City has, during several monitoring periods, asked its own employees to submit tap-water samples, without regard to whether the employees were part of a pre-selected sampling pool.[61]

Under the Lead and Copper Rule, water systems that contain lead service lines also must draw fifty percent of their tap-water samples from sites served by a lead service line.[62] Flint's water system does not comply with this requirement. The water system reported to MDEQ that all the sample sites it used during the January–June 2015 monitoring period were residences served by lead service lines.[63] Flint's Utilities Administrator, however, admitted that he was not able to verify that all homes sampled were served by lead service lines.[64] This is because City records concerning the locations of lead service lines in the distribution system are stored on 45,000 paper notecards. Flint began converting these notecards into an electronic spreadsheet this fall, well after the January–June 2015 monitoring period.[65]

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[58] *See* 40 C.F.R. § 141.86(a).

[59] *Id.*

[60] *See* ACLU of Michigan, *Thirst for Truth: Who's to Blame for Flint Water Crisis?*, https://www.youtube.com/watch?t=9&v=LTO9irD2f0Y (posted Sept. 23, 2015).

[61] Email from Michael Glasgow, Flint Utilities Adm'r, to Flint municipal staff (June 1, 2015) (attached as Ex. 57).

[62] 40 C.F.R. § 141.86(a)(8).

[63] *See, e.g.*, City of Flint, Lead and Copper Report and Consumer Notice of Lead Result Certificate for Community Water Supply (July 28, 2015) [hereinafter July 28 Report] (attached as Ex. 58).

[64] *See* ACLU of Michigan, *Thirst for Truth: Who's to Blame for Flint Water Crisis?*, *supra* note 60.

[65] *See* Ron Fonger, *Flint data on lead water lines stored on 45,000 index cards*, Michigan Live, Oct. 1, 2015, http://www.mlive.com/news/flint/index.ssf/2015/10/flint_official_says_data_on_lo.html (attached as Ex. 59).

Flint's water system has also failed to sample the same sites across monitoring periods or document the reasons for declining to sample the same sites, as the Lead and Copper Rule requires.[66] Sampling new sites from one monitoring period to the next is permitted only if a site "is no longer accessible" to the water system or "no longer fits the requirements of a priority site."[67] Records show that in the January–June 2015 monitoring period, Flint's water system retested only thirteen of the one hundred sites it sampled in the previous monitoring period.[68] It did not provide the required explanation for these departures from the previous monitoring period's sampling sites.[69] Upon information and belief, Flint's water system concentrated its monitoring in areas where it anticipated low lead levels, due to recent infrastructure improvements, and selectively retested sites that had previously yielded low lead levels. Such selective sampling violates the Lead and Copper Rule's intention that water systems "do not use only those sampling locations with the lowest lead or copper levels."[70]

Flint's instructions to residents for the collection of tap-water samples also violate the Lead and Copper Rule. The Rule allows residents to collect the tap-water samples used to monitor lead in drinking water, so long as the water system instructs residents of the sampling procedures required by the regulations.[71] Tap-water samples must be "first-draw samples," meaning that the sample must be collected after water in the tap has stood motionless in the plumbing system for at least six hours.[72] Flint's instructions direct residents to flush their taps for five minutes prior to letting the water sit for the six required hours. This "pre-flushing" has been shown to "result in the minimization of lead capture and significant underestimation of lead levels in drinking water."[73] The water system's pre-flush instruction "negates the intent of the [Lead and Copper Rule] to collect compliance

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[66] 40 C.F.R. § 141.86(b)(4).

[67] U.S. EPA, *Lead and Copper Rule Monitoring and Reporting Guidance for Public Water Systems* 25 (Mar. 2010), http://water.epa.gov/lawsregs/rulesregs/sdwa/lcr/upload/Revised-Lead-and-Copper-Rule-Monitoring-and-Reporting-Guidance-for-Public-Water-Systems.pdf (attached as Ex. 60).

[68] *See* July 28 Report, *supra* note 63 (reporting that the same sample sites were not used) (Ex. 58); *see also* Curt Guyette, *Lead Astray: An ACLU of Michigan investigation has found a stream of irregularities in Flint's water tests*, Michigan Democracy Watch Blog, Sept. 14, 2015, http://aclumich.org/democracywatch/index.php/entry/lead-astray-an-aclu-of-michigan-investigation-has-found-a-stream-of-irregularities-in-flint-s-water-tests (attached as Ex. 61).

[69] 40 C.F.R. § 141.90(a)(1)(v).

[70] U.S. EPA, *Lead and Copper Rule Monitoring and Reporting Guidance for Public Water Systems*, *supra* note 67, at 25 (Ex. 60).

[71] 40 C.F.R. § 141.86(b)(2).

[72] *Id.* §§ 141.2, 141.86(b)(2).

[73] Mem. from Miguel Del Toral, U.S. EPA, to Thomas Poy, U.S. EPA, at 2 (June 24, 2015) (attached as Ex. 62).

samples under 'worst-case' conditions,"[74] and goes "against the intent of the monitoring protocol, since it changes the normal water use of the homeowners in the sample."[75]

Flint's water system is violating the Lead and Copper Rule's reporting requirements by representing to MDEQ that Flint's monitoring practices are in compliance with the Rule. The City's water system did not provide documentation to MDEQ justifying its selection of new sample sites in the January–June 2015 monitoring period, and, upon information and belief, is not accurately reporting information concerning whether sampled sites meet required regulatory criteria.[76]

The Lead and Copper Rule also requires Flint's water system to notify each resident whose tap water was sampled of the lead results.[77] Upon information and belief, Flint has failed and continues to fail to properly notify all residents whose tap water was tested for lead of the individual monitoring results.

B. Flint's water system has failed to maintain optimal corrosion-control treatment

The Lead and Copper Rule required all large public water systems, including Flint's water system, to install an "optimal corrosion control treatment" program by January 1, 1997.[78] After a system has optimized its corrosion-control treatment, the regulations require the system to "continue to operate and maintain optimal corrosion control treatment."[79] Since April 2014, Flint's water system has not maintained an optimal corrosion-control treatment program. Historically, the water system complied with the corrosion-control requirements by purchasing treated water from Detroit. When Flint switched its water source to the Flint River in April 2014, it did nothing to treat the Flint River water to control corrosion. This failure to maintain optimized corrosion control violates the Lead and Copper Rule.

Although Flint's water system has resumed its purchase of treated water from Detroit, it has not disavowed its erroneous interpretation of the Lead and Copper Rule's corrosion-control requirements. Nor has it committed to maintaining optimized corrosion control when it switches water sources again this summer to the KWA pipeline. Flint's water system's failure to maintain an optimized corrosion-control treatment program is likely to recur in the future.

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[74] *Id.*

[75] Letter from Cynthia Dougherty, U.S. EPA, to Ralph Scott, Alliance for Healthy Homes (Sept. 12, 2008) (attached as Ex. 63).

[76] *See* 40 C.F.R. § 191.90(a)(1)(i), (a)(1)(v); *supra* pp. 11-12.

[77] 40 C.F.R. § 141.85(d)(1).

[78] *Id.* § 141.81(d)(4).

[79] *Id.* § 141.82(g).

III. The State of Michigan's failure to maintain a schools testing and remediation program violates the Safe Drinking Water Act

The Act requires each state to establish a program "to assist" schools and day care centers in "testing for, and remedying, lead contamination in drinking water."[80] Test results must be made available at schools, with notification to parents and teachers.[81] Michigan, upon information and belief, does not maintain a program for school lead testing, remediation, and notification.[82] Accordingly, Governor Snyder and MDEQ Director Wyant are presently in violation of the Act's schools provision.[83]

IV. Intent to Sue

The City of Flint and Michigan state officials have been and continue to be in violation of the Lead and Copper Rule's requirements for monitoring and sampling tap water for lead, notifying the public of and reporting to the State tap-water monitoring results, and corrosion control. Governor Snyder and MDEQ Director Dan Wyant are in violation of the Act's requirement to maintain a program to assist Michigan schools with testing and remediating lead in school drinking water. These violations are likely to continue and to recur in the future absent a judicial decree ordering City and State officials to comply with the Act. If the City of Flint and the Michigan state officials identified above fail to cure their noncompliance with the Act within sixty days, Concerned Pastors for Social Action, Melissa Mays, ACLU of Michigan, and NRDC will file suit in federal district court seeking declaratory relief, injunctive relief, and litigation costs, as appropriate.

The name, address, and telephone number of each person giving notice pursuant to this letter are:

Concerned Pastors for Social Action
2200 Forrest Hill
Flint, MI 48504
(810) 394-6787
Attention: Pastor Allen Overton

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[80] 42 U.S.C. § 300j-24(d)(1).

[81] *Id.* § 300j-24(d)(2).

[82] Although MDEQ recently announced "an education campaign" to help Michigan schools learn how to test their water for lead, MDEQ has yet to release the details of this effort, including whether it will offer the kind of assistance with testing, remediation, and notification contemplated by the Safe Drinking Water Act. *See* Higgins, *Michigan to launch lead education effort statewide*, *supra* note 44 (Ex. 51).

[83] MDEQ has primary enforcement authority in Michigan for the Safe Drinking Water Act. *See* MDEQ, Drinking Water, http://www.michigan.gov/deq/0,4561,7-135-3313_3675---,00.html (last visited Nov. 13, 2015) (attached as Ex. 64).

Melissa Mays
3714 Beecher Road
Flint, MI 48503

American Civil Liberties Union of Michigan
2966 Woodward Avenue
Detroit, MI 48103
(313) 578-6814
Attention: Michael Steinberg

Natural Resources Defense Council
1152 15th Street, NW, Suite 300
Washington, DC 20005
(202) 289-2385
Attention: Dimple Chaudhary

Do not hesitate to contact us if you would like to discuss this matter.

Respectfully,

Dimple Chaudhary
Natural Resources Defense Council
1152 15th Street, NW, Suite 300
Washington, DC 20005
(202) 289-2385

Sarah Tallman
Anjali Waikar
Evan Feinauer
Natural Resources Defense Council
20 North Wacker Drive, Suite 1600
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Counsel for Concerned Pastors for Social Action, Melissa Mays, and Natural Resources Defense Council

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Counsel for American Civil Liberties Union of Michigan

Enclosure

cc:

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Attorney General Bill Schuette
State of Michigan
G. Mennen Williams Building, 7th Floor
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P.O. Box 30212
Lansing, MI 48909
miag@michigan.gov

Robert, Carla M. (Treasury)

From: Tallman, Sarah <stallman@nrdc.org>
Sent: Wednesday, January 27, 2016 7:47 AM
To: Khouri, Nick (TREASURY)
Cc: Chaudhary, Dimple
Subject: Complaint filed in Concerned Pastors for Social Action v. Khouri, No. 16-cv-10277
Attachments: 16-cv-10277-complaint.pdf

Secretary Khouri:

Please find attached a courtesy copy of a complaint filed today by Concerned Pastors for Social Action, Melissa Mays, American Civil Liberties Union of Michigan, and Natural Resources Defense Council, Inc. in the U.S. District Court for the Eastern District of Michigan. A hard copy will be sent to you via USPS Certified Mail.

Regards,

Sarah Tallman

SARAH TALLMAN
NATURAL RESOURCES DEFENSE COUNCIL
20 N. WACKER DRIVE, SUITE 1600
CHICAGO, IL 60606
T 312.651.7918
STALLMAN@NRDC.ORG
NRDC.ORG

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, January 27, 2016 9:20 AM
To: Khouri, Nick (TREASURY); Saxton, Thomas (Treasury)
Cc: Steckelberg, Larry (TREASURY)
Subject: FW: Flint Consultant Selection Process
Attachments: ftf-5_performance_evaluation_period_12-16-15_final_0.pdf; McCarthylettertoRickSnyder.pdf

FYI, These folks are wanting to do consulting engineering on Flint`s water system. They have an excellent reputation and are wondering if there is an RFP process.

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Byrne, Randall (Treasury)
Sent: Tuesday, January 26, 2016 5:05 PM
To: Workman, Wayne (TREASURY)
Subject: FW: Flint Consultant Selection Process

Wayne:

Per your request.

Randy

From: Cooperwasser, Victor [mailto:Victor.Cooperwasser@tetratech.com]
Sent: Friday, January 22, 2016 9:33 AM
To: Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Flint Consultant Selection Process

Good Morning Randy:
Per my voicemail to you this morning, the EPA's Order, in part, requires a "publicly transparent process" to get nationally recognized water treatment experts on board as mentioned in item 4 on the second page of US EPA Administrator McCarthy's letter to Governor Snyder, attached.

In regard to item 5 of Ms. McCarthy's letter regarding the "affirmative determination" that Flint has the "technical, managerial, and financial capacity" to make the transition to the KWA, the Flint Drinking Water Task Force's recommendations, attached, recommend that "Flint develop and implement a Performance Assessment Plan prior to distribution of water from the KWA...".

Tetra Tech has the expertise to provide the required services and desires information regarding the process that will be used for consultant selection.

Thank you for any assistance you can provide.

Best regards,
Vic

Victor I. Cooperwasser, PE| Senior Project Manager
Direct 734 [redacted] | Mobile 734 [redacted] | Fax 734 213 3003
victor cooperwasser@tetratech com

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Flint Drinking Water Task Force (FTF 15-5)

Task Force Recommendations Regarding Flint Drinking Water Treatment Performance Evaluation

For protection of public health, Flint must avoid significant distribution system issues similar to those experienced following the source water switch to the Flint River and subsequent operation of Flint's water treatment plant.

The EPA Flint Safe Drinking Water Task Force recommends that Flint develop and implement a Performance Assessment Plan prior to distribution of water from the Karegnondi Water Authority (KWA) source. The plan must address how the treatment plant will be brought on-line, and how finished drinking water will be introduced to the distribution system. This plan is particularly important given the City has no experience treating the KWA-supplied water, and is operating a distribution system that is still recovering from the past upset.

Flint should work with its consultant and MDEQ to establish objective water quality and plant performance criteria. The plan must include operation of Flint's drinking water treatment plant for a reasonable period of time to treat KWA-supplied water until:

(1) the treated water meets finished water quality goals;
(2) the finished water quality is consistently maintained;
(3) potential plant operational and mechanical start-up issues are identified and addressed; and
(4) water plant operations staff are proficient in treating the new source.

KWA water should not be distributed to the public until these conditions are satisfied.

During this performance evaluation period, Flint must distribute to the public water from an alternate source. As water is already received from Detroit (Great Lakes Water Authority), that is an obvious and appropriate choice for that interim period. The length of the performance evaluation period will be dependent on the amount of time it takes for the treatment plant to consistently and reliably meet the performance criteria.

Because of similarities in source water and in treatment processes with Detroit's Huron plant, the Flint water plant will likely be configured to produce treated water with similar quality to that of the water currently being received from Detroit. Continued use of Detroit water during the performance evaluation period will minimize the risk of distribution system upsets.

We encourage Flint and the City's consultant to perform a number of assessments prior to the completion of the KWA pipeline and availability of the Lake Huron source water to expedite the plant transition period. For example, the planned bench-scale jar tests will be helpful in establishing full-scale treatment plant operating parameters. Assessment of corrosion control treatment using Detroit source water with lead pipe loop rigs in advance of switching to the KWA source may also be transferrable to the KWA source water. Pipe loops rigs operated during the performance assessment period will help predict whether lead release will be an issue when the new plant goes on line. EPA will work with the City to set up pipe loops at the Flint treatment plant.

Stanton, Terry A. (Treasury)

From: Heaton, Anna (GOV)
Sent: Wednesday, January 27, 2016 10:16 AM
To: Stanton, Terry A. (Treasury), Murray, David (GOV)
Subject: RE: lawsuit

Thanks Terry.

The state's top priority right now is making sure the people of Flint immediately have access to safe, clean water, and that includes reaching every home to supply water, filters, replacement filter cartridges and water testing kits. The administration is also working with independent experts on testing of the water and will continue to work with them going forward.

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, January 27, 2016 8:52 AM
To: Murray, David (GOV) <MurrayD1@michigan.gov>
Cc: Heaton, Anna (GOV) <HeatonA@michigan.gov>
Subject: Fwd: lawsuit

Dave...

We generally don't comment on litigation, especially lawsuits we have either just received or have not been able to review.

That said, seems we should (after noting we do t comment on litigation) point to on-going State efforts etc.

If you agree, could you provide a couple sentences that would reflect consistently with what the administration has been saying in relation to on-going State efforts?

Please advise and thanks.

Terry

Begin forwarded message:

> **From:** "Eggert, David" <DEggert@ap.org>
> **Date:** January 27, 2016 at 8:06:08 AM EST
> **To:** "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>
> **Subject: lawsuit**
>
> Terry,
>
> Treasurer Khouri is named as a defendant in a new lawsuit filed this morning that asks a federal judge to force him, members of the transition advisory board, the city of Flint and Natasha Henderson to comply with the safe drinking water act, including the replacement of lead service lines. I wanted to reach out for a response. Thx.
>
> Dave

Schafer, Suzanne K. (Treasury)

From:	Vaughn, Cary J. (Treasury)
Sent:	Wednesday, January 27, 2016 10:26 AM
To:	Steckelberg, Larry (TREASURY)
Cc:	Schafer, Suzanne K. (Treasury)
Subject:	FW: Bullet Points for State
Attachments:	Summary of Water Crisis Financial Needs 1.15.16 (1).xlsx
Follow Up Flag:	Follow up
Flag Status:	Completed

Please let me know if this is not what you are looking for
cary

From: Jody Lundquist [mailto:jlundquist@cityofflint.com]
Sent: Wednesday, January 27, 2016 10:20 AM
To: Vaughn, Cary J. (Treasury) <VaughnC2@michigan.gov>
Cc: Natasha Henderson <nhenderson@cityofflint.com>; Karen Weaver <kweaver@cityofflint.com>
Subject: Bullet Points for State

Good morning, Mr. Vaughn.

Please find below a summary of three of the top critical needs/concerns currently facing the City of Flint as a result of the Water Crisis.

1. Cash Flow - The City's cash flow continues to decline at an increasing rate as a result of decrease collections and reduced water rates.

a. Collection Rate - By not performing shut offs, the City's collection rate has dropped drastically. This trend is confirmed by the steadily decreasing number of payments received each day which is tracked on a daily basis.

b. Billed Revenue - The City was required to reduce its water and sewer rates as a result of the Preliminary Injunction Order issued by Judge Hayman. Although the amended order authorizes the City to restore rates to those included in the EM adopted Master Fee Schedule, the City has not implemented any changes at this time. This has resulted in an average loss of monthly billed revenue of over $600,000. However, billed revenue is meaningless if it cannot be collected (see bullet point 1).

c. Delinquent Accounts prior to August 17, 2015 - As a result of the original preliminary injunction order, the City was prohibited from performing shut offs on any delinquent accounts as of the date of the Order. The City was forced to effectively "set aside" all past due accounts as of August 17 in the amount of $10.2 million.

2. Capital Needs - All scheduled FY2016 capital improvement projects for General Fund, Water and Sewer postponed or cancelled as well as those necessary to prepare for receipt of KWA water and all water infrastructure replacement and repairs related to removal of lead lines.

3. Litigation - Shears litigation costs and litigation costs of emerging class action lawsuits against the City as a result of the lead water crisis.

I have also attached a Summary of Water Crisis Financial Needs provided to the Governor on January 15, 2016.

Please let me know if you have any questions or require any additional information.

Best regards,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 237-2441

CITY OF FLINT
SUMMARY OF WATER CRISIS FINANCIAL NEEDS

Shears v. City of Flint Litigation

Description	Amount
Loss in monthly billed revenue The Preliminary Injunction Order issued by Honorable Judge Archie Hayman on August 17, 2015 required the City to reduce water and sewer rates to exclude the September 16, 2011 rate increases This resulted in a loss of monthly billed revenue of approximately $616,000 per month for approximately 5 months	$ 3,080,000
Loss in monthly revenue collections As a result of the City's inability to enforce payment through shut offs, which was later accelerated by the declaration of the water emergency, the City's collection rate has fallen from 98% in August to 75% in November before improving slightly in December The average collection rate for the period August to December is now 84% The City issued its first round of shut off notices in November but has not resumed processing as of January 14, 2015 No disconnection of service for nonpayment on active accounts has occurred since August 2015 Based on the reduced average monthly billed revenue of $4 6 million and the increased delinquency rate, the City's allowance for uncollectible accounts must be increased The collection rate is expected to remain low until shut off notice processing is resumed and processed consistently ($4 6 million x 15% x 7 months)	$ 4,830,000
Loss due to uncollectible delinquent accounts at August 17, 2015 The original preliminary injunction order enjoined the City from disconnecting any accounts for non payment for which the delinquency arose between September 16, 2011. This effectively forced the City to set aside approximately $10.9 million in outstanding customer balances as uncollectible	$ 10,890,947
Rate increase for the period September 16, 2011 through June 30, 2012 Judge Hayman has stated in open court that the rate increase from September 16, 2011 to June 30, 2012 was illegal While a ruling regarding this matter is anticipated, the increase to rates and charges during that time period resulted in approximately $15 million of billed revenue Should the judge order the City to repay these billings or provide credits to customer accounts in that amount, the City's current revenue will need to offset this enormous cost Collections for the period October 2011-July 2012 for which the September 16, 2011 rate increase would have been billed in received total $46 million Refunding the amount of collections during that period resulting from the rate increase will cost the City over $16 million	$ 16,100,000
Capital Improvement Projects removed from Fiscal Year 2016 Budget As a result of the immediate and drastic impact of the preliminary injunction order, the City issued a spending freeze for all non-critical items. In order to offset the reduction in billed revenue and collections, the City reviewed its capital improvement plan and cancelled or postponed nearly all projects with the exception of those necessary to prepare for the Karegnondi Water Authority (KWA) The removal of $3.9 million and $1 7 million in planned capital improvement projects for the Sewer and Water funds, respectively, were included in the adopted FY16 First Quarter Budget Amendments	$ 5,600,000
Legal costs associated with litigation The State has agreed to reimburse the City 75% of legal costs associated with this litigation not to exceed a total reimbursement of $300,000 Total legal expense of representation by external legal counsel is anticipated to reach $600,000 leaving a gap of $300,000 borne entirely by the City (25% of the first $400,000 = $100,000 plus an additional $200 000 through final ruling)	$ 300,000
TOTAL FINANCIAL IMPACT OF SHEARS V. CITY OF FLINT LITIGATION	**$ 40,800,947**

CITY OF FLINT
SUMMARY OF WATER CRISIS FINANCIAL NEEDS

Declaration of State of Water Emergency

Description	Amount
Additional Corrosion Control Procedures Implementation of the additional corrosion control procedures totaled approximately $45,000 and is being maintained at an estimated cost of $100/day ($45,000 + $100/day x 365 days/year x 5 years)	$ 227,500
Purchase of DWSD Water The City expended $2 million towards the $10 million escrow required by the Detroit Water and Sewage Department (DWSD) to resume purchasing water through June 30, 2016. It is expected that the City will need to continue purchasing water from Great Lakes Water Authority (formerly DWSD) for an additional three months until the City is ready to begin receiving water through KWA.	$ 6,000,000
Backflow system necessary for testing and future back flow supply As a result of switching the City's water supply to DWSD, the pipe that would have been used to transport raw water from Lake Huron to the City's water plant is in use The City must develop an alternate path from which to receive water during the period for which raw water must be tested prior to full conversion to KWA as the City's water supplier	$ 6,342,326
PSI contractor for locating and mapping lead lines Historical data maintained by the City is incomplete and inaccurate. A third party contractor has been engaged to assist in locating lead lines and testing water samples obtained from those sites Additional services may include integrating the results of their efforts with the City's GIS maps	$ 75,000
University of Michigan for data compilation The University of Michigan has agreed to assist the City in its efforts to compile historical data on the location of lead lines and any additional data obtained through the course of this emergency	$ 3,600
Excavation of residential service lines The excavation of 6 residential services lines is necessary for additional testing ($5,000/line x 6 lines)	$ 30,000
Replacement of service lines Replacement cost included in other estimates provided to the State of Michigan detailed each residential line to cost $1,500 to replace ($1,500/line x 15,000 lines)	$ 22,500,000
8" residential water mains and 24" transmission mains It is estimated that there are approximately 600 miles of 8" residential lines and 60 miles of 24" transmission mains needing replacement. Preliminary estimates place replacement of residential lines at $145 per foot and $800 per foot for transmission mains ($145/foot x 600 miles x 5,280 feet/mile plus $800/foot x 60 miles x 5,280 feet/mile)	$ 712,800,000
Loss of monthly County backup revenue ($40,000/month x 9 months) As a result of the media coverage and declaration of a health emergency, Genesee County has decided to discontinue its contractual payment to the City per its backup agreement. The City has not received payment since September 2015 Assuming another agreement for backup supply is negotiated with Genesee County, $360,000 in revenue adopted in the City's FY16 budget will be lost or remain uncollectible without litigation	$ 360,000
Fire Department overtime The Fire Department is now operating an additional fire station as a distribution center 7 days per week With the necessity to designate staff to the EOC and overseeing distribution at each of the other sites, overtime costs are being incurred daily ($2,000/day x 180 days)	$ 360,000
PTO's for counter ($3,000/month x 6 months) In order to carryout staffing of the EOC and distribution counter at City Hall, civilian staff within the police department has been assigned to fulfilling this specific function Additional wages are estimated at $3,000 per month ($3,000/month x 6 months)	$ 18,000
TOTAL FINANCIAL IMPACT OF DECLARATION OF WATER EMERGENCY	**$ 748,716,426**

Robert, Carla M. (Treasury)

From: Clayton, Stacie (GOV) <claytons3@michigan.gov>
Sent: Wednesday, January 27, 2016 10:45 AM
To: Kelenske, Chris (MSP); Garza, Oralya (MSP); Creagh, Keith (DEQ); Thelen, Mary Beth (DEQ); Lyon, Nick (DHHS); Grijalva, Nancy (DHHS); Zimmer, Mike (LARA); Burton, Diane (LARA); Khouri, Nick (TREASURY); Doyle, Maureen (Treasury); Whiston, Brian (MDE); Carefoot, Karen (MDE); Guerrant, Kyle (MDE); Smith, Paul (GOV)
Subject: REVISED Agenda for Today's FWICC Meeting
Attachments: FWICC Agenda for 1.27.16.pdf; EO 1-2016 FWICC.PDF

Importance: High

Greetings,

Please see the revised agenda for today's meeting (please note other speakers have been added and speaking times have been changed). Also, attached is the Executive Order.

~Stacie

313.456.4994 (office)
claytons3@michigan.gov

FLINT WATER INTERAGENCY COORDINATING COMMITTEE

JANUARY 27, 2016, 3-5PM

I.	Introductions	(All – 5 min)
II.	Opening Remarks	(Gov. Snyder – 10 min)
III.	Executive Order No. 2016 – 1 a. Overview b. Questions	(Paul Smith – 10 min)
IV.	Emergency Operations Center Update	(Kelenske – 10 min)
V.	Local Government Update a. Mayor Weaver b. Chairman Curtis	(5 min each)
VI.	Subject Matter Experts a. Dr. Mona Hanna-Attisha b. Dr. Laura Sullivan c. Prof. Marc Edwards d. Dr. Lawrence Reynolds	(5 min)
VII.	Discussion of Goals a. MDEQ b. MDHHS c. MDT d. MDE	(5 min/Department)
VIII.	General Discussion	(Moderated by Hollins 15 min)
IX.	Next Steps	(Hollins/Kelenske – 10 min)

STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

BRIAN CALLEY
LT. GOVERNOR

EXECUTIVE ORDER
No. 2016 – 1

CREATION OF
FLINT WATER INTERAGENCY COORDINATING COMMITTEE

MICHIGAN DEPARTMENT OF STATE POLICE

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the state of Michigan in the Governor; and

WHEREAS, Section 2 of Article V of the Michigan Constitution of 1963 empowers the Governor to make changes in the organization of the Executive Branch or in the assignment of functions among its units that he considers necessary for efficient administration; and

WHEREAS, municipal water in the City of Flint showed elevated lead levels after the City of Flint switched its water source to the Flint River; and

WHEREAS, the County of Genesee and the City of Flint have taken actions to cope with the situation, including but not limited to, switching back to the Detroit water system on October 16, 2016, declaring local states of emergency, activating the emergency response and recovery aspects of their emergency operations plan, marshaling and distributing required resources on a city-wide level, and issuing emergency public information and bulletins; and

WHEREAS, the Flint Water Advisory Task Force was formed as an independent advisory task force charged with reviewing actions regarding water use and testing in Flint; and

WHEREAS, the Flint Water Advisory Task Force has made an interim recommendation that the state government should coordinate a sustained, public-health focused response to remedy, to the fullest extent possible, the impacts on the Flint community; and

WHEREAS, on January 5, 2016, the Governor issued a proclamation declaring a state of emergency in the County of Genesee and the City of Flint; and

WHEREAS, multiple state departments and local authorities share the responsibility for ensuring safe drinking water and the coordination of efforts to address the consequences resulting from the presence of elevated lead levels in drinking water; and

WHEREAS, ensuring safe drinking water and addressing the consequences of elevated lead levels in drinking water will require collaboration and communication between state departments, local governments, and subject matter experts; and

WHEREAS, the establishment of a Flint Water Interagency Coordinating Committee within the Michigan Department of State Police will facilitate the collaboration and

communication between state departments, local governments, and subject matter experts necessary to effectively coordinate a response and recovery effort;

NOW, THEREFORE, I, Richard D. Snyder, Governor of the state of Michigan, by virtue of the power and authority vested in the Governor by the Michigan Constitution of 1963 and Michigan law, order the following:

I. CREATION OF THE FLINT WATER INTERAGENCY COORDINATING COMMITTEE

A. The Flint Water Interagency Coordinating Committee ("Coordinating Committee") is created as an advisory body within the Michigan Department of State Police (the "Department").

B. The Coordinating Committee shall be composed of the following seventeen (17) members who shall serve an initial term expiring on December 31, 2018.

- The Director of Office of Urban Initiatives within the Executive Office of the Governor;
- The Deputy State Director of Emergency Management and Homeland Security within the Michigan Department of State Police;
- The Director of the Department of Environmental Quality, or his or her designee;
- The Director of the Department of Health and Human Services, or his or her designee;
- The Director of the Department of Licensing and Regulatory Affairs, or his or her designee;
- The State Treasurer, or his or her designee;
- The Superintendent of Public Instruction, or his or her designee;
- The elected Mayor of the City of Flint who shall be appointed to the Coordinating Committee by the Governor;
- Three (3) additional representatives of the City of Flint who shall be submitted by the Mayor of the City of Flint and appointed to the Coordinating Committee by the Governor;
- Three (3) representatives of Genesee County who shall be submitted by the Genesee County Board of Commissioners and appointed to the Coordinating Committee by the Governor; and
- Three (3) subject matter experts who shall be appointed to the Coordinating Committee by the Governor.

After the initial appointments, members of the Coordinating Committee appointed under this subsection shall serve terms of three years.

C. A vacancy on the Coordinating Committee occurring other than by expiration of a term shall be filled in the same manner as the original appointment for the balance of the unexpired term. A member may continue serving until his or her successor is appointed. A member may serve successive terms if reappointed.

II. CHARGE TO THE COORDINATING COMMITTEE

A. The Coordinating Committee shall act in an advisory capacity to the Governor and subject to the Governor's review and approval, shall do all of the following:

1. Create an incident action plan designed to assist state and local authorities in ensuring safe drinking water for the residents of the City of Flint and addressing the consequences of elevated lead levels in drinking water.

2. Review recommendations made by the Flint Water Advisory Task Force and propose statutory, regulatory, or contractual actions necessary for implementation of such recommendations.

3. Identify staff with competencies in emergency planning, operations, logistics, and finance as outlined under the National Incident Management System (NIMS) to work with the Coordinating Committee to track resource requests and document progress on the incident action plan.

4. Establish a standard process for sharing pertinent information between all members including use of the NIMS and Unified/Incident Command as appropriate.

5. Establish routine communications protocols at the local, executive, and legislative levels as appropriate.

6. Establish a public information protocol to effectively inform the community.

7. Make recommendations for acceptable standards for potable water.

8. Make recommendations regarding the health impacts for the affected population.

9. Assess the status of infrastructure and determine feasible actions to upgrade the water system.

10. Establish subcommittees among its members to specifically address, at a minimum, each of the three following topic areas: Water Quality, Community Health, and Education.

11. Assist the Governor and the Department in implementing appropriate operations permitted under the Michigan Emergency Management Act or the federal Stafford Disaster Relief and Emergency Assistance Act, including local emergency operations plans and guides.

12. Explore any avenues of funding for response and recovery efforts including federal grants, legislative appropriations, and private partners.

B. The Coordinating Committee shall provide other information or advice as requested by the Governor or the Department.

III. OPERATIONS OF THE COORDINATING COMMITTEE

A. The Coordinating Committee shall be staffed and assisted by personnel from the Department as directed by the Department Director. Any budgeting, procurement, and related management functions of the Coordinating Committee shall be performed under the direction and supervision of the Department Director.

B. The Director of Office of Urban Initiatives within the Executive Office of the Governor and the Deputy State Director of Emergency Management and Homeland Security shall together serve as the Statewide Coordinators responsible for the administrative functions of the Coordinating Committee.

C. The Coordinating Committee may utilize subcommittees and advisory panels composed of its members to assist in completing the functions of the Coordinating Committee. The Coordinating Committee may request public participation on advisory panels as the Coordinating Committee deems necessary.

D. When making recommendations to the Governor, a majority of the serving members of the Coordinating Committee must concur.

E. The Coordinating Committee shall meet at the call of either of the Statewide Coordinators and as may be provided in procedures adopted by the Coordinating Committee.

F. The Coordinating Committee may, as appropriate to perform its duties, make inquiries, conduct studies, consult with outside experts and federal agencies, and receive comments from the public.

G. Members of the Coordinating Committee shall serve without compensation but may receive reimbursement for necessary travel and expenses according to relevant statutes and the rules and procedures of the Civil Service Commission, and the Department of Technology, Management and Budget, subject to available funding.

H. The Coordinating Committee may accept donations of labor, services, or other items of value from any public or private agency or person. Any donations shall be expended in accordance with applicable laws, rules, and procedures.

I. Members of the Coordinating Committee shall refer all legal, legislative, and media contacts to the Department.

J. A writing prepared, owned, used, in the possession of, or retained by the Coordinating Committee in the performance of an official function is subject to the Freedom of Information Act, 1976 PA 442, as amended, MCL 15.231 to 15.246.

IV. MISCELLANEOUS

A. All departments, committees, commissioners, or officers of this state or of any political subdivision of this state may give to the Coordinating Committee, or to any member or representative of the Coordinating Committee, any necessary assistance required by the

Coordinating Committee, or any member or representative of the Coordinating Committee, in the performance of the duties of the Coordinating Committee so far as is compatible with its, his or her duties.

B. Any suit, action, or other proceeding lawfully commenced by, against, or before any entity affected under this Order shall not abate by reason of the taking effect of this Order.

C. The invalidity of any portion of this Order shall not affect the validity of the remainder of the Order.

The Executive Order shall become effective upon filing.

Given under my hand and the Great Seal of the state of Michigan this 11th day of January, in the year of our Lord, Two Thousand Sixteen

RICHARD D. SNYDER
GOVERNOR

BY THE GOVERNOR:

SECRETARY OF STATE

FILED WITH SECRETARY OF STATE

ON 1/11/16 **AT** 10:05 AM

Workman, Wayne (TREASURY)

From: Steckelberg, Larry (TREASURY)
Sent: Wednesday, January 27, 2016 1:43 PM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Subject: FW: Flint information-follow up question
Attachments: Flint Water Facts.docx; Treasury's Role in Flint 1-26-2016 (2).docx

Updated to reflect loss of the fee increase is included in the shortfall numbers. I wanted you to review before I forward to Nick.

From: Schafer, Suzanne K. (Treasury)
Sent: Wednesday, January 27, 2016 1:32 PM
To: Steckelberg, Larry (TREASURY) ; Vaughn, Cary J. (Treasury)
Subject: RE: Flint information-follow up question

Larry,

Here is an updated version. I have highlighted the change to address your question.

Suzanne

From: Steckelberg, Larry (TREASURY)
Sent: Wednesday, January 27, 2016 12:13 PM
To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>; Vaughn, Cary J. (Treasury) <VaughnC2@michigan.gov>
Subject: RE: Flint information-follow up question

Can we talk about the bullet that has the rate increase? Has that been approved? If not, what happens to the balances if that is not approved? Let's talk.

From: Schafer, Suzanne K. (Treasury)
Sent: Wednesday, January 27, 2016 11:28 AM
To: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Cc: Vaughn, Cary J. (Treasury) <VaughnC2@michigan.gov>
Subject: RE: Flint information
Importance: High

See attached.

From: Steckelberg, Larry (TREASURY)
Sent: Wednesday, January 27, 2016 10:40 AM
To: Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: FW: Flint information

From: Saxton, Thomas (Treasury)
Sent: Wednesday, January 27, 2016 10:25 AM

To: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Flint information

How are you guys coming with this ? Do you have an 'eta'?.

From: Saxton, Thomas (Treasury)
Sent: Tuesday, January 26, 2016 5:16 PM
To: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Flint information

I think Nick is good with this... but can we get (even on a separate page) some of the 'factoids' we talked about e.g., # of customers in the water sys (residential – business), approx. sys annual revenues, average resident water bill, miles of pipeline, any changes over the past couple years ie, declines.

From: Steckelberg, Larry (TREASURY)
Sent: Tuesday, January 26, 2016 5:06 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Flint information

New one page with edits.

From: Khouri, Nick (TREASURY)
Sent: Tuesday, January 26, 2016 4:54 PM
To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Flint information

Yes please

From: Saxton, Thomas (Treasury)
Sent: Tuesday, January 26, 2016 4:52 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Cc: Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Flint information

So you want this converted to one page ?

From: Khouri, Nick (TREASURY)
Sent: Tuesday, January 26, 2016 4:48 PM
To: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Flint information

He is my edits

From: Steckelberg, Larry (TREASURY)
Sent: Tuesday, January 26, 2016 4:44 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Flint information

One page

From: Khouri, Nick (TREASURY)
Sent: Tuesday, January 26, 2016 4:32 PM
To: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: RE: Flint information

Can you put it in one page of talking bullets

Don't need a cover page or powerpoint format

From: Steckelberg, Larry (TREASURY)
Sent: Tuesday, January 26, 2016 4:31 PM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Workman, Wayne (TREASURY) <WorkmanW@michigan.gov>
Subject: Flint information

Larry Steckelberg
Division Administrator
Property Services Division
Michigan Department of Treasury
(517) 241-3733

DRAFT V2 01/27/16

FLINT WATER FACTS

- Water user revenue for fiscal year 2015 was $33.7M. Collection rate averaged 98%.
- Water user revenue for fiscal year 2016 assuming a conservative collection rate of 85% and a fee increase of 22% would result in approximately $26.4M.
- City estimates a collection rate of 65% for the period of January 2016 through June 2016.
- City estimates a collection rate of 45% for the period of July 2016 through December 2016.
- **Absent normal collection rates and a fee increase, the City projects a cash flow shortfall beginning September 2016.** Overall, cash flow shortage through December 2016 is estimated to be $8.5M.
- If the City were to experience normal collection rates and realize a fee increase, the City estimates a cash balance of a positive $5.3M. Therefore, total cash shortage is $13.8M ($8.5M + $5.3M).
- Based on a fact sheet of the water system updated by Flint in March 2015, the water system:
    - Had 31,000 users in 2014 compared to 46,000 users in 2006.
    - Has 600 miles of distribution mains.
- Based on numerous media reports, the average water bill is $140 per month.

Treasury's Role in Three Primary Areas

Flint has critical needs in many areas. We see our role in three primary areas.

- Infrastructure development and finance.
- Fiscal stability of both the water/sewer and overall city government.
    - Short term (cash)
    - Long term
- Flint's economic development.

Infrastructure Development and Finance

- Treasury's goal is to work with others to develop a long-term water infrastructure investment plan for distressed local units.
- Once a quality study is created to determine an accurate picture of the scope and cost for the necessary system improvements, Treasury is confident we can come up with a method to help finance improvements.
- We will look at alternative funding sources, including bonds, surcharges, and existing Federal and State dollars.

Fiscal Stability

- In April of 2015, Flint was on a path to exit financial emergency with its funds showing comfortable cash balances.
- The cash balance in the water system was $20 million in July 2015. Now, the system is in the red and Flint's water system will potentially be out of cash as early as September. The sewer fund faces a similar situation. Eventually this will become an obligation of the city's general fund.
- Develop strategies to stabilize near term finances of water and sewer system.
- Doing all we can to make sure Flint's water rates are affordable.
- Assist city in continuing on path to financial stability across all accounts.

Economic Development

- We need to address the long term impact of the recent months on the city's economic development.
- Start by assessing the impact on property values and business location decisions.
- Partner with economic development agencies to assist in growing Flint's economy.
- The support needs to be targeted to the needs of the city.

Treasury Role in Flint

Near Term Goals

Stabilizing Cash Flow for Water and Sewer

- Complete cash flow analysis
- Compile data on declining pay rates
- Develop strategies to stabilize finances

Infrastructure Financing

- Explore avenues for affordable infrastructure development
- Assist in financial planning and implementation

Economic Development

- Partner with economic development agencies to assist in growing Flint's economy.
- Assist with project financing.

Robert, Carla M. (Treasury)

From: Headen, Frederick (Treasury)
Sent: Wednesday, January 27, 2016 12:03 PM
To: Stanton, Terry A. (Treasury); Khouri, Nick (TREASURY)
Cc: Doyle, Maureen (Treasury)
Subject: RE: Lawsuit re Flint

From a legal standpoint, I would prefer that the statement simply be "we do not comment on current litigation." However, I appreciate there may be a need to emphasize corrective steps that have been, or that are being, taken. The Governor's Office likely will not receive a copy of the complaint. Although he was named in the November 16, 2015, Notice of Intent to Sue, he was removed as a defendant from the complaint as it was filed today.

-----Original Message-----
From: Stanton, Terry A. (Treasury)
Sent: Wednesday, January 27, 2016 11:44 AM
To: Khouri, Nick (TREASURY) <KhouriN@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>
Cc: Doyle, Maureen (Treasury) <DoyleM4@michigan.gov>
Subject: Lawsuit re Flint

A couple reporters have asked for comment on a lawsuit filed this am against Nick and the Flint RTAB, the city of Flint and Natasha Henderson to comply with the safe drinking water act, including the replacement of lead service lines.

After conferring with the Gov's office, they suggest the following:

"We have not received or reviewed the lawsuit at this time and do not comment on current litigation.

That said, the state's top priority is making sure the people of Flint immediately have access to safe, clean water, and that includes reaching every home to supply water, filters, replacement filter cartridges and water testing kits. The administration is also working with independent experts on testing of the water and will continue to work with them going forward."

Want to be sure you are comfortable with this response.

Please advise.

Schafer, Suzanne K. (Treasury)

From: Byrne, Randall (Treasury)
Sent: Wednesday, January 27, 2016 1:10 PM
To: Schafer, Suzanne K. (Treasury); Steckelberg, Larry (TREASURY)
Subject: FW: Flint Weekly Call Notes

Suzanne and Larry

The weekly call notes on Flint

Randy

From: Heimann, Alexandr (TREASURY)
Sent: Wednesday, January 27, 2016 11:30 AM
To: Widigan, Robert (TREASURY) <WidiganR@michigan.gov>; Dostine, Patrick (TREASURY) <DostineP@michigan.gov>; Vandegrift, Drew (TREASURY) <VandegriftD@michigan.gov>; Hudson, Deanna (TREASURY) <HudsonD4@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: RE: Flint Weekly Call Notes

Per Randy's feedback, some minor revisions

Flint
Weekly Phone Call
01/27/16

Present:
N. Henderson (Flint)
Council President Nelson (Flint)
P. Dostine (Treasury)
E. Cline (Treasury)
A. Heimann (Treasury)
R. Byrne (Treasury)
T. Chubb (Flint)

Not Present:
Mayor Weaver (Flint)
F. Headen (Treasury)
W. Lamphier (Treasury)

1. Water Update:

EPA ORDER/WATER TESTING:

- Released recently, was exhaustive (200 pages). Requires the city to do significant water testing daily.
- **City feels that it does not have the capacity to complete all of what the EPA has in its order,** will be meeting with them Thursday January 28th, 2016, and will address that with them. Will ask the EPA to consider hiring a contractor to help with water testing.
- City is currently taking 400 samples a day to Lansing for the state to test (twice daily).
- Lead levels are "way down", only a few areas in the city are still over the maximum threshold.
- Unclear when the community will feel safe drinking the water after this.

- Governor has a committee on safe drinking water that includes Mark Edwards (Virginia Tech) that will make a public announcement that it is safe to drink the water again.

BLOOD LEAD LEVEL TESTING

- Hurley Medical Center and Mott Children's are testing blood lead levels, it is unclear whether or not this will be a coordinated effort, or sporadic.

SAFE DRINKING WATER REVOLVING LOAN FUND

- Representative from the federal component of this loan program will be visiting along with other EPA officials on January 28th, 2016.
- N. Henderson had made it clear that the city could not repay any of the money that they are requesting in this loan fund, and hopes that the fund administrators would consider a 100% forgivable loan.
- **Intend to submit their executive summary by February 1st, 2016**
- City's application asks for $25M a year for five years to remove/replace priority water infrastructure. Will specifically address where water has been sitting for longer periods of time, and right sizing the system as a whole. *Per previous call, Rowe Engineering is helping them with this application*

DWSD WATER CONSUMPTION

- The city is consuming almost precisely how much water it estimated that it would be
- The city's water consumption rate has not decreased at all, even after the lead issue, people appear to still be consuming about the same amount of water as they did before.

MML SEARCH

- Hopes that the MML will have the position posted this morning
- The city had it posted for the last week, and have so far received 11 resumes

WATER DISTRIBUTION/RELIEF EFFORTS

- City is trying to find some different locations for the EOC to distribute water and filters, because of traffic, several of the fire stations are not good locations for this effort, and continued use of those facilities might diminish the city's capacity to respond to fires.
- City suspects that the need for bottled water will decrease in the next few months
- The city suggests that they would prefer donations and contributions to be financial, instead of sending more bottled water. Donations can be made to the Greater Flint Community Foundation through their website.

2. Litigation issues

FINANCIAL REIMBURSEMENT

- **City is submitting another letter to the treasury to ask to be reimbursed for additional legal fees. The city suggests that the number of lawsuits that they will be defending against will be increasing significantly.**

SHEARS V FLINT

- A revision was issued on January 11th, 2016 that negated much of the financial impacts of the original lawsuit
- City will be able to collect past due bills going all the way back to July 2012
- Rate hikes between September, 2011 and July 2012 are still an issue, because the city raised rates in a manner that was inconsistent with city charter. T. Chubb suggests that after a motion that he recently filed, he might be able to get that piece dismissed as well.
- Val Washington (attorney for plaintiff) has a meeting scheduled with the city to discuss a settlement, T. Chubb believes that it is because V. Washington feels that he no longer has a case.

KINCAID V FLINT

- T. Chubb expressed that he feels this case is very similar to Shears v Flint.
- Thinks that V. Washington is pursuing this case because it was filed earlier, and therefore it can address water rates that go back to 2006 because it was filed in 2012.

MAYS V FLINT/SNYDER

- Coordinating with the Attorney General's office, will have their "12B6's" filed in the beginning of February, 2016.

Alexandr Heimann
Municipal Analyst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 335-2434

From: Heimann, Alexandr (TREASURY)
Sent: Wednesday, January 27, 2016 11:01 AM
To: Widigan, Robert (TREASURY) <WidiganR@michigan.gov>; Dostine, Patrick (TREASURY) <DostineP@michigan.gov>; Vandegrift, Drew (TREASURY) <VandegriftD@michigan.gov>; Hudson, Deanna (TREASURY) <HudsonD4@michigan.gov>; Cline, Richard (Treasury) <cliner1@michigan.gov>; Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
Subject: Flint Weekly Call Notes

Hello Randy,

Here is the draft of the weekly call notes from Flint. Please review these, and let me know if you identify any errors or omissions:

Flint
Weekly Phone Call
01/27/16

Present:
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P. Dostine (Treasury)
E. Cline (Treasury)
A. Heimann (Treasury)
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Alexandr Heimann
Municipal Analyst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 335-2434

Stanton, Terry A. (Treasury)

From: Stanton, Terry A. (Treasury)
Sent: Wednesday, January 27, 2016 1:40 PM
To: Lindsey Smith
Subject: RE: A Fix for Flint: Groups File Federal Lawsuit to Secure Safe Drinking Water in Flint

Lindsey...

You may attribute the following to me.

We have received and are reviewing the lawsuit but we do not comment on current litigation.

That said, the state's top priority is making sure the people of Flint immediately have access to safe, clean water, and that includes reaching every home to supply water, filters, replacement filter cartridges and water testing kits. The administration is also working with independent experts on testing of the water and will continue to work with them going forward.

Thanks, Terry

Terry Stanton, Administrator
Communications Division
MI Department of Treasury
(517) 335-2167
stantont@michigan.gov

From: Lindsey Smith [mailto:lmsmi@umich.edu]
Sent: Wednesday, January 27, 2016 11:28 AM
To: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>
Subject: Fwd: A Fix for Flint: Groups File Federal Lawsuit to Secure Safe Drinking Water in Flint

Hey there Terry, Happy New Year. Hope you're doing ok.

I'm just sending this along in some offhand chance Dept of Treasury wants to comment. It was only filed today so I *assume* not, but figured I should at least ask. The suit names much of the RTAB in Flint and Khouri in addition to the City of Flint. Let me know either way if you could. Thanks.

Best~

---------- Forwarded message ----------
From: **Durley, Kamari** <kdurley@nrdc.org>
Date: Wed, Jan 27, 2016 at 10:20 AM
Subject: A Fix for Flint: Groups File Federal Lawsuit to Secure Safe Drinking Water in Flint
To:

http://www.nrdc.org/media/2016/160127.asp

FOR IMMEDIATE RELEASE

CONTACTS: Margie Kelly, NRDC, 541-222-9699, mkelly@nrdc.org or Kamari Durley, 312-651-7934

Darrell Dawsey, ACLU of Michigan, 313-806-4403, ddawsey@aclumich.org

A Fix for Flint: Groups File Federal Lawsuit to Secure Safe Drinking Water in Flint

Concerned Pastors for Social Action, Melissa Mays, ACLU of Michigan, and NRDC Ask Court to Intervene to Fix Flint's Water Crisis

FLINT, Mich. (January 27, 2016)- A coalition of local citizens and national groups filed suit today seeking federal court intervention to secure access to safe drinking water for the people of Flint, Michigan.

Alleging violations of the federal Safe Drinking Water Act, the complaint was filed in the U.S. District Court for the Eastern District of Michigan by the Natural Resources Defense Council, the ACLU of Michigan, Concerned Pastors for Social Action and Flint resident Melissa Mays.

"The water in Flint is still not safe to drink because City and State officials are violating the federal law that protects drinking water. In doing so, they are exposing the people of Flint to lead, a powerful toxin that can be devastating to young children. We are asking a federal court to step in because the people of Flint simply cannot rely on the same government agencies that oversaw the destruction of its infrastructure and contamination of its water to address this crisis," said Dimple Chaudhary, Senior Attorney with the Natural Resources Defense Council.

The lawsuit asks a federal court to compel the City and state officials to follow federal requirements for testing and treating water to control for lead and to order the prompt replacement of all lead water pipes at no cost to Flint residents. The groups and Ms. Mays also seek appropriate relief to remedy the health and medical harms to Flint residents from the lead contamination. The lawsuit is not seeking monetary damages.

"Everyone in this country deserves and expects safe drinking water, regardless of your race, economic status or zip code. The residents of Flint were stripped of their democratically elected authority and, in the name of

Pleyte, Beth (Treasury)

From: Barton, John (Treasury)
Sent: Wednesday, January 27, 2016 1:53 PM
To: Saxton, Thomas (Treasury); Stanton, Terry A. (Treasury)
Subject: FW: Media inquiry from Detroit News reporter
Attachments: DWRF project list for FY16.pdf

Just to keep you in the loop re: Flint media inquiry DEQ

From: Butler, Sonya (DEQ)
Sent: Wednesday, January 27, 2016 12:52 PM
To: Tommasulo, Karen (DEQ) <TommasuloK@michigan.gov>; Brown, Melanie (DEQ) <BrownM45@michigan.gov>; Epkey, Amy (DEQ) <epkeya@michigan.gov>
Cc: Dolehanty, Mary Ann (DEQ) <DOLEHANTYM@michigan.gov>; Sygo, Jim (DEQ) <SygoJ@michigan.gov>; Barton, John (Treasury) <BartonJ@michigan.gov>
Subject: RE: Media inquiry from Detroit News reporter

The information contained below is factual and correct.

Loans are awarded quarterly as the community directs their need for the funding. No loans have been awarded in the DWRF program to date for the current fiscal year. We expect to close on 2 loans in the second quarter. Attached is a list of what's to be funded this year.

Flint can apply immediately for DWRF funding. Staff from the Revolving Loan programs have been in recent contact with the consultant engineer Flint hired to prepare their project plan for DWRF. The amended intended use plan that DEQ will submit to EPA must include a description of the project that Flint intends to construct as well as the associated dollar amount. There is current funding available within the DWRF (as confirmed with the Michigan Finance Authority) for Flint to quickly begin work; Flint does NOT need to wait for the 2016 EPA funding to be awarded to the DEQ. EPA and DEQ have been in discussion and will work to expedite the plan and its review to get the money awarded. There is no estimate of when to expect the project plan from Flint.

From: Tommasulo, Karen (DEQ)
Sent: Wednesday, January 27, 2016 11:50 AM
To: Brown, Melanie (DEQ); Epkey, Amy (DEQ); Butler, Sonya (DEQ)
Subject: RE: Media inquiry from Detroit News reporter

Sonya,
Can you help draft some language for this inquiry as well? Thanks!

From: Brown, Melanie (DEQ)
Sent: Wednesday, January 27, 2016 11:37 AM
To: Epkey, Amy (DEQ); Tommasulo, Karen (DEQ)
Subject: Fwd: Media inquiry from Detroit News reporter

Begin forwarded message:

From: "Burke, Melissa" <mburke@detroitnews.com>
Date: January 27, 2016 at 11:35:14 AM EST
To: "Brown, Melanie (DEQ)" <BrownM45@michigan.gov>
Subject: RE: Media inquiry from Detroit News reporter

Thanks, Mel. I'm wondering whether the FY16 loans have been dispersed yet? I'd like to get an idea how soon, for instance, Flint can apply for the FY17 program and an estimate of how soon they could have that in hand to start working on, say, lead line replacement. Has the EPA indicated that it would expedite their consideration of Michigan's plan for how to spend the FY17 money?

Is there an estimate of when the project plan will be submitted by the city?

-----Original Message-----
From: Brown, Melanie (DEQ) [mailto:BrownM45@michigan.gov]
Sent: Tuesday, January 26, 2016 9:54 PM
To: Burke, Melissa <mburke@detroitnews.com>
Cc: Tommasulo, Karen (DEQ) <TommasuloK@michigan.gov>
Subject: RE: Media inquiry from Detroit News reporter

Hi Melissa -
Based on a conversation with EPA, the $80 million referenced in recent media outlets is not new funding.

The federal funds are provided each year to support the state's water infrastructure revolving loan programs. The federal funds ($59 million for wastewater and $27 million for drinking water) plus the $17 million of state match and loan repayments from prior years are used to support new infrastructure loans.

In 2016, the DEQ has committed to 33 loans totaling $240 million to various communities, including Detroit, Burton, Pontiac, and others. In addition, the DEQ received applications for 45 additional projects totaling $247 million. Flint did not apply for funding in 2016. The totals are more than the $80 million due to the fact of local repayments by other communities.

Staff are working with the City of Flint and consulting engineers on a project plan. The project plan will be the top priority in relation to the other projects should/once the City submits a plan.

-----Original Message-----
From: Burke, Melissa [mailto:mburke@detroitnews.com]
Sent: Tuesday, January 26, 2016 4:14 PM
To: Brown, Melanie (DEQ)
Subject: Media inquiry from Detroit News reporter

Hi Mel,

I am the Washington correspondent for the Detroit News. I just left you a voicemail about a story that I'm working on about the Drinking Water Revolving Loan program.

I had a few questions about the $80M for FY 17 mentioned by Obama last week, and how soon the DEQ may start accepting loan applications, etc, from municipalities, and what determines

whether the loans are forgivable.

I also understand that there's ongoing discussions between Flint and DEQ regarding loans that the city could use for replacing lead service lines on private property. EPA approved this last fall as a permissible use of the federal Revolving Loan Fund. I'd like to know what the status of those conversations are, and how soon the city could potentially be securing loan funds to begin such work?

Thanks,
Melissa Burke

Melissa Nann Burke
Detroit News Washington Bureau
202.662.8736 o. // 202.[redacted]c.

DEQ Drinking Water Revolving Fund: Fundable Range Quarterly Report - Fiscal Year: 2016 DWRF

2nd Quarter Projects		**Binding Commitment Date:**	**3/14/2016**	
7398-01	Burton	Genesee Co	Watermain Replacement - Phase 3	$4,700,000
7411-01	Grand Rapids	Kent Co	Tank repairs	$3,085,000
2nd Quarter Total		**2 Projects**		**$7,785,000**
3rd Quarter Projects		**Binding Commitment Date:**	**6/1/2016**	
7405-01	Genesee Co Drain Commissioner	Genesee Co	Metering Project	$5,400,000
7412-01	Detroit	DWSD	Watermain Replacement	$9,375,000
7413-01	Detroit	DWSD	Watermain Replacement	$6,500,000
3rd Quarter Total		**3 Projects**		**$21,275,000**
4th Quarter Projects		**Binding Commitment Date:**	**8/24/2016**	
7408-01	Oakland Co	Pontiac	Watermain Repl Meter Repl Phase 2	$5,700,000
7410-01	Loch Alpine Sanitary Authority	Washtenaw County	Watermain Improvement Phase 2	$1,590,000
4th Quarter Total		**2 Projects**		**$7,290,000**
Total Fundable Range Dollars		**7 Projects**		**$36,350,000**
Future Projects				
7407-99	Grand Rapids	Kent Co	Various future proj	$40,815,000
7400-01	Burton	Genesee Co	Watermain Replacement - Phase 5	$2,215,000
7399-01	Burton	Genesee Co	Watermain Replacement - Phase 4	$2,995,000
7409-01	Oakland Co	Pontiac	Watermain Repl, Meter Repl Phase 3	$4,800,000
7414-01	Detroit	DWSD	Watermain Replacement	$15,125,000
Total Future Dollars Projected		**5 Projects**		**$65,950,000**

Dempkowski, Angela (Treasury)

From: Widigan, Robert (TREASURY)
Sent: Wednesday, January 27, 2016 2:34 PM
To: Dempkowski, Angela (Treasury)
Cc: Cline, Richard (Treasury); Schafer, Suzanne K. (Treasury)
Subject: Approvals Regarding Flint WTR

Importance: High

Angela,

Here is what I did regarding approvals related to City water:

1. **April 13, 2015** – Lockwood, Andrews and Newnam for GAC Filters to assist in reducing the levels of TTHM: **$1,601,740**
2. **December 11, 2014** – Purchase of 594 water meters from Metron-Farnier, LLC: **$110,811**
3. **August 28, 2014** – Purchase of water testing supplies from Idexx Distribution: **$70,000**
4. **May 30, 2014 – Approval to sell a 72"** pipeline: **$3,987,700**

If additional information is desired, please let me know.

Thanks,

Rob

Vaughn, Cary J. (Treasury)

From: Jody Lundquist <jlundquist@cityofflint.com>
Sent: Wednesday, January 27, 2016 8:26 PM
To: Vaughn, Cary J. (Treasury)
Subject: Re: 2015 User Fees
Attachments: Water Fund Revenue Report 7-1-14 through 6-30-15.xlsx

Good evening, Cary.

Please find attached a revenue report generated out of the City's accounting software. I have subtotaled line items to that tie directly to the amounts shown on the CAFR. You are likely to notice that July 2014 has negative amounts. This is a function of accruing billed revenue to the appropriate fiscal year. Just as there are negative amounts in July 2014, there are larger amounts in June 2015 as a result of the year end closing process. I have included a second tab FYE-2014-2015. The total water revenue compiled from billing reports maintained by the City's Treasury Department is highlighted in blue. The sum of these monthly billings is $32,839,437. This figure correlates to the "Meter Water Sales" line item on the Revenue Report. There are items contained in the GL report that are not included in Treasury's FYE-2014-2015 billing summary. The amounts used to generate Treasury's summary were recorded by Treasury for internal use.

I will be in meetings from 8:30-10, 11-12 and 1-2:30. I am happy to speak with you before 8:30 and will be available at any other time aside from those specified.

Best regards,

Jody N. Lundquist
Chief Financial Officer
City of Flint
1101 S. Saginaw Street, 2nd Floor
Flint, MI 48502
jlundquist@cityofflint.com
(810) 237-2441

On Wed, Jan 27, 2016 at 6:14 PM, Vaughn, Cary J. (Treasury) <VaughnC2@michigan.gov> wrote:

Jody,

Would you start putting together the monthly revenue amounts for July 2014 through June 2015 for *User Charges* that would equal the audited amount of $30,777,658 in the Water fund?

Larry, Suzanne, and I will give you a call tomorrow morning.

Thanks for all the help.

Totals from Bill Print Summary export to Level One (water bill printing company)

FISCAL YEAR 2014-2015

READ	# of Cust Billed	Water	Water	Water Service	
Date	Wtr Serv Chrgs	Consumption	Charges	Charges	Total
Jul-14	28,676	130,926	$1,036,425.30	$674,125.04	$1,710,550.34
Aug-14	28,499	131,390	$1,042,165.07	$670,600.76	$1,712,765.83
Sep-14	28,358	115,720	$917,558.77	$669,279.42	$1,586,838.19
Oct-14	28,161	133,099	$978,591.94	$707,733.87	$1,686,325.81
Nov-14	28,235	125,902	$998,800.67	$666,765.35	$1,665,566.02
Dec-14	28,290	125,881	$998,277.17	$666,830.58	$1,665,107.75
Jan-15	28,055	188,495	$1,443,094.85	$666,213.56	$2,109,308.41
Feb-15	28,273	133,417	$1,057,362.05	$665,402.63	$1,722,764.68
Mar-15	28,286	108,257	$856,822.21	$663,635.35	$1,520,457.56
Apr-15	28,380	119,618	$943,539.74	$665,479.58	$1,609,019.32
May-15	28,305	117,432	$931,216.65	$664,935.25	$1,596,151.90
Jun-15	28,179	153,002	$1,213,170.97	$663,487.87	$1,876,658.84
RESIDENTIA	311,021	1,452,213	$12,417,025.39	$8,044,489.26	**$20,461,514.65**
COMMERCIAL					
READ	# of Cust Billed	Water	Water	Water Service	
Date	Wtr Serv Chrgs	Consumption	Charges	Charges	Total
Jul-14	1,661	149,233	$1,104,398.38	$240,042.06	$1,344,440.44
Aug-14	1,666	112,125	$833,915.32	$287,050.81	$1,120,966.13
Sep-14	1,676	115,640	$859,383.26	$288,379.55	$1,147,762.81
Oct-14	1,607	105,506	$788,579.23	$279,106.64	$1,067,685.87
Nov-14	1,599	90,398	$681,423.23	$280,254.26	$961,677.49
Dec-14	1,576	102,164	$766,773.86	$277,057.41	$1,043,831.27
Jan-15	1,575	99,674	$752,011.70	$273,462.18	$1,025,473.88
Feb-15	1,563	103,444	$775,819.28	$271,983.65	$1,047,802.93
Mar-15	1,573	92,945	$696,071.36	$275,415.95	$971,487.31
Apr-15	1,573	90,060	$676,542.66	$273,559.88	$950,102.54
May-15	1,580	74,297	$560,592.14	$274,513.71	$835,105.85
Jun-15	1,626	134,596	$997,943.03	$281,116.73	$1,279,059.76
COMMERCI	17,614	1,120,849	$9,493,453.45	$3,301,942.83	**$12,795,396.28**
			TOTAL BILLED WATER REVENUE		**$33,256,910.93**

Summary of DWSD Cost Allocations to Flint Under Various Scenarios

Flint Only

	Revenue Requirement	Rates and Charges: Fixed	Rates and Charges: Commodity	Rates and Charges: Avg Unit Cost
1 **Status Quo**	11,461,700	357,271	12.46	19.91
2 **Model Contract**	9,732,100	275,517	11.16	16.90
3 Change	(1,729,600)	(81,754)	(1.30)	(3.00)
4 % Change	*-15.1%*	*-22.9%*	*-10 4%*	*-15 1%*
5 **Max Day Only**	9,424,700	271,010	10.72	16.37
6 Change	(307,400)	(4,507)	(0.44)	(0.53)
7 % Change	*-3.3%*	*-1.7%*	*-4.1%*	*-3 3%*
8 **Allow Blending**	6,302,800	182,369	10.72	16.42
9 Change	(3,121,900)	(88,641)	0.00	0.05
10 % Change	*-49 5%*	*-48.6%*	*0 0%*	*0 3%*
11 **Imlay City Connections**	5,800,700	170,912	9.77	15.11
12 Change	(502,100)	(11,457)	(0.95)	(1.31)
13 % Change	*-8.7%*	*-6 7%*	*-9 7%*	*-8 7%*
14 Cumulative Change	(5,661,000)	(186,359)	(2.69)	(4.80)
15 Cumulative %Change	*-49.4%*	*-52 2%*	*-21.6%*	*-24 1%*

	Assumptions: Avg Day	Max Day	Peak Hour	Distance	Elevation	Sales
	mgd	*mgd*	*mgd*	*miles*	*feet*	*mgd*
1 **Status Quo**	11.8	21.6	22.6	52.0	**866**	**11.8**
2 **Model Contract**	11.8	**17.9**	**18.8**	52.0	866	11.8
3 **Max Day Only**	11.8	17.9	**17.9**	52.0	866	11.8
4 **Allow Blending**	7.9	**11.9**	**11.9**	52.0	866	7.9
5 **Imlay City Connections**	7.9	11.9	11.9	**45.2**	**866**	7.9

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			*Average*
	Fixed	Commodity	Avg Unit Cost	Fixed	Commodity	Avg Unit Cost	*Annual Change*
	$/mo	*$/Mcf*	*$/Mcf*	*$/mo*	*$/Mcf*	*$/Mcf*	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12.46	19.12	59.6%	-6.7%	9.1%	**6.3%**
Hypothetical Model Contract							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		***13.96***	***13.96***			6.8%	
2011	***145,918***	***13.74***	***15.28***		-1.6%	9.5%	
2012	***378,968***	***12.58***	***16.57***	159.7%	-8.4%	8.4%	
2013	***597,323***	***11.63***	***17.93***	57.6%	-7.6%	8.2%	**5.5%**

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			*Average*
	Fixed	Commodity	Avg Unit Cost	Fixed	Commodity	Avg Unit Cost	*Annual Change*
	$/mo	*$/Mcf*	*$/Mcf*	*$/mo*	*$/Mcf*	*$/Mcf*	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12.46	19.12	59.6%	-6.7%	9.1%	**6.3%**
*Hypothetical Model Contract - **Flint Only***							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		*11.73*	*11.73*			-10.3%	
2011	*70,060*	*12.45*	*13.89*		6.1%	18.4%	
2012	*175,882*	*11.47*	*15.08*	151.0%	-7.9%	8.6%	
2013	*272,923*	*10.65*	*16.24*	55.2%	-7.1%	7.7%	**4.4%**

Recent DWSD Water Rates to Flint

FY	Rates and Charges			Annual Change			*Average*
	Fixed	Commodity	Avg Unit Cost	Fixed	Commodity	Avg Unit Cost	*Annual Change*
	$/mo	*$/Mcf*	*$/Mcf*	*$/mo*	*$/Mcf*	*$/Mcf*	
As Charged							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		14.32	14.32			9.6%	
2011	182,301	14.29	16.01		-0.2%	11.8%	
2012	443,096	13.36	17.53	143.1%	-6.5%	9.5%	
2013	707,000	12.46	19.12	59.6%	-6.7%	9.1%	**6.3%**
*Hypothetical Model Contract - **Flint Only @ Imlay***							
2004		11.06	11.06				
2005		10.24	10.24			-7.4%	
2006		10.56	10.56			3.1%	
2007		11.09	11.09			5.0%	
2008		11.35	11.35			2.3%	
2009		13.07	13.07			15.2%	
2010		***11.16***	***11.16***			-14.6%	
2011	***65,919***	***10.88***	***12.23***		-2.5%	9.6%	
2012	***165,275***	***9.89***	***13.28***	150.7%	-9.1%	8.6%	
2013	***255,580***	***9.09***	***14.32***	54.6%	-8.1%	7.8%	**2.9%**

STATE OF MICHIGAN CONTRACT NO. 271N3200089

CITY OF FLINT WATER SUPPLY ASSESSMENT

State of Michigan, Department of Treasury

Appendix B: Cost Worksheets

City of Flint Payments to KWA

DRAFT - SUBJECT TO CHANGE

Month Ending	Operational Charge*	2013 Intake Bond Contribution**	2014 Bond Interest***	2014 Bond Principal***	2016 Bond Interest***	2016 Bond Principal***	Total Payments	Total Payments (Annual)
3/31/16							-	
4/30/16							-	
5/31/16							-	
6/30/16							-	
7/31/16							-	
8/31/16							-	
9/30/16							-	
10/31/16	87,980 00	61,165.00	317,133 39	116,992.50	84,502 50	-	667,773.39	
11/30/16	87,980 00	61,165 00	317,133 39	116,992 50	84,502 50	-	667,773.39	
12/31/16	87,980 00	61,165 00	317,133.39	116,992 50	84,502 50	-	667,773.39	
1/31/17	87,980 00	61,165 00	317,133 39	116,992 50	84,502 50	-	667,773.39	
2/28/17	87,980 00	61,165 00	317,133 39	116,992 50	84,502 50	-	667,773.39	
3/31/17	87,980 00	61,165 00	317,133 39	116,992 50	84,502 50	-	667,773.39	
4/30/17	87,980 00	61,165 00	317,133 39	116,992 50	84,502 50	-	667,773.39	
5/31/17	87,980 00	61,165 00	317,133 39	116,992 50	84,502 50	-	667,773.39	
6/30/17	87,980 00	61,165 00	317,133 39	116,992 50	84,502 50	-	667,773.39	
7/31/17	87,980 00	61,165 00	317,133 39	116,992 50	84,502 50	-	667,773.39	
8/31/17	87,980 00	61,165 00	317,133 39	116,992 50	84,502 50	-	667,773.39	
9/30/17	87,980 00	61,165 00	317,133 39	116,992 50	84,502 50	-	667,773.39	8,013,280.73
10/31/17	93,704 25	61,165 00	312,423 77	121,837 50	84,502 50	26,647 50	700,280.52	
11/30/17	93,704 25	61,165 00	312,423 77	121,837 50	84,502.50	26,647.50	700,280.52	
12/31/17	93,704.25	61,165 00	312,423 77	121,837 50	84,502 50	26,647 50	700,280.52	
1/31/18	93,704.25	61,165 00	312,423 77	121,837 50	84,502 50	26,647 50	700,280.52	
2/28/18	93,704.25	61,165.00	312,423 77	121,837 50	84,502 50	26,647 50	700,280.52	
3/31/18	93,704 25	61,165 00	312,423 77	121,837 50	84,502 50	26,647.50	700,280.52	
4/30/18	93,704 25	61,165 00	312,423 77	121,837 50	84,502 50	26,647 50	700,280.52	
5/31/18	93,704 25	61,165 00	312,423 77	121,837 50	84,502 50	26,647 50	700,280.52	
6/30/18	93,704.25	61,165 00	312,423.77	121,837 50	84,502.50	26,647 50	700,280.52	
7/31/18	93,704.25	61,165 00	312,423 77	121,837.50	84,502 50	26,647 50	700,280.52	
8/31/18	93,704 25	61,165 00	312,423.77	121,837.50	84,502 50	26,647.50	700,280.52	
9/30/18	93,704.25	61,165 00	312,423 77	121,837 50	84,502.50	26,647 50	700,280.52	8,403,366.23

*Provided by KWA, FY 2017 totals $1,055,760, FY 2018 totals $1,124,451

**Provided by KWA and City of Flint

***P&I due May 1 and November 1, Local Units must make debt service payments 30 days prior to due date, Flint responsible for 34 2% of KWA debt service

****Interest capitalized through November 1, 2016

CITY OF FLINT

Dr. Karen W. Weaver
Mayor

January 27, 2016

Treasurer Nick A. Khouri
Michigan Department of Treasury
Lansing, Michigan 48922

Re: *Water Related Civil Litigation*

Dear Treasurer Khouri:

In our letter of December 10, 2015, we requested the State of Michigan's financial assistance with the cost of defending the *Shears, et al v City of Flint, et al* lawsuit. As stated in that letter, if plaintiffs were to be successful in that litigation, the financial impact on the City of Flint (City) would be catastrophic.

As you are aware, the City hired the law firm of Miller Canfield to aid in its defense. Since the firm became involved defending this suit, the City has won favorable rulings before Circuit Court Judge Archie Hayman. These rulings included an amendment scaling back the scope of the August 17, 2015, preliminary injunction. Prior to this ruling the City was forecasting financial insolvency as early as this summer. Now, the City is permitted to charge water and sewer rates consistent with the Revenue Bond Act and the biennial budget adopted by former Emergency Manager Gerald Ambrose. Additionally, Judge Hayman has acknowledged that the City is not obligated to repay 15.7 million dollars from its general fund to its water and sewer fund. Put simply, while the costs to retain Miller Canfield have not been insubstantial, it has been money well spent.

These rulings are clear victories for the City. They are a key step in ensuring Flint's overall financial health and stability – both now and in the future. While these triumphs are important, the City has also moved to have the case dismissed. Although Judge Hayman denied the motion, the City believes it has strong grounds for appellate review. That appeal is currently pending before the Michigan Court of Appeals, and the City expectantly awaits a favorable ruling.

Despite the successes in *Shears*, the City must still overcome significant economic challenges. Our City is confronting the most dire water related emergency faced by a municipality in recent memory. This is not hyperbole. Both Governor Snyder and President Obama have declared states of emergency in the City because of the water. What is more, our City's infrastructure, reputation, and people have been irreparably damaged.

As a result of this situation, the City is facing a significant amount of civil litigation. Several lawsuits have already been filed against the City. These include two class action suits. The first, *Mays v Snyder, et al* was brought in the Eastern District of Michigan; the second, *Collins v Snyder*, was brought against the City in Genesee County Circuit Court. The City expects to incur significant legal

fees and costs in defending these two suits. Moreover, we believe these suits are only the first wave of suits to be filed. It is very likely that additional plaintiffs will file suits against the City in the future.

As is the case with the *Shears* litigation, if the plaintiffs in any water related lawsuits are successful, the financial impact on the City would be catastrophic. Certainly, the financial progress and accomplishments achieved by emergency managers over the last four years are at risk. Avoiding this catastrophic result must be a priority. And, given the potential liability posed by these cases all funds expended on competent, qualified legal counsel will be money well spent.

We again acknowledge that under Public Act 436, the State does not assume liability for the actions of an emergency manager. However, without State assistance, the City simply cannot cope with the voluminous number of lawsuits it will soon be facing. Our City needs the resources and expertise of proven legal counsel, such as Miller Canfield. Unfortunately, the City cannot afford these costs. Therefore, we are asking the State to provide the necessary funding for outside legal counsel.

The City and its residents have sacrificed much to attain fiscal stability and end the financial emergency. Our budget, which is already thin, has been stretched to the breaking point by the water crisis. Again, we need the State's help. We would ask that you provide us with the financial assistance necessary to deal with all water related litigation both now and in the future.

Respectfully submitted,

Karen W. Weaver

Dr. Karen W. Weaver
Mayor

Natasha L. Henderson
City Administrator

S:\DBR\Municipal Folders\Water Litigation Treasury Correspondence\Ltr to N Khouri re Water Suits 1.27.16.docx

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Thursday, January 28, 2016 8:42 AM
To: Saxton, Thomas (Treasury); Steckelberg, Larry (TREASURY); Schafer, Suzanne K. (Treasury)
Cc: Pleyte, Beth (Treasury)
Subject: RE: Flint numbers

I am available Suzanne at JEC meeting. Larry is available

Wayne L. Workman
Deputy State Treasurer
Michigan Department of Treasury

From: Saxton, Thomas (Treasury)
Sent: Thursday, January 28, 2016 8:08 AM
To: Workman, Wayne (TREASURY) ; Steckelberg, Larry (TREASURY) ; Schafer, Suzanne K. (Treasury)
Cc: Pleyte, Beth (Treasury)
Subject: RE: Flint numbers

Do you guys have time to talk this morning ?

From: Workman, Wayne (TREASURY)
Sent: Wednesday, January 27, 2016 10:35 PM
To: Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Schafer, Suzanne K. (Treasury) <SchaferS7@michigan.gov>
Subject: Re: Flint numbers

Let's talk about what we really need to know

Sent from my iPhone

On Jan 27, 2016, at 6:18 PM, Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov> wrote:

> Tom:
> I talked with Cary to recap our questions:
> - How accurate are the numbers ?
> - Do we have what we need to generate numbers for bill forgiveness?
> - Does she need help and what kind of help?
>
> I expect we will be talking with Jody in the morning to see if reaching back to the audited July 2014-August 2015 numbers will create a baseline on monthly billings. We can know what was billed in October or November of last year, but we have to project what will be billed in February going forward. It may be that the actual billings in the previous fiscal year can be our guide. Those were actually billed and that helps us avoid the need for speculation. More to follow in the morning and we can meet to discuss the numbers when you have time.
> Larry Steckelberg
> Division Administrator
> Property Services Division

Workman, Wayne (TREASURY)

From: Steckelberg, Larry (TREASURY)
Sent: Thursday, January 28, 2016 8:50 AM
To: Workman, Wayne (TREASURY); Saxton, Thomas (Treasury)
Cc: Schafer, Suzanne K. (Treasury)
Subject: FW: Water Bill Relief Strategy
Attachments: image003.jpg

Forwarding. Was the Treasurer referencing specific information that we are not getting?

From: Jody Lundquist [mailto:jlundquist@cityofflint.com]
Sent: Thursday, January 28, 2016 8:47 AM
To: Steckelberg, Larry (TREASURY) ; Vaughn, Cary J. (Treasury)
Subject: Fwd: Water Bill Relief Strategy

Good morning, Gentleman.

I'm not sure what is being communicated on the State's side, but yesterday in a meeting between Governor Snyder, Treasurer Khouri, Mayor Weaver and City Administrator Henderson, the Treasurer informed the Governor that he is not receiving information from the City.

I believe that I have been incredibly timely in providing complete, accurate, and quality information as soon as it is requested by Treasury. Although I'm obviously dismayed by his comment, I continue to strive to provide all necessary information to ensure that the City is able to obtain the financial resources it so desperately needs.

I kindly ask that you assist in notifying all relevant parties that we are actively working together and if there is information still necessary that you simply let me know. Please let me know if there is any area that may be improved to facilitate this effort.

Thanks,

Jody N. Lundquist
Chief Financial Officer
City of Flint
jlundquist@cityofflint.com
(810)237-2441 direct

Begin forwarded message:

> **From:** "Davidoff, Mark (US - Detroit)" <mdavidoff@deloitte.com>
> **Date:** January 28, 2016 at 6:52:36 AM EST
> **To:** "nhenderson@cityofflint.com" <nhenderson@cityofflint.com>, Jody Lundquist <jlundquist@cityofflint.com>
> **Cc:** "Woo, Rhoda H (US - New York)" <rwoo@deloitte.com>, "Schwerdtfeger, Kathryn (US - Austin)" <kschwerdtfeger@deloitte.com>
> **Subject: Water Bill Relief Strategy**
>
> Natasha / Jody –

As I will report during our meeting this morning, the Governor's office has requested that we undertake an analysis to provide critical information by the close of business on Friday to position the options regarding water bill relief.

We would like to meet at 9:30am after the Flint Forward Committee meeting.

Mark Davidoff
Michigan Managing Partner
Deloitte LLP

Office: 313-396-3317
Mobile: 248-705-1996
200 Renaissance Center
Detroit, Michigan 48243-1895

»Driving towards Detroit 2030 ***Follow me on Twitter:*** *@DavidoffDTW2030*

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v.E.1

Pleyte, Beth (Treasury)

From: Kester K. So <KSo@dickinson-wright.com>
Sent: Thursday, January 28, 2016 9:37 AM
To: Saxton, Thomas (Treasury); Donner, Lee (ldonner@firstsw.com); Anne Burger Entrekin (Anne.BurgerEntrekin@firstsw.com)
Subject: RE: Use of SRF to replace lead service lines CONFIDENTIAL

I don't know why it wasn't dated. I believe there are communications between EPA and DEQ where EPA estimates the timeframe for the letter. I may be mistaken, but I think EPA provided the letter in response to an inquiry from DEQ. I'll check.

Kester K. So Member
215 S Washington Square
Suite 200
Lansing MI 48933
Profile | V-Card
Phone 517-487-4722
Fax 517-487-4700
Email KSo@dickinsonwright com

DICKINSON WRIGHT PLLC
MICHIGAN ARIZONA KENTUCKY NEVADA OHIO TENNESSEE WASHINGTON D.C. TORONTO

From: Saxton, Thomas (Treasury) [mailto:SaxtonT@michigan.gov]
Sent: Thursday, January 28, 2016 8:36 AM
To: Kester K. So; Donner, Lee (ldonner@firstsw.com); Anne Burger Entrekin (Anne.BurgerEntrekin@firstsw.com)
Subject: RE: Use of SRF to replace lead service lines CONFIDENTIAL

I may have asked before; is there a reason this would not have had a date ? Do we know for sure it was 2012-13?

From: Kester K. So [mailto:KSo@dickinson-wright.com]
Sent: Thursday, January 21, 2016 1:31 PM
To: Donner, Lee (ldonner@firstsw.com) <ldonner@firstsw.com>; Anne Burger Entrekin (Anne.BurgerEntrekin@firstsw.com) <Anne.BurgerEntrekin@firstsw.com>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>
Subject: Use of SRF to replace lead service lines CONFIDENTIAL

Here is a copy of the EPA memo. It may have been issued in the 2012 to 2013 time frame.

Kester K. So Member
215 S. Washington Square
Suite 200
Lansing MI 48933
Profile | V-Card
Phone 517-487-4722
Fax 517-487-4700
Email KSo@dickinsonwright.com

DICKINSON WRIGHT PLLC
MICHIGAN ARIZONA KENTUCKY NEVADA OHIO TENNESSEE WASHINGTON D.C. TORONTO

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON D C 20460

THE ADMINISTRATOR

The Honorable Rick Snyder
Governor of Michigan
P.O. Box 30013
Lansing, Michigan 48909

Dear Governor Snyder

Thank you for your time today to talk about our shared concerns for the people of Flint. As we discussed, today I am issuing an Order, pursuant to Section 1431 of the Safe Drinking Water Act, directing the Michigan Department of Environmental Quality and the City of Flint to take immediate action to address serious and ongoing concerns with the safety of Flint's drinking water system. The U.S. Environmental Protection Agency is deeply concerned by continuing delays and lack of transparency and has determined that the actions required by the Order – the key elements of which are summarized below – are essential to ensuring the safe operation of Flint's drinking water system and the protection of public health. The Order, which has been transmitted separately, directs that the state notify the EPA in writing within one day of its intent to comply. Recognizing that you have made changes to the leadership at MDEQ, it is imperative that our respective teams set up a meeting no later than next week to begin the work that is before the state, the city and the EPA.

The EPA and other federal agencies are working closely with the state and city to address the public health emergency that is now unfolding as a result of the failure to properly operate Flint's system, leading to multiple health-based drinking water violations and unsafe lead levels in the city's drinking water. As part of these efforts, this past October the EPA established the Flint Safe Drinking Water Task Force (the "EPA Task Force"), composed of EPA scientists who are recognized experts in the field of corrosion control in drinking water systems. The EPA Task Force has provided written recommendations to the city and MDEQ, clearly addressing specific steps needed to re-optimize corrosion control, as well those needed to ensure that the system maintains optimal corrosion control throughout the transition of Flint's water supply from the Great Lakes Water Authority (Detroit) to the Karegnondi Water Authority (KWA) that the city is planning for the summer of 2016. These recommendations have been publicly posted at http://www.epa.gov/mi/flint-drinking-water-documents.

As you and I discussed, some progress has been made in addressing these recommendations; but there continues to be inadequate transparency and accountability with regard to provision of test results and actions taken and those are critical for the people of Flint. In addition, there is an increasing concern about capacity to carry out the recommended actions and to safely manage Flint's drinking water system – especially in the context of the intended transition to KWA water in summer 2016. The EPA Task Force, the city, and the state have had to devote substantial effort to issues related to the planned

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transition from treated water purchased from Detroit to untreated water from KWA. That transition presents complex technical and managerial challenges, above and beyond those related to the immediate need to reduce lead levels in Flint's drinking water, that have serious implications for drinking water safety and public health. Finally, it must be recognized that the EPA Task Force's expertise and technical advisory role are narrowly focused on corrosion control, and that there is a much broader set of issues that must be addressed to ensure the safety of drinking water provided by the Flint system.

For these reasons, the EPA's Order requires the state and the city to take a number of actions, summarized below, to ensure that Flint's drinking water system is re-optimized for corrosion control, that the city establishes the capacity to safely and effectively operate its drinking water system, and that there is public transparency and accountability with regard to these actions:

1. Promptly provide the EPA and the public with official, public and timely responses to the recommendations of the EPA Task Force, including status and plans with regard to implementation of recommended actions

2. Fully implement the EPA Task Force's recommendations with regard to lead sampling; promptly and continuously share the results of all lead sampling and other relevant Flint drinking water data with the EPA and the public, with proper protections for personally identifiable information; and cooperate with the independent EPA sampling effort described below.

3. Ensure, including through the provision of state resources as necessary, that the city has the full complement of qualified professionals needed to safely operate Flint's drinking water system.

4. Obtain, through a publicly transparent process and with the support of state resources as necessary, advice from independent, nationally-recognized experts on drinking water treatment, sampling, and distribution system operation – in order to ensure safe and effective management of that system and to restore public confidence.

5. Prior to implementing any transition to KWA water, make an affirmative determination, with appropriate expert advice and an opportunity for public input, that the city has the technical, managerial, and financial capacity to safely and effectively operate its drinking water system, and that all necessary infrastructure upgrades, analysis, and testing have been completed, in order to ensure a safe transition to KWA.

To help ensure transparency and accountability, the EPA will work with the city in the near term to oversee and participate in the collection of Lead and Copper Rule drinking water samples by Flint residents, will have these samples analyzed in a certified laboratory, and will provide this data to the public, with appropriate protections for personally identifiable information. Further, the EPA will conduct additional, sequential sampling at locations throughout the distribution system, which will be used to further inform the treatment optimization process. The EPA underscores that the state and city ultimately will need to work with independent recognized experts to undertake a broader effort to fully assess and verify the safety of Flint's drinking water system-wide.

The steps outlined above are essential to fulfill our shared interest in the protection of public health against further harm from drinking water contamination, and to restoring public confidence that the ongoing drinking water crisis will be promptly and fully remedied. I expect to receive prompt written notice of the state's intention to promptly and fully comply with the requirements of the Order.

Sincerely,

Gina McCarthy

cc: The Honorable Karen Weaver
Mayor of Flint

Stanton, Terry A. (Treasury)

From: Bolger, Matt (MSP)
Sent: Friday, January 29, 2016 8:54 AM
To: Hausler, Jeanne (MDARD); Stanton, Terry A. (Treasury)
Subject: Fw: GIS story
Attachments: FLINT GIS V2.docx; ATT00001.htm

Thank you!

From: Banner, Shanon (MSP)
Sent: Thursday, January 28, 2016 5:33 PM
To: Bolger, Matt (MSP)
Cc: Hawks, Trevor (MSP)
Subject: FW: GIS story

Matt,

This can be our good news story for tomorrow. The discussion today was to turn it into a news release and to also make it a web/social media story I would recommend assigning this to Frank Provenzano tomorrow to prep it as a news release, and then ask Ryan Gajewski to draft some tweets and Facebook posts.

It will need approval from DEQ and MDHHS, as well as the State Director.

I've copied in Trevor because I think Meegan asked him to take some photos previously.

Thanks,
Shanon

From: Brown, Melanie (DEQ)
Sent: Thursday, January 28, 2016 3:17 PM
To: Banner, Shanon (MSP)
Subject: Fwd: GIS story

Begin forwarded message:

> **From:** "Holland, Meegan (GOV)" <HollandM2@michigan.gov>
> **Date:** January 28, 2016 at 3:15:47 PM EST
> **To:** "Brown, Melanie (DEQ)" <BrownM45@michigan.gov>, "Moon, Jason (LARA)" <moonj@michigan.gov>, "Minicuci, Angela (DHHS)" <MinicuciA@michigan.gov>
> **Subject: GIS story**

Meegan Holland
Director of Communications for Gov. Rick Snyder
Office: 517-335-6397
Mobile: 517-420-2714

When state experts sat down with Flint planners two days after Gov. Rick Snyder declared a water emergency, they asked about the locations of lead water pipes connecting to residents' homes.

The information was mostly there, on paper, filed in a large vault. There are hundreds of hand-drawn plat maps from the 1980s and hand-written notes on thousands of cards about updates to home plumbing systems.

Over the years, a dedicated Flint city employee has been translating inspectors' handwritten notes about plumbing updates into an Excel spreadsheet. But like many cities with limited budgets, Flint doesn't have a robust staff converting the information from paper to searchable data.

All that paper is now being be digitized so the State Emergency Operations Center can figure out where safe water is needed.

Five GIS analysts are working on the project – including one from FEMA, which entered the picture after President Obama granted Gov. Snyder's request for a federal emergency on Jan. 16.

Mapping infrastructure to this depth of detail is highly unusual, said James Tchorzynski, manager of the GIS analysts for the Emergency Management and Homeland Security Division of the Michigan State Police.

In a disaster like severe flooding, "You're used to watching the water rise and you count the houses. Here, it's all underground."

Once the maps are in digital format, they're synched with 2015 parcel data. Then they can be overlayed with Census information and infrastructure information, allowing analysts to pinpoint which inhabited homes have lead service lines.

That has been the job of Scott Bailey, a FEMA GIS analyst, for the past several days.

"The state is doing a great job of collecting the data," said Scott Bailey, a GIS data analyst with FEMA helping with the mapping project. "That's going to be a success story that comes out of this. They're able to upload large amounts of data in a matter of hours."

Credit goes to the ArcGIS Online app that the state is using to upload home data in real time.

Teams going door to door to deliver water supplies to residents are armed with iPads and the app, which feeds into the GIS system, noting whether there are children in the household and which ones have been provided with bottled water, a water test kit, a water filter and replacement cartridges.

//// GIVE UPDATED NUMBERS HERE – HOW MANY PARCELS 56,254, HOW MANY HOMES 38,144, HOW MANY SO FAR WITH LEAD SERVICE LINES? 3,600 OUT OF 26,000??////

The app information also helps Nikkia Anderson, a Michigan State Police GIS data analyst who is determining the number of inhabited homes in a city severely affected by blight.

From the old data, it appears there may be a street full of residents, but "sometimes when we look at the houses on Google street view, the homes are clearly vacant," she said.

When the state and FEMA complete this project, the information will be shared with the city. But it still may not be perfect because "on some homes, it's unknown what kind of service line there is," says Anderson. "It could be copper, iron, lead – we have no idea."

The state GIS analysts have worked on multiple emergencies, including the Enbridge oil spill, the flooding in SE Michigan and in Grand Rapids, and the high wind storm in Leelanau and Grand Traverse County last summer.

"This one is different, in its duration and intensity," Anderson says. "In the past, we'd get requests for a couple GIS maps to use as a visual aid. This time, it's 'Tell us where these people are so we can help them.' Our mission is much more critical."

Pleyte, Beth (Treasury)

From: Kester K. So <KSo@dickinson-wright.com>
Sent: Thursday, January 28, 2016 12:48 PM
To: Saxton, Thomas (Treasury)
Subject: FW: Use of SRF to replace lead service lines CONFIDENTIAL SUBJECT TO ATTORNEY_CLIENT PRIVILEGE
Attachments: Eligibility of Lead Service Line Replacement MEMO 2012-2013.pdf

See email chain below. This was the response to an inquiry by DEQ to EPA about using Drinking Water to replace lead service lines. I have not sent this to Lee or Ann—didn't want them to be pulled into the whole EPA/DEQ issue.

Kester K. So Member
215 S. Washington Square
Suite 200
Lansing MI 48933
Profile | V-Card
Phone 517-487-4722
Fax 517-487-4700
Email [redacted]kinsonwright.com

DICKINSON WRIGHT PLLC
MICHIGAN ARIZONA KENTUCKY NEVADA OHIO TENNESSEE WASHINGTON D.C. TORONTO

From: Cossa, Laura [mailto:cossa.laura@epa.gov]
Sent: Thursday, October 01, 2015 12:48 PM
To: Butler, Sonya (DEQ) <BUTLERS2@michigan.gov>
Cc: Barton, John (Treasury) <BartonJ@michigan.gov>; Bielanski, Andrew <bielanski.andrew@epa.gov>; Baltazar, Debbie <baltazar.debbie@epa.gov>; Crooks, Jennifer <crooks.jennifer@epa.gov>; Marquardt, Steve <marquardt.steve@epa.gov>
Subject: RE: Use of SRF to replace lead service lines

Hi Sonya,
Because it is an eligibility question, there is probably no specific regulation to address it, but HQ issued a memo (attached). Although is not dated, it was still draft in 2012, so is probably 2012/2013. We may be able to find a more precise date from HQ. Just FYI, there is a reference on page 2 to a 2003 memo – the link to the 2003 memo is: http://water.epa.gov/grants_funding/dwsrf/upload/2008_04_10_dwsrf_memos_memo_dwsrf_policy_2003-07-25.pdf.

I hope this helps.
Please let me know if you have any questions.
Thanks.
Laura

From: Butler, Sonya (DEQ) [mailto:BUTLERS2@michigan.gov]
Sent: Wednesday, September 30, 2015 12:18 PM
To: Cossa, Laura; Marquardt, Steve
Cc: Barton, John (Treasury)
Subject: FW: Use of SRF to replace lead service lines

Laura

Could you tell me where to find the federal law that allows for work to be done on private property (see original note down below)? John Barton from Treasury wants this information and I know you can find it faster than I.

From: Wyant, Dan (DEQ)
Sent: Monday, September 28, 2015 4:49 PM
To: Pallone, Maggie (DEQ); Busch, Stephen (DEQ); Butler, Sonya (DEQ)
Cc: Wurfel, Brad (DEQ)
Subject: FW: Use of SRF to replace lead service lines

Let's discuss.

Dan Wyant, Director
Department of Environmental Quality
517-284-6700 (New Number)

From: Hedman, Susan [mailto:hedman.susan@epa.gov]
Sent: Monday, September 28, 2015 4:36 PM
To: Wyant, Dan (DEQ)
Subject: Use of SRF to replace lead service lines

Hi Dan –

Here's a quick answer to your question about using SRF to replace lead service lines. Under the federal SRF program, SRF funds can be used to replace lead service lines on both public and private property. (We don't know if Michigan rules allow for the use of SRF funding on private property, but presumably you know whether that's the case.) If you have additional questions, your staff can follow up with Steve Marquardt, Chief of the R5 Water Division State and Tribal Program Section. His number is 312-353-3214.

Please keep me posted on the time for the event later this week.

Thanks,

Susan

Susan Hedman
Region 5 Administrator/Great Lakes National Program Manager
U.S. Environmental Protection Agency
77 West Jackson Blvd - 19th Floor
Chicago, Illinois 60604-3590

The information contained in this e-mail, including any attachments, is confidential, intended only for the named recipient(s), and may be legally privileged If you are not the intended recipient, please delete the e-mail and any attachments, destroy any printouts that you may have made and notify us immediately by return e-mail

Neither this transmission nor any attachment shall be deemed for any purpose to be a "signature" or "signed" under any electronic transmission acts, unless otherwise specifically stated herein Thank you

MEMORANDUM

SUBJECT: Eligibility of Replacement of Lead Service Lines on Private Property Under the DWSRF.

FROM: Joanne Hogan
Attorney- Advisor
Civil Rights and Financial Law Office
Office of General Counsel

THROUGH: Wendel Askew
Assistant General Counsel
Civil Rights and Financial Law Office
Office of General Counsel

Ken Redden
Deputy Associate General Counsel
Civil Rights and Financial Law Office
Office of General Counsel

TO: Peter Shanaghan
Team Leader
Drinking Water State Revolving Fund Team
Office of Ground Water and Drinking Water, Office of Water

Question Presented.

You have asked whether financial assistance from a State's Drinking Water State Revolving Loan Fund can be used by eligible entities to fund projects that involve replacing lead service lines that may be on private property and that connect to private dwellings.

Brief Answer

We believe that lead service line projects, regardless of the ownership of the property on which the pipe is placed, may be funded by a State's DWSRF so long as the loans are made to an eligible entity and all other requirements of the DWSRF are met.

Analysis

The statute and the regulatory provisions governing the use of State DWSRF funds, though defining which entities may receive funds, do not require the Public Water System to have control over all portions of a project that is funded by the DWSRF. Congress gave EPA's Administrator the clear authority to determine which projects would be eligible under §1452: "Financial assistance. . . may be used. . . only for expenditures of a type or category which the Administrator has determined, through guidance, will facilitate compliance with national primary drinking water regulations." PHSA §1452 (a)(2). The only broad statutory limitations on the types of projects that cannot be funded are projects which include monitoring, operation, or maintenance expenditures, or projects for the acquisition of real property unless the purchase is made from a willing seller and the acquisition is integral to the project.

40 CFR §35.3520 (b)(2) sets forth the categories of projects that can be funded by a DWSRF. This provision includes the transmission and distribution of water to be a category of eligible projects. Specifically, the regulation provides examples of such projects to include: "installation or replacement of transmission and distribution pipes to improve water pressure to safe levels or to prevent contamination caused by leaks or breaks in the pipes." See 40 CFR §35.3520 (2)(ii).

Lead pipes can contaminate water at any point, including on its way to a private home. Allowing a public water system to use its funds to replace such pipes is consistent with this allowable category of projects, and is similarly consistent with the overall health protections of the Safe Drinking Water Act. See PHSA 1452 (a)(1)(A). Note that if a Public Water System wishes to purchase and retain an easement so that it maintains control of such infrastructure, that purchase is authorized as well: "Funds shall not be used for real property or interests therein unless the acquisition is integral to the project authorized... and the purchase is from a willing seller. . ." PHSA 1452(a)(2).

This determination that replacement of lead pipes on privately owned property is an eligible project cost so long as it otherwise complies with the PHSA is consistent with prior approved eligible projects, such as water efficiency projects, that do not require all elements of a project to be under the control of a Public Water System. In a Memorandum dated July 25, 2003, then Assistant Administrator for Water G. Tracy Mehan III informed Water Division Directors in the regions that projects such as the installation or retrofit of plumbing fixtures and appliances, installation of water meters, and implementation of incentive programs to conserve water, such as rebates or conservation rate structures were all eligible projects under the DWSRF. Therefore, so long as the assistance is given to an eligible entity, and the project otherwise meets the requirements of the DWSRF, the project may be funded regardless of ownership or control of the resulting infrastructure.

Stanton, Terry A. (Treasury)

From: Bolger, Matt (MSP)
Sent: Friday, January 29, 2016 9:52 AM
To: Stanton, Terry A. (Treasury)
Subject: Fw: NEWS RELEASE - Water Resource Sites Open Daily from 9 a.m. - 9 p.m.
Attachments: News Release - Water Resources Open Daily.pdf

Terry,

Can you start work on tonight's press release?

I'm thinking we can add information about the GIS release we are doing and tie it into the water response team paragraphs that we include every night.

I'm wide open though.

From: JICNews
Sent: Thursday, January 28, 2016 8:07 PM
To: JICNews
Subject: NEWS RELEASE - Water Resource Sites Open Daily from 9 a.m. - 9 p.m.

Water Resource Sites Open Daily from 9 a.m. – 9 p.m.
Audio Available from Governor Snyder's Tele-Town Hall

FOR IMMEDIATE RELEASE
January 28, 2016
Release #: 21

Flint, Mich. – As efforts continue to ensure Flint residents have safe drinking water, Governor Snyder last night held a live tele-town hall where he and other state officials fielded questions from residents on the state's actions. A recording of the conversation can be heard here.

One of the most visible aspects of the response continues to be the distribution of bottled water, filters, water replacement cartridges and water testing kits by National Guard members at five of the city's fire stations.

As part of the distribution process, residents seeking water filters and replacement cartridges are asked to share their address. This data is being collected and mapped in real-time to assist with long-term recovery and help water response teams know where to focus their door-to-door efforts. It is important to note that no resident will be denied resources if an address is not provided, and a photo identification is not required.

Since Jan. 9, 2016, the following resources have been distributed to residents, both at the water resource sites and by water response teams:

- 207,055 cases of water

- 97,342 water filters
- 30,801 water testing kits

Water response teams also continued door-to-door delivery efforts. Today, 125 American Red Cross and other volunteers visited 1,768 homes providing free bottled water, filters, water replacement cartridges and water testing kits.

Earlier this afternoon, a coalition of public-private partners announced Flint's coordinated recycling program for empty water bottles and used water filter cartridges. Residents can learn more here.

Water resource sites remain open daily from 9 a.m. to 9 p.m. and are located at:

Fire Station #1 (also a water bottle recycling site)
310 East 5th St.

Fire Station #3
1525 Martin Luther King Ave.

Fire Station #5 (also a water bottle recycling site)
3402 Western Rd.

Fire Station #6
716 West Pierson Rd.

Fire Station #8 (also a water bottle recycling site)
202 East Atherton Rd.

All water filters distributed by the State of Michigan are certified by NSF International for lead reduction. Individuals wishing to verify that a specific filter is NSF-certified can do so via the NSF website.

The State of Michigan continues to coordinate response efforts in partnership with the city of Flint, Genesee County and local community organizations.

Additional information is available at www.michigan.gov/flintwater, by calling 211 or visiting www.helpforflint.com.

###

NOTE: ALL MEDIA INQUIRIES ARE BEING HANDLED BY THE JOINT INFORMATION CENTER AT 888-EMD-TODAY (888-363-8632). FOR FLINT WATER EMERGENCY DONATION INFORMATION, GO TO www.helpforflint.com.

STATE OF MICHIGAN
JOINT INFORMATION CENTER

NEWS RELEASE

FOR IMMEDIATE RELEASE
January 28, 2016
Release #: 21

Water Resource Sites Open Daily from 9 a.m. – 9 p.m.

Audio Available from Governor Snyder's Tele-Town Hall

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MORE

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Robert, Carla M. (Treasury)

From: Mcbride, Bill (GOV) <mcbrideb@michigan.gov>
Sent: Friday, January 29, 2016 4:59 PM
To: Khouri, Nick (TREASURY)
Subject: FW: Flint, MI Amendment
Attachments: Flint MI emergency relief section by section summary.docx; Flint MI emergency relief 5.docx

From: Herrgott, Alex (EPW) [mailto:Alex_Herrgott@epw.senate.gov]
Sent: Friday, January 29, 2016 12:51 PM
To: Bodine, Susan (EPW) <Susan_Bodine@epw.senate.gov>; Mcbride, Bill (GOV) <mcbrideb@michigan.gov>
Subject: FW: Flint, MI Amendment

Attached is the summary and the language we are working with. If you want to hope on a quick call I can walk you all through it real quick.

Bottom line

- Up to $640m in loans paid back in 35 years, at subsidy cost to US Treasury of $64m paid for out the Leaking Underground Storage Tank Trust Fund
- Up $160 in SRF loans paid back in 5 years paid for out the Leaking Underground Storage Tank Trust Fund
- Authorization for $20m in loan forgiveness for the State to offer to the City of Flint
  Instead of the $200m for the Centers for Excellence on Lead Exposure, directs Agency for Toxic Substance and Disease Registry ("ATSDR") to establish a lead exposure registry for Flint, Michigan and to provide health consultations for the citizens of Flint. (I will point out that even if the loans are amendable to the Ds, this Centers for Excellence is a major Stabenow priority and will be what she says she has to have). We have engaged with the HELP Committee on working an HHS/nutrition solution that may serve as an alternative.

Alex
202-224-8260

Flint, Michigan Emergency Disaster Relief-summary.

(a) Finding of Emergency. The intent of the emergency finding is to distinguish the situation in Flint from every other city with infrastructure issues.

(b) State Revolving Loan Fund Assistance

Under current law, the federal government capitalizes state drinking water revolving loan funds to allow states to give loans to drinking water systems for infrastructure improvements.

(1) Under current law, the Safe Drinking Water Act authorizes forgiveness of principal for disadvantaged communities. This paragraph gives the State the authority to forgive the approximately $20 million in outstanding loans to Flint from the state drinking water revolving loan fund.

(2) Under current law, states provide loans to cities for drinking water infrastructure. This paragraph authorizes State of Michigan to provide $160,000,000 in loans from the state drinking water revolving loan fund to the City of Flint, Michigan, for the purpose of addressing lead in drinking water, including repair and replacement of public and private drinking water infrastructure. This assistance may include principal forgiveness.

(c) Water Infrastructure Financing.

(1) This paragraph authorizes EPA to make use of the new WIFIA authority enacted as part of WRRDA 2014, to make secured loans to the State of Michigan to provide assistance to Flint. Under current law, a WIFIA loan may only cover 49% of project costs. This paragraph allows the loan to cover up to 80% of reasonably anticipated project costs.

(2) This paragraph makes it clear that any remaining project costs may be paid for with an SRF loan, as is the intent of current law.

(d) Funding.

(1) Additional SRF Capitalization Grant.

(A) This subparagraph makes $160,000,000 [transferred from the Leaking Underground Storage Trust Fund] available to EPA to provide an additional grant to Michigan to capitalize its state drinking water revolving loan fund.

(B) This subparagraph requires the state to reimburse that additional grant.

(C) This subparagraph uses the reimbursement to create a new emergency infrastructure fund.

(2) WIFIA Funding.

This paragraph provides $64,000,000 [transferred from the Leaking Underground Storage Tank Trust Fund] to EPA to allow it to make secured loans to Michigan under the WIFIA program. Because these secured loans are treated by Treasury as accounts receivable, only the credit/default risk scores. A municipal project of this nature, secured by the state of Michigan as obligor will likely yield a much lower credit risk assessment from OMB when loan is processed than 10%; however we are establishing a 10% default risk, which will support loans of up to $640,000,000. If the credit risk is less (as is likely), then less than $64,000,000 is needed to support $640,000,000 in loans and the remainder can be returned to the Leaking Underground Storage Tank Trust Fund.

(e) Emergency Infrastructure Fund.

This subsection creates an "Emergency Water Infrastructure Fund," with the $160,000,000 paid back by Michigan. If the emergency fund is not used within 10 years, the balance of the fund is returned to the Leaking Underground Storage Tank Trust Fund.

(f) Offset.

The offset for the assistance provided in this section is a transfer from the Leaking Underground Storage Tank Trust Fund.

(g) City of Flint, Michigan Lead Exposures Registry.

This subsection directs ATSDR to establish a lead exposure registry for Flint, Michigan and to provide health consultations for the citizens of Flint.

(h) Notification

Placeholder on notification to users of lead levels in drinking water [S.2466?]

(i) Asset Management

Placeholder requiring Flint to carry out an asset management program to provide appropriate operation and maintenance of the infrastructure funded in this section.

Pleyte, Beth (Treasury)

From: Darnell Earley <darnell.earley@detroitk12.org>
Sent: Friday, January 29, 2016 5:04 PM
To: William Kim
Cc: Saxton, Thomas (Treasury); Baird, Richard (GOV)
Subject: Fw: HEARING ADVISORY: Committee to Examine Flint, MI Water Crisis

Importance: High

FYI

DE

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Detroit Public Schools

From: Michelle Zdrodowski
Sent: Friday, January 29, 2016 5:01 PM
To: Darnell Earley
Subject: Fw: HEARING ADVISORY: Committee to Examine Flint, MI Water Crisis

Are you aware that you have been called to testify before congressional committee next Wednesday?

Sent from my BlackBerry 10 smartphone.

From: Triplett, Matt <Matthewt@wdiv.com>
Sent: Friday, January 29, 2016 4:56 PM
To: Michelle Zdrodowski
Subject: FW: HEARING ADVISORY: Committee to Examine Flint, MI Water Crisis

---

From: House Oversight Press [mailto:Oversight.Press@mail.house.gov]
Sent: Friday, January 29, 2016 4:17 PM
Subject: HEARING ADVISORY: Committee to Examine Flint, MI Water Crisis

FOR IMMEDIATE RELEASE
Friday, January 29, 2016
PERMALINK

CONTACT
MJ Henshaw
(202) 225-0037

Committee to Examine Flint, MI Water Crisis

"Examining Federal Administration of the Safe Drinking Water Act in Flint, Michigan"

PURPOSE:

- To examine the ongoing situation in Flint, Michigan.
- To review the Environmental Protection Agency's (EPA) administration of the Safe Drinking Water Act in Flint, Michigan.

BACKGROUND:

- Prior to April 2014, the city of Flint, Michigan received its drinking water from the City of Detroit's system.
- In the months following the switch, the Flint River water began testing high in chloride levels, which caused it to be highly corrosive.
    - One serious effect of corrosion is that it causes water pipes made of lead to leach into the water.
    - Furthermore, the water tested positive for disease-carrying bacteria.
    - Reports indicated that the EPA, which has oversight over state and local water systems under the Safe Drinking Water Act, had known about contamination as early as June of 2015, detailed in an internal EPA memo.
- EPA Region 5 Administrator Susan Hedman announced her resignation effective February 1, 2016 and the EPA Office of Inspector General launched an investigation into the crisis.
- The Committee previously examined mismanagement at the EPA with hearings held April 30 and July 29 in 2015.

DETAILS:

WHAT: *"Examining Federal Administration of the Safe Drinking Water Act in Flint, Michigan"*
WHERE: 2154 Rayburn House Office Building
WHEN: Wednesday, February 3, 2016
TIME: 9:00 a.m. ET

LIST OF INVITED WITNESSES:

***additional witnesses may be added*

Mr. Joel Beauvais
Acting Deputy Assistant Administrator
Office of Water
U.S. Environmental Protection Agency

Mr. Miguel Del Toral
Researcher
Region 5 Water Division
U.S. Environmental Protection Agency

Mr. Keith Creagh
Director
Department of Environmental Quality
State of Michigan

Mr. Marc Edwards
Charles P. Lundsford Professor of Environmental and Water Resources Engineering
Virginia Polytechnic Institute and State University

Mr. Darnell Early
Former Emergency Manager
City of Flint Michigan

The hearing is open to the public and a live video stream will be broadcast here. For live updates during the hearing, follow us on Twitter @GOPOversight.

###

Pleyte, Beth (Treasury)

From: Saxton, Thomas (Treasury)
Sent: Friday, January 29, 2016 4:58 PM
To: Khouri, Nick (TREASURY)
Cc: Stanton, Terry A. (Treasury)
Subject: FW: Witness Invitation Letter - Flint Water 2-3
Attachments: Earley Invite.pdf

Importance: High

Rich was cc'd but I don't know if anyone else knows in the Gov's office.

From: Darnell Earley [mailto:darnell.earley@detroitk12.org]
Sent: Friday, January 29, 2016 4:25 PM
To: William Kim <wkim@cityofflint.com>
Cc: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>; Headen, Frederick (Treasury) <HeadenF@michigan.gov>; Trebilcock, Christopher M. <trebilcock@MillerCanfield.com>; Baird, Richard (GOV) <bairdr@michigan.gov>
Subject: Fw: Witness Invitation Letter - Flint Water 2-3

Bill, Were you aware of this?

Please advise,

DE

Darnell Earley, ICMA-CM, MPA
Emergency Manager
Detroit Public Schools

From: Casey, Sharon <Sharon.Casey@mail.house.gov>
Sent: Friday, January 29, 2016 11:11 AM
To: Darnell Earley
Cc: McGrath, William
Subject: Witness Invitation Letter - Flint Water 2-3

Dear Mr. Earley:

Attached please find an invitation letter for the Committee on Oversight and Government Reform hearing on Wednesday, February 3, 2016, at 9:00 a.m. in room 2154 Rayburn House Office building.

Please see the Witness Instruction Sheet for details on testimony. Please deliver 60 copies of your testimony and bio stapled together and delivered no later than Monday, February 1, 2016, at noon. Please send an electronic copy as soon as it is available. Please contact us with any questions.

Thank you,
Sharon Casey

Sharon Ryan Casey
Deputy Chief Clerk
Committee on Oversight and Government Reform
2157 Rayburn Building, Washington, DC 20515
202-593-8219 sharon.casey@mail.house.gov

JASON CHAFFETZ, UTAH
CHAIRMAN

ONE HUNDRED FOURTEENTH CONGRESS

ELIJAH E. CUMMINGS, MARYLAND
RANKING MINORITY MEMBER

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
2157 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6143
MAJORITY (202) 225-5074
MINORITY (202) 225-5051
http://oversight.house.gov

January 29, 2016

Mr. Darnell Earley
Former Emergency Manager
City of Flint, Michigan

Dear Mr. Earley:

The Committee on Oversight and Government Reform hereby requests your testimony at a hearing titled, "Examining Federal Administration of the Safe Drinking Water Act in Flint, Michigan" on Wednesday, **February 3, 2016, at 9:00 a.m.** in room 2154 of the Rayburn House Office Building.

This hearing will examine the ongoing situation in Flint, Michigan, and the implementation of the Safe Drinking Water Act by federal agencies. You should be prepared to provide a five-minute opening statement and answer questions posed by Members.

The enclosed Witness Instruction Sheet provides information for witnesses appearing before the Committee. In particular, please note the procedures for submitting written testimony at least two business days prior to the hearing. If you have questions, please contact Bill McGrath of the Committee staff at (202) 225-5074.

Sincerely,

Jason Chaffetz
Chairman

Elijah E. Cummings
Ranking Minority Member

Enclosure

Witness Instruction Sheet
Governmental Witnesses

1. Witnesses should provide their testimony via e-mail to Sharon Casey, Deputy Chief Clerk, Sharon.Casey@mail.house.gov, no later than 10:00 a.m. two business days prior to the hearing.

2. Witnesses should also provide a short biographical summary and include it with the electronic copy of testimony provided to the Clerk.

3. At the hearing, each witness will be asked to summarize his or her written testimony in five minutes or less in order to maximize the time available for discussion and questions. Written testimony will be entered into the hearing record and may extend to any reasonable length.

4. Written testimony will be made publicly available and will be posted on the Committee's website.

5. The Committee does not provide financial reimbursement for witness travel or accommodations. Witnesses with extenuating circumstances, however, may submit a written request for such reimbursements to Robin Butler, Financial Administrator, 2157 Rayburn House Office Building, at least one week prior to the hearing. Reimbursements will not be made without prior approval.

6. Witnesses with disabilities should contact Committee staff to arrange any necessary accommodations.

7. Committee Rules governing this hearing are online at www.oversight.house.gov.

For inquiries regarding these rules and procedures, please contact the Committee on Oversight and Government Reform at (202) 225-5074.

Pleyte, Beth (Treasury)

From: Darnell Earley <darnell.earley@detroitk12.org>
Sent: Friday, January 29, 2016 6:26 PM
To: William Kim
Cc: Baird, Richard (GOV); Saxton, Thomas (Treasury); Headen, Frederick (Treasury)
Subject: Re: Witness Invitation Letter - Flint Water 2-3

Thanks for the call Bill. I'm available all weekend. The more I think about it, this can also be a great opportunity to explain how PA 436 works in relationship to local government decision making, among other things.

DE

On Jan 29, 2016, at 4:31 PM, William Kim <wkim@cityofflint.com> wrote:

> No, thanks for the update. Please call me at 616[redacted]
>
> On Jan 29, 2016 4:24 PM, "Darnell Earley" <darnell.earley@detroitk12.org> wrote:
>
> **Bill, Were you aware of this?**
>
> **Please advise,**
>
> DE
> Darnell Earley, ICMA-CM, MPA
> Emergency Manager
> Detroit Public Schools
>
> ---
>
> **From:** Casey, Sharon <Sharon.Casey@mail.house.gov>
> **Sent:** Friday, January 29, 2016 11:11 AM
> **To:** Darnell Earley
> **Cc:** McGrath, William
> **Subject:** Witness Invitation Letter - Flint Water 2-3
>
> Dear Mr. Earley:
>
> Attached please find an invitation letter for the Committee on Oversight and Government Reform hearing on Wednesday, February 3, 2016, at 9:00 a.m. in room 2154 Rayburn House Office building.
>
> Please see the Witness Instruction Sheet for details on testimony. Please deliver 60 copies of your testimony and bio stapled together and delivered no later than Monday, February 1, 2016, at noon. Please send an electronic copy as soon as it is available. Please contact us with any questions.

Thank you,
Sharon Casey

Sharon Ryan Casey
Deputy Chief Clerk

Committee on Oversight and Government Reform
2157 Rayburn Building, Washington, DC 20515
202-593-8219 sharon.casey@mail.house.gov

Robert, Carla M. (Treasury)

From: Kennedy, Jordan (GOV) <KennedyJ4@michigan.gov>
Sent: Friday, January 29, 2016 8:38 PM
Subject: Flint Daily Update
Attachments: 160129_Flint Water Daily Update.docx

Below and attached.

Thanks,

Jordan Kennedy
Communications Representative
Executive Office of Governor Rick Snyder
Phone: 517.335.6397

Flint Water Daily Update
Updated Jan. 29

Current Issues Talking Points

Governor and DEQ encourage home water testing

- The health and safety of Flint residents remains a top priority. Pregnant and nursing mothers and young children should continue to drink bottled water as a precaution.
- It is essential that all Flint residents have the water in their homes tested as soon as possible.
- Free water testing kits are available at Fire Stations 1, 3, 5, 6, and 8. Water Samples should be returned to the fire stations for testing.
- Until water is declared safe, continue to follow established safety protocols.

Governor secures emergency supplemental to immediately aid Flint residents

- Snyder signs $28M Flint bill, hopes for safe water soon (Detroit News)
- The $28 million in funding will help address immediate needs for the people and families of Flint. It is a necessary next step in ongoing recovery efforts for the city.
- The Governor signed the legislation at the first possible opportunity, following its unanimous approval in both the House and Senate.
- The Flint water crisis was a failure of government at all levels – city, state and local. The governor has apologized and taken responsibility for the state's role in this failure.
    - Accepted the resignation of top DEQ officials and suspended two pending a civil service investigation.
    - Approved two emergency funding bills to support Flint residents (This $28 million and a previous $9.3 million in Oct. 2015).
    - Declared and extended a state of emergency for the city and activated the National Guard.
- To date, the Governor and Legislature have approved a total of $37.3 million in emergency funding for Flint while the federal government has earmarked only $5 million in assistance.
    - The Governor will continue to call on the federal government and our Congressional partners to secure additional funding to help address the long-term needs of the city.

- This $28 million in emergency aid will help:
    - Supply free bottled water, faucet filters, and testing kits for Flint residents;
    - Put nine nurses in local schools to monitor student health and well-being;
    - Provide better nutrition for students and infants through WIC and in-school nutrition programs;
    - Replace fixtures in schools, daycares, nursing homes and hospitals;
    - Provide for an infrastructure study using independent experts;
    - Treat any children who have high lead levels in the blood, using diagnostic testing, nurse visits and environmental assessments in the home;
    - Provide additional community education opportunities within the Genesee County Health Department;
    - Compensate the Michigan National Guard's work to support water distribution;
    - Assist with home lead abatement costs;
    - Help the City of Flint with utility issues;
    - Provide operational funding for the Flint Interagency Advisory Committee.
- This funding package is just one step of many. Additional long-term resources will be needed as we work together to strengthen the city of Flint moving forward.

Fresh water in State of Michigan Flint office building was for all

- Amid denials state workers in Flint got clean water (Detroit Free Press)
- Fresh water in Flint State building was for all (ABC News)
- In January 2015, as a customer of Flint water, DTMB received a notification that the water system in Flint's state office building was found to be in violation of a drinking water standard.
- DTMB made the decision to provide an alternative drinking option for both building employees and public visitors.
    - Health of visitors was a top priority.
    - Approximately 500 visitors sign into the Flint office building every day. Many of which enter the building for access to DHHS services.
    - Those with an increased risk included people with severely compromised immune systems, infants, or the elderly. A large number of the clients using the DHHS services fall within those demographics.
- After receiving information from the city, verbally, in July 2015 that the water system issue had been addressed, the water coolers were removed.
- It wasn't until late Sept/Oct 2015 when the presence of lead in the water was confirmed that the water coolers were replaced.

Flint Water Daily Update
Updated Jan. 29

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- It wasn't until late Sept/Oct 2015 when the presence of lead in the water was confirmed that the water coolers were replaced.

Pleyte, Beth (Treasury)

From: SaxtonT@michigan.gov
Sent: Saturday, January 30, 2016 2:44 PM
To: Darnell.earley@detroitk12.org
Subject: Fwd: Timeline Follow-up Questions
Attachments: Jerry Ambrose 3-3-15 Memo.pdf; ATT00001.htm

Darnell - attached is the Jerry A memo I mentioned. This email was in response to a press query.

Begin forwarded message:

> **From:** "Byrne, Randall (Treasury)" <ByrneR1@michigan.gov>
> **Date:** January 20, 2016 at 1:44:40 PM EST
> **To:** "Saxton, Thomas (Treasury)" <SaxtonT@michigan.gov>
> **Cc:** "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>, "Schafer, Suzanne K. (Treasury)" <SchaferS7@michigan.gov>, "Stanton, Terry A. (Treasury)" <StantonT@michigan.gov>
> **Subject: FW: Timeline Follow-up Questions**
>
> Tom:
>
> This is in response to your earlier email.
>
> Randy
>
> **From:** Heimann, Alexandr (TREASURY)
> **Sent:** Wednesday, January 20, 2016 1:36 PM
> **To:** Byrne, Randall (Treasury) <ByrneR1@michigan.gov>
> **Subject:** Timeline Follow-up Questions
>
> Hello Randy,
>
> I have finished reviewing the follow-up questions that you sent to me, and after reviewing all of our documents, here are my responses:
>
> **Timeline questions follow-up**
>
> **Response**
> 1. Most of these dates involve DEP et al in which we/Treasury did not play a role i.e., someone else [DEQ] would need to confirm their accuracy
>
> 2. Just quickly, items we would question from the document or need to investigate further...
>
> **3. 12/20/12 (p.1) – we don't have the notification that is referenced**
> **"The City of Flint notifies the Treasury that it is no longer considering using the Flint River as a water supply"**
> - Cannot find documentation that this occurred.

- During that time period, the Treasury was analyzing the report from Tucker and Young study, and had not even received a proposal from DWSD.

4. 3/29/13 (p.2) – we are not aware of any veto by Kurtz
"EM Kurtz Vetoes Flint City Council's changes to the KWA resolution, and signs an executive order to join KWA"

- We were able to confirm that the City Council voted to connect to water from KWA
- No Executive Order was filed with the Treasury overriding the City Council's changes to the KWA agreement, nor was there an Executive Order filed with the Treasury to join the KWA

5. The early offers by DWSD to reconnect were rejected because of the add'l cost, they were long term and the fact the city had executed a contract with KWA. On Jan 12 '15 they waived the reconnect fee but were still issues re length/term of commitment.

- Per Jerry Ambrose's memo dated 3/3/15 (attached), the water from DWSD would still cost the city an additional estimated $12M annually, which would have raised water rates by an additional 30%. As such, he strongly disagreed with restoring the water to DWSD at the time.

6. 3/12/15 – The Veolia report did mention corrosion control but the focus was on TTHM which was chlorination issue not related to the lead problem. I believe Treasury funded the study.

- No documentation was found to conclude that this study was funded by the Treasury.

Alexandr Heimann
Municipal Analyst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 335-2434

Attachment #20

CITY OF FLINT

OFFICE OF THE EMERGENCY MANAGER

Gerald Ambrose
Emergency Manager

TO: Wayne Workman, Deputy Treasurer
Treasury Department
State of Michigan

FROM: Jerry Ambrose, Emergency Manager
City of Flint

DATE: March 3, 2015

As the Emergency Manager for the City of Flint, I am charged with restoring the City government to financial solvency, and working to assure that the City moves forward on a financially sustainable basis. The steps taken over the past three years have been difficult. Taxes and fees have been raised, services and workforce reduced, and ongoing costs, including legacy costs, have been constrained.

The current controversy surrounding the provision of water, and the path for resolution, has a potentially significant impact on the progress that is being made. I am satisfied that the water provided to Flint users today is within all MDEQ and EPA guidelines, as evidenced by the most recent water quality results conducted for MDEQ. We have a continuing commitment to maintain water safety and to improve water quality, and have dedicated resources to assure this commitment will be made.

The oft-repeated suggestion that the City should return to DWSD, even for a short period of time, would, in my judgment, have extremely negative financial consequences to the water system, and consequently to the rate payers. By the most conservative estimates, such a move would increase costs by at least $12 million annually, with that amount achieved only by eliminating virtually all budgeted improvements in the system. For a system with Unrestricted Assets of only $740,745, according to the June 30, 2014 audited financial statements, the only recourse within the City's control would be to increase revenues significantly. And in my judgment, that would come from raising rates for water by 30% or more . Further, changing the *source* of the city's water would not necessarily change any of the *aesthetics* of the water, including odor and discoloration, since those appear to be directly related to the aging pipes and other infrastructure that carry water from the treatment facility to our customers.

This direction of discussion also deviates from what, in my judgment, should be the focus: How can we not only operate and maintain a system to assure the delivery of safe and quality water dependably, but significantly reduce the cost of water and sewer to the users? At an average of $149 per month for water and sewer service for a residential user, the cost is extremely high in comparison to surrounding areas, as well as most areas across the state, and creates a significant financial burden for many users. In my judgment, we should all be concentrating on how to reduce rates by 50% or more. Unfortunately, there are no easy or evident answers, and continuation of the status will be an impediment to the sustainable recovery of the City of Flint. It is a conversation that I expect we will have with the recently created Water Quality Advisory Committee.

My reasoning for this conclusion is as follows:

One of the decisions made in the context of beginning to eliminate deficits and to restore financial stability to the City of Flint was to increase water and sewer rates significantly – the only choice available to financially stabilize a system that as of June 30, 2012, had a deficit of $8,758,091. Another was to leave DWDS for the KWA because it offered the opportunity to lower future rate increases. A third decision was to utilize the Flint River on an interim basis when DWSD unilaterally terminated the City's contract for water purchase. That decision was made because it also offered an immediate cost savings opportunity which translated into the ability to upgrade the Water Treatment Plant without having to seek financing. It was a reasonable decision because of our experience in using the river in a back-up capacity, including test runs on a quarterly basis for several decades.

Unfortunately, the switch to the river as a primary source was more challenging than anticipated, and the harsh winter of 2013-2014 resulted in much more damage to the aging water infrastructure than in previous years. The result was the issuance of required notices that water exceeded established guidelines for safety as it could affect certain vulnerable populations, and some users of the system experienced unpleasant odors and discoloration. Some users also appeared to have had some negative reactions to the new source of water. However, as soon as the test results were known, City staff took immediate actions to address the concerns. These actions are evidenced today by the fact that MDEQ has certified that our most recent testing shows water from all testing sites to be well within acceptable guidelines. Additionally, the City is continuing to taking the necessary actions to assure that the water supply remains safe and that water quality continues to improve.

As the City has moved to address the situation, the suggestion continues to be made that the City should re-engage with DWSD and purchase water at least until the KWA pipeline is supplying water. As evidenced by the most recent letter from DWSD, such a decision would immediately increase the City's cost by $846,700 per month, or $10,160,400 per year, just for the fixed cost portion of the price. The actual *purchase* of water would be an additional fee, and dependent upon

the quantity purchased. We estimate the actual water purchase cost to average more than $1 million per month, for a grand total of approximately $22 million per year. Finally, the DWSD offer is conditioned upon the City (or presumably the KWA) agreeing to negotiate a long term contract (30 years) for back-up.

The $22 million annual estimate of increased costs to purchase water from DWSD would be minimally offset by an approximate $3 million in reduced operating costs, and could be further offset by an additional $9 million, but only if all funding for capital improvements to the system are eliminated. To eliminate all funding dedicated to repairing, stabilizing, and improving the system would be totally irresponsible and would have long term negative consequences to the City and to future rate payers.

As you are aware we have recently brought in outside expert assistance to evaluate the steps we have taken to assure that the water is safe and to continue to improve water quality. We are expecting specific recommendations within the next few weeks, and are committed to implementing those recommendations in a timely manner. Many steps have already been taken. I am confident that implementing their recommendations will assure a continuing supply of safe water as well as improved quality, and at far less cost than re-engaging DWSD.

We have also created a 40-member Water Advisory Committee and a 13-member Technical Advisory Committee to assure two-way communication with the public and users of the system. Those committees will begin to meet this week, and we look forward to answering their questions and receiving their input.

It is unfortunate that problems and concerns with quality have arisen, and we are working every day to address the issues that caused them. Maintaining safe water and improving quality is a top priority as we work to make the City of Flint an attractive place to live, work, study, and play.

Pleyte, Beth (Treasury)

From: SaxtonT@michigan.gov
Sent: Sunday, January 31, 2016 7:11 AM
To: Darnell Earley
Subject: Re: Timeline Follow-up Questions

We don't agree with that statement. That was referring to 'another' timeline that alleged that. Wayne's staff relooked thru files. We could not find anything.

On Jan 30, 2016, at 4:21 PM, Darnell Earley <darnell.earley@detroitk12.org> wrote:

> Tom,
>
> What documents are they referring to that say Kurtz Vetoed the council changes to the resolution and they notified Treasury they were not considering the river?
>
> DE
>
> On Jan 30, 2016, at 2:45 PM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:
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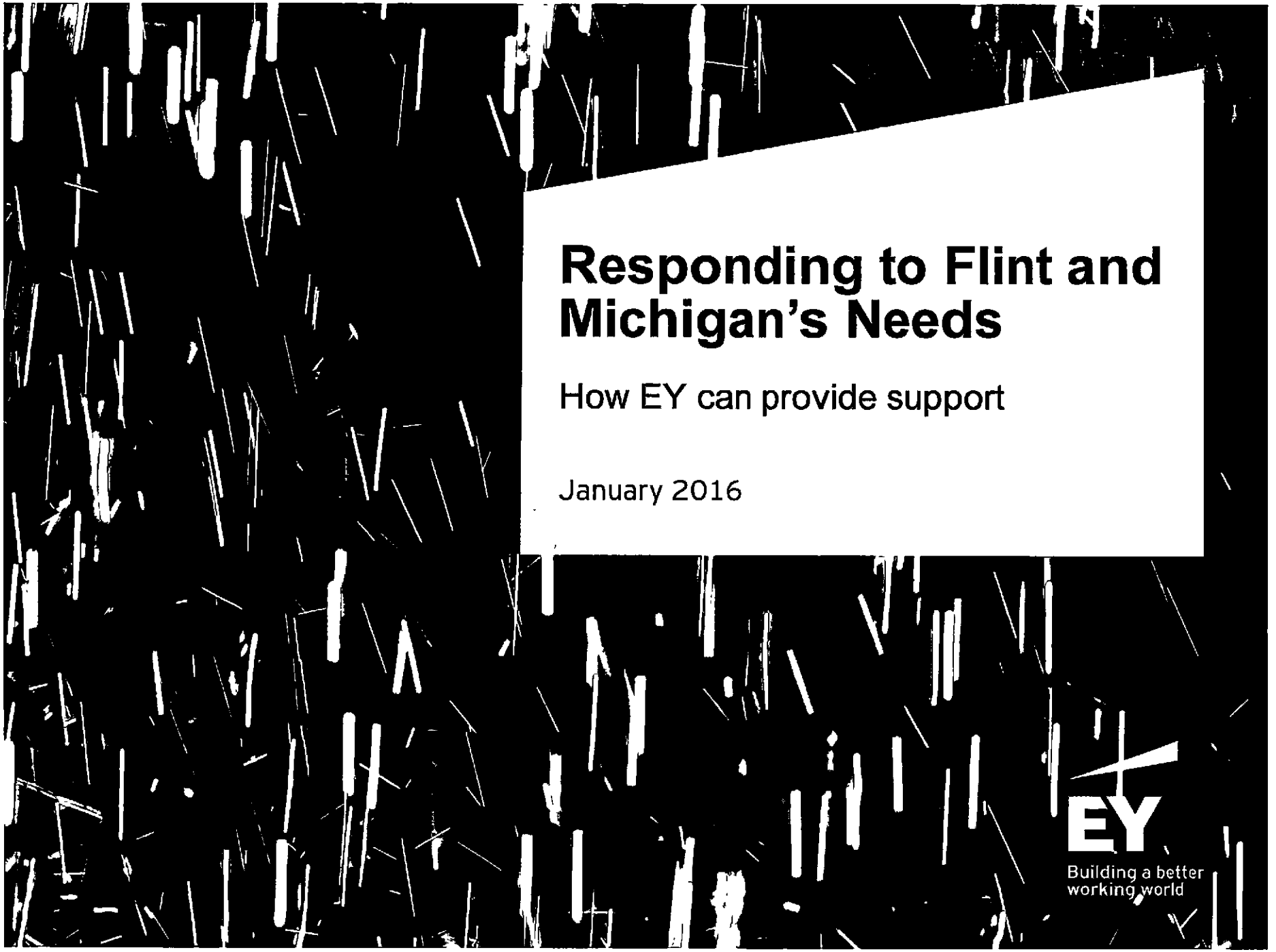
Municipal Analyst
Local Government Financial Services Division
Michigan Department of Treasury
Office (517) 335-2434

<Jerry Ambrose 3-3-15 Memo.pdf>



Responding to Flint and Michigan's Needs

How EY can provide support

January 2016

EY

Building a better working world

Overview

- Ensuring residents of Flint are receiving safe water is priority number one.
- As a result, FEMA is providing commodities and emergency services.
- Michigan should receive reimbursement through FEMA as a result of the President's Emergency Declaration, and EY can assist in this initial area.
- EY's expertise in *Insurance and Federal Claims Services, Infrastructure Advisors, Construction Consulting and Construction & Real Estate Services* can assist the State and City on current and future activities around:
  - Federal grants
  - Emergency management
  - Project management
  - Infrastructure & construction
  - Financial review and other necessary measures

EY provides financial expertise in key areas to assist Flint and the State is this emergency

Flint Issue	EY Service Offering	Key Tasks / Value Added	Relevant Experience
Administration of Federal and State financial aid	▸ Insurance & Federal Claims Services (IFCS)	▸ Assist in oversight (funds spent appropriately), grant and contract management, compliance, documentation, reimbursement process and loss prevention	▸ Flood recovery claim preparation for automotive manufacturing facility
Feasibility of infrastructure solutions	▸ EY Infrastructure Advisors (EYIA)	▸ Team up with engineering firm to identify and assist in the selection of viable projects to address emergency ▸ Strategic advisory and financial assessment	▸ Fargo-Moorhead Area Diversion ▸ Miami Intermodal Center ▸ Rialto Water Services
Construction management	▸ Construction and Real Estate Services	▸ Conduct risk assessment to identify issues ▸ Develop process controls for construction project ▸ Project status and progress reviews	▸ New York DEP water and wastewater project ▸ Major Northeast Utility
Project funding sources and impact on City's financial situation	▸ EY Infrastructure Advisors ▸ Transaction Advisory Services	▸ Identify alternative funding sources ▸ Model financial impact on Flint's financial situation ▸ Rate analysis	▸ National private water company ▸ City of Flint 5-year plan and valuation of WSC ▸ City of Detroit Water and Sewer rates

City of Flint

- Mayor
- City Council
- Water Service Center

Genesee County

- Board of Commissioners

Oversight boards

- Transition Advisory Board
- **Flint Water Interagency Coordinating Committee**

State of Michigan

- Governor
- Legislature
- Office of Urban Initiatives
- Emerg. Mgmt. and Homeland Sec.
- Dep. of Environmental Quality
- Health and Human Services
- Licensing and Regulatory Affairs
- Treasury
- Department of Education

Federal Government

- Executive Branch
- FEMA

Key advisors

Function	Legal advisor	Engineering firm	Financial advisor	Communications advisor
Area of expertise	Emergency Management	FEMA/grant compliance	Construction Services	Project Management	Financial Projections	Rate Development

Key attributes of financial advisor:

- Independent
- Brand recognition
- Public sector expertise
- Comprehensive service offering
- Relevant expertise
- Senior level attention

☐ EY Service offerings

EY

Insurance & Federal Claims Services (IFCS)

Areas of support	Description of capabilities

Disaster Recovery	► Assist all levels of government on presidentially declared emergencies and disasters
	  ► Oversight to ensure that disaster relief funds were spent appropriately
	  ► Assist federal funding recipients on grants management, contract management, accounting, internal controls, documentation, audit resolution, and a wide range of other services
	► Manage disaster-related compliance and emergency management performance assessments
	► Knowledge and understanding of FEMA's Public Assistance (PA) program and other federal funding sources, and activities required for compliance

Federal reimbursement	► The City and State should be receiving reimbursement for some of their activities as a result of the President's Emergency Declaration.
	► EY can support reimbursement efforts in the areas of:
	  ► **Disaster grant services** including project worksheet development, locating, assembling, reviewing and organizing documentation, review of grant documentation, and other services related to the emergency
	  ► **Loss prevention strategies to improve emergency accountability** through internal control reviews, compliance and cost eligibility reviews, and advising state officials on state and federal funding
	► EY fees may be partially reimbursable under direct administrative and management costs

EY Infrastructure Advisors (EYIA)

Areas of support	Description of capabilities

Government Support	▸ EY's Infrastructure Advisors (EYIA) provides practical solutions through sound financial and other advisory services for clients seeking to:
	  ▸ Rebuild and modernize existing infrastructure
	  ▸ Invest wisely in new infrastructure to address new and changing needs, enable growth and achieve a higher quality of life for communities
	▸ Bring innovation, foresight and sound economic stewardship to their major projects, programs and investments
	▸ Identify and attract the funding and financing required to invest in infrastructure

Water Capabilities	▸ Cutting edge water advisory services across the globe ▸ Strategic advisory, economic forecasting, financial due diligence, and procurement support among others ▸ Advise on the development, procurement and financing of complex water infrastructure projects ▸ Experience includes diverse areas including supply chain management and operational performance improvements ▸ Provide financial, commercial and tax due diligence on largest water transactions

Other areas of support

Areas of support	Description of capabilities

Construction Program Consulting	▸ Conduct risk assessments to identify issues with project delivery and contract structures
	▸ Develop process and controls related to:
	  ▸ Cost control and tracing
	  ▸ Vendor procurement and payment
	  ▸ Schedule management
	  ▸ Forecasting
	  ▸ Organizational effectiveness
	  ▸ Risk Management
	▸ Conduct project status and progress reviews
	▸ Advise and review procurement processes

Transaction Advisory Services	▸ Assess the financial feasibility of proposed mitigation projects
	▸ Identify potential sources of funding
	▸ Quantify the long-term financial impact on the City's financial condition
	  ▸ Leverage previous work with City of Flint on 5-year plan
	  ▸ Develop long-term financial projections under various scenarios
	  ▸ Assess impact on City's and Water Service Center's cash position
	▸ Estimate the impact of proposed construction projects on future customer rates
	  ▸ Leverage previous valuation work in relation to Water Service Center

EY | Assurance | Tax | Transactions | Advisory

About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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